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What is the Outlook

for the Ethanol Industry Going Forward?



Scott Irwin



Todd Hubbs



Eric Mosbey

Audio

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Housekeeping

- Handout available via GoToWebinar control panel
- Webinar will be archived and available on farmdoc
- Submit questions during the webinar
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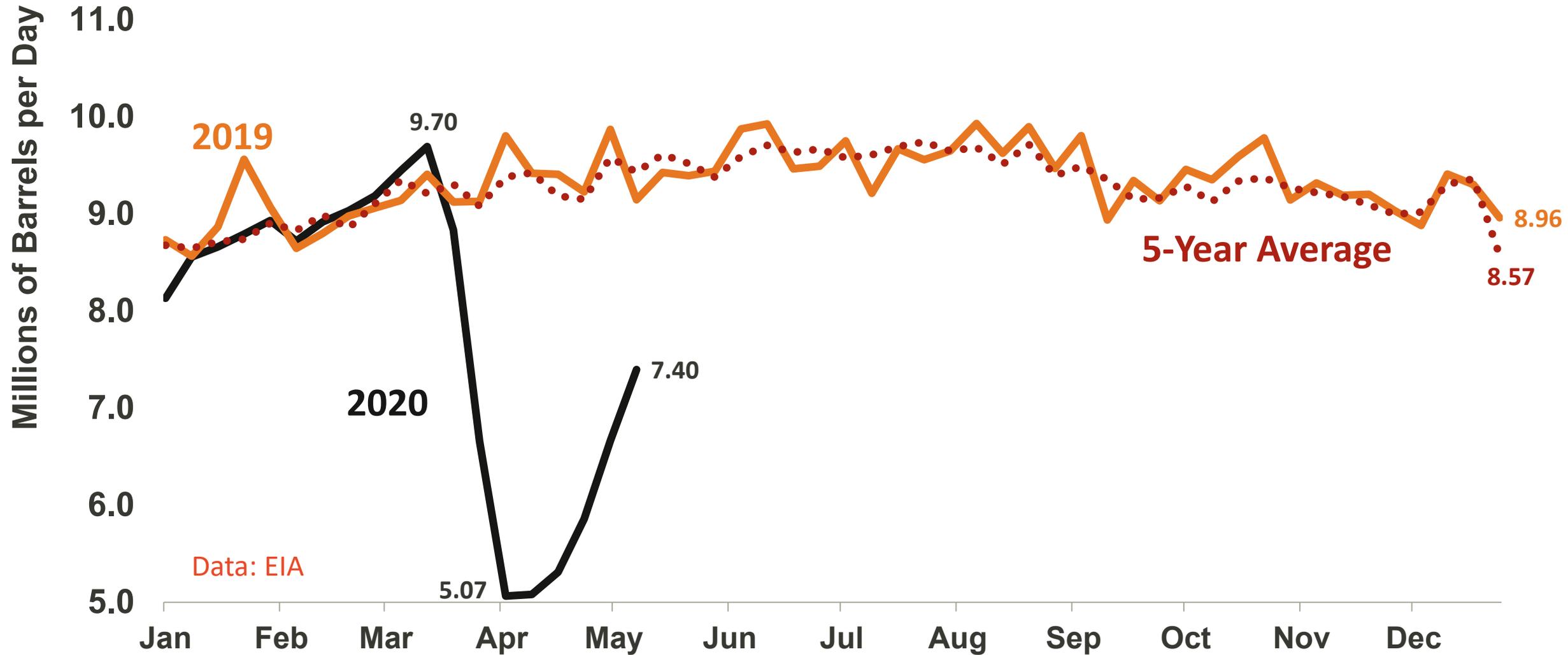


Eric Mosbey

In your local area at the present time, how much are people driving?

- About normal (100%)
- Slightly below normal (90%)
- Moderately below normal (80%)
- Well-below normal (70% to 25%)
- Roads are empty (less than 25%)

