

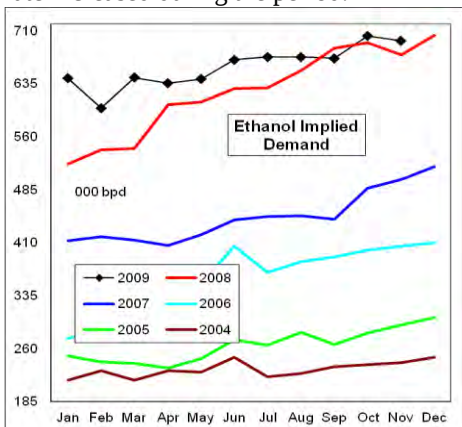
ETHANOL SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Monthly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Tuesday, February 09, 2010

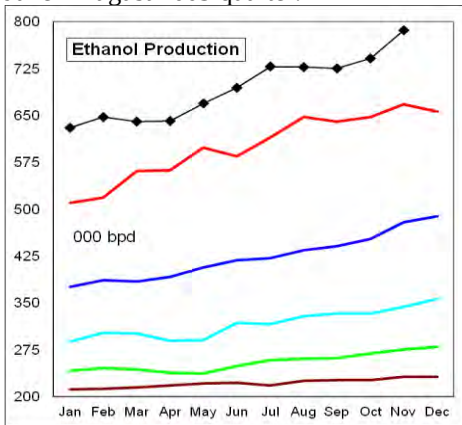


Summary: Ethanol demand was 690,000 bpd in the September - November 2009 quarter, up +18,000 bpd compared to the June - August 2009 period. Wholesale gasoline demand decreased -343,000 bpd in the same quarter over quarter period. The share of gasoline blended and blend rate increased during the period.



Year-over-year demand for ethanol between September - November 2008 and September - November 2009 increased +5,000 bpd. This represented a +0.7% increase.

Ethanol production was 751,000 bpd during the September - November 2009 quarter, up +35,000 bpd compared to the June - August 2009 quarter.

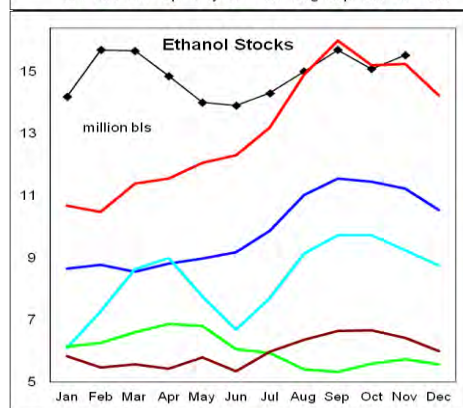
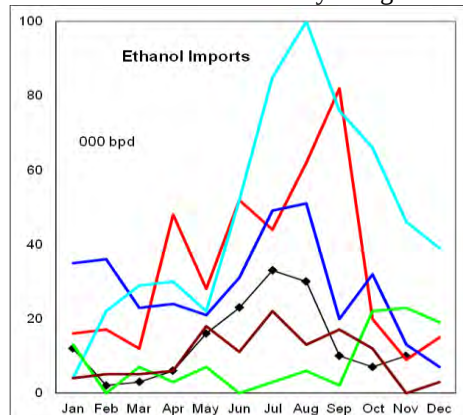


Year-over-year production increased in the September - November, 2009 quarter by +99,000 bpd. This was a +15% increase.

Imports averaged 9,000 bpd during the September - November 2009 quarter, down from 29,000 bpd during the June - August 2009 quarter. Imports were below four of the last five years.

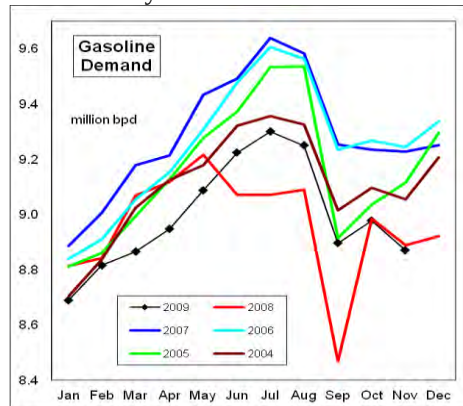
Ethanol stocks increased +0.4 million barrels in November, a +15,000 bpd build. Stocks increased +0.5 million barrels in

PADD 2; +0.2 million barrels in PADD 1 while decreasing in PADDs 3 and 5. November month end stock levels were +0.3 million barrels above a year ago.



Gasoline Demand Trends: Wholesale gasoline demand increased +134,000 bpd year-over-year in the September - November 2009 period compared to a year ago, a +1.5% increase.

Gasoline demand in December 2009 increased +0.4% compared to a year ago while January 2010 decreased -0.5%.



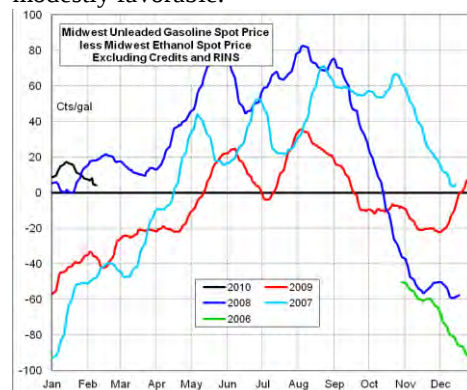
Blending Trends: During the September - November 2009 quarter, 4.2 million bpd of conventional gasoline was blended with ethanol, equal to 71% of conventional grade output. This was an increase of +1 million bpd over the same period in 2008.

The volume of gasoline not blended with ethanol was 1.7 million bpd in November, 2009, 19% of total production.

Ethanol Blend Economics: Midwest ethanol prices trended higher by +25 cts/gal during October, then sideways/lower during November and sharply lower in the 1st half of December. From mid December through early January prices jumped +25 cts/gal followed by a - steep decline over the past month.

The Midwest spot gasoline - ethanol price spread declined from -10 cts/gal during October to -20 cts/gal in November. The spread then trended higher to +15 cts/gal by mid January; followed by a decline to near break even in early February. The spread during the 1st 6-wks of 2010 traded above the last three years for this period.

Including tax and RINS credits of approximately \$0.50/gal, blending economics are at the high end of the historic range for *this time of year*. Even markets with higher transport cost are modestly favorable.



