

September 17, 2013

# ADVANCE INSIGHT

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## Transportation

	TW/NW/Sep	Oct	Nov	Dec	Jan
St. Paul Savage	550/575/600	600	600		
Dub South	550/550/575	600	560		
St. Louis 12'	550/575/575	600	475	375	375
Illinois	550/550/575	575	475	450	450
OH/Jeff/Cinn	600/625/650	625	500	450	425
Gulf/PNW	\$0.550 / bushel				
BN Shuttles	200/200/200	850	350	-50	-50
UP Shuttles	/200/200	350	250	50	-50

## Cash Corn Markets

	Sep FH/LH	Oct FH/LH	Nov FH/LH	Dec	Jan
CIF Nola	66z/66z 6	68z/68z	62z/62z	58z	50h
PNW	125z/125z 5	101z/101z	100z/100z	105z	94h

	Sep FH/LH		Sep FH/LH
Cols CSX 65	15z/15z unc	Chicago	35z/35z 5
Ft. Wayne N/S 75	0z/0z -14	Pekin ethanol	-5z/-5z -5
Evansvl 15s	5z/5z -15	Decatur, IL	25z/10z unc
Toledo	12z/12z -3	Champaign CN 25	5z/5z unc
UP Grp 3	/	Clinton, IA	45z/45z 10
Dexter, MO	/ x	Columbus, NE ethanol	80z/15z x
Fayne, OH	0z/0z -10	Muscatine Truck	5z/5z unc
Ottawa	-1z/-1z -1	Hereford COBO B/E	/ x

## Cash Bean Markets

	Sep FH/LH	Oct FH/LH	Nov FH/LH	Dec	Jan
CIF Nola	100x/97x unc	87x/87x	91x/90x	90f	92f
Paranagua	120x/120x -10	120x/	/		

	Sep FH/LH		Sep FH/LH		Sep FH/LH
Columbus	15x/15x -35	CN25	65x/65x -45	Mankato	50x/-30x unc
Toledo	0x/-30x	Chicago	-10x/-10x unc	Cncl Bluf	-25x/75x unc
Fostoria	10x/ unc	Decatur	75x/25x unc	Lincoln	60x/-10x -15
Windsor	25x/25x	Naples	0x/0x -5	KC	70x/-25x -65
PNW	135x/135x -2	Ottawa	13x/5x -7	Wichita	70x/35x -60

## Cash Milo Markets

	Sep FH/LH	Oct FH/LH	Nov FH/LH	Dec	Jan
CIF Nola	70z/70z unc	/	/		
Houston	85z/85z unc	50z/50z	50z/50z	50z	45h
Corpus Christi	95z/95z -25	50z/50z	50z/50z	50z	40h

## Cash Wheat Markets

	Sep FH/LH	Oct FH/LH	Nov FH/LH	Dec	Jan
CIF SRW	65z/65z unc	70z/70z	75z/75z	85z	65h
TX Gulf HRW	127z/127z unc	127z/127z	/		

	Sep FH/LH	HRW	Sep FH/LH
St. Louis	-24z/-24z unc	KC Ords	86z/96z unc
Toledo (Mill)	-15z/-15z unc	KC 12s	95z/105z unc
	Sep FH/LH	KC 13s	100z/110z unc
PNW	120z/120z nb	KC 14s	110z/120z unc

## Deliverable Stocks of Grain

(thousands of bushels)

Corn		Change from LW	Change from LY
Illinois River	263	-57	-520
Chicago	5	-3	-9
<b>Total</b>	<b>268</b>	<b>-60</b>	<b>-529</b>

Soybeans		Change from LW	Change from LY
Illinois River	600	-420	77
Chicago	19	-12	10
<b>Total</b>	<b>619</b>	<b>-432</b>	<b>87</b>

CBOT Wheat		Change from LW	Change from LY
Toledo	24048	865	-3573
Chicago	9453	332	-4379
St. Louis	1235	256	-769
<b>Total</b>	<b>34736</b>	<b>1453</b>	<b>-8721</b>

KCBOT Wheat		Change from LW	Change from LY
Salina	19676	-1385	-5181
Hutch	25607	362	-2669
KC	12689	226	1944
<b>Total</b>	<b>57972</b>	<b>-797</b>	<b>-5906</b>

## Corn

CZ closed dn 2.5 at 454. Outside mkts were relatively quite with gold was dn 7.5 and crude dn 1.06. Corn was 10c higher early with some excited about FSA acreage # that came out at 5 a.m. this morning. However lots of digging into these indicates little correlation between FSA and USDA #'s. And some pointed to a new computer application installed last spring which creates less confidence. Overseas crops continue to look generally good (Ukraine harvest to date is up 21% from LY). Also see very active container business with Chi and KC reportedly booked on capacity thru Oct. Many point to DDG's with KC recently trading DDG's at 115% of corn. Would note CNGOIC suggesting China will import 4mmt of DDG. As harvest begins to come into IL and Ia yield reports continue favorable vs. expectations on 2/3's of the responses. Farmer selling remains relatively light in spite of a suspicion that the crop is getting bigger. Crop insurance, cash flow, high priced beans in comparison, and the 35% drop in price from last year are 4 major reasons for the low amount of selling. If farmer gets 1/2 way into harvest and is getting 20bpa more than he thought will selling pick up, or will the market have dropped to 4.25 first to slow him down? Answers to these questions will determine the function of basis and spreads. Given the export competition, ATI research beginning to consider dropping SON shipments from 330mbu to 260. However, still like having Z/H carry locked in at 70-80% of full carry (12.32-14.08) as farmer still has to sell.

