



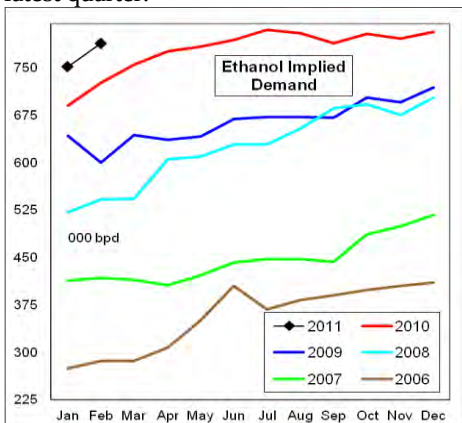
ETHANOL SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Monthly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Monday, May 09, 2011

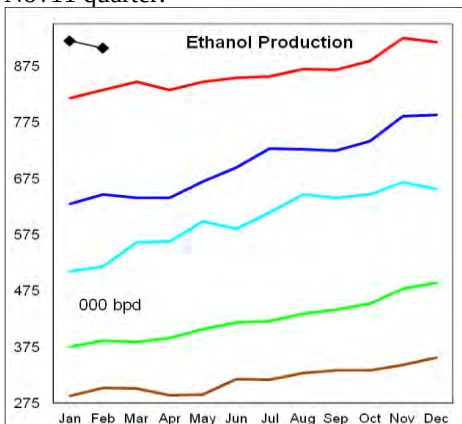


Summary: Ethanol demand was 783,000 bpd in the Dec10 - Feb11 quarter, down -14,000 bpd compared to the Sep10 - Nov10 period. Wholesale gasoline demand decreased -373,000 bpd in the same quarter over quarter period. These trends show blend rates were higher in the latest quarter.



Year-over-year demand for ethanol between Dec10 - Feb11 and the same quarter in 2010 increased +70,000 bpd. This represented a +9.8% increase.

Ethanol production was 915,000 bpd during the Dec10 - Feb11 quarter, up +2,000 bpd compared to the Sep10 - Nov11 quarter.

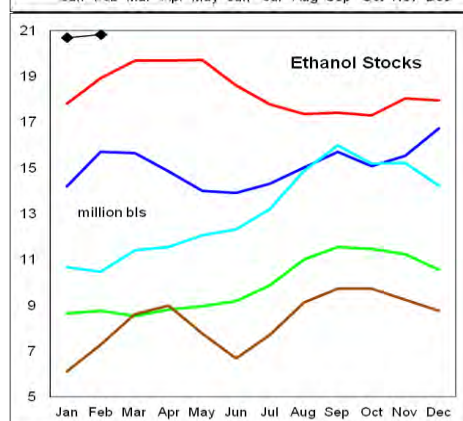
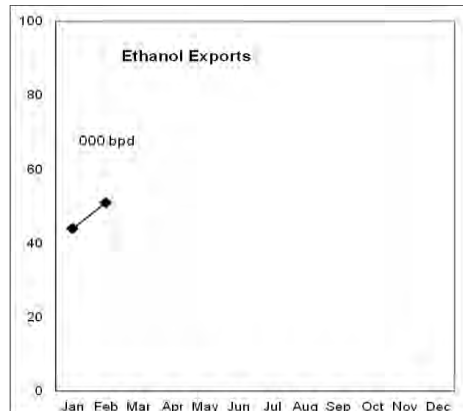


Year-over-year production increased in the Dec10 - Feb11 quarter by +102,000 bpd. This was a +12.5% increase.

Ethanol exports averaged 47,500 bpd in January and February 2011, the latest period for which the EIA has reported export volume. Exports were equal to 6.1% of domestic use.

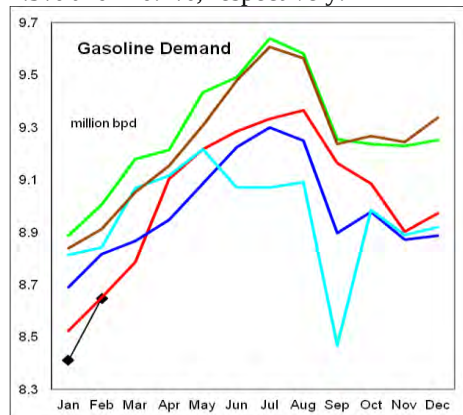
Ethanol stocks increased +137,000 barrels at the end of February, compared to the end of January. February ending stocks were 20.8 million barrels, a new all

time high. Stocks increased +0.6 million barrels in PADD 2 and +0.3 million barrels in PADD 3. Stocks fell -0.4 million barrels in PADD 1 and -0.3 million barrels in PADD 5.



Gasoline Demand Trends: Wholesale gasoline demand decreased -11,000 bpd year-over-year in the Dec10 - Feb11 period compared to a year ago, a +0.1% decrease.

Gasoline year-on-year demand in March 2011 and April 2011 decreased -1.9% and +0.1%; respectively.



Blending Trends: During the Dec10 - Feb11 quarter, 4.8 million bpd of conventional gasoline was blended with ethanol, equal to 82% of conventional

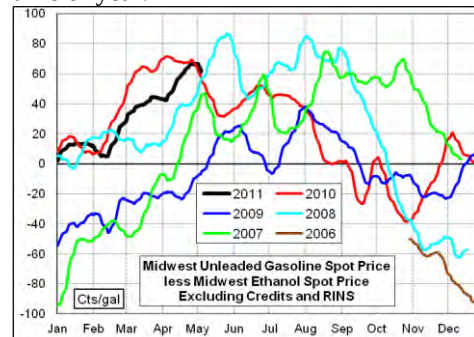
grade output. This was an increase of +0.6 million bpd over the same period in 2010. The volume of gasoline not blended with ethanol was 0.9 million bpd in Jan 2011, 16% of total production.

Ethanol Blend Economics: Midwest ethanol prices increased from a low of \$2.25/gal in early February to a high of \$2.70/gal in early April, then falling to \$2.50/gal in the 1st week of May.

Midwest spot gasoline prices trended higher from a low of \$2.40/gal in early February to a high of \$3.35/gal in early April, then falling to \$3.08/gal in the 1st week of May.

The Midwest spot gasoline - ethanol price spread extended the longer term uptrend that began in mid February through the end of April. The current spread at +60 cpg in favor of gasoline matches historic highs for this time of year.

