Argus *Biofuels Outlook*

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Overview

Biofuels markets are entering the final quarter caught between tightening compliance obligations and physical constraints on meeting them.

In Europe, low Rhine water levels have stranded HVO stocks in ARA while Germany faces a sizeable year-end compliance backlog, supporting quota tickets and inland values even as hub prices weaken. The same disruption has tightened rapeseed and RSO availability, leaving RME firmer than the wider biodiesel complex, while record third-quarter SAF imports weigh on the fuel's value.

Across the Atlantic, US renewable diesel margins strengthened but production fell as hydrogen shortages, maintenance and rail congestion restricted feedstock and product movements. Lower output has deepened the expected draw on the RIN bank, lifting D4 values and increasing the likelihood that the EPA will need a package of mandate, exemption or legacy-credit measures in 2027. Coastal producers are meanwhile turning increasingly to imported low-carbon feedstocks.

South American supply is expanding faster than export demand. Brazil's larger cane crush and continued corn ethanol growth are lifting output and inventories, despite stronger consumption under E32, while the planned move to B16 supports biodiesel demand. Chinese SAF supply in Asia-Pacific continues to flow to Europe, weighing on prices, while straits producers reposition towards advanced HVO ahead of tighter German eligibility rules.

Policy demand is strengthening across the regions, but logistics and feedstock eligibility increasingly determine where it can be met.

Key biofuel prices, prompt

	Aug 26	Sep-26	Oct 26e	Nov 26e
Europe				*$/t*
RED FAME 0°C CFPP fob ARA	1,585	1,784	1,635	1,579
RED rapeseed OME fob ARA	1,631	1,869	1,797	1,766
RED UCOME fob ARA	1,740	1,905	1,737	1,723
RED HVO fob ARA (Class II)	2,868	2,980	2,787	2,734
RED HVO fob ARA (Class IV)	3,248	3,464	3,239	3,195
RED SAF fob ARA (Class II)	2,705	2,911	2,537	2,534
RED (T2) Ethanol fob ARA	1,075	1,146	1,159	1,135
UCO cif ARA	1,257	1,297	1,293	1,280
North America biofuels				*¢/USG*
Ethanol Chicago	201	212	227	220
B100 Chicago	720	766	788	778
R100 (UCO) del California	916	990	976	959
North America credits				*¢/RIN*
D4	216	212	224	234
North America feedstocks				*¢/lb*
Soybean oil crude degummed	74	72	71	73
UCO	77	73	72	74
South America				*$/t*
BD Araucaria ex-terminal	1,135	1,178	1,207	1,219
Anhydrous fob Santos	686	747	793	761
Asia-Pacific				*$/t*
RED HVO fob strait of Malacca	2,623	2,619	2,534	2,488
RED UCO bulk fob China	1,175	1,172	1,180	1,171
RED UCOME fob China	1,182	1,202	1,216	1,219

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EUROPE

Summary

This month

Low Rhine water levels shaped the market in September and October, restricting movements of rapeseed, rapeseed oil and HVO between the ARA hub and inland Germany. European biodiesel demand rose by 4pc to 1.26bn litres in July, despite a 5pc fall in diesel consumption. Biodiesel prices fell with diesel, but rapeseed methyl ester declined less than the complex as winter demand, tight rapeseed supply and logistics disruption provided support. Third-quarter SAF imports front-loaded 2026 compliance demand, while ethanol consumption continued to rise, led by record French demand and favourable E85 economics.

Next month

RME is forecast to average $1,797/t in October, supported by low-CFPP demand and firm RSO costs, while Ucome averages $1,737/t as resilient UCO prices squeeze producer margins. ARA HVO prices should remain under pressure while Rhine restrictions separate ample hub stocks from Germany's compliance shortfall — Class II is forecast at $2,787/t. Record ARA-Karlsruhe freight erodes much of HVO's apparent discount for inland buyers. SAF is expected to stabilise at $2,537/t after its early-October decline.

3-6 months ahead

Fourth-quarter biodiesel demand is forecast 3pc down on the quarter, with blending shifting to RME while Ucome and SME use softens. German HVO demand could rise sharply if Rhine navigation recovers, reflecting a compliance backlog equivalent to 816mn l, but persistent restrictions would increase reliance on GHG quota tickets. Feedstocks RSO and Pome remain supported while advanced feedstocks gain share as UCO approaches Part B caps.

6-12 months forward

Regulation becomes the main demand driver in 2027. HVO consumption is forecast to rise by 37pc to 12.3bn l as higher RED III targets and biodiesel blend walls make HVO the marginal compliance option. Germany's target rises to 17pc and Spain's advanced-fuel requirement supports a 51pc increase in HVO demand to 2.0bn l. SAF demand rises by 17pc as the UK mandate tightens, while Polish ethanol use climbs by 43pc and Europe's average blending rate reaches 8pc. Advanced Fame should regain a premium over Ucome as Annex IX Part B limits bind.

Regulation

Commission conducts impact assessment on RED IV

The European Commission has conducted an impact assessment for the forthcoming revision of the Renewable Energy Directive, known as RED IV. The draft proposes raising the effective cap on crop-based biofuels after 2030 and tightening certification rules for waste-based fuels. The current EU-wide targets — including a 29pc renewable energy share in transport and a 14.5pc reduction in transport-fuel greenhouse gas (GHG) emissions — will expire after 2030. Member states will retain obligations for transport-fuel suppliers but have greater flexibility to design their own GHG-reduction frameworks.

A common maximum cap of 7pc for food and feed crop-based biofuels could replace country-specific limits. Multipliers for advanced biofuels made from EU feedstocks would be retained, but without a minimum volume requirement. Biofuels and feedstocks certified outside the EU would qualify only where recognised schemes allow auditors to inspect sites, while unrecognised national schemes would be restricted to smaller installations using local biomass.

UK rejects TRA call for duties on US HVO imports

The UK government has decided not to impose anti-subsidy duties on US hydrotreated vegetable oil (HVO) imports, despite the Trade Remedies Authority (TRA) finding that subsidised US HVO had caused material injury to the UK's biofuels industry. The TRA concluded that the measures would not pass the UK's economic interest test because the wider costs to the economy would outweigh the benefits to domestic producers.

Portugal raises biodiesel and ethanol blend walls

Portugal has partially transposed RED III into national law, raising its biodiesel blend requirement from B7 to B10 and removing the maximum E5 limit for gasoline. Suppliers must ensure that blends containing no more than 7pc fatty acid methyl ester (Fame) remain available for vehicles incompatible with B10. Once a 24-month transition period ends, Fame concentrations above 10pc will no longer be permitted. Gasoline suppliers may continue to market Euro Super or Super Plus grades, provided they meet existing technical specifications. T&E said that reclassifying just 5-12pc of hydroprocessed esters and fatty

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acids (HEFA) output as e-HEFA could meet 20-50pc of the e-SAF mandate in 2030-31 and 10-25pc in 2032-34. The signatories said this would exploit a loophole in EU rules and called for it to be closed.

EU extends surveillance of ethanol imports

The European Commission will extend its surveillance of fuel ethanol imports from third countries for three years, until 2029. The measure will provide continued import data to identify shifts in trade flows, monitor the EU bio-ethanol market's vulnerability and detect sudden changes in the global market. The commission said a persistent and widening price gap between imported and domestic ethanol caused sales prices to fall by 21pc between 2023 and 2025.

Netherlands sets rules for SAF, e-SAF subsidies

The Netherlands has published its regulatory framework for allocating €290mn ($334mn) in subsidies to sustainable aviation fuel projects. The first e-SAF round is scheduled for 3 November. The regulations allocate €205.4mn to e-SAF and €84.6mn to advanced SAF.

Five allocation rounds are planned, one each year, subject to funding remaining after the November round. No application window has been announced for bio-SAF. Funds will be awarded on a first-come, first-served basis during each application window, provided projects meet eligibility requirements covering feasibility, risk management and participating companies. Support will cover 45-90pc of eligible costs, depending on the project type and company size.

UK adds waste feedstocks to RTFO and SAF mandate

The UK Department for Transport has added three waste-based feedstocks — hop vine residues, livestock carcasses, and wastewater and sludges from fruit, vegetable and cereal processing — to the list of materials eligible under the Renewable Transport Fuel Obligation (RTFO) and SAF mandate. They are classified as double-counting feedstocks.

RTFO rules require eligible materials to contain no more than 5pc nitrogen. Sludge must be an unavoidable by-product of wastewater treatment with no economically viable use other than energy recovery. Municipal sewage sludge and sludge from non-biogenic industrial processes are excluded.

EU delays Corsia implementing act to 1Q27

The European Commission has delayed adopting secondary legislation that would allow EU-based aircraft operators to use carbon credits for compliance with the Carbon Offsetting and Reduction Scheme for International Aviation (Corsia). The commission had expected to adopt the legislation in late 2026, but now plans to publish a first draft by the end of the year and adopt the measure in early 2027. The revised timetable remains well ahead of the 31 January 2028 deadline. The draft will be open for public feedback for four weeks after publication.

Russia plans SAF, LCAF trials and certification

Russian state-controlled oil company Gazpromneft and national carrier Aeroflot plan to conduct refuelling trials and develop a domestic certification system for SAF produced from bio-based feedstocks and lower-carbon aviation fuel (LCAF), a fossil-based fuel with a reduced CO_2 footprint. The system is intended to facilitate trading with foreign certification centres and will cover companies across agriculture, feedstocks, fuel production, logistics and aviation.

Demand

Biodiesel

Demand threatened by low Rhine water levels in 4Q

With July consumption data now available for nearly all EU member states, European biodiesel demand is expected to have risen 4pc to 1.26bn l in July. The increase came despite a 5pc fall in overall diesel consumption driven by higher prices. France led the resurgence after lower blending rates in June, aided by B100 sales that make up 10-15pc of the French biodiesel market.

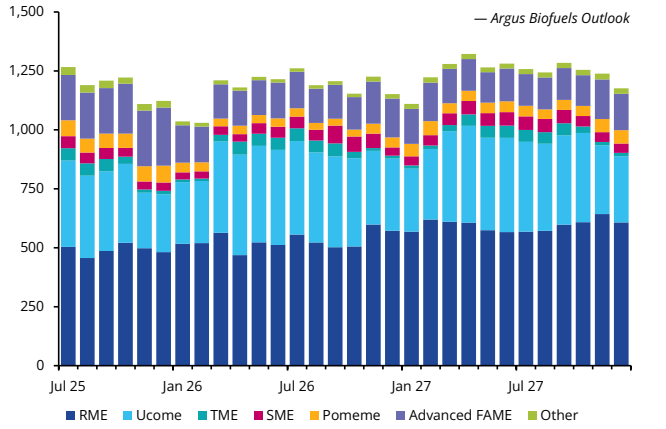
European demand in the fourth quarter is forecast to be 3pc lower than in the third quarter, compared with a 6pc quarter-on-quarter decline in 2025. The smaller drop reflects expectations of unusually strong fourth-quarter demand as blenders seek to meet mandate targets after supply constraints weighed on third-quarter consumption.

Recovery remains at risk as winter demand shifts towards rapeseed methyl ester (RME), while Rhine logistics and constrained Ukrainian rapeseed exports limit supply. Rhine water levels remained too low for normal barge transport in early October and would require substantial rainfall to recover.

Quarterly consumption is forecast to edge up by 2pc to 3.61bn l in the first quarter of 2027. Germany is expected

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European biodiesel demand *mn litres*



to account for 10pc of European growth next year as its GHG target rises from 12pc to 17.5pc. Although biodiesel blending remains constrained by blend walls, the higher target could accelerate the slow rollout of B10 that has been permitted since April 2024. The forecast therefore assumes a slight increase in blend rates.

Romania accounts for 13pc of European demand growth in 2027, largely reflecting a recovery from unusually low 2026 consumption. Demand is estimated at around 160mn l in 2026 after the energy crisis prompted a temporary reduction in the blending mandate to the 2pc minimum, with monthly volumes falling to 6mn-9mn l between April and October. The forecast assumes normal blending resumes in 2027, lifting demand to 440mn l, including 360mn l of RME.

SME imports support third-quarter demand

European soybean oil methyl ester (SME) demand rose by 7pc, or around 3mn l, in July and is expected to have reached 170mn l in the third quarter, up by 48mn l from the second. Imports from South America supported consumption, with Argentina exporting 164,000t of SME during the quarter. These supplies could continue to support demand in the fourth quarter, although SME use typically declines as temperatures fall.

If low-cold filter plugging point (CFPP) RME's supply remains constrained, other northern European markets could follow France in allowing summer-grade diesel to remain on sale for longer — France extended sales by two weeks to 15 November.

SME demand is forecast to grow in 2027, as the rejection of a proposal to classify soybeans as a crop with a high indirect land-use change (Iluc) risk is expected to support consumption, with Argentina an established supplier.

Prices weigh on Ucome demand ahead of winter

Used cooking oil methyl ester (Ucome) consumption is expected to have edged down by 2pc in July to 396mn l, despite July typically being a peak month. Weaker diesel consumption was the main driver, compounded by firm UCO costs, competition from HVO and SAF producers, and US demand drawing Ucome across the Atlantic. Consumption is expected to weaken further in the fourth quarter as demand for higher-CFPP fuels declines.

Annual European demand is expected to reach 4.3bn l in 2026, up by 17pc from 2025. Around 78pc of growth in Ucome demand is expected from Italy, the UK and the Netherlands. In Italy, the Part B cap is set to be increased to 5pc of energy in 2026, pending commission approval. Higher costs of imported HVO from the US in the UK are turning obligated parties back to Ucome blending, which has been well under the blend wall for the past two years.

HVO

Rhine disruption constrains 3Q demand

Overall European HVO demand remained steady in July at 716mn l. Fourth-quarter HVO demand is expected to increase by 13pc quarter on quarter following revisions to our German forecast and expectation that HVO compliance demand has been back-loaded to the fourth quarter, largely because of Rhine logistics constraints. Class V HVO is forecast to lead the increase, rising by 142mn l quarter on quarter. HVO demand for 2027 is forecast at 12.3bn l, up by 37pc from our 2026 forecast, as buyers must comply with rising RED III targets while facing limits on biodiesel blending, forcing them to use HVO as the marginal compliance option.

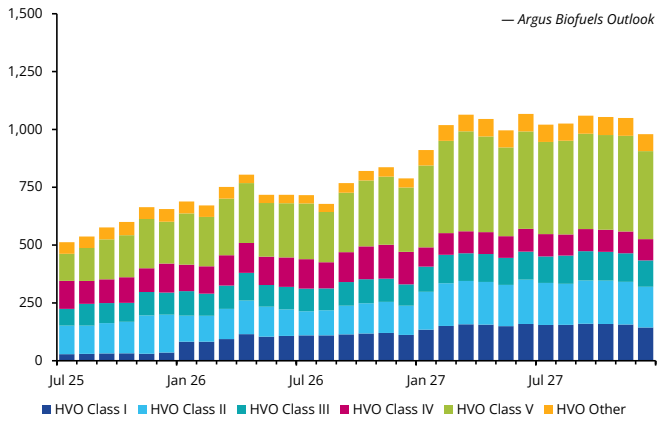
We have revised down our German HVO demand forecast for 2026 based on moderated diesel demand and the impact of a compliance loophole generating additional GHG quota tickets.

The loophole allows advanced biodiesel and bio-LNG supplied to maritime buyers to generate road-fuel GHG quota tickets before the buyer claims an energy-tax refund. This has expanded German compliance options and reduced HVO demand, even though maritime use falls outside the mandate. The loophole may have generated

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European HVO demand

mn litres



more than 200,000t of CO2 equivalent (tCO2e) in tickets. Efforts are under way to close it, but existing tickets are unlikely to be withdrawn retrospectively.

German diesel demand has also been lowered by around 1mn t from previous estimates after high prices curbed consumption, reducing the 2026 compliance requirement. Together, the revisions cut forecast German HVO demand by around 740mn l to 2.3bn l.

Germany faces 4Q compliance backlog

The lower full-year forecast is offset by slower progress towards Germany's 2026 target. RED III was approved only in December 2025 and adopted by the Bundestag in April 2026, although it applies retrospectively from January. Earlier under-compliance, volatile fuel markets and third-quarter Rhine constraints have therefore pushed more of the requirement into year-end. The revised model leaves a fourth-quarter compliance backlog equivalent to 816mn l of HVO consumption.

The first-three-quarter forecast remains well above blending figures from the country's export control office (Bafa), which likely understate HVO use and exclude HVO100. In 2025, Bafa reported 136,000t of HVO blending while customs data showed combined HVO and SAF imports above 800,000t. Even allowing for this reporting gap, consumption is expected to have been subdued, leaving a sizeable fourth-quarter backlog.

German demand is forecast to rise sharply in the fourth quarter if Rhine navigation recovers. Persistent logistics constraints would instead push obligated parties towards quota tickets or, eventually, the under-compliance penalty.

European demand outlook mn litres

Product	Jul 26	Aug 26	Sep 26	Oct 26	Nov 26	Dec 26	4Q26	1Q27	2Q27	3Q27	4Q27
Biodiesel											
RME	556	523	502	506	598	572	1,676	1,798	1,748	1,738	1,859
SME	50	45	75	65	61	35	162	132	168	171	126
UCOME	396	382	385	374	313	306	992	951	1,202	1,128	951
TME	54	50	55	27	12	12	51	55	151	151	55
POMEME	35	29	29	30	42	42	114	156	133	128	155
Advanced FAME	155	145	144	138	179	165	481	457	403	405	453
Other	15	14	15	15	21	19	54	64	63	64	70
Total	**1,261**	**1,189**	**1,206**	**1,154**	**1,226**	**1,152**	**3,531**	**3,612**	**3,868**	**3,786**	**3,669**
HVO											
HVO Class I	110	110	114	118	120	112	350	443	464	470	460
HVO Class II	104	108	124	130	134	126	391	535	555	546	547
HVO Class III	98	95	102	105	100	92	297	351	359	364	362
HVO Class IV	127	113	129	142	147	141	429	273	286	283	282
HVO Class V	241	217	257	285	294	278	858	1,184	1,219	1,216	1,203
Other	36	35	42	41	41	39	121	207	225	226	228
Total	**716**	**678**	**768**	**821**	**837**	**788**	**2,445**	**2,994**	**3,108**	**3,105**	**3,083**
SAF											
SAF	158	161	159	149	131	134	413	455	501	557	487
Ethanol											
Ethanol 1G	672	623	627	589	552	558	1,698	1,780	1,984	2,024	1,879
Advanced ethanol	202	192	190	182	170	170	522	553	603	600	570
Total	**874**	**815**	**817**	**770**	**722**	**728**	**2,220**	**2,333**	**2,587**	**2,624**	**2,450**
Grand Total	**3,009**	**2,843**	**2,951**	**2,894**	**2,915**	**2,801**	**8,610**	**9,394**	**10,064**	**10,072**	**9,688**

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Germany is expected to enter 2027 with around 10mn tCO2e of carryover from 2024-25 and little or none from 2026. This buffer will help bridge the 5.5 percentage-point rise in the mandate to 17pc, although concern about 2028 could encourage over-compliance next year. German HVO demand is forecast at 3.7bn l in 2027, with upside if obligated parties over-blend.

