

October 30, 2013

# ADVANCE INSIGHT

TURN UNCERTAINTY INTO OPPORTUNITY

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## Transportation

	TW/NW/Oct	Nov	Dec	Jan	Feb
St. Paul Savage	550/550/550	550			
Dub South	560/550/550	530			
St. Louis 12'	570/550/575	400	375	360	350
Illinois	600/600/550	525	460	460	425
OH/Jeff/Cinn	675/625/700	500	425	425	400
Gulf/PNW	\$0.700 / bushel				
BN Shuttles	2700//	2000	900	650	275
UP Shuttles	800//	850	275	150	100

## Cash Corn Markets

	Oct FH/LH	Nov FH/LH	Dec FH/LH	Jan	Feb
CIF Nola	80z/80z 4	77z/73z	73z/73z	63h	
PNW	130z/130z unc	120z/120z	116z/116z	104h	105h

	Oct FH/LH		Oct FH/LH
Cols CSX 65	-20z/-20z -2	Chicago	10z/10z unc
Ft. Wayne N/S 75	-21z/-21z -3	Pekin ethanol	10z/10z unc
Evansvl 15s	-9z/-9z 3	Decatur, IL	18z/18z unc
Toledo	-25z/-25z x	Champaign CN 25	0z/0z 3
UP Grp 3	-15z/-15z unc	Clinton, IA	14z/14z -3
Dexter, MO	/ x	Columbus, NE ethanol	25z/25z x
Fayne, OH	-20z/-20 -2	Muscatine Truck	10z/10z unc
Ottawa	-15z/-15z unc	Hereford COBO B/E	66z/66z 1

## Cash Bean Markets

	Oct FH/LH	Nov FH/LH	Dec FH/LH	Jan	Feb
CIF Nola	95x/95x 4	97x/96x	100f/100f	100f	
Paranagua	250x/250x unc	250f/250f	/	205f	43h

	Oct FH/LH		Oct FH/LH		Oct FH/LH
Columbus	2x/2x -5	CN25	5x/5x unc	Mankato	1f/1f 3
Toledo	-15x/-15x x	Chicago	0x/0x unc	Cncl Bluf	-18x/-18x 2
Fostoria	-5x/-5x x	Decatur	5x/5x unc	Lincoln	-15x/-15x 5
Windsor	-5x/-5x	Naples	-2x/-2x -2	KC	0x/0x unc
PNW	170x/170x -2	Ottawa	-5x/-5x +4	Wichita	30x/30x 35

## Cash Milo Markets

	Oct FH/LH	Nov FH/LH	Dec FH/LH	Jan	Feb
CIF Nola	92z/92z unc	/	/		
Houston	110z/110z 25	110z/85z	85z/75z	75h	75h
Corpus Christi	110z/110z unc	110z/110z	110z/110z	75h	75h

## Cash Wheat Markets

	Oct FH/LH	Nov FH/LH	Dec FH/LH	Jan	Feb
CIF SRW	95z/95z unc	95z/95z	95z/95z	85h	77h
TX Gulf HRW	125z/125z unc	125/125	/		

	Oct FH/LH	HRW	Oct FH/LH
St. Louis	17z/17z 3	KC Ords	103z/113z unc
Toledo (Mill)	-10z/-10z x	KC 12s	140z/150z unc
	Oct FH/LH	KC 13s	135z/145z unc
PNW	120z/120z x	KC 14s	125z/135z -3

## Export Sales Estimates (for weeks 10/10, 10/17, 10/24)

	Old Crop Expected mbu (kmt)	New Crop Expected mbu
Corn	75-98(1900-2500)	13.5
Soybeans	88-110(2400-3000)	8.2
Wheat-All	55-73(1500-2000)	12.7
HRW		4.9
SRW		2.2
Sorghum		2.5
Soybean Meal	800-1100	95.0
Soybean Oil	40-160	8.2

### Corn

CZ13 -1 3/4 at 430 1/4, CZ/H4 + 3/4 at -11 1/2, H/N + 1/4 at -15 1/2. FOMC held steady w/ bond buying but gave weaker growth views, and stocks were off 1/2%. EIA's ethanol data pegged US production 13.96B gal, up from 13.75B g annualized LW. Demand rose to 13.34B g, up from 13.05B g LW. No imports of ethanol noted. Exports are not reported weekly and between exports and domestic demand inventories declined to 14.96mln bbls or 628 mln gallons down from 651 mln g LW. Nov chi platts pegged 1.81/g and Nov CU swaps were 1.74/g, strong DDGs relative to corn continue to aid Nov-Dec margins. The politics of biofuels continues with both sides making their cases, one things for sure, while RINS rebounded today 2-3c, their values have plummeted since summer. Bulk grain freight is tight across the belt, making it tough for elevators to take farmer grain and hit attractive spot bids, thus we have piles being put out. This rain is welcome for many to catch-up and get prepared for the next push. CIF spot up 20c since 1<sup>st</sup> of the month; S Korea returned to the US for sizeable corn purchases. CIF & freight remains well under DVE on the upper IL. We are due to get a catch up report from USDA on export sales tomorrow, 25-33/wk expected total 75-98 mbu. Will be interesting to see if China added to their current book when prices made their initial lows. Processors and rail shippers continue to push for ownership. Their basis, outside the ECB, continues to creep higher, CZ/H4 narrowing; with good carry beyond the March noted.

