

October 23, 2013

# ADVANCE INSIGHT

TURN UNCERTAINTY INTO OPPORTUNITY

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## Transportation

	TW/NW/Oct	Nov	Dec	Jan	Feb
St. Paul Savage	625/625/625	600	575		
Dub South	600/600/600	525			
St. Louis 12'	550/535/55	450	375	375	375
Illinois	635/625/600	575	475	450	450
OH/Jeff/Cinn	675/625/675	450	425	425	425
Gulf/PNW	\$0.700 / bushel				
BN Shuttles	1500/1200/1200	800	288	100	38
UP Shuttles	1400/1000/1000	450	75	-50	50

## Cash Corn Markets

	Oct FH/LH	Nov FH/LH	Dec FH/LH	Jan	Feb
CIF Nola	69z/69z unc	70z/68z	66z/66z	59h	58h
PNW	120z/120z x	107z/107z	109z/109z	96h	97h

	Oct FH/LH		Oct FH/LH
Cols CSX 65	-18z/-18z unc	Chicago	10z/10z x
Ft. Wayne N/S 75	-18z/-18 -9	Pekin ethanol	3z/3z -2
Evansvl 15s	-12z/-12z -3	Decatur, IL	18z/18z +13
Toledo	-27z/-27z x	Champaign CN 25	-12z/-12z 3
UP Grp 3	-5z/-5z x	Clinton, IA	10z/10z unc
Dexter, MO	/ x	Columbus, NE ethanol	25z/-10z x
Fayne, OH	-18z/-18 -1	Muscatine Truck	14z/14z 9
Ottawa	-24z/-24z +2	Hereford COBO B/E	65z/65z x

## Cash Bean Markets

	Oct FH/LH	Nov FH/LH	Dec FH/LH	Jan	Feb
CIF Nola	102x/100x 1	100x/100x	103f/103f	101f	90h
Paranagua	250x/250x -40	250f/250f	/	205f	40h

	Oct FH/LH		Oct FH/LH		Oct FH/LH
Columbus	-5x/-5x 3	CN25	5x/5x 5	Mankato	-8x/-8x 2
Toledo	-18x/-18x x	Chicago	0x/0x unc	Cncl Bluf	-28x/-28x unc
Fostoria	-15x/-15x x	Decatur	8x/8x unc	Lincoln	-25x/-30x x
Windsor	10x/10x	Naples	0x/0x unc	KC	-10x/-10x unc
PNW	162x/162x x	Ottawa	-5x/-5x +3	Wichita	-5x/-5x 5

## Cash Milo Markets

	Oct FH/LH	Nov FH/LH	Dec FH/LH	Jan	Feb
CIF Nola	95z/95z unc	/	/		
Houston	85z/85z x	100z/100z	50z/50z	40h	40h
Corpus Christi	110z/110z x	110z/110z	110z/110z	40h	40h

## Cash Wheat Markets

	Oct FH/LH	Nov FH/LH	Dec FH/LH	Jan	Feb
CIF SRW	95z/95z unc	95z/95z	85z/85z	75h	72h
TX Gulf HRW	125z/125z unc	125/125	/		

	Oct FH/LH	HRW	Oct FH/LH
St. Louis	11z/11z 1	KC Ords	86z/96z unc
Toledo (Mill)	-10z/-10z x	KC 12s	115z/125z unc
	Oct FH/LH	KC 13s	115z/125z unc
PNW	120z/120z unc	KC 14s	115z/125z unc

## Export Sales Estimates (Week of 10/3/2013)

	Expected Crop mbu (kmt)	Needed (mbu)
Corn	24-33 (600-850)	
Soybeans	31-39 (850-1050)	
Wheat-All	22-31 (600-850)	
HRW		
SRW		
Sorghum		
Soybean Meal	150-250	
Soybean Oil	10-20	

## Corn

Corn market was stronger today, with short covering from non-commercials and following strength in the bean/wheat markets. Funds bought an estimated 7000 contracts today. The Z/H spread firmed slightly, closing at 12 ½ carry as harvest picks up but farmers remain light sellers. Decatur bumped bids to +18 CZ nearby and +15 CZ for Nov/Dec delivery. Ethanol production ramped up last week, averaging 897,000 barrels per day. That is up 3.2% from the previous week and 1.4% above the previous 2013 high reached in late June and the highest run rate since mid-2012. Ethanol stocks were up only slightly to 15,499,00 barrels, still 17.4% below last year. Many markets remain at levels that offer incentives vs. going to expensive storage like ground piles. We still haven't seen the heaviest harvest activity in many markets and logistics have been focused on soybeans. This could keep basis/spreads firm until we see the last 1/3 of corn harvest. Ethanol margins remain favorable and it feels like there is still a lot of coverage needed for Nov/Dec in the processor market. However, missing the opportunity to sell soft DVE values on corn in Nov/Dec because your focus is on soybean movement is a much less costly mistake with 28 ½ carry to July in corn than it will be to carry soybeans thru a 45 ½ cent inverse to July. Take advantage of direct ship on corn premiums or if logistics allow and/or you can avoid expensive storage but if logistics don't allow, take the return on space and have basis targets/sales/hedges in the deferred; especially if you are piling corn.

