

SAMPLE



Biomass

☆RIM BIOMASS INTELLIGENCE WEEKLY

★No. 114 Apr 28 2022

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©RECX-22 index

RECX-22 index for Thursday was 198.00, up 5.95 points from the previous day

Introduction of Rim reports

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Lineup:

Bunker Oil	Crude/Condensate	Products	
LPG	Petrochemicals	Polyolefins	
LNG	Power	Daily Data	Rim Data File

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©Wood Pellets (\$/mt)		
OFOB Southeast Asia Spot Prices for South Korea		
	Wood Pellets	Yen/mt
FOB spot prices (May)	+13 158.00-162.00 +12	20,328-20,843
FOB spot prices (Jun)	+13 158.00-162.00 +12	20,328-20,843
FOB spot prices (Jul)	+13 158.00-162.00 +12	20,328-20,843
OFOB Southeast Asia Spot Prices for Japan		
	Wood Pellets	Yen/mt
FOB spot prices (May)	+10 160.00-170.00 +10	20,586-21,872
FOB spot prices (Jun)	+10 160.00-170.00 +10	20,586-21,872
FOB spot prices (Jul)	+10 160.00-170.00 +10	20,586-21,872
OFOB North America (including southwest Canada) Spot Prices		
	Wood Pellets	Yen/mt
FOB spot prices (May)	280.00-290.00	36,025-37,311
FOB spot prices (Jun)	280.00-290.00	36,025-37,311
FOB spot prices (Jul)	280.00-290.00	36,025-37,311
O CFR Japan Spot Prices		
	Wood Pellets	Yen/mt
CFR Japan spot prices (May)	198.00-208.00	25,475-26,761
CFR Japan spot prices (Jun)	198.00-208.00	25,475-26,761
CFR Japan spot prices (Jul)	198.00-208.00	25,475-26,761
O Freight rates		
Southeast Asia to North Asia	53.00-58.00	
North America to North Asia	70.00-80.00	
Exchange rate (TTS yen/\$ as of Apr 27) 128.66		

©PKS (\$/mt)		
OFOB Indonesia Spot Prices		
	PKS	Yen/mt
FOB spot prices (May)	100.00-110.00 +5	12,866-14,153
FOB spot prices (Jun)	100.00-110.00 +5	12,866-14,153
FOB spot prices (Jul)	100.00-110.00 +5	12,866-14,153
OFOB Malaysia Spot Prices		
	PKS	Yen/mt
FOB spot prices (May)	95.00-100.00	12,223-12,866
FOB spot prices (Jun)	95.00-100.00	12,223-12,866
FOB spot prices (Jul)	95.00-100.00	12,223-12,866
O CFR Japan Spot Prices		
	PKS	Yen/mt
CFR Japan spot prices (May)	150.00-160.00	19,299-20,586
CFR Japan spot prices (Jun)	150.00-160.00	19,299-20,586
CFR Japan spot prices (Jul)	150.00-160.00	19,299-20,586
O Freight rates		
Southeast Asia to North Asia	50.00-55.00	
Exchange rate (TTS yen/\$ as of Apr 27) 128.66		

©Wood Pellets

○Summary

Wood pellets prices for Southeast Asia loading extended gains. Increased demand for South Korea and thin supply from Southeast Asia pushed up the market. Additionally, wood demand as a raw material for paper chips for China was heightening.

○FOB Southeast Asia

Prices for wood pellets for loading from May to July in Southeast Asia for Korea moved up by \$12.50/mt from a week earlier to \$158.00-162.00/mt due to tight supply/demand.

Buying interest from Korean electric power companies was robust. Independent electric power companies did not issue a buy tender and seemed to procure cargoes from suppliers privately. In Southeast Asia, supply was limited and sources pointed out that buyers rushed into negotiations if there were available cargoes and decided to buy them even if prices were high. Discussion levels were heard at around \$160/mt and the spread between prices for South Korea and that for Japan shrank. Some suppliers shifted to sell to Korea since wood pellets for Japan strictly need to obtain third-party certification.

As reported earlier, Korea South-East Power Co., Ltd. (KOEN) closed its buy tender on Apr 21. The company was looking for 140,000mt wood pellets in total to be delivered from Jun 13 to Dec 31. KOEN planned to conclude a contract on Apr 28, but the result was unknown. Some sources perceived that KOEN might not procure all the quantities that it wanted to buy since wood pellets prices remained high. KOEN was expected to issue a tender for additional cargoes or try to buy privately.

