

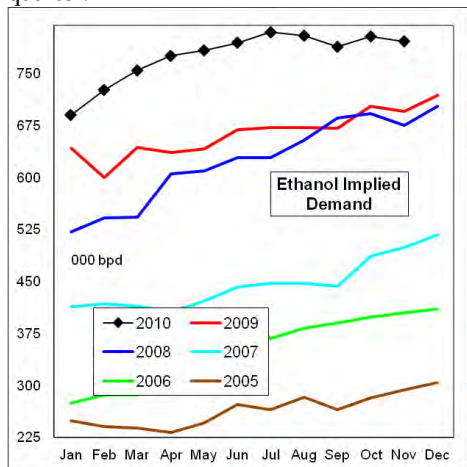
ETHANOL SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Monthly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, February 16, 2011

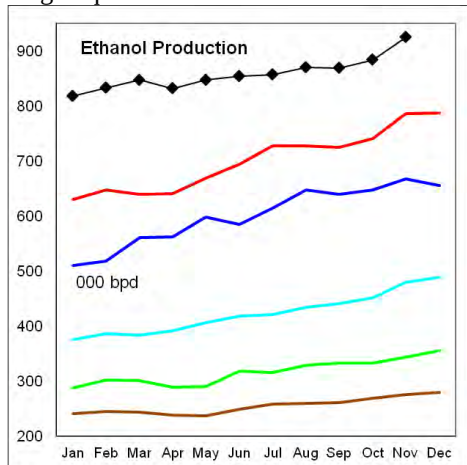


Summary: Ethanol demand was 797,000 bpd in the Sep10 - Nov10 quarter, down -6,000 bpd compared to the Jun10 - Aug10 period. Wholesale gasoline demand decreased -277,000 bpd in the same quarter over quarter period. These trends show blend rates were higher in the latest quarter.



Year-over-year demand for ethanol between Sep10 - Nov10 and the same quarter in 2009 increased +107,000 bpd. This represented a +16% increase.

Ethanol production was 893,000 bpd during the Sep10 - Nov10 quarter, up +33,000 bpd compared to the Jun10 - Aug10 quarter.

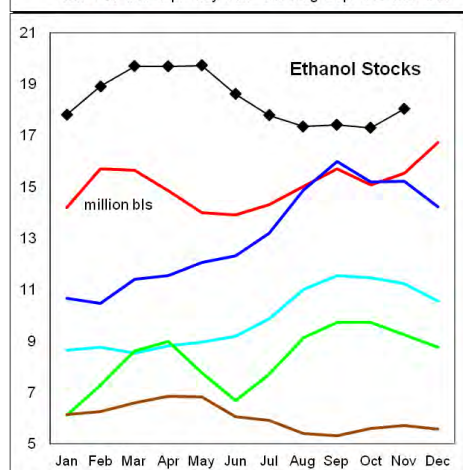
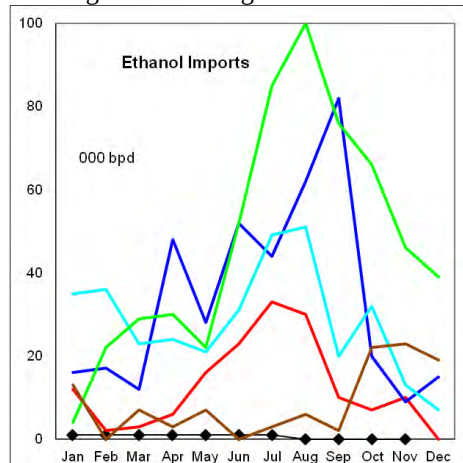


Year-over-year production increased in the Sep10 - Nov10 quarter by +142,000 bpd. This was a +19% increase.

Imports averaged less than 1,000 bpd during the Sep10 - Nov10 quarter, unchanged from the 1,000 bpd during the Jun10 - Aug10 quarter.

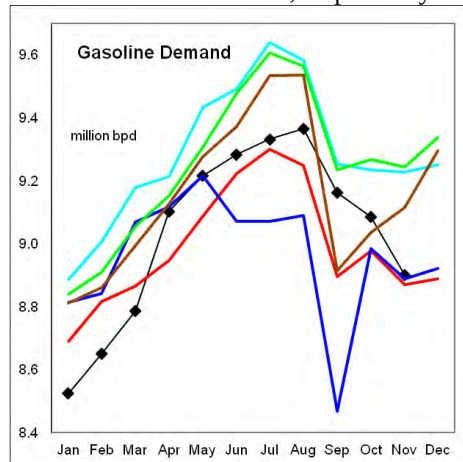
Ethanol stocks increased +0.7 million barrels at the end of November compared

to the end of October. Stocks increased +0.4 and +0.3 million barrels in PADDs 2 & 1; respectively. Stock levels were nearly unchanged in other regions.



Gasoline Demand Trends: Wholesale gasoline demand increased +135,000 bpd year-over-year in the Sep10 - Nov10 period compared to a year ago, a +1.5% increase.

Gasoline year-on-year demand in December 2010 and January 2011 increased +3.1% and +2%; respectively.



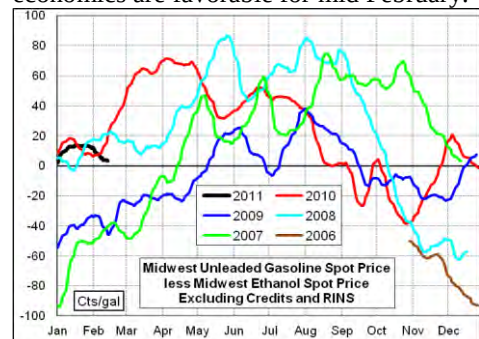
Blending Trends: During the Sep10 - Nov10 quarter, 4.9 million bpd of conventional gasoline was blended with ethanol, equal to 82% of conventional grade output. This was an increase of +0.8 million bpd over the same period in 2009. The volume of gasoline not blended with ethanol was 1.2 million bpd in Nov 2010, 18% of total production.

Ethanol Blend Economics: Midwest ethanol prices varied between \$2.50/gal and \$2/gal during the last quarter, with the current price near \$2.45/gal.

Midwest spot gasoline prices trended higher during the 4th quarter, from \$2.05/gal to \$2.47/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 February at +\$0.03/gal. The current spread in favor of gasoline was below two the last 3-years.

Including tax and RINS credits of approximately \$0.50/gal, blending economics are favorable for mid February.



Emerging Trends: Ethanol stocks increased +2.5 million barrels between the end of November 2010 and 11Feb11, as reported in EIA weekly updates. This level matched the highest level set in May 2010.

