



# Spring RETAC Meeting

## Renewable Fuels

Jeff Eliason CHS Inc

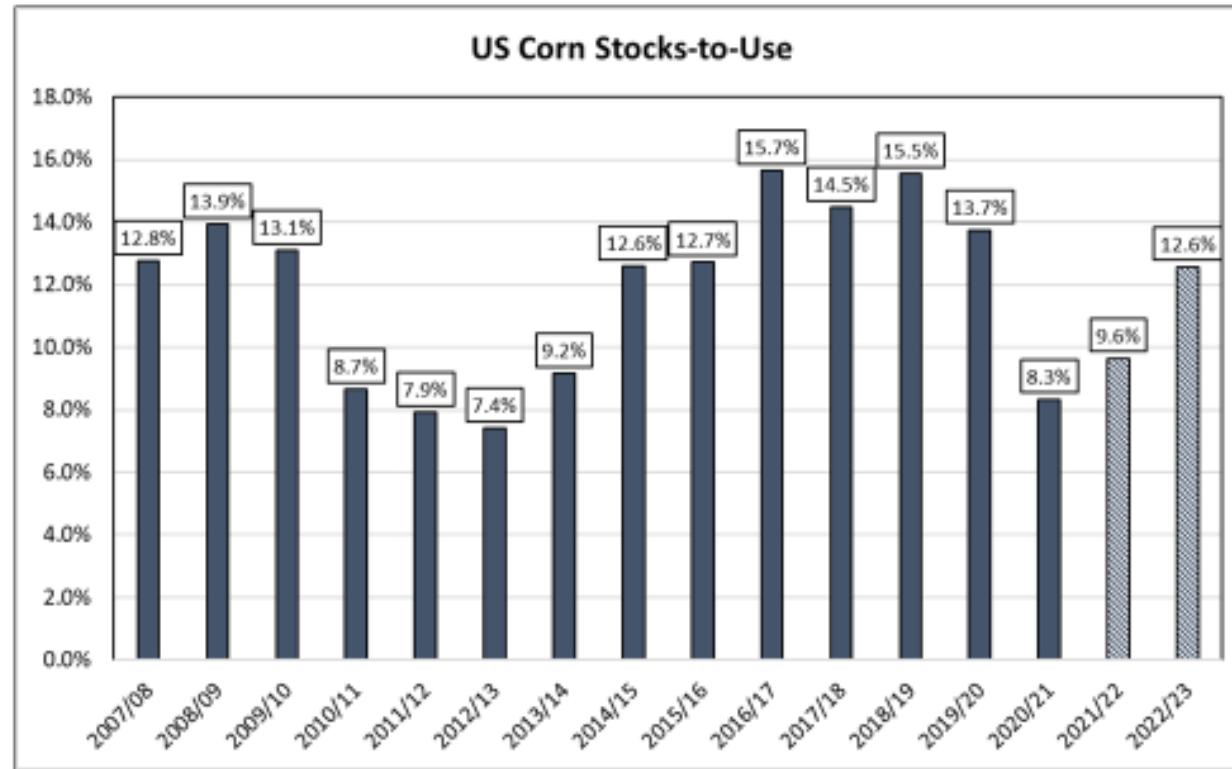
Mark Huston Louis Dreyfus Company

# US Corn Supply and Demand: Carryout Forecast Higher in 21/22 and 22/23, but Production Carries a Wide Range

USDA US Corn Balance Sheet (Million Bushels/Million Acres)												
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Mar WASDE 2021/22	Outlook 2022/23
Planted Acres	91.9	97.3	95.4	90.6	88.0	94.0	90.2	88.9	89.7	90.7	93.4	92.0
Harvested Acres	83.9	87.4	87.5	83.1	80.8	86.7	82.7	81.3	81.3	82.3	85.4	84.2
Yield	146.8	123.1	158.1	171	168.4	174.6	176.6	176.4	167.5	171.4	177.0	181.0
Beginning Stocks	1,128	989	821	1,232	1,731	1,737	2,293	2,140	2,221	1,919	1,235	1,440
Production	12,314	10,755	13,831	14,217	13,602	15,148	14,609	14,340	13,620	14,111	15,115	15,240
Imports	29	160	36	32	68	57	36	28	42	24	25	25
Total Supply	13,471	11,904	14,688	15,481	15,401	16,942	16,939	16,509	15,883	16,055	16,375	16,705
Feed and Residual Use	4,512	4,309	5,004	5,287	5,118	5,468	5,304	5,427	5,900	5,598	5,650	5,650
Food, Seed & Industrial Use	6,431	6,044	6,531	6,595	6,647	6,885	7,057	6,793	6,286	6,470	6,785	6,840
Ethanol Corn Grind	5,000	4,641	5,124	5,200	5,224	5,432	5,605	5,378	4,857	5,033	5,350	5,400
Total Domestic Use	10,943	10,353	11,535	11,883	11,765	12,353	12,361	12,220	12,187	12,068	12,435	12,490
