FUNDAMENTAL PETROLEUM TRENDS

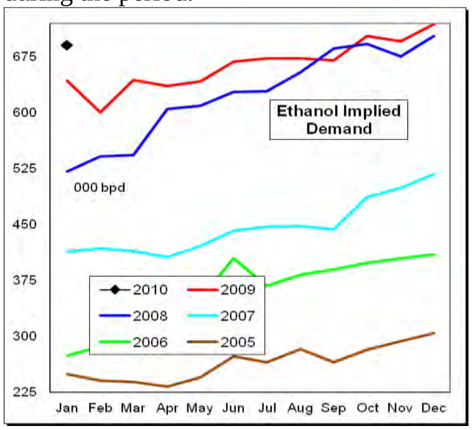
ETHANOL SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Monthly Report

Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Monday, April 12, 2010

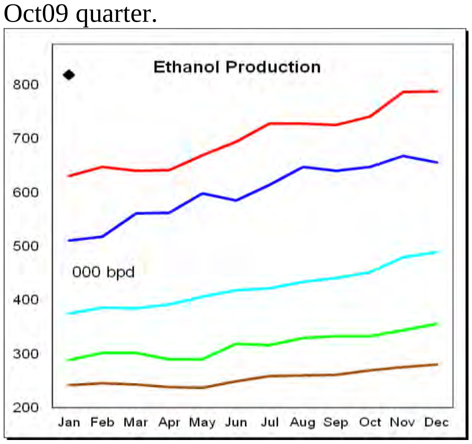
Table of Contents

Summary: Ethanol demand was 702,000 bpd in the Nov09 - Jan10 quarter, up +20,000 bpd compared to the Aug09 - Oct09 period. Wholesale gasoline demand decreased -281,000 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 Nov08 - Jan09 and Nov09 - Jan10 increased +28,000 bpd. This represented a +4.3% increase.

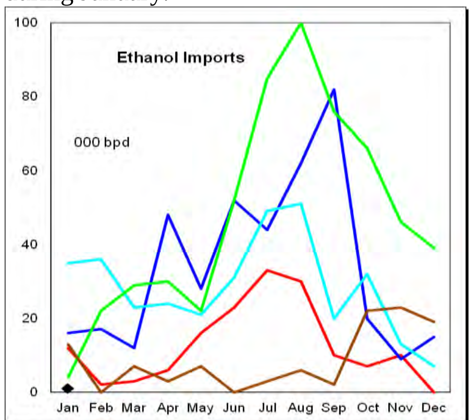
Ethanol production was 797,000 bpd during the Nov09 - Jan10 quarter, up +66,000 bpd compared to the Aug09 - Oct09 quarter.

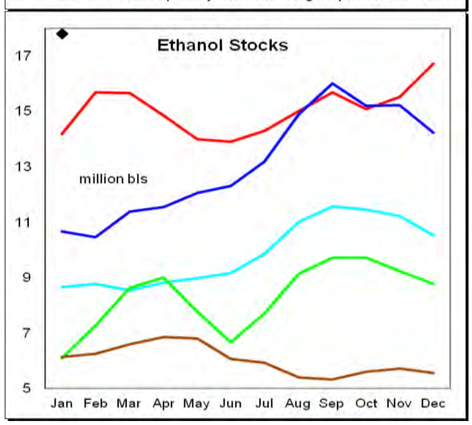


Year-over-year production increased in the Nov09 - Jan10 quarter by +146,000 bpd. This was a +22% increase.

Imports averaged 4,000 bpd during the Nov09 - Jan10 quarter, down from 16,000 bpd during the Aug09 - Oct09 quarter. Imports fell to a 5-year low.

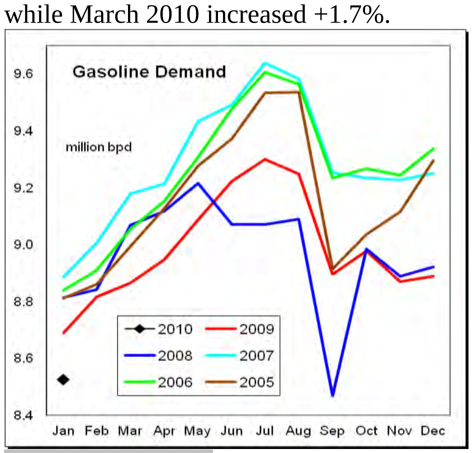
Ethanol stocks increased +1.1 million barrels in January, a +35,000 bpd build during the month. Stocks increased +1 million barrels in PADD 2; +0.5 million barrels in PADD 1, with a -0.4 million barrel draw in PADD 3. Other regions changed less than 0.1 million barrels during January.





Gasoline Demand Trends: Wholesale gasoline demand decreased -72,000 bpd year-over-year in the Nov09 - Jan10 period compared to a year ago, a -0.8% decrease.

Gasoline demand in February 2010 increased +0.2% compared to a year ago while March 2010 increased +1.7%.



Blending Trends: During the Nov09 - Jan10 quarter, 4.2 million bpd of conventional gasoline was blended with ethanol, equal to 73% of conventional grade output. This was an increase of +0.9 million bpd over the same period in 2009. The volume of gasoline not blended with ethanol was 1.4 million bpd in January, 2010, 17% of total production.

Ethanol Blend Economics: Midwest ethanol prices peaked in November 09 and have trended lower through early April 10. Prices fell -73 cts/gal during the last 5-months. Concurrently, Midwest gasoline prices have increased +30 cts/gal during the same period.

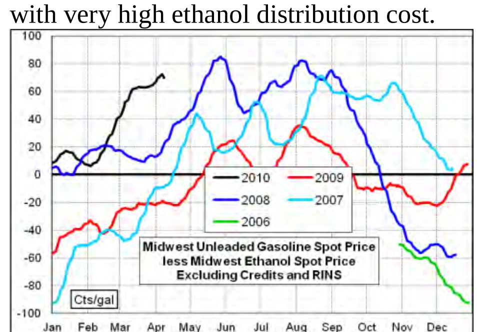
The Midwest spot gasoline - ethanol price spread has increased from -20 cts/gal in Nov 09 to +70 cts/gal in early April 10. The spread is near the record highs set in the spring/summer of 2008.

Record high ethanol stock levels and production, combined with very modest growth demand has led to an extremely over supplied ethanol market.

Meaningful global economic growth in countries outside the U.S., Europe and Japan has supported the uptrend in crude oil prices, which has in turned driven up U.S. gasoline prices during the last several months.

Demand growth for ethanol has slowed sharply during the last 2 quarters, with blending infrastructure is in place for nearly all regional markets.

Including tax and RINS credits of approximately $0.50/gal, blending economics are now near all time record highs for the last 4-years. Economics are exceptionally favorable even in markets with very high ethanol distribution cost.



Emerging Trends: Ethanol production increased +188,000 bpd between Jan09 and Jan10. Stocks increased +2.8 million barrels (+20%) in the same period. Gasoline demand declined -165,000 bpd in Jan10 compared to Jan09.

The extremely over supplied ethanol market is likely to persist during 2010 on further growth in production and modest gasoline demand growth resulting from continued high unemployment. Blender economics should remain excellent.

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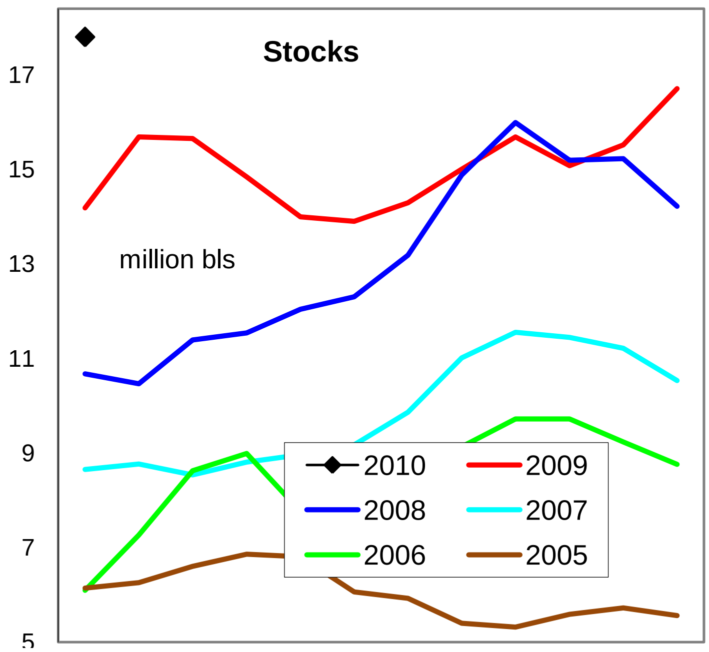
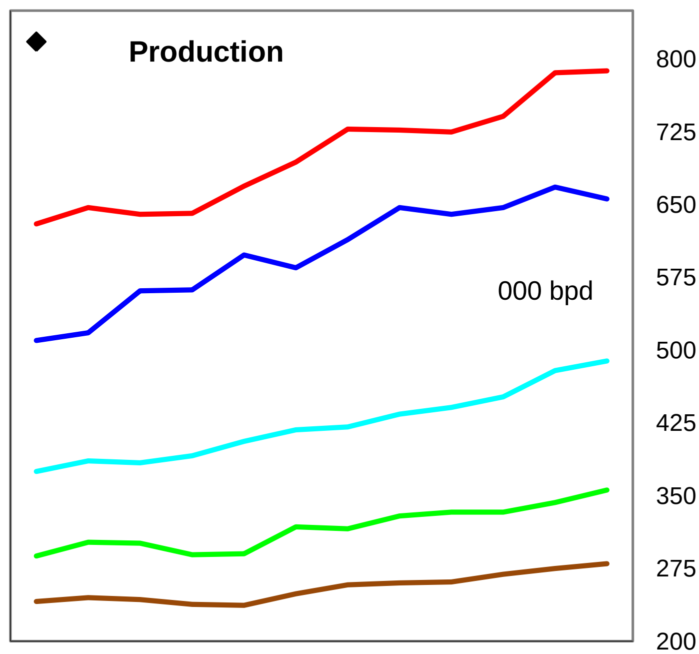
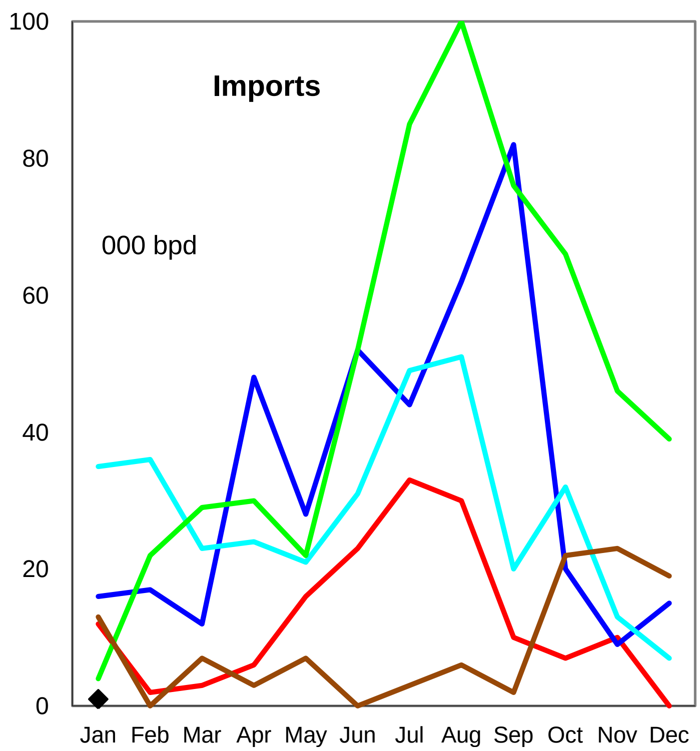
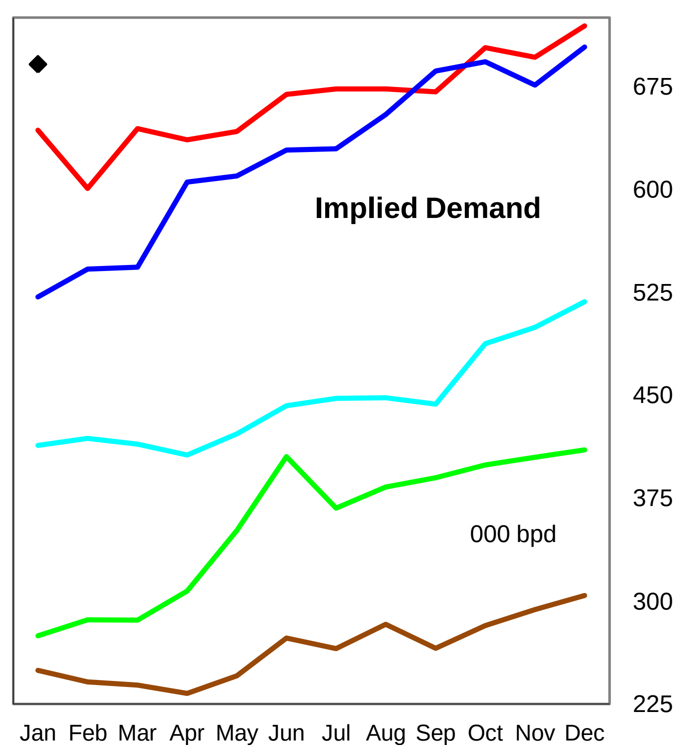
United States Ethanol Supply-Demand Balance

