

## HIGHLIGHTS

- RME/Fame 0 narrows fob ARA range, outright moves up
- Prompt HVO Classes II and III firm with steady premiums
- SAF fob ARA rises significantly, trade for Madrid Airport
- Contradictions in EU draft law: Biofuels industry
- Asia-Pacific biofuels: Freight costs stifle trade

## MARKET COMMENTARY

### Prompt biodiesel tracks vegetable oil higher in ARA

Prompt fob ARA range outright biodiesel prices firmed in the last session of the week, with continuing support from a stronger vegetable oil complex. Gains to premiums joined an uptick in the underlying gasoil contract, which itself passed above \$400/t for the first time since March.

Biodiesel liquidity picked up in the afternoon window, with 9,000t changing hands for 11 December-1 January loading. Ucome was again the more liquid grade, trading five times in a \$924-938/t range at increasing values over the course of the session. The Ucome premium was assessed at the \$929.40/t traded average, up by \$9.40/t on the day.

Two 1,000t Fame 0 barges changed hands, done at \$660/t and \$655/t. Value was assessed at the \$657.50/t average, up by \$17.50/t on the session.

RME traded at \$712/t and \$710/t, though the most competitive offer at the time of the \$712/t trade was at \$710/t, with value for the assessment taken accordingly. The grade's premium was assessed at \$710/t accordingly, up by \$5/t.

Producers of RME told Argus that margins were positive for integrated facilities able to both crush and process RSO. But with fob Dutch mill values hitting record highs following a hike in demand from China in recent weeks, biodiesel producers buying prompt RSO would face a negative margin, this weighing on market output.

Liquidity picked up on the biodiesel paper market on Friday, with around 190,000t trading during the day and interest concentrated on Fame 0 December/3Q spreads and RME/Fame 0 spreads for the first quarter.

On intra-EU freight, 3,000t of Fame will move from Barcelona, Spain to Genoa, Italy after loading on 1-2 December, while a 10,000-12,000t cargo of Fame and ultra-low sulphur diesel was set to load in ARA on 1-2 December before moving to Plymouth, UK.

## PRICES

Biofuels spot prices				\$/t
	Bid	Ask		±
RED biodiesel				
Palm OME fob ARA range	1,018.00	1,028.00		+19.00
Rapeseed OME fob ARA range	1,105.00	1,115.00		+6.00
Soya OME fob ARA range	1,093.00	1,103.00		+19.00
FAME 0°C CFPP fob ARA range	1,053.00	1,063.00		+19.00
FAME -10°C CFPP fob ARA range	1,100.00	1,110.00		+7.00
UCOME fob ARA range	1,324.65	1,334.65		+10.65
Tallow OME fob ARA range	1,294.65	1,304.65		+10.65
RED ethanol T2 fob ARA range				
68pc GHG savings inc duty €/m <sup>3</sup>	561.00	571.00		-1.00
68pc GHG savings inc duty	862.90	878.28		-2.59
68pc GHG savings diff to Eurobob oxy	448.65	463.53		
50-60pc GHG savings inc duty €/m <sup>3</sup>	561.00	571.00		-1.00
50-60pc GHG savings inc duty	862.90	878.28		-2.59
50-60pc GHG savings diff to Eurobob oxy	448.65	463.53		
ETBE				
ETBE fob Rotterdam (3 Dec)	662.50	663.00		+6.38
Diff to MTBE (3 Dec)				+212.00

Rapeseed oil (RSO)				€/t
	Contract	Bid	Ask	±
RSO fob Dutch mill	prompt	879.50	889.50	+4.50
RSO fob Dutch mill	FMA	847.00	852.00	+4.50
RSO fob Dutch mill	MJJ	813.00	817.00	+7.50
RSO fob Dutch mill	ASO	785.00	795.00	+5.00

Used cooking oil (UCO)				\$/t
	Bid	Ask		±
UCO cif ARA	825.00	855.00		nc
UCO ex-works Netherlands €/t (4 Dec)	760.00	800.00		nc
UCO ex-works Netherlands (4 Dec)	922.33	970.87		+14.03

Ice gasoil swap				\$/t
	Value			±
7 to 28 days forward	400.25			+1.25

Gasoil spreads				\$/t
	Month	Value		±
Palm oil-gasoil spread (Pogo)	Feb	440.25		18.75
Bean oil-gasoil spread (Bogo)	Jan	440.25		11.50

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RED biodiesel fob ARA range, premium to Ice gasoil 7-28 day	
Transaction	Price (\$/t)
FAME 0°C CFPP, loading 11 Dec 2020 - 01 Jan 2021 (1,000t)	
Cargill buys from Astra Bioplant	+660.00
Gunvor buys from BP	+655.00
Rapeseed OME, loading 11 Dec 2020 - 01 Jan 2021 (1,000t)	
Mercuria sells to Greenergy	+712.00
Envien Trading sells to Mercuria	+710.00
UCOME, loading 11 Dec 2020 - 01 Jan 2021 (1,000t)	
BP buys from Cargill	+924.00
BP buys from Gunvor	+925.00
BP buys from Greenergy	+925.00
Astra Bioplant buys from Envien Trading	+935.00
Astra Bioplant buys from Cargill	+938.00

## Hydrotreated vegetable oil

European HVO spot trade was absent this week, with participants largely concentrated on negotiations for 2021 term contracts and most buyers already covered through to the end of December.

Class II and III HVO premiums were steady on the week, while the premium for Class I edged lower, with reports that interest for biofuels produced from food and feed crops had been thin, particularly in the German market.

One participant was active on the buy side for Class I HVO in the assessment window, raising interest from \$670/m<sup>3</sup> to \$695/m<sup>3</sup> during the session. But no offers emerged. The Class I HVO premium to the underlying HVO-escalated Ice gasoil was assessed in a \$10/m<sup>3</sup> range from the best bid, at \$695-705/m<sup>3</sup>, down by \$7.50/m<sup>3</sup> on the week.

