

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.



Used Cooking
Oil



Animal fat



Glycerin



Physical
Biodiesel

	UNIT	PRICE	Weekly var	Monthly var	Monthly var (%)	LOWEST*	HIGHEST*	30 DAYS AVG
GASOIL	USD per ton	589	▼ -37	▼ -6	▼ -1,0%	492	736	612
EUR / USD		1,111	▼ -0,008	▼ -0,003	▼ -0,2%	1,091	1,177	1,114
FAME 0°C M+1	USD per ton	926	▼ -3	▲ 49	▲ 5,3%	723	946	922
RME M+1	USD per ton	1114	▼ -42	▲ 75	▲ 6,7%	868	1495	1104
CFPP Value M+1	USD per °C	14,46	▼ -3,00	▲ 2,00	▲ 13,8%	2,77	56,92	14
UCOME Th. M+1	USD per ton	1457	▼ -35	▲ 94	▲ 6,5%	1194	1492	1443
UCOME Producer M+1	EUR per ton	1265	▲ 5	▲ 115	▲ 9,1%	760	1270	1227
TME Producer M+1	EUR per ton	1190	▲ 25	▲ 100	▲ 8,4%	775	1190	1155
UCO DDP NWE M+1	EUR per ton	840	▲ 25	▲ 70	▲ 8,3%	580	840	802
UCO CIF ARA Flexi M+1 (bid)	USD per ton	850	▲ 35	▲ 92	▲ 10,8%	560	850	799

10 Jan 2020

* since July



BIODIESEL - HOW FAR WILL IT GO?

1000€ in October, 1100€ in November, 1200€ in December, 1300€ in January? The increases in UCOME prices over the last few months seem “easily” predictable. However, should we expect 1500€ in March? **The other hypothesis is that the interest on double counting will start to be limited in Europe, as this market remains regulated and fuel distributors will buy biofuels if it stays below the penalty value.** Thus, it is necessary to monitor countries that are driving the demand for double counting. If one of these countries (UK, Italy, and Germany) reaches the buy-out which means it becomes cheaper than physical blending, **it will stop the UCOME rally even if each country in Europe has extreme diverse regulation concerning this level of penalty.** Today, the DC premium has reached an historical record of **550USD for Spot/Q1 to a level above 570USD for a GHG reduction of more than 90%.** Most UCOME producers are now sold for Q1. We will now see the bids for the end of the quarter, but producers are already preparing for Q2. The main challenge is to secure mainly its purchases of UCO, which seems much more complex than in the previous quarter. **The value of UCOME on ARA is EUR 1280/MT FOB ARA. The window level is even higher (EUR 50/MT above) and confirms the super-bullish trend and is the only solution to get UCOME in Spot.** In China, we note UCOME trades between 1280 - 1300 USD

per ton FOB for loading in March, which is almost the replacement value of the European UCOME price. The main interest are GHGs in Asia almost all the time above 90% and mono bases. UCOME producers in Asia seem to succeed in achieving such GHG saving Values better than Europeans do. Europe is importing more and more biodiesel from Asia to meet its GHG savings obligations... a little bit paradoxical...

The FAME 0°C market will have to be watched with the demand for Q2/Q3 specs about to increase fastly. Even if the market has already taken a hundred usd between the beginning of December and today, **the economic equation to produce FAME 0°C is still impossible.** Moreover, Malaysian palm oil continues to soar to its highest level for five years. This increase is expected to ease, as the CPO has lost its competitive advantage over soybean oil and sunflower oil; it is difficult to see CPO BMD futures trading above RM3300 per MT in the next 6 months. To be monitored. In addition, the rapeseed market continues to increase due to several factors, but in particular the 19% decrease in sowings compared to the previous year (**6.90 million hectares 2018/2019 compared to 5.57 2019/2020**) should maintain pressure on the RME. **In this context, the traditional FAME/RME market remains rather bullish, without strong downward movements announced by feedstocks.**



UCO – HAPPY NEW (Chinese) YEAR

Since mid-December, the UCO market has been trying to catch up with the boom in the UCOME market in Europe. **Thus, between the beginning of December and early January, the market has seen a gain of more than 120 USD per tonne on imports and 70 EUR on intra-European trades.** This rise should continue in the next few weeks/months given the **UCOME/UCO spread, which remains at an unprecedented level of more than EUR 400 per tonne.** Thus, UCO FFA 5%, IV 80 CIF ARA is traded at USD 850 per ton and up to levels of as much as USD 860, or even more for premium qualities in ISO TANK. There are few offers from China but very limited. This is usual at this time of the year, with Chinese New Year on January 25, 2020, and the Spring Festival, the most important Chinese holiday for family celebrations, will take place from January 24 to 30. As a result, a lot of businesses will be at a standstill or operating on a limited basis. Sea freight will also be heavily impacted. For the time being, prices in China have risen sharply to almost USD 850 per ton FOB China. We will note some trades around 870/880 USD per ton CIF MED for Flexi tanks. Following European inflation which is being confirmed, the rise of

the EUR/USD keeps the Euro above \$1.11 and also supports imports. **Standard quality UCO in Europe is on the same trend, but there is a very large gap between countries. Even at collectors who are sometimes poorly informed about the trend of UCOME prices, we can see prices between EUR 830 / 850 per tonne DDP.**

The issue for UCO buyers is more the **positioning on Q2, since their coverage on the first quarter is almost secured**, at least partly for biodiesel producers in Northern Europe. Some producers are willing to pay a premium today to secure part of their Q2 supply, in order to reduce risks and in view of the current competitive evolution on this market. **Even if the UCOME/UCO spread is huge, it will be necessary to be careful if the price of UCOME starts to reach these limits with European buyers.** Although the increase in mandates supports this market of double counting, the price of UCOME should be monitored closely, as after 34 weeks of constant increase there is for the first time a slight deceleration in the UCOME price.

EnergyRisk Commodity Ranking 2020 is still running. We are competing in the biofuel section for three categories:

- ✓ Ethanol & Biodiesel (first generation) - Brokers
- ✓ Second generation (advanced) biofuels – Brokers
- ✓ Research in biofuels

We would highly appreciate your support if you wish to vote for **GREENEA** by filling in the form on this link: <https://www.surveygizmo.eu/s3/90184260/ER-Commodity2020>

Thank you !

Upside still expected due to the high production margin



Source: Greenea



ANIMAL FAT – FAT YEAR AHEAD

The CAT 1 fat market is rather quiet, with contracts closing in the quarter. **There are a few spot and clearing contracts at relatively low prices. Sales for the quarter ranged from €530 to €560 per tonne DDP.** Even if the double-counting market is taking off, the increase on CAT 1 fats remains more modest, given the buyer/seller ratio on this particular market. On CAT 3 fats, although this market does not benefit from the advantage of double counting, the increase was strong between

Q4/Q1, as several factors are disrupting this market. Of course the pig crisis is still present, but the CAT 3 TME market is also undergoing unprecedented transformation to meet the demand of the non-crop based biodiesel market. We have observed the price of this type of biodiesel TME rise to EUR 450 in just a few months. **Thus, the CAT 3 market (especially for acidities below 5%) is expected to have a record year in 2020.**



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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