Exports	1,539	730	1,921	1,867	1,899	2,296	2,437	2,068	1,777	2,753	2,500	2,350
Total Use	12,482	11,083	13,456	13,750	13,664	14,649	14,798	14,288	13,964	14,821	14,935	14,840
Ending Stocks	989	821	1,232	1,731	1,737	2,293	2,140	2,221	1,919	1,235	1,440	1,865
Stocks-to-Use	7.9%	7.4%	9.2%	12.6%	12.7%	15.7%	14.5%	15.5%	13.7%	8.3%	9.6%	12.6%

- 2021/22 total use forecast came up in the last *WASDE* on an increase to ethanol grind and exports. Given Ukraine/Russia, could this increase further?
- 2022 planted acres still carry a wide range with a few more weeks to go until core planting season
  - March corn intentions at 89.5 million fell significantly below USDA's outlook forecast at 92 million, but question is if recent rallies and potentially open planting weather could attract more acres for final...for the May *WASDE*, we will be looking at lower carryout for 2022/23 given lower acres.

- 21/22 stocks-to-use expected to increase, but remain on the lower end of the past 20 years... with lower acres from *Prospective Plantings*, could be looking at 22/23 stocks-to-use only modestly above 21/22 in May WASDE



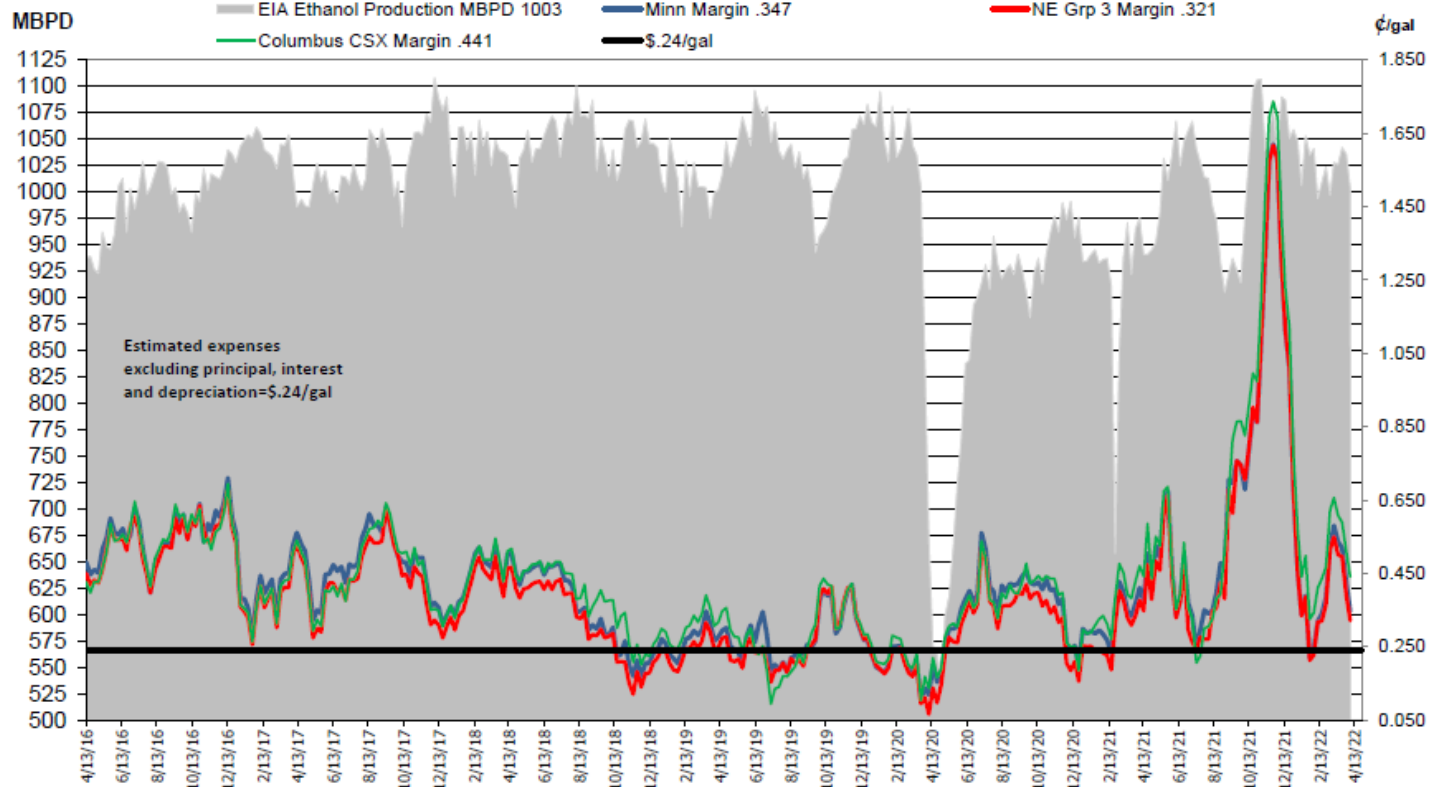
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Ending Stocks-to-Use up over end carryover for last crop year. This is 425 mill bus. Yellow Corn farmgate pricing is at \$8.00/bus.