Term contracts for Class I HVO for 2021 are being negotiated at lower prices compared with 2020, according to those in the market, as focus shifts towards HVO produced from waste and advanced feedstocks.

No bids or offers emerged for Class II HVO on Friday, but values were reported flat on the week and the premium was unchanged in a \$1,015-1,025/m<sup>3</sup> range.

The premium for Class III HVO moved sideways at \$980-990/m<sup>3</sup>. No fresh interest emerged on Argus Open Markets (AOM). Offers for Class III HVO with a GHG savings tag of around 90pc were reported slightly higher – and at around \$1,010-1,020/m<sup>3</sup> – but for Scandinavian markets.

Offers for HVO from China were largely unchanged on the week at around \$1,350-1,400/t fob China outright, for HVO produced from UCO, Pome and Sbeo (spent bleaching earth oil) with a CFPP of around -5°C. But no deals were reported. A large 19,000-24,000t cargo loading HVO, UCO and Ucome is expected to load in China and South Korea in the second half of December before moving to Spain and ARA ports.

A 20,000t cargo of HVO and naphtha was set to load in Gela, Italy on 2-3 December for Fos, France and ARA ports.

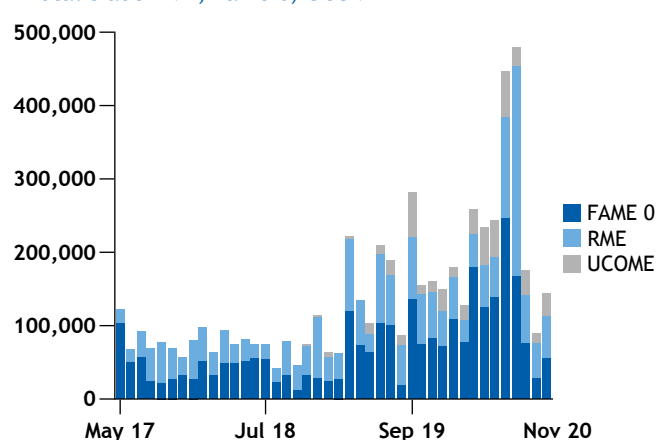
RED hydrotreated vegetable oil (HVO)		\$/t	
Range week ending 4 Dec	Bid	Ask	±
HVO fob ARA range (Class I) diff to 7-28 days Ice gasoil* \$/m <sup>3</sup>	695.00	705.00	-7.50
HVO fob ARA range (Class I) diff to 7-28 days Ice gasoil*	891.03	903.85	-9.61
HVO fob ARA range (Class I)	1,324.63	1,337.45	-3.12
HVO fob ARA range (Class II) diff to 7-28 days Ice gasoil* \$/m <sup>3</sup>	1,015.00	1,025.00	nc
HVO fob ARA range (Class II) diff to 7-28 days Ice gasoil*	1,301.28	1,314.10	nc
HVO fob ARA range (Class II)	1,734.89	1,747.71	+6.50
HVO fob ARA range (Class III) diff to 7-28 days Ice gasoil* \$/m <sup>3</sup>	980.00	990.00	nc
HVO fob ARA range (Class III) diff to 7-28 days Ice gasoil*	1,256.41	1,269.23	nc
HVO fob ARA range (Class III)	1,690.01	1,702.83	+6.50

\*HVO-escalated

Sustainable aviation fuel (SAF)*		\$/t	
Range week ending 4 Dec	Bid	Ask	±
SAF diff to HVO (Class II) fob ARA range \$/m <sup>3</sup>	259.25	274.75	+60.12
SAF diff to HVO (Class II) fob ARA range	332.37	352.24	+77.08
SAF fob ARA range	2,067.26	2,099.95	+83.58

\*Hydrotreated Esters and Fatty Acids (HEFA-SPK)

Total trade RME, Fame 0, UCOME



## Sustainable aviation fuel

European outright price indications for UCO-based sustainable aviation fuel (HEFA-SPK) rose on the week, widening the spread to conventional jet fuel prices.

In the Spanish market, values for 500t of SAF delivered to Madrid Airport were reported at €1,775/t in outright terms, with transport costs for product delivered from Spanish refineries to domestic airports at a range of €14-15/t, according to market participants.

Outright fob ARA SAF values were assessed at \$2,083.61/t, higher by \$83.58/t on the week.

## Feedstocks

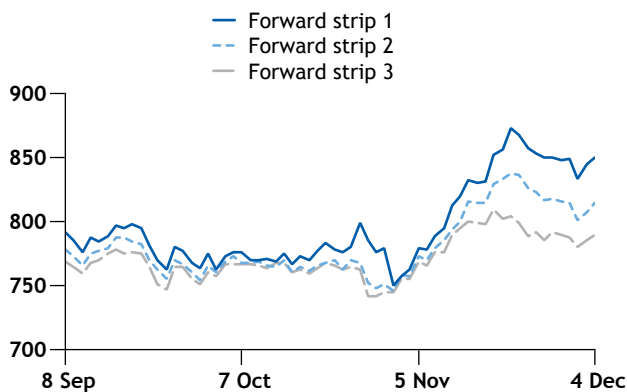
Fob Dutch mill rapeseed oil (RSO) prices gained ground across the curve on Friday following higher Chicago-listed soybean oil and Euronext rapeseed futures.

February-March-April (FMA) was bid-offered between €847-852/t and was assessed in that range, higher by €4.50/t on the day. Bids and offers for December and January were heard in wide ranges at €870-920/t and €870-895/t respectively. In the absence of a tighter range, prompt RSO 5-40 loading was set in line with gains of FMA at €884.50/t.

May-June-July (MJJ) changed hands at €815/t and was assessed accordingly at €813-817/t, up by €7.50/t on the day. Interest for August-September-October (ASO) was reported at €785-795/t and was assessed there, up by €5/t on the day.