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



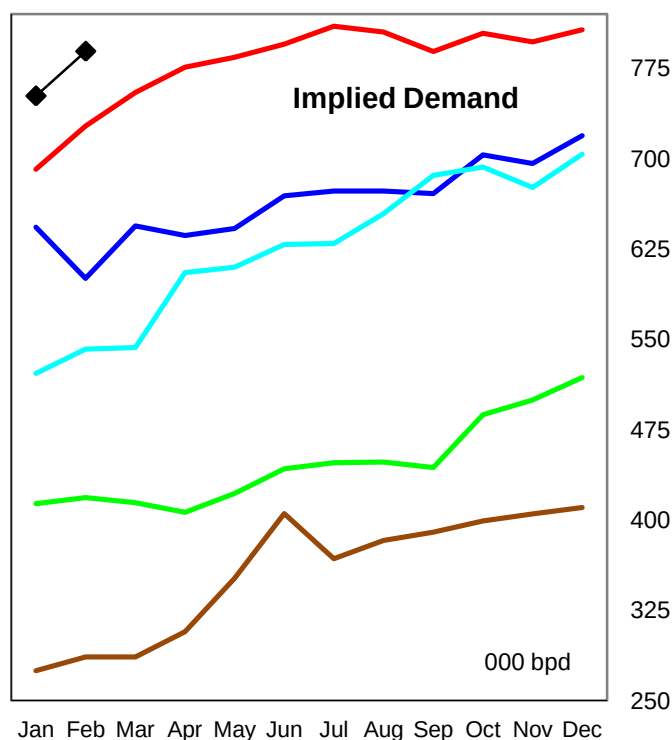
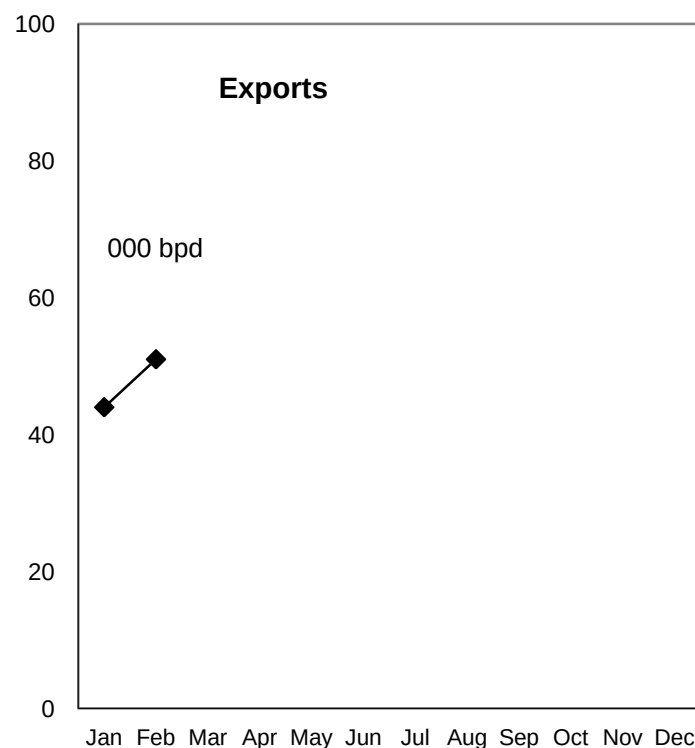
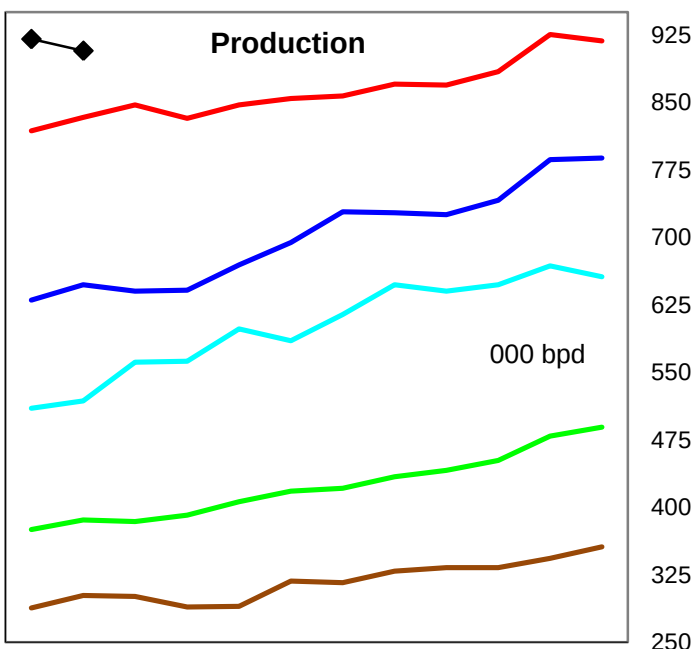
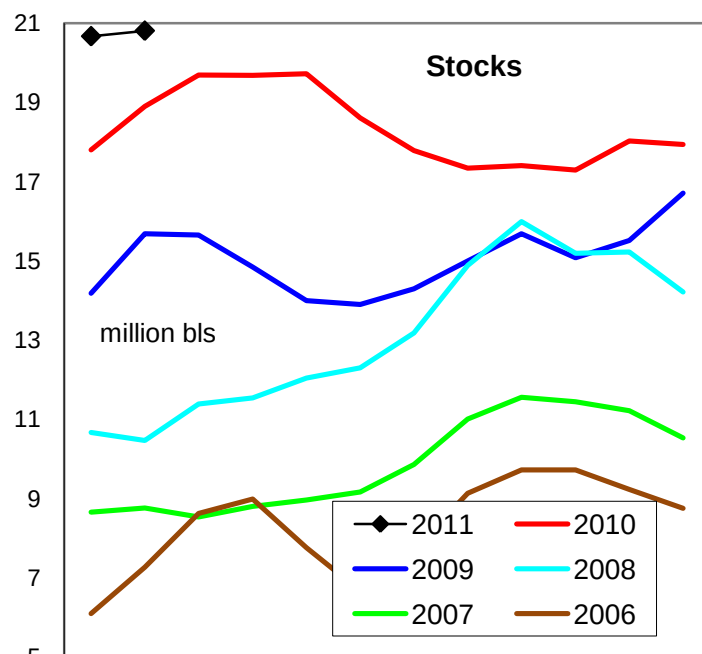
Emerging Trends: Weekly ethanol stocks peaked at 20.5 million barrels in the 1st week of April, followed by a decline to 19.3 million barrels late in the month. These extremely high stock levels compared to near record low gasoline stocks in markets East of the Rockies during the same period.

A tight gasoline market due to very high refinery maintenance in PADD 01, above normal maintenance in PADDs 2 and 3 and low blend stock imports underlies the extremely favorable ethanol blend economics.

Expect tightness in the gasoline market to moderate by early June on higher production, higher imports, and weak demand due to high retail prices. Ethanol blend economics should remain favorable during the summer driving season, although, below current levels.

United States Ethanol Supply-Demand Balance

Item	Monthly Ethanol Supply-Demand Balance						Change From Prior Year		
	Feb11	Jan11	Dec10	Nov10	Oct10	Sep10	1-Month	3-Mth Avg	6-Mth Avg
Production	907	920	918	925	884	869	74	102	122
Exports	51	44	0	0	0	0	51	32	16
EIA Adjustment	-62	-36	-115	-103	-84	-77	6	-7	-16
Demand	789	752	807	797	804	789	62	70	89
Ending Stocks	20,809	20,672	17,940	18,029	17,295	17,408	1,912	2,004	2,077
Change in stocks	137	2,732	-89	734	-113	68			
Wholesale Gasoline Demand	8,648	8,412	8,972	8,901	9,086	9,163	-3	-11	62
Conv Ethanol Gasoline Blend	4,880	4,636	5,002	4,925	4,987	4,911	574	610	693
Ethanol % of Total Gasoline	10.04	9.82	9.88	9.83	9.71	9.42	0.86	0.98	1.12



