

**Transportation and Export Report for 5 October 2017****Ocean Freight Insights and Comments:**

I find it a bit amazing that the Baltic Dry-bulk freight indices can move up and down by 300 to 600 points per day, even in relatively quiet markets. But I guess that is just evidence of the amount of paper trading that takes place as it does not directly correlate with the degree of rate movement in the physical markets.

This week's market action saw a continued softening in the Baltic Indices and some slightly lower priced physical vessel fixtures. At weeks end the market is trying to stop the slide and recover slightly; probably with the hope that things will improve once the Chinese return from the golden week holiday. We are of course in full swing with the North America Corn and Soybean harvest and vessel demand from the U.S. Gulf is increasing daily.

BALTIC DRY-BULK PANAMAX INDEX CHANGES

Panamax Ocean Freight Indices				
5-Oct-17	This Week	Last Week	Difference	Percent Change
P2A : Gulf/Atlantic - Japan	17678	17830	-152	-0.9%
P3A - PNW/Pacific - Japan	11397	11230	167	1.5%
S1C -USGULF-China-So.Japan	20528	22706	-2,178	-9.6%

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

Four weeks ago: \$ 7.25-\$7.60
 Three weeks ago: \$ 7.75-\$8.05
 Two weeks ago: \$ 7.75-\$8.05
 One week ago: \$ 7.30-\$7.90
 This week \$ 7.40-\$8.25

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

Mississippi River: (10 elevators) 4-13 days
 Miss. River Mid-Stream loaders: (6+ Rigs) 0-2 days
 Texas Gulf (6 elevators) 0-8 days
 Pacific Northwest: (9 elevators) 0-7 days

Panamax Market Spreads to Asia -China					
5-Oct-17	PNW	GULF	Bushel Spread	MT Spread	Advantage
CORN	0.82	0.57	0.25	\$9.84	PNW
SOYBEANS	0.75	0.55	0.20	\$7.87	PNW
OCEAN FREIGHT	\$22.75	\$41.00	.48-.50	\$18.25	OCT.

Recent Reported Vessel Fixtures:

66,000 mt HSS US Gulf to N. China for Nov.1-10 at \$41.25 fio 10,000/8,000 shex bends. LDC
 66,000 mt HSS US Gulf to N. China for Nov.1-10 at \$42.00 fio 10,000/8,000 shex bends. LDC
 66,000 mt HSS US Gulf to N. China for Nove.1-10 at \$41.50 fio 10,000/8,000 shex bends. LDC
 60,000 mt HSS US Gulf to N. China for Oct. 23-30 at \$40.50 fio 10,000/8,000 shex bends. COFCO

Route and Vessel Size	Current Week USD/MT	Change from previous week	Remarks
55,000 U.S. Gulf-Japan	\$41.50	Down \$0.75	Handymax at \$42.00 mt
55,000 U.S. PNW- Japan	\$23.00	Down \$0.50	Handymax at \$23.50 mt
65,000 U.S. Gulf – China PNW to China	\$41.00 \$22.75	Down \$0.75 Down \$0.50	North China
25,000 U.S. Gulf- Veracruz, México	\$16.25	Down \$0.25	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$13.75	Down \$0.25	Deep draft and 6,000 MT per day discharge rate.
25/35,000 U.S. Gulf- <u>East Coast Colombia</u> From Argentina	\$19.50 \$29.50	 Down \$0.50	<u>West Coast Colombia at \$27.50</u>
40-45,000 U.S. Gulf - Guatemala	\$27.50	Down \$0.50	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf – Algeria	\$28.75 \$31.75	Down \$0.50	8,000 mt daily discharge 3,000 mt daily discharge
25-30,000 US Gulf-Morocco	\$28.00	Down \$0.50	5,000 discharge rate
55,000 U.S. Gulf –Egypt PNW to Egypt	\$25.75 \$25.00	Down \$0.50	55,000 -60,000 mt St. Lawrence to Egypt \$26.00
60-70,000 U.S. Gulf – Europe – Rotterdam	\$16.75	Down \$0.25	Handymax at +\$1.50 more
Brazil, Santos –China Itacoatiara Port up River Amazonia North Brazil - China	\$33.00 \$32.00 \$35.50	 Down \$0.50	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
56-60,000 Argentina-China Up River with Top Off	\$39.50	Down \$0.50	

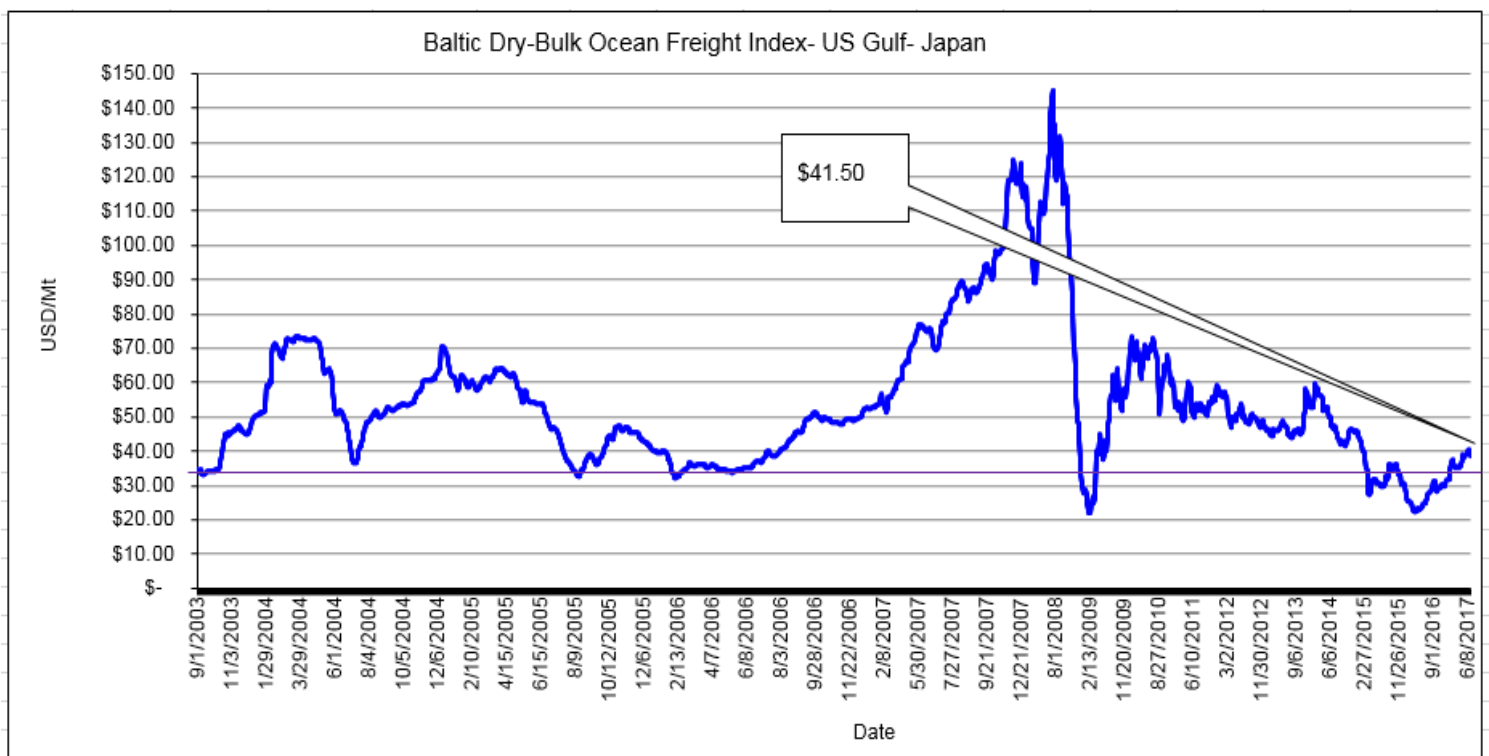
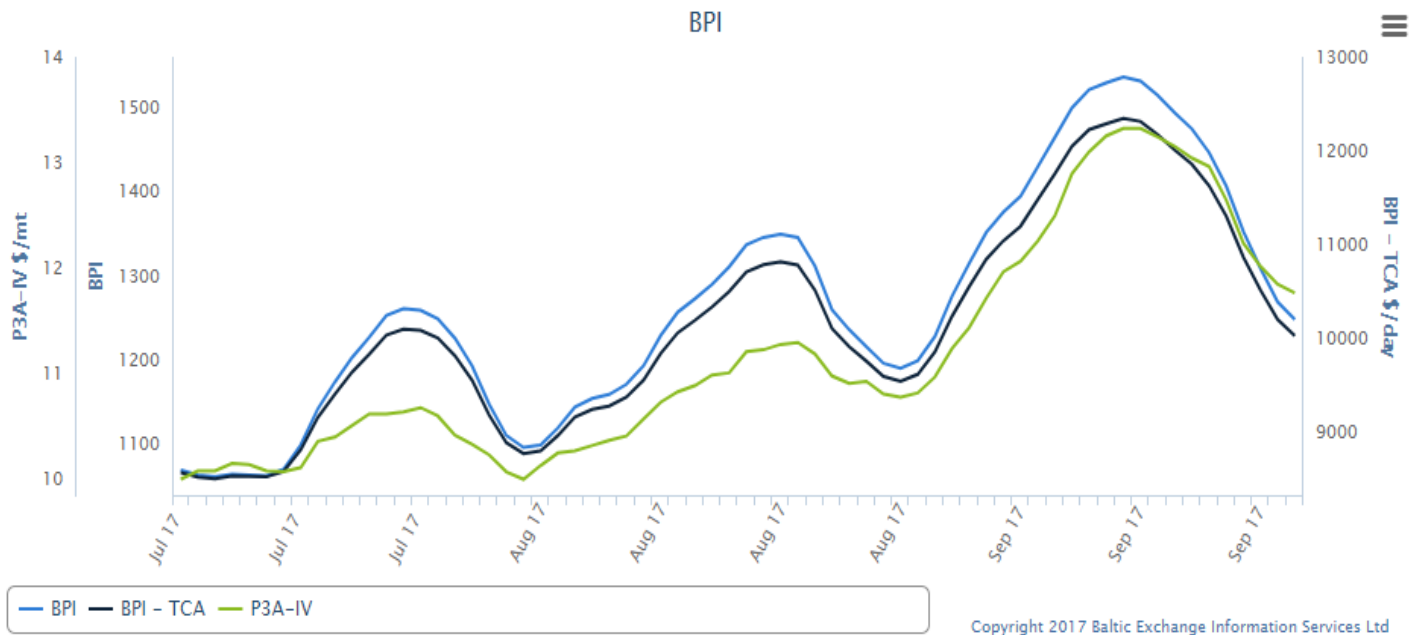
Nautical Miles: To Xiamen China (South China)

