



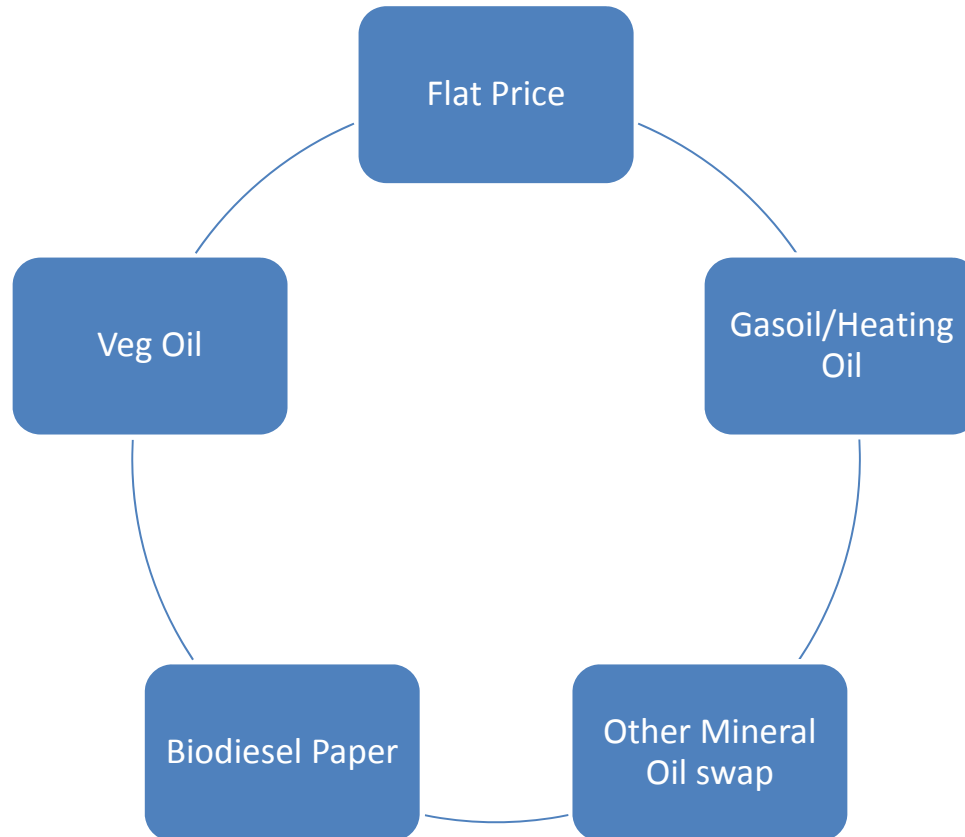
Biofuels Risk Management Tools

Kevin McGeeney

SCB Group



Biodiesel Hedging possibilities





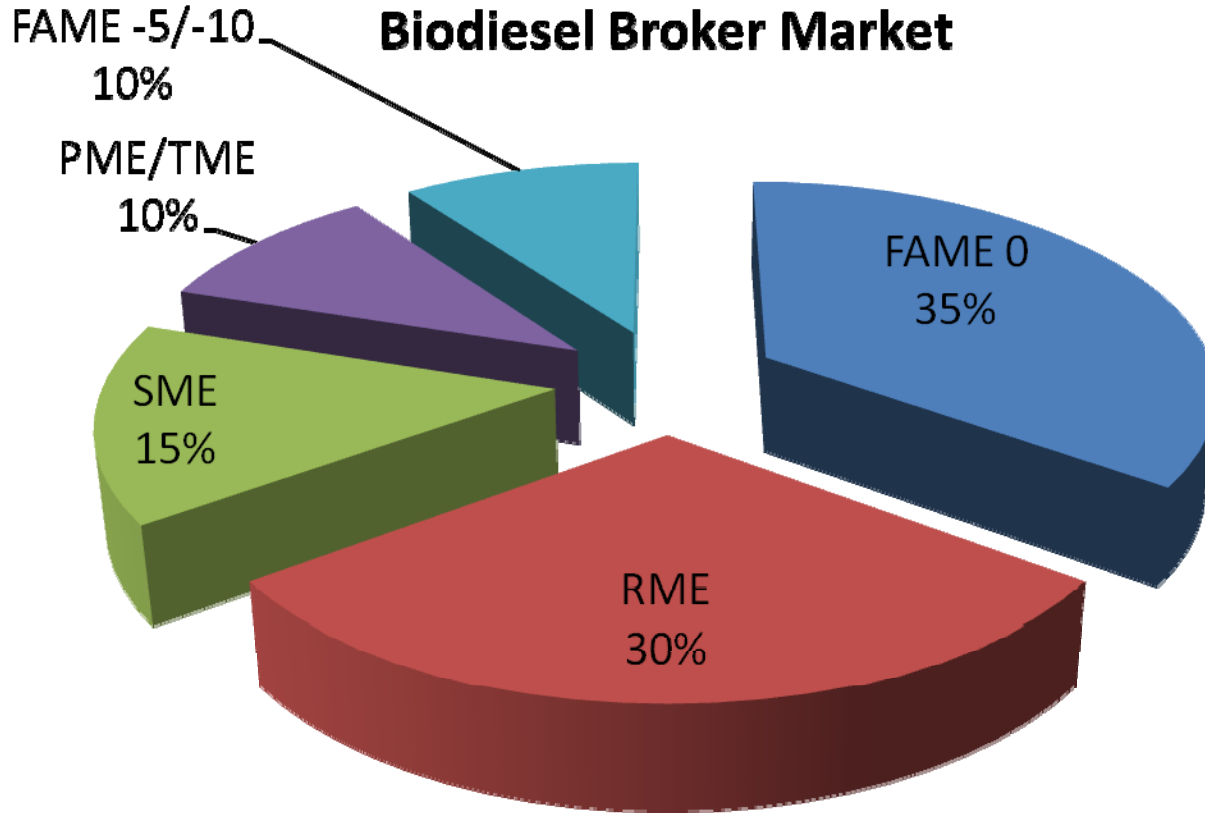
