

Transportation and Export Report for 10 January 2019

Ocean Freight Insights and Comments:

It was an ugly week for vessel owners as Dry-Bulk ocean freight markets continued their downward slide. Paper index traders threw in the towel this week. Physical Buyers have not been motivated to pay up and vessel owners are being forced to take the bids they can find. It is indeed a soft market. Daily hire rates for Panamax vessels have dipped below \$10,000/day. This is getting quite concerning for vessel owners and their banks as the anticipated 2019 market rally is not materializing. Facing serious cost increases relative to the 2020 lower CO2 emissions standards (IMO2020); owners must now question their ability to stay profitable and even afloat. The resulting reduction in new vessel orders has also put ship building yards in a very shaky financial situation. All hope rests on an improving global economy which has not yet shown expected growth rates.

BALTIC DRY-BULK PANAMAX INDEX CHANGES

Panamax Ocean Freight Indices				
10-Jan-19	This Week	Last Week	Difference	Percent Change
P2A : Gulf/Atlantic - Japan	16356	18723	-2,367	-12.6%
P3A - PNW/Pacific - Japan	9312	9894	-582	-5.9%
S1C -USGULF-China-So.Japan	23322	26107	-2,785	-10.7%

Recent history of freight values for Capesize vessels of Iron-Ore from West Australia to South China:

Four weeks ago:	\$7.95-\$8.25
Three weeks ago:	\$8.40-\$8.90
Two weeks ago:	\$7.50-\$8.75
One week ago:	\$6.60-\$7.25
This week	\$6.50-\$6.80

US Vessel Line-Ups/Estimated vessel berthing delays at U.S. Export Grain Elevators:

Mississippi River:	(10 elevators)	2-7 days
Miss. River Mid-Stream loaders:	(6+ Rigs)	0-7 days
Texas Gulf	(6 elevators)	0-6 days (only 1 facility has a lineup)
Pacific Northwest:	(9 elevators)	0-7 days

Panamax Market Spreads to Asia -China					
10-Jan-19	PNW	GULF	Bushel Spread	MT Spread	Advantage
CORN	0.95	0.56	0.39	\$15.35	PNW
SOYBEANS	0.80	0.30	0.50	\$18.37	PNW
OCEAN FREIGHT	\$23.25	\$43.50	.51 - .55	\$20.25	February

Recent Reported Vessel Fixtures:

66,000 mt US Gulf to N China February 01-15 at \$42.50 fio 10000shex/8000shex -CHS.

>

Route and Vessel Size	Current Week USD/MT	Change from previous week	Remarks
55,000 U.S. Gulf-Japan	\$45.00	Down \$2.00	Handymax \$46.00 mt
55,000 U.S. PNW- Japan	\$24.00	Down \$1.00	Handymax \$24.50 mt
66,000 U.S. Gulf – China PNW to China	\$43.50 \$23.25	Down \$2.50 Down \$1.25	North China
25,000 U.S. Gulf- Veracruz, México	\$17.00	Down \$0.50	3,000 MT daily discharge rate
30-35,000+ U.S. Gulf- Veracruz, México	\$14.50	Down \$0.50	Deep draft and 6,000 MT per day discharge rate.
25/35,000 U.S. Gulf- <u>East Coast Colombia</u> From Argentina	\$20.00 \$34.50	Down \$0.50	<u>West Coast Colombia at \$29.75</u>
43-45,000 U.S. Gulf - Guatemala	\$30.50	Down \$0.50	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf – Algeria	\$35.00 \$36.00	Down \$1.00	8,000 mt daily discharge 3,000 mt daily discharge
26-30,000 US Gulf-Morocco	\$37.00	Down \$1.00	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt PNW to Egypt	\$30.00 \$30.00	Down \$2.25	60,000 -55,000 mt Russia Black Sea to Egypt \$15.50-\$16.50
60-70,000 U.S. Gulf – Europe – Rotterdam	\$18.75	Down \$0.75	Handymax at +\$1.75 more
Brazil, Santos – China Brazil, Santos – China Itacoatiara-Port Up River North Brazil	\$32.25 \$31.00 \$35.25	Down \$2.00	54-59,000 Supramax-Panamax 60-66,000 Post Panamax 60-66,000 mt
56-60,000 Argentina/Rosario- China Deep Draft	\$36.00	Down \$2.00	Up River with BB Top Off \$38.50

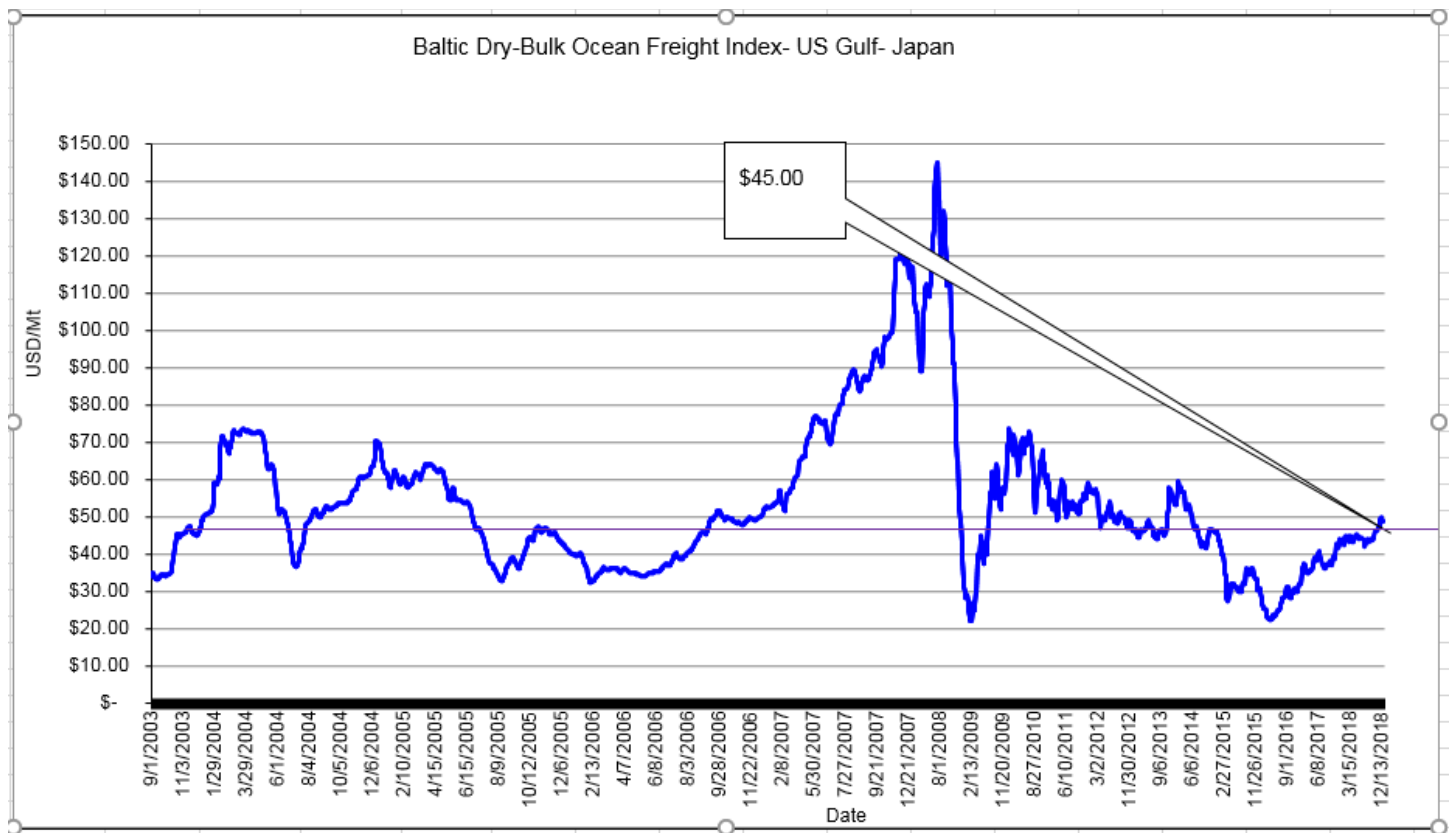
- The above rate estimates reflect the 30-45-day forward ocean freight markets.

