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# BiofuelCircle Market Insights

July 2026

## From the Editor's Desk: Holding Ground Through the Monsoon

The onset of the southwest monsoon typically introduces a new set of challenges across the biomass value chain. Procurement becomes more complex, logistics slow down, and manufacturers begin reassessing replacement costs while industrial consumers review their fuel procurement strategies. June 2026, however, reflects a market that has remained commercially resilient through this seasonal transition.

Realised briquette prices strengthened during the month, while imported coal continued to appreciate on the back of developments in the international seaborne market. At the same time, Gross Conversion Margins recovered from May's moderation, indicating that manufacturers continue to retain healthy conversion spreads despite increasingly challenging operating conditions.

The forward market also reflects a measured outlook. Rather than signalling a sustained correction, current pricing indicates that market participants continue to distinguish between seasonal operational challenges and the longer-term fundamentals of biomass. This distinction becomes particularly relevant as international energy markets continue to influence domestic fuel economics and procurement decisions.

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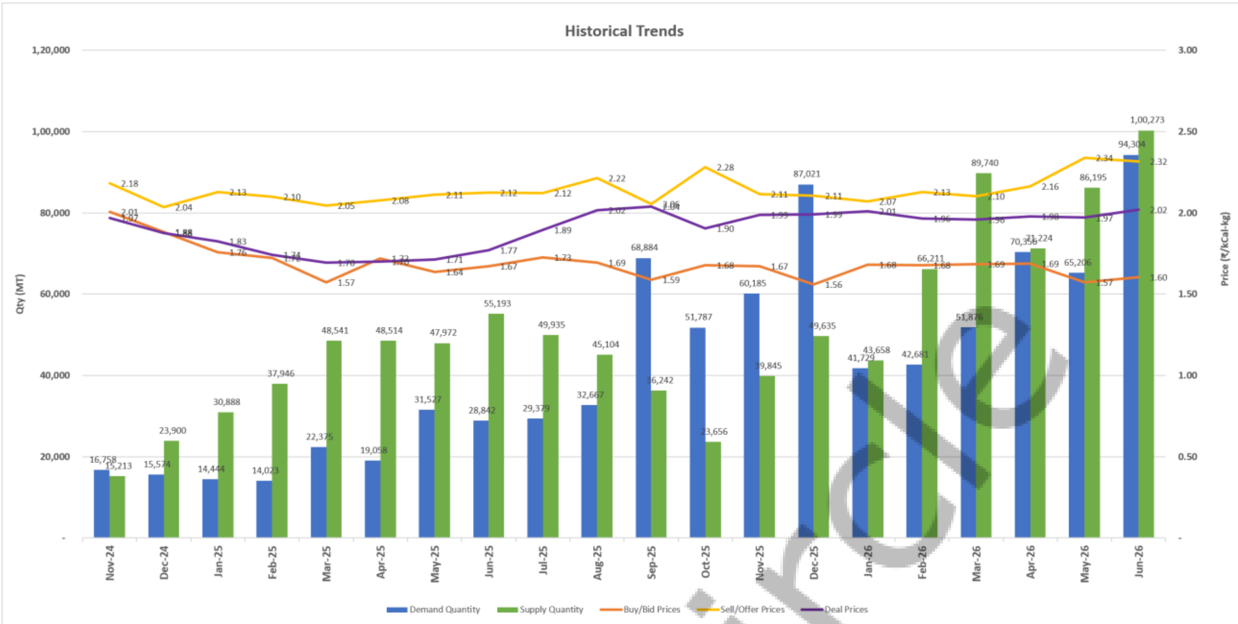
## Past Trends: Briquette Prices

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.




June 2026 marked the return of briquette prices above the ₹2.00/kCal-kg level, with Deal Prices increasing to ₹2.02/kCal-kg from ₹1.97/kCal-kg in May. Buyer expectations remained largely unchanged at ₹1.60/kCal-kg, while Seller Offers moderated marginally to ₹2.32/kCal-kg from the previous month's ₹2.34/kCal-kg. Despite a wide bid-offer spread, concluded transactions continued to settle within a relatively stable price band, reinforcing the role of negotiated price discovery in the current market.

