

Wheat Market Outlook and Price Report: July 5, 2021

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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 July 5, 2021

Focus on US spring wheat ratings (USDA-NASS):

| Spring Wheat Condition – Selected States: Week Ending June 27, 2021 | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|
| [These 6 States planted 100% of the 2020 spring wheat acreage] | | | | | |
| State | Very poor | Poor | Fair | Good | Excellent |
| | (percent) | (percent) | (percent) | (percent) | (percent) |
| Idaho | 1 | 16 | 62 | 11 | 10 |
| Minnesota | 11 | 21 | 39 | 28 | 1 |
| Montana | 3 | 25 | 51 | 19 | 2 |
| North Dakota | 19 | 25 | 36 | 18 | 2 |
| South Dakota | 22 | 27 | 41 | 10 | - |
| Washington | 23 | 47 | 23 | 7 | - |
| 6 States | 14 | 25 | 41 | 18 | 2 |
| Previous week | 15 | 22 | 36 | 25 | 2 |
| Previous year | 1 | 5 | 25 | 60 | 9 |

- Represents zero.

- The **2021 U.S. spring wheat crop** is already rated as one of the worst ever and continues to suffer from relentless heat and limited rainfall.
- The above excerpt from last week's USDA-NASS crop condition report shows US spring wheat at only 20% good to excellent, with 41% in fair condition, and 39% in poor to very poor condition.
- There was no breakdown for **durum wheat**, but in N Dakota, 51% of durum acres were reported to be in good to excellent condition, 30% in fair condition, and 21% in poor to very condition.
- In **SK**, the good to excellent rating for **spring wheat** (as of Jne. 28) dropped by 19 points over the past 2 weeks to 58% good to excellent. Spring wheat in **AB** dropped by 13 points over the past 2 weeks to 71% good to excellent.
- Durum Condition: In **SK**, the good to excellent rating for **durum wheat** (as of Jne. 28) dropped by 19 points over the past 2 weeks to only 45% good to excellent. Durum wheat in **AB** dropped by a big 29 points over the past 2 weeks to 48% good to excellent.

➤ **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. '21 contract **Chicago winter wheat** closed at 652-6, down 12-6 cents on Friday, up 12 cents on the week.
- Sept '21 contract **Kansas hard red winter wheat** closed at 619-2, down 19 cents in Friday's trade, up 10 cents on the week.
- Sept. '21 **Minneapolis hard red spring wheat** closed at 838-6, up 2 cents on Friday, up 31 cents on the week.
- Wheat rallied after corn on bullish USDA stocks and acreage reports before falling on Friday due profit taking ahead of the long weekend.
- The US markets are closed this Monday for Independence Day.

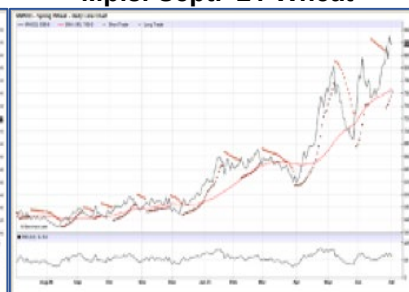
CBOT Sept. 2021 Wheat (1 yr.)



KC Sept. '21 Wheat



Mpls. Sept. '21 Wheat

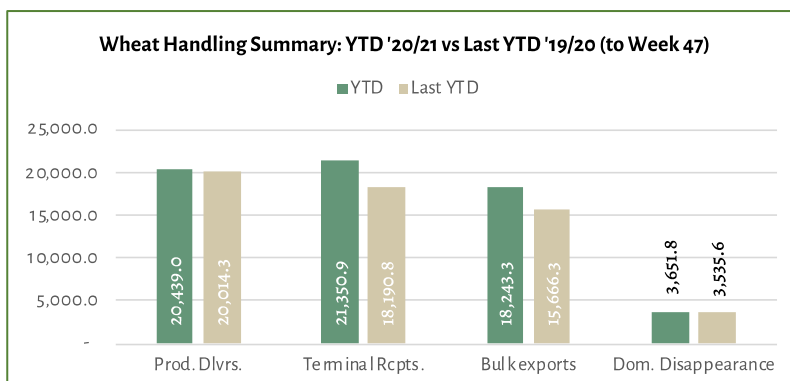


Canadian Wheat:

