

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



Glycerin



Physical
biodiesel

4 Nov 2019

	UNIT	PRICE	Weekly var	Monthly var	Monthly var (%)	LOWEST*	HIGHEST*	30 DAYS AVG
GASOIL	USD per ton	594	▲ 3	▲ 5	▲ 0,8%	492	736	587
EUR / USD		1,116	▲ 0,009	▲ 0,019	▲ 1,7%	1,091	1,177	1,107
FAME 0°C M+1	USD per ton	806	▲ 19	▲ 41	▲ 5,1%	723	918	776
RME M+1	USD per ton	990	▲ 52	▲ 14	▲ 1,4%	868	1495	953
CFPP Value M+1	USD per °C	14,15	▲ 2,54	▼ -2,08	▼ -14,7%	0,92	56,92	14
UCOME Th. M+1	USD per ton	1222	▲ 21	▲ 58	▲ 4,7%	1092	1222	1187
UCOME Producer M+1	EUR per ton	1030	▲ 5	▲ 20	▲ 1,9%	760	1030	1020
TME Producer M+1	EUR per ton	990	▲ 20	▲ 30	▲ 3,0%	775	990	965
UCO DDP NWE M+1	EUR per ton	745	▬ 0	▬ 0	▬ 0,0%	580	745	744
UCO CIF ARA Flexi M+1 (bid)	USD per ton	695	▬ 0	▬ 0	▬ 0,0%	560	705	695

*since July



BIODIESEL: WHEN WILL THE BULL RALLY STOP?

The UCOME market continues its upward movement, more slowly than in September but the pattern is still there. Most of the UCOME produced is almost sold out during the rest of the year, producers are now preparing their sales on January or even Q1. Several contracts were concluded at the beginning of 2020 between 1018€ and 1030€ FOB ARA depending on the quality. In the South, sales on December are also almost completed, with a target of around 1000€. The TME market is starting very strong in 2020, last month some sales were made around 950€ CIF ARA, the market is gaining 40€ and is now closer to 990€ on Q1. The TME / Tallow CAT 1 spread has already reached historical records since Q2. It is necessary to be more measured on the evolution of the UCOME / UCO spread over Q1 2020. Several factors could change the direction of the market, such as the more abundant supply of UCOME, the increasing opening of the DC market to other biodiesel products such as POME ME or EFB (Empty Palm fruit bunches) ME could slow down the UCOME bull rally. The market is therefore to be closely watched, even if only the more abundant supply could slow down the frenetic prices of UCOME and indicator on demand is still very optimistic.

The UCOME price over FAME remains around 380/400 USD per ton for JAN/Q1 (equivalent to 1190 USD per tonne FOB ARA with all sustainability options), which keeps the value of the DC factor close to 3 times (UCOME premium on GO / FAME 0°C on GO). Thus, the trend of the DC factor from September

onwards, linked to the alternative next to the B7 blended walls, HVO, can continue especially in 2020 when the mandate continues to increase.

This end-of-year, it is also the time for biodiesel tenders from distributors. This is particularly the case in France where most supermarkets have now launched their tender for next year. The upcoming weeks will be very busy as almost all calls for tenders usually end before mid-December. The further the tenders progress, the more the non-palm component should have the effect of slightly increasing prices on the French market. Regarding the RME and Fame 0 market, October was the busiest month since the Argus window was opened, with a total of 125 kt of f0 and 85 kt of RME. 210 kt of biofuels were traded in October. Prices for Fame 0 increased almost all month long, from 730 to almost 800 USD. The RME was more bullish and bearish, with no significant trend, fluctuating between 930 and 970 USD. Palm oil prices are forecast to rise strongly by the second quarter of 2020. From 2020 palm oil output is expected to be weaker, not only because of its normal monthly pattern, but also because of the cumulative impact of cutbacks in fertiliser use in the past two years and of recent droughts on yields. Such trend may impact the global veg-oils complex which may drive up again the FAME/SME/RME in the coming months. In any case it will be necessary to supervise it.



UCO: TOWARDS THE END OF DEAD CALM?

The UCO market remained calm this month. The UCO (FFA 5%, MIU 2%, IV 75) remains between 730 / 745 EUR per ton DDP NWE and the import is oriented on the same level between 690 to 705 USD per ton CIF for deliveries in FLEXI and 5 to 10 USD of premium for ISO TANKS. No major changes are expected over the rest of the year, most buyers are already rather well covered by the end of 2019 and are currently working on preparing for purchases in the first quarter of 2020. In fact, the supply of UCO remains abundant at this end of the year (specially for FFA 6% - 7%), which has no impact on the price of UCO despite the fact that the UCOME market is still bullish. At the beginning of 2020, there is a slight change of direction on prices. There should be pressure on demand again with the opening of SUNOIL UCOME plant at KAMPEN (formerly Biodiesel Kampen), then GEENERGY Amsterdam opening, which bought the Oiltanking plant in July 2018 and a few other projects in Eastern Europe and also the Med. In

addition, the increase in UCOME's production capacity can be found not only in Europe but also in Asia. There could be a scissor effect between a supply of UCOME that is abundant enough to have a downward impact on UCOME and pressure on demand for UCO, which would pull the UCO market out of the last few months of stagnation. Today, there is a slight increase in the number of bulk UCO offers available in Europe, from +10 to 20 USD per ton between Q4 and Q1. There are also products competing with UCO that are increasingly available, such as POME OIL. 2019 would certainly be the year of the explosion in demand for this raw material considered as advanced or waste based. It is regrettable that the volumes traded for this product cannot be accurately tracked on a monthly basis, as there is no customs code for this category. Unfortunately, only the annual import balance sheet by country in Europe is available only one year later, although this information is very useful.



ANIMAL FAT: NO BIG CHANGE AND NO GOOD NEWS EITHER

The market remains very quiet or even too quiet... Is it the calm before the storm? Should we expect an assault on animal fats for the production of HVO? Indeed, markets such as France and Norway ban palm oil as a feedstock in biofuels from 2020 and the Irish government thinking of similar decision for 2022. In addition, the outbreak of African swine fever is still not over. The disease has hit especially hard the world's top pork producer, China.

Originated in Africa, it spread to Europe and Asia. It has struck 50 countries, killing hundreds of millions of pigs while reshaping global meat and feed markets. Until now, the industry still lacks a clear vision on how to deal with this epidemic and 2020 is shaping up to be a turbulent year. On the CAT 1 grease market, a slight increase was noted, an increase visible under a microscope, unlike the TME market.



GLYCERIN: DEPRESSED MARKET

The glycerin market is becoming more and more complicated. On the one hand, the supply is increasingly abundant, with the increase in global product mandates in Brazil, Indonesia and India. On the other hand, prices of refined glycerin are falling. Since the beginning of October, the price has been falling steadily to close to USD 200 per tonne CIF

China for the 80% vegetable oil-based crude glycerin content. For the moment, vegetable crude oil offers remain around 220/230 CIF Asia without any firm interest from buyers. The price continues its downward trend, with no clear visibility when the market wakes up again.



ONCOMING EVENTS: NOVEMBER AND DECEMBER

European Biomass to Power 2019

6 – 7 November
Helsinki, Finland

Future of Biogas Europe 2019

13 – 14 November
Amsterdam, The Netherlands

Asian Biomass to Power

27 – 28 November
Kuala Lumpur, Malaysia

6th Global Biodiesel Focus 2019

2 – 3 December
Shenzhen, China



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