Ethanol & Biodiesel Information Service

Pricing, News and Analysis for Buying and Supplying Ethanol-Blended Fuel and Biodiesel

OPIS By IHS Markit

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Ethanol Futures (cts/gal contract price)

	January 2019	February 2019	March 2019	April 2019
CBOT	127.40	128.10	130.10	131.90

Settlement Thursday, January 3, 2019 *Source: Chicago Board of Trade*

Ethanol & Gasoline Component Spot Market Prices

U.S. RINs *(prices in U.S. $/RIN)*

	Fri. 12/28	Mon. 12/31	Tues. 01/01	Wed. 01/02	Thurs. 01/03	Wkly. Avg.
U.S. Ethanol RINs						
Current Yr	0.2050-0.2100	0.2050-0.2100	Holiday	0.2300-0.2450	0.2000-0.2200	0.21563
Previous Yr	0.1750-0.1800	0.1750-0.1800	Holiday	0.1950-0.2075	0.1700-0.1900	0.18406
U.S. Cellulosic RINs						
Current Yr	1.9400-1.9600	1.9400-1.9600	Holiday	1.9400-1.9600	1.9100-1.9500	1.94500
Previous Yr	1.8800-1.9200	1.8800-1.9200	Holiday	1.9300-1.9500	1.9000-1.9400	1.91500
U.S. Biodiesel RINs						
Current Yr	0.5200-0.5500	0.5400-0.5600	Holiday	0.5600-0.5800	0.5750-0.5800	0.55813
Previous Yr	0.4600-0.4900	0.4800-0.5000	Holiday	0.5450-0.5700	0.5600-0.5700	0.52188
U.S. Advanced Biofuel RINs						
Current Yr	0.4700-0.5150	0.4900-0.5250	Holiday	0.5300-0.5700	0.5400-0.5700	0.52625
Previous Yr	0.4200-0.4600	0.4400-0.4700	Holiday	0.4950-0.5350	0.5000-0.5400	0.48250

Chicago *(prices in U.S. $/gal.)*

	Fri. 12/28	Mon. 12/31	Tues. 01/01	Wed. 01/02	Thurs. 01/03	Wkly. Avg.
Ethanol	1.2300-1.2325	1.2200-1.2375	Holiday	1.2450-1.2500	1.2525-1.2600	1.24094
DP ETH	1.2300-1.2325	1.2200-1.2375	Holiday	1.2450-1.2500	1.2500-1.2550	1.24000
B100 SME	2.6000-2.9000	2.6000-2.9000	Holiday	2.5900-2.8900	2.5700-2.8700	2.74000
RBOB Unl	1.1364-1.2014	1.1771-1.1971	Holiday	1.1956-1.2431	1.2395-1.2845	1.20934
RBOB Pre	1.3964-1.4614	1.4371-1.4571	Holiday	1.4556-1.5031	1.4995-1.5445	1.46934
CBOB Unl	1.1014-1.1664	1.1421-1.1621	Holiday	1.1606-1.2081	1.2045-1.2495	1.17434
ULSD	1.4104-1.5404	1.4294-1.5594	Holiday	1.3806-1.5556	1.4220-1.5820	1.48498

Chicago Rule 11 *(prices in U.S. $/gal.)*

	Fri. 12/28	Mon. 12/31	Tues. 01/01	Wed. 01/02	Thurs. 01/03	Wkly. Avg.
Current Yr	1.2550-1.2650	1.2400-1.2650	Holiday	1.2650-1.2750	1.2725-1.2750	1.26406

See page 2 for more spot pricing locations ▶

Ethanol Market Overview:

Producer pullback helps buttress market rally

As trading emerged from the holidays and moved into the first week of the new year, ethanol markets continued to push higher and U.S. Energy Information Administration data released Friday that showed sharply lower production over the Christmas week helped support the firmer values.

Slow, disjointed physical trading often emerges with extended breaks and end-of-year posturing that can make ethanol trading volatile, but the market remained firmer into 2019. And the back-to-back holidays that delayed EIA ethanol reports for two straight weeks left many spot players wary of engaging in the market without the usual governmental supply readings.

But when EIA data – normally issued on Wednesday – emerged on Friday, it showed an expected drop in ethanol output – in fact, a decline that was above what most analysts and market watchers had expected. U.S. plants produced an average of 1.011 million b/d in the week ended Dec. 28, down 31,000 b/d, or 3%, from the week before as well 2% below the same week in 2017.

Ethanol production, by EIA's count, closed out the last full week of December down more than 5.4% month on month.

continued on page 3

In Each Issue ...

Ethanol & Gasoline Component Spot Market Prices (prices in U.S $/gal.)

Gulf Coast

	Fri. 12/28	Mon. 12/31	Tues. 01/01	Wed. 01/02	Thurs. 01/03	Wkly. Avg.
Ethanol	1.3300-1.3400	1.3200-1.3400	Holiday	1.3300-1.3600	1.3400-1.3600	1.34000
B100 SME	2.5000-2.7600	2.5000-2.7600	Holiday	2.5200-2.7800	2.5000-2.7600	2.63500
RBOB Unl	1.2324-1.2339	1.2281-1.2381	Holiday	1.2581-1.2656	1.2820-1.2920	1.25378
RBOB Pre	1.3524-1.3539	1.3481-1.3581	Holiday	1.3781-1.3856	1.4045-1.4145	1.37440
CBOB Unl	1.2149-1.2164	1.2196-1.2296	Holiday	1.2456-1.2531	1.2645-1.2770	1.24009
Unleaded	1.2564-1.2599	1.2556-1.2656	Holiday	1.2856-1.2956	1.3095-1.3145	1.28034
ULSD	1.5579-1.5604	1.5744-1.5844	Holiday	1.6031-1.6061	1.6470-1.6530	1.59829
61ULSD	1.5579-1.5604	1.5744-1.5844	Holiday	1.6031-1.6061	1.6470-1.6530	1.59829

New York

	Fri. 12/28	Mon. 12/31	Tues. 01/01	Wed. 01/02	Thurs. 01/03	Wkly. Avg.
Ethanol	1.4000-1.4300	1.4000-1.4300	Holiday	1.4000-1.4300	1.4300-1.4400	1.42000
ITT ETH	1.4000-1.4300	1.4000-1.4300	Holiday	1.4000-1.4300	1.4300-1.4400	1.42000
Ethanol Fwd	1.3950-1.4050	1.4050-1.4150	Holiday	1.3900-1.4100	1.4300-1.4400	1.41125
B100 SME	2.6300-2.8700	2.6300-2.8700	Holiday	2.6500-2.8900	2.6300-2.8700	2.75500
RBOB Unl	1.3364-1.3464	1.3421-1.3471	Holiday	1.3481-1.3556	1.3680-1.3695	1.35165
RBOB Pre	1.4614-1.4714	1.4621-1.4721	Holiday	1.4806-1.4906	1.5045-1.5145	1.48215
CBOB Unl	1.3364-1.3464	1.3421-1.3471	Holiday	1.3506-1.3606	1.3670-1.3770	1.35340
CBOB Pre	1.4814-1.4914	1.4821-1.4921	Holiday	1.5106-1.5206	1.5345-1.5445	1.50715
ULSD	1.6579-1.6679	1.6769-1.6869	Holiday	1.6956-1.7056	1.7370-1.7470	1.69685

Los Angeles

	Fri. 12/28	Mon. 12/31	Tues. 01/01	Wed. 01/02	Thurs. 01/03	Wkly. Avg.
Ethanol	1.4800-1.5000	1.4800-1.5000	Holiday	1.4700-1.5000	1.4700-1.5000	1.48750
CARBOB - R	1.5364-1.5464	1.5421-1.5521	Holiday	1.5456-1.5956	1.5245-1.5345	1.54715
CARBOB - P	1.6264-1.6364	1.6321-1.6421	Holiday	1.6356-1.6856	1.6145-1.6245	1.63715
ULSD	1.6629-1.6679	1.6794-1.6894	Holiday	1.7006-1.7106	1.7420-1.7520	1.70060

Nebraska *(fob Railcar)*

	Fri. 12/28	Mon. 12/31	Tues. 01/01	Wed. 01/02	Thurs. 01/03	Wkly. Avg.
Ethanol	1.1800-1.1900	1.1800-1.2000	Holiday	1.1700-1.2000	1.1800-1.2000	1.18750

Tampa

	Fri. 12/28	Mon. 12/31	Tues. 01/01	Wed. 01/02	Thurs. 01/03	Wkly. Avg.
Ethanol	1.4800-1.5000	1.4800-1.5100	Holiday	1.4800-1.5200	1.4900-1.5200	1.49750

Dallas

	Fri. 12/28	Mon. 12/31	Tues. 01/01	Wed. 01/02	Thurs. 01/03	Wkly. Avg.
Ethanol	1.3400-1.3600	1.3400-1.3700	Holiday	1.3500-1.3900	1.3600-1.4000	1.36375

San Francisco

	Fri. 12/28	Mon. 12/31	Tues. 01/01	Wed. 01/02	Thurs. 01/03	Wkly. Avg.
Ethanol	1.4800-1.5000	1.4800-1.5000	Holiday	1.4700-1.5000	1.4700-1.5000	1.48750

Washington

	Fri. 12/28	Mon. 12/31	Tues. 01/01	Wed. 01/02	Thurs. 01/03	Wkly. Avg.
Ethanol	1.4450-1.4500	1.4450-1.4500	Holiday	1.4200-1.4500	1.4200-1.4500	1.44125

Methodology and Definitions:

OPIS derives ethanol, gasoline and biodiesel prices from many means, including surveying buyers and sellers via phone/e-mail, and receiving postings electronically from producers and purchasers. While OPIS makes best efforts to ensure the accuracy and timeliness of its prices, it in no way guarantees either the accuracy or timeliness of any of the data included herein. Definitions are as follows:

Ethanol Spot Price (Bulk Barge/Rail): These are large quantity pure ethanol deals transacted or being discussed in certain FOB markets.