### ETHANOL GROSS MARGIN\*

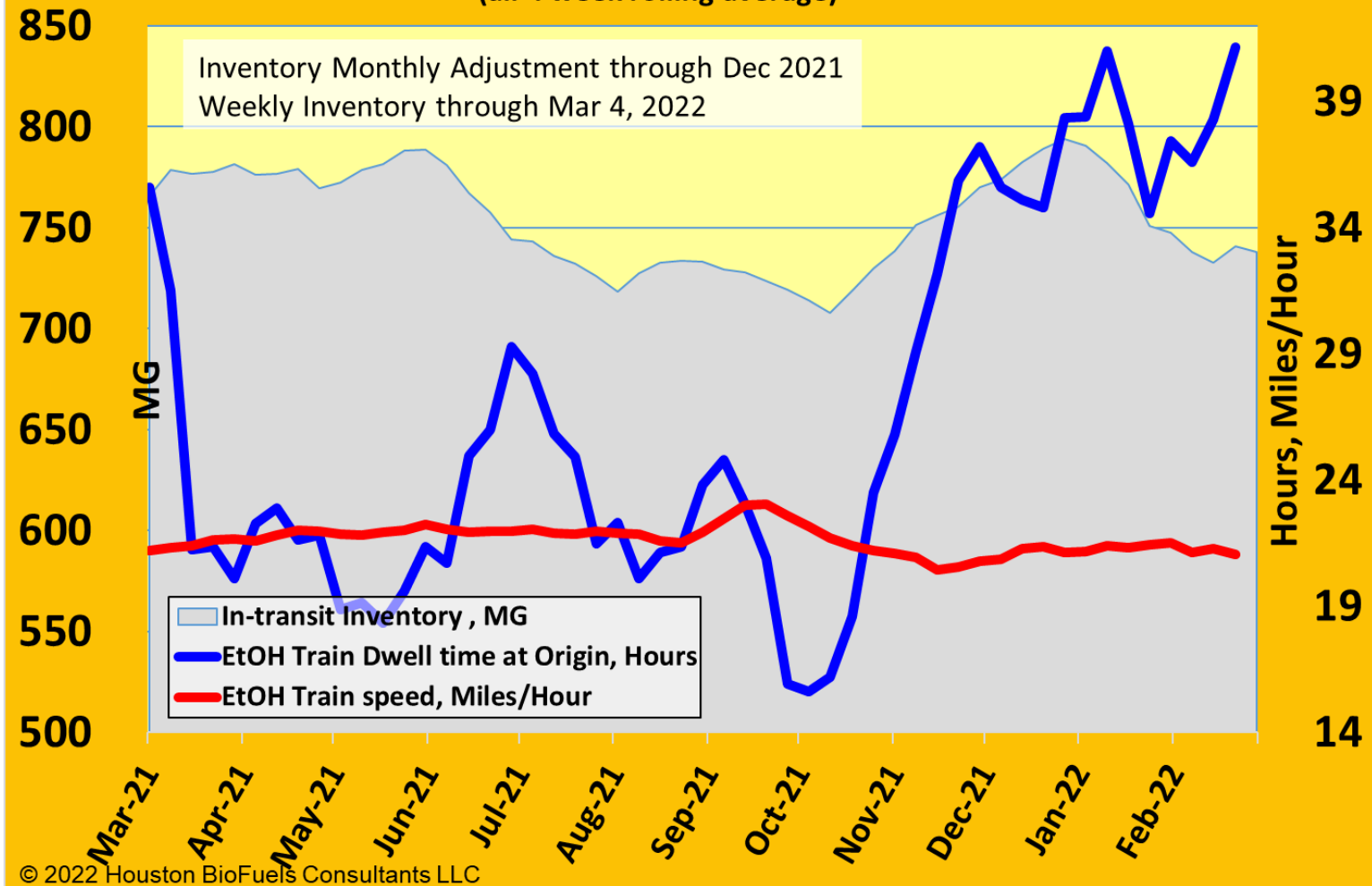
4/6/22



\***Gross Margin:** **Inputs:** nearby com futures/basis and nearby natural gas futures + .20 **Outputs:** DDGS (100% of cash com) and ethanol nearby futures with the western com belt @ -12 Chicago and eastern com belt @ Chicago price. **Margin reflects plants