FUNDAMENTAL PETROLEUM TRENDS

ETHANOL SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Monthly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Thursday, March 04, 2010

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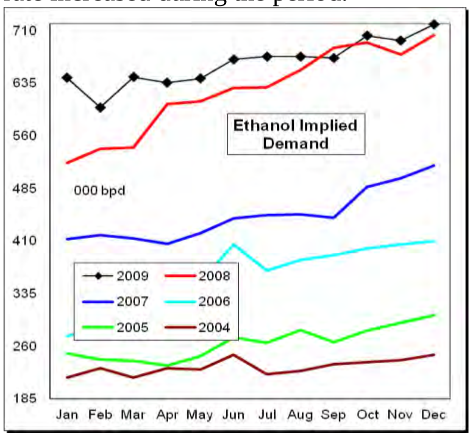
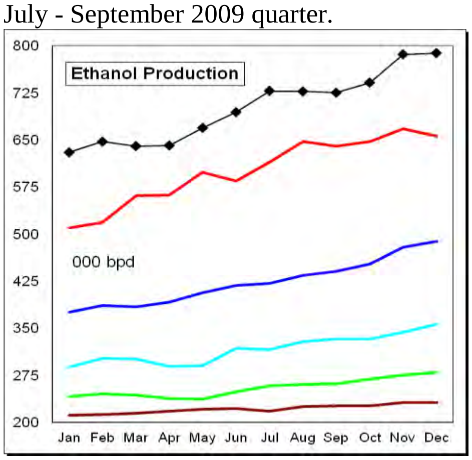
Summary: Ethanol demand was 706,000 bpd in the October - December 2009 quarter, up +34,000 bpd compared to the July - September 2009 period. Wholesale gasoline demand decreased -237,000 bpd in the same quarter over quarter period. The share of gasoline blended and blend rate increased during the period.



Year-over-year demand for ethanol between October - December 2008 and October - December 2009 increased +15,000 bpd. This represented a +2.2% increase.

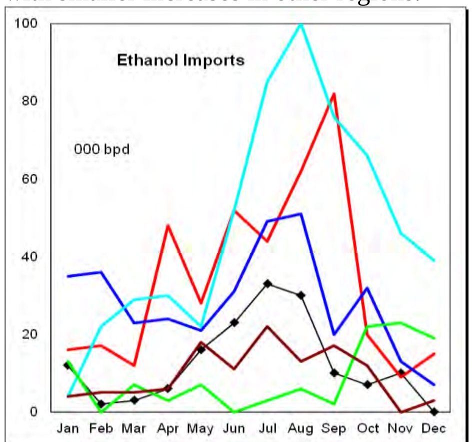
Ethanol production was 772,000 bpd during the October - December 2009 quarter, up +45,000 bpd compared to the July - September 2009 quarter.

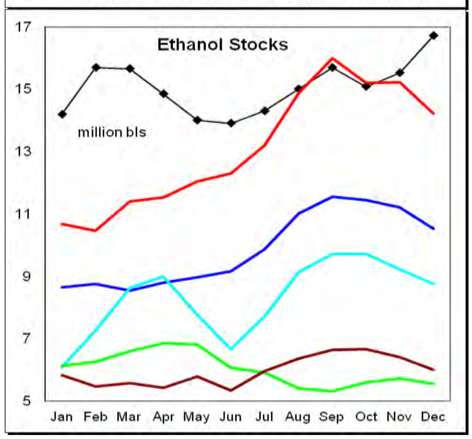


Year-over-year production increased in the October - December, 2009 quarter by +115,000 bpd. This was a +18% increase.

Imports averaged 6,000 bpd during the October - December 2009 quarter, down from 24,000 bpd during the July - September 2009 quarter. Imports matched the 5-year low.

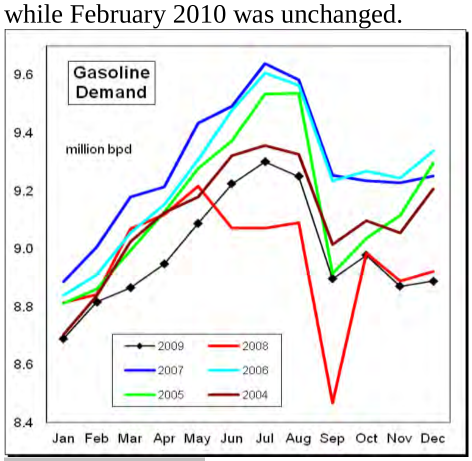
Ethanol stocks increased +2.5 million barrels in December, a record high +80,000 bpd build during the month. Stocks increased +1.2 million barrels in PADD 1; +0.7 million barrels in PADD 3, with smaller increases in other regions.





Gasoline Demand Trends: Wholesale gasoline demand decreased -20,000 bpd year-over-year in the October - December 2009 period compared to a year ago, a -0.2% decrease.

Gasoline demand in January 2010 decreased -0.4% compared to a year ago while February 2010 was unchanged.



Blending Trends: During the November - December 2009 quarter, 4.3 million bpd of conventional gasoline was blended with ethanol, equal to 73% 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 1.6 million bpd in December, 2009, 18% of total production.

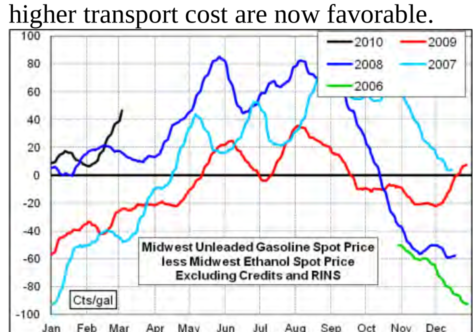
Ethanol Blend Economics: Midwest ethanol prices have traded in a 20 ct/gal range during the December to February period. Concurrently Midwest conventional gasoline prices have traded in a 30 ct/gal range.

The Midwest spot gasoline - ethanol price spread reached a low of -20 cts/gal during late November and early December, then has trended higher to +45/cts/gal in early March.

The surge in ethanol production and extremely high stock levels led to the record high spread for this time of year in favor of gasoline.

Gasoline price strength has been driven in part by the closure of 1.5 million bpd of crude oil refining capacity in the Atlantic Basin during the last year. This cut in production capacity has sharply reduced gasoline imports to the East Coast, supporting gasoline prices during the most recent quarter when markets usually become extremely over supplied.

Including tax and RINS credits of approximately $0.50/gal, blending economics are now extremely favorable for *this time of year*. Even markets with higher transport cost are now favorable.

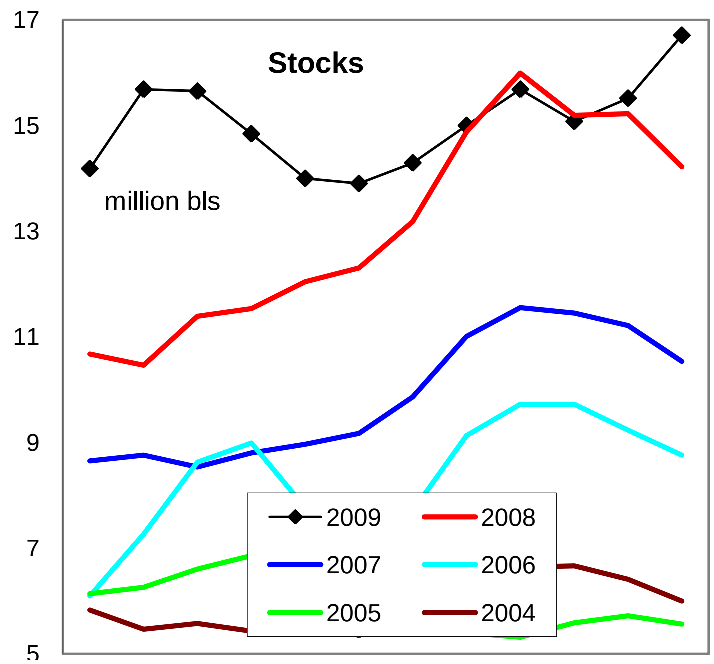


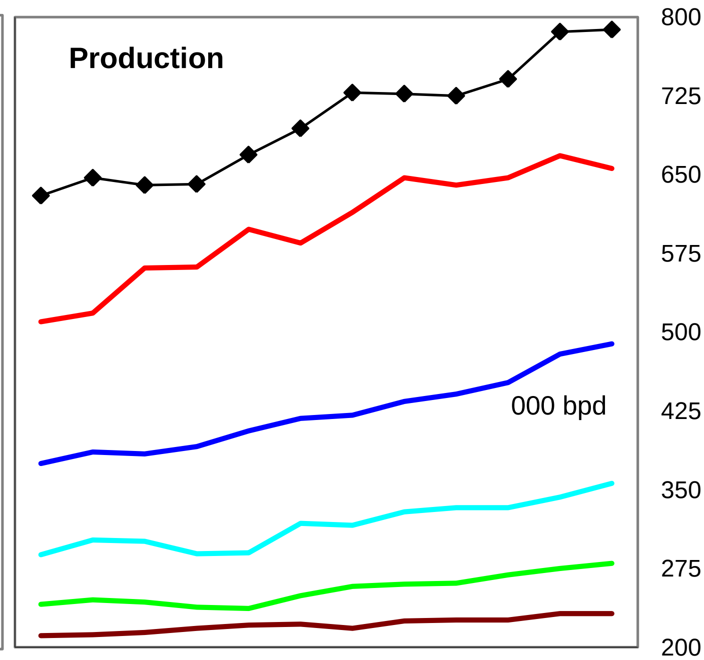
Emerging Trends:
Production of ethanol climbed +115,000 bpd during the most October - December 2009 quarter over a year ago. Demand increased a modest +15,000 bpd, leading to record stock levels and elimination of imports.

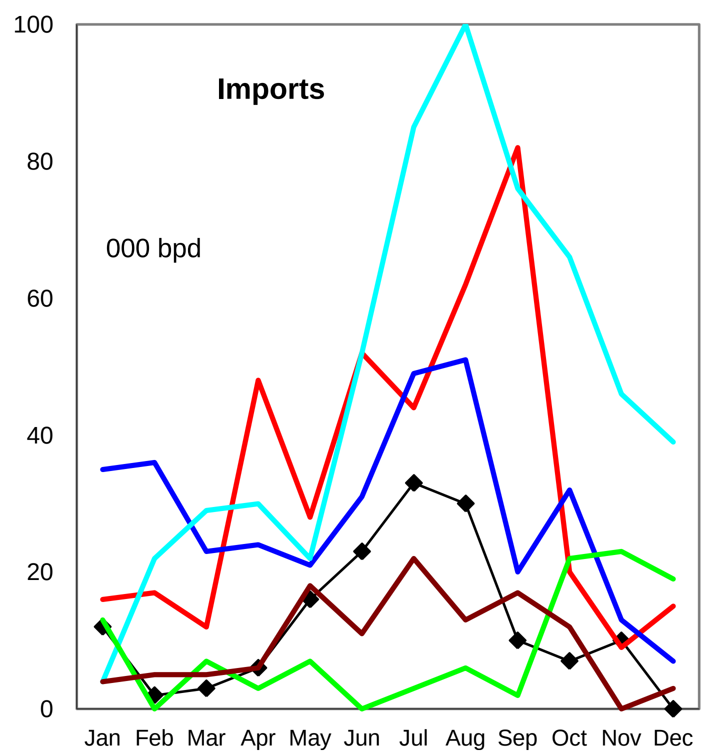
A very well supplied ethanol market during the next quarter and seasonal tightening gasoline supplies should support very favorable gasoline blend economics.