Variance to prior year
000 bpd (000 bbls stocks)
% change

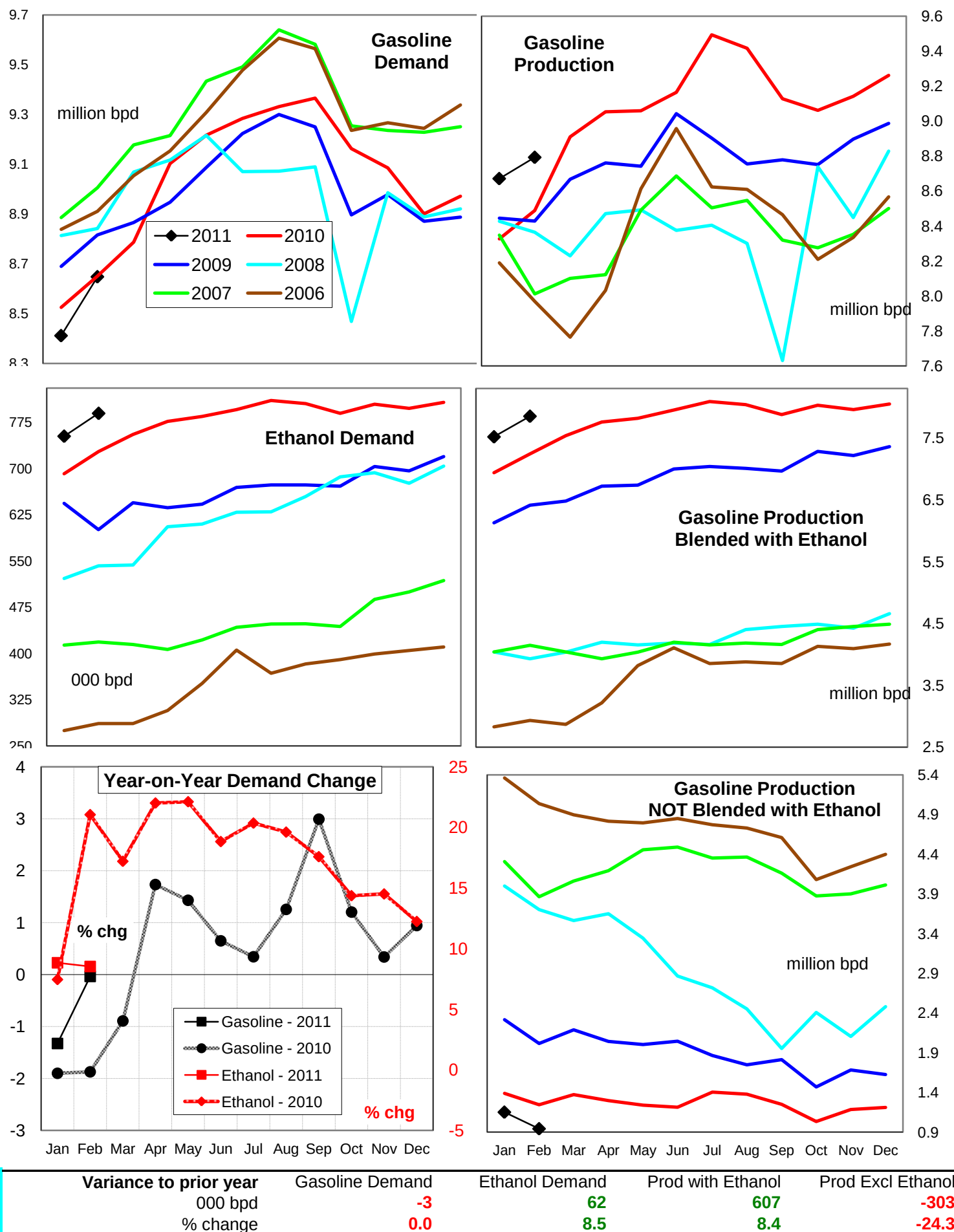
Stocks
1,912
10.1

Production
74
8.9

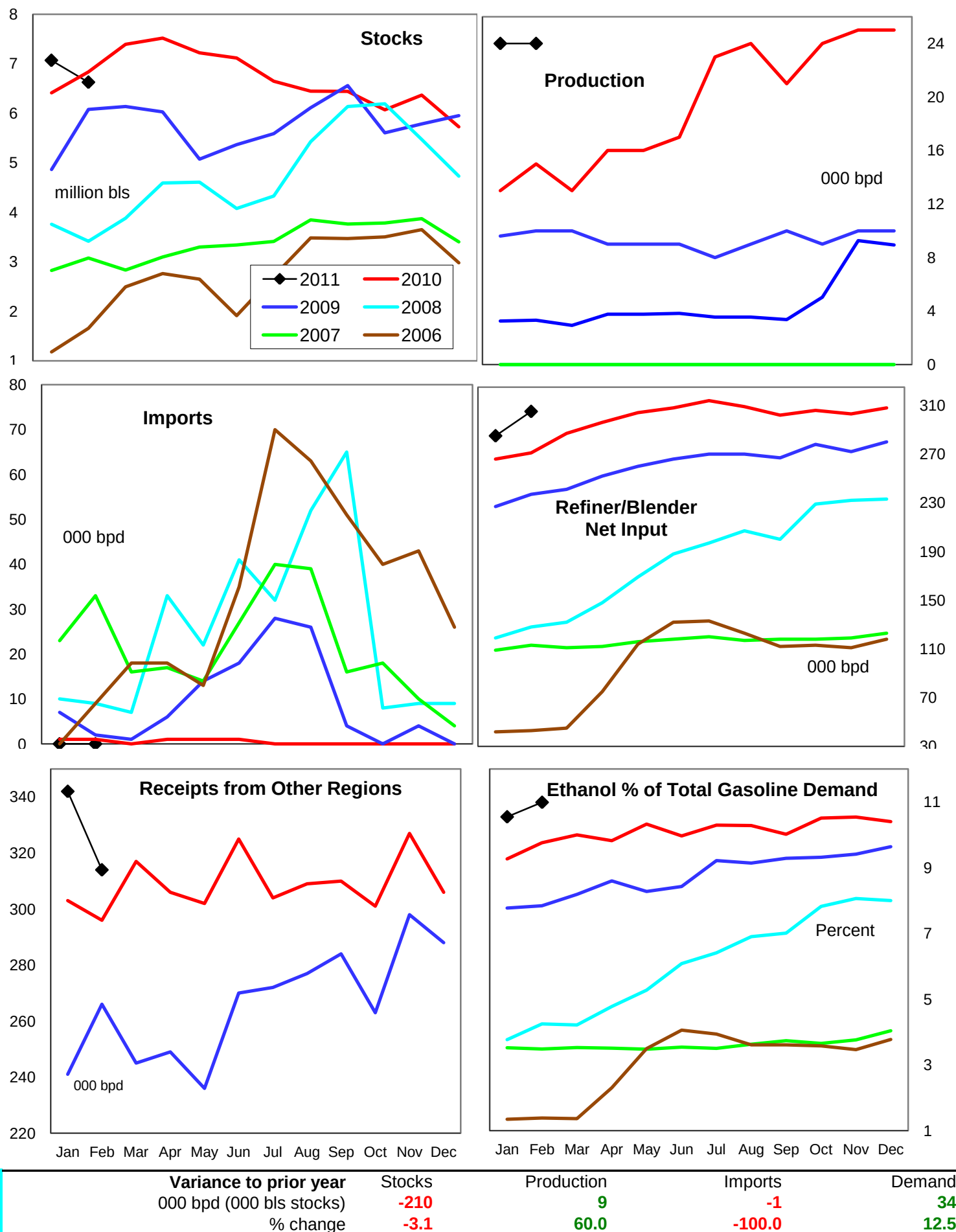
Exports
51
#DIV/0!

