

December 19, 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'	475/450/425	425	375	350	325
Illinois	575/550/575	425	550	410	375
OH/Jeff/Cinn	425/425/425	400	400	400	375
Gulf/PNW	\$0.650 / bushel				
BN Shuttles	2500/3250/3250	2000	1200	1200	200
UP Shuttles	1000/1000/1000	600	275	100	-100

Cash Corn Markets					
	Dec FH/LH	Jan FH/LH	Feb FH/LH	Mar	Apr
CIF Nola	65h/65h unc	71h/71h	71h/71h	65h	
PNW	120h/120h -4	122h/12h	123h/123h	124h	105k

	Dec FH/LH		Dec FH/LH
Cols CSX 65	-5h/-5h unc	Chicago	18h/18h unc
Ft. Wayne N/S 75	-3h/-3h +1	Pekin ethanol	0h/0h unc
Evansvl 15s	9h/9h +4	Decatur, IL	0h/0h unc
Toledo	-14h/-14h unc	Champaign CN 25	-5h/-5h unc
UP Grp 3	-5h/-5h unc	Clinton, IA	15h/15h -3
Dexter, MO	/ x	Columbus, NE ethanol	2h/6h unc
Fayne, OH	-2h/-2h +1	Muscatine Truck	12h/12h unc
Ottawa	-16h/-16h -4	Hereford COBO B/E	35h/35h unc

Cash Bean Markets					
	Dec FH/LH	Jan FH/LH	Feb FH/LH	Mar	Apr
CIF Nola	102f/102f 1	102f/100f	105h/95h	82h	
Paranagua	50f/50f 3	/	50f/40f	40n	-7n

	Dec FH/LH		Dec FH/LH		Dec FH/LH
Columbus	5f/5f -7	CN25	10f/10f unc	Mankato	-20f/-20f unc
Toledo	0f/0f -5	Chicago	5f/5f unc	Cncl Bluf	-30f/-30f -2
Fostoria	0f/0f unc	Decatur	15f/15f unc	Lincoln	-25f/-25f unc
Windsor	-10f/-10f x	Naples	11f/11f -3	KC	-4f/-4f unc
PNW	170f/160f -15	Ottawa	8f/8f -2	Wichita	-5f/-5f unc

Cash Milo Markets					
	Dec FH/LH	Jan FH/LH	Feb FH/LH	Mar	Apr
CIF Nola	80h/80h 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	105h/105h 5	100h/97h	90h/90h		
TX Gulf HRW	130h/130h unc	/	/		

	Dec FH/LH	HRW	Dec FH/LH
St. Louis	30h/30h x	KC Ords	105h/115h unc
Toledo (Mill)	-10z/-10z unc	KC 12s	130h/140h unc
	Dec FH/LH	KC 13s	110h/120h unc
PNW	110h/110h unc	KC 14s	110h/120h unc

Export Sales				
	Actual Old (mbu)	Actual New (mbu)	Expected (mbu)	Need
Corn	32.6	1.8	22-30(550-750)	9.9
Soybeans	15.3	2.9	26-33(700-900)	1.1
Wheat-All	24.1	0.1	11-15(300-400)	9.7
HRW	10.7	0.0		3.8
SRW	1.8	0.1		2.5
Sorghum	2.8	0.0		2.2
Bean Meal	77.1	0.0	150-300	85.2
Bean Oil	27.0	0.0	10-30	5.3

The Bloomington Office will be closing at 1:00 pm next Tuesday, December 24th. We will re-open at 6 am on Thursday, December 26th.

Corn

The corn market managed to bounce higher Thursday on solid export sales and hot/dry weather in Argentina. Sales were 32.6 mbu, just above the range of 22-30 mbu. Weather in Argentina is currently dealing with hot and dry weather however the deferred forecast continues to indicate more normal temps and some rain into next week. The fear in the trade is this current pattern continues as we head into January. FWIW – just an observation but the March Chicago corn/wheat spread settled at \$1.80 premium wheat – it started the month around \$2.50 premium wheat. You would have to go back to late September to find a point where the March/March was narrower... Nearby corn spreads were a touch tighter Thursday with the H/K around 8-8 ¼ cents carry. Did trade 8 ½ cents. CIF was flat Thursday and interior basis was flat. We have beat H/K spread drum pretty hard but it seems to make sense to have some hedges in the May. How much? It likely depends on your logistics. But full carry is something in the neighborhood of 11 ¼ 11 ½ cents – so at 8 ¼ you risk to full carry or 3 cents. Will we see full carry? Not sure, but several things would likely need to happen to create that – one those being excessive grain movement by the producer (a second harvest). If this was to happen the basis would break as the spreads relax. You would likely have the opportunity to buy cheaper corn. A good problem, right? End-users could consider using this spread as a basis hedge against JFM or AM needs.

