

BiofuelCircle Market Insights

June 2026

From the Editor's Desk: The New Pricing Equilibrium

May presents a market that appears stable on the surface, yet increasingly complex underneath. Briquette prices remained largely unchanged despite a sharp decline in buyer expectations, while seller offers continued to hold firm. The result is a market where transactions continue to clear within a narrow range even as participants hold materially different views on value.

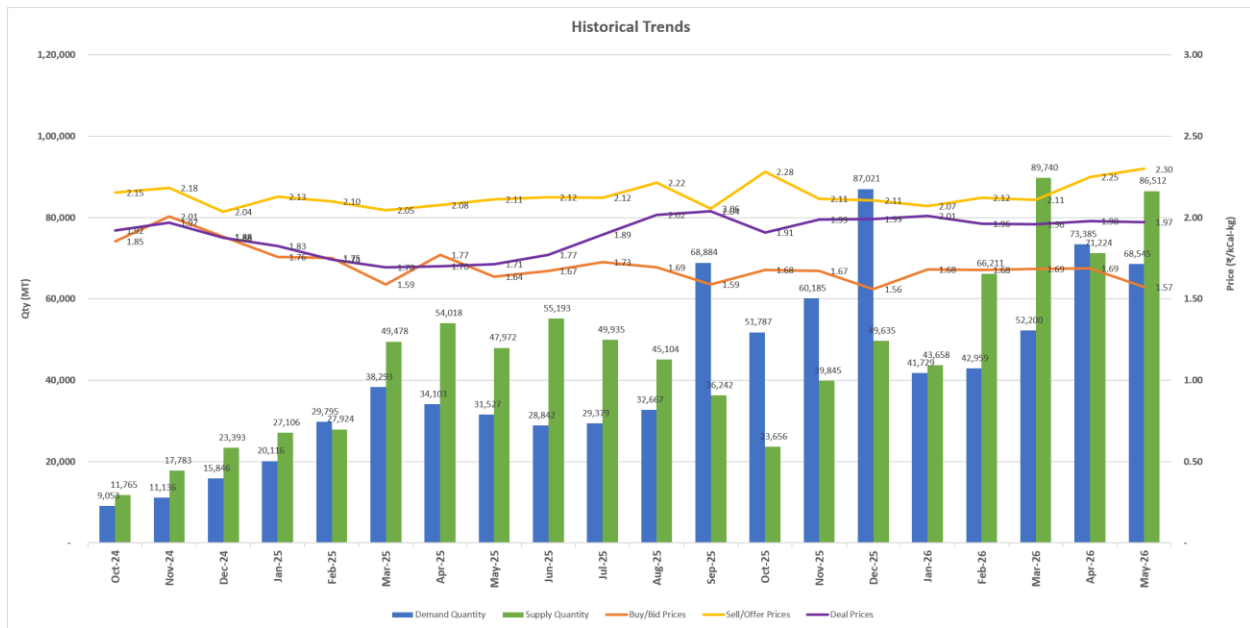
At the same time, the broader fuel landscape shifted further in biomass's favour. Coal prices climbed to the highest level in the current series, widening the competitive gap between coal and briquettes. Meanwhile, processor economics moderated from the exceptional highs recorded during March and April, introducing the first meaningful pause in the margin expansion that characterized much of the first half of the year.

The forward market reflects a similar balance. Near-term pricing expectations softened, yet later-month indications remain constructive, suggesting that participants are adjusting expectations rather than preparing for a prolonged correction.

To know more, keep reading.

Past Trends: Briquette Prices

This chart shows the pan-India trend on the BiofuelCircle platform, for weighted average delivered prices of Biomass Briquettes, converted to Rs per kCal-kg over the past months, along with the availability & demand from our subscribers. The weighted average is calculated using quantity sought/ offered/ deals done, averaged over a month. Buy/Bid prices (orange line) are expectations of Buyers (delivered basis). Sell/ Offer prices (yellow line) are based on responses and sells published by Sellers (again delivered basis). And finally, the Deal prices (purple line) are for deals concluded after platform-based negotiations between Buyers & Sellers. Demand (blue bars) is the total Buy quantity for the month, and Supply (green bars) is the total quantity offered by Sellers for that month.



