

October 24, 2013

ADVANCE INSIGHT

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Transportation

	TW/NW/Oct	Nov	Dec	Jan	Feb
St. Paul Savage	625/625/625	600	575		
Dub South	600/600/600	525			
St. Louis 12'	550/535/55	450	375	375	375
Illinois	635/625/600	575	475	450	450
OH/Jeff/Cinn	675/625/675	450	425	425	425
Gulf/PNW	\$0.700 / bushel				
BN Shuttles	1550/1200/1200	700	338	100	38
UP Shuttles	1000/750/750	450	150		50

Cash Corn Markets

	Oct FH/LH	Nov FH/LH	Dec FH/LH	Jan	Feb
CIF Nola	70z/70z 1	70z/66z	66z/66z	58h	58h
PNW	120z/120z unc	110z/110z	110z/110z	97h	98h

	Oct FH/LH		Oct FH/LH
Cols CSX 65	-18z/-18z unc	Chicago	10z/10z unc
Ft. Wayne N/S 75	-18z/-18 -9	Pekin ethanol	8z/8z 5
Evansvl 15s	-12z/-12z -3	Decatur, IL	18z/18z x
Toledo	-27z/-27z unc	Champaign CN 25	-7z/-7z 5
UP Grp 3	-5z/-5z unc	Clinton, IA	10z/10z unc
Dexter, MO	/ x	Columbus, NE ethanol	25z/-10z x
Fayne, OH	-18z/-18 -1	Muscatine Truck	10z/10z -4
Ottawa	-24z/-24z x	Hereford COBO B/E	65z/65z x

Cash Bean Markets

	Oct FH/LH	Nov FH/LH	Dec FH/LH	Jan	Feb
CIF Nola	100x/100x -2	98x/98x	103f/103f	101f	90h
Paranagua	250x/250x unc	250f/250f	/	205f	40h

	Oct FH/LH		Oct FH/LH		Oct FH/LH
Columbus	-5x/-5x unc	CN25	5x/5x unc	Mankato	-6x/-6x 2
Toledo	-18x/-18x unc	Chicago	0x/0x unc	Cncl Bluf	-25x/-25x 3
Fostoria	-10x/-10x 5	Decatur	8x/8x x	Lincoln	-25x/-25x unc
Windsor	10x/10x x	Naples	3x/3x +3	KC	-10x/-10x unc
PNW	172x/172x 10	Ottawa	-5x/-5x x	Wichita	-5x/-5x unc

Cash Milo Markets

	Oct FH/LH	Nov FH/LH	Dec FH/LH	Jan	Feb
CIF Nola	95z/95z unc	/	/		
Houston	85z/85z x	100z/100z	50z/50z	40h	40h
Corpus Christi	110z/110z x	110z/110z	110z/110z	40h	40h

Cash Wheat Markets

	Oct FH/LH	Nov FH/LH	Dec FH/LH	Jan	Feb
CIF SRW	95z/95z unc	95z/93z	85z/85z	75h	72h
TX Gulf HRW	125z/125z x	125/125	/		

	Oct FH/LH	HRW	Oct FH/LH
St. Louis	14z/14z 3	KC Ords	95z/105z 9
Toledo (Mill)	-10z/-10z	KC 12s	120z/130z 5
	Oct FH/LH	KC 13s	120z/130z 5
PNW	120z/120z x	KC 14s	120z/130z 5

Export Sales

	Actual Old (mbu)	Actual New (mbu)	Expected (mbu)	Need
Corn	52.8	0.0	26-33(650-850)	12.7
Soybeans	34.2	0.7	31-39(850-1050)	7.7
Wheat-All	24.0	0.0	22-31(600-960)	11.3
HRW	12.7	0.0		4.4
SRW	3.0	0.0		1.9
Sorghum	10.1	0.0		2.3
Bean Meal	850.1	0.0	150-250	91.3
Bean Oil	27.5	0.0	10-20	7.9

Corn

CZ closed dn 2.5 at 439.5. Stock mkt strong with DJIA up 103 to close at 15454. 55 mgpy Pratt, KS ethanol plant reopen (closed since 2008); feedstock split 70% corn/30% milo UkrlandFarming, the Ukraine's largest public ag producer announced plans for a 3-5 MMT/yr grain export terminal at the port of Yuzhny; project expected to cost in the \$700-\$800 million range. Ukrland said to be looking for partner. US spread vs. export competitors is narrowing with premiums of \$4/MT vs. Ukraine and \$2/MT vs. S. AM deld to S. Kor. Cheaper corn fueling expansion in the poultry sector with eggs set past month running 4-6% above a year ago. Spain's corn crop is up 14% from a year ago to 4.83 MMT (4.69 LM). Farmer sales of US corn still muted in spite of the increasing likelihood of a 14bbu crop. Recent sales of \$13 beans will further decrease farmer need to sell corn for cash flow. Market has been in a 432-450 range since Oct 1. Positive livestock margins, positive ethanol margins (Columbus Ne pd +50cz for spot today), increasing export competitiveness, and slow farmer sales point to cash basis needing to stay firm/above DVE. If it does this long enough, the corn spreads that are running 70% of full carry will have to narrow.