According to Korea International Trade Association (KITA), imports of wood pellets by South Korea in March in Korea reached 349,875 metric tons (mt), up 25.2% from the corresponding period of last year and up 25.2% from the previous

month. In March, imports from Russia were at the highest level since December 2020. Imports from Russia reached 27,964mt, up 95.5% from a year earlier and up 75.4% from the previous month.

FOB Southeast Asia wood pellets prices for Japan rose further by \$10.00/mt from the previous week to \$160.00-170.00/mt in the wake of tight supply.

Wood demand as a raw material for paper chips for China was rapidly increasing in Southeast Asia. Raw material for paper chips were the same as for wood pellets for Japan and South Korea. Thus, sources pointed out that competition for procuring raw material among suppliers was intensifying. Most offers for Japan were heard at \$170/mt and above and some sources said, "Prices were moving week by week." Further, imports of wood pellets from Russia were virtually impossible in Japan and this pushed up the FOB Southeast Asia market as well.

According to sources, a 40,000mt wood pellets for loading from Vietnam in August onwards were traded for Europe. Some sources perceived that prices might be at \$180/mt and above on an FOB basis, considerably higher than prices in the FOB market for South Korea or Japan. CFR Europe prices were heard at \$300-350/mt, depending on the quantity and delivery timing. One supplier said, "Even if freight rates from Southeast Asia to Europe were \$100/mt and above, the price was profitable enough."

Tender for Wood pellets for South Korea								
Company	Power plant	B/S	Timing	Volume(mt)	Closing date	Price(\$/mt)	Result	Winner
KOEN	Yeongdong No.2	DDP	Jun 13-Dec 31 2022	140,000	2022/4/21			
KOEN	Yeongdong No.2	DDP	Apr 20- May 31 2022	20,000	2022/3/21		awarded	2 companies
KOSPO	Samcheok	DDP	Mar-Jun 2022	6,000	2022/3/15			
KOSPO	Samcheok	DDP	Mar-Jun 2022	20,000	2022/3/10			
KOEN	Yeongdong No.2	DDP	Apr 11-May 31 2022	50,000	2022/3/7			
KOEN	Yeongdong No.2	DDP	May 12-Dec 23 2022	90,000	2022/2/28			
KOEN	Yeongdong No.2	DDP	Apr 15-Aug 31 2022	120,000	2022/2/21			
KOSPO	Hadong	DDP	Mar-Jun 2022	20,000	2022/2/8			
KOEN	Yeongdong No.2	DDP	Mar-22	18,500	2022/2/8			
KOEN	Yeongdong No.2	DDP	Mar-22	50,000				
KOEN	Yeongdong No.2	DDP	Feb-22	50,000	2022/1/18			
KOSPO	Hadong	DDP	Mar-Jun 2022	20,000	2022/1/21			
KOEN	Yeongdong No.2	DDP	Feb-Mar 2022	150,000	2022/1/7			
SGC energy		DDP	Jan-Feb 2022	200,000		\$180 CFR		
KOEN	Yeongdong No.2	DDP	Jan 10-Mar 31 2022	80,000	2021/12/16			
KOEN	Yeongdong No.2	DDP	Jan 10-Mar 31 2022	140,000	2021/11/25			
SGC energy		DDP	Nov 2021-Jan 2022	200,000				
KOEN	Yeongdong No.2	DDP	Jan 10-Apr 15 2022	110,000	2021/11/15			
KOEN	Yeongdong No.2	DDP	Nov 15-Dec 31 2021	70,000	2021/11/4		awarded	4 companies
KOEN	Yeongdong No.2	DDP	Nov 1-Dec 31 2021	70,000	2021/10/12		0	0
KOEN	Yeongdong No.2	DDP	Nov 29-Dec 17 2021	25,000	2021/10/12			
Gunjang Energy		DDP	Oct-21	40,000		\$170		
KOEN	Yeongdong No.2	DDP	Oct-21	30,000	2021/9/15			
KOSPO	Samcheok	DDP	Nov-Dec 2021	20,000	2021/9/13			
KOEN	Yeongdong No.2	DDP	Nov 15 2021-Apr 30 2022	170,000	2021/9/3			
Gunjang Energy		DDP	Aug-Oct 2021	100,000	2021/7/30		awarded	
KOEN	Yeongdong No.2	DDP	Oct 18-Dec 17 2021	25,000	2021/8/9			
KOEN	Yeongdong No.2	DDP	Jul 1-Sep 30 2021	66,000	2021/8/9			
KOEN	Yeongdong No.2	DDP	Sep 13-Oct 15 2021	25,000	2021/7/2			
KOSPO	Hadong	DDP	Jul-Sep 2021	66,000	2021/5/24			
KOEN	Yeongdong No.2	DDP	Aug 9 2021-Jun 30 2022	200,000	2021/6/10	\$100 and below FOB bss	awarded	korean trader
KOSPO	Hadong	DDP	Jun-Oct 2021	40,000	2021/4/29	high \$90s FOB bss	awarded	
KOEN	Yeongdong No.2	DDP	Jul 12 2021-Jan 11	180,000	2021/4/19		awarded	korean trader
Gunjang Energy		DDP	May-Jul 2021	120,000	2021/4/2	ard \$90 FOB bss	awarded	korean trader
Gunjang Energy		DDP	Apr-21	100,000		ard \$90 FOB bss	awarded	korean trader