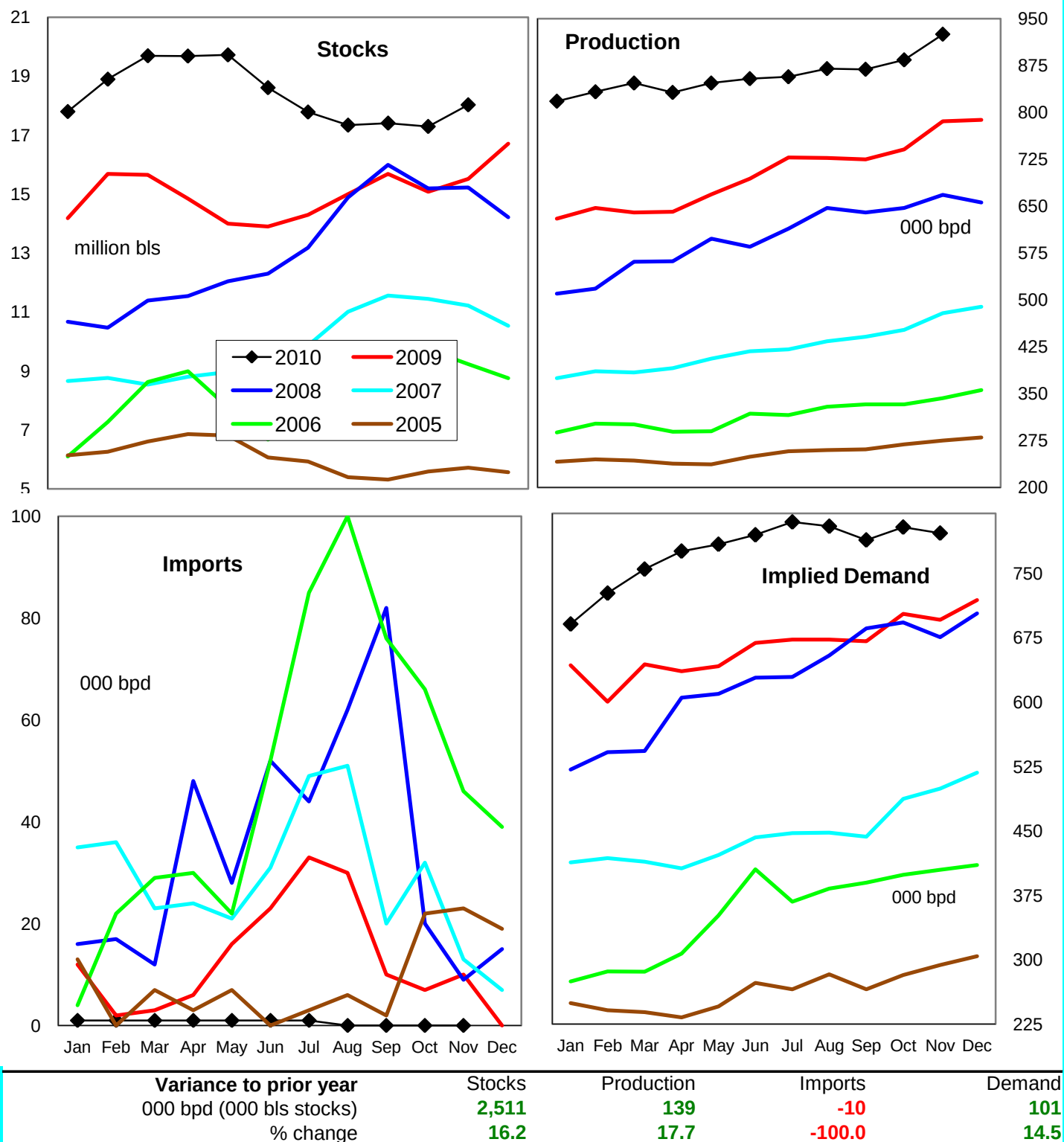
U.S. exports of ethanol averaged 26,000 bpd during 2010, equal to 2.7% of November production. While the volume is a small share of total U.S. production, the uptrend points to an alternative outlet during periods of oversupply.

Gasoline imports have increased to above the historic mid range on the East Coast, lifting stock levels to near the mid range in the key Central Atlantic Region.

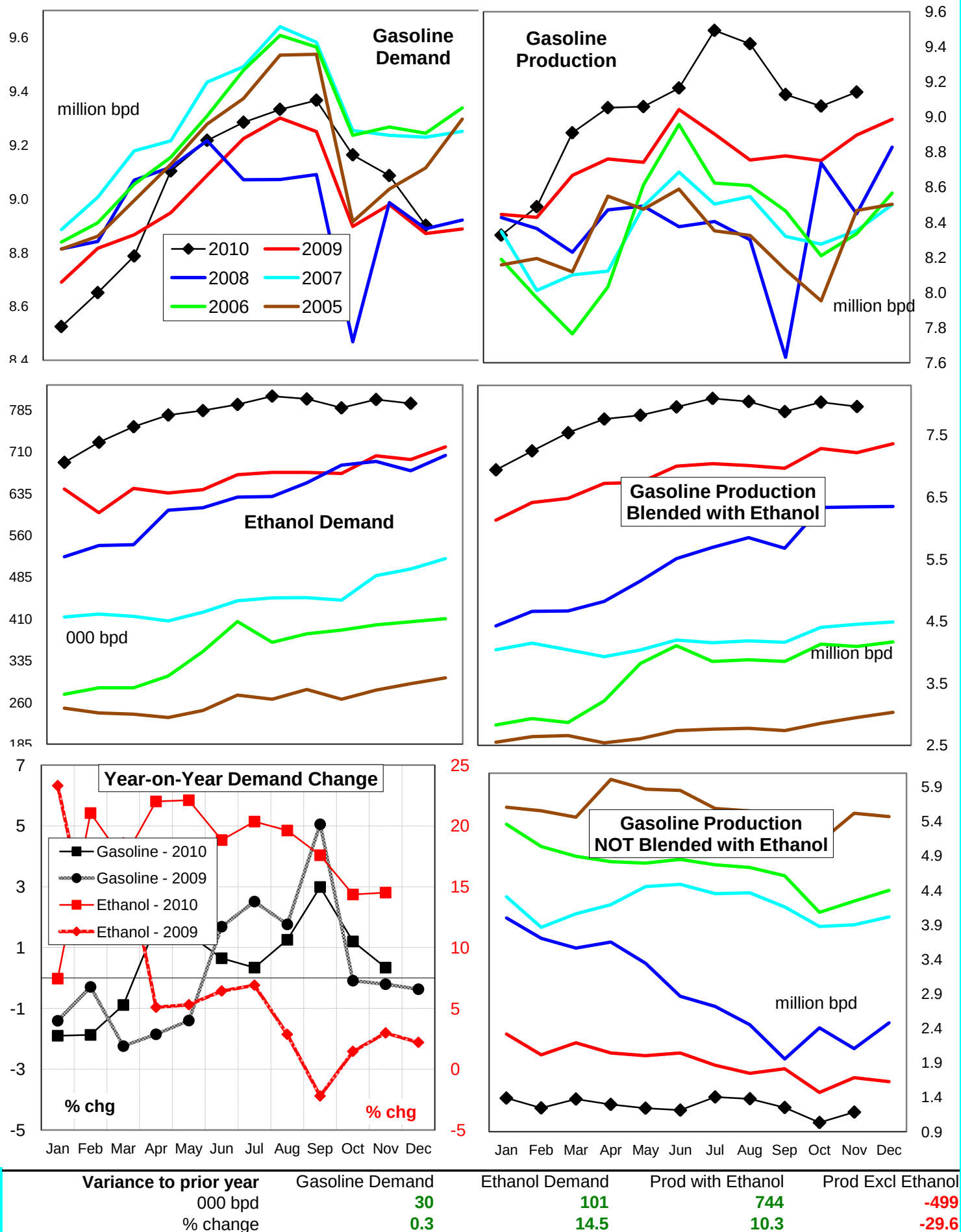
Very high ethanol stock levels and a return to growth in gasoline demand points to fundamental trends which should support favorable blend economics during the spring quarter.

