

December 13, 2013

ADVANCE INSIGHT

TURN UNCERTAINTY INTO OPPORTUNITY

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Transportation

	TW/NW/Dec	Jan	Feb	Mar	Apr
St. Paul Savage	//				425
Dub South	//			425	375
St. Louis 12'	500/475/475	450	475	375	320
Illinois	600/600/575	550	550	410	375
OH/Jeff/Cinn	450/450/425	425	400	400	375
Gulf/PNW	\$0.650 / bushel				
BN Shuttles	2000/3000/2500	1700	1250	1250	100
UP Shuttles	900//1200	700			-50

Cash Corn Markets

	Dec FH/LH	Jan FH/LH	Feb FH/LH	Mar	Apr
CIF Nola	70h/73h unc	79h/	77h/77h	65h	
PNW	125h/125h x	115h/115h	120h/120h	120h	100k

	Dec FH/LH		Dec FH/LH
Cols CSX 65	-5h/-5h unc	Chicago	16h/16h unc
Ft. Wayne N/S 75	-4h/-4h -	Pekin ethanol	-2h/2h unc
Evansvl 15s	5h/5h unc	Decatur, IL	0h/0h x
Toledo	-15h/-15h x	Champaign CN 25	-5h/-5h -1
UP Grp 3	-5h/-5h x	Clinton, IA	17z/17z 7
Dexter, MO	/ x	Columbus, NE ethanol	2h/6h unc
Fayne, OH	-3h/-3h unc	Muscatine Truck	8h/8h unc
Ottawa	-13h/-13h x	Hereford COBO B/E	35h/35h unc

Cash Bean Markets

	Dec FH/LH	Jan FH/LH	Feb FH/LH	Mar	Apr
CIF Nola	104f/ unc	104f/101f	108h/92h	82h	
Paranagua	/	/	45h/35h	35h	-11k

	Dec FH/LH		Dec FH/LH		Dec FH/LH
Columbus	13f/13f -1	CN25	12f/12f unc	Mankato	-24f/-24f -2
Toledo	10f/10f x	Chicago	5f/5f unc	Cncl Bluf	-27f/-27f unc
Fostoria	0f/0f x	Decatur	15f/15f x	Lincoln	-20f/-20f unc
Windsor	-10f/-10f	Naples	14f/14f -4	KC	-4f/-4f -4
PNW	160f/150f unc	Ottawa	8f/11f x	Wichita	-15f/-15f unc

Cash Milo Markets

	Dec FH/LH	Jan FH/LH	Feb FH/LH	Mar	Apr
CIF Nola	80h/80h -10	/	/		
Houston	105h/105h x	105h/105	85h/85h	75h	60k
Corpus Christi	105h/105h x	105h/105h	85h/85h	75h	60k

Cash Wheat Markets

	Dec FH/LH	Jan FH/LH	Feb FH/LH	Mar	Apr
CIF SRW	100h/100h unc	100h/100h	100h/100h	95h	
TX Gulf HRW	130h/130h unc	/	/		

	Dec FH/LH	HRW	Dec FH/LH
St. Louis	28h/28h -2	KC Ords	115h/125h unc
Toledo (Mill)	-10z/-10z x	KC 12s	160h/170h unc
	Dec FH/LH	KC 13s	155h/165h unc
PNW	105h/105h 5	KC 14s	145h/155h unc

Corn

CZ expires -7 ¾ at 420 ½ the Z/H4 expires -5 carry. Corn option volatility is cheap (21% implied vol) corn and expensive on ethanol options. No major changes in COT reports including futures and options traditional hedge funds remain a small long 7.3k contracts, Commercials small net short -1.7k contracts (usually net long this time of year) and index funds net long 5.1k contracts. **Cash US story continues to be high rail freight costs and poor service, cold weather, crew shortages, etc... have impacted rail freight performance and supported truck basis from northwest thru the western corn belt. Forecasted 3-5" snow may add to transportation for woes as it's been a very cold week with low water levels slowing freight on the major rivers. The recent spike in ethanol prices peaked for Chicago last Wednesday at 256.5, while New York peaked Monday at 3.50cpg. At those levels ethanol was more expensive on a cash basis than unleaded gasoline, arbs to export ethanol at those levels were uneconomic, but have since improved. Run-rates on Wednesday were high, 944kbpd =14.47B g, and since the EIA report several gaps have been filled as prices retreated dramatically in ethanol. Margins were at the 100th percentile since 2010 for the past week and have dropped to 91st percentile. Softer but decent Q1, and back the normal minimal margins Q2 -Q4 2014. A co-worker in the hog industry points out hog producers have locked good margins thru mid-summer. Poultry margins are very good. Beef packer margins are negative as choice beef prices slumped with the poor weather coming in this weekend. Chinese contacts say feed demand up 6% mom and disease incidence so far isolated and manageable. This past year was the year of the Snake in China and US corn exporters can related to that metaphor; well their lunar new year parties will be over Feb 6th and it's the year of the Horse, so maybe they can get on their horse and solve these GMO trade issues.**

