

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 last traded prices.

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Physical
veg-oil



UCO



Animal fat
cat 1 & 2



Glycerine



Physical
biodiesel

DOUBLE COUNTING INDICATORS

DOUBLE COUNTING	PRICE TREND	DOUBLE COUNTING	PRICE TREND
UCO - EU		UCOME EU	
TALLOW CAT 1 & 2		TME EU	



VEG-OIL: SOYBEAN RALLY DRAGS UP THE PRICES

Palm oil prices started to fall sharply in the third week of January. Since then Malaysian and Indonesian CPO prices decreased by more than 11% to USD 735-740 per MT on average in Rotterdam which was their lowest since November 2016. However, **on the last day of February, palm oil prices recovered to around USD 755 per MT CIF Rotterdam** following a sharp increase in soybean prices.

In January, Indonesian palm oil output decreased by almost 8.5% to 2.95 million tons which represents a third consecutive fall month-on-month. At the same time, demand for Indonesian CPO dropped on both local and global markets. Exports are estimated to be down by 7.1% to 2.21 million tons and domestic consumption decreased by 14% to 875 KT on average from December to January 2017. This contributed to the bearish trend of palm oil over the month.

Indonesia decided to keep its CPO export tax at USD 18 per MT for March 2017. The tax is effective if the reference price is in the range of USD \$800 - \$850 per ton. If the price goes down to USD \$750 - \$800 per MT the export tax is \$3 per MT only. If the price falls below 750 USD per ton, the tax is removed.

Swings of soybean oil prices have influenced oilseeds markets over the last month. Until the 27th of February bearish price trend of soybean oil dragged down the whole oilseed complex. Soybean crushing was at an outstanding level in the US in January (estimated at 4.7 million tons). This combined with lower demand on both local and global markets led to the fall of the soybean oil prices.

On CBOT market they have gone down by around 6.5% since the 9th of February.

Furthermore, the Environmental Protection Agency's proposal from November 2016 to increase the biodiesel consumption quotas for 2017 by more than 18% year-on-year has not been validated yet by the US Government sowing doubt among market stakeholders. Therefore, biodiesel producers cut output by 60% in January and imports were down by 68% in the same period. This put pressure on soybean oil prices while the stocks increased by 88 KT to 738 KT from December to January.

On the 28th of February **rumors that the White House could modify biofuels mandate rules led to a soybean price rally.** Even though these rumors were denied, **soybean oil prices ended the month with an increase of 3.7%.**

In Brazil, soybean crops are progressing well, the harvested surface is estimated at around 34% against 26% on average at the same period last year.

After having lost more than 5% over the last two weeks, rapeseed prices recovered following the increase of oilseed prices in the last days of February.

The market remains very volatile and seed prices are back to their level from the end of January. On Euronext market, product for May deliveries increased by €5,25 to €384 per MT and August deliveries increased by €4,75 to €386,75 per MT.

Over February, rapeseed oil prices decreased by 7.2% to \$855 per MT on average CIF

Rotterdam and following other oilseed commodities they started to recover due to the soybean rally in the last days.



UCO: PRICE STABILISATION ON THE EU MARKET

In February, we could observe a relative UCO price stabilisation in Europe at around 820-825 euros per ton DDP NWE. **As UCOME experienced a slight downwards trend, UCO was expected to follow with a more visible price correction.** Instead, with stable UCO prices and decreasing UCOME price, the margins of EU producers went down from 205 to 190 euros per ton.

UCO from overseas also remained stable in February at 775 USD per ton CIF ARA in spite of euro / USD exchange rate going down over the month (from over 1.075 at the beginning of February to 1.055 in the last days of the

month). However, **compared to January prices at 790 USD per ton, we can observe a downwards trend.** This gave some support to the producers' margins.

Shortage of UCO in Europe and overseas adds tension to the market and increases the sourcing competition between UCOME producers. Less and less feedstock is available from Asia due to higher local demand. This will definitely be a trend to follow in the next months as it will have influence on the UCO prices in Europe.



ANIMAL FAT: BIRD FLU HELPS SUSTAIN PRICES

Animal fat cat.3 prices with FFA content maximum 2% to 5% are slightly down due to bearish palm oil. However, the decrease is very limited compared with vegetable oils as shortages caused by bird flu concerns help to sustain the prices. Thus, the price correction is of maximum 15 euros for Q2 deliveries.

