

## BIOFUELS SCAN

Volume 7 / Issue 152 / August 3, 2018

## PLATTS KEY DAILY ETHANOL ASSESSMENTS

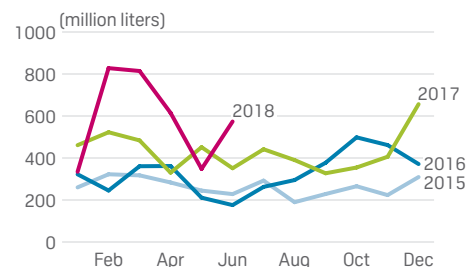
|  |         | Low-High        | Midpoint | Change |
|--|---------|-----------------|----------|--------|
| <b>United States (¢/gal)</b> (PBF page 210)              |         |                 |          |        |
| Ethanol Chicago (terminal)                               | AALRI00 | 144.50-144.55   | 144.525  | +0.000 |
| Ethanol swap Chicago (Sep )                              | ESCM001 | 143.95-144.05   | 144.00   | +0.00  |
| <b>Brazil cargo assessments (\$/cu m)</b> (PBF page 220) |         |                 |          |        |
| Ethanol FOB Santos cargo                                 | AAWF000 | 504.95-505.05   | 505.00   | +0.00  |
| Anhydrous NNE Brazil delivered Suape* (R\$/cu m)         | AAXF004 | 2040.00-2050.00 | 2045.00  | -25.00 |
| <b>Northwest Europe (£/cu m)</b> (PBF page 1210)         |         |                 |          |        |
| Ethanol T2 FOB Rotterdam                                 | AAYDT00 | 512.00-513.00   | 512.50   | +3.00  |
| <b>Asia Pacific (\$/cu m)</b> (PBF page 2210)            |         |                 |          |        |
| Bioethanol CIF Philippines                               | AAWAA00 | 470.00-472.00   | 471.00   | +0.00  |

\*Weekly price assessed 4:30 pm local time on August 3

## FRIDAY'S HIGHLIGHTS

- T2 ethanol posts fresh 10-month high
- Offers for Brazilian Grade B steady, buyers on sidelines
- Chinese buying for prompt non-RED PME emerges
- European biodiesel premiums rise despite stronger gasoil

## US ETHANOL EXPORTS



Source: US Census Bureau

## June US ethanol exports up 63% on year, 65% on month: USDA data

*Houston* — The US exported 573.4 million liters (151.4 million gallons) of ethanol in June, 63% higher than in the year-ago month and up 65% from May, Department of Agriculture data showed Friday. June's total brings the first six months of 2018 to the highest volume of ethanol exported in the first half of any year on record. So far in 2018, the US has exported 3.5 billion liters (927.3 million gallons). Given June's 30 days, exports averaged just over 120,150 b/d over the month. Brazil was the largest buyer for fuel-grade ethanol in June, importing 135 million liters (35.6 million gallons). Brazil has been the largest buyer of US ethanol through the first half of the year as domestic

(continued on page 10)

## PLATTS KEY DAILY BIODIESEL ASSESSMENTS

|  |         | Low-High      | Midpoint | Change |
|--|---------|---------------|----------|--------|
| <b>Northwest Europe (\$/mt)</b> (PBF page 1310)          |         |               |          |        |
| FAME 0 (RED) FOB ARA                                     | AAWGI00 | 912.50-917.50 | 915.00   | +20.75 |
| RME (RED) FOB ARA  | AAWKG00 | 957.00-962.00 | 959.50   | +5.75  |
| <b>Northwest Europe premiums (\$/mt)</b> (PBF page 1313) |         |               |          |        |
| FAME 0 (RED) FOB ARA                                     | AAXT00  | 260.50-265.50 | 263.00   | +16.00 |
| RME (RED) FOB ARA  | AAXNU00 | 305.00-310.00 | 307.50   | +1.00  |
| <b>United States (¢/gal)</b> (PBF page 310)              |         |               |          |        |
| Biodiesel B100 SME Chicago                               | AAURR00 | 290.15-290.25 | 290.20   | -0.50  |
| <b>Asia (\$/mt)</b> (PBF page 2310)                      |         |               |          |        |
| Biodiesel FOB Southeast Asia                             | AAVSV00 | 652.90-653.10 | 653.00   | +0.00  |

## Brazilian Grade B ethanol export premium surges amid weak domestic market

*Sao Paulo* — Premiums for Grade B ethanol FOB Santos have surged over hydrous ethanol ANP quality in the last 15 days, market sources said Friday. Despite the weakness in the Brazilian domestic hydrous ethanol market, which could be reflected in lower export prices, producers of Grade B quality have not been willing to ease their offers. S&P Global Platts assessed Grade B ethanol FOB Santos for 20-30 days forward loading Thursday at \$470/cu m, a surge of \$27/cu m month on month, while Platts' assessment for hydrous ethanol ex-mill Ribeirão Preto shank to Real 140/cu m, or \$37.29/cu m, for the same period. Market participants have been reporting that Korea would be an

export opportunity for December arrival at a ceiling price of \$530/cu m CFR Ulsan. Considering the estimated shipping freight rate from Santos to Ulsan at 60/cu m, it means that Brazilian product FOB Santos at \$470/cu m would make sense from this buying perspective. Only a few Brazilian ethanol plants are able to produce Grade B

(continued on page 10)

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## ETHANOL MARKET COMMENTARY

### United States

**Market analysis:** (PBF page 299) US ethanol markets were quiet ahead of the weekend Friday as market participants had already balanced much of their books earlier in the week. New York Harbor premiums stabilized after sliding for much of the week. The Rule 11 market dipped as some logistics eased. One source said basis in the rail market has fallen as plants that were short on rail cars have gotten enough cars to meet commitments and trade in the spot market. Another source said the lower values have come amid a flurry of selling interest from people looking to make deals happen after several weeks of thin liquidity. The California market continued to see spotty interest as market participants expect imports to arrive from Brazil late in August. California's intake capacity is not large, so looming imports frequently prompt market participants to prepare weeks ahead of time. But that can leave occasional shortages in the market that need to be filled with spot trades at a steep premium. The US Census Bureau released June ethanol export data Friday, showing volumes rebounded from May's decline. The US exported 573.4 million liters (151.4 million gallons) of ethanol in June, 63% higher than a year ago and up 65% month on month, according to the data. The CBOT September corn futures contract was 3 cents higher at \$3.6975/bushel. The RBOB September gasoline futures contract slid 26 points to settle at \$2.0655/gal. The markets for 2018 RINs slid Friday. Ethanol RINs were 25 points lower 21 cents/RIN, while advanced RINs were 37.75 cents/RIN and biodiesel RINs were 41.75 cents/RIN, 1.5 cents lower.