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

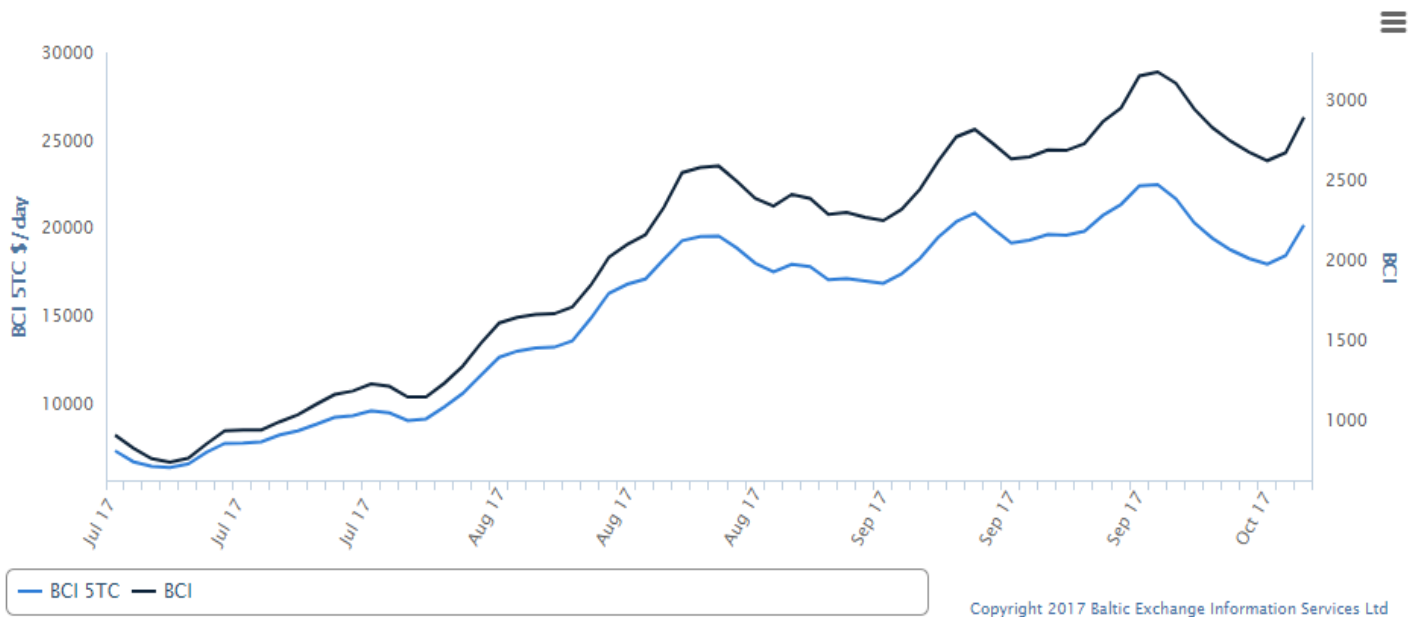


Baltic Dry Bulk Index

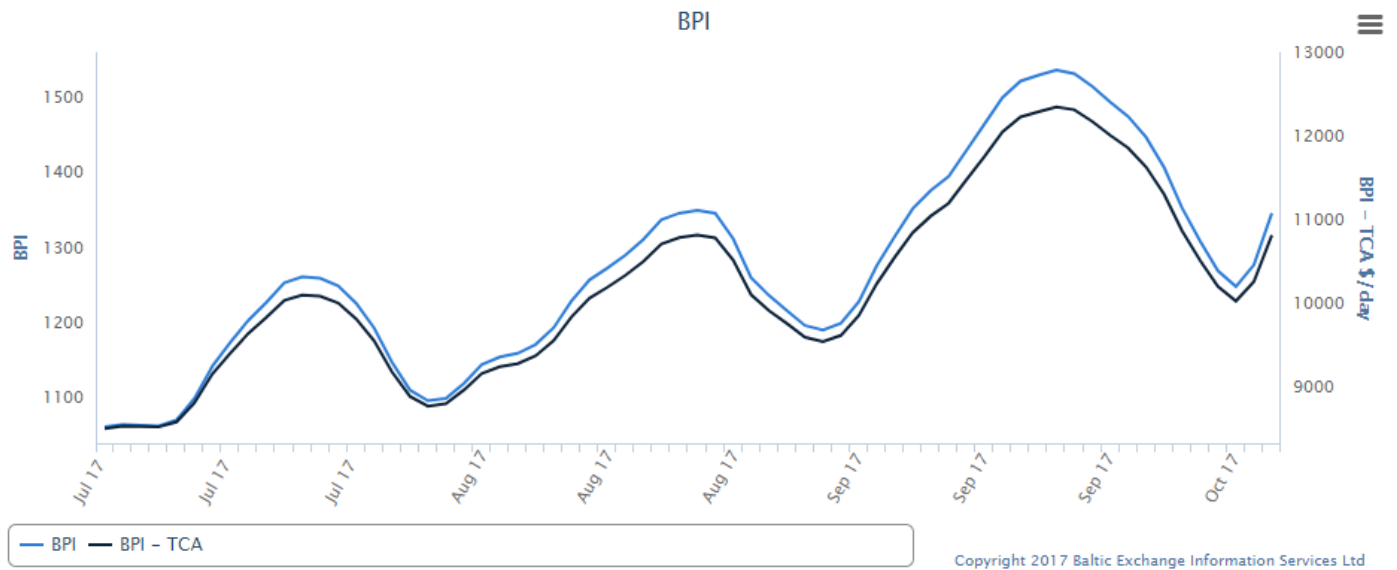
BALTIC EXCHANGE DRY INDEX



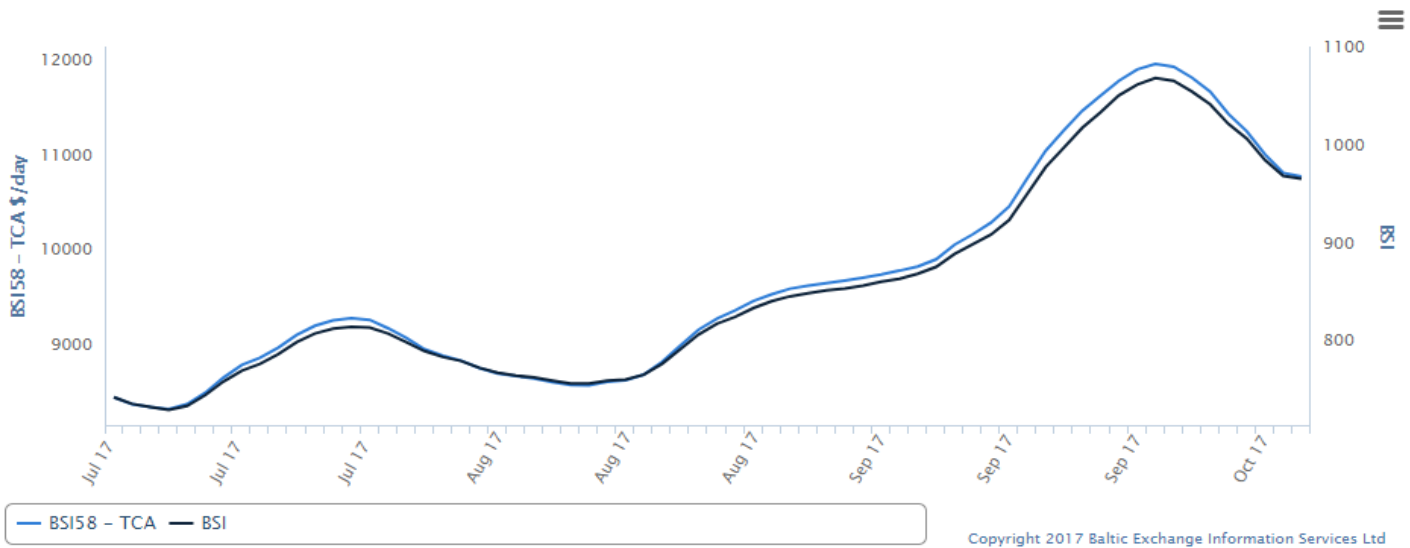
Baltic Capesize Index



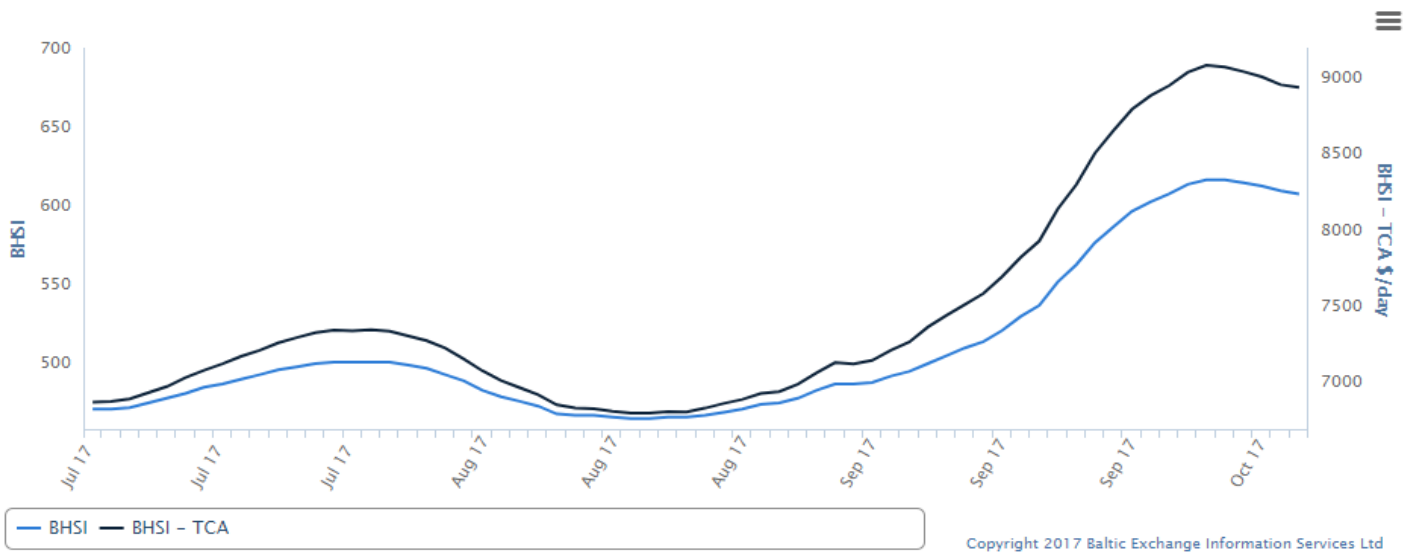
Baltic Panamax Index



Baltic Supramax Vessel Index



Baltic Handy Size



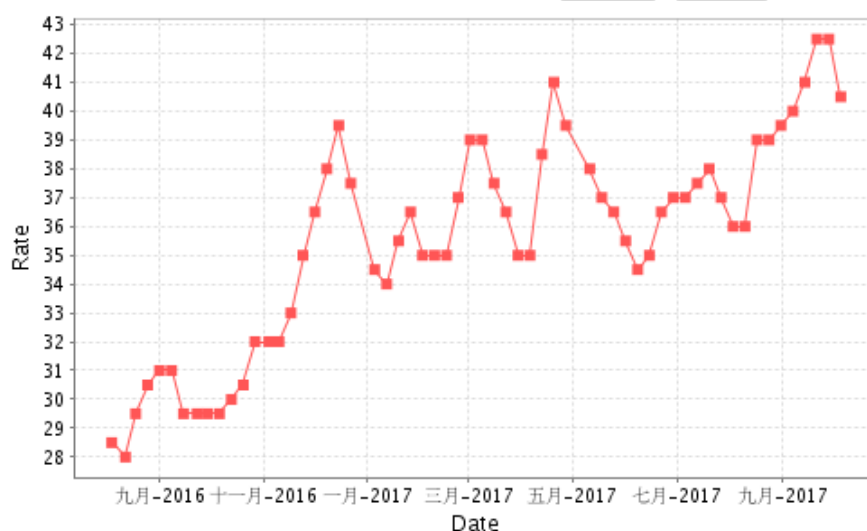
Yamamizu Shipping

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[History](#)
[Organization](#)
[Service](#)
[Access Map](#)
[Yamamizu Index](#)

USG/Japan Index Result

Date From: 2016-08-01

Date To: 2017-10-06



China Import Dry Bulk Freight Index(CDFI)

2017-09-29

Index/Routes	Charterparty type	Cargo/Vessel type	Dwt/Cargo Capacity	Unit	Index/Rate	Change
Composite Index				Point	1061.95	-27.99
VC Index				Point	875.23	-12.1
TCT Index				Point	1342.03	-51.83
