

July 10, 2013

ADVANCE INSIGHT

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Transportation

| | TW/NW/Jul | Aug | Sep | Oct | Nov |
|-----------------|------------------|------|------|-----|-----|
| St. Paul Savage | 340/340/360 | 370 | 475 | 575 | 550 |
| Dub South | 300/300/310 | 325 | 425 | 575 | 475 |
| St. Louis 12' | 240/240/250 | 275 | 400 | 550 | 475 |
| Illinois | 275/275/285 | 350 | 475 | 550 | 475 |
| OH/Jeff/Cinn | 200/200/210 | 275 | 425 | 550 | 450 |
| Gulf/PNW | \$0.550 / bushel | | | | |
| BN Shuttles | -100/-100/-100 | -150 | -200 | 675 | 275 |
| UP Shuttles | //-150 | -100 | -100 | 350 | 200 |

Cash Corn Markets

| | Jul FH/LH | Aug FH/LH | Sep FH/LH | Oct | Nov |
|----------|-------------|-----------|-----------|------|------|
| CIF Nola | 54n/46n 3 | 145n/104u | 64u/57u | 61z | 61z |
| PNW | 252u/252u 4 | 248u/248u | / | 102z | 104z |

| | Jul FH/LH | Chicago | Jul FH/LH |
|------------------|---------------|----------------------|---------------|
| Cols CSX 65 | 124u/124u 14 | | 174u/174u 4 |
| Ft. Wayne N/S 75 | 160u/160u 10 | Pekin ethanol | 180u/180u unc |
| Evansvl 15s | 158u/158u 26 | Decatur, IL | 175n/175n unc |
| Toledo | 135u/135u x | Champaign CN 25 | 165u/165u |
| UP Grp 3 | 166u/166u 1 | Clinton, IA | 165u/165u 10 |
| Dexter, MO | / x | Columbus, NE ethanol | 175u/150u 5 |
| Fayne, OH | 138u/138u unc | Muscatine Truck | 152u/152u 7 |
| Ottawa | 5n/5n unc | Hereford COBO B/E | 236u/236u x |

Cash Bean Markets

| | Jul FH/LH | Aug FH/LH | Sep FH/LH | Oct | Nov |
|-----------|------------|-----------|-----------|-----|-----|
| CIF Nola | 68n/60q -2 | 72q/65q | 120x/100x | 88x | 88x |
| Paranagua | 0n/0n -20 | 100u/100u | / | | |

| | Jul FH/LH | Jul FH/LH | Jul FH/LH |
|----------|---------------|-----------|----------------|
| Columbus | 130q/130q unc | CN25 | 170q/170q |
| Toledo | 82q/82q x | Chicago | 0n/0n unc |
| Fostoria | 140q/140q x | Decatur | 175q/165q unc |
| Windsor | 115q/115q x | Naples | 160q/160q -5.0 |
| PNW | 200q/200q -38 | Ottawa | 2n/2n -4 |
| | | Mankato | 325x/280x unc |
| | | Cncl Bluf | 148q/148u 3 |
| | | Lincoln | 135q/120q unc |
| | | KC | 145q/100q unc |
| | | Wichita | 185q/150q unc |

Cash Milo Markets

| | Jul FH/LH | Aug FH/LH | Sep FH/LH | Oct | Nov |
|----------------|-------------|-----------|-----------|-----|-----|
| CIF Nola | 65u/65u unc | / | / | | |
| Houston | 65z/60z unc | 55z/55z | 50z/50z | 50z | 50z |
| Corpus Christi | 65z/65z 5 | 60z/60z | 50z/50z | 50z | 50z |

Cash Wheat Markets

| | Jul FH/LH | Aug FH/LH | Sep FH/LH | Oct | Nov |
|-------------|---------------|-----------|-----------|-----|-----|
| CIF SRW | 40u/45u unc | 53u/59u | 66u/72u | 70z | 70z |
| TX Gulf HRW | 135u/135u unc | 135u/135u | / | | |

| | Jul FH/LH | HRW | Jul FH/LH |
|---------------|---------------|---------|---------------|
| St. Louis | 11u/11u 1 | KC Ords | 75u/90u unc |
| Toledo (Mill) | 0n/0n x | KC 12s | 142u/157u unc |
| | | KC 13s | 145u/160u unc |
| PNW | 120u/105u unc | KC 14s | 155u/170u unc |

