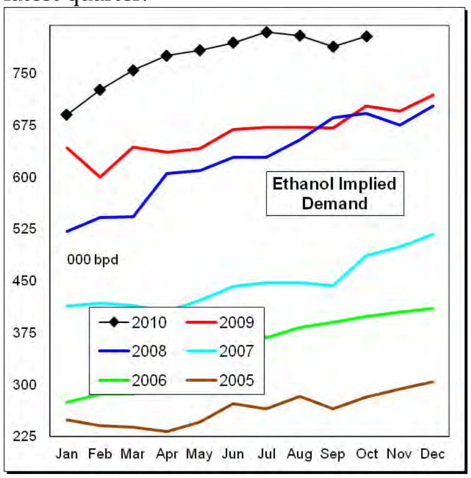
ETHANOL SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Monthly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Tuesday, January 18, 2011

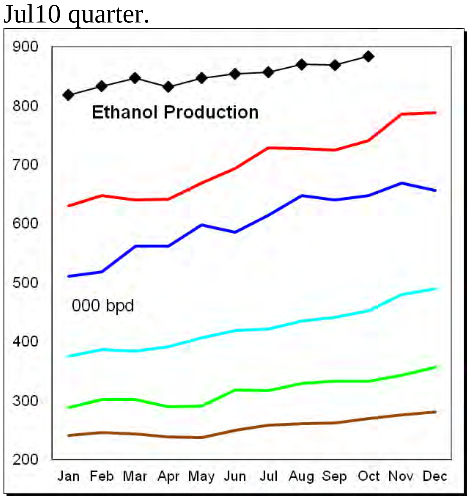
Table of Contents

Summary: Ethanol demand was 799,000 bpd in the Aug10 - Oct10 quarter, up +3,000 bpd compared to the May10 - Jul10 period. Wholesale gasoline demand decreased -73,000 bpd in the same quarter over quarter period. These trends show blend rates were marginally higher in the latest quarter.



Year-over-year demand for ethanol between Aug10 - Oct10 and the same quarter in 2009 increased +117,000 bpd. This represented a +17% increase.

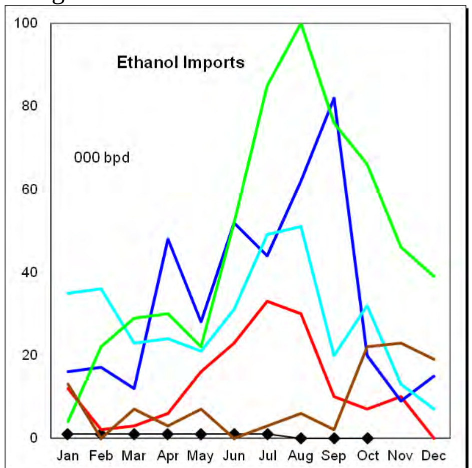
Ethanol production was 874,000 bpd during the Aug10 - Oct10 quarter, up +22,000 bpd compared to the May10 - Jul10 quarter.

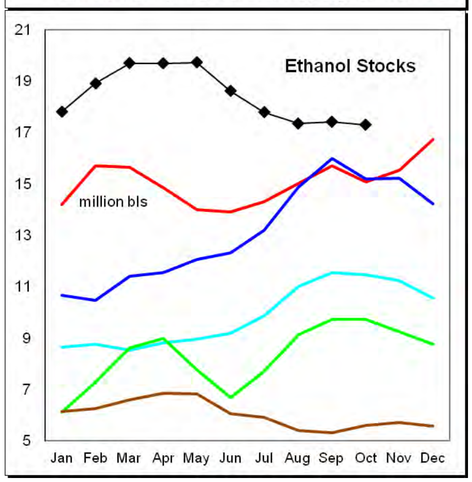


Year-over-year production increased in the Aug10 - Oct10 quarter by +143,000 bpd. This was a +20% increase.

Imports averaged less than 1,000 bpd during the Aug10 - Oct10 quarter, unchanged from the 1,000 bpd during the May10 - Jul10 quarter.

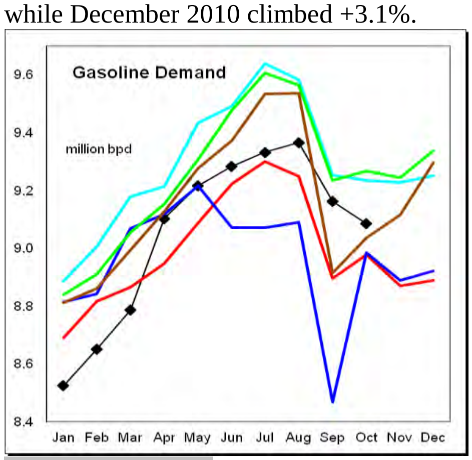
Ethanol stocks decreased -0.1 million barrels at the end of October compared to the end of September. Stocks decreased -0.4 million barrels in PADDs 1 & 5 while rising +0.6 million barrels in PADD 2.





Gasoline Demand Trends: Wholesale gasoline demand increased +163,000 bpd year-over-year in the Aug10 - Oct10 period compared to a year ago, a +1.8% increase.

Gasoline demand in November 2010 increased +0.6% compared to a year ago while December 2010 climbed +3.1%.



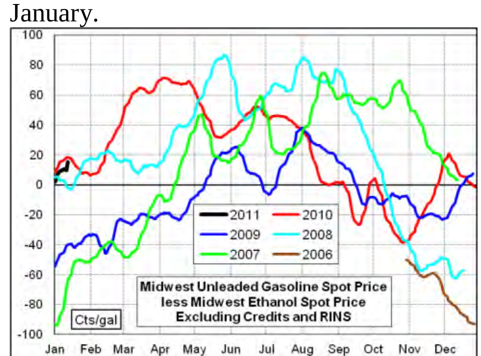
Blending Trends: During the Aug10 - Oct10 quarter, 5.0 million bpd of conventional gasoline was blended with ethanol, equal to 81% of conventional grade output. This was an increase of +0.9 million bpd over the same period in 2009. The volume of gasoline not blended with ethanol was 1.2 million bpd in Oct 2010, 19% of total production.

Ethanol Blend Economics: Midwest ethanol prices were highly volatile during the last quarter. Prices varied between \$2/gal and \$2.50/gal during the quarter; and are currently trading at \$2.35/gal.

Midwest spot gasoline prices trended higher during the 4th quarter, from \$2.15/gal to \$2.45/gal.

The Midwest spot gasoline - ethanol price spread made lows in early November of -\$0.40/gal. The spread then increased to a high of +\$0.20/gal, with the current level in mid January at +\$0.l5/gal. The current spread in favor of gasoline was near 5-year highs for this time of year.

Including tax and RINS credits of approximately \$0.50/gal, blending economics are very favorable for early January.



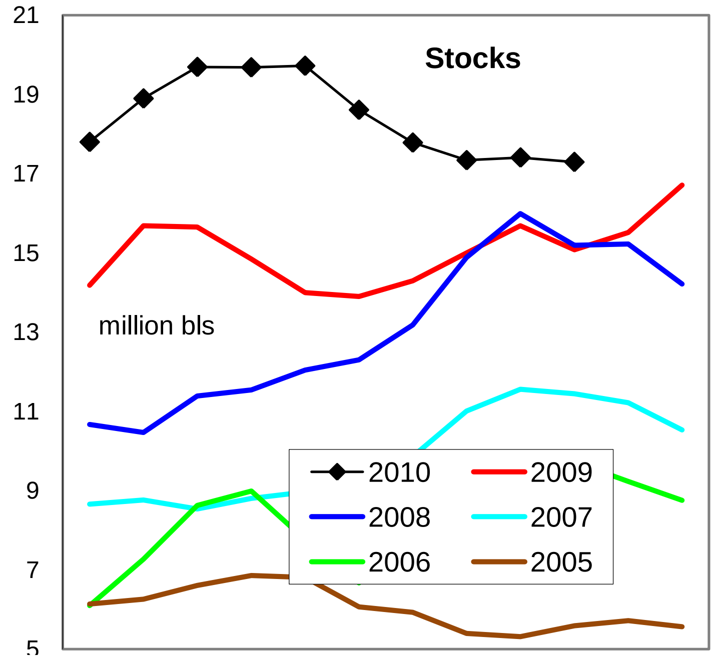
Emerging Trends: Ethanol stocks increased +0.8 million barrels between the end of October 2010 and 07Jan11, as reported in EIA weekly updates. This level would match the 5-year high set last year.

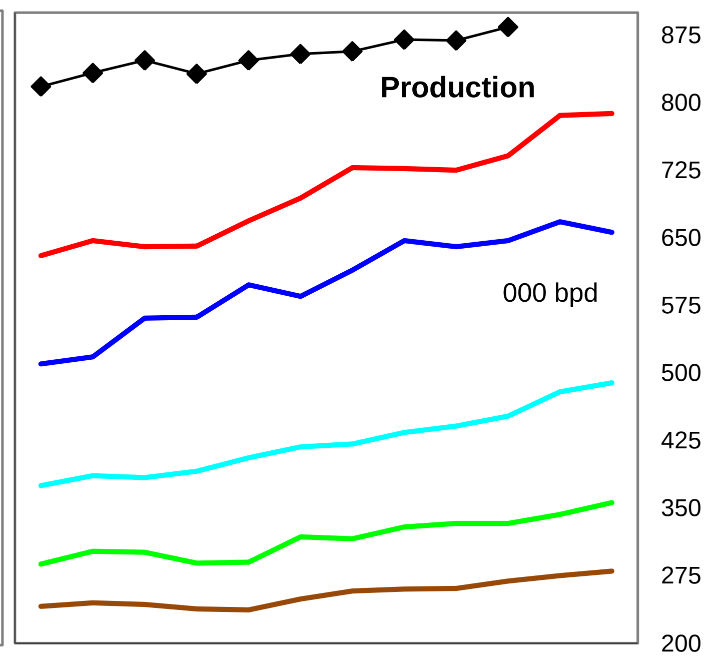
Gasoline demand continues to exhibit robust growth year-on-year. A strong Asian market for naphtha has caused imports of gasoline blend stock to the U.S. to be near historic lows. Closure of refineries on the East Coast has also reduced supply to that region. These trends have led to tight supplies in PADD 01, which has in turn supported very favorable blend economics.

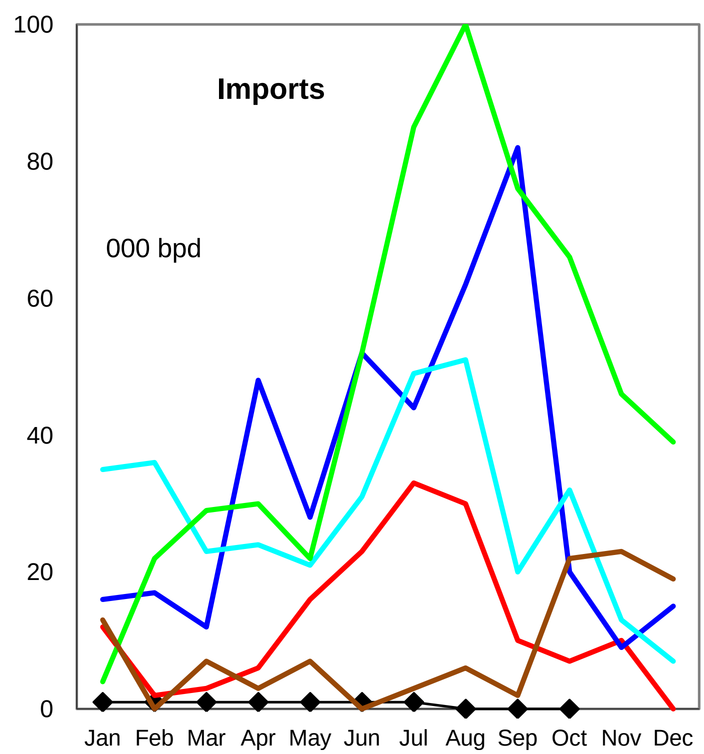
Gasoline stock levels in key markets of PADD 01 and 02 are likely to remain below the historic mid range during the next quarter, and continue to support favorable blend economics.