OFOB North America

Wood pellets prices for loading from May to July in North America were unrevised from the previous week at \$280.00-290.00/mt. Nevertheless, the market remained firm due to brisk demand from Europe.

In Europe, wood pellets imports from Russia stopped. Thus, most players were actively covering shortfalls by buying cargoes from North America

loading, especially from US East coast. CFR Europe prices were said to be around \$350/mt and FOB North America prices were still seen at \$280-290/mt, even after subtracting freight rates.

Supply shortage was serious in Asia, but there were few players moving on spot procurement for North America loading. One trader said, "It is not profitable at the current market level."

OCFR Japan

CFR Japan prices for wood pellet to be delivered from May to July in Japan were at \$198.00-208.00/mt, all unchanged from a week before.

As reported, some spot demand was expected from a co-combustion thermal power plant with coal and wood pellet which was now being constructed in Chugoku area in Japan by a major power company in the country. Although details such as volumes and delivery timing were still unknown, inquiries such as supply availability seemed to be asked to some Japanese trading

houses. However, some market sources pointed out that supply of wood pellet in Southeast Asian, one of the main suppliers of the fuel, was extremely tight, and talks on parcels for Japan were sluggish.

As price hikes of coal were advancing and the price gap between coal and wood pellet was narrowing, one of the suppliers mentioned that demand of wood pellet would extend further going forward. Some said that some power plants in Japan were forecast to enhance the co-combustion rates of wood pellet.

OFreight rates

Freight rates between Vietnam and Japan were at \$53.00-58.00/mt, while those between North

America and Japan were at \$70.00-80.00/mt, both unchanged from the previous week.

OPKS

OSummary

PKS prices on an FOB Indonesia basis increased. Since buying interest for delivery to Europe was strong, sellers were raising offers. On an FOB Malaysia basis, prices were unchanged. In the CFR Japan market, demand was seen from power generating companies that use domestic materials.

OFOB Southeast Asia

Prices for PKS loading from Indonesia from May to July rose \$2.50/mt from the previous week to \$100.00-110.00/mt, bolstered by tight supply/demand.

For PKS loading from Indonesia, buying interest from Europe was increasing. Since Russia invaded Ukraine, supply for Russian biomass fuel was stopped and energy prices increased. As a result, players were moving actively to bring PKS from Indonesia to Europe. Demand was increasing especially from Germany and Poland which had concluded bilateral agreements with Indonesia. According to some market sources, Indonesian suppliers received buying inquiries for 50,000-60,000mt for delivery to Poland.

On the supply side, limited suppliers had room to sell spot cargoes. Suppliers whose yields were high focused on term contracts for delivery to Japan and they were not aggressive in spot sales. In addition, as procurement costs of materials in the Indonesia domestic market were at high levels, suppliers' inventories were not increasing smoothly. Amid tightening supply/demand, sellers were bullish and they reportedly raised offers to \$110-120/mt.

For these reasons, it was difficult to find suppliers that had sufficient inventories, it was hard to conduct discussions for delivery to Poland, said some sources. Several years ago, a deal was done

for PKS to be shipped from Tanjung Buton for delivery to Poland, but delivery did not materialize.

Export of palm oil from Indonesia was forbidden again. The Indonesian government announced that it would forbid export of palm oil and its derivatives from Apr 28. In the announcement by the government on Apr 22, only export of palm olein that was refined, bleached and deodorized was to be restricted. But in the announcement on Apr 27, the subject of restriction was expanded. Export of the whole palm oil products including palm crude oil (CPO), wastewater from palm oil factories and used cooking oil would be forbidden. The prohibition of export was introduced to secure supply in the domestic market as prices for cooking oil were surging in the world along with the Russian invasion of Ukraine.