**US Chicago and NYH ethanol assessment rationale:** (PBF page 295) S&P Global Platts assessed Chicago Argo ethanol at \$1.44525/gal Friday. There were five trades in the Platts Market on Close assessment process for Argo, all on bids at \$1.4450/gal. Argo was assessed 2.5 points above the outstanding bid in the MOC process and 2.5 points below the

### US ETHANOL PRICE ASSESSMENTS

|  |         | Low-High      | Midpoint | Change |
|--|---------|---------------|----------|--------|
| <b>United States (¢/gal)</b> (PBF page 210)                            |         |               |          |        |
| Ethanol Chicago (terminal)   | AALRI00 | 144.50-144.55 | 144.525  | +0.000 |
| Ethanol Chicago (Rule 11)  | AAVWD00 | 143.45-143.55 | 143.50   | -1.50  |
| Ethanol swap Chicago (Sep )  | ESCM001 | 143.95-144.05 | 144.00   | +0.00  |
| Ethanol swap Chicago (Oct )  | ESCM002 | 143.45-143.55 | 143.50   | +0.00  |
| Ethanol NYH Barge (Aug)  | AAMPF00 | 155.20-155.30 | 155.250  | +0.000 |
| Ethanol NYH Barge (Sep)  | AAUEG00 | 153.70-153.80 | 153.750  | +0.000 |
| Ethanol Houston 5-15 Tank  | AATGJ00 | 156.20-156.30 | 156.25   | +0.00  |
| <b>Southern California Rail Car Assessments (¢/gal)</b> (PBF page 210) |         |               |          |        |
| Ethanol prompt   | AAMNK00 | 140.45-140.55 | 140.50   | +0.00  |
| Ethanol premium to Chicago swap (Aug)                                  | AAVYD00 |               | -3.50    | +0.00  |
| <b>Northern California Rail Car Assessments (¢/gal)</b> (PBF page 210) |         |               |          |        |
| Ethanol Prompt   | AAMFT00 | 140.45-140.55 | 140.50   | +0.00  |
| Ethanol premium to Chicago swap (Aug)                                  | AAVXD00 |               | -3.50    | +0.00  |
| <b>LCFS Carbon Credits (\$/mt)</b> (PBF page 214)                      |         |               |          |        |
| Front quarter ( Q3 )   | AAXYA00 | 190.75-191.25 | 191.00   | +0.00  |
| Second quarter ( Q4 )  | AAXYZ00 | 190.75-191.25 | 191.00   | +0.00  |

### US DRIED DISTILLER GRAINS PRICE ASSESSMENTS (\$/st) (PBF page 501)

|                       |         | Low-High      | Midpoint | Change |
|-----------------------|---------|---------------|----------|--------|
| CIF New Orleans barge | AADDG00 | 186.95-187.05 | 187.00   | 0.00   |
| FOB Chicago truck     | ACDDG00 | 164.95-165.05 | 165.00   | 0.00   |

outstanding offer. Platts assessed New York Harbor any-August at \$1.5525/gal and any-September at \$1.5375/gal. Any-August was assessed at an unchanged 10.75-cent premium to the August Chicago ethanol swap, which Platts heard at \$1.4450/gal at the assessment close. Any-September was assessed at a 9.75-cent premium to the September Chicago ethanol swap, which Platts assessed at \$1.44/gal. Any-September was heard traded at a 9.75-cent premium to the swap outside the MOC.

The above commentary applies to the following market data codes: AALRIO0, AAMPFO0.

**California ethanol & LCFS assessment rationale:** (PBF page 218) S&P Global Platts assessed front-quarter California Low

Carbon Fuel Standard carbon credits unchanged Friday at \$191/mt, untested by a bid of \$189/mt and an offer of \$193/mt. Second-quarter credits were assessed at \$191/mt, flat to front-quarter credits. Platts assessed the prompt Northern California ethanol market with 93.55 CI at \$1.4050/gal. Northern California rail cars with sub-75 CI were valued at \$1.7025/gal, below an offer of \$1.72/gal. The value was normalized to 93.55 CI using the Platts LCFS credit assessment. Southern California rail cars were assessed flat to Northern California.

The above commentary applies to the following market data codes: AAXYA00 and AAXYZ00.

**RIN assessment rationale:** (PBF page 195) Ethanol (D6) RINs for 2018 were assessed Friday at 21 cents/RIN, the last

traded level. Ethanol RINs for 2019 were assessed at 25 cents/RIN, moving in line with ethanol RINs for 2018. Ethanol RINs for 2017 were assessed at 15.75 cents/RIN, 75 points above the last heard bid and moving in line with ethanol RINs for 2018. Biodiesel (D4) RINs for 2018 were assessed at 41.75 cents/RIN, between the last heard bid-offer range of 41.5 cents and 42 cents. Biodiesel RINs for 2019 were assessed at 48.75 cents/RIN, at an unchanged 7-cent premium to 2018 biodiesel RINs. Biodiesel RINs for 2017 were assessed at 29.5 cents/RIN, 1.50 cents above the last heard bid and at an unchanged 12.25 discount to biodiesel RINs for 2018. Advanced (D5) RINs for 2018 were assessed at 37.75 cents/RIN, at an unchanged 4-cent discount to biodiesel RINs for 2018. Advanced RINs for 2019 were assessed at 44.75 cents/RIN, at an unchanged 7-cent premium to advanced RINs for 2018. Advanced RINs for 2017 were assessed at 28.5 cents/RIN, at an unchanged 1-cent discount to 2017 biodiesel RINs. Cellulosic RINs for 2018 were assessed at \$2.29/RIN, unchanged on the day. Cellulosic RINs for 2019 were assessed at \$2.4075/RIN, after adding the 2018 cellulosic waiver credit of \$1.96 and the Advanced RINs for 2019 value of 44.75 cents. Cellulosic RINs for 2017 were assessed at \$2.29/RIN, unchanged on the day.

The above commentary applies to the following market data codes: RINCY01, RINCY02, BDRCY01, BDRCY02, ABRCY01 and ABRCY02.

**DDG market analysis:** (PBF page 504) The US DDGS export markets held steady Friday, unchanged for both New Orleans CIF and Chicago FOB. Price ranges widened during Friday's session, with bids dropping significantly in the morning. Market sentiment has weakened and many ethanol plants have been reluctant to offer lower pricing as they have no urgent need to secure near term sales, a trade source said. The lack of offers and limited trade participation was attributed by other market sources to traders being unwilling to put on new business ahead of the weekend. CBOT September corn futures ended the day 3 cents higher at \$3.6975/bushel, while CBOT August soybean-meal futures ended the session \$0.30 lower at

## RENEWABLE IDENTIFICATION NUMBER (RIN)

| (¢/RIN)                                       | Rolling code | Calendar code | Low-High      | Midpoint | Change |
|---|--------------|---------------|---------------|----------|--------|
| <b>Ethanol (D6)</b> (PBF page 201)            |              |               |               |          |        |
| RIN Calendar-Year 2017                        | RINCY01      | RD62017       | 15.70-15.80   | 15.75    | -0.25  |
| RIN Calendar-Year 2018                        | RINCY02      | RD62018       | 20.95-21.05   | 21.00    | -0.25  |
| RIN Calendar-Year 2019                        | RINCY03      | RD62019       | 24.95-25.05   | 25.00    | -0.25  |
| <b>Biodiesel (D4)</b> (PBF page 301)          |              |               |               |          |        |
| RIN Calendar-Year 2017                        | BDRCY01      | RD42017       | 29.45-29.55   | 29.50    | -1.50  |
| RIN Calendar-Year 2018                        | BDRCY02      | RD42018       | 41.70-41.80   | 41.75    | -1.50  |
| RIN Calendar-Year 2019                        | BDRCY03      | RD42019       | 48.70-48.80   | 48.75    | -1.50  |
| <b>Advanced biofuel (D5)</b> (PBF page 201)   |              |               |               |          |        |
| RIN Calendar-Year 2017                        | ABRCY01      | RD52017       | 28.45-28.55   | 28.50    | -1.50  |
| RIN Calendar-Year 2018                        | ABRCY02      | RD52018       | 37.70-37.80   | 37.75    | -1.50  |
| RIN Calendar-Year 2019                        | ABRCY03      | RD52019       | 44.70-44.80   | 44.75    | -1.50  |
| <b>Cellulosic biofuel (D3)</b> (PBF page 201) |              |               |               |          |        |
| RIN Calendar-Year 2017                        | CBRCY01      | RD32017       | 228.95-229.05 | 229.00   | +0.00  |
| RIN Calendar-Year 2018                        | CBRCY02      | RD32018       | 228.95-229.05 | 229.00   | +0.00  |
| RIN Calendar-Year 2019                        | CBRCY03      | RD32019       | 240.70-240.80 | 240.75   | -1.50  |

The calendar codes indicate the traditional full calendar year codes for Platts RINs assessments, while the supplementary rolling codes are unique to the specific calendar-year RINs.

