

Wheat Market Outlook and Price Report: May 3, 2021
By Marlene Boersch/ A.P. Temple/ Michael Wilton
Mercantile Consulting Venture Inc.

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 3, 2021

International Grains Council (IGC) – Global Wheat Summary as of April 29/21:

| | 18/19 | 19/20 est. | 20/21 f'cast | 21/22 proj. | 25.03 | 29.04 |
|--------------------------------------|-------|---------------|-----------------|----------------|-------|-------|
| million tons | | | | | | |
| WHEAT | | | | | | |
| Production | 732 | 762 | 774 | 790 | 790 | |
| Trade | 168 | 184 | 189 | 184 | 185 | |
| Consumption | 740 | 743 | 763 | 778 | 782 | |
| Carryover stocks | 260 | 278 | 289 | 304 | 298 | |
| year/year change | -8 | 19 | 11 | | 9 | |
| Major exporters ^{b)} | 69 | 64 | 65 | 64 | 64 | |

b) Argentina, Australia, Canada, EU Kazakhstan, Russia, Ukraine, USA

- The IGC left projected **2021/22 global wheat production** unchanged from last month at 790 million mt.
- **'21/22 Global wheat trade** was increased by 1 million mt to 185 million mt.
- **'21 /22 Global wheat consumption** was raised by 4 million mt to 782 million mt on higher feeding of wheat.
- **Projected '21/22 ending stocks** were lowered from last month by 6 million mt to 298 million mt. This still is 9 million mt higher than the forecast ending stocks for 2020/21.

➤ **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:** May '21 contract **Chicago winter wheat** closed at 742-4, up 5 cents on Friday, *up 32-2 cents on the week.*
May '21 contract **Kansas hard red winter wheat** closed at 698-2, up 9-6 cents in Friday's trade, *up 25 cents on the week.*
May '21 **Minneapolis hard red spring wheat** closed at 763-2, up 27-6 cents on Friday, and *up 44-8 cents on the week.*
- **Futures market summary:** In the US, it was Mpls. spring wheat which showed the biggest gains with no let-up in the dryness across the N Plains and the Canadian Prairies.
- **Matif** old crop wheat shot up 70¢ ahead of expiry but new crop ended flat.

CBOT May 2021 Wheat (1 yr.)



KC May '21 Wheat



Mpls. May '21 Wheat



| Canadian Grain Exports (CGC numbers) | | Wk. 38 | | | |
|--------------------------------------|--------|--------------|-------------|----------------|------------|
| ('000 MT) | Canola | Wht. & Durum | Peas (bulk) | Lentils (bulk) | All Grains |
| Crop Year To date | 8,595 | 19,138 | 2,153 | 766 | 39,938.7 |
| Year Ago | 7,353 | 15,222 | 1,926 | 679 | 30,708.5 |
| Change this Cr.Yr. in MT | 1,243 | 3,916 | 226 | 88 | 9,230 |
| Change this Cr. Yr. in Percent | 117% | 126% | 112% | 113% | 130% |

Canadian Wheat:

- It was Minneapolis spring wheat which showed the biggest gains in N American wheat futures last week with no let-up in the dryness across the N Plains and the Canadian Prairies. Meanwhile, **U.S spring wheat** for harvest in the fall of 2021 is 28% planted, well ahead of the 19% five-year average. Spring wheat emergence is 7%, 2 points above the five-year average. In **Russia, spring wheat** was only 4% planted, compared to 58% a year ago. However, contacts there believe that seeding will speed up on warmer weather, and the shortfall to last year will narrow further in the future. Indeed, they expect to see spring wheat area above the previous year by the end of the seeding campaign.
- However, N American wheat remains priced out of the export market, and the gap has only widened last week. *FOB HRW remains about US\$35/mt higher than Russian wheat for June.* US wheat is trying to remain priced out of the feed markets.
- In Canada, **Statistics Canada** forecast 2021 spring wheat acres at 16.3 million acres, down 8.8% from last year. This does not make sense to us, as returns to wheat now look comparable to pulses and closer to canola than we have seen in a while. We expect Canadian. spring wheat acres to be comparable to last years.