Demand
62
8.5

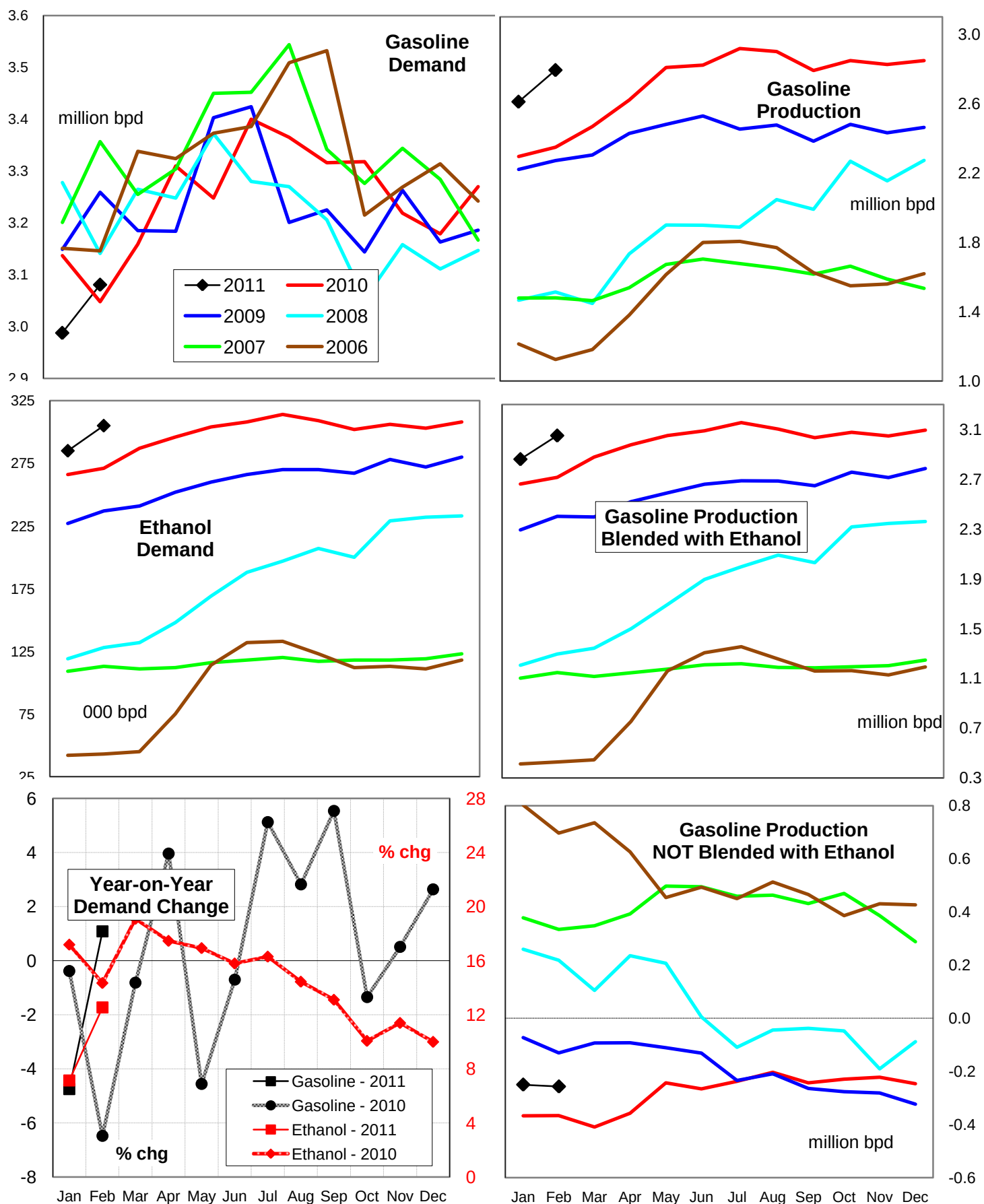
U. S. Gasoline/Ethanol Demand and Blending



