



## Special Executive Report

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**DATE:** June 25, 2018

**SER#:** 8187

**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 2018 – September 2018 calendar spread relative to financial full carry during the period of May 21, 2018 through June 22, 2018.

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

The July 2018 – September 2018 wheat calendar spread averaged **57.38 percent** of financial full carry during the period of May 21, 2018 through June 22, 2018. Since this result falls between 50 percent and 80 percent of financial full carry, 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 36.5/100s of one cent per bushel per day (approximately 11 cents per bushel per month).

### **KC HRW & Mini-Sized KC HRW Wheat Futures – (No Change)**

The July 2018 – September 2018 calendar spread averaged **63.37 percent** of financial full carry during the period of May 21, 2018 through June 22, 2018. Since this result falls between 50 percent and 80 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 not change** from the current maximum charge of 36.5/100s of one cent per bushel per day (approximately 11 cents per bushel per month).

### **The Next Evaluation Period**

The next evaluation period for both contracts will measure the September 2018 – December 2018 calendar spread relative to financial full carry during the period of July 19, 2018 to August 27, 2018 with the next possible adjustment to contract premium charges on September 19, 2018.

The interest rate used to calculate financial full carry in VSR calculations is the USD LIBOR 3M rate plus 200 basis points. Historically, the LIBOR value used in the VSR calculation was the previous day value. Beginning with the September 2018 – December 2018 calculation period, the Exchange will use the current day LIBOR value.

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