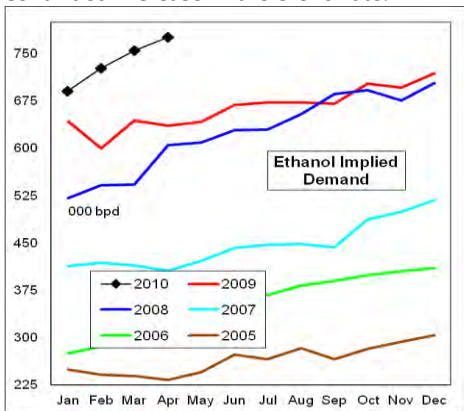


ETHANOL SUPPLY-DEMAND TRENDS

A Fundamental Petroleum Trends Monthly Report

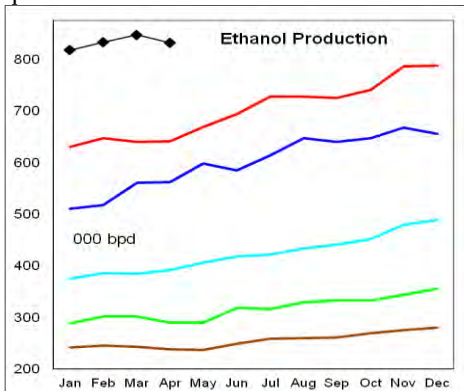
 Lehi German Tel: 816.505.0980 www.fundamentalpetroleumtrends.com Wednesday, July 07, 2010


Summary: Ethanol demand was 753,000 bpd in the Feb10 - Apr10, up +51,000 bpd compared to the Nov09 - Jan10 period. Wholesale gasoline demand increased +86,000 bpd in the same quarter over quarter period. These trends point to a continued increase in the blend rate.



Year-over-year demand for ethanol between Feb10 - Apr10 and the same quarter in 2009 increased +126,000 bpd. This represented a +20% increase.

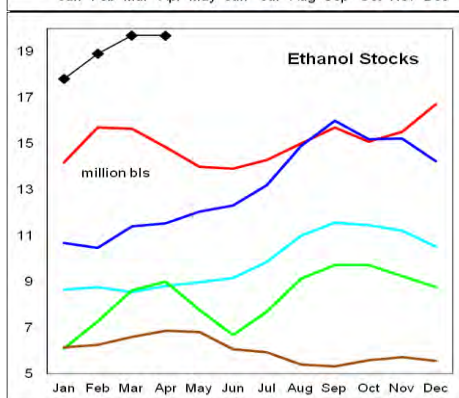
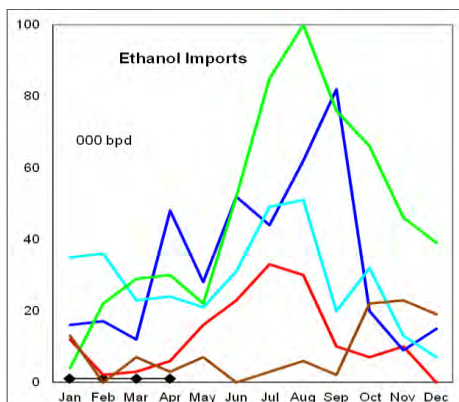
Ethanol production was 837,000 bpd during the Feb10 - Apr10 quarter, up +40,000 bpd compared to the Nov9 - Jan10 quarter.



Year-over-year production increased in the Feb10 - Apr10 quarter by +195,000 bpd. This was a +30% increase.

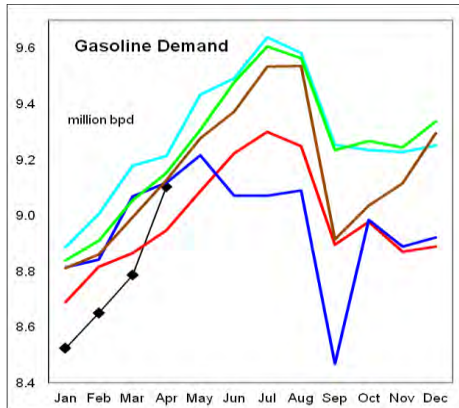
Imports averaged 1,000 bpd during the Feb10 - Apr10 quarter, down from 4,000 bpd during the Nov09 - Jan10 quarter.

Ethanol stocks were nearly unchanged at the end of April compared to the end of March. Stocks increased +0.1 million barrels in PADD 1, with little change in other regions. PADD 2 stocks decreased -0.2 million barrels.



Gasoline Demand Trends: Wholesale gasoline demand decreased -30,000 bpd year-over-year in the Feb10 - Apr10 period compared to a year ago, a -0.3% decrease.

Gasoline demand in May 2010 decreased -1% compared to a year ago while June 2010 increased +1.5%.



Blending Trends: During the Feb10 - Apr10 quarter, 4.5 million bpd of conventional gasoline was blended with ethanol, equal to 78% of conventional grade output. This was an increase of +1 million bpd over the same period in 2009. The volume of gasoline not blended with ethanol was 1.3 million bpd in April 2010, 22% of total production.

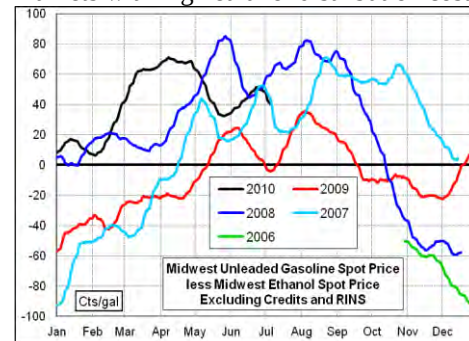
Ethanol Blend Economics: Midwest

ethanol prices trended lower throughout the first quarter of 2010 as a result of exceptionally over supplied conditions; with stocks building at a rate of +33,000 bpd. Ethanol prices reached a low of \$1.50/gal in early April, then climbed back to \$1.60/gal during May and June; trading at \$1.55/gal in early July.

The Midwest spot gasoline - ethanol price spread increased from a low of +7 cts/gal in early February to a peak of +71 cts/gal in mid April. The spread then fell to +33 cts/gal in late May, followed by an increase to +55 cts/gal in mid June. The spread traded at +40 cts/gal in early July.

The current spread of +40/cts gal is at the mid range of the last 3-years for this time of year.

Including tax and RINS credits of approximately \$0.50/gal, blending economics remain favorable even in markets with high ethanol distribution cost.



Emerging Trends: The latest 4-wk average ethanol demand reported by the EIA for Jun10 was 768,000 bpd, slightly below the April10 monthly average of 776,000 bpd. Growth in ethanol demand has slowed during the 1st half of 2010.

Gasoline demand has been very lackluster in 2010; down nearly -1% through the first 5-months. Only in June has demand increased, up +1.5% for the month.