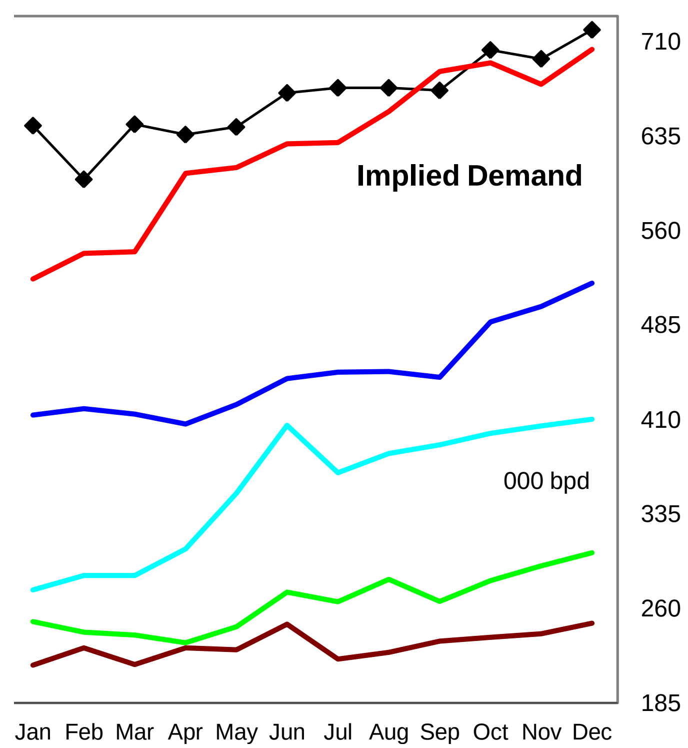
United States Ethanol Supply-Demand Balance

Item	Monthly Ethanol Supply-Demand Balance						Change From Prior Year		
	Dec09	Nov09	Oct09	Sep09	Aug09	Jul09	1-Month	3-Mth Avg	6-Mth Avg
Production	788	786	741	725	727	728	132	115	104
Imports	0	10	7	10	30	33	-15	-9	-24
EIA Adjustment	-31	-85	-64	-42	-62	-75	-31	-60	-60
Demand	719	696	703	671	673	673	15	15	15
Ending Stocks	16,711	15,518	15,080	15,688	15,001	14,294	2,492	890	599
Change in stocks	1,193	438	-608	687	707	391			
Wholesale Gasoline Demand	8,888	8,871	8,978	8,897	9,250	9,300	-33	-20	126
Conv Ethanol Gasoline Blend	4,327	4,221	4,243	4,028	4,054	4,071	1,041	958	1,083
Ethanol % of Total Gasoline	8.80	8.51	8.50	8.16	7.85	7.80	0.24	0.22	0.07



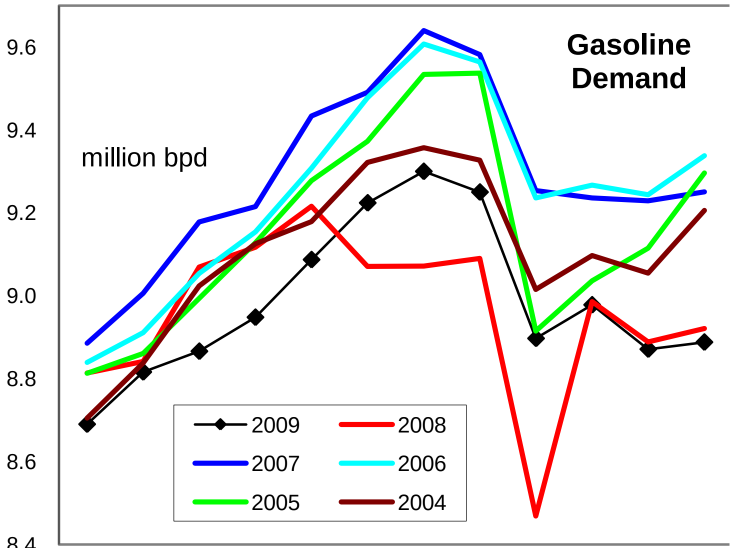


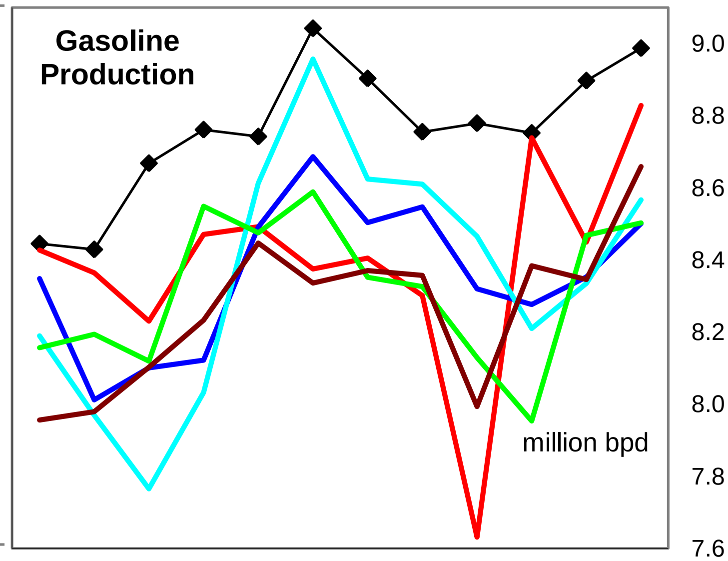


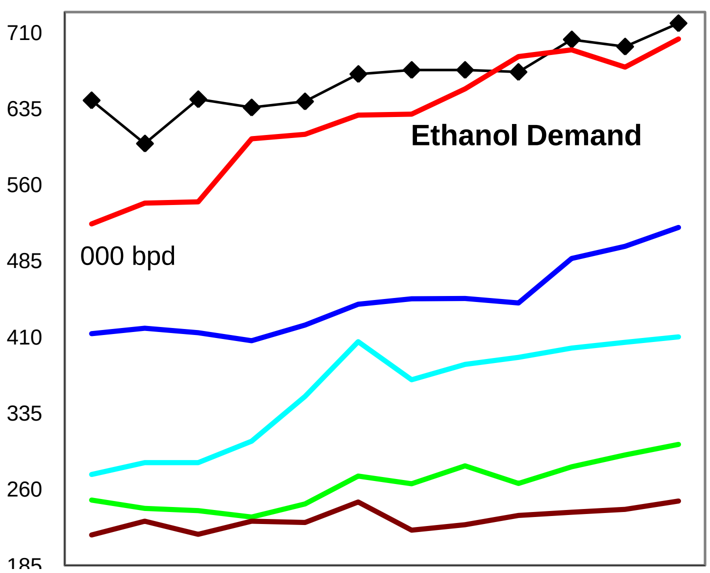


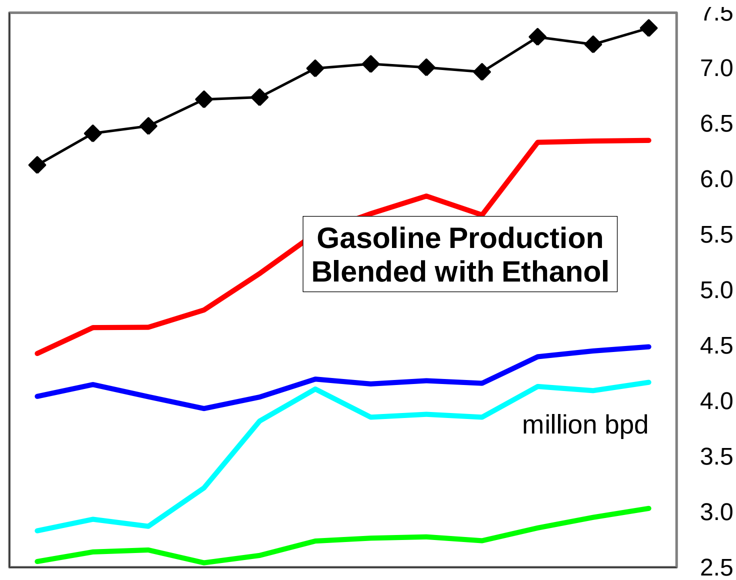
Variance to prior year	Stocks	Production	Imports	Demand
000 bpd (000 bls stocks)	2,492	132	-15	15
% change	17.5	20.1	-100.0	2.2

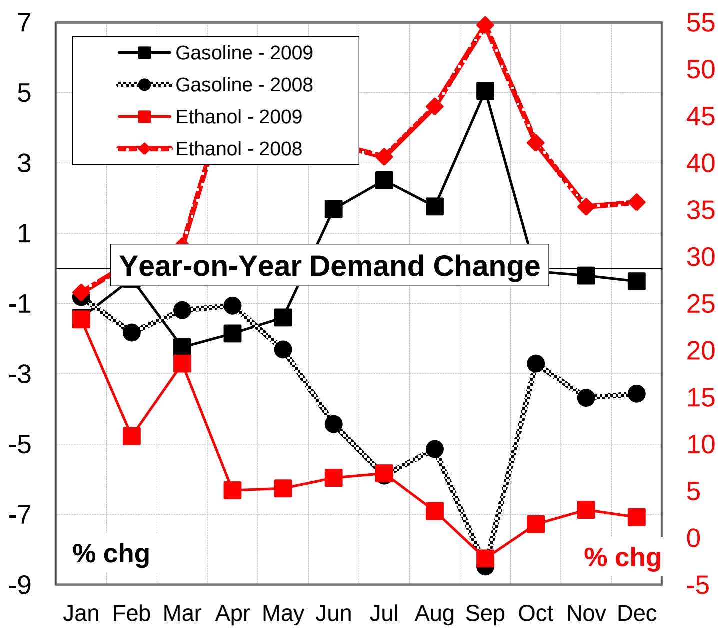
U. S. Gasoline/Ethanol Demand and Blending

