

Wheat Market Outlook and Price Report: August 17, 2020

By Marlene Boersch/A.P. Temple/Michael Wilton
Mercantile Consulting Venture Inc.

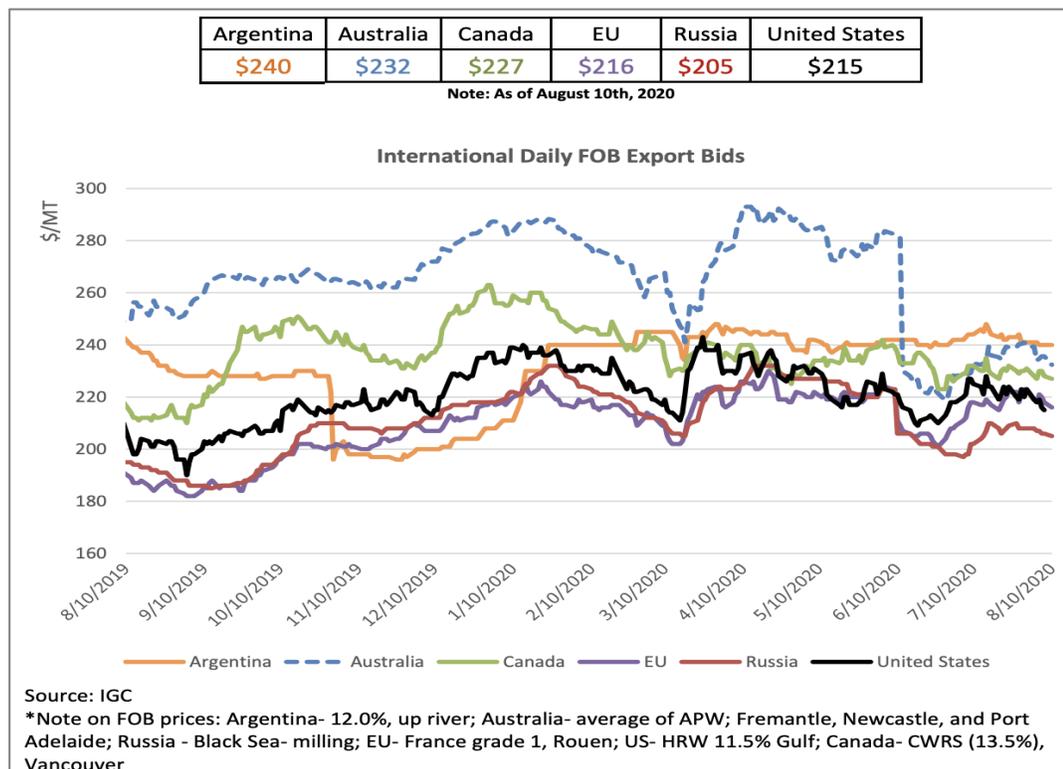
i) Background and Rationale for the Report

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 August 17, 2020

International FOB Wheat Prices¹:



- Pressured by winter wheat harvest progress, US prices declined the most over the past month. However, N. American wheat was more competitively priced in early August relative to other major

¹ USDA-FAS data, Aug. '20

exporters, though more recent price developments (especially in Russia) seem to be reversing this trend again.

- Russian prices were up slightly despite an increasing crop that is expected to be the second largest on record.
- EU prices rose slightly based on smaller expected crops in France and Germany.
- Canadian prices were pressured by expectations of a bumper crop.

➤ **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 on last week's market events in the major wheat origins.

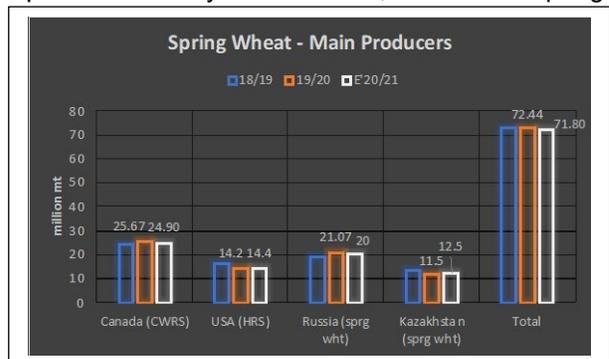
- **Futures:** Sept. '20 contract **Chicago winter wheat** closed at 500-0, up 3-2 cents on Friday, *up 5 cents for the week.*
Sept '20 contract **Kansas hard red winter wheat** closed at 425-2, up 0-2 cents in Friday's trade, *up 5-2 cents for the week.*
Minneapolis Sept. '20 contract **hard red spring wheat** closed at 497-4, up 0-4 cents in Friday's trade, *up 3 cents for the week.* Dec. '20 hard red spring wheat closed at 512-2 up 1-2 cents on Friday, up 1-8 cents for the week.



