

## HIGHLIGHTS

- RME/Fame 0 narrows, all prices decline on wider products fall
- Italy's Eni eyes more biorefinery conversions
- German biofuel sales increased in August: Bafa
- Irish biodiesel demand near one-year high in September
- US biodiesel capacity shrank even before pandemic: EIA

## MARKET COMMENTARY

### Biodiesel prices lower in ARA on GO, vegoil losses

Prompt outright biodiesel prices moved lower on Wednesday on the back of strong declines to gasoil and weaker Chicago-listed soybean oil futures and Euronext-listed rapeseed futures. A decline of \$14.88/t in the underlying gasoil price more than offset gains to the Fame 0 premium and joined softer RME and flat Ucome premiums.

Gasoil, biodiesel and vegetable oils price declines followed expectations that stricter lockdowns could be imposed in France and Germany in the coming days. In Germany, some retail station operators and fuels suppliers are already experiencing a market drop in road fuel demand, while others are expecting a decline from early November following the introduction of new restrictions.

A single trade was initiated in Wednesday's afternoon assessment window for 4-25 November loading, with a 1,000t Fame 0 barge changing hands at \$569/t where value was assessed. This was \$9/t higher on the session. Participants suggested that Fame 0 values are unlikely to drop sharply in the coming weeks as product availability is thin and imports of soybean oil-based biodiesel (SME) from Argentina are not expected in the fourth quarter and first quarter of 2021.

RME did not trade and closed in a \$680.25-690/t bid-offer range. Value was set at the \$685.13/t midpoint, down by \$6.87/t on the day. The Ucome premium was flat at \$880/t in absence of liquidity and a \$815-884/t closing range.

Paper trade reported to Argus comprised Fame 0 for 1Q at \$536/t and \$525/t (6,000t/month), for 2Q at \$530/t (2,000t/month) and for 2Q-3Q at \$530/t (2,000t/month). RME traded for November three times in a \$680-686/t range (11,000t) and for 1Q four times in a \$605-615/t range (10,000t/month).

The RME/Fame 0 spread changed hands for November at +\$120/t (\$680/t, \$560/t) for 5,000t, for November-December at +\$115/t (\$670/t, \$555/t) for 1,000t/month and for 1Q at

## PRICES

Biofuels spot prices				\$/t
	Bid	Ask		±
<b>RED biodiesel</b>				
Palm OME fob ARA range	840.00	850.00		-6.00
Rapeseed OME fob ARA range	996.00	1,006.00		-22.00
Soya OME fob ARA range	920.00	930.00		-6.00
FAME 0°C CFPP fob ARA range	880.00	890.00		-6.00
FAME -10°C CFPP fob ARA range	985.00	995.00		-20.00
UCOME fob ARA range	1,191.31	1,201.31		-14.88
Tallow OME fob ARA range	1,161.31	1,171.31		-14.88
<b>RED ethanol T2 fob ARA range</b>				
68pc GHG savings inc duty €/m <sup>3</sup>	547.00	557.00		nc
68pc GHG savings inc duty	815.05	829.95		-5.45
68pc GHG savings diff to Eurobob oxy	459.80	474.20		
50-60pc GHG savings inc duty €/m <sup>3</sup>	547.00	557.00		nc
50-60pc GHG savings inc duty	815.05	829.95		-5.45
50-60pc GHG savings diff to Eurobob oxy	459.80	474.20		
<b>ETBE</b>				
ETBE fob Rotterdam (27 Oct)	678.50	679.00		+1.62
Diff to MTBE (27 Oct)				+280.00

Rapeseed oil (RSO)				€/t
	Contract	Bid	Ask	±
RSO fob Dutch mill	prompt	792.00	802.00	-5.50
RSO fob Dutch mill	NDJ	780.00	790.00	-14.00
RSO fob Dutch mill	FMA	750.00	755.00	-15.00
RSO fob Dutch mill	MJJ	740.00	743.00	-21.00

Used cooking oil (UCO)				\$/t
		Bid	Ask	±
UCO cif ARA		740.00	775.00	-2.50
UCO ex-works Netherlands €/t (23 Oct)		730.00	740.00	-5.00
UCO ex-works Netherlands (23 Oct)		864.11	875.95	+3.12

