

ETHANOL OUTLOOK REPORT

 FOR THE WEEK OF:
 NOVEMBER 9, 2009

The ethanol market this week will focus on:

- corn prices as the weather looks good for accelerating the very late harvest and as the market awaits Tuesday's USDA report,
- gasoline prices, which posted a 3-week low last week on pessimism about demand, and
- ethanol blender demand, which should remain strong with the favorable economics of ethanol versus gasoline.

December CBOT Ethanol futures prices last week traded sideways, mildly below the recent 13-month high, and finally closed the week slightly higher by 0.6 cents (+0.3%) at \$1.852 per gallon. Bullish factors centered on the slightly higher close of +0.3% in corn prices and slightly lower close of -0.6% in the dollar index. Bearish factors included the 1.8% decline in gasoline prices and last Friday's 0.4 point jump in the U.S. October unemployment rate to a new 26-year high of 10.2%, which suggested weak consumer spending and fuel demand.

USDA report expected to cut corn production slightly - The market consensus is that the USDA on Tuesday will cut its 2009/10 corn production estimate by 0.2% to 12.995 billion bushels from the October estimate of 13.018 billion bushels, according to a survey by Dow Jones. The lower production figure is expected to stem from a lower yield of 163.7 bushels per acre, down from 164.2 bushels in the October report. The lower yield is expected to be due to frost and the wet weather late in the season, which caused quality problems. Yield estimates have a higher degree of uncertainty than usual due to the late harvest and bad weather. The consensus is that the U.S. carry-over will fall slightly to 1.650 billion bushels from the October estimate of 1.672 billion bushels. The USDA is likely to leave unchanged its corn use estimate from ethanol producers of 4.2 billion bushels.

Ethanol/Gasoline – Dec gasoline futures prices fell to a new 3-week low last Friday due to the weak October unemployment report, finally closing the week down 3.52 cents (-1.8%) at \$1.9243 per gallon. Gasoline prices were supported earlier in the week by the news that weekly gasoline inventories fell slightly by 287,000 barrels (-0.1%) and that fuel demand in the latest week rose by 1.8% w/w, breaking the string of three consecutive weekly declines in demand. Ethanol prices last week were stronger than gasoline prices, causing the spread of December ethanol prices minus gasoline prices to rise by 4.1 cents to -7.2 cents per gallon.

Ethanol/Corn – Dec corn futures prices sold off late last week, giving up an early-week rally and closing just 1 cent higher at \$3.67 per bushel. Dec corn closed just slightly above the recent 1-month low of \$3.64 per bushel. The sell-off later in the week came because of warm and dry weather that moved into the corn belt, allowing corn to dry out and for the harvest to accelerate. The corn market also saw harvest selling pressure as farmers brought cash grain to market and as hedgers sold futures. Last Monday's weekly USDA Crop Progress report showed that only 25% of the corn crop was harvested as of November 1, far behind the year-earlier level of 53% and the 5-year average of 71%. The Dec ethanol-corn crush margin last week edged higher by 0.2 cents to 54.1 cents per gallon, which was just below the recent 1-3/4 year high of 56.1 cents.

Ethanol Calendar

- Nov 9: Weekly USDA Crop Progress
- Nov 10: USDA WASDE Crop Supply-Demand
- Nov 11: Weekly DOE Gasoline Inventories
- Nov 30: EIA Monthly Ethanol Report

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Ethanol Closes	Last Friday Close	Weekly Change
Ethanol Futures		
CBOT Ethanol Futures (Z09)	\$1.852	+\$0.006
CBOT Ethanol Forward (Z09)	\$1.8210	+\$0.0600
NYMEX NY Physical Ethanol (Z09)	\$1.9600	unch
NYMEX Chicago (Platts) Swap Futures (Z09)	\$1.8400	unch
NYMEX NY (Platts) Swap Futures (Z09)	\$1.9750	+\$0.0150
Cash & Basis (vs CBOT Futures)		
NY Harbor Cash	\$2.1050	-\$0.0700
NY Harbor Basis	\$0.2530	+\$0.0130
Gulf Coast Cash	\$2.1150	unch
Gulf Coast Basis	\$0.2630	+0.0830
Los Angeles Cash	\$2.0800	-\$0.0300
Los Angeles Basis	\$0.2280	+\$0.0530
Spreads (cents per gallon)		
Ethanol-Gasoline (Z09)	-7.2¢	+4.1¢
Ethanol-Corn Margin (Z09)	54.1¢	+0.2¢

Top Weekly Ethanol News

Licht forecasts mild ethanol surplus

Nov 3 - Reuters - Analyst F.O. Licht forecasts a modest global ethanol surplus of around 700 million litres in 2010, managing director Christoph Berg said on Tuesday....

GRFA, RFA address global biofuels issues

Nov 5 - Ethanol Producer Magazine - The Global Renewable Fuels Alliance is asking delegates to the United Nations Framework Convention on Climate Change Conference in Copenhagen to recognize the environmental importance of biofuels, and to begin developing strategies that will ensure biofuels play a greater role in meeting global climate change objectives....

US has yet to export ethanol to Brazil

Nov 3 - Ethanol Producer Magazine - Recent reports that U.S. producers have been exporting ethanol to Brazil have been nothing more than rumors, according to Joel Velasco, the North American representative for Brazil's Sugarcane Industry Association (UNICA). "There have been no imports into Brazil," he said. "It's still not competitive to deliver undenatured ethanol from the U.S. to Brazil...."

Farm bureau weighs in on Senate climate bill

Nov 5 - Ethanol Producer Magazine - The Senate Committee on Environment and Public Works recently held a hearing on the Clean Energy Jobs and American Power Act, which is the Senate's version of the climate bill....

Lawmakers defend corn ethanol

Nov 4 - Ethanol Producer Magazine - Rep. Collin Peterson, D-Minn., challenged information presented in the opening statement of Rajiv Shah, USDA Undersecretary of Research, Education, and Economics, at a Oct. 29 House Agriculture Subcommittee hearing on biofuels....

New tactics, same tired playbook: ethanol critics repackage same misinformation in new pro-oil campaign

Nov 6 - Renewable Fuel Association - For nearly three years, big oil and food processors together with corporate livestock interests have spent millions of dollars to bring America's quest for a renewable alternative to oil to an end....

VP Gore, Jon Stewart exchange highlights disturbing trend in ethanol misinformation

Nov 5 - Renewable Fuel Association - During a taping of Comedy Central's Daily Show with Jon Stewart on November 4, host Jon Stewart mistakenly stated that ethanol is "worse for the environment" than gasoline. Stewart's guest, former Vice President Al Gore corrected him in part, pointing to next generation ethanol technologies that have even greater potential as part of the environmental solution....

Distiller's grain set to ride ethanol coattails

Nov 3 - Reuters - Demand for distiller's grain, a byproduct of distilling corn into ethanol, will continue to grow domestically and abroad as livestock producers turn to the feed as a cheaper alternative to corn, analysts said....

US will need Brazil ethanol to meet biofuels goal

Nov 4 - ICIS News - The US will need to import large volumes of ethanol from Brazil to meet advanced biofuel targets set under the US Renewable Fuels Standard (RFS), an analyst said on Wednesday....

Otter Tail files for bankruptcy

Nov 3 - Ethanol Producer Magazine - Otter Tail Ag Enterprises LLC filed for Chapter 11 bankruptcy protection in U.S. Federal Court Oct. 30. The bankruptcy was prearranged with Otter Tail's lenders and will allow it to avoid liquidation of the facility....

U.S. advanced biofuel sector finds lenders wary

Oct 31 - Reuters - U.S. lenders are leery of putting money into cellulosic ethanol and other new-generation biofuels due to the recession and an industry shakeout, Agriculture Department and biofuel leaders said on Thursday....

House seeks to end biofuels paper tax breaks

Nov 4 - Reuters - U.S. lawmakers in the House of Representatives on Wednesday said they would close a loophole that lets paper companies claim a valuable tax credit for making biofuel that is already a byproduct of paper production....

Top Weekly Ethanol News (continued)

Second Generation Biofuel Producer Tax Credit Act of 2009 proposes to add algae, drop first-gen fuels from tax credits

Nov 6 - Biofuels Digest - In Washington, Congressman Chris Van Hollen (D-MD) issued the following statement on the Second Generation Biofuel Producer Tax Credit Act of 2009, legislation introduced this week to alter the structure of biofuels tax credits and raise offsetting revenues for increases in the cost of the health care package....

KLM to test Biofuels with passengers on board

Nov 5 - Biofuels Digest - In the Netherlands, KLM announced that it would become the first airline to test biofuels on a passenger flight. The company said that it would utilize a 50/50 mixture of camelina and standard jet fuel in a one-hour Boeing 747 flight on November 23 that would include, for the first time, a limited number of passengers....

US to EU biodiesel stormy

Nov 4 - Biofuel International - The relationship between the US and EU biodiesel industries is a sinking ship. EU producers, voiced by the European Biodiesel Board, have raised questions over the activity of US biodiesel producers, suspecting them of exporting a new blend to Europe to avoid EU tariffs....