Spain's advanced target to lift HVO demand

Outside Germany, Spain is forecast to add more HVO demand than any other European market in 2027. Consumption is set to rise 51pc to 2.0bn l, from 1.3bn l in 2026. The 0.7bn l increase would make up about a fifth of Europe's forecast growth, taking regional demand to 12.3bn l.

Spain's draft RED III transposition, which will follow the model of Germany, drives the increase by replacing the 14pc energy-share mandate with an 8.5pc GHG-reduction target in 2027. It also raises the Annex IX Part A sub-target to 4pc from 1.2pc while removing double counting for advanced fuels. Suppliers will need more physical advanced volumes, which they are expected to obtain from HVO.

SAF

SAF imports to slow after compliance front-loading

Seasonal summer demand and ample imports, supported by higher Chinese export quotas, lifted third-quarter SAF consumption, although demand remained lower year on year after the Netherlands excluded SAF from its renewable fuel mandate from 2026. Record July-August imports front-loaded much of the year's compliance requirement. September imports of 116,000t left the full-year forecast largely unchanged, but fourth-quarter demand and the call on imports are expected to slow.

We expect SAF demand to rise in 2027, increasing by 17pc year on year as the UK's SAF mandate targets a rise to 5.2pc from 3.6pc in 2026 and the underlying jet fuel market stabilises.

Ethanol

France continues to lead record ethanol demand

Ethanol consumption increased by 51mn l in July, up by 6pc from June. The latest month-on-month increase extended an upward trend that began in January, driven by seasonally higher summer gasoline consumption and rising blending rates. Ethanol accounted for 6.7pc of total European gasoline demand in January and 7.8pc in July. Blending rates are expected to average 7pc in 2026 and 8pc in 2027.

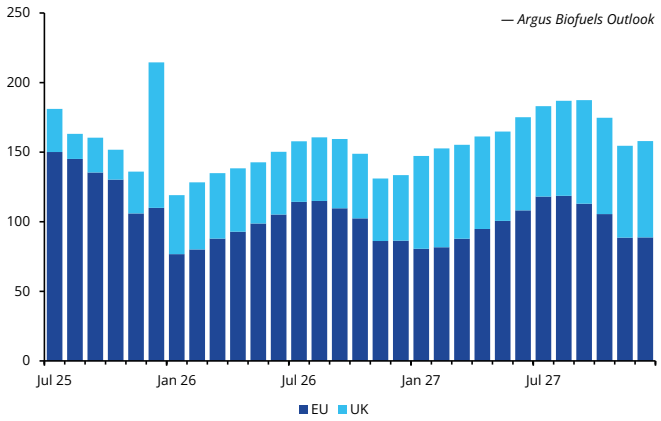
France led the regional increase, with July demand reaching a monthly record of 196mn l, 11mn l higher year on year. High gasoline prices supported greater ethanol use, including E85. Demand should soften after the summer driving season but is forecast to grow by 9pc in 2027.

Polish ethanol demand to jump 43pc in 2027

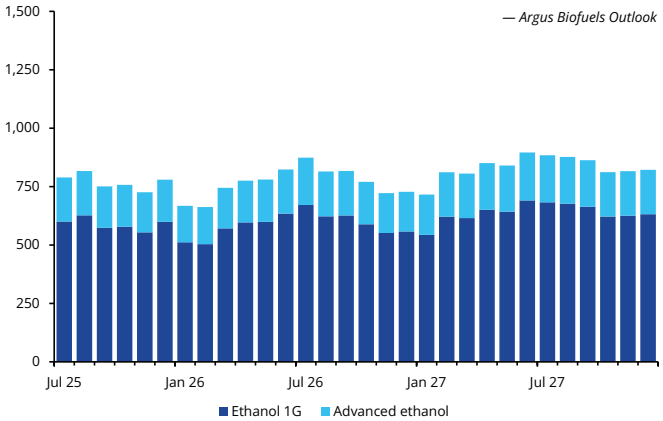
Poland is forecast to post Europe's second-largest rise in ethanol consumption in 2027, behind only Germany. We expect demand to climb to around 700mn l from just under 500mn l in 2026. The extra 200mn l would make up around a quarter of the 814mn l increase forecast for Europe as a whole.

The gain comes from higher blending rather than gasoline consumption, which is forecast to ease to 145,100 b/d from 147,200 b/d. Ethanol's share rises to 8.3pc from 5.7pc, with conventional ethanol supplying almost all of

European SAF demand *mn litres*



European ethanol demand *mn litres*



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the increase at 684mn l, while advanced ethanol slips to 12.5mn l.

Poland's draft RED III transposition lifts the national target from 10pc in 2026 to 11pc in 2027, 13pc in 2028 and 15pc in 2029. With little growth expected in advanced ethanol, crop ethanol drives the increase, making the shared 7pc crop cap for ethanol, rapeseed biodiesel and renewable diesel increasingly important towards 2030.

Feedstocks

Feedstock demand supported by RME and Pome

European biodiesel feedstock demand is forecast to have increased by 2pc to 1.97mn t in July, up by 9pc year on year. Demand grew or held steady across all classified feedstocks except UCO, which declined by 2pc on the month. We expect feedstock demand to remain broadly stable in the fourth quarter, rising by 2pc. Strong demand for RME and Class IV HVO will support consumption of rapeseed oil (RSO) and palm oil mill effluent (POME), while weaker demand across the wider biodiesel complex will limit the overall increase.

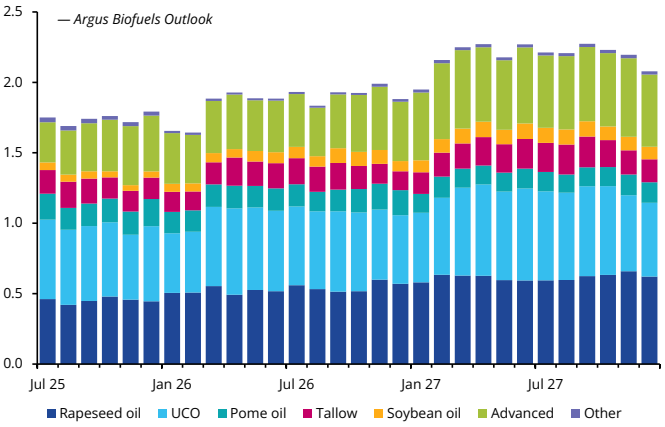
Consumption is expected to shift towards RSO as demand for low-CFPP fuels increases during winter. But rapeseed and RSO face a challenging supply environment. Strikes on Ukrainian Black Sea port infrastructure severely curtailed grain availability to Europe during the summer harvest, while persistently low Rhine water levels continue to prevent rapeseed from reaching, or RSO from leaving, crushing facilities in Germany. Trading firm Bunge suspended operations at its oilseed crush plant in Mannheim, Germany, in late September 2026 as the site was unable to transport a build-up of RSO.

Part B cap to limit UCO, support advanced feedstocks

UCO consumption is forecast to have edged down by 2pc in July, reducing its share of the feedstock pool to 28pc. European waste feedstock markets saw subdued demand in midsummer because of comfortable inventories and planned turnarounds at several HVO plants, including Neste's Porvoo in Finland in August. This downward trend is expected to continue as UCO gives way to advanced feedstocks, which are expected to account for 21pc of fourth-quarter feedstock demand, up by two percentage points from the third quarter.

Advanced feedstock demand is expected to increase as UCO-based biodiesel consumption approaches Annex IX

Biodiesel, HVO and SAF feedstock demand *mn t*



Part B caps set by member states. Demand for Advanced Fame is expected to strengthen relative to Ucome as it meets a growing share of European compliance demand, although some support for UCO demand may come from buyers securing volumes for production in early 2027.

Prices

Biodiesel

RME remains firm against biodiesel complex

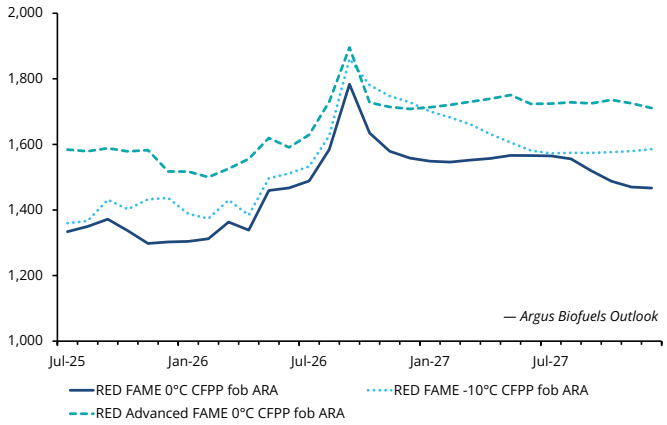
Biodiesel prices have mostly declined over the past month as diesel softened, ending a firm rally that ran from July to mid-September. RME fell less than the rest of the complex — 5pc between the third week of September and the first week of October, while SME, Ucome, Fame 0 and Advanced Fame fell by 8-9pc. Winter brings greater demand for low cold filter plugging point fuels, and RME is the main source of them. France has pushed back its switch to winter specification by two weeks, giving blenders some breathing room.

Elevated RSO prices have also kept RME supported, amid concerns about low rapeseed availability. European harvests were weak, and Russian strikes on Black Sea ports have curtailed Ukrainian rapeseed exports. Low Rhine water levels are disrupting the movement of rapeseed to crushers and RSO to biodiesel plants. RME stocks in the Amsterdam-Rotterdam-Antwerp (ARA) hub are low, and buyers are competing for loading dates as they look to stockpile, so the risk of a price spike remains. RME is forecast to average $1,797/t in October.

With RSO firm while the wider complex softens, RME margins are forecast to narrow to an average of $262/t in

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European FAME prices $/t



the first quarter of 2027. The squeeze is set to continue through 2027 as RME declines gradually to an average of $1,585/t in the second half of the year.

SME, Fame 0 soften on strong import availability

Argentinian SME has added to the pressure on biodiesel prices. Ship-tracking data show 143,000t of Argentinian SME exported to ARA, most of which arrived in late September, with some cargoes still due in late October. SME is forecast to average $1,648/t in October, 8pc below September's $1,793/t, and to fall to $1,573/t by December. The arrivals are also weighing on Fame 0. In Germany, this effect is largely confined to coastal areas, because inland transport remains restricted.

September's diesel surge had already narrowed biodiesel premiums. The premium of Fame 0 over diesel fell to $284/t, against a 2025 average of $610/t. High diesel prices bring consumers close to the most they will pay for biodiesel before switching to other fuels or using less energy. As diesel eases, the premium widens to $314/t in October and trends back towards historical levels, averaging $557/t in 2027.

Firm RME and plentiful SME leave RME at a premium over SME of $149/t in October and $175/t in November, more than three times the 2025 average of $47/t. The gap should narrow in 2027, following its usual seasonal pattern, as demand for low-CFPP RME falls in warmer months and imported SME supply increases.

Ucome margins to face squeeze on higher UCO prices

The rally from July to mid-September widened the spread between Ucome and UCO cif ARA to a monthly peak of $608/t in September. That improved economics for Ucome producers, even though biodiesel-grade UCO rose by 7pc between July and September. Ucome averaged $1,905/t in September, 28pc higher than a year earlier. Daily assessments peaked at $2,007/t on 14 September and fell to $1,808/t by the end of the month.

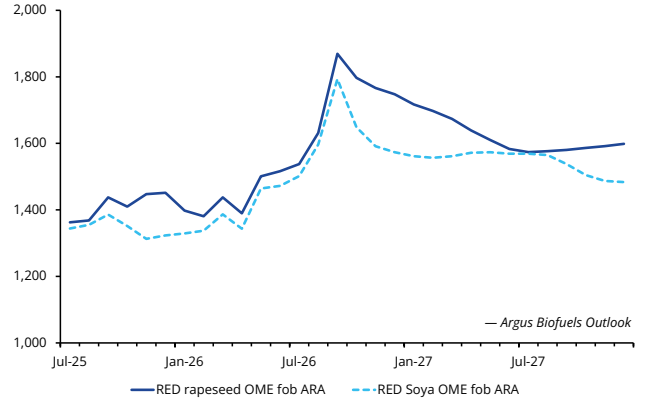
UCO has not followed the recent fall in biodiesel prices, because strong competition from HVO and SAF producers keeps it supported. Combined with higher energy costs, this is likely to squeeze Ucome production margins, and the Ucome-UCO spread is forecast to narrow to $443/t in October. Ucome is set to average $1,737/t this month and to remain steady through the fourth quarter as demand for higher-CFPP fuels declines over winter.

Advanced Fame to return to premium over Ucome

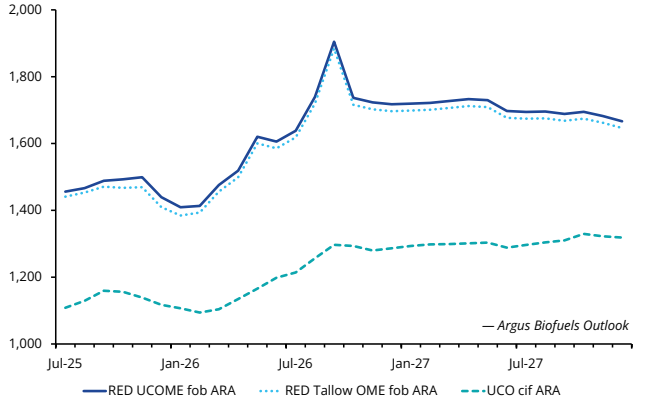
Advanced Fame is set to regain its premium over Ucome from March 2027. The spread averaged $73/t in 2025 but reversed to a discount, averaging $9/t over July-December 2026.

As demand for UCO-based biodiesel approaches member states' Annex IX Part B caps on final energy consumption, blenders will have to meet more of their obligations with fuel from advanced feedstocks. That shifts value back towards Advanced Fame. The premium is forecast to

European crop-based biodiesel prices $/t



European waste-based biodiesel prices $/t



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return at $3/t in March and widen to $44/t by December, averaging $23/t in 2027. This remains well below the 2025 level. With advanced feedstocks expected to become scarcer in late 2027, Ucome is likely to keep losing ground to Advanced Fame.

HVO

Low Rhine cuts ARA off from German HVO backlog

Germany enters the fourth quarter with a compliance backlog equivalent to around 800mn litres of HVO consumption. Delayed RED III implementation, volatile fuel markets and third-quarter logistics constraints all held back blending earlier in the year. Against the full-year supply-demand forecast, imports so far this year could leave Europe's HVO balance tight in the fourth quarter. Most of the HVO needed to meet this demand is in ARA, where imports and Dutch production have built stocks, while low Rhine water levels prevent barges from moving them inland. ARA prices are therefore being set by the hub's surplus rather than Germany's shortfall.

ARA prices are already falling. HVO Class II declined by 9pc, from $3,165/t in the third week of September to $2,883/t in the first week of October, and is forecast to average $2,787/t this month. Its premium over diesel averaged $1,481/t in September, the lowest since July 2025, and is forecast to slip to $1,467/t in October. With feedstock costs holding firm as product prices fall, producer returns are narrowing. Class I production margins reached $848/t in September but are forecast to fall to $610/t in the fourth quarter.

HVO Class I traded at a premium to Class II in September for the first time this year, as Class I supply tightened while demand held firm. Fewer Class I cargoes arrived from Canada after producers switched to UCO for the US market, while Germany's relatively generous crop cap supported demand for crop-based Class I. Class I averaged $3,018/t during the month, $38/t above Class II, compared with an average discount of $254/t in 2025. Low Rhine levels then isolated that German demand, as buyers were unable to draw Class I from ARA. Combined with softer diesel, this reversed the premium in early October. Class I is modelled at $2,769/t in October, $18/t below Class II. The discount is forecast to widen to $47/t in the fourth quarter and $167/t in 2027, closer to historical levels. Class II's 85pc greenhouse gas saving, compared with 60pc for Class I, gives it greater compliance value.

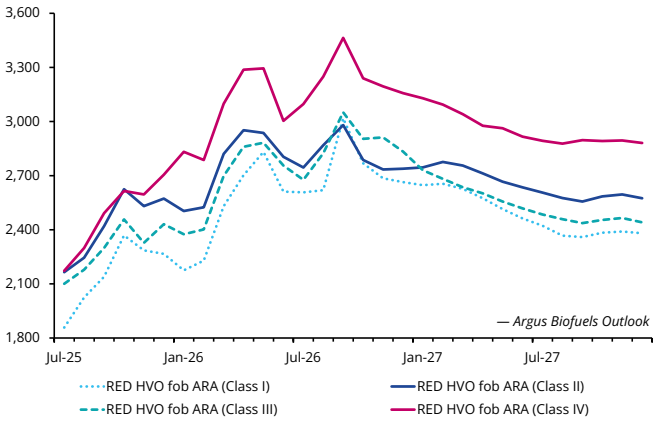
Two developments could narrow the gap between ARA and Germany before year-end. Neste's eight-week turnaround at its 1.4mn t/yr Rotterdam plant is under way, removing close to 90,000 t/month of output in October and November and slowing the build in ARA stocks. A recovery in Rhine water levels would also allow those stocks to reach German buyers. Neither is likely to have much near-term effect, however, with the Kaub gauge forecast to remain below 100cm into mid-November. Until barge traffic recovers, Class II is forecast to hold at around $2,736/t in November and December, while Class I averages $2,706/t over the quarter.

Rhine freight pushes German buyers towards tickets

High barge freight means German buyers cannot rely on physical HVO to clear the backlog. The ARA-Karlsruhe rate was still at a record $280-290/t in early October, compared with a normal Rhine cost of $11-22/t, eroding much of ARA HVO's apparent discount. ARA Class IV at $3,052/t on 12 October implied a German cost per ticket of €376/tCO2e, while "Other" GHG quota tickets traded just below €500/tCO2e, equivalent to a willingness to pay of more than $3,600/t for HVO. This left an apparent arbitrage above $500/t before exceptional inland freight and handling costs. If navigation remains restricted, ticket demand should strengthen towards an effective ceiling of around €560-570/tCO2e, below the €600/tCO2e penalty because obligated parties benefit from deferring the cash payment.