RSO fob Dutch mill three-month strips

€/t



## Waste-derived feedstocks

Liquidity on the European used cooking oil (UCO) market remained thin through the week. Trading activity for product in flexitanks has been stifled by high freight rates from China and southeast Asia to Europe.

A limited availability of flexitank containers has seen freight costs from China and southeast Asia more than double over the past couple of months to around \$110-150/t, stunting offers for standard quality UCO from suppliers.

Market participants said this has closed the arbitrage for product from China, typically the EU's largest supplier, and southeast Asia to be brought into the EU. This has seen international trade concentrate on product from South America, according to participants.

A stronger euro against the US dollar this week has supported imported UCO prices. The majority of waste-based biodiesel producers are covered for feedstock until the end of the year, with focus now on shipments loading in January and further forward. One participant said producers may wait to purchase more feedstock in anticipation of waste-based biodiesel prices moving higher, which would result in

improved production margins. Based on market indications, UCO cif ARA was assessed in a \$825-855/t range, unchanged on the day.

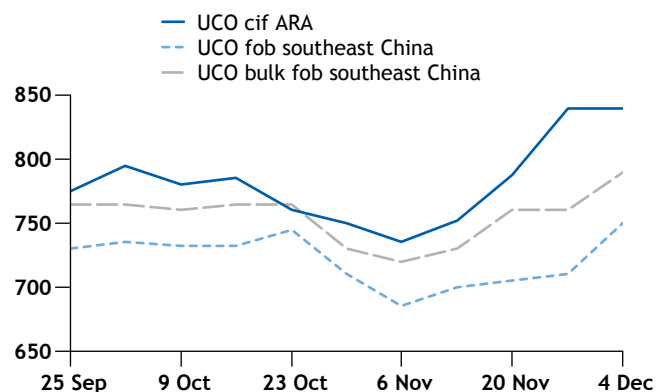
A deal was reported at \$850/t on a cif ARA basis for UCO in isotanks for EUR1 product originating from South America containing maximum 3pc free fatty acid (FFA) loading in December. An offer was also reported for similar South American product in isotanks with minimum iodine value (IV) of between 70 and 80, at \$880/t cif ARA, but was considered well off market by another participant. Imports under the EUR1 agreement are not subject to import tax and are usually around \$15/t more expensive than non-EUR1 feedstock.

Interest for UCO ex-works Netherlands was also subdued and based on market indications value was set at €760-800/t, unchanged on the week.

On international freight, between 30,000-35,000t of UCO, Ucome and palm oil will load from Tianjin in China, and Padang and Pelitung, both in Indonesia, at the end of December and voyage to Spain and ARA ports.

UCO cif ARA vs fob southeast China

\$/t



## European ethanol

T2 spot values edged marginally lower in the final session of the week as liquidity continued in the ARA hub.

A single 50-60pc GHG savings ethanol barge changed hands at €566/m<sup>3</sup> for 12-16 December loading. No further bids or offers remained at the close. Argus set spot value for 50-60pc GHG savings ethanol at the deal level of €566/m<sup>3</sup>, lower by €1/m<sup>3</sup> on the session. Value for 68pc GHG savings ethanol was set at parity. Participants suggested demand for higher GHG savings product was quiet, with offers for ethanol with 80-85pc GHG savings heard at a premium of only €5/m<sup>3</sup> to 50-60pc GHG savings ethanol.

Liquidity slowed on the 50-60pc GHG savings ethanol paper market, as trades reported to Argus before the spot window comprised January at €575/m<sup>3</sup> and a December/January spread at -€6/m<sup>3</sup> (€564/m<sup>3</sup>, €570/m<sup>3</sup>).

## Biofuels tickets

Several trades were reported for UK and German biofuels tickets this week, while activity was subdued in the Netherlands.

German greenhouse gas (GHG) emission reduction certificates for 2020 remained liquid, with crop-based trades heard at €280/t CO<sub>2</sub>e, €285/t CO<sub>2</sub>e and €289/t CO<sub>2</sub>e. Overall, the range of values heard for 2020 certificates widened on the week and was reported between €265-305/t CO<sub>2</sub>e, with the midpoint flat compared with a week earlier. Waste-based credits were valued at a premium of around €5-10/t CO<sub>2</sub>e to crop-based tickets within that range.

Interest for GHG credits for 2021 was thin and values edged lower on the week. Credits for 2021 were heard between €250-305/t CO<sub>2</sub>e, lower by €2.50/t CO<sub>2</sub>e on the week.

In the UK, liquidity for RTFCs increased as prices for both compliance years firmed. A trade was reported for the 2020 compliance year at 29.00p/RTFC on Monday, with values moving higher through the week. Value for 2020 RTFCs was set in a 29.00-30.00p/RTFC range, with the low end moving higher on the week.

Value for 2021 RTFCs was set in a 29.75-31.75p/RTFC range, with both ends of the range firming on the week.

On the UK GHG credit market values moved lower. One trade was reported for a small volume at 1.55p/kg CO<sub>2</sub>e. Value was set in a wider 1.00-1.70p/kg CO<sub>2</sub>e range, with both ends softer on the week.

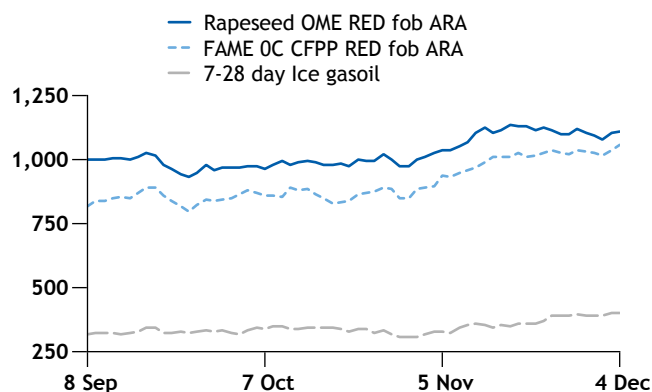
In the Netherlands, the market for renewable fuel units (HBE) was muted. Several participants withdrew from the market deeming physical blending of biodiesel more economically viable than the purchase of HBEs.