- Last week, we received the StatsCan (STC) acreage reports and later in the week the provincial crop condition reports.
- The **Stats Canada's acreage report** put Canadian non-durum wheat area 370k acres higher than April at 17.93 million acres, down 1.5 million acres from last year. This was largely within trade's expectations. **HRS acres** were put at 16.5 million, down 1.4 (-8.1%) from last year to the lowest level since 2017. We think area planted to spring wheat is higher than this, but the impact could be largely offset by drought affected yields.
- **Spring wheat conditions** across the Prairies and N Plains were all lower from last week as extreme heat came over the region. In SK, Gd/Ex ratings fell 11% from June 14th to 58%. AB spring wheat conditions lost 11% from last week to 70.8% Gd/Ex. Spring wheat in the US is just 20% Gd/Ex, down another 7% from last week. While temperatures are set to normalize this week, there is little rain to speak of.

| StatsCan - Estimated areas of principal field crops (Jne. 29, 2021) | | | | | | | | | |
|---|------------|------------|------------|------------|------------|------------------|---------------------|-----------------|--------------|
| Seeded area (acres) | | | | | | | | | |
| Type of crop | 2016 | 2017 | 2018 | 2019 | 2020 | Jne.'21 STC 2021 | STC Δ from last yr. | STC Δ from Apr. | STC Δ in ac. |
| Wheat, all inc. winter | 23,686,185 | 22,391,100 | 24,734,500 | 24,604,400 | 24,982,200 | 23,357,200 | 93% | 105% | 1,247,200 |
| Wheat, durum7 | 6,101,500 | 5,205,000 | 6,185,400 | 4,893,600 | 5,688,600 | 5,531,400 | 97% | 88% | -637,800 |
| Wheat, spring7 | 15,869,697 | 15,801,300 | 17,310,900 | 18,781,600 | 17,926,200 | 16,477,300 | 92% | 114% | 2,304,300 |
| Wheat, winter remaining | 1,714,988 | 1,384,800 | 1,238,200 | 929,200 | 1,367,500 | 1,348,600 | 99% | | |
| Wheat, winter seeded | 1,811,500 | 1,545,000 | 1,395,800 | 1,346,000 | 1,574,800 | 1,448,500 | 92% | | |

- **Canadian wheat exports** for week 47 were 399k for a season total of 18.2 million mt. This is 16% more than wk. 47, 2020. While wheat exports will start to taper off into new crop, visible supplies remain at 2.6 million mt, which should allow exports to remain steady for now.



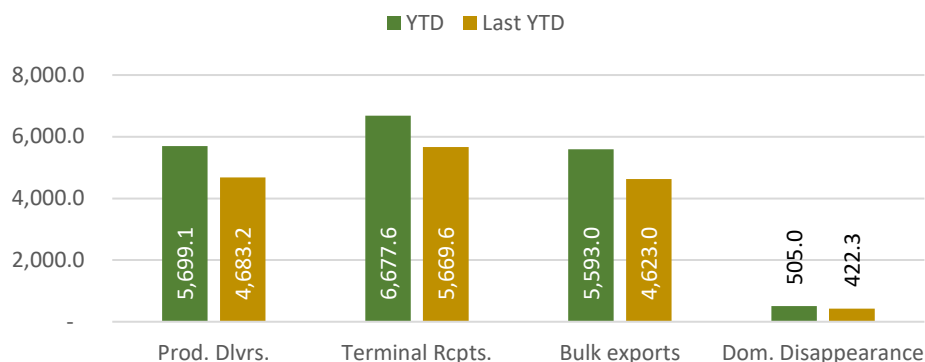
| (CGC) Grain Handling Summary Wheat | | Wk. 47 | | (June 27/'21) |
|--|--------------|-----------------|----------------|--------------------|
| ('000 mt) | Prod. Dlvs. | Terminal Rcpts. | Bulk exports | Dom. Disappearance |
| Wk. 47 | 440.9 | 411.5 | 398.9 | 72.8 |
| Week ago | 494.1 | 493.0 | 432.2 | 58.3 |
| Year-to-date | 20,439.0 | 21,350.9 | 18,243.3 | 3,651.8 |
| Last year-to-date | 20,014.3 | 18,190.8 | 15,666.3 | 3,535.6 |
| Year-to-date less Last year-to-date | 577.4 | 3,327.3 | 2,527.5 | 92.2 |
| Year-to-date over Last year-to-date | 103% | 119% | 117% | 103% |