EU Ethanol Hedging possibilities

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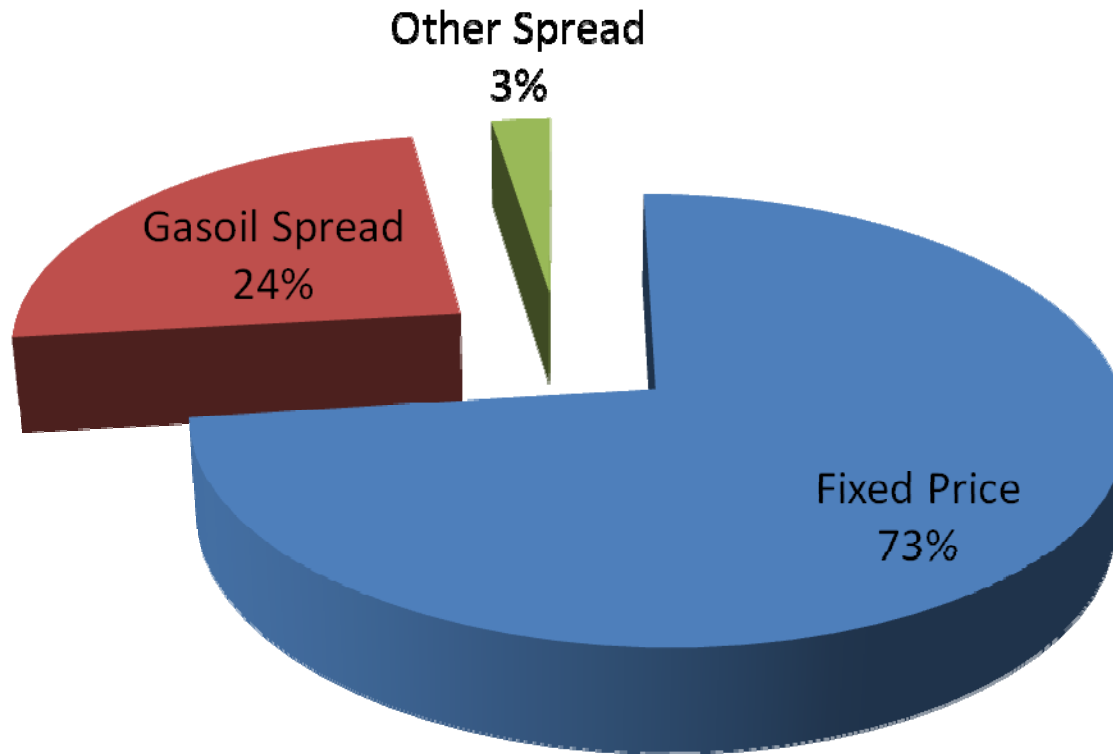
EU Ethanol Hedging possibilities





