

# Quarterly Market Report

**01.04.2023**

## European market for pharmaceutical and industrial ethanol grades

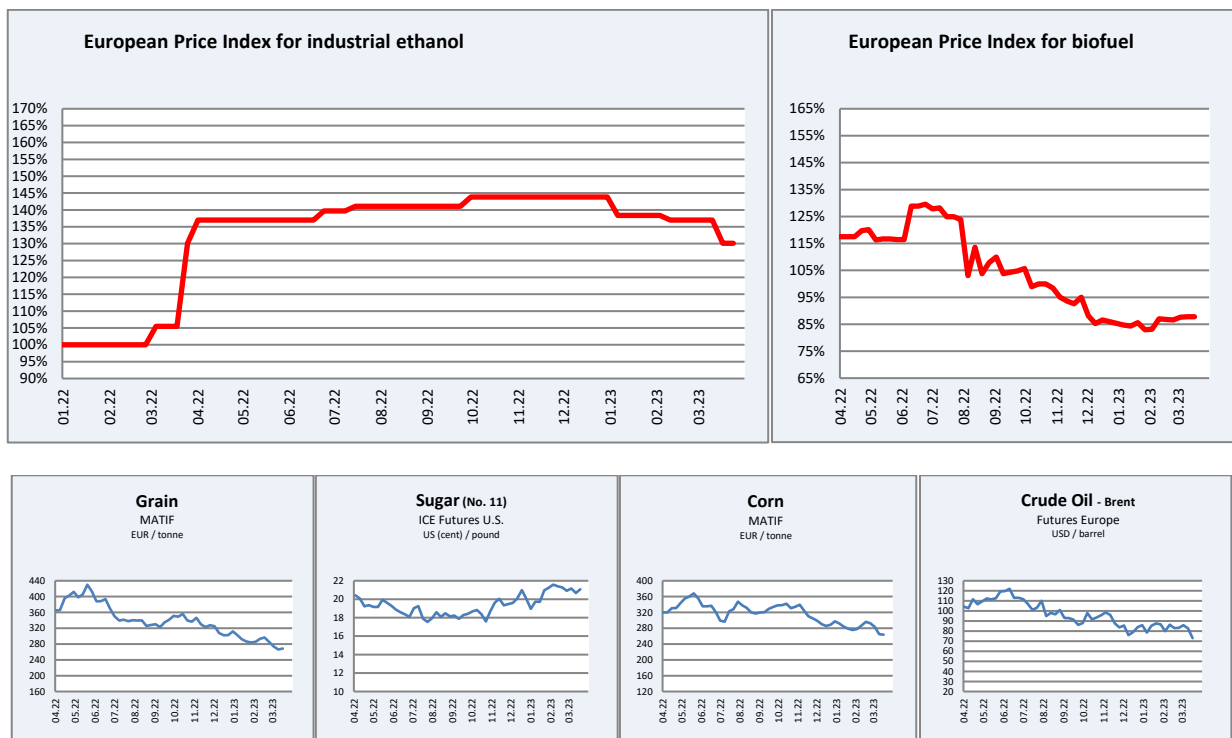
### 2nd quarter 2023

The market easing in the first quarter of 2023 is rather surprising in its clarity. Prices are still around 30% higher than in February 22. However, there has been an easing and ongoing price correction of almost 10% since the beginning of this year. This price correction is primarily due to increased imports of cheap material from overseas. Besides Pakistani quantities, Brazilian ethanol in particular became competitive due to the high European price level despite import duties and led to this price correction. European producers, however, have not yet seen any significant changes in their cost structure; most have not been able to benefit from cheaper energy or raw material costs due to medium-term procurement contracts. Nevertheless, they have been forced to follow the price correction in the market, at least partially, in order to defend their market shares. We expect a further, moderate price correction in the second quarter, as there are signs of continued stable imports from overseas and, in addition, demand in Europe is weakening somewhat. We expect this bearish sentiment to continue into the summer and ethanol prices to remain under pressure.

### Long-term situation

The outlook for the second half of the year is still very uncertain and fraught with risks. We consider a continuous further decline in prices to be rather unrealistic. Many signs indicate that the market could turn around again towards winter and that prices will pick up again. The reasons for this are, on the one hand, the still enormously high general inflation in the euro area, which is likely to have another delayed effect on prices. In addition, we expect that European producers will have to pay significantly higher prices than the current spot prices for autumn and winter 23/24 with regard to energy costs. Overall, we expect a renewed trend reversal and prices to rise again in the second half of the year, especially at the end of the year. If logistics problems were also to increase again, this would also have an impact on availability and thus on the price level. All in all, the risks and with them the potential volatility in the market remain high. For all customers for whom price stability and high security of supply are important, long-term and timely procurement contracts are certainly still the appropriate way to go.

### 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 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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