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☆RIM BIOMASS INTELLIGENCE WEEKLY

★No.227 Sep 5 2024

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-TOKYO, 10:00 JST Sep 5 2024<Assessment Closing Time>

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ORim selling power tender data CD for fiscal year 2023

Rim Intelligence is selling the CD on power tender data for the fiscal year 2023 starting Jul 17. The CD will be the year 2023 version of power tender data, which is highly regarded by the industry since the first issue for the fiscal year 2014. The latest version is released only in Japanese and covers the tender results by public institutions across Japan between April 2023 and March 2024. The 2023 CD elaborates on a combined 4,071 tenders (4,168 tenders in the 2022 CD) and makes year-on-year comparisons for 2,058 tenders (1,000 tenders in the 2022 CD). For overseas customers outside of Japan, data in the CD will be emailed and payment can be made in US dollars.

For application, please click:

<https://eng.rim-intelligence.co.jp/contents/info/powerDataCd2021eng.pdf>

ORim to start price assessments for Japan's domestic materials

From the May 16 issue, Rim Intelligence started price assessments of Japan's domestic materials by six regions including Hokkaido/Tohoku, Kanto-Koshinetsu, Hokuriku-Chubu, Kansai, Chugoku-Shikoku and Kyushu-Okinawa. Prices for unused lumber and wood chips will be assessed.

©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

For inquiries on the above, please contact:

Tel: +81-3-3552-2411

Email: info@rim-intelligence.co.jp



©Wood Pellets (\$/mt)		
OFOB Southeast Asia Spot Prices for South Korea		
	Wood Pellets	Yen/mt
FOB spot prices (Oct)	100.00-110.00	14,640-16,104
FOB spot prices (Nov)	100.00-110.00	14,640-16,104
FOB spot prices (Dec)	100.00-110.00	14,640-16,104
OFOB Southeast Asia Spot Prices for Japan		
	Wood Pellets	Yen/mt
FOB spot prices (Oct)	120.00-130.00	17,568-19,032
FOB spot prices (Nov)	120.00-130.00	17,568-19,032
FOB spot prices (Dec)	120.00-130.00	17,568-19,032
OFOB North America (including southwest Canada) Spot Prices		
	Wood Pellets	Yen/mt
FOB spot prices (Oct)	140.00-150.00	20,496-21,960
FOB spot prices (Nov)	140.00-150.00	20,496-21,960
FOB spot prices (Dec)	140.00-150.00	20,496-21,960
OCFR Japan Spot Prices		
	Wood Pellets	Yen/mt
CFR Japan spot prices (Oct)	150.00-160.00	21,960-23,424
CFR Japan spot prices (Nov)	150.00-160.00	21,960-23,424
CFR Japan spot prices (Dec)	150.00-160.00	21,960-23,424
OFreight rates		
Southeast Asia to North Asia	+2 27.00-32.00 +2	
North America to North Asia	40.00-45.00	
Exchange rate (TTS yen/\$ as of Sep 4) 146.4		

©PKS (\$/mt)		
OFOB Indonesia Spot Prices		
	PKS	Yen/mt
FOB spot prices (Oct)	75.00-84.00	10,980-12,298
FOB spot prices (Nov)	75.00-84.00	10,980-12,298
FOB spot prices (Dec)	75.00-84.00	10,980-12,298
OFOB Malaysia Spot Prices		
	PKS	Yen/mt
FOB spot prices (Oct)	75.00-84.00	10,980-12,298
FOB spot prices (Nov)	75.00-84.00	10,980-12,298
FOB spot prices (Dec)	75.00-84.00	10,980-12,298
OCFR Japan Spot Prices		
	PKS	Yen/mt
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CFR Japan spot prices (Dec)	100.00-110.00	14,640-16,104
OFreight rates		
Southeast Asia to North Asia	+1 30.00-35.00 +3	
Exchange rate (TTS yen/\$ as of Sep 4) 146.4		

