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☆RIM BIOMASS INTELLIGENCE WEEKLY
★No.200 Feb 29 2024

--TOKYO, 10:00 JST Feb 29 2024<Assessment Closing Time>

◎Notice

○Disclosure of Assessment Methodology

On Aug 25 in 2022, Rim Intelligence disclosed assessment methodology of biomass report on our company's website. If you have any inquiries, please feel free to contact Rim Biomass Team

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◎RECX-22 index

The Rim Energy Composite Index 22 (RECX-22) focuses on energy products with a significant impact on consumer prices and the economy. Please see the Market News section in the bottom part of this report to find the historical trend of RECX-22.

——————————Introduction of Rim reports——————————

Please access the URL below for a lineup of Rim reports. You can view sample reports as well as detailed explanations on the contents:

https://eng.rim-intelligence.co.jp/r.eport/

Lineup:

Bunker Oil	Crude/Condensate	Products	
LPG	Petrochemicals	Polyolefins	Biomass (Weekly)
LNG	Power	Daily Data	Rim Data File

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Rim Biomass Intelligence Weekly

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◎Wood Pellets($/mt)		
○FOB Southeast Asia Spot Prices for South Korea		
	Wood Pellets	Yen/mt
FOB spot prices (Mar)	100.00-110.00	15,150-16,665
FOB spot prices (Apr)	100.00-110.00	15,150-16,665
FOB spot prices (May)	100.00-110.00	15,150-16,665
○FOB Southeast Asia Spot Prices for Japan		
	Wood Pellets	Yen/mt
FOB spot prices (Mar)	120.00-130.00	18,180-19,695
FOB spot prices (Apr)	120.00-130.00	18,180-19,695
FOB spot prices (May)	120.00-130.00	18,180-19,695
○FOB North America(including southwest Canada) Spot Prices		
	Wood Pellets	Yen/mt
FOB spot prices (Mar)	165.00-175.00	24,998-26,513
FOB spot prices (Apr)	165.00-175.00	24,998-26,513
FOB spot prices (May)	165.00-175.00	24,998-26,513
○CFR Japan Spot Prices		
	Wood Pellets	Yen/mt
CFR Japan spot prices (Mar)	155.00-165.00	23,483-24,998
CFR Japan spot prices (Apr)	155.00-165.00	23,483-24,998
CFR Japan spot prices (May)	155.00-165.00	23,483-24,998
○Freight rates		
Southeast Asia to North Asia	24.00-26.00	
North America to North Asia	35.00-38.00	
Exchange rate (TTS yen/$ as of Feb 28) 151.5		

◎PKS ($/mt)		
○FOB Indonesia Spot Prices		
	PKS	Yen/mt
FOB spot prices (Mar)	125.00-130.00	18,938-19,695
FOB spot prices (Apr)	125.00-130.00	18,938-19,695
FOB spot prices (May)	125.00-130.00	18,938-19,695
○FOB Malaysia Spot Prices		
	PKS	Yen/mt
FOB spot prices (Mar)	120.00-125.00	18,180-18,938
FOB spot prices (Apr)	120.00-125.00	18,180-18,938
FOB spot prices (May)	120.00-125.00	18,180-18,938
○CFR Japan Spot Prices		
	PKS	Yen/mt
CFR Japan spot prices (Mar)	150.00-155.00 -5	22,725-23,483
CFR Japan spot prices (Apr)	150.00-155.00 -5	22,725-23,483
CFR Japan spot prices (May)	150.00-155.00 -5	22,725-23,483
○Freight rates		
Southeast Asia to North Asia	-2 25.00-29.00 -2	
Exchange rate (TTS yen/$ as of Feb 28) 151.5		

◎Wood Pellets

○Summary

FOB Southeast Asia prices for South Korea and Japan were stable from previous week. The CFR Japan market was also flat. Several biomass power plants in Japan stopped operations due to a fire and facilities troubles. Thus, spot demand was lackluster. Freight rates between Southeast Asia and Japan and between North America and Japan were unchanged from a week earlier.

○FOB Southeast Asia

FOB Southeast Asia prices for wood pellets for March to May loading for South Korea were stable from the previous week at $110.00-120.00/mt.

