



Special Executive Report

DATE: February 25, 2019

SER#: 8343

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 March 2019 – May 2019 calendar spread relative to financial full carry during the period of December 19, 2018 through February 22, 2019.

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

The March 2019 – May 2019 Wheat calendar spread averaged **25.64 percent** of financial full carry during the period of December 19, 2018 through February 22, 2019. 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 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 **March 19, 2019**.

KC HRW & Mini-Sized KC HRW Wheat Futures – (Triggered Lower)

The March 2019 – May 2019 KC HRW Wheat calendar spread averaged **36.30 percent** of financial full carry during the period of December 19, 2018 through February 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 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 **March 19, 2019**.

The Next Evaluation Period

The next evaluation period for both contracts will measure the May 2019 – July 2019 calendar spread relative to financial full carry during the period of March 19, 2019 to April 26, 2019 with the next possible adjustment to contract premium charges on May 19, 2019.

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