

December 12, 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'	475/450/450	400	375	350	320
Illinois	575/575/550	525	460	410	375
OH/Jeff/Cinn	450/450/425	425	400	400	375
Gulf/PNW	\$0.580 / bushel				
BN Shuttles	3000/3000/2500	1800	1650	1650	300
UP Shuttles	800//700	400			-50

Cash Corn Markets					
	Dec FH/LH	Jan FH/LH	Feb FH/LH	Mar	Apr
CIF Nola	70h/74h unc	77h/76h	76h/76h	65h	
PNW	125h/125h 5	115h/115h	120h/120h	120h	100k

	Dec FH/LH		Dec FH/LH
Cols CSX 65	-6h/-6h unc	Chicago	16h/16h unc
Ft. Wayne N/S 75	-3h/-3h unc	Pekin ethanol	-2h/4h unc
Evansvl 15s	5h/5h unc	Decatur, IL	0h/0h unc
Toledo	-15h/-15h x	Champaign CN 25	-4h/-4h 2
UP Grp 3	-5h/-5h -5	Clinton, IA	14z/14z unc
Dexter, MO	/ x	Columbus, NE ethanol	2h/6h unc
Fayne, OH	-3h/-3h unc	Muscatine Truck	8h/8h unc
Ottawa	-13h/-13h 1	Hereford COBO B/E	35h/35h

Cash Bean Markets					
	Dec FH/LH	Jan FH/LH	Feb FH/LH	Mar	Apr
CIF Nola	104f/100f -1	100f/108f	95h/95h	82h	
Paranagua	/ unc	58f/58f	58h/58h	38h	-3k

	Dec FH/LH		Dec FH/LH		Dec FH/LH
Columbus	14f/14f unc	CN25	12f/12f 4	Mankato	-22f/-22f 2
Toledo	10f/10f x	Chicago	5f/5f unc	Cncl Bluf	-27f/-27f -4
Fostoria	0f/0f x	Decatur	15f/15f unc	Lincoln	-20f/-20f unc
Windsor	-10f/-10f x	Naples	18f/18f unc	KC	0f/0f -2
PNW	160f/150f 10	Ottawa	8f/11f -4	Wichita	-15f/-15f unc

Cash Milo Markets					
	Dec FH/LH	Jan FH/LH	Feb FH/LH	Mar	Apr
CIF Nola	90h/90h unc	/	/		
Houston	105h/105h unc	105h/105	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	100h/ 5	100h/100h	100h/100h	95h	
TX Gulf HRW	130h/130h unc	/	/		

	Dec FH/LH	HRW	Dec FH/LH
St. Louis	30h/30h -1	KC Ords	115h/125h unc
Toledo (Mill)	-10z/-10z x	KC 12s	160h/170h unc
	Dec FH/LH	KC 13s	155h/165h 10
PNW	100h/100h unc	KC 14s	145h/155h unc

Export Sales				
	Actual Old (mbu)	Actual New (mbu)	Expected (mbu)	Need
Corn	27.4	4.3	24-30(600-750)	10.5
Soybeans	40.7	16.3	28-35(750-950)	1.4
Wheat-All	13.7	0.4	11-18(300-500)	10.2
HRW	6.0	0.0		4.1
SRW	4.6	0.2		1.7
Sorghum	11.4	0.0		2.3
Bean Meal	82.7	0.3	100-200	87.0
Bean Oil	2.3	0.0	0-30	6.0

Corn

Despite the decent export sales in corn we saw a lower trade on Thursday. Export sales were solid at 27.4 mbu which was right in the middle of the expected range and well above the needed amount of 11.2 mbu. We continue to hear of rejections by China of US corn because of the MIR 162 gene. There was news Thursday that US Senator Dianne Feinstein (D- Calif) and Tom Coburn (R- Okla) introduced a bill that would eliminate the corn ethanol mandate within the EPA's RFS. Feinstein and Coburn previously teamed up in June of 2011 to target the corn-based ethanol industry. In that proposal the Senate voted 73-27 on an amendment that would have nearly immediately ended the then-ethanol industry's 45ct/gal tax incentive and its 54ct/gal import tariff. With this news ethanol futures were also lower. Interesting to watch as we head into the last trading days of the December futures the Z/H spread narrow into a 3 cent carry during the session and settled at 6 cents. It is a different story in the Z14/H15 – as this spread Thursday managed to trade 11 ¼ cents carry. Old crop hedges for the most part seemed to be scattered – likely matching logistics. I like the idea of hedges in the May. It allows you to be patient and see if the producer will or won't be a seller after the first of the year. If the basis firms up you can always bring the hedges back and sell the grain.