Buyers for delivery to South Korea were hardly seen in the spot market. According to sources, temperatures were higher than normal years and power demand was retreating. Power plant companies in South Korea procured coal, but the quantity was limited. Sources pointed out that there might be no traders seeking wood pellets for cofiring.

FOB Southeast Asia prices for wood pellets for March to May loading for Japan were flat from the previous week at $120.00-130.00/mt.

Discussion levels for delivery to Japan were reported at around $125/mt. Nevertheless, several power plants in Japan had troubles in their facilities. Additionally, warm winter caused power demand to decrease and firm discussions were few in the spot market.

According to sources, some suppliers in Vietnam were offering their products at $135-140/mt. Buyers, however, felt that these prices were high and deals were not heard at the moment. Suppliers were focusing on supplying term cargoes and had thin interest in spot sales. Under such circumstances, no suppliers lowering their offers were seen.

A major supplier in Vietnam, An Viet Phat Energy resumed its FSC certification at the end of last year and the supplier was still actively offering its products into Japan. Traders and end-users in Japan were hesitated to procure the products that had been blocked by FSC certification. Further, there were ample available wood pellets in the market and buyers felt that they did not rush into securing supply.

Some sources were keen on supply/demand of Oil Parm Trank (OPT) pellets, which was made of unused old palm tree. Information was heard that these pellets might be used for fuels in power plants and they might be also used for material of Sustainable Aviation Fuel (SAF). Nevertheless, research for using OPT pellets was still progressing and the supply was limited at the moment.

○FOB North America

FOB North America prices for wood pellets for March to May loading were unrevised from a week earlier at $165.00-175.00/mt.

In the absence of new spot talks, market sources continued to focus on the situation of one

North American supplier that its debt payments were not proceeding. The supplier postponed its debt payments, which raised concerns among traders and end-users. Some traders already stopped doing business with this supplier, according to some sources. As supply of term cargoes from the North American supplier was reportedly on schedule, some players were reluctant to buy Southeast Asian products as an alternative.

○CFR Japan

CFR Japan prices for wood pellets for delivery from March to May were at $155.00-165.00/mt, unchanged from a week before.

Demand of wood pellets in Japan was sluggish with sudden shutdowns of existing power plants on the back of a fire or with delays of startups of newly constructed plants. It was informed that more than 100,000mt of pellets became excessive. Several cargoes were reported to be still floating on the sea as they had yet to be unloaded.

For newly constructed plants, the 75MW Omaezaki-Ko Biomass Power Plants seemed to have advanced its startup date to July. As mentioned before, the startup of the 75MW Ichihara-Yawata- Futo Biomass Power Plant was also delayed from its initial schedule.

An industrial group of power producers held a meeting, discussing causes of fires in 2023 that stemmed from wood pellets.

A power producer who has a biomass power plant in Chugoku area, West Japan, where a dust explosion took place, was likely to have explained the cause of the accident that the frequency of cleaning of a fuel acceptance facility was reduced as it was so time-consuming.

Meanwhile, a biomass-fired power plant in Kanto area near Tokyo was caught by a fire starting from a silo. The pellets had been stored in the silo for six months and the fire started spontaneously. The operation of the plant explained that it would shorten the duration of storage to up to three months. If the duration would extend to more than three months, it would cool the pellets in the silo before use. Further, the company would frequently check the temperature in the silo and once the temperature would go up, the company would insert nitrogen in the silo to prevent the fire from taking place.

Regarding the third-party certifications for wood pellets, SBP (Sustainable Biomass Program) was certified as the certification scheme that could confirm life-cycle GHG which market players are required to acquire until the end of the fiscal year of 2025.

Meanwhile, no Japanese trading houses were actively moving to acquire SBP certification. For the certification, it was still unclear if market players would have to acquire all parts of the certification which had been already covered by other certifications such as FSC or if end-users of the fuels would also need to obtain SBP certification. It seemed hard for market players to make moves to acquire the certification until the government organization would show clear view for it.

○Freight rates

The freight rates between Vietnam and Japan were at $24.00-26.00/mt, unchanged from the previous week. No movements to procure spot cargoes were observed in the market and demand to charter vessels lacked the momentum.

