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Argus Biofuels Outlook

Overview

June confirmed that policy is one of the drivers underpinning biofuels. A wave of regulatory updates hit global biofuels markets this month, as governments move to support struggling producers, prioritise domestic feedstocks, and align with long-term climate goals.

In the US, proposed 2026-27 RVOs and 45Z tax credit adjustments are expected to lift soybean oil demand and stabilise output next year, even as SRE uncertainty continues to weigh on RIN markets, and margins remain under pressure in the near term.

In Brazil, the reinstatement of the B15 mandate schedule after a pause linked to soybean oil inflation, alongside an upcoming E30 mandate, signals renewed policy momentum. Corn ethanol continues to expand, but weather-related disruptions have constrained sugarcane output.

Japan's proposed SAF supply target for fuel producers marks a new regulatory frontier, while China's SAF expansion and UCO policy changes are redirecting feedstock flows inward. In Africa, Uganda's upcoming E5 mandate highlights the continued expansion of biofuels policy into emerging markets.

Europe's RED III rollout is accelerating, with greenhouse gas-based mandates becoming the norm. Germany's proposed removal of double-counting and shift away from Pome oil, and France's lower 2030 targets are reshaping demand trajectories.

Key biofuel prices, prompt

	May 25	Jun 25	Jul 25e	Aug 25e
Europe				*$/t*
RED FAME 0°C CFPP fob ARA	1,281	1,343	1,324	1,304
RED Rapeseed OME fob ARA	1,307	1,391	1,356	1,349
RED UCOME fob ARA	1,395	1,433	1,427	1,429
RED HVO fob ARA (Class I)	1,564	1,743	1,813	1,807
RED HVO fob ARA (Class II)	1,902	2,058	2,099	2,071
SAF fob ARA (Class II)	1,796	2,045	2,086	2,058
Bionaphtha fob ARA	1,431	1,427	1,401	1,401
UCO cif ARA	1,052	1,071	1,056	1,058
Ethanol Regular fob ARA	851	874	884	861
US (biofuels)				*¢/USG*
Ethanol Chicago	174	166	154	150
Ethanol USGC	182	175	168	164
B100 Chicago	393	421	440	411
R100 (UCO) del California	505	500	520	507
US feedstocks (US Gulf coast del rail)				*¢/lb*
Soybean oil crude degummed	52	54	58	55
Tallow bleached fancy	57	59	62	60
UCO	57	59	62	60
South America				*$/t*
Anhydrous fob Santos	692	675	687	679
Asia-Pacific				*$/t*
RED HVO Class II fob Singapore	1,842	1,996	2,037	2,010
UCO fob China	987	994	973	982
RED Ucome fob China	1,104	1,116	1,110	1,113

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EUROPE

Summary

This month

After Belgium, Denmark, France and Ireland published RED III drafts or final legislation in May, Germany, the Netherlands and Spain followed with drafts in June — all opting for greenhouse gas (GHG) based mandates. Germany's proposed double-counting removal and aviation inclusion triggered a market reaction as biofuel premiums rose, with advanced biodiesel making the biggest gains. The lift in premiums followed a tumultuous month for the underlying diesel price, rattled by fears of disruption to oil flows out of the Middle East.

Next month

We expect further RED III drafts to be published next month, as most large markets have now got the ball rolling. Some key questions remain around setting targets for aviation, which would clash with ReFuelEU Aviation. Record sustainable aviation fuel (SAF) imports are expected to make their way to Europe in July, keeping prices at a discount to hydrotreated vegetable oils (HVO). We expect crop biodiesel prices to ease in July, dragged down by weakening rapeseed oil prices, but forecast waste-based grades to be steady.

3-6 months ahead

SAF demand has been subdued in the first half of the year, but we forecast obligated parties to catch up with their targets in the second half, which should help SAF prices regain a premium over HVO by year-end. Advanced biodiesel prices saw a boost in premiums over Ucome prices following the German RED III draft announcement, and we expect this to sustain for the rest of the year as obligated parties look to overcomply for 2025 with the aim of carrying tickets into 2027.

6-12 months forward

The German RED III draft signals a dramatic shift in HVO demand for 2026. The removal of double-counting alone would boost HVO demand from 0.7bn l in 2025 to 2.7bn l in 2026, but including all aviation fuel in the obligation could imply up to 4.0bn l. Much of the additional HVO demand will have to be met by advanced feedstocks. The RED III drafts will have limited impact on biodiesel and ethanol demand, which are both limited by blend walls. But the Dutch draft does open the door to B10 sales, like Germany did last year, which over time could offset falling biodiesel demand owing to the shrinking diesel pool.

Regulation

Flurry of RED III drafts shift to GHG

The deadline for RED III transpositions passed on 21 May with only a few member states having announced finalised legislation. A flurry of drafts over the last couple of months consolidate around some key trends.

A number of countries, including France, the Netherlands and Spain, have proposed to switch to GHG-based mandates, similar to the German system, while Belgium and Ireland propose to maintain their energy-based systems. The GHG-based targets exclude double-counting for Annex IX biofuels but include renewable electricity, although some distinction is made between public and private charging. A further shift is the inclusion of other sectors, broadening the RED III scope to maritime and inland shipping for most countries and to aviation in some of the drafts.

German draft removes double-counting, raises targets

Germany published a RED III draft on 19 June, introducing an annual increase in the GHG quota to 53pc by 2040. It also proposes to abolish double-counting for advanced biofuels above the sub-target, while increasing their sub-quota to 3pc by 2030, up from 2.6pc.

A 3x multiplier will be introduced to incentivise the contribution of renewable fuels of non-biological origin (RFNBOs) and will remain in effect until 2034 before being reduced by 0.5 each year until reaching simple single-counting by 2038. Similarly, the 3x multiplier for electricity will start dropping by 0.5 starting in 2032 until reaching single-counting in 2035. Companies failing to meet their RFNBO quotas will face a penalty of €70 ($81) per GJ of shortfall.

Under the proposed bill, Germany also plans to impose penalties of €4,700/t and €17,000/t for each tonne that fuel suppliers fall short of their SAF and e-SAF obligations, respectively. Additionally, all soy and palm oil-based fuels are no longer eligible, including Pome oil, which in the current legislation is eligible for the advanced biofuels sub-target but not for double-counting. The bill is expected to be submitted in October and to take effect at the start of a new compliance year.

Spain's draft introduces GHG-based mandate

Spain published its RED III draft on 3 July, proposing GHG-reduction targets for different sectors. The largest GHG-saving

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mandate is for road fuels at 10pc in 2027 and rising to 15.6pc in 2030. The mandate for SAF matches ReFuelEU legislation at 2pc until 2030 then rises to 6pc. Proposed sub-targets also include a 4pc energy content obligation of advanced biofuels and biogas, starting from 2027 and reaching up to 5.5pc in 2030, and 0.5pc for advanced bioethanol by 2030. A sub-mandate for RFNBO use is set at 2.5pc in 2030, including a separate sub-target for RFNBO use as intermediates, rising to 1.5pc by 2030.

Belgium draft lifts energy-based target to 29pc

Belgium has drafted legislation to transpose RED III, raising energy-based targets for 2030. For road transport, the obligation rises to 15.6pc in 2026 and 29pc in 2030, replacing earlier double-counted targets of 12.4pc and 13.9pc. Mandates now extend to other sectors, as international maritime must blend 7.2pc in 2026 and 16.4pc in 2030 and inland shipping starts at 6pc in 2026, rising to 29pc by 2030.

Advanced biofuels and RFNBO have combined sub-mandates of 2.5pc in 2026 and 8.5pc in 2030 for road and maritime. These include a 4pc sub-mandate for RFNBOs in road transport, 1.2pc in maritime and 1.28pc in inland shipping. Part B biofuels are capped at 2pc in road and are banned from international shipping, but the cap for inland shipping rises from 3pc in 2026 to 11pc in 2030. Crop-based biofuels are banned in maritime. For road, the cap falls from 6.5pc in 2026 to 4.5pc in 2030 for gasoline and gaseous fuels, and from 5pc to 2.5pc for diesel.

Netherlands publishes revised GHG-based draft

The Dutch government released its updated draft to transpose RED III on 20 June, following previous drafts in November and April. The draft introduces a GHG-reduction mandate for land, inland shipping and maritime shipping, taking effect in 2026, but removes the obligation for aviation seen in previous drafts. The road sector is set for a 14.4pc GHG reduction next year, rising to 27.1pc by 2030.

The switch to GHG is accompanied by an abolishment of the double-counting of Annex IX feedstocks, but retains a sub-target lifted to 8.76pc for the road sector. The draft also introduces a mandate for RFNBOs to have a minimum share in emission reductions needed to be achieved for all sectors. The obligation for road is increased compared with previous drafts, rising to 1.07pc by 2030. Current legislation caps the contribution of Part B biofuels to 10pc of energy consumption, but the new draft sets this limit at a 4.29pc GHG reduction.

Ireland reduces Pome multiplier, proposes RED III targets

Ireland has signed an amended regulation that will continue to allow for biofuels made from palm oil mill effluent (Pome) to be counted twice towards domestic mandates, but now will prevent the granting of additional renewable fuel certificates to Pome-based biofuels as of 1 July.

The amended regulation will prevent the additional generation of 0.5 certificates per MJ of hydrotreated vegetable oil, and 0.4 certificates per MJ of fuel supplied into the aviation sector and the marine sector, if produced from Pome oil. Biofuels produced from other feedstocks listed in Annex IX will still be eligible for this.

Ireland has also put forward indicative RED III targets for consultation on 9 May, which extend the country's energy-based system. The draft targets would lift the energy-based mandate from 25pc this year to 32pc next year and reach 54pc by 2030, all after double-counting. The consultation also puts forward a combined Annex IX A and RFNBO target starting at 8pc in 2026 and reaching 18pc in 2029. A specific Annex IX A target reaches 21.5pc in 2030, while a RFNBO target for 2030 is set at 2.5pc.

UK's ethanol industry lobbies for E15

The recent US and UK trade agreement removes tariffs on up to 1.4bn litres/yr of US ethanol, which roughly equates to the total ethanol demand in UK. The UK ethanol industry has flagged that the trade deal risks further undercutting local producers by allowing cheaper US imported ethanol to be available in the market.

Ethanol producers Vivergo Fuels, a subsidiary of ABF Sugars, and Ensus, a subsidiary of CropEnergies AG, are in formal negotiations with the UK government and have proposed increasing ethanol blending from E10 to E15, which will boost demand by 660mn l/yr, and highlighted that the uptake of bioethanol in the marine and aviation sectors could also create opportunity for domestic producers in the market. The industry also suggested a support package worth £75mn/yr ($100mn) for up to two years to help the sector adjust.

Ukraine keeps zero export duty on rapeseed

The Ukrainian parliament has rejected the proposal to introduce a 10pc export duty on rapeseed and soybeans. As a result, Ukraine's zero export duties on rapeseed and soybeans will remain in place for the 2025-26 season.

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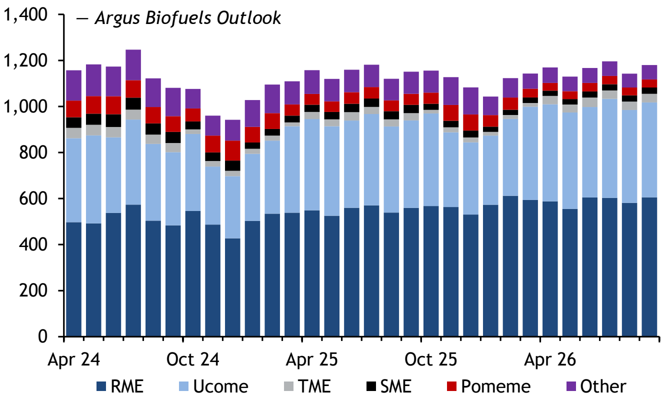
Demand

Biodiesel

Higher-than-usual summer RME demand

We expect biodiesel demand to have increased 1pc to 1.11bn litres in March, followed by a 4pc increase in April. Biodiesel consumption is poised to have dropped off in May with diesel demand, before rising in June and July for the seasonal peak in biodiesel and diesel demand. Demand is expected to remain relatively steady for the remainder of the third quarter and then drop off toward the end of the year.

European biodiesel demand *mn litres*



The contribution of rapeseed oil methyl ester (RME) tends to drop off in the second and third quarters as summer-specification diesel relies less on RME's low cold filter plugging point (CFPP). But lower used cooking oil methyl ester (Ucome) imports compared with previous years and the phase-out of palm and soy-based biofuels have left obligated parties with lower-than-usual stocks of high-CFPP product. As a result, we expect that RME demand will have fallen less than usual this summer, with some biodiesel blends outperforming the CFPP requirements of Fame 0.

No biodiesel uplift from RED III drafts

European countries continue to put forward RED III drafts, with Spain's draft published in July while Germany and the Netherlands proposed updated mandates in June, following drafts from Belgium, France and Ireland in May, alongside Denmark adopting its RED III transposition in the same month. We update our models with the draft mandates as they become available to us and our forecast considers all of the above drafts, with the exception of Spain's draft that was published just last week.

European demand outlook *mn litres*

Product	Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25	3Q25	4Q25	1Q26	2Q26	3Q26
Biodiesel											
POMEME	47	46	50	50	47	48	144	187	141	105	105
RME	549	525	560	570	539	559	1,669	1,661	1,779	1,748	1,789
SME	31	32	37	36	36	36	108	84	70	73	81
TME	31	30	36	31	31	32	93	59	49	113	111
UCOME	396	389	379	397	374	380	1,151	1,040	1,039	1,233	1,246
Other	103	98	97	97	94	96	287	334	231	196	186
Total	**1,158**	**1,120**	**1,160**	**1,181**	**1,120**	**1,151**	**3,453**	**3,366**	**3,309**	**3,467**	**3,518**
HVO											
HVO Class I	55	53	54	54	52	54	160	163	347	358	364
HVO Class II	115	120	124	118	118	125	361	370	404	417	414
HVO Class III	70	71	72	68	73	75	216	216	212	226	228
HVO Class IV	35	34	35	35	34	36	105	104	105	110	109
HVO Palm oil	0	0	0	0	0	0	0	0	0	0	0
Other	167	165	169	170	165	174	509	511	1,130	1,121	1,137
Total	**442**	**444**	**454**	**444**	**442**	**464**	**1,350**	**1,365**	**2,199**	**2,233**	**2,252**
SAF											
SAF Class II	204	212	226	237	237	233	706	603	598	675	740
Ethanol											
Ethanol 1G	604	580	615	614	610	605	1,829	1,731	1,632	1,803	1,840
Advanced ethanol	161	157	168	162	165	163	490	470	473	514	518
Total	**764**	**737**	**783**	**775**	**775**	**768**	**2,318**	**2,201**	**2,106**	**2,318**	**2,358**
Grand Total	**2,364**	**2,301**	**2,396**	**2,401**	**2,337**	**2,383**	**7,121**	**6,932**	**7,614**	**8,018**	**8,128**

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Although the RED III drafts propose a jump in targets, the impact on biodiesel volumes is limited owing to the blend wall. Germany already allows, and the Netherlands is planning to allow, B10 sales, but as B7 must remain as a protection grade, the roll-out of higher biodiesel blends will be slow. On the other side of the equation, diesel demand is falling across the bloc, which is weighing on biodiesel consumption. As a result, we expect biodiesel consumption to increase by just 2pc in 2026 compared with this year.

German biodiesel feedstock reshuffle

Pome oil is currently allowed to contribute to the German advanced biofuels sub-target and not eligible for double-counting above the sub-target, like other advanced biofuels. Germany's RED III draft proposes removing the contribution of Pome oil altogether and to remove double-counting for other advanced biofuels. The proposed changes come in reaction to an influx of advanced biofuels entering the German market over the past few years, taking advantage of the double-counting rule.

Taking Pome oil out of the list of allowable biofeedstocks will certainly remove that compliance option from the biodiesel feedstock mix going forward. Furthermore, we expect that the removal of double-counting will make Ucome and crop-based biodiesel competitive again, after years of double-counted advanced biodiesel flooding the German market. As a result, we forecast the shares of RME and Ucome in the German biodiesel mix to increase in 2026, if the draft legislation goes ahead.

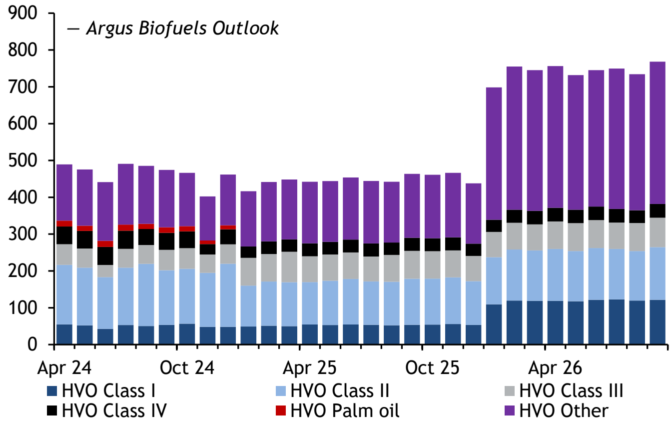
Double-counting in Germany had been so impactful on the country's GHG-based system that it went as far as suppressing biodiesel demand below the blend wall. This is because advanced HVO was outcompeting crop and used cooking oil (UCO) based biodiesel, despite its higher outright price. We expect biodiesel consumption in Germany to jump 18pc in 2026 by making full use of the blend wall and higher uptake of B10 blends.

