

**Transportation and Export Report for 26 October 2017****Ocean Freight Insights and Comments:**

Dry-Bulk ocean freight markets lost some of their steam this week. Again; maybe traders got a bit overly optimistic and just went with the prevailing momentum? After all, we have experienced an impressive rally over the last two months and must wonder how much farther things can go. Daily hire rates for Panamax vessels for the balance of 2017 dropped to an average of \$12,500/day while 2018 hire rates sank to an average of \$9,700/day in the Atlantic.

BALTIC DRY-BULK PANAMAX INDEX CHANGES

Panamax Ocean Freight Indices				
26-Oct-17	This Week	Last Week	Difference	Percent Change
P2A : Gulf/Atlantic - Japan	19041	19959	-918	-4.6%
P3A - PNW/Pacific - Japan	13186	14245	-1,059	-7.4%
S1C -USGULF-China-So.Japan	23600	25033	-1,433	-5.7%

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

Four weeks ago: \$ 7.75-\$8.05
 Three weeks ago: \$ 7.30-\$7.95
 Two weeks ago: \$ 7.40-\$8.25
 One week ago: \$ 8.50-\$9.00
 This week \$ 8.15-\$8.50

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

Mississippi River: (10 elevators) 5-12 days
 Miss. River Mid-Stream loaders: (6+ Rigs) 0-3 days
 Texas Gulf (6 elevators) 0-10 days (only 1 elevator at more than 4 days)
 Pacific Northwest: (9 elevators) 0-8 days

Panamax Market Spreads to Asia -China					
26-Oct-17	PNW	GULF	Bushel Spread	MT Spread	Advantage
CORN	0.68	0.49	0.19	\$7.48	PNW
SOYBEANS	0.66	0.45	0.21	\$8.27	PNW
OCEAN FREIGHT	\$24.75	\$43.50	.48-.51	\$18.75	NOV.

Recent Reported Vessel Fixtures:

Route and Vessel Size	Current Week USD/MT	Change from previous week	Remarks
55,000 U.S. Gulf-Japan	\$43.50	Down \$0.50	Handymax \$43.50/mt
55,000 U.S. PNW- Japan	\$24.75	Down \$0.75	Handymax at \$24.75/mt
65,000 U.S. Gulf – China	\$43.00	Down \$0.50	North or South China
PNW to China	\$24.50	Down \$0.50	
25,000 U.S. Gulf- Veracruz, México	\$16.50	Down \$0.50	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$14.00	Down \$0.50	Deep draft and 6,000 MT per day discharge rate.
25/35,000 U.S. Gulf- <u>East Coast Colombia</u>	\$20.50	Down \$0.50	<u>West Coast Colombia at \$28.00</u>
From Argentina	\$33.50		
40-45,000 U.S. Gulf - Guatemala	\$28.50	Down \$0.50	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf – Algeria	\$30.50 \$33.00	Unchanged	8,000 mt daily discharge 3,000 mt daily discharge
26-30,000 US Gulf-Morocco	\$29.50	Down \$0.50	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt	\$27.75	Down \$0.25	55,000 -60,000 mt
PNW to Egypt	\$26.75		St. Lawrence to Egypt \$27.75
60-70,000 U.S. Gulf – Europe – Rotterdam	\$17.50	Down \$0.50	Handymax at +\$2.50 more
Brazil, Santos – China	\$33.50	Down \$1.00	54-59,000 Supramax-Panamax
Brazil, Santos – China	\$32.50		60-66,000 Post Panamax
Itacoatiara-Port Up River North Brazil	\$36.00		60-66,000 mt
56-60,000 Argentina-China Deep draft	\$40.00		Up River with Top Off \$43.00

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)

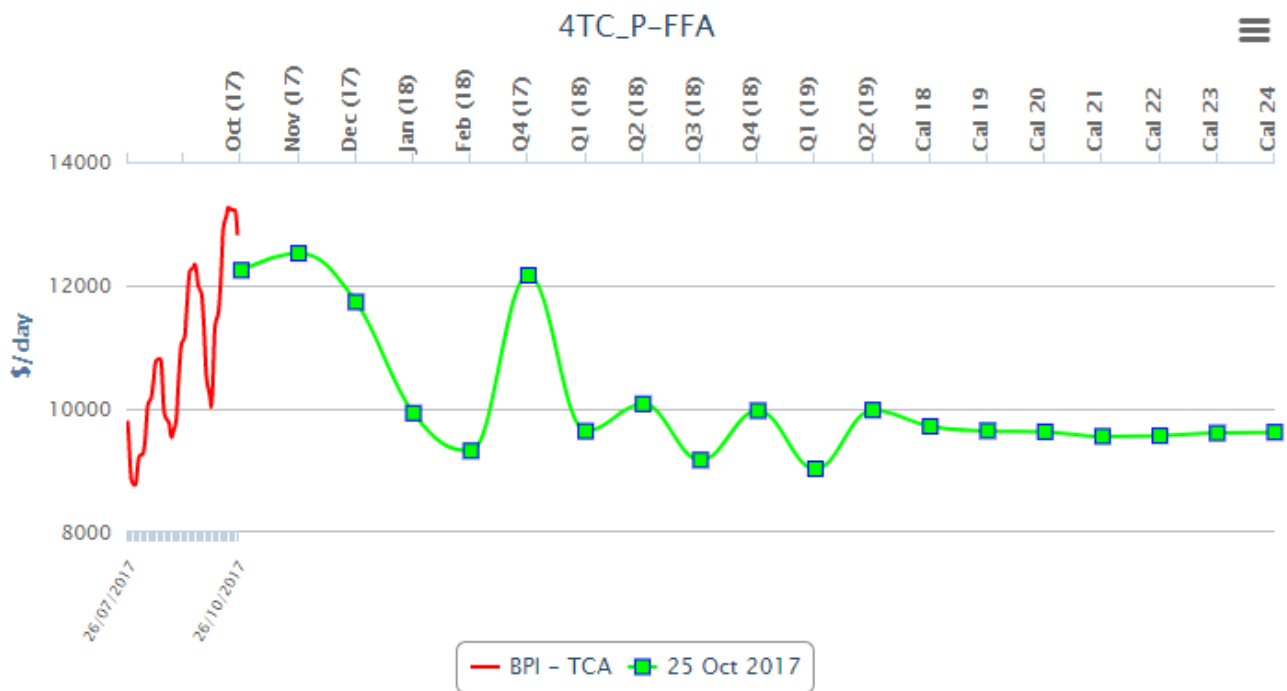
Rasario Argentina (via Cape Horn) - 10,751 nautical miles (34 days)

I've been asked to add something about Panamax Dry-Bulk Ocean freight rates for Corn or Soybeans to HCMC Vietnam.

