

Transportation and Export Report for 6 December 2018

Ocean Freight Insights and Comments:

It was another quiet week in Dry-Bulk freight markets. Baltic indices and rates traveled in circles and pretty much ended up back where they started the week. Traders and vessel owners want the market to rally but are not finding enough physical demand to support such. Looks like Traders are adding in \$1.50-\$2.25/mt payment risk premium for Egyptian GASC Wheat tenders.

Singapore, Europe and some U.S. ports have banned open loop scrubbers on ships and this will leave vessel owners with fewer, and more expensive, options to meet the 2020 lower CO2 emissions requirement. Increased operating cost is not good for an industry struggling to improve profitability. Did you notice the 75 containers of soybeans in this week's export inspection report? Maybe something is starting to change, maybe?

BALTIC DRY-BULK PANAMAX INDEX CHANGES

Panamax Ocean Freight Indices				
6-Dec-18	This Week	Last Week	Difference	Percent Change
P2A : Gulf/Atlantic - Japan	20171	19841	330	1.7%
P3A - PNW/Pacific - Japan	9381	9459	-78	-0.8%
S1C -USGULF-China-So.Japan	26322	24001	2,321	9.7%

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

Four weeks ago:	\$ 8.50-\$8.85
Three weeks ago:	\$ 7.50-\$8.50
Two weeks ago:	\$ 5.30-\$6.25
One week ago:	\$ 6.15-\$8.50
This week	\$ 7.95-\$8.25

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

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

Panamax Market Spreads to Asia -China					
6-Dec-18	PNW	GULF	Bushel Spread	MT Spread	Advantage
CORN	0.95	0.57	0.38	\$14.96	PNW
SOYBEANS	0.60	0.26	0.34	\$12.49	PNW
OCEAN FREIGHT	\$25.25	\$47.00	.55 -.59	\$21.75	January

Recent Reported Vessel Fixtures:

Route and Vessel Size	Current Week USD/MT	Change from previous week	Remarks
55,000 U.S. Gulf-Japan	\$48.00	Unchanged	Handymax \$48.50 mt
55,000 U.S. PNW- Japan	\$26.00	Down \$0.25	Handymax \$26.50 mt
66,000 U.S. Gulf – China PNW to China	\$47.00 \$25.25	Unchanged Down \$0.25	North China
25,000 U.S. Gulf- Veracruz, México	\$18.00	Up \$0.25	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$15.50	Up \$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	\$20.75 \$35.00	Up \$0.25	<u>West Coast Colombia at \$30.00</u>
40-45,000 U.S. Gulf - Guatemala	\$30.75	Up \$1.00	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf – Algeria	\$36.25 \$37.00	Unchanged	8,000 mt daily discharge 3,000 mt daily discharge
26-30,000 US Gulf-Morocco	\$38.25	Unchanged	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt PNW to Egypt	\$33.50 \$33.50	Unchanged	55,000 -60,000 mt Russia Black Sea to Egypt \$16.00
60-70,000 U.S. Gulf – Europe – Rotterdam	\$20.50	Unchanged	Handymax at +\$1.75 more
Brazil, Santos – China Brazil, Santos – China Itacoatiara-Port Up River North Brazil	\$37.00 \$35.75 \$40.00	Unchanged	54-59,000 Supramax-Panamax 60-66,000 Post Panamax 60-66,000 mt
56-60,000 Argentina/Rosario- China Deep Draft	\$41.00	Unchanged	Up River with BB Top Off \$43.50

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

Nautical Miles: To Xiamen China (South China)

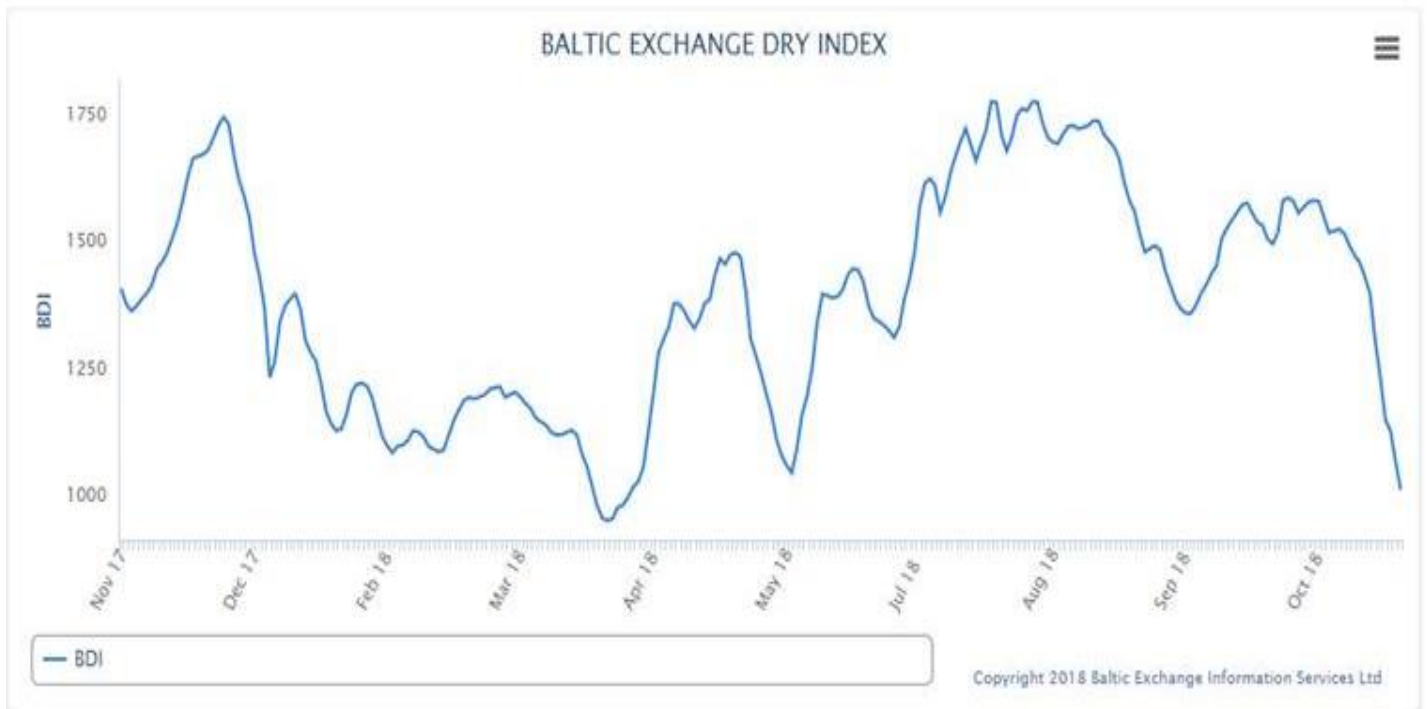
US Gulf (NOLA) (via Panamá Canal) – 10,232 nautical miles (32 days)

