



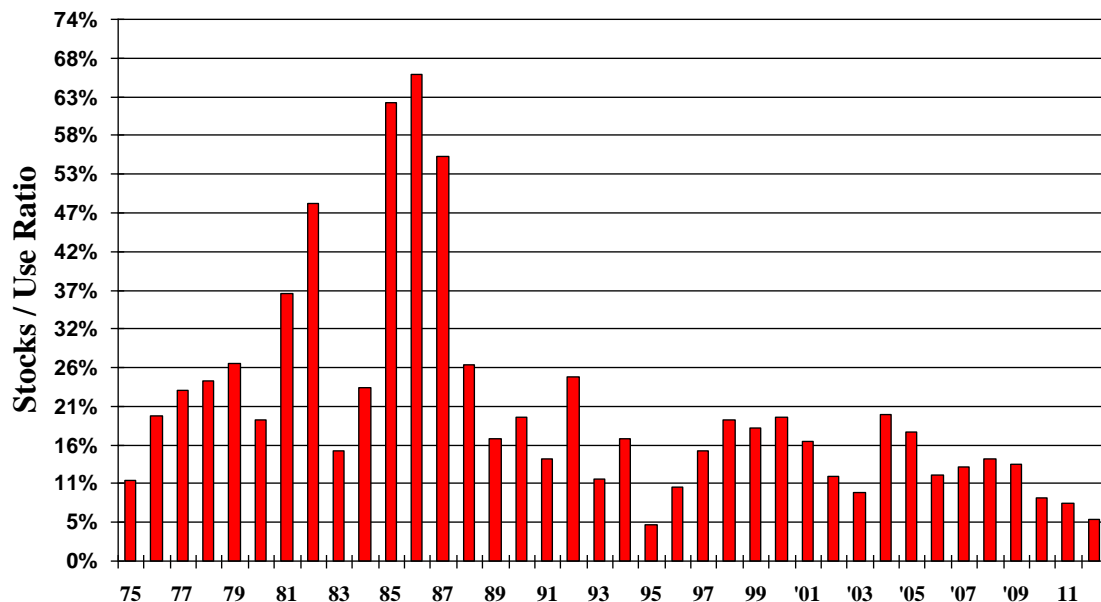
Surface Transportation Board

Rail Energy Transportation Advisory Committee Meeting

Biofuels Update

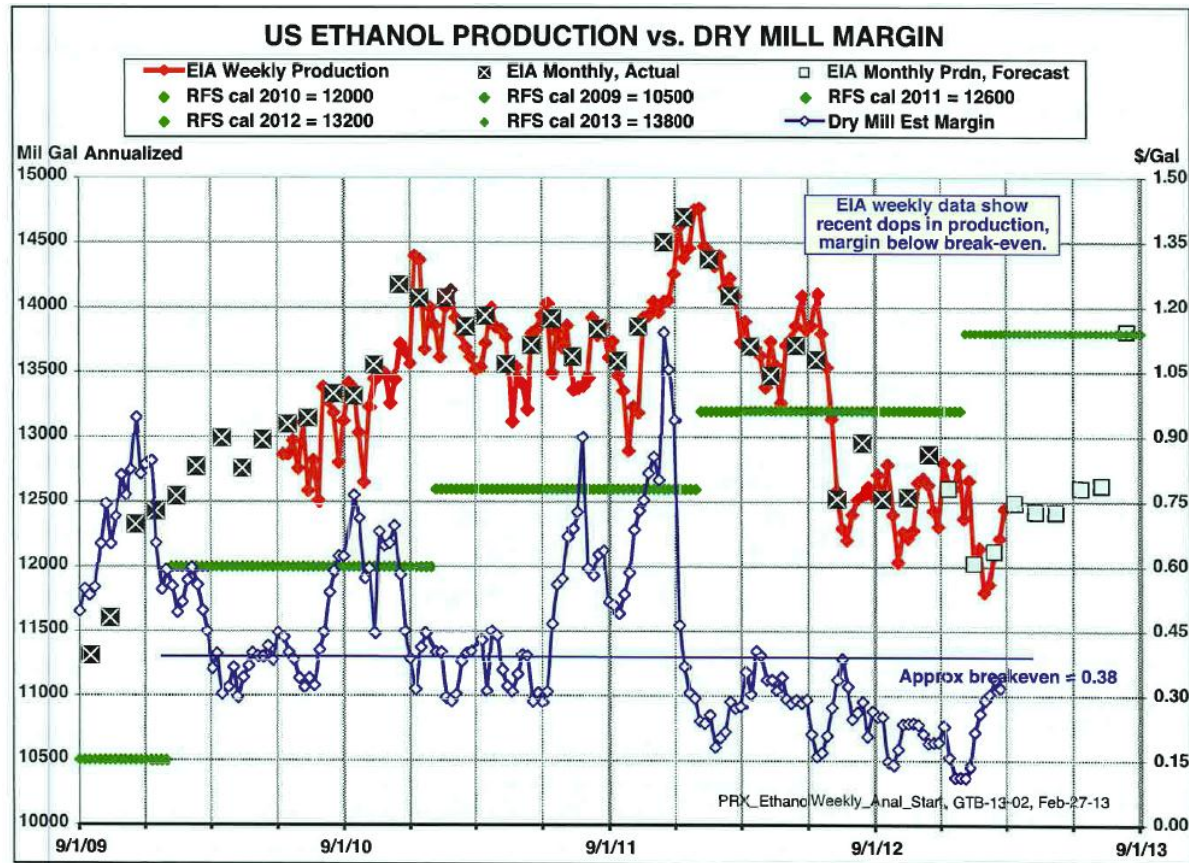
March 14, 2013

U.S. Corn Stocks To Use Ratio



- Tightest carryout that we have had in the US in 15 years. 632 Myn bushel carryout
- Over \$1 / bushel difference between May and September futures
- Farmer waiting to see what happens with planting and crop development before marketing the balance of his crop
- Ethanol producers facing a difficult summer given expensive corn and sugar based ethanol imports from Brazil

