

Market Watch

Every month, **GREENEA** provides our clients and partners with reliable and up-to-date information about feedstock and biodiesel markets. All the information in our monthly Market Watch is based on the latest traded prices.

CONTENTS



UCO



Animal fat
cat 1 & 2



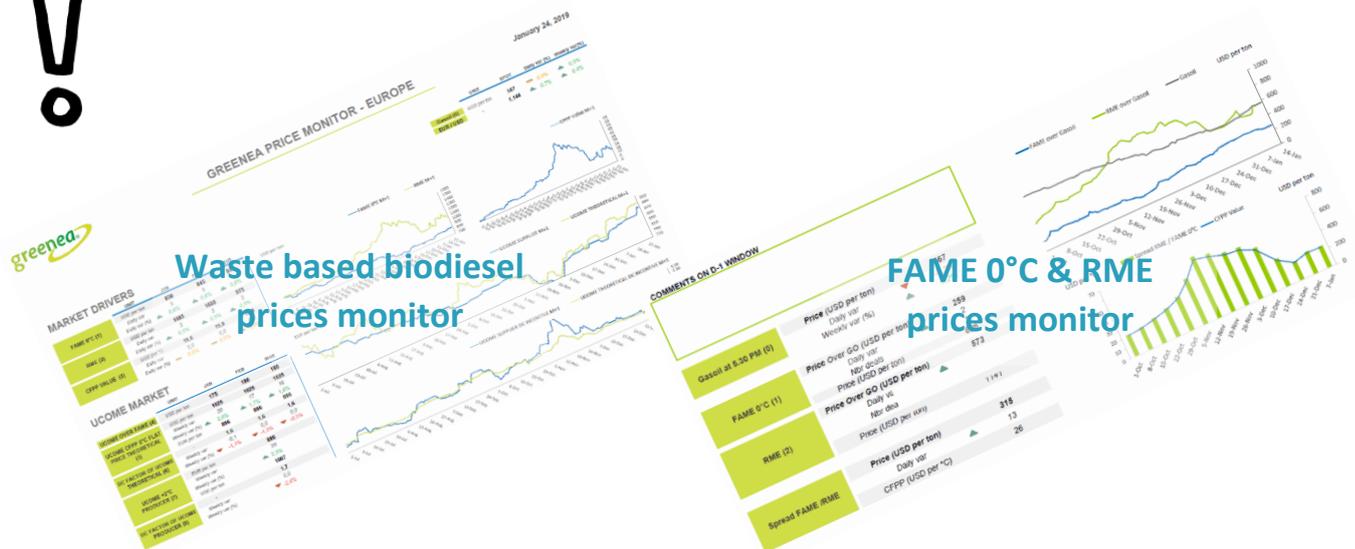
Glycerine



Physical
biodiesel



NEW TOOLS AVAILABLE UPON REQUEST





BIODIESEL: COLD SNAP ON THE UCOME MARKET IN FEBRUARY

After a gain of almost €100 over January, catching up with the last 6 months of 2018 of steady decline, the UCOME market has not found any support in February. Indeed, prices dropped constantly during the month to finally reach 40€ of decrease. But nothing alarming at the moment: the market is used to the fact that February is certainly one of the least liquid months of the year for biofuels business. We hope that the market will recover in March with upcoming Q2 negotiations with the summer specs. Thus, prices for UCOME were around 865 / 875 EUR per ton FOB on February / March FOB ARA, CFPP +2°C. The premium over FAME 0°C even lost 30 USD, driving the value of the DC Factor to levels favourable to the purchase of UCOME close to 1.58/1.60 without really triggering a strong demand. Producers expected a high demand market in UCOME with mandate increases. But the arrival of Spain for the DC and the negotiations in February / March really lowered their expectations. This is a postponement for the second quarter. We are relatively cautious about the evolution of UCOME's prices on March. Indeed, we have relatively important stocks in the North, quantities are still available from producers mainly in North

