

World - Ethanol prices for the week ended 16 March, 2018

European Union (in EUR/hl pure alcohol, delivered at place, unless stated otherwise)

Fuel		Contract		Spot	
Central	Current	46-48	↕	46-48	↕
	12 months ago (17 March, 2017)	59-60	↕	58-60	↘
North	Current	47-48	↕	no quote	
	12 months ago (17 March, 2017)	57-59	↕	no quote	
East	Current	49-51	↕	49-51	↕
	12 months ago (17 March, 2017)	58-59	↕	58-60	↘
		T1		T2	
NW European ports fob	Current	USD 47-48	↘	45-47	↕
	12 months ago (17 March, 2017)	USD 48-49	↕	57.5-59.5	↘

Non-Fuel		Contract		Spot	
		96°	99°	96°	99°
West	Current	60-63 (I) ↕ 54-56 (REN) ↕ 59-62 (B) ↘	65-67 (I) ↘	60-63 (I) ↕ 54-55 (REN) ↕ 59-62 (B) ↘	65-67 (I) ↘
	12 months ago (17 March, 2017)	60-62 (I) ↕ 53-55 (REN) ↕ 60-62 (B) ↕	64-65 (I) ↕	61-63 (I) ↕ 57-60 (REN) ↕ 61-63 (B) ↕	66-67 (I) ↕
	Central	Current	60-62 (I) ↕ 54-56 (REN) ↕ 59-62 (B) ↘	64-67 (I) ↕	60-62 (I) ↕ 54-55 (REN) ↕ 59-62 (B) ↘
12 months ago (17 March, 2017)	60-62 (I) ↕ 55-57 (REN) ↕ 59-61 (B) ↕	62-64 (I) ↕	61-63 (I) ↕ 58-60 (REN) ↕ 60-63 (B) ↕	64-66 (I) ↕	
South	Current	61-63 (I) ↕ 59-61 (B) ↘	68-70 (I) ↕	61-62 (I) ↕ 59-61 (B) ↘	68-70 (I) ↕
12 months ago (17 March, 2017)	61-63 (I) ↕ 60-61 (B) ↕	68-70 (I) ↕	61-63 (I) ↕ 60-62 (B) ↕	68-70 (I) ↕	
North	Current	60-62 (I) ↕	64-68 (I) ↕	no quote (I)	no quote (I)
12 months ago (17 March, 2017)	59-62 (I) ↕	65-67 (I) ↕	no quote (I)	no quote (I)	
East	Current	60-64 (I) ↕ 61-65 (B) ↕ no quote (P)	64-65 (I) ↕	60-64 (I) ↕ 62-66 (B) ↕ no quote (P)	64-65 (I) ↕
12 months ago (17 March, 2017)	60-63 (I) ↕ 58-62 (B) ↕ no quote (P)	64-66 (I) ↕	60-63 (I) ↕ 59-62 (B) ↕ no quote (P)	64-66 (I) ↕	
		T1		T2	
NW European ports fob	Current	no quote (99) no quote (REN) no quote (surfin)		no quote (99) 51-53 (REN) ↕ 56-57.5 (surfin) ↕	
	12 months ago (17 March, 2017)	no quote (99) no quote (REN) no quote (surfin)		no quote (99) no quote (REN) 56-57 (surfin) ↕	

Non-European markets (USD/m3)	Fuel		Non-fuel	
	Hydrous (EPA)	Anhydrous (EPA)	Grade B	
Brazil, fob Santos	550-620 ↕	570-635 ↘	535-625 ↕	
USA, Spot	Chicago	New York		
	388 ↘	420 ↕		
Pakistan, fob Karachi (USD/tonne)	Anhydrous		ENA	Industrial
	770-780 ↘		690-700 ↘	670-680 ↘

B: beverage; I: industrial; P: pharmaceutical; REN: rectifié extra neutre; ENA: extra neutral alcohol; EPA: Environmental Protection Agency

European Market Comments

Price negotiations for Q2 are entering their final phase. Producers were not always successful in their quest for a roll-over. Lower quality grades in particular suffered some losses across most regions. Rising imports, the lower fuel alcohol values, and additional EU supplies all contributed to the notion that supplies are ample.

