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Argus Biofuels

Daily international market prices and commentary

Issue 21-211 | Monday 1 November 2021

HIGHLIGHTS

- NWE spot biodiesel rises significantly, RME at new high
- Fob Dutch mill crude RSO firms along to MJJ contract
- Change to GHG savings, names of T2 ethanol assessments
- Biofuels share of German road fuel mix leapt in August
- Argus BGME fob China and brown grease dap China launch

MARKET COMMENTARY

RME fob ARA range spot jumps to new record

Bids far outstripped offers for all biodiesel grades on Monday, but a tightness of RME supply was particularly evident and liquidity ground to a halt as sellers posted interest well above the buy side.

Beyond an underlying shortage sodium methylate — a catalyst for biodiesel production — which has supported prices since the first half of August, supply is pressured by high costs for power and other chemicals used in production as well as freight, according to participants. Water levels on the Rhine remain very low, falling to 78cm at the key measuring point of Kaub at the end of last week and limiting product availability in the ARA region.

The first offer posted for RME — around half way through the afternoon assessment window — was at a $2,500/t premium to the underlying gasoil contract for 8-29 November loading dates, against a best bid of $1,930/t at the time. Interest from a second seller was later placed at $2,000/t, as bids crept up gradually to close at $1,965/t against final selling interest of $1,995/t.

Having hit new outright price highs repeatedly in recent weeks, including in the last session at $2,614/t, a gain of $5.36/t to the 7-28 days gasoil price was met by a rise of $70/t in the RME premium, based on a $10/t assessed range from the best bid, with a $1,970/t midpoint.

Fame 0 traded once for the same loading dates at a $1,175/t premium — where value was assessed and firmer by $60/t on the session — this meaning Friday's RME/Fame 0 spread of $785/t would have otherwise set Monday's RME

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PRICES

Biofuels spot prices			$/t
	Bid	Ask	±
RED biodiesel			
Palm OME fob ARA range	1,814.00	1,824.00	+60.00
Rapeseed OME fob ARA range	2,684.00	2,694.00	+75.00
Soya OME fob ARA range	1,949.00	1,959.00	+70.00
FAME 0°C CFPP fob ARA range	1,889.00	1,899.00	+65.00
FAME -10°C CFPP fob ARA range	2,605.00	2,615.00	+75.00
UCOME fob ARA range	2,184.17	2,194.17	+35.36
Tallow OME fob ARA range	2,154.17	2,164.17	+35.36
Advanced FAME 0°C CFPP fob ARA range	2,364.17	2,374.17	+35.36
RED ethanol T2 fob ARA range			
68pc GHG savings inc duty €/m^3	1,120.00	1,130.00	nc
68pc GHG savings inc duty	1,645.06	1,659.74	+3.63
68pc GHG savings diff to Eurobob oxy	+810.31	+815.49	
50-60pc GHG savings inc duty €/m^3	1,120.00	1,130.00	nc
50-60pc GHG savings inc duty	1,645.06	1,659.74	+3.63
50-60pc GHG savings diff to Eurobob oxy	+810.31	+815.49	
RED biomethanol			
Biomethanol fob ARA range	1,575.00	1,585.00	nc
Biomethanol fob ARA range diff to methanol	+1,099.86	+1,109.86	
Biomethanol cif UK	1,601.00	1,615.00	nc
ETBE			
ETBE fob Rotterdam (29 Oct)	1,362.50	1,363.25	+23.88
Diff to MTBE (29 Oct)		+419.00	

RED hydrotreated vegetable oil (HVO)			$/t
	Bid	Ask	±
HVO fob ARA range (Class I) diff to 7-28 days Ice gasoil* $/$m^3$ (29 Oct)	+1,270.00	+1,280.00	nc
HVO fob ARA range (Class I) diff to 7-28 days Ice gasoil* (29 Oct)	+1,628.21	+1,641.03	nc
HVO fob ARA range (Class I)	2,407.31	2,420.13	+5.81
HVO fob ARA range (Class II) diff to 7-28 days Ice gasoil* $/$m^3$ (29 Oct)	+1,700.00	+1,710.00	nc
HVO fob ARA range (Class II) diff to 7-28 days Ice gasoil* (29 Oct)	+2,179.49	+2,192.31	nc
HVO fob ARA range (Class II)	2,958.59	2,971.41	+5.81
HVO fob ARA range (Class III) diff to 7-28 days Ice gasoil* $/$m^3$ (29 Oct)	+1,365.00	+1,375.00	nc
HVO fob ARA range (Class III) diff to 7-28 days Ice gasoil* (29 Oct)	+1,750.00	+1,762.82	nc
HVO fob ARA range (Class III)	2,529.10	2,541.92	+5.81

**HVO-escalated*

Sustainable aviation fuel (SAF)*			$/t
	Bid	Ask	±
SAF diff to HVO (Class II) fob ARA range $/$m^3$ (29 Oct)	+107.70	+113.14	-0.04
SAF diff to HVO (Class II) fob ARA range (29 Oct)	+142.16	+149.34	-0.06
SAF diff to front month Ice gasoil (29 Oct)	+2,376.50	+2,396.50	nc
SAF fob ARA range	3,100.75	3,120.75	+5.75