Weekly Gasoline Demand



Data: EIA

5-Year Average

8.96
8.57

2020

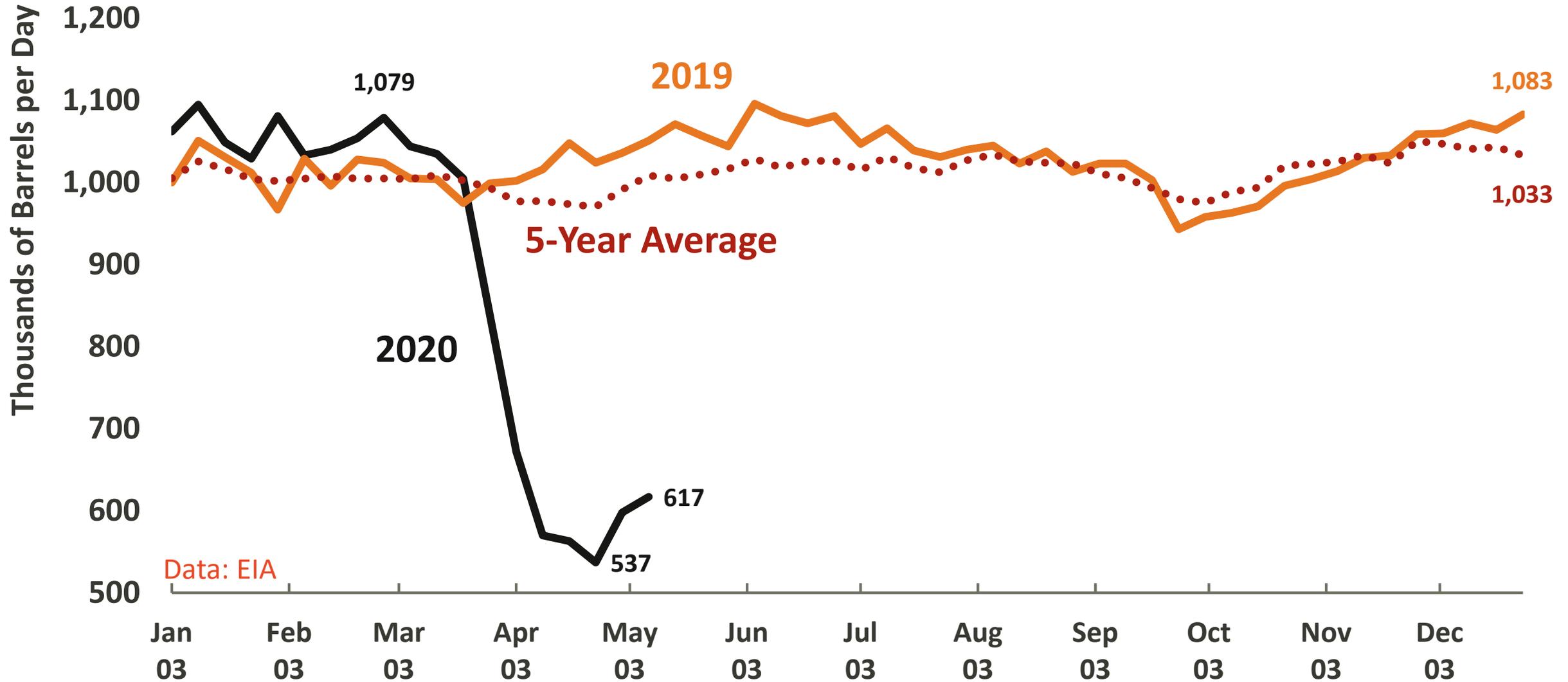
2019

9.70

7.40

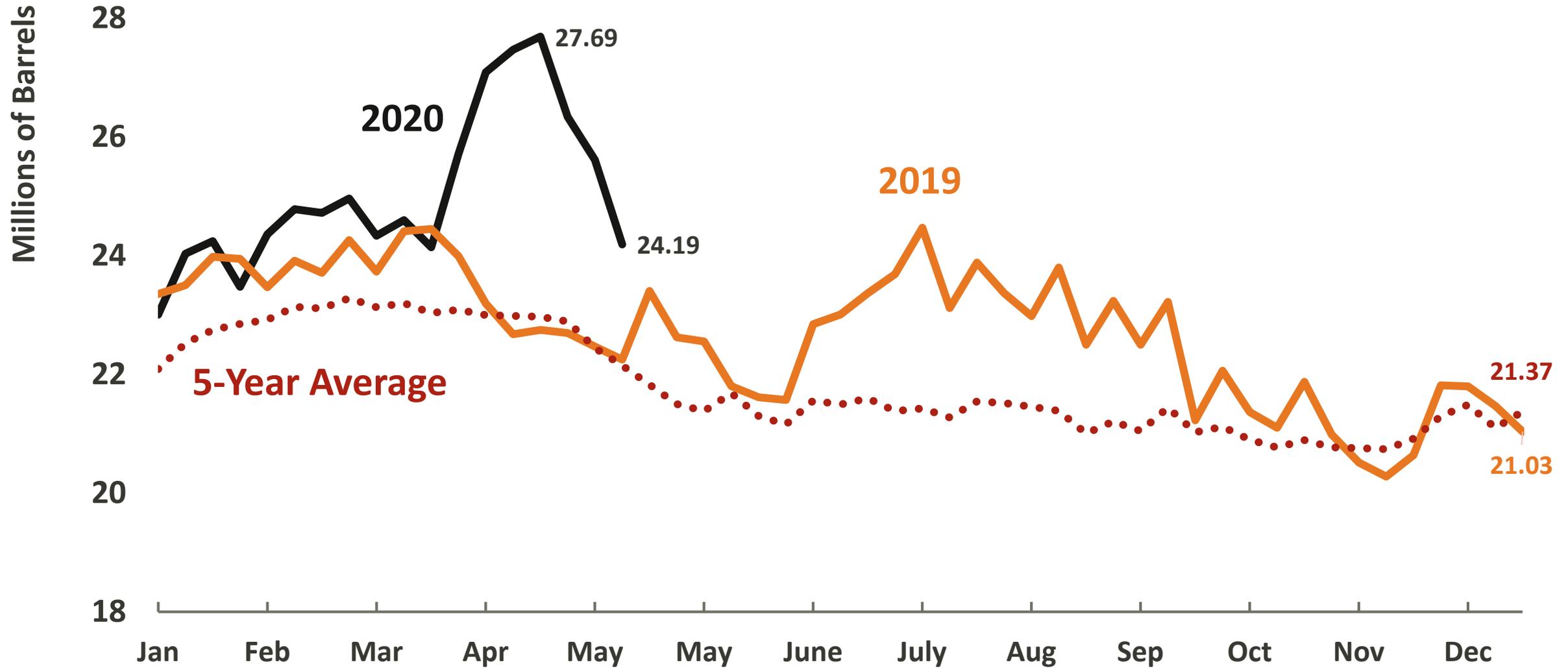
5.07

Weekly Ethanol Production



Data: EIA

Ethanol Stocks