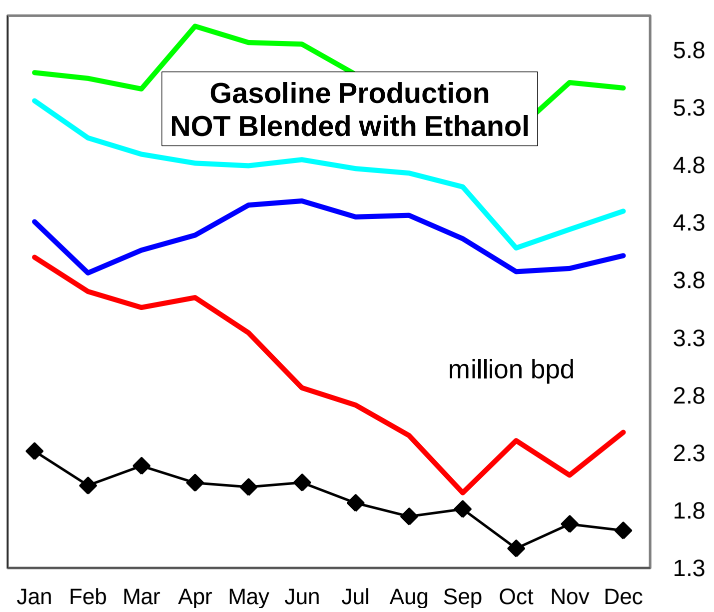












Variance to prior year	Gasoline Demand	Ethanol Demand	Prod with Ethanol	Prod Excl Ethanol
000 bpd	-33	15	1,013	-854
% change	-0.4	2.2	16.0	-34.4

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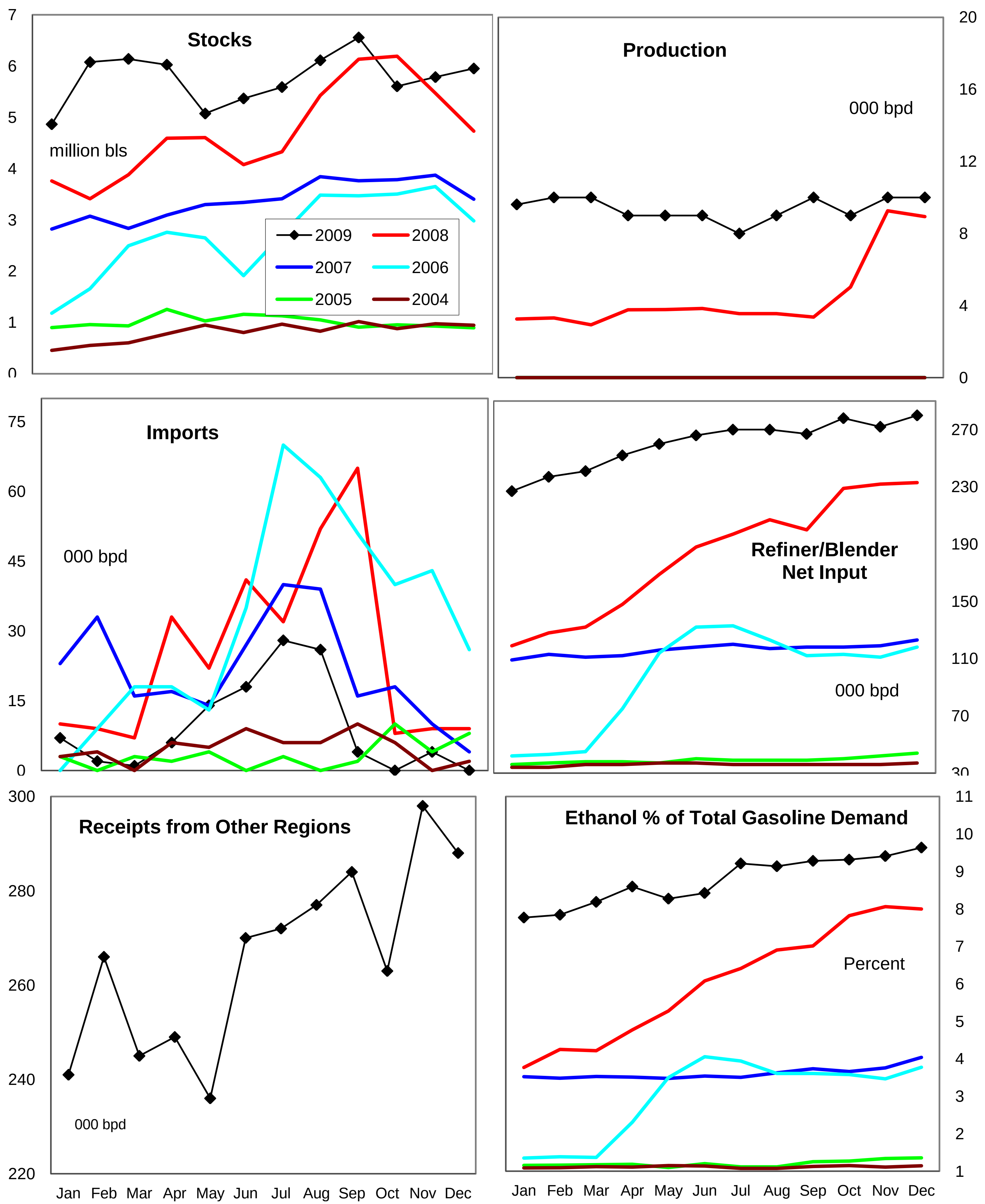
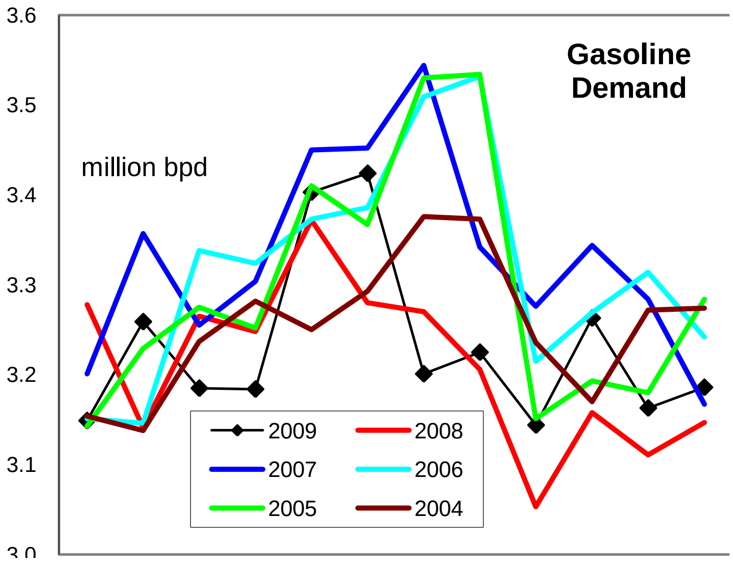
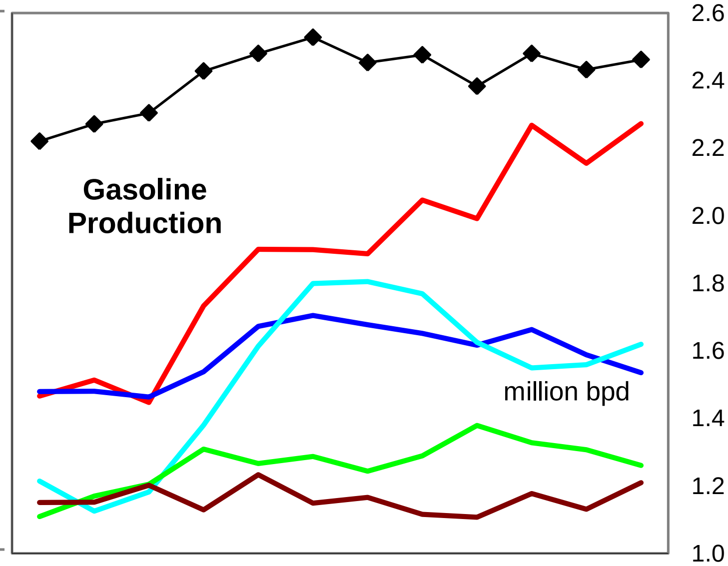
PADD 1 Ethanol Supply-Demand Balance

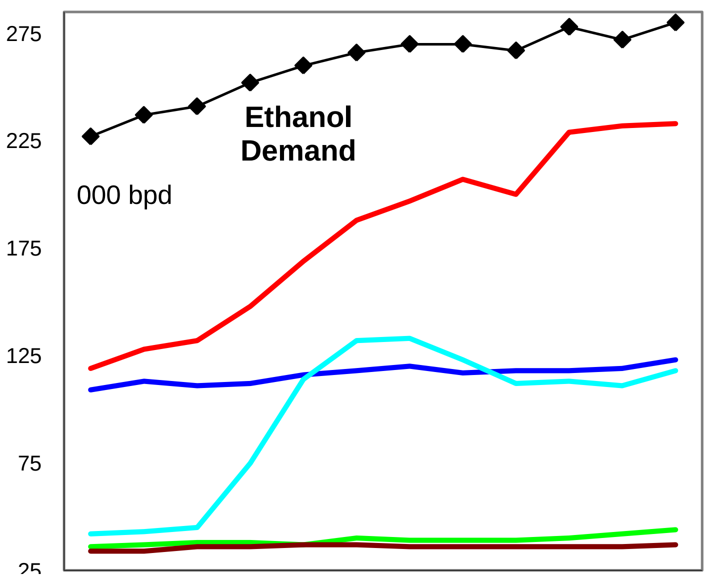


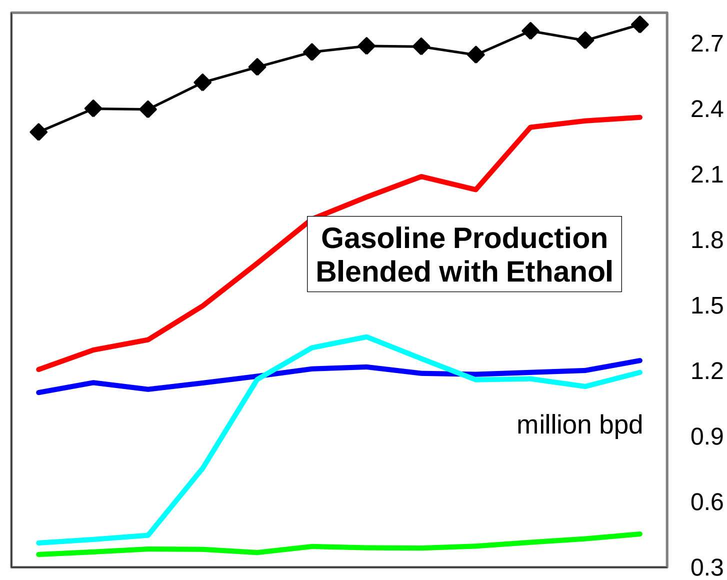
Variance to prior year	Stocks	Production	Imports	Demand
000 bpd (000 bls stocks)	1,221	1	-9	47
% change	25.8	11.9	-100.0	20.2