Item	Monthly Ethanol Supply-Demand Balance						Change From Prior Year		
	Jan10	Dec09	Nov09	Oct09	Sep09	Aug09	1-Month	3-Mth Avg	6-Mth Avg
Production	818	788	786	741	725	727	188	146	116
Imports	1	0	10	7	10	30	-11	-8	-24
EIA Adjustment	-94	-31	-85	-64	-42	-62	-26	-47	-52
Demand	691	719	696	703	671	673	48	28	16
Ending Stocks	17,800	16,711	15,518	15,080	15,688	15,001	3,614	2,132	1,016
Change in stocks	1,089	1,193	438	-608	687	707			
Wholesale Gasoline Demand	8,525	8,888	8,871	8,978	8,897	9,250	-165	-72	61
Conv Ethanol Gasoline Blend	4,056	4,327	4,221	4,243	4,028	4,054	897	937	1,017
Ethanol % of Total Gasoline	8.82	8.80	8.51	8.50	8.16	7.85	0.83	0.45	0.15









Variance to prior year	Stocks	Production	Imports	Demand
000 bpd (000 bls stocks)	3,614	188	-11	48
% change	25.5	29.8	-91.7	7.5

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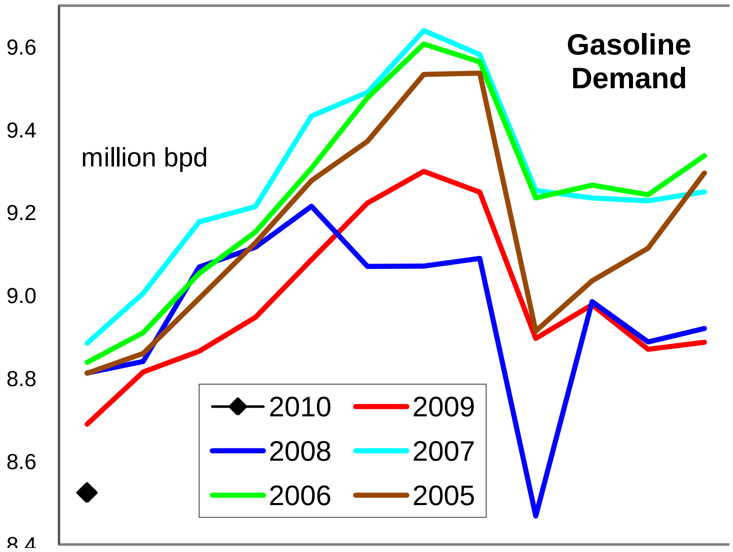
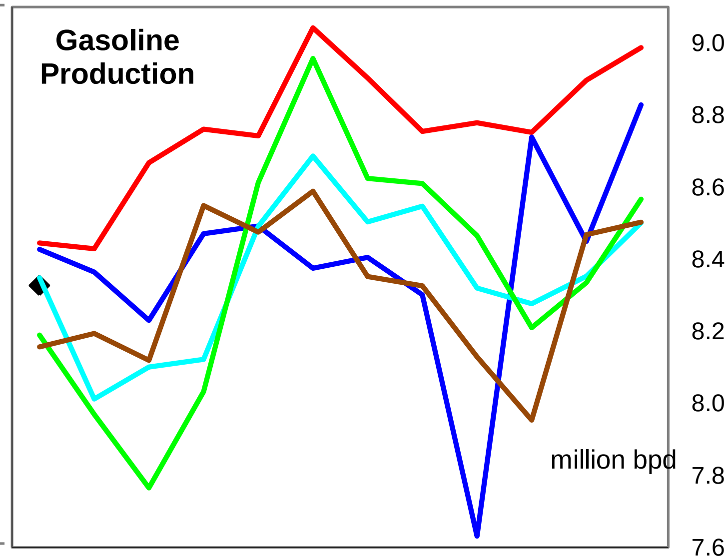
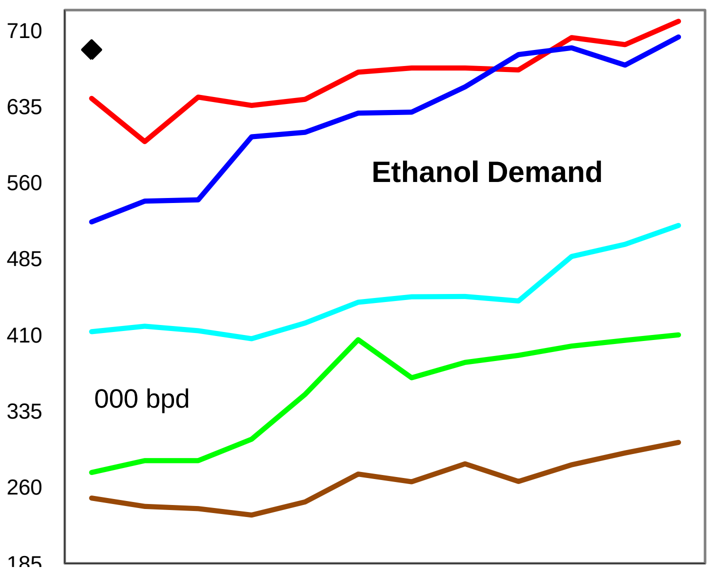
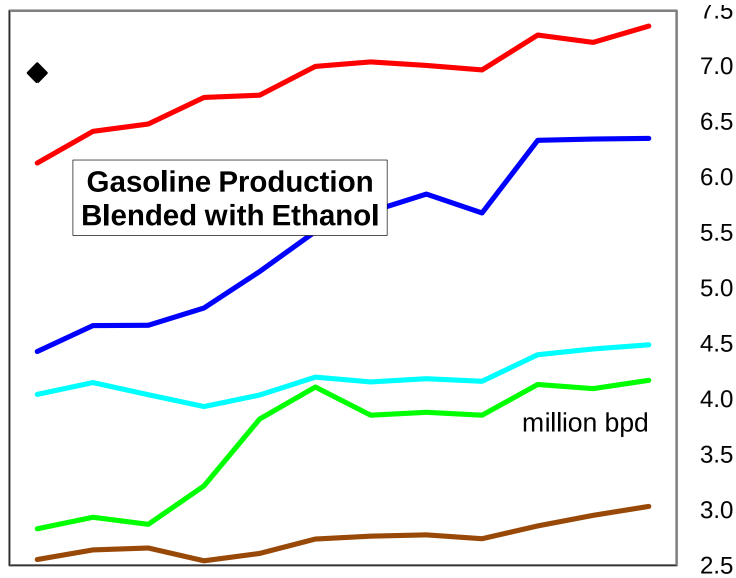
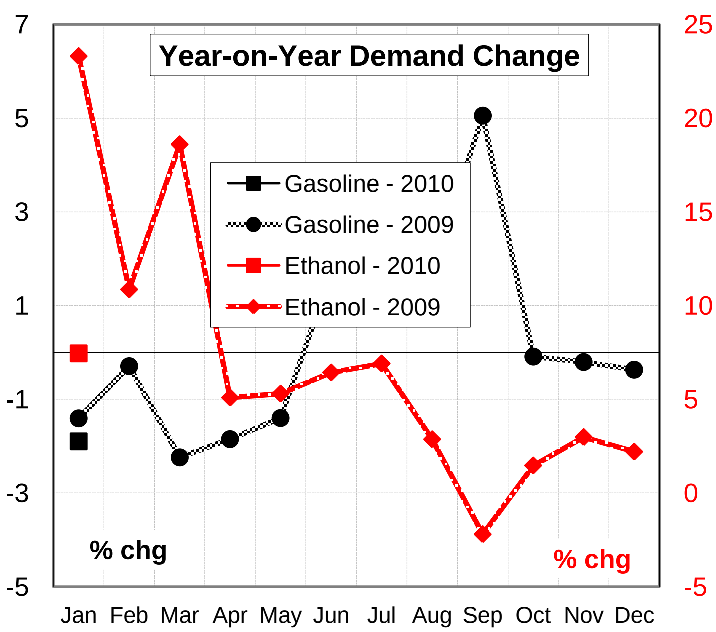
U. S. Gasoline/Ethanol Demand and Blending

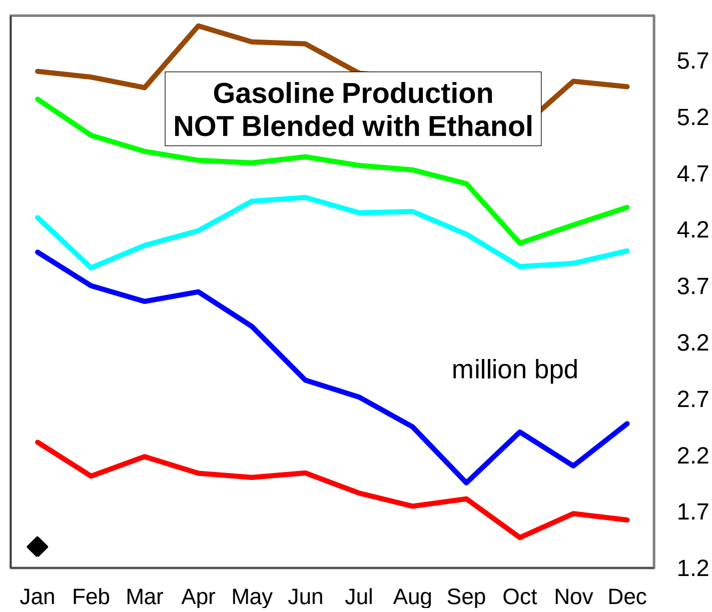












Variance to prior year	Gasoline Demand	Ethanol Demand	Prod with Ethanol	Prod Excl Ethanol
000 bpd	-165	48	811	-929
% change	-1.9	7.5	13.2	-40.1