Interest for waste-based HBE-Os ranged between €10.40-11.00/GJ, with the midpoint falling by €0.25/GJ on the week. Demand for conventional HBE-Cs and advanced HBE-Gs was absent and market participants indicated values at a €0.15/GJ discount and premium to HBE-Os, respectively.

HBE-Cs were valued between €10.25-10.85/GJ and HBE-Gs ranged between €10.55-11.15/GJ. HBE-Os for 2021 compliance were indicated at a premium of around €1/GJ to 2020 credit prices.

## Biodiesel fob ARA vs 7-28 day Ice gasoil

\$/t



German GHG reduction obligation*		€/t CO <sub>2</sub> e	
Range week ending 4 Dec		Low	High
Compliance year 2020		265	305
Compliance year 2021		250	305

\*Treibhausgasminderungsverpflichtung

UK GHG reduction credit		p/kg CO <sub>2</sub> e	
Range week ending 4 Dec		Low	High
Compliance year 2020		1.00	1.70

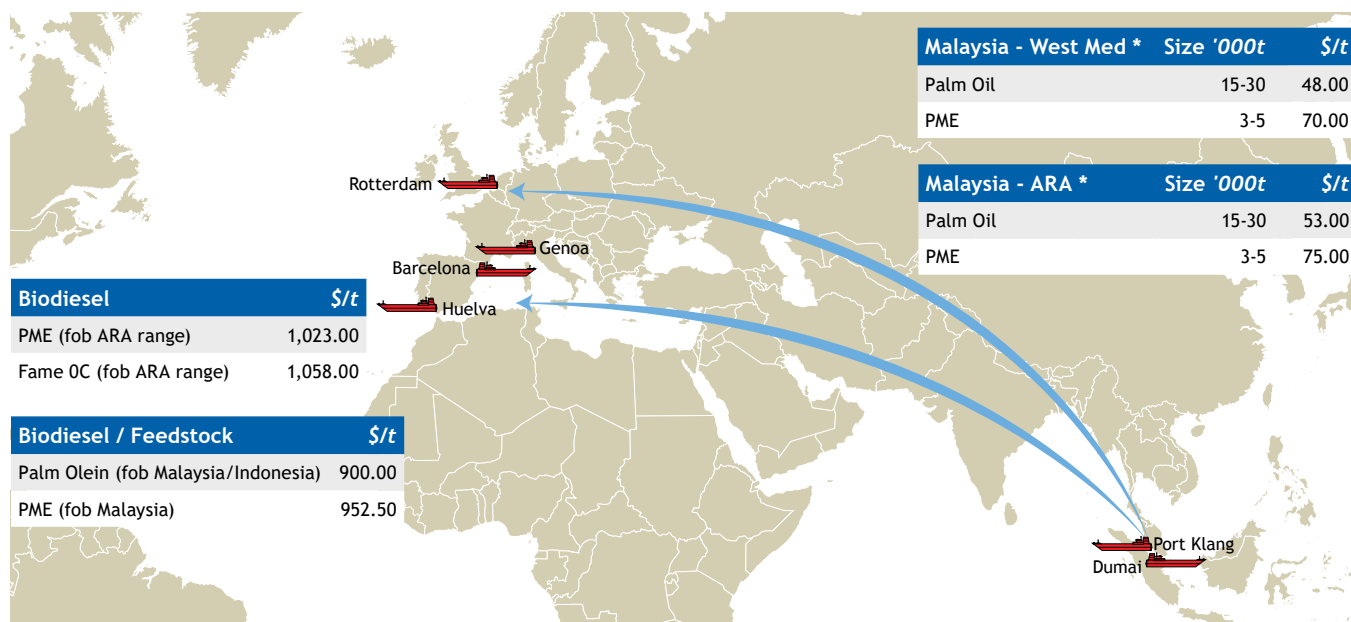
UK renewable fuel transport certificate		p/RTFC	
Range week ending 4 Dec		Low	High
Compliance year 2020		29.00	30.00
Compliance year 2021		29.75	31.75

Netherlands renewable fuel unit*		€/GJ	
Range week ending 4 Dec		Low	High
Advanced renewable fuel unit (HBE-G)			
Compliance year 2020		10.55	11.15
Conventional renewable fuel unit (HBE-C)			
Compliance year 2020		10.25	10.85
Other renewable fuel unit (HBE-O)			
Compliance year 2020		10.40	11.00

\*Hernieuwbare brandstofeenheden

RED swaps and forward physical prices											\$/t
Contract	RME RED swap		Fame 0°C CFPP RED swap		PME RED forward physical		SME RED forward physical		Fame -10°C CFPP RED forward physical		Ethanol NWE T2 RED swap €/m <sup>3</sup>
	Mid	±	Mid	±	Mid	±	Mid	±	Mid	±	
Dec	1,113	+1.00	1,033	+11.00	998	+11.00	1,073	+11.00	1,105	+2.00	564 -2.00
Jan	1,101	+21.00	1,046	+31.00	1,006	+31.00	1,091	+31.00	1,096	+22.00	570 -3.00
Feb	1,099	+27.00	1,034	+22.00	989	+22.00	1,079	+22.00	1,093	+27.00	575 -4.00
1Q21	1,099	+22.00	1,039	+27.00	994	+27.00	1,084	+27.00	1,093	+22.00	575 -3.00
2Q21	1,055	+17.00	1,010	+22.00	970	+22.00	1,050	+22.00	1,051	+18.00	588 -2.00
3Q21	1,026	+7.00	986	+17.00	946	+17.00	1,026	+17.00	1,022	+8.00	583 -2.00

## PME / Palm oil freight



## Asia-Pacific biofuels

Reports have emerged of some UCO collectors having to cancel orders because they are unable to find containers to ship cargoes, as flexitank tightness has seen freight costs more than double to around \$110-150/t.

