

December 27, 2013

ADVANCE INSIGHT

TURN UNCERTAINTY INTO OPPORTUNITY

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Transportation					
	TW/NW/Dec	Jan	Feb	Mar	Apr
St. Paul Savage	//				425
Dub South	//			425	375
St. Louis 12'	450/450/425	425	375	350	325
Illinois	580/560/540	500	475	400	375
OH/Jeff/Cinn	440/430/400	400	400	375	375
Gulf/PNW	\$0.650 / bushel				
BN Shuttles	//	2750	1750	1100	350
UP Shuttles	1200/1200/	1200	350	150	-100

Cash Corn Markets					
	Dec FH/LH	Jan FH/LH	Feb FH/LH	Mar	Apr
CIF Nola	70h/70h 4	74h/74h	72h/72h	64h	
PNW	120h/120h unc	123h/123h	123h/123h	124h	105k

	Dec FH/LH		Dec FH/LH
Cols CSX 65	-5h/-5h unc	Chicago	18h/18h unc
Ft. Wayne N/S 75	-3h/-3h unc	Pekin ethanol	0h/0h unc
Evansvl 15s	9h/9h unc	Decatur, IL	2h/2h unc
Toledo	-14h/-14h x	Champaign CN 25	-4h/-4h unc
UP Grp 3	-5h/-5h unc	Clinton, IA	20h/20h unc
Dexter, MO	/ x	Columbus, NE ethanol	2h/6h x
Fayne, OH	-2h/-2h unc	Muscatine Truck	12h/12h unc
Ottawa	-12h/-12h 4	Hereford COBO B/E	35h/35h x

Cash Bean Markets					
	Dec FH/LH	Jan FH/LH	Feb FH/LH	Mar	Apr
CIF Nola	106f/106f 1	106f/104f	107h/95h	82h	
Paranagua	50n/50n	/	50n/42n	15n	-10n

	Dec FH/LH		Dec FH/LH		Dec FH/LH
Columbus	5f/5f unc	CN25	10h/10h	Mankato	-17h/-17h
Toledo	0f/0f x	Chicago	5f/5f unc	Cncl Bluf	-30f/-30f unc
Fostoria	0f/0f x	Decatur	13f/13f unc	Lincoln	-20h/-20h unc
Windsor	-10f/-10f	Naples	15f/15f +3	KC	5f/5f unc
PNW	170h/170h unc	Ottawa	14f/14f 4	Wichita	-5f/-5f unc

Cash Milo Markets					
	Dec FH/LH	Jan FH/LH	Feb FH/LH	Mar	Apr
CIF Nola	80h/80h unc	/	/		
Houston	105h/105h nb	105h/105	85h/85h	75h	60k
Corpus Christi	105h/105h nb	105h/105h	85h/85h	75h	60k

Cash Wheat Markets					
	Dec FH/LH	Jan FH/LH	Feb FH/LH	Mar	Apr
CIF SRW	105h/105h unc	100h/100h	97h/97h	90h	
TX Gulf HRW	130h/130h nb	/	/		

	Dec FH/LH	HRW	Dec FH/LH
St. Louis	31h/31h unc	KC Ords	105h/115h unc
Toledo (Mill)	0z/0z x	KC 12s	140h/150h 5
	Dec FH/LH	KC 13s	110h/120h unc
PNW	110h/110h unc	KC 14s	110h/120h unc

Export Sales				
	Actual Old (mbu)	Actual New (mbu)	Expected (mbu)	Need
Corn	58.2	20.0	22-30(550-750)	9.0
Soybeans	26.5	2.5	18-26(500-700)	0.4
Wheat-All	21.9	2.2	13-20(350-550)	9.1
HRW	10.2	0.9		3.5
SRW	3.7	0.6		2.4
Sorghum	10.4	0.0		2.0
Bean Meal	83.3	1.1	50-150	85.2
Bean Oil	83.9	0.0	0-15	3.4

Corn

CZH4 +1 ¼ at 427 ½ ; CH4/K4 unc at -8 ¼ carry. For a holiday Friday 4 reports were of interest to the corn market today. At 7:30a - Export sales were a strong 58.2mbu when only 10.2 mbu needed BOY to reach USDA's forecast, this probably lifted corn prices the most today. At 10am - EIA's ethanol production continues to be limited by rail freight service with production at 926 kbpd down 2 from last week. No imports and blender demand was up 49kbpd from LW to 876kbpd. Fuel stocks gained a meager 35k bbls to 15.66 mln bbls. Gasoline demand was unseasonably high at 9176kbpd, up 6.5% over same time LY. Cash etoh finished the week strong. Chi Platts in tank was pegged 1.5 below yest at 220 cpg and Jan CU traded 190cpg, +5cpg for the week. Gulf DDGS ended the day down about \$18/st or 111% the value of corn as uncertainty continues on exactly how tough China will be on their testing of MIR162 in DDGS shipments. At 2p USDA's hogs & pigs didn't show any signs of expansion, which is not particularly friendly corn demand. The PED virus likely a limiting factor for the US hog industry. The 4th report came from AT Research which had a nice fundamental based overview on deferred corn spreads showing the potential for CN/Z to leak wider from current levels given the fundamentals of today.

