

Wheat Market Outlook and Price Report: May 23, 2023

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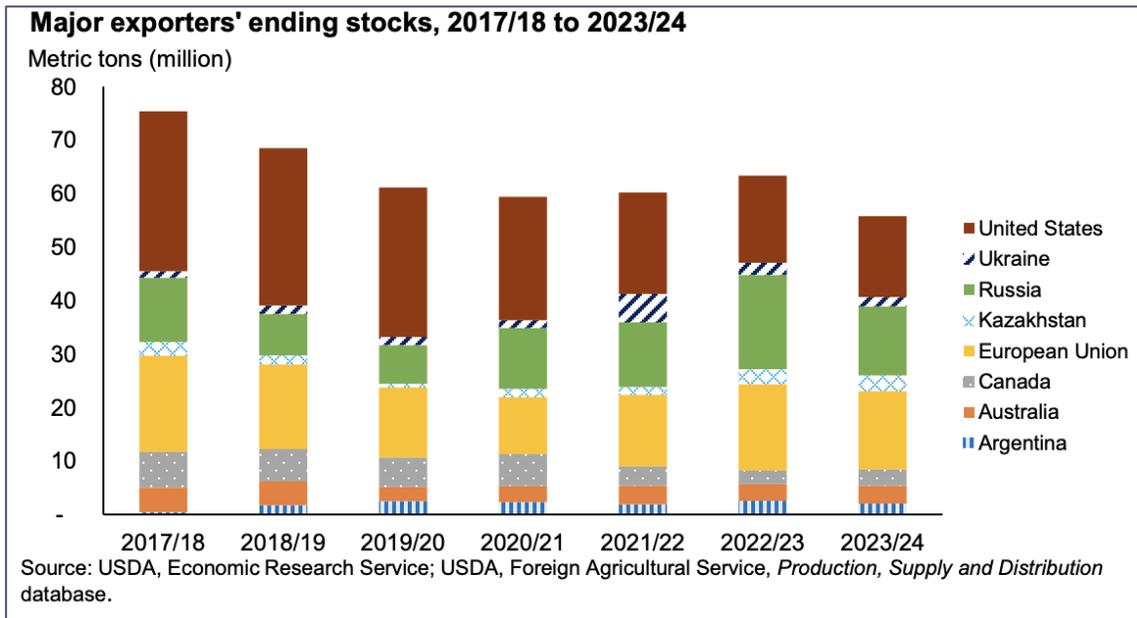
i) Background and Rationale for the Report

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 May 23, 2023

USDA - 2023/2024 Wheat Ending Stocks



Source: USDA-ERS, May 2023

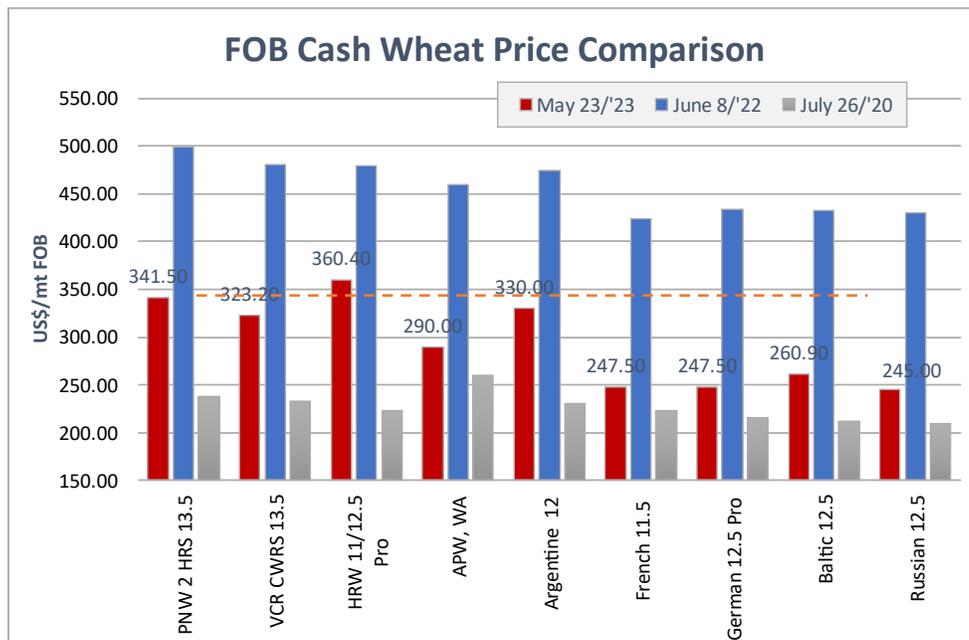
- While there currently are few supportive news in the wheat markets, we do note that global wheat ending stocks for 2023/2024 are projected at 264.3 million mt, *down one point nine million mt from the previous year.*
- We also note that more than 50 per cent of global stocks are held by China (139.7 million mt). The Chinese numbers cannot be confirmed, and the stocks are largely unavailable to the rest of the market.

