

# Quarterly Market Report

**01.07.2024**

## European market for pharmaceutical and industrial ethanol grades

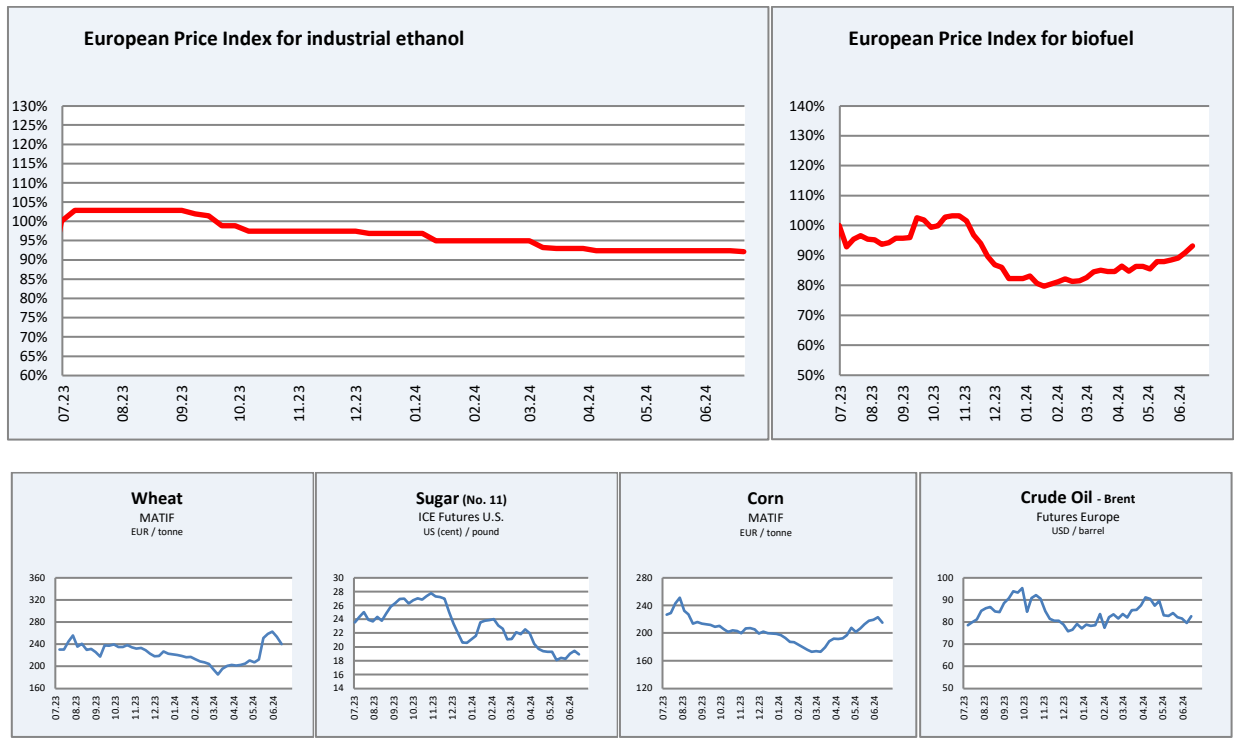
### 3<sup>rd</sup> quarter 2024

During the previous quarter, all price-setting factors remained stable. The slight economic recovery that many market observers thought was on its way failed to materialize. The European purchasing managers' indices are still low and show that the economic upturn is lacking dynamism. Demand is still sluggish, resulting in good availability. Therefore, prices in Q2 for industrial ethanol remained widely unchanged, only wheat- and sugar beet-based ethanol has risen by € 1-2/hl, as the wet spring in Western Europe has driven up the price of the raw material. This is clearly visible in the MATIF wheat price chart below, where the price curve in Q2 rose sharply. The wet spring is also reflected by the fact that the average sowing date for sugar beet was 15 days later than in 2023 and plants are missing on many fields due to soil pest. The impact on yield compared to normal spring conditions is estimated at minus 10%. However, the sugar beet harvest is still several months away, and the harvest must be completed before the exact effects can be quantified. As for biofuel, the market is short. Therefore, compared to industrial ethanol, the price for biofuel is high. For producers who can switch between biofuel and industrial ethanol, it is now interesting to produce biofuel with less energy input instead of cost-intensive pharmaceutical alcohol. However, European producers are avoiding focusing too much on biofuel and tightening the supply of industrial ethanol as they do not want to give away the market share, they were able to win back from Pakistani importers this year after imports from Pakistan were at record levels in 2023. In our opinion, the market situation will remain stable and Alcosuisse expects prices to maintain their level throughout the third quarter.

### Long-term situation

Currently - Germany, France and Italy are continuing to lobby at the EU to reintroduce import duties on Pakistani ethanol. If this were to happen, this would represent a game changer, because the supply of ethanol on the European market would tighten significantly, which would push up the prices sharply. However, Alcosuisse does not believe that the EU Commission will decide to reintroduce the import duty on ethanol from Pakistan because there is no political motivation to do so from a Pan-European perspective. Availability should therefore remain high, as the poor growth prospects for the second half 2024 do not look like the current stagnation will be overcome. In other words: We do not expect any major price changes unless the global geopolitical situation escalates further.

### 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 an 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](mailto:info@alcosuisse.ch) or call +41 31 309 17 17

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