



International Trade in DDGS Supply & Demand Outlook 2008-2015

The U.S. Grains Council
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Manager of International Operations (DDGS)
PROSPECTS FOR DDGS EXPORTS (PANEL)
TEGMA FALL SYMPOSIUM SEPT 25, 2008



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Presentation Outline

- DDGS Export Executive Summary
- DDGS Production & Export Projections
- The Cure to High Prices
- Questions?

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Executive Summary

- In 2002/03 DDGS exports were valued at \$76 million dollars.
- In 2006, the U.S. Grains Council's Board of Directors made DDGS export promotion the number marketing 1 priority globally.
- In 2008 Export Sales of DDGS will reach about \$1 Billion dollars.
- By 2015 DDGS Exports could reach 14 million metric tons valued at \$3.5 Billion
- As of the end of FY 2007 the "ROI" on Foreign Marketing programs is over \$36.00 to \$1.00

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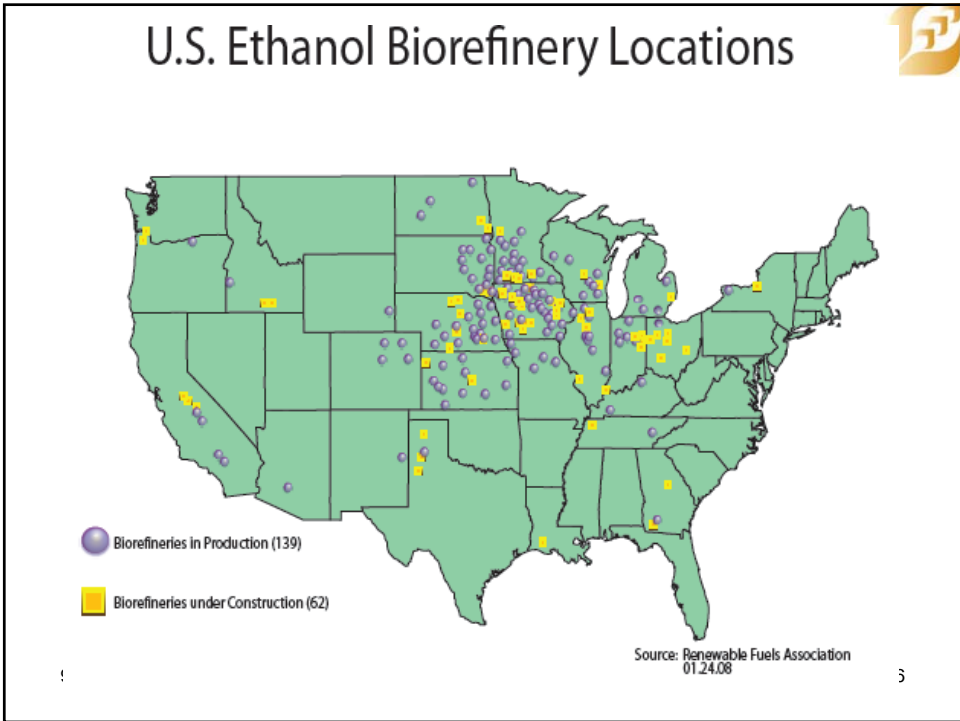
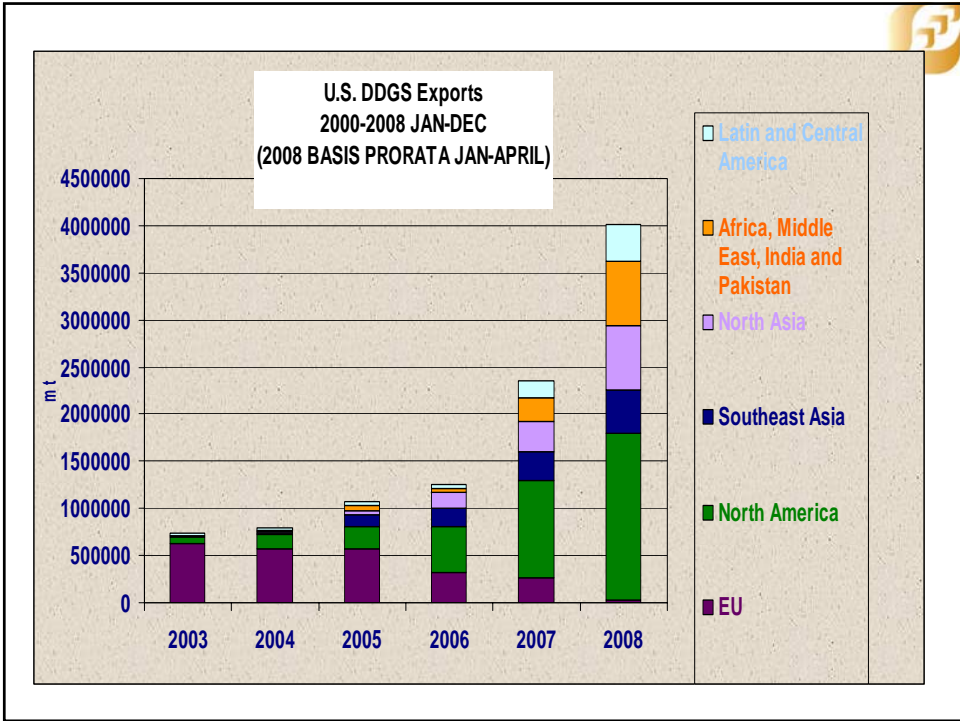