Mark Talaski

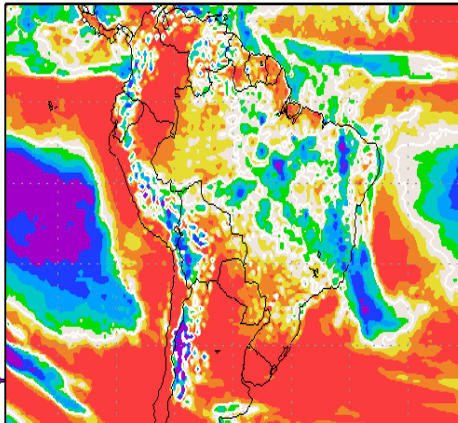
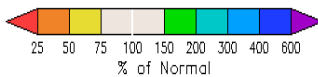
Daily Spreads					
Corn					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Mar4-May4	(8.25)	0.25	-11.30	73.0%	3.4
May4-Jul4	(7.00)	-0.25	-11.71	59.8%	2.6
Mar4-Jul4	(15.00)	0.25	-22.98	65.3%	3.0
Sep4-Dec4	(6.50)	0.50	-17.54	37.1%	1.3
Beans					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Jan4-Mar4	8.00	-2.50	-15.05	-53.2%	None
Mar4-May4	13.25	-2.00	-14.52	-91.2%	None
Nov4-Jan5	(4.25)	0.50	-14.20	29.9%	0.0
Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Mar4-May4	(6.75)	-0.25	-11.95	56.5%	2.3
May4-Jul4	(3.50)	-0.50	-12.38	28.3%	0.6
Jul4-Sep4	(9.00)	unc	-12.60	71.4%	3.2
KCBOT Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Mar4-May4	(1.00)	1.75	-13.99	7.1%	-0.7
Mar4-Jul4	(1.00)	2.00	-28.46	3.5%	-1.0
Jul4-Sep4	(10.00)	0.25	-20.85	48.0%	3.6

South American Weather Outlook

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

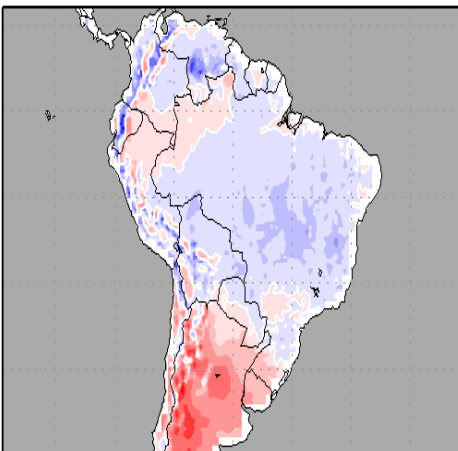
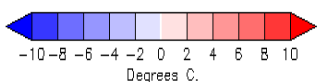
Precipitation (% of normal)
during the 7.5-day period:

Thu, 19 DEC 2013 at 12Z
-to-
Fri, 27 DEC 2013 at 00Z



Temperature Anomaly
during the 7.5-day period:

Thu, 19 DEC 2013 at 12Z
-to-
Fri, 27 DEC 2013 at 00Z



Beans

Soybean futures traded both sides on unchanged, but managed to finish higher on Thursday. SF14 closed up 3 cents at 1327, while SH14 closed up 5 ¼ at 1319. Despite poor export sales, technical buying provided decent support after SF14 dipped below the 30-day moving average. Funds bought an estimated 5,000 contracts of beans, 2,000 contracts of meal, & 2,000 contracts of oil. Soybean sales were disappointing at 15.3 mbu, down significantly from last week & only half of what the trade was expecting. It was also reported that China canceled 2.7 mbu of beans, while 'Unknown' canceled 21.1 mbu. Meal sales were at a marketing year low of 77K MT's. Fears of additional cancelations & switching to South American bushels could potentially limit rally efforts going forward. Especially with the Brazilian government planning to reduce wait times at ports this spring by placing a priority on soybeans over corn. SF/SH weakened 2 ¼ to an 8 cent inverse. This is the fifth consecutive day that spread has closed weaker, & it's now trading at the lowest level since mid-August. Processor bids seemed to back off again today, but basis along the IWDS still appears to be at DVE. With that said, if you're still short SF14 this could potentially be an opportunity to roll forward.

Michael Reginelli

Wheat

It seemed to be a quiet day in the wheat pits as we settled lower on the day. On the continuous chart the nearby Chicago futures which today is the March hit the lowest level since June 15, 2012. Wheat export sales were 24.1 mbu well above the range of 11-15). This was the largest weekly export number since mid-September. NOAA released their US seasonal drought outlook and it projects the drought to persist or intensify for much of the HRW region. Argentina's Ag Ministry bumped their estimate of their wheat crop to 9 million tonnes, up from 8.5 in the previous forecast. This is still below the USDA current estimate of 11 MMT. SRW mill basis continues to be steady. The H/K spread was steady as well, settling at 6 ¼ cents. We have not seen this spread push beyond 7 cents since early September. The widest then was around 8 ½ cents carry. Hedges in Chicago are for the most part in the March. However, if you have quality issues you should be in the new crop. Today the H/N is 10 ¼ cents – widest we have seen this spread since early July. Regardless what our opinion is on the spreads if you can't execute you need to get the hedges where you can.

Mark Talaski

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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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