HVO

Demand steady but jumps in 2026

We expect European HVO consumption to have increased in March and stayed relatively flat across the second quarter. HVO production is less seasonal and reliant on crop feedstocks, leading to a more steady demand than biodiesel. But HVO consumption can be more volatile in some periods as it is not bound by a blend wall, and it tends to be the marginal compliance option. Therefore, HVO can show more severe reactions to price variations and plant shutdowns, as we saw in November 2024.

European HVO demand *mn litres*



The more dramatic shift in HVO consumption is expected for early 2026, when we forecast demand to rise 64pc to 9.2bn l. This reflects countries' transpositions of RED III targets into national legislation. Assuming most countries will aim to comply with RED III, the trajectory for HVO demand over the next five years will be steep, starting with a jump next year. Over the past couple of months, France put forward a proposal that falls short of the RED III framework, while Germany has amended its GHG-based mandate to go beyond RED III minimum requirements. Whether both mandates will be adopted as they stand is yet to be seen, but a jump in European HVO demand is inevitable for RED III targets to be met.

German RED III draft catapults HVO demand

German HVO demand is set to jump in 2026 if its RED III draft is adopted. The main driver behind the drastic increase is the removal of double-counting for advanced biofuels, which alone would lift HVO demand from 0.7bn l in 2025 to 2.7bn l in 2026. Without the removal of double-counting, HVO demand is modelled at 1.2bn l in 2026.

A further driver could be the inclusion of aviation fuels in the pool of obligated fuels. But the draft implies that fuel suppliers that exclusively provide aviation fuels would be excluded from the obligation. We assume that most suppliers would therefore reshuffle entities to ensure jet fuel operations do not fall under the GHG-reduction obligation. Including all supplied aviation fuel would increase the obligated fuel pool, which implies the GHG-reduction requirement would increase from 24.3mn t of CO_2 to 30.6mn t of CO_2 for 2026. This would result in HVO demand of up to 4.0bn l, if double-counting were removed.

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This shows that both factors in isolation would result in an uptick in HVO demand. The removal of double-counting was an expected measure following the recent flooding of the market with advanced biofuels. The inclusion of aviation fuels at the same GHG-reduction requirement as other sectors does not align with other countries' approaches and would likely be the element that pushes the German draft to overshoot RED III. Therefore, our modelled forecast assumes that most jet fuel will not be obligated, limiting the fuel pool and restricting the increase in HVO demand to 2.7bn l next year.

SAF

Imports react to rising demand

Although SAF consumption at the start of the year was slow, we expect demand to pick up going into the second half of the year as countries formalise compliance structures for ReFuelEU Aviation. The ramping up in demand has left the SAF market tight and lifted SAF prices over the past couple of months, also supported by rising HVO prices.

The higher prices also look to be drawing in more imports, with June setting a new record import level of 100,000t. Ship-tracking data suggests a new record import level of 118,000t in July, which would amount to two-thirds of the average monthly SAF requirement for European targets. The majority of the imports come from Singapore, with some volumes from China and the US.

RED III drafts at odds with ReFuelEU

How RED III interacts with ReFuelEU Aviation was always a topic of discussion that no one would really know the answer to — until countries start transposing the frameworks. ReFuelEU Aviation should prevent countries from setting alternative targets for aviation, but the RED III framework still includes jet fuel suppliers in the overall targets.

A few countries have not included aviation in their RED III transposition, citing that it could be legally challenged. For example, the Netherlands struck aviation out of its second draft. In order to ensure compliance with the overall RED III target, the Netherlands oversized its road mandate to cover the comparatively smaller ReFuelEU Aviation target, which would otherwise fall short of RED III. Similarly, Spain's draft has not included aviation in its targets.

Other countries have powered ahead with aviation targets despite these question marks. France's draft has specified an aviation-specific GHG-reduction mandate at 5.8pc in 2030. More interestingly, the German draft aligns aviation with road, therefore obligating jet fuel suppliers to a 25pc GHG reduction by 2030. The draft does exclude fuel suppliers that exclusively supply aviation fuel from the obligation, but the high targets would still hit suppliers that supply both jet and road fuel.

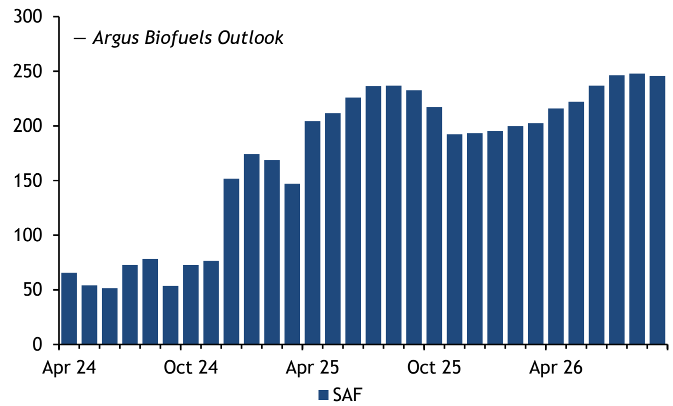
Ethanol

Ethanol blending to rise

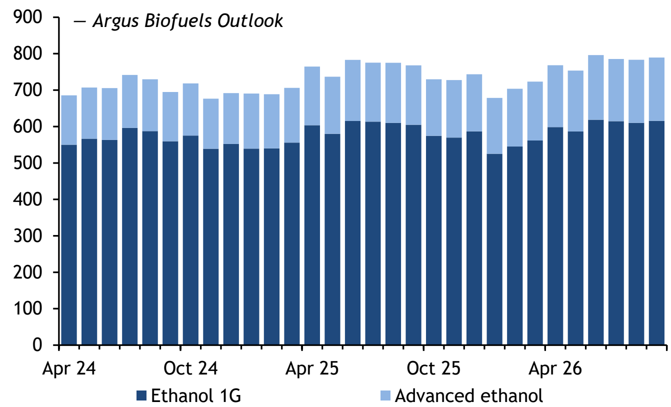
We expect ethanol demand to have increased 8pc to 764mn l in April, tracking higher seasonal gasoline demand. Demand eased in May but gained again as summer brings along peak gasoline demand. We forecast ethanol demand to stay high at around 775mn l for the third quarter before easing going into the final quarter of the year.

Crop-based ethanol demand is forecast to stay flat next year, with annual consumption modelling at 7.0bn l, in line with demand in 2025. In comparison, advanced ethanol demand is forecast to strengthen 6pc to 2.0bn l, lifting overall ethanol consumption by 1pc to 11.0bn l. Gasoline demand is expected to ease next year, therefore the small rise in ethanol demand reflects a higher ethanol blend rate compared with 2025.

European SAF demand *mn litres*



European ethanol demand *mn litres*



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Feedstocks

Sunflower oil to join the party?

Rapeseed oil use in European biodiesel has been supported by lower availability of alternatives, namely low Ucome imports following the anti-dumping duties on China-origin biodiesel, and restrictions on the use of palm oil and soybean oil as biofeedstocks. In this context, we expect rapeseed oil (RSO) demand for European biofuels to rise from 6.1mn t this year to 7.1mn t next year.

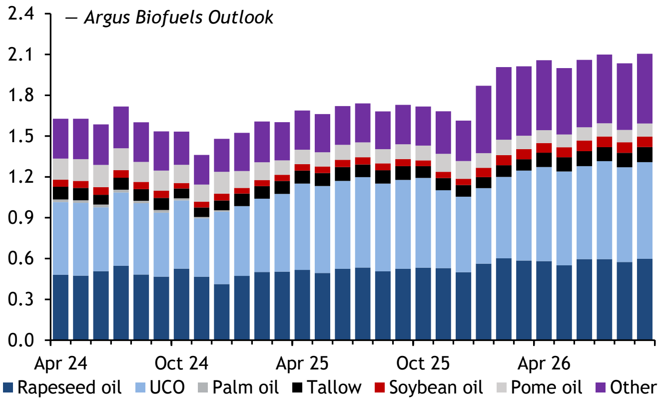
As palm and soy fall out of favour, the crop cap could entirely fall on rapeseed if no other crops make their way into the mix. Sunflower oil made up 1.5pc of all biodiesel and HVO feedstocks in Europe in 2024 and could well play a growing role at times when competitive with RSO, but historically this contribution has been insignificant.

German draft boosts advanced waste

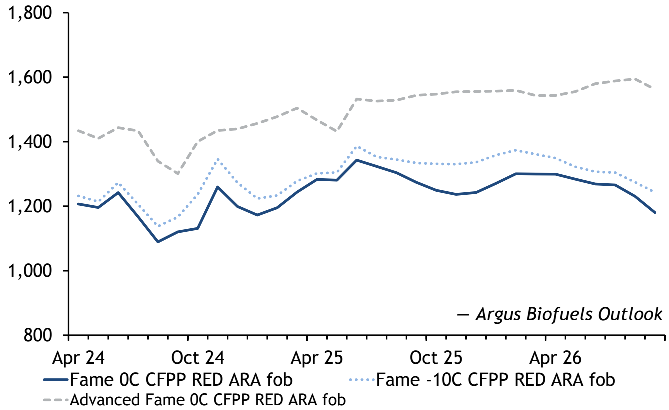
The jump in German hydrotreated vegetable oil demand we forecast as a result of the draft will largely be made up of advanced feedstocks. This is because Germany caps crop and Part B feedstocks and does not allow uncategorised feedstocks such as animal fats (Cat III) or palm fatty acid distillates (Pfad). Therefore, the higher mandates will have to turn to advanced wastes.

Renewable diesel capacity today is largely made up of hydrotreatment facilities making HVO, which can only process fats, oils and greases. These advanced hydrotreatable feedstocks are largely made up of industrial wastes such as soapstock acid oils and deodorizer distillates, but also include Pome oil and tall oil. The availability of feedstocks in this category is limited and rising demand for advanced HVO is likely to outpace availability before 2030 if countries' transpositions are compliant with RED III.

Biodiesel and HVO feedstock demand *mn t*



European FAME prices *$/t*



Prices

Biodiesel

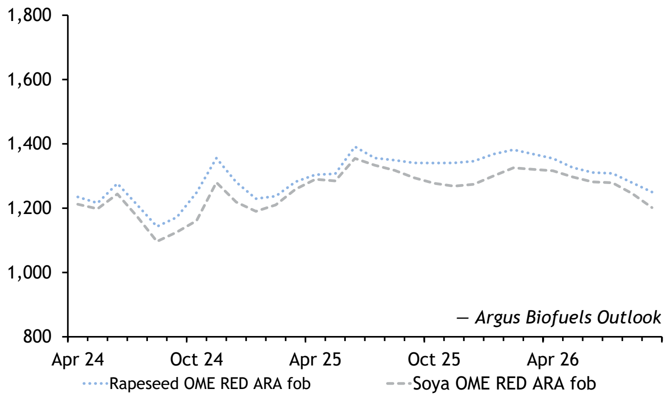
Biodiesel prices whipsaw with diesel

Biodiesel prices saw a choppy up and down across June but ended up averaging up on the month, with Advanced Fame 0 prices leading the way at 7.0pc up, and Ucome lagging at 2.7pc. A rally across the first half of the month was largely driven by diesel prices rising on expected supply disruptions in the Middle East and refinery outages in the US. Prices then eased, but outright and premiums averaged higher compared with May. The strengthening premiums were partly down to support from feedstock prices, but also as a market reaction to the German RED III transposition draft.

Crop biodiesel supported by feedstocks

Crop-based biodiesel grades set multi-year highs on 19 June, as Fame 0 prices rose to their highest daily level since December 2022 at $1,449/t, RME prices hit their highest since March 2023 at $1,479/t and SME prices jumped to $1,454/t, the highest since January 2023.

European crop-based biodiesel prices *$/t*



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RME prices stayed relatively firm after the diesel prices fell toward the end of the month, supported by feedstock prices, and averaged 6.4pc up to an average $1,391/t for the month. Soybean oil prices rallied on the back of a bullish US renewable volume obligation for 2026 and 2027 and supported rapeseed oil prices.

But SME prices dropped sharply by $150/t in the four trading days following the 19 June peak, partly on expectation of SME shipments from Argentina coming to Europe. The sharp drop corrected in the following days as prices recovered some of the losses and the monthly average was up 5.4pc at $1,355/t. Fame 0 prices tracked the ups and downs in SME prices during June and averaged 4.8pc up on the month.

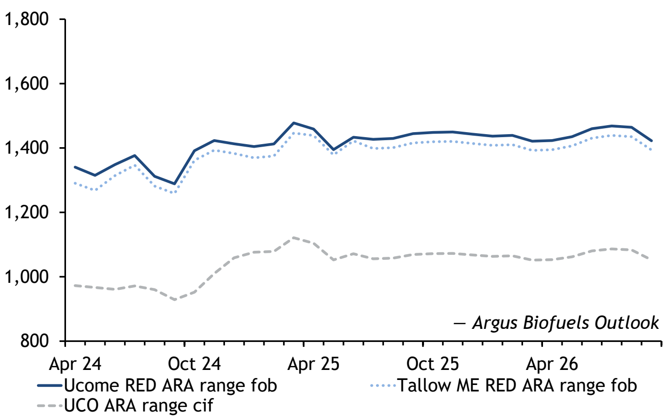
We expect crop biodiesel prices to ease across the board in July, dragged down by feedstock prices, with rapeseed oil prices falling on higher supply expectations. RME is poised to build the spread to Fame 0 going into winter, following the seasonal pattern of higher RME demand in winter-specification diesel.

Advanced premium rises on German DC removal

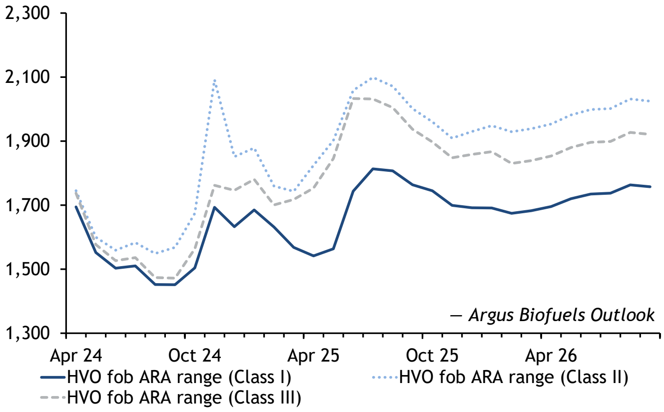
Waste biodiesel prices followed the same rally as crop biodiesel prices, but saw spreads opening up between advanced Fame 0 and Ucome, reaching up to $140/t. The higher premiums for Advanced Fame 0 emerged after Germany's RED III draft, which included the removal of double-counting from next year. This boosted demand for advanced biodiesel indicates that obligated parties may look to overcomply this year, while double-counting is still available. This overcompliance cannot be carried into 2026 due to the carryover pause, but could flow into the 2027 compliance.

We forecast Advanced Fame 0 prices to sustain this premium over Ucome into the forecast period, not only supported by

European waste-based biodiesel prices *$/t*



European HVO prices *$/t*



German double-counting removal, but also a wider uptick in advanced biofuel demand following RED III transpositions. In the short-term, we expect waste biodiesel prices to ease slightly in July.

HVO

German RED III draft boosts HVO premiums

HVO prices rose across the board in June, initially buoyed by rising diesel prices but then sustaining higher prices despite diesel prices falling back down, as the German RED III draft transposition suggested a boost in HVO demand for 2026. UCO-based HVO Class II gained 8.2pc to $2,058/t, marking the highest monthly average since the price spike in November 2024 and the second highest since October 2023. HVO Class III gained 10.2pc to $2,033/t and HVO Class I rose 11.5pc to $1,743/t.

HVO premiums over diesel jumped on 20 June, the day following the Germany RED III draft publication, and has sustained around $1,400/t since. Falling diesel prices could keep HVO premiums steady but we do expect these to come back down toward the end of the year. Although HVO Class II is the most liquid HVO price in Europe, it does represent a UCO-based biofuel, which will have a limited contribution to rises in HVO demand due to countries' caps on Part B biofuels. Therefore, the upside for UCO-based HVO prices is likely capped, exacerbated by countries switching to GHG-based mandates that do not allow for double-counting.

SAF

Premium boost on aviation inclusion in RED III draft

SAF prices rose 13.9pc to average $2,045/t in June, shrinking the discount to the HVO Class II price to $13/t, following

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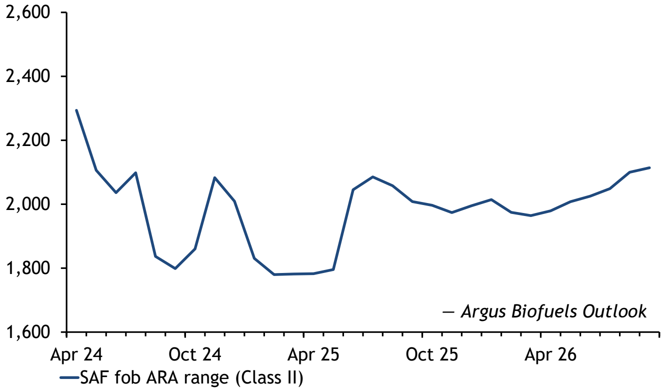
European SAF prices *$/t*



the record discount of $106/t in May. SAF premiums over fossil prices rallied toward the end of May on tight supply and saw another jump on 20 June as Germany's RED III draft was published. Germany's draft included aviation in its GHG reduction targets together with road. One of the implications of the inclusion is that SAF could be used to meet part of the road obligation, lifting SAF demand.

But this boost was short-lived, as premiums came back down. One contributing factor could be record SAF imports expected to land in Europe in July, shipped from Singapore, China and the US.