But some suspected cancellations may be more to ride the current wave in rising UCO and Ucome values, as short supplies in Europe and appetite for early-2021 product fuelled demand.

A 500t flexitank deal closed at \$750/t fob China this week shipping to Pasir Gudang, Malaysia. Best bids and offers on the follow were at \$750-770/t.

Bulk cargoes were pegged in a \$780-800/t fob China range, with no deal done. Domestic ex-works prices were pegged at around 5,900 yuan/t including value-added tax.

Standard specification palm-based and Indonesian-origin UCO was offered at \$730/t cif Port Klang against a bid at \$710-720/t cif Pasir Gudang.

Freight costs had more than doubled to \$450/container from \$200/t previously along these routes. Higher specification 3/2/55/30 grade UCO traded at \$760/t fob Indonesia.

Malaysian offers of \$720/t fob proved too high for buyers once freight was factored into the cost, taking the cif Rotterdam value to \$850/t.

Ucome trades were reported at 1,035/t fob China for 4,000t for end-December loading and another at \$1,100/t for mid-December shipment out of northeast Asia.

Chinese producers are now mostly looking for \$1,100/t or above, but few buyers have been willing to step up to this level. PME offers rode spiking palm prices all the way up to

International biofuels spot prices			\$/t
	Bid	Ask	±
RED biodiesel			
UCOME bulk fob southeast China (4 Dec)	1,035.00	1,100.00	+22.50
PME fob Malaysia	875.00	1,030.00	+30.00
PME fob Indonesia	815.00	835.00	+15.00
Biodiesel			
PME ex-works Indonesia	779.00	783.00	+14.00
SME fob Argentina upriver (3 Dec)	927.87	948.81	+0.20
SME fob Houston B100 (3 Dec)	1,103.55	1,118.50	+22.31
SME fob Houston B100 (3 Dec) €/USG	369.08	374.08	+7.46
Ethanol			
fob Pakistan	940.00	1,010.00	nc
fob Pakistan (hydrous)	820.00	890.00	nc
cfr Mumbai	560.00	570.00	+20.00
cfr Philippines \$/m <sup>3</sup>	455.00	475.00	+5.00
B-grade cfr northeast Asia \$/m <sup>3</sup>	590.00	610.00	nc

International feedstock spot prices			\$/t
	Bid	Ask	±
RED feedstocks			
UCO fob southeast China (4 Dec)	745.00	755.00	+40.00
UCO bulk fob southeast China (4 Dec)	780.00	800.00	+30.00
UCO fob Malaysia/Indonesia (4 Dec)	700.00	720.00	+25.00
POME fob Malaysia/Indonesia (4 Dec)	700.00	730.00	-15.00
Feedstocks			
Palm olein Malaysia/Indonesia fob			
Prompt	895.00	905.00	+15.50
Jan	880.00	890.00	+14.00
Feb	870.00	875.00	+15.00
Mar	855.00	860.00	+16.50
Arg SBO diff to CBOT 1st mth (3 Dec) €/lb	+5.00	+5.95	



\$1,050/t fob Malaysia, making it completely unworkable as notional bids did not even break \$900/t.

Higher Indonesian palm oil export levies announced this week offered strong support to third-month crude palm oil prices on the fob Bursa Malaysia exchange to their highest level since May 2012.

Values closed at 3,425 ringgit/t (\$844/t), pushing palm olein numbers up to \$870-875/t for January-February-March, \$795-805/t for April-May-June and \$747.50-752.50/t for the July-August-September strip.

POME offers were posted at \$720-740/t fob Malaysia, though with the jump in palm oil values some producers are now looking for as much as \$770/t but buyers are still finding the lower-asking prices too much.

A recent uptick in Covid-19 cases in Japan failed to open the door for industrial-grade ethanol demand as buyers were well stocked until the middle of next year and only looking for opportunistic volumes, which were proving scarce.

Bulk Pakistan ENA offers of \$900/t fob and above were too expensive for buyers, and even if prices retreated to the mid-\$800s/t northeast Asian customers said it would still be too much given the current flush stock levels. Rather, they are happy to wait until the new Brazilian crop comes through in April.

Indian buyers picked up 6,000t of industrial ethanol from the US at \$560-565/t cfr Mumbai for December loading and 15,000t at \$570/t for January shipment.

An oil major in the Philippines was covered for fuel ethanol until the end of January, which limited import activity.

Freight (04 Dec)			
	Size '000t	\$/t	±
Malaysia - ARA *			
Palm Oil	15-30	53.00	+3.00
PME	3-5	75.00	+5.00
Malaysia - West Med *			
Palm Oil	15-30	48.00	+3.00
PME	3-5	70.00	+5.00
Singapore - ARA			
HVO	40	44.50	+3.00

RED hydrotreated vegetable oil (HVO) netbacks			\$/t
	Bid	Ask	±
HVO fob Singapore (Class I)	1,280.13	1,292.95	-6.12
HVO fob Singapore (Class II)	1,690.39	1,703.21	+3.50
HVO fob Singapore (Class III)	1,645.51	1,658.33	+3.50

Sustainable aviation fuel (SAF)* netback			\$/t
	Bid	Ask	±
SAF fob Singapore	2,022.76	2,055.45	+80.58

\*Hydrotreated Esters and Fatty Acids (HEFA-SPK)

