

2012-04-04 06:53:51 EDT

***ETHANOL: SOFT CORN, SLIDING GASOLINE WEIGH SPOTS

SPOT ETHANOL ASSESSMENT

	LOW	HIGH	MEAN			
Chicago	\$2.2450	-\$2.2550	\$2.2500			
Chicago Rule 11	\$2.2350	-\$2.2550	\$2.2450			
New York	\$2.3250	-\$2.3350	\$2.3300			
Gulf Coast	\$2.2800	-\$2.3100	\$2.2950			
Dallas	\$2.3200	-\$2.3500	\$2.3350			
Tampa	\$2.4200	-\$2.4400	\$2.4300			
Phoenix	\$2.3900	-\$2.4100	\$2.4000			
Nebraska	\$2.1600	-\$2.1900	\$2.1750			
Pac NW (1-5 days)	\$2.3600	-\$2.4000	\$2.3800			
S.F. (90.1 1-5 days)	\$2.4100	-\$2.4300	\$2.4200	L.A. (90.1 1-5 days)	\$2.4100	-\$2.4300 \$2.4200
L.A. (98.4 1-5 days)	\$2.4000	-\$2.4200	\$2.4100	L.A. (90.1 6-15 days)	\$2.4100	-\$2.4350 \$2.4225
L.A. (98.4 6-15 days)	\$2.4000	-\$2.4250	\$2.4125			

SPOT BRAZIL ETHANOL ASSESSMENT (FOB SANTOS)

	LOW	HIGH	MEAN
Anhydrous (\$/gal)	\$2.8775	\$2.9525	\$2.9150
Anhydrous (\$/cm)	\$760.00	\$780.00	\$770.00
Anhydrous (R\$/cm)	R\$1,391.80	R\$1,428.40	R\$1,410.10
Hydrous (\$/gal)	\$2.7450	\$2.7825	\$2.76375
Hydrous (\$/cm)	\$725.00	\$735.00	\$730.00
Hydrous (R\$/cm)	R\$1,327.70	R\$1,346.00	R\$1,336.85

SPOT SME BIODIESEL ASSESSMENT

	LOW	HIGH	MEAN
Chicago	\$4.6800	-\$4.7800	\$4.7300
Gulf Coast	\$4.8400	-\$4.8800	\$4.8600

ETHANOL RIN CREDITS

	LOW	HIGH	MEAN
2011	\$0.0005	-\$0.0010	\$0.0008
2012	\$0.0225	-\$0.0235	\$0.0230

CELLULOSIC RIN CREDITS

	LOW	HIGH	MEAN
2011	\$1.1200	-\$1.1400	\$1.1300
2012	\$0.7700	-\$0.7900	\$0.7800

BIODIESEL RIN CREDITS

	LOW	HIGH	MEAN
2011	\$1.2500	-\$1.2900	\$1.2700
2012	\$1.4200	-\$1.4500	\$1.4350

ADVANCED BIOFUEL RIN CREDITS

	LOW	HIGH	MEAN
2011	\$0.7000	-\$0.7500	\$0.7250
2012	\$0.7400	-\$0.7500	\$0.7450

NATURAL GASOLINE (denaturant) SPOT SNAPSHOT Mt. Belvieu (any) \$2.36000-\$2.39000
Conway (any) \$2.34125-\$2.38000

Tentative ethanol markets again pulled a bit lower in the wake of corn losses and volatile petroleum futures markets that took some sudden, sharper turns down.

Spot ethanol in Chicago had early offers at \$2.26/gal for material available this week, while some very thin next-week talks indicated a penny either side of that number under discussion. Into the afternoon, at least two in-tank deals traded hands at \$2.25/gal, both said to be available at the early part of next week.

Morning offers for any-April ethanol went from \$2.28, easing to \$2.27/gal, before some afternoon talks were said to slip to the \$2.25 by \$2.26/gal range. Any-May indications were 2-3cts over April values through the day.

