

POET Market Manager Update (December 2019 Pricing Period) – As of 1/31/19 – Program #6

Dec '19 Futures ranged from a low of \$3.96 ½ to a high of \$4.06 in January with prices continuing to chop sideways like they have for the past several months. Going back to October 2018 the Dec '19 futures have essentially ranged from \$3.90 to \$4.10. During December and January this range has narrowed in to \$3.95 to \$4.05 in very uninspired trading.

With the government shutdown, the USDA did not issue the January Supply and Demand report so we continue to wait for the February report for final production data and any demand updates from the first quarter of the marketing year. The trade is anticipating a slight reduction in corn production in the final production data which could be offset by reductions in corn use for ethanol.

One of the reasons for the trading range improving 5 cents above the bottom side of the range has been ongoing negotiations with China that hold the potential to arrive at increased U.S. corn demand via exports to China. Any increase in exports to China could tighten the U.S. Carryout even further and help to push prices higher. Our numbers suggest that a 3 mln acre increase in corn is needed to maintain current carryout levels next year. Anything that adds demand or reduced supply could quickly provide an uplift to corn values.

Soybeans continue to be the anchor around the market with excess global and U.S. stocks. The market needs to send a signal to plant more corn and less soybeans this spring, but so far that has not developed so we continue to view the corn market as better supported compared to soybeans.

We are currently 20% priced at an average of \$4.1039 for program #6 versus the Dec '19 board as shown below.

% Marketed	If 100% Marketed Today	
	Average Price (1)	(2)
20%	\$ 4.1039	\$ 4.01
(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.		

