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Argus Biofuels Outlook



Overview

The US EPA cleared its small refinery backlog on 31 August, exempting 1.76bn RINs across 29 refineries, nearly double the 990mn assumed in the Set 2 rule. Prices had slid in anticipation of a smaller number and recovered once the agency proposed reallocating the exempted volumes in full across 2026 and 2027.

European RME averaged $1,631/t in August and added $232/t between 24 August and 4 September, as a poor rapeseed crop and Rhine water levels of 0.35m at Kaub kept feedstock and product from moving. Crop-based HVO has been pulled the same way, with Class I rising above Class II and Class III in early September, and forecast 11pc higher at $2,910/t. Europe requires 1.4mn t of RD and SAF imports over September-December, about 360,000 t/month against a January-August average of 309,000 t/month, while Neste's eight-week fourth-quarter Rotterdam turnaround removes output over the same period.

Brazilian ethanol production of 41.2bn litres in 2026 against demand of 38.8bn l lifts stocks towards 11.7bn l by October, more than 90 days of cover, holding anhydrous prices near $690/t and capping any recovery.

Germany's exclusion of Pome from 2027 compliance moves blenders into a thinner pool of advanced material. Advanced HVO prices are expected to rise towards the end of 2027 on that tightness even as diesel softens. The US RIN bank is 1.35bn credits short and on course for insolvency next year, with D4s forecast at $2.72/RIN in 2027.

Key biofuel prices, prompt

	Jul 26	Aug-26	Sep 26e	Oct 26e
Europe				*$/t*
RED FAME 0°C CFPP fob ARA	1,489	1,585	1,711	1,648
RED rapeseed OME fob ARA	1,538	1,631	1,827	1,784
RED UCOME fob ARA	1,638	1,740	1,844	1,820
RED HVO fob ARA (Class II)	2,745	2,868	2,887	2,952
RED HVO fob ARA (Class IV)	3,097	3,248	3,404	3,397
RED SAF fob ARA (Class II)	2,747	2,705	2,880	2,900
RED Bionaphtha fob ARA	2,177	2,174	2,176	2,205
RED (T2) Ethanol fob ARA	1,180	1,075	1,142	1,136
UCO cif ARA	1,214	1,257	1,258	1,264
North America biofuels				*¢/USG*
Ethanol Chicago	191	201	211	209
Ethanol USGC	201	212	221	219
B100 Chicago	732	720	770	788
R100 (UCO) del California	909	916	950	981
North America feedstocks				*¢/lb*
Soybean oil crude degummed	75	74	76	77
Tallow bleached fancy (4pc FFA)	76	77	79	80
UCO	76	77	79	80
South America				*$/t*
Anhydrous fob Santos	678	686	712	682
Asia-Pacific				*$/t*
RED HVO fob strait of Malacca	2,541	2,623	2,609	2,736
RED UCO bulk fob China	1,162	1,175	1,171	1,177
RED UCOME fob China	1,194	1,182	1,194	1,210

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EUROPE

Summary

This month

Low Rhine water levels shaped the market in August. Levels at the Kaub gauge fell to 0.35m, restricting barge movements of feedstock into German refineries and of product out to Europe. Biodiesel demand fell 5pc in July to just under 1.20bn l and was flat in August, with some compliance buying deferred to the fourth quarter. Rapeseed methyl ester (RME) averaged $1,631/t in August and rose $232/t over 24 August-4 September, as a poor EU rapeseed crop and disrupted Ukrainian exports compounded the problem. Hydrotreated vegetable oil (HVO) unable to reach inland Germany accumulated at the ARA hub, pushing German obligated parties to cover their targets with GHG quota tickets. With tickets priced above the cost of supplying HVO, sellers discounted to move volume and German HVO100 fell below diesel in mid-August.

Next month

RME is forecast at $1,827/t and used cooking oil methyl ester (Ucome) at $1,844/t, with 96,000t of exports to the US since May reducing European availability. Crop-based supply is the tightest part of the market. Class I HVO averaged $91/t above Class II on 2-7 September, an unusual inversion, as Germany's higher crop cap supported demand while Canadian producers switched to waste feedstocks. Class I is forecast 11pc higher at $2,910/t. Ethanol is forecast up 6pc at $1,142/t on poor grain yields and higher power costs.

3-6 months ahead

Ucome accounts for 28pc of fourth-quarter biodiesel demand, down from 33pc in June, while RME rises to 42pc, supported by Germany's higher crop cap and the end of double counting. Overall blending falls to 5.9pc and ethanol demand drops 12pc as the driving season ends. RME eases to $1,686/t by December as Rhine levels recover, but the rapeseed harvest limits the correction. HVO remains tight, with 1.4mn t of imports required by December and an eight-week turnaround at Neste's Rotterdam plant reducing regional output.

6-12 months forward

Regulation is the main driver in 2027. Biodiesel demand rises 7pc to about 15bn l on RED III targets, and RME consumption grows 18pc to 44pc of the pool. Class II returns to a $149/t premium over Class I. Palm oil mill effluent (Pome) demand falls 12pc as Germany's exclusion takes effect.

Regulation

Germany seeks approval for certificate revocation

Germany has submitted a draft law to the European Commission to allow retroactive revocation of sustainability certificates in cases of fraud, which could take effect in October.

The proposed amendment would create a legal basis to abolish the good-faith protection rule. The commission will review the plan, but no timeline has been announced yet.

The proposal includes stricter requirements for certification bodies and broader supervisory and enforcement powers for authorities. Its key element is scrapping the protection of trust, which currently prevents retroactive withdrawal of sustainability certificates in cases of fraud. Certificates would also have to be transferred or submitted to the German biofuel quota authority within three years.

Germany adds new nations to biofuels audit list

Germany has added Nicaragua, Uruguay and Pakistan to its list of countries that allow on-site inspections at biofuel plants. Germany has steadily expanded the audit list after implementing the revised Renewable Energy Directive (RED III) and plans to widen compliance pathways by increasing the range of feedstocks classified as advanced for HVO.

The audit rule is tied to Germany's greenhouse gas (GHG) reduction quota. Biofuels from non-listed countries will lose eligibility for mandate compliance from a date to be set once RED III enters into force.

UK opens £93mn SAF grant scheme

The UK has opened applications for a grant scheme for sustainable aviation fuel (SAF) projects, with £93mn ($125.6mn) available in the first round. Developers can apply until 21 September. The funding marks the first round of the £219mn low-carbon fuels fund, separate from UK's planned revenue certainty mechanism.

A list of selected applicants will be published in January 2027, with funding covering activities from January to March 2028. The UK aims to allocate around two-thirds of the funds to a small number of commercial-scale projects that could reach final investment decision quickly. The remaining third will go to various projects in early development stages. Projects must reach the pre-front-end engineering design stage, with

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technology at a readiness level of 5–8. The government plans to give details later in 2027 on a potential second funding round for the 2028–29 and 2029–30 financial years.

Austria to fund joint e-SAF auction with €60mn

Austria plans to contribute €60mn ($69.3mn) to a double-sided auction for synthetic aviation fuel (e-SAF) subsidies and is consulting on the scheme's parameters. The joint auctions with Germany and Luxembourg will have a total budget of up to €2.12bn.

Production sites would need to be located in the European Economic Area, although Germany has indicated this would only apply to the final refining step and that feedstock such as methanol could be imported from elsewhere. The ministry is also considering including resilience as a criterion for eligibility of e-SAF projects.

Austria has opened its consultation on the auction parameters and is inviting comments until 15 September. The parameters align with those set by Germany earlier this year.

ISCC to remove FWO from EU-certified material list

The International Sustainability and Carbon Certification (ISCC) system will drop the industry food waste oil (FWO) category from its ISCC EU material list from 1 October. The change takes FWO off the list of feedstocks eligible for certification under the ISCC EU scheme, which is recognised by the European Commission for compliance with RED III. Users can switch to the "food waste" category where applicable, provided the material meets the definitions and requirements in ISCC lists.

Demand

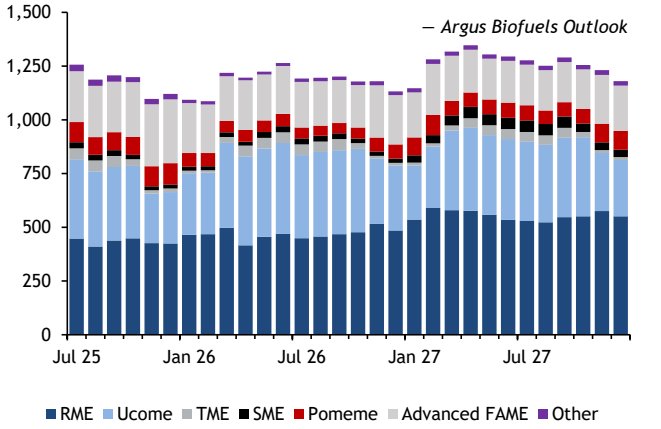
Biodiesel

July beset by logistical challenges

European biodiesel demand is expected to have increased by 3pc to 1.26bn litres in June, with consumption data now available for most countries. Demand was supported by overall diesel consumption, which rose by 6pc from May. June is expected to have recorded the highest monthly biodiesel consumption since July 2024, despite overall diesel demand being 14pc lower than in that month.

The share of biodiesel demand accounted for by Ucome is expected to have edged down 1 percentage point from May to 33pc in June. It is forecast to decline further to 28pc in the

European biodiesel demand *mn litres*



fourth quarter, as colder conditions reduce demand for fuels with higher cold filter plugging point (CFPP) specifications, such as Ucome, and favour alternatives such as rapeseed methyl ester. RME is expected to account for 42pc of fourth-quarter biodiesel demand, compared with 38pc in 2025, supported by the removal of double-counting in Germany and raising of its crop cap to 5.8pc.

July demand is expected to have fallen by 5pc to just under 1.20bn l and to have remained steady in August. Rhine water levels as low as 0.35m at the Kaub gauge restricted barge navigation, and disrupted feedstock reaching German producers and products reaching consumers elsewhere in Europe, limiting consumption and possibly pushing compliance back to later in the year.

Winter-spec diesel to weigh on Fame demand

September biodiesel demand is expected to remain stable from August, while fourth-quarter demand is forecast to fall by 3pc on the third quarter, broadly in line with fossil diesel consumption. We expect a dip in biodiesel blending in the fourth quarter to average around 5.9pc, down from 6.0pc in the third quarter and 6.1pc across the first half of the year. This follows a typical seasonal pattern of lower biodiesel blending in winter-specification diesel, especially in colder climates.

Biodiesel demand as a share of the diesel pool is relatively stable, but uncertainty in underlying diesel demand brought about by Hormuz-related price volatility and the extension of Russia's diesel export ban to the end of September could affect the scale and timing of biodiesel consumption through diesel demand destruction and changed buying patterns.

SME and RME demand to grow fastest in 2027

Biodiesel demand in 2027 is expected to increase by 7pc from 2026 to around 15bn l as blending rates increase in

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countries not fully utilising the blend wall as member states' RED III targets ramp up. RME consumption is expected to grow by 18pc from 2026 to make up 44pc of biodiesel demand. This increase is supported by member states raising overall targets and crop caps. The recent rejection of the designation of soybeans as a high-indirect land-use change (Iluc) risk crop is expected to support soybean oil methyl ester (SME) demand.

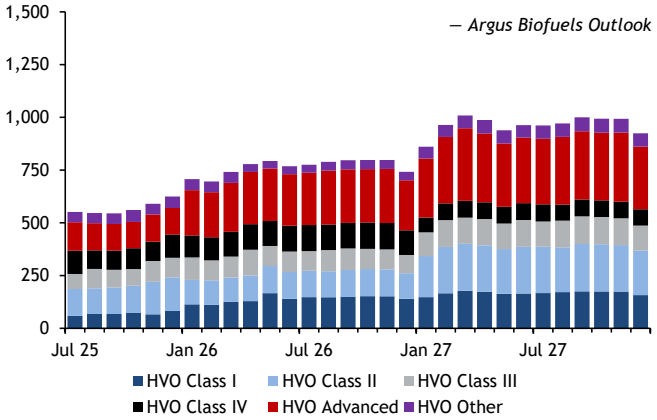
HVO

Steady HVO demand expected over second half

European HVO demand fell by 3pc to 764mn l in June from 789mn l in May, but remained above the January-May average of 740mn l. Monthly consumption is expected to remain elevated throughout the second half of 2026, averaging 783mn l, before RED III targets drive further growth from 2027.

Growth in Class I and advanced HVO demand continued to outpace that of other HVO categories. Class I consumption increased by 86pc year on year in June, driven in part by the commissioning of Orlen's 300,000 t/yr HVO plant in Poland, running primarily on rapeseed oil. Advanced HVO demand rose by 66pc over the same period, boosted by Germany's removal of double counting.

European HVO demand *mn litres*



Low Rhine levels create regional imbalances

Persistent logistics challenges in Germany are expected to have disrupted HVO consumption. Extended heatwaves in July and August resulted in Rhine water levels dipping as low as 10cm at the Kaub gauge, severely bottlenecking barge

European demand outlook *mn litres*

Product	Jul 26	Aug 26	Sep 26	Oct 26	Nov 26	Dec 26	4Q26	1Q27	2Q27	3Q27	4Q27
Biodiesel											
RME	449	457	468	477	516	485	1,478	1,705	1,669	1,600	1,678
SME	28	27	27	21	20	20	61	119	156	159	110
UCOME	387	394	391	388	305	303	995	909	1,133	1,099	900
TME	50	48	52	27	12	12	51	51	137	136	52
POMEME	51	47	48	51	65	66	183	245	206	200	242
Advanced FAME	212	207	200	197	243	229	669	657	583	563	622
Other	16	16	17	17	19	17	53	60	61	62	63
Total	**1,192**	**1,196**	**1,201**	**1,179**	**1,179**	**1,132**	**3,490**	**3,746**	**3,945**	**3,818**	**3,666**
HVO											
HVO Class I	148	147	149	152	152	140	444	491	502	514	506
HVO Class II	125	123	128	129	128	121	378	638	653	656	655
HVO Class III	93	101	102	96	95	87	277	363	372	377	375
HVO Class IV	124	121	121	125	125	117	367	230	239	238	235
HVO Advanced	248	255	254	253	256	237	746	938	937	955	945
Other	37	42	43	43	42	41	126	173	186	193	194
Total	**775**	**789**	**797**	**798**	**798**	**742**	**2,337**	**2,833**	**2,889**	**2,933**	**2,911**
SAF											
SAF	155	156	155	145	127	128	400	419	471	525	452
Ethanol											
Ethanol 1G	683	681	678	601	596	603	1,800	1,865	2,098	2,104	1,973
Advanced ethanol	184	184	183	163	163	163	489	522	573	568	539
Total	**867**	**865**	**861**	**765**	**759**	**765**	**2,289**	**2,387**	**2,672**	**2,672**	**2,512**
Grand Total	**2,989**	**3,006**	**3,014**	**2,886**	**2,864**	**2,768**	**8,517**	**9,385**	**9,977**	**9,948**	**9,541**

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transport. Rail transport was an alternative for some importers, but capacity was largely used for the transportation of fossil diesel.

This has resulted in regional imbalances, with the usually more expensive HVO100 in northern Germany pricing €9 per 100 l below the HVO100 price in the Rhine-Main area across August. A further pricing discrepancy emerged in mid-August, when the average German HVO100 price fell to a discount to diesel. This reflects the pressure on obligated parties to supply HVO, which has been hampered due to the logistical challenges. The HVO100 discount shows that suppliers are looking to accelerate HVO sales in order to avoid buying GHG quota tickets, currently trading well above the cost per ticket of HVO supply.

French demand faced with uncertain supply

French HVO demand has been volatile throughout the first half of 2026, largely due to production outages at La Mede, a 500,000 t/yr HVO plant on the south coast of France. The plant reported four technical incidents and works in 2025 and underwent around 40 days of maintenance over February-March 2026. Each of these maintenance periods was followed by a brief period of reduced French HVO demand.

The site reported further issues and maintenance outages in late-June and August, which is likely to have sporadically curtailed French demand.

SAF

European summer SAF demand expected to be subdued

Our forecast for European SAF demand remains unchanged for full-year 2026, with expectations that jet fuel demand increased ahead of a muted peak demand period during July and August.

European summer SAF demand has been supported by the availability of Chinese exports. European anti-dumping measures against Chinese HVO encourages Chinese hydrotreaters to maximise SAF production for European export, with a recent surge in trade seen this summer likely attributable to widening arbitrage opportunities alongside the approval of a 305,000 t/yr SAF export licence for Zhejiang Blue Whale in late June.

August saw record SAF imports of 170,000t into Europe, following 141,000t in July. The SAF imports year-to-date cover approximately 69pc of our forecast SAF demand for the year and imply just under 400,000t of SAF to be supplied from September onwards, when excluding any European production. This implies around 100,000 t/month of SAF imports for the remaining four months of the year, well below the import rate across summer.

Ethanol

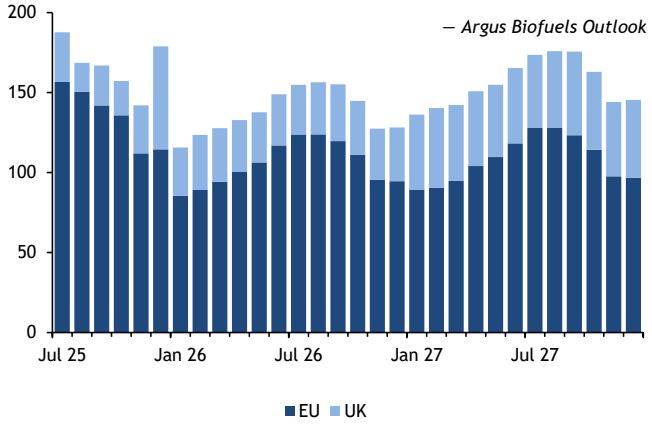
Demand rises with summer gasoline use

European ethanol demand is expected to have increased by 7pc to 877mn l in June, accelerating from the 2pc rise recorded in May, while average blending levels remained stable at around 7.8pc.