## PLATTS US RENEWABLE VOLUME OBLIGATION – CALCULATED VALUES (PBF page 302)

|              |         | ¢/gal  |         |           |        |         |        | %/gal            |        |            |        |
|--------------|---------|--------|---------|-----------|--------|---------|--------|------------------|--------|------------|--------|
|              |         | Change |         | Biodiesel |        | Ethanol |        | Advanced Biofuel |        | Cellulosic |        |
| 2017 RVO     | RVOY017 | 2.3523 | -0.0539 | RVBY017   | 1.6700 | RVEY017 | 8.3200 | RVAY017          | 0.5370 | RVCY017    | 0.1730 |
| 2018 RVO     | RVOY018 | 3.0114 | -0.0539 | RVBY018   | 1.7400 | RVEY019 | 8.3000 | RVAY018          | 0.4710 | RVCY018    | 0.1590 |
| Current Year | RVOR002 |        |         |           |        |         |        |                  |        |            |        |
| 2019 RVO     | RVOY019 | 3.7258 | -0.0605 | RVBY019   | 1.7200 | RVEY019 | 8.2100 | RVAY019          | 0.7410 | RVCY019    | 0.2090 |

RVOs are Renewable Volume Obligation values. RVO is the aggregate cost of the Renewable Identification Number percentages per gallon of transportation fuel for biodiesel, ethanol, advanced biofuel, and cellulosic ethanol as mandated by US Environmental Protection Agency in Renewable Fuel Standard Program (RFS2). Platts calculates these RVO values factoring the value of biodiesel, ethanol, advanced biofuel and cellulosic biofuel RIN credits as assessed by Platts for the respective RVO years; RINs are assessed as cents/RIN.

## ETHANOL PRICES AT KEY RACK LOCATIONS (¢/gal)

|          | Des Moines     | Grand Forks    | Kansas City    | Minneapolis    | Omaha          | Sioux Falls    | Tulsa          |
|----------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| C&N Eth  | DE059TV 146.00 | DE175TV 153.00 | DE099TV 155.00 | DE141TV 153.00 | DE185TV 144.00 | DE256TV 149.00 |                |
| BioUrja  | DE059QB 144.00 | DE175QB 155.00 | DE099QB 155.00 | DE141QB 151.00 | DE185QB 144.00 | DE256QB 148.00 | DE229QB 164.00 |
| FI Hills | DE059IF 147.00 | DE175IF 145.00 | DE099IF 164.00 | DE141IF 145.00 | DE185IF 160.00 | DE256IF 145.00 |                |
| Hartland | DE059UJ 140.00 |                | DE099UJ 156.00 | DE141UJ 159.00 | DE185UJ 143.00 | DE256UJ 169.00 | DE229UJ 159.00 |
| RPMG     | DE059QW 145.00 | DE175QW 154.50 | DE099QW 155.25 | DE141QW 151.00 |                | DE256QW 147.50 | DE229QW 167.00 |
| Western  |                | DE175FN 160.00 | DE099FN 162.00 | DE141FN 157.00 | DE185FN 153.00 | DE256FN 155.00 | DE229FN 169.00 |

Prices effective as of 12:01 am EST 03AUG18, provided by DTN.

\$332.50/st. The Platts DDGS relative value, which measures the Platts CIF DDGS assessment as a percentage of its CIF New Orleans corn assessment for front-month deliveries, was 0.85 percentage points lower at 122.99.

**DDG assessment rationale:** (PBF page 504) The New Orleans CIF DDGS market was assessed unchanged on the day at \$187/st Friday for August delivery, based on lower bids heard at \$184/st and lower offers heard at \$190/st for August delivery that did not test the previous assessment. The Chicago FOB DDGS market was assessed unchanged at \$165/st for August delivery, including a charge for containerizing, based on unchanged bids heard at \$162/st and a higher offer heard at \$168/st.

The above commentary applies to the following market data codes: AADDG00 and ACDDG00.

#### US ethanol bids/offers/trades: (PBF page 209)

- MOC bids: Ethanol: Chicago Argo: Shell bids \$1.4450/gal, Aug 8- Aug 18, 5Kb; Eco bids \$1.4450/gal, Aug 8- Aug 18, 5Kb; Gunvor bids \$1.4450/gal, Aug 8- Aug 18, 5Kb; Valero bids \$1.4450/gal, Aug 8- Aug 18, 5Kb; Shell bids \$1.4425/gal, Aug 8- Aug 18, 5Kb; BP bids \$1.4425/gal, Aug 8- Aug 18, 5Kb; Louis Dreyfus bids \$1.4425/gal, Aug 8- Aug 18, 5Kb; Ethanol: FOB NYH: Shell bids \$1.55/gal, any-August, 25Kb; Hartree bids \$1.54/gal, any-August, 25Kb.
- MOC offers: Ethanol: Chicago Argo: Vitrol offers \$1.4455/gal, Aug 8- Aug 18, 5Kb; ADM offers \$1.4475/gal, Aug 8- Aug 18, 5Kb; Center offers \$1.45/gal, Aug 8- Aug 18, 5Kb; CHS offers \$1.45/gal, Aug 8- Aug 18, 5Kb; Ethanol: FOB NYH: Hartree offers \$1.5650/gal, any-August, 25Kb; BP offers \$1.5650/gal, any-August, 25Kb.
- MOC trades reported: Chi Argo: ADM-Shell, \$1.4450/gal, Aug 8- Aug 18, 5Kb; Chi Argo: ADM-Shell, \$1.4450/gal, Aug 8- Aug 18, 5Kb; Chi Argo: ADM-Shell, \$1.4450/gal, Aug 8- Aug 18, 5Kb; Chi Argo: ADM-Shell, \$1.4450/gal, Aug 8- Aug 18, 5Kb; Chi Argo: ADM-Gunvor, \$1.4450/gal, Aug 8- Aug 18, 5Kb. Other trades reported: None.

## BRAZIL ETHANOL PRICE ASSESSMENTS

### Brazil Cargo Assessments (PBF page 220)

|                                     |         | Low-High        | Midpoint | Change |
|-------------------------------------|---------|-----------------|----------|--------|
| Ethanol FOB Santos Cargo (¢/gal)    | AATAE00 | 191.15-191.25   | 191.20   | +0.00  |
| Ethanol FOB Santos Cargo (\$/cu m)  | AAWFO00 | 504.95-505.05   | 505.00   | +0.00  |
| Ethanol FOB Santos Cargo (R\$/cu m) | AAWFP00 | 1870.55-1870.65 | 1870.60  | -25.00 |

### Hydrous ANP (PBF page 223)

|   |         |                 |         |       |
|---|---------|-----------------|---------|-------|
| Domestic Ex-mill Ribeirao with taxes (R\$/cu m) | AAXNQ00 | 1715.00-1725.00 | 1720.00 | +0.00 |
| FOB Santos/Paranagua (\$/cu m)                  | AAXNR00 | 408.50-413.50   | 411.00  | +6.00 |

### Anhydrous ANP (PBF page 223)

|  |         |                 |         |        |
|--|---------|-----------------|---------|--------|
| Domestic Ex-mill Ribeirao with taxes (R\$/cu m)  | AAXNN00 | 1690.00-1700.00 | 1695.00 | -15.00 |
| Anhydrous NNE Brazil delivered Suape* (R\$/cu m) | AAXFW04 | 2040.00-2050.00 | 2045.00 | -25.00 |

