

Bioenergy Market Outlook

2018 Extension Outlook Conference

Kansas City, MO

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David Ripplinger

NDSU EXTENSION
SERVICE



What you might have missed...

Record US Corn Ethanol Production

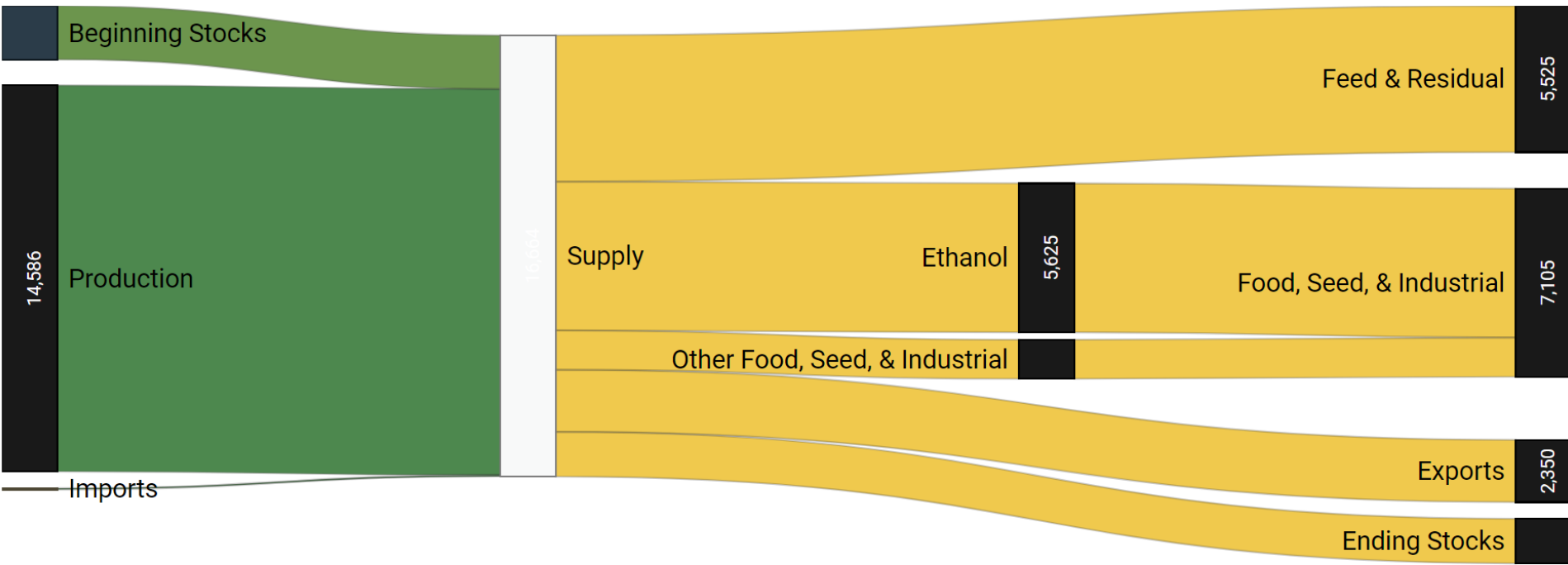
Record US Corn Ethanol Exports

Expanding US Corn Ethanol Capacity (16.3 billion gallons)

