

ETHANOL OUTLOOK REPORT

 FOR THE WEEK OF:
 February 6, 2012

U.S. DDGS exports set to end 2011 down 14% y/y

-- While U.S. exports of ethanol are booming, U.S. exports of distiller dried grains with solubles (DDGS) look set to drop by about 14% in 2011 from the previous year. DDGS exports in 2011 through November were 7.08 million metric tons (MT), which suggests a 2011 full-year figure of 7.72 million MT. That would be down 14% from the record high of 9.03 million MT posted in 2010. DDGS exports in 2011 were lower mainly because exports to China have dropped since China in December 2010 announced an anti-dumping trade investigation of U.S. DDGS exports. China recently announced an extension of the investigation until June 28, 2012. With the drop in DDGS exports to China in 2011, Mexico took the lead position for U.S. DDGS exports. In the calendar year through November 2011, Mexico took 1.64 million MT tons of U.S. DDGS exports, followed by China at 1.28 million MT, and Canada at 686,487 million MT. U.S. DDG exports in 2012 will depend in large part on the outcome of China's anti-dumping charge.

Ethanol inventories soar to record high

-- U.S. ethanol inventories have soared in the past two months and rose by 5.8% w/w in the latest reporting week (Jan 27) to post a new record high of 20.945 million barrels. Inventories typically rise at the beginning of the year, but inventories this year started out at a higher level and are now up 10.9% y/y. The rise in inventories may be due in part to reduced blending demand for ethanol with the year-end expiration of the 45-cent per gallon VEETC tax credit, although ethanol demand should be supported by the current steep 74.1 cent per gallon discount in ethanol prices. Meanwhile, U.S. ethanol production was little changed in the past two weeks and is currently at 939,000 barrels per day, which is only 2.6% below the record high of 939,000 barrels per day posted in the last week of December.

Ethanol Market Action -- March ethanol futures prices are consolidating near the middle of the 2-month trading range and closed last week -4.9 cents (-2.2%) at \$2.173 per gallon. The main supportive factor was the +0.4% higher weekly close in corn prices. Bearish factors include (1) last week's 0.3% sell-off in gasoline prices, (2) soaring U.S. ethanol inventories to a record high, and (3) the recent compression of ethanol prices relative to gasoline due to the year-end expiration of the VEETC tax credit whereby ethanol prices are now trading at a large 74.1 cent discount to gasoline prices.

Ethanol/Gasoline -- March gasoline futures prices last week consolidated below the previous week's 9-month high and closed the week -0.9 cents (-0.3%) at \$2.9144 per gallon. Bullish factors for gasoline include the impending July 1 European oil embargo on Iran, U.S. sanctions on Iran's central bank, and last week's favorable U.S. economic data. March ethanol prices closed last week at a 74.1 cent per gallon discount to gasoline prices.

Ethanol/Corn -- March corn futures prices last week traded in the upper half of the 3-month trading range and closed the week mildly higher by +2.75 cents (+0.4%) at \$6.4450 per bushel. Corn prices continue to be supported by recent hot and dry weather in South America (although there has been some rain more recently) and by the tight U.S. and global supply situation. The March ethanol-corn crush margin last week fell by 5.9 cents to -12.9 cents/gallon. Including DDGS, the March corn for ethanol crush margin fell by 5.9 cents to 23.9 cents/gallon.

Ethanol Calendar

- Feb 8: EIA Weekly Petroleum Status Report
- Feb 9: USDA WASDE Crop Supply-Demand
- Feb 15: EIA Weekly Petroleum Status Report
- Feb 20: Next CME Ethanol Outlook Report
- Feb 28: EIA Monthly Ethanol Report

TABLE OF CONTENTS

1. Commentary
2. Top Ethanol News
4. Volume and Open Interest
5. Ethanol Futures & Forwards
8. Ethanol (Platts) Swaps
10. Rotterdam Ethanol
11. Ethanol vs Gasoline
12. Ethanol vs Corn
13. Ethanol vs Sugar
14. Rotterdam Biodiesel
17. Ethanol Industry Data
18. Contract & Contact Info

Ethanol Closes	Last Friday Close	Weekly Change
Ethanol & DDG Futures		
CBOT Ethanol Future (H12)	\$2.173	-\$0.049
CBOT Ethanol Forward (H12)	\$2.2020	-\$0.0460
NY Physical Ethanol (H12)	\$2.2550	-\$0.0600
Chicago (Platts) Swap Future (H12)	\$2.1617	-\$0.0566
NY (Platts) Swap Future (H12)	\$2.2550	-\$0.0600
Rotterdam Platts T2 Ethanol (H12)	€570	-€5
Nymex Biodiesel Futures		
Nymex RME Biodiesel (H12)	\$1323	+\$14
Nymex FAME Biodiesel (H12)	\$1221	-\$8
Spreads (cents per gallon)		
Ethanol-Gasoline (H12)	-74.1¢	-4.0¢
Ethanol - Corn Margin (H12)	-12.9¢	-5.9¢
Ethanol-Corn+ DDGS Margin(H12)	23.9¢	-5.9¢

Top Weekly Ethanol News

Obama's "All of the Below" energy strategy

Jan 25 - **Biofuels Digest** - Obama unveils an "all-out, all of the above" energy strategy....

Obama skips biofuels in State of the Union, touts clean energy

Jan 25 - **Ethanol Producer Magazine** - President Barack Obama stressed the need for the nation to "double-down" on clean energy during his Jan. 24 State of the Union address, but neglected to...

California bill seeks to eliminate future corn ethanol funding

Jan 25 - **Ethanol Producer Magazine** - The California State Assembly is expected to vote soon on a watered-down version of a bill initially proposed last year, targeting corn ethanol production...

New legislation takes aim at state-level ethanol subsidies

Feb 2 - **Capital Press** - A bill that would end future state subsidies for corn-based ethanol is in the California Senate after sailing through the Assembly....

Mississippi Senator seeks to require ethanol-free gasoline

Jan 31 - **General Aviation News** - Mississippi State Senator Michael Watson has just introduced Senate Bill 2137, "An act to require retail dealers and distributors of gasoline to offer for sale or use..."

Consumer energy alliance opposes California LCFS

Jan 25 - **Domestic Fuel** - The ethanol industry has an unlikely ally in its opposition to the California Low Carbon Fuel Standard that bans the use of corn ethanol in that state....

Judge denies California attempt to reimplement LCFS

Jan 24 - **Growth Energy** - Today, Judge Lawrence J. O'Neill denied

the California Air Resources Board's (CARB) motion to stay the decision he issued on December 29, 2011 that had halted the enforcement of the California's Low Carbon Fuel Standard (LCFS) regulation...

Ethanol industry leaders: Industry looking to future

Jan 27 - **Growth Energy** - Leaders in the ethanol industry met today in Indianapolis to discuss the future of the industry....

A low-cost, low-risk path to meeting US biofuels targets

Feb 1 - **Biofuels Digest** - Freaking out over USDA estimates that 400 new biorefineries are needed to meet RFS goals, by 2022?...

A new era of domestic energy

Jan 27 - **Biofuels Digest** - As we move into 2012, I think everyone is in agreement the world needs more fuel – of any type....

Renewable energy deals hit record high in 2011-PwC

Jan 29 - **Reuters** - Global renewable energy deals climbed 40 percent to a record high of \$53.5 billion last year from \$38.2 billion in 2010, as solar, wind and energy efficiency overtook hydropower...

Governments key to commercializing biofuels

Jan 26 - **Aviation Week** - With crude oil beginning the year above \$110 a barrel, and little prospect of aviation fuel prices coming down anytime soon, the imperative to find alternative sources...

Jobs, jobs, jobs – from community fuels

Jan 30 - **Biofuels Digest** - In New York, the expected release dates for the Obama Administration's Bioeconomy Blueprint came and went, leaving Novozymes and Bloomberg New Energy Finance's...

U.S. corn growers say higher yields to boost ethanol

Jan 26 - **Reuters** - The United States is headed for a corn output boom over the years ahead that will increase supplies available for ethanol production...

DISTILLERS' DRIED GRAIN FUTURES (DDG)

A smart alternative to pricing and managing DDGs price risk

» TRADING BEGINS APRIL 26, 2010

TOP ETHANOL NEWS CONTINUES ON NEXT PAGE ➔

Top Weekly Ethanol News (continued)

How to turn oil into salt

Jan 25 - Domestic Fuel - The idea of turning oil into salt may sound like something that should be done in a science lab but Dr. Gal Luft says it's something that Congress can do with a simple piece of legislation....

Relief in U.S. food prices seen as crop supplies grow

Jan 30 - Reuters - After being hammered by record high food prices in 2011, which helped ignite the Arab Spring uprisings, consumers worldwide may find some relief in 2012...