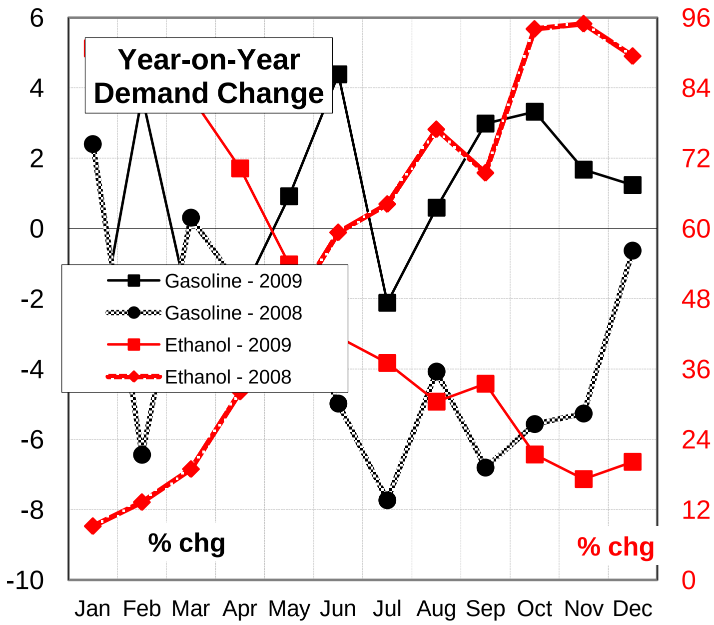
PADD 01 Gasoline/Ethanol Demand and Blending

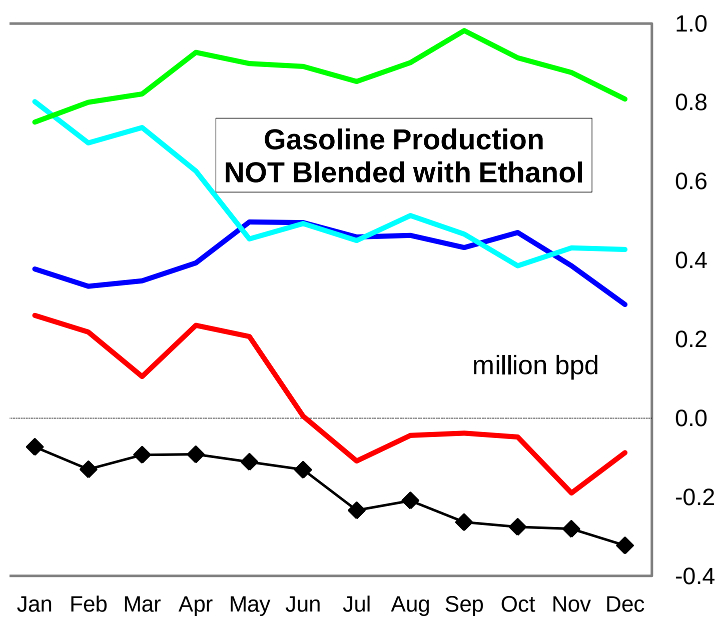












Variance to prior year	Gasoline Demand	Ethanol Demand	Prod with Ethanol	Prod Excl Ethanol
000 bpd	39	47	425	-235
% change	1.2	20.2	18.0	267.0

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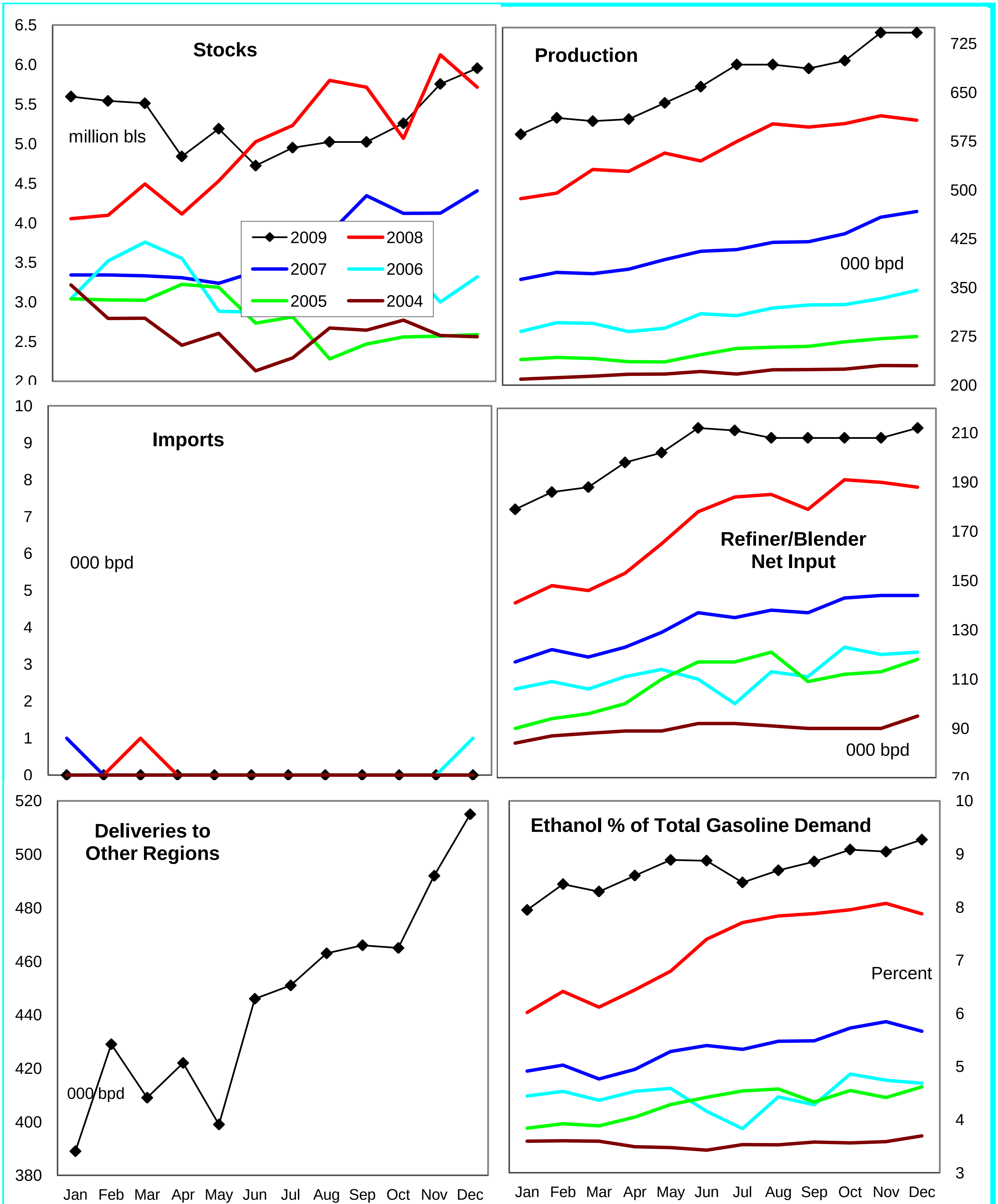
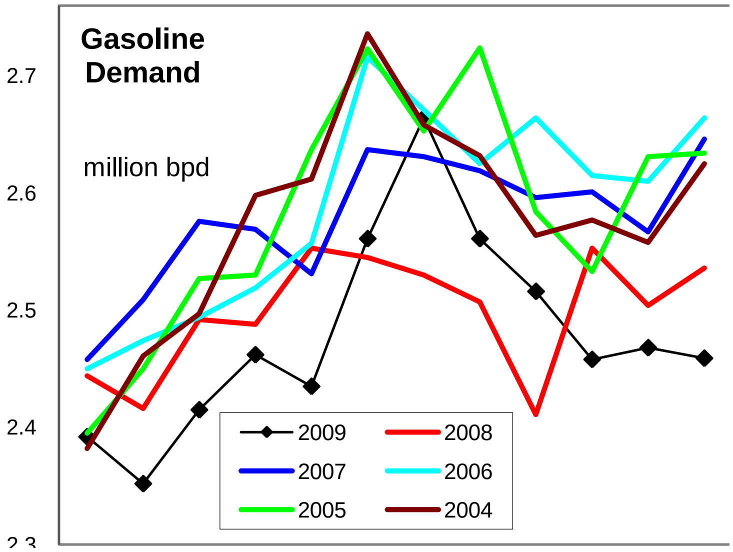
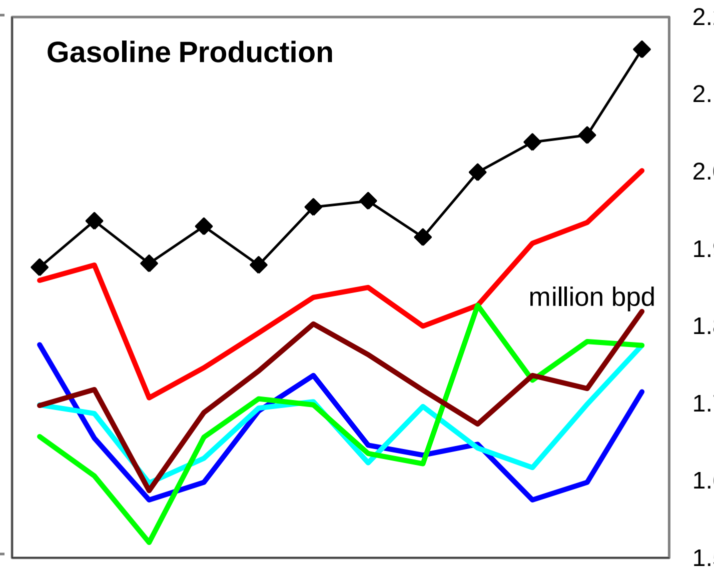
PADD 2 Ethanol Supply-Demand Balance