◎Japan Domestic Materials (Yen/mt)		
○Japan Domestic price (in Yen/mt)		
	Unused lumber	Unused wood chips
Hokkaido-Tohoku	6,800-7,800	9,800-10,800
Kanto-Koshinetsu	7,000-7,500	10,000-10,500
Hokuriku-Chubu	7,200-8,200	10,200-11,200
Kansai	8,000-9,000	11,000-12,000
Chugoku-Shikoku	6,900-7,900	9,900-10,900
Kyushu-Okinawa	7,600-8,600	10,600-11,600

Water content of unused wood chips is around 50%

◎Wood Pellets
○Summary

FOB Southeast Asia prices for South Korea and Japan were steady from a week earlier. The FOB North America and the CFR Japan markets were also stable. Freight rates between Vietnam and Japan moved up due to perceptions of tight supply of vessels while those for North America and Japan were flat.

○FOB Southeast Asia

FOB Southeast Asia prices for wood pellets for October to November loading for South Korea were unrevised from the previous week at \$100.00-110.00/mt. Prices for December loading were assessed at \$100.00-110.00/mt.

In South Vietnam, wood pellets were mainly exported to South Korea. According to sources, suppliers in this area had room to sell spot cargoes. Russian wood pellets were supplied to South Korea for a while and the share of Vietnamese wood pellets was declining. As reported earlier, some power plants used wood pellets for cofiring with coal, but selling competitions were heightening and it seemed difficult for the market to increase.

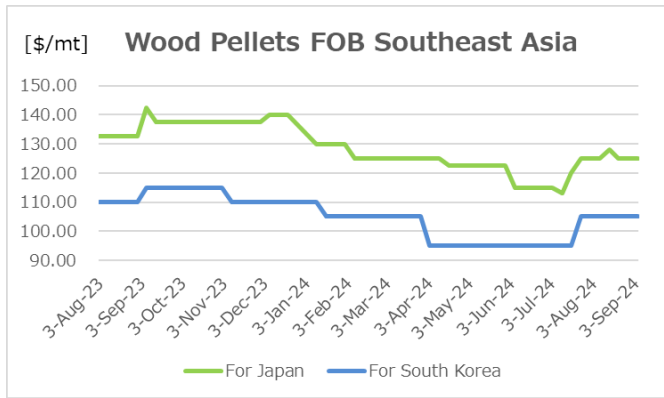
FOB Southeast Asia prices for wood pellets for October to November loading for Japan were flat from the previous week at \$120.00-130.00/mt. Prices for December loading were assessed at \$120.00-130.00/mt.

Discussion levels for delivery to Japan were still reported at \$120-130/mt. Along with

sluggish demand from biomass power plants in Japan, not many sellers offered at \$130/mt and above. On the other hand, some Vietnamese suppliers did not want to reduce their offers due to high costs of raw materials and discussions at \$120/mt and below were seen to be limited.

According to some sources, furniture production was declining in Vietnam, and scrap wood used as raw materials for wood pellets is not plentiful. Demand from the US, a major importer of furniture, was reportedly sluggish. Some sources believed that the tightening supply of raw materials might be supporting the market.

Information was heard that 30,000mt of wood pellets were exported at the end of August might be supplied to one major North American supplier. The company was taking wood pellets from Southeast Asia to cover its shortage in North America.



OFOB North America

FOB North America prices for wood pellets loading from October to November were flat from the previous week at \$140.00-150.00/mt, and those in December were also at \$140.00-150.00/mt.

End-users in Europe, one of the major destinations of FOB North America cargoes, had been reluctant to buy wood pellets on sluggish economy in the region. Therefore, demand for

electricity power was not booming. As a result, traders were less willing to purchase FOB North America cargoes in the spot market.

As previously reported, strikes by railway workers in Canada were headed into a conclusion in a short period of time. A supplier who provided term cargoes to Japan said that there was no delay of transportations.

OCFR Japan

CFR Japan prices for wood pellets for delivery from October to November were at \$150.00-160.00/mt, flat from the previous week, while those in December also stood at \$150.00-160.00/mt.

As prices for PKS had been perceived to be lower than wood pellets on a calorific basis,

power plants who are able to burn both of the fuels tended to focus on purchases of PKS. On the demand side, as reported earlier, sales of excessive cargoes were not observed in the market that had been earlier witnessed when several plants' troubles took place one after another. Thus, selling interest of suppliers seemed not so strong.