For the discussion level, market players still perceived it at around $25/mt. Around Japan, several 20,000-30,000mt size handy-size and 10,000mt size near-ocean going vessels were still waiting to unload their cargoes.

The freight rates between North America and Japan hovered at $35.00-38.00/mt. With only few spot deals taking place in the market, no market players were witnessed to charter vessels.

◎PKS

○Summary

FOB Indonesia and FOB Malaysia prices for PKS were stable from the previous week. Buying interest from biomass power plants in Japan was weak and discussions were inactive. Suppliers in both countries that had not concluded term contracts were reportedly looking for buyers in the spot market. CFR Japan prices and freight rates decreased due to weak demand.

○FOB Southeast Asia

FOB Indonesia prices for PKS loading March to May were unchanged from the previous week at $125.00-130.00/mt.

On an FOB Indonesia basis, offers were still heard at $130/mt. Several sellers had room to sell but local suppliers were still taking a bullish attitude since the crop of oil palm was low due the rainy season. Owing to weak demand, offers were decreasing gradually. Some suppliers were offering at $130/mt. Sources perceived that the market was unlikely to fall until the rainy season was over and supply from palm oil mills increased.

On the other hand, buying interest from biomass power plants in Japan was weak and discussions were muted. Many Japanese trading houses and power producers already secured cargoes for April to May delivery. Some power plants reckoned that profitability was not secured at current spot prices. Such power plants were reducing operation rates and were decreasing procurement volumes of fuels.

In buy tenders previously conducted by Japanese power producers, deals were reportedly done at $110's/mt on an FOB Indonesia basis. Views were heard that buying ideas from power producers might have fallen to this level. But sellers that could sell in the $110's/mt were not observed in the spot market at this moment.

FOB Malaysia prices for PKS loading March to May were unchanged from the previous week at $120.00-125.00/mt.

On an FOB Malaysia basis, offers were heard at around $125/mt. Discussions were apparently taking place in the low $120's/mt, according to market sources. In Malaysia, there were also sellers that could sell spot cargoes but buyers that were aggressive in buying were not appearing. A supplier in the Johor state received buying inquiries from several buyers until the end of January but it was not receiving fresh inquiries at this moment. A Japanese trading house had room to sell spot cargoes loading April onwards and it was looking for buyers.

In term discussions for 2024, many Japanese power producers finished discussions and their demand was fulfilled, said market sources. On the other hand, there were suppliers that had not concluded term supply contracts since they had not finished obtaining third-party certification and could not conduct discussions in Indonesia and Malaysia. These suppliers were reportedly offering high volumes at once like April to September loading. A Japanese trading house received offers from suppliers but it had not started discussions since it might not be able to find destinations of supply.

○CFR Japan

CFR Japan prices for PKS for delivery from March to May were down by $2.50/mt to $150.00-155.00/mt on retreating buying interest from power plants in the country.

In the spot market, some inquiries for May delivery were reported. Some power producers said that it would not buy any cargoes unless the price would be lower than $150/mt on a CFR Japan basis. On the other hand, one of the Japanese trading houses said that its selling idea would be at least $155-160/mt.

Demand of PKS was generally weak and it was expected that spot transactions were possibly going to decline in 2024. It was pointed out that more biomass-fired power plants would reduce their operations rates as they might have a hard time buying spot cargoes at the current price level.

○Freight rates

The freight rates between Indonesia and Japan and those between Malaysia and Japan were both at $25.00-29.00/mt, down $2.00/mt from the previous week on weak demand for chartering vessels.

Discussion levels were heard at $27.00-28.00/mt for vessels loading in Malaysia and at lower than $30/mt in Indonesia. Some market players were actively moving to charter vessels in the spot market, and some shipping companies were likely to be countering at around $25/mt. Poor buying interest for PKS by Japanese biomass-fired power producers seemed to be causing declining demand to charter vessels.