Export Sales Estimates

| | Expected Crop MBU (kmt) | Needed (mbu) |
|--------------|-------------------------|--------------|
| Corn | 6-10 (150-250) | -1.7 |
| Soybeans | 0-4 (0-100) | -2.6 |
| Wheat-All | 24-33 (650-900) | 13.3 |
| HRW | | -2.3 |
| SRW | | -2.5 |
| Sorghum | | 2.2 |
| Soybean Meal | 50-100 | -1.1 |
| Soybean Oil | 5-20 | 8.4 |

Corn

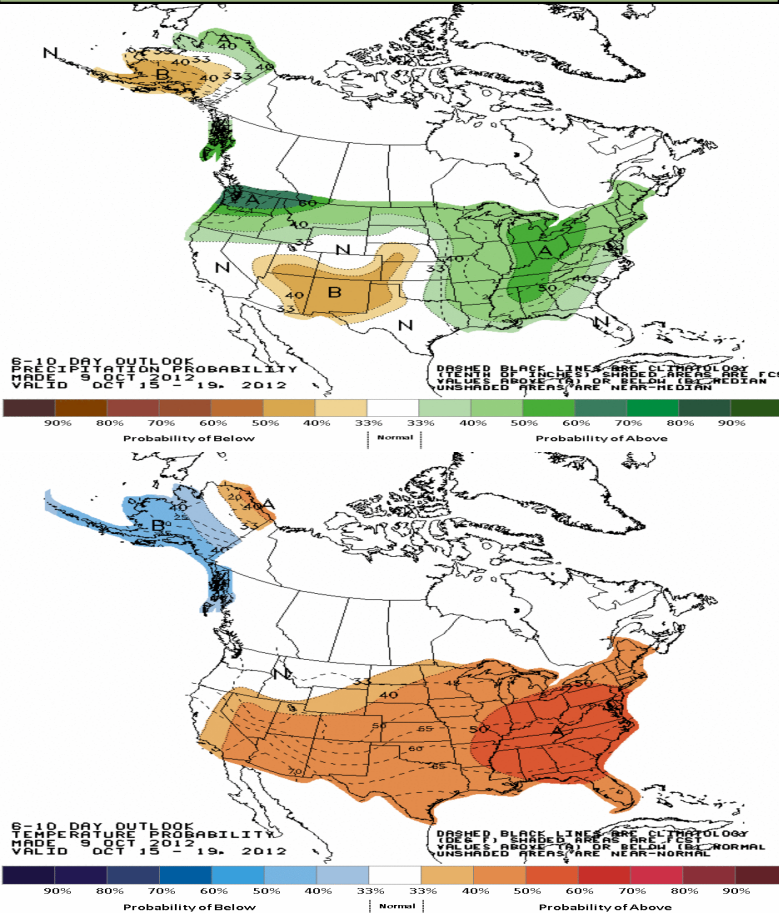
CN +5% at 709% , CZ - ¼ at 521½. CN/U +3% at 156 inverse. Cash Chi ethanol has been trying to keep up with corn closing about 251cpg today up 3.45cpg while corn since Monday up double that in etoh equivalent. And to straight hedge margin using August Chi Platts that only ended up 2½ at 240cpg is not attractive. Cash basis in corn continues to strengthen east to west, will it get easier to buy against the Sep contract? Will be interesting to see the July expire and if we see end users stop any corn or not. In most years end-users take any profit in bull spreads and use that against expected basis appreciation. Aflatoxin continues to be a nagging issue in isolated parts of IL mostly south of the delivery system; quality hiccups make it a little more attractive to consider delivery corn as an option to cover what's left to procure until southern corn becomes available. Rail corn has gone a long way to mitigate quality issues for processors. Pencils will be kept sharp on the delivery economics, and hard delivery economics vary significantly by location. Using CIF and IL barge freight LH July suggests the river is below DVE, so the processors will be the driver here, and each one is different. Warehouses short their DP with long hedges in the July have until Friday noon to exit. EIA's weekly energy statistics showed remarkable summer gasoline demand, nearly 5% above LY. Crude oil stocks drew sharply and Brent/WTI crude narrowed to \$2/bbl. Ethanol inventories increased slightly to 15.719 mln bbls, as the US imported 25kbpd to east coast, zero LW, and US producers increased production to 881kbpd. Ethanol RIN prices set a record high at 119 cpg for 2013, 120 cpg for 2014 as obligated parties eye significant RIN deficits in 2014, unless inclusion rates increase. Better demand than expected for their product and a modest imports and supply responses domestically bodes well for ethanol producers under current energy policy.