Brazil Ethanol: Undenatured anhydrous ethanol cargoes, FOB Brazil terminals for export, typically 50,000 bbl or more available 5-30 days from the date of publication. The assessment generally reflects price at the Santos export terminal, though others may be used for assessment purposes.

Block Term Contract Values: These are the three-to-six month contract deals between large buyers and sellers of pure ethanol. Some are done as fixed, and those deals are reported in the "Fixed" column. Other deals are done based on a differential to certain gasoline benchmarks (usually conventional spot unleaded). Those formulae are tracked and reported by market each week in the "Formula"column and calculated (based on the closing Thursday price of the gasoline benchmark) to arrive at a "Formula Calculated" price. All deals ("Fixed" and "Formula") are reported from a weighted average survey.

Bulk Truck Spot Prices (Rack): These are the prices for truck quantities of pure ethanol at storage points in the given market. These prices are not posted – they are offered to buyers given supply and demand dynamics at prices discovered and published by OPIS.

Splash Blend Rack Prices: These are the average of the Thursday closing price that producers and resellers are posting at various rack locations. Typically prices are for small quantities that marketers pull to blend into gasoline to create and deliver ethanol-blended gasoline to accounts.

Splash Blend Producer Prices: These are the average of the Thursday closing price that producers (not resellers) are posting at various rack locations. Typically prices are for small quantities that marketers pull to blend into gasoline to create and deliver ethanol-blended gasoline to accounts.

Low Carbon Fuel Standard Credits: Traded in U.S. dollars per metric ton of carbon dioxide (CO2), this represents the daily traded price range or range of bids and offers on carbon credits generated for compliance under California's Low Carbon Fuel Standard program implemented by the California Air Resources Board. Trading is for credits transferable in the current calendar year, until the last month of the year when deals for the following year may also be considered.

California Low Carbon Fuel Standard

Carbon Credit: $/MT; Carbon Intensity Pts: $/CI; Carbon Credit per Gallon Diesel: $/gal; Carbon Credit per Gallon Gasoline: $/gal)

	Fri. 12/28	Mon. 12/31	Tues. 01/01	Wed. 01/02	Thurs. 01/03	Wkly. Avg.
Carb Credit	196.000-199.000	194.000-196.000	Holiday	194.000-196.000	191.000-196.000	195.2500
CI Pts BD	0.0247-0.0251	0.0245-0.0247	Holiday	0.0245-0.0247	0.0241-0.0247	0.02463
CI Pts Eth	0.01598-0.01622	0.01581-0.01598	Holiday	0.01581-0.01598	0.01557-0.01598	0.015916
CC Dsl	0.0941-0.0955	0.0931-0.0941	Holiday	0.1638-0.1655	0.1613-0.1655	0.12911
CC Gas	0.1460-0.1482	0.1445-0.1460	Holiday	0.1760-0.1778	0.1733-0.1778	0.16120
CC Dsl 95	0.0894-0.0908	0.0885-0.0894	Holiday	0.1556-0.1572	0.1532-0.1572	0.12266
CC Gas 90	0.1314-0.1334	0.1300-0.1314	Holiday	0.1584-0.1600	0.1560-0.1600	0.14508

Oregon Clean Fuels Program

Carbon Credit: $/MT; Carbon Intensity Pts: $/CI; Carbon Credit per Gallon Diesel: $/gal; Carbon Credit per Gallon Gasoline: $/gal)

	Fri. 12/28	Mon. 12/31	Tues. 01/01	Wed. 01/02	Thurs. 01/03	Wkly. Avg.
Carb Credit	130.000-145.000	130.000-145.000	Holiday	130.000-145.000	130.000-145.000	137.5000
CI Pts BD	0.0155-0.0173	0.0155-0.0173	Holiday	0.0155-0.0173	0.0155-0.0173	0.01644
CI Pts Eth	0.01060-0.01182	0.01060-0.01182	Holiday	0.01060-0.01182	0.01060-0.01182	0.011210
CC Dsl	0.0531-0.0593	0.0531-0.0593	Holiday	0.0259-0.0289	0.0259-0.0289	0.04180
CC Gas	0.0495-0.0552	0.0495-0.0552	Holiday	0.0234-0.0261	0.0234-0.0261	0.03855
CC Dsl 95	0.0505-0.0563	0.0505-0.0563	Holiday	0.0246-0.0274	0.0246-0.0274	0.03970
CC Gas 90	0.0446-0.0497	0.0446-0.0497	Holiday	0.0211-0.0235	0.0211-0.0235	0.03473
Eth CI 69.89	1.4800-1.5000	1.4800-1.5000	Holiday	1.4700-1.5000	1.4700-1.5000	1.48750

That was enough to help cash values add some end-of-the-week lift to prices that had gradually firmed in post-Christmas trading. And there continued to be talk in the market about more plants pulling back or even suspending operations. While Pacific Ethanol refuted some market reports that its 110-million-gal Aurora, Neb., plant is poised to join its 45-million-gal Aurora East sister plant in downtime, the talk persisted.

In any case, heading into the latter half of last week spot ethanol trading in Chicago had nearby transfer values pushing $1.26/gal for in-tank material available this week – which had nearby ethanol values climbing as much as 4cts from end-of-2018 trading and picking up 9cts since the recent lows reached before Christmas. In fact, the new year kicked off with some of the highest spot ethanol values seen in Chicago since Thanksgiving.

Dead-prompt talks in Chicago indicated $1.255/gal at the time, which appeared a half-penny or so firmer than any-January volume. Still, Chicago contango to next month remained in place with any-February material last talked up to $1.28/gal by the latter half of last week.

The nearby ethanol in Chicago led the way higher in the new year, but with stubbornly heavy supplies in the region it had also been the most depressed U.S. ethanol market over the latter half of 2018.

Elsewhere, some New York Harbor ethanol for January via barge traded $1.42/gal at midweek, but talks put it in the $1.435-$1.44/gal range at last look. Westbound markets revealed California railcars finding little interest as 2019 began, but Washington cars traded at $1.43/gal before late offers rose to $1.45/gal.

Weak petroleum markets and wavering corn values through most of December weighed on ethanol values through most of last month, but over the last week those markets stabilized and even started to gain some ground.

Total ethanol on hand nationwide at 23.162 million bbl inched up just 29,000 bbl against the week before, and that was courtesy of a fat 509,000-bbl build – up 6.7% on the week – in Midwest supply. All other regions had inventory slipping week to week, including a 360,000-bbl draw on Gulf Coast ethanol stocks.

Still, compared with the same time of last year, inventory remains at a 2.4% surplus as the book is closed on the final full week of 2018.

Blender net input of ethanol outpaced the same year-ago week, by 1.5%, but at 868,000 b/d it sagged to a low not seen since the week ended Feb. 2, plunging 67,000 b/d, or 7.2%, from the week before Christmas. Conventional gasoline blending with ethanol shed 388,000 b/d over the week at 5.542 million b/d.

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CARB's proposed 2018 LCFS amendments win state approval on Friday

The California Air Resources Board's (CARB) proposed 2018 amendments to the Low Carbon Fuel Standard (LCFS) program were approved late Friday by state's Office of Administrative Law (OAL), a move that appears to put to rest questions that raged last week over whether the agency's revised 2019 carbon intensity (CI) targets legally took effect on Jan. 1.

The sweeping package of amendments – approved by CARB in September – updated regulations adopted in 2015 and extended the program by 10 years through 2030 with the CI-reduction target raised to 20% from 10% from a 1990 baseline.

Under the amendments, CARB also relaxed the 2019, 2020 and 2021 CI targets for gasoline and diesel from the levels set in the 2015 rule to reduce the likelihood of "unnecessarily high short-run credit prices" that staff believed could occur if the stricter 2015 targets were retained.

California's OAL is responsible for ensuring that all state regulations are necessary and legally valid and must approve any regulation before it can take effect.

But according to OAL's website, CARB withdrew the proposed 2018 changes to the LCFS on Dec. 31, a move that agency officials characterized as driven more by procedural than policy issues. At midweek, the agency resubmitted 2018 package and asked OAL to grant "an early effective date" for the amendments.

In making that request, CARB told OAL that if it does not grant the early effective date request, then the agency may be forced to apply "two different standards for different parts of 2019," a move that "would be very likely to cause a significant disruption to the LCFS market."

"Specifically, regulated entities would likely face confusion in business interactions regarding the applicable LCFS value of fuels sold into the California market, which could be compounded by volatility in the LCFS credit price."

In addition, CARB told OAL that the LCFS credit price is now near "a historic high" of around $200 and warned that "delaying the effective date of the amendments contrary to market expectations would likely cause the price to rise very significantly and could be a destabilizing shock to not only the LCFS credit market, but also the statewide transportation fuel market."

Uncertainty over which set of CI reductions legally took effect on Jan. 1 has left program participants to question which targets they must now be meeting – the relaxed 2018 numbers or the deeper reductions set out in the 2015 rules.

Under the 2015 targets, which would apparently be in effect if the 2018 amendments are not approved, the target CIs for gasoline and diesel would be 91.08 and 94.36, respectively. In addition, the older rule set the current CI for gasoline and diesel at 99.78 and 102.01, respectively.

The 2018 CI target for gasoline was more lenient at 93.23, while the diesel target only modestly tighter at 94.17. The 2018 current CI for gasoline is 100.82 and 100.45 for diesel.

While the changes between the two versions may not appear to be significant, they are sizable enough – particularly given that the price of LCFS credits have lately ranged from $190 to $200 – to result significant changes in both the cost of complying with the program and the value of carbon intensity reductions.

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Shell swells Brazil-to-Cal ethanol imports

Goaded by California's low-carbon fuel regulations, U.S. ethanol imports gradually reemerged in the latter half of 2018 and the government's recently released company-specific data revealed Shell Oil stepping up to take the lead heading into last year's fourth quarter.