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

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RED biodiesel fob ARA range, premium to Ice gasoil 7-28 day	
Transaction	**Price ($/t)**
FAME 0°C CFPP, loading 08 Nov 2021 - 29 Nov 2021 (1,000t)	
Litasco buys from BP	+1175.00
Rapeseed OME, loading 08 Nov 2021 - 29 Nov 2021 (1,000t)	
No recorded deals	
UCOME, loading 08 Nov 2021 - 29 Nov 2021 (1,000t)	
Litasco buys from Greenergy	+1460.00
BP buys from Shell	+1480.00

price below the best RME bid in the window. The increase of $10/t in the spread between the two grades set it at an all-time high as well.

Ucome was the more traded biodiesel on *Argus* Open Markets (AOM), dealing twice — at $1,460/t and $1,480/t — with the assessment set at the $1,470/t traded midpoint, higher by $30/t on the session.

Paper trade reported to *Argus* comprised RME contracts for the first quarter at $1,290/t (1,000t/month), $1,315/t (1,000t/month) and $1,300/t (2,000t/month) as well as the second quarter at $1,175/t (2,000t/month.

Fame 0 paper traded for the first and second quarters at respective levels of $900/t (2,000t/month) and $835/t (2,000t/month).

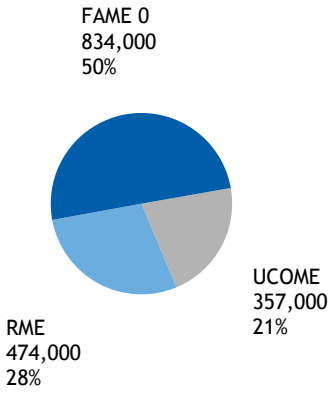
Ice gasoil swaps		$/t
	Value	**±**
7 to 28 days forward	719.17	+5.36
7 to 28 days forward (HVO-escalated)	779.10	+5.81

Rapeseed oil (RSO)				€/t
	Contract	**Bid**	**Ask**	**±**
RSO fob Dutch mill	prompt	1,530.00	1,540.00	+15.00
RSO fob Dutch mill	FMA	1,487.00	1,497.00	+12.00
RSO fob Dutch mill	MJJ	1,457.00	1,467.00	+22.00
RSO fob Dutch mill	ASO	1,280.00	1,290.00	nc

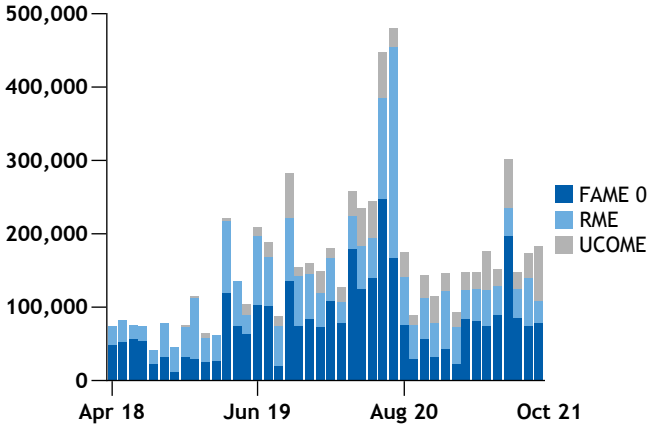
Waste and advanced feedstocks			$/t
	Bid	**Ask**	**±**
Used cooking oil (UCO)			
UCO cif ARA	1,290.00	1,300.00	nc
UCO ex-works Netherlands €/t	1,235.00	1,245.00	nc
UCO ex-works Netherlands	1,431.22	1,442.81	+3.16
Tallow categories 1 and 2			
Tallow fca northwest Europe €/t	940.00	960.00	nc
Tallow fca northwest Europe	1,089.35	1,112.53	+2.42
Palm oil mill effluent (POME)			
POME cif ARA	1,190.00	1,210.00	+20.00

Gasoil spreads			$/t
	Month	**Value**	**±**
Palm oil-gasoil spread (Pogo)	Jan	487.25	-23.75
Bean oil-gasoil spread (Bogo)	Jan	653.00	+11.50

