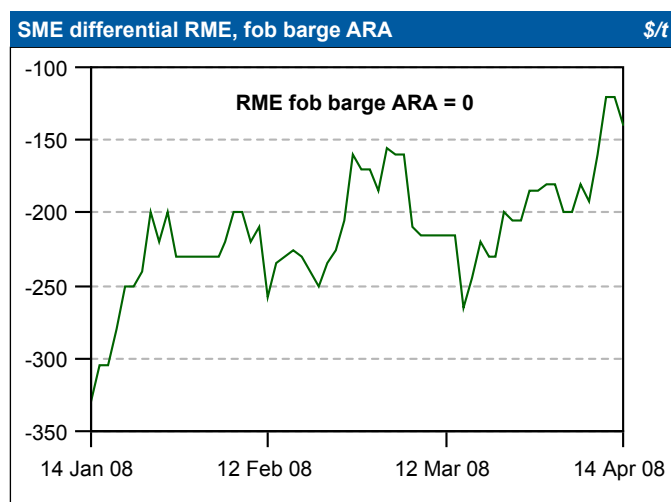


Argus Biofuels

Daily international market prices and commentary

Issue No. 44 Monday 14 April 2008

Spot prices			
Product	Bid	Ask	±
Diesel, \$/t			
German diesel 10ppm barge	1,071.00	1,072.00	-14.25
Biodiesel, \$/t			
Palm OME fob Rotterdam	1,210	1,230	20.0
Rapeseed OME fob Rotterdam	1,500	1,520	20.0
Soya OME fob Rotterdam	1,365	1,375	0.0
FAME 0°C CFPP fob Rotterdam	1,365	1,380	17.5
FAME -10°C CFPP fob Rotterdam	1,420	1,440	0.0
FAME 0°C CFPP T1 cif Rotterdam	1,270	1,280	15.0
PME fob Malaysia	1,070	1,180	0.0
PME fob Indonesia	1,080	1,140	0.0
PME fob Singapore	1,080	1,180	0.0
SME fob US Gulf, \$/t	1,220	1,240	0.0
Ethanol			
Ethanol fob Rotterdam ex duty, \$/m ³	540	560	0.0
Ethanol fob Rotterdam inc duty, €/m ³	530	550	0.0



Fame zero edges higher

FAME zero prices edged fractionally higher.

The very prompt end of the market was quiet but physical trade was reported for Q3 and May positions between \$1373-1375/t fob Ara. Forward markets were also adjusted higher in line with the small gains on physical indications.

A trader offered virgin vegetable oil at \$1370/t for 2,000t loading end April with no BP sustainability clause and early negotiation at \$1360-1365/t for prompt Fame 0 fell apart. But very prompt supplies appeared relatively difficult to secure.

A third quarter paper market was quoted bid at \$1,360/t and offered at \$1,375/t during the day.

The RME market was offered marginally firmer at \$153-1550/t but no bids were seen after floating price trade on Friday.

Elsewhere in the market, PME was offered at \$1240/t fob for T1 April dates but not heard to trade.

In northwest Europe ethanol discussion, T1 prompt was valued at \$550/t but discussion was thin.

Spot buyers and sellers of palm methyl ester (PME) remained on the sidelines as buying ideas rose on the back of higher Malaysian palm oil prices, while selling ideas fell because of falling middle distillate values.

PME bid-offer spreads widened to levels considered unworkable for spot transactions - at \$110/t for Malaysian exports and \$60/t for Indonesian shipments.

Notional buying ideas fell by \$10/t to \$1,020-1,070/t fob Malaysia and \$1,010-1,080/t fob Indonesia, as middle distillate prices declined. US heating oil was down 1.5pc at \$960/t.

Selling ideas for PME remained in wide ranges at \$1,140-1,220/t fob Indonesia and \$1,180-1,270/t fob Malaysia as benchmark Malaysian palm oil futures rose 4.1pc to close at 3,595 ringgit/t (\$1,137/t). Palm oil traders said prices surged as Chinese buyers were out to cover short positions.

Vegetable oil imports into China in March were reported at a high 750,000 tonnes. This took the total vegetable oil imports into the country in the first quarter to 2 mn tonnes, a 9pc rise over the previous quarter.

Biodiesel by-product crude glycerine of 80pc purity in bulk was thought discussed at \$670-760/t on a fob southeast Asia

Prices at the pump				
Country	Tax on biodiesel	Diesel tax	Wholesale price biodiesel, \$/t	Wholesale price diesel, \$/t
UK	30.35 p/litre	50.35 p/litre	1,553.3	1,387.9
Germany	15.00 ¢/litre	47.00 ¢/litre	1,484.4	1,447.1

basis. Selling ideas of refined 99.5pc pharmaceutical grade glycerine in bulk for May/June remained at \$1,720-1,750/t fob southeast Asia, against buying ideas at \$1,620-1,650/t fob.

A trader is reportedly offering a 3,000t cargo of Brazilian ethanol at \$755/t fob Singapore for July delivery. No bids were reported.

Pakistani sellers of ethanol are reportedly fully booked until June and are offering July cargoes of 99.7pc fuel grade ethanol at \$650-670/t fob Karachi. No bids were heard.

Pakistani sellers did not have any volumes available for the second quarter and were giving notional indications for the third quarter. "They know there is no need to panic as long as prices of mogas and gas oil remain high because demand for ethanol will always be there in such a situation," a trader said. They could offer at higher levels as feedstock molasses prices continued to remain in the mid-to-high-90s/t, he added.

Trading was subdued in Thailand because of the ongoing Thai New Year holiday season. Buying ideas continued to be heard at and below \$620/t for June-loading Thai fuel-grade 99.5pc anhydrous ethanol, against offers at \$640-650/t fob.

Prompt SME prices fob Houston were unchanged in limited trading discussion to start the week. Traders said buyers were sparse as CBOT soybean oil futures moved higher and European gasoil prices were flat. Prompt B99 FAME zero fob Michigan was offered at \$3.13/USG, to no bids. Prompt B99 PME fob Houston was offered at 3.27/USG, with buying interest similarly slack. On CBOT, May soybean oil futures strengthened 1.1c/lb to 61.1c/lb. in light trading. July soybean futures increased 1.2c/lb to nearly 62c/lb. The CBOT soybean oil futures market remained in a contango through the first quarter of 2009.

RME swap, 14 Apr			\$/t
	Bid	Ask	
Apr 2008	1,500	1,520	
May 2008	1,500	1,520	
Jun 2008	1,500	1,520	
Q3 2008	1,550	1,570	
Q4 2008	1,560	1,580	

PME forward physical, 14 Apr			\$/t
	Bid	Ask	
Apr 2008	1,200	1,220	
May 2008	1,200	1,220	
Jun 2008	1,200	1,220	
Q3 2008	1,210	1,230	
Q4 2008	1,210	1,230	

Fame -10 forward physical, 14 Apr			\$/t
	Bid	Ask	
Apr 2008	1,420	1,440	
May 2008	1,420	1,440	
Jun 2008	1,420	1,440	
Q3 2008	1,500	1,520	
Q4 2008	1,500	1,520	

SME forward physical, 14 Apr			\$/t
	Bid	Ask	
Apr 2008	1,350	1,370	
May 2008	1,350	1,370	
Jun 2008	1,350	1,370	
Q3 2008	1,350	1,370	
Q4 2008	1,370	1,390	

Fame 0 swap, 14 Apr			\$/t
	Bid	Ask	
Apr 2008	1,350	1,370	
May 2008	1,350	1,370	
Jun 2008	1,350	1,370	
Q3 2008	1,350	1,370	
Q4 2008	1,350	1,370	

**Complying with RTFO
28 April 2008 , London**

Argus will hold a breakfast meeting on the domestic and international impact of the introduction of the renewable transport fuels obligation in the UK.

Visit www.argusbiodiesel.com for more information, or email conferences@argusmediagroup.com



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INVESTOR IN PEOPLE



THE QUEEN'S AWARDS

UK plant set to plug ethanol gap

Investment firm Future Capital Partners is less than a month away from securing planning permission on the first of two UK ethanol producing units, which should start commercial operation by 2010.

Future Capital plans to build its first 150,000t/yr unit near Grimsby on the UK's east coast, with a second unit of the same size to be constructed slightly further north at Teesside. Both sites have been chosen for their deepwater port access, which would allow them to export ethanol to northwest Europe should ethanol economics be more favourable in non-UK markets due to differing national tax and penalty legislation for biofuels.

Even so, the Grimsby plant's output is expected to be supplied solely to UK fuel retailers, according to Future Capital's associate director of structured finance Graham Webber. Future Capital is currently in talks with one fuel supplier and one chemicals company towards possible 100pc 10-year term offtake agreements, Webber said. Another two fuel suppliers have also expressed interest in the projects' output. Future Capital would like to sign offtake contracts which give the buyer exposure to fluctuations in wheat prices in exchange for reduced exposure to fluctuations in ethanol prices, Webber said.

Both of Future Capital's plants will use surplus UK feed wheat as feedstock for producing ethanol. Feed wheat has a high starch content, boosting its ethanol yields, and its use as a biofuel feedstock does not diminish the volume of wheat available to the human food chain, Webber said.

1mn t of wheat will typically produce around 300,000t of ethanol, according to Webber. The ethanol production process will also create distillers grains and solids which Future Capital expects to be able to sell back to its wheat suppliers as animal feed at a premium to wheat prices. The firm also expects to be able to sell emissions credits garnered under the UK government's RTFO certification scheme to third parties given the plants' headline 107pc CO₂ carbon reduction relative to fossil gasoline, Webber said.

Future Capital expects its ethanol to be cost competitive with imported Brazilian material given the relatively high cost of shipping ethanol from Brazil to Europe and then redistilling it to meet European standards on water content. US-produced ethanol will remain locked out of the European market given the different quality and sustainability standards demanded on either side of the Atlantic, Webber said.

Future Capital estimates the UK market alone will require around 1.3bn litres/yr of ethanol in order to meet the UK government's target of sourcing 5pc of its road transport fuels from ethanol by 2010, Webber said. Plants being built by venture-capital backed firm Ensus and BP are together expected to produce around 820mn litres/yr of ethanol in total, while British Sugar's already operational Wisington plant in the UK's east Anglia has a headline capacity of 60mn litres/yr.

Future Capital is still raising equity and debt financing towards the £320mn cost of the two projects.