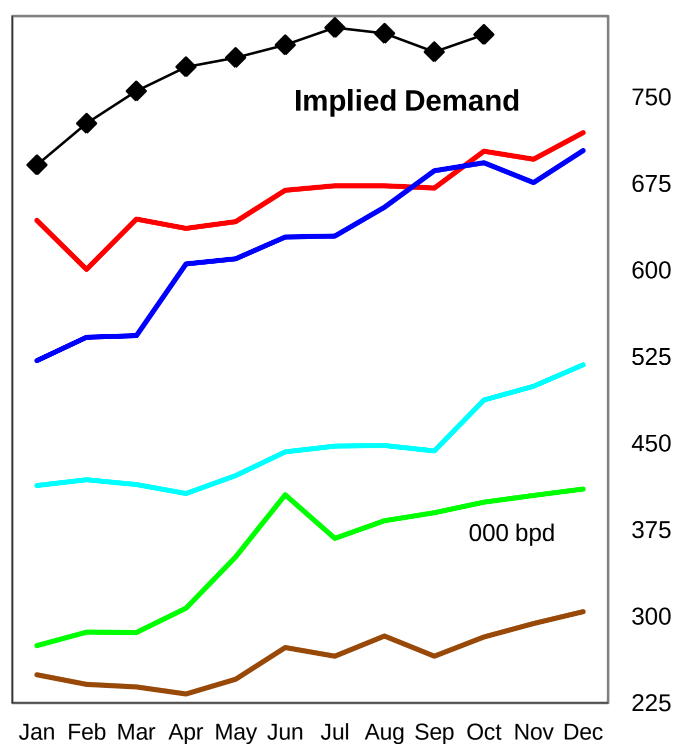
United States Ethanol Supply-Demand Balance

Item	Monthly Ethanol Supply-Demand Balance						Change From Prior Year		
	Oct10	Sep10	Aug10	Jul10	Jun10	May10	1-Month	3-Mth Avg	6-Mth Avg
Production	884	869	870	857	854	847	143	143	150
Imports	0	0	0	1	1	1	-7	-16	-19
EIA Adjustment	-84	-77	-79	-74	-98	-63	-20	-24	-18
Demand	804	789	805	810	795	784	101	117	126
Ending Stocks	17,295	17,408	17,340	17,784	18,610	19,721	2,215	2,091	3,366
Change in stocks	-113	68	-444	-826	-1,111	39			
Wholesale Gasoline Demand	9,086	9,163	9,366	9,332	9,284	9,217	108	163	119
Conv Ethanol Gasoline Blend	4,987	4,911	4,995	5,057	4,939	4,786	744	856	926
Ethanol % of Total Gasoline	9.71	9.42	9.40	9.50	9.37	9.30	1.21	1.34	1.50



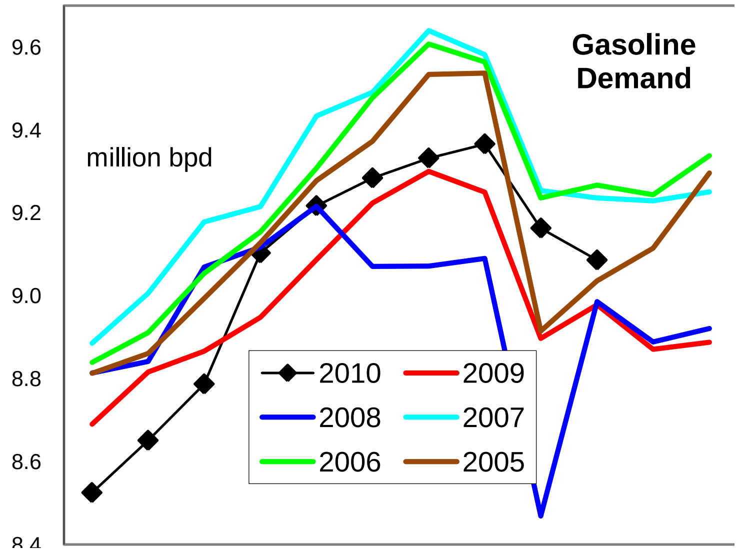


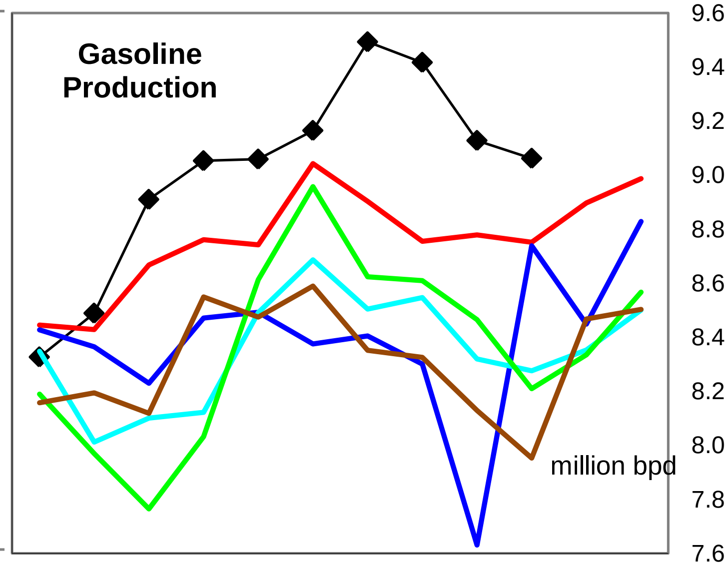


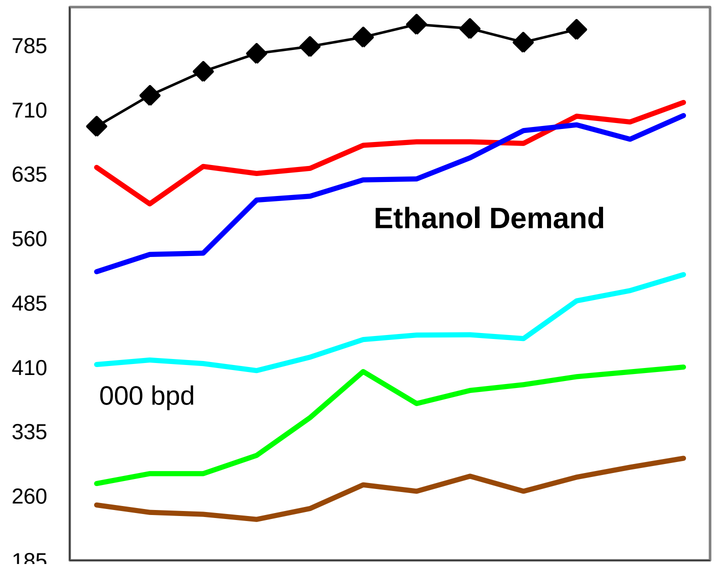


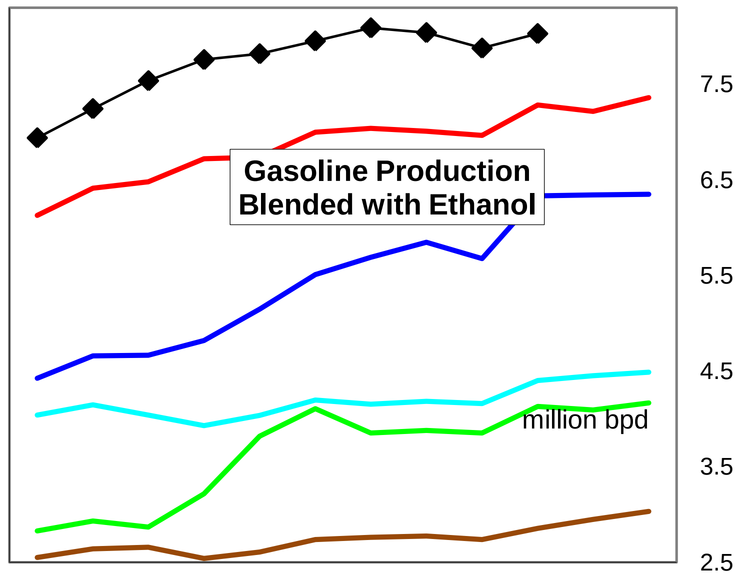
	Stocks	Production	Imports	Demand
Variance to prior year				
000 bpd (000 bls stocks)	**2,215**	**143**	**-7**	**101**
% change	**14.7**	**19.3**	**-100.0**	**14.4**

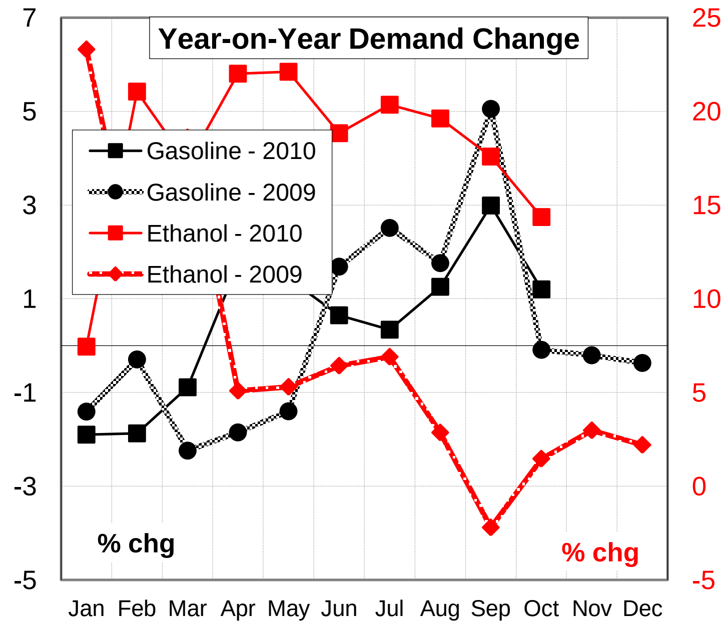
U. S. Gasoline/Ethanol Demand and Blending

