

# National Grain Trade Council -- Mid-Year Meeting

Kansas City, MO

September 2006

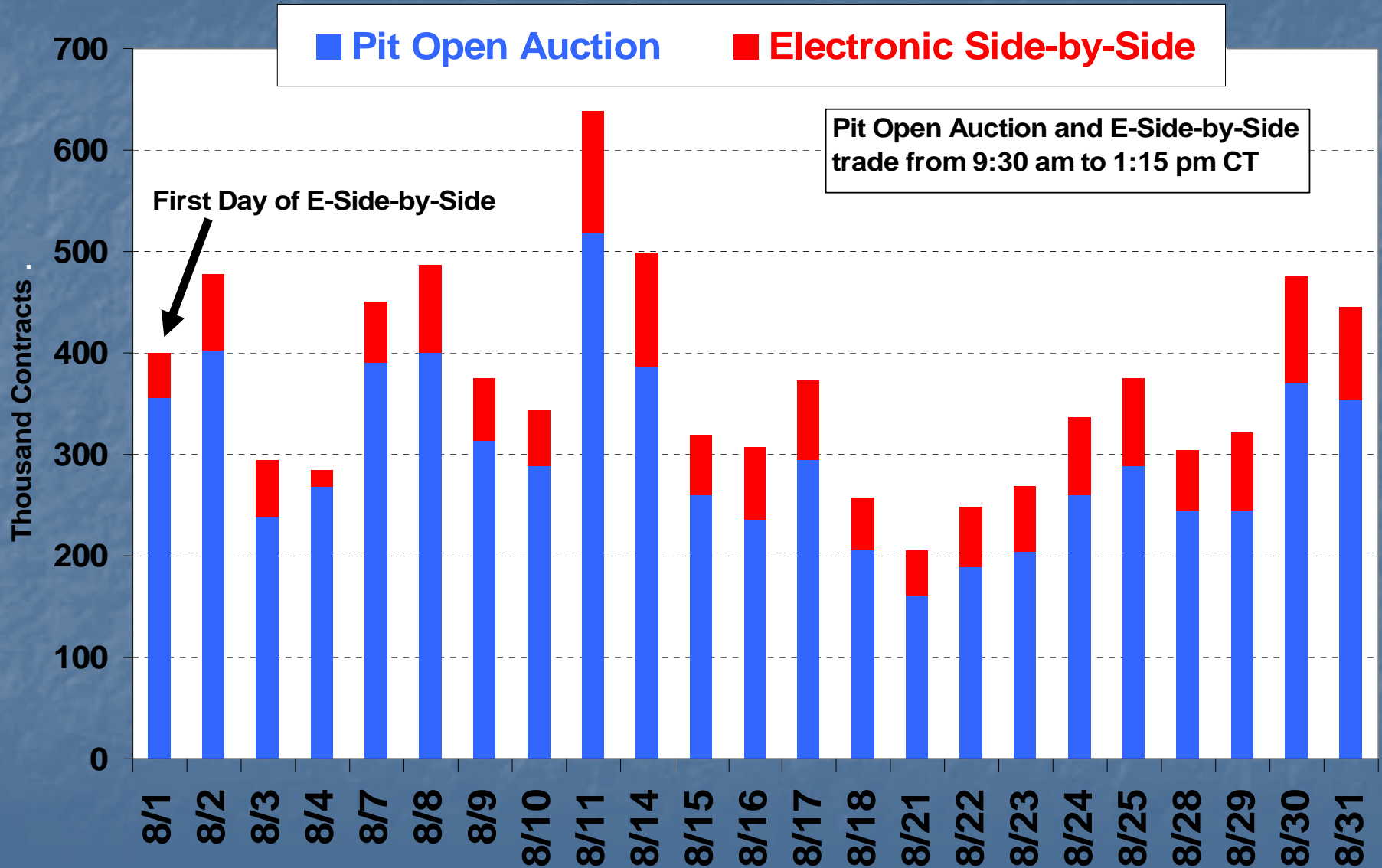


Michael Dunn, Commissioner

CFTC Website: [www.cftc.gov](http://www.cftc.gov)

# CBOT Agricultural Futures Total Daytime Volume

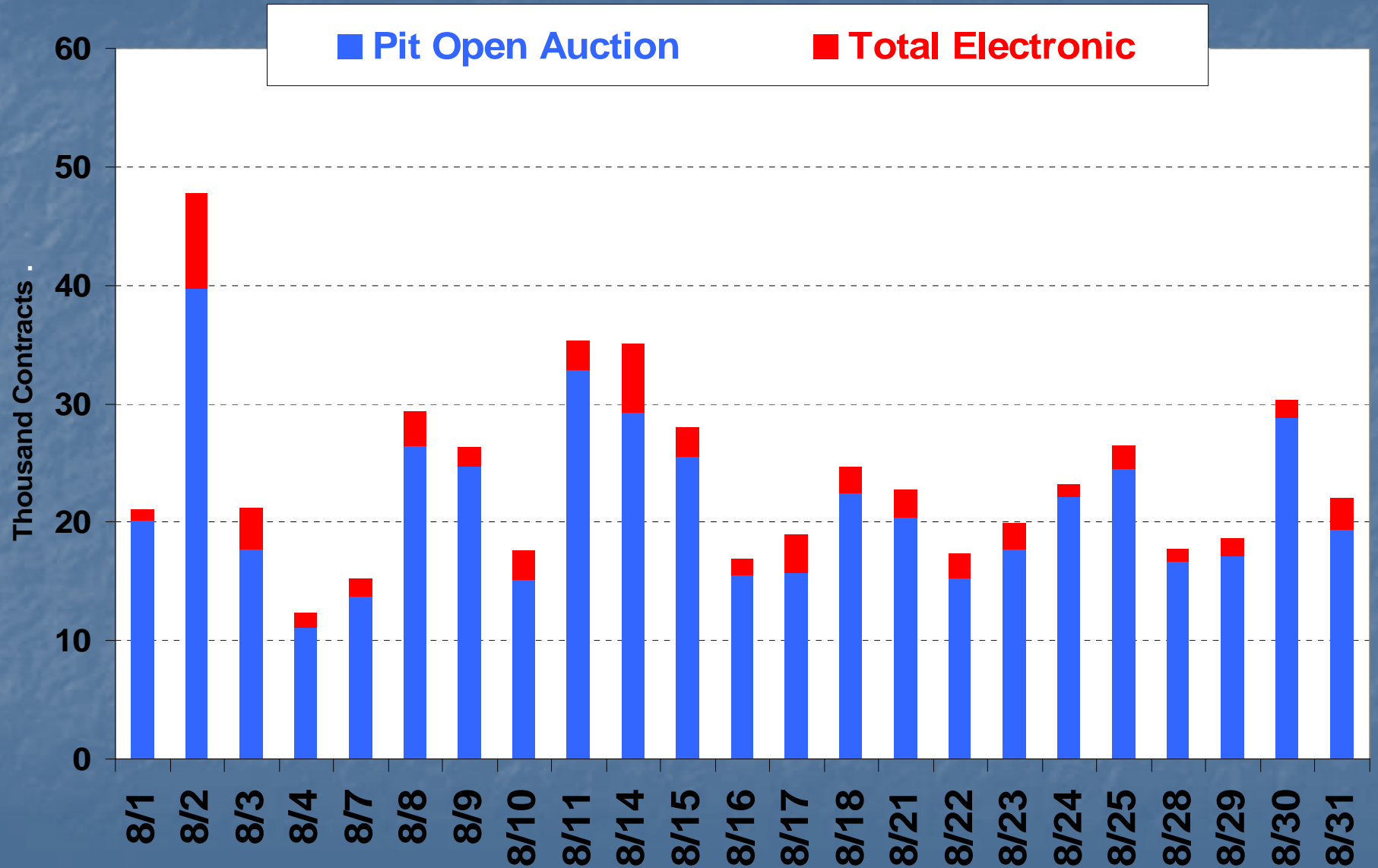
## Comparing Pit Open Auction vs. Electronic Side-By-Side