The pricing behaviour during June is consistent with the seasonal transition into the southwest monsoon. With the onset of monsoon, even if delayed, biomass suppliers and processes aim for higher gross margins considering the cost of carrying raw material inventory and general scarcity across farm-sourced biomass. Market perception of dearer biomass is priced into the offers. Buyers and sellers understand this through past experience making this a negotiated market for the monsoon quarter starting July till mid of October.

The behaviour of buyers and sellers also reflects the changing risk environment. Industrial consumers typically seek greater price certainty before the full impact of the monsoon is felt, particularly where uninterrupted boiler operations are critical. Biomass processors, on the other hand, become more cautious in committing material at lower prices when replacement costs and procurement uncertainty begin to rise. The result is a market where negotiations remain active, yet realised transactions continue to hold close to prevailing market levels rather than moving sharply in either direction. With buyers now having attuned themselves to this period of scarcity, risk mitigation practices have enabled the buyers to negotiate harder during the monsoon. The monsoon impact will become more pronounced during the forward monsoon months.

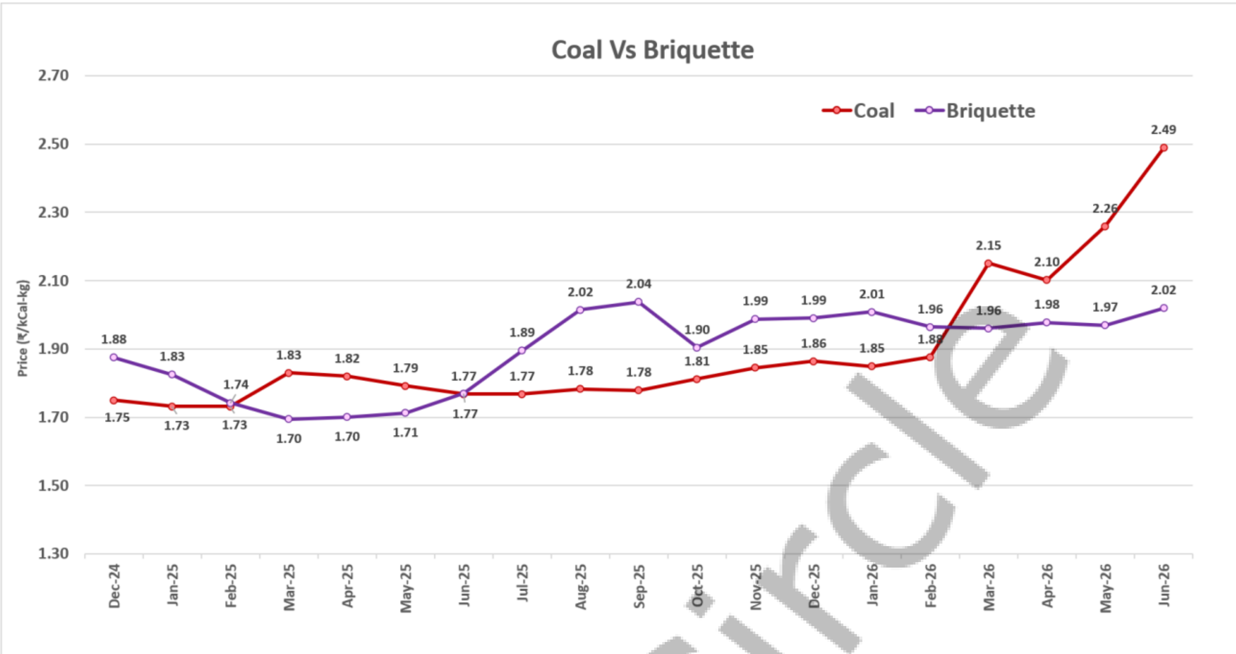
An equally noteworthy development is the continued disconnect between buyer expectations and realised transactions. Buy-side indications remained near the ₹1.60/kCal-kg mark, while concluded deals settled more than ₹0.40/kCal-kg higher. This suggests that lower bidding strategies alone have not been sufficient to influence market-clearing prices. Instead, negotiations continue to reflect broader procurement realities, including seasonal supply-chain risks, inventory planning and replacement economics.