Mark Talaski

Beans

Soybean futures broke hard on Thursday, with nearby SF14 closing down 20 ¼ at 1323 ¾. The US\$ was up over 300 points & the entire complex seemed to stumble. Oats, natural gas, & livestock were the only commodity futures that showed any sign of life. Profit taking was evident in soybeans, after SF14 traded nearly a 3-month high earlier

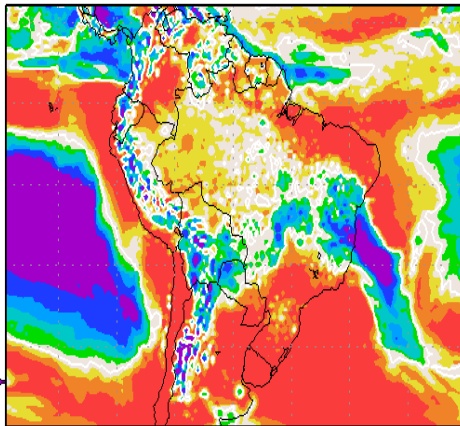
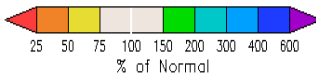
Daily Spreads					
Corn					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Dec3-Mar4	(6.75)	1.25	-17.41	38.8%	1.4
Dec3-Jul4	(20.00)	3.25	-40.37	49.5%	2.1
Dec3-May4	(12.00)	4.50	-28.70	41.8%	1.6
Mar4-Jul4	(15.00)	0.25	-23.00	65.2%	2.9
Beans					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Jan4-Mar4	12.25	-3.25	-15.03	-81.5%	None
Mar4-May4	16.25	-3.00	-14.49	-112.1%	None
Nov4-Jan5	(5.00)	unc	-14.17	35.3%	0.4
Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Dec3-Mar4	(9.00)	1.50	-18.56	48.5%	1.8
Mar4-May4	(6.75)	-0.75	-12.03	56.1%	2.3
May4-Jul4	(1.75)	-2.00	-12.46	14.0%	-0.3
KCBOT Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Dec3-Mar4	(9.00)	-20.75	-21.67	41.5%	1.7
Mar4-May4	(3.75)	-0.75	-14.08	26.6%	0.7
Mar4-Jul4	(0.75)	-2.00	-28.64	2.6%	-1.1

South American Weather Outlook

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

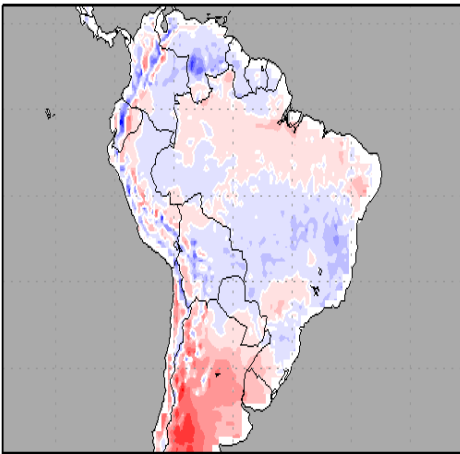
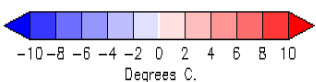
Precipitation (% of normal)
during the 7.5-day period:

Thu, 12 DEC 2013 at 12Z
-to-
Fri, 20 DEC 2013 at 00Z



Temperature Anomaly
during the 7.5-day period:

Thu, 12 DEC 2013 at 12Z
-to-
Fri, 20 DEC 2013 at 00Z



this week. Funds reportedly sold 8,000 contracts of beans, 4,000 meal, & 2,000 oil. Export sales were strong this morning at 40.7 mbu, which beat out trade expectations of 28-35. However, that wasn't enough to turn the market around. Despite another 20 mbu of sales to China, the market seems fearful that seasonal U.S. export demand will begin to fade & cancelations are on the way. The South American forecast remains generally favorable for upcoming crop. U.S. processor basis has been generally lower this week. CIF was down a penny today at +104/110 for Dec. Spreads were weaker as well, with SF/SH narrowing 3 1/2 to a 12 1/4 cent inverse.

Michael Reginelli

Wheat

Export sales were decent at 13.7 million with a breakdown as follows: HRW 6.0; SRW 2.3; HRS 4.6; White 0.1; and Durum 0.7. Primary buyers were Nigeria, Brazil, and Mexico, who combined, took more than half of this week's total. In spite of decent export sales, futures at the CME took a hit on Thursday. Part of it could be considered a "sympathy hit" as corn and beans were down pretty hard most of the day. But bigger picture, it is hard to build a great argument for higher wheat prices. For starters, the March, May, and July wheat contracts are all trading about a \$2 premium to their counterparties in the corn pit. When the wheat:corn ratio is even money, we feed a bunch of wheat; when it is \$2, not so much. On a global scale, the report Tuesday showed an uptick in world wheat production and world wheat ending stocks, much of that a result of better crops in countries that compete with the US for export business. These macro fundamentals could lead to a prolonged period of weak prices, and if they do, the winners would likely be folks like: restaurants (especially Italian restaurants), soup and sandwich companies such as Subway, Atlanta Bread and Panera Bread, Pizza makers, etc. Whether those reduced food costs ultimately get to the consumer or not remains to be seen, but you have to wonder if the jump in first time jobless claims this week of 368,000 doesn't at least raise a few eyebrows in the retail world. Some are writing that huge jump off to "seasonal volatility and a late Thanksgiving" so we will have to see what next week brings. In spreads, take a look at WN/WU Chicago. In 5 trading sessions that spread went from 6.75 to 9.5 cents carry. Keep in mind that if the spread averages 10.25 during the observation period, VSR could kick in. But based on non-VSR calculations, 9.5 isn't bad. It represents 75% of full carry and for those who execute most of their cash business versus Sept, it is something to consider.

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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