- Global stocks excluding China are at 124.7 million mt, the lowest since 2008/2009. *Ending stocks by the major exporters are projected at 55.7 million mt, down seven point six million mt from 2022/2023.*
 - Canada, Australia and Kazakhstan are projected to have an increase in stocks from 2022/2023, while Russia, Ukraine, the EU, Argentina and the United States are projected lower.
- Further in international news, the IGC released their May forecast, showing 2022/2023 ending stocks of 282.9 million mt shrinking to 271 million mt at the end of 2023/2024.

Comment on global demand

- Global demand for wheat for 2023/2024 was projected at 789.5 million mt, which would be two point nine million mt higher than last year's. However, global wheat exports were put at 212.5 million mt, 400k mt lower than last year's.

FOB Wheat Price Comparison



- FOB wheat prices have adjusted down further led by Russian wheat at U.S. \$245.00/mt and by French and German wheat at U.S. \$247.50/mt FOB.
- U.S. wheat remains uncompetitive internationally. *Up to seven cargoes of Polish and German wheat is being imported to the U.S. by Ardent Mills as it is cheaper to ship from Europe to the U.S. East Coast than bringing wheat in by rail from Kansas.*

➤ 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:

- July 2023 contract Chicago winter wheat closed at \$605, down 6-6 cents on Friday, *down 30 cents on the week.*
- July 2023 contract Kansas hard red winter wheat closed at \$877-0, down 32-6 cents on Friday, *down 53 cents on the week.*
- July 2023 Minneapolis hard red spring wheat closed at \$804, down 24-4 cents on Friday, *down 40-6 cents on the week.*
- U.S. wheat futures are currently up this Tuesday morning by 12 – 18 cents/ bushel.
- *Marché à Terme International de France (MATIF) wheat in Europe also rose €5-6/mt today (Tuesday) to a one-week high close, due to big EU shipments last week and on rumours that Russian exporters are being refused phytosanitary certificates on contracts sold below the floor price.*

CBOT July 2023 Wheat (1 yr.)

KC July 2023 Wheat

Mpls. July 2023 Wheat



Canadian Wheat

- Saskatchewan Ag assessed seeding progress for SK spring wheat at 43 per cent as of May 15. The average 5-year progress at that date is 62 per cent. Alberta Ag shows spring wheat seeding 70 per cent complete, led by NE AB with 76 per cent done. - There has been great progress over the past week.

Spring Wheat - acres by Prov. (STC numbers)							
	2018	2019	2020	2021	2022	P2023	Δ '23/22
MB	2,852,100	3,099,900	3,106,400	2,841,819	2,985,900	3,112,500	104.2%
SK	7,827,400	8,705,800	8,053,000	7,092,785	8,306,600	9,151,200	110.2%
AB	6,265,000	6,587,600	6,314,100	5,709,845	6,395,500	6,775,400	105.9%
BC	59,500	68,500	44,900	54,227	72,100	72,100	100.0%
Tri. W Oda.	17,004,000	18,461,800	17,518,400	15,698,676	17,760,100	19,111,200	107.6%
% SK	46%	47%	46%	45%	47%	48%	
% AB	37%	36%	36%	36%	36%	35%	

- In the U.S. crop progress report, U.S. spring wheat planted came in at 40 per cent, *up 16 points from the previous week* but below the five-year average of 57 per cent. Spring wheat emergence is 13 per cent, 10 points behind the five-year average of 23 per cent.