EPA Hardship Waivers

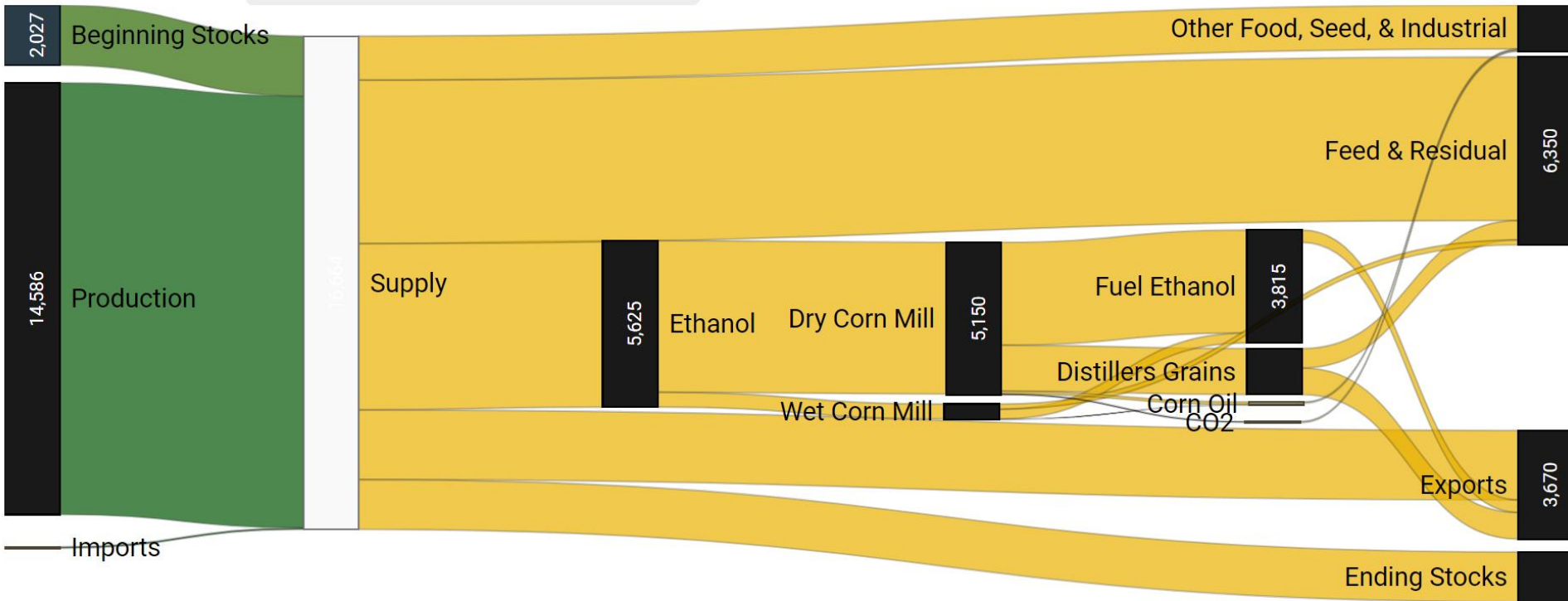
Chinese Ethanol Plans

Corn Ethanol Use >> Feed & Residual



US Corn Supply & Demand Sankey
based on August 8, 2018 WASDE (USDA)

Accounting for 'Feedback'

