

January 8, 2014

ADVANCE INSIGHT

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Transportation					
	TW/NW/Jan	Feb	Mar	Apr	May
St. Paul Savage	//			425	425
Dub South	//		425	375	375
St. Louis 12'	425/425/415	400	350	325	325
Illinois	550/550/525	500	400	375	375
OH/Jeff/Cinn	410/410/400	375	375	375	350
Gulf/PNW	\$0.650 / bushel				
BN Shuttles	3000/3400/2625	1500	1050	400	400
UP Shuttles	500/500/300	375	75	-100	-100

Cash Corn Markets					
	Jan FH/LH	Feb FH/LH	Mar FH/LH	Apr	May
CIF Nola	71h/71h -4	70h/70h	65h/65h	56h	56h
PNW	140h/140h 7	130h/130h	128h/128h	110k	110k

	Jan FH/LH		Jan FH/LH
Cols CSX 65	-3h/-3h +3	Chicago	18h/18h x
Ft. Wayne N/S 75	-3h/-3h -1	Pekin ethanol	0h/6h unc
Evansvl 15s	2h/2h -4	Decatur, IL	30h/2h 15
Toledo	-14h/-14h unc	Champaign CN 25	-1h/-1h 2
UP Grp 3	-2h/-2h unc	Clinton, IA	20h/20h 2
Dexter, MO	/ x	Columbus, NE ethanol	8h/4h 6
Fayne, OH	-1h/-1h unc	Muscatine Truck	15h/15h unc
Ottawa	-12h/-12h -1	Hereford COBO B/E	25h/25h -25.0

Cash Bean Markets					
	Jan FH/LH	Feb FH/LH	Mar FH/LH	Apr	May
CIF Nola	132h/127h 6	120h/95h	82h/75h	75k	75k
Paranagua	/	55f/55f	45h/45h	-7k	-7k

	Jan FH/LH		Jan FH/LH		Jan FH/LH
Columbus	2h/2h -8.0	CN25	20h/20h -5	Mankato	-11h/-15h unc
Toledo	12h/12h	Chicago	0f/0f unc	Cncl Bluf	0h/-7h 10
Fostoria	15h/15h unc	Decatur	35h/25h 5	Lincoln	-12h/-12h 3
Windsor	15h/15h	Naples	37h/37h +7	KC	30h/30h 10
PNW	178h/172h 3	Ottawa	36h/36h 3	Wichita	8h/8h 8

Cash Milo Markets					
	Jan FH/LH	Feb FH/LH	Mar FH/LH	Apr	May
CIF Nola	120h/120h unc	/	/		
Houston	110h/110h unc	110h/110h	85h/85h	70k	60k
Corpus Christi	105h/105h unc	105h/105h	85h/85h	70k	60k

Cash Wheat Markets					
	Jan FH/LH	Feb FH/LH	Mar FH/LH	Apr	May
CIF SRW	100h/100h unc	100h/100h	90h/90h	65k	65k
TX Gulf HRW	130h/130h unc	/	/		60n

	Jan FH/LH	HRW	Jan FH/LH
St. Louis	40h/40h 5	KC Ords	105h/115h unc
Toledo (Mill)	0h/0h unc	KC 12s	155h/165h unc
	Jan FH/LH	KC 13s	155h/165h unc
PNW	125h/125 x	KC 14s	180h/190h 25

Export Sales Estimates		
	Expected	Needed
	Crop	(mbu)
	mbu (kmt)	
Corn	8-28(200-700)	9.6
Soybeans	17-35(450-950)	-0.5
Wheat-All	7-18(200-500)	9.5
HRW		3.8
SRW		2.6
Sorghum		2.1
Soybean	50-175	86.4
Meal		
Soybean Oil	0-60	3.0

Corn

The corn board was ugly today, new contract low off technical selling and positioning ahead of Friday's expected increase in production. EIA data showed ethanol production up to 919,000 barrels per day vs. 913,000 last week and the biggest stocks number since mid- September @ 16.1 million barrels. Talk of BN shuttle availability decreasing by as much as half by May have firmed car values in the deferred. Farmer movement remains light, especially with drop in the board; corn basis for nearby delivery is firmer, as much as 15 cents on posted values in Decatur, IL. Spreads were quiet and it feels like elevators are selling out of ownership on the recent pop in basis. From 10,000 feet, it looks like the market is approaching a second wave of "what if" tied to farmer movement. The first was the theory that the crop was so big that the last 20% would naturally move as the overflow of grain. Well, the market seemed to underestimate the empty pipeline or the ability for the crop to get tucked away and we never saw a wave of cash movement on the tail of harvest. Secondly, the market anticipated sales after the first of year, granted we aren't too far into 2014, but farmer movement has been light. Friday's report could be the deciding factor in the second theory, but if we take a major market move (lower or higher) out of the equation to get farmers panic/excited about selling; what is the next theoretical timeframe? Friday's report will supply the fundamentals for the market that will carry us into spring planting timeframe. Logically, if those fundamental are sleepers like the last report, then as opinions of the 14/15 crop start to become facts as we see planters roll and this could be the next driver of farmer participation. DP ownership to take advantage of basis pops and spread management could be the key components (tired of talking about freight) for commercial elevators over the next couple of months.