- In North Dakota spring wheat is just 20 per cent seeded (as of May 15) compared to 16 per cent last year and well behind 46 per cent on average. Emergence was two per cent, equal to last year, and behind 12 per cent average.
- In Montana, 54 per cent of spring wheat was planted, compared to 67 per cent last year's and 61 per cent on average. Emergence was 15 per cent compared to a 25 per cent average.
- We note that dryness in Russian and Kazakh spring wheat regions are a potential issue.
- As discussed in the U.S. wheat section, a Kansas wheat tour production estimate that is lower than the USDA estimate should be somewhat friendly to the market, but the U.S. is now importing cheaper wheat from the Baltic region and is shipping it up the Mississippi to flour mills. The imported wheat is substantially cheaper than domestic/North American wheat, and this is pressuring prices.
- At 372k mt, **Canadian wheat exports** in week 41 are slightly below the YTD weekly average of 390k mt. YTD wheat exports reached 16 million mt and are almost seven million mt higher than last year's exports.

(CGC) Grain Handling Summary Wheat		Week41			(to May14/'23)
	(⁰⁰⁰ mt)	Prod. Dlvs.	Terminal Rcpts.	Bulkexports	Dom. Disappearance
Week41		125.6	360.5	372.5	60.3
Weekago		214.5	438.1	334.3	98.3
YTD		18,406.9	18,776.8	15,981.3	3,437.1
Last YTD		12,431.1	11,624.1	9,038.3	3,226.4
YTD less Last YTD		5,975.8	19,500.2	6,943.0	210.7
YTD over Last YTD		148%	162%	177%	107%

Source: Mercantile based on CGC data

- The wheat complex is facing high ending stocks in the EU and Russia and a potentially large global crop, which has European prices heading lower and dragging global prices lower.
- So, in summary, U.S. wheat fell 30-50¢ last week following rain in the Western Plains and in Canada, reports of imports of EU wheat to the U.S. east coast, net negative U.S. export sales, a two-month high in the U.S. and the re-opening of the corridor.
- *We do not see much supportive data emerging at the moment. Nearby wheat markets are all about ending stocks and the combined size of new crop supplies at harvest in the EU and Russia. Longer term, weather comes into play as it will still determine the actual size of the 2023 crop within the Northern and Southern hemispheres. - We would sell Kansas December futures at \$8.00 o/b for 30 percent.*
- **Durum:** Saskatchewan Ag assessed seeding progress for SK durum wheat at 38 per cent as of May 15, compared to the average 5-year progress at that date of 74 per cent. Alberta Ag shows durum wheat seeding 60 per cent complete. - There was a lot of progress over the past week.

Durum - acres by Prov. (STC numbers)							
	2018	2019	2020	2021	2022	P2023	Δ '23/'22
MB		18,400	31,000	15,390	35,100		
SK	4,989,600	4,100,000	4,645,600	4,671,794	4,864,700	5,004,900	102.9%
AB	1,184,800	775,000	1,012,000	1,037,000	1,086,800	1,027,800	94.6%
BC	900		0		4,600	4,600	100.0%
Ttl. W Cda.	6,175,300	4,893,400	5,688,600	5,724,184	5,991,200	6,037,300	100.8%
% SK	81%	84%	82%	82%	81%	83%	
% AB	19%	16%	18%	18%	18%	17%	

- Soil moisture conditions in SK are rated 69 per cent 'adequate', and 24 per cent short. In Alta., hot and dry weather with the occasional light shower continued to provide relatively good conditions for seeding progress and allowed early emergence across the province. Alta. soil moisture conditions are rated as 17-18 per cent poor, 34 per cent fair, 45 per cent good, four per cent excellent and zero per cent excessive.
- In North Dakota, durum wheat was 12 per cent planted (as of May 15), compared to nearly eight per cent last year, but well behind the 33 per cent average. In Montana, 39 per cent of durum wheat was planted, compared to 47 per cent last year and 42 per cent on average. Emergence was four per cent compared to nine per cent last year.
- **Durum exports** for week 41 were at 58k mt, for a YTD total of four point four million mt, more than double last year's exports. About 15k mt of last week's exports were shipped from Vancouver/Prince Rupert, and 32k mt were shipped from the St. Lawrence.

