

October 31, 2013

ADVANCE INSIGHT

TURN UNCERTAINTY INTO OPPORTUNITY

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Transportation					
	TW/NW/Oct	Nov	Dec	Jan	Feb
St. Paul Savage	500/500/500	500			
Dub South	550/540/550	530			
St. Louis 12'	550/525/550	500	375	360	350
Illinois	575/550/575	550	460	460	425
OH/Jeff/Cinn	575/575/575	500	425	425	400
Gulf/PNW	\$0.700 / bushel				
BN Shuttles	2700//	2000	700	400	375
UP Shuttles	1000//	800	350	200	200

Cash Corn Markets					
	Oct FH/LH	Nov FH/LH	Dec FH/LH	Jan	Feb
CIF Nola	83z/83z 3	78z/74z	73z/73z	63h	
PNW	/ 10	130z/120z	120z/120z	110h	110h

	Oct FH/LH		Oct FH/LH
Cols CSX 65	-16z/-16z 4.0	Chicago	12z/12z 2
Ft. Wayne N/S 75	-19z/-19z 2.0	Pekin ethanol	8z/8z -2
Evansvl 15s	-8z/-8z 1	Decatur, IL	18z/18z x
Toledo	-25z/-25z x	Champaign CN 25	3z/3z 3
UP Grp 3	/ -2	Clinton, IA	14z/14z unc
Dexter, MO	/ x	Columbus, NE ethanol	25z/25z x
Fayne, OH	-18z/-18 2.0	Muscatine Truck	10z/10z unc
Ottawa	-15z/-15z x	Hereford COBO B/E	66z/66z 1

Cash Bean Markets					
	Oct FH/LH	Nov FH/LH	Dec FH/LH	Jan	Feb
CIF Nola	96x/96x 1	96x/96x	110f/110f	105f	100h
Paranagua	250x/250x unc	250f/250f	/	205f	48h

	Oct FH/LH		Oct FH/LH		Oct FH/LH
Columbus	7x/7x 5	CN25	10f/10f	Mankato	1f/1f x
Toledo	-15x/-15x x	Chicago	0x/0x unc	Cncl Bluf	-18x/-18x unc
Fostoria	-5x/-5x x	Decatur	5x/5x x	Lincoln	-15f/-15f
Windsor	-5x/-5x x	Naples	7x/7x +9	KC	0x/0x unc
PNW	170f/170f	Ottawa	-5x/-5x x	Wichita	30x/30x unc

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	18z/18z 1	KC Ords	103z/113z unc
Toledo (Mill)	-10z/-10z x	KC 12s	144z/154z 4
	Oct FH/LH	KC 13s	135z/145z unc
PNW	/	KC 14s	125z/135z -3

Export Sales (weeks of 10/10,10/17,10/24)

	Actual Old (mbu)	Actual New (mbu)	Expected (mbu)	Need
Corn	179.3	29.1	75-98(1900-2500)	17.4
Soybeans	174.2	0.0	88-110(2400-3000)	15.8
Wheat-All	48.1	0.0	55-73(1500-2000)	47.6
HRW		0.0		18.6
SRW		0.0		13.6
Sorghum	11.4	0.0		3.2
Bean Meal	805.2	0.0	800-1100	100.7
Bean Oil	14.5	0.0	40-160	8.9

Corn

Export sales were the initial highlight for the day in corn. Sales were expected to be 75-98 mbu and came in at 179 mbu. Using a "needed per week" number of 13 million, Thursday's figure represents roughly 14 weeks of activity. Mexico alone took 66 mil, Japan took 34 and China took 30. Corn tried to trade a little higher, but ultimately the macro defeated the micro. In the larger picture, total exports are not likely to deviate enough to matter this year, ethanol demand for corn might be negatively impacted by EPA decisions, and lastly, the trade is becoming increasingly convinced that the crop is just bigger than earlier estimates. We will know more next Friday when USDA releases their figures, but in the meantime nobody wants to be below 160 on yield or below 14.0 bil on crop size. Spreads had a little volatility today and ultimately closed a touch tighter. As large as this crop might be, basis is not showing signs that supply is overwhelming demand, in fact many cash markets are struggling to get covered. We've said it before and it bears repeating: this is a weird year. Big crop and big carryout versus wealthy farmers who don't like the price. Merchandisers – be students of the market; protect returns to storage when the opportunity is there, and don't become too emotionally tied to guessing when the farmer will sell.