Santos(Brazil)— North China	VC	Soybean	60000/10%	\$/ton	31.43	-0.08
Tacoma(West America)—North China	VC	Soybean	60000/10%	\$/ton	22.875	-0.305
Mississippi(US Gulf) —North China	VC	Soybean	55000/10%	\$/ton	43.215	-0.19

5 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
Oct.	0.57	\$160.03	0.82	\$169.87
Nov.	0.56	\$159.64	0.80	\$169.08
Dec.	0.57	\$160.03	0.80	\$169.08
Jan.	0.48	\$161.61	0.73	\$171.45
Feb.	0.48	\$161.61	0.75	\$172.23
Mar.	0.50	\$162.39	0.77	\$173.02

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
Oct.	1.40	\$192.71	1.30	\$188.77
Nov.	1.40	\$192.71	1.28	\$187.98
Dec.	1.40	\$192.71	1.30	\$188.77
Jan.	1.30	\$193.89	1.20	\$189.95
Jan.	1.30	\$193.89	1.20	\$189.95

Fob vessel Texas Gulf #2 Sorghum is about 118 % 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	
	Oct.	Nov.	Dec.	Jan.
FOB U.S. GULF	\$190.61	\$192.44	\$191.34	\$192.72
Basis	0.78	0.83	0.80	0.65
WZ	4.4075			
WH	4.5950			
WK	4.7375			