Ice gasoil swap				\$/t
		Value		±
7 to 28 days forward		316.31		-14.88

Gasoil spreads				\$/t
	Month	Value		±
Palm oil-gasoil spread (Pogo)	Jan	413.75		14.25
Bean oil-gasoil spread (Bogo)	Jan	413.75		0.75

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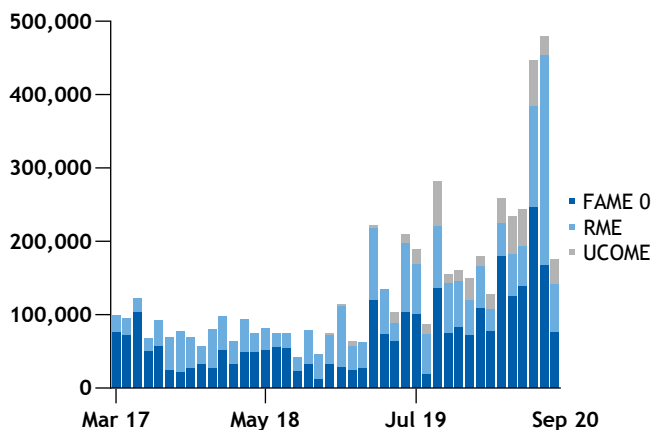
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+\$80/t (\$615/t, \$535/t) and at +\$76/t (\$608/t, \$532/t) for 2,000t/month in total.

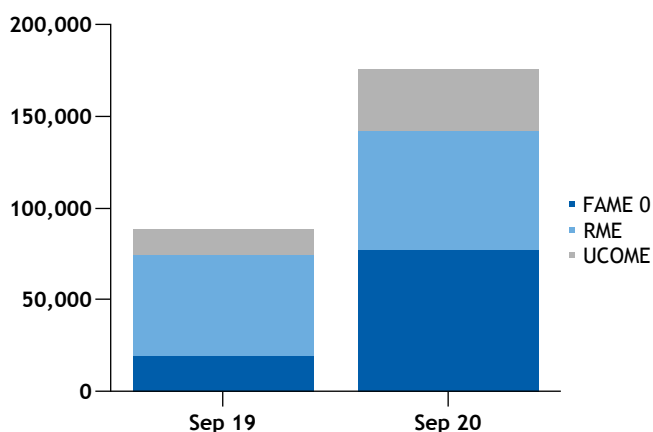
On intra-EU freight, 10,000t of Fame biodiesel will load in El Ferrol, Spain on 1-3 November before moving to Huelva or Cadiz, both in Spain, while 4,500t of Fame will load in the south of Spain on 30-31 October before moving to ARA ports.

RED biodiesel fob ARA range, premium to Ice gasoil 7-28 day	
Transaction	Price (\$/t)
FAME 0°C CFPP, loading 04 Nov 2020 - 25 Nov 2020 (1,000t)	
Litasco buys from Astra Bioplant	+569.00
Rapeseed OME, loading 04 Nov 2020 - 25 Nov 2020 (1,000t)	
No recorded deals	
UCOME, loading 04 Nov 2020 - 25 Nov 2020 (1,000t)	
No recorded deals	

Total trade RME, Fame 0, UCOME t



Total trade RME, Fame 0, UCOME (Sep 20 vs 19) t



RED hydrotreated vegetable oil (HVO) \$/t			
Range week ending 23 Oct	Bid	Ask	±
HVO fob ARA range (Class I) diff to 7-28 days Ice gasoil* \$/m <sup>3</sup>	770.00	780.00	+50.00
HVO fob ARA range (Class I) diff to 7-28 days Ice gasoil*	987.18	1,000.00	+64.10
HVO fob ARA range (Class I)	1,351.40	1,364.22	+54.54
HVO fob ARA range (Class II) diff to 7-28 days Ice gasoil* \$/m <sup>3</sup>	1,075.00	1,125.00	+25.00
HVO fob ARA range (Class II) diff to 7-28 days Ice gasoil*	1,378.21	1,442.31	+32.05
HVO fob ARA range (Class II)	1,742.42	1,806.52	+22.48
HVO fob ARA range (Class III) diff to 7-28 days Ice gasoil* \$/m <sup>3</sup>	950.00	1,000.00	nc
HVO fob ARA range (Class III) diff to 7-28 days Ice gasoil*	1,217.95	1,282.05	nc
HVO fob ARA range (Class III)	1,582.17	1,646.27	-9.56

