FUNDAMENTAL PETROLEUM TRENDS

ETHANOL SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Monthly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Friday, April 08, 2011

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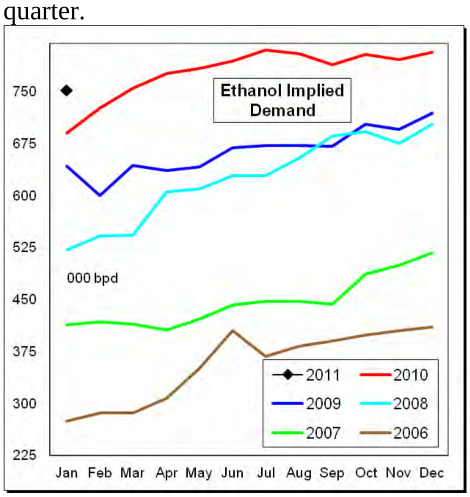
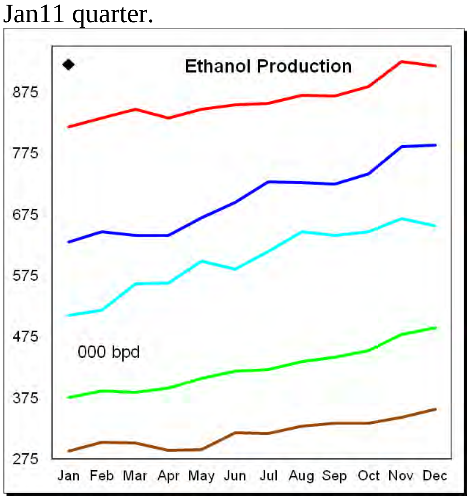
Summary: Ethanol demand was 785,000 bpd in the Nov10 - Jan11 quarter, down -14,000 bpd compared to the Aug10 - Oct10 period. Wholesale gasoline demand decreased -443,000 bpd in the same quarter over quarter period. These trends show blend rates were higher in the latest quarter.



Year-over-year demand for ethanol between Nov10 - Jan11 and the same quarter in 2010 increased +83,000 bpd. This represented a +12% increase.

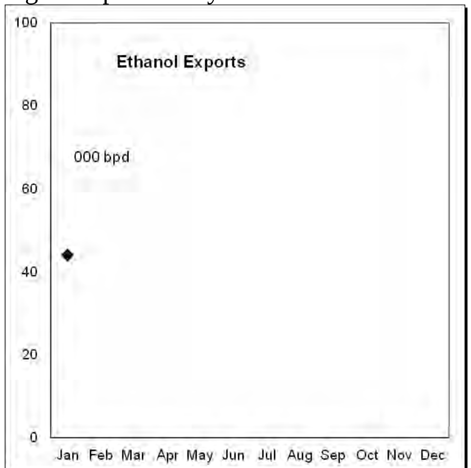
Ethanol production was 921,000 bpd during the Nov10 - Jan11 quarter, up +47,000 bpd compared to the Aug10 - Jan11 quarter.

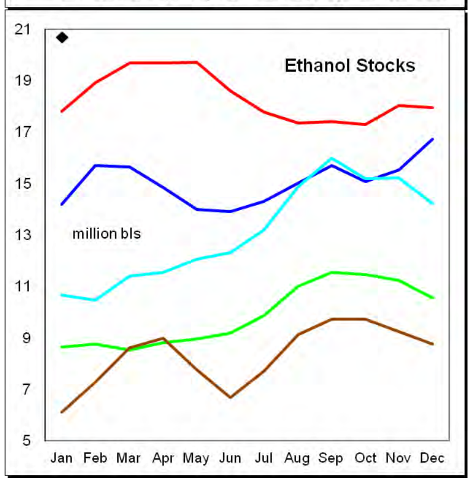


Year-over-year production increased in the Nov10 - Jan11 quarter by +124,000 bpd. This was a +16% increase.

Imports have become insignificant during 2010. Concurrently, exports have surged, with the EIA beginning to report export volume for Jan11 of 44,000 bpd.

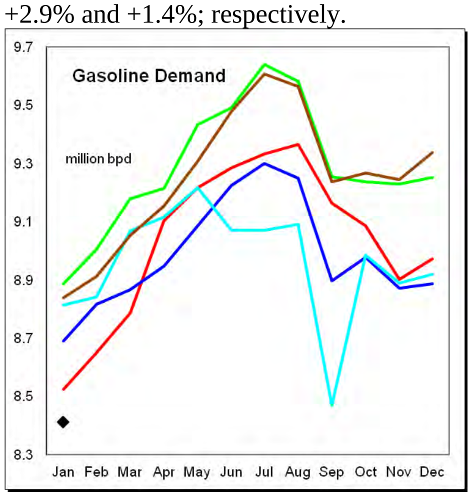
Ethanol stocks jumped +2.7 million barrels at the end of January compared to the end of December. Stocks increased +1.3 million barrels in PADD 1 and +0.9 million barrels in PADD 2, with other regions up modestly.





Gasoline Demand Trends: Wholesale gasoline demand increased +26,000 bpd year-over-year in the Nov10 - Jan11 period compared to a year ago, a +0.3% increase.

Gasoline year-on-year demand in February 2011 and March 2011 increased +2.9% and +1.4%; respectively.



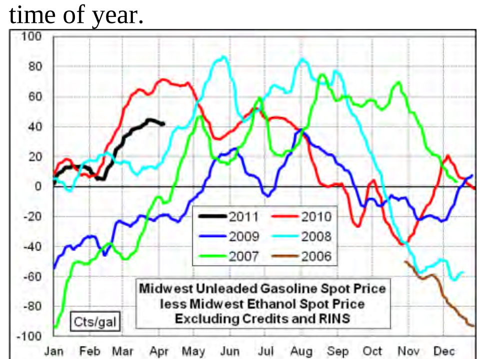
Blending Trends: During the Nov10 - Jan11 quarter, 4.9 million bpd of conventional gasoline was blended with ethanol, equal to 81% of conventional grade output. This was an increase of +0.7 million bpd over the same period in 2010. The volume of gasoline not blended with ethanol was 1.1 million bpd in Jan 2011, 20% of total production.

Ethanol Blend Economics: Midwest ethanol prices increased from a low of $2.30/gal in early January to a high of $2.70/gal in early April.

Midwest spot gasoline prices trended higher from a low of $2.05/gal in early December to a high of $3.10/gal in early April.

The Midwest spot gasoline - ethanol price spread traded sideways during the most recent 30-day period, after surging +40 cpg in the pior month. The current spread in favor of gasoline was at the upper end of the historic range for this time of year.

Including tax and RINS credits of approximately $0.50/gal, blending economics are highly favorable for this time of year.



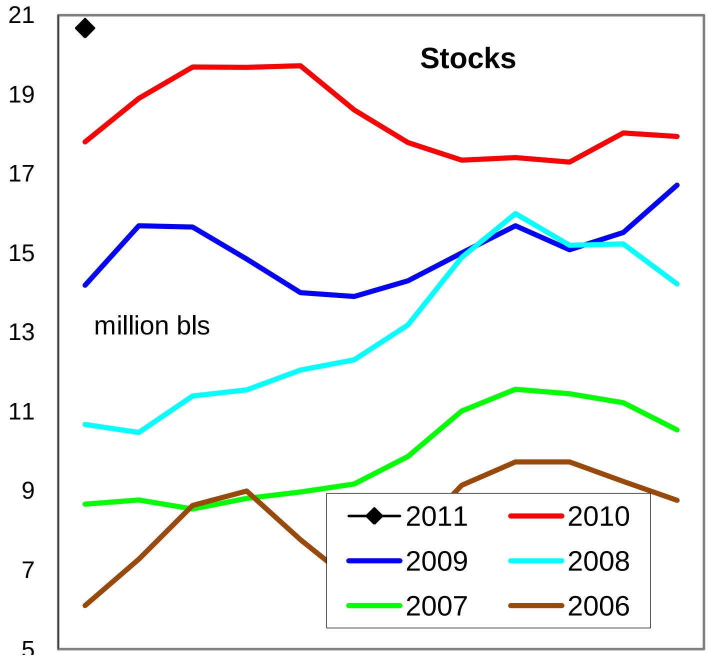
Emerging Trends: Ethanol stocks have been at the 2 million barrel level during the 1st quarter, a record level that exceed the high reached in July 2010.

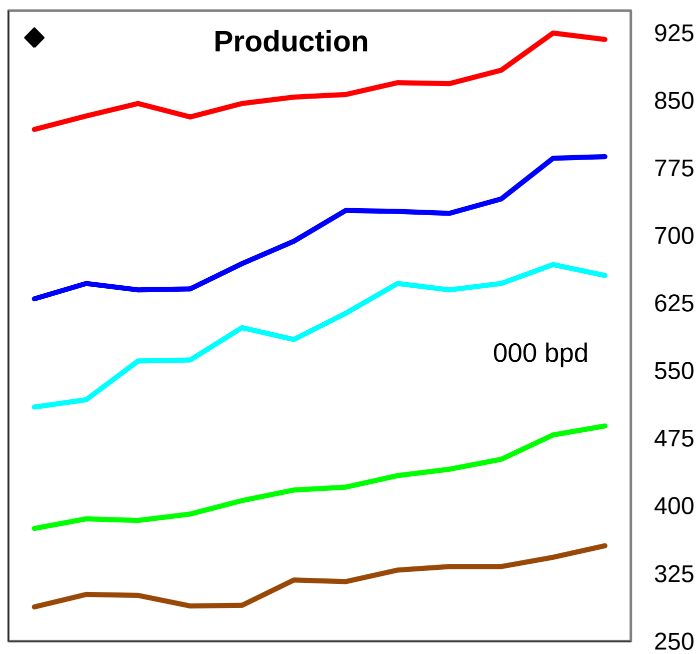
Global energy prices have been driven to near all time record levels by political unrest in North Africa and the Middle East, the earthquake in Japan, robust economic growth in developing countries and U.S. Fed monetary policy. The high energy price levels, combined with very ample ethanol supplies underlie the highly favorable blend economics.

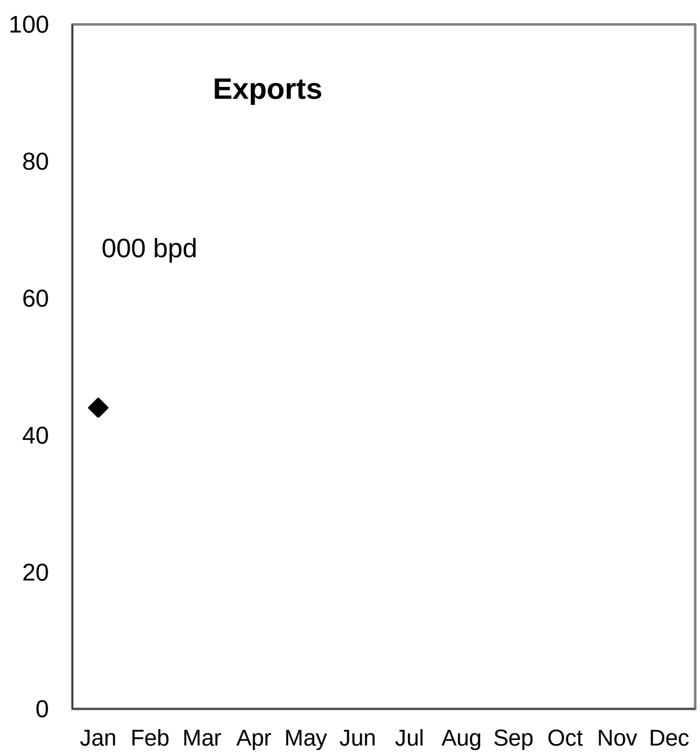
A seasonal rise in gasoline demand should support prices during the 2nd quarter, while high carry in ethanol stocks should limit price strength for ethanol; leading to continued favorable blend economics.

