

# COVID-19: A hard blow for UCO



In recent days we have been pleased to see that China is recovering and that our Chinese suppliers have been selling UCO and UCOME since the beginning of March. Several contracts have thus been completed, announcing a good recovery in Chinese activity.

However, Europe has been sinking into the health crisis since the beginning of March! Last week, the UCOME market experienced a historic correction: a drop of at least €100 per ton in just a few days and without any real interest on the part of buyers to contract in this chaos. **The drop may not be over yet, the next few days will be critical.**

**The European UCO collectors certainly had a bad weekend. Indeed, most Member States announced one after another the**

**shutdown of restaurants end bars for 2 to 3 weeks.** As the spring approaches, the sun is returning to Europe and restaurant terraces are expected to fill up. The opposite will happen today in most European countries: restaurant doors will be closed and the collection sector will be impacted by a crisis - hopefully lasting less than a month.

**The loss of turnover for March is already real and we can expect a loss of 20,000 tonnes per week in UCO collection across Europe as of Monday (16/03).** Added to this are the border shutdowns, which are severely slowing down supplies to biodiesel plants, not to mention human resource problems - many employees have to stay at home.

The industry also fears that contracts may be called up due to force majeure. In view of the ramp-up of the epidemic in Europe, the situation is expected to deteriorate. Contamination is soaring, throwing the continent into a crisis of a whole new dimension and our industry will come to a standstill.

Will there be an impact on UCO prices, an upward movement on imports to compensate for the drop in volumes in Europe? It's not easy to predict, the import of UCO brings a solution in 4 weeks and the EUR/USD pair is going into a bearish movement which penalizes import prices in USD. In addition, the European collectors have some stock, the stop of the collection will allow a great cleaning of the collection units and the complete elimination of stocks before the return to normal.

However, even if chaos and fear of this virus takes hold of Europe, China should defeat it in the coming days, at the cost of draconian but effective measures. **Courage to our friends who collect UCO in Europe, the days and weeks to come will be hard, but this epidemic will be defeated and the fryers will be working again very soon!**

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