SAF to flip spread to HVO by year-end

SAF prices have sustained a discount to HVO prices for most of the year, going against what production economics of the two hydrotreatment products would dictate. We expect that slow demand in the first two quarters will have contributed to SAF prices dipping below HVO on occasion. But SAF demand is expected to catch up in the second half of the year, as more countries lay out their implementation frameworks for ReFuelEU. We forecast SAF prices to return back to a premium from September as a result, and expect that in the long-term, SAF prices should settle above HVO prices.

Bionaphtha

Higher supply not met by legislated demand

Bionaphtha prices continued their downward trajectory, dropping 0.3pc to a new monthly average low of $1,427/t. Prices fell despite naphtha prices rising, reflecting falling premiums for the hydrotreatment co-product. Increasing

European price outlook *$/t*

Product	Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25	3Q25	4Q25	1Q26	2Q26	3Q26
Biodiesel											
FAME 0 fob ARA	1,283	1,281	1,343	1,324	1,304	1,274	1,300	1,243	1,290	1,284	1,226
FAME -10 fob ARA	1,302	1,304	1,386	1,353	1,345	1,334	1,344	1,332	1,364	1,326	1,274
Advanced FAME 0 fob ARA	1,467	1,432	1,532	1,526	1,528	1,544	1,533	1,553	1,553	1,559	1,582
Crop-based biodiesel											
RME fob ARA	1,304	1,307	1,391	1,356	1,349	1,341	1,349	1,342	1,373	1,331	1,279
SME fob ARA	1,290	1,285	1,355	1,334	1,318	1,294	1,315	1,273	1,316	1,298	1,242
Waste-based biodiesel											
UCOME fob ARA	1,459	1,395	1,433	1,427	1,429	1,445	1,434	1,447	1,432	1,439	1,452
TME fob ARA	1,439	1,378	1,422	1,398	1,401	1,416	1,405	1,418	1,404	1,411	1,423
UCO cif ARA	1,104	1,052	1,071	1,056	1,058	1,069	1,061	1,071	1,060	1,065	1,074
HVO											
HVO Class I fob ARA	1,542	1,564	1,743	1,813	1,807	1,764	1,795	1,712	1,683	1,717	1,753
HVO Class II fob ARA	1,825	1,902	2,058	2,099	2,071	2,001	2,057	1,933	1,939	1,978	2,019
HVO Class III fob ARA	1,753	1,845	2,033	2,032	2,005	1,937	1,991	1,868	1,845	1,876	1,916
SAF											
SAF fob ARA	1,783	1,796	2,045	2,086	2,058	2,008	2,051	1,989	1,984	2,004	2,087
Bionaphtha											
Bionaphtha fob ARA	1,465	1,431	1,427	1,401	1,401	1,401	1,401	1,405	1,409	1,439	1,451
Ethanol											
Ethanol Regular fob ARA	917	851	874	884	861	815	853	817	871	960	939
Ethanol Premium fob ARA	925	861	891	902	878	833	871	835	888	977	956
ETBE fob Rotterdam	1,021	1,012	1,046	1,018	963	941	974	909	955	1,014	1,026

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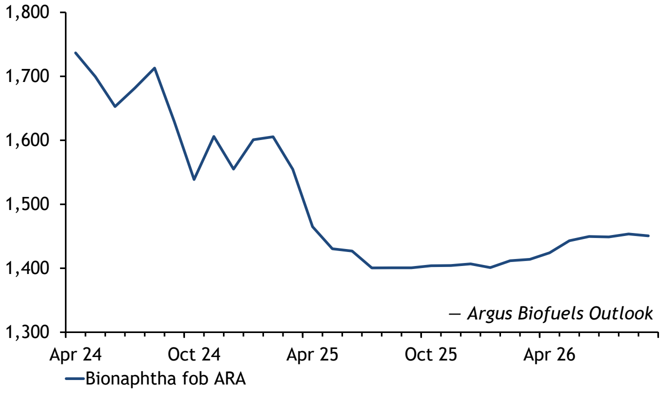
European bionaphtha prices $/t



hydrotreatment capacity is supporting rising bionaphtha supply, while demand remains subdued. Legislation for the European chemicals sector encourages higher recycling rates but does not yet include support for the use of biofeedstocks or production of biochemicals. Therefore, much of the demand for bionaphtha is voluntary and increased availability is weighing on chemicals producers' willingness to pay higher premiums for the feedstock.

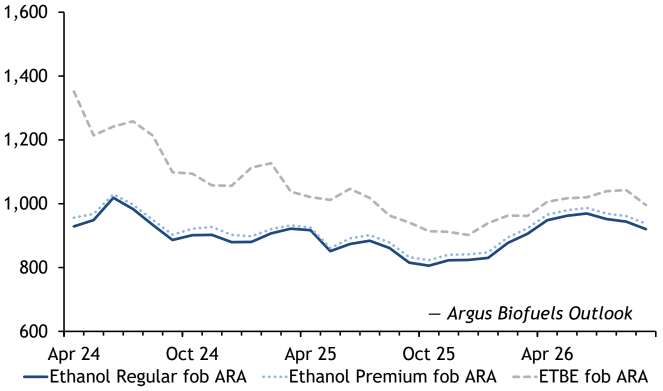
Ethanol and ETBE

Ethanol prices to ease with gasoline and feedstock prices

Regular ethanol prices rose 2.7pc on the month to $874/t. Unlike the relationship between biodiesel and HVO with diesel, ethanol prices showed a less direct relationship with gasoline. Ethanol prices fell at the start of the month against rising gasoline prices and then rose again when gasoline prices started to drop. This resulted in the premium of ethanol ranging from $91/t to $253/t across June. We forecast ethanol prices to stay relatively steady into July before easing on falling feedstock and gasoline prices.

ETBE prices increased 3.4pc to $1,046/t in June. We expect prices to ease across the remainder of the year, following seasonal demand patterns for the blending component.

European ethanol and ETBE prices $/t



Fundamentals

Agricultural prices

Romanian wheat lifts EU outlook

European grain markets are undergoing a structural shift, shaped by diverging crop prospects and a recalibration of trade flows. The euro continued its upward trajectory and eroded the competitiveness of EU exports in global markets.

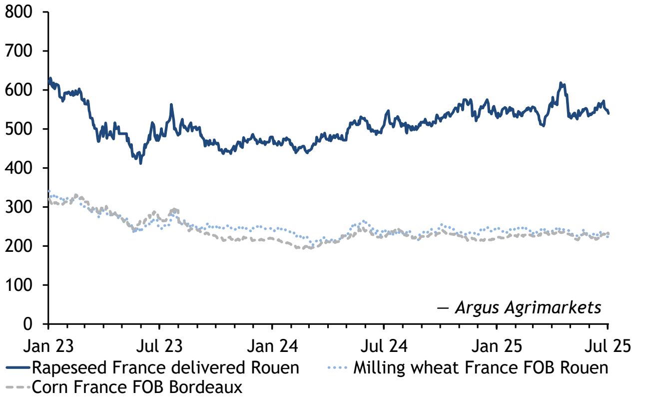
Wheat production has strengthened, led by Romania's exceptional growing conditions and the prospect of a record-high harvest. This single-country performance is lifting regional supply expectations, offsetting weaker output elsewhere. In contrast, corn faces mounting pressure. Heatwaves and adverse weather across eastern Europe are threatening yields, reinforcing a trend of declining corn reliability in the region.

This EU's newly implemented import quotas on Ukrainian grain mark a significant policy shift. The curbs sharply reduce Ukrainian wheat inflows, forcing the bloc to rely more heavily on internal supply. This is expected to stimulate intra-EU trade, with surplus producers such as Romania positioned to supply deficit nations. French wheat is forecast to trade at $211/t in October, rising to $228/t at its seasonal high, while French corn is projected to bottom at $209/t in September before peaking at $222/t in January 2026.

The displaced Ukrainian grain will be redirected to the global markets, intensifying competition for western European exporters in non-EU destinations. France, in particular, faces headwinds in maintaining market share amid abundant Black Sea supply and redirected Ukrainian volumes.

With a stronger wheat output, the market outlook remains bearish. Projected ending stocks are set to reach multi-year highs, weighing on prices. Exporters face stiff competition, and the challenge for western European wheat will be main-

Biofuel agricultural feedstock prices $/t



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taining relevance in saturated global markets. Barley offers a potential bright spot. France's winter barley is recovering, while Black Sea supply remains tight. Should this dynamic persist, French barley could find renewed export opportunities later in the year.

Fossil fuel demand and prices

Gasoline cracks weaken as oversupply continues

European gasoline cracks softened in June, falling by $3.38/bl to $12.41/bl, as rising crude price volatility and fluctuating feedstock costs weighed on margins. The Atlantic basin's supply of gasoline is expected to continue to increase through the second half of this year and the region should remain a major exporter. This oversupply is colliding with weakening import demand from key outlets, notably the US and west Africa.

Nigeria's Dangote refinery has begun to reshape regional balances. The facility's residual fluid catalytic cracker unit exported its first gasoline cargo in June, while crude receipts reached a new high, signalling rising utilisation. As domestic output ramps up, west African import demand is expected to decline further. Preliminary data show northwest Europe's gasoline exports to west Africa fell to a multi-year low in June, underscoring the growing impact of Dangote's emergence on global trade flows.

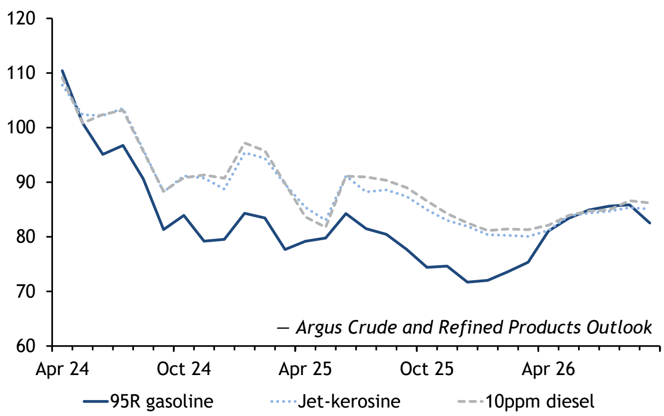
Diesel inventories fall to 18-month lows

OECD Europe diesel inventories fell to 464mn bl in April, the lowest since December 2023. At the same time, reduced availability of biodiesel and renewable diesel in the US has lifted fossil diesel demand, limiting transatlantic flows and reinforcing the need for elevated European prices to attract east-of-Suez arbitrage cargoes.

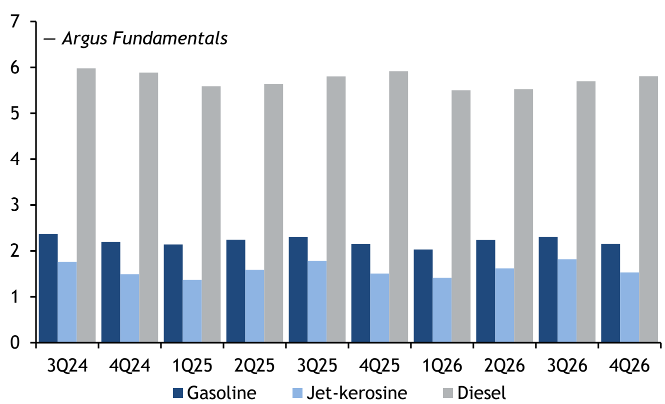
The situation is further complicated by seasonal risks. A prolonged summer heatwave could constrain refinery runs in the Mediterranean, as seen in 2023. Meanwhile, the EU's proposed ban on Russian refined product imports threatens to redraw trade flows, potentially raising delivery costs and increasing Europe's exposure to freight volatility.

Diesel cracks rose sharply in June following the outbreak of the conflict in the Middle East. The disruption halted Israeli natural gas exports and prompted Egypt and Jordan to increase diesel and gasoil imports for power generation, tightening availability across the wider European market.

European fuel prices *$/bl*



European fuel demand *mn b/d*



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NORTH AMERICA

Summary

This month

The Environmental Protection Agency's (EPA) proposed 2026-27 Renewable Volume Obligations (RVOs) surprised to the upside, with a headline biomass-based diesel requirement of 5.61bn USG (21.24bn litres). The agency's modelling suggests actual demand could reach as high as 6.83bn USG, marking a significant uplift in mandated volumes. In parallel, the EPA proposed halving the number of renewable identification numbers (RINs) generated by foreign fuel or feedstock, a move that sharply recalibrated market expectations and triggered a rally in soybean oil prices. The shift reinforces the premium on domestic feedstocks and signals a structural reordering of supply chains.

But RIN markets failed to keep pace with the surge in feedstock values. Concerns over the 183 outstanding small refinery exemptions (SREs) weighed on sentiment, limiting gains despite tightening balances. In California, the Low Carbon Fuel Standard (LCFS) market turned a regulatory corner as the California Air Resources Board's (CARB) long-awaited rulemaking was approved on 26 June, allowing more stringent targets to take effect from 1 July. But the market reaction was muted, with a growing credit bank suppressing prices.

Next month

Further clarity emerged with the passage of the US federal budget bill in early July, which outlined eligibility criteria for the 45Z tax credit starting in 2026. The removal of indirect land use change (ILUC) penalties for crop-based feedstocks and the restriction to North American origins are expected to supercharge soybean oil demand. At current RIN values, foreign feedstocks could forgo as much as $1.27/USG, reinforcing the shift towards domestic supply.

The EPA held a virtual public hearing on 8 July to discuss the proposed 2026-27 RVOs, with a public comment period open until 8 August. The foreign RIN provision is likely to face pushback from coastal renewable diesel producers reliant on imported waste feedstocks. And the unresolved SRE backlog will continue to cast a shadow over RIN markets, constraining price recovery as feedstock costs rise.

3-6 months ahead

The final barrier to a clear demand outlook remains in the EPA's stance on SREs. The agency is expected to finalise the 2026-27 RVOs by 31 October and may take limited action on 2024-25 exemptions, whereby volumes can still be reallocated. Broader resolution of pre-2024 SREs is more complex and politically fraught. The key question is whether volumes will be reallocated.

6-12 months ahead

With a multi-year RVO framework in place, the biomass-based diesel industry will enter 2026 in recalibration mode. The new 45Z regime will favour domestic feedstock and reduce incentives for sustainable aviation fuel (SAF). Although the transition away from the blender's tax credit (BTC) earlier this year proved disruptive, the upcoming shift may be smoother. US soybean oil supply chains are well-established and readily scalable, supporting a recovery in biodiesel production as producers adapt to a new incentive structure.

Regulation

US EPA proposes record biofuel blend mandates

The administration of US president Donald Trump has proposed record-high biofuel blending mandates for 2026 and 2027, including a significant increase in biomass-based diesel — 5.61bn USG in 2026 and 5.86bn USG in 2027, up 67pc and 75pc from current levels.

The EPA also announced plans to reduce RIN credits for foreign biofuels and feedstocks, potentially boosting domestic crop demand while impacting import-reliant producers. Despite considering a less restrictive approach for select countries, the agency expects imports to supply 38pc of biomass-based diesel next year. Total RIN requirements would rise to 24.02bn in 2026 and 24.46bn in 2027, with corn ethanol mandates remaining flat at 15bn RINs.

The proposal lacks clarity on SREs, which could affect up to 18bn USG of fuel each year in 2026 and 2027. Over 100 exemption requests remain unresolved. The EPA intends to finalise the rule by November, but legal challenges are anticipated.

The proposal points to reducing RIN credit values for renewable diesel, acknowledging a prior oversight that gave it a competitive edge over biodiesel. Under the new rule, renewable diesel and jet fuel would generate 1.6 RINs/USG, and renewable naphtha 1.4 RINs/USG — down from up to 1.7 RINs/USG. Biodiesel remains at 1.5 RINs/USG, narrowing but not

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eliminating the credit gap. The EPA is accepting public comments and may revise the rule before finalising it. The agency aims to restore the Renewable Fuel Standard (RFS) to its statutory timeline, with final mandates expected by November.

EPA adds cellulosic waiver credits to RFS rule

The EPA has finalised changes to the RFS' cellulosic biofuel category, allowing refiners to purchase fixed-price waiver credits to meet 2024 blending mandates. The 2024 cellulosic target was retroactively lowered from 1.09 to 1.01bn RINs, aligning with actual production. Waiver credits will be priced at $1.61 each and are non-transferable, usable only for 2024 compliance. Refiners must also retire an advanced biofuel RIN to meet broader category obligations.

The agency anticipates another shortfall in 2025 and proposes reducing this year's mandate to 1.19bn RINs, with waiver credits likely available again. The EPA also proposed 2026 and 2027 targets of 1.30bn and 1.36bn RINs, aiming to avoid future waivers.

US House passes major bill tweaking biofuel credit

The US House of Representatives on 3 July passed a bill reforming the 45Z tax credit. Already approved by the Senate and awaiting President Donald Trump's signature, the legislation extends the credit through 2029, offering up to $1/USG for lower-emission fuels.

Previously set to expire in 2027, the revised 45Z limits eligibility to North American feedstocks and excludes indirect land use emissions from carbon intensity (CI) calculations, increasing subsidies for crop-based fuels.

The reforms favour biodiesel producers reliant on domestic vegetable oils, with smaller plants (up to 60mn USG annually) eligible for an additional $0.20/USG tax break on up to 15mn USG in 2025 and 2026. Corn ethanol and dairy biogas producers may also benefit from recalculated carbon intensities. But large renewable diesel plants using imported feedstocks such as Asian used cooking oil (UCO) face challenges. The bill also reduces support for SAF by cutting a multiplier that boosted subsidies for the fuel.

