

## Wheat Market Outlook and Price Report: September 26, 2022

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### i) Background and Rationale for the Report

The following wheat market outlook and price report will be published on a weekly basis on the Sask Wheat Website. The report provides producers with an overview of world wheat markets, a market forecast, and benchmark prices at both the primary elevator and export positions (FOB Vancouver or elsewhere).

The report is made up of several sections. Following this section, a World Wheat overview is provided, which includes a summary of wheat market fundamentals, world production and trade, and a wheat market outlook. This is followed by several price tables, which include primary elevator bids at various Saskatchewan locations (Table 1), grain spreads (Table 2), and FOB port prices and basis (as measured by subtracting the primary elevator price (Rosetown) from the relevant port location price for individual crops) (Table 3). Table 3 is preceded by a description of the various assumptions, definitions and methodology used in arriving at the FOB port prices and in the export basis calculation.

### ii) Wheat Market Outlook September 26, 2022

#### International Grains Council (IGC) Sept. 2022 Report on Wheat:

|                                      | 19/20 | 20/21 | 21/22<br>est. | 22/23<br>f'cast | 18.08 | 22.09 |
|--------------------------------------|-------|-------|---------------|-----------------|-------|-------|
| million tons                         |       |       |               |                 |       |       |
| <b>WHEAT</b>                         |       |       |               |                 |       |       |
| <b>Production</b>                    | 761   | 773   | 782           | 778             |       | 792   |
| <b>Trade</b>                         | 185   | 190   | 197           | 193             |       | 193   |
| <b>Consumption</b>                   | 745   | 770   | 781           | 783             |       | 785   |
| <b>Carryover stocks</b>              | 275   | 278   | 279           | 275             |       | 286   |
| <i>year/year change</i>              | 16    | 4     | 1             |                 |       | 6     |
| <b>Major exporters <sup>b)</sup></b> | 61    | 59    | 64            | 61              |       | 70    |

Source: IGC, Sept. 2022

- The International Grains Council (IGC) expects 2022/2023 **world wheat production** to reach 792 million mt. This is up by 14 million mt from their prior estimate and is now up 10 million mt from last year. Stocks absorbed most of the increased availability.
- With the **global consumption** outlook little changed from before, larger than previously estimated carry-ins, paired with the upgraded production figure, result in an 11 million mt lift to closing stocks, mostly relating to a revision for Russia.
- Total 2022/2023 ending stocks are now projected at 286 million mt.

## Developments in Wheat Demand:

Price and currencies seem to be rationing demand.

### ➤ Global wheat production and trade:

There is a lot of competition in the wheat markets as wheat is produced around the world. Below is a brief synopsis of last week's market events in the major wheat origins.

#### Futures:

- Dec 2022 contract **Chicago winter wheat** closed at 880-4, down 30-2 cents on Friday, *up 20-6 cents on the week.*
- Dec 2022 contract **Kansas hard red winter wheat** closed at 950-4, down 29-0 cents in Friday's trade, *up 15-2 cents on the week.*
- Dec 2022 **Minneapolis hard red spring wheat** closed at 949-2, down 28-4 cents on Friday, *up 10-4 cents on the week.*
- Futures are currently down this morning by 12-15c/bu. There are a lot of uncertainties in this market, which make it very difficult to forecast values.