extracting oil as of 4-10-16. Corn Basis: Columbus 0+K, Minnesota 10-K, Nebraska 0+K**

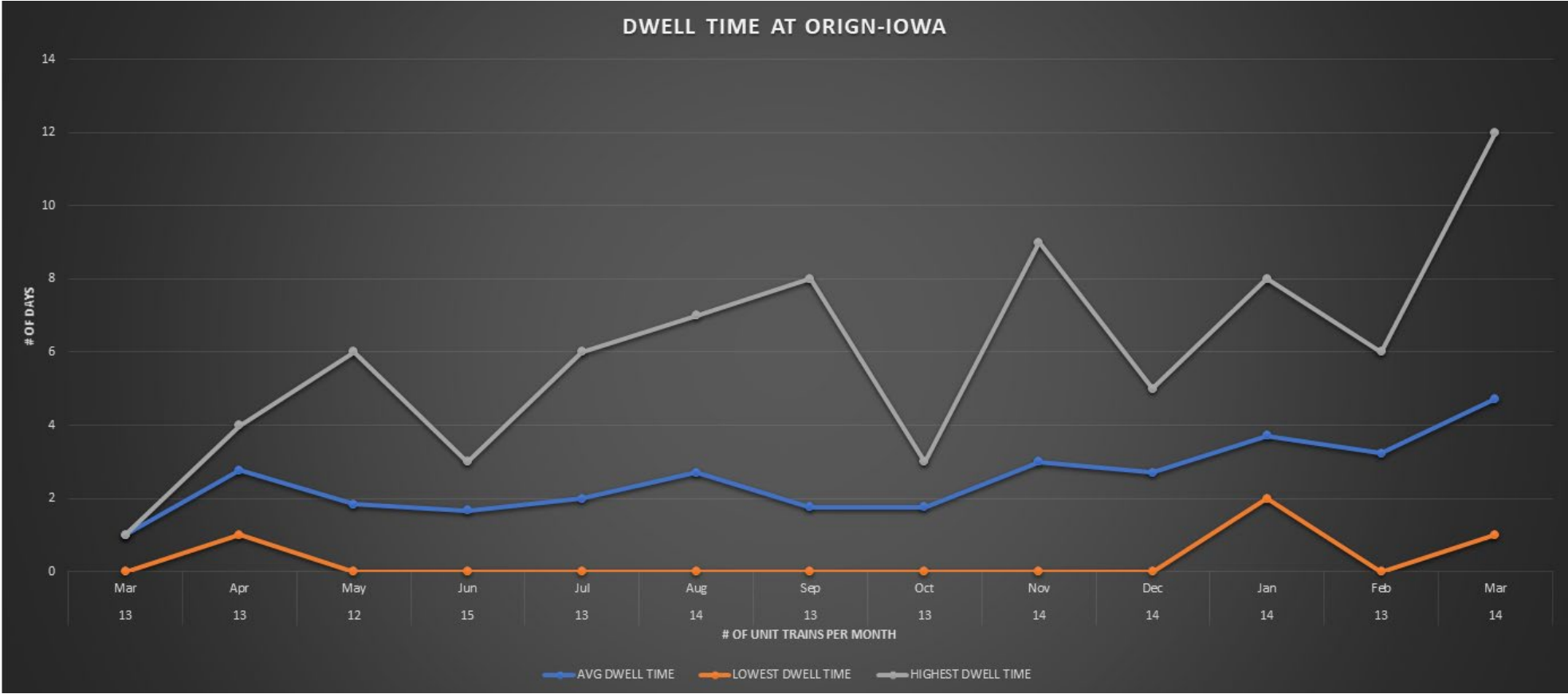
Ethanol margins peaked at time of last RETAC meeting. Interior margins went from \$1.00/gal to break even net of variables. Today we are at \$.15 net. Some of this precipitous drop is due to poor rail service.