BP eyes output of new biofuels from next year

Nov 3 - Reuters - Oil major BP may start commercial production of new types of biofuels from next year, the head of the group's biofuels division said on Tuesday....

BP explores options, remains committed to cellulosic ethanol

Nov 5 - Ethanol Producer Magazine - BP plc's alternative fuels sector may have expanded this year to include biobutanol, but the company's primary focus continues to be cellulosic ethanol, according to BP Biofuels communications advisor Thea Sherer....

Honeywell, China National Petroleum ink agreement on advanced biofuels for China; focus on Chinese feedstock evaluation

Nov 5 - Biofuels Digest - In China, the China National Petroleum Corporation signed a MOU with Honeywell's UOP to evaluate Chinese feedstocks for the production of green diesel and green jet fuels, evaluate installation of units to produce renewable fuels and improve ethanol energy efficiency....

Japanese refiner builds ETBE facility

Nov 2 - Biofuels International - Japan's Nippon Oil has built the nation's first facility for making ethanol-based petrol additive ethyl tertiary butyl ether (ETBE)....

Neste, St1 target enhanced fuels for cars after success with NExBTL renewable diesel

Nov 5 - Biofuels Digest - In Finland, Neste Oil and St1 have commenced a collaborative effort to develop high-efficiency biofuels for cars, after a successful project to optimize diesel fuels that resulted in the introduction of Neste Green diesel fuel in Finland, which contains a minimum of 10% renewable diesel....

Indian Oil becomes fifth oil major, first NOC, to join algal fuels race; signs with PetroAlgae

Nov 4 - Biofuels Digest - In India, Indian Oil Company became the fifth oil major and first national oil company to decisively enter the algal fuel race, signing an agreement with PetroAlgae to license micro-crop technology for the large-scale production of renewable fuels....

POET stages Project LIBERTY Field Day, showcasing 16 companies in advanced biofuels; video of Scotland cellulosic ethanol plant available

Nov 4 - Biofuels Digest - In South Dakota, at POET's Project LIBERTY Field Day, 16 companies showcased equipment to help make the process of harvesting corn cobs and residue quick, easy and profitable....

German bioethanol demand up four-fold

Nov 5 - Biofuels International - Figures for the first half of 2009 show an improvement in Germany's bioethanol market. The industry suffered a stagnant production spell in 2008, but BAFA figures for the first half of 2009 show that the German bioethanol industry is building up with demand rising almost four-fold compared to 2008....

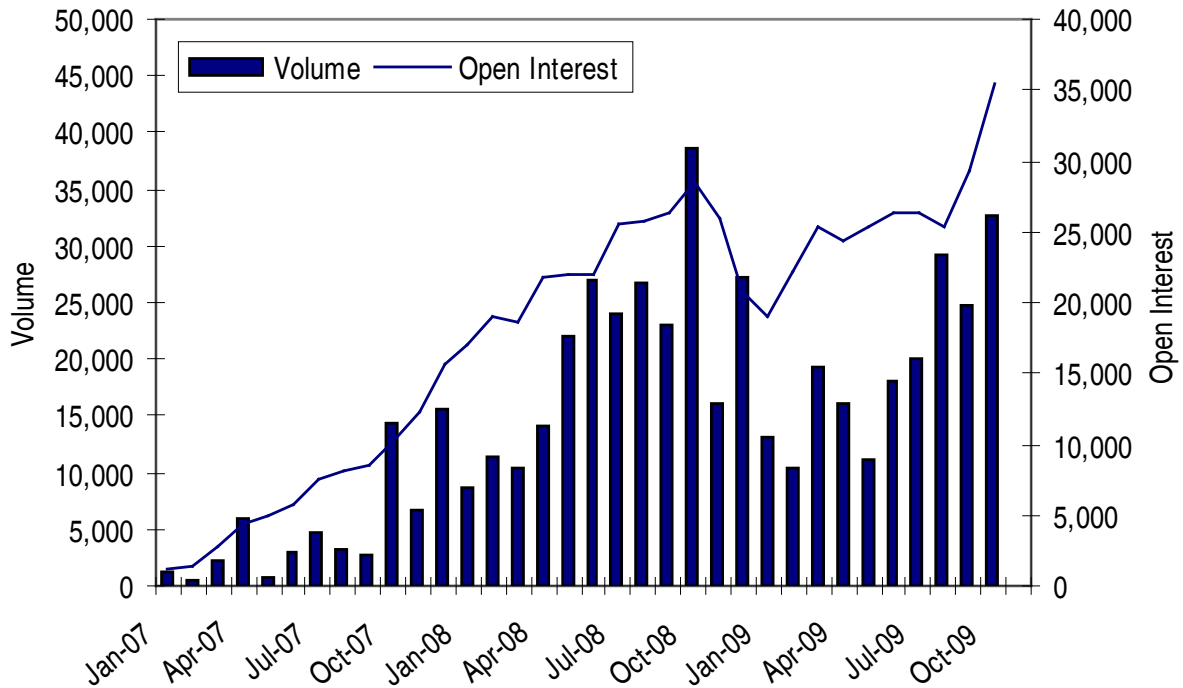
Abengoa possesses the power of three

Nov 5 - Biofuels International - Spain-based ethanol company Abengoa Bioenergy intends to bring three new ethanol plants online by Q1 next year. The addition will boost its global production capacity to about 2.6 billion litres....

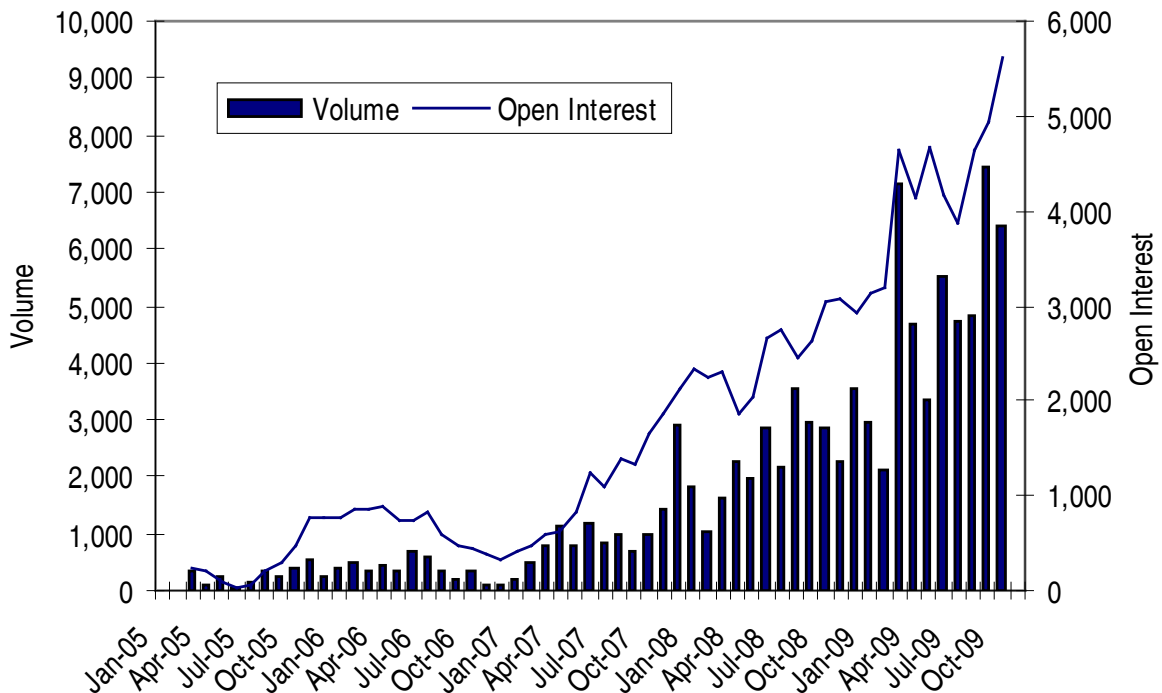
Brazil raises cane over U.S. ethanol tariff

Nov 4 - LA Times - Brazilian sugar producers say sugar-based fuel is more environmentally sound than electricity or corn ethanol as an alternative for powering cars. But the odds are long for a change....

