

August 22, 2013

# ADVANCE INSIGHT

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## Transportation

	TW/NW/Aug	Sep	Oct	Nov	Dec
St. Paul Savage	350/375/375	400	575	600	
Dub South	350/375/375	400	575	550	
St. Louis 12'	300/325/375	400	525	475	375
Illinois	350/375/400	400	575	500	425
OH/Jeff/Cinn	350/375/400	550	575	500	400
Gulf/PNW	\$0.550 / bushel				
BN Shuttles	150/100/100	13	800	400	-50
UP Shuttles	0/0/0	-125	550	175	175

## Cash Corn Markets

	Aug FH/LH	Sep FH/LH	Oct FH/LH	Nov	Dec
CIF Nola	130u/130u 5	83u/70u	69z/69z	61z	59z
PNW	250u/250u unc	175u/	102z/102z	102z	106z

	Aug FH/LH		Aug FH/LH
Cols CSX 65	146u/146u unc	Chicago	175u/175u unc
Ft. Wayne N/S 75	150u/150u unc	Pekin ethanol	160u/160u 10
Evansvl 15s	170u/170u unc	Decatur, IL	175u/175u 20
Toledo	135z/135z 15	Champaign CN 25	170u/170u unc
UP Grp 3	/	Clinton, IA	146u/146u unc
Dexter, MO	/ x	Columbus, NE ethanol	155u/155u x
Fayne, OH	160u/160u unc	Muscatine Truck	120u/120u unc
Ottawa	140u/140u 5	Hereford COBO B/E	205u/205u x

## Cash Bean Markets

	Aug FH/LH	Sep FH/LH	Oct FH/LH	Nov	Dec
CIF Nola	150x/150x unc	135x/115x	95x/95x	95x	90f
Paranagua	98u/98u 3	98u/98u	/		

	Aug FH/LH		Aug FH/LH		Aug FH/LH
Columbus	15x/15x unc	CN25	150x/150x unc	Mankato	130x/110x x
Toledo	105x/105x -25	Chicago	40u/40u unc	Cncl Bluf	90x/90x
Fostoria	140x/140x unc	Decatur	160x/160x 5	Lincoln	100x/100x unc
Windsor	190x/190x x	Naples	70x/70x unc	KC	150x/150x unc
PNW	/	Ottawa	120x/120x unc	Wichita	170x/170x -10

## Cash Milo Markets

	Aug FH/LH	Sep FH/LH	Oct FH/LH	Nov	Dec
CIF Nola	80z/80z unc	/	/		
Houston	65z/65z nb	50z/50z	50z/50z	50z	50z
Corpus Christi	55z/55z nb	50z/50z	50z/50	50z	50z

## Cash Wheat Markets

	Aug FH/LH	Sep FH/LH	Oct FH/LH	Nov	Dec
CIF SRW	42u/42u -3	60u/63u	75z/80z	75z	75z
TX Gulf HRW	130u/130u nb	130u/130u	/		

	Aug FH/LH	HRW	Aug FH/LH
St. Louis	0u/0u 5	KC Ords	90u/100u unc
Toledo (Mill)	-3u/-3u unc	KC 12s	136u/146u unc
		KC 13s	130u/140u unc
PNW	117u/117u unc	KC 14s	110u/120u x

## Export Sales

	Actual Old (mbu)	Actual New (mbu)	Expected (mbu)	Need
Corn	2.3	17.1	29-38(725-975)	-11.6
Soybeans	0.8	34.0	48-62(1300-1700)	-16.8
Wheat-All	18.2	0.0	17-20(450-550)	13.8
HRW	10.3	0.0		5.5
SRW	0.3	0.0		2.1
Sorghum	0.1	4.7		3.8
Bean Meal	75.7	101.0	150-300	-2.9
Bean Oil	8.4	1.3	10-20	8.8

## Corn

CU -10 ½ at 487 ½, CU/Z +8 ¼ at 23 inverse. CZ lost 18 ¾ c to 464 ½ and the CZ/H4 closed unc at 12 ½ carry. Deferred spreads weakened slightly, H/K at -8.0 down ¾ c, Z3/Z4 -3 ¾ at -35 ¼, previous low -40 carry. Funds sold ~11k. Short new crop hedges in H or K and old crop long hedges against DP sales stay in the Sep. Sep ethanol yest traded 225 late, and 223 ½ cpg this afternoon as it hung in there, along w/ co-products, against a steady/rising cash corn basis to keep margins black. Ethanol spreads are inverted thru Nov and the arb to import ethanol is gaining steam, but the line-up is thin out of Brazil. US etoh inventories expected to push sharply higher by Jan '14. Old crop basis continues on fumes east to west, as flat price declines doused farmer selling. Sep/Dec "today" was a good end-user basis hedge as the economics to put corn out were unfavorable, southern barges offers limited, and timing of new crop harvest a critical unknown; each of these factors require monitoring daily till Sep 18<sup>th</sup> when delivery economics' rubber meets the road. Sep/Dec CSOs expiring tmw along with Sep options; short dated new crop options for 2014 start on Monday. Rainfall across western and northern parts of the eastern cornbelt aided corn filling ahead of return to hot summer temps forecast and precip forecasts favor the ECB over the WCB thru Aug. End-user FH Oct bids are commonly found above DVE and at attractive levels for producer & warehousemen consideration. Pre harvest yield checks were pretty good e.g. ProFarmer IL 170.5 bpa vs. 148 bpa 3 yr ave, MN at 175.6bpa, and Heartland farm mgt group (C IL) 183.5bpa, however this next bout of heat expected to blow some tips off. Flex rents may offer producers some flexibility to approach landlords on the issue of declining expected revenues; lenders seem to like the idea as well for 2014.

