

BiofuelCircle Market Insights

September 2026

From the Editor's Desk: Diverging Market Signals

The biomass market continues to show a firm pricing environment, but the more significant developments are emerging in the relationship between different market indicators. Deal Prices have moved gradually higher, while Buyer Bids have seen a sharper upward movement and Seller Offers have remained firm, bringing the three price positions closer together in the spot market.

At the conversion level, the movement has been more pronounced. Gross Conversion Margin has expanded to ₹3,421/MT, considerably faster than finished briquette prices. The current spread between raw biomass economics and finished-product realisations therefore forms an important part of the market picture.

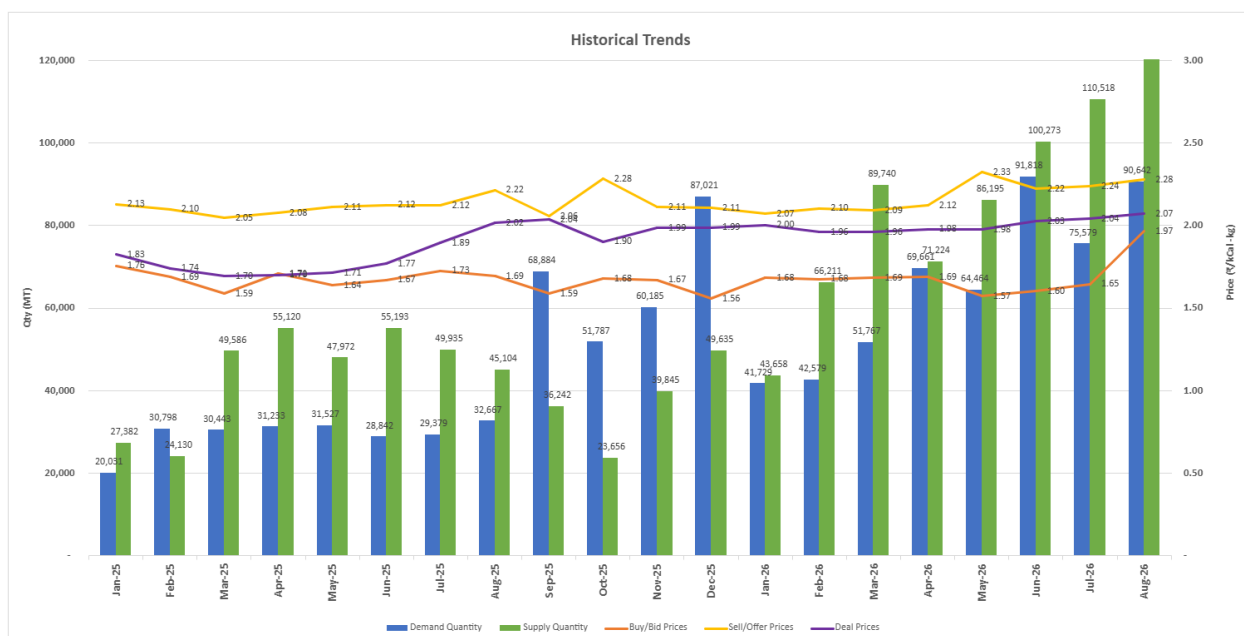
The relative fuel-cost environment has also continued to evolve. Imported coal remains materially above briquette prices, maintaining a wide differential between the two fuels. At the same time, the forward market carries firm realised prices into the coming months, with the November Deal Price moving to ₹2.28/kCal-kg while Buyer and Seller expectations remain apart.

These movements together provide a view of a market where spot pricing, processor economics, competing fuel prices and forward expectations are not moving uniformly.

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.



August marked a clear change in the structure of briquette pricing. Deal Prices increased to ₹2.07/kCal-kg, extending the firm pricing environment seen through the preceding months. However, the given mix of premium and standard quality of processed biomass may also have changed. Monsoons typically change the mix towards the premium commodity. The more significant movement, however, came from Buyer Bids, which rose sharply from ₹1.65/kCal-kg to ₹1.97/kCal-kg. Seller Offers remained firm at ₹2.28/kCal-kg.

This brought the three price indicators considerably closer together. The gap between Buyer Bids and Deal Prices narrowed from 39 paise in July to 10 paise in August, while the gap between Deal Prices and Seller Offers reduced from 20 paise to 21 paise. The negotiation range has therefore tightened materially, with Buyer indications now much closer to the prices at which transactions are being concluded.