Reference prices			\$/t
	Month	Settle	±
CBOT soybean oil futures (16:30 GMT)			
	Dec	860.24	+16.09
	Jan	840.40	+12.56
	Mar	835.11	+12.12
Malaysia palm oil futures			
	Dec	901.32	+44.18
	Jan	870.79	+30.09
	Feb	843.45	+19.94
	Bid	Ask	±
Glycerine fob SE Asia	360.00	370.00	+25.00

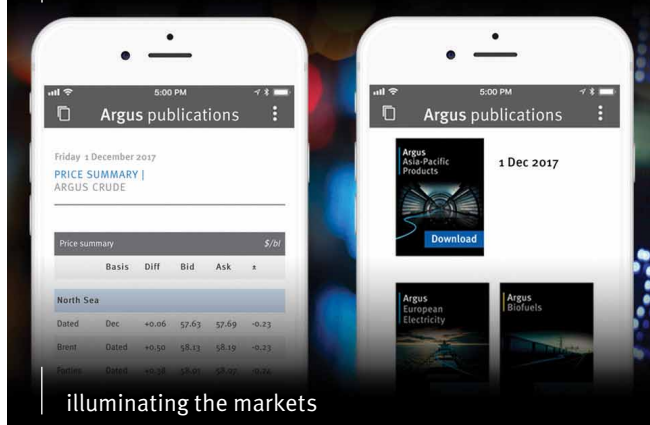
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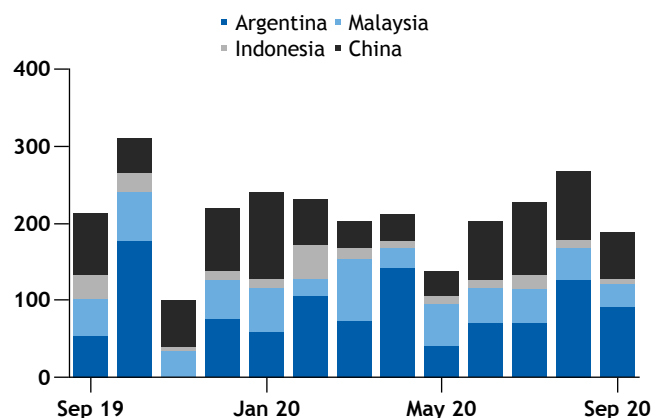
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### EU+UK FAME imports from major exporters '000t



## US biofuels

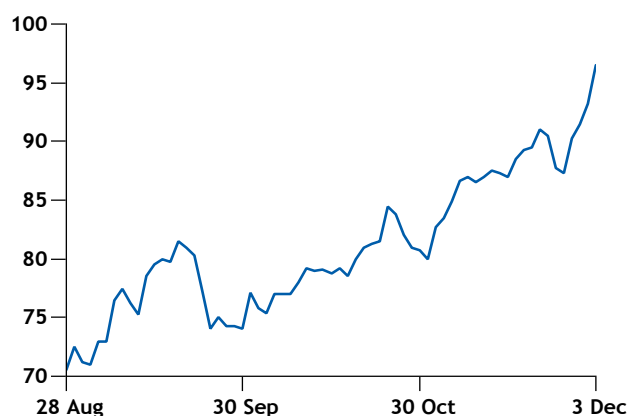
Firming D6 credits lifted the Argus Renewable Volume Obligation (RVO), while spot ethanol market activity was mostly quiet.

The Argus RVO increased by 0.17¢/USG to 9.1¢/USG, its highest since late 2017. Current year ethanol D6 credits last traded at 69¢/RIN, rising by 1.9¢/RIN. Volumes traded earlier in the session between 68.25¢/RIN and 69.75¢/RIN.

Biomass-based diesel D4 credits with 2020 vintage were bid at 96¢/RIN, with no offers appearing. 2021 D4 credits were offered at 86¢/RIN, decreasing by 3.25¢/RIN.

Physical ethanol was largely quiet before midday. Small volumes traded for Chicago Rule 11 at 128¢/USG. Prompt in-tank transfers at Kinder Morgan's Argo terminal were unchanged from 129.4¢/USG, with no new market activity surfacing. Front-month barges at New York Harbor maintained their level as no new indications appeared.

RIN biomass-based diesel (D4) current year ¢/RIN



## Americas

In Argentina, premiums for soybean oil cargoes weakened for the second consecutive week amid low liquidity in the marketplace and tracking Chicago's paper markets.

On the December front, premiums settled at CBOT +5.48/lb, narrowed by 1.09¢/lb from the previous week. Paper markets in Chicago declined by 0.45¢/lb to 37.73¢/lb for January contracts.

Biodiesel markets were stable, as RED-certified product moved sideways at \$938/t on a fob basis.

## ANNOUNCEMENT

The holiday calendar showing which Argus reports are not published on which days is now available online <https://www.argusmedia.com/en/methodology/publishing-schedule>

Biodiesel spot price averages December to date			\$/t
	Bid	Ask	
RED			
Palm OME fob ARA range	994.75	1,004.75	
Rapeseed OME fob ARA range	1,091.00	1,101.00	
Soya OME fob ARA range	1,069.75	1,079.75	
FAME 0°C CFPP fob ARA range	1,029.75	1,039.75	
FAME -10°C CFPP fob ARA range	1,085.00	1,095.00	
UCOME fob ARA range	1,301.59	1,311.59	
Tallow OME fob ARA range	1,275.34	1,285.34	
International			
RED PME fob Malaysia	862.50	996.25	
RED PME fob Indonesia	806.25	821.25	
RED PME fob Singapore	858.33	985.00	
SME fob Argentina (to 3 Dec)	926.53	950.04	

HVO spot price averages December to date			\$/t
	Bid	Ask	
RED			
HVO fob ARA range (Class I)	1,324.63	1,337.45	
HVO fob ARA range (Class II)	1,734.89	1,747.71	
HVO fob ARA range (Class III)	1,690.01	1,702.83	