\*HVO-escalated

Sustainable aviation fuel (SAF)* \$/t			
Range week ending 23 Oct	Bid	Ask	±
SAF diff to HVO (Class II) fob ARA range \$/m <sup>3</sup>	90.00	105.75	-17.62
SAF diff to HVO (Class II) fob ARA range	115.38	135.58	-22.60
SAF fob ARA range	1,857.80	1,942.10	-0.12

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

### Feedstocks

Fob Dutch mill rapeseed oil (RSO) values posted significant losses across the curve on Wednesday as the prospect of tighter lockdown restrictions in countries such as France, Germany, the Netherlands and Belgium weighed on prices.

A falling wider vegetable oil complex added to the trend, with Euronext rapeseed November futures settling €6.75/t lower on the day at €381/t.

Trading activity was concentrated on the back of the curve as limited prompt RSO availability curbed selling interest at the front of the curve.

No offers emerged for the November contract while buying interest for November single was reported at €792/t. The assessment for prompt RSO 5-40 loading was set in a €10/t range from the November bid level at €792-802/t, down by €5.50/t on the day.

The bid-offer range for November-December-January (NDJ) widened and was heard between €777-793/t. NDJ was assessed at €780-790/t, dropping by €14/t on the day.

February-March-April (FMA) changed hands at €750/t and €755/t and the assessment for the strip was set based on the trades at €750-755/t, falling by €15/t on the day to its lowest since 15 June.

May-June-July (MJJ) traded at €740/t and €743/t and was assessed based on the trades at €740-743/t, down by €21/t on the session.

## Waste-derived feedstocks

Demand for used cooking oil (UCO) remained subdued in the first half of the week as several European countries consider the introduction of nationwide lockdowns amid a sharp rise in Covid-19 cases.

UCO storage tanks in ARA remain full, according to participants, as several traders are yet to sell product bought in recent months. Current market conditions have affected the demand outlook for the feedstock as far out as the first quarter of 2021.

Prices for standard quality UCO cif ARA in flexitanks was indicated at around \$755-760/t by market participants but no firm bids and offers emerged. The market was assessed at the midpoint of indications in a wide \$740-775/t range, down by \$2.50/t on the session to reflect low interest and values indicated to Argus.

The week opened with a \$777-787/t bid-offer range for standard quality UCO in isotanks containing maximum sulphur content of 30ppm, for product under the EUR1 agreement. A deal was reported by mid-week at \$772/t for similar basis and quality product. Two players active in the market estimated price for UCO shipped in isotanks at a \$15/t premium over that for flexitanks.

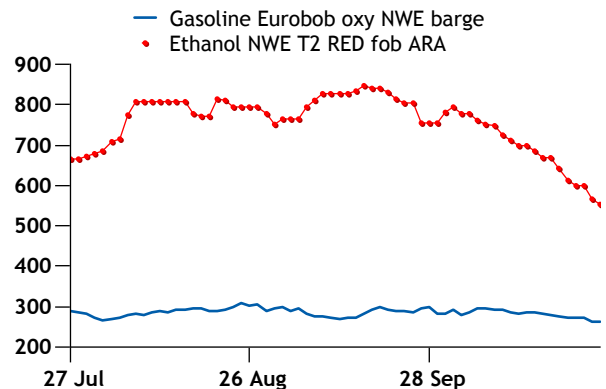
Selling interest was reported for UCO delivered at point (DAP) Amsterdam at €750/t, but no buying interest has emerged so far this week.

## European ethanol

T2 spot ethanol values moved sideways in a subdued Tuesday afternoon session.