\*Weekly price assessed 4:30 pm local time on August 3

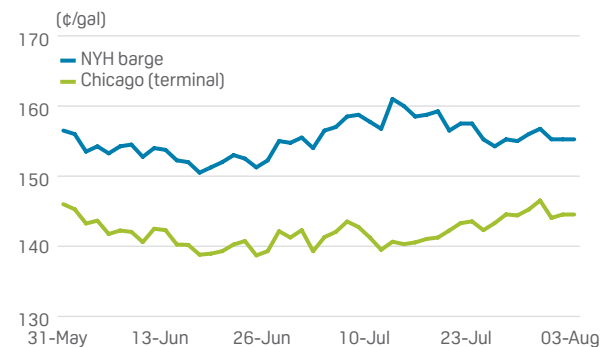
### Grade B (PBF page 223)

|                                |         |               |        |       |
|--------------------------------|---------|---------------|--------|-------|
| FOB Santos/Paranagua (\$/cu m) | AAXNS00 | 467.50-472.50 | 470.00 | +0.00 |
|--------------------------------|---------|---------------|--------|-------|

### Daily Prices (PBF page 226)

|   |         |               |        |       |
|---|---------|---------------|--------|-------|
| Spot Ex-mill Ribeirao Hydrous expressed as Raw Sugar equivalent (basis 96 degrees pol) (¢/lb) | AAXOA00 | 11.86-11.88   | 11.87  | +0.15 |
| Spot FOB Anhydrous direct to FOB NY (inc. D5 value) (\$/gal)                                  | AAXNO00 | 1.76-1.78     | 1.77   | +0.02 |
| Spot FOB Anhydrous direct to FOB NY (inc. D5 value) (\$/cu m)                                 | AAXNP00 | 464.94-470.22 | 467.58 | +5.28 |

## ETHANOL CHICAGO AND NYH



### US ethanol exclusions: (PBF page 209)

- No data was excluded from the assessment.

The above price indications apply to the following market data codes: AALRIO0, AAMPFO0.

## ETHANOL T2 FOB ROTTERDAM



### US RIN bids/offers/trades: (PBF page 206)

- MOC bids: None.
- MOC offers: None.
- MOC trades reported: None. Other trades reported: None.

**US RIN exclusions:** (PBF page 206)

- No data was excluded from the assessment.

The above price indications apply to the following market data codes: RINCY01, RINCY02, BDRCY01, BDRCY02, ABRCY01, ABRCY02.

**Brazil**

**Market analysis:** (PBF page 289) Ethanol spot trading activity in Brazil's key Center-South region was quiet Friday, with only some punctual volumes reported traded. After three days of hydrous ethanol prices falling day on day, sellers tried to hold that plunge and keep steady on their minimum offers. "The large groups were either out of the spot market or pushing up offers to Real 1,780/cu m," an ethanol broker said. S&P Global Platts assessed hydrous ethanol at Real 1,720/cu m ex-mill Ribeirao Preto, unchanged day on day, but down Real 50/cu m from the previous Friday. The assessment considered 1,000 cu m reported traded out of Ribeirao Preto, which was bought by a Plural member. Plural is the country's largest distributor association. "We bought 1,000 cu m to try the market but then we left it," a source said. The ethanol markets have been on a downward price trend since June and not even the recent rainfalls in Sao Paulo's countryside -- the world's largest producing region -- has stopped that trend. Wet soil typically hampers sugar and ethanol production, stopping the cane harvest. However, as the harvest has kept a record pace so far in the 2018-19 crop, and many producers have high stocks of cane or cane syrup, sugar and ethanol production could remain within normal rates. In the anhydrous ethanol market, an offer of Real 1,700/cu m was heard out of Ribeirao Preto region, but in other states such as Mato Grosso do Sul and Minas Gerais, offers were heard hovering at Real 1,680/cu m. **RATIONALE:** FOB Santos anhydrous ethanol for loading 10-30 days forward was assessed Friday at \$505/cu m, unchanged day on day. Platts assessed anhydrous ex-mill Ribeirao Preto at Real 1,695/cu m, down Real 5 on the day after an offer was heard at Real 1,700/cu m. Brazilian real was stronger against the US dollar at 3.7041, up from 3.7537 on

**NORTHWEST EUROPE ETHANOL PRICE ASSESSMENTS**

|  |         | Low-High      | Midpoint | Change |
|--|---------|---------------|----------|--------|
| <b>Northwest Europe</b> (PBF page 1210)        |         |               |          |        |
| Ethanol T2 FOB Rotterdam German Spec (€/cu m)  | AAVLD00 | 512.00-513.00 | 512.50   | +3.00  |
| Ethanol T2 FOB Rotterdam (€/cu m)              | AAYDT00 | 512.00-513.00 | 512.50   | +3.00  |
| Ethanol T2 FOB Rotterdam German Spec (\$/cu m) | AAVLD10 | 593.87-595.03 | 594.45   | +2.67  |
| Ethanol T2 FOB Rotterdam (\$/cu m)             | AAYDT10 | 593.87-595.03 | 594.45   | +2.67  |
| Ethanol T1 FOB Rotterdam (\$/cu m)             | AAWUQ00 | 473.25-474.25 | 473.75   | +0.75  |
| Ethanol T1 CIF NWE Cargo (\$/cu m)             | AAYDS00 | 461.25-462.25 | 461.75   | +0.75  |

**Northwest Europe Swaps Assessments (€/cu m)** (PBF page 1610)

|          |         |               |        |       |
|----------|---------|---------------|--------|-------|
| M1 (Sep) | AAACL00 | 503.50-504.50 | 504.00 | +3.00 |
| M2 (Oct) | AAACM00 | 501.50-502.50 | 502.00 | +2.00 |
| M3 (Nov) | AAACN00 | 495.50-496.50 | 496.00 | +3.00 |
| M4 (Dec) | AAACO00 | 491.50-492.50 | 492.00 | +2.00 |
| M5 (Jan) | AAACP00 | 490.50-491.50 | 491.00 | +2.00 |
| M6 (Feb) | AAACQ00 | 490.50-491.50 | 491.00 | +3.00 |

**ETBE PRICE ASSESSMENTS**

|   |         | Low-High        | Midpoint | Change |
|---|---------|-----------------|----------|--------|
| <b>Northwest Europe (\$/mt)</b> (PBF page 1420) |         |                 |          |        |
| ETBE FOB AR                                     | AAALQ00 | 1006.25-1006.75 | 1006.50  | -10.00 |
| ETBE premium to MTBE                            | AAALQ02 |                 | 187.50   | +0.00  |

**ASIAN ETHANOL PRICE ASSESSMENTS**

|   |          | Low-High      | Midpoint | Change |
|---|----------|---------------|----------|--------|
| <b>Fuel grade (\$/cu m)</b> (PBF page 2210) |          |               |          |        |
| Bioethanol CIF Philippines                  | AAWAA00  | 470.00-472.00 | 471.00   | +0.00  |
| Bioethanol CIF Philippines H2 Sep           | AAWAB00  | 471.00-473.00 | 472.00   | +0.00  |
| Bioethanol CIF Philippines H1 Oct           | AAWAC00  | 470.00-472.00 | 471.00   | +0.00  |
| Bioethanol CIF Philippines H2 Oct           | AAWAE00  | 469.00-471.00 | 470.00   | +0.00  |
| <b>Industrial (\$/cu m)</b> (PBF page 2210) |          |               |          |        |
| Ethanol Grade B CFR Ulsan                   | AAAXVA00 | 533.00-535.00 | 534.00   | +0.00  |

Thursday. There were no trades, offers or bids during the Platts Market on Close assessment process.