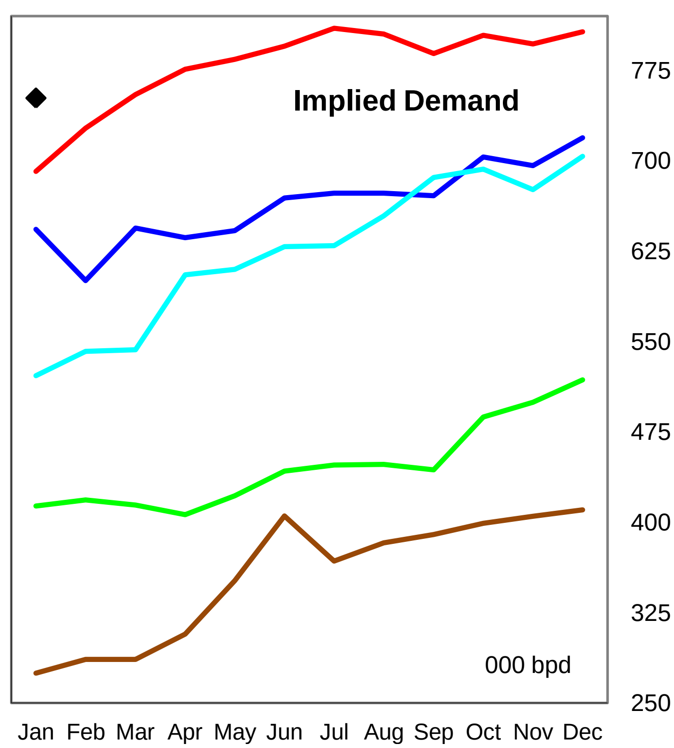
United States Ethanol Supply-Demand Balance

Item	Monthly Ethanol Supply-Demand Balance						Change From Prior Year		
	Jan11	Dec10	Nov10	Oct10	Sep10	Aug10	1-Month	3-Mth Avg	6-Mth Avg
Production	920	918	925	884	869	870	102	124	134
Exports	44	0	0	0	0	0	44	15	7
EIA Adjustment	-36	-115	-103	-84	-77	-79	58	-15	-19
Demand	752	807	797	804	789	805	61	83	100
Ending Stocks	20,672	17,940	18,029	17,295	17,408	17,340	2,872	2,204	2,148
Change in stocks	2,732	-89	734	-113	68	-444			
Wholesale Gasoline Demand	8,412	8,972	8,901	9,086	9,163	9,366	-113	0	82
Conv Ethanol Gasoline Blend	4,636	5,002	4,925	4,987	4,911	4,995	580	653	755
Ethanol % of Total Gasoline	9.82	9.88	9.83	9.71	9.42	9.40	1.00	1.13	1.24









Variance to prior year	Stocks	Production	Exports	Demand
000 bpd (000 bls stocks)	**2,872**	**102**	**44**	**61**
% change	**16.1**	**12.5**	#DIV/0!	**8.8**

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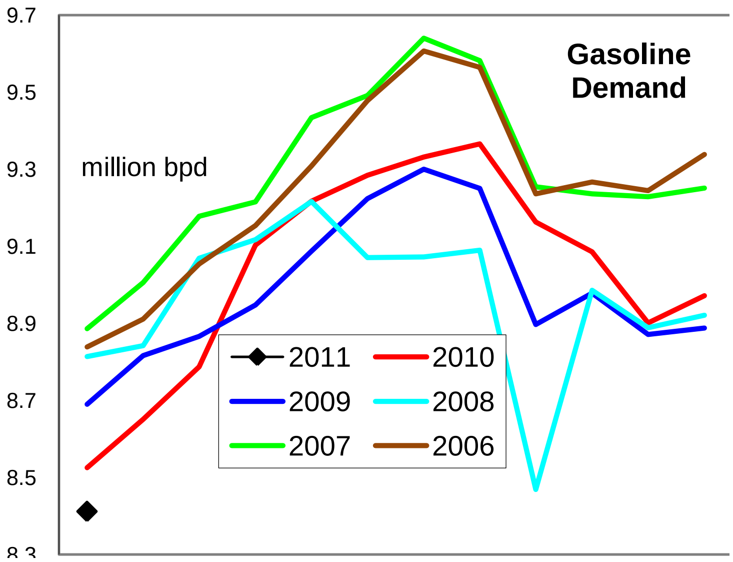
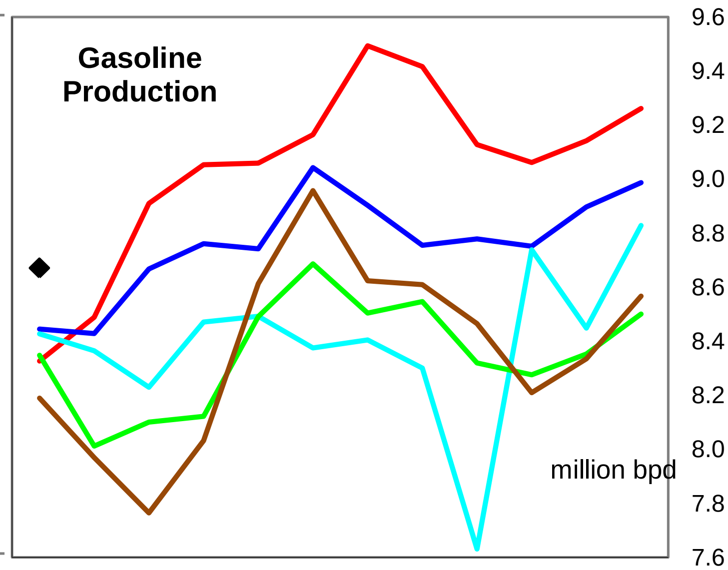
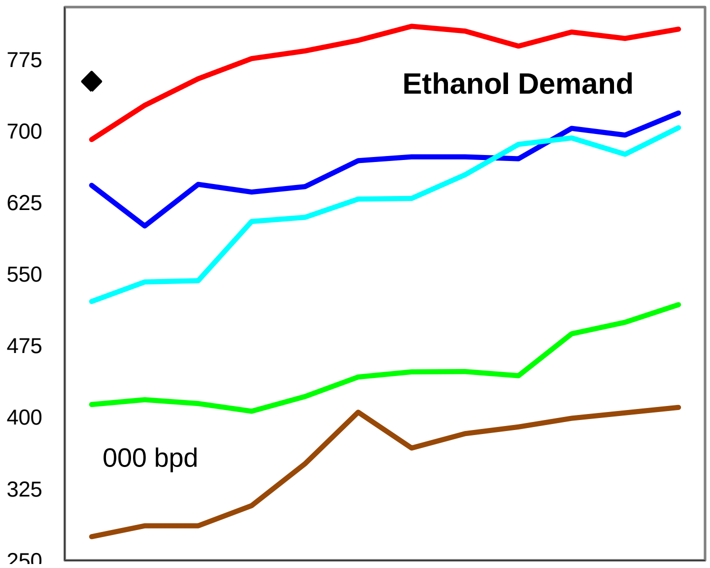
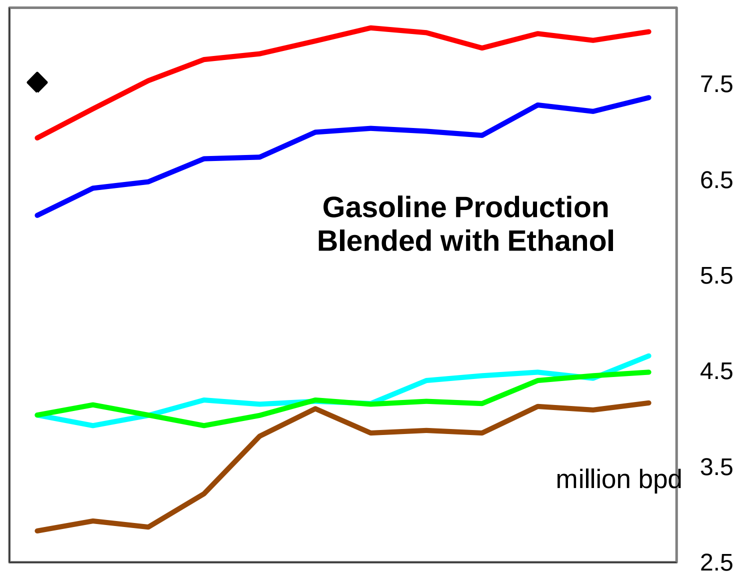
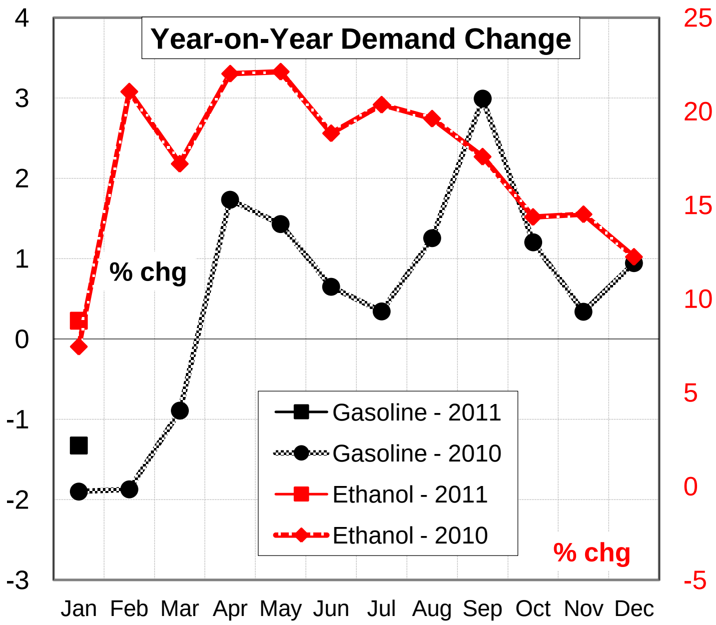
U. S. Gasoline/Ethanol Demand and Blending

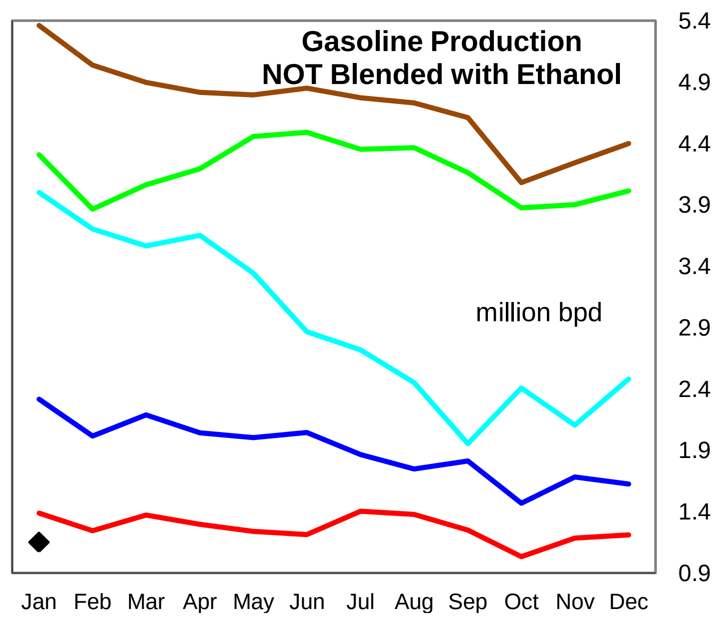












Variance to prior year	Gasoline Demand	Ethanol Demand	Prod with Ethanol	Prod Excl Ethanol
000 bpd	-113	61	580	-236
% change	-1.3	8.8	8.4	-17.0