**CBOT Dec. 2022 Wheat (1 yr.)**



**KC Dec. 2022 Wheat**



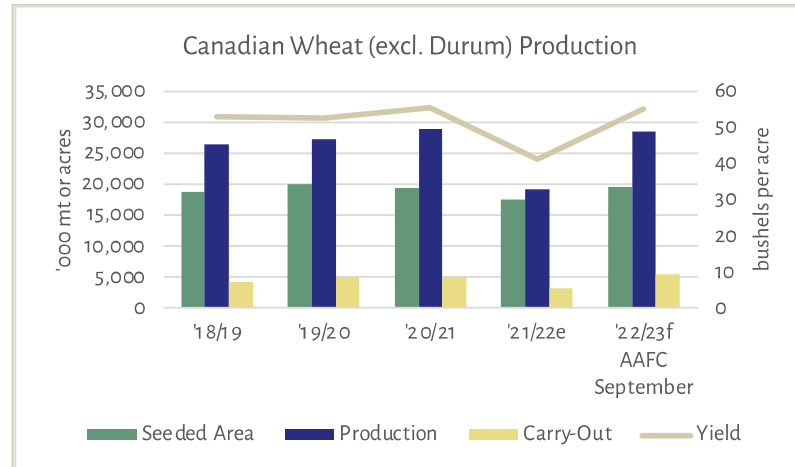
**Minneapolis. Dec. 2022 Wheat**



## Canadian Wheat

- In Canada, **spring wheat harvest** slowed because of widespread rain across the prairies. In Manitoba, harvest progressed 8% from the previous week to 65% done. Manitoba Ag says that average reported yields are in the 60-70 bushel per acre range. Only 2% of Saskatchewan's spring wheat crop was harvested during the week which is now 77% complete. Saskatchewan Ag is still forecasting a 43 bushel per acre yield. Alberta farmers harvested 13% of their crop last week and are now 88% complete. Alberta Ag raised their yield estimate by 1 bushel from two weeks ago to 54 bushels per acre.
- **Spring wheat harvest in the US** is wrapping up. The quality of the crop is very good, with most samples being graded as a 1NS with an average protein of 14.4%.
- **AAFC** released their September balance sheets. This report incorporated Stats Canada's yield estimates, agroclimatic data, and survey data.
  - AAFC increased 2021/2022 spring wheat production (excluding durum) by 260k mt from their last report (August), as a 1.3 bushel per acre yield increase offset a 321k acre decrease in harvested area. Use was increased by 435k mt for a 94k mt decrease in ending stocks to 3.1 million mt.
  - For the 2022/2023 **season**, harvested area was decreased slightly (14k acres), but yield was increased by 2.5 bushels per acre (to 55 bpa) for a 345k bushel increase in production to 28.6k mt. Exports were raised by 200k mt to 18.2 million mt, but feed use was decreased by 349k mt, resulting in 149k mt less use. Overall, ending stocks were raised by 400k mt to 5.4 million mt.

- As a frame of reference, the total supply of 31.8k mt this year will be like 2020/2021's 33.8 million mt. The main difference between these years is that exports this year are expected to be 2.3 mt less, resulting in ~250k mt more ending stocks.

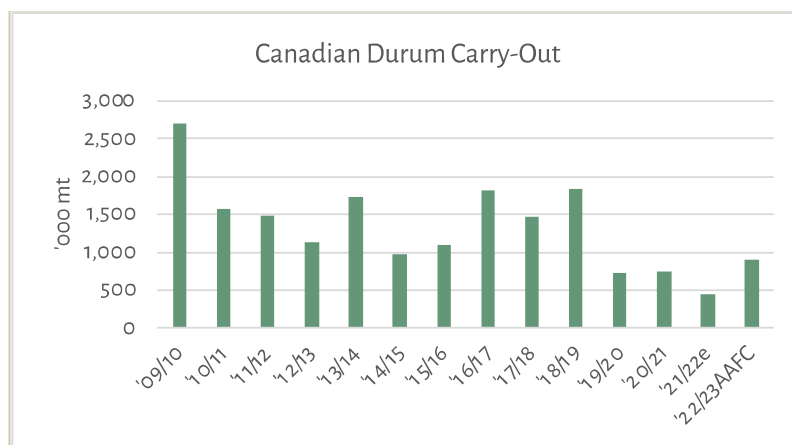


Source: Mercantile, based on AAFC data

- We have been talking for a while about our concern over the Canadian rail companies' willingness to move grain. This is a message that has been picked up by the Western Grain Elevator Association. Last year, when demand was for just 2,000 cars per week (because of the small crop), rail companies were only supplying 500-800 cars per week. This year, the size of the crop is 60% larger and rail companies have not been clear on their readiness or willingness to move the large crop.
- The last update from the Ag Transport coalition was 3 weeks ago. At that time rail supply had been quite good. We suspect that performance has deteriorated over the past weeks. There were 767.4k mt of wheat delivered into the elevator system last week. Six hundred twenty-four thousand (624k) mt arrived at terminals and just 278.5k mt were exported. Visible supplies rose another 200k mt to 3.3 million mt. One point nine (1.9) million mt of this is sitting in elevators, 338k mt is sitting in terminals on the west coast, and 1.1 million mt is sitting in Thunder Bay and the Great Lakes.
- Wheat prices were supported by strong futures and a weak Canadian dollar. There were several "specials" at Prairie elevators where \$11.50 for November delivery was sold. These are good prices, but if you are 50% sold new crop, it is advisable to continue to sit tight for now.