No bids or offers surfaced for 50-60pc GHG savings fob ARA ethanol. Argus left its assessment for 50-60pc and 68pc GHG savings ethanol flat at €552/m<sup>3</sup>. But liquidity continued on the 50-60pc GHG savings ethanol paper market as values declined. Before the spot window opened paper trade reported to Argus comprised a 3Q contract at €549/m<sup>3</sup>, a 2Q/3Q spread at -€9/m<sup>3</sup> (€540/m<sup>3</sup>, €549/m<sup>3</sup>), a 1Q contract at €527/m<sup>3</sup> and two December 2020/December 2021 spreads at -€25/m<sup>3</sup> (€524/m<sup>3</sup>, €549/m<sup>3</sup>). No paper changed hands during the window. After it closed 1Q dealt at €524/m<sup>3</sup>.

## T2 ethanol RED vs Eurobob oxy

€/m<sup>3</sup>

German GHG reduction obligation*		€/t CO <sub>2</sub> e	
Range week ending 23 Oct	Low	High	
Compliance year 2020	240	260	
Compliance year 2021	240	260	

\*Treibhausgasminderungsverpflichtung

UK GHG reduction credit		p/kg CO <sub>2</sub> e	
Range week ending 23 Oct	Low	High	
Compliance year 2020	1.30	1.60	

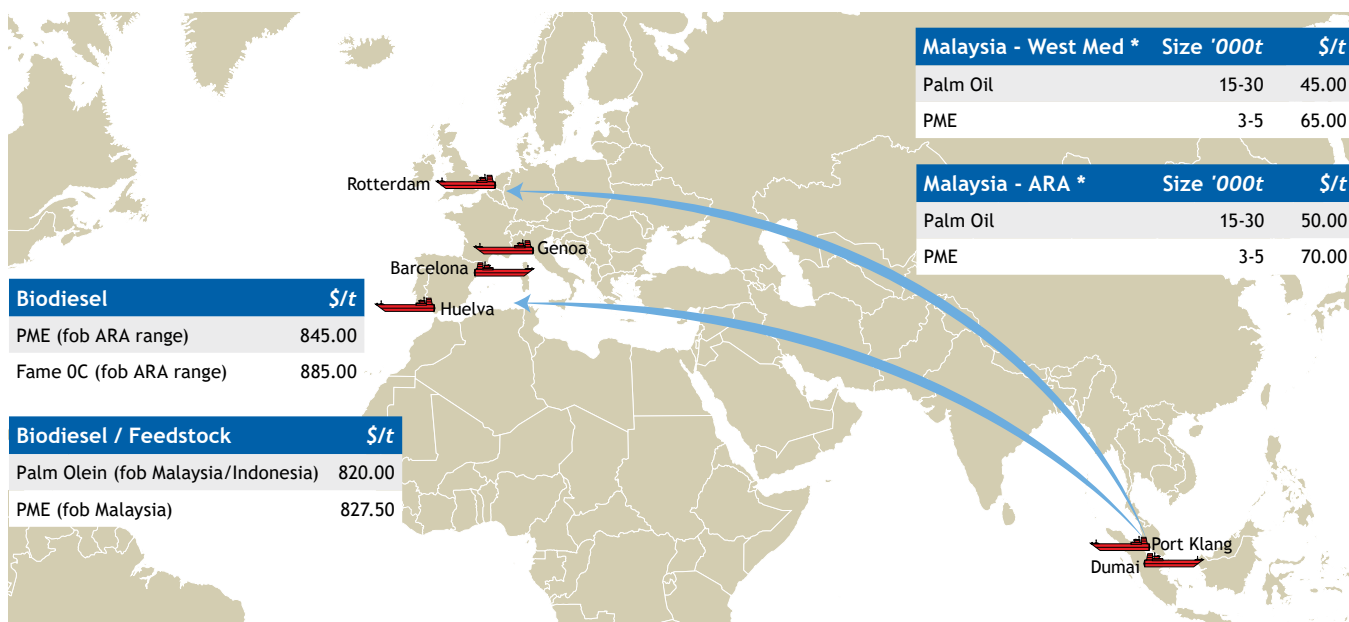
UK renewable fuel transport certificate		p/RTFC	
Range week ending 23 Oct	Low	High	
Compliance year 2020	27.00	28.50	
Compliance year 2021	27.50	28.50	