FAO chief biofuel criticism 'misinformed,' industry lobby says

Jan 24 - Bloomberg - Criticism of biofuels and their impact on commodity prices by the new director general of the United Nations' Food and Agriculture Organization is "simplistic and misinformed," an industry lobby said....

IEA sees 2035 crude at \$247 barrel, almost twice OPEC's forecast

Jan 24 - Bloomberg - The International Energy Agency expects nominal crude prices to reach \$247 a barrel by 2035, almost twice the \$133 assumed by the Organization of Petroleum Exporting Countries...

Micro-bubbles cut cost of algae-derived biofuel

Jan 27 - Scientific American - Algae naturally produce oil. When it's processed, that oil can be turned into biofuel, an alternative energy source. There's just one snag...

USDA awards \$232 million guarantee to Oregon cellulosic biorefinery

Jan 26 - Platts - The US Department of Agriculture on Thursday awarded a \$232.5 million conditional loan guarantee to ZeaChem Boardman Biorefinery...

Ethanol maker Poet declines U.S. government loan aid

Jan 23 - Reuters - Poet, the largest U.S. ethanol maker, said on Monday it will decline \$105 million in loan aid from the Department of Energy...

Gevo sues Butamax, DuPont over U.S. patent for biofuels

Jan 24 - Bloomberg - Gevo Inc. (GEVO), a maker of biofuels, sued DuPont Co. (DD) and its business partner Butamax Advanced Biofuels (0031863D), in federal court in Delaware alleging infringement of a new patent...

Archer Daniels Midland's net slides 89%

Jan 31 - The Wall Street Journal - Archer Daniels Midland Co.'s fiscal-second-quarter earnings fell 89% on weakness at its grain-processing and trading businesses...

USDA offers to back ZeaChem's first commercial biorefinery

Jan 26 - Ethanol Producer Magazine - On Jan. 26, the USDA announced it has approved a \$232.5 million conditional commitment to support the construction of ZeaChem Boardman...

LanzaTech raises \$58M in Series C round; Petronas becomes strategic investor

Jan 23 - Biofuels Digest - Malaysia's national oil company invests in early-stage advanced biofuels venture....

POET, DSM form landmark cellulosic ethanol joint venture

Jan 24 - Biofuels Digest - Two titans form a monster JV, starting out with a \$250M investment. How big, how fast could it grow?...

UNICA responds to RFA request for investigation of São Paulo ethanol tax

Feb 1 - UNICA - OPIS on Tuesday reported that the Renewable Fuels Association (RFA) is asking U.S. Trade Representative Ambassador Ron Kirk to investigate news that the Brazilian state...

Will Brazilian ethanol really compete with U.S. ethanol?

Jan 26 - Farmgate Blog - The ethanol economy remains strong and healthy, even without the blenders' credit and the import tariff which expired at the end of 2011....

What's possible when people have choice?

Jan 26 - UNICA - After more than three decades, the U.S. government lifted its tariff on ethanol giving the American public greater access to and an increase in environmental benefits...

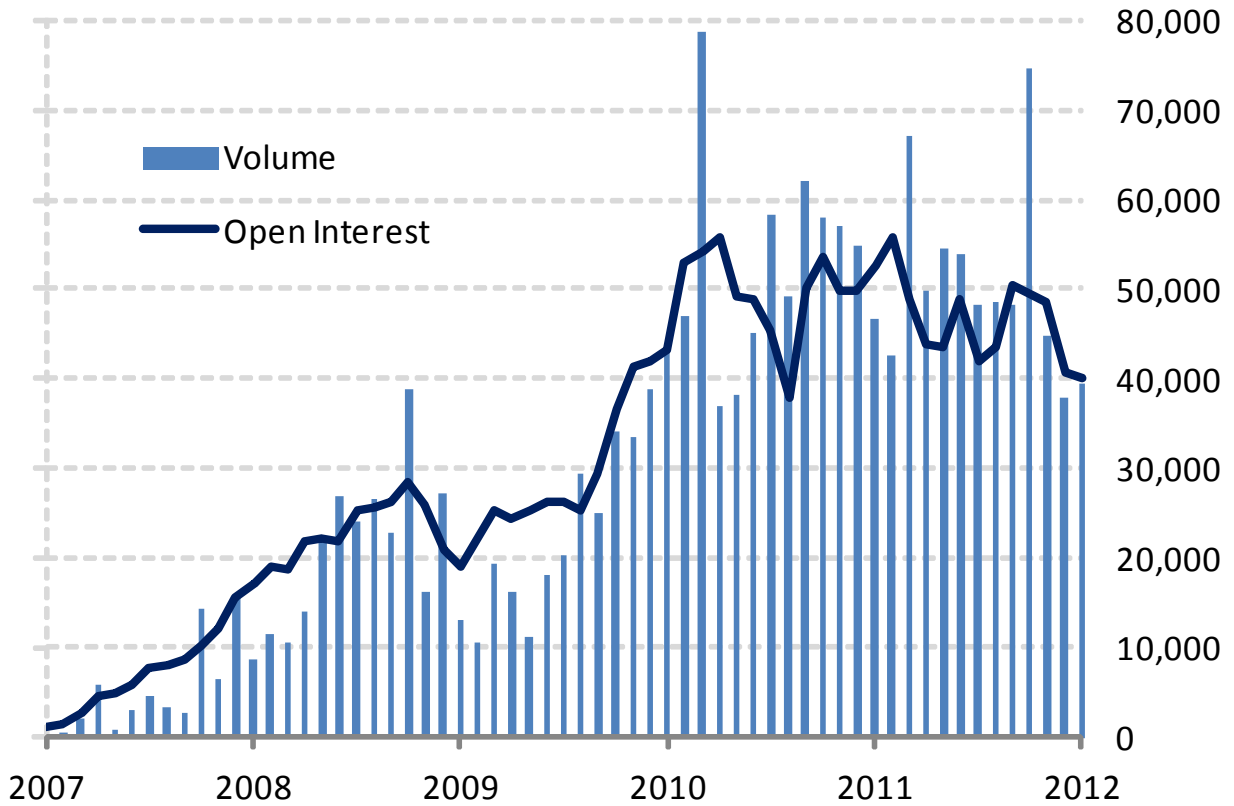
Brazilian ethanol industry to receive billions in loans

Jan 23 - UNICA - The Brazilian Development Bank earlier this month announced a programme to finance low cost loans for...

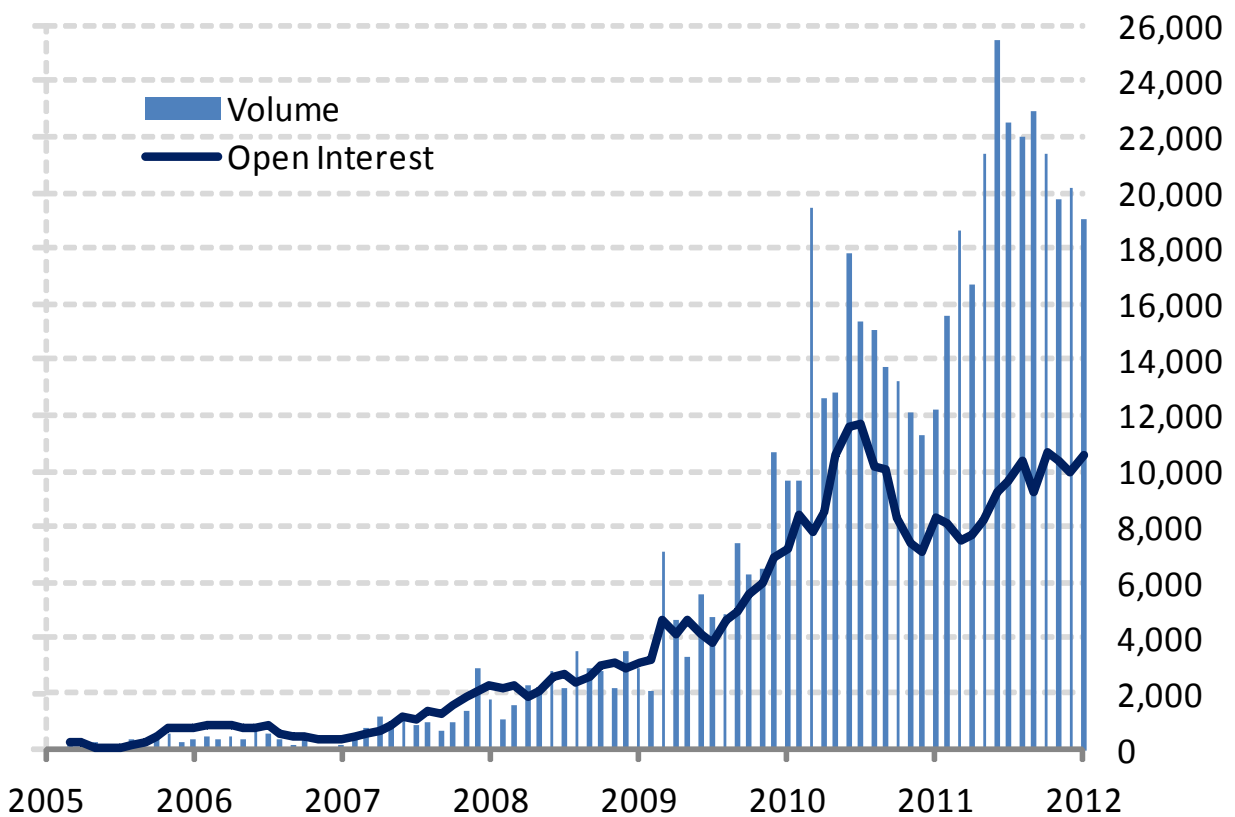
Brazil will favor sugar at 21 cents, Morgan Stanley says

Jan 31 - Bloomberg - Sugar millers in Brazil, the world's largest producer, will favor production of sugar over ethanol with prices at or above 21 cents a pound...

