

Oleoline®

The Independent Oleo Reporter 

Glycerine Market Report

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Market Intelligence to Sharpen Your Performance

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Glycerine Market Report

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1/ SUMMARY



TABLE I: Short Term View of Glycerine Prices,
March 2021 to mid-2021

PRODUCT	USA	Europe	China	Forecast	Est. for USA	Est. for Europe	Est. for China
	Delivered in bulk March 2021	Delivered in bulk March 2021	CIF in bulk in flexibags March 2021		Mid 2021	Mid 2021	Mid 2021
99.7% kosher quality refined glycerine spot price	48 c/lb.	EUR 700 pmt	USD 800 pmt		50 c/lb.	EUR 850 pmt	USD 900 pmt
99.5% technical quality refined glycerine spot price	40 c/lb.	EUR 630 pmt	USD 650 pmt		42 c/lb.	EUR 750 pmt	USD 825 pmt
80% crude glycerine for refining spot price	10 c/lb.	EUR 450 pmt	USD 450 pmt		12 c/lb.	EUR 500 pmt	USD 500 pmt

NB: Spot prices are defined as an average level of sales made during the captioned month in bulk, delivered customer. Estimates based on exchange rate: € 1 = \$ 1.19. European prices for crude glycerine for refining are the non-GMO kosher quality, Chinese prices are CIF Chinese Main Ports in bulk in flexibags.

Glycerine prices are rising. After months of hesitation, during which a precarious balance between supply and demand fostered the sentiment that prices could tilt in either direction, the market has taken a decisive turn after the Chinese New Year. Buyers from China have triggered a round of price increases which are set to define market levels for the rest of 2021. Glycerine stocks in South-East Asia have been emptied, most producers have declared themselves sold out until June. Even the European glycerine market, where demand has been apathetic for the past months, has seen a round of prices increase.

The strong commodity bull market has no doubt been the most significant event influencing the glycerine price since the end of September 2020. With vegetable oil values increasing steadily while diesel prices remained low during QIV 2020 and which could not catch-up during QI 2021, oleochemical and biodiesel producers found themselves between a rock and a hard place, drying up most excess glycerine.

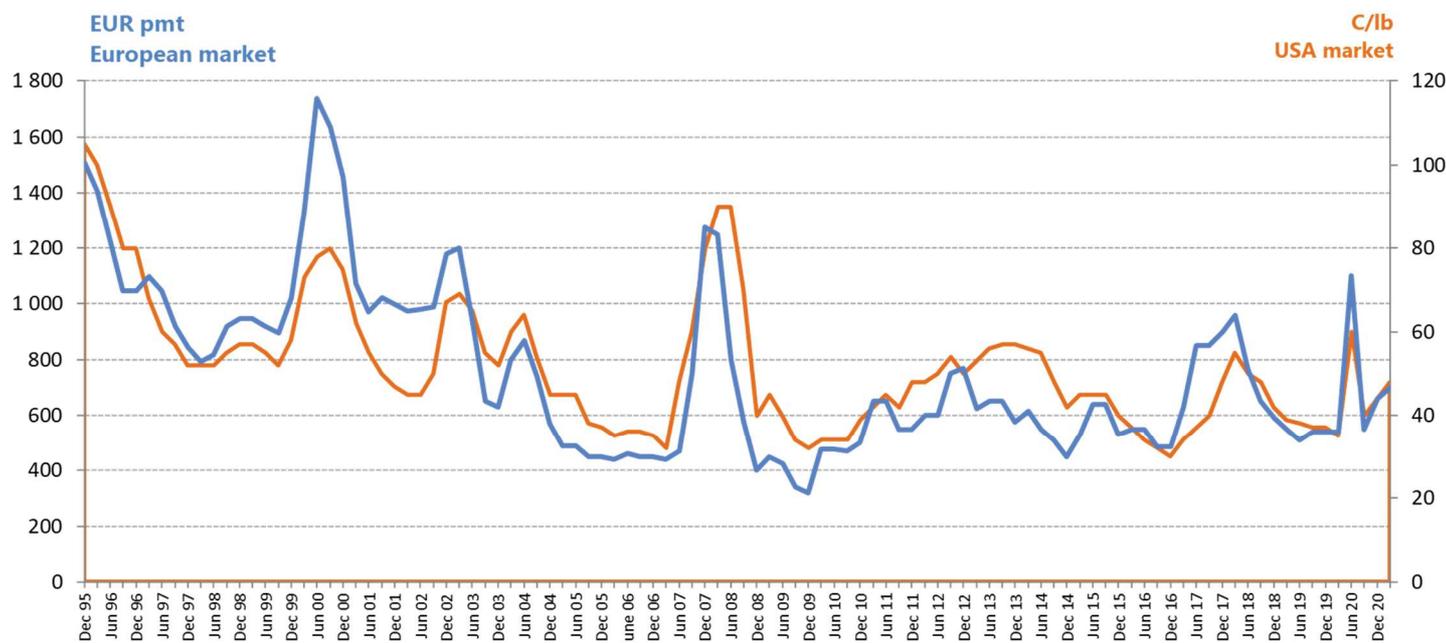
This was not a foregone conclusion. During much of the second half of 2020, the market was under the threat of renewed Covid lockdowns, the product of too many contacts during the summer vacations. The second wave did eventually hit, and a 6-week lockdown was decided end of October in France, followed by the UK and much of Northern Europe in early December. This European stop-and-go approach contrasts with the zero-Covid strategy adopted by most Asian countries where the target has been to aggressively eradicate the virus. As a third wave is hitting the world, vaccinations have progressed in the countries the most affected by the second wave but seem to be dragging on elsewhere. The prospect for loosening Covid restrictions, the key to the liberation of much glycerine supply and demand, have never been brighter, although many difficulties clearly remain.

