



Transportation and Export Report for 14 December 2017

Ocean Freight Insights and Comments:

The Capesize Dry-bulk index and physical markets have truly enjoyed an impressive rally and helped to pull the Panamax and other freight markets up with it. The term I hear a lot is "Market Sentiment is positive". This is true; it is now very optimistic and even bullish. Vessel owners and freight analyst now believe that we have turned the corner and largely rebalanced the fleet size verses cargo demand. The Christmas and New Year Holiday quiet period should see softer values. And I'm not sure that the first quarter of 2018 will see higher prices but it does appear that 2018 daily hire rates will be higher than in 2017.

The 2020 CO2 emissions regulations and their impact on the type of fuel vessels will burn and the actions owners will have to take to comply, will also have a dramatic influence on vessel scrapping and freight rates as we move forward. Hang on to your hats and be prepared to pay more long term. Dry-Bulk rate increases are certainly out pacing container grain rates and we will have to see how that potentially changes the percentage of grain moved for export in containers.

On the container side of things; Buyers in the Asian sub-Confinement are experiencing considerably longer delivery/transit times(from 30 before out to 75 days now) due to the consolidation that has occurred in the Shipping industry and the change in Asian trans-shipment ports.

BALTIC DRY-BULK PANAMAX INDEX CHANGES

Panamax Ocean Freight Indices				
14-Dec-17	This Week	Last Week	Difference	Percent Change
P2A : Gulf/Atlantic - Japan	20280	19288	992	5.1%
P3A - PNW/Pacific - Japan	11671	10820	851	7.9%
S1C -USGULF-China-So.Japan	25419	25200	219	0.9%

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

Four weeks ago:	\$ 7.50-\$8.80
Three weeks ago:	\$ 7.50-\$8.15
Two weeks ago:	\$ 8.75-\$9.90
One week ago:	\$ 8.70-\$9.90
This week	\$ 9.45-\$9.95

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

Mississippi River:	(10 elevators)	5-11 days
Miss. River Mid-Stream loaders:	(6+ Rigs)	0-2 days
Texas Gulf	(6 elevators)	1-7 days
Pacific Northwest:	(9 elevators)	0-8 days

Panamax Market Spreads to Asia -China					
14-Dec-17	PNW	GULF	Bushel Spread	MT Spread	Advantage
CORN	0.78	0.50	0.28	\$11.02	PNW
SOYBEANS	0.78	0.42	0.36	\$14.17	PNW
OCEAN FREIGHT	\$24.50	\$44.75	.51-.55	\$20.25	Jan.

Recent Reported Vessel Fixtures:

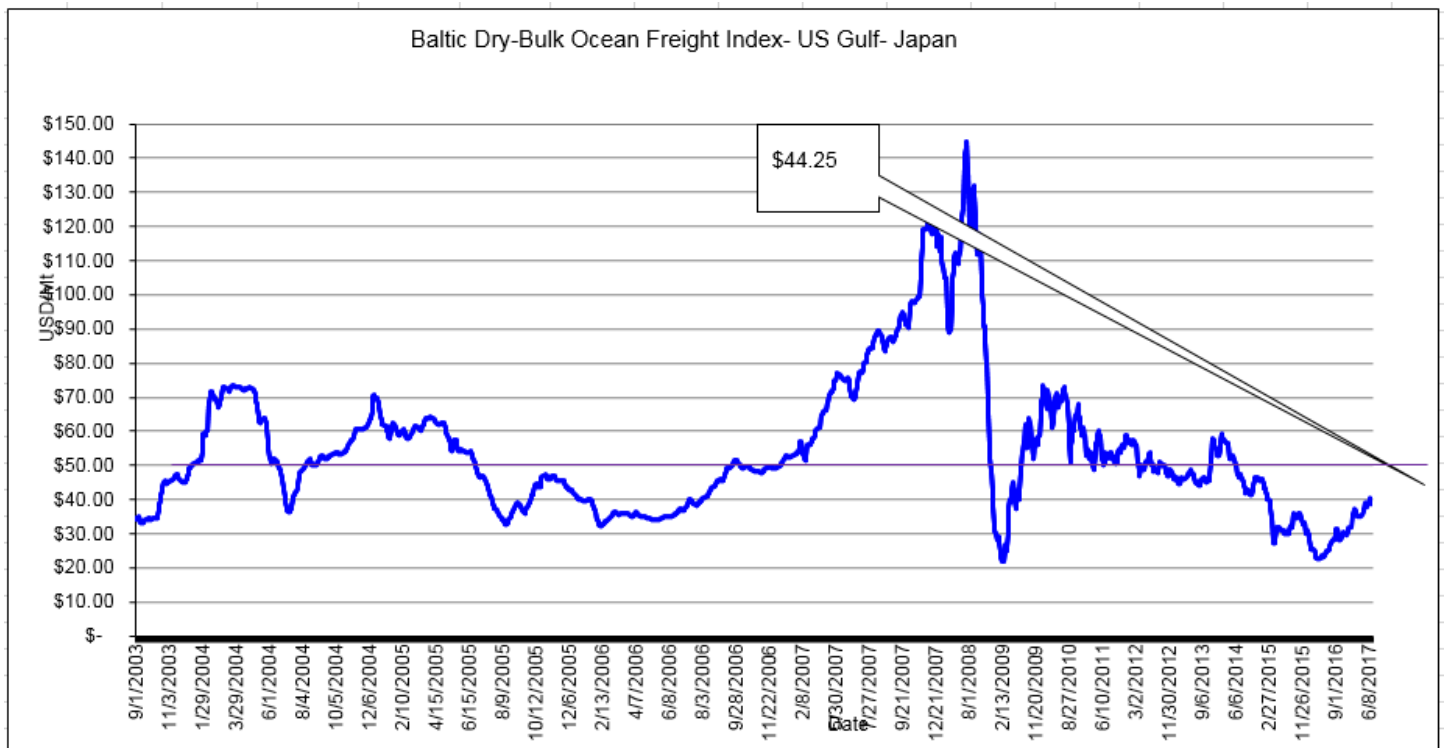
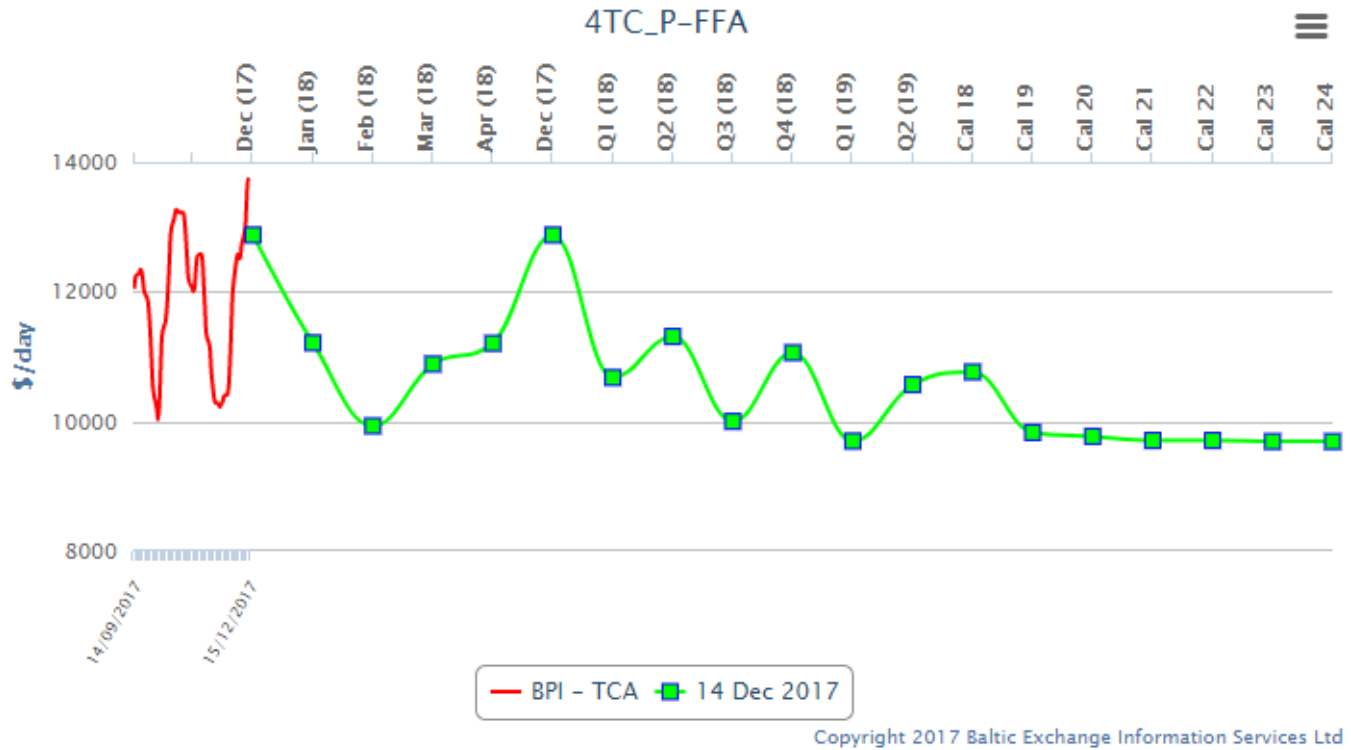
66,000 mt hss US Gulf to China via COGH Jan. 10-10 at \$45.50 fio 10,000/8,000 SSEXBENDS Bunge

