

June 12, 2013

ADVANCE INSIGHT

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Transportation

	TW/NW/Jun	Jul	Aug	Sep	Oct
St. Paul Savage	340/340/340	340	375	475	500
Dub South	290/290/290	290	325	440	550
St. Louis 12'	235/235/235	240	300	450	525
Illinois	280/280/280	275	280	425	540
OH/Jeff/Cinn	190/190/200	215	300	425	540
Gulf/PNW	\$0.500 / bushel				
BN Shuttles	75/75/-112.5	-75	-175	-150	575
UP Shuttles	//	-100	-100	-100	238

Cash Corn Markets

	Jun FH/LH	Jul FH/LH	Aug FH/LH	Sep	Oct
CIF Nola	106n/84n 4	55n/55n	109u/109u	55u	62z
PNW	151n/151n 6	143n/143n	200u/200u		113z

	Jun FH/LH		Jun FH/LH
Cols CSX 65	53n/53n unc	Chicago	72n/72n x
Ft. Wayne N/S 75	57n/57n unc	Pekin ethanol	48n/48n x
Evansvl 15s	48n/48n unc	Decatur, IL	47n/47n x
Toledo	42n/42n x	Champaign CN 25	53n/53n 1
UP Grp 3	59n/59n -2	Clinton, IA	70n/70n unc
Dexter, MO	75n/75n x	Columbus, NE ethanol	75n/70n unc
Fayne, OH	32n/32n unc	Muscatine Truck	62n/62n unc
Ottawa	53n/33n x	Hereford COBO B/E	129n/129n x

Cash Bean Markets

	Jun FH/LH	Jul FH/LH	Aug FH/LH	Sep	Oct
CIF Nola	78n/78n 6	75n/65n	65q/65q	102x	82x
Paranagua	-50n/-50n 5	-50n/-50n	30u/30u		

	Jun FH/LH		Jun FH/LH		Jun FH/LH
Columbus	110q/110n unc	CN25	135q/135q 20	Mankato	110q/85q unc
Toledo	84q/84q x	Chicago	10n/10n unc	Cncl Bluf	20n/10n unc
Fostoria	90q/90q unc	Decatur	125n/120n x	Lincoln	100q/100q 5
Windsor	/ x	Naples	32n/32n +14.0	KC	95q/95q 10
PNW	120n/120n unc	Ottawa	15n/13n x	Wichita	120q/120q 5

Cash Milo Markets

	Jun FH/LH	Jul FH/LH	Aug FH/LH	Sep	Oct
CIF Nola	65n/65n unc	/	/		
Houston	65n/65z unc	65z/60z	60z/55z	50z	50z
Corpus Christi	45n/45z unc	45z/45z	45z/45z	45z	45z

Cash Wheat Markets

	Jun FH/LH	Jul FH/LH	Aug FH/LH	Sep	Oct
CIF SRW	55n/55n unc	50n/52n	50u/50u	60u	60z
TX Gulf HRW	142n/142n -1	140n/140n	/		

	Jun FH/LH	HRW	Jun FH/LH
SRW			
St. Louis	19n/20n x	KC Ords	75n/90n unc
Toledo (Mill)	-10n/-10n x	KC 12s	122n/137n 2
		KC 13s	137n/152n 5
PNW	145n/145n unc	KC 14s	137n/152n 5

Export Sales Estimates

	Expected Crop (mbu)	Needed (mbu)
Corn	10-18 (250-450)	5.1
Soybeans	18-24 (450-600)	0.3
Wheat-All	15-22 (400-600)	0.0
HRW		
SRW		
Sorghum		1.6
Soybean Meal	125-300	-12.9
Soybean Oil	10-20	7.5

Corn

The USDA gave us a little bit of a surprise in their monthly report. They decided to wait until the report later this month to make any adjustments to the planted acres and left the acres unchanged in this report at 97.3 million. Many in the trade were expecting them to adjust the acres down slightly due to the wetter than ideal spring. They did however lower the yield 1.5 bpa to 156.5 bpa. This put the carryout for next year at very comfortable level of 1.949 bbu. The old crop carryout was pegged at 769 mbu which was up 10 mbu from last month. Now we will focus on the stocks and acreage report on June 28th. The old crop spreads continued to invert Wednesday as the basis continues to be firm. The N/U spread managed to trade out to a 83 ½ cent inverse around midday. Settled around 75 ½ -76 cents. The job of the market is to move enough corn vs. the July, once this has happened the spreads will relax. Continue to stay long the July with your DP longs. This is the best hedge against the basis. It is very tempting to move when the spreads show the large inverse but we are still several weeks from First Notice Day. If the spreads begin to relax the basis likely will too.

