

August 14, 2013

ADVANCE INSIGHT

TURN UNCERTAINTY INTO OPPORTUNITY

Brought to you by Advance Trading.

www.advance-trading.com



| Transportation | | | | | |
|-----------------|------------------|------|-----|-----|-----|
| | TW/NW/Aug | Sep | Oct | Nov | Dec |
| St. Paul Savage | 390/400/420 | 440 | 600 | 600 | |
| Dub South | 340/340/360 | 380 | 575 | 550 | |
| St. Louis 12' | 285/300/350 | 425 | 525 | 475 | 375 |
| Illinois | 340/350/375 | 500 | 575 | 500 | 440 |
| OH/Jeff/Cinn | 325/350/375 | 450 | 600 | 500 | 400 |
| Gulf/PNW | \$0.550 / bushel | | | | |
| BN Shuttles | -62.5/-50/-50 | -100 | 750 | 325 | -88 |
| UP Shuttles | -100// -75 | -175 | 550 | 175 | 175 |

| Cash Corn Markets | | | | | |
|-------------------|---------------|-----------|-----------|------|------|
| | Aug FH/LH | Sep FH/LH | Oct FH/LH | Nov | Dec |
| CIF Nola | 110u/95u unc | 57u/54u | 64z/64z | 62z | 59z |
| PNW | 220u/220u unc | 175u/ | 101z/101z | 102z | 107z |

| | Aug FH/LH | | Aug FH/LH |
|------------------|---------------|----------------------|---------------|
| Colo CSX 65 | 110u/110u unc | Chicago | 160u/160u unc |
| Ft. Wayne N/S 75 | 150u/150u unc | Pekin ethanol | 150u/150u unc |
| Evansvl 15s | 135u/135u unc | Decatur, IL | 155u/100u x |
| Toledo | 120u/120u unc | Champaign CN 25 | 155u/155u unc |
| UP Grp 3 | / unc | Clinton, IA | 141u/141u unc |
| Dexter, MO | / x | Columbus, NE ethanol | 150u/90u 10 |
| Fayne, OH | 135u/135u unc | Muscatine Truck | 110u/110u unc |
| Ottawa | 130u/120u x | Hereford COBO B/E | 205u/205u 3 |

| Cash Bean Markets | | | | | |
|-------------------|-------------|-----------|-----------|-----|-----|
| | Aug FH/LH | Sep FH/LH | Oct FH/LH | Nov | Dec |
| CIF Nola | 165x/155x 5 | 130x/115x | 94x/94x | 94x | 87f |
| Paranagua | 95u/95u unc | 110u/110u | / | | |

| | Aug FH/LH | | Aug FH/LH | | Aug FH/LH |
|----------|---------------|---------|---------------|-----------|---------------|
| Columbus | 140x/140x unc | CN25 | 170x/170x unc | Mankato | 185x/150x unc |
| Toledo | 143x/143x -10 | Chicago | 40u/40u unc | Cncl Bluf | 115u/115u unc |
| Fostoria | 165x/165x unc | Decatur | 175q/150q x | Lincoln | 85x/85x unc |
| Windsor | 190x/190x | Naples | 80x/70x -10 | KC | 165x/165x 5 |
| PNW | / unc | Ottawa | 5q/-35q x | Wichita | 160x/160x 50 |

| Cash Milo Markets | | | | | |
|-------------------|---------------|-----------|-----------|-----|-----|
| | Aug FH/LH | Sep FH/LH | Oct FH/LH | Nov | Dec |
| CIF Nola | 130z/130z unc | / | / | | |
| Houston | 55z/55z x | 50z/50z | 50z/50z | 50z | 50z |
| Corpus Christi | 55z/55z x | 50z/50z | 50z/50 | 50z | 50z |

| Cash Wheat Markets | | | | | |
|--------------------|-------------|-----------|-----------|-----|-----|
| | Aug FH/LH | Sep FH/LH | Oct FH/LH | Nov | Dec |
| CIF SRW | 40u/45u unc | 55u/59u | 75z/75z | 75z | 75z |
| TX Gulf HRW | 45u/45u x | 63u/68u | 80z/80z | 75z | 75z |

| | Aug FH/LH | HRW | Aug FH/LH |
|---------------|--------------|---------|-------------|
| St. Louis | -10u/-10u -5 | KC Ords | 70u/85u x |
| Toledo (Mill) | 0u/0u unc | KC 12s | 126u/141u x |
| | Aug FH/LH | KC 13s | 105u/120u x |
| PNW | 116u/116u x | KC 14s | 105u/120u x |