Shell's Shell USA Trading arm imported 10.5 million gal of ethanol from Brazil to California over October, according to the latest Energy Information Administration figures on fuel-related imports – the first time that the Anglo-Dutch oil major delved into ethanol imports to the U.S. since November 2017. The Shell shipments came in two loads,

In Key Markets

Ethanol Buying Prices

City, State	Ethanol Spot Price (Bulk Barge/Rail)	-------- Block Term Q4-Q1 Contract Values -------- Fixed	Formula	Formula (calculated)	Bulk Truck Spot Prices (rack)	Splash Blend Rack Price	Splash Blend Producer Prices
Albany, NY	137.50	147.50			140.50	N/A	N/A
Houston, TX	135.00	160.50	NYMEX RBOB Unl -48.75	86.20	139.00	N/A	N/A
New Haven, CT	147.00	167.50	NYMEX RBOB Unl -45.75	89.20	N/A	N/A	N/A
New York, NY	143.50	164.00	NYMEX RBOB Unl -49.25	85.70	146.50	N/A	N/A
Chicago, IL	125.63	155.00	NYMEX RBOB Unl -58	76.95	129.00	130.00	130.00
Louisville, KY	127.50	N/A	N/A	N/A	132.50	N/A	N/A
Minneapolis, MN	124.00	N/A	N/A	N/A	130.00	137.19	136.75
St. Louis, MO	128.00	156.50	NYMEX RBOB Unl -54.5	80.45	133.00	182.72	N/A
Los Angeles, CA (79.9)	148.50	166.00	NYMEX RBOB Unl -33.5	101.45	156.00	N/A	N/A
Phoenix, AZ	140.50	162.00	NYMEX RBOB Unl -38.5	96.45	144.00	150.00	150.00
San Francisco, CA (79.9)	148.50	166.00	NYMEX RBOB Unl -33.5	101.45	156.00	N/A	N/A
Washington	143.50	N/A	N/A	N/A	N/A	N/A	N/A

Ethanol Truck & Spot Prices

City, State	Spot Prices (Rack)	Rack Price	Producer Prices
Cleveland, OH	134.50	137.65	N/A
Decatur, IL	127.00	N/A	N/A
Des Moines, IA	124.50	132.93	132.68
Doniphan, NE	121.00	140.15	137.60
Fargo, ND	121.00	138.66	137.50
Indianapolis, IN	131.00	N/A	N/A
Kansas City, KS	122.00	143.92	147.15
Madison, WI	130.00	147.84	N/A
Omaha, NE	122.00	132.10	135.63
Peoria/Pekin, IL	126.00	N/A	N/A
Sioux City, IA	124.00	135.52	132.50
Sioux Falls, SD	123.00	141.07	147.20
Topeka, KS	123.50	149.81	148.94
Wichita, KS	124.50	154.74	151.69
Denver, CO	135.00	143.5	144.00

one of 6.216 million gal and a second of 4.284 million gal that both landed in Los Angeles.

Eco-Energy remained an importer of Brazilian ethanol for the third month in a row, according to EIA, taking 8.988 million gal over October into San Francisco.

Altogether, EIA company-specific ethanol imports came to 19.488 million gal in October and that is more than 13-fold increase over the month before and more than six times the import level EIA recorded for the same 2017 month.

National Renewable Fuels Averages

Ethanol Spot	Ethanol Rack w/ RIN	Ethanol Blended Rack Gasoline (10%)	E-85 Racks	E-85 Retail (w/ tax)	
130.782	150.089	143.271	134.405	237.639	
B100 w/ RIN	**B20 w/ ULSD**	**B15 w/ ULSD**	**B10 w/ ULSD**	**B5 w/ ULSD**	**B2 w/ ULSD**
348.338	185.474	168.009	--.--	179.517	169.961

Key Renewable Fuels Regional Averages

Northeast

Ethanol Spot	Ethanol Rack w/ RIN	Ethanol Blended Rack Gasoline (10%)	E-85 Racks	E-85 Retail (w/ tax)	
143.500	--.--	146.032	142.530	276.481	
B100 w/ RIN	**B20 w/ ULSD**	**B15 w/ ULSD**	**B10 w/ ULSD**	**B5 w/ ULSD**	**B2 w/ ULSD**
341.000	188.172	186.060	--.--	179.565	182.181

Southeast

Ethanol Spot	Ethanol Rack w/ RIN	Ethanol Blended Rack Gasoline (10%)	E-85 Racks	E-85 Retail (w/ tax)	
143.500	148.137	139.905	140.463	216.705	
B100 w/ RIN	**B20 w/ ULSD**	**B15 w/ ULSD**	**B10 w/ ULSD**	**B5 w/ ULSD**	**B2 w/ ULSD**
320.450	174.403	183.100	--.--	175.779	173.350

Gulf Coast

Ethanol Spot	Ethanol Rack w/ RIN	Ethanol Blended Rack Gasoline (10%)	E-85 Racks	E-85 Retail (w/ tax)	
135.000	169.790	136.005	138.815	191.336	
B100 w/ RIN	**B20 w/ ULSD**	**B15 w/ ULSD**	**B10 w/ ULSD**	**B5 w/ ULSD**	**B2 w/ ULSD**
362.420	165.328	163.943	--.--	175.617	169.080

Midwest

Ethanol Spot	Ethanol Rack w/ RIN	Ethanol Blended Rack Gasoline (10%)	E-85 Racks	E-85 Retail (w/ tax)	
122.315	140.532	135.684	125.269	182.956	
B100 w/ RIN	**B20 w/ ULSD**	**B15 w/ ULSD**	**B10 w/ ULSD**	**B5 w/ ULSD**	**B2 w/ ULSD**
309.267	167.611	156.365	--.--	166.017	164.335

Rockies

Ethanol Spot	Ethanol Rack w/ RIN	Ethanol Blended Rack Gasoline (10%)	E-85 Racks	E-85 Retail (w/ tax)	
135.000	149.938	143.952	127.347	350.504	
B100 w/ RIN	**B20 w/ ULSD**	**B15 w/ ULSD**	**B10 w/ ULSD**	**B5 w/ ULSD**	**B2 w/ ULSD**
348.000	168.593	--.--	--.--	172.119	170.084

West Coast

Ethanol Spot	Ethanol Rack w/ RIN	Ethanol Blended Rack Gasoline (10%)	E-85 Racks	E-85 Retail (w/ tax)	
140.500	155.000	191.837	205.967	296.883	
B100 w/ RIN	**B20 w/ ULSD**	**B15 w/ ULSD**	**B10 w/ ULSD**	**B5 w/ ULSD**	**B2 w/ ULSD**
427.667	226.152	--.--	--.--	217.590	--.--

Biodiesel imports also jumped month-to-month, largely on the growth in Archer Daniels Midland imports from Germany. The ag-processing giant imported 13.062 million gal of biodiesel during October – up 47.4% from its September imports – including a 5.964 million-gal shipment to Newark, N.J., and a 2.982 million-gal load into Savannah, Ga., that both came from Germany. The company also shipped 3.78 million gal from Canada to International Falls, Minn., over October as well as 336,000 gal into Eastport, Idaho.

Shell also did some biodiesel importing from Canada during the month, with 1.932 million gal about 2.2% more than it absorbed in September. Shell shipped 1.218 million gal to Port Huron, Mich., another 504,000 gal to Buffalo-Niagara Falls, N.Y., and 210,000 gal to Blaine, Wa. Targray Marketing added a smattering of Canadian biodiesel, 420,000 gal delivered to Detroit and 42,000 gal to Blaine. BIOX USA sent 42,000 gal to Buffalo Niagara during the month.

U.S. biodiesel imports totaled 15.54 million gal during October, a 33.6% jump over the level EIA reported in September but still nearly 4.2% less than the agency reported for the same month last year. The majority of biodiesel for the latest month came from Germany – 8.946 million gal – with the 6.594-million-gal balance coming from Canada.

Also in October, renewable diesel imports climbed 5.3% from the month before as Neste upped its deliveries from Singapore to 14.322 million gal. All the renewable diesel imports went into California, with Long Beach swallowing a 4.872-million-gal delivery, 4.62 million gal landing in Los Angeles, 3.36 million gal in Richmond and 1.47 million gal in Selby.

Against year-ago shipments, U.S. renewable diesel imports dropped 11.9%.

Meantime, imports of ethers also expanded in October with a large increase in in the influx of ethanol-based ETBE which more than quadrupled month to month. The 13.188 million gal of ETBE that Lyondell Chemical Worldwide delivered into Houston over October included a pair of deliveries from the Netherlands, at 4.788 million gal and 4.116 million gal, along with 2.394 million gal and 1.89 million gal loads arriving from Brazil.

Trafigura imported a couple of shipments of Brazilian MTBE to Houston in October, 966,000 gal and 756,000 gal, but the 1.722 million gal import total represented 6.8% less than the previous month.

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Iowa biodiesel output hits record level in 2018

Biodiesel plants operating in Iowa jumped production 28% last year and reached an all-time high, the Iowa Renewable Fuels Association (IRFA) reported last week.

Iowa-based plants that numbered a dozen biodiesel producers last year made a record 365 million gal in 2018, up from 285 million gal produced in 2017.

That is also up from the previous 297-million-gal record plants in the state produced in 2016, according to IRFA.

IRFA Executive Director Monte Shaw attributed the year-on-year gain to "the plummeting level of biodiesel imports following a verdict against Argentina and Indonesia for illegally subsidizing imports to the U.S."

"In previous years American biodiesel producers struggled to compete against unfairly subsidized and dumped imports," Shaw said in a statement. "This record-breaking year of production proves that when the playing field is level, U.S. biodiesel producers can successfully fulfill domestic demand."

U.S. biodiesel imports have tumbled since the U.S. Department of Commerce in August 2017 issued a preliminary finding that Argentina and Indonesia subsidize biodiesel imported into the U.S. As a result, importers are required to pay steep duties on biodiesel exported to the U.S.