Nautical Miles: To Xiamen China (South China)

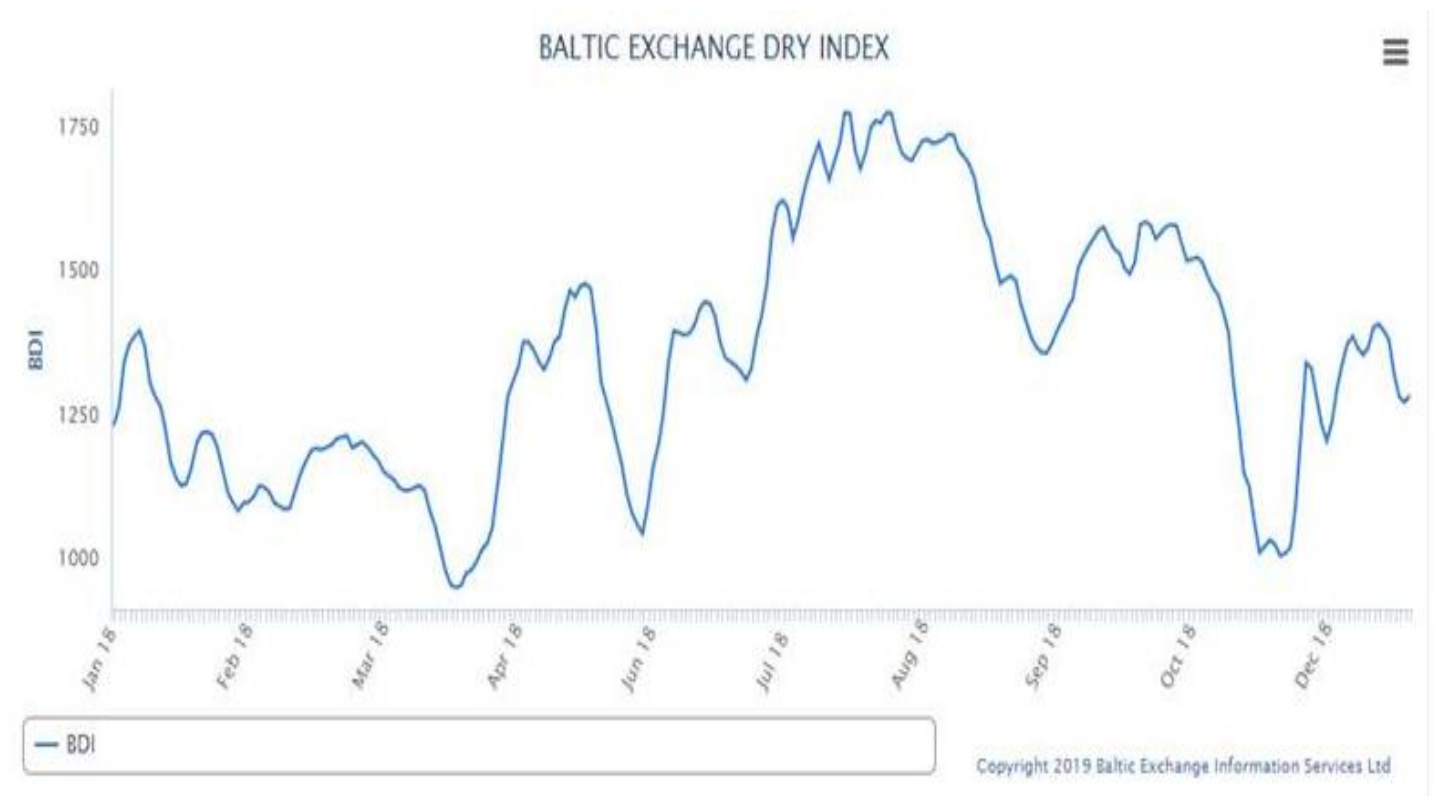
US Gulf (NOLA) (via Panamá Canal) – 10,232 nautical miles (32 days)

Santos Brazil (via Cape of Good Hope) - 10,441 nautical miles (33 days)

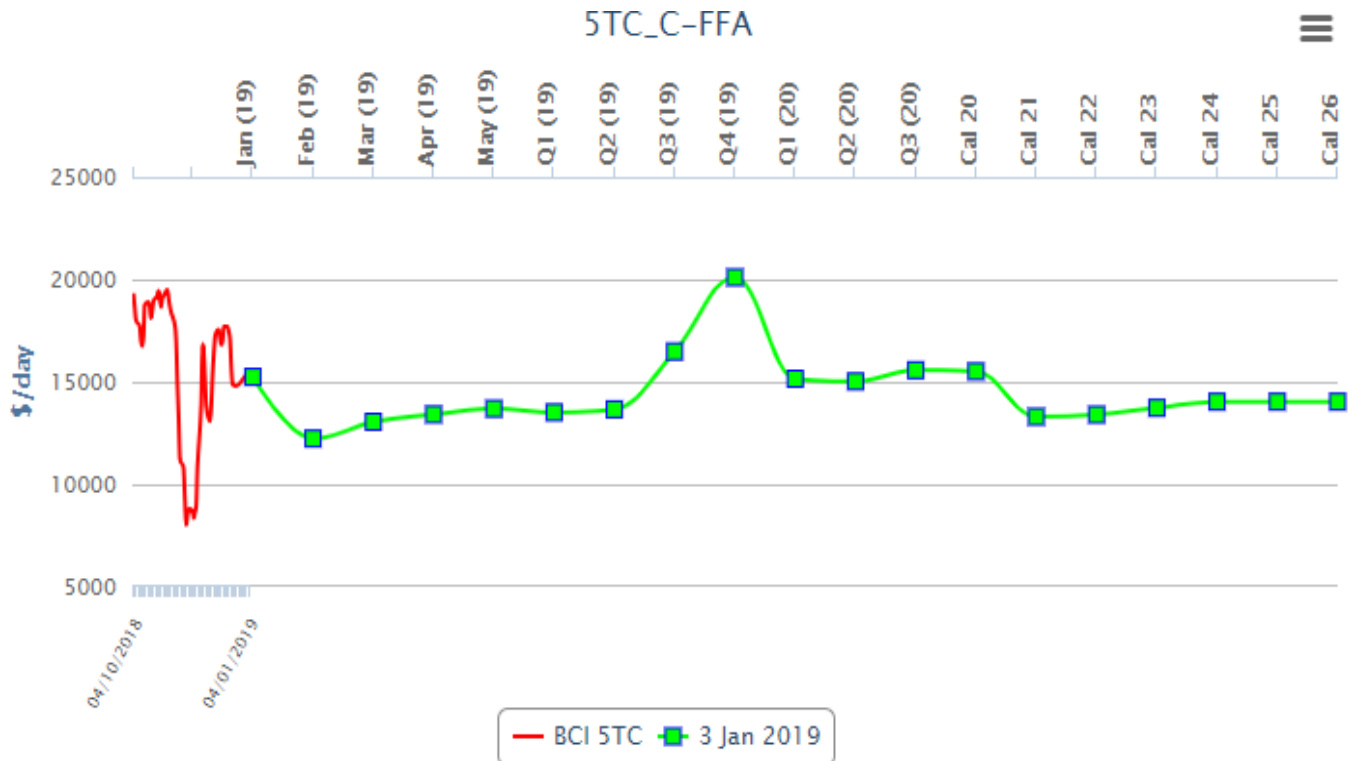
Rasario Argentina (via Cape Horn) - 10,751 nautical miles (34 days)



Baltic Dry Index.

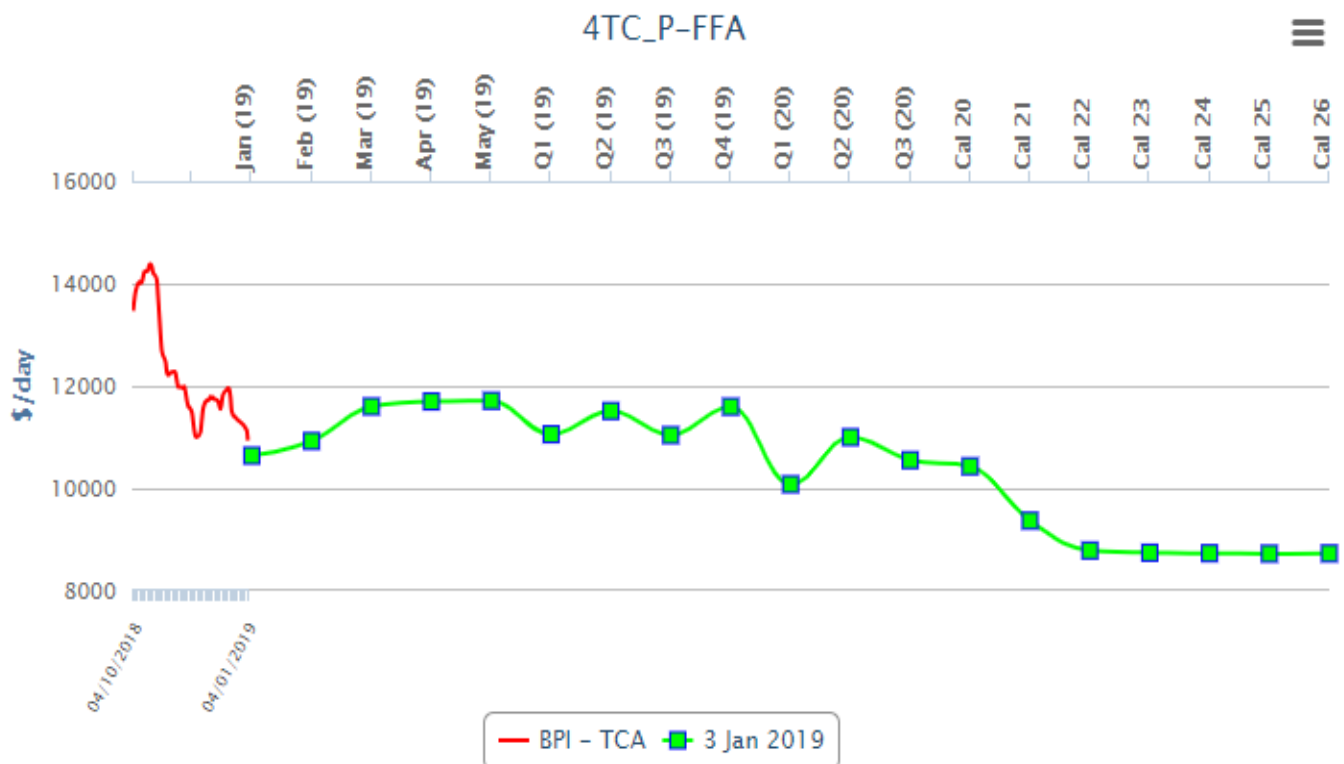


Baltic Capesize Index



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Forward Curve for Baltic BPI Panamax Vessel Freight

