

Platts Begins Price References for Ethanol Byproduct - Dried Distillers Grains

Price Assessments Reflect Spot Physical Values for Midwest and Gulf Coast Export

PR Newswire
HOUSTON

HOUSTON, Oct. 1, 2015 [PRNewswire/](#) -- Platts, a leading global provider of energy and commodities information, today began publishing price assessments for a key ethanol byproduct increasingly used as animal feed in the U.S. and globally. The new references are for dried distillers grains with solubles (DDGS) and reflect values for the Midwest, the nation's key corn, wheat and grains producing region, and exportable values at the U.S. Gulf Coast.

DDGS is a byproduct from the making of ethanol using a dry-mill method, which grinds into flour the whole grain kernel rather than separating it into its germ, fiber, protein and starch parts prior to fermentation, as done in the wet-milling process.

"With U.S. ethanol production beyond 340 million barrels in 2014, 90% of which was produced through the dry-mill process, it's easy to understand the market's heightened desire for an independent source of pricing data for the burgeoning DDGS-as-feed market," said *Sophie Byron, Platts managing editor, Americas agriculture*. "Platts' long experience in price discovery processes in oil and refined products and the expertise in sugar as a biofuel that we gained with our 2012 acquisition of sugar specialty company Kingsman, uniquely positions us to answer the market's call."

Exports of DDGS, increasingly used as feed for beef and dairy cattle, totaled more than 11 million metric tons in 2014, with buying interest concentrated in China and broader Asia.

"We believe the demand for feed substances in the U.S. and worldwide will only grow over time," Byron said. "By having two assessments, one focused on the domestic price and the other on the export price, we'll be providing buyers, sellers, traders and brokers the pricing insight they need to make better business decisions."

The assessments are:

- Platts DDGS FOB Chicago: the physical spot market value of DDGS free on board (FOB) as delivered by 25-short-ton truck or rail-head to Channahon, Illinois, for the following week delivery.
- Platts DDGS CIF New Orleans: the physical spot market value of DDGS 1500-short tons cost, insurance and freight as delivered on a barge to New Orleans and having loaded any period over the front month.

Both assessments reflect export-quality DDGS with a minimum protein content of 25%, color of 50*, fat of 6% and a moisture level of 10% to 12%.

"We have been in discussions with the industry and marketplace about these assessments for more than a year and they're the latest in a suite of spot market references we've designed to improve the transparency of price formation in the ethanol production chain," said *Andrew Goodwin, Platts vice president and general manager of agriculture, metals & petrochemicals*

Platts DDGS price references complement Platts' ethanol assessments.

The Platts DDGS FOB Chicago and Platts DDGS CIF New Orleans price assessments are published in real-time service [Platts Biofuels Alert](#) and the daily market report [Platts Biofuelscan](#).

The assessments are underpinned by a structured methodology publicly available on the Platts website at this [methodology and specifications link](#). For more information on biofuels and agriculture, visit the Platts website at www.platts.com.

* a colorimetric measurement of nutritional value after exposure to heat

Media Contact:
Global, Americas, Asia: Kathleen Tanzy, + 1 917 331 4607, kathleen.tanzy@platts.com

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CONTACT: Global, EMEA: Alex Brog, +44 207 176 7645, alex.brog@platts.com; Global, Americas, Asia: Kathleen Tanzy, + 1 917 331 4607, kathleen.tanzy@platts.com

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