- **Canadian. wheat exports** in week 38 amounted to 470,000 mt for the week, and 14.5 million mt year-to-date (+26% over last years). If exports can stay above 460,000 mt per week, we will reach the '20/21 AAFC export target for wheat (excl. durum) of 21.1 million mt.
- Milling wheat bids in SK have strengthened with #1 CWRS 13.5 at \$9.00/bu for May delivery and \$9.20 for June. Values for fall delivery are at ~\$8.50/bu for S/O. *We expect higher prices prior to the USDA WASDE report on the 12th of May so suggest no additional sales for the present.*
- **Durum:** Watch durum plantings the US; the US balance sheet looks to be tightening further in the new crop year.
- Regarding new crop acres in Canada, AAFC had earlier projected durum acres up by 6.9%, but **Statistics Canada** last week forecast 2021 durum acres at 5.71 million acres, up only 0.3% from last year. We think the latter is about right and are using 5.7 million acres for 2021.
- **Canadian. durum exports** for week 38 amounted to 108,000 mt, for a year-to-date total of 4.6 million mt, 26% higher than last year-to-date. Annualizing year-to-date exports to the end of the crop year would give us 6.3 million mt, while AAFC is using only 5.6 million mt of exports for this year. If 5.9 million mt of exports can be achieved, this would lower '20/21 ending stocks to ~560,000 mt.
- We expect next year's Canadian. durum acres to stay about the same. An early stab at a '21/22 durum balance sheet is show on the r.h.s. Note that AAFC is projecting only 4.8 million mt of durum exports for next year, which we think will be too low. *However, we do worry that railcar supply may well not be as good next crop year as it was this year. Should railcar supply to agriculture wane again, then exports will certainly drop from this year across the commodities!*
- Old crop durum in SK is trading at ~\$9.00-9.15/bu delivered. We would be mostly sold old crop at current values. New crop durum is still bid at \$8.25-\$8.50/bu FOB farm SK; there is no rush to sell here right now.

| (CGC) Grain Handling Summary Wheat | | | | | Wk. 38 | (Apr. 25/'21) |
|------------------------------------|-----------------|-----------------|--|-----------------|--------|----------------|
| ('000 mt) | Prod. Dlvrs. | Terminal | | Bulk exports | Dom. | Disappearance |
| | | Rcpts. | | | | |
| Wk. 38 | 552.0 | 483.5 | | 469.8 | | 119.5 |
| Week ago | 436.0 | 549.4 | | 364.0 | | 47.8 |
| YTD | 16,533.3 | 16,790.2 | | 14,547.1 | | 2,954.9 |
| Last YTD | 15,949.4 | 13,472.9 | | 11,590.1 | | 2,980.7 |
| YTD less Last YTD | 583.9 | 3,317.3 | | 2,957.0 | | -25.8 |
| YTD over Last YTD | 104% | 125% | | 126% | | 99% |

Mercantile based on weekly CGC Handling Data

| (CGC) Grain Handling Summary Durum | | | | | Wk. 38 | (Apr. 25/'21) |
|------------------------------------|----------------|----------------|--|----------------|--------|---------------|
| ('000 mt) | Prod. Dlvrs. | Terminal | | Bulk exports | Dom. | Disappearance |
| | | Rcpts. | | | | |
| Wk. 38 | 151.1 | 110.6 | | 108.0 | | 14.3 |
| Week ago | 115.8 | 255.2 | | 248.8 | | 1.9 |
| YTD | 4,890.4 | 5,557.2 | | 4,590.8 | | 423.6 |
| Last YTD | 3,818.6 | 4,372.1 | | 3,632.0 | | 288.6 |
| YTD less Last YTD | 1,071.8 | 1,185.1 | | 958.8 | | 135.0 |
| YTD over Last YTD | 128% | 127% | | 126% | | 147% |

Mercantile based on weekly CGC Handling Data

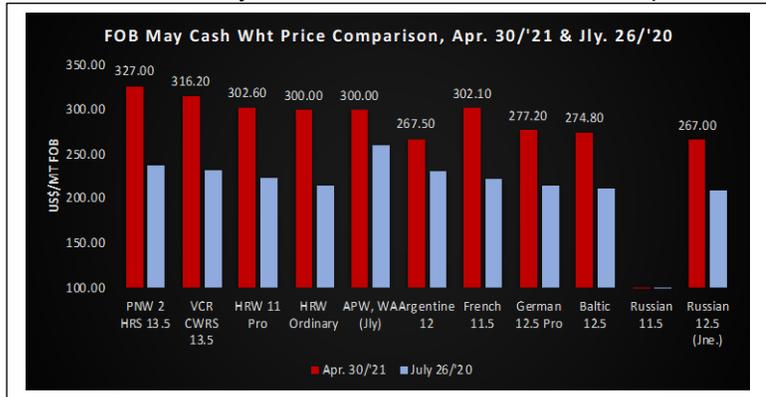
| Merc. - Cdn. Durum Outlook | | | |
|----------------------------|--------------|--------------|--------------|
| ('000 mt) | 19/20 | 20/21 | 21/22 |
| Beginning stocks | 1,833 | 737 | 558 |
| Production | 4,977 | 6,571 | 6,500 |
| Imports | 96 | 30 | 30 |
| Total Supply | 6,906 | 7,338 | 7,088 |
| Dom. Use | 901 | 880 | 900 |
| Exports | 5,268 | 5,900 | 5,500 |
| Total Usage | 6,169 | 6,780 | 6,400 |
| Ending Stocks | 737 | 558 | 688 |
| Stock-to-Use Ratio | 12% | 8% | 11% |