| (CGC) Grain Handling Summary Wheat |                     | Week 7            | (Sept. 18/2022) |                        |
|------------------------------------|---------------------|-------------------|-----------------|------------------------|
| ('000 mt)                          | Producer Deliveries | Terminal Receipts | Bulk Exports    | Domestic Disappearance |
| Week 7                             | <b>767.4</b>        | 623.6             | 278.5           | 94.7                   |
| Week ago                           | <b>1,051.4</b>      | 390.9             | 279.7           | 77.9                   |
| YTD                                | 3,394.5             | 2,721.2           | 1,734.5         | 590.5                  |
| Last YTD                           | 2,415.7             | 2,817.6           | 2,083.5         | 700.8                  |
| YTD less Last YTD                  | 978.8               | -96.4             | -349.0          | -110.3                 |
| YTD over Last YTD                  | 141%                | 97%               | 83%             | 84%                    |

- **Durum:** The Canadian durum harvest is 94% complete in Saskatchewan. Saskatchewan Ag is still forecasting a 30 bushel per acre average yield.
- In their September report, **AAFC** made several changes to the 2021/2022 and 2022/2023 Canadian durum balance sheets.
  - For 2021, seeded area and yield were increased by 200k acres and two bushels per acre, respectively. These resulted in a 384k mt increase in production. Use was raised by 363k mt (exports up 56k mt and domestic use up 307k mt) for a 69k mt increase in carry-out.
  - **For 2022**, the harvested area was decreased by 10k acres for a 149k mt decrease in production. The decrease in production was almost entirely offset by higher beginning stocks and 78k mt less domestic (feed/waste/dockage) use. Ending stock decreased 1k mt to 900k mt.
- Our production number is only slightly lower than AAFC at 5.9 million mt. We suspect that they might be overestimating yield slightly. **Ending stocks** of 900k mt are a 4-year high, but still well below the 10-year average of 1.2 million mt.



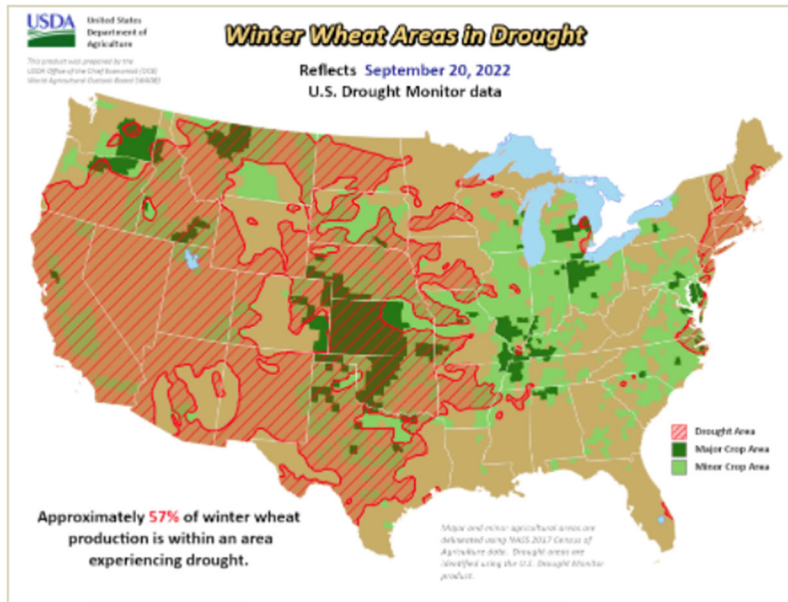
Source: Mercantile, based on AAFC, Stats Canada data

