

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

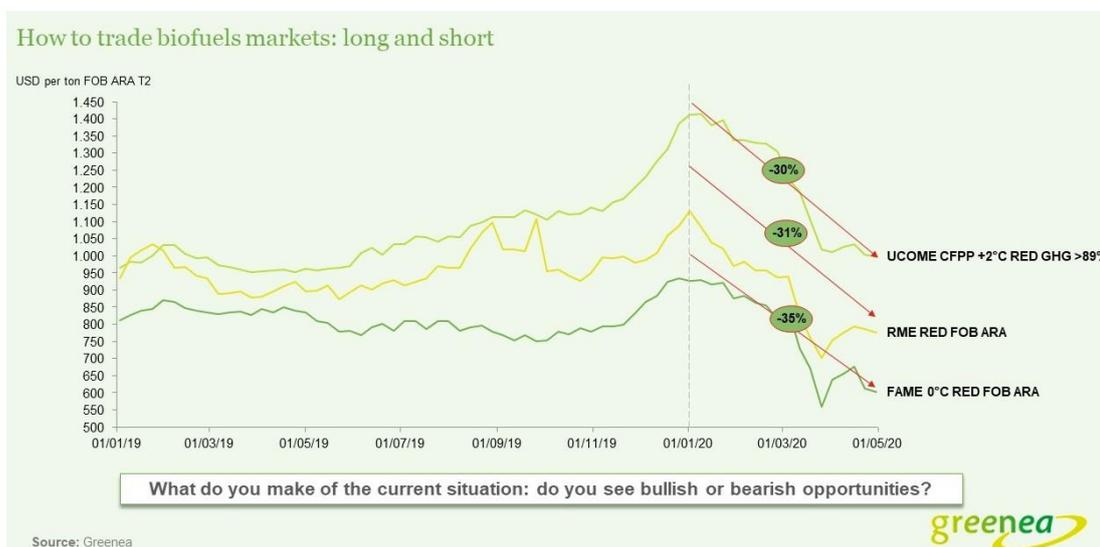
	UNIT	PRICE	Weekly var	Monthly var	Monthly var (%)	LOWEST*	HIGHEST*	30 DAYS AVG
GASOIL	USD per ton	220	▲ 15	▼ -77	▼ -35,0%	191	626	254
EUR / USD		1,090	▲ 0,010	▲ 0,000	▲ 0,0%	1,069	1,142	1,087
FAME 0°C M+1	USD per ton	605	▲ 2	▼ -41	▼ -6,8%	549	940	636
RME M+1	USD per ton	770	▲ 33	▲ 13	▲ 1,7%	671	1156	762
CFPP Value M+1	USD per °C	12,69	▲ 2,38	▲ 4,15	▲ 32,7%	7,31	17,46	10
UCOME Th. M+1	USD per ton	1008	▲ 17	▲ 3	▲ 0,3%	938	1284	1018
UCOME Producer M+1	EUR per ton	930	▲ 5	▲ 10	▲ 1,1%	910	1270	931
TME Producer M+1	EUR per ton	890	▬ 0	▬ 0	▬ 0,0%	880	1240	898
UCO DDP NWE M+1	EUR per ton	730	▼ -10	▲ 20	▲ 2,7%	710	875	731
UCO CIF ARA Flexi M+1 (bid)	USD per ton	720	▲ 10	▲ 15	▲ 2,1%	705	870	715



BIODIESEL – A SLOW BUT SURE DECLINE

April has always been a busy month for RME and FAME 0 trade volumes in the Argus window. **In April 2019, 218 kt in total were traded, 253 kt this year in the same period.** This is a very large volume taking into account the global economic situation. However, what changes between April 2020 compared to 2019 is the distribution of volumes between FAME 0 and RME. In 2019, **RME trade accounted for 44% of trade**, whereas in **2020 it only represents 21%**. Given a context of very poor diesel demand, the main statistics of European countries on fuel demand in March and April 2020 show decreases of **50 to 70% compared to the previous year**. Maintaining such a volume suggests that stakeholders hope to take advantage of the contango that set in some time ago by stockpiling now and releasing the product later. In terms of values, the FAME 0 was bearish overall throughout **April 2020 with a drop of USD 65**, or 10%. Prices on Q3/Q4 are on the same trend and are reaching historically low levels. Faced with the drop in the FAME, the RME was more or less stable over April 2020 at around **USD 750/770**. With rapeseed oil around EUR 700 (USD 760), several RME plants are thus temporarily out of order despite the sudden demand for vegetable glycerine and the skyrocketing price of glycerine. The drop in FAME 0 with a rather stable RME had the effect of increasing the **CFPP point: it rose from 9 to 14 between the beginning and end of April**. Slowly, the market for waste-based biodiesel continues to decline:

around EUR 40 less per ton in April for UCOME. UCOME is therefore currently offered between **EUR 910 and EUR 930 for third quarter trades**. Fortunately most European producers are sold out in May on such a market. The buyer remains active mainly for GHG saving > 89 %, it is interesting to see that the market still buys these types of biodiesel despite the fuel crisis and the high premium over gasoil. However, production margins continue to fall in a context where the average production cost remains almost stable. The level of the **spread UCOME/UCO is now half of what it was before the February crisis**, when it was close to EUR 360 per ton. The current level largely calls into question the production goals for the coming months and we can already foresee, in the best case scenario, temporary maintenance shutdowns for some producers, a significant drop in production for others, and even a complete shutdown of production in May/June for some. The TME is also suffering the full impact of this crisis, supported on the one hand by the general decline in the market for waste-based biodiesel and FAME and on the other hand by an **increase in the value of the CFPP point up to USD 14 per degree**. In **Italy, one of the main TME markets is experiencing a 41 % drop in consumption in March for diesel (-825 000 ton) and 51,9 % for gasoline (-307 000 ton)**. Fuel demand in April could be even more affected, penalizing the incorporation of TME in this market.





UCO – MARKET HANGING ON THE LOCKDOWN EXIT

One by one, European countries are narrowing their plans to get out of the lockdown, which remains a global puzzle, while waiting for a vaccine or cure to be found to stem the Covid-19 epidemic. Restaurants and the hotel industry will be the last to reopen, which will penalize the market for the collection of UCO worldwide. The market therefore remains relatively complicated for the time being. On the one hand, UCOME producers are under downward pressure on the price of biodiesel, which lowers the price of UCO. On the other hand, due to the lockdown in Europe, South America and the Middle East, **there is a general shortage of UCO on the market**, with UCO prices remaining around **USD 700/720 per ton CIF** (FFA 5 %, MIU 2 %, IV 75) and around **USD 650 per ton CIF** (FFA 5 %, MIU 2 %, IV 50) for imports. The supply of UCO appears to be relatively difficult to manage for UCOME producers in May/June, for European UCOME

producers, but also for Asian producers, who are witnessing a reduction in the volume of their production and, above all, a reduction in their production margin. This lack of UCO on the market and the pressure on margins are risky for the UCOME industry which, in this context, could push some producers in Asia to use cheaper raw materials, such as PAO, in order to continue to operate during this crisis. Little UCO is available in Europe, only from importers or collectors who work with food manufacturers. Thus, taking into account the limited liquidity, prices stagnate **around EUR 720/730 per ton ExW FCA NWE** and some offers in bulk remain close to EUR 750 per ton FOB ARA. European producers, penalized by very low or even unprofitable margins on this price level, prefer to put their purchases on hold or even reduce their production in the upcoming months.



ANIMAL FAT – THE MARKET IS STRUGGLING TO RESIST

The containment measures taken throughout Europe because of the coronavirus are leading to a significant slowdown in slaughter activities. The beef market is seriously affected. In April, **a decrease of around 10/15% in the slaughter of cows and up to 35% in the slaughter of calves** can be expected due to the total halt in orders placed by restaurants and also to the significant drop in the supply offered to consumers in their usual purchasing channels. Similar is visible for the slaughter of pigs, sheeps, etc. **Thus, this drop in slaughterings is having an impact on the animal fat market which, despite the sharp drop in raw material prices in general, is trying to resist** as best it can due to the significant drop in the volume available on the market. Thus, we note that the CAT 3 FFA max 3% market is proposed at **EUR 620 to 640 per ton**

DDP in the 3rd quarter with a buyer's interest below EUR 600 but without much liquidity on this market recently. On CAT 1 fats, the market is different. It is mainly subject to the biofuels market, which has undergone a sharp correction since the beginning of the crisis. **CAT 1 fats are therefore subject to downward pressure on trading for second and third quarter.** We can also expect a devaluation in relation to the prices of the last few months: **Q1 EUR 560 per tonne DDP** against **Q3 EUR 450 per tonne DDP.** Category 1 fat producers, not very attracted by this price level, are trying to make the most of the negotiations in the hope that the market will pick up again this summer. It can be expected that TME producers will use the impact of this crisis period on the price of TME for maintenance in the coming months.

Despite the turmoil, there is some good news. We are thrilled to receive this award and we hope to share our enthusiasm with you over a drink after the storm

- #1 Second-generation biofuels Broker in the Energy Risk Commodity Rankings 2020
- #2 Research in Biofuels at the Energy Risk Commodity Rankings 2020
- #2 Ethanol and biodiesel Broker in the Energy Risk Commodity Rankings 2020



We thank you very much all for your trust. All the best during this extremely challenging times and we wish you and your loved ones good health !

By



Fabien Hillairet
Partner French Office

Fabien.hillairet@greenea.com



Olivier Madiot
Partner Switzerland Office

Olivier.madiot@greenea.com

Your brokerage & consulting partner for biofuels

Discover more on www.greenea.com

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