Emerging Trends:

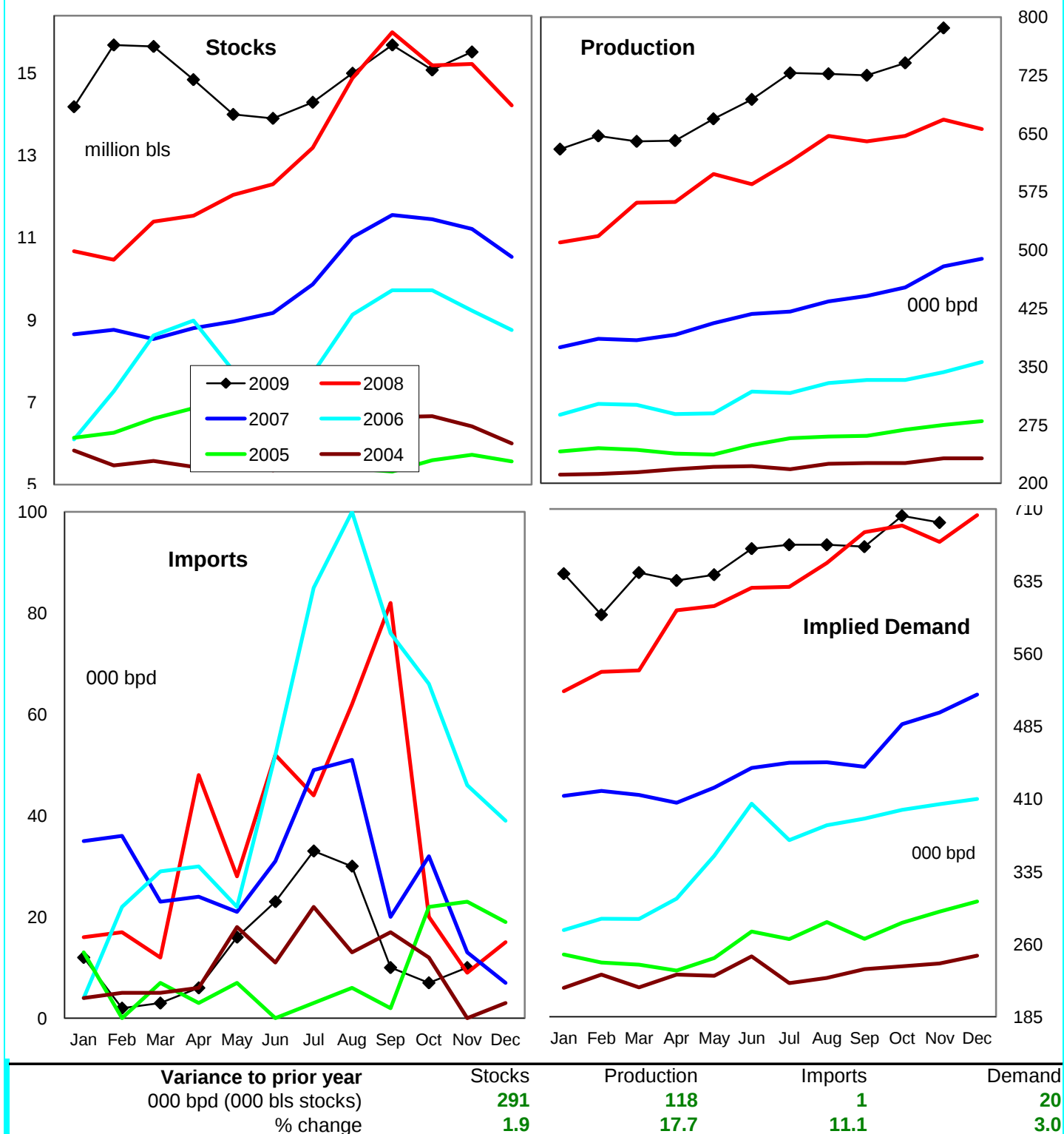
Ethanol production growth during the September - November 2009 quarter averaged +99,000 bpd above a year ago. Domestic production has displaced imports which averaged just 9,000 bpd during the period.

Favorable blend economics and development of blending infrastructure in conventional gasoline markets has supported modest growth in blending, even with extremely weak gasoline demand.

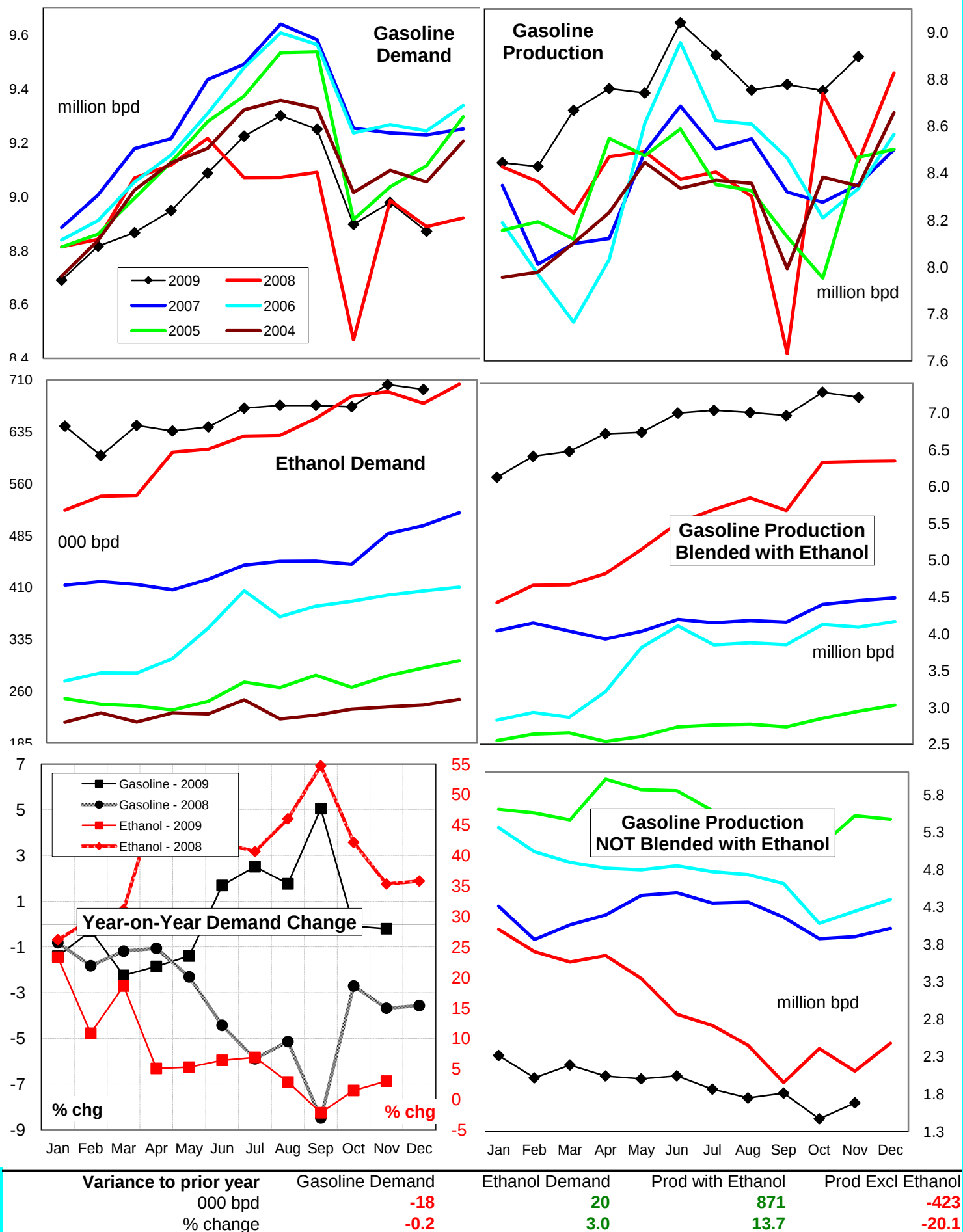
Large supplies of ethanol in a relatively weak gasoline market should contribute to favorable blend economics during the spring and summer driving season.