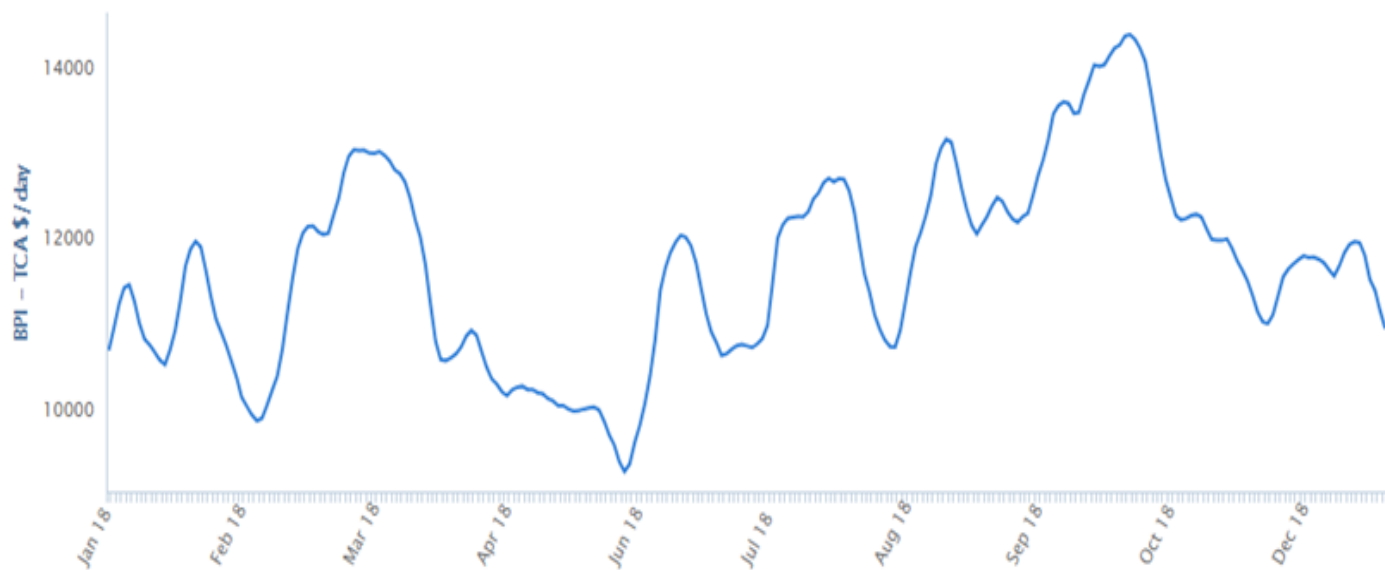


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Baltic Panamax Index

Panamax

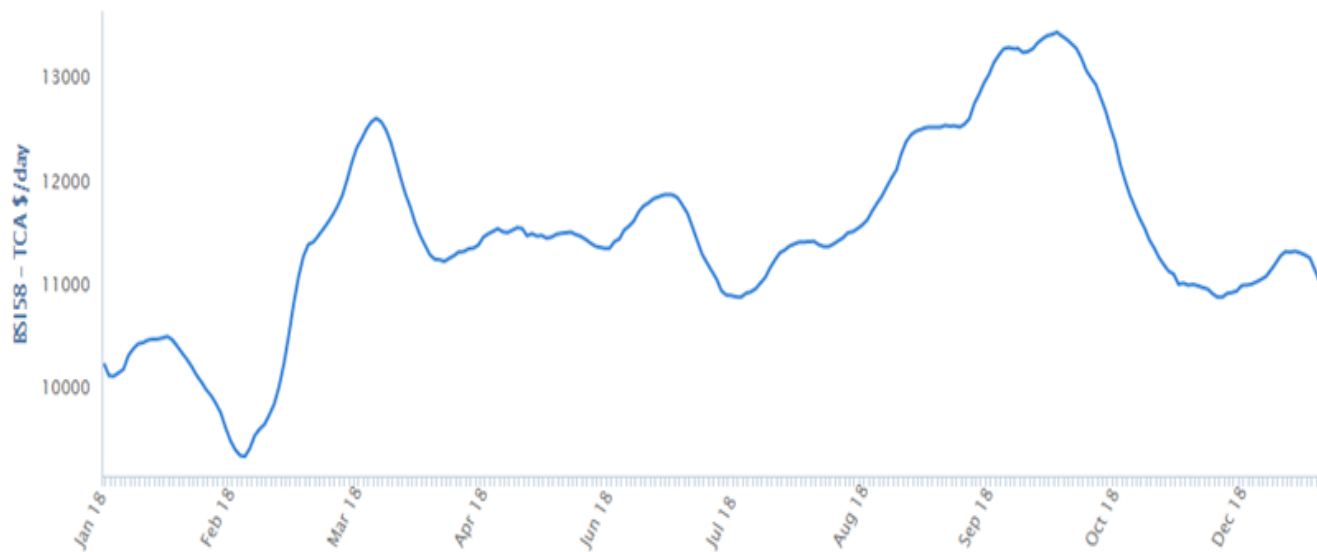
BPI



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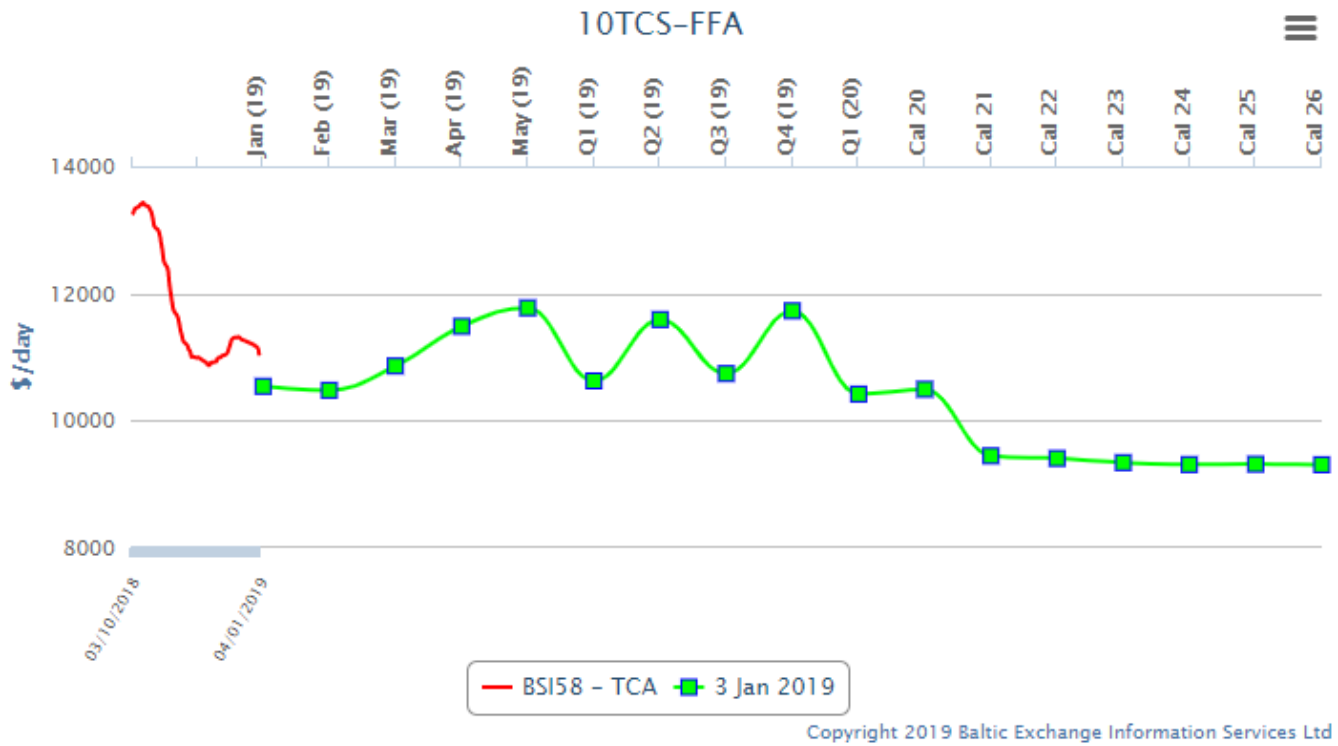
Baltic Supramax Vessel Index