Millions of Gallons

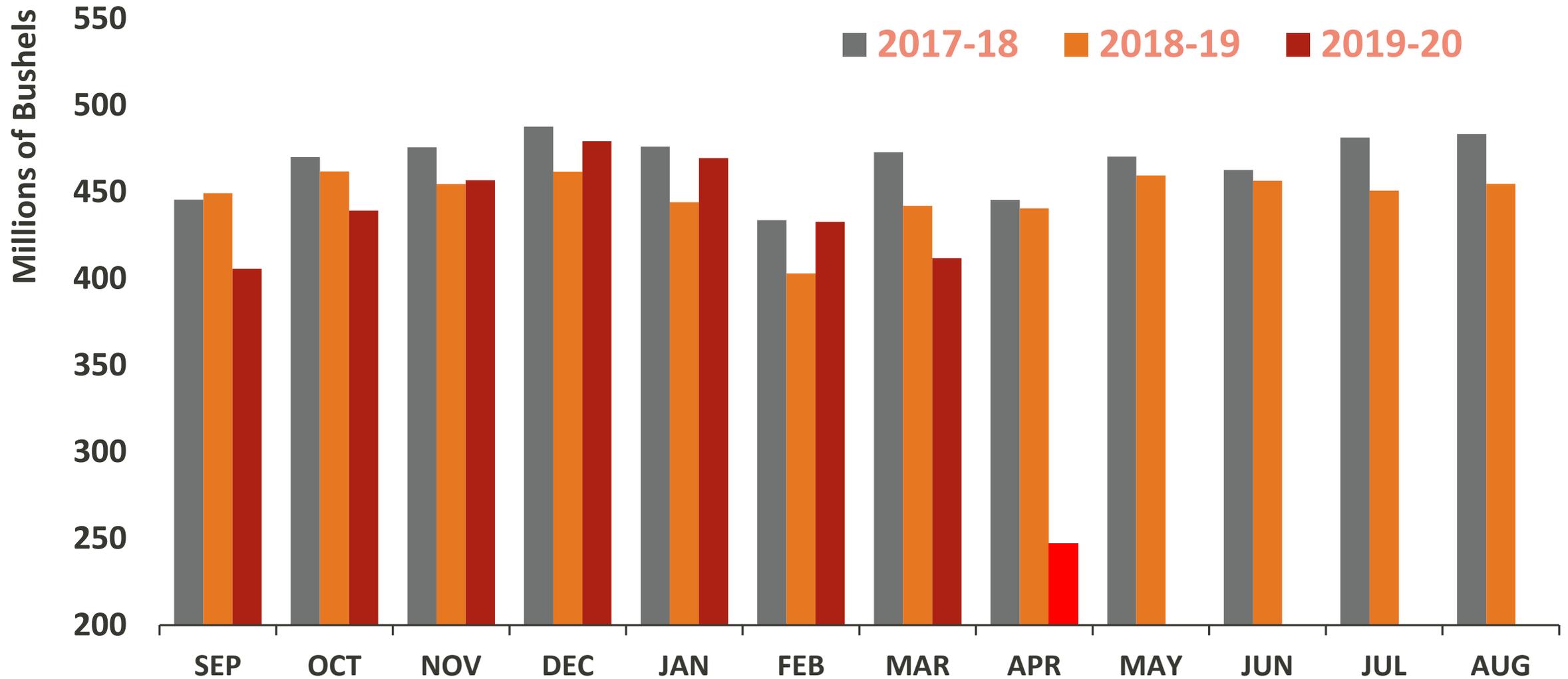
Ethanol Exports

2013-14 2014-15 2015-16 2016-17 2017-18 2018-19 2019-20*

* = Through March

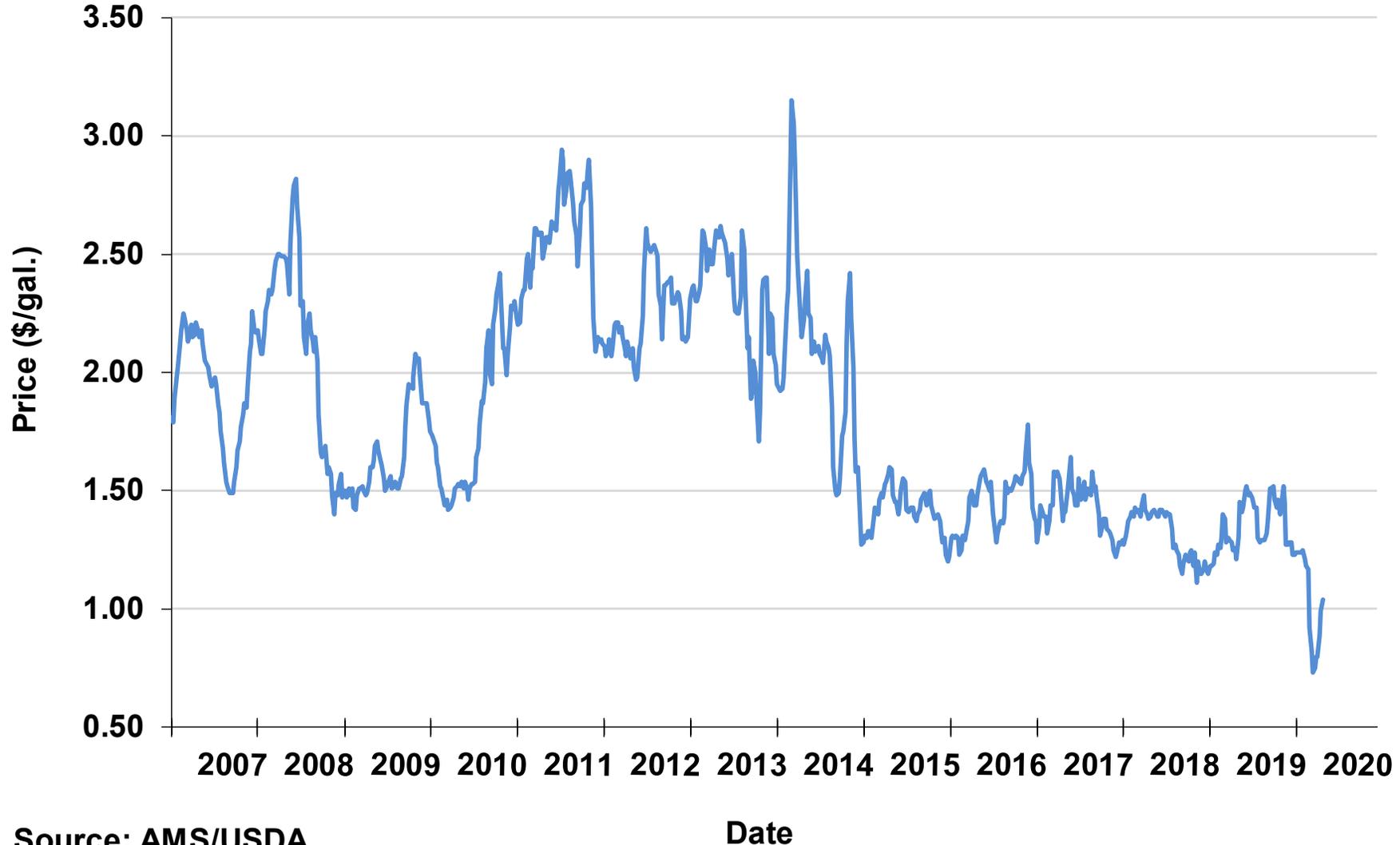


Corn Use for Ethanol