Route and Vessel Size	Current Week USD/MT	Change from previous week	Remarks
55,000 U.S. Gulf-Japan	\$45.50	Up \$1.25	Handymax \$45.75/mt
55,000 U.S. PNW- Japan	\$25.25	Up \$0.50	Handymax at \$25.75/mt
65,000 U.S. Gulf – China	\$44.75	Up \$1.50	North or South China
PNW to China	\$24.50	Up \$0.50	
25,000 U.S. Gulf- Veracruz, México	\$17.25	Up \$0.50	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$14.75	Up \$0.25	Deep draft and 6,000 MT per day discharge rate.
25/35,000 U.S. Gulf- <u>East Coast Colombia</u>	\$21.00	Up \$0.25	<u>West Coast Colombia at \$29.25</u>
From Argentina	\$33.75		
40-45,000 U.S. Gulf - Guatemala	\$29.25	Up \$0.50	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf – Algeria	\$32.25	Up \$.50	8,000 mt daily discharge
	\$34.25		3,000 mt daily discharge
26-30,000 US Gulf-Morocco	\$31.50	Up \$0.50	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt	\$29.50	Up \$0.50	55,000 -60,000 mt
PNW to Egypt	\$28.50		Russia Black Sea to Egypt \$16.00
60-70,000 U.S. Gulf – Europe – Rotterdam	\$18.75	Up \$0.75	Handymax at +\$2.25 more
Brazil, Santos – China	\$33.75	Up \$0.25	54-60,000 Supramax-Panamax
Brazil, Santos – China	\$32.75		62-66,000 Post Panamax
Itacoatiara-Port Up River North Brazil	\$36.25		60-66,000 mt
56-60,000 Argentina-China Deep draft	\$40.25	Up \$0.25	Up River with Top Off \$41.50

Nautical Miles: To Xiamen China (South China)

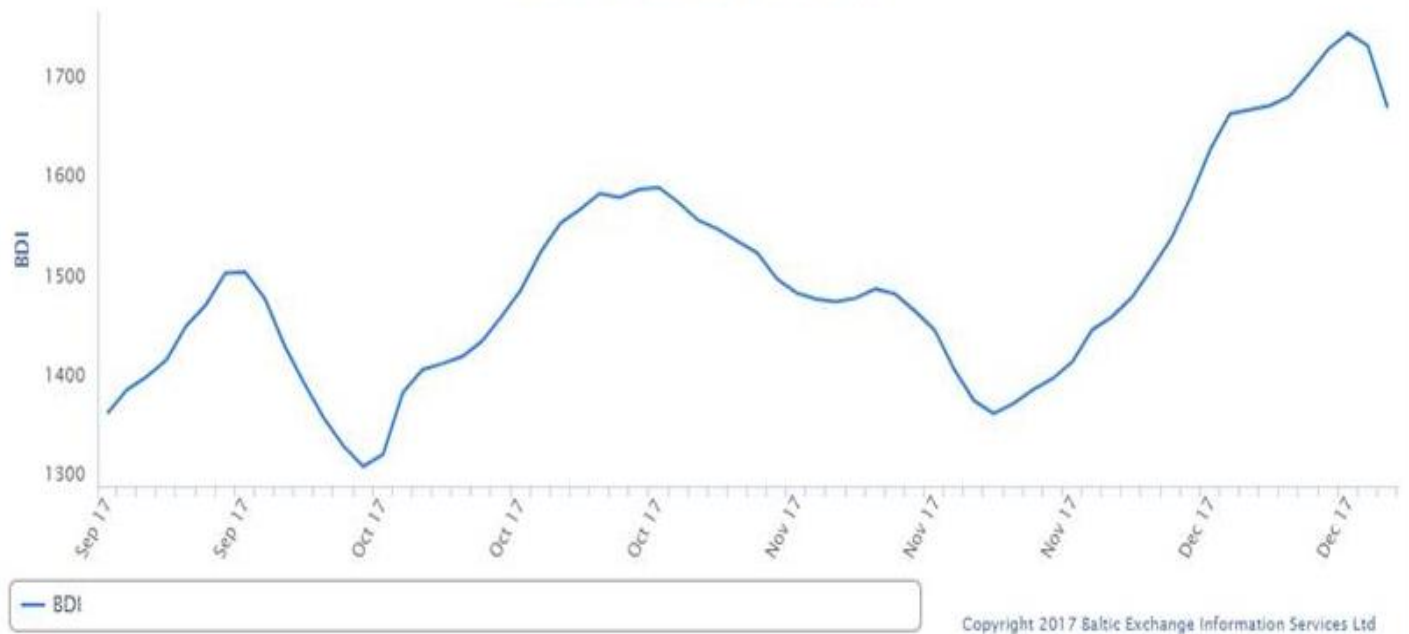
US Gulf (NOLA) (via Panamá Canal) – 10,232 nautical miles (32 days)
Santos Brazil (via Cape of Good Hope) - 10,441 nautical miles (33 days)
Rasario Argentina (via Cape Horn) - 10,751 nautical miles (34 days)

