

2010-06-22 05:59:31 EDT

\*\*\*ETHANOL: SPOT PRICES SLIP BUT THIN TRADING REMAINS THE RULE

SPOT ETHANOL ASSESSMENT

Chicago	\$1.5800-\$1.5900
New York	\$1.6850-\$1.6950
Gulf Coast	\$1.6700-\$1.7000
Dallas	\$1.6500-\$1.6800
Tampa	\$1.7000-\$1.7300
L.A. (1-5 days)	\$1.7100-\$1.7300
L.A. (6-15 days)	\$1.7000-\$1.7250

SPOT SME BIODIESEL ASSESSMENT

Chicago	\$3.0200-\$3.1000
Gulf Coast	\$3.1500-\$3.2500

ETHANOL RIN CREDITS

2009	\$0.0045-\$0.0055
2010	\$0.0235-\$0.0250

CELLULOSIC RIN CREDITS

2010	\$0.1800-\$0.2200
------	-------------------

BIODIESEL RIN CREDITS

2009	\$0.0435-\$0.0475
2010	\$0.3150-\$0.3500

NATURAL GASOLINE (denaturant) SPOT SNAPSHOT Mt. Belvieu (any) \$1.7400-\$1.7575  
Conway (any) \$1.7025-\$1.7075

It was a difficult day for ethanol sellers as they looked at slipping bids that became harder and harder to find into the afternoon hours. Corn selling and tepid petroleum markets did not help ethanol values this afternoon.

Chicago ethanol had June talks for material at the area's Argo terminal running a penny or two either side of \$1.60/gal early today, but actual physical activity was thin-to-non-existent until later afternoon when talking ranges slipped south of \$1.60/gal mark. Late rumors had June material done at \$1.585/gal and at least one source had sellers offering in-tank material at that price.

Talk from players in "after hours" activity appeared to pick up more than had been seen evident through regular trading hours today and that indicated perhaps some more erosion in near-term values with bids floated at \$1.57/gal and then \$1.565/gal.

Sources confirmed next-month material talked \$1.58 by \$1.595/gal late today before July traded at \$1.585/gal.

Paper markets reportedly had a good deal of interest but little actual trades were confirmed. By late today, Chicago Board of Trade swaps for the third quarter ran \$1.57 by \$1.585/gal while those for the fourth-quarter ran \$1.58 by \$1.59/gal followed by last reports showing the fourth-quarter offers falling back to \$1.58/gal.

CBOT ethanol futures reflected some of the pressure in physical markets and on corn markets today. Front-month July ethanol dropped 1.7cts to take the contract down 3.8cts in the last two sessions, to \$1.586/gal. Some 98 July lots traded on the day, from \$1.581 to \$1.609/gal. August ethanol moved 122 lots from \$1.575 to \$1.592/gal, settling off 1.8cts at \$1.584/gal. Altogether, about 600 ethanol lots traded on the CBOT today.

At the rack, Midwest postings for splash-blend volumes nosed up from yesterday. Iowa racks averaged up nearly 40 points, at almost \$1.674/gal.

Illinois and Nebraska rack price gains were less than half that of Iowa, on average at nearly \$1.789 and \$1.665/gal, respectively.

There was not much talk of material being sold FOB out of Midwest plant today, either. An early FOB deal moving on the Union Pacific rail line next week sold at \$1.50/gal out of Nebraska, followed by talks running \$1.48 by \$1.50/gal that did not yield a deal by presstime.

In New York Harbor, sources reported early offers for June barge material at \$1.705/gal meeting little interest. A June barge eventually traded at \$1.695/gal. Sources reported June-early July offers in the \$1.69/gal area late today looking for bids that all but disappeared.

Meantime, corn losses put CBOT front-month futures at the lowest price in more than a week today as crop prospects continued to weigh on futures.

CBOT corn for July shed 3.5cts to end at \$3.515/bu today, but for a time the contract slumped all the way to \$3.485/bu. Farmer selling and lack of any threatening weather in the Corn Belt took prices lower, outweighing some erosion in USDA corn crop ratings and China's decision to take some

GMO corn.

Sources did warn of flooding in some areas that could stunt output.

For petroleum markets, the last half hour or so of the formal NYMEX pit session delivered some larger losses in the heating oil contract that sources said tended to spill over into the crude oil and RBOB pits to put the whole complex into the red.

Losses for RBOB had the front-month July contract settling the Merc off 93 points at \$2.1335/gal. August RBOB at \$2.1262/gal settled down 1.17cts. Crude looked like it might slide below \$77 at one point, but that mark held for the day when July expired with a settlement at \$77.21/bbl, off 61cts. Volumes were lighter than what the market is lately accustomed too, as it is shaping up to be a slow paper trading week ahead of the end of the second quarter.

In cash markets, weaker gasoline differentials tended to also pull spot prices a bit lower today. Gulf Coast unleaded last traded at a 10.35cts discount versus the Merc, or \$2.026/gal outright, down 33 points from yesterday. Chicago unleaded talked late at 4.5cts under the Merc indicated outright values off 1.18cts at \$2.0885/gal.

--Spencer Kelly, skelly@opisnet.com

Copyright, Oil Price Information Service

---

You are currently subscribed to opisallalerts as: abovello@opisnet.com.

To unsubscribe, please send your request via email to opissales@ucg.com To find out more about OPIS visit us @ <http://www.opisnet.com>