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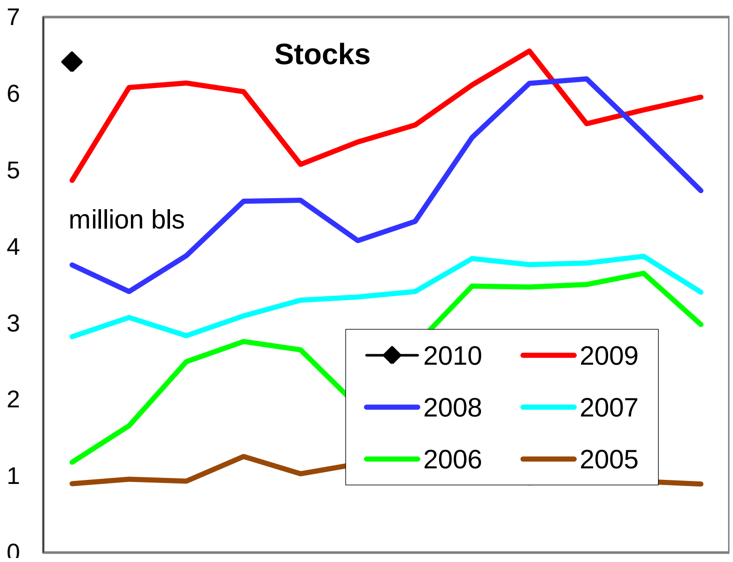
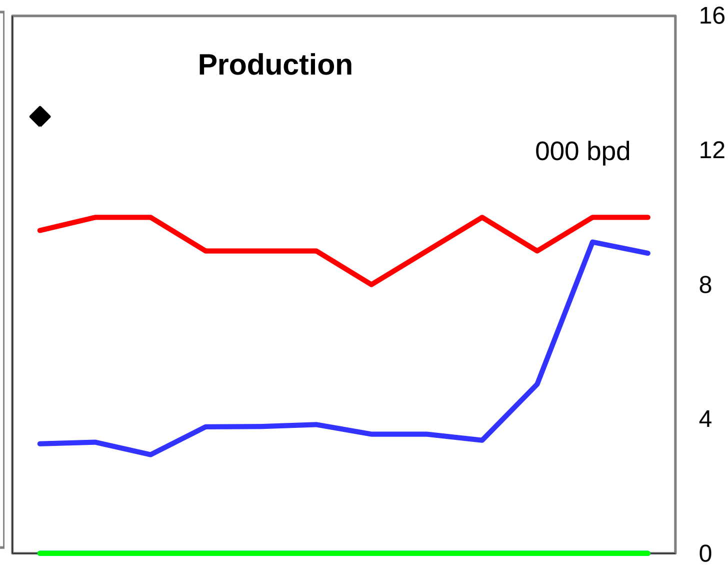
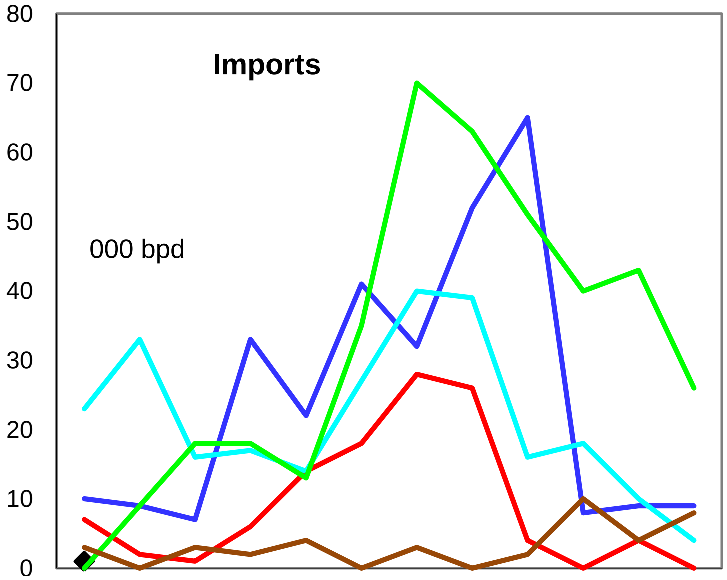
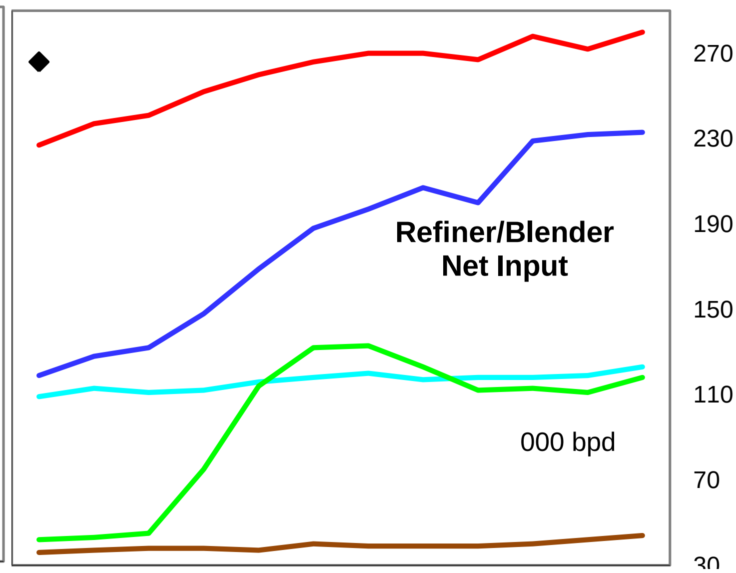
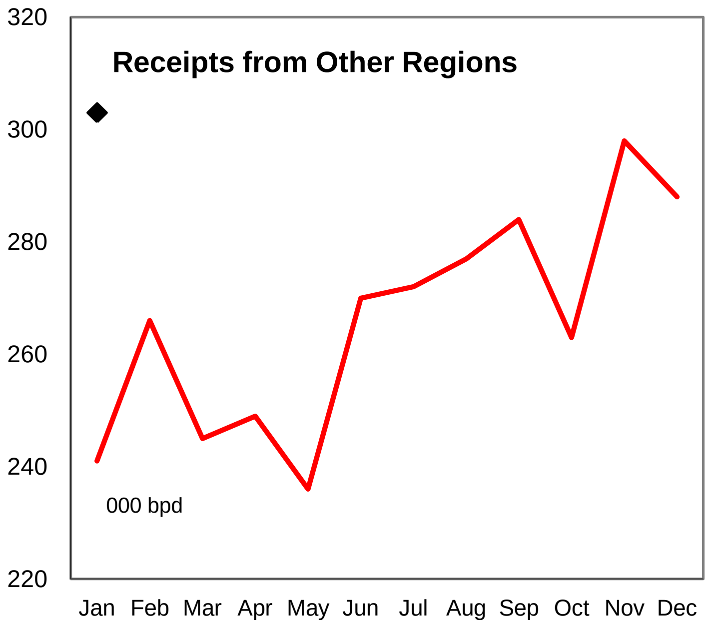
PADD 1 Ethanol Supply-Demand Balance

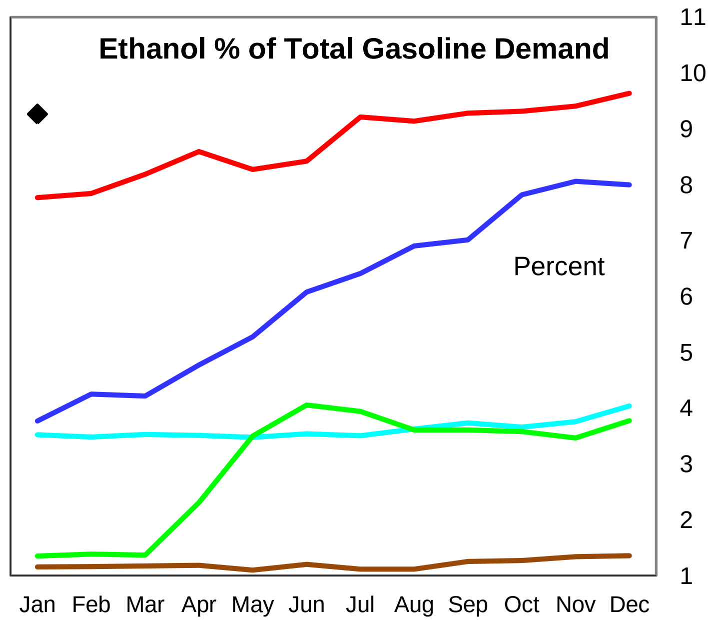












Variance to prior year	Stocks	Production	Imports	Demand
000 bpd (000 bls stocks)	**1,549**	**3**	**-6**	**39**
% change	**31.8**	**35.2**	**-85.7**	**17.2**

