

## Wheat Market Outlook and Price Report: June 15, 2020

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### i) Background and Rationale for the Report

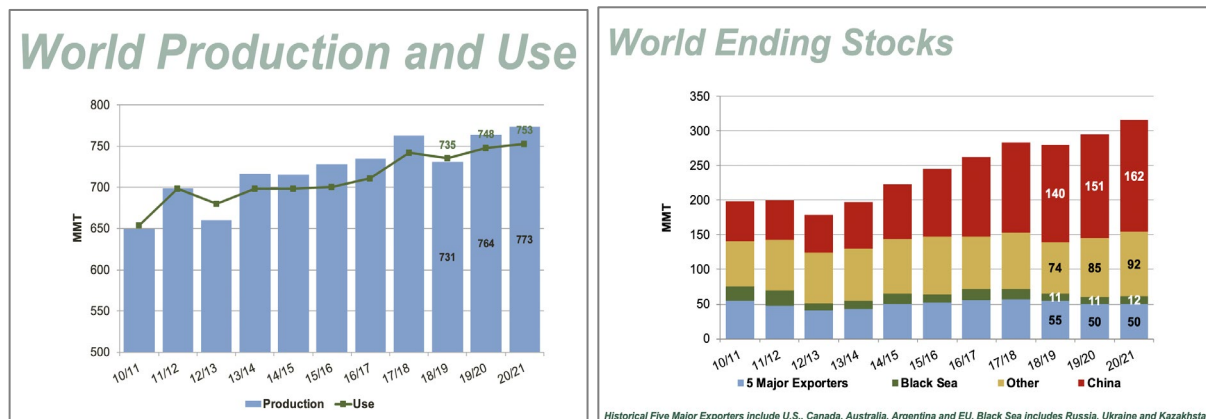
The following wheat market outlook and price report will be published on a weekly basis on the Sask Wheat Website. The report provides producers with an overview of world wheat markets, a market forecast, and benchmark prices at both the primary elevator and export positions (FOB Vancouver or elsewhere).

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 June 15, 2020

#### USDA-WASDE Report, June 11, 2020:

This was doubtlessly the most anticipated report of the week. The report contained nothing exciting for the bulls, and the increase in the wheat stocks had the bears a little nervous. We did not expect many changes in this June report and that's exactly what happened. There should be more definitive estimates in the July USDA report.

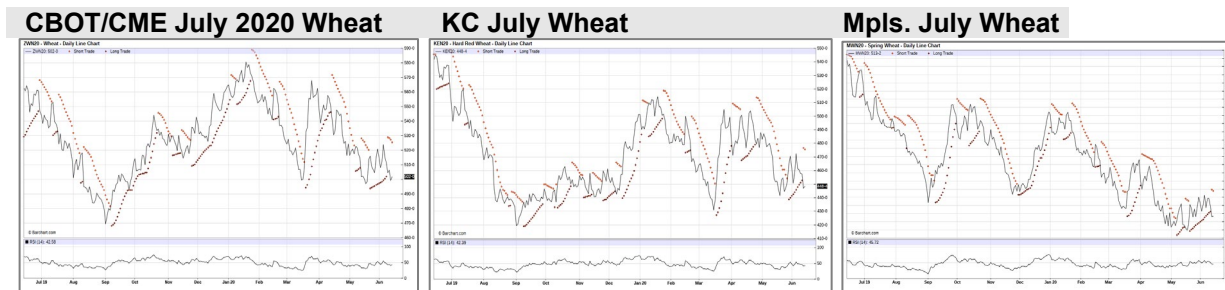


- The USDA projected a 6 million mt increase in **world wheat stocks** in last week's report! This would increase **global wheat ending stocks** to a record 136 million mt, 7% higher than this year, and 16% higher than the 5-year average.
- However, we think the market seems to have missed the fact that the increases were all in China and India (where it is not really available to the rest of the market). Meanwhile, the major exporters' stocks were actually down from last month's estimate.
- In addition, the USDA increased '19/20 EU wheat exports by 1.5 million mt to 36.5 million mt - which is too high and is not likely to happen.
- Regarding Eastern Europe, the USDA left Russian and Kazakh wheat crops unchanged, but lowered Ukrainian wheat by 1.5 million mt to 26.5 million mt, and dropped exports accordingly.
- There still is a lot of growing season to overcome in the EU and the Black Sea before crops are in the bins.

