

HCSLLC

Holbrook Consulting Services LLC

A ProExporter Network Affiliate

USDA Agricultural Outlook Forum

Grains & Oilseeds Luncheon

Where will the new ethanol plants be?

Bill Holbrook

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A ProExporter Network Affiliate

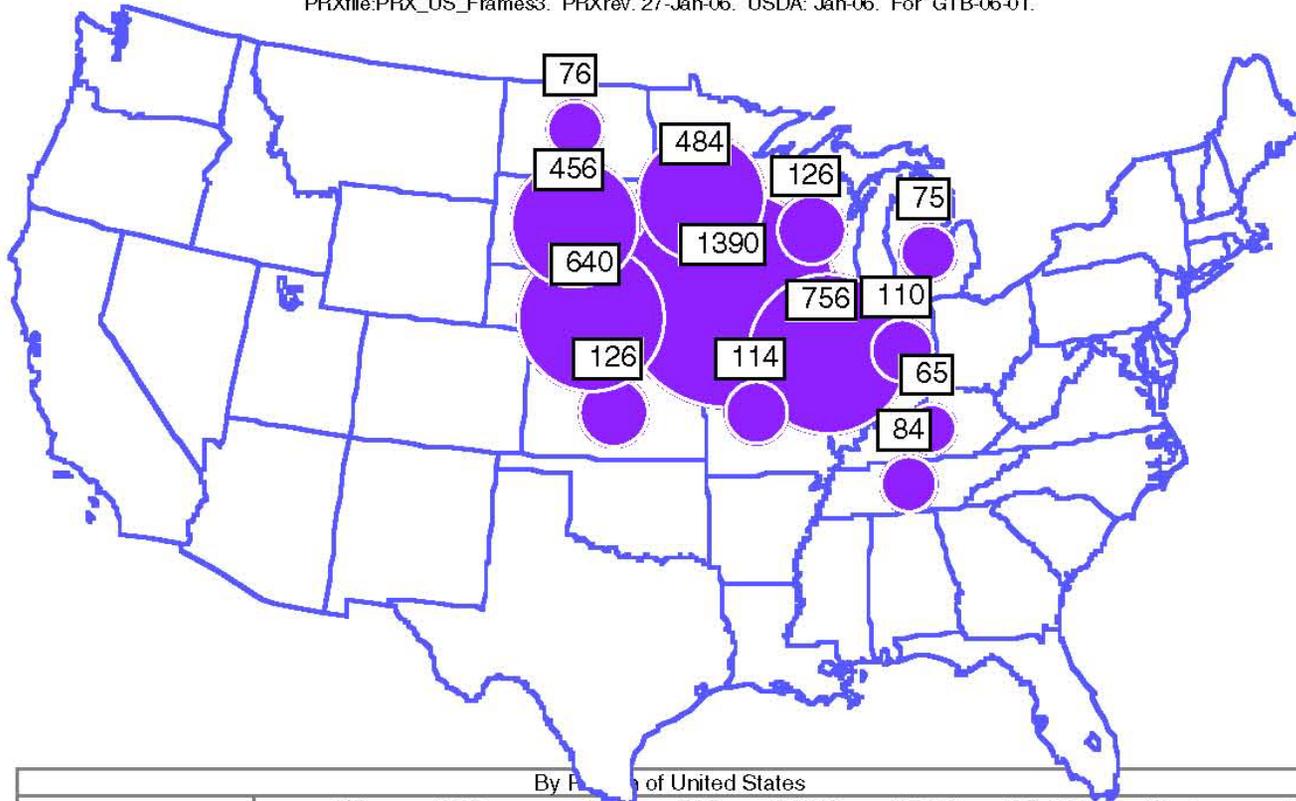
Where will the new ethanol plants be?

- Reading the media
 - Everywhere!!!!
 - One source, since January 1, 2006
 - Ethanol – 21 plants in 12 states
 - Biodiesel – 15 plants in 9 states

Where will the new ethanol plants be?

05-06 FUEL ETHANOL PRODUCTION BY DRY & WET MILLS, MIL GALS

PRXfile:PRX_US_Frames3. PRXrev. 27-Jan-06. USDA: Jan-06. For GTB-06-01.



		By Region of United States								
Crop year	unit	HP	WCB excl HP	IL	ECB excl IL	SC-US	NE-US	SE-US	West	US
05-06	mil gals	1336	2030	800	250	84	0	0	0	4501
	share	.30	.45	.18	.06	.02	.00	.00	.00	

WCB=MN, IA, MO, WI

ECB=OH, MI, IN, KY

HP=High Plains (ND, SD, NE, KS)

Where will the new ethanol plants be?

- Ignoring the hysteria, what do the fundamentals tell us?
 - Corn (primary feedstock today)
 - Energy source (primarily natural gas)
 - Ethanol
 - Distillers grains
 - Other factors

Where will the new ethanol plants be?

Corn Availability and Price

Where will the new ethanol plants be?

CORN NET EXPORTS (+) AND NET IMPORTS (-), 06-07

	Rail & Truck		Lakes	Total
	WestCN	EastCN	EastCN	AllCN
04-05	15	65	10	78
05-06	15	60	10	90
06-07	<u>26</u>	<u>81</u>	<u>9</u>	<u>85</u>
Change	10	21	-1	-4

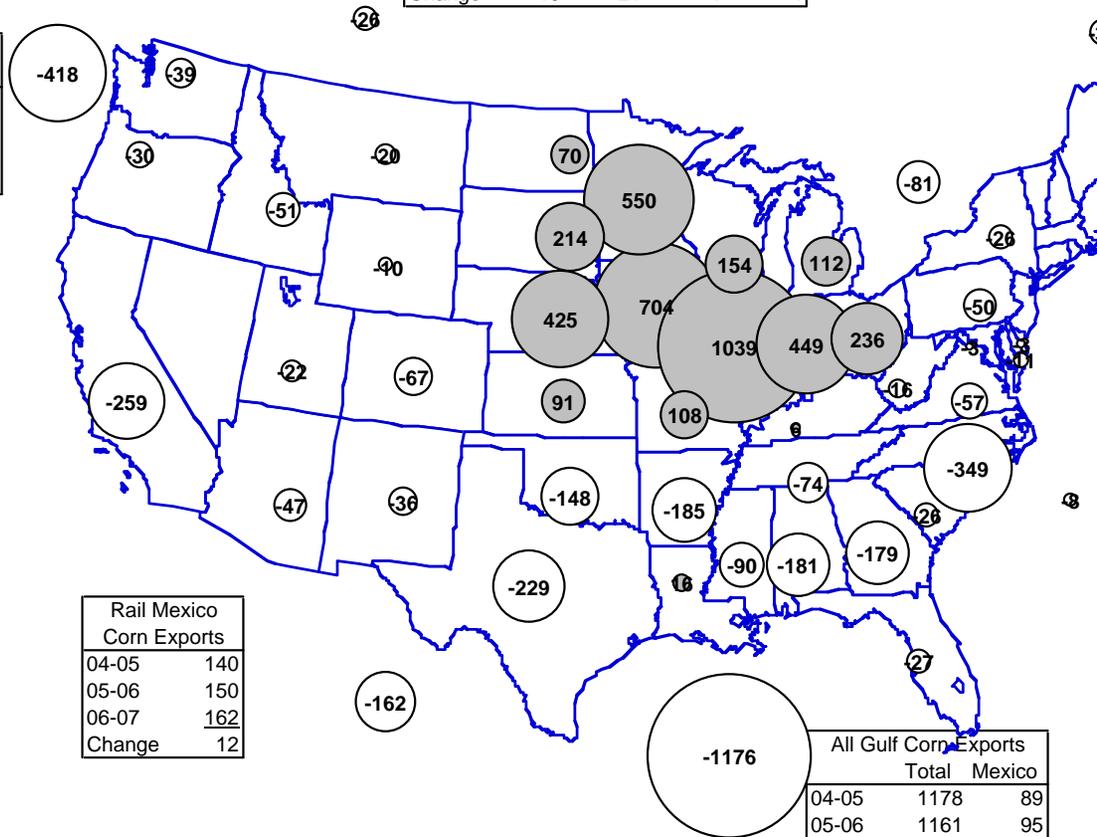
Pacific NW Corn Exports	
04-05	364
05-06	443
06-07	<u>418</u>
Change	-25