**NNE Brazil market analysis:** (PBF page 224) Brazilian anhydrous ethanol price bases DAP Suape have been in a backwardation since the end of June as the selling pressure

from Center-South and high volumes of imported anhydrous reaching the port area have been capping local prices. S&P Global Platts assessed anhydrous ethanol DAP Suape one to 15 days forward from the date of publication at Real 2,045/cu m, a drop of Real 25 on the week. It was the lowest price assessed since May 18, when Platts assessment was



calculated at Real 2,040/cu m. Sellers of imported volume were seen in the market at Real 2,080/cu m and a small volume of 200 cu m was reported traded on Tuesday at this same level. “The buyer was a distributor which was waiting for its own imported cargo to be released by port authorities and had to cover a prompt short position,” said the broker involved in the business. The current plunge in the Center-South ethanol market was the trigger to the fall in the North-Northeast region. Regional producers were considering lowering their offers, trying to encourage buyers to buy locally instead of transfer ethanol from CS. “A producer in Paraíba state was open to receive bids, however, there wasn’t any buying interest in the market,” added the broker. Brazilian ethanol imports recovered in July and surged to 142.45 million liters, the latest data from the Secretariat of Foreign Trade showed. The volume is a record high for the month of July, a time when the crush in the CS region is at full speed and it becomes the main supplier of the NNE. All that volume has reached the NNE ports due to an import quota which was released in July. The import quota grants that the 20% import tariff will not be charged.

**NNE Brazil DAP Suape weekly assessment rationale:** (PBF page 225) DAP Suape anhydrous ethanol for one to 15 days forward from date of publication was assessed at Real 2,045/cu m Friday, down Real 25 on the week. The assessment considered the most competitive anydrous offers based ex-mill Ribeirão Preto at Real 1,700/cu m plus road freight rate at Real 350/cu m to deliver in Suape.

The above commentary applies to the market data code: AAXFW04.

## Northwest Europe

**Market analysis:** (PBF page 1299) T2 ethanol continued its rise on Friday, gaining Eur3 to Eur512.50/cu m FOB Rotterdam as paper values strengthened along the curve. “The market is still balanced on fundamentals, it has just risen on tighter margins,” a source said Friday. Indeed with no new demand, as many countries are maxing

## BIODIESEL PRICE ASSESSMENTS

|   |         | Low-High      | Midpoint | Change |
|---|---------|---------------|----------|--------|
| <b>Northwest Europe (\$/mt)</b> (PBF page 1310)                                   |         |               |          |        |
| FAME -10 (RED) FOB ARA  | AAWGH00 | 954.75-959.75 | 957.25   | +8.00  |
| FAME 0 (RED) FOB ARA  | AAWGI00 | 912.50-917.50 | 915.00   | +20.75 |
| PME (RED) FOB ARA   | AAZNZ00 | 867.75-872.75 | 870.25   | +35.75 |
| RME (RED) FOB ARA   | AAWKG00 | 957.00-962.00 | 959.50   | +5.75  |
| SME (RED) FOB ARA   | AAWGT00 | 927.25-932.25 | 929.75   | +15.75 |
| <b>Northwest Europe differential to ICE gasoil (\$/mt)</b> (PBF page 1313)        |         |               |          |        |
| FAME 0 (RED) FOB ARA  | AAXNT00 | 260.50-265.50 | 263.00   | +16.00 |
| PME (RED) FOB ARA   | AAXNY00 | 215.75-220.75 | 218.25   | +31.00 |
| RME (RED) FOB ARA   | AAXNU00 | 305.00-310.00 | 307.50   | +1.00  |
| SME (RED) FOB ARA   | AAXNX00 | 275.25-280.25 | 277.75   | +11.00 |
| <b>Asia (\$/mt)</b> (PBF page 2310)   |         |               |          |        |
| Biodiesel FOB Southeast Asia*   | AAVSV00 | 652.90-653.10 | 653.00   | +0.00  |
| *Loadings in Southeast Asia normalized to Port Klang, Pasir Gudang and Lahad Datu |         |               |          |        |
| <b>United States (¢/gal)</b> (PBF page 310)                                       |         |               |          |        |
| Biodiesel B100 SME Chicago  | AAURR00 | 290.15-290.25 | 290.20   | -0.50  |
| Biodiesel B100 SME Houston  | AAURS00 | 284.15-284.25 | 284.20   | -0.50  |
| (Delivered by truck or rail to location, 3-10 days ahead)                         |         |               |          |        |

consumption, and no changes in production levels or imports, the question remains of how long the market can sustain these higher levels, especially if feedstocks begin to fall. “Everyone is expecting a lot of beet ethanol to hit the market in September,” a source said. “There is a strong backwardation along the curve — ethanol has seen this before but it went away for a bit.” With these stocks due to appear, the market has adopted a sharp backwardation into the fourth quarter from the prompt. However, the curve is still above the level trading at the beginning of last week, indicating that some market participants do not expect this rise to be countered for at least the rest of the year.

**Ethanol T2 FOB Rotterdam assessment rationale:** (PBF page 1295) Platts assessed T2 ethanol at Eur512.50/cu m FOB Rotterdam Friday, up Eur3/cu m from Thursday. August 13 loading was assessed at Eur512.40/cu m, reflecting an unchanged premium of Eur7.77/cu m for the physical assessment versus paper over physical loading dates. The

average paper value on equivalent dates was assessed at Eur504.63/cu m, up from Eur501.73/cu m. The trade for back-end dates at Eur508/cu m was deemed gapped per Platts methodology. The physical structure was assessed unchanged in a daily backwardation of Eur0.20/cu m.

The above commentary applies to the market data code: AAYDT00.

### NWE ethanol bids/offers/trades: (PBF page 1209)

- MOC bids: CARGILLWORLD bid OCO: Eur495/cu m, 1 kt, FE; Eur495/cu m, 1 kt, MW; Eur495/cu m, 1 kt, BE.
- MOC offers: VEMAG offer Eur514/cu m, 1kt, MW Aug 11-15.
- MOC trades reported: CARGILLWORLD-CEAGG, Eur508/cu m, 1kt, FOB Rdam T2, BE Aug 14-Aug 18. Other trades reported: None.

### NWE ethanol exclusions: (PBF page 1209)

- No data was excluded from the assessment.

The above price indications apply to the following market data code: AAYDT00.

## Asia (PBF page 2299)

**COMMENTARY:** Asian corn-based fuel ethanol held steady Friday amid unchanged benchmark Chicago ethanol futures and stable all-in premiums for the PNS spec. Buyers in the Philippines might defer their requirements as they have local ethanol commitments, a Southeast Asian trader said. Demand from Vietnam was weak because of low sales of E5 92 RON gasoline in the country, another Southeast Asian trader said. Elsewhere, a Thailand producer would offer cassava-based fuel ethanol at Baht 23.40/liter (\$702/cu m) ex-factory for August and September. Moving to sugarcane-based Grade B ethanol, Brazilian sellers kept their offers for exports steady despite bearish domestic market amid ample supply. Japanese buyers had already covered their requirements for the first quarter of 2019, and preferred to wait before committing to Q2 2019.

**RATIONALE:** Asian fuel ethanol was assessed steady day on day at \$471/cu m CIF Philippines Friday amid stable US ethanol futures. Grade B ethanol for arrival between October 2 and November 1 was assessed unchanged at \$534/cu m CFR Ulsan, with no disproving market information.

### Asia ethanol trades: (PBF page 2209)

- No trades reported.

## BIODIESEL MARKET COMMENTARY

### United States (PBF page 399)

**COMMENTARY:** US biodiesel prices fell Friday as the underlying heating oil contract and crude futures slid lower. The NYMEX September ULSD futures contract fell 50 points day on day to settle at \$2.1269/gal. Front-month WTI crude slipped 47 cents day on day to settle at \$68.49/b on the back of higher Russia and OPEC output. Domestically, the US rig count fell by 4 to 1,044 this week, according to data from Baker Hughes released Friday. Front-month soybean oil futures rose 23 points day on day to settle at 28.35 cents/lb. The boho factor, or the relationship between feedstock soybean oil and blendstock heating oil, jumped 2.19 cents to minus 3.75 cents/gal. **RATIONALE:** The Chicago SME biodiesel market was assessed Friday at \$2.9020/gal, at an unchanged 77.5-cent/gal premium to the NYMEX September ULSD futures contract. The US Gulf Coast SME biodiesel market was assessed at \$2.8420/gal, at an unchanged 71.5-cent/gal premium to NYMEX September ULSD. The US Gulf Coast premium was last heard at a 6 cent discount to the Chicago premium.