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

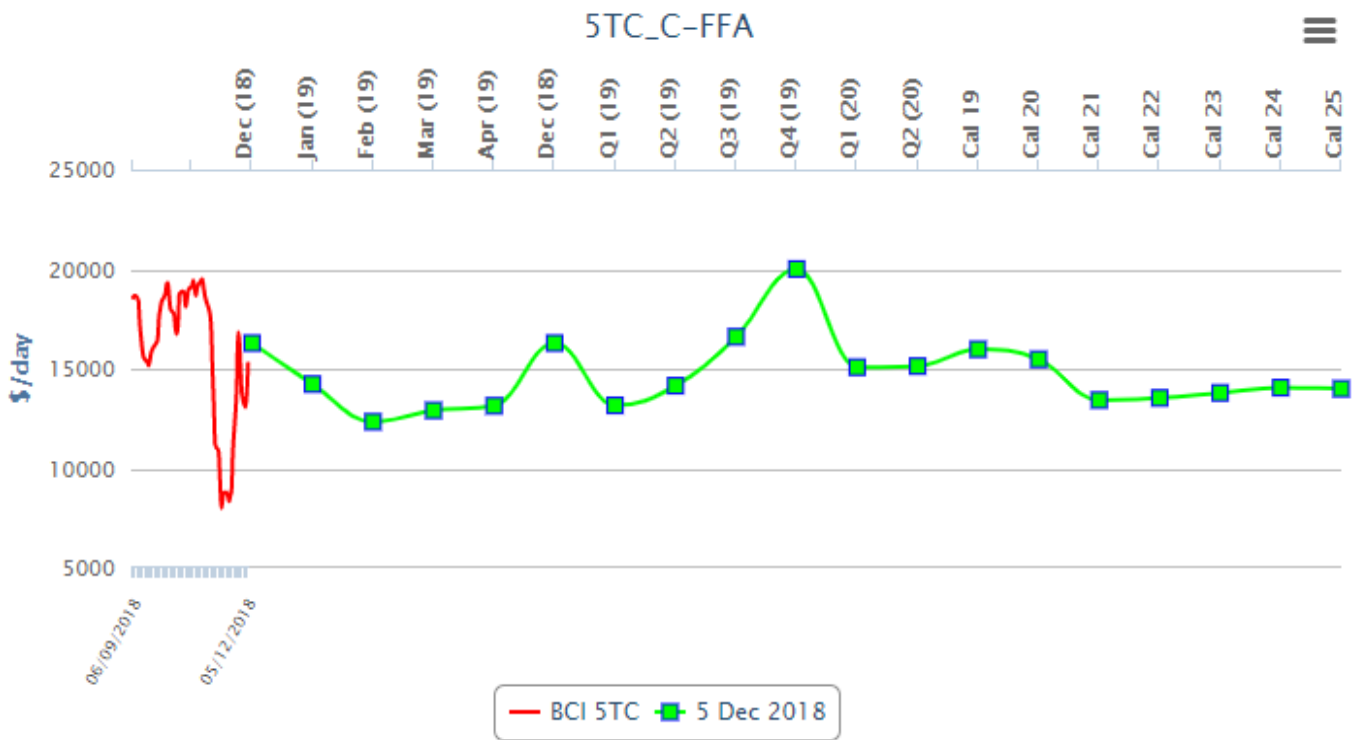
Rasario Argentina (via Cape Horn) - 10,751 nautical miles (34 days)



Baltic Dry Index.