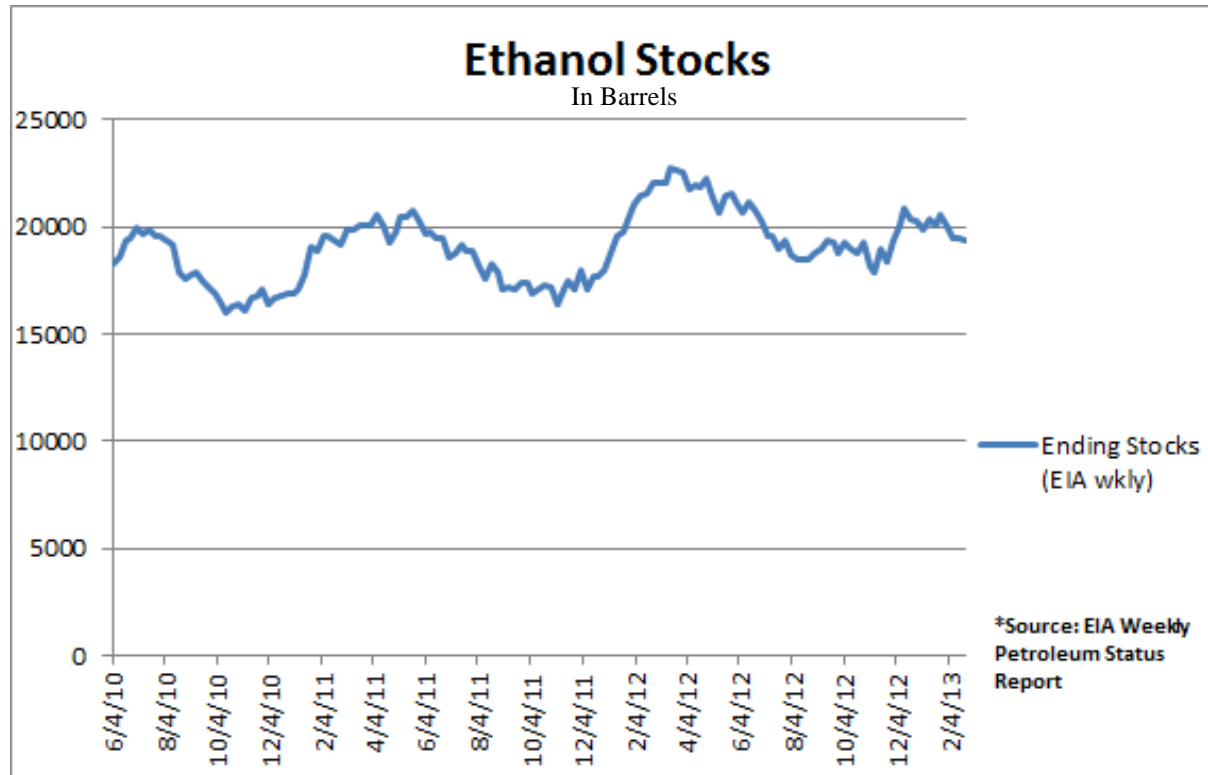
Ethanol Production vs Dry Mill Margin



Source: ProExporter

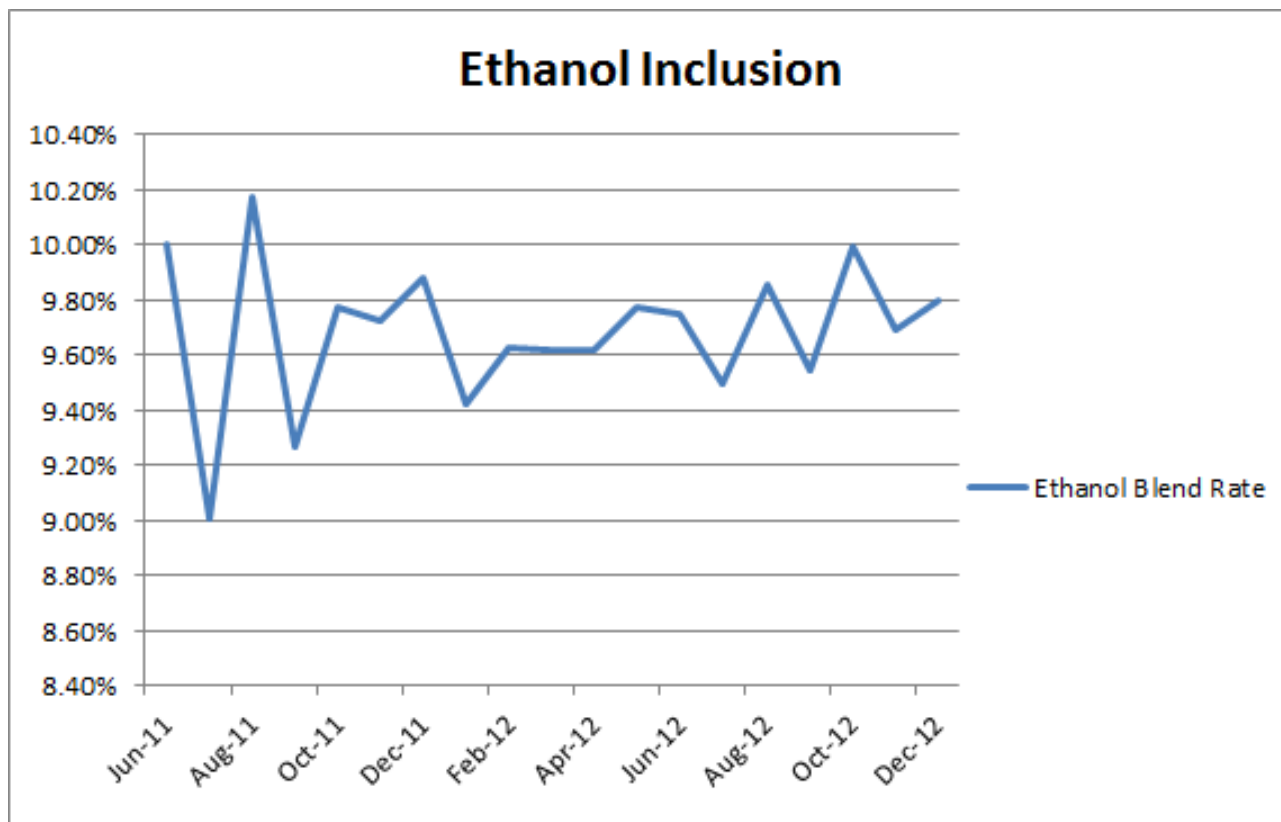
- Dry mill margins have improved and are now above variable cost
- RFS requires 13.8 Byn gallons of production in 2013
- Production rates are running at mid 80's% of available capacity
- No E-15 liability protection is hurting industry margins