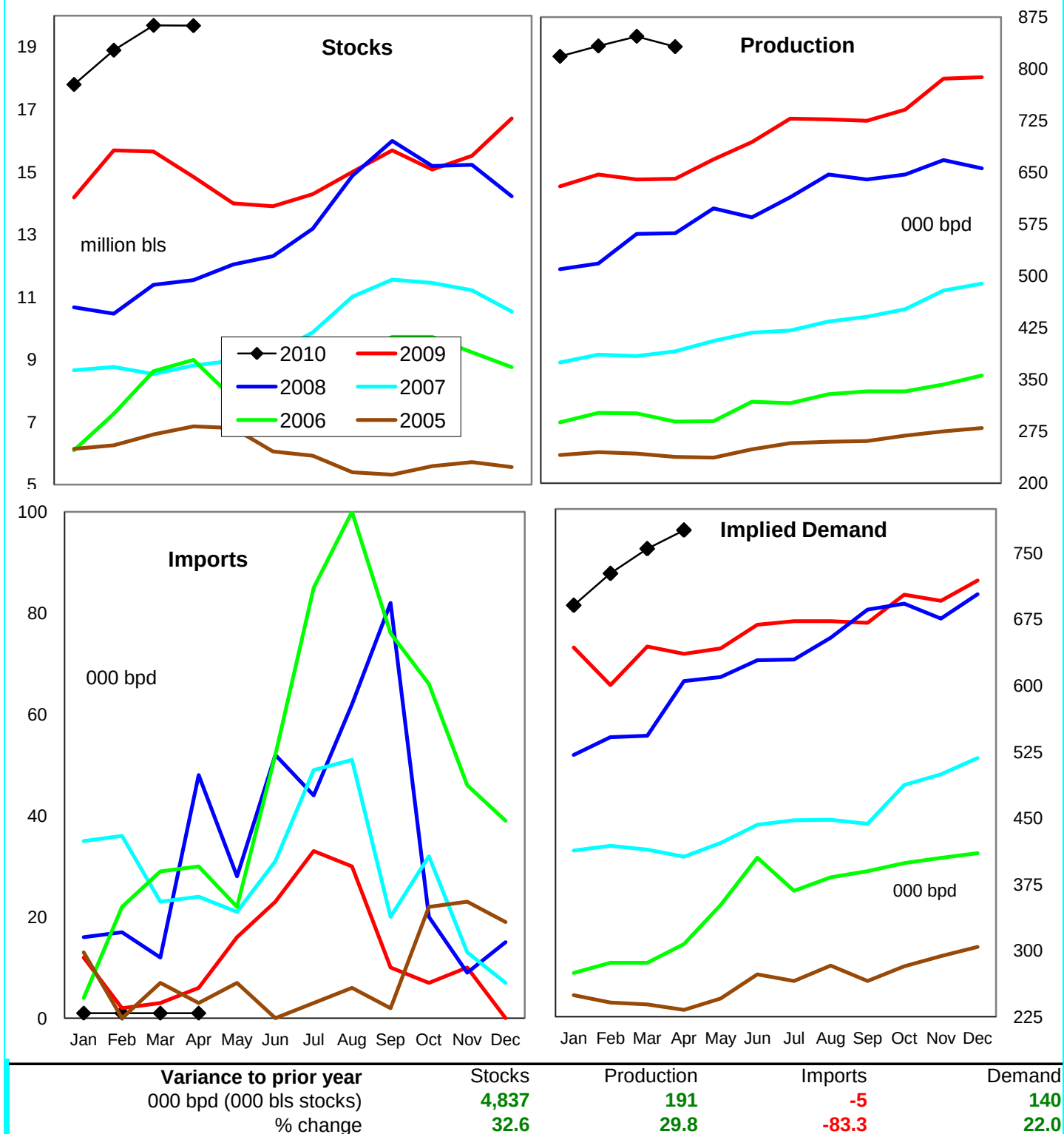
During April 2010 1.3 million bpd of conventional gasoline was not blended with ethanol. The latest EIA weekly data for 4-wk period ending June 25th shows 1.5 million bpd was not blended with ethanol.

Ethanol stocks were 19.7 million barrels at the end of April 2010; and 19.5 million barrels in the latest EIA weekly report for June 25th.

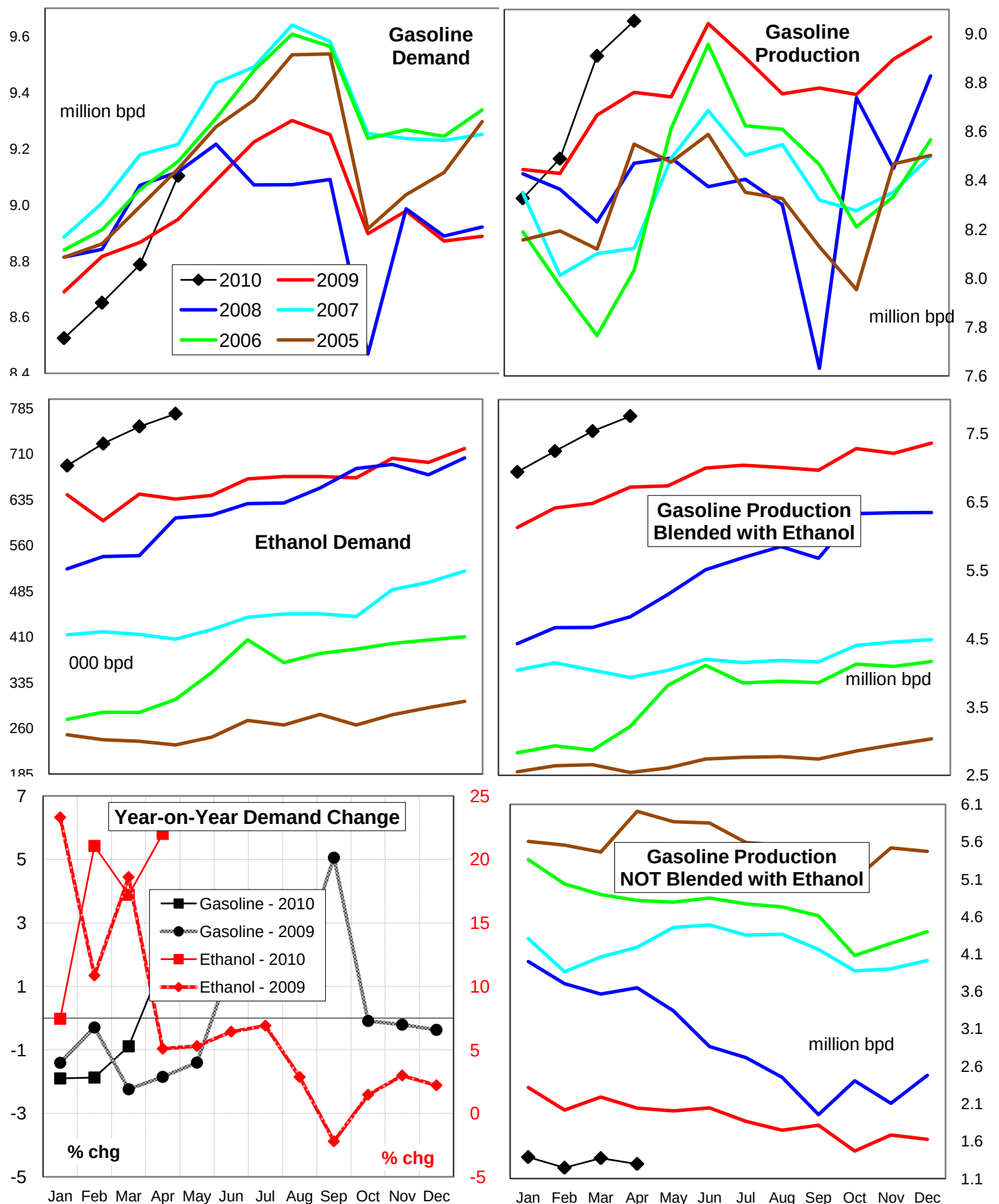
Ethanol supplies remain very adequate for the peak summer driving season. Blend economics should remain favorable.