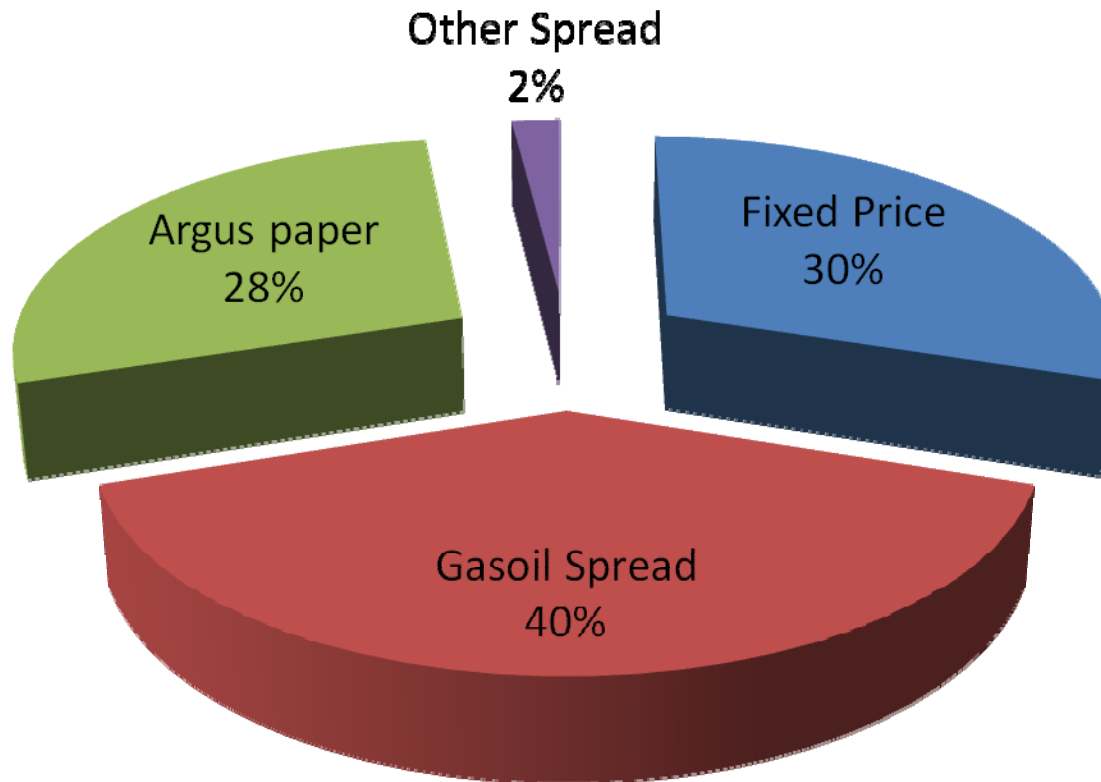
Collated by number of transactions
Source: SCB Group

