

## Low margins cause ethanol producers to look at alcohol production

**Producers of ethanol as fuel are steering away from transport and diversifying their activity by branching out to alcohol production.**

Major U.S. ethanol producers Green Plains Inc and Archer Daniels Midland Co. have announced plans to convert fuel-ethanol capacity into beverage and industrial alcohol production. The move comes after two years of struggle due to the low margins caused by oversupply.

"The ethanol crush margin has been on a constant downward trend. The industry is figuring out how to deal with it," said Tanner Ehmke, senior economist with CoBank, in the news agency's article.

U.S. ethanol inventories hit a record 23.705 million barrels in April, as demand fails to follow the growth in production, reports Reuters.