United States Ethanol Supply-Demand Balance

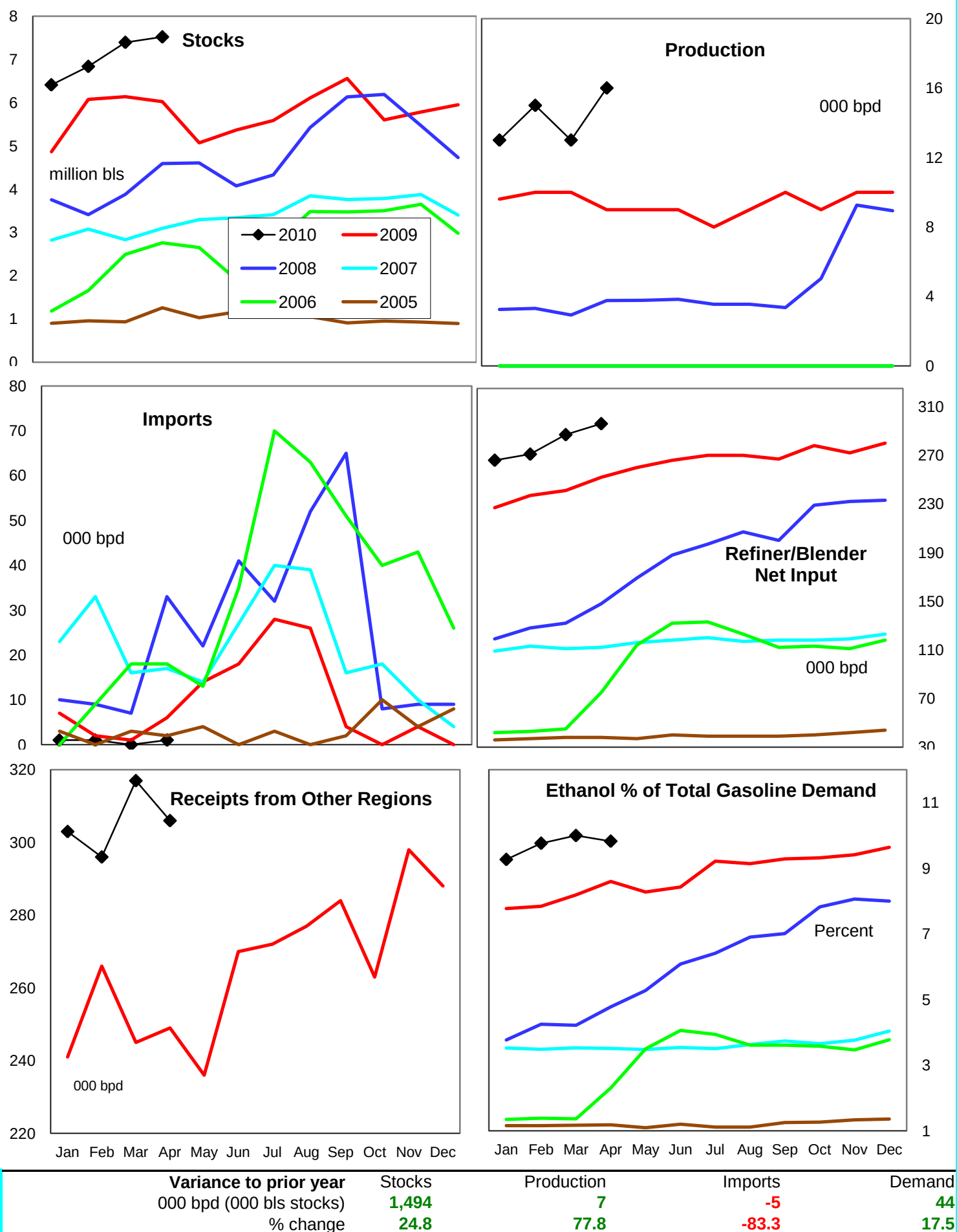
Item	Monthly Ethanol Supply-Demand Balance						Change From Prior Year		
	Apr10	Mar10	Feb10	Jan10	Dec09	Nov09	1-Month	3-Mth Avg	6-Mth Avg
Production	832	847	833	818	788	786	191	195	170
Imports	1	1	1	1	0	10	-5	-3	-6
EIA Adjustment	-58	-68	-68	-94	-31	-85	-21	-44	-46
Demand	776	755	727	691	719	696	140	126	77
Ending Stocks	19,682	19,691	18,897	17,800	16,711	15,518	4,837	4,028	3,080
Change in stocks	-9	794	1,097	1,089	1,193	438			
Wholesale Gasoline Demand	9,103	8,787	8,651	8,525	8,888	8,871	155	-30	-51
Conv Ethanol Gasoline Blend	4,660	4,475	4,306	4,056	4,327	4,221	997	973	955
Ethanol % of Total Gasoline	9.32	9.40	9.17	8.82	8.80	8.51	1.67	1.70	1.08



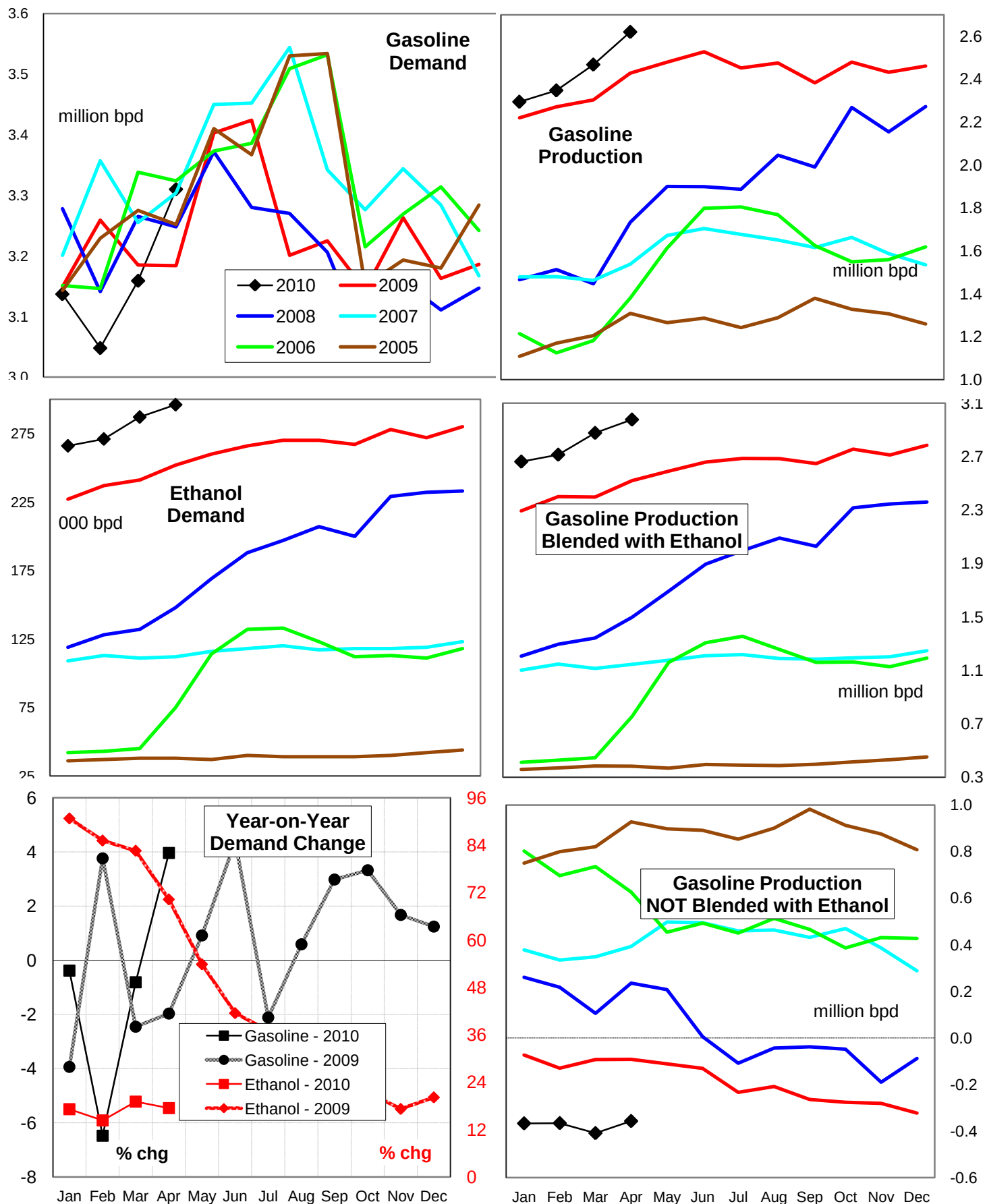
U. S. Gasoline/Ethanol Demand and Blending