US Lakes Corn Exports	
04-05	24
05-06	28
06-07	<u>30</u>
Change	2

US Atlantic Corn Exports	
04-05	5
05-06	19
06-07	<u>8</u>
Change	-11

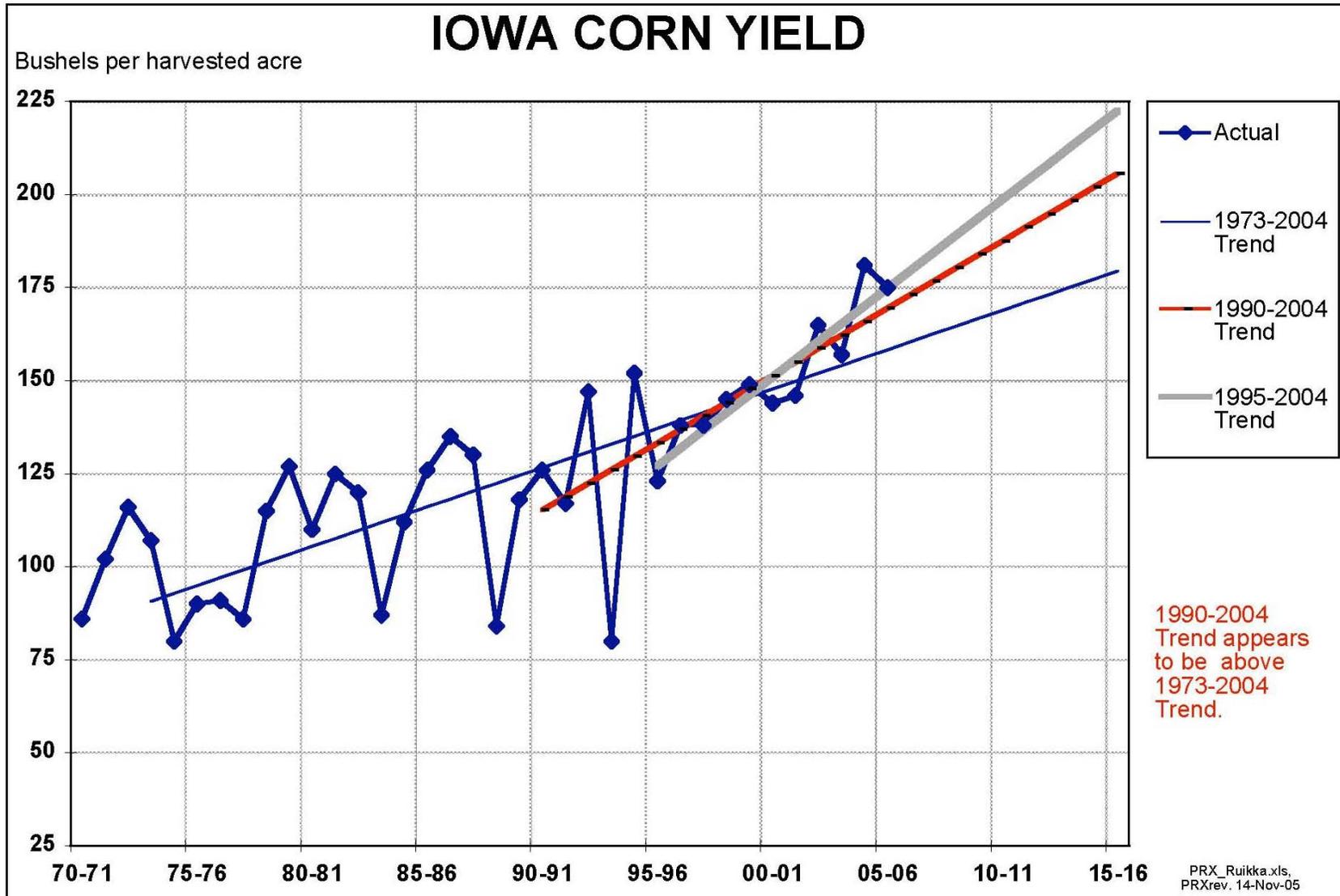
Rail Mexico Corn Exports	
04-05	140
05-06	150
06-07	<u>162</u>
Change	12

All Gulf Corn Exports		
	Total	Mexico
04-05	1178	89
05-06	1161	95
06-07	<u>1176</u>	<u>90</u>
Change	15	-5