Weekly (Friday) Ethanol Price at Iowa Plants

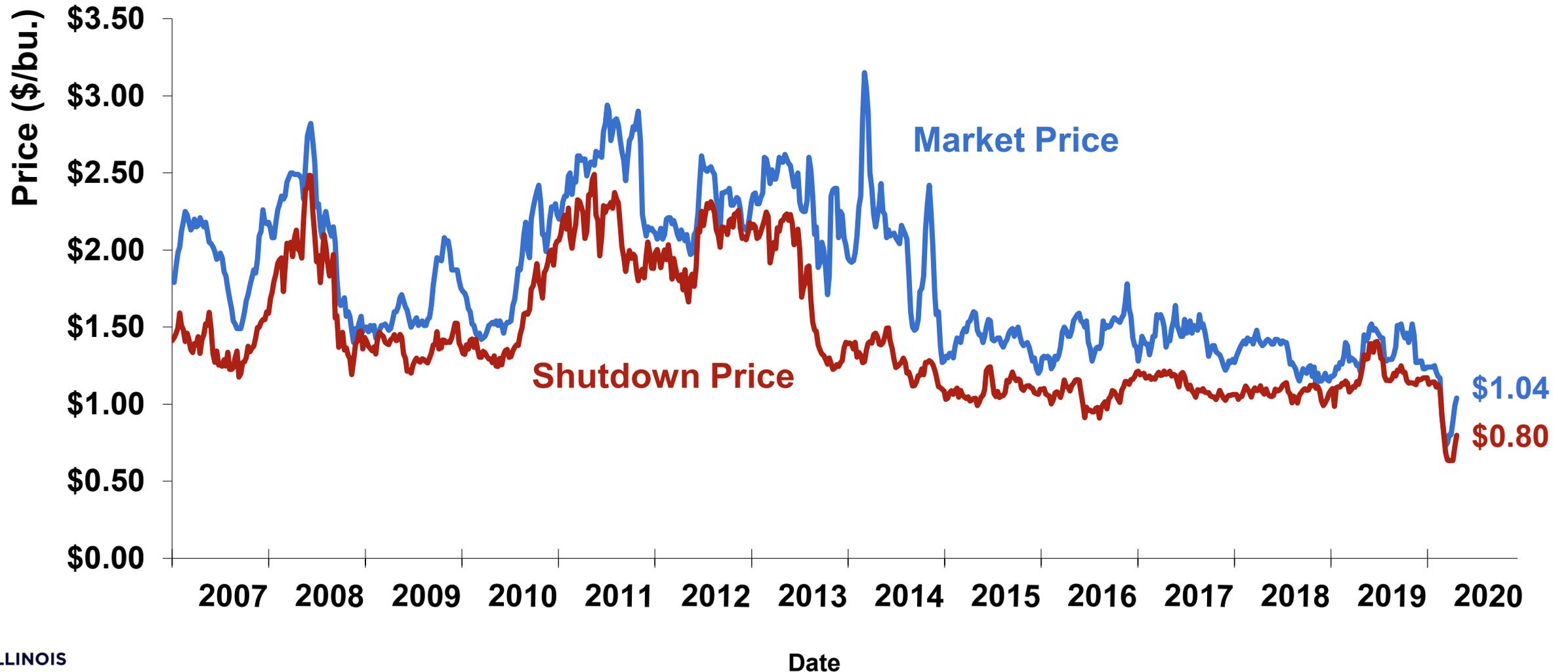
01/26/2007 to 5/15/2020



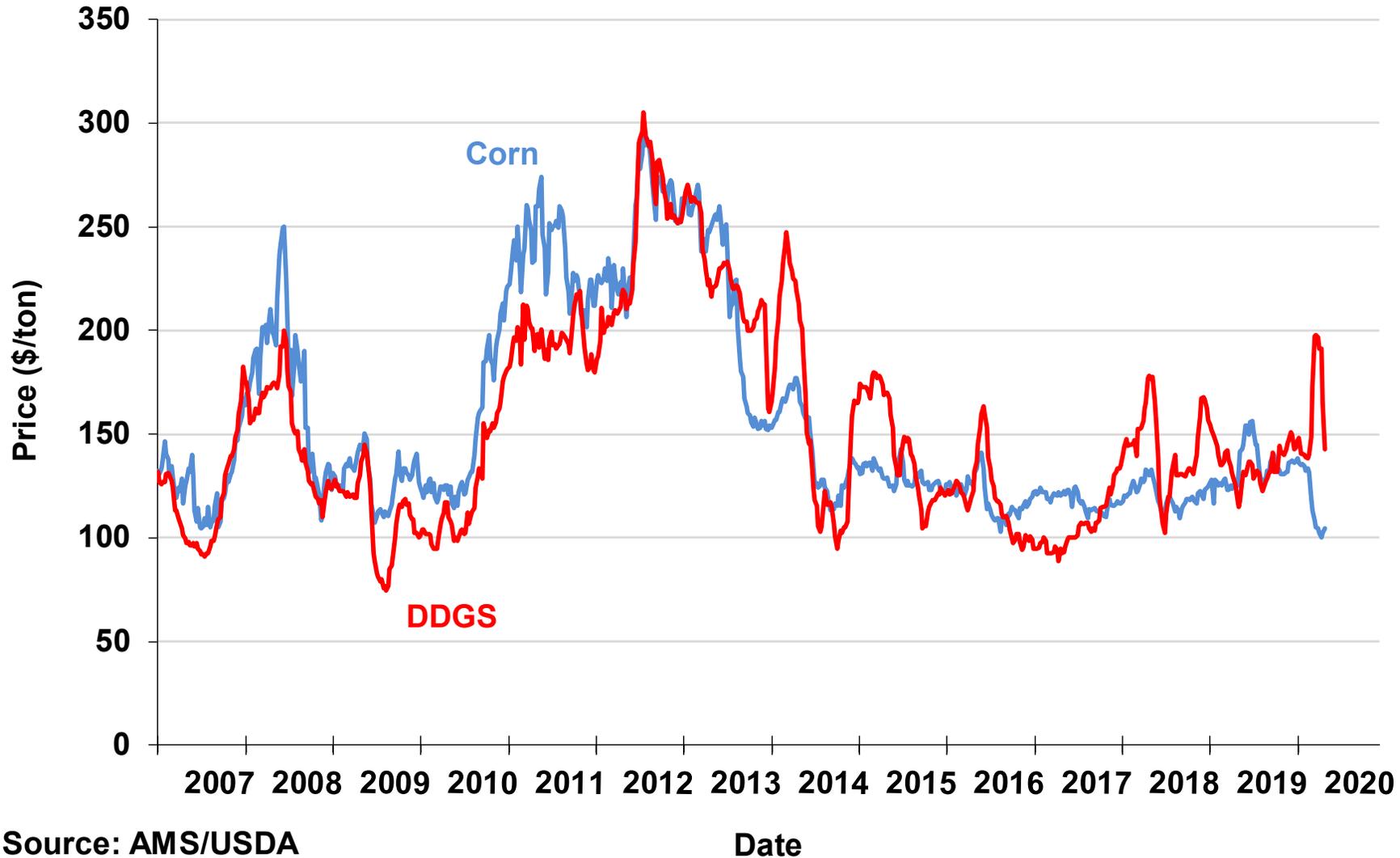
Source: AMS/USDA

Date

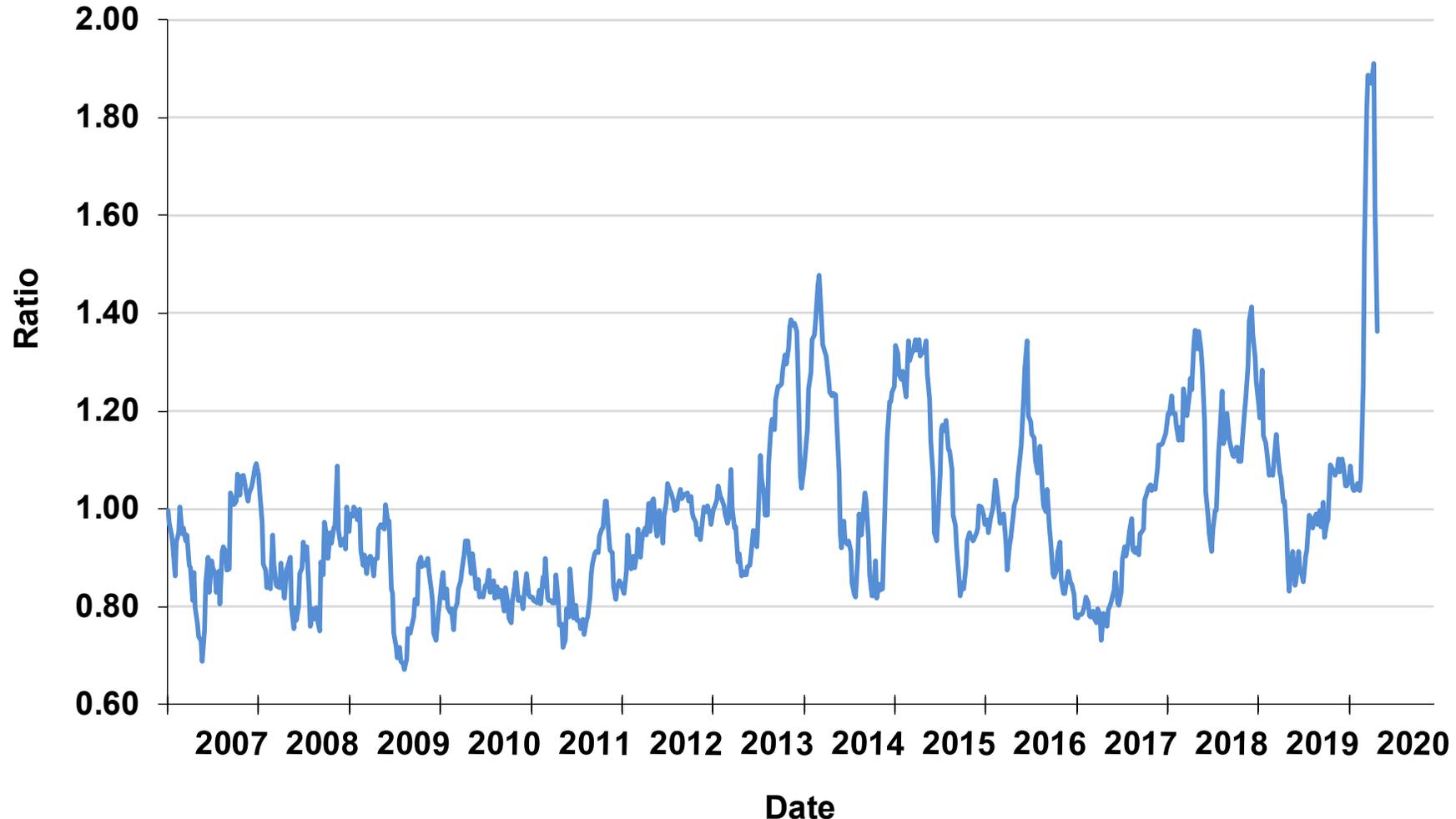
