

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



Glycerin



Physical
biodiesel

	UNIT	PRICE	Weekly var	Monthly var	Monthly var (%)	LOWEST*	HIGHEST*	30 DAYS AVG
GASOIL	USD per ton	586	▲ 11	▲ 2	▲ 0,3%	492	736	580
EUR / USD		1,106	▲ 0,004	▲ 0,004	▲ 0,4%	1,091	1,177	1,104
FAME 0°C M+1	USD per ton	879	▲ 46	▲ 71	▲ 8,1%	723	915	820
RME M+1	USD per ton	1026	▲ 61	▲ 7	▲ 0,7%	868	1495	998
CFPP Value M+1	USD per °C	11,31	▲ 1,15	▼ -4,92	▼ -43,5%	0,92	56,92	14
UCOME Th. M+1	USD per ton	1326	▲ 53	▲ 100	▲ 7,5%	1137	1326	1261
UCOME Producer M+1	EUR per ton	1130	▲ 40	▲ 110	▲ 9,7%	760	1130	1075
TME Producer M+1	EUR per ton	1080	▲ 10	▲ 85	▲ 7,9%	775	1080	1038
UCO DDP NWE M+1	EUR per ton	765	▲ 5	▲ 15	▲ 2,0%	580	765	752
UCO CIF ARA Flexi M+1 (bid)	USD per ton	725	▬ 0	▲ 30	▲ 4,1%	560	725	714

9 Dec 2019



BIODIESEL: CHRISTMAS IS COMING

The UCOME continues its bullish rally, reaching ever higher peaks. How far will this rise go? On the market, **Argus Window prices exceed 1300 USD, or 1190 EUR per ton for a UCOME CFPP 0°C, UK DC, UK DC, GHG 87%...** Producers with a CFPP at +3°C, even with the advantage of a GHG around 90%, are still around **1130 EUR per ton**. Producers have already sold well for the beginning of the year and demand remains high, especially for UCOME with GHG >90%. **The market is increasingly questioning the volumes of Chinese UCOME with CFPPs >4°C.** On the one hand, the local UCO which iodine value is always higher than 85 should allow a better CFPP closer to 1°C. On the other hand, more and more traders are exporting CPO / PFAD acid to China as the local biodiesel plants complain about the local high UCO prices. Over this last quarter, **the UCOME share price rose by more than €100**, a record growth rate over the year and even over the past few years. Will this excessive growth continue in Q1? Today, the outlook remains good and the trends on FAME/RME (FAME is catching up, RME is correcting) are rather promising for UCOME. At the end of November, the FAME market was very active, particularly on the French market where several supermarkets and oil companies are very active in their purchases of biodiesel for 2020. Premium over Go on the French market is thus oriented towards 2020 between

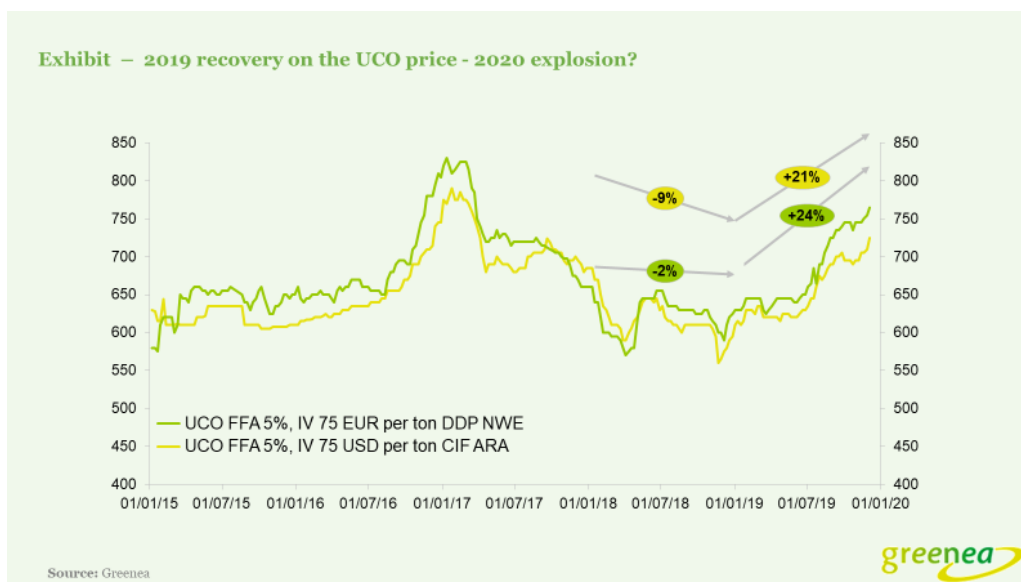
275 and 285 EUR/M3. Overall, the Fame and RME were bullish in November, while imports of PME and SME were very limited for the end of the year. We have noticed that the prices of FAME 0 have increased by more than 60 euros mainly due to a lack of supply and a strong demand for this quality, even in winter. Demand for RME remains strong. In November, the liquidity of these two grades was good, lower than the exceptional month of October (143 transactions in November compared to 210 transactions in October). **The new trendy product for 2020, the FAME CAT 3 market is very demanded by the French and Belgians in particular in order to achieve the non crops based biodiesel part.** As for the TME, the market is very promising, the price continues its rapid growth despite the winter quality constraints on biodiesel. **Since the 1st of June 2019, TME flat prices increased by 30 %.** A large part of the volume has already been traded on Q1, actually a little too early and negotiations on Q2 have already been announced. On Q1, producers preferred to sell from **October / November with prices around 960 / 990€ given historically high price levels, while today prices would easily exceed 1080€.** Last month, the dollar was in an upward trend against the euro, mainly due to positive interest rates in the United States, against the negative return on Euro carry cash.