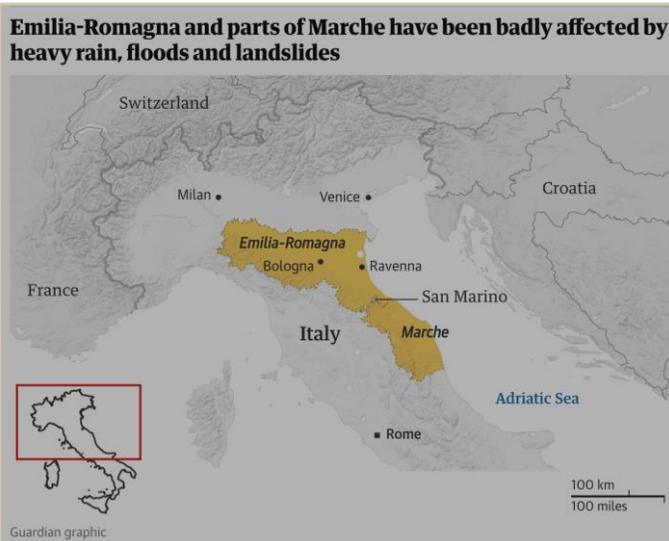
(CGC) Grain Handling Summary Durum		Week 41 (to May 14/'23)		
('000 mt)	Prod. Dlvs.	Terminal Rcpts.	Bulk exports	Dom. Disappearance
Week 41	27.3	97.6	57.5	23.1
Week ago	53.2	84.8	89.6	2.7
YTD	4,479.0	5,156.4	4,381.1	567.3
Last YTD	2,068.2	2,487.7	2,000.1	353.4
YTD less Last YTD	2,410.8	2,668.7	2,381.0	213.9
YTD over Last YTD	217%	207%	219%	161%

Source: Mercantile based on weekly CGC data

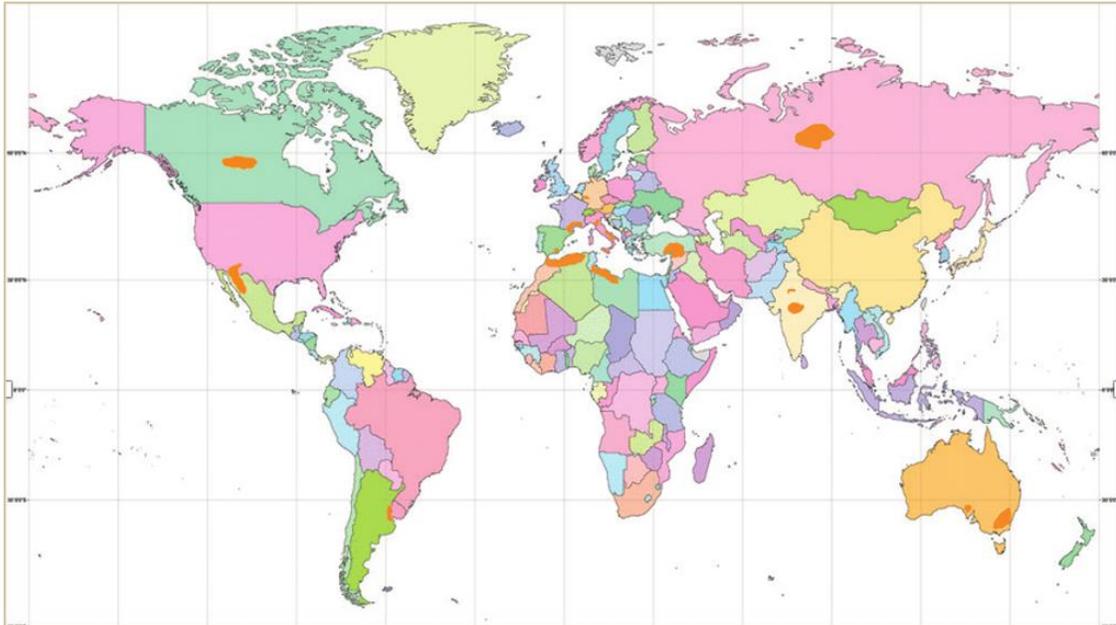
- North American ending stocks are low and production remains to be seen, though the progress in seeding on the Northern Prairies over the past 10 days is encouraging regarding North American production. Also positive for the Canadian/North American demand side are the stressed conditions in North Africa as shown last week. In fact, the IGC sees global durum production in 2023/2024 increase only a modest 200k mt. Against that, the market faces a potential reduction in durum exports to Europe because of a potentially bigger crop there. (The European Commission (EC) projects durum imports to fall due to a five point four per cent increase in production.) But the bigger hurdle is the weakening of spring wheat values over the