The demand for cat.3 product remains strong across the industries after significant volumes of poultry fat have been declassified to animal

fat cat.1&2 due to new bird flu concerns in seven countries of the European Union. Animal fat producers were forced to treat the animals concerned with special measures in their slaughterhouses redirecting these materials to biodiesel or energy outlets. This created a shortage on the animal fat cat.3 market and kept prices relatively high with contracts traded at around 800-815 euros per MT (depending on quality) in Northern Europe.

Animal fat cat1 prices are traded at around 610 euros per MT in ARA region and in Italy they are sustained by the biofuel market. The prices

remained strong over the month due to relatively low production levels while the spread between northern and southern Europe (apart from Italy) is 50-60 euros per MT on average.



GLYCERINE: STRONGER PRICES SEEN IN ASIA

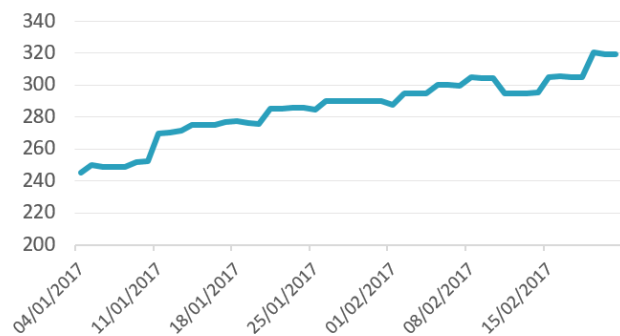
In Europe, we have seen crude UCO-based glycerine offered at around 140-145 euros in Spain for glycerine content 75%. 80% glycerine was priced at around 210 euros per ton ExW France.

Prices CIF China for veg-oil based glycerine were around 270 USD for 75% glycerine. 80% product was sold at around 280 USD per ton while 87% glycerine was seen at 295 USD per ton CIF China.

The supply of crude glycerine in South-East Asia is still quite limited as several biodiesel plants operated on low utilisation rate. In China, due to pollution prevention measures, several plants were closed which supported the price of glycerine there. As a result, the supply of refined glycerine was also low increasing the prices.

In 2016, India imported more than 85,500 MT of glycerine out of which more than 60% was refined product. This is an increase of around 30% as compared to the volumes imported in 2015. The biggest suppliers of glycerine to

India were: Indonesia (41%), Malaysia (22%), Spain (11%), Argentina (6%), Thailand (5%) and Sweden (3%).



Crude glycerine 80% price trend FOB South-East Asia

Last year, Thailand imported around 43,500 MT of glycerine which is a decrease of 10% in comparison to the volumes imported by the country in 2015. The exported volumes reached 25,710 MT in 2016 while the main countries to which the Thailand's product was shipped were: India (20%), Taiwan (10%), Bangladesh (9%), USA (8%), Japan (6%) and New Zealand (6%).



BIODIESEL: LOW ACTIVITY ON THE MARKET

In February, the activity on the biodiesel market was again low. Prices of veg-oil went down by around 5% for soybean oil and by 7.3% for palm oil. The price of FAME 0°C in Rotterdam followed the trend but at a lower pace (-3.5%) giving better margins to producers.

However, on February, 28th, soybean oil prices rallied due to rumours that Trump government will implement credit from producers. Prices went up by 5.5% by midday. Even if the information was finally denied by the White House at the end of the day which caused a small drop, the price sustained itself. FAME went back to levels from the beginning of February at around 920USD/MT.

On the UCOME side, the market is already focused on Q2 and the volumes still left for

March are difficult to sell. The contango of FAME of 15 USD/MT between March and April does not help either. For Q2, bid/ask for UCOME with high GHGs is around 155/165 USD/MT over FAME, equivalent to 1015/1025 €/MT in fixed price and 10USD/MT lower for default value.

The price of UCO resisted quite well to the drop in UCOME prices at the beginning of the year but not anymore which allows the producers to have better margins.

The low demand level of premium in Italy is caused by very competitive price of PFAD biodiesel and does not really arise interest for TME. Nevertheless, with rumors of banning PFAD for DC materials and low RME/FAME0°C spread, the demand should come back soon.



ONCOMING EVENTS: MARCH

INT'L BIOMASS EXPO

1-3 March
Tokyo, Japan

Gasification 2017

15-16 March
Helsinki, Finland

INPALME

22-24 March
Medan, Indonesia

World Bio Markets

27-29 March
Amsterdam, The Netherlands

Clean Energy Finance Europe 2017

8-9 March
Frankfurt, Germany

5th China International Bioenergy and Biomass Utilization Summit

16-17 March
Shanghai, China

INPOC

22-24 March
Medan, Indonesia



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