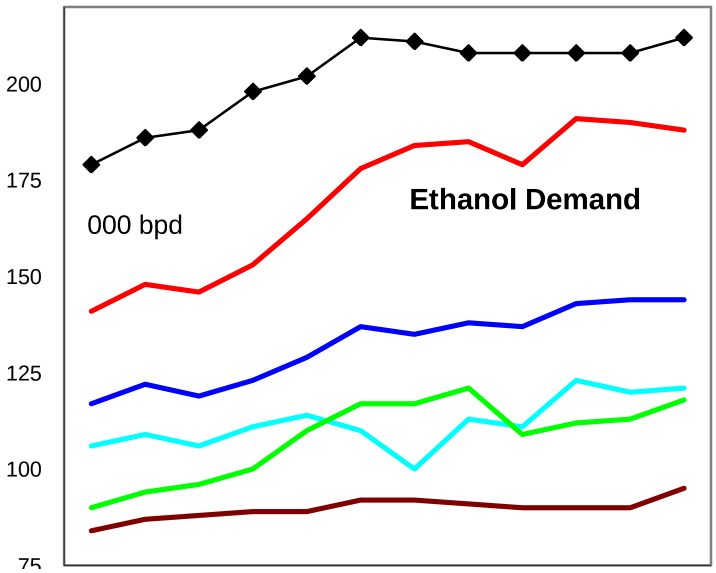


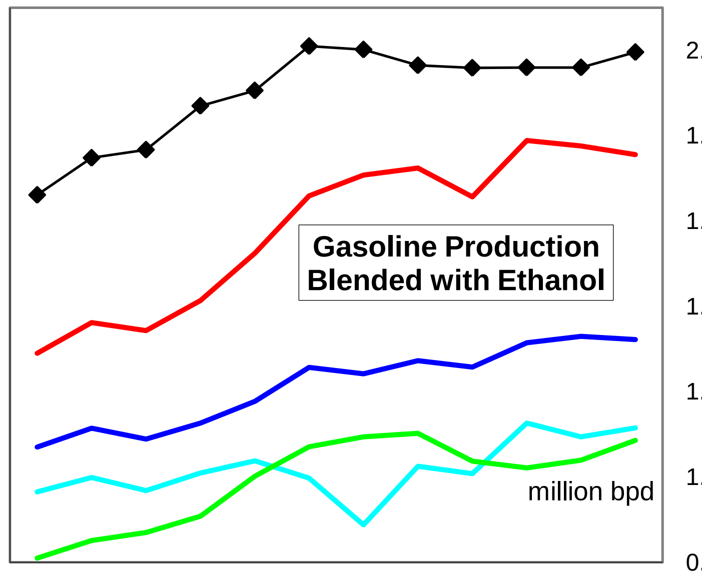
Variance to prior year	Stocks	Production	Imports	Demand
000 bpd (000 bls stocks)	240	135	0	24
% change	4.2	22.1	#DIV/0!	12.8

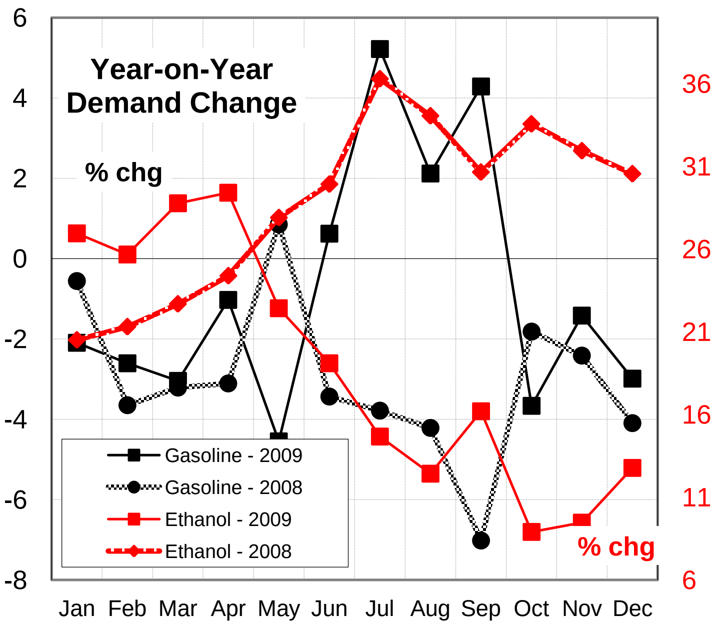
PADD 02 Gasoline/Ethanol Demand and Blending

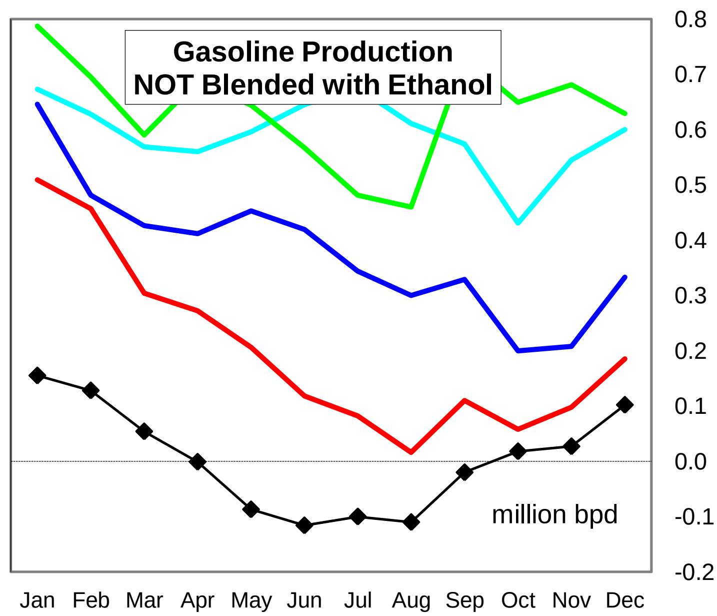






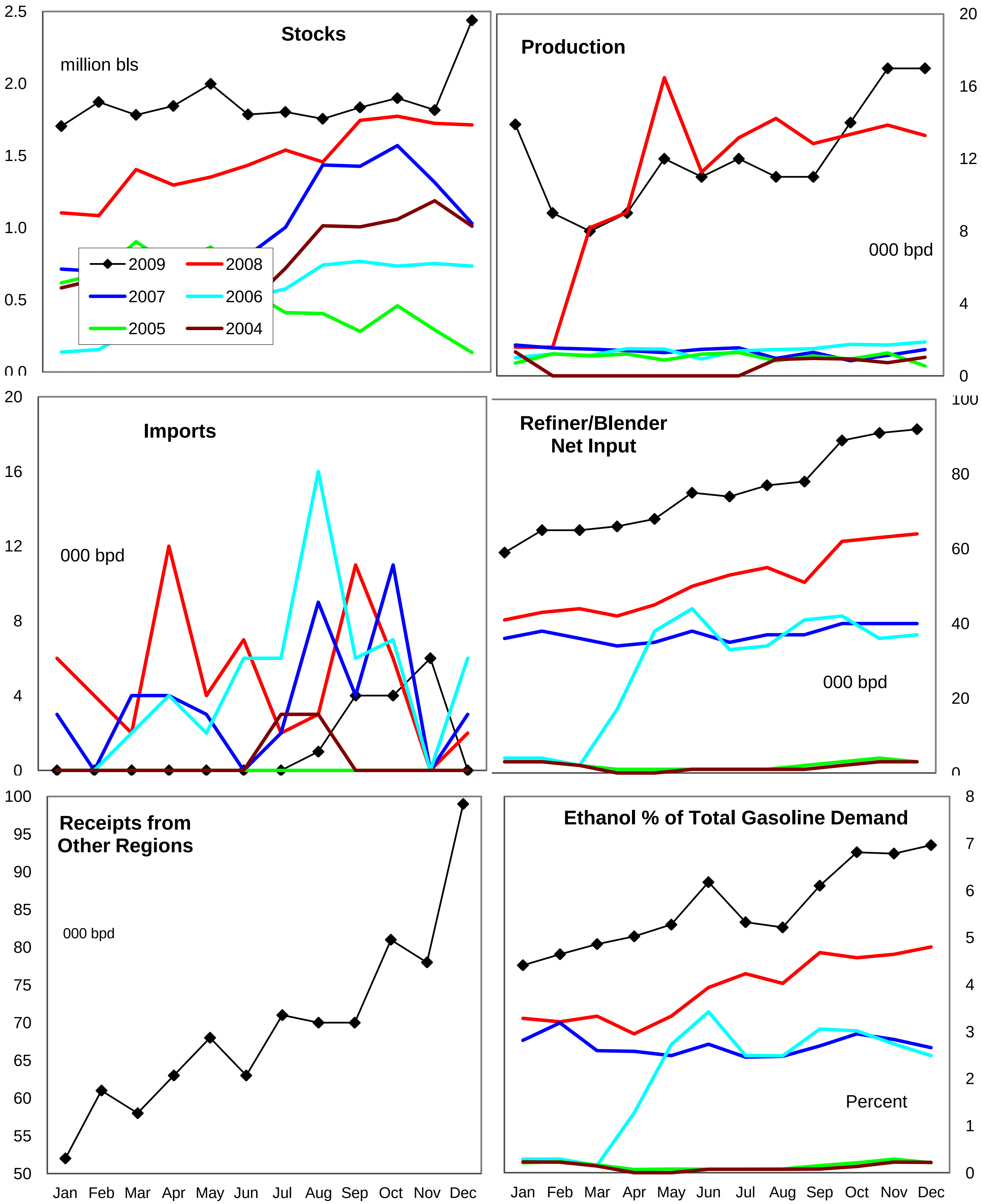






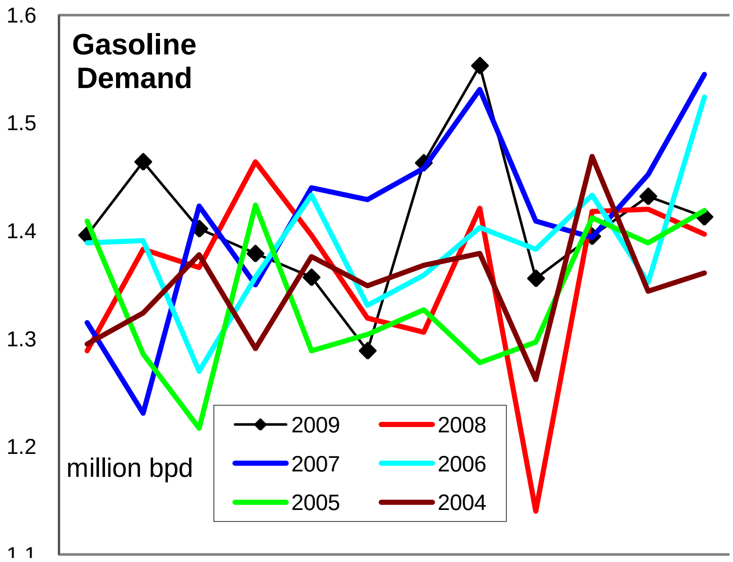
Variance to prior year	Gasoline Demand	Ethanol Demand	Prod with Ethanol	Prod Excl Ethanol
000 bpd	-77	24	240	-83
% change	-3.0	12.8	12.9	-44.9