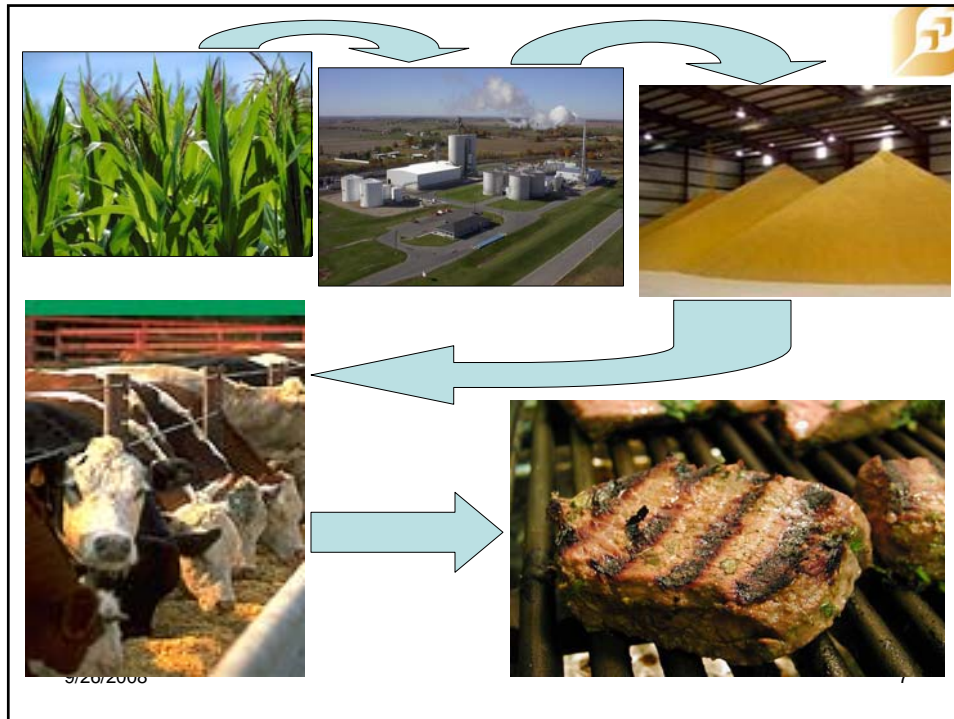
Executive Summary

- DDGS Export for January – July 2008 are at 2.4 million- MT (up over + 115% compared to Jan-July 2007)
- DDGS prices remain competitive in least cost feed formulations in nearly all of our foreign target markets.
- New obstacles and export competition have arisen.
- Export Demand is barely keeping up with supply increases for 2008/09

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The math:

- Dry grind ethanol production yields:
 - 1/3 ethanol
 - 1/3 carbon dioxide
 - 1/3 distillers grains
- Use of distillers grains in the USA:
 - ~40% steak, hamburger, roast (beef cattle)
 - ~40% milk, yogurt, cheese (dairy cattle)
 - ~12% ham, pork loin, bacon (swine)
 - ~6% eggs, chicken breast (poultry)

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Typical Recommended Feeding

Species	% Inclusion in Feed	Max % Inclusion -Feed
Beef	10%	20%
Dairy-Beef Growing	10%	40%
Dairy-Beef Finishing	10%	20%
Dairy	5%	20%
Poultry	10%	15%
Swine	10%	25%

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Export Supply vs. Demand Potential

Year	Export Supply Million MT	Export Potential Million MT
07/08	3.8	20
08/09	4.5 – 6	20
10/11	5.5 – 8	22
15/16	11-15	25

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Executive Summary

- Our work has just begun... with barely 25% of our long term goal achieved.
- Pro Exporter estimated a 6.2 million ton increase in production from 06/07 to 07/08
- Pro Exporter predicts another 3.8 million ton increase from 07/08- to 08/09
- That is +10 mmt additional DDGS in 2 years, (but down about -2 mmt from forecasts of +12 mmt in February of 08).

