A Primer on Wheat Futures by Jennifer More

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The supply and demand of agricultural commodities such as wheat depends on factors like temperature, precipitation, and the changing needs of consumers. In the last few years, prices for agricultural commodities have risen sharply and one major contributing factor for this has been the demand from emerging economies, especially China. All these factors make the market for agricultural commodities very interesting. However, in this article we will focus only on the wheat futures market.

Wheat has a number of uses. It is used for production of flour for breads, pastas, and more food products. It also used as animal feed. Wheat prices, like prices for any other commodity, depend on supply and demand factors. Traders looking to speculate on wheat prices can trade these futures on the Chicago Board of Trade (CBOT).

The size of a contract for wheat on the CBOT is 5,000 bushels. The price is quoted in cents per bushel. The contract months for these futures include July, September, December, March, and May. The trading symbol for wheat futures on CBOT is W. For electronic trading sessions, the ZW symbol is used.

The deliverable wheat grades for a futures contract on CBOT at the contract price are No. 2 Soft Red Winter Wheat, No. 2 Hard Red Winter Wheat, and No. 2 Dark Northern Spring Wheat. These futures are also traded on the Kansas City Board of Trade (KCBT) under the ticker symbol KW in cents per bushel. The symbol for wheat futures in electronic trading sessions is KE.

According to a recent report from the United States Department of Agriculture (USDA), global wheat supplies may total 210.02 million tons, the most since 2000. This is due to major wheat producers, including Australia and Russia, raising production. A number of analysts believe that there is a surplus of wheat right now. All of these factors mean that wheat prices are expected to slip.

Traders looking to play this market can benefit from the services of Barchart. With the help of Barchartâ€™s Futures News/Commentary page, traders can stay informed about the latest developments in the agricultural commodities futures market. Barchart uses a number of sources to provide news and commentary on the futures market. Traders can view the Brugler Agricultural Commentary on the Web site, which offers daily overviews on three times a day at open, mid-day, and close of the Agricultural markets. The commentary on the agricultural markets is by Alan Brugler, who has significant experience in the commodity markets.

For more information, visit www.barchart.com.

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Ryan Harris is interested in the stock market, and he loves to go to barchart.com to get the latest info on high dividend stocks. Get the latest info on a free stocks, feel free to visit the website.

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