Feedstocks spot price averages December to date			€/t
	Bid	Ask	
Rapeseed oil fob Dutch mill	874.13	884.13	

Ethanol spot price averages December to date			\$/t
	Bid	Ask	
RED T2 fob ARA range			
68pc GHG savings inc duty €/m³	567.00	577.00	
68pc GHG savings inc duty	869.92	885.26	
68pc GHG savings diff to Eurobob oxy	+467.17	+482.01	
50-60pc GHG savings inc duty €/m³	567.00	577.00	
50-60pc GHG savings inc duty	869.92	885.26	
50-60pc GHG savings diff to Eurobob oxy	+467.17	+482.01	
International			
fob Pakistan	940.00	1,010.00	

Ice gasoil settle			\$/t
Contract	Value	±	
Dec	397.50	+1.00	
Jan	400.25	+1.25	
Feb	403.25	+1.25	

## NEWS

**Contradictions in EU draft law: Biofuels industry**

The European Commission's sustainable finance draft delegated regulation contradicts sustainability criteria agreed in the recast Renewable Energy Directive (RED II), an industry group said.

The sustainable finance initiative intends to standardise the approach to investment in the sector across the EU, and remove any "potential greenwashing," the commission said. It aims to adopt the delegated regulation this quarter.

But the EU Biofuels Chain – which is made up of associations and representatives across the biofuels industry – said the proposed eligibility criteria stipulate that food and feed crops are not used in the manufacture of biofuels for use in transport, in contradiction to RED II.

Under RED II, crop-based and advanced biofuels can both count towards the obligation on fuel suppliers to

provide at least 14pc of renewable energy in the transport sector by 2030, although crop-based biofuels will be capped at 7pc.

"It would be inconsistent to have the RED II legislation defining and supporting sustainable biofuels (including crop-based ones) and the sustainable finance policy excluding the same biofuels," EU Biofuels Chain said. It urged the commission to align the draft with RED II on feedstock inclusion and on sustainability criteria.

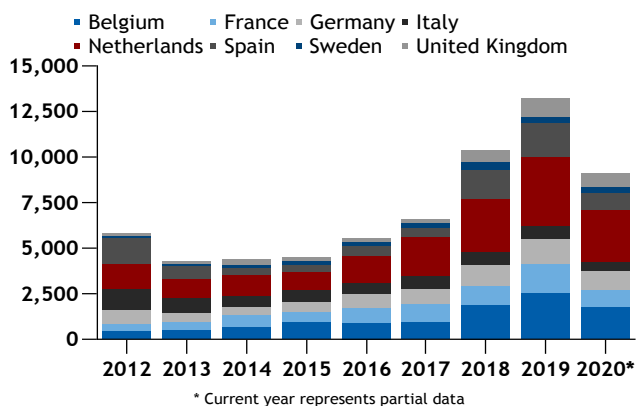
Delegated acts cannot change essential elements of law, but excluding crop-based biofuels from guidelines on environmentally sustainable investment "would override a legislative act... already adopted via ordinary legislative procedure," Biofuels Chain said.

The feedback period for the draft regulation is open until midnight, central European time, on 18 December. The EU will implement RED II by 30 June 2021. The commission is consulting on a possible revision of RED II to align it with higher EU climate ambitions set out in the Green Deal.

*By Georgia Gratton*

**EU+UK FAME imports top 8 countries**

'000t

**Publishing daily outright HVO and SAF prices**

Following consultation, on 7 December, Argus will begin publishing daily outright European HVO and SAF prices to better meet the needs of firms seeking to settle derivatives or manage price risk in these growing markets.

Daily HVO class I, II and III prices will be based on the weekly price assessment of the products' differentials to HVO-escalated Ice gasoil and the daily movement of gasoil futures prices.

The weekly SAF price be assessed as an outright price from which a differential to class II HVO prices is calculated. That differential and the daily HVO class II price discussed above will be used to produce daily SAF prices.

**Gunvor launches \$540mn biodiesel borrowing facility**

Geneva-based trading firm Gunvor said it has closed a new \$540mn borrowing base facility to support its biodiesel trading activity.

It comes as banks increasingly focus on providing financing to greener and more sustainable commodities, projects and companies.

Gunvor opened its biofuels trading desk in 2009. Biodiesel made up 2pc of the firm's trading volumes last year, or about 4mn t, doubling since 2015.

"The facility drew strong support among Gunvor's banking partners, which align with its strategy to promote cleaner products with greener feedstock components complying with EU climate targets to reduce greenhouse gas emissions," the company said today.

Gunvor said it sources "a variety of feedstocks for the biofuel industry, such as vegetable oil, waste residues and

**Assessment rationale**

Biodiesel FAME 0°C CFPP RED ARA range barges fob (PA0009276), biodiesel rapeseed OME RED ARA range barges fob (PA0009274) and rapeseed oil fob Dutch mill (PA0007785) were assessed on the basis of transactions, bids and offers, as and when these are identified in the market commentary, and other market data, in accordance with the methodology.



by-products" and processes them in its own facilities. The company operates several blending facilities in Europe, the US and Asia. It owns two biodiesel plants in Spain.

"At the end of first-half 2020, approximately 50pc of Gunvor's total trading volumes consisted of 'transitional' commodities, including biofuels, natural gas, and LNG, as defined by the EU taxonomy for sustainable activities," Gunvor said.

The company traded about 3mn b/d of oil last year. Gunvor [has launched sustainability-linked borrowing facilities](#) in the past two years and has stopped trading coal.

"If you have a strong business model with clear targets around the energy transition, your access to capital is increased and pricing can also be slightly decreased," chief financial officer Muriel Schwab said earlier this year.

*By Konstantin Rozhnov*

### Global cereal output still on track for record: FAO

The UN Food and Agriculture Organisation (FAO) continues to forecast global cereal production at record highs during the 2020-21 marketing year, but has trimmed its latest monthly forecast, following downgrades in yield prospects for wheat and corn crops.