May 2026 highlights a market where expectations and realized outcomes continued to move along different paths. Trends from the past years indicate typical buyer behavior to push for lower prices before the monsoon season to ensure stable energy prices during the monsoon periods. Similar behavior continued where Buyer bids declined sharply to ₹1.57/kCal-kg from ₹1.69 in April, marking the lowest buy-side indication in a very long time. Typically, past trends indicate seller behavior to accept a price squeeze and sell close to buyer target prices. However, external factors beyond demand like a future squeeze due to weather patterns and uncertainty due to geopolitical factors close to home has created a more informed seller. Seller offers, meanwhile, remained elevated at ₹2.30/kCal-kg, creating one of the widest bid-offer spreads observed in recent months. Despite this divergence, realized deal prices settled at ₹1.97/kCal-kg, virtually unchanged from April's ₹1.98/kCal-kg.

Over the last three months, realized prices have remained within a relatively narrow range despite substantial shifts in buyer expectations, seller expectations, and platform activity. March closed at ₹1.96/kCal-kg, April at ₹1.98/kCal-kg, and May at ₹1.97/kCal-kg. This consistency suggests that while market participants may hold differing views on value, actual transactions continue to converge around a relatively stable trading range. This is atypical of how processed biomass markets have behaved in the past. Buyer behavior has been characterized by higher supplies and a wider choice to negotiate on terms. Seller behavior has also been on the basis of acceptance of this becoming a buyer's market during the April to June period. Factors beyond the borders of India are now shaping behavior of both determined participants.

An equally important observation is the growing gap between prices buyer expectations and market-clearing prices. Buyers entered May with considerably lower price indications than in previous

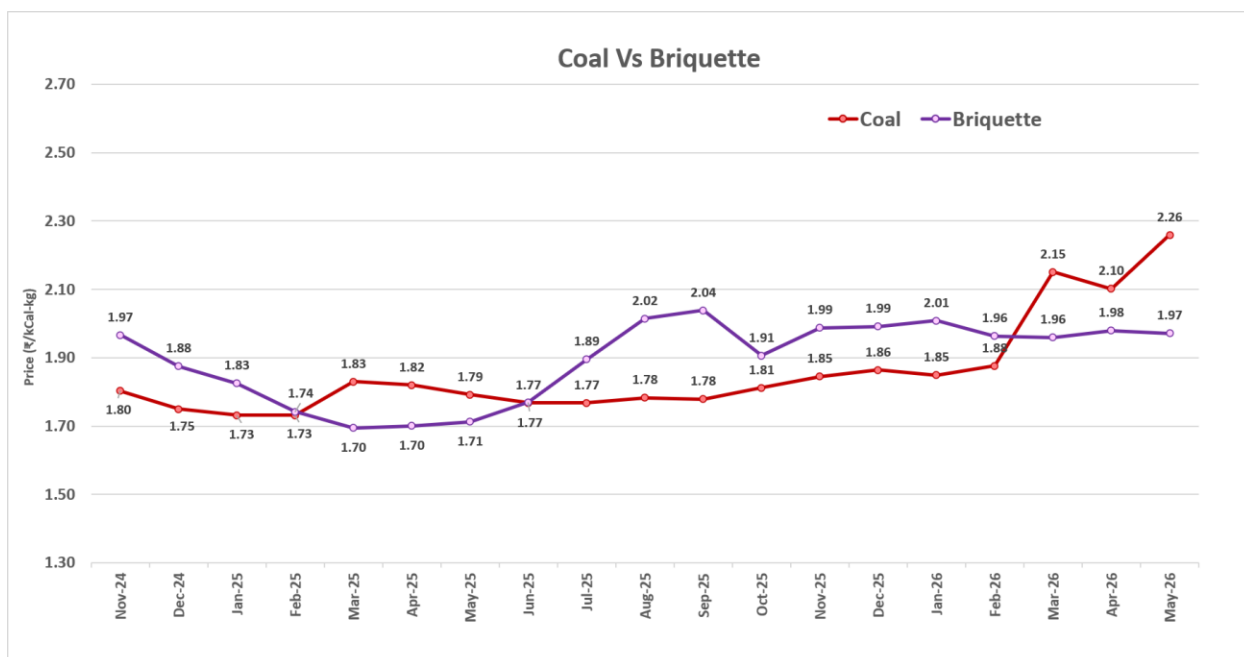
months, yet concluded transactions remained substantially above those levels. This indicates that softer bid prices alone have not translated into lower realized market prices, but has prompted the seller to dictate terms at a time when they typically do not. At the same time, seller offers remain well above transaction levels, suggesting that the market continues to negotiate between expectations rather than fully validating either side's position.