PADD 1 Ethanol Supply-Demand Balance



PADD 01 Gasoline/Ethanol Demand and Blending



Variance to prior year

000 bpd

% change

Gasoline Demand

126

4.0

Ethanol Demand

44

17.5

Prod with Ethanol

457

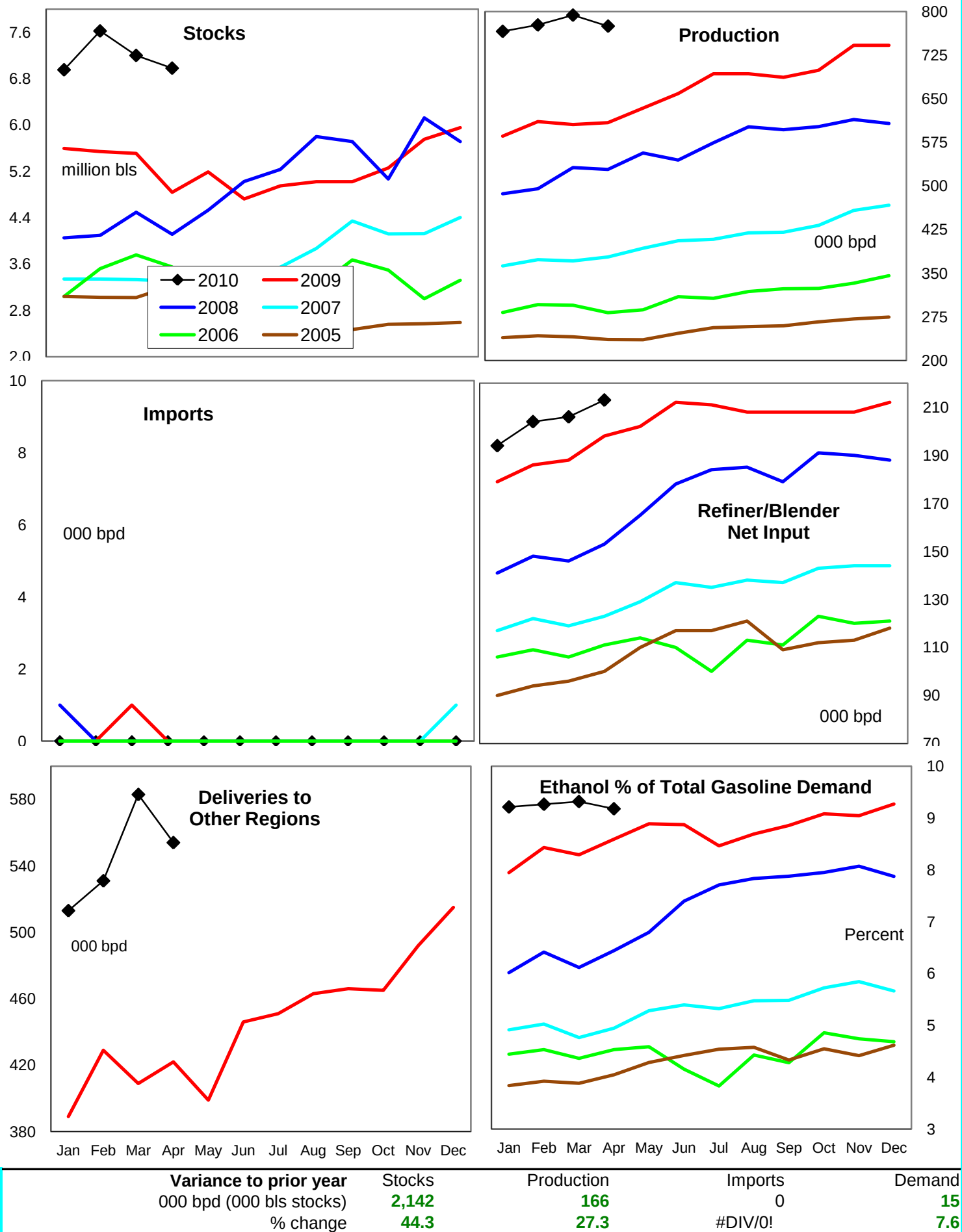