Weekly Biofuels Stock Performance

Company	Symbol		1/3/19	12/27/18	change	% change
Adecoagro SA	AGRO	⇧	6.95	6.78	$0.17	2.51%
Aemetis	AMTX	⇩	0.62	0.71	-$0.09	-12.68%
The Andersons, Inc.	ANDE	⇧	30.90	29.47	$1.43	4.85%
Archer Daniels Midland	ADM	⇩	40.77	40.96	-$0.19	-0.46%
Bunge	BG	⇧	53.41	53.29	$0.12	0.23%
Cielo Waste Solutions Corp	CMC.CN	⇩	0.12	0.13	-C$0.02	-11.54%
Cosan	CZZ	⇧	9.33	8.71	$0.62	7.12%
Darling Ingredients	DAR	⇧	19.12	19.07	$0.05	0.26%
FutureFuel Corp.	FF	⇧	15.65	15.60	$0.05	0.32%
GEVO	GEVO	⇧	2.16	2.11	$0.05	2.37%
Green Plains	GPRE	⇧	13.32	12.87	$0.45	3.50%
Marathon Petroleum Corporation	MPC	⇩	58.77	59.10	-$0.33	-0.56%
Neste	NESTE.HE	⇧	70.14	66.72	€3.42	5.13%
Novozymes	NVZMY	⇩	43.47	44.53	-$1.06	-2.38%
Pacific Ethanol	PEIX	⇧	1.00	0.86	$0.14	16.32%
Renewable Energy Group	REGI	⇧	25.39	25.21	$0.18	0.71%
REX American Resources	REX	⇧	66.79	64.96	$1.83	2.82%
Valero Energy	VLO	⇩	74.20	74.63	-$0.43	-0.58%
Velocys	VLS.L	⇩	4.75	5.00	-£0.25	-5.01%
DJIA	DJI	⇩	22,686.22	23,138.82	-$452.60	-1.96%

Iowa's biodiesel production accounted for nearly 20% of total U.S. production in 2018, IRFA said.

Shaw said the state has untapped potential and could be producing more biodiesel if the renewable volume obligation for biodiesel set under the Renewable Fuel Standard (RFS) at least mirrored projected consumption and were not undermined by small-refinery exemptions (SREs).

"We are extremely excited and proud of what was accomplished last year, but the fact remains we still have unused capacity," Shaw said. "Iowa's biodiesel plants are ready to grow and produce beyond expectations, and 2018 proved that when the law is enforced equitably they can do just that. But when producers are hampered by timid RFS levels or demand-destroying exemptions they cannot achieve their full potential."

The state's 12 biodiesel plants have the capacity to produce 400 million gal annually, IRFA said.

IRFA said soybean oil remained the leading biodiesel feedstock in Iowa, accounting for 81% of production, up from 74% in 2017. Animal fats slipped to roughly 5% of production from 11% in 2017. Distillers corn oil was used as a feedstock for 10% of production, unchanged from 2017. Used cooking oil accounted for the about 4%, increasing marginally from 3% in 2017.

In addition to its 12 biodiesel plants, Iowa has 44 ethanol refineries capable of producing 4.4 billion gal annually, including more than 60 million gal of annual cellulosic ethanol production capacity.

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Stock Market Movers

Andersons closes on purchase of Lansing Trade Group

The Andersons has completed its acquisition of Overland, Kan.-based agricultural and energy commodities trader Lansing Trade Group, the Ohio-based agricultural company and ethanol producer said last week.

The Andersons, which had owned a roughly one-third share in Lansing, paid about $324 million in cash and stocks for the remaining stake in the company. The acquisition was announced in mid-October.

"With the completion of this acquisition, we have significantly bolstered our position in the domestic agricultural marketplace," Andersons President and CEO Pat Bowe said in a statement. "We are confident that acquiring these assets, and especially hundreds of very talented people, will allow us to compete more successfully, provide greater value to more customers across an expanded platform, and grow more profitably."

In October, the Andersons said the deal would expand its presence in the western Corn Belt, western Canada, the Great Plains and eastern Canada.

The transaction also results in the consolidation of Thompsons Ltd., an Ontario-based grain marketing, agricultural and food products firm. Lansing and the Andersons had jointly owned the company. The Andersons also assumed roughly $160 million of Lansing and Thompsons' long-term debt.

The Andersons on Wednesday said it signed a three-year employment agreement with former Lansing President and CEO Bill Krueger.

Most of Lansing's business operations will be folded within the Andersons Grain Group, forming a business division to be known as The Andersons Trade Group. The combined operation is being jointly led by Corey Jorgenson, who will serve as president, assets and originations, and Krueger, who will be president of the group's commodities and merchandising unit.

Lansing is one of the country's larger independently owned physical trading companies, focusing on whole grains, feed ingredients, including distillers dried grains. It also trades ethanol and natural gas liquids.

Maumee, Ohio-based Andersons is a diversified agriculture-related company that has businesses in the grain, ethanol, plant nutrient and rail sectors.

The company operates four ethanol plants in Indiana, Michigan, Ohio and Iowa that have a combined annual capacity of more than 475 million gal.

The Andersons has scheduled its fourth-quarter earnings call for Feb. 14.

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Inside Washington:

Environment a top issue for new U.S. House majority

U.S. House Democrats signaled late last week that their takeover of that chamber will bring a new focus to global warming as the 116th Congress was sworn in amid a partial shutdown of the federal government.

The party elected Rep. Nancy Pelosi (D-Calif.) speaker, and Rep. Frank Pallone (D-N.J.) was chosen as chairman of the powerful Commerce and Energy Committee. Both announced that climate change topped their list of priorities.

In her opening remarks to Congress on Thursday, Pelosi put climate change front and center as she announced the creation of a select committee on climate crisis.

"[We must face] the existential threat of our time, the climate crisis, a crisis manifested in natural disasters of epic proportion," she said. "The American people understand the urgency. The people are ahead of the Congress.

The Congress must join them. The entire Congress must work to put an end to the inaction and denial of science that threaten the planet and the future."

Republicans dissolved the select committee on climate change in 2011. Although the revived committee would not have any legislative authority, Democrats likely would use the panel to call attention to global warming issues and that could cast the Renewable Fuel Standard (RFS) in a better light, sources told OPIS shortly after the midterm elections.

The biofuels industry is hoping it will benefit from the renewed attention to climate change. One source said Pelosi has been a "fierce defender of the RFS,"

including corn ethanol, which remains the workhorse of the program. "So, all things RFS, which is the nation's only federal carbon law, will get a dramatically different review under the Democrats" than they did from oil-state Republicans.

Pallone, who has been critical of EPA's decision in 2018 to grant a record number of small refinery exemptions (SREs) under the RFS, on Thursday said the first hearing his committee has scheduled will be on the environmental and economic impacts of climate change.

"There is no more pressing issue for our economy, our communities and our planet than climate change, and this is the first of many hearings the Committee will hold on this growing crisis," Pallone said in a statement Thursday.

Pallone has said in the past that he supports the "judicious use of waivers as appropriate under law to relieve the burden on small refiners facing real hardship," he argued that the number of exemptions granted under former EPA Administrator Scott Pruitt "seem to have gone far beyond the scope of the law to include refineries that are neither small nor in financial distress. That is absolutely not the way to address problems with RFS implementation."

The federal government faces its third week of a partial shutdown, which has resulted in the furlough of EPA employees. The agency website, which normally reports statistics on SREs, including the number of pending, approved and denied petitions, is not being updated during the closure and there is no information about the agency's current activities, if any, on the petitions.

As of Dec. 21, the last day EPA and the rest of the federal government were fully operational, the agency's website showed a total of 30 pending SRE petitions.

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Appeals court denies injunction against further SREs

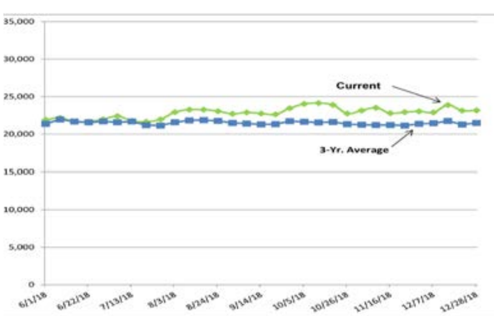
A U.S. appeals court last recently refused to grant a request filed by a group of biofuel producers for an emergency moratorium barring EPA from granting any further small refinery exemptions (SREs) under the Renewable Fuel Standard (RFS) until it rules on a legal challenge to the waivers. The court, however, also declined EPA's motion to dismiss the case.

The group, which calls itself the Producers of Renewables United for Integrity Truth and Transparency, in July sued EPA in the U.S. Court of Appeals for the District of Columbia Circuit over the agency's approval of nearly 50 SREs for

Key Supply and Demand Statistics (thousand barrels)

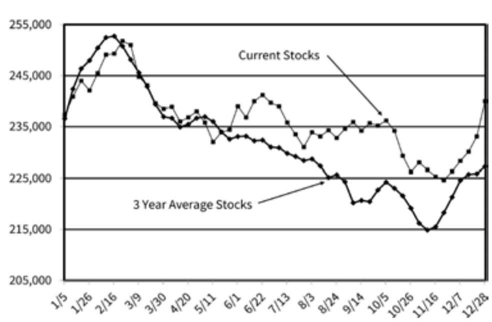
Ethanol Supply

Ethanol	Current	Last Week	3-Yr Avg
PADD 1 Inventories	6,898	6,922	6,716
PADD 2 Inventories	8,132	7,623	7,771
PADD 3 Inventories	4,600	4,960	3,958
PADD 4 Inventories	356	360	346
PADD 5 Inventories	3,176	3,267	2,696
Total Inventories	**23,162**	**23,132**	**21,487**



Gasoline Supply

Gasoline	Current	Last Week	3-Yr Avg
PADD 1 Inventories	61,100	60,300	59,000
PADD 2 Inventories	54,300	53,100	50,333
PADD 3 Inventories	89,200	85,700	81,167
PADD 4 Inventories	7,200	7,000	7,533
PADD 5 Inventories	28,300	27,100	29,267
Total Inventories	**240,100**	**233,200**	**227,300**



Ethanol Production

Ethanol	Current	Prev Mo	3-Yr Avg
PADD 1	689	682	758
PADD 2	29,888	28,180	28,366
PADD 3	773	817	862
PADD 4	434	396	436
PADD 5	596	592	583
Total Production	**32,380**	**30,667**	**31,004**

Gasoline Production

Gasoline	Current	Last Week	3-Yr Avg
PADD 1	3,069	3,332	3,149
PADD 2	2,399	2,630	2,568
PADD 3	2,418	2,447	2,450
PADD 4	297	319	291
PADD 5	1,455	1,610	1,548
Total Production	**9,638**	**10,338**	**10,006**

the 2016 and 2017 compliance years, actions that biofuel groups said allowed refiners to reduce their RFS obligations by more than 2 billion gal over that two-year period. The group's acronym, PRUITT, is an apparent dig at former EPA Administrator Scott Pruitt, who led the agency when the waivers were granted earlier this year.