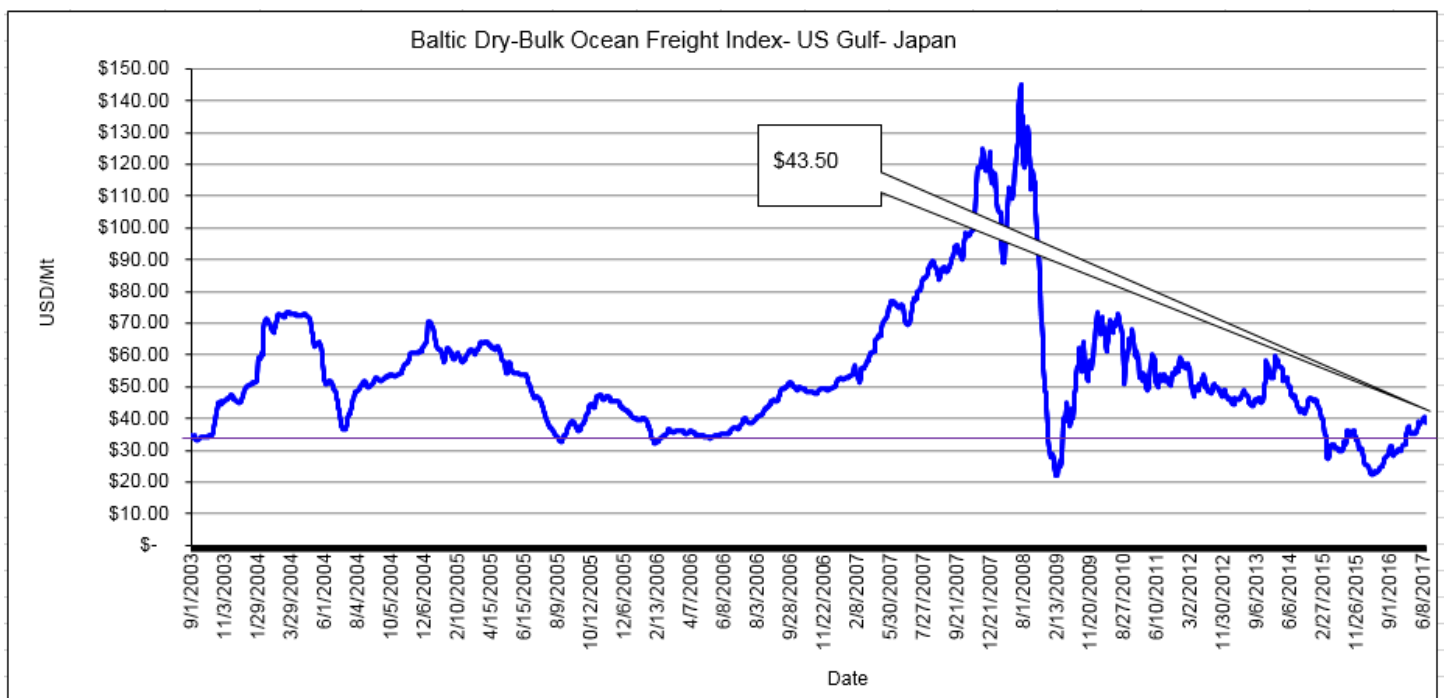
The appropriate market spreads on this route are not necessarily a direct thing to rate. If you are going from the US Gulf via Cape of Good Hope the steaming time to Vietnam (versus N. China) is shorter, so, that freight would be a little cheaper, but routing via the Panama Canal, the distance is longer and thus more expensive. So, on average maybe it is best just to say that the rate from the US Gulf to Vietnam is about the same as to Northern China (give or take \$1.00/mt depending on routing). The freight spread between N. China vs S. China is generally \$1.00-1.50 difference. Close to 90% of the Panamax vessels

going from the US Gulf to China are currently going around the Cape rather than thru the Panamá Canal. This is due to relatively cheap fuel prices and to avoid paying Canal fees.

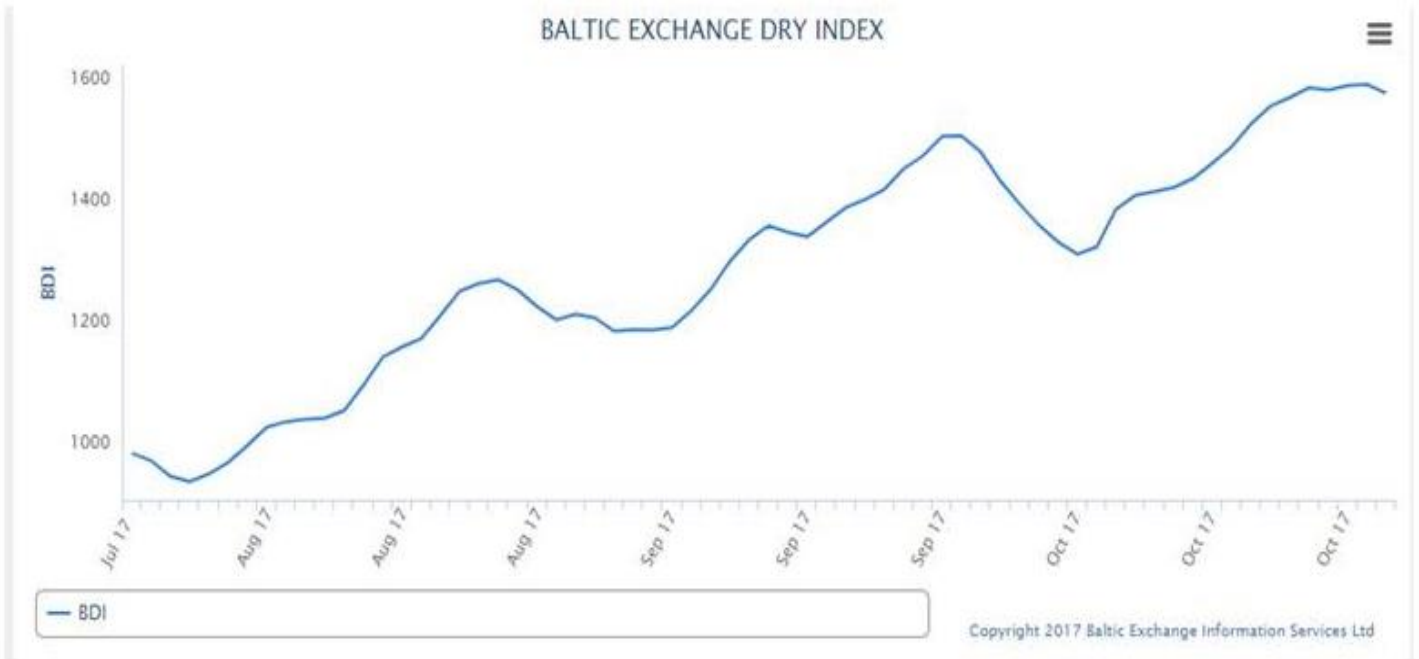
Forward Curve for Baltic BPI Panamax Vessel Freight