Looking at the broader trend, the market appears to have moved away from the sharper month-to-month fluctuations seen during earlier periods and into a phase of greater pricing stability. While expectations continue to shift, realized transactions have remained anchored near the ₹2.00/kCal-kg mark. For market participants, this may be one of the more important developments of the current cycle, as it points toward a market that is increasingly defined by negotiated equilibrium rather than abrupt directional movement.

The platform recorded demand visibility of 68,545 MT and supply visibility of 86,512 MT during May. While participation levels continue to remain strong, the more noteworthy development is that pricing remained resilient despite changing market expectations. The result is a market that continues to transact actively while maintaining a relatively stable realization range, a characteristic that has become increasingly evident over the past quarter.

Price Comparison: Coal vs Briquettes

The chart below compares the weighted average delivered prices of Biomass Briquettes to those of imported coal (GCV 3400 GAR, Gross as Received). We call the difference between these prices the spread.¹ Coal prices in this chart (maroon line) are sourced from market publications, for Indonesian origin coal (3400 GAR), imported at Kandla and delivered on average 300 km inland. Briquette prices (purple line) are based on deals done on the platform. Both are converted to GCV basis, for meaningful comparison.



May 2026 further widened the gap between imported coal and biomass briquettes. Coal prices increased to ₹2.26/kCal-kg, the highest level in the current series, while briquette deal prices remained largely stable at ₹1.97/kCal-kg.

What makes this development noteworthy is the underlying driver. The increase in coal prices was not driven by stronger Indian import demand. Domestic coal availability remained comfortable through the month, reducing the need for aggressive import procurement by domestic consumers. Market reports through May indicated that domestic coal availability remained comfortable and import buying activity in India was relatively subdued. Instead, the upward movement was driven by developments in the international seaborne coal market.

Several factors contributed simultaneously. Indonesian benchmark coal prices strengthened during the month, supported by tighter spot availability, production discipline, and continued prioritisation of domestic supply obligations. At the same time, seasonal restocking activity from Chinese utilities and stronger summer demand across parts of Southeast Asia, particularly Vietnam, increased competition for low-calorific-value Indonesian coal. Rising freight rates added further pressure to delivered coal costs across importing markets.

The result was a continued increase in landed coal prices even in the absence of significant tightening within India itself. This distinction is important because it suggests that the current coal price environment is being shaped more by international supply-side factors than by domestic consumption trends.

Industrial fuel decisions remain dependent on boiler configuration, fuel handling systems, blending capability, procurement cycles, and long-term operating economics. However, sustained

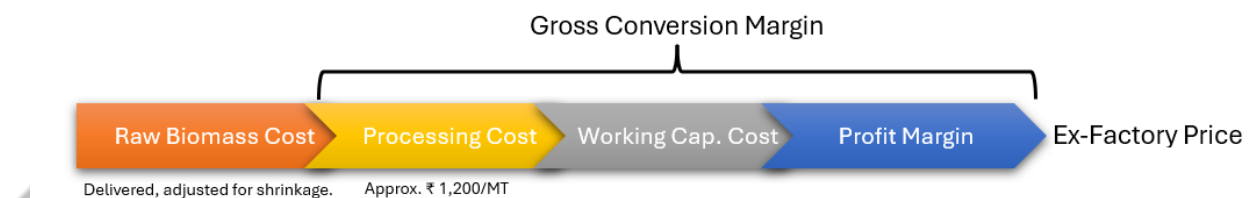
divergence between coal and biomass pricing invariably strengthens the commercial case for biomass among consumers already equipped to evaluate alternative fuel options. Typical behavior of Indian businesses has been to compare the prices of locally available biomass to internationally benchmarked coal prices to determine their own energy basket. Rising International coal prices certainly presents a worry for the businesses prompting them to look at processed biomass energy sources favorably. Energy mix becomes relevant and businesses will continue to factor these prices into their purchase considerations.