YTD volumes RME, Fame 0, UCOME *t*



Total trade volumes RME, Fame 0, UCOME *t*



RED swaps and forward physical prices														$/t
	RME RED swap		**Fame 0°C CFPP RED swap**		**UCOME RED swap**		**PME RED forward physical**		**SME RED forward physical**		**Fame -10°C CFPP RED forward physical**		**Ethanol NWE T2 RED swap €/m³**	
Contract	**Mid**	**±**	**Mid**	**±**	**Mid**	**±**	**Mid**	**±**	**Mid**	**±**	**Mid**	**±**	**Mid**	**±**
Nov	2,581.00	+33.00	1,851.00	+23.00	2,151.00	+23.00	1,776.00	+18.00	1,911.00	+28.00	2,508.00	+32.00	1,000.00	nc
Dec	2,354.00	+18.00	1,739.00	+33.00	2,054.00	+3.00	1,659.00	+33.00	1,809.00	+33.00	2,293.00	+20.00	892.00	+7.00
Jan	2,147.00	-7.00	1,642.00	+38.00	1,977.00	+13.00	1,557.00	+38.00	1,712.00	+38.00	2,097.00	-2.00	822.00	nc
1Q 22	2,025.00	+33.00	1,600.00	+3.00	1,970.00	+23.00	1,515.00	+3.00	1,670.00	+3.00	1,983.00	+30.00	799.00	-6.00
2Q 22	1,865.00	+13.00	1,515.00	+28.00	1,910.00	+23.00	1,455.00	+28.00	1,555.00	+28.00	1,830.00	+14.00	750.00	+3.00
3Q 22	1,729.00	+22.00	1,454.00	+12.00	1,879.00	+37.00	1,414.00	+12.00	1,484.00	+12.00	1,702.00	+21.00	721.00	nc

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Feedstocks

Fob Dutch mill rapeseed oil (RSO) prices gained ground on Monday, supported by higher Euronext rapeseed and US soybean oil futures, with the contracts buoyed by strong rapeseed demand in Europe and high US soybean exports.

Palm oil futures on the Bursa Malaysia dropped as cargo surveyors showed weaker export data for the end of October, while millers recorded an uptick in output last month. RSO sellers remained on the sidelines amid rising prices.

December traded at €1,535/t, while buying interest for November was reported at €1,530/t. Prompt RSO was assessed at the December trade's level, up by €15/t from Friday. February-March-April (FMA) was bid-offered at €1,487-1,500/t and was assessed in a €10/t range from the most competitive buying interest at €1,487-1,497/t, up by €12/t on the session. Interest for May-June-July (MJJ) was reported at €1,457-1,470/t and the strip was assessed in a €10/t range from the best bid at €1,457-1,467/t, higher by €22/t.

Interest for August-September-October (ASO) was heard between €1,270-1,300/t and the strip was assessed at €1,280-1,290/t accordingly.

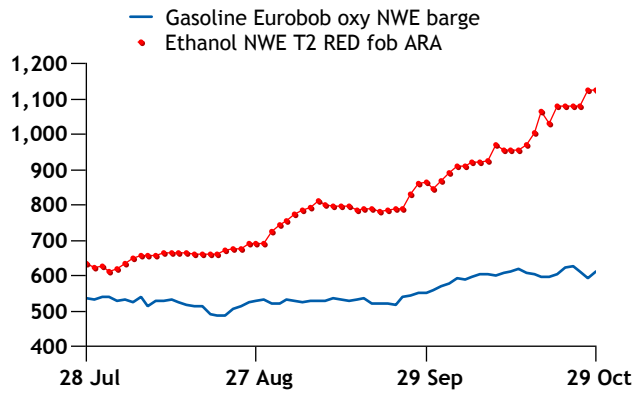
European ethanol

European ethanol spot prices moved sideways in the opening session of the week. Spot liquidity was absent, with many participants attending an industry event in Brussels.

At the close two bids for 60pc GHG savings ethanol remained, one at €1,080/m³ for 12-16 November loading and another at €1,064/m³ for 8-12 November dates. No offers emerged. *Argus* left assessments for 50-60pc and 68pc GHG savings ethanol flat at €1,120-1,130/m³, a record high.

Trade of 60pc ethanol paper reported before the spot window comprised 2Q at €747-750/m³, a 2022 strip at €740/m³ and November at €1,000/m³. During the window November traded at €1,000/m³, November/December dealt at +€120/m³ (€1,010/m³, €890/m³), while 1Q dealt at €799/m³.

T2 ethanol RED vs Eurobob oxy *€/m3*



German GHG reduction obligation*		*€/t CO2e*
	Bid	**Ask**
Conventional GHG quota		
Compliance year 2021	465	485
Compliance year 2022	440	480
Advanced GHG quota		
Compliance year 2021	495	515
Compliance year 2022	600	1,000
Other GHG quota		
Compliance year 2021	470	500
Compliance year 2022	460	500

**Treibhausgasminderungsverpflichtung*

Netherlands renewable fuel unit*		*€/GJ*
	Bid	**Ask**
Conventional renewable fuel unit (HBE-C)		
Compliance year 2021	19.70	20.20
Advanced renewable fuel unit (HBE-G)		
Compliance year 2021	19.80	20.30
Other renewable fuel unit (HBE-O)		
Compliance year 2021	19.75	20.25

**Hernieuwbare brandstofeenheden*

UK renewable transport fuel certificate		*p/RTFC*
	Bid	**Ask**
Crop-based RTFC		
Compliance year 2021	40.00	41.00
Compliance year 2022	38.00	39.65
Other RTFC		
Compliance year 2021	40.00	41.00
Compliance year 2022	38.00	39.65