UCO: CALM BEFORE THE STORM?

The UCO market is evolving towards a radical change. **We can thus observe the Asian market, which has become very tense**, not only driven by a very high local demand for the production of UCOME in China, Hong Kong and Malaysia, but also for animal feed which is looking for alternatives to the increase in CPO. Export is suffering the consequences of a very aggressive local market and prices are soaring, especially in China. Chinese biodiesel and HVO producers are even looking for an alternative to Chinese UCO and are importing more and more raw materials such as PFAD, Acids CPO, POME from South East Asia. In Europe, the UCO market remains almost stable in the near future. Collectors start selling in January and February, and there is a lot of product available in December more precisely in bulk FOB ARA from traders. The UCO which arrives in bulk from China are more and more acid, 1 year ago we still managed to have batch with an FFA between 5 to 6% today most of the UCO arriving are closer to 7 to 9% FFA. The UCO bulk FOB ARA market in December is a little stressed with volumes always available and buyers already well covered on Jan / Feb. It is easy to bet on a contango market in upcoming months. The market on second part of the Q1

should see a significant increase in Europe. In the last quarter, **the market trend was around EUR 730 to 750 per tonne DDP**. We should see a gain of at least 20 EUR and the bullish rally could easily get out of hand, given the production markets on the UCOME. Several UCOME producers, particularly in the North, have already had the opportunity to secure volumes on Q1 with traders on ARA. This is a good opportunity, given the current trend. On the important the bid/ask for a UCO FFA5/M12/IV75/S50 in flexi is positioned on a **710/730\$ CIF Rotterdam** and around **670/680\$ for a UCO IV 50**. The market on Pasir Gudang is also becoming more and more liquid with 6 importers/traders positioned in the area. The UCO FFA5/M12/IV50/S50 market on Pasir Gudang has gained USD 10 in recent days to reach USD 660 CIF/DDP and indeed, the arrival of a new buyer in the region is disrupting this market. UCO suppliers are attending GREENERGY Amsterdam and SUNOIL at KAMPEN to start up to boost demand in Rotterdam. A third new buyer should also appear on the SH January in ARA region. **The year 2020 promises to be a turbulent one and HVO producers have not launched hostilities yet.**





HEAT WAVE ON ANIMAL FAT

In a few days this early December, the CAT 3 fat market has gained at least 70/100 EUR per ton. **The price went from 650 EUR on Q4 to 735/745 on Q1 2020 (CAT 3 FFA max 3%)...**

Two markets have stressed the price of fat, which usually remains relatively calm or experiences rather measured increases. The HVO (non palm) market, particularly for France, and the FAME (none crops based) market in Belgium and France, put pressure on demand for CAT 3 animal fats on Q1, and more specifically on low acidity fats. Already penalized by the export of pork carcasses to

China, which is increasingly consuming European pork, pork fat is becoming very tense. This is for two reasons: limited supply and high demand for biofuels. Negotiations on the CAT 1 fat market begin for the 1st quarter. **We should also see a more limited increase (between 30 / 40 EUR per tonne)**, even if the position of buyers remains more dominant on this product. Given the strong increase in the TME on Q1, producers should make an effort and prices should be oriented towards 540 / 555 EUR per tonne DDP for a maximum FFA 30%.



GLYCERIN: ASIA IN DEPRESSION

The glycerine market remains very depressed more particular on the Asian market. We are slipping into darkness and with biodiesel production continuing to grow in South America and Asia (due to the increase in local mandates), this does not lead to a rapid

rebound in this market. There are significant problems that are typical of a market that continues to plummet. Buyers do not want to pay their invoices, wish to renegotiate the contracts delivered and sellers drag on the sale by imagining a much hoped-for price increase.



ONCOMING EVENTS: JANUARY AND FEBRUARY

The 8th ICIS Asian Oleochemicals Conference
15 – 16 January
Kuala Lumpur, Malaysia

5th Biomass Trade & Power Europe
5 – 6 February
Copenhagen, Denmark

Lignofuels 2020
26 – 27 February
Helsinki, Finland

2020 International Biomass Conference and Expo
3 – 5 February
Nashville, USA

11th International Conference on Biofuel and Bioenergy 2020
19 – 20 February
Dubai, UAE



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