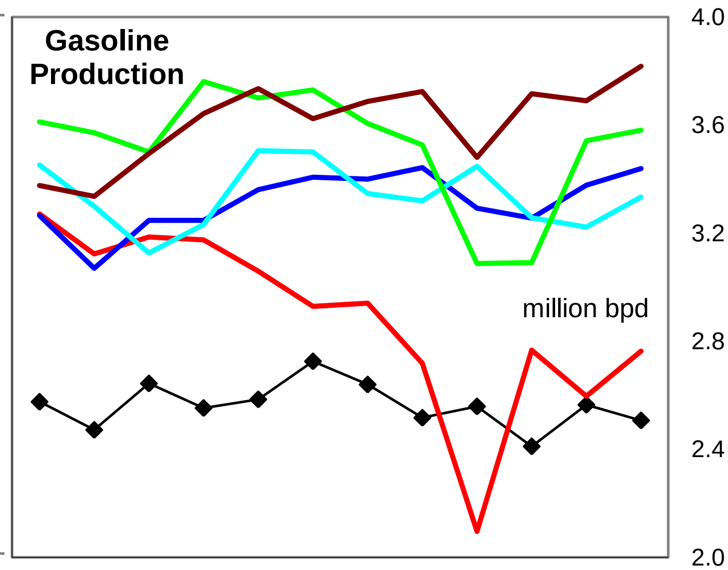
PADD 3 Ethanol Supply-Demand Balance

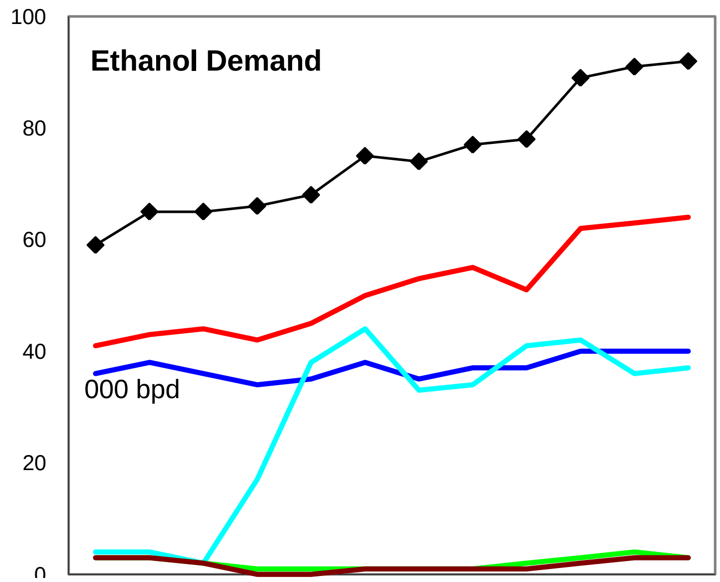


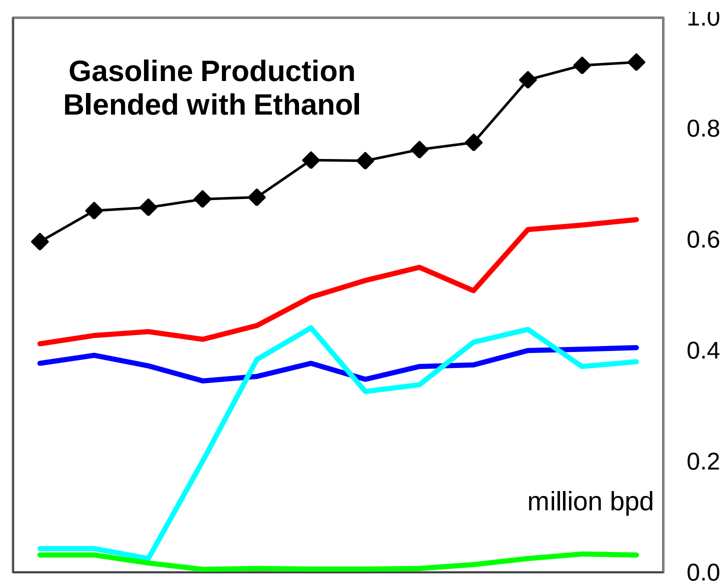
Variance to prior year	Stocks	Production	Imports	Demand
000 bpd (000 bls stocks)	726	4	-2	28
% change	42.4	27.9	-100.0	43.8

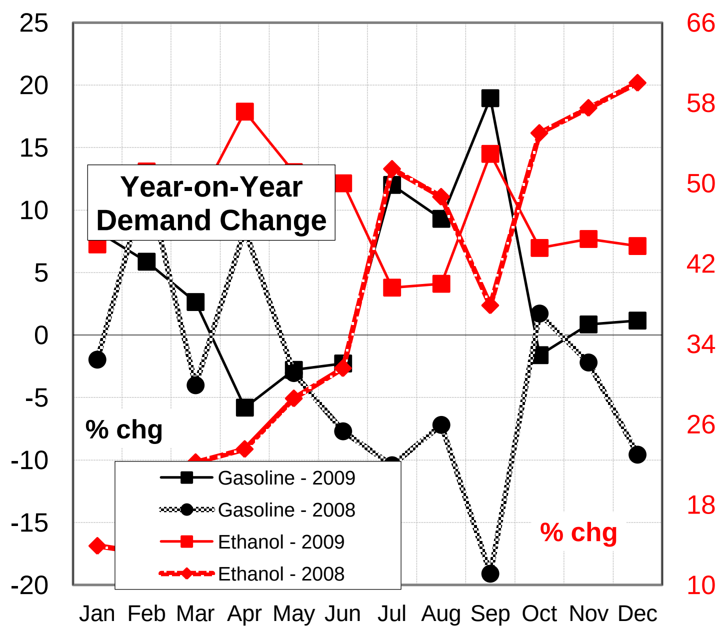
PADD 03 Gasoline/Ethanol Demand and Blending

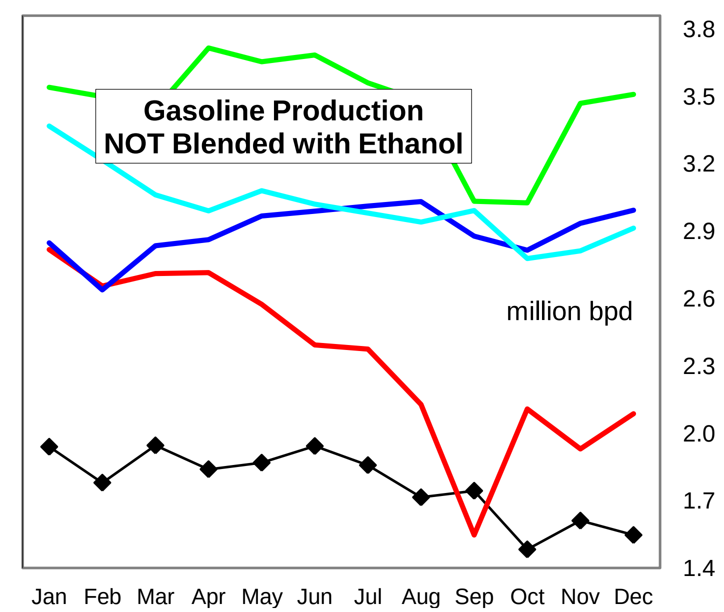












Variance to prior year	Gasoline Demand	Ethanol Demand	Prod with Ethanol	Prod Excl Ethanol
000 bpd	-41	28	284	-540
% change	-3.8	43.8	44.7	-25.4

