

July 31, 2013

ADVANCE INSIGHT

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Transportation

| | TW/NW/Jul | Aug | Sep | Oct | Nov |
|-----------------|------------------|------|------|-----|-----|
| St. Paul Savage | 330/330/330 | 350 | 450 | 575 | 550 |
| Dub South | 280/290/280 | 310 | 475 | 550 | 475 |
| St. Louis 12' | 250/270/270 | 270 | 400 | 525 | 450 |
| Illinois | 260/210/265 | 330 | 290 | 540 | 475 |
| OH/Jeff/Cinn | 200/210/220 | 275 | 375 | 550 | 450 |
| Gulf/PNW | \$0.550 / bushel | | | | |
| BN Shuttles | 50/50/50 | -38 | -125 | 725 | 250 |
| UP Shuttles | -100/-100/-100 | -175 | -200 | 525 | 125 |

Cash Corn Markets

| | Jul FH/LH | Aug FH/LH | Sep FH/LH | Oct | Nov |
|----------|--------------|-----------|-----------|------|------|
| CIF Nola | 155u/155u 5 | 130u/105u | 54z/51z | 63z | 58z |
| PNW | 220u/220u 10 | 220u/200u | / | 102z | 104z |

| | Jul FH/LH | | Jul FH/LH |
|------------------|---------------|----------------------|---------------|
| Cols CSX 65 | 140u/140u unc | Chicago | / 30 |
| Ft. Wayne N/S 75 | 180u/180u unc | Pekin ethanol | 85u/85u unc |
| Evansvl 15s | 185u/185u unc | Decatur, IL | 130u/130u x |
| Toledo | 140u/140u unc | Champaign CN 25 | 130u/130u unc |
| UP Grp 3 | / unc | Clinton, IA | 98u/98u unc |
| Dexter, MO | / x | Columbus, NE ethanol | / x |
| Fayne, OH | 170u/170u unc | Muscatine Truck | 90u/90u 25 |
| Ottawa | 90u/90u x | Hereford COBO B/E | 185u/185u x |

Cash Bean Markets

| | Jul FH/LH | Aug FH/LH | Sep FH/LH | Oct | Nov |
|-----------|--------------|-----------|-----------|-----|-----|
| CIF Nola | 210x/210x 10 | 195x/170x | 115x/103x | 88x | 85x |
| Paranagua | 85q/85q | 85q/85q | 85u/85u | | |

| | Jul FH/LH | | Jul FH/LH | | Jul FH/LH |
|----------|---------------|---------|---------------|-----------|-------------|
| Columbus | 120q/120q unc | CN25 | 140x/140x unc | Mankato | 120x/120q x |
| Toledo | 163x/163x unc | Chicago | 0q/0q | Cncl Bluf | 80u/80u 10 |
| Fostoria | 190x/190x unc | Decatur | 130x/130x x | Lincoln | 70x/70x unc |
| Windsor | 180x/180x | Naples | 50q/50q unc | KC | 75q/75q 173 |
| PNW | / | Ottawa | 152x/152x x | Wichita | / no bid |

Cash Milo Markets

| | Jul FH/LH | Aug FH/LH | Sep FH/LH | Oct | Nov |
|----------------|-------------|-----------|-----------|-----|-----|
| CIF Nola | 130z/130z x | / | / | | |
| Houston | 75z/75z 15 | 75z/75z | 50z/50z | 50z | 50z |
| Corpus Christi | 75z/75z unc | 75z/75z | 50z/50z | 50z | 50z |

Cash Wheat Markets

| | Jul FH/LH | Aug FH/LH | Sep FH/LH | Oct | Nov |
|-------------|-------------|-----------|-----------|-----|-----|
| CIF SRW | 60u/60u unc | 65u/68u | 75u/80u | 80z | 80z |
| TX Gulf HRW | 160u/160u x | 148u/148u | / | | |

| | Jul FH/LH | HRW | Jul FH/LH |
|---------------|-------------|---------|---------------|
| St. Louis | 24u/24u x | KC Ords | 95u/110u unc |
| Toledo (Mill) | 15u/15u unc | KC 12s | 131u/146u unc |
| | Jul FH/LH | KC 13s | 120u/135u 5 |
| PNW | 110u/110u x | KC 14s | 122u/137u unc |