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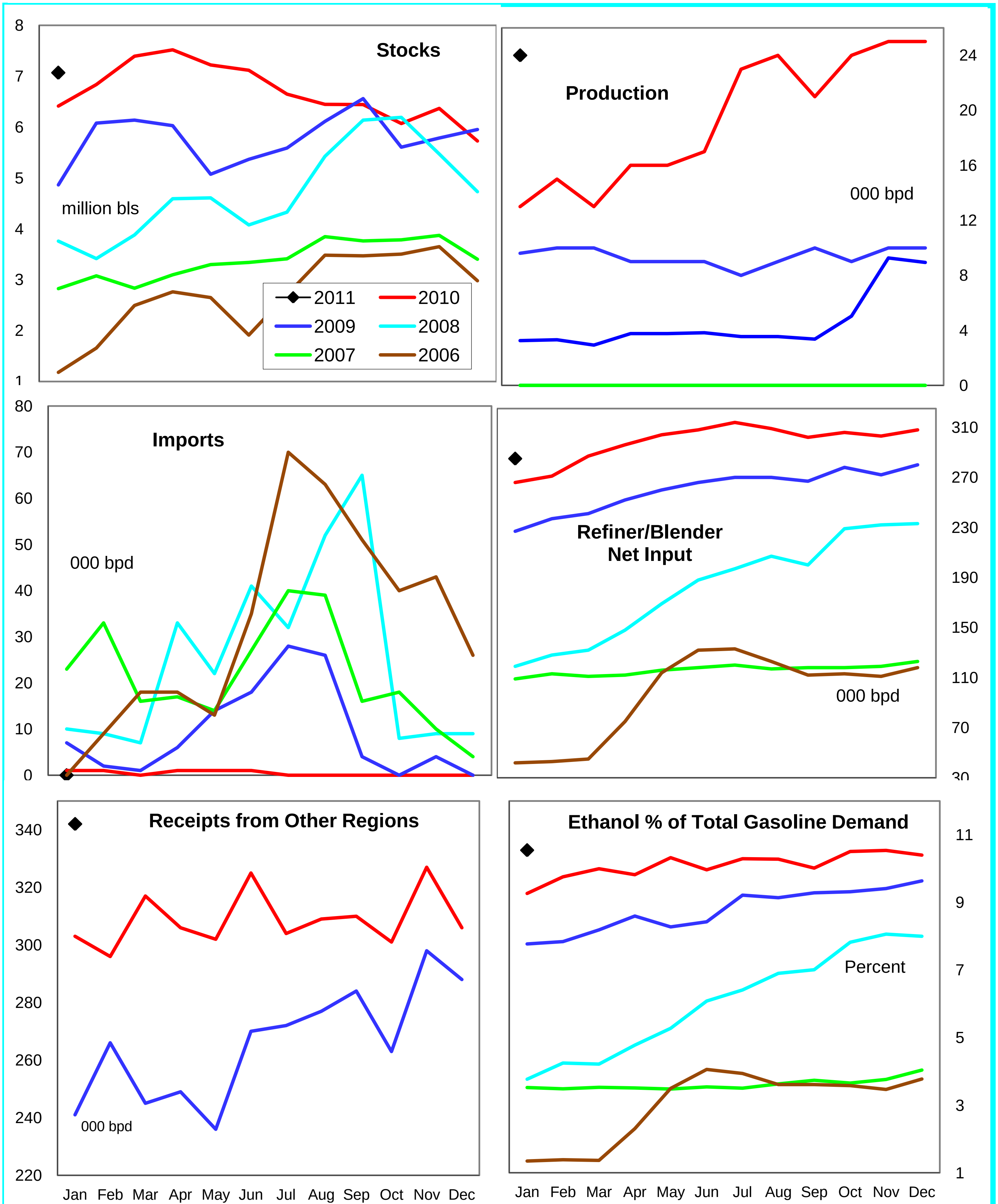
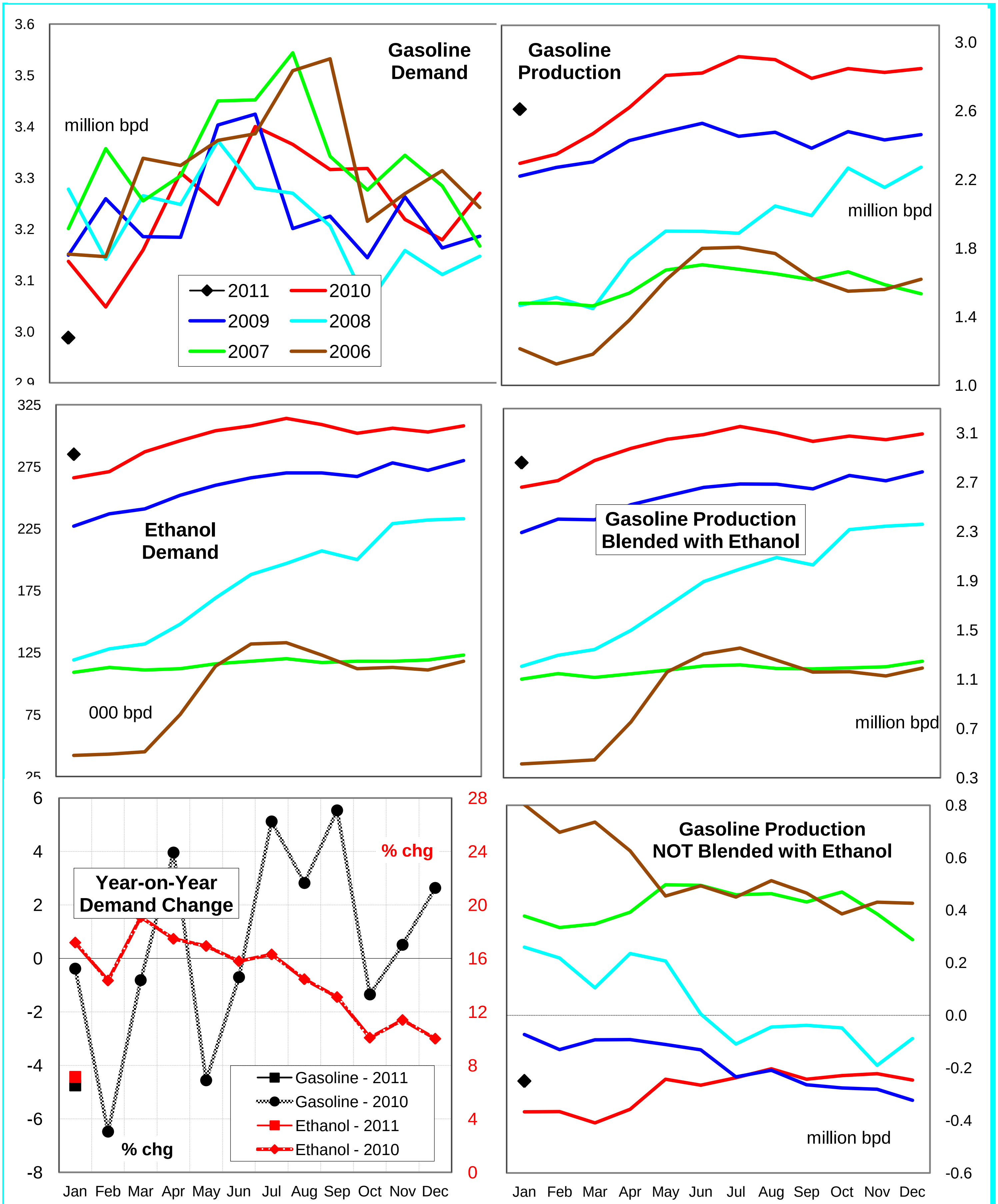
PADD 1 Ethanol Supply-Demand Balance



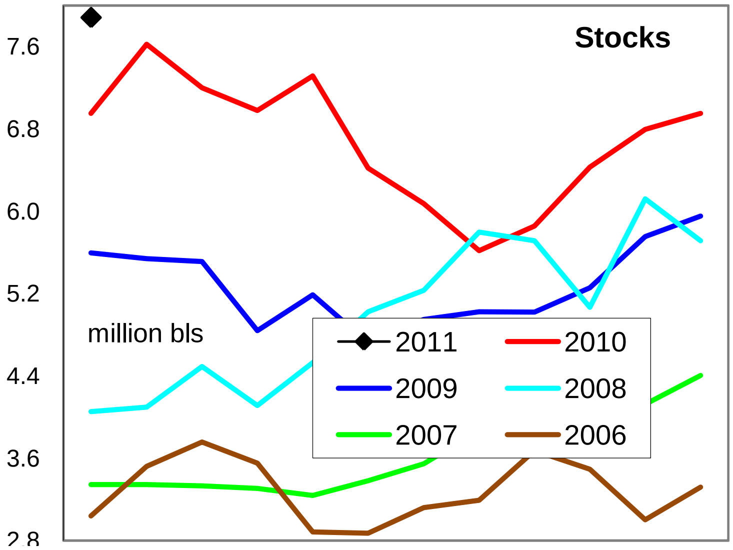
Variance to prior year	Stocks	Production	Imports	Demand
000 bpd (000 bls stocks)	655	11	-1	19
% change	10.2	84.6	-100.0	7.1

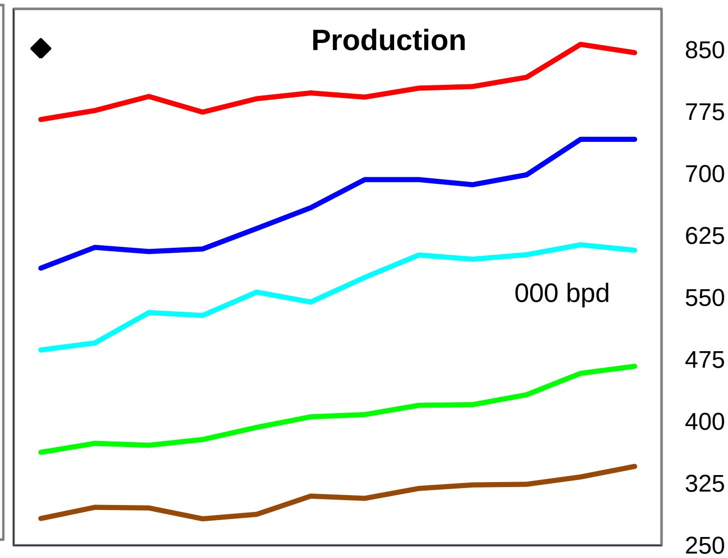
PADD 01 Gasoline/Ethanol Demand and Blending

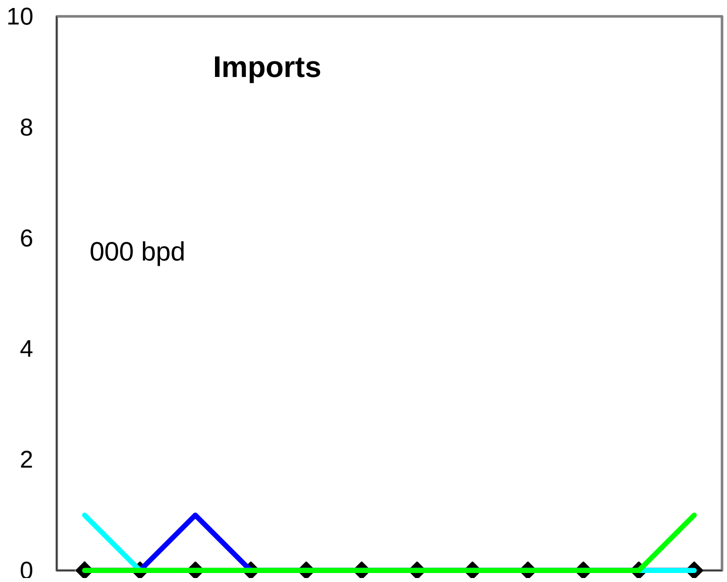


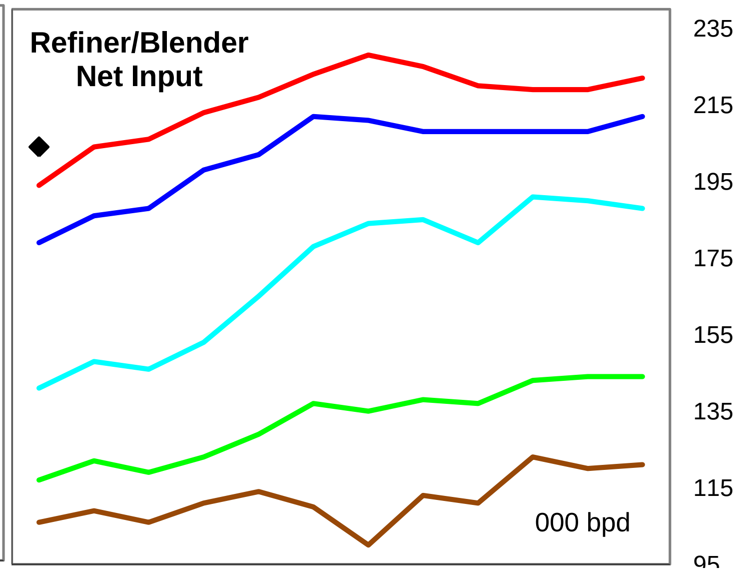
Variance to prior year	Gasoline Demand	Ethanol Demand	Prod with Ethanol	Prod Excl Ethanol
000 bpd	-149	19	198	117
% change	-4.7	7.1	7.4	-31.9