past while. If the premium of durum over spring wheat gets too large, then some customers will be using spring wheat instead.

- *We are sold out of old crop and would wait before selling additional new crop.*
- **International durum production:** We were asked if the recent flooding in Northern Italy would influence the durum production in Italy. The heavy rains have mostly affected the Emilia-Romagna region and parts of Marche. Last year (2022), Emilia-Romagna had 84.3k ha of durum wheat, which represented ~seven per cent of the total durum area in Italy (one point two four million ha). All in all, this event alone will not have a significant effect on the Italian durum production outlook.



- Giving a quick overview the major **global durum production areas**, the map below highlights them orange:
Mediterranean basin, 14-18 million mt: Italy (~four million mt), Turkey (~two point five million mt), France (~one point seven million mt), Morocco, Algeria, Tunisia (all varying volumes depending on precipitation).
North America, 6.5-8 million mt: Canada (4-6.5 million mt), USA (1.5-2 million mt), Mexico (desert durum, 1-2.5 million mt).
South Hemisphere, 500k mt: Australia and Argentina.
Asia, ~ three million mt: India (Punjab, ~ one million mt), Kazakhstan & Russia (~.5 - 1 million mt).

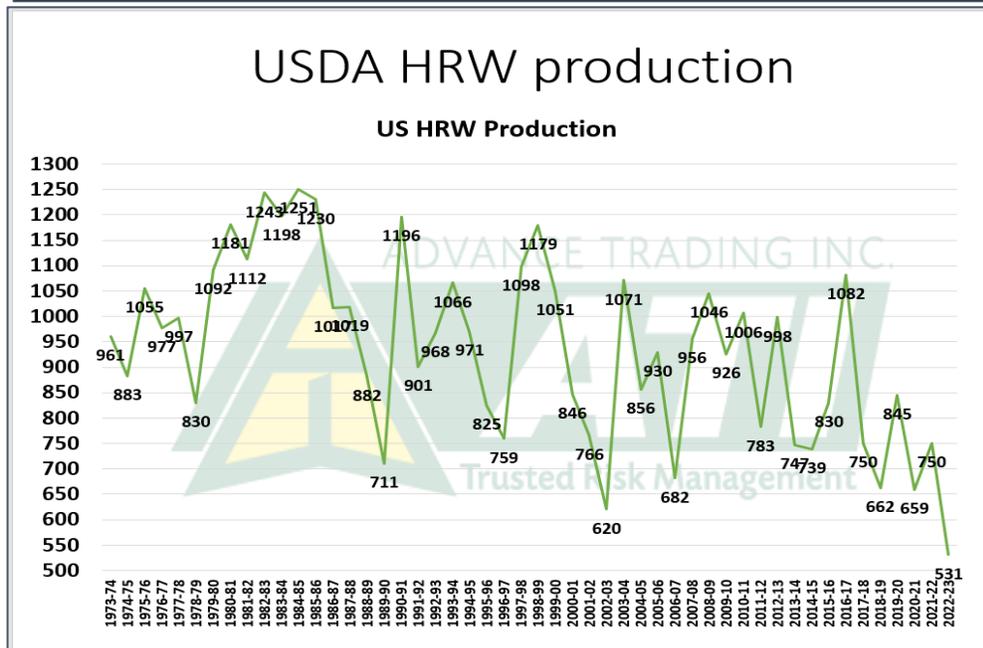
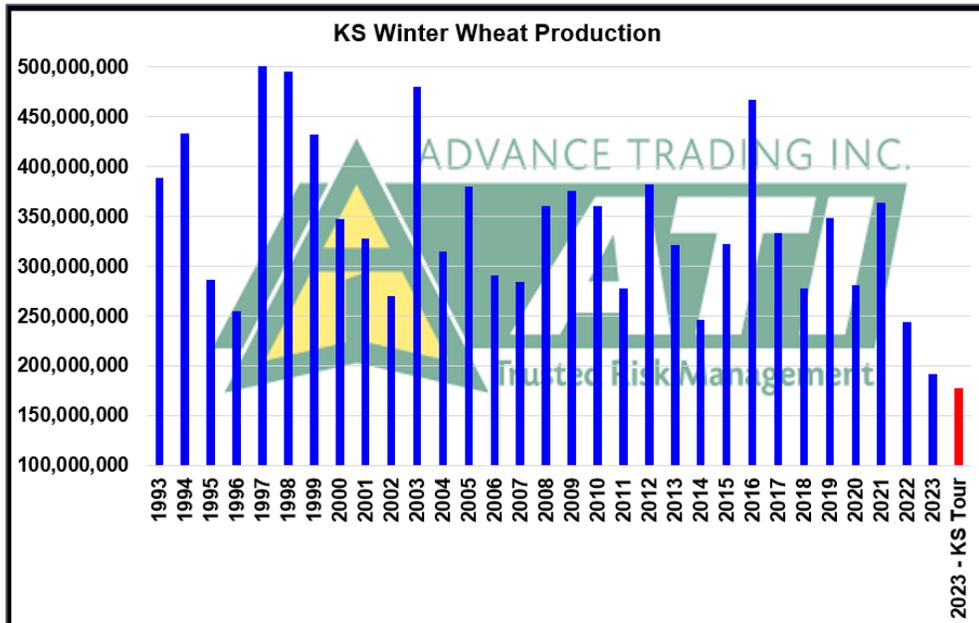


