

Wheat Market Outlook and Price Report: September 5, 2023

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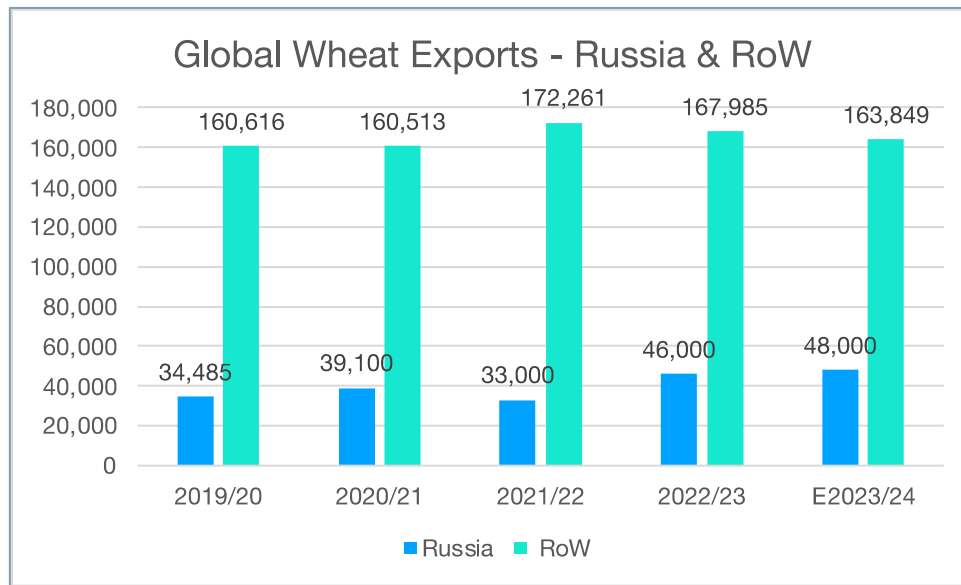
I) Background and Rationale for the Report

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 5, 2023

USDA – Global Wheat Exports, Russia & Rest of World (RoW), 2019/2020-2023/2025

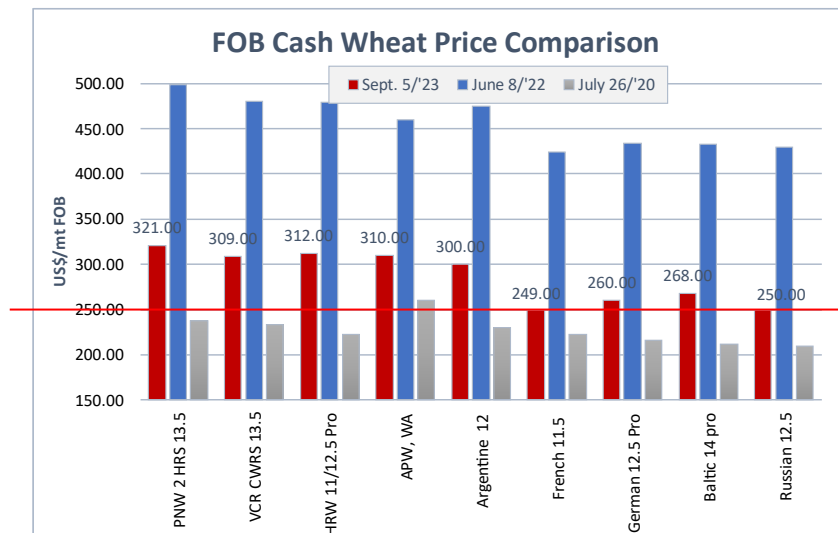


Source: Mercantile, based on USDA data

- Contrary to Vladimir Putin’s rhetoric, Russia has never exported more wheat than last crop year. The forecast for Russian exports by USDA is higher yet again for 2023/24.
- For 2023/24, USDA forecasts Russia to produce 85 million mt of wheat (estimates by several other analysts are even higher) and forecasts Russian exports to reach 48 million mt. (Total global exports went from 195 million mt in 2019/20 to 214 million mt in 2022/23 and a forecast 212 million mt in 2023/24.)