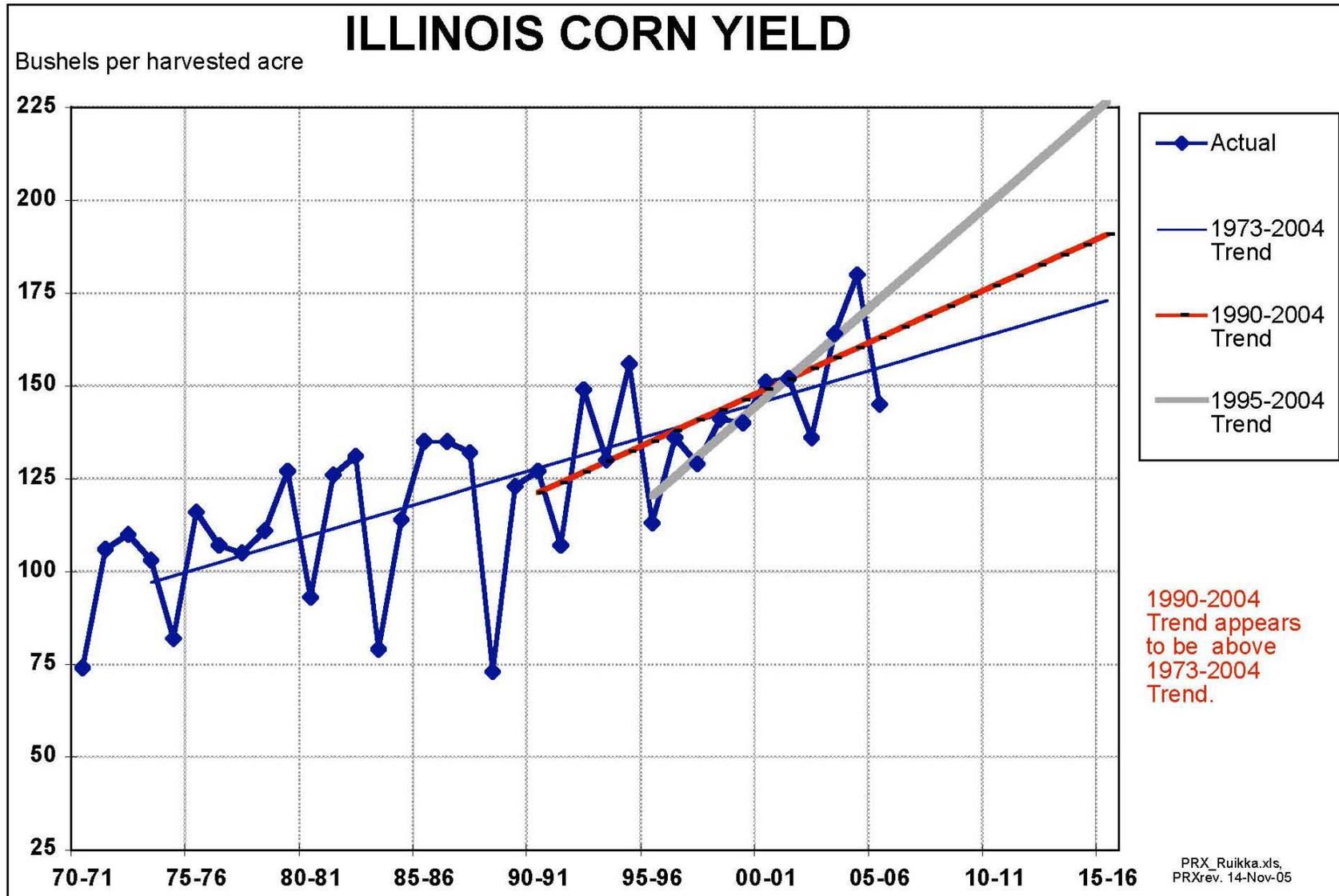


Source: ProExporter Network

Where will the new ethanol plants be?



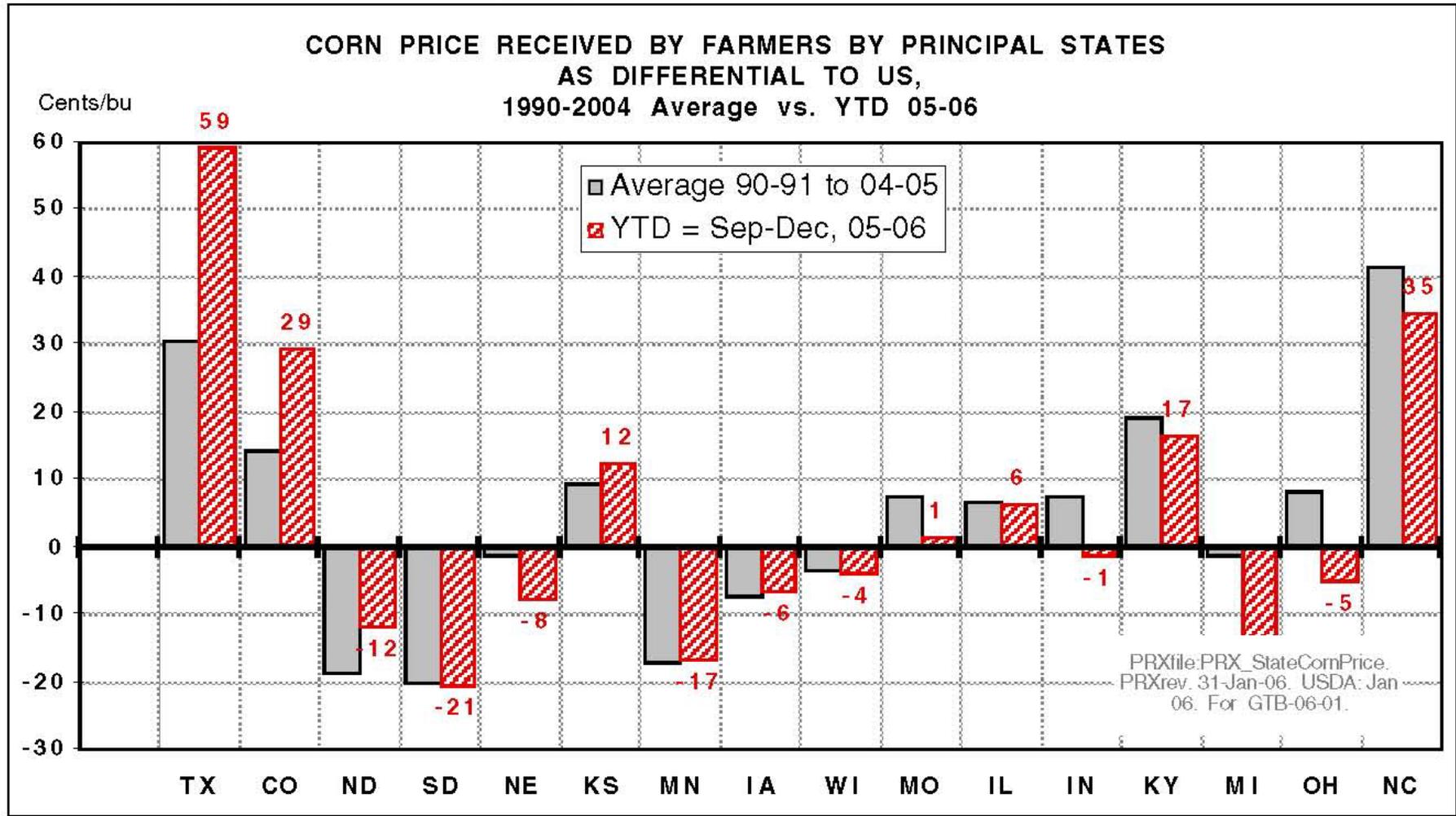
Where will the new ethanol plants be?



Where will the new ethanol plants be?

