



## Special Executive Report

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**DATE:** November 27, 2018

**SER#:** 8285

**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 2018 – March 2019 calendar spread relative to financial full carry during the period of September 19, 2018 through November 23, 2018.

### **Wheat and Mini-Sized Wheat Futures – (Triggered Lower)**

The December 2018 – March 2019 Wheat calendar spread averaged **43.21 percent** of financial full carry during the period of September 19, 2018 through November 23, 2018. Since this result falls below 50 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 be lowered** from the current maximum charge of 36.5/100s of one cent per bushel per day (approximately 11 cents per bushel per month) to 26.5/100s of one cent per bushel per day (approximately 8 cents per bushel per month) on **December 19, 2018**.

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

The December 2018 – March 2019 KC HRW Wheat calendar spread averaged **63.48 percent** of financial full carry during the period of September 19, 2018 through November 23, 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 March 2019 – May 2019 calendar spread relative to financial full carry during the period of December 19, 2018 to February 22, 2019 with the next possible adjustment to contract premium charges on March 19, 2019.

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)).