CME CORN FUTURES MARKET CLOSE- Thursday						
CBOT		Friday	Friday	Last week		Difference
CORN	Futures	Close	Close	Last week	Last Week	
Month	Symbol	Bushel	MT.	Bushel	MT.	Bushel
Sept.	CU	\$3.4950	\$137.59	\$ 3.5250	\$138.77	(\$0.0300)
Dec.	CZ	\$3.6250	\$142.71	\$ 3.6525	\$143.79	(\$0.0275)
Mar.	CH	\$3.7150	\$146.25	\$ 3.7375	\$147.14	(\$0.0225)
May	CK	\$3.7925	\$149.30	\$ 3.8125	\$150.09	(\$0.0200)
July	CN	\$3.8650	\$152.16	\$ 3.8800	\$152.75	(\$0.0150)

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



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

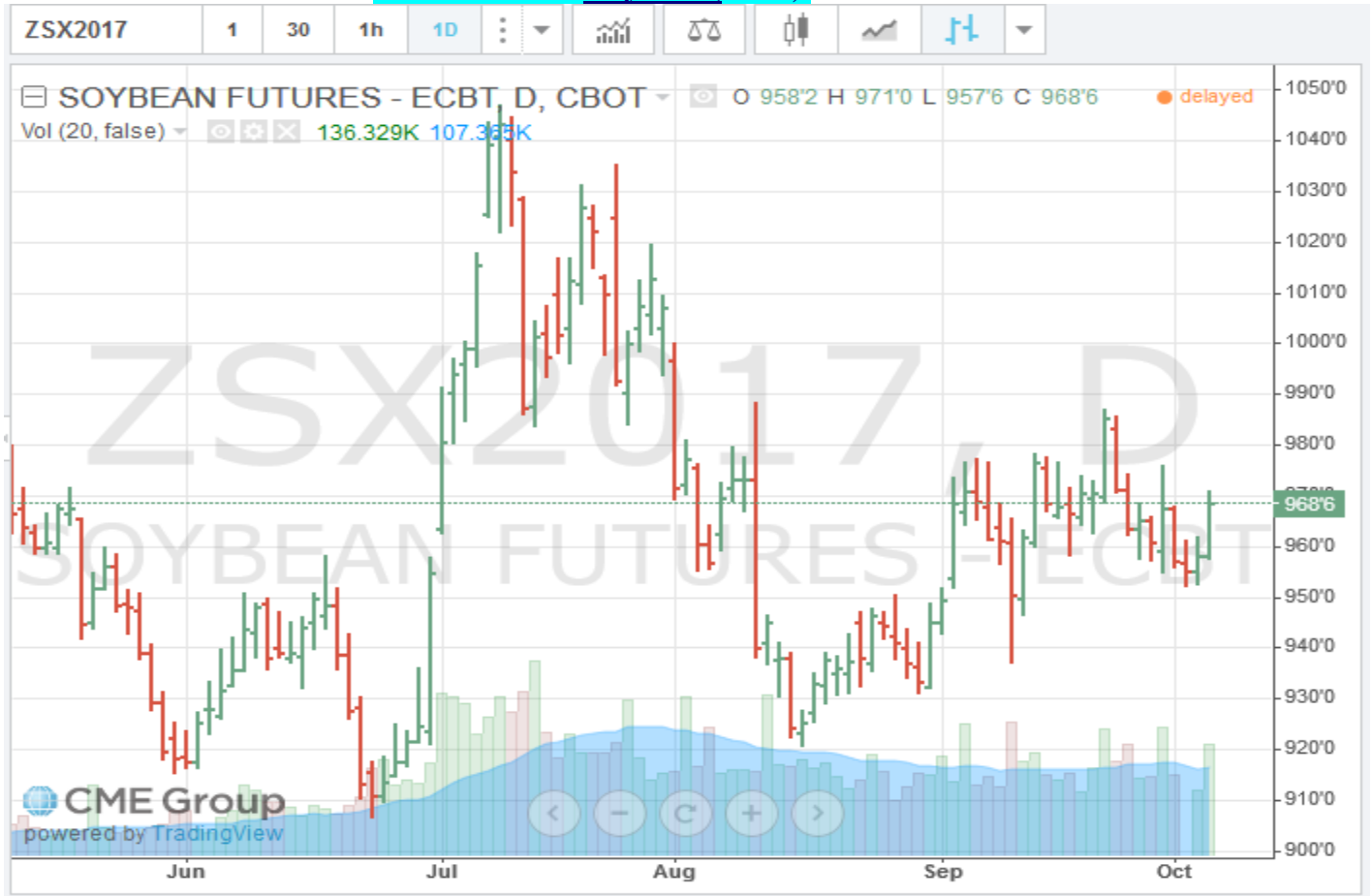


Soybean and SBM Markets Fob Vessel:

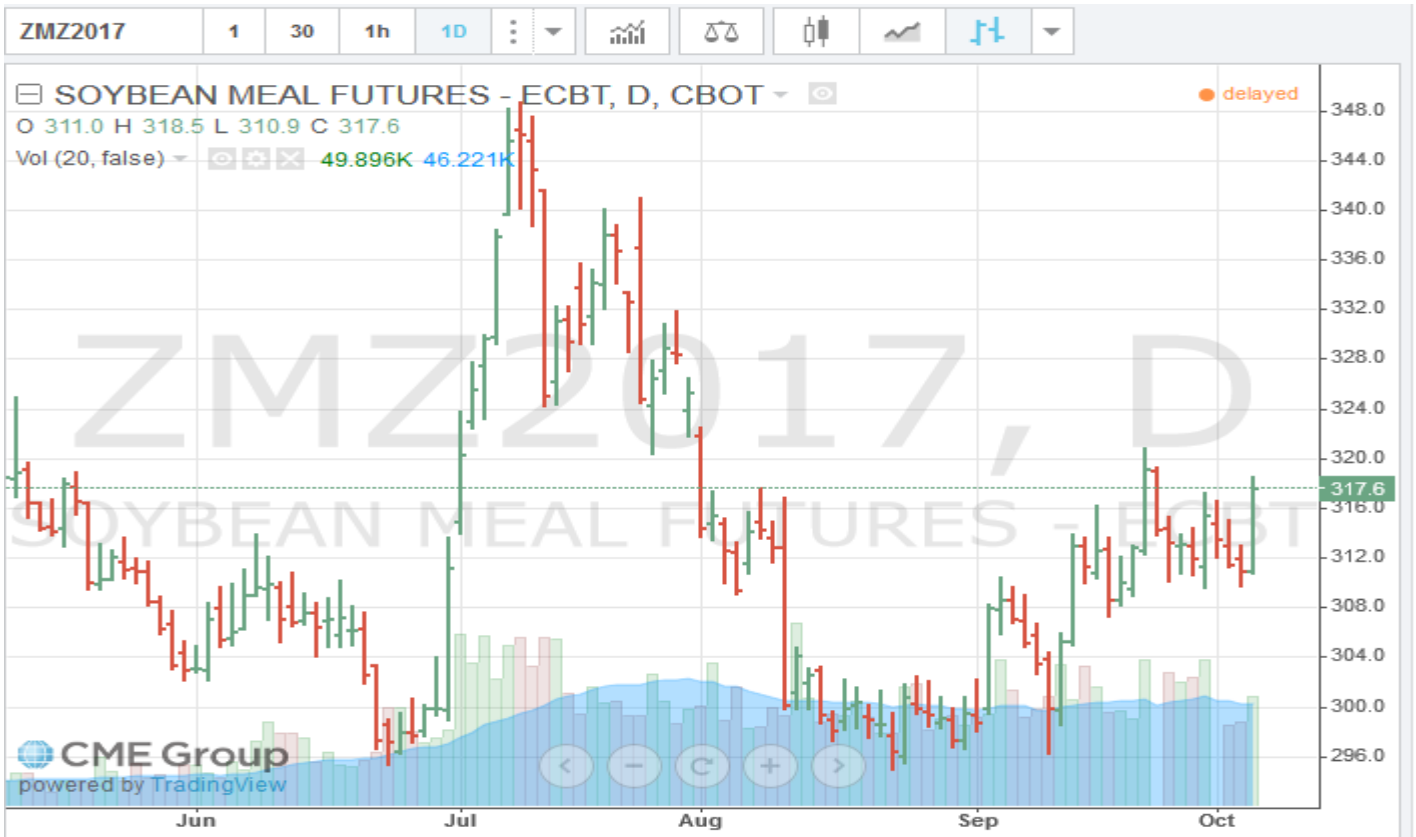
U.S. Yellow Soybeans (USD/MT) FOB Vessel				
# 2 YSB	U.S. Gulf #2 YSB		PNW #2 YSB	
14.0 % Moisture	Basis	Flat Price	Basis	Flat Price
Oct.	0.55	\$375.98	0.75	\$383.32
Nov.	0.56	\$376.34	0.78	\$384.43
Dec.	0.53	\$379.19	0.75	\$387.27
Jan.	0.53	\$379.19	0.80	\$389.11
Feb.	0.50	\$381.40	0.78	\$391.68
Soybean Futures				
Nov.	\$ 9.6825			
Jan.	\$ 9.7900			
Mar.	\$ 9.8800			
May.	\$ 9.9700			
July	\$ 10.0450			
Aug.	\$ 10.0500			