Source: Eurostat

US Wheat:

- The second day of the Kansas crop tour had the HRW yield at a 20-year low of 27.5 bu/ac. This is still way below the 5-year average of 44.7 bu/ac, but the rain shown in the 48-hour forecast for the Western Plains (notably KS, OK and TX), was also weighing on the overnight market. The question is: 'Has the rain come too late'?
- On Thursday, the final results of the Kansas Wheat Tour were as follows:
 - Yield: Kansas wheat tour forecast is 30.0 vs 29.0 bushels / acre for the USDA
 - Production: Kansas wheat tour forecast 178 million bu (4.84 million mt) vs 191 (5.20 million mt) USDA

Even though the tour's estimates were higher than the USDA number, the total production estimates came in lower due to higher expected abandonment of failed planted acres.



Source: Guy Allen, KSU

- A Kansas tour production estimate that is lower than the USDA estimate should be somewhat friendly to the market, but the U.S. is now importing more wheat from the Baltic region and is currently shipping it up the Mississippi to flour mills (Polish wheat to a Florida Mill). Reports say that the imported wheat is \$80/mt cheaper than domestic grains brought in by rail. We note that this is comparing Polish wheat to HRW wheat, while the cheaper SRW might be a more appropriate comparison. Nevertheless, this will pressure prices.
- Farmers in Southern Texas began the 2023 wheat harvest earlier this month. The Texas harvest is typically completed by early July. According to NASS, the first estimate for Texas winter wheat production is 56 million bu, averaging 28 bu per acre on two million acres.

- After yesterday's (Monday's) close, winter wheat ratings were put at a season high 31 per cent Gd/Exc, up two points on the week and three points above last year, but spring wheat planting at 64 per cent complete remains slow against the average of 73 per cent and adds to the concerns in Canada.
- U.S. HRS for June 2023 was valued at \$341.50/mt FOB PNW (*down \$11.90/mt from last week*), FOB Gulf HRW 11/12.5 pro is valued at \$360.40/mt (*down \$7.60/mt from last week*).

Australian Wheat:

- In Australia, FOB markets remained quiet with little importer interest and with farmers concentrating on fieldwork.
- Both the USDA and ABARES Australian wheat crop estimates of 29 million mt and 28.2 million mt, respectively, imply a yield of around 2.25 mt/ha, which is close to trend. But in El Nino years, yields can drop well below trend yields.
- FOB values in Australia: June 2023 AWP, WA is valued at \$290.00/mt (unchanged from last week).