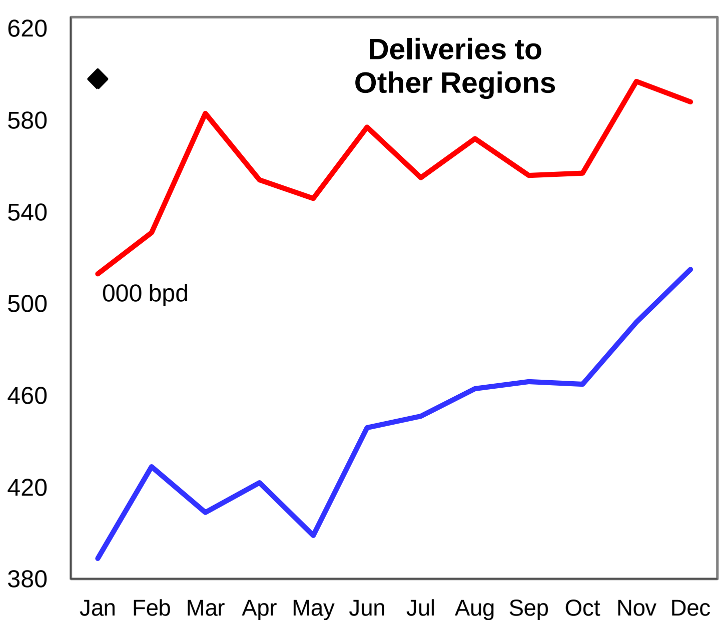
PADD 2 Ethanol Supply-Demand Balance

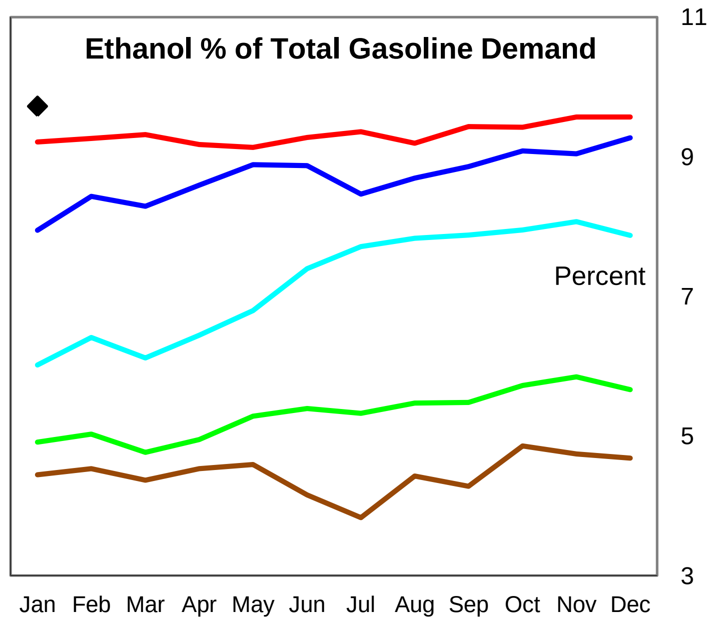






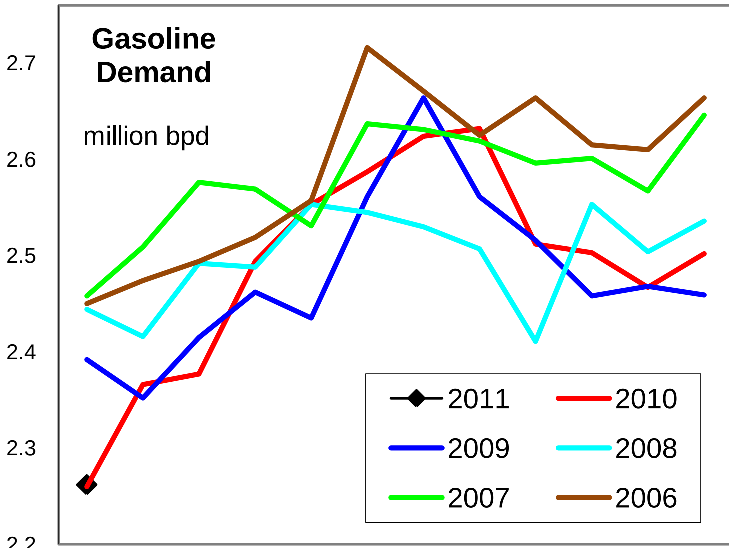


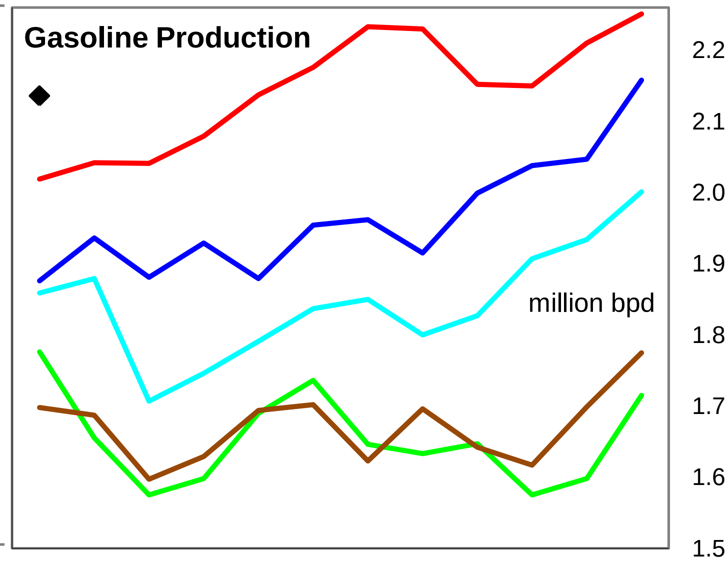


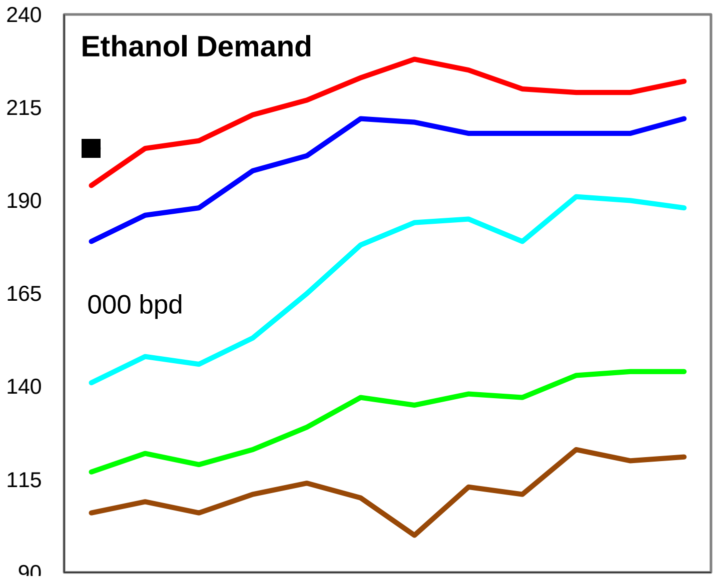


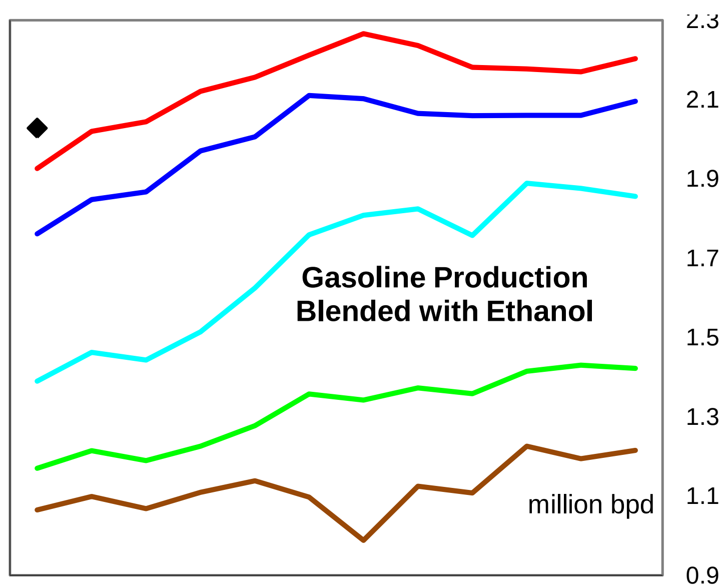
Variance to prior year	Stocks	Production	Imports	Demand
000 bpd (000 bls stocks)	930	86	0	10
% change	13.4	11.2	#DIV/0!	5.2

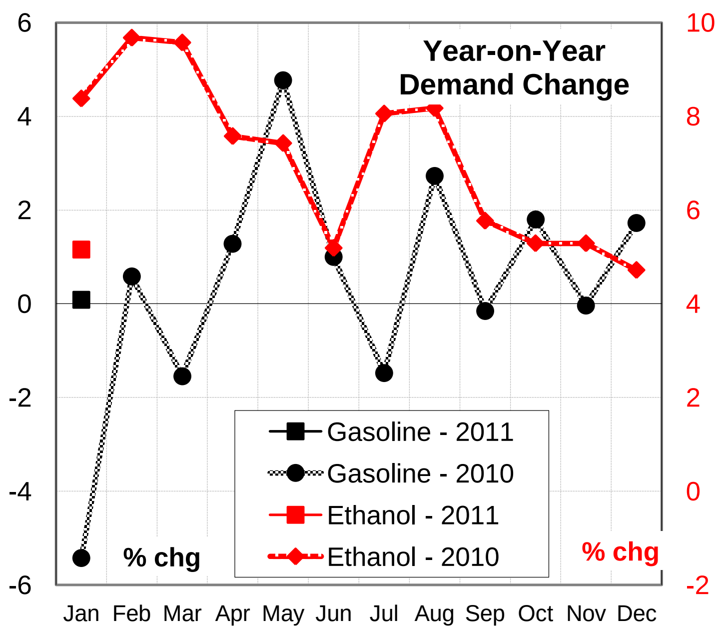
PADD 02 Gasoline/Ethanol Demand and Blending

