

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	 <p>Bearish Bullish</p>	UCOME EU	 <p>Bearish Bullish</p>
TALLOW CAT 1 & 2	 <p>Bearish Bullish</p>	TME EU	 <p>Bearish Bullish</p>



VEG-OIL: PRICES PRESSURISED BY RECOVERING PALM

Palm oil prices fell by around 6% over the month on a rising output in Indonesia and Malaysia. CPO production increased to 3.08 million tons in March from 2.8 million tons in February in Indonesia due to better weather conditions. In Malaysia, production was up by 16.3% between March and February and by 24% over the first quarter.

Therefore, prices kept dropping in Rotterdam and are currently at \$660 per Mt on average. Malaysian palm oil futures even hit an 8-month low on April 20th and traded around \$566 FOB.

Even though a strong demand for CPO was seen due to the anticipation of the Ramadan festivities by several importing countries, it did not sustain the prices.

Analysts report that 16.3% of the soybean areas have been harvested in Argentina which is slightly in advance compared to last year (15%). Total harvested volume is estimated at around 10.7 million tons so far. In Brazil, soybean output has been revised up by 3.2% to 111 Mio tons.

In the US, the soybean seedings have reached 6% which is 3% more than last year at the same time of the year and a record planted area is expected.

The USDA revised up its global soybean production forecast by 5.2 Mio tons for the season 2016/2017 on favourable weather forecast for South-America.

Over April, soybean oil prices decreased and came back to their level from March. Trades were seen at around \$715 per MT on CBOT

markets, still at their lowest since September 2016.

Over April, weather condition forecasts in Europe stopped the downwards trend of rapeseed. A temperature fall affected rapeseed fields during the blooming period in France, Germany, Eastern Europe and the Baltic countries which is a threat for the yields.

Rapeseed oil prices remained relatively stable over the month between \$810-825 on Dutch Mill market on average over the period. It is their lowest level since September 2016.

It is too soon though to have a clear vision of rapeseed output for next season. The EU commission estimates that in the EU-28 it will reach around 22.6 million tons, up by 13% from last year thanks to better weather conditions than last year. However, Copa and Cogeca associations forecast that EU-28 total oilseed crops will increase by only 0.8% in 2017.

Total planted surface in the EU-28 is estimated slightly up year-on-year to 6.6 million hectares (+100 000 ha) in 2017. The reduction of rapeseed surfaces in France (- 7%) to around 1.45 million hectares will be compensated by Poland (+9%) to around 0.9 million hectares and Romania (+19%) to around 0.55 million hectares. The surface planted in Germany will be similar to last year's estimates of around 1.35 million hectares.

In Canada, the canola acreage is estimated up by 9.9% from 2016 by the National Statistics Office. We should expect a strong output for the second year in a row.



UCO: FALL IN PRICES STILL VISIBLE

Even though we have seen recently some stabilization on the UCOME market, **the prices of UCO in Europe still experience the downwards trend.** It is justified by a few-weeks delay between the start of the fall of UCOME and UCO prices. A decline in the veg-oil prices also put pressure on the prices of UCO recently.

In April only, the price of UCO fell again by 20-30 euros per ton around Europe, while since the middle of March the prices here went down by 40-50 euros per ton. The decline since the beginning of the year reached 100 euros per MT DDP NWE as prices are currently seen at the level of 720 euros per ton.

The prices of imported UCO were negotiated between 675 to 720 USD CIF Europe depending on the quality (IV 50/75 and FFA) and the port.

The ARA area currently offers lower prices than the South of Europe. However, it really does not make sense as biodiesel in Spain is always negotiated twenty euros cheaper than in Rotterdam. Imported UCO already fell down by more than 50 USD per ton since last month.

Exports of UCO from the US to the EU are reported to have slowed down due to the price decline here.

The market does not really show any upward movement on biodiesel for the next weeks. Today, more than 70% of the EU production for May is traded at levels around 920 euros per ton, which will continue to give us a bearish movement on the UCO market. **Only the strong euro against the USD recently at 1.09 may give some support to the UCO import market.**



ANIMAL FAT: MARKET STILL QUITE STRONG

The market of animal fat cat 1 and 2 in Europe is still resisting the general downwards trend. In fact, **the prices of cat 1 and 2 fat went slightly up in April compared to prices seen in Q1.** Animal fat cat 1 was traded around 635 euros per ton DDP in Europe in April which is 10-15 euros higher than at the beginning of the year. We also saw an increase of 165 euros per ton between March 2016 and March 2017!