U.S. SBM (USD/MT) FOB Vessel		
Fob U.S. Gulf Port	47.5 Pro. SBM	
max 12.5 % moisture	Basis	Flat Price
Oct.	1.00	\$ 346.07
Nov.	1.00	\$ 350.48
Dec.	2.00	\$ 351.59
Jan.	1.00	\$ 352.80
Feb.	0.00	\$ 354.78
SBM Futures		
SMV	312.90	
SMZ	316.90	
SMF	319.00	
SMH	321.80	
SMK	324.20	
SMN	326.40	

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 28 September 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	855.4	12,164.2	46,990	26%	207.8
Sorghum	119.0	1,315.5	5,330	25%	0.0
Soybeans	1158.6	23,330.8	61,240	38%	121.0
Wheat	496.5	14,010.8	26,540	53%	30.0
Barley	0.4	37.4	110	34%	0.0

U.S. EXPORT INSPECTIONS:

Monday's report 02 October 2017 for the Export week ending 28 September 2017

	Export Inspections		Current Market Year YTD	Previous Year to Date	2017 YTD as Percent of 2016 YTD
	This Week	Previous Week			
Corn	782,346	779,971	2,928,252	5,774,192	51%
Sorghum	1,272	130,165	250,295	372,831	67%
Soybeans	894,250	1,036,604	3,970,338	3,410,154	116%
Wheat	691,971	501,806	9,921,386	10,139,604	98%
Barley	0	0	14,122	24,258	58%

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

U.S. EXPORT INSPECTIONS:

Monday's report 02 October 2017 for the Export week ending 28 September 2017

Last Week							
(Metric Tons)	YC	%	WC	%	Sorghum	%	Soybeans %
Lakes	0	0%	0	0%	0	0%	0 0%
Atlantic	0	0%	0	0%	0	0%	12,269 1%
Gulf	411,361	57%	63,140	100%	0	0%	810,683 91%
PNW	123,999	17%	171	0%	0	0%	0 0%
Interior Export Rail	183,651	26%	24	0%	1,272	100%	71,298 8%
Metric Tons	719,011		63,335		1,272		894,250

Sorghum

Shipments:

<u>metric tons</u>	
1,272	Mexico
1,272	Total

White Corn

Shipments:

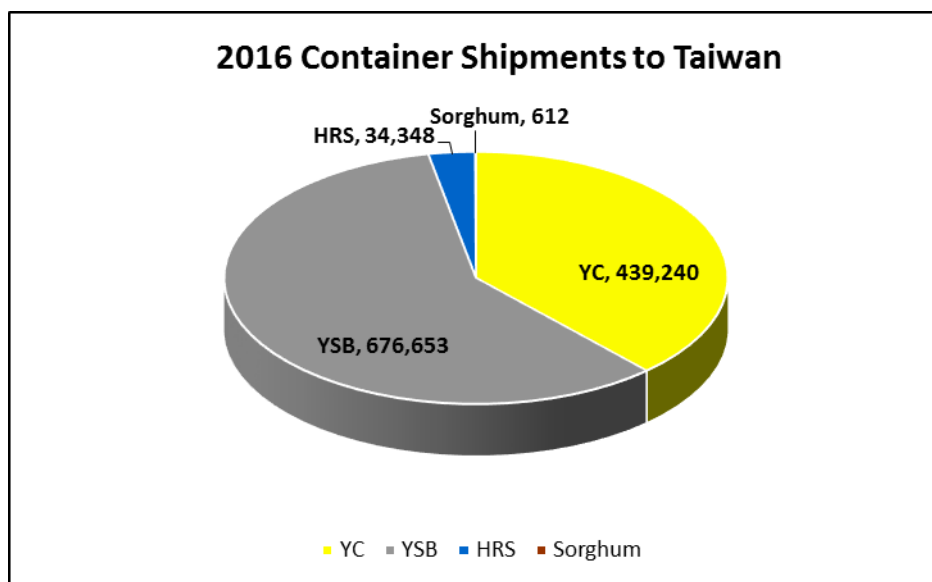
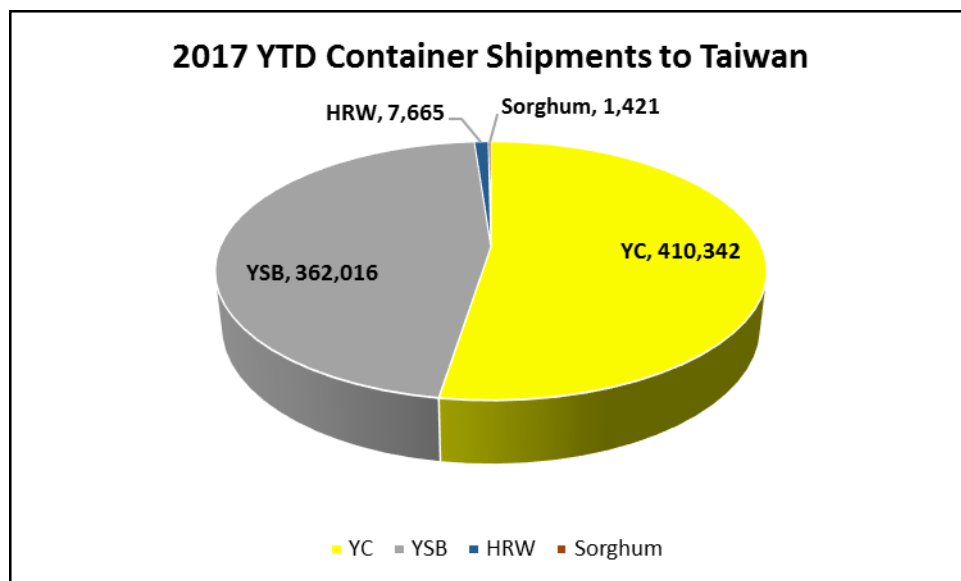
<u>metric tons</u>	
63,140	Mexico
171	Korea Rep.
24	Ireland
63,335	Total

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:		28-Sep-2017							
Last Week	metric tons								MT
	YC	WC	YSB	SRW	NS	SWH	HRW	Sorghum	TOTAL
China Main	833		7,329						8,162
China T	7,689		7,663						15,352
Hong Kong	244								244
Costa Rica									0
Indonesia			10,160						10,160
French Polynesia									0
Japan			343						343
Korea Republic	857		1,470						2,327
Panama									0
Malaysia	196		2,498						2,694
Ireland		24							24
Philippines	73		832						905
Thailand			3,281						3,281
Bangladesh									0
Burma			416						416
Vietnam			1,861			588			2,449
Sub total	9,892	24	35,853	0	0	588	0	0	43,492
USDA Corrections/Additions to previous reports:									
China T			1,885						1,885
China Main								171	171
Hong Kong									0
Korea Rep.									0
Canada									0
Japan									0
Philippines									0
Indonesia			3,183						3,183
Malaysia							808		808
Thailand							367		367
Vietnam									0
Guyana									0
Panama									0
Sub total	0	0	5,068	0	0	0	1,175	171	6,414
Mt. Grand Total	9,892	24	40,921	0	0	588	1,175	171	49,906
Number of containers	430	1	1,779	0	0	26	51	7	