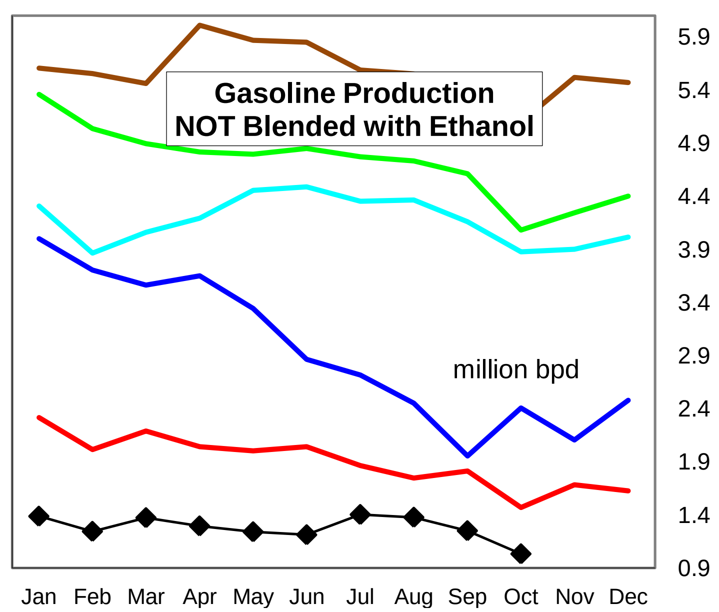






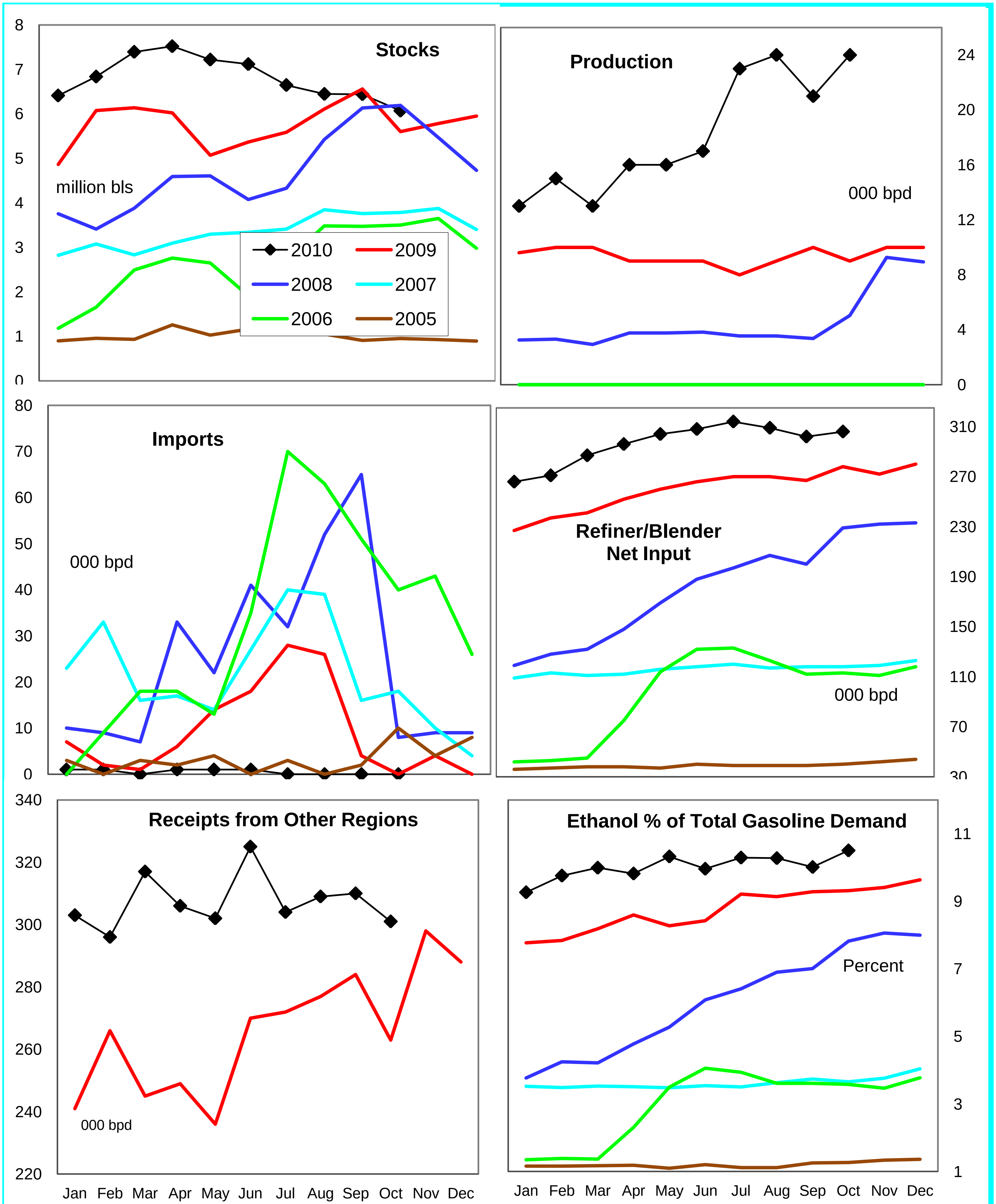






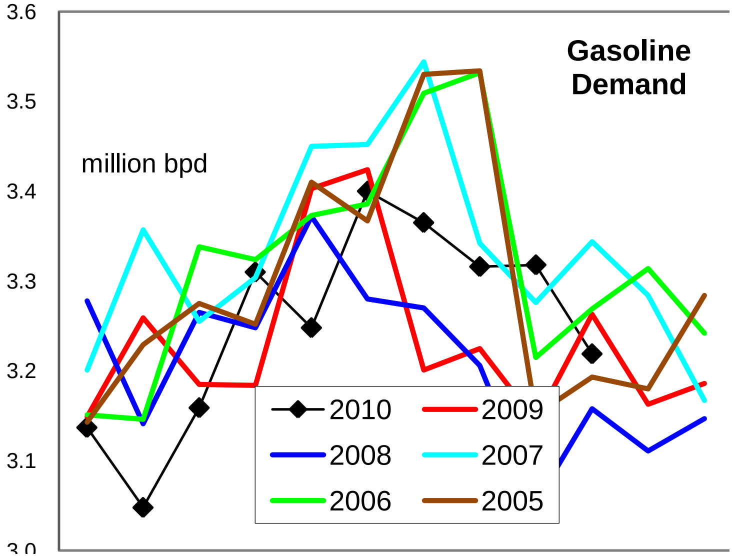
Variance to prior year	Gasoline Demand	Ethanol Demand	Prod with Ethanol	Prod Excl Ethanol
000 bpd	108	101	747	-437
% change	1.2	14.4	10.3	-29.7

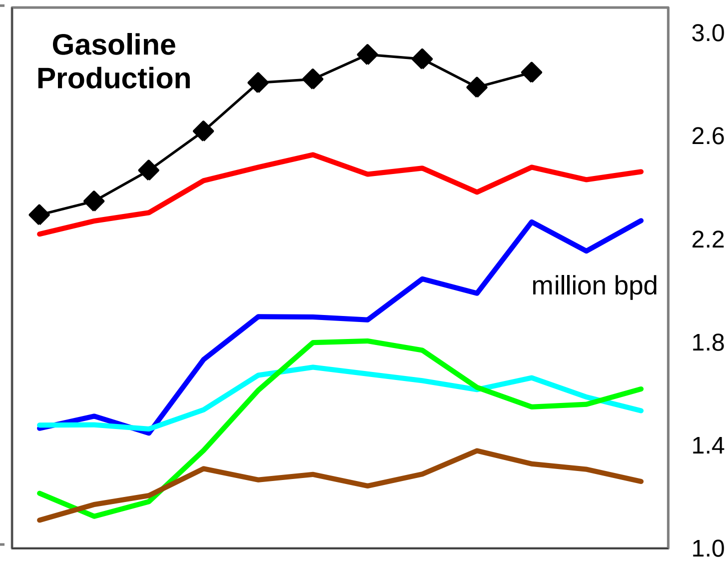
PADD 1 Ethanol Supply-Demand Balance

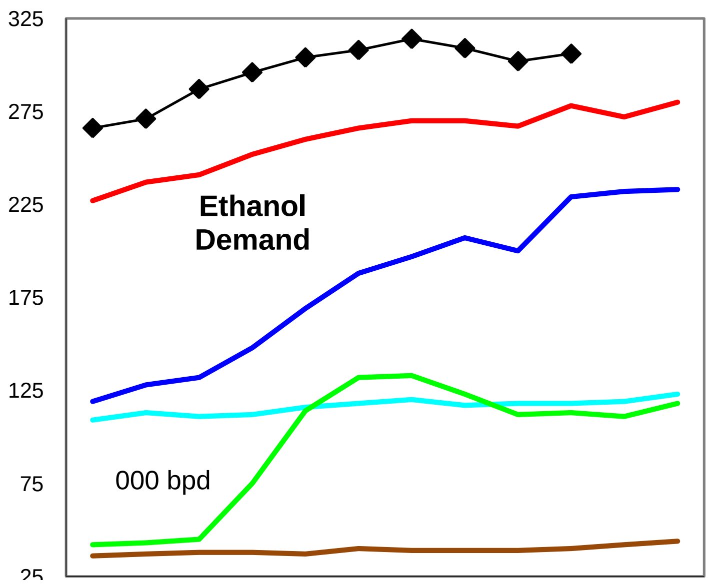


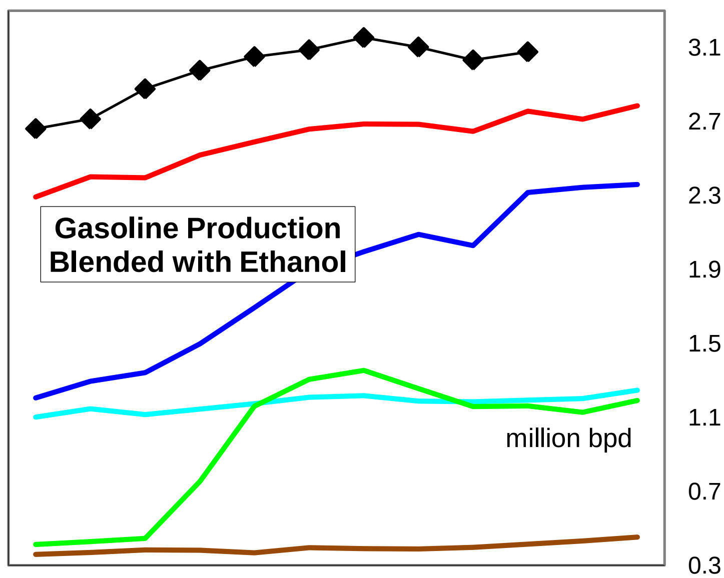
Variance to prior year	Stocks	Production	Imports	Demand
000 bpd (000 bls stocks)	467	15	0	28
% change	8.3	166.7	#DIV/0!	10.1

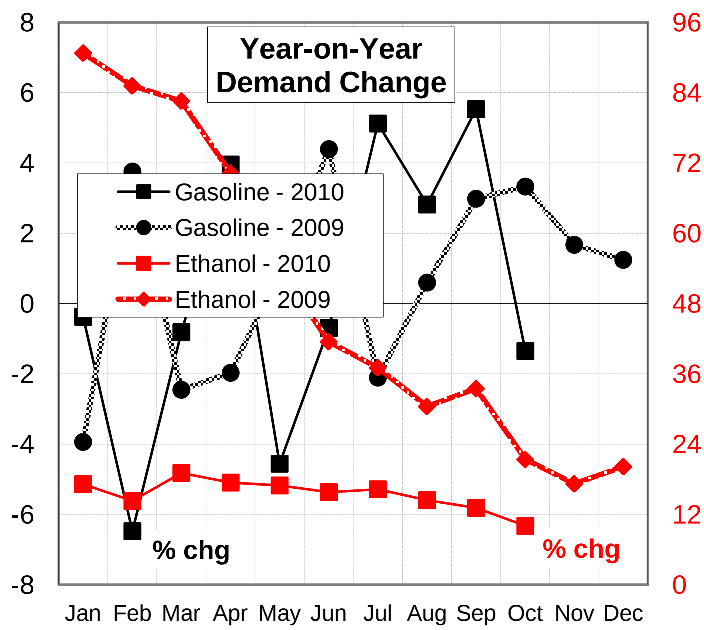
PADD 01 Gasoline/Ethanol Demand and Blending

