

KC HRW Wheat Futures and Options

Global wheat trading solutions in a single marketplace

The addition of KC Hard Red Winter (HRW) Wheat futures to the CME Group Wheat futures and options complex provides enhanced risk management and trading opportunities to market participants around the world in one efficient marketplace.

Representing the majority of the U.S. wheat crop, Hard Red Winter wheat is the primary ingredient in the world's production of bread. KC HRW Wheat futures are by no means new; in fact, they've traded since 1876 – longer than the Chicago SRW Wheat futures. However, what market participants are noticing as of late is newfound liquidity, bid-ask spread, market depth, and breadth of participants have improved dramatically.

Wheat spreads

Additionally, market participants can take advantage of implied functionality on CME Globex to trade the KC HRW-Chicago SRW and MGEX Hard Red Spring-KC HRW Wheat futures spreads.

For years these spreads have been used to capitalize on price differentials inherent in the varying classes of wheat, due to differences in their protein content as well as local supply and demand fundamentals in their separate growing regions. Implied functionality allows these spreads to be executed as single trades, rather than by "legging" into the two individual contracts, further enhancing the opportunities these dynamic markets provide.

Features

- Tight bid-ask spread, deep book depth, and sufficient liquidity
- Full options suite available: standard, weekly, calendar spread, and Short-Dated New Crop options
- Interesting spread opportunities: HRW has a higher protein content than SRW, and is thus typically higher priced, though this relationship occasionally breaks down
- Margin offsets available ~60%

KC HRW WHEAT FUTURES

CONTRACT SIZE	Full-Sized: 5,000 bushels Mini-Sized: 1,000 bushels
DELIVERABLE GRADE	No. 2 at contract price with a maximum of 10 IDK per 100 grams; No. 1 at a 1 1/2-cent premium. Deliverable grades of HRW shall contain a minimum 11% protein level. However, protein levels of less than 11%, but equal to or greater than 10.5% are deliverable at a ten cent (10¢) discount to contract price. Protein levels of less than 10.5% are not deliverable.
PRICE QUOTE	Cents per bushel
TICK SIZE	Full-sized: 1/4 cent per bushel (\$12.50 per contract) Mini-sized: 1/8 cent per bushel (\$1.25 per contract)
CONTRACT MONTHS	Jul, Sep, Dec, Mar, May
LAST TRADING DAY	The business day prior to the 15th calendar day of the contract month.
LAST DELIVERY DAY	Last business day of the delivery month.
TRADING HOURS	CME Globex: 7:00 p.m. – 7:45 a.m. CT, Sun – Fri and 8:30 a.m. – 1:20 p.m. CT, Mon – Fri (Settlement at 1:15 p.m.) <i>Note: Mini-sized contracts close at 1:45 p.m. CT. Trading in expiring contracts closes at noon on last trading day.</i>
TICKER SYMBOLS	Full-sized CME Globex: KE Mini-sized CME Globex: MKC
DAILY PRICE LIMIT	Daily price limits are variable and reset every 6 months in May and in November. There are no price limits in the current month contract on or after the second business day preceding the first day of the delivery month. For the current daily price limits, visit cmegroup.com/pricelimitupdate .

KC HRW WHEAT OPTIONS	
CONTRACT UNIT	One KC HRW Wheat Futures contract (5,000 bushels)
MINIMUM PRICE FLUCTUATION	1/8 cent per bushel (\$6.25 per contract)
PRICE QUOTE	Cents and eighths of a cent per bushel
TRADING HOURS	CME Globex: Sunday – Friday, 7:00 p.m. – 7:45 a.m. CT and Monday – Friday, 8:30 a.m. – 1:20 p.m. CT Open Outcry: Monday – Friday, 8:30 a.m. – 1:15 p.m. CT with Post session until 1:20 p.m. CT immediately following the close
PRODUCT CODE	CME Globex: OKE CME ClearPort: KW Clearing: KW
LISTED CONTRACTS	Three (3) consecutive month expirations and six (6) standard expirations of March (H), May (K), July (N), September (U) & December (Z).
SETTLEMENT PROCEDURES	Open Outcry, Settlement Team
TERMINATION OF TRADING	Ordinary cycle months – The last Friday which precedes by at least two (2) business days the first notice day for Hard Red Winter Wheat Futures. Serial months – The last Friday which precedes by at least two (2) business days the last business day of the calendar month immediately preceding the option serial month.
POSITION LIMITS	CBOT Position Limits
EXCHANGE RULEBOOK	CBOT 14L
PRICE LIMIT OR CIRCUIT	Price Limits
VENDOR CODES	Quote Vendor Symbols Listing
STRIKE PRICE LISTING PROCEDURES	Ten (10) cents per bushel for standard options, and five (5) cents per bushel for serial options and for standard options when they become the third listed contract month. Levels of strike price increments: 30 (30 above and 30 below ATM to a minimum strike of 1.00)
EXERCISE STYLE	American
SETTLEMENT METHOD	Deliverable
UNDERLYING	KC HRW Wheat Futures

For more information visit cmegroup.com/kcwheat

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Futures trading is not suitable for all investors, and involves the risk of loss. Futures are a leveraged investment, and because only a percentage of a contract's value is required to trade, it is possible to lose more than the amount of money deposited for a futures position. Therefore, traders should only use funds that they can afford to lose without affecting their lifestyles. And only a portion of those funds should be devoted to any one trade because they cannot expect to profit on every trade. All examples in this brochure are hypothetical situations, used for explanation purposes only, and should not be considered investment advice or the results of actual market experience.

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