Netherlands renewable fuel unit*		€/GJ	
Range week ending 23 Oct	Low	High	
Advanced renewable fuel unit (HBE-G)			
Compliance year 2020	10.85	11.85	
Conventional renewable fuel unit (HBE-C)			
Compliance year 2020	10.65	11.65	
Other renewable fuel unit (HBE-O)			
Compliance year 2020	10.75	11.75	

\*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	±	Mid	±
Nov	985	-30.00	870	-15.00	830	-15.00	910	-15.00	974	-28.00	519	-16.00
Dec	969	-15.00	859	-20.00	814	-20.00	904	-20.00	958	-16.00	522	-16.00
Jan	969	-15.00	854	-20.00	804	-20.00	899	-20.00	958	-15.00	523	-14.00
1Q21	933	-45.00	853	-30.00	803	-30.00	898	-30.00	925	-44.00	524	-13.00
2Q21	933	-35.00	868	-25.00	823	-25.00	908	-25.00	927	-34.00	540	-13.00
3Q21	934	-39.00	864	-29.00	819	-29.00	904	-29.00	927	-38.00	549	-11.00

### PME / Palm oil freight



### Asia-Pacific biofuels: Prompt CPO rises

Front-month Malaysian palm oil shot up on the Bursa Malaysia Exchange towards the end of the session following a fairly muted trading session, while futures further along the curve finished near flat.

Supply concerns continue to make an impact, as Malaysia's main growing state Sabah remains under a conditional Covid-19 movement control order, although Kuala Lumpur, Selangor and Putrajaya exited their restrictions yesterday.

Indonesia's markets closed from today for the rest of the week, while Malaysia will also close tomorrow for a national public holiday to mark the prophet Muhammad's birthday.

Jakarta will possibly maintain its crude palm oil (CPO) export tax at \$3/t with a reference price of \$782.03/t for November, although this has yet to be confirmed. Producers were still awaiting news of the biodiesel and CPO export levies for next month, with the former expected to rise by around \$10-15/t from the current \$25/t. Unlike the export tax, levies accrued are used to subsidise domestic palm methyl ester producers so applying the appropriate levy is crucial to maintaining the programme.

Shipping brokers report freight rates have softened on the strait of Malacca to mid-China trade route, with expectations of renewed palm oil buying interest yet to occur in October. Freight rates are also under pressure on the long-haul trade lanes from Asia to Europe with a lot of partial spaces remaining for November.

Shipbrokers reported an unusual 30,771t cargo of fuel ethanol fixed between Tacoma, US and Ulsan, South Korea on the Navig8 Tourmaline at a rate of \$41/t. The vessel is now on route and set to arrive on 2 November, according to

International biodiesel and feedstock prices				\$/t
	Bid	Ask		±
RED PME fob Malaysia	760.00	895.00		+12.50
RED PME fob Indonesia	730.00	795.00		+10.00
RED PME fob Singapore	760.00	895.00		+12.50
RED POME fob Malaysia/Indonesia (23 Oct)	620.00	630.00		nc
RED UCOME bulk fob southeast China (23 Oct)	1,000.00	1,020.00		-10.00
RED UCO fob southeast China (23 Oct)	730.00	760.00		+12.50
RED UCO bulk fob southeast China (23 Oct)	750.00	780.00		nc
RED UCO fob Malaysia/Indonesia (23 Oct)	715.00	725.00		+5.00
SME fob Argentina upriver (27 Oct)	912.23	922.15		-12.68
SME fob Houston B100 (27 Oct)	961.73	976.68		+6.31
SME fob Houston B100 (27 Oct) €/USG	321.65	326.65		+2.11
Arg SBO diff to CBOT 1st mth (27 Oct) €/lb	+3.65	+4.10		

Palm olein Malaysia/Indonesia fob				\$/t
	Bid	Ask		±
Prompt	815.00	825.00		+16.00
Dec	797.00	807.00		+15.00
Jan	757.50	767.50		-1.00
Feb	740.50	743.00		-1.50

Freight (26 Oct)			
	Size '000t	\$/t	±
Malaysia - ARA *			
Palm Oil	15-30	50.00	nc
PME	3-5	70.00	nc
Malaysia - West Med *			
Palm Oil	15-30	45.00	nc
PME	3-5	65.00	nc