United States Ethanol Supply-Demand Balance

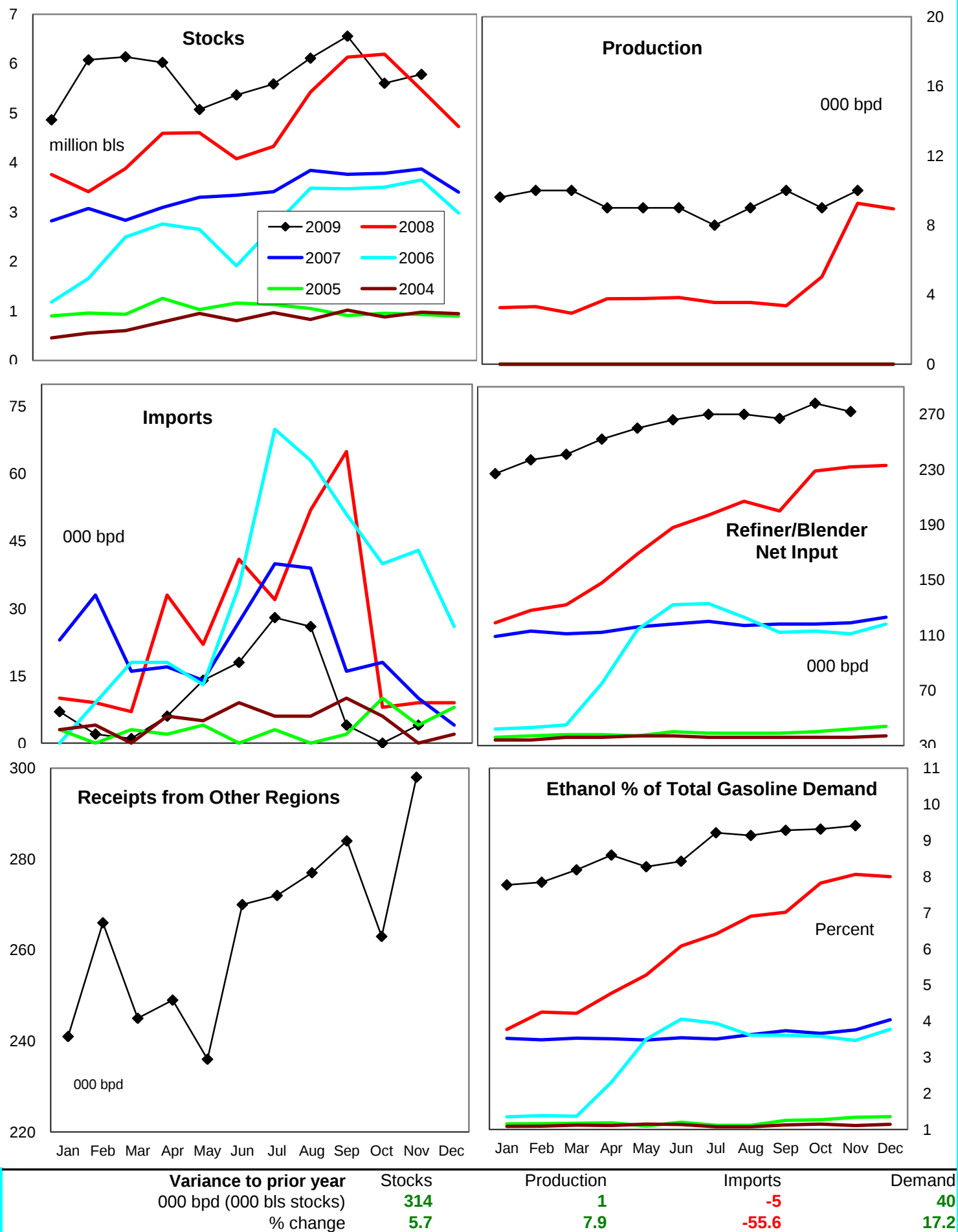
Item	Monthly Ethanol Supply-Demand Balance						Change From Prior Year		
	Nov09	Oct09	Sep09	Aug09	Jul09	Jun09	1-Month	3-Mth Avg	6-Mth Avg
Production	786	741	725	727	728	694	118	99	100
Imports	10	7	10	30	33	23	1	-28	-26
EIA Adjustment	-85	-64	-42	-62	-75	-52	-85	-64	-63
Demand	696	703	671	673	673	669	20	5	20
Ending Stocks	15,518	15,080	15,688	15,001	14,294	13,903	291	-42	450
Change in stocks	438	-608	687	707	391	-96			
Wholesale Gasoline Demand	8,871	8,978	8,897	9,250	9,300	9,224	-18	134	157
Conv Ethanol Gasoline Blend	4,221	4,243	4,028	4,054	4,071	3,973	874	1,011	1,146
Ethanol % of Total Gasoline	8.51	8.50	8.16	7.85	7.80	7.82	0.28	-0.08	0.10



