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Quick Facts: 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	Port wheat value \$ bushel	Elevators, Rail, Misc \$ bushel	To farmers \$ bushel ¹	Farmers' share (%)
Feb. 26/2014 No single-desk	11.38	6.69	4.69	41%
2009/10 single-desk	6.82	0.78	6.16	90%
2008/09 single-desk	8.64	0.71	8.10	93%
2007/08 single-desk	10.61	0.83	9.99	94%

Sources: CWB Market Research Services Newsletter, 02/26/14, CWB Annual Reports 2009/10, 2008/09, 2007/08

¹ Individual farm results may vary depending on negotiation with elevator agent

Follow the money: The railways, primary elevators, and terminals are guaranteed a profit by "maximum regulated tariffs" which allow them to take a total of \$77 per metric tonne (*depending on rail cost to port*).

Maximum 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 takes a snapshot using the Feb 26/14 port price for #2 CWRS 13.5 wheat, and tariffs set by the Canadian Grain Commission, and Canadian Transportation Agency:

port price at Vancouver	\$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 (typical inland elevator)
Primary cleaning	- \$05.70
Port Terminal elevation	- \$10.15 (Vancouver)
Port Terminal cleaning	- <u>\$05.72</u>
	sub total: <u>\$77.07/mt</u> - 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 from farmers in-country and flipping it to their customers at port.

The Canadian Grain Commission reports total exports of wheat and durum as of Jan 26/14 are 9,697,210 mt. The Grain Monitor (Quorum Corp.) reports Rail car unloads at Vancouver to March 16/14 are down only 2% from last year and are 3% higher than the five year average.

The grain is moving and selling but farmers are not getting the money the single-desk Canadian Wheat Board would have returned to all producers, not just a lucky few.