

## Quarterly Market Report

01.04.2022

### European market for pharmaceutical and industrial ethanol grades

#### 2nd quarter 2022

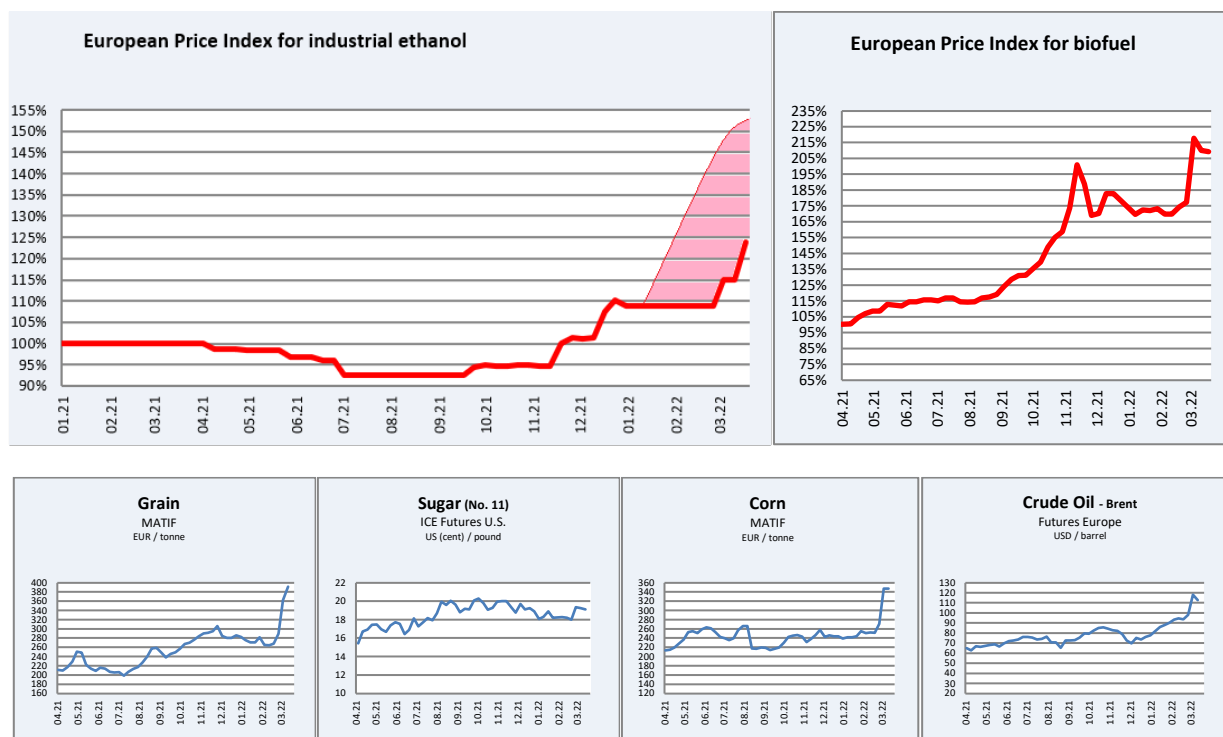
The current market situation for ethanol in Europe is dominated by the war in Ukraine. Prices, which had already been rising steadily in the months before the Ukraine crisis, have now literally exploded. Similar to the situation in 2020 at the beginning of the Corona crisis, it is not possible currently to define a clear market price (see chart below); prices are subject to extremely high volatility and differ, sometimes drastically, depending on the region and supplier. The greatest price upward swings can be observed in wheat ethanol (due to the high importance of the production countries Russia and Ukraine) and in anhydrous grade ethanol (especially in the synthetic sector). The availability for these two products is enormously critical and, in some cases, no longer given. A forecast for the 2nd quarter is difficult in view of the enormous uncertainties. However, an easing of the market situation can be practically ruled out. It will only be a question of how much availability will deteriorate and how high prices will continue to climb. In terms of availability, we see the greatest risk in the threat of production stops due to a lack of raw materials and/or excessively high energy prices, especially for Eastern European producers and the manufacturer of synthetic ethanol. The further development of the gas price will be decisive for this. If there is a complete interruption of Russian gas supplies to Europe, it is very likely that the gas price will continue to rise and this will not only have an impact on a further increase in the ethanol price, but that the availability of ethanol will actually become enormously critical.

In Switzerland, the supply situation is somewhat better due to the long-term and above all globally oriented purchasing policy of the market leader Alcosuisse. The prices of Alcosuisse's contract customers have so far been kept stable at the level of the prices agreed in autumn 2021. For customers who have not concluded long-term contracts with Alcosuisse, the European price increases had to be partially applied. And it is foreseeable that the Europe-wide price increase will also become even more pronounced in Switzerland in the medium term.

#### Long-term situation

The outlook for the second half of 2022 is currently very difficult. Practically everything depends on the further development in Ukraine and, derived from that, the development of energy and raw material prices (especially the price of gas and wheat). It will also be important whether additional quantities can be imported from South America and Pakistan. However, we see the potential for significant volumes as too limited to ease the market situation in Europe in the long term. Alcosuisse therefore advises customers to secure their requirements as early as possible (April – Mai).

#### 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

**Alcosuisse AG - the Swiss ethanol specialist**

Ethanol from Switzerland for any and every purpose: whether it is required for industrial processes, or in the production of beverages containing alcohol or for its indispensability in university research, Alcosuisse is the Swiss producer of ethanol. Alcosuisse combines long tradition and experience with a high level of quality and service.