Joe Harroun

Daily Spreads

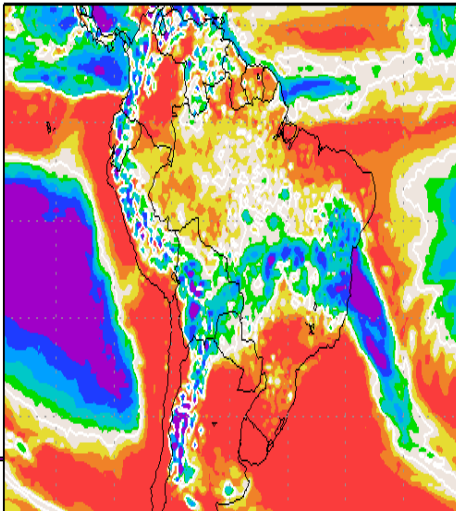
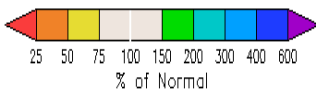
Corn					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Dec3-Mar4	(8.00)	-1.25	-17.37	46.1%	1.9
Dec3-Jul4	(20.00)	unc	-40.27	49.7%	2.1
Dec3-May4	(14.25)	-2.25	-28.63	49.8%	2.1
Mar4-Jul4	(15.25)	-0.25	-22.94	66.5%	3.0
Beans					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Jan4-Mar4	14.25	2.00	-15.04	-94.7%	None
Mar4-May4	17.00	0.75	-14.50	-117.2%	None
Nov4-Jan5	(5.00)	unc	-14.17	35.3%	0.4
Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Dec3-Mar4	(8.75)	0.25	-18.53	47.2%	1.7
Mar4-May4	(6.00)	0.75	-12.02	49.9%	1.9
May4-Jul4	(1.75)	unc	-12.45	14.1%	-0.3
KCBOT Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Dec3-Mar4	(14.75)	-5.75	-21.60	68.3%	3.7
Mar4-May4	(3.25)	0.50	-14.06	23.1%	0.4
Mar4-Jul4	(1.50)	-0.75	-28.60	5.2%	-0.9

South American Weather Outlook

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

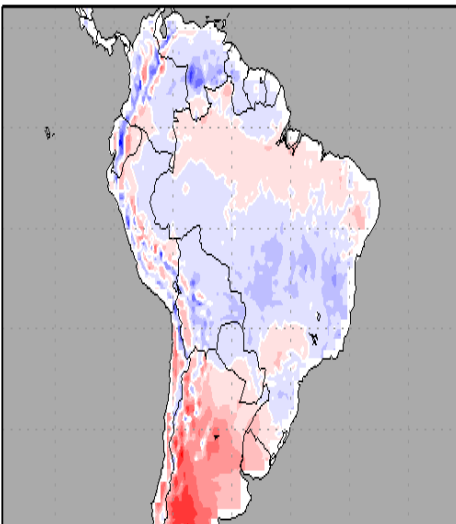
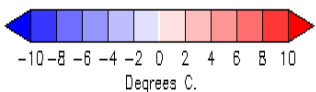
Precipitation (% of normal) during the 7.5-day period:

Fri, 13 DEC 2013 at 12Z
-to-
Sat, 21 DEC 2013 at 00Z



Temperature Anomaly during the 7.5-day period:

Fri, 13 DEC 2013 at 12Z
-to-
Sat, 21 DEC 2013 at 00Z



Beans

Yesterday's impressive export sales of 55.9 MBU seems to be responsible for CIF up 2 and barge freight up 25 pts. Upper IL R FOB the barge value is about +12SF and delivered by truck bids around the same price. Stopping SF, owns you beans at around +12 to +14, so SF is "in play". Short basis people (including the exporter) are in good shape with longs in SF. Long basis people with shorts in the SF, need to sell some beans! South America planting and growing conditions are unremarkable. There are 5 vessels in Brazil to load beans, up 2 week over week and weekly loadings up to 9.3 MBU. For January, beans to Asia are about 40 cpb cheaper than US beans, but logistic issues and the fact that heavy SA harvest is couple of months away will keep the US as the big shipper to Asia for couple more months.