CBOT Ethanol Forward Month Swaps - Monthly Volume & Open Interest



CBOT Ethanol Futures - Monthly Volume & Open Interest

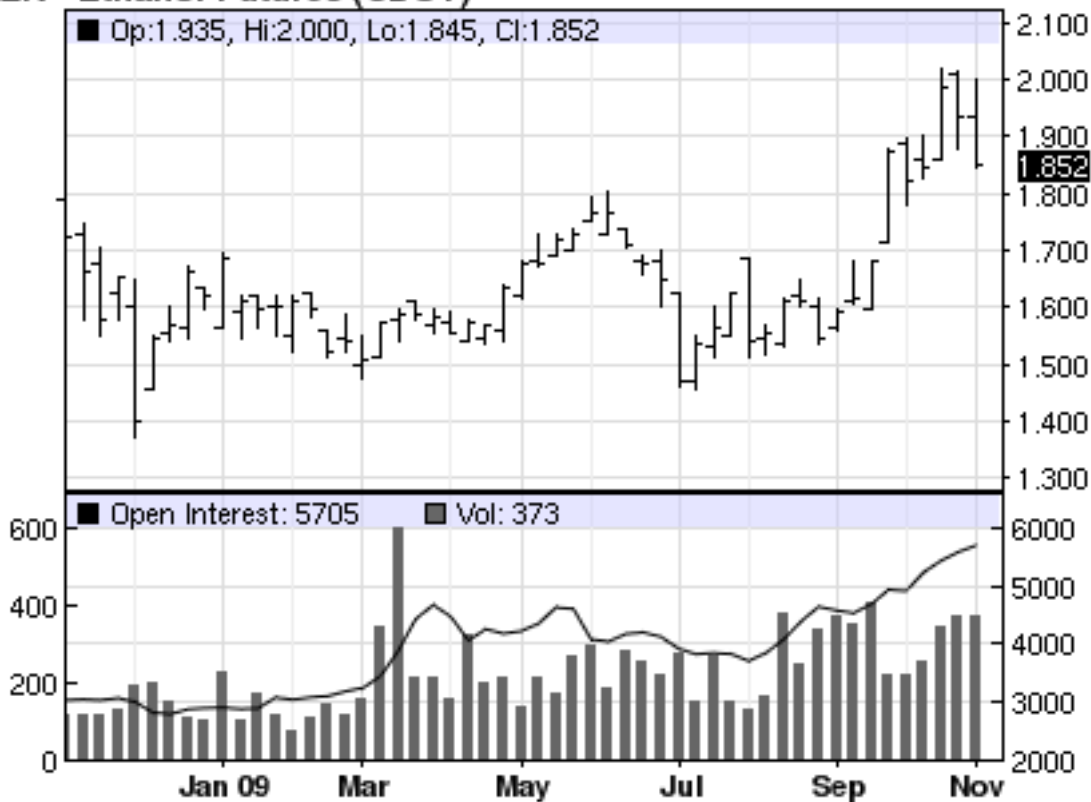


CBOT Ethanol Futures – Daily & Weekly Charts

ZKZ09 - Ethanol Futures (CBOT)



ZK - Ethanol Futures (CBOT)

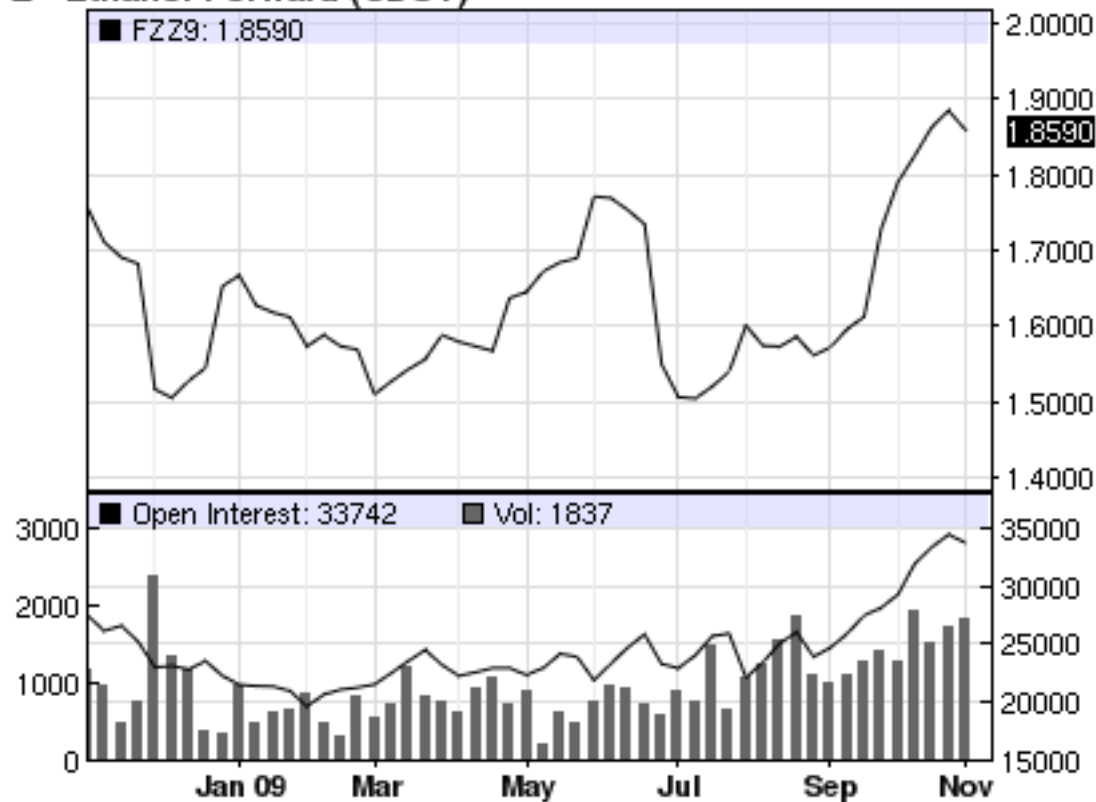


CBOT Forward Ethanol Swaps – Daily & Weekly Charts

FZZ09 - Ethanol Forward (CBOT)



FZ - Ethanol Forward (CBOT)



NYMEX Chicago and New York Ethanol (Platts) Swap Futures Prices - Closing Prices

Closes for: Friday November 6

NYMEX Chicago Ethanol (Platts) Swap Futures

Symbol	Last	Change	High	Low	Daily Volume	Open Interest
CUX09	1.9400	-0.0300	1.9400	1.9400	0	695
CUZ09	1.8400	-0.0200	1.8400	1.8400	0	407
CUF10	1.8100	-0.0300	1.8100	1.8100	0	253
CUG10	1.7900	-0.0400	1.7900	1.7900	0	260
CUH10	1.7900	-0.0350	1.7900	1.7900	0	253
CUJ10	1.7850	-0.0300	1.7850	1.7850	0	33
CUK10	1.7850	-0.0300	1.7850	1.7850	0	33
CUM10	1.7850	-0.0300	1.7850	1.7850	0	33
CUN10	1.7900	-0.0300	1.7900	1.7900	0	33
CUQ10	1.7900	-0.0300	1.7900	1.7900	0	32
CUU10	1.7900	-0.0300	1.7900	1.7900	0	32

Closes for: Friday November 6

NYMEX New York Ethanol (Platts) Swap Futures

Symbol	Last	Change	High	Low	Daily Volume	Open Interest
EZX09	2.1000	unch	2.1000	2.1000	0	461
EZZ09	1.9750	-0.0200	1.9750	1.9750	0	363
EZF10	1.9250	-0.0300	1.9250	1.9250	0	99
EZG10	1.9050	-0.0400	1.9050	1.9050	0	34
EZH10	1.9050	-0.0350	1.9050	1.9050	0	20
EZJ10	1.9000	-0.0300	1.9000	1.9000	0	25
EZK10	1.9000	-0.0300	1.9000	1.9000	0	25
EZM10	1.9000	-0.0300	1.9000	1.9000	0	25
Daily Volume and Open Interest					0	1,052

NYMEX Chicago (Platts) Swap Futures Prices - Daily Chart

FLZ09 - Ethanol Swaps-Chgo (NYMEX)



NYMEX New York (Platts) Swap Futures Prices - Daily Chart

FHZ09 - Ethanol Swaps-NY (NYMEX)