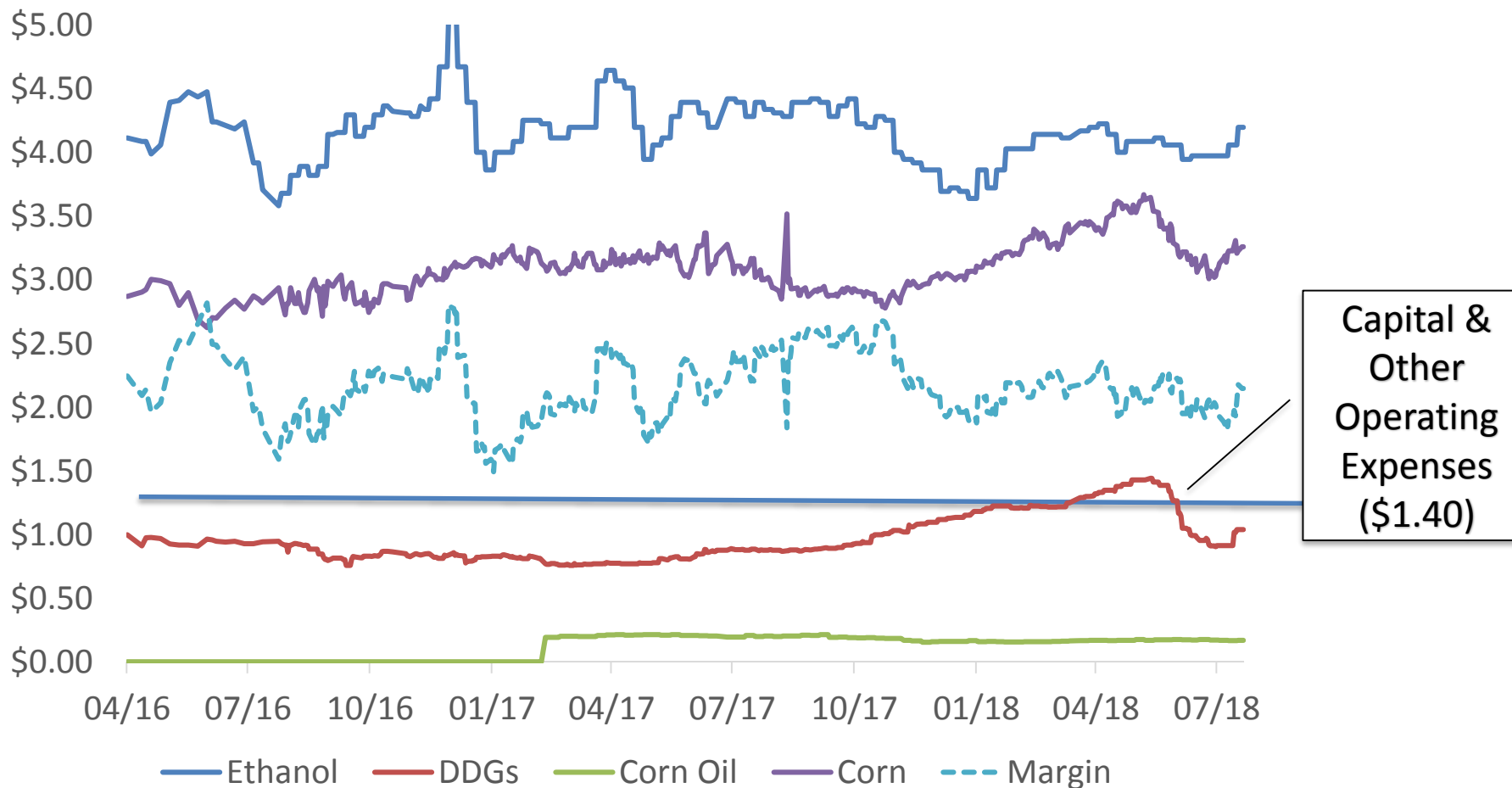


US Corn Ethanol Sankey
August 2018

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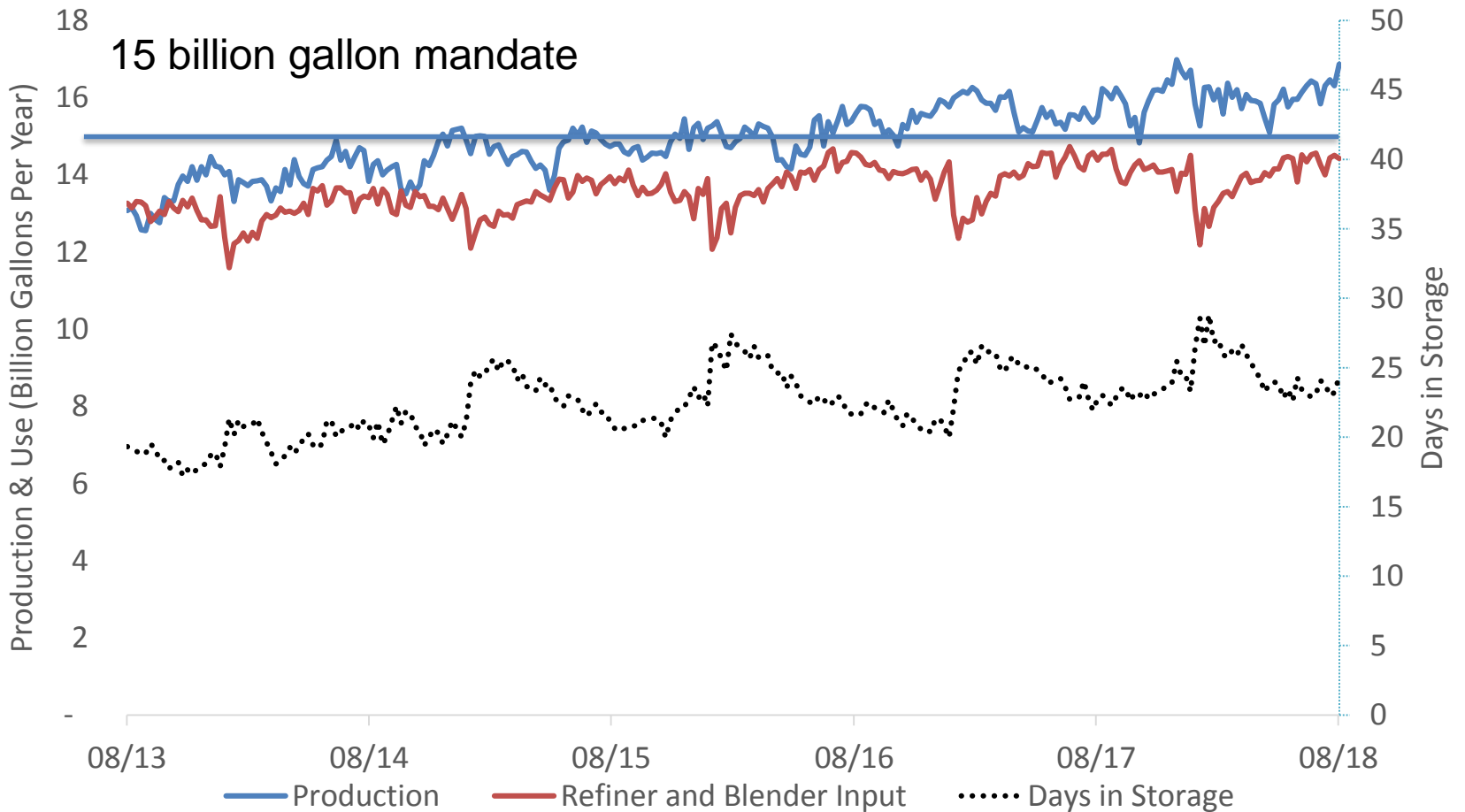
Data: WASDE, Grain Crushing and Co-Products Production Report

Ethanol Crush Margins (+.75) (Bushel-Basis South Dakota)



Data: USDA/AMS

Corn Ethanol-US Production & Use



Data: EIA

Record Corn Ethanol Exports – 2 billion gallons est. 2018



Data: EIA

What are the five largest US ethanol destinations (Jan-May 2018)?

1. Brazil (40%)
2. Canada (16%)
3. China (6%)
4. India (6%)
5. South Korea (5%)

Hardship Waivers

The Renewable Fuel Standard (RFS) allows the EPA to waive the Renewable Volume Obligation (RVO) of small refiners (<75,000 bbls/day) enduring severe hardship due to the policy.

The EPA under Scott Pruitt waived

19 of 20, 2016 waivers – 790 million gallons

29 of 33, 2017 waivers – 1.46 billion gallons

Equivalent of 800 million bushels

Shouldn't waived gallons be reallocated?

D6 RIN Prices (cents)