Change to GHG savings, names of T2 ethanol assessments

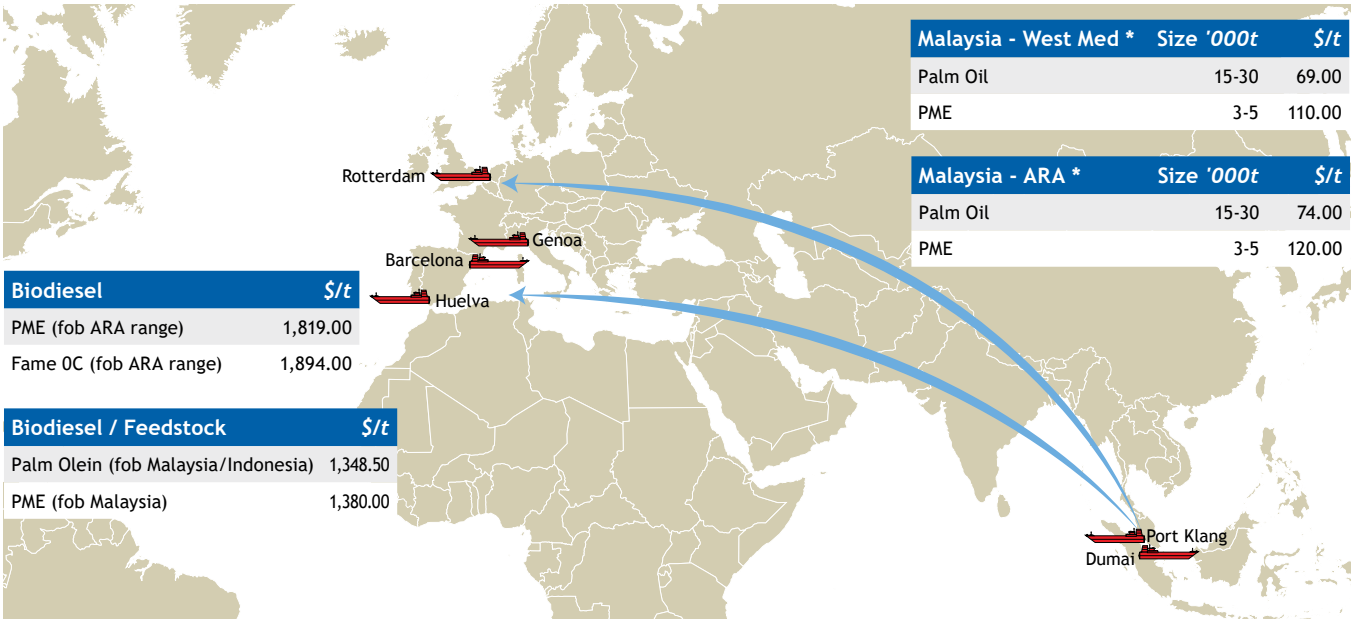
Following consultation, from 1 January 2022, *Argus* will amend T2 ethanol greenhouse gas (GHG) savings requirements related to the implementation of the revised Renewable Energy Directive (RED II).

Based on a fossil fuel comparator of 94g CO2 equivalent/MJ, RED (T2) ethanol fob ARA range 50-60pc GHG savings will have a minimum GHG savings of 64pc, and RED (T2) ethanol fob ARA range 68pc GHG savings will have a minimum GHG savings of 85pc, compared with a minimum of 50-60pc and 68pc, respectively, based on a fossil fuel comparator of 83.8g CO2 equivalent/MJ.

Argus will change the names of the respective assessments to RED (T2) ethanol fob ARA range and RED (T2) premium ethanol fob ARA range.

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PME / Palm oil freight



Malaysia - West Med *	Size '000t	$/t
Palm Oil	15-30	69.00
PME	3-5	110.00

Malaysia - ARA *	Size '000t	$/t
Palm Oil	15-30	74.00
PME	3-5	120.00

Biodiesel	$/t
PME (fob ARA range)	1,819.00
Fame 0C (fob ARA range)	1,894.00

Biodiesel / Feedstock	$/t
Palm Olein (fob Malaysia/Indonesia)	1,348.50
PME (fob Malaysia)	1,380.00

Asia-Pacific biofuels

The week started slowly with little activity, as producers torn between falling vegetable oil values and firm freight costs on one hand, and a slight rebound in biodiesel at Amsterdam-Rotterdam-Antwerp (ARA) on the other refrained from posting fresh offers.

Most Chinese producers were waiting to see how the week would progress, and only one offer was heard for used cooking oil methyl ester (Ucome) at 10,600 yuan/t ($1,657/t) dap.

Some plants in northeastern Hebei province were experiencing logistics disruptions, and others were holding back from making new bookings, as they were awaiting potential closure orders following the emergence of new Covid-19 infections in the region in the past few days.