Weekly (Friday) Price of Ethanol and Shutdown Price at a Representative Iowa Ethanol Plant, 01/26/2007 to 5/15/2020



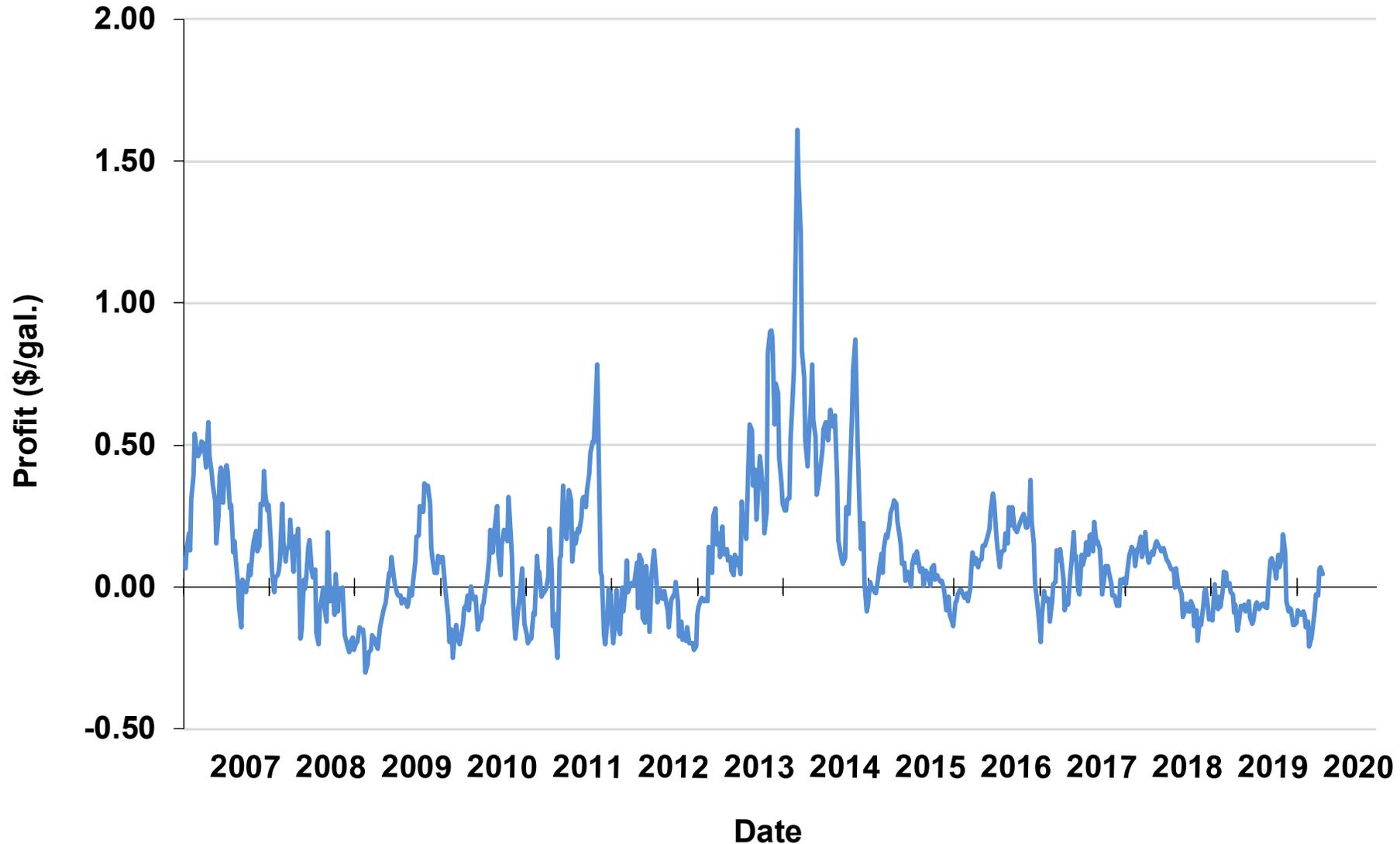
Weekly (Friday) Price of Corn and DDGS at Iowa Ethanol Plants, 01/26/2007 to 5/15/2020