Data: Thomson Reuters

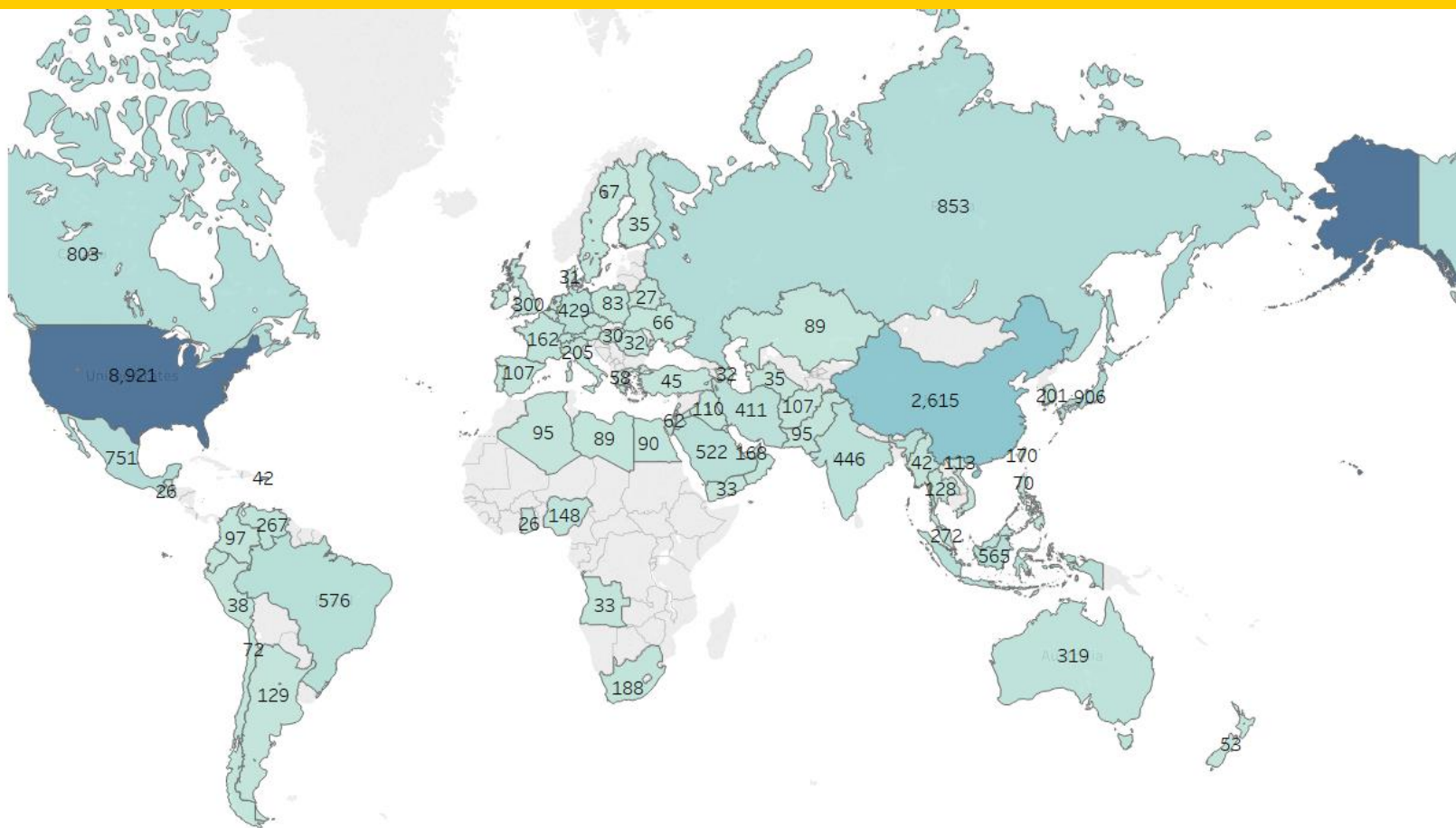
Market Expansion

Domestic: The ethanol industry continues to support its request to EPA to modify Reid Vapor Pressure (RVP) rules that prevent the use of E15. President Trump has stated this will happen soon/EPA is determining if they have the authority.

Foreign: Much of the ag industry sees corn ethanol as the best opportunity for trade growth.

China: Hasn't done much to show they will be able to achieve their stated E10 by 2020 goal.