- **Futures market summary:** Technical buying and a strong rally in corn futures supported all wheat futures prices week-over-week.

Canadian Wheat:

- The USDA kept Canada's wheat (incl. durum) crop unchanged at 34 million mt and almost 5 million mt lower than last week's private estimate. Meanwhile, USDA increased its **US HRS** production forecast to 14.4 million mt, slightly more than last year. USDA estimated the **Russian spring wheat crop** at 20 million mt, down 500,000 mt from last month, and down 1.1 million mt (-5%) from last year's crop. USDA estimated the '20/21 **Kazakh wheat production** at 12.5 million mt, down 1 million mt (-7%) from last month, but still up 1.1 million mt (+9%) from last year. Yield is estimated at 1.06 mt/ha, down 12% from last month, but up 5% from last year. – Overall, USDA saw spring wheat down 1% from last year for all the major producers.
- While global 'spring wheat' production could be down slightly (depending on Canadian harvest results), world wheat stocks are growing, both in total (excluding China), or just for the seven major exporters. In addition, there are probably further increases in estimated crop forthcoming from Russia and Canada. This will make it tough to move prices higher, especially as Russian farmers are starting to move wheat into the market.



- Having said this, at least Canadian. **weekly wheat export shipments** are off to a decent start to the new crop year, with 424k mt loaded in the first week. Amazing what better railcar availability and more focus on wheat (due to more domestic (crush) focus with canola) can do!

(CGC) Grain Handling Summary Wheat				Wk. 1	(Aug. 9/'20)
('000 mt)	Terminal		Dom.		
	Prod. Dlvs.	Rcpts.	Bulk exports	Disappearance	
Wk. 1	428.4	666.1	423.9	55.1	
Week ago	474.5	358.5	378.7	133.4	
YTD	428.4	666.1	423.9	55.1	
Last YTD	324.4	486.8	413.6	137.3	
YTD less Last YTD	104.0	179.3	10.3	-82.2	
YTD over Last YTD	132%	137%	102%	40%	

Mercantile based on weekly CGC Handling Data

- Markets will continue to be under harvest pressure. However, we would wait on grain sales for the present; we expect better prices in the short term while the market sorts out the corn/ feed grains situation.

Canadian values in Saskatchewan basis world price bids

16-Aug-20	aug	aug	aug	aug	aug	aug	aug	aug	aug	aug	
Current world price values usfnt	USA DNS 14 PRO	hrw ords	durum 1cw	2cwrs 12.5 pro	3cwrs 300 hag	feed wht	malt bly	feed barley	peas	canola	soybeans
price value equal fob t/bay variable usfnt	price bid	price bid	\$260.00		11.5 o/b pro					fob vncvr	fob PNW
price value equal fob vancouver variable usfnt	\$226.69	\$209.79		\$218.00	\$208.00	\$200.00	\$210.00	\$180.00	\$265.00	\$400.54	\$360.05
exchange variable	0.7547	0.7547	0.7547	0.7547	0.7547	0.7547	0.7547	0.7547	0.7547	0.7547	0.7547
value in Canadian funds per tonne	\$300.35	\$277.96	\$344.49	\$288.85	\$275.60	\$265.00	\$278.25	\$238.50	\$351.12	\$530.70	\$477.06
per bushel	\$8.17	\$7.56	\$9.37	\$7.86	\$7.50	\$7.21	\$7.57				
minus backoff cost to track country elevator											
port lashing at cost			\$8.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00	\$6.00
rail freight basis 112 cars basis Saskatoon/Rosetown			\$32.00	\$32.00	\$32.00	\$32.00	\$32.00	\$32.00	\$32.00	\$32.00	\$32.00
rail freight country to t/bay			\$25.00								
storage and interest max 60 days			\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00	\$1.00
cleaning at cost			\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50
country elevation at cost			\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00	\$8.00
total backoff costs			\$44.50	\$49.50	\$49.50	\$49.50	\$49.50	\$49.50	\$49.50	\$49.50	\$49.50
nett value can \$			\$299.99	\$239.35	\$226.10	\$215.50	\$228.75	\$189.00	\$301.62	\$481.20	\$427.56
Estimate valu per bushel track country elevator Can\$			\$8.17	\$6.51	\$6.15	\$5.87	\$6.23	\$4.11	\$8.21	\$10.91	\$11.64
theoretical old cwb price basis \$60.00 backoff to SK basis current world price				\$6.23	\$5.87	\$5.58	\$5.94	\$3.92			
canadian company track bids											
Mkt value where Elevator bids shud be Saskatoon/Rosetown				\$6.00	\$5.75	\$5.40	\$5.75	\$3.60	\$7.75	\$10.50	\$11.00
weyburn area basis 2cw or better premiums basis lower frt to vncvr			\$7.60								
elevator margin above costs		avge margin	durum	2cwrs 12.5 pro	3cwrs	feed wht	feed wht	feed barley	peas	Canola	soybeans
Grain Company estimated margin over elevations at cost			\$20.77	\$18.91	\$14.84	\$17.10	\$17.49	\$18.92	\$16.88	\$18.21	\$23.42