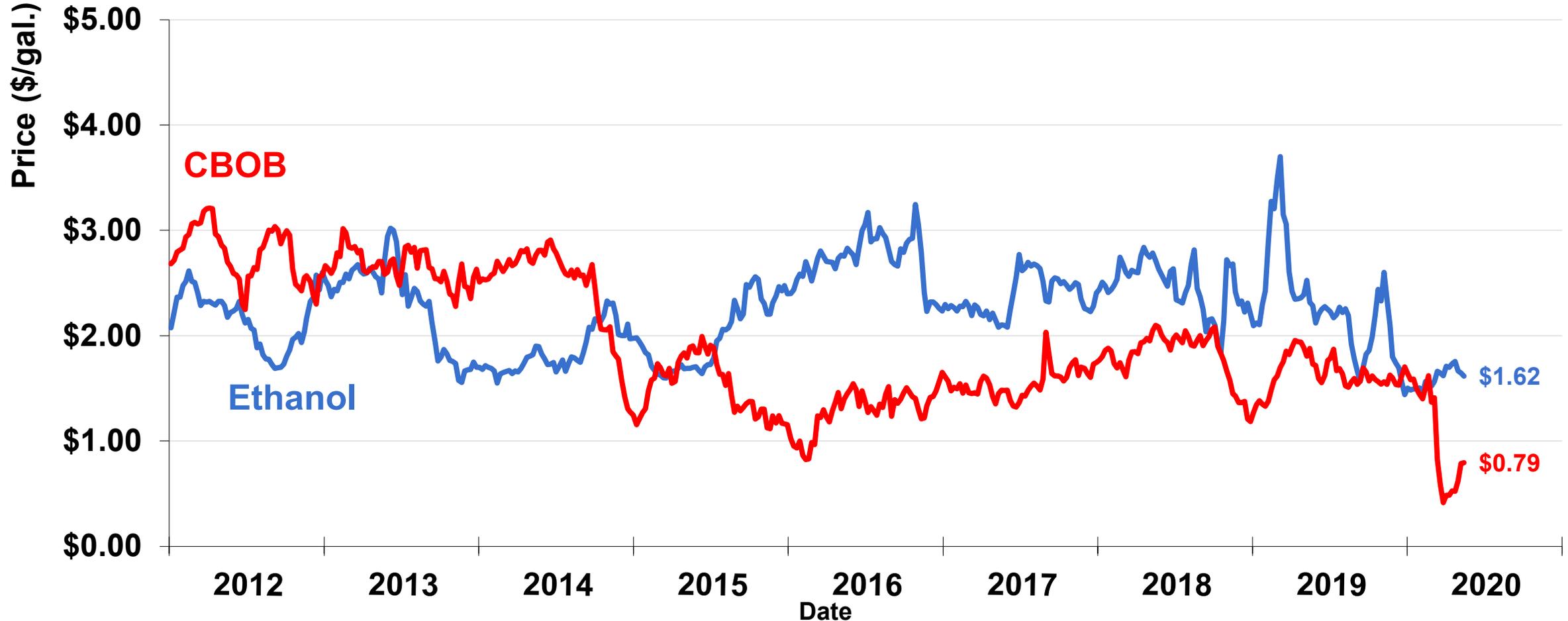
Weekly (Friday) Ratio of DDGS to Corn Price at Iowa Ethanol Plants, 01/26/2007 to 5/15/2020



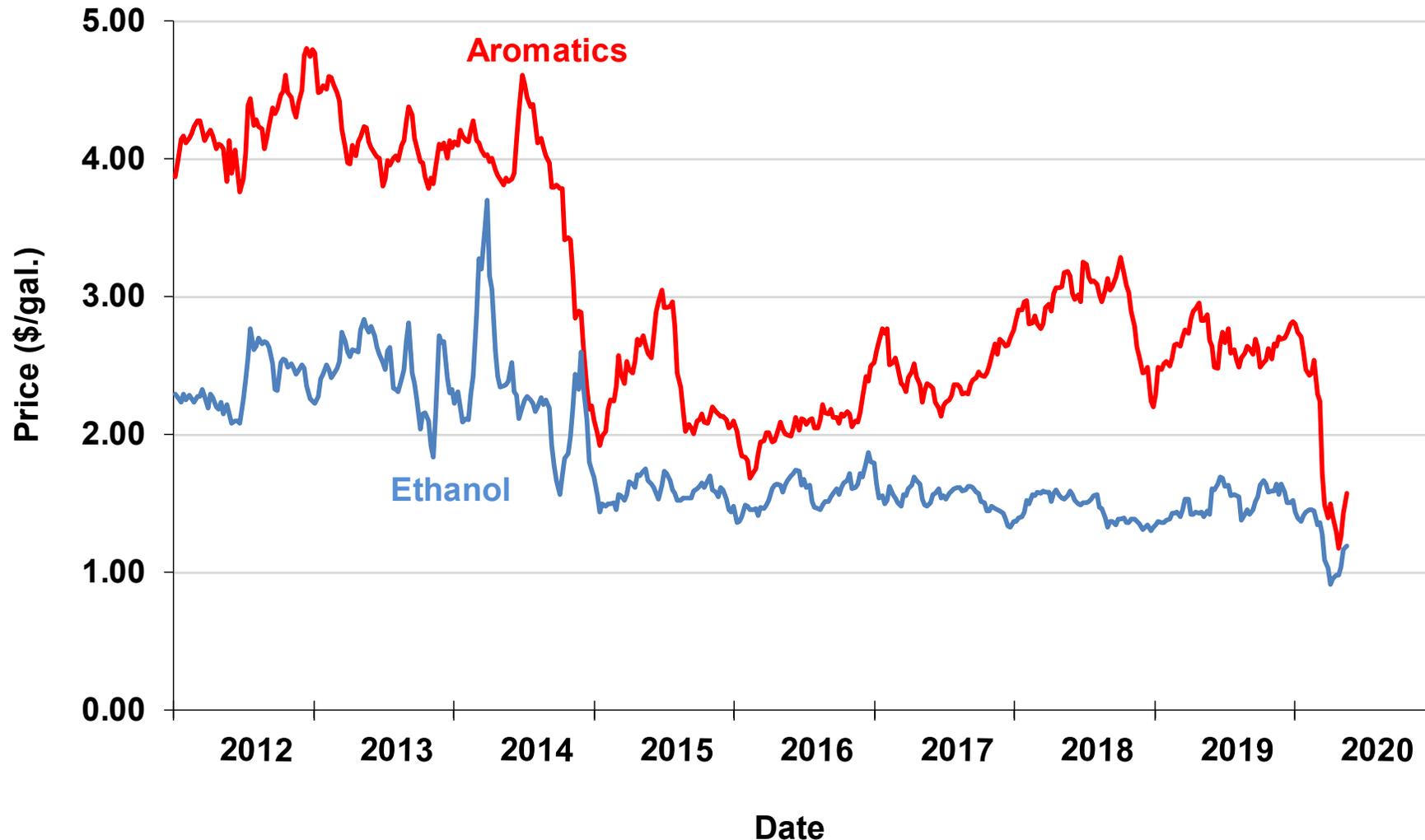
Weekly (Friday) Ethanol Production Profit Net of all Variable and Fixed Costs at a Representative Iowa Ethanol Plant, 01/26/2007 to 5/15/2020



Weekly (Thursday) Wholesale CBOB and Ethanol Price at the U.S. Gulf, 01/05/2012 to 05/14/2020