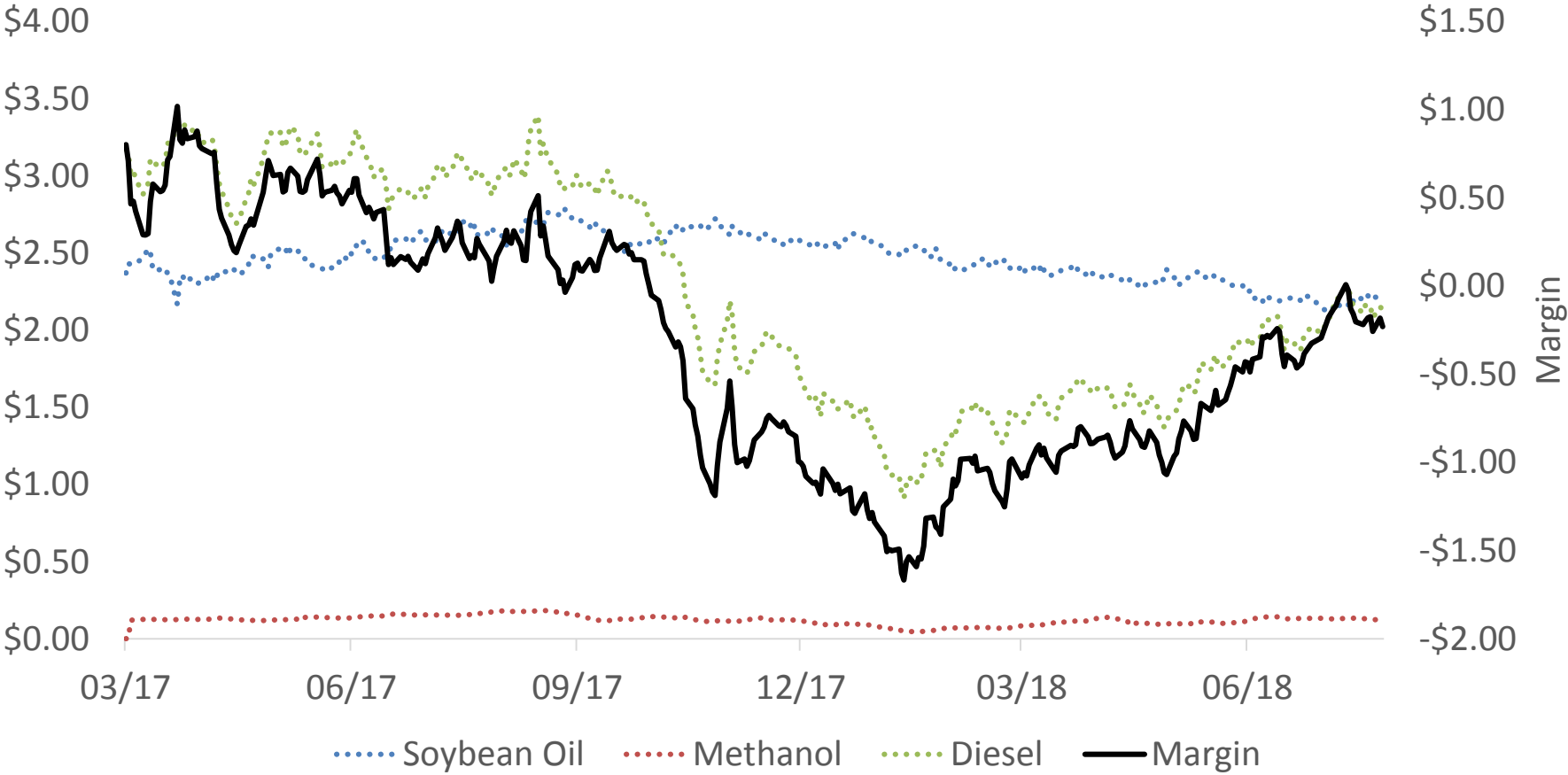
International Gasoline Markets (MBBLS/Day)