June also strengthens a trend that has emerged over the past several months. Since March, realized briquette prices have remained remarkably resilient despite fluctuations in buyer expectations and changing market conditions. The market has demonstrated an ability to absorb seasonal transitions without significant price dislocation, indicating that negotiated values continue to be anchored by underlying procurement fundamentals rather than short-term sentiment.

Platform activity during June also reached its highest level in the current series, with Demand Quantity recorded at 94,304 MT and Supply Quantity crossing 100,000 MT for the first time. While these figures represent activity visible on the BiofuelCircle platform, they also reflect continued engagement between market participants during a period that traditionally presents operational challenges for the biomass supply chain.

## 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.’ 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.




June 2026 saw the divergence between imported coal and biomass briquettes widen further. Imported coal prices increased sharply to ₹2.49/kCal-kg, the highest level recorded in the current series, while realised briquette prices moved to ₹2.02/kCal-kg. Both fuels strengthened during the month, though the pace of increase in imported coal was significantly steeper, resulting in a wider spread on an energy-equivalent basis.

The movement in coal prices continues to be driven predominantly by developments in the international seaborne market rather than changes in domestic Indian demand. During June, Indonesian coal exporters maintained firm offers amid tighter availability across several coal grades, while the implementation of Indonesia's revised export pricing framework and higher Harga Batubara Acuan (HBA) benchmark prices effectively established a higher floor for export transactions. These developments were further supported by cautious selling behaviour from producers, who anticipated continued firmness in international prices rather than increasing spot availability.

An equally important observation is that this price appreciation occurred despite relatively comfortable domestic coal availability in India. Import buying remained measured, indicating that the current strength in landed coal prices is being dictated more by international supply-side dynamics than by domestic consumption pressures. This distinction is commercially relevant because it changes the way industrial fuel procurement teams evaluate imported fuels. Instead of responding primarily to Indian demand conditions, procurement costs are increasingly influenced by developments originating in exporting countries.

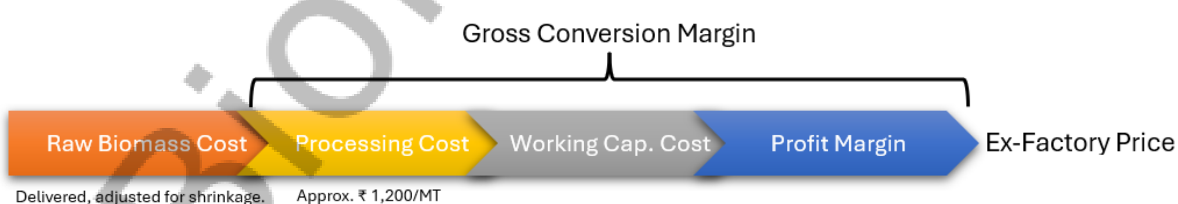
For industrial consumers, the widening spread reinforces the relative competitiveness of biomass without implying that biomass prices themselves have weakened. Both fuel markets have appreciated over recent months, but imported coal has entered a stronger bullish phase, widening the gap between the two fuels. Historically, many industrial users benchmark biomass economics against imported coal while reviewing their overall energy basket. As this spread expands, biomass becomes increasingly attractive from a cost-competitiveness perspective, particularly for facilities that already possess the operational flexibility to optimise their fuel mix.