Joe Harroun

| Daily Spreads | | | | | |
|---------------|---------|--------|------------|-----------------|--------|
| Corn | | | | | |
| | Close | Change | Full Carry | % of Full Carry | ROS/mo |
| Jul3-Sep3 | 155.25 | 3.25 | -12.44 | -1248.2% | None |
| Sep3-Dec3 | 32.00 | 2.25 | -17.97 | -178.1% | None |
| Jul3-Dec3 | 190.00 | 7.25 | -30.71 | -618.7% | None |
| Dec3-May4 | (19.00) | 0.25 | -29.61 | 64.2% | 2.8 |
| Beans | | | | | |
| | Close | Change | Full Carry | % of Full Carry | ROS/mo |
| Jul3-Aug3 | 127.00 | -17.50 | -7.94 | -1599.9% | None |
| Jul3-Nov3 | 315.00 | -22.00 | -31.50 | -1000.1% | None |
| Nov3-Jan4 | (5.00) | 0.25 | -15.20 | 32.9% | 0.0 |
| Wheat | | | | | |
| | Close | Change | Full Carry | % of Full Carry | ROS/mo |
| Jul3-Sep3 | (7.00) | -5.00 | -13.05 | 53.6% | 2.1 |
| Jul3-Dec3 | (18.25) | -3.50 | -31.91 | 57.2% | 2.3 |
| Sep3-Dec3 | (13.75) | -0.75 | -19.01 | 72.3% | 3.2 |
| KCBOT Wheat | | | | | |
| | Close | Change | Full Carry | % of Full Carry | ROS/mo |
| Jul3-Sep3 | 5.00 | 1.00 | -21.42 | -23.3% | None |
| Sep3-Dec3 | (18.75) | -0.75 | -31.05 | 60.4% | 4.8 |
| Dec3-Mar4 | (13.25) | -0.50 | -21.94 | 60.4% | 3.0 |

North American Weather Outlook

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



Beans

With some western bean processors showing weaker meal bids today, the market was quick to reduce their July longs crashing spreads lower especially vs new crop. New crop support is stemming from the lack of double crop bean plantings as wet weather keeps SRW harvest well below expectations and strong heat and dryness in the delta is having an impact on the later planted beans there. Chinese June Bean imports came in at 6.9MMT which was less than the Ag Ministries estimate of 8.8MMT. If indeed Chinese imports are expected to reach 59MMT by Sept 1st, Jul/Aug imports will need to be 2.6MMT higher than last year at this time. This also begs the question, "Will SON bean imports to China be stronger than expected as the USDA is estimating a 10MMT increase for '13/'14"? If this is so, current sales on the books by exporters do not feel to be that well covered and with farmer sales being extremely light, how much work with the board and/or basis have to do to get sales covered? Feels like you can be patient on making new crop sales and also points to the probability that new crop bean carries will remain tight for now. Tomorrow's crop production average estimate for beans is 3mbu above last month while carryout for old crop is down 4 mbu and new crop up 5 mbu. LTD for July is Friday and those with longs remaining in July should be out by tomorrow with OI being around 2000 contracts. We are starting to see quotes on the SX/SF CSO's. The bid/ask range is high but they are at least starting to give values. Those that are long space or end users can use this as protection against spread tightening into fall. Talk with your broker to discuss.

Dewey Hull

Wheat

WN13 closed down 3½, while the balance of forward contracts closed slightly higher. Spreads were the main topic of conversation in the wheat market today. WN/WU widened a nickel to close at 7 cents carry. This is the widest that spread has closed since a week ago on 7/3. Open interest was 925 contracts to start the day. That number could fall quite a bit tomorrow as it appears several traders squared up July positions ahead of tomorrow's USDA report. Regarding tomorrow's report, the trade is expecting U.S. all wheat production to be 2.057 bbu, down slightly from the USDA's June estimate. The average guess for 12/13 carryout is 746 mbu, and 624 mbu for 13/14. Both of those numbers would be down from last month's estimates as well. The WU/WZ spread closed ¾ wider at 13¾ cents carry. This calculates to roughly 72% of full carry, and with the VSR observation period beginning next week it'll be something to keep a close eye on. CIF basis was steady to weaker for SRW today, with FH July offered at +40/43 WU. KCBT futures were mostly higher, while MGEX wheat was mixed. Only 2 contracts of nearby July MGEX wheat traded today, but it's worth mentioning that one of the contracts was executed nearly 30 cents higher than the settlement.

Michael Reginelli

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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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