

September 3, 2013

ADVANCE INSIGHT

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Transportation

	TW/NW/Sep	Oct	Nov	Dec	Jan
St. Paul Savage	400/425/450	575	600		
Dub South	400/425/450	575	560		
St. Louis 12'	400/400/500	525	475	375	
Illinois	400/425/450	525	450	350	
OH/Jeff/Cinn	400/425/450	600	500	400	
Gulf/PNW	\$0.550 / bushel				
BN Shuttles	400/400/300	800	400	25	-50
UP Shuttles	//75	700	225	225	50

Cash Corn Markets

	Sep FH/LH	Oct FH/LH	Nov FH/LH	Dec	Jan
CIF Nola	65z/65z unc	66z/65z	60z/	59z	52h
PNW	140z/120z	102z/102z	102z/102z	105z	96h

	Sep FH/LH		Sep FH/LH
Cols CSX 65	10u/10u unc	Chicago	80z/50z -30
Ft. Wayne N/S 75	150u/20u x	Pekin ethanol	85z/30z -2
Evansvl 15s	30u/30u x	Decatur, IL	105u/80u
Toledo	0z/0z x	Champaign CN 25	100z/100z -13
UP Grp 3	/	Clinton, IA	30z/30z -15
Dexter, MO	/ x	Columbus, NE ethanol	155z/15z
Fayne, OH	50u/50u	Muscatine Truck	90z/90z 35
Ottawa	80u/45	Hereford COBO B/E	200u/200u x

Cash Bean Markets

	Sep FH/LH	Oct FH/LH	Nov FH/LH	Dec	Jan
CIF Nola	125x/90x	89x/90x	92x/92x	93f	93f
Paranagua	60x/60x unc	/	/		

	Sep FH/LH		Sep FH/LH		Sep FH/LH
Columbus	45x/45x unc	CN25	150x/150x unc	Mankato	90x/-30x unc
Toledo	-30x/-30x x	Chicago	0x/-10x -10	Cncl Bluf	130x/-32x
Fostoria	/ x	Decatur	160x/135x	Lincoln	100x/100x unc
Windsor	/ x	Naples	30x/30x	KC	150x/0x unc
PNW	142x/142x -3	Ottawa	120x/115x	Wichita	150x/30x unc

Cash Milo Markets

	Sep FH/LH	Oct FH/LH	Nov FH/LH	Dec	Jan
CIF Nola	80z/80z unc	/	/		
Houston	65z/65z x	50z/50z	50z/	50z	45h
Corpus Christi	110z/110z x	50z/50	50z/	50z	40h

Cash Wheat Markets

	Sep FH/LH	Oct FH/LH	Nov FH/LH	Dec	Jan
CIF SRW	40z/40z	50z/65z	70z/75z	75z	65h
TX Gulf HRW	130z/130z x	/	/		

	Sep FH/LH	HRW	Sep FH/LH
St. Louis	-7u/-7u unc	KC Ords	86u/96u unc
Toledo (Mill)	-3u/-3u x	KC 12s	110u/120u -6
	Sep FH/LH	KC 13s	110u/120u -6
PNW	122x/122z x	KC 14s	106u/116u unc

Export Inspections

	TW	LW	LY	YTD	USDA Goal	Need/Week
Corn	17.4	12.4	8.6	695.4	715	19.6
Soybeans	1.4	2.5	15.5	1312.1	1315	2.9
Wheat	36.4	31.3	25.4	340.5	1100	19.5
Sorghum	0.6	2.3	4.4	71.0	75	4

Corn

The overnight strength in corn was not able to carry over into the day session as talk of strong southern yields and weakening cash bids put pressure on futures. On the day funds were estimated sellers of 9000 contracts. Reports out of the delta and southeast continue to be in the better than expected to best ever category. Basis values to the north have dropped enough which will force these southern bushels to fulfill local feed, gulf demand or be put into storage as southern endusers are posting carry past the current gut slot of harvest. Seven contracts of corn were put out at the Spring Valley and Utica locations which helped to weaken the U/Z early but managed to close firmer settling at 22 ¾. Most of the basis updates issued today were weaker especially at points tributary to barge unloading. In general, basis has broke at least 20-30 cents (40-60 at some) along the central and western corn belt while the east has seen less basis depreciation. Hearing harvest has moved as far north as Springfield, IL but will see some early corn get done then many will switch to beans and then go back to the corn that was planted later. Export inspections were solid at 17.4 mbu vs expectations of 10-13. This stronger inspection is likely due to the strong delta crop being harvested now and looking for a home. Crop conditions dropped 3% from last week to 56%. Seven states reported that their conditions dropped at least 5% or more, while 2 states (TX & TN) reported as unchanged. The heat we have seen since the middle of August has definitely helped to catch up this crop showing that an average frost date now should have very little impact on yields. Only WI and MN have less than 70% of their crop in the dough stage. With basis breaking and harvest moving north, look to get more of your DP longs (approx. 50%) to the Z and stay sold up on any old crop bushels coming across the scale.