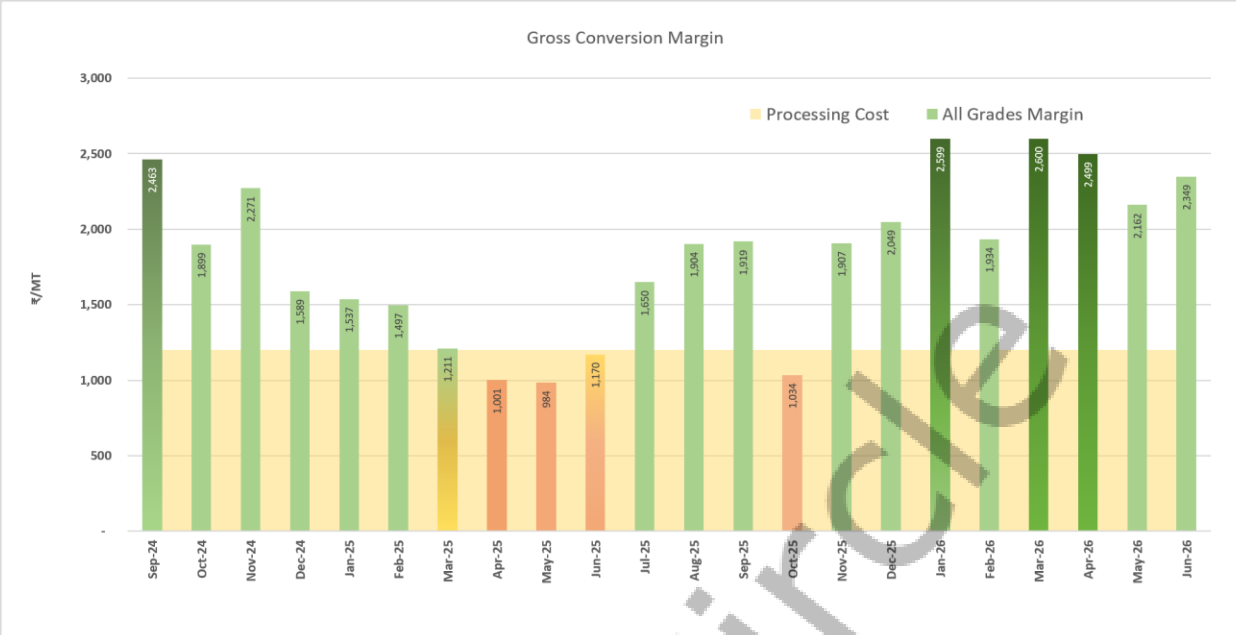
The current pricing trend therefore reflects more than a monthly fluctuation. It highlights how international developments can materially reshape domestic fuel economics. If supply-side tightness in the Indonesian export market persists and benchmark coal prices remain elevated, imported coal is likely to continue facing upward cost pressure. Under such conditions, the commercial positioning of biomass is strengthened not by a decline in its own value, but by the faster appreciation of competing fossil fuels.

## 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.






June 2026 recorded a Gross Conversion Margin of ₹2,349/MT, recovering from ₹2,162/MT in May. The recovery indicates that conversion margins remain comfortably above the benchmark processing cost and continue to provide healthy commercial support for briquette manufacturing.

More importantly, June changes the direction of the trend.

The moderation witnessed during May had raised the possibility that the margin expansion observed earlier in the year was beginning to reverse. June does not yet establish a new upward cycle, but it does indicate that the market has been able to recover part of the earlier correction. Rather than signaling sustained margin compression, the latest data points towards a market that continues to retain healthy value addition across the biomass conversion chain.

