

POET Market Manager Update (December 2018 Pricing Period) – As of 11/30/18 – Program #3 (FINAL)

December corn firmed thru the beginning of the November, but ran out of steam following the November USDA report and saw prices drift lower thru the end of the month. We finished pricing out the remaining bushels early in November on the move up and managed to stay out of the lower trending market. December corn peaked on the report day at \$3.79 and bottomed at \$3.55 ¼ on Nov 26th before finishing the month at \$3.66 ½. A sharp move higher the last few days of the month managed to result in December corn closing the month 1 ¾ cents above the price at the end of October.

November’s USDA Supply and Demand report did see a slight decline in production with yields dropping 1.8 bpa to 178.9. This resulted in production declining by 152 mln. The USDA also lowered total demand by 75 mln bushels which resulted in lowering the carryout to 1.736 billion bushels.

On the demand side, the USDA decreased Feed & Residual by 50 mln and lowered exports by 25 mln bushels. The Feed & Residual decrease is directly related to lower production and should stabilize going forward. The export reduction came as higher than anticipated competition has been seen from South America. We could see some further reductions in exports going forward, but not likely to be seen in the near term. The number that was not touched was corn use for ethanol, but this number has the highest potential to be lowered in upcoming reports due to low industry margins.

Global corn supplies saw a massive increase as the USDA made revisions to Chinese production going back 10 years. The net impact was an increase of 5.8 billion bushels of Chinese stocks which nearly doubled Global Days of Supply from 53 days to 100 days. China is not expected to turn into an exporter or to import less as a result, so the impact to the market was not very significant.

We are currently 100% priced at an average of \$3.8375 for program #3 versus the Dec '18 board as shown below.

		If 100% Marketed Today	
% Marketed	Average Price (1)	(2)	
100%	\$ 3.8375	\$	3.8375
(1) Includes mark-to-market gains/(losses) on all futures positions			
(1) Includes premiums collected/paid on open option positions			
(1) Includes gain/(losses) on all closed option positions			
(2) Assumes unpriced volume is priced at today's market close.			