Phil Reginelli

Beans

Soybean futures closed lower on Thursday, following a pretty dramatic reversal. This morning on the high nearby SX13 traded up 12 ½ cents at \$13.00, but couldn't hold & began to steadily sell-off shortly after the break. SX13 closed down 7 ¼ at \$12.80 ¼ while SF14 closed down 10 ¼ at \$12.66 ¼. Outside markets added some additional pressure, as the US\$ rallied over 400 points & energy/metal futures declined. On the day funds sold an estimated 4,000 contracts of beans & 2,000 contracts of meal. As expected last night there were no soybean deliveries, & SX13 still had nearly 27,000 contracts in open

1,000+ Cap. Feedlots, % of last year

	USDA	Pre-Release Estimates	
	Actual	Ave.	Range
On Feed	92	92.6	91.6—93.7
Placed	101	100.7	97.5—107.0
Marketed	106	104.3	100.1—106.7

Daily Spreads					
Corn					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Dec3-Mar4	(11.00)	0.75	-17.41	63.2%	2.8
Dec3-Jul4	(26.25)	1.00	-40.37	65.0%	2.9
Dec3-May4	(19.25)	0.50	-28.70	67.1%	3.1
Mar4-Jul4	(15.25)	0.50	-23.04	66.2%	3.0
Beans					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Nov3-Jan4	14.25	3.25	-15.11	-94.3%	None
Nov3-Mar4	31.00	4.75	-29.72	-104.3%	None
Nov4-Jan5	(5.50)	-0.25	-14.47	38.0%	0.5
Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Dec3-Mar4	(12.00)	-0.75	-18.81	63.8%	2.7
Mar4-May4	(5.75)	-0.25	-12.20	47.1%	1.7
May4-Jul4	1.50	-5.00	-12.63	-11.9%	None
KCBOT Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Dec3-Mar4	(2.00)	-0.75	-22.07	9.1%	-0.7
Mar4-May4	3.50	-1.25	-14.31	-24.5%	None
Mar4-Jul4	19.75	-3.75	-29.11	-67.8%	None

South American Weather Outlook

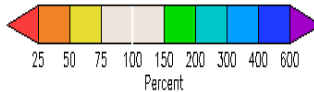
<http://www.wxmaps.org/pix/clim.html>

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

Thu, 31 OCT 2013 at 12Z

-to-

Fri, 08 NOV 2013 at 00Z

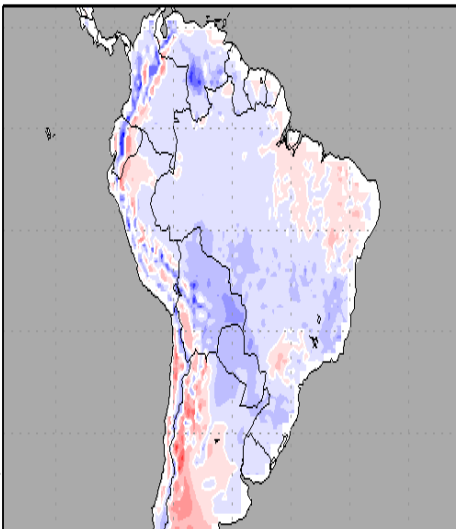
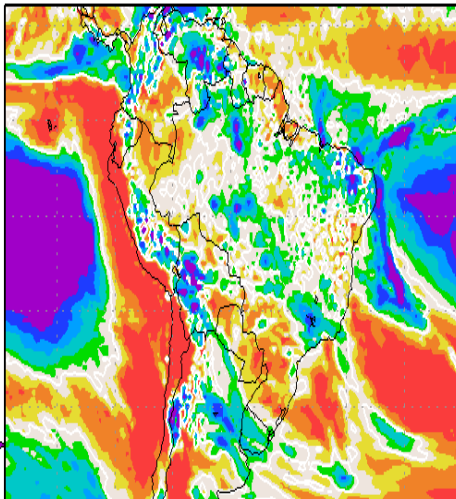
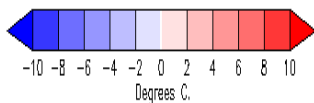