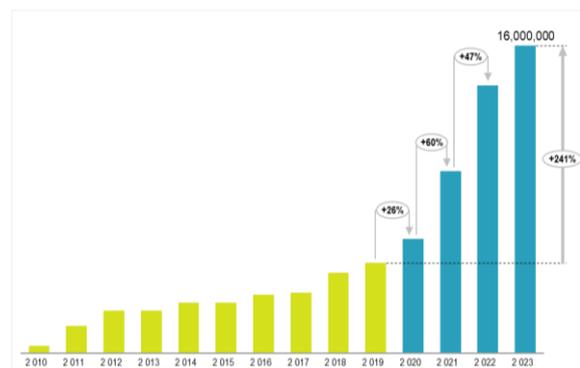
of Europe and there is not much visibility on FAME 0°C market. The Spanish market is slowly closing with a trend towards integration between BIONOR/GUNVOR, which could be followed by competition and tooling agreements that reduce the quantities available from producers. The TME market remained stable as there was little available this month. Indeed, producers have already contracted well this 1st quarter on December and prefer to wait for a better prospect of negotiations on Q2 with summer specs and a RME/FAME spread that could continue to decline. In addition, the Spanish market could compete with the Italian market, which could be attracted by the colour of TME because of its distillation, being a crucial quality point for the Spanish market. It is not claimed that we see TME purchases going to Spain in this way so that the physical molecule is used there and the IT DC ticket is put back on a Spanish UCOME. We should review TME offers in March even if the producers' goal is to reach the level of 900€ per ton FOB.

- Europe imported 3,352 million tons of biodiesel in 2018, of which 14% would be from UCOME (est. 477 000 tons). China is by far the largest UCOME exporter in Europe, accounting for 53% of UCOME's imports.

HVO IS THE NEW BLACK 😊

Regarding HVO / Renewable Diesel market, GREENEA projected that the global production capacity for HVO / Renewable Diesel would reach 15 to 20 million by 2025. Worldwide pure-HVO production capacity is expected to grow by more than 3 times in the next decade as many Oil & Gas companies make gigantic investments. New market opportunities are coming, like sustainable aviation fuel (SAF) for Decarbonisation of aviation fuel. Airlines around the world have recently begun to monitor their CO2 emissions as part of an UN climate deal. The 1st of January marked the first step of the UN's "Corsia" scheme, which aims to ensure any rise in international aviation emissions above 2020 levels are offset elsewhere. Corsia is an acronym for "Carbon Offsetting and Reduction Scheme for International Aviation" and is a market-based mechanism being developed by The International Civil Aviation Organization (ICAO). Airlines could thus use lower carbon jetfuel, where Renewable Diesel / HVO will play a significant role. The massive arrival of

the new capacity of the Renewable Diesel from 2022 will be ready for the first formal phase of Corsia, running from 2024 until the end of 2026 and the mandatory will start from 2027 to the end of 2035. **Today, the team at GREENEA Consulting is actively working on the HVO / Renewable Diesel market for Utilities and Airlines companies to decode this new market potential.**



HVO worldwide production capacity will triple by 2023 (in tons)

Market summary (value 28 Feb)

