

## Ethanol's Rail Effect

JPMorgan analysts believe transportation and other derivative markets offer the best opportunity for investors to capitalize on the fast-growing ethanol industry. "Investment in the ethanol complex anywhere in the world is fundamentally a play on government regulation. Without subsidies to lower its cost and mandates to require its use, the economic viability of ethanol in the U.S. is unclear even with today's elevated gasoline prices." Transportation firms, specifically rail and barge, stand to gain from the growth of the ethanol market, said JPMorgan. The analysts rated Hornbeck Offshore Services, a major shipping firm, overweight, meaning it will outperform the average total return of stocks of similar companies. Two rail companies, CSX Corp. and Norfolk Southern, also received the overweight rating.

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<http://www.chem.info/news/2006/08/ethanol%E2%80%99srail-effect>