

Wheat Market Outlook and Price Report: July 12, 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 12, 2021

AMIS¹ July Global Wheat Supply and Demand Overview:

Wheat	FAO-AMIS			USDA		IGC	
	2020/21	2021/22		2020/21	2021/22	2020/21	2021/22
	est	3 Jun	8 Jul	est	f'cast 10 Jun	est	f'cast 24 Jun
Prod	775.2	785.8	784.7	775.8	794.4	773.4	789.4
	640.9	649.4	648.3	641.6	658.4	639.1	653.4
Supply	1,052.3	1,076.8	1,076.4	1,075.0	1,087.9	1,049.7	1,070.1
	901.8	810.5	809.6	789.1	806.3	786.7	807.2
Utiliz.	759.3	778.6	779.7	781.6	791.1	768.9	786.9
	618.4	635.8	636.9	631.6	643.1	623.0	643.8
Trade	185.5	187.2	189.4	196.5	204.0	190.9	191.3
	175.5	176.2	178.4	186.0	193.3	179.7	182.1
Stocks	291.7	298.7	296.9	293.5	296.8	280.7	283.3
	161.4	164.5	162.2	148.6	154.2	152.5	154.2

Data shown in the second rows refer to world aggregates without China; world trade data refer to exports and world trade without China excludes exports to China.

Global wheat production in 2021 was downgraded slightly this month on lower outputs expected in Algeria, India, Iran, and Turkey more than offsetting upwards revisions for the EU, the Russian Federation, Ukraine, and the US.

Wheat utilization in 2021/22 was lifted m/m on higher-than-previously projected feed demand; now accounting for most of the anticipated 2.7 percent y/y growth in total utilization.

¹ AMIS: Agricultural Market Information System. Input comes from the ten organizations that form the AMIS Secretariat: FAO, IFAD, IFPRI, IGC, OECD, UNCTAD, World Bank Group, WFP, WTO, GLAM.

Global wheat trade in 2021/22 (July/June) is expected to expand faster than earlier expected, following this month's higher import forecasts for Algeria and Pakistan.

Global wheat ending stocks (ending in 2022) were scaled down m/m but are still forecast to exceed their opening levels by 1.8 percent, supported by inventory buildups in Australia, China, the EU, India, Morocco and Ukraine.

AMIS Wheat Crop Condition Summary:

EU: conditions are generally favourable for winter wheat after mixed weather during the spring.

UK: winter wheat conditions are favourable.

Ukraine: conditions are generally favourable; however, recent heavy rainfall may limit final yields.

Russian Federation: frequent rains during May and June have improved winter wheat conditions to favourable as harvesting begins. Spring wheat is under favourable conditions.

Turkey: winter wheat conditions are favourable as harvest begins.

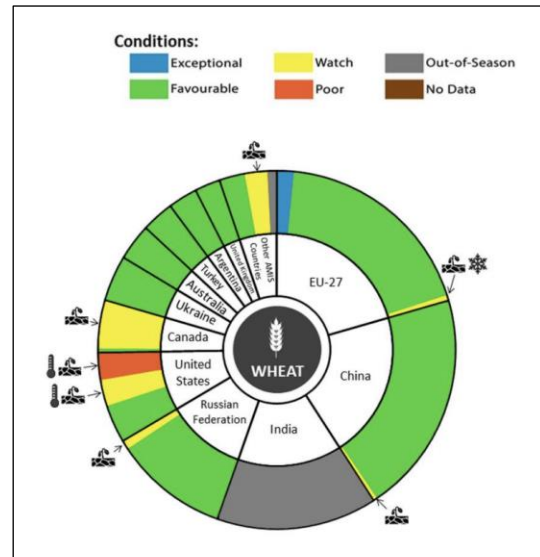
China: harvesting is wrapping up in the central regions and continuing in the north under favourable conditions. Spring wheat is under generally favourable conditions.

US: harvesting of winter wheat is ongoing under favourable conditions in the central growing regions and poor conditions in the northern and southern areas due to hot and dry conditions. Spring wheat is under mixed conditions due to recent extreme heat and dryness.

Canada: hot and dry conditions are degrading both winter wheat and spring wheat in the Prairies, while winter wheat conditions are favourable in Eastern Canada.

Australia: conditions are generally favourable following close to average rainfall during June.

Argentina: sowing of winter wheat is progressing under favourable conditions.