The same choice between physical HVO and tickets extends into 2027, when obligated parties are expected to hold around 10mn t of CO2e in carried-over tickets. Some may use them early to limit exposure to high delivered HVO costs, while others may retain them for the fourth quarter or 2028 as concerns over advanced feedstock supply intensify. If expectations of higher Class V prices

European HVO prices *$/t*



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encourage more even blending through the year, the year-end price spike would be smaller and ticket values would remain supported.

In Germany, demand will shift towards Class V advanced HVO once Pome-based biofuels lose eligibility in 2027. Tighter origin rules will further reduce the pool of qualifying Class V imports. Some southeast Asian exporters are already holding back shipments in late 2026 in anticipation of higher first-quarter prices.

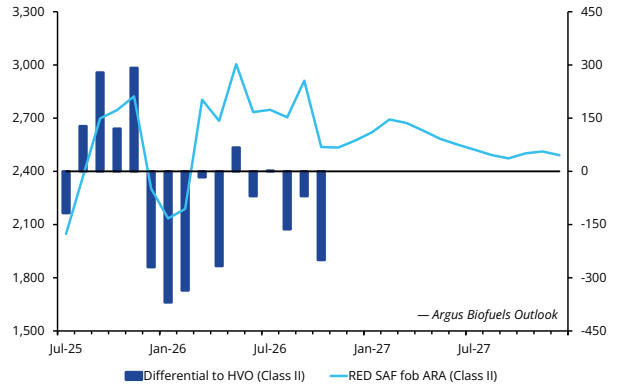
SAF

SAF stabilises after early-October slide

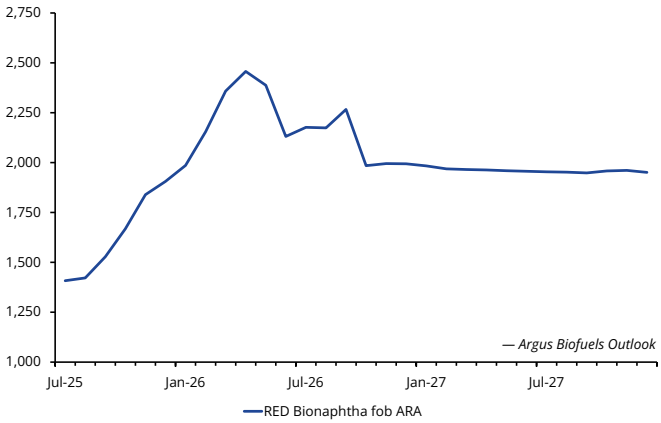
SAF fell from a mid-September peak of $3,106/t to $2,518/t by 5 October. Record third-quarter imports from China left Europe with enough supply to cover compliance demand for the rest of the year. With demand largely unchanged, SAF prices are forecast to remain broadly steady through the fourth quarter, averaging $2,537/t in October, $2,534/t in November and $2,574/t in December. It is forecast to average $2,562/t in 2027, easing from $2,625/t in the first half to $2,499/t in the second.

This leaves SAF below HVO Class II throughout the forecast, although the discount narrows from $205/t in the fourth quarter to $87/t in 2027. Chinese export quotas exceed forecast European SAF demand of 1.3mn t this year and 1.52mn t in 2027, while current trade flows show no sign of supply tightening. European producers typically need SAF to trade at around $150/t above HVO for switching output to be economic. Without outages in China or another supply disruption, HVO remains the more profitable product. Chinese SAF enters Europe free of the anti-dumping duties applied to Chinese HVO. The forecast assumes that the current duty treatment remains in place through 2027.

European SAF prices *$/t*



European bionaphtha prices *$/t*



Bionaphtha

Bionaphtha to follow softer fossil naphtha in 4Q

Bionaphtha road-fuel prices increased to $2,266/t in September, while premiums averaged $1,424/t, marginally lower than in August. Competing price dynamics are expected in the fourth quarter. Upcoming maintenance at Neste's Rotterdam biorefinery could reduce bionaphtha supply and support prices, but an expected decline in fossil naphtha prices will probably mute this effect, as petrochemical companies that remain cautious about voluntary consumption are likely to secure fossil naphtha instead. The premium is forecast to fall to around $1,261/t over the period.

In 2027, prices are forecast at $1,984/t in January and $1,957/t in June, averaging around $1,960/t for the year. Shifting production dynamics in Asia-Pacific are likely to affect supply, as rising HVO and SAF output may increase bionaphtha availability for international markets. But a growing preference for producing Class V HVO in the straits, driven by a desire to retain access to the German market in 2027, is likely to reduce the pool of UCO-based bionaphtha available.

Ethanol and ETBE

Ethanol holds firm as gasoline rally fades

Gasoline rose much faster than ethanol in September. Gasoline averaged $1,280/t, up from $1,090/t in August. Regular ethanol averaged $1,146/t, $134/t below gasoline, after trading around $135/t above it in June and July. Ethanol was still 16pc higher than a year earlier, supported by difficult supply conditions and firmer Dutch TTF gas and power prices.

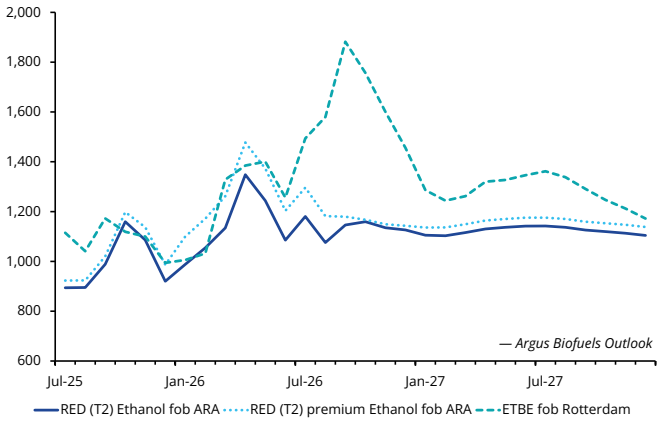
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Production costs are keeping ethanol up now that gasoline is falling. French corn averaged $277/t in September, 20pc above its 2025 average, after heat and drought cut EU crops and export logistics limited Ukrainian supply. Demand has also supported prices, with French E85 sales reaching 87mn l in June, matching the record set in April, as high fossil fuel prices made ethanol grades more attractive at the pump.

Regular ethanol is forecast at $1,159/t in October, $34/t above gasoline, before easing to $1,135/t in November and $1,126/t in December. The premium widens to $138/t by December, which may reduce the pump advantage of high-ethanol grades such as E85 going into winter. Softer energy prices bring regular ethanol to an average of $1,108/t in the first quarter of 2027. Prices then rise ahead of the summer driving season, peaking at $1,142/t in June and July.

Premium ethanol is now trading unusually close to regular. The spread averaged $34/t in September, down from $106/t in August and more than $110/t through most of the year, and is forecast at $8/t in October. The forecast returns the spread to $34/t from January and holds it there through 2027.

European ethanol and ETBE prices *$/t*



ETBE premium to ease as gasoline cools

ETBE fob Rotterdam averaged $1,882/t, up from $1,580/t in August, and its premium over gasoline rose to $602/t

European price outlook *$/t*

Product	Jul 26	Aug 26	Sep 26	Oct 26	Nov 26	Dec 26	4Q26	1Q27	2Q27	3Q27	4Q27
Biodiesel											
RED FAME 0°C CFPP fob ARA	1,489	1,585	1,784	1,635	1,579	1,558	1,591	1,549	1,563	1,547	1,475
RED FAME -10°C CFPP fob ARA	1,533	1,627	1,861	1,781	1,748	1,729	1,752	1,681	1,606	1,574	1,580
RED Advanced FAME 0°C CFPP fob ARA	1,629	1,731	1,896	1,728	1,714	1,708	1,717	1,721	1,738	1,726	1,724
Crop-based biodiesel											
RED rapeseed OME fob ARA	1,538	1,631	1,869	1,797	1,766	1,747	1,770	1,696	1,611	1,577	1,592
RED Soya OME fob ARA	1,502	1,597	1,793	1,648	1,591	1,573	1,604	1,560	1,571	1,557	1,492
Waste-based biodiesel											
RED UCOME fob ARA	1,638	1,740	1,905	1,737	1,723	1,717	1,726	1,723	1,720	1,693	1,681
RED Tallow OME fob ARA	1,618	1,720	1,885	1,716	1,702	1,697	1,705	1,702	1,699	1,673	1,661
UCO cif ARA	1,214	1,257	1,297	1,293	1,280	1,286	1,287	1,297	1,298	1,303	1,323
HVO											
RED HVO fob ARA (Class I)	2,608	2,619	3,018	2,769	2,685	2,664	2,706	2,643	2,517	2,383	2,385
RED HVO fob ARA (Class II)	2,745	2,868	2,980	2,787	2,734	2,739	2,753	2,759	2,671	2,580	2,585
RED HVO fob ARA (Class III)	2,677	2,824	3,051	2,904	2,912	2,834	2,883	2,683	2,559	2,460	2,454
RED HVO fob ARA (Class IV)	3,097	3,248	3,464	3,239	3,195	3,158	3,197	3,088	2,952	2,889	2,889
SAF											
RED SAF fob ARA (Class II)	2,747	2,705	2,911	2,537	2,534	2,574	2,548	2,662	2,588	2,496	2,502
Bionaphtha											
RED Bionaphtha fob ARA	2,177	2,174	2,266	1,985	1,995	1,994	1,991	1,973	1,960	1,952	1,957
Ethanol											
RED (T2) Ethanol fob ARA	1,180	1,075	1,146	1,159	1,135	1,126	1,140	1,108	1,136	1,135	1,112
RED (T2) premium Ethanol fob ARA	1,296	1,182	1,180	1,167	1,149	1,143	1,153	1,141	1,170	1,168	1,146
ETBE fob Rotterdam	1,494	1,580	1,882	1,757	1,601	1,456	1,605	1,264	1,331	1,330	1,210

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from $490/t. As gasoline eases, ETBE follows it down. ETBE is forecast to fall to $1,757/t in October, $1,601/t in November and $1,456/t in December, an average of $1,605/t for the quarter. Its premium over gasoline widens to $632/t in October before narrowing to $468/t by December, and stays at $337-403/t through 2027.

Fundamentals

Agricultural prices

Black Sea uncertainty still shapes grain markets

European grain fundamentals have improved since September, but the market remains highly dependent on developments in the Black Sea. Constraints on Russian and Ukrainian export capacity continue to redirect demand towards EU origins, supporting wheat exports from France, Romania and Bulgaria. A weaker euro has further improved the competitiveness of European wheat, allowing French supplies to regain market share in North Africa. But this export window is expected to narrow as larger Argentinian and Australian crops enter the market from late 2026.

Corn fundamentals remain tighter than those for wheat. Lower EU production, particularly in France and Germany, has increased import requirements, while uncertainty over Ukrainian export availability continues to cloud the outlook.

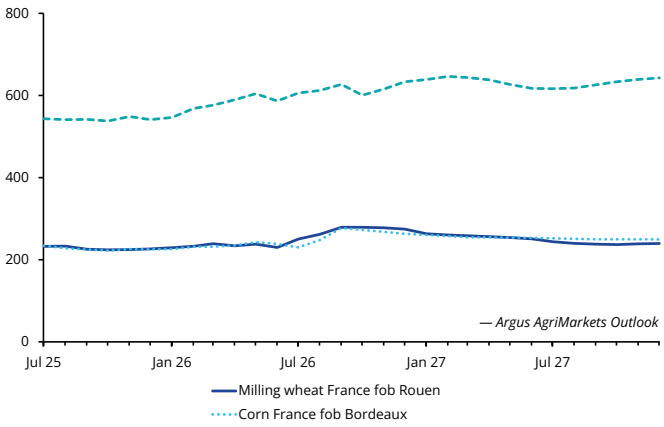
Current balances assume a partial resumption of Ukrainian exports in early 2027. If disruptions persist, the EU may need to increase imports from the US and South America or substitute more wheat and barley into feed rations.

For biofuels, grain availability remains broadly sufficient despite the tighter corn outlook. Nonetheless, a prolonged disruption to Black Sea trade would increase competition for corn supplies and could support EU feed grain prices over the medium term.

Tight rapeseed supplies support oilseed markets

European oilseed markets remain considerably tighter than grain markets, with rapeseed still the most supportive feedstock complex for biofuels. EU rapeseed production is recovering only gradually, while limited feedstock availability and logistical disruption along the Rhine continue to constrain crushing. Low water levels have delayed seed deliveries and restricted movements of oil and meal, tightening nearby rapeseed oil supplies despite attractive crush margins.

Biofuel agricultural feedstock prices *$/t*



Import dependence remains high. Record Canadian canola production and a larger Australian crop should improve availability, but domestic crushing and stronger Chinese demand are absorbing much of the additional Canadian supply. Most Australian export volumes will not reach the EU until early 2027, leaving European balances relatively tight for the rest of the year.

Fossil fuel demand and prices

Strait of Hormuz tankers suffer renewed attacks

Expectations that European crude prices would weaken over the coming quarters have been disrupted by renewed Iranian drone strikes on shipping in the strait of Hormuz. Crude faces longer-term pressure as Saudi Arabia's East-West pipeline returns to more than 75pc of capacity after damage from Houthi attacks, while greater use of ship-to-ship transfers and flexible export routes has reduced the risk of sustained shortages. But geopolitical risk continues to drive volatility, as demonstrated by the latest spate of Iranian drone attacks on vessels, including six tankers on 11 October.

Europe faces strong gasoline competition

European gasoline cracks should ease as seasonal demand weakens, winter-grade blending increases supply flexibility and refinery maintenance concludes. Northwest European demand may recover if recent weakness in Germany reflected deferred rather than lost consumption, while the Mediterranean should remain comparatively tight because of its structural deficit, sustained Turkish imports and competition with Asia and Africa for east-

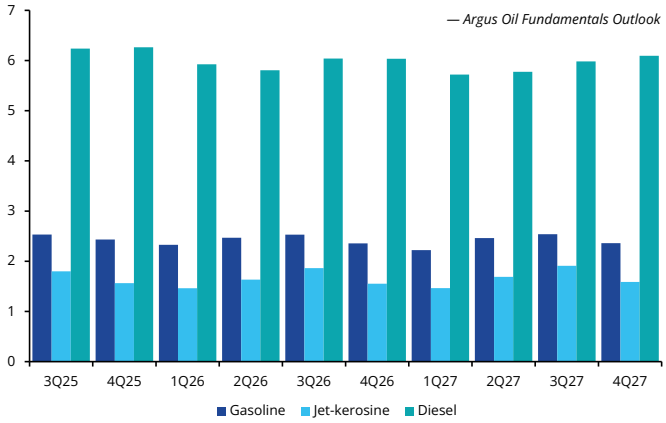
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of-Suez supply. Constrained Chinese exports and large Indonesian purchases could indirectly support European cracks by keeping Asian barrels within the region and diverting Indian cargoes away from Europe.

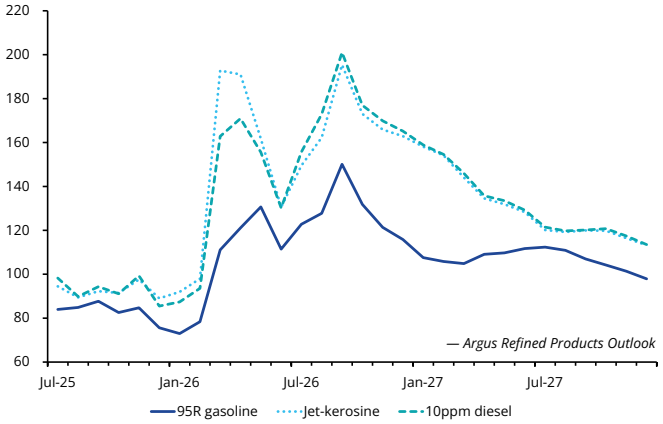
G7 reserve releases to provide some relief

European diesel cracks should retreat from record highs after the G7 announced the release of up to 100mn bl of diesel and crude stocks. This should ease immediate availability concerns and reduce the risk of a US export ban, which would threaten a key source of European supply. But the size, diesel share and timing of the releases are uncertain, while European inventories are still below historical norms. Restricted Russian exports, disrupted Middle East flows and reduced Asian export availability will continue to limit replacement supply, leaving the European market structurally tight and cracks well supported through the winter despite near-term softening.

European fuel demand *mn b/d*



European fuel prices *$/bl*



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NORTH AMERICA

Summary

This month

US renewable diesel (RD) margins hit their highest of the year, but producers could not run hard enough to benefit. RD output fell 13pc on the month to 243mn USG in August as hydrogen shortages and rail congestion followed turnarounds, cutting utilisation to 74pc from 86pc. D4 Renewable Identification Number (RIN) generation fell to 693mn credits, a five-month low. The bean oil-heating oil (BOHO) spread narrowed to a seven-year low, yet D4 prices slipped only 2pc to $2.12/RIN in September. Congestion has since spread into the Midwest, and 2026 feedstock demand has been cut by 2.18bn lbs to 39.18bn lbs.

Next month

Disruption persisted into October, keeping physical supply short. D4 is forecast at $2.24/RIN as the Gulf coast BOHO spread recovers to $1.12/USG. SBO eases to 71¢/lb, while coastal producers replace domestic feedstock they cannot move by rail with imports. Policy relief is unlikely soon. The White House returned the EPA's proposal after one week of review, suggesting full reallocation of the 770mn RINs from 2025 small refinery exemptions (SREs) will stand.

3-6 months ahead

Rail conditions will hamper a year-end rebound, cutting fourth-quarter RD demand to 866mn USG and full-year 2026 demand to 2.94bn USG. With fewer credits generated, the projected RIN bank draw rises to 3.16bn. That leaves a closing balance of 770mn, against a 10-year average of 2.23bn. D4 is forecast at $2.32/RIN in the fourth quarter. Waste feedstock premiums recover from November as import reliance grows, while California Low Carbon Fuel Standard (LCFS) credits rise to $93/t by December.

6-12 months ahead

A further 3.09bn-credit draw in 2027 would leave the RIN bank 1.75bn credits in deficit, and the EPA will probably need several measures to close that gap. Farm Bill 2.0 could release 1.42bn legacy credits, but it is unlikely to pass before sometime between the first and third quarters of 2027. Without other relief, the 2027 biomass-based diesel (BBD) mandate would need a 19pc cut. Our 2027 D4 forecast rises to $3.11/RIN, with RD demand cut to 3.22bn USG and biodiesel moving towards net imports. Deeper policy intervention is the clearest downside risk.