- Durum movement continues to be slow. Producers have delivered a total of 578.6k mt of durum into the elevator systems as of week 7. Total exports are just 277.1k mt having risen by 77.2k mt last week. Most (55.9k mt) of the week 7 exports were out of Vancouver, just 7.0k mt was exported from the St. Lawrence.
- *Cash bids continued to improve last week. November-December #2CWAD is worth \$11.25/bu while \$11.90 can be attained for February-March positions.*

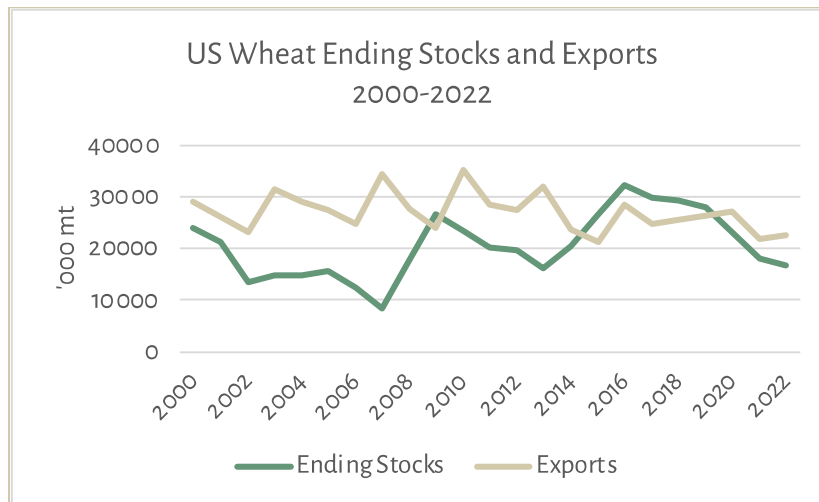
| (CCG) Grain Handling Summary Durum |                     | Week 7            |              | (Sept. 18/2022)        |
|------------------------------------|---------------------|-------------------|--------------|------------------------|
| ('000 mt)                          | Producer Deliveries | Terminal Receipts | Bulk Exports | Domestic Disappearance |
| Week 7                             | 115.4               | 81.4              | 77.2         | 14.7                   |
| Week ago                           | 139.6               | 79.1              | 54.5         | 4.3                    |
| YTD                                | 578.6               | 437.6             | 277.1        | 77.7                   |
| Last YTD                           | 487.0               | 373.3             | 539.3        | 21.6                   |
| YTD less Last YTD                  | 91.6                | 64.3              | -262.2       | 56.1                   |
| YTD over Last YTD                  | 119%                | 117%              | 51%          | 360%                   |

**US Wheat:**

- Dry conditions in the **US winter wheat** belt have aided seeding progress. Twenty-one percent of the US winter wheat crop was planted as of September 18<sup>th</sup>. This is 1% ahead of last year but 4% ahead of the average pace. Dry conditions will persist through the first week of October with above-normal temperatures. As of September 20<sup>th</sup>, 57% of the US winter wheat area was under drought conditions.
- **Spring wheat harvest in the US** is wrapping up. The quality of the crop is very good, with most samples being graded as a 1NS with an average protein of 14.4%.



- **US wheat exports** were well below trade expectations at 184k mt (6.7 million bushels) for a season total of 382 million bushels; down 4% from last year vs the USDA's projected 3% increase. Smaller production, a strong dollar, and dry conditions in the winter wheat belt are deterring farmer and export selling. However, the US does not need to attract additional demand to keep a relatively strong balance sheet. The USDA's US export number is 825 million mt. This is likely too high as sales would need to average 10.3 million bushels per week to meet this (last year's average sales during this time were 8.8 million bushels per week). Although smaller exports will add to ending stocks, the USDA is currently forecasting a 9-year low ending stocks number of 16.6 million mt.



Source: Mercantile, based on USDA data

- **US FOB values** are extending their premium over EU wheat with HRW now around \$80/mt above German wheat, while SRW is pushing \$50/mt against French wheat. The spreads against nominal Russian wheat values are even more remarkable, with Russian wheat some \$30/mt below French wheat, and \$40/mt below German wheat.
- US HRS for October 2022 was valued at \$431.50/ mt FOB PNW (*up \$36.50/mt from last week*), FOB Gulf HRW 11/12.5 pro is valued at \$442.60/mt (*up \$33.60/mt from last week*).

