

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.

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UCO



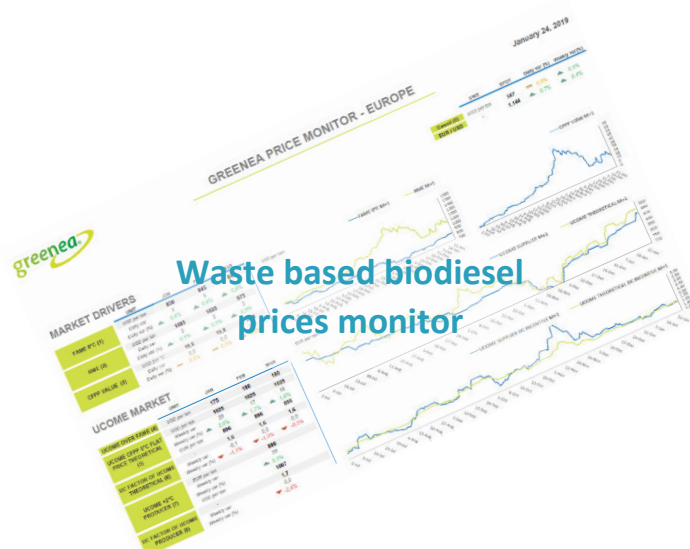
Animal fat
cat 1 & 2



Glycerine



Physical
biodiesel



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BIODIESEL: PAINFUL MONTH FOR LIQUIDITY

March would have been one of the most painful months for liquidity in the biodiesel market. There was a lack of demand and biodiesel trades were done week after week in a very discreet way in order to not communicate the low-price level contracted.

Nevertheless, UCOME / TME producers will have sold their products without any difficulty. This situation is comparable to the end of December/beginning of January when FAME0°C was negotiated at 30 USD cheaper and GASOIL was at its lowest level for 12 months (80 USD on average in March). But what has marked the market in the last 6 weeks is the lack of activity and buyer interest. The market oriented around 845 / 850€ per ton FOB ARA with all DC options and this price trend continues in April.

TME producers had sold already in Dec/Jan a large part of their production in the first quarter. Today, there are few offers for the end of the quarter but with an important BID / ASK gap: 50 USD thus limiting the negotiations. The demand for TME for the Italian market is

present, but the interest rates are far from matching the current offers. However, we note April & May are already sold out, so the market moves anyway. In addition, there is growing import of POME / UCO Italian Schemes going to Europe, which should increase the double

- RME/FAME 0 spread narrowed to its lowest level since Mid-August 2018
- March interests for DC product have been very soft
- TME nearly sold out April / May

counting biodiesel supply for this Italian market and compete with traditional TME producers.

The FAME 0 and RME continued to decline after a bearish market in February. There were 7% less deals for RME and FAME 0 in the assessment window compared with previous month. Indeed, February has already suffered in a 40% loss concerning number of deals compared with January. The average premium over GO for RME went down to an average of 300 USD (-30% vs. January) and for FAME 0 to 215 USD (-16% vs. January) and the FAME/RME spread narrowing to 85 USD.

29 March 2019	UNIT	PRICE	Weekly var	Monthly var	Monthly var (%)	LOWEST*	HIGHEST*	30 DAYS AVG
GASOIL	USD per ton	605	▲ 8	▼ -6	▼ -1,0%	492	736	609
EUR / USD		1,124	▼ -0,015	▼ -0,014	▼ -1,3%	1,123	1,177	1,131
FAME 0°C M+1	USD per ton	830	▲ 17	▼ -10	▼ -1,2%	740	918	827
RME M+1	USD per ton	880	▼ -21	▼ -55	▼ -6,3%	880	1495	910
CFPP Value M+1	USD per °C	4,17	▼ -3,17	▼ -3,75	▼ -90,0%	1,00	61,67	7
UCOME Th. M+1	USD per ton	960	▲ 7	▼ -25	▼ -2,6%	952	1045	965
UCOME Producer M+1	EUR per ton	845	▬ 0	▼ -40	▼ -4,7%	760	915	854
TME Producer M+1	EUR per ton	880	▬ 0	▼ -10	▼ -1,1%	775	900	882
UCO DDP NWE M+1	EUR per ton	630	▬ 0	▼ -15	▼ -2,4%	580	645	635
UCO CIF ARA Flexi M+1 (bid)	USD per ton	625	▲ 10	▼ -15	▼ -2,4%	560	645	625

