

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.



Used Cooking Oil



Animal fat



Glycerin



Physical
Biodiesel

	UNIT	PRICE	Weekly var	Monthly var	Monthly var (%)	LOWEST*	HIGHEST*	30 DAYS AVG
GASOIL	USD per ton	330	▲ 4	▼ -25	▼ -7,6%	191	626	327
EUR / USD		1,171	▼ -0,003	▼ -0,016	▼ -1,4%	1,069	1,192	1,179
FAME 0°C M+1	USD per ton	860	▲ 44	▼ -16	▼ -1,9%	549	971	844
RME M+1	USD per ton	980	▲ 41	▼ -36	▼ -3,7%	671	1156	987
CFPP Value M+1	USD per °C	9,23	▼ -0,23	▼ -1,54	▼ -16,7%	2,69	19,92	11
UCOME Th. M+1	USD per ton	1220	▲ 8	▼ -71	▼ -5,8%	1187	1379	1239
UCOME Producer M+1	EUR per ton	1015	▲ 5	▬ 0	▬ 0,0%	910	1270	1014
TME Producer M+1	EUR per ton	1000	▲ 10	▼ -5	▼ -0,5%	880	1240	999
UCO DDP NWE M+1	EUR per ton	790	▬ 0	▼ -20	▼ -2,5%	710	875	796
UCO CIF ARA Flexi M+1 (bid)	USD per ton	805	▼ -5	▼ -10	▼ -1,2%	705	870	811



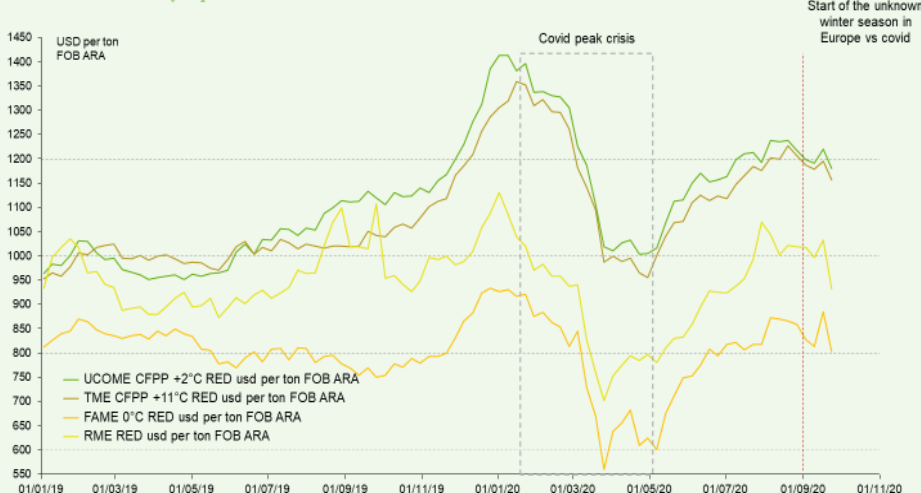
BIODIESEL – THE CLOUDY, UNCERTAIN FUTURE

The 1G biodiesel or Waste based market ended the 3rd quarter on a disastrous week with a constant decline every day caused by the Covid development in Europe, driven by the fear and uncertainty of next winter (lockdown or not, falling consumption, economic crisis...). This decrease is also observed on all financial markets and on the Euro/Dollar ratio which went from 1.184 to 1.164. The current price is at the same level as that of March, in the middle of the first wave of the Covid crisis. This fall is also very strong on oils, even if they remain at fairly sustained levels compared to the RME or FAME. The price of FAME 0°C dropped by **USD 65 between the August average and the September average** and the trend is similar to that of the **RME with a drop of USD 40 per ton**. After having encountered very comfortable margins during the summer, the **production margin of RME fell sharply in September to be negative** in the last few days, which is surprising for a product that finds all its interest during the winter, we return to the price of 3 months earlier due to a lack of intense demand. We note a demand for single and double counting biodiesel in decline at the end of September in the ARA zone, which does not bode well for Q4. Thus, the UCOME market follows in its path the fall of the **FAME 0°C (898**

USD to 799 USD) and the UCOME (CFPP 0°C, all options, GHG 87%) and thus goes from **1083 EUR to 1027 EUR per ton FOB ARA** and the level of producers with a CFPP between 2 / 3°C is approaching and passes the threshold of 1000 EUR per ton. Fortunately, most producers are already sold out in October and almost November, most of the sales were made before the last week of September which plunged the market into the abyss. There are still a lot of sales to be made in November/December in UCOME and TME and the producers are rather waiting for a return to calm in the markets. There are also several producers of TME not sold on Q4, the audits for the Italian NIS market have been a little late and by October, negotiations should be completed to close the 2020 sales of TME. The needs of the Italian market for TME with NIS certification remain important at the end of the year, with some players already looking ahead to 2021. Future CME launches on UCO and UCOME are currently in the observation phase since only one small trade is to be noted on UCOME. Tenders for the year 2021 are starting across Europe, but given the price uncertainty and the relatively high biodiesel over gasoil premiums, several buyers are likely to move towards quarterly purchases with Q1.