The movement in Buyer Bids is particularly significant because it represents a substantial change in purchasing expectations within a single month. Deal Prices, by comparison, moved only 3 paise. This indicates that the market did not undergo a broad repricing of concluded transactions; rather, the adjustment was concentrated in Buyer expectations, which moved towards the prevailing transaction level.

The seasonal backdrop has also changed from the conditions seen earlier in the monsoon. August recorded a 16% rainfall deficit across India, with substantial regional variation. By the end of the month, 42% of monitored districts had received deficient rainfall and another 5% had received large deficient rainfall, while rainfall remained normal or above normal in several other regions. This uneven rainfall pattern is relevant to biomass procurement because the operating environment is no longer characterised by a uniform monsoon across the country.

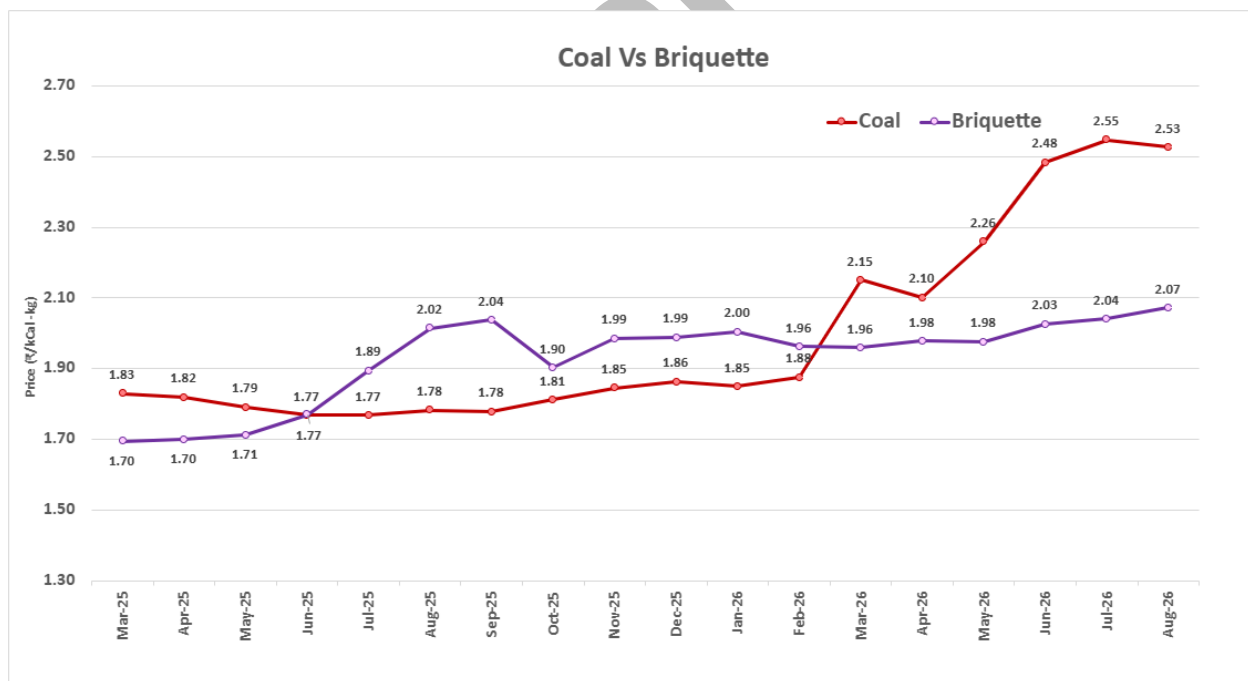
The firmness becomes more evident over the recent price cycle. Deal Prices moved from ₹1.98/kCal-kg in May to ₹2.03 in June, ₹2.04 in July and ₹2.07 in August. The increase has been gradual, but consistent. At the same time, Buyer Bids moved from ₹1.57 to ₹1.60, ₹1.65 and finally ₹1.97 over the same period. The sharpest change in the series has therefore occurred in Buyer positioning, while realised prices have continued to strengthen at a measured pace.

Platform activity also strengthened during the month. Demand Quantity increased from 75,579 MT in July to 90,642 MT in August, while Supply Quantity rose from 1,10,518 MT to 1,20,619 MT. Both reached their highest levels in the current series.

With monsoon approaching its final phase and September rainfall forecast to remain below normal, the next few months will show whether the tighter pricing range established in August becomes the new negotiating pattern.

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.



The coal-briquette spread remained significantly elevated in August. Briquette prices moved to ₹2.07/kCal-kg, while imported coal continued to trade at a substantially higher level. The important

movement is therefore not a weakening in briquette prices, but the continued divergence between the two fuels as coal prices have risen faster.