On paper, Chicago Board of Trade forward swaps did not seem to show a lot of activity, but some fourth-quarter trading was said to get done at \$2.06/gal with late word showing \$2.055 by \$2.06/gal. Second-quarter CBOT swaps ran \$2.275 by \$2.29/gal, with May swaps at \$2.29 by \$2.30/gal for a time this afternoon, but no deals were confirmed coming from it.

CBOT ethanol futures contracts softened further today, with the 2012 contracts more than doubling up yesterday's losses. For April, contracts lost 1.5cts at the settle, to \$2.266/gal, after trading 61 lots from \$2.26 to \$2.28/gal. May ethanol traded 179 lots on the day, from \$2.263 to \$2.296/gal, before settling down 2.2cts at \$2.275/gal. The most active contract for the second session in a row was July, which traded 339 of the 1,316 or so total lots done on the day before settling off 2.7cts at \$2.297/gal.

At Midwest racks, posted ethanol prices appeared mixed overnight, wavering off recent gains. Still, rack prices in Iowa averaged nearly \$2.361/gal, up more than 90 points from yesterday. Illinois racks slipped nearly half-a-cent on average, to less than \$2.492/gal, while those in Nebraska edged up almost 90 points, averaging nearly \$2.369/gal today.

Some earlier FOB rail offers out of Nebraska and Iowa on the Union Pacific line ran around the \$2.22/gal level, but no trading was reported until a deal got done for shipping this week out of Iowa at \$2.18/gal. Other sources noted numbers either side of the \$2.18/gal, but without trading.

Meantime, 90.1 carbon-intensity ethanol moving this week by rail to California locations bounced around the low \$2.40s today, with early talk that \$2.43/gal could be done and later word that \$2.42/gal actually traded. By late in the afternoon, seller sources noted that \$2.41/gal was on the table for this week, with some talk at \$2.40 by \$2.41/gal to Northern California unable to pull off a transaction by presstime.

Ethanol was under pressure from corn markets that teetered around the red most of the day with CBOT futures settling at very modest losses in the end.

CBOT May corn shed 1.5cts at the settle, to \$6.5675/bu. Some support came from a lower estimate of Argentine output, but sources said prices were also weighed by outside markets and indications of lower ethanol production.

Weekly ethanol figures from DOE released this morning had domestic ethanol plants making just 873,000 b/d of fuel-grade material over the last week of March -- down 1.8% week-to-week and representing the lowest rate of the year, in fact the lowest since the first week of October.

It also depicted output running 3.2% behind the same time in 2011.

The production slump, however, has done little so far to help pull down heavy nationwide supplies. Ethanol stocks did drop for the second week in a row, but at 22.553 million bbl on hand, supply drained only 0.33% for the week and some 0.7% off the record-high volume reported two weeks ago.

In petroleum markets, NYMEX RBOB futures were unable to hold onto early morning strength and the contracts eventually tumbled well off those a.m. highs as trading headed into the end of the formal session.

At settlement, May RBOB futures on the Merc tumbled by 6.18cts, to \$3.3336/gal. At the same time, June RBOB settling at \$3.2628/gal dropped 5.18cts for the session.

A bearish stage was set by mid-morning when DOE reported a huge 9 million bbl crude build over the last week. In addition, the agency had gasoline stocks tightened by about 1.5 million bbl week-to-week, somewhat of a let-down to the bulls. Gasoline demand continued to indicate possible, but slow, recovery, edging up some 73,000 b/d last week, to 8.783 million b/d.

The DOE-reported build, as well as a firmer dollar, helped usher the Merc's May crude down \$2.54, to settle at \$101.47/bbl.

Cash gasoline markets were whipped around by today's volatile futures, but bulk gasoline remained on a steep slide in Chicago, compounding paper losses. CBOB in the Windy City fell 30.5cts under the Merc, putting the outright price down 22.18cts from yesterday at \$3.0286/gal. Gulf Coast spot unleaded discounted 10.85cts to the Merc had outright values at \$3.2251/gal, sliding 5.58cts day-to-day.

--Spencer Kelly, skelly@opisnet.com

Copyright, Oil Price Information Service