California office approves LCFS changes

From 1 July, California started enforcing revised LCFS rules. The updated regulation, delayed six months by regulatory review, mandates a 9pc CI reduction for gasoline and diesel in the second half of 2025. It also sets a 30pc reduction target by 2030 and introduces automatic tightening of targets when credit supply exceeds demand.

The revisions aim to address a persistent credit surplus that has weakened market incentives. LCFS credit prices have dropped from $200/t in 2021 to around $40/t, with 1.6 times the surplus over 2024 deficits. The new rules limit credits from crop-based biofuels and are designed to stabilise the market. Initial market response was mixed as credits briefly rose 11pc before retreating, with minimal impact on fuel prices for consumers.

Political reactions are divided. Republican lawmakers warn of potential $0.65/USG fuel price hikes, while Democratic senators propose capping credit prices and exploring regional standards. Governor of California Gavin Newsom defended the rule, citing its role in reducing fossil fuel use and supporting zero-emission vehicles.

US tweaks clean fuels credit model

The US Department of Energy has updated its emissions model used to determine eligibility for the 45Z tax credit, which rewards low-carbon fuel production. New additions include wet mill corn ethanol, biodiesel using coal for heat, and carbon used in enhanced oil recovery. These updates allow more producers to calculate CI scores, but most fuels still exceed the threshold without upgrades such as carbon capture.

Despite the changes, many producers remain ineligible. Dry mill ethanol is still too carbon-intensive, and wet mill ethanol typically uses even more energy. Industry concerns remain, such as unclear rules on whether fuel sold to traders qualifies. Some advanced biofuels, such as cellulosic ethanol from corn fibre, are still excluded.

The DOE also added coal mine methane to the list of eligible alternative gases, alongside biogas from manure and landfills. Although a separate hydrogen tax credit may expire, the extended 45Z credit could become a more stable incentive if proposed legislation passes.

Demand

Ethanol

US exports rebound on strong UK demand

US ethanol exports rebounded in May as the US tripled its exports to the UK to the highest levels in over a year and Canadian purchases increased 8.2pc for April. May exports of 141,400 b/d were up 20pc on year-ago levels and marked a record for the month. The boost came even as exports to India tumbled by 64pc as the country redirected a record rice

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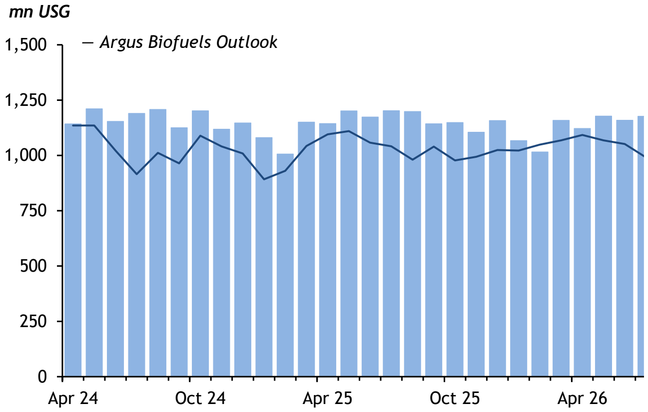
US ethanol demand and blend level



surplus into domestic ethanol production. India's blend rate reached 19.7pc in April, edging closer to its 20pc target for 2025 and signalling a more self-sufficient trajectory.

June exports are on track to decline 1.7pc from May, taking first-half-2025 exports to 225.4mn bl, or 10pc above year-ago levels. Yet the outlook remains clouded by trade policy uncertainty. Although provisional agreements have been reached with China and the UK, negotiations with the EU, Japan, Vietnam and others are still under way. The risk of retaliatory tariffs looms large, threatening to dismantle export channels that have helped absorb excess US supply. In a structurally oversupplied market, the loss of key outlets could prove destabilising. The administration of President Donald Trump extended until 1 August a temporary pause on "reciprocal" tariffs that was set to expire 9 July.

Production hits six-month high, but inventories build

US ethanol production rose to a six-month high in June, at 1.09mn b/d, as falling corn prices and the onset of summer driving season incentivised output. The production uptick added 380,000 bl to inventories over the month, pushing stocks 7pc above year-ago levels. Inventory cover stood at 25.9 days of domestic demand in June, down from 26.5 in May. Output typically rises by around 4pc from June to July, in line with seasonal gasoline demand.

Demand stagnates, as blend rate ticks down

US ethanol demand is forecast to average 894,000 b/d this year, up less than 1pc from last month's outlook of 891,000 b/d, reflecting a modest upward revision to gasoline consumption. The average blend rate has been trimmed to 10.03pc from 10.04pc, still slightly above last year's 10.02pc, despite a shrinking gasoline pool.

Total ethanol demand is forecast at 13.72bn USG in 2025, down from 13.77bn USG in 2024 and 8.5pc below the 15bn USG volumetric blending mandate. In 2026, demand is expected to decline by less than 1pc to 886,000 b/d, with blend rates rising to 10.08pc, still leaving a 9.4pc shortfall against the 2026 mandate.

The limited uptake of E15 continues to constrain ethanol's growth potential. Although regulatory waivers have enabled summer sales, infrastructure bottlenecks and consumer behaviour have hindered meaningful gains. An review of the past three years shows no discernible increase in either volumetric consumption or blend rates during waiver periods, underscoring structural barriers to deeper market penetration

Renewable diesel

Margins worsen, throttling output as SAF surges

US renewable diesel (RD) production fell sharply in May,

US biofuel demand outlook

Product	Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25	3Q25	4Q25	1Q26	2Q26	3Q26
Biofuel											*mn USG*
Ethanol	1,144	1,201	1,174	1,203	1,199	1,143	3,545	3,412	3,242	3,459	3,498
Biodiesel	111	96	123	136	136	142	414	458	520	439	438
Renewable Diesel	264	183	227	264	288	303	854	963	1,137	1,000	973
Total	**1,519**	**1,480**	**1,523**	**1,602**	**1,623**	**1,589**	**4,813**	**4,833**	**4,900**	**4,898**	**4,909**
Biodiesel and renewable diesel feedstocks											*mn lbs*
Canola oil	135	161	147	278	219	158	655	856	370	434	475
Corn oil	393	277	335	338	428	453	1,219	1,373	1,941	1,512	1,335
Soybean oil	829	871	1,106	1,144	1,296	1,427	3,868	4,453	4,107	4,335	4,227
Tallow	771	440	545	701	666	698	2,064	2,414	3,233	2,053	1,837
Yellow grease	448	321	475	518	563	583	1,664	1,548	2,743	2,405	2,648
Other	100	76	83	95	93	108	296	294	371	340	346
Total	**2,675**	**2,147**	**2,693**	**3,074**	**3,265**	**3,427**	**9,766**	**10,939**	**12,765**	**11,080**	**10,868**

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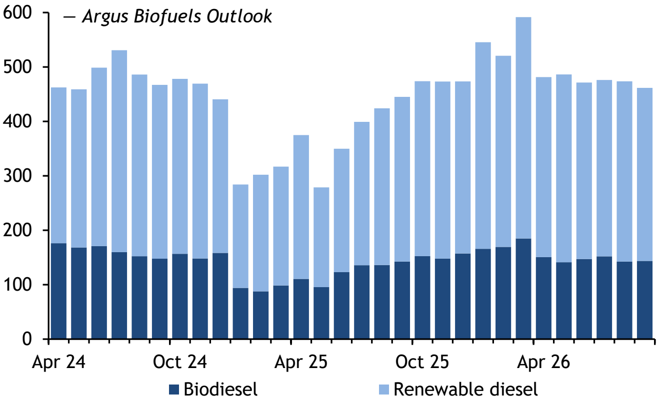
US biodiesel and RD consumption *mn USG*



down 21pc on the month as average margins deteriorated by 15pc. Producers ran at an estimated 54pc of capacity in May, down from 66pc in April and well below the 70pc utilisation rate seen a year earlier. The Midwest bore the brunt of the decline, accounting for nearly half the 331,000 bl drop in output. Production in the region was down 23pc on the year, while Gulf coast and west coast hubs each slipped by 2.5pc from April.

The Gulf coast's share of domestic production has fallen to 38pc from 59pc in 2024, while the west coast now accounts for 45pc, up from 24pc in April last year. Maintenance activity at west coast facilities is expected to weigh further on output in the second quarter.

In contrast, sustainable aviation fuel (SAF) production rose 23pc in May to a record 16.5mn USG, a fourfold increase on the year. SAF accounted for 8pc of total RD/SAF output in May, up from 5pc in April, supported by a more favourable 45Z tax credit and limited import competition

RD exports fall as supply tightens

Exports have remained a critical pressure value for the RD/SAF industry, helping to balance domestic oversupply and support margins. RD exports accounted for 13pc of domestic production in the first four months of 2025, up from 9pc in the first quarter. Canada, the Netherlands and Norway remain key buyers. But preliminary data for May show a 29pc drop in exports, with further declines of 11pc expected in July as tight US supply limits outbound flows.

SAF exports have risen more sharply, with 47pc of output shipped abroad in the first five months of the year, up from 41pc during the first quarter. Meanwhile, imports of both RD and SAF have collapsed. RD imports are down 82pc on the year as foreign volumes remain ineligible for 45Z credits.

Imports accounted for 17pc of RD demand in 2024 but just 2.7pc so far this year. SAF imports have fallen 34pc through May and are on pace to run 68pc short of 2024 levels. The US relied on imports for 65pc of its SAF demand last year, a figure that has dropped to 28pc in 2025.

Demand outlook deteriorates as margins tumble

We have revised our second-to-fourth quarter demand outlook by 13pc to 2.49bn USG, reflecting a sharp deterioration in margins through May and June. Average margins fell 15pc in May and a further 25pc in June, as concerns over SREs weighed heavily on RIN values. With producers curtailing output in response, demand has become increasingly supply-constrained.

Second-quarter demand is now forecast at 674mn USG, down 21pc from last month's estimate, while third-quarter demand is seen at 854mn USG, down 15pc. Fourth-quarter demand has been trimmed by 5pc to 963mn USG. Total 2025 demand is now projected at 3.11bn USG, 15pc below 2024 levels. Blend rates are expected to average 5.74pc in the second half of the year, down from 6.38pc previously and 6.27pc in the same period last year.

Our 2026 outlook remains more positive. First-half demand is forecast at 2.14bn USG with an average blend rate of 6.77pc, reflecting the potential for SREs and deficit carryover to erode compliance obligations. Full-year 2026 demand is projected at 4.15bn USG, a 25pc increase on 2025 levels.

Biodiesel

RIN rout squeezes margins, throttles output

US biodiesel production fell 5pc in May as margins slipped into negative territory, averaging minus $0.05/USG. Rising soybean oil (SBO) prices outpaced falling RIN values, widening the soybean oil-heating oil (BOHO) spread by 11pc. D4 RIN premiums collapsed by 50pc over the same period, eroding returns and forcing producers to lift spot premiums to conventional diesel by an average of 52pc month on month. In some markets, premiums reached as high as $0.50/USG — levels that risk demand destruction as cost-sensitive blenders scale back discretionary blending.

Margins turn positive in June, but rationalisation persists

June brought a modest reprieve to biodiesel margins. The BOHO spread narrowed by 5pc, while the D4 premium to BOHO more than doubled to $0.11/USG, lifting margins for soybean-oil derived biodiesel to $0.12/USG, the highest since December 2024. Spot premiums to conventional diesel rose

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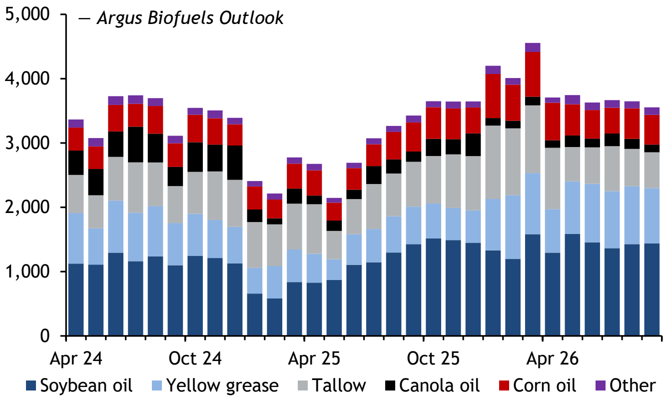
US biodiesel and RD feedstocks demand *mn lbs*



by 41pc to $0.29/USG, supported by tight local supply amid low capacity utilisation and minimal imports. The improved margin environment prompted the restart of the US' largest biodiesel facility in Port Neches, Texas. Still, rationalisation continued, with FutureFuel idling its 4,700 b/d Batesville, Arkansas, facility.

Exports drop to eight-year low

Domestic biodiesel production is down 58pc to the lowest in 11 years, dragging exports to an eight-year low. With imports also sharply reduced, demand in 2025 is increasingly a function of available supply. The US northwest remains particularly tight, with premiums to conventional diesel hovering near $0.50/USG. Biodiesel, when stripped of its environmental attributes, typically trades at a discount to diesel.

Imports fell by 23pc in May to just over 1mn USG per month, the lowest since 2013. Imports have accounted for just 3.5pc of US demand in 2025, down from 20pc in 2024. Year-to-date volumes are at a 14-year low, down 92pc on the year, as foreign product remains ineligible for federal tax credits.

At least 10 biodiesel facilities have closed or idled, citing uncertainty around federal blending policy. Industry rationalisation has reached 35pc, more than triple the 10pc seen in the RD sector — reflecting the lack of incentives for crop-based feedstocks under the 45Z credit. Volatility in the BOHO spread and the absence of 2025 guidance for the 45Z are expected to plague production economics for the remainder of the year. Nonetheless, the sector has shown resilience, with producers leveraging higher spot premiums to maintain viability. Demand has proven elastic to pricing, but only up to a point.

Demand trimmed on slow 2025 recovery

We have trimmed our 2025 demand forecast marginally to 1.48bn USG, following weaker-than-expected March data that pulled down blend rate assumptions. The 2025 blend rate is now forecast at 2.43pc, down from 2.48pc. Blending is expected to recover to 2.93pc in the fourth quarter, up from 1.83pc in the first, but still well below the 3.21pc average recorded in 2024.

A full recalibration to optimise the 45Z credit is unlikely before 2026, when new guidelines are expected to enhance incentives for crop-based fuels. Biodiesel demand is forecast to recover to 1.87bn USG in 2026, up 1pc from last month's projection. The 2026 blend rate is expected to average 3.08pc, supported by domestic feedstock provisions and improved crediting for crop-based production.

Feedstocks

Demand hits 18-month low as production slows

US feedstock consumption fell to its lowest in a year and a half in May, declining by an estimated 20pc to 2.15bn lbs (975,220t). The drop mirrors the sharp contraction in RD and biodiesel output, which fell by 21pc and 5pc, respectively. Tallow is expected to play a larger role in feedstock slates for the remainder of 2025, second only to soybean oil, as imports surge under favourable 45Z eligibility. Record consumption levels are likely to continue as producers lean into cost-effective, credit-eligible inputs.

Feedstock demand is forecast to rebound to 2.69bn lbs in June, in line with a modest recovery in RD and biodiesel production. Our full-year 2025 outlook has been revised down by 8pc to 35.62bn lbs, reflecting lower utilisation rates. Tallow is expected to account for 24pc of total feedstock use in 2025, up from 20pc last year. Tallow demand is expected to average 692mn lbs, down 2pc on last month's forecast and up 2pc on year-ago levels, as US producers tap heavily into import markets but run at reduced rates.

White grease consumption climbed 5pc to 54mn lbs — the highest in half a year as choice white grease offers an affordable alternative to tallow.

Soybean oil steady, canola slumps

Soybean oil consumption was largely unchanged at 829mn lbs in May, maintaining its lead over tallow for a second consecutive month. It accounted for 31pc of the feedstock slate, up 30pc in April. But overall use remains 26pc below year-ago levels, as current 45Z guidance disadvantages crop-based feedstocks. RD consumption of soybean oil fell 23pc from March, while biodiesel soybean oil use rose 15pc. The

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biodiesel sector now accounts for 69pc of soybean oil use, with RD making up the remaining.

We trimmed our second-half 2025 soybean oil outlook by 6pc to 1.4bn lbs/month to reflect lower production outlooks for RD and biodiesel, as well as an increasing reliance on imported tallow throughout 2025.

UCO share shrinks

UCO demand declined 9pc in April to 445mn lbs, accounting for 17pc of the feedstock slate compared to an average 19pc during the first quarter, and down from 23pc the same period last year. UCO imports have largely stabilised since March, demonstrating the industry has largely adapted to foreign feedstock restrictions. We cut our 2025 yellow grease outlook by 7pc to 5.87bn lbs, as weaker production expectations weighed across the board.

Corn oil demand rose 2pc in April and is now 4pc below all-time highs. Distillers corn oil (DCO), which offers the highest 45Z return among feedstocks, made up nearly 15pc of the feedstock slate in April. June demand is projected at 475mn lbs, or 12.5pc of the slate, as reduced production and a preference for tallow weigh on volumes. We continue to estimate corn oil demand at 13pc of the feedstock slate for 2025.