Supramax

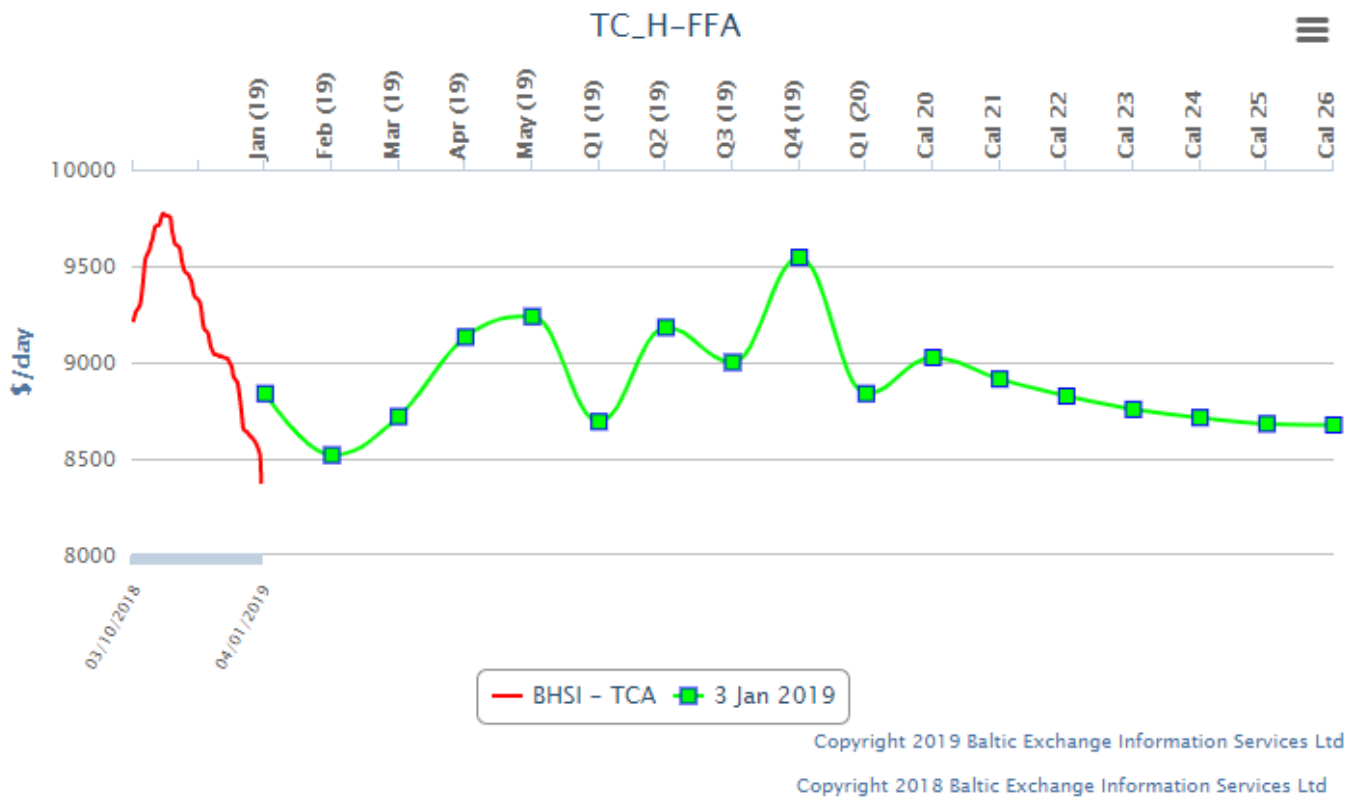


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Supramax Dry-Bulk Forward Curve



Baltic Handy Size



YAMAMIZU Index



Zoom **1m** 3m 6m YTD 1y 3y 5y All

From 2007-01-29 To 2019-01-09



China Import Dry Bulk Freight Index(CDFI)					
2019-01-10					
Route	Size MT	Cargo/Vessel Size	Unit	Rate	Change
Composite Index			Point	835.69	-16.02
Iron ore Freight Index			Point	804.49	-21.96
Soybean Freight Index			Point	936.78	-17.59
Santos(Brazil)—North China	60000/10%	Soybean	\$/ton	30.268	-0.602
Tacoma(West America)—North China	60000/10%	Soybean	\$/ton	23.895	-0.240
Mississippi(US Gulf)—North China	66000/10%	Soybean	\$/ton	43.859	-0.935
Mississippi(US Gulf)—North China	55000/10%	Soybean	\$/ton	45.444	-0.825

10 January 2019 U.S. FOB Vessel Export Market Values:

U.S. Yellow Corn (USD/MT) FOB Vessel				
# 2 YC	U.S. Gulf #2 YC		PNW #3 YC	
15.0 % Moisture	Basis	Flat Price	Basis	Flat Price
Feb.	0.56	\$170.17	0.95	\$185.52
Mar.	0.59	\$171.35	1.01	\$187.88
Apr.	0.53	\$172.23	1.02	\$191.52
May	0.55	\$173.02	1.07	\$193.49
June	0.52	\$174.89	1.05	\$195.76
July	0.53	\$175.29	1.08	\$196.94

The Gulf spread between #2 & #3 YC is currently about 02 cents per bushel (0.80/mt)

SORGHUM (USD/MT) FOB VESSEL				
#2 YGS Fob Vessel	NOLA		TEXAS	
Max. 14.0% moisture	BASIS	FLAT PRICE	BASIS	FLAT PRICE
Feb.	1.00	\$187.49	0.85	\$181.58
Mar.	1.00	\$187.49	0.90	\$183.55
Apr.	1.00	\$190.74	0.85	\$184.83
May	1.00	\$190.74	0.90	\$186.80
June	1.00	\$193.79	0.85	\$187.88

Fob vessel Texas Gulf #2 Sorghum is about 107 % the value of #2 Yellow Corn at NOLA.
In S.W. Kansas it is bid at 85 percent the value of corn.

U.S. SRW Wheat Fob Vessel at the Center U.S. Gulf

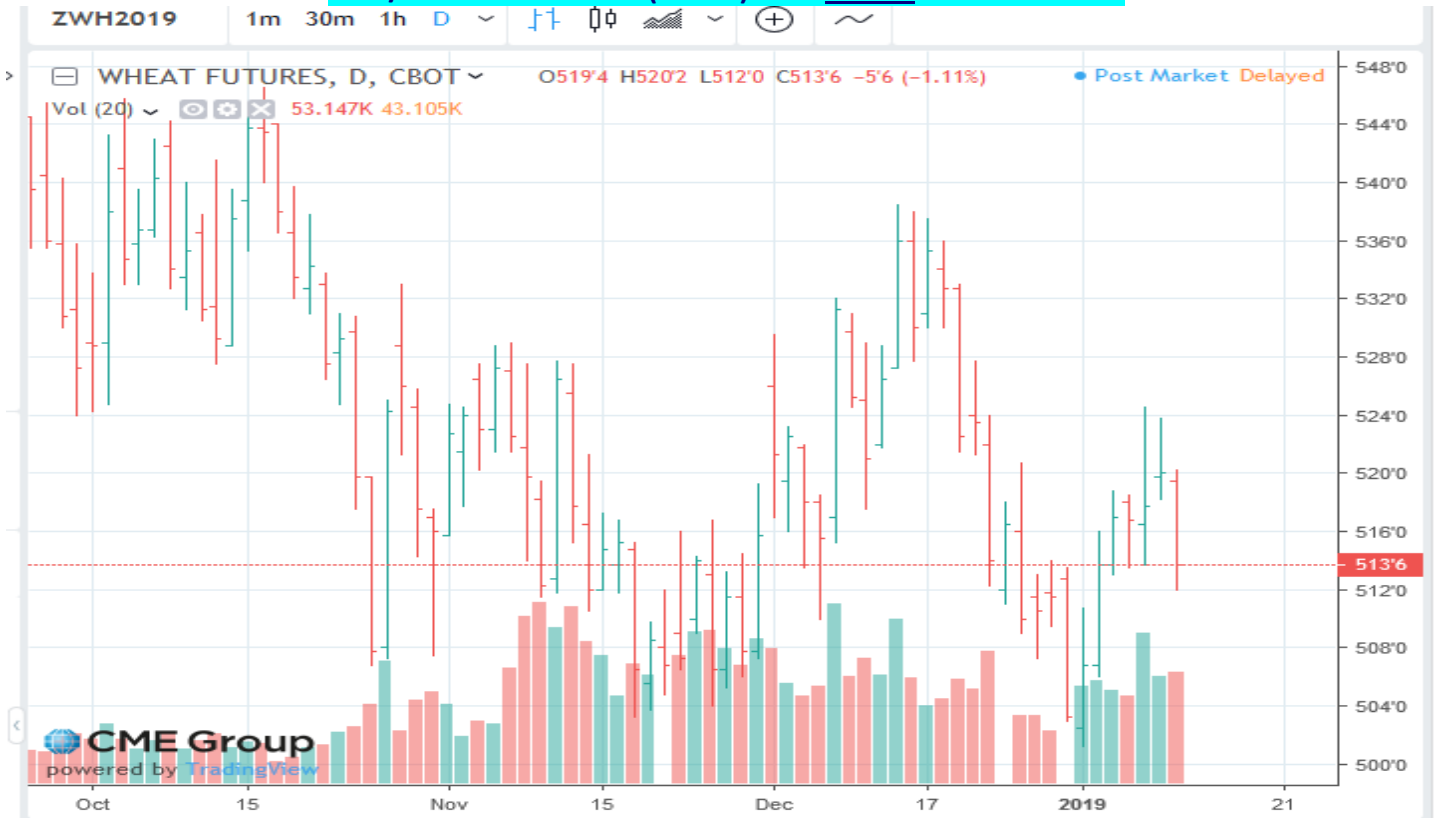
SRW Wheat	USD/MT	Fob Vessel	US Gulf	
	Feb.	Mar.	Apr.	May
FOB U.S. GULF	\$227.35	\$227.35	\$227.72	\$228.08
Basis	1.05	1.05	1.00	1.01
WH	5.1375			
WK	5.1975			
WN	5.2425			

