



## Special Executive Report

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**DATE:** December 10, 2020

**SER#:** 8698

**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 December 2020 – March 2021 calendar spread relative to financial full carry during the period of September 21, 2020 through November 20, 2020.

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

The December 2020 – March 2021 Wheat calendar spread averaged **24.39 percent** of financial full carry during the period of September 21, 2020 through November 20, 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 December 2020 – March 2021 KC HRW Wheat calendar spread averaged **46.41 percent** of financial full carry during the period of September 21, 2020 through November 20, 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 KC HRW Wheat are already at the lowest allowable rate. 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 March 2021 – May 2021 calendar spread relative to financial full carry during the period of December 21, 2020 to February 19, 2021 with the next possible adjustment to contract premium charges on March 19, 2021.

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)).