OFreight rates

The freight rates between Vietnam and Japan were at \$27.00-32.00/mt, up \$2.00/mt from the previous week.

Since Chinese economy was sluggish, exports such as steel from China were increasing and it caused a lack of vessels. Ships had to have long voyages and there was a shortage of Chinese vessels. Japanese shipping companies received some inquiries for

available vessels in the spot market and some lenders increased their offers. In addition, some players reluctantly secured a spot ship because the typhoon No.10 (ShanShan) caused delays with ships. Furthermore, the typhoon No.11 (Yagi) caused troubles with ships which would be headed for the southern part of China, and it was also a bullish factor.

The freight rates between North America to Japan \$40.00-45.00/mt.
 were unchanged from the previous week at

©PKS

○Summary

FOB Indonesia and FOB Malaysia prices were unchanged from the previous week. In both countries, there were suppliers that held surplus cargoes. In Indonesia, capacity of export was said to be increasing. In the CFR Japan market, deals were concluded for September to November for a power producer in Hokkaido.

○FOB Southeast Asia

FOB Indonesia prices for PKS loading October to November were stable from the previous week at \$75.00-84.00/mt. For December loading, prices were also at \$75.00-84.00/mt.

On an FOB Indonesia basis, the bottom of the market was seen to be at \$75/mt. But there were sellers that had room to sell and supply was perceived to be in surplus. A major supplier held high inventories and it was in a rush to sell on a spot basis. Further, new suppliers were also indicating offers and the market was said to be under pressure. In trade for delivery to Japan, a power producer in Hokkaido procured PKS loading September onwards via a buy tender. It reportedly bought Indonesian PKS at a price of \$80/mt or below on an FOB basis.

Consumption of PKS at some mills by themselves was decreasing and this was said to be a reason why supply from Indonesia was increasing. According to market sources, more mills in the western and northern areas of the Sumatra Island were using empty fruit bunch (EFB) and palm trunk as fuels by themselves. On the other hand, in the western area of the Sumatra Island, many mills were consuming PKS by themselves. Supply room from mills was different depending on the area.

As for duties imposed on PKS exported from Indonesia in September, export duty was at \$6/mt, up \$1/mt from the previous month. Palm oil export

levy was \$3/mt, unchanged from the previous month. In total, duties were at \$9/mt.

The Indonesian government announced on Aug 29 that reference price of crude palm oil (CPO) for September was at \$839.53/mt, up \$19.42/mt from \$820.11/mt for August. Export duty for PKS was raised to \$6/mt, that is imposed when reference price of CPO is \$830-880/mt.

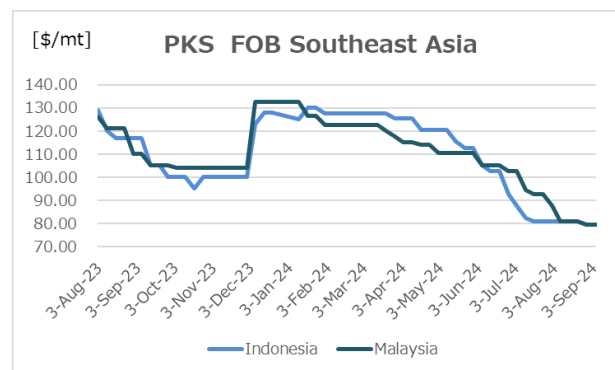
PKS total tax (\$/mt)			
	Tax	Levies	Total
Jan-24 Jan 1-15th	4	3	7
Jan-24 Jan 16-31th	4	3	7
Feb-24 Feb 1-29th	5	3	8
Mar-24 Mar 1-31th	5	3	8
Apr-24 Apr 1-30th	6	3	9
May-24 May 1-31th	6	3	9
Jun-24 Jun 1-30th	4	3	7
Jul-24 Jul 1-31th	5	3	8
Aug-24 Aug 1-31th	5	3	8
Sep-24 Sep 1-30th	6	3	9

Meanwhile, the Indonesian government relaxed domestic market obligation (DMO) for palm oil exporter from the middle of August. DOM is a system that the Indonesian government permits players to export palm oil on the condition that they supply certain volumes to the domestic market and the system was established at the beginning of 2022. It was unclear how the proportion of export would change in the relaxation this time.