One 100,000t/yr Ucome plant in Shijiazhuang said they have been banned from allowing trucks to go in or out of the company. The plant is likely to shut when either feedstock is out of stock or inventories are full.

Chinese districts typically apply strict lockdowns to factories and districts where Covid-19 clusters are found, to carry out mass testing. Market participants in Hebei are expecting an announcement either tonight or tomorrow as to whether there will be further closures, depending on the latest tally of case numbers. The Hebei provincial health commission reported 9 new confirmed Covid-19 infections on 31st October, including 7 in Shijiazhuang.

The resultant market uncertainty caused brown grease prices to drop sharply by around Yn500/t during the day, to Yn7,700/t dap in north China and Yn8,000-8,100/t in southeast China, as sellers of gutter oil were cautious about the demand outlook in Hebei province. Many of them started to reduce selling prices when some of the large biodiesel producers showed less interest

International biofuels spot prices			$/t
	Bid	Ask	±
RED biodiesel			
BGME fob China	1,730.00	1,780.00	nc
UCOME fob China	1,630.00	1,680.00	nc
PME fob Malaysia	1,310.00	1,450.00	+5.00
PME fob Indonesia	1,180.00	1,330.00	+15.00
Biodiesel			
PME ex-works Indonesia	1,120.00	1,124.00	-44.00
SME fob Argentina upriver (29 Oct)	1,328.58	1,350.62	-15.48
SME fob Houston B100 (29 Oct)	1,646.35	1,658.31	-10.80
SME fob Houston B100 (29 Oct) ¢/USG	550.62	554.62	-3.61
Ethanol			
fob Pakistan	965.00	985.00	nc
fob Pakistan (hydrous)	875.00	890.00	nc
cfr Mumbai	910.00	990.00	nc
cfr Philippines $/m³	750.00	780.00	nc
B-grade cfr northeast Asia $/m³	780.00	790.00	nc
cfr China	630.00	970.00	nc

RED hydrotreated vegetable oil (HVO)			$/t
	Bid	Ask	±
HVO fob China (29 Oct)	2,400.00	2,500.00	-100.00
HVO fob Singapore (Class I) netback	2,345.81	2,358.63	+5.81
HVO fob Singapore (Class II) netback	2,897.09	2,909.91	+5.81
HVO fob Singapore (Class III) netback	2,467.60	2,480.42	+5.81

Sustainable aviation fuel (SAF)* netback			$/t
	Bid	Ask	±
SAF fob Singapore	3,039.25	3,059.25	+5.75

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in buying feedstock. UCO market participants mostly looked at the Ucome trend as well as the development of the domestic pandemic. Most UCO sellers stuck with their previous offers because of the more expensive costs from loading although their domestic collection prices might decrease. But no fresh bids were reported on Monday. The average demurrage time of ships at the estuary of the Yangtze River was 15-20 days, which would impose much higher costs on exporters, one trader said.

Strong demand in Taiwan supported firmer flexitank UCO offers there at about $1,250/t fob. But the main exporters in other areas did not change their selling indications.

No new indications were posted for southeast Asian palm oil mill effluent (POME) or UCO, as suppliers waited to see whether today's downward trend in crude palm oil (CPO) values would continue throughout the week.

The third month Bursa Malaysia-listed CPO contract dropped by around $17/t during today's session after cargo surveyors showed weaker export data for the end of October, while millers recorded an uptick in output last month. AmSpec Agri saw an 11pc month-on-month decline in CPO exports over 1-31 October, while the Southern Peninsula Palm Oil Millers' Association recorded a 2.3pc rise in output and 1.73pc growth in yield over the same period.

Some POME suppliers acknowledged that buying interest has been encumbered by CPO prices near record-highs, along with soaring freight rates to ARA, but had yet to adjust offers from $1,130-1,140/t fob set last week.

In Malaysia, palm olein was offered at 5,650 ringgit/t ($1,361/t) for November loading, and MYR5,450/t for December loading, but both met no bids.

In ethanol markets, Pakistan's Punjab province set the sugarcane guide price at 225 rupees/40kg, similar to last year's price. This should provide greater price clarity to millers and distilleries and spur more large volume molasses contracts to be fixed, although no such deals were heard throughout the day. First quarter loading extra neutral alcohol discussions were ongoing at over $900/t fob Karachi, according to producers, though no deals have yet been closed above the $900/t mark.

Early timestamp for Asia-Pacific biofuel prices, 3 Nov

Argus Biofuels will publish Asia-Pacific prices with an early timestamp of 12:30pm Singapore time on 3 November, the last publication day before a public holiday in Singapore on 4 November, because of a potential lack of physical market liquidity to underpin price assessments. For further details, please contact Amandeep Parmar at amandeep.parmar@argusmedia.com or +65 6496 9825.