NYMEX Ethanol Physical New York Closing Prices and Chart

Closes for: Friday November 6

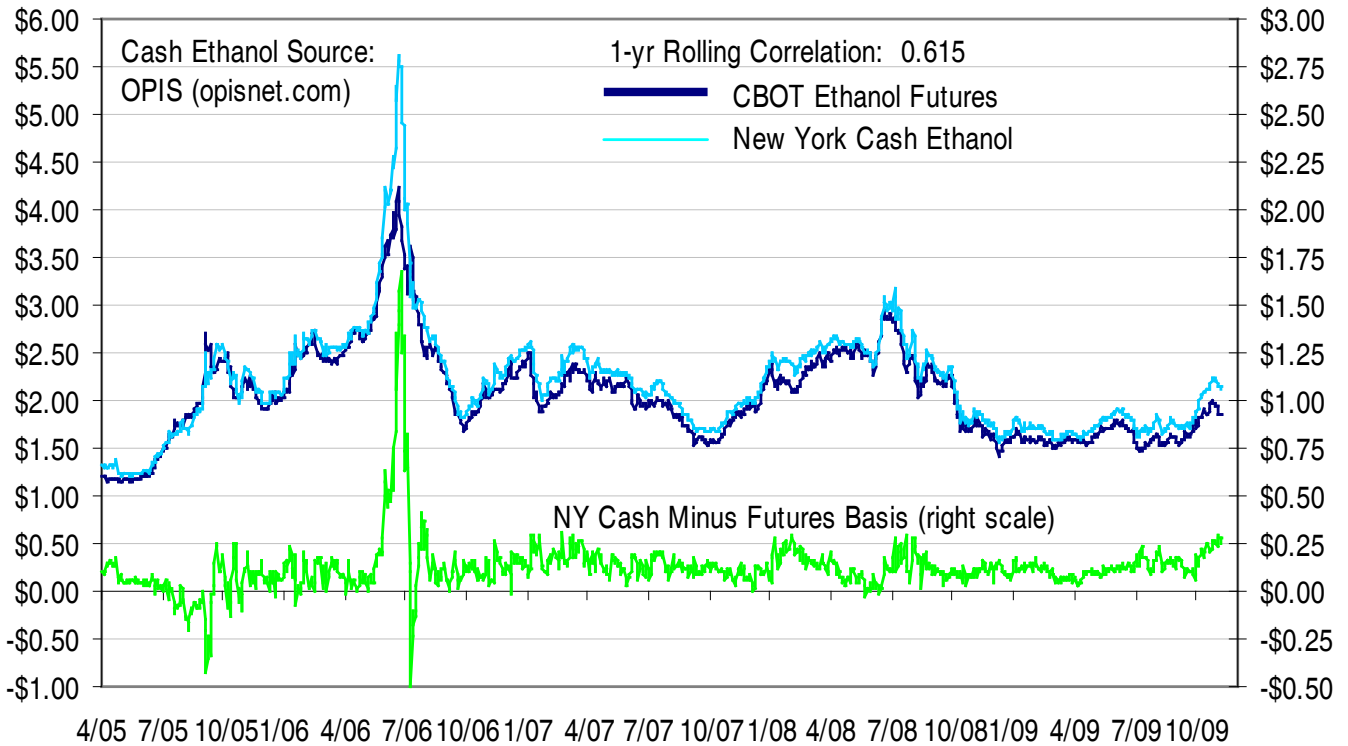
NYMEX Ethanol Physical NY Futures

Symbol	Last	Change	High	Low	Daily Volume	Open Interest
QEF10	1.9100	-0.0300	1.9100	1.9100	0	0
QEG10	1.8900	-0.0400	1.8900	1.8900	0	0
QEH10	1.8900	-0.0350	1.8900	1.8900	0	0
QEJ10	1.8850	-0.0300	1.8850	1.8850	0	0
Daily Volume and Open Interest					0	0

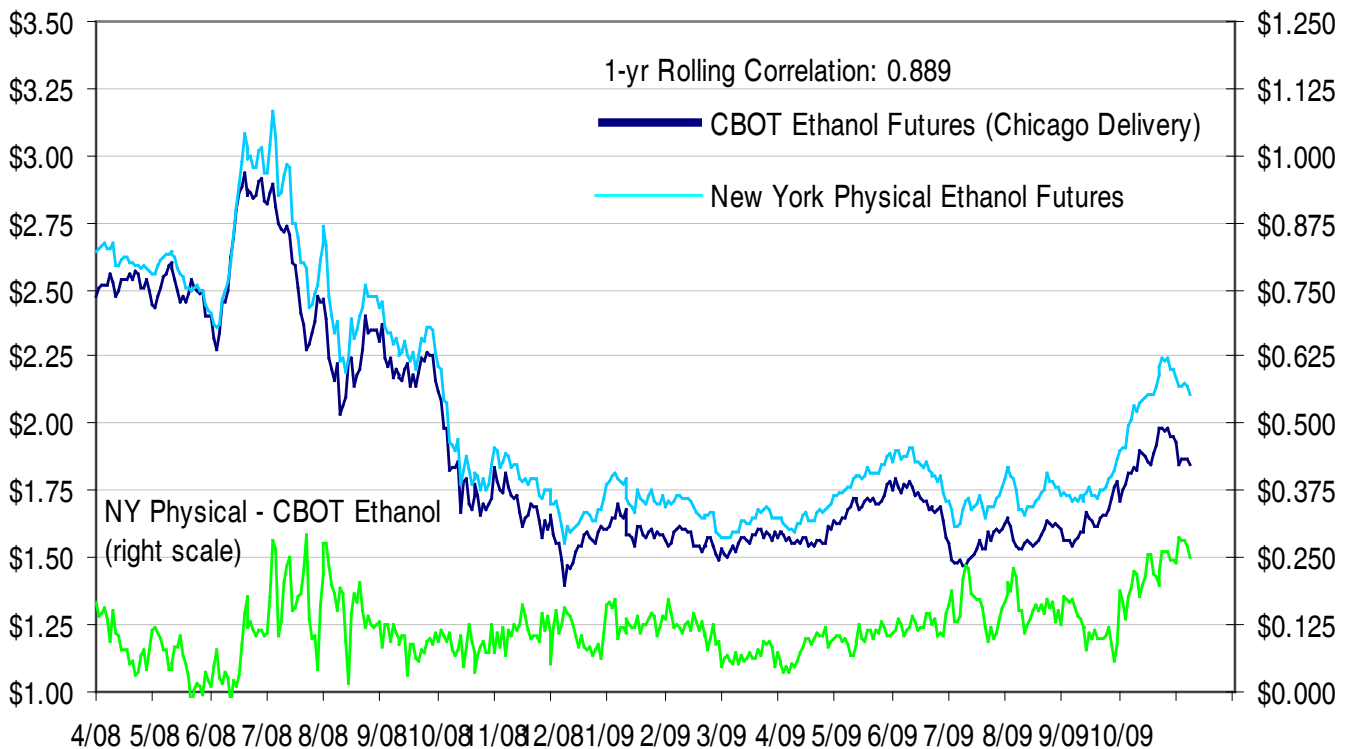
QBZ09 - Ethanol Physical-NY (NYMEX)



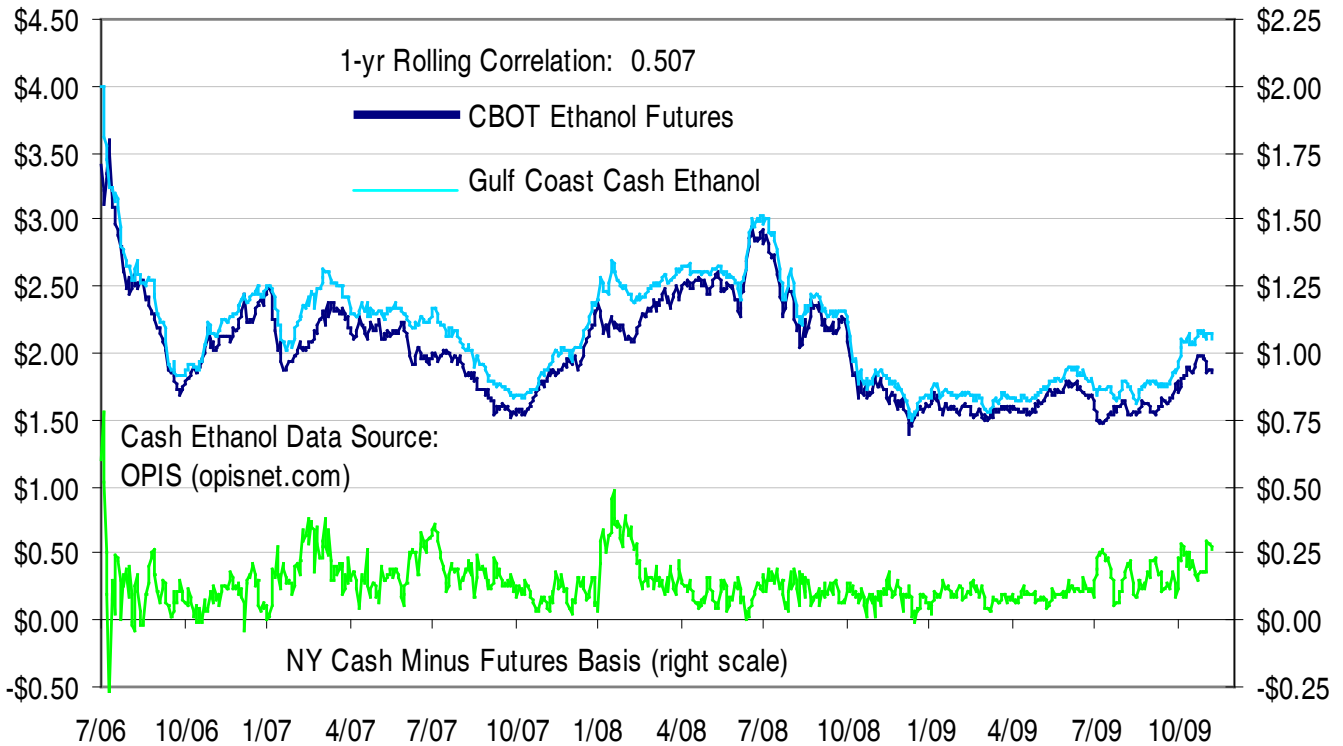
CBOT Ethanol Futures vs New York Cash Ethanol Basis (\$/gallon)