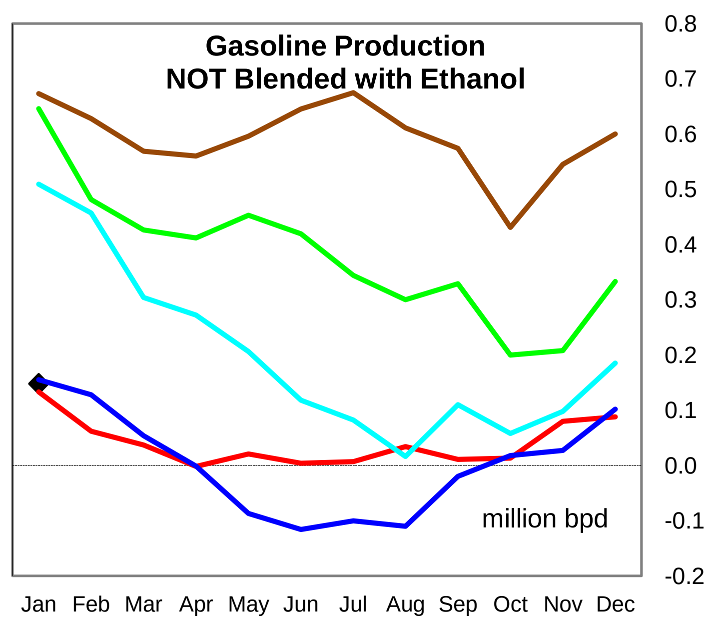






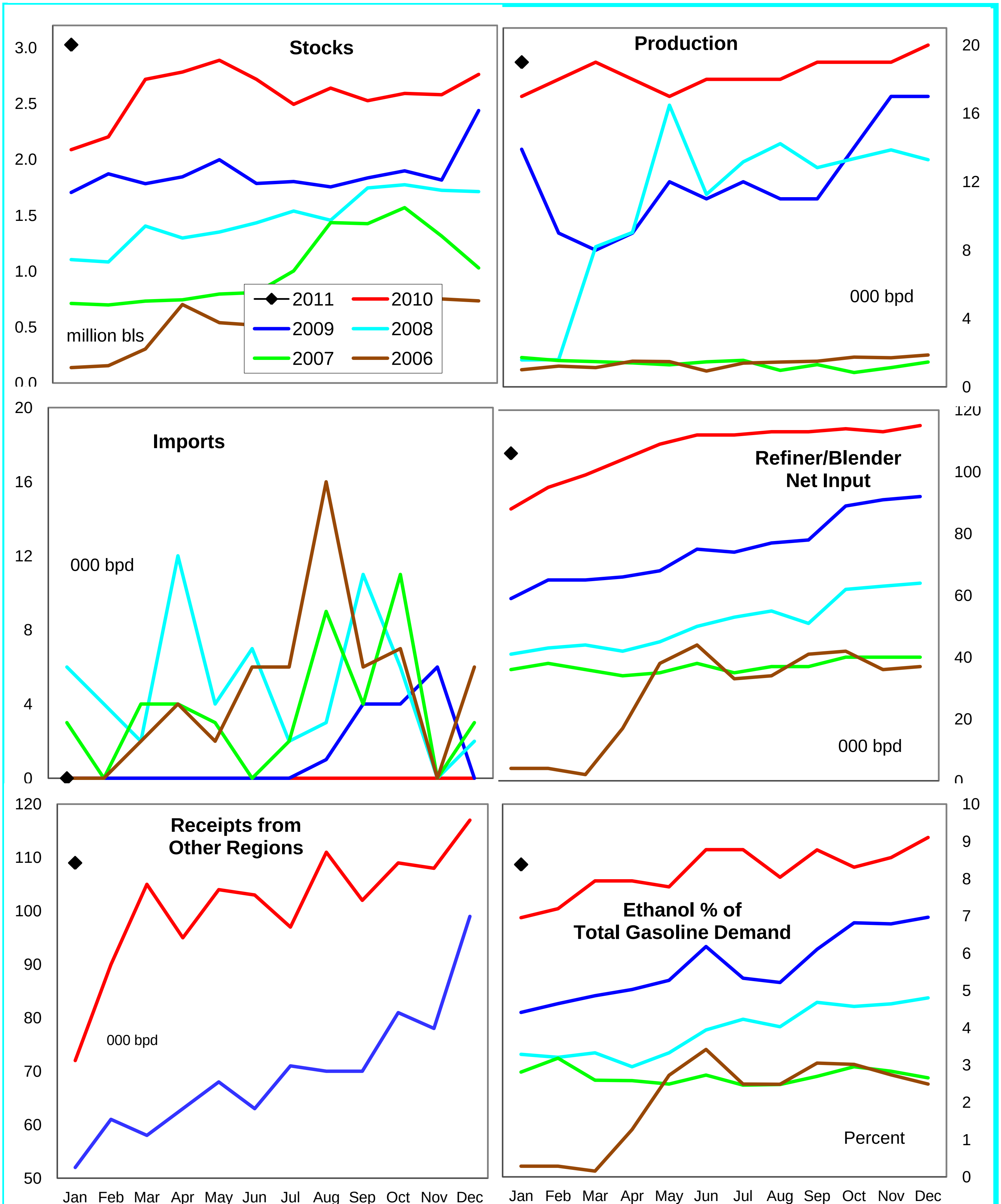






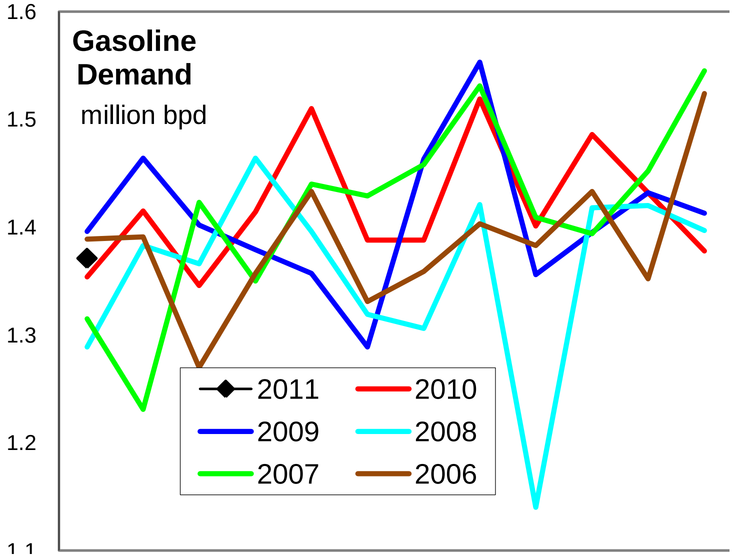
Variance to prior year	Gasoline Demand	Ethanol Demand	Prod with Ethanol	Prod Excl Ethanol
000 bpd	2	10	102	15
% change	0.1	5.2	5.3	11.3

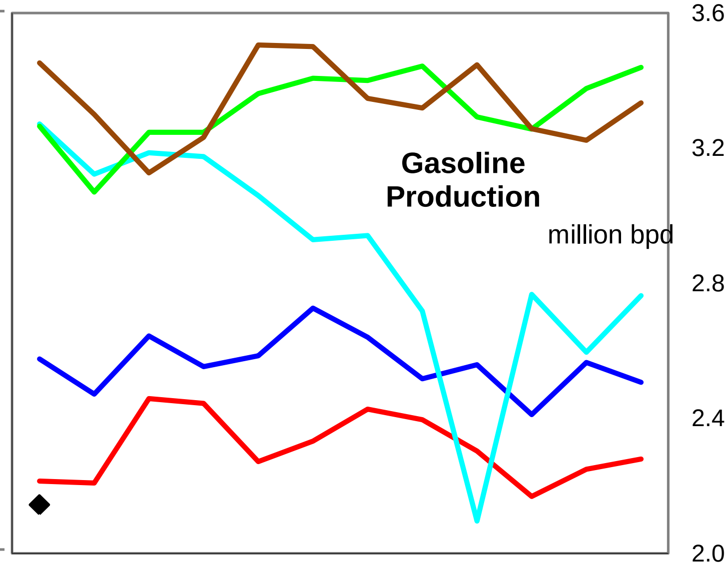
PADD 3 Ethanol Supply-Demand Balance

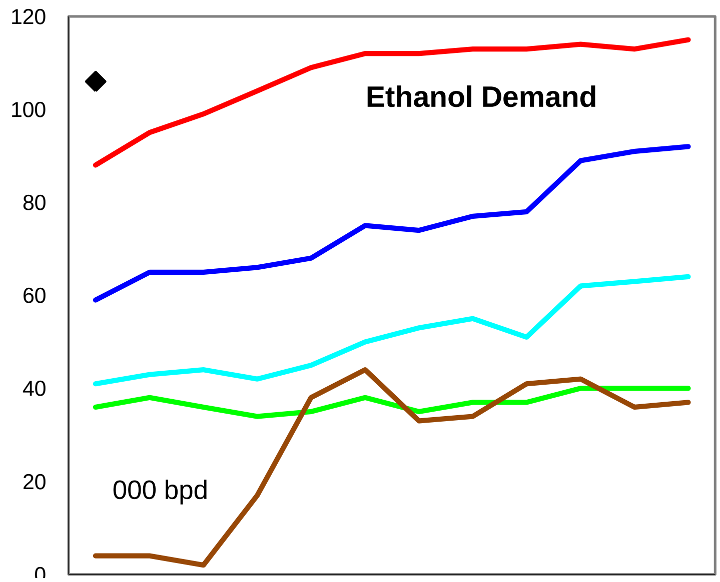


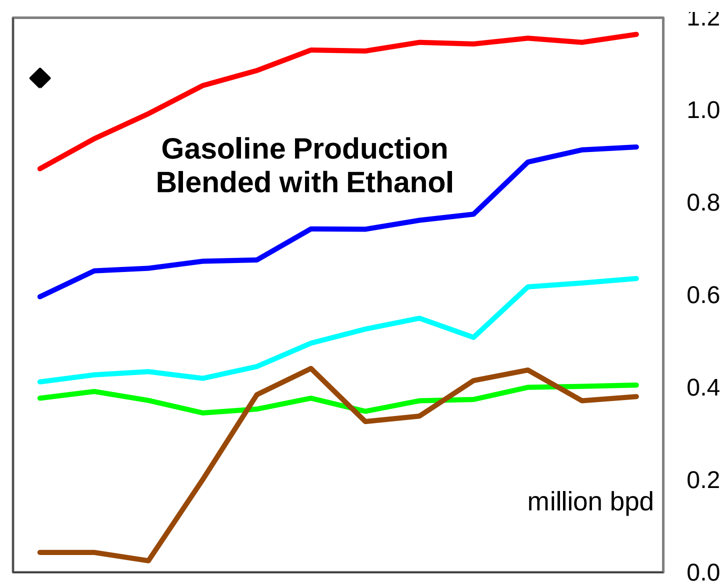
Variance to prior year	Stocks	Production	Imports	Demand
000 bpd (000 bls stocks)	939	2	0	18
% change	45.0	11.8	#DIV/0!	20.5

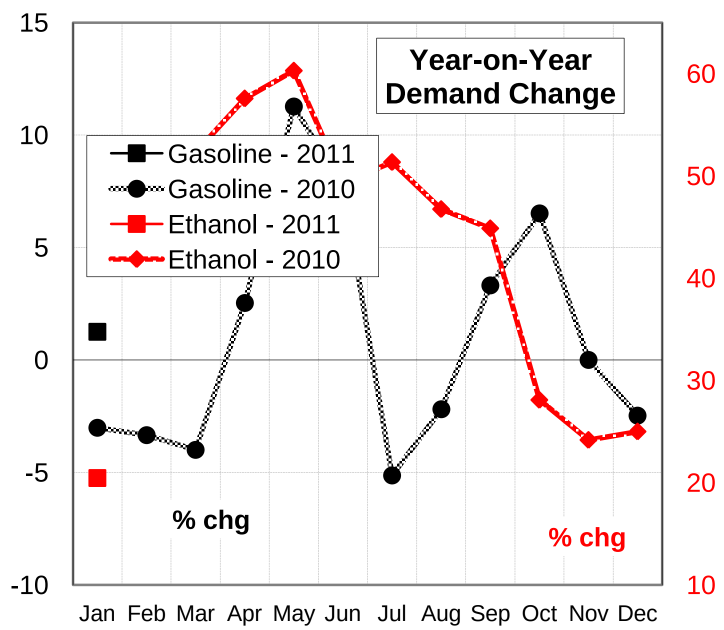
PADD 03 Gasoline/Ethanol Demand and Blending