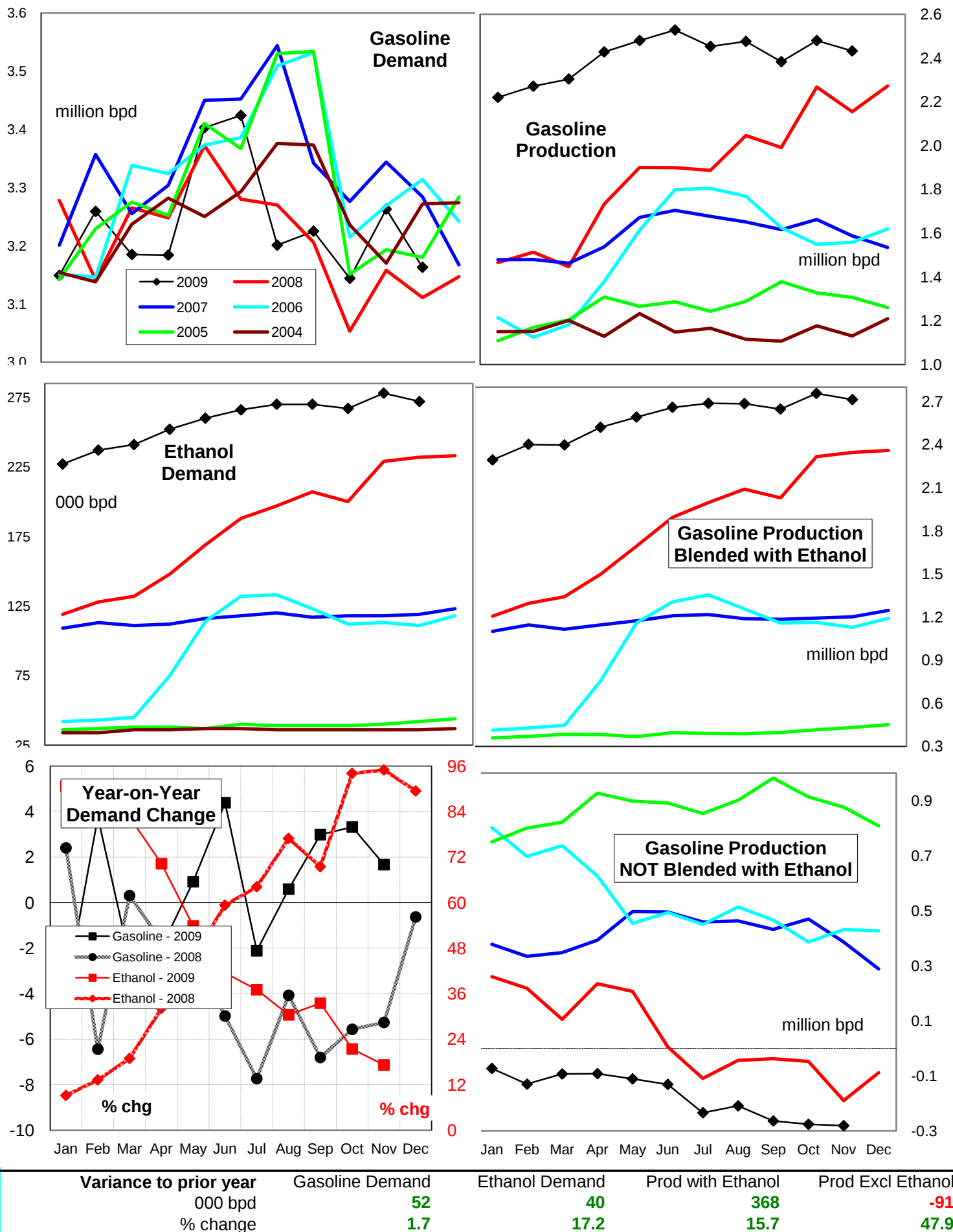
U. S. Gasoline/Ethanol Demand and Blending