Terry Reinhart

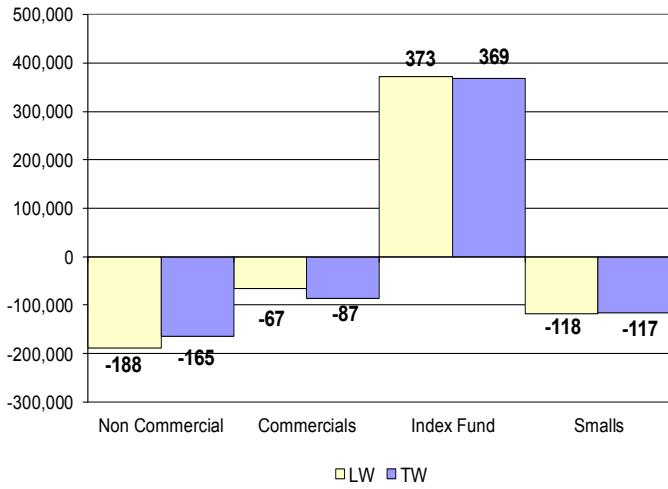
Wheat

Wheat continues its lower trend after the USDA report Tuesday and no US SRW or SWW offered on the Egyptian tender for Jan. Since last Friday March wheat futures for the three US classes is dn 20 – 23c. For the week Matiff futures were dn euro 1.5/mt. The COT report showed the funds increased their SRW net short 4k to -104k which is a new record and 15% is of OI. The KH/KK traded out to 4 ¼ carry and provides opportunity for those needing time to get paid over interest cost to roll hedges to the May. TX Gulf 12% HRW was steady with Dec 155/165 and JFM said to have traded +145KH. Rail logistics continue to be the main focus for mills as the market for spot cars are all bids, although some steam was said to have come out of the HRS spot market today. Last trading for Dec futures with MWZ/WWH going off the board at 19 ¼ carry, KZ/KH 3 ¼ carry and WZ/WH 8 ¾ carry. Have a great weekend!

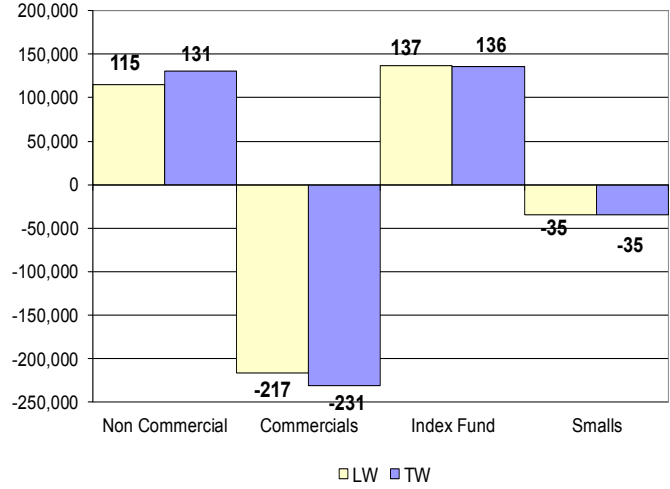
Nathan Mangold

Commitment of Traders

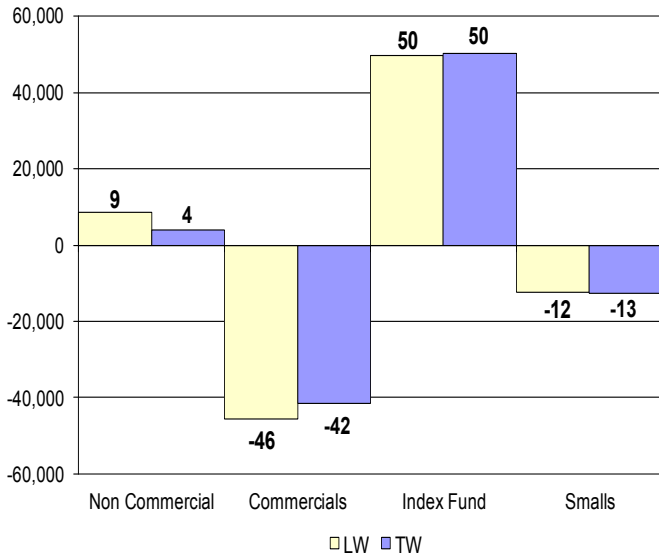
Corn Net Future & Option Positions



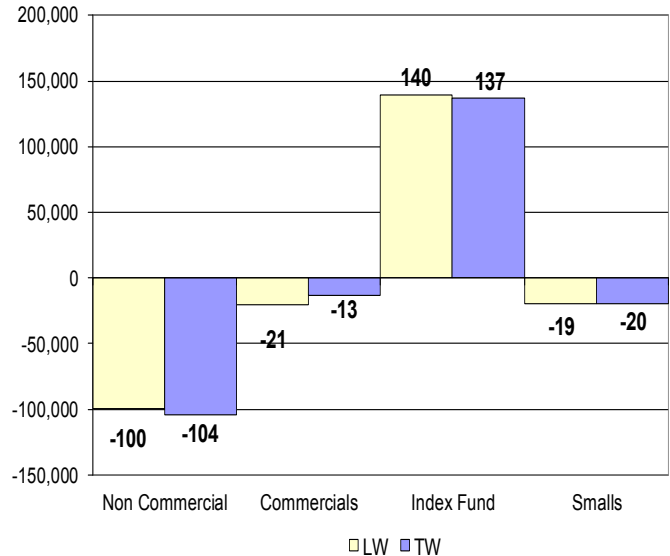
Soybean Net Future & Option Positions



KC Wheat Net Future & Option Positions



CBOT Wheat Net Future & Option Positions



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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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