Export Sales Estimates

| | Expected Crop MBU (kmt) | Needed (mbu) |
|-------------|-------------------------------|-----------------|
| Corn | 16-21 (400-880) | -5.9 |
| Soybeans | 14-31 (400-825) | -5.0 |
| Wheat-All | 18-27 (500-725) | 13.8 |
| HRW | | 5.7 |
| SRW | | 2.0 |
| Sorghum | | 2.1 |
| Soybean | 125-350 | -18.3 |
| Meal | | |
| Soybean Oil | 0-30 | 9.8 |

Corn

Positive day for ethanol margins as ethanol futures outpaced corn to the upside. The forward margin outlook for August and September would favor ethanol plants taking downtime between now and harvest, and depending on available corn supplies, perhaps extended downtimes. Indeed, the weekly EIA ethanol production figures showed ethanol production down roughly 20,000 barrels per day from last week. Ethanol stocks also fell about 5% from a week ago. After the hammering that basis and spreads took last week, it appears the trade is awakening to the reality that a) the end user did not get covered all the way to new crop, b) corn could be difficult to source during much of August, and c) there is a significant new crop export program awaiting the arrival of new crop bushels and that program will compete aggressively with domestic demand. So a rebound in basis and an accompanying rebound in the U/Z spread inverse seems appropriate and that is what we have witnessed the last two days. The spread bottomed out at 14.5 on Friday and has traded as much as 8 cents tighter in just 3 trading sessions. Basis, while not back to the "pre-break" levels in many cash markets, has at least rebounded off of the lows and while we may not return to the previous highs, higher in general seems to be the direction we are headed. Lastly, Sept futures are about a dime off the lows and about 50 cents off the pre-break highs. Combine the basis and spread comments herein with a large spec short position, and one could argue for some additional strength in the short run.

Phil Reginelli

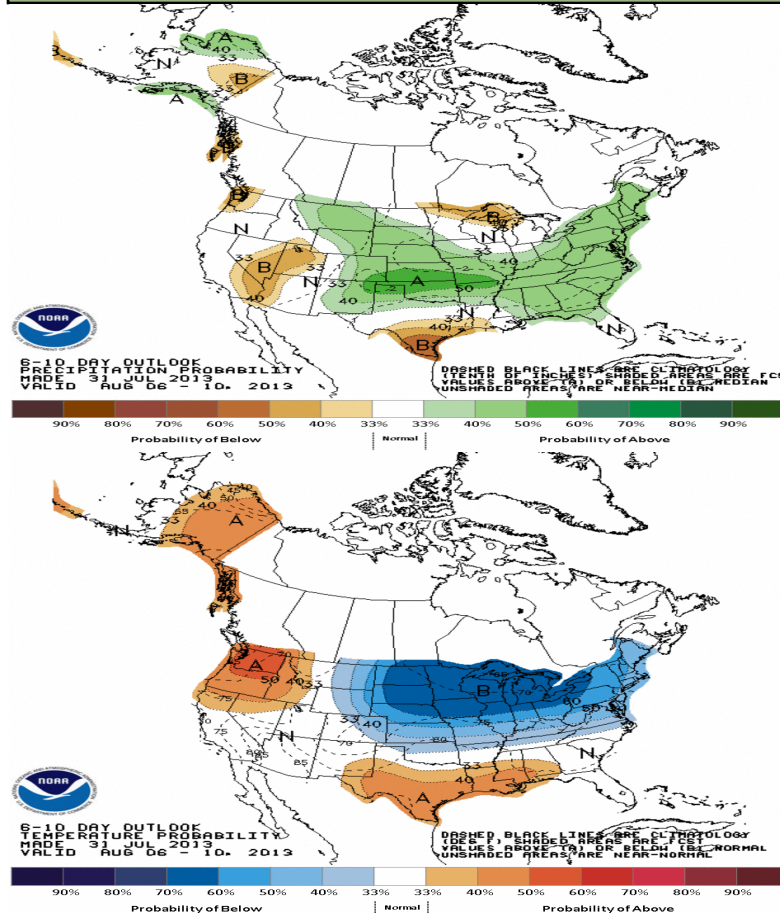
Beans

Front-month SQ13 began charging higher mid-morning, ultimately closing up +24 at \$13.74. The balance of soybean contracts were relatively flat. As we transition into August, I