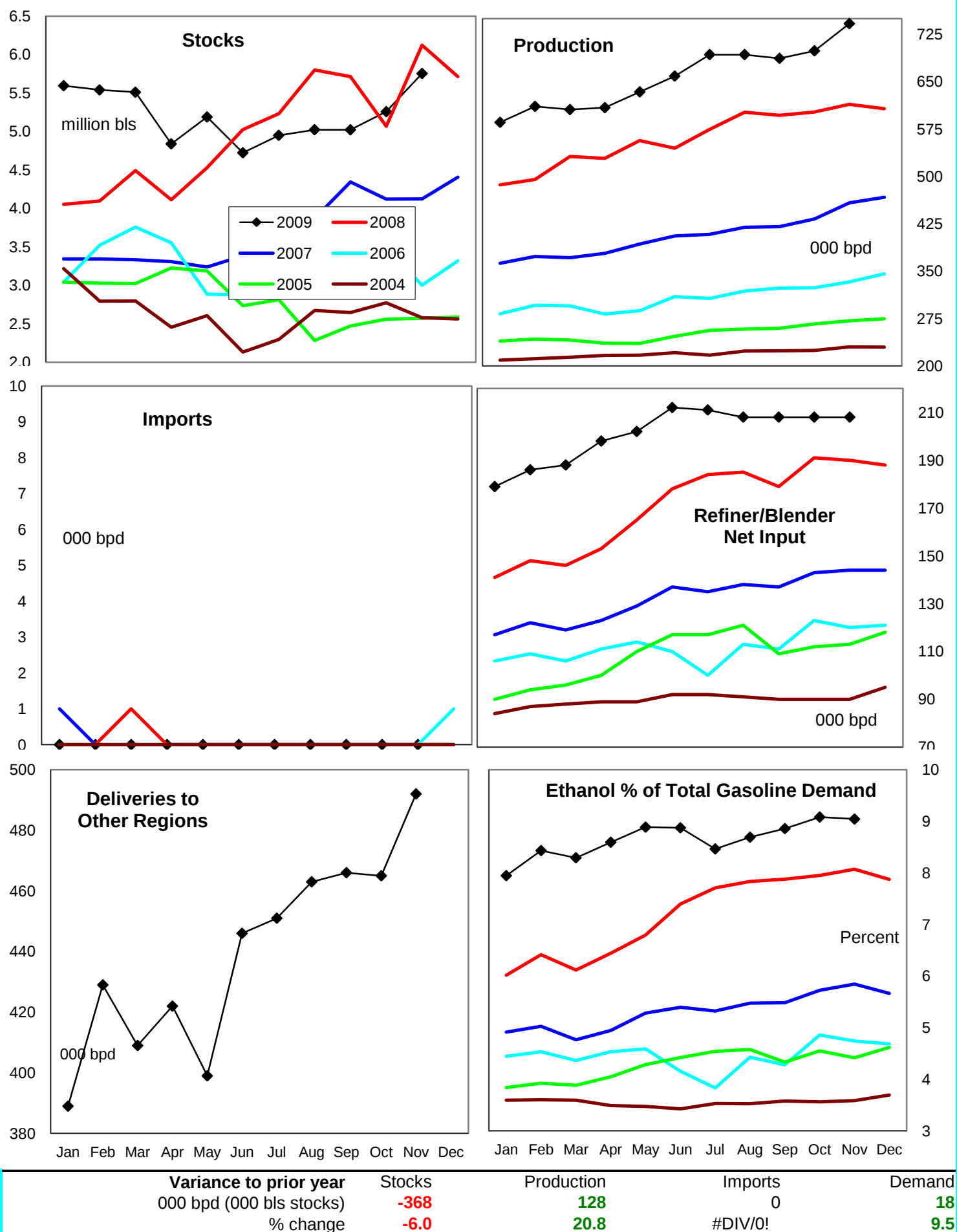
PADD 1 Ethanol Supply-Demand Balance



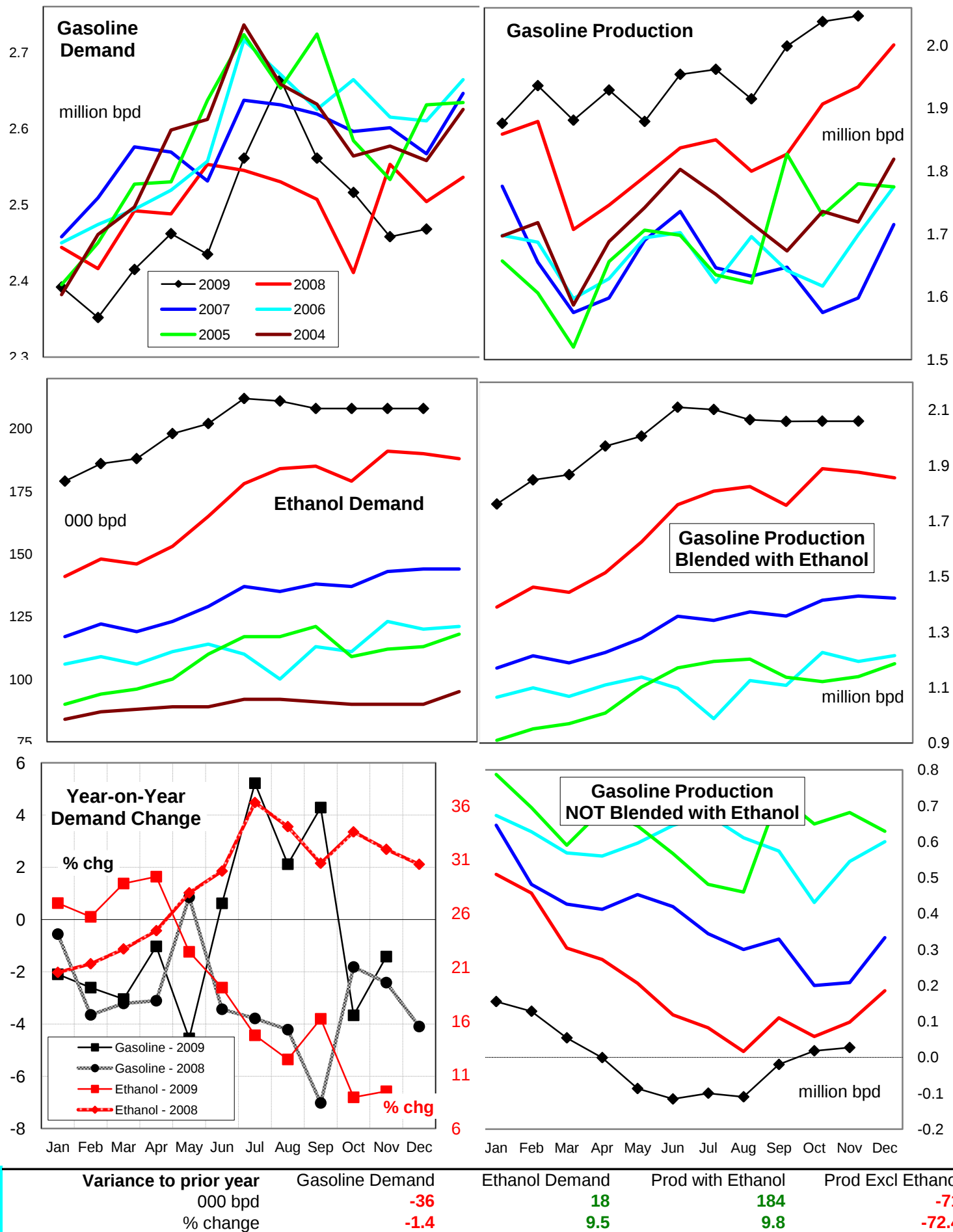
PADD 01 Gasoline/Ethanol Demand and Blending



