

July 24, 2013

ADVANCE INSIGHT

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Transportation

	TW/NW/Jul	Aug	Sep	Oct	Nov
St. Paul Savage	340/340/350	400	450	575	550
Dub South	280/290/300	330	475	560	475
St. Louis 12'	240/240/250	300	475	550	450
Illinois	260/260/265	330	450	550	475
OH/Jeff/Cinn	190/200/220	300	475	550	450
Gulf/PNW	\$0.550 / bushel				
BN Shuttles	-225/-200/-200	-150	-188	700	300
UP Shuttles	-200/-200/-200	-275	-150	525	125

Cash Corn Markets

	Jul FH/LH	Aug FH/LH	Sep FH/LH	Oct	Nov
CIF Nola	192u/192u -3	140u/100u	60z/55z	65z	65z
PNW	260u/260u unc	255u/	/	105z	107z

	Jul FH/LH	Chicago	Jul FH/LH
Cols CSX 65	160u/160u unc	Chicago	185u/185u -10
Ft. Wayne N/S 75	180u/180u unc	Pekin ethanol	145u/145u unc
Evansvl 15s	180u/180u unc	Decatur, IL	170u/170u unc
Toledo	160u/160u x	Champaign CN 25	190u/190u unc
UP Grp 3	160u/160u -10	Clinton, IA	161u/161u unc
Dexter, MO	/ x	Columbus, NE ethanol	192u/150u x
Fayne, OH	190u/190u -5	Muscatine Truck	160u/160u unc
Ottawa	147u/147u unc	Hereford COBO B/E	260u/260u x

Cash Bean Markets

	Jul FH/LH	Aug FH/LH	Sep FH/LH	Oct	Nov
CIF Nola	145q/145q 65	145q/145q	120x/110x	90x	90x
Paranagua	-8n/-8n -10	90u/90u	/		

	Jul FH/LH	Jul FH/LH	Jul FH/LH
Columbus	140q/140q -10	CN25	20q/20q -95
Toledo	82q/82q x	Chicago	0q/0q -40.0
Fostoria	110q/110q x	Decatur	180q/180q 100
Windsor	210x/210x	Naples	15q/15q -15.0
PNW	/	Ottawa	95q/95q 65
		Mankato	140x/140q -46
		Cncl Bluf	165q/165u unc
		Lincoln	140x/140x -45
		KC	125x/125x -135
		Wichita	150x/150x -100

Cash Milo Markets

	Jul FH/LH	Aug FH/LH	Sep FH/LH	Oct	Nov
CIF Nola	120u/120u -10	/	/		
Houston	70z/70z x	70z/70z	50z/50z	50z	50z
Corpus Christi	70z/70z x	70z/70z	50z/50z	50z	50z

Cash Wheat Markets

	Jul FH/LH	Aug FH/LH	Sep FH/LH	Oct	Nov
CIF SRW	50u/50u 7	55u/63u	70u/75u	80z	80z
TX Gulf HRW	150u/150u x	148u/148u	/		

	Jul FH/LH	HRW	Jul FH/LH
St. Louis	18u/18u 1	KC Ords	95u/110u unc
Toledo (Mill)	10u/10u x	KC 12s	140u/155u unc
	Jul FH/LH	KC 13s	115u/130u unc
PNW	110u/110u x	KC 14s	115u/130u unc

Export Sales Estimates

	Expected Crop MBU (kmt)	Needed (mbu)
Corn	28-39 (700-1000)	-5.2
Soybeans	14-24 (400-650)	-3.6
Wheat-All	15-22 (400-600)	14.1
HRW		5.8
SRW		2.2
Sorghum		2.1
Soybean Meal	50-200	0.1
Soybean Oil	0-10	9.2