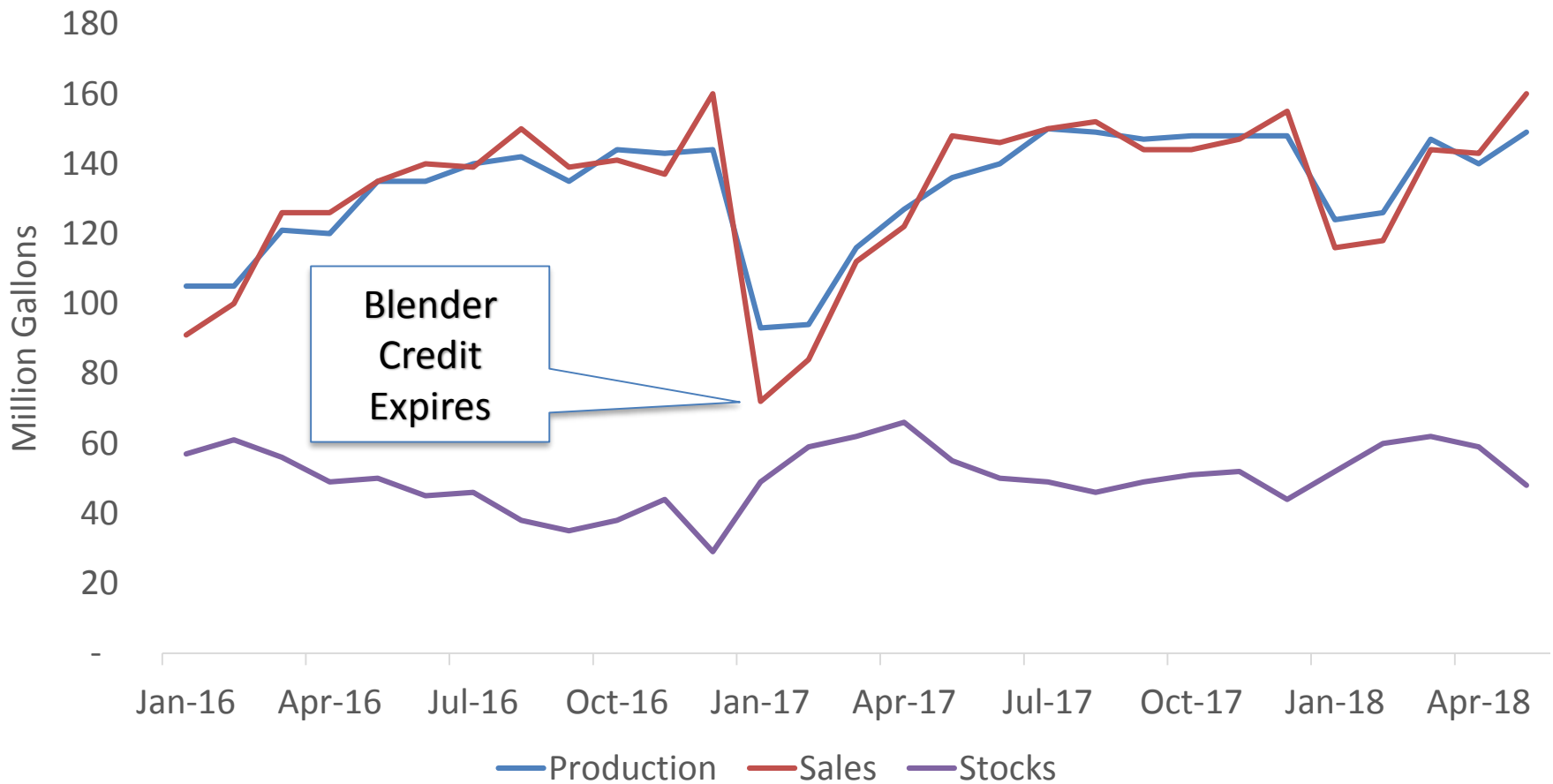
Data: Thomson Reuters

SOYBEAN OIL/BIODIESEL

Soybean-Diesel Crush Margins (~+\$1 for biodiesel)



Biodiesel Production & Sales



Data: EIA

Summary

Record Production

Record Exports

Expanded Capacity

Hardship Waivers

Domestic Market Development

(Reid Vapor Pressure/E15)

Export Market Development

A Home for Soybean Oil

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