- If correct, Russian 2023/24 exports would be at 139 per cent of the 2019/20 exports, 13.5 million mt more than in that crop year.
- The share of Russian exports of total global exports increased from, 21.5 per cent in 2019/20 to a forecast 29.3 per cent in 2023/24.
- Meanwhile, exports by the RoW fell from 82.3 per cent in 2019/20 to an estimated 77.3 per cent in 2023/24.

FOB Wheat Price Developments:



- FOB wheat prices dropped following the weekend private sale of 480k mt of wheat by Russia to Egypt at U.S. \$270/mt C & F. Last week, Egypt bought wheat via their normal tender process at U.S. \$270/mt FOB.

➤ 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:

- September 2023 CBOT SRW futures were down 26 cents on the week, closing at \$5.68/bu.
- Kansas HRW futures were down 34 cents on the week, at \$7.21/bu.
- MPLS HRS futures were down 42 cents on the week at \$7.34/bu.
- After the close on Friday, the Commodity Futures Trading Commission (CFTC) report reported that Funds were short 6k contracts in Kansas, 84k contracts on the CBOT, and 8.7k contracts in Minneapolis (Mpls.) The Fund position across the three wheat futures markets is now a combined short of 95k contracts, but still well below the deepest short they have held of around 150k contracts during 2016-2017.
- Nearby Marché à Terme International de France (MATIF) milling wheat futures are mixed - €2.50 to +€1.25/mt this Tuesday morning.
- CBOT wheat futures are currently up 2-5 cents/bu at the time of writing.

CBOT Dec 2023 Wheat (1 yr.)



KC Dec 2023 Wheat



Mpls. Dec 2023 Wheat



Canadian Wheat

- The Statistics Canada (STC) report last week had total wheat production forecast at 29.472 million mt., down 4.9 million mt from last year compared to the expected 3.4 million mt drop in production on average going into the report.
- Statistics Canada pegged the Canadian spring wheat production at 22.1 million mt, which also is significantly lower than our number or the trade estimates at 23.1-23.5 million mt. The STC average yield estimate is at 41.7 bu/acre vs. Mercantile's at 44.4 bu/acre. - It remains to be seen where the final production numbers end up.
- In their report, STC also changed the 2022 spring wheat production number with a 165k mt upward adjustment to 25.8 million mt for '22.

StatsCan2023-08-29: Estimates of production of principal field crops, Canada							
Harvest disposition		Production (metric tonnes)					
Geography		Canada					
Type of crop	2020	2021	2022	2023	% of last yr.	% of '21	'23 yields
Wheat, all 10 19 20	35,437,200	22,422,100	34,334,787	29,472,148	85.8%	131.4%	40.1
Wheat, durum 10	6,571,200	3,032,490	5,789,579	4,258,632	73.6%	140.4%	25.9
Wheat, spring 10	26,092,100	16,161,901	25,844,133	22,101,532	85.5%	136.8%	41.7
Wheat, winter remaini	2,773,900	3,227,759	2,701,075	3,111,984	115.2%	96.4%	75.4

* No's in blue: Corrected from previous STC reports

Pre-STC Report 2023 Crop Production Estimates						20-08-'23
(mIn MT)	STC 2023	Merc. '23	Avg. Est.	Lo Est.	Hi Est.	STC 2022
All wheat	29.47		30.4	29.3	33.1	33.8
Spring wheat	22.1	23.5	23.1	22	24.6	25.7
Durum	4.26	4.26	4.3	3.7	5.3	5.4

Source: STC, Reuters & Mercantile numbers

- Somewhat surprisingly, the international markets took little notice of the lower Canadian production numbers, and the report did nothing so far to change the overall bearish sentiment last week. There still is supply pressure in the market by EU sellers and by Black Sea suppliers, and

this year's Russian crop only keeps getting bigger and bigger. - Russian wheat exports remain at record high levels.