CBOT Ethanol Forward Month Swaps - Monthly Volume & Open Interest



CBOT Ethanol Futures - Monthly Volume & Open Interest



CBOT Ethanol and Forward Month Swap Futures - Closing Prices

Closes for: Friday February 3
CBOT Ethanol Futures

Symbol	Last	Change	High	Low	Daily Volume	Open Interest
ZEH12	2.173	unch	2.184	2.149	283	1346
ZEJ12	2.202	+0.002	2.205	2.180	99	1081
ZEK12	2.231	-0.003	2.250	2.210	196	979
ZEM12	2.258	unch	2.260	2.240	58	851
ZEN12	2.277	+0.003	2.296	2.260	74	1739
ZEQ12	2.267	unch	2.273	2.259	29	988
ZEU12	2.233	unch	2.237	2.233	3	887
ZEV12	2.156	-0.006	2.164	2.155	9	723
ZEX12	2.128	unch	2.130	2.089	20	1285
ZEZ12	2.122	-0.003	2.122	2.079	13	601
ZEF13	2.117	-0.005	2.124	2.115	7	322
Daily Volume and Open Interest					791	10,802

Closes for: Friday February 3
CBOT Ethanol Forward Month Swap

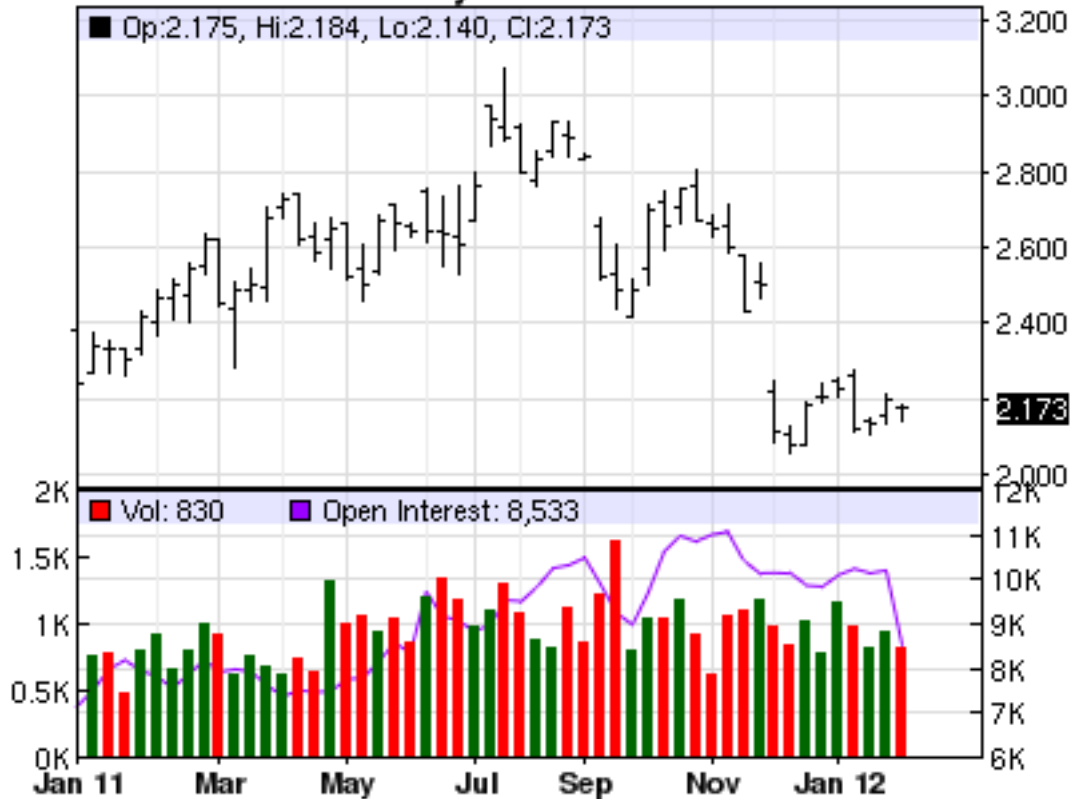
Symbol	Last	Change	High	Low	Daily Volume	Open Interest
FZEG12	2.1742	unch	2.1742	2.1742	0	4000
FZEH12	2.2020	+0.0020	2.2020	2.2020	0	3582
FZEJ12	2.2310	-0.0030	2.2310	2.2310	0	4574
FZEK12	2.2580	unch	2.2580	2.2580	0	4636
FZEM12	2.2770	+0.0030	2.2770	2.2770	0	4648
FZEN12	2.2670	unch	2.2670	2.2670	0	2705
FZEQ12	2.2330	unch	2.2330	2.2330	0	2820
FZEU12	2.1560	-0.0060	2.1560	2.1560	0	2784
FZEV12	2.1280	unch	2.1280	2.1280	0	1770
FZEX12	2.1220	-0.0030	2.1220	2.1220	0	1558
FZEZ12	2.1170	-0.0050	2.1170	2.1170	0	1406
FZEF13	2.1150	-0.0050	2.1150	2.1150	0	0
FZEG13	2.1150	-0.0050	2.1150	2.1150	0	0
FZEH13	2.1150	-0.0050	2.1150	2.1150	0	0
FZEJ13	2.1150	-0.0050	2.1150	2.1150	0	70
FZEK13	2.1150	-0.0050	2.1150	2.1150	0	70
FZEM13	2.1150	-0.0050	2.1150	2.1150	0	70
Daily Volume and Open Interest					0	34,693