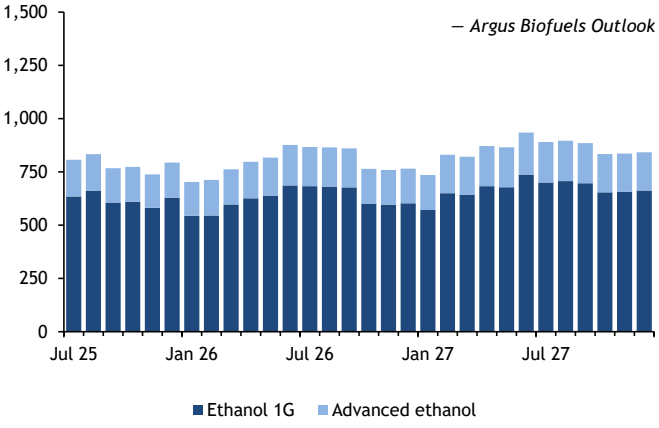
The increase was broadly aligned with higher gasoline consumption during the European summer driving season. The partial easing of US-Iranian tensions during June also supported demand by helping to stabilise energy markets.

Ethanol demand is expected to remain broadly stable at June levels through August and September, before falling by around 12pc in the fourth quarter as seasonal gasoline consumption declines. Blending levels are expected to remain steady at 7.7-7.8pc.

European SAF demand *mn litres*



European ethanol demand *mn litres*



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Latin American exports to Europe grow

As EU countries entered the summer driving season, the bloc's imports of undenatured ethanol in June were more than double the June 2025 level and 28pc higher than in May. Guatemala was the EU's largest ethanol supplier in the month. French E85 demand reached 87mn l in June, matching the record high seen in April. Higher gasoline prices caused by the US-Iran war supported demand for E85.

Feedstocks

Consumption expected to slow after summer increase

Overall biofuel feedstock demand is expected to have increased by 2pc to 2.02mn t in June, from 1.99mn t in May, as stronger summer biodiesel demand accompanied a 6pc rise in total diesel consumption. Demand increased across all feedstocks, with soybean oil (SBO) and palm oil mill effluent (Pome) posting the largest month-on-month gains, at 5pc each.

Higher soybean processing in Europe and the UK, which rose to 1.40mn t as imports from Brazil strengthened following progress in the country's harvest, more than offset lower rapeseed and sunflower seed crush volumes.

Until July, demand for SBO from the biofuels sector had been expected to come under pressure from a proposed EU policy to classify soybeans as a feedstock carrying a high Iluc risk from August. But the policy was rejected by the European Parliament on 8 July.

Demand shaped by logistics and seasonal winter effects

Feedstock demand is expected to have fallen by 3pc to 1.98mn t in July and to have remained broadly stable through August. The decline is expected to have been driven by weaker demand for rapeseed oil (RSO) and used cooking oil. July RSO demand is expected to have fallen by 5pc to 504,000t as Russian attacks on Ukrainian port infrastructure and low Rhine water levels severely constrained shipments to and within Europe. UCO demand is expected to decline through the end of the year because waste-based feedstocks produce fuels with a higher cold filter plugging point, making them less suitable for colder conditions than alternatives such as RSO-based biodiesel.

Changing crop quotas to define 2027 demand

June feedstock demand was 14pc higher year on year, largely because RSO consumption increased by 89,000t following the rise in Germany's crop-based biofuels cap, while advanced feedstock consumption grew by 104,000t. Raised crop-based limits are expected to increase 2027 demand for crop-based feedstocks by 1 percentage to 31pc.

Pome oil demand in 2027 is expected to decrease by 12pc on the year to make up 7pc of total feedstock demand. With German regulation making Pome oil-based biofuels ineligible for compliance targets from 2027, only Pome placed on the market before the end of 2026 can count towards quotas. Heightened scrutiny of the traceability of Pome oil in the wider European market following fraud concerns is also likely to reduce consumption of the feedstock.

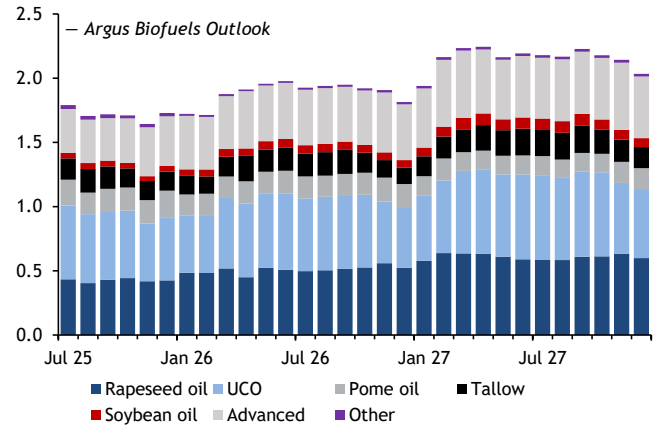
Prices

Biodiesel

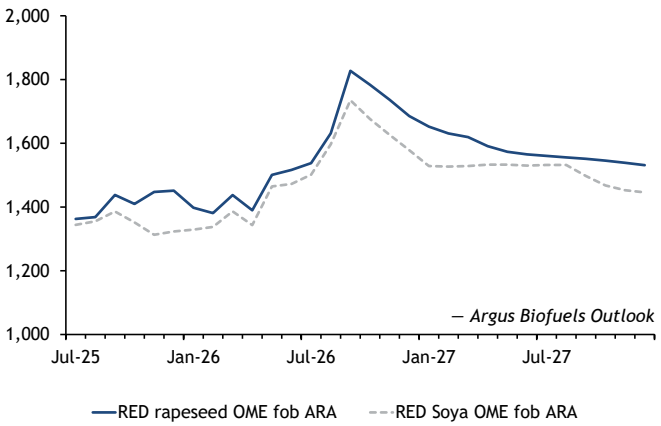
Biodiesel prices surge on short supply

European biodiesel prices surged in late August and early September. Rapeseed methyl ester assessments rose from an average of $1,538/t in July to $1,631/t in August and are forecast to average $1,827/t in September. The speed of the

Biodiesel, HVO and SAF feedstock demand *mn t*



European crop-based biodiesel prices *$/t*



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rally was concentrated towards the end of the month, with daily assessments increasing by $232/t between 24 August and 4 September.

The rally in RME and the wider biodiesel complex reflects several constraints across the rapeseed supply chain. Attacks on Ukrainian Black Sea export infrastructure in July disrupted import availability, while a low-yield EU rapeseed harvest tightened domestic supply. At the same time, exceptionally low Rhine water levels in July and August restricted the movement of RME from inland German refineries to the Amsterdam-Rotterdam-Antwerp (ARA) hub and other European markets. Together, these disruptions have raised RME production and delivery costs ahead of the seasonal increase in demand for low-CFPP fuels.

Supply concerns were compounded by higher European biodiesel exports to the US. Ship-tracking data show that 96,000t left European ports for the US between May and August, marking the first such flows this year.

Rapeseed dynamics shift producer margins

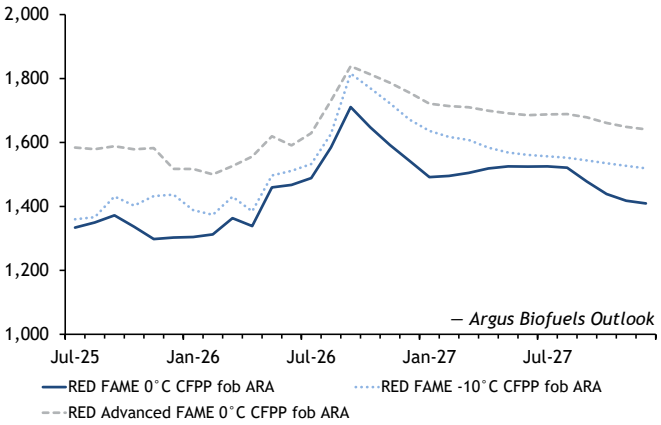
Rapeseed-integrated RME margins are expected to rise to $403/t in September, the highest since September 2023. Non-integrated RME margins are forecast higher still, reaching $473/t. RSO prices rose by $53/t over 24 August-4 September, but remained low relative to RME by recent historical standards. RSO averaged 0.88 of the RME price in August, below the January-July average of 0.93. Integrated producers benefited less because higher rapeseed costs eroded the value uplift from stronger RSO. The gap may reflect the same logistical disruption affecting the wider rapeseed chain, including slower movement of seed to integrated plants in central Germany.

Seasonality to shape price normalisation

Biodiesel prices are expected to ease from their current highs as near-term supply constraints recede. RME is forecast to fall to $1,686/t by December as higher Rhine water levels improve logistics. But the poor EU rapeseed harvest and constrained Ukrainian imports should keep feedstock availability tight and prevent a sharper correction.

Fame 0 and SME prices are expected to soften alongside RME. SME is forecast to decline from $1,735/t in September to $1,578/t in December. Large Argentinian SME cargoes are due to arrive in ARA and Mediterranean markets in September, easing prompt supply tightness, although their price impact may be limited if most volumes have already been placed with buyers.

European FAME prices *$/t*



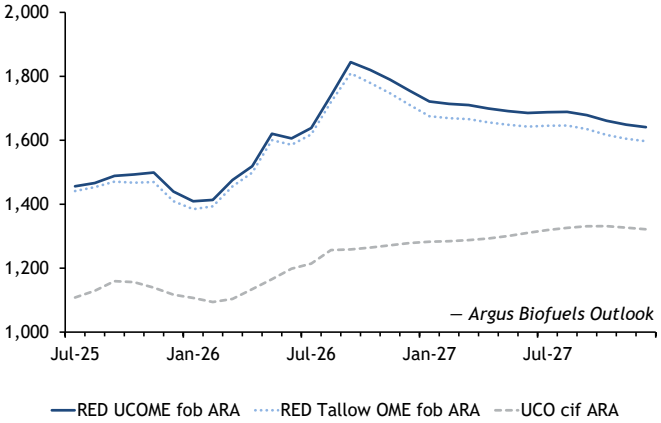
As the market normalises in 2027, the RME premium to SME is expected to follow a clearer seasonal pattern. SME's discount to RME is forecast to widen to $124/t in January, when demand favours RME's lower cold-filter plugging point, before narrowing to $24/t in August as warmer weather increases the suitability and demand for higher-CFPP fuels. RME is forecast to average $1,576/t in 2027, broadly unchanged from the expected 2026 average, while retaining a premium to SME and Fame 0.

Ucome prices to be bolstered by feedstock competition

Ucome prices also rose sharply in late August, supported by waste-based compliance demand and strength across the wider biodiesel complex. Ucome averaged $1,740/t in August, up from $1,638/t in July. Average used cooking oil prices increased by only $43/t over the same period, lifting Ucome production margins to their highest level since October 2022.

The UCO-to-Ucome price ratio fell to 0.72 as Ucome outpaced its feedstock during the rally. This ratio is expected to

European waste-based biodiesel prices *$/t*



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recover to 0.80 in the second half of 2027 as competition for UCO intensifies. SAF and HVO producers can typically support higher feedstock costs than biodiesel refiners because their production margins are larger, increasing the share of Ucome value captured by UCO and compressing Ucome conversion margins.

Ucome is forecast to rise to $1,844/t in September, supported by logistics constraints across the European biofuel market, firm domestic UCO prices in China and competition from US buyers for feedstock and finished product. Ucome prices are then expected to ease to an average of $1,788/t in the fourth quarter. Over the same period, Advanced Fame is forecast to regain the premium to Ucome that it last held in May.

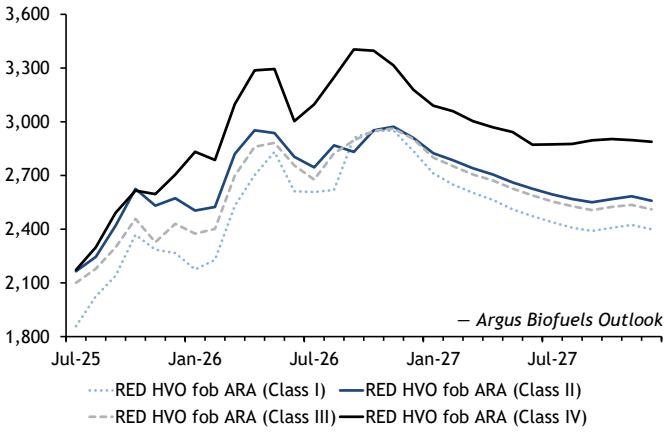
As demand for UCO-based biodiesel approaches the regulated cap of 1.7pc of final energy consumption, a greater share of European compliance demand will need to be met by fuels produced from advanced feedstocks, strengthening Advanced Fame relative to Ucome.

HVO

Imports to support 4Q HVO prices

Europe's 2026 renewable diesel and SAF balance could point to firmer HVO prices in the fourth quarter. Demand is forecast at 8.4mn t against domestic production of 4.5mn t, leaving 3.9mn t to be met by imports. Imports reached 2.5mn t by the end of August, implying a further 1.4mn t will be required in September-December, or about 360,000 t/month. That is 16pc above the January-August average of 309,000 t/month. July and August arrivals, at 373,000t and 376,000t, respectively, show that Europe was already approaching the required run rate by late summer.

European HVO prices *$/t*



Europe's import requirement is reinforced by maintenance schedules. Neste's eight-week Porvoo turnaround reduced European output by 11pc to 373,000t in August, and an eight-week Rotterdam turnaround is scheduled for the fourth quarter. The overlap between firm seasonal demand and reduced regional production should increase Europe's reliance on imported HVO through the end of the year.

Regional demand patterns distort prices

HVO prices have been more insulated than biodiesel from the supply constraints that tightened European biofuel markets. Average August prices for Class II HVO rose by 4pc from July to $2,868/t, while the premium to diesel was broadly stable on the month.

ARA has recently held surplus HVO, and this is likely to continue through September. Low Rhine water levels restricted the movement of HVO from ARA into inland Germany, a major demand centre with limited domestic production. Reduced access to that outlet has left more material in ARA and encouraged German buyers to use tickets instead of HVO blending to meet RED III compliance. Rhine levels rose slightly at the Kaub gauge in late August but remained at low enough levels going into September to continue to limit inland deliveries.

Class I HVO moves above Class II

Crop-based Class I HVO moved to a premium over UCO-based Class II and tallow-based Class III HVO on 2 September, reversing the usual market structure. Across 2025, Class II averaged a $254/t premium over Class I, while Class III averaged a $162/t premium. But daily assessments for Class I HVO averaged $2,929/t on 2-7 September, compared with $2,838/t for Class II, giving Class I an average premium of $91/t.

The inversion is unusual relative to recent HVO price relationships and points to tighter Class I availability alongside stronger demand for crop-based biofuels. Lower imports of Class I HVO from Canada have reduced European supply, as Canadian producers have increasingly favoured higher-margin feedstocks such as UCO. At the same time, Germany's relatively generous crop cap has supported Class I demand into the end of the year, while Rhine logistics constraints limited consumption through July-September.

Class I HVO prices are expected to firm further in September, rising by 11pc to an average of $2,910/t. The Class I premium over Class II is expected to persist in the short term while crop-based demand remains strong, particularly if blenders approach limits on UCO-based HVO use. German

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buyers may still need more Class II before the end of 2026, which is expected to revert Class II to a premium of $21/t over Class I in November, rising to an average premium of $149/t in 2027.

Class III HVO is forecast to move back above Class I in October, averaging $2,949/t, and starts to reaffirm its historical position at a premium to Class I from November at $11/t. These dynamics are largely dependent on the pace at which logistics constraints normalise and how quickly Rhine water levels ease those constraints.

Class IV prices track buyout economics

HVO Class IV, produced from palm oil mill effluent and uncapped under RED III, acts as a marginal compliance option for blenders. Its price is effectively bound by the alternative cost of compliance through Germany's €600/tCO_2 buyout rate, adjusted for diesel prices and HVO lifecycle greenhouse gas savings. Average Class IV prices rose to $3,248/t in August from $3,097/t in July, remaining at around 84pc of the implied buyout value. Class IV is forecast to soften from an average of $3,126/t in 2026 to $2,939/t in 2027. Although Class IV is not directly eligible in Germany, it is expected to maintain its historical relationship with the buyout and price at a discount to Class V, which remains tied to the buyout mechanism.

SAF

Prices return to premium to HVO Class II

European SAF prices eased by 2pc month on month to $2,705/t in August, but remained above the January-July average of $2,614/t. Earlier price support came from volatility in the fossil jet fuel market following heightened conflict in the Middle East, including strikes on vessels transiting the strait of Hormuz. The latest decline reflects weaker demand rather than a broad supply surplus. European SAF demand is forecast at 1.26mn t in 2026, and imports through August reached 864,000t, leaving just 396,000t for September-December, or 99,000 t/month. That is below the 108,000 t/month pace seen in January-August and 42pc below August's 170,000t. The calculation also assumes no European SAF production during the year.

The expected slowdown in European import demand during the rest of 2026 coincides with rising supply availability from Asia-Pacific. Chinese SAF export capacity has increased to 1.4mn-1.5mn t/yr following the addition of Zhejiang Blue Whale to the list of licensed exporters in June. New export supply from Thailand has further expanded Asia-Pacific availability.