RME Broker Market Summer 2007



Collated by number of transactions
Source: SCB Group

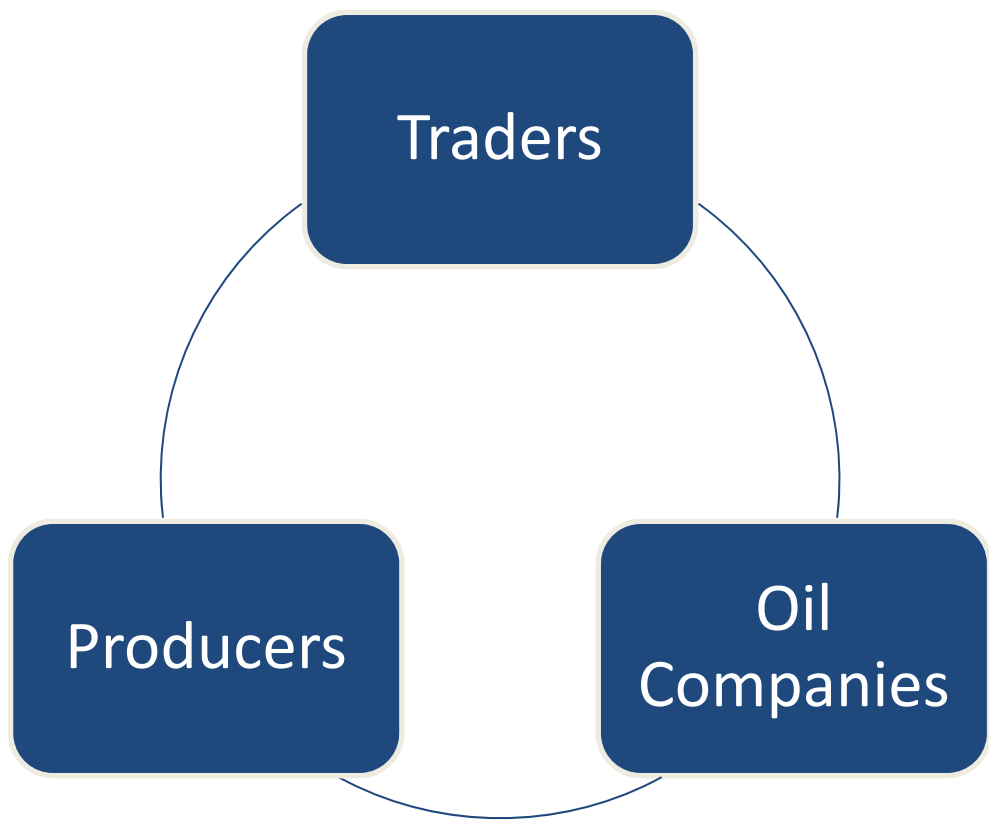
RME Broker Market Summer 2009



Collated by number of transactions
Source: SCB Group

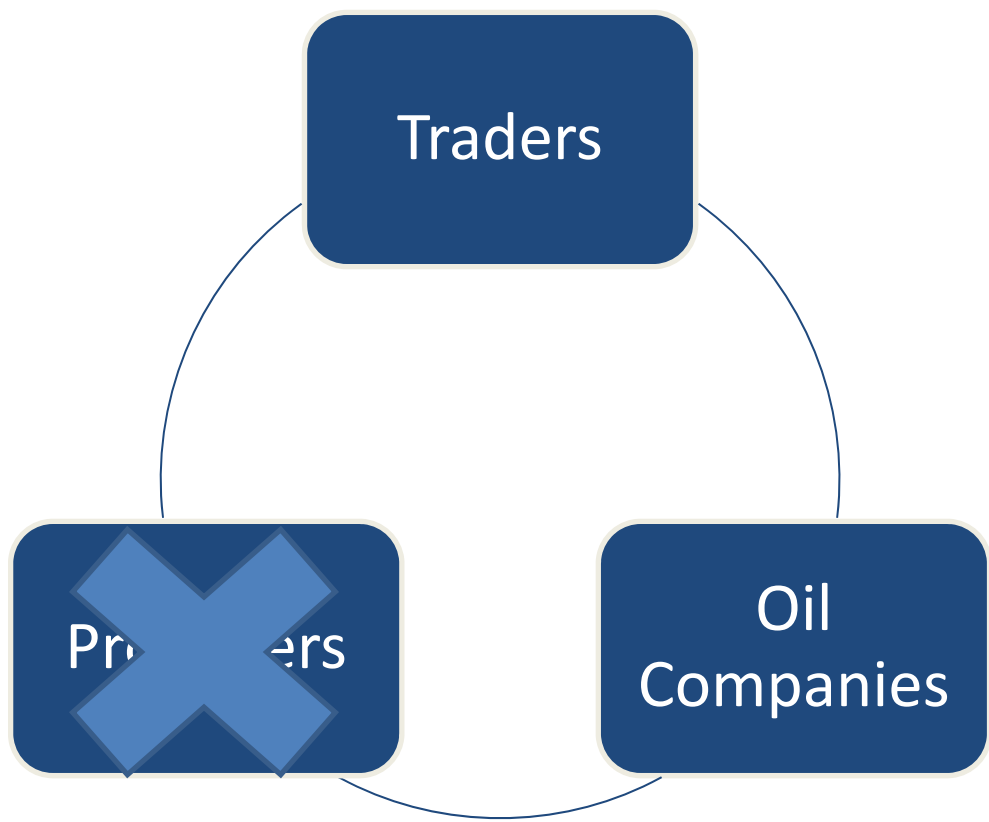


Who is trading Biodiesel Paper Swaps?