Forward Curve for Baltic BPI Panamax Vessel Freight

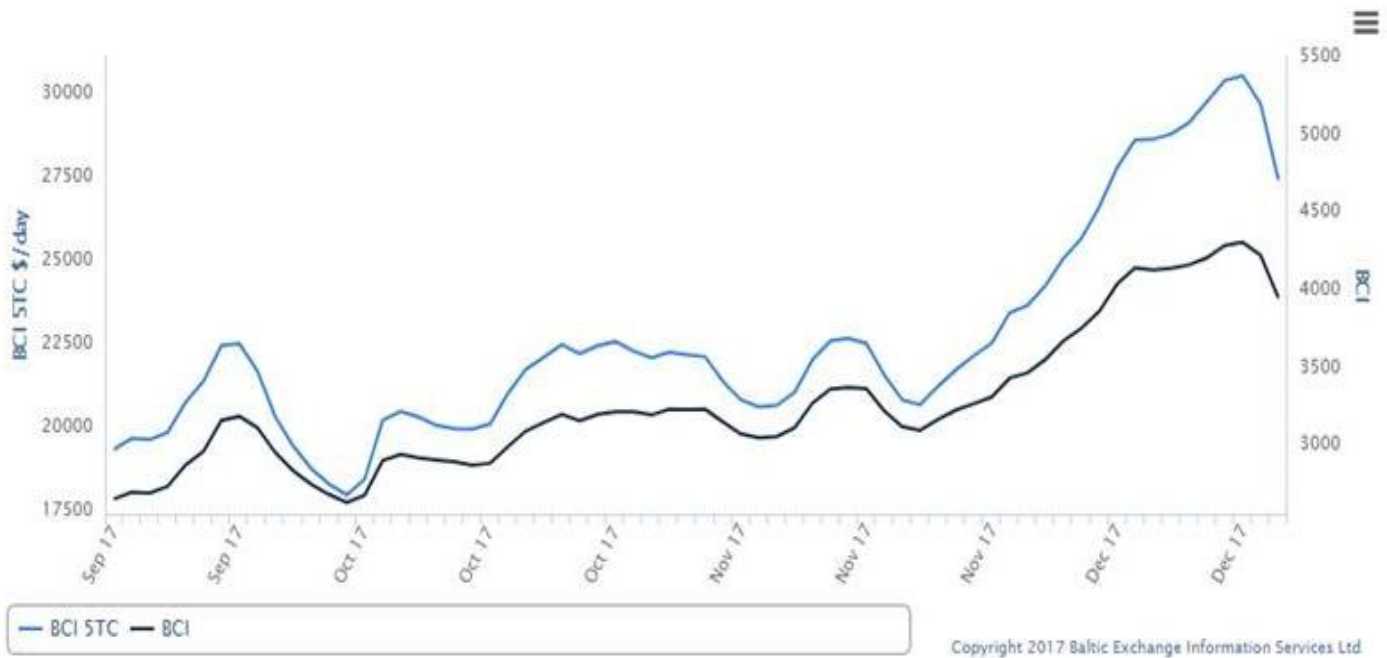


Baltic Exchange Dry Bulk Index

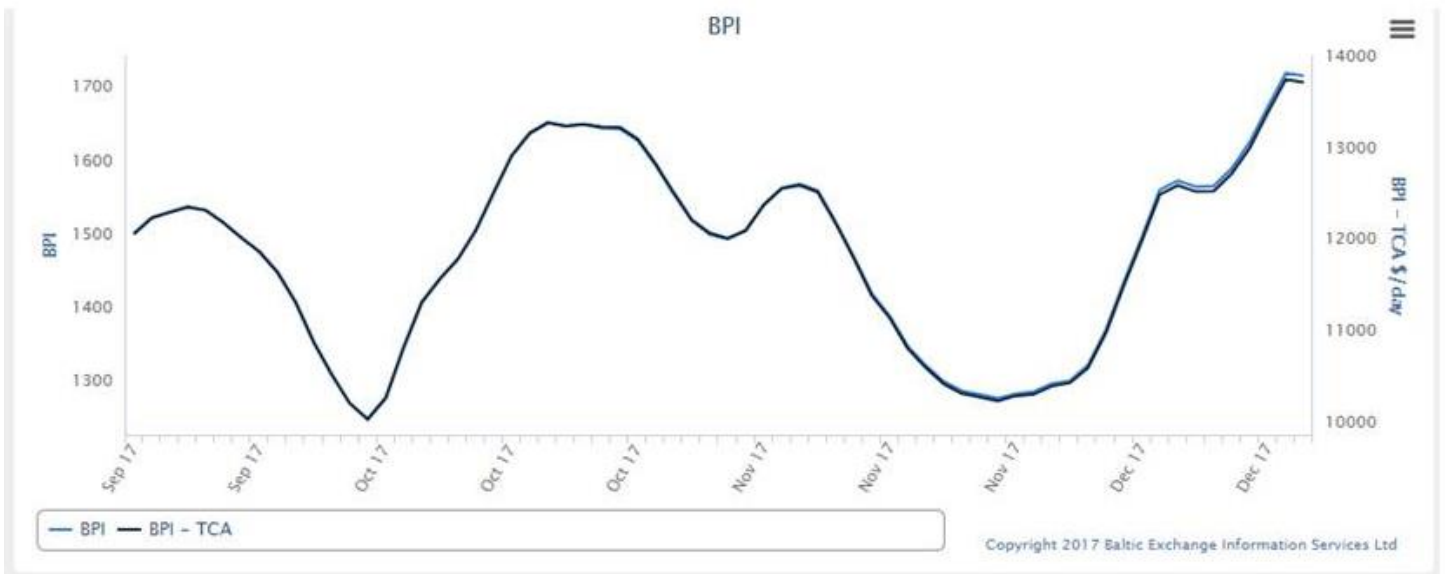
BALTIC EXCHANGE DRY INDEX



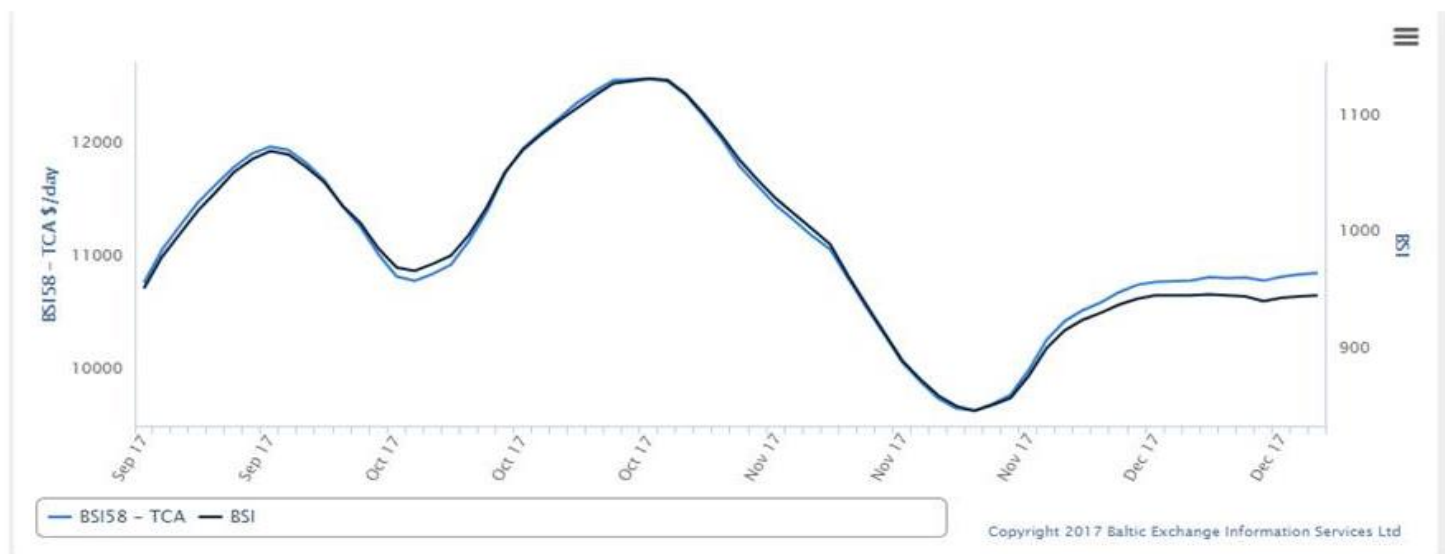
Baltic Capesize Index



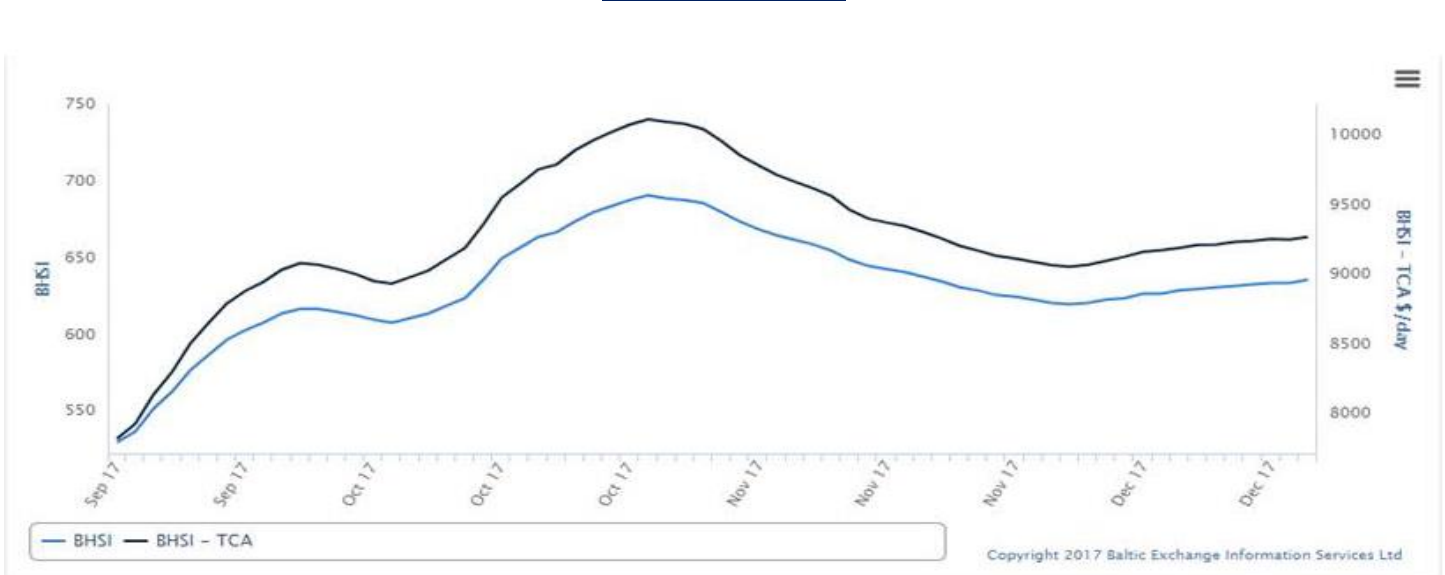
Baltic Panamax Index



Baltic Supramax Vessel Index



Baltic Handy Size



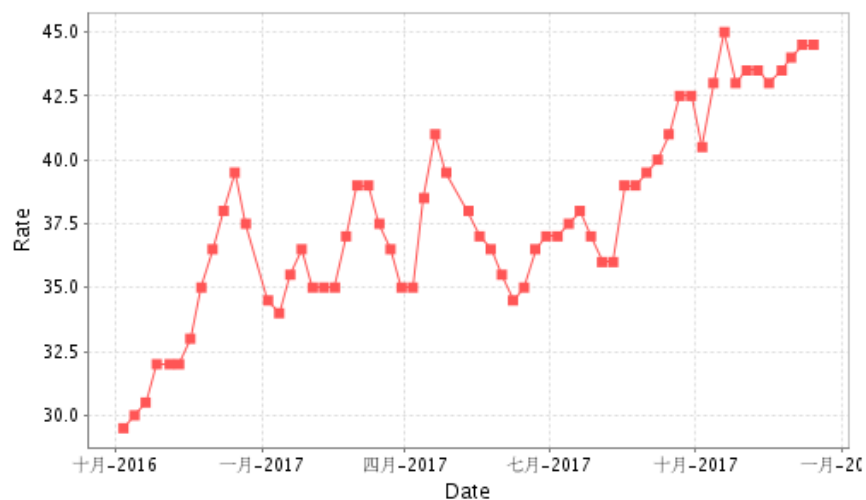
Yamamizu Shipping

[Profile](#)
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[Service](#)
[Access Map](#)
[Yamamizu Index](#)

USG/Japan Index Result

Date From: 2016-10-03

Date To: 2017-12-15



China Import Dry Bulk Freight Index(CDFI)

2017-12-14

Route	Size MT	Cargo/Vessel Size	Unit	Rate	Change
Composite Index			Point	976.34	-8.79
Iron ore Freight Index			Point	1050.75	-19.07
Santos(Brazil)— North China	60000/10%	Soybean	\$/ton	31.745	0.015
Tacoma(West America)—North China	60000/10%	Soybean	\$/ton	23.99	0.175
Mississippi(US Gulf) —North China	66000/10%	Soybean	\$/ton	44.327	0.295
Mississippi(US Gulf)—North China	55000/10%	Soybean	\$/ton	45.694	0.288

14 December 2017 U.S. 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
Jan.	0.50	\$156.88	0.78	\$167.90
Feb.	0.52	\$157.67	0.79	\$168.30
Mar.	0.53	\$158.06	0.80	\$168.69
Apr.	0.45	\$158.16	0.76	\$170.36
May	0.46	\$158.55	0.81	\$172.33
June	0.43	\$160.62	0.76	\$173.61