"Total Volume" includes CBOT wheat, corn, oats, soybeans, soy-meal, soy-oil and rice

# KCBOT Agricultural Futures Total Volume

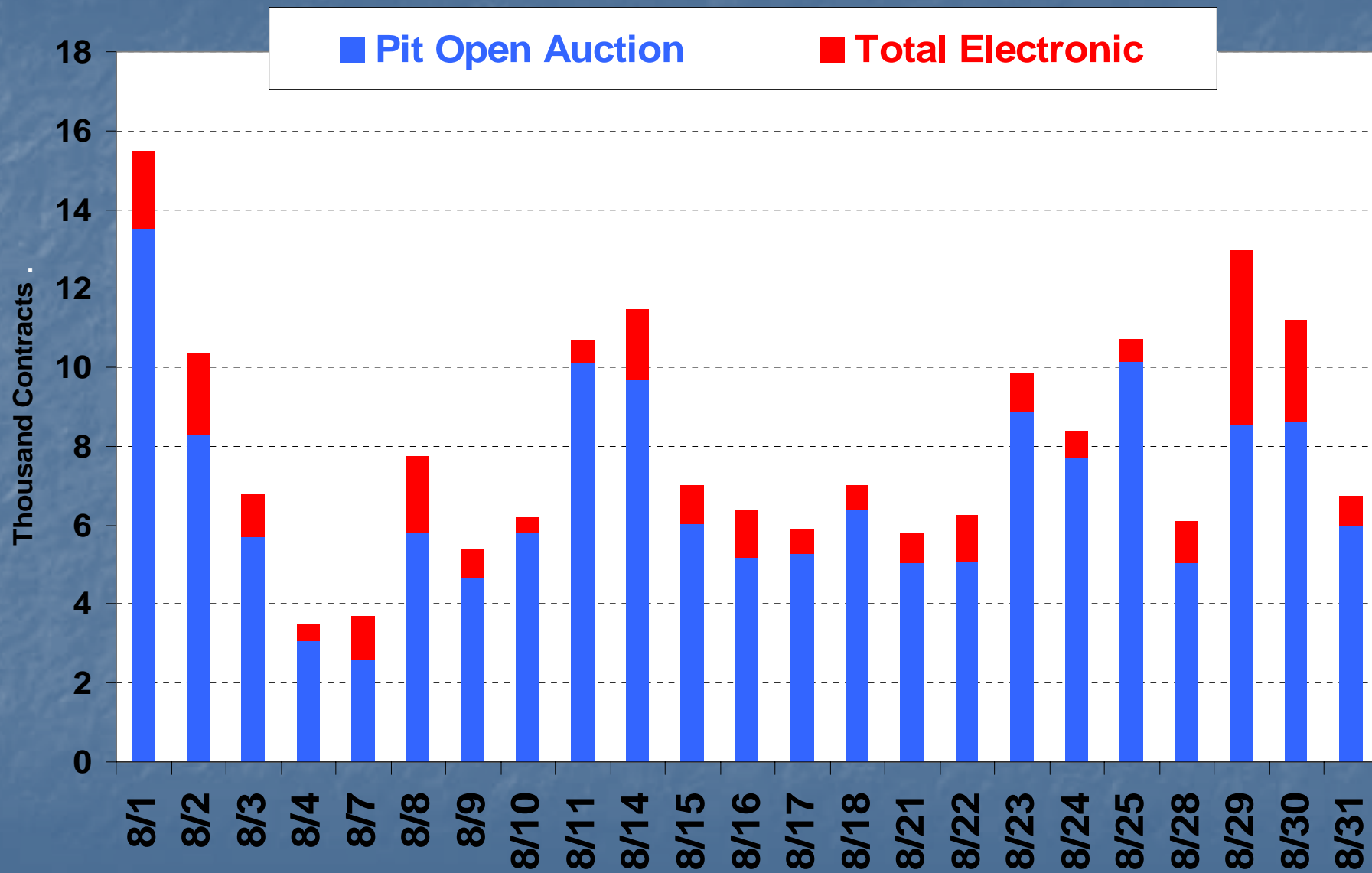
Comparing Pit Open Auction vs. Electronic Trading



"Total Volume" equals KCBOT HRW wheat. "Electronic Trading" includes daytime side-by-side and overnight.

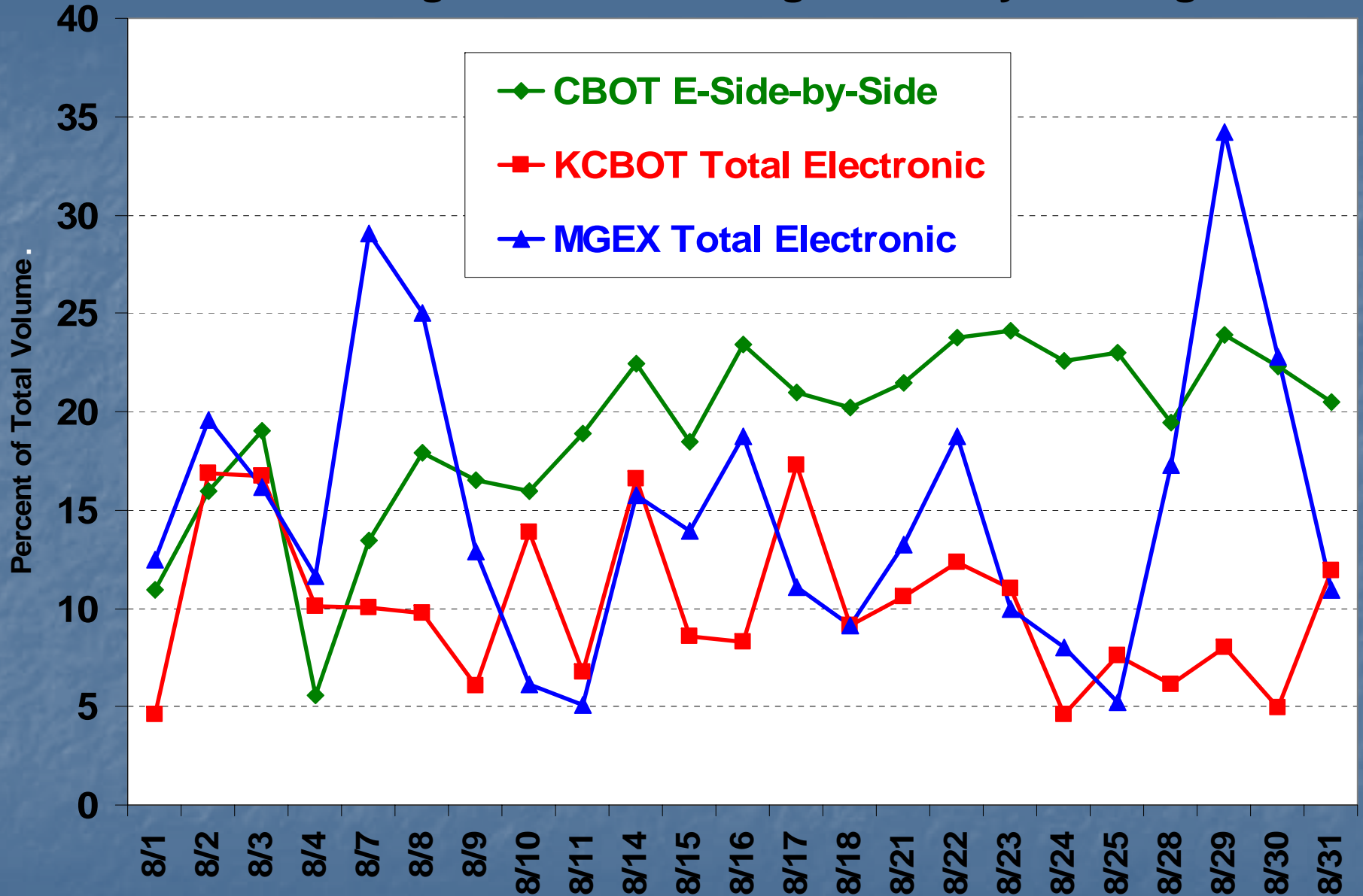
# MGEX Agricultural Futures Total Volume

## Comparing Pit Open Auction vs. Electronic Trading



"Total Volume" equals MGEX HRS wheat. "Electronic Trading" includes daytime side-by-side and overnight.