CME Futures Market Close						
CORN	Futures	Thursday	Thursday	Last week	Last Week	Difference
Month	Symbol	Close	Close	Bushel	MT.	Bushel
Mar.	CH	\$3.7625	\$148.12	\$ 3.7975	\$149.50	(\$0.0350)
May	CK	\$3.8450	\$151.37	\$ 3.8750	\$152.55	(\$0.0300)
July	CN	\$3.9225	\$154.42	\$ 3.9475	\$155.40	(\$0.0250)
Sept.	CU	\$3.9500	\$155.50	\$ 3.9700	\$156.29	(\$0.0200)
Dec.	CZ	\$3.9900	\$157.08	\$ 4.0100	\$157.87	(\$0.0200)

CBOT March 2019 (CH19) Corn Futures Chart –



CME/CBOT March 2019 (WH19) SRW Wheat Futures Chart –



U.S. Soybean and SBM Markets Fob Vessel:

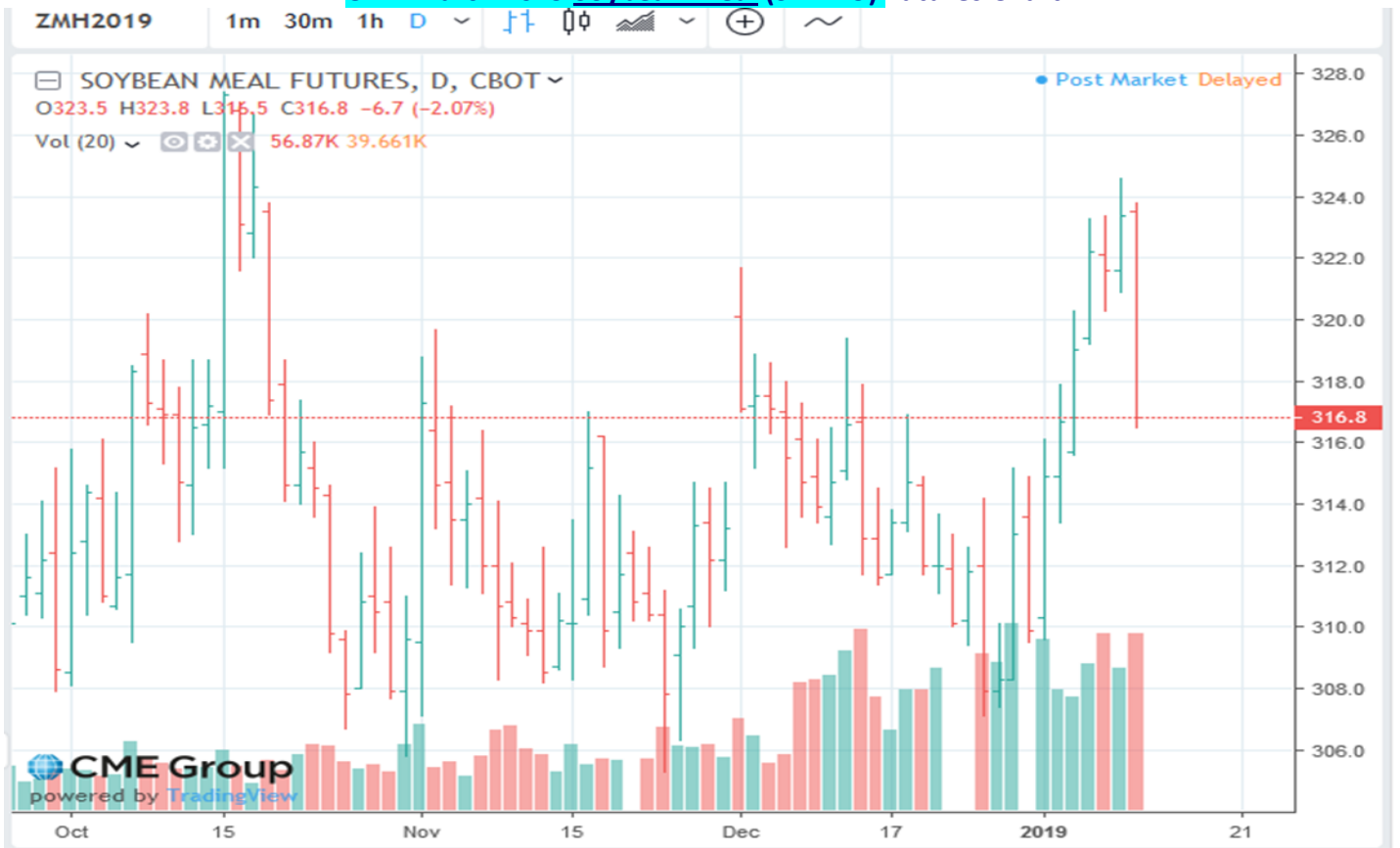
U.S. Yellow Soybeans (USD/MT) FOB Vessel				
# 2 YSB	U.S. Gulf #2 YSB		PNW #2 YSB	
14.0 % Moisture	Basis	Flat Price	Basis	Flat Price
Feb.	0.30	\$344.19	0.80	\$362.56
Mar.	0.32	\$344.93	0.81	\$362.93
Apr.	0.30	\$349.15	0.75	\$365.69
May	0.35	\$350.99	0.75	\$365.69
June	0.30	\$353.56	0.70	\$368.26
Soybean Futures				
Jan.	\$ 8.9550			
Mar.	\$ 9.0675			
May	\$ 9.2025			
July	\$ 9.3225			
Aug.	\$ 9.3725			
Sept.	\$ 9.4050			

U.S. SBM (USD/MT) FOB Vessel		
Fob U.S. Gulf Port	47.5 Pro. SBM	
max 12.5 % moisture	Basis	Flat Price
Feb.	2.00	\$ 351.48
Mar.	2.00	\$ 351.48
Apr.	1.00	\$ 354.56
May	2.00	\$ 355.67
June	1.00	\$ 358.64
SBM Futures		
SMF	312.60	
SMH	316.80	
SMK	320.60	
SMN	324.30	
SMQ	325.70	
SMU	326.80	

CME March 2019 Soybean (SH19) Futures Chart:



CME March 2019 Soybean Meal (SMH19) Futures Chart



U.S. EXPORT STATISTICS: Report Activity as of Week Ending 13 December 2018

Thursday-Weekly U.S. Export Sales (Report delayed due to shutdown)

Commodity	New Sales (000 MT)	YTD Export Commitments **(000 MT)	Total Projected Export Program for Year (000 MT)	Percent of Export Projection	Total Sales for Next Marketing Year '17- 18 (000 MT)
Corn	2065.9	29,625.1	62,230	48%	814.6
Sorghum	0.2	435.8	2,540	17%	0.0
Soybeans	2862.4	27,538.3	51,710	53%	295.3
Wheat	330.8	16,670.7	27,220	61%	6.0
Barley	0.0	57.0	110	52%	0.0

U.S. EXPORT INSPECTIONS:

Monday's report 07 January 2019 for the Export week ending 03 January 2019

	Export Inspections		Current Market Year YTD	Previous Year to Date	2018/19 YTD as Percent of 2017/18 YTD
	This Week	Previous Week			
Corn	501,541	952,881	18,455,159	11,439,129	161%
Sorghum	30,989	27,026	486,718	1,647,410	30%
Soybeans	673,172	756,153	17,299,307	29,608,752	58%
Wheat	260,134	380,152	12,936,185	14,787,052	87%
Barley	0	0	6,191	18,182	34%

For further Export Sales details: <http://www.fas.usda.gov/export-sales/esrd1.html>

U.S. EXPORT INSPECTIONS:

Monday's report 07 January 2019 for the Export week ending 03 January 2019

Last Week								
(Metric Tons)	YC	%	WC	%	Sorghum	%	Soybeans	%
Lakes	0	0%	0	0%	0	0%	0	0%
Atlantic	7,100	2%	0	0%	0	0%	38,508	6%
Gulf	277,200	59%	21,820	73%	17,832	58%	443,050	66%
PNW	112,975	24%	0	0%	11,001	35%	139,676	21%
Interior Export Rail	74,563	16%	7,883	27%	2,156	7%	51,938	8%
Metric Tons	471,838		29,703		30,989		673,172	

Sorghum Shipments: metric tons

	Rep S
17,832	Africa
11,001	Japan
2,156	Mexico
30,989	Total

White Corn metric tons

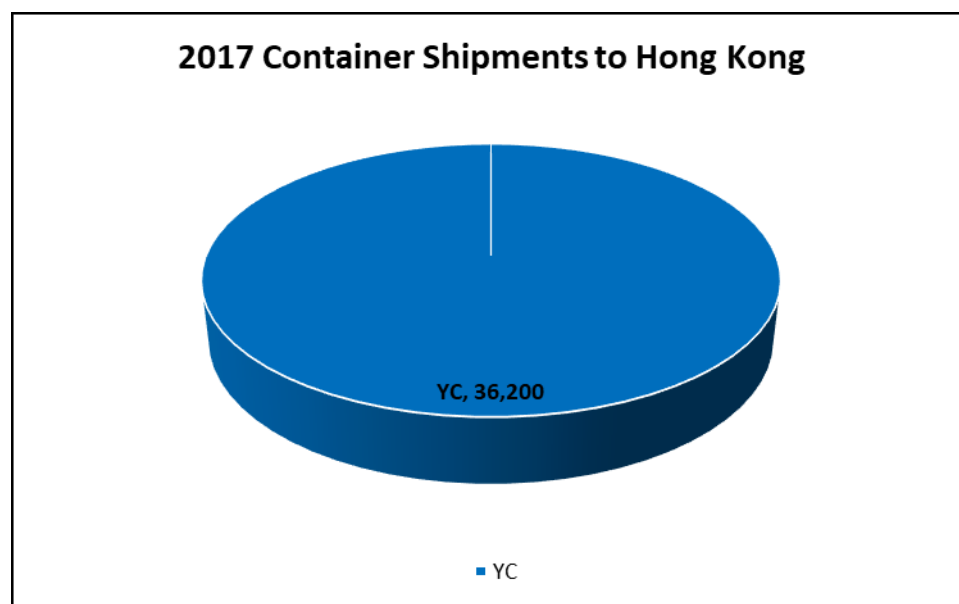
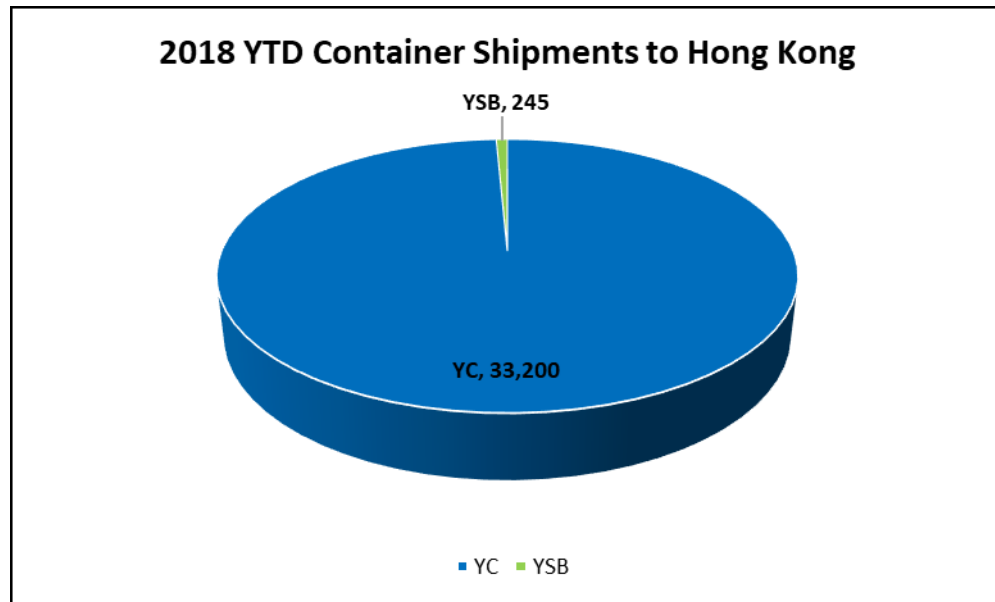
	Shipments:	
9,900	Colombia	
11,920	Guatemala	
7,883	Mexico	
29,703	Total	

Export Inspection Highlights

Data sheet below: *USDA weekly export inspections report with corrections to the last three weeks' grain export inspections reports. (This usually covers a 2-5 week prior time frame).*

CONTAINER SHIPMENTS of GRAIN									
USDA Grain Inspections Report:		3-Jan-2019							
Last Week	metric tons								MT
	YC	WC	YSB	SRW	NS	SWH	HRW	Sorghum	TOTAL
China Main									0
China T	7,761		8,326						16,087
Hong Kong	1,028								1,028
Costa Rica									0
Indonesia			13,611						13,611
French Poly	293								293
Japan			98						98
Korea Republic			2,619						2,619
Nepal			1,542						1,542
Malaysia	490		3,135						3,625
Burma									0
Philippines			954						954
Thailand			6,564						6,564
Haiti									0
Bangladesh			563						563
Vietnam			3,549						3,549
Sub total	9,572	0	40,961	0	0	0	0	0	46,421
USDA Corrections/Additions to previous reports:									
China T			1,101						1,101
China Main									0
Hong Kong									0
Korea Rep.									0
Costa Rica									0
Japan									0
Philippines			73						73
Indonesia			3,918						3,918
Malaysia			2,987						2,987
Thailand			4,726						4,726
Vietnam			1,150						1,150
Burma			98						98
Bangladesh			514						514
Sub total	0	0	14,567	0	0	0	0	0	14,567
Mt. Grand Total	9,572	0	55,528	0	0	0	0	0	60,988
Number of containers	416	0	2,414	0	0	0	0	0	

Jan - Dec 2017 Annual Totals versus 2018 Jan.-Dec. Year to Date Container Shipments (in MT)



Grain Inspections for Export by U.S. Port Regions:
U.S. Gulf and Pacific Northwest 2017 YTD vs. 2018 YTD
Report delayed due to shutdown