However, the first quarter remains unaffordable and for the rest of the year, we could still hope for an increase in ICE diesel once the uncertainty of the winter on Covid is behind us. Interest in DC ethanol remains very strong, on the one hand with the increase in mandates for 2021 and the growing shift in the share of gasoline versus diesel in the automobile fleet.

Exhibit – Market volatility expected to continue in the week ahead



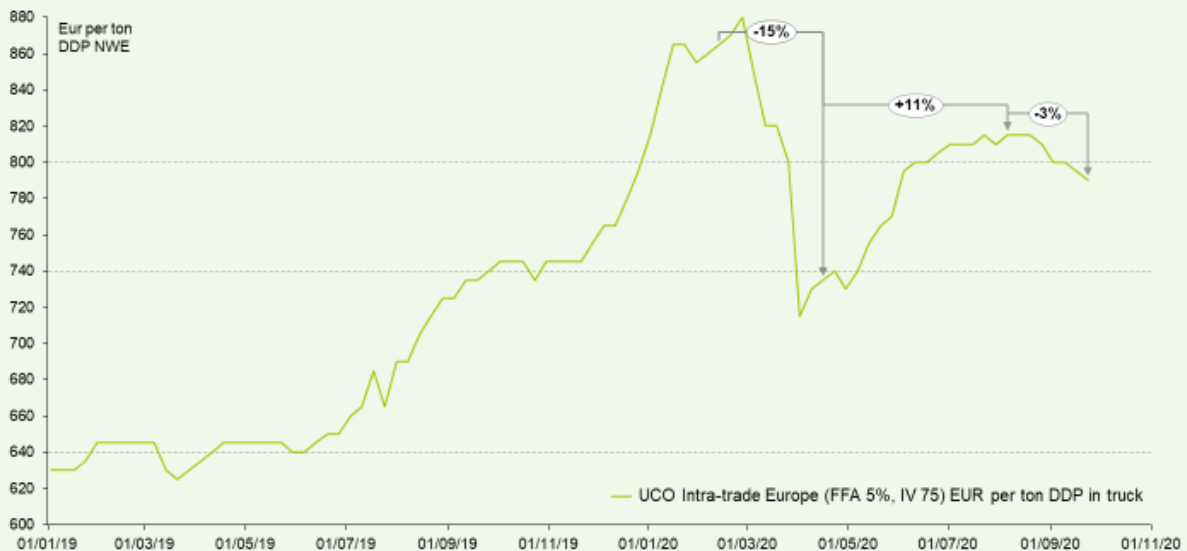


2020, A START & END TURBULENT IN THE UCO MARKET

After experiencing renewed growth in August, UCO prices met in September a continuous decline **starting the month at USD 835 per ton** down to **USD 800 per ton** in recent days (UCO Flexi FFA 5%, MI 2%, IV 75, Sulfur 50ppm). Same for the domestic market, **the market dropped from €45 between €825 to €780 DDP NWE** (FFA 5%, MI 2%, IV 75, Sulfur 50ppm). It could be argued that the drop in collection expected in Q4 with the closure of restaurants in some cities or the fear of the consumer to go to crowded places will reduce the offer in UCO and support prices upwards. But we saw last March that UCO prices have plummeted despite the drop in collection that the price of

UCO follows the UCOME market. On the other hand, the supply of UCO remains relatively well available in Asia, if not too much, given the growing number of bulk FOB China, Malaysia, and Indonesia offers. Beware of the possible break-up of this market, which is still under pressure, given the growing announcements by oil majors to invest or convert their refineries to produce HVO based on UCO or Tallow, while the supply of real UCO is relatively limited, or even already captured at present. **Greenea is currently working with our clients on the implementation of tools and processes to improve waste oil tracking.**

Exhibit – UCO Markets Face Bearish Blowback ?



Source: Greenea



ANIMAL FAT – WINTER IS UNCERTAIN

Negotiations for the last quarter have advanced well, with between 50 and 60% of CAT 1 volumes contracted. For the lucky ones who negotiated before September 20, **we noted a significant price increase between 40 / 50 € per ton** to reach values close 580 - 600 € per ton DDP. For the rest of the discussions, given the recent drop and the growing uncertainties, it is proving complex to hold such an increase for the rest of the volume.

On the CAT 3 historically prices have always been up in Q4, but given the market uncertainties, especially in the biodiesel sector, **CAT 3 fats for the production of FAME non-crops meet an interest around € 650 to € 685 per ton DDP depending on the origin/quality (FFA 3%)**. This FAME CAT 3 market is strongly penalized by the fall of the biodiesel market and by the weak demand at the end of the year.



ONCOMING EVENTS

11th Biomass Pellet Trade & Power Summit
4 – 6 November 2020
Virtual Conference

2nd Global Biofuel
17 – 18 November 2020
Virtual Conference

6th Future of Biogas Europe
11 – 12 November 2020
Berlin, Germany

Fuels of the Future
18 – 10 January 2021
Berlin, Germany

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