Argentine Wheat:

- Events in Argentina also added to the negative sentiment in the wheat markets last week following the rather abrupt change in the Argentine weather forecast. More precipitation will be needed, but the 1-week outlook does suggest plantings will be able to start in decent conditions. Argentine farmers, however, remain very cautious with sales of the 2023/2024 crop still at just 270k mt, against three point six million mt this time last year.
- June Argentine wheat is quoted at U.S. \$330/mt FOB (unchanged from last week).

Indian Wheat:

- According to government officials, India's wheat procurement in 2023 could fall by a fifth from the initial estimate as government purchases have slowed down in the last few days after local prices jumped. Lower than expected purchases by the world's second biggest wheat producer could limit New Delhi's ability to intervene in the market to calm prices, which hit a record high earlier this year.

EU Wheat:

- MATIF in Europe closed down €7-9/mt last Wednesday following Russia's confirmation that the grain corridor would be extended for 2 months.
- MATIF wheat settled down €1.50 at €221.00/mt on Monday, having traded to a new 19-month low of €218.50/mt.
- Export demand was described as mostly quiet with buyers for now content to await the new crop and harvest pressure.
- MARS raised its EU 2023 wheat yield marginally from 5.96 mt/ha to 6.01 mt/ha.
- Feed wheat from the Balkans was reported offered into SE Asia at \$245/mt.
- EU FOB prices: June 2023 French 11.5 pro wheat closed at \$247.50/mt (*down \$12.40/mt from last week*); June 2023 German 12.5 pro wheat closed at \$247.50 (*down \$16.90/mt from last week*); June 2023 Baltic 14.0 pro wheat closed at \$260.90/mt (*down \$16.80/mt from last week*).

Black Sea Wheat:

- Last week, Russian exporters were reportedly offering both old and new crop 12.5 pro wheat at \$250/mt FOB. It was impossible to confirm if this was the new "floor price", or if the floor had been abandoned.
- On Friday, Russian 11.5 pro was quoted at \$245/mt.
- While the \$260 minimum price was said by some to still be place, reportedly there were open offers of Russian 12.5 pro wheat down to \$240/mt, with timid buying interest at \$235/mt.

- However: There are *rumours today that Russian exporters are being refused phytosanitary certificates on contracts sold below the floor price*. But this had supposedly already been settled last week by undisclosed means.
- According to the Minister of Agriculture of the Russian Federation, Dmitry Patrushev, Russia expects to export 50-55 million mt of grain in the new agricultural year (Interfax). In the current agricultural year (July 2022 - June 2023) grain exports from Russia may amount to 55-60 million mt (Interfax).
- Russia's IFX estimates the 2023/2024 wheat crop at 84.1 million mt.
- Estimated FOB prices for June 12.5 protein Russian wheat: US\$240/mt (down \$20.00/mt from last week).

➤ **Significant purchases/ trades:**

- There were no significant cash wheat trades reported last week.
- There were no results from last week's 40k mt Philippine feed wheat tender.

➤ **Wheat Market Outlook:**

Significant events over the past week:

- While there currently are few supportive news in the wheat markets, we do note that **global wheat ending stocks** for 2023/2024 are projected by **USDA** at 264.3 million mt, down 1.9 million mt from the previous year. Global stocks excluding China are at 124.7 million mt, the lowest since 2008/2009. Ending stocks by the major exporters are projected at 55.7 million mt, down 7.6 million mt from 2022/2023.
- In their May forecast, the **IGC** is showing 2022/2023 ending stocks of 282.9 million mt and shrinking to 271 million mt at the end of 2023/2024.
- **Canadian cereals seeding** took giant steps forward during last week, but still is well behind the 5-year average progress.
- In the **U.S. crop progress report**, U.S. spring wheat planted came in at 40 per cent, *up 16 points from the previous week* but also well below the five-year average of 57 per cent.
- **Prices were under significant pressure last week** due to continued aggressive offers of Russia, French and German wheat into the markets. U.S. wheat has been totally uncompetitive for weeks, so we don't see any major North American cash shorts getting pushed around by some bullish U.S. crop reports, like the Kansas crop tour.
- There are *rumours today that Russian exporters are being refused phytosanitary certificates on contracts sold below the floor price*. But this had supposedly already been settled last week by undisclosed means.
- Up to seven cargoes of **Polish and German wheat is being imported to the U.S.** by Ardent Mills as it is cheaper to ship from Europe to the U.S. East Coast than bringing wheat in from Kansas. this will pressure prices.
- In Europe, **MATIF wheat** settled down €1.50 at €221.00/mt on Monday, having traded to a new 19-month low of €218.50/mt.
- Reportedly there were open offers of **Russian 12.5 pro wheat** down to \$240/mt, with timid buying interest at \$235/mt.