#### Australian wheat:

- Australian wheat futures were up A\$5/mt on Friday, making a 3-month high weekly close. This is partly due to rising world markets, but also to the 27-month low in the Australian dollar.

#### Argentine wheat:

- **Drought** remains a major concern in Argentina, with the Buenos Aires Grain Exchange (BAGE) estimating the share of the country with significant dryness at 47%. BAGE dropped Gd/Exc ratings by 1% to a new low of 14% compared to 49% last year. BAGE also reported a growing number of wheat acres being switched to corn and soybeans and cited potential yield losses of up to 60% in some regions! However, BAGE still has not given a production estimate.
- Meanwhile, the Rosario GE lowered its crop to 16.5 million mt this week. If correct, this would leave just 10 million mt for export, compared to 16.5 million mt last year.

#### EU wheat:

- Marché à Terme International de France (Matif) wheat traded in a €7/mt range (C\$9.25/mt) before closing up €2.25/mt (C\$3.00/mt) at a 12-week intra-day high, with the chart looking increasingly positive.
- **EU cash premiums** continue to slide both in the ports and in the interior, but especially French farmers are not sellers as reports suggest they are already 65-70% committed.
- France has shipped almost 500k mt so far in September with another 300kt in the vessel line-up. German shipments are estimated at over 400k mt.
- Fob prices in the EU: October 2022 French 11.5 pro wheat closed at \$347.40/mt (*up \$6.50/mt from last week*); Oct. 2022 German 12.5 pro wheat closed at \$360.60/mt (*up \$12.30/mt from last week*); Oct. 2022 Baltic 14.0 pro wheat closed at \$392.70/mt (*up \$10.40/mt from last week*).

#### **Black Sea wheat:**

- As of September 21<sup>st</sup>, 185 vessels have departed **Ukrainian ports** under the trade corridor deal, amounting to 4.3 million mt of grain and foodstuffs.
- **Black Sea wheat values** remain nominal with the trade wondering just how the situation will develop following Friday's referendums.
- There are reports about a **rift between Putin (Russia) and Erdogan (Turkey)**. Pres. Erdogan of Turkey was said to hold a high-level Government meeting on Friday, at which current Russian agreements, the Russian payment system MIR, and possible Western sanctions on Turkey will be discussed. However, with Turkish inflation above 80%, the government preceded the meeting with another shock by lowering interest rates by 100 points, taking the Lira to a new all-time low of 18.40 against the US dollar.
- Moreover, there are rumours that protestors are fighting back over their **draft mandate in Russia**, and that 'prominent politicians' are also speaking out against it.
- FOB prices in the Black Sea: October 2022 Russian 12.5 pro closed at \$325.00/mt (*up \$5.00/mt from last week*).

#### ➤ **Significant purchases/ trades:**

Price volatility and currencies seem to be rationing demand.

- The Philippines bought 45k mt of Australian feed wheat for January 2023 at \$355/mt.
- US wheat export sales of 184k mt were well below trade guesses, leaving the season total of 382 million bu, down 4% on last year.

