

Grainscoop I

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Corn

CZ -12 at 467, CU/CZ + $\frac{1}{2}$ at 20 $\frac{1}{2}$ peaked 23 $\frac{3}{4}$. CZ/H4 - $\frac{1}{4}$ at -12 $\frac{3}{4}$. Weather continues favorable, with western rains helpful to dryland milo. Private yield estimate are pushing higher ahead of Aug 12th report AT 159.4 BPA, others 157.0 BPA, 158.5 BPA. Nearby corn basis generally a dime higher for rail and processor markets east and west, while CIF was steady and above DVE. Some pick-up in new crop commercial basis sales into processors, particularly out east where crops relatively early with excellent yield potential. Cash ethanol in Chicago declined 61% of Sep corn equivalent decline today, aiding board margins nearby. DDGS +5/st on decent demand for Aug at 107% Aug CIF corn, with Q4 even better. Country elevator roll charges and optimal weather for yields may combine to help shake loose some remaining farmer owned grain mid-August. Quality continues to be a nagging problem in isolated areas of the corn belt. Seeking out warehouse receipts to gain control of remaining inventories in the inverse makes some sense. Index fund rolling out of long September may start next week. Seems like a balance of reasons to keep CU/Z in check long term, but maybe a bumpy ride short term. Just think in 2 $\frac{1}{2}$ month corn merchandising could become a whole lot more fun, as it is highly unlikely to be anything like what we've been thru the past 10 $\frac{1}{2}$ months, are you ready?

Joe Harroun

Beans

August is the weather month for beans and forecasts look good and it's too early to trade a freeze. Today's selling was noted as Index and managed money selling. SQ -16 $\frac{1}{4}$, SX -13 $\frac{3}{4}$, SMQ -\$9.7. Fund selling was thought to be 10k beans, 3k meal and buying of 2k oil. Key support at \$11.97 SX was broken and brought some chart selling. China confirmed they are auctioning 500kmt of reserve beans next Thursday, unsure on price yet, but they are likely to be priced to sell. Interest in additional new crop US beans appears limited for the moment, but a few offers being booked for MAM from Brazil. As a side note, China's weather is good for the growing crop. Agritrend estimate for Argentinas' 13/14 crop is 55mmt vs 49 TY and the record of 52.7. Export sales were better than expected for old and new crop beans and meal. Processor basis fell 20-40c at several IL/IA locations, with MN guys 10-20 firmer. Meal basis was weaker. Basis bids do not support the SQ/U inverse, but offers are thin too.

Trent Sauder

Wheat

Wheat was the least weak of the major commodities today at down 6, but caught in the Index Fund selling none the less. Export Sales continue good. 21.9 MBU sold last week vs. on 13.7

needed to make USDA projections. 13.6 HRW, 3.1 SRW, 4.9 HRS, 0.3 White, and 0.0 Durum. China at 4.8 mbu and Brazil at 3.2 were notable. Report Brazilian crop loss of 5% due to frost and US wheat being cheaper than Canadian or Argentinian wheat account for the selling. Today Pakistan bought their wheat from Ukraine and Japan did buy 178 KMT of US milling wheat, including 89 KMT of Western White. This is their first purchase of white wheat since the GMO scandal broke. Apparently signaling the end to the controversy. HRW at Gulf remains firm at +150. Gulf SRW remains non spread threatening at 60/66, down 4-5. In the Decembers, WZ3 - CZ3 = 203 vs. 150 at end of June as CZ has dropped much faster than WZ as prospects for big US corn crop develop. Come October, wheat is not close to competing with corn in the feed ration.

Terry Reinhart

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