MCV, Apr. 30/21

| StatsCan - Principal Field Crop Areas | | | | | | | Apr. 27/'21 |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------|
| Seeded area (acres) | | | | | | | |
| Type of crop | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | Δ 2021 to 2020 |
| Wheat, all incl. w wht re | 23,686,185 | 22,391,100 | 24,734,500 | 24,604,400 | 24,982,200 | 23,260,000 | 93.1% |
| Wheat, durum5 | 6,101,500 | 5,205,000 | 6,185,400 | 4,893,600 | 5,688,600 | 5,705,400 | 100.3% |
| Wheat, spring5 | 15,869,697 | 15,801,300 | 17,310,900 | 18,781,600 | 17,926,200 | 16,339,900 | 91.2% |
| Wheat, winter remaining5 | 1,714,988 | 1,384,800 | 1,238,200 | 929,200 | 1,367,500 | 1,214,700 | 88.8% |
| Wheat, winter seeded in f | 1,811,500 | 1,545,000 | 1,395,800 | 1,346,000 | 1,574,800 | 1,447,900 | 91.9% |
| Wheat, all excl. durum v | 17,681,097 | 17,346,300 | 18,706,700 | 20,127,600 | 19,501,000 | 17,787,800 | 91.2% |
| Ttl. acres(all maj. crops) | 69,554,387 | 68,355,000 | 70,247,200 | 70,686,500 | 71,082,100 | 70,570,600 | 99.3% |

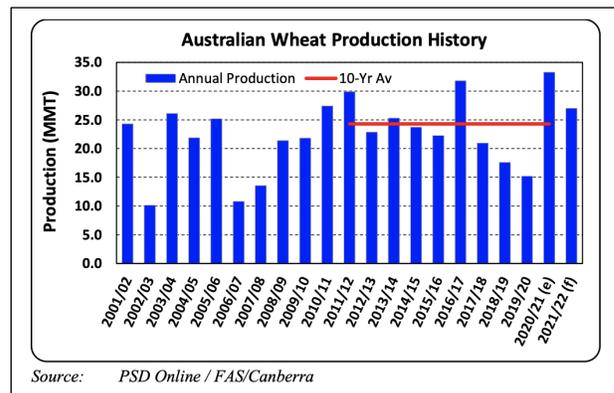
US Wheat:

- US wheat spiked 60¢/bu to new highs early last week, gave much of it back, but still closed up 25-45¢/bu. It was the necessity that wheat must stay out of feed rations and the expanding dryness across the US Plains and Canada led the initial rally, but at US\$45-50/mt above European and Black Sea wheat prices on a FOB basis, US wheat lost its export demand. The loss of cash demand, along with reports of Black Sea wheat trading into Mexico and French wheat trading to the US east coast, sparked the midweek decline in wheat futures.
- US wheat export sales of 224,000 mt were below expectations and left the season total at 940 million bu against the USDA's 985 million bu.
- Both the US and EU markets need to get past delivery and expiry of the old crop May contracts to focus on new crop wheat. But new crop is also sending out some very contradictory signals with persistent dryness in N America, increasing reports of replanting issues for Russian winter wheat, and above all, FOB spreads between the major exporters that cannot be sustained.
- US HRS for May '21 is valued at \$327.00/mt FOB PNW (up \$12.00/mt from last week), PNW White wheat is valued at \$306/mt FOB PNW (up \$10.00/mt from last week), FOB Gulf HRW 11/12.5 pro is valued at \$306.30/mt (up \$9.60/mt from last week).



Australian wheat:

- Australian wheat futures ended the week lower after making 6-month highs Monday.
- Australian new crop FOB APW wheat for May was offered at \$300/mt, up \$20/mt from the previous week.



Argentine wheat:

- Argentina has rains in the center-east but otherwise is dry.
- In Argentina, the focus has gone back to the Gvmt. and fresh rumours the Gvmt. might go to Congress for a significant increase in export taxes (any rise without congress approval is limited to 3%). Fears over the impact of high domestic prices ahead of the elections seem to be outweighing the need for revenue (the tax will be higher, but sales will decline).
- Domestic prices fell by ~ \$5/mt as a result for both old and new crop wheat.
- FOB values for May 12% protein Argentine wheat ranged from \$265-270/mt, up ~\$2/mt from last week.

