Alcosuisse

Quarterly Market Report 01.04.2024

European market for pharmaceutical and industrial ethanol grades

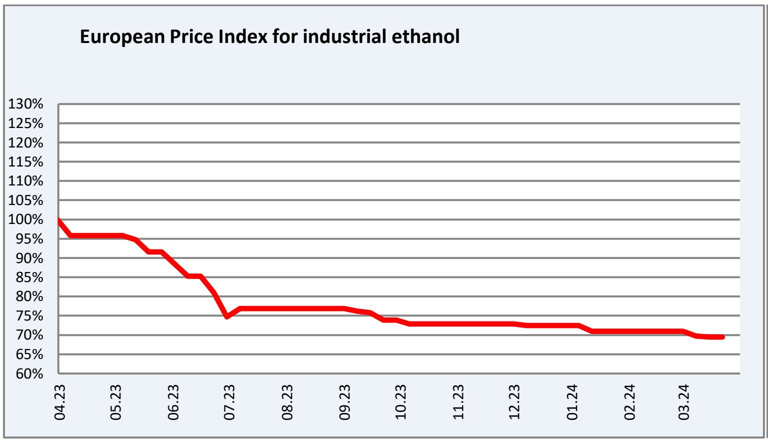
2nd quarter 2024

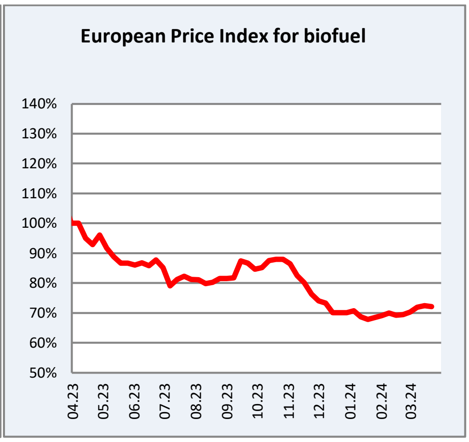
The availability of ethanol remains very high since demand across Europe continues to be rather weak. The reason for this is the continuously weak economy all over Europe. At the same time, more than sufficient supplies are available, with all producers reporting very high stock levels and no notable shortfalls on the production side. In short: demand is low, supply is very high. Consequently, there is downward price pressure for Q2. On the other hand, producers expect prices to rise at the end of Q2 due to the current strong demand for biofuel. It is also generally expected that the price of biofuel will continue to rise towards the summer due to the driving season, which will put upward pressure on the price of industrial alcohol - that is at least the hope of the producers. As for the anti-dumping measures against ethanol imports from Pakistan, nobody really believes that the EU will introduce such measures, as import volumes from Pakistan have collapsed drastically in 2024 anyway (see long-term situation below).
All in all, no surprises are expected for Q2 in terms of major price changes.

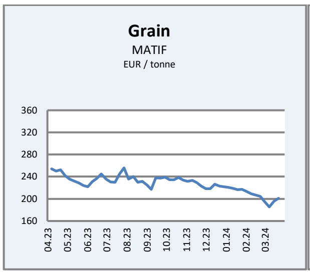
Long-term situation

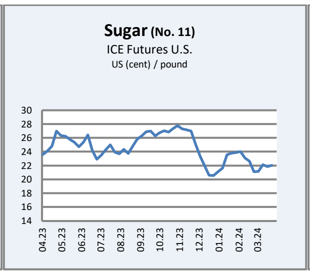
The currently very good availability of ethanol could deteriorate towards autumn due to two factors: firstly, there are massively fewer imports from Pakistan to Europe due to the Suez Canal crisis. For comparison: 435'000 cbm came to Europe in 2023, but only a small fraction of this has been coming since the first quarter of 2024. The reason: Pakistani producers are not competitive due to the increased freight prices caused by the detour that vessels currently have to take around Africa. In addition, Pakistani producers are not prepared to harmonise their prices with the European level because they can sell their molasses to India at very good prices instead of producing ethanol for Europe. The second factor that could limit long-term availability is Ineos' announcement that it will close its Grangemouth plant in 2025. Very large key accounts that currently purchase synthetic ethanol from Ineos will have to switch to fermentation alcohol if the second Ineos plant in Herne is not able to replace the volumes in Grangemouth. This would have a major impact on the market. The general expectation is therefore that the current trend of a continuous price erosion could be reversed.

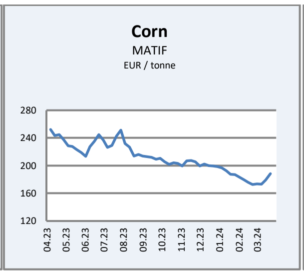
Alcosuisse Market Charts

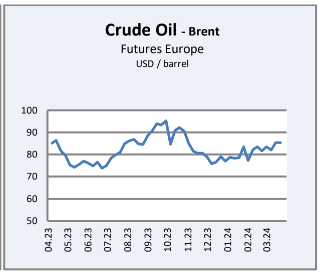












Note: The Alcosuisse Market Report is based on multiple market sources within the European Union and Switzerland. As one of the largest ethanol buyers in Europe alcosuisse receives regularly up-to-date price and market information from practically all major market players. Nevertheless, all information in this report remains an estimation of future developments that can never be forecasted with in absolute guarantee. Therefore, alcosuisse accepts no liability for decisions based on the content of this report and its charts. Contact: For more information or a firm offer please contact our customer service at info@alcosuisse.ch or call +41 31 309 17 17

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