18.1

Prod Excl Ethanol

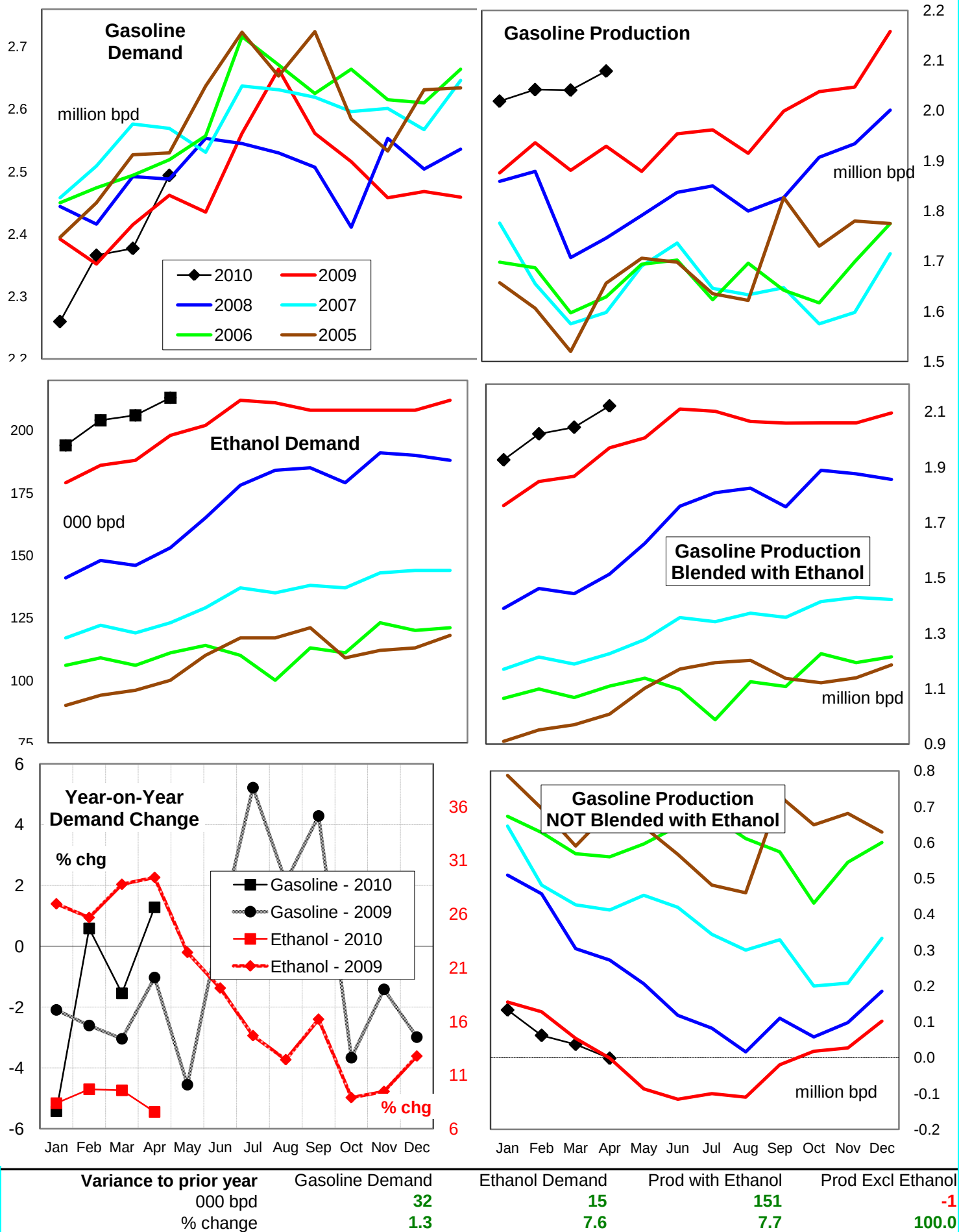
-265

288.0

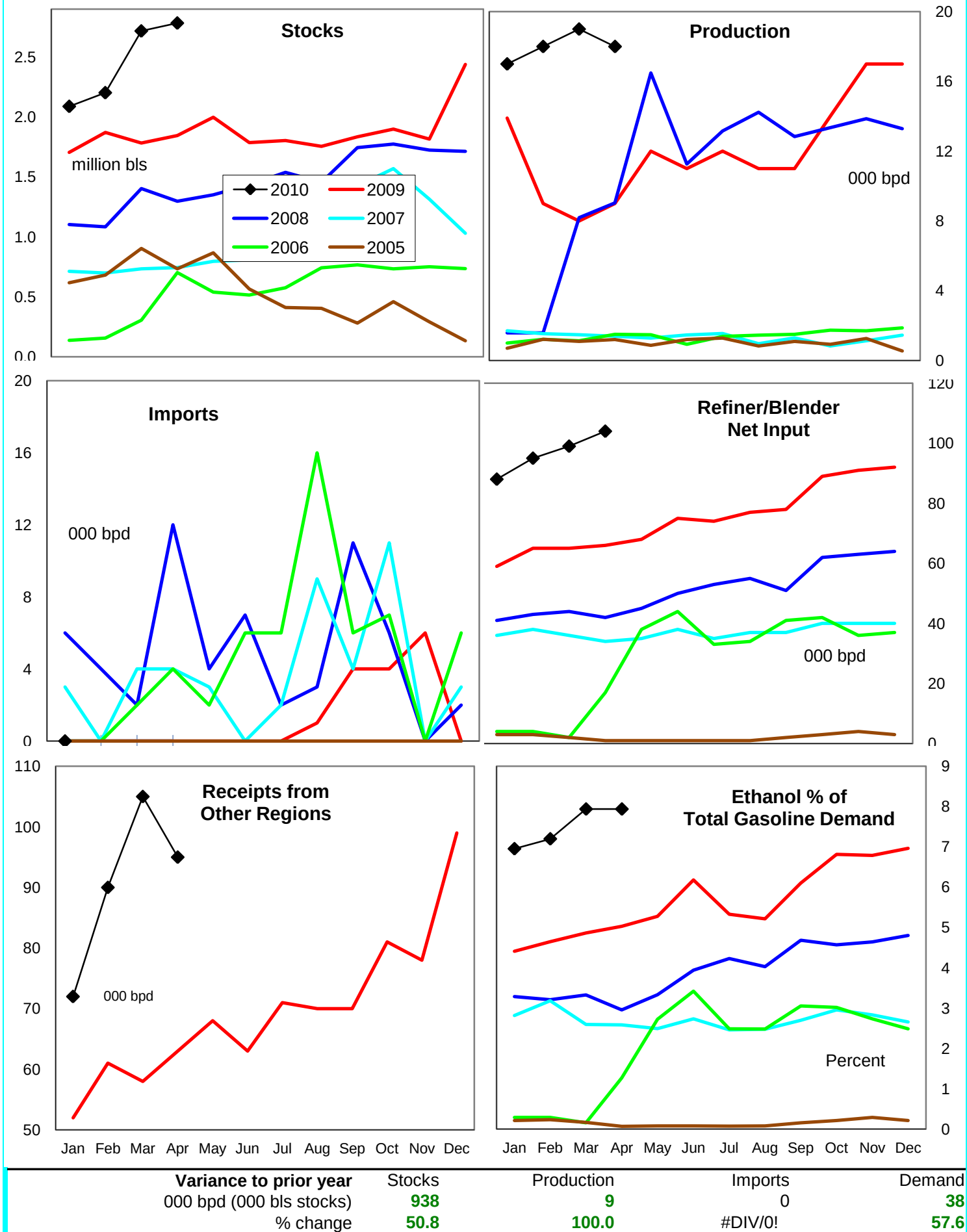
PADD 2 Ethanol Supply-Demand Balance



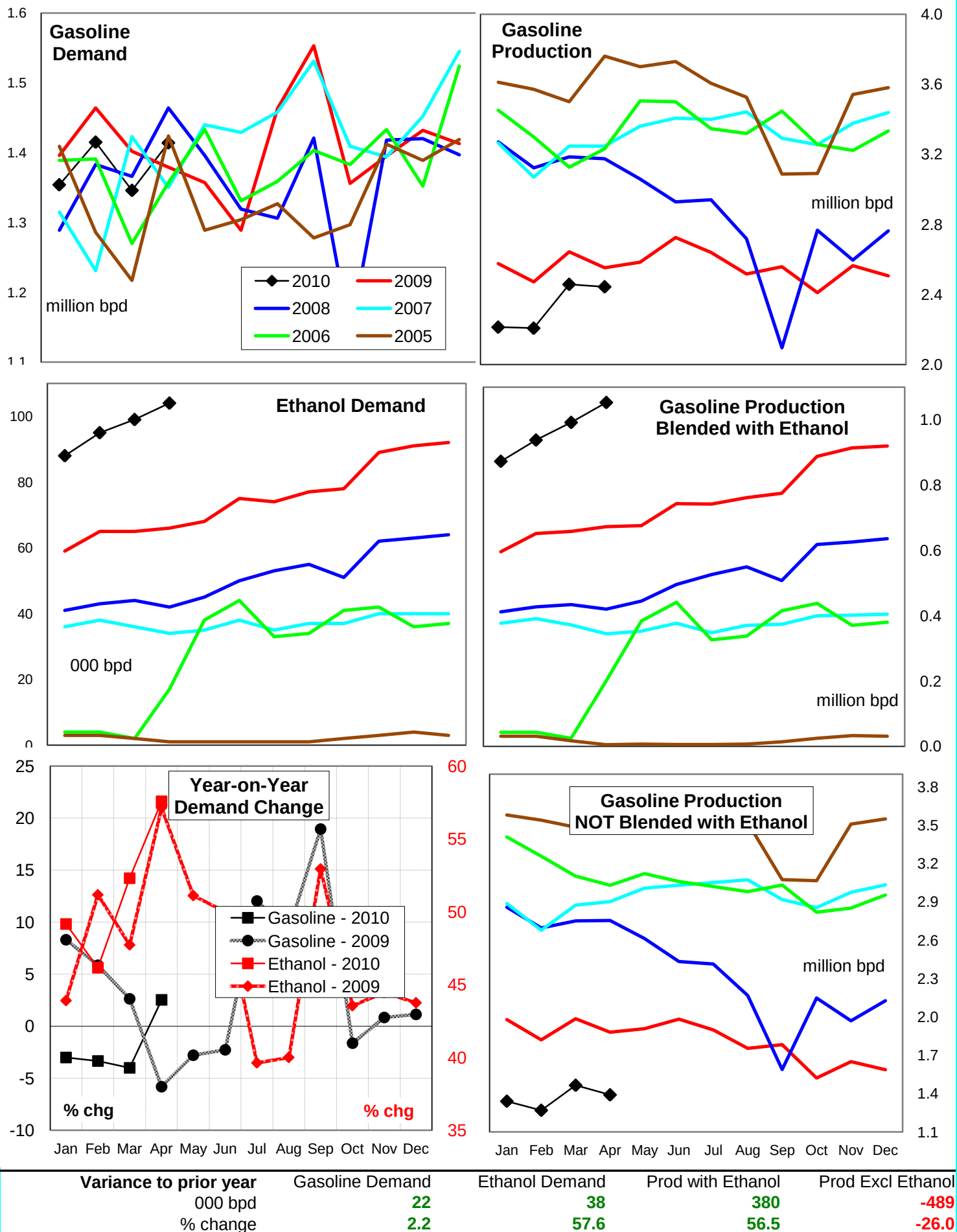
PADD 02 Gasoline/Ethanol Demand and Blending