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Different DDGS qualities come from Different Ethanol Plants



Top 20 DDGS Export Countries 08

Country	Exports in Metric Tons
1 Mexico	1,082,547
2 Canada	683,574
3 Turkey	341,727
4 Taiwan	300,000
5 South Korea	220,000
6 Japan	163,380
7 Viet Nam	135,831
8 Thailand	114,978
9 Costa Rica	84,642

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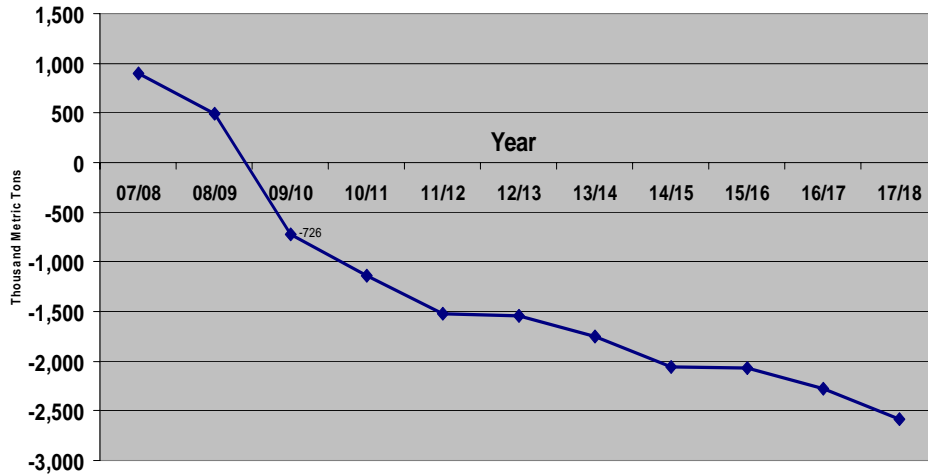
Top 20 Continued

10 Indonesia	84,642
11 Chile	70,851
12 Egypt	69,000
13 Cuba	67,854
14 Malaysia	65,232
15 Philippines	49,578
16 Guatemala	40,070
17 Morocco	38,592
18 Ireland	34,296
19 Honduras	31,131
20 Colombia	27,189

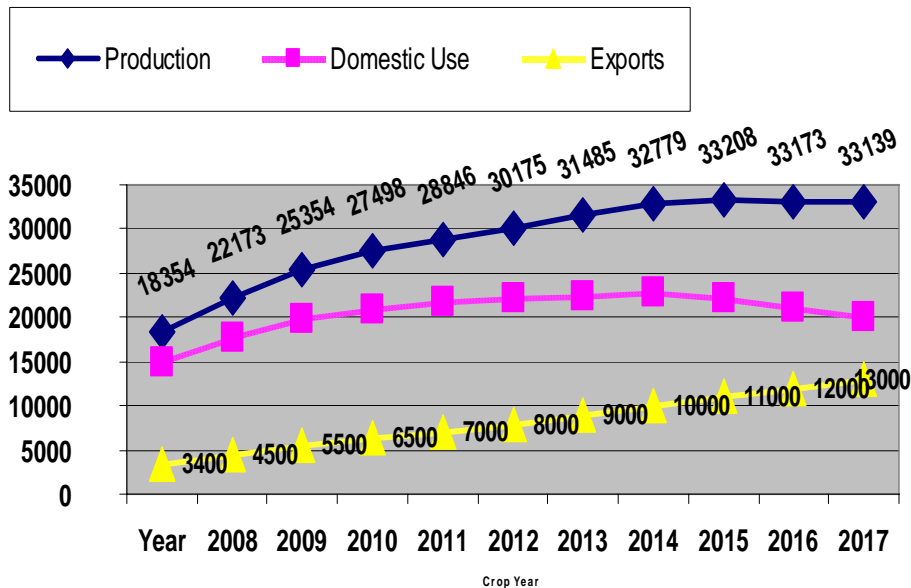
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Chinese Corn Net Exports & Imports FAPRI 2008