Ethanol Stocks



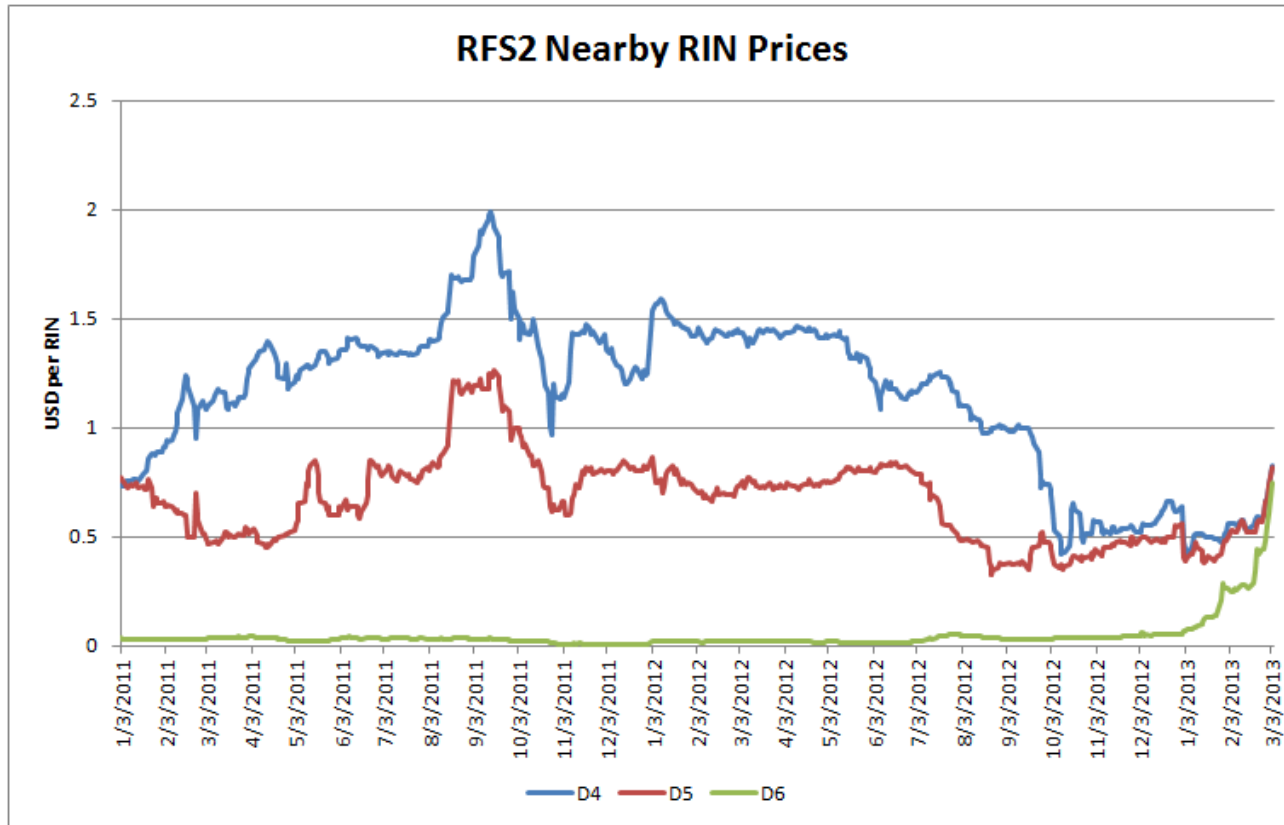
- Given domestic demand, ethanol stocks are an estimated 24 days of supply
- 36 plants are estimated shut down. That represents 2 BGY of capacity

Ethanol Blending as % of Mogas Consumption



- Blending remains around 9.8% despite the cheaper price of ethanol
- The “blending wall” needs to change if we are going to make achieve the mandate in 2014