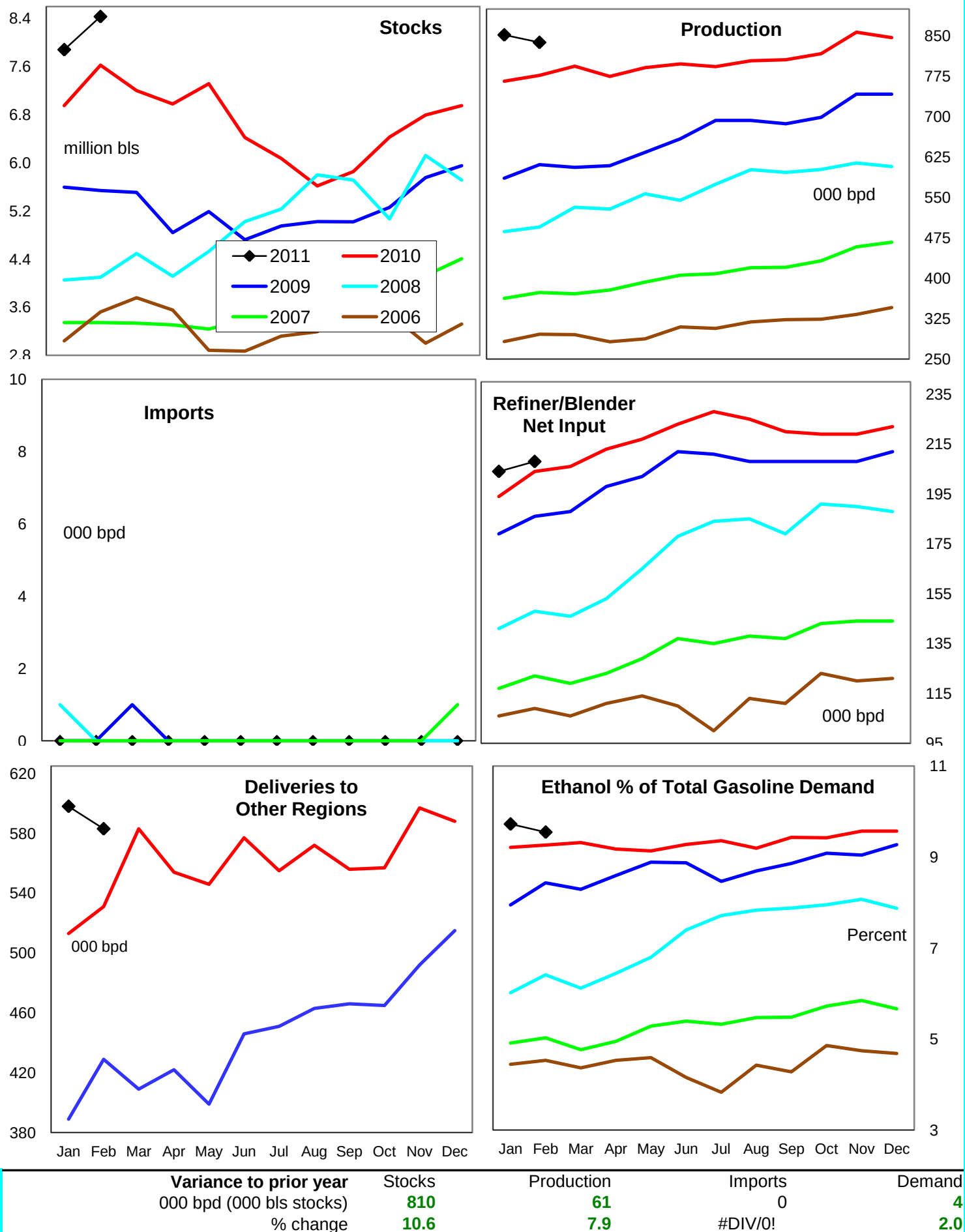
PADD 1 Ethanol Supply-Demand Balance



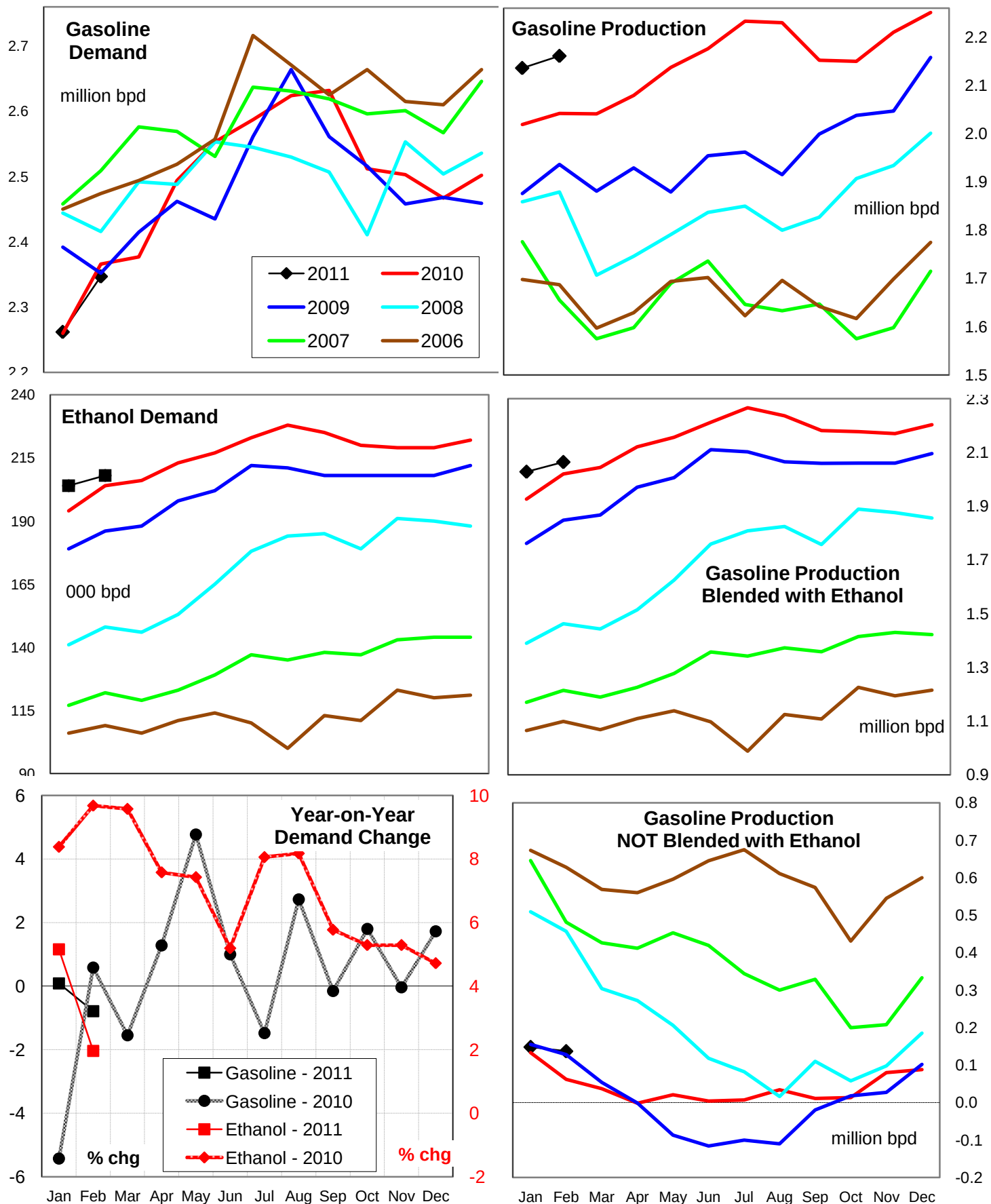
PADD 01 Gasoline/Ethanol Demand and Blending