- Durum:** The Canadian. durum harvest is yet to start in earnest, but yield expectations in SK have been rising. In Alberta 87% of durum is rated in Gd./ Exc. condition, and the AB yield estimate is at 45.1 bu/acre, above average.
- Canadian. **export durum shipments for week 1** were robust at 167k mt. We expect durum shipments to stay strong this year.
- NASS is estimating '20/21 **US durum production** at 61.790 million bu (1.7 million mt), up 11% from their previous forecast. Production gains are attributable to significant yield gains for Montana and North Dakota, where timely rains helped to lift yields per acre by 4.0 and 5.0 bu/acre, respectively, from the previous projection. The US all-durum wheat yield forecast is 42.8 bu/ac, a 4.3 bu/ac increase for the July forecast, but down nearly 3 bushels from 2019.
- International demand prospects for durum look positive and should roughly match the demand seen during 2019/20. A large durum crop will weigh on the market, but the Canadian balance sheet is not overly burdensome.

(CGC) Grain Handling Summary Durum				Wk. 1	(Aug. 9/'20)
('000 mt)	Terminal		Dom.		
	Prod. Dlvs.	Rcpts.	Bulk exports	Disappearance	
Wk. 1	54.3	108.5	166.8	2.5	
Week ago	95.7	66.1	112.8	10.8	
YTD	54.3	108.5	166.8	2.5	
Last YTD	109.6	164.1	107.3	13.8	
YTD less Last YTD	-55.3	-55.6	59.5	-11.3	
YTD over Last YTD	50%	66%	155%	18%	

Mercantile based on weekly CGC Handling Data

US Wheat:

- **US harvest progress:** The 2020 U.S. winter wheat harvest is nearly complete. The SRW harvest is done and preliminary lab samples show strong end use qualities, with higher test weights and falling number values than last year. The HRW harvest is 86% complete with only crops in Montana and the PNW left to harvest. PNW HRW conditions remain very good and above-average yields are expected. The PNW SW (soft white wheat) harvest is well underway, with 55% of the expected crop harvested in Washington. Idaho's SW crop is 35% harvested and Oregon's harvest is 77% complete.
- **US commercial sales** of 368,000 mt for delivery in '20/21, were 39% smaller than last week's 605k mt, but in line with trade expectations of 250,000 mt to 800,000 mt. Year-to-date commercial sales now total 10.6 million mt, 8% ahead of last year's pace.
- *This morning (Mon.), USDA announced a HRW sale for 130,000 mt to unknown destinations under the daily reporting system. We suspect this could be China!*
- In last week's **USDA-WASDE report**, USDA increased its HRS production forecast to 14.4 million mt, slightly bigger than last year. It also increased its U.S. durum production forecast to 1.69 million

mt, 15% more than last year. USDA reduced its HRW production estimate to 18.9 million mt, down 17% from 2019/20. The SRW production, forecast of 7.54 million mt, would be 16% more than last year. Total white wheat production (soft and hard) is expected to increase slightly from last year to 7.46 million mt. - USDA now expects the US to export 26.5 million mt of wheat in 2020/21, up from the July forecast of 25.9 million mt on lower expected production in key competitor countries, mainly the EU.