Joe Harroun

Beans

Jan options went off the board with futures gravitating toward the strike price of \$13.30 with the large OI at the \$13.00 strike. Export sales showed 19 mbu of beans sold

Daily Spreads					
Corn					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Mar4-May4	(8.25)	0.25	-11.29	73.1%	3.4
May4-Jul4	(6.75)	0.25	-11.70	57.7%	2.5
Mar4-Jul4	(15.00)	0.25	-22.96	65.3%	3.0
Sep4-Dec4	(6.75)	unc	-17.53	38.5%	1.4
Beans					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Jan4-Mar4	17.50	3.25	-15.06	-116.2%	None
Mar4-May4	14.75	-0.25	-14.51	-101.7%	None
Nov4-Jan5	(5.00)	unc	-14.16	35.3%	0.4
Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Mar4-May4	(7.25)	unc	-11.95	60.7%	2.6
May4-Jul4	(5.25)	-0.50	-12.38	42.4%	1.4
Jul4-Sep4	(10.00)	-0.25	-12.60	79.4%	3.7
KCBOT Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Mar4-May4	(2.25)	0.25	-13.96	16.1%	0.0
Mar4-Jul4	(4.50)	-0.50	-28.40	15.8%	-0.1
Jul4-Sep4	(12.25)	0.50	-20.83	58.8%	4.7

South American Weather Outlook

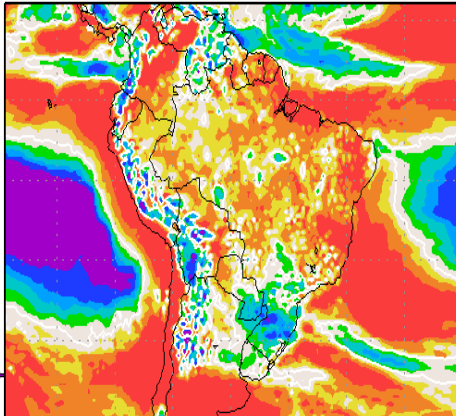
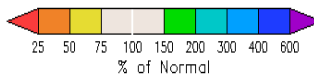
<http://www.wxmaps.org/pix/clim.html>

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

Fri, 27 DEC 2013 at 12Z

-to-

Sat, 04 JAN 2014 at 00Z

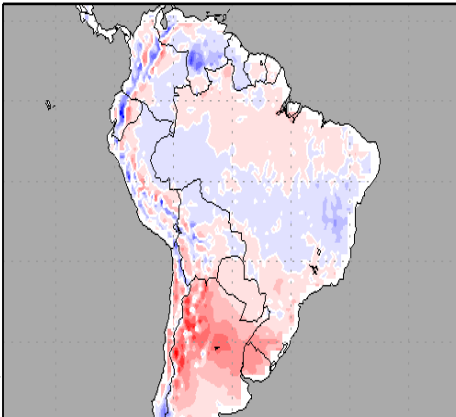
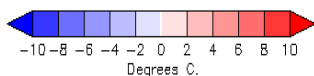


Temperature Anomaly during the 7.5-day period:

Fri, 27 DEC 2013 at 12Z

-to-

Sat, 04 JAN 2014 at 00Z



to China, of which 9.6 weren't switched from unknown. Meal sales were strong at 83kmt. The firmer SMF/SMH spread and talk of export DDGs backing up into the interior is putting pressure on the nearby meal basis. Rail logistics remain a mess and crews will be taking the New Year holiday off next week. Rail values were off recent highs made prior to Christmas with a UP shuttle trading \$1,300 for NW and spot BNSF offered \$4,200. CIF remains in a thin holiday trade but was firmer again with LH Dec/FH Jan trading +110SF up 2c and LH Jan trading +105SF. But CIF did drop later in the day from these values due to weaker barge freight. The firmer CIF basis helped firm the SF/SH to trade as high as 18 ½ up 5c. The Upper IL River FOB barge basis is ~ 8c over DVE. The shorter basis one is of their total DP the more long futures one should want to take into delivery. At current economics there should be no SF deliveries. Barge freight was weaker with TW IL River dn 20% at 560/580 after trading 600% earlier in the week. After a brief warm up, temps cool down again and low water issues are forecasted to get worse. The STL river gauge is forecasted to reach -4' by Jan 9th, which if reached would put it into the top 20 low water records for STL. Spot Chinese crush margins are profitable but well of recent highs while deferred hedge crush margins are negative.

Nathan Mangold

Wheat

Export sales of 21.9 MBU (old crop), compared to 21.4 LW, 13-20 expected, and 10.1 needed were/is supportive to markets. It is noteworthy that Brazil bought 5.1 MBU, thus implying they are not optimistic on getting all their needed wheat from Argentina, as they had been accustomed to. China did buy 2.0 MBU. During November China imported 35.6 MBU of US wheat, on pace to 9 year high. I will have "left the building" when the COT report comes out today, but fully expect the size of the "commercial" short in old crop HRW futures to show further decline. If it doesn't, I must be missing a piece of the puzzle, and will have to look for it.

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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