PADD 2 Ethanol Supply-Demand Balance



PADD 02 Gasoline/Ethanol Demand and Blending



Variance to prior year

000 bpd

% change

Gasoline Demand

-19

-0.8

Ethanol Demand

4

2.0

Prod with Ethanol

44

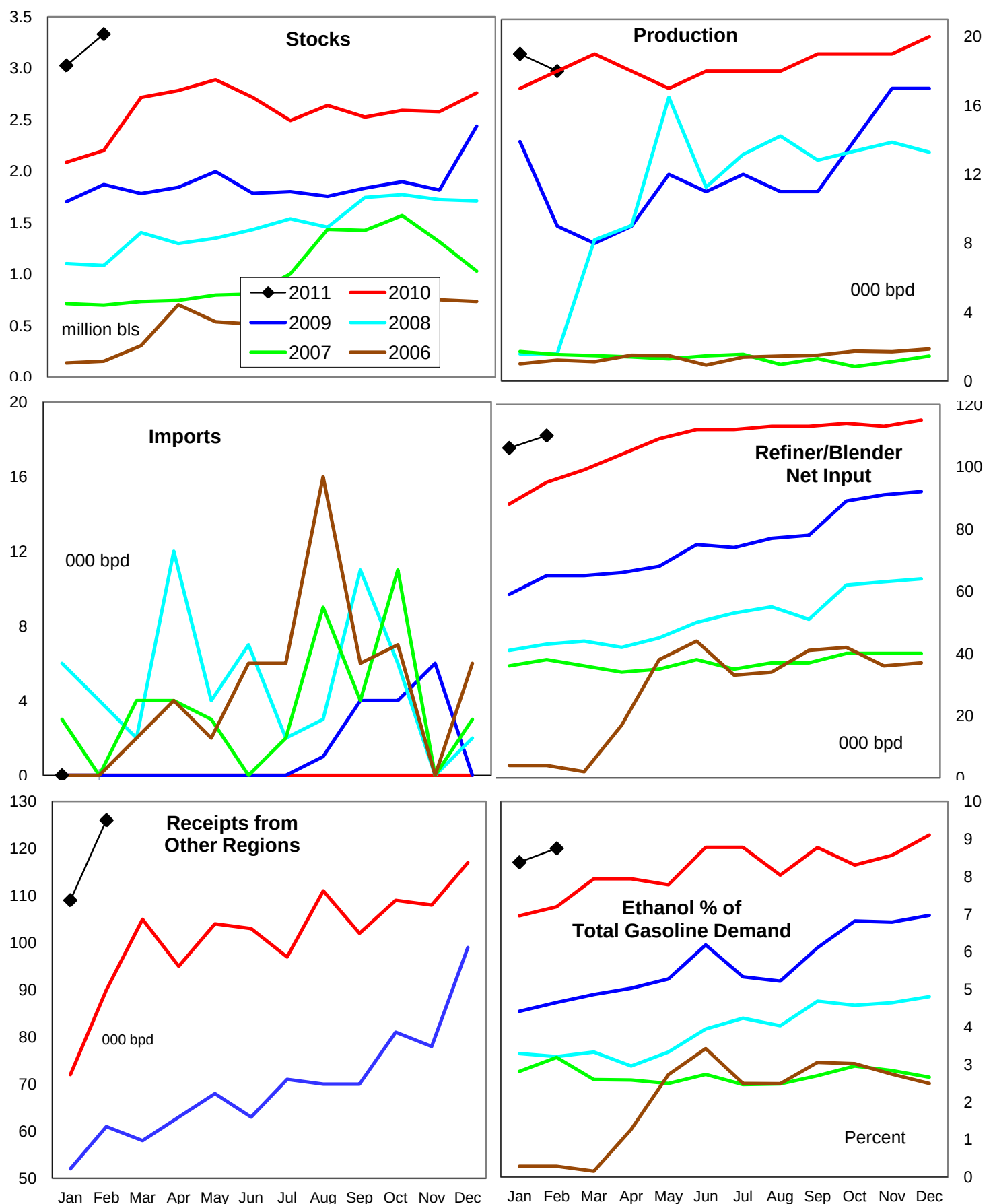
2.2

Prod Excl Ethanol

75

121.0

PADD 3 Ethanol Supply-Demand Balance



Variance to prior year
000 bpd (000 bbls stocks)
% change

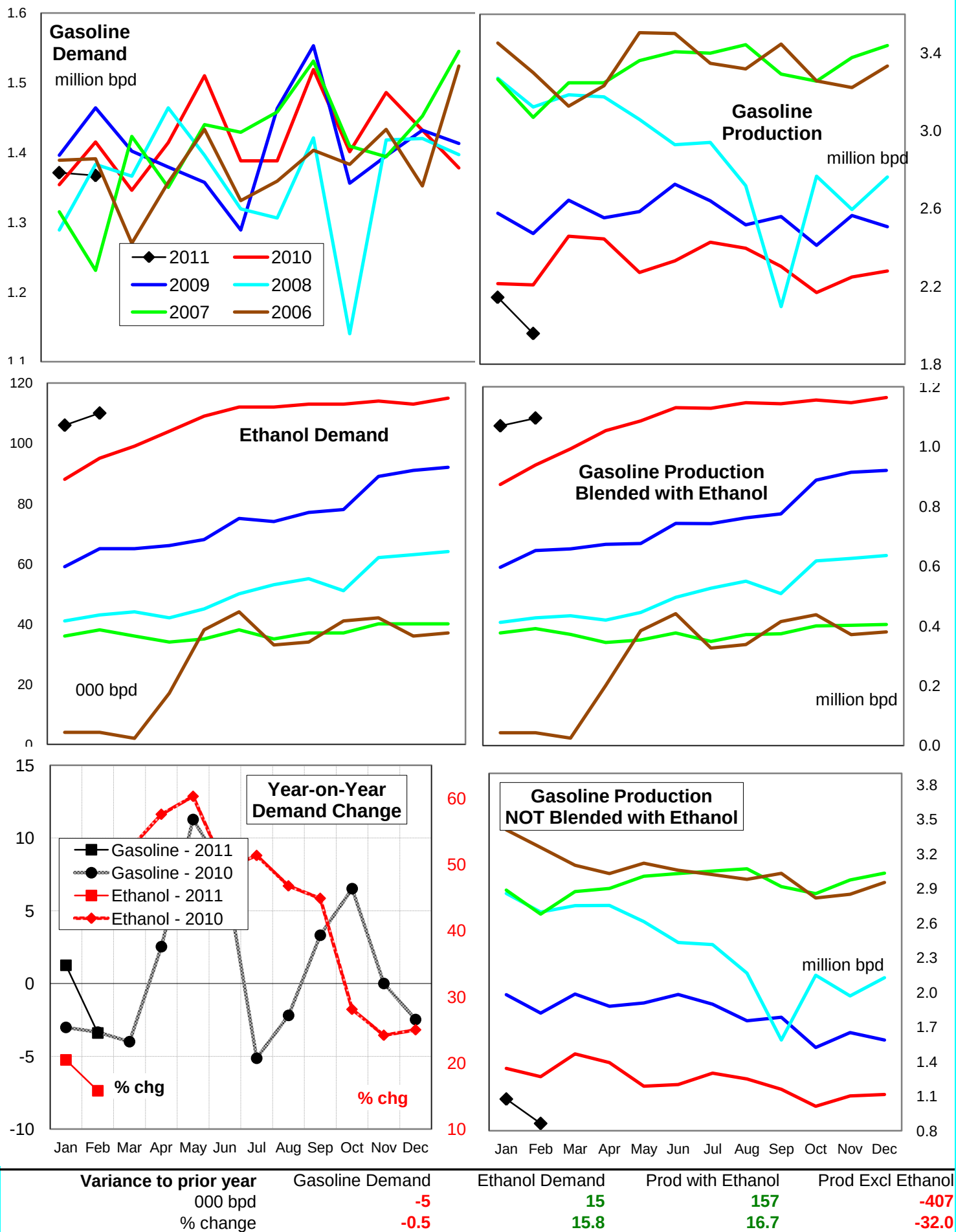
Stocks
1,130
51.3

Production
0
0.0

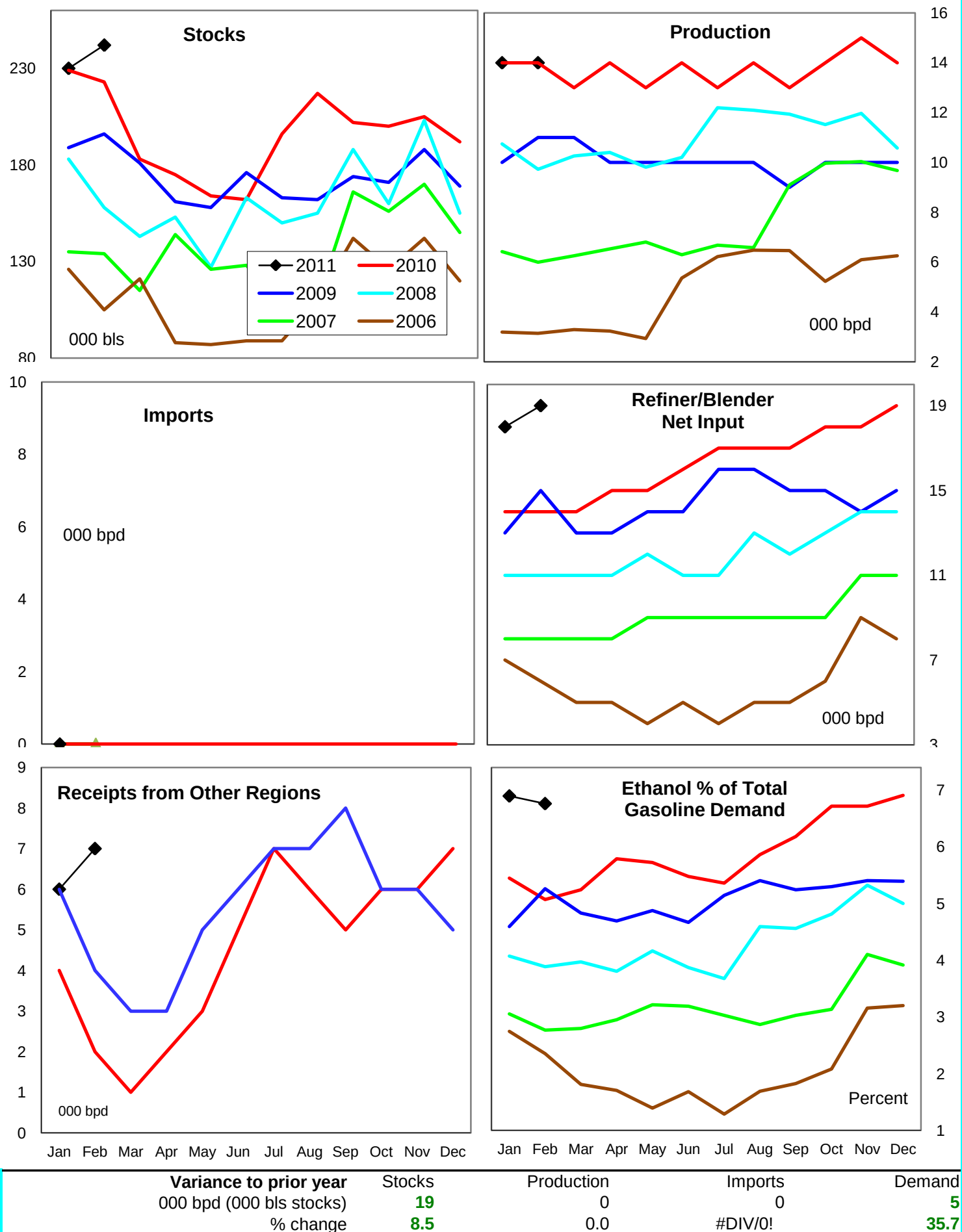
Imports
0
#DIV/0!