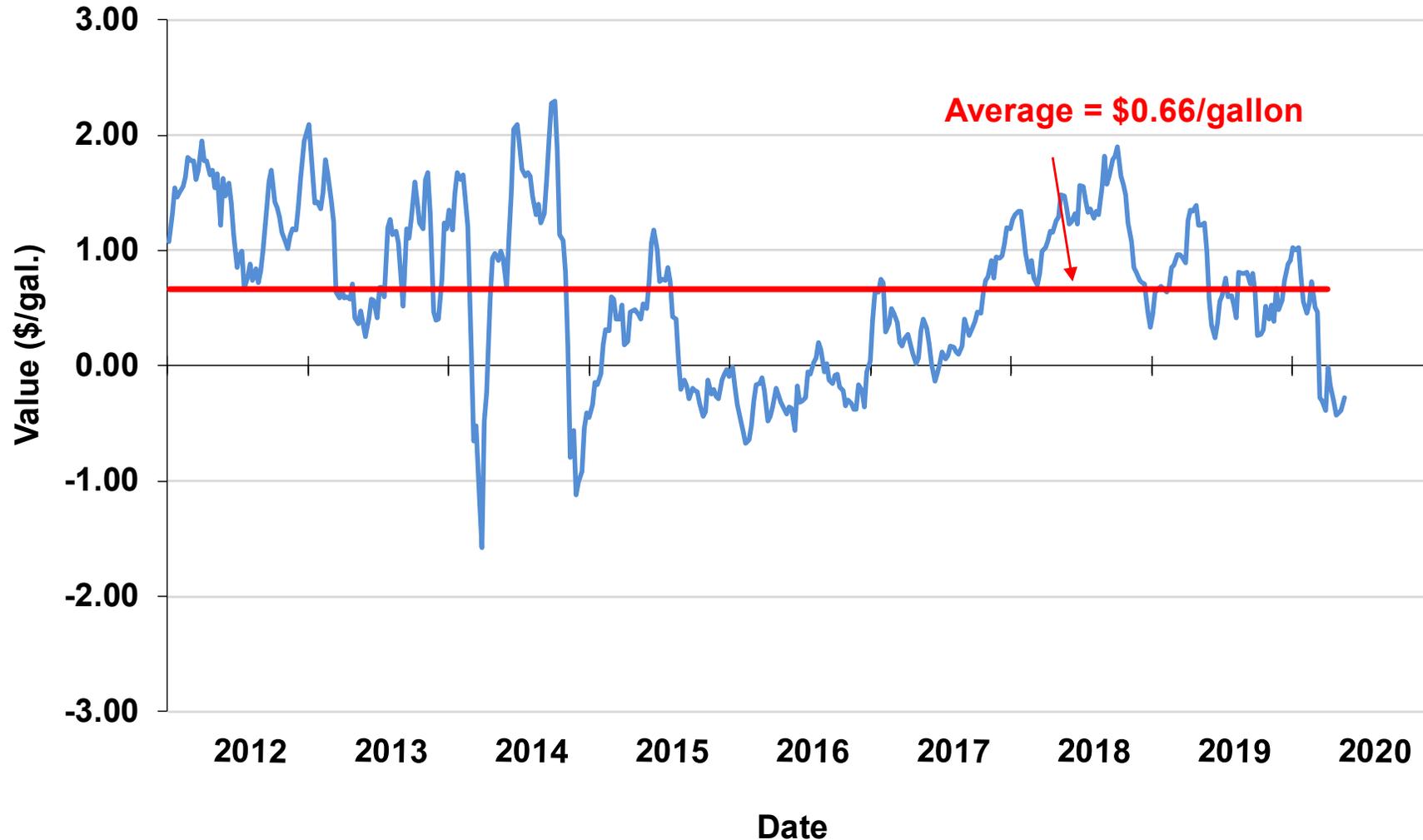


Weekly (Thursday) Wholesale Average Aromatic and Ethanol Price at the U.S. Gulf, 01/05/2012 to 05/14/2020