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

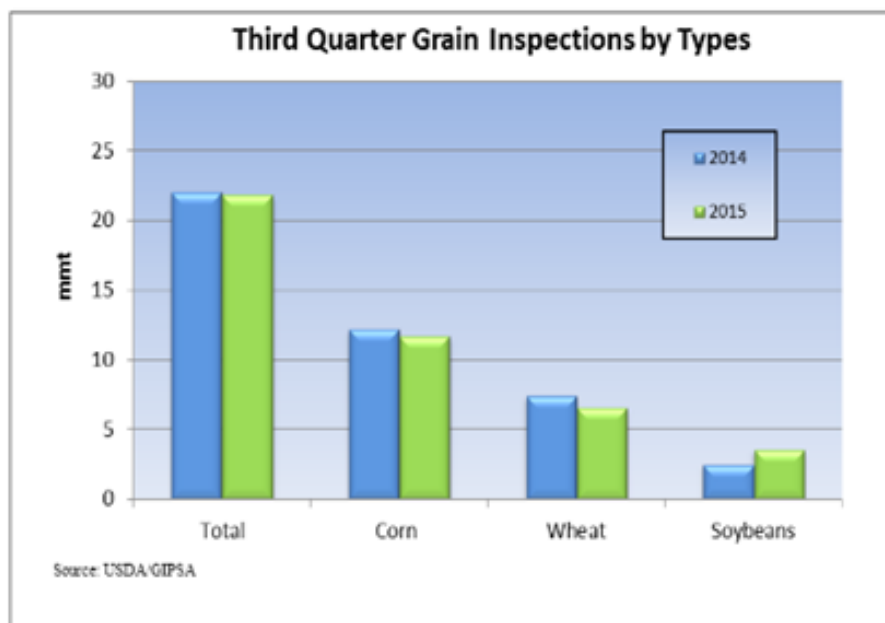


Grain Inspections for Export by U.S. Port Regions:
U.S. Gulf and Pacific Northwest 2016 YTD vs. 2017 YTD

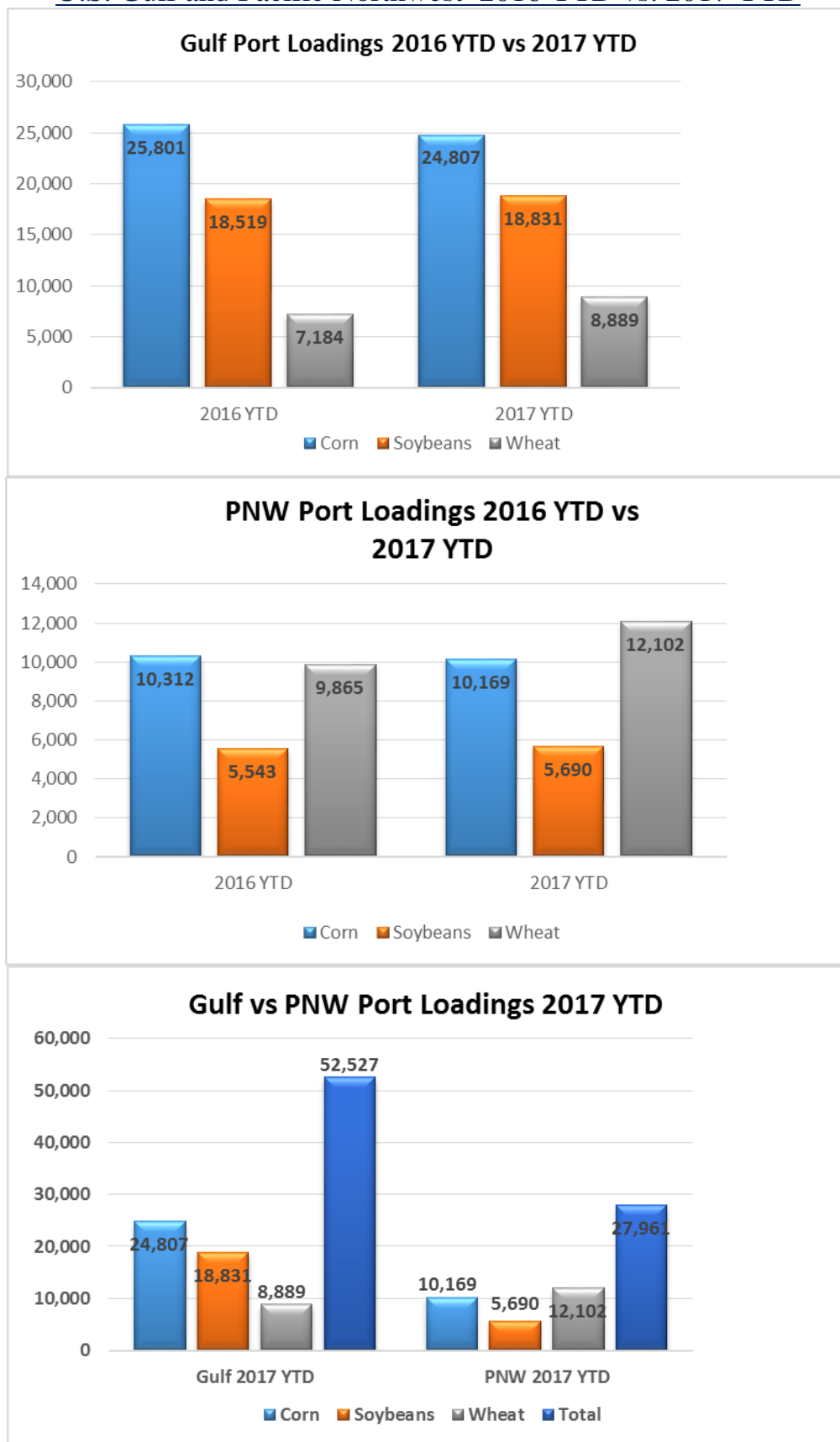
PORT LOADINGS US Gulf				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
GULF				
2016 YTD	25,801	18,519	7,184	51,504
2017 YTD	24,807	18,831	8,889	52,527
2017 as % of 2016	96%	102%	124%	102%

PORT LOADINGS US PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
PNW				
2016 YTD	10,312	5,543	9,865	25,720
2017 YTD	10,169	5,690	12,102	27,961
2017 as % of 2016	99%	103%	123%	109%

PORT LOADINGS GULF vs. PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
2017 Gulf YTD	24,807	18,831	8,889	52,527
2017 PNW YTD	10,169	5,690	12,102	27,961
TOTAL	34,976	24,521	20,991	80,488
Gulf Percentage	71%	77%	42%	65%
PNW Percentage	29%	23%	58%	35%



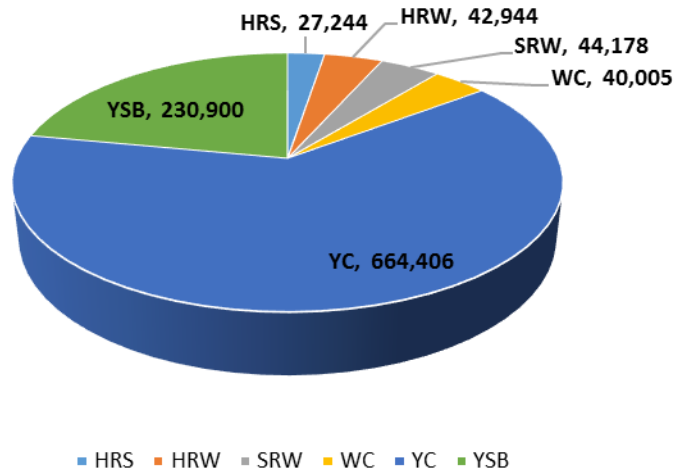
Grain Inspections for Export by U.S. Port Regions:
U.S. Gulf and Pacific Northwest 2016 YTD vs. 2017 YTD