Regulation

Senate panel advances farm bill with E15, SRE reforms

The US Senate agriculture committee approved its Farm Bill 2.0 by 12 votes to 11 on 16 September. The bill would permit year-round E15 sales and direct the Environmental Protection Agency (EPA) to amend dispenser labelling and storage-tank rules. Starting in 2028, the EPA will reduce small refinery Renewable Fuel Standard (RFS) compliance obligations using a baseline set at the lower of their highest annual output in 2023-25 or their output in the compliance year. It would also have to reallocate exempted volumes under certain conditions. SAF would qualify for US Department of Agriculture (USDA) biorefinery assistance and advanced biofuel payments. The bill still requires broader congressional approval before becoming law.

US updates 45Z guidance and GREET model

The US released updated guidance for the 45Z clean fuel production credit on 8 September, reaffirming that eligible fuels must be derived from feedstocks produced or grown in North America. The update introduces requirements for regenerative agricultural practices and supply-chain reporting, while revising several fuel pathways. Changes to carbon-intensity calculations could raise credit values for some ethanol producers.

US imposes 50pc tariff on Canadian UCO

The US announced on 8 September a 50pc tariff on some Canadian UCO imports, effective from 15 September. The duty applies only to UCO classified under US Harmonized Tariff Schedule code 1518.00.40 and entered or withdrawn from warehouses for consumption after 14 September. Canada accounted for 12.3pc of US imports under the code in 2025.

California signs law clearing path for E15

California has enacted legislation removing regulatory barriers to E15 sales, paving the way for wider use of higher ethanol blends in the state. The law aligns state requirements with federal standards and allows existing E10 dispensing equipment to be used for E15 under certain conditions. But sales cannot begin until state regulators complete the necessary rulemaking. Separately, regulators are considering amendments to gasoline specifications, including an oxygen-content limit for E15 blends.

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Washington studies state SAF tax credit trigger

Washington state is assessing whether in-state biofuels production has reached the threshold needed to activate a $1-2/USG SAF tax credit. Lawmakers approved the credit in 2023, to apply once in-state facilities reach a combined 1,300 b/d of capacity. Fuel reducing CO_2 equivalent emissions by at least 50pc would earn $1/USG, rising to as much as $2/USG, for up to 10 years.

Mexico introduces mandatory biofuels requirements

Mexico has advanced implementation of its biofuels law by introducing permitting and reporting requirements across the supply chain, covering production, trade, distribution and retail sales. The measures extend the regulatory framework beyond ethanol and biodiesel, and form part of a broader effort to strengthen oversight of the sector. Additional rules governing biomass feedstocks are under development, while technical standards for fuel specifications and blending requirements have yet to be issued.

Demand

Ethanol

Higher blend rates absorb growing US ethanol supply

US ethanol demand is forecast to remain stronger than previously anticipated as favourable blending economics encourage greater ethanol inclusion in the motor gasoline pool. Consumption is projected at 14.7bn USG in 2026 and 14.6bn USG in 2027, supported by average blend rates of 10.83pc in both years. Although US gasoline demand is expected to remain broadly flat, ethanol's growing price advantage over gasoline should keep blend rates above historical norms, allowing domestic consumption to absorb a larger share of supply.

Market fundamentals continue to point to ample ethanol availability. Production remained near record levels through much of 2026, frequently exceeding 1.1mn b/d, while inventories stayed elevated despite robust summer demand. Weekly stocks averaged around 25mn bl in the third quarter, well above historical averages for the period, highlighting the industry's continued ability to generate supply faster than traditional demand channels can absorb it.

As a result, ethanol is expected to remain competitively priced relative to gasoline. This economic incentive is encouraging refiners and blenders to maximise ethanol inclusion wherever infrastructure and fuel specifications permit. The effect is particularly apparent during periods when ethanol would traditionally lose blending share to lower-cost butane, with ethanol expected to retain a larger presence in the blend pool than in previous years.

Sustained production growth and abundant inventories should keep ethanol competitively priced against gasoline, supporting stronger domestic blending through 2027 within existing operational limits. Exports will remain an important outlet for surplus supply and a key market-balancing mechanism, reducing the need for broad nationwide adoption of higher-level blends such as E15.

Biodiesel

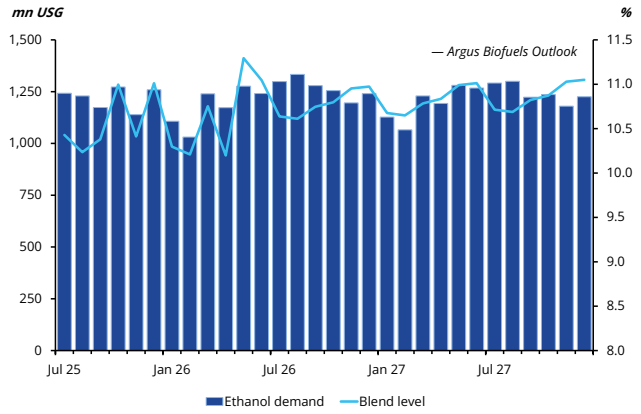
Supply constraints increase reliance on imports

US biodiesel demand has been revised lower following weaker-than-expected production during the August 2026 turnaround season, highlighting growing supply constraints across the sector. Consumption is now forecast at 1.47bn USG in 2026 and 1.67bn USG in 2027, while average blend rates are projected at 3.56pc and 4.00pc, respectively. Although D4 RIN fundamentals remain supportive, the market is increasingly constrained by available physical supply rather than blending economics.

Domestic production growth has slowed considerably in recent months. A series of maintenance events and operational disruptions during the summer reduced output below expectations, forcing a reassessment of the sector's ability to sustain earlier production forecasts.

The tighter supply outlook comes at a time when BBD requirements continue to expand. Biodiesel stocks remain

US ethanol demand and blend level



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relatively limited, restricting the ability of draws to offset periods of weaker production. As a result, a larger share of future demand growth is expected to be met through international trade rather than domestic supply expansion.

This shift should become more apparent in 2027. The US biodiesel market is forecast to move gradually towards a net import position as domestic production struggles to keep pace with blending demand and renewable fuel obligations. Supplies from key trading partners are expected to play a greater balancing role, offsetting structural tightness. Supportive D4 RIN values should continue to incentivise output, but physical availability rather than demand is likely to remain the main constraint on market growth through the forecast period.

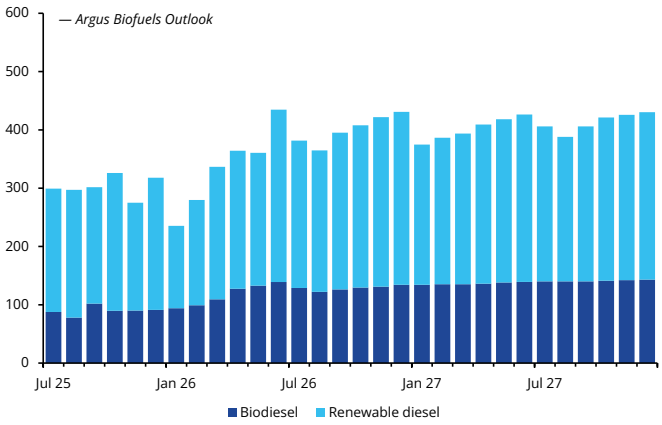
Renewable diesel

US rail congestion threatens year-end RD recovery

US renewable diesel production fell 13pc month on month to 243mn USG in August as an extensive maintenance cycle was compounded by severe operational disruptions. Utilisation rates dropped to 74pc from 86pc in July as producers emerging from turnarounds grappled with rail congestion and acute hydrogen shortages, forcing one facility off line and reducing operating rates at others to as low as 50pc.

The disruptions came at the worst possible time for the industry. Record diesel strength and resilient RIN economics lifted RD margins to their highest levels of the year. D4 RINs continued to command premiums of more than $3.00/USG to the BOHO spread, even as the spread fell to its lowest level in seven years.

US biodiesel and RD consumption *mn USG*



RD demand is expected to recover to 269mn USG in September as export flows slowed markedly and worsening operational disruptions attracted the first import cargo from Canada since March.

August output was curtailed by extensive turnarounds at several of the largest facilities on the US west and Gulf coasts. Hydrogen availability improved through September, with at least two facilities returning to full rates.

But Gulf coast producers continue to face mounting logistical challenges. One major producer has been placed under a rail embargo, complicating its return from maintenance, while congestion has spread into the broader Midwest sourcing region and tightened railcar availability. The disruption is expected to increase reliance on imported feedstocks, with preliminary shipping data indicating that the year's largest tallow and used cooking oil import volumes are scheduled for September delivery.

US biofuel demand outlook

Product	Jul 26	Aug 26	Sep 26	Oct 26	Nov 26	Dec 26	4Q26	1Q27	2Q27	3Q27	4Q27
Biofuel											*mn USG*
Ethanol	1,299	1,333	1,279	1,255	1,195	1,240	3,690	3,422	3,741	3,815	3,641
Biodiesel	129	122	126	130	131	134	395	405	414	421	427
Renewable diesel	253	243	269	278	291	297	866	750	840	779	851
Total	**1,680**	**1,698**	**1,674**	**1,663**	**1,617**	**1,671**	**4,951**	**4,577**	**4,995**	**5,015**	**4,919**
Biomass-based diesel feedstocks											*mn lbs*
Canola oil	330	224	257	245	277	260	782	923	996	1,068	1,065
Corn oil	453	349	371	389	400	418	1,207	1,042	1,079	1,091	1,227
Soybean oil	1,687	1,139	1,244	1,300	1,343	1,369	4,012	3,709	4,076	4,032	3,813
Tallow	771	583	610	660	663	642	1,965	1,499	1,459	1,461	1,949
Yellow grease	610	466	505	497	511	564	1,572	1,381	1,767	1,393	1,633
Other	198	120	135	133	141	153	427	567	529	428	406
Total	**4,049**	**2,882**	**3,123**	**3,223**	**3,336**	**3,406**	**9,965**	**9,120**	**9,906**	**9,472**	**10,092**

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On the west coast, one major producer has returned from maintenance, while a second is likely operating at reduced rates. With operational disruptions lingering into early October, we have sharply reduced our fourth-quarter RD demand outlook to 866mn USG, reflecting expectations that worsening rail conditions will hamper a material year-end rebound.

Structural rail constraints cut 2027 demand outlook

Full-year 2026 US RD demand has been revised down to 2.94bn USG as worsening rail congestion compounds severe industry capacity constraints. Even assuming lower export flows and a recovery in imports, the unexpected operational disruptions in August and September dealt a significant setback to US RD production. Despite downward revisions to net exports, trade is still expected to drive the retirement of at least 899mn D4 credits, setting the stage for a sharper drawdown of the RIN bank in 2026 and a deeper deficit in 2027. Producers facing operational challenges continue to direct volumes into Canada's structurally short market, supported by attractive Clean Fuel Regulations credit economics.

The disruption has now spread beyond the Gulf coast into the wider Midwest sourcing region, a significant development that underpins our conservative production outlook. Rail congestion can compound rapidly once established and may take years to unwind. With feedstock demand expected to reach similar highs in 2027, rail infrastructure will become an increasingly important determinant of production growth. Coastal producers retain some flexibility through increased feedstock imports, a strategy we expect to gain traction through the remainder of 2026 and into 2027 as producers seek to alleviate rail constraints.

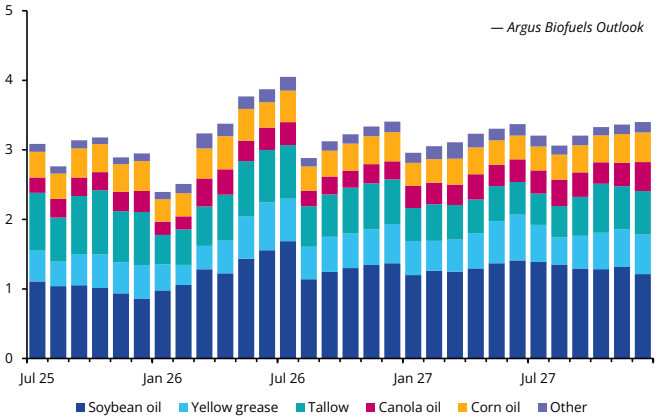
Full-year 2027 RD demand has been revised down to 3.22bn USG, reflecting lower utilisation rates. We have reduced average 2027 utilisation to 82pc. Net exports have been cut to 40mn USG/month from 50mn USG/month, reflecting expectations for rising imports from Europe to offset continued RD outflows into Canada.

Feedstocks

Logistic disruptions curtail feedstock demand

Total 2026 feedstock demand has been reduced by 2.18bn lbs, or 5pc, to 39.18bn lbs. SBO remains the core feedstock, with three consecutive months of record consumption through July. Total BBD demand, including

US biodiesel and RD feedstocks demand *bn lbs*



export consumption, reached a record 1.69bn lbs in July, lifting the sector's share of SBO use to 61pc. August consumption is expected to fall sharply to 1.14bn lbs, net of SBO used in export production, reflecting extensive turnaround activity and operational disruptions. RD continues to capture a greater share of SBO demand, rising to 52pc, its highest share since June 2024. The 2026 SBO demand outlook has been reduced by 0.86bn lbs, or 5pc, to 15.62bn lbs, while maintaining a 40pc share of the feedstock slate. The 2027 forecast has been lowered to 15.63bn lbs, although SBO's share is expected to rise to 41pc, the highest level in four years.

Canola oil demand has been cut to 3.35bn lbs in 2026, reducing its share of the feedstock slate to 9pc from 10pc. We expect producers to favour SBO and distillers corn oil (DCO) over canola oil as tightening railcar availability leads them to prioritise domestically sourced feedstocks. The 2027 forecast has been lowered to 4.05bn lbs, while canola oil's share of the slate is maintained at 11pc.

The 2026 DCO demand forecast has been reduced by 9pc to 4.77bn lbs. DCO's share of the feedstock slate is expected to fall to 12.3pc from 12.7pc. Demand is projected to remain below estimated domestic supply of 5.3bn lbs as logistics disruptions strand volumes in the US Midwest. The RD sector accounted for 91pc of DCO consumption in July, up from 90pc a month earlier and the highest share since February 2026, when production was severely curtailed by policy uncertainty. DCO remains little used by biodiesel producers because of its higher processing requirements and greater pretreatment yield losses relative to competing feedstocks. The 2027 DCO demand forecast stands at 4.44bn lbs, with DCO's share of the feedstock slate expected to narrow to 11.5pc from 12.3pc as availability of competing feedstocks increases.

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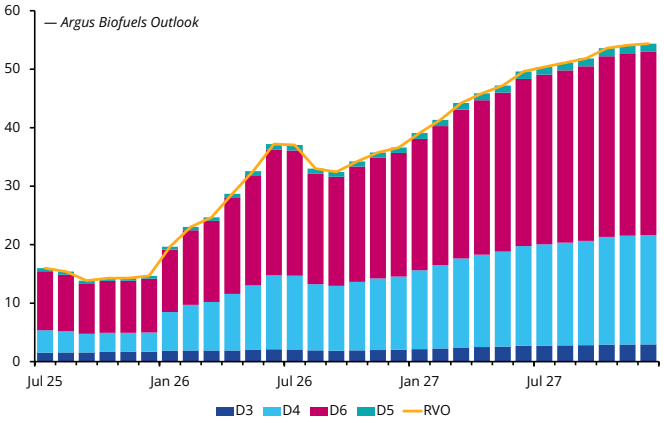
Coastal producers turn to low-CI imported feedstocks

The 2026 tallow demand forecast has been trimmed modestly to 7.64bn lbs, representing 19.5pc of the feedstock slate, as coastal producers increasingly turn to imported feedstocks amid mounting domestic rail constraints. October imports are on pace to rise by 42pc from September to their highest level in a year, supported by the second-highest monthly volume from Australia in 2026. The recovery to levels last seen in 2025 is notable because imported tallow was then fully eligible for 45Z credits. Lower shipments from Brazil have been more than offset by stronger flows from Europe.

The 2026 UCO demand forecast has been reduced by 3pc to 5.92bn lbs, while maintaining a 15pc share of the feedstock slate. Imports are expected to account for at least 54pc of demand even at the lower consumption level. UCO imports have exceeded tallow imports for most of 2026, a trend we expect to strengthen in 2027 as firm LCFS values and stronger CFR credit economics drive greater demand for low-CI feedstocks. UCO demand is forecast to rise to 6.17bn lbs in 2027, up 4pc from 2026, bringing consumption close to parity with projected tallow demand of 6.37bn lbs.

Argus RVO breakdown by RIN category

¢/USG



Credits

RINs/RVO

RIN markets price in emerging credit crisis

RIN prices fell 2pc to $2.12/RIN in September even as the BOHO spread turned negative for the first time in more than seven years. Such a sharp improvement in production margins would typically put material downward pressure on RIN prices. But increasingly tight supply fundamentals kept D4 RINs at a premium of more than 400pc to the BOHO spread on a biodiesel basis, or well above $3.00/USG. Unforeseen operational disruptions following heavy maintenance in the first half of August

US RIN bank outlook			bn RINs
Year	2025	2026	2027
Starting balance	0.85	3.50	1.30
(+) 2023 SRE Impact	0.93	0.00	0.00
(+) 2024 SRE Impact	1.15	0.00	0.00
(+) 2025 SRE Impact	1.76	0.00	0.00
(+) 2026 SRE Impact	0.00	0.58	0.00
(+) 2027 SRE Impact	0.00	0.00	0.56
Adjusted balance	4.69	3.94	1.33
(-) D5 Shortfall	-0.67	-0.55	-0.55
(-) D6 Shortfall	-1.03	-0.86	-1.00
(-) Compliance Draw	-1.33	-3.16	-3.09
Ending balance	3.36	0.77	-1.75

US RIN & LCFS price outlook											
Credit	Jul 26	Aug 26	Sep 26	Oct 26	Nov 26	Dec 26	4Q26	1Q27	2Q27	3Q27	4Q27
RIN											¢/RIN
D3	264	243	233	244	250	255	250	270	308	330	349
D4	241	216	212	224	234	239	232	267	305	327	346
D5	240	215	211	223	233	239	232	266	304	327	345
D6	236	208	205	217	227	233	226	261	299	321	340
RVO											¢/USG
Renewable Volume Obligation	37	33	32	34	36	37	36	42	48	51	54
LCFS											$/t
California LCFS	75	81	85	88	91	93	91	99	105	110	115
CFR											CAD $/t
Canadian CFR	440	420	361	378	375	374	375	382	399	422	454

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persisted into early October, tightening the 2026 RIN supply outlook. Mounting rail congestion was central to downward revisions to BBD production.

August D4 generation fell 13pc month on month to 693mn credits, the lowest level in five months, as heavy maintenance, hydrogen shortages and rail congestion weighed on output. The impact was partly offset by a 44pc decline in BBD exports, which reduced advanced RIN retirements at the border to 62.5mn from 112mn in July. Although the net RD export balance has been lowered for the remainder of 2026, the shift comes too late to add material RIN supply to the market.