United States Ethanol Supply-Demand Balance

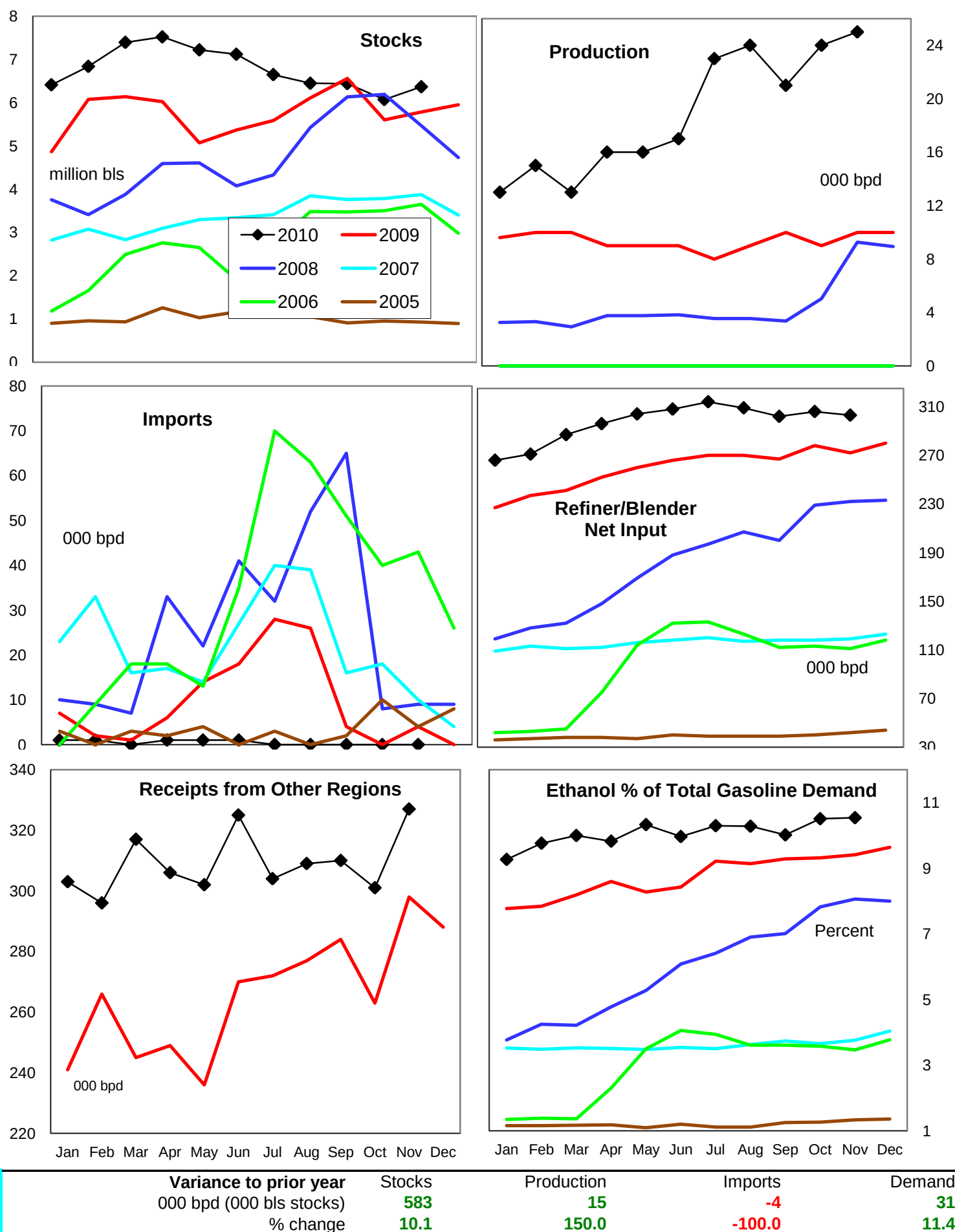
Item	Monthly Ethanol Supply-Demand Balance						Change From Prior Year		
	Nov10	Oct10	Sep10	Aug10	Jul10	Jun10	1-Month	3-Mth Avg	6-Mth Avg
Production	925	884	869	870	857	854	139	142	143
Imports	0	0	0	0	1	1	-10	-9	-19
EIA Adjustment	-103	-84	-77	-79	-74	-98	-18	-24	-23
Demand	797	804	789	805	810	795	101	107	119
Ending Stocks	18,029	17,295	17,408	17,340	17,784	18,610	2,511	2,149	2,830
Change in stocks	734	-113	68	-444	-826	-1,111			
Wholesale Gasoline Demand	8,901	9,086	9,163	9,366	9,332	9,284	30	135	102
Conv Ethanol Gasoline Blend	4,925	4,987	4,911	4,995	5,057	4,939	704	777	871
Ethanol % of Total Gasoline	9.83	9.71	9.42	9.40	9.50	9.37	1.32	1.27	1.43