#### ➤ **Wheat Market Outlook:**

##### **Significant events over the past week:**

- **Spring wheat harvest in Canada** is still not finished, with 65% done in Manitoba, 77% in Saskatchewan, 88% in Alberta, provincial yield estimates vary from 43-70 bu/acre.
- **Durum movement** has been slow, but bids for *Nov-Dec #2CWAD* have improved to \$11.25/bu while \$11.90 can be attained for *Feb-Mar* positions.
- *We continue to be concerned about the Canadian rail* companies' willingness to move enough grain. This year, the crop is 60% bigger and rail companies have not been clear on their readiness or willingness to move the large crop.
- **Spring wheat harvest in the US** is wrapping up. The quality of the crop is very good, with most samples being graded as a 1NS with an average protein of 14.4%.
- US wheat remains uncompetitive in international markets. In fact, **US FOB values** are extending their premium over EU wheat with HRW (~\$80/mt above German wheat), while SRW is pushing \$50/mt against French wheat. The spreads against nominal Russian wheat values are even more remarkable, with Russian wheat some \$30/mt below French wheat, and \$40/mt below German wheat.
- As of September 20<sup>th</sup>, 57% of the US winter wheat area was still under drought conditions.
- The **International Grains Council (IGC)** raised its forecast for the 2022/2023 wheat crop by 14 million mt from last month. Global production is now expected to be 792 million mt. This is 14 million mt more than the previous estimate, and 10 million mt more than last year's amount. Most of the increase in production went into ending stocks which rose 11 million mt from last month to 286 million mt (up 6.4 million mt from last year).
  - *Russian production accounted for 5.8 million mt of the increase in production. As Russia only has the capacity to export ~36 million mt, ending stocks there are forecast to rise 11.2 million mt from last year.*
- **Drought** remains a major concern in **Argentina**, with BAGE estimating the share of the country with significant dryness at 47%. BAGE dropped Gd/Exc ratings by 1% to a new low of 14% compared to 49% last year.

- **EU cash premiums** continue to slide both in the ports and in the interior, but especially French farmers are not sellers as reports suggest they are already 65-70% committed.
- Re: Black Sea events, there are reports about a **rift between Putin (Russia) and Erdogan (Turkey)**.

**Outlook:**

Don't expect too much new in the export trade as buyers suffer from an extremely strong dollar and uncertainty about what the next Russian moves will be in Ukraine. Wheat is likely the weakest commodity, as space problems bring some harvest pressure. The trade is trying to reconcile conflicting weather impacts and political uncertainty ahead of next Friday's US stocks report. There are a lot of uncertainties in this market, which make it very difficult to forecast values. The Canadian dollar is very weak. How or whether Pakistan and Jordan buy wheat this week will influence the markets. There are a lot of uncertainties in the markets, so it would be wise to hold off on sales at this time.

**iii) Primary Elevator Price Tables and Grade Spreads**

**Table 1: Canadian Primary Elevator Bids, in Canadian Dollars per Bu and per MILLION MT**

| Date: 26-09-2022 |         |          |                |                |               |
|------------------|---------|----------|----------------|----------------|---------------|
| NW Sask          | Spot    |          | NW Sask        | Deferred       |               |
|                  | (bu.)   | (mt)     |                | Nov. '22 (bu.) | Nov. '22 (mt) |
| 1 CWRS 13.5      | \$11.43 | \$419.98 | 1 CWRS 13.5    | \$11.57        | \$425.13      |
| 1 CWAD 13.0      | \$11.31 | \$415.57 | 1 CWAD 13.0    | \$11.39        | \$418.51      |
| 1 CPSR 11.5      | \$10.82 | \$397.57 | 1 CPSR 11.5    | \$10.90        | \$400.51      |
| <b>SW Sask</b>   |         |          | <b>SW Sask</b> |                |               |
| 1 CWRS 13.5      | \$11.22 | \$412.27 | 1 CWRS 13.5    | \$11.41        | \$419.25      |
| 1 CWAD 13.0      | \$11.38 | \$418.15 | 1 CWAD 13.0    | \$11.43        | \$419.98      |
| 1 CPSR 11.5      | \$10.84 | \$398.30 | 1 CPSR 11.5    | \$10.95        | \$402.35      |
| <b>NE Sask</b>   |         |          | <b>NE Sask</b> |                |               |
| 1 CWRS 13.5      | \$11.04 | \$405.65 | 1 CWRS 13.5    | \$11.24        | \$413.00      |
| 1 CWAD 13.0      | \$11.50 | \$422.56 | 1 CWAD 13.0    | \$11.57        | \$425.13      |
| 1 CPSR 11.5      | n/a     |          | 1 CPSR 11.5    | n/a            |               |
| <b>SE Sask</b>   |         |          | <b>SE Sask</b> |                |               |
| 1 CWRS 13.5      | \$11.00 | \$404.18 | 1 CWRS 13.5    | \$11.23        | \$412.64      |
| 1 CWAD 13.0      | \$11.39 | \$418.51 | 1 CWAD 13.0    | \$11.50        | \$422.56      |
| 1 CPSR 11.5      | \$10.62 | \$390.22 | 1 CPSR 11.5    | \$10.62        | \$390.22      |