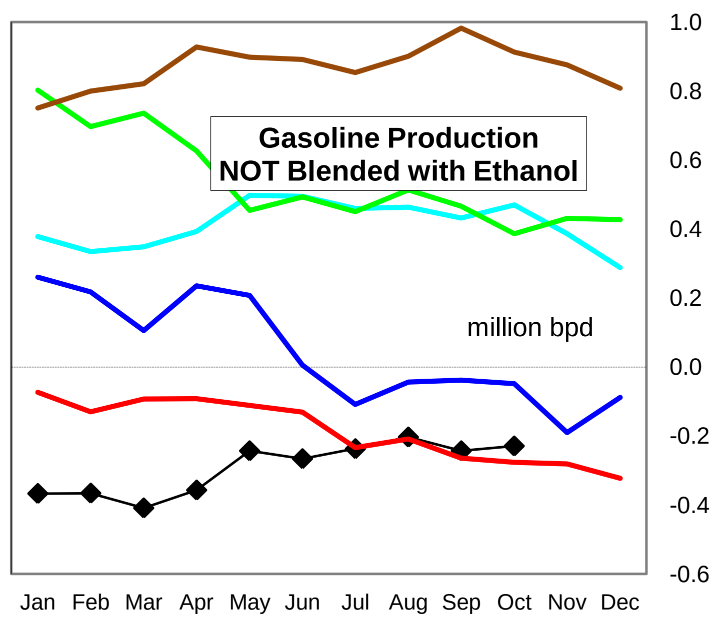






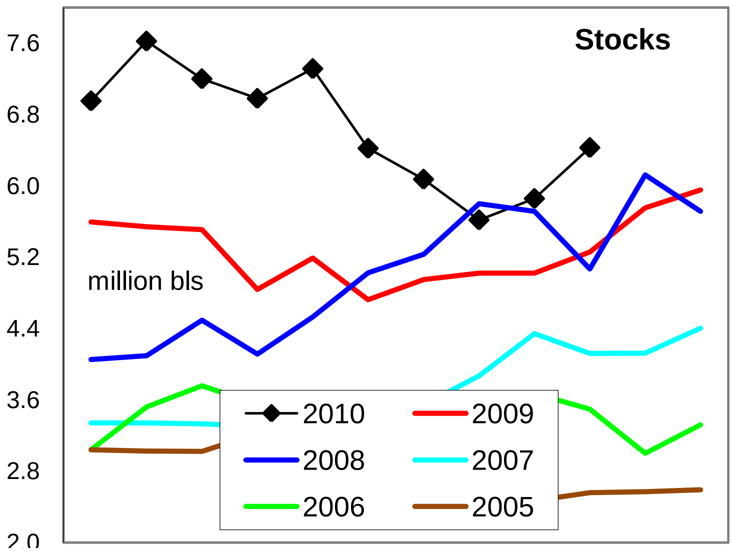


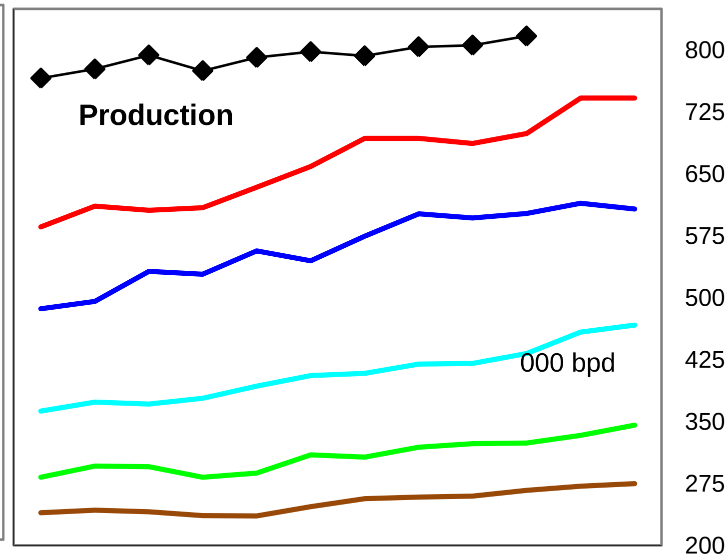


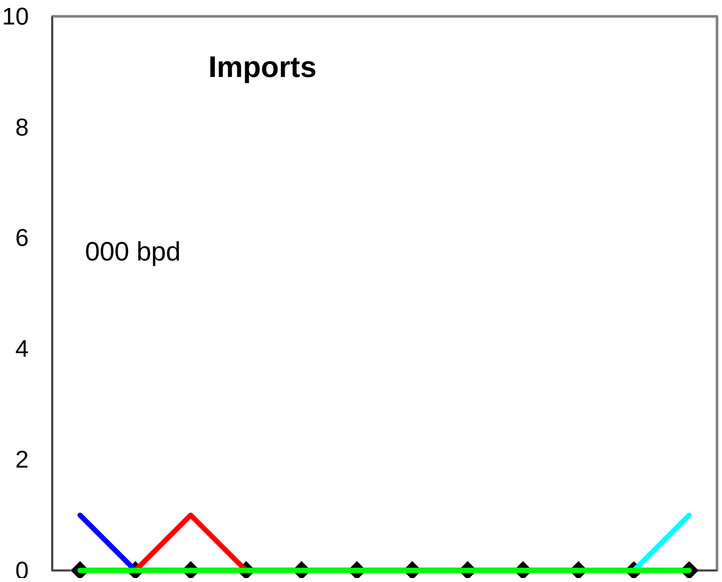


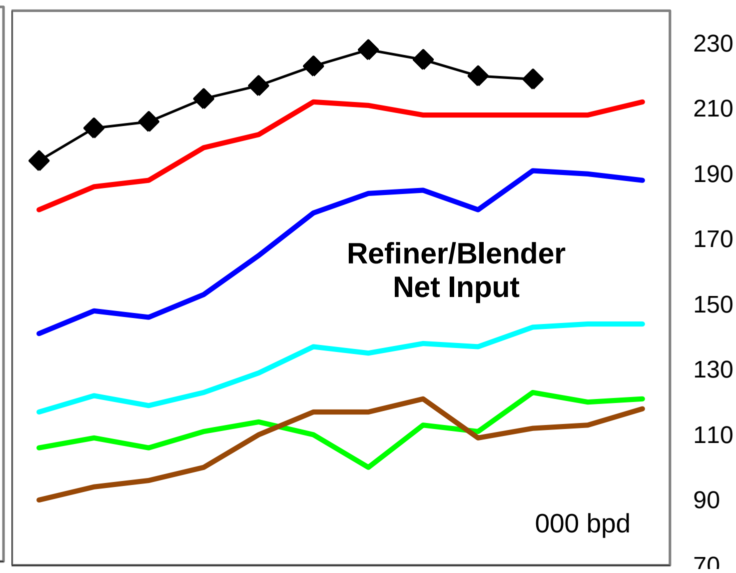
Variance to prior year	Gasoline Demand	Ethanol Demand	Prod with Ethanol	Prod Excl Ethanol
000 bpd	-44	28	321	47
% change	-1.3	10.1	11.6	-17.0