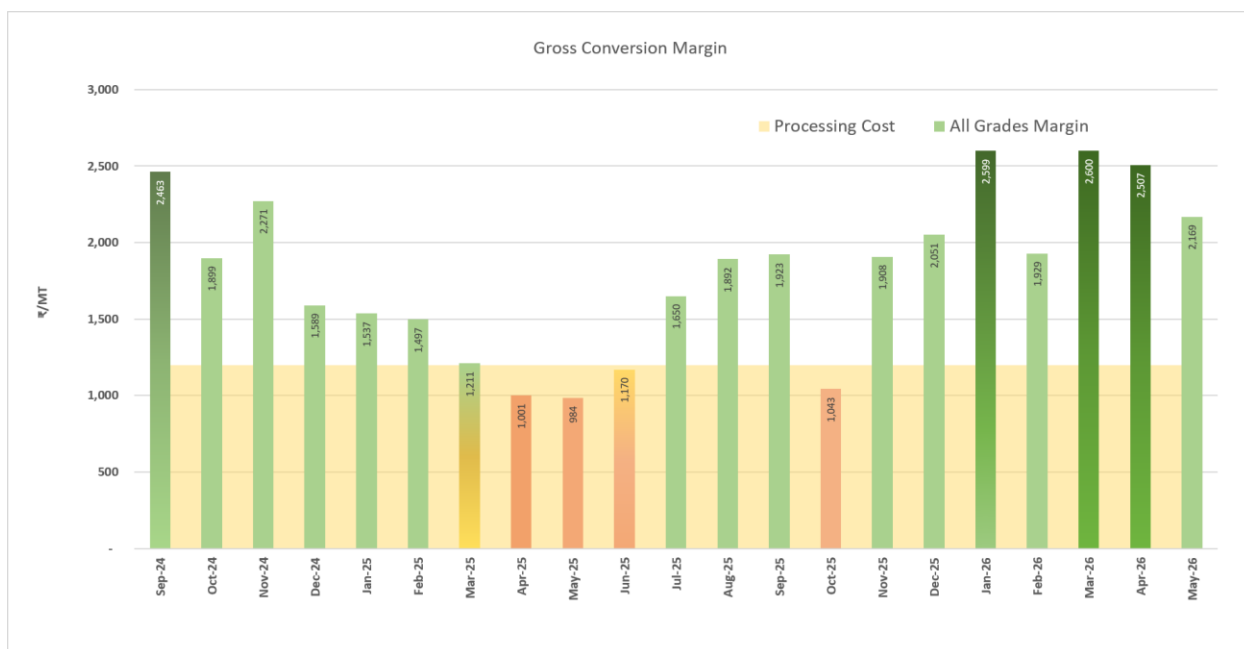
Since January, briquette prices have remained within a relatively narrow range, while coal prices have moved steadily higher. May therefore represents not simply another month of higher coal prices, but a continuation of a broader shift in relative fuel economics. If international markets remain firm through the coming quarter, biomass could continue to benefit from an increasingly favourable competitive position.

Past Trends: Gross Conversion Margin

This chart shows the pan-India trend on the BiofuelCircle platform, of the difference between weighted average ex factory price of Briquettes and weighted average delivered prices of Raw Biomass, converted to Rs per kCal-kg over the past months. Weighted average is calculated using quantity sought/ offered/ deals done, averaged over a month. This chart excludes commodities such as paddy straw, which are directly used for conversion to biogas or bioethanol.

To assess the inherent value of briquettes, we have compared the delivered price of raw biomass with the ex-factory price of briquettes. Raw biomass prices have also been adjusted for expected shrinkage across various inputs. The difference represents the GCM (Gross Conversion Margin), which includes the processor's cost of conversion, inventory holding cost, and a profit margin. We have tried to benchmark this against an average processing cost of ₹ 1,200/MT (approx. ₹0.34 per kCal-kg) as represented by the shaded region in the graph below. On top of this will be the cost of working capital, which varies from processor to processor.