EU wheat:

- Matif old crop wheat shot up 70¢ ahead of expiry but new crop ended flat.
- Both the US and EU markets need to get past delivery and expiry of the old crop May futures contracts to focus on new crop wheat.

- The European Commission reduced their EU wheat output forecast from 126.7 million mt to 124.8 million mt. The commission left exports unchanged at 30 million mt, to reduce EU wheat ending stocks by 1.5 million mt to 11.4 million mt.
- Despite the crop reduction, there were big discounts of EU prices to both Black Sea and USA origins.
- May FOB prices in the EU: French 11.5 pro closed at \$302.10/mt, up \$13.10/mt from last week. German 12.5 pro was unchanged at \$277.20/mt. Baltic 12.5 pro was unchanged on the week at \$274.80/mt.

Black Sea wheat:

- Black Sea new crop futures rallied early but ended flat.
- Russian wheat is reportedly coming under some pressure from an expected big jump in the Romanian wheat crop.
- There are again reports on replanting issues for Russian winter wheat,
- Black Sea new crop wheat increased \$4/mt on the offered side with Russian 12.5 pro wheat for June at \$267/mt.

➤ **Significant purchases/ trades:**

- **Indonesia** is looking for wheat for June
- **Colombia** is looking for wheat for August
- **Algeria** wants 50,000 tons of wheat for May/June
- the **USDA** wants 65,000 tons of soft white wheat for June for donation to Yemen
- **Bangladesh** is looking for 50,000 tons of wheat for June
- **Egypt** (GASC) canceled their wheat tender for August 11-20 last week due to higher-than-expected prices, with the lowest offer at \$268.50/mt C&F for Romanian wheat.

➤ **Wheat Market Outlook:**

Significant events:

- We now seem to have **two markets**: the **USA** and **other origins**. The US markets are driven by the futures and their huge Fund involvement, while the European cash markets are close to harvest and are trading at a huge discount to North American origin.
- **US wheat** needs to be priced higher to stay out of feed rations and the expanding dryness across the Plains and Canada led the rally.
- This means that **US wheat** remains completely priced out of the export cash market, a gap which was exacerbated by the sharp losses in Europe and the Black Sea.
- **Russian wheat** is reportedly coming under some pressure from an expected big jump in the Romanian crop.
- The enormous amounts of **Fund money** invested in old crop futures markets are also distorting futures values, making it very difficult to read real cash values.

➤ **Outlook:**

The US and EU markets need to get past expiry of May contracts and to concentrate on new crop. New crop is sending out some very contradictory signals with persistent dryness in North America, increasing reports of replanting issues for Russian winter wheat, and above all, huge FOB price spreads between North America and other major exporters that cannot be sustained.

The enormous amounts of Fund money invested in old crop futures markets are also distorting futures values, making it very difficult to read real cash values.

We expect higher prices prior to the USDA WASDE report on May 12th, so suggest no additional sales for the present.

iii) Primary Elevator Price Tables and Grade Spreads

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

| Date: 03-05-2021 | | | | | |
|--------------------|--------|----------|--------------------|-----------------|----------------|
| NW Sask | Spot | | NW Sask | Deferred | |
| | (bu.) | (mt) | | Sept. '21 (bu.) | Sept. '21 (mt) |
| 1 CWRS 13.5 | \$9.00 | \$330.70 | 1 CWRS 13.5 | \$8.50 | \$312.32 |
| 1 CWAD 13.0 | \$8.25 | \$303.14 | 1 CWAD 13.0 | \$7.72 | \$283.66 |
| 1 CPSR 11.5 | \$8.48 | \$311.59 | 1 CPSR 11.5 | \$7.79 | \$286.24 |
| SW Sask | | | SW Sask | | |
| 1 CWRS 13.5 | \$8.80 | \$323.35 | 1 CWRS 13.5 | \$8.37 | \$307.55 |
| 1 CWAD 13.0 | \$8.25 | \$303.14 | 1 CWAD 13.0 | \$7.83 | \$287.71 |
| 1 CPSR 11.5 | \$8.37 | \$307.55 | 1 CPSR 11.5 | \$7.76 | \$285.13 |
| NE Sask | | | NE Sask | | |
| 1 CWRS 13.5 | \$8.71 | \$320.04 | 1 CWRS 13.5 | \$8.25 | \$303.14 |
| 1 CWAD 13.0 | \$8.32 | \$305.71 | 1 CWAD 13.0 | \$7.67 | \$281.83 |
| 1 CPSR 11.5 | \$8.33 | \$306.08 | 1 CPSR 11.5 | \$7.63 | \$280.36 |
| SE Sask | | | SE Sask | | |
| 1 CWRS 13.5 | \$8.62 | \$316.73 | 1 CWRS 13.5 | \$8.26 | \$303.51 |
| 1 CWAD 13.0 | \$8.33 | \$306.08 | 1 CWAD 13.0 | \$7.70 | \$282.93 |
| 1 CPSR 11.5 | \$8.12 | \$298.36 | 1 CPSR 11.5 | \$7.48 | \$274.85 |