Demand
15
15.8

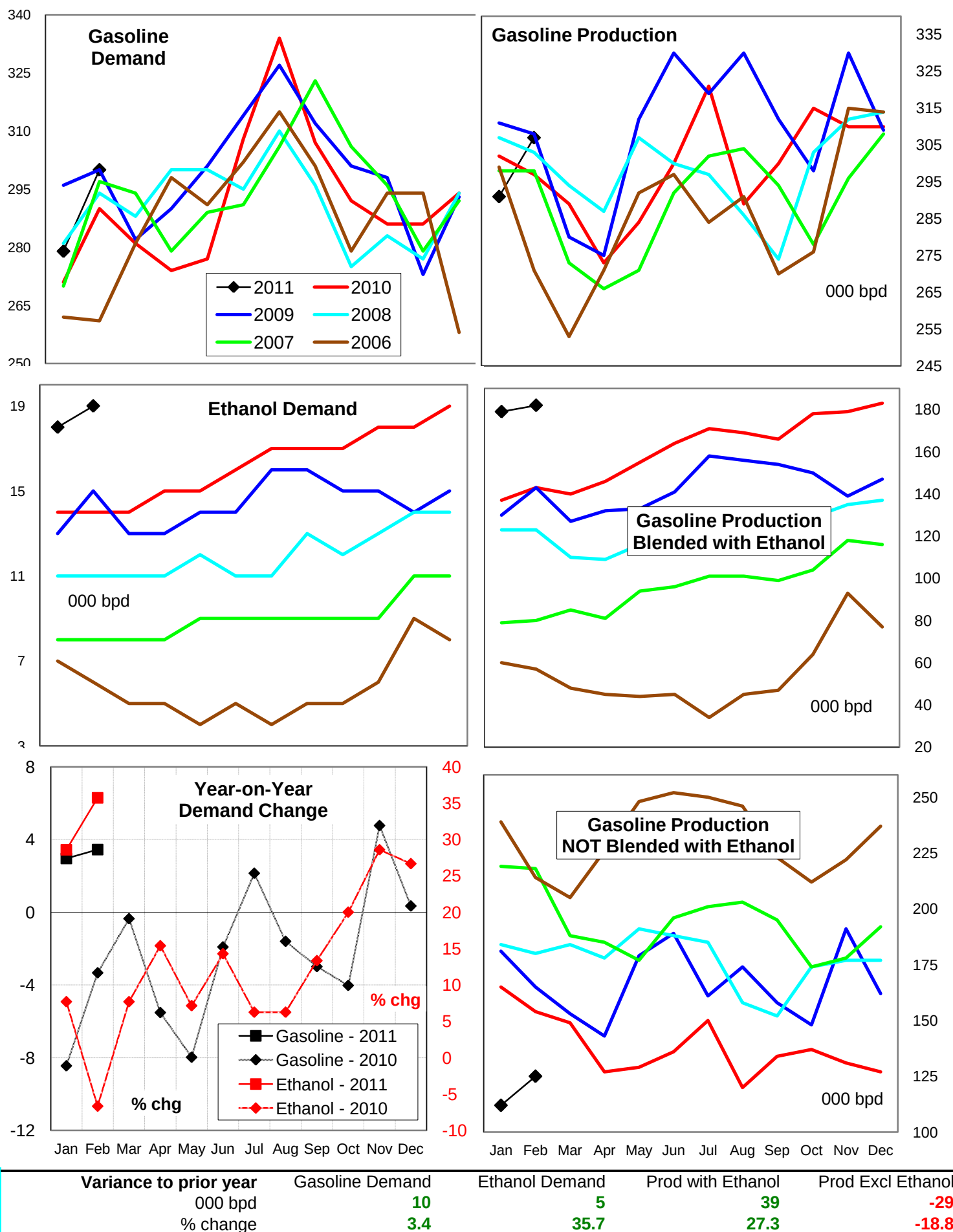
PADD 03 Gasoline/Ethanol Demand and Blending