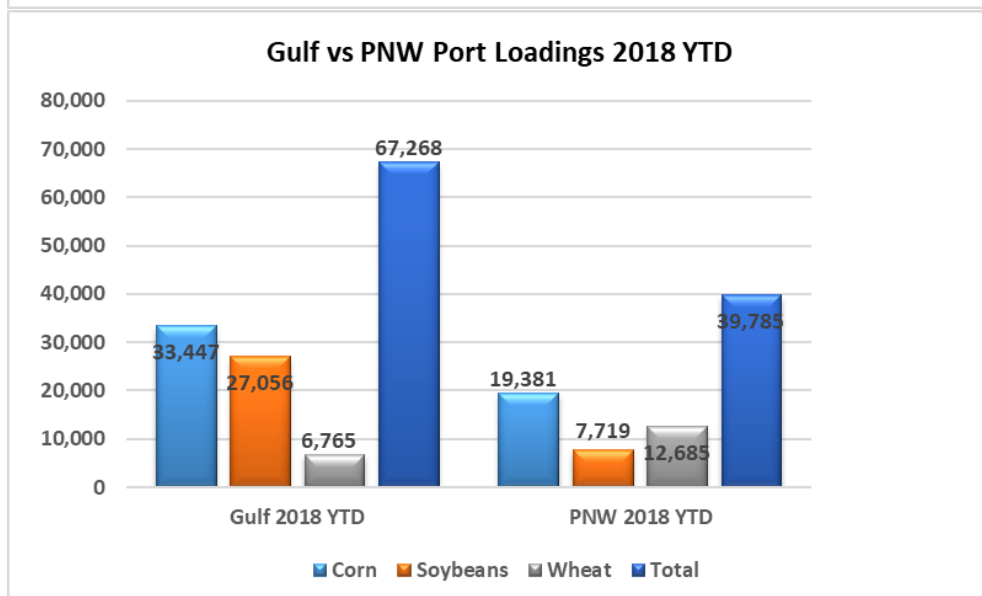
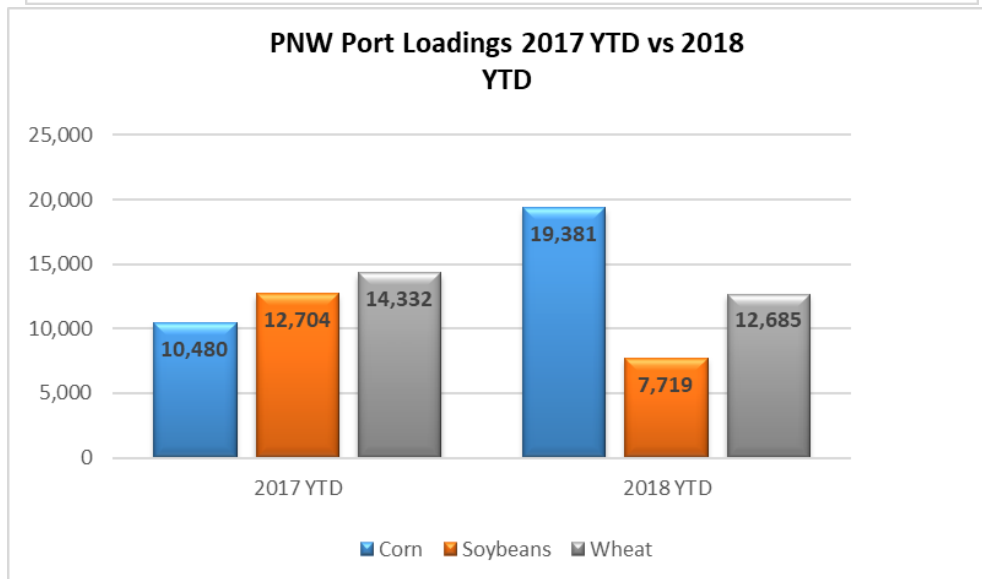
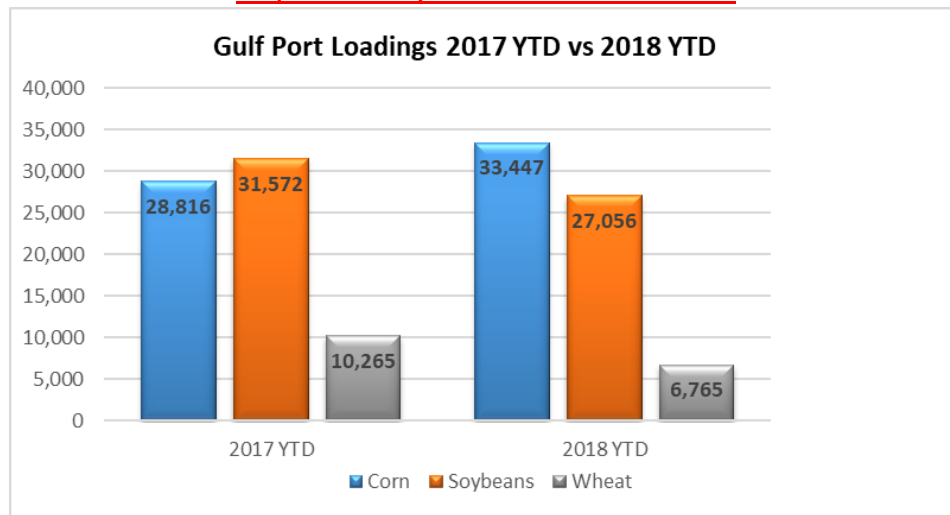
PORT LOADINGS US Gulf				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
GULF				
2017 YTD	28,816	31,572	10,265	70,653
2018 YTD	33,447	27,056	6,765	67,268
2018 as % of 2017	116%	86%	66%	95%

PORT LOADINGS US PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
PNW				
2017 YTD	10,480	12,704	14,332	37,516
2018 YTD	19,381	7,719	12,685	39,785
2018 as % of 2017	185%	61%	89%	106%

PORT LOADINGS GULF vs. PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
2018 Gulf YTD	33,447	27,056	6,765	67,268
2018 PNW YTD	19,381	7,719	12,685	39,785
TOTAL	52,828	34,775	19,450	107,053
Gulf Percentage	63%	78%	35%	63%
PNW Percentage	37%	22%	65%	37%

Grain Inspections for Export by U.S. Port Regions (1,000MT):
U.S. Gulf and Pacific Northwest 2017 YTD vs. 2018 YTD

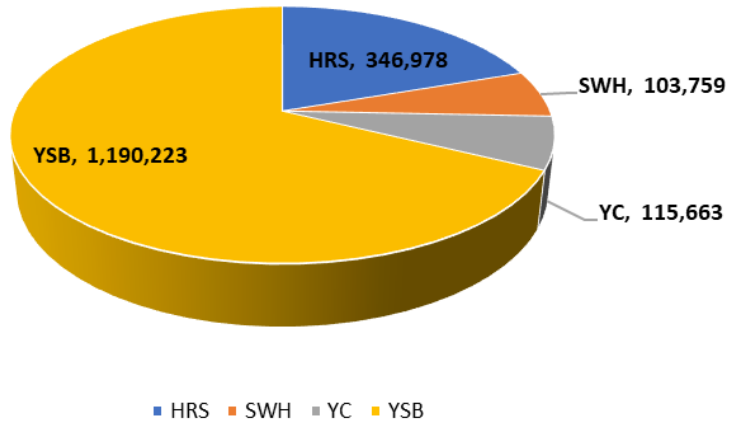
Report delayed due to shutdown



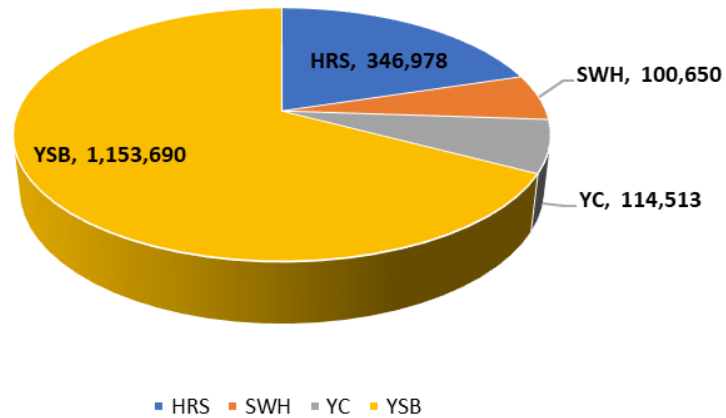
Source: USDA-data

2018 YTD Total Grain Exports reported by USDA (in MT)

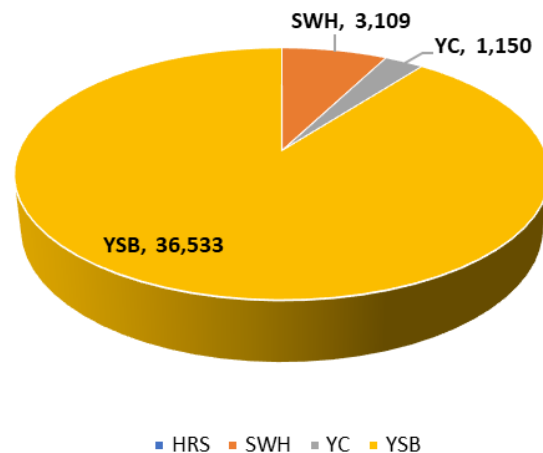
2018 Exports to Bangladesh



2018 Exports to Bangladesh by Vessel



2018 Exports to Bangladesh by Container



*Please keep in mind that USDA does not report DDGS sales, or they would show as the largest exports by container.

Source: USDA

Shipping News

HHIC Philippines affiliate of South Korea's HHIC, "becomes the latest victim of the prolonged downturn in shipbuilding"



Largest shipyard in Southeast Asia files for court...

The largest shipyard in Southeast Asia by area has filed for court receivership. HHIC-Phil, the Philippines affiliate of South Korea's Hanjin Heavy Industries and Constr...