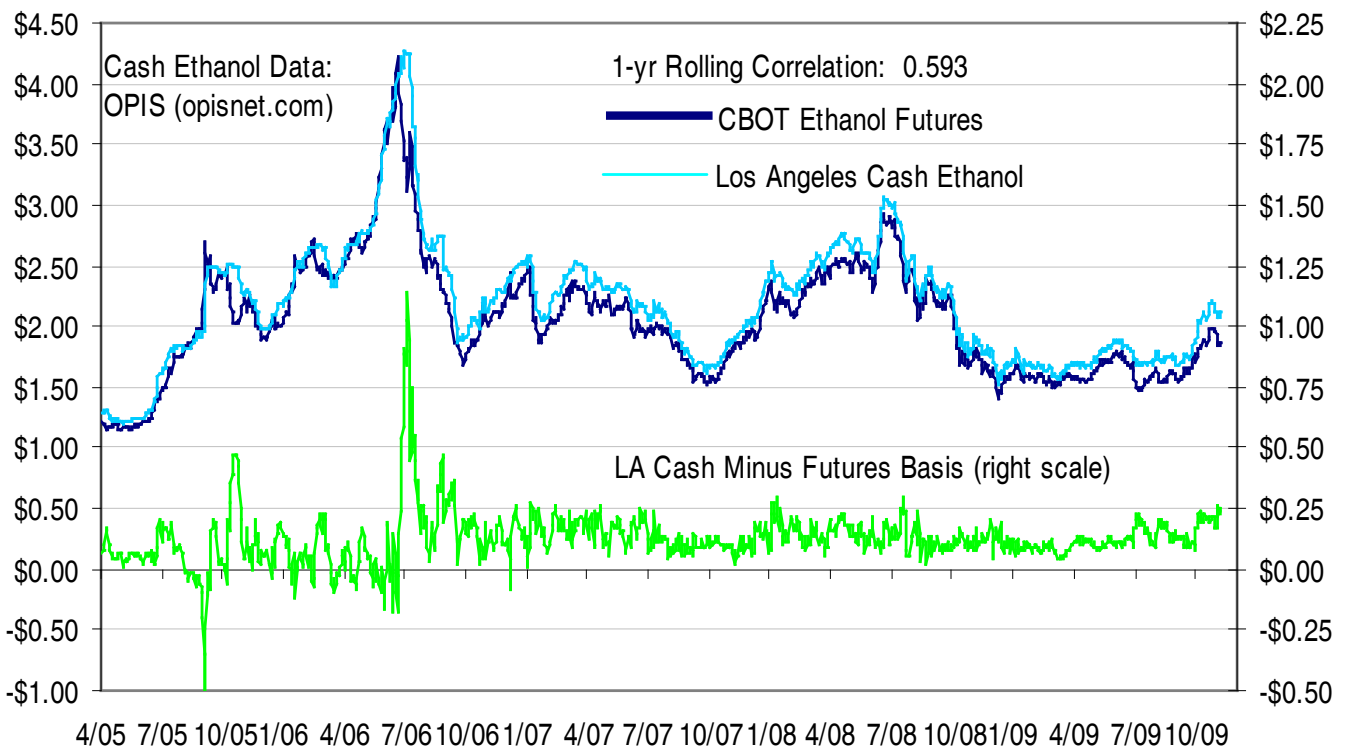
CBOT Ethanol Futures (Chicago) vs NYMEX Ethanol Physical Futures (NY) (\$/gal)



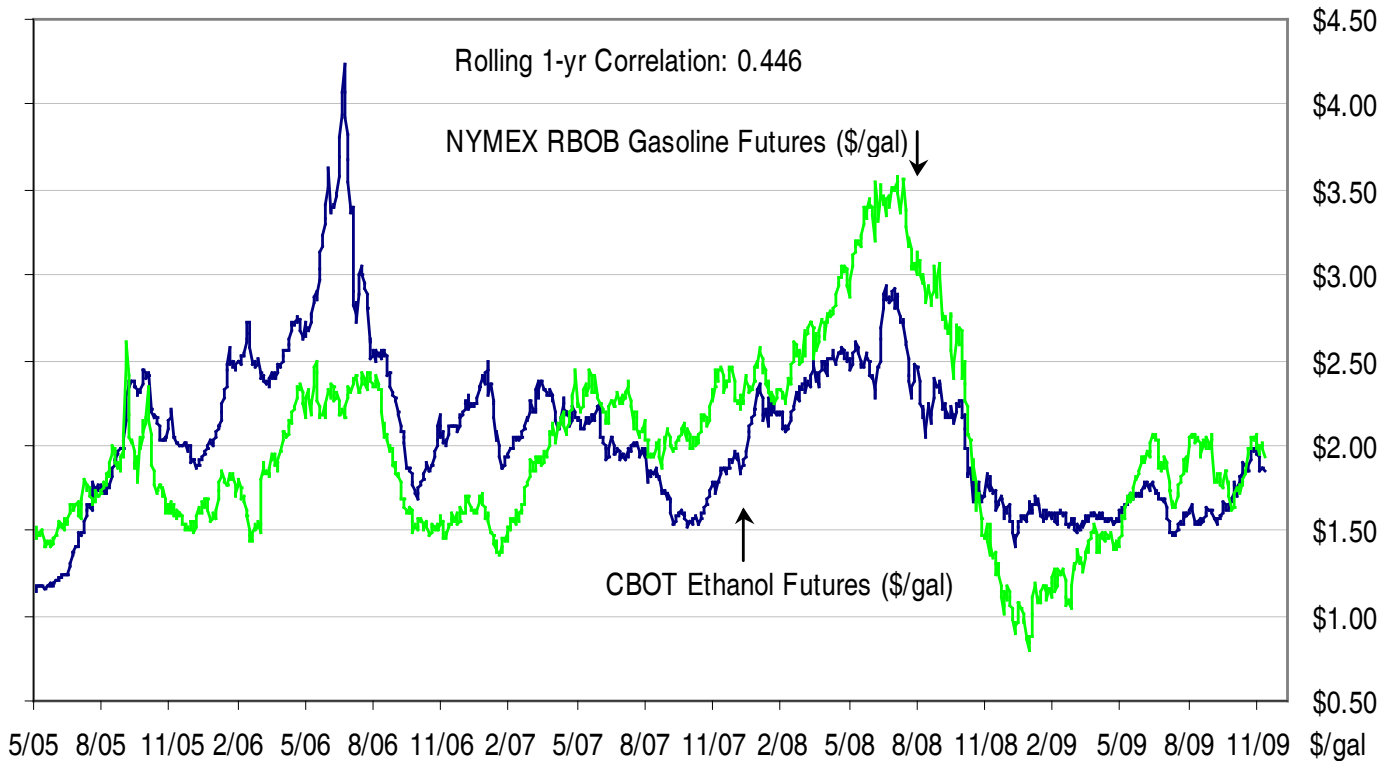
CBOT Ethanol Futures vs Gulf Coast Cash Ethanol Basis (\$/gallon)



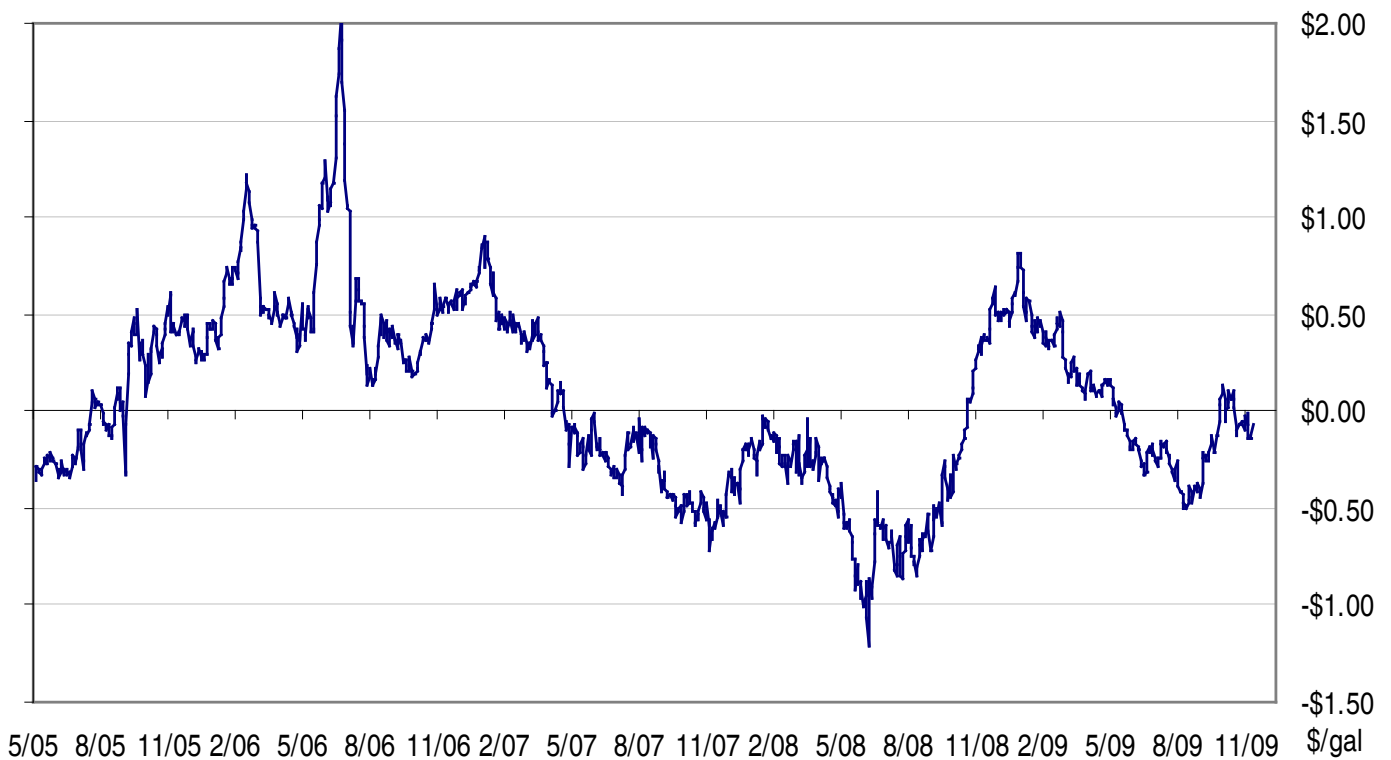
CBOT Ethanol Futures vs Los Angeles Cash Ethanol Basis (\$/gallon)