Indonesian coal pricing remained firm through the period, with producer availability, export volumes and supply-side conditions continuing to influence the market. These factors have kept the cost of securing imported coal elevated even as Indian demand conditions have remained seasonally affected by the monsoon.

Domestic coal supplies have remained comparatively better placed, while monsoon conditions have affected coal movement and logistics in parts of the country. Imported coal, however, continues to carry the additional influence of Indonesian export conditions and international benchmark movements. The landed economics of imported coal therefore remain exposed to developments beyond the domestic fuel market.

This divergence is clearly visible in the price trajectory. Imported coal moved from ₹2.48/kCal-kg in June to ₹2.55 in July, and ₹2.53 in August. Briquette prices over the same period moved from ₹2.03 to ₹2.04, and ₹2.07/kCal-kg. The widening spread has consequently been driven predominantly by the faster appreciation of imported coal rather than by any significant decline in biomass pricing.

The relative economics have therefore changed materially through the year. Briquette prices have remained comparatively contained even as the competing imported fuel has appreciated sharply. This has increased the energy-equivalent price differential between the two fuels and strengthened the relative cost position of biomass within the current fuel market.

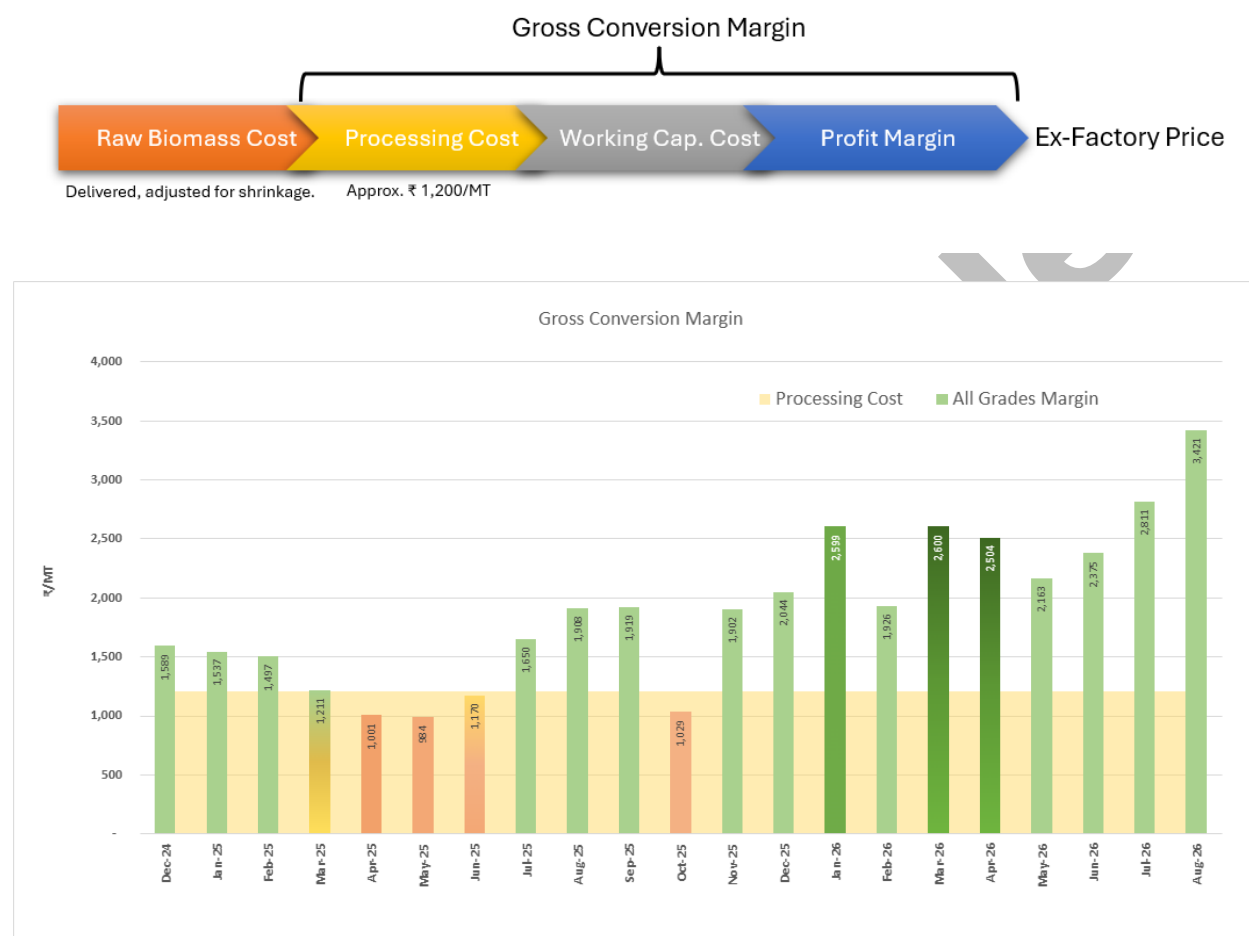
The movement is particularly relevant because the two markets are responding to different underlying conditions. Briquette pricing continues to be shaped by domestic biomass procurement and conversion economics, while imported coal remains exposed to international supply, benchmark pricing and the cost of bringing cargo into India.