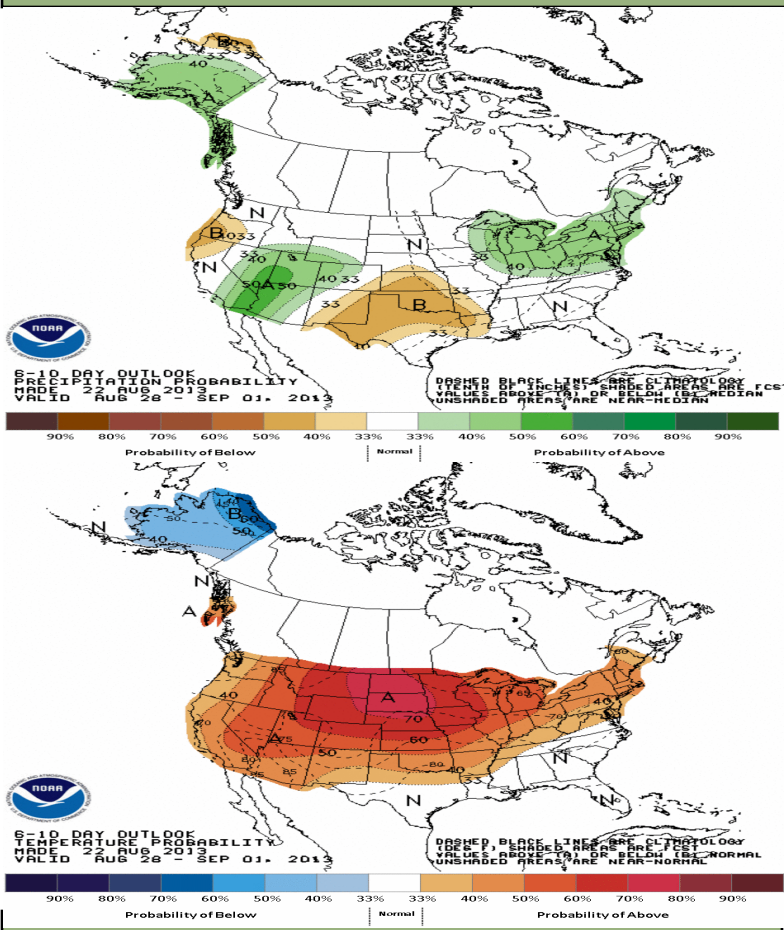
Joe Harroun

**Daily Spreads**

Corn					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Sep3-Dec3	23.00	6.50	-17.76	-129.5%	None
Dec3-Mar4	(12.50)	0.50	-17.63	70.9%	3.3
Sep3-Dec4	(12.25)	8.25	-88.17	13.9%	-0.1
Dec3-Jul4	(26.25)	1.00	-40.89	64.2%	2.9
Beans					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Sep3-Nov3	35.25	10.25	-14.82	-237.9%	None
Nov3-Jan4	(1.75)	-0.25	-15.17	11.5%	-1.5
May4-Jul4	(1.25)	0.75	-14.77	8.5%	-1.7
Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Sep3-Dec3	(10.00)	1.25	-18.69	53.5%	2.1
Dec3-Mar4	(11.75)	unc	-18.69	62.9%	2.7
Mar4-May4	(7.25)	0.25	-12.12	59.8%	2.5
KCBOT Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Sep3-Dec3	(0.75)	1.50	-0.75	-104.5%	-0.2
Dec3-Mar4	(6.50)	0.25	-6.50	85.2%	-0.1
Mar4-May4	(2.75)	0.25	-2.75	10.8%	-0.1

**North American Weather Outlook**

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



**Beans**

Beans trade weaker on better than expected rains that continued throughout the day. Overnight China sold 187kmt of beans out of their reserve which was below expectations due to the recent rally in futures. China was said to have been buying new crop beans out of SAM this past week and sparking rumors of additional reserve sales early in 2014. New crop farmer sales in Brazil were not as strong today due to the weaker board and slightly firmer Real. New crop sales have been big over the past week and is putting pressure on the Paranagua basis. The Paranagua A/M paper mkt has dropped 15 – 20c over the past week. New crop sales in the US picked up when SX moved over \$13 but overall ownership is light. Thus with the large book of O/S new crop sales basis continues to firm and is approaching values some may consider selling ownership if they will be short space. Posted processor bids were mostly steady as well as meal offers. Cash crush remains around variable cost. Stay sold up on old crop ownership with the majority of long futures in SU.

*Nathan Mangold*

**Wheat**

Futures labeled a ‘follower’ of corn. Export old crop sales of 18.0 MBU were low end of expectations, but more than 13.8 needed for USDA expectations. Increases were reported for Brazil (6.9 mbu), China (1.9), Thailand (also 1.9), South Korea (1.8), Taiwan (1.8), and Nigeria (1.5). Decreases totaling 2.7 mbu were reported for unknown. More moisture in HRW Belt continues to add optimism of recovery in HRW planted acres this fall. Hot nearby corn basis levels will keep wheat a viable feed option in nearby, but wheat is not feed competitive after Oct. Will Kansas City spreads weaken when it gets priced out of the feed ration? I don’t know either, but seems worth defending against. An anagnorisis for me is that the Cosco Group owned 19,000 ton container vessel “Yong Sheng” left a Chinese port on August 8 on its way to Rotterdam on the “Northern Sea Route” through the Arctic Circle. First big ship, ever. 13 days shorter than through troubled Suez Canal.

*Terry Reinhart*

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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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