Producers United, which did not disclose its member organizations in court filings, in the same November injunction request asked the court to block the refineries from using any of the Renewable Identification Numbers (RINs) they now have as a result of the waivers. The petitioner claimed those RINs were "invalid" and said they duplicate previously existing credits that EPA – in violation of its own rules – allowed for the reinstatement of expired of RINs in order to "make up" credits the small refineries retired to comply with RFS blending requirements before their SRE requests were granted. The petitioner also referred to the expired RIN reinstatements as "unretiring" them.

The court, in denying Producers United's request for the emergency stay, said the group had "not satisfied the stringent requirements or an injunction pending court review."

At the same time, the court declined to dismiss the case, a request filed by EPA on Dec. 4, instead sending it to a merits panel and setting a March 27 deadline for briefs.

In a Dec. 17 filing with the court, Producers United said that "without a stay, EPA will continue to undermine the [RFS] program through improper implementation of [SREs], causing irreparable harm to the biofuels industry."

The case involves sensitive information on both sides. At least one document – filed by the petitioner – has been filed under seal, with the court issuing guidelines for who can see the document and how much, if any of it, may be shared. That document is said to be a declaration from one of the petitioner's members supporting the petitioner's case for the emergency injunction against EPA. On the other side of the case, EPA has argued that it cannot divulge the names of the refineries that received the exemptions because doing so may require it to reveal "confidential business information" (CBI).

Producers United said in a Dec. 14 brief that "EPA has not identified when or how the public was informed, prior to this litigation, that a small refinery can 'unretire' or revive [RINs] or the basis for doing so. This is not just EPA applying or interpreting its regulations; it is EPA creating entirely new authority for generating and using RINs for RFS compliance."

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In Key Commodity Markets:

In finished markets...

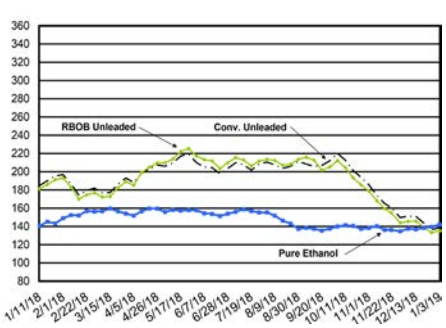
The initial trading days of 2019 had gasoline futures looking firmer, but at the same time reflecting the kind of volatility that might point to wilder ride for prices through the coming year.

Traded prices for NYMEX RBOB futures climbed about a dime since its recent nadir reached on the eve of Christmas. Front-month February RBOB settled Thursday trading up another 2.39cts after adding 2.35cts on its initial day of 2019 trading the day before, and at $1.3495/gal up 6.45cts in the week-to-week comparison. March RBOB that gained 2.4cts Thursday also picked up 6.69cts over the last week, at $1.3587/gal.

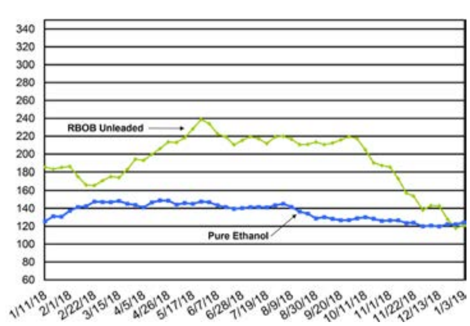
One key factor showing up in petroleum trading that straddled the holiday season through the first days of the new year is its estrangement from the path taken by equities which may reflect a shift if fundamentals for the oil-based markets. One of those shifting fundamentals is certainly the impact of the recent Vienna Alliance of OPEC and non-OPEC producers to begin new production cuts aimed at bringing an oversupplied market back into balance. Since the Christmas break, the Merc's WTI crude and Europe's Brent futures rebounded by about 10%. The front-month February Merc

Ethanol vs. Spot Unleaded and "BOBs" in Key Markets

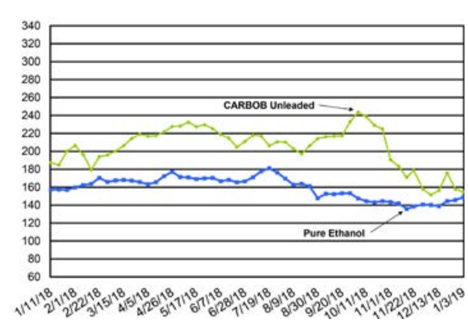
New York



Chicago



Los Angeles



Note: OPIS Refined Spots and Ethanol averages are based on full-day prompt assessments for each market.

contact settled up 55cts Thursday to $47.09/bbl, up $2.48 week-to-week.

For the second week in a row, holiday downtime delayed the normal midweek release of EIA supply and production figures. However, the American Petroleum Institute released data on Thursday indicating a draw on overall crude stocks and a build for products, including gasoline. The API had nearly 8 million bbl more gasoline on hand over the last week, while crude oil inventories dropped 4.45 million bbl – though stocks at the Cushing hub increased crude by 483,000/bbl.

OPEC cuts are well publicized, but may not necessarily register right away as falling U.S. crude inventories because planned refinery maintenance could mask reduced imports of crude oil. OPIS estimates that capacity offline due to refinery maintenance will peak in February at some 1 million to 1.2 million b/d.

Indications of volatility of late show up with the Merc's WTI intraday ranges running $2-$3/bbl in just the first two trading sessions of 2019. Meanwhile, at the same time more than $4/bbl separated the high and low for Brent.

Overall, market sentiment appears bullish as the new year begins amid new enthusiasm about the OPEC cuts, and fresh hedge fund money may be entering the market as a result. Seasonal tendencies would suggest there is a very good chance that the futures lows from Christmas Eve will represent the seasonal lows for WTI, Brent and RBOB.

While it is way too early to discern if petroleum markets will keep up its rift with equities more deeply in the new year – which would be a distinct change from the last year – or if another leg down by equities will be too much for the market to ignore, it is at least a recent trend that bears watching as price moves continue to filter down to bulk market trading.

Consumers enjoyed falling fuel prices over the holiday season but a sharp reversal bulk spot gasoline markets that may have helped gin up record on-road travel has since reversed sharply as well. In the key Gulf Coast market, prompt CBOB that traded 9.25cts under depressed Merc values a week ago climbed to just an 8.5ct discount Thursday. The outright cash price of $1.2645/gal added 1.14cts day-to-day and 7.2cts week-to-week.

Some Gulf refiner issues did crop up over the last week, most importantly FCC downtime at Valero's McKee, Texas, refinery expected to last at least into this week after an unplanned late-December outage, market sources said.

In Chicago, spot CBOB traded 12.25cts under Merc RBOB, but that is tighter than the 14ct discount of the day before and well under 16.5ct discounts that got done for prompts a week ago. That had outright CBOB values indicating $1.227/gal Thursday, up 4.14cts on the day and bringing the week-to-week price surge to 10.7cts.

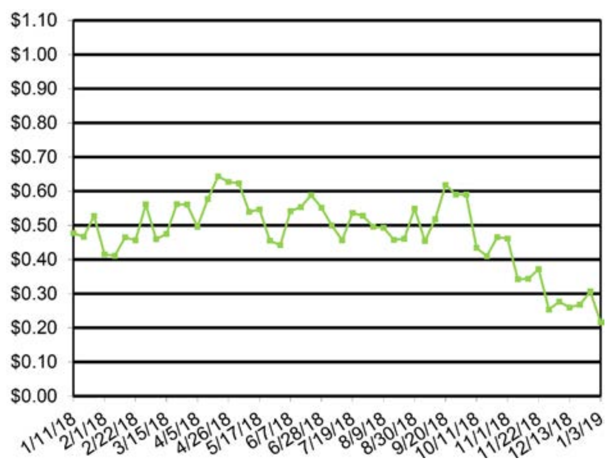
Market reports indicated Windy City gasoline values are getting an added boost from refiner buying interest in the new year's first days.

Soaring gasoline spot prices point to some significant erosion in retailer margin. For example, Gulf Coast spot gasoline gains over the first three days of the year dissolved about one-third of the calculated margins for product at the pump.

The look downstream as the year commenced showed retail gasoline prices nationally averaging $2.253/gal, still

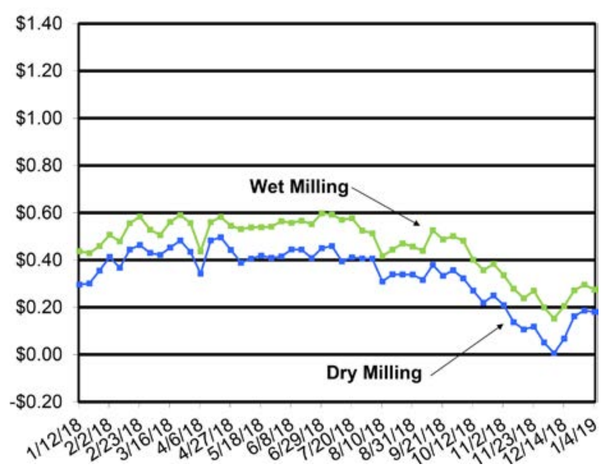
Plant Profitability

Biodiesel Gross Margins for Midwestern Plants ($/gal)



*Biodiesel production margin calculated from cash feedstock costs and sales values for soy methyl ester biodiesel plants and are estimates of industry trends under current market conditions. Profits for any given biodiesel plant could be higher or lower.