This was the third time for the Indonesian government to announce the prohibition of export of palm oil this year. In late January, the

government required exporters to sell 20% of export volumes to the domestic market. From Mar 10, the ratio of sales to the domestic market was raised to 30%. But only one week after the announcement, the requirement of sales to the domestic market was abolished completely. Along with the prohibition of export this time, the international market of palm oil was likely to rise further but the period of prohibition was uncertain and the situation in the future was unclear.

Prices for PKS loading from Malaysia from May to July were unchanged at \$95.00-100.00/mt. Since supply/demand for PKS from Indonesia was tightening, some power generators were reportedly considering to procure cargoes loading from Malaysia. A power generating company had previously prioritized procurements of Indonesian cargoes for their quality but as supply for Indonesian cargoes was tightening, it was procuring Malaysian cargoes more often. Under this situation, PKS loading from Malaysia was said to be not in surplus either.

OCFR Japan

CFR Japan prices for PKS to be delivered from May to July were at \$150.00-160.00/mt, unchanged from a week before.

Some power companies who usually use domestic woods as fuel were keen on purchases of PKS. Due to tight supply/demand fundamentals of domestic timbers, their procurements of domestic woods were declining, and some of them were

making moves to buy PKS as supporting fuel in the spot market. One of them was said to have bought 10,000mt of PKS delivered in April on a spot basis, but the price was still unknown. Supply of PKS was still tight both from Indonesia and Malaysia, so that offers were still heard at around \$160.00/mt. Some Japanese trading houses seemed to be refused to start discussions due to a sense of thin supply.

OFreight rates

Freight rates between Indonesia and Japan and between Malaysia and Japan were both at \$50.00-55.00/mt, unchanged from a week before.

It was likely that the COVID-19 outbreak in China seemed to be impacting on supply/demand fundamentals of shipping schedules. On the back of

sluggish movements of cargoes to China, a sense of loose fundamentals was emerging. Therefore, some vessel lenders or ship-owners were reportedly interested in spot talks with traders. Meanwhile, some market sources perceived that freight rates between Southeast Asian and Japan stood at \$50.00-55.00/mt.

©Market News

Following news stories were originally published on Rim Asia Energy Links, the real-time news service at <https://www.rim-intelligence.co.jp/cgi-bin/e/index.cgi>

○Takenaka Co to start biomass power plant construction in Ehime in May

Japan's construction company Takenaka Corporation announced on Apr 26 that it would start the construction of Uchiko Ryuow biomass power plant in Ehime prefecture, West Japan in May. The plant would be managed by the newly established company Uchiko Ryuow Biomass Energy invested by some companies including Takenaka, Naito Kogyo and so on. The plant would supply both electricity and heat by using wood pellet produced from local timbers. It would generate 330kW of electricity and 500kW of heat. It is scheduled to start operations from October this year.

○INPEX cut deals for cooperative research on bio-methane in Indonesia

Japan's INPEX announced on Apr 25 that it had struck contracts on cooperative research to take advantage of bio-methane which is produced from Palm Oil Mill Effluent or POME with Indonesia's state-owned Pertamina, Osaka Gas and JGC Holdings. POME is wasted liquid in the course of extractions of palm oil in Indonesia.

This project is aiming to realize the carbon-neutral society by curtailing the discharge of global warming gases by using bio-methane. It is speculated that bio-methane produced from POME in the island of Sumatra and of Kalimantan would be supplied to end-users in Indonesia especially in the island of Java. To supply bio-methane, existing infrastructures such as natural gas pipelines are considered to be used. It is expected that the amount of CO₂ discharged in the air could be reduced by changing the use of fossil fuels to bio-methane. The project would also consider that it would take advantage of the schemes such as the carbon credits or the certifications of bio-methane. Moreover, projects to supply bio-LNG for bunker fuel or to export bio-LNG to Japan would be included.