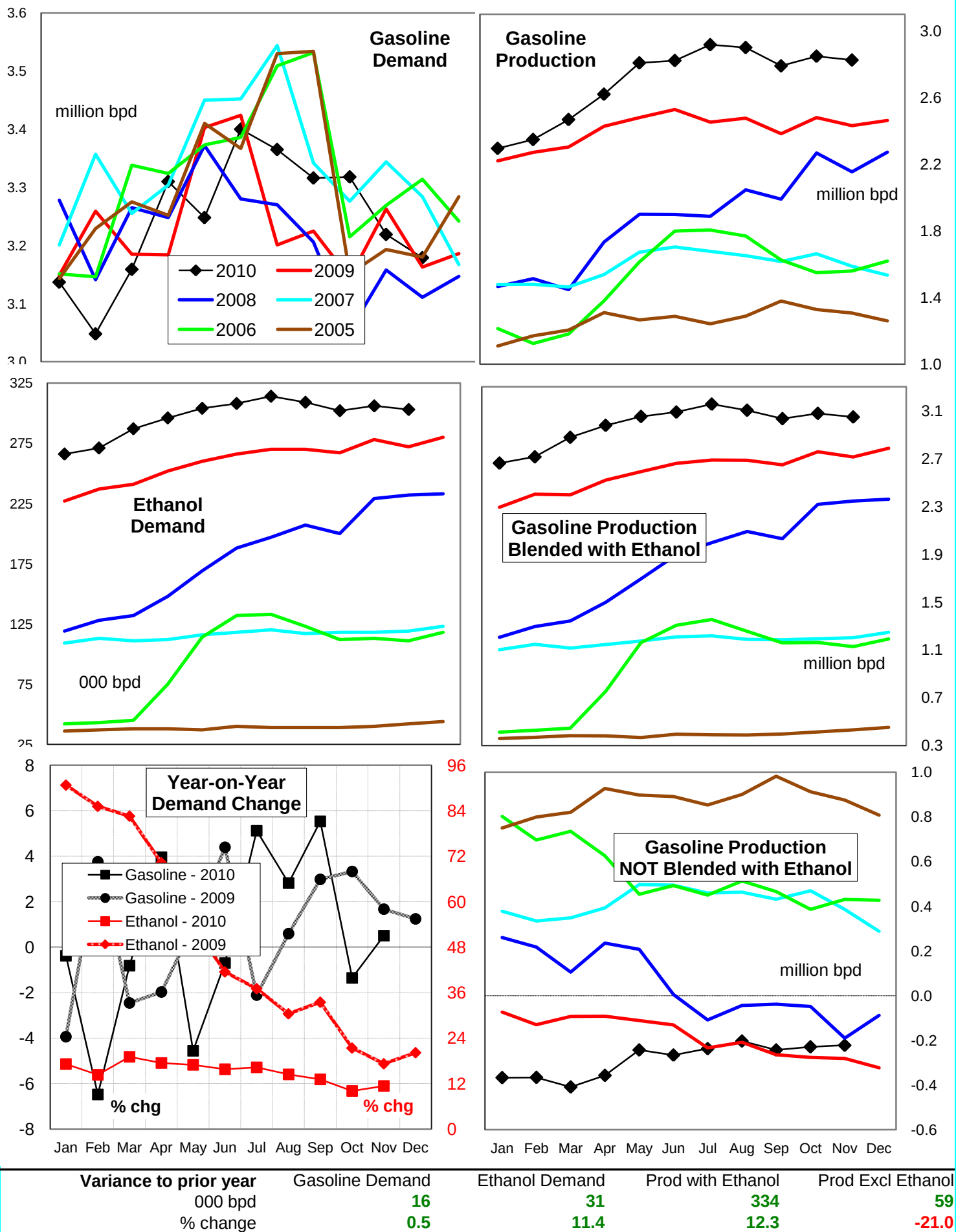
U. S. Gasoline/Ethanol Demand and Blending



PADD 1 Ethanol Supply-Demand Balance



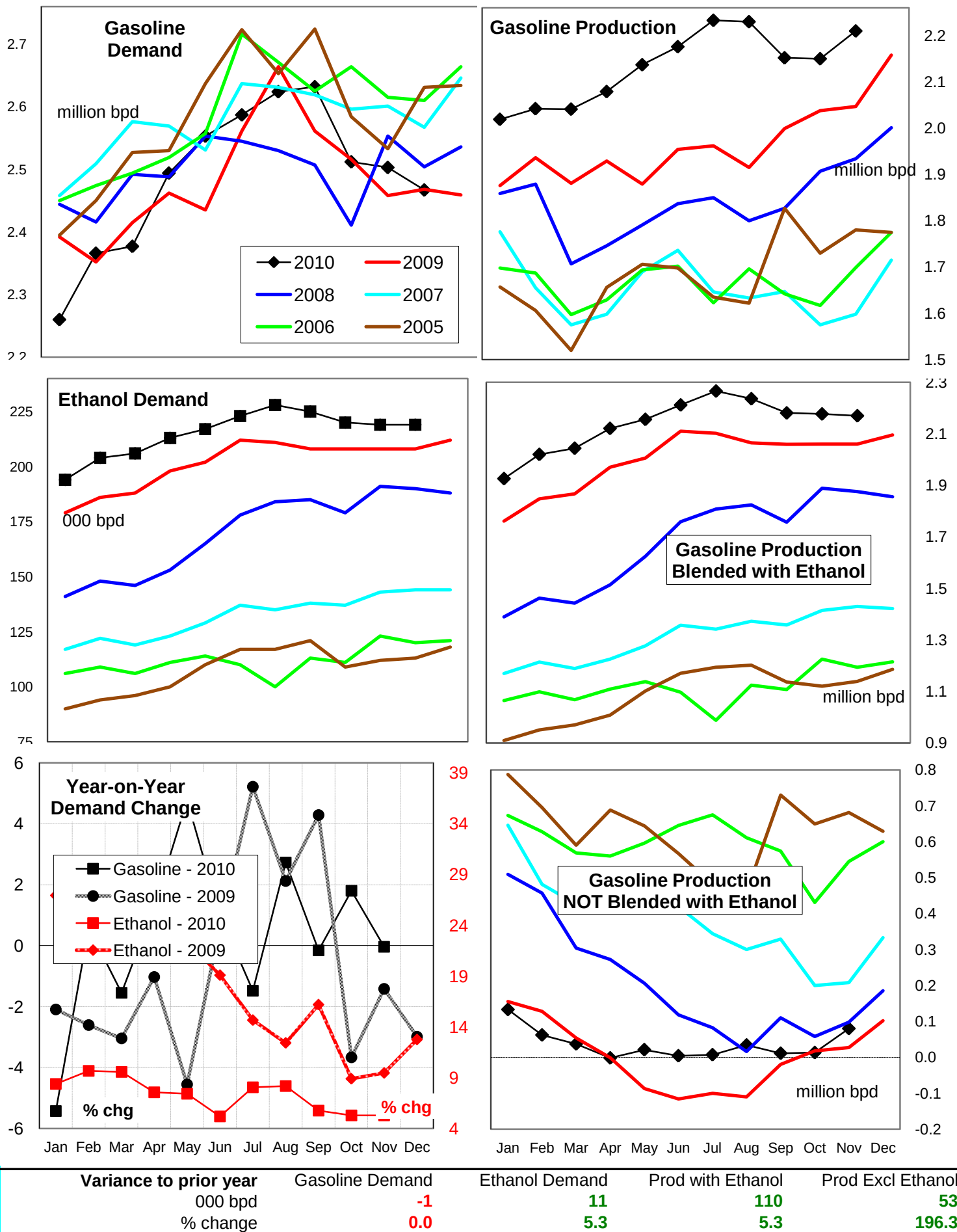
PADD 01 Gasoline/Ethanol Demand and Blending