Ethanol Gross Margins for Midwestern Plants ($/gal)



*Dry Milling margin calculated from cash feedstock and product sales values for wet and dry-mill plants and are an estimate of the industry trend under current market conditions. Profits for any given ethanol plant could be higher or lower.

down about 6cts week-to-week and 21cts less than a month ago, according to data from OPIS and AAA. Nine states still had gasoline pump prices averaging less than $2/gal and nationwide postings had dropped in 83 of the last 90 days.

In natural gas...

Once the Christmas break moved into the rearview mirror, the legs came out from under natural gas markets that continued to slide into 2019 as weather reports pulled support.

In cash trading, Henry Hub next-day values at $2.69/mmbtu Thursday marked the second double-digit loss in a row for 2019 trading – down some 53cts so far this year – after dropping 11cts on the day and slumping 43cts over the last week. Chicago Citygate gas trading $2.51/mmbtu Thursday shed 13cts from the day before and 45cts week-to-week.

Weather forecasts that pointed to moderate winter weather through key areas of the country through the middle of

National Renewable Fuel Feedstock/Co-Product Price Index

Feedstock/Co-product	Location/Source	Spot Price	Previous	4-Wk. Avg.
Palm Olein	US/Gulf Coast	$0.2825/lb	$0.2825	$0.2805
Soybean Oil - Crude Degummed	Central Illinois	$0.2798/lb	$0.2716	$0.2800
Soybean Oil - Crude Degummed	Central Illinois - USDA	$0.2793/lb	$0.2706	$0.2797
Soybean Oil - RBD*	Central Illinois - USDA	$0.3173/lb	$0.3091	$0.3175
Canola Oil	West Coast	$0.4118/lb	$0.4036	$0.4119
Canola Oil	Midwest	$0.3893/lb	$0.3811	$0.3895
Corn Oil - Crude	Midwest	$0.2600/lb	$0.2730	$0.2646
Corn Oil - Refined	Midwest	$0.3600/lb	$0.3730	$0.3646
Corn Oil - Distillers	Midwest	$0.2556/lb	$0.2588	$0.2568
Beef tallow	Chicago	$0.2600/lb	$0.2600	$0.2625
Choice White Grease	Chicago	$0.2500/lb	$0.2500	$0.2450
Poultry Fat (Low FFA)**	Southeastern US	$0.2925/lb	$0.2925	$0.2906
Yellow Grease	Illinois	$0.2075/lb	$0.2075	$0.2069
Methanol	US Gulf Coast	$1.0500/gal	$1.0650	$1.0388
Soy Meal (Hi-Pro)***	Illinois Truck	$315.00/ton	$303.00	$309.75
Corn	Central Illinois	$3.7100/bu	$3.6800	$3.7225
Soybeans	Central Illinois	$8.7700/bu	$8.4000	$8.6775
Crude Glycerin (80%)	FOB Midwest	$0.0750/lb	$0.0750	$0.0750
DDG-S (Distillers Dried Grains w/ Solubles)	Eastern Cornbelt - USDA	$158.7500/ton	$156.6670	$153.7918
Corn	Kansas City - USDA	$3.7575/bu	$3.6550	$3.7069
ULSD	OPIS National Average	$1.6933/gal	$1.6311	$1.7174
RBOB	OPIS National Average	$1.4250/gal	$1.3778	$1.4354
Ethanol	OPIS National Average	$1.3078/gal	$1.2838	$1.2829
Unleaded RFG	OPIS National Average	$1.3343/gal	$1.2735	$1.3306
Natural Gasoline	Mt. Belvieu Non-TET	$0.9688/gal	$0.8875	$0.9743
Natural Gasoline	Conway In-well	$0.8600/gal	$0.8275	$0.8969
Ethanol RINs (Current Year)	OPIS National Average	$0.2100/RIN	$0.2075	$0.2194
Ethanol RINs (Previous Year)	OPIS National Average	$0.1800/RIN	$0.1825	$0.1919
Cellulosic RINs (Current Year)	OPIS National Average	$1.9300/RIN	$1.9500	$1.9463
Cellulosic RINs (Previous Year)	OPIS National Average	$1.9200/RIN	$1.9000	$1.9050
Biodiesel RINs (Current Year)	OPIS National Average	$0.5775/RIN	$0.5250	$0.5231
Biodiesel RINs (Previous Year)	OPIS National Average	$0.5650/RIN	$0.4700	$0.4688
Advanced Biofuel RINs (Current Year)	OPIS National Average	$0.5550/RIN	$0.4825	$0.4806
Advanced Biofuel RINs (Previous Year)	OPIS National Average	$0.5200/RIN	$0.4350	$0.4338
CA LCFS Carbon Credit	California	$165.5000/mt	$167.5000	$165.9375
CA LCFS Carbon Intensity	California	$0.0135/CI	$0.0137	$0.0136

*refined, bleached, deodorized **free fatty acids ***high protein

Data provided, in part, by World Energy, www.worldenergy.net

January is largely blamed for the sharp selloff, though by presstime reports had some near-term forecasts reversing direction. But some traders insisted that the market requires some seasonally cold weather to gin up enough demand to shake gas out of its recent funk.

On the NYMEX, front-month February natural gas futures settled down 13cts in Thursday trading, and at $2.945/mmbtu the contract gave up 60.1cts week-to-week. Futures found pressure from expectations for another relatively heavy government inventory reading, though the holiday schedule meant they had to wait until just before last weekend to see it.

Ultimately, EIA reported a much smaller supply draw for the week ending Dec. 28 than most analysts and trade sources expected. The 20 bcf disappearance indicated less than half the draw some analysts forecast but it left gas inventory about 14.3% thinner than a year ago and 17.2% lower than it averaged during the week over the previous five years.

Plunging prices had the 6-month natural gas NYMEX futures strip settling at just $2.7115/mmbtu on average by Thursday – that is down 44.05cts since before Christmas and allowed the strip to regain a slight 2.15ct premium versus the Henry Hub next-day spot price.

In corn markets...

Corn markets had a strong week with more talk of possibly renewed interest from China helping to encourage firmer values into the new year. CBOT front-month March corn contracts settled Thursday up 4cts at $3.79/bu which is 4.5cts higher than it settled a week ago.

May corn futures, also trading up 4cts on the day climbed 5.25cts week-to-week, at $3.875/bu.

Trade talk indicated that lower prices last month helped make U.S. corn more attractive overseas at a time when talks of a trade détente with China might open that door wider for U.S. production. Reports had stronger E.U. corn imports amid dry weather in Brazil that might impact its crop, though those factors might be balanced by healthier corn crop reports from Argentina and also by a big rise in Ukraine export volumes.

Earlier last week, spillover strength from a soybean really helped give corn values a leg up. Analysts also noted the historical propensity for corn futures to generally trade higher between New Year's Day and the last days of the winter season.

Another potential drag on corn markets remains the expectation that U.S. ethanol producers will continue to trim production amid difficult margins for producing the fuel.

The partial government shutdown began creating uncertainty last week in some of the highly watched USDA grain reports. Analysts believe, for example, that even if the government shutdown does not extend into this week, there is not enough time for the agency to compile and report its upcoming World Agricultural Supply and Demand Estimates forecasts by its Jan. 11 due date.

One veteran corn market player noted that WASDE tended to be negative for corn markets likely and it was likely the next report would also show large crops at home and abroad, "so I don't mind being without it for a while."

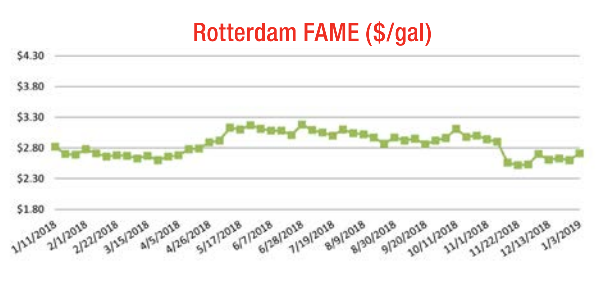
There is also the likelihood of a quick rush of various bottled-up government reports once the shutdown does end as USDA plays catch up.

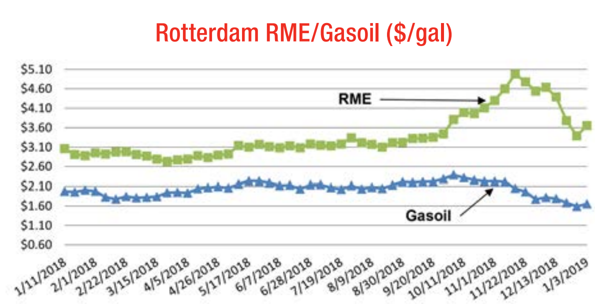
Meantime, cash corn trading remained subdued but price discussion showed modest to occasionally sharp gains as 2019 commenced. Kansas City No. 2 truck yellow corn at $3.7575/bu climbed 9.25-11.25cts over the week. Chicago No.2 yellow corn ran up by 5.25-16.25cts on the week, talked from $3.4475-$3.5975/bu.

In biodiesel...

Though petroleum markets firmed lately and EPA Renewable Identification Number credit prices also continued its recent rally into the New Year, blending margins remained stressed at the rack because petroleum diesel prices still dropped over the last week.

European Biodiesel Spot Markets





On average, U.S. biodiesel prices posted at the rack climbed 2cts over the last week and averaged $3.483/gal. That left B100 holding a hefty premium to petroleum diesel prices that averaged $1.704/gal after dropping 4.36cts week-to-week. But diesel prices did start to stir higher by late last week and biodiesel-linked D4 RIN credits for the current year trading up to 58cts/RIN could give an added 87cts in credit value to each B100 gallon.

However, even with the rise in RIN credits lately, calculations have average biodiesel values still holding a 90.9ct premium over on-road diesel at the rack – pushing the premium back up by some 2.2cts since Christmas.

In DDGs...

After weeks of mostly firmer values showing up for dried distiller grain prices, the sharp pullback in production over the last week of December indicated by ethanol producers did not prevent a slippage in prices over the first few days of 2019. Market reports point to a slump in feed demand over the holiday period, but export values also eased.