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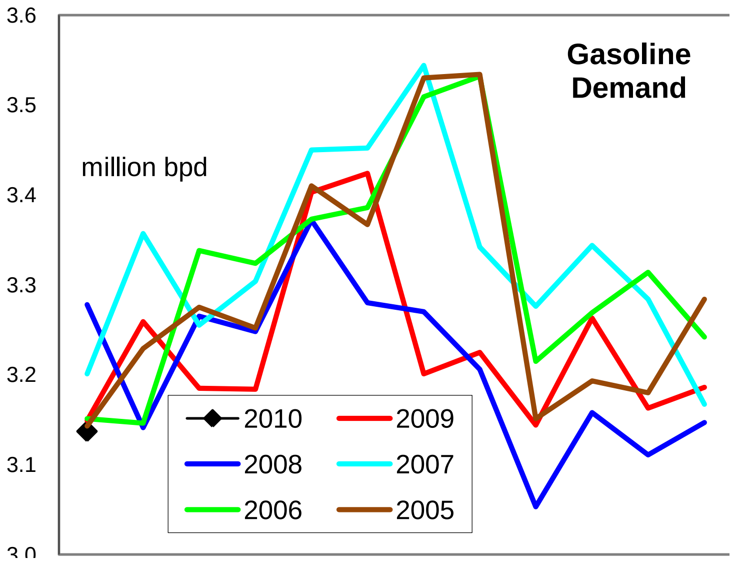
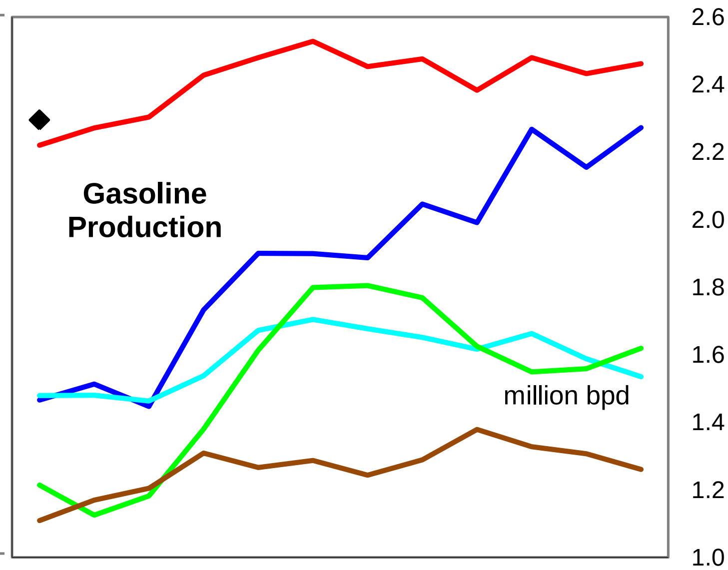
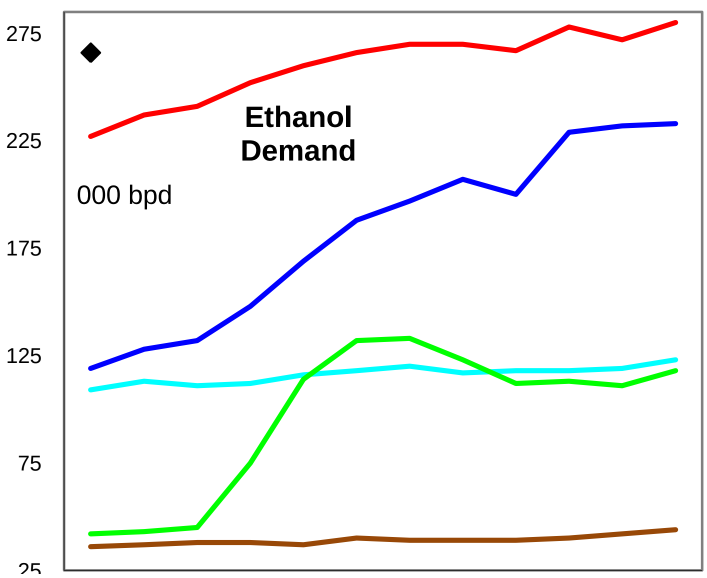
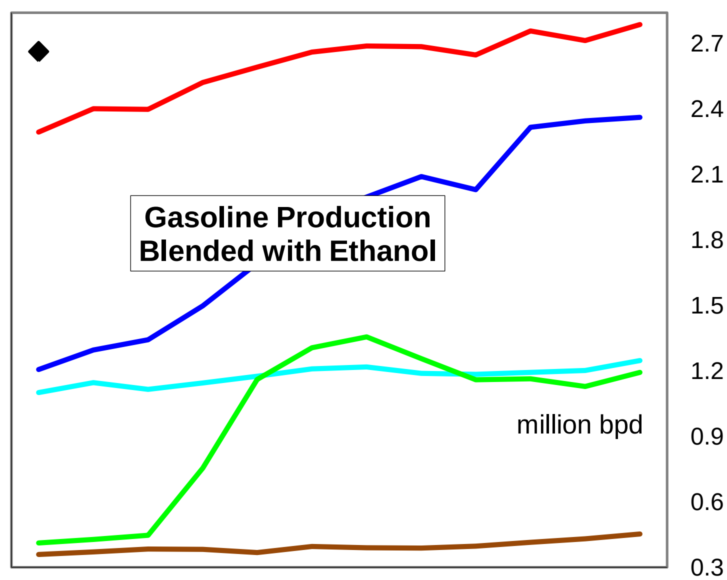
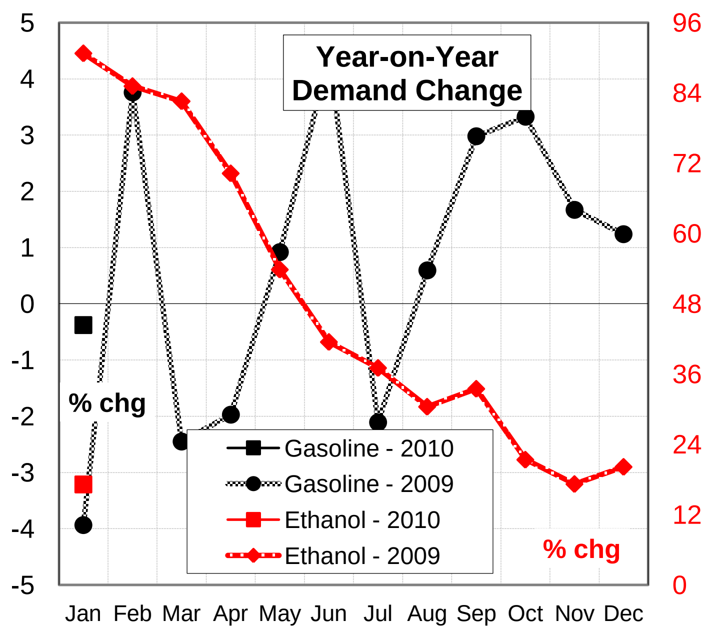
PADD 01 Gasoline/Ethanol Demand and Blending

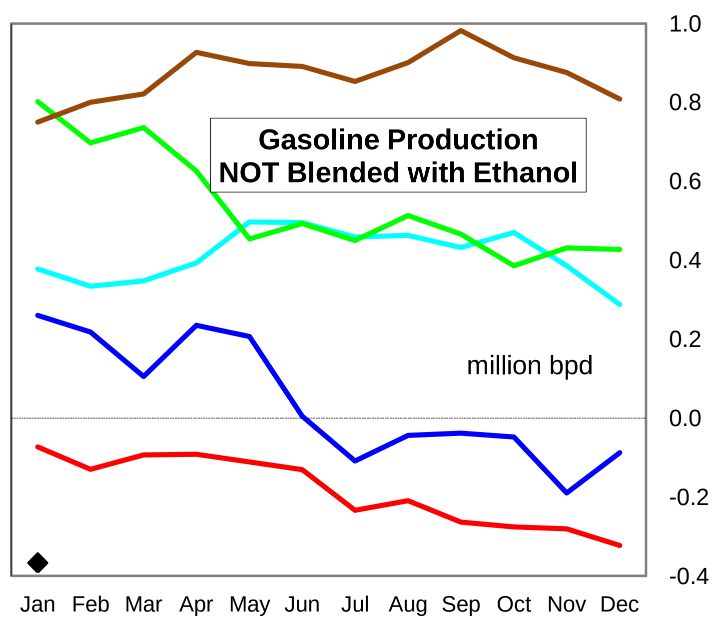












Variance to prior year	Gasoline Demand	Ethanol Demand	Prod with Ethanol	Prod Excl Ethanol
000 bpd	-12	39	369	-294
% change	-0.4	17.2	16.1	402.7

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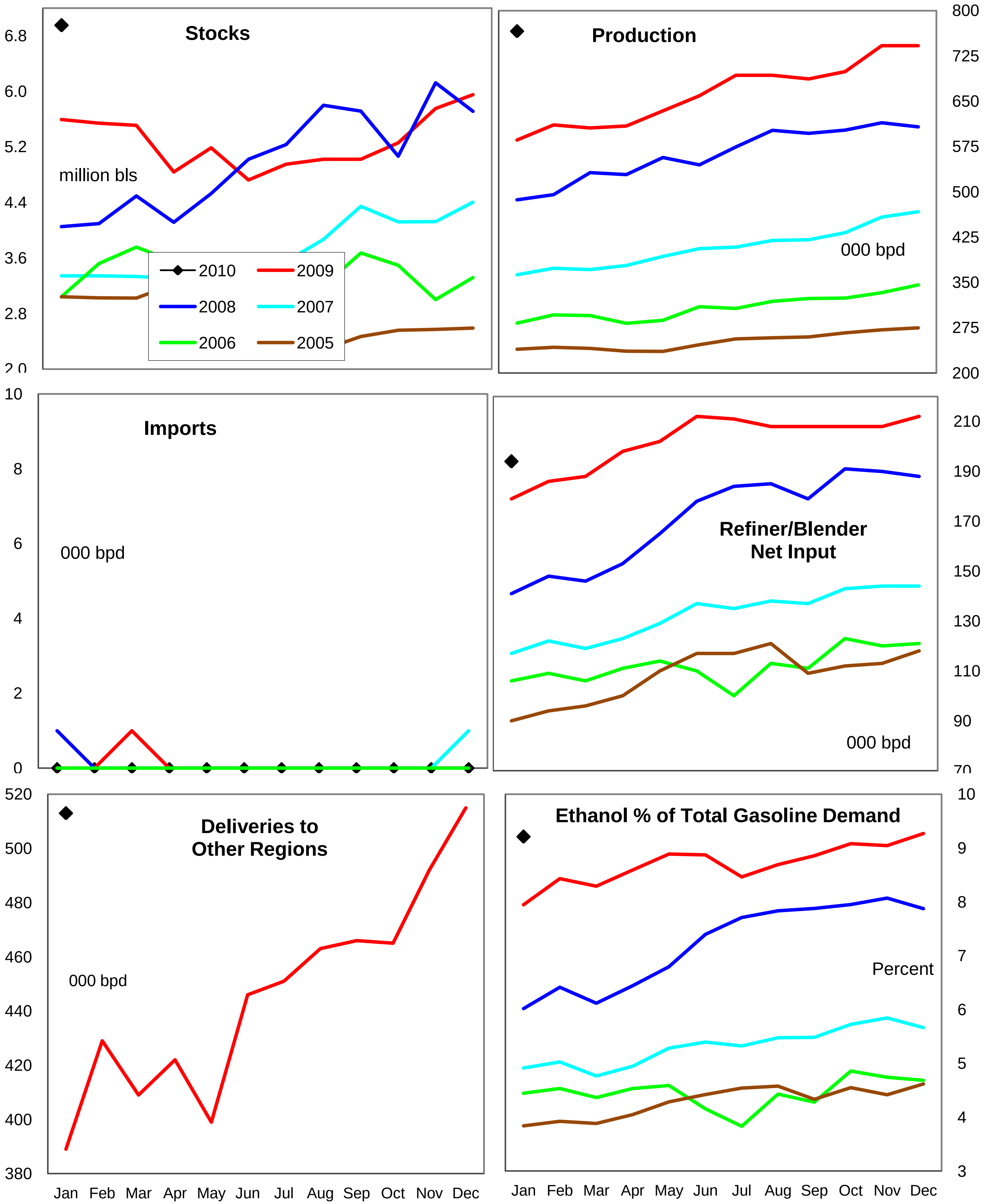
PADD 2 Ethanol Supply-Demand Balance



Variance to prior year	Stocks	Production	Imports	Demand
000 bpd (000 bls stocks)	**1,357**	**180**	0	**15**
% change	**24.2**	**30.8**	#DIV/0!	**8.4**