## In-transit Inventory vs. Railroad Performance Indicators (all 4 week rolling average)



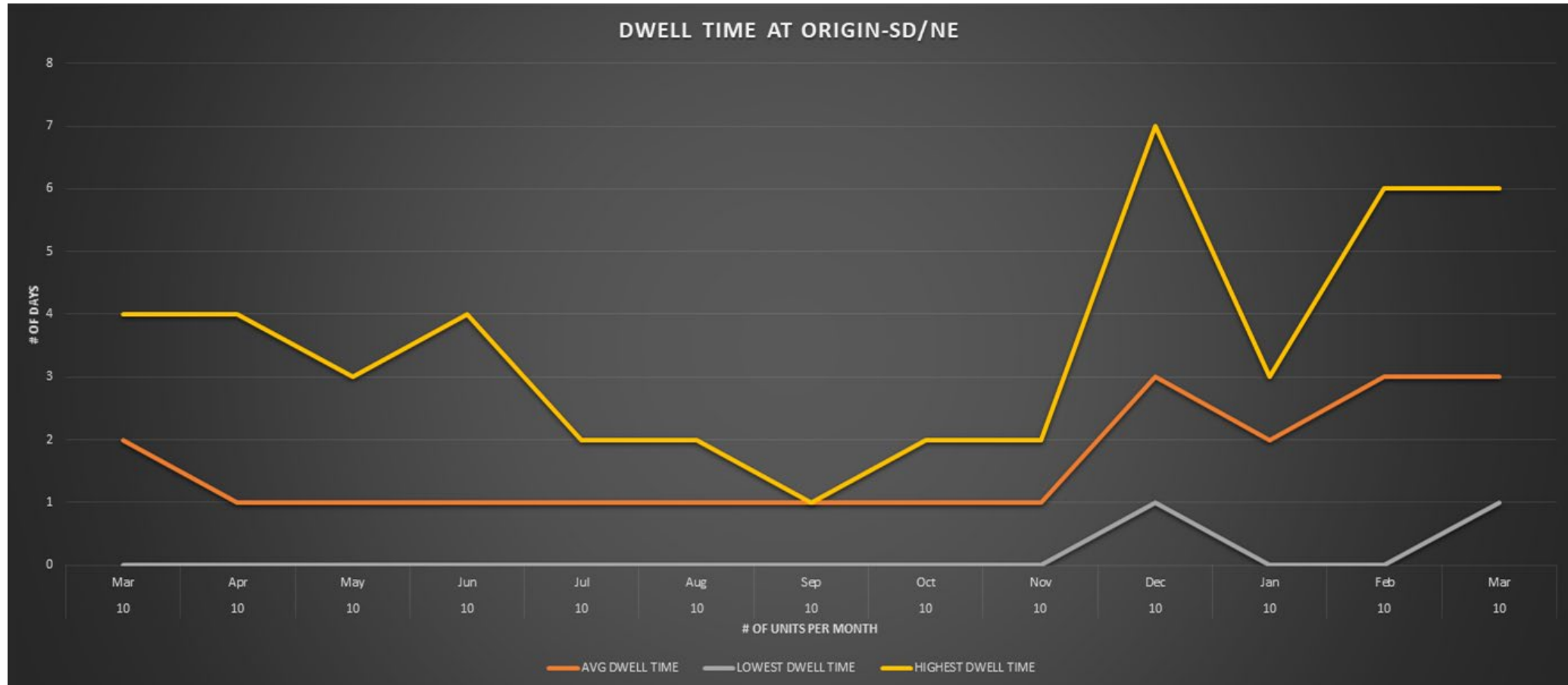
In transit inventory at 750 mill gals or equivalent to 24,000 rail cars. Train speeds have stayed steady while RL to TD has risen to close to 48 hours. True departures are closer to a 4-day average.

