

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.

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UCO



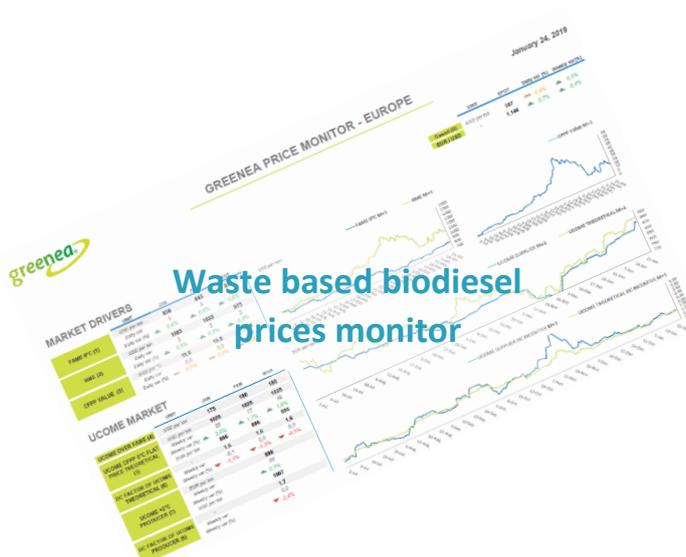
Animal fat
cat 1 & 2



Glycerine



Physical
biodiesel



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BIODIESEL: APRIL RME HISTORICALLY HIGH, UCOME STILL DEPRESSED

The end of the winter was very complicated on the European DC biodiesel market: in February and in March, there was no liquidity on the markets of UCOME and TME.

On April we find a little more liquidity on the market, a slight increase on the price of UCOME but without runaway either on the level of demand.

Surprising fact this year: the SPREAD RME / FAME remains on relatively high levels, so we have an average at 76 USD in April and a CFPP point of 6.3 USD, while in 2018 at the same period we had a CFPP value of 1.8 USD/°C, in April 2017 at 1.25 USD/°C, and in April 2016 at 1 USD/°C

The RME remains on historically high levels: it has been 5 years that the price of the RME in April was not so high (in fixed price).

Thus, this RME / FAME spread penalizes UCOME sales with a CFPP value > 0 ° C.

Sales in UCOME are already well advanced, in Spain there are only 4 kt available for sale in May, and certainly 70% of the quantities from producers in the North are also sold in May.

It is surprising that despite the increase in mandates in the United Kingdom, the Netherlands, Ireland, the start of double counting in Poland and Spain, the UCOME market was very depressed between February and May.

This was felt by the value of his FAME 0°C premium which between February and May continuously fell from 145 to 117 USD.

There is some demand for Q4 / Q1, a market that is essentially active among traders since UCOME producers sell a large part of it on a monthly basis. Bids are at FAME0 +170 for 90% GHGs with UKDC/NLDC/Via Nabisy for Q4.

Speaking of demand in the Spanish and Polish markets, traders and blenders have been slowly turning to UCOME purchases since April.

With regard to the Chinese market, trade in excess of USD 890 has been reported on the market which seems relatively surprising given that the European market is offered between USD 960 and USD 970 FOB Rotterdam, if we deduct the import tax, say USD 60 and at least USD 65 for logistics and other costs we come to theoretical price around USD 840 per ton FOB China.

In the coming months, it will be necessary to monitor the level of the Rhine, which is still a little worrying, especially as summer approaches. In the fourth quarter 2018, several factors led to an increase in the price of RME and the level of the Rhine in Germany, which penalized the supply of rapeseed and the flow of biodiesel through Germany to Rotterdam.

The Rhine could be impassable for ships again this summer if Europe experiences another drought, a rare meteorological phenomenon that worsens with rising temperatures.

Hydrologists and the entire oleochemical and petroleum industry monitor water levels in Kaub, one of the shallowest parts of the river. **Today, Rhine is 20% lower than at the beginning of last year's dry season.**

| 2 May | UNIT | PRICE | Weekly var | Monthly var | Monthly var (%) | LOWEST* | HIGHEST* | 30 DAYS AVG |
|-----------------------------|-------------|-------|------------|-------------|-----------------|---------|----------|-------------|
| GASOIL | USD per ton | 638 | ▼ -9 | ▲ 23 | ▲ 3,6% | 492 | 736 | 633 |
| EUR / USD | | 1,118 | ▲ 0,003 | ▼ -0,005 | ▼ -0,5% | 1,114 | 1,177 | 1,124 |
| FAME 0°C M+1 | USD per ton | 850 | ▲ 15 | ▲ 16 | ▲ 1,9% | 740 | 918 | 839 |
| RME M+1 | USD per ton | 890 | ▼ -55 | ▲ 11 | ▲ 1,2% | 874 | 1495 | 910 |
| CFPP Value M+1 | USD per °C | 3,33 | ▼ -5,83 | ▼ -0,42 | ▼ -12,5% | 1,00 | 61,67 | 6 |
| UCOME Th. M+1 | USD per ton | 968 | ▲ 8 | ▬ 0 | ▬ 0,0% | 935 | 980 | 965 |
| UCOME Producer M+1 | EUR per ton | 858 | ▲ 8 | ▲ 8 | ▲ 0,9% | 760 | 915 | 850 |
| TME Producer M+1 | EUR per ton | 880 | ▬ 0 | ▼ -10 | ▼ -1,1% | 775 | 900 | 885 |
| UCO DDP NWE M+1 | EUR per ton | 645 | ▬ 0 | ▲ 10 | ▲ 1,6% | 580 | 645 | 643 |
| UCO CIF ARA Flexi M+1 (bid) | USD per ton | 625 | ▲ 10 | ▲ 5 | ▲ 0,8% | 560 | 645 | 620 |