Nate Durako

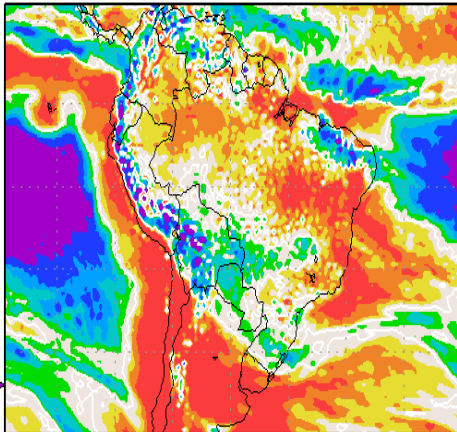
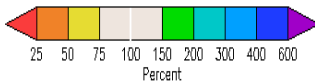
Daily Spreads					
Corn					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Dec3-Mar4	(12.50)	0.25	-17.49	71.5%	3.3
Dec3-Jul4	(28.25)	-0.50	-40.54	69.7%	3.2
Dec3-May4	(21.00)	unc	-28.82	72.9%	3.4
Mar4-Jul4	(16.00)	unc	-23.15	69.1%	3.2
Beans					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Nov3-Jan4	6.00	1.25	-15.21	-39.4%	None
Nov3-Mar4	26.25	2.00	-29.93	-87.7%	None
Nov4-Jan5	(5.00)	unc	-14.56	34.3%	0.2
Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Dec3-Mar4	(10.00)	unc	-18.99	52.7%	2.0
Mar4-May4	(3.50)	-0.50	-12.31	28.4%	0.5
May4-Jul4	10.75	-0.25	-12.74	-84.4%	None
KCBOT Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Dec3-Mar4	1.50	1.00	-22.23	-6.7%	None
Mar4-May4	3.50	1.50	-14.41	-24.3%	None
Mar4-Jul4	24.00	3.50	-29.30	-81.9%	None

### South American Weather Outlook

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

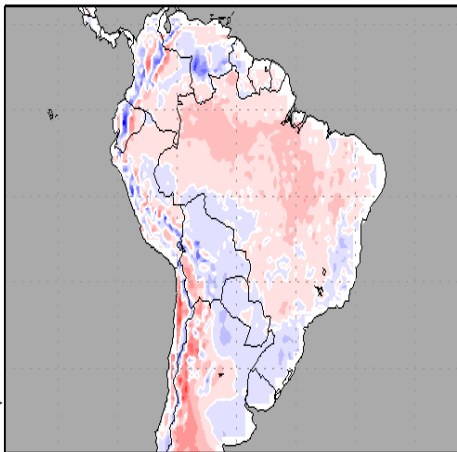
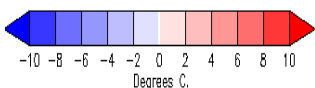
Precipitation (percent of normal) during the first 7.5-day period:

Wed, 23 OCT 2013 at 12Z  
-to-  
Thu, 31 OCT 2013 at 00Z



Temperature Anomaly during the first 7.5-day period from:

Wed, 23 OCT 2013 at 12Z  
-to-  
Thu, 31 OCT 2013 at 00Z



### Beans

Beans were firmer led by basis and spreads trying to originate movement. SX/SF hit a high of 7c and SMZ/SMF at \$8.30. Posted meal truck offers were up \$1 - \$3. CIF Oct 100/110, Nov 100/108, Dec 103/110 and Jan 101/110. The PNW started rolling nearby bids vs. SF and did so at the current spread keeping the basis steady. With crush margins very strong the processors continue to raise their posted bids with several plants east to west up 2 - 5c and pushes of 5 - 15c being heard. As the processor bids appreciate vs. SX, and if one has hedges in the SF, net of the spread and basis gain some of these bids are starting to approach saleable levels. If you are over 50% short your DP vs. SF, one should have at least 50% of your longs in SX. Nearby shuttle car values appeared to be steady/firmer on the BNSF and steady UP. US sold 120kmt of beans to Russia. Sales tomorrow will be for the week ending Oct 3<sup>rd</sup> and Oct 31<sup>st</sup> USDA will report the balance of Oct.

*Nathan Mangold*

### Wheat

Wheat market squeaked out a higher close in Chicago closing a penny higher in the Dec at \$7.01 ¼ while KC closed 4 ½ higher at \$7.70 ½ on a fairly quiet day - funds were estimated to have ended the day net even in Chicago. Market was firmer early as some private estimates had lowered Australia's crop size, and talk of a potential default on a Russian wheat cargo gave the market something to get excited about. One private estimate of 23.6 MMT out this morning is almost 2 MMT lower than USDA's most recent estimate - ATI contacts in Australia peg the crop at 25 MMT which seems to be closer in line with the rest of the market. Cash markets were steady/firm on HRW. Protein premiums were unchanged on the day. SRW basis was a penny firmer at the gulf, domestic values steady. Dec/March HRW spread narrowed ¾ cent today closing at 1 ¼ inverse while SRW narrowed ¼ cent at 9 ¼ carry. HRW hedges in the March for bushels you can't move versus the Dec - gulf values still a premium to DVE thus threatening the spread to further invert.

*Paul Dubravec*

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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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