FOB Iowa DDGs in the $152-$175/ton price range last week dropped $4 to $5 lower against the previous week. At the same time, Minnesota DDGs at $160-$170 indicated $10 coming off the top end of pricing. Eastern Corn Belt values shed $5 to $10 in the last week, running $130-$185 but there were reports of quality questions in that region.

To the western areas of the Corn Belt, Nebraska DDG prices also shaved $10 from the higher end of values, at $130-$190, while those in Kansas held flat at $170-$195.

In delivered markets, New Orleans CIF NOLA values at $186-$188 showed flat to a dollar lower on the week. DDGs to the Pacific Northwest ran unchanged to $4 lower, at $218, while those to California pegged $225 ran $7 up on the low end and $3 down on the top end of values.

In natural gasoline...

The Non-TET natural gasoline price in Mt. Belvieu, Texas, rose 10% over the last week, to an average 98.375cts/gal on Thursday, up from the 88.75cts/gal week-ago value. At the same time, the front RBOB futures contract climbed more than 5% week-to-week.

Both natural gasoline and RBOB futures adhered to the rarely quoted maxim, “What goes down must come up” as the long slide in those products has been halted – for now. The drop in natural gasoline prices, which was accelerated by the decline in crude oil and RBOB futures last month, withstood increased demand from holiday travels and mild weather in the U.S. Northeast that also was a boon to drivers.

The market now moves into an area where former support levels become resistance points for technical traders. While physical products are more influenced by customer needs as opposed to energy futures, which can be driven at times by purely speculative trading, it does matter when markets drop or rise through technical levels.

Natural gasoline traders will wait to see if the product can rise above $1/gal and stay there for a week or so, before plunging back into the market.   That will be the test to see if “what comes down must go up” rings true.

In ultra-low-sulfur diesel...

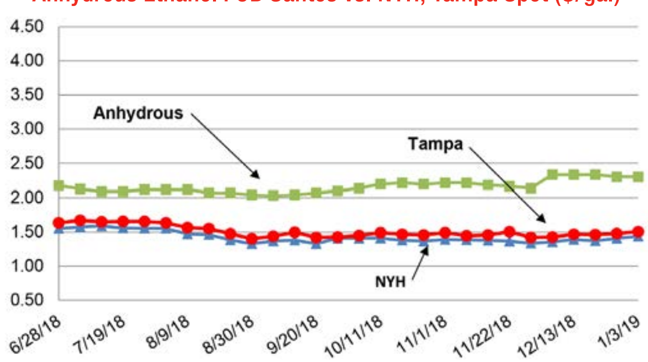
NYMEX ultra-low-sulfur diesel futures for the front-month contract may have dipped to 16-month lows in the final week of 2018, but 2019 opened with a much different tone than slumping values seen in prior weeks.

The front-month January ULSD contract settled the last trading day of 2018 at $1.6808/gal, a 19% decline from the last trading day of 2017. That was up slightly from the Dec. 24 settle of $1.6622/gal, which was the lowest level for the front-month contract since it settled $1.6352/gal on Aug. 28, 2017.

However, the market turned bullish on New Year’s Eve and carried that momentum through the opening week of 2019. The front-month contract settled higher by 4.14cts

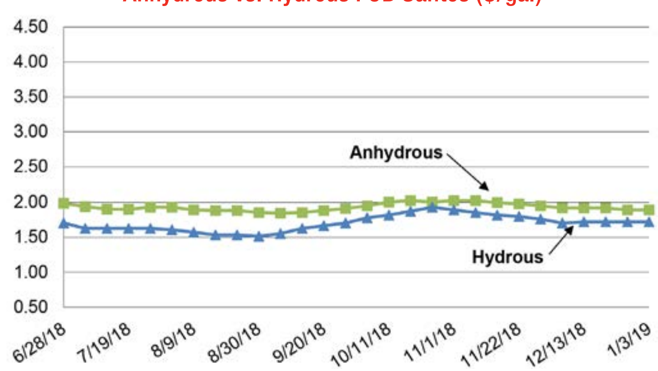
Brazil and CBI Ethanol Spot

Anhydrous Ethanol FOB Santos vs. NYH, Tampa Spot ($/gal)



Brazil ethanol is anhydrous FOB Santos and includes a transportation fee and tax.

Anhydrous vs. Hydrous FOB Santos ($/gal)



on Thursday to $1.7420/gal, up 6.37cts week on week. The contract settled higher for a fourth straight session on late last week, briefly topping $1.80/gal for the first time in more than two weeks.

The February contract – which became the front-month contract on Jan. 2 – stood nearly 7cts higher on week after its Thursday settle at $1.7420/gal, up from $1.6735/gal a week earlier.

The ULSD futures continued to post gains throughout at last reading despite the latest round of weekly supply and demand estimates from the U.S. Energy Information Administration (EIA), which largely suggested bearish indicators for distillate products.

Distillate demand has been on a bit of a roller coaster ride, with demand off by more than 1 million b/d to 3.203 million b/d. The demand measurement from the EIA was the lowest since the week of Jan. 6, 2017.

Not only is there a tendency for demand to slide near the end of the year, but there is also the trend during which refiners run as much crude and feedstocks as possible ahead of maintenance, and 2018 was no different. Gross inputs jumped to 18.077 million b/d, the strongest run rate since early September.

The strong gross inputs mostly manifested itself in distillate production. In fact, total distillate production came in at 5.991 million b/d, just 1,000 b/d shy of the all-time high, which, incidentally, was hit on the last week of 2017.

The falling demand and strong output also led to large product builds, particularly for distillate, which built 9.529 million bbl in the last week. While total storage levels jumped to 129.431 million bbl, there remains a more than 9 million-bbl year-on-year deficit. With such a large weekly build nationally, each region had storage levels moving higher, but it was the east of the Rockies regions that accounted for nearly all the build, with the Gulf Coast-Midwest-East Coast tanks contributing some 8 million bbl.

European, Brazilian and CBI Markets:

	RME	FAME	Ethanol T2
Rotterdam	$3.65	$2.71	$2.52/€2.21

Prices in U.S. $/gal., 1/3/19. Data provided in part by Starsupply Renewables, www.starsupply.ch, and SCB & Associates, www.starcb.com

European Markets

Motorists in Ireland were to increase their usage of biofuels this week following a recent move by Richard Bruton, minister for communications, climate action and the environment.

Bruton in December announced his intention to increase beginning Jan. 1 the level of biofuels used in road transport fuels to 10% from 8%. He also published a draft order to increase the level of renewable energy used in the transport sector further to 11% from Jan. 1, 2020.

The increased obligation from 8% to 11% by volume is expected to lead to over 70 million liters (18.5 million gal) of fossil fuel being replaced with biofuel and reduce Ireland's emissions by almost 200,000 metric tons of carbon each year.

"I am currently developing an all-of-government plan to make Ireland a leader in responding to climate change," Bruton said. "This plan will have actions across all sectors of society and will have timelines with clear lines of responsibility. Transitioning to cleaner fuels is an important part of delivering on that ambition."

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European ethanol advocacy group ePURE recently called for an "urgent rollout of E10 and higher-blend ethanol fuel."

"Despite claiming to be a climate leader, Europe continues to lag behind in its efforts to decarbonize transport – even though it has solutions at hand that reduce emissions from today's vehicles and will be even more effective in future technologies," said Emmanuel Desplechin, ePURE's secretay-general.

"In many EU countries that are having trouble meeting their climate targets, an E10 rollout would make an immediate emissions-reduction impact."

The organization noted that the United Nations IPCC Special Report of November 2018 "highlighted the need for a three-times increase in biofuels for transport by 2030 … if the 1.5-degree Celsius limit on global warming is to be achieved."

Market update

Biodiesel prices were higher this week where they were before the holidays.

RME FOB ARA had a bid-ask range of $1,105-$1,1125/mt at the Jan. 3 close that was up $68 from Dec. 20. SME FOB ARA had a bid-ask range at $945-$965/mt, $33 higher. PME's range was at $635-$655/mt, also up $33. FAME 0 FOB ARA had a range of $795-$815/mt that was also $33 higher.

The movement occurred as Rotterdam gasoil was $10 lower at some $512/mt for the week ended Jan. 3.

Prices are supplied by SCB Renewables.

Michael Schneider, mschneider@opisnet.com

Brazil and CBI Markets

Anhydrous Ethanol $1.8549-$1.9306 Hydrous Ethanol $1.6845-$1.7602
(FOB Santos, 1/3/19, prices in U.S. $/gal.)

Brazil in November imported 137.0 million liters (36.2 million gal) of U.S. ethanol, which represented the highest monthly import volume since July (142.4 million liters, or 37.6 million gal), figures from Brazil's Secretariat of Foreign Commerce (Secex) show.

Brazil in September had imported only 5.55 million liters (1.5 million gal) of U.S. ethanol, representing the lowest monthly import volume in 36 months. Imports rebounded somewhat in October to 47.65 million liters (12.6 million gal) and then surged in November.

Since September 2017, any ethanol imports into Brazil beyond 150 million liters (39.6 million gal) per quarter are subject to a 20% tariff.

The most recently completed quarter to which the import quota/tariff applied was September-November 2018. With only 53.2 million liters (14.05 million gal) of U.S. ethanol imported over September and October, that means only 40.3 million liters (10.6 million gal) of the U.S. ethanol imported in November were subject to the tariff.

In all other quarterly periods since the ethanol quota and tariff were implemented, the quarterly tariff-free quotas were surpassed in either the first or second month.

It's not uncommon for Brazil's ethanol imports to pick up at this time of year since the country's South Central sugarcane-growing region is entering its interharvest period, which will continue through the calendar first quarter.

The Secex figures show imports of U.S. ethanol totaling 1.598 billion liters (422.2 million gal) over the first 11 months of 2018, representing an 8.2% drop from the 1.740 billion liters (459.7 million gal) imported during the same period in 2017.

Brazil's ethanol exports

Brazil was a net exporter in November, exporting 148.5 million liters (39.2 million gal) in all. Brazil's ethanol exports to the United States in November totaled 96.6 million liters (25.5 million gal).