## Percent of Ag Electronic Trading Volume By Exchange



CBOT volume includes SRW wheat, corn, oats, soybeans, soy-meal, soy-oil and rice in daytime side-by-side trading.

KCBOT is HRW wheat and MGEX is HRS wheat. The "Total Electronic" at KCBOT and MGEX include day and night E-volumes.

# **WEAK BASIS ISSUE IN THE GRAINS**

**Corn, Soybeans and Soft Red Wheat all experiencing wide weak basis**

**Hard Red Wheat had a weak production year and a more normal basis**

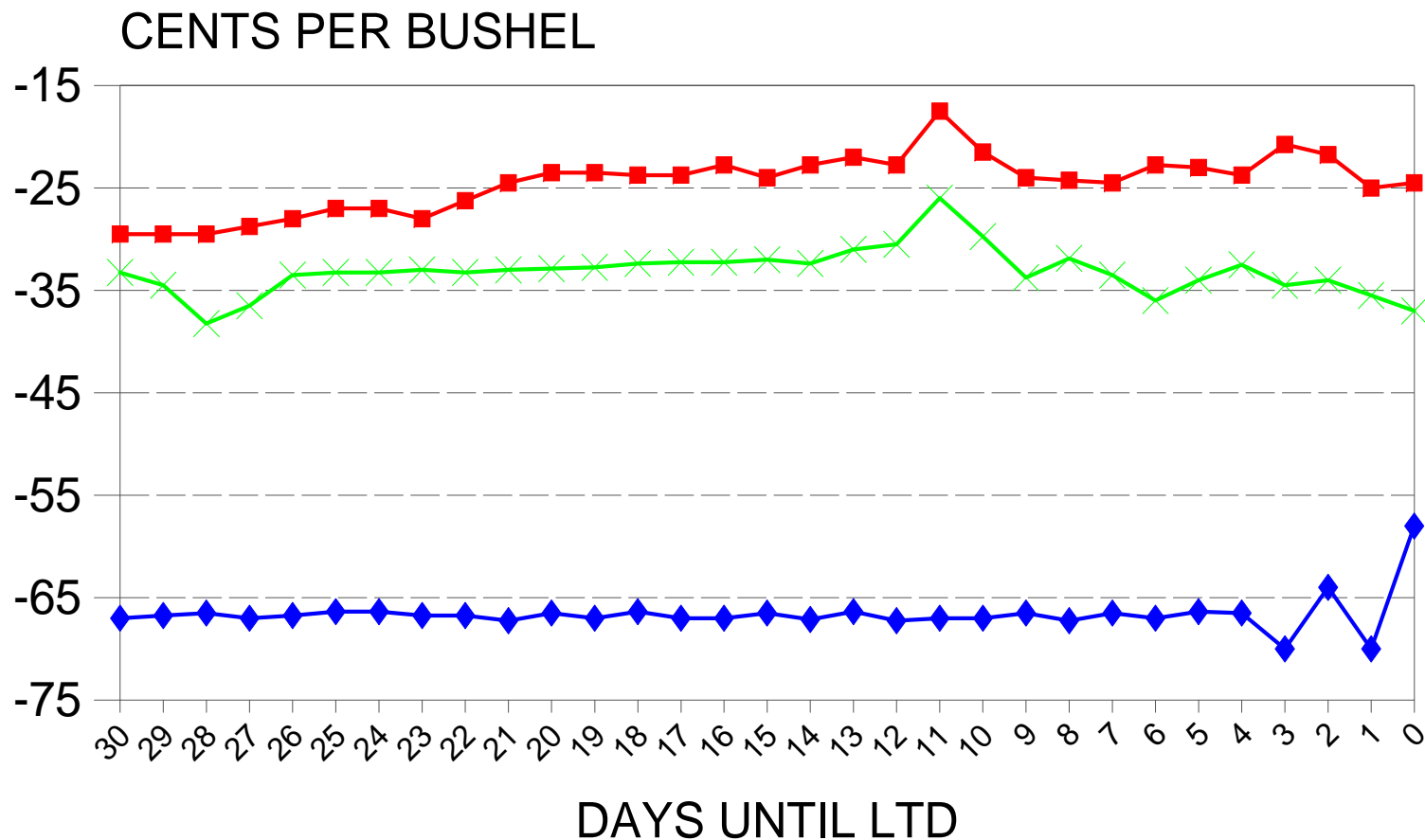
## **Causes for Weak Basis**

- 1. Large Supplies of all three grains**
- 2. Strong demand for storage**
- 3. Record Transportation costs**  
**High Fuel costs lead to high truck, barge, and rail expenses**
- 4. Low Draft reducing barge capacity by 25% on Mississippi**
- 5. Strong Demand for transportation**  
**Record rail demand leads to increased costs**
- 6. Higher Interest Rates**
- 7. Contract Design Issues**



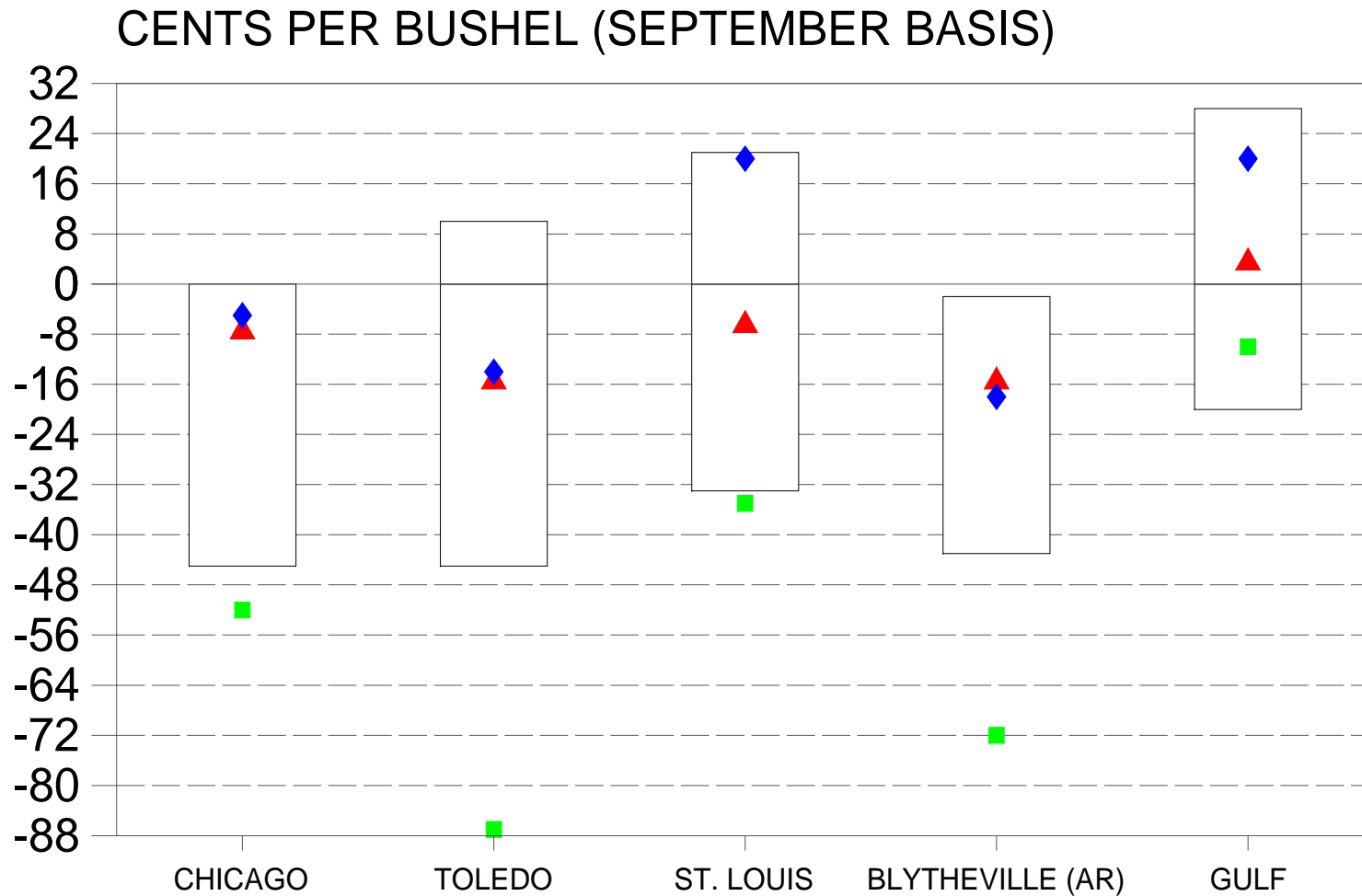
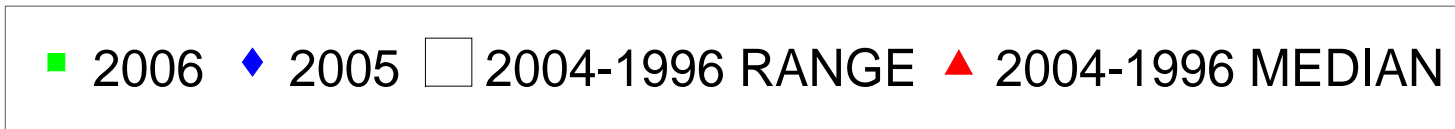
# CBOT CORN, SOYBEAN & WHEAT JULY 2006 BASIS LAST 30 DAYS OF TRADING