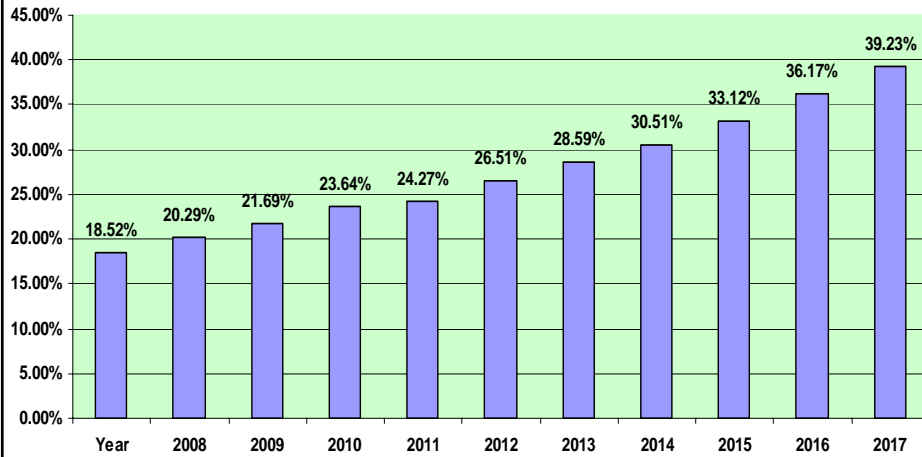


DDGS Production & Demand 2017 Source Pro Exporter

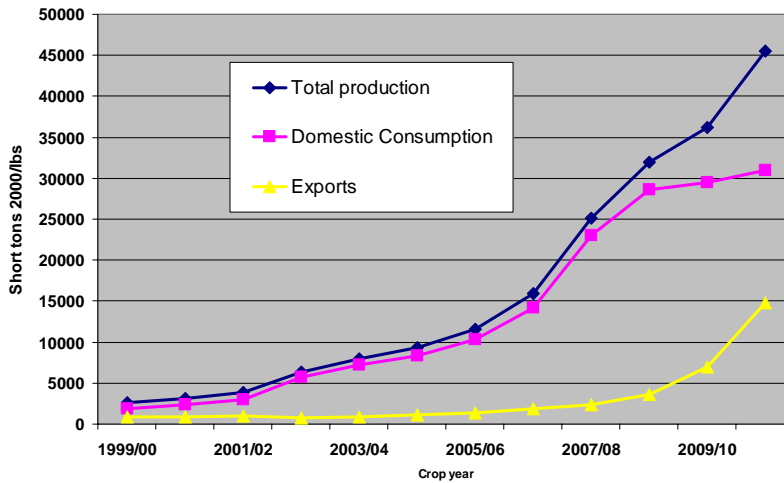


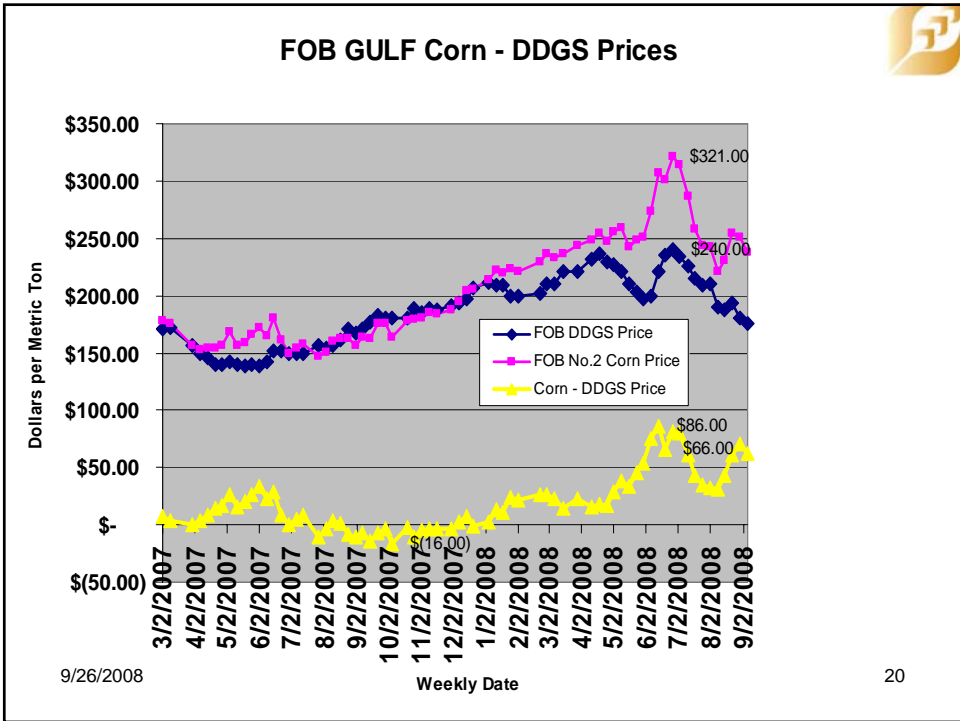
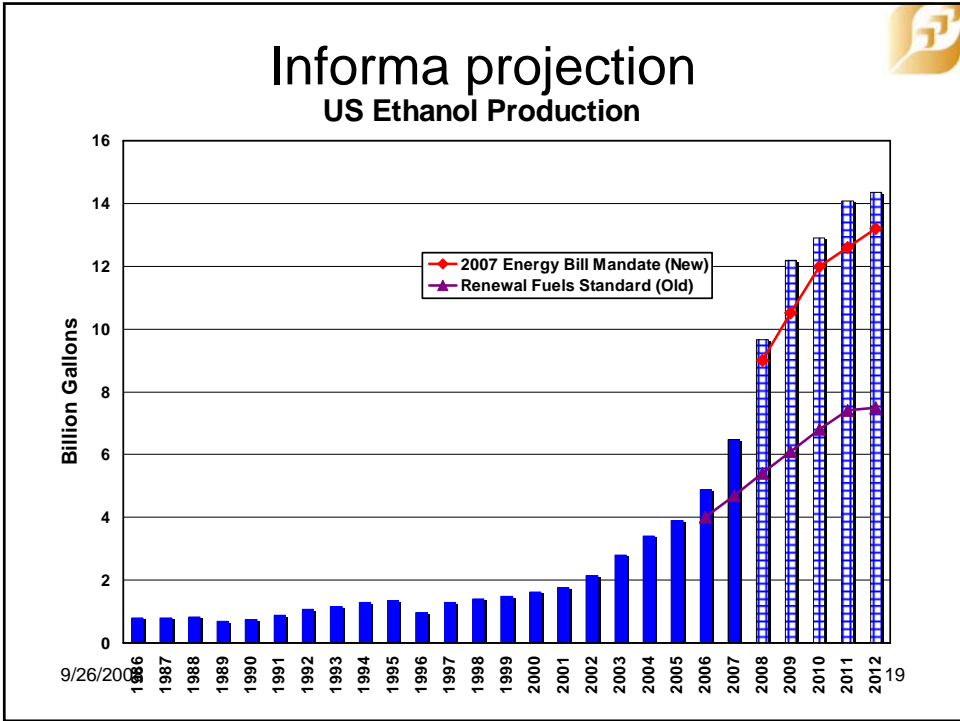
Exports Growing as % of Demand