CBOT Ethanol Futures – Daily & Weekly Charts

ZKH12 - Ethanol Futures - Daily OHLC Chart



ZK - Ethanol Futures - Weekly OHLC Chart

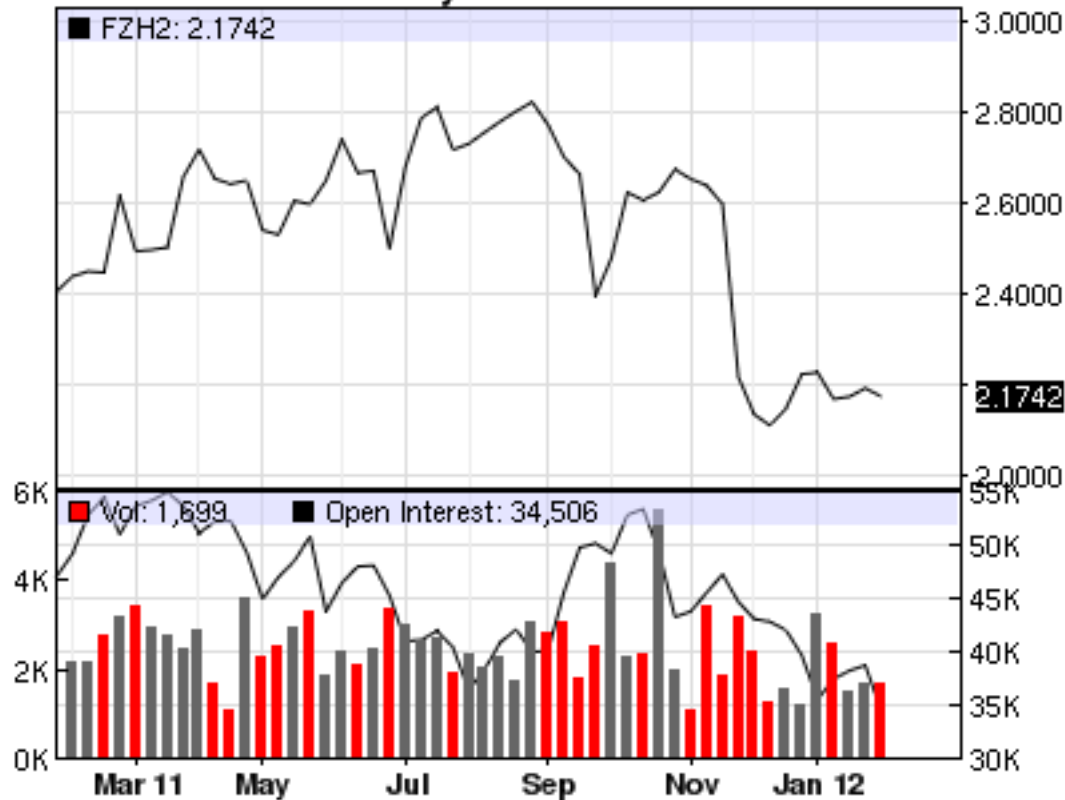


CBOT Forward Ethanol Swaps – Daily & Weekly Charts

FZH12 - Ethanol Forward - Daily Line Chart



FZ - Ethanol Forward - Weekly Line Chart



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

Closes for: Friday February 3

NYMEX Chicago Ethanol (Platts) Swap Futures

Symbol	Last	Change	High	Low	Daily Volume	Open Interest
CUG12	2.1267	-0.0076	2.1267	2.1267	0	2517
CUH12	2.1617	-0.0050	2.1617	2.1617	0	2362
CUJ12	2.1933	-0.0084	2.1933	2.1933	0	1512
CUK12	2.2167	-0.0116	2.2167	2.2167	0	982
CUM12	2.2400	-0.0067	2.2400	2.2400	0	1196
CUN12	2.2467	-0.0066	2.2467	2.2467	0	1027
CUQ12	2.2450	-0.0017	2.2450	2.2450	0	845
CUU12	2.2233	-0.0017	2.2233	2.2233	0	305
CUV12	2.1600	+0.0033	2.1600	2.1600	0	255
CUX12	2.1267	+0.0034	2.1267	2.1267	0	251
CUZ12	2.1167	unch	2.1167	2.1167	0	293
Daily Volume and Open Interest					0	11,545

Closes for: Friday February 3

NYMEX New York Ethanol (Platts) Swap Futures

Symbol	Last	Change	High	Low	Daily Volume	Open Interest
EZG12	2.2299	-0.0136	2.2299	2.2299	0	241
EZH12	2.2550	-0.0100	2.2550	2.2550	0	120
EZJ12	2.2850	-0.0100	2.2850	2.2850	0	277
EZK12	2.3100	-0.0100	2.3100	2.3100	0	250
EZM12	2.3350	-0.0100	2.3350	2.3350	0	250
Daily Volume and Open Interest					0	1,138

NYMEX Chicago (Platts) Swap Futures Prices - Daily Chart

FLH12 - Ethanol Swaps-Chgo - Daily Line Chart

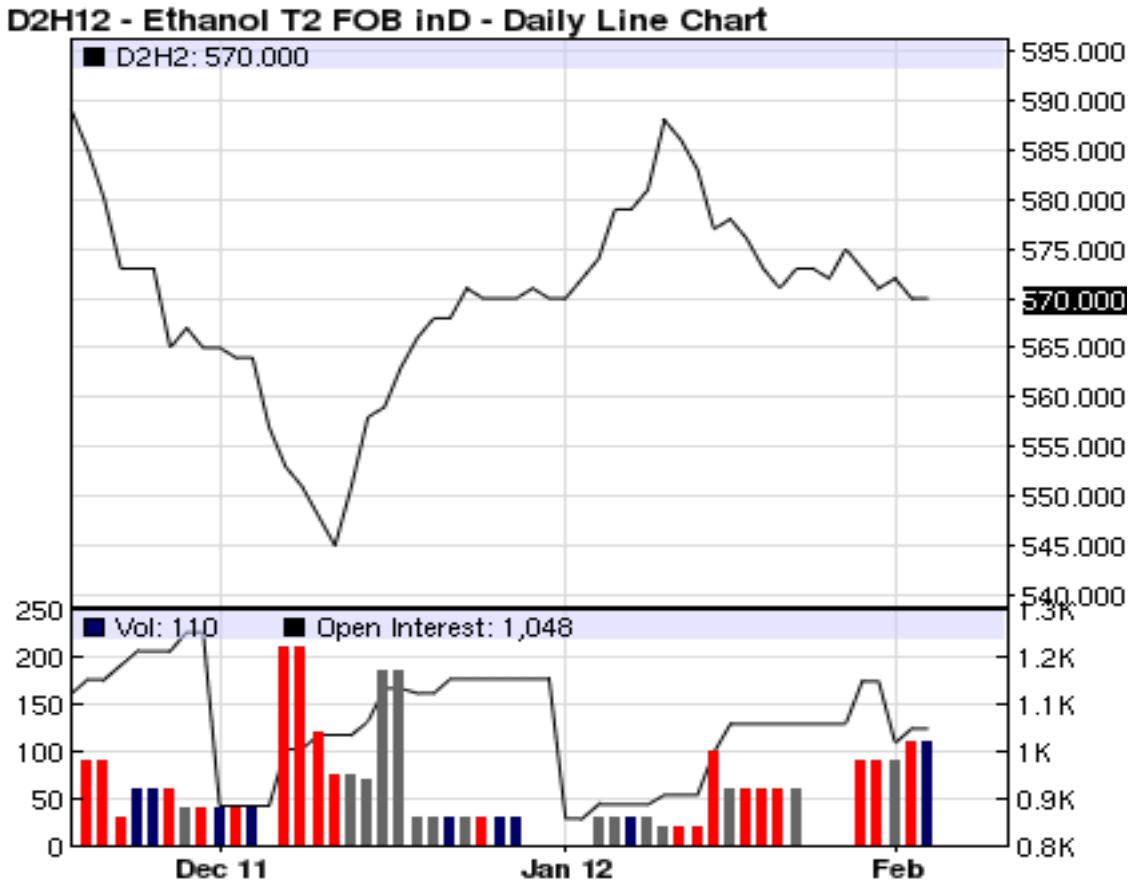


NYMEX New York (Platts) Swap Futures Prices - Daily Chart

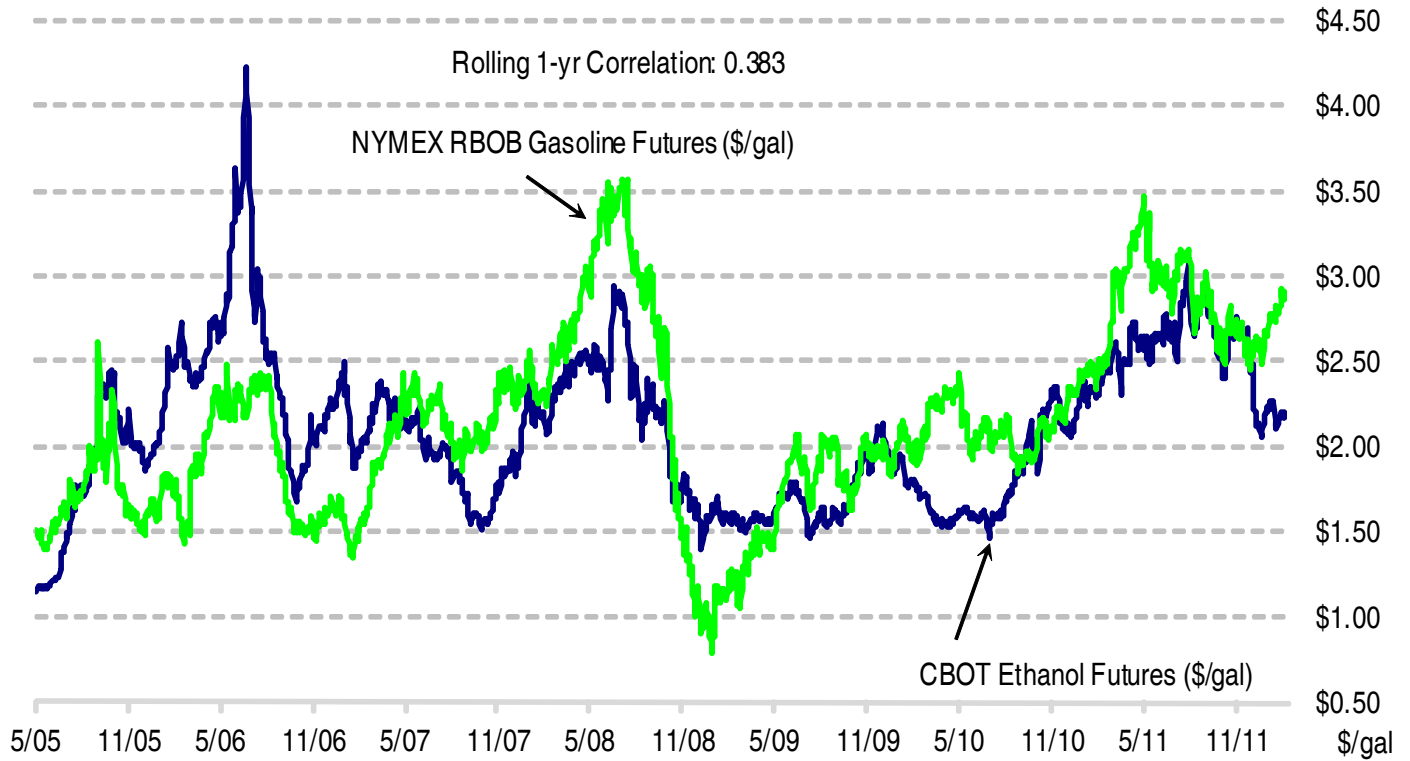
FHH12 - Ethanol Swaps-NY - Daily Line Chart