■ CORN ✕ SOYBEAN ◆ WHEAT



CORN AND SOYBEANS REPRESENT CASH ON THE UPPER IL. RIVER  
WHEAT REPRESENTS CASH AT TOLEDO

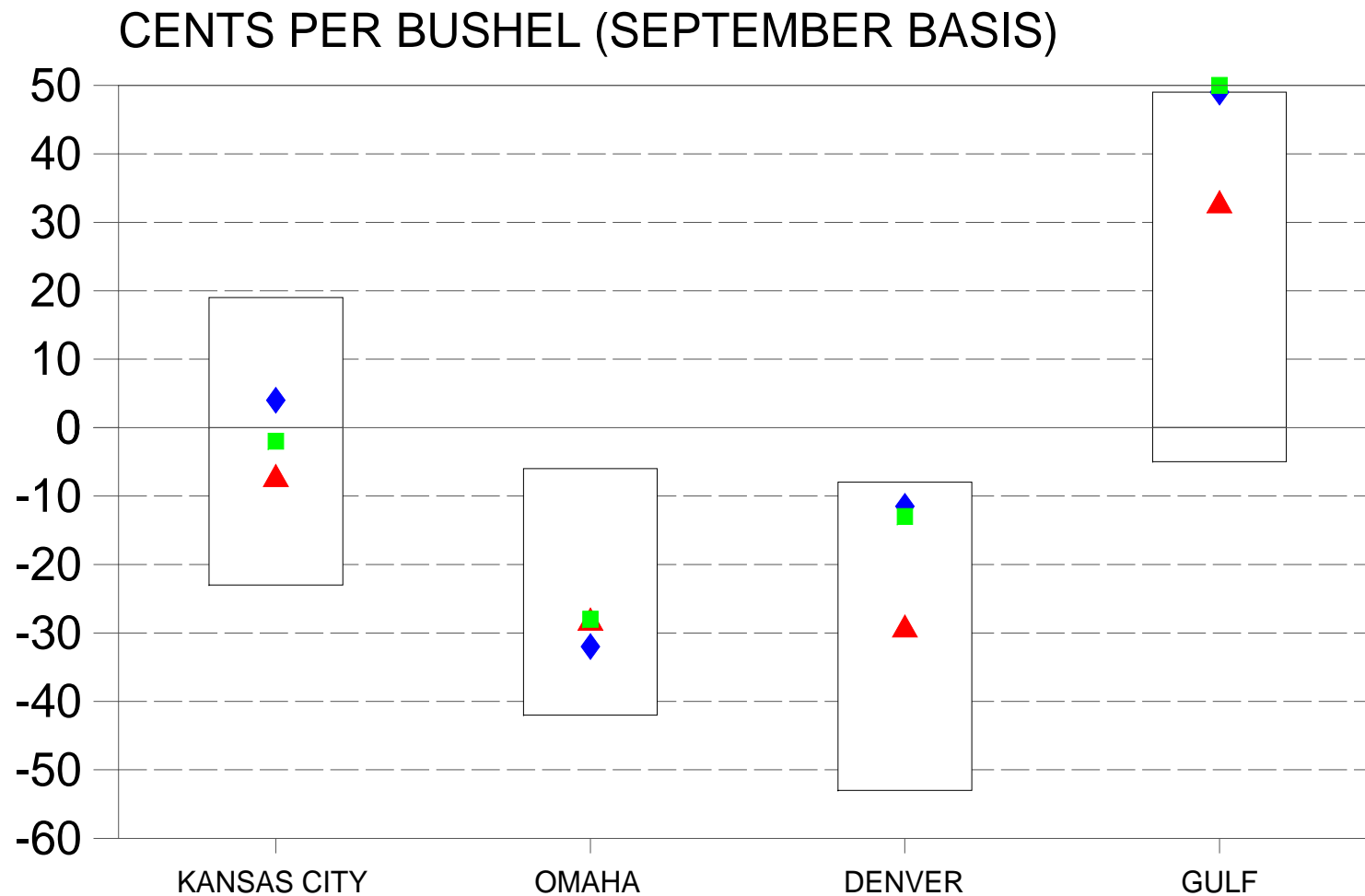
# SOFT RED WHEAT BASIS COMPARISONS FOR THE 4th WEEK OF JULY 2006, 2005, AND A 2004-1996 HIGH/LOW RANGE