At the same time, the **prices of animal fat cat 3 met a strong down correction for May and June by up to 40 to 60 euros per ton** depending on the quality. Animal fat FFA 5% was traded at around 730 euros delivered and the fats with low acidity (FFA 2%) were seen at around 750 euros per ton delivered.

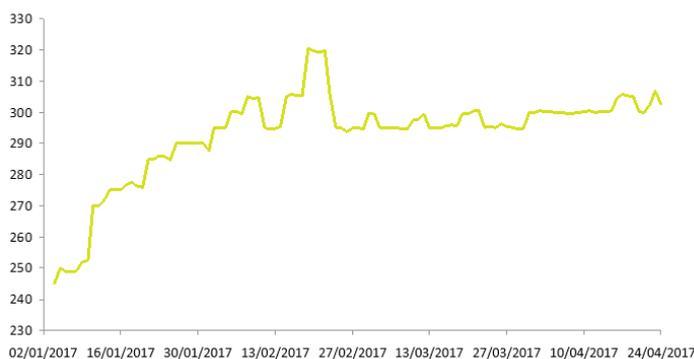


GLYCERINE: UPWARDS TREND CONTINUES

In Europe, we saw an increase in prices of crude glycerine of 30-40 euros per ton. For April delivery, prices of crude glycerine 80% ExW France were at the level of 230 euros per ton while crude glycerine 75% was seen ExW Spain around 170 euros per ton. **In the EU, we still see high demand but limited offer which pushes up the prices.**

Prices of crude glycerine CIF China for April delivery were at 285 USD per ton for 75% of glycerol content and around 285 USD per ton for crude glycerine 80%.

In South-East Asia, the prices of crude glycerine were going up at the beginning of the year due to closure of some biodiesel plants caused by high pollution levels. March and April brought higher price stabilisation. However, the next weeks might bring some price decrease as



Crude glycerine 80% price trend FOB South-East Asia

some of the previously stopped production units have already started running.

The demand for glycerine in Asia keeps growing yearly. In Japan, in the last six years, the imports of glycerine increased by 45%. The main countries exporting to Japan in February 2017 were: Malaysia (39%), Philippines (34%) and Indonesia (24%).



BIODIESEL: MARGINS STILL UNDER PRESSURE

On the biodiesel market the demand is still focused in prompt. In April, with the veg-oil prices that stabilized, the FAME and RME prices also remained steady at around 865USD/MT for FAME and 880USD/MT for RME. However, **the margins for RME remain extremely low with rapeseed oil price around 840USD/MT for June.**

On the DC market, the demand remains weak for high GHGs and the German market. So local producers are looking for other opportunities and markets for their products.

The UK demand picked up slightly in April with several tenders open. UCOME is traded between 925 and 930 €/MT FOB but we saw the demand picking up at the end of the month. The DC is still mainly sustained by the Italian market even with TME offered and traded at around 940€/MT FOB ARA (at higher

prices than UCOME). This can be explained by scarce resources of PFAD ME in the Med Region.

The arrival of significant quantities of UCOME from Asia put the producers' margins under pressure. They are slowly recovering for UCOME producers as the UCO prices are getting adjusted to biodiesel price. Yet, there is always a lag for UCO market that is less liquid and slower to follow the trend of biodiesel or veg-oil market. At the same time, TME margins are still relatively low with animal fat prices remaining stable.

Greenea will be present at The Jacobsen Conference 24 – 25 May in Chicago. See you there!



ONCOMING EVENTS: MAY

All-Energy
10-11 May
Glasgow, UK

The 2nd Indonesia International Power Generation & Renewable Energy Exhibition
17-19 May
Jakarta, Indonesia

8th Biomass Pellets Trade & Power
15-18 May
Tokyo, Japan

The Jacobsen Conference
24-25 May
Chicago, USA



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