

POET Market Manager Update (July 2021 Pricing Period) – As of 2/28/2021 – Program #11

July '21 Futures declined 3 ¼ cents in February as the front end of the market settled into more of a sideways trading pattern. Following the January USDA report, July futures have ranged between \$4.90 and \$5.56 ¼ with the majority of the time spent between \$5.20 and \$5.40. July '21 Futures closed between these levels 23 out of the past 31 days (74%) with three closes below the range and 5 closes above the range. We finished February towards the upper end of the range at \$5.35.

February did not have any major surprises from the USDA as they made just small adjustments to the balance sheet. Exports were the only thing changed with an increase of 50 mln bushels to 2.6 bln bushels which reduced the carryout by an equal amount down to 1.502 bln bushels. We still have a downward bias on carryout, as we believe the export number could ultimately be as much as 250 mln higher.

Additionally, in February, the USDA hosted its annual Ag Outlook Forum with the most notable item being their planted acreage estimate. They were estimating corn at 92 mln acres and soybeans at 90 mln acres, which would be a new record combined acreage total. The total combined number is plausible assuming low prevent plant acres this spring. Even with record acres, the balance sheet for corn and soybeans likely looks very similar next year with trendline yields and similar demand. Keep in mind, this is simply an economic and statistically driven acreage estimate...we won't see a survey based estimate until March 31st.

The one thing that did come out of the Outlook Conference was an increase interest in buying New Crop and less buying seen against old crop contracts. December futures have gained over 30 cents relative to the July contract since the high water market of the inverse back on January 29th. Old crop corn seems to need another surge in demand related news if it is going to retest the \$5.56 ¼ high on the July contract. Export sales have been strong, but China has been absent in recent weeks so that leaves the market treading water for the time being.

We are currently 80% priced for program #11 at \$4.01 versus the July '21 CBOT. After accounting for additional accumulator contracts that are currently on the books, we should be 100% priced near \$3.97. We continue to look for opportunities to make low cost trades that could add to this price.