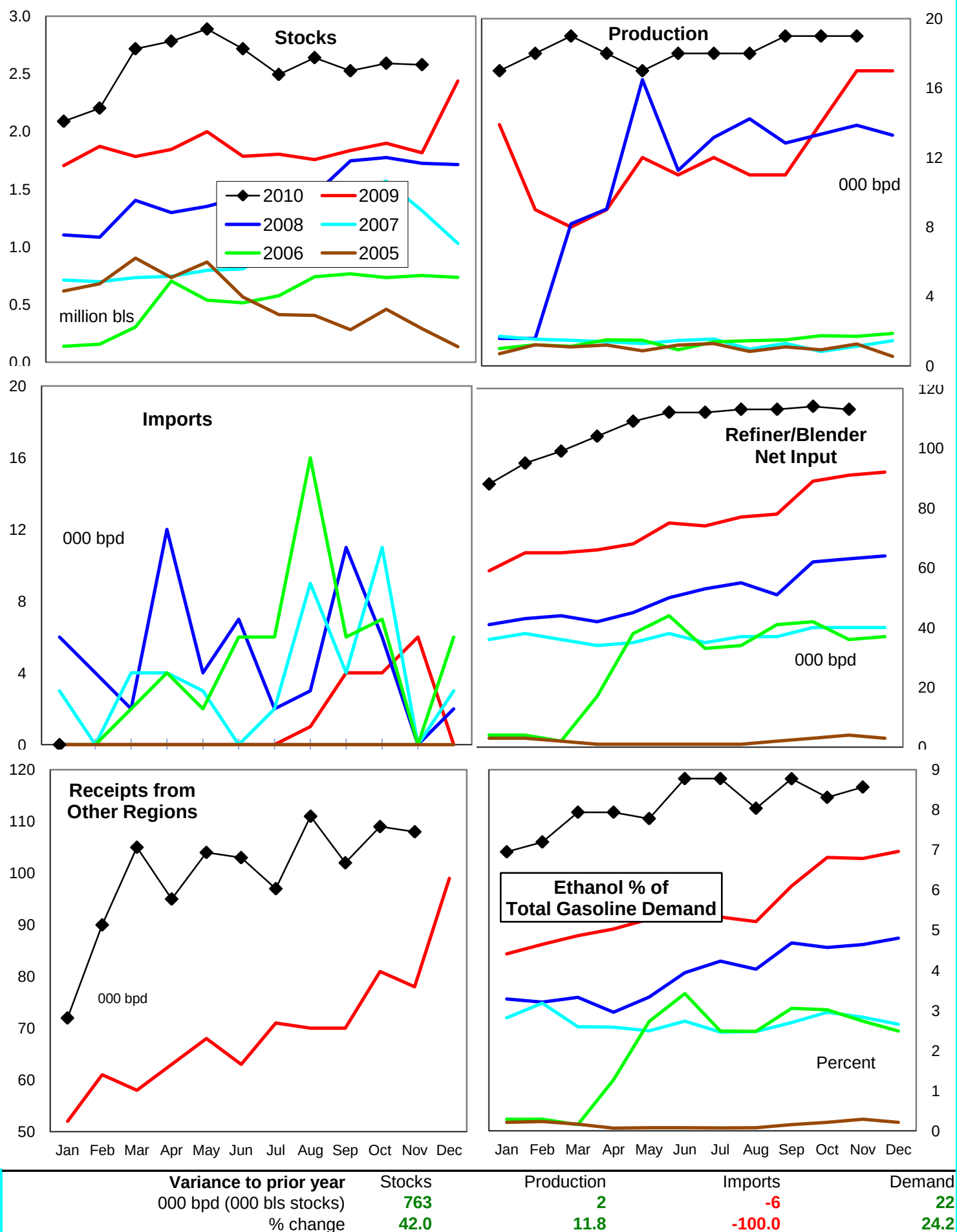
Summary Table:

Variance to prior year	Stocks	Production	Imports	Demand
000 bpd (000 bls stocks)	1,040	115	0	11
% change	18.1	15.5	#DIV/0!	5.3