| Daily Spreads | | | | | |
|---------------|---------|--------|------------|-----------------|--------|
| Corn | | | | | |
| | Close | Change | Full Carry | % of Full Carry | ROS/mo |
| Sep3-Dec3 | 20.00 | 0.50 | -17.83 | -112.1% | None |
| Dec3-Mar4 | (12.50) | 0.25 | -17.72 | 70.5% | 3.2 |
| Sep3-Dec4 | (7.75) | 5.75 | -88.60 | 8.7% | -0.4 |
| Dec3-Jul4 | (26.50) | 0.50 | -41.09 | 64.5% | 2.9 |
| Beans | | | | | |
| | Close | Change | Full Carry | % of Full Carry | ROS/mo |
| Aug3-Sep3 | 124.25 | 23.25 | -8.01 | -1551.4% | None |
| Sep3-Nov3 | 43.50 | 1.50 | -14.55 | -298.9% | None |
| Mar4-May4 | 0.00 | -0.75 | -14.18 | 0.0% | None |
| Wheat | | | | | |
| | Close | Change | Full Carry | % of Full Carry | ROS/mo |
| Sep3-Dec3 | (12.75) | -0.25 | -18.90 | 67.5% | 2.9 |
| Dec3-Mar4 | (10.75) | -0.50 | -18.90 | 56.9% | 2.3 |
| Mar4-May4 | (5.25) | 1.00 | -12.25 | 42.8% | 1.4 |
| KCBOT Wheat | | | | | |
| | Close | Change | Full Carry | % of Full Carry | ROS/mo |
| Sep3-Dec3 | (10.25) | 1.75 | -30.99 | 33.1% | 2.0 |
| Dec3-Mar4 | (8.50) | 0.25 | -21.92 | 38.8% | 1.5 |
| Mar4-May4 | (1.25) | 1.25 | -14.21 | 8.8% | -0.7 |

North American Weather Outlook

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



took a look at price performance throughout the month of July. Nearby continuous bean futures (July expired 7/12) traded a high of \$16.30 and a low of \$13.28 $\frac{1}{4}$. That's a record H-L decline of \$3.01 $\frac{1}{4}$ for the month of July, just edging out the \$2.95 $\frac{1}{4}$ drop in 2009. Last year, the H-L *increase* for the month of July was \$2.55 $\frac{1}{4}$. It's amazing how quickly things can change in just 12 short months. Another 120k tons of U.S. soybeans were sold to 'Unknown' this morning for 2013-14. Today was first notice day for August deliveries, and they were pretty much as expected. No deliveries on soybeans or meal, and heavy deliveries on soybean oil (846 contracts). The nearby inverses strengthened accordingly, pushing SQ/SU +23 $\frac{1}{4}$ to +124 $\frac{1}{4}$ and SQ/SX +20 $\frac{1}{4}$ to +167 $\frac{1}{4}$. CIF beans were bid up a dime at 210/230 SX nearby. Several processors have increased their basis the past 2 days as well, slowly recovering from the blood shed that occurred a week ago. The National Weather Service released their forecast for August this afternoon, and they are projecting below to much-below normal temperatures. Concerns about an early frost are already prevalent due to the late maturing crop, and will become even more pronounced should this forecast come to fruition. Stay tuned.

Michael Reginelli

Wheat

The wheat market was higher on Wednesday with both KC and Chicago closing near the highs of the day. Support seemed to come from some global stories. First, the dryness in Australia as we are in the early growing stages of the crop with nearly 50% of Queensland now under a drought declaration. Second was concerns over the crop in the EU. The extreme heat is likely reducing the crop size also hearing protein content might be an issue in parts of France. The Chicago corn/wheat nearby spread continues to push wheat away from feed rations with it now trading at \$1.65 premium wheat. SRW and HRW CIF values were steady Wednesday. Chicago wheat spreads were 12 $\frac{1}{4}$ -13 on the close. We are about a third of the way through the VSR observation period for the U/Z the current average is 61.8% of full carry. If we stay below 80% of full carry (14.8-15 cents) on the average we will see no change in full carry vs. the September. Hedges are in the Sept/December and some March. I would say heavier in the December. It seems with the quality issues in many parts of the SRW growing areas we could the cash markets continue to seek good quality. This could keep the spread from widening much beyond the current values. The longer you are space or more concerned about quality the further out you might want to be with the hedges.

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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