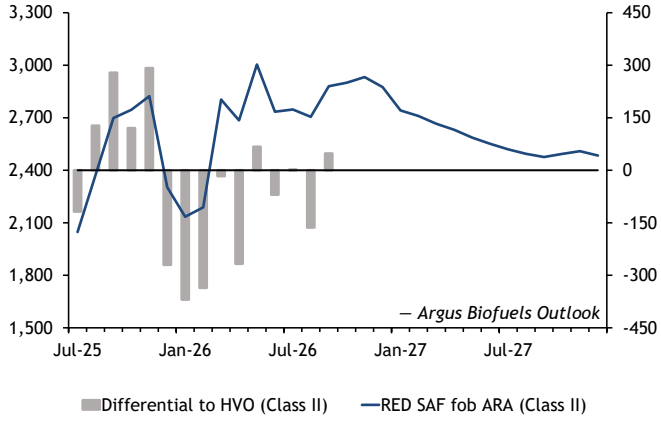
SAF's discount to Class II HVO is forecast to average $42/t in the fourth quarter, up from the expected $32/t average in the third quarter. This change is expected as Class II prices increase with easing Rhine logistics, and the potential for backloaded Part B compliance in Germany. This discount is expected to widen to $67/t in 2027 as a greater share of Europe's SAF demand can be met by Chinese SAF producers, which operate from a lower cost base.

Bionaphtha

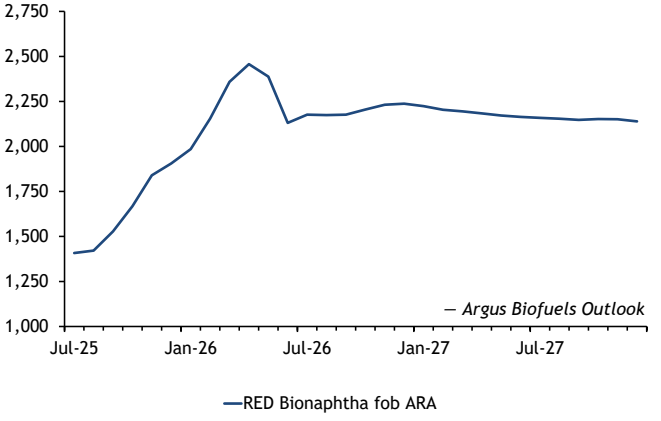
Bionaphtha to peak in 4Q as HVO, SAF tighten

UCO-based bionaphtha road-fuel premiums were unchanged at about $1,428/t in August from $1,431/t in July, roughly $240/t above the chemicals-sector level. Petrochemical producers and brand owners remain cautious about voluntary consumption. Uncertainty over how the EU Packaging and Packaging Waste Regulation will treat renewable feedstocks and mass-balance accounting is rumoured to be leaving some market participants cautious.

European SAF prices *$/t*



European bionaphtha prices *$/t*



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As bionaphtha is produced as a by-product of HVO and SAF, availability is tied to biorefinery utilisation and its price tracks those markets. European bionaphtha averaged $2,177/t in July and $2,174/t in August, and is forecast to hold flat at $2,176/t in September. Planned maintenance at Neste's Rotterdam biorefinery in the fourth quarter could reduce bionaphtha supply, supporting prices to $2,205/t in October, $2,232/t in November and a peak of $2,237/t in December.

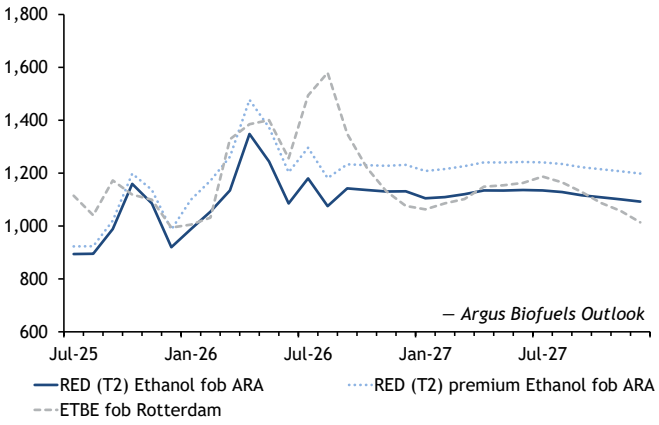
Prices then ease through 2027, to $2,224/t in January and $2,164/t by June, averaging around $2,170/t for the year and stabilising near $2,150/t by the fourth quarter. Rising Asian HVO and SAF runs may mean there is more by-product that needs an outlet. Bangchak's Thai refinery has already shown up in ship-tracking data as a repeat exporter to Europe.

Ethanol and ETBE

Costs, Rhine issues hold up European ethanol

European regular ethanol firmed by around $100/t during the end of August and into early September. Drought cut the outlook for European corn and wheat and Black Sea export disruption added to doubts over replacement grain, while higher Dutch TTF gas and power prices lifted conversion costs at corn and wheat plants, leaving producers less room to discount prompt volumes. Corn ethanol margins over 3-20 August ran 36pc below July levels, and wheat ethanol 37pc lower.

European ethanol and ETBE prices *$/t*



European price outlook *$/t*

Product	Jul 26	Aug 26	Sep 26	Oct 26	Nov 26	Dec 26	4Q26	1Q27	2Q27	3Q27	4Q27
Biodiesel											
RED FAME 0°C CFPP fob ARA	1,489	1,585	1,711	1,648	1,592	1,542	1,594	1,497	1,523	1,508	1,422
RED FAME -10°C CFPP fob ARA	1,533	1,627	1,816	1,770	1,722	1,671	1,721	1,621	1,571	1,551	1,527
RED Advanced FAME 0°C CFPP fob ARA	1,629	1,731	1,838	1,813	1,787	1,756	1,785	1,715	1,692	1,685	1,650
Crop-based biodiesel											
RED rapeseed OME fob ARA	1,538	1,631	1,827	1,784	1,737	1,686	1,735	1,634	1,577	1,556	1,539
RED Soya OME fob ARA	1,502	1,597	1,735	1,676	1,626	1,578	1,627	1,528	1,532	1,520	1,455
Waste-based biodiesel											
RED UCOME fob ARA	1,638	1,740	1,844	1,820	1,790	1,755	1,788	1,715	1,692	1,685	1,650
RED Tallow OME fob ARA	1,618	1,720	1,809	1,779	1,747	1,711	1,746	1,670	1,649	1,642	1,606
UCO cif ARA	1,214	1,257	1,258	1,264	1,272	1,279	1,272	1,285	1,301	1,325	1,327
HVO											
RED HVO fob ARA (Class I)	2,608	2,619	2,910	2,948	2,951	2,836	2,912	2,655	2,516	2,413	2,410
RED HVO fob ARA (Class II)	2,745	2,868	2,887	2,952	2,972	2,910	2,945	2,783	2,664	2,571	2,570
RED HVO fob ARA (Class III)	2,677	2,824	2,896	2,949	2,962	2,904	2,938	2,753	2,629	2,530	2,524
RED HVO fob ARA (Class IV)	3,097	3,248	3,404	3,397	3,314	3,179	3,297	3,051	2,928	2,882	2,896
SAF											
RED SAF fob ARA (Class II)	2,747	2,705	2,880	2,900	2,932	2,875	2,902	2,706	2,590	2,496	2,496
Bionaphtha											
RED Bionaphtha fob ARA	2,177	2,174	2,176	2,205	2,232	2,237	2,225	2,207	2,173	2,153	2,147
Ethanol											
RED (T2) Ethanol fob ARA	1,180	1,075	1,142	1,136	1,131	1,131	1,133	1,112	1,135	1,127	1,101
RED (T2) premium Ethanol fob ARA	1,296	1,182	1,233	1,230	1,228	1,231	1,230	1,217	1,241	1,233	1,207
ETBE fob Rotterdam	1,494	1,580	1,349	1,221	1,132	1,076	1,143	1,084	1,155	1,160	1,053

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Low Rhine water levels have restricted movements out of ARA, lifting the value of material positioned near German demand and feeding into German GHG quota values. With the US and Brazilian arbitrage reportedly closed by some market participants, imports may not be able to cap European values in the very near term. The narrowing advanced ethanol premium confirms the push came from the underlying crop market, not scarcity of higher-saving material.

Regular ethanol prices are projected at $1,142/t in September, up 6pc on August's $1,075/t, then broadly flat at $1,136/t in October and $1,131/t in December, dipping to $1,105/t in January 2027 as a recovery in Rhine levels, softer grain and energy costs, or a reopened arbitrage ease the market. Premium ethanol is expected to be about $106/t above regular grade throughout the forecast period, reaching $1,233/t in September and $1,231/t in December.

Fundamentals

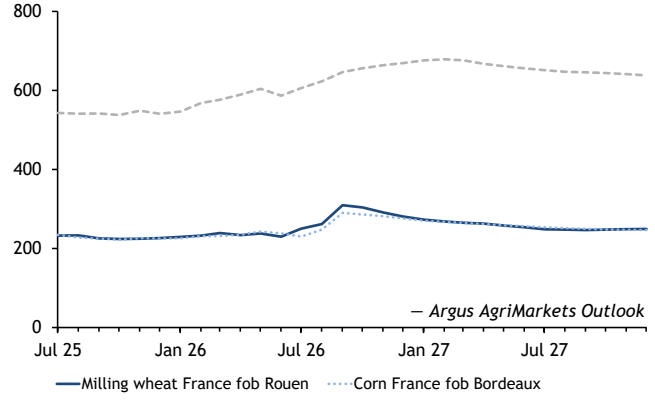
Agricultural prices

Black Sea constraints tighten wheat balances

European grain markets continue to be driven more by logistics disruption across the Black Sea than by outright production losses. Limited export capacity from Russia and Ukraine has redirected a larger share of global demand towards EU origins, strengthening export programmes and tightening regional balances. Although EU wheat production remains historically comfortable, stronger exports and lower carry-out stocks are expected to leave the market considerably tighter than initially anticipated.

Russian wheat exports are forecast to fall sharply from previous expectations. Importers across North Africa and the Middle East are consequently turning increasingly to European supplies. France remains one of the main beneficiaries of this shift, with export demand supported by competitive quality and limited alternative origins. European wheat prices are expected to remain sensitive to changes in Black Sea export flows. With EU wheat stocks projected at multi-year lows and global import demand resilient, any additional disruption to Russian or Ukrainian logistics could provide further support to grain markets through the rest of the 2026-27 marketing year.

Biofuel agricultural feedstock prices *$/t*



Supply concerns support European oilseed markets

European oilseed fundamentals have tightened significantly following another reduction in EU rapeseed production estimates. Lower yields across several key producing countries have reduced the crop to around 19.6mn t, increasing the bloc's dependence on imported supplies from Ukraine, Canada and Australia. Crushers are consequently expected to remain active buyers throughout the season despite elevated prices.

Logistical challenges are adding further support. Persistently low water levels on the Rhine and Danube have disrupted inland transport and slowed the movement of rapeseed to crushing facilities. At the same time, uncertainty over Ukrainian export flows continues to raise concerns about the availability of nearby supplies.

The global supply outlook remains supportive. Strong Chinese demand for Canadian canola is expected to absorb a larger share of Canada's exportable surplus, reducing availability for European buyers. With limited growth in global rapeseed production and tightening import competition, European rapeseed prices are likely to remain well supported throughout the marketing year.

Fossil fuel demand and prices

Product tightness outlasts the crude story

Disruption to strait of Hormuz transit is expected to persist through the end of 2027, with intermittent flare-ups rather than a full closure. Crude transit was 63pc below pre-crisis levels in August, up from 93pc below in May. The benchmark North Sea Dated crude price has been revised up to $90-95/bl for the rest of 2026. For blenders, that means the fossil leg of the blend stays expensive well into next year.

Gasoline stays short as the season turns

Gasoline cracks eased from July's multi-year highs but remain historically strong. North and central European pre-trade balances sit about 50pc below the five-year

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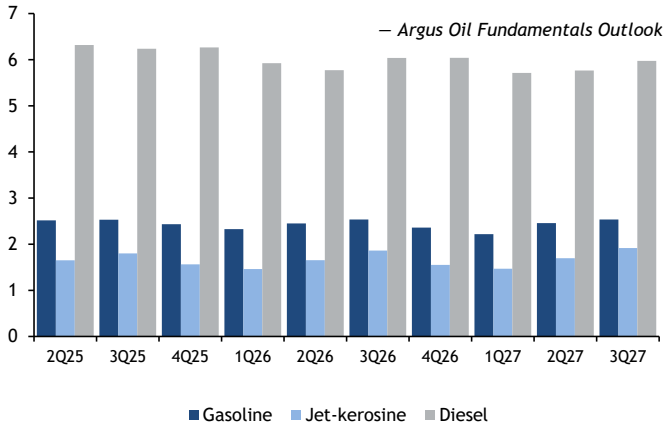
average in September, and Atlantic basin gasoline yields averaged 42.2pc in January-August, roughly one percentage point below the five-year average. Despite the transition to winter-grade gasoline, prices have remained firm as inventories sit below historical averages owing to refiners chasing middle distillates.

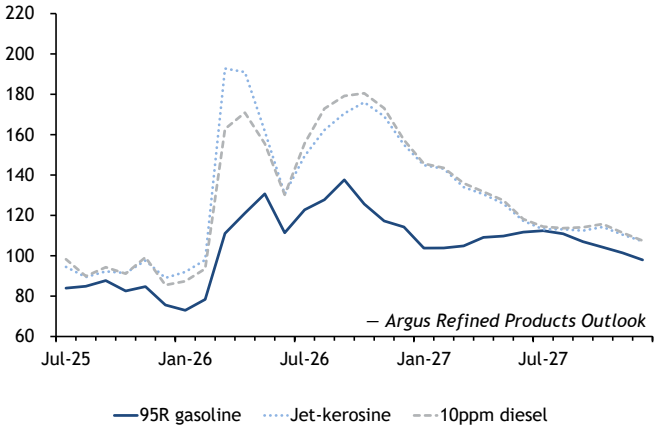
Diesel enters winter with no buffer

Russia's export ban, now extended to the end of September, pushed European diesel cracks briefly above $100/bl in early September. Around 900,000 b/d of European crude distillation capacity is due off line in the autumn turnaround season, and the inventory cushion is thin. Relief from record US exports of 470,000 b/d in August is narrowing as Brazil competes for diesel, while European stocks are down to 105.6mn bl, the lowest in more than 20 years. Winter-spec diesel is in particularly low supply, with potential Chinese relief constrained by EU sanctions on crude oil and export quotas. Average quarterly diesel prices in the fourth quarter are not expected to change significantly from the third.

European fuel demand *mn b/d*



European fuel prices *$/bl*



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NORTH AMERICA

Summary

This month

The Environmental Protection Agency (EPA) waived 1.76bn Renewable Identification Number (RIN) credits on 31 August across 29 small refineries, nearly double the previously assumed 990mn. Prices had slid from record highs on expectations of a smaller number, then rebounded once the agency paired the waiver with a proposal to reallocate the exempted volumes in full across 2026 and 2027. We now see D4s at $2.23/RIN in September, 3pc above August, despite a US Gulf coast BOHO spread of $1.71/USG, the weakest in a year and a half. The 2025 compliance deadline moves to 1 October 2026.

Next month

October hinges on how quickly plants return. RD output fell 4pc to 313mn USG in July, and August turnarounds coincided with a Gulf coast hydrogen shortage that held some plants near 50pc of capacity. Hydrogen has recovered, but a rail embargo on one large producer complicates its restart and has sent buyers offshore for feedstock, with September tallow imports set to rise by 43pc from July to an eight-month high. We see SBO at 76¢/lb in September, UCO and tallow at 79¢/lb and distillers corn oil (DCO) at 80¢/lb. R100 reaches $9.36/USG, helped by west coast diesel stocks at a 14-year low.

3-6 months ahead

Through year-end, the binding constraint is capacity. We have raised 2026 RD demand to 3.34bn USG, biodiesel to 1.5bn USG and ethanol to 14.5bn USG on a 10.65pc blend rate, with total feedstock demand 6pc higher at 41.36bn lbs. Diesel strength weighs on BOHO economics and trims the full-year 2026 D4 forecast to $2.07/RIN. Low-carbon fuel standard (LCFS) credits should pass $90/t by December. Chicago Argo ethanol ends the year near $2.11/USG.

6-12 months ahead

Canadian demand is the drain. Biomass-based diesel (BBD) exports are on pace to retire 1.89bn D4 credits this year, 21pc of the headline mandate, with 109mn surrendered at the border in July alone. That has lifted our 2026 bank drawdown estimate to 3.06bn credits from 2.56bn and leaves 2027 short by 1.35bn even after the SRE ruling. We forecast D4s at $2.72/RIN in 2027 and LCFS credits near $116/t by December. Reallocating in full keeps the bank on course for insolvency, and only reallocation below 100pc, or a general waiver on the BBD obligation, changes that.

Regulation

US EPA expands refinery biofuel exemptions

The US EPA granted full 2025 Renewable Fuel Standard (RFS) exemptions to 18 small refineries and partial exemptions to 11 others, releasing 1.76bn RINs, above its previous estimate of 990mn. The decision lowers blending obligations for affected refiners, but the EPA's plan to reallocate all exempted volumes should curb any lasting effect on renewable fuel demand. It also removes some uncertainty that had weighed on RIN markets, with values strengthening after the announcement. The EPA extended the 2025 compliance deadline by 30 days to 1 October 2026.

USDA seeks lasting role for regenerative feedstocks

The US Department of Agriculture (USDA) says its regenerative feedstock framework is designed to support lower-carbon biofuel feedstocks beyond the 45Z tax credit, providing a wider basis for carbon intensity-reduction programmes. The rule sets standards for regenerative farming practices and introduces a mass-balance system to preserve carbon-intensity attributes through the supply chain. It could add value for lower-carbon intensity feedstocks and improve market transparency for biofuel producers and farmers, although its effect will depend on how it is incorporated into federal emissions modelling and forthcoming 45Z implementation guidance.