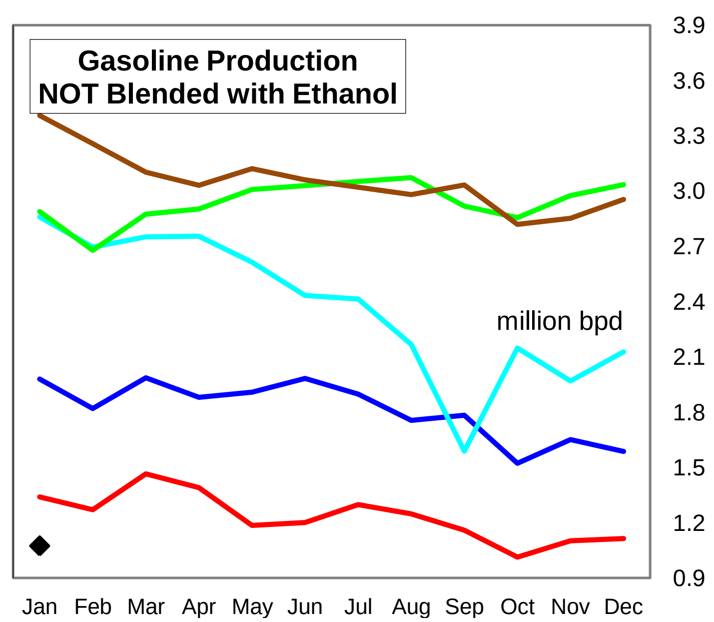






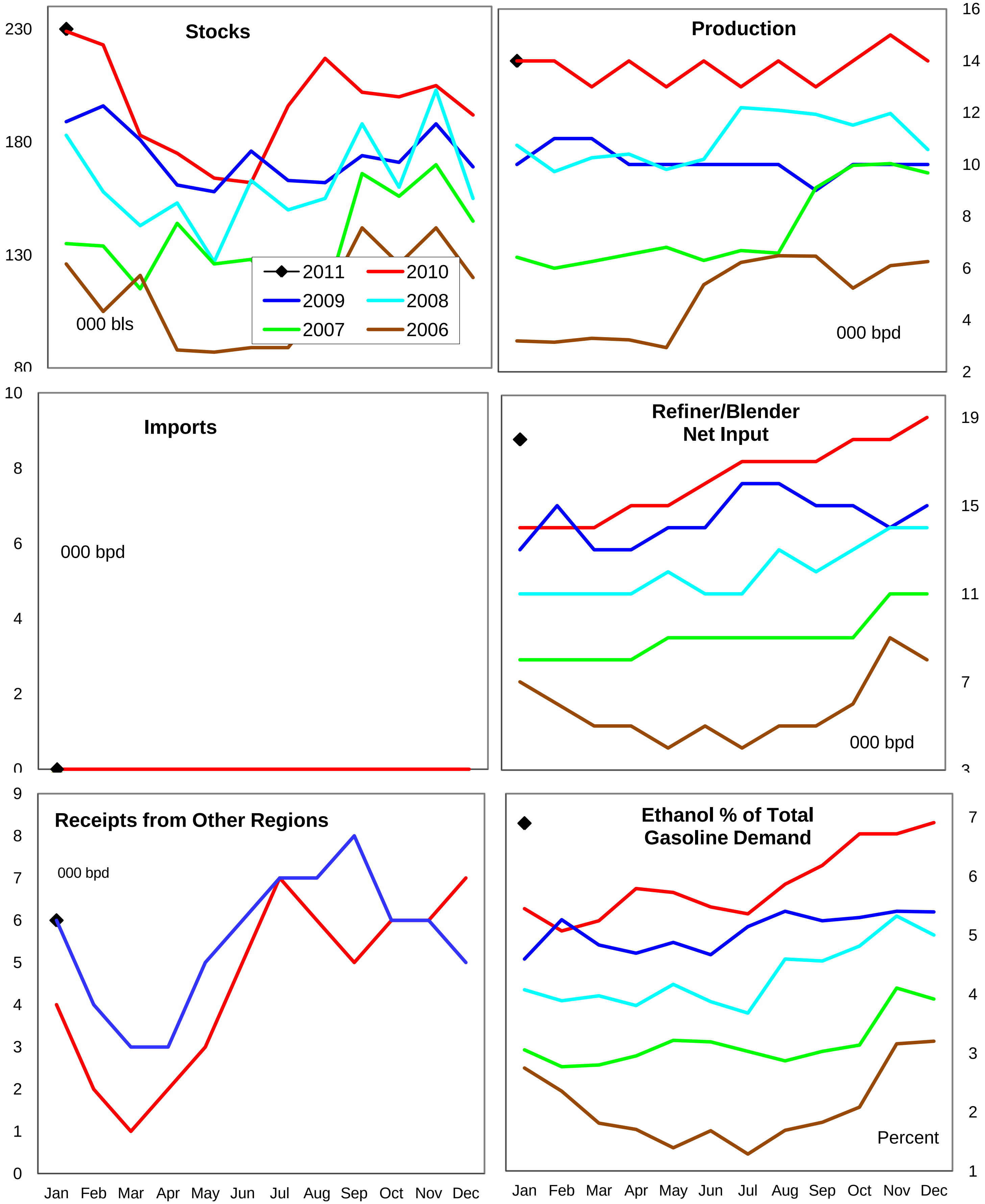






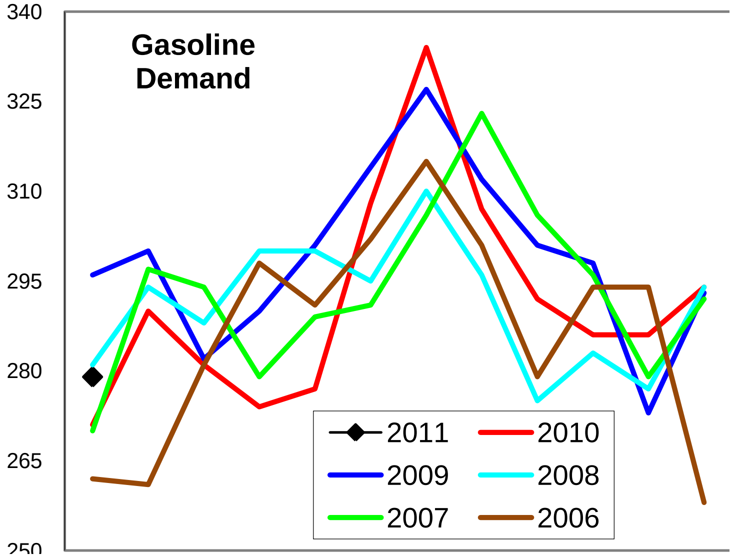
Variance to prior year	Gasoline Demand	Ethanol Demand	Prod with Ethanol	Prod Excl Ethanol
000 bpd	**64**	**18**	**196**	**-266**
% change	**6.3**	**20.5**	**22.5**	**-19.8**

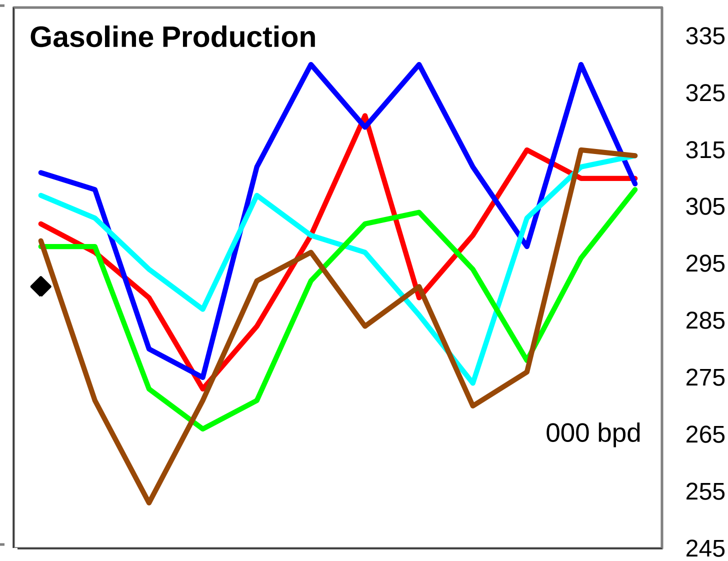
PADD 4 Ethanol Supply-Demand Balance

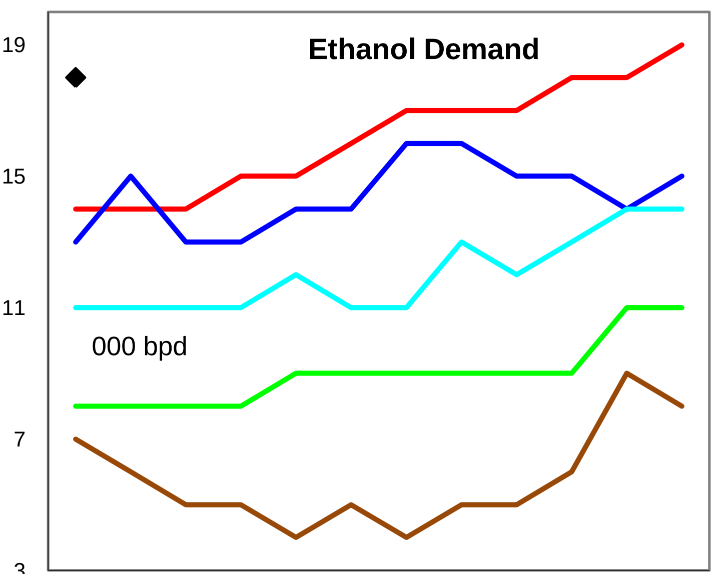


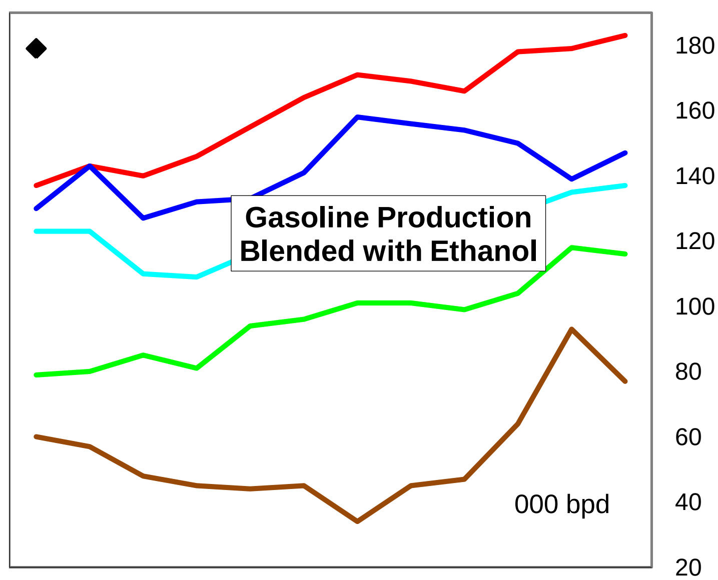
Variance to prior year	Stocks	Production	Imports	Demand
000 bpd (000 bls stocks)	1	0	0	4
% change	0.4	0.0	#DIV/0!	28.6

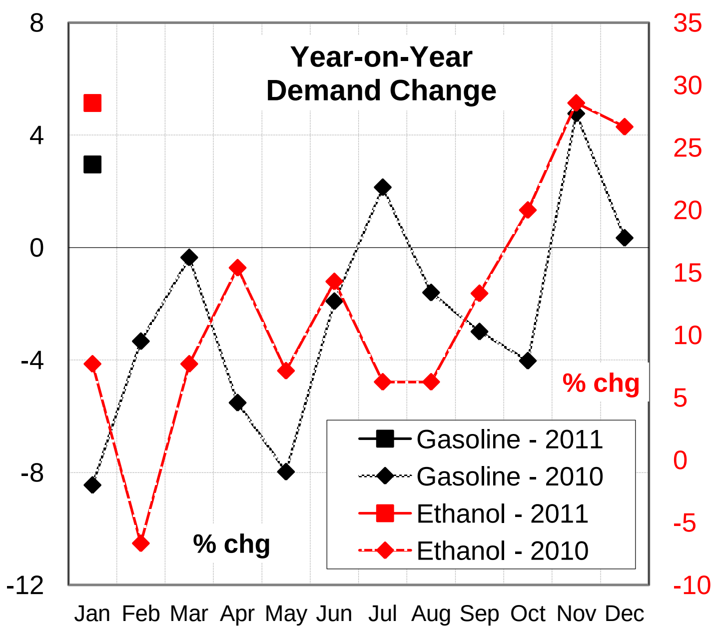
PADD 04 Gasoline/Ethanol Demand and Blending

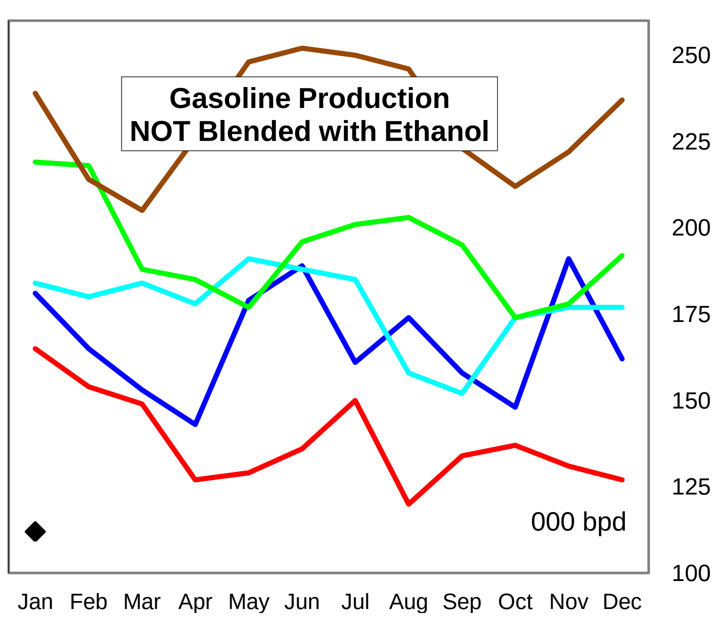












Variance to prior year	Gasoline Demand	Ethanol Demand	Prod with Ethanol	Prod Excl Ethanol
000 bpd	8	4	42	-53
% change	3.0	28.6	30.7	-32.1