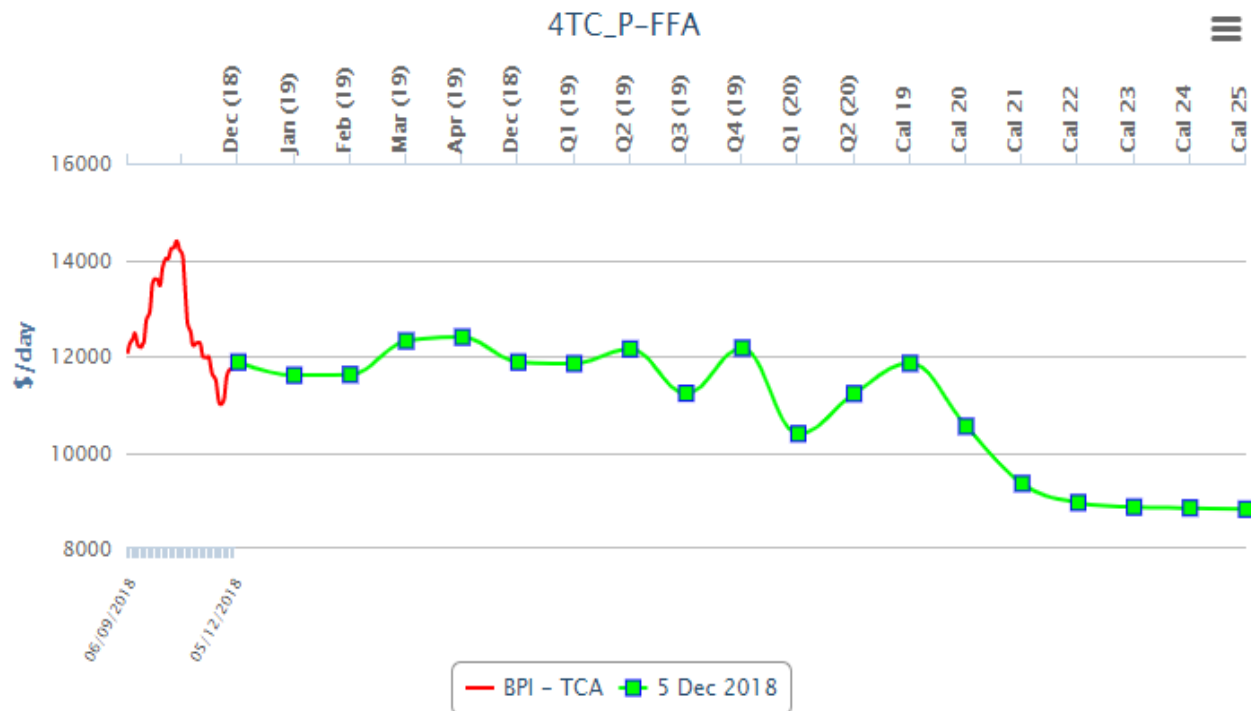


Baltic Capesize Index



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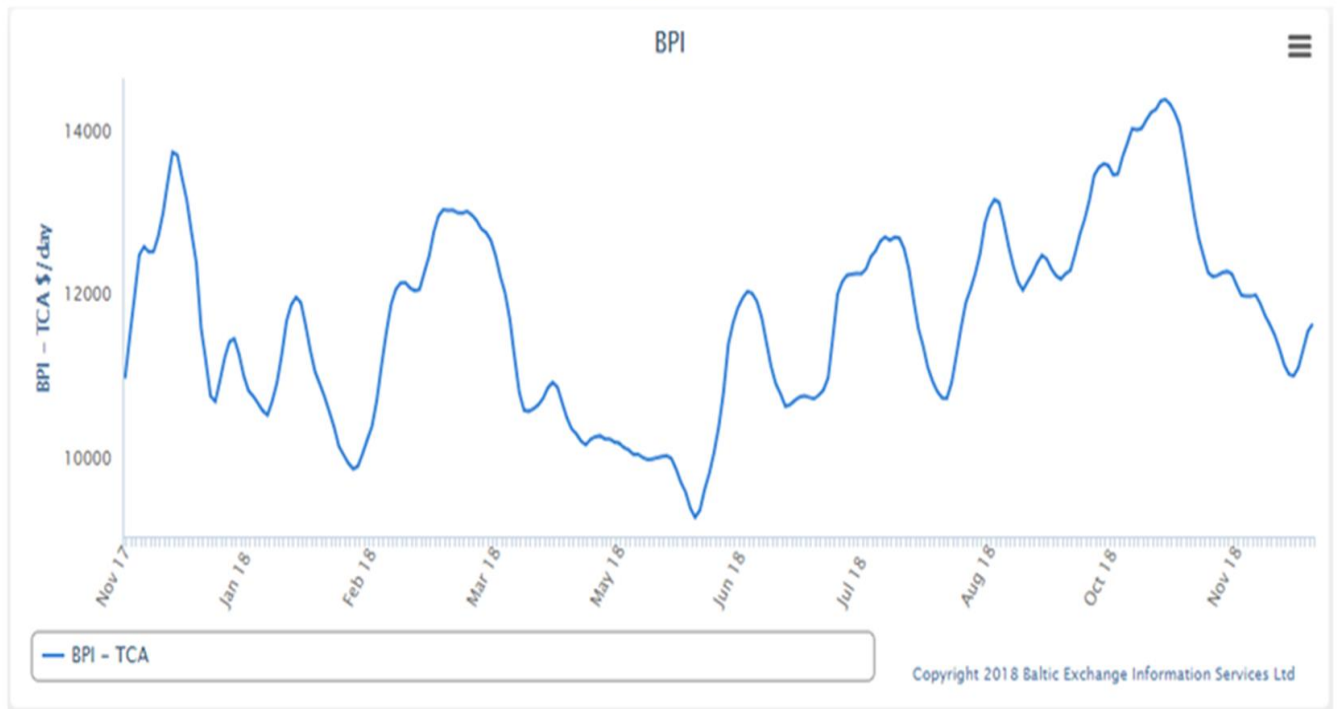
Forward Curve for Baltic BPI Panamax Vessel Freight



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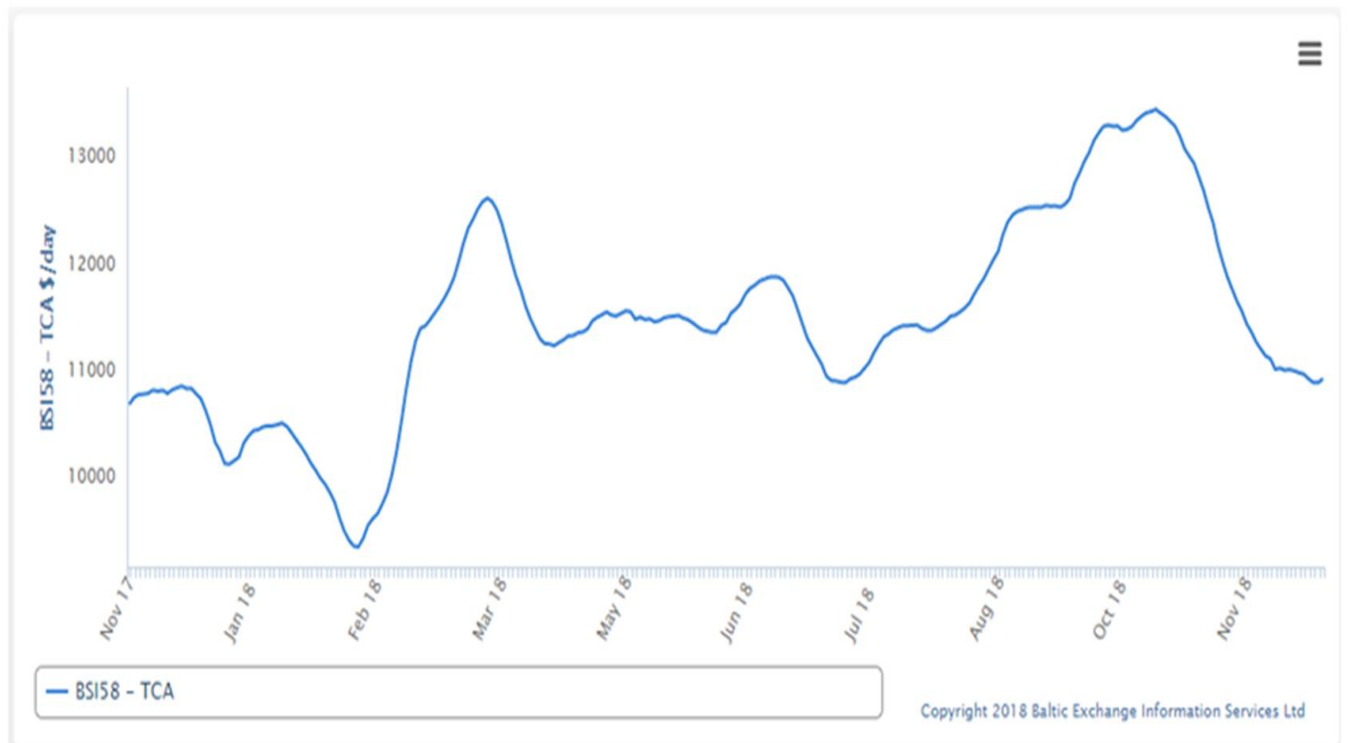
Baltic Panamax Index