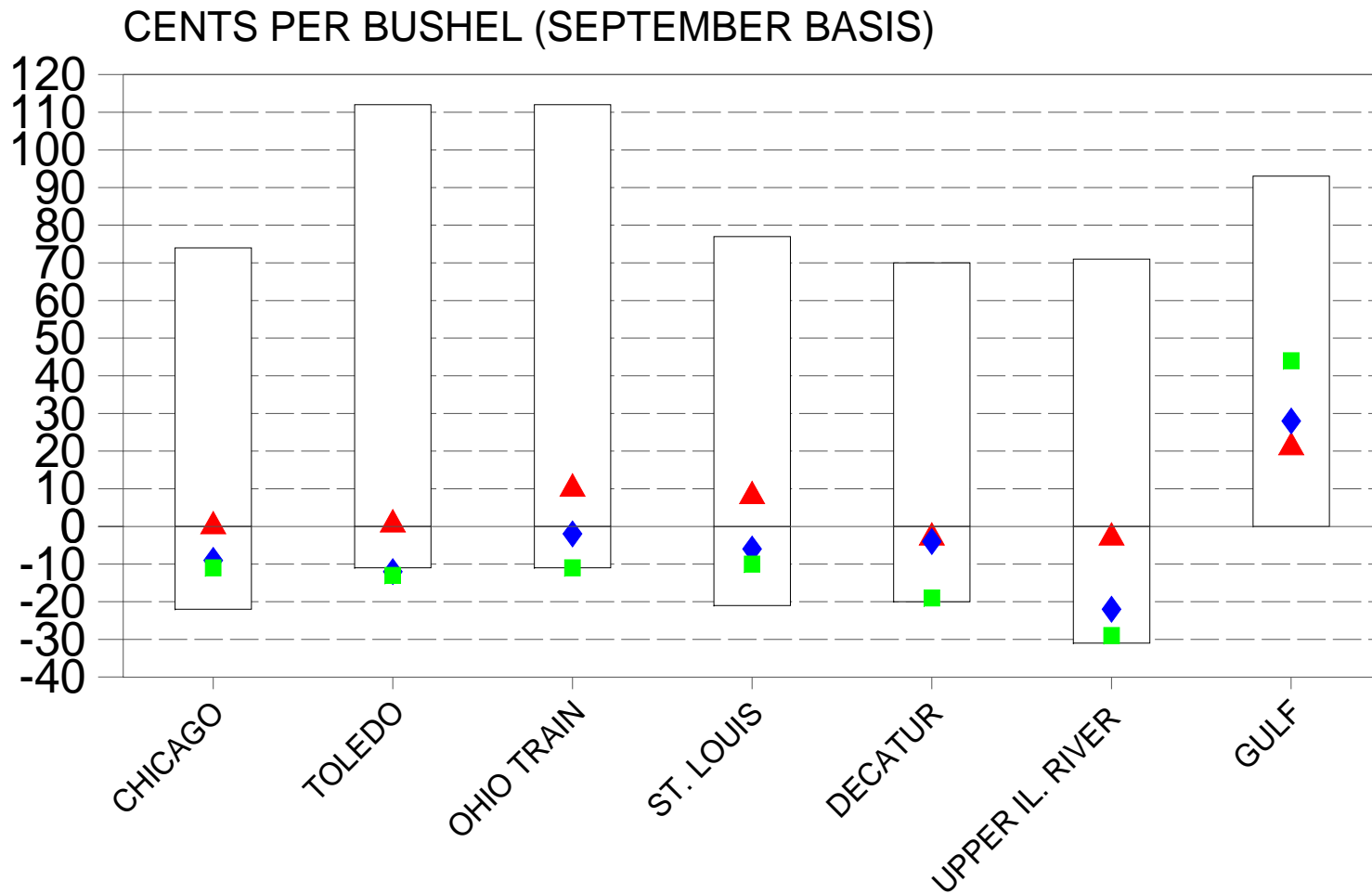


# HARD RED WHEAT BASIS COMPARISONS FOR THE 4th WEEK OF JULY 2006, 2005, AND A 2004-1997 HIGH/LOW RANGE

■ 2006    ◆ 2005    □ 2004-1997 RANGE    ▲ 2004-1997 MEDIAN

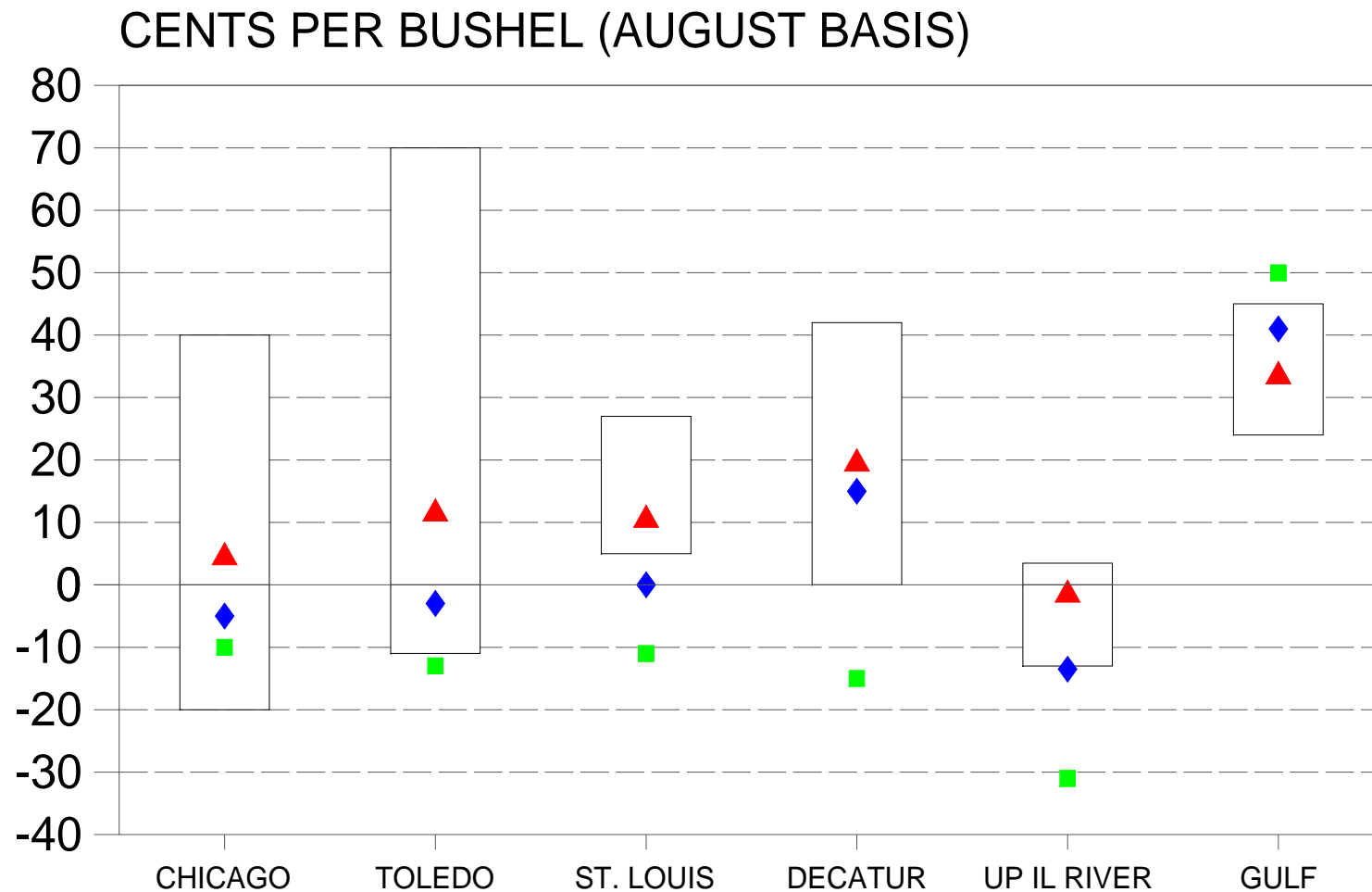


# CORN BASIS COMPARISONS FOR 4th WEEK OF JULY 2006, 2005 AND A 2004-1996 RANGE



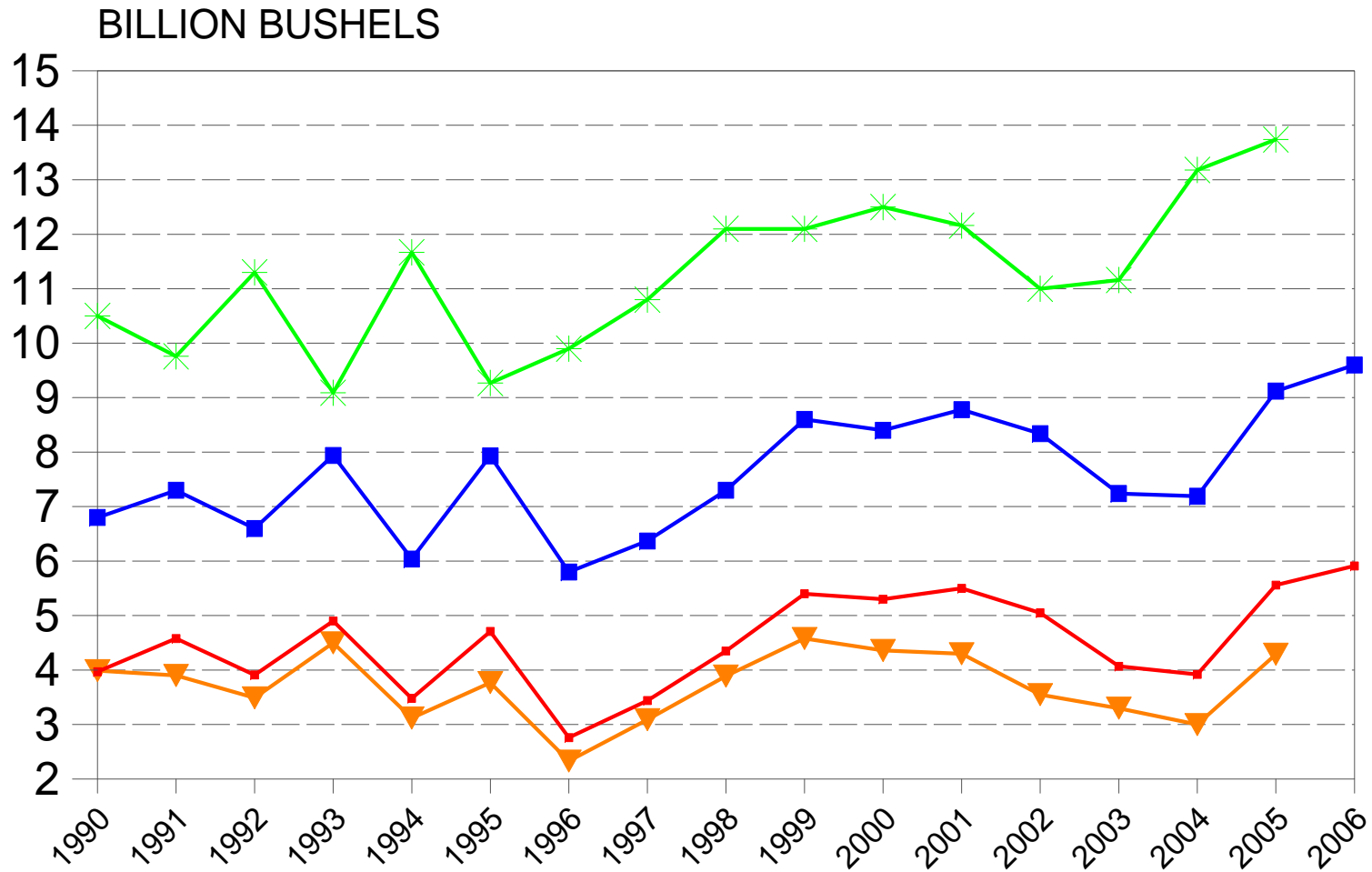
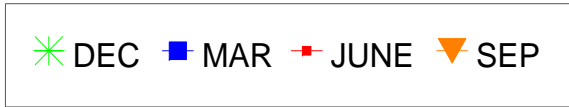
# SOYBEAN BASIS COMPARISONS FOR THE 4th WEEK OF JULY 2006, 2005, AND A 2004-1996 HIGH/LOW RANGE