Ethanol (Platts) FOB Rotterdam Swap Futures Including Duty



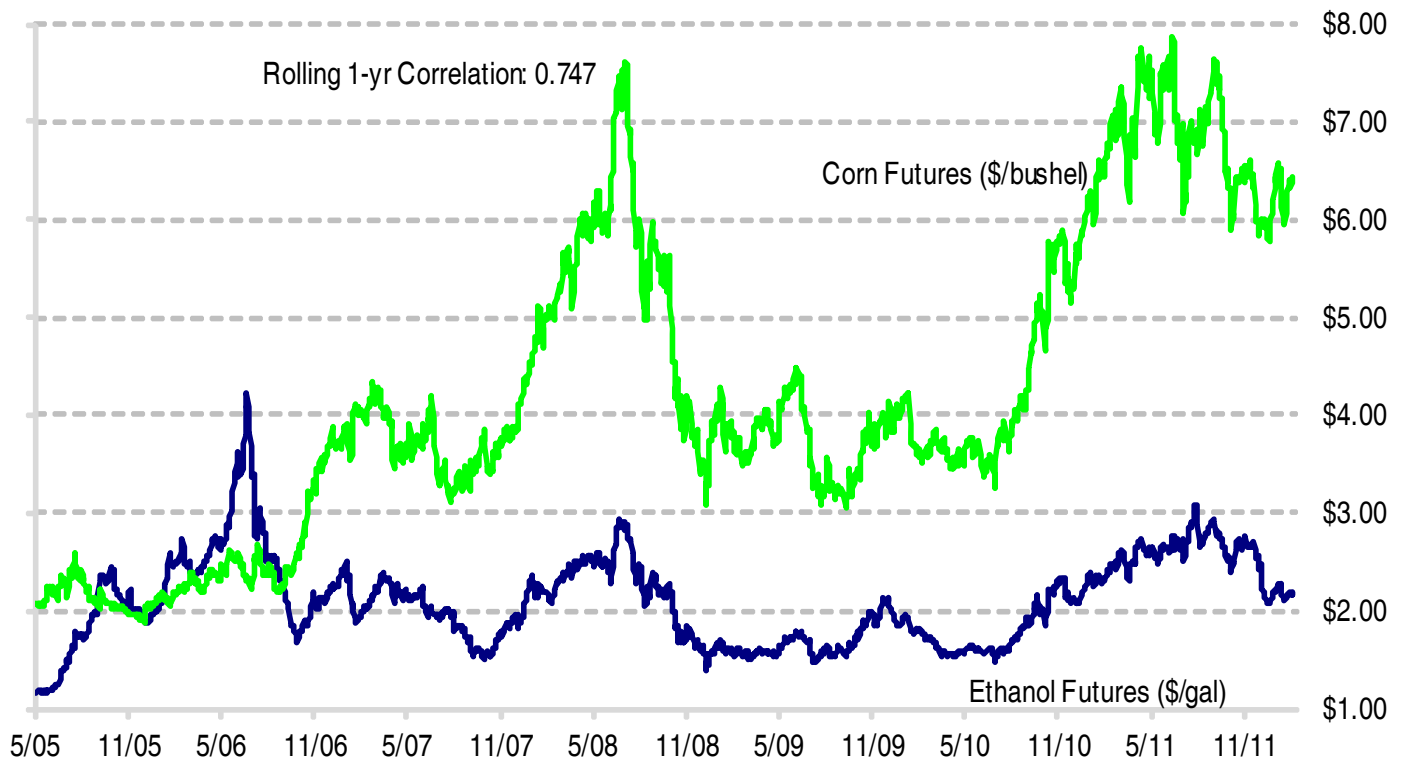
CBOT Ethanol Nearest-Futures versus NYMEX RBOB Gasoline Nearest-Futures



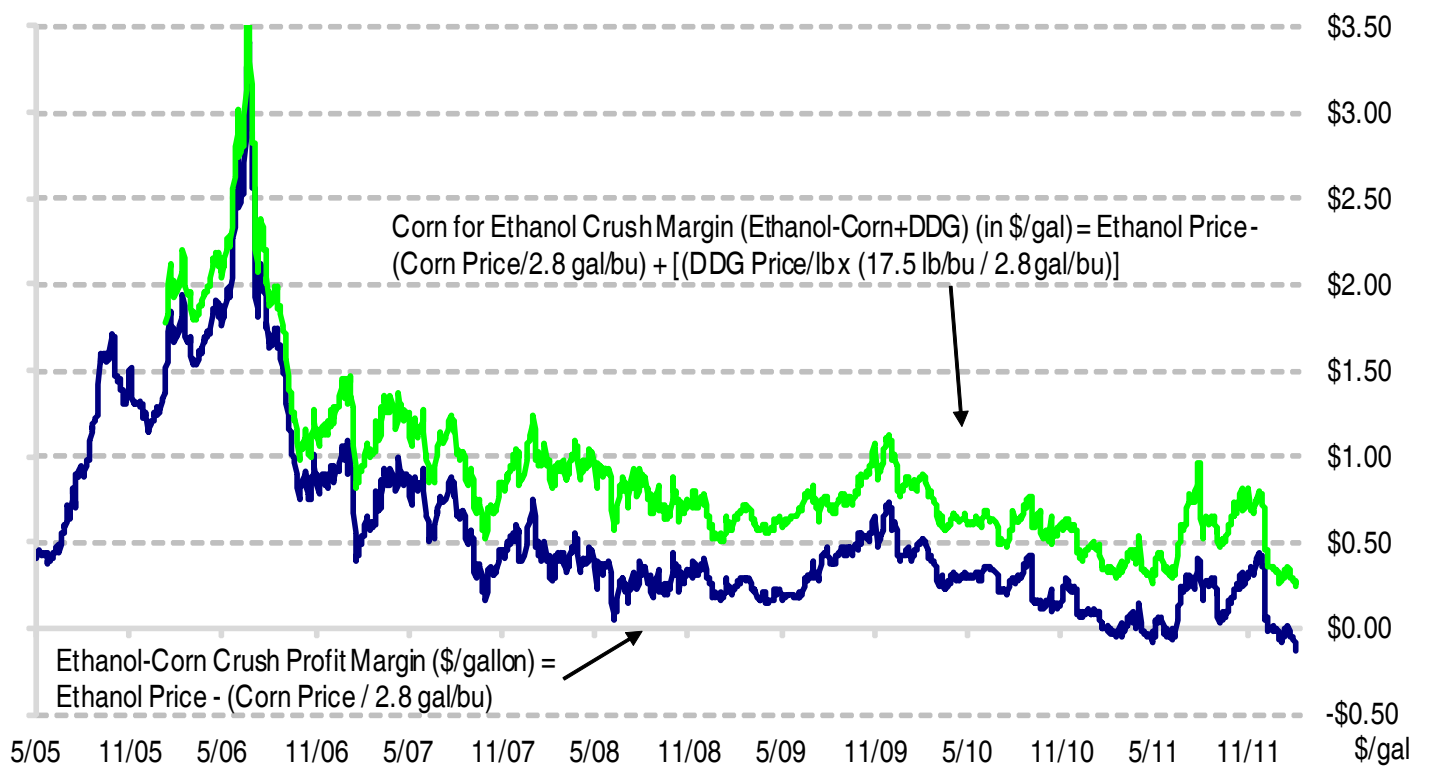
Spread: CBOT Ethanol Futures - NYMEX RBOB Gasoline Futures (\$/gallon)