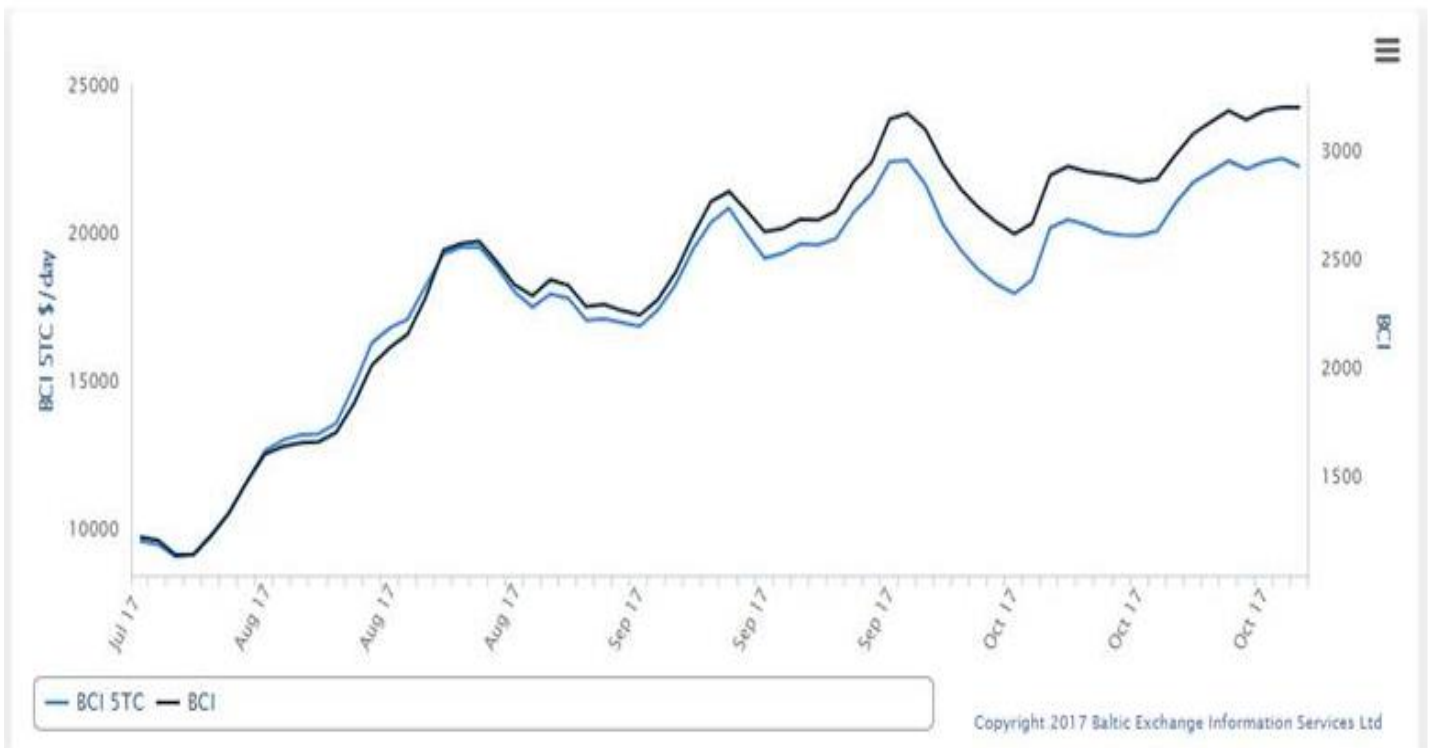
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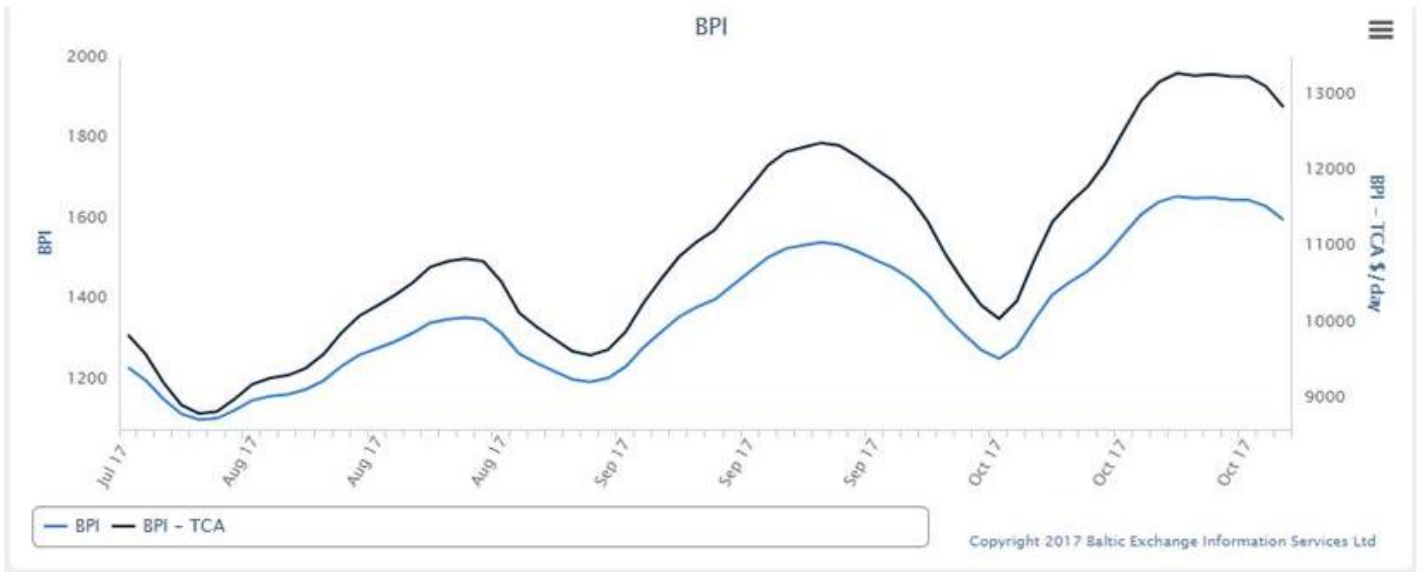
Baltic Exchange Dry Bulk Index