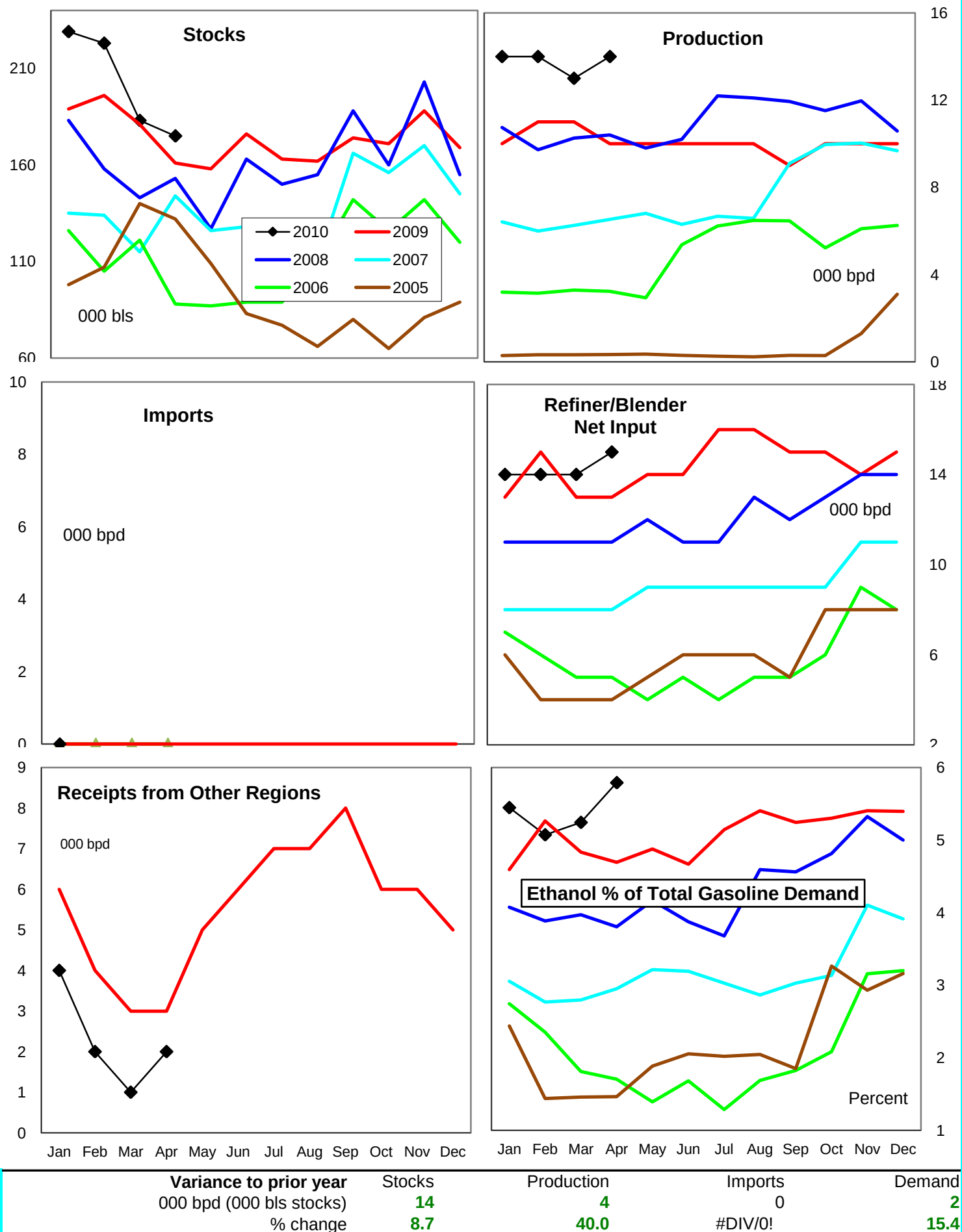
PADD 3 Ethanol Supply-Demand Balance



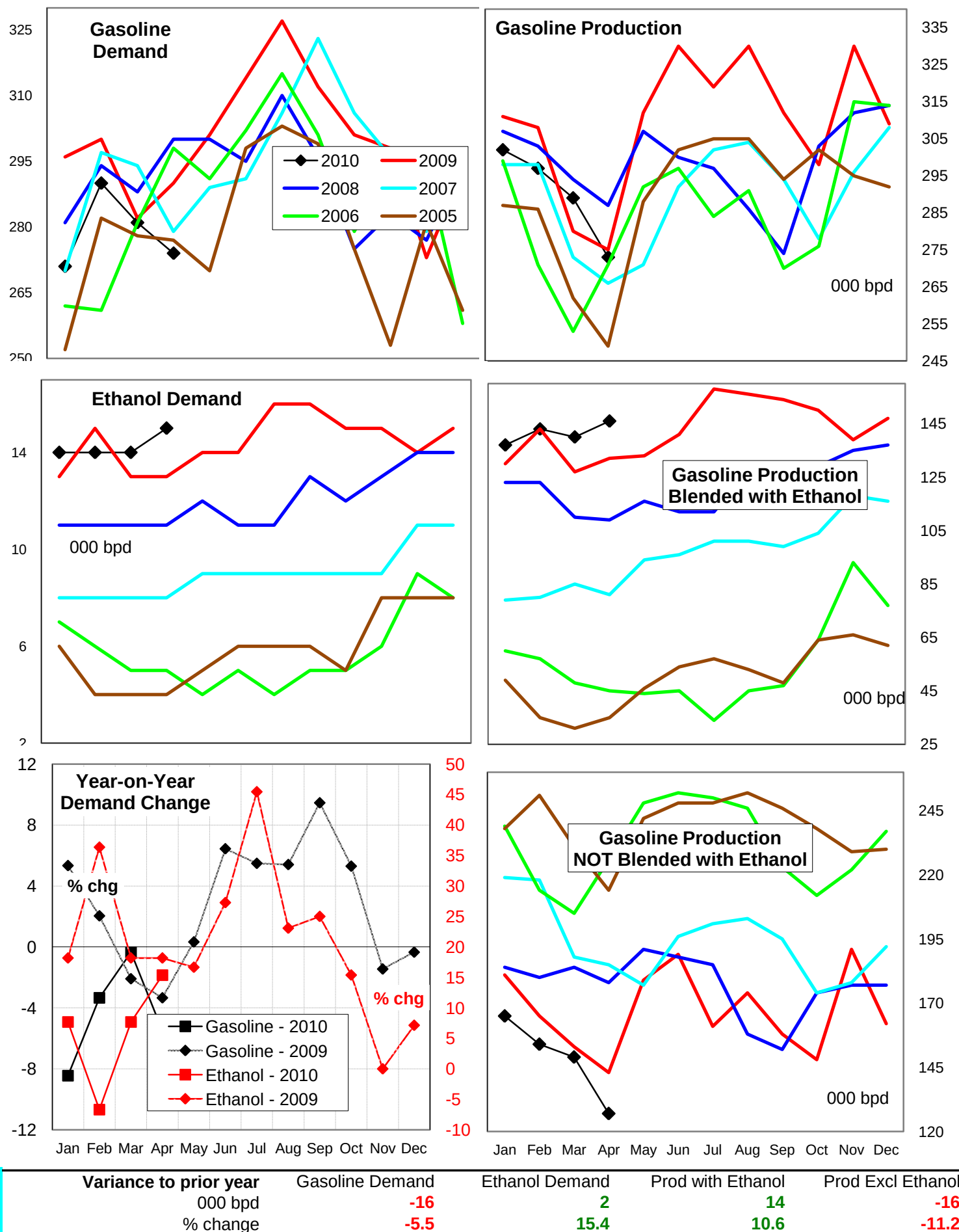
PADD 03 Gasoline/Ethanol Demand and Blending