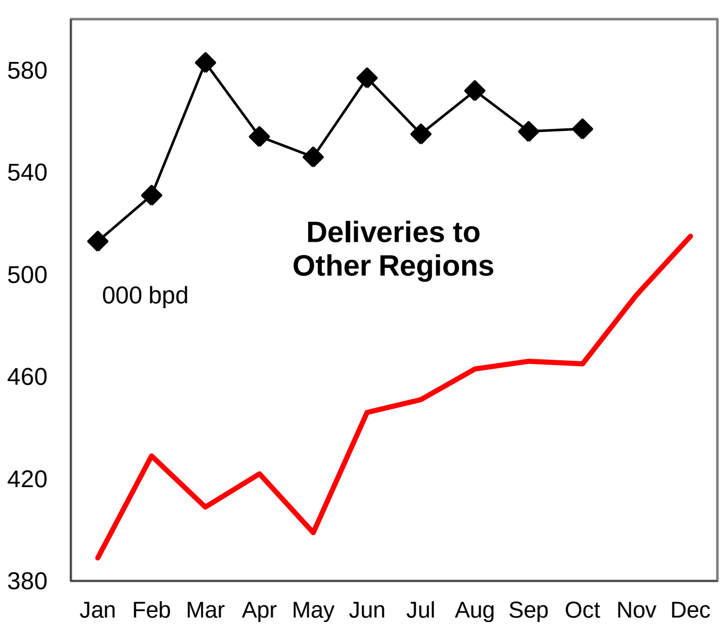
PADD 2 Ethanol Supply-Demand Balance

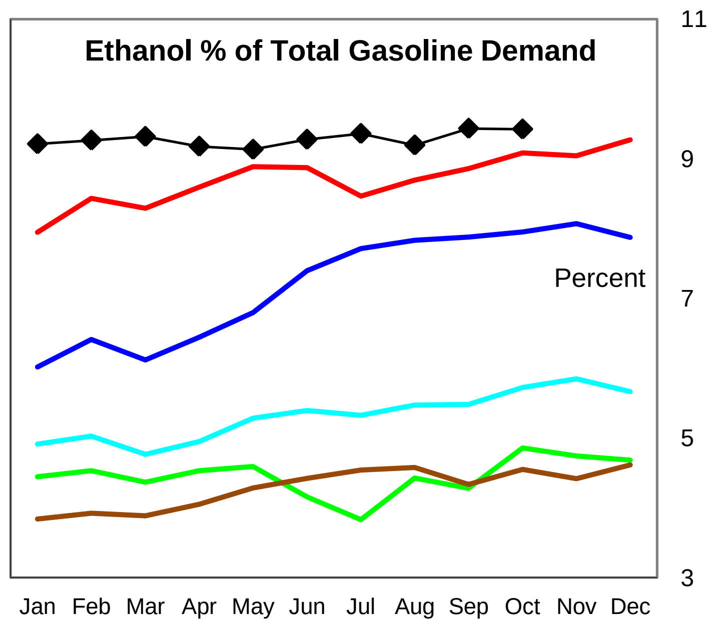






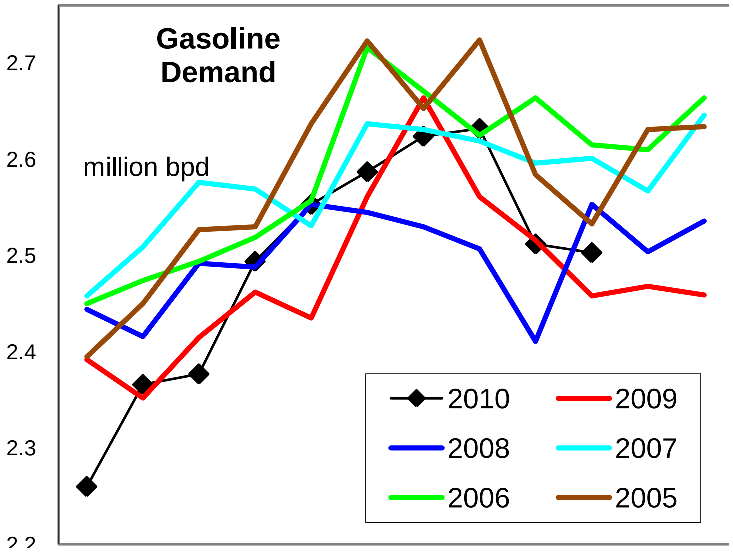


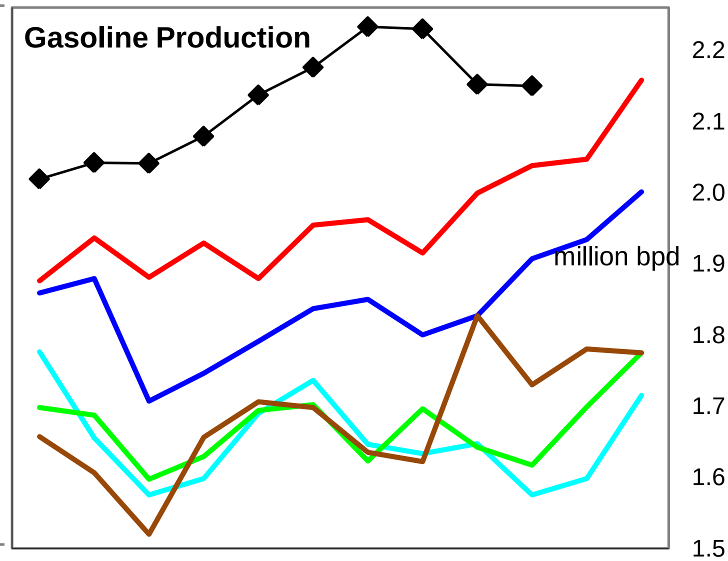


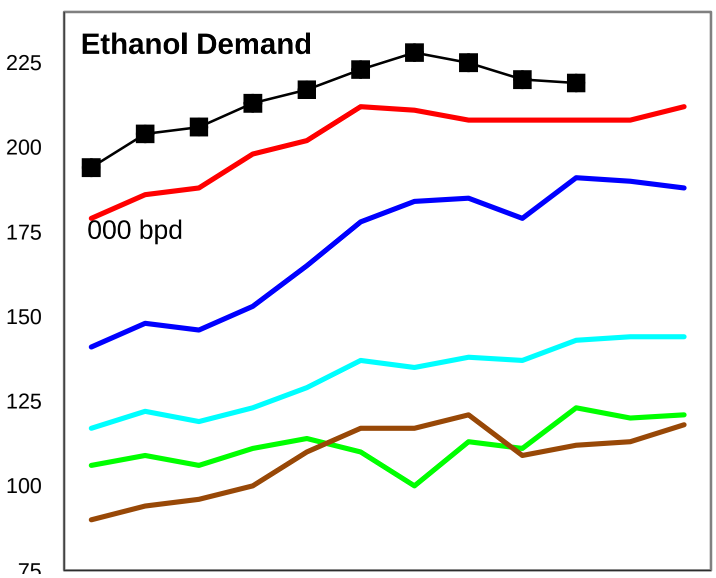


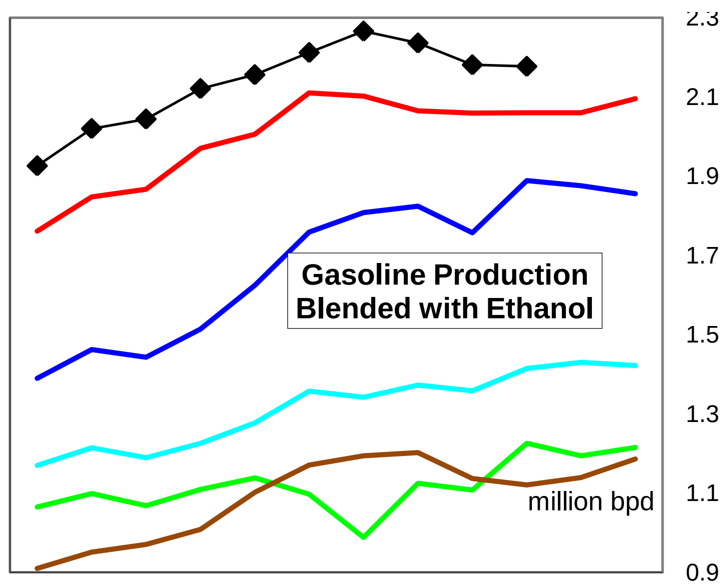
Variance to prior year	Stocks	Production	Imports	Demand
000 bpd (000 bls stocks)	**1,171**	**118**	0	**11**
% change	**22.3**	**16.9**	#DIV/0!	**5.3**

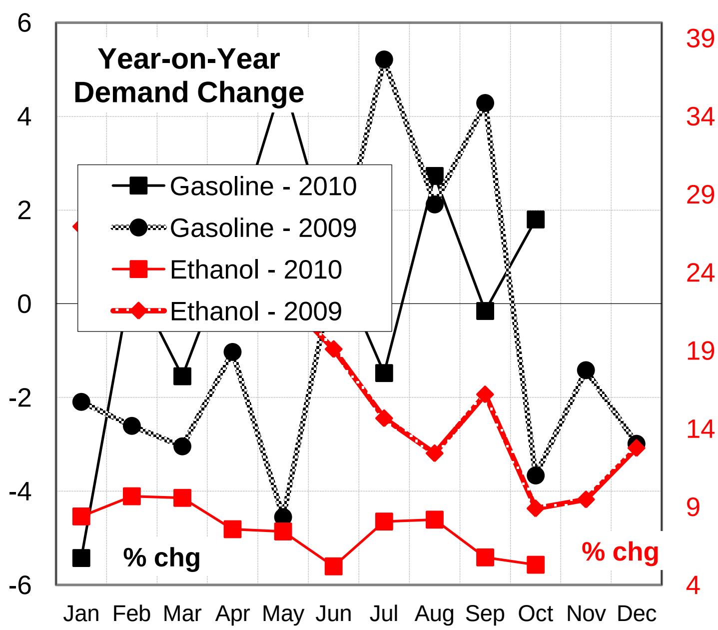
PADD 02 Gasoline/Ethanol Demand and Blending

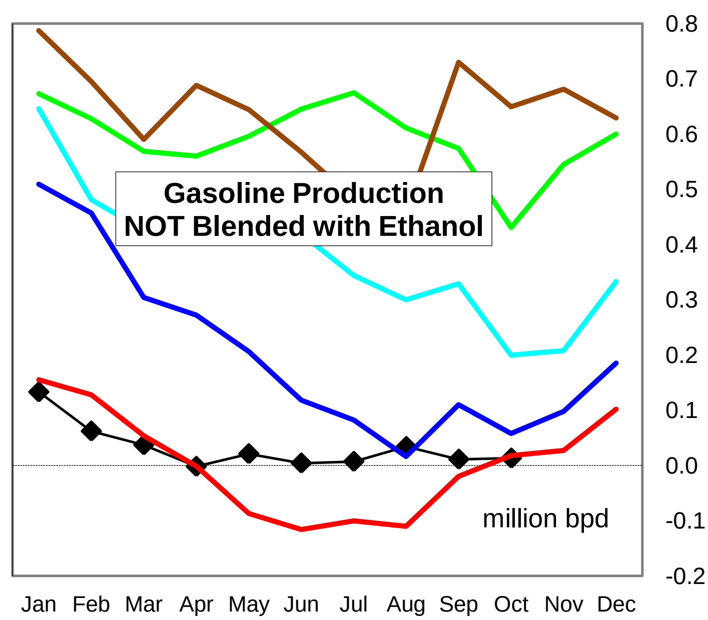








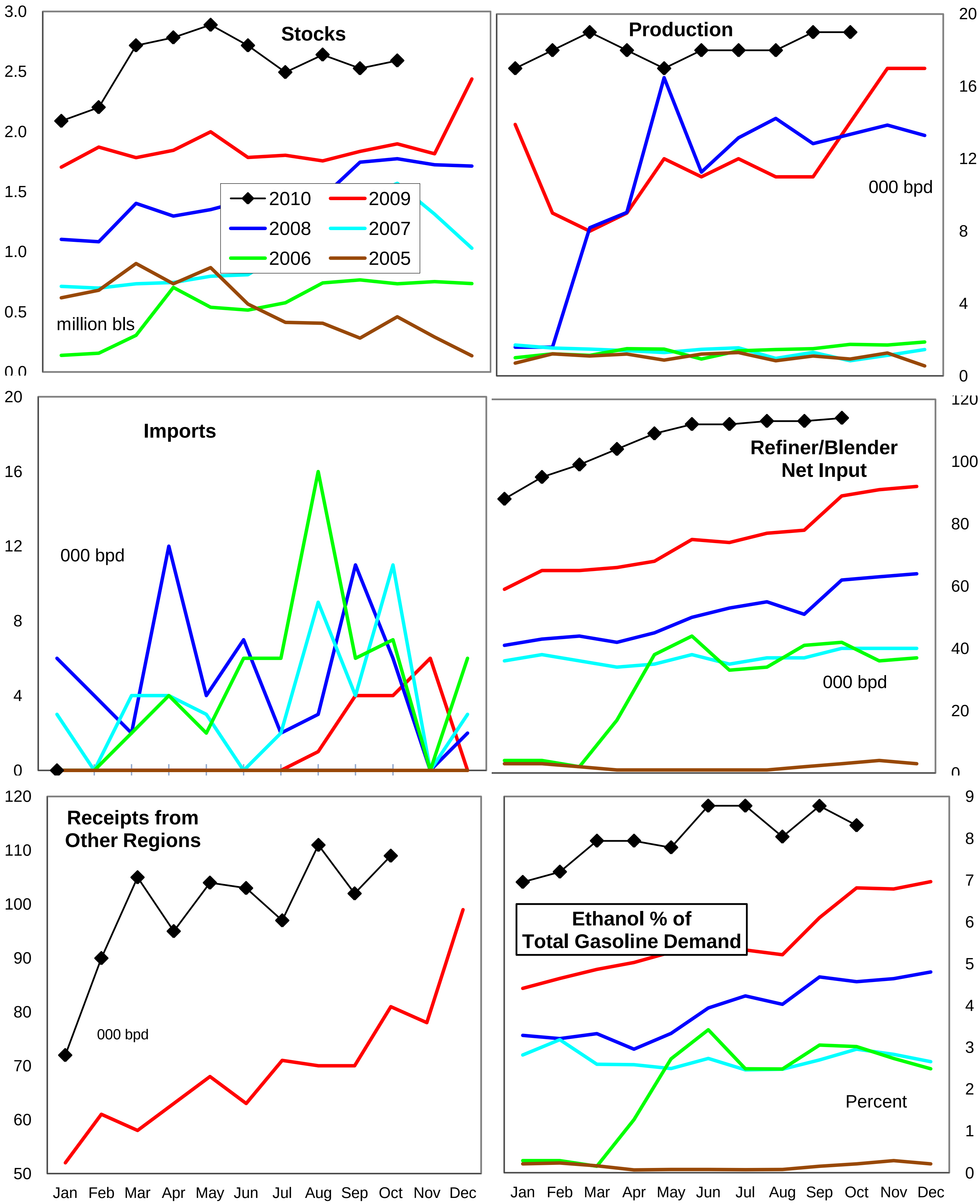




Variance to prior year	Gasoline Demand	Ethanol Demand	Prod with Ethanol	Prod Excl Ethanol
000 bpd	45	11	117	-5
% change	1.8	5.3	5.7	-27.8