Export Sales Estimates

| | Expected Crop mbu (kmt) | Needed (mbu) |
|-------------|-------------------------------|-----------------|
| Corn | 10-26(250-650) | -9.3 |
| Soybeans | 33-44(900-1200) | -12.7 |
| Wheat-All | 20-28(550-750) | 13.9 |
| HRW | | 5.6 |
| SRW | | 2.1 |
| Sorghum | | 3.0 |
| Soy Meal | 100-200 | 12.7 |
| Soybean Oil | 0-25 | 7.9 |

Corn

Corn caught a bit of a rally on ideas the market was oversold yesterday and on weather concerns for the next 3-5 weeks. In the short term, forecasts are for the heat to return and for rains to be somewhat limited, which is a concern in many parts of the corn belt. Then going a bit forward, there are some forecasts indicating cold temperatures in the first 10 days of September, and an early frost this year could be quite a problem in many areas. Cash markets were generally firmer on Wednesday, and the Sept/Dec inverse deepened accordingly, although it only finished 1.5 cents tighter after having been as much as a nickel tighter at one point during the session. If we go with the numbers USDA gave us this week, and forego any thoughts regarding adverse weather coming in to play, we are left with a scenario wherein the market must deal with an inevitable collision of two worlds. One world represents the paradigm of the last couple years: high basis, inverted spreads, high prices, wheat in the feed rations, etc. The other world represents that of a record large corn harvest (that would be USDA's 13.763 BBU), cheap basis, wide spreads, a doubling of the previous year's carryout, etc. Mix in the reality that the farmer has never had such a small percentage of his expected production under contract, and we have the making for some real drama in the coming weeks and months.

Phil Reginelli

Beans

August soybeans expire without much fanfare, with the last trade of the SQ3/SX3 at \$1.32, unchanged on the day, but at the lower end of the day's trading range. Soybean basis tributary to the river was in the "unders" on a

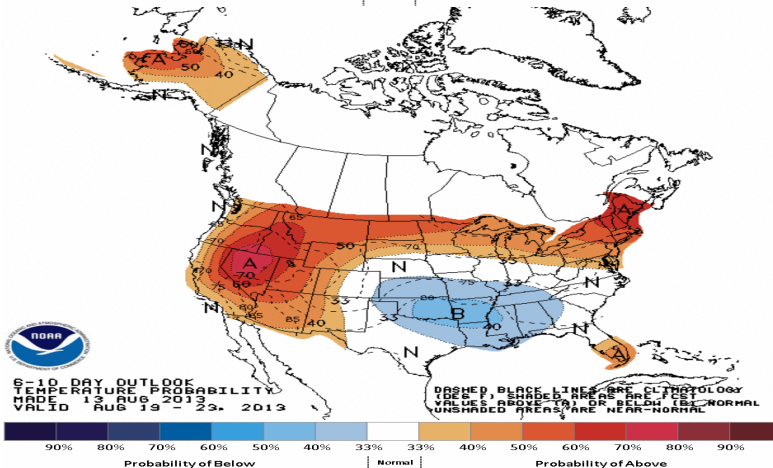
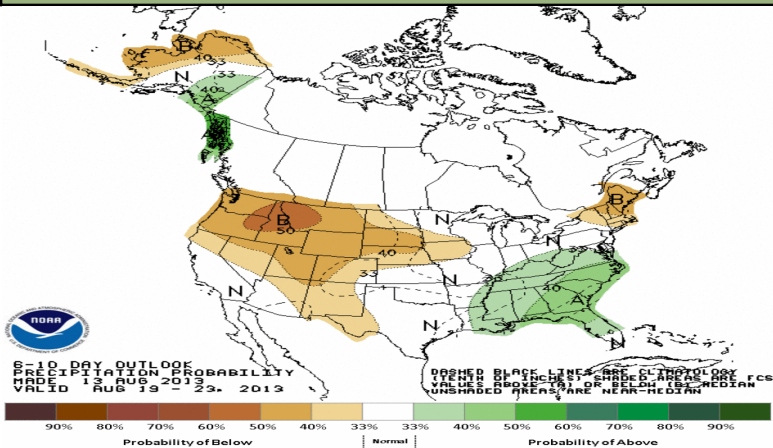
| Daily Spreads | | | | | |
|---------------|---------|--------|------------|-----------------|--------|
| Corn | | | | | |
| | Close | Change | Full Carry | % of Full Carry | ROS/mo |
| Sep3-Dec3 | 9.75 | 1.75 | -17.64 | -55.3% | None |
| Dec3-Mar4 | (13.00) | -0.50 | -17.58 | 73.9% | 3.4 |
| Sep3-Dec4 | (29.50) | 0.50 | -87.92 | 33.6% | 1.1 |
| Dec3-Jul4 | (27.50) | 0.50 | -40.77 | 67.4% | 3.1 |
| Beans | | | | | |
| | Close | Change | Full Carry | % of Full Carry | ROS/mo |
| Aug3-Sep3 | 100.00 | -2.00 | -7.99 | -1250.9% | None |
| Sep3-Nov3 | 31.00 | 1.00 | -14.62 | -212.0% | None |
| Mar4-May4 | 6.50 | 1.50 | -14.27 | -45.5% | None |
| Wheat | | | | | |
| | Close | Change | Full Carry | % of Full Carry | ROS/mo |
| Sep3-Dec3 | (12.25) | 1.00 | -18.71 | 65.5% | 2.8 |
| Dec3-Mar4 | (12.75) | 1.25 | -18.71 | 68.1% | 3.0 |
| Mar4-May4 | (7.75) | 0.75 | -12.13 | 63.9% | 2.7 |
| KCBOT Wheat | | | | | |
| | Close | Change | Full Carry | % of Full Carry | ROS/mo |
| Sep3-Dec3 | (3.75) | 2.00 | -30.90 | 12.1% | -0.1 |
| Dec3-Mar4 | (7.75) | 1.00 | -21.87 | 35.4% | 1.3 |
| Mar4-May4 | (2.50) | unc | -14.18 | 17.6% | 0.0 |