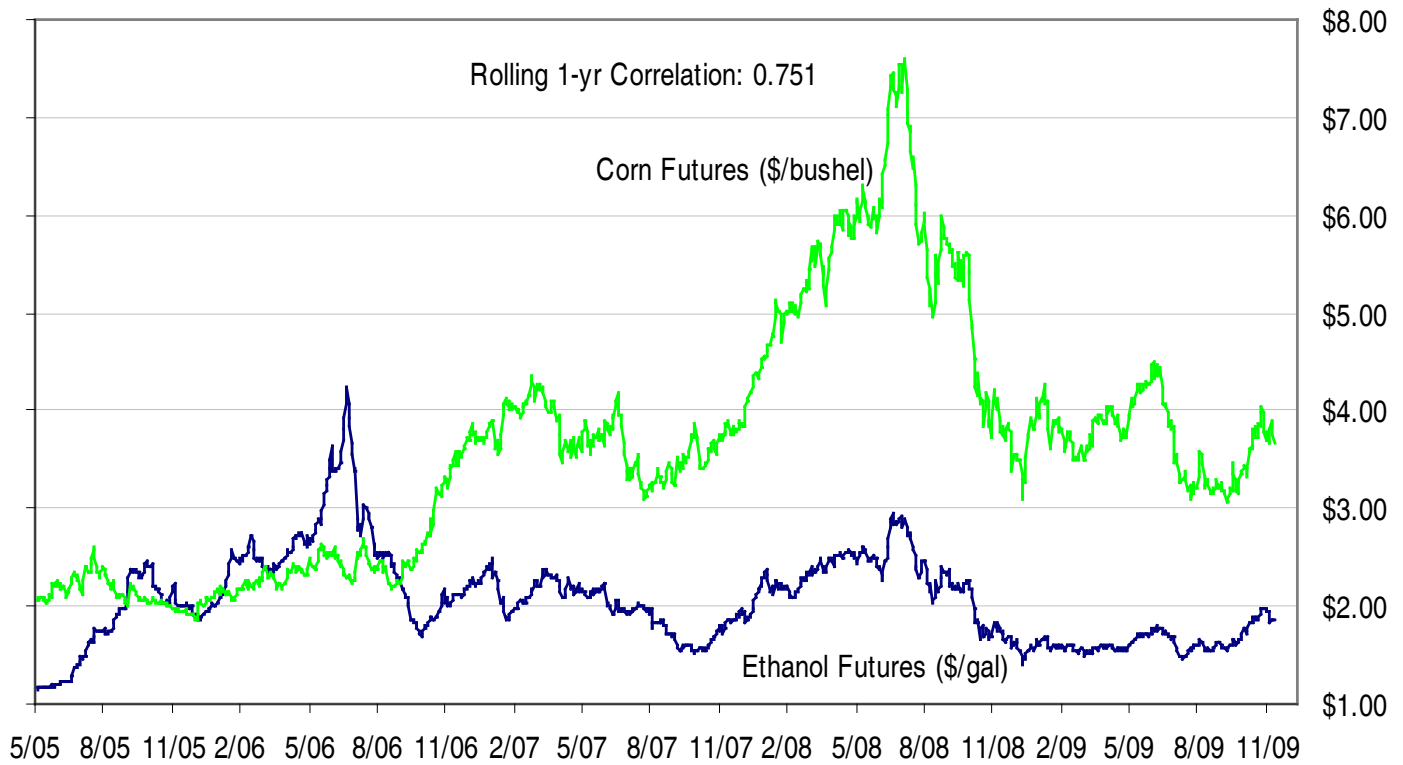
CBOT Ethanol Nearest-Futures versus NYMEX RBOB Gasoline Nearest-Futures



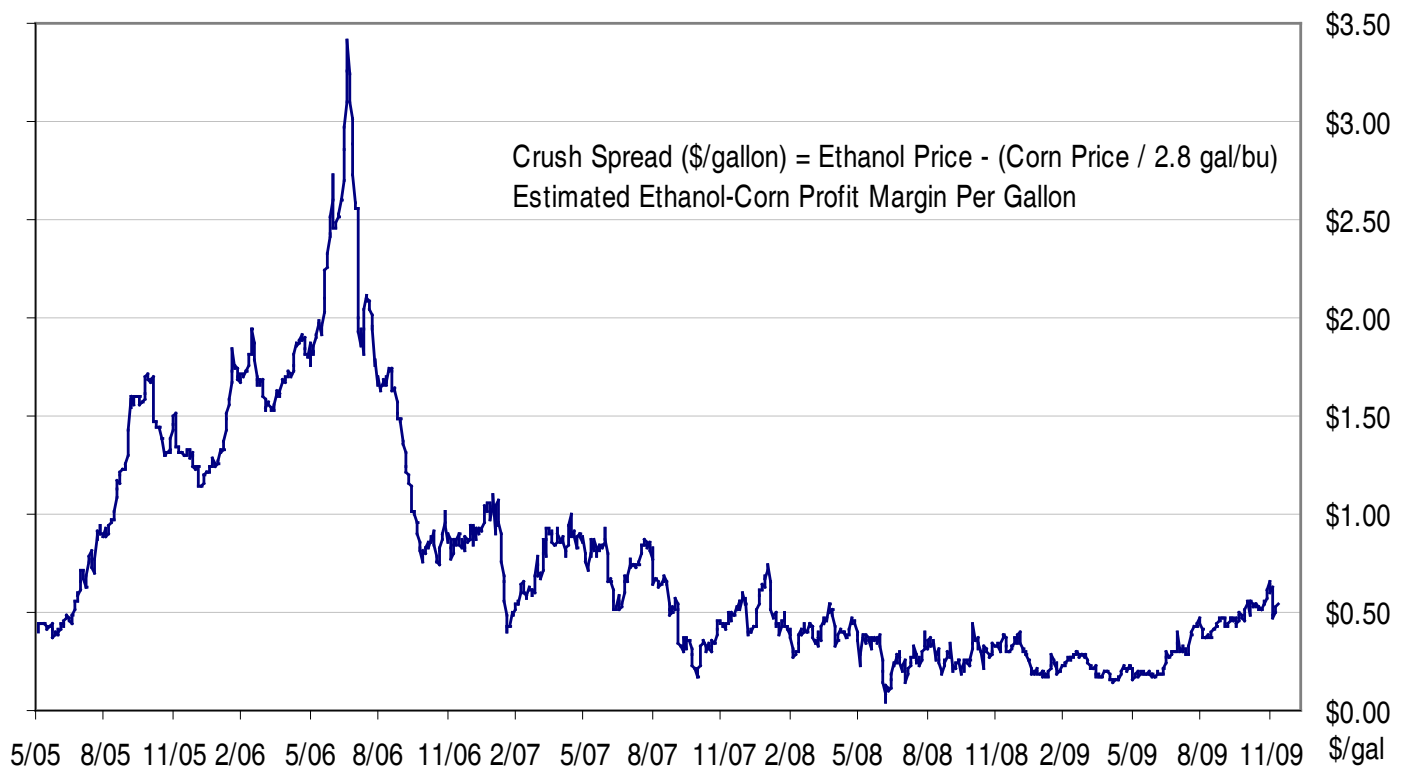
Spread: CBOT Ethanol Futures - NYMEX RBOB Gasoline Futures (\$/gallon)