- The big surprise sale over the weekend of an additional 480k mt of Russian wheat to the General Authority for Supply Commodities (GASC) (Egypt) in a private deal (after the official tender at \$270/mt C&F) rattled the market. The trade will debate the implications to the export business if GASC does steer away from public tenders and towards more private deals.
- The Saskatchewan (SK) spring wheat crop is 26 per cent harvested, with southwestern SK furthest advanced. Alberta (Alta.) spring wheat is 19 per cent harvested. Yield reports remain variable.
- **U.S. HRS:** As of Sept. 1, more than 60 per cent of the HRS crop is harvested with South Dakota 91 per cent complete, Minnesota 57 per cent, Montana 71 per cent, and North Dakota 38 per cent. Harvest reports in North Dakota continue to show extremely variable yields, with a wide yield range of 25 - 80 bu/acre. Minnesota representatives report harvest yields are better than anticipated with producers "pleasantly surprised".
- At 344k mt, **Canadian wheat exports** in week four were decent, advancing YTD wheat exports to 1.2 million mt, better than last year's exports during the first month of the marketing year. Grower deliveries increased again to 403k mt for the week, fueled by new crop deliveries. Amongst all major commodities, wheat had the only significant exports last week (390k mt for wheat & durum combined), followed by oats (35k mt) and peas (33k mt).

(CGC) Grain Handling Summary Wheat		Week 4		(to Aug. 27/'23)
('000 mt)	Prod. Dlvs.	Terminal Rcpts.	Bulk exports	Dom. Disappearance
Week 4	402.8	539.9	344.4	216.2
Week ago	370.0	592.9	278.4	173.9
YTD	1,112.4	1,909.2	1,246.9	628.8
Last YTD	803.0	1,240.9	928.3	351.4
YTD less Last YTD	309.4	668.3	318.6	277.4
YTD over Last YTD	139%	154%	134%	179%

- **Durum:** About 48 per cent of SK durum has been harvested. Alta. Ag did not specify the harvest progress for durum.
- The **Statistics Canada (STC) numbers for durum** stated production at 4.26 million mt, which happens to coincide with our production estimate. This reflects a 25.9 bu/acre average yield. We will have to see if the final harvest numbers bear out this production number/yield. Of further note, with the STC numbers was a 346k mt upward adjustment in the 2022 durum production number to 5.8 million mt to accommodate last year's export pace. [See Table p. 3.]
- The durum balance sheet below reflects the latest numbers. The 2023/25 Canadian durum production is 26 per cent smaller than last years and supply is 24 per cent smaller. It shows why Mercantile thinks exports will have to be rationed somewhat this crop year. Mercantile is using 3.8 million mt for exports based on the current production estimate. This scenario would leave a tight 300k mt carry-out.

Durum Balance Sheet			
('000 ha; '000 mt)	2021-2022	2022-2023	F2023-2024
Area seeded	2,321	2,431	2,442
Area harvested	2,231	2,399	2,393
Yield (mt/ha)	1.36	2.41	1.78
Production	3,032	5,790	4,259
Imports	8	25	25
Total supply	3,853	6,384	4,870
Exports	2,716	5,120	3,800
Food & Ind. Use	210	190	200
Feed, Waste & Dockage	125	285	357
Total Dom. Use	568	678	770
Ending Stocks	569	586	300

Aug. 30, 2023

- Why have prices not shot up more towards the levels seen in 2021? Mercantile sees several underlying reasons:
 - First, overall cereal price levels are lower than at the time, and while this year's crop is disappointing, it is not as tight as it was in 2021, either in Canada or the U.S.A.
 - Importantly, we also think there are fewer shorts out there than there were in 2021, especially from the U.S.A.
 - Once European buyers realized there was a quality problem, they were also quick in taking advantage of durum offers from Turkey (Turkey harvests earlier than we do). The EU (mainly Italy) will take at least 500k mt (+) from Turkey this year, and some of these purchases are already on their way to Italy.
 - There are also potential sales of durum by Russia and Kazakhstan for Oct./Nov. shipment.
- *This means, for now, there has been lower-priced competition and many of the EU buyers could be fairly covered by the fall.* However, Mercantile believes European buyers will need to add to their purchases later in the winter.
- In addition to shipments on earlier sales to the EU, this leaves **North African buyers**. Following the STC report, *Algeria was exploring purchases for the fall and tendered for durum last Thursday for Oct.- Dec. arrival. Tunisia also tendered for 75k mt of durum for Sept. or early Oct.* Algeria ended up buying 550-600k mt of durum late last week for Oct.-Dec. delivery at an average price working back to about \$14.82 delivered SK elevator. The price range sold works back to ~\$14.36 - \$15.29/bu. The origin of durum sold is thought to be from Mexico and Turkey, with a small portion of Canadian origin durum. Tunisia also bought 100k mt at a cheaper price working back to ~\$13.00/bu.-13.25/bu.
- Bids in SK still range from \$14.25-\$15.00/bu and weakened slightly along with bids for other cereals.
- We expect prices will improve once the harvest pressure from Turkey and Black Sea exporters passes, and when additional good quality durum is needed in the EU (and potentially North Africa).
- **Durum exports** for week four were at 45k mt, for a YTD total of 148k mt, compared to 134k mt last YTD. Gower deliveries improved to 72k mt.