◎Market News

Following news stories were originally published on Rim Asia Energy Links, the real-time news service at https://eng.rim-intelligence.co.jp/news/

○DMG Mori completes 2,000 consecutive-hours operations of gasification biomass power plant

DMG Mori Co announced on Feb 27 that it had achieved 2,000 consecutive-hours operations of the gasification unit at its wood pellet biomass-fired power plant in Mie Prefecture. It is generally believed that a gasification unit needs to have regular maintenance for stable operations in every 500 hours. However, the company tried 2,000 hours by renovating quality of wood chips for fuels and by addition of the unit to remove dusts from chips.

○Tess HD completes biomass power plant in Kumamoto

Tess Holding announced on Feb 27 that it had complete the construction of the 2MW Nishiki-Machi Wood Pellet Biomass Power Plant in Kumamoto on the previous day. Ahead of the ceremony, the company had already started the commercial operations since Sep 30 last year. The plant is using wood chips made from unused materials. Its subsidiary Kumamoto-Nishiki-Machi green power is in charge of the operations.

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◎Statistics

○Japan Wood Pellets Imports MOF Data Jan 2024

440131000 Wood pellets **Jan-24 exchange:144.03**

	Jan 2024			Dec 2023	Jan 2023
Country	Volume(mt)	Unit Price (Yen/mt)	Unit Price ($/mt)	Volume(mt)	Volume(mt)
Vietnam	242,256	26,565	184.44	210,710	292,935
US	120,877	30,853	214.21	150,059	0
Canada	76,208	32,984	229.01	168,259	125,386
Indonesia	35,516	30,350	210.72	409	516
Malaysia	24,162	26,963	187.20	11,204	36,202
Thailand	14,135	31,661	219.82	0	647
China	64	74,547	517.58	51	170
Cambodia	26	38,923	270.24	0	0
New Zealand	0	0	0.00	11	26
Lithuania	0	0	0.00	4	0
Grand Total	513,244	28,956	201.04	540,707	455,882

Source: Ministry of Finance, Trade Statistics of Japan

○Japan PKS Imports MOF Data Jan 2024

2306.60-000 Oil-cake and other solid residues, resulting from the extraction of palm nuts oil or kernel oil

	Jan 2024			Dec 2023	Jan 2023
Country	Volume(mt)	Unit Price (Yen/mt)	Unit Price ($/mt)	Volume(mt)	Volume(mt)
Indonesia	152,142	22,546	156.54	157,364	251,710
Malaysia	64,923	23,846	165.56	44,268	73,729
Grand Total	217,065	22,935	159.24	201,632	325,439

140490200 Gampi; nuts(including their shells, whether or not ground), and hard seeds and pips

	Jan 2024			Dec 2023	Jan 2023
Country	Volume(mt)	Unit Price (Yen/mt)	Unit Price ($/mt)	Volume(mt)	Volume(mt)
Indonesia	258,949	22,995	159.65	169,770	165,489
Malaysia	92,379	22,237	154.39	70,363	52,057
Thailand	145	123,708	858.90	155	246
Others	2,908	415,093	2,881.97	3,349	4,380
Grand Total	354,381	23,037	159.94	243,637	222,171