➤ **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:** Jul '20 contract **Chicago winter wheat** closed at 502-0, up 2-6 cents on Friday, *down 13-2 cents for the week.*  
Jul '20 contract **Kansas hard red winter wheat** closed at 448-4, up 1-4 cents in Friday's trade, *down 12-8 cents for the week.*  
**Minneapolis** Jul '20 contract **hard red spring wheat** closed at 513-2, unchanged in Friday's trade, *down 5-4 cents for the week,* while Sep '20 hard red spring wheat closed at 525-2, down 0-6 cents on Friday, *down 5-4 cents for the week.*



**Canadian Wheat:**

- **Seeding progress: Canada:** Due to the rainfall this week, the topsoil moisture conditions in SK have improved. Higher amounts of rain in the west-central region have significantly improved moisture conditions in the area, but there are more fields rated as having surplus moisture in the northern regions. 17% of the fall cereal crops are in the shotblade stage and 22% are heading, while 52% of the spring cereals are emerging and 34% are tillering. In AB, 81% of the spring wheat crop had emerged as of June 9th, 12% behind the previous five-year average (2015-2019).
- **US spring wheat:** Dry weather across the Northern Plains helped boost U.S. spring wheat planting from last week. Farmers have now planted 97% of intended spring wheat area, up from last week's 91% but slightly behind the 5-year average of 99%. 82% of the US spring wheat is in good to excellent condition, up from last year's 81%.
- **Russia:** Some areas in south-central Russia and Kazakhstan are struggling with dryness and hot temperatures, and spring crops are suffering. – This needs to be watched.
- **WASDE, June 11/20 – Spring wheat indications:**  
So far, WASDE is showing no reductions in anticipated spring wheat production for the new crop year.

Country / Region	Area (Million hectares)				Yield (Metric tons per hectare)				Production (Million metric tons)				Change in Production			
	Prel.		2020/21 Proj.		Prel.		2020/21 Proj.		Prel.		2020/21 Proj.		From last month		From last year	
	2018/19	2019/20	May	Jun	2018/19	2019/20	May	Jun	2018/19	2019/20	May	Jun	MMT	Percent	MMT	Percent
<b>Former Soviet Union - 12</b>																
Russia	26.34	27.31	27.50	27.50	2.72	2.70	2.80	2.80	71.69	73.61	77.00	77.00	0.00	0.00	3.39	4.61
Russia Winter	14.91	15.41	15.60	15.60	3.52	3.41	3.65	3.65	52.47	52.54	57.00	57.00	0.00	0.00	4.46	8.49
Russia Spring	11.44	11.91	11.90	11.90	1.68	1.77	1.68	1.68	19.22	21.07	20.00	20.00	0.00	0.00	-1.07	-5.08
Ukraine	6.72	7.02	6.75	6.80	3.73	4.16	4.15	3.90	25.06	29.17	28.00	26.50	-1.50	-5.36	-2.67	-9.16
Kazakhstan	11.35	11.34	11.25	11.25	1.23	1.01	1.20	1.20	13.95	11.45	13.50	13.50	0.00	0.00	2.05	17.88
Uzbekistan	1.40	1.40	1.40	1.40	4.29	4.86	4.57	4.65	6.00	6.80	6.40	6.51	0.11	1.72	-0.29	-4.26
Belarus	0.66	0.75	0.70	0.70	2.75	3.83	3.29	3.29	1.82	2.88	2.30	2.30	0.00	0.00	-0.58	-20.00
<b>Canada</b>	9.88	9.66	9.80	9.80	3.26	3.35	3.47	3.47	32.20	32.35	34.00	34.00	0.00	0.00	1.65	5.11

- According to the weekly CGC data, **wheat exports** for week 44 were excellent at 444,000 mt, bringing year-to-date exports to 14.16 million mt, now an improved 7% smaller than last years (-1.1 million mt).
- Commercial wheat stocks in Canada increased slightly at 2.3 million mt.
- Canadian wheat stocks (excluding durum) will increase this year compared to last year and are also expected to increase again in the new crop year.
- N American wheat still is uncompetitive in many markets with other origin wheat:

('000 mt)	Terminal		Wk. 44	(June 07/'20)
	Prod. Dlvs.	Rcpts.	Bulk exports	Dom. Disappearance
<b>Wk. 44</b>	553.3	515.3	444.3	110.7
Week ago	607.6	536.1	450.1	116.7
<b>YTD</b>	<b>18,352.3</b>	<b>16,714.8</b>	<b>14,560.6</b>	<b>3,365.9</b>
Last YTD	18,295.2	17,625.1	15,663.7	3,494.1
<b>YTD less Last YTD</b>	<b>57.1</b>	<b>-910.3</b>	<b>-1,103.1</b>	<b>-128.2</b>
<b>YTD over Last YTD</b>	100%	95%	93%	96%

Mercantile based on weekly CGC Handling Data

Month Ending	Argentina	Australia	Russia	EU	US	Canada
March	\$248	\$277	\$224	\$223	\$240	\$240
April	\$238	\$288	\$227	\$220	\$232	\$230
May	\$240	\$278	\$220	\$221	\$226	\$238

Month Ending Prices for Major Wheat Exporters  
Source: IGC

\*Note on FOB prices: Argentina- 12.0%, up river; Australia- average of APW; Fremantle, Newcastle, and Port Adelaide; Russia - Black Sea- milling; EU- France grade 1, Rouen; US- HRW 11.5% Gulf; Canada- CWRS (13.5%), Vancouver

- Our suggestions remain the same: Liquidate old crop, hold new for the present.*
- Durum:** Rain is needed S of Regina-Moose Jaw.
- US durum:** North Dakota reports durum wheat condition rated 0% very poor, 3% poor, 15% fair, 74% good, and 8% excellent. Durum wheat planted was 97%, ahead of 91% last year. Emerged was 77%, ahead of 70% last year, but near 80% average.
- Durum exports** for week 44 were 77,000 mt for a season total of 4.4 million mt, *18% (+657,000 mt) bigger than last year.*
- We continue to expect **export sales** for durum to remain strong into the summer and for next crop year:

('000 mt)	Terminal		Wk. 44	(June 07/'20)
	Prod. Dlvs.	Rcpts.	Bulk exports	Dom. Disappearance
<b>Wk. 44</b>	94.8	98.1	76.7	15.1
Week ago	123.0	122.8	106.3	2.9
<b>YTD</b>	<b>4,325.3</b>	<b>5,217.0</b>	<b>4,376.2</b>	<b>379.6</b>
Last YTD	3,825.2	4,266.6	3,719.2	300.9
<b>YTD less Last YTD</b>	<b>500.1</b>	<b>950.4</b>	<b>657.0</b>	<b>78.7</b>
<b>YTD over Last YTD</b>	113%	122%	118%	126%

Mercantile based on weekly CGC Handling Data

Continued dry conditions in the MENA region (Middle East-North Africa region) will translate into smaller domestic crops, leading to higher imports. Morocco is already exempting wheat import taxes through the end of the 2020 calendar year. Estimates are that **Morocco** will as they need to buy at least 5.8 million mt of wheat and durum wheat. Projections for **Tunisia**, show wheat imports may increase by 33% to 2.5 million mt. **Algeria** and **Libya** are also affected by dry conditions, and will have to balance their buying with weaker oil revenues to buy foodstuffs like durum and soft wheat.

- USDA** did not update their assessments of wheat by class in last week's report; this will be updated in July. As of now, **US '19/20 durum stocks** are expected to fall by almost 1 million mt to 520,000 mt. And in their March report, USDA projected the US durum acreage to fall by 4% this spring