■ 2006    ◆ 2005    □ 2004-1996 RANGE    ▲ 2004-1996 MEDIAN

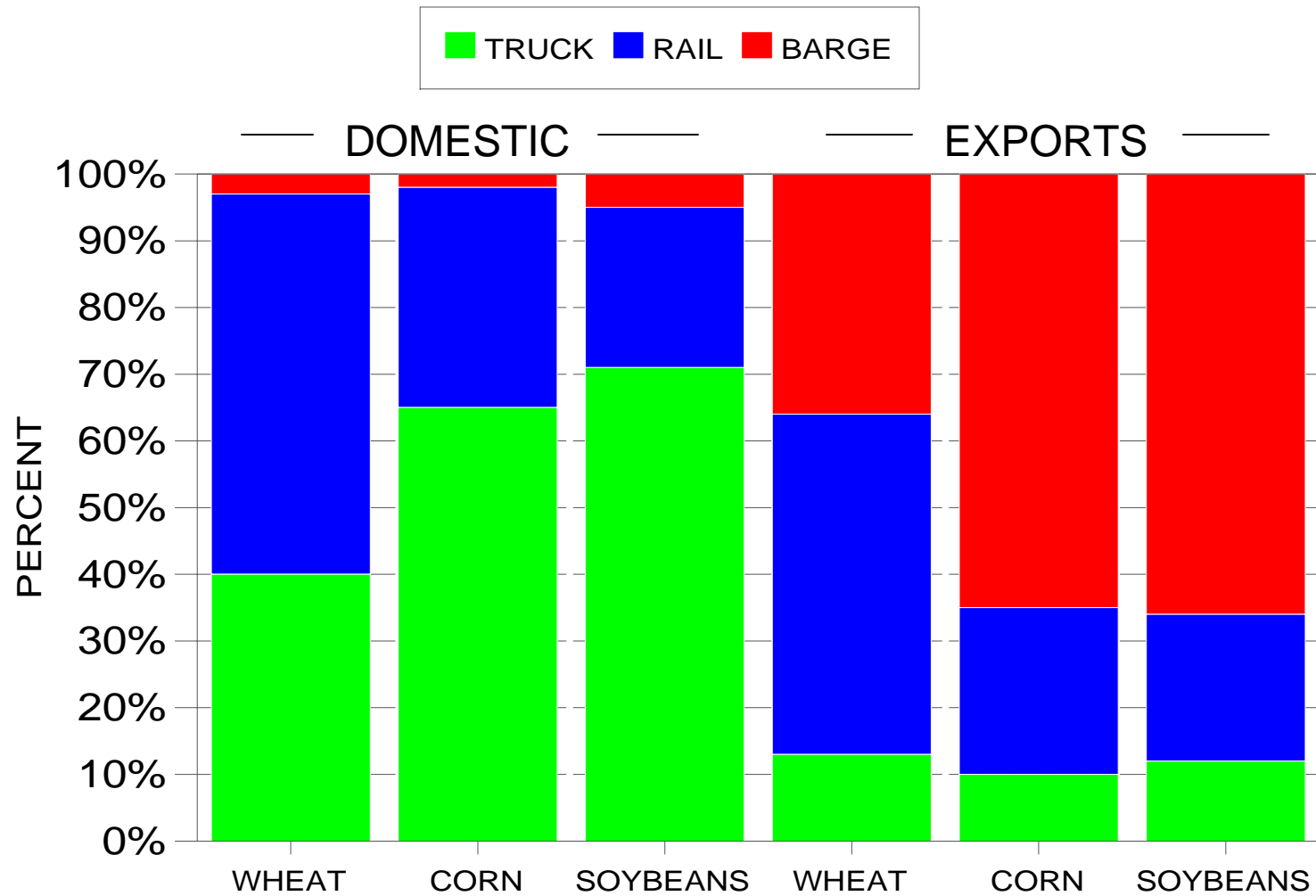


# U.S. ALL WHEAT, CORN & SOYBEAN STOCKS

## QUARTERLY 1990 THROUGH 2006



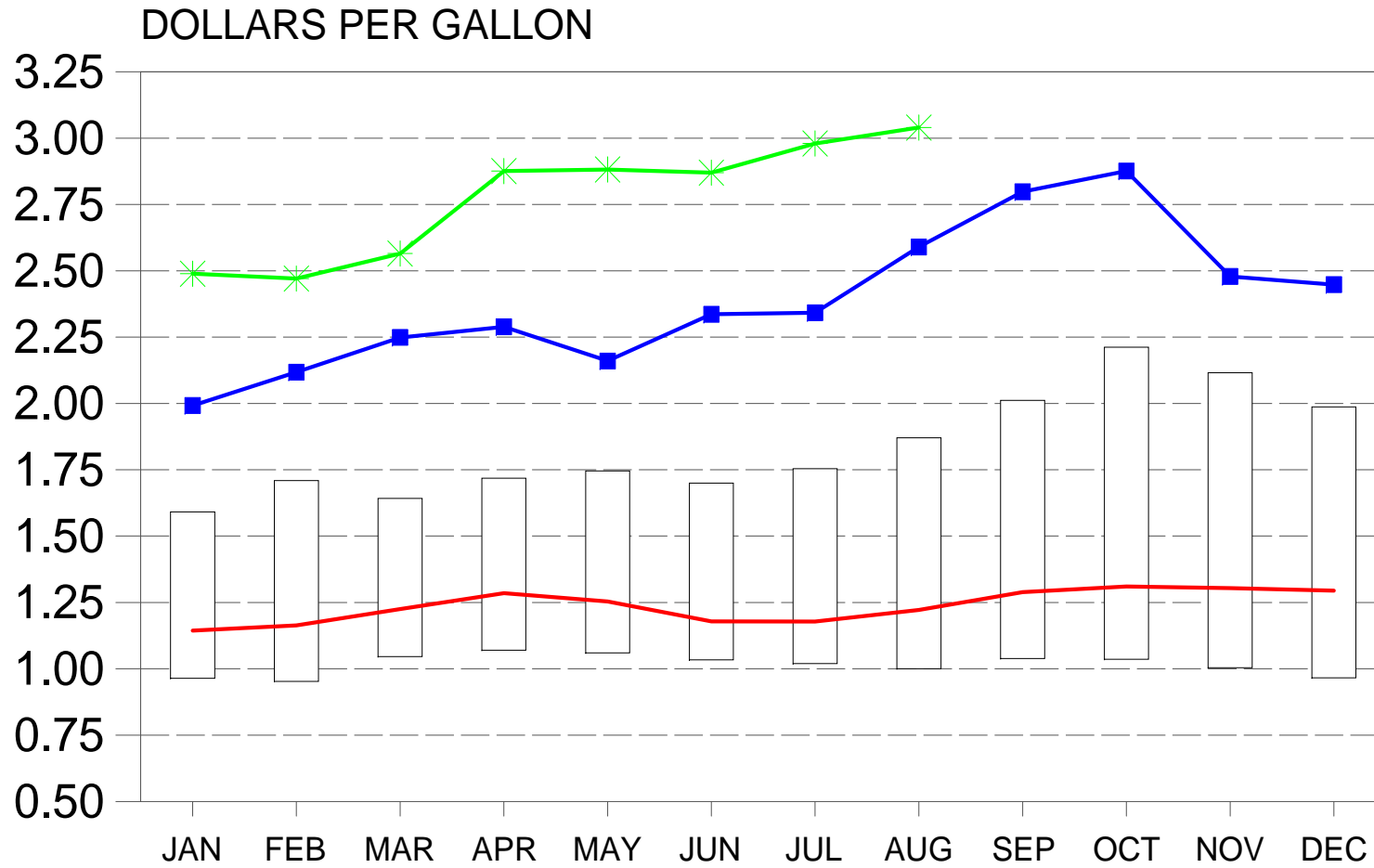
# U.S. GRAIN TRANSPORTATION MODES 1996-2004 AVERAGE PERCENTAGE



<b>BARGE</b>	<b>3%</b>	<b>2%</b>	<b>5%</b>	<b>36%</b>	<b>65%</b>	<b>66%</b>