delivered basis, but it spurred zero deliveries. Basis levels at the processors, still very firm with not much trading. Ohio location showing a bid of \$1.65SX3, while Decatur indicating \$1.75SX. The farther west one goes the firmer it is. Reportedly, Mankato has shown a \$2.05SX. China continues to book business, purchasing another 110,000 mt's. NOPA crush will be out on Thursday, with an avg. estimate of 116.4 mbu. Forecasts not calling for much rain in the next 7 days, and with the soybean yield for the August report being lower than the July indication, the trade is attempting to determine just how much risk this bean yield has. The SX3/SF4 spread closed at .04 ¼ cents carry, a ½ cent narrower on the day. If the bean crop appears threatened, and the producer holds back on sales, one may get a chance to bear spread SX3/SF4 soybeans at an inverse. This would act as a substitute sale, and also help protect an aggressive DP charge. Basis levels for fall in most markets have lagged the type of level that would make one want to short an "all fall" type level. The bearspread would act as a flexible instrument as the soybean scenarios change. The bearspread at an inverse would especially be attractive if basis levels remain below DVE tributary to the gulf, because then either the spread would need to break, or the basis would need to rally to DVE.

Jack Fitzgerald

North American Weather Outlook

<http://www.cpc.ncep.noaa.gov/products/predictions/610day/>



Wheat

Wheat futures in Chicago closed slightly lower today. Expectations for large global production weighed on the market, while rallies in corn & soybeans battled to limit losses. Nearby wheat bottomed out today at \$6.23, which is the lowest it has traded since June 2012. There is a thought in the trade that wheat export demand may begin to fade. Russia is likely to increase monthly wheat exports to at least 2.5 million tons in Aug & Sept, up from 2 million in July. In the meantime, it was announced that S. Korea bought nearly 50 K U.S. white wheat this morning. The EU was granted export licenses for 694,000 tons of soft wheat, which is the highest weekly volume so far this season. It brings the 13/14 season total to 2.65 million tons, which is nearly double the volume from this time last year. Wheat futures were mixed in KC. KWU/KWZ continues to narrow, trading a low of 3 ¼ cents carry today. SRW basis was steady, with Nabisco Toledo still at option price for Aug/Sep. Wheat spreads in Chicago tightened today as well.

Michael Reginelli

Advance Trading PO Box 1027, Bloomington, IL 61702 (800)747-9021 or (309)663-9021

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

Copyright © 2013 Advance Trading, Inc. Reproduction in any form without the expressed written consent of Advance Trading, Inc. is strictly forbidden. This data is provided for information purposes only and is not intended to be used for specific trading strategies without consulting Advance Trading, Inc. No guarantee of any kind is implied or possible where projections of future conditions are attempted. Past results are no indication of future performance. All information is based upon data that is believed to be reliable, but its accuracy is not guaranteed.