Dewey Hull

Beans

An explosive start and gap higher for post labor day trade. SX touched the recent highs at 14.08 ½ and SM was limit bid, but neither could hold it. The midday weather model showed a marginally wetter 5 day and 6-10 day forecast

Daily Spreads					
Corn					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Sep3-Dec3	22.75	8.75	-17.82	-127.7%	None
Dec3-Mar4	(12.75)	unc	-17.69	72.1%	3.3
Sep3-Dec4	(13.50)	5.50	-88.46	15.3%	0.0
Dec3-Jul4	(27.00)	-0.50	-41.02	65.8%	3.0
Beans					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Sep3-Nov3	48.75	-17.25	-15.23	-320.1%	None
Nov3-Jan4	1.75	-1.00	-15.55	-11.3%	None
May4-Jul4	5.75	1.50	-15.08	-38.1%	None
Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Sep3-Dec3	(10.75)	0.25	-18.73	57.4%	2.3
Dec3-Mar4	(11.50)	-0.25	-18.73	61.4%	2.6
Mar4-May4	(7.25)	unc	-12.14	59.7%	2.5
KCBOT Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Sep3-Dec3	(2.25)	0.75	-30.87	7.3%	-0.6
Dec3-Mar4	(7.75)	unc	-21.85	35.5%	1.3
Mar4-May4	(4.75)	unc	-14.17	33.5%	1.1
North American Weather Outlook					
http://www.cpc.ncep.noaa.gov/products/predictions/610day/					

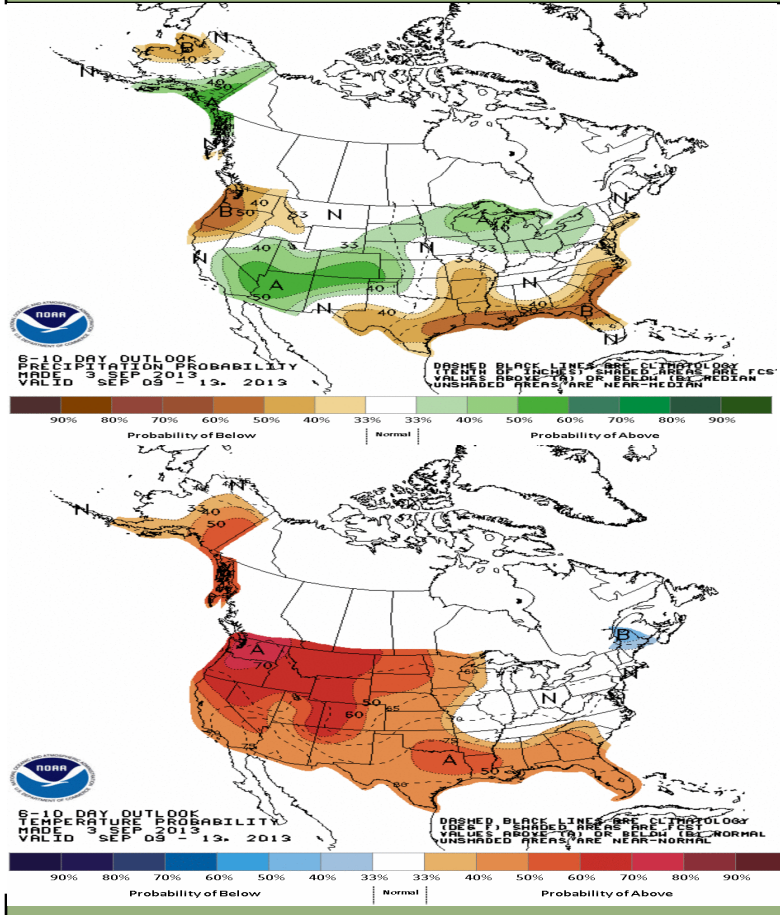
and the top end came off futures. I would note that our weatherman does not expect the improved forecast to materialize and that the 10 day temps will remain 3-9 degrees warmer than avg. Approximately 40% of the crop is under severe moisture stress with IA/IL/IN reporting record low precip for August and 3rd lowest for Jul/Aug. Bean yields estimates are guesses at this point, but the consensus appears to be in the 40-42 bpa range. Interesting to note in 4 previously driest July/Aug periods, bean yields averaged 3.6 bpa below trend, which would be about 40bpa. Cordonnier yield estimate at 40.5 down .5. Planalytics veg index yield implies a 42.4 bpa. Nearby Cif market was off 10 c with LH Sept off 3c. Processor basis was commonly 5-10 weaker. Weaker basis pulled the rug out on SU/SX dropping 18c, but remaining at a 49c inverse. Forward spreads were mixed with SX/SF a penny weaker and SF/SH 6c firmer. SX:CZ ratio at 2.92:1 is nearing territory that it has only exceeded 4 times in past. Crop conditions dropped 4% to 54% G/E, which was expected. Largest declines were: IL -8, WI -8, IA -6, NE -6, MO -6. Last year conditions were 30% G/E, 2 YA 56%, 3 YA 64%. IGC estimate for Brazil acreage to increase 5% to 29 mln HA.

Trent Sauder

Wheat

The wheat market was a follower of the corn market after the holiday weekend. Export inspections were solid at 36.4 mbu total (16.9 HRW, 5.8 HRS and 7.9 SRW). Trade was looking for 24-28 mbu and we need just under 20 mbu a week to reach the USDA estimate. The Western Canadian wheat crop looks to be the largest crop in 22 years as favorable summer weather has allowed the crop to mature under limited stress. They still have to get it out of the field but so far it looks to be solid. US harvest of spring wheat as of Sunday night was 64% complete which is just behind the 5 year avg of 69%. The Ukraine is also looking at a little bigger crop with yields up 20% from LY. Chicago wheat spreads were quiet on Tuesday with the Z/H around 11 – 11 ¾ cents carry. Those that have quality concerns should have hedges in the March and beyond. The reason you want to have it beyond the March is the risk is the spreads narrow and you get stuck with limited or no carry. The opportunity will be in the blending not so much in the carry. If you can execute vs. the December and have good wheat you can be a bit more patient. Cash basis in the country seemed flat around the SRW region. Overall cash movement in SRW wheat has been quiet. Might see a little more movement as we head into the harvest of the fall crops.

Mark Talaski



Advance Trading PO Box 1027, Bloomington, IL 61702 (800)747-9021 or (309)663-9021

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