A fundamental difference in approach between buyers and sellers has caused a deadlock for many weeks: buyers were convinced that subdued spot demand would cause prices to decrease, while sellers were adamant that due to high crude glycerine costs, refined glycerine prices had to improve. The situation was not sustainable and seems to have found a resolution thanks to renewed interest for spot material from Asia.

Graph I illustrates the increase in spot prices of the highest quality of refined glycerine in two of the main markets, the US and Europe since 1995, on a quarterly basis. The graph shows that the price increases are less sudden than last year. Our analysis will discuss whether the price increases will prove more sustainable.



GRAPH I: USA and European Spot Prices for 99.7% Kosher Glycerine Delivered Customer in Bulk, 1995 – 2021 to date

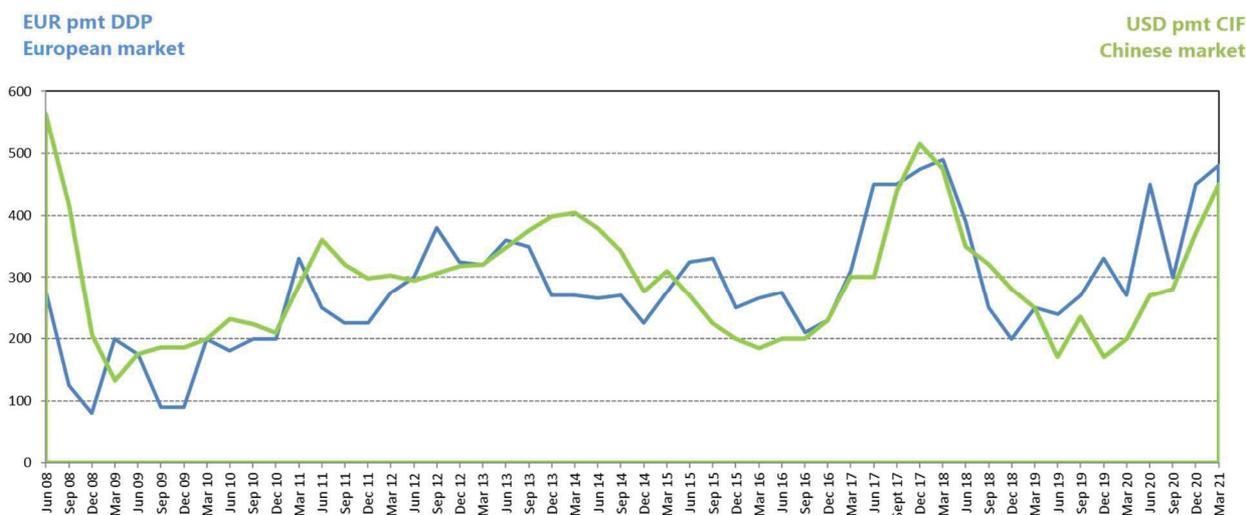


Source: HBI

Graph II shows the spot prices of crude glycerine in China and in Europe since 2008, on a quarterly basis and highlights the difference between crude and refined glycerine values. The trend for crude glycerine mirrors the price evolution of last year. Our suggestion, developed in this edition of your report, is that prices will not fall exactly as they have last year.



GRAPH III: Chinese and European Spot Crude Glycerine Prices Delivered/CIF Customer in Bulk, 2008 – 2021 to date



Source: HBI