

# Quarterly Market Report

**01.01.2023**

## European market for pharmaceutical and industrial ethanol grades

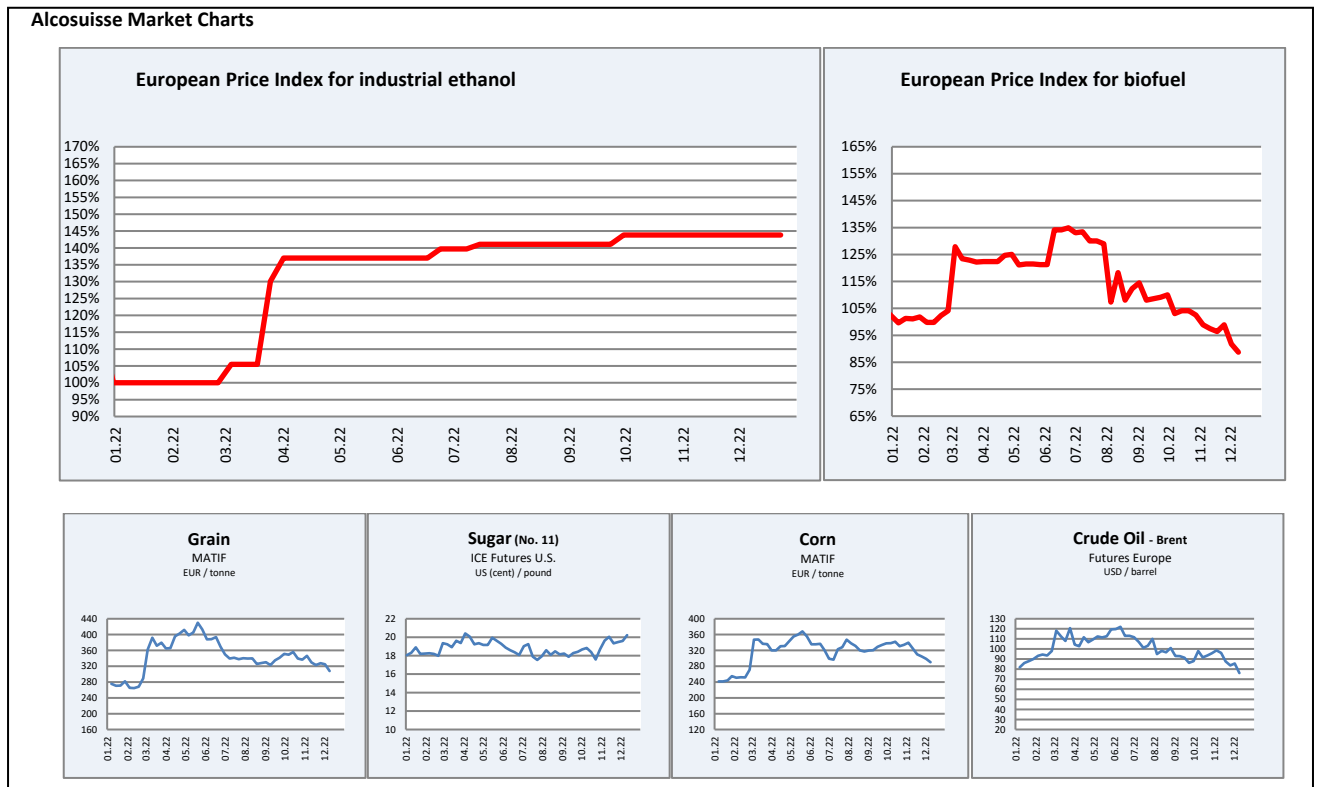
### 1st quarter 2023

The relatively stable price level for industrial and pharmaceutical ethanol in Europe in the last quarter is also expected to continue in the first quarter of the new year. Although cost pressure due to exorbitantly high raw material and energy prices remains heavy for European producers, they are hardly able to pass on these additional costs in the market as they are increasingly competing with non-European product. In recent weeks, imports from Pakistan and South America have risen sharply, and it is generally expected that these imports will rise further in the first quarter and probably beyond. It is becoming more and more clear that the high energy and raw material prices are primarily a European problem; non-European goods can be produced at significantly lower costs and are increasingly putting European producers under pressure. As a result, the first reductions in output volumes of European manufacturers can be observed, as certain manufacturers are cutting back their production to avoid losses.

Although the imported goods are currently attractive in terms of price, they are also involving logistical risks. On the one hand, global sea logistics chains remain tense and uncertain, and the current corona situation in China has the potential to exacerbate this situation further, particularly the availability of shipping capacity. On the other hand, also intra-European logistics continue to pose enormous risks and costs, with limited handling capacities at the import ports and ongoing bottlenecks in rail and road logistics. Therefore, to implement a stable, reliable supply chain based on non-European goods, a professional supply chain management and sufficient storage capacity to absorb delays is indispensable.

### Long-term situation

The ethanol price development for the second quarter of the new year depends very much on the development of energy prices in late winter. If gas storage facilities in Europe are significantly depleted due to a severe, cold second half of winter and refilling turns out to be difficult and costly, ethanol prices will experience further upward pressure. However, as described above, this upward pressure will be increasingly mitigated by large import volumes from overseas. We therefore expect a relatively balanced, stable price situation up to the summer with very small risks for large fluctuations as we saw in 2022.



**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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