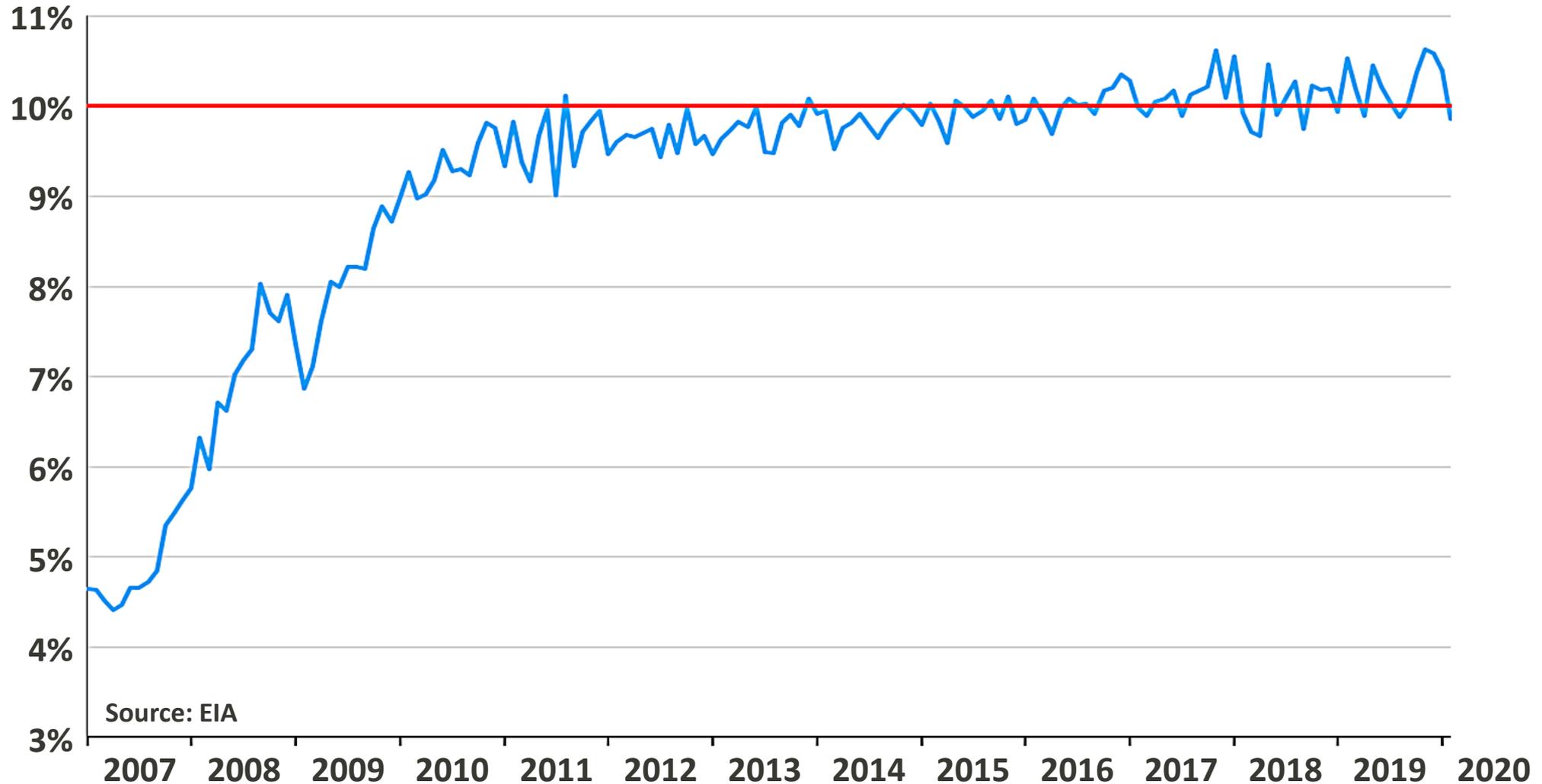
Sources: OPIS & Platts

Weekly (Thursday) Net Value (octane premium + energy penalty) for Ethanol at the U.S. Gulf, 01/05/2012 to 05/14/2020

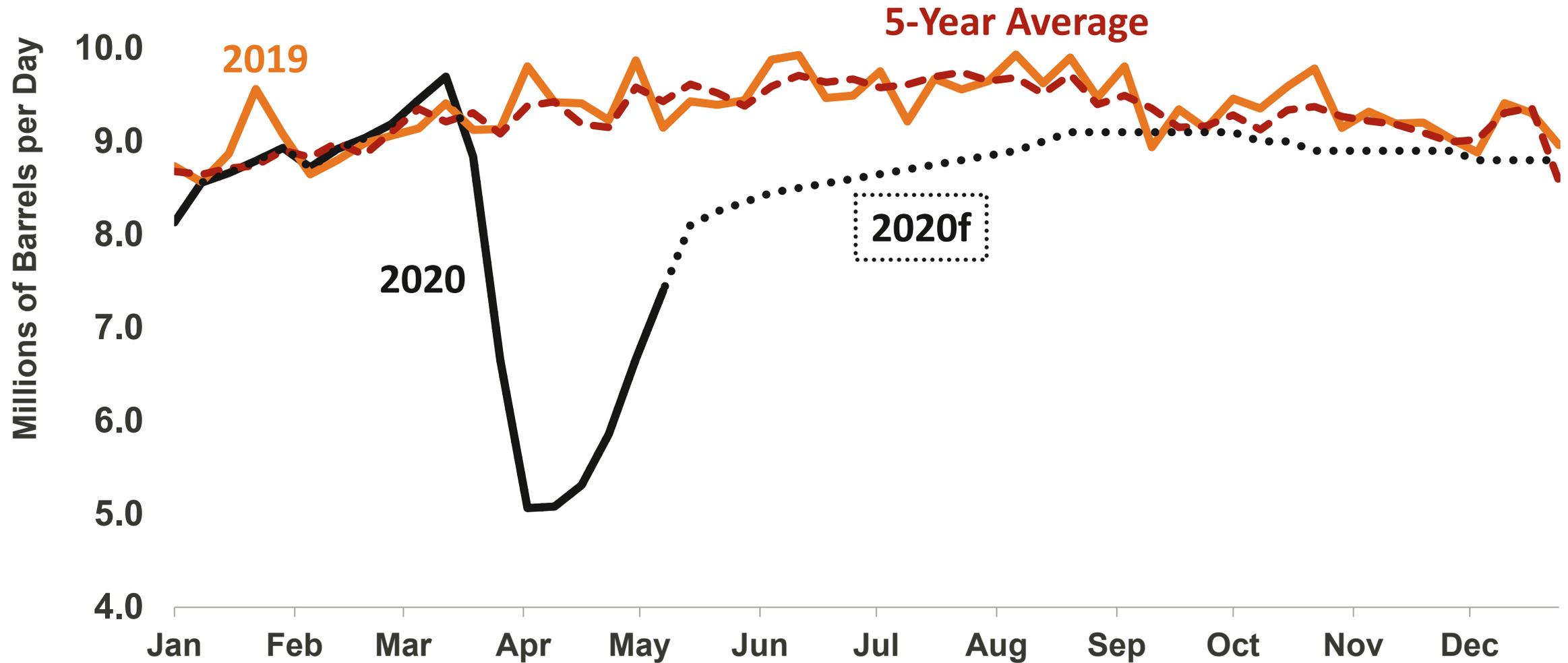


Source: OPIS

Monthly Implied Domestic Consumption of Ethanol as a Percent of U.S. Finished Motor Gasoline Supplied, January 2007 to February 2020



Weekly Gasoline Demand



Corn Use for Ethanol Implications

2019-20 Marketing Year

- Current USDA forecast: 4,950 million bushels
- Potential for final ethanol use level at 4,800 – 4,850 million bushels
 - Slightly slower recovery
 - Exports slow to pick up as major export destinations deal with pandemic

2020-21 Marketing Year

- USDA forecast: 5,200 million bushels
 - 4-5% below a typical marketing year
- Key Issues for 2020-21
 - Uncertainty regarding pervasiveness of Covid-19 and impact on gasoline demand
 - Ethanol production potential after the shock: Who makes it out alive?
 - How will policy impact outcomes?

Ethanol Policy Issues

EPA policy on small refinery exemptions (SREs) in light of 10th Circuit Decision in January

- Appeals court decision severely limits ability of EPA to award SREs if applied nationwide
- EPA has been asked to revisit 2020 standards in light of ruling
- Decision may be appealed to the U.S. Supreme Court

Petitions from states and municipalities for waiver of 2020 standards

- Based on “severe economic harm” general waiver provision in RFS statutes
- Previous waiver requests on similar grounds in 2008 and 2012 rejected by EPA

HEROES Act passed by U.S. House of Representatives

- Authorizes the USDA to provide 45 cents per gallon of ethanol produced from January 1 through May 1, 2020

In your local area for the remainder of 2020, how much do you expect people to drive?

- About normal (100%)
- Slightly below normal (90%)
- Moderately below normal (80%)
- Well-below normal (70% to 25%)
- Roads are empty (less than 25%)

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Upcoming Webinars

Coronavirus and The Pork Industry: Perspectives from The Maschhoffs

11:00 to 11:45am CT, Friday May 22nd (Last Webinar of the Series)

Bradley Wolter, CEO of The Maschhoffs, will share his perspectives on the impacts that Coronavirus has had on the pork industry, with discussion on human resource, pig health, and supplier issues. Gary Schnitkey will provide an economic update as well as background on recent trends in the pork industry.

Thank You for joining us!

Please submit your questions



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Coronavirus and Ag

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We invite you to use the button on the right to submit questions. We will do our best to address them during the upcoming articles and videos.

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