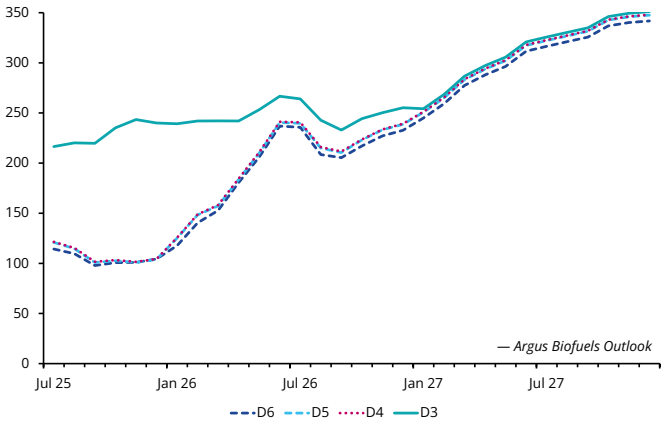
The BBD industry's inability to supply sufficient physical volumes will drive larger RIN bank drawdowns in 2026 and 2027. The projected 2026 draw has increased by 3pc to 3.16bn credits from 3.06bn last month. Advanced credits account for 2.32bn, or 73pc, of the total draw, leaving a 2026 closing balance of just 770mn credits, well below the 10-year average of 2.23bn. A further 3.09bn draw in 2027 pushes the bank to an unprecedented deficit of 1.75bn credits.

With RIN bank insolvency appearing inevitable and fresh operational constraints affecting an already capacity-constrained BBD industry, the market faces a paradox — the less sustainable the bank becomes, the stronger the expectation of policy relief. The scale of the 2027 shortfall suggests the EPA will need to combine several measures to successfully restore balance without destabilising RIN markets.

The most immediate relief could come later this month through a reduction in the EPA's proposal to fully reallocate the 770mn RINs released by 2025 small refinery exemptions. Partial reallocation would effectively add up to 770mn RINs to the market without fully offsetting demand. But the White House's decision to return the EPA proposal on 9 October after only one week of review suggests that the 100pc reallocation is likely to remain intact.

More substantial relief could follow through Farm Bill 2.0, which would release an estimated 1.42bn credits from the 2016-18 vintages for use in future compliance years. The credits could re-enter the market without a specified vintage, providing maximum compliance flexibility. The bill is unlikely to pass until sometime between the first and third quarter of next year.

RIN prices ¢/RIN



The EPA could also use its general waiver authority to reduce the 2027 BBD mandate and remove the corresponding volumes from the nested advanced and total renewable fuel categories. Although 2026 requires similar treatment, retroactive action appears unlikely given previous court challenges. Any intervention is likely in the first half of 2027, when the EPA will have a clearer view of the impact of 2025 compliance on the bank and several additional months of market data.

The EPA could also use its Set 3 rulemaking to recalibrate the market. The agency may defer action and address the shortfall through a single sweeping adjustment, although it is more likely to fine-tune earlier relief through its 2028-29 mandates. Mandate reductions will face political resistance from the agricultural sector, but programme costs are rising rapidly. Even under a moderate 2027 relief assumption, the Renewable Fuel Standard programme is on course to cost more than $13bn in 2027 unless more extensive measures are adopted. The scale of the deficit, growing reliance on deficit carryforward and the need to cushion the market impact increasingly point to a package of policy measures rather than a single solution.

The principal risk is that the EPA cuts mandates too aggressively, sharply reducing RIN prices, weakening incentives to produce and blend biofuels and damaging the sector's investment environment. Without other relief, the EPA would need to cut 2027 BBD demand by an estimated 19pc to return the RIN bank to zero. A smaller mandate reduction could be combined with a looser 2026-27 SRE policy to restore marginal solvency.

The October D4 forecast stands at $2.24/RIN, 6pc above September, reflecting tighter credit balances and a

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recovery in the physical US Gulf coast BOHO spread to $1.12/USG from a one-and-a-half-year low of $1.03/USG. The fourth-quarter 2026 D4 forecast is $2.32/RIN, supported by expectations of continued BOHO strength through year-end.

The full-year 2027 D4 forecast has been raised to $3.11/RIN, reflecting tighter RIN bank balances, lower BBD production, continued RD export outflows and a wider BOHO spread, forecast to average $2.03/USG. The outlook incorporates modest policy relief in 2027, although more substantial intervention presents clear downside risk.

D3 prices resilient despite reallocation headwinds

D3 prices fell 4pc to $2.33/RIN in September, alongside a 2pc decline in the D4 floor price. The D3 premium to D4 remained relatively firm at $0.21/RIN, down only marginally from $0.27/RIN in August but well below the $1.14/RIN recorded at the start of the year.

Additional selling pressure stemmed from the EPA's reallocation decision for 2025, which excludes the cellulosic biofuel category and allows more than 95mn 2025-vintage cellulosic credits to enter the market without creating any offsetting demand across 2026 and 2027.

The muted price response reflects continued uncertainty over the volume of D3 credits genuinely available for compliance. Under the EPA's Biogas Regulatory Reform Rule (BRRR), cellulosic RIN generation is now recorded in the Moderated Transaction System (EMTS) at the point of pipeline injection rather than transportation fuel use. As a result, reported generation can remain robust even while renewable natural gas (RNG) deliveries into the transportation fuel pool, the sector's primary bottleneck, lag behind. Because RINs can only be separated for compliance once fuel is used for transport, effective D3 supply is likely considerably tighter than headline generation data implies.

The full-year 2026 D3 forecast has been lowered to $2.48/RIN, reflecting a modest reduction in the D4 floor price, partly offset by firmer-than-expected D3 premiums. D3-D4 premiums are now forecast to average $0.18/RIN in the fourth quarter, up from the previous estimate of $0.13/RIN. The full-year 2027 forecast has been raised to $3.14/RIN, supported by a stronger outlook for the underlying D4 floor, while a comparatively looser cellulosic balance is expected to limit premiums to single-digit levels across the forecast period.

LCFS

Market prices future scarcity

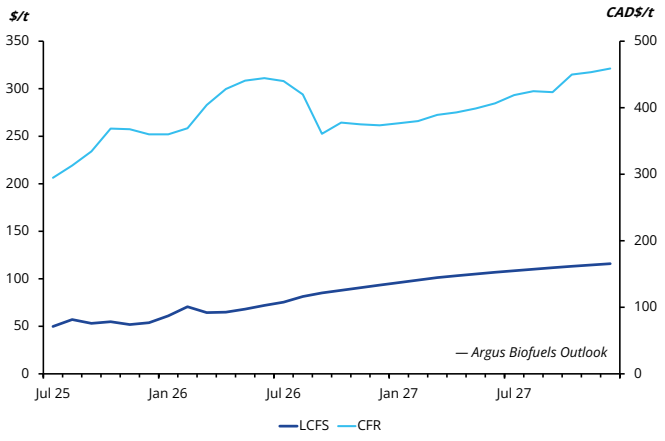
California LCFS credit prices are expected to strengthen through 2027 as the market focuses increasingly on long-term availability rather than quarterly supply fluctuations. Credits are projected to rise from $85/t in September 2026 to around $93/t by year-end, before reaching nearly $102/t in early 2027. This steady increase reflects growing confidence that the programme's structural deficit will tighten fundamentals despite the sizeable credit bank.

Recent trading activity highlights this shift in market sentiment. Regulators began distributing credits generated during the second quarter of 2026 in October, temporarily adding fresh supply to the market. Credit prices softened briefly but remained near their highest levels since 2022. The limited reaction suggests market participants are increasingly looking beyond periodic credit issuances and focusing instead on future compliance requirements and credit generation trends.

Underlying fundamentals remain supportive. Credit generation has weakened across several major categories, including renewable diesel, electric vehicle charging and forklifts. RD producers have also relied increasingly on higher-carbon intensity feedstocks, reducing credit generation per gallon and limiting the programme's ability to replenish inventories.

Meanwhile, annual deficits continue to erode the credit bank, removing a buffer that has historically weighed on prices. Recent issuances may continue to create short-term volatility but have done little to alter the broader

California LCFS and Canada CFR prices



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outlook. With CI targets tightening and credit generation growth slowing, the market is expected to place a growing premium on future compliance supply, supporting higher prices through 2027.

CFR

Regulatory uncertainty slows bullish market

Canada Clean Fuel Regulations credit prices are expected to strengthen through 2027 despite recent volatility caused by uncertainty over potential programme amendments. Prices are forecast to rise from around C$361/t ($252/t) in September 2026 to nearly C$459/t by the end of 2027 as compliance obligations grow and supply remains constrained. Although prices have retreated from highs above C$440/t earlier in 2026, the correction appears to reflect regulatory uncertainty rather than a material change in fundamentals.

The market remains focused on potential amendments under consideration by Environment and Climate Change Canada. Policy makers have discussed measures including domestic content requirements and credit multipliers designed to support Canadian low-carbon fuel production. But limited clarity on the timing and scope of any reforms has reduced market liquidity and encouraged many participants to remain on the sidelines. Trading activity softened through the third quarter as buyers and sellers waited for greater visibility on future programme design.

Despite this uncertainty, underlying fundamentals continue to support higher prices. Credit values have more than doubled compared with a September 2024, while year-to-date transfer volumes remain well above 2025 levels. The strong price response suggests that market participants remain concerned about long-term credit availability even as near-term trading activity slows.

The outlook assumes regulatory amendments may influence the pace of credit generation but are unlikely to fundamentally alter the programme's tightening balance. While proposals such as credit multipliers could temporarily increase supply, they would not eliminate the need for additional low-carbon fuel production to meet increasingly ambitious compliance targets. As a result, the market is expected to resume its upward trajectory once regulatory uncertainty begins to clear, supporting progressively higher CFR credit prices throughout next year.

Prices

Ethanol

Strong US blending economics support market supply

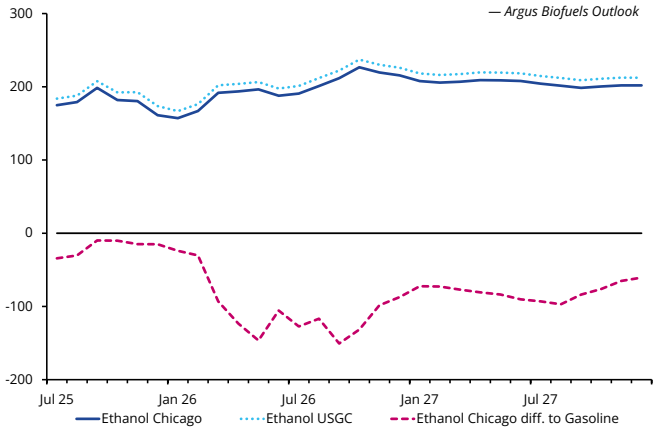
US ethanol prices are expected to remain relatively stable throughout 2027 despite persistent domestic oversupply. Chicago Argo prices are forecast to rise from $2.12/USG in September 2026 to around $2.27/USG in October, before gradually easing into a narrow $2.03-2.12/USG range through 2027. Elevated production capacity and comfortable inventories will continue to weigh on fundamentals, but strong blending economics should provide support.

The primary driver remains the D6 market. Higher Renewable Identification Number values continue to improve blending incentives and support ethanol demand despite limited growth in gasoline consumption.

Ethanol's competitiveness with gasoline should provide further support. Ethanol is forecast to maintain a substantial discount throughout the outlook period, allowing refiners and blenders to maximise inclusion where operationally feasible. Discounted ethanol and rising compliance values should help to sustain blend rates even as the mature gasoline market in the US limits demand growth.

Regional price differentials are expected to remain relatively stable. Gulf coast ethanol values are forecast to maintain a modest premium to Chicago, reflecting export market access and blending demand, while California prices remain supported by continued demand for lower-carbon transportation fuels.

US ethanol prices *¢/USG*



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Biodiesel

Regional imbalances reshape US biodiesel pricing

US biodiesel prices are expected to remain elevated through the rest of 2026 before easing in 2027 as higher imports improve availability. Chicago B99 prices are forecast to peak above $4.50/USG in October 2026 before falling to around $3.03/USG by December 2027. Gulf coast B99 prices are expected to follow a similar trend, declining from $4.67/USG to $2.87/USG over the same period. Despite softer diesel prices, rising D4 RIN values should continue to support biodiesel economics.

Regional dynamics are playing an increasingly important role in price formation. Rail congestion has limited biodiesel movements out of the Midwest production hub, restricting supply availability and keeping regional markets tight through late 2026. At the same time, elevated D4 RIN prices have increased incentives for Gulf coast blenders to blend biodiesel and separate RINs, providing additional support for USGC B99 values. As a result, Gulf coast biodiesel is expected to maintain a premium to Chicago through the remainder of 2026.

This pricing relationship is forecast to reverse during 2027. Strong compliance values are expected to attract increasing biodiesel imports into the Gulf coast, improving local availability and reducing supply tightness. With imported volumes concentrating along the coast, US Gulf coast prices are projected to gradually move back below Chicago values, restoring a more traditional regional pricing structure.

Underlying fundamentals remain constructive. D4 RIN prices are forecast to continue rising through 2027 as biomass-based diesel obligations increase and the available RIN bank tightens. While physical biodiesel prices are expected to soften from current highs alongside declining diesel values, stronger compliance credit economics should continue to support blending demand and prevent a sharper price correction.

Renewable diesel

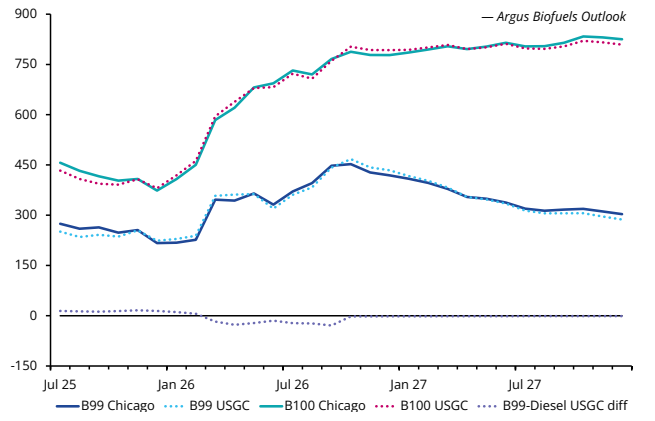
Elevated RINs sustain R100 price strength

R100 prices are projected to ease to $9.62/USG in October as west coast conventional diesel retreats from record highs, only partly offset by stronger D4 RINs and renewed gains in LCFS prices. West coast conventional diesel is forecast to fall 8pc to $4.74/USG, while the D4 RIN contribution on an RD basis is projected to rise 5.5pc to $3.80/USG, its highest since the record levels reached in July.

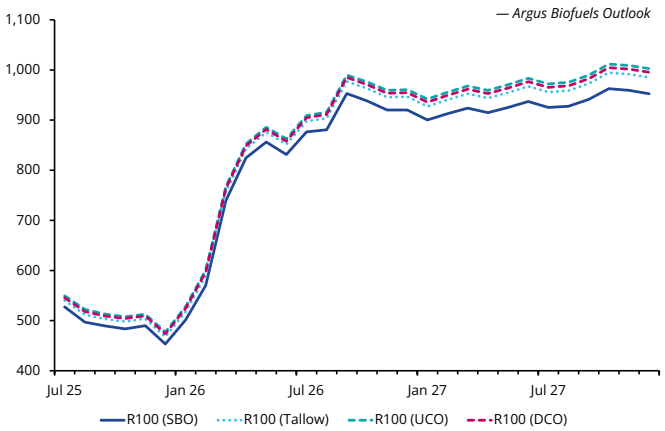
West coast refiners have increased diesel production after inventories fell to a 14-year low at the end of August. Higher middle-distillate yields have supported inventory rebuilding despite the loss of more than 17pc of California's refining capacity. While stronger RD blending would typically tighten an already constrained distillate market, persistent operational issues at west coast RD producers have restricted local supply, attracting multiple cargoes from the US Gulf coast as well as the first imports from Canada since March and Singapore since June.

Strong conventional diesel prices and elevated RIN values continue to underpin the R100 outlook through year-end. Conventional diesel is forecast to average $4.46/USG in the fourth quarter of 2026, accounting for approximately 47pc of the R100 price. D4 RINs are expected to contribute $3.95/USG, or 42pc of the total. The full-year 2026 R100 forecast remains $8.39/USG.

US biodiesel prices *¢/USG*



US renewable diesel prices *¢/USG*



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Looking ahead, the first-half 2027 R100 forecast has been revised materially higher to $9.61/USG, supported by strength in both conventional diesel and RIN pricing, with additional support from firmer LCFS premiums. Conventional diesel is forecast to average $3.48/USG, representing 36pc of the R100 price, while the D4 RIN contribution is projected at $4.89/USG, or 51pc of the stack, up from 49pc in the previous estimate and offsetting softer diesel prices over the period.

SAF

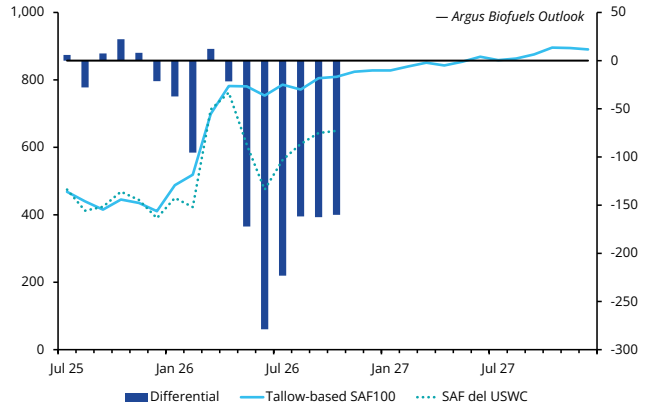
RIN strength underpins 2027 SAF outlook

SAF prices are forecast to remain largely unchanged at $8.09/USG in October, as D4 RIN strength offsets weaker conventional jet fuel prices. LA jet fuel is projected to fall 4pc month on month to $4.09/USG as refiners increase yields and replenish depleted inventories. Conventional jet fuel is expected to account for 51pc of the SAF value stack, down from 53pc in September and the lowest share since February. D4 RINs on a SAF-equivalent basis are forecast at $3.58/USG, representing 44pc of the SAF stack, up from 42pc the previous month.

US SAF demand remains largely dependent on voluntary offtake agreements, while existing federal and state incentives are insufficient on their own to drive meaningful production growth. Without attractive offtake arrangements, producers are likely to maximise RD output because of its superior economics and higher yields. Illinois continues to offer the strongest SAF-specific incentive, with a $1.50/USG purchaser credit available to commercial airlines operating in the state.