International feedstock spot prices			$/t
	Bid	Ask	±
RED feedstocks			
Brown grease dap China *CNY/t*	7,700.00	8,100.00	-350.00
Brown grease dap China	1,202.09	1,264.54	-57.40
UCO fob China	1,170.00	1,200.00	nc
UCO bulk fob China	1,270.00	1,290.00	nc
UCO fob Malaysia/Indonesia	1,120.00	1,140.00	nc
POME fob Malaysia/Indonesia	1,070.00	1,130.00	nc
Feedstocks			
Palm olein Malaysia/Indonesia fob			
Prompt	1,336.00	1,361.00	-14.00
Dec	1,273.00	1,313.00	-27.00
Jan	1,245.00	1,265.00	-15.00
Feb	1,213.00	1,233.00	-17.00
Arg SBO diff to CBOT 1st mth (29 Oct) ¢/lb	+2.20	+3.20	

Freight (29 Oct)			$/t
	Size '000t	$/t	±
Malaysia - ARA *			
Palm Oil	15-30	74.00	+1.00
PME	3-5	120.00	+10.00
Malaysia - West Med *			
Palm Oil	15-30	69.00	+1.00
PME	3-5	110.00	+5.00
Singapore - ARA			
HVO	40	61.50	+1.00
China - ARA			
UCO	5	145.00	+10.00
Ucome/HVO	5	140.00	+10.00
US - China			
Ethanol	40-50	30.50	+0.50

Reference prices			$/t
	Month	Settle	±
CBOT soybean oil futures (16:30 GMT)			
	Dec	1,369.73	+19.18
	Jan	1,363.34	+17.20
	Mar	1,348.13	+14.55
Malaysia palm oil futures			
	Nov	1,298.51	-14.96
	Dec	1,248.40	-18.23
	Jan	1,197.57	-18.11
	Bid	Ask	±
Glycerine fob SE Asia	**880.00**	**900.00**	**nc**

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

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US biofuels

RIN credit prices broke their decline in the first half of the session, while ethanol values mostly borrowed strength from last week, tracking stronger corn futures.

The *Argus* RVO pushed up 0.26¢/USG to 14.75¢/USG. Current year ethanol D6 RINs last traded at 113¢/RIN, followed by offers at 114¢/RIN. Trade had surfaced as high as 116¢/RIN. Activity for biomass-based diesel D4 RIN credits with 2021 vintage was thin. Offers emerged as high as 150¢/RIN before midday, with 2022 vintage credits trading at 140¢/RIN. Cellulosic biofuel D3 credits were unchanged.

Ethanol prices in Chicago mostly firmed. Chicago Rule 11 railcars shipping this week rose by 3¢/USG to 290¢/USG closest to midday. Chicago Argo prices were flat at 303.25¢/USG after transfers with Wednesday timing were bid-offered at 304¢/USG and 305¢/USG respectively, and transfers with Friday timing dealt at 302¢/USG closest to midday. Front month barges at New York Harbor were at 302.5¢/USG closest to midday based on a November barge/paper spread of +35.5¢.

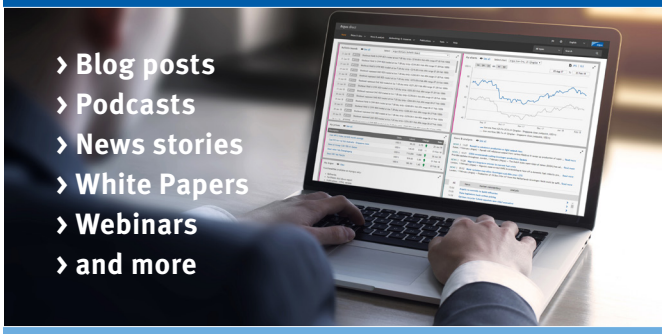
Change to RED rapeseed OME fob ARA assessment

Following consultation, on 1 April 2022, the Argus RED rapeseed OME fob ARA price assessment will change to require rapeseed oil proof of sustainability for all trade, bids and offers considered for inclusion in the assessment.

Argus will make no change to the related RED Fame -10°C CFPP fob ARA range price assessment at this time. The assessment will remain a 90:10 average of the RED rapeseed OME fob ARA range and FAME 0°C CFPP fob ARA range assessments.

Argus will continue discussions with market participants about coverage of RME with mass balanced proof of sustainability, in light of the continued trade for the product.

The Effects of Coronavirus on Markets



View the Argus hub page »»

Biodiesel spot price averages November to date		$/t
	Bid	Ask
RED		
Palm OME fob ARA range	1,814.00	1,824.00
Rapeseed OME fob ARA range	2,684.00	2,694.00
Soya OME fob ARA range	1,949.00	1,959.00
FAME 0°C CFPP fob ARA range	1,889.00	1,899.00
FAME -10°C CFPP fob ARA range	2,605.00	2,615.00
UCOME fob ARA range	2,184.17	2,194.17
Tallow OME fob ARA range	2,154.17	2,164.17
Advanced FAME 0°C CFPP fob ARA range	2,364.17	2,374.17
International		
RED PME fob Malaysia	1,310.00	1,450.00
RED PME fob Indonesia	1,180.00	1,330.00
SME fob Argentina (to 29 Oct)	1,342.81	1,354.16