➤ 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:** Last Friday, Sept. '21 contract **Chicago winter wheat** closed at 615-0, down 3 cents on Friday, down 50 cents on the week.
- Sept '21 contract **Kansas hard red winter wheat** closed at 594-0, up 6 cents in Friday's trade, down 44 cents on the week.
- Sept. '21 **Minneapolis hard red spring wheat** closed at 814-2, up 9 cents on Friday, down 22 cents on the week.
- **US wheat futures** were hit hard last week as harvest pressure and rain in the Northern Plains triggered some bearish technical indicators.
- Wheat futures are up by 15-38c midday Monday following the USDA-WASDE report.
- **USDA-WASDE reports:** In this morning's **USDA report**, '21/22 **US wheat** showed reduced supplies, lower domestic use and exports, and decreased ending stocks. The US all wheat yield is 45.8 bushels per acre, down 4.9 bushels from last month. The production forecasts for durum and other spring wheat indicated a significant decline compared to last year for these two classes due to the severe drought conditions affecting the Northern Plains. Partially offsetting this decrease is higher winter wheat production.
- The '**21/22 global wheat outlook** was for reduced supplies, fractionally lower consumption, increased trade, and lower ending stocks. Global production is lowered 2.0 million mt to 792.4

million but still remains at a record. Projected 2021/22 world ending stocks are lowered 5.1 million mt to 291.7 million but remain above last year. Still, projected 2021/22 world ending stocks for wheat were lowered by 5.1 million mt to 291.7 million, but ending stocks remain above last years.

- **Spring wheat** is also lowered 0.5 million mt to 21.0 million on reduced yields with hot and dry conditions affecting the spring wheat region of Central Russia. Kazakhstan is lowered by 1.0 million mt to 13.0 million on similar unfavorable conditions.
- Today's WASDE report held no major surprises, although the USDA did take a substantial cut from spring wheat, which markets weren't sure they would do just yet. The overall tone of the report would probably be construed as neutral, but all eyes are still on the US Corn Belt and the weather patterns over the area for the next 3-5 weeks.
- *The world is not short of wheat, but it is short of quality wheat - and the problem is getting greater as today's USDA numbers do not fully address the issues in Canada, Russia, or Kazakhstan. - The report can be considered supportive quality wheat!*

CBOT Sept. 2021 Wheat (1 yr.)



KC Sept. '21 Wheat



Mpls. Sept. '21 Wheat

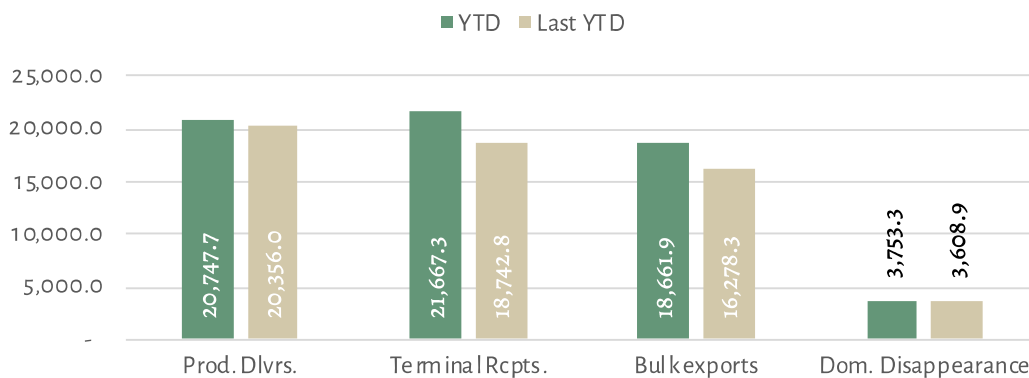


Canadian Wheat:

- According to **USDA** today, both Canada and the United States are forecast to have lower wheat exports in 2021/22 with reduced supplies and higher prices, especially for spring wheat. As U.S. and Canadian exportable supplies contract, importers seeking high-quality wheat are increasingly likely to shift toward Australia for additional supplies.
- USDA expects Canadian (all) wheat exports to plummet 18% from record 2020/21 exports to 23 million mt in 2021/22. The supply situation is constrained by beginning stocks which are forecast at the lowest in decades, drawn down in part by large exports to China throughout '20/21. Production in Canada is forecast lower as a shift toward barley and oilseeds led to reduced wheat plantings. In addition, yields are forecast lower amid unfavorable weather conditions. Current high prices in Canada reflect the tight carry-in and the lower expected production.
- There was no update from the Cdn. Ag Ministries on **spring wheat conditions**. Given the extreme heat and expanding drought, we expect a further deterioration of Cdn. wheat ratings. In the US, spring wheat Gd/Ex ratings lost another 4% from last week to 16% Gd/Ex. Fifty percent of the US spring wheat crop is poor or very poor.
- **Cdn. wheat exports** for week 48 were strong at 418.5k mt. This makes for a season total of 18.6 million mt, 2.4 million mt (15%) more than last year. Exports will seasonally decline into harvest time, but there is still over 600k mt in of visible supplies in port locations and 1.3 million mt of supplies in the elevator system that will be exported in the upcoming weeks.
- USDA lowered global spring wheat production by ½ million mt to 21 million mt due to reduced yields with hot and dry conditions affecting the spring wheat region of Central Russia.
- Given the expanding drought, poor conditions, and absence of rain in the forecast we continue to be optimistic about wheat prices. There will be an abundance of global wheat production, but good quality wheat will be in short supply this year.

(CGC) Grain Handling Summary Wheat	Wk. 48	(July 4/'21)		
('000 mt)	Prod. Dlvs.	Terminal Rcpts.	Bulk exports	Dom. Disappearance
Wk. 48	308.2	308.4	418.5	101.5
Week ago	440.9	411.5	398.9	72.8
YTD	20,747.7	21,667.3	18,661.9	3,753.3
Last YTD	20,356.0	18,742.8	16,278.3	3,608.9
YTD less Last YTD	391.7	2,924.5	2,383.6	144.4
YTD over Last YTD	102%	116%	115%	104%

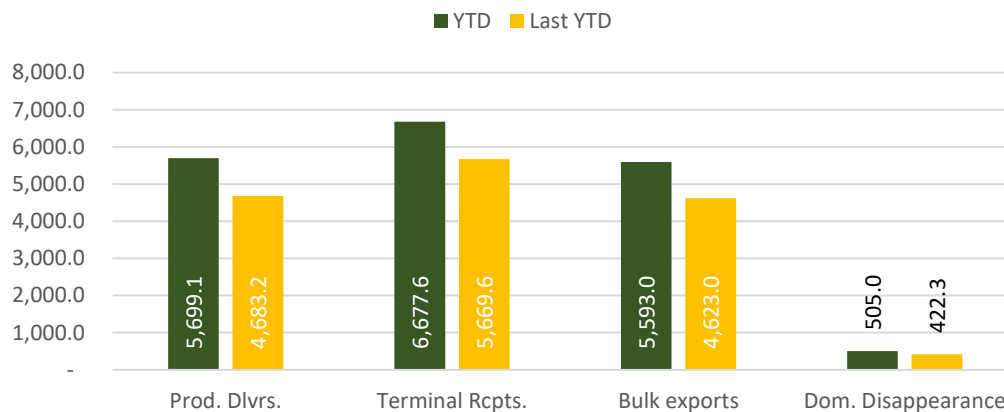
Wheat Handling Summary: YTD '20/21 vs Last YTD '19/20 (to Week 48)



- **Durum:** The trade was expecting **USDA** to put US durum production at 55 million bu, down 20% (-14 million bu) from last year. The report this morning only showed 37 million bu, down 46% from last year's production!! The low carry-in, and low production will cause US durum supply to fall by 23 million bu. This would make the US reliant on Canadian durum. We think US durum imports could increase 28% from last year to 50 million bu (similar levels as in '17/18 and '18/19).
- There was no update on Cdn. **durum conditions** by SK and AB Ag. We expect the respective crop reports this week will continue to show a deterioration in durum conditions. Ratings declined in ND and MT to 47% and 40% Gd/Ex respectively and there is still no rain in the forecast.
- **Cdn. Durum exports** for week 48 were 26.5k mt for a season total of 5.6 million mt, 19% (888k mt) more than last year.
- *Small US stocks, low US acreage, and a struggling US crop will increase US durum imports. Meanwhile, the Canadian crop also is under extreme pressure. Ceres global Ag is bidding \$11.25/bu for 3CWAD 80HVK Aug-Jan delivery. This is a strong price.*