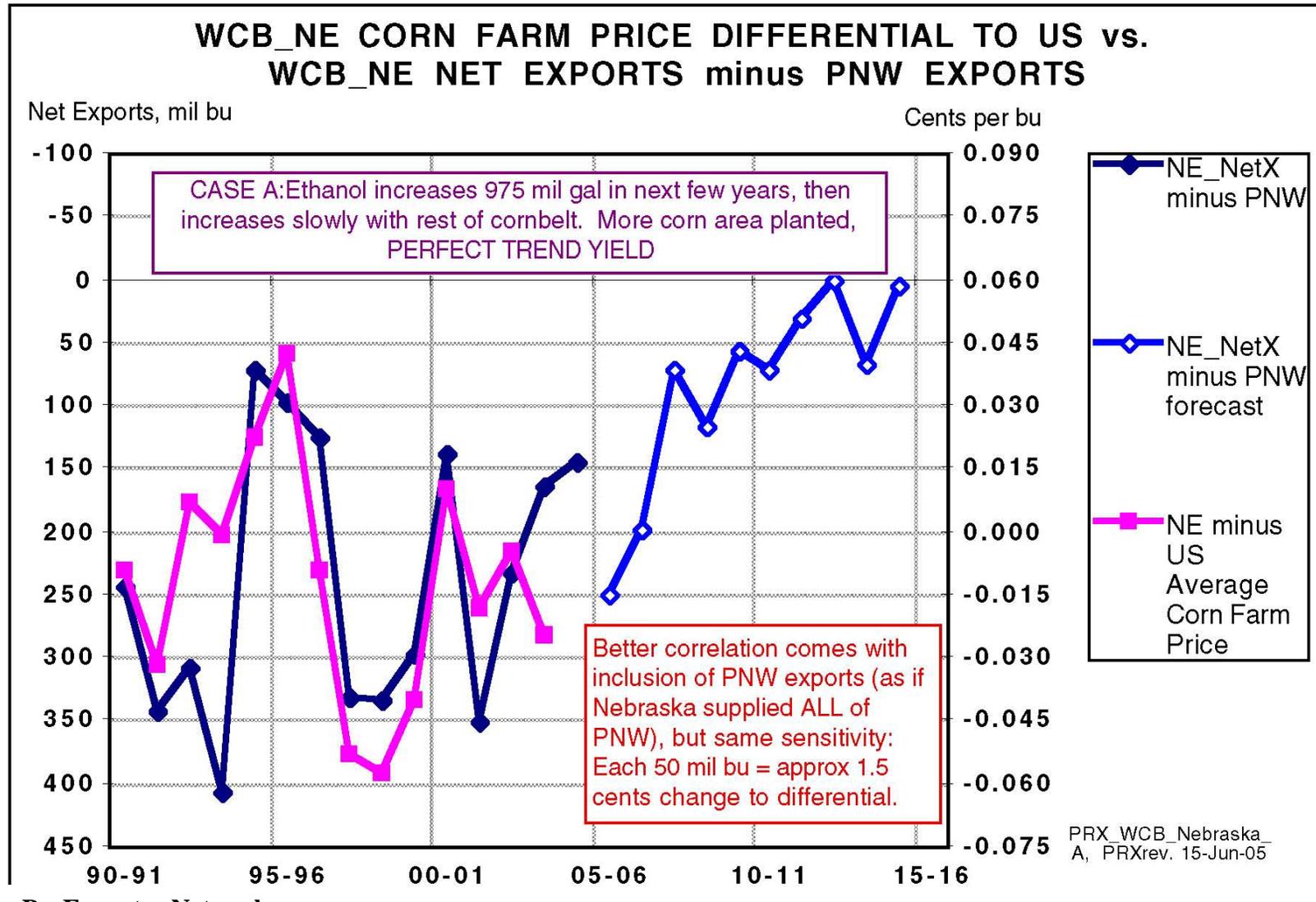
Bushels/Acre Annual Increase		
State	30 Year Trend	15 Year Trend
Iowa	2.10	3.59
Illinois	1.80	2.77
Nebraska	1.92	1.91
Minnesota	2.35	3.41
Indiana	1.72	2.22

Where will the new ethanol plants be?



Source: ProExporter Network

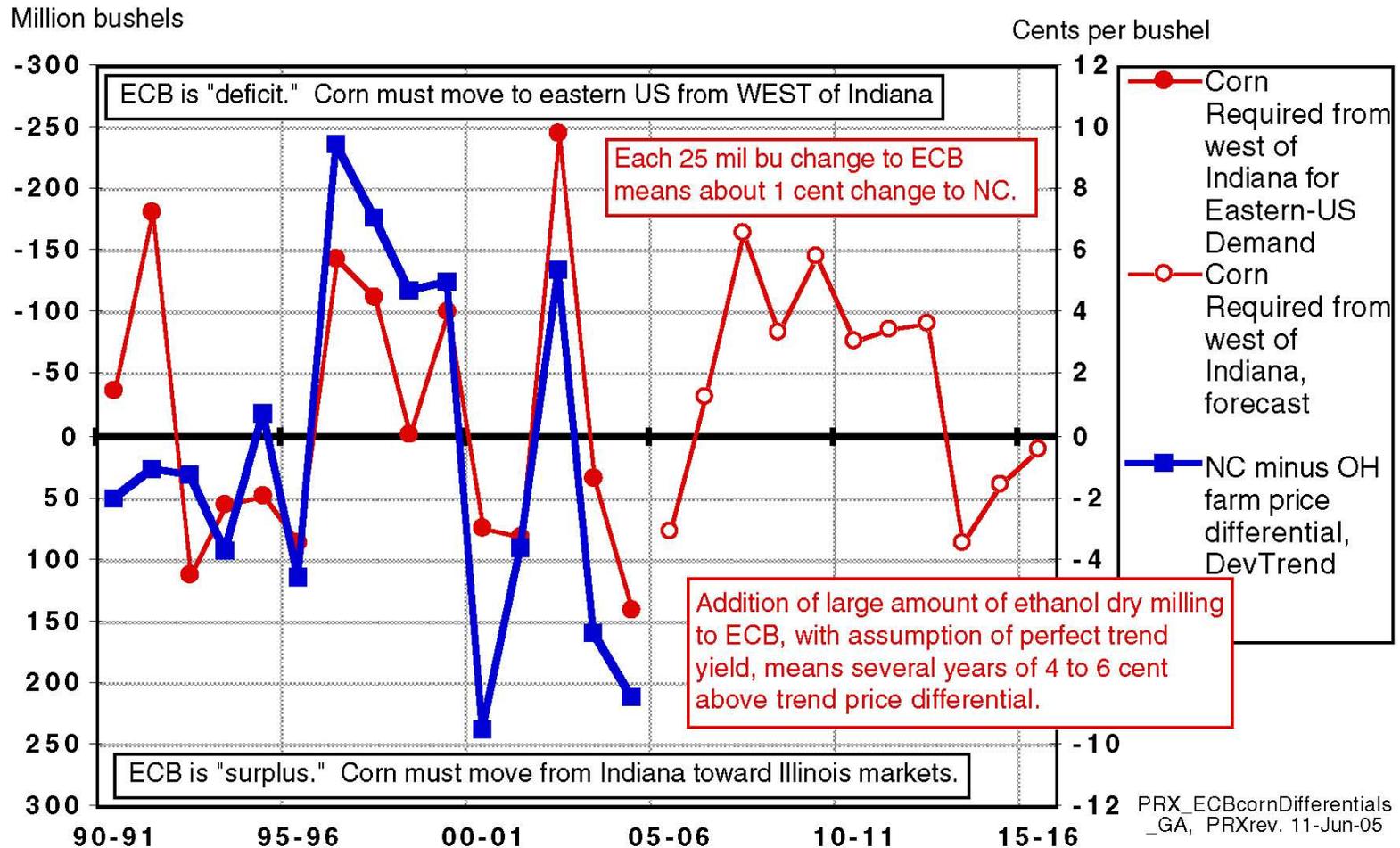
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Source: ProExporter Network

Where will the new ethanol plants be?