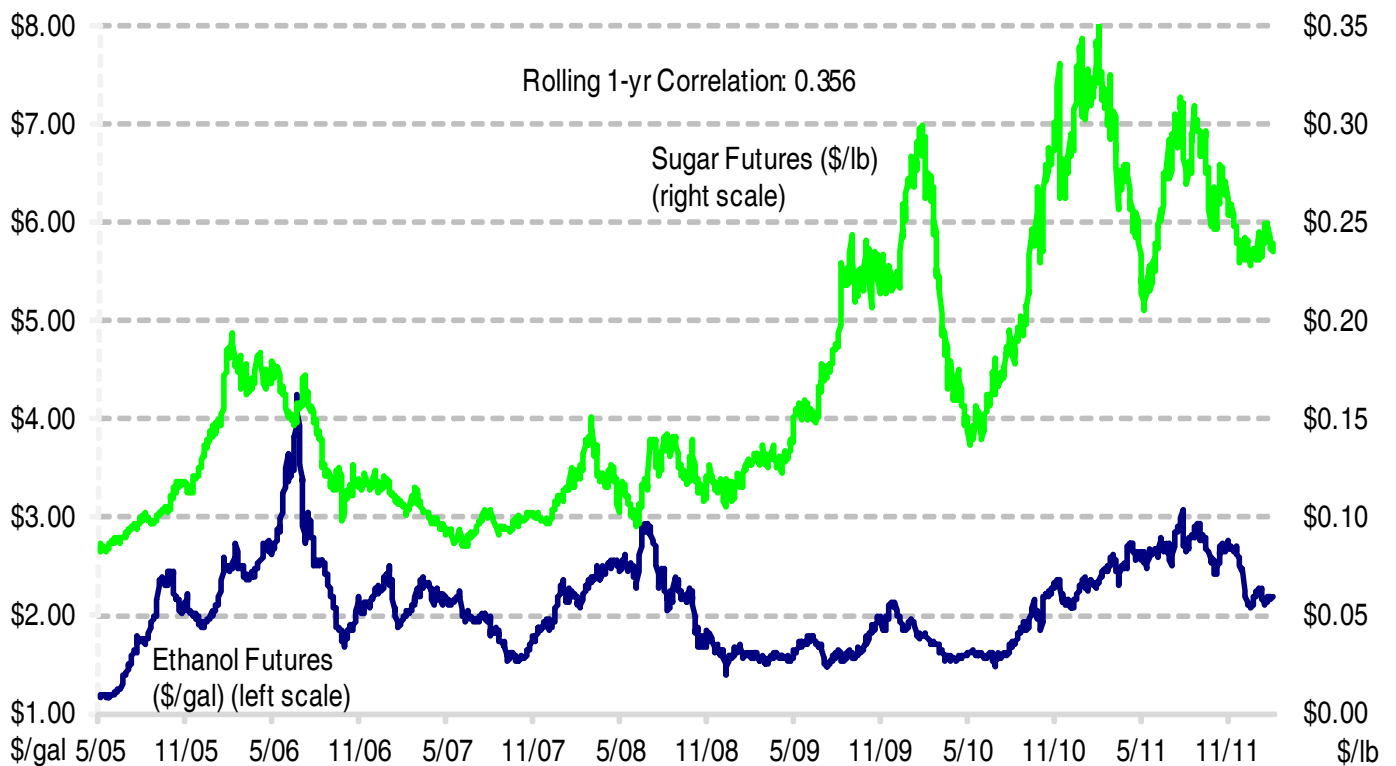
CBOT Ethanol Nearest-Futures versus CBOT Corn Nearest-Futures



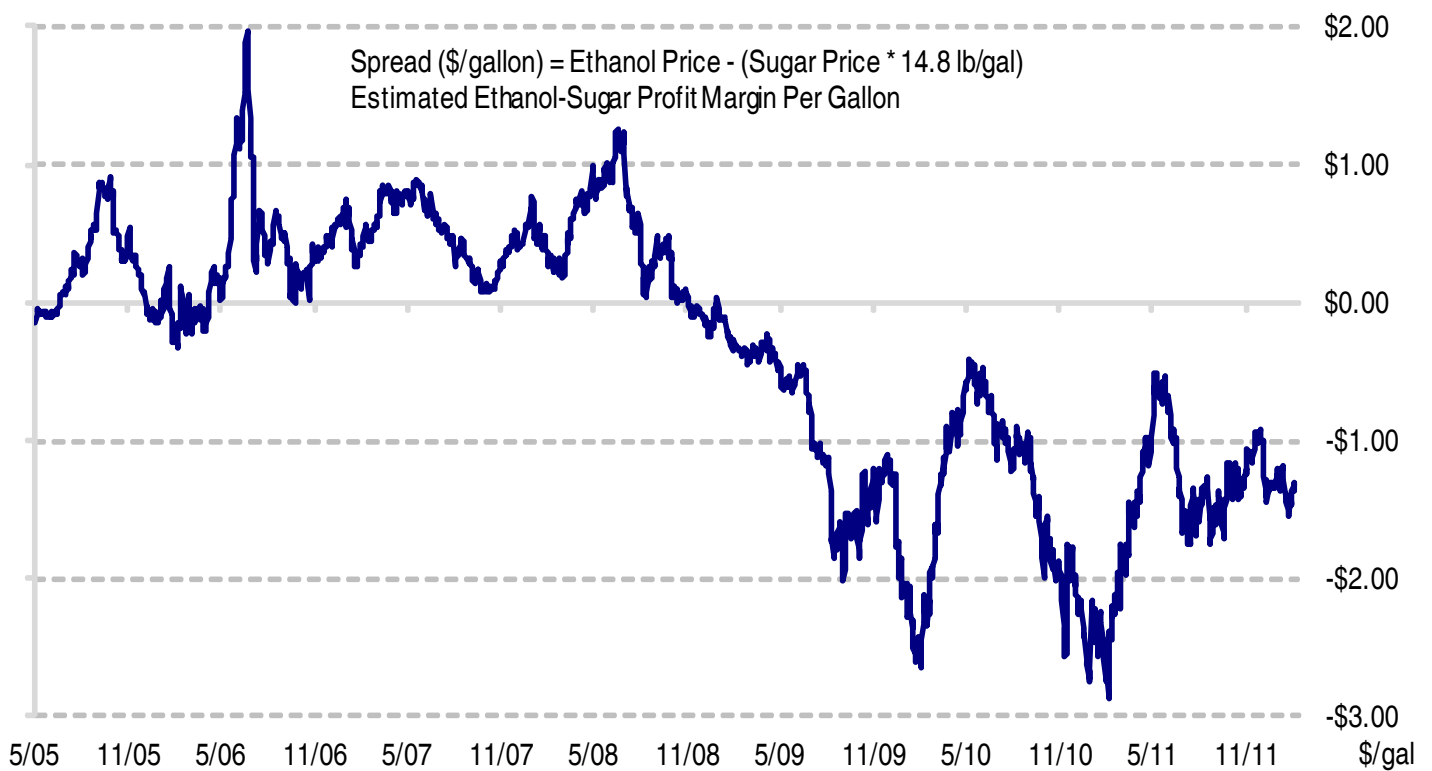
Spread: CBOT Ethanol-Corn and Ethanol-Corn+DDG Crush Margins (\$/gallon)



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



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



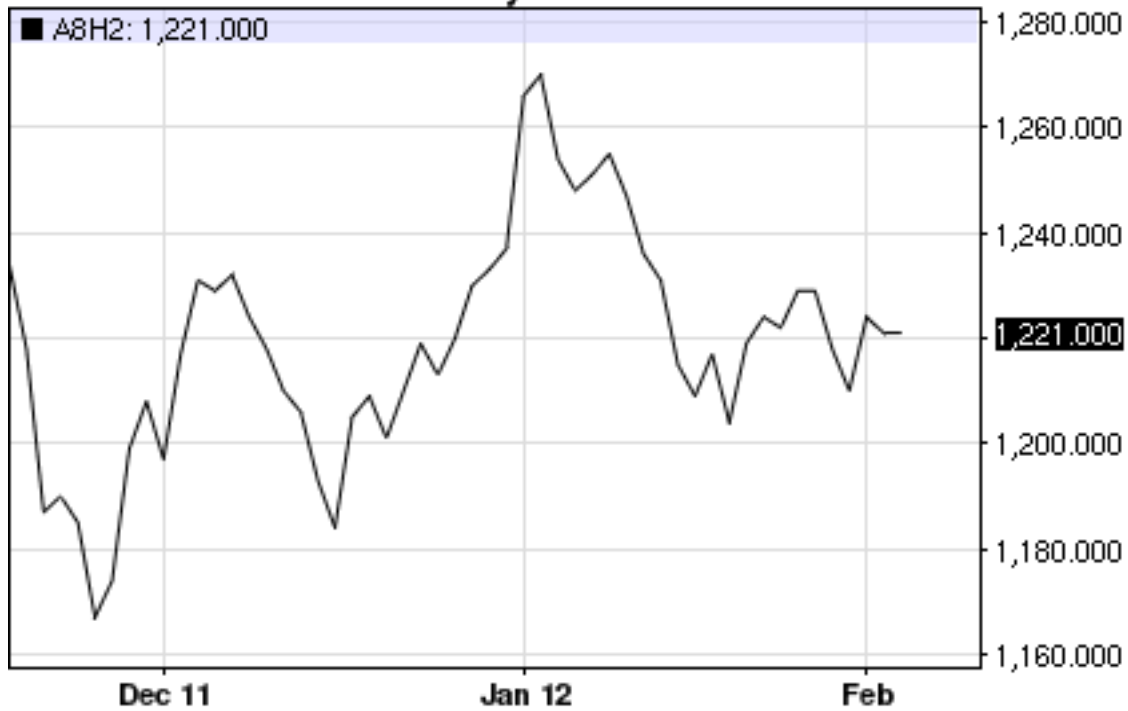
Nymex FAME Argus Biodiesel FOB Rotterdam Swap Futures