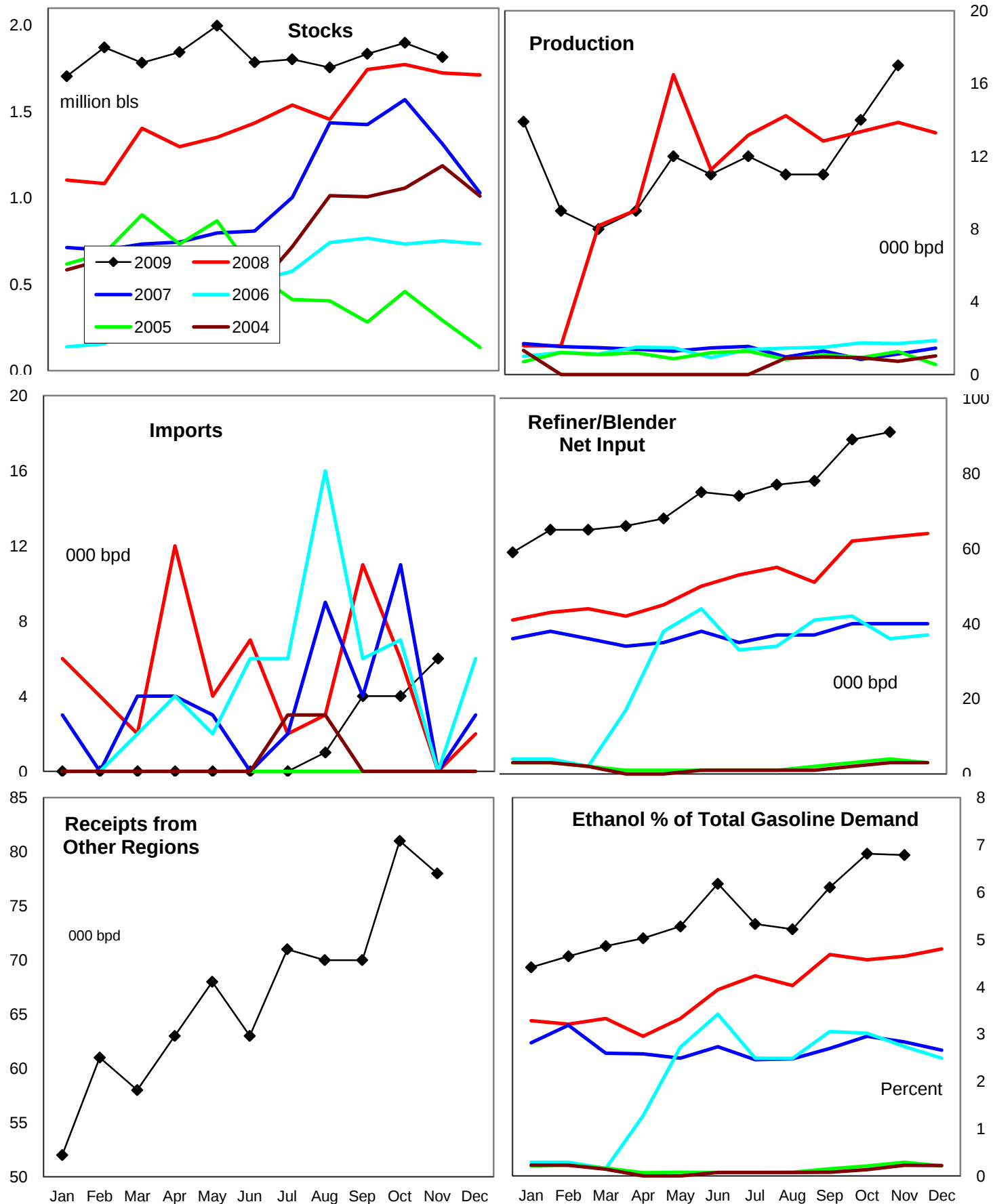
PADD 2 Ethanol Supply-Demand Balance



PADD 02 Gasoline/Ethanol Demand and Blending



PADD 3 Ethanol Supply-Demand Balance



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

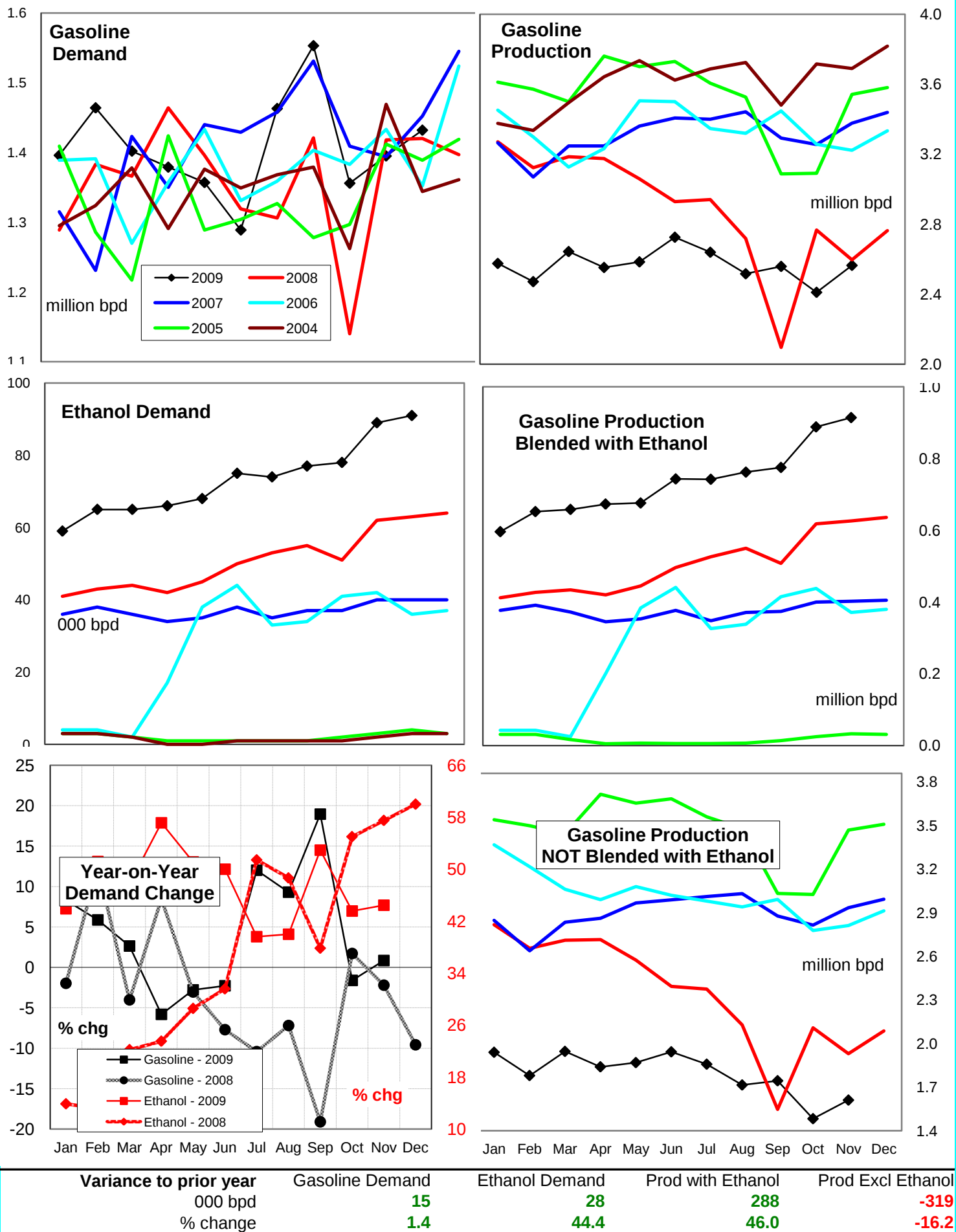
Stocks
92
5.3

Production
3
22.6

Imports
6
#DIV/0!