Temperature Anomaly
during the first 7.5-day period from:

Thu, 31 OCT 2013 at 12Z

-to-

Fri, 08 NOV 2013 at 00Z



interest. The SX/SF inverse strengthened 3 cents to close at +14, after trading a 5 cent range. Keep longs nearby for the time being. Monstrous export sales added a boost of enthusiasm to the rally effort, but it was short-lived. Old crop sales were reported at 174.2 mbu, well above the trade expectations of 88-110. China ran the show, accounting for 77.6 mbu. At this point the US has already sold a record 86% of the Sept USDA export estimate. A record 36% of the U.S. bean crop has already been sold into the export market, vs a 5-year average of only 23%. SBM sales came in at the low end of expectations, totaling 805.2K MT's. Harvest progress has come to a grinding halt as rain continues to blanket the Midwest. Skilling reported that Chicago Midway has now received 2.96" from this system, which is 94% of the October total!

Michael Reginelli

Wheat

Export sales on wheat were 48 million which was light of the anticipated range of 55-73 million. On the other hand, the "needed per week" number is right about 48 million so at least we were on track with that figure. Perhaps the real highlight was the SRW category which had 2.0 million in sales which is well below the 13.0 needed per week. Two million bushels of SRW sales hardly strikes fear in the hearts of deliverable houses that their stocks are in danger anytime soon. Canadian shippers of wheat are pleased to know that the CN railroad worked out a tentative 3 year deal with the teamsters. More than 90% of Canada's export grain moves by rail and the CN handles half of it. A stoppage would create a mess to say the least. Chicago wheat futures are on a rip lower having lost 43 cents in the last 7 days and closing nearly on the day's low today. We need to see an uptick in demand for US wheat in order to stage a decent recovery, otherwise the path of least resistance is still lower. The Z/H spread did bump out to 12.75 today which is the widest it has been since early September. Many open orders were filled, and many more still stand as GTC orders at 13 and 14.

Mark Talaski

Cattle on Feed

Today's USDA Cattle on Feed report was released nearly two weeks behind schedule due to the partial government shutdown. September placements were up 1% from last year, breaking a four month string of year-to-year declines in placements. However, September placements were still small. Placements last year were record small for September after last year's drought pushed grain prices (feed costs) up sharply. So, even though placements this year are up 1% from last year, they are still the second smallest on record for this time of year and are down 13% from the 5-year average for September. The size of the US cattle herd has been declining for the last six years and drought conditions in the US the last two years intensified and extended the decline. This has left the total cattle herd the smallest since 1952 and resulted in tightening feeder cattle supplies. While the dry conditions continue in the Western Plains and Southwest, wetter weather this spring and summer have improved pasture conditions in the East and most of the Midwest. This is allowing cattle in these regions to stay on pasture longer, further reduce feeder cattle moving into feedyards. In addition, weather conditions have also improved in Mexico, causing a sharp decline in US feeder cattle imports from Mexico. One more workday during September is largely responsible for increased total marketings during the month. If compared on a per day basis, marketings during September were 101% of last year, but 99% of the 5-year average for the month. As a result of reduced placements the last several months, October 1 cattle on feed came in well below last year. On feed supplies have now trailed year ago levels for the last fourteen months and supplies on October 1 are the smallest for this time of year since 1998.

Phil Gore