- *The small number of planted acres in Canada and the US do not make an overly abundant balance sheet. Extreme heat and drought conditions during the key flowering stage will likely cause significant yield loss. We would not sell any wheat at this time.*
- **Durum: Stats Canada** put durum seeded area at 5.53 million acres, down 2.8% from last year. Our acreage estimate is similar. Given the smaller area and the likely decline in yield, durum production could fall upwards of 15% from last year.
- Last Wednesday, **USDA trimmed US durum acres** by 60k acres to 1.48 million acres (down 12% from last year). On top of this, June 1 **durum stocks** in the US were put at 27.53 million bu, 34% (14.4 million bu) less than last year.
- **Durum conditions** fell across the prairies. In SK, Gd/Ex ratings fell from 74% on June 14th to 45%. AB durum conditions lost 28% over the past two weeks, now rated at 48% Gd/Ex. In the US, durum conditions in ND improved slightly (3%) to 51% Gd/Ex while conditions in MT deteriorated 22% to 59% Gd/Ex.
- On the other hand, **durum production in Morocco** has rebound from the past two years of drought. The USDA Attache' put all wheat production in Morocco at 7.2 million mt vs 2.6 million mt last year. Durum production is set to rebound to 2.4 million mt. Given the current pace, USDA decreased '20/21 imports slightly (500k mt) from last year to 5 million mt.
- **Durum exports** for week 47 were small at 14.3k mt for a season total of 5.6 million mt, 21% (970k mt) more than last year.

- *Small US stocks, smaller US acres, and a struggling US crop will increase their reliance on imported durum. Meanwhile, the Canadian crop is under significant pressure. We would not sell durum for the time being.*

| (CGC) Grain Handling Summary Durum | | Wk. 47 | | (June 27/'21) |
|--|----------------|-----------------|----------------|--------------------|
| ('000 mt) | Prod. Dlvs. | Terminal Rcpts. | Bulk exports | Dom. Disappearance |
| Wk. 47 | 127.4 | 144.8 | 14.3 | 5.4 |
| Week ago | 159.6 | 80.6 | 103.9 | 27.3 |
| Year-to-date | 5,699.1 | 6,677.6 | 5,593.0 | 505.0 |
| Last year-to-date | 4,683.2 | 5,669.6 | 4,623.0 | 422.3 |
| Year-to-date less Last year-to-date | 1,022.3 | 1,017.5 | 1,027.0 | 80.7 |
| Year-to-date over Last year-to-date | 122% | 119% | 123% | 119% |

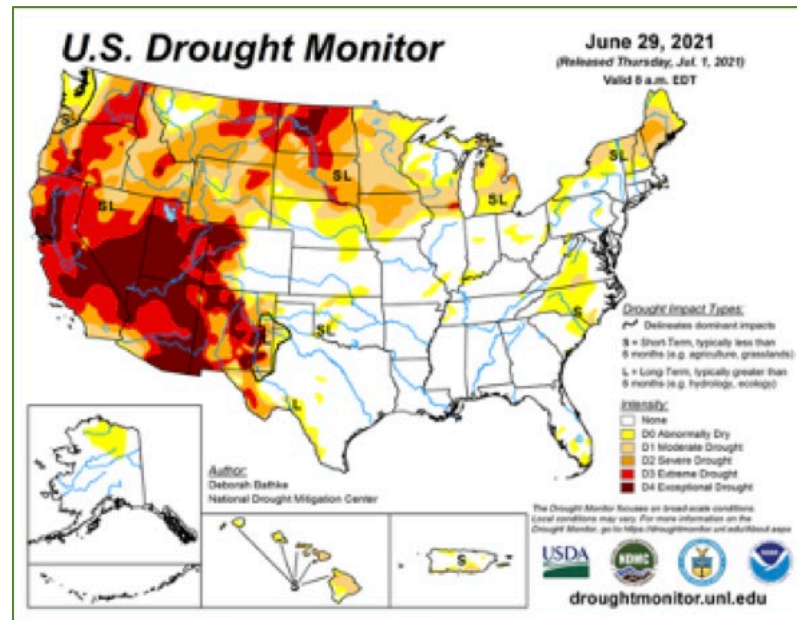
Durum Handling Summary: YTD '20/21 vs Last YTD '19/20 (to Week 47)