FOB Malaysia prices for PKS loading October to November were unchanged at \$75.00-84.00/mt. For December loading, prices were also at \$75.00-84.00/mt.

On an FOB Malaysia basis, there were also available cargoes in the spot market. For cargoes from the Borneo Island, deals could be done at \$75/mt and above. For those from the Malay Peninsula, deals could be done at \$81-82/mt.

Discussions between suppliers and trading houses were ongoing at around \$80/mt. As demand was weak, many suppliers had high inventories of cargoes from the Malay Peninsula. For cargoes from the Borneo Island, sales reportedly could be done in the low \$70's/mt as well but this was limited to sales from some suppliers.



OCFR Japan

CFR Japan prices for PKS for delivery from October to November were unchanged from a week earlier at \$100.00-110.00/mt. Those in December were heard at \$100.00-110.00/mt, too.

A power plant in Hokkaido was moving to buy three vessels of PKS for September to November. This plant is able to use PKS together with wood pellets, but seemed to be willing to buy PKS first amid a recently price fall in the fuel. As of now, freight rates were generally believed to be at \$35/mt or higher, so that the deal level could be in the \$110's/mt. Meanwhile, some informed that the deal had already taken place in the low \$100's/mt.

Meanwhile, it was reported that a part of volumes for the fiscal year of 2025 through a tender conducted by a power plant in Tokai area, Central Japan, was concluded in the high \$100's/mt. A trading house who mainly deals

with gas fuels was reportedly awarded, but details remained to be seen.

Japan's erex Co.,Ltd, one of the new power producing companies, shut down the operations of PKS-fired 20,000kW Tosa Power Plants in Shikoku, West Japan, operated by its subsidiary in August. erex would not buy PKS going forward, Annual demand of 100,000mt of PKS would disappear.

The power plant started operations as coal-fired one in 1997, and erex acquired it in 2012. The company transformed it into PKS-fired one in February 2019. However, its profitability had been worsening as it cost a lot to maintain its obsolete facilities.

The plant changed its price scheme to feed-in premium (FIP) from feed-in tariff (FIT) in February 2023. Under the FIP system, a power plant would receive certain amounts of

premiums on its sales price of electricity in the market. The company's profitability seemed to have improved a little, but was unable to cover the necessary costs to maintain its operations. It was pointed out in the market that it was hard to forecast its future profitability by using PKS of which price volatility was huge after its transition of the price scheme.

erex Co.,Ltd continued operations of the other biomass-fired power plants except for Tosa. It would consider if the company was able to take advantage of its knowledge that had been accumulated through the operations of the Tosa Plant. The company would not change its plan to construct 300,000kW Niigata Mega-Bio Power Plant that would use sorghum as fuels. The other biomass-power plants were also introducing FIP system.

○Freight rates

The freight rates between Indonesia and Japan, and those between Malaysia and Japan were both up \$2.00/mt from the previous week to \$30.00-35.00/mt on tight supply/demand fundamentals.

Supply/demand balances for near-ocean going vessels were tightening. While demand for chartered vessels in the second half of this fiscal year that would end in March next year was increasing, there were only few vessels available for rent. Exports of steel from China were increasing, and durations of voyages to transport goods became longer. As a result, there were few vacant vessels. Therefore, Japanese shipping companies received a lot of inquiries for available vessels in

the spot market and some lenders had a bullish attitude. In addition, the typhoon No.10 (ShanShan) caused troubles with operations of ships. Therefore market trend was much stronger.

As also mentioned in the CFR Japan section, a power producer and a supplier reached an agreement on a spot negotiation for PKS that would be used at a thermal power plant in Hokkaido, North Japan, which was combusted with coal. The freight rate for this power plant seemed to have been offered in the range of \$35.00/mt to the high \$30's/mt. One of the market sources estimated that the negotiation level would be at \$40.00/mt or higher now.