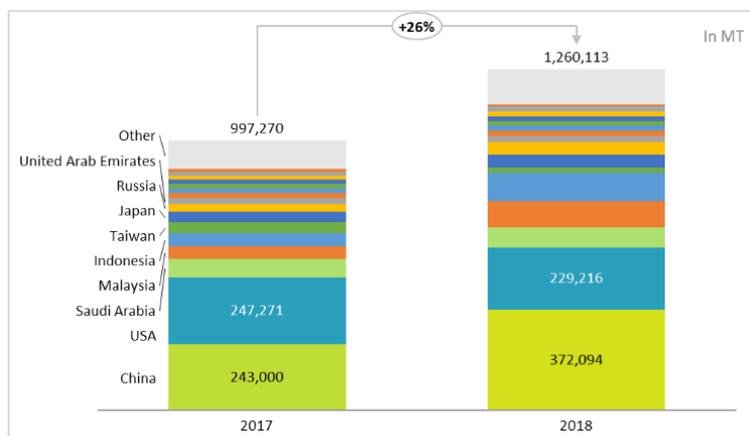
	UNIT	PRICE	Weekly var	Monthly var	Monthly var (%)	LOWEST*	HIGHEST*	30 DAYS AVG
GASOIL	USD per ton	621	▲ 1	▲ 39	▲ 6,3%	492	736	599
EUR / USD		1,138	▲ 0,004	▼ -0,006	▼ -0,5%	1,125	1,177	1,136
FAME 0°C M+1	USD per ton	847	▼ -23	▼ -30	▼ -3,5%	740	918	854
RME M+1	USD per ton	950	▼ -95	▼ -60	▼ -6,3%	891	1495	1013
CFPP Value M+1	USD per °C	8,58	▼ -6,00	▼ -2,50	▼ -29,1%	1,00	61,67	13
UCOME Th. M+1	USD per ton	992	▼ -23	▼ -55	▼ -5,5%	967	1074	1011
UCOME Producer M+1	EUR per ton	885	▲ 10	▼ -25	▼ -2,8%	760	915	890
TME Producer M+1	EUR per ton	890	▬ 0	▲ 10	▲ 1,1%	775	900	885
UCO DDP NWE M+1	EUR per ton	645	▬ 0	▬ 0	▬ 0,0%	580	645	645
UCO CIF ARA Flexi M+1 (bid)	USD per ton	635	▲ 10	▲ 5	▲ 0,8%	560	645	628



THE MORE WE DRILL, THE MORE WE FIND

The UCO market remained relatively steady in February and market trading is rather up on prices despite the decline in the biodiesel market. The prices of the European UCO (FFA max 5%, IV 75, Sulfur max 30ppm) are around 625 EUR per ton Exw NWE. Some producers are already covered in UCO on March/April. The import is more tense, the bid/ask is more 625 against 640 USD offered (FFA 5%, IV 75, Sulfur max 50), or even 640 / 650 USD for UCO (FFA 5%, IV 80, Sulfur max 30). Negotiations are still ongoing on quite substantial quantities. On the UCO IV 55, the price is around 600/610 USD CIF (FFA 5%, IV 55, Sulfur max 50). Thus, imports are at price levels similar to July 2018 and gain 25 USD in relation to the beginning of the year. As negotiations are ongoing, several contracts are expected to be formed during the POC in Kuala Lumpur.

Buyers are now facing the problem of deteriorating quality of UCOs with a FFA content that is often outside the contracts that impact the esterification yields of plants. For example, we have seen the import of UCO increase from 997 270 tons in 2017 to 1,260 113 tons in 2018. As demand in Europe increases, collectors are constantly looking for new additional volume. This search for new resources is not profitable for the quality of the oils available on the market today. **After an increase of 77% 2015/2016 and 32% 2016/2017, the importation continues to increase to fulfill the European demand of used cooking oil; up to where will the limit be?**



A new record on the USED COOKING OIL import, China taking the lead now. (quantity in tons)



ANIMAL FAT: READY STEADY GO!

The CAT 1 animal fat market is awaiting negotiations during the first half of March for the renewal of contracts on Q2. TME producers are already on the lookout and would like to place themselves around twenty euros higher than Q1, i.e. around 450 EUR DDP. But the sellers expect a little more for several reasons: a very favourable TME price, a decrease in the quantity available in CAT 1 from several

producers and still correct quality before the arrival of the summer heat which will have a strong impact on the FFA on a large part of the market quantities.



Stay in touch, GREENEA is at the **POC 2019** in Kuala Lumpur from Monday to Wednesday this week.
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ONCOMING EVENTS

Gasification 2019
13 – 14 March
Brussels, Belgium

European Fuels Markets & Refining Strategy
27 – 28 March
Frankfurt, Germany

International Biomass Conference & Expo
18 – 20 March
Savannah, USA

Biofuels & Bioenergy Conference 2019
29 April – 01 May
San Francisco, USA



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