International ethanol spot prices				\$/t
	Bid	Ask		±
fob Pakistan	850.00	950.00		nc
fob Pakistan (hydrous)	730.00	830.00		nc
cfr Mumbai	565.00	655.00		+5.00
cfr Philippines \$/m <sup>3</sup>	500.00	520.00		-5.00
B-grade cfr northeast Asia \$/m <sup>3</sup>	600.00	630.00		nc

ship tracking site Fleetmon. South Korea does not currently allow ethanol blending in its gasoline pool. Brokers also confirmed a 30,000t fuel ethanol cargo that will ship from New York to China's Yangtze river loading between 1-10 November on the Ardmore Defender and costing \$51/t.

## US biofuels

RIN credit prices pulled back while physical ethanol values retreated amid pressure from lower corn futures in the first half of the session.

Sharp corn futures losses in addition to uncertainty over fuel demand in the coming months stirred bearish sentiment in the market despite ethanol stocks touching their lowest since late 2016.

US ethanol stocks during the week ended 23 October fell to 19.6mn bl, down by 0.6pc from the prior week and the lowest level since the week ended 30 December, 2016. Domestic ethanol production rose during the week by 28,000 b/d to 941,000 b/d.

Chicago Rule 11 railcars were bid and offered at 153¢/USG and 155¢/USG pre-stats, with trade surfacing afterward at 152¢/USG, bringing down value by 7¢/USG.

Prompt in-tank transfers at Kinder Morgan's Argo terminal slid by 6.1¢/USG to 155¢/USG based on prompt barrels being valued flat to October anys. October anys were last bid at 154¢/USG and offered at 156¢/USG, decreasing by 6.5¢/USG to 155¢/USG.

Front-month barges at New York Harbor were quiet, with no new indications surfacing.

RIN values also pulled back across most categories to pressure the Argus Renewable Volume Obligation (RVO).

The Argus RVO fell by 0.25¢/USG to 7.72¢/USG.

Current-year ethanol D6 credits were last bid at 58.5¢/RIN and offered at 58.75¢/RIN, decreasing by 2.25¢/RIN to 58.65¢/RIN. Trade surfaced earlier in the session between 58.75¢/RIN and 59.25¢/RIN. Credits with 2021 vintage were bid at 60¢/RIN and offered at 61¢/RIN.

Biomass-based diesel D4 credits with 2020 vintage fell by 2¢/RIN to 81.75¢/RIN between bids and offers at 81¢/RIN and 82.5¢/RIN, respectively. Volumes traded hands earlier between 82¢/RIN and 82.5¢/RIN.

Cellulosic biofuel D3 credits with 2020 vintage were flat at 160¢/RIN, with trade at that level.

## 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 October to date		\$/t	
	Bid	Ask	
<b>RED</b>			
Palm OME fob ARA range	818.75	828.75	
Rapeseed OME fob ARA range	980.10	990.10	
Soya OME fob ARA range	901.25	911.25	
FAME 0°C CFPP fob ARA range	859.50	869.50	
FAME -10°C CFPP fob ARA range	967.95	977.95	
UCOME fob ARA range	1,215.92	1,225.92	
Tallow OME fob ARA range	1,182.92	1,192.92	
<b>International</b>			
RED PME fob Malaysia	731.75	853.00	
RED PME fob Indonesia	701.75	791.75	
RED PME fob Singapore	731.75	853.00	
SME fob Argentina (to 27 Oct)	887.19	901.98	

Feedstocks spot price averages October to date		€/t	
	Bid	Ask	
Rapeseed oil fob Dutch mill	778.83	788.08	

Ethanol spot price averages October to date		\$/t	
	Bid	Ask	
<b>RED T2 fob ARA range</b>			
68pc GHG savings inc duty €/m <sup>3</sup>	674.40	684.40	
68pc GHG savings inc duty	1,006.87	1,021.81	
68pc GHG savings diff to Eurobob oxy	+625.34	+639.77	
50-60pc GHG savings inc duty €/m <sup>3</sup>	674.40	684.40	
50-60pc GHG savings inc duty	1,006.87	1,021.81	
50-60pc GHG savings diff to Eurobob oxy	+625.34	+639.77	
<b>International</b>			
fob Pakistan	850.00	950.00	