(CGC) Grain Handling Summary Durum	Week 4		(to Aug. 27/'23)	
('000 mt)	Prod. Dlvs.	Terminal Rcpts.	Dom. Disappearance	
Week 4	72.1	45.8	45.0	14.3
Week ago	57.6	4.8	35.7	2.6
YTD	173.1	109.4	147.8	40.0
Last YTD	206.6	195.9	134.4	53.8
YTD less Last YTD	-33.5	-86.5	13.4	-13.8
YTD over Last YTD	84%	56%	110%	74%

U.S. Wheat:

- All U.S. wheat futures markets were down last week.
- After the close on Friday, the CFTC report reported that Funds were short 6k contracts in Kansas, 84k contracts on the CBOT, and 8.7k contracts in Minneapolis. The fund position across the three wheat futures markets is now a combined short of 95k contracts, but still well below the deepest short they have held of around 150k contracts during 2016-2017.
- U.S. export sales were 344k mt and at the low end of expectations to take the season total to 7.5 million mt against 9.8 million mt (down 23 per cent on last year).
- In theory, U.S. SRW wheat is actually close to working in the export market, but some analysts are suggesting that U.S. traders do not want to allow wheat to be exported because it might upset the carry charge structure and returns on storage. The low open interest in U.S. wheat futures and the increasing fund short makes U.S. futures vulnerable to de-linking from world wheat values.
- Heat and dryness were documented across most of the U.S. southern plains this week, with temperatures above average in many areas. Drought intensification was noted in North Dakota and Kansas. In the PNW, degradations in the drought monitor were registered in Oregon, Washington, and Montana. The forecast predicts cool weather and rain across the PNW and Northern Plains.
- U.S. HRS for Sept. 2023 was valued at \$321.00/mt FOB PNW (*up 3.00/mt from last week*), FOB Gulf HRW 11/12.5 pro is valued at \$312.00/mt (*down \$1.00/mt from last week*).

Australian Wheat:

- Australian wheat futures are back down to the A\$400/mt level, off \$7/mt on the week and headed for a two-month low weekly close.
- Australia has showers in the far southeast and southwestern corners, but the northern regions of the major crop areas, both in the east and west, continue to lack moisture. El Nino continues to strengthen.
- Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) cut the Australian wheat production forecast for next crop (Dec./Jan. harvest) to 25.4 million mt, which is a 36 per cent drop from last year's record crop. They cite El Nino weather patterns as the reason.
- FOB values in Australia: Sept. 2023 AWP, WA is valued at \$310.00/mt (*unchanged from last week*).

Argentine Wheat:

- In Argentina, Buenos Aires Grains Exchange (BAGE) in their weekly crop update had Argentine wheat ratings drop four points from last week to 19 per cent Gd/ Ex., which is only slightly above

last year's 17 per cent Gd/Ex. ratings. Adequate moisture levels declined from 69 per cent to 65 per cent.

- FOB new crop Argentine wheat (12 per cent pro) for Sept. was quoted at \$280.00/mt, but there was no trade activity.

Indian Wheat:

- We still have heard nothing further regarding a potential Russia-India volume wheat deal.