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% moisture	BASIS	FLAT PRICE	BASIS	FLAT PRICE
Jan.	1.35	\$190.34	1.35	\$190.34
Feb.	1.35	\$190.34	1.35	\$190.34
Mar.	1.35	\$190.34	1.35	\$190.34
Apr.	1.35	\$193.59	1.30	\$191.62
May	1.35	\$193.59	1.30	\$191.62

Fob vessel Texas Gulf #2 Sorghum is about 121 % 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	
	Jan.	Feb.	Mar.	April
FOB U.S. GULF	\$177.56	\$178.30	\$178.30	\$180.32
Basis	0.65	0.67	0.67	0.60
WZ	3.9500			
WH	4.1825			
WK	4.3075			

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
Dec.	CZ	\$3.3625	\$132.37	\$ 3.3875	\$133.36	(\$0.0250)
Mar.	CH	\$3.4850	\$137.20	\$ 3.5150	\$138.38	(\$0.0300)
May	CK	\$3.5675	\$140.44	\$ 3.6000	\$141.72	(\$0.0325)
July	CN	\$3.6500	\$143.69	\$ 3.6850	\$145.07	(\$0.0350)
Sept.	CU	\$3.7200	\$146.45	\$ 3.7550	\$147.83	(\$0.0350)

CME/CBOT March 2018 (CH8) Corn Futures Chart –



CME/CBOT March 2018 (WH8) SRW Wheat Futures Chart –



U.S. Soybean and SBM Markets Fob Vessel:

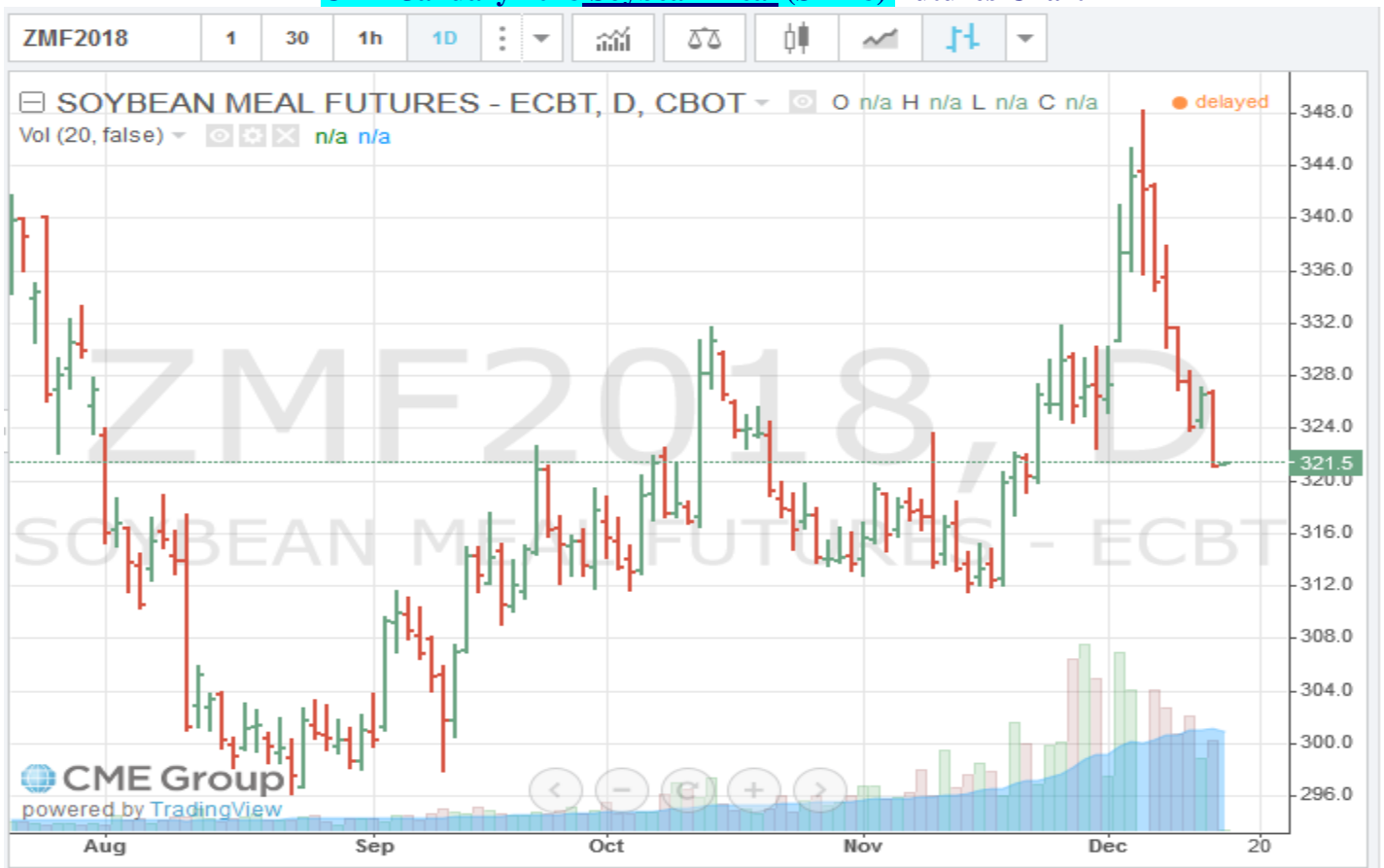
U.S. Yellow Soybeans (USD/MT) FOB Vessel				
# 2 YSB	U.S. Gulf #2 YSB		PNW #2 YSB	
14.0 % Moisture	Basis	Flat Price	Basis	Flat Price
Jan.	0.42	\$371.02	0.78	\$384.24
Feb.	0.37	\$373.22	0.74	\$386.82
Mar.	0.39	\$373.96	0.74	\$386.82
Apr.	0.35	\$376.53	0.63	\$386.82
May.	0.39	\$378.00	0.67	\$388.29
Soybean Futures				
Jan.	\$ 9.6775			
Mar.	\$ 9.7875			
May.	\$ 9.8975			
July	\$ 9.9950			
Aug.	\$ 10.0125			
Sept.	\$ 9.9400			