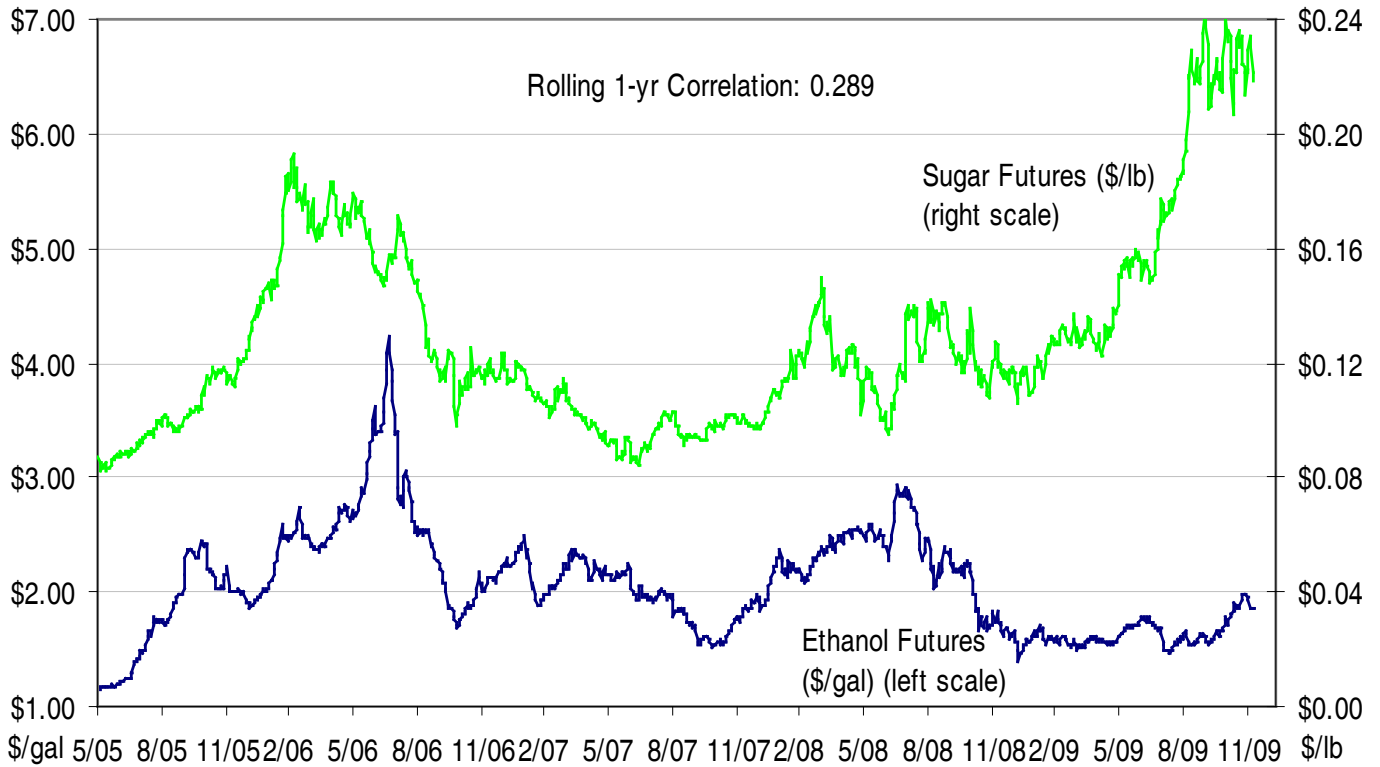
CBOT Ethanol Nearest-Futures versus CBOT Corn Nearest-Futures



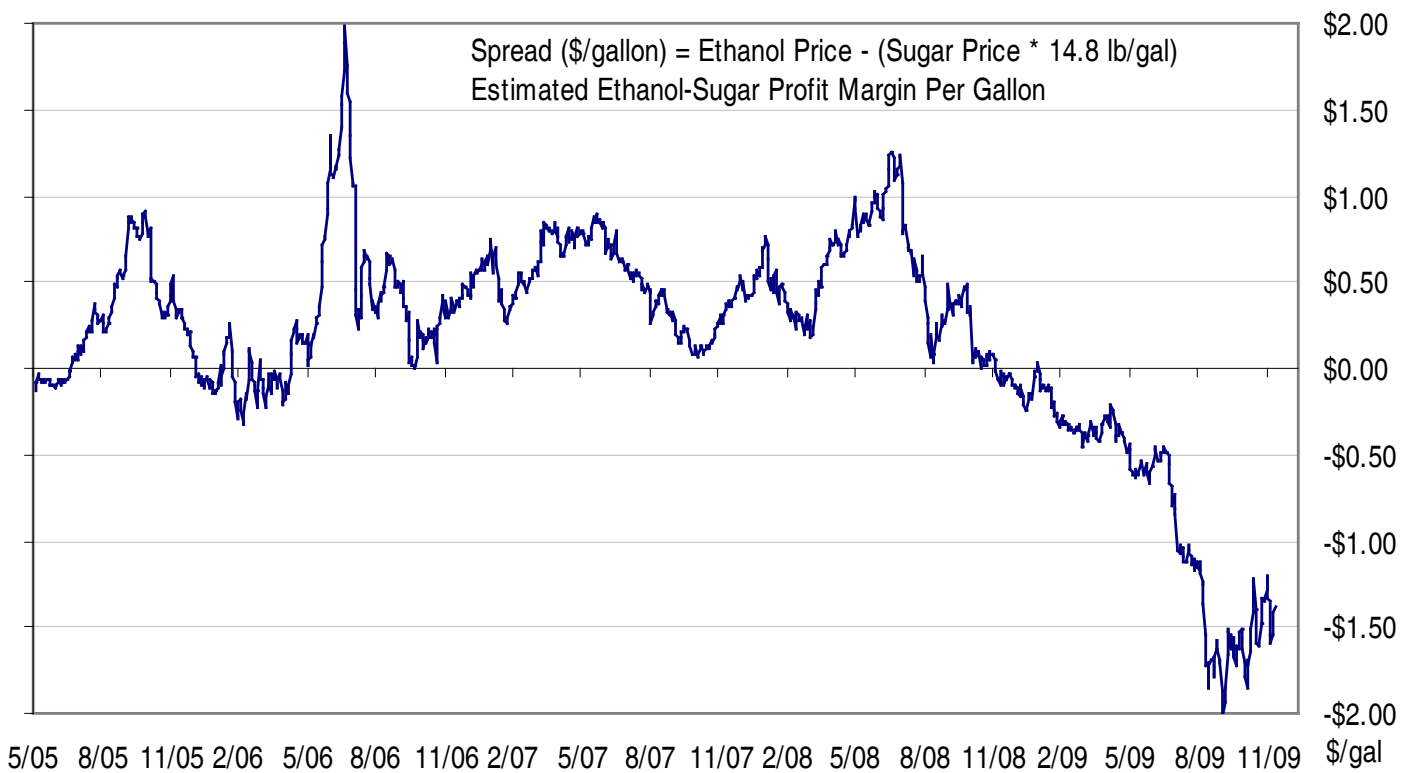
Spread: CBOT Ethanol-Corn Crush Margin (\$/gallon)