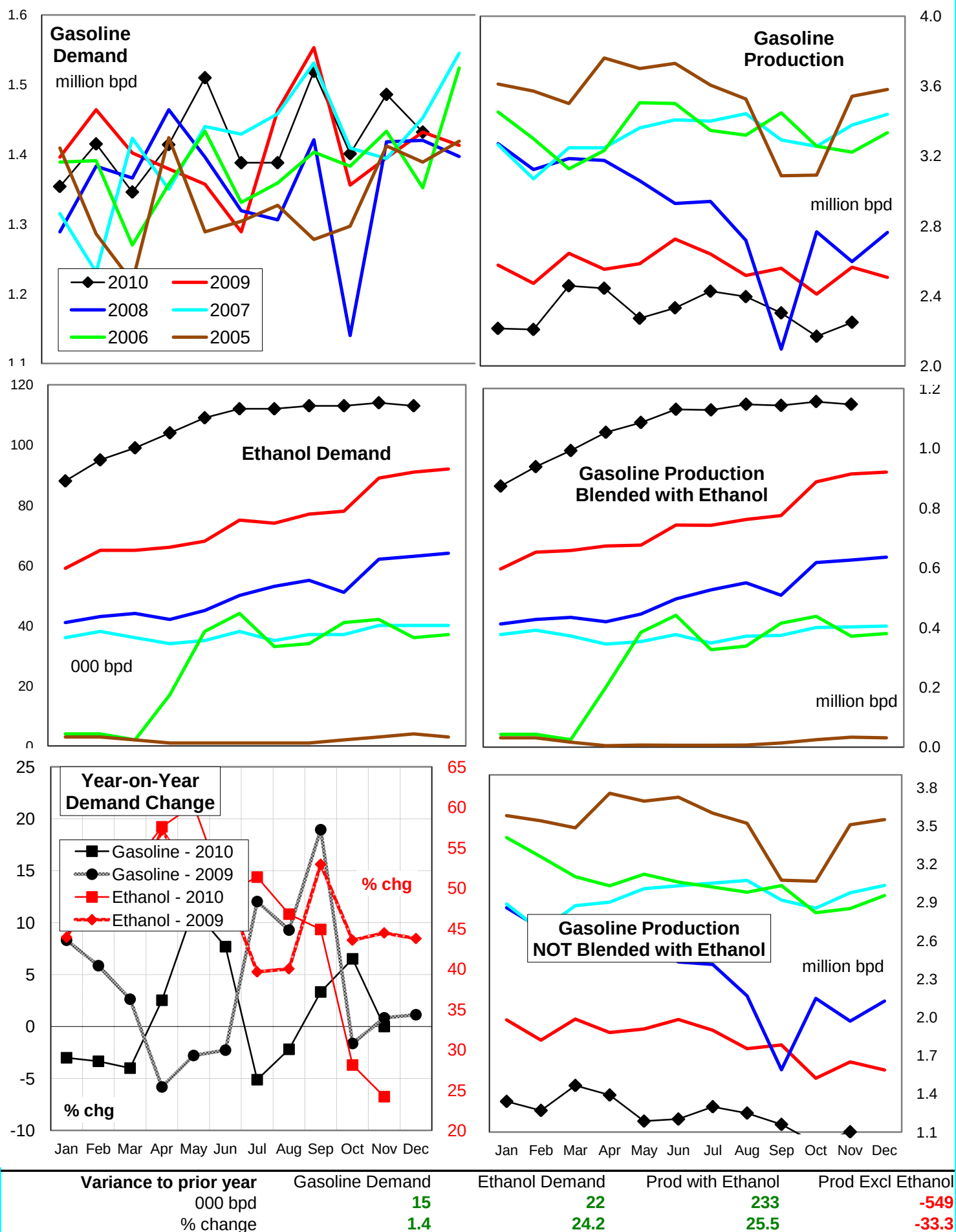
PADD 02 Gasoline/Ethanol Demand and Blending



PADD 3 Ethanol Supply-Demand Balance

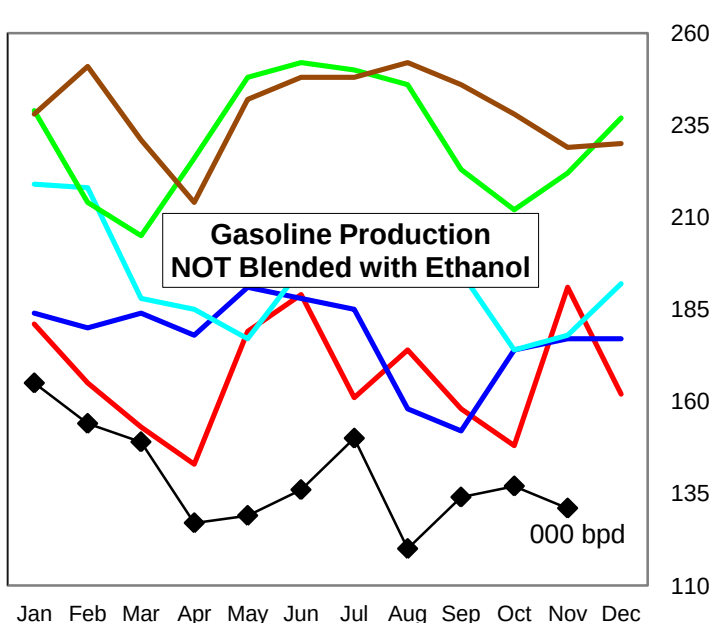