*since July



UCO: A MARKET UNDER STRESS IN EARLY SPRING

In April and especially in the second half of the month, the market continues to tighten.

The UCOME / UCO spread is lower since the beginning of the year, and the decline in the EUR / USD below 1.12 since end of April has continued to penalize UCOME producers on the import of UCO which counts in the majority of cases, a dominant share in their UCO supply.

In a context where the UCOME market is becoming a little more liquid and as soon as UCOME producers return to buying, UCOME's supply runs out and prices start to rise again.

Thus, even if the price of UCOME has increased by 10 euros in recent days, the price increase in UCO is higher.

The gap between supply and demand is widening, which shows that they must be begged to UCO to take advantage of the renewed interest in the UCOME market, because UCOME producers are still cautious.

In Rotterdam, for example, UCO is offered at USD 630 CIF and interest at USD 610/618 for a quality of FFA 5%, MIU 2%, IV 80, Sulfur 45. For UCO imports with an FFA max 3%, Sulphur max 30, IV 90 we note several trades close to 640 USD CIF Rotterdam, a premium due to the quality of the oil and more specifically with the ISO TANK packaging.

The FLEXI TANKS UCO offer from China is growing in a context of fierce competition with bulk purchases directly from FOB China in tanks, Oil Majors & UCOME producers who pay relatively high prices to secure their supply of UCO in bulk in one shot.

This new and increasingly visible trend is beginning to penalize some producers, particularly in Spain, who are forced to pay a high enough price to secure their supply.

Contracts have been made between USD 630 and 640 CIF Med for the UCO in FLEXI TANK, a premium due to strong competition in Asia.

Thus, bulk UCO in Asia remains around USD 595/605 per ton FOB China, a relatively stable market.

On the European market, the price range is even wider, and there are purchasing interests in Europe between EUR 625 and EUR 670 per ton DDP for a UCO (FFA max 5%, IV 75, Sulfur 30ppm).



ANIMAL FAT: THE MARKET EXPECTED TO BE STABLE

Being mid-quarter, the animal fat market is expected to be stable with little movement. However, on the one hand, CAT 1 animal fat buyers are always on the lookout for available quantities and on the other hand, CAT 3 market prices are under high pressure.

In China, Cambodia and Vietnam production losses from African swine fever (ASF) have eclipsed initial estimates. The whole market is indeed very concerned. The Chinese pork production shortfall, along with shortfalls in Southeast Asia, will create challenges and opportunities for all slaughter value chain.

Pork production in China is forecast to decline by 25 to 35 per cent in 2019, creating a surging demand for imports.

As a result, pork imports are expected to reach a record high.

Thus, the EU, the US, and Brazil appear best placed to respond to increased import demand.

A dazzling illustration in the case of US last month which sold 101,200 tons of pork to China at the start of April, or nearly 20 times the 5,200 tons sold over the corresponding time frame last year, according to data released by the USDA.

That made China the largest buyer of US pork in the first two weeks of April, exceeding the purchases of the traditional largest buyers, Mexico and South Korea.

Thus, the African swine fever not only changes in the global meat trade routes, but also impacts the supply of animal fat CAT 3 in our continent as well the protein market.



ONCOMING EVENTS: MAY AND JUNE

Argus Biofuels Asia 2019

07 May – 09 May
Shanghai, China

10th Biomass Pellets Trade & Power

13 – 16 May
Tokyo, Japan

Biomass PowerOn 2019 Summit

22 – 23 May
Copenhagen, Denmark

Oleofuels 2019

05 – 06 June
Venice, Italy

EFRA 2019

12 – 15 June
La Baule, France

Sugar & Ethanol Brazil

07 – 09 May
Sao Paulo, Brazil

8th Annual Jacobsen Conference – Forecasting Agriculture and Biofuels Interplay

22 – 23 May
Denver, USA

MEET US THERE !

27th European Biomass Conference & Exhibition

27 – 31 May
Lisbon, Portugal

International Fuel Ethanol Workshop & Expo

10 – 12 June
Indianapolis, USA

PALMEX Malaysia 2019

26 – 27 June
Sarawak, Malaysia

MEET US THERE !

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