

January 22, 2014

ADVANCE INSIGHT

TURN UNCERTAINTY INTO OPPORTUNITY

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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'	450/435/425	400	390	375	325
Illinois	575/575/550	475	410	375	360
OH/Jeff/Cinn	450/440/425	400	410	375	360
Gulf/PNW	\$0.650 / bushel				
BN Shuttles	1000/2000/2000	1500	1250	300	30
UP Shuttles	500/400/400	300	400	-100	-100

Cash Corn Markets					
	Jan FH/LH	Feb FH/LH	Mar FH/LH	Apr	May
CIF Nola	75h/75h -1	75h/75h	69h/69h	60h	60h
PNW	135h/135h -5	130h/130h	125h/125h	115k	112k
Jan FH/LH			Jan FH/LH		
Cols CSX 65	-5h/-5h unc		Chicago	20h/20h unc	
Ft. Wayne N/S 75	-1h/-1h unc		Pekin ethanol	0h/0h unc	
Evansvl 15s	7h/7h unc		Decatur, IL	6h/6h x	
Toledo	-10h/-10h unc		Champaign CN 25	-1h/-1h 1	
UP Grp 3	-1h/-1h unc		Clinton, IA	18h/18h unc	
Dexter, MO	/ x		Columbus, NE ethanol	2h/2h unc	
Fayne, OH	2h/2h unc		Muscatine Truck	14h/14h unc	
Ottawa	-12h/-12h x		Hereford COBO B/E	/	

Cash Bean Markets					
	Jan FH/LH	Feb FH/LH	Mar FH/LH	Apr	May
CIF Nola	111h/111h	105h/100h	90h/75h	83k	75k
Paranagua	50h/50h unc	50h/30h	30h/0h	-16k	-16k
Jan FH/LH		Jan FH/LH		Jan FH/LH	
Columbus	25h/25h unc	CN25	20h/20h -2	Mankato	-13h/-18h unc
Toledo	10h/10h 2	Chicago	10h/10h unc	Cncl Bluf	-10h/-10h unc
Fostoria	20h/20h unc	Decatur	30h/30h x	Lincoln	-8h/-8h unc
Windsor	0h/0h	Naples	20h/20h -10	KC	18h/18h unc
PNW	150h/150h -5	Ottawa	14h/14h x	Wichita	0h/0h unc

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

Cash Wheat Markets					
	Jan FH/LH	Feb FH/LH	Mar FH/LH	Apr	May
CIF SRW	88h/88h -8	95h/95h	95h/95h	65k	70k
TX Gulf HRW	130h/130h unc	/	/		60n

	Jan FH/LH	HRW	Jan FH/LH
SRW			
St. Louis	36h/36h 1	KC Ords	105h/115h unc
Toledo (Mill)	0h/0h unc	KC 12s	130h/140h unc
	Jan FH/LH	KC 13s	135h/145h unc
PNW	150h/150 x	KC 14s	180h/190h unc

Deliverable Stocks of Grain

(thousands of bushels)

Corn		Change from LW	Change from LY
Illinois River	3824	262	1863
Chicago	2375	60	1879
Total	6199	322	3742

Soybeans			
Illinois River	6007	926	3592
Chicago	707	-355	267
Total	6714	571	3859

CBOT Wheat			
Toledo	23977	-255	-1634
Chicago	10126	-195	-3855
St. Louis	402	48	-1267
Total	34505	-402	-6756

KCBOT Wheat			
Salina	13307	-1127	-8767
Hutch	20548	-200	-4977
KC	10080	-331	342
Total	43935	-1658	-13402

Corn

It was a quiet day in the corn markets as the Midwest braces for another cold snap and the East gets hammered with snow. Farmers don't need to make a decision on selling grain; they haven't been "right" or "wrong" on nearby grain since October 1 with basically a 20 cent trading range. Rail freight volatility remains, cheaper values today but still 2000/car bid/ask spread. River logistics were open just in time for another cold snap; this firmed CIF 1-2 cents thru Feb. Spreads were firmer today with H/K trading into -6 1/2 and settling at -6 3/4. H/N traded -12, closed at -12 3/4. Basis is steady/firmer at the processor markets- Decatur +6 CH, Cedar at +22 CH. Ethanol Q1 margins were off a little today but remain strong. DDG's are still trading around 140% the value of corn. USDA reported 106,000 tonnes of corn sold to Japan for 14/15 crop. Given last week's historical drop in week-over-week ethanol production, the market will pay close attention to tomorrow's EIA data. Funds bought an estimated 2000 corn contracts today. 2013 crop insurance payouts on corn will total \$3.8 billion dollars vs. 2012 of \$11.8 billion on corn.