Credits

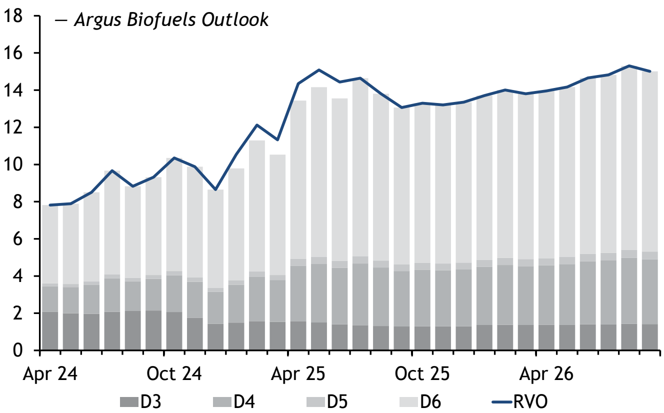
RINs/RVO

RIN balances tightening, but RD margins on the rise

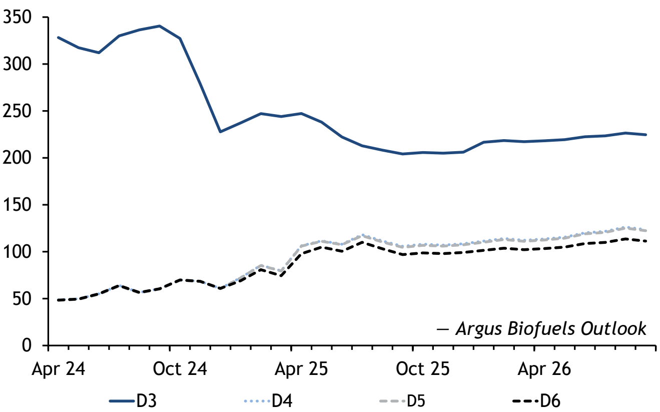
May RIN generation fell 7pc from April levels as D4 output tumbled 14pc, while D6 output rebounded 4.6pc. D4 generation reached 2.61bn credits for the first five months of 2025, down 28pc on year-ago levels.

Non-cellulosic advanced RIN production is running around 19pc under levels required for 2025 compliance. We expect curtailed production from the RD sector to persist throughout 2025 as sub-optimal margins prevent producers from materially lifting output. RD margins fell 21pc in June when considering the prevailing feedstock slate. Soybean oil-based biodiesel margins on the other hand rebounded and returned to positive territory for the first time in three months. RIN prices are not anticipated to keep sufficient pace with the BOHO spread in July, which could provide headwinds to biodiesel production. We estimate margins for soybean oil-based biodiesel producers, the marginal producers of D4 credits, are at breakeven with a D4 price of $1.20/RIN at current BOHO levels. We expect RIN balances to tighten further in June given a particularly challenging RD margin environment.

Argus RVO breakdown by RIN category *¢/USG*



RIN price forecast *¢/RIN*



US RIN & LCFS price outlook

Credit	Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25	3Q25	4Q25	1Q26	2Q26	3Q26
RIN											*¢/RIN*
D3	247	238	222	213	208	204	208	206	217	220	225
D4	106	112	108	118	111	106	112	108	112	116	124
D5	106	111	108	117	110	105	111	107	111	115	123
D6	98	105	100	110	103	97	103	99	102	106	112
RVO ₡/USG	14	15	14	15	14	13	14	13	14	14	15
LCFS											*$/t*
California LCFS	58	54	45	51	55	58	55	63	71	77	82

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D6 output is poised to grow in June as US ethanol production rebounded to a six-month high, while D6 generation typically peaks in June or July. D6 generation during the first five months of the year was down 1.8pc on year-ago levels given a particularly heavy spring maintenance season. We note heavier export activity and lower domestic blend assumptions are likely to lead to greater D6 retirements. We currently forecast D6 generation falling at least 1.28bn RINs short of the 15bn RIN conventional renewable fuel mandate.

D4 prices fall on BOHO weakness, SRE concerns

D4 RIN prices fell 3.2pc in June to $1.08/RIN as the BOHO spread narrowed 5pc over the course of the month. The BOHO briefly reached the widest level in a year and nine months following the announcement of record 2026-27 RVOs, before falling sharply as diesel strength materialised. Overall, the BOHO spread proved particularly volatile over the course of June, ranging from $1.38/USG to $1.74/USG over the course of just three sessions before closing out the month at $1.59/USG. Stronger soybean oil pricing has lifted the BOHO spread in the opening sessions of July, outpacing our expected increase in diesel prices, although we caution that fresh tariffs news could weigh on soybean oil prices, which would upend our current D4 forecast.

Mounting SRE concerns continued to plague the marketplace throughout June, although the premium for D4 RINs to the BOHO spread increased by around $0.02/USG, or 5pc, from levels in May as 2026-27 RVOs came in above expectations. The government signalled it intends to address the 26 outstanding 2024 SREs, representing an estimated 12.1bn USG of obligated fuel, or over 1.51bn RINs. If SREs are approved, RINs set aside for compliance could be sold into the marketplace by non-obligated parties, increasing RIN supply against stable demand if volumes are not reallocated. Conversely, the EPA could opt to reallocate waived volumes to 2025 RVOs, raising the percentage standard for non-exempt obligated parties. To date, six 2025 petitions have been received with an average refinery size of 40,400 b/d. The EPA faces 183 pending petitions spanning 2016-24, all of which must be examined by their individual merits.

The spread for 2024 vintage D4 RINs to 2025 D4s widened to more than $0.08/RIN in June from as low as $0.05/USG in May as the 2026-27 RVOs surprised to the upside, spurring outsized buying for 2025 vintage credits. The premium for 2026 vintage D4s to 2025 credits reached as wide as $0.095/RIN in June. Barring SRE action, we expect strength in 2025 D4 RINs to gradually narrow the spread to 2026 D4s as current-year RIN supply tightens.

The D4/D6 spread widened to $0.085/RIN over the course of June as tighter D4 generation levels and higher proposed biomass-based diesel obligations for 2026 saw D4 prices outpace D6 values.

D4 outlook bolstered on feedstock rally

We have revised our D4 RIN forecast higher to reflect stronger feedstock pricing and tightening D4 supply. We now see D4 prices averaging $1.02/RIN in 2025, up 7pc from last month's outlook. Our second-half 2025 forecast was lifted to $1.095/RIN, up 12pc from $0.98/RIN in the prior month's forecast as soybean oil prices are estimated to outpace increases in diesel prices for the forecast period. Our first-half 2026 forecast stands at $1.145/RIN, up 16pc from last month's forecast of $0.99/RIN, reflecting substantial accretion in feedstock pricing. The approval of SREs without reallocating volumes to future obligations would blunt our bullish RIN outlook.

D3 market tumbles on 2025 waiver, CWCs

Our D3 forecast was revised sharply lower as the EPA proposed to issue a partial waiver of the 2025 cellulosic obligation in addition to making 2024 and 2025 cellulosic waiver credits (CWCs) available. D3 prices fell $0.21/RIN, or 9pc over the course of June, to $2.09/RIN as the EPA proposed reducing the 2025 cellulosic obligation to 1.19bn USG from 1.38bn USG, a cutback of 14pc.

D3 prices are forecast to fall to $2.13/RIN in July, with prices averaging $2.09/RIN for the second half of 2025, down 11pc on last month's outlook. D3 prices traded at a 75pc discount to the theoretical alternative price of compliance of a CWC plus D4/D5 credit. We expect D3s to trade at discounts of 30pc or great to the alternative price of compliance for the remainder of 2025. Our first-half 2026 D3 forecast was cut to $2.19/RIN from $2.53/RIN as the EPA used a much less aggressive 9pc annual growth rate to establish its 2026 target, while the availability of 2025 CWCs is expected to cut the amount of cellulosic deficit carried into 2026.

LCFS

Outlook trimmed despite rulemaking adoption

Low Carbon Fuel Standard prices rebounded 6pc to $50/t over the course of June as CARB's stringent rulemaking was approved on 27 June for 1 July implementation. The market impact was muted as the immediate 9pc stepdown in CI targets will not apply to volumes from the first two quarters of 2025, while a record surplus of credits stood in the way of an outright rally. We continue to expect price spikes in

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the coming months to be short-lived given the structural oversupply of California's LCFS market.

We expect July prices to average $51/t, down $5/t from last month's forecast. Our second-half 2025 outlook was cut by 12pc to $57/t, with continued growth in the cumulative credit bank expected to weigh heavily on price action.

We continue to expect reduced RD and biodiesel output as well as reduced imports to slow credit growth in 2025. We estimate first-quarter 2025 credit generation (to be published end of July) to slow by 540,500 credits, or 5.3pc from the fourth quarter of 2024, while diesel deficits could grow by nearly 1pc. Overall, we see the cumulative credit bank growing by 3.7mn credits to 41mn credits, the slowest rate of growth since the second quarter of 2024. Should a similar rate of growth persist into the second quarter, the cumulative credit bank would grow to 44.7mn credits.

Structural oversupply also weighed on our first-half 2026 outlook, which was cut 11pc to average $74/t. By the third quarter of next year, we expect LCFS credit prices to average $82/t.

Prices

Ethanol

Rising production and flagging exports weigh

US ethanol prices are expected to trend lower for the remainder of 2025 as rising production and slowing exports pressure values against weakened corn prices and higher gasoline prices.

Prices at the Chicago Argo ethanol hub are set to average $1.56/USG during 2025, down 5pc from our previous estimate as June prices came in lower than anticipated and US ethanol production rebounded to the highest level in six months. Argo prices are projected to average $1.49/USG, down 7.5pc from last month's estimate as corn prices are expected to fall 7pc from the previous quarter to average $211/t, down 1pc from our previous month's forecast.

We anticipate ethanol prices will average $1.57/USG during the summer driving season from June through August before falling to $1.33/USG in the fourth quarter as lower seasonal demand leads to an inventory build equivalent of 27.6 days of coverage, down from 28.7 days in last month's forecast. Prices are expected to recover to $1.45/USG in the first half of 2026 as corn prices firm to $227/t, from $213/t during the second half of 2025.

Biodiesel

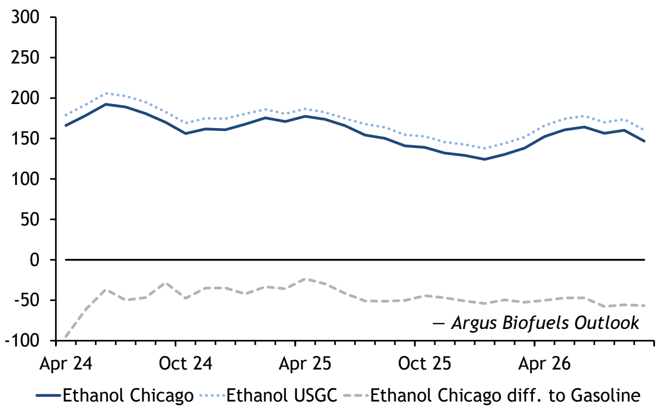
B99 prices firm on soybean oil strength

B99 US Gulf coast values are set to rise to $2.44/USG in July as stronger feedstock pricing and RIN values build on firmer diesel pricing. Although biodiesel margins improved markedly in June, B99 still trades at premiums to conventional diesel as curtailed production has limited domestic availability. Spot premiums insulate margins from lower 45Z values and a lack of sufficient RIN strength.

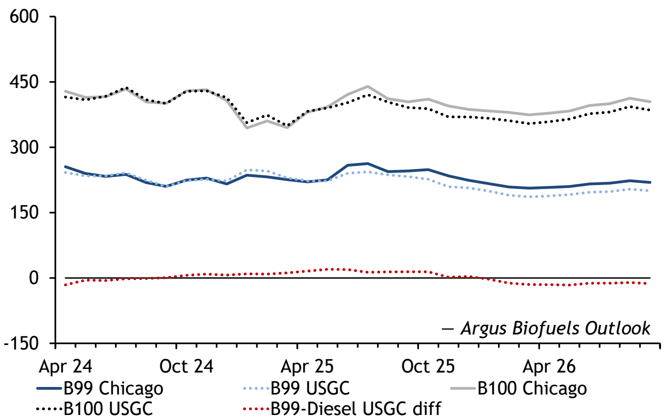
Our second-half forecast has been revised upwards to $2.30/USG from $2.25/USG, reflecting expectations of higher diesel, soybean oil and RIN pricing over the period. We expect biodiesel premiums to average $0.14/USG over the second half of the year, up from $0.12/USG in last month's forecast.

Expected BOHO strength is anticipated to outpace RINs throughout July, which will provide headwinds to margins, all else equal. We continue to expect losses in soybean oil

US ethanol prices *¢/USG*



US biodiesel prices *¢/USG*



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to outpace diesel over the course of August and September, and reverse in October with seasonal diesel demand and the start of the soybean harvest.

The market began preparations in April to increase output in the second half, bringing idled soybean crush capacity back on line. The May crushing rate was up 6.3pc on year-ago levels and set a third consecutive monthly record as crush margins reached the highest levels in half a year. Nonetheless, biodiesel margins remain fragile, with a tenth facility going idle in June.

B100 price forecasts up

US Gulf coast B100 prices are forecast to average $3.91/USG in the second half of 2025, up 6pc from last month's forecast of $3.71/USG. Our third-quarter forecast was raised to $4.05/USG from $3.72/USG, while fourth-quarter values stand at $3.76/USG. US Gulf coast B100 prices are forecast to average $3.64/USG during the first half of 2026.

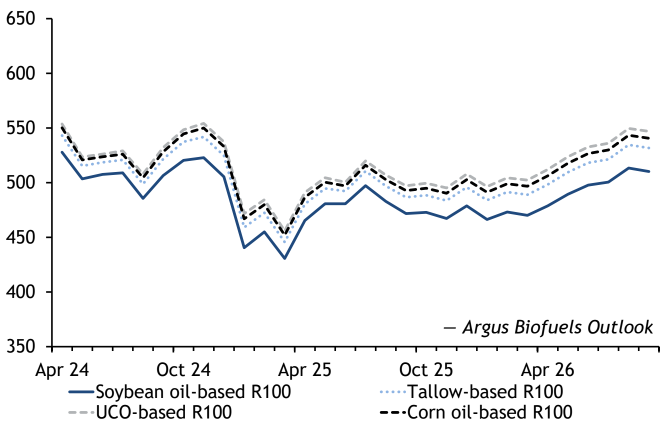
Renewable diesel

R100 prices to wane on diesel losses

R100 prices were little changed on average in June over the previous month averaging $4.90/USG as weaker RINs and LCFS prices played out against a stronger California diesel basis and gains in feedstock prices. Feedstock prices averaged 3.3pc higher over the period, while the California diesel basis was up 4.7pc.

RD margins tumbled 25pc on average in June from the previous month, as RINs tracked lower against gains in feedstock pricing. Margins declined 15pc during May, leading to a 21pc drop in RD production, taking RD utilisation down to 54pc from 66pc in the previous month. Further RIN strength is required to see a return to higher output from the RD industry. At current diesel and feedstock prices, the D4 RIN would need to reach $1.45/RIN to support a return to 80pc utilisation rates.

US renewable diesel prices ¢/USG



The premium for RD-generated RINs to the BOHO spread rose to $0.35/USG in the opening week of July from $0.32/USG in June, indicating an improving margin environment. Average RD margins in the first week of July were up 5pc on June levels. Enhanced feedstock optimisation allowed for producers to eke out additional margin, but the RIN weakness relative to feedstock pricing witnessed throughout May and June is not sustainable.

RIN support offset by weak diesel

Robust feedstock strength and firmer RIN and LCFS markets are expected to drive stronger R100 prices in July, while weaker California diesel prices provide headwinds. Average R100 prices are forecast to reach $5.11/USG in July, up 4.2pc on June levels, and then average $4.98/USG during the third quarter, up 8.5pc on our previous forecast. We have revised our second-half 2025 forecast to $4.94/USG from $4.70/USG last month, amid upward revisions to our feedstock and RIN price forecasts.

With passage of the budget bill, the production landscape for RD in 2026 has come into focus. Eligible feedstock will be limited to North America, while the removal of land-use change penalties will increase the competitiveness of domestic crop-based feeds, particularly soybean oil. We raised our first-quarter 2026 forecast by 3pc to $4.89/USG to reflect higher 45Z credit values, strong feed demand and more robust blend mandates, with our first-half 2026 average R100 price at $5.02/USG.

SAF

Prices rebound on credit gains, 1H26 revised higher

Tallow-based SAF prices are forecast to rise by 2pc from June to $4.26/USG as higher RIN and LCFS prices offset lower California conventional jet pricing. Conventional jet prices are expected to stabilise around the $2.07/USG level for July through September and average $1.96/USG during the fourth quarter, while RIN pricing will prove sluggish.

On an annual basis, SAF prices are forecast to average $4.11/USG in 2025, up from $3.96/USG in last month's outlook as a stronger credit stack and modestly higher jet fuel prices lift outright pricing. Our first-half 2026 outlook was raised to $4.16/USG from $4.01/USG, a 4pc increase from last month's outlook.

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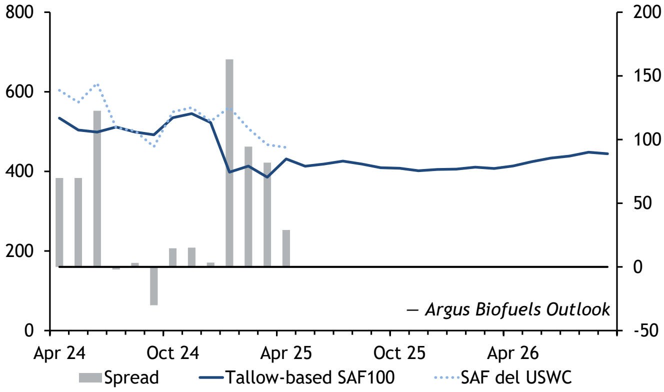
US SAF prices *¢/USG*



SAF output up fourfold, but market to lose 45Z premium

Domestic SAF production in May set a fresh record high, taking year-to-date production up fourfold on year-ago levels. We continue to anticipate growing SAF production throughout 2025 as the current 45Z guidance allows 75pc greater credit value relative to RD, while available export outlets offer lucrative alternatives for nearly half of US-produced volumes.