Data source: PDQ, Sept. 26/2022



**Table 2: Grade Spreads, in Canadian Dollars per Bu and per MILLION MT**

| Avg. Grade Spread/<br>Pro Discounts | Cdn\$/bu.  | Cdn.\$/mt  |
|-------------------------------------|------------|------------|
| <b>1 CWRS 13.5</b>                  | Base Grade | Base Grade |
| <b>2 CWRS 13.5</b>                  | (0.10)     | (3.67)     |
| <b>1 CWRS 12.5</b>                  | (0.02)     | (0.85)     |
| <b>1 CWAD 13.0</b>                  | Base Grade | Base Grade |
| <b>1 CWAD 13.5</b>                  | 0.01       | 0.37       |
| <b>2 CWAD 13.5</b>                  | (0.09)     | (3.31)     |
| <b>2 CWAD 12.5</b>                  | (0.11)     | (4.04)     |

Data source: PDQ, Sept. 26/2022

#### **iv) FOB Wheat Prices and Export Basis Calculation**

##### Background and Rationale:

Reporting FOB prices at port position and primary elevator prices allows the reader to gain an understanding of both local and international wheat prices and to understand the relationship between the two, as measured by the export basis. Export basis can be defined as FOB port position prices minus the primary elevator prices at any given prairie delivery location and is therefore reflective of transportation costs plus any premiums being captured by terminal grain elevator companies or the railway companies, at any given time.

In general, a widening basis is indicative of decreasing system performance in terms of either reduced port capacity or rail service, or both. A narrowing basis is indicative of increased available port capacity and/or better ability of the railways to provide ample service to grain shippers. In this regard, tracking these prices over time has value both in terms of producers being able to time the selling of their grain but also in terms of evaluating and setting policy related to various transportation and capacity issues.

Gray (2015) has calculated a normal basis to be in the range of C\$72/million mt. During the 2013/14 crop year the export basis for wheat widened to approximately C\$250/million mt, which indicated an inability of the grain handling and transportation system to adequately handle the record crop produced that year. This occurrence has highlighted the need to improve the level of rail service and take measures to expand port capacity where possible. It has also underscored the need for better price transparency and market information within the grain sector.

##### Assumptions, Definitions, and Methodology

The following background information should assist in understanding and interpreting international market signals and to relate them to the 'local' Saskatchewan wheat market:

- The price information generated for the weekly report is designed to show farmers at what price levels several wheat classes are trading at local primary elevators (Table 1)

and in nearby international markets (Table 3). To express the Export Basis<sup>1</sup> (see *Export Basis* in Table 3) defined as Canadian FOB Prices minus primary elevator bids, the FOB prices are translated into Canadian dollars from US dollars and compared to current actual primary elevator Street prices at Rosetown, Saskatchewan (see *Street Prices* in Table 3). Rosetown is used as a proxy for all primary elevators in the basis calculation. The actual handling and transportation costs from the West Coast to delivered elevator (Rosetown area) range from ~C\$58.00-C\$74.72/million mt, depending on number of cars moved and elevator used.

- Approximate relationship between U.S. wheat classes and Canadian wheat classes:
  - DNS 14% in the Pacific North West (PNW) ≈ 1 CWRS 13.5% in Vancouver
  - HRS in the Pacific North West (PNW) ≈ 2 CWRS 13.0% in Vancouver
  - HRW in the Pacific North West (PNW) ≈ 3 CWRS in Vancouver
  - SW (lowest price wheat) ≈ CPS red (mostly fed domestically)
  - HAD (Lakes) ≈ CWAD (Thunder Bay/ Lawrence)
    - Abbreviations: DNS (Dark Northern Spring Wheat); HRS (Hard Red Spring Wheat); HRW (Hard Red Winter Wheat); SW (Soft Wheat); HAD (Hard Amber Durum Wheat); CWRS (Canadian Western Red Spring Wheat); CPS (Canada Prairie Spring Wheat); CWAD (Canadian Western Amber Durum Wheat)
  