DDGS Exports as a Percent of total Production

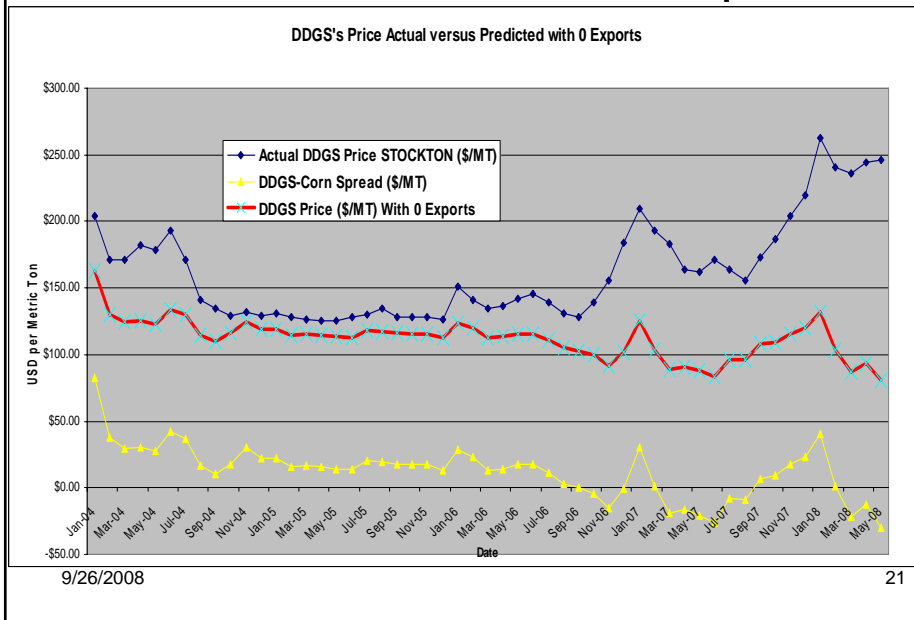


Informa DDGS PS&D Projection 07

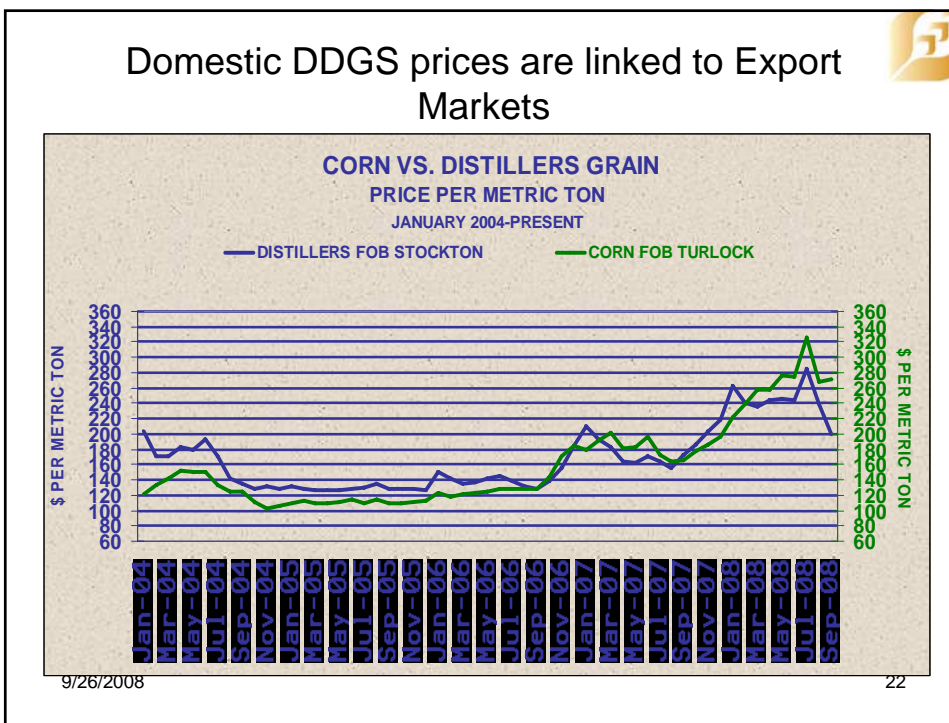




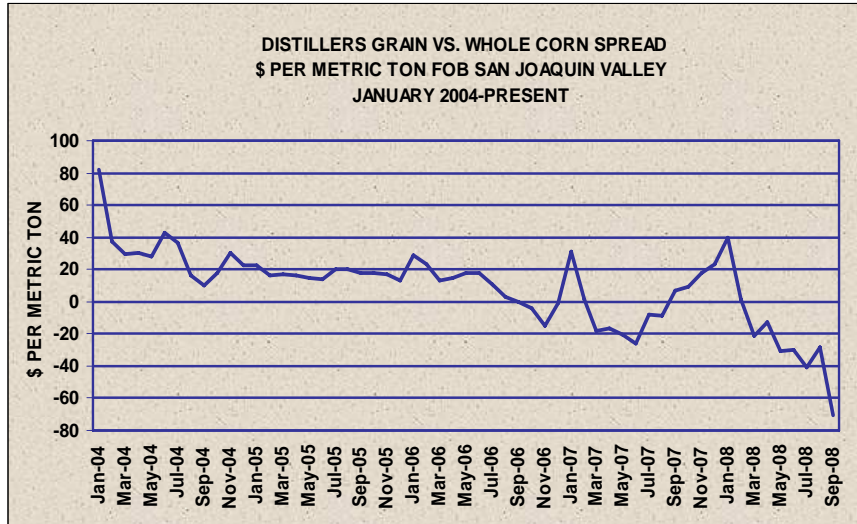
DDGS \$Price Without Exports



Domestic DDGS prices are linked to Export Markets



