



About FAPRI

- Funding from Congress to analyze agricultural markets and alternative policies
- Additional work on
 - Commodity Transportation
 - Biofuels
 - Farm Level Impact Analysis
 - Environmental

Baseline Assumptions

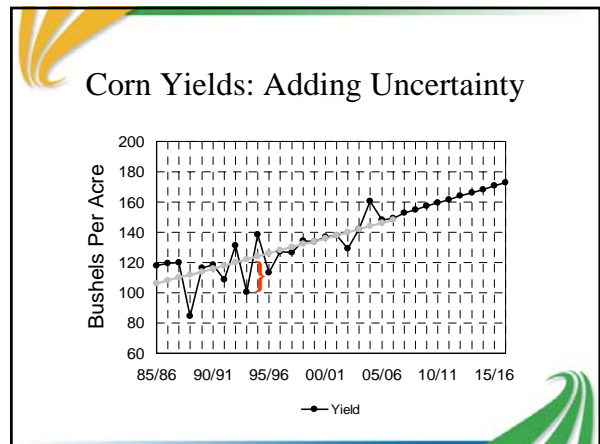
- Constant Policy Baseline
- Assume continuation of
 - \$0.51 per gallon ethanol tax credit
 - \$0.54 per gallon import tariff on ethanol
 - \$1.00 per gallon biodiesel tax credit

Baseline Assumptions

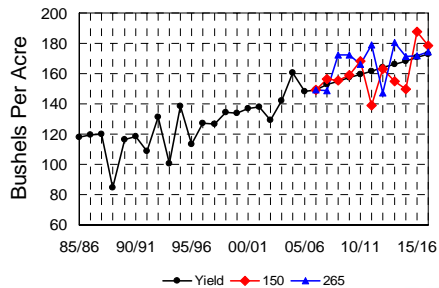
- Dry mill process (currently most common)
 - 2.73 gallons ethanol/bushel of corn in 2006 growing to 2.88 gallons ethanol/bushel of corn in 2016.
 - 17 pounds of distillers grains/bushel of corn
- Wet mill process
 - 2.69 gallons ethanol/bushel of corn in 2006 growing to 2.76 gallons ethanol/bushel of corn in 2016.
 - 14 pounds of corn gluten feed and meal/bushel of corn
 - 1.6 pounds of corn oil/bushel of corn

Uncertainty and Volatility

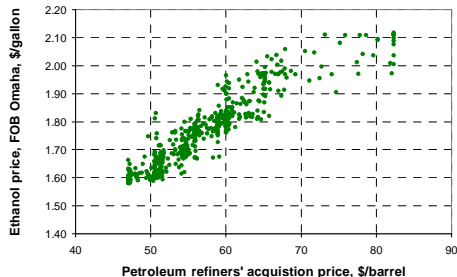
- Uncertainty introduced through:
 - Yields
 - Trade
 - Domestic Demand
 - Input Price Indices
- Volatility looks at the nature of the relationship between variables.