Fuel alcohol markets traded side-ways in the latest week. March was in the EUR450-460 per m³ range, while April was put at EUR460 and May at EUR465.

There was **shipping** interest for 6.5 mln litres of ethanol from ARA to Spain (Med) and for the same volume from Lillebonne/France to Stanlow/United Kingdom, both for early March. There also was an enquiry for up to 9 mln litres from the Tees/UK or ARA to Porvoo/Finland for late March.

World Ethanol - Port Statistics (tonnes) - week beginning March 19, 2018									
Country	Port	Ship Name	Status	Load.	Unload.	Origin	Sailing		ETA
							on	to	
USA	Gulf Coast	SC Taurus	S	20,000			24/02/2018	WC India	
	Gulf Coast	NCC Danah	E	12,400				WC India	
Brazil	Aratu	Stolt Basuto**	S	5,000			11/03/2018	USA	27/03/2018
	Itaqui	Halcon Trader	A		4,000	USA			16/03/2018
	Itaqui	TRF Memphis*	A		4,000	USA			15/03/2018
	Itaqui	Las Cuevas*	E		28,202	USA			19/03/2018
	Itaqui	Bow Santos	E		3,900	USA			
	Paranagua	Marie C	E	21,000					
	Paranagua	Bow Lind	E		2,100				19/03/2018
	Paranagua	Siteam Leader	E	15,784		USA			22/03/2018
	Santos	Gulf Mews	A		32,144	USA			16/03/2018
	Santos	BTS Selena	E		16,000				
	Santos	Siteam Leader	E	16,000		USA			26/03/2018
	Santos	MTM Rotterdam	S	14,520			20/02/2018	Singapore	22/03/2018
	Suape	Navig8 Ammolite	E		9,500	USA			18/03/2018
	Suape	Allegro	E		4,000	USA			19/03/2018
	Suape	Navig8 Saiph	E		6,048	USA			20/03/2018
Guatemala	Quetzal	Fairchem Filly	S	10,650			28/02/2018	South Korea	
	Quetzal/Peru	Navig8 Sirius	S	16,000			06/03/2018	Europe	28/03/2018
	Quetzal	Celsius Birdie	S	10,200			13/03/2018	Europe	
	Quetzal	MTM Hamburg	S	6,000			15/03/2018	South Korea	08/04/2018
	Quetzal	Sea Ploeg	E	3,000				Puerto Rico	19/03/2018
	Quetzal	Fairchem Edge	E	11,000					28/03/2018
	Quetzal	Jo Spirit	E	4,000				Puerto Rico	31/03/2018
Pakistan	Karachi	Oriental Sakura	B	4,700					
	Karachi	Bunga Lavender	S	13,000			15/03/2018	Singapore	24/03/2018
	Karachi	MTM Hong Kong	S	20,000			05/03/2018	China	20/03/2018
	Karachi	Ariane Makara	S	2,000			06/03/2018	Singapore	16/03/2018
	Karachi	Pacific Horizon II	S	11,500			08/03/2018	Singapore	22/03/2018
Europe	Norrköping	Wisby Wave	S	4,000			15/03/2018	Germany	18/03/2018
	Norrköping	Marinus	E	4,000			20/03/2018	Germany	
	Rostock	Aland	S	4,000				Sweden	19/03/2018

*only customs clearing, **ETBE; A: Anchored; B: Berthed; E: Expected; S: Sailed

European Market Fundamentals

Spain - Fuel ethanol production in Jan/Dec 2017 was up 15% on the year at 377.5 mln litres, official data (CMNC) show.

Abengoa's financial problems hit output in 2016 and early 2017. The Spanish plants now operate under Vertex Bioenergy.

However, the 2017 total is still a far cry from the 493.8 mln litres produced in 2015.

Consumption in 2017 was up 10% at 278.2 mln litres. Support came from a higher biofuels quota and growth in gasoline use. However, the 2017 total was the second-lowest total in nine years.