NC vs. OH CORN FARM PRICE DIFFERENTIAL compared to EASTERN CORNBELT (ECB) CORN "DEFICIT"



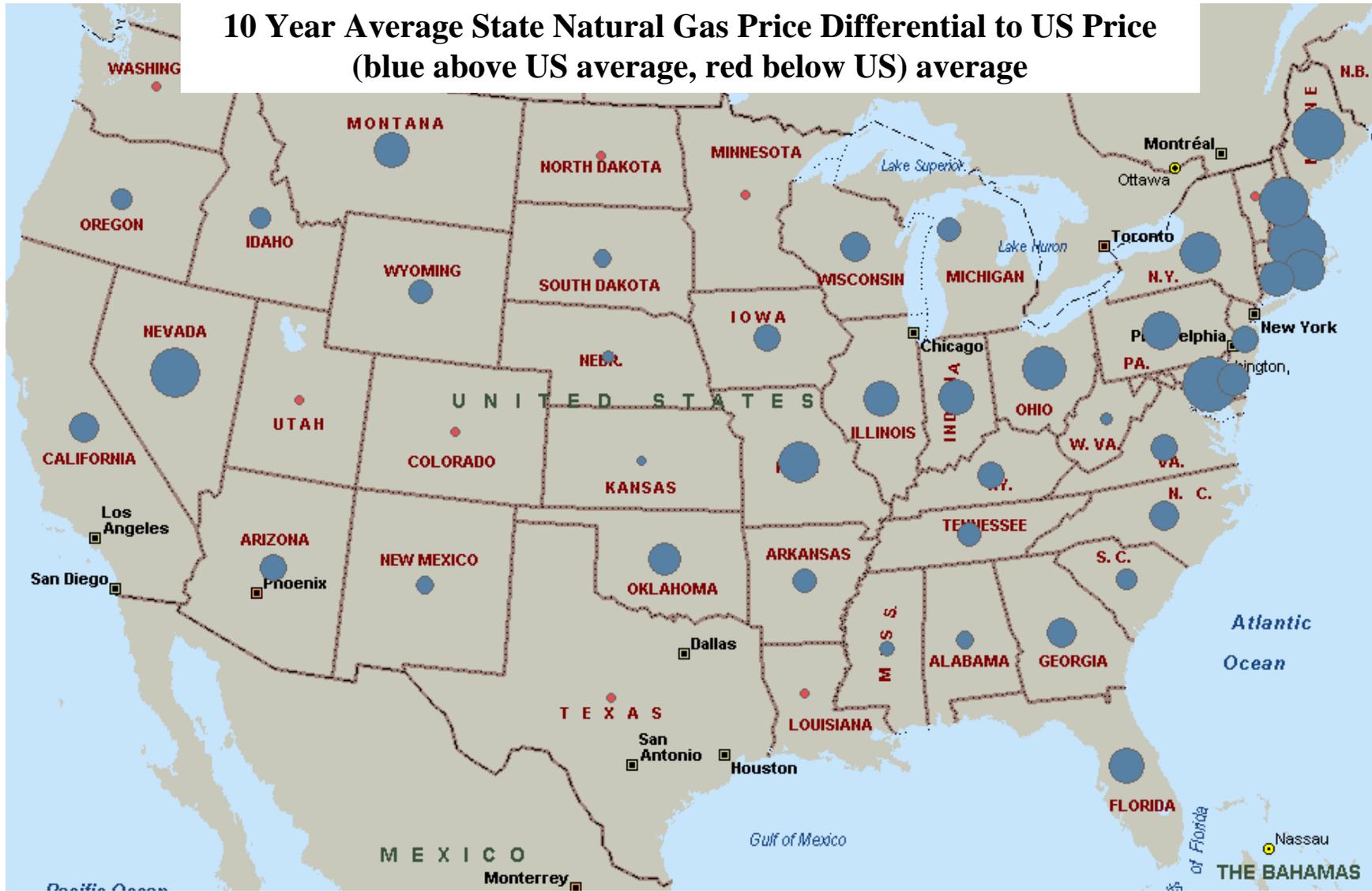
Source: ProExporter Network

Where will the new ethanol plants be?

Natural Gas Price

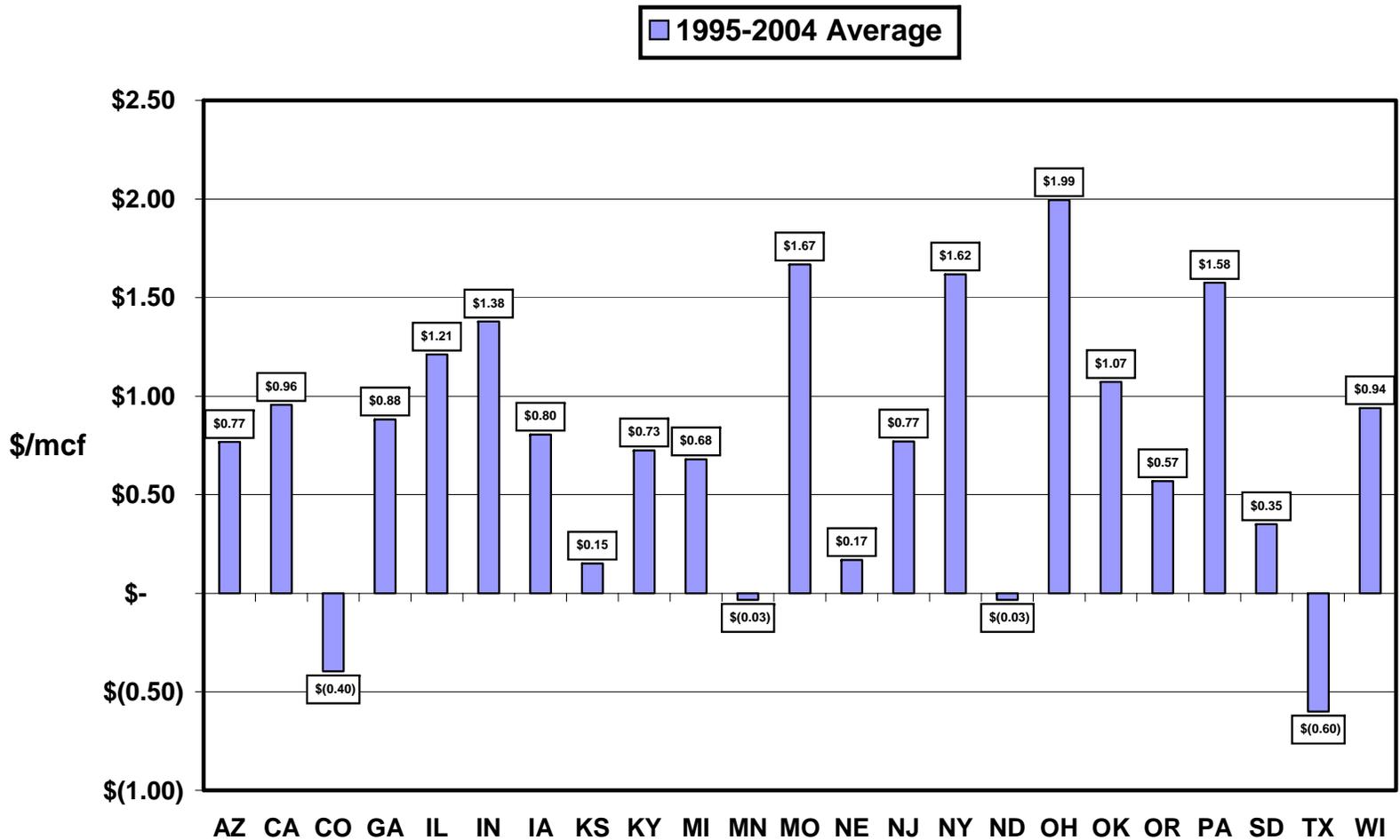
Where will the new ethanol plants be?