The FAO now expects global cereal output to peak at 2.74bn t for the 2020-21 marketing year, down by 6.8mn t from its previous forecast. But the FAO still expects international production to reach record highs, and outstrip the previous marketing year by 35mn t.

The reductions have been driven by lower wheat and corn estimates in key markets in the Americas and in Europe, following unfavourable weather. Wheat production is

now expected to peak just below the previous year's level of 7.2mn t. Argentinian and Brazilian output saw the sharpest reductions, following prolonged drought conditions from the La Nina weather phenomenon, which is currently curbing planting expansions for winter wheat and could hinder yield prospects for the crop.

But reductions were partly offset by stronger sowing campaigns from Russia and Europe for winter wheat, the FAO said, with farmers encouraged by stronger export demand and higher international prices.

Winter wheat sowing in Russia is estimated by the government at 19.2mn hectares, while its exports are up by around 3.1mn t on the year, data show.

FAO corn production estimates also declined month on month, in response to lower yield expectations from the US and Ukraine.

The reductions follow the US Department of Agriculture's November estimates, which forecast Ukrainian corn production down by 7mn t from October, and US production down by 5.5mn t.

But both countries are still on track to have their third-largest corn harvest this year, while Serbia is forecast to produce its largest corn harvest ever this year.

The FAO has trimmed its year-end stocks forecast for global crops by 9.6mn t from the previous forecast, and now expects inventory levels to peak at 866.4mn t.

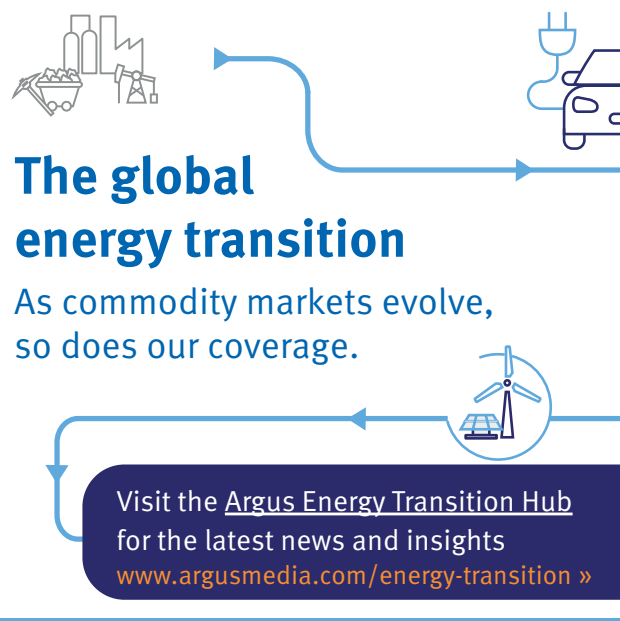
This would be a five-year low for carryover stocks but is still a comfortable level, the FAO said. The forecast reduction reflects downgrades in corn production expectations from the US in particular.

*By Andrew Kanyemba*

### Proposal to advance timestamps ahead of major holidays

Argus is seeking market feedback on whether to close its RED and Asia-Pacific biofuels assessments at the earlier time of 12:30 London time and 12:30 Singapore time, respectively, on the last publication day before major public holidays, including, but not limited to, Christmas and New Year's Day (25 December and 1 January), because of a potential lack of representative physical market liquidity to underpin price assessments.

Argus will accept comments on this proposal until 11 December 2020. Formal comments should be marked as such and may be submitted by email to [john.hbrown@argusmedia.com](mailto:john.hbrown@argusmedia.com) or [biofuels@argusmedia.com](mailto:biofuels@argusmedia.com) and received by 11 December 2020. Please note, formal comments will be published after the consultation period unless confidentiality is specifically requested.



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## Argus successfully completes annual Iosco assurance review

Argus has completed the ninth external assurance review of its price benchmarks covering crude oil, products, LPG, petrochemicals, biofuels, thermal coal, coking coal, iron ore, steel, natural gas and biomass benchmarks. The review was carried out by professional services firm PwC. Annual independent, external reviews of oil benchmarks are required by international regulatory group Iosco's Principles for Oil Price Reporting Agencies, and Iosco encourages extension of the reviews to non-oil benchmarks.

For more information and to download the review visit our website <https://www.argusmedia.com/en/about-us/governance-compliance>

## ANNOUNCEMENT

All data change announcements can be viewed online at [www.argusmedia.com/announcements](http://www.argusmedia.com/announcements).

Alternatively, to be added to the email distribution list for all announcements, please email: [datahelp@argusmedia.com](mailto:datahelp@argusmedia.com).

## ANNOUNCEMENT

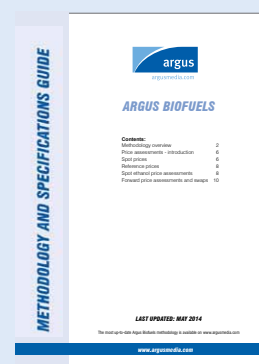
### Argus Assessment Rationale Database

For prices used in financial benchmarks, Argus publishes daily explanations of the assessment rationale with supporting data. This information is available to permissioned subscribers and other stakeholders. Subscribers to this report via Argus Direct or My Argus may access the database [here](#). Other subscribers may request access [here](#) or contact us by email at [sales@argusmedia.com](mailto:sales@argusmedia.com).

### Argus Biofuels Methodology

Argus uses a precise and transparent methodology to assess prices in all the markets it covers. The latest version of the Argus Biofuels Methodology can be found at: [www.argusmedia.com/methodology](http://www.argusmedia.com/methodology).

For a hard copy, please email [info@argusmedia.com](mailto:info@argusmedia.com), but please note that methodologies are updated frequently and for the latest version, you should visit the internet site.



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