*since July



GLYCERIN: LOW MARKET INTEREST

The glycerin market has not been spared in March, seeing a significant drop in prices for cargoes from South America to China. There has not been a strong interest in the demand with buyers rather “observing” the market that bidding. Furthermore, an explosion that

occurred in a chemical plant in Eastern China has compromised the general situation of the chemical market in China at the moment.

India has seen a similar scenario end of the month with lower buying interest and declining price expectations.



UCO: BUMPY MARKET IN MARCH

The UCO market has been a bit chaotic in March and is not really following the sharp decline in the UCOME market in Europe. On the one hand, suppliers of UCO (from overseas) make the retention and remain firm on their price, considering that the decline of the European market is temporary and that the market will recover quickly. On the other hand, the competition between the UCO offered CIF Europe in Flexi tank and the buyers of UCO DDP China (to the tanks of the European customers in China port) is increasingly strong.

In addition, the rapid development of certification for the Italian market allows the Chinese UCO suppliers to benefit from this privileged market. Prices (FFA 5%, IV 75, Sulfur 45 ppm and in Flexi) stayed around 610 to 620 USD CIF ARA and a premium of 10 to 15 USD in the Spanish market. A somewhat paradoxical premium considering that double counting market in Spain has not really impacted local demand of UCOME and the UCOME production in Spain for March / April is still trading at a discount compared to Rotterdam.



ANIMAL FAT: BULL MARKET DRIVEN BY CHINESE DEMAND

The animal fat market remains bullish on Q2, not only on CAT 1 but also CAT 3.

The CAT 3 fat market is bullish due to the decline in pork production in China. China is becoming more and more buyer of carcass (i.e. less cutting, therefore less by-product available in Europe, and less fat by consequences). We should check whether this trend is confirmed throughout the year, because the situation on the decline of pork production in China is really serious for this year. China has reported 115 outbreaks of ASF to the World Organization for Animal Health (OIE). The outbreaks have occurred in every significant pork production region in China. By the end of 2019, China's swineherd is forecast to shrink by 13 percent to 374 million head and pork production in the country is expected to retreat 5 percent to 51.4 million metric tons (MT). Rabobank even forecast the Chinese pork production would fall by up to 20 percent in 2019. As a result, China will increase imports of pork by 33 percent to 2 million MT (source FAS USDA). Pork will remain the preferred

meat of the Chinese people in the coming years, accounting for around 60% of all meat consumption, placing China in the top 4 of per capita pork consumption (behind Serbia, Montenegro and the European Union), by far the largest market. China's appetite for European pork could have a significant effect in the coming months, watch out! Today, we are seeing a 10 / 15 EUR increase in the price of the contract negotiated in the 2nd quarter.

The CAT 1 market is also increasing, offer around 470 EUR per ton DDP, as producers are looking to take advantage of this 2nd quarter, still good quality regarding the FFA content and historically a promising time for the TME market. However, March, the time of negotiation for Q2, was a very complicated month in general concerning sales of UCOME & TME biodiesel, which is a bit of a runaway price hike. Furthermore, the supply drops over Q2 due to a decrease in slaughter. Moreover, buyers are hesitant with UK import due to Brexit and possibility of veterinary constraints.



ONCOMING EVENTS: MAY

Biofuels & Bioenergy Conference 2019
29 April – 01 May
San Francisco, USA

10th Biomass Pellets Trade & Power
13 – 16 May
Tokyo, Japan

Sugar & Ethanol Brazil
07 – 09 May
Sao Paulo, Brazil

Biomass PowerOn 2019 Summit
22 – 23 May
Copenhagen, Denmark



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