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Who is trading Biodiesel Paper Swaps?

- Benefits for each participant
- Majority of transactions thus far are position management and secondly speculative
- Action needed to develop the fundamental business
 - Producers selling on basis Argus
 - Oil companies buying on basis Argus



Hedging Biodiesel

Correlations, calculated weekly on a proportional change basis. Jan 07-Oct 09							
	RME	SME	FAME 0	PME	Gasoil	Rape Oil	Bean Oil
RME (ARA)	1						
SME (ARA)	0.661	1					
FAME 0 (ARA)	0.624	0.923	1				
PME (ARA)	0.571	0.839	0.802	1			
Gasoil (ICE)	0.600	0.584	0.549	0.492	1		
Rape Oil (ARA)	0.588	0.515	0.484	0.506	0.529	1	
Bean Oil (CBOT)	0.494	0.571	0.524	0.513	0.578	0.713	1
Palm Oil (MDEX)	0.454	0.566	0.529	0.547	0.442	0.597	0.747
Correlations, calculated weekly on a proportional change basis. Apr 09-Oct 09							
RME (ARA)	1						
SME (ARA)	0.863	1					
FAME 0 (ARA)	0.865	0.967	1				
PME (ARA)	0.842	0.902	0.895	1			
Gasoil (ICE)	0.709	0.785	0.75	0.719	1		
Rape Oil (ARA)	0.728	0.651	0.677	0.645	0.466	1	
Bean Oil (CBOT)	0.636	0.668	0.657	0.741	0.58	0.769	1
Palm Oil (MDEX)	0.423	0.516	0.494	0.65	0.287	0.57	0.655

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Hedging Biodiesel

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What about TME, UCO, PKME and other green diesels?



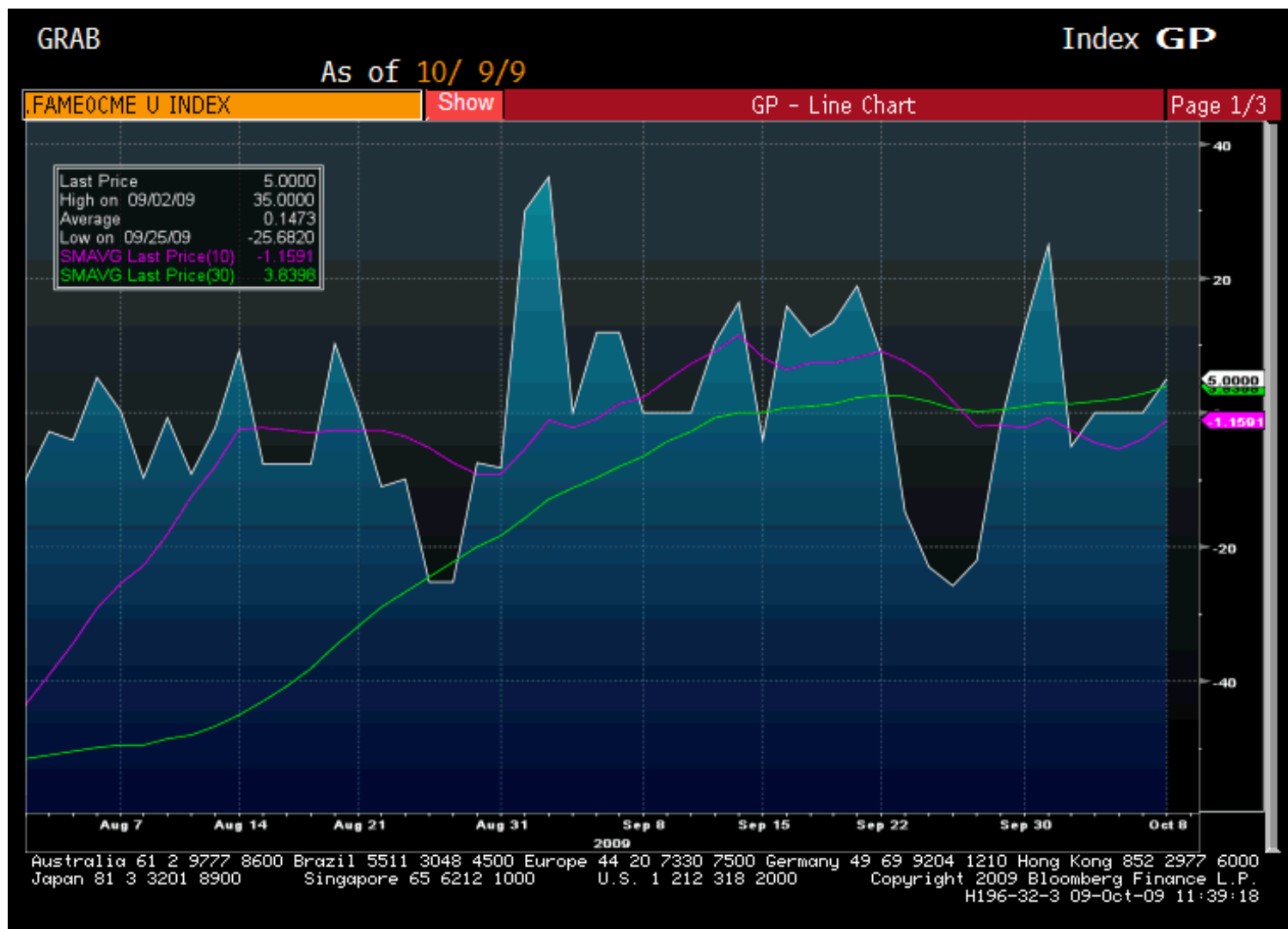
SME (ARA) Vs Soy Oil (CBOT)