## U.S. Wheat Supply and Demand (MMT)

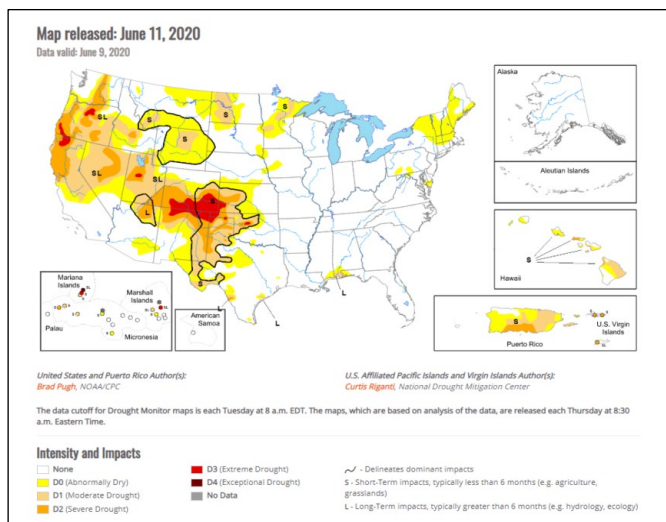
	White		Durum		Total	
	18/19	19/20	18/19	19/20	18/19	19/20
Beginning Stocks	2.37	2.40	0.95	1.50	29.9	29.4
Production	7.40	7.40	2.12	1.47	51.3	52.3
Supply Total	9.9	9.96	4.49	4.06	84.9	84.5
Domestic Use	2.20	2.45	2.40	2.40	30.0	31.5
Exports	5.33	5.14	0.60	1.14	25.5	26.3
Use Total	7.54	7.59	2.99	3.54	55.5	57.8
Ending Stocks	2.40	2.37	1.50	0.52	29.4	26.8
Stocks-to-Use	32%	31%	50%	15%	53%	46%

Class information for 2020/21 will be published in the July 2020 USDA WASDE report

to 1.3 million acres. This would be down 38% from the 2018 durum acreage. – We will have to see how USDA updates seeded US durum acres in July, but *we anticipate increased Canadian durum sales into the US for the new crop year.*

## US wheat:

- US wheat conditions: Hot, dry weather increased drought stress across the western Great Plains. Abnormal dryness spread in western South Dakota, western Nebraska, central Kansas and western Oklahoma. Pockets of severe to extreme drought appeared in western Oklahoma and the Texas Panhandle. Hot, dry weather is expected to persist across the Southern Plains. *Warm temperatures and beneficial precipitation are forecast across the Northern Plains.*
- Despite worsening dryness across the Southern Plains, total U.S. winter wheat crop ratings held steady week-over-week at 51% good to excellent. Total crop ratings in Kansas remained the same at 42% good to excellent. Colorado crop ratings increased slightly from last week to 32% good to excellent. In Oklahoma, winter wheat rated as good to excellent fell 10 points from last week to 46%.
- The U.S. HRW wheat harvest is in full swing from Texas to southern Kansas and the SRW harvest is well underway from Alabama to Virginia. 7% of the US total winter wheat area has been harvested.
- US sales: Wheat sales of 270,000 mt for delivery in '20/21, through June 4, were down 38% from last week's 437,000 mt, but within trade expectations of 200,000 to 500,000 mt.
- The FOB value for 13.5 pro HRS in the PNW for June dropped by \$1.00/mt from last week at \$240.00/mt. N American wheat remains expensive relative to alternative origins.



## Australian wheat:

- Australian Jan 2021 wheat futures finished last week with a contract low close based on good rains and an 11-month high AUD, up 27% from the March lows.
- USDA increased the Australian wheat crop by 2 million mt to 26 million mt. This is still short of ABARES estimate of 26.7 million mt. USDA raised '19/20 exports by 1 million mt to 9.2 million mt.
- The domestic market in Australia is getting increasingly tight with 4-5 months still to go to the next harvest.
- There were no offers of current crop Australian wheat in the markets.

## Argentine wheat:

- BAGE assessed new crop plantings up 12% on the week to 42% complete (compared to 36% last year, 32% average). The harvest pace remains swift, but ongoing dryness is a real concern.
- There are no old crop Argentine wheat offers. The bid-offer on new crop wheat (11.5 pro) eased by \$1-2/mt to \$191-198/mt, with the premium for 12.5 pro wheat at \$4/mt.

## EU wheat:

- Recent rain and cooler temperatures have brought some relief after a parched spring.
- In France, 56% of soft wheat crops were rated good or excellent, unchanged from the previous two weeks. However, the rating is well below a score of 80% Gd./Exc. a year ago and is the lowest since 2011.
- Coceral in Europe lowered its EU-28 all-wheat crop by 6 million mt to 137.1 million mt.