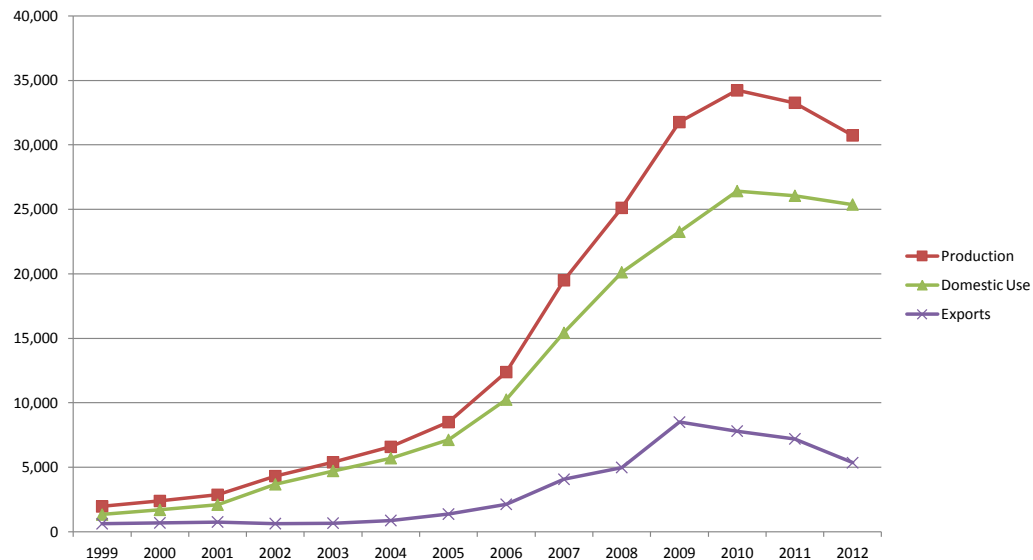
RIN Values



- A dramatic move in ethanol RINs (D6) since the beginning of the year
- An estimated 1.9 BG of “banked RINs” are currently available to be used to meet the mandate
- RIN’s will need to be used to meet the RFS mandate this year and likely in 2014

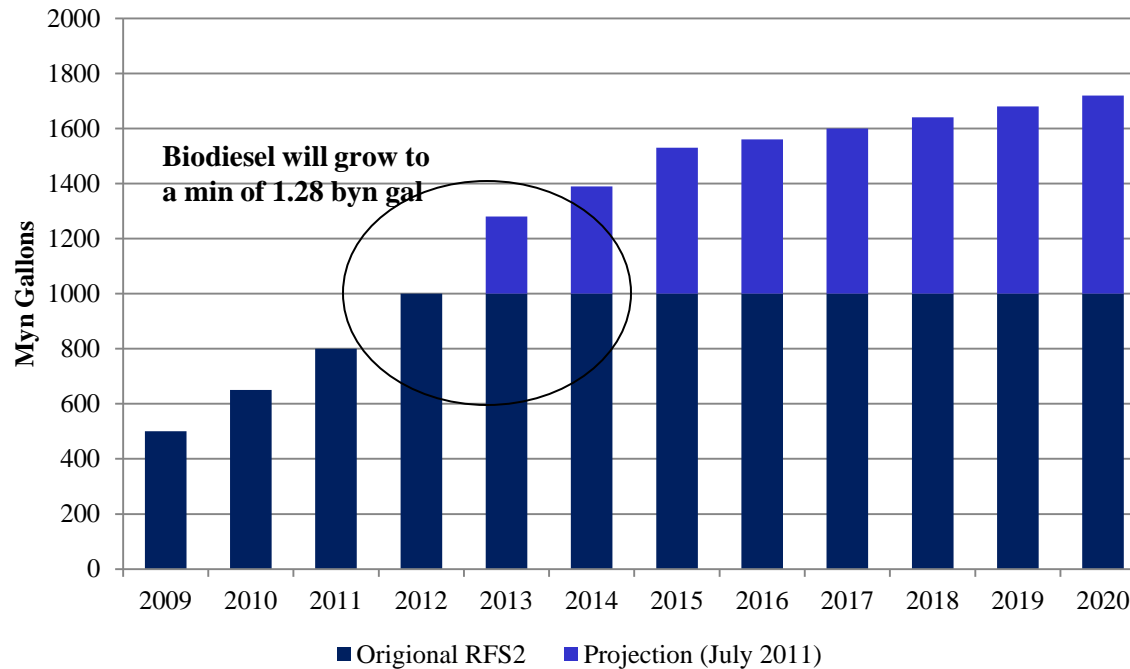
DDG Supply and Demand

DDG Production, Domestic Use, Exports
(million metric tons)



- DDG's have become an important protein and energy source
- They also provide about 25% of the processing margin
- Approximately 40% of ethanol plants have added oil extraction to process
- Considered a “co-product” vs. a by product in formulation

US Biodiesel Demand



- EPA is targeting 1.28 Byn gallons of biodiesel for 2013
- Industry is producing at a rate of 1.5 Byn gallons today
- Government reinstated \$1.00/gal blenders credit in January
- Positive margins and high RIN prices will keep plants running hard