Export markets remain an important outlet for US producers, with volumes shipped to the UK, the Amsterdam-Rotterdam-Antwerp hub, and Vancouver so far this year. But SAF exports remain modest relative to RD, accounting for just 9pc of combined RD and SAF export volumes. US producers continue to lobby for lower duties as they struggle to compete with Chinese SAF exports to Europe that are not subject to duties.

US SAF prices ¢/USG



The fourth-quarter 2026 SAF100 forecast has been revised down 5pc to $8.20/USG, as softer conventional jet fuel prices are only partially offset by stronger D4 RIN expectations. The full-year 2027 forecast has been raised 10pc to $8.63/USG, reflecting a firmer D4 outlook and a modest increase in conventional jet fuel prices. Despite SAF's equivalence value declining from 1.6 to 1.5 credits per gallon, D4s are expected to comprise a larger share of SAF100 value than the estimated 43pc in 2026.

Feedstock

Tightening US stocks set stage for SBO price recovery

Soybean oil prices are forecast to decline to 71¢/lb in October as worsening rail congestion further constrains biomass-based diesel demand and weaker diesel prices add near-term pressure. Prices are expected to recover in November and December as producers remain uncovered ahead of an anticipated return to full-tilt production. Rail disruption has spread from the US Gulf coast production hub into the Midwest, disproportionately affecting SBO, distillers corn oil and canola flows.

The 2027 SBO forecast is unchanged at 79¢/lb, with record domestic mandates expected to keep inventories well below the five-year average. During this period of elevated BBD production, SBO is expected to re-anchor to diesel strength, although greater reliance on feedstock imports should provide a bearish counterweight. Exceptionally tight SBO stocks are expected to draw increased imports from Canada and Mexico for biofuel use, providing moderate price relief from late 2026 and increasingly through 2027.

Waste feedstock prices poised for premium recovery

Robust imports continue to pressure waste-based feedstock prices, steadily eroding their carbon intensity premium to SBO. The trend is expected to reverse from November as producers rely more heavily on imports to offset disrupted domestic rail flows, lifting premiums to the SBO benchmark. Into 2027, improving logistics and a stronger LCFS price signal should support a normalisation of premiums.

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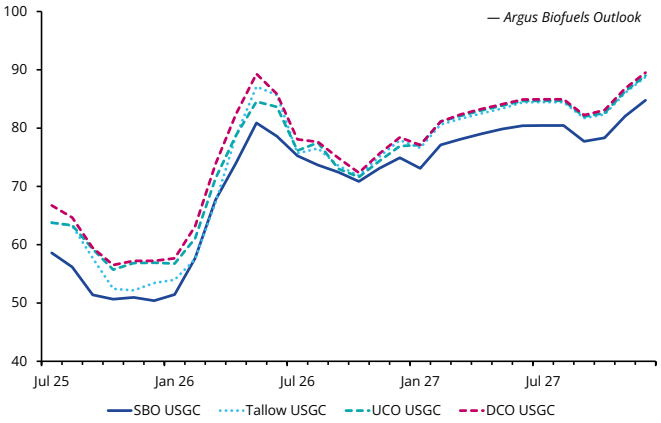
UCO prices are forecast to ease to 72¢/lb in October, reflecting a premium of just 0.75¢/lb to SBO, before recovering to 77¢/lb by year-end, equivalent to a 2¢/lb premium. The 2027 forecast remains unchanged at 83¢/lb, with premiums rising to 4.25¢/lb over the course of the year. UCO is expected to return to a modest premium over tallow in the second half of 2027 as stronger LCFS values drive greater CI-driven demand for UCO.

Tallow prices are forecast to edge down to 72¢/lb in October, reflecting a 1¢/lb premium to SBO, before recovering to 78¢/lb by year-end, or a 3¢/lb premium. The full-year 2027 forecast remains unchanged at 83¢/lb, with premiums increasing from 3.5¢/lb to 4¢/lb over the course of the year.

DCO premiums erode amid logistics constraints

Distillers corn oil prices are forecast to fall to 72¢/lb in October. DCO remains particularly exposed to the current logistics bottlenecks, with feedstock sourced largely from the US Midwest while demand is concentrated along the US Gulf coast and west coast. Coastal producers are expected to increase their reliance on imported feedstocks

US biofuel feedstock prices ¢/lb



to offset constrained domestic rail movements, weighing on DCO values despite the feedstock's 14-17pc federal credit advantage.

As a result, the fourth-quarter 2026 DCO forecast has been revised down 6pc to 76¢/lb from 81¢/lb. The full-year 2027 outlook remains unchanged at 84¢/lb, although premiums are now expected to average below 4.5¢/lb, down from the previous forecast of 5.5¢/lb.

US biofuel price outlook

Product	Jul 26	Aug 26	Sep 26	Oct 26	Nov 26	Dec 26	4Q26	1Q27	2Q27	3Q27	4Q27
Ethanol											¢/USG
Ethanol Chicago	191	201	212	227	220	216	221	207	209	201	201
Ethanol USGC	201	212	222	237	230	226	231	217	219	212	212
Biodiesel											¢/USG
B99 Chicago	371	396	448	452	428	419	433	395	347	317	311
B99 USGC	361	383	442	467	443	434	448	401	346	308	296
B100 Chicago	732	720	766	788	778	778	781	795	805	808	830
B100 USGC	722	708	761	803	793	793	796	801	803	799	815
Renewable diesel											¢/USG
R100 (soybean oil) del California	876	881	953	938	920	920	926	912	926	931	958
R100 (tallow) del California	898	904	977	963	946	947	952	940	955	962	990
R100 (UCO) del California	909	916	990	976	959	961	965	955	971	979	1,008
R100 (corn oil) del California	905	911	985	971	954	955	960	949	965	972	1,001
SAF											¢/USG
SAF100 (tallow) del California	786	771	805	809	824	828	820	840	855	866	893
Feedstocks (USGC)											¢/lb
Soybean oil crude degummed	75	74	72	71	73	75	73	76	80	80	82
Tallow bleached fancy (4pc FFA)	76	77	74	72	75	78	75	80	83	84	86
UCO	76	77	73	72	74	77	74	80	84	84	86
Distillers corn oil	78	78	75	72	76	78	75	80	84	84	86

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Fundamentals

Agricultural prices

US corn supplies maintain comfortable availability

North American grain markets remain dominated by abundant US corn supplies. Higher-than-expected carry-in stocks and weaker export demand have produced a more comfortable balance sheet than previously anticipated, maintaining downward pressure on prices during the harvest. Although ethanol demand remains steady, export performance is increasingly the key determinant of inventory levels and price direction.

US corn continues to face strong competition from South America. Competitively priced Brazilian and Argentinian supplies are limiting US export growth, despite lower US prices. Looking ahead, the market is expected to shift its focus from US supply to South American weather, which will shape global trade dynamics through early 2027.

Wheat fundamentals are similarly comfortable. Despite a smaller US crop, export demand remains relatively weak because US wheat continues to trade at a premium to competing origins. Buyers displaced from the Black Sea region have primarily turned to Europe and, increasingly, southern hemisphere exporters.

Biofuel demand drives oilseed fundamentals

North American oilseed fundamentals remain among the strongest in global agriculture. Larger soybean and canola crops are increasing feedstock availability, but expanding domestic processing capacity and renewable fuel demand continue to absorb much of the additional production. Record US soybean crush volumes are preventing inventories from rising significantly despite improved production prospects.

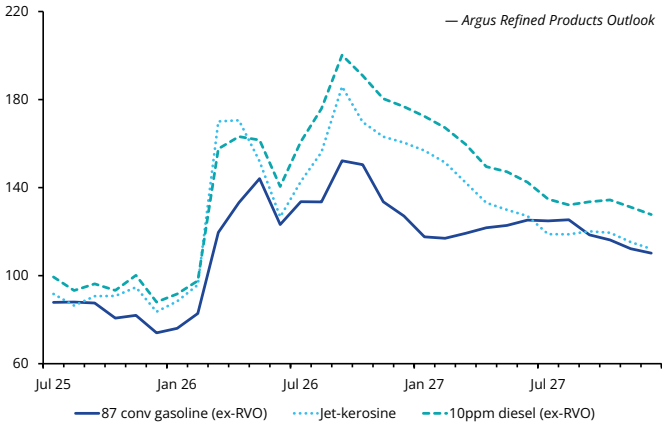
The principal risk to oilseed markets lies outside North America. Attention is increasingly focused on South American weather, where hotter and drier conditions could threaten Brazilian soybean production. Given strong domestic biofuel demand, any weather-related supply disruption would quickly tighten global oilseed balances and support soybean oil and canola oil values.

Fossil fuel demand and prices

Low diesel stocks cap Gulf coast gasoline downside

US Gulf coast gasoline cracks should soften seasonally as demand falls and winter-grade specifications give blenders greater flexibility. But any correction is likely to be shallow, with Atlantic basin inventories low and stronger middle distillate margins expected to keep refinery yields tilted towards diesel and jet fuel. This should constrain gasoline supply growth and prevent a sharper decline.

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

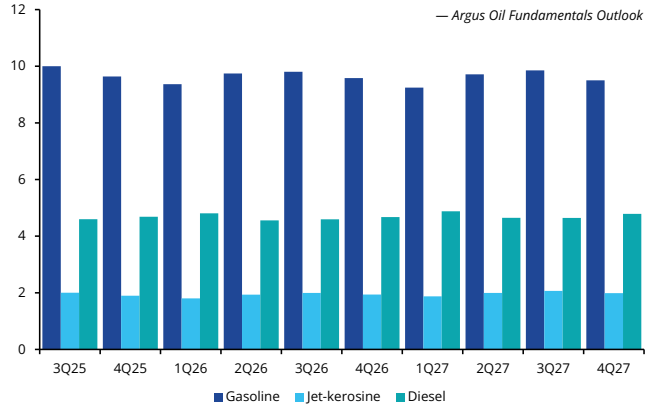


G7 release cools US diesel as Hormuz risks return

US diesel cracks are set to retreat from near-record levels. The G7's 3 October pledge to release up to 100mn bl of diesel and crude over four months eased supply concerns and weakened the case for a US export ban, an idea on which the administration appears to have cooled. But the expected retreat may prove less assured. Middle Eastern diesel exports could be curtailed by shipping companies' reluctance to transit the region following a spate of attacks on oil tankers in early October.

The stock release should ease the market through the winter, but strong Atlantic basin demand for US cargoes will keep cracks supported until exports from the Middle East and Russia recover.

North America fuel demand *mn b/d*



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LATIN AMERICA

Regulation

Argentina's Senate passes biofuels reform bill

Argentina's Senate approved biofuels reform legislation that would increase the ethanol blend in gasoline to 15pc from 12pc and the biodiesel blend in diesel to 10pc from 7.5pc, one year after the law enters into force. Sugarcane and corn ethanol would each account for 6pc, with the remaining 3pc open to both. The bill would also replace the quota and price-setting system with a framework based on private contracts and electronic trading. No date has been set for a vote in the lower house.

Brazil consults on Cbio targets for new distributors

Brazil's oil regulator ANP approved a 45-day public consultation on 4 September on rules governing annual Cbio retirement targets for new fuel distributors under the Renovabio biofuels policy. The draft has not been published, but is expected to set out how individual targets would be calculated during a distributor's first two years. New distributors would demonstrate partial compliance in their first year, followed by semi-annual verification in the second. The ANP board recommended that the rules take effect on 1 January 2027. Some 28 distributors failed to comply in 2025, down from 61 in 2024, while Cbio prices averaged 55.81 reals, against R87.71 a year earlier.

Brazil considers marine biodiesel blending

Brazil's hydrocarbons regulator is considering industry proposals to introduce biodiesel blending in marine gasoil from 2027, as part of broader efforts to align the bunker market with international marine fuel standards. Proposed blend rates would rise from B15 in July 2027 to B24 by July 2028, potentially creating up to 368mn l/yr of additional biodiesel demand. Although the draft regulation would not mandate blending, it would establish quality and storage standards for alternative marine fuels and allow biodiesel blends of up to B100 to be sold without special authorisation, supporting greater biofuel use in the maritime sector.

Industry groups are also urging the regulator to include ethanol in forthcoming marine fuel regulations. The proposed framework would simplify the supply of several alternative bunker fuels, but ethanol would still require special authorisation. Stakeholders argue that recognising existing fuel specifications for marine use would accelerate investment in production, logistics and bunkering infrastructure.

Brazilian court upholds temporary E32 gasoline blend

Brazil's federal audit court did not suspend the temporary increase in the anhydrous ethanol blend in gasoline to 32pc from 30pc, allowing the measure to remain in force during its 180-day trial period. The ruling supports the government's push to expand ethanol consumption, citing technical assessments that found no material effect on vehicle performance, emissions or operability. The court also concluded that ethanol supply and existing logistics infrastructure were sufficient to support the higher blend rate.

Demand

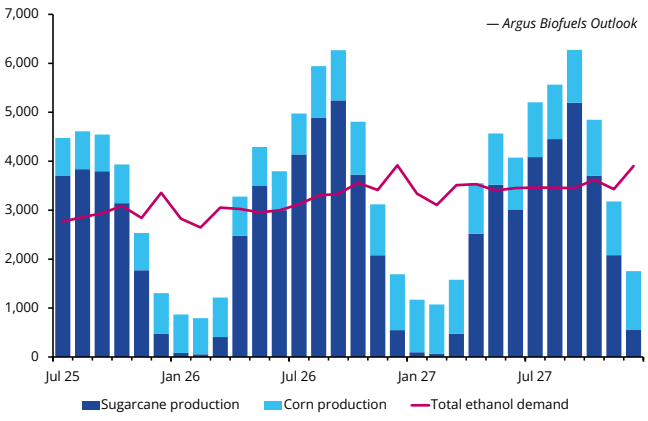
Ethanol

Higher crush, corn output outweigh low cane quality

Brazilian ethanol production is forecast at 41.0bn litres in 2026, rising to a record 42.8bn l in 2027. The increase reflects a larger sugarcane crop and continued expansion in corn ethanol, with corn accounting for all net production growth next year.

Sugarcane crushing is forecast at 646mn t in the current crop year, almost 5pc above the previous estimate of 616mn t. The larger crush partly offsets, but does not fully compensate for, weaker feedstock quality. Average total recoverable sugar (TRS) has been revised to 133.3kg TRS/t from the 138.5kg TRS/t projected in July and is also

Brazilian ethanol production *mn litres*



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below the 135.5kg TRS/t recorded last crop year. Heavy rainfall has disrupted harvesting and crushing, while diluting sugar concentration and reducing recoverable sugar per tonne of cane.

Lower cane quality has also constrained mills' ability to shift production towards sugar following the rally in international prices. The share of TRS allocated to sugar rose from 36pc at the start of the crop to around 50-51pc in the latest reporting periods, but the full-season share is forecast at 46.7pc. Ethanol is expected to retain 53.4pc of the production mix, up from 49.6pc last season.

Total cane ethanol production is forecast to decline from 30.1bn l in 2026 to 29.8bn l in 2027, as lower TRS outweighs the larger crush. Corn ethanol therefore provides the decisive increment. Output is forecast to rise by about 2.2bn l, or 20pc, from 10.9bn l in 2026 to 13.1bn l in 2027, more than offsetting the decline in cane ethanol. With sugarcane crushing and TRS expected to recover in subsequent crop years, continued growth in corn capacity should keep inventories elevated and reinforce the market's shift from managing supply risk to absorbing a surplus.

Ethanol demand strengthens across both markets

Brazilian ethanol consumption is forecast to reach record highs of 39.0bn l in 2026 and 41.4bn l in 2027, supported by stronger anhydrous and hydrous demand. The temporary increase from E30 to E32 is expected to add around 1bn l/yr of anhydrous demand during the six months in which it applies, lifting monthly consumption above 1.3bn l through the second half of 2026 and into early 2027.

Hydrous ethanol consumption reached 2.06bn l in August, about 25pc above January, while its share of combined gasoline and hydrous fuel demand rose from 29.6pc to 34.6pc over the same period. The shift reflects more favourable pump economics from abundant harvest supplies. The national ethanol-to-gasoline parity ratio fell from above 70pc earlier in the year to around 60pc in August and remained near 63pc in early October.

The price pressure has coincided with a substantial inventory build. Reported ethanol stocks rose from 1.7bn l in March to 7.2bn l in August. Alongside distributor restocking ahead of the expiry of federal tax exemptions, these factors are expected to keep hydrous demand on a record trajectory, even after the assumed return to E30 in February 2027.

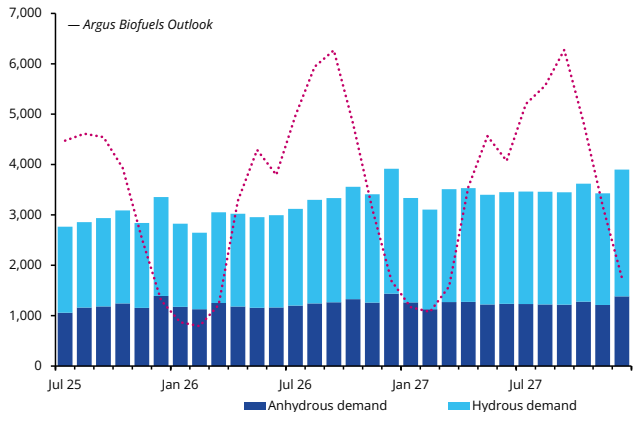
Brazil exports recover but cannot absorb surplus

Brazil's ethanol trade position strengthened considerably during the 2026 harvest, as rising production restored exportable surpluses. Shipments accelerated between June and September, supported by abundant domestic availability and the removal of most import requirements. Anhydrous ethanol continued to flow mainly to Europe, Asia and the US, while hydrous exports also rose significantly, particularly to South Korea.

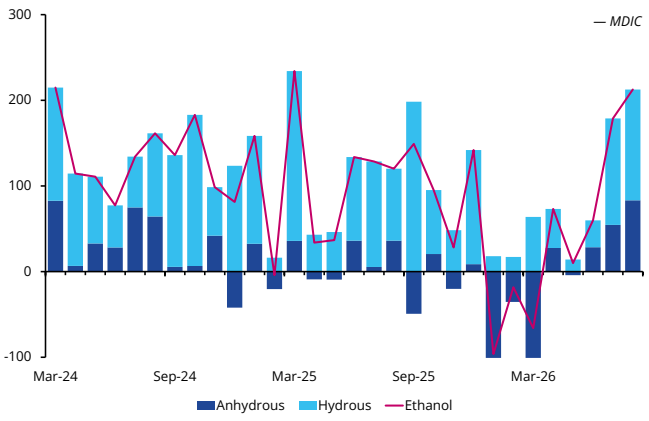
Brazilian exports rose to a four-year high in September, hitting 342mn l, 63pc above September 2025 levels and the highest monthly volume since October 2022. Around 30pc of exports in the month were sent to the Netherlands, while South Korea took 26pc. India and the Philippines received 17pc and 16pc, respectively.