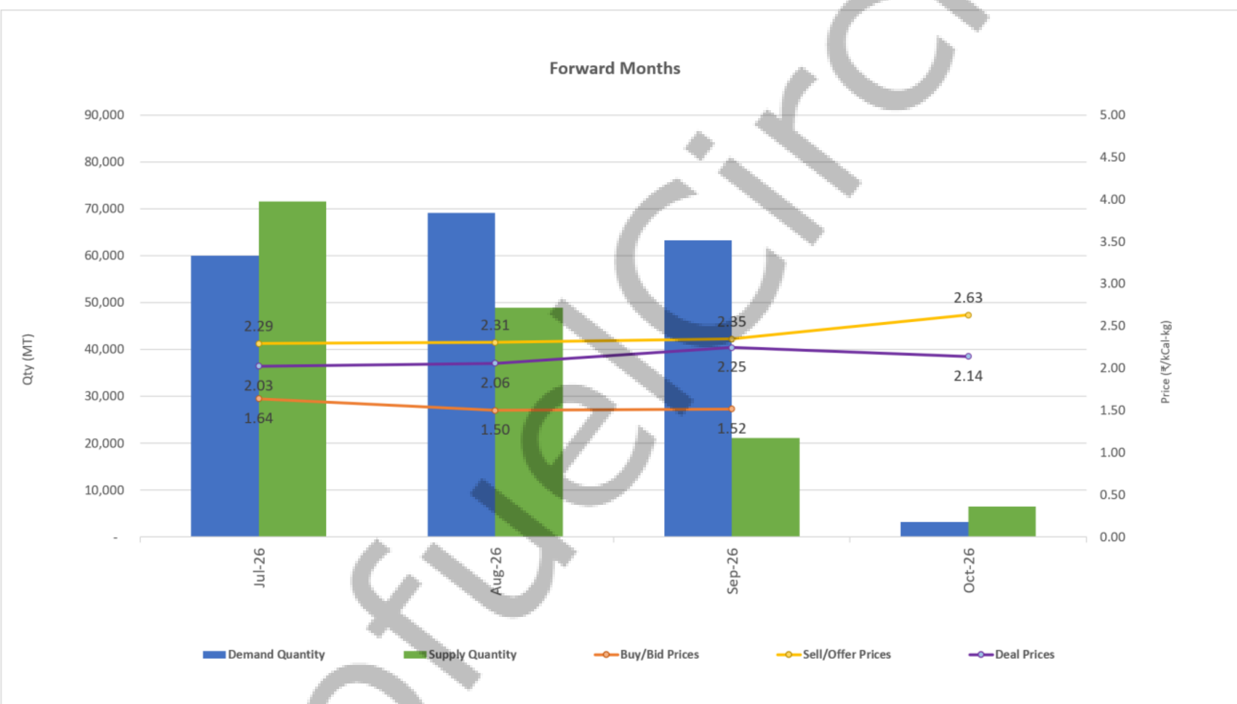
This becomes particularly relevant as the industry moves into the monsoon period. Seasonal rainfall typically introduces greater variability in raw biomass procurement through higher moisture content, slower field evacuation, additional drying requirements and increased logistics complexity. These factors generally increase the cost and operational effort associated with converting agricultural residue into finished briquettes. In such an environment, the ability to sustain healthy conversion margins becomes a stronger indicator of manufacturing resilience than during the post-harvest months, when biomass availability is relatively abundant.

The current margin profile also reflects the discipline demonstrated by manufacturers over recent months. Even as biomass procurement conditions have become more challenging and competing industrial fuels have continued to appreciate, conversion spreads have remained well above processing cost benchmarks. This suggests that manufacturers have largely been able to preserve commercial viability without relying on abrupt movements in briquette realizations alone.

Looking ahead, Gross Conversion Margin will remain one of the most important indicators to monitor through the monsoon quarter. Weather conditions, biomass quality, procurement efficiency and inventory management are likely to play an increasingly important role in determining how margins evolve over the coming months. For manufacturers, the focus is now shifting from achieving record margins to maintaining healthy and sustainable conversion spreads as seasonal operating conditions become progressively more demanding.

## 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 continues to project confidence in biomass pricing despite the seasonal uncertainties associated with the monsoon period. While Deal Prices soften through July and August, they recover again in September, indicating that market participants view the near-term moderation as temporary rather than the beginning of a prolonged downward cycle.