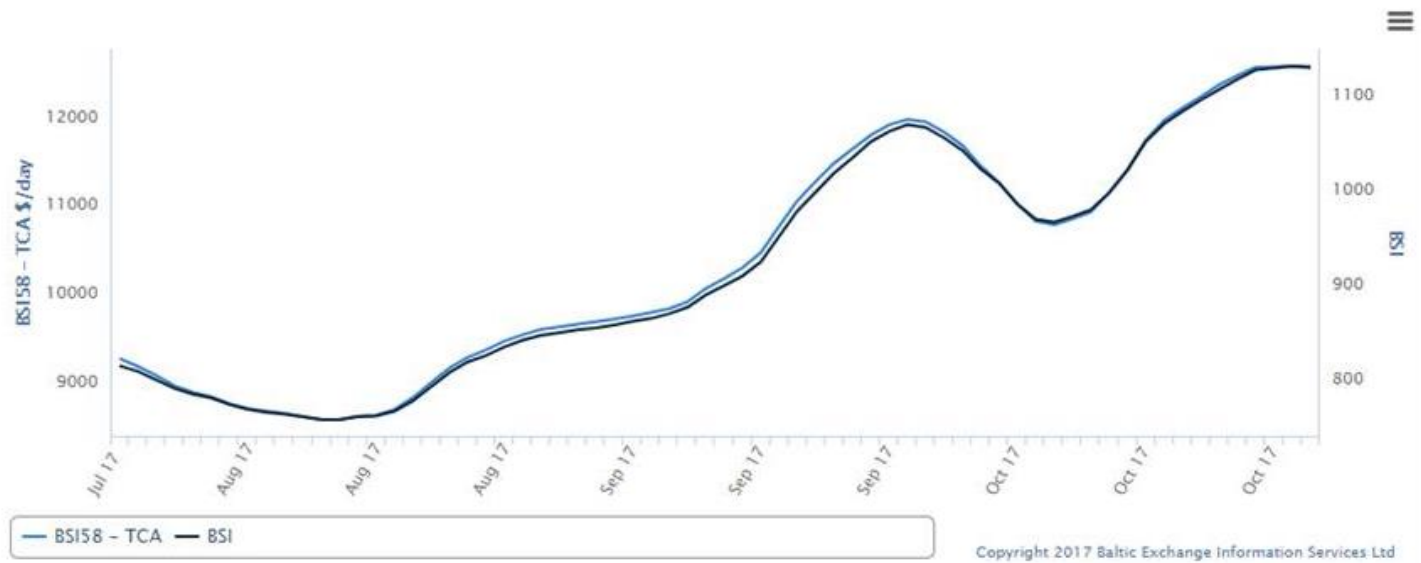
Baltic Capesize Index



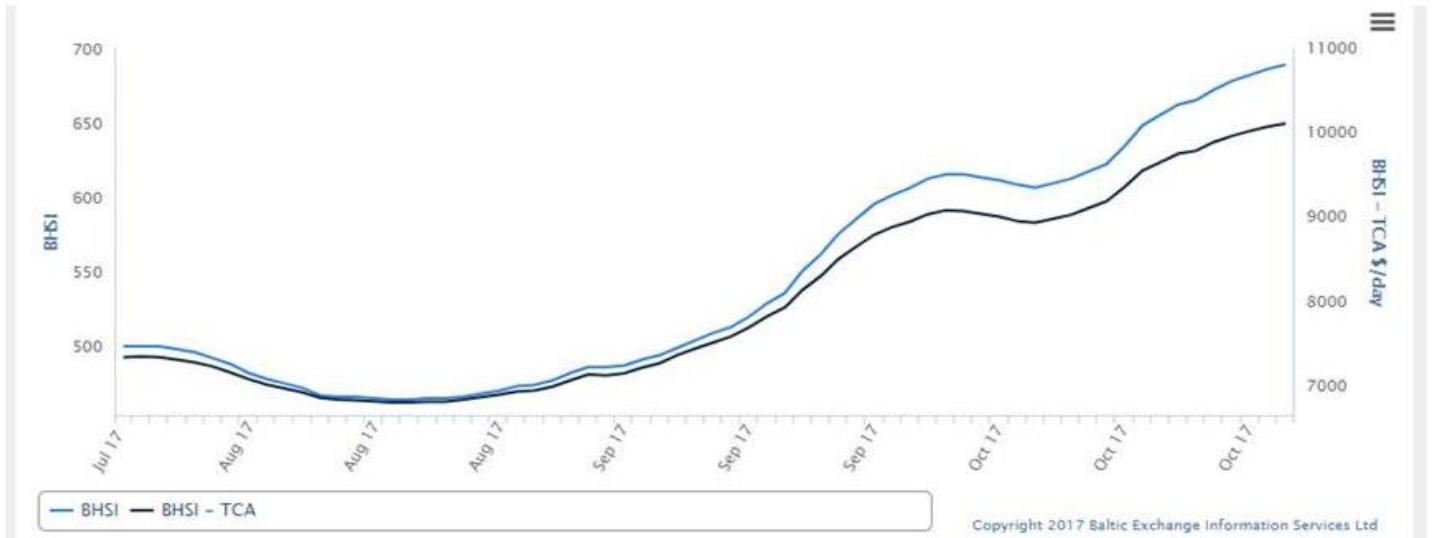
Baltic Panamax Index



Baltic Supramax Vessel Index



Baltic Handy Size



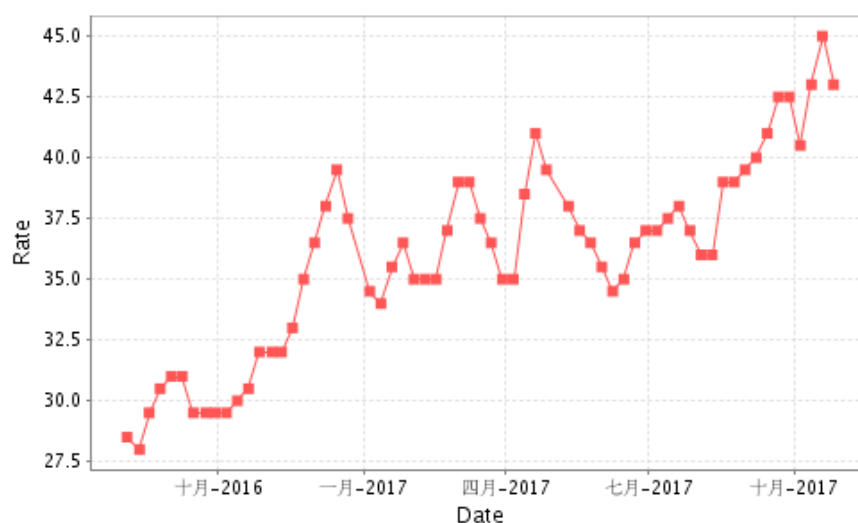
Yamamizu Shipping

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[Yamamizu Index](#)

USG/Japan Index Result

Date From: 2016-08-01

Date To: 2017-10-26



China Import Dry Bulk Freight Index(CDFI)

2017-10-26

Index/Routes	Charterparty type	Cargo/Vessel type	Dwt/Cargo Capacity	Unit	Index/Rate	Change
Composite Index				Point	1150.91	-23.24
VC Index				Point	915.29	-10.98
TCT Index				Point	1504.35	-41.61
Santos(Brazil)— North China	VC	Soybean	60000/10%	\$/ton	32.37	-0.175
Tacoma(West America)—North China	VC	Soybean	60000/10%	\$/ton	24.855	-0.365
Mississippi(US Gulf) —North China	VC	Soybean	55000/10%	\$/ton	43.5	-0.41

26 October 2017 FOB Vessel Export Market Values:

U.S. Yellow Corn (USD/MT) FOB Vessel				
# 2 YC	U.S. Gulf #2 YC		PNW #2 YC	
15.0 % Moisture	Basis	Flat Price	Basis	Flat Price
Nov.	0.49	\$157.27	0.68	\$164.75
Dec.	0.51	\$158.06	0.69	\$165.15
Jan.	0.43	\$160.42	0.65	\$169.08
Feb.	0.45	\$161.21	0.65	\$169.08
Mar.	0.46	\$161.61	0.68	\$170.27
Apr.	0.42	\$163.47	0.64	\$172.14

The Gulf spread between #2 and #3 YC is currently about 02 cents per bushel (0.80 per MT)

SORGHUM (USD/MT) FOB VESSEL				
#2 YGS Fob Vessel	NOLA		TEXAS	
Max. 14.0%	BASIS	FLAT PRICE	BASIS	FLAT PRICE
Nov.	1.30	\$189.16	1.20	\$185.23
Dec.	1.30	\$189.16	1.15	\$183.26
Jan.	1.20	\$190.74	1.05	\$184.83
Feb.	1.20	\$190.74	1.05	\$184.83
Mar.	1.20	\$190.74	1.05	\$184.83

Fob vessel Texas Gulf #2 Sorghum is about 119 % the value of #2 Yellow Corn at NOLA
Sorghum has gotten to be a thin trade and interior and export handling margins have widened out to reflect the risk.

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

SRW Wheat	USD/MT	Fob Vessel	US Gulf	
	Nov.	Dec.	Jan.	Feb.
FOB U.S. GULF	\$188.03	\$188.03	\$191.16	\$191.89
Basis	0.80	0.80	0.70	0.72
WZ	4.3175			
WH	4.5025			
WK	4.6425			

CME CORN FUTURES MARKET CLOSE- Thursday						
CBOT CORN Month	Futures Symbol	Friday Close Bushel	Friday Close MT.	Last week Bushel	Last Week MT.	Difference Bushel
Dec.	CZ	\$3.5050	\$137.98	\$ 3.4900	\$137.39	\$0.0150
Mar.	CH	\$3.6450	\$143.50	\$ 3.6275	\$142.81	\$0.0175
May	CK	\$3.7325	\$146.94	\$ 3.7125	\$146.15	\$0.0200
July	CN	\$3.8050	\$149.79	\$ 3.7825	\$148.91	\$0.0225
Sept.	CU	\$3.8725	\$152.45	\$ 3.8525	\$151.66	\$0.0200

CME/CBOT December 2017 (CZ7) Corn Futures Chart –



CME/CBOT Dec. 2017 (WZ7) SRW Wheat Futures Chart –



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
Nov.	0.42	\$372.30	0.64	\$380.39
Dec.	0.39	\$375.33	0.64	\$380.39
Jan.	0.43	\$376.80	0.61	\$383.42
Feb.	0.40	\$379.56	0.68	\$385.99
Mar.	0.43	\$380.66	0.63	\$388.01
Soybean Futures				
Nov.	\$ 9.7125			
Jan.	\$ 9.8250			
Mar.	\$ 9.9300			
May.	\$ 10.0225			
July	\$ 10.1000			
Aug.	\$ 10.1075			

U.S. SBM (USD/MT) FOB Vessel		
Fob U.S. Gulf Port	47.5 Pro. SBM	
max 12.5 % moisture	Basis	Flat Price
Nov.	-2.00	\$ 341.89
Dec.	-2.00	\$ 341.89
Jan.	-2.00	\$ 344.20
Feb.	-2.00	\$ 347.51
Mar.	-1.00	\$ 348.61
SBM Futures		
SMZ	312.10	
SMF	314.20	
SMH	317.20	
SMK	319.70	
SMN	322.30	
SMQ	322.80	

CME Nov. 2017 Soybean (SX17) Futures Chart



CME Dec. 2017 Soybean Meal (SMZ7) Futures Chart



U.S. EXPORT STATISTICS: Report Activity as of Week Ending 12 October 2017
Thursday-Weekly U.S. Export Sales

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	1308.5	14,929.0	46,990	32%	238.0
Sorghum	121.4	1,484.7	5,330	28%	0.0
Soybeans	1476.2	26,286.6	61,240	43%	121.0
Wheat	616.0	14,801.2	26,540	56%	30.0
Barley	0.0	37.5	110	34%	0.0

U.S. EXPORT INSPECTIONS:

Monday's report 23 October 2017 for the Export week ending 19 October 2017

	Export Inspections		Current Market Year YTD	Previous Year to Date	2017 YTD as Percent of 2016 YTD
	This Week	Previous Week			
Corn	614,075	330,456	4,526,385	8,366,778	54%
Sorghum	74,288	1,534	444,601	576,086	77%
Soybeans	2,562,444	1,785,943	9,812,520	10,652,279	92%
Wheat	169,750	324,525	10,796,552	11,307,961	95%
Barley	0	0	14,514	24,993	58%

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

U.S. EXPORT INSPECTIONS:

Monday's report 23 October 2017 for the Export week ending 19 October 2017

Last Week							
(Metric Tons)	YC	%	WC	%	Sorghum	%	Soybeans %
Lakes	0	0%	0	0%	0	0%	72,133 3%
Atlantic	5,304	1%	0	0%	0	0%	67,857 3%
Gulf	473,130	77%	0	0%	69,403	93%	1,424,351 56%
PNW	0	0%	196	100%	122	0%	871,453 34%
Interior Export Rail	135,445	22%	0	0%	4,763	6%	126,650 5%
Metric Tons	613,879		196		74,288		2,562,444

Sorghum

Shipments:

metric tons

1,702	Mexico
70,015	China Main
122	Korea Rep
2,449	Somalia
74,288	Total

White Corn metric tons

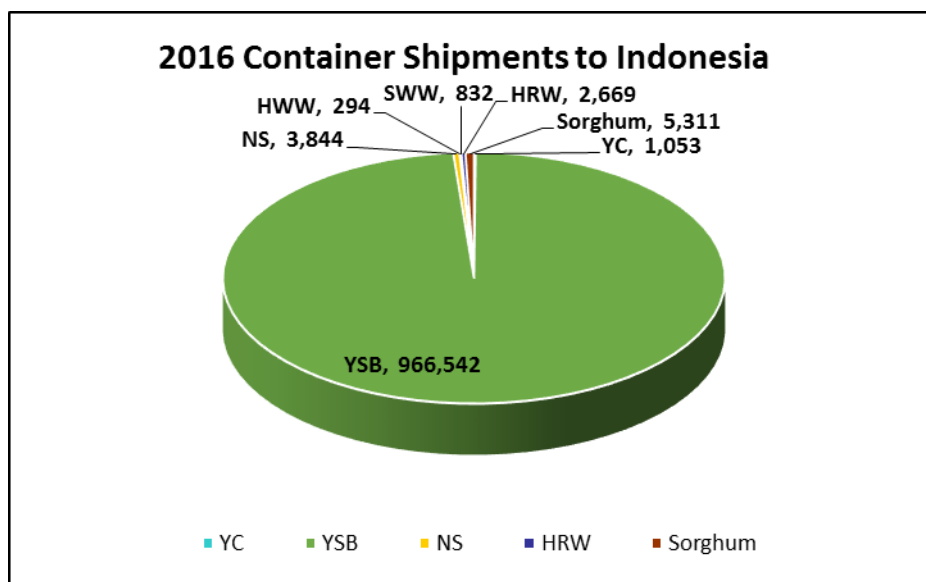
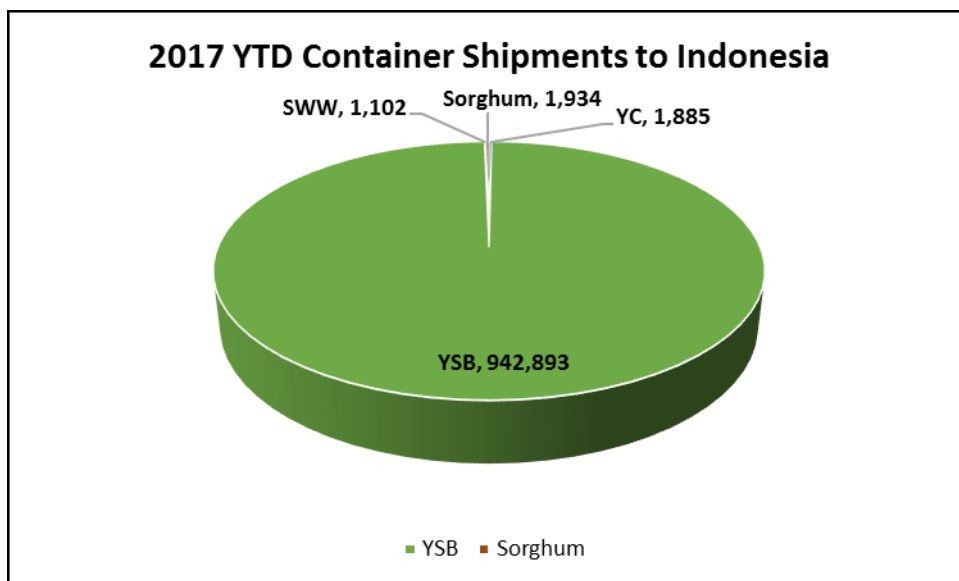
Shipments:	196	Korea Rep
	196	Total

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:		19-Oct-2017							
Last Week	metric tons								MT
	YC	WC	YSB	SRW	NS	SWH	HRW	Sorghum	TOTAL
China Main	2,155		14,230					612	16,997
China T	10,969		28,507						39,476
Hong Kong	514								514
Costa Rica									0
Indonesia	808		22,355						23,163
French Polynesia									0
Japan			122						122
Korea Republic			3,624						3,624
Panama									0
Malaysia			5,116						5,116
Ireland									0
Philippines			1,910						1,910
Thailand			6,660						6,660
Bangladesh									0
Somalia								2,449	2,449
Vietnam			2,008						2,008
Sub total	14,446	0	84,532	0	0	0	0	3,061	97,582
USDA Corrections/Additions to previous reports:									
China T			1,884				2,424		4,308
China Main									0
Hong Kong									0
Korea Rep.									0
Canada									0
Japan									0
Philippines									0
Indonesia			3,356						3,356
Malaysia									0
Thailand									0
Vietnam									0
Kenya									0
Panama									0
Sub total	0	0	5,240	0	0	0	2,424	0	7,664
Mt. Grand Total	14,446	0	89,772	0	0	0	2,424	3,061	105,246
Number of containers	628	0	3,903	0	0	0	105	133	

Jan - Dec 2016 Annual Totals versus 2017 Jan.-Dec. Year to Date Container Shipments (in MT)

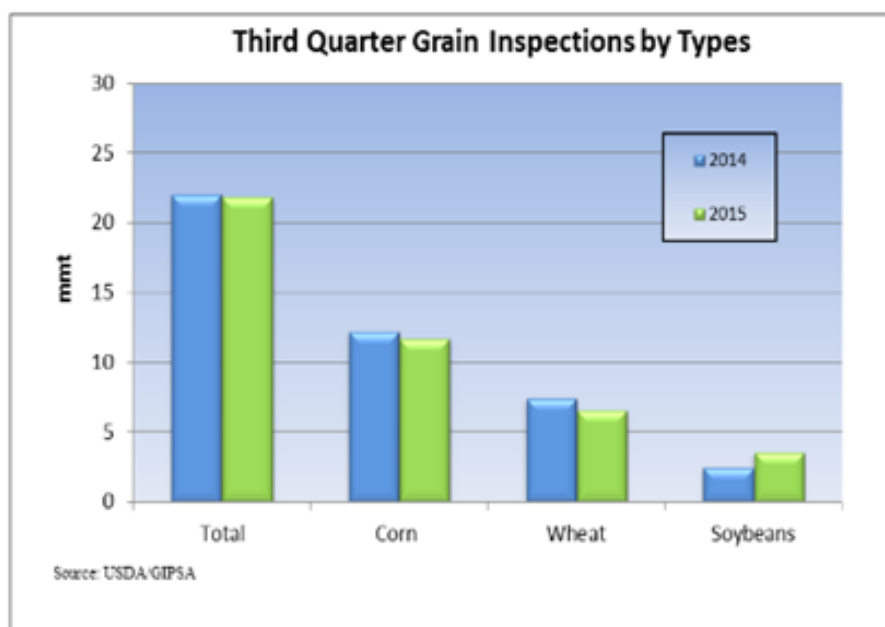


Grain Inspections for Export by U.S. Port Regions:
U.S. Gulf and Pacific Northwest 2016 YTD vs. 2017 YTD