10 Year Average State Natural Gas Price Differential to US Price
(blue above US average, red below US) average



Where will the new ethanol plants be?

Natural Gas Industrial Price Differential to US

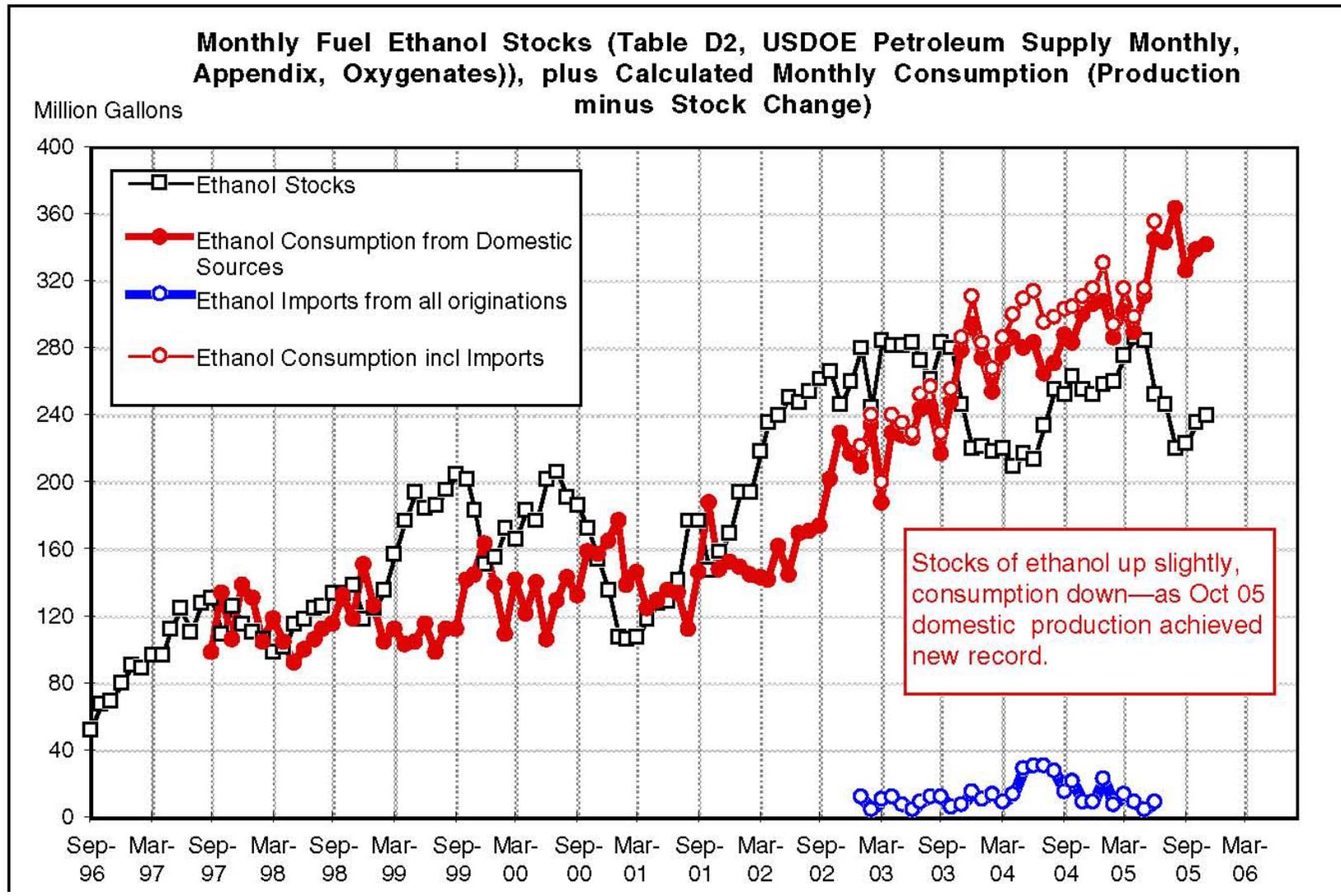


Source: Energy Information Administration, DOE

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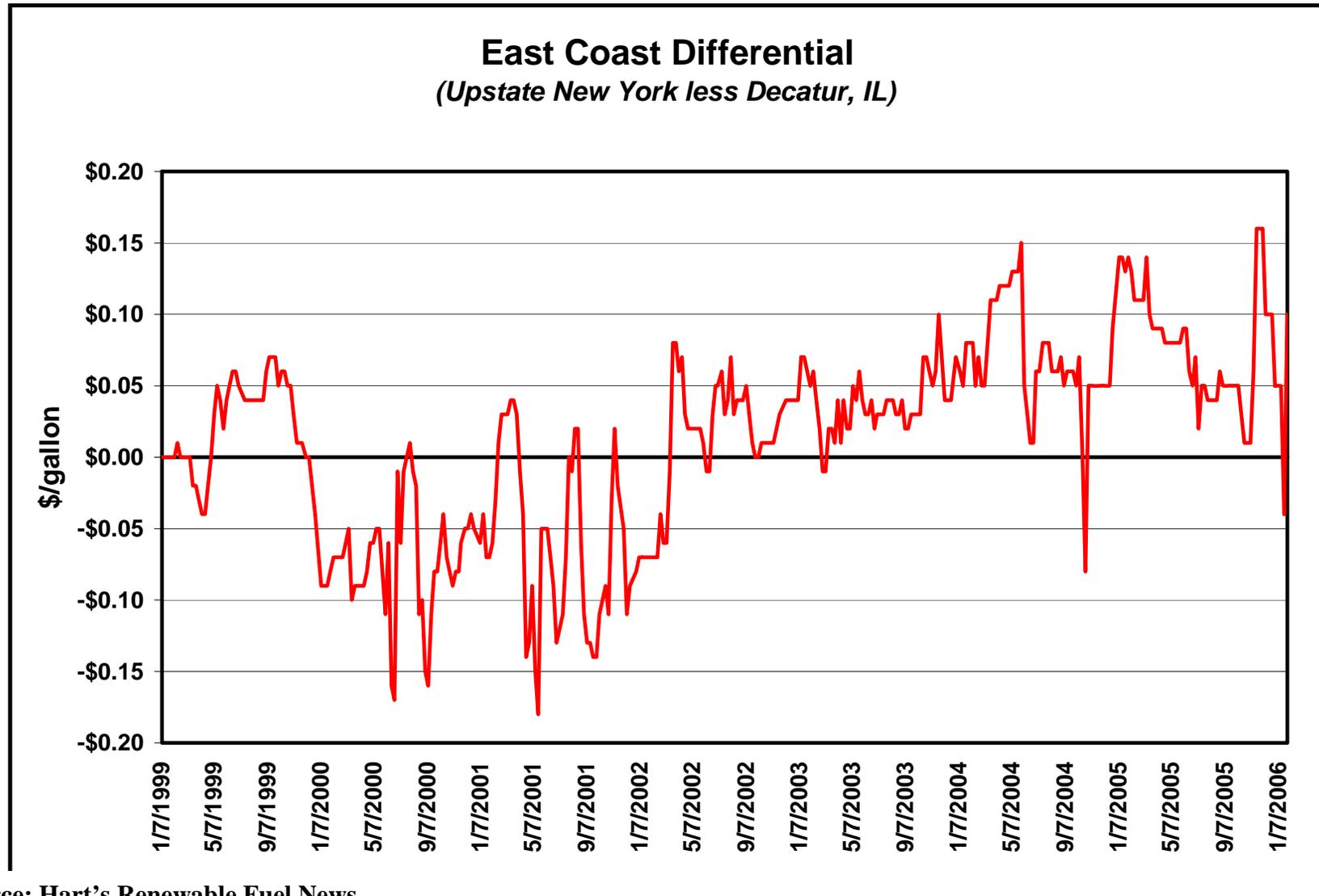
Ethanol Demand and Price