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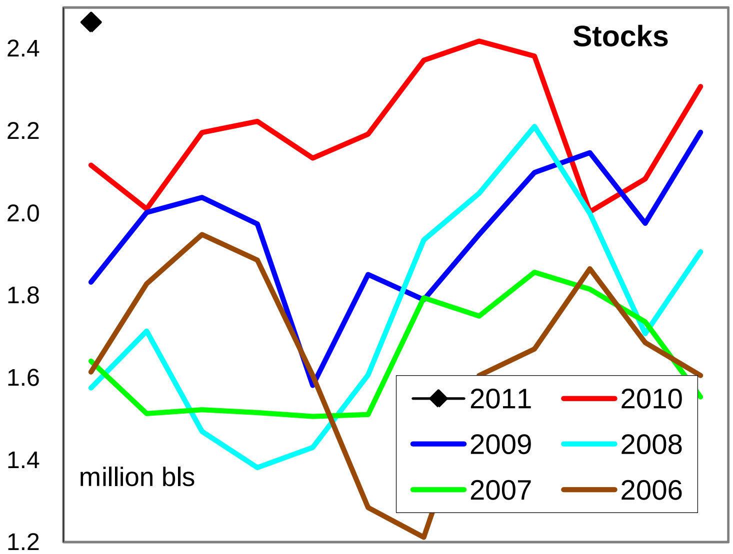
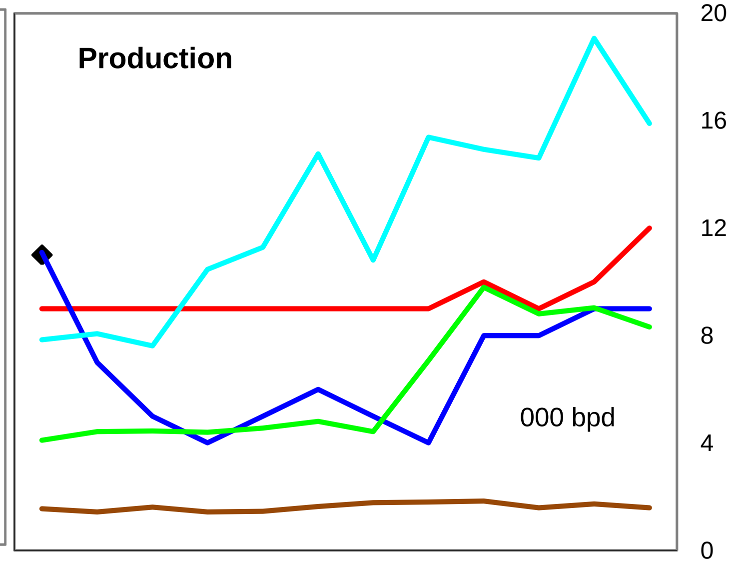
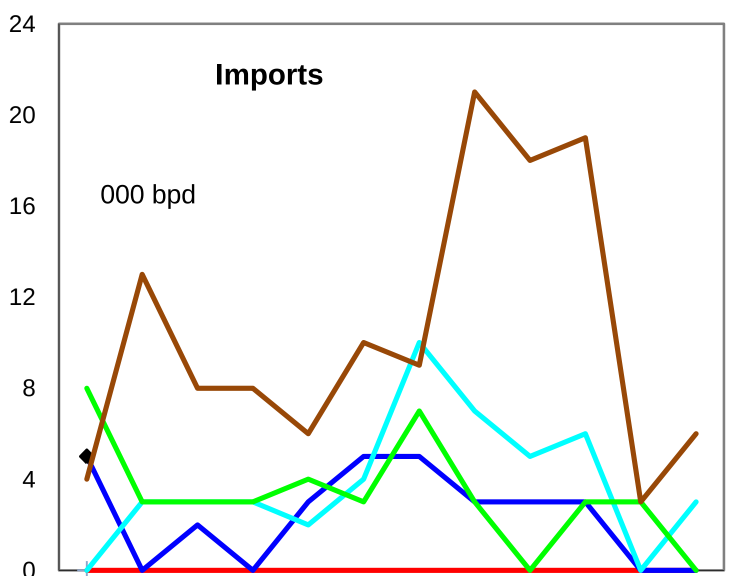
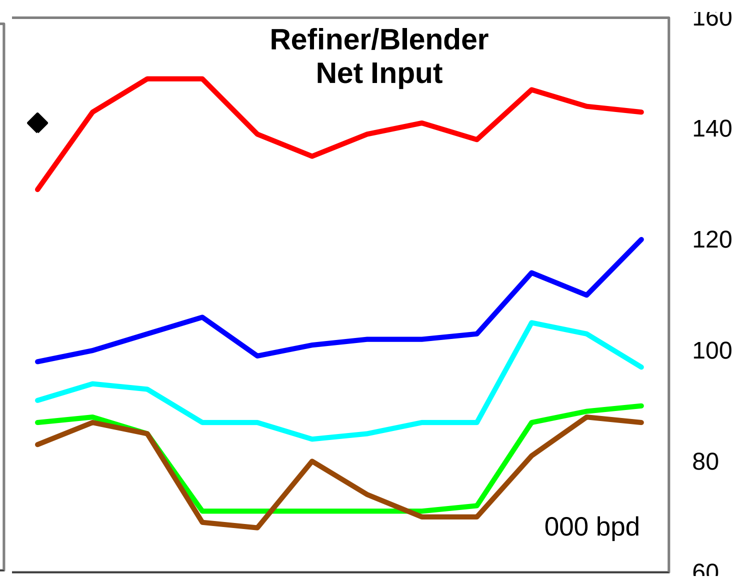
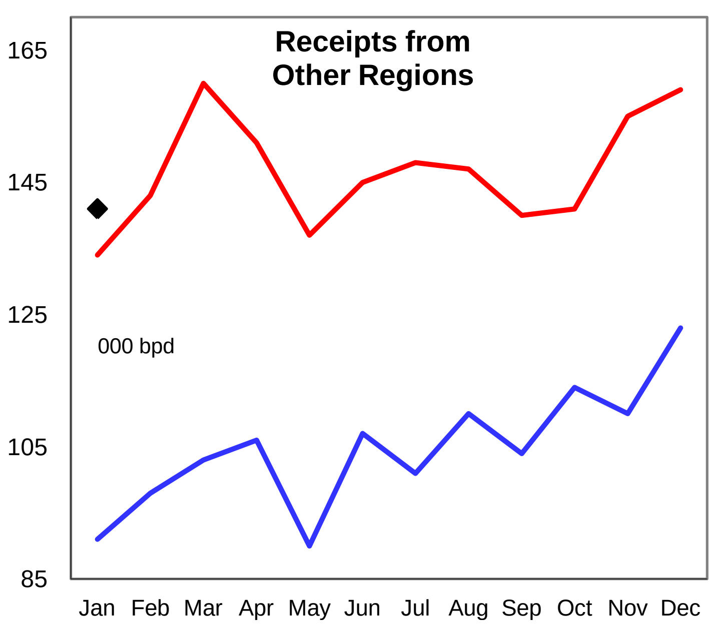
PADD 5 Ethanol Supply-Demand Balance

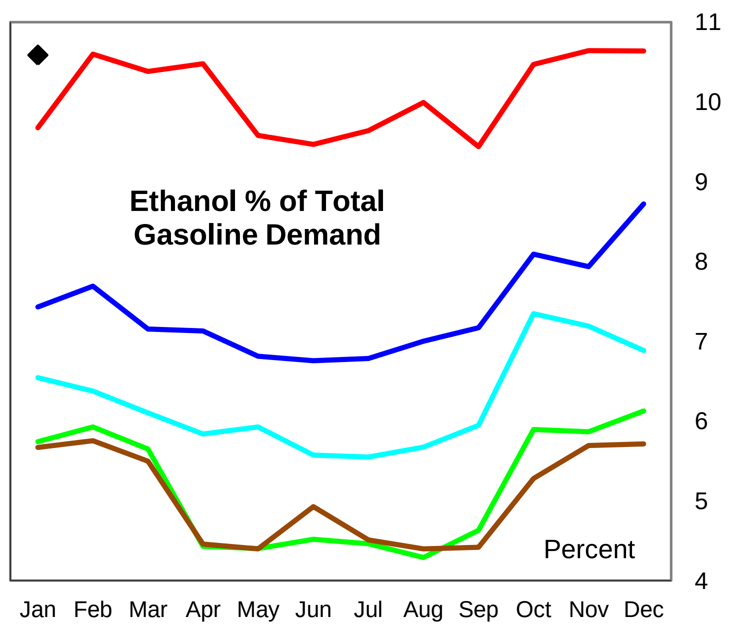






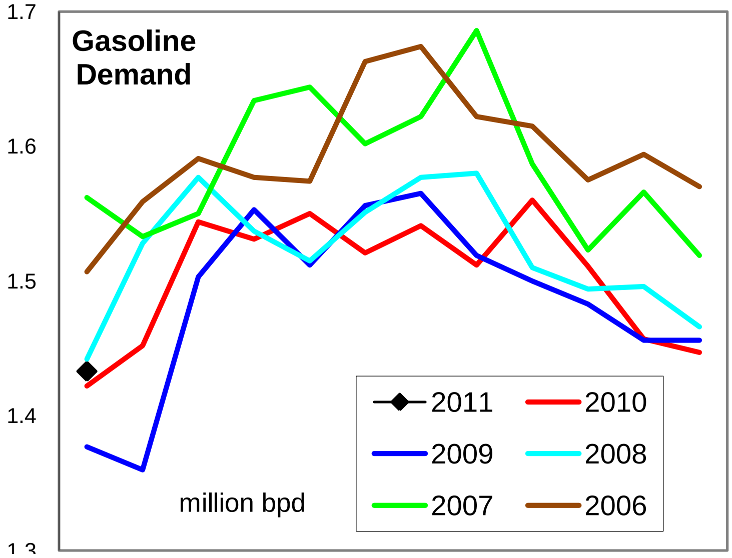


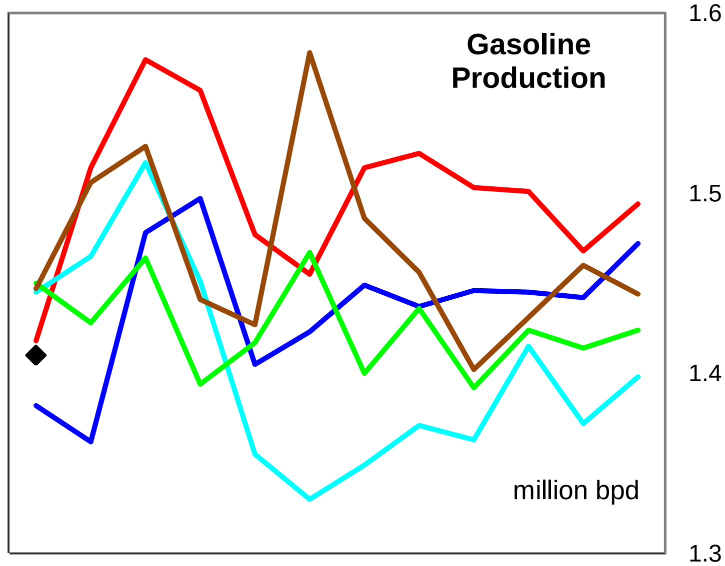


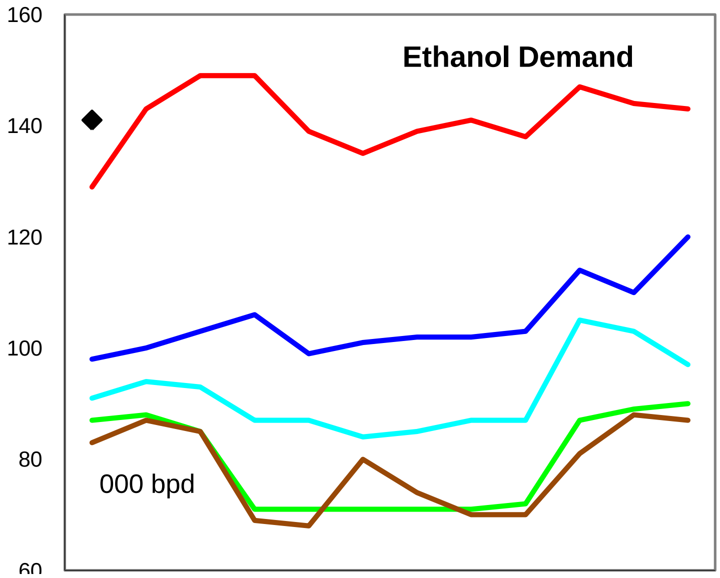


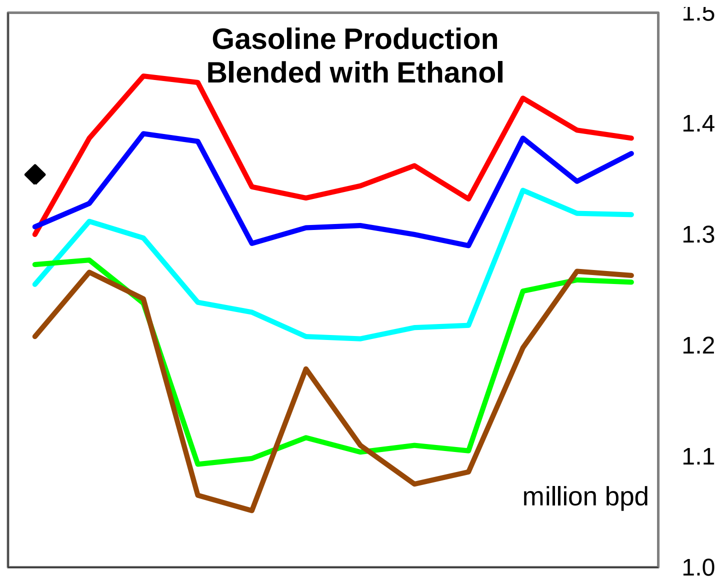
Variance to prior year	Stocks	Production	Imports	Demand
000 bpd (000 bls stocks)	347	2	0	12
% change	16.4	22.2	#DIV/0!	9.3