On average, SAF earns an additional $0.44/USG in 45Z credit value, 75pc higher across all feedstocks. SAF margins outperformed RD margins by 62pc in June and have exceeded RD margins by 34pc year to date. We expect current 45Z guidance allowing for a maximum credit value of $1.75/USG to remain in place for the remainder of 2025.

The maximum SAF credit will be cut to $1.00/USG starting in 2026, a move that was intended to put the fuel on equal footing with RD but in practice, disadvantages SAF given its higher production costs and buyer preference for waste-based feedstocks. The EPA's proposal to reduce the equivalence value for RD to 1.6 would see the two fuels compete on a more level playing field next year were it not for the sharp reduction in 45Z value. Looking forward, US SAF pivots more strongly on access to viable export markets, driven by enforced blend mandates such as in the UK, EU and British Columbia.

Feedstock

Soybean oil prices rebound on RVOs, 45Z

US feedstock prices rose 2.8pc on average in June to 19-month highs as the release of higher-than-expected 2026-27 RVOs sparked a rally in the second half of June, while biodiesel margins turned positive, driving increased demand.

Soybean oil markets led the rally as strong RVOs and increased incentives for domestic, crop-based feedstocks

US biofuel price outlook

Product	Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25	3Q25	4Q25	1Q26	2Q26	3Q26
Ethanol											*¢/USG*
Ethanol Chicago	177	174	166	154	150	141	148	133	131	159	154
Ethanol USGC	187	182	175	168	164	154	162	147	144	173	168
Biodiesel											*¢/USG*
B99 Chicago	221	225	259	263	244	246	251	236	211	211	220
B99 USGC	223	223	240	244	237	233	238	214	192	192	201
B100 Chicago	380	393	421	440	411	404	418	397	379	386	406
B100 USGC	382	390	403	421	404	391	405	376	361	367	386
Renewable diesel (del California)											*¢/USG*
R100 (soybean oil)	465	481	481	497	483	472	484	473	470	489	508
R100 (tallow)	480	495	492	510	497	487	498	489	488	509	529
R100 (UCO)	491	505	500	520	507	497	508	501	501	523	544
R100 (corn oil)	487	500	497	516	503	493	504	496	496	517	538
SAF (del California)											*¢/USG*
SAF100 (tallow)	431	413	418	426	419	409	418	405	408	424	444
Feedstocks (US Gulf coast del rail)											*¢/lb*
SBO crude degummed	50	52	54	58	55	53	56	54	55	56	59
Tallow bleached fancy	53	57	59	62	60	58	60	58	60	60	63
UCO	53	57	59	62	60	58	60	58	60	61	63
Distillers corn oil	56	59	61	66	64	62	64	62	63	64	66

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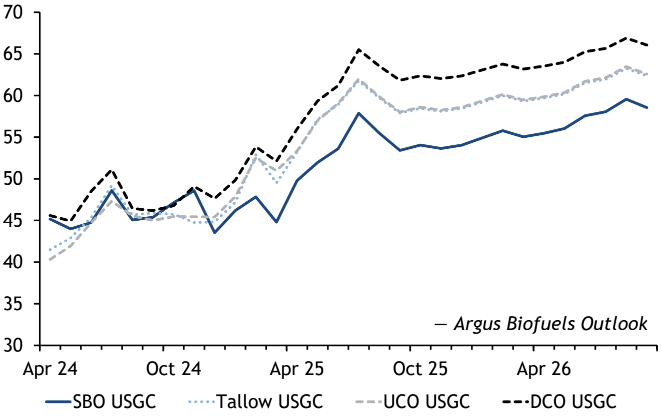
US biofuel feedstock prices



spurred buying, although gains in waste-based feedstocks soon surpassed soybean oil. The removal of the indirect land use change (ILUC) penalty will see soybean oil's 45Z premium more than double next year.

Soybean oil markets are poised to trend lower in line with seasonality, although record crushing and continued exports will underpin pricing throughout 2025. US soybean oil exports through May were up tenfold on year-ago levels, drawing down inventories by 14pc on the year. US soybean oil crushing hit a fresh record in May at 5.54mn t, up 6pc on year-ago levels. Preliminary data shows a marked decrease in soybean exports, down 72pc on May levels, while higher prices in late June likely discouraged exports further heading into July.

We forecast soybean oil prices to increase to $0.58/lb in July, up 7pc from June, although we note persistent volatility amid trade and regulatory uncertainty as well as tensions in the Mideast, which can drive swings in diesel pricing. We raised our second-half 2025 forecast to $0.55/lb, up 17pc on last month's outlook of $0.47/lb, as RVOs came in above expectations and new 45Z and RIN regulations are poised to advantage domestic, crop-based feedstocks. We see prices heading higher in the first half of 2026 as the new 45Z guidelines take effect, lifting our outlook to $0.56/lb.

Tallow prices hit 21-month high

US tallow prices reached the highest levels in 21 months at $0.59/lb in June as imports retreated from record levels amid unrelenting demand from producers. Tallow is poised to remain the pre-eminent waste-based feedstock for 2025 as current 45Z guidelines allow for both domestic and imported tallow to qualify for credits worth as much as $0.69-0.77/USG, the same levels earned from domestic used cooking oil.

FOGs prices outpaced by soybean oil gains

Premiums for fats, oils, and grease relative to soybean oil are expected to narrow in July as soybean oil markets continue to correct higher to calibrate for supportive RVOs and favourable 45Z amendments. The average premium for fats, oils, and grease to soybean oil is set to decline to $0.5/lb from $0.6/lb the previous month. This is a trend we see carrying into 2026 as soybean oil will earn more than double its current 45Z value.

UCO prices are forecast to climb by 5pc in July to $0.59/lb and average $0.56/lb for the year, up 8pc from last month's forecast. We see stable imports and curtailed production weighing on UCO prices throughout the remainder of 2025, with our second-half 2025 forecast averaging $0.59/lb. Our first-half 2026 UCO forecast was revised up to $0.60/lb from $0.49/lb as a lack of tallow and UCO imports, alongside renewed demand from the biomass-based diesel industry, bolsters pricing.

Corn oil prices rose to 20-month highs in June, even as ethanol production recovered to six-month highs. DCO can earn more than three times the 45Z value of soybean oil and commands around 16pc more credit value than UCO or tallow.

We see DCO prices averaging a premium of $0.08/lb to soybean oil over this period, up from an estimated $0.07/lb during 2025.

Fundamentals

Agricultural prices

US corn holds ground as Brazil's export pressure eases

US grain markets remain volatile, driven by speculative fund activity and weak global wheat fundamentals. Net short positions continue to dominate sentiment, although early export demand for new-crop US wheat is robust. Sales volumes are outpacing last year's levels, underscoring the competitiveness of US origins despite global oversupply.

Brazil's internal dynamics are reshaping global corn competition. A larger Brazilian crop is being absorbed domestically, driven by strong ethanol and feed demand. This limits export availability and strengthens the relative position of US corn in global markets. Chicago Mercantile Exchange (CME) corn prices have been slightly revised downward, with a seasonal low of ¢420/bu and a peak of ¢470/bu expected in February 2026. Wheat is projected to bottom at ¢515/bu in

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October 2025 before rising to ¢580/bu in March 2026. Soybean forecasts were modestly revised upward, with October prices expected at ¢1,025/bu and a March peak unchanged at ¢1,048/bu.

Logistical dynamics will be pivotal in the coming months. The high volume of early forward sales for US wheat will require sufficient quality grain to fulfil contracts, raising the risk of supply bottlenecks if quality disappoints. In contrast, Brazilian port logistics remain stable, meaning competition will hinge more on price and demand fundamentals than infrastructure constraints.

Fossil fuel demand and prices

Gasoline cracks fall despite summer driving season

US Gulf coast gasoline cracks decreased by $4.13/bl to $13.10/bl in June, defying seasonal expectations. Typically, summer driving demand supports prices, but this year's decline reflects a confluence of rising domestic supply and shifting trade dynamics.

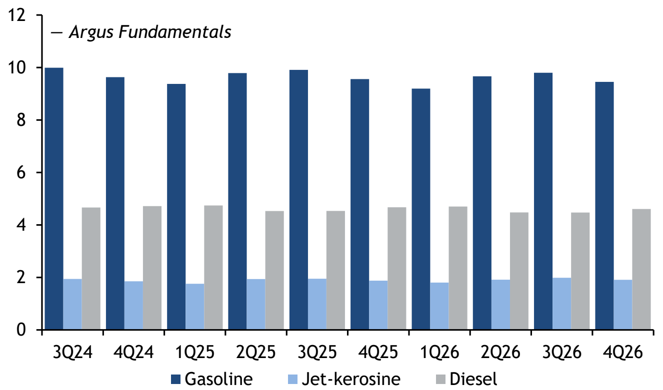
The US Gulf coast has increasingly supplied the US Atlantic coast, reducing the need for imports and limiting transatlantic flows. Exports from the US Gulf rose by 19pc on the year in the second quarter. Meanwhile, Mexico's state-owned Pemex has ramped up output to compensate for delays at the new Olmeca refinery, with May refinery runs up 23pc on the year, further easing regional supply tightness.

Fossil diesel demand rises

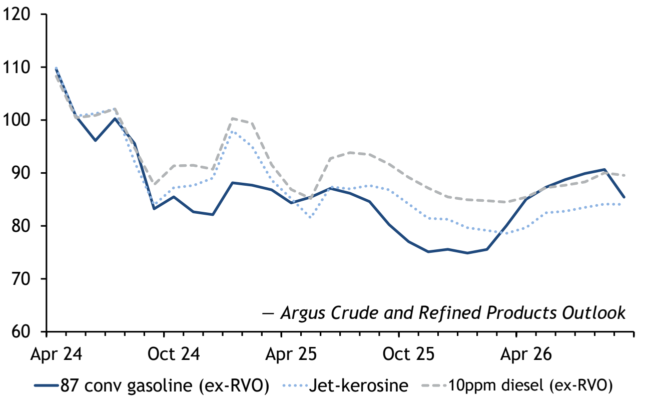
US diesel cracks continued to strengthen in June, supported by a notable shift back toward fossil fuels. Despite higher refinery runs, diesel inventories remained below historical norms. Policy uncertainty and weak margins have led many biodiesel and renewable diesel producers to scale back output, forcing buyers to revert to conventional supply.

As a result, US fossil diesel demand rose by over 150,000 b/d in the first half of the year. With renewable diesel and biodiesel availability expected to remain constrained through year-end, transatlantic flows are likely to stay limited, reinforcing the premium on physical diesel barrels in the US and Europe.

North America fuel demand *mn b/d*



North America (USGC) fuel prices *$/bl*



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SOUTH AMERICA

Regulation

Brazil to adopt E30 and B15 from August

As part of its Fuel of the Future programme, approved in October 2024, Brazil's national energy policy council (CNPE) confirmed increases to the mandatory biodiesel blend in diesel from 14pc to 15pc, and the mandatory ethanol blend in gasoline from 27pc to 30pc, both effective on 1 August.

The Fuel of the Future programme envisions a gradual increase of the mandatory biodiesel blend from 14pc in 2024 to 20pc by 2030, with potentially higher blends from 2031 onwards. Biodiesel producers' associations have lobbied for a direct increase to 20pc, but this is unlikely to happen, as challenges around feedstock supply and cost competitiveness have made it difficult to consistently meet the B14 mandate, in place since March 2024.

ANP to strengthen Renovabio compliance

Brazilian regulator ANP may penalise fuel distributors based on their total unpaid CBio credits, sparking concerns over rising prices and legal disputes. Penalties range from substantial fines to restrictions on fuel sales, and revocations of authorisation to operate in extreme cases. The new CBio rulemaking, approved in April, requires ANP to list non-compliant companies, but a federal legal opinion advises against retroactive enforcement, delaying penalties until 2026.

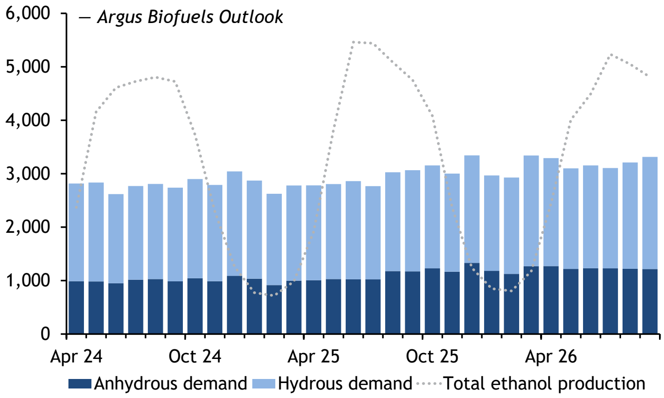
Ethanol producers responded by demanding compliance proof or charging higher prices, while some refuse to trade with defaulters.

Brazil reinstates CBio obligations

Brazil's attorney general (AGU) has overturned a lower court ruling that had exempted a fuel distributor from purchasing mandatory CBio decarbonisation credits. The AGU emphasised that enforcing these obligations is essential for Brazil to meet its environmental goals under Renovabio, which requires fuel distributors to offset emissions by buying CBios — each representing one tonne of CO_2 equivalent.

Fuel distributors argue that the burden of compliance falls unfairly on them, not on fossil fuel producers, and that individual targets often exceed their actual emissions. Smaller firms also cite high CBio prices as a barrier to operations. Of 160 obligated distributors, 60 began the 2025 cycle below target, and 13 have obtained court injunctions to delay compliance.

Brazilian ethanol demand *mn litres*



Demand

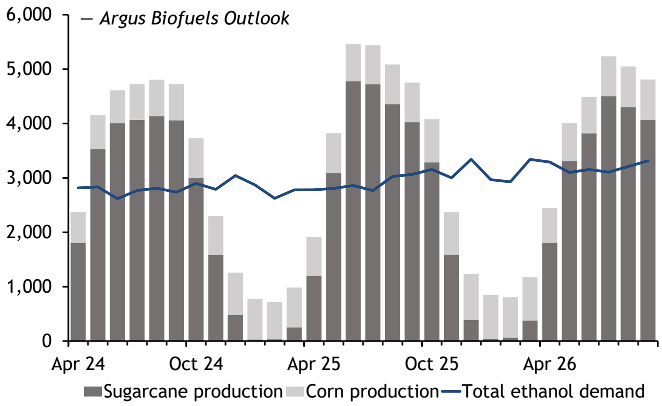
Ethanol

Brazil's production falters despite seasonal ramp-up

Ethanol production rose in May in Brazil, as drier weather enabled mills to ramp up operations from the start of the sugarcane harvest last month. But the pace of growth lagged behind seasonal norms. Persistent weather disruptions in key producing states such as Sao Paulo and Goias continued to weigh on output, delaying crushing and limiting the sector's ability to capitalise on the harvest window.

Total ethanol production in the south-central region reached 3.8bn litres in May, a sharp increase from April's 1.9bn l, but down by more than 11pc compared with May 2024. The year-on-year decline reflects a slower start to the harvest, with cumulative sugarcane crushing volumes at 124.7mn t, nearly 12pc below the same period last year. Heavy rainfall

Brazilian ethanol production *mn litres*



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and flooding earlier in the season disrupted field access and logistics, while landslides in some areas caused prolonged mill shutdowns.

Preliminary figures for the first half of June suggest a 13pc drop in ethanol output compared with the second half of May, reinforcing concerns that weather-related setbacks may continue to constrain production through the peak of the harvest. Suppressed production is likely to persist through late June owing to heavy rainfall affecting most sugarcane-producing regions.

Corn ethanol, by contrast, maintained its upward trajectory. Output reached 730mn l in May and 357mn l in early June, a 10pc increase from the same period in 2024. Corn-based ethanol represented 5pc of the country's ethanol production in the first half of June, but over 24pc of overall production since the 2025-26 sugarcane harvest started in April.

Hydrous demand stalls

Ethanol consumption totalled 2.8bn l in May, down 1pc from a year earlier. Hydrous ethanol demand edged up 0.2pc from April but remained under pressure from weak pump price parity. In Sao Paulo, the average hydrous-to-gasoline parity rose to 67.1pc in May, from 65.8pc a year earlier, impacting ethanol's competitiveness. Anhydrous ethanol sales held steady at around 1bn l, as gasoline demand registered a slight month-on-month increase.