Meanwhile, Brazilian ethanol imports were almost null in September, totaling just 380 l. That is down from 64mn l in the same month a year earlier. Of the total, 96pc came from the US, 2pc from Germany and 1pc from Denmark.

Brazilian ethanol demand *mn litres*



Brazilian net ethanol exports *mn litres*



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Trade barriers in key markets and competition from other exporters continue to constrain growth. Exports will become an increasingly important balancing outlet, but production is forecast to expand more quickly than overseas demand during 2027. Brazil is therefore expected to remain oversupplied with inventories staying historically high.

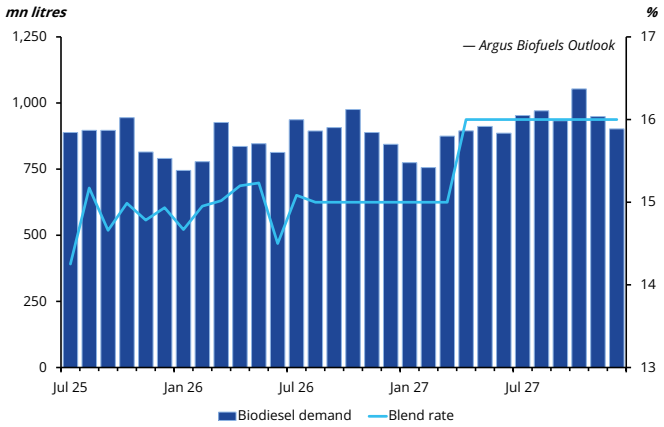
Biodiesel

Diesel demand, B16 support steady growth in Brazil

Brazilian biodiesel demand is forecast to rise from 10.4bn l in 2026 to 10.9bn l in 2027. With B15 now fully embedded, growth is increasingly tied to underlying diesel demand. Consumption reached a seasonal high of 937mn l in July and should remain strongest in the second half of each year, when agricultural activity and freight demand typically lift diesel use. The planned increase to B16 from April 2027 is expected to add roughly 470mn l/yr of biodiesel demand between 2026 and 2027, accounting for most of the longer-term forecast growth.

Recent activity suggests that mandated blending requirements do not always translate immediately into physical withdrawals. Distributors have reported weaker-than-expected diesel sales and, at times, drawn on volumes contracted in earlier supply periods rather than seeking additional spot purchases. These pressures appear temporary rather than structural. Biodiesel remains an essential component of Brazil's diesel pool, while growth in freight activity and agricultural demand, combined with the move to B16, should keep consumption on an upward trajectory through 2027.

Brazilian biodiesel demand



Brazilian biofuel demand outlook

Product	Jul 26	Aug 26	Sep 26	Oct 26	Nov 26	Dec 26	4Q26	1Q27	2Q27	3Q27	4Q27
Ethanol demand											*mn litres*
Anhydrous	1,201	1,244	1,304	1,367	1,297	1,479	4,144	3,701	3,731	3,676	3,874
Hydrous	1,919	2,055	2,273	2,426	2,322	2,638	7,386	6,902	6,799	6,280	6,414
Total demand	3,120	3,299	3,577	3,793	3,619	4,117	11,529	10,603	10,530	9,956	10,288
Ethanol production											*mn litres*
Sugarcane	4,138	4,884	5,243	3,726	2,079	549	6,354	636	9,052	13,730	6,339
Corn	837	1,057	1,025	1,081	1,041	1,140	3,262	3,187	3,137	3,314	3,437
Total production	4,974	5,941	6,268	4,807	3,119	1,690	9,616	3,823	12,189	17,043	9,776
Biodiesel demand											*mn litres*
Biodiesel	937	894	907	976	888	844	2,708	2,406	2,692	2,856	2,904
Feedstock demand											*'000t*
Soybean oil	629	613	603	633	571	544	1,748	1,484	1,802	1,839	1,768
Tallow	40	45	66	75	66	59	200	168	155	196	224
Palm oil	3	4	5	10	10	15	34	39	21	12	35
UCO	15	8	8	10	8	9	28	29	27	30	27
Other vegetable oils	9	17	30	34	39	32	104	84	51	95	137
Other animal fats	11	12	12	16	16	15	47	41	52	47	51
Other	131	136	116	127	112	109	348	287	290	332	353
Total	**837**	**833**	**840**	**904**	**823**	**782**	**2,509**	**2,131**	**2,398**	**2,551**	**2,595**

Anhydrous ethanol: free of water and at least 99pc pure, and used in gasoline blends, currently set at 32pc. 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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Feedstock

Corn ethanol growth expands alternatives supply

Soybean oil demand stood at 613,000t in August, up by 2pc from a year earlier. It remained the dominant feedstock, but its share has declined from around 78pc in May and June to 75pc in July and 74pc in August, as demand for tallow and other vegetable oils and fats has increased. SBO is still expected to dominate Brazil's feedstock slate throughout 2026 and 2027, although alternative feedstocks are forecast to gain further share over the remainder of this year. Total SBO demand in 2026 is forecast at 7mn t, rising to 7.3mn t in 2027.

The rapid expansion of Brazil's corn ethanol industry is creating an additional feedstock source by increasing supplies of technical corn oil (TCO). Brazil is expected to produce around 454mn l of TCO in 2026 as a by-product of corn ethanol production. Its use in domestic biodiesel production remains limited, although consumption rose from around 5,700t in January to more than 6,300t in August. As Brazil's biodiesel mandate increases, more TCO could be directed to the domestic market, even as export availability also grows.

Exports to Europe are one important outlet for TCO, which can be used as an advanced feedstock for HVO A production. Unlike Part B feedstocks and conventional crop-based biofuels, HVO A is not subject to a specific RED III cap, making it a marginal compliance option once the Part B and first-generation limits have been reached.

As Brazil's corn ethanol capacity expands, increasing TCO availability should support further exports to Europe and provide producers with a more significant by-product revenue stream. SBO is still expected to remain the mainstay of Brazilian biodiesel production, but greater corn oil availability is gradually strengthening links between the country's ethanol and biodiesel sectors.

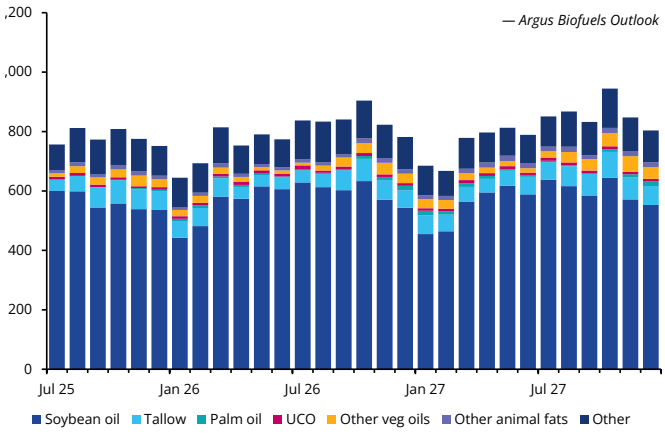
Prices

Ethanol

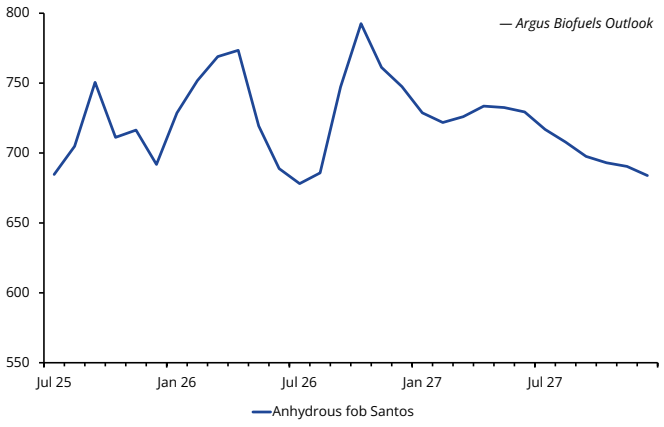
Demand tempers pressure from growing Brazil surplus

Expanding domestic supply is expected to keep Brazilian anhydrous ethanol prices under pressure over the medium term, although firm demand and relatively strong international values should temper the decline in the near term. Anhydrous fob Santos prices are forecast to rise from $747/t in September 2026 to a seasonal peak of nearly $793/t in October, before easing to around $684/t by December 2027.

Brazilian biodiesel feedstock demand *'000t*



Brazilian ethanol prices *$/t*



South American biofuel price outlook

Product	Jul 26	Aug 26	Sep 26	Oct 26	Nov 26	Dec 26	4Q26	1Q27	2Q27	3Q27	4Q27
Brazilian ethanol											*$/t*
Anhydrous fob Santos	678	686	747	793	761	747	767	725	732	707	689
Brazilian biodiesel											*$/t*
BD Araucaria ex-terminal	1,165	1,135	1,178	1,207	1,219	1,226	1,217	1,215	1,207	1,236	1,260

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Domestic demand has strengthened considerably over the past year. The temporary E32 mandate lifts anhydrous consumption through early 2027, while firmer hydrous ethanol demand has improved overall market absorption. International markets may also provide further support. US ethanol prices are expected to remain broadly stable, as rising D6 RIN values continue to improve blending economics.

The longer-term outlook points to a structurally oversupplied market, with domestic and export demand limiting rather than reversing the downward trend. Brazil's ethanol production is forecast to exceed domestic consumption by roughly 2bn l in 2026, with continued expansion in corn ethanol adding to supply in 2027. Exports and stronger domestic consumption should absorb part of the additional output, but not enough to prevent further stockbuilding. Prices are therefore expected to ease through the forecast period rather than return to the tighter conditions of earlier years.

Biodiesel

Higher feedstock costs support Brazil biodiesel prices

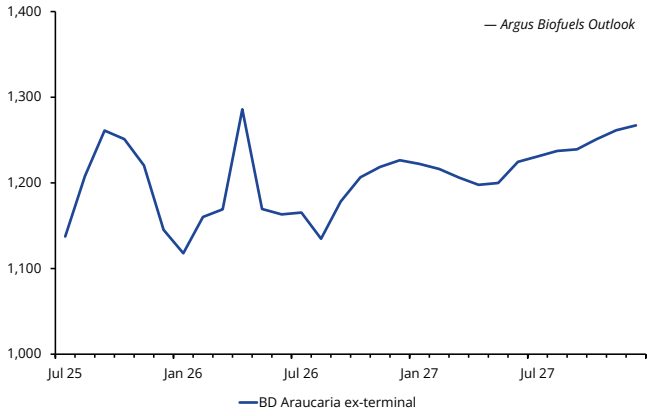
Brazilian biodiesel prices are forecast to rise gradually through 2027 as higher feedstock costs tighten production economics. Araucaria ex-terminal values are projected to increase from around $1,180/t in September 2026 to about $1,267/t by December 2027. Firmer soybean oil prices, resilient demand and the rising cost of alternative feedstocks support the upward pressure.

As SBO remains the dominant feedstock for Brazilian biodiesel, its price is a principal driver of production costs.

SBO prices are forecast to rise through 2027 as strong Indian import demand, elevated palm oil values and sustained biodiesel consumption support the vegetable oil complex. Alternative feedstocks are also starting to no longer provide the same cost relief as earlier in the year. Beef tallow and used cooking oil prices have risen alongside soybean oil, leading some producers to increase SBO purchases as competing feedstocks become less economical. Multi-feedstock capacity still offers operational flexibility, but diversification is increasingly supporting security of supply rather than delivering material cost savings.

Demand should remain supportive, with biodiesel consumption rising alongside the move from B15 to B16 in April 2027. Regional volatility and periodic shifts in feedstock purchasing are likely to persist, but steady blending demand and higher input costs are expected to underpin the wider market. Biodiesel prices are forecast to track the vegetable oil complex higher throughout 2027.

Brazil biodiesel prices *$/t*



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ASIA-PACIFIC

Regulation

Hong Kong to introduce 1-3pc SAF target by 2030

Hong Kong plans to set a 1-3pc sustainable aviation fuel target for flights departing Hong Kong International Airport by 2030. The government aims to use the territory's SAF production base in Dongguan to support development of the SAF value chain across the Greater Bay Area, which includes Hong Kong, Macau and Guangdong province.

Philippines considers 1pc SAF blend from 2030

The Philippines is considering a 1pc SAF mandate from 2030, although the proposal has yet to be finalised. The Department of Energy (DoE) will provide policy leadership, technical direction and a long-term vision, while the Board of Investments will work with the DoE to translate that vision into investment, industrial development, jobs and wider economic opportunities.

India eyes October SAF policy launch

India's aviation industry expects the government to release a SAF policy framework this month, SAF Association secretary-general Rohit Kumar said at the India SAF Conclave in New Delhi.

The government has not formally confirmed the timing or contents of the policy. Industry participants broadly expect the country's SAF programme to begin with a 1pc blending requirement in 2027, rising to 2pc in 2028 and 5pc by 2030.

Thailand likely extends ethanol support scheme

Thailand's government likely extended support for ethanol-blended fuels beyond the scheme's 24 September expiry date to bolster domestic demand and prices. The energy ministry was scheduled to submit an extension proposal to the National Energy Council on 18 September before seeking final cabinet approval. Levies on conventional gasoline and lower-blend fuels are channelled into the Oil Fund, which subsidises higher-ethanol blends such as E20 and E85.

The government aims to maintain a retail price advantage for higher blends, typically targeting a 5-7 baht/litre (15-21¢/l) discount for E20 against E10. E20 is currently sold at a discount of around Bt5/l.

Prices

HVO and SAF

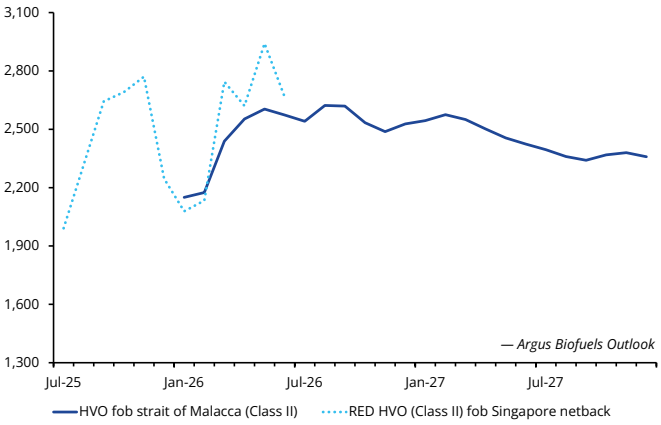
Low Rhine strands ARA stocks as straits HVO slides

Measured against full-year supply and demand projections, imports so far this year leave Europe's HVO balance tight in the fourth quarter. But the growing problem is where the product sits, rather than how much is available. Imports and Dutch production have built stocks in ARA, while low Rhine water levels have prevented barges from moving that product inland to Germany, the region's largest HVO market. A straits cargo is priced according to what it can fetch in ARA after freight, so Asian sellers are now pricing off the well-supplied end of a divided market.

Prices have followed. HVO fob strait of Malacca averaged $2,619/t in September and is forecast at $2,534/t in October. ARA HVO Class II has fallen faster, narrowing the straits discount to $253/t from $361/t. Class II's premium to diesel averaged $1,481/t in September, its lowest since July 2025.

The lower ARA price has also shut out part of China. More than 90pc of Chinese HVO capacity is subject to anti-dumping duties of at least 21.7pc, and more than half pays 35.6pc. The arbitrage for plants paying 35.6pc was open for most of September but closed in early October. The 21.7pc route remains open. Some Asian producers are also holding back HVO to see where German Class V prices settle for 2027, which could mean fewer arrivals this quarter and more in the first quarter of next year.

Asia-Pacific HVO prices *$/t*



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Upcoming European maintenance may limit the extent of further price falls. Neste's eight-week turnaround at its 1.4mn t/yr Rotterdam plant is removing close to 90,000 t/month of output in October and November. An 11-week maintenance programme on one line at its Singapore refinery starts in December. We forecast straits HVO to bottom at $2,488/t in November before recovering to $2,528/t in December, for a quarterly average of $2,516/t. Weather forecasts show no imminent rain that would raise Rhine water levels. If they remain low, ARA and inland Germany will drift further apart by year-end, and straits prices will continue to track the ARA stock build.

Duty gap keeps straits SAF below HVO

SAF costs more to produce than HVO and yields less per tonne of feedstock, yet it trades at a discount. EU duties explain why. Chinese HVO is subject to duties of 10-35.6pc, while Chinese SAF enters duty-free. SAF fob strait of Malacca averaged $2,482/t in September, $137/t below straits HVO. ARA SAF prices fell in early October on ample supply, and we forecast straits SAF at $2,284/t this month, a discount of $250/t.

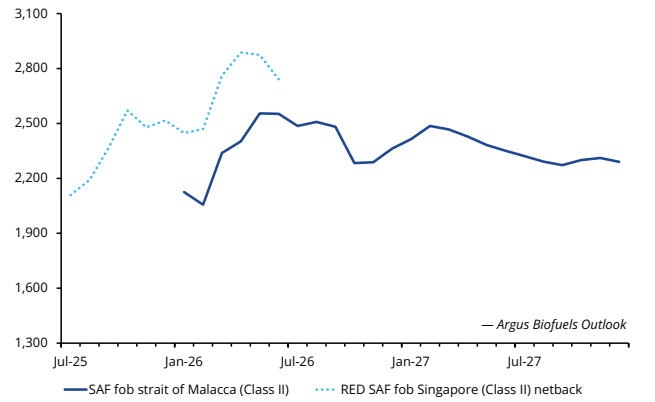
Supply is unlikely to tighten before year-end. Chinese SAF export quotas exceed 1.7mn t, compared with forecast EU and UK SAF demand of 1.3mn t this year and 1.52mn t in 2027. China supplied 87pc of Europe's SAF imports in August. The China-ARA SAF arbitrage narrowed to $26/t in September, but quota holders still have an incentive to ship their full allocation to retain their licences. European refiners will continue to produce HVO because switching output to SAF typically requires SAF to trade at a premium of around $150/t to HVO.

Short-lived premiums remain possible. Near-term scarcity lifted ARA SAF to $3,004/t in May, compared with $2,937/t for Class II, and an outage or jet fuel rally could do the same. But the fundamentals do not support a lasting premium, so our forecast keeps SAF below HVO throughout.

The EU is reviewing its anti-subsidy duties on US biodiesel, HVO and SAF. US producers are lobbying for lower, if any, rates on SAF. If SAF were treated more leniently than HVO, as it already is for Chinese imports, Europe would gain a second lower-cost SAF supply route. Road and aviation fuel prices could diverge further, or at least cement the discount on the costlier product.