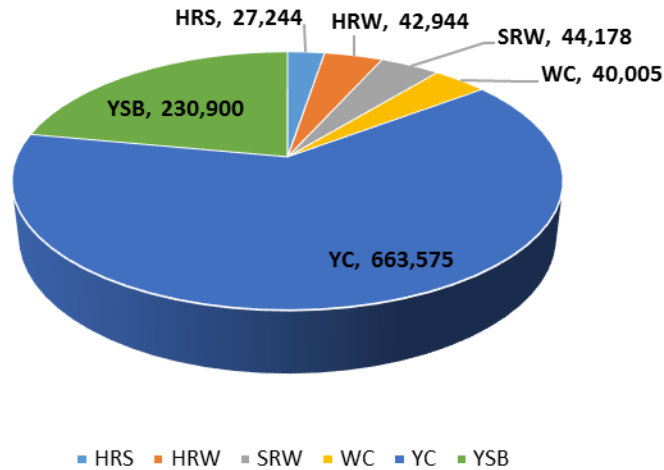
Source: USDA-data

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

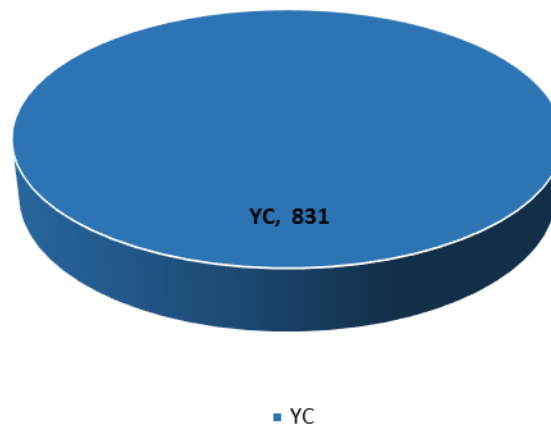
2017 YTD Exports to Costa Rica



YTD Exports to Costa Rica by Vessel



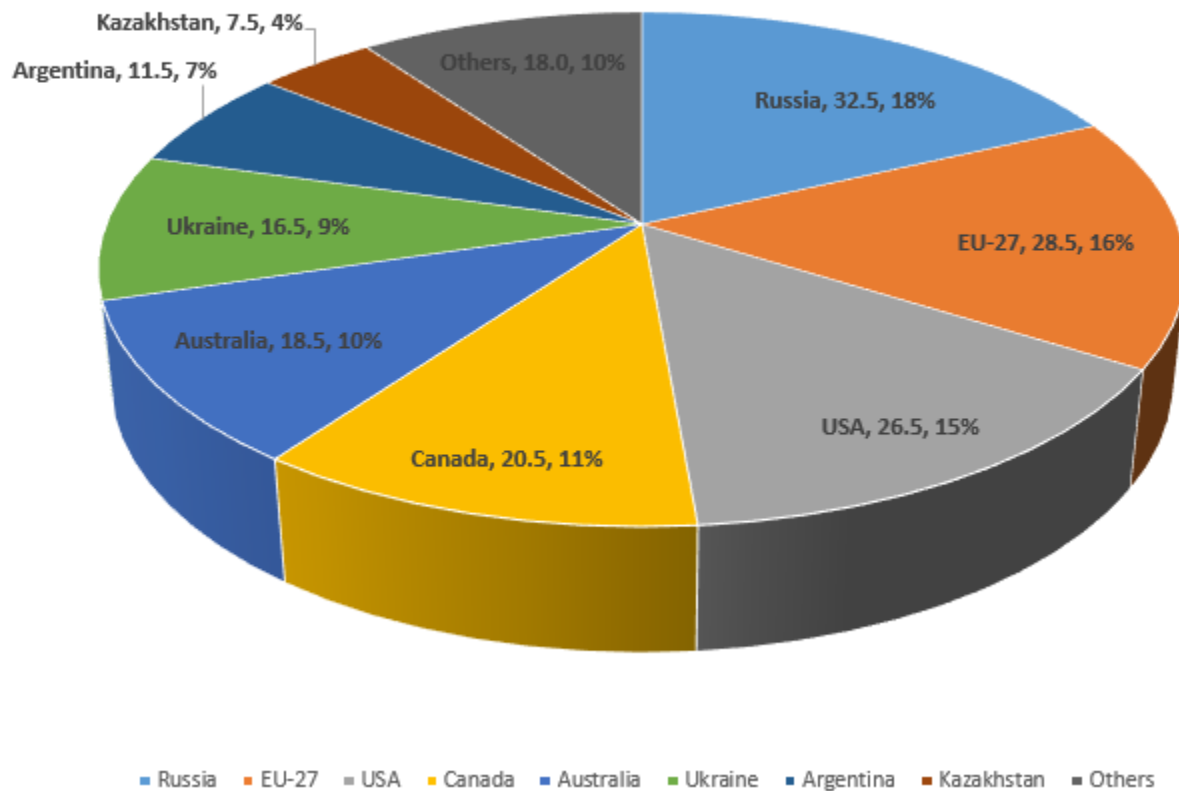
YTD Exports to Costa Rica by Container



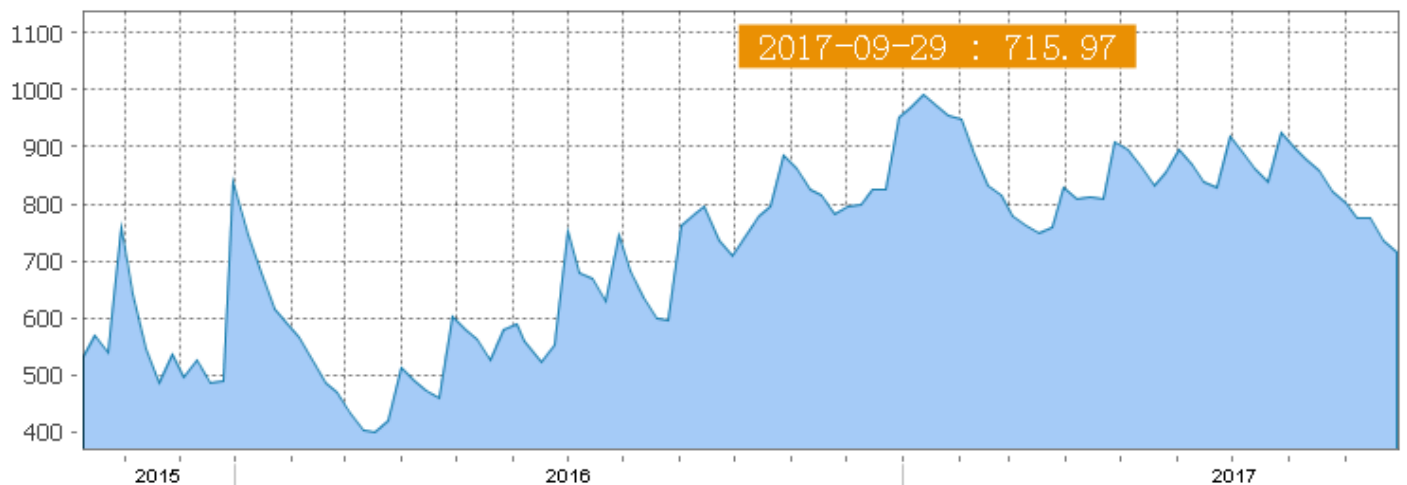
**Please keep in mind that USDA does not report DDGS sales, or they would show as the largest exports by container

Shipping News:

Exporters' Share in World Wheat Trade 2017-18 (MMT)