HVO spot price averages November to date		$/t
	Bid	Ask
RED		
HVO fob ARA range (Class I)	2,407.31	2,420.13
HVO fob ARA range (Class II)	2,958.59	2,971.41
HVO fob ARA range (Class III)	2,529.10	2,541.92

Feedstocks spot price averages November to date		$/t
	Bid	Ask
RSO fob Dutch mill prompt €/t	1,530.00	1,540.00
UCO cif ARA	1,290.00	1,300.00
UCO ex-works Netherlands	1,431.22	1,442.81
Tallow (categories 1 and 2) fca northwest Europe	1,089.35	1,112.53
POME cif ARA	1,190.00	1,210.00

Ethanol spot price averages November to date		$/t
	Bid	Ask
RED T2 fob ARA range		
68pc GHG savings inc duty €/m³	1,120.00	1,130.00
68pc GHG savings inc duty	1,645.06	1,659.74
68pc GHG savings diff to Eurobob oxy	+810.31	+815.49
50-60pc GHG savings inc duty €/m³	1,120.00	1,130.00
50-60pc GHG savings inc duty	1,645.06	1,659.74
50-60pc GHG savings diff to Eurobob oxy	+810.31	+815.49
International		
fob Pakistan	965.00	985.00

Ice gasoil settle		$/t
Contract	Value	±
Nov	724.25	+5.75
Dec	718.00	+5.75
Jan	710.25	+5.50

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NEWS

Biofuels share of German road fuel mix leapt in August

The share of biofuels in Germany's road fuel mix rose to a multi-month high in August on the back of rising prices for domestic greenhouse gas (GHG) emission reduction certificates, which act as an alternative to physical blending.

Sales of biodiesel and hydrotreated vegetable oil (HVO) rose by 15pc on the month to 266,700t, but were lower by 10pc compared with a year earlier, according to export control authority Bafa. Diesel consumption edged up by 3pc on the month and by 9pc on the year to 3.2mn t in August.

This meant biodiesel and HVO accounted for an 8.3pc share of Germany's diesel pool in August, up from 7.4pc in July but down from 10pc in August 2020.

Spot prices of crop-based biodiesel fell in August, while the value of GHG credits, which can be used instead of physical blending to fulfil the German blending mandate, moved higher.

The *Argus* RED Fame 0 fob ARA range spot price averaged $1,535/t in August, down from $1,574/t in July but up from $907/t a year earlier. German GHG certificate prices averaged €406/t CO2e in August, up from €369/t a month earlier.

Ethanol use rose by 21pc on the month and by 14pc year on year to 119,300t, the highest since December 2014. Gasoline sales rose by 6pc year on year and by the same amount compared with July to 1.6mn t, meaning ethanol's share of the German gasoline pool was 7.5pc, up by one percentage point on the month and up from last year's share of 7pc.

The share of ethanol in Germany's gasoline blend rose on the back of strong demand for E10. Ethanol accounted for 18pc of gasoline consumption in August, up from 16pc in July and from 14pc a year earlier. E10 sales climbed by 18pc on the month to 277,700t. Sharp gains in E5 pump prices since the beginning of the year, and an increased discount of E10 to E5, has prompted many drivers to fill up with E10.

Increased physical blending in August may have been partly prompted by a rising GHG emission-reduction target in 2022. Any excess GHG savings from 2021 can be carried over to the 2022 compliance year.

By Sophie Barthel

Indonesia raises biodiesel export duties in November

Indonesia has increased export duties on biodiesel, crude and refined palm oil products for November, after raising the crude palm oil (CPO) benchmark price above a $1,250/t threshold that triggers the higher tax rate.

Biodiesel exporters must now pay $64/t in duty, up from $36/t during the last two months, which combined with an unchanged $121/t levy pushes the total export bill to $185/t. Duties on CPO and refined, bleached and deodorized palm olein increased to $200/t and $117/t from $166/t and $83/t respectively, lifting the total package payable on these exports to $375/t and $248/t.

Indonesia's trade ministry hiked the CPO benchmark price up to $1,283.38/t for November, the highest level on record, reflecting record high spot prices for the vegetable oil during the preceding month. Strong La Nina rains have hit the country's output of fresh fruit bunches and tightened palm oil supplies.

November rates are the highest since Indonesia adjusted its export duty and levy structure on palm-derived products from July in an effort to ease the burden on exporters and boost competitiveness for its products compared with rival Malaysia.

By Lauren Moffitt

Malaysia unveils largest budget with low-carbon focus

Malaysia has released its biggest-ever budget and strengthened its focus on sustainability as it works towards achieving carbon neutrality as early as 2050.

Climate change is as severe a crisis as the Covid-19 pandemic, Malaysian finance minister Zafrul Abdul Aziz said as he announced the 2022 budget of 332.1bn ringgit ($80bn), including funds for low-carbon transition, electric vehicles (EVs) and palm oil.