Where will the new ethanol plants be?



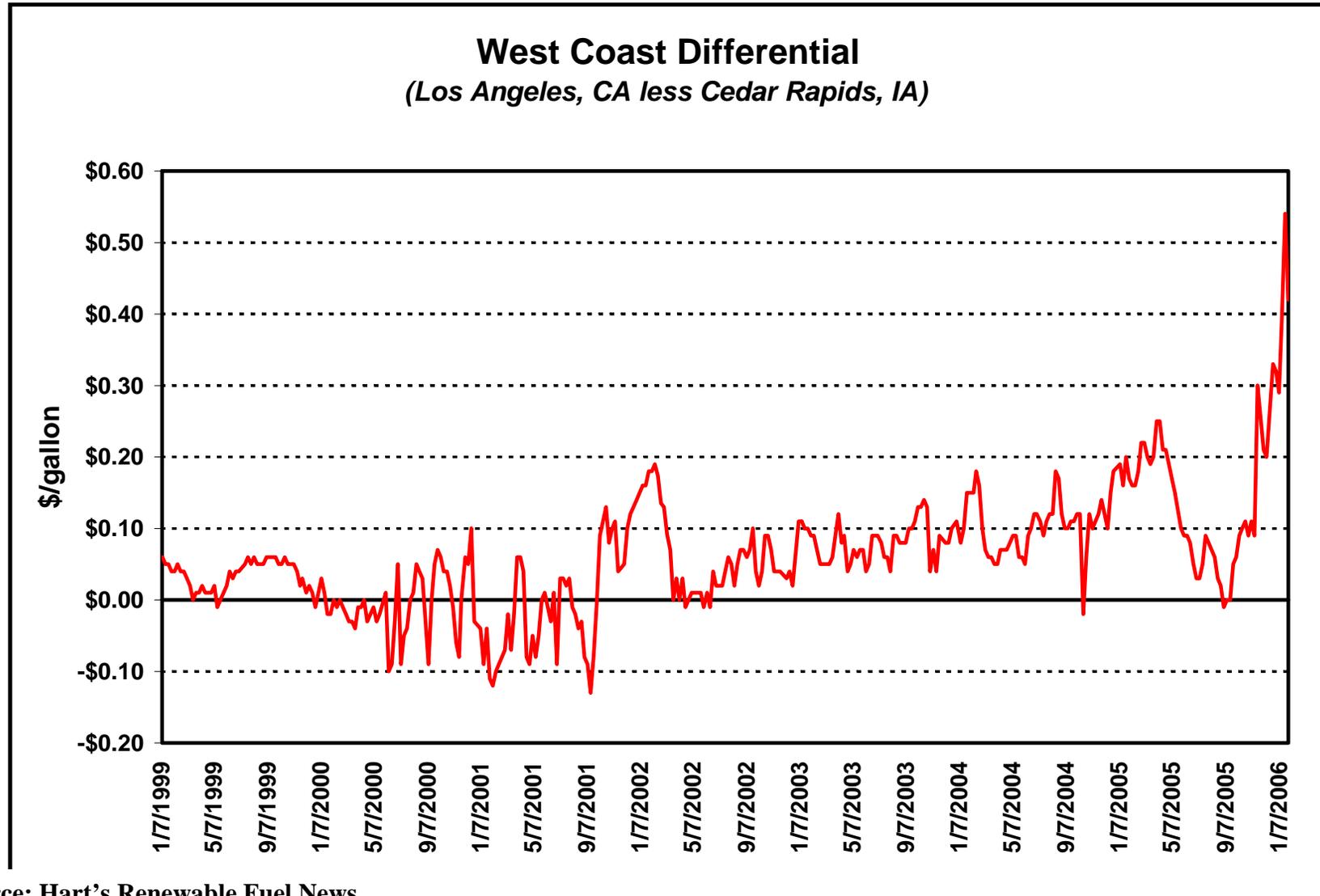
Source: ProExporter Network

Where will the new ethanol plants be?



Source: Hart's Renewable Fuel News

Where will the new ethanol plants be?