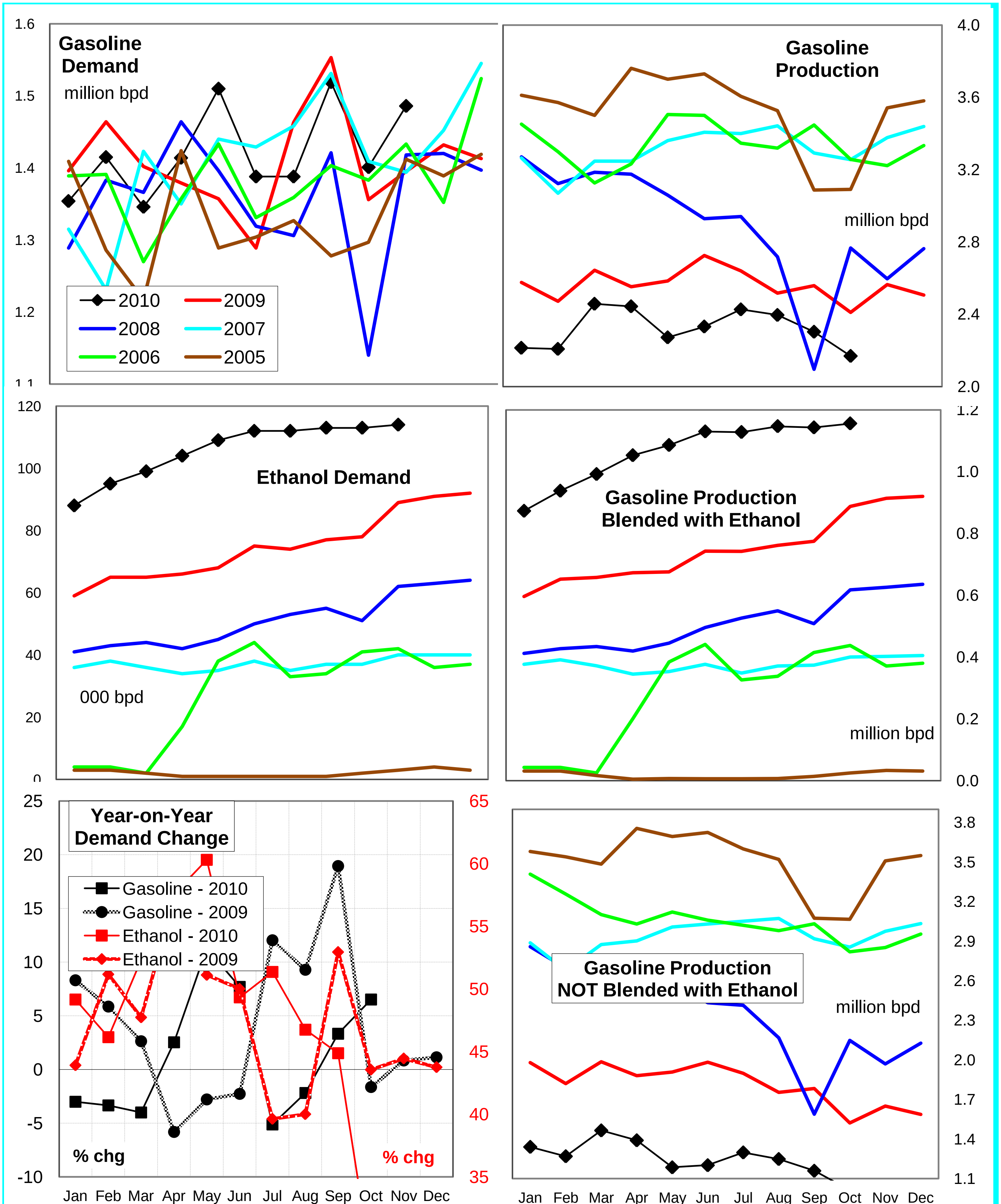
Lehi German Tel: 816-505-0980

PADD 3 Ethanol Supply-Demand Balance



Variance to prior year	Stocks	Production	Imports	Demand
000 bpd (000 bls stocks)	692	5	-4	25
% change	36.4	35.7	-100.0	28.1

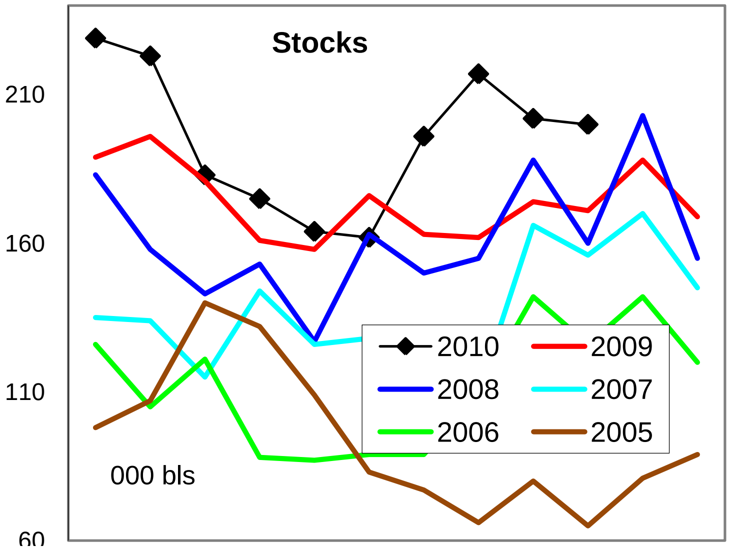
PADD 03 Gasoline/Ethanol Demand and Blending

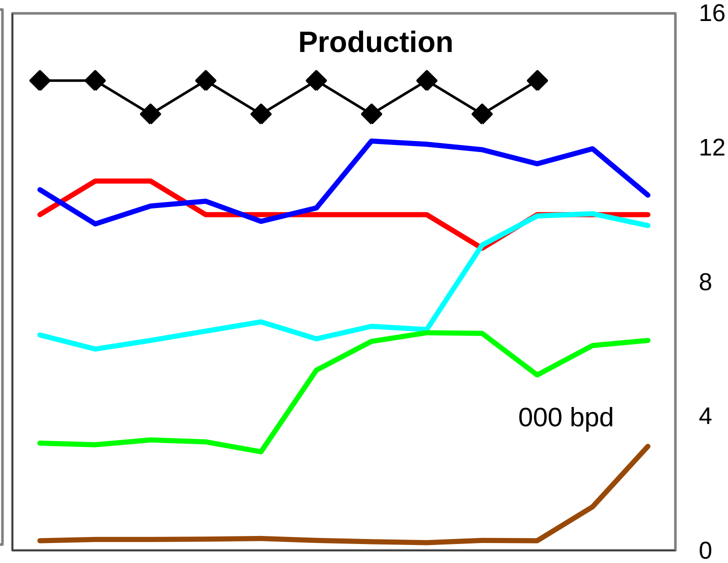


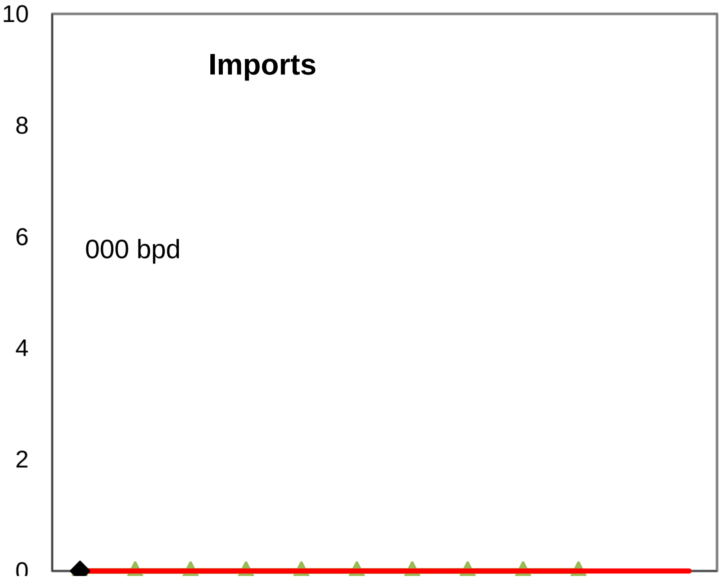
Variance to prior year	Gasoline Demand	Ethanol Demand	Prod with Ethanol	Prod Excl Ethanol
000 bpd	129	25	268	-510
% change	13.0	28.1	30.2	-33.5