Demand
28
44.4

PADD 03 Gasoline/Ethanol Demand and Blending



Stocks

000 bls

2009 2008 2007 2006 2005 2004

Production

000 bpd

Imports

000 bpd

Refiner/Blender Net Input

000 bpd

Receipts from Other Regions

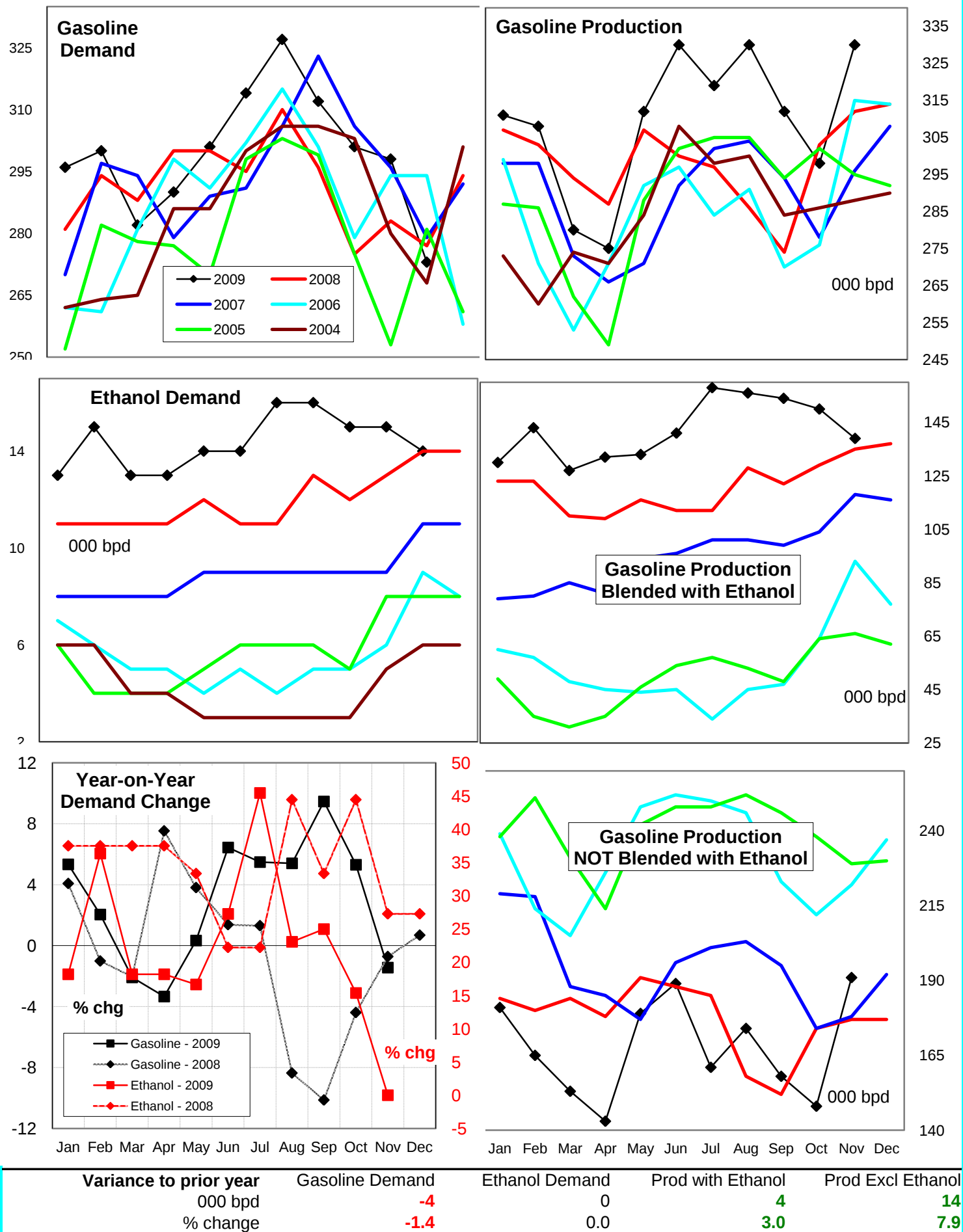
000 bpd

Ethanol % of Total Gasoline Demand

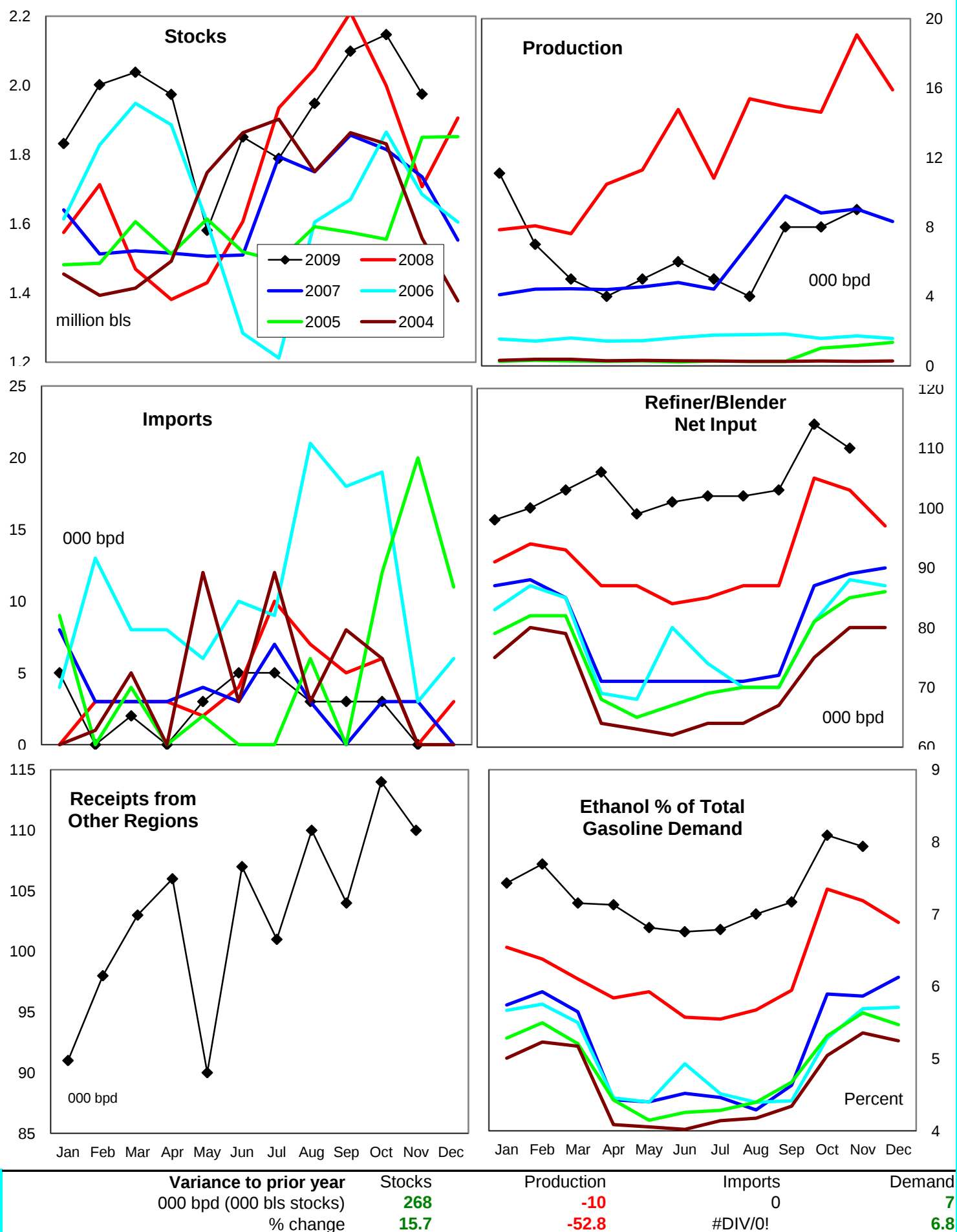
Percent

	Variance to prior year	Stocks	Production	Imports	Demand
000 bpd (000 bls stocks)	-15				0
% change	-7.4		-2	0	0.0
			-16.4	#DIV/0!	