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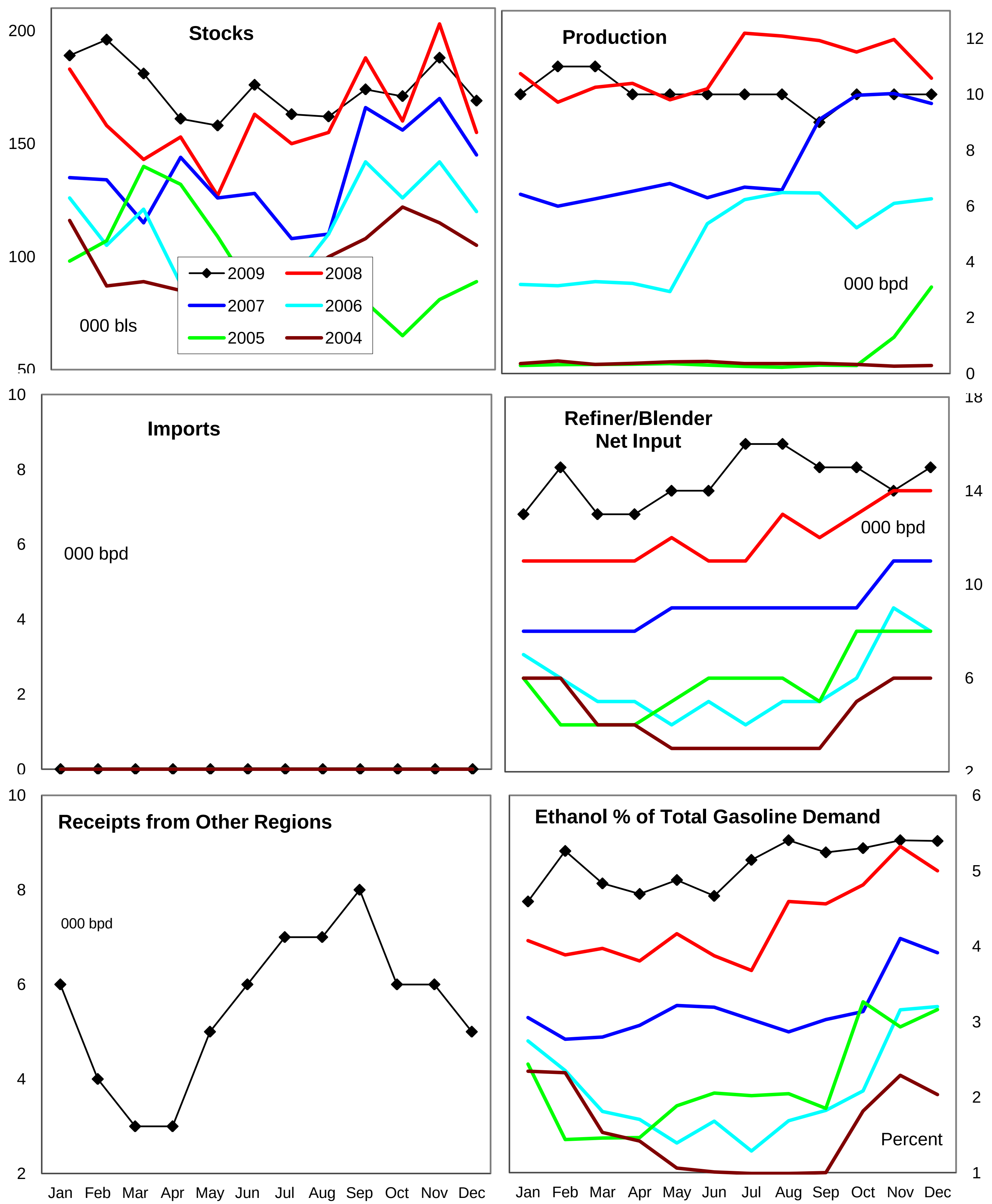
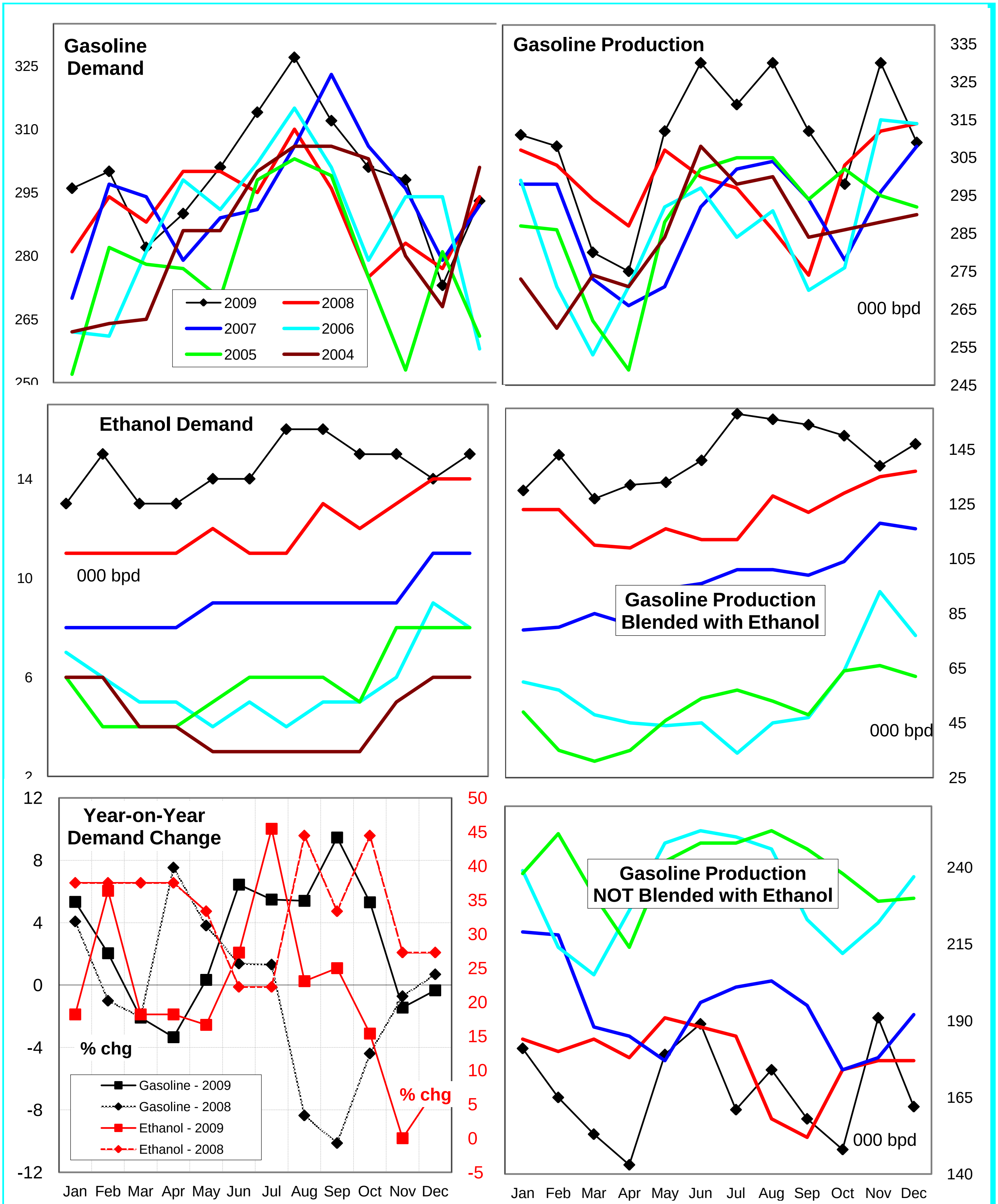
PADD 4 Ethanol Supply-Demand Balance



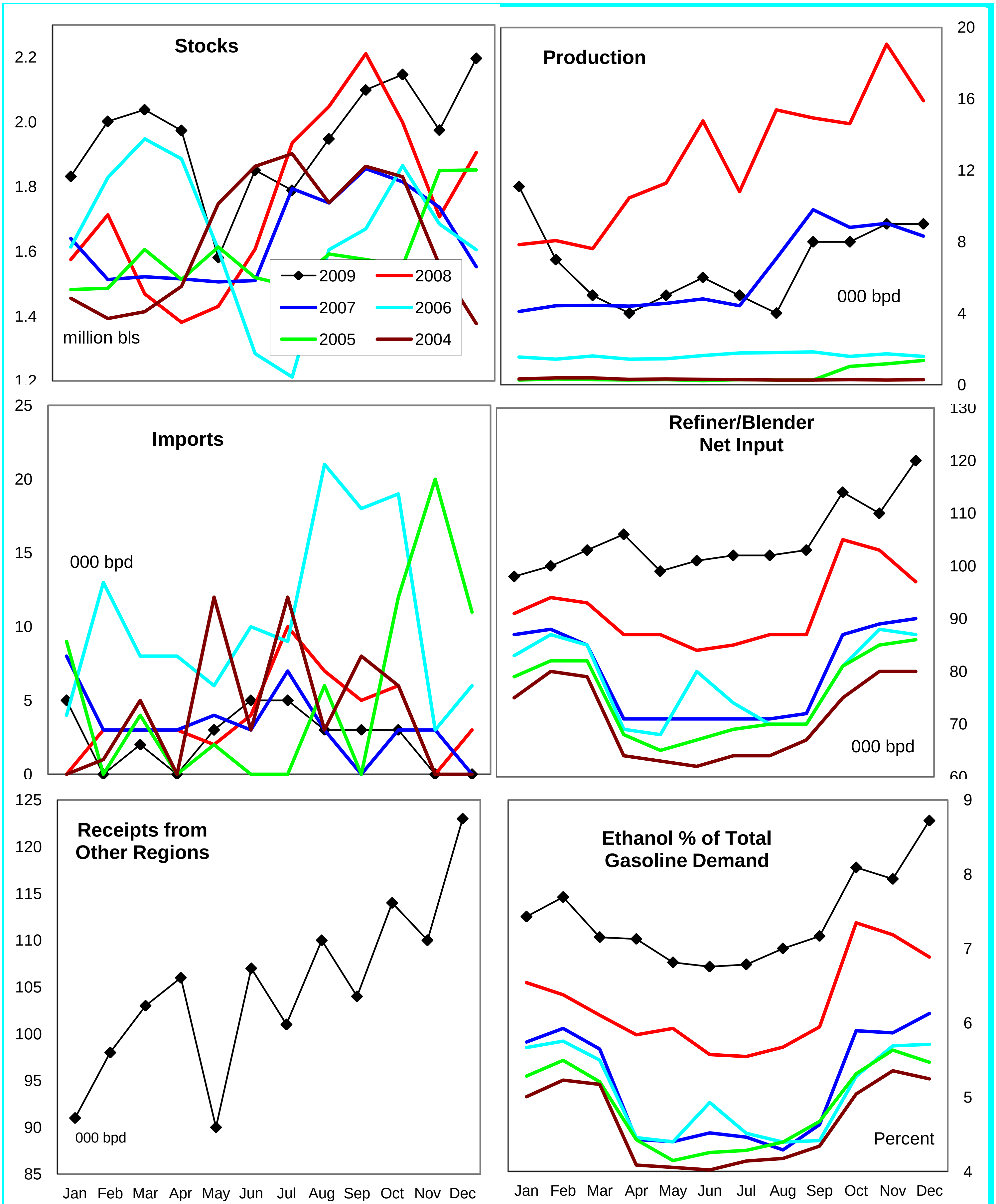
Variance to prior year	Stocks	Production	Imports	Demand
000 bpd (000 bls stocks)	14	-1	0	1
% change	9.0	-5.5	#DIV/0!	7.1

PADD 04 Gasoline/Ethanol Demand and Blending



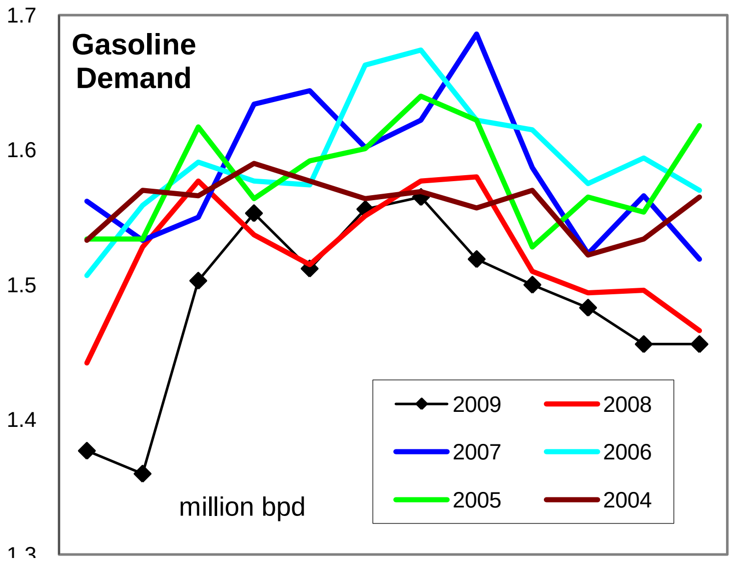
Variance to prior year	Gasoline Demand	Ethanol Demand	Prod with Ethanol	Prod Excl Ethanol
000 bpd	-1	1	10	-15
% change	-0.3	7.1	7.3	-8.5