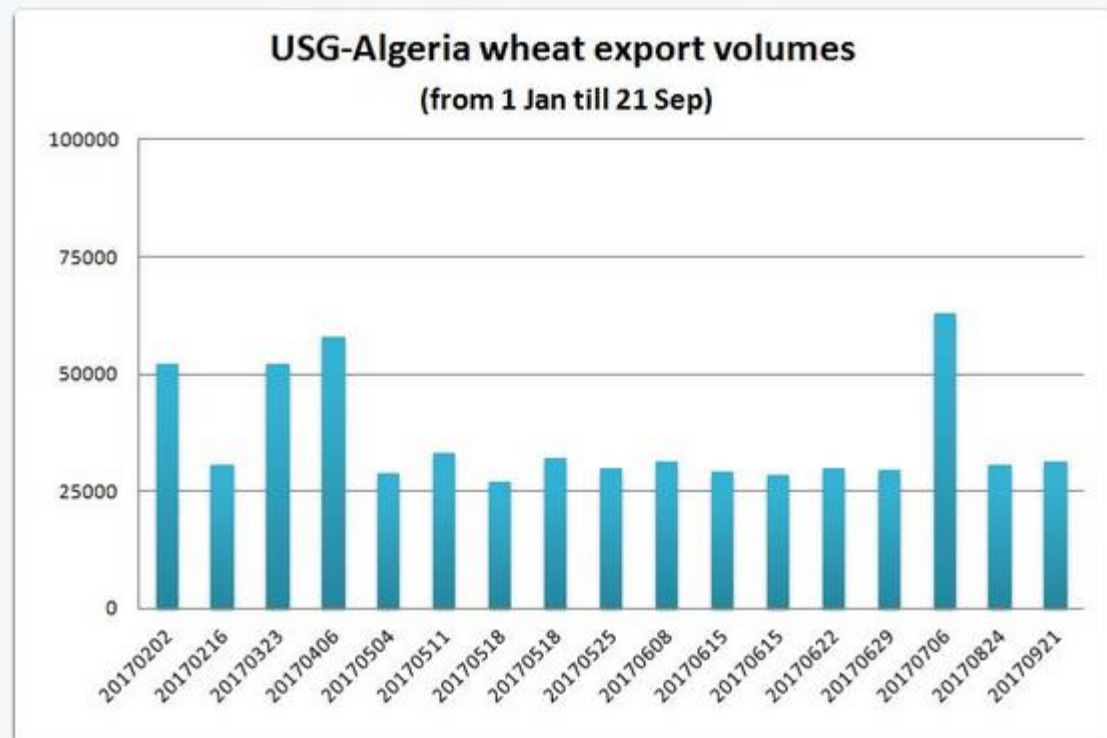


Shanghai Containerized Freight Index



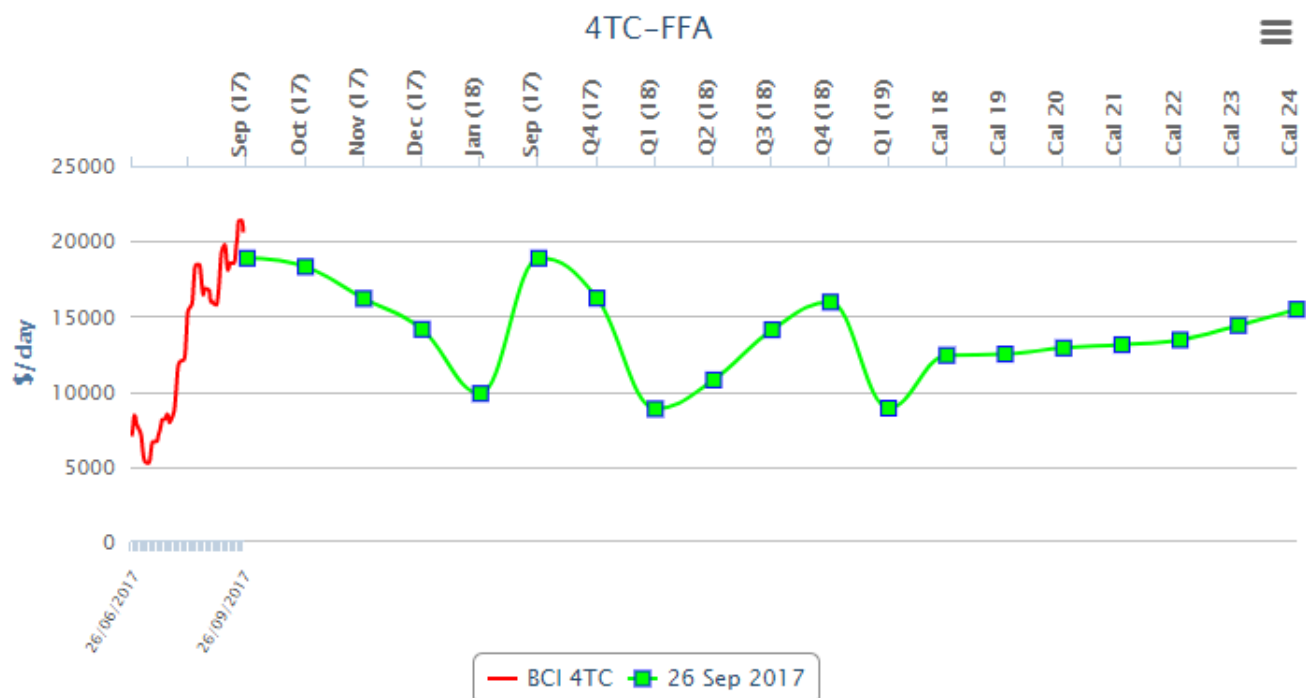
F&G report @FnG_report · 8m

Weekly #USG - #Algeria wheat #export volumes

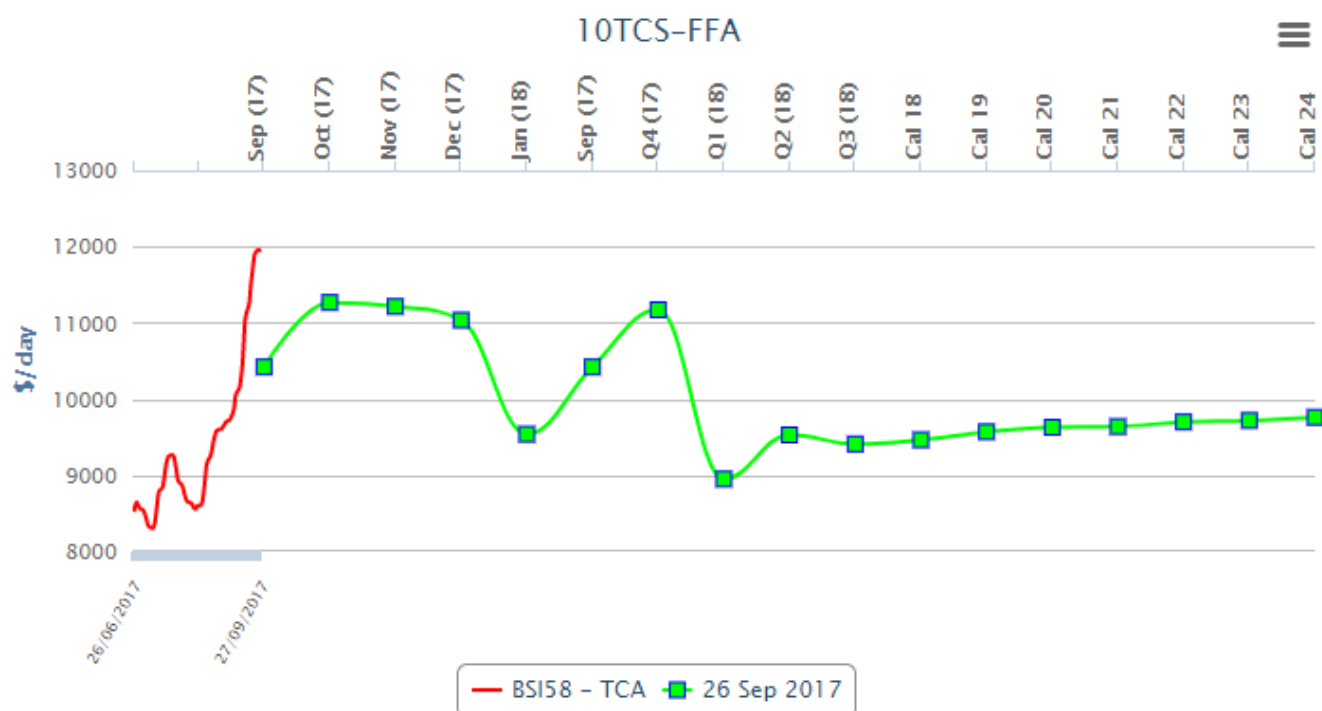


Ocean freight cost was probably close to \$20.00/mt

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 October 2017

Placemen LH October 2017	% of Tariff	MT	Corn BU	Soybeans-Wheat BU
Upper Mississippi	560	\$38.21	0.97	1.04
Illinois River (Pekin and South)	510	\$27.04	0.69	0.74
Mid-Mississippi	510	\$29.91	0.76	0.81
Lower Ohio	525	\$25.81	0.66	0.70
St. Louis	410	\$18.03	0.46	0.49

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

Secondary Rail Car Market Placement LH October 2017	BID USD	ASK USD	BID BU.	ASK BU.	BID MT	ASK MT
BNSF Shuttle Trains	\$ 100.00	\$ 500.00	\$ 0.03	\$ 0.13	\$ 0.98	\$ 4.92
UPRR Shuttle Trains	\$ (100.00)	\$ 200.00	\$ (0.03)	\$ 0.05	\$ (0.98)	\$ 1.97

Best Regards,

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