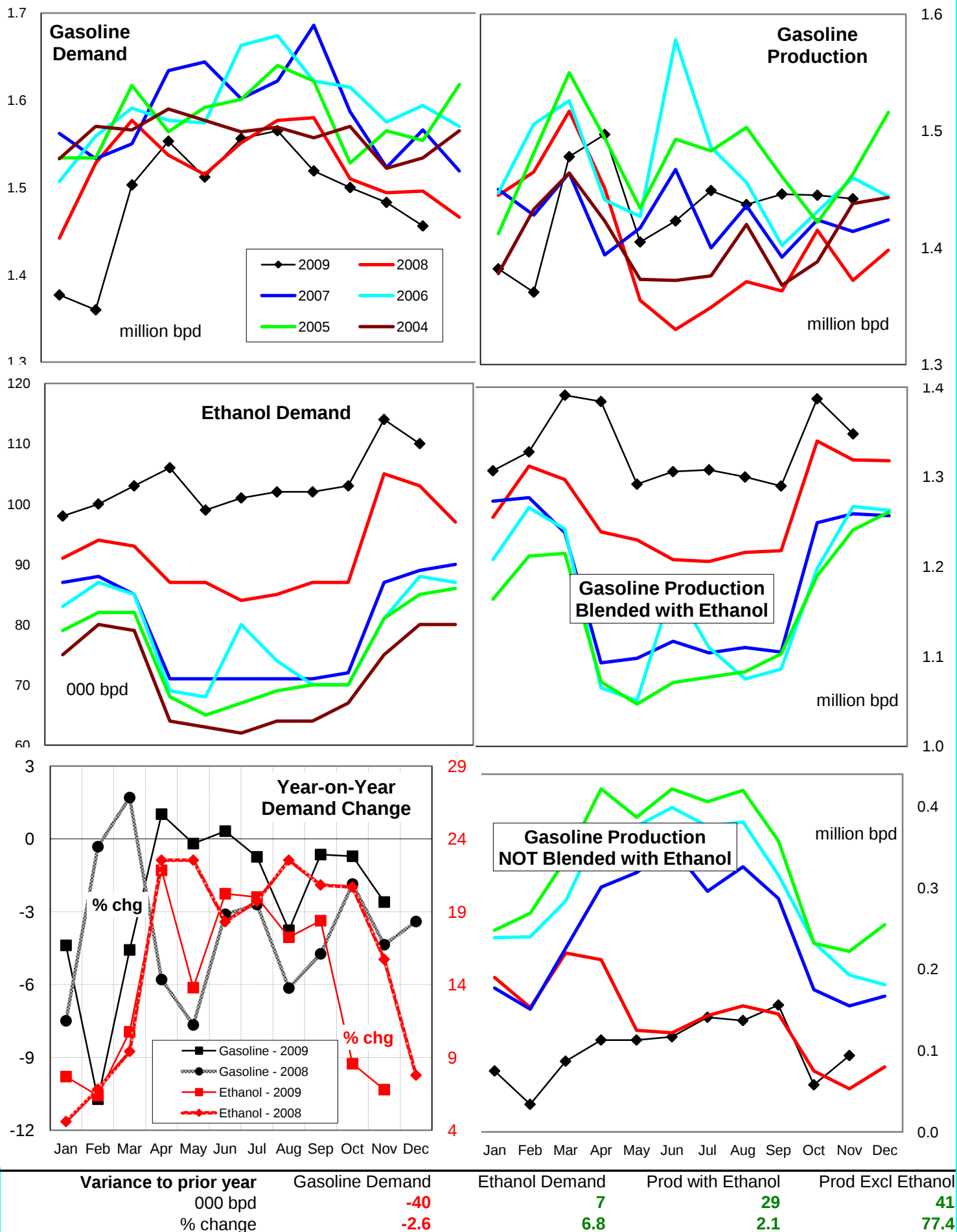
PADD 04 Gasoline/Ethanol Demand and Blending



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		
	Nov09	Oct09	Sep09	Aug09	Jul09	Jun09	1-Month	3-Mth Avg	6-Mth Avg
U. S. Total									
Production	786	741	725	727	728	694	118	99	100
Imports	10	7	10	30	33	23	1	-28	-26
EIA Adjustment	-85	-64	-42	-62	-75	-52	-85	-64	-63
Implied Demand	696	703	671	673	673	669	20	5	20
Ending Stocks	15,518	15,080	15,688	15,001	14,294	13,903	291	-42	450
Change in stocks	438	-608	687	707	391	-96			
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Ethanol % of Total Gasoline	8.51	8.50	8.16	7.85	7.80	7.82	0.28	-0.08	0.10
PADD 01									
Production	10	9	10	9	8	9	1	4	4
Imports	4	0	4	26	28	18	-5	-25	-21
Receipts from other regions	298	263	284	277	272	270	NA		
Refiner/Blender Net Input	272	278	267	270	270	266	40	52	62
Ending Stocks	5,784	5,605	6,558	6,112	5,589	5,367	314	50	565
Wholesale Gasoline Demand	3,163	3,263	3,144	3,225	3,201	3,424	52	83	57
Conv Ethanol Gasoline Blend	1,506	1,537	1,447	1,466	1,464	1,410	369	471	566
Ethanol % of Total Gasoline	9.41	9.31	9.28	9.14	9.21	8.42	1.35	1.71	2.08
PADD 02									
Production	742	699	687	693	693	659	128	105	106
Deliveries to other regions	-492	-465	-466	-463	-451	-446	NA		
Refiner/Blender Net Input	208	208	208	208	211	212	18	21	25
Ending Stocks	5,755	5,258	5,022	5,023	4,950	4,723	-368	-290	-372
Wholesale Gasoline Demand	2,508	2,498	2,556	2,601	2,704	2,601	-36	-9	30
Conv Ethanol Gasoline Blend	1,708	1,701	1,693	1,707	1,735	1,728	196	227	263
Ethanol % of Total Gasoline	9.04	9.08	8.86	8.69	8.46	8.87	0.97	1.03	1.03
PADD 03									
Production	17	14	11	11	12	11	3	1	0
Imports	6	4	4	1	0	0	6	-1	-2
Receipts from other regions	78	81	70	70	71	63	NA		
Refiner/Blender Net Input	91	89	78	77	74	75	28	27	25
Ending Stocks	1,816	1,899	1,835	1,756	1,803	1,786	92	102	204
Wholesale Gasoline Demand	1,432	1,395	1,356	1,553	1,463	1,289	12	68	77
Conv Ethanol Gasoline Blend	534	509	390	369	353	342	289	257	228
Ethanol % of Total Gasoline	6.79	6.81	6.10	5.22	5.33	6.18	2.14	1.94	1.72
PADD 04									
Production	10	10	9	10	10	10	-2	-2	-2
Receipts from other regions	6	6	8	7	7	6	NA		
Refiner/Blender Net Input	14	15	15	16	16	14	0	2	3
Ending Stocks	188	171	174	162	163	176	-15	-6	3
Wholesale Gasoline Demand	273	298	301	312	327	314	-4	12	15
Conv Ethanol Gasoline Blend	139	150	154	156	158	141	-106	-73	-39
Ethanol % of Total Gasoline	5.41	5.30	5.24	5.41	5.14	4.67	0.08	0.42	0.72
PADD 05									
Production	9	8	8	4	5	6	-10	-8	-8
Imports	0	3	3	3	5	5	0	-2	-2
Receipts from other regions	110	114	104	110	101	107	NA		
Refiner/Blender Net Input	110	114	103	102	102	101	7	11	14
Ending Stocks	1,975	2,147	2,099	1,948	1,789	1,851	268	101	50
Wholesale Gasoline Demand	1,496	1,523	1,540	1,559	1,605	1,596	-40	-20	-22
Conv Ethanol Gasoline Blend	334	346	343	356	361	353	17	37	63
Ethanol % of Total Gasoline	7.94	8.09	7.17	7.00	6.79	6.76	0.75	0.90	1.08

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