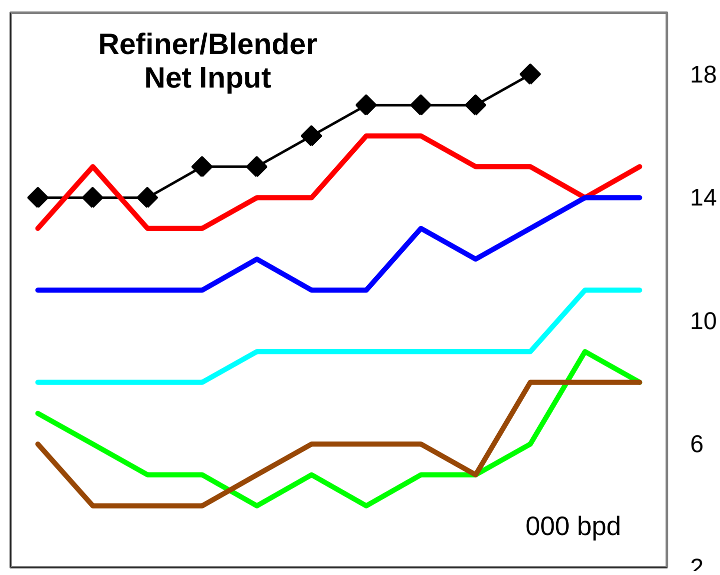
Lehi German Tel: 816-505-0980

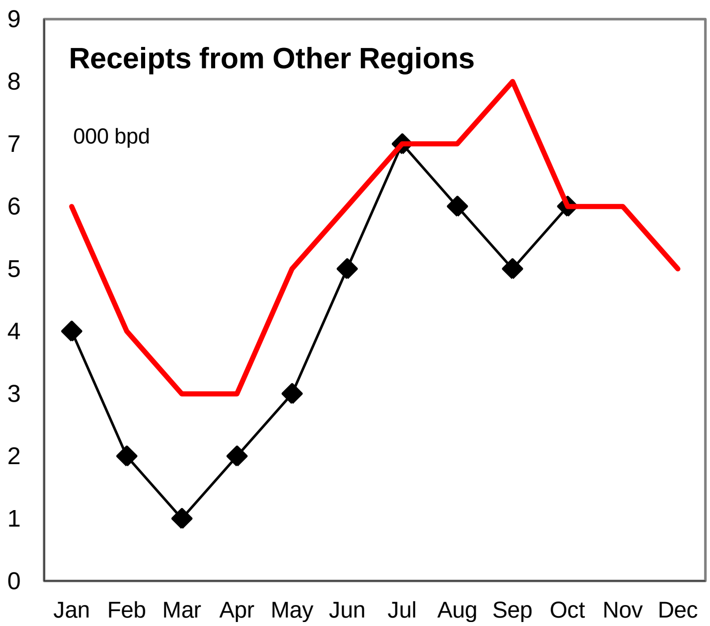
PADD 4 Ethanol Supply-Demand Balance

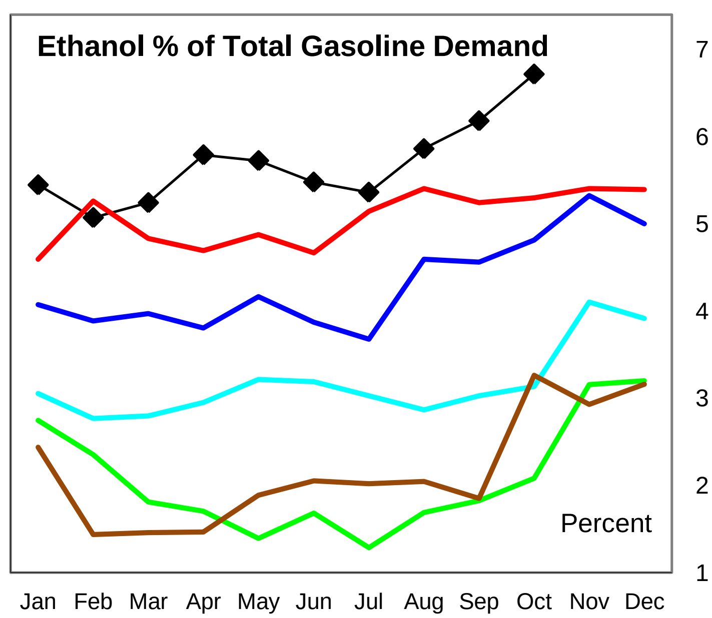








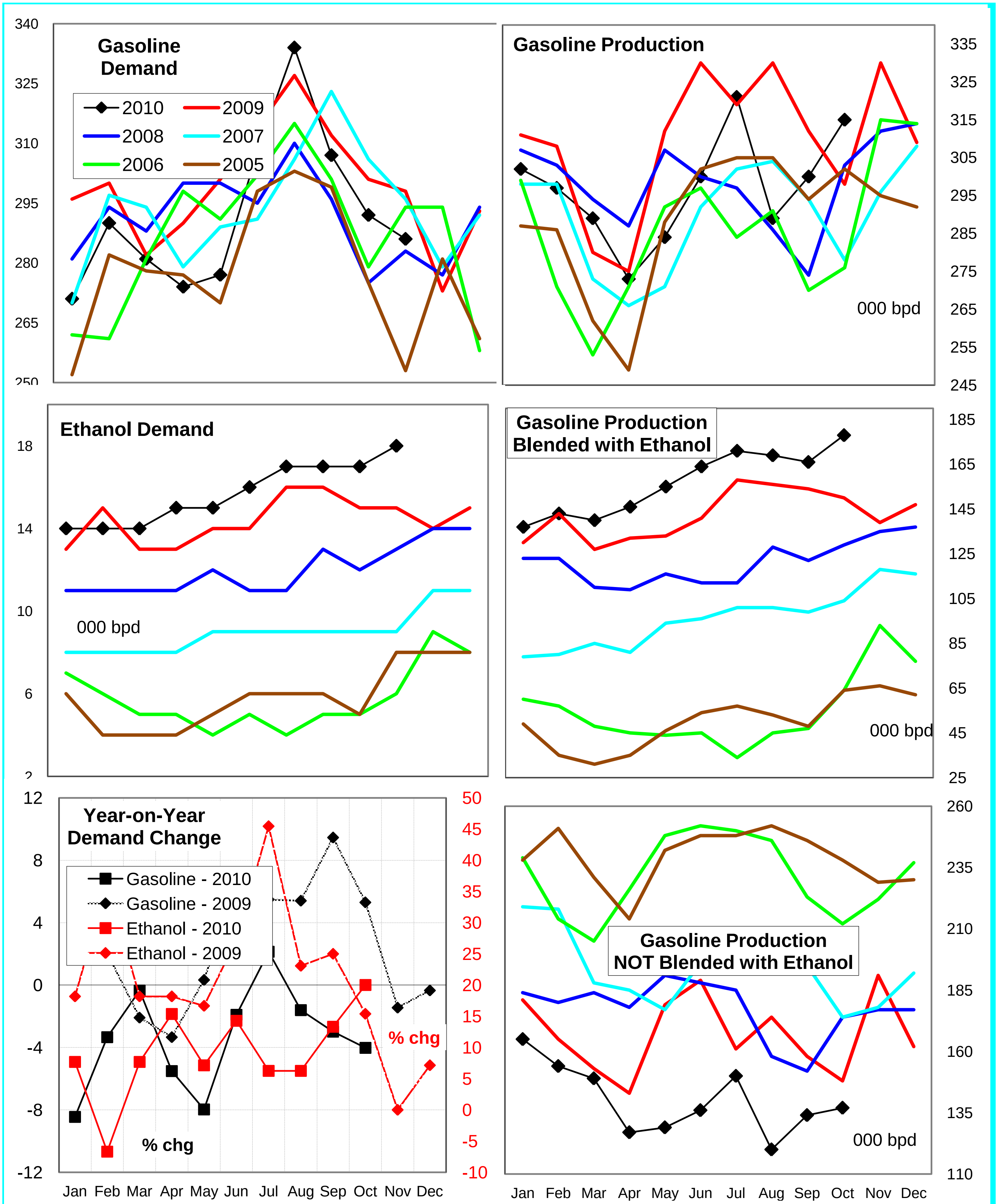




Variance to prior year	Stocks	Production	Imports	Demand
000 bpd (000 bls stocks)	29	4	0	3
% change	17.0	40.0	#DIV/0!	20.0

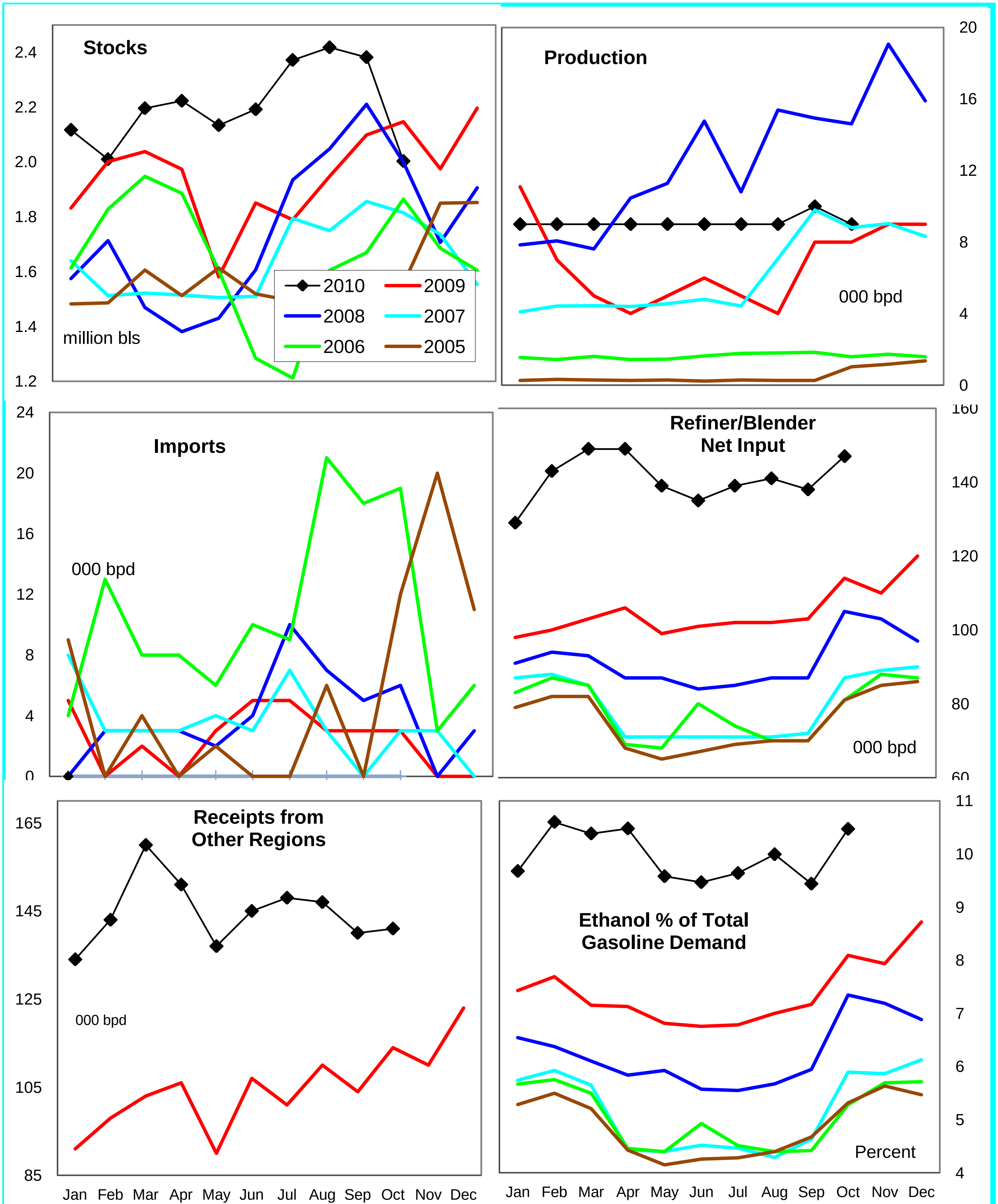
Lehi German Tel: 816-505-0980

PADD 04 Gasoline/Ethanol Demand and Blending



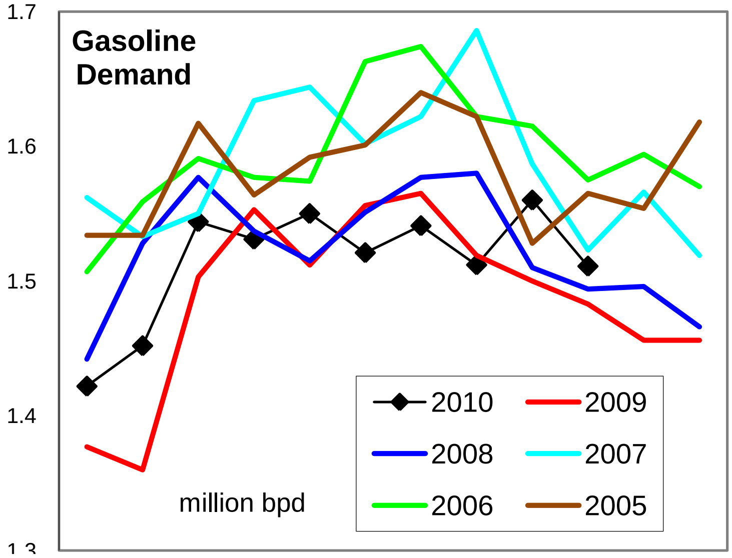
Variance to prior year	Gasoline Demand	Ethanol Demand	Prod with Ethanol	Prod Excl Ethanol
000 bpd	-12	3	28	-11
% change	-4.0	20.0	18.7	-7.4