May recorded a Gross Conversion Margin of ₹2,169/MT, compared with ₹2,507/MT in April and ₹2,600/MT in March. The decline removes a significant portion of the gains accumulated during the exceptionally strong March-April period and brings margins back toward the levels observed in February 2026.

The magnitude of the correction stands out because briquette realizations remained largely unchanged during the same period. Deal prices moved marginally from ₹1.98/kCal-kg in April to ₹1.97/kCal-kg in May, while Gross Conversion Margin declined by more than 13%. The movement indicates that the change in processor economics during May was considerably larger than the change visible in finished briquette prices alone.

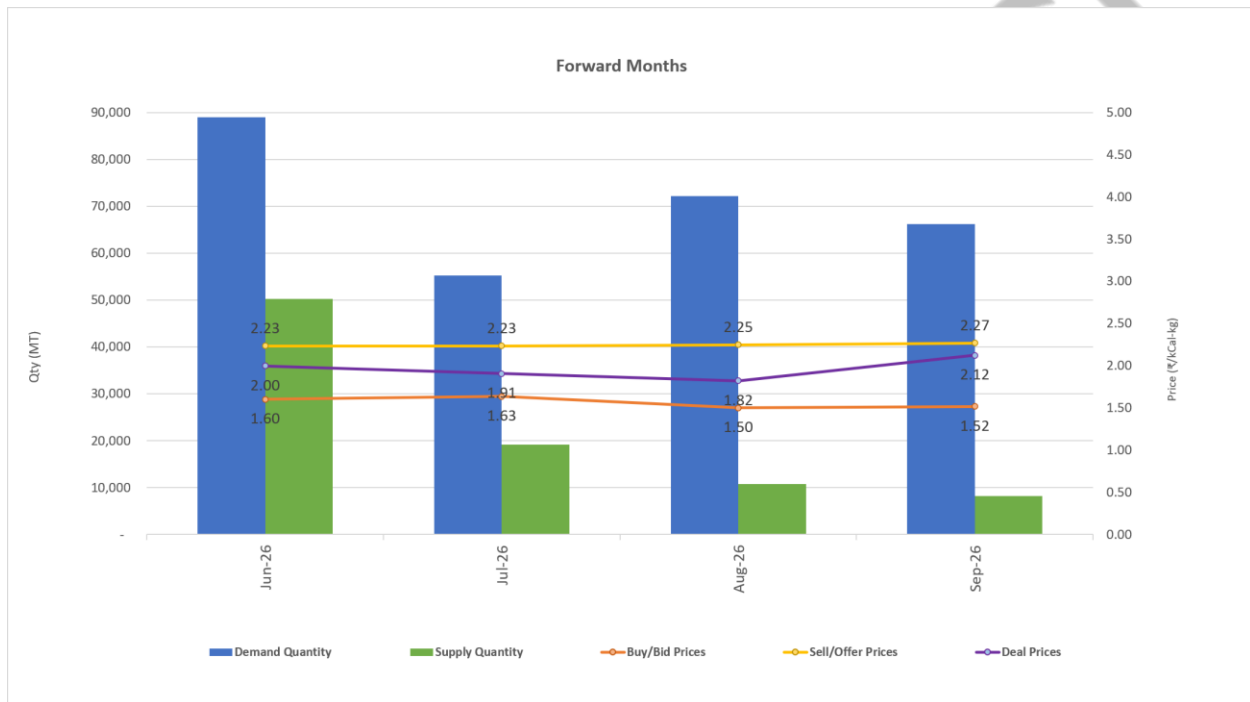
March and April established the strongest margin environment seen in the current cycle, with Gross Conversion Margin remaining above ₹2,500/MT in both months. May breaks that pattern. The chart no longer reflects the margin expansion that characterized the first quarter and early second quarter of 2026.

The current margin level continues to remain substantially above the benchmark processing cost of ₹1,200/MT. Conversion spreads therefore remain supportive from an operating perspective. The discussion for processors has shifted from margin adequacy to margin trajectory. The question during March was how long margins could continue expanding. The question after May is whether the market has already seen the strongest conversion economics of the current cycle. Weather and geopolitical factor may continue to push the conversion margins well into the next quarter. Sellers have been cautious to not let the margin slip away and this makes June economics worth watching for.