US Wheat:

- Wheat rallied after corn on bullish USDA stocks and acreage reports before falling on Friday due profit taking ahead of the long weekend.
- USDA put **June 1 wheat stocks** slightly below trade guesses at 844 million bu, 184 million bu less than last year.
- USDA put **US wheat acreage** above trade guesses at 46.74 million acres (44.3 million last year). Winter wheat accounted for the entirety of the increase, up 1.8 million acres from last year, while spring wheat was 700k acres lower at 11.6 million acres. Durum, at 1.5 million acres, was down 200k from last year.
- **Basis levels** rose in the US Gulf and PWN for most of the major wheat classes as farmers are reluctant sellers over drought and protein concerns.
- **HRW harvest** progress was slow last week because of rain and high humidity in the Southern and Central Plains. HRW harvest is 81% complete in TX, 87% done in OK, 55% complete in KS, while CO, NE, and OR are just starting to roll combines. Initial protein levels are lower than last year at 11.2%.
- **US commercial wheat sales** for the week were 226.3k mt, down 40% from last week. Year-to-date commercial sales for '21/22 delivery are now 6.4 million mt, 12% below last year.

- There were cooler temperatures and rain patches across the Great Plains. Drought conditions worsened in in the PNW as extreme heat swept over the region. Temps are expected to moderate slightly, but it will remain hot and dry. The Midwest saw good rains in many SRW growing regions.
- *US stock numbers were a non-event while wheat acres were slightly bearish. The impact of this is offset by a tight corn balance sheet and drought in the N Plains. Wheat supply will be lower than last year (especially for high quality wheat), and wheat used in substitution for corn is expected to continue. Wheat will be pulled between harvest pressure, small corn supply, and poor weather.*



- US HRS for August '21 is valued at \$355.00/ mt FOB PNW (up \$3/mt from last week), *PNW White wheat* is valued at \$368/million mt FOB PNW, FOB Gulf HRW 11/12.5 pro is valued at \$278.60/mt (up \$8.20/mt from last week).

Australian wheat:

- Australian FOB wheat was very quiet, but the favourable weather is starting to generate ideas of a crop that could be even bigger than last years!
- Australian new crop FOB APW wheat for Aug. was quoted at \$288.00/million mt, up \$3/mt from the previous week.

Argentine wheat:

- BAGE put plantings at 84% complete against 79% a year ago, with 56% GD/EX (55% last week, 21% last year), although 32% of soil moisture is rated poor/dry.
- FOB levels were little changed, but nearby domestic values rose \$10/mt which prompted some farmer selling. However, as the Peso continues to weaken and inflation pressure builds, Argentine farmers are increasingly tight holders of their crops due to fears of a devaluation.
- FOB values for July 12% protein Argentine wheat ranged from \$275-285/million mt, up ~5/mt from last week.

EU wheat:

- Matif wheat again traded in a €5-6/mt range before closing just 25¢ lower on Friday, despite the losses in the US and Black Sea.
- French, German and Baltic wheat prices look expensive relative to Russian wheat, although Baltic 14 pro still looks very cheap against N American spring wheat. However, Black Sea origination is coming under increasing stress from the still soaring freight market and the current lack of vessels.

