



Special Executive Report

DATE: July 1, 2020

SER#: 8619

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 contract (CME Globex Code: ZW; Clearing and CME ClearPort Code: W; Rulebook Chapter: 14); and
- (2) KC HRW Wheat futures contract (CME Globex Code: KE; Clearing and CME ClearPort Code: KW; Rulebook Chapter: 14H)

examines nearby calendar spreads to determine adjustments in maximum contract premium (storage) rates. Below are the results of the July 2020 – September 2020 calendar spread relative to financial full carry during the period of May 19, 2020 through June 26, 2020.

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

The July 2020 – September 2020 Wheat calendar spread averaged **33.72 percent** of financial full carry during the period of May 19, 2020 through June 26, 2020. 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 – (No Change)

The July 2020 – September 2020 KC HRW Wheat calendar spread averaged **63.67 percent** of financial full carry during the period of May 19, 2020 through June 26, 2020. VSR results greater than 50 percent and less than 80 percent of financial full carry do not trigger a change in the maximum premium charges. Therefore, the maximum premium charge that a for KC HRW 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).

The Next Evaluation Period

The next evaluation period for both contracts will measure the September 2020 – December 2020 calendar spread relative to financial full carry during the period of July 20, 2020 to August 21, 2020 with the next possible adjustment to contract premium charges on September 19, 2020.

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