EU Wheat:

- MATIF fell sharply last week with Sept.-Dec. weakening to €13 (€15.25 currently).
- The focus in Europe was on record Russian shipments, which was in sharp contrast to the 29 per cent drop in EU exports (vs. the USDA's 10 per cent increase).
- EU FOB prices: Sept. 2023 French 11.5 pro wheat closed at \$249.00/mt (*down \$7/mt from last week*); Sept. 2023 German 12.5 pro wheat closed at \$260.00 (*up \$15.00/mt from last week*); Sept. 2023 Baltic 14.0 pro wheat closed at \$270.00/mt (*up \$2.00/mt from last week*).

Black Sea Wheat:

- Private Russian grain analyst group 'SovEcon' raised their ideas on Russian wheat exports to 48.6 million mt (from 48.1). USDA is at 48 million mt.
- Over the weekend, Russia reportedly sold a big 480k mt of wheat to Egypt (GASC; done by one Russian trading house) and the price at \$270 C&F seems to be the same as last week's Bulgarian cargo at \$270 FOB at last week's tender. Fench wheat cannot compete at this level, but Baltic 11.5 pro wheat might work.
- Russian exporters continue to bypass the official floor prices and make volume sales with still substantial margins.
- Given the sale to GASC, we would put effective Russian FOB values for 12.5 per cent protein at \$260/mt. (Down \$10/mt from last week).

➤ **Significant purchases/ trades:**

- Last week, **GASC (Egypt)** bought two French cargos of wheat at \$279.49/mt for FH Oct. and two Romanian wheat cargos at \$275.75 for LH Oct. 2023.
- Then, following last week's official tender, **GASC** bought another 60k mt of Bulgarian wheat and a reported 480k mt Russian wheat in private deals over the weekend, all at \$270/mt C & F.
- **Algeria** bought between 550-600k mt of durum wheat at \$465-490/mt C&F with shipments between Oct. and Dec. Mexico and Turkey are thought to be the origins with a small share of Canadian.
- **Tunisia** bought 100k mt durum wheat ranging in price from \$426-432/mt C&F for Sept.-Oct. shipment.
- **U.S. export sales** were 344k mt and at the low end of expectations to take the season total to 7.5 mln mt against 9.8 million mt (down 23 per cent).

➤ **Wheat Market Outlook:**

Significant events over the past week:

- The **fund position** across the three wheat futures markets is now a combined short of 95k contracts.
- STC came out with their first **2023 production report**. **Statistics Canada** pegged the Canadian spring wheat production at 22.1 million mt, which is significantly lower than Mercantile's number

or the trade estimates at 23.1-23.5 million mt. The STC average yield estimate is at 41.7 bu/acre. However, Mercantile says the international markets took little notice of the lower Canadian production numbers, and the report did nothing so far to change the overall bearish sentiment last week.

- The **Statistics Canada (STC) numbers for durum** stated production at 4.26 million mt, which reflects a 25.9 bu/acre average yield. Mercantile will have to see if the final harvest numbers bear out this production number/yield.
- There were **international durum export sales** to North Africa reflecting \$13.00-\$15.29/bu at SK elevator.
- In Argentina, BAGE in their weekly crop update had **Argentine wheat ratings** drop four points from last week to 19 per cent Gd/ Ex., which is only slightly above last year's 17 percent Gd/Ex. ratings. Adequate moisture levels declined from 69 per cent to 65 per cent.
- Mercantile is surprised about the sale over the weekend of an additional **480k mt of Russian wheat to GASC (Egypt)** in a private deal (after the official tender at \$270/mt C&F) rattled the market. The trade will debate the implications for the export business if GASC does steer away from public tenders and towards more private deals.

Outlook:

The fund position across the three wheat futures markets is now a combined short of 95k contracts, but still well below the deepest short they have held of around 150k contracts during 2016-2017 according to Mercantile. The wheat market remains quite complicated, and both bearish and bullish arguments can be made. For example, the bears in the market point to the boundless flow of four million mt (+) per month of wheat from Russia, which is affecting other exporters' volumes. (EU and U.S. exports down 20-30 per cent on last year.) The Russian private sale outside the usual GASC tender system of almost half a million mt of wheat to Egypt over the weekend only confirms the Russian aggressiveness to just keep selling. On the other hand, Mercantile says the bulls in the market are shifting their attention from the logistic effects of the Russia-Ukraine war to potential Indian wheat imports and by focusing on declines in southern hemisphere production to reduce supplies. The market seemingly awaits confirmation from either (or both) sides before making a definitive move, says Mercantile.