# UP Loaded Wait Days for Power



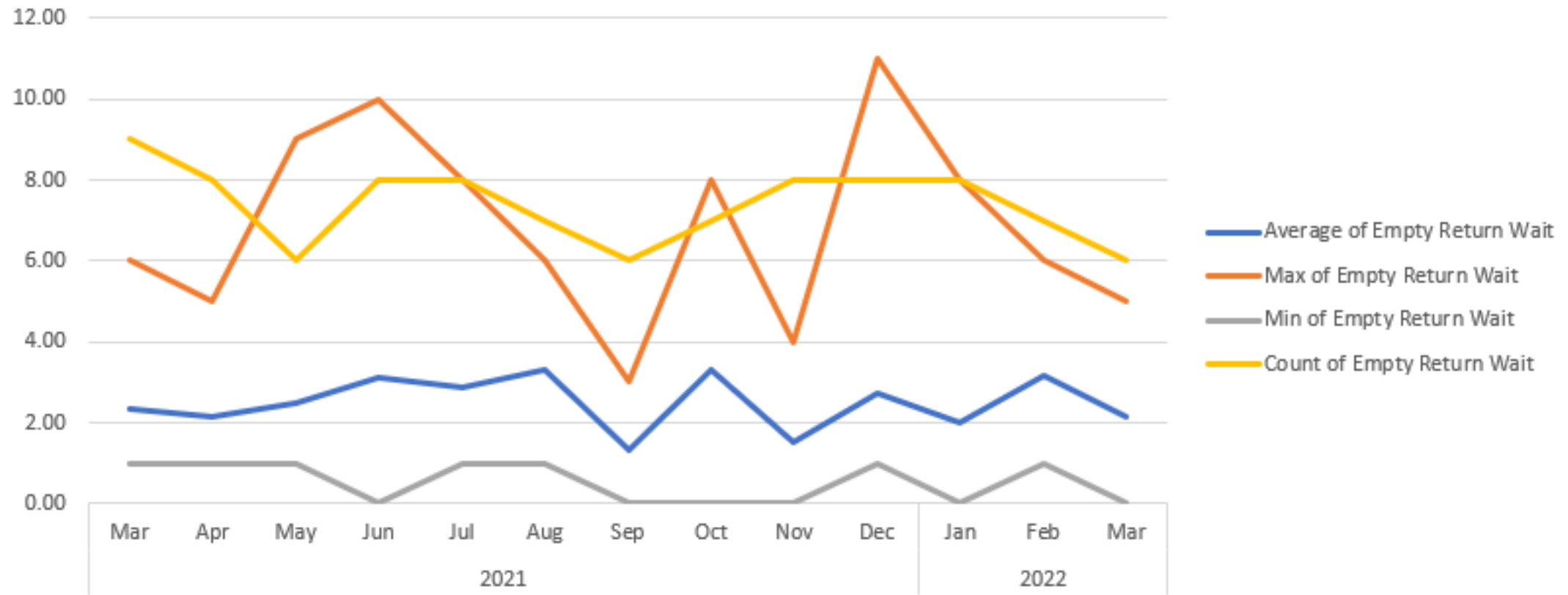
Average UP RL to TD was 1 day in March 2021. Today average RL to TD averages 5 days with a 12 day departure being noted in the data file.

# BNSF Loaded Wait Day for Power



Average BNSF RL to TD was 1 day in April 2021. Today average RL to TD averages 3 days with a 6 day departure being noted in the data file.