Low prices and ample supply also make early buying for 2027 an option. Obligated parties in Europe and the UK could buy against next year's targets while prices are low, although it is difficult to judge how many will do so. We assume only a modest first-quarter lift, to $2,557/t for straits HVO and $2,456/t for SAF. Both then ease with diesel, reaching $2,369/t and $2,301/t, respectively, by the fourth quarter. A wet winter that refloats Rhine barges would remove the main reason for prices to remain this low.

Asia-Pacific SAF prices *$/t*



Biodiesel

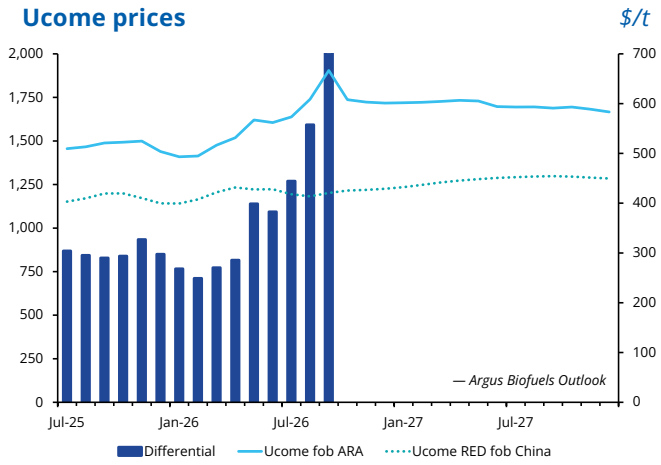
Chinese Ucome steady as ARA spread widens

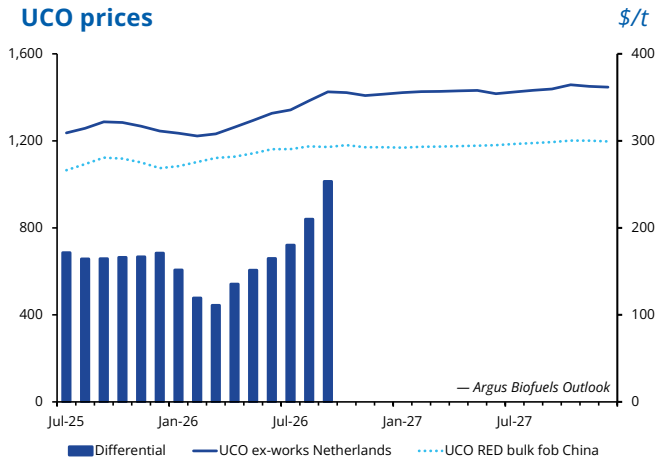
Ucome fob ARA rose to $1,905/t in September, while Chinese Ucome gained just $20/t to $1,202/t. This widened the spread to $703/t, from $558/t in August and $268/t in

Asia-Pacific biofuel price outlook $/t

Product	Jul 26	Aug 26	Sep 26	Oct 26	Nov 26	Dec 26	4Q26	1Q27	2Q27	3Q27	4Q27
Biodiesel											
RED Ucome fob China	1,194	1,182	1,202	1,216	1,219	1,226	1,220	1,248	1,281	1,295	1,290
HVO											
RED HVO fob strait of Malacca	2,541	2,623	2,619	2,534	2,488	2,528	2,516	2,557	2,460	2,365	2,369
SAF											
RED SAF fob strait of Malacca	2,486	2,508	2,482	2,284	2,288	2,363	2,311	2,456	2,387	2,295	2,301
Feedstock											
RED UCO bulk fob China	1,162	1,175	1,172	1,180	1,171	1,171	1,174	1,172	1,178	1,190	1,200

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January. European duties prevent most Chinese producers from capturing that spread, leaving domestic prices driven by feedstock costs and marine demand.

Marine demand strengthened in September. Biobunker enquiries increased as the Dutch marine compliance market tightened. Improved second-half margins also brought Chinese producers back after weak operating rates in the first half.

A premium of $30-35/t over feedstock leaves producers little margin, and market participants say some have instead moved into UCO collection. We forecast Ucome fob China at $1,216/t in October and $1,226/t in December, for a fourth-quarter average of $1,220/t. The premium over UCO widens to $55/t by December and $90/t in the fourth quarter of 2027, with Ucome averaging $1,279/t next year. Any faster recovery will depend on bunker demand.

Feedstock

Chinese plants set UCO floor as export bids fade

Chinese HVO and SAF producers replaced overseas importers as the main buyers of UCO in September, after Haike and Blue Whale restarted and EcoCeres prepared to return from maintenance. Overseas bids weakened as freight costs rose. Suppliers nonetheless held offers firm because collection costs were stable. RED-compliant bulk UCO fob China averaged $1,172/t, little changed from $1,175/t in August. Market participants expect Ecoprime's Hainan project to retain more waste oil in southern China, tightening supply around southern ports.

Prices have held so far because buyers are securing UCO for January-February production, and market participants see no sign of a slowdown. We forecast UCO fob China at $1,180/t in October, easing to $1,171/t in November and December, for a fourth-quarter average of $1,174/t. Prices then rise gradually to average $1,185/t in 2027, reaching $1,200/t in the fourth quarter.

Trade

HVO and SAF

Chinese SAF exports reach annual high

China's SAF exports rose by 37pc on the month to a 2026 high of 131,000t in August, as producers made greater use of the country's roughly 1.7mn t export quota. But the surge may prove difficult to sustain. Europe appears well supplied for year-end compliance after front-loading purchases earlier in 2026, leaving a smaller fourth-quarter import requirement and potentially slowing demand for Asia-Pacific cargoes.

HVO exports moved in the opposite direction, falling by 22pc from July to 47,000t in August. July volumes had been lifted by a 15,000t shipment to Canada, the first such trade recorded in customs data, underscoring the role of occasional long-haul cargoes in monthly flows.

Weaker European call narrows China SAF arbitrage

The indicative arbitrage for Chinese SAF into Europe narrowed sharply in September as ARA supply built and freight costs rose. The margin on a 40,000t cargo from China to the ARA hub fell to $26/t from $160/t in August. Specialised freight increased by 39pc on the month to $165/t, while forward European SAF prices weakened against Chinese spot values on expectations of softer fourth-quarter demand.

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China nevertheless supplied 87pc of European SAF imports in August, according to ship-tracking data, displacing the more varied mix of Singaporean, Thai and US cargoes seen in the previous three months. The concentration of flows in lower-cost Chinese supply suggests Europe's weakening fourth-quarter call is already narrowing the pool of competitive exporters.

Biodiesel

Regional demand cushions fall in Chinese exports

China exported 72,000t of biodiesel in August, down 4pc from July as weaker European buying was partly offset by stronger regional demand. Shipments to Europe fell to 34,000t from 52,000t, but exports to other Asia-Pacific markets rose 68pc, including 23,000t to Hong Kong and 10,000t to Singapore. The Singapore cargoes were likely destined for marine bunkering: the Maritime and Port Authority reported 57,000t of bio-bunker fuel sales in August.

UCO

Chinese UCO exports ease from early-summer highs

Chinese UCO exports fell by 26pc from July to 338,000t in August as shipments to Europe and North America slowed. Europe received 82,000t, or 24pc of the total, 19,000t below the January-July monthly average. The fall reversed the May-June upswing, when exports averaged 414,000 t/month, supported by summer demand for Ucome as low cold filter plugging point requirements eased and by the removal of double counting for physical waste-based biofuels in key markets.

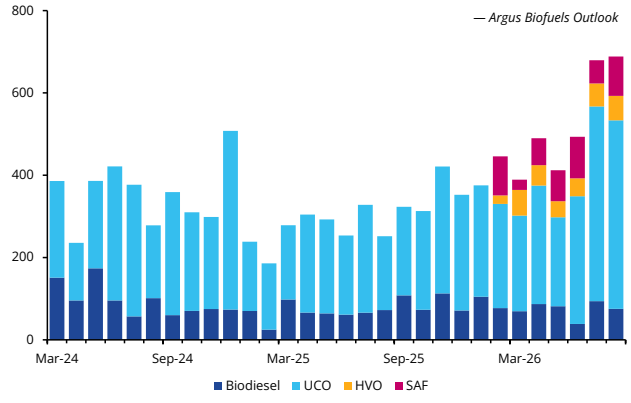
The pullback masks strong year-on-year growth — August exports were 57pc higher than a year earlier and January-August shipments rose by 60pc. India has emerged as an important source of incremental demand, importing 133,000t so far in 2026, and its requirement is likely to increase ahead of an expected SAF mandate from 2027. Tenders issued in September by refiners including Bharat Petroleum for deliveries from December point to further buying. Sustained Indian demand could therefore provide a floor for Chinese UCO prices as western demand softens.

Palm oil

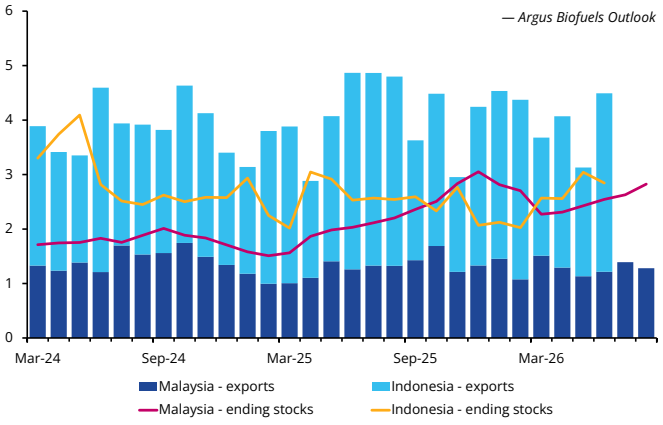
Malaysian stocks climb in absence of policy relief

Malaysian palm oil exports fell by 8pc to 1.28mn t in August, allowing stocks to rise by 7pc to 2.8mn t and extending the inventory build that began after March's 400,000t stock draw. Hopes of near-term policy relief were disappointed when Malaysia's 2027 budget, tabled on 9 October, omitted the temporary waiver of crude palm oil export duties anticipated by some market participants. The government could still intervene, but without measures to stimulate exports, record inventories are likely to remain the market's central pressure point.

China biofuels and feedstock net exports *'000t*



Asia-Pacific palm oil trade *mn t*



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GLOBAL SUPPLY

Production

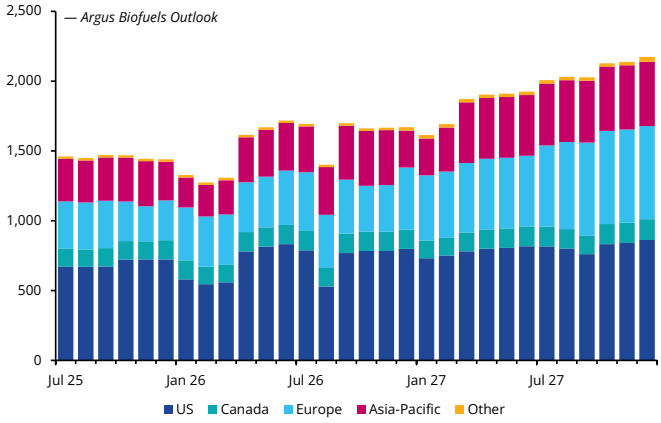
Global RD and SAF production was estimated at 4.8mn t in the third quarter, down by around 4pc from the second. Turnarounds and maintenance from June to August reduced output at several major plants, driving the decline. Production nonetheless picked up towards the end of the quarter, reaching an estimated 1.7mn t in September, up by 21pc from August, with the average utilisation rate at 72pc.

Global production is likely to edge higher in the fourth quarter, increasing by 200,000t as some affected facilities return to operation.

North American RD and SAF production rose to just above 900,000t in September, up by 36pc from August, when outages affected around 240,000t of capacity. Most of this capacity returned in September. The fourth-quarter forecast is broadly unchanged, with monthly production expected to remain close to September levels through the end of the year.

European RD and SAF production reached just below 390,000t in September, up by 3pc from August. Output remained constrained by an ongoing turnaround at Neste's 400,000 t/yr RD and SAF plant in Porvoo, Finland, and maintenance at Repsol's 200,000 t/yr Puertollano biorefinery in Spain. Both facilities are expected to return to normal operating rates after completing their respective turnarounds. Planned maintenance at Neste's Rotterdam refinery is expected to remove almost 90,000 t/month of RD production in the first two months of the fourth quarter. The refinery also recorded a minor incident, but the impact on production is expected to be limited as maintenance is already under way this month. European production is therefore likely to remain constrained in October and November, despite the return of capacity affected by earlier maintenance. We expect European SAF supply to remain ample for the rest of the year, supported by Chinese producers and their SAF export quotas, as European producers focus on meeting regional RD demand. RD stocks remain ample in the ARA region, but low Rhine water levels have disrupted further inland deliveries, creating a regional disconnect. This has left buyers seeking alternatives, such as purchasing tickets.

Global RD and SAF production *'000t*



Asia-Pacific RD and SAF production reached just below 390,000t in September, up by 13pc from August, as Ecoceres and Blue Whale Energy resumed operations following plant turnarounds. Regional output is expected to fall to just above 260,000t in December, when Neste begins an 11-week maintenance programme at its Singapore refinery. Five new plants are scheduled to start operations in the region by year-end, but their initial output is expected to total only 20,000t, offsetting a limited portion of the shortfall caused by the temporary shutdown of Neste's Singapore facility.

Capacity

Europe

LanzaJet's 90,000 t/yr Speedbird RD and SAF project faces engineering, procurement, construction and financing challenges following delays to the UK's revenue certainty mechanism. LanzaJet is still targeting a final investment decision in mid-2027, provided it secures an offtake agreement without government support. The project is expected to start in 2031.

Arcadia eFuels will use Plug Power electrolysers at its 80,000 t/yr Endor project at the port of Vordingborg, Denmark, to produce e-SAF and e-naphtha. The company has agreed to supply German utility Uniper with 40,000 t/yr of e-SAF for more than 10 years from 2030 and is targeting start-up in 2029.

German e-fuels producer Ineratec has signed a letter of intent to supply chemical firm Haltermann Carless with

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mixed biogenic SAF and naphtha for at least 10 years from its 13,000 t/yr ERA T.H2 project in Caen, Normandy, France. The project is at the front-end engineering and design (FEED) stage and is expected to start operations in late 2029 or early 2030.

Italian fuel distributor Ludoil Group plans to invest €1.3bn ($1.46bn) in its Priolo refinery, with part of the funding allocated to non-edible vegetable oil supply chains for biofuel production at its existing Isab co-processing unit and to the development of a dedicated biofuels unit.

North America

Dutch developer SkyNRG has partnered with Technip Energies, Sasol and Topsoe to begin FEED for its 60mn USG/yr (174,975 t/yr) SAF project at the Port of Walla Walla, Washington, US. Construction is expected to start in 2028, with operations beginning in 2031.

Canadian bioenergy firm Expander Energy has completed FEED for its 30mn l/yr (23,096 t/yr) RD/SAF project in Mackenzie, Alberta, and is targeting FID by 2027. Its 28mn l/yr RD/SAF project in Wheatland, British Columbia, is expected to complete FEED by the end of this year. Both projects are targeting start-up in 2029.

US developer Twelve has secured a $45mn credit facility to refinance construction and expand hydrogen production capacity at its operational 144 t/yr e-SAF plant in Moses Lake, Washington.

Aether Fuels has commissioned its Fischer-Tropsch (FT) SAF demonstration plant in North Carolina. The plant will support the commercialisation of its Aurora technology and the design of its 2,000 t/yr SAF project at Pulau Bukom, Singapore, which is expected to start operations in 2028.

US producer Infinium has launched a waste methane-to-SAF technology combining electric methane reforming with FT synthesis. The company plans to install an electric steam methane reformer at its 23,000 t/yr e-SAF project in Pecos, Texas, which is targeting start-up by 2027.

Latin America

Colombian biofuels producer Bioenergy plans to expand its existing ethanol plant in Meta from 504,000 l/d (131,227 t/yr) to 600,000 l/d. Construction on the brownfield project began in early 2026, with start-up targeted for early 2027.

Colombia's largest biodiesel producer BioD is investing $80mn to build a 150,000 t/yr biodiesel plant adjacent to its existing 240,000 t/yr facility in Tocancipa, Cundinamarca. The expansion is scheduled to come on line in 2028-29.

Colombian biodiesel producer Oleoflores plans to restart its plant in the first quarter of 2027, investing $1.5mn.

Brazil's state-controlled Petrobras has delayed the start-up of its 16,000 b/d (714,812 t/yr) RD/SAF project at Presidente Bernardes from 2029 to 2030. It has also pushed back the start-up of its 19,000 b/d SAF project at Boaventura and its 10,000 b/d SAF project at Paulinia from 2030 to 2031.

Asia-Pacific

India's TruAlt Bioenergy is set to begin FEED shortly for its 80,000 t/yr AtJ SAF project in Srikakulam, Andhra Pradesh, with start-up delayed from 2027 to late 2028.

Jet Zero has secured key approvals and $21.6mn for its 92,000 t/yr Townsville SAF project. It is targeting FID by year-end and start-up in 2027.

Chinese technology company and developer Dongde Energy plans to develop a 100,000 t/yr e-SAF project in Yiwu county, Xinjiang. A feasibility study is under way, and the production process has been validated at Tsinghua's 1,000 t/yr demonstration plant in Meishan, Sichuan, which has operated since August.

A consortium led by Yamatji Southern Regional Corporation plans to develop a 1.1bn l/yr RD project in Geraldton, Western Australia. A feasibility study is under way, with pre-FEED targeted for the third quarter of 2027, FEED later that year and start-up in 2032.

Middle East and Africa

South Africa's Phelan Green has taken FID on its $725mn, 35,000 t/yr e-SAF plant at Saldanha Bay. Construction is expected to start in 2027, with start-up in 2029.

Synhelion plans to develop a 100,000 t/yr e-fuels plant producing e-SAF, e-diesel and e-gasoline in Guelmim-Oued Noun, Tan-Tan province, Morocco.

Spain's Sasol plans to begin co-processing SAF at its Natref refinery in Sasolburg, Free State, South Africa, by year-end and supply the fuel to White Desert for its Cape Town-Antarctica flights.

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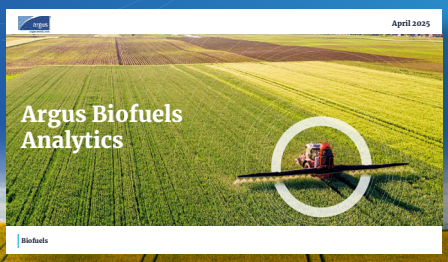


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