- Meanwhile, the **USDA** lowered the 20/21 crop by 3 million mt, and despite lowering total demand by 1.5 million mt, ending stocks still fell 1.5 million mt on the month. USDA raised '19/20 exports to 36.5 million mt. This would require 2.5 million mt of shipments in the last 3 weeks of the campaign, which is unlikely.
- Note that there were no French offers to Egypt (GASC) last week.
- FOB values in the EU were weaker: French 11.5 pro dropped \$3.60/mt higher at \$208.94/mt, while German 12.5 pro wheat dropped \$2.51/mt over the week to \$222.57/mt.

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

- The USDA left Russian and Kazakh wheat crops unchanged, but lowered Ukrainian wheat by 1.5 million mt to 26.5 million mt.
- Given the ongoing heat and dryness, we suspect the Kazakh wheat crop is too high. The USDA's yield is 20% above last year, which looks overly optimistic.
- Russian wheat firmed by \$2.00/mt to \$207.00/mt for Russian July 12.5 pro wheat.

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

- **Egypt** (GASC) bought 120,000 mt of Russian wheat for July 12-22 at \$227.25/mt.
  - Note that Egypt received just four Russian offers, no Ukrainian or Romanian wheat offers.
- **Tunisia** bought just 25,000 mt of its 134,000 mt wheat tender at \$216, around \$195 FOB parity (11.5 pro).
- We got no results on the **Philippines** 168,000 mt feed wheat tender for Aug-Oct.
- **Thailand** passed at their 240,000 mt Aug-Sep wheat tender (offers were rumoured at close to \$220 against buying ideas of just \$205).
- About 400,000 mt of **Ethiopia's** 600,000 mt recent purchases were cancelled.
- **US 20/21 export sales** stand at 214 million bushels (down 5% compared to 226 million bushels a year ago).
- **EU shipments** advanced another 850,000 mt for an all-wheat total of 34 million mt against the USDA's revised 36.5 million mt, with 3 weeks of the season to go.
- **Canadian shipments** are at 14.6 million mt down 7% from last year.

#### ➤ **Wheat Market Outlook:**

##### **Significant events:**

- The USDA report had nothing exciting for the bulls and the increase in the wheat stocks had the bears a little nervous:  
The USDA projected a 6 million mt increase in **world wheat stocks** in last week's report. This would increase **global wheat ending stocks** to a record 136 million mt, 7% higher than this year, and 16% higher than the 5-year average.  
However, we think the market seems to have missed the fact that the increases were all in China and India (where it is not really available to the rest of the market). Meanwhile, the major exporters' stocks were actually down from last month's estimate.
- Recent rain and cooler temperatures have brought some relief to EU wheat crops after a parched spring.
- Given the ongoing heat and dryness, we suspect the Kazakh wheat crop is too high
- We note that Egypt (GASC) received just four Russian wheat offers, but no Ukrainian or Romanian wheat offers. July remains a tight position.
- The Southern Hemisphere needs some rain.

● **Global Wheat News:**

- USDA forecasts total **global wheat ending stocks** will reach a record 316 MMT in 2020/21, 2% more than the May forecast, 7% more than last year and 16% more than the 5-year average. Chinese ending stocks are expected to reach a record 162 MMT in 2020/21, 7% more than last year and 28% more than the 5-year average. If realized, Chinese endings stocks would make up 51% of the global total.
- Consultancy Stratégie Grains on Thursday further reduced its forecast for this year's **soft wheat harvest in the European Union**, saying it expected a hot, dry spring to have hurt crops before rains resumed in June. In a monthly cereal report, the French analyst lowered its estimate of 2020 soft wheat production in the EU plus Britain to 130.9 million tonnes, down 2 million tonnes from its May forecast and now 11% below last year's output.
- **Wheat exports from Russia, Ukraine and Kazakhstan** will hold steady in 2020/21, a Reuters poll showed, due to a larger crop in Russia and Kazakhstan, making competition easier with the European Union, where output is forecast lower. The bulk of wheat from the bloc is exported via the Black Sea to customers in Africa and the Middle East, also important buyers for the European Union, where analysts expect the crop to decline due to dry spring weather.
- The **Baltic Dry Index (BDI)**, an assessment of the average cost to ship raw materials like grains, coal and iron ore, jumped 24% on the week to end at 839.

➤ **Outlook:**

With the June USDA report behind us, the focus is back on EU and Black Sea weather developments, and then on the all-important August and Sept. rainfall in the Southern Hemisphere. We expect markets to remain in a narrow range. We remain of the view that Chicago futures are too high.