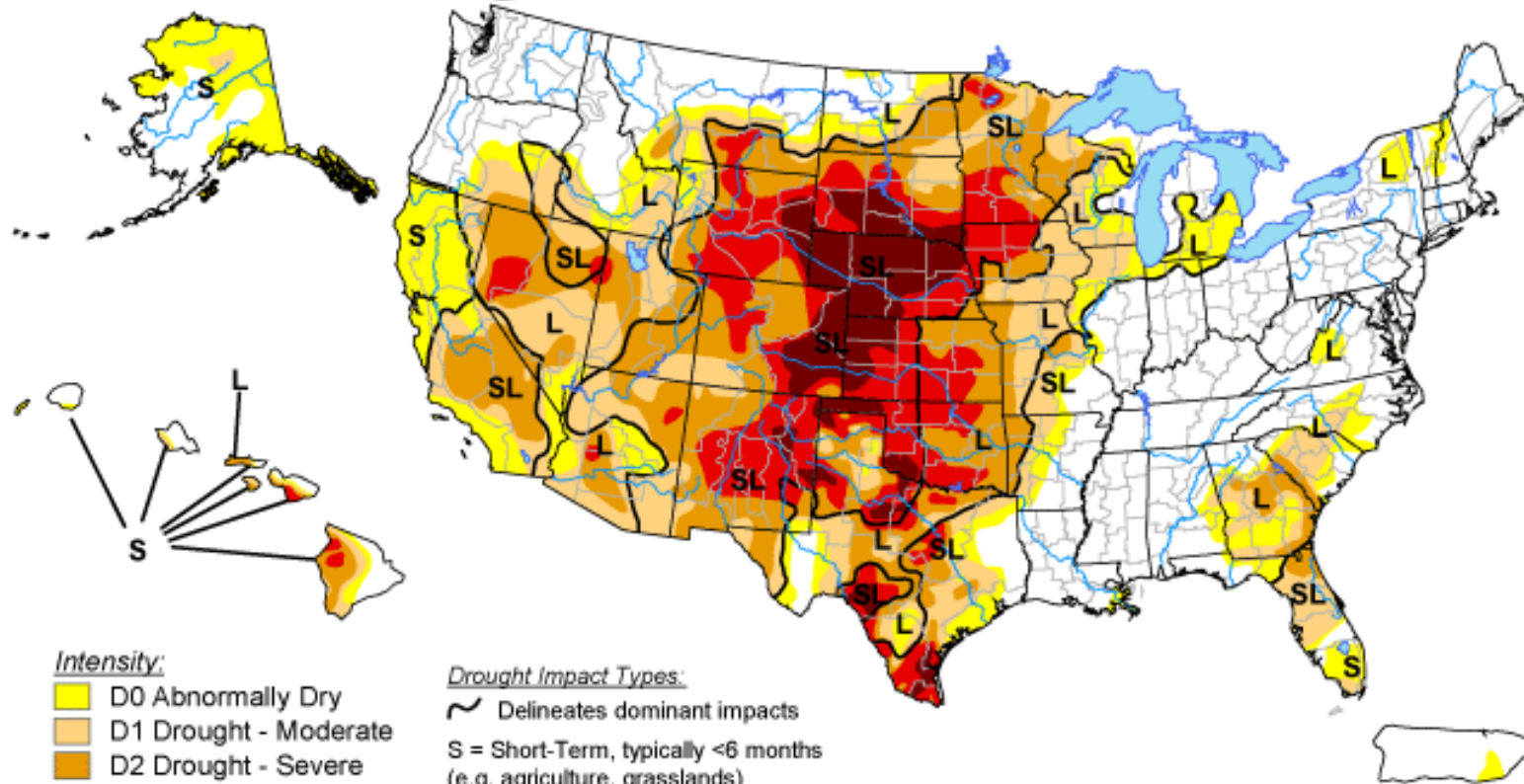
Biofuels Rail Transportation

- A number of ethanol tank cars have moved over into crude oil service
- Large capacity hopper cars are in excess capacity
- Railroad velocity has steadily improved
- Bulk of ethanol shipments are moving as unit trains






U.S. Drought Monitor

February 26, 2013


Valid 7 a.m. EST



Intensity:

-  D0 Abnormally Dry
-  D1 Drought - Moderate
-  D2 Drought - Severe
-  D3 Drought - Extreme
-  D4 Drought - Exceptional

Drought Impact Types:

-  Delineates dominant impacts
- S = Short-Term, typically <6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically >6 months (e.g. hydrology, ecology)

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

<http://droughtmonitor.unl.edu/>



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