◎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/>

○Japan Cabinet Secretariat considers to introduce full-fledged emission trading

Japan's Cabinet Secretariat hosted the first meeting of the task-force to consider green-transformation (GX) that is aiming to attain both decarbonization and economic growth in the society at the same time. The task-force will consider the emission trading system that is scheduled to start in a full-swing in the fiscal year of 2026. It will consolidate various kinds of arguments by December that will be submitted from persons who are familiar with this system or from relevant industries.

Indonesia PKS exports in Jul at 350,000mt, down 29% on year

Indonesia PKS Exports (mt)						
	2,020	2021	2022	2023	2024	on year (%)
Jan	215,971	265,516	345,707	489,010	389,881	-20.3
Feb	204,689	327,629	335,828	373,877	453,369	21.3
Mar	281,435	399,061	381,689	499,819	394,213	-21.1
Apr	223,747	236,073	296,152	303,968	272,878	-10.2
May	260,504	261,040	331,364	390,165	326,815	-16.2
Jun	258,235	223,389	370,712	435,283	342,973	-21.2
Jul	294,213	346,436	455,231	492,933	350,062	-29.0
Aug	324,195	367,706	428,330	428,720		
Sep	247,454	370,262	314,843	497,957		
Oct	181,208	391,704	487,218	403,769		
Nov	344,996	412,464	452,071	394,275		
Dec	329,200	398,576	419,064	463,605		
(Jan-Jul)	1,738,795	2,059,144	2,516,683	2,985,055	2,530,191	-15.2

Note : PKS : Palm Kernel Shell

Source : Indonesia Trade Statistics

Statistics
Japan Wood Pellets Imports By Ports MOF Data Jul 2024
440131000 Wood pellets

Port	Country	Jul 2024		
		Volume(mt)	Value (1,000Yen)	Unit Price (Yen/mt)
Tokyo	Vietnam	194	14,231	73,356
	Indonesia	26	542	20,846
Sakata	Vietnam	13,275	382,643	28,824
Yokohama	Vietnam	96	2,022	21,063
Onahama	Vietnam	58,000	1,853,423	31,956
Sooma	Canada	10,500	429,242	40,880
Sendaishiogama	Canada	18,299	724,213	39,577
Ishinomaki	Canada	10,500	367,585	35,008
	US	31,708	1,187,167	37,441
Kobe	Vietnam	52	1,264	24,308
	Canada	49	1,999	40,796
	US	44,199	1,504,098	34,030
Mizushima	Vietnam	78	1,769	22,679

Hamada	Canada	47,500	2,286,552	48,138
Osaka	China	77	6,429	83,494
Nagoya	China	4	331	82,750
	Indonesia	104	2,515	24,183
Toyohashi	Vietnam	21,874	678,818	31,033
Kinuura	Canada	27,500	821,002	29,855
Tagonoura	US	30,381	1,308,155	43,058
Yokkaichi	Vietnam	14,300	398,083	27,838
Kanda	Vietnam	46,218	1,444,052	31,244
Shimonoseki	Vietnam	19,862	629,324	31,685
Ube	Canada	6,300	225,348	35,770
Tokuyama	Vietnam	13,855	426,176	30,760
	Malaysia	7,973	264,436	33,166
	Canada	19,034	613,527	32,233
Yatsushiro	Vietnam	38,500	996,408	25,881
Shibushi	Vietnam	51	1,575	30,882
	Indonesia	52	1,158	22,269
Sendai	Indonesia	260	6,994	26,900
Tomakomai	Cambodia	156	6,720	43,077
	Canada	125	6,135	49,080
Ishikari	Vietnam	10,525	316,473	30,069
Hachinohe	Malaysia	451	11,437	25,359
Okinawa	Vietnam	26	823	31,654

Source: Ministry of Finance, Trade Statistics of Japan

OJapan PKS Imports By Ports MOF Data Jul 2024

23066000 Oil-cake and other solid residues, resulting from the extraction of palm nuts oil or kernel oil

Port	Country	Jul 2024		
		Volume(mt)	Value (1,000Yen)	Unit Price (Yen/mt)
Kawasaki	Indonesia	10,199	254,176	24,922
Kobe	Malaysia	24	1,138	47,417
Kinuura	Malaysia	10,062	210,801	20,950
Yokkaichi	Indonesia	10,299	274,013	26,606
Miike	Indonesia	54,382	1,358,224	24,976
Kagoshima	Indonesia	31,359	804,689	25,661