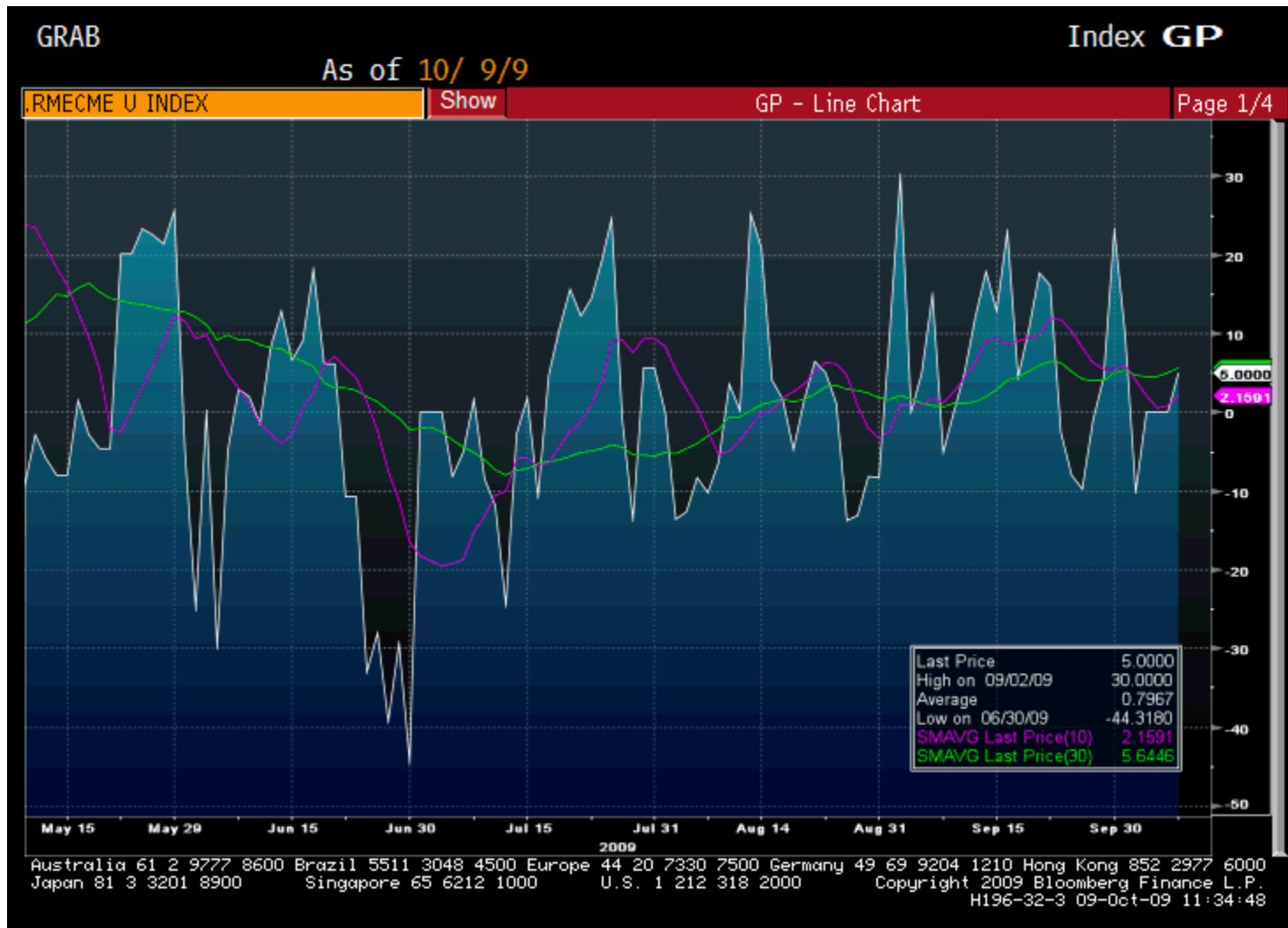
SME (ARA) Vs Gasoil (ICE)