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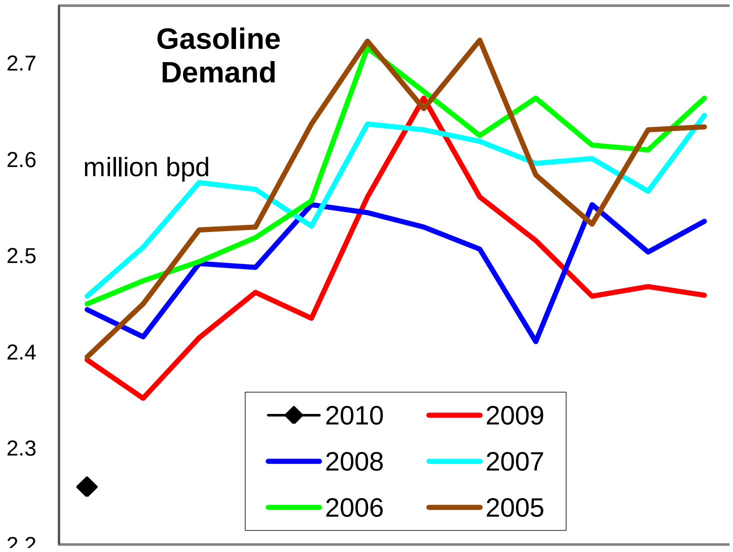
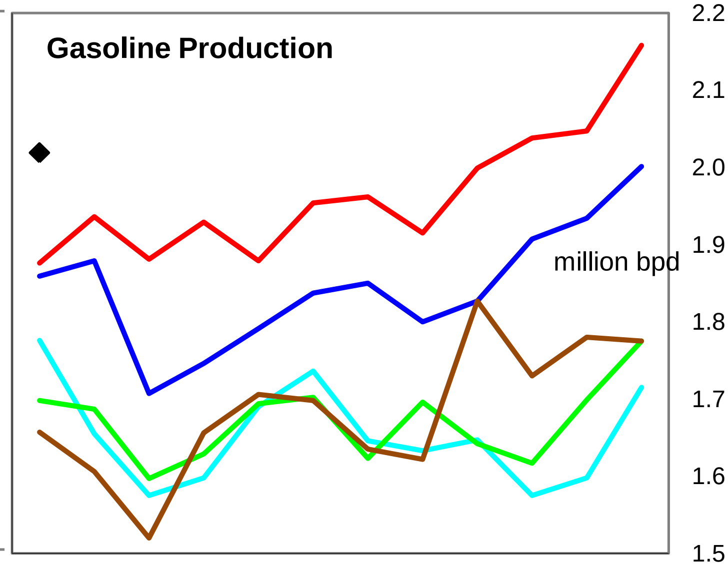
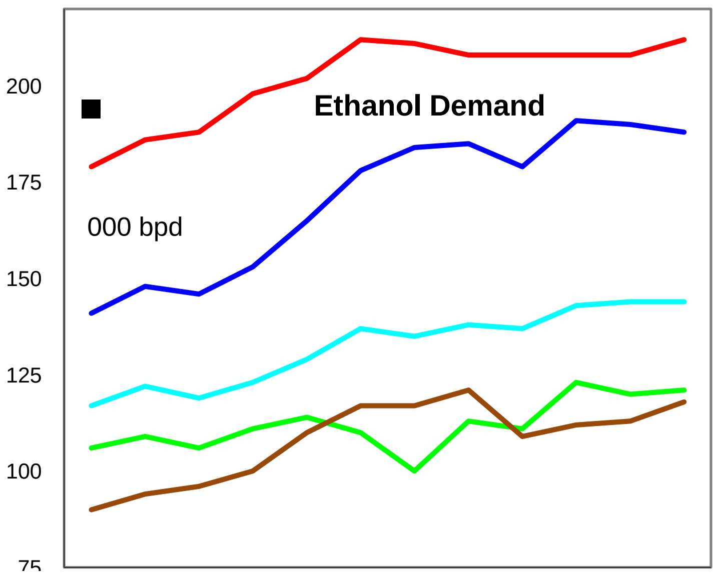
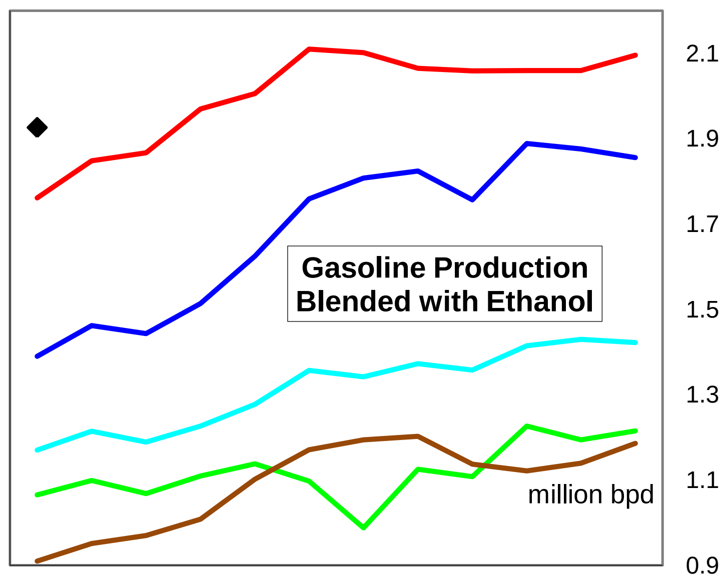
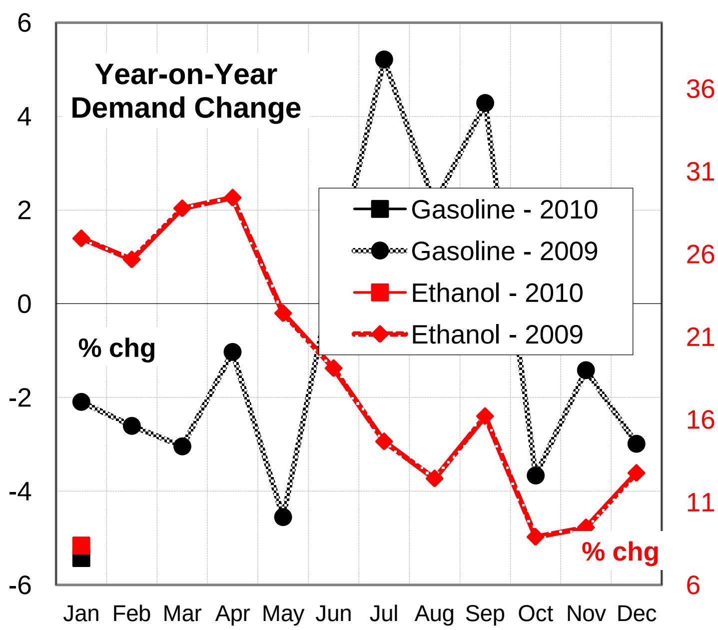
PADD 02 Gasoline/Ethanol Demand and Blending

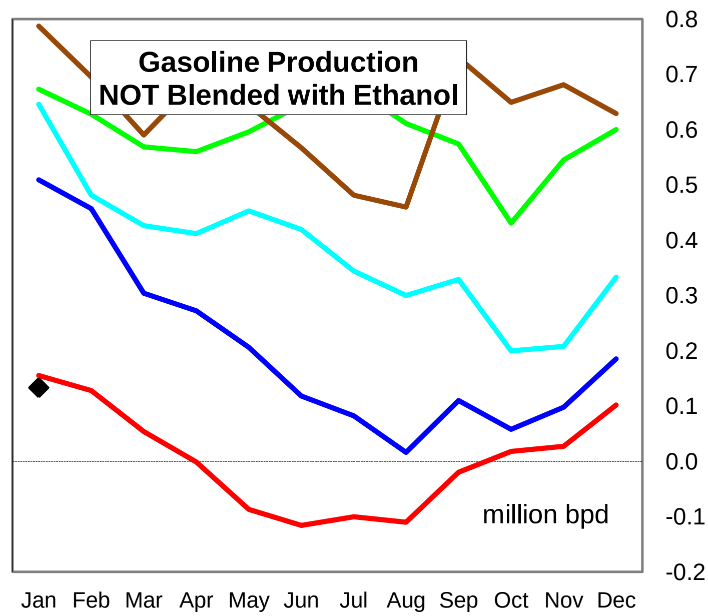












Variance to prior year	Gasoline Demand	Ethanol Demand	Prod with Ethanol	Prod Excl Ethanol
000 bpd	-132	15	165	-22
% change	-5.4	8.4	9.4	-14.2

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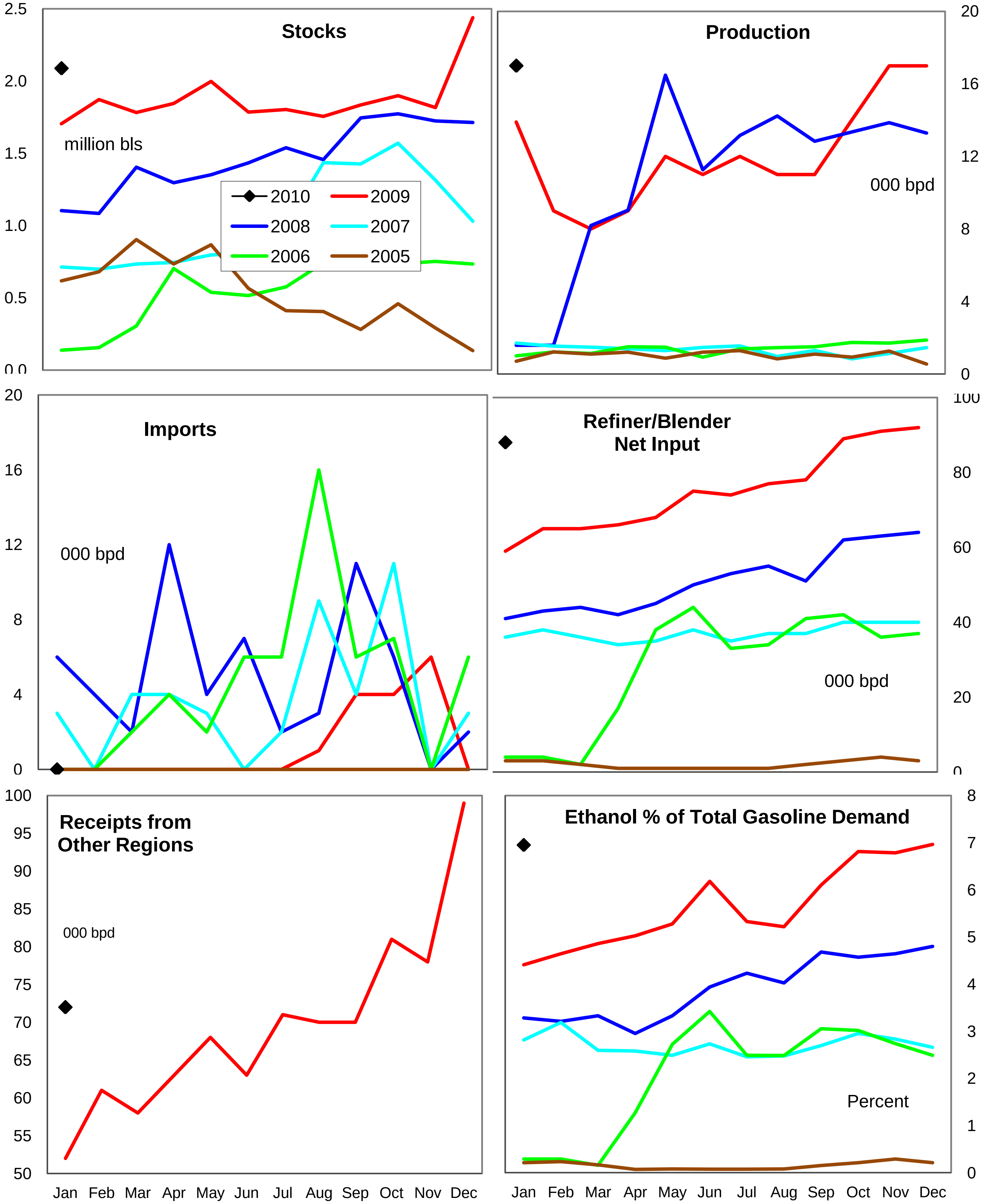
PADD 3 Ethanol Supply-Demand Balance



Variance to prior year	Stocks	Production	Imports	Demand
000 bpd (000 bls stocks)	**383**	**3**	0	**29**
% change	**22.5**	**22.3**	#DIV/0!	**49.2**