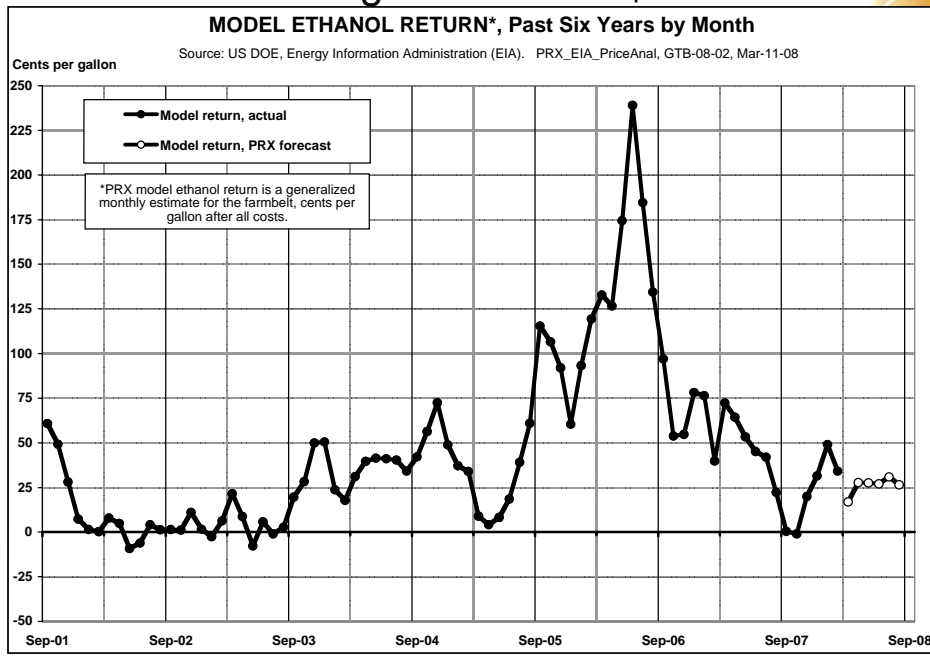
DDGS Premiums are Suffering



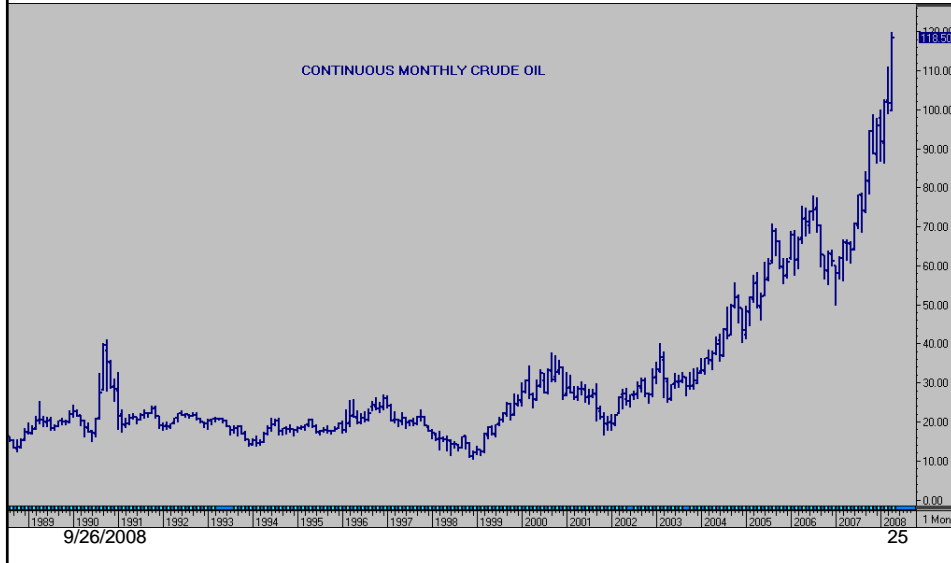
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Ethanol Margins Source- Pro Exporter Network



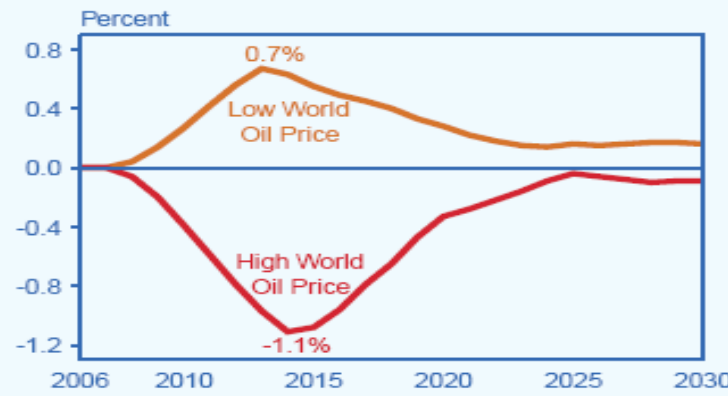