Mercantile will have to see how the trade reacts this week to the additional Russian sales to Egypt outside the usual tender system that happened over the weekend. The drop in OI in U.S. wheat futures and the expanding fund short make U.S. futures increasingly vulnerable to de-linking further from world wheat values.

So, the wheat market remains very complicated, but Mercantile expects it to move higher in the New Year, making storage important.

iii) Primary Elevator Price Tables and Grade Spreads

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

Date: 05-09-2023

NW Sask	Spot		NW Sask	Deferred	
	(bu.)	(mt)		Dec. '23 (bu.)	Dec.'23 (mt)
1 CWRS 13.5	\$8.95	\$328.86	1 CWRS 13.5	\$8.94	\$328.49
1 CWAD 13.0	\$13.80	\$507.07	1 CWAD 13.0	\$13.86	\$509.27
1 CPSR 11.5	\$8.38	\$307.91	1 CPSR 11.5	\$8.54	\$313.79
SW Sask			SW Sask		
1 CWRS 13.5	\$9.00	\$330.70	1 CWRS 13.5	\$8.99	\$330.33
1 CWAD 13.0	\$13.93	\$511.84	1 CWAD 13.0	\$13.92	\$511.48
1 CPSR 11.5	\$8.33	\$306.08	1 CPSR 11.5	\$8.48	\$311.59
NE Sask			NE Sask		
1 CWRS 13.5	\$8.76	\$321.88	1 CWRS 13.5	\$8.75	\$321.51
1 CWAD 13.0	\$13.70	\$503.39	1 CWAD 13.0	\$13.70	\$503.39
1 CPSR 11.5	n/a		1 CPSR 11.5	n/a	
SE Sask			SE Sask		
1 CWRS 13.5	\$8.87	\$325.92	1 CWRS 13.5	\$8.91	\$327.39
1 CWAD 13.0	\$13.75	\$505.23	1 CWAD 13.0	\$13.76	\$505.60
1 CPSR 11.5	\$8.16	\$299.83	1 CPSR 11.5	\$8.36	\$307.18

Data source: PDQ, Sept. 5, 2023

Table 2: Grade Spreads, in Canadian Dollars per Bu and per MILLION 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	(0.30)	-11.02
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	(0.15)	-5.51

Data source: PDQ, Sept. 5, 2023

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 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 Basis¹ (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 Northwest (PNW) ≈ 1 CWRS 13.5 per cent in Vancouver
 - HRS in the Pacific Northwest (PNW) ≈ 2 CWRS 13.0 per cent in Vancouver
 - HRW in the Pacific Northwest (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)

¹ 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.”

- Hard wheat price calculations:
Exporters in Western Canada 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 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 per cent of total export volume crop year to date.
 - Italy is the single biggest buyer of Canadian durum wheat with 27 per cent 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, U.S. & Canadian Dollars per MT

Relevant FOB Prices and Export Basis				05-09-2023	
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	\$414.73	\$413.74			
HRS	\$406.74				
HRW 11.5	\$380.76				
SWW 12.0	\$346.78				
1 CWRS 13.5 ³	\$414.73		\$326.29		\$88.45
2 CWRS 13.0 ³	\$406.74		\$311.96		\$94.78
3 CWRS ³	\$380.76		\$293.58		\$87.17
CPS ³	\$339.78		\$303.51		\$36.28
1 CWAD ⁴		\$635.59	\$515.15		\$120.44
Competing wheat:	US\$/mt				
Russia 12.5 (Black Sea, 25k mt)	\$250.00	Sept. '23			
French 11.5 (Rouen)	\$249.00	Sept. '23			
APW 10.5 (W Coast)	\$310.00	Sept. '23			
Argentine 12.0	\$280.00	Sept. '23			

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