## Northwest Europe (PBF page 1399)

**COMMENTARY:** Stronger front-month ICE gasoil futures did little to stop European biodiesel premiums from rising Friday, as FAME O's premium rose \$16 to \$263/mt FOB ARA and RME's premium rose \$1 to \$307.50/mt FOB ARA. "The market lost a lot of ground [Thursday] so we could see a correction," a source said. Gasoil rose \$4.50 to \$650.25/mt, and as a result, the RME outright price gained \$5.75 to \$959.50/mt FOB ARA, as FAME O rose \$20.75 to \$915/mt FOB ARA. "Liquidity on physical is quite low; August is a time for holidays," a source said earlier in the day. Indeed the physical market has seen a lack of liquidity in recent weeks, with only two trades taking place, both on the FAME O market, with none on the RME market on Friday. Despite the volatile prompt for first-generation biodiesel, market fundamentals remain largely balanced for the UCOME market. "A weaker euro is dispelling imports -- should that strengthen there would be a huge influx of double counting material into Europe," a source said. The euro continued to weaken against the dollar on Friday, falling to \$1.1599 from \$1.1615, the weakest level in over a month. **RATIONALE:** The RED FAME O premium to ICE gasoil was assessed at \$263/mt FOB ARA Friday, up \$16 from Thursday. The premium for

## S&P Global Platts

### BIOFUELS CAN

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RED RME was assessed at \$307.50/mt FOB ARA, up \$1. The differential for biodiesel with minimum 57% greenhouse gas savings versus minimum 50% GHG savings was assessed at flat. The value for RED FAME O, loading August 12, was assessed at \$265/mt FOB ARA, reflecting the final trade heard at that level before close. The value for RED RME, loading August 12, was assessed at \$309/mt FOB ARA, reflecting an offer heard live at close at \$310/mt, proving the RME-FAME O differential narrower at \$44.50/mt, from \$59.50/mt. RED PME loading August 12 was assessed at \$220.25/mt FOB ARA, reflecting a discount to FAME O of \$44.75/mt, down from \$59.75/mt, reflecting the narrower RME-FAME O structure. The structures for RED FAME O and RED PME were assessed unchanged in a daily backwardation of \$2/mt. The structure for RED RME was assessed unchanged in a daily backwardation of \$1.50/mt.

## Asia (PBF page 2399)

**COMMENTARY:** Asian RED PME was assessed stable day on day at \$653/mt FOB Southeast Asia on Friday. A Malaysian producer would offer 5,000-6,000 mt of non-RED PME at \$660/mt FOB Malaysia for September loading. The same producer would offer RED PME at \$680/mt FOB Malaysia for the same quantity and loading period. An Asian brokerage source said Chinese buyers were looking for non-RED PME at \$630/mt CFR China for August arrival, which he estimated would be \$600-\$610/mt FOB Southeast Asia. The same source said Chinese buyers were trying to buy PME for prompt arrival as it was cheaper than existing PME stocks in China, which were still left unsold and stored in tanks. However, he said some buyers were considering new PME purchases due to a workable palm oil-gas oil spread for discretionary blending into marine fuel and heavy industries. The PO-GO spread was at assessed at minus \$125.09/mt on Friday. **RATIONALE:** RED PME was assessed unchanged at \$653/mt FOB Southeast Asia on Friday, below the most competitive offer for 5,000 mt of RED PME at \$675/mt FOB Malaysia for September loading.

## BIOFUELS INDUSTRY NEWS

### European Commission offers support to drought-hit farmers

*London* — The European Commission announced Thursday two specific decisions to help farmers deal with the ongoing drought conditions facing the agricultural community in Europe, as the production of arable crops and animal feed becomes significantly affected by the weather. Firstly, “farmers will be able to receive up to 70% of their direct payment and 85% of payments under rural development as of mid-October”, rather than having to wait until December. This comes with the aim of supporting farmers’ cash flows, which have been badly hit. Secondly, the Commission announced derogations from specific greening requirements; to permit the production of animal feed on land that would not normally be used for production. Further derogations to allow more flexibility to produce fodder, that would offer further support to livestock farmers, are also under consideration. These announcements offer further support to farmers, above the help that is built into the Common Agricultural Policy. Under the CAP, aid packages, in value of up to 80% of the damage caused by drought, can be provided. Furthermore when the member state confirms the drought situation as a natural disaster, financial support of up to 100% for the “restoration of agricultural production potential damaged by the drought” can be given. This decision comes following drought across much of Europe, on rising temperatures and a lack of rainfall. As a result, feedstock and grains prices have risen across much of Europe since these impacts began to be felt in the market. Front month Euronext milling wheat rose to Eur214.75/mt (about \$249/mt) Thursday, up Eur8.75/mt on the day, reaching their highest level since May 2, 2014. Front month Euronext corn futures rose Eur5/mt to Eur195/mt, their highest level for five years, as much of the recent weather has left crops dead in the fields. This has had an impact on the biofuels markets also,

## FUTURES AND FOREIGN EXCHANGE (PBF page 2)

### Platts 16:30 Singapore assessments

|                  |         |         |         |
|------------------|---------|---------|---------|
| BMD CPO (MYR/mt) | BMAAA00 | 2135.00 | -15.00  |
| PO-GO (\$/mt)    | POVG000 | -125.09 | -12.63  |
| USD/MYR          | USMYR00 | 4.0810  | +0.0074 |

### Platts 16:30 London assessments

|                                       |         |        |         |
|---------------------------------------|---------|--------|---------|
| EUR/USD                               | AAFCW00 | 1.1599 | -0.0016 |
| USD/BRL                               | USBRL00 | 3.7080 | -0.0477 |
| ICE LS Gasoil Mo1 (\$/mt)             | AARIN00 | 650.25 | +4.50   |
| ICE LS Gasoil Mo2 (\$/mt)             | AARIO00 | 652.25 | +4.50   |
| BO-GO (\$/mt)                         | CBAAA00 | -25.68 | -2.96   |
| NYSE Liffe Paris milling wheat (€/mt) | NLAAC00 | 211.75 | -3.00   |
| NYSE Liffe Paris rapeseed (€/mt)      | NLAAB00 | 380.25 | +0.00   |
| NYSE Liffe Paris corn (€/mt)          | NLAAA00 | 193.25 | -1.75   |
| CBOT soybean oil (¢/lb)               | CBAAE00 | 28.33  | +0.07   |
| CBOT corn (¢/bu)                      | CBAG000 | 369.25 | -0.25   |
| CBOT soybean meal (\$/st)             | CBAAC00 | 331.90 | -1.00   |

### Platts 13:30 CT Houston

|                           |         |        |         |
|---------------------------|---------|--------|---------|
| USD/BRL                   | USDRE00 | 3.7041 | -0.0496 |
| CBOT soybean oil (¢/lb)   | CBAAD00 | 28.35  | +0.23   |
| CBOT corn (¢/bu)          | CBAAF00 | 369.75 | +3.00   |
| CBOT soybean meal (\$/st) | CBAA000 | 332.50 | -0.30   |
| BO-HO (¢/gal)             | CBABG00 | -3.75  | +2.19   |

with the rising futures cutting into production margins and, despite some strengthening on the prompt, these margins are pushing ever more negative. “Everyone has been running at low or negative margins since the start of the year so they would hardly stop now, especially with the upside we have seen recently,” said a source. On these higher feedstocks, ethanol has seen some considerable upside over the last 10 days, as it rose from its largely rangebound state at Eur468/cu m to Eur509.50/cu m FOB Rotterdam. The ethanol price had sat in the Eur465-475/cu m range for some time as margins began to push lower and into the negatives. Current milling wheat ethanol margins are at a three-and-a-half year low, S&P Global Platts theoretical crush calculations show, at minus Eur70.33/mt. The picture is slightly more bearish for biodiesel, however, with farmers digging into their winter stocks, pushing up



prices for feed, some rapeseed crushers are looking at maxing rapeseed meal, rather than rapeseed oil, which could leave a tightness in the RME (rapeseed-based biodiesel) market. This also comes alongside a predicted lower than expected rapeseed crop this year, with the EU Commission projecting the 2018 EU-28 oilseed harvest at 33.1 million mt in its latest monthly report. UFOP, the German oilseeds industry association said: “According to the current outlook, production of rapeseed, the most important oilseed crop in the EU-28, could decline 10% to around 19.7 million mt from the previous year. This would be the lowest value since 2012,” in a statement Thursday.