May does not provide a definitive answer. It does, however, mark the first meaningful interruption to the momentum that carried Gross Conversion Margin from ₹1,929/MT in February to ₹2,600/MT in March. That change in direction is likely to be the most closely watched development in processor economics as the market moves into the monsoon period.

Forward Months: Briquette Prices

The prices (for Buys/ Bids, Sells/ Offers & Deals), as well as demand & supply quantities in the chart below, are for delivery of biomass briquettes in the months to come.



The forward market presents a more nuanced picture than the spot market. Deal prices are indicated at ₹2.00/kCal-kg for June, softening to ₹1.91 in July and ₹1.82 in August, before recovering sharply to ₹2.12 in September. The shape of the curve is significant because it does not point to a sustained downward trend. A market anticipating prolonged weakness would typically reflect progressively lower prices across successive forward months. The September recovery suggests that participants are currently positioning for a temporary softening phase rather than a structural decline in briquette realizations.

The movement becomes more interesting when viewed alongside the current spot market. May concluded with deal prices at ₹1.97/kCal-kg, placing June's forward indication almost exactly in line with prevailing market realizations. The softer July and August levels therefore represent an

expectation of easing from current conditions, while September points toward a recovery in pricing confidence later in the quarter.

Buyer and seller expectations continue to remain widely separated across the forward curve. Seller offers remain anchored above ₹2.20/kCal-kg through most forward months, while buyer bids are concentrated significantly lower. This gap has been a recurring feature of the market in recent months. Historical trends showed a similar divergence between expectations and realized transactions, with concluded deals consistently settling between the two extremes. The forward market appears to be carrying the same characteristic into the coming quarter.

The most notable signal from the curve is the absence of aggressive downside pricing. Participants have not priced September below current market levels despite softer indications through July and August. Forward transactions continue to be established across all delivery months, suggesting that market participants remain engaged even while holding different views on near-term pricing.

The forward curve therefore reflects a market that is adjusting expectations rather than repricing fundamentally. Softer indications through the middle of the period are balanced by firmer expectations toward September, producing a pricing structure that remains considerably more resilient than a simple correction narrative would suggest. For briquette manufacturers, industrial consumers, and fuel procurement teams, the key message from the forward market is continuity. The negotiation range remains wide, transactions continue to occur, and market participants have yet to signal expectations of a prolonged weakening cycle.

In Conclusion

May 2026 delivered a different set of signals than the market witnessed during the first quarter of the year. Briquette realizations remained stable despite lower buyer indications, coal prices continued their upward trajectory, and Gross Conversion Margins moved lower from the exceptional levels recorded during March and April.

The most significant development was the widening gap between biomass and imported coal. Coal reached its highest level in the current series, driven by developments in international energy markets, while briquette prices remained within the trading range established over recent months. The result was a meaningful improvement in biomass's relative competitiveness without a corresponding increase in biomass prices.

Processor economics also entered a new phase during May. Gross Conversion Margin declined to ₹2,169/MT, reducing a portion of the gains accumulated earlier in the year. The correction interrupted the margin expansion visible through March and April, though conversion spreads

remained well above benchmark processing costs. The discussion has therefore shifted from margin growth to margin sustainability.

Forward market indications add another dimension to the current picture. Softer deal prices are visible through July and August, while September returns above current spot market levels. The curve does not indicate expectations of a prolonged decline. Market participants continue to transact across forward months despite maintaining materially different price expectations.

Taken together, the May data reflects a market undergoing adjustment rather than disruption. Briquette realizations remain stable, processor economics remain supportive, and biomass continues to strengthen its position relative to imported coal. The coming months will determine whether May marks the beginning of a broader normalization phase or simply a pause within a market that has remained resilient through the first half of 2026.

If you are a Briquette/ Pellet manufacturer, and want to know how these trends could impact you? [Get in touch with your BiofuelCircle representative](#) to know more.

Are you a consumer of briquettes or pellets? [Connect with your BiofuelCircle representative](#) to understand how these trends can help you to achieve price predictability and stability.

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