The outlook for 2018 is upbeat, as the biofuels quota rises to 6.0% from 5.0%. This offers some room for fuel ethanol as the blending share was partly below 5.0% vol. in 2017.

The CMNC data imply a 2017 surplus of 99.4 mln litres, up from 75.1 mln in 2016 (2015: 118.5 mln).

Brazilian Market Comments

The market ended unchanged in the latest week with good demand bolstering prices for hydrous grades while the steady flow of imports stabilised the market for anhydrous material.

Hydrous ethanol was offered at BRL2,300-2,320 per cubic metre (exw; taxes included) while offers for anhydrous grades were BRL2,080-2,120.

Imported material in the Northeast is quoted at around BRL2,180 in the ports while local product is assessed at BRL2,200-2,220.

Brazil - With the 2017/18 crushing campaign over the level of ethanol stocks and that of consumption will determine whether Brazil is headed for a tight inter-crop season.

The most recent numbers suggest that as inventories fell by the fastest rate ever during February.

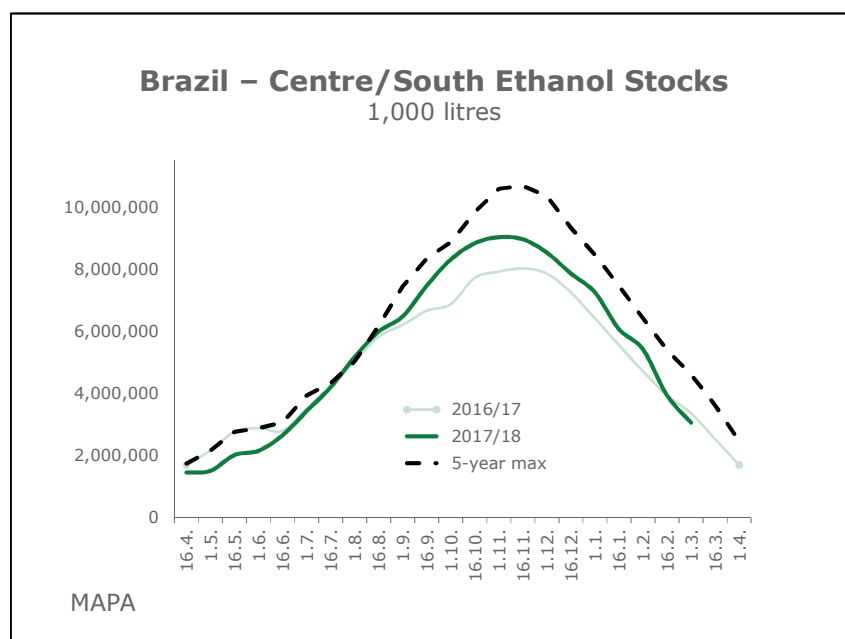
As of March 1, 2018, there were less than 3.1 bln litres in stock in the Centre/South, down from 3.4 bln last year. The decrease in stocks accelerated to 2.4 bln litres in February against less than 1.4 bln last year.

Given the current high rate of consumption, stocks may be expected to fall at a high pace in the weeks ahead. This is despite the fact that imports have started to rise again even though the country had imposed a 20% tariff last year.

Supplies of hydrous ethanol remain very tight. The share of this product in overall stocks fell to 39% against 47% last year. Therefore mills will continue to turn anhydrous ethanol into hydrous by adding water.

The situation in the North/Northeast is less dynamic. Here stocks reached 248 mln litres against 289 mln last year.

On the basis of the current trends Brazil is likely to be headed for a much more expensive inter-crop period.



US Market Comments

Futures prices for ethanol in Chicago fell below USD1.50 per gallon following news that fuel ethanol stock had hit record highs. The front-month April contract settled at USD1.493 per gallon against USD1.510 last week.

