

POET BIG Weekly Newsletter 4.12.24

April USDA Report

Corn:

- Old crop US corn carryout was lowered by 50MM bu due to an increase of 25MM bu for both feed and ethanol demand. Carryout now at 2.122B bu vs 2.172B last month. Average farm price for old crop corn was lowered by a nickel to \$4.70/bushel.
- World numbers were not supportive either, with Brazil production unchanged at 124MMT (vs average trade guess at 121.75MMT) while Argentina was reduced by 1MMT to 55MMT.

Soybeans:

- The soybean print was bearish as ending stocks were increased by 25MM bushels to 340MM bushels. Exports were cut by 20MM bu, while seed and residual were cut by 2 and 9MM bu, respectively. Trade was looking for virtually no change to ending stocks as they expected an offset to higher. On farm price was reduced a dime to \$12.55/bu.
- On the World side, the USDA made no changes to Brazil and Argentina, and they remain well above CONAB and local Argentina production numbers.

Overall

- Corn finished down 6 yesterday due to the cut in ending stocks being well below the average trade guess. We are up 8 to start the morning which looks to be a rebound from yesterday. We will have to wait till May 10th for the next WASDE report however we will start getting weekly Crop/Planting progress reports every Monday from here on out. It is safe to say we have room to decrease ending stocks and South American production if we continue on the current trend.

Other News:

- The USDA National Agricultural Statistics Service (NASS) released a notice yesterday that it will discontinue all county-level crop and livestock estimates beginning with the 2024 production year. The release said the move was made given appropriated budget levels. We have seen the number of county yield estimates decline over the years as fewer survey responses made reporting some stats impossible.
- Managed Money slightly extended their net short position in corn last week with their short positions increasing by roughly 8K contracts. Although March stocks came in about 100MM lower than estimates and prospective corn acres came in almost 2MM lower than estimates, it still leaves the US with a burdensome balance sheet, given trend-line or average yields. We will most likely need to see global

supply issues out of both the US and South America to get stocks back to what saw over the last three years.

Weekly Contract Spotlight:

ORIGINATOR PLUS

- The total bushels enrolled and divides them by the number of days to determine the price each day. Each day the underlying futures associated with the contract doesn't trade the KNOCK OUT PRICE, the daily allotment will get priced at the fixed level.
- If a knock out occurs, the remaining bushels will get priced at the RESET price level. Leaving NO COMMITTED BUSHELS UNPRICED and double up risk is removed.
- If a KNOCK OUT does not occur, on the end date the underlying futures are at or above the FIX/DOUBLE UP level, you will receive a contract with futures at the DOUBLE UP level for the same bushel amount.