Most of the Brazilian ethanol imported into the U.S. is not fuel ethanol. In addition to fuel ethanol, the U.S. routinely imports undenatured ethanol for non-beverage use from Brazil. That grade of Brazilian ethanol tends to go into the U.S. Gulf Coast to LyondellBasell, which uses the ethanol to make ethyl tertiary butyl ether (ETBE) for its supply contract with Japan.

Other top destinations for Brazilian ethanol exports in November included 39.2 million liters (10.3 million gal) to South Korea, 7.4 million liters (1.96 million gal) to the Netherlands, and 2.96 million liters (0.78 million gal) to the Philippines.

Over the first 11 months of 2018, Brazil exported 885.4 million liters (233.9 million gal) of ethanol to the United States, and exports to all destinations totaled 1.582 billion liters (418.0 million gal).

Market update

Figures released by Brazil's National Oil, Gas and Biofuels Agency (ANP) show that hydrous ethanol remained competitively priced with gasoline during November.

In Brazil, hydrous ethanol competes with gasoline at the pump, and anhydrous ethanol is blended into gasoline at a blend rate of 27%. Soaring gasoline prices have encouraged Brazilian motorists to fill up with the biofuel.

Because of its lower fuel efficiency, hydrous ethanol loses competitiveness when its price surpasses 70% of the price of gasoline. ANP figures show hydrous ethanol pump prices Brazil-wide as having averaged 64.68% of gasoline prices in November. Over the four prior years (2014-2017), the price relationship for the month of November ranged from 67.00% to 76.60%.

ANP shows gasoline pump prices Brazil-wide as having averaged R$4.394/liter over the first 11 months of 2018, up 16.6% from an average of R$3.767/liter for full-year 2017. The Brazil-wide average gasoline price first breached R$4.00/liter in November 2017 and has not dipped below that level since then.

Brad Addington, baddington@opisnet.com

News of the Week:

US biodiesel output rises in October from September output: EIA

U.S. biodiesel production in October totaled 170 million gal, up 7 million gal from the output in September and 22 million gal above output in October 2017, the U.S. Energy Information Administration (EIA) said last Monday.

EIA first began reporting monthly domestic biodiesel production estimates in January 2009.

The agency's report, which is released on the last business day of each month, said domestic biodiesel production through the first 10 months of the year totaled nearly 1.52 billion gal, a record, up from roughly 1.3 and 1.28 billion gal in the same period of 2017 and 2016, respectively.

EIA put annual U.S. production capacity in October at 2.431 billion gal, up slightly from 2.4106 billion gal in September. Annual capacity in October 2017 was 2.357 billion gal, it said.

The agency said producer sales in October consisted of 68 million gal sold as B100 (100% biodiesel) and 100 million gal of B100 sold in blends with petroleum-based diesel. That was mixed from September when EIA reported the sale of 68 million gal as B100 and 91 million gal of B100 in blended form.

It also reported that 1.292 billion pounds of feedstocks were used to produce biodiesel in October, up slightly from 1.242 billion pounds in September.

Soybean oil remained the dominant feedstock, accounting for 699 million pounds of the total, up marginally from 689 million pounds in September. That was followed by corn oil, which accounted for 178 million pounds of feedstocks in October, up from 169 million pounds in September. The monthly total for canola oil in October was 101 million pounds, up from the 96 million pounds reported in September

Weekly ethanol margins rise to three-month high: CARD

Margins at a representative Iowa ethanol plant in the week ended Friday rose to their highest levels in more than three months as gains in ethanol returns were met with tumbling natural gas input costs, Iowa State University's Center for Agricultural and Rural Development (CARD) said Wednesday in its weekly assessment.

The return over operating costs at a typical dry-mill ethanol plant in the most recent week rose 5.15cts to 12.83cts/gal, the highest level since Sept. 18, when they were at 13.27cts/gal. Ethanol returns were 1.15cts above where they were at the same time a year prior.

The margin spent much of December rebounding from multi-year lows hit in November when the margin briefly dipped into negative territory.

The average Iowa ethanol price in the week ended Friday was $1.1815/gal, up 4.03cts from $1.1412/gal in the previous week. The price hit an all-time low of $1.0928/gal on Nov. 29, the lowest value in the nearly 12-year history of the data. The average Iowa ethanol price was roughly 4.7cts below the year-ago level.

LCFS weekly average price firms in final week of 2018: CARB

Low Carbon Fuel Standard (LCFS) average credit transfer prices in the week ended Dec. 30 inched slightly higher into the close of 2018, according to data released Wednesday by the California Air Resources Board (CARB).

The volume-weighted average price was up $2.14 week on week at $184.15/credit, within $3 of $186.70/credit in the week ended Nov. 4, the highest level since CARB began issuing the weekly report in May 2016.

LCFS prices in recent weeks have calmed from record highs hit in late November and early December. OPIS on Monday assessed the LCFS credit at $195/credit, down $2.50 on week and $5.50 from the Dec. 10 price of $200.50/credit, the highest level in the six-year history of the OPIS assessment.

The high transfer in CARB's reporting week was at $201/credit at a volume of 10,000 credits. The low transfer was at $115/credit for 5,000 credits. The largest transfer of the reporting week was a trade at 25,000 credits for $187/credit.

CARB said 267,627 credits were transferred in the most recent reporting week, down from the 803,356 credits transferred in the previous week, which was an all-time high. The 37 reported transfers in the week were also down from the 69 transfers reported in the previous week.

CARB proposes six LCFS pathways for three producers

Three renewable fuel producers are seeking a total of six new Low Carbon Fuel Standard (LCFS) fuel pathways into the California market, and the California Air Resources Board (CARB) has provided proposed carbon intensity (CI) scores, according to documents posted to the agency's website.

Neste is seeking three LCFS pathways for renewable diesel. The first pathway is for renewable diesel produced from globally sourced used cooking oil (UCO) at Neste's Porvoo plant in Finland, which comprises two production units, each having a nominal capacity of 200,000 tons/yr. CARB's proposed CI score for that pathway is 30.97.

The second pathway is for renewable diesel produced from globally sourced tallow at the Porvoo plant in a pre-treatment process before it is shipped to a separate upgrading facility in the Netherlands and transported back to the Porvoo facility before shipping to California. That pathway has received a proposed CI score of 51.90.

Neste's third pathway in this batch of applications is also for renewable diesel produced from globally sourced tallow at the Porvoo plant but is not required to be sent to a separate facility. That pathway has received a proposed CI score of 45.08.

Cargill quarterly results impacted by low ethanol prices

"Historically low" North American ethanol prices and "higher energy and raw material costs in Europe" contributed to a 20% decline in Cargill's fiscal second-quarter earnings, the agri-giant said on Thursday.

The company said its starches, sweeteners and texturizers sector was affected by "historically low ethanol prices in North America and higher energy and raw material costs in Europe." Starches, sweeteners and texturizers are included under the company's Food Ingredients and Applications segment, which record lower second-quarter revenue "on mixed results across the segment."

The company did not provide details of revenue for its ethanol or Food Ingredients and Applications operations. Cargill reported net earnings of $741 million for its fiscal 2019 second quarter that ended Nov. 30, 2018, down 20% from the net earnings of $924 million it reported for the same period of last year.

With strong production rates pushing supplies near all-time highs in 2018, Chicago ethanol prices stayed under heavy pressure for much of the year. The OPIS Chicago Argo ethanol assessment hit a 13-year low of $1.1725/gal on Dec.

10 and finished the year just under $1.23/gal, down 6% from the end of 2017 and 24% from the end of 2016.

The company did note that its Origination and Processing earnings rose, with U.S. and Canadian grain exports and Europe biodiesel production contributing to the "strong quarter" for the segment.

Cargill offers biofuels from a variety of renewable resources, including corn, soybeans, sugarcane, palm oil and biogas. The company has three ethanol plants and two biodiesel plants, one of which is still under construction, in the U.S., according to data from Ethanol Producer Magazine and Biodiesel Magazine from September 2018. It also produces ethanol and biodiesel in the EU form an undetermined number of facilities, ethanol in Brazil and biodiesel in Argentina.

BNDES approves US$480 million to expand Logum's ethanol pipeline system

Brazil's National Bank of Social and Economic Development (BNDES) has agreed to provide 1.81 billion reals (US$480 million) in financing to help expand the ethanol pipeline transportation system of Logum Logistica (Logum), the bank announced Thursday.

In 2017, Logum's ethanol logistics system transported 2.5 billion liters of ethanol via pipeline.

Upon completion of the new investments (projected for 2021), the capacity to transport the biofuel via pipeline will be expanded by 8 billion liters a year.

BNDES notes that 128 kilometers of new pipeline are expected to eliminate

400,000 truck deliveries of ethanol that occur each year in the greater Sao Paulo metropolitan area, which in turn will reduce greenhouse gas emissions by an estimated 700,000 tons a year.

Logum's shareholders are Brazil's state-controlled Petrobras, sugar and ethanol producer Raizen Energia, sugar and ethanol cooperative Copersucar, and logistics firm Uniduto Logistica.

Court sets February oral arguments in first legal challenge to Pruitt SREs

A U.S. appeals court has scheduled for Feb. 20 oral arguments in the first of a number of legal challenges to the record number of small refinery exemptions (SREs) under the Renewable Fuel Standard (RFS) that EPA granted last year.

The case, American Fuel & Petrochemical Manufacturers v. EPA, was originally filed with the U.S. Court of Appeals for the District of Columbia Circuit in December 2017, as a challenge to EPA's determination of the 2018 Renewable Volume Obligation (RVO) under the RFS.

The case was consolidated early in 2018 with three other lawsuits from the National Biodiesel Board (NBB), the American Petroleum Institute and the Sierra Club.

NBB challenged what it said was EPA's failure to ensure that the annual RFS volumes are met after it grants SREs. The waivers effectively reduce the total RVO unless those volumes are shifted to non-exempt refineries, the trade group said in its filings.

But AFPM countered that EPA has no such authority. And, EPA argued that Congress did not intend the agency to "'ensure' that the applicable volumes were met with exacting accuracy."