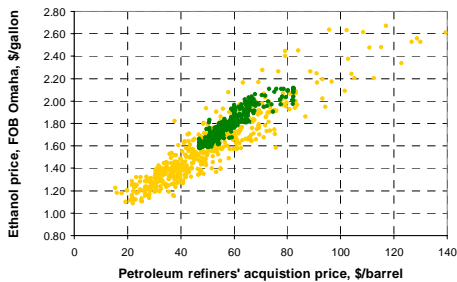
Corn Yields: Adding Uncertainty



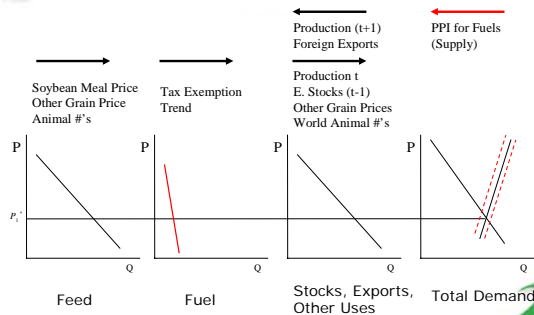
Ethanol and Petroleum Prices 2007/08



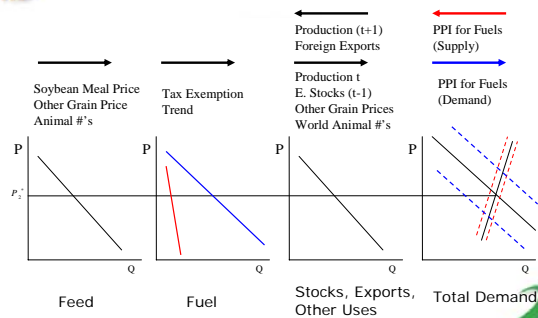
Ethanol and Petroleum Prices 2016/17



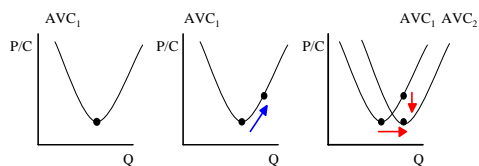
Biofuels Increasing Volatility?



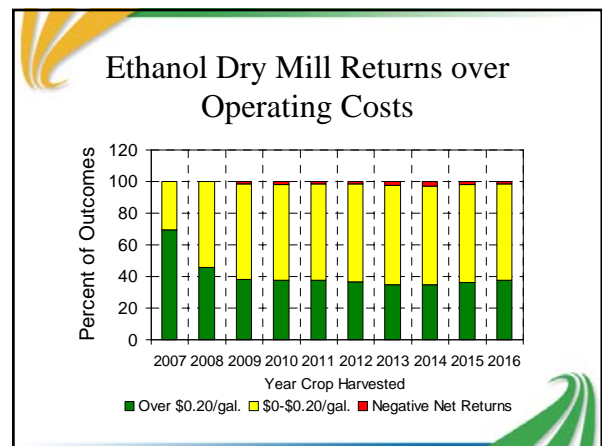
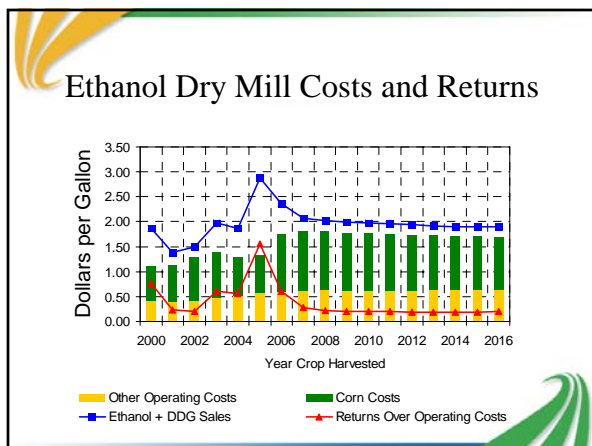
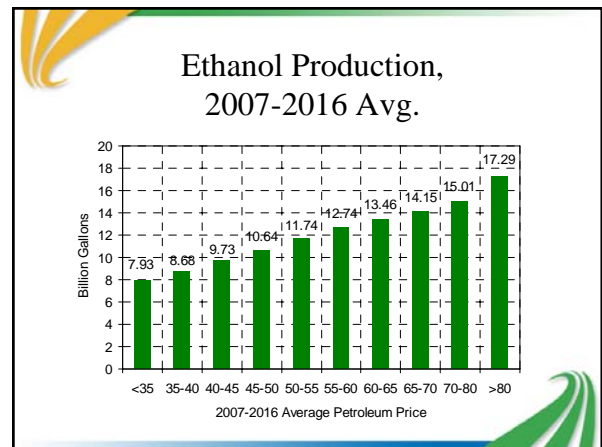
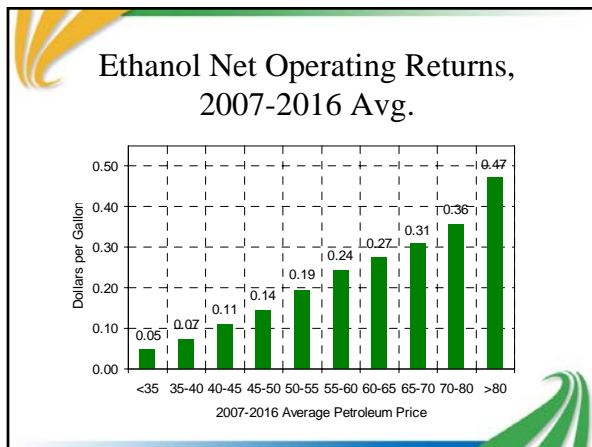
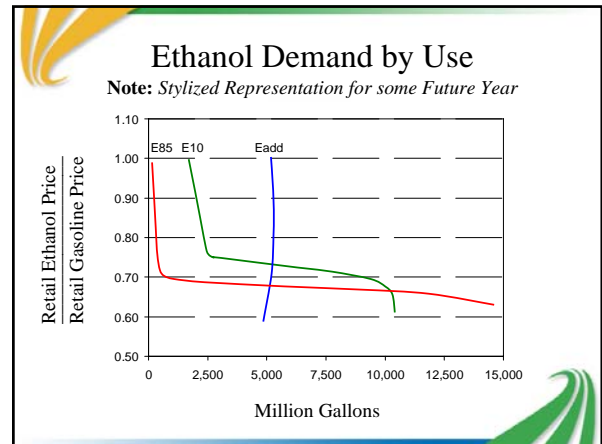
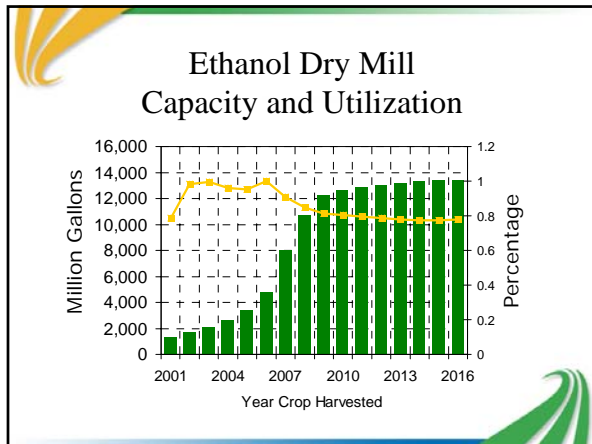
Biofuels Increasing Volatility?



