

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: PROMISING RAPESEED CROPS IN EUROPE

Rapeseed crops in the EU look promising in spite of extreme weather ranging from very dry conditions to heavy rains. Some market sources forecast that the imports in 2017-18 will decrease by 500,000 MT due to increased production. Strategie Grains raised their **crop forecast to 21.9 million tons which is 8% more than last year's output.**

This is mainly due to record rapeseed yield in France where the harvest is in its final stages. The average yield should reach 3.8 MT per hectare with yields in many regions exceeding 3.5 MT per hectare and in some regions approaching 4.5 MT per hectare. The total output in France should reach 5.3 million tons against 4.7 last year.

Bunge has realised the first shipment of rapeseed from Australia to Europe. The cargo was 45,000 MT and will be crushed in the EU for edible oil and fuel production.

In Canada, for the first time ever, the seeded acreage of canola has exceeded wheat. Canadian farmers planted 22.8 million acres of canola which is a 12.1% increase compared to last year.

The prices of crude palm oil should get some support in the next three months due to low inventory levels and big discount compared to

soybean oil prices (between 90 and 150 USD per ton). Soybean prices are up due to bad weather in America making palm oil much more competitive. However, low stock levels and increased demand are expected to push the CPO prices up in the next months.

In 2017-18, Indonesia will hit all-time record with its palm oil exports, estimated to reach 26.5 million tonnes. This was caused by increased output and lower prices in the first half of this year.

For the first time in six years, India's imports of edible oil decreased. In the year ending in October 2017, the country is expected to import 14.3 million MT of edible oils which is a decrease of 300,000 MT or 2% compared to last year. This comes among an increased domestic oilseed crushing.



UCO: MARKET WAITING FOR ANTI-DUMPING DECISION

The UCO market in Europe remains relatively stable. Thus, **in Northern Europe, the prices for product with FFA 5% are still around 720 / 730 euros DDP while in Spain prices are at the level of 700 and 710 euros per ton.**

The strong surge of the EUR against the USD allowed for an improvement in prices of imported UCO, particularly in the ARA zone. So, we noted **prices between 695 and 710 USD CIF Rotterdam**, which made it possible to almost catch up with the Spanish market.

Otherwise, we see no significant movements on the market as till the 27 of July the whole sector was under pressure, waiting for the results of the anti-dumping investigation and their possible impact on the double-counting market in Europe. For August, the market should remain unchanged and will be more vigilant in September waiting for the final response of the anti-dumping investigation.



ANIMAL FAT: LACK OF ACTIVITY ON THE MARKET

The market of animal fats is taking summer holidays. In spite of high temperatures, so far, we do not observe big problems with acidity.

There is not much to report for July as **the prices remain between 695 and 715 euros per**

ton DDP for animal fat cat 3 with FFA 5%. Animal fat cat 1 is already fully contracted for Q3 so no price movement is visible.



GLYCERINE: MARKET SEES TIGHT SUPPLY

For August and September shipments, we have seen prices at the level of 280 USD per MT CIF China for crude glycerine 80%, while 75% glycerine was offered 10 USD lower on the same terms. Crude glycerine 80% was at 210 euros per ton ExW producers in France while product with 75% glycerol content was offered ExW Spain at 155 euros per ton.

UCO based glycerine with 80% glycerol content was offered at 225 euros per ton ExW NWE. Bids were around 215 euros per ton but the seller remained firm.

Due to lack of supply of veg-oil Kosher non-GMO glycerine, the prices are booming for August and September. We have seen trades at 510 euros per ton delivered.

Even though **the supply is very tight for Q3**, there still seems to be some product available. The negotiations in Europe are quite tough as the spread between buyers and sellers of crude product can reach 25 euros per ton.



Crude glycerine 80% in flexibags FOB South-East Asia (USD per MT)

Increased prices of crude glycerine in Asia were caused mainly by the biodiesel plants running at low-utilization rate. However, with several producers resuming regular production volumes, the prices should stabilize.

In the first five months of the year, India imported 32,300 MT of glycerine. It is 9% less than in the same period last year. The biggest suppliers of glycerine to India were: Indonesia (48%), Argentina (20%), Malaysia (6%), Thailand (3%) and Spain (2%). In May 2017, 64% of imported product was crude glycerine.



BIODIESEL: LIQUIDITY IS BACK TO THE MARKET

The market is much more liquid since Thursday, 27th of July, when the decision to postpone the voting on the anti-dumping duties to autumn was announced. Even if all the sector is relieved for now, let's not forget that we are going to experience again this situation in autumn, before the final voting. The market is expected to completely stop again once the date of the final decision is fixed. However, the European Commission decided to separate the investigation of Argentinian and Indonesian anti-dumping measures and the negotiations should now be led independently.

At the end of July / beginning of August, the prices are at the level between 900 and 910 euros per ton FOB/CIF ARA. **The euro continues its bullish rally (from 1.13 at the beginning of the month to almost 1.19), which penalizes the biodiesel market for fixed price in EUR/MT.** Thus, at the end of July, the market was really active and we can now see that most of the producers are already sold out for August (Spain is sold out and in the ARA region only small quantities remain for SH August).

There is still **a strong backwardation on the market**: 35 USD/MT between August and September and even 65 USD/MT between

August and Q4, it implies UCOME prices between 850-870 €/MT and no forward activity for September and Q4. Producers make prompt sales to avoid the penalization of the backwardation as it starts to weight on the demand on the DC market for September and for Q4. **The TME market faces more difficulties because the RME/FAME spread continues to increase impacting significantly the cost of a CFPP point.**

In Italy, there were no signals of any market improvement in the last weeks. The liquidity there is very low on the spot market while there is also no activity for Q4. TME interests are around 870 euros per ton but lack of liquidity penalises the market.

Under the EU-RED/FQD, biodiesel producers will have to include the burning emissions from methanol in their actual calculations which will reduce their GHG emission savings. A negative impact on the GHG savings from the UCOME to FAME/RME producers will be noted from September 1st, however, it is not sure exactly how big the reduction of the new GHG emissions calculations will be. There are still doubts on the real impact as some producers mentioned relatively small decrease while others calculated up to -5%.



ONCOMING EVENTS: AUGUST & SEPTEMBER

Asia-Pacific Biomass Energy Technology & Equipment Exhibition 2017

16-18 August
Guangzhou, China

Sugarex 2017

21-22 September
Trujillo, Peru

Expo Biomasa

26-29 September
Valadollid, Spain



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