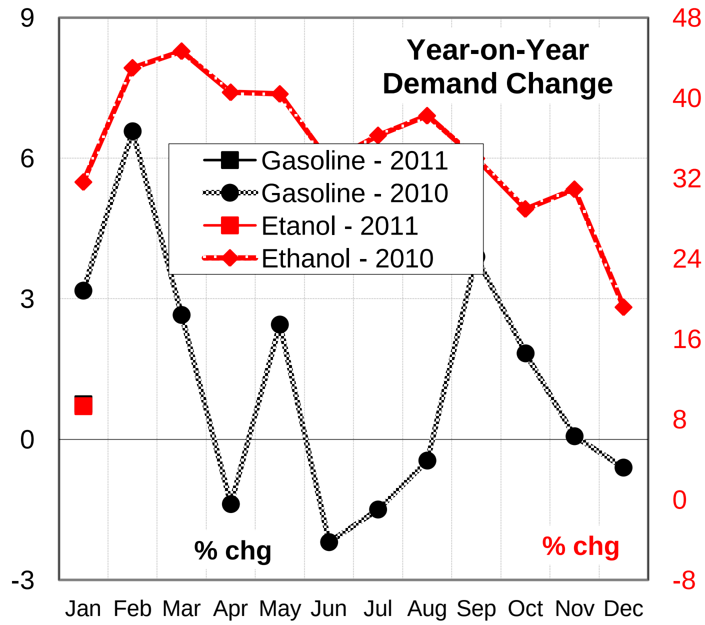
PADD 05 Gasoline/Ethanol Demand and Blending

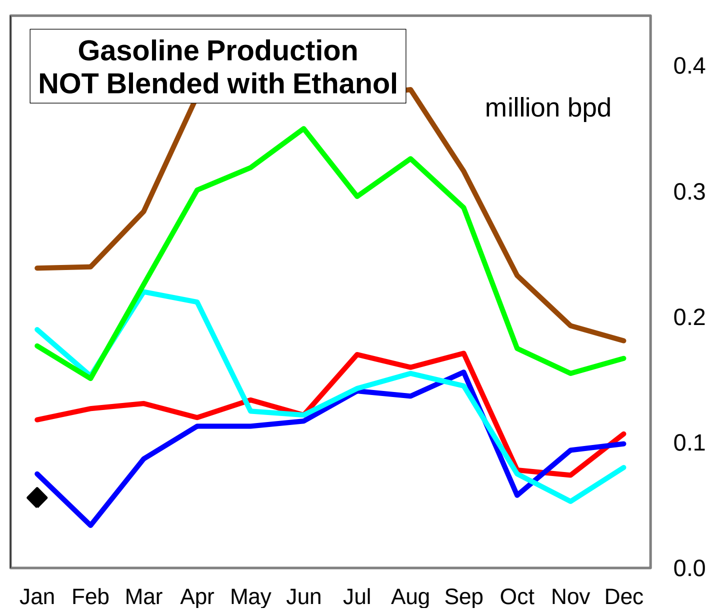












Variance to prior year	Gasoline Demand	Ethanol Demand	Prod with Ethanol	Prod Excl Ethanol
000 bpd	11	12	54	-62
% change	0.8	9.3	4.0	-52.5

Ethanol / Gasoline Fundamental Trends

Item	Monthly Ethanol Supply-Demand Balance						Change From Prior Year		
	Jan11	Dec10	Nov10	Oct10	Sep10	Aug10	1-Month	3-Mth Avg	6-Mth Avg
U. S. Total									
Production	920	918	925	884	869	870	102	124	134
Exports	44	0	0	0	0	0	44	15	7
EIA Adjustment	-36	-115	-103	-84	-77	-79	58	-15	-19
Implied Demand	752	807	797	804	789	805	61	83	100
Ending Stocks	20,672	17,940	18,029	17,295	17,408	17,340	2,872	2,204	2,148
Change in stocks	2,732	-89	734	-113	68	-444			
Wholesale Gasoline Demand	8,412	8,972	8,901	9,086	9,163	9,366	-113	0	82
Conv Ethanol Gasoline Blend	4,636	5,002	4,925	4,987	4,911	4,995	580	653	755
Ethanol % of Total Gasoline	9.82	9.88	9.83	9.71	9.42	9.40	1.00	1.13	1.24
PADD 01									
Production	24	25	25	24	21	24	11	14	14
Imports	0	0	0	0	0	0	-1	-2	-6
Receipts from other regions	342	306	327	301	310	309		NA	
Refiner/Blender Net Input	285	308	303	306	302	309	19	26	30
Ending Stocks	7,068	5,726	6,367	6,072	6,441	6,448	655	337	283
Wholesale Gasoline Demand	2,988	3,270	3,179	3,219	3,318	3,316	-149	-16	29
Conv Ethanol Gasoline Blend	1,715	1,860	1,833	1,855	1,802	1,844	213	279	315
Ethanol % of Total Gasoline	10.54	10.40	10.54	10.50	10.01	10.28	1.28	1.06	1.04
PADD 02									
Production	852	847	857	817	806	804	86	102	109
Deliveries to other regions	-598	-588	-597	-557	-556	-572		NA	
Refiner/Blender Net Input	204	222	219	219	220	225	10	10	12
Ending Stocks	7,883	6,953	6,795	6,429	5,857	5,617	930	990	928
Wholesale Gasoline Demand	2,302	2,542	2,507	2,543	2,552	2,672	2	15	26
Conv Ethanol Gasoline Blend	1,681	1,828	1,803	1,817	1,819	1,861	100	100	116
Ethanol % of Total Gasoline	9.72	9.57	9.57	9.42	9.43	9.19	0.51	0.45	0.46
PADD 03									
Production	19	20	19	19	19	18	2	2	5
Imports	0	0	0	0	0	0	0	-2	-3
Receipts from other regions	109	117	108	109	102	111		NA	
Refiner/Blender Net Input	106	115	113	114	113	113	18	21	27
Ending Stocks	3,027	2,761	2,579	2,591	2,526	2,640	939	675	715
Wholesale Gasoline Demand	1,371	1,378	1,432	1,486	1,401	1,519	17	-6	14
Conv Ethanol Gasoline Blend	702	766	749	750	740	726	188	208	262
Ethanol % of Total Gasoline	8.38	9.11	8.57	8.31	8.77	8.04	1.43	1.78	2.06
PADD 04									
Production	14	14	15	14	13	14	0	3	4
Receipts from other regions	6	7	6	6	5	6		NA	
Refiner/Blender Net Input	18	19	18	18	17	17	4	4	3
Ending Stocks	230	192	205	200	202	217	1	14	26
Wholesale Gasoline Demand	279	294	286	286	292	307	8	7	-1
Conv Ethanol Gasoline Blend	179	183	179	178	166	169	-335	-351	-301
Ethanol % of Total Gasoline	6.90	6.91	6.72	6.72	6.18	5.86	1.45	1.42	1.18
PADD 05									
Production	11	12	10	9	10	9	2	2	2
Imports	0	0	0	0	0	0	0	0	-2
Receipts from other regions	141	159	155	141	140	147		NA	
Refiner/Blender Net Input	141	143	144	147	138	141	12	23	29
Ending Stocks	2,464	2,308	2,083	2,003	2,382	2,418	347	189	196
Wholesale Gasoline Demand	1,473	1,487	1,497	1,551	1,600	1,552	11	1	14
Conv Ethanol Gasoline Blend	359	365	361	388	384	394	37	28	34
Ethanol % of Total Gasoline	10.59	10.64	10.64	10.47	9.44	9.99	0.91	1.84	2.20

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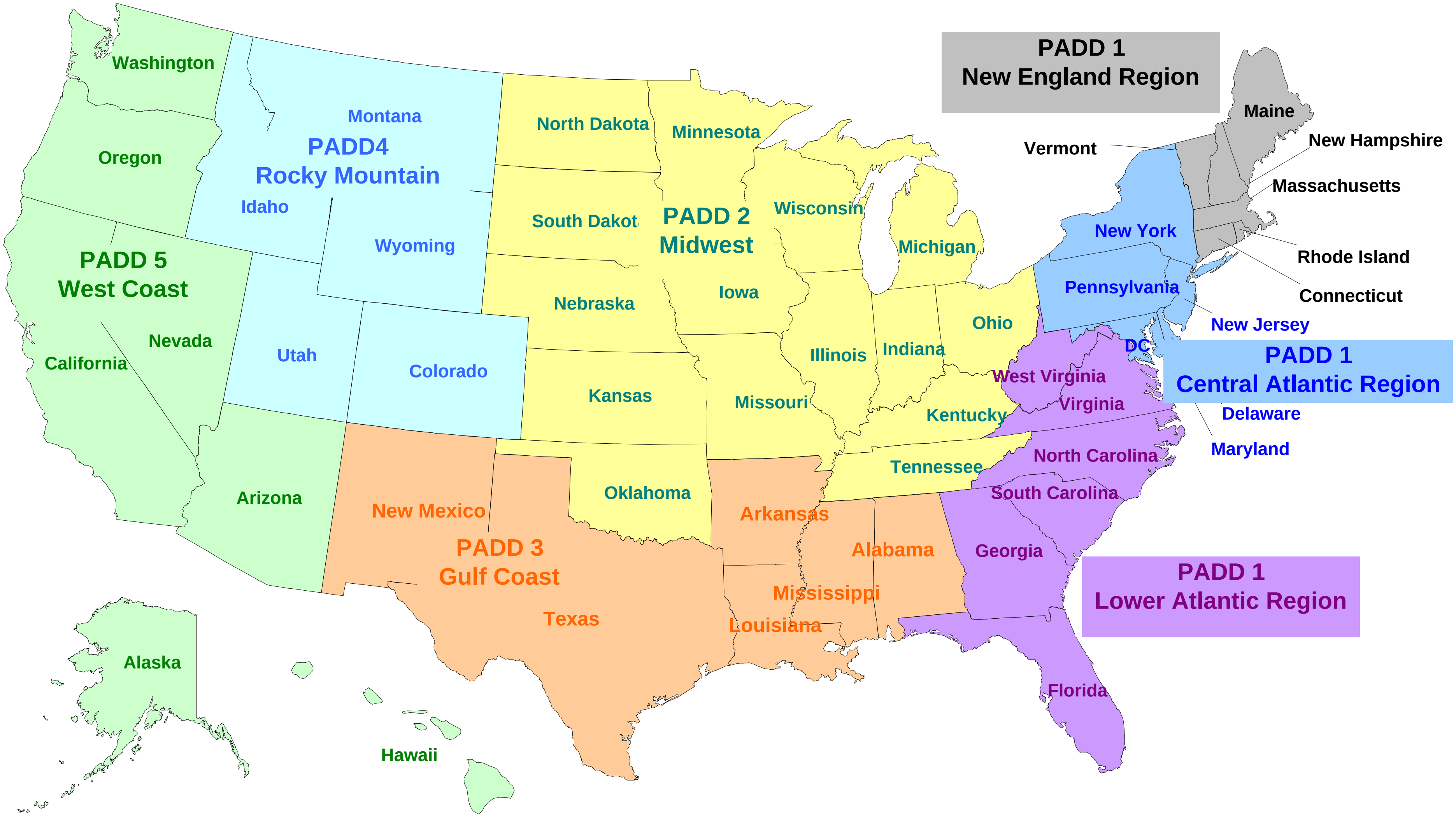

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