California moves to clear final E15 hurdle

California lawmakers are preparing legislation to remove the remaining regulatory barrier to E15 sales, despite earlier approval for blends containing up to 15pc ethanol. The proposal would allow fuel dispensing equipment to be used if manufacturers submit certified compatibility declarations, avoiding a potentially lengthy certification process. The change would address a bottleneck that has left no equipment approved for E15 in the state. If enacted, it could accelerate E15 availability and support ethanol demand growth, while maintaining regulatory oversight of dispensing infrastructure and emissions controls.

Setback for California SAF expansion

A California bill to speed up environmental reviews for selected SAF projects failed to advance, slowing efforts to expand in-state SAF production capacity. The proposal was intended to improve investment certainty for new, expanded or converted facilities, while retaining emissions and fuel-

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quality requirements. Its failure leaves existing approval processes unchanged and could delay future project development as California pursues ambitious SAF adoption targets. Supporters saw the measure as a catalyst for supply growth, while opponents raised environmental justice concerns and warned of pressure on court resources.

Demand

Ethanol

Discounted ethanol to push US blending higher

US ethanol demand is forecast to exceed previous expectations as persistent oversupply and robust RIN prices continue to encourage higher blending across the gasoline pool. Consumption is projected at 14.5bn USG in 2026 and 14.9bn USG in 2027, supported by average blend rates of 10.65pc and 10.74pc, respectively. Although the US gasoline market is mature and overall fuel demand growth is limited, ethanol's competitive pricing is expected to create additional blending opportunities beyond earlier assumptions.

The market remains structurally long. Inventories have stayed near multi-year highs throughout 2026, averaging around 25mn bl during the summer driving season. Domestic production capacity continues to expand, while export growth alone is insufficient to absorb available supply. Producers are therefore expected to maintain aggressive discounts to gasoline to stimulate demand and prevent inventories from becoming burdensome.

Improved competitiveness is expected to support blending throughout the year, including when butane traditionally captures a larger share of the gasoline blending pool. Ethanol and butane both provide octane value, but butane has historically benefited from lower prices and favourable winter economics. Continued pressure on ethanol margins is expected to narrow that advantage. With ethanol prices discounted and RIN values at record highs, refiners and blenders are likely to maximise ethanol inclusion when operationally feasible, supporting higher winter blend rates than previously anticipated.

Exports will remain an important balancing outlet, particularly to Canada, the Netherlands and Colombia, but domestic blending is expected to account for most incremental demand growth. Year-to-date shipments suggest exports will rise by 9pc in 2026 compared with the same period last year. The outlook therefore assumes that sustained oversupply and favourable blending economics will continue to lift ethanol inclusion gradually through 2027, while remaining below levels that would require widespread nationwide adoption of higher blends such as E15.

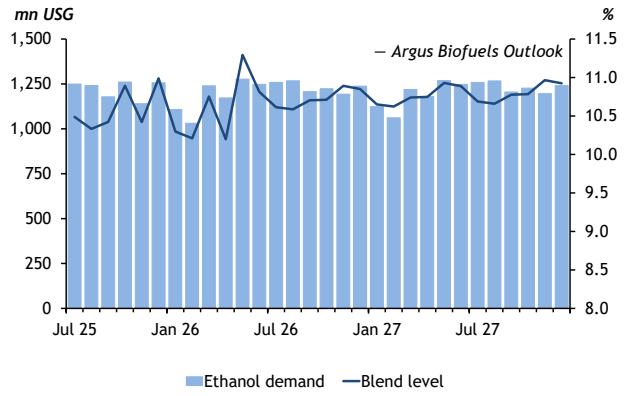
Biodiesel

Tightening RIN supply supports strong US demand

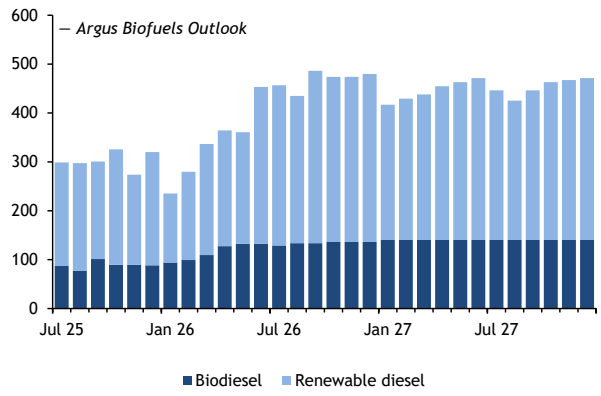
US biofuel demand is forecast to strengthen through 2027 as tightening D4 RIN fundamentals encourage higher production and blending despite periodic pressure on producer margins. Biodiesel demand is projected at 1.5bn USG in 2026 and 1.68bn USG in 2027, supported by rising domestic production and firm RIN values, despite growing export opportunities. Average blend rates are forecast to rise to 4.57pc in 2026 and 4.67pc in 2027, reflecting stronger biomass-based diesel participation in the US diesel pool.

Production economics weakened in mid-2026 as elevated feedstock costs and regulatory uncertainty over small refinery exemptions (SREs) weighed on the market. Biodiesel operating rates fell in July from stronger levels earlier in the year, but the slowdown is expected to be temporary. D4 RIN prices remain well supported as BBD obligations continue to

US ethanol demand and blend level



US biodiesel and RD consumption ***mn USG***



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grow and the available RIN bank becomes more constrained. Tightening compliance fundamentals should therefore encourage producers to maintain high operating rates despite intermittent margin pressure.

Inventory levels provide limited flexibility to meet incremental demand. Biodiesel stocks remain low relative to broader renewable fuel markets, restricting the scope for inventory drawdowns during periods of stronger consumption. Sustained production growth will therefore be needed to balance the market and meet RFS requirements.

Export demand is also expected to play a larger role in 2027. Canada's increasingly tight CFR credit market should support stronger demand for imported BBD, attracting additional US volumes and reinforcing cross-border trade flows. Domestic production is forecast to increase further in 2027, with both blending demand and export opportunities helping absorb supply. A tighter RIN bank, limited inventory buffers and stronger Canadian demand should keep biodiesel production and consumption on an upward trajectory through the forecast period.

Renewable diesel

US operational disruptions threaten September recovery

US renewable diesel production fell by 4pc from record highs to 313mn USG in July, reducing implied utilisation to 84pc from an all-time high of 87pc a month earlier. Output declined despite RD margins rising by 54pc from June levels as the bean oil-heating oil (BOHO) spread fell to four-month lows while RINs remained comparatively strong. July output had been expected to stay elevated as producers built inventory ahead of extensive August turnarounds. But uncertainty over the EPA's approach to 2025 SREs may have encouraged a more cautious operating stance.

August RD production is expected to have fallen sharply because of extensive turnarounds at several of the largest facilities on the US west coast and Gulf coast. An acute hydrogen shortage in the Gulf coast reduced operating rates at several plants to around 50pc of capacity and effectively shut one facility during the second half of August. Hydrogen supply has steadily improved in early September, with at least two facilities now operating at full capacity. But Gulf coast producers face further pressure from worsening regional rail congestion. One major producer has been placed under a rail embargo, complicating the return from maintenance. Rail constraints are likely to increase reliance on imported feedstocks, with preliminary shipping data indicating that the largest tallow and UCO import volumes of the year are scheduled for September delivery. One major producer on the west coast has returned from maintenance, while a second is likely running at curtailed rates.

US SAF production rose by 11pc to 29.7mn USG, with year-to-date output 59pc above year-earlier levels despite reduced federal incentives. Growth has nonetheless slowed sharply from the 72pc year-on-year increase recorded a month earlier. Producers are expected to make only the minimum SAF volumes needed to capture available incentives, as 2026 is the final year in which RD generates 1.7 RINs/USG compared with 1.6 RINs/USG for SAF. Current output suggests roughly 8pc of combined RD and SAF capacity is dedicated to SAF.

Capacity constraints and exports limit US demand growth

Full-year 2026 US RD demand has been revised modestly higher to 3.34bn USG as expectations for stronger operating

US biofuel demand outlook

Product	Jul 26	Aug 26	Sep 26	Oct 26	Nov 26	Dec 26	4Q26	1Q27	2Q27	3Q27	4Q27
Biofuel											*mn USG*
Ethanol	1,259	1,267	1,207	1,224	1,193	1,238	3,655	3,404	3,696	3,730	3,663
Biodiesel	129	134	134	136	136	136	409	421	421	421	421
Renewable diesel	328	301	353	338	338	344	1,019	864	969	897	981
Total	**1,716**	**1,702**	**1,694**	**1,698**	**1,667**	**1,718**	**5,082**	**4,689**	**5,086**	**5,048**	**5,065**
Biomass-based diesel feedstocks											*mn lbs*
Canola oil	361	393	422	424	414	428	1,266	1,103	1,160	1,190	1,238
Corn oil	444	446	522	485	475	492	1,451	1,282	1,249	1,325	1,474
Soybean oil	1,564	1,455	1,525	1,418	1,510	1,473	4,401	4,163	4,579	4,441	4,194
Tallow	654	557	663	781	682	687	2,151	1,643	1,606	1,699	2,089
Yellow grease	493	484	584	564	578	653	1,794	1,577	2,031	1,495	1,827
Other	101	104	135	80	91	65	237	382	364	268	266
Total	**3,616**	**3,439**	**3,852**	**3,751**	**3,751**	**3,798**	**11,300**	**10,149**	**10,988**	**10,418**	**11,089**

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rates were largely offset by higher export projections. Capacity constraints remain the industry's main challenge, leaving limited scope for further production gains and making trade balances the principal lever for adjusting domestic supply.

Heavy export activity continues to erode the pool of RINs available for compliance. Combined with curtailed production earlier in the year, current operational capacity remains insufficient to meet headline compliance requirements. More than 109mn D4 credits were surrendered at the border because of exports in July, equivalent to over 179mn USG. Canada remains the leading destination for US RD given its structural short position and strong CFR-driven demand.

Year-to-date BBD exports are forecast to retire 1.26bn D4 RINs through August, equivalent to 21pc of the year-to-date compliance obligation. At the current pace, exports will retire 1.89bn credits over the full year, also equal to 21pc of the headline mandate. Persistent export demand continues to tighten RIN supply, widening the advanced RIN shortfall and requiring larger drawdowns of banked credits to achieve compliance through alternative mechanisms rather than available production capacity. As a result, the 2026 RIN bank drawdown estimate has increased to 3.06bn credits from 2.56bn previously, raising reliance on banked credits by 20pc.

The full-year 2027 RD demand forecast has been raised modestly to 3.71bn USG from 3.69bn USG, as higher expected utilisation is offset by stronger export demand and a lack of compensating imports. Net exports are estimated to average 50mn USG/month throughout 2027 as US coastal producers continue to benefit from discounted imported feedstocks and duty drawback provisions on exported gallons. Tightening CFR credit balances are expected to sustain strong Canadian demand, with CFR credit prices continuing to track RINs and low-carbon fuel standard values closely.

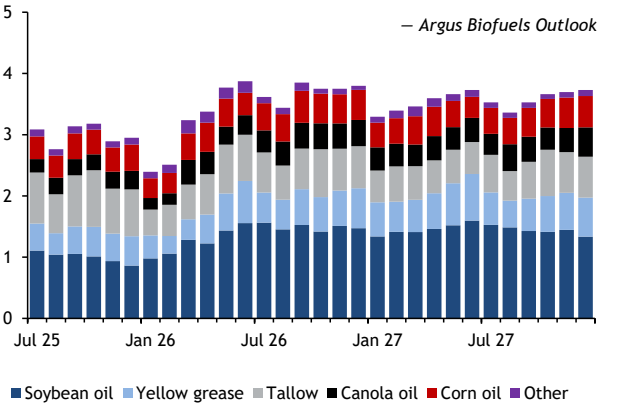
Feedstocks

SBO extends dominance as US BBD demand recovers

Total 2026 US feedstock demand has been raised by 2.5bn lbs, or 6pc, to 41.36bn lbs, driven by higher BBD utilisation after planned maintenance and firm export demand. US BBD production has been revised up by 5pc to 4.84bn USG, while the renewable diesel-biodiesel split has shifted to 69:31 from 72:28 previously.

SBO remains the main beneficiary. Consumption is forecast to reach a record 1.56bn lbs in July, a third consecutive monthly high, with BBD set to account for more than 56pc of total SBO use. RD is taking a larger share of this demand, rising to 49pc of SBO consumption in June, while biodiesel fell to 51pc, its lowest share in more than two years.

US biodiesel and RD feedstocks demand *mn lbs*



The 2026 SBO demand outlook has been raised by 0.95bn lbs to 16.48bn lbs, keeping its share of the feedstock slate at 40pc. The 2027 forecast rises by 1.05bn lbs to 17.38bn lbs, lifting SBO's share to 41pc, its highest since 2022.

Canola oil demand has been raised by 3pc to 4.2bn lbs in 2026, holding a 10pc share of the slate. But the 2027 outlook has been cut to 4.69bn lbs, reducing canola's share to 11pc as stronger UCO and tallow imports crowd out part of its demand.

US DCO demand nears full domestic absorption

The 2026 US DCO demand outlook has been raised by 5pc to 5.25bn lbs, nearly absorbing estimated domestic supply of 5.3bn lbs. DCO's share of the feedstock slate is unchanged at 12.7pc, supported by its advantage under the 45Z federal credit, which adds an estimated 14-17pc to its value.

Newly resumed US EIA data show RD accounted for 90pc of DCO consumption in June, up from an 84:16 RD-biodiesel split in the last available 2024 data. Higher ethanol demand lifts DCO availability, with output on pace to double this year and support near-record supply. The 2027 DCO demand forecast stands at 5.3bn lbs, although its share eases to 12.5pc as competing feedstock availability expands.

Logistics constraints accelerate low-CI feedstock imports

The 2026 tallow demand forecast has been raised to 7.73bn lbs as coastal producers increase imports and rail constraints restrict domestic supply movements. September imports are projected to rise by 43pc from July to an eight-month high.

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Tariffs on Brazilian tallow are also reshaping supply, with Europe now accounting for more than half of US imports and Australia and Canada supplying most of the remainder.

The 2026 UCO demand forecast has been increased to 6.12bn lbs, lifting its share of the slate to 15pc from 14pc previously. Imports continue to outpace tallow and are projected to cover at least two-thirds of US demand, as logistics constraints force producers to rely more heavily on imported low-CI material despite weaker LCFS incentives.

UCO demand is forecast to rise by 13pc to 6.93bn lbs in 2027, lifting its slate share to 16.5pc and bringing consumption close to tallow, forecast at 7.04bn lbs.

US RIN bank outlook			*bn RINs*
Year	**2025**	**2026**	**2027**
Starting balance	0.85	3.50	1.30
(+) 2023 SRE Impact	0.93		
(+) 2024 SRE Impact	1.15		
(+) 2025 SRE Impact	1.76		
(+) 2026 SRE Impact		0.53	
(+) 2027 SRE Impact			0.51
SRE Adjusted balance	4.69	4.03	1.48
(-) D6 Shortfall	-1.03	-0.87	-0.87
(-) Advanced shortfall	-0.72	-2.06	-1.83
(-) Compliance Draw	-1.19	-3.06	-2.84
Ending balance	3.50	0.97	-1.35

Credits

RINs/RVO

BOHO pressure weighs on US RINs despite SRE relief

US RIN prices fell sharply from record highs during a volatile month in August as the BOHO spread dropped to its lowest level in nearly five months. Tight RIN supply clashed with increasingly bearish sentiment ahead of the EPA's long-awaited decision on 2025 SREs. The agency ultimately waived nearly double the expected obligation in its 31 August ruling, but also proposed full reallocation of exempted volumes across the 2026 and 2027 compliance years. The move caught the market off guard and triggered a sharp recovery in RIN prices.

The EPA exempted 1.76bn credits across 29 small refineries, nearly double the 990mn credits projected in the final Set 2 rule. The additional 770mn waived credits and proposed 100pc reallocation produced mixed outcomes for the effective SRE-adjusted RIN bank. Because newly available 2025 vintage credits can be used mainly for 2025 compliance, with only limited carryover into 2026, bank balances improved materially near term. The projected 2025 year-end bank rose to 3.50bn credits from 2.86bn before the ruling, while the 2026 bank increased to 970mn RINs from 630mn.

The impact on 2027 remains negligible, with the projected deficit easing only to 1.35bn credits from 1.38bn. Additional waived volumes are reallocated into the 2027 obligation, while newly available 2025 RINs cannot be used for 2027 compliance. The benefits of the SRE decision are therefore heavily front-loaded, while capacity constraints and robust BBD exports continue to point to a material RIN supply shortfall in 2027.

July D4 generation fell by 5pc month on month to 795mn credits despite stronger production margins, while a growing share of advanced RINs was lost to export markets. Export retirements reached 109mn D4 credits at the border, or 112mn advanced credits in total, further tightening effective

US RIN & LCFS price outlook											
Credit	**Jul 26**	**Aug 26**	**Sep 26**	**Oct 26**	**Nov 26**	**Dec 26**	**4Q26**	**1Q27**	**2Q27**	**3Q27**	**4Q27**
RIN											*¢/RIN*
D3	264	243	244	249	259	265	257	264	272	278	288
D4	241	216	223	231	248	255	245	261	269	275	285
D5	240	215	223	231	248	255	244	260	268	274	284
D6	236	208	217	225	243	250	239	255	263	269	280
RVO											*¢/USG*
RVO	37	33	34	35	38	39	38	41	42	43	45
LCFS											*$/t*
California LCFS	75	81	85	88	90	93	90	99	105	110	114

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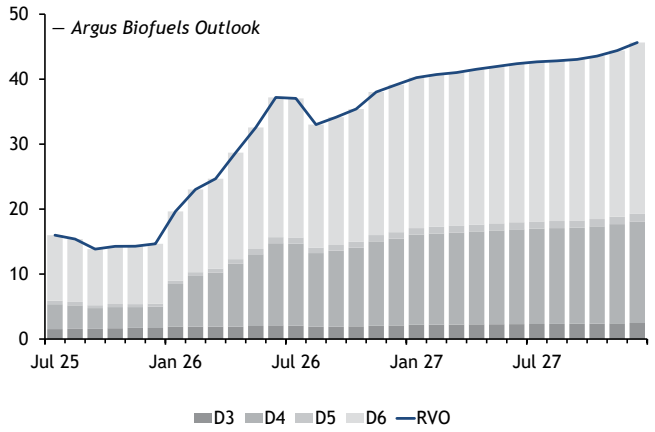
Argus RVO breakdown by RIN category ¢/USG



supply. Sustained Canadian demand continues to absorb volumes that could satisfy an estimated 20pc of the headline US mandate if consumed domestically. With capacity constraints limiting production growth, a meaningful rebalancing of BBD trade flows remains the only available mechanism to ease the emerging deficit. But we have increased our net RD export forecasts for 2026 and 2027, as stronger demand from Canada's CFR programme, insufficient domestic Canadian capacity and lucrative incentives for foreign trade zone production are expected to sustain export flows.