Mark Talaski

Beans

Today's report on the bean side of the balance sheet did not display many changes. Old crop carryout was left unchanged at 125 mbu, but supplies were increased by 25 mbu through 20 lower exports and 5 higher imports, while demand (crush) was increased 25 mbu to cancel

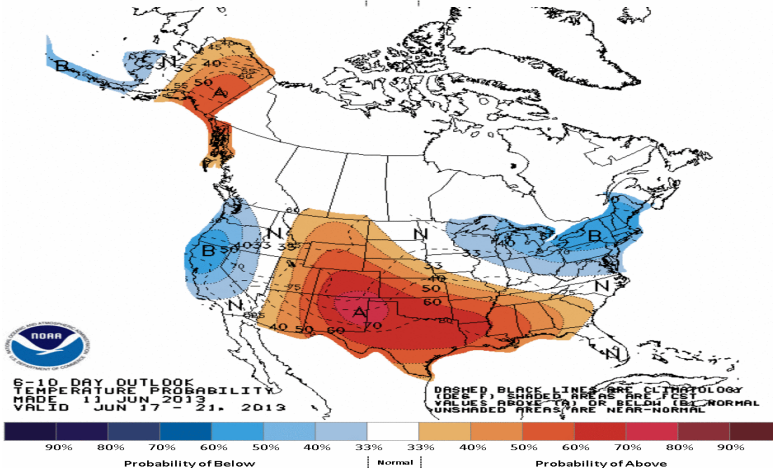
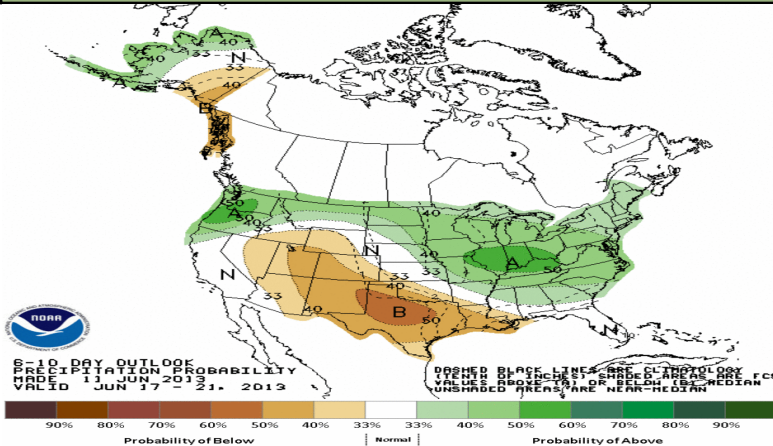
Daily Spreads					
Corn					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Jul3-Sep3	75.75	0.25	-12.50	-605.8%	None
Sep3-Dec3	38.00	5.50	-18.06	-210.4%	None
Jul3-Dec3	114.00	6.00	-30.92	-368.6%	None
Dec3-May4	(17.75)	0.25	-29.77	59.6%	2.5
Beans					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Jul3-Aug3	94.00	4.25	-7.91	-1189.1%	None
Jul3-Nov3	223.25	9.75	-31.37	-711.7%	None
Nov3-Jan4	(6.25)	0.75	-15.33	40.8%	0.6
Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Jul3-Sep3	(8.00)	0.25	-13.11	61.0%	2.5
Jul3-Dec3	(22.50)	unc	-32.04	70.2%	3.1
Sep3-Dec3	(14.50)	unc	-19.09	76.0%	3.4
KCBOT Wheat					
	Close	Change	Full Carry	% of Full Carry	ROS/mo
Jul3-Sep3	(4.00)	1.00	-21.48	18.6%	0.6
Sep3-Dec3	(18.00)	0.50	-31.12	57.8%	4.6
Dec3-Mar4	(12.50)	1.00	-22.01	56.8%	2.8

each other out. Surprisingly for new crop, no changes were made for acres or yield keeping the estimated C/O at 265 mbu. World changes in today's report had Brazil's '12/'13 production reduced 1.5mmt which was equally taken from the world soybean stocks estimate to 267.6. The world production for '13/'14 was reduced slightly by .2mmt whereas stocks were reduced 1.3mmt to 73.7. Spreads continued to firm aggressively as processors push to get coverage for nearby needs. Posted bids are not showing much for changes, but pushes of 10-20 cents seem pretty easy to attain. SN/SQ came close to trading a \$1 inverse, settling at 95 ½ while SN/SX traded over \$2.40, settling at 2.26 ½. Firmer bean values have pushed meal spreads much tighter also as plants sell meal vs the N while most are buying beans vs the Q. Keep DP longs in the N and stay sold up as you buy any cash beans.

Dewey Hull

North American Weather Outlook

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



Wheat

The wheat market was under pressure on Wednesday. The USDA report was released and was a bit of a surprise. They increased the US winter wheat crop and left the spring wheat acres unchanged. The crop estimate was 1.509 bbu for all winter wheat which was above the average trade estimate of 1.457. This put the new crop carryout at 659 mbu. This was above the trade estimate but down from a month ago. The old crop carryout was 746 up slightly from last month and just below the corn carryout! Seems the wheat market is trying to find its identity. It should continue to work into feed rations but the Sept corn/Sept wheat spread is too wide. Trading today at \$1.20 premium wheat compared to the July/July spread at 32 cents. At the current spread it seems hard to see Sept wheat working into the feed trade. Once we get to fall wheat should return to being a "food" rather than a "feed" (assuming the corn carryout is similar to what the USDA suggested today). The N/U Chicago spread was around 8 cents Wednesday. I think it makes sense to have wheat hedges in the Sept. It is a good place to park and watch the new crop corn and bean crop develop. If we see a decent crop then we could see the spreads relax further. The challenge is with the amount of empty space in the country we could see some bushels being chased by space... Harvest is picking up in the SE after the recent rains.

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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