

POET Market Manager Update (December 2018 Pricing Period) – As of 10/31/18 – Program #3

December corn saw a few periods of volatility during October while trading in a range from \$3.56 ½ up to \$3.78 ½ and finishing the month at \$3.63 ¼. The month started out jumping 9 ½ cents higher on the first day of the month, but that followed a drop of 8 ½ cents on the last day of September. December corn also rallied 15 ½ cents over a three day period in the middle of the month, but declined 17 ½ cents over the following 8 days. There was also a 6 ¾ cent jump late in the month, but that followed a day when the market was down 7 ¼. As you can see, the market had trouble sustaining moves in both directions over the past month.

The month started off digesting the quarterly stocks report which was released at the end of September. The market was anticipating corn stocks to remain steady but ended up seeing a 138 mln bushel increase. Soybeans also saw a sizable increase of 43 mln bushels which was 37 mln above estimates. The market responded with sharp losses to end the month, but as mentioned above quickly bounced back at the beginning of October.

The strength thru the middle of October was largely driven by excessive moisture across the Midwest, particularly west of the Mississippi which slowed harvest and caused some production and quality concerns. We'll see in the upcoming November crop report how much of an impact these rains had with most of the industry expecting to see some reduction in both corn and soybean production.

Corn stocks remain adequate and harvest has caught up to an average pace across most of the Midwest. There's no clear directional trend for corn. We had expected a strong demand led market, but find our export values competing with Ukraine, Argentina, and Brazil more than anticipated which has slowed new export sales volume. Additionally, poor ethanol margins continue to have an impact on domestic usage.

Soybeans continue to be the anchor around the markets neck with very poor demand and growing surpluses. Barring a resolution with China, we continue to anticipate a choppy and range bound market. Upside potential does exist if a deal gets worked out which would have a greater impact on soybeans but also allow corn to explore higher values as well.

We are currently 93% priced at an average of \$3.8484 for program #3 versus the Dec '18 board as shown below.

% Marketed	If 100% Marketed Today	
	Average Price (1)	(2)
93%	\$ 3.8484	\$ 3.8324
(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.		