RIN prices are forecast to strengthen modestly in September, even as diesel strength continues to pressure the BOHO spread. Producers returning from maintenance are expected to operate at full rates, lifting feedstock demand outside SBO markets, while underlying supply fundamentals remain tight. Mounting rail congestion along the US Gulf coast could further restrict RIN generation, with only four months left to produce 2026 vintage credits. The market will also continue to price the implications of 100pc reallocation, although this is likely to remain volatile as competing stakeholder groups lobby for and against the proposal.

Our September D4 forecast stands at $2.23/RIN, up by 3pc from August, even as the physical US Gulf coast BOHO spread narrows sharply to $1.71/USG, its lowest level in a year and a half. The full-year 2026 D4 forecast has been revised modestly lower to $2.07/RIN as continued diesel strength is expected to weigh on BOHO economics through the rest of 2026.

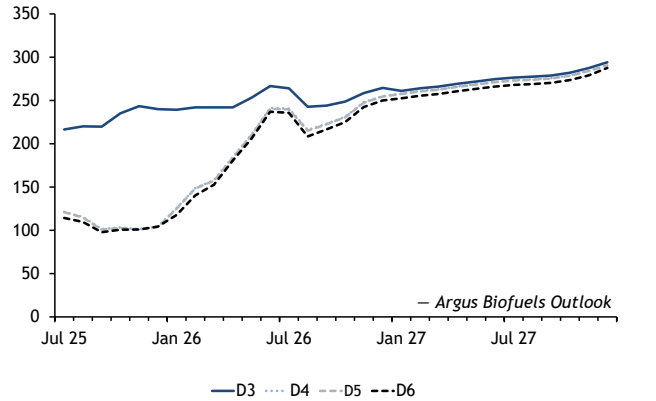
The full-year 2027 D4 forecast has been reduced by 2pc to $2.72/RIN as diesel strength is expected to persist into 2027. The revision remains modest given the continued risk of RIN bank insolvency and the disproportionate burden reallocation places on the 2027 compliance year.

With RIN bank insolvency hanging over the 2026-27 market, attention remains focused on possible relief. The EPA's latest SRE action shows a willingness to intervene aggressively to increase effective RIN supply rather than wait for a Set 3 recalibration. But the proposal for full reallocation underscores the agricultural sector's political influence, with preserving demand for farmers taking precedence over near-term consumer fuel cost relief. Full reallocation leaves the RIN bank on a virtually guaranteed path to insolvency in 2027, while continued use of the approach would merely shift unachievable compliance burdens into later years. Meaningful market rebalancing will require either reallocation below 100pc and/or use of general waiver authority for the BBD obligation.

The Senate version of the E15 bill, which could return to the legislative agenda this month as part of the farm bill, could release an estimated 1.42bn 2016-18 vintage credits for future compliance years. But the current language abandoned the more restrictive small refining company definition in favour of a broader and more contentious SRE approval and reallocation framework. Given the compressed timeline for finalising the farm bill, this controversy may ultimately result in E15 provisions being excluded altogether.

The EPA may instead defer more substantive intervention to the Set 3 rulemaking process by reducing 2028 obligations enough to restore credit balances without undermining incentives for future production growth and investment. We estimate that a 12pc reduction in 2028 demand relative to the 2027 mandate would return 2.08bn credits to the market, allowing the RIN bank to build by about 1.20bn credits and lifting year-end balances back towards the 10-year average of 2.23bn RINs. The scale of the emerging deficit, combined with the growing burden of deficit carryforward required to avoid insolvency, increasingly points to a combination of policy measures rather than a single solution.

RIN prices ¢/RIN



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D3 prices resilient despite SRE headwinds

D3 prices were buffeted by D4 volatility but outperformed, falling just 8pc month on month compared with a 10pc decline in the D4 floor price. D3 premiums to D4 reversed their recent slide, strengthening to $0.27/RIN from $0.23/RIN in July, although still well below the $1.14/RIN premium seen at the start of the year.

The EPA's SRE decision was broadly bearish for D3s. Although 2025 D3 and D7 RINs will be returned to exempted refiners, the cellulosic biofuel category receives no reallocation, leaving 2026-27 demand unchanged at mandated levels despite additional RIN supply for 2026 compliance.

Although D3 production remains on track to meet or exceed the 1.36bn 2026 mandate, the volume of 2026 vintage RINs available for compliance remains uncertain. Under the EPA's Biogas Regulatory Reform Rule (BRRR), cellulosic RIN generation now appears in the EPA's Moderated Transaction System (EMTS) data at the point of pipeline injection rather than transportation fuel use. Reported generation can therefore remain robust even while renewable natural gas (RNG) delivery into the transportation fuel pool, the sector's main bottleneck, lags. As RINs can only be separated for compliance once fuel is used for transport, effective D3 supply is likely much tighter than headline generation data suggests. This helps explain the widening D3-D4 spread despite the bearish implications of the 2025 SRE decision.

Our full-year 2026 D3 forecast has been trimmed marginally to $2.51/RIN, reflecting a lower D4 price floor while preserving resilient D3 premiums. The full-year 2027 forecast was reduced to $2.75/RIN from $2.80/RIN in the previous outlook, as robust D4 values and achievable cellulosic mandates continue to support only single-digit premiums across the forecast period.

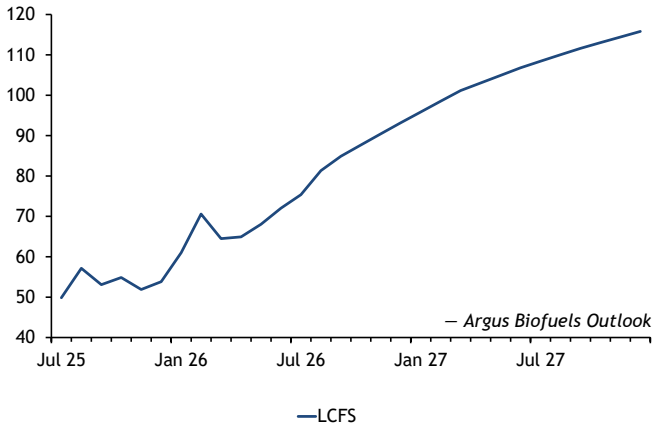
LCFS

Structural supply constraints lift California credit prices

California LCFS credit prices are expected to keep strengthening through 2027 as declining credit generation increasingly outweighs support from the programme's sizeable credit bank. Prices rose from around $61/t in January 2026 to more than $80/t by August, their highest since 2023. They are forecast to exceed $90/t by year-end before climbing steadily to nearly $116/t by December 2027 as market participants place greater value on future compliance supply.

The tightening reflects more than inventory depletion. Credit generation across several major categories has weakened

California LCFS prices *$/t*



simultaneously, limiting the programme's ability to replenish stocks. Renewable diesel credit generation fell sharply in the first quarter of 2026, while electric vehicle charging and forklift credits also declined. Growing use of higher-carbon-intensity SBO feedstocks has also reduced RD's carbon reduction, lowering credits generated per gallon. These trends suggest future credit supply growth may be more constrained than previously expected.

Forward market activity also points to shifting expectations. Open interest in LCFS futures reached record highs in 2026, indicating increased participation from compliance entities seeking future credit supply. Credit generators have also increased long positions, reflecting expectations that tighter conditions will persist. Recent California Air Resources Board (CARB) programme amendments and tighter CI targets reinforce the incentive to deliver low-carbon fuels into California, but are unlikely to offset weaker credit generation near term.

The market is therefore moving from surplus inventory management to pricing structural scarcity. While the credit bank remains sizeable, continued deficits and slowing generation are expected to erode this buffer through the forecast period, supporting higher LCFS credit prices through 2027.

Prices

Ethanol

Rising RIN values support US ethanol prices

US ethanol prices are expected to remain relatively firm through 2027 despite structural domestic oversupply. Chicago Argo ethanol prices are forecast to rise from $2.01/USG in August 2026 to around $2.11/USG by year-end, before trading largely within a narrow $2.02-2.13/USG range in 2027.

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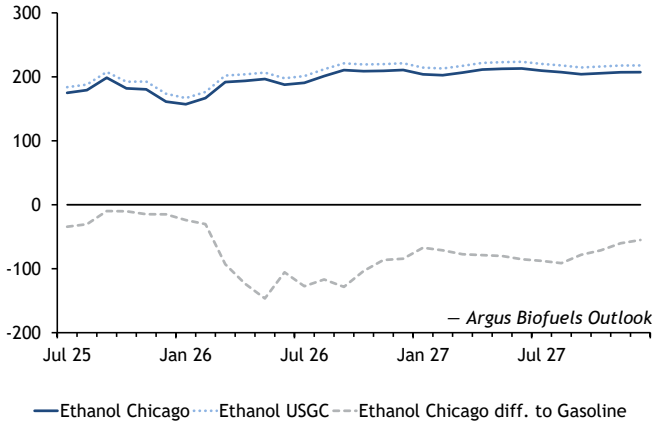
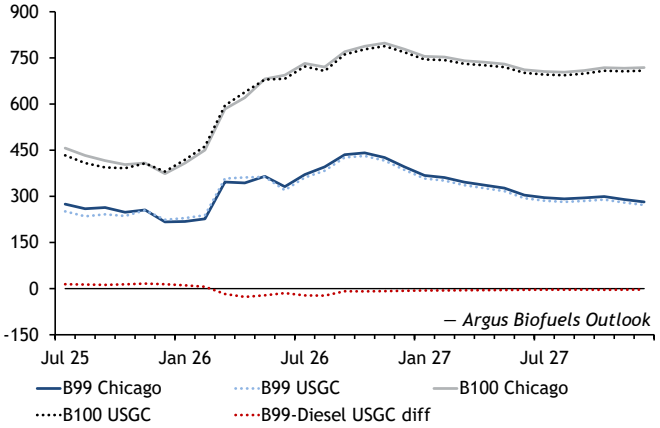
US ethanol prices ¢/USG



US biodiesel prices ¢/USG



Growing capacity and elevated inventories continue to weigh on fundamentals, but stronger blending economics should provide important support.

The primary driver is the D6 RIN market. D6 values are forecast to rise from about $2.08/RIN in August 2026 to $2.50/RIN by December, before strengthening further to almost $2.90/RIN by end-2027. Higher RIN values increase the incentive to blend ethanol into the gasoline pool, allowing demand to expand despite a mature E10 market and limited gasoline consumption growth.

Corn prices are also expected to remain supportive. Chicago Mercantile Exchange (CME) corn futures are forecast to rise from $5.15/bu in August 2026 to above $5.20/bu by late 2027, placing upward pressure on production costs and limiting downside risk for ethanol. But abundant domestic supply and elevated capacity are expected to prevent sustained rallies.

The US ethanol market is therefore likely to remain caught between competing forces. Structural oversupply continues to pressure values, but increasingly attractive blending economics and firmer feedstock costs should help keep prices near current levels through the forecast period.

Biodiesel

Rising compliance value cushions weaker fuel prices in US

US biodiesel prices are expected to remain supported through 2027 despite a softer fossil diesel outlook. Chicago B99 prices are forecast to average around $3.96/USG in late 2026 before gradually easing to roughly $2.82/USG by December 2027. While declining diesel prices are projected to weigh on the wider fuels complex, biodiesel should continue to draw significant support from stronger RIN economics.

The primary driver remains the D4 RIN market. The D4 value per gallon is forecast to rise from about $3.24/RIN in August 2026 to $3.83/RIN by year-end, before increasing further to nearly $4.30/RIN by December 2027. Tightening biomass-based diesel obligations, a shrinking RIN bank and growing export demand are expected to keep compliance values elevated. Higher D4 prices allow biodiesel to remain economically attractive for blenders even as fossil diesel prices weaken.

Market fundamentals also remain supportive. Biodiesel inventories are expected to stay tight relative to renewable diesel, limiting reliance on stockdraws during stronger demand periods. Increasing pull from Canada is also expected to provide another outlet for domestic production as CFR compliance demand strengthens.

Regional differentials are also expected to remain firm. Chicago B99 is forecast to maintain a premium to Gulf coast values, reflecting tighter Midwest supply and strong regional demand. Although higher operating rates should improve availability over time, biodiesel prices are expected to remain more resilient than conventional diesel through the forecast horizon, supported by increasingly valuable compliance credits and relatively constrained inventories.

Renewable diesel

Robust US diesel prices lift R100 to new highs

R100 prices in the US are projected to climb to $9.36/USG in September as stronger conventional diesel and RIN values lift accumulated values. West coast conventional diesel prices are forecast to rise by 4pc to $4.52/USG, while the D4 RIN contribution on a renewable diesel basis is projected to increase by 3pc to $3.79/USG, its highest since the record highs seen in July.

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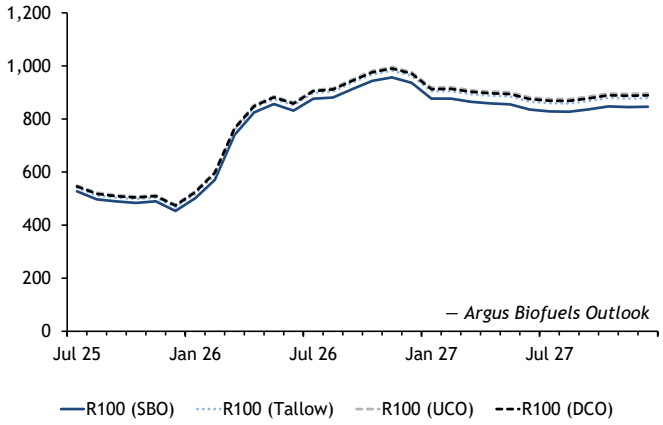
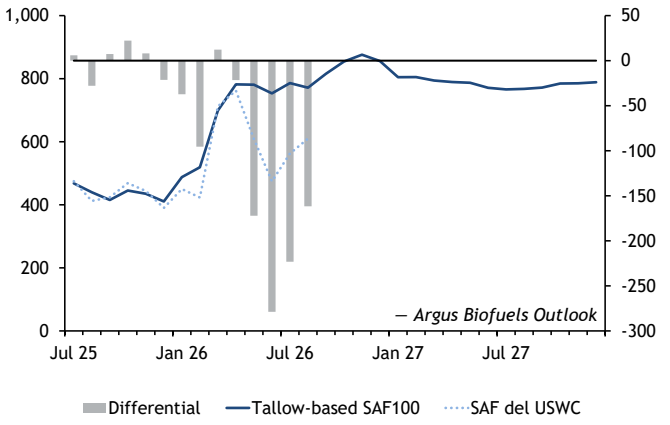
US renewable diesel prices ¢/USG



US SAF prices ¢/USG



West coast conventional diesel inventories fell to a 14-year low at the end of August, driving spot prices to record highs in early September. Intermittent imports have failed to offset the supply deficit created by the loss of 17pc of California refining capacity, with conditions expected to tighten further as the market enters the autumn harvest season. These conditions would typically support greater RD penetration into the diesel pool, but RD supply is also constrained after extensive August turnarounds, while at least one major production facility continues to face operational issues.

Supportive diesel fundamentals underpin the R100 outlook through year-end. Conventional diesel is forecast to average $4.46/USG over the final four months of 2026, while the RIN contribution is projected to average $4.07/USG, largely unchanged from the previous forecast. The full-year 2026 conventional diesel forecast has been raised by 8pc to $3.92/USG, lifting the R100 forecast by 3pc to $8.41/USG.

Looking ahead, the first-half 2027 R100 forecast has been increased by 6pc to $8.79/USG, surpassing 2022 highs as strong diesel fundamentals continue to support valuations. Conventional diesel prices are forecast to average $3.27/USG, up sharply from $2.73/USG in the previous outlook. The D4 RIN price is projected to contribute $4.27/USG over the period, accounting for 49pc of the total R100 value compared with an estimated 42pc in 2026. Diesel's share of the R100 value is forecast at 37pc, up from the previous estimate of 33pc as diesel markets take longer to normalise.

SAF

Stronger jet prices support US SAF recovery

US SAF prices are forecast to climb to $8.15/USG in September, supported by stronger conventional jet fuel prices and a modest increase in D4 credits. US SAF demand remains reliant on voluntary offtake agreements as existing federal and state incentives are insufficient to support meaningful organic growth. Spot SAF values remain more than $2.00/USG below achievable offtake pricing, while SAF must retain a $1.00-1.25/USG premium to RD to offset higher production costs and lower yields.

Export markets remain critical to SAF economics. Mandate-driven demand in Europe and Canada continues to support returns, although countervailing duties and competition from Asian imports have restricted access to continental Europe. The UK and Norway remain more accessible, while the EU is expected to remain a key outlet despite exports running well below 2025 levels. US producers continue to defend market share while lobbying for lower duty rates and monitoring potential EU trade measures targeting Asian SAF imports.