The key question for the coming months is whether the strength in Indonesian coal prices persists, or whether the international market begins to ease while briquette prices continue to find their own level as the monsoon period comes to an end.

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.



August recorded a Gross Conversion Margin (GCM) of ₹3,421/MT, up from ₹2,811/MT in July. The expansion is particularly notable because briquette Deal Prices moved only marginally during the same period. The stronger movement in GCM therefore points to a widening between raw biomass economics and finished briquette realisations, rather than a price-led expansion at the finished-product level.

The trend has been building through the recent months. GCM moved from ₹2,163/MT in May to ₹2,375/MT in June, ₹2,811/MT in July and ₹3,421/MT in August. This sustained expansion, alongside relatively measured movement in Deal Prices, indicates that the improvement is being supported by the input side of the conversion chain as well as by finished-product pricing.

The timing is significant. The margin has expanded through the monsoon period, when raw biomass procurement typically becomes more operationally demanding. Yet the aggregate economics captured in the series have continued to strengthen, suggesting that the increase in procurement complexity has not translated into a corresponding erosion of the spread between raw biomass and finished briquettes.

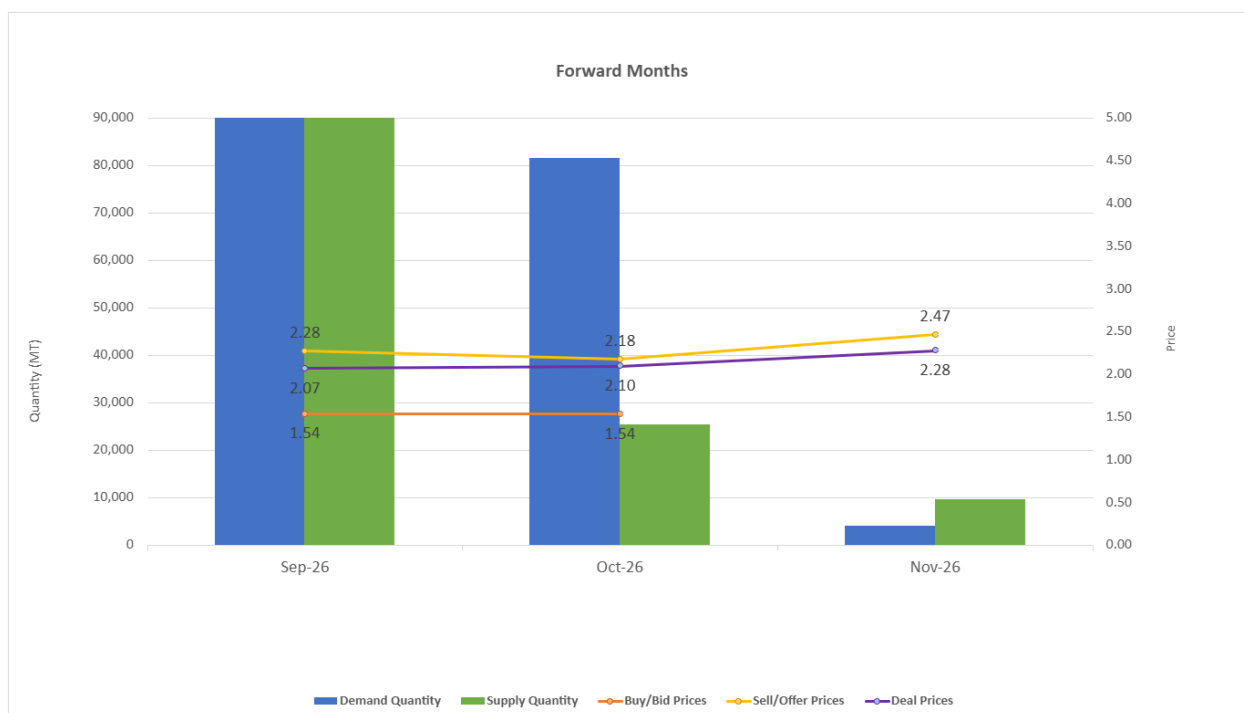
The movement is also considerably stronger than the level seen last year. Processor economics are therefore operating at a substantially higher level than the corresponding period last year, rather than simply recovering from a temporary dip.

