

A Status Report on Biofuels

Biofuels, Food & Feed Tradeoffs

April 12, 2007

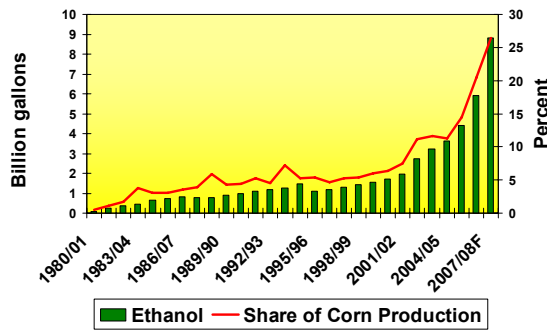
Keith Collins, USDA

Overview

- Current Situation
- Projected Biofuel Growth & Market Implications
- Challenges

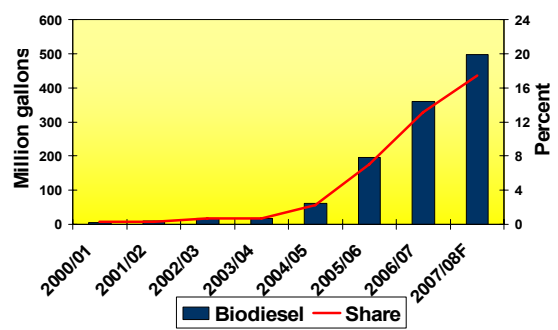
Corn Ethanol Production . . .

expect to use 27% of '07 corn crop for nearly 9 bil. gal.

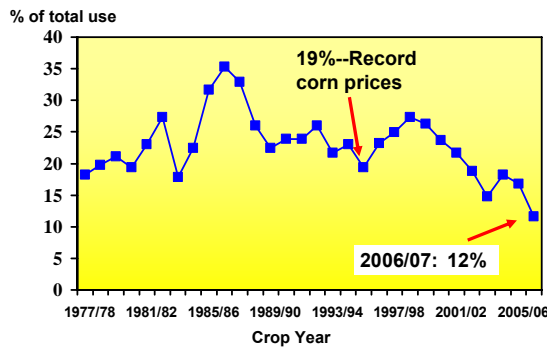


Biodiesel Production . . .

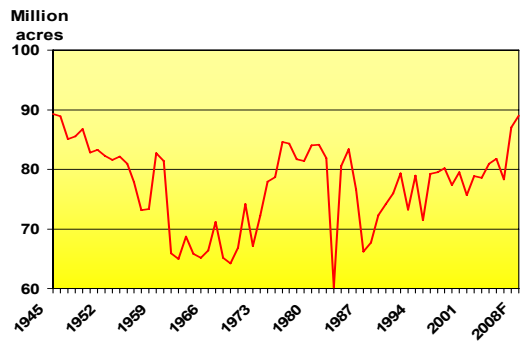
expect to use 17% of '07 soyoil crop for 500 mil. gal.



Global Coarse Grain Stocks



Corn Acres Planted



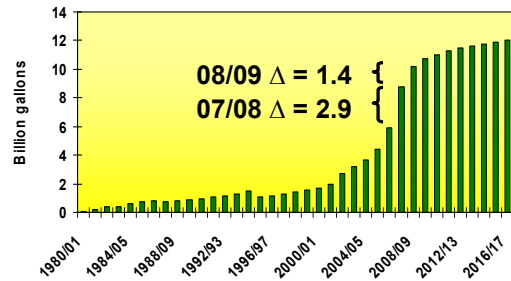
Corn S&D

Item	2006/07F	2007/08F*
1. Acres planted (mil.)	78.3	90.5
2. Yield (bu./ac.)	149.1	152.3
3. Production (bil. bu.)	10.54	12.68
4. Carryin (bil. bu.)	1.97	0.88
5. Ethanol use (bil. bu.)	2.15	3.25
6. Feed use (bil. bu.)	5.85	5.85
7. Exports (bil. bu.)	2.25	2.02
8. Carryover (bil. bu.)	0.88	1.02

*Not official forecasts; based on Prospective Plantings report. First official USDA forecasts for 2007/08 to be issued May 11, 2007.