- FOB prices in the EU: Aug. French 11.5 pro closed at \$252.50/mt (new crop), up \$2.40/mt from last week. N/C Aug. German 12.5 pro wheat closed at \$254.20, up \$4.60/mt. August Baltic 12.5 pro wheat (N/C) was at \$248.30/mt, up \$3.40/mt.

Black Sea wheat:

- Russian 12.5 pro was reportedly offered down to \$245 with CME Black Sea futures down \$4-7, FOB 11.5 pro was offered at a \$10 discount with feed wheat sub \$230/mt.
- In the Black Sea there is growing concern that with the harvest imminent, exporters are still really struggling to get any business on the books due to a mix of the prohibitive Russian export tax and strong futures markets and with consumers reluctant to face much higher prices.
- When the tax is backed off to ex-farm prices, this is still keeping farmers out of the game, as they want to wait to see what they have in terms of both yield and quality.
- The huge/ increased freight rates are certainly contributing to slow export business and market uncertainty; state importers see their budgets compromised, and private millers become a counterparty risk due to massive demurrage rates.
- Russian 12.5 pro wheat for Aug. is at ~\$245/mt, down \$5/mt from last week.

➤ **Significant purchases/ trades:**

- We still await results on the **Iranian** tender.
- **Jordan** is tendering on July 6th for 120,000 mt wheat for Jan-Feb.'22
- **Bangladesh** returns July 15 for 50,000 mt of wheat Liner Out.
- **Ethiopia** is tendering on July 19 for 400,000 mt.
- The lack of Russian offers has buyers confused and they are presently not taking normal coverage. USA wheat futures gave back some of their gains as traders took some profits ahead of the long weekend.
- US export sales were 226,000 mt for a season total 235 million bushels against 263 million bushels last year.

➤ **Wheat Market Outlook:**

Significant events:

- We think the **StatsCan estimate of wheat acres** at 22.7 million acres is way too low. In our view, Canadian wheat acres will be closer to 24.7 million acres. Let's hope we have the rail cars available for exports in the new crop year.
- The **USDA-US wheat acreage** was above trade guesses at 46.74 million acres (44.3 million last year). Winter wheat accounted for the entirety of the increase, up 1.8 million acres from last year, while spring wheat was 700k acres lower at 11.6 million acres. Durum, at 1.5 million acres, was down 200k from last year.
- **June 1 US wheat stocks** were put slightly below trade guesses at 844 million bu, 184 million bu less than last year.
- **Drought conditions** worsened in in the PNW as extreme heat swept over the region. Temps are expected to moderate slightly, but it will remain hot and dry. The Midwest saw good rains in many SRW growing regions. The N US plains (HRS areas) remain stressed.
- **Spring wheat conditions** across the Prairies and N Plains were all lower from last week as extreme heat came over the region. [See detail above].
- **Durum conditions** fell across the prairies.
- In the **Black Sea** there is growing concern that with the harvest imminent, exporters are still struggling to get any business on the books due to a mix of the prohibitive Russian export tax and strong futures markets and with consumers reluctant to face much higher prices. This is exerting pressure on Black Sea wheat prices and values have been falling. - French, German and Baltic wheat prices now look expensive relative to Russian wheat, although Baltic 14 pro still looks very cheap against N American spring wheat.

➤ **Outlook:**

In our view, the weather seems poised to remain hot and dry in North America, so from the supply side, we see no reason for markets to weaken in the long term. However, demand will fall as the financials and higher prices will cause demand reductions during harvest, which may weaken prices short term. The weather outlook is the thing to watch.