Closes for: Friday February 3

FAME Argus Biodiesel FOB Rotterdam Swap Futures

Symbol	Last	Change	High	Low	Daily Volume	Open Interest
2LG12	1223.524	+0.572	1223.524	1223.524	0	80
2LH12	1221.000	unch	1221.000	1221.000	0	75
2LJ12	1220.000	-2.000	1220.000	1220.000	0	25
2LK12	1218.000	-2.000	1218.000	1218.000	0	25
2LM12	1220.000	-1.000	1220.000	1220.000	0	25
Daily Volume and Open Interest					0	230

A8H12 - FAME Biodiesel - Daily Line Chart



Nymex RME Biodiesel (Argus) FOB Rotterdam Swap Futures

Closes for: Friday February 3

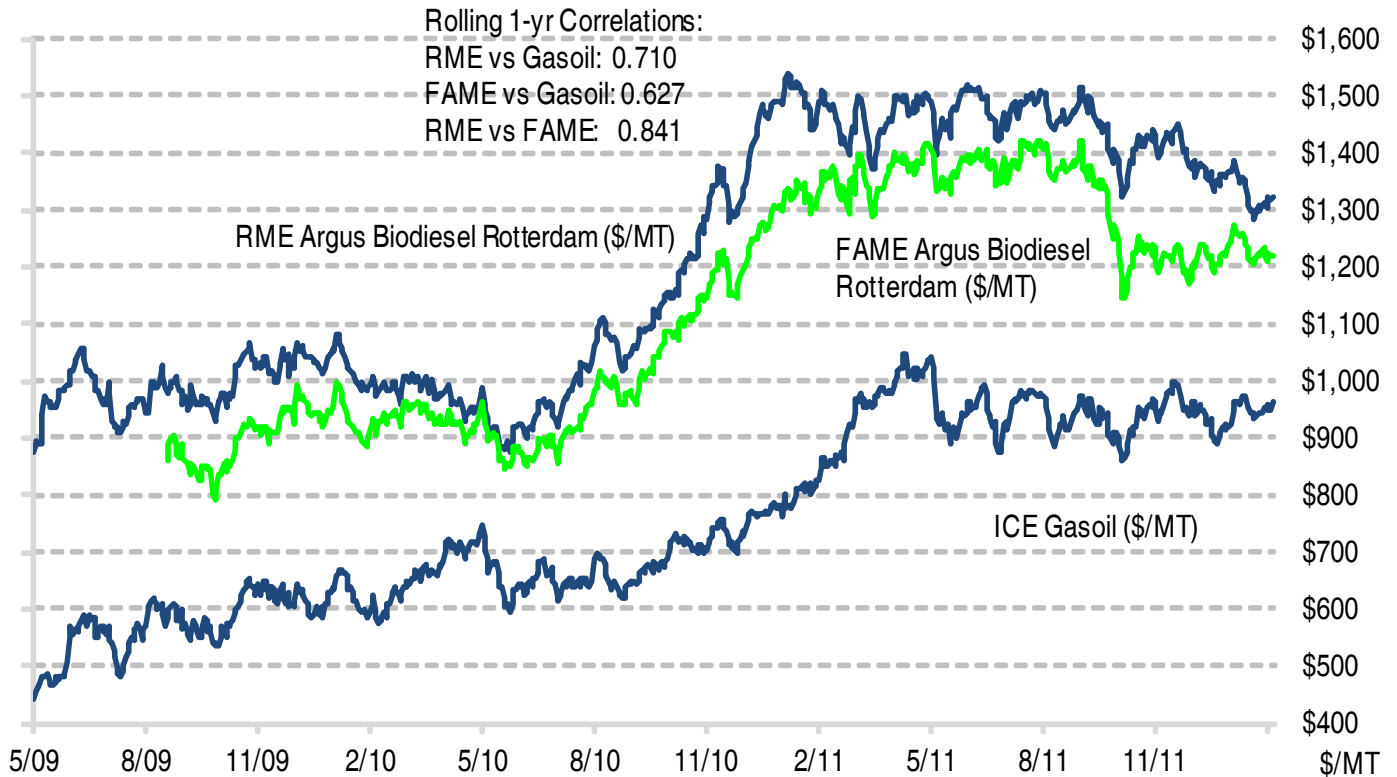
RME Biodiesel (Argus) FOB Rotterdam Swap Futures

Symbol	Last	Change	High	Low	Daily Volume	Open Interest
1AG12	1320.714	+6.571	1320.714	1320.714	0	100
1AH12	1323.000	+8.000	1323.000	1323.000	0	100
1AJ12	1319.000	+4.000	1319.000	1319.000	0	100
1AK12	1315.000	+4.000	1315.000	1315.000	0	100
1AM12	1313.000	+4.000	1313.000	1313.000	0	100
1AN12	1314.000	+6.000	1314.000	1314.000	0	50
1AQ12	1314.000	+8.000	1314.000	1314.000	0	50
1AU12	1318.000	+7.000	1318.000	1318.000	0	50
1AV12	1325.000	+8.000	1325.000	1325.000	0	30
1AX12	1322.000	+8.000	1322.000	1322.000	0	10
1AZ12	1320.000	+5.000	1320.000	1320.000	0	10
Daily Volume and Open Interest					0	700

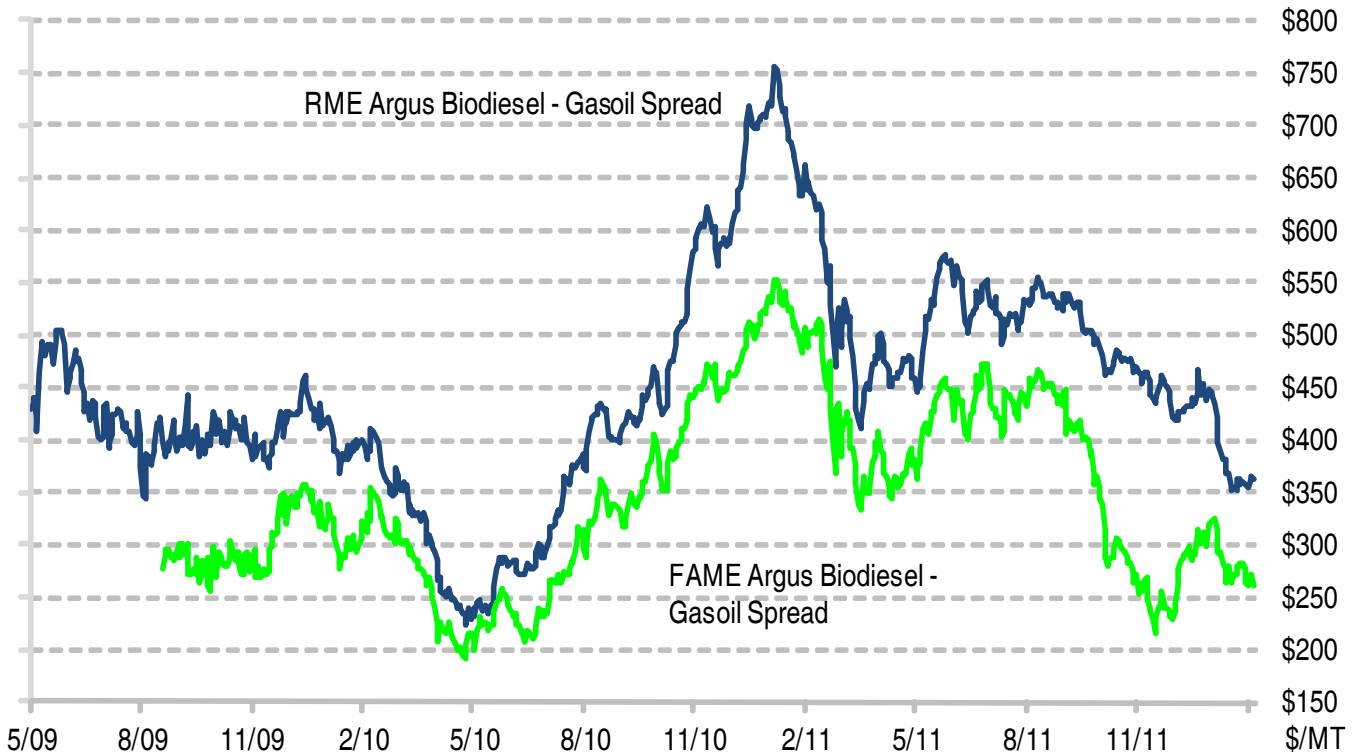
B7H12 - RME Biodiesel - Daily Line Chart