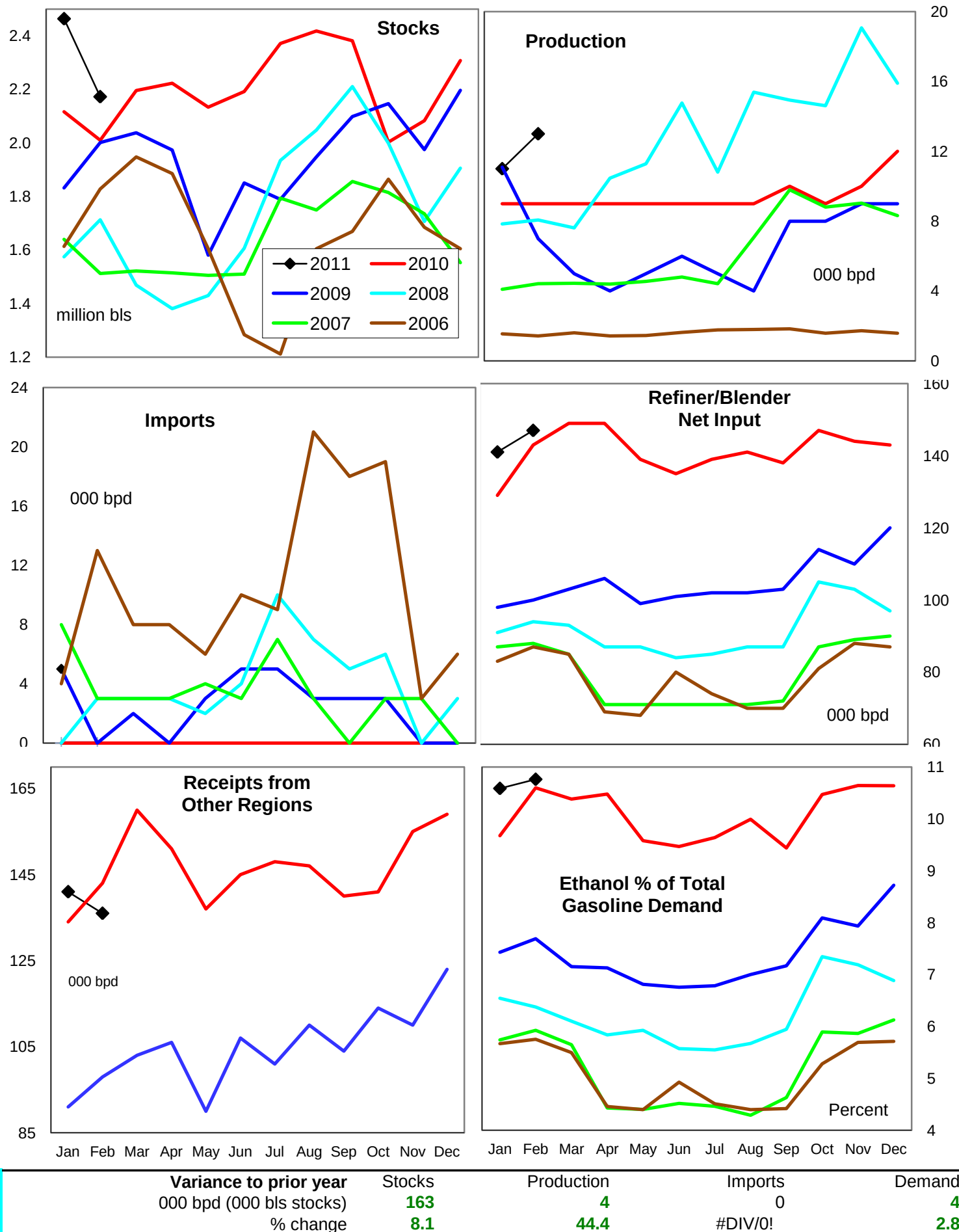
PADD 4 Ethanol Supply-Demand Balance



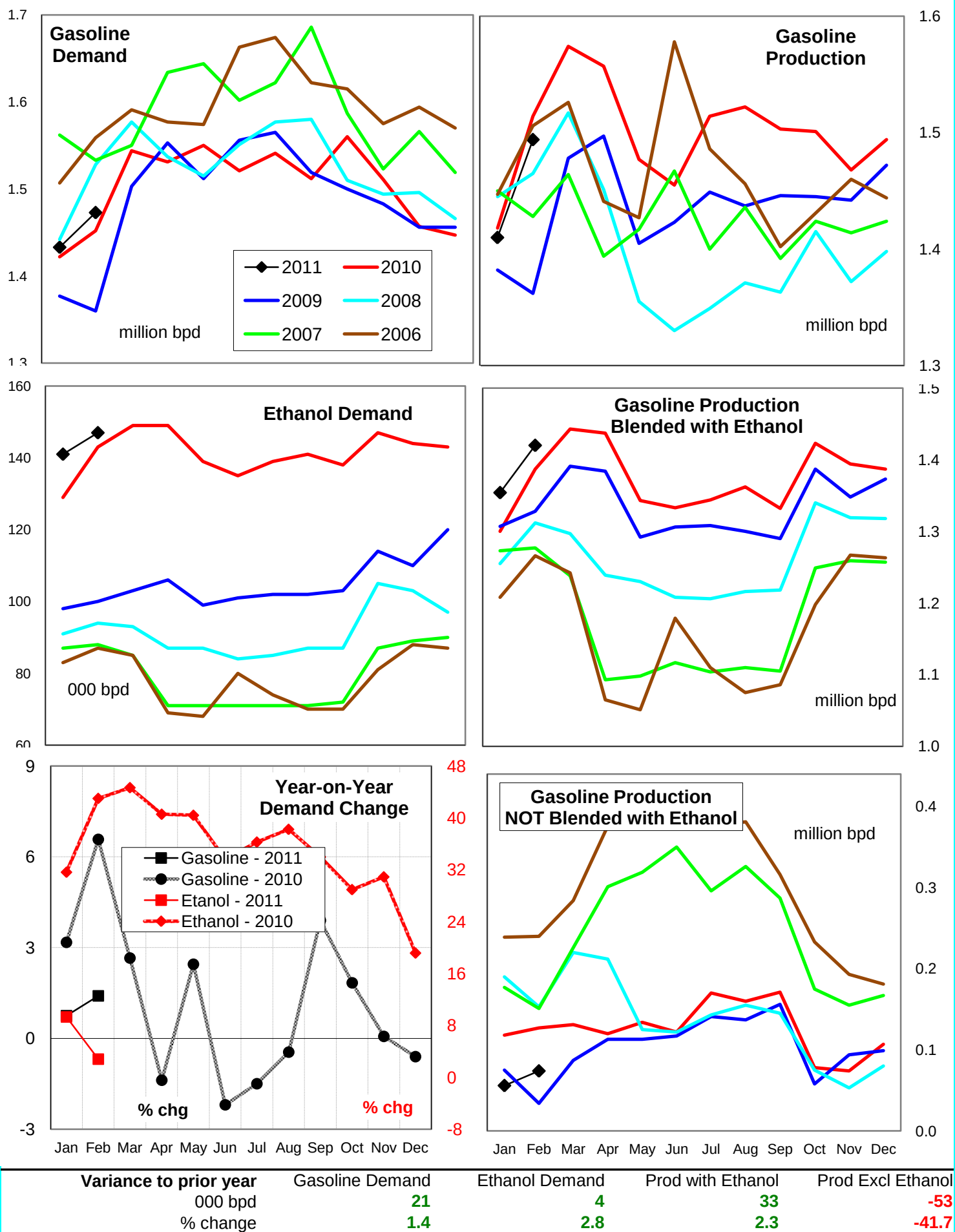
PADD 04 Gasoline/Ethanol Demand and Blending



PADD 5 Ethanol Supply-Demand Balance



PADD 05 Gasoline/Ethanol Demand and Blending



Ethanol / Gasoline Fundamental Trends

Item	Monthly Ethanol Supply-Demand Balance						Change From Prior Year		
	Feb11	Jan11	Dec10	Nov10	Oct10	Sep10	1-Month	3-Mth Avg	6-Mth Avg
U. S. Total									
Production	907	920	918	925	884	869	74	102	122
Exports	51	44	0	0	0	0	51	32	16
EIA Adjustment	-62	-36	-115	-103	-84	-77	6	-7	-16
Implied Demand	789	752	807	797	804	789	62	70	89
Ending Stocks	20,809	20,672	17,940	18,029	17,295	17,408	1,912	2,004	2,077
Change in stocks	137	2,732	-89	734	-113	68			
Wholesale Gasoline Demand	8,648	8,412	8,972	8,901	9,086	9,163	-3	-11	62
Conv Ethanol Gasoline Blend	4,880	4,636	5,002	4,925	4,987	4,911	574	610	693
Ethanol % of Total Gasoline	10.04	9.82	9.88	9.83	9.71	9.42	0.86	0.98	1.12
PADD 01									
Production	24	24	25	25	24	21	9	12	13
Imports	0	0	0	0	0	0	-1	-1	-2
Receipts from other regions	314	342	306	327	301	310	NA		
Refiner/Blender Net Input	305	285	308	303	306	302	34	27	29
Ending Stocks	6,628	7,068	5,726	6,367	6,072	6,441	-210	73	192
Wholesale Gasoline Demand	3,081	2,988	3,270	3,179	3,219	3,318	33	-11	19
Conv Ethanol Gasoline Blend	1,863	1,715	1,860	1,833	1,855	1,802	268	259	296
Ethanol % of Total Gasoline	10.99	10.54	10.40	10.54	10.50	10.01	1.23	1.09	1.05
PADD 02									
Production	838	852	847	857	817	806	61	84	101
Deliveries to other regions	-583	-598	-588	-597	-557	-556	NA		
Refiner/Blender Net Input	208	204	222	219	219	220	4	8	10
Ending Stocks	8,434	7,883	6,953	6,795	6,429	5,857	810	913	964
Wholesale Gasoline Demand	2,387	2,302	2,542	2,507	2,543	2,552	-19	9	11
Conv Ethanol Gasoline Blend	1,719	1,681	1,828	1,803	1,817	1,819	57	87	100
Ethanol % of Total Gasoline	9.55	9.72	9.57	9.57	9.42	9.43	0.28	0.36	0.42
PADD 03									
Production	18	19	20	19	19	19	0	2	3
Imports	0	0	0	0	0	0	0	0	-2
Receipts from other regions	126	109	117	108	109	102	NA		
Refiner/Blender Net Input	110	106	115	113	114	113	15	19	23
Ending Stocks	3,332	3,027	2,761	2,579	2,591	2,526	1,130	797	756
Wholesale Gasoline Demand	1,367	1,371	1,378	1,432	1,486	1,401	-48	-22	12
Conv Ethanol Gasoline Blend	738	702	766	749	750	740	180	196	232
Ethanol % of Total Gasoline	8.75	8.38	9.11	8.57	8.31	8.77	1.55	1.71	1.84
PADD 04									
Production	14	14	14	15	14	13	0	1	3
Receipts from other regions	7	6	7	6	6	5	NA		
Refiner/Blender Net Input	19	18	19	18	18	17	5	4	4
Ending Stocks	242	230	192	205	200	202	19	14	20
Wholesale Gasoline Demand	300	279	294	286	286	292	10	6	2
Conv Ethanol Gasoline Blend	182	179	183	179	178	166	-376	-358	-331
Ethanol % of Total Gasoline	6.76	6.90	6.91	6.72	6.72	6.18	1.69	1.55	1.39
PADD 05									
Production	13	11	12	10	9	10	4	3	2
Imports	0	0	0	0	0	0	0	0	-1
Receipts from other regions	136	141	159	155	141	140	NA		
Refiner/Blender Net Input	147	141	143	144	147	138	4	13	24
Ending Stocks	2,173	2,464	2,308	2,083	2,003	2,382	163	207	145
Wholesale Gasoline Demand	1,513	1,473	1,487	1,497	1,551	1,600	21	8	19
Conv Ethanol Gasoline Blend	378	359	365	361	388	384	31	29	33
Ethanol % of Total Gasoline	10.76	10.59	10.64	10.64	10.47	9.44	0.16	1.00	1.72

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