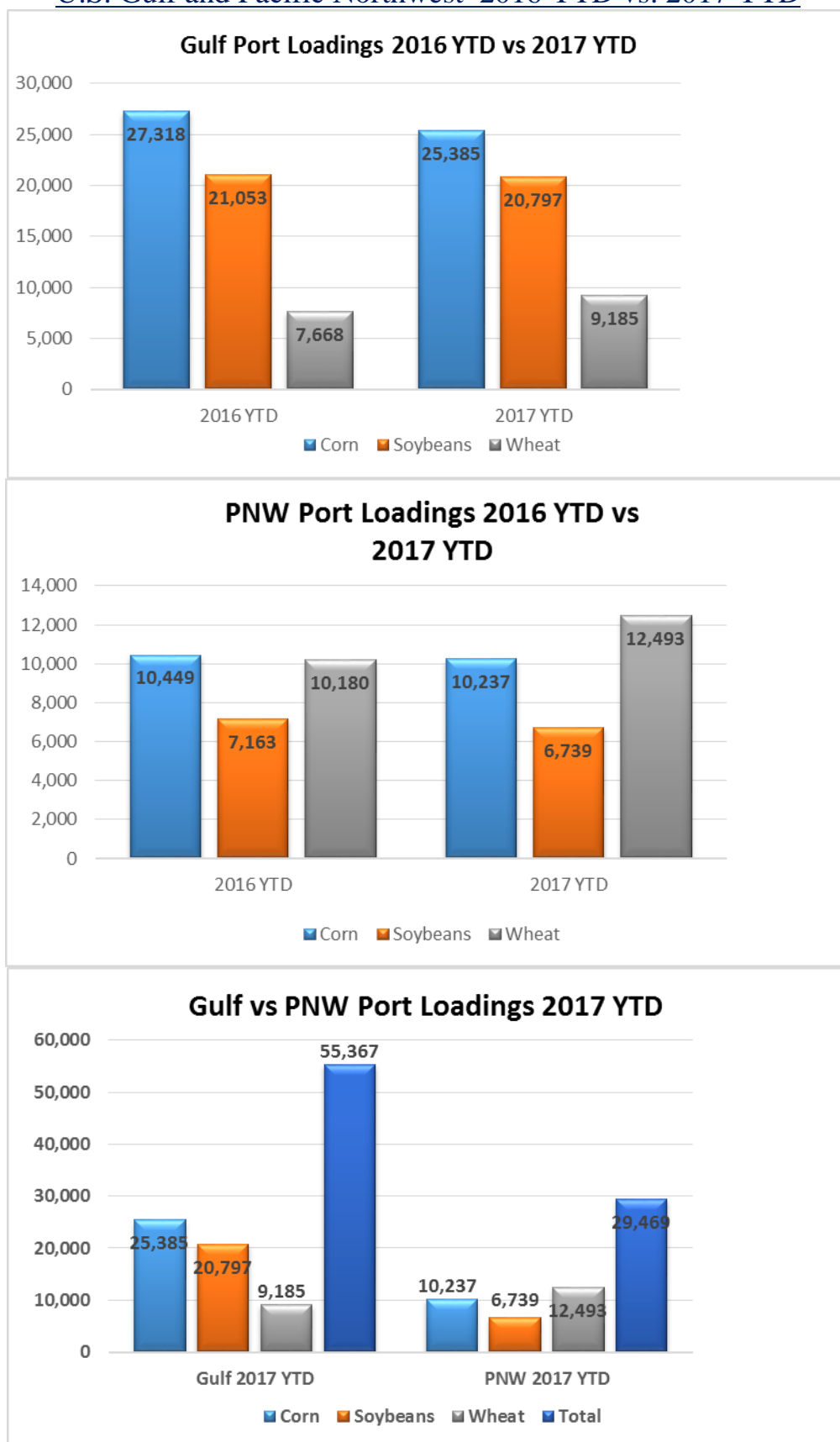
PORT LOADINGS US Gulf				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
GULF				
2016 YTD	27,318	21,053	7,668	56,039
2017 YTD	25,385	20,797	9,185	55,367
2017 as % of 2016	93%	99%	120%	99%

PORT LOADINGS US PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
PNW				
2016 YTD	10,449	7,163	10,180	27,792
2017 YTD	10,237	6,739	12,493	29,469
2017 as % of 2016	98%	94%	123%	106%

PORT LOADINGS GULF vs. PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
2017 Gulf YTD	25,385	20,797	9,185	55,367
2017 PNW YTD	10,237	6,739	12,493	29,469
TOTAL	35,622	27,536	21,678	84,836
Gulf Percentage	71%	76%	42%	65%
PNW Percentage	29%	24%	58%	35%



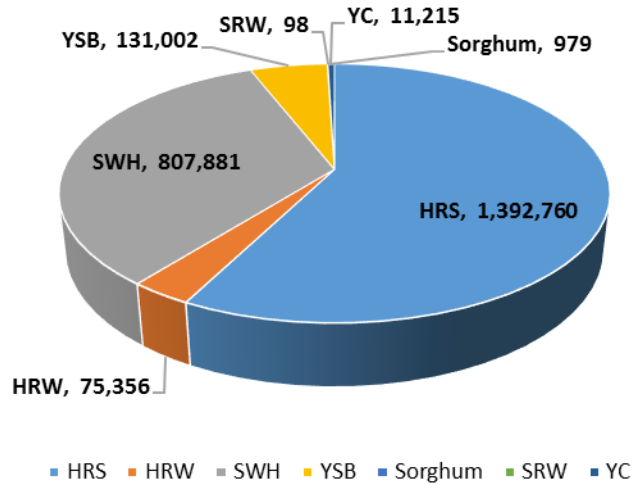
Grain Inspections for Export by U.S. Port Regions:
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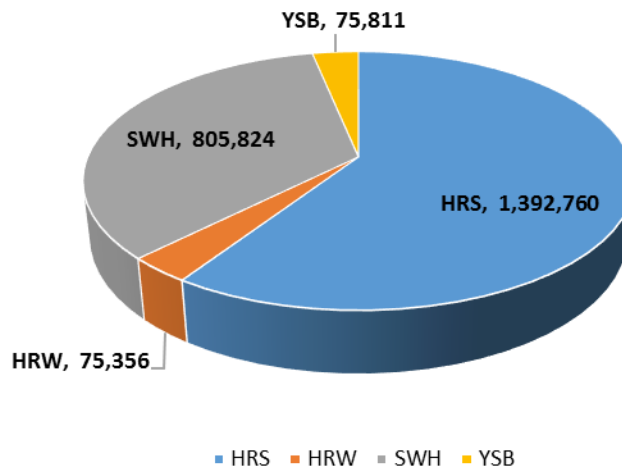
Source: USDA-data

