

## | BIOFUEL PRICES

	ICE Gas oil	FAME 0°C	RME	Value of CFPP point	DC premium UK/DDC/ 87%GHGs ***	UCOME CFPP +2°C	TME IT DC +11°C	DC incentive	Ethanol FOBARA (cubic metres)
	\$	\$ FOB ARA	\$ FOB ARA	\$ FOB ARA	\$ FOB ARA	€ FOB ARA	€ FOB ARA		€ FOB ARA
Spot/Q120	605	900	1025	9.6	415	1163	1110	2.41	641
Change	33	70	55	-1.2	5	63	75	-0.18	41
Q2'20	595	920	985	5	420	1195	1130	2.29	592
Change	32	70	65	-0.4	20	75	70	-0.10	17
Q3'20	586	920	980	4.6	420	1194	1130	2.26	575
Change	28	80	70	-0.8	20	85	70	-0.16	15

\*Prices are per MT unless indicated differently

\*\*Change from the last Nexus report (approx. 2 weeks ago)

\*\*\*To get in line with the new specs of Argus contract, DC premium will now be based on 87% GHGs

Euro/USD	Change
1.114	0.56%

## BIOFUELS

- **Gas oil prices are picking up by 5% (+33USD)** following the trend of crude oil prices (+7.5%) after the OPEC's report of an expected supply deficit in the oil market in the next year and the US crude oil production growth slowing down for the 2020. In addition, last Friday was announced a "phase one" deal between US and China.
- **Soybean oil future prices rose by 9.5%** from the last report after China agreed to buy at least 16 billion USD more agricultural goods in each of the next two years. Furthermore, Argentine soy crushing giant Vicentin has halted most of its operations after defaulting earlier this month. Responding to the booming of the veg-oil prices, **Palm oil future prices FOB Indonesia increased (ICDX) 9.4% and price CIF ARA 7.9%**. Moreover, **Malaysia will impose a 5% export tax for the CPO from January 2020** to encourage the biodiesel production to comply with the future mandate (B30).
- **FAME 0°C prices keeps firming up (+8.5%)** supported by the rally of veg-oils prices. The negotiations for the tenders for the French market for 2020 seems to be almost cover for 2020 in the last two weeks. RME prices went up by 5% (+50USD) and rapeseed oil prices increasing at much lower pace (+1.8%) improving substantially the production margins.
- On the DC Market, DC premium for the past two weeks was assessed at 415-420USD. Most of the volumes are already sold for Q1 and now producers are waiting to sell the remaining quantities for Q1 and production Q2 taking advantage the increase of both FAME 0 and DC premium. Despite a higher EUR/USD rate, **both UCOME and TME fixed prices in EUR benefiting a higher FAME 0°C prices and significant demand from refineries.**
- With an increased of the FAME 0°C premium over GO and a DC premium almost stable for Q1, DC incentive ratio is improving.
- On the **ethanol market, prices are still increasing specially for spot/Q1.** This highlight the backwardation structure which is supported by a shortage of product and a high demand due to the negotiation of the last volumes of the European tenders.

## | FEEDSTOCK PRICES

		Spot	Change
UCO DDP Europe	€	770	15
UCO CIF Europe (flexi)	\$	755	35
UCO FOB China (bulk)	\$	770	70
Animal fat cat 1&2 DDP Europe (FFA 20-25%)	€	510	40
Crude technical glycerin FCA Europe (NaCl) – 80% purity	€	100	-10
Refined Pharma glycerin FCA Europe	€	410	-15
Crude technical glycerin CIF China	\$	180	0

\* Prices are per MT

\*\*Change from the last Nexus report (approx. 2 weeks ago)

\*\*\*UCO FFA max 5%, MIU max 2%, IV 80, Sulphur 50 ppm

## FEEDSTOCK & BY-PRODUCTS

- On the UCO market, EU local and import prices gained 15EUR/MT and 35USD/MT respectively alongside with the price of UCOME but in a slower pace.
- **UCO prices in bulk from China gained 70USD/MT** in the last two weeks, the value is now higher than CIF EU prices in flexi. The increase of palm and soybean oil prices implied a high "replacement" cost for the local UCO for animal feed and oleochemical markets. HVO players alongside with EU UCOME producers are now looking for bulk parcels from China but also local Chinese producers that wants to benefit from the high UCOME production margins. Nevertheless, the increase of price FOB China for January is also mainly the slow operation of the country during the celebration of the Chinese New Year. This tense situation on the UCO supply could also stabilize in February after the festivities.
- The increase of TME prices of the past few months are finally getting impact on the prices of animal fat cat 1/2 prices. Now most of the volumes for Q1-2020 have been contracted.
- On the crude glycerin market, **prices EU local prices are slightly down weighted by a higher EUR/USD rate**. Refined glycerin prices are finally reflecting the weaker prices of their feedstock.

## NEWS AND REGULATIONS

- After several successful tests in 2019, the CMA CGM Group has announced a partnership with Shell to supply them with marine biofuel to its fleet. The fuel used is composed of 80% low sulphur fuel oil and 20% of UCOME, which will reduce 80% of the GHG.
- **US Congress have agreed to reinstall the expired blender's tax credit** and extend it till 2022 subsidizing the renewable biodiesel production. Aside from helping the biodiesel producers by giving 1USD per gallon (299USD/MT) this could also attract the import of more biodiesel from other countries such as the EU. **This tax credit can be applied retroactively from 1<sup>st</sup> January 2018.**
- Last week, the UK's SFO (Serious Fraud Office) confirmed that biodiesel producer Greenergy and its employees are no longer suspects in the ongoing investigation first announced in May.

The survey for EnergyRisk Commodity Ranking 2020 is now available. We are competing in the biofuel section for three categories:

- Ethanol and biodiesel (first generation) – Brokers
- Second generation (advanced) biofuels – Brokers
- Research in biofuels

We would highly appreciate your support if you wish to vote for Nexus by filling in the form below:

<https://www.surveygizmo.eu/s3/90184260/ER-Commodity2020>

Thank you!

If you have any comments or questions, do not hesitate to contact us at:  
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