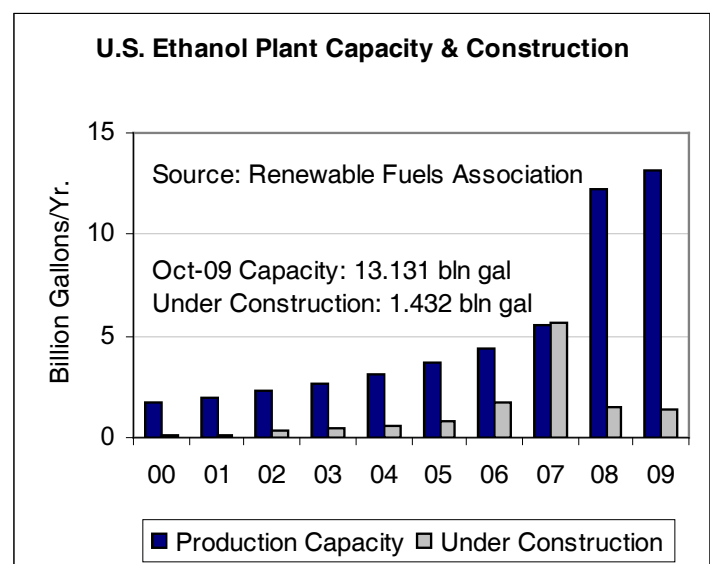
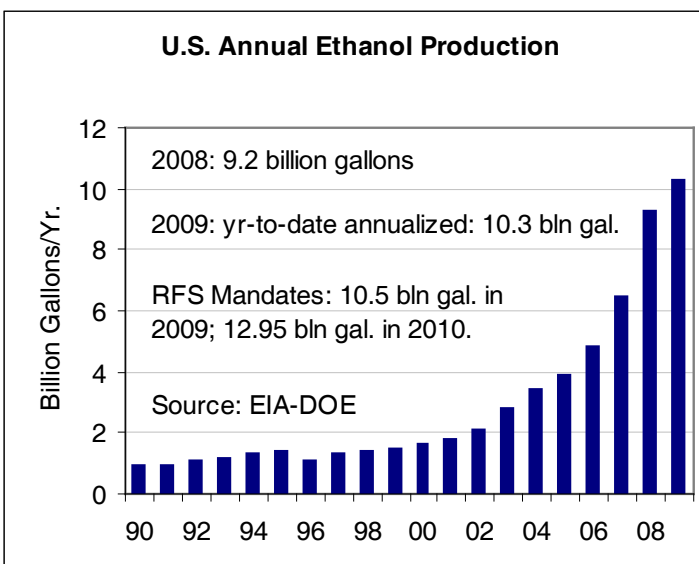
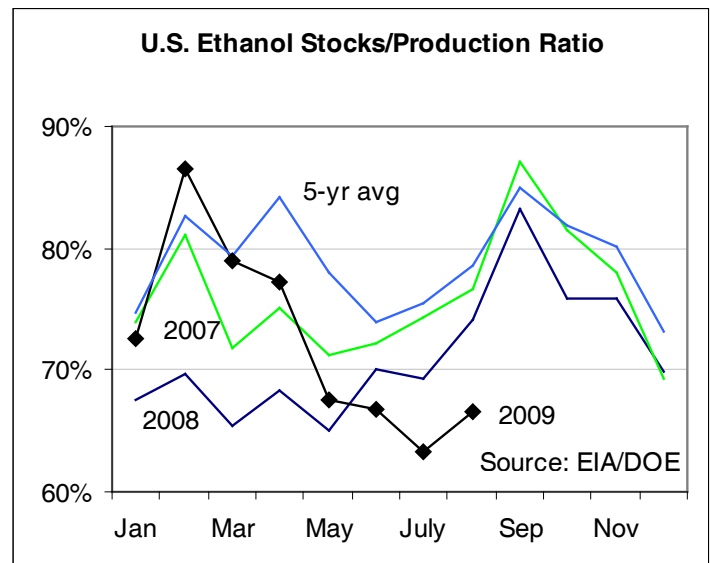
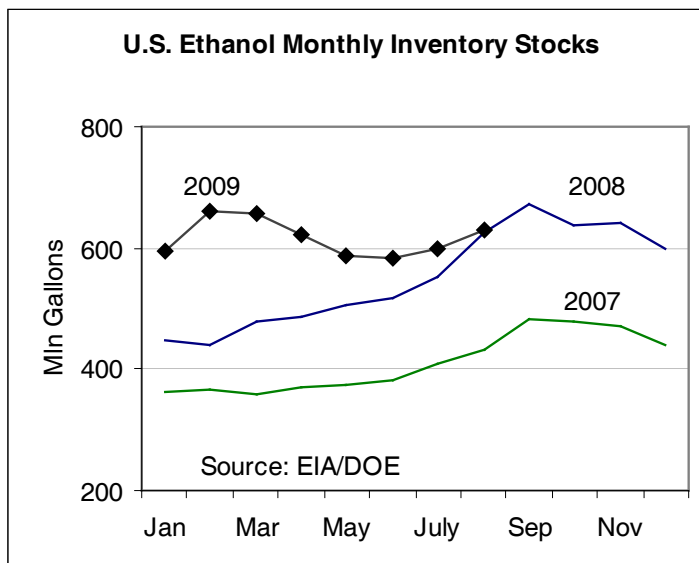
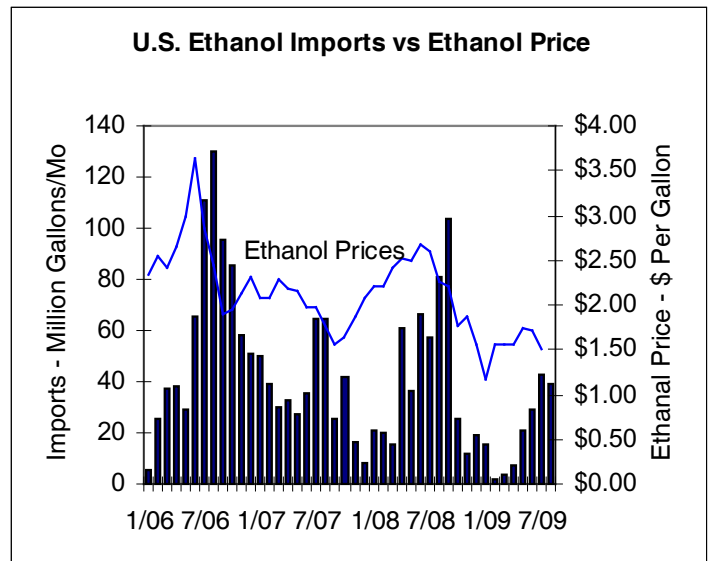
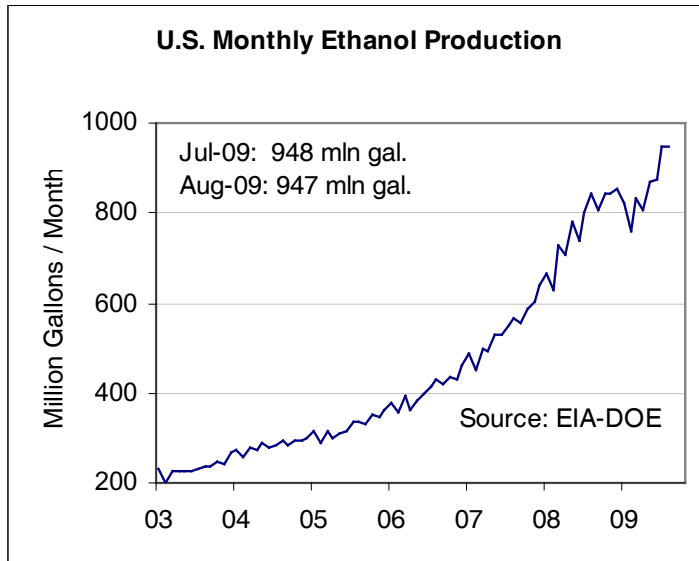
CBOT Ethanol Futures versus World Raw Sugar (#11) Futures



Spread: CBOT Ethanol Futures minus World Raw Sugar (#11) Futures (\$/gallon)



U.S. Ethanol Industry Data



CME Group Ethanol Contracts

Contract	Exchange Symbol	Clearing Symbol	Barchart Symbol	Bloomberg Symbol	Contract Size	Venue	Delivery
CBOT Ethanol Futures (Chicago delivery)	ZE	EH	ZK	DL	29,000 gallons	CME Globex	Physical delivery with seller paying negotiated freight delivery to buyer, or Chicago default delivery.
CBOT Ethanol Forward Month Swap	FZE	71	FZ	FZE	14,500 gallons	CME ClearPort	Cash-settled to the average of the settlement prices for the Ethanol futures contract that follows the Ethanol calendar Swap contract for each business day in the Ethanol Calendar Swap contract month.
CBOT Ethanol Forward Month Swap Options	COS/POS	71	-	-	1 Forward mth swap contract	CME ClearPort	Options are cash-settled on the last clearing day and cannot be exercised at any time
NYMEX Ethanol Physical Futures (NY)	QE	QE	QB	QEE	42,000 gallons	CME Globex	Physical delivery New York Harbor
NYMEX Chicago Ethanol (Platts) Swap Futures	CU	CU	FL	CUA	42,000 gallons	CME ClearPort	Financial settlement, based on the arithmetic average of the high and low quotations from Platts for Chicago Ethanol (Terminal) for each business day during the contract month.
NYMEX New York Ethanol (Platts) Swap Futures	EZ	EZ	FH	TTA	42,000 gallons	CME ClearPort	Financial settlement, based on the arithmetic average of the high and low quotations from Platts for New York Ethanol NYH (Barge) or each business day during the contract month.
NYMEX Ethanol (Platts) T1 FOB Rotterdam Ex Duty Swap Futures	2M	2M	-	BME	100 cu meters	CME ClearPort	Financial settlement, based on the arithmetic average of the mid-point of the high and low quotations from Platts European Marketscan for Ethanol under the "Ethanol fob Rotterdam ex duty" assessment for each business day that it is determined during the contract month.
NYMEX Ethanol (Platts) T2 FOB Rotterdam Including Duty Swap Futures	Z1	Z1	-	ZAE	100 cu meters	CME ClearPort	Financial settlement, based on the arithmetic average of the mid-point of the high and low quotations from Platts European Marketscan for Ethanol under the "Ethanol fob Rotterdam including duty" assessment for each business day that it is determined during the contract month.

Note: All CME ethanol contracts are quoted in terms of US Dollars per gallon and have contracts for each consecutive month.

CME Group Ethanol Contacts

Bryanne Mathews

Manager, Energy Products and Services
bryanne.mathews@cmegroup.com - 212-299-2367

Jeffry Kuijpers

Associate Director, Commodity Products & Services EMEA
Jeffry.Kuijpers@cmegroup.com - 011-44-20-7796-7100

John Hill

Economist, Research & Product Development
John.Hill@cmegroup.com 312-930-1852

Alexandra Siff

Manager, Energy Products
Alexandra.Siff@cmegroup.com - 212-299-2368

Daniel Brusstar

Director, Energy Research & Product Development
Daniel.Brusstar@cmegroup.com - 212-299-2604

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