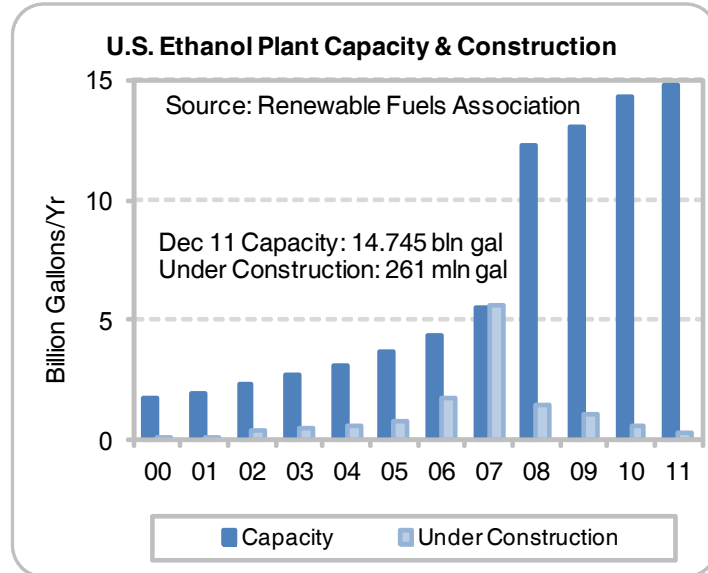
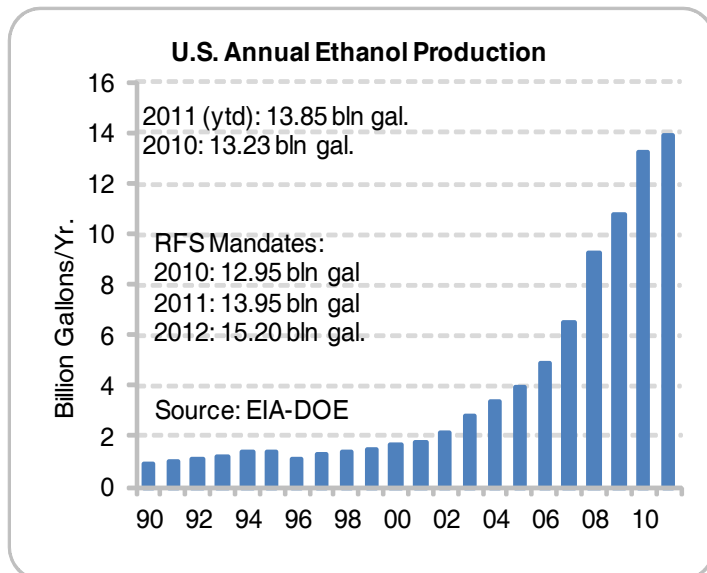
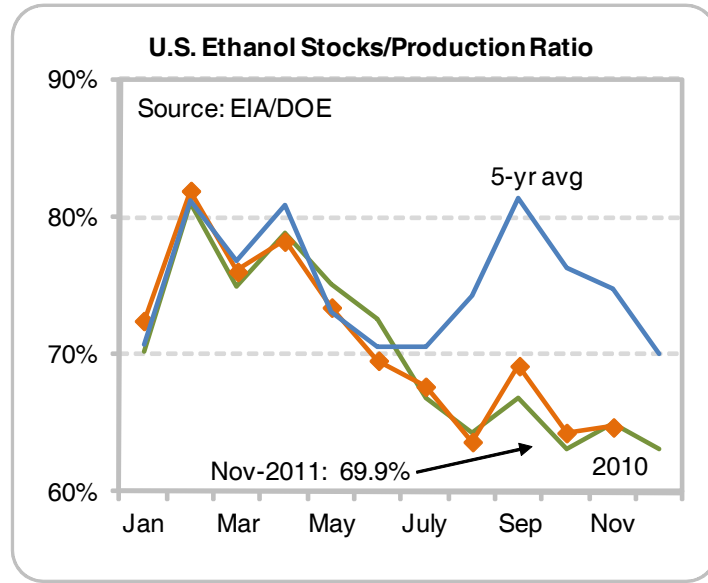
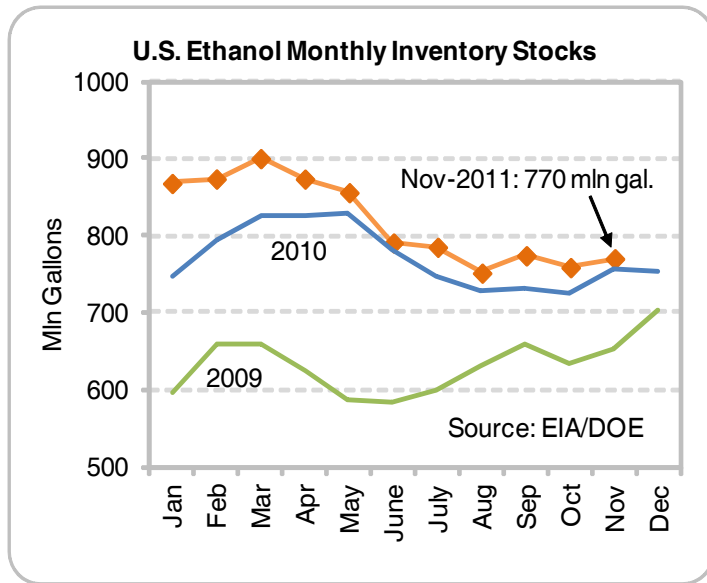
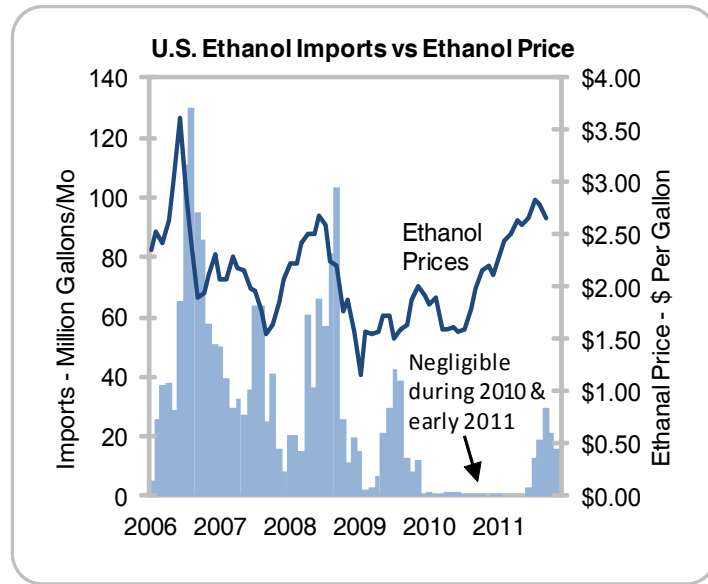
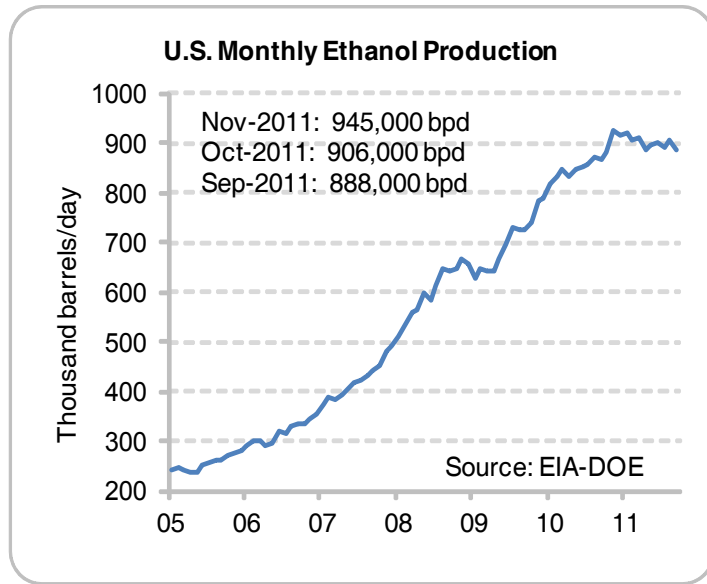
Nymex Rotterdam Biodiesel Swap Futures versus ICE Gasoil Nearest-Futures



Spreads: Nymex Rotterdam Biodiesel Swap Futures Minus ICE Gasoil



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	D1	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	D2	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

Erich Reulbach

Manager, Energy Products and Services
Erich.Reulbach@cmegroup.com - 212-299-2445

Alexandra Siff

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

Lisa Kallal

Manager, Commodity Products & Services EMEA
Lisa.Kallal@cmegroup.com - 011-44-20-7796-7130

Daniel Brusstar

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

John Hill

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

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