2017 YTD Total Grain Exports reported by USDA (in MT)

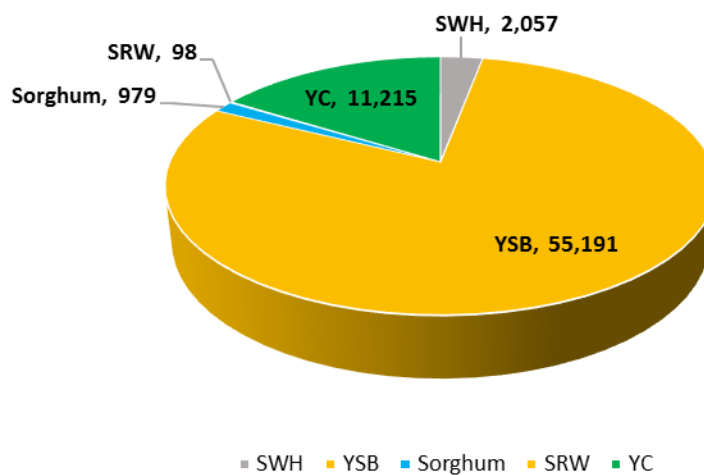
2017 YTD Exports to Philippines



YTD Exports to Philippines by Vessel



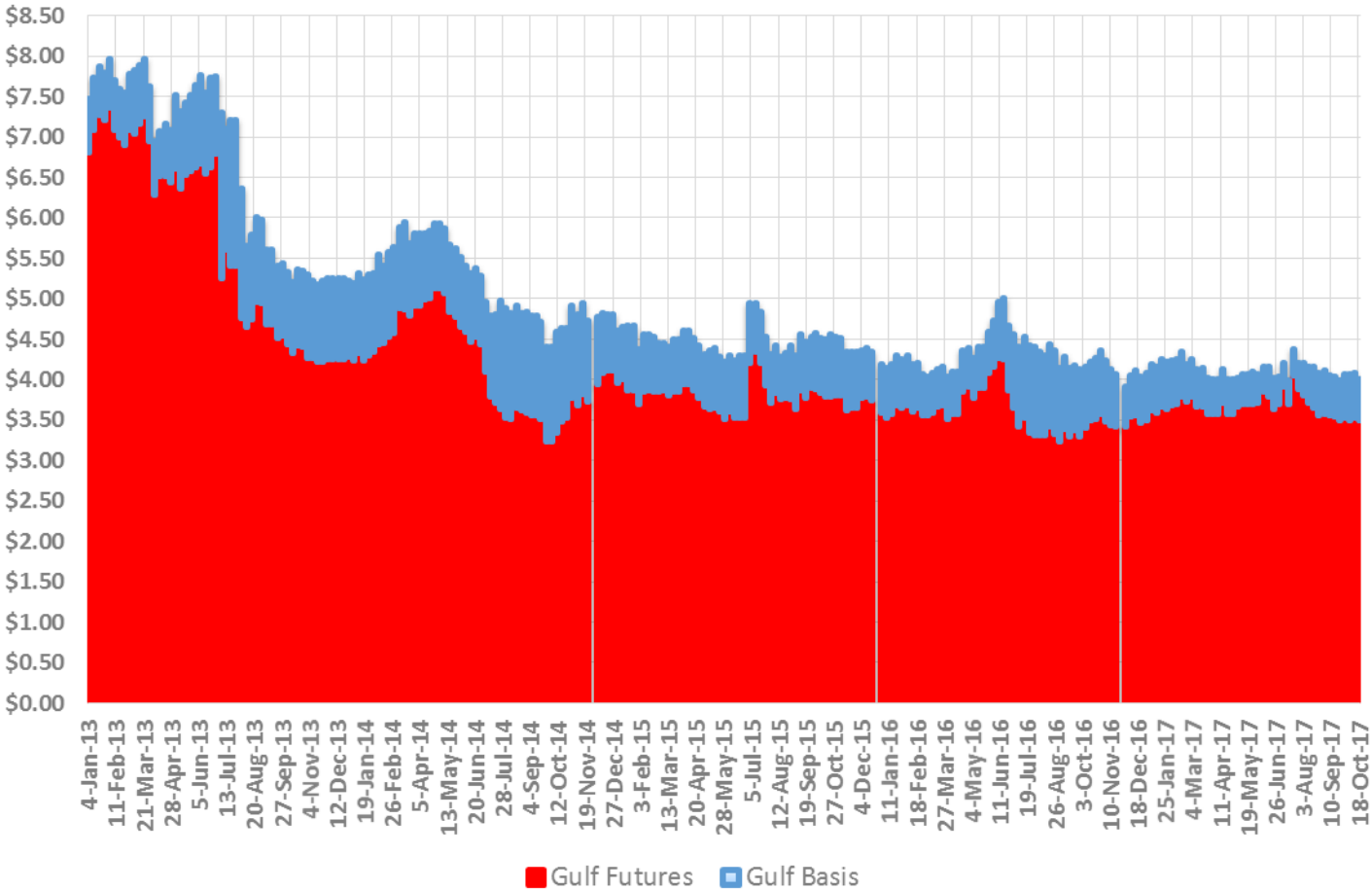
YTD Exports to Philippines by Container



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

Shipping News:

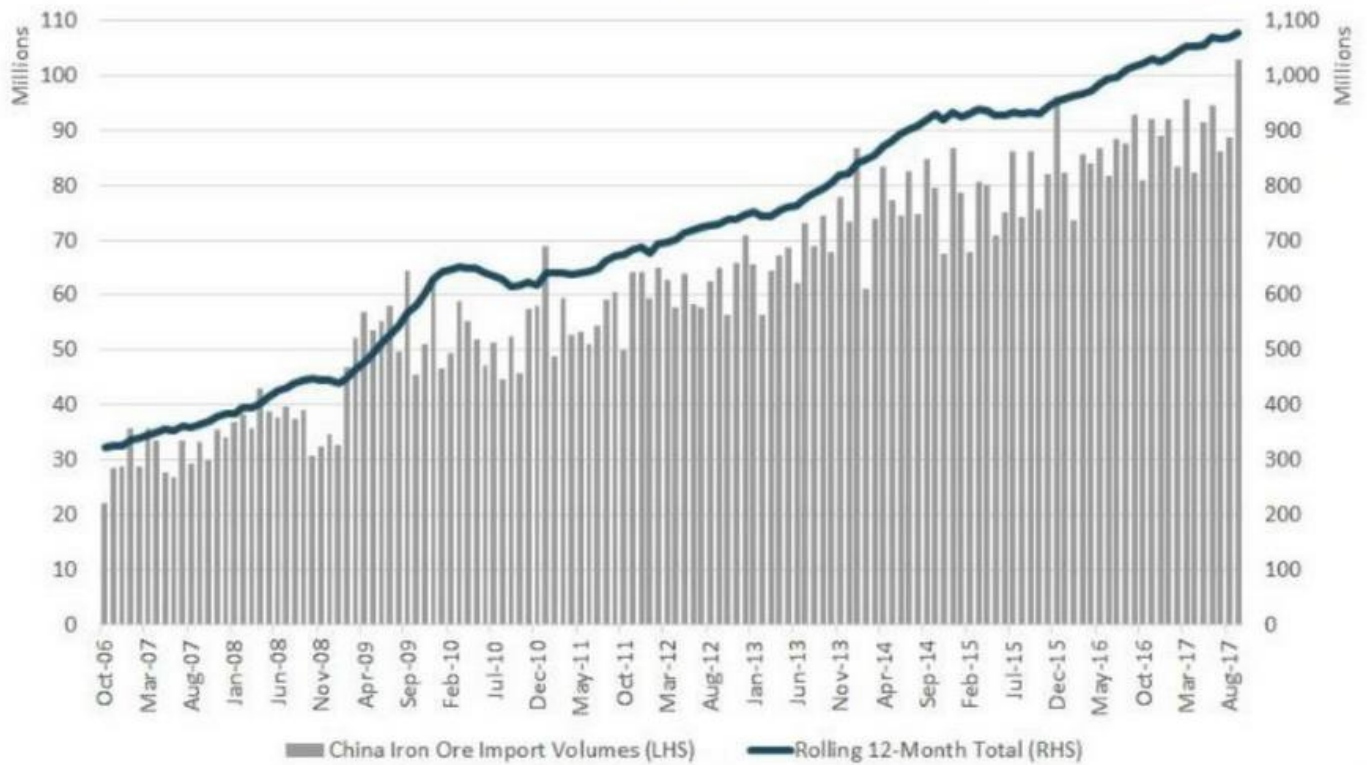
Gulf Corn Futures vs. Basis



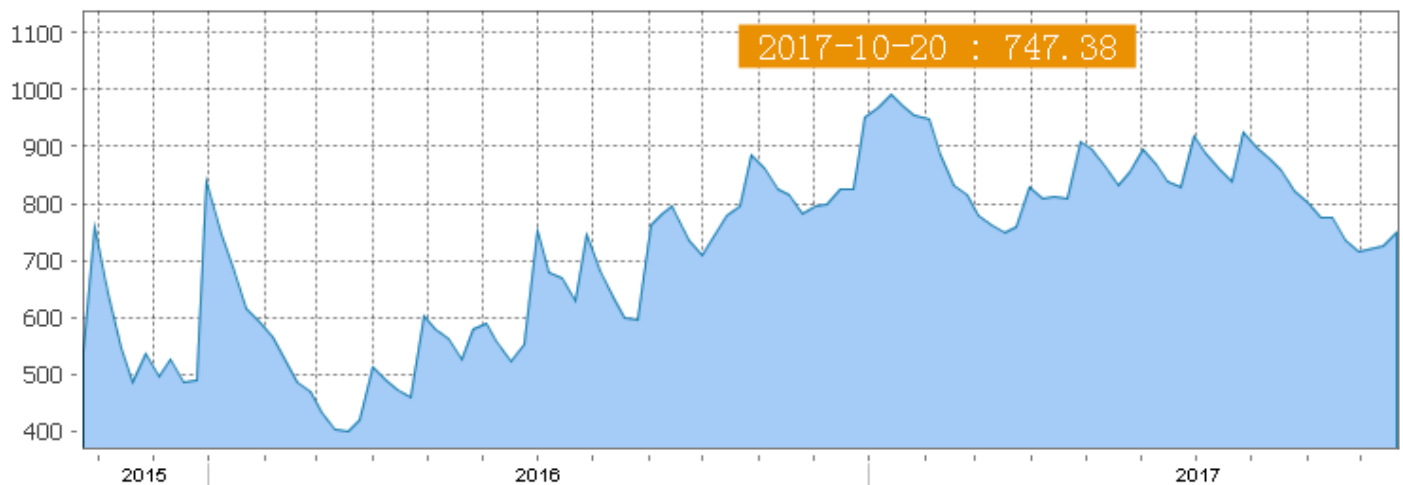
China Iron Ore Imports

Tonnes, China General Administration of Customs

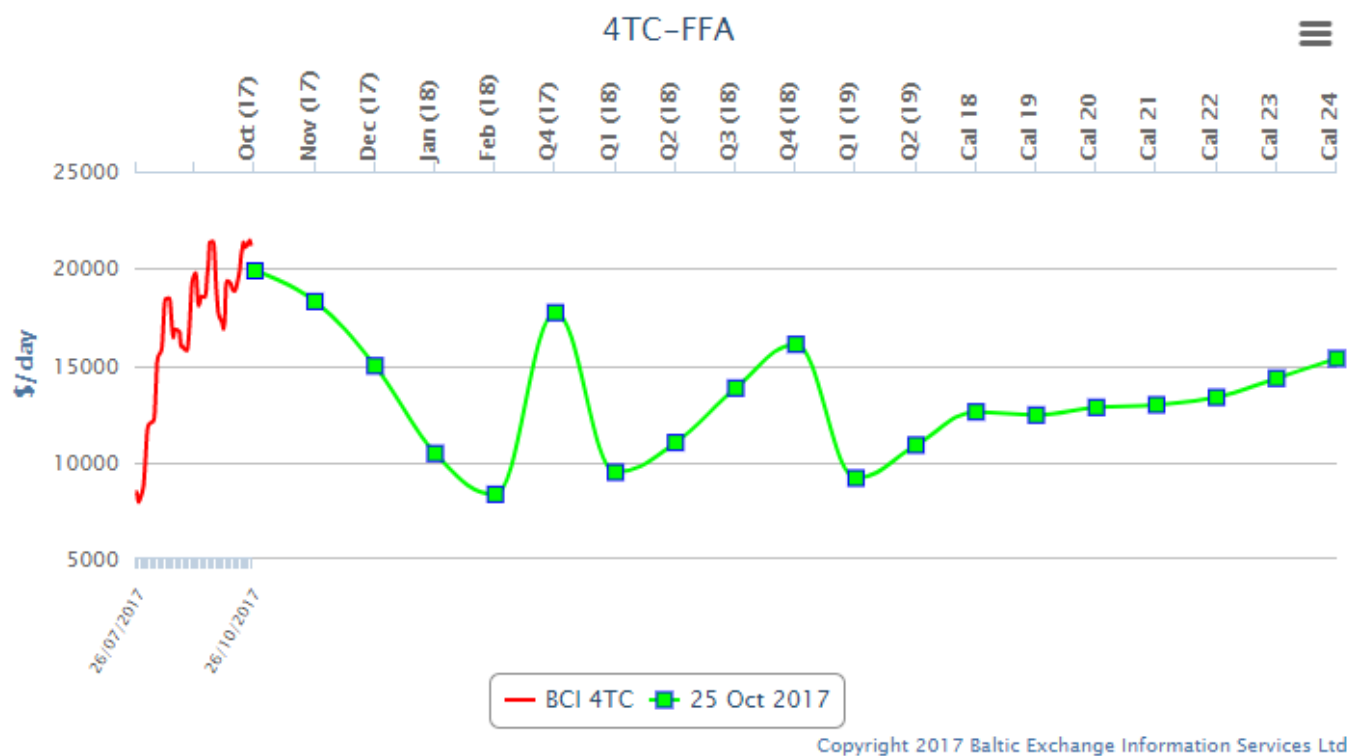
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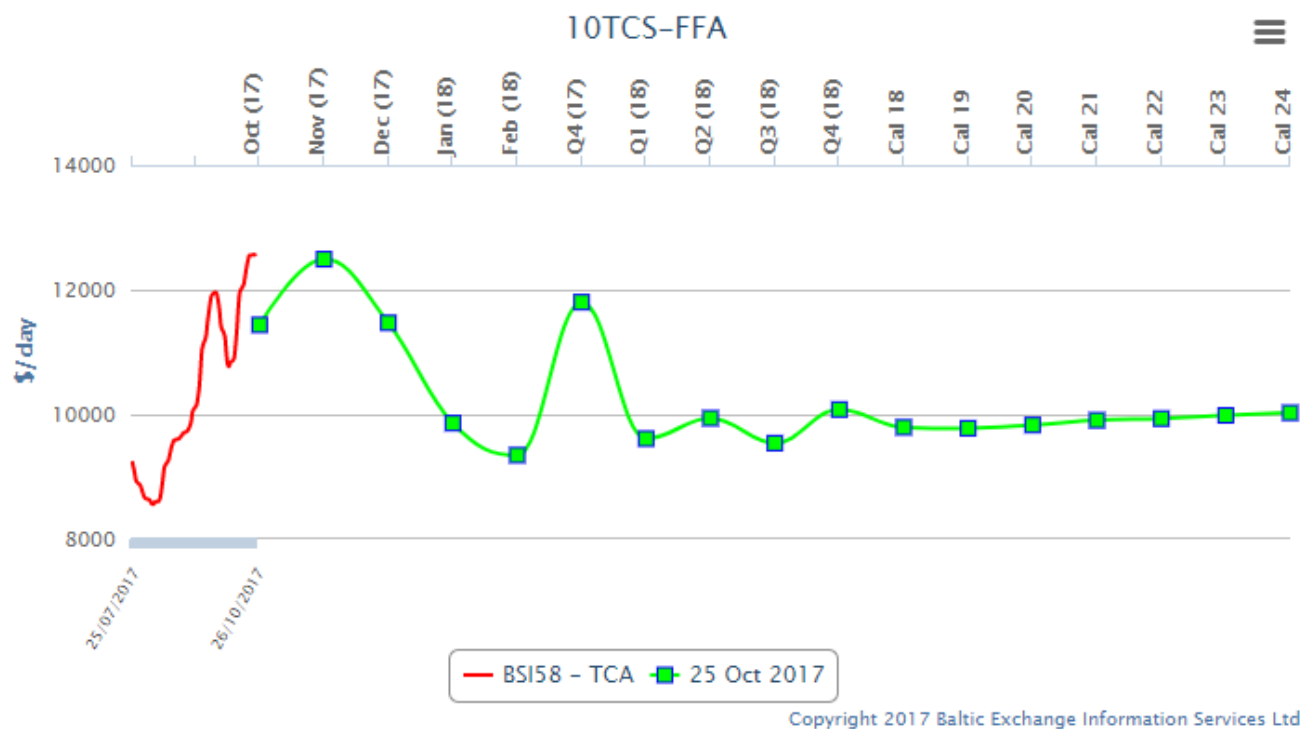
Shanghai Containerized Freight Index



FFA Capesize for the 4 time charter routes



FFA SUPRAMAX 58 for the 5 time charter routes



U.S. RIVER BARGE FREIGHT

Current Barge Freight for Placement Last Half November 2017

Placemen LH November 2017	% of		Corn	Soybeans-Wheat
	Tariff	MT	BU	BU
Upper Mississippi	385	\$26.27	0.67	0.71
Illinois River (Pekin and South)	305	\$16.17	0.41	0.44
Mid-Mississippi	305	\$17.89	0.45	0.49
Lower Ohio	285	\$14.01	0.36	0.38
St. Louis	205	\$ 9.02	0.23	0.25

Secondary Rail Car Market for car placement period: Last Half November 2017.

Secondary Rail Car Market Placement LH November 2017	BID USD	ASK USD	BID BU.	ASK BU.	BID MT	ASK MT
BNSF Shuttle Trains	\$ (275.00)	\$ (75.00)	\$ (0.07)	\$ (0.02)	\$ (2.71)	\$ (0.74)
UPRR Shuttle Trains	\$ 250.00	\$ (125.00)	\$ 0.06	\$ (0.03)	\$ 2.46	\$ (1.23)

Best Regards,

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