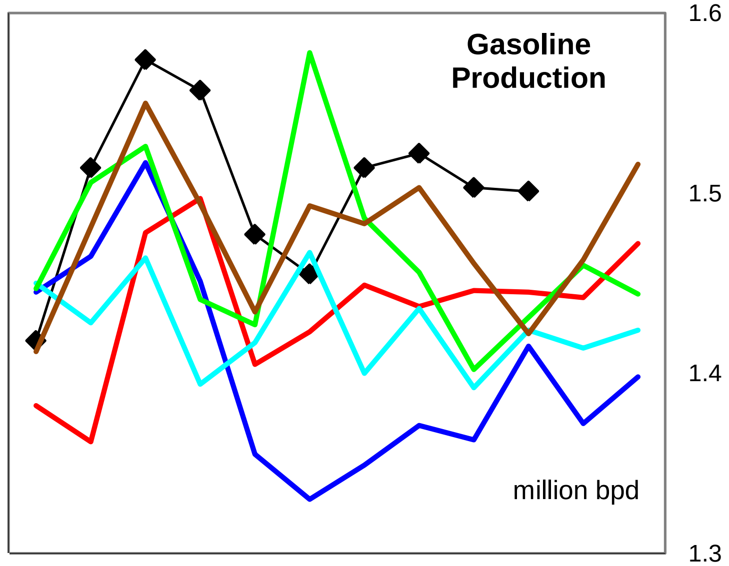
PADD 5 Ethanol Supply-Demand Balance

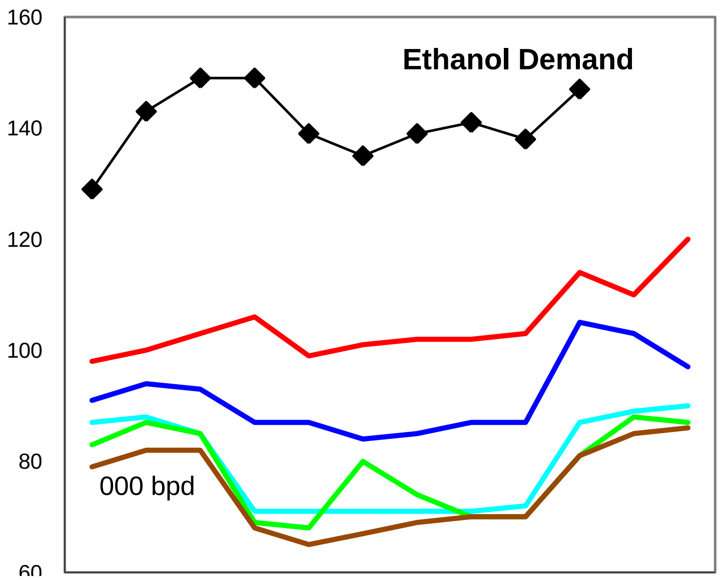


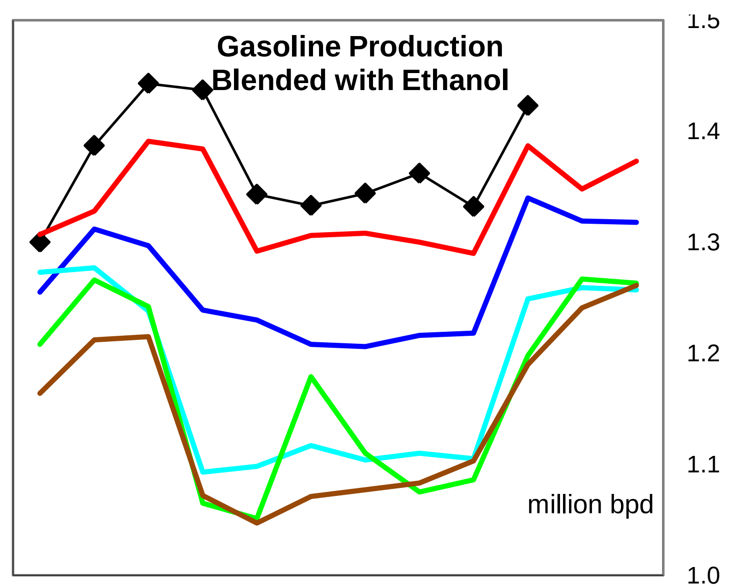
Variance to prior year	Stocks	Production	Imports	Demand
000 bpd (000 bls stocks)	-144	1	-3	33
% change	-6.7	12.5	-100.0	28.9

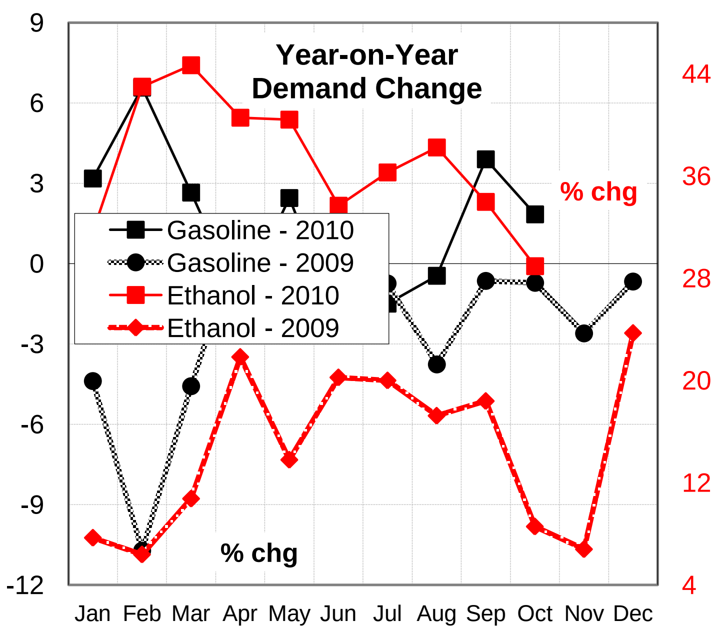
PADD 05 Gasoline/Ethanol Demand and Blending

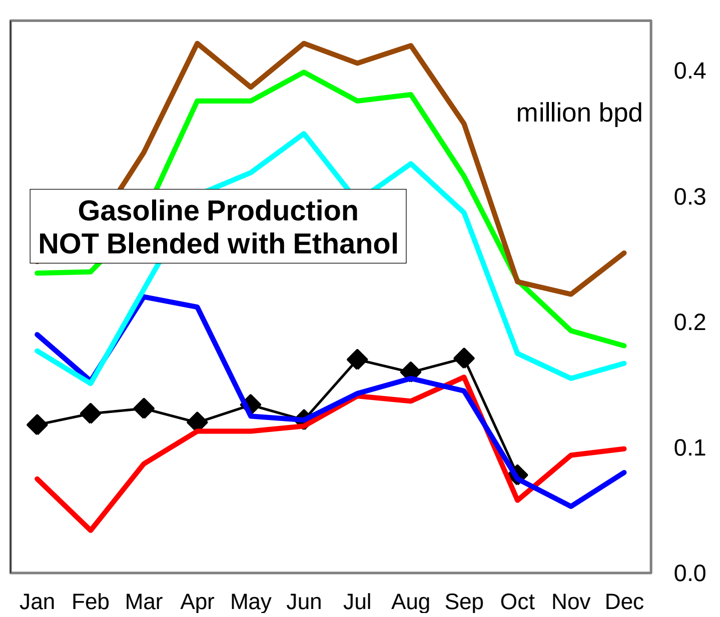












Variance to prior year	Gasoline Demand	Ethanol Demand	Prod with Ethanol	Prod Excl Ethanol
000 bpd	28	33	36	20
% change	1.8	28.9	2.5	34.5

Ethanol / Gasoline Fundamental Trends

Item	Monthly Ethanol Supply-Demand Balance						Change From Prior Year		
	Oct10	Sep10	Aug10	Jul10	Jun10	May10	1-Month	3-Mth Avg	6-Mth Avg
U. S. Total									
Production	884	869	870	857	854	847	143	143	150
Imports	0	0	0	1	1	1	-7	-16	-19
EIA Adjustment	-84	-77	-79	-74	-98	-63	-20	-24	-18
Implied Demand	804	789	805	810	795	784	101	117	126
Ending Stocks	17,295	17,408	17,340	17,784	18,610	19,721	2,215	2,091	3,366
Change in stocks	-113	68	-444	-826	-1,111	39			
Wholesale Gasoline Demand	9,086	9,163	9,366	9,332	9,284	9,217	108	163	119
Conv Ethanol Gasoline Blend	4,987	4,911	4,995	5,057	4,939	4,786	744	856	926
Ethanol % of Total Gasoline	9.71	9.42	9.40	9.50	9.37	9.30	1.21	1.34	1.50
PADD 01									
Production	24	21	24	23	17	16	15	14	12
Imports	0	0	0	0	1	1	0	-10	-15
Receipts from other regions	301	310	309	304	325	302	NA		
Refiner/Blender Net Input	306	302	309	314	308	304	28	34	39
Ending Stocks	6,072	6,441	6,448	6,648	7,118	7,220	467	229	941
Wholesale Gasoline Demand	3,219	3,318	3,316	3,365	3,400	3,248	-44	74	34
Conv Ethanol Gasoline Blend	1,855	1,802	1,844	1,866	1,809	1,781	318	350	383
Ethanol % of Total Gasoline	10.50	10.01	10.28	10.29	9.96	10.33	1.19	1.02	1.29
PADD 02									
Production	817	806	804	793	798	791	118	116	124
Deliveries to other regions	-557	-556	-572	-555	-577	-546	NA		
Refiner/Blender Net Input	219	220	225	228	223	217	11	13	14
Ending Stocks	6,429	5,857	5,617	6,074	6,421	7,315	1,171	867	1,258
Wholesale Gasoline Demand	2,543	2,552	2,672	2,664	2,627	2,593	45	37	36
Conv Ethanol Gasoline Blend	1,817	1,819	1,861	1,891	1,844	1,795	116	132	135
Ethanol % of Total Gasoline	9.42	9.43	9.19	9.36	9.28	9.13	0.34	0.47	0.49
PADD 03									
Production	19	19	18	18	18	17	5	7	6
Imports	0	0	0	0	0	0	-4	-3	-2
Receipts from other regions	109	102	111	97	103	104	NA		
Refiner/Blender Net Input	114	113	113	112	112	109	25	32	35
Ending Stocks	2,591	2,526	2,640	2,494	2,717	2,888	692	756	797
Wholesale Gasoline Demand	1,486	1,401	1,519	1,388	1,388	1,510	91	34	47
Conv Ethanol Gasoline Blend	750	740	726	729	740	678	241	316	352
Ethanol % of Total Gasoline	8.31	8.77	8.04	8.78	8.78	7.78	1.49	2.33	2.59
PADD 04									
Production	14	13	14	13	14	13	4	4	4
Receipts from other regions	6	5	6	7	5	3	NA		
Refiner/Blender Net Input	18	17	17	17	16	15	3	2	2
Ending Stocks	200	202	217	196	162	164	29	37	23
Wholesale Gasoline Demand	286	292	307	334	308	277	-12	-9	-8
Conv Ethanol Gasoline Blend	178	166	169	171	164	155	-331	-252	-208
Ethanol % of Total Gasoline	6.72	6.18	5.86	5.36	5.48	5.73	1.42	0.94	0.78
PADD 05									
Production	9	10	9	9	9	9	1	3	3
Imports	0	0	0	0	0	0	-3	-3	-4
Receipts from other regions	141	140	147	148	145	137	NA		
Refiner/Blender Net Input	147	138	141	139	135	139	33	36	36
Ending Stocks	2,003	2,382	2,418	2,372	2,192	2,134	-144	203	348
Wholesale Gasoline Demand	1,551	1,600	1,552	1,581	1,561	1,590	28	27	10
Conv Ethanol Gasoline Blend	388	384	394	399	382	377	42	40	38
Ethanol % of Total Gasoline	10.47	9.44	9.99	9.64	9.47	9.58	2.38	2.55	2.66

Lehi German Tel: 816-505-0980

U. S. Petroleum Administrative for Defense Districts (PADDs)

Lehi German Tel: 816-505-0980