Malaysia has set a target to become carbon neutral as early as 2050. "To meet the carbon neutral target, the voluntary carbon market (or VCM) initiative will be launched under the advocacy of [the] Bursa Malaysia [exchange]," Zafrul said in his budget announcement on 29 October, without providing any timeline. Malaysia recently released what looks like a firm proposal in support of article 6 of the

ANNOUNCEMENT

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Paris climate agreement, which aims to set rules for international carbon trading and will be a key area for negotiations at the UN Cop 26 climate conference from 31 October to 12 November. The country's national guidance on voluntary market mechanisms outlines "the responsibilities of state governments and private-sector parties wishing to develop or implement voluntary carbon [market] projects", environment and water minister Tuan Ibrahim Tuan Man said.

The 2022 budget will also support Malaysia's central bank in setting up a 1bn ringgit low-carbon transition facility, which will be based on a matching fund arrangement with participating financial institutions, to help small and medium-sized enterprises adopt low-carbon measures such as increasing renewable energy use.

The government has additionally pledged support for the development of the EV industry, proposing to provide import duty, excise duty and sales tax exemptions on EVs. "Road tax exemptions of up to 100pc will also be given to the vehicle owners," Zafrul said.

And individual income tax relief of up to 2,500 ringgit will be given for the purchase and installation, rental and hire purchase of EV charging facilities, as well as payment of EV charging facility subscription fees, he added.

Malaysia is the world's fourth-largest LNG exporter and second-biggest palm oil producer. It also produces ferro-manganese, ferro-silicon and silico-manganese, as well as aluminium, tin and rare earths.

More support for agriculture

The government's 2022 budget also provides further support for the country's agriculture sector while seeking to manage the spread of Covid-19, which last year led to labour shortages and production cuts at palm oil plantations.

The budget has allocated 35mn ringgit for a smallholder farmers' oil palm replanting stimulus scheme and 20mn ringgit to address the international anti-palm oil campaign.

"For next year, the government has agreed to increase the windfall levy threshold value for palm oil from 2,500 ringgit to 3,000 ringgit for peninsular Malaysia and from 3,000 ringgit to 3,500 ringgit for Sabah and Sarawak," Zafrul said. The Sabah and Sarawak levy rates are adjusted to 3pc, similar to levy rates in peninsular Malaysia, he added.

The government has also set aside an additional 4bn ringgit to "continue the agenda on managing Covid-19" on top of a 32.4bn ringgit allocation for the health ministry as Malaysia prepares to transition to the endemic phase.

The country's economy is projected to expand between between 5.5pc and 6.5pc next year based on strong fundamentals and a diversified economic base. "However, this performance also depends on other factors including the success of our pandemic response, the effectiveness of our vaccination programmes, as well as the robustness of the global economy and trade prospects," Zafrul said. The government expects economic growth of 3-4pc for this year.

By Reena Nathan

Changes to Argus Biofuels GHG savings requirements

Following consultations, *Argus* will set new greenhouse gas (GHG) savings requirements related to the implementation of the revised Renewable Energy Directive (RED II).

Argus will implement a new fossil fuel comparator of 94g CO2 equivalent/MJ for the calculation of GHG savings percentages for all assessments of RED-certified biofuels, replacing the current comparator of 83.8g CO2 equivalent/MJ and effective 1 January 2022.

As the implementation of RED II is expected to involve periods of transition, *Argus* will consider for inclusion in its assessments product generally deemed to be acceptable by the market, whether using the existing, new or other equivalent fossil-fuel comparator. For the avoidance of doubt, should the price of product certified under the RED I and RED II directives diverge, *Argus* will publish the price of RED I certified material until the end of 2021 and the price of RED II certified material thereafter.

GHG savings requirements

Product	Current GHG savings based on 83.8g CO_2 equivalent/MJ (%)	New GHG savings based on 94g CO_2 equivalent/MJ (%)
RED Biodiesel		
Rapeseed OME fob ARA range	57*	60*
Fame 0°C CFPP fob ARA range	57*	60*
Fame -10°C CFPP fob ARA range	57*	60*
Ucome fob ARA range	87*	87.5*
TME fob ARA range	na	Min 78
Advanced Fame 0°C CFPP fob ARA range	Min 83	Min 84
Ucome fob China bulk	83.0	87.5
RED HVO and SAF		
HVO fob ARA range (Class I)	Min 65	Min 60
HVO fob ARA range (Class II)	Min 85	Min 87
HVO fob ARA range (Class III)	Min 80	Min 82
HVO fob China	Min 85	Min 87
SAF fob ARA range	Min 85	Min 87

*average per 1,000t

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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

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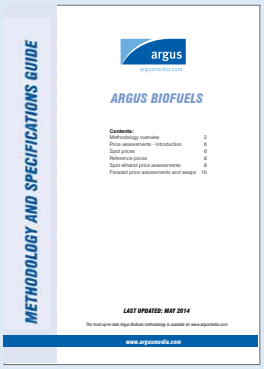
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Argus Biofuels Methodology

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.

For a hard copy, please email 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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