The 2026 SAF100 forecast has been trimmed by less than 3pc to $7.48/USG, reflecting a modestly weaker jet fuel and D4 RIN outlook. By contrast, the full-year 2027 SAF100 forecast has been raised by 5pc to $7.85/USG as a stronger conventional jet fuel outlook more than offsets a modest decline in RIN values.

Feedstock

US SBO recovery extends into 2027

Soybean oil prices are forecast to rise to 76¢/lb in September as producers complete extensive August maintenance and return to the feedstock market, while record diesel prices provide additional support across the wider SBO complex. Full-year 2026 feedstock demand has been revised 6pc higher, reinforcing the bullish outlook, although rail constraints along the US Gulf coast remain a bearish counterweight, disproportionately affecting SBO, DCO and canola flows into the region. The 2027 SBO forecast has been raised

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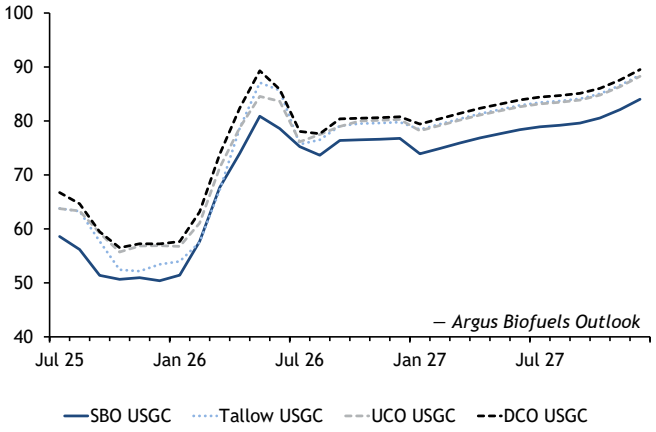
to 79¢/lb from 78¢/lb, reflecting stronger BBD demand from record domestic mandates and sustained export consumption. Higher diesel prices provide an increasingly supportive anchor for SBO valuations once the market begins to realign with diesel fundamentals. SBO has remained largely decoupled from rising diesel prices over the past two months, pushing the BOHO spread to its lowest level in nearly six months. Although SBO is expected to track diesel more closely in the coming months, the relationship is unlikely to match the strength seen earlier this year given continued pressure from abundant feedstock imports.

Import growth caps waste feedstock premiums

Rising imports continue to reshape waste-based feedstock markets, eroding carbon-intensity premiums to SBO. UCO prices are forecast to firm to 79¢/lb in September, supported by underlying SBO strength, while premiums to SBO fall to 2.6¢/lb from 3.9¢/lb the previous month. The full-year 2026 UCO forecast is unchanged at 76¢/lb, as stronger SBO values are offset by weaker premiums amid continued import growth. The 2027 forecast has been raised modestly to 83¢/lb from 82¢/lb, reflecting stronger BBD demand. Tallow prices are forecast to rise to 79¢/lb in September, although sustained imports are expected to reduce premiums to SBO to 2.7¢/lb from 2.9¢/lb a month earlier. The full-year 2026 forecast is unchanged at 75¢/lb, while the 2027 outlook remains steady at 83¢/lb. Tallow premiums are forecast at 4.5¢/lb in 2027, down from 5¢/lb in the previous outlook, reflecting continued pressure from abundant imports.

US biofuel feedstock prices ¢/lb



Strong demand anchors DCO pricing

DCO prices are forecast to firm to 80¢/lb in September, with premiums holding at 4¢/lb against a stronger SBO backdrop. Escalating rail congestion along the US Gulf coast may disrupt regional demand, but DCO's 14-17pc 45Z premium should continue to support robust domestic consumption,

US biofuel price outlook

Product	Jul 26	Aug 26	Sep 26	Oct 26	Nov 26	Dec 26	4Q26	1Q27	2Q27	3Q27	4Q27
Ethanol											¢/USG
Ethanol Chicago	191	201	211	209	209	211	210	204	212	207	207
Ethanol USGC	201	212	221	219	220	221	220	215	223	218	217
Biodiesel											¢/USG
B99 Chicago	371	396	435	441	426	396	421	358	322	294	290
B99 USGC	361	383	427	431	416	386	411	348	312	284	280
B100 Chicago	732	720	770	788	798	778	788	749	726	706	718
B100 USGC	722	708	761	778	788	768	778	739	716	696	708
Renewable diesel											¢/USG
R100 (soybean oil) del California	876	881	913	943	957	936	945	873	850	831	846
R100 (tallow) del California	898	904	937	968	982	963	971	901	879	862	878
R100 (UCO) del California	909	916	950	981	996	977	985	915	895	878	896
R100 (corn oil) del California	905	911	945	976	990	971	979	909	889	871	889
SAF											¢/USG
SAF100 (tallow) del California	786	771	815	855	876	856	862	801	782	768	786
Feedstocks (USGC)											¢/lb
Soybean oil crude degummed	75	74	76	77	77	77	77	75	78	79	82
Tallow bleached fancy (4pc FFA)	76	77	79	80	80	80	80	79	82	84	87
UCO	76	77	79	80	80	80	80	79	82	83	86
Distillers corn oil	78	78	80	81	81	81	81	80	83	85	88

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redirecting volumes to alternative demand centres if transport constraints persist. The full-year 2026 DCO forecast remains unchanged at 78¢/lb as growing imported waste feedstock availability caps premiums at 4¢/lb. The 2027 outlook is also unchanged at 84¢/lb.

Fundamentals

Agricultural prices

Lower corn yields reinforce support for US grain markets

US grain markets strengthened in recent weeks after field observations highlighted weaker-than-expected yield potential across key Corn Belt states. Results from the Pro Farmer crop tour point to a smaller corn crop than previously anticipated, reducing confidence that record supplies will be available during the 2026-27 season. Year-end stock expectations have consequently tightened considerably.

The weaker production outlook comes as global importers are becoming more dependent on North American supplies. Ongoing constraints on Ukrainian exports and reduced Russian wheat shipments continue to support demand for US grain, particularly from traditional Black Sea importers seeking alternative origins. Export competitiveness has also improved as global buyers diversify supply risk.

Despite still-comfortable global inventories, corn markets are expected to remain highly responsive to further yield revisions and export developments. Any additional reduction in US production estimates would quickly tighten balances further and reinforce support across corn and feed grain markets.

Record crush demand underpins vegetable oil values

US soybean fundamentals remain among the strongest across the agricultural sector. Although planted area has increased to 86.8mn acres and production prospects have improved, much of the additional supply is expected to be absorbed by expanding domestic demand. Record soybean crushing volumes continue to underpin the market, preventing stocks from building significantly despite larger harvest expectations.

Export demand has also improved. Chinese buyers have become increasingly active as they seek coverage amid continued uncertainty over South American production prospects. Strong domestic consumption, combined with robust export demand, is expected to keep the soybean balance sheet relatively tight by historical standards.

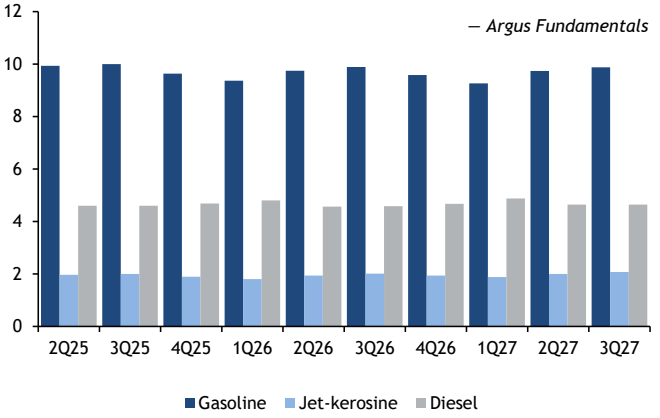
Soybean oil remains the key driver of the complex. Expanding renewable fuel demand and attractive crush margins continue to encourage investment in US processing capacity. Attention is increasingly shifting to weather risks in South America, where developing El Nino conditions could influence yield potential during the next production cycle. Any threat to Brazilian or Argentinian supplies would quickly tighten global oilseed balances and provide additional support to soybean and vegetable oil prices through 2027.

Fossil fuel demand and prices

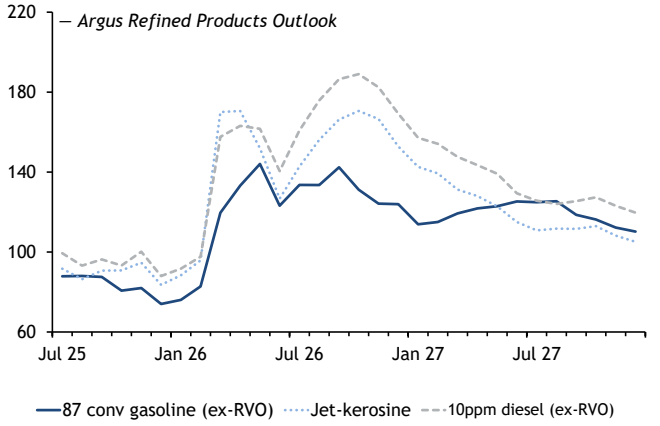
Atlantic basin gasoline to remain tight

Exceptionally strong margins are holding US runs near capacity, with US Gulf coast gasoline assessments at $119/bl in August and expected to rise to $126/bl in September, before softening to an average of $110/bl for the third quarter. Stocks fell by 1.2mn bl to 206mn bl in the week ending 28 August, 7pc below the five-year range, despite production rising by 73,000 b/d to 9.85mn b/d. Refinery maintenances in northwest Europe, the Mediterranean and North America in

North America fuel demand *mn b/d*



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



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September and October are expected to limit stock rebuilding to an extent, supporting gasoline cracks as winter-specification gasoline begins to reduce blending requirements.

Record diesel exports against a 20-year stock low

US Gulf coast diesel prices are expected to firm by 4pc in September. US diesel exports to Europe rose from around 200,000 b/d in June to a record near 470,000 b/d in August. Stocks fell to 105.6mn bl in the week ending 28 August, the lowest in more than 20 years, even with refinery utilisation at 96.7pc, the highest since mid-2018. More than 500,000 b/d of North American crude distillation unit capacity enters planned maintenance in September-October, just as harvest demand builds and Brazil returns to US barrels as Russian supply recedes. Any further export growth requires either sustained high runs or deeper stockdraws.

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LATIN AMERICA

Regulation

Fuel tax cuts paired with ethanol support

Brazil has enacted legislation allowing cuts to federal fuel taxes while protecting biofuels' competitiveness. The law requires any relief granted to fossil fuels to preserve ethanol's price advantage and provides up to 1.2bn reals ($235mn) in support for hydrous ethanol producers. It also allows producers to offset certain tax liabilities using accumulated credits. The measure reduces the risk that emergency energy-market interventions weaken biofuel demand, reinforcing ethanol's role in Brazil's transport fuel mix while supporting producer economics during a period of fuel price volatility.

US-Brazil tariff talks resume

Brazil and the US are due to hold talks this week on recently imposed US import tariffs on Brazilian goods, signalling a possible opening for trade negotiations. The discussions follow high-level engagement between the two governments and come as market participants assess the implications for market access and bilateral trade flows. The tariffs stem from a US investigation into a range of Brazilian trade practices, including restrictions affecting ethanol. For biofuels markets, the talks could shape future negotiations on ethanol trade, market access and wider regulatory issues affecting cross-border competitiveness.

Brazil launches SAF mandate and credit system

Brazil has finalised its national SAF framework, creating a long-term demand signal for aviation decarbonisation and investment in domestic SAF production. The programme requires progressive emissions reductions in domestic aviation from 2027, targeting a 10pc cut by 2037 against 2024 levels. It also introduces a book-and-claim certificate system, providing compliance flexibility and supporting market liquidity while aligning with international aviation standards.

Brazil updates Renovabio emissions methodology

Brazil's hydrocarbons regulator ANP is consulting on revisions to the Renovacalc methodology used to assess greenhouse gas emissions performance under the Renovabio programme. The proposed updates include revised emissions factors, updated power indicators and enhanced calculation methods intended to improve accuracy and credibility. The changes could affect biofuel carbon intensity scores and the generation of compliance credits, influencing producer economics and market incentives.

Brazil seeks tighter biodiesel compliance

Brazil's oil regulator ANP is proposing tougher monitoring measures to strengthen enforcement of the country's mandatory biodiesel blending requirements. The changes would give regulators daily access to transaction data for biodiesel and diesel sales, allowing faster compliance checks and more effective regulatory action compared with the current monthly reporting system. Stronger enforcement could support demand certainty for biodiesel producers ahead of a potential increase in the blend mandate from 15pc to 16pc next year.

Mexico proposes biofuel feedstock permit rules

Mexico's agriculture ministry has proposed new permitting requirements for biomass used in biofuel production, complementing recent energy ministry proposals to implement the country's biofuels law. The framework would require detailed feedstock traceability, land-use and production reporting, as well as documentation for waste-based biofuel pathways including biodiesel, bioethanol, biomethane and SAF. The measures could strengthen transparency and sustainability verification across biofuel supply chains, while increasing compliance obligations for producers. If approved, the rules would support regulatory certainty and market development as Mexico expands its biofuels sector.

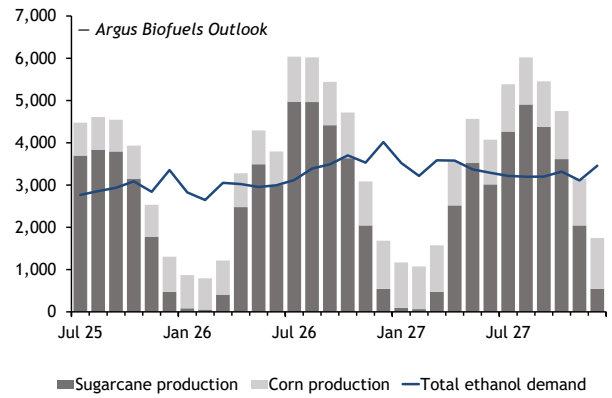
Demand

Ethanol

Physical inventories climb on record production strength

Brazil's ethanol balance is loosening as a strong sugarcane harvest and expanding corn ethanol capacity outstrip demand

Brazilian ethanol production ***mn litres***



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growth. Total ethanol production is forecast at 41.2bn litres in 2026, supported by centre-south cane crushing of roughly 645.7mn t and an ethanol-heavy production mix. Cane ethanol will remain the main source of peak-season supply, while corn ethanol is providing a steadier year-round base.

Indications of a more balanced market are shown clearly in stocks. Inventories are estimated to have exceeded 7bn litres in July and are forecast to approach 11.7bn litres by October, lifting forward cover to more than 90 days of demand. The market is moving from concerns over supply security to surplus management, with production anticipated to remain ahead of domestic consumption despite the higher E32 blend. Further corn ethanol capacity expansion should lift output above 42.5bn litres in 2027, keeping stocks elevated and improving resilience to weather disruption or cane-processing swings.

Ethanol demand to strengthen across both markets

Brazilian ethanol consumption is also set to reach new highs, supported by stronger demand for both anhydrous and hydrous ethanol. Total demand is forecast at 38.8bn litres in 2026 and 40.1bn litres in 2027, supported by the temporary E32 mandate and sustained hydrous competitiveness against gasoline. The move from E30 to E32 is expected to add about 1bn litres/yr of anhydrous demand during its six-month implementation period, lifting monthly use above 1.3bn litres in the second half of 2026.

Growth is no longer confined to the blending market. Hydrous demand forecasts have strengthened on favourable retail economics and ample supply. The national ethanol-to-gasoline parity ratio fell to around 60pc in August, comfortably below the threshold at which ethanol becomes attractive for flex-fuel drivers. This is expected to support a rise in hydrous demand to 24bn litres in 2026 and to a record 25.3bn litres in 2027.

Stronger blending demand and robust stand-alone fuel use should keep consumption rising even after the assumed return to E30 in February 2027. Increased availability from cane and corn ethanol should help preserve favourable pump economics, reinforcing ethanol's share of Brazil's transport fuel market.

Exports recover as surplus expands

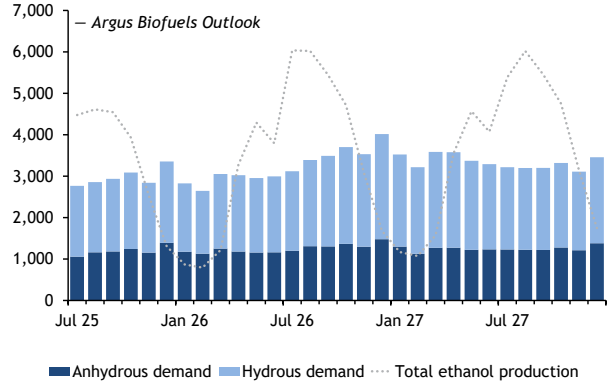
Brazil's ethanol trade position has moved decisively into surplus as a result of rising domestic output curbing imports and restoring exportable supply. Imports have largely disappeared since the start of the sugarcane harvest, falling from almost 140mn litres in January to less than 100,000 l in July. Expanding cane supply and continued corn ethanol growth have removed the need for significant imports during the centre-south harvest, in sharp contrast with recent off-season conditions.

Exports have also regained momentum. Shipments increased from 15mn litres in May to 65mn litres in June and 179mn litres in July, which is the highest monthly volume so far in 2026. Hydrous ethanol accounted for nearly 70pc of exports in July, reflecting surplus domestic availability even as demand strengthened across both hydrous and anhydrous markets.