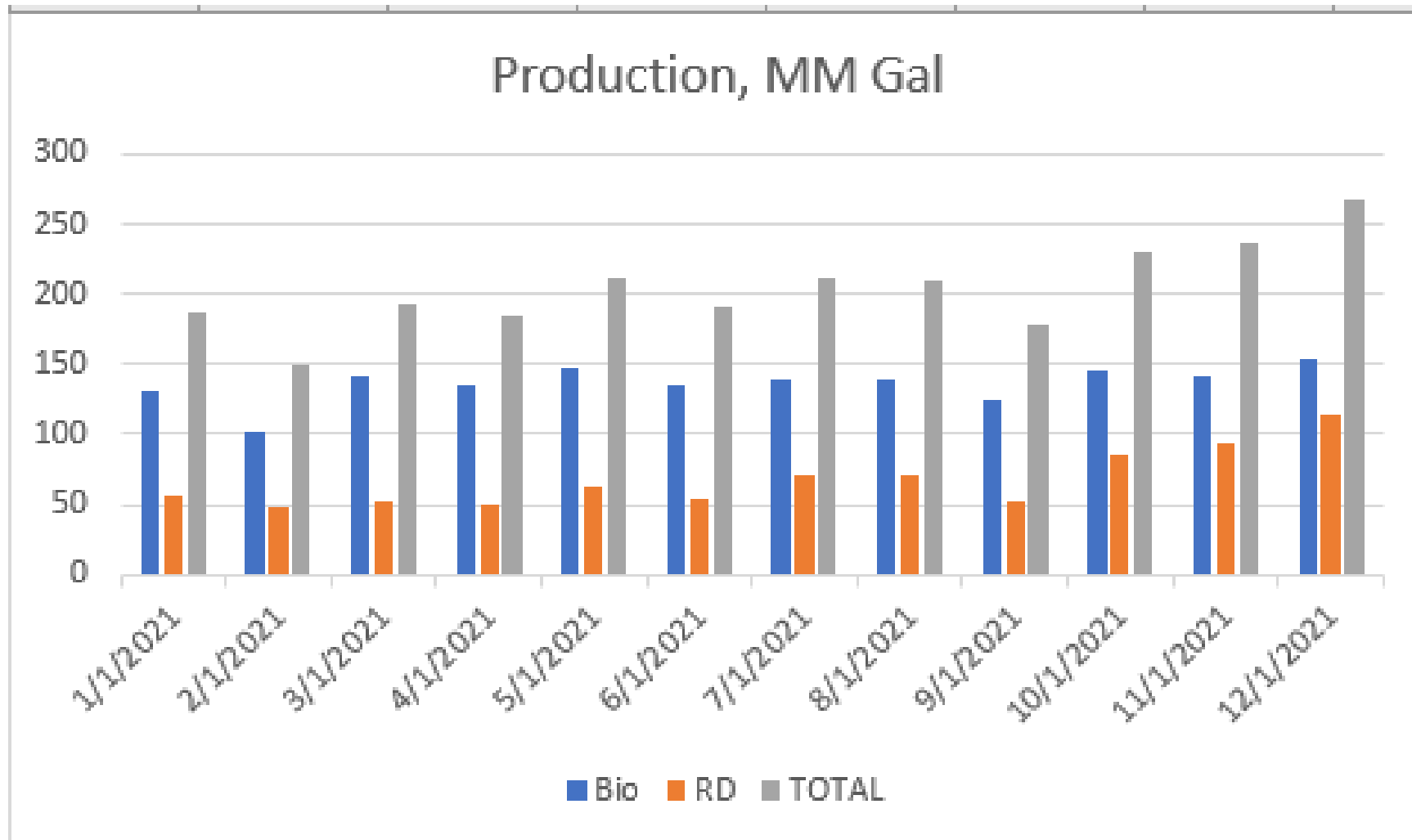
### Empty Wait Days for Transit East and South East



Delays seen on both CSX and NS. Predominant poor performing areas are Florida and North Carolina.