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

Port	Country	Jul 2024		
		Volume(mt)	Value (1,000Yen)	Unit Price (Yen/mt)
Tokyo	Thailand	31	5,687	186,337
	Indonesia	2	1,520	914,011
Yokohama	Indonesia	138	4,424	32,023
Kobe	Indonesia	72	2,015	27,986
Sakai	Indonesia	20,530	521,253	25,390
Osaka	Indonesia	115	4,148	36,007

Nagoya	Thailand	46	2,799	61,435
Hakata	Thailand	10	1,125	110,294
	Indonesia	22	1,020	45,863
Shibushi	Thailand	24	3,180	132,500
Oofunato	Indonesia	10,500	289,969	27,616

Source: Ministry of Finance, Trade Statistics of Japan

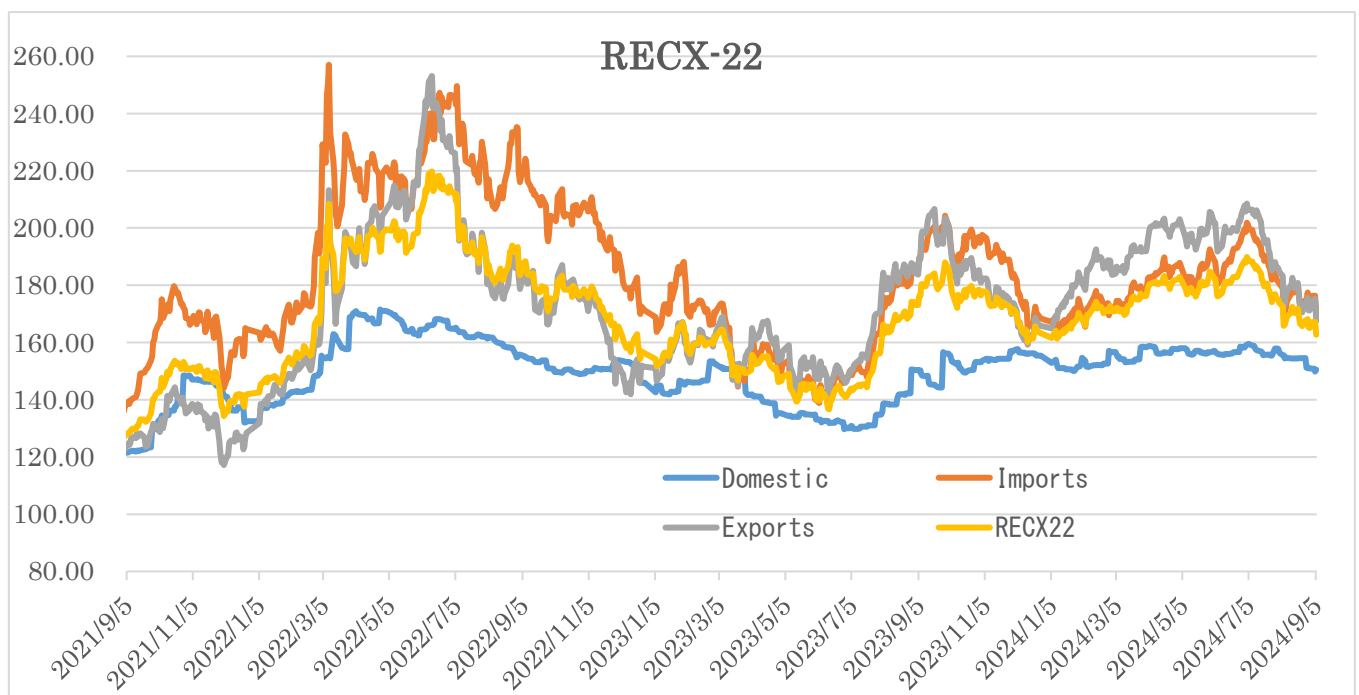
Import volume and import unit prices are using data for these HS code as below.

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 162.70.



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

©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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