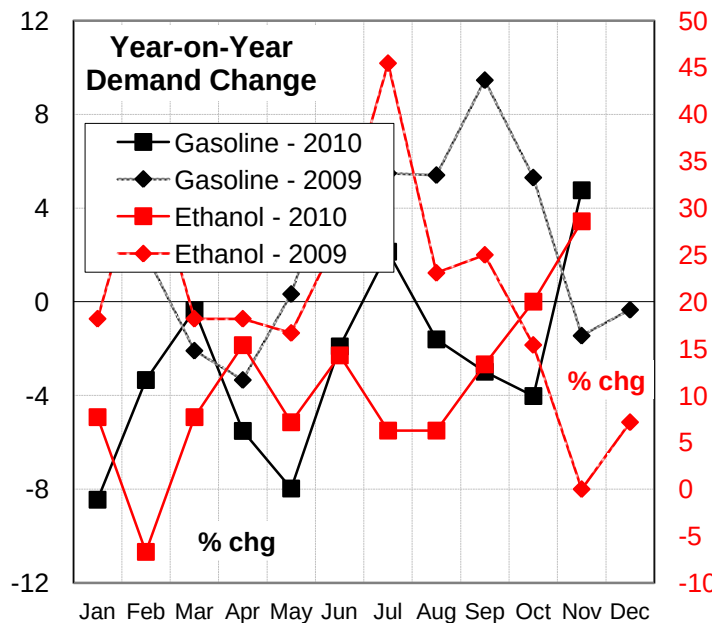
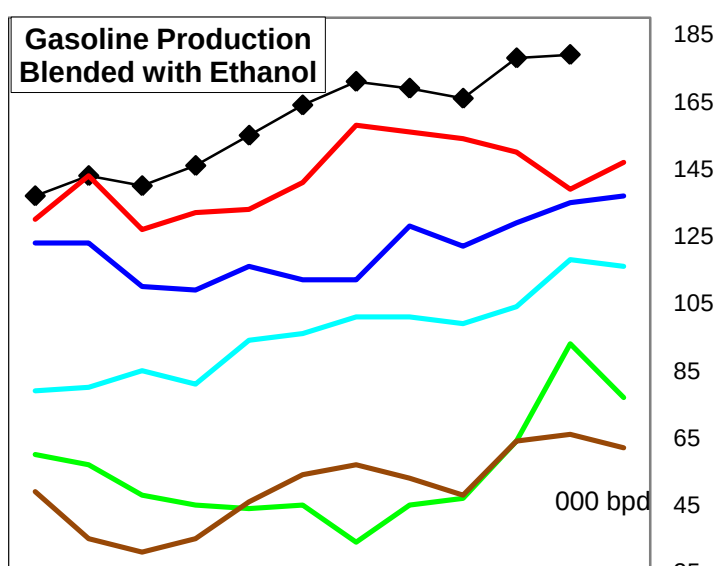
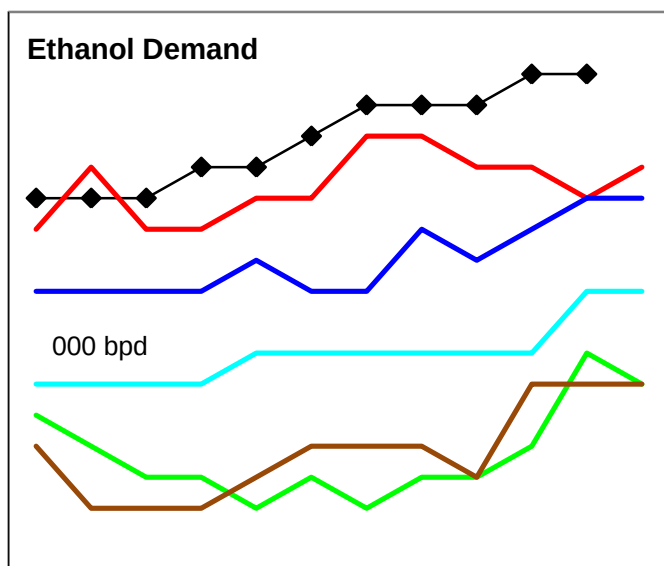
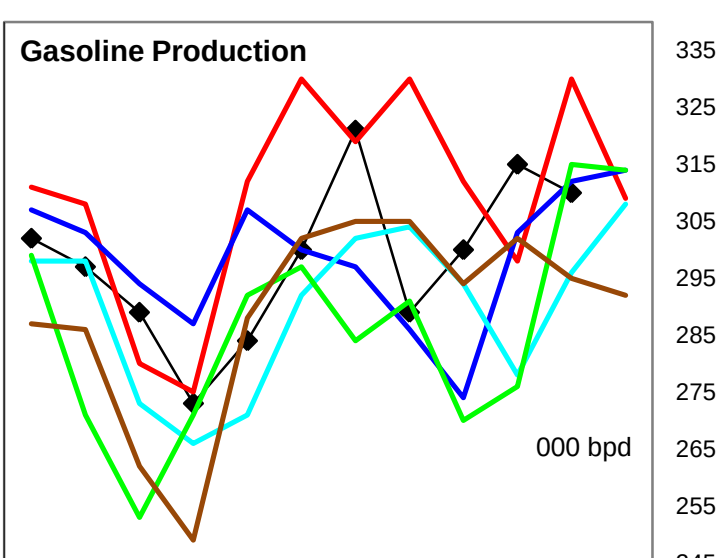
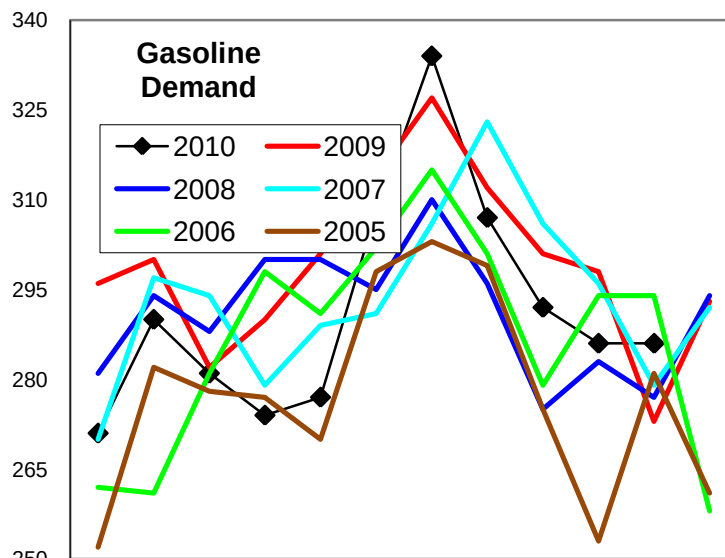