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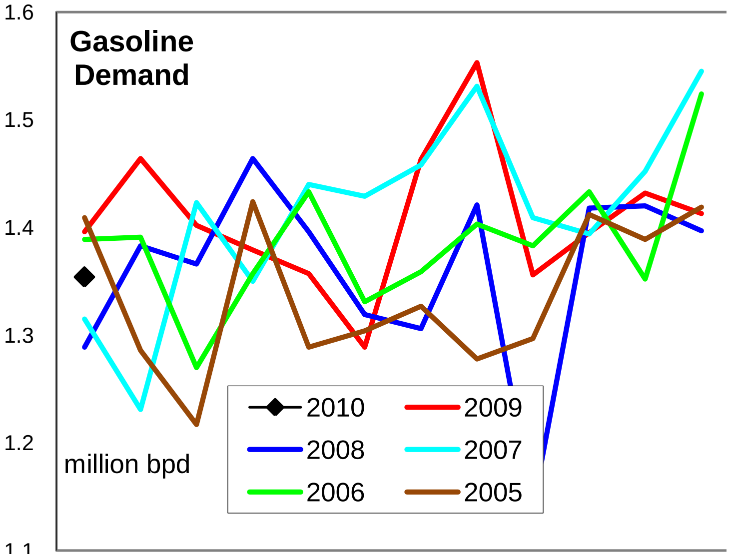
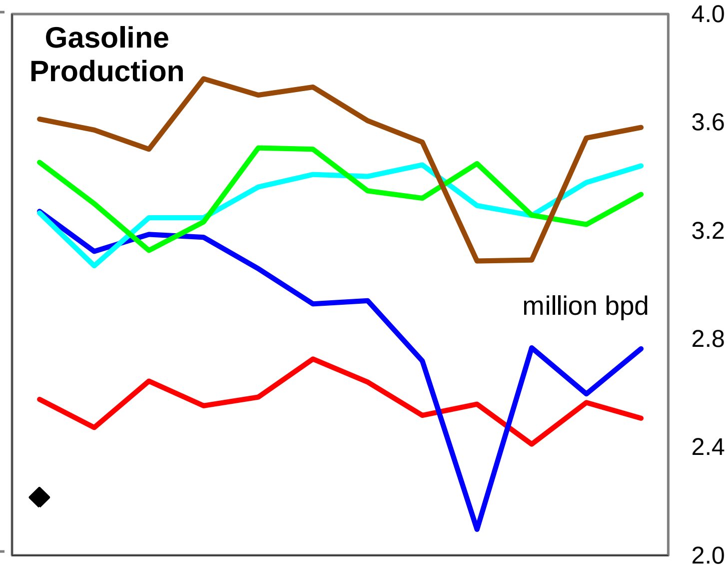
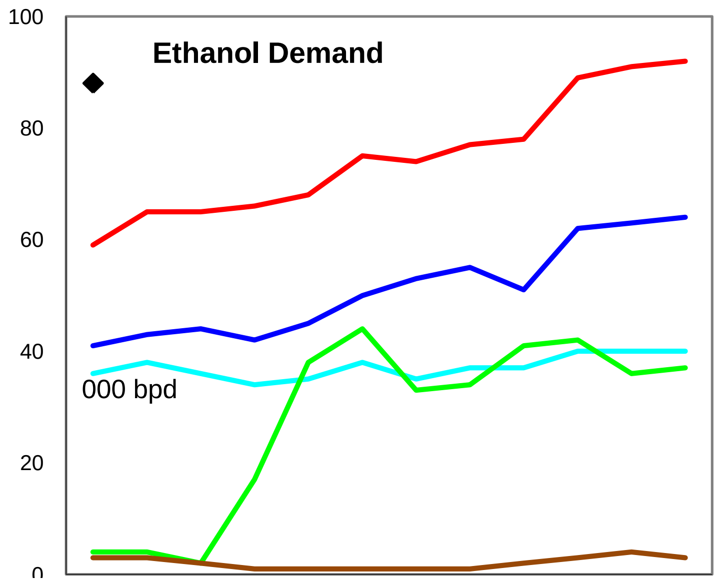
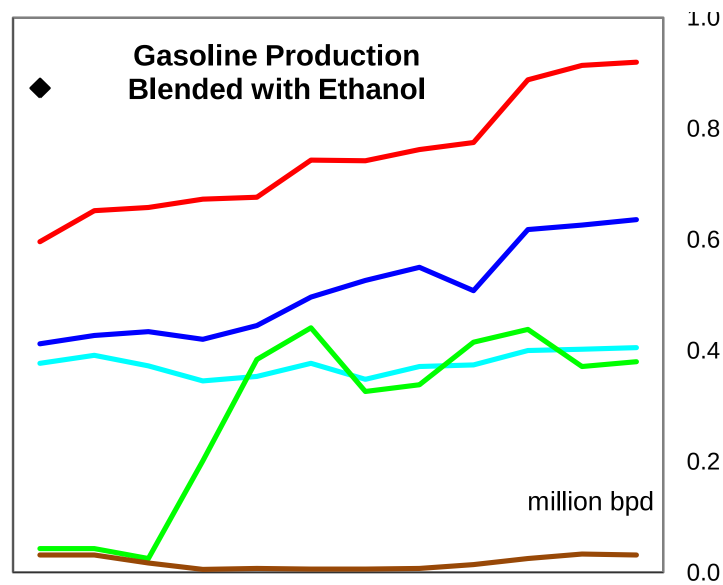
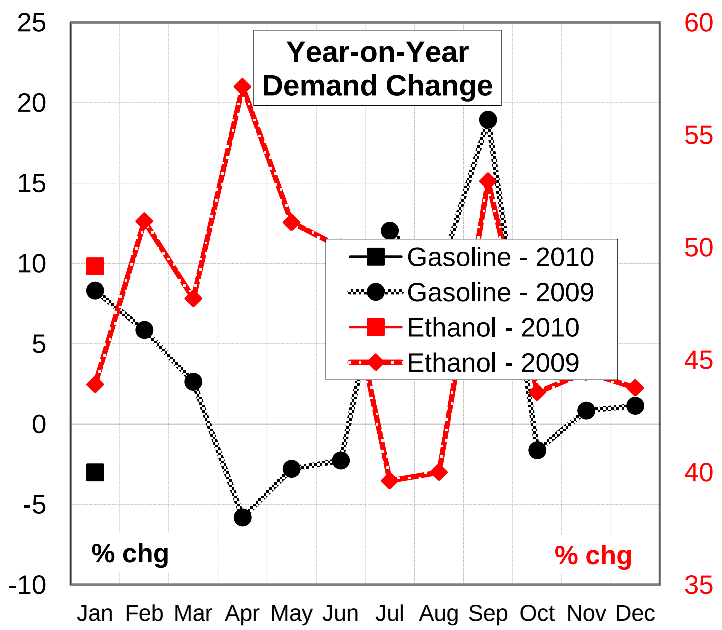
PADD 03 Gasoline/Ethanol Demand and Blending

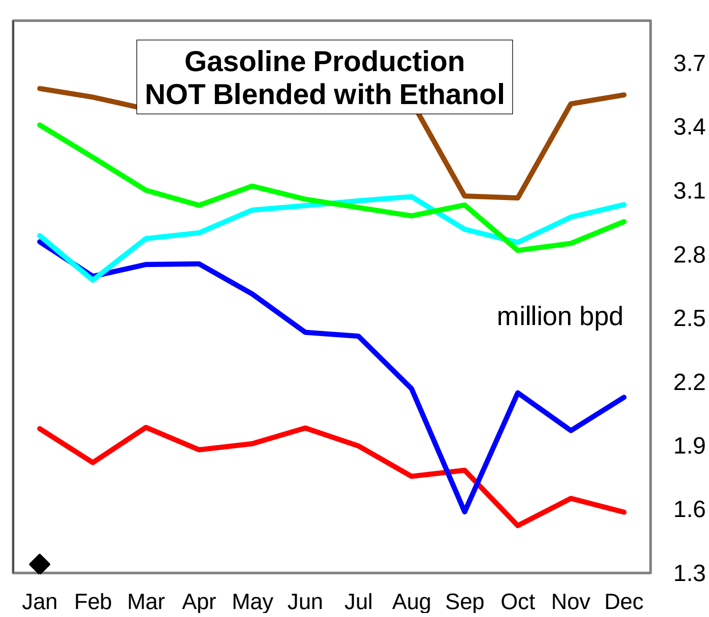












Variance to prior year	Gasoline Demand	Ethanol Demand	Prod with Ethanol	Prod Excl Ethanol
000 bpd	-62	29	277	-639
% change	-5.8	49.2	46.5	-32.3

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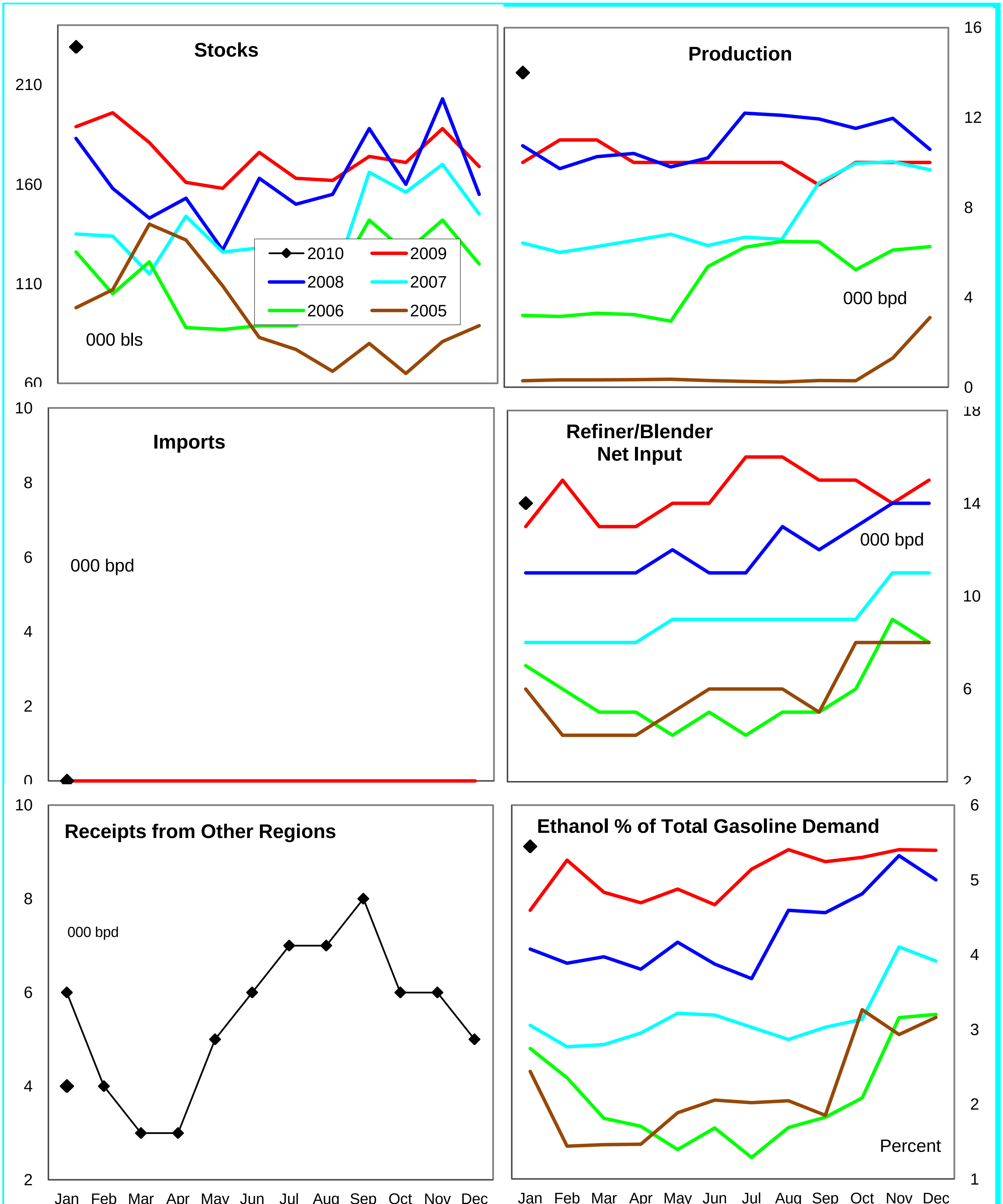
PADD 4 Ethanol Supply-Demand Balance