Joe Harroun

### Beans

Beans and their products were the positive commodities today, with the equities, wheat and corn all lower. Funds

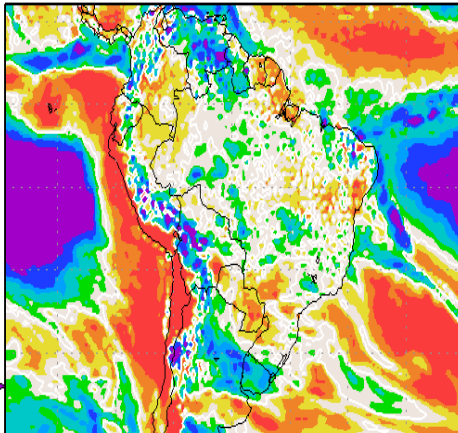
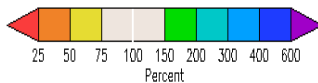
Daily Spreads					
Corn					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Dec3-Mar4	(11.75)	0.50	-17.42	67.5%	3.1
Dec3-Jul4	(27.25)	-0.75	-40.39	67.5%	3.1
Dec3-May4	(19.75)	1.00	-28.71	68.8%	3.2
Mar4-Jul4	(15.75)	unc	-23.06	68.3%	3.1
Beans					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Nov3-Jan4	11.00	2.75	-15.13	-72.7%	None
Nov3-Mar4	26.25	2.00	-29.78	-88.2%	None
Nov4-Jan5	(5.25)	-0.25	-14.50	36.2%	0.3
Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Dec3-Mar4	(11.25)	unc	-18.85	59.7%	2.4
Mar4-May4	(5.50)	-1.00	-12.22	45.0%	1.5
May4-Jul4	6.50	-1.00	-12.66	-51.4%	None
KCBOT Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Dec3-Mar4	(1.25)	-0.25	-22.11	5.7%	-1.0
Mar4-May4	4.75	unc	-14.34	-33.1%	None
Mar4-Jul4	23.50	-1.00	-29.16	-80.6%	None

### South American Weather Outlook

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

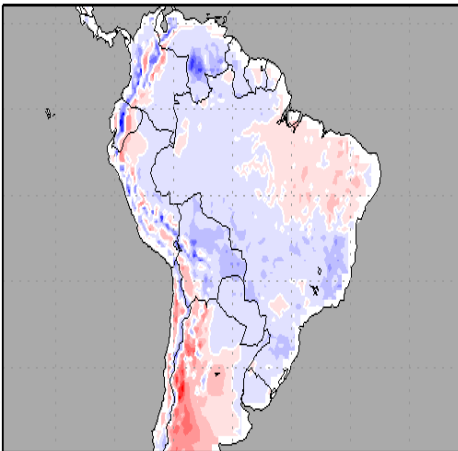
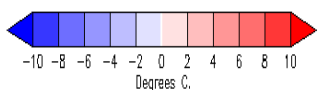
Precipitation (percent of normal)  
during the first 7.5-day period:

Wed, 30 OCT 2013 at 12Z  
-to-  
Thu, 07 NOV 2013 at 00Z



Temperature Anomaly  
during the first 7.5-day period from:

Wed, 30 OCT 2013 at 12Z  
-to-  
Thu, 07 NOV 2013 at 00Z



purchased 3,000 cxts of beans. Cash beans on the IWDS are at delivery on the upper system, and well above delivery on the lower system. With that, zero deliveries expected tomorrow, first notice day of November futures. The SX/SF spread firmed another 3 cents to close at 11 cent inverse. A cash led squeeze (déjà vu)! With the recent weather delaying harvest, freight may find a way to move inventory to the market and help users get covered. With inverses, the signal is to move beans nearby. Some processor markets are seeing enough movement to fade their basis(pennies) but the export market is still holding strong for Nov/Dec and with processor margins over \$1.50/bu they don't want to miss stocks when they move. If logistics improve, beans will move nearby. We need a lot of beans to meet the huge bean and meal sales that are already on the books. Try to stay slightly short bean basis with the flexibility to get aggressively short if one of three things dictates: 1) increasing inverses 2) basis "bounces firms to hard DVE" selling objectives 3) DP bean sales make room for corn storage revenue. If you are able to get short the basis, retain a majority of the long futures in the SX. Hold on to them into next week and then go day to day on managing them.

*Ben Peters*

### Wheat

Wheat had a lower day again across all exchanges. Brazil was in headlines today the Trade Ministry raised its quota for tariff free wheat imports again this time by 600K tonnes to a total of 3.3 million tonnes. This tariff free quota applies to shipments that arrive by Nov 30. Keep an eye on the export sales report tomorrow and keep in mind it will be 3 weeks' worth of sales data as the USDA tries to "catch up" on data while the gov't was shutdown. Lanworth raised its outlook for the Australian wheat crop by 2 percent due to better than avg soil moisture., their current estimate is 25.294 million tonnes. KC protein scales today went unchanged. KC futures showing small carries today, those that can't ship vs Dec need to have a discussion with their broker about getting hedges to March. Freight is a major factor in this equation with BN shuttle freight still trading well over \$3,000 car for Nov shuttle UP shuttles are running much cheaper and give UP shippers a great advantage in the wheat market.

*Troy Presley*

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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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