

September 25, 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'	550/575/600	600	475	425	375
Illinois	550/550/600	615	525	450	450
OH/Jeff/Cinn	650/650/675	675	525	450	425
Gulf/PNW	\$0.600 / bushel				
BN Shuttles	650/400/400	1425	338	-50	-75
UP Shuttles	/200/200	475	150	-38	-50

Cash Corn Markets

	Sep FH/LH	Oct FH/LH	Nov FH/LH	Dec	Jan
CIF Nola	59z/59z -1	62z/62z	61z/61z	59z	49h
PNW	120z/120z -15	105z/105z	104z/104z	107z	96h

	Sep FH/LH		Sep FH/LH
Cols CSX 65	-5z/-5z unc	Chicago	30z/30z -10
Ft. Wayne N/S 75	-7z/-7z 3	Pekin ethanol	-5z/-5z unc
Evansvl 15s	-9z/-9z 1	Decatur, IL	-5z/-5z -15
Toledo	-10z/-10z unc	Champaign CN 25	-5z/-5z unc
UP Grp 3	/	Clinton, IA	35z/35z 10
Dexter, MO	/ x	Columbus, NE ethanol	80z/60z unc
Fayne, OH	-7z/-7z 5	Muscatine Truck	5z/5z unc
Ottawa	-28z/-28z -23	Hereford COBO B/E	/ unc

Cash Bean Markets

	Sep FH/LH	Oct FH/LH	Nov FH/LH	Dec	Jan
CIF Nola	97x/97x -1	90x/90x	94x/94x	93f	91f
Paranagua	145x/145x unc	145x/	/		

	Sep FH/LH		Sep FH/LH		Sep FH/LH
Columbus	5x/5x -5	CN25	10x/10x -10	Mankato	0x/0x -60
Toledo	0x/0x unc	Chicago	-10x/-10x unc	Cncl Bluf	0x/0x
Fostoria	-15x/-15x -15	Decatur	20x/20x -20	Lincoln	-10x/-10x unc
Windsor	25x/25x x	Naples	0x/0x unc	KC	-25x/-25x unc
PNW	142x/142x unc	Ottawa	-8x/-8x -3	Wichita	-20x/-20x unc

Cash Milo Markets

	Sep FH/LH	Oct FH/LH	Nov FH/LH	Dec	Jan
CIF Nola	90z/90z unc	/	/		
Houston	85z/85z x	50z/50z	50z/50z	50z	45h
Corpus Christi	95z/95z x	50z/50z	50z/50z	50z	40h

Cash Wheat Markets

	Sep FH/LH	Oct FH/LH	Nov FH/LH	Dec	Jan
CIF SRW	74z/74z 9	79z/84z	84z/84z	84z	69h
TX Gulf HRW	127z/127z x	127z/127z	/		

	Sep FH/LH	HRW	Sep FH/LH
St. Louis	-15z/-15z unc	KC Ords	86z/96z unc
Toledo (Mill)	-15z/-15z unc	KC 12s	95z/105z unc
	Sep FH/LH	KC 13s	108z/118z unc
PNW	120z/120z x	KC 14s	115z/125z 5

Export Sales Estimates

	Expected Crop mbu (kmt)	Needed (mbu)
Corn	16-24 (400-600)	14.4
Soybeans	85-103 (2300-2800)	10.8
Wheat-All	18-26 (500-700)	13.1
HRW		5.1
SRW		2.1
Sorghum		2.5
Soybean Meal	95-230	-63.7
Soybean Oil	10-20	14.8