Panamax

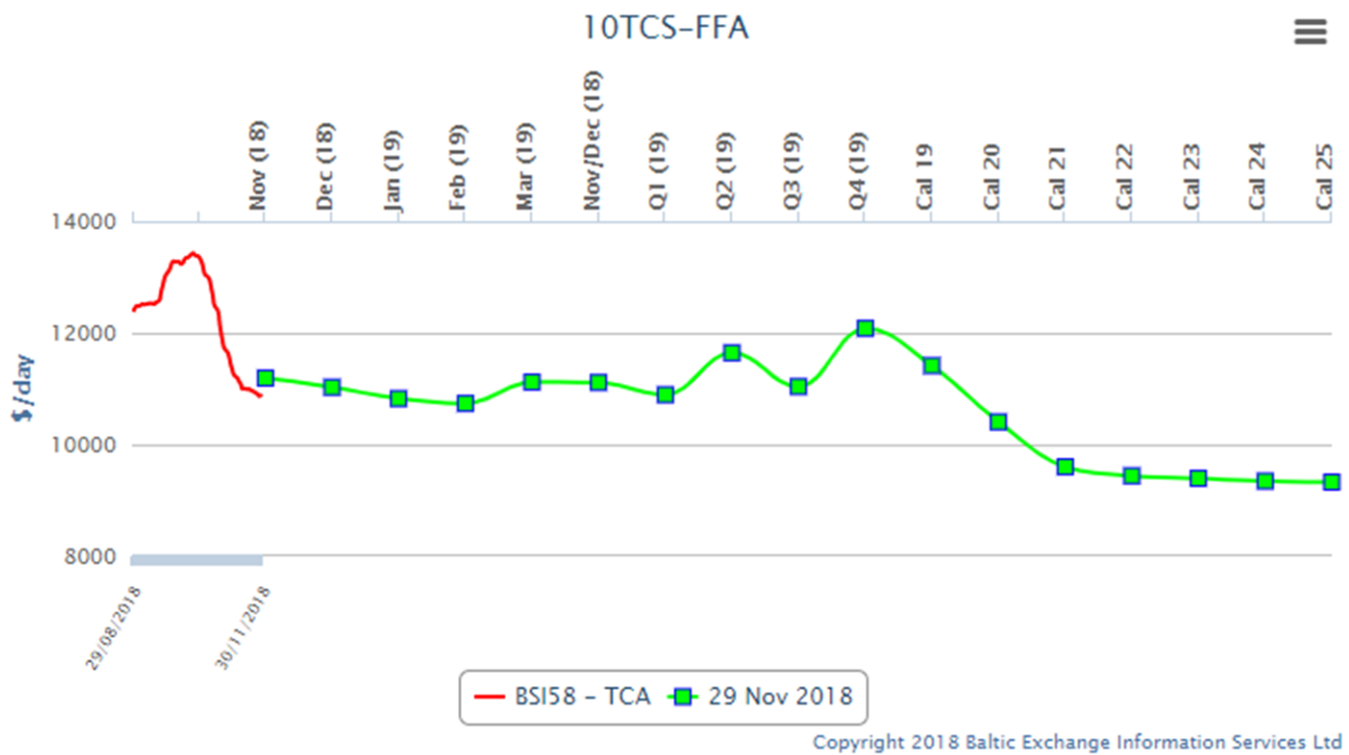


Baltic Supramax Vessel Index

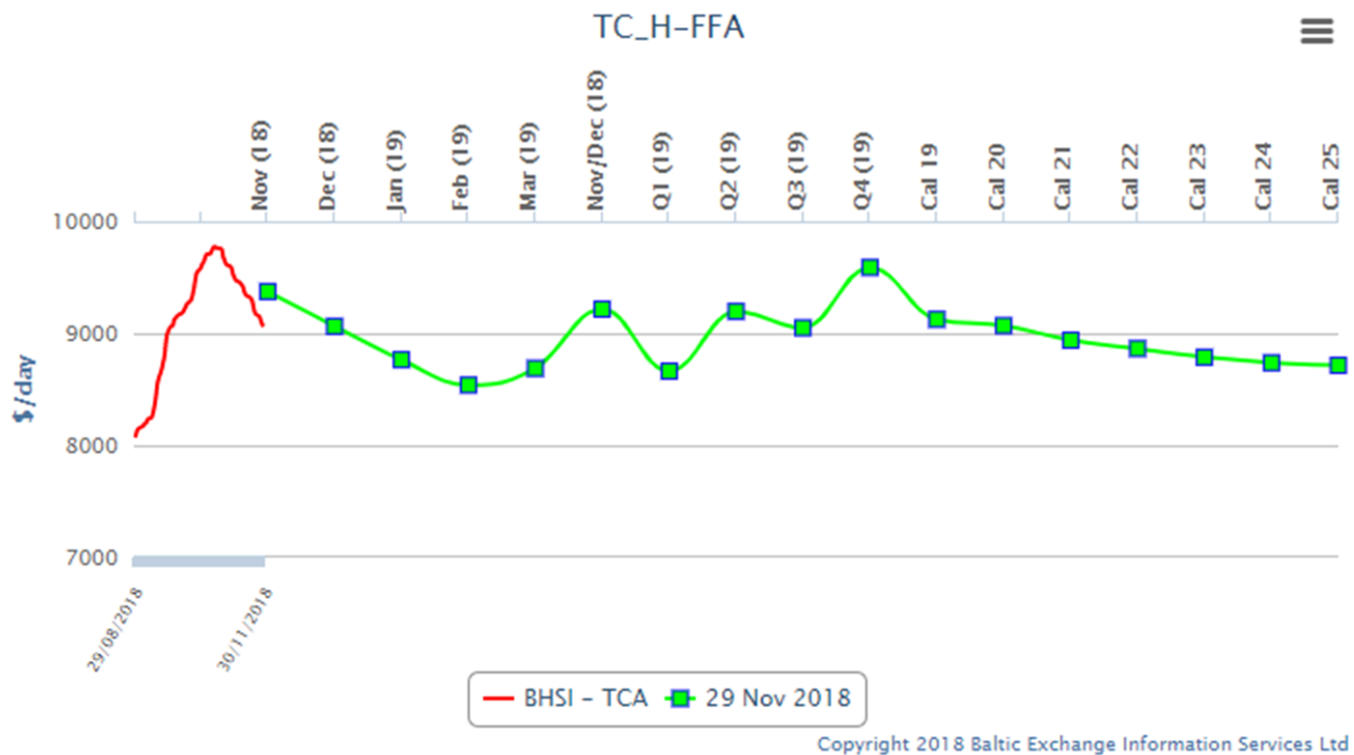
Supramax



Supramax Dry-Bulk Forward Curve



Baltic Handy Size

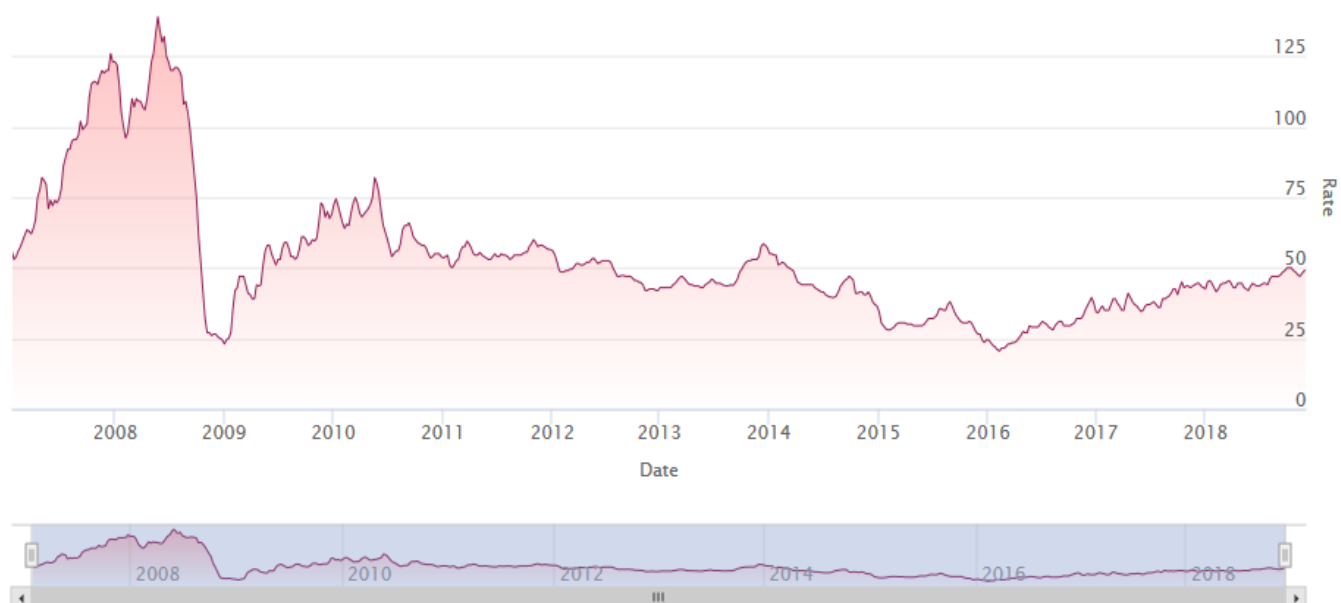


YAMAMIZU Index



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

From 2007-01-29 To 2018-12-05



China Import Dry Bulk Freight Index(CDFI)					
2018-12-06					
Route	Size MT	Cargo/Vessel Size	Unit	Rate	Change
Composite Index			Point	894.08	6.99
Iron ore Freight Index			Point	868.23	10.61
Soybean Freight Index			Point	1012.86	1.36
Santos(Brazil)—North China	60000/10%	Soybean	\$/ton	33.614	0.019
Tacoma(West America)—North China	60000/10%	Soybean	\$/ton	24.777	0.032
Mississippi(US Gulf)—North China	66000/10%	Soybean	\$/ton	46.779	0.164
Mississippi(US Gulf)—North China	55000/10%	Soybean	\$/ton	47.643	0

6 December 2018 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
Jan.	0.57	\$173.12	0.95	\$188.08
Feb.	0.60	\$174.30	0.95	\$188.08
Mar.	0.63	\$175.48	0.98	\$189.26
Apr.	0.56	\$175.88	0.94	\$190.84
May	0.58	\$176.66	0.96	\$191.62
June	0.55	\$177.65	0.95	\$193.39

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
Jan.	0.80	\$182.17	0.68	\$177.45
Feb.	0.80	\$182.17	0.70	\$178.24
Mar.	0.80	\$182.17	0.70	\$178.24
Apr.	0.80	\$185.32	0.66	\$179.81
May	0.85	\$187.29	0.69	\$180.99

Fob vessel Texas Gulf #2 Sorghum is about 100.5 % 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	
	Jan.	Feb.	Mar.	Apr.
FOB U.S. GULF	\$223.22	\$223.58	\$223.95	\$224.50
Basis	0.92	0.93	0.94	0.90
WZ	5.0525			
WH	5.1550			
WK	5.2100			