U.S. SBM (USD/MT) FOB Vessel		
Fob U.S. Gulf Port	47.5 Pro. SBM	
max 12.5 % moisture	Basis	Flat Price
Jan.	-4.00	\$ 350.15
Feb.	-5.00	\$ 353.46
Mar.	-4.00	\$ 354.56
Apr.	-5.00	\$ 356.22
May	-4.00	\$ 357.32
SBM Futures		
SMZ	321.20	
SMF	321.60	
SMH	325.60	
SMK	328.10	
SMN	330.60	
SMQ	330.80	

CME January. 2017 Soybean (SF18) Futures Chart



CME January 2018 Soybean Meal (SMF8) Futures Chart



U.S. EXPORT STATISTICS: Report Activity as of Week Ending 30 November 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	921.7	22,899.1	48,900	47%	1,029.5
Sorghum	414.9	3,267.7	5,330	61%	0.0
Soybeans	2306.0	36,341.5	61,240	59%	314.5
Wheat	331.8	17,486.2	27,220	64%	95.3
Barley	0.0	38.0	110	35%	7.1

U.S. EXPORT INSPECTIONS:

Monday's report 11 December 2017 for the Export week ending 07 December 2017

	Export Inspections		Current Market Year YTD	Previous Year to Date	2017 YTD as Percent of 2016 YTD
	This Week	Previous Week			
Corn	658,403	605,129	8,536,378	14,623,561	58%
Sorghum	150,651	264,033	1,230,701	1,349,066	91%
Soybeans	1,229,817	1,802,605	24,086,444	27,950,761	86%
Wheat	316,867	410,974	13,073,264	14,106,397	93%
Barley	440	0	17,130	27,660	62%

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

U.S. EXPORT INSPECTIONS:

Monday's report 11 December 2017 for the Export week ending 07 December 2017

Last Week							
(Metric Tons)	YC	%	WC	%	Sorghum	%	Soybeans %
Lakes	0	0%	0	0%	0	0%	20,494 2%
Atlantic	0	0%	0	0%	0	0%	26,135 2%
Gulf	373,142	63%	69,956	100%	145,175	96%	591,317 48%
PNW	59,263	10%	220	0%	0	0%	466,348 38%
Interior Export Rail	155,822	26%	0	0%	5,476	4%	125,523 10%
Metric Tons	588,227		70,176		150,651		1,229,817

Sorghum

Shipments:

metric tons

528	Mexico
150,123	China Main
150,651	Total

White Corn metric tons

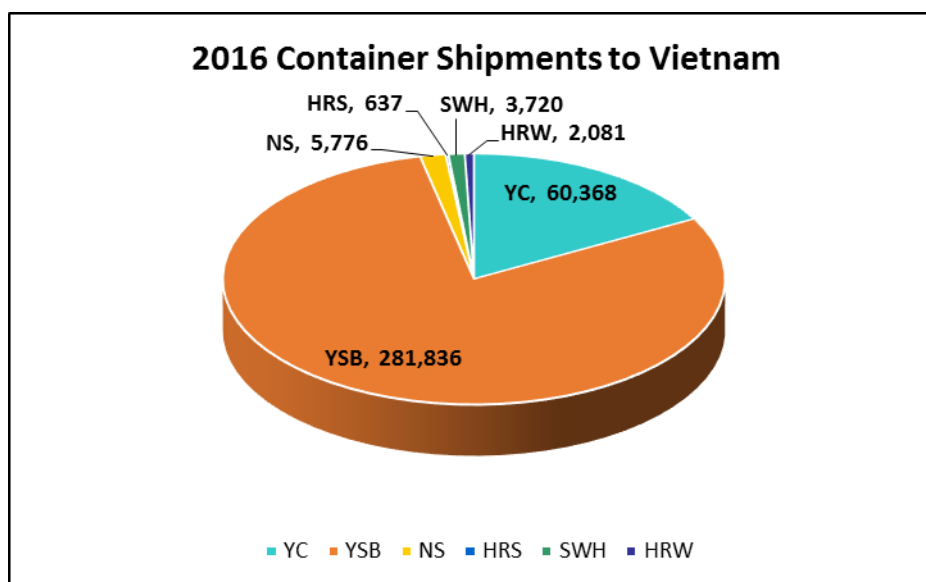
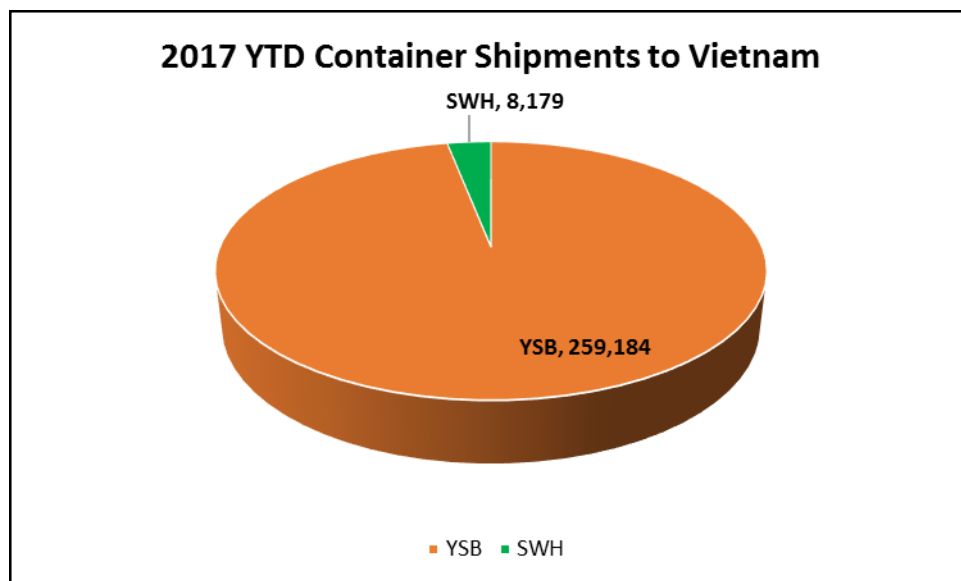
Shipments:	8,126	Costa Rica
	7,564	Guatemala
	54,266	Mexico
	220	Korea Rep.
	70,176	Total