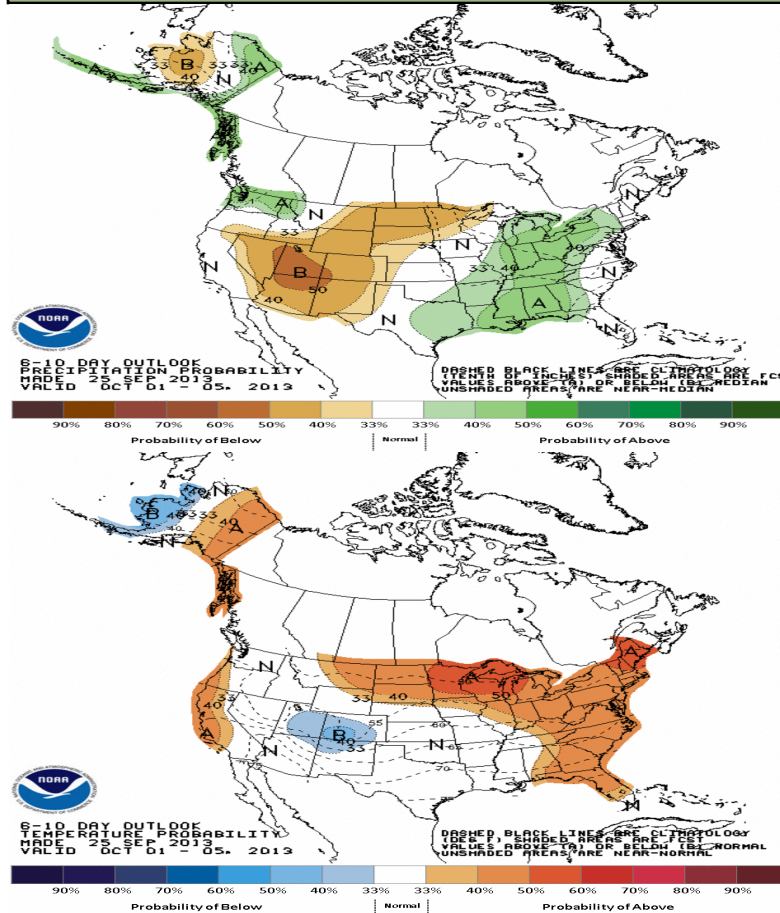
Corn

Corn closed higher on what was noted as short covering led by the firmer tone in wheat – Dec corn closing at \$4.54 ¾ up 6 ¼. Wheat firming in light of concern over Argentine frost and talk of export demand potentially coming to the US from China and Brazil. Harvest is growing across the belt – seeing a higher number of “better than expected” compared to “disappointing yields” at this point.. Weather forecasts are favorable for an increase in harvest activity next week – calling for some scattered showers/light precip in the corn belt this weekend but then dry warmer than normal temps next week. Cash markets are still riding the line between new crop harvest and nearby usage that needs to get covered. Generally basis was steady to slightly weaker in most markets although the weaker tone seems to me more about the buyer wanting to call it/bid weaker. Movement due in part to minimal harvest, is limiting the availability of new crop into the pipeline providing nearby support to most cash markets. Would look for erratic basis movement going into next week with the market patiently waiting for gut slot harvest to refill holes in demand. Although Black Sea corn values have firmed over the past week, they remain well below US equivalent values. Based on values seen Tuesday and on Tuesdays close, Ukraine corn is trading at a 40 cent/bu discount to US into North Africa/MENA region. Have heard some rumblings of rail logistics problems in the Ukraine moving corn to the port areas limiting nearby supply for loadings forcing some sellers to switch origins to other areas – Bulgaria in one example. Other examples of weak US Export demand was noted in Japan, a traditional buyer of US corn, has year to date purchases 15% below a year ago levels and the lowest we’ve seen in 25 years. With the market pretty well consuming much of what is getting harvested today, it feels like we are only increasing the amount of available space throughout the corn belt. Taking increase space availability into account together with light new crop producer selling and an end user that is needing to get their hands on nearby corn, the argument for a firming tone to basis continues. Good time to review your overall spread scenario and talk to your broker about locking in more Dec/March or go further out to May or July. For those who

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	(27.00)	0.25	-40.72	66.3%	3.0
Dec3-May4	(20.75)	0.25	-28.95	71.7%	3.3
Mar4-Jul4	(14.50)	unc	-23.25	62.4%	2.8
Beans					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Nov3-Jan4	(2.50)	-0.25	-15.28	16.4%	-1.2
Nov3-Mar4	16.25	2.25	-30.06	-54.1%	None
Nov4-Jan5	(3.50)	unc	-14.64	23.9%	-0.6
Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Dec3-Mar4	(10.00)	0.25	-18.83	53.1%	2.0
Mar4-May4	(4.75)	0.50	-12.21	38.9%	1.2
May4-Jul4	8.50	1.25	-12.64	-67.2%	None
KCBOT Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Dec3-Mar4	(1.25)	1.00	-21.95	5.7%	-0.9
Mar4-May4	(0.25)	0.50	-14.24	1.8%	-1.2
Mar4-Jul4	14.00	0.75	-28.95	-48.4%	None

North American Weather Outlook

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



may have made deferred sales versus the May or July – suggest you stay classic and get hedges out to where they need to be.

Paul Dubravec

Beans

Weather has been terrific and bean yields continue to pour in from all over the grain belt. Latest yields as of this writing: EC IL 70, 60+; NE IL 41; IL/WI border 53; NW OH 52, 50; NW IA 51, 66, 62, 45; SC IA 38; SW MN 50, 55; dryland NE 56. There are some areas disappointed, but the vast majority thus far pleased with early yield results. Nov beans traded 6 lower early in the session and then rallied on short covering and on a steadily higher day in the corn and wheat pits. The quarterly stocks report slated for Monday Sept 30 has a range of 155 to 106 for soy carryout and an average guess of 124 which is right in line with current balance sheet data. Decatur dropped their bean basis by a dime for deliveries that must arrive by Friday of this week. CIF values were steady/touch firmer on the day. A statement in an online news story caught my eye this afternoon (http://www.farmandranchguide.com/news/opinion/soybeans-us-export-trend-is-up-share-of-world-exports/article_dc3305cc-25fa-11e3-ba67-001a4bcf887a.html), and I thought it worth repeating, particularly as we consider the voracious appetite of China in contrast to the relatively tight projected carryout in the US. If you don't read the story, here's the line that got my attention: In less than two decades, China has gone from meeting virtually all of its domestic soybean complex needs with domestic production to the point where domestic production equals just 16.9 percent of domestic consumption. While China seeks to maintain self-sufficiency in grains, it clearly has made an exception to its self-sufficiency policy for soybeans.

Phil Reginelli

Wheat

Argentine wheat was hit with frost on Tuesday and forecasts are calling for more cold weather in the days to come. EU futures moved higher (as did SAFEX prices), and CME prices followed along as Chicago December Wheat traded as much as 17 cents higher on the day. Additional support in the market was attributed to internal Chinese prices moving to record levels (thus leading many to believe they will ramp up imports to weaken prices) and to concerns over the stock building program in Russia which is scheduled to begin next month. Russia's crop quality has consistently been described as "poor" and supplies of milling wheat are in decline. Russia has taken 46 MMT of wheat this year compared to 37 MMT last year. Export sales are expected to be solid on Thursday with estimates in the 18-26 mmt range. CIF values improved on Wednesday with Sept up 9 at 74/80. Basically it was solid day higher for wheat futures with the only significant intraday setback coming in the final 40 minutes of trading. Nearby Chicago spreads were steady but deferred spreads tightened a few cents on the day.

Phil Reginelli

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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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