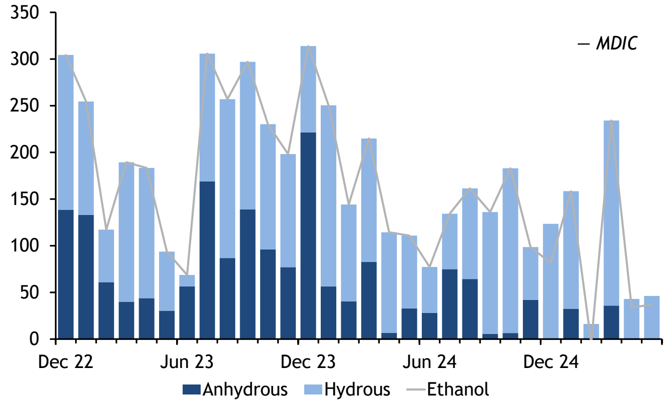
Anhydrous poised for August lift

The Brazilian government's decision to raise the ethanol blending mandate from 27pc to 30pc (E30) from 1 August is expected to boost demand. We forecast total ethanol consumption to exceed 3bn l in August, with anhydrous volumes projected to rise by 14pc year on year. Following the mandate increase, anhydrous ethanol demand is expected to total 13.1bn l throughout 2025, resulting in a 4.5pc yearly increase from 2024 to 35bn l. Total ethanol demand growth in 2025 is forecast to be on par with production, which we forecast will increase by 4.8pc year on year. The upward trending production projection is a collective result of increased planted area, higher yield and higher processing volumes. Besides the mandate's immediate impact on domestic ethanol demand, the implementation of E30 will also incentivise production shifts for sugarcane mills to redirect more sugars towards the production of anhydrous ethanol.

Exports edge higher

Ethanol exports rose to 79.5mn l in May, up 4pc from April but still below 2024 levels. The modest rebound was driven by improved domestic supply and renewed demand from key markets. But policy uncertainty, particularly around enforcement of decarbonisation mandates, continues to weigh on sentiment. As E30 becomes effective, increased domestic demand will likely limit Brazil's ethanol export availability if production fails to grow at a similar pace. The decreased risk of ethanol oversupply in Brazil could also provide a floor for global ethanol prices, a potential benefit for ethanol producers in other exporting countries or consuming markets.

Brazilian net ethanol exports *mn litres*



China deal unlikely to boost Brazilian exports

The May trade agreement with China offers a potential long-term boost. While ethanol shipments to China remain negligible, the deal's provisions for corn ethanol by-products, such as dried distillers grains (DDGs), could unlock new revenue streams and strengthen Brazil's export proposition. In the short term, the impact of this trade agreement on Brazilian ethanol exports will not be immediate given China's stalled commitment to a nationwide E10 mandate, and is therefore unlikely to offset the expected decline in Brazilian export volumes when E30 is implemented in August.

Ethanol imports dropped to 42.6mn l in May, down 26pc on the year, with the US remaining the main source. From August, we expect gasoline imports to decline with the higher blend mandate lowering requirement for the fossil fuel component.

Biodiesel

B15 to drive growth in Brazil, feedstock risks remain

Brazil's biodiesel market continued to perform strongly in May, with the average blend rate again exceeding 14pc, the second consecutive month of full compliance with the national B14 mandate. Consumption rose to 819mn l, up from 769mn l in April, marking the highest monthly volume so far this year.

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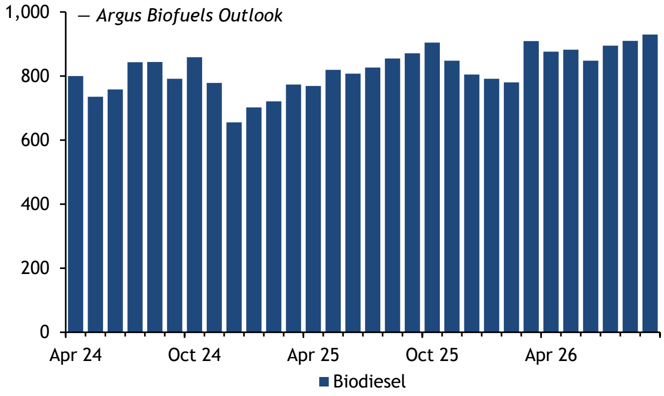
Brazilian biodiesel demand *mn litres*



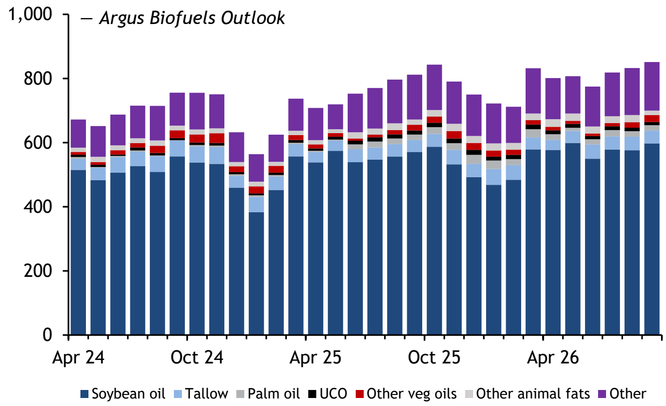
Momentum is expected to build further with the implementation of the B15 mandate in August. Demand is projected to reach 855mn l that month, pushing total 2025 consumption to an estimated 9.7bn l, a 7.3pc increase on the year. Although a modest dip is anticipated in June, reflecting the seasonal slowdown following the soybean harvest, demand is likely to rebound in the third quarter. Peak trucking activity during the corn harvest and the onset of B15 blending should support stronger offtake in September and October.

Further ahead, the biodiesel mandate is set to continue rising by one percentage point annually, until reaching 20pc in 2030. This trajectory implies a compound annual growth rate of around 5.6pc from 2025 to 2030, assuming full compliance. But risks remain as smaller fuel distributors may struggle to meet the higher blending requirements, potentially capping realised demand below forecast levels.

Feedstock mix to shift as export incentives narrow

Soybean oil remained the dominant feedstock in May, with consumption rising to 575,000t, nearly 80pc of the total mix. But with the main soybean harvest concluding by late May, domestic availability is expected to tighten, making soybean

Brazilian biodiesel feedstock demand *'000t*



Brazilian biofuel demand outlook

Product	Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25	3Q25	4Q25	1Q26	2Q26	3Q26
Ethanol demand											*mn litres*
Anhydrous ethanol	1,007	1,029	1,024	1,023	1,177	1,172	3,372	3,725	3,575	3,720	3,665
Hydrous demand	1,773	1,777	1,837	1,745	1,849	1,892	5,486	5,775	5,661	5,827	5,964
Ethanol demand	2,781	2,806	2,862	2,768	3,026	3,064	8,858	9,500	9,236	9,547	9,629
Ethanol production											*mn litres*
Sugarcane ethanol	1,200	3,090	4,778	4,724	4,354	4,024	13,102	5,260	475	8,933	12,873
Corn ethanol	717	730	684	717	732	728	2,176	2,430	2,353	2,008	2,220
Ethanol production	1,917	3,820	5,461	5,441	5,086	4,752	15,279	7,691	2,828	10,941	15,093
Biodiesel demand											*mn litres*
Biodiesel	769	819	807	826	855	871	2,552	2,557	2,481	2,606	2,734
Feedstock demand											*'000t*
Soybean oil	538	575	539	547	557	571	1,675	1,612	1,531	1,726	1,752
Tallow	32	32	40	38	39	37	114	127	133	113	123
Palm oil	4	3	15	19	17	17	53	70	70	43	54
UCO	8	9	11	13	13	13	39	44	40	34	33
Other vegetable oils	13	11	7	8	13	18	39	64	49	29	48
Other animal fats	13	12	19	19	21	16	56	65	64	68	58
Other	101	77	120	127	137	140	403	402	379	369	434
Total	**708**	**719**	**753**	**770**	**797**	**812**	**2,379**	**2,383**	**2,313**	**2,430**	**2,549**

Anhydrous ethanol: free of water and at least 99pc pure, and used in gasoline blends, currently set at 27pc. Anhydrous fuel meets all the requirements of the ASTM D4806.
Hydrous ethanol: contains water and has a purity of 96pc. Can be used in Brazil as a 100pc gasoline substitute in flex-fuel vehicles.

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oil less economically attractive for biodiesel production in the coming months. This is likely to prompt a gradual pivot towards alternative feedstocks.

Longer term, waste oils and animal fats are expected to gain market share, supported by shifting international policy dynamics. Recent changes in US policy will affect competitiveness from foreign feedstocks, and as a result, more volumes should be used in domestic production.

Prices

Ethanol

Brazil prices track gasoline movements

Anhydrous ethanol fob Santos prices averaged $675/t in June, a slight drop of 2.4pc on the month. As the sugarcane harvest continues to progress, the increased ethanol supply created a downward pressure on anhydrous ethanol prices through June. Moreover, state-controlled Petrobras reduced wholesale gasoline prices by 5.6pc on 3 June at refineries and terminals, prompted by government pressure to control inflation. As a result, to maintain the favourable price parity below the 70pc technical parity threshold, ethanol prices have dropped continuously week on week and averaged an ethanol-to-gasoline price parity of 67pc through June.

E30 may raise prices, but US RIN reduction to offset

We project hydrous ethanol prices to continue trading under pressure through the rest of the year as price support from the US market — the largest import destination of Brazilian ethanol — decreases continuously. For the US market, the end of the peak summer driving season will lead to gasoline prices softening. Although the introduction of E30 will increase Brazilian anhydrous ethanol consumption, the weakening demand from the export destination is forecast to bring down the yearly averaged price for anhydrous ethanol to $659/t.

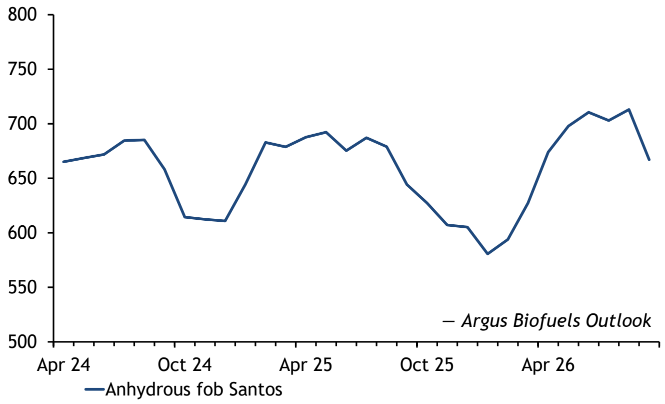
We revised monthly anhydrous fob Santos ethanol prices downward for 2026 trailing the proposed rule announced by the US Environmental Protection Agency (EPA) regarding RIN reduction for biofuels imports, effective from 2026. Specifically, a gallon of imported renewable fuel or fuel from foreign feedstocks would generate half the RINs compared to domestically produced fuel. Halving RIN generations of Brazilian imports will erode ethanol's price support, leading anhydrous ethanol prices to average $663/t in 2026.

Biodiesel

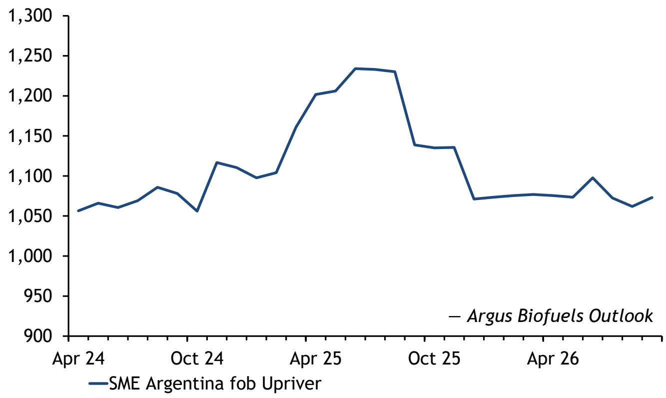
Argentinian biodiesel holds firm, but MIP revision looms

Argentinian soybean oil methyl ester (SME) fob upriver prices averaged $1,234/t in June, registering a 2.3pc increase on the

Brazilian ethanol prices *$/t*



Argentina biodiesel prices *$/t*



South American biofuel price outlook

Product	Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25	3Q25	4Q25	1Q26	2Q26	3Q26
Brazilian ethanol											$/t
Anhydrous fob Santos	688	692	675	687	679	644	670	613	601	694	694
Argentinian biodiesel											$/t
SME Argentina fob Upriver	1,202	1,206	1,234	1,233	1,230	1,139	1,201	1,114	1,075	1,082	1,069

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month. The EU stands as the primary destination for Argentinian biodiesel exports, underpinned by a well-established price undertaking deal that enables up to 1.2mn t of biodiesel to be imported yearly into the region without anti-dumping tariffs, provided a specified minimum import price (MIP) is respected. This framework plays a key role in steadying trade movements and influencing price projections.

Argentinian SME prices are poised to remain at a similar level in July and August, tracking the price movements of SME in the EU market, as we project crop and diesel to continue being priced relatively high. September SME prices will likely trend lower in September should the MIP be revised, bringing the indicative value to around 87pc of the monthly average SME price in Europe through June, at $1,138/t.

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ASIA-PACIFIC

Regulation

Japan eyes second SAF blend target for fuel producers

Along with Japan's 10pc replacement target for domestic airlines as a guideline to promote decarbonisation in the airline sector, trade and industry ministry Meti is working to introduce an additional supply target for sustainable aviation fuel (SAF) for fuel producers. Meti has outlined the supply target that reduces a minimum of 5pc of greenhouse gas emitted from the jet fuel produced or supplied in Japan in the year 2019-20, for its five-year plan running April 2030-March 2035.

EU suspends Pakistan's GSP+ ethanol status

The European Commission suspended Pakistan's Generalised Scheme of Preferences Plus (GSP+) status for imports of ethanol in June. The removal came in effect on 20 June, following complaints lodged in May 2024 by several European countries. It was claimed that ethanol imported from Pakistan has caused price crashes and market disturbance in the European market since 2022.

The GSP+ grants reduced-tariff or tariff-free access to the EU for certain countries and fully removes custom duties on two-thirds of the bloc's tariff lines. Pakistan was granted GSP+ status for 2014-23, then temporarily extended until 2027. According to market participants, the suspension came as production facilities in the country lack sustainability certifications required for biofuels to count towards the EU RED targets.

CPO reference prices fall for July

Malaysian crude palm oil (CPO) reference prices dropped to 3,730.48 ringgit/t ($888/t) for July, down by 4pc compared with 3,926.59 ringgit/t in June. The drop in reference prices led to Malaysia lowering its July export duties, which are now set at 8.5pc, from 9.5pc in the previous month.

Indonesia's CPO reference prices rose from $856.38/t in June to $877.89/t for July. The $21/t increase in the reference prices did not trigger a higher tax band, and export duties for CPO have remained unchanged at $52/t.

Queensland to study sugarcane biofuels

Australia's state parliamentary committee is planning a regional study to leverage opportunities to incentivise biofuel projects using sugarcane, a major local crop. The committee will examine the regulations affecting the Australian biofuel sector and review potential barriers to investment.

The committee will deliver an interim issue paper within six months and its final report within a year.

Uganda to mandate 5pc ethanol blending in gasoline

Uganda will implement a 5pc blending mandate for gasoline, using exclusively domestically produced ethanol, in a bid to cut its fuel import bill. The move will be effective from 1 January 2026. It is unclear if Uganda has the ethanol processing capacity to reach 5pc.

Prices

HVO and SAF

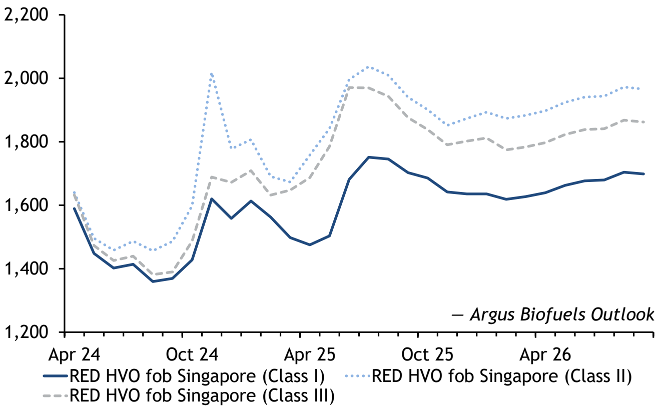
Price rally cools as divergence emerges

Hydrotreated vegetable oil (HVO) and SAF prices surged in June, rounding off a bullish second quarter. SAF led the gains, rising 14.3pc to $1,981/t, while HVO Class I climbed 11.8pc to $1,681/t. Class III and Class II followed with respective rise of 10.4pc and 8.4pc, reaching $1,971/t and $1,996/t.

The rally was underpinned by tightening European supply and rising feedstock costs, with the narrowing spreads between SAF and HVO Class II prompting refiners to pivot towards SAF production amid stronger compliance-driven demand.

But early July data suggest the rally may have peaked. HVO Class III prices have edged lower, and bearish signals from Europe, triggered by a surge in Chinese SAF exports, are beginning to weigh on sentiment. Chinese product continues to flow into northwest Europe under an open arbitrage, aided by exemption from anti-dumping duties.

Asia-Pacific HVO prices **$/t**



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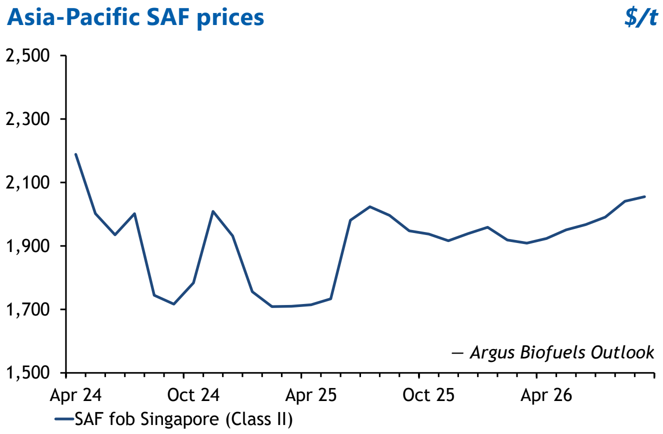

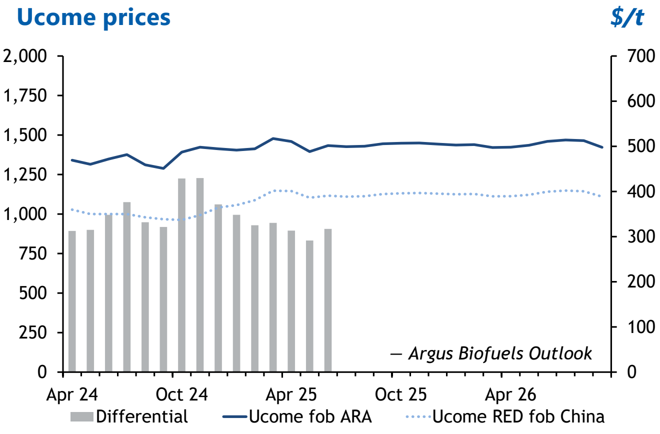

HVO Class II and SAF prices are expected to remain closely aligned through 2025, but a gradual divergence is forecast in the fourth quarter. SAF prices are projected to rise more steeply, supported by anticipated demand growth linked to the EU's SAF blending mandate.