Nate Durako

Beans

Bean futures were relatively quiet with March closing down 1 and Nov. up 4. Funds sold 1000 cxt of beans, and

Daily Spreads					
Corn					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Mar4-May4	(6.75)	0.25	-11.28	59.9%	2.6
May4-Jul4	(6.00)	unc	-11.68	51.4%	2.2
Mar4-Jul4	(12.75)	0.25	-22.94	55.6%	2.4
Sep4-Dec4	(4.75)	unc	-17.48	27.2%	0.8
Beans					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Mar4-May4	14.25	-2.25	-14.36	-99.2%	None
May4-Jul4	12.75	-1.25	-14.79	-86.2%	None
Nov4-Jan5	(5.50)	unc	-13.99	39.3%	0.7
Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Mar4-May4	(6.75)	0.25	-11.76	57.4%	2.4
May4-Jul4	(5.75)	0.75	-12.19	47.2%	1.8
Jul4-Sep4	(8.75)	0.50	-12.41	70.5%	3.2
KCBOT Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Mar4-May4	2.50	0.50	-13.88	-18.0%	None
Mar4-Jul4	8.50	1.00	-28.23	-30.1%	None
Jul4-Sep4	(11.25)	0.75	-20.69	54.4%	4.3

bought 2000 meal. All the volatility seemed to be in the export basis. Recent trade talk of as much as 2 mmt of US cancellations may be seeing some confirmation as the CIF NOLA market broke roughly a dime for Jan and as much as 20 cents in FH Feb in the last day or two. Also showing uncertainty is the barge freight market as extended cold weather has boats simply struggling to navigate. IL river fob values are off nearly 25 cents in the last 3 weeks as we broke from January DVE, through the SF/SH inverse of about 25 cents, and now are below March DVE. That is how inverses and convergence work! With the basis breaking below delivery value on the IWDS, the SH/SK inverse is breaking too (22 inverse a week ago, and closed at 14 ½ tonight). Domestic processors right around the river have been able to remain steady or in some cases even break a bit. As you get away from the river, processors basis has a firming tone. Examples: Iowa falls through Mankato all indicating small overs(10-15 cents over bids). Claypool, IN firmed a nickel to bid +30.

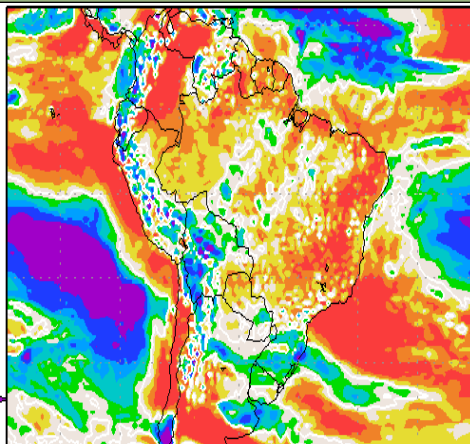
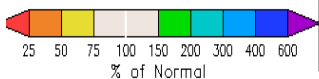
Ben Peters

South American Weather Outlook

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

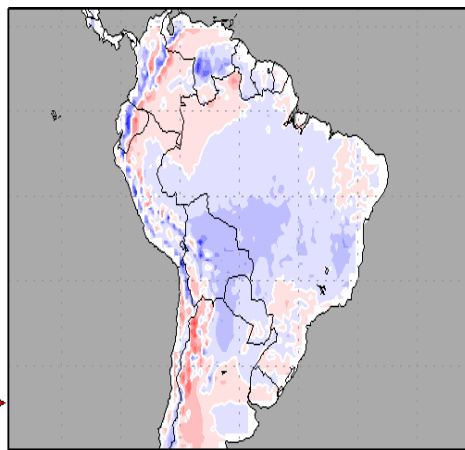
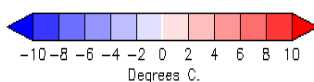
Precipitation (% of normal) during the 7.5-day period:

Wed, 22 JAN 2014 at 12Z
-to-
Thu, 30 JAN 2014 at 00Z



Temperature Anomaly during the 7.5-day period:

Wed, 22 JAN 2014 at 12Z
-to-
Thu, 30 JAN 2014 at 00Z



Wheat

Wheat closed mixed on Wednesday with SRW lower and the hards higher. Iraq bought 350 kmt wheat including 50 kmt from the U.S, a modest surprise to the market. Algeria bought an estimated 500 kmt wheat. A CWG meteorologist gave modest caution to the risk of upcoming winterkill though noted snow cover is decent in places. Cash markets on the HRW side were quiet on the day though spreads firmed modestly. The H/K continues to say sell wheat, though all else equal, rail cars still provide significant merchandising carry from now to A/M. New crop spreads also tugged in a bit with N/Z into 23 1/2c carry from last week's low of 27 ¾. The tighter level still represents good return to a long space facility and can serve as a crop hedge as well. This week's WFR report from ATI has a Director's Corner study of the MGEX/Chicago Red Wheat (HRW) price relationship. Despite HRW stocks/use being expected to rebound in 2014, the relationship between HRW stoX/use and HRS stoX/use still suggests a HRW premium of 14c (Dec 4 contracts) vs. today's MGEX premium of 5c.

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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