© Statistics

○ Japan Wood Pellets Imports MOF Data Mar 2022

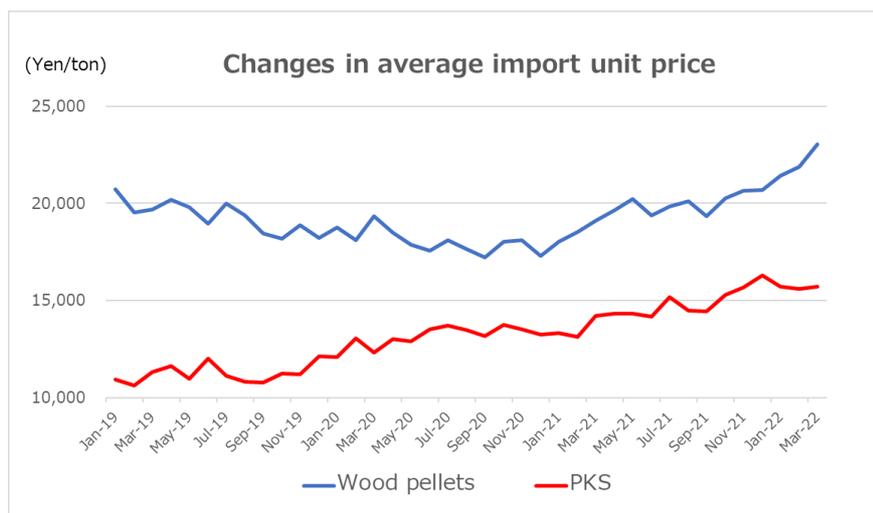
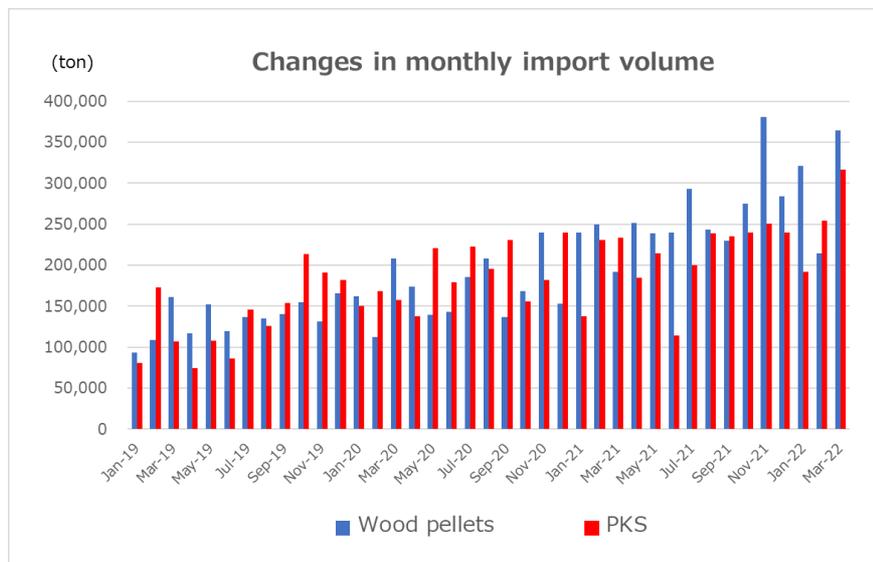
Japan Wood Pellets Imports MOF Data				Mar 2022		(Forex: \$=Yen 115.85)	
Country	Mar 2022			Feb 2022	Mar 2021	Jan-Mar 2022	Jan-Mar 2021
	Volume(mt)	Unit Price (Yen/mt)	Unit Price (\$/mt)	Volume(mt)	Volume(mt)	Volume(mt)	Volume(mt)
Vietnam	232,922	20,946	180.80	107,348	127,506	525,149	385,639
Canada	85,718	25,156	217.14	59,578	51,664	262,850	210,993
US	30,716	34,726	299.75	0	240	30,716	26,945
Indonesia	14,894	18,942	163.50	572	11,663	16,553	12,451
Malaysia	209	17,971	155.13	11,804	970	22,395	44,718
China	81	61,593	531.66	75	66	206	196
Russia	26	28,269	244.02	21,000	0	27,826	0
Taiwan	0	0	0.00	1	0	1	0
Estonia	0	0	0.00	0	0	23	46
Australia	0	0	0.00	13,950	0	13,950	0
Netherlands	0	0	0.00	0	32	0	32
Ukraine	0	0	0.00	0	8	0	8
Grand Total	364,566	23,031	198.80	214,328	192,149	899,669	681,028

Source: Ministry of Finance, Trade Statistics of Japan

○ Japan PKS Imports MOF Data Mar 2022

Japan PKS Imports MOF Data				Mar 2022		(Forex: \$=Yen 115.85)	
Country	Mar 2022			Feb 2022	Mar 2021	Jan-Mar 2022	Jan-Mar 2021
	Volume(mt)	Unit Price (Yen/mt)	Unit Price (\$/mt)	Volume(mt)	Volume(mt)	Volume(mt)	Volume(mt)
Indonesia	216,566	15,670	135.26	215,968	207,350	549,708	490,486
Malaysia	99,512	15,811	136.48	38,381	25,838	212,496	111,031
Grand Total	316,078	15,714	135.64	254,349	233,188	762,204	601,517

Source: Ministry of Finance, Trade Statistics of Japan

Changes in monthly import volume and import unit price


Source: Ministry of Finance, Trade Statistics of Japan


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