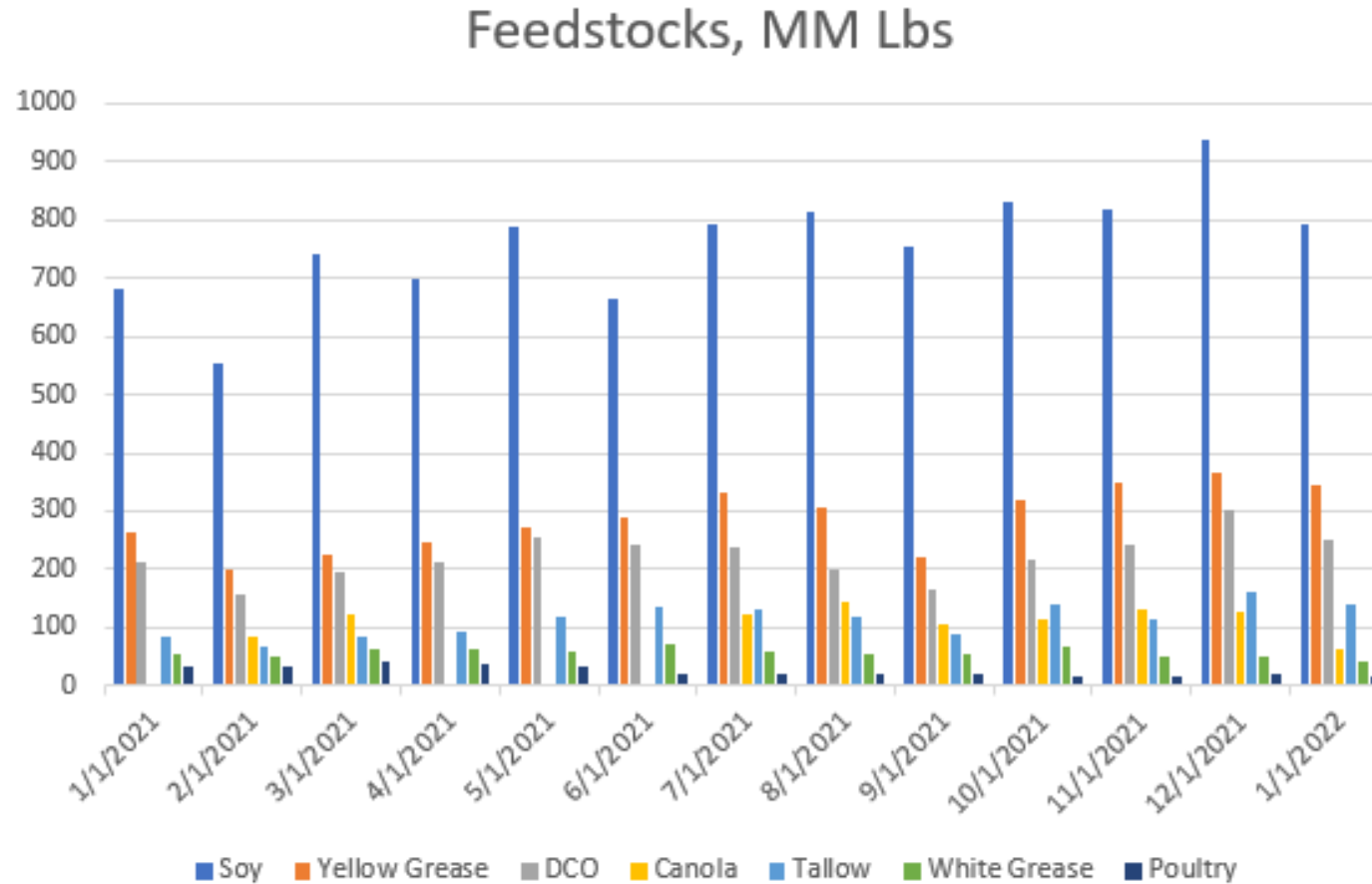


# Bio & Renewal Diesel Production



Combined BD&RD production at 268 mill gals for 12/2021. Current margins \$.70/gal for BD.

# Bio & Renewal Diesel Feedstocks



Feedstock for BD&RD at 1.70 Bill LBS 1/2022. Use at 1.90 Bill LBS in 12/2021.

# Rail Service Issues

- Carriers continue to pursue WS driven PSR strategies that have caused financial hardship to Ag and other business sectors
- Delays in trains, largely obtaining power and crews, has led to numerous slow downs and shutdowns during an above average profit margin period
- Producers/Shippers left to front financial loses caused by carrier's poor service while carriers demand penalties if we hold our private cars out for 24 hours or less
- Carriers are imposing, or threatening, embargos on customers in order to protect themselves from themselves
- Today, Customer Service is not in the top three priorities at most carriers