(CGC) Grain Handling Summary Durum	Wk. 48	(July 4/'21)		
('000 mt)				
	Prod. Dlvs.	Terminal Rcpts.	Bulk exports	Dom. Disappearance
Wk. 48	87.8	146.5	26.5	2.0
Week ago	127.4	144.8	14.3	5.4
YTD	5,786.9	6,827.7	5,619.5	507.0
Last YTD	4,800.1	5,822.9	4,731.2	436.0
YTD less Last YTD	1,022.3	1,017.5	1,027.0	80.7
YTD over Last YTD	122%	119%	123%	119%

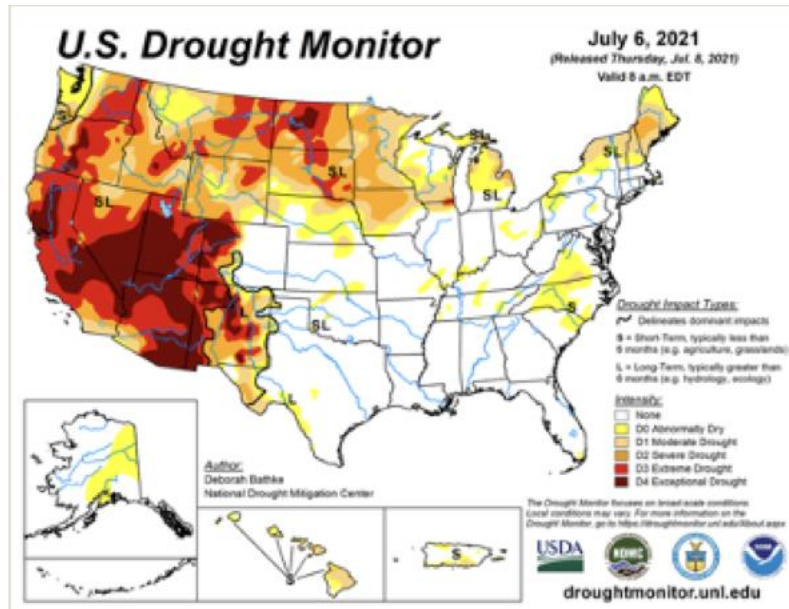
Durum Handling Summary: YTD '20/21 vs Last YTD '19/20 (to Week 48)



US Wheat:

- **US wheat futures** were hit hard last week as harvest pressure and rain in the Northern Plains triggered some bearish technical indicators.
- Winter wheat harvest has expanded to 45% complete. There were some delays from scattered rains and high humidity.
- **US weekly commercial sales** were 290,800 mt for a 2021/22 season total of 6.6 million mt. This is 11% lower than last year. USDA is predicting a 9% decline.

- **Drought conditions continued to expand** through the PNW and Northern Plains while moisture in the Midwest alleviated much of the dry conditions that were developing.



- See USDA-WASDE summary in the global outlook above. The overall tone of the report would probably be construed as neutral, but all eyes are still on the US Corn Belt and the weather patterns over the area for the next 3-5 weeks. - The report can be considered supportive quality wheat!
- FOB Gulf HRW 11/12.5 pro for August is valued at \$264.60/mt (down \$14mt from last week). FOB Gulf HRW 11/12.5 pro for October is valued at \$278.20/mt.

Australian wheat:

- USDA *increased* 2021/22 Australian wheat production by a big 1.5 million mt from last month to 28.5 million mt. Some private estimates are even higher than that. In '20/21 Australia produced 33 million mt of wheat.
- Australian new crop FOB APW wheat for Aug. was quoted at \$288.00/million mt, unchanged from the previous week.

Argentine wheat:

- USDA left 2021/22 Argentine wheat production unchanged from last month at 20.5 million mt. In '20/21 Argentina produced 17.6 million mt of wheat.
- FOB values for August 12% protein Argentine wheat ranged from \$275-285/million mt, unchanged from last week.

EU wheat:

USDA this morning *increased* 2021/22 EU wheat production by 700k mt from last month to 138.2 million mt. In '20/21 the EU produced a drought reduced 125.9 million mt of wheat.

Last week, Matif ended flat. Finding cash sellers in France remains tough due to concerns over quality from a harvest that has barely started. Cool, wet conditions are expected to persist. *Nothing that has been cut in SW France so far seems to make export specs.*

FOB prices in the EU: Aug. French 11.5 pro closed at \$242.80/mt (new crop), down \$9.70/mt from last week. N/C Aug. German 12.5 pro wheat closed at \$242.50, down \$11.70/mt. August Baltic 12.5 pro wheat (N/C) was at \$235.80/mt, down \$12.50/mt.

