

Grain market mystery solved

Written by Business News

Something extraordinary happened in the futures grain market beginning in 2005. The cash price and futures price, which normally converge by the time a grain contract matures, weren't coming together. Instead, they were moving farther apart—and not by just a little. By September 2008, the wheat futures price was an unprecedented \$2 higher per bushel than the spot price in Toledo at delivery. What caused this unusual non-convergence was a simple difference in the storage rate, but discovering that took several researchers almost three years of hard work and quite a bit of anxiety.

Read more <http://www.alphagalileo.org/ViewItem.aspx?ItemId=148592&CultureCode=en>