

December 9, 2013

# ADVANCE INSIGHT

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## Transportation

	TW/NW/Dec	Jan	Feb	Mar	Apr
St. Paul Savage	//				425
Dub South	//			425	375
St. Louis 12'	400/400/400	375	350	340	320
Illinois	525/525/515	515	515	450	400
OH/Jeff/Cinn	550/500/500	450	425	400	375
Gulf/PNW	\$0.580 / bushel				
BN Shuttles	2500/2200/2000	1500	1200	1200	300
UP Shuttles	500//350	250			-50

## Cash Corn Markets

	Dec FH/LH	Jan FH/LH	Feb FH/LH	Mar	Apr
CIF Nola	67h/70h unc	72h/72h	70h/70h	68h	
PNW	120h/120h -8	115h/115h	120h/120h	120h	110k

	Dec FH/LH		Dec FH/LH
Cols CSX 65	-8h/-8h unc	Chicago	16h/16h unc
Ft. Wayne N/S 75	-4h/-4h unc	Pekin ethanol	-2h/3h unc
Evansvl 15s	8h/8h unc	Decatur, IL	0h/0h unc
Toledo	-20h/-20h -3	Champaign CN 25	-6h/-6h unc
UP Grp 3	0h/0h unc	Clinton, IA	6z/6z unc
Dexter, MO	/ x	Columbus, NE ethanol	2h/6h x
Fayne, OH	-1h/-1h unc	Muscatine Truck	8h/8h unc
Ottawa	-14h/-10h 6	Hereford COBO B/E	85h/85h x

## Cash Bean Markets

	Dec FH/LH	Jan FH/LH	Feb FH/LH	Mar	Apr
CIF Nola	100f/104f unc	104f/100f	108h/108h	82h	
Paranagua	/	58f/58f	58h/58h	38h	-3k

	Dec FH/LH		Dec FH/LH		Dec FH/LH
Columbus	15f/15f unc	CN25	10f/10f unc	Mankato	-26f/-26f unc
Toledo	10f/10f unc	Chicago	5f/5f unc	Cncl Bluf	-18f/-18f -3
Fostoria	5f/5f unc	Decatur	20f/20f 5	Lincoln	-15f/-15f unc
Windsor	-5f/-5f	Naples	13f/13f +1	KC	2f/2f unc
PNW	157f/152f 7	Ottawa	13f/16f -1	Wichita	-10f/-10f -5

## Cash Milo Markets

	Dec FH/LH	Jan FH/LH	Feb FH/LH	Mar	Apr
CIF Nola	80h/80h unc	/	/		
Houston	104h/104h unc	104h/104	85h/85h	75h	60k
Corpus Christi	105h/105h unc	105h/105h	85h/85h	75h	60k

## Cash Wheat Markets

	Dec FH/LH	Jan FH/LH	Feb FH/LH	Mar	Apr
CIF SRW	97h/97h unc	85h/85h	85h/85h	80h	
TX Gulf HRW	130h/130h unc	/	/		

	Dec FH/LH	HRW	Dec FH/LH
St. Louis	29h/29h 3	KC Ords	115h/125h unc
Toledo (Mill)	-10z/-10z -10	KC 12s	150h/160h 5
	Dec FH/LH	KC 13s	135h/145h 10
PNW	100h/100h nb	KC 14s	130h/140h 5

## Export Inspections

	TW	LW	LY	YTD	USDA Goal	Need/Week
Corn	40.2	36.1	8.1	361.3	1400	27.3
Soybeans	60.4	55.0	48.5	703.4	1450	19.6
Wheat	19.8	15.5	14.3	678.9	1100	16.8
Sorghum	2.9	0.3	1.5	36.0	180	3.8

## Corn

Export inspections improved this week to 40 million which is better than last week's 36 million and far ahead of the "needed per week" number of 27 million. Another strong week of inspections is reinforcing the idea that USDA will increase the export forecast for the year and tighten carryout in tomorrow's report – and they probably will. We also wouldn't be shocked if the report included an uptick in ethanol demand which would further tighten carryout stocks. On the export front, keep in mind that of the 40 million inspected this week, 17 ½ million is going to China where GMO problems with SYN-IR162-4 (MIR162) persist. China already allows imports of several GMO varieties, but this particular one, designed for resistance to lepidopteran pests, has not yet been approved in Beijing. In the midst of all the bearish stories related to lower prices resulting from RFS changes, it is interesting that a speaker from FAPRI at the Country Elevator Conference in St. Louis said he expects ethanol use of corn to grow to 5.6 BBU in the next 3 years regardless of RFS, and he expects corn prices to move back to the 4.80 area as a result. Ethanol margins are quite strong, although it may be worth noting that natural gas is on a rip due to the cold weather. Nat gas is trading at the highest levels in several months and while it doesn't have a huge overall impact, higher nat gas prices generally have an adverse effect on ethanol margins. Basis levels were mostly steady at the gulf, southeast values quiet with Dec NS -7/-4 and JFM -5/-2.