PADD 03 Gasoline/Ethanol Demand and Blending



	Variance to prior year	Stocks	Production	Imports	Demand
000 bpd (000 bls stocks)	17	5	0	4	
% change	9.0	50.0	#DIV/0!	28.6	

PADD 04 Gasoline/Ethanol Demand and Blending



Variance to prior year

000 bpd

% change

Gasoline Demand

13

4.8

Ethanol Demand

4

28.6

Prod with Ethanol

40

28.8

Prod Excl Ethanol

-60

-31.4

Stocks

million bbls

2010 2009 2008 2007 2006 2005

Production

000 bpd

Imports

000 bpd

Refiner/Blender Net Input

000 bpd

Receipts from Other Regions

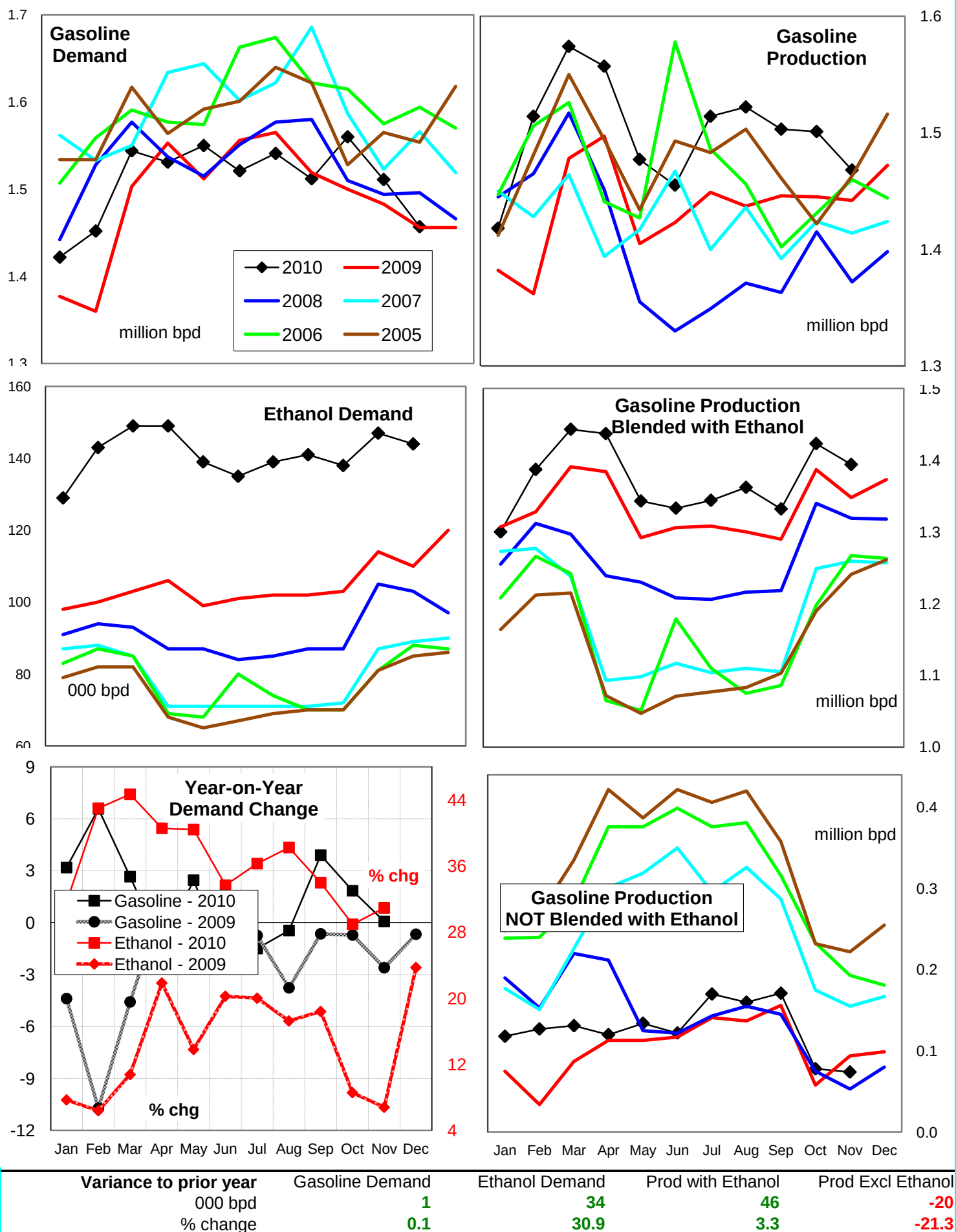
000 bpd

Ethanol % of Total Gasoline Demand

Percent

Metric	2010	2009	2008	2007	2006	2005
Stocks (million bbls)	108	108	108	108	108	108
Production (000 bpd)	1	1	1	1	1	1
Imports (000 bpd)	0	0	0	0	0	0
Refiner/Blender Net Input (000 bpd)	34	34	34	34	34	34
Receipts from Other Regions (000 bpd)	30.9	30.9	30.9	30.9	30.9	30.9
Ethanol % of Total Gasoline Demand	11.1	11.1	11.1	11.1	11.1	11.1

PADD 05 Gasoline/Ethanol Demand and Blending



Ethanol / Gasoline Fundamental Trends

Item	Monthly Ethanol Supply-Demand Balance						Change From Prior Year		
	Nov10	Oct10	Sep10	Aug10	Jul10	Jun10	1-Month	3-Mth Avg	6-Mth Avg
U. S. Total									
Production	925	884	869	870	857	854	139	142	143
Imports	0	0	0	0	1	1	-10	-9	-19
EIA Adjustment	-103	-84	-77	-79	-74	-98	-18	-24	-23
Implied Demand	797	804	789	805	810	795	101	107	119
Ending Stocks	18,029	17,295	17,408	17,340	17,784	18,610	2,511	2,149	2,830
Change in stocks	734	-113	68	-444	-826	-1,111			
Wholesale Gasoline Demand	8,901	9,086	9,163	9,366	9,332	9,284	30	135	102
Conv Ethanol Gasoline Blend	4,925	4,987	4,911	4,995	5,057	4,939	704	777	871
Ethanol % of Total Gasoline	9.83	9.71	9.42	9.40	9.50	9.37	1.32	1.27	1.43
PADD 01									
Production	25	24	21	24	23	17	15	14	13
Imports	0	0	0	0	0	1	-4	-3	-13
Receipts from other regions	327	301	310	309	304	325	NA		
Refiner/Blender Net Input	303	306	302	309	314	308	31	31	37
Ending Stocks	6,367	6,072	6,441	6,448	6,648	7,118	583	311	680
Wholesale Gasoline Demand	3,179	3,219	3,318	3,316	3,365	3,400	16	49	63
Conv Ethanol Gasoline Blend	1,833	1,855	1,802	1,844	1,866	1,809	327	333	363
Ethanol % of Total Gasoline	10.54	10.50	10.01	10.28	10.29	9.96	1.13	1.02	1.13
PADD 02									
Production	857	817	806	804	793	798	115	117	117
Deliveries to other regions	-597	-557	-556	-572	-555	-577	NA		
Refiner/Blender Net Input	219	219	220	225	228	223	11	11	13
Ending Stocks	6,795	6,429	5,857	5,617	6,074	6,421	1,040	1,015	1,077
Wholesale Gasoline Demand	2,507	2,543	2,552	2,672	2,664	2,627	-1	13	16
Conv Ethanol Gasoline Blend	1,803	1,817	1,819	1,861	1,891	1,844	95	112	127
Ethanol % of Total Gasoline	9.57	9.42	9.43	9.19	9.36	9.28	0.53	0.48	0.54
PADD 03									
Production	19	19	19	18	18	18	2	5	6
Imports	0	0	0	0	0	0	-6	-5	-3
Receipts from other regions	108	109	102	111	97	103	NA		
Refiner/Blender Net Input	113	114	113	113	112	112	22	27	32
Ending Stocks	2,579	2,591	2,526	2,640	2,494	2,717	763	715	775
Wholesale Gasoline Demand	1,432	1,486	1,401	1,519	1,388	1,388	0	45	21
Conv Ethanol Gasoline Blend	749	750	740	726	729	740	215	269	323
Ethanol % of Total Gasoline	8.57	8.31	8.77	8.04	8.78	8.78	1.78	1.98	2.47
PADD 04									
Production	15	14	13	14	13	14	5	4	4
Receipts from other regions	6	6	5	6	7	5	NA		
Refiner/Blender Net Input	18	18	17	17	17	16	4	3	2
Ending Stocks	205	200	202	217	196	162	17	25	25
Wholesale Gasoline Demand	286	286	292	307	334	308	13	-3	-2
Conv Ethanol Gasoline Blend	179	178	166	169	171	164	-355	-303	-245
Ethanol % of Total Gasoline	6.72	6.72	6.18	5.86	5.36	5.48	1.31	1.22	0.86
PADD 05									
Production	10	9	10	9	9	9	1	1	3
Imports	0	0	0	0	0	0	0	-2	-3
Receipts from other regions	155	141	140	147	148	145	NA		
Refiner/Blender Net Input	144	147	138	141	139	135	34	34	35
Ending Stocks	2,083	2,003	2,382	2,418	2,372	2,192	108	82	274
Wholesale Gasoline Demand	1,497	1,551	1,600	1,552	1,581	1,561	1	30	4
Conv Ethanol Gasoline Blend	361	388	384	394	399	382	27	37	36
Ethanol % of Total Gasoline	10.64	10.47	9.44	9.99	9.64	9.47	2.71	2.45	2.65

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