Year beginning June 1		Hard Red Winter	Hard Red Spring	Soft Red Winter	White	Durum	Total
				Million	Bushels		
2019/20 (Est.)	Beginning Stocks	516	263	158	88	55	1,080
	Production	833	522	239	272	54	1,920
	Supply, Total 3/	1,351	838	401	366	150	3,105
	Domestic Use	454	289	204	84	65	1,096
	Exports	376	268	92	187	42	965
	Use, Total	830	558	296	271	107	2,061
	Ending Stocks, Total	521	280	105	95	43	1,044
2020/21 (Proj.)	Beginning Stocks	521	280	105	95	43	1,044
	Production	695	530	277	274	62	1,838
	Supply, Total 3/	1,221	870	392	374	155	3,011
	Domestic Use	426	307	199	90	89	1,111
	Exports	405	270	90	180	30	975
	Use, Total	831	577	289	270	119	2,086
	Ending Stocks, Total	Aug 390	293	103	104	36	925
	Jul	423	270	103	105	40	942

- Overall, the USDA report brought no real surprises. *World wheat production and stocks are rising (+5 million mt on the year), and exporters in the cash market have very few sales commitments on the books with the season that already is almost 2 months old.*
- The FOB value for 13.5 pro HRS in the PNW for September increased by \$2.00/mt from last week to \$246.00/mt, while PNW White wheat increased \$1.00/mt to \$227.00/mt.

Australian wheat:

- Precipitation in E Australia was good but was lacking for W Australia.
- Australian wheat futures hit contract lows following the rains, but USDA left the crop unchanged at 26 million mt with the key growing month of September still to come.
- September APW is worth around \$260.00/mt FOB Western Australia, unchanged from last week.

Argentine wheat:

- Argentina was completely dry with temperatures below normal.
- BAGE reported that drought is threatening crops in the central, western and northern regions. Yield estimates continue to fall; crop ratings fell 1% to 22% Gd./Exc. (compared to 51% last year), but BAGE left production at 21 million mt. Despite another completely dry week, soil moisture levels were reported unchanged at 43% favourable, well below last year's 74%.

- There were no offers of Argentine FOB wheat for nearby delivery.

EU wheat:

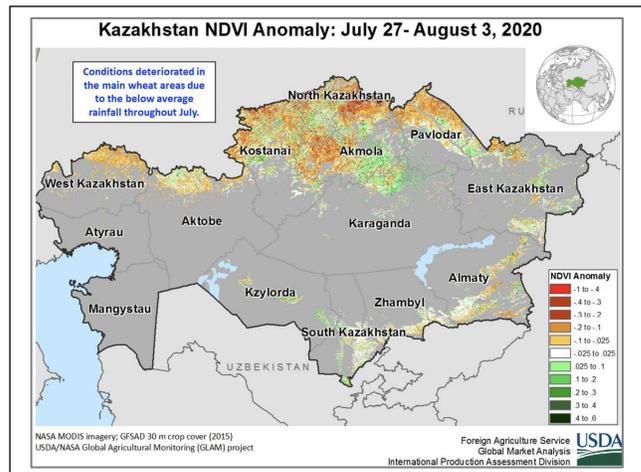
- Much of W Europe saw some rains, but temperatures were above to much above normal.
- Matif wheat started the week lower on improved crop reports from Russia, Germany and the Baltics plus the good rains in Australia but closed higher Friday due to the lack of farmer selling.
- The German farmers' association lowered their crop 1 million mt to 21.5 million mt despite good early week yield reports.
- USDA reduced its **EU total wheat production** estimate by 1.5 million mt from its July WASDE report to 139 million mt in August, 12% below last year, on persistent dryness in France, Germany and Spain.
- *However, we note the USDA's multi-year revision to EU domestic use, which resulted in stocks being raised by 3-5 million mt.*
- FOB values in the EU were higher by the end of the week. French 11.5 pro wheat increased by \$4.36/mt to US\$222.20/mt, and German 12.5 pro rose \$3.15/mt from last week to \$215.10/mt. UK 11.0 pro rose \$2.12/mt, now at \$236.84.

Black Sea wheat:

- Russia and Ukraine were dry and cooler, but spring wheat conditions remained overall poor.

- **Russia:** USDA estimated the Russian **spring wheat crop** at 20 million mt, down 500,000 mt from last month, and down 1.1 million mt (-5%) from last years crop.

- **Kazakhstan:** USDA estimated the '20/21 Kazakh wheat production at 12.5 million mt, down 1 million mt (-7%) from last month, but still up 1.1 million mt (+9%) from last year. Yield is estimated at 1.06 mt/ha, down 12% from last month, but up 5% from last year. Area is estimated at 11.8 million ha, up 5% from last month and up 4% from last year. Wheat in Kazakhstan is grown mostly in Kostanai, North Kazakhstan and Akmola (27, 24, and 28% of production respectively), where weather was hot and dry during July. Harvest will begin in September. [See also graph page 2.]