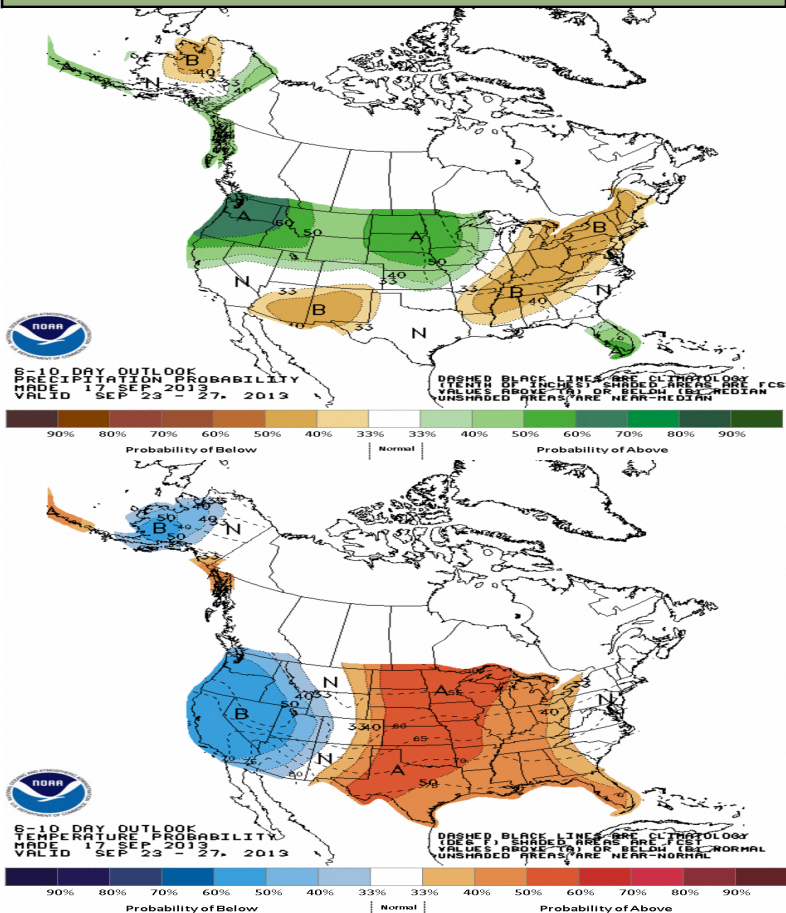
Jeff Hainline

### Daily Spreads

Corn					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Dec3-Mar4	(12.50)	-0.25	-17.56	71.2%	3.3
Dec3-Jul4	(27.50)	-0.50	-40.73	67.5%	3.1
Dec3-May4	(20.75)	unc	-28.95	71.7%	3.3
Mar4-Jul4	(15.00)	-0.25	-23.25	64.5%	2.9
Beans					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Nov3-Jan4	(0.75)	-0.75	-15.37	4.9%	-2.1
Nov3-Mar4	16.75	-9.00	-30.24	-55.4%	None
Nov4-Jan5	(4.00)	-0.25	-14.71	27.2%	-0.4
Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Dec3-Mar4	(10.50)	unc	-18.68	56.2%	2.3
Mar4-May4	(5.00)	-0.50	-12.11	41.3%	1.3
May4-Jul4	3.50	0.75	-12.54	-27.9%	None
KCBOT Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Dec3-Mar4	(6.25)	unc	-21.80	28.7%	0.8
Mar4-May4	(2.75)	-0.25	-14.16	19.4%	0.1
Mar4-Jul4	9.50	0.25	-28.80	-33.0%	None

### North American Weather Outlook

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



### Beans

Front end futures settled lower on uncertain FSA acres and hopes that moisture will add to pod weights and crop size potential. FSA reported 1.69 mln PP acres vs 1.6 in Aug. We saw analysts suggest all kinds of implications for how NASS will incorporate this into next months harvested acreage, but the bottom line is that we don't know. About 5% of the acreage does not report FSA acreage as they are not in the Farm Program. At face value you could assume acreage needs to be lowered 400 mln, which is what the early morning trade thought as we rallied futures. As the day developed others seemed to think that bean acreage could easily be unchanged and they turned sellers. Market sentiment is that farmers will be sellers at current prices once they get into harvest -time will tell. China buyers signed 4.8 mmt of frame bean purchase contracts which are basically meaningless, they are going to buy way more beans from us than that. Nearby processor basis was sharply mixed, some as much as 50 higher/lower, but not seeing any more bids over +100x. 4 eastern plants have announced Sept downtime and Decatur, IL taking a few days too. Reports that Brazil farmers may plant 10% of their safrihna (double crop) acres back to beans, with current bean/corn returns. If that really happens that's like 2.5 mln more acres of beans and easily offsets any acreage reductions we could see here in the US. Global markets!

*Trent Sauder*

### Wheat

While the fall crops had moments of levity trading the FSA data, wheat was relegated to a quiet trading session. The FSA spring wheat numbers did lead to limited early support, but that was not sustained. Volume was light with funds slight buyers. HRS/DNS keeps trying to find replaceable homes for HRW, and MGEX futures lost several cents relative to HRW today. MGEX Dec traded below \$7 for the first time in the contract life. Portions of Argentina have received enough moisture to break the dryer pattern, but that is not country wide. Beneficial rains in the HRW belt should help seeding conditions/early development. HRW basis remains above DVE and spreads remain accordingly firm. KCBT deliverable stocks are at 85.5 mbu, off slightly from last week and down from 99.6 mbu last year. The deliverable stocks should "keep the market honest" per se IF enough cash wheat moves or export demand wanes enough to allow a 10-20c basis drop by Dec 1. Merchandisers should continue to sell into the basis strength as logistics and freight costs allow.

*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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