The current expansion also sits well above the ₹1,200/MT processing-cost benchmark used in the series. At ₹3,421/MT, the gross spread is ₹2,221/MT above this benchmark, leaving a significantly wider economic buffer than was visible earlier in the year.

What makes the current trend particularly important is that GCM is strengthening without a corresponding acceleration in briquette prices. The combination points to improving conversion economics rather than a simple pass-through of higher finished-product prices. The next phase will show whether this wider spread is sustained as procurement conditions transition out of 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 pricing structure points to continued firmness in briquette realisations, with Deal Prices moving from ₹2.07/kCal-kg for September to ₹2.10 in October and ₹2.28 in November. The progression is measured rather than abrupt through September and October, before moving higher in November.

The more significant development is the widening separation between the three price positions. Buyer Bids remain at ₹1.54/kCal-kg through September and October, while Seller Offers stand at ₹2.28 and ₹2.18 respectively. Despite the large difference in initial expectations, transactions are being concluded at ₹2.07 and ₹2.10. This indicates that the realised market level is continuing to hold materially above the price at which Buyers are initially indicating their requirements.

November carries a different configuration. Seller Offers rise sharply to ₹2.47/kCal-kg, while Deal Prices increase to ₹2.28/kCal-kg. The realised price is therefore moving higher alongside stronger Seller expectations, although the ₹0.19/kCal-kg difference between the two remains. The forward market has consequently not moved into a position where higher Seller expectations are being fully reflected in concluded prices.

What stands out across the curve is the relative stability of realised prices in the near term and the firmer positioning towards November. September and October transactions remain closely grouped around ₹2.10/kCal-kg, while November moves to ₹2.28. This suggests that the market is maintaining its current pricing base through the immediate delivery periods, with a higher price level emerging further out.

The persistence of Buyer Bids at ₹1.54/kCal-kg also gives the forward curve an important dimension. The increase in realised prices is not being accompanied by a corresponding upward movement in initial Buyer indications. The difference is instead being resolved through negotiations at levels considerably closer to Seller Offers. This pattern indicates that the prevailing transaction levels are being maintained despite a substantial difference in starting expectations between the two sides.

The forward market therefore carries a firm pricing structure into the coming months, with the strongest movement appearing in the later delivery period. The progression from ₹2.07 to ₹2.28/kCal-kg in Deal Prices, alongside increasingly firm Seller Offers, points to higher price expectations towards November, while the lower Buyer Bids show that this expectation is not yet shared uniformly across the market.

In Conclusion

The biomass market has carried its momentum through the monsoon period, with realised briquette prices continuing to strengthen and processor economics reaching their highest level in the current series. Deal Prices moved to ₹2.07/kCal-kg, while Gross Conversion Margin increased to ₹3,421/MT, indicating that the underlying economics of briquette conversion have remained supportive even as procurement conditions have become more demanding.

The relative position of biomass against imported coal has also changed materially. Imported coal remains at a significantly higher level of ₹2.53/kCal-kg, compared with ₹2.07/kCal-kg for briquettes. The widening spread has been driven primarily by the sharper increase in international coal prices, while briquette prices have followed a more measured trajectory. This has strengthened the relative cost position of briquettes on a GCV-equivalent basis.

The forward market reinforces the firmness visible in current realisations. Deal Prices remain above ₹2.00/kCal-kg across the coming delivery periods and rise to ₹2.28/kCal-kg for November. At the same time, the continued gap between Buyer Bids and Seller Offers shows that price expectations remain divergent, with concluded transactions establishing the prevailing market level through negotiation.

Taken together, the current indicators point to a market that has maintained its commercial strength through the seasonal transition. Realised briquette prices remain firm, conversion margins have expanded substantially, and the widening coal-briquette spread has altered the relative economics between the two fuels. The forward curve, meanwhile, indicates that this firmness is continuing into the coming months, even as expectations between Buyers and Sellers remain differentiated.

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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