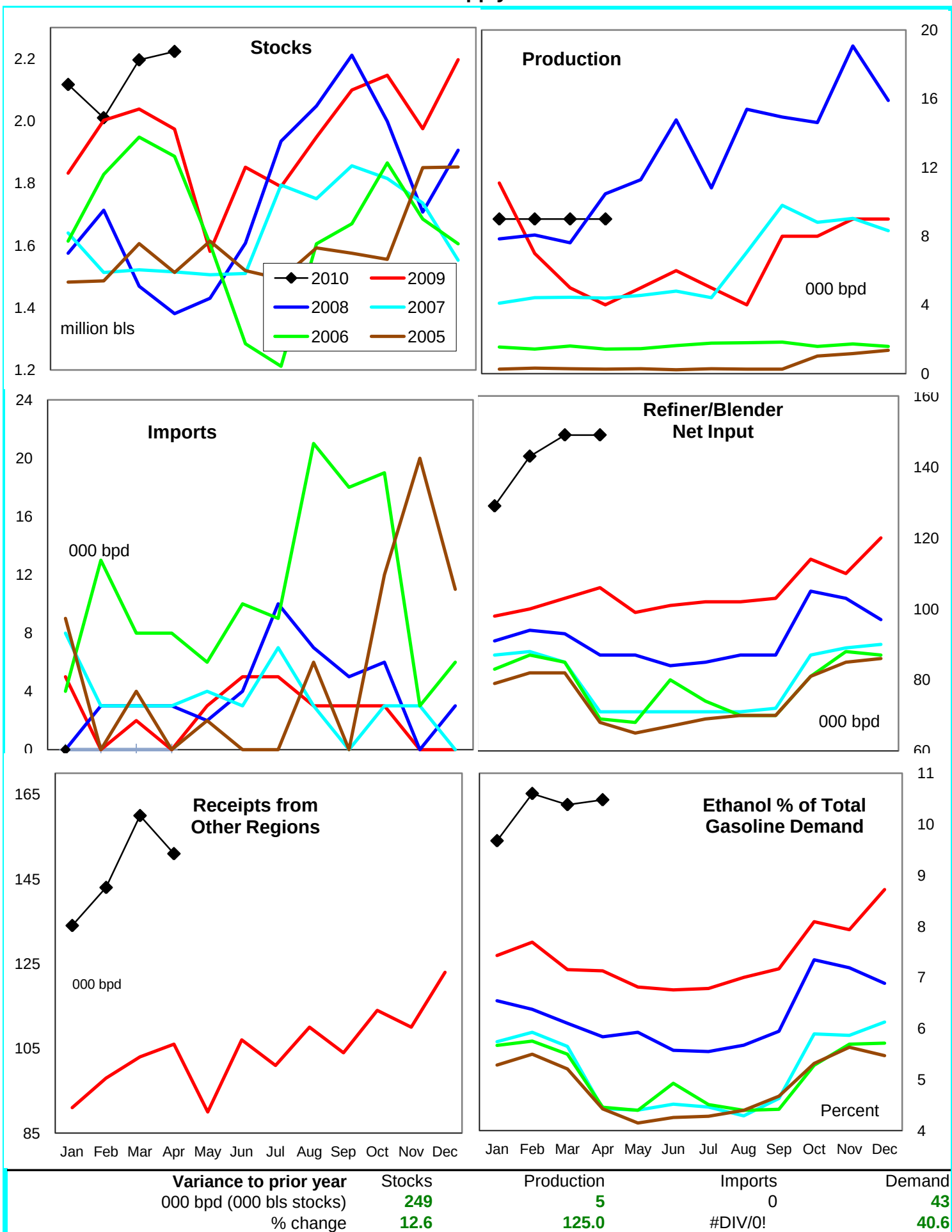
PADD 4 Ethanol Supply-Demand Balance



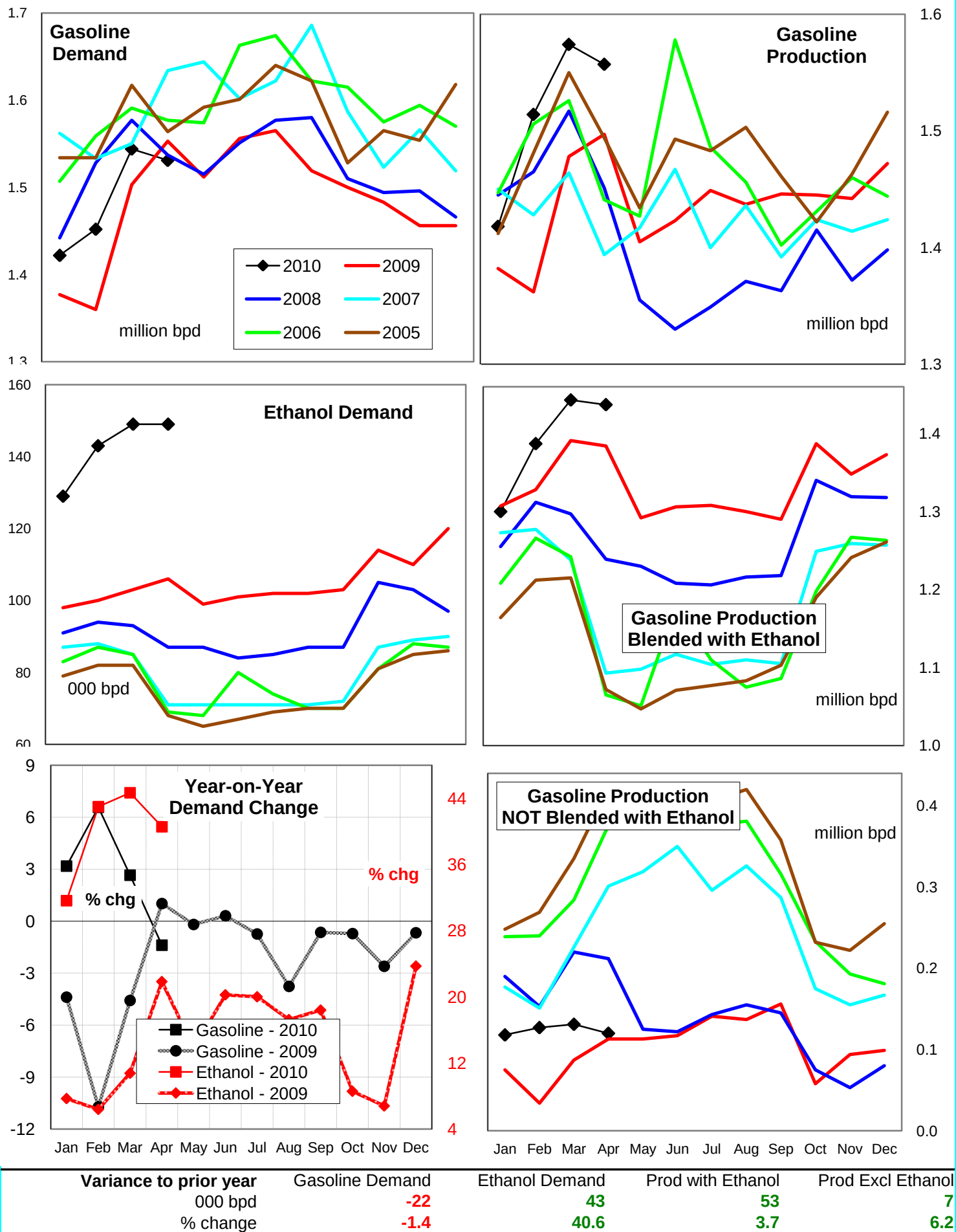
PADD 04 Gasoline/Ethanol Demand and Blending



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		
	Apr10	Mar10	Feb10	Jan10	Dec09	Nov09	1-Month	3-Mth Avg	6-Mth Avg
U. S. Total									
Production	832	847	833	818	788	786	191	195	170
Imports	1	1	1	1	0	10	-5	-3	-6
EIA Adjustment	-58	-68	-68	-94	-31	-85	-21	-44	-46
Implied Demand	776	755	727	691	719	696	140	126	77
Ending Stocks	19,682	19,691	18,897	17,800	16,711	15,518	4,837	4,028	3,080
Change in stocks	-9	794	1,097	1,089	1,193	438			
Wholesale Gasoline Demand	9,103	8,787	8,651	8,525	8,888	8,871	155	-30	-51
Conv Ethanol Gasoline Blend	4,660	4,475	4,306	4,056	4,327	4,221	997	973	955
Ethanol % of Total Gasoline	9.32	9.40	9.17	8.82	8.80	8.51	1.67	1.70	1.08
PADD 01									
Production	16	13	15	13	10	10	7	5	3
Imports	1	0	1	1	0	4	-5	-2	-5
Receipts from other regions	306	317	296	303	288	298	NA		
Refiner/Blender Net Input	296	287	271	266	280	272	44	41	42
Ending Stocks	7,520	7,394	6,838	6,413	5,952	5,784	1,494	1,170	1,099
Wholesale Gasoline Demand	3,310	3,159	3,048	3,137	3,186	3,163	126	-37	-5
Conv Ethanol Gasoline Blend	1,738	1,674	1,595	1,502	1,564	1,506	443	428	411
Ethanol % of Total Gasoline	9.82	9.99	9.76	9.27	9.64	9.41	1.23	1.65	1.57
PADD 02									
Production	775	794	777	766	742	742	166	173	160
Deliveries to other regions	-554	-583	-531	-513	-515	-492	NA		
Refiner/Blender Net Input	213	206	204	194	212	208	15	17	18
Ending Stocks	6,981	7,201	7,624	6,953	5,954	5,755	2,142	1,972	1,191