Corn

CU -14 ¼ at 508 ¼, U/Z spread -9 to 28 inverse. CZ -5 ¼ at 480 ¼ with the CZ/H unchanged at -12 ½ carry. Surveyed purchasing managers in China came in suggesting weaker economic activity. After breaking \$108/bbl Fri and Monday, WTI crude is down to \$105/bbl, despite a draw of 2.8 mln bbls in stocks. Waking up to low temps in the high 50s in the middle of summer does wonders for corn development and help substantiate the case for higher yields. Front month corn traded in sympathy with the soybean complex, which has been flushing out the nearby longs as the market traverses the old/new crop supply issues. With tremendous soybean basis volatility, the corn trade expects a similar pattern in corn eventually. Eastern end users rolled their basis bids to the Dec, and net weakened them slightly. Western basis was weaker as well. Unexpectedly, ethanol inventories grew 679 mln bbls to 17.25 mln bbls. Production fell 23kbpd to 853kbpd, equiv to 13.1 B gal, running 89% utilization of capacity. Imports were reported at 41kbpd, east 23, west 18 equating to 53 mln g for July. The trade expects ethanol imports to grow in coming weeks significantly, which may continue to pressure Aug & Sep margins. The inverse, poor margins and expectations for more imports may encourage longer than normal maintenance ahead of new crop. The corn market is working hard to access early corn, southern new crop corn and is getting very creative on unconventional freight moves to tackle the inverse. Producers piled on selling old crop this week as they get more comfy with crop prospects. Staying sold up on old crop basis while its over DVE continues to be key for the warehousemen.

Joe Harroun

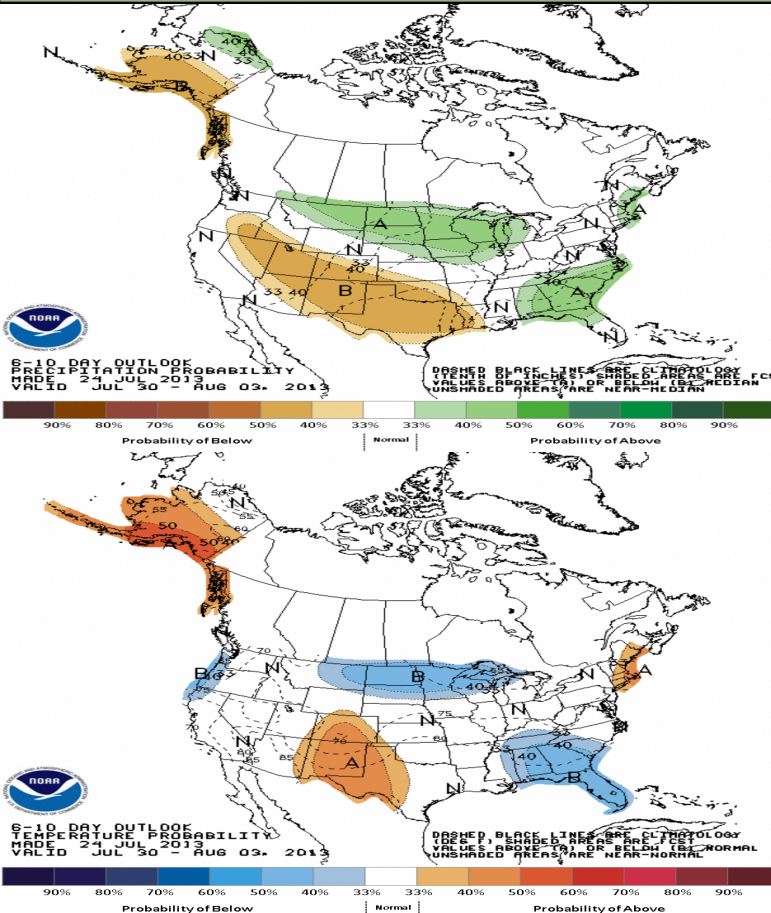
Beans

The oilseed complex has officially become more violent than Rambo: First Blood. Soybean futures got hammered again today, with nearby SQ13 closing down the 70 cent limit at \$13.92 ½. That's a \$1.22 drop from where the market opened