Source: Ministry of Finance, Trade Statistics of Japan

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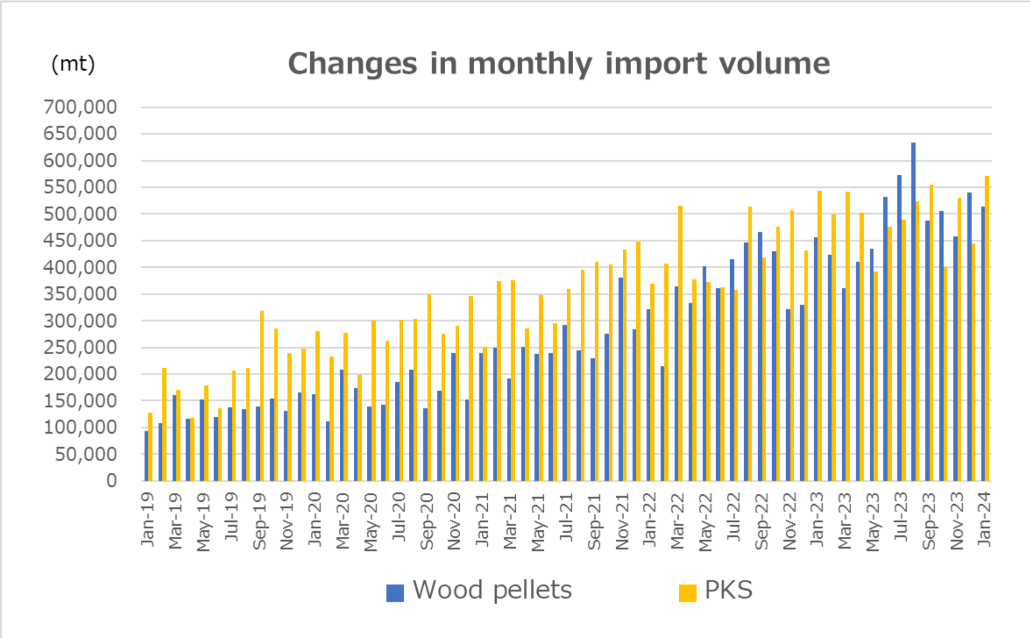
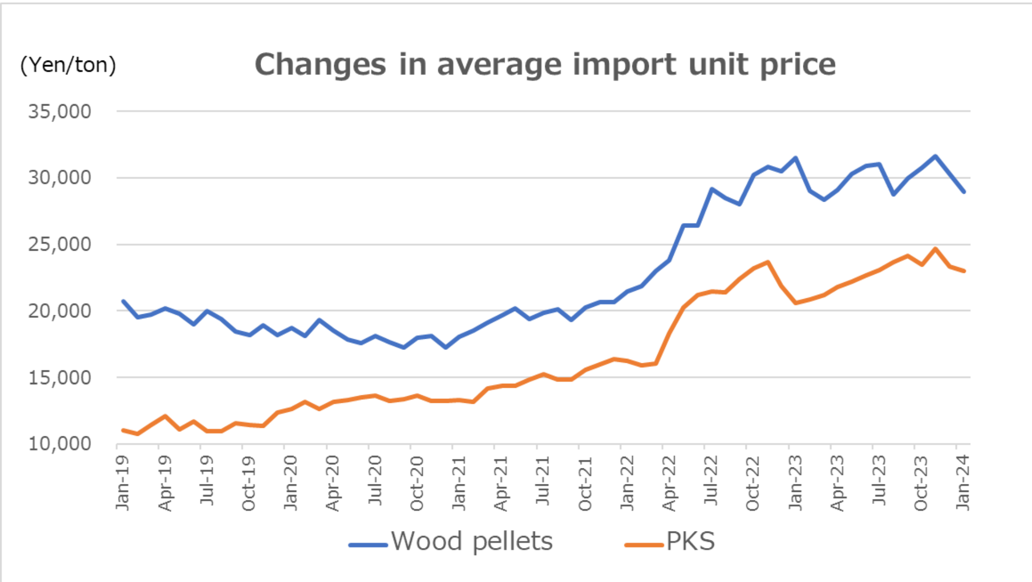
○Changes in monthly import volume and import unit price





Source: Ministry of Finance, Trade Statistics of Japan

Import volume and import unit prices are using data for these HS code as below.

Wood pellets : 440131000

PKS : 230660000, 140490200(Indonesia、Malaysia、Thailand)

◎Rim Energy Composite Index 22 (RECX-22, average prices for 2010 are set at 100)

RECX-22 index for Thursday was 171.05.