Oil Prices have Tripled since 2005!



High Oil prices spark recessions



Differences from Reference Case World Real GDP Projections in the High and Low World Oil Price Cases, 2006-2030

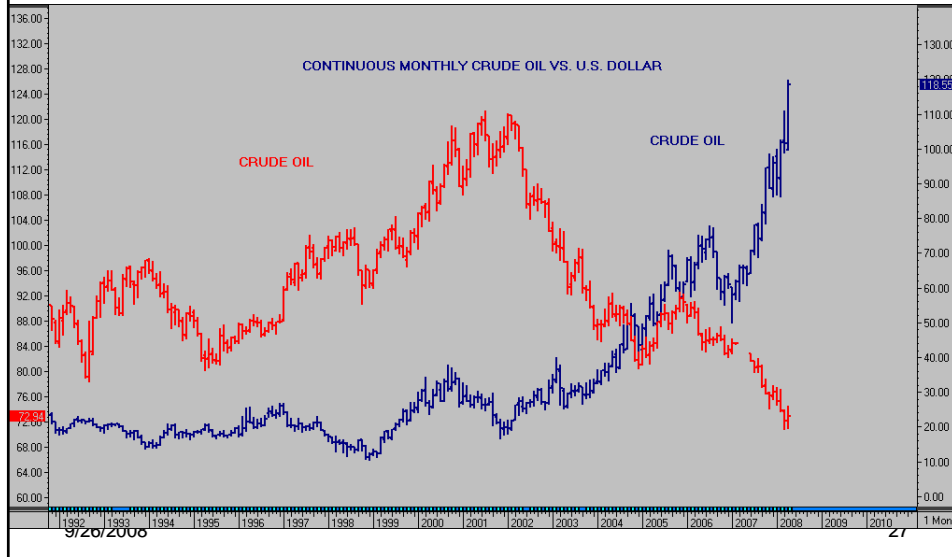


Source: Global Insight, Inc., Global Scenario Model (February 2007).