Variance to prior year	Stocks	Production	Imports	Demand
000 bpd (000 bls stocks)	40	4	0	1
% change	21.2	40.0	#DIV/0!	7.7

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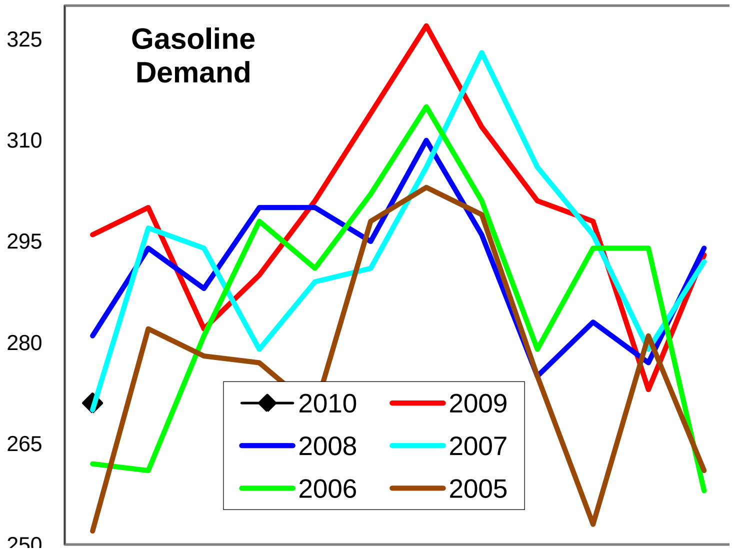
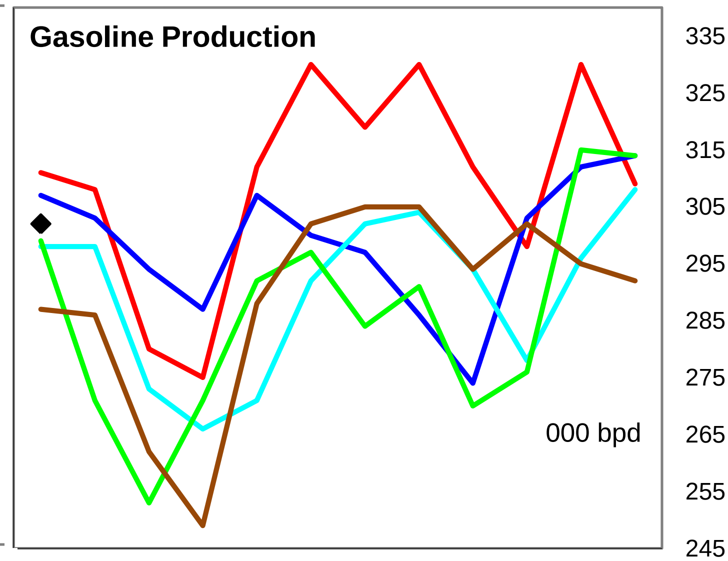
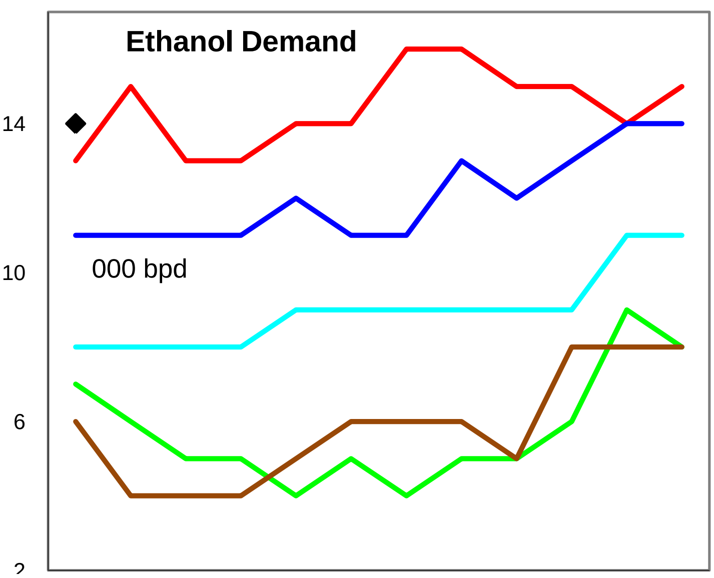
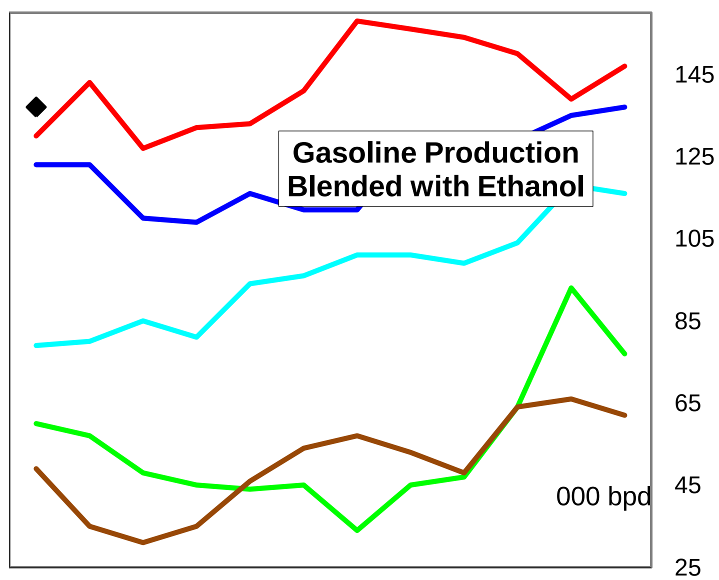
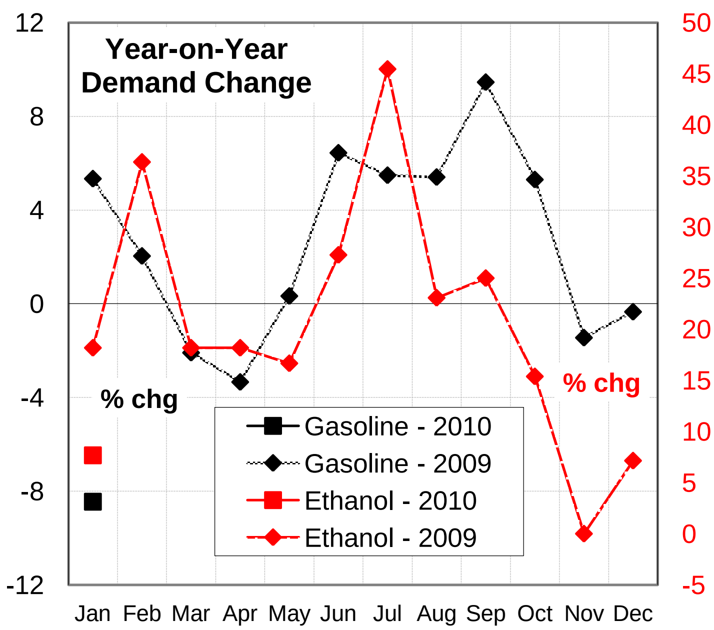
PADD 04 Gasoline/Ethanol Demand and Blending

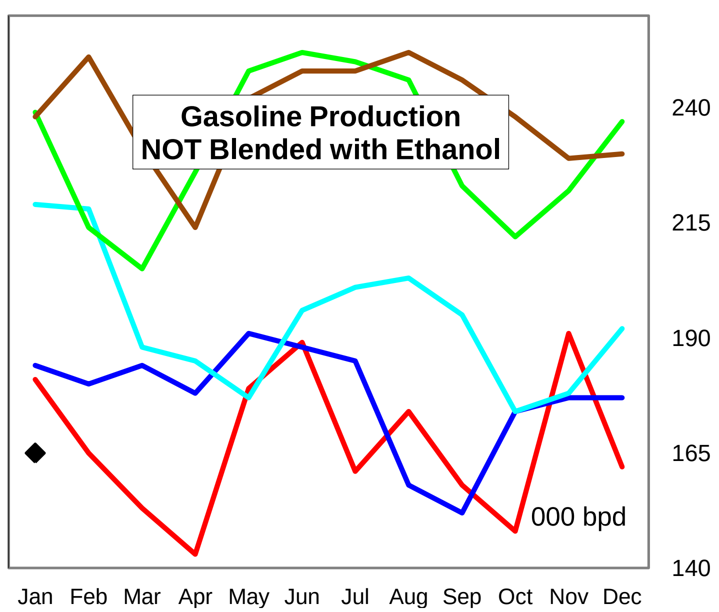












Variance to prior year	Gasoline Demand	Ethanol Demand	Prod with Ethanol	Prod Excl Ethanol
000 bpd	-25	1	7	-16
% change	-8.4	7.7	5.4	-8.8

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PADD 5 Ethanol Supply-Demand Balance

Variance to prior year	Stocks	Production	Imports	Demand
000 bpd (000 bls stocks)	285	-2	-5	31
% change	15.6	-18.9	-100.0	31.6