China's SAF industry expansion, adding more than 1mn t/yr of capacity since late last year, has intensified internal demand for used cooking oil (UCO), reshaping domestic market priorities. The second stage of China's SAF pilot programme, mandating 1pc SAF blend on all domestic flights from four major airports since 19 March, is expected to deepen this trend. As domestic SAF demand grows, China's influence on regional feedstock pricing and availability is set to expand.

Biodiesel

Ucome prices stabilise amid shifting fundamentals

Used cooking oil methyl ester (Ucome) fob China prices rebounded in June after falling in April and May, rising from $1,090/t to $1,140/t by month-end, supported by firmer demand for marine bio-blends, rising feedstock costs, and constrained waste oil availability. Singapore's marine biodiesel sales nearly doubled on the year in May to 141,000t, while China's Chimbuco completed its first B24 bunkering for ocean-going vessels at Qingdao, a symbolic milestone for China's biodiesel-to-marine pivot.

Prices continued to firm in early July, reaching $1,155/t by 7 July. But the rally appears to be losing momentum. Summer demand and persistent feedstock tightness are expected to provide near-term support, but prices are forecast to ease from September through January, in line with seasonal norms. Europe's anti-dumping duties on Chinese biodiesel are expected to further accelerate the shift towards marine fuel uptake, reinforcing Ucome fob China's pivot to the maritime sector.

Indonesia biodiesel demand ramps up

Domestic biodiesel consumption in Indonesia also softened slightly, with palm oil use for blending falling 5pc on the month to 1.01mn t in April. But year-on-year volumes were up 24pc, as producers moved closer to meeting the ambitious B40 mandate, targeting a 40pc blend of palm-based biodiesel in fossil diesel by year-end.

Asia-Pacific biofuel price outlook $/t

Product	Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25	3Q25	4Q25	1Q26	2Q26	3Q26
Biodiesel											
RED Ucome fob China	1,146	1,104	1,116	1,110	1,113	1,126	1,116	1,131	1,121	1,126	1,134
HVO											
HVO Class I fob Singapore	1,475	1,503	1,681	1,751	1,746	1,703	1,733	1,654	1,627	1,660	1,694
HVO Class II fob Singapore	1,758	1,842	1,996	2,037	2,010	1,940	1,996	1,875	1,883	1,921	1,961
HVO Class III fob Singapore	1,687	1,785	1,971	1,970	1,943	1,876	1,930	1,810	1,790	1,819	1,857
SAF											
SAF Class II fob Singapore	1,715	1,733	1,981	2,023	1,996	1,947	1,989	1,931	1,929	1,947	2,029
Feedstock											
UCO fob China	996	987	994	973	982	992	982	997	988	992	999

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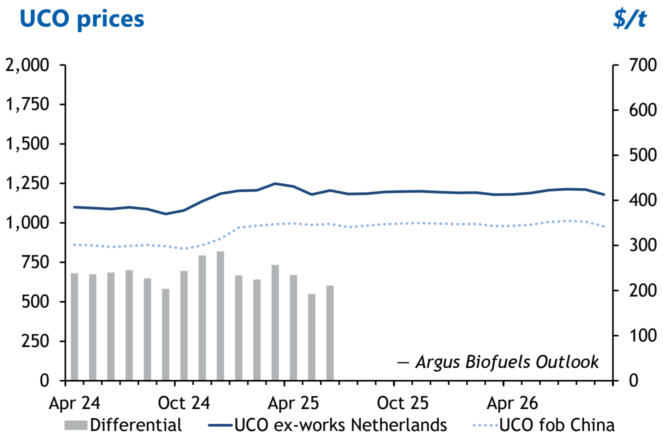


Feedstock

UCO prices firm as China's domestic pull intensifies

Chinese UCO prices have firmed steadily since May, reaching $1,000/t by 7 July, as the market undergoes a structural recalibration. Collection volumes are estimated to be down by at least one-third from 2024 levels, driven by macroeconomic headwinds and subdued food-service activity. Although physical tightness remains a factor, policy shifts are playing an increasingly decisive role.

The removal of the 13pc value-added tax (VAT) rebate on UCO exports in December 2024 has redirected volumes toward the domestic market, lifting export prices and curbing outbound flows. The sustainable aviation fuel export quota system has further intensified internal demand, effectively establishing a domestic price floor and reorienting the country's role from a major exporter to a more inward-focused consumer.

Despite these constraints, Chinese UCO exports were strong in May, more than doubling from 135,000t in April to 264,000t, buoyed by attractive spot pricing and the lowest freight rates in nearly a year. But with a growing share of shipments directed to Southeast Asia, the increase in tonne-miles for specialised tankers was limited.

UCO fob China prices are forecast to average $997/t in the fourth quarter, before easing to $990/t in the first half of next year. Market participants are closely watching a postponed meeting between Indonesia's Ministry of Environment and Forestry and domestic UCO associations, which could reshape regional supply dynamics if export restrictions are subsequently amended.

Trade

Biodiesel

EU biodiesel imports dwindle

Chinese biodiesel exports have come under pressure in recent months. Total volumes to the EU nearly halved to 315,000t in the first five months of the year, down from 605,000t a year earlier. The imposition of anti-dumping duties has sharply curtailed arbitrage opportunities, particularly into the Netherlands, historically a major entry point for Chinese product. The Netherlands imported 30,000t in May, down 45pc from the same month last year.

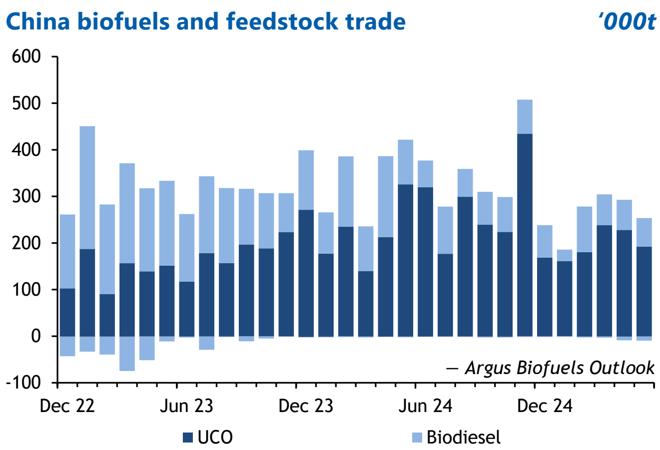
The month-on-month picture was more volatile. Total Chinese biodiesel exports to the EU rose six-fold in May to 33,000t, driven by a temporary narrowing of the duty-adjusted arbitrage. This brief resurgence was likely enabled by large-volume shipments of Pome-based biodiesel that had favourable arbitrage even at 21.7-23.4pc duties, particularly during windows in early April and late May.

Conversely, Chinese biodiesel exports to Malaysia and Singapore declined on the month. The narrowing discount between Ucome fob China and Ucome fob strait of Malacca, the latter falling to $1,200/t by the end of May, has eroded the cost advantage of Chinese imports, prompting buyers to pivot back to locally sourced material.

UCO

US demand collapses as trade pivots to southeast Asia

Chinese UCO exports fell to 192,000t in May, down 16pc on the month, as trade flows continued to adjust to shifting policy landscapes. Singapore remained the largest importer,



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with volumes rising by 18pc on the month to 86,000t. But the most striking development was the complete halt in shipments to the US, a sharp reversal from April, when the US was China's second-largest UCO buyer at 55,600t. This marked the first month in 2025 without any recorded UCO exports to the US.

The collapse in US-bound volumes reflects the combined impact of the 45Z tax credit changes no longer applying to imported feedstocks and the imposition of higher tariffs on Chinese-origin products. In response, Spain has overtaken the US as China's second-largest UCO trading partner, importing 49,000t in May, a 69pc increase on the month and up 46pc on the year.

Between January and May, Chinese UCO exports to the US totalled 202,000t, less than half the 425,000t shipped during the same period in 2024. The redirection of flows toward southeast Asia and Europe underscores a broader rebalancing of trade routes, with Singapore acting as a key bunkering and refining hub.

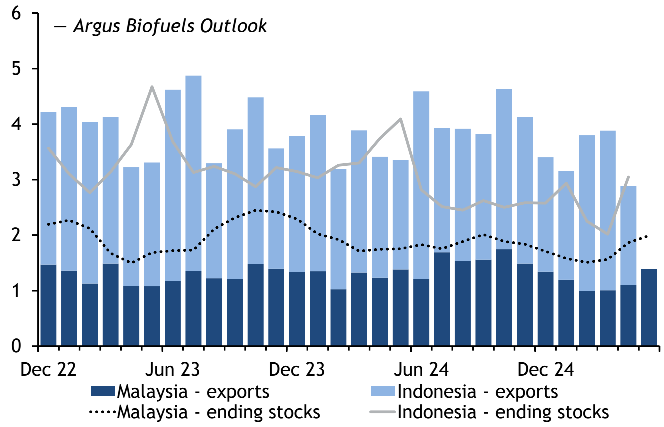
Palm oil

Malaysian stocks hit eight-month high

Palm oil inventories in Malaysia rose to 1.99mn t in May, an eight-month high, up 14pc on the year and 7pc on the month. The increase reflects seasonal production gains and a sharp uptick in exports, which reached a six-month high of 1.38mn t, up 26pc on the month. The ramp up aligns with the approach of peak harvesting season, which typically boosts output and outbound flows.

Indonesia's stock levels surged more sharply, climbing to 3mn t in April, an increase of more than 1mn t from the previous month. The build-up was driven by weaker exports to key destinations including India, the EU, China and Pakistan. Total April exports fell to 1.8mn t, down 18pc on the previous year.

Asia-Pacific palm oil trade *mn t*



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GLOBAL SUPPLY

Europe

Vivergo Fuels has begun proceedings to close its 416mn l/yr ethanol plant in Saltend, England, on 13 September. CropEnergies' Ensus is also assessing the closure of its 400mn l/yr bioethanol plant in Wilton, England. Both producers have requested government intervention to prevent the closures that will result from the US-UK trade deal signed in May.

Romania's OMV Petrom and Bulgarian biodiesel producer Astra Bioplant have signed a five-year deal for the supply of pre-treated UCO for OMV's upcoming HVO and SAF facility at the Petrobrazi refinery in Romania. Astra will supply up to 600,000t of pre-treated oil, and the agreement will start in 2028. In June 2024, OMV Petrom signed a similar six-year deal with Romanian vegetable oil producer Expur. Construction of OMV's HVO and SAF facility started in February 2025.

TotalEnergies and European UCO collector Quatra have signed a 60,000 t/yr UCO supply deal, starting in 2026 and to be completed over 15 years.

Neste and US-based technology firm Chevron Lummus Global (CLG) will collaborate to develop RD and SAF production from non-edible plant residues. The process will target lignocellulosic biomass such as agricultural and forestry residues, and food and industrial processing waste.

France's TotalEnergies and Groupe Avril will collaborate to study the development of intermediate crops, with trials being carried out across the country this year to identify the best growing areas. The companies are targeting 10,000t of oil from intermediate crops by 2028, with potential to rise to as much as 30,000t by 2030.

German firm Ineratec began operations at its 2,500 t/yr e-fuels plant in Industriepark Hochst near Frankfurt. The site is capable of producing e-SAF, e-diesel and other e-chemicals using by-product hydrogen from chlorine production and CO_2 from biogas.

North America

FutureFuel reported it will idle its 4,700 b/d biodiesel plant in Batesville, Arkansas, in early July. The decision comes just two months after the plant restarted biodiesel production from a three-month turnaround. The company will redirect some of the capacity to specialty chemicals.

US producer Hero BX is actively looking to sell its three biodiesel plants with a combined capacity of 80mn USG/yr. Hero BX idled its 10mn USG/yr Iowa refinery two years ago, and its 50mn USG/yr Pennsylvania and 20mn USG/yr Alabama plants at the end of 2024. The assets also include a biodiesel distribution centre in New Hampshire.

XCF Global expects to reach full capacity at its 38mn USG/yr SAF plant in Reno, Nevada, which started operations in February, in the next few months. More than 80pc of that capacity should be SAF, and the rest renewable naphtha.

Phillips 66 and British Airways have signed another SAF supply deal for the airline's flights from California, following a deal signed for flights from California and Illinois in December last year. Phillips 66 has delivered 5mn USG of SAF at California Airport in the last few months.

Neste has signed a deal to supply 2.5mn USG of unblended SAF to Amazon Air at the Ontario International Airport. The delivery should be concluded by the end of this year.

Fuel supplier Sprague will be supplying 4.5mn USG/yr of RD to New York City's marine fleet operations, which includes the Staten Island Ferry system, over three years. The fuel will be sourced from PBF's biorefinery in St Bernard, Louisiana.

South America

Brazil's 3Tentos will increase production capacity from 1,000 m^3/d to 1,505 m^3/d at its biodiesel plant in Vera, Mato Grosso. The expansion is expected to be completed by January 2026.

Brazilian agricultural group Fuga will increase production capacity from 500 m^3/d to 1,200 m^3/d at its biodiesel plant in Camargo, Rio Grande do Sul, by August 2026.

A co-operative consisting of agricultural companies Cotrijal, Cotripal and Cotrisal will build a 3,000 t/d soybean processing plant and a 600 t/d biodiesel plant in Brazil's southern Rio Grande do Sul state, subject to financing from development bank Bndes. Operations are expected to start in 2028.

Brazil's state-controlled Petrobras received authorisation from regulator ANP to produce 16,000 b/d of co-processed jet fuel with 1.2pc renewable content at its 239,000 b/d Reduc refinery in the state of Rio de Janeiro.

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US engineering firm Satarem America announced plans to build an alcohol-to-jet SAF facility in Maringa in Brazil's Parana state. If the $425mn project is approved and financed, construction is set to start in mid-2026 and production in December 2028.

Petrobras, Getulio Vargas Foundation and Senai will collaborate to study generation of biofuels using fishing waste from the Northern Amazon region.

US-based technology provider Syzygy Plasmonics reported plans to build a 1.3mn l/yr biogas-to-SAF plant in Durazno, Uruguay, using biomethane as feedstock. The project, named NovaSAF, is expected to reach FID later this year and to start operations in early 2027.

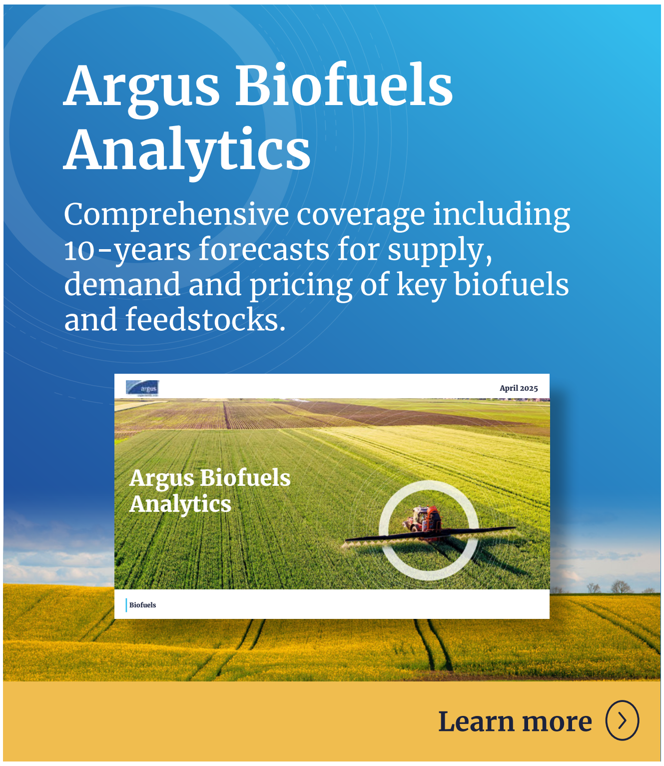
Asia-Pacific

Beijing Haixin Energy Technology began operations at its 200,000 t/yr SAF facility in China's Shandong province on 20 June.

Bangchak and Thailand-based EPC firm TTCL terminated the construction contract for a 315,000 t/yr SAF plant with 96pc of the construction completed as of April. The plant underwent test runs in May and was expected to come on line by the end of 2025, but the move could delay Bangchak's plant coming on stream by a few months.

GS Caltex will conduct a six-month feasibility study for technology to reduce methane emissions from Pome treatment in Indonesia and will also evaluate the potential for an evaporative concentration treatment facility.

XCF Global has partnered with Australian start-up Continual Renewable Ventures to build RD and SAF projects across Australia that will follow the blueprint of its SAF plant in Nevada, US.



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