*Our suggestions remain the same: Liquidate old crop, hold new for the present.*

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

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

Date: 15-06-2020					
NW Sask	Spot		NW Sask	Deferred	
	{bu.}	{mt}		Sept.'20 {bu.}	Sept.'20 {mt}
<b>1 CWRS 13.5</b>	\$6.36	\$233.69	<b>1 CWRS 13.5</b>	6.22	\$228.55
<b>1 CWAD 13.0</b>	\$7.76	\$285.13	<b>1 CWAD 13.0</b>	7.57	\$278.15
<b>1 CPSR 11.5</b>	\$5.62	\$206.50	<b>1 CPSR 11.5</b>	5.44	\$199.89
<b>SW Sask</b>			<b>SW Sask</b>		
<b>1 CWRS 13.5</b>	\$6.22	\$228.55	<b>1 CWRS 13.5</b>	6.08	\$223.40
<b>1 CWAD 13.0</b>	\$7.73	\$284.03	<b>1 CWAD 13.0</b>	7.49	\$275.21
<b>1 CPSR 11.5</b>	\$5.52	\$202.83	<b>1 CPSR 11.5</b>	5.34	\$196.21
<b>NE Sask</b>			<b>NE Sask</b>		
<b>1 CWRS 13.5</b>	\$6.14	\$225.61	<b>1 CWRS 13.5</b>	5.99	\$220.10
<b>1 CWAD 13.0</b>	\$8.10	\$297.63	<b>1 CWAD 13.0</b>	7.87	\$289.18
<b>1 CPSR 11.5</b>	\$5.48	\$201.36	<b>1 CPSR 11.5</b>	5.48	\$201.36
<b>SE Sask</b>			<b>SE Sask</b>		
<b>1 CWRS 13.5</b>	\$6.12	\$224.87	<b>1 CWRS 13.5</b>	5.98	\$219.73
<b>1 CWAD 13.0</b>	\$8.10	\$297.63	<b>1 CWAD 13.0</b>	7.81	\$286.97
<b>1 CPSR 11.5</b>	\$5.45	\$200.25	<b>1 CPSR 11.5</b>	5.27	\$193.64

**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/tonne. During the 2013/14 crop year the export basis for wheat widened to approximately C\$250/tonne, 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*

<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.

in Table 3) defined as Cdn. FOB Prices minus primary elevator bids, the FOB prices are translated into Cdn. 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)
  - 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.

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“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.”



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

Relevant FOB Prices and Export Basis				15-06-2020
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	\$338.48	\$384.91		
HRS	\$331.00			
HRW 11.5	\$303.54			
SWW 12.0	\$304.04			
1 CWRS 13.5 <sup>3</sup>	\$338.48		\$230.02	\$108.47
2 CWRS 13.0 <sup>3</sup>	\$331.00		\$210.18	\$120.82
3 CWRS <sup>3</sup>	\$303.54		\$191.80	\$111.73
CPS <sup>3</sup>	\$297.05		\$200.99	\$96.06
1 CWAD <sup>4</sup>		\$377.92	\$275.58	\$102.34
Competing wheat:	US\$/mt			
Russia 12.5 (Black Sea, 25k mt)	\$207.00	June		
French 11.5 (Rouen)	\$208.94	June		
ASW 10.5 (W Coast)		June		
Argentine 12.0	\$225.00	June		

<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

## ADDENDUM

### Futures Driven Basis Calculation, Canadian Dollars per MT

Canadian Wheat - World Price Parities				15-06-2020
Canadian Funds	Grade			
PNW value/Vancouver	2CWRS	3CWRS	Winter wht.	CPS
Sept/Oct delivery	\$8.82	\$8.07	\$5.95	\$5.95
Parity Track Rosetown	\$7.32	\$6.57	\$6.59	\$6.59
Track Bid Rosetown Area	\$5.72	\$5.22	\$5.47	\$5.47
<b>Gross Margin at Elevator (\$/bu)*</b>	\$1.60	\$1.35	\$1.12	\$1.12
<b>Gross Margin at Elevator (\$/mt)*</b>	\$58.85	\$49.76	\$41.07	\$41.07

\* to cover elevation, elevator market risk, margin