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:		7-Dec-2017							
Last Week	metric tons								MT
	YC	WC	YSB	SRW	NS	SWH	HRW	Sorghum	TOTAL
China Main	1,199		11,511					4,948	17,658
China T	15,007		31,571						46,578
Hong Kong	783								783
Costa Rica									0
Indonesia			25,177						25,177
French Polynesia									0
Japan			391						391
Korea Republic	1,444		3,174						4,618
Lebanon									0
Malaysia	1,421		1,037						2,458
Ireland									0
Philippines			1,199						1,199
Thailand			4,725						4,725
Sri Lanka						490			490
Burma									0
Vietnam			6,977						6,977
Sub total	19,854	0	85,762	0	0	490	0	4,948	103,587
USDA Corrections/Additions to previous reports:									
China T	48		2,473						2,521
China Main								(245)	-245
Hong Kong									0
Korea Rep.			367						367
Canada									0
Japan						122			122
Philippines									0
Indonesia			1,665						1,665
Malaysia									0
Thailand									0
Vietnam									0
Kenya									0
Panama									0
Sub total	48	0	4,505	0	0	122	0	-245	4,430
Mt. Grand Total	19,902	0	90,267	0	0	612	0	4,703	108,017
Number of containers	865	0	3,925	0	0	27	0	204	

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

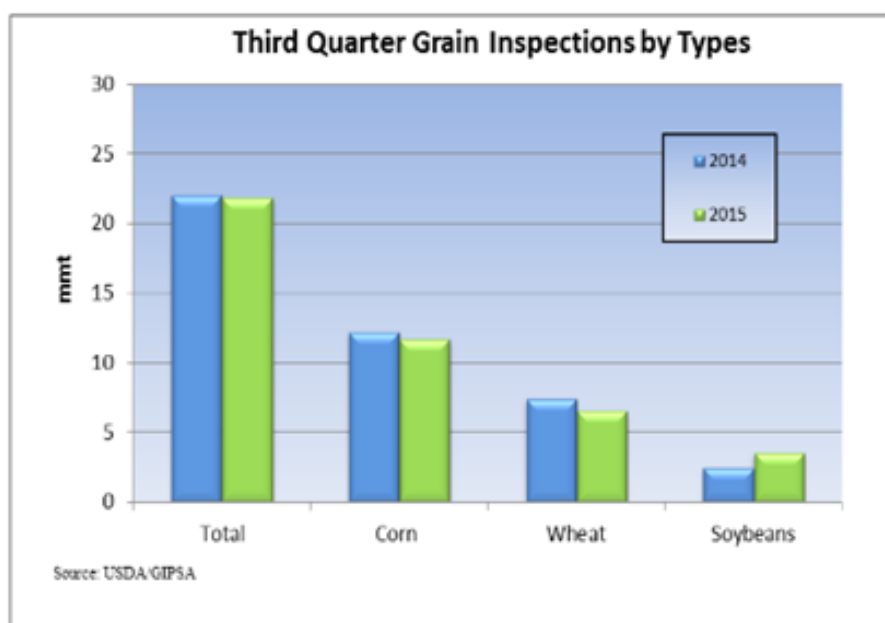


Grain Inspections for Export by U.S. Port Regions:
U.S. Gulf and Pacific Northwest 2016 YTD vs. 2017 YTD

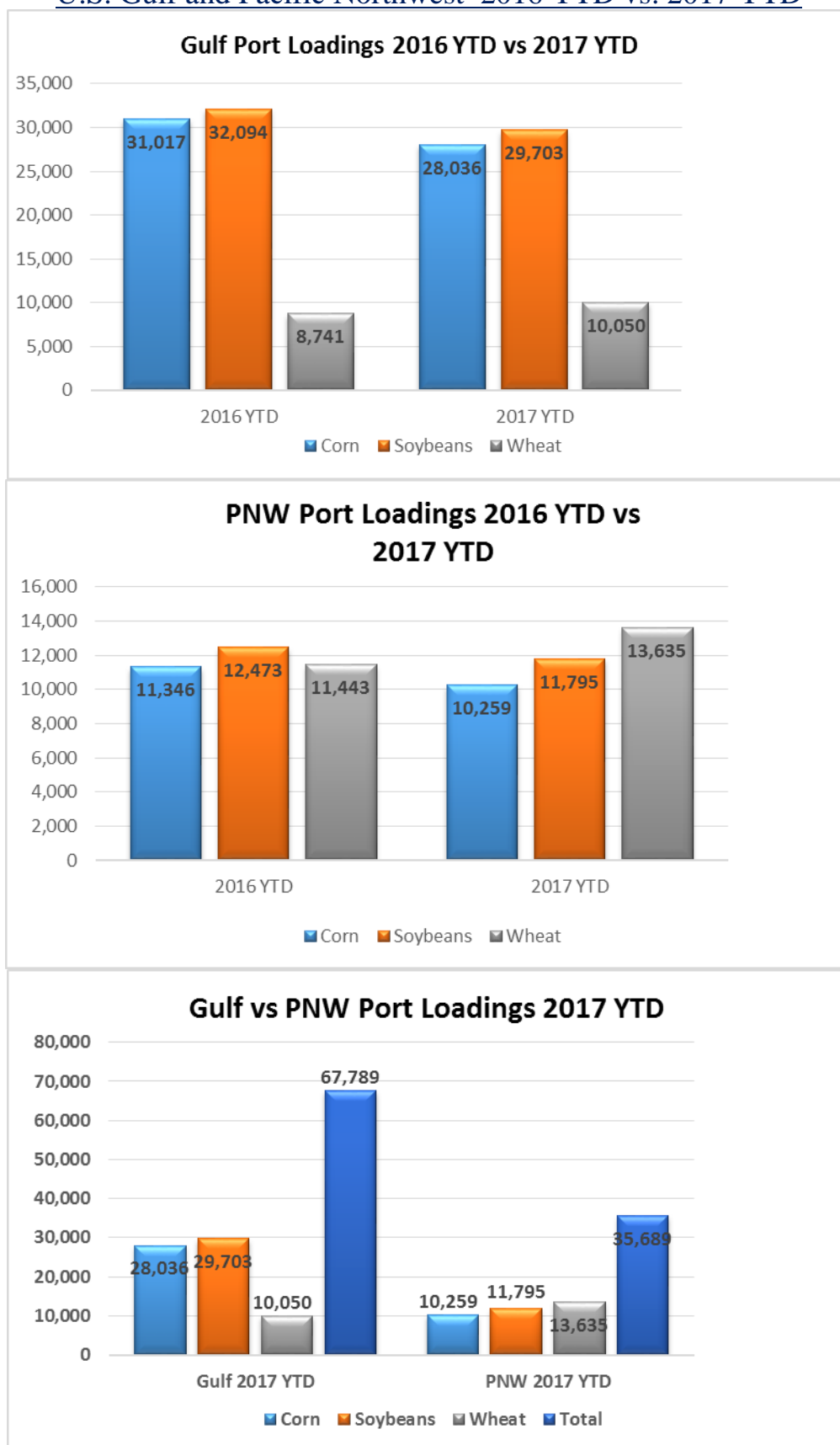
PORT LOADINGS US Gulf				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
GULF				
2016 YTD	31,017	32,094	8,741	71,852
2017 YTD	28,036	29,703	10,050	67,789
2017 as % of 2016	90%	93%	115%	94%

PORT LOADINGS US PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
PNW				
2016 YTD	11,346	12,473	11,443	35,262
2017 YTD	10,259	11,795	13,635	35,689
2017 as % of 2016	90%	95%	119%	101%

PORT LOADINGS GULF vs. PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
2017 Gulf YTD	28,036	29,703	10,050	67,789
2017 PNW YTD	10,259	11,795	13,635	35,689
TOTAL	38,295	41,498	23,685	103,478
Gulf Percentage	73%	72%	42%	66%
PNW Percentage	27%	28%	58%	34%