- However, the Black Sea market fell \$7/mt as overall yield data strongly suggests a Russian wheat crop above 80 million mt (73.6 million mt last yr. acc. to USDA). - The **USDA** increased the Russian crop just 1.5 million mt to 78 million mt with exports up by a similar amount to 37.5 million mt. – *If the higher crop estimates become reality, this looks to develop into a stock-building year.*
- USDA raised the Ukrainian wheat crop and exports by 500,000 mt.
- The 12.5 pro FOB wheat market ended *below \$200/mt*, and Russian farmers began to bite the bullet and started selling into the market.
- Russian 12.5 pro wheat for nearby shipment was down \$7.00/mt from last week at \$198.00/mt.

➤ Significant purchases/ trades:

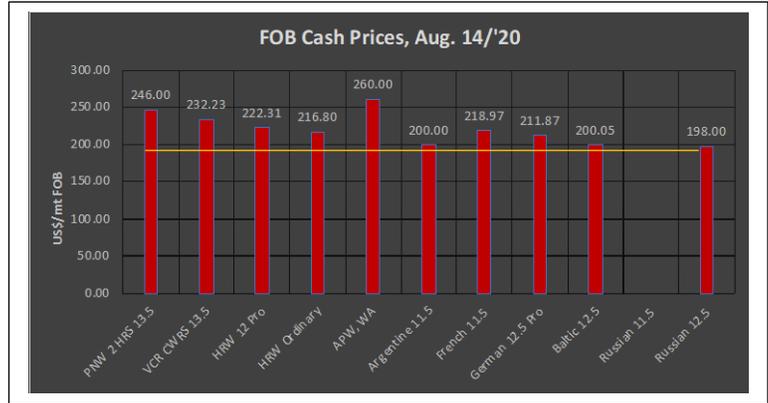
- **Egypt** (GASC) purchased 120,000 mt of Russian wheat at \$219.60/mt C&F for Sept 25-Oct 8 (FOB parity US\$201/mt) and a further 415k mt Russian wheat for Oct 1-10 at \$198/mt FOB parity.
- **Pakistan** bought 60,000t 11.5 pro wheat for Sept at \$227 (\$195 FOB), taking recent private sector purchases to 420,000t ahead of next week's big 1.5 million mt tender.
- **US export sales** of 368,000 mt took the season total to 389 million bu, up 28 million bu or 8% on last year.

- **EU soft wheat shipments** rose just 30,000 mt to 978,000 mt, down 61% on last year.
- **Turkey (TMO)** will tender next week for 390,000 mt of soft wheat and 110,000 mt of durum wheat.

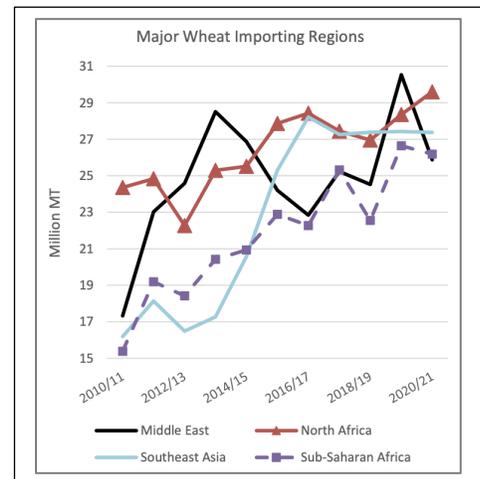
➤ **Wheat Market Outlook:**

Significant events:

- In their tender last week, **Egypt was offered over 1 million mt of wheat by Russia and the Ukraine, with 450,000 m offered at or below \$200 FOB parity;** Egypt (GASC) bought 415k mt of Russian wheat.
HRW in the Gulf is now \$20/mt above Russian 12.5 pro FOB prices, while SRW is \$35 above Black Sea 11.5 pro values. So, while the lack of a phytosanitary agreement makes it impossible, traders will be doing the calculation of the Black Sea import parity into the US!