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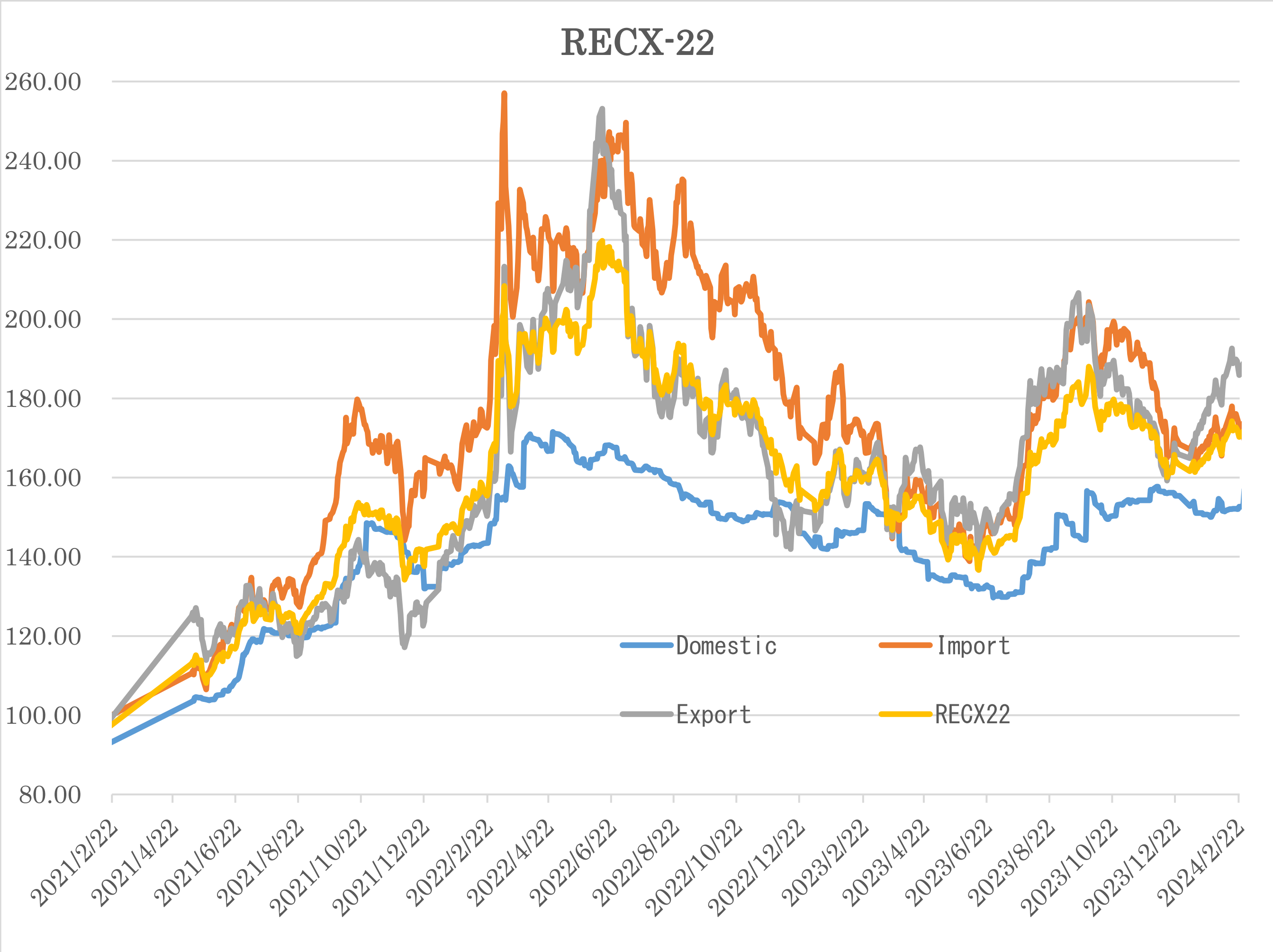

The Rim Energy Composite Index 22 (RECX-22) focuses on energy products with a significant impact on consumer prices and the economy.

Please see the details of RECX-22 from the link below.

https://www.rim-intelligence.co.jp/contents/info/P_ENEIndex2013Eng.pdf

◎Rim publishes English version of Rim Biomass Report

Rim intelligence publishes the English version of the Rim Biomass Report (Weekly) every Thursday. The report contains valued information on biomass fuels including wood pellets and PKS, for which demand is increasing in Northeast Asia such as Japan and South Korea.

Main contents

- Price assessment and commentary on the FOB Southeast Asia market for wood pellets and PKS
-Price assessment and commentary on the FOB North America market for wood pellets
-Price assessment and commentary on the CFR Japan market for wood pellets and PKS
-Price assessment and commentary on the freight market for wood pellets and PKS transportation
-Information on tenders conducted by South Korean and Japanese consumers

For your application, please click the link below or contact Rim Biomass Team.
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