FAME 0 (ARA) SCB Vs CME



RME (ARA) SCB Vs CME



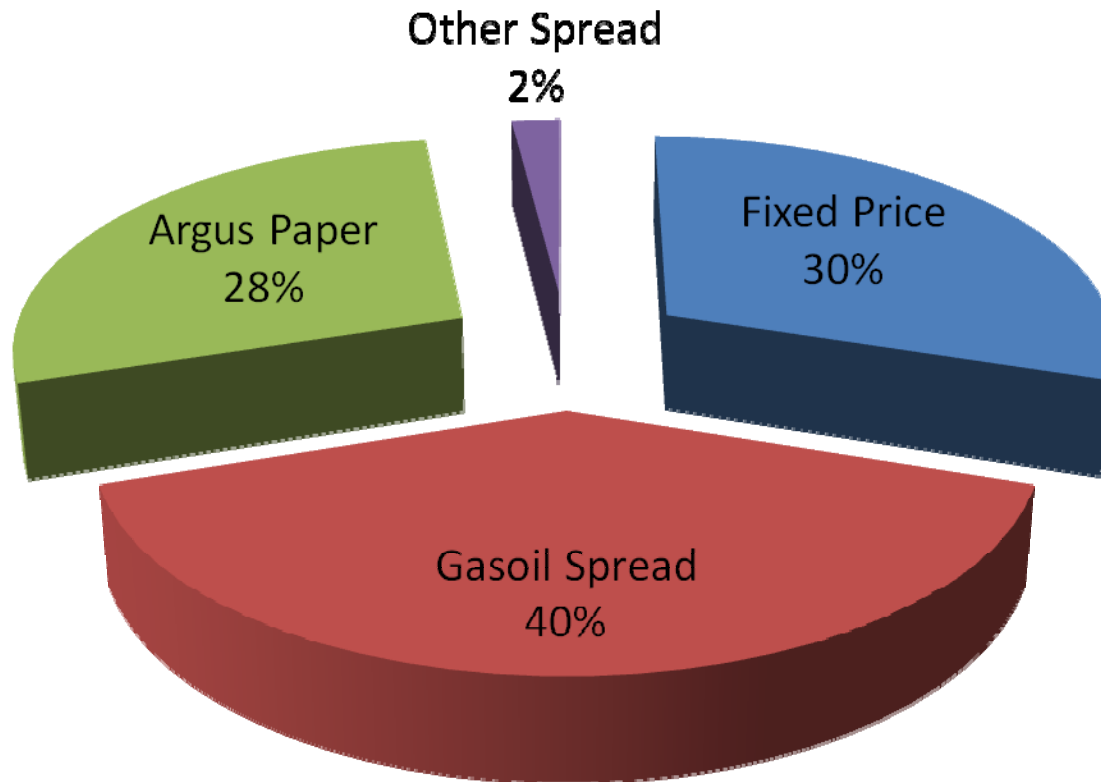
RME (ARA) SCB Vs CME



Ethanol (ARA) SCB Vs CME

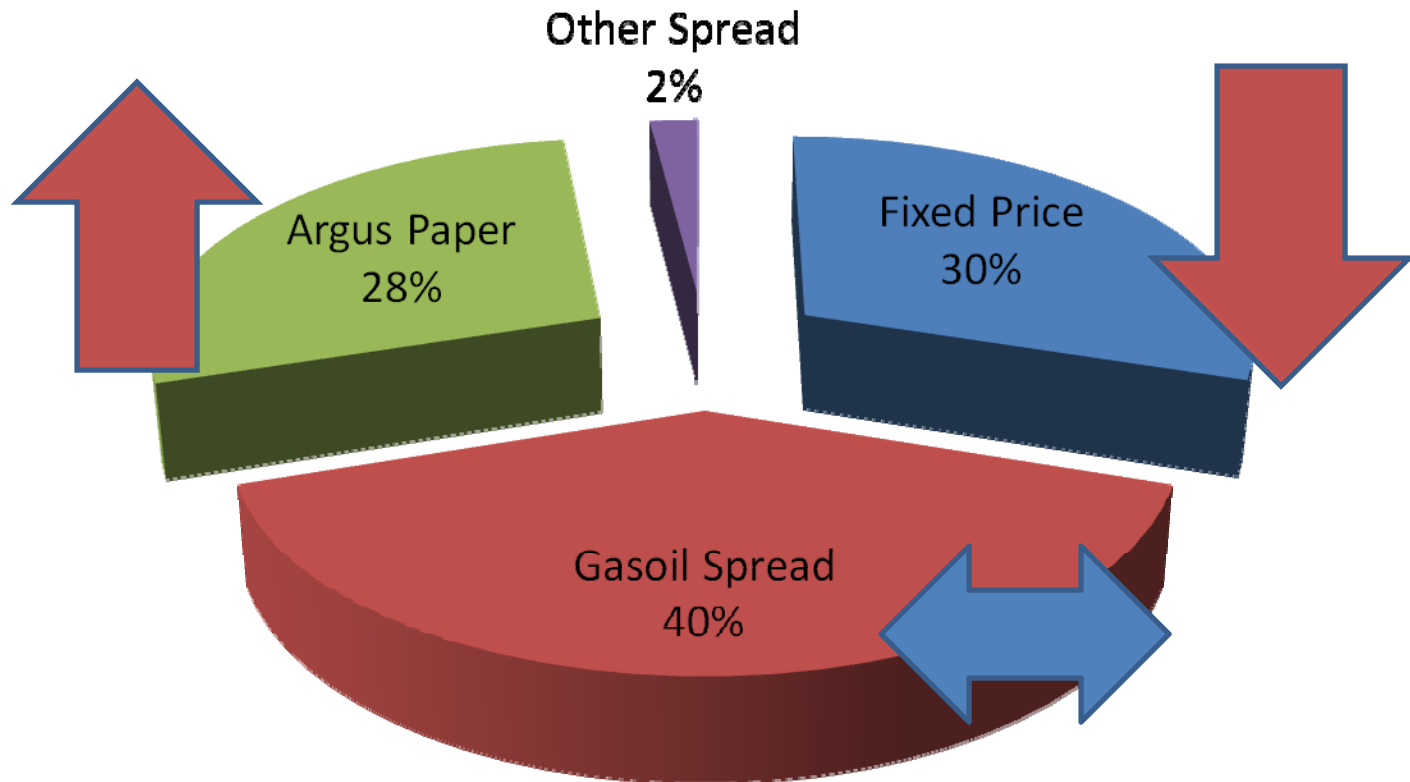


RME Broker Market Summer 2009



Collated by number of transactions
Source: SCB Group

RME Broker Market Summer 2010?



Collated by number of transactions
Source: SCB Group



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www.starcb.com

