



## Special Executive Report

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**DATE:** November 25, 2019

**SER#:** 8489

**SUBJECT: Variable Storage Rate (VSR) Results for Wheat and KC HRW Wheat Premium (Storage) Rates**

The Variable Storage Rate (VSR) mechanism in The Board of Trade of the City of Chicago, Inc. ("CBOT"):

- (1) Wheat futures and Mini-Wheat futures contracts (CME Globex Code: ZW; Clearing and CME ClearPort Code: W; Rulebook Chapter: 14 and CME Globex Code: XW, Clearing and CME Clearport Code: YW; Rulebook Chapter: 14B); and
- (2) KC HRW Wheat futures and Mini-KC HRW Wheat futures contracts (CME Globex Code: KE; Clearing and CME ClearPort Code: KW; Rulebook Chapter: 14H and CME Globex, Clearing and CME Clearport Code: MKC; Rulebook Chapter: 14N)

examines nearby calendar spreads to determine adjustments in maximum contract premium (storage) rates. Below are the results of the December 2019 – March 2020 calendar spread relative to financial full carry during the period of September 19, 2019 through November 22, 2019.

### **Wheat and Mini-Sized Wheat Futures – (No Change)**

The December 2019 – March 2020 Wheat calendar spread averaged **27.80 percent** of financial full carry during the period of September 19, 2019 through November 22, 2019. VSR results that fall below 50 percent of financial full carry normally trigger a reduction in the maximum premium charges. However, regular delivery facility charges for holders of outstanding shipping certificates for Chicago SRW Wheat are already at the lowest allowable rate. Therefore, the maximum premium charge that a Chicago SRW Wheat regular delivery facility may charge holders of its outstanding shipping certificates **will not change** from the current maximum charge of 16.5/100s of one cent per bushel per day (approximately 5 cents per bushel per month).

### **KC HRW & Mini-Sized KC HRW Wheat Futures – (Decrease)**

The December 2019 – March 2020 KC HRW Wheat calendar spread averaged **41.36 percent** of financial full carry during the period of September 19, 2019 through November 22, 2019. Since this result falls below 50 percent of financial full carry, the maximum premium charge that a KC HRW Wheat regular delivery facility may charge holders of its outstanding shipping certificates **will decrease** from the current maximum charge of

26.5/100s of one cent per bushel per day (approximately 8 cents per bushel per month) to 16.5/100s of one cent per bushel per day (approximately 5 cents per bushel per month) on **December 19, 2019**.

### **The Next Evaluation Period**

The next evaluation period for both contracts will measure the March 2020 – May 2020 calendar spread relative to financial full carry during the period of December 19, 2019 to February 21, 2020 with the next possible adjustment to contract premium charges on March 19, 2020.

Questions may be directed to Dominic Sutton-Vermeulen in Research and Product Development (312-715-6145 or [Dominic.Sutton-Vermeulen@CMEGroup.com](mailto:Dominic.Sutton-Vermeulen@CMEGroup.com)).