Daily Spreads					
Corn					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Sep3-Dec3	28.00	-8.50	-17.88	-156.6%	None
Dec3-Mar4	(12.50)	-0.25	-17.73	70.5%	3.2
Sep3-Dec4	(3.25)	-10.25	-88.63	3.7%	-0.7
Dec3-Jul4	(26.75)	-0.25	-41.10	65.1%	2.9
Beans					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Aug3-Sep3	92.00	-45.75	-8.04	-1143.7%	None
Sep3-Nov3	44.00	-19.75	-14.75	-298.4%	None
Mar4-May4	4.75	0.25	-14.35	-33.1%	None
Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Sep3-Dec3	(10.75)	0.75	-18.82	57.1%	2.3
Dec3-Mar4	(9.75)	1.00	-18.82	51.8%	2.0
Mar4-May4	(5.75)	0.75	-12.20	47.1%	1.7
KCBOT Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Sep3-Dec3	(9.00)	2.25	-30.92	29.1%	1.7
Dec3-Mar4	(8.75)	1.00	-21.86	40.0%	1.6
Mar4-May4	(3.50)	-0.75	-14.18	24.7%	0.5

North American Weather Outlook

<http://www.cpc.ncep.noaa.gov/products/predictions/610day/>



to begin yesterday's trading session. Bean meal futures fared even worse. SMQ13 closed down the \$20 limit at \$467.80 – however synthetic calcs show SMQ13 was actually another \$25 below that, implying it was down more than double the limit. Across the belt processors and exporters alike have slashed their basis this week, some as much as \$1/bushel. The spreads have reacted accordingly, with the SQ/SX inverse weakening 66 ½ to close at \$1.35 ¾. That spread has now weakened nearly a dollar in just 2 days. I'll also point out that although SQ13 did close down limit, the SQ/SX spread actually closed 10 cents off the daily low. It's important to remember that SQ is currently in the driver's seat, & it will continue to steer basis and spreads regardless of what month the market is showing you. Board crush remains strong with August now at \$1.10/bu, and seasonal downtimes just around the corner. It's likely that the processor's ownership to bridge the gap through Aug deliveries is fairly slim, due to historically tight stocks and poor farmer marketing. If crush margins stay strong, keep an eye on Midwest basis going forward. With only 5 trading days left until 1st notice of August futures, the volatility is likely to continue.

Michael Reginelli

Wheat

Wheat futures were steady on the day, incredibly steady when looking at volatility in the neighboring soy complex. Export news was quiet, so the main feature was watching the Spring Wheat tours and spread strength. Egypt's GASC bought 4 cargos (240 kmt) of Black Sea Wheat for Sep 1-10. The makeup was 2 Romanian and 1 each Russian and Ukrainian. No U.S. wheat was offered, and SRW would likely have been more than 50c/bu out of the pricing range FOB, as well as less freight competitive. In addition to Egypt, Algeria booked 400 kmt opt. origin wheat. Both the ATI and Quality Council wheat tours are finding high variability in yields, with some scab reports, and an average of yields above last year's results. An anecdotal report through a grain inspection service on the upper IL suggests significant 5ppm or more vomo has been very prevalent. The July contract was the last contract under which 4 PPM vomo was deliverable. This helps the physical stopper who can't use vomo, but said stopper will still have to prove his ability to use 2-3 ppm. With the change though, the automatic presumption that vomo would be bearish spreads is not a certainty. The early days of the Sep/Dec VSR calc have a running average just over 60% of full carry, implying no change in deliverable premium charges. On the HRW side of things, basis was steady though remains very firm as offers get thinner and thinner. A brief rundown of HRW elevator purchases to date (of the 2013 crop) ranges from 15-25%, historically very light. As basis remains firm, spreads keep tightening. U/Z settled at 9c carry. While still above money cost, it's shifted the balance from "store wheat" to "ship wheat" to the warehouse community.

Curt Strubhar

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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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