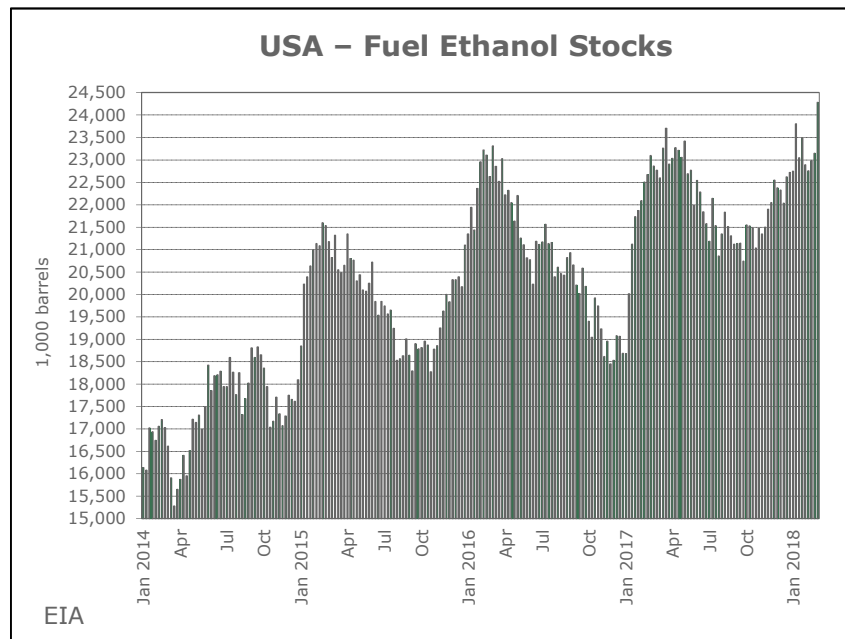
On the **spot** market, prompt deliveries at the Argo terminal in the Chicago area traded down one cent at around USD1.46. Prompt delivered ethanol by barge in the New York Harbour rose to USD1.59 from USD1.58.

United States - Fuel ethanol production in the week to March 9, 2018 averaged 1.025 mln barrels per day (bpd), said the Energy Information Administration (EIA), a four-week low and down from 1.057 mln in the prior week.

Imports remained at nil for the 14th consecutive week.

Refiner and blender net input averaged 910,000 bpd, against 894,000 in the prior week and 911,000 one year earlier. Based on the amount of motor gasoline supplied, the average blending ratio was 9.44% vol., down from 9.64% in the prior week and 9.84% last year.

Stocks rose again on the week to around 24.3 mln barrels from 23.1 mln. Inventory levels reached their highest level since the start of recordings mid-2010. W/w, there were strong increases in the Midwest (to a record 9.2 mln barrels from 8.5 mln) and the Gulf (to 4.9 mln, also the highest level recorded so far, from 3.9 mln), while stocks on the East Coast fell to an eight-week low of 7.2 mln from 7.7 mln. This hints at a fall in export activity during the month of March.



Asian Market Comments

Discussions over additional purchases of US fuel ethanol by **China** are ongoing. At the moment the arb is closed and traders estimate the gap to be at around USD30 per tonne.

In the **Philippines** prices continue to hover around USD510-520 per m³ while in the **non-fuel** market Pakistan continues to be the supplier of choice for most consumers. This is not expected to change for the time despite the fact that Brazil is about to start crushing the 2018/19 crop.

F.O. LICHT

Editorial

Am Mühlengraben 22
23909 Ratzeburg
Germany

Editor: Dr. Christoph Berg
Claus Keller

Phone: +49 (0)4541 8892-0

Fax: +49 (0)4541 82145

E-mail: info@fo-licht.com

General Enquiries

E-mail: Subscriptions@informa.com

Tel: +44 (0)20 7017 5540 or

(US) Toll Free: +1 800 997 3892

Online Access

E-mail: OnlineAccess@informa.com

Tel: +44 (0)20 7017 4161

Subscriptions

Christchurch Court
10-15 Newgate Street
London EC1A 7AZ, UK

Phone: +44 (0)20 7017 7583

Fax: +44 (0)20 7017 6985

E-mail: marketing@agra-net.com

Marketing: Sharon Tzuang

F.O. Licht® Online www.agra-net.com

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Phone: +44 (0)20 7017 7578 or
Fax: +44 (0)20 7017 6985
E-mail: marketing@agra-net.com

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