<b>RAIL</b>	<b>57%</b>	<b>33%</b>	<b>24%</b>	<b>51%</b>	<b>25%</b>	<b>22%</b>
<b>TRUCK</b>	<b>40%</b>	<b>65%</b>	<b>71%</b>	<b>13%</b>	<b>10%</b>	<b>12%</b>

# U.S. DIESEL AVERAGE PRICE 2006, 2005 AND A 2004-1994 RANGE

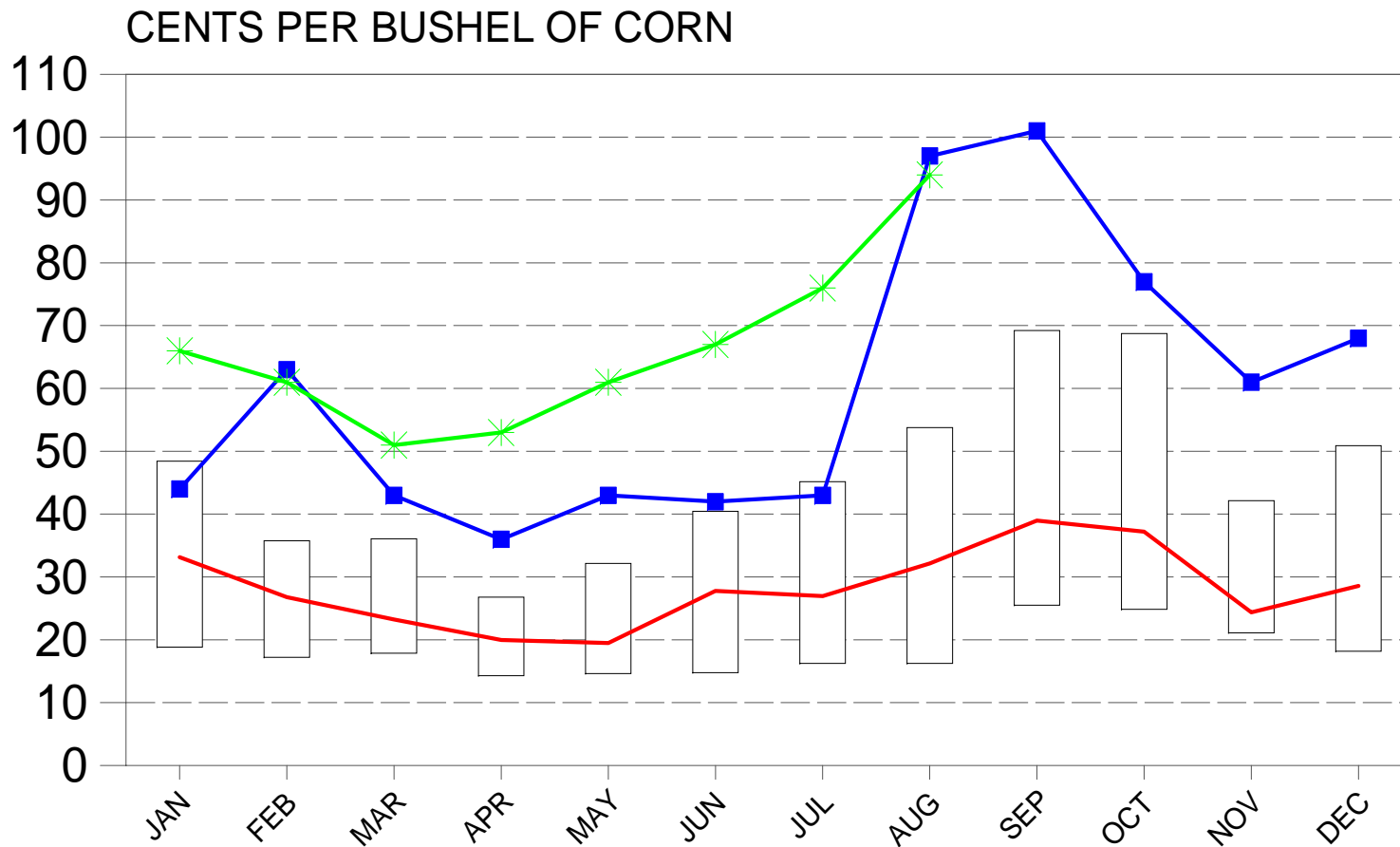
\* 2006   ■ 2005   □ HIGH/LOW 2004-1994   — MEDIAN 2004-1994



SOURCE: DEPARTMENT OF ENERGY MONTH-END DATA, EXCEPT FOR AUGUST 2006.