Black Sea wheat:

- USDA this morning *lowered* 2021/22 Russian wheat production by 1/2 million mt from last month to 85 million mt. In '20/21 Russia produced 85.4 million mt of wheat.

- The estimate includes 64.0 million mt of winter wheat and 21.0 million mt of spring wheat. The Russian all wheat yield is estimated at 2.93 tons per hectare, down 2 percent from last year.
- USDA *increased* 2021/22 Ukrainian wheat production by 1/2 million mt from last month to 30 million mt. In '20/21 the Ukraine produced 25.4 million mt of wheat.
 - This would be up 18 percent from last year, 2 percent from last month, and 12 percent from the 5-year average. Yield is forecast at a record 4.18 tons per hectare, up 13 percent from last year and 2 percent from last month. Harvested area is estimated at 7.2 million hectares, up 5 percent from last year.
 - Winter wheat accounts for about 97 percent of Ukraine wheat area.
- Note we are told that Russia's very early wheat yield is reported around 6% below last year (despite the southern crop supposedly being much better than last year), there are more comments suggesting E Ukraine and W Russia suffered considerably from heat and drought.
- Over the weekend the Kazakh Ag Minister was fired for not doing enough to help farmers in the "current extreme heat and drought". *So, we continue to struggle with some of the crop numbers we are seeing.*
- Russian 12.5 pro wheat for Aug. is quoted at ~\$237/mt, down \$8/mt from last week.

➤ **Significant purchases/ trades:**

Consumer interest continues to grow:

- **Iran's** GTC bought 60,000 tonnes last week and they are currently back in the market.
- **Egypt** (GASC) bought 240,000 tonnes of Russian/Romanian wheat Monday at \$238-240 FOB.
- **Jordan** bought 60,000 tonnes LH Feb at \$289 C&F and returns July 27 for another 120,000 tonnes Jan-Feb '22.
- **Thailand** tenders today for 231,000 tonnes of feed wheat.
- **Korea tenders** for 65,000 tonnes feed wheat.
- **Algeria** was in the market on Thursday for the August position.
- **Turkey's** TMO is on July 13th for 395,000 mt.
- **Bangladesh** is scheduled for July 15th for 50,000 mt.
- **Ethiopia** is in on July 19th for 400,000 mt.
- **Saudi Arabia** is expected to tender for 300,000 tonnes.
- **US export inspections** of 258,000 tonnes took the season total to 65 million bushels.
- *The wheat trade is picking up as consumers are getting worried about drought reports and need to cover food grains.*

➤ **Wheat Market Outlook:**

Significant events:

- **Prairie crops** continue to struggle with heat and a lack of precipitation. The forecasts are not encouraging.
- The initial **USDA spring wheat production** estimate is at 305 million bu, even below the lowest pre report guess. Durum production was also below the range of estimates at just 37.2 million bu. USDA dropped average spring wheat yields to 30.7 bu/ac, and durum yields are now forecast at 25.8 bu/ac. This has wheat production and U.S. ending stocks lower than expected, despite increases in winter wheat.
- Projected 2021/22 **world ending stocks for wheat** were lowered today by 5.1 million mt to 291.7 million, but ending stocks remain above last years.
- 2021/22 **Australian** wheat production was increased by 1.5 million mt from last month to 28.5 million mt, and 21/22 **EU** wheat production by 700k mt from last month to 138.2 million mt.

- Cool, wet conditions in France are expected to persist; nothing that has been cut in SW France so far seems to make **export specs**.
- **Black Sea** cash values remain tough to call with fewer sales on the books than 'normal' at this time of year.

➤ **Outlook:**

We think USDA overestimates corn yield, so in our opinion, this is a longer-term bullish report. In the near-term Europe will make sales at the current market levels.

The world is not short of wheat, but it is short of quality wheat - and the problem is getting greater as today's USDA numbers do not fully address the issues in Canada, Russia, or Kazakhstan. - The report can be considered supportive quality wheat!