We do not recommend additional new crop 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: 05-07-2021 | | | | | |
|------------------|--------|----------|-------------|----------------|---------------|
| NW Sask | Spot | | NW Sask | Deferred | |
| | (bu.) | (mt) | | Nov. '21 (bu.) | Nov. '21 (mt) |
| 1 CWRS 13.5 | \$9.50 | \$349.07 | 1 CWRS 13.5 | \$9.31 | \$342.09 |
| 1 CWAD 13.0 | \$8.81 | \$323.71 | 1 CWAD 13.0 | \$8.43 | \$309.75 |
| 1 CPSR 11.5 | \$8.41 | \$309.02 | 1 CPSR 11.5 | \$7.88 | \$289.54 |
| SW Sask | | | SW Sask | | |
| 1 CWRS 13.5 | \$9.39 | \$345.03 | 1 CWRS 13.5 | \$9.20 | \$338.04 |
| 1 CWAD 13.0 | \$8.95 | \$328.86 | 1 CWAD 13.0 | \$8.55 | \$314.16 |
| 1 CPSR 11.5 | \$8.39 | \$308.28 | 1 CPSR 11.5 | \$7.89 | \$289.91 |
| NE Sask | | | NE Sask | | |
| 1 CWRS 13.5 | \$9.24 | \$339.51 | 1 CWRS 13.5 | \$9.05 | \$332.53 |
| 1 CWAD 13.0 | \$9.04 | \$332.17 | 1 CWAD 13.0 | \$8.88 | n/a |
| 1 CPSR 11.5 | \$8.23 | \$302.40 | 1 CPSR 11.5 | \$7.78 | \$285.87 |
| SE Sask | | | SE Sask | | |
| 1 CWRS 13.5 | \$9.16 | \$336.58 | 1 CWRS 13.5 | \$9.04 | \$332.17 |
| 1 CWAD 13.0 | \$9.02 | \$331.43 | 1 CWAD 13.0 | \$8.89 | \$326.65 |
| 1 CPSR 11.5 | \$8.19 | \$300.93 | 1 CPSR 11.5 | \$7.75 | \$284.77 |

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

| Avg. Grade Spread/ Pro Discounts | Cdn\$/bu. | Cdn\$/mt |
|-------------------------------------|------------|------------|
| 1 CWRS 13.5 | Base Grade | Base Grade |
| 2 CWRS 13.5 | (0.15) | (5.51) |
| 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 13.5 | (0.10) | (3.67) |
| 2 CWAD 12.5 | (0.30) | (11.02) |

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 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 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)

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.”

- 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 year-to-date (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 | | | | 05-07-2021 |
|--------------------------------------|--|-------------------------|----------------------|--|
| 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 | \$431.83 | \$419.14 | | |
| HRS | \$420.05 | | | |
| HRW 11.5 | \$338.94 | | | |
| SWW 12.0 | \$386.97 | | | |
| 1 CWRS 13.5 ³ | \$431.83 | | \$345.39 | \$86.44 |
| 2 CWRS 13.0 ³ | \$420.05 | | \$332.53 | \$87.51 |
| 3 CWRS ³ | \$338.94 | | \$329.23 | \$9.71 |
| CPS ³ | \$380.63 | | \$279.62 | \$101.00 |
| 1 CWAD ⁴ | | \$412.80 | \$317.84 | \$94.96 |
| Competing wheat: | US\$/mt | | | |
| Russia 12.5 (Black Sea, 25k mt) | \$245.00 | August | | |
| French 11.5 (Rouen) | \$252.50 | August | | |
| ASW 10.5 (W Coast) | \$283.00 | August | | |
| Argentine 12.0 | \$280.00 | 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 | | | | 05-07-2021 |
|--|--------------|--------------|--------------------|------------|
| Canadian Funds | | Grade | | |
| PNW value/Vancouver | 2CWRS | 3CWRS | Winter wht. | CPS |
| Dec/Jan delivery | \$11.26 | \$9.05 | \$8.40 | \$8.40 |
| Parity Track Rosetown | \$9.76 | \$7.56 | \$8.86 | \$8.86 |
| Track Bid Rosetown Area | \$9.05 | \$8.96 | \$7.61 | \$7.61 |
| Gross Margin at Elevator (\$/bu)* | \$0.71 | -\$1.40 | \$1.25 | \$1.25 |
| Gross Margin at Elevator (\$/mt)* | \$26.19 | -\$51.62 | \$46.02 | \$46.02 |
| * to cover elevation, elevator market risk, margin | | | | |