Jeff Hainline

Beans

Futures swung both ways and closed near unchanged. Spreads and export basis were/are firm. Interior processors generally trailing export markets, where they can, but with spot crush margins of \$1.00 bushel, and higher, they have pricing power, if they need to use it. Crop size and farmer selling still getting debated daily. Inverse is actually working in processors favor at the moment. First Notice Day on SX3 is October 31. Using late morning values: CIF, November at +100 SX; LH Nov IL R fgt at 500%, St. Louis 450%. Backs off to +14 SX Chicago, 2c over DVE; +28 SX Peoria, 13c over DVE;

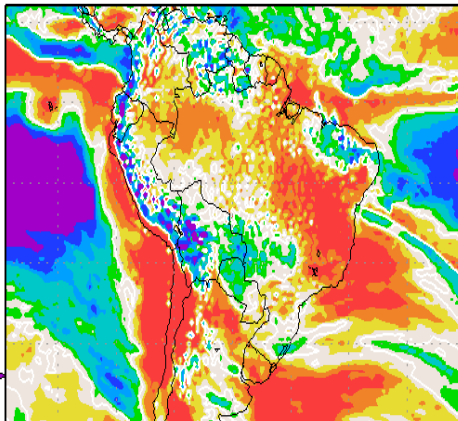
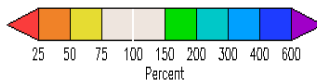
Daily Spreads					
Corn					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Dec3-Mar4	(12.25)	0.25	-17.47	70.1%	3.2
Dec3-Jul4	(28.25)	unc	-40.51	69.7%	3.2
Dec3-May4	(20.75)	0.25	-28.80	72.1%	3.3
Mar4-Jul4	(16.25)	-0.25	-23.13	70.3%	3.2
Beans					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Nov3-Jan4	6.00	unc	-15.21	-39.4%	None
Nov3-Mar4	27.50	1.25	-29.93	-91.9%	None
Nov4-Jan5	(5.25)	-0.25	-14.55	36.1%	0.3
Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Dec3-Mar4	(10.50)	-0.50	-18.96	55.4%	2.2
Mar4-May4	(5.50)	-2.00	-12.29	44.7%	1.5
May4-Jul4	7.00	-3.25	-12.73	-55.0%	None
KCBOT Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Dec3-Mar4	0.75	0.75	-22.19	-3.4%	None
Mar4-May4	3.75	0.25	-14.39	-26.1%	None
Mar4-Jul4	20.00	-4.00	-29.26	-68.4%	None

South American Weather Outlook

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

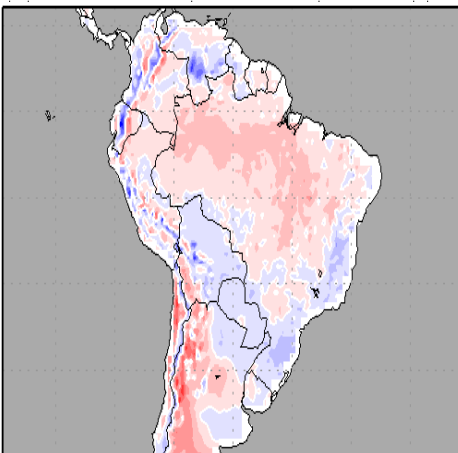
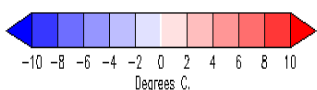
Precipitation (percent of normal)
during the first 7.5-day period:

Thu, 24 OCT 2013 at 12Z
-to-
Fri, 01 NOV 2013 at 00Z



Temperature Anomaly
during the first 7.5-day period from:

Thu, 24 OCT 2013 at 12Z
-to-
Fri, 01 NOV 2013 at 00Z



+46 SX, 28c over DVE. When looking to see if “stopping” works, one looks at the least advantageous place stop beans, and in this case it is Chicago (or other points near Chicago). Thus there is a 2c margin to stop SX, but this is using the bid side of the CIF market and offer side of freight market, and one may be able to trade into a margin bigger than 2 cents. The bid/offer spread on Nov CIF beans has been running around 8 cents. Exporter has a way to get cash bean coverage vs. the SX, if he can wait till late November for the beans. At current values, stopper should not expect the ‘catch delivery’ until late in the delivery period and it will take 10 to 14 days to get the barges to NOLA. It is worth noting that for nearby shipment, St. Louis will pay +53 SX for truck or rail beans. Brazil has 14 vessels in the lineup and NOLA has 48 in port and 67 within 10 days of port, as evidence of business switching to US. Last week, NOLA had 41 in port and 73 within 10 days which was 3rd highest ever.

Terry Reinhart

Wheat

The wheat market was lower on Thursday but saw a two-sided trade. Export sales were decent but at the low end of the trade range at 24 mbu. Brazil and China were nearly 9 mbu combined (7.1 for Brazil and 1.8 for China). Weather in Australia seems to be good with some of their eastern areas receiving rain earlier this week. There has been some harvest but this rain could benefit some of the crop. There was a trade survey putting their crop at 25.3 vs. 22.1 MMT a year ago. This would be real close to the last USDA estimate. SRW planting is slowly wrapping in up in the Midwest. Many expect acres to be down slightly due to the delays of soybean harvest and disappointments in the quality the past couple years. The 6-10 and 8-14 are not offering ideal weather for planting with a cool/wet pattern into the first 6 days of November. Chicago wheat spreads widened a bit Thursday with the Z/H at 10 ¼-10 ½ cents carry. It will be interesting to see how this spread reacts over the next month. We could see SRW deliveries vs. the December and because of the falling number issues in the east we could see limited or no interest (the wheat meets contract specs but falling numbers are below what the mills like). This could push the spreads wider however the cash markets could be at a premium for “good falling number” wheat. If you have hedges in the December and can execute vs. the December you can be patient; if you can’t then look to get to the March. CIF values Thursday were steady at 95/102. HRW was bid 160, KC high sides were 5-10c stronger on the day. KC showing no premium for 13’s over 12’s while 11’s are showing a 20c discount. Some are finding value in buying 13’s and 11’s to manufacture their own 12’s.

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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