CME Futures Market Close						
CORN	Futures	Thursday	Thursday	Last week	Last Week	Difference
Month	Symbol	Close	Close	Bushel	MT.	Bushel
Dec.	CZ	\$3.7200	\$146.45	\$ 3.6025	\$141.82	\$0.1175
Mar.	CH	\$3.8275	\$150.68	\$ 3.7325	\$146.94	\$0.0950
May.	CK	\$3.9075	\$153.83	\$ 3.8050	\$149.79	\$0.1025
July	CN	\$3.9625	\$156.00	\$ 3.8700	\$152.35	\$0.0925
Sept.	CU	\$3.9675	\$156.19	\$ 3.9000	\$153.53	\$0.0675

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	
Jan.	0.26	\$343.73	0.58	\$355.49
Feb.	0.22	\$346.86	0.55	\$358.98
Mar.	0.28	\$349.06	0.58	\$360.08
Apr.	0.23	\$351.82	0.50	\$361.74
May	0.27	\$353.29	0.52	\$362.47

Soybean Futures

Jan.	\$ 9.0950
Mar.	\$ 9.2200
May	\$ 9.3450
July	\$ 9.4625
Aug.	\$ 9.5025
Sept.	\$ 9.5050

U.S. SBM (USD/MT) FOB Vessel		
Fob U.S. Gulf Port max 12.5 % moisture	47.5 Pro. SBM	
	Basis	Flat Price
Jan.	5.00	\$ 349.71
Feb.	5.00	\$ 353.35
Mar.	5.00	\$ 353.35
Apr.	6.00	\$ 357.98
May	6.00	\$ 357.98

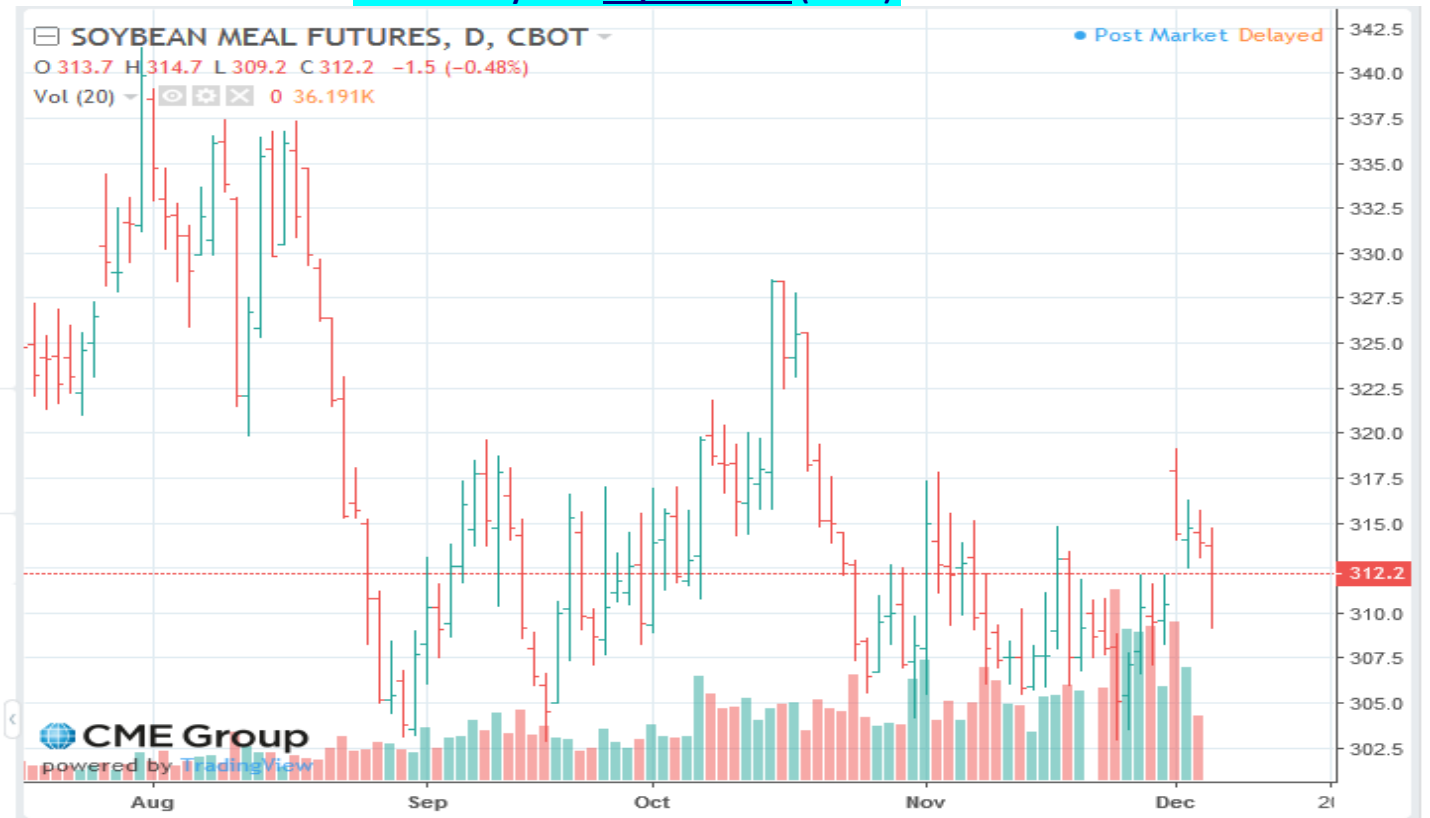
SBM Futures

SMZ	310.00
SMF	312.20
SMH	315.50
SMK	318.70
SMN	322.20
SMQ	319.30

CME January 2019 Soybean (SF19) Futures Chart:



CME January 2019 Soybean Meal (SMF8) Futures Chart



U.S. EXPORT STATISTICS: Report Activity as of Week Ending 22 November 2018

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	1410.0	25,570.0	62,230	41%	110.5
Sorghum	75.4	368.5	2,540	15%	0.0
Soybeans	665.1	23,257.5	51,710	45%	160.4
Wheat	380.1	14,891.3	27,900	53%	6.0
Barley	1.0	57.0	110	52%	0.0

U.S. EXPORT INSPECTIONS:

Monday's report 03 December 2018 for the Export week ending 29 November 2018

	Export Inspections		Current Market Year YTD	Previous Year to Date	2018/19 YTD as Percent of 2017/18 YTD
	This Week	Previous Week			
Corn	1,035,255	1,182,033	14,201,513	7,886,258	180%
Sorghum	107,545	13,497	347,269	1,084,875	32%
Soybeans	1,041,666	1,123,047	13,253,543	22,857,484	58%
Wheat	472,665	287,603	10,579,519	12,776,463	83%
Barley	0	73	5,824	16,690	35%

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

U.S. EXPORT INSPECTIONS:

Monday's report 03 December 2018 for the Export week ending 29 November 2018

Last Week							
(Metric Tons)	YC	%	WC	%	Sorghum	%	Soybeans %
Lakes	0	0%	0	0%	0	0%	57,687 6%
Atlantic	4,638	0%	0	0%	0	0%	39,423 4%
Gulf	568,282	56%	17,605	100%	91,449	85%	831,233 80%
PNW	327,493	32%	0	0%	0	0%	0 0%
Interior Export Rail	117,237	12%	0	0%	16,096	15%	113,323 11%
Metric Tons	1,017,650		17,605		107,545		1,041,666

Sorghum Shipments:	metric tons	
	91,449	Spain
	16,096	Mexico
	107,545	Total

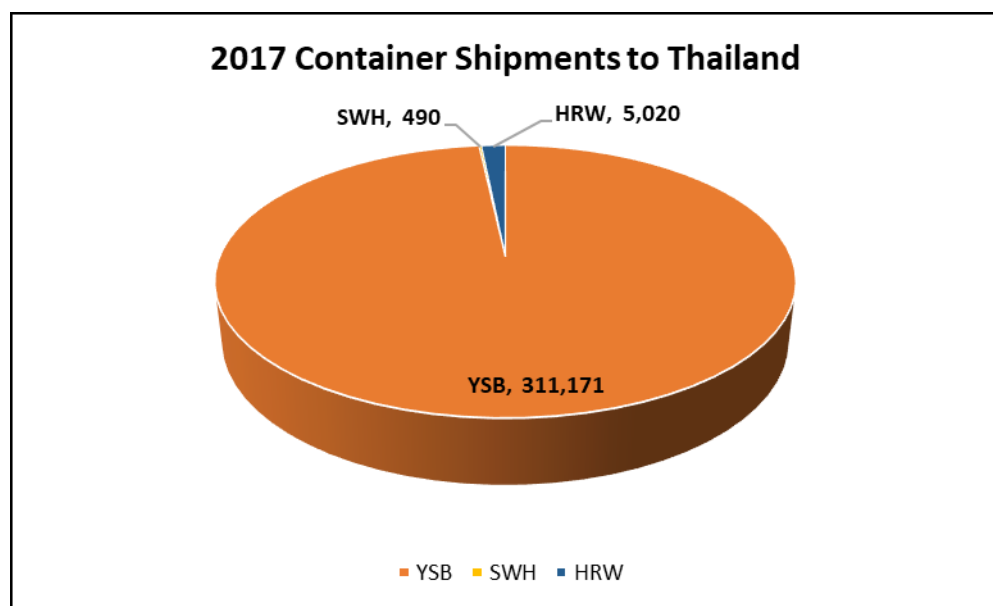
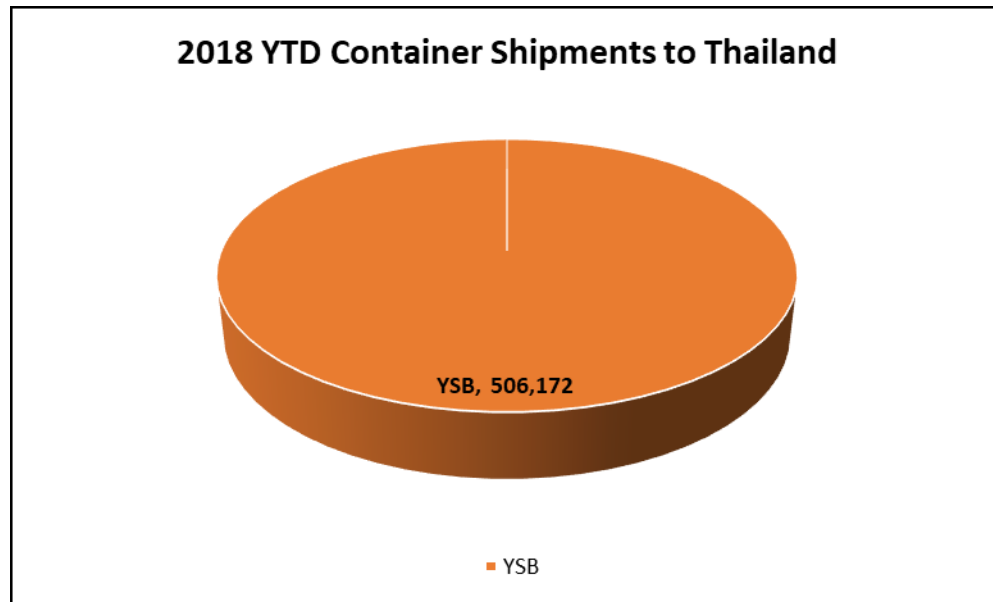
White Corn	metric tons	
Shipments:	8,250	Colombia
	9,355	El Salvador
	17,605	Total

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:		29-Nov-2018							
Last Week	metric tons								MT
	YC	WC	YSB	SRW	NS	SWH	HRW	Sorghum	TOTAL
China Main			1,861						1,861
China T	16,261		11,973				98		28,332
Hong Kong	171								171
Costa Rica									0
Indonesia			15,716						15,716
French Poly	73								73
Japan			920						920
Korea Republic	245		1,224						1,469
Rep S Africa									0
Malaysia	490		5,681						6,171
Burma			587						587
Philippines	147		2,791						2,938
Thailand			10,823						10,823
Panama									0
Bangladesh			1,762						1,762
Vietnam			9,842						9,842
Sub total	17,387	0	63,180	0	0	0	98	0	69,061
USDA Corrections/Additions to previous reports:									
China T							171		171
China Main									0
Hong Kong									0
Korea Rep.									0
Costa Rica									0
Japan									0
Philippines									0
Indonesia			5,044						5,044
Malaysia			3,771						3,771
Thailand			2,694						2,694
Vietnam			1,470						1,470
Canada									0
Bangladesh			931						931
Sub total	0	0	13,910	0	0	0	171	0	14,081
Mt. Grand Total	17,387	0	77,090	0	0	0	269	0	83,142
Number of containers	756	0	3,352	0	0	0	12	0	