- Hard wheat price calculations:  
Exporters in Western Canada generally derive their primary elevator wheat prices from HRS values at the West Coast (Pacific Northwest - PNW). Similarly, HRW values are used for lower grade (3) CWRS.
  - West Coast HRS and HRW values essentially dominate the international hard wheat trade and determine its basic value.
  - If premiums are paid for 1 CWRS 13.5, elevator companies are often able to retain the premium
  
- Durum wheat price calculations:  
The primary export route for Canadian durum wheat is still through Thunder Bay, not the West Coast of Canada.
  - Nevertheless, the Pacific Coast has increased in importance for durum over time with 38% of total export volume crop year to date.
  - Italy is the single biggest buyer of Canadian durum wheat with 27% of total Canadian durum exports YTD (East Coast shipments).
  
- Optional origin grain sales:  
Most major international grain companies sell 'optional origin' wheat to their customers and often cover their sales 'at best' closer to the shipment position. The Canadian grain system is not conducive to servicing optional origin sales because the volume of wheat

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<sup>1</sup> Gray, R.S. (2015). The Economic Impacts of Elevated Export Basis Levels on Western Canadian Grain Producers 2012/13, 2013/14 and 2014/15.

“The difference between FOB Vancouver prices and the Saskatchewan elevator cash bids to producers is referred to as export basis: Basis can refer to the difference between any two prices. As the largest volume port, Vancouver FOB, minus the elevator bid prices representative measure of the “export” basis for grains in Western Canada.”

kept in storage in port today is much smaller than prior to deregulation of the Canadian wheat market.

**Table 3: Relevant FOB Prices and calculated Basis, US & Canadian Dollars per MT**

| Relevant FOB Prices and Export Basis |  |                       |                    | 26-09-2022                             |
|--------------------------------------|--|-----------------------|--------------------|--|
| Type of Wheat                        | FOB Prices CDA <sup>1</sup> (calculated) |                       | Street Prices      | Export Basis <sup>2</sup>              |
|                                      | West Coast (Cdn./mt\$)                   | Great Lakes (Cdn./mt) | Rosetown (Cdn./mt) | Basis: West Coast-Centr. SK (Cdn\$/mt) |
| DNS 14.0                             | \$522.49                                 | \$571.60              |                    |  |
| HRS                                  | \$513.38                                 |                       |                    |  |
| HRW 11.5                             | \$540.72                                 |                       |                    |  |
| SWW 12.0                             | \$483.00                                 |                       |                    |  |
| 1 CWRS 13.5 <sup>3</sup>             | \$522.49                                 |                       | \$415.57           | \$106.92                               |
| 2 CWRS 13.0 <sup>3</sup>             | \$513.38                                 |                       | \$403.45           | \$109.93                               |
| 3 CWRS <sup>3</sup>                  | \$540.72                                 |                       | \$388.75           | \$151.97                               |
| CPS <sup>3</sup>                     | \$475.91                                 |                       | \$396.10           | \$79.81                                |
| 1 CWAD <sup>4</sup>                  |  | \$564.51              | \$413.37           | \$151.14                               |
|                                      |  |                       |                    |  |
| Competing wheat:                     | US\$/mt                                  |                       |                    |  |
| Russia 12.5 (Black Sea, 25k mt)      | \$325.00                                 | Oct.                  |                    |  |
| French 11.5 (Rouen)                  | \$347.40                                 | Oct.                  |                    |  |
| APW 10.5 (W Coast)                   | \$370.00                                 | Dec.                  |                    |  |
| Argentine 12.0                       | \$325.00                                 | Dec.                  |                    |  |

<sup>1</sup> FOB Prices CDA = FOB US\$ converted into Canadian Currency

<sup>2</sup> Export Basis = FOB Prices CDA minus Cdn. Street Price

<sup>3</sup> DNS 14% ≈ 1 CRWS 13.5%; HRS ≈ 2 CWRS 13.0%; HRW ≈ 3CWRS; SWW ≈ CPS

<sup>4</sup> Values derived to Lakehead FOB