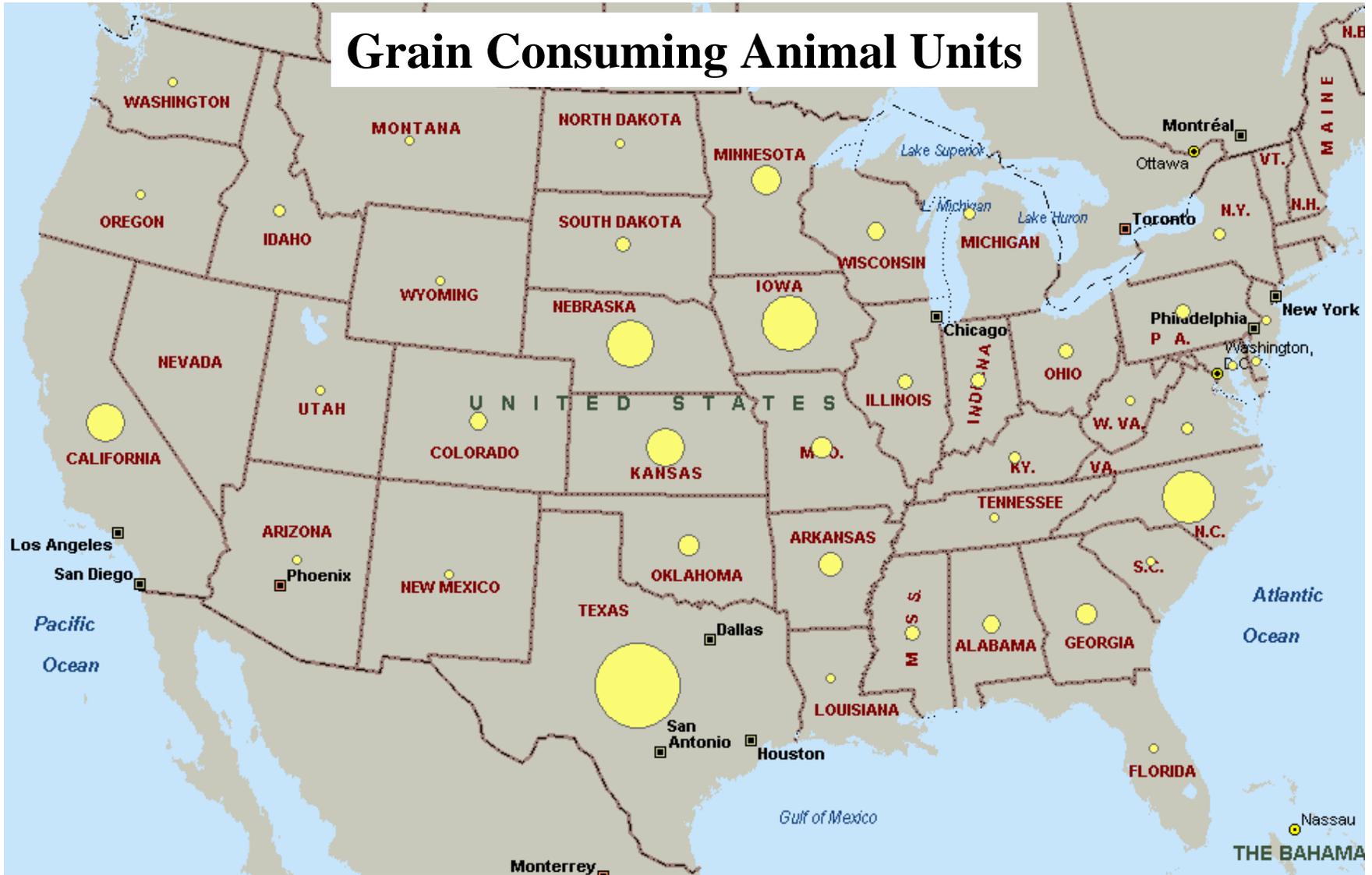
Source: Hart's Renewable Fuel News

Where will the new ethanol plants be?

Distillers Grains Demand

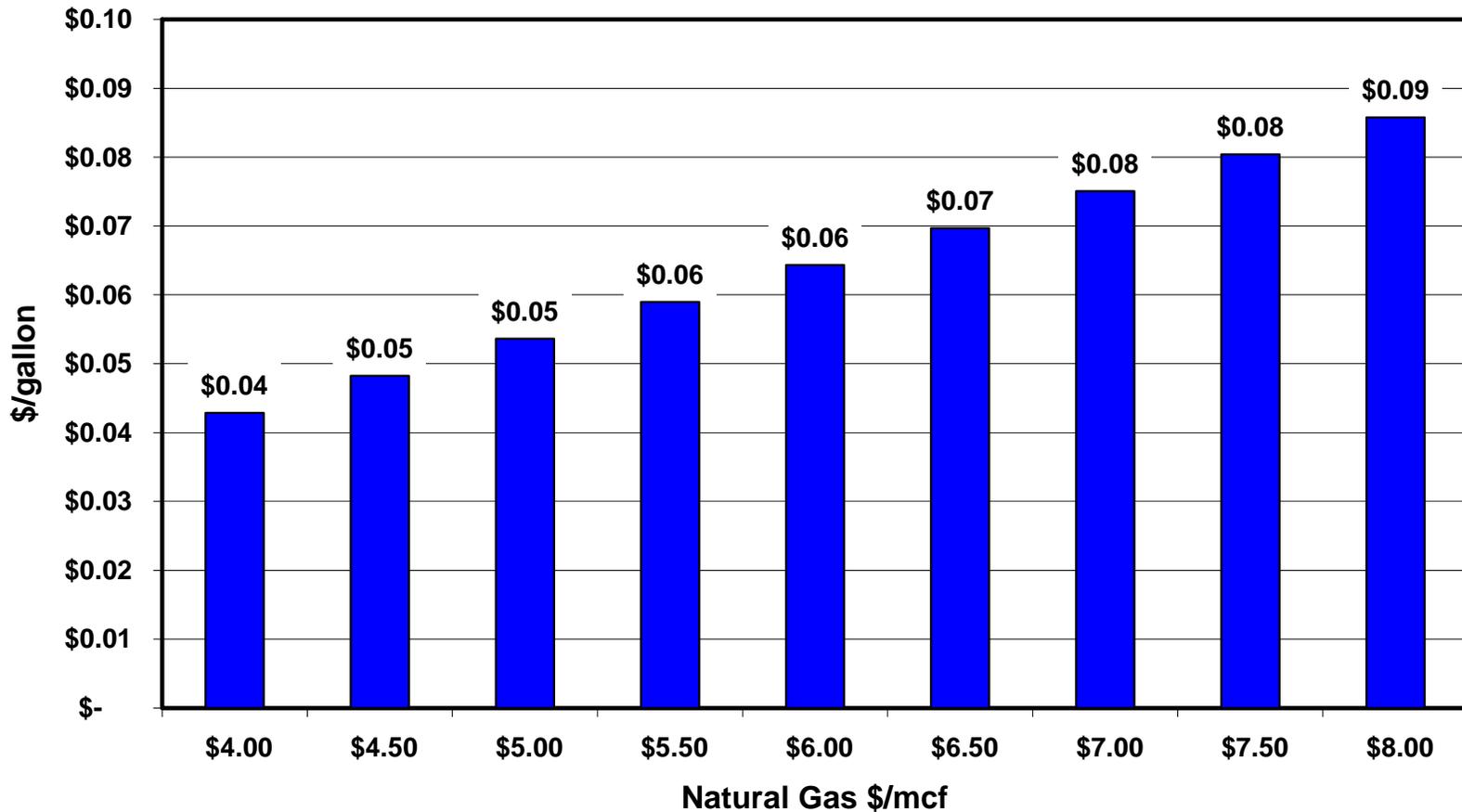
Where will the new ethanol plants be?

Grain Consuming Animal Units



Where will the new ethanol plants be?

Approximate Ethanol Production Cost Savings
of Wet Distillers Grains



Where will the new ethanol plants be?

Other Factors

Where will the new ethanol plants be?

- Other factors
 - Railroads
 - State and local governments
 - Communities
 - Construction firms
 - Banks/financiers

Where will the new ethanol plants be?

- Cornbelt
 - New plants
 - Expansions
 - Overbuild???
- Coasts, southwest, southeast
 - Infrastructure and market access