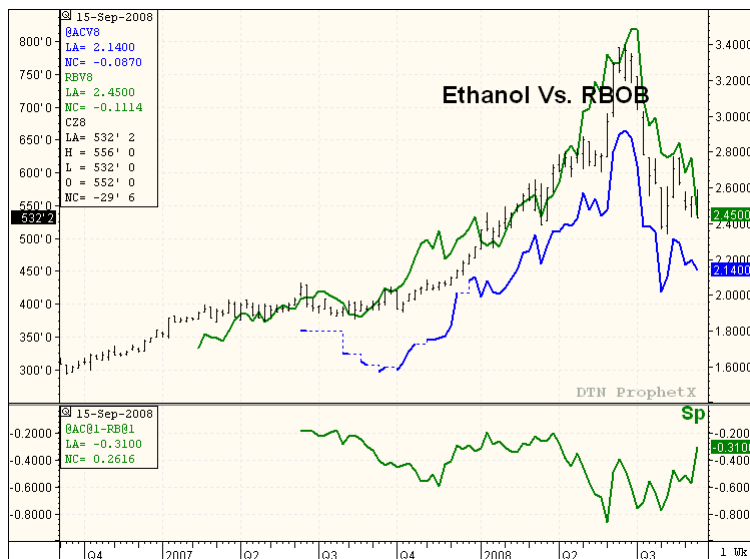
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Oil Rises Dollar Value Drops



Corn Follows Gasoline

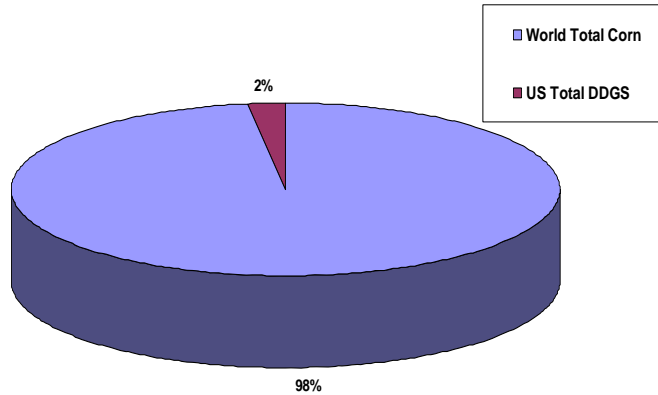


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Corn Drives DDGS Prices

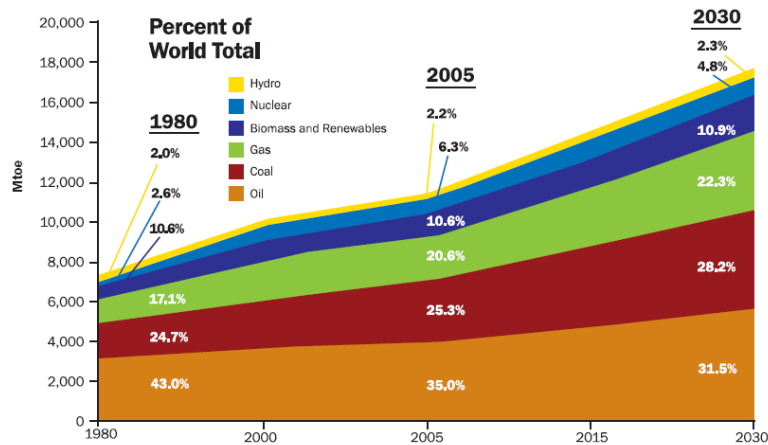
World Corn Production & US DDGS



Biomass & Renewable Fuels projected to be about 11% of World Demand

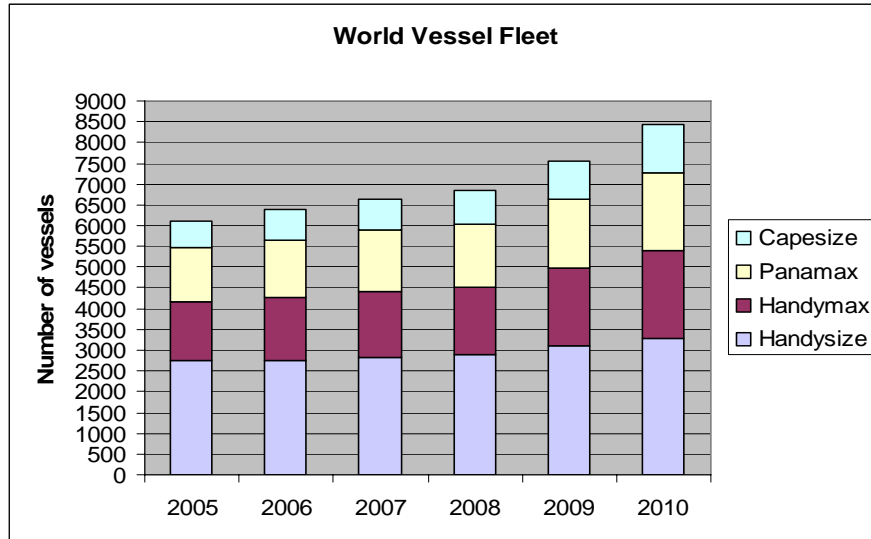
Future Global Energy Demand

• The world will require 55% more energy in 2030.



Source: IEA, World Energy Outlook, 2007

Ocean Freight Rates Decline



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QUESTIONS?
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