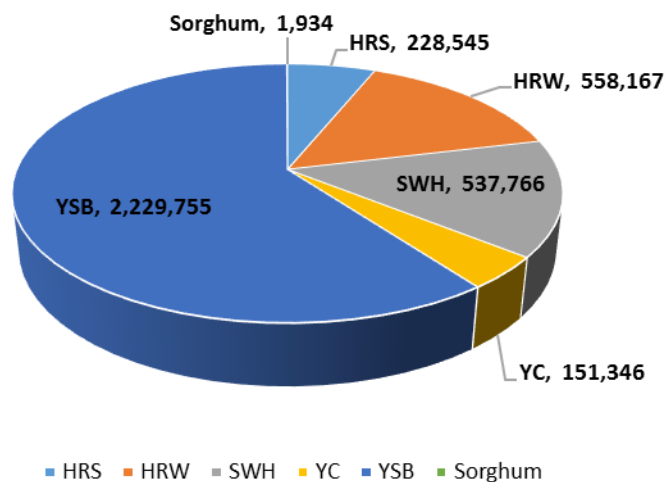
Grain Inspections for Export by U.S. Port Regions:
U.S. Gulf and Pacific Northwest 2016 YTD vs. 2017 YTD



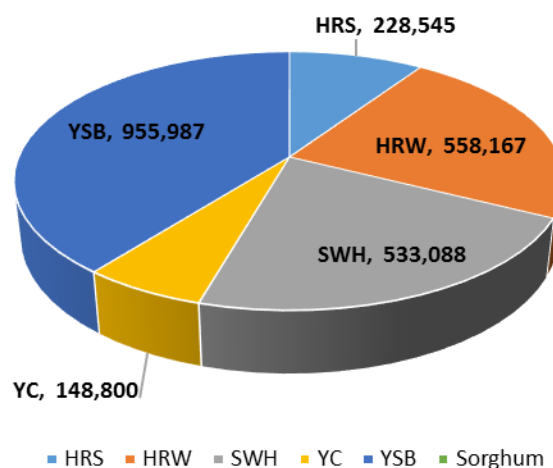
Source: USDA-data

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

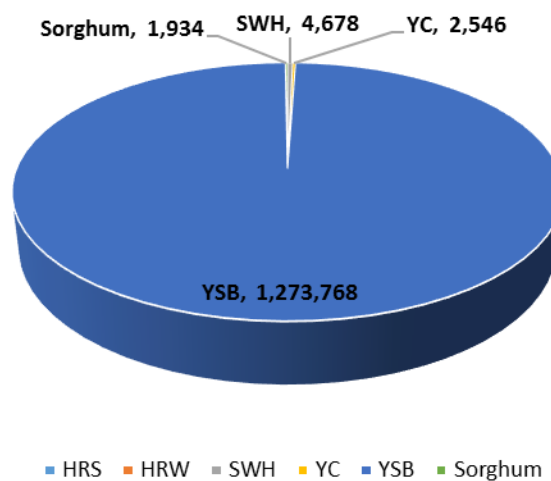
2017 YTD Exports to Indonesia



YTD Exports to Indonesia by Vessel



YTD Exports to Indonesia 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:

Dry-Bulk vessels are finally making some profits; at least enough to cover operating expenses plus a little extra. But they have not yet picked up speed and are largely still in slow steaming mode, averaging only 11.5 knots.

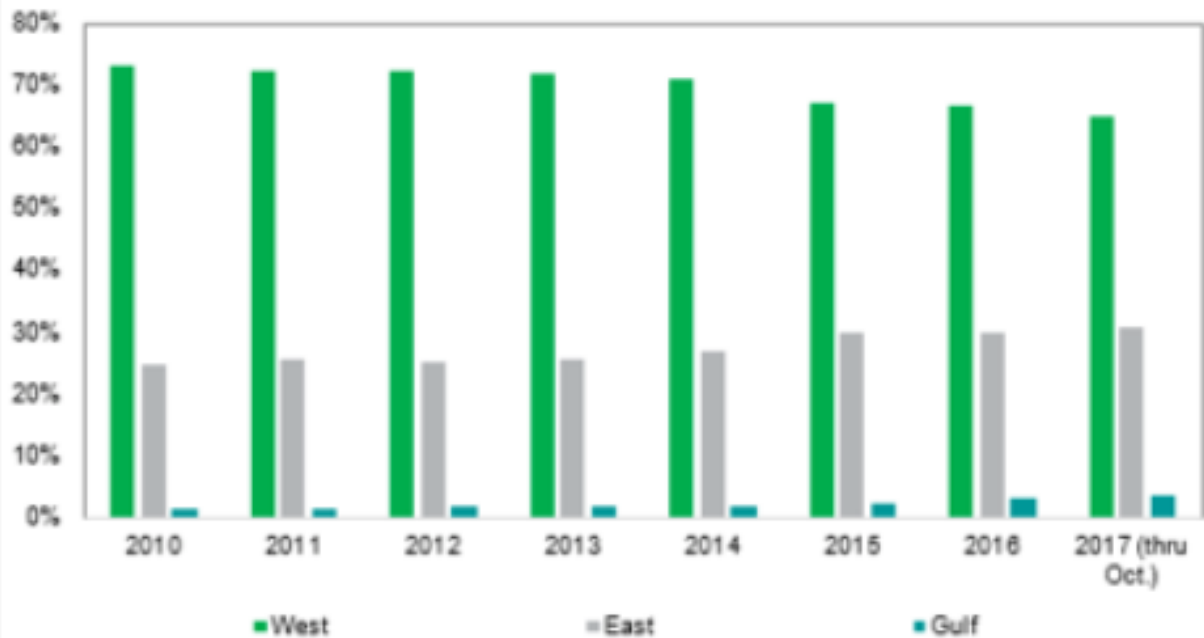
Table 1: Containerized Grain Exports, Year-to-date (Jan-Sep 2017)					
HTS Code	Commodity	Metric Tons	TEU	Share	% Change from 2016
120100	Soybeans	1,748,863	123,446	36%	32%
230330	Distillers Grains	1,574,871	119,664	32%	-48%
230990	Animal feed	582,475	55,427	12%	-9%
100590	Corn	473,649	31,603	10%	31%
120810	Soybean meal	256,940	19,950	5%	-20%
	Other	283,519	20,726	6%	0.4%
Total		4,920,317	370,816	100%	-17%
Source: PIERS					

