

19th November 2019

Latest news on the biofuels, feedstock and oleochemical markets provided to you twice a month by Nexus.

Prices are an average of the ones traded during the two weeks preceding this report.

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| 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 FOB ARA (cubic metres)
	\$	\$ FOB ARA	\$ FOB ARA	\$ FOB ARA	\$ FOB ARA	€ FOB ARA	€ FOB ARA		€ FOB ARA
Spot	570	790	955	15.8	430	1075	1015	2.95	640
Change	-16	-5	15	1.5	50	41	15	0.14	54
Q1'20	567	795	985	14.6	425	1077	1025	2.86	608
Change	-14	-5	0	0.4	35	29	15	0.08	41
Q2'20	560	820	930	8.5	415	1101	1045	2.60	588
Change	-12	15	-10	-1.9	25	43	25	-0.08	28

*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
1.106	-0.27%

BIOFUELS

- Gas oil prices are slightly down since our last report following the crude oil prices which are weighted by the limited progress in a final agreement to end the US-China trade war and pressured by an expected rise in US crude inventories.
- With a low visibility of possible agreement between the US and China, Soybean oil future prices dropped by 3.4% in the past two weeks. On a reverse trend, palm oil future prices FOB Indonesia (ICDX) increased 3.8% pushed by higher local demand for B30. However, the price CIF ARA is steady at 670USD.
- With no significant movements, **FAME 0°C prices are stable in spot and Q1 but firming up in Q2 highlighting the contango structure**. Even with the drop of Soybean oil and the steady prices of FAME 0C, EU producer's margins are still in the red zone.
- Despite a stable FAME 0°C in spot and Q1, UCOME fixed prices in EUR benefit from a **DC premium increase by 30-50USD/MT** and a lower EUR USD. **UCOME +2°C prices in Q2 are now reaching the mark of the 1100 EUR/MT** supported the contango structure of the FAME 0°C and a lower CFPP point value.
- TME prices keep firming up by 15EUR for spot-Q1 and 25EUR for Q2 encouraged by a higher demand from the Italian market after the publication of the tenders for 2020. For the past few months, **ITDC was traded below other DC schemes as DDC**. We can see lately again a **15USD premium for the Italian papers**.
- **With a FAME premium over GO stable and the increase of DC premium, incentive for blending DC is getting less attractive with the DC incentive coefficient almost in reaching 3.**
- Ethanol prices are picking up, especially for spot gaining 50EUR. This emphasize the backwardation structure which is supported by a lack of product and a higher demand due to the negotiations of the European tenders for 2020. On the producer's side, feedstock prices such as corn and wheat are in a downward trend implying good production margins.

| FEEDSTOCK PRICES

		Spot	Change
UCO DDP Europe	€	755	10
UCO CIF Europe (flexi)	\$	715	15
UCO FOB China (bulk)	\$	695	25
Animal fat cat 1&2 DDP Europe (FFA 20-25%)	€	475	0
Crude technical glycerin FCA Europe (NaCl) – 80% purity	€	110	-15
Refined Pharma glycerin FCA Europe	€	425	0
Crude technical glycerin CIF China	\$	190	-10

* Prices are per MT

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

***UCOFFA max 5%, MIU max 2%, IV 75

FEEDSTOCK & BY-PRODUCTS

- On the UCO market, EU local and import prices gained respectively 10EUR/MT and 15USD/MT, following the trend of UCOME but a much lower pace. On the other hand, prices in bulk from China have also increased due to a higher demand from HVO and UCOME producers.
- Animal fat cat 1/2 prices remained stable for the last two weeks.
- **On the crude glycerin market, prices in China are in a downward trend** with a bid-ask spread of 20USD/MT. This can be explained by the implementation of the B30 and B20 programs in Malaysia and Indonesia respectively and the possible over supply of product for the coming months.

NEWS AND REGULATIONS

- Last Thursday, the French National Assembly have voted in favor in a surprising vote for adding palm oil to the list of biofuel sources that would benefit from a tax break until 2026. But after lawmakers and environmentalists pushed back against this action which led to a second vote on Friday that result finally in the ban of the palm oil.
- After the above situation, the French government is willing to open a “working group” with Total to see if it’s possible to supply palm oil without negative impact on the forest.
- From March 2020, Brazil will increase their biodiesel blend by 1% reaching to 12%. The target of the South American country is to reach the 15% biodiesel blend by 2023, by increasing 1% per year a long side to their processing capacity.
- Argentina still waits for the US government to decide if will reduce or not the import duties on the biodiesel exports. The decision was expected two weeks ago but the election of the new left-wing government will not help for a positive outcome.

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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!

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