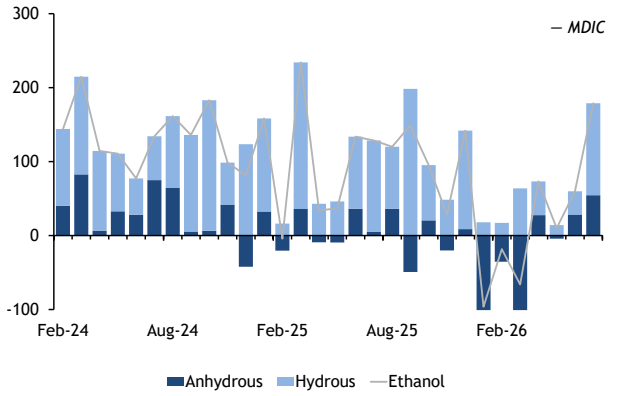
The recovery has broadened Brazil's trading scope beyond its core outlets. South Korea remained a key destination for anhydrous ethanol, while the Netherlands continued to serve as an entry point to Europe. But hydrous shipments were spread across a wider range of buyers, underlining the volume of surplus supply looking for overseas markets.

Even so, exports are unlikely to absorb the rapid increase in domestic production. Output is forecast to grow faster than overseas sales through the rest of the harvest, sustaining inventory builds and a comfortable supply-demand balance.

Brazilian ethanol demand *mn litres*



Brazilian net ethanol exports *mn litres*



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Biodiesel

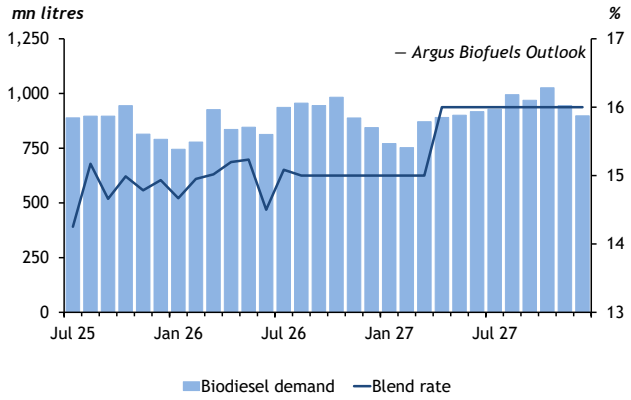
Diesel demand anchors biodiesel growth

Brazilian biodiesel demand is forecast to rise steadily through 2027, led more by diesel consumption than by fresh policy support. Demand is projected at 10.5bn litres in 2026 and 10.9bn litres in 2027, as freight, agricultural activity and broader economic growth underpin diesel use. Demand should remain strongest during the second half of each year, with monthly consumption exceeding 900mn litres during peak periods.

The B15 mandate is now fully embedded, leaving diesel demand as the main swing factor. Recent market reports suggest that stronger blending needs have not always translated into immediate physical withdrawals, with distributors lifting contracted volumes more slowly than expected. Softer-than-expected diesel use, logistical constraints and higher freight costs have delayed some movements, supporting inventories at certain production facilities.

These pressures look more like timing issues than structural demand weakness. Biodiesel remains central to Brazil's diesel pool, and the recent demand decline has been modest relative to market size. The forecast assumes B16 is implemented from April 2027, adding demand in the second quarter and helping absorb higher biodiesel output. But diesel consumption will remain the key driver, with mandate support playing a secondary role.

Brazilian biodiesel demand



Feedstock

Cost pressure pushes producers beyond soybean oil

Brazil's biodiesel feedstock slate is expected to diversify through 2027 as higher soybean oil (SBO) prices strengthen the case for alternatives. SBO will remain dominant, but elevated vegetable oil values, supported by Indonesia's

Brazilian biofuel demand outlook

Product	Jul 26	Aug 26	Sep 26	Oct 26	Nov 26	Dec 26	4Q26	1Q27	2Q27	3Q27	4Q27
Ethanol demand											*mn litres*
Anhydrous	1,201	1,309	1,304	1,367	1,297	1,479	4,144	3,699	3,729	3,673	3,872
Hydrous	1,919	2,082	2,187	2,334	2,234	2,538	7,106	6,626	6,510	5,940	6,013
Total demand	3,120	3,391	3,490	3,701	3,531	4,017	11,250	10,325	10,239	9,613	9,885
Ethanol production											*mn litres*
Sugarcane	4,974	4,963	4,417	3,635	2,044	543	6,222	632	9,055	13,546	6,205
Corn	1,063	1,057	1,025	1,081	1,041	1,140	3,262	3,187	3,137	3,314	3,437
Total production	6,037	6,021	5,442	4,716	3,085	1,683	9,484	3,819	12,192	16,860	9,642
Biodiesel demand											*mn litres*
Biodiesel	937	956	945	983	888	844	2,715	2,395	2,708	2,892	2,869
Feedstock demand											*'000t*
Soybean oil	629	640	627	637	570	543	1,750	1,479	1,815	1,865	1,748
Tallow	40	65	69	75	66	59	200	167	156	199	222
Palm oil	3	5	5	10	10	15	35	39	21	12	35
UCO	15	10	9	10	8	9	28	28	27	30	27
Other vegetable oils	9	27	31	34	39	32	105	83	51	97	136
Other animal fats	11	19	12	16	16	15	47	41	53	47	50
Other	131	120	121	128	112	109	349	286	292	337	349
Total	**837**	**885**	**875**	**910**	**822**	**781**	**2,513**	**2,124**	**2,416**	**2,588**	**2,566**

Anhydrous ethanol: free of water and at least 99pc pure, and used in gasoline blends, currently set at 32pc. Anhydrous fuel meets all the requirements of the ASTM D4806.
Hydrous ethanol: contains water and has a purity of 96pc. Can be used in Brazil as a 100pc gasoline substitute in flex-fuel vehicles.

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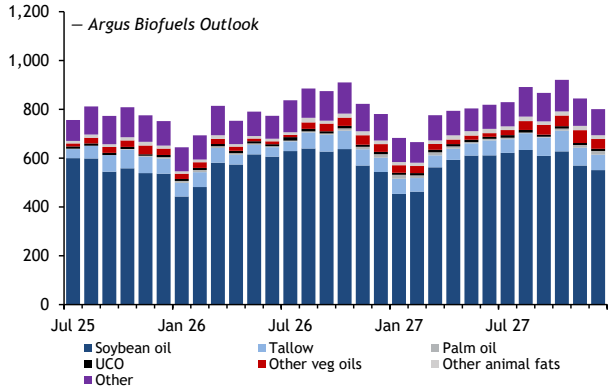
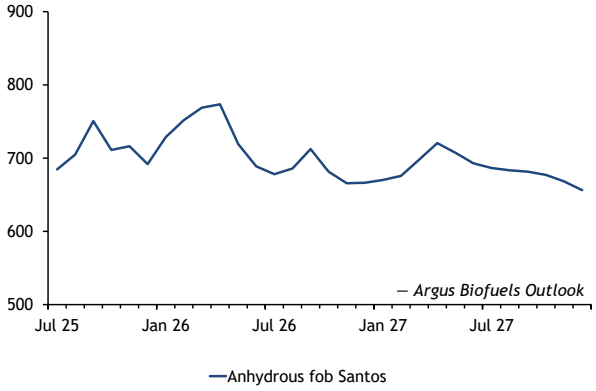
Brazilian biodiesel feedstock demand *'000t*



Brazilian ethanol prices *$/t*



expanding biodiesel programme and firm global demand, are raising costs for Brazilian producers. This means plants are likely to lift tallow and animal-fat use where technically feasible, especially when discounts to SBO widen.

US tariffs on Brazilian beef tallow have added to the shift. A combined 37.5pc tariff introduced in late July is expected to restrict access to Brazil's largest tallow export market, increasing domestic availability and improving its competitiveness against SBO. With alternative export routes limited by freight costs, veterinary approvals and regulatory requirements, more Brazilian tallow is likely to be used domestically.

The feedstock outlook reflects this adjustment. Tallow consumption is forecast to rise from around 40,000 t/month in mid-2026 to as much as 85,000 t/month by late 2027, increasing total animal fat use to roughly 12-14pc of the biodiesel feedstock slate. SBO should still account for around 70pc of inputs, but higher prices and greater tallow availability are set to broaden the feedstock pool, helping producers contain costs and reduce exposure to tightening vegetable oil markets.

Prices

Ethanol

Growing surplus to cap price recovery

Brazil's anhydrous ethanol market is set to remain well supplied through to the end of next year, with expanding sugarcane and corn-based output continuing to run ahead of demand growth in domestic and export markets. Prices are forecast to average around $690/t during the second half of 2026 before trending lower to approximately $656/t by December 2027. The outlook reflects increasingly comfortable market balances resulting from record sugarcane production combining with rapid growth in corn ethanol output to deliver sustained inventory accumulation and ample product availability.

Brazil's total ethanol production is forecast at 41.2bn litres in 2026, above projected consumption of 38.8bn litres. In contrast with previous crop years, expanding corn ethanol capacity is providing a larger source of year-round supply, reducing seasonal tightness and eroding the market's ability to sustain price rallies outside the sugarcane harvest. Corn ethanol output is forecast to exceed 11bn litres in 2026 and rise further in 2027, reinforcing the market's increasingly comfortable supply position.

Recent gains in international sugar prices have encouraged some mills to produce more sugar, providing temporary support to ethanol prices in August. But lower sugarcane quality and operational constraints are expected to limit the extent of any shift in production focus. Stronger hydrous ethanol consumption and the temporary E32 mandate are also supporting demand, although neither is sufficient to absorb the rapid expansion in supply. Export outlets remain available, particularly in Asia, but the US tariffs and the practical limitations under the EU-Mercosur framework continue to restrict Brazilian producers' ability to clear excess volumes to overseas markets.

Biodiesel

Feedstock diversification moderates biodiesel price gains

Brazilian biodiesel values are forecast to firm only gradually through 2027, as higher feedstock costs are tempered by a broader feedstock slate. Araucaria ex-terminal biodiesel prices are forecast to increase from around $1,216/t in October 2026 to approximately $1,261/t by December 2027, broadly tracking higher SBO values while remaining below the pace of gains seen across global vegetable oil markets.

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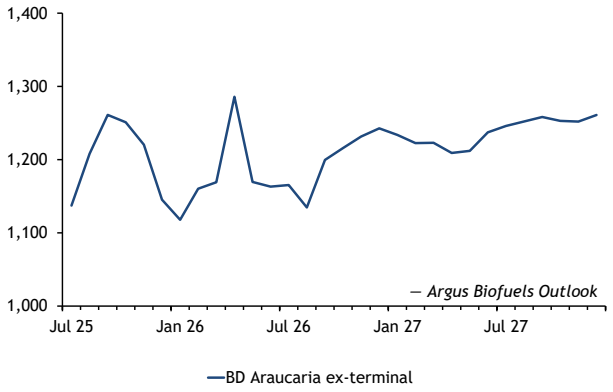
SBO remains the dominant feedstock and the main driver of biodiesel production costs. Prices are expected to stay supported by strong global vegetable oil demand, Indonesia's expanding biodiesel programme and continued substitution away from palm oil. Brazil fob Paranagua SBO prices are forecast to strengthen through 2027, lifting the cost base for domestic biodiesel producers.

Higher feedstock costs are expected to be partly offset by greater use of alternatives. US tariffs on imports of Brazilian tallow have increased domestic availability of animal fats, encouraging biodiesel producers to diversify away from SBO where operationally feasible. Rising tallow consumption should help moderate feedstock cost inflation and reduce exposure to tighter vegetable oil markets.

Demand fundamentals remain supportive. Biodiesel consumption is expected to rise alongside stronger diesel demand, while the assumed move from B15 to B16 in April 2027 provides an additional source of growth. But feedstock diversification is expected to limit the pass-through of higher SBO costs, resulting in a gradual rather than sharp increase in biodiesel prices through the forecast period.

Brazilian biodiesel prices *$/t*



South American biofuel price outlook

Product	Jul 26	Aug 26	Sep 26	Oct 26	Nov 26	Dec 26	4Q26	1Q27	2Q27	3Q27	4Q27
Brazilian ethanol											*$/t*
Anhydrous fob Santos	678	686	712	682	666	666	671	681	707	684	667
Brazilian biodiesel											*$/t*
BD Araucaria ex-terminal	1,165	1,135	1,200	1,216	1,232	1,243	1,230	1,226	1,219	1,252	1,255

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ASIA-PACIFIC

Regulation

Singapore details SAF EA plans, defers cargo levy

Singapore's Civil Aviation Authority (CAAS) has detailed procedures for handling sustainable aviation fuel (SAF) environmental attributes (EAs). CAAS company SAFCo will procure SAF EAs covering Scope 1 and Scope 3 emissions. SAFCo will then allocate Scope 1 EAs to passenger aircraft operators contributing at least 0.01pc of total SAF levies collected. More than 80 operators will receive allocations in proportion to their levy contributions.

SAFCo will centrally manage all Scope 3 EAs and any unallocated Scope 1 EAs. These will be made available to companies seeking to reduce emissions associated with business travel and air freight activities.

CAAS will also defer the SAF levy for air cargo by one year. Levies will apply from 1 October 2027 for flights departing Singapore from 1 January 2028, but the timeline for introducing levies on passenger, general and business flights is unchanged, applying from 1 October 2026 for flights departing Singapore from 1 January 2027.

Australia proposes low-carbon fuels mandate from 2029

Australia is seeking industry feedback on a proposed national low-carbon liquid fuels (LCLF) mandate that would start in 2029 and be rolled out across two phases.

Phase one would run from 2029-35, during which the government plans to apply volume-based allocation. The scheme would set an overall LCLF market-wide volume target and assign each supplier a share of that obligation. The government is consulting on a target of 0.75bn-1.9bn litres of LCLF by 2030, rising to 3.45bn-8.9bn litres by 2035. Phase two would start in 2035, when the scheme shifts from volume-based to carbon intensity targets. The consultation closes on 15 September.

The government is also considering a dedicated SAF target. This separate jet fuel obligation would apply from the start of the scheme and remain in place after the shift to a carbon-intensity framework in 2035.

Tokyo adds ¥450mn subsidy for domestic SAF at Haneda

The Tokyo metropolitan government has approved an additional ¥450mn ($2.9mn) in subsidies for domestically produced SAF supplied to Haneda airport.

The subsidy aims to promote the use of domestic SAF by offsetting the price gap with conventional jet fuel. Cosmo Oil has been selected to receive the subsidy for supplying domestically produced SAF at Haneda.

The company will receive an additional ¥100/litre (62¢/litre) for SAF delivered to airlines at the airport from 29 July-31 March 2027. Combined with an earlier subsidy, total support is capped at ¥200/litre. Tokyo previously granted Cosmo ¥100/litre in May to help narrow the price gap between domestically produced and imported SAF. The latest programme covers a subsidised volume of 4.5mn litres.

Indonesia to roll out E20 gasoline blend in 2029

Indonesia plans to implement a 20pc ethanol blend in gasoline (E20) in 2029. The government is targeting a 10pc ethanol blend (E10) mandate in 2027 as part of its roadmap to reach E20 between 2028 and 2030. To support reaching the E20 goal, Indonesia aims to expand ethanol feedstock sources from domestic raw materials such as sugarcane and cassava. But no new decree has been issued to formalise the accelerated mandates.

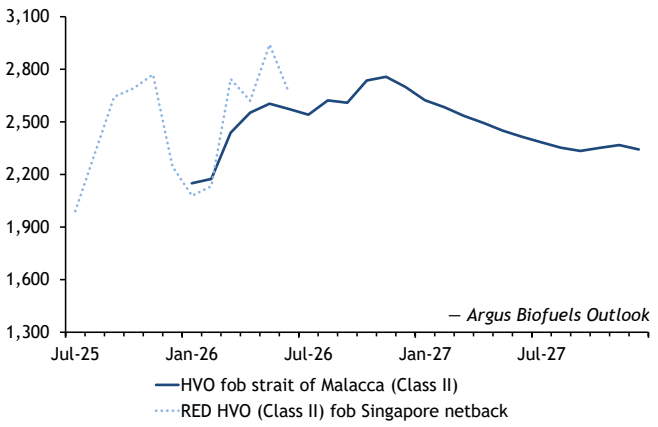
Prices

HVO and SAF

Asian prices follow European fundamentals

HVO fob strait of Malacca averaged $2,622/t in August, up from $2,541/t in July. Little of that move came from Asian spot trade, where liquidity remained thin and sellers continued to key levels off European values.

Asia-Pacific HVO prices *$/t*



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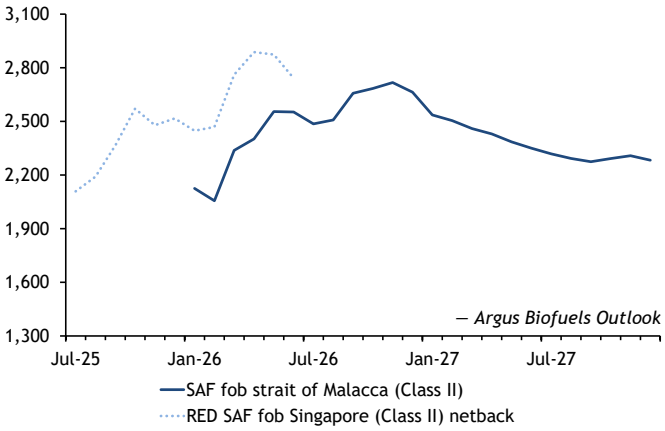
Regional Asian RD and SAF production is forecast close to 360,000 t/month across September-December, as plants return from maintenance, broadly matching the 360,000 t/month of imports Europe needs alongside its domestic production over the same period to meet compliance. European imports in July and August were already 373,000t and 376,000t, respectively, putting the region close to the required pace by the end of the summer. With higher duty arbitrage levels starting to open this month, plants without a SAF export licence may also seek to lift run rates and ship HVO to Europe. We expect prices to rise slightly in the fourth-quarter in line with peak compliance demand before falling over the first half of 2027.

The pull on Asian product weakens next year. European import requirements fall to 3.5mn t, or 290,000 t/month — 6pc below this year's year-to-date import rate and a fifth below the fourth-quarter requirement — as domestic RD and SAF production rises by 56pc to 7.0mn t against demand of 10.4mn t. Some of that increase depends on projects scheduled towards the end of the forecast period proceeding on time rather than slipping into 2028. As such, we continue to expect a similar compliance demand peak in prices in the fourth quarter of 2027.