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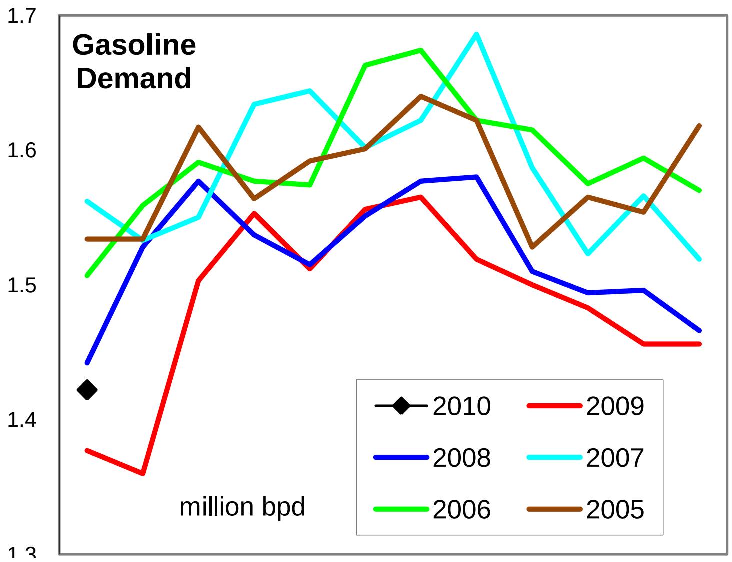
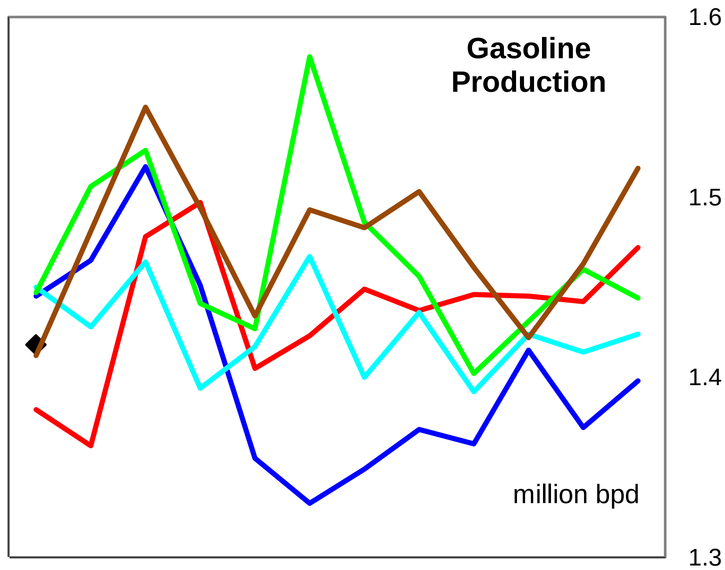
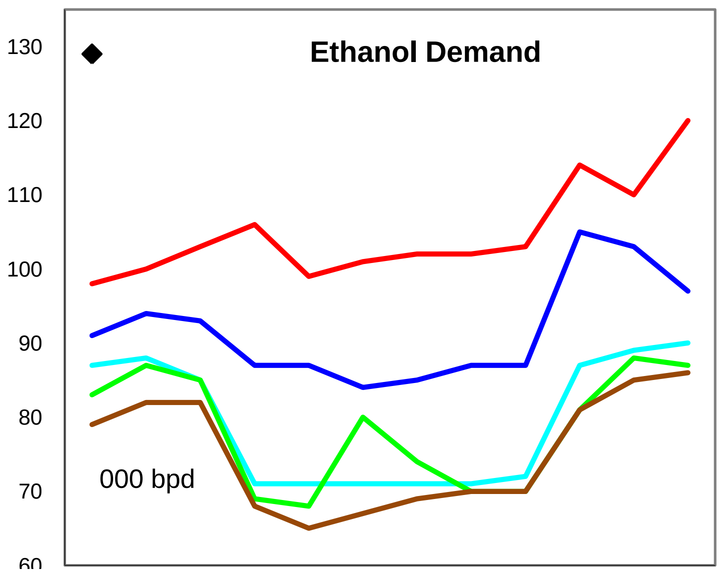
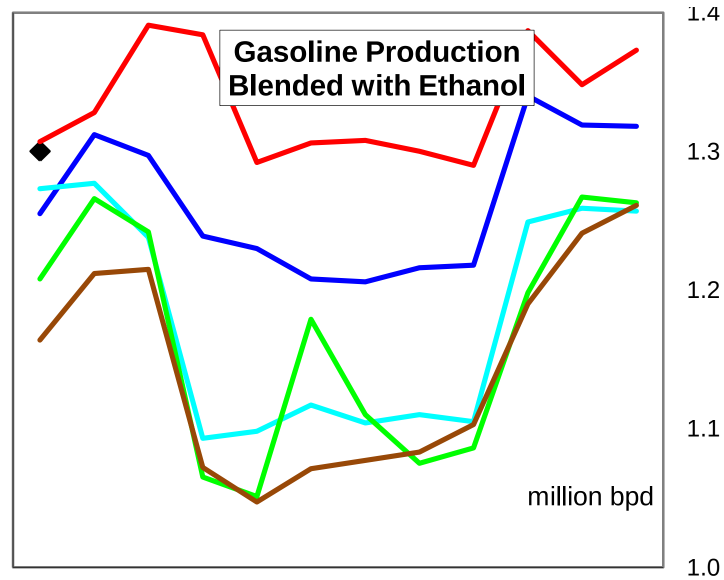
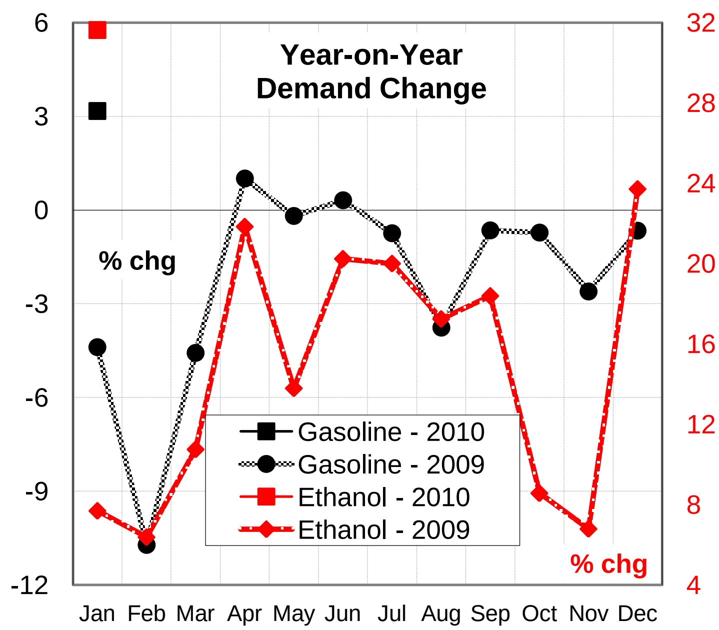
PADD 05 Gasoline/Ethanol Demand and Blending

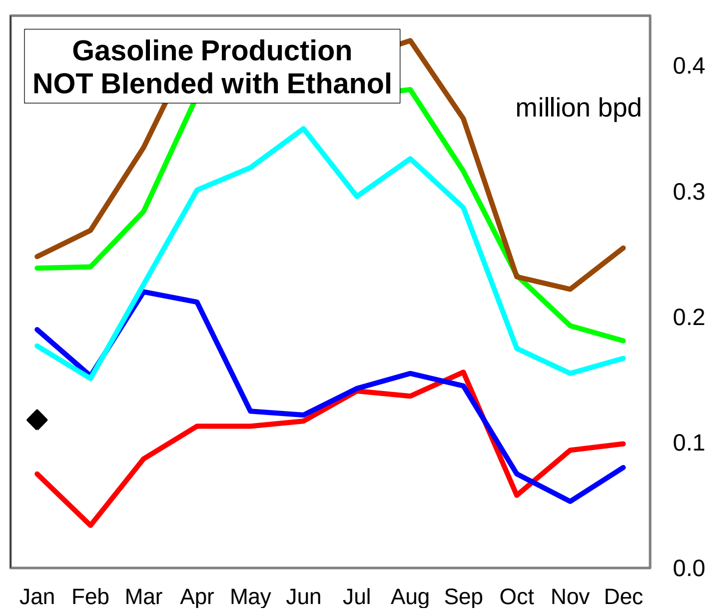












Variance to prior year	Gasoline Demand	Ethanol Demand	Prod with Ethanol	Prod Excl Ethanol
000 bpd	**45**	**31**	**-7**	**43**
% change	**3.2**	**31.6**	**-0.5**	**57.3**

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Ethanol / Gasoline Fundamental Trends

Item	Monthly Ethanol Supply-Demand Balance						Change From Prior Year		
	Jan10	Dec09	Nov09	Oct09	Sep09	Aug09	1-Month	3-Mth Avg	6-Mth Avg
U. S. Total									
Production	818	788	786	741	725	727	188	146	116
Imports	1	0	10	7	10	30	-11	-8	-24
EIA Adjustment	-94	-31	-85	-64	-42	-62	-26	-47	-52
Implied Demand	691	719	696	703	671	673	48	28	16
Ending Stocks	17,800	16,711	15,518	15,080	15,688	15,001	3,614	2,132	1,016
Change in stocks	1,089	1,193	438	-608	687	707			
Wholesale Gasoline Demand	8,525	8,888	8,871	8,978	8,897	9,250	-165	-72	61
Conv Ethanol Gasoline Blend	4,056	4,327	4,221	4,243	4,028	4,054	897	937	1,017
Ethanol % of Total Gasoline	8.82	8.80	8.51	8.50	8.16	7.85	0.83	0.45	0.15
PADD 01									
Production	13	10	10	9	10	9	3	2	4
Imports	1	0	4	0	4	26	-6	-7	-19
Receipts from other regions	303	288	298	263	284	277	NA		
Refiner/Blender Net Input	266	280	272	278	267	270	39	42	51
Ending Stocks	6,413	5,952	5,784	5,605	6,558	6,112	1,549	1,028	602
Wholesale Gasoline Demand	3,137	3,186	3,163	3,263	3,144	3,225	-12	26	49
Conv Ethanol Gasoline Blend	1,502	1,564	1,506	1,537	1,447	1,466	385	393	466
Ethanol % of Total Gasoline	9.27	9.64	9.41	9.31	9.28	9.14	1.50	1.50	1.75
PADD 02									
Production	766	742	742	699	687	693	180	147	120
Deliveries to other regions	-513	-515	-492	-465	-466	-463	NA		
Refiner/Blender Net Input	194	212	208	208	208	208	15	19	21
Ending Stocks	6,953	5,954	5,755	5,258	5,022	5,023	1,357	410	-8
Wholesale Gasoline Demand	2,300	2,499	2,508	2,498	2,556	2,601	-132	-82	-30
Conv Ethanol Gasoline Blend	1,581	1,724	1,708	1,701	1,693	1,707	201	213	231
Ethanol % of Total Gasoline	9.21	9.27	9.04	9.08	8.86	8.69	1.27	1.21	1.10
PADD 03									
Production	17	17	17	14	11	11	3	3	1
Imports	0	0	6	4	4	1	0	1	-1
Receipts from other regions	72	99	78	81	70	70	NA		
Refiner/Blender Net Input	88	92	91	89	78	77	29	28	27
Ending Stocks	2,088	2,439	1,816	1,899	1,835	1,756	383	400	286
Wholesale Gasoline Demand	1,354	1,413	1,432	1,395	1,356	1,553	-42	-5	52
Conv Ethanol Gasoline Blend	514	546	534	509	390	369	293	296	261
Ethanol % of Total Gasoline	6.95	6.96	6.79	6.81	6.10	5.22	2.54	2.28	1.95
PADD 04									
Production	14	10	10	10	9	10	4	0	-1
Receipts from other regions	4	5	6	6	8	7	NA		
Refiner/Blender Net Input	14	15	14	15	15	16	1	1	2
Ending Stocks	229	169	188	171	174	162	40	13	7
Wholesale Gasoline Demand	271	293	273	298	301	312	-25	-10	5
Conv Ethanol Gasoline Blend	137	147	139	150	154	156	-84	-94	-69
Ethanol % of Total Gasoline	5.45	5.40	5.41	5.30	5.24	5.41	0.85	0.44	0.55
PADD 05									
Production	9	9	9	8	8	4	-2	-6	-7
Imports	0	0	0	3	3	3	-5	-3	-3
Receipts from other regions	134	123	110	114	104	110	NA		
Refiner/Blender Net Input	129	120	110	114	103	102	31	20	17
Ending Stocks	2,117	2,197	1,975	2,147	2,099	1,948	285	281	130
Wholesale Gasoline Demand	1,462	1,496	1,496	1,523	1,540	1,559	45	-2	-15
Conv Ethanol Gasoline Blend	322	346	334	346	343	356	12	29	43
Ethanol % of Total Gasoline	9.68	8.72	7.94	8.09	7.17	7.00	2.25	1.61	1.35

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