# ILLINOIS RIVER BARGE FREIGHT RATE

## 2006, 2005 AND A 2004-1994 RANGE



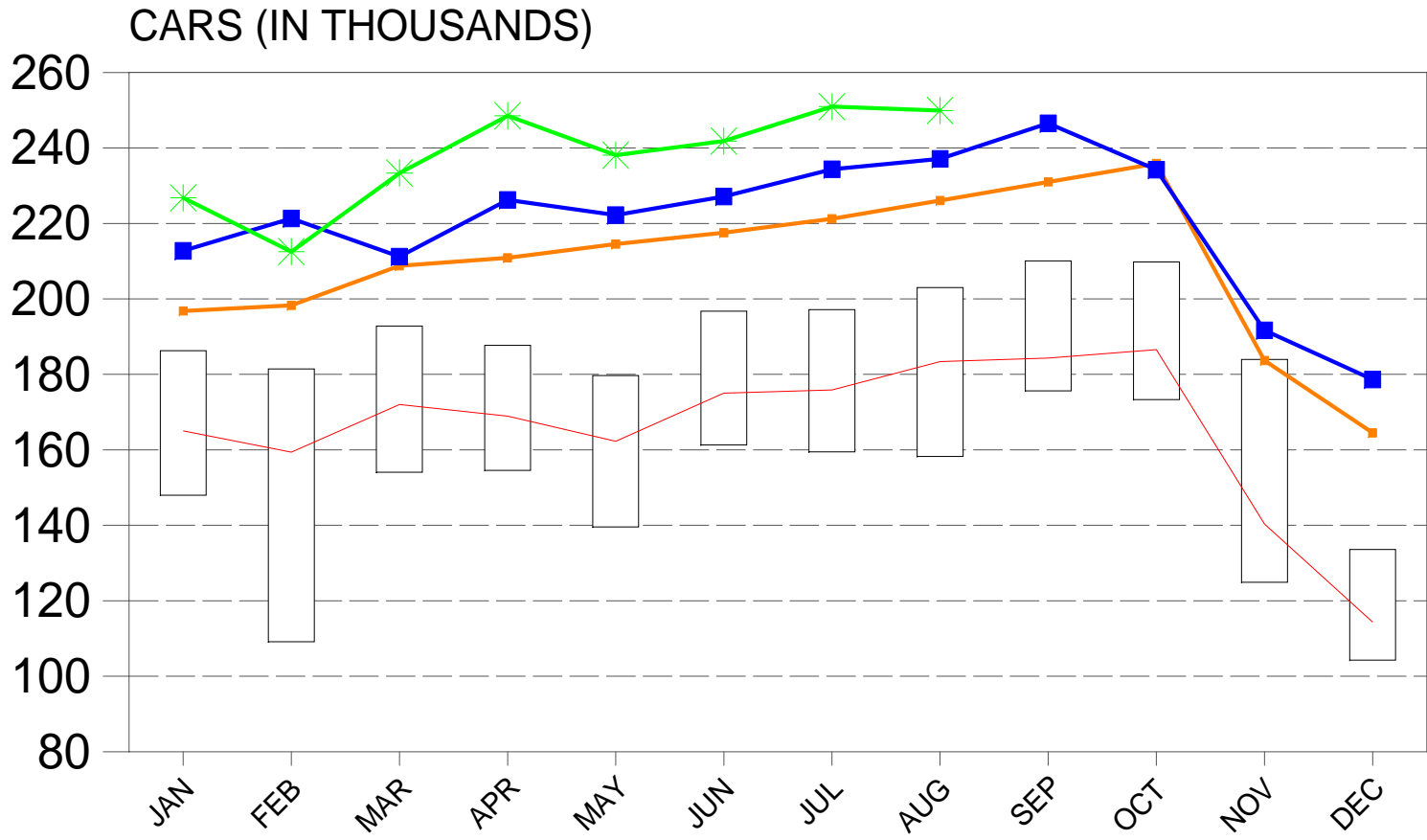
FREIGHT RATE = COST TO BARGE CORN FROM CHICAGO TO NEW ORLEANS. MONTH-END DATA  
 HURRICANE KATRINA IMPACTED THE AUGUST AND SEPTEMBER 2005 FREIGHT COSTS DRAMATICALLY.



# U.S. MONTH-END RAILCAR LOADINGS

## 2006, 2005, 2004 AND A 2003-1994 RANGE

✱ 2006   
 ■ 2005   
 — 2004   
 □ HIGH/LOW 2003-1994   
 — MEDIAN 2003-1994

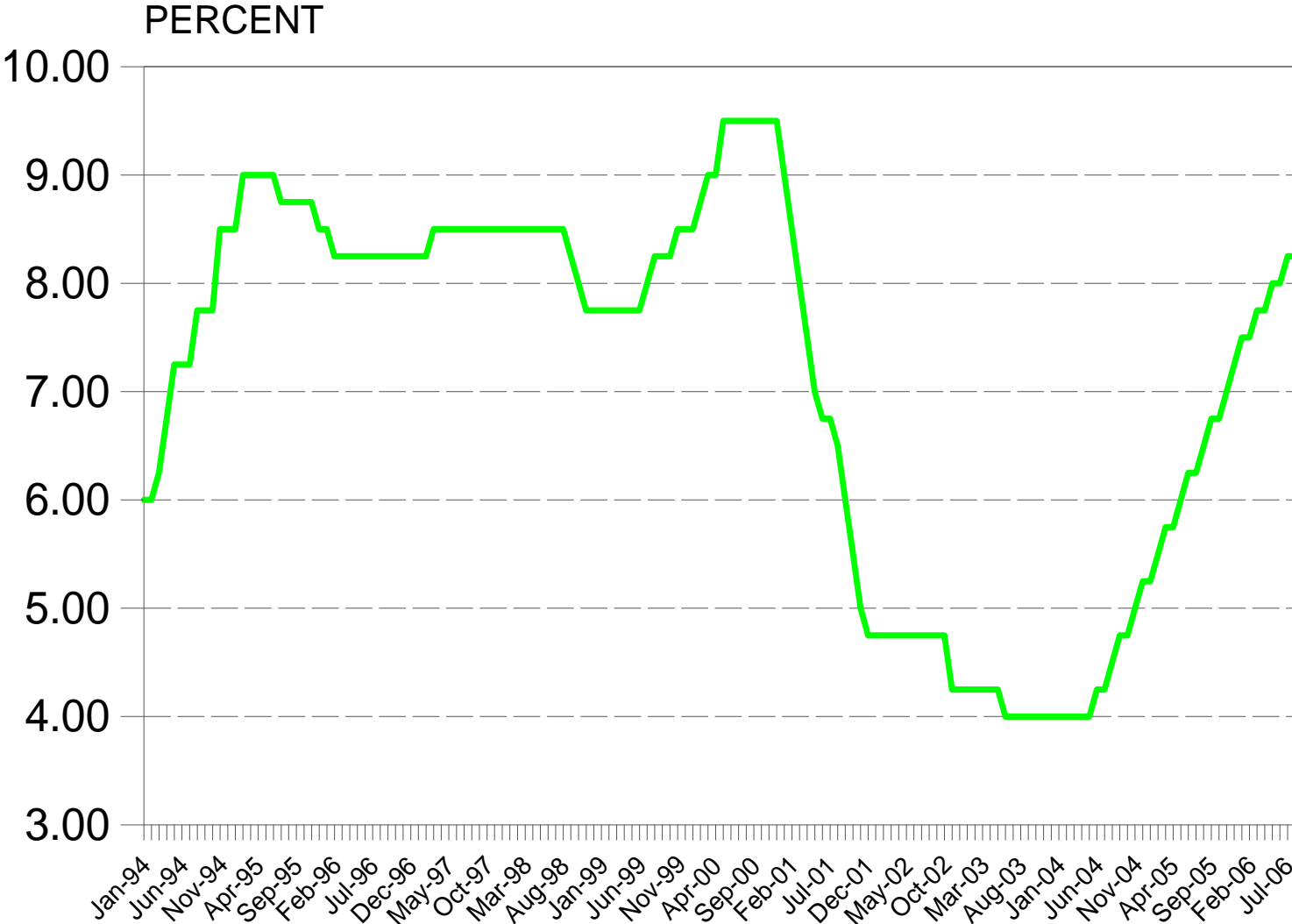


INCLUDES ALL COMMODITES LOADED - IN THE LAST WEEK OF THE MONTH.  
 SOURCE: ASSOCIATION OF AMERICAN RAILROADS

# U.S. PRIME INTEREST RATE

## 1994 THROUGH AUGUST 2006 MONTHLY DATA

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## **CBOT Activity concerning the Weak Basis**

- 1. CBOT has sent out a survey  
Commercials asked about storage rates**
- 2. Contacts with the CFTC**
- 3. Meetings with Industry and Farm Groups**

## **CFTC Activity concerning the Weak Basis**

- 1. Numerous briefings since the year 2000 alerting Commission to the problem**
- 2. Interviews with the Industry**
- 3. Contacts with the CBOT**
- 4. Presentations to Futures Participants and Farm Groups**
- 5. Examination of Large Trader Data**