Outlook:

There currently are few supportive news in the wheat markets. The wheat complex is facing high ending stocks in the EU and Russia and a potentially large global crop, which has European prices heading lower and also dragging global prices lower.

The U.S. has been totally uncompetitive for weeks, so we don't see any major North American cash shorts getting pushed around by some bullish U.S. crop reports, like the Kansas crop tour. According to Russian

officials, Russia plans to harvest on average around 130 million tonnes of grain a year and to export up to 55 million tonnes, which will keep pressure on cash FOB/CIF prices.

We need generally poor world weather reports and/or stronger local currencies to promote buying interest in the short term. Russia will continue to sell and lead wheat markets.

We would sell Kansas December futures at \$8.00 o/b for 30 per cent of the expected crop.

iii) Primary Elevator Price Tables and Grade Spreads

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

Date: 23-05-2023					
NW Sask	Spot		NW Sask	Deferred	
	(bu.)	(mt)		Sept. '23 (bu.)	Sept. '23 (mt)
1 CWRS 13.5	\$10.18	\$374.05	1 CWRS 13.5	\$9.51	\$349.44
1 CWAD 13.0	\$11.03	\$405.29	1 CWAD 13.0	\$10.06	\$369.64
1 CPSR 11.5	\$9.78	\$359.36	1 CPSR 11.5	\$8.93	\$328.12
SW Sask			SW Sask		
1 CWRS 13.5	\$10.04	\$368.91	1 CWRS 13.5	\$9.43	\$346.50
1 CWAD 13.0	\$10.96	\$402.71	1 CWAD 13.0	\$10.08	\$370.38
1 CPSR 11.5	\$9.63	\$353.84	1 CPSR 11.5	\$8.82	\$324.08
NE Sask			NE Sask		
1 CWRS 13.5	\$9.91	\$364.13	1 CWRS 13.5	\$9.24	\$339.51
1 CWAD 13.0	\$10.88	\$399.77	1 CWAD 13.0	\$9.97	\$366.34
1 CPSR 11.5	n/a		1 CPSR 11.5	n/a	
SE Sask			SE Sask		
1 CWRS 13.5	\$9.87	\$362.66	1 CWRS 13.5	\$9.24	\$339.51
1 CWAD 13.0	\$10.88	\$399.77	1 CWAD 13.0	\$10.01	\$367.81
1 CPSR 11.5	\$9.44	\$346.86	1 CPSR 11.5	\$8.67	\$318.57

Data source: PDQ, May 23/23

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, May 23/'23

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 per cent in the Pacific North West (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)
- 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 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:

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.”

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			23-05-2023	
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	\$458.34	\$506.45		
HRS	\$450.90			
HRW 11.5	\$458.83			
SWW 12.0	\$356.65			
1 CWRS 13.5 ³	\$458.34		\$377.36	\$80.98
2 CWRS 13.0 ³	\$450.90		\$363.03	\$87.87
3 CWRS ³	\$458.83		\$356.78	\$102.05
CPS ³	\$349.71		\$357.15	-\$7.45
1 CWAD ⁴		\$499.51	\$407.86	\$91.65
Competing wheat:	US\$/mt			
Russia 12.5 (Black Sea, 25k mt)	\$245.00	June '23		
French 11.5 (Rouen)	\$247.50	June '23		
APW 10.5 (W Coast)	\$290.00	June '23		
Argentine 12.0	\$330.00	June '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