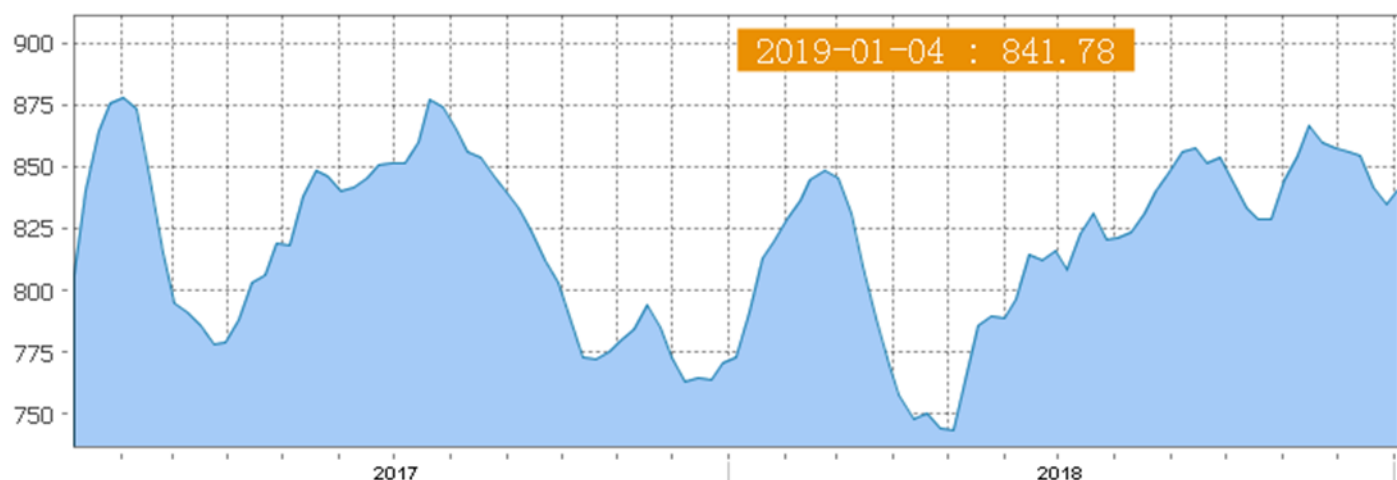
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Reuters Top News @Reuters · 29m

Cargill net drops 20 percent, revenues fall as trade fight bites reut.rs/2TljQFS



China Containerized Freight Index



CustomerInfo

Price Announcement – Far East Westbound East Asia (excl. Japan) to North Europe and Mediterranean

January 2, 2019

Dear Customer,

Due to strong market demand, Hapag-Lloyd announces an increase in Ocean Tariff rates for all non-hazardous cargoes for 20' and 40' General Purpose (incl. High Cube Containers) on the westbound trade from East Asia to North Europe and Mediterranean.

Valid for sailings commencing on **January 16, 2019** onwards and until further notice, Hapag-Lloyd's **Ocean Tariff rates from East Asia (excluding Japan)** will be as follows:

North Europe and West Mediterranean:

- USD 1150 per 20' Container
- USD 2200 per 40' Container
- USD 2250 per 40' High Cube Container

Adriatic:

- USD 1375 per 20' Container
- USD 2550 per 40' Container
- USD 2600 per 40' High Cube Container

East Mediterranean, Black Sea, Turkey & Egypt (Sokhna only):

- USD 1500 per 20' Container
- USD 2300 per 40' Container
- USD 2350 per 40' High Cube Container

North Africa:

- USD 1750 per 20' Container
- USD 3400 per 40' Container
- USD 3450 per 40' High Cube Container

U.S. RIVER BARGE FREIGHT

Current Barge Freight for Placement First Half February 2019

Placement FH February 2019	% of		Corn	Soybeans-Wheat
	Tariff	MT	BU	BU
Upper Mississippi	Closed	\$ -	0.00	0.00
Illinois River (Pekin and South)	395	\$20.94	0.53	0.57
Mid-Mississippi	Closed	\$ -	0.00	0.00
Lower Ohio	340	\$16.72	0.42	0.45
St. Louis	285	\$12.53	0.32	0.34

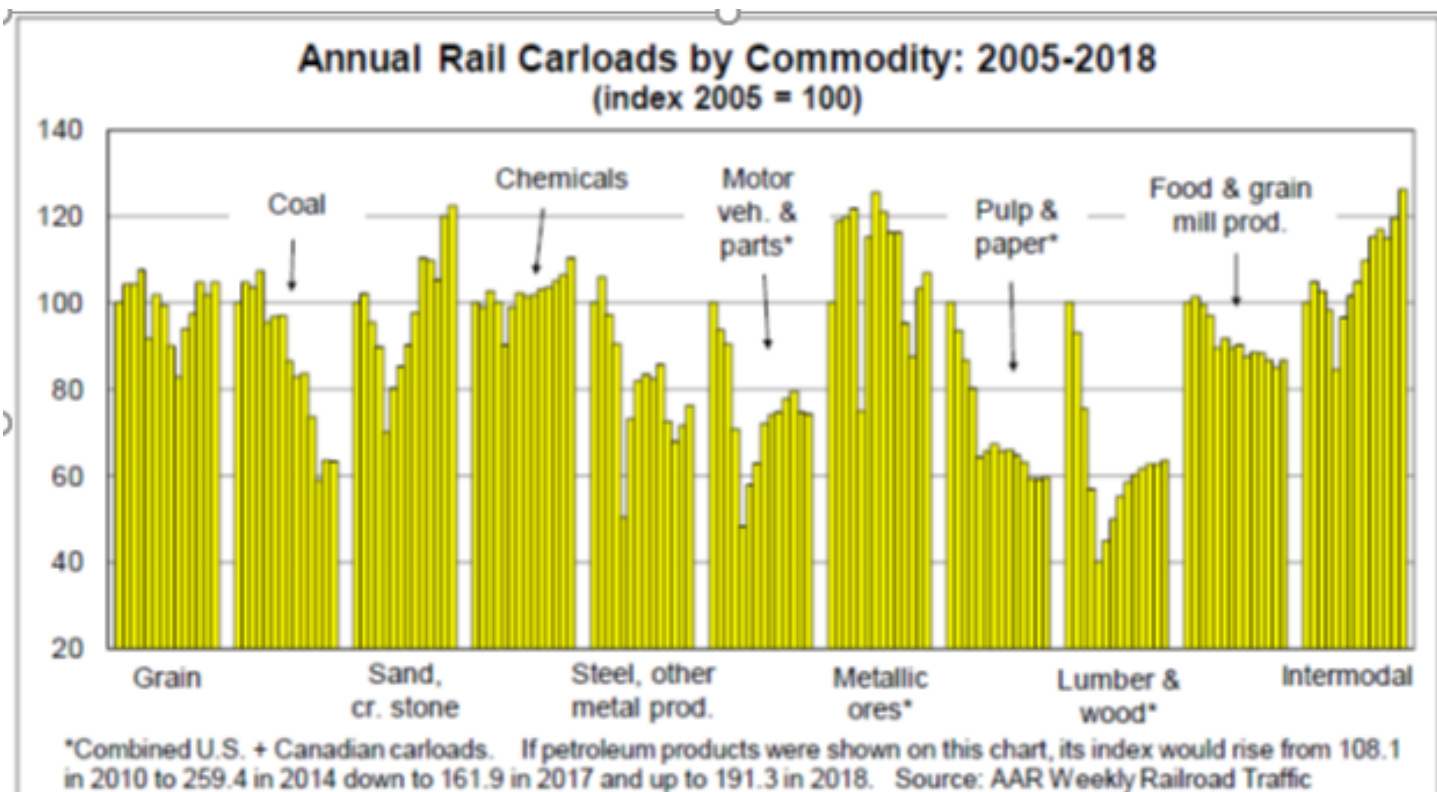
Secondary Rail Car Market for car placement period: First Half February 2019.

Secondary Rail Car Market Placement FH. February 2019	BID USD	ASK USD	BID BU.	ASK BU.	BID MT	ASK MT
BNSF Shuttle Trains	\$ 100.00	\$ 200.00	\$ 0.03	\$ 0.05	\$ 0.98	\$ 1.97
UPRR Shuttle Trains	\$ (400.00)	\$ (200.00)	\$ (0.10)	\$ (0.05)	\$ (3.94)	\$ (1.97)

North American Freight Cars in Storage by Major Car Type (as of January 1, 2019)

Car Type	Primary Commodities	Total Cars In Service	In Storage	Percent In Storage	Percent of Stored Cars
Box	Paper products, wood products, food prod.	108,193	13,674	13%	5%
Covered Hoppers	Grain, chemicals, nonmetallic minerals	570,281	105,963	19%	36%
Flats	Containers, trailers, lumber, steel, autos	74,167	14,225	19%	5%
Gondolas	Coal, nonmetallic minerals, metals, scrap	213,065	30,080	14%	10%
Hoppers	Coal, metallic ores, nonmetallic minerals	134,481	31,875	24%	11%
Intermodal	Containers, trailers	70,879	2,425	3%	1%
Refrigerator	Food products, farm products, chemicals	11,590	2,189	19%	1%
Tanks	Chemicals, petroleum, food products	417,633	93,311	22%	31%
Vehicle Flat	Autos	66,195	3,643	6%	1%
Grand Total		1,666,484	297,385	18%	100%

Source: Association of American Railroads



Best Regards,

Jay

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*** The information in this market report is derived from sources believed to be reliable and accurate but cannot be guaranteed. Forward looking projections are never completely accurate, and these markets move quickly.

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