Ice gasoil settle		\$/t	
Contract	Value		±
Nov	314.75		-14.75
Dec	317.25		-15.25
Jan	321.75		-15.00

Reference prices		\$/t	
	Month	Settle	±
<b>CBOT soybean oil futures (16:30 GMT)</b>			
	Dec	739.43	-15.21
	Jan	735.46	-14.33
	Mar	730.83	-13.01
<b>Malaysia palm oil futures</b>			
	Nov	791.36	+16.31
	Dec	781.76	+15.83
	Jan	735.40	-0.76
	Bid	Ask	±
Glycerine fob SE Asia	300.00	360.00	nc



## NEWS

**Italy's Eni eyes more biorefinery conversions**

Italian integrated oil company Eni said today it could speed up domestic refinery conversions to build new hydrotreated vegetable oil (HVO) plants.

Eni's head of energy evolution Massimo Mondazzi said about biorefineries that "the transformation could be accelerated." The company has previously said it targeted 5mn t/yr of HVO production capacity by 2050.

Eni cited good results from its existing units – its 350,000 t/yr Venice and 650,000 t/yr Gela plants – and the "significant market we see opening up" of biojet fuel demand in coming years. Mondazzi said Eni would provide a clearer timeframe at its next strategy update at the start of next year.

Eni stated capital expenditure (capex) costs of around \$300-400/t of HVO for its biofuels plants, equating to \$105mn-140mn for Venice and \$195mn-260mn for Gela.

The two units use part of the sites of former oil refineries, but the biofuel production is far smaller and remain some way short of nameplate production.

Eni said Venice and Gela had planned maintenance works in the third quarter, which cut output. Eni said Gela is "still in a ramp-up" phase, while the firm said previously the unit would reach capacity [in the fourth quarter of 2019](#).

The firm expects the units to reach 80pc of nameplate capacity in the fourth quarter of this year. Chief executive officer Claudio Descalzi said some units at Gela had started commissioning [as early as February 2019](#).

Eni posted lower HVO output in the third quarter, compared with April-June, as a result of the works. Eni produced 151,000t of HVO in the third quarter, up from 85,000t on the year. But output was down from 188,000t in the second

quarter. In January-September production was 527,000t up sharply from 185,000t on the year as a result of the [Gela start up](#).

By Adam Porter

**German biofuel sales increased in August: Bafa**

German biodiesel and ethanol consumption increased on the year in August, when road fuel suppliers continued to maximise physical blending efforts to meet a higher greenhouse gas (GHG) emission-reduction obligation.

Biodiesel sales reached 282,600t in the month, up by 32pc from a year earlier, according to export control authority Bafa. Biodiesel demand dropped by 2pc from July's multi-year high. Domestic diesel consumption was 2.9mnt in August, down by around 9pc on the month and on the year.

The share of biodiesel and hydrotreated vegetable oil (HVO) in the German diesel pool reached fresh highs at 9.6pc in August, an increase of three percentage points on the year. A two-percentage point increase to Germany's GHG emission-reduction obligation this year has encouraged road fuel suppliers to maximise physical blending.

Ethanol demand was 105,000t in August, up by 11pc year on year but down by 7pc from a four-year high in July. Gasoline consumption was 1.5mn t in August, down on the year and on the month by 9pc and 6pc respectively. The ethanol share in Germany's gasoline pool was 7pc, up by around one percentage point on the year.

E10's share of gasoline consumption in Germany was 14pc in August, flat on the year. E10 volumes fell by 9pc on the month to 207,600t.

By Sophie Barthel

**Irish biodiesel demand near one-year high in September**

Irish biodiesel consumption rose to the highest for nearly a year in September, according to the National Oil Reserve Agency (Nora), supported by higher demand, with many in the country preferring to use their own cars rather than public transport during the Covid-19 pandemic. Biodiesel demand rose by around 4.2pc on the month in September,

**Proposal to change Malaysia palm oil futures prices**

Argus proposes to roll the front month of its fob Bursa Malaysia exchange palm oil futures prices on the last full day of trading rather than the date of expiry, in accordance with market custom.