*Phil Reginelli*

## Beans

Monday's close for January soybeans was the highest close for January soybeans since Sept 16<sup>th</sup>. The close of \$13.43 ¾'s was up 18 ¼ cents. Strong export shipments along with continued export sales helped feed the market. Funds were thought to have bought 4,500 contracts of soybeans, and 2,000 contracts of soybean meal. The US shipped 60.4 mbu this past week, with 41.4 mbu to China. Also, the USDA announced sales of 230,000 tons of 2013/14 soybeans, and 60,000 tons of 2014/15 soybeans, both to China. Were these the catalyst for Monday's rally or is it the USDA Report, released at 11am Central Time on Tuesday. The avg. trade estimate for the soybean carryover is 153 mbu, vs the November estimate of 170 mbu. The avg. trade estimate for

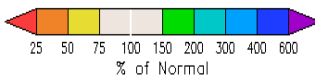
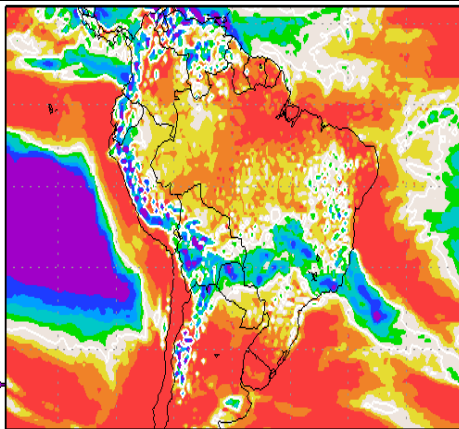
Daily Spreads					
Corn					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Dec3-Mar4	(9.50)	0.75	-17.41	54.6%	2.3
Dec3-Jul4	(24.75)	1.25	-40.37	61.3%	2.7
Dec3-May4	(18.25)	0.75	-28.70	63.6%	2.9
Mar4-Jul4	(15.25)	0.25	-23.03	66.2%	3.0
Beans					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Jan4-Mar4	16.75	1.25	-15.10	-110.9%	None
Mar4-May4	15.00	0.25	-14.54	-103.1%	None
Nov4-Jan5	(4.75)	0.25	-14.22	33.4%	0.2
Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Dec3-Mar4	(12.00)	1.75	-18.65	64.3%	2.8
Mar4-May4	(4.75)	0.50	-12.09	39.3%	1.2
May4-Jul4	2.50	-0.25	-12.52	-20.0%	None
KCBOT Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Dec3-Mar4	10.00	0.25	-21.86	-45.7%	None
Mar4-May4	(1.25)	-0.50	-14.15	8.8%	-0.6
Mar4-Jul4	7.00	unc	-28.77	-24.3%	None

### South American Weather Outlook

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

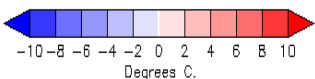
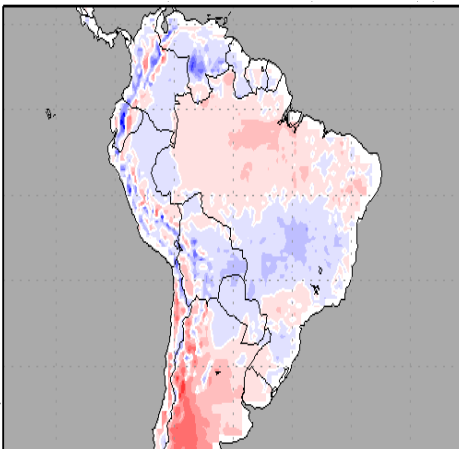
Precipitation (% of normal) during the 7.5-day period:

Mon, 09 DEC 2013 at 12Z  
-to-  
Tue, 17 DEC 2013 at 00Z



Temperature Anomaly during the 7.5-day period:

Mon, 09 DEC 2013 at 12Z  
-to-  
Tue, 17 DEC 2013 at 00Z



World Soybean Ending stocks is 71.64 mmt's vs the November estimate of 70.23 mmt's. CIF soybeans had a firmer tone, with Dec/Jan periods both over \$1.00SF4, attempting to offset grinding higher barge freight. These colder temperatures have an escalating effect on barge freight. Western processor basis acted weaker. There is a 13 cent cash inverse between January and February soybeans along the northern tier of the Illinois River. The CME inverse between the SF4 and the SH4 stands at 17 cents inverse. Producers continue to weigh whether they can take more income in 2013, or if they are better off waiting post 2014. With prices rallying into this report, producers have been awarded an opportunity to catch up on sales. Movement hasn't been overwhelming, but steady when we get double digit gains in flat price.

*Jack Fitzgerald*

### Wheat

Uneventful wheat trade to kick off the week as futures maintained a narrow range and closed ½ penny either side of unchanged in Chicago and KC while Minneapolis posted a 4 cent decline. The cold temperatures arrived as advertised across a bulk of the HRW belt this past weekend, but the corresponding winter kill concerns seemed to be exaggerated as funds were reluctant to push the market higher. Cash trade rumors have Brazil potentially booking 2 more cargos of US HRW which supported the closing positive trades on the KC exchange. A weaker US dollar assisted with narrowing the price gap of US SRW to world competition on Egyptian business. The fundamental offset to this being export capacity is booked into late January keeping the US on the sidelines. Matif wheat was another nickel lower, now down almost 25 cents in the last 5 trading sessions which also weighed on market optimism. A bit of increasing concern with lack of snow cover across much of the Black Sea wheat growing areas. Temperatures to date have remained mild and increased moisture is in the forecast. China indicating winter wheat conditions the best they've been in several years. French winter wheat area slightly lower and bigger declines noted in Durum acres. Mixed results from Australia as bigger crop in Western Australia seems to be offsetting production losses across Eastern regions. Australian protein spreads trending the same direction as US's KC/Mnpls relationship, but not to the extreme point of protein scale inversions. KC March/May traded to a penny carry. Seasonal trend is for a quality bump in basis levels this spring, but market has not been kind to those trying to carry high protein inventories. Rolling short hedges at less than money costs never seems like a good idea, but short term demand picture might firm spreads in a market that doesn't want high protein wheat. Be sure and maintain merchandising flexibility.

*Kelly Herrick*

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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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