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



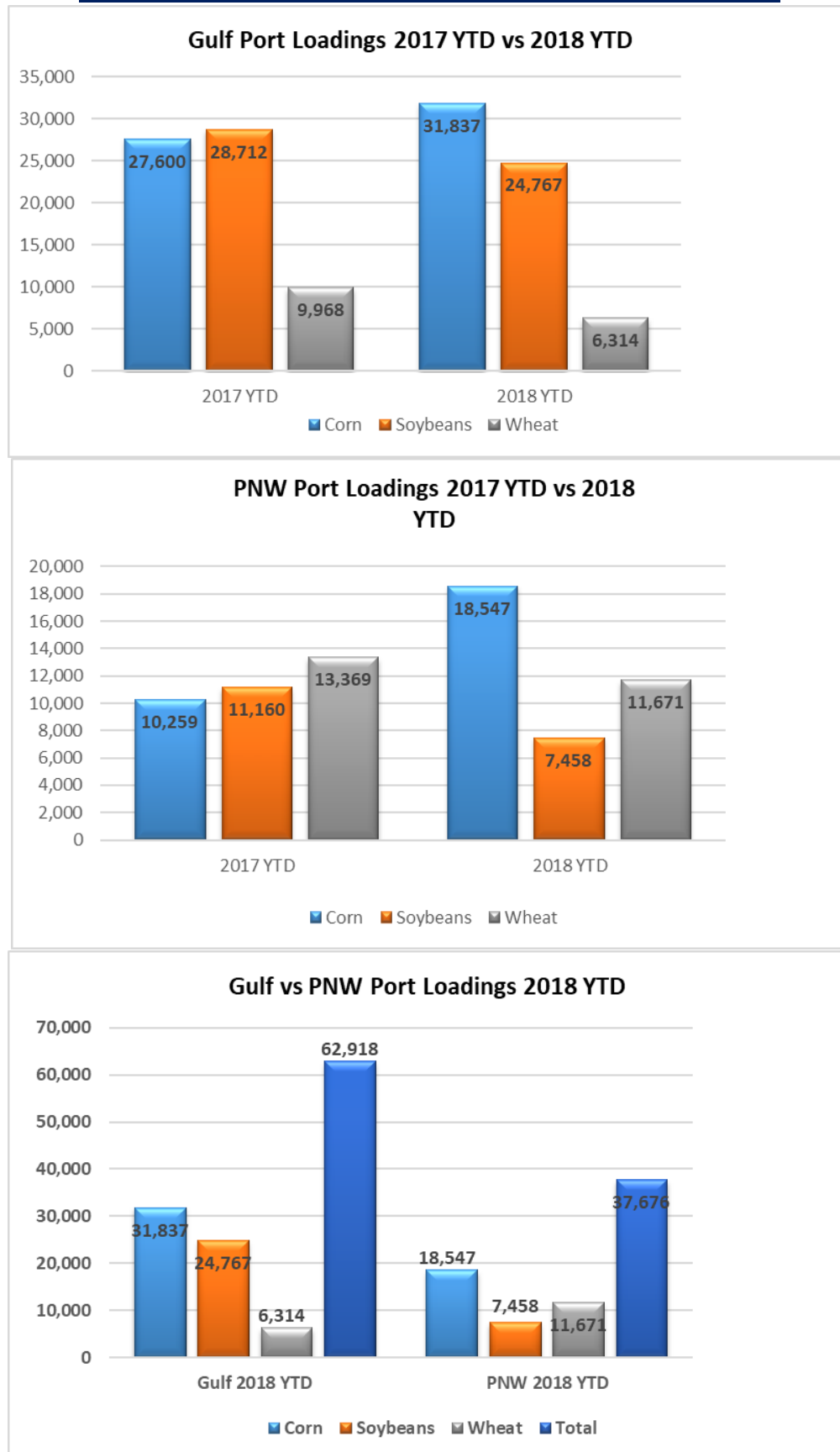
Grain Inspections for Export by U.S. Port Regions:
U.S. Gulf and Pacific Northwest 2017 YTD vs. 2018 YTD

PORT LOADINGS US Gulf				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
GULF				
2017 YTD	27,600	28,712	9,968	66,280
2018 YTD	31,837	24,767	6,314	62,918
2018 as % of 2017	115%	86%	63%	95%

PORT LOADINGS US PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
PNW				
2017 YTD	10,259	11,160	13,369	34,788
2018 YTD	18,547	7,458	11,671	37,676
2018 as % of 2017	181%	67%	87%	108%

PORT LOADINGS GULF vs. PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
2018 Gulf YTD	31,837	24,767	6,314	62,918
2018 PNW YTD	18,547	7,458	11,671	37,676
TOTAL	50,384	32,225	17,985	100,594
Gulf Percentage	63%	77%	35%	63%
PNW Percentage	37%	23%	65%	37%

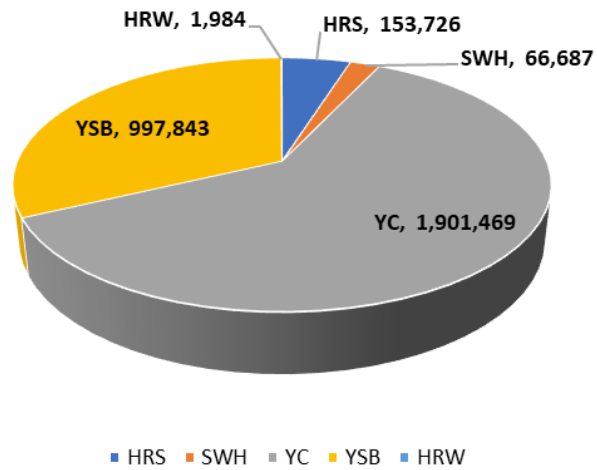
Grain Inspections for Export by U.S. Port Regions (1,000MT):
U.S. Gulf and Pacific Northwest 2017 YTD vs. 2018 YTD