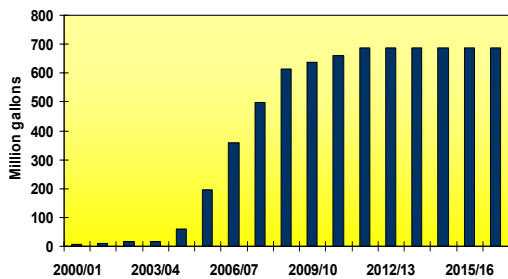
Projected Corn Ethanol Production...

expect 12 bil. gal. in 2016/17 – 30% of corn crop



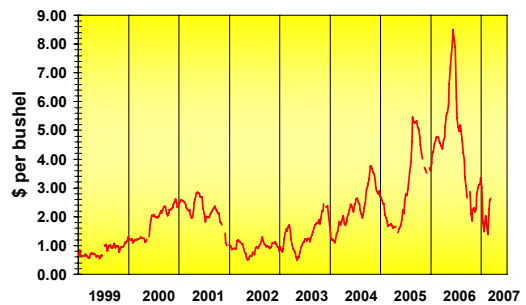
Projected Soy Biodiesel Production...

expect 700 million gallons in 2016/17 – 23% of soyoil production



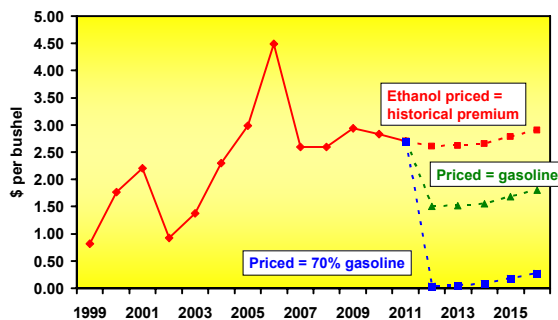
Ethanol-Corn Price Spread

weekly data ($2.75 \times P_{eth} - P_{corn}$)

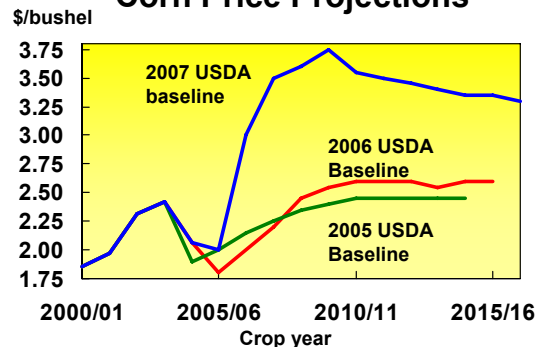


Ethanol-Corn Price Spread

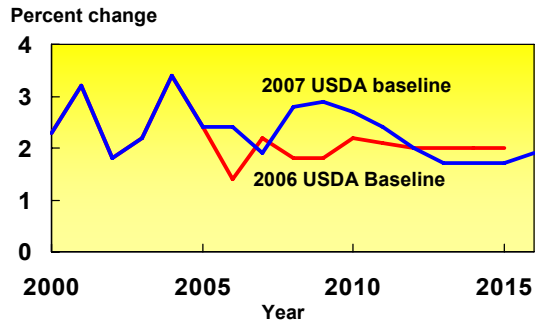
annual data, baseline corn prices, alternative ethanol price scenarios



Changes in USDA Long-term Corn Price Projections



Projected CPI for Food



Challenges Facing Biofuel Expansion

- Oil and gasoline prices
- More crop acreage & higher yields
- Commercial cellulosic ethanol
- Demand growth for blends/E85
- Biofuel distribution system
- Livestock feed costs & producer adjustments
- DDG quality and price
- Meat and consumer food prices
- Environmental issues: nitrogen, water quantity & quality, wildlife (CRP), GHGs
- Policy: tax credits, tariff, RFS/AFS, 2007 Farm Bill