Forward prices reflect the expectations and commercial positions of buyers and sellers at a given point in time. During periods of seasonal transition, these expectations are influenced not only by prevailing prices, but also by anticipated raw material availability, replacement costs, logistics and inventory planning. The current curve therefore provides valuable insight into how the market is positioning itself for the months ahead.

One of the more significant observations is the continued firmness in Seller Offers across the forward months. Typically, if manufacturers expect weaker market conditions, forward offers begin adjusting lower to secure future business. That behaviour is not evident in the current market. Manufacturers continue to value forward deliveries confidently, suggesting that they do not expect procurement conditions or replacement costs to ease materially over the coming months.

Buyers, on the other hand, continue to maintain a more measured outlook. The gap between Buy/Bid prices and Seller Offers remains evident across the forward curve, indicating that negotiations are likely to remain an important feature of the market. Similar behaviour has been observed in recent months, where realised transactions have consistently settled between buyer expectations and seller quotations, reinforcing the role of commercial negotiation in determining market-clearing prices.

Viewed alongside the broader market trends, the forward curve presents a consistent narrative. International coal prices remain elevated, conversion margins continue to stay comfortably above processing cost benchmarks, and realised briquette prices have demonstrated resilience despite changing seasonal conditions. Against this backdrop, the forward market does not indicate weakening confidence in biomass. Instead, it reflects a market that is acknowledging near-term operational uncertainty while continuing to assign value to biomass over the medium term.

For briquette manufacturers, the current forward structure supports disciplined pricing rather than aggressive discounting. For industrial consumers, it reinforces the importance of procurement planning rather than relying on expectations of a sustained correction in briquette prices. As market conditions evolve through the monsoon quarter, forward transactions will continue to serve as an important indicator of how both sides of the market are assessing future procurement risks and pricing opportunities.

## In Conclusion

June 2026 reinforces the resilience that has characterised the biomass market through the first half of the year. Despite the onset of the monsoon and the operational uncertainties that typically accompany this period, realised briquette prices strengthened beyond the ₹2.00/kCal-kg mark, conversion margins recovered from May's moderation, and the forward market continued to reflect confidence in the underlying economics of biomass.

Perhaps the most significant development during the month was the continued divergence between imported coal and biomass. International coal prices reached another high, driven primarily by developments in the seaborne market rather than domestic Indian demand. As a result, biomass has continued to improve its competitive position within industrial fuel portfolios, not because of any sharp correction in biomass pricing, but because imported coal has appreciated at a faster pace. For industries evaluating long-term fuel costs, this relative movement is becoming increasingly important.

Manufacturers also entered the monsoon quarter from a position of relative strength. The recovery in Gross Conversion Margin indicates that conversion spreads continue to remain commercially healthy, even after the moderation observed in May. At the same time, forward pricing suggests that manufacturers remain confident in replacement economics, with little indication of aggressive discounting despite the seasonal uncertainties that lie ahead.

Taken together, these developments point towards a market that is adjusting to seasonal operating conditions without losing its underlying stability. Buyers continue to negotiate actively, manufacturers continue to maintain pricing discipline, and the broader economics of biomass remain supportive. While short-term fluctuations in procurement conditions are inevitable during the monsoon months, the market signals observed during June do not indicate any material shift in the long-term commercial position of biomass.

For briquette manufacturers, industrial consumers and fuel procurement teams, the message is clear. Market conditions continue to favour disciplined procurement, informed pricing decisions and close monitoring of international fuel markets. As biomass assumes a larger role within industrial energy portfolios, understanding the relationship between domestic biomass fundamentals and global energy developments will become increasingly important in shaping procurement strategies over the months ahead.



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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To learn more, reach out to us at:

Email: info@biofuelcircle.com
Mobile: +91 89569 38955
Phone No: +91 (20) 48522522