Wholesale Gasoline Demand	2,534	2,417	2,406	2,300	2,499	2,508	32	3	-40
Conv Ethanol Gasoline Blend	1,756	1,687	1,662	1,581	1,724	1,708	141	171	192
Ethanol % of Total Gasoline	9.18	9.32	9.26	9.21	9.27	9.04	0.58	0.81	1.01
PADD 03									
Production	18	19	18	17	17	17	9	10	6
Imports	0	0	0	0	0	6	0	0	1
Receipts from other regions	95	105	90	72	99	78	NA		
Refiner/Blender Net Input	104	99	95	88	92	91	38	34	31
Ending Stocks	2,783	2,717	2,202	2,088	2,439	1,816	938	734	567
Wholesale Gasoline Demand	1,414	1,346	1,415	1,354	1,413	1,432	35	-23	-14
Conv Ethanol Gasoline Blend	646	604	558	514	546	534	358	331	313
Ethanol % of Total Gasoline	7.94	7.94	7.20	6.95	6.96	6.79	2.91	2.85	2.56
PADD 04									
Production	14	13	14	14	10	10	4	3	2
Receipts from other regions	2	1	2	4	5	6	NA		
Refiner/Blender Net Input	15	14	14	14	15	14	2	1	1
Ending Stocks	175	183	223	229	169	188	14	14	14
Wholesale Gasoline Demand	274	281	290	271	293	273	-16	-9	-10
Conv Ethanol Gasoline Blend	146	140	143	137	147	139	-142	-129	-112
Ethanol % of Total Gasoline	5.79	5.24	5.07	5.45	5.40	5.41	1.10	0.44	0.44
PADD 05									
Production	9	9	9	9	9	9	5	4	-1
Imports	0	0	0	0	0	0	0	-1	-2
Receipts from other regions	151	160	143	134	123	110	NA		
Refiner/Blender Net Input	149	149	143	129	120	110	43	44	32
Ending Stocks	2,223	2,196	2,010	2,117	2,197	1,975	249	138	210
Wholesale Gasoline Demand	1,571	1,584	1,492	1,462	1,496	1,496	-22	37	18
Conv Ethanol Gasoline Blend	375	370	347	322	346	334	42	34	32
Ethanol % of Total Gasoline	10.48	10.38	10.60	9.68	8.72	7.94	3.35	3.16	2.39

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