Argus will accept comments on this proposed change until 6 November 2020. To discuss comments on this proposal, please contact Amandeep Parmar at amandeepparmar@argusmedia.com or + 65 6496 9825. Formal comments should be marked as such and may be submitted by email to biofuels@argusmedia.com and received by 6 November 2020. Please note, formal comments will be published after the consultation period unless confidentiality is specifically requested.

**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.

hitting 17,200t, its highest since October 2019. Sales of diesel were also higher on the month, reaching their highest since November last year at around 243,300t. The share of biodiesel in the country's diesel pool was around 7pc, marginally lower than 7.2pc in August.

Consumption of ethanol was unchanged on the month at 3,000t, but was around 11.8pc below September 2019 levels. Sales of gasoline were 1.5pc higher in September compared with August, but were 11pc lower on the year. Ethanol accounted for a 5.2pc share of the gasoline pool in September, 0.1 percentage points lower on the month.

Market participants said biodiesel demand in Ireland was largely stable in October, but the reintroduction of localised lockdowns and movement restrictions could weigh on total consumption.

By *Giulia Squadrin*

### US biodiesel capacity shrinks: EIA

US domestic biodiesel production capacity was at 164,000 b/d as of 1 January 2020, down by 4,000 b/d from a year earlier, even before the Covid-19 crisis hit, according to estimates by the Energy Information Administration (EIA).

The estimates put annual production at 60.5mn bl/yr, 0.5mn bl/yr less than figures for the prior year. The data, which reflects total domestic biodiesel production capacity as of the first day of the year, does not encompass the production losses suffered by the industry as a result of the Covid-19 pandemic, which hit in full force in March and led to the shutdown of vast swaths of the economy.

Plant count decreased from 104 a year earlier, most likely the result of steadily falling margins and late reinstatement of the blenders tax credit (BTC), which gives biodiesel blenders a \$1 tax credit per gallon.

Current-year estimates put more than half of all biodiesel production capacity in the midcontinent, at 98,000 b/d, or 35.7mn USG annually.

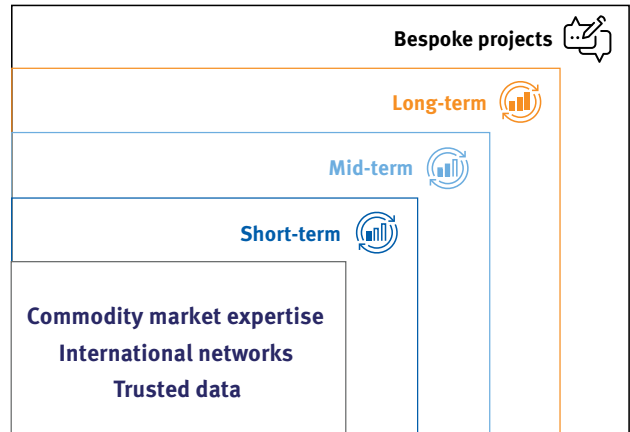
Forty-two biodiesel facilities are located in the midcontinent, a decline from 45 plants in the 2019 report. Capacity a year earlier was 96,000 b/d, or an annualised capacity of 35.1mn USG.

The region with the next highest expected production capacity was the Gulf coast, which was estimated to have a capacity 40,000 b/d, or 14.6mn USG annually among its 16 plants. In early 2019, 18 plants were reported in the region with a capacity of 41,000 b/d, or 14.9mn USG annually.

The estimates, which do not account for the impact that the Covid-19 pandemic has caused on fuel demand, also include idled plant capacity.

By *Thom Dwyer*

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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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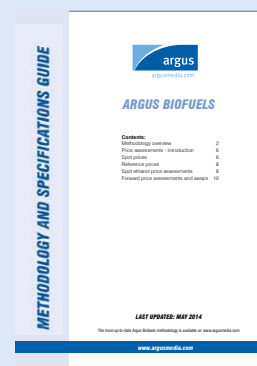
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For prices used in financial benchmarks, Argus publishes daily explanations of the assessment rationale with supporting data. This information is available to permissioned subscribers and other stakeholders. Subscribers to this report via Argus Direct 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).

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