

POET Market Manager FINAL (July 2019 Pricing Period) – As of 6/30/19 – Program #4

July '19 Futures made a new low in May as trade talks failed to materialize but surged higher thru the second half of May and June on planting problems in the U.S. July Futures hit a new contract high of \$4.6425 in June before finishing the month at \$4.20 ¼. Prices saw a 19 ¾ cent decline on the last day of the month following the June Stocks and Acreage report.

The Acreage report indicated that U.S. producers intend to plant 91.7 mln acres of corn which was well above trade estimates of 86.7 mln acres. While many uncertainties still exist on what final planted acres will be, this report went a long ways towards easing fears of a sharp drop in planted acres. It also implies, that the U.S. producer responded to market signals that pushed planting intentions sharply higher from what was reported in March. We'll never know for sure, but indications from NASS officials indicate that the 91.7 mln acres already has a significant amount of Prevent Plant already factored into that number which could limit how much lower planted acreage will ultimately go.

With Managed Money funds holding over 200k long contracts ahead of the report, they were caught on the wrong side of the market resulting in a sharp correction lower as they flushed out a portion of their length. As we go forward, market perception will drive whether they continue to flush length or if they attempt to rebuild their positions.

Initial crop condition ratings are at historically low levels with Good/Excellent ratings at just 56% as of the end of June. With favorable early to mid-July weather forecasts, we'll likely see these ratings improve as we go forward which could keep the yield bulls somewhat contained until we get closer to harvest.

On the demand side, we continue to see indications that the USDA will likely increase their old crop carryout which will provide a bit of cushion for production short falls in the U.S. The USDA is currently projecting an old crop carryout of 2.195 billion bushels and we believe this could end up in the 2.3 to 2.5 billion bushel range.

There are many unknown variables that make estimating the 2019/20 carryout very difficult at this time. Most industry estimates would put the range of possibilities between 1.0 and 1.8 billion bushels at this time.

We completed Program #4 versus the July '19 Board at \$4.1391 as shown below.

% Marketed	If 100% Marketed Today	
	Average Price (1)	(2)
100%	\$ 4.1391	\$ 4.1391
(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.		