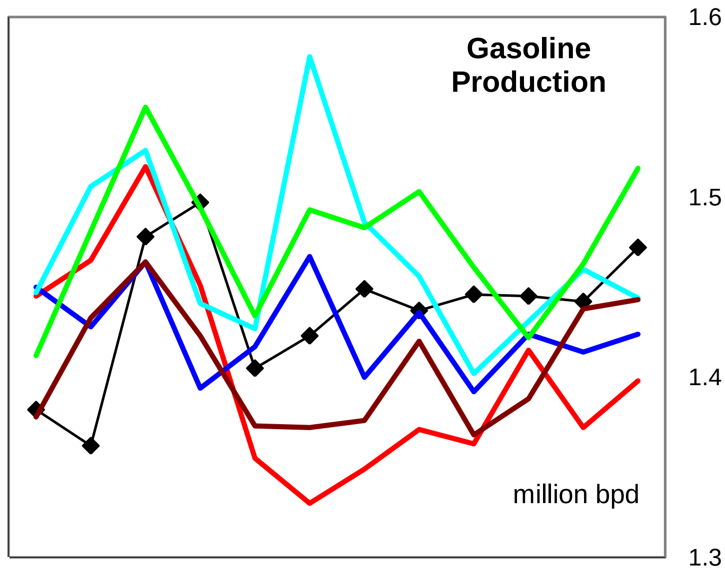
PADD 5 Ethanol Supply-Demand Balance

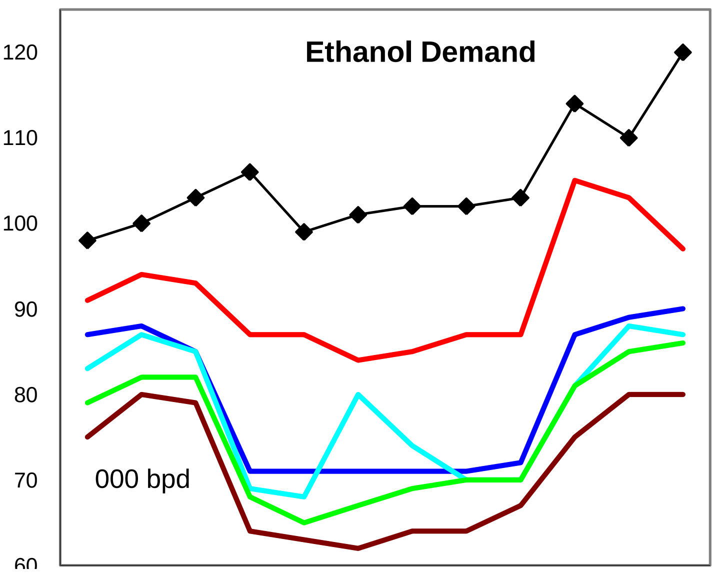


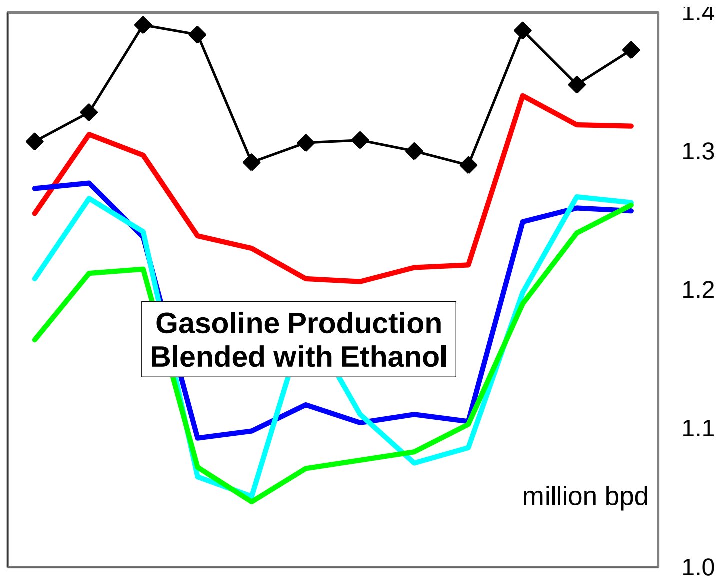
Variance to prior year	Stocks	Production	Imports	Demand
000 bpd (000 bls stocks)	291	-7	-3	23
% change	15.3	-43.4	-100.0	23.7

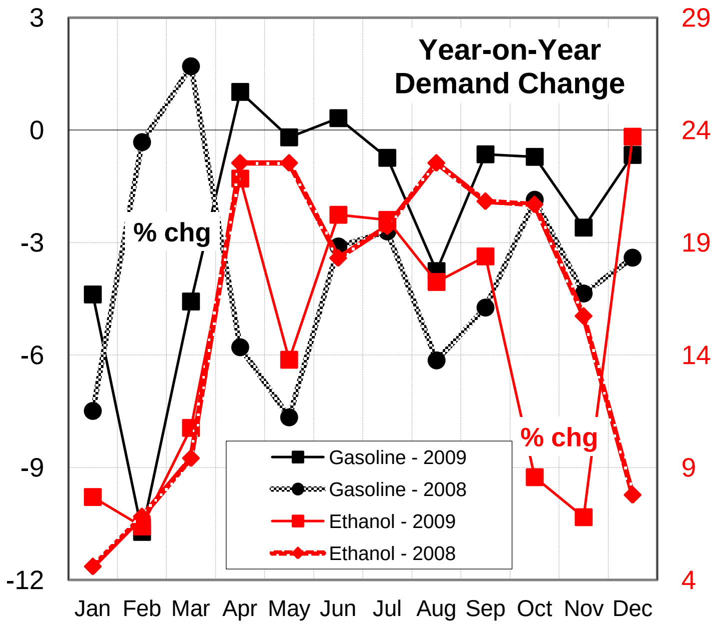
PADD 05 Gasoline/Ethanol Demand and Blending

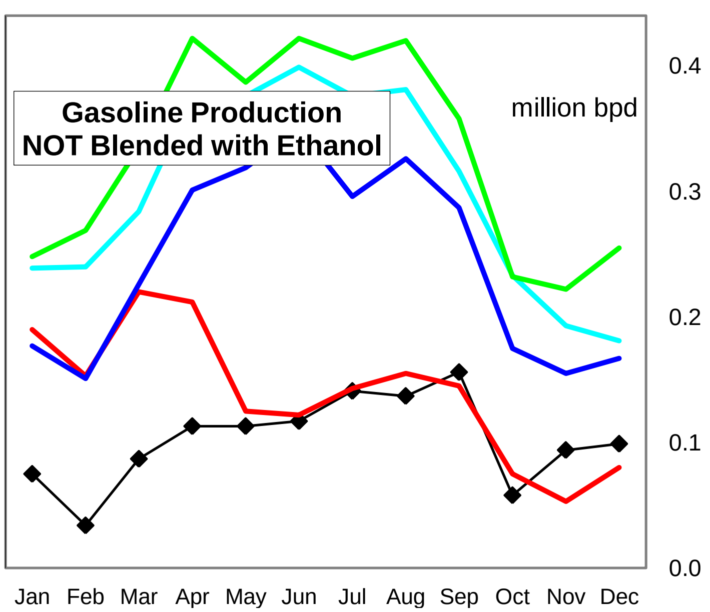












Variance to prior year	Gasoline Demand	Ethanol Demand	Prod with Ethanol	Prod Excl Ethanol
000 bpd	-10	23	55	19
% change	-0.7	23.7	4.1	23.8

Ethanol / Gasoline Fundamental Trends

Item	Monthly Ethanol Supply-Demand Balance						Change From Prior Year		
	Dec09	Nov09	Oct09	Sep09	Aug09	Jul09	1-Month	3-Mth Avg	6-Mth Avg
U. S. Total									
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Imports	0	10	7	10	30	33	-15	-9	-24
EIA Adjustment	-31	-85	-64	-42	-62	-75	-31	-60	-60
Implied Demand	719	696	703	671	673	673	15	15	15
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Ethanol % of Total Gasoline	8.80	8.51	8.50	8.16	7.85	7.80	0.24	0.22	0.07
PADD 01									
Production	10	10	9	10	9	8	1	2	4
Imports	0	4	0	4	26	28	-9	-7	-19
Receipts from other regions	288	298	263	284	277	272		NA	
Refiner/Blender Net Input	280	272	278	267	270	270	47	45	57
Ending Stocks	5,952	5,784	5,605	6,558	6,112	5,589	1,221	316	553
Wholesale Gasoline Demand	3,186	3,163	3,263	3,144	3,225	3,201	39	65	40
Conv Ethanol Gasoline Blend	1,564	1,506	1,537	1,447	1,466	1,464	424	416	513
Ethanol % of Total Gasoline	9.64	9.41	9.31	9.28	9.14	9.21	1.64	1.49	1.97
PADD 02									
Production	742	742	699	687	693	693	135	120	110
Deliveries to other regions	-515	-492	-465	-466	-463	-451		NA	
Refiner/Blender Net Input	212	208	208	208	208	211	24	20	23
Ending Stocks	5,954	5,755	5,258	5,022	5,023	4,950	240	21	-282
Wholesale Gasoline Demand	2,499	2,508	2,498	2,556	2,601	2,704	-77	-69	14
Conv Ethanol Gasoline Blend	1,724	1,708	1,701	1,693	1,707	1,735	243	208	247
Ethanol % of Total Gasoline	9.27	9.04	9.08	8.86	8.69	8.46	1.40	1.17	1.02
PADD 03									
Production	17	17	14	11	11	12	4	2	0
Imports	0	6	4	4	1	0	-2	1	-2
Receipts from other regions	99	78	81	70	70	71		NA	
Refiner/Blender Net Input	92	91	89	78	77	74	28	28	26
Ending Stocks	2,439	1,816	1,899	1,835	1,756	1,803	726	314	266
Wholesale Gasoline Demand	1,413	1,432	1,395	1,356	1,553	1,463	16	2	85
Conv Ethanol Gasoline Blend	546	534	509	390	369	353	306	290	243
Ethanol % of Total Gasoline	6.96	6.79	6.81	6.10	5.22	5.33	2.16	2.18	1.71
PADD 04									
Production	10	10	10	9	10	10	-1	-1	-2
Receipts from other regions	5	6	6	8	7	7		NA	
Refiner/Blender Net Input	15	14	15	15	16	16	1	1	2
Ending Stocks	169	188	171	174	162	163	14	3	3
Wholesale Gasoline Demand	293	273	298	301	312	327	-1	3	12
Conv Ethanol Gasoline Blend	147	139	150	154	156	158	-93	-94	-56
Ethanol % of Total Gasoline	5.40	5.41	5.30	5.24	5.41	5.14	0.40	0.32	0.65
PADD 05									
Production	9	9	8	8	4	5	-7	-8	-8
Imports	0	0	3	3	3	5	-3	-2	-3
Receipts from other regions	123	110	114	104	110	101		NA	
Refiner/Blender Net Input	120	110	114	103	102	102	23	13	15
Ending Stocks	2,197	1,975	2,147	2,099	1,948	1,789	291	236	58
Wholesale Gasoline Demand	1,496	1,496	1,523	1,540	1,559	1,605	-10	-20	-24
Conv Ethanol Gasoline Blend	346	334	346	343	356	361	59	33	57
Ethanol % of Total Gasoline	8.72	7.94	8.09	7.17	7.00	6.79	1.84	1.11	1.19

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