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Quick Facts: the grain marketing chaos 2014

“A bushel of wheat is offered at Vancouver for CAD \$11.38/bushel and bought in the country for CAD \$4.69/bushel for a difference of CAD \$6.69/bushel. In metric tonnes, the price at Vancouver (port) is \$246 CAD/tonne above the average country price for #2 CWRS 13.5. . . .”

- February 26, 2014 CWB Market Research Services newsletter

Farmers are now getting about 41% of the grain cheque.

The grain companies are taking 48% - making the largest profits in their history

With our Wheat Board farmers got 90% or more of the grain cheque

Time Period	Wheat value at port \$ bushel	Elevators, Rail, Misc \$ bushel	To farmers \$ bushel	Farmers' share (%)
Feb 26/2014 No single-desk	\$11.38	\$6.69	\$4.69	41%
2007/08 CWB Single-desk	\$10.61	\$0.83	\$9.99	94%

Sources: CWB Market Research Services Newsletter, 02/26/14, CWB Annual Report 2007/08

Follow the money: The railways, primary elevators, and terminals are guaranteed a profit by “regulated tariffs” which allow them to take a total of \$77 per metric tonne (*less in Alberta, more in Manitoba depending on rail cost. Individual results may vary depending on negotiation with their elevator agent.*)

- Regulated tariffs apply to grain movement in-country. Once grain is in the terminal it is the private property of the grain company and that is where the excess profits are made.

Our calculation uses tariffs set by the Canadian Grain Commission and Canadian Transportation Agency for wheat:

port price at Vancouver is **\$417/metric tonne (mt)**

- **farmers' price** in-country **\$171/mt**

leaves **\$246/mt for the grain companies and railways**

Now subtract the following :

Rail (average)	– \$40.00 (varies with distance to port)
Primary elevation	– \$15.50
Primary cleaning	– \$05.70
Port Terminal elevation	– \$10.15
Port Terminal cleaning	– \$05.72
sub total:	\$77.07/mt - regulated profit for getting grain to port

\$246 minus \$77.07 equals \$168.93/mt (\$4.60/bu)

THEREFORE: \$168.93 per metric tonne is being scooped up by the grain companies as the excess profit they make purchasing wheat and durum from farmers in-country and flipping it to their customers at port.

According to the Canadian Grain Commission total exports of wheat and durum as of Jan 26/14 are 9,697,210 mt. Multiply that by the excess profit and we see the grain companies have made \$1,638,149,685.30 (over \$1.6 billion on wheat alone) as of January 26, 2014 because the single-desk CWB is gone.

This money would have been returned to farmers by the single-desk Canadian Wheat Board.

Total Port Unloads – YTD Week 32 (Cars)

	Vancouver	Prince Rupert	West Coast	Thunder Bay	Churchill	Total
2013-14	112,427	34,652	147,079	34,617	6,156	187,852
2012-13	114,916	35,049	149,965	43,314	4,906	198,185
5 Yr Avg	108,701	32,147	140,848	35,748	5,574	182,170
Var % to Last Year	-2%	-1%	-2%	-20%	25%	-5%
Var % to 5 Yr Avg	3%	8%	4%	-3%	10%	3%



2014 Grain Handling & Transportation Summit

3/27/14

PORTLAND – SASK. CWRS WHEAT BASIS

Sask Average 13.5% CWRS Wheat Basis – Portland 13.5% DNS March 24, 2014

Date	Portland	Avg Sask Bid	Basis to Portland	Excess Basis Portland
\$/t	\$411.67	\$203.60	\$208.07	+\$135.56
\$/bu	\$11.19	\$5.54	\$5.66	\$3.69

Sask Average 13.5% CWRS Wheat Basis - Minneapolis March 24, 2014

	Minn Futures	Avg Sask Bid	Basis to Minn	Excess basis Minn.
\$/t	\$324.22	\$203.60	\$120.61	+\$75.55
\$/bu.	\$8.82	\$5.54	\$3.28	\$2.05

Grain Movement Costs

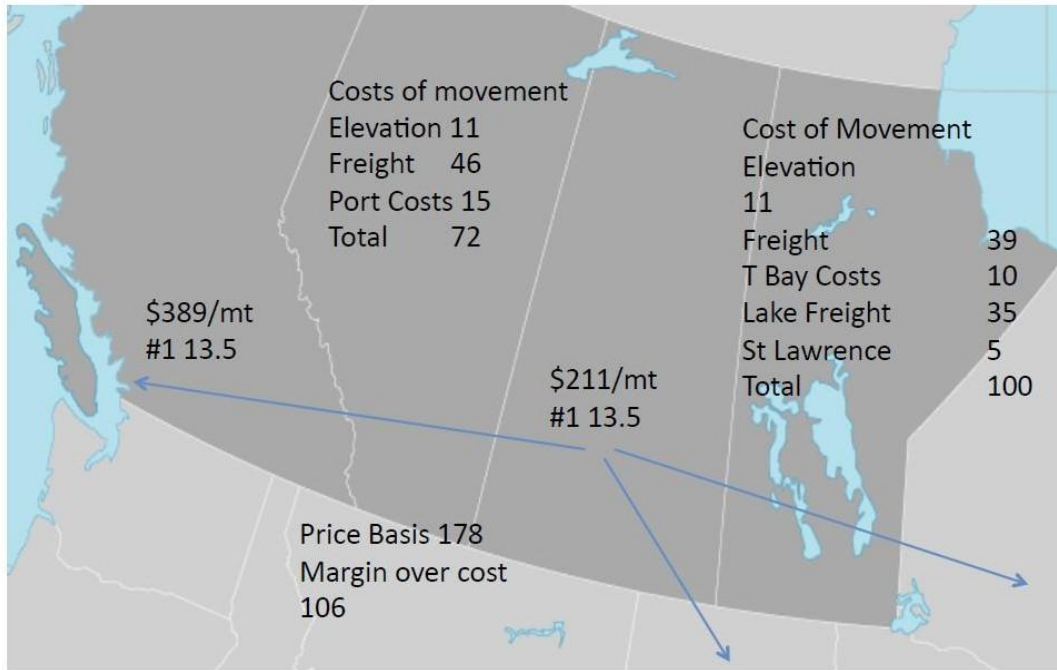


Table 1: Quorum Corporation

Table 2: Dr. Richard Gray "Policy Options to Reduce Basis Levels"

Graphic 3: Ian McCreary "Grain Marketing and Transportation - Towards a Solution"