Table 2: Grade Spreads, in Canadian Dollars per Bu and per 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/mt. During the 2013/14 crop year the export basis for wheat widened to approximately C\$250/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/mt, depending on number of cars moved and elevator used.

- Approximate relationship between U.S. wheat classes and Canadian wheat classes:

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.”

- DNS 14% in the Pacific North West (PNW) ≈ 1 CWRS 13.5% in Vancouver
- HRS in the Pacific North West (PNW) ≈ 2 CWRS 13.0% in Vancouver
- HRW in the Pacific North West (PNW) ≈ 3 CWRS in Vancouver
- SW (lowest price wheat) ≈ CPS red (mostly fed domestically)
- HAD (Lakes) ≈ CWAD (Thunder Bay/ Lawrence)
 - Abbreviations: DNS (Dark Northern Spring Wheat); HRS (Hard Red Spring Wheat); HRW (Hard Red Winter Wheat); SW (Soft Wheat); HAD (Hard Amber Durum Wheat); CWRS (Canadian Western Red Spring Wheat); CPS (Canada Prairie Spring Wheat); CWAD (Canadian Western Amber Durum Wheat)

➤ Hard wheat price calculations:

Exporters in Western Canada generally derive their primary elevator wheat prices from HRS values at the West Coast (Pacific Northwest - PNW).

Similarly, HRW values are used for lower grade (3) CWRS.

- West Coast HRS and HRW values essentially dominate the international hard wheat trade and determine its basic value.
- If premiums are paid for 1 CWRS 13.5, elevator companies are often able to retain the premium

➤ Durum wheat price calculations:

The primary export route for Canadian durum wheat is still through Thunder Bay, not the West Coast of Canada.

- Nevertheless, the Pacific Coast has increased in importance for durum over time with 38% of total export volume crop year to date.
- Italy is the single biggest buyer of Canadian durum wheat with 27% of total Canadian durum exports 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 | | | | 03-05-2021 |
|--------------------------------------|--|-------------------------|----------------------|--|
| 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 | \$393.69 | \$368.43 | | |
| HRS | \$386.92 | | | |
| HRW 11.5 | \$371.14 | | | |
| SWW 12.0 | \$360.31 | | | |
| 1 CWRS 13.5 ³ | \$393.69 | | \$328.12 | \$65.56 |
| 2 CWRS 13.0 ³ | \$386.92 | | \$315.26 | \$71.66 |
| 3 CWRS ³ | \$371.14 | | \$311.96 | \$59.18 |
| CPS ³ | \$354.00 | | \$297.26 | \$56.74 |
| 1 CWAD ⁴ | | \$362.12 | \$303.14 | \$58.98 |
| Competing wheat: | US\$/mt | | | |
| Russia 12.5 (Black Sea, 25k mt) | \$267.00 | June | | |
| French 11.5 (Rouen) | \$302.10 | May | | |
| ASW 10.5 (W Coast) | \$296.00 | May | | |
| Argentine 12.0 | \$267.50 | May | | |

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 | | | | 03-05-2021 |
|---------------------------------------|---------|---------|-------------|------------|
| Canadian Funds | Grade | | | |
| PNW value/Vancouver | 2CWRS | 3CWRS | Winter wht. | CPS |
| Dec/Jan delivery | \$10.36 | \$9.93 | \$7.85 | \$7.85 |
| Parity Track Rosetown | \$8.86 | \$8.43 | \$8.14 | \$8.14 |
| Track Bid Rosetown Area | \$8.58 | \$8.49 | \$8.09 | \$8.09 |
| Gross Margin at Elevator (\$/bu)* | \$0.28 | -\$0.06 | \$0.05 | \$0.05 |
| Gross Margin at Elevator (\$/mt)* | \$10.36 | -\$2.12 | \$1.76 | \$1.76 |

* to cover elevation, elevator market risk, margin