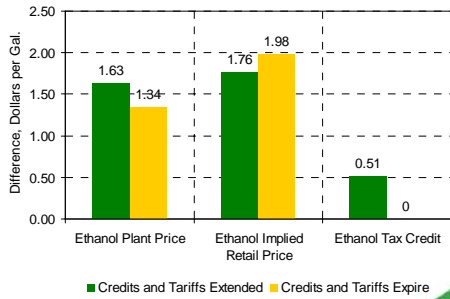
Capacity and Utilization Behavior



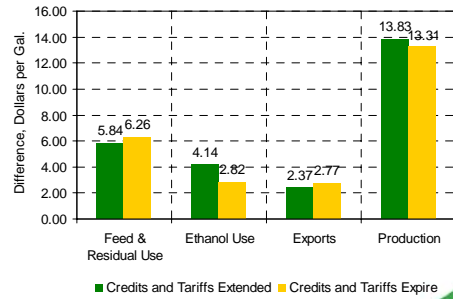
Capacity largely determined in previous periods
 Utilization rate determined completely in current period



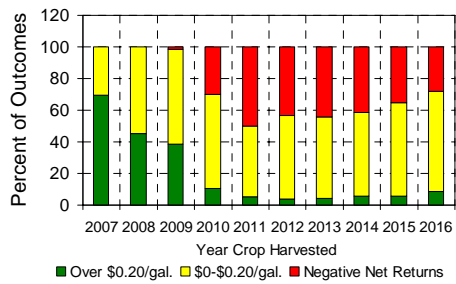
Ethanol Prices: 2011-2016 average



Corn Supply and Use: 2011-2016 average



Ethanol Dry Mill Returns over Operating Costs: *Tax Credits Expire*



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