- **Wheat importers:** Looking ahead - According to USDA-FAS, **North Africa** is poised to become the world's leading wheat importing region. Growing demand and reduced production are expected to push imports for the region to a record.
 - Egypt, the world's leading buyer, is projected to import a robust 13.0 million tons in 2020/21, down slightly from 2019/20.
 - Algeria, the world's fourth largest importer, is forecast to import 7.0 million tons with continued growth in demand and flat production.
 - Morocco is projected up significantly to a record 6.2 million tons as its crop has been ravaged by drought and the government is allowing duty-free wheat imports through the end of 2020.
 - Imports for Tunisia and Libya are expected to be nearly unchanged.



➤ **Outlook:**

The wheat markets will stay firm while the big Pakistan tender (1.5 million mt) is on the horizon. We expect the outcome will be all Russian/FSU origin wheat.

The market expects further crop increases in Russia, Canada and potentially in Australia, which will make sustained wheat rallies tough to achieve longer term, as there is little reason for consumers to take forward cover, especially particularly while "coronavirus" is around and it is unknown what effect this has on demand.

iii) Primary Elevator Price Tables and Grade Spreads

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

Date: 17-08-2020		
NW Sask	Spot	
	(bu.)	(mt)
1 CWRS 13.5	\$5.81	\$213.48
1 CWAD 13.0	\$7.36	\$270.44
1 CPSR 11.5	\$5.08	\$186.66
SW Sask		
1 CWRS 13.5	\$5.69	\$209.07
1 CWAD 13.0	\$7.33	\$269.33
1 CPSR 11.5	\$4.98	\$182.99
NE Sask		
1 CWRS 13.5	\$5.59	\$205.40
1 CWAD 13.0	\$7.60	\$279.25
1 CPSR 11.5	\$4.93	\$181.15
SE Sask		
1 CWRS 13.5	\$5.60	\$205.77
1 CWAD 13.0	\$7.59	\$278.89
1 CPSR 11.5	\$4.86	\$178.58

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

Avg. Grade Spread/ Pro Discounts	Cdn\$/bu.	Cdn.\$/mt
1 CWRS 14.0	0.05	1.89
1 CWRS 13.5	Base Grade	Base Grade
2 CWRS 13.5	(0.10)	-3.67
1 CWRS 12.5	(0.15)	-5.51
1 CWAD 13.0	Base Grade	Base Grade
1 CWAD 13.5	0.00	0.00
2 CWAD 13.0	(0.10)	-3.67
2 CWAD 12.5	(0.20)	-7.35

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/mt. During the 2013/14 crop year the export basis for wheat widened to approximately C\$250/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 Basis² (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/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)

² 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.”

- 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 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				17-08-2020
Type of Wheat	FOB Prices CDA ¹ (calculated)		Street Prices	Export Basis ²
	West Coast (Cdn./mt\$)	Great Lakes (Cdn./mt)	Rosetown (Cdn./mt)	Basis: West Coast-Centr. SK (Cdn\$/mt)
DNS 14.0	\$309.47	\$379.81		
HRS	\$302.20			
HRW 11.5	\$287.16			
SWW 12.0	\$275.03			
1 CWRS 13.5 ³	\$309.47		\$218.99	\$90.48
2 CWRS 13.0 ³	\$302.20		\$198.79	\$103.41
3 CWRS ³	\$287.16		\$180.41	\$106.75
CPS ³	\$268.24		\$192.17	\$76.07
1 CWAD ⁴		\$373.02	\$255.74	\$117.28
Competing wheat:	US\$/mt			
Russia 12.5 (Black Sea, 25k mt)	\$198.00	August		
French 11.5 (Rouen)	\$222.20	August		
ASW 10.5 (W Coast)	\$250.00	August		
Argentine 12.0		August		

¹ FOB Prices CDA = FOB US\$ converted into Canadian Currency

² Export Basis = FOB Prices CDA minus Cdn. Street Price

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

⁴ Values derived to Lakehead FOB

ADDENDUM

Futures Driven Basis Calculation, Canadian Dollars per MT

Canadian Wheat - World Price Parities				17-08-2020
Canadian Funds		Grade		
PNW value/Vancouver	2CWRS	3CWRS	Winter wht.	CPS
Sept/Oct delivery	\$8.04	\$7.63	\$5.53	\$5.53
Parity Track Rosetown	\$6.54	\$6.13	\$5.80	\$5.80
Track Bid Rosetown Area	\$5.41	\$4.91	\$5.23	\$5.23
Gross Margin at Elevator (\$/bu)*	\$1.13	\$1.22	\$0.57	\$0.57
Gross Margin at Elevator (\$/mt)*	\$41.64	\$44.97	\$21.09	\$21.09
* to cover elevation, elevator market risk, margin				