We begin to think we should sell more wheat, particularly while spring wheat and durum prices remain strong.

iii) Primary Elevator Price Tables and Grade Spreads

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

Date: 12-07-2021

NW Sask	Spot		NW Sask	Deferred	
	(bu.)	(mt)		Nov. '21 (bu.)	Nov. '21 (mt)
1 CWRS 13.5	\$9.35	\$343.56	1 CWRS 13.5	\$9.04	\$332.17
1 CWAD 13.0	\$8.90	\$327.02	1 CWAD 13.0	\$8.52	\$313.06
1 CPSR 11.5	\$8.21	\$301.67	1 CPSR 11.5	\$7.60	\$279.25
SW Sask			SW Sask		
1 CWRS 13.5	\$9.21	\$338.41	1 CWRS 13.5	\$8.92	\$327.76
1 CWAD 13.0	\$9.04	\$332.17	1 CWAD 13.0	\$8.64	\$317.47
1 CPSR 11.5	\$8.18	\$300.57	1 CPSR 11.5	\$7.59	\$278.89
NE Sask			NE Sask		
1 CWRS 13.5	\$9.10	\$334.37	1 CWRS 13.5	\$8.74	\$321.14
1 CWAD 13.0	\$9.24	\$339.51	1 CWAD 13.0	\$9.07	n/a
1 CPSR 11.5	\$8.06	\$296.16	1 CPSR 11.5	\$7.48	\$274.85
SE Sask			SE Sask		
1 CWRS 13.5	\$9.02	\$331.43	1 CWRS 13.5	\$8.78	\$322.61
1 CWAD 13.0	\$9.19	\$337.68	1 CWAD 13.0	\$9.03	\$331.80
1 CPSR 11.5	\$8.03	\$295.05	1 CPSR 11.5	\$7.46	\$274.11

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 Basis² (see *Export Basis* 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/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)
 - 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)

² Gray, R.S. (2015). The Economic Impacts of Elevated Export Basis Levels on Western Canadian Grain Producers 2012/13, 2013/14 and 2014/15.

“The difference between FOB Vancouver prices and the Saskatchewan elevator cash bids to producers is referred to as export basis: Basis can refer to the difference between any two prices. As the largest volume port, Vancouver FOB, minus the elevator bid prices representative measure of the “export” basis for grains in Western Canada.”

- Hard wheat price calculations:
Exporters in Western Canada generally derive their primary elevator wheat prices from HRS values at the West Coast (Pacific Northwest - PNW).
Similarly, HRW values are used for lower grade (3) CWRS.
 - West Coast HRS and HRW values essentially dominate the international hard wheat trade and determine its basic value.
 - If premiums are paid for 1 CWRS 13.5, elevator companies are often able to retain the premium

- Durum wheat price calculations:
The primary export route for Canadian durum wheat is still through Thunder Bay, not the West Coast of Canada.
 - Nevertheless, the Pacific Coast has increased in importance for durum over time with 38% of total export volume crop year to date.
 - Italy is the single biggest buyer of Canadian durum wheat with 27% of total Canadian durum exports YTD (East Coast shipments).

- Optional origin grain sales:
Most major international grain companies sell 'optional origin' wheat to their customers and often cover their sales 'at best' closer to the shipment position. The Canadian grain system is not conducive to servicing optional origin sales because the volume of wheat kept in storage in port today is much smaller than prior to deregulation of the Canadian wheat market.

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

Relevant FOB Prices and Export Basis				12-07-2021
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	\$441.66	\$430.21		
HRS	\$434.79			
HRW 11.5	\$339.49			
SWW 12.0	\$384.39			
1 CWRS 13.5 ³	\$441.66		\$356.42	\$85.24
2 CWRS 13.0 ³	\$434.79		\$343.56	\$91.23
3 CWRS ³	\$339.49		\$340.25	-\$0.76
CPS ³	\$377.98		\$286.24	\$91.74
1 CWAD ⁴		\$423.79	\$330.70	\$93.10
Competing wheat:	US\$/mt			
Russia 12.5 (Black Sea, 25k mt)	\$237.00	August		
French 11.5 (Rouen)	\$242.50	August		
ASW 10.5 (W Coast)	\$283.00	August		
Argentina 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				12-07-2021
Canadian Funds		Grade		
PNW value/Vancouver	2CWRS	3CWRS	Winter wht.	CPS
Dec/Jan delivery	\$11.66	\$9.06	\$8.25	\$8.25
Parity Track Rosetown	\$10.16	\$7.57	\$8.79	\$8.79
Track Bid Rosetown Area	\$9.35	\$9.26	\$7.79	\$7.79
Gross Margin at Elevator (\$/bu)*	\$0.81	-\$1.69	\$1.00	\$1.00
Gross Margin at Elevator (\$/mt)*	\$29.83	-\$62.16	\$36.76	\$36.76
* to cover elevation, elevator market risk, margin				