## June US biodiesel imports fall 5.8% on month to 43,816 st, Canada top exporter

*Houston* — US biodiesel imports totaled 43,816 st in June, a 5.8% decrease compared with May, and were worth \$35.28 million, according to data released by the US Census Bureau. All of the imports were B100 biodiesel that could be blended into fuel stocks in the US. Canada was the top exporter of biodiesel to the US in June, shipping 18,229 million st south, all of which was B100 and worth \$14.69 million. Germany came in second in the table, sending 10,913 mt worth \$8.289 million across the Atlantic. France was the No. 3 shipper for the month, sending 9,142 st worth \$7.09 million to the US. South Korea and the UK rounded out the top five exporters to the US in June, according to the data.

## US ethanol producer Green Plains pins lower blending on refinery waivers

*Houston* — US ethanol producer Green Plains Wednesday attributed a slide in the ethanol blending rate with gasoline to the Environmental Protection Agency’s recent practice of granting small refinery exemptions. “The lower value is attributable to the overreach of the EPA on small refinery exemptions,” CEO Todd Becker said during the company’s second-quarter earnings call. “The issue will be litigated as

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## SUBSCRIBER NOTES [\(PBF page 1500\)](#)

### Platts launches daily SOYBEX FOB Brazil Soybeans assessments

S&P Global Platts launches two new daily spot physical assessments for FOB Brazil Soybeans, effective July 31, 2018. The launch is in line with interest in a transparent and clearly defined export price in the region. One assessment reflects the daily traded or tradable value basis FOB Santos port, other locations may be considered but will be normalized back to the basis locations. The assessment reflects 60,000 mt plus/minus 10% operational tolerance. The second assessment reflects the daily traded or tradable value and FOB Paranagua paper market. The assessment reflects 5,000 mt, other volumes may be considered but would be normalized back to the reference volume. Platts assess Brazil ANEC soybean specification with an oil content of 18.5%. For the FOB Santos cargoes Platts will also assess soybeans with a standard protein level of 34.5%, other qualities may be considered but would be normalized back to the reference quality. Both assessments reflect loading within the next calendar month. The assessments roll to the following calendar month on the 16 of the current month unless that day is not a business day, in which case the assessment rolls over on the next business day. For example on August 15 Platts assess loading over September, from August 16 to September 15 Platts assess loading over October. Platts also launches an assessment for New Crop cargoes. On a typical year Platts begins publishing new crop cargoes June 16, unless that day is not a business day, in which case publishing will commence on the next business day. New crop cargoes reflect loading over March and will be published up until January 15 when loading over March becomes the front month assessment. Platts proposed to publish all price assessments as cent/bushel premiums as well as \$/mt values using the settlement value of the CBOT soybean futures contract. The assessments would reflect a market close time stamp of 5:30 pm Sao Paulo. The daily price assessments will be published in Platts Daily Grains report as well as agriculture alert pages PAA0800 and PAA0801.

The daily assessment will be published on the Platts database under the following symbols:

SYBBD00 SOYBEX FOB Paranagua - \$/mt  
 SYBBC00 Soybeans FOB Paranagua Basis - c/bu  
 SYBBH00 Soybeans FOB Paranagua Flat Price New Crop - \$/mt  
 SYBBF00 Soybeans FOB Paranagua Basis New Crop - c/bu  
 SYBBB00 SOYBEX FOB Santos - \$/mt  
 SYBBA00 Soybeans FOB Santos Basis - c/bu  
 SYBBG00 Soybeans FOB Santos Flat Price New Crop - \$/mt  
 SYBBE00 Soybeans FOB Santos Basis New Crop - c/bu

Platts welcomes all further feedback and questions on the new assessments. Please send all questions and feedback to [americas\\_ags@spgglobal.com](mailto:americas_ags@spgglobal.com) with CC to [pricegroup@spgglobal.com](mailto:pricegroup@spgglobal.com). For written comments, please provide a clear indication if comments are not intended for publication by Platts for public viewing. Platts will consider all comments received and will make comments not marked as confidential available upon request.

### Platts launches daily SOYBEX CFR China soybeans assessment

S&P Global Platts launched a new daily spot physical assessment for Soybeans CFR China, effective July 31, 2018. The launch is in line with interest in a transparent and clearly defined import price in a region of high growth and consumption. The assessment will reflect the tradable value of soybeans delivered CFR North China. Platts may consider shipment to other ports in North East Asia and/or values of relevant origins on a FOB basis to inform the assessment process, using prevailing spot freight rates and origin adjustments to normalize back to the assessment standard. The standard specification reflects shipment on Panamax vessels with a typical 10% operational tolerance, for arrival four months following the date of publication. The reference quality will reflect Brazil ANEC soybean specification with standard oil content of 18.5% and a standard protein level of 34.5%, other qualities may be considered in the assessment process and would be normalized back to the reference quality. The assessment period will roll to the next calendar month on the first business day of the following month. For example on August 31 Platts would assess arrival in December, from September 1 Platts would assess arrival over January. Platts will publish the assessment as a premium over the prevailing CBOT soybean futures contract value at timestamp, in cents/bushel and as a flat price in US\$ metric ton. The timestamp for assessment and prevailing futures value will be 16:30 Singapore. Previously

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the 10th Circuit Court of Appeals agreed to hear the ethanol groups' lawsuit on granting of exemptions," Becker added. "The EPA administrator granted small refineries exemptions to companies that we believe should not have gotten them. It has really taken the market out of balance this year." The EPA under former administrator Scott Pruitt issued small refinery exemptions at a much higher rate than under the Obama administration. If a refinery processes under 75,000 b/d of crude and experiences a financial hardship from blending biofuels, it can apply for an exemption from federal biofuel blending mandates. Several recent court cases, starting last September, yielded opinions that the EPA had erred in not issuing enough exemptions. Acting EPA administrator Andrew Wheeler has said he is likely to continue the practice of issuing the exemptions at a higher rate than what was the norm under the Obama administration. Those waivers effectively lower the volume of biofuels that obligated parties are required to add to transportation fuel. Biofuels industry groups are pushing for the waived volumes to be reallocated while oil interests have pushed for the volumes to remain waived. If the volumes are added to the blending requirements for large refineries, it would support RIN prices. However, the future of the program is opaque as the current administration balances agriculture and oil interests. The four-week rolling average of the ethanol blending rate, calculated by dividing the refiner and blender ethanol input by gasoline demand, fell to 9.64% in the week ended July 27, from 9.65% the previous week, according to Energy Information Administration data released Wednesday. Ethanol proponents have said the current premium gasoline carries over ethanol should support blending of the biofuel. But ethanol industry groups and producers like Green Plains have said the waivers are keeping blenders from feeling any pressure to blend ethanol at a higher rate. "It's disappointing from our perspective, it is driving the reason why we aren't blending a full 10% right now," Becker said. "There aren't a lot of hardships anymore, and RIN prices have come down to 20 cents, so at this point we don't see

how the EPA could issue many small refiner exemptions going forward or how they could have issued them in the past," he added. "We continue to fight every day to get those reversed or reallocated, but moving forward we don't think it's going to be as much of an impact as RIN prices are hovering at 20 cents."