Europe secures 2026 SAF demand

SAF fob strait of Malacca averaged $2,508/t in August, $115/t below straits HVO despite higher production costs. Weakness in European HVO Class II values has since narrowed that spread, with SAF returning to a slight premium. That spread is unlikely to hold as European buyers appear largely covered for the year. SAF demand is forecast at 1.26mn t in 2026, and imports through August reached 864,000t, leaving just 396,000t for September-December, or 99,000 t/month. That is below the 108,000 t/month pace seen in January-August and 42pc below August's 170,000t. The calculation also assumes no European SAF production during the year.

Asia-Pacific SAF prices *$/t*



The discount to HVO is expected to widen back to an average $42/t in the fourth quarter, with SAF at $2,689/t, and to $67/t in 2027, when SAF averages $2,370/t. An export quota for China's Ecoprime would put an estimated 220,000t of additional product within reach of European buyers, reinforcing SAF's discount to HVO because of differences in the duties faced by each product from Chinese producers.

European SAF demand rises by 13pc to 1.42mn t in 2027, but Chinese SAF output could reach 1.9mn t — enough to cover Europe's full annual requirement while also contributing to domestic and regional obligations. Asian SAF sellers are therefore likely to keep targeting Europe, while European producers prioritise HVO in their slates.

Biodiesel

Ucome gains on bunker demand

The China Ucome price averaged $1,182/t in August, down 1pc from July, with thin spot liquidity and soft demand. Marine demand continues to drive the market. Biobunker enquiries rose in early September, and the Dutch marine

Asia-Pacific biofuel price outlook *$/t*

Product	Jul 26	Aug 26	Sep 26	Oct 26	Nov 26	Dec 26	4Q26	1Q27	2Q27	3Q27	4Q27
Biodiesel											
RED Ucome fob China	1,194	1,182	1,194	1,210	1,219	1,224	1,218	1,253	1,271	1,294	1,297
HVO											
RED HVO fob strait of Malacca	2,541	2,623	2,609	2,736	2,757	2,699	2,731	2,580	2,453	2,356	2,354
SAF											
RED SAF fob strait of Malacca	2,486	2,508	2,657	2,684	2,717	2,664	2,689	2,500	2,388	2,295	2,295
Feedstock											
RED UCO bulk fob China	1,162	1,175	1,171	1,177	1,185	1,193	1,185	1,201	1,217	1,239	1,240

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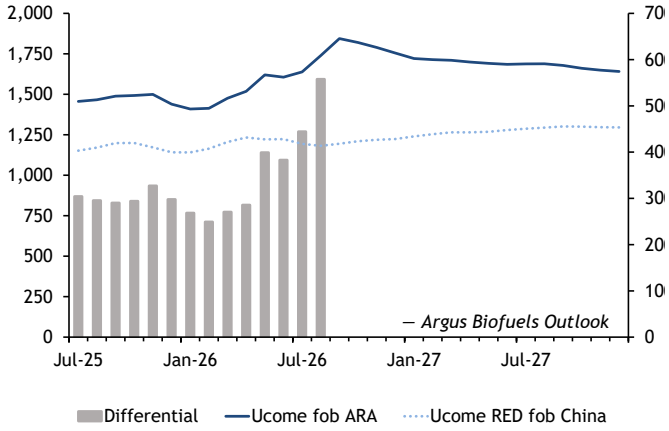
Ucome prices $/t



compliance market tightened sharply, with ZRE ticket values roughly doubling over the preceding fortnight on an expected shortfall in ticket supply and reduced arrivals of advanced B100 from inland Europe.

Reports of improved second-half margins have revived Chinese production interest after weak first-half run rates, but without regular export trades, isolated offers move assessments more than feedstock fundamentals do. September is forecast at $1,194/t, before values average $1,218/t in the fourth quarter and $1,279/t in 2027.

Feedstock

Restarts increase China domestic UCO demand

RED-certified bulk UCO fob China averaged $1,175/t in August and is forecast at $1,171/t in September, with values averaging $1,224/t across 2027.

Support is shifting from export demand to domestic hydrotreating. August maintenance temporarily removed about 60,000t of Chinese RD and SAF production and the feedstock demand that came with it, but Haike and Blue Whale have restarted and EcoCeres is set to return by mid-September, lifting output towards December. Overseas enquiries have slowed at the same time, so buyers are increasingly Chinese biofuel production plants rather than importers in other regions.

Ecoprime's potential Hainan start-up adds new southern capacity that could retain waste oil that has historically moved east, tightening supply around southern ports. Ucome held only a $7/t premium to UCO in August but has since started to widen. As hydrotreating demand continues to increase, we expect Ucome producers will face a tighter framework from feedstock demand competition.

Trade

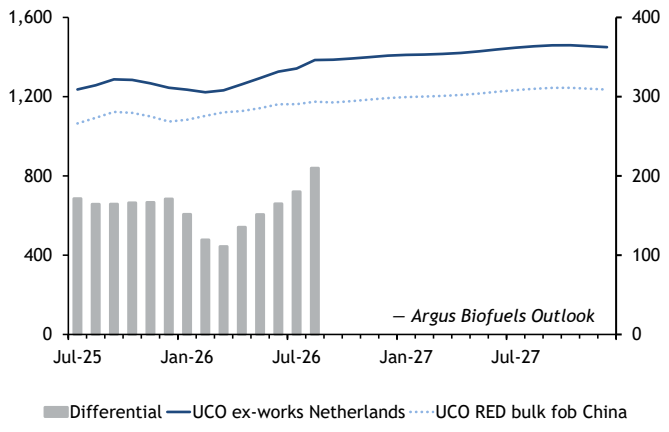
HVO and SAF

Chinese exports increase with wider arbitrage

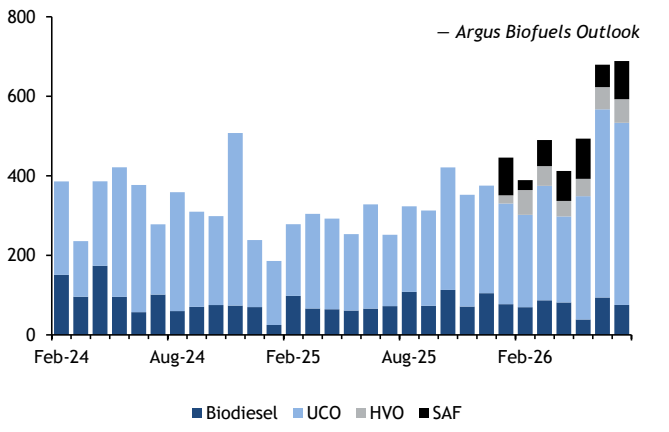
Chinese SAF exports recovered from a slump of 56,000t in June to 96,000t in July, an increase of 70pc. All exported volumes continued to flow to European ports.

July exports were supported by wider arbitrage opportunities and the entry of Zhejiang Blue Whale into the export market. The arbitrage narrowed in June, when European three-month-ahead SAF prices fell $191/t to $2,636/t, but widened again in July as European prices recovered to $2,675/t while Chinese SAF prices softened by only $20/t over the same period. This improved export economics and encouraged additional flows to Europe. Blue Whale also received a 305,000 t/yr SAF export quota in June, becoming China's sixth producer to secure export quotas and lifting China's total SAF export quota to Europe to 1.4mn-1.5mn t/yr.

UCO prices $/t



China biofuels and feedstock net exports '000t



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Ship-tracking data for August shows Thailand exported 28,000t of SAF to Europe, marking the fourth consecutive month of shipments and the largest monthly volume since the first cargo from Bangchak Refinery in May.

Malacca exporters gain ground over China

Chinese HVO exports increased by just over 6pc to 59,000t in July. The increase was driven by higher exports to the Netherlands, which imported around 19,000t, and Canada, which imported 15,000t — the first recorded Chinese HVO shipment to the country.

European HVO imports continued to be dominated by producers in the strait of Malacca, with Singapore exporting around 102,000t and Malaysia 21,000t to Europe in July, according to ship-tracking data. By contrast, customs data shows Chinese HVO exports to European destinations fell by 48pc on the month to 29,000t. Europe has accounted for 84pc of China's total HVO exports so far this year.

Biodiesel

Chinese biodiesel exports soften after June rebound

China exported 75,000t of biodiesel in July, up by 4pc on the year but down 20pc from an especially strong June, which is likely to have included export data delayed from May. Europe continued to absorb 70pc of China's monthly exports, with the remainder shipped to South Korea and southeast Asia, largely for bunkering. Singaporean port authorities reported that 39,000t of biodiesel was used for bunkering in July. Chinese biodiesel exports to Europe have grown significantly year on year. In January-July 2025, China exported around 136,500t to Europe, in 2026 it rose to nearly 286,000t, a 109pc increase.

UCO

China sustains large UCO export volumes

Chinese UCO exports decreased by just over 3pc to 458,136t in July, sustaining the large increase in export volumes seen in June. July exports were 155pc higher than in July 2025. China exported 790,000t more UCO in January-July 2026 than in the same period of 2025.

US UCO imports from China fell 41pc to 99,430t in July but remained high by historical standards. European importers led China's export destinations, accounting for 41pc of total volumes. The favourable China-US UCO export position that emerged in April-June, driven by domestic demand to meet record renewable volume obligations, narrowed as US UCO prices softened in July, prompting a slowdown in imports.

The Netherlands imported 147,920t, up sharply from 28,131t in June and more than the total volume imported across the third quarter of 2025, although some of this increase may reflect delayed customs reporting.

Palm oil

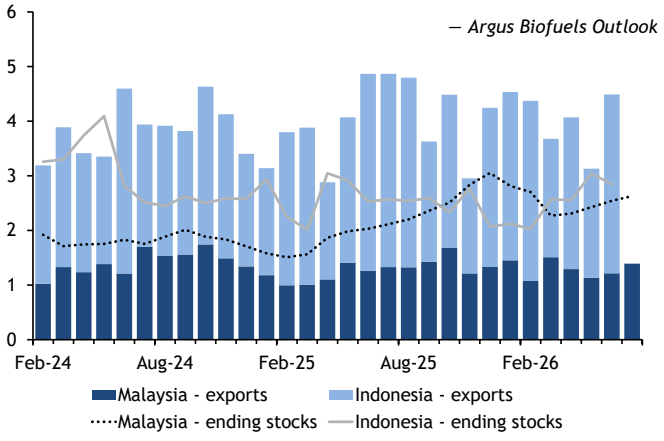
Indonesia exports bounce back ahead of policy rollout

Indonesia's palm oil trade data, now available for June, show exports increased by 64pc from the previous month to 3.26mn t in June. The Indonesian government announced plans in late May to route exports of key commodities, including palm oil, through a state-appointed company. The phased rollout began in June and was initially planned to become the industry standard in August, with the full takeover of export licences now expected from the start of 2027. The change encouraged Indonesian palm oil sellers to ship large volumes ahead of implementation.

Indonesian palm oil exports face pressure from domestic biodiesel consumption, which is currently rolled out at B50. But officials have mentioned that B60 could be targeted from 2027, further reducing export availability in the absence of increased crude palm oil (CPO) production. Demand for CPO would increase from 16mn-17mn t under the B50 rollout to 22mn-23mn t/yr under a B60 mandate, according to industry association estimates.

Malaysia's palm oil exports increased by 15pc to 1.39mn t in July, the largest monthly export volume since October 2025. Malaysia exported 790,000t more palm oil in January-July than in the same period of 2025. Malaysian ending stocks still increased by 3pc to 2.63mn t in July, despite stronger exports, marking the fourth consecutive monthly increase from the 2026 low of 2.2mn t in March.

Asia-Pacific palm oil trade *mn t*



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GLOBAL SUPPLY

Production

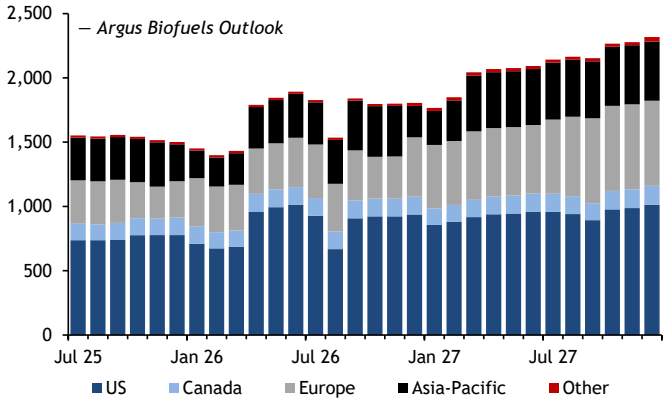
Global RD and SAF production reached 1.5mn t in August, down by 16pc from July, with utilisation averaging 72pc. Supply remains well supported, with 3mn t/yr of new capacity having started up since the third quarter of last year. But maintenance in August curbed output and tightened availability in some markets.

Asia-Pacific RD and SAF production reached 360,000t in August, up by 5pc from July despite lower Chinese output. Chinese production fell to just under 140,000t as Ecoceres, Haike and Blue Whale undertook maintenance, removing about 60,000t from the market. Haike and Blue Whale have since completed maintenance, while Ecoceres is expected to resume operations by mid-September. Regional capacity could rise to around 440,000 t/month once Ecoprime's HEFA unit in Hainan, China, starts up in the fourth quarter. The plant is initially expected to focus on RD, although approval for a SAF export quota could shift output towards SAF.

European RD and SAF output fell by 11pc from July to just over 370,000t in August, after Neste began maintenance at its Porvoo plant in Finland and another producer was reportedly carrying out maintenance. European logistical constraints, combined with Neste's planned turnaround at its Singapore refinery in December, are expected to keep RD and SAF supply tight in Europe in late 2026. Were Ecoprime to receive its SAF export quota, the facility could supply around 220,000 t/yr of additional SAF to Europe, helping to ease some of the anticipated tightness.

North American RD and SAF output fell by 24pc from a month earlier to around 800,000t in August, as Diamond Green Diesel's Norco unit and Martinez Renewables each undertook four-week maintenance programmes. Production is expected to return to July levels once the turnarounds have been completed. Output should strengthen through the rest of the year as producers respond to higher Renewable Volume Obligation (RVO) requirements. Additional supply may come from the start-up of Heartwell Renewables' 80mn USG/yr (235,000 t/yr) RD unit in Hastings, Nebraska, during the fourth quarter.

Global RD and SAF production *'000t*



Capacity

Europe

UK technology developer Nova Pangaea has conducted production trials at its SAF demonstration plant in Teesside, northeast England. It plans to carry out more trials next year to finalise the design of its proposed 90,000 t/yr commercial plant in Teesside, targeting operations by 2031.

Synhelion has selected Saipem to carry out pre-front end engineering and design (pre-FEED) work for its planned 30,000 t/yr e-fuels plant, including e-SAF, e-diesel and e-gasoline, at Hurth-Knapsack in western Germany.

Canadian developer SAF+ International is raising funds to support FEED studies for its planned 75,000 t/yr e-SAF project at Port-la-Nouvelle in southern France. The project's total cost is estimated at $763mn.

Dutch developer Power2X and logistics company Advario plan to increase capacity for their Rotterdam e-SAF project to 32,000 t/yr from 25,000 t/yr, targeting start-up in 2031. The companies have applied for a permit allowing them to increase the capacity.

US firm Arcadia has signed an offtake deal with Germany-based distributor MB Energy to supply e-SAF to airlines.

North America

US-based renewable fuels producer Gevo has cancelled its 60mn USG/yr (172,846 t/yr) SAF project at Lake Preston, South Dakota, but plans to start commercial operations next year at its biofuels plant in Richardton, North Dakota. The facility includes a 75mn USG/yr (224,002 t/yr) ethanol unit, with part of its output intended for a 30mn USG/yr (86,423 t/yr) SAF unit, expanding to 150mn USG/yr (448,004 t/yr) in 2028, supported by Ara Energy's investment earlier this year.

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US e-fuels producer Infinium has delivered blended e-SAF to American Airlines flights from Corpus Christi International Airport to Dallas Fort Worth Airport. The fuel is supplied by Infinium's 2,332 t/yr e-SAF plant in Corpus Christi, Texas.

Latin America

Brazilian producer Oleplan in August expanded biodiesel capacity at its Iraquara plant in Bahia to 1.65mn litres/d (529,980 t/yr) from 1.3mn litres/d (417,560 t/yr).

Brazilian state-run Petrobras has received approval from regulator ANP to increase co-processing of renewable feedstocks at its 252,000 b/d Revap refinery in Sao Paulo to 1pc from 0.8pc. The renewable output is directed at the Reduc refinery to produce 10,500 b/d of co-processed RD and SAF.

Brazilian biodiesel producer Binatural plans to increase capacity to 1.35mn litres/d (433,620 t/yr) from 1mn litres/d (321,200 t/yr) at its Simoes Filho plant in Bahia state, but is still awaiting ANP regulatory approval.

Asia-Pacific

DS Dansuk subsidiary DS Orvion has announced plans to build a 300,000 t/yr RD and SAF project at Gunsan in North Jeolla province, South Korea, with operations expected to start around 2030.

Japanese refiner Eneos and paper producer Nippon Paper have partnered to build a pilot 300 litres/d (86 t/yr) bioethanol plant at Nippon Paper's Fuji mill in central Japan, with commercial trials planned to begin in the 2027 financial year.

Hong Kong-headquartered Ecoceres has supplied SAF for SF Airlines' freighter fleet at Ezhou Huahu International Airport, with China National Aviation Fuel Group handling fuel blending and delivery under its commercial fuelling programme for air cargo operations in China.

Chinese bioenergy firm Beijing Haixin Energy has supplied locally produced UCO-based SAF to Air China flights at Beijing Capital International Airport.

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