#BestOf: This map shows every ship at sea in real time wef.ch/2ipzNy2 #shipping



ILA extension would allow East and Gulf ports to solidify Asia import gains

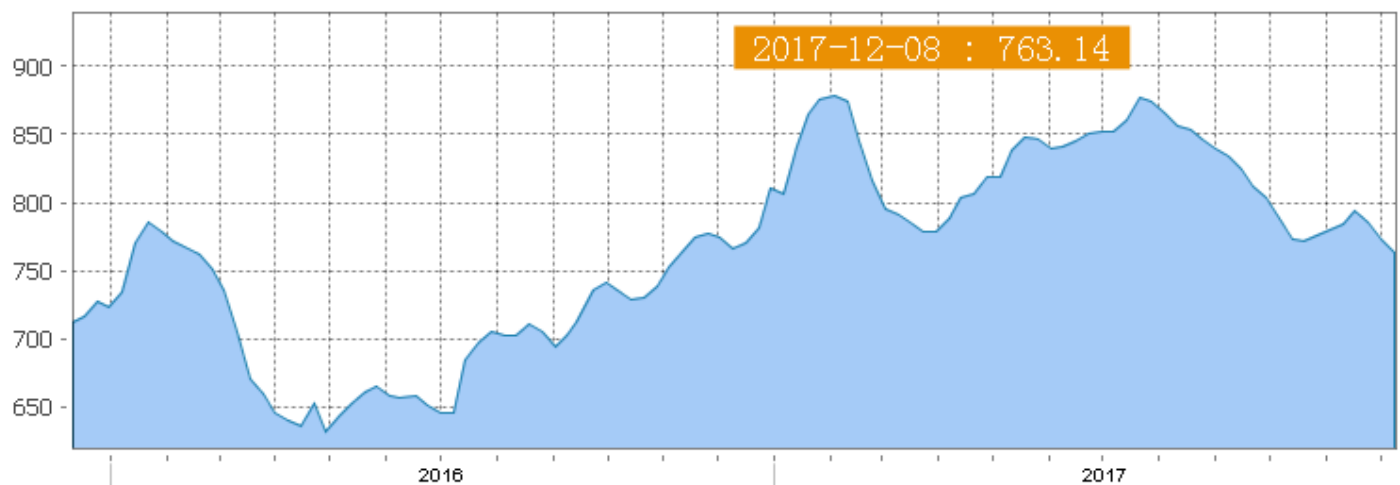
TEU market share of imports from Asia



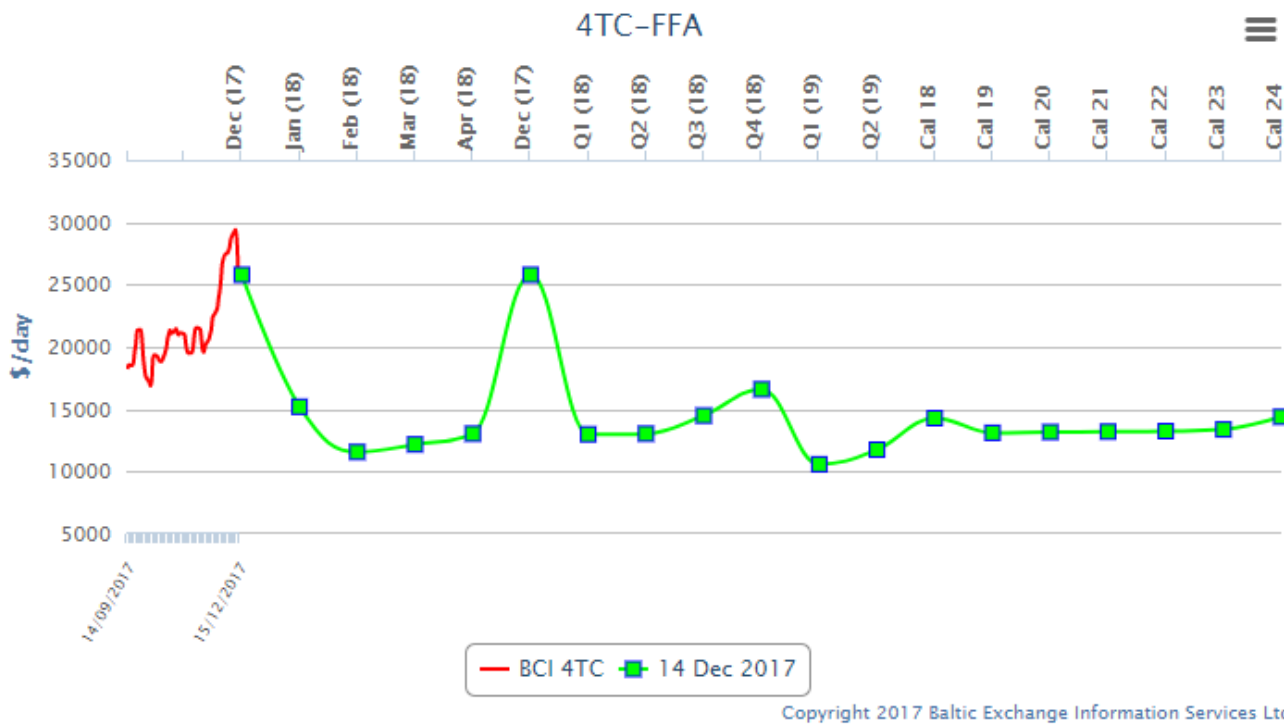
Source: PIER/HS Markit

© 2017 HS Markit

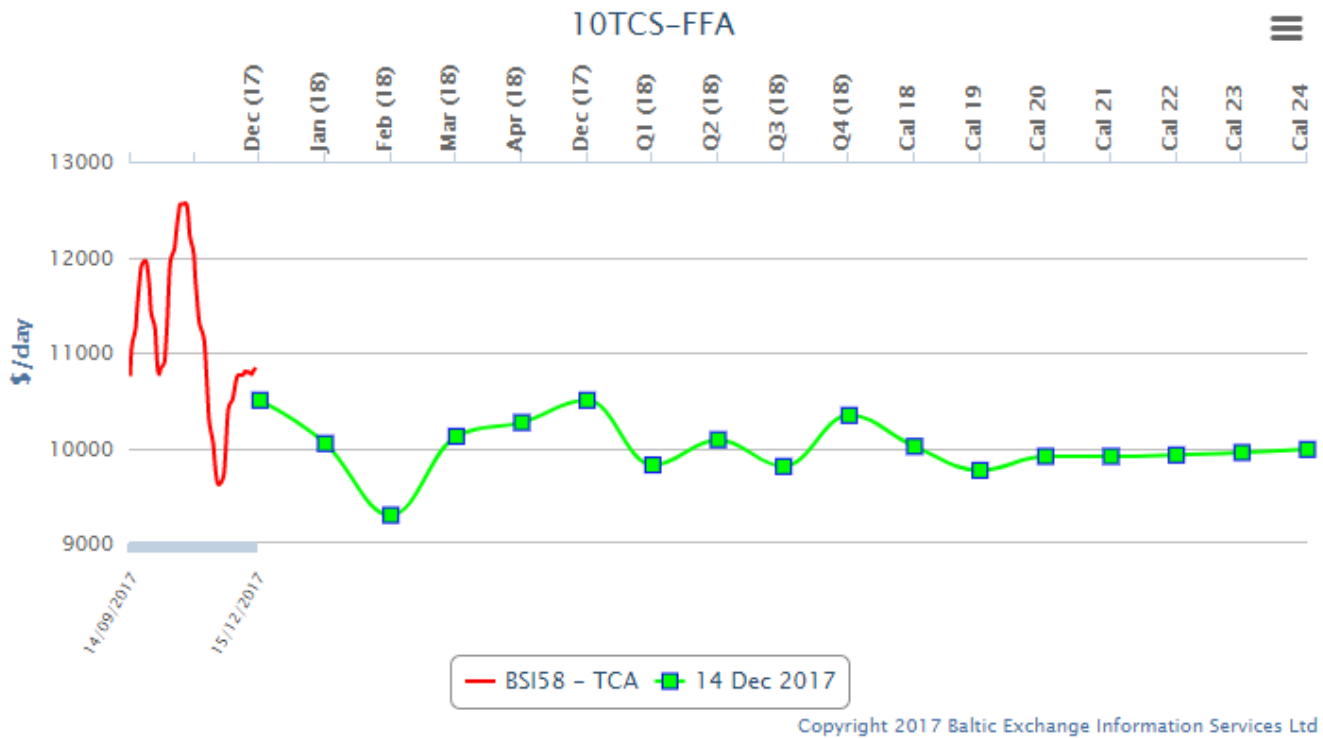
China Containerized Freight Index



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 First Half January 2018

Placemen FH January 2018	% of		Corn	Soybeans-Wheat
	Tariff	MT	BU	BU
Upper Mississippi	Closed		0.00	0.00
Illinois River (Pekin and South)	305	\$16.17	0.41	0.44
Mid-Mississippi	Closed		0.00	0.00
Lower Ohio	240	\$11.80	0.30	0.32
St. Louis	210	\$ 9.24	0.23	0.25

Secondary Rail Car Market for car placement period: First Half January 2018.

Secondary Rail Car Market Placement FH January 2018	BID USD	ASK USD	BID BU.	ASK BU.	BID MT	ASK MT
BNSF Shuttle Trains	\$ 25.00	\$ 75.00	\$ 0.01	\$ 0.02	\$ 0.25	\$ 0.74
UPRR Shuttle Trains	\$ (250.00)	\$ (150.00)	\$ (0.06)	\$ (0.04)	\$ (2.46)	\$ (1.48)



Service Advisory

11/13/2017

Shuttle Trips per Month – Week Ending November 11, 2017

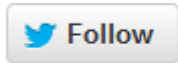
BNSF System	2.7
California	2.6
Texas Gulf	3.2
PNW	2.5
West Texas	3.1
Mexico	1.7

If you have any questions, please send an email to Customer.Notifications@bnsf.com

Best Regards,

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