## June US ethanol exports up [...from page 1](#)

demand has outpaced production capacity. The beginning of the sugarcane crushing season brought domestic prices lower and hampered the arbitrage into the Center-South, but the Northeast remains short and in need of imports. Canada imported 115.8 million liters of ethanol (30.6 million gallons) of fuel-grade ethanol in June. Canada is a consistent source of demand for US ethanol, frequently topping the list of buyers, given its relative stability in gasoline demand and lack of expanding ethanol production capacity. The Philippines rounded out the top three as it took 72.4 million liters (19.1 million gallons). India nearly cracked into the top three as it imported 71.2 million liters (18.8 million gallons) of fuel-grade ethanol. But the country took a total of 101.2 million liters (26.7 million gallons) thanks to a 30 million-liter import. India has restrictions on using imported ethanol for blending with gasoline, so it imports ethanol to use for industrial purposes and sends domestic product to fuel use. S&P Global Platts Analytics forecasts US fuel ethanol exports will reach 5.1 billion liters this year, up 4% from 2017.

## TOP FIVE DESTINATIONS OF US FUEL ETHANOL IN 2018

(January-June, in million liters)

|             |          |
|-------------|----------|
| Brazil      | 1,309.30 |
| Canada      | 564.4    |
| India       | 235.3    |
| China       | 200      |
| Middle East | 177.5    |

Source: USDA

## SUBSCRIBER NOTES [\(PBF page 1500\)](#)

Platts advised that the basis futures contract would reflect the prevailing rate at 21:30 in Singapore, after further consultation and consideration, Platts has decided to align the basis and premium assessment timestamp to 16:30 Singapore at launch, with a view to monitoring liquidity and seeking further feedback on the optimum time to assess the basis contract.

SYBAB00 SOYBEX CFR China

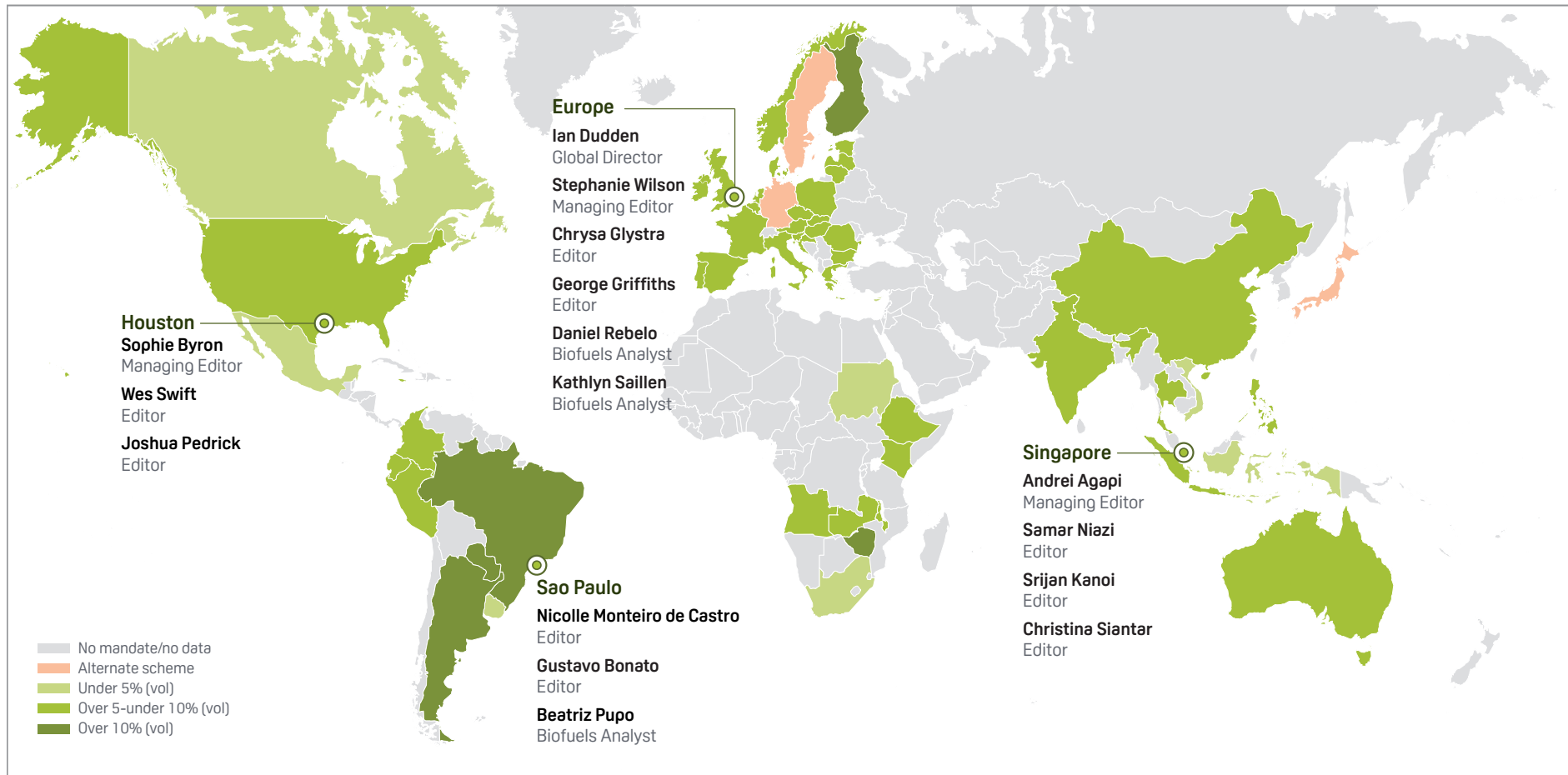
SYBAA00 Soybeans CFR China basis

Platts welcomes all further feedback and questions on the new assessments. Please send all questions and feedback to [asia\\_agsglobal.com](mailto:asia_agsglobal.com) with CC to [pricegroupespglobal.com](mailto:pricegroupespglobal.com). For written comments, please provide a clear indication if comments are not intended for publication by Platts for public viewing. Platts will consider all comments received and will make comments not marked as confidential available to the public upon request.

## Brazilian Grade B ethanol [...from page 1](#)

product, a higher quality than standard hydrous specification and mainly used by the pharmacy and beverage factors. "We are not in a rush to export right now as availability of Grade B is not so great and demand might come soon," said an ethanol trader. In addition to the current lack of selling pressure, there is market expectation that with the Brazilian presidential election in October, the Brazilian currency, the real, could devalue against the US dollar during an unstable economic period. If such expectations prove correct, producers might receive better returns in the local currency than in US dollars earned by exports. According to Platts assessments, the average premium of Grade B ethanol over hydrous ANP standard quality was at \$14/cu m from July 2017 to mid-July 2018. However that premium has been spiking since mid-July, and on Thursday it was assessed at \$65/u m, the widest since Platts started to publish both assessments in April 2014.

## MEET THE BIOFUELS EDITORIAL/ANALYTICAL TEAM



Source: S&amp;P Global Platts

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- **Michael Levitz**, Director and Head of Trading, Americas, **ED&F Man Sugar**
- **Ruud Schers**, Analyst, **RaboResearch Food & Agribusiness**
- **Michael McDougall**, SVP Latin America, **ED&F Man Capital Markets**
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