

Oleoline[®]

The Independent Oleo Reporter 

Glycerine Market Report

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The Market Intelligence To Sharpen Your Performance


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This Quarterly Glycerine Report is published successively in magazine format (in March and September) and in Powerpoint format (June and December).

The report analyses by region the latest quarter and offers an outlook for the remainder of the year, along with the data for the past 10 years.

KEY Q1
MARKET
POINTS

- ▶ The glycerine market was very weak at the beginning of 2020. Very ambitious biodiesel programmes were promised for this year while markets throughout the world were showing an accumulation of signs of saturation.
- ▶ Supply and demand of glycerine remained in balance since a surge in biodiesel production occurred during QIV of 2018 was met with a phenomenal rise in demand from China. The first cracks in this fragile state of affairs showed during Q1 2020, with the Covid-19 crisis simmering.
- ▶ The market has gone from depressed and overstocked in February to completely dry by the end of March. Prices have sky-rocketed at an unmatched velocity as from the 15th of March. Crude glycerine was temporarily withdrawn from the market.
- ▶ Prices of mineral oil have crashed starting March 2020, eroding the profitability of biodiesel and causing technical glycerine to become less competitive than petrochemical alternatives.

KEY
IMPACT
POINTS
FROM
COVID19
SO FAR

- ▶ European, South American and South-East Asian lockdowns have dried up local supply of glycerine in April as consumption of diesel was cut in half from the end of March. Overflowing tanks of diesel forbid further biodiesel deliveries, closing the glycerine taps.
- ▶ As fresh glycerine supply dried up, many integrated producers withdrew their offers and rushed to the market to purchase any freely available crude and refined glycerine in order to deliver existing contracts.
- ▶ The start of QII has been a story of shrinking stocks. All crude glycerine inventories from integrated refiners have been sanctuarized. The Chinese market has been living off 2019 inventories since mid January, with international activity limited to intra-group trading.
- ▶ Good demand from customers in food and cleaning applications has slowed since the second half of Q2. Technical applications are unable to take any glycerine.
- ▶ With supply improving, and demand from whole industries suspended, stocks are accumulating again.

TABLE I: Short Term View of glycerine Prices, June 2020 to End 2020

PRODUCT	USA	Europe	China	Forecast	Est. for USA	Est. for Europe	Est. for China
	Delivered in bulk June 2020	Delivered in bulk June 2020	CIF in bulk in flexibags June 2020		End 2020	End 2020	End 2020
99.7% kosher quality refined glycerine spot price	60 c/lb.	EUR 1100 pmt	USD 600 pmt		50 c/lb.	EUR 700 pmt	USD 500 pmt
99.5% technical quality refined glycerine spot price	48 c/lb.	EUR 850 pmt	USD 450 pmt		35 c/lb.	EUR 450 pmt	USD 400 pmt
80% crude glycerine for refining spot price	12 c/lb.	EUR 450 pmt	USD 270 pmt		10 c/lb.	EUR 300 pmt	USD 250 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 = \$ 1.13. European prices for crude glycerine for refining are the non-GMO kosher quality, Chinese prices are CIF Chinese Main Ports in bulk in flexibags.