Nate Durako

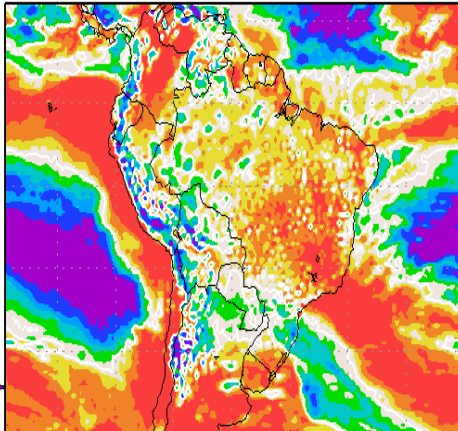
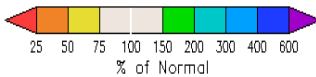
Daily Spreads					
Corn					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Mar4-May4	(8.25)	-0.25	-11.25	73.4%	3.4
May4-Jul4	(7.25)	-0.25	-11.66	62.2%	2.8
Mar4-Jul4	(15.50)	-0.75	-22.87	67.8%	3.1
Sep4-Dec4	(7.00)	-0.50	-17.47	40.1%	1.5
Beans					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Jan4-Mar4	31.50	7.50	-14.94	-210.9%	None
Mar4-May4	18.75	1.50	-14.33	-130.8%	None
Nov4-Jan5	(6.50)	unc	-13.97	46.5%	1.2
Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Mar4-May4	(5.75)	-0.25	-11.87	48.5%	1.8
May4-Jul4	(4.00)	-0.50	-12.29	32.5%	0.9
Jul4-Sep4	(9.75)	-0.50	-12.51	78.0%	3.6
KCBOT Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Mar4-May4	0.75	1.50	-13.93	-5.4%	None
Mar4-Jul4	2.25	1.50	-28.33	-7.9%	None
Jul4-Sep4	(11.50)	0.50	-20.77	55.4%	4.4

South American Weather Outlook

<http://www.wxmaps.org/pix/clim.html>

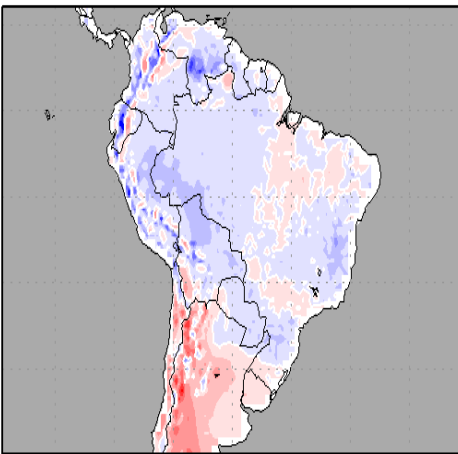
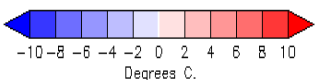
Precipitation (% of normal)
during the 7.5-day period:

Wed, 08 JAN 2014 at 12Z
-to-
Thu, 16 JAN 2014 at 00Z



Temperature Anomaly
during the 7.5-day period:

Wed, 08 JAN 2014 at 12Z
-to-
Thu, 16 JAN 2014 at 00Z



Beans

Yesterday the USDA announced that China had bought 350tmt of '13/'14 beans and today another sale to China was announced of 115tmt. This helped to again support Jan futures and the F/H at one point traded out to 35 3/4, but settled at 31 1/2 firming 8 cents. While Jan futures closed up slightly, deferred months broke with SX '14 dropping the furthest on talk of more bean acres this spring. Monsanto announced that their 1st quarter bean sales are up 16% vs last year. Basis again saw some strength in the export market, but processors are also taking notice as futures have dropped over 50 cents from their recent highs stopping farmer sales. Between weather issues and slower farm sales, processors are paying bigger pushes and this is happening for both quick ship and deferred sales. For those that have regained ownership or have evened up on their DP short, we're seeing values in certain processor markets that are worth shorting again. Those tributary to export terminals have had an easy time staying short the basis but some processors broke their bids 20-30 cents last month and some are now back to paying traditional DVE's vs the H. Get ready to execute vs the H as the H/K is almost touching a 20 cent inverse. With under 5000 contracts of Open Int in the F by the end of today, most if not all longs should be in the March and stay there. The Brazil bean line-up is already over 1MMT and any more switching of sales back to the U.S. will have sharp repercussions in the H/K. Not recommending to be 100% short your DP given that it is still the FH of Jan. Have some bullets left in case the market gets really desperate.

Dewey Hull

Wheat

Wheat was down sharply again today, struggling to find any interest from buyers. Chicago March set a new contract low. Generally strong though rebalancing is thought to be limited in wheat, the expectations didn't deliver on other commodities. It's a good reminder that market prices reflect known information, not execution. Analogous to a new employer moving to a town and needing to buy 50 houses. Does the real estate market improve once that's known or not until sales closings? Exit soapbox. The warmer U.S. weather should help ease fear of additional winterkill but existing problems won't be known (or at least well assessed) until dormancy is broken several months from now. Some of the FSU also has limited snow cover to protect against potential colder weather. KCBT upper end proteins jumped sharply with 13.6/8 up 12 and 14.0 up 25, but the rest of the scale was unchanged. As noted yesterday, cash markets remain firm. H/K KCBT tightened again to a high of 1c inverse, settling at 3/4. N/U was little changed (HRW) though the N/Z complex widened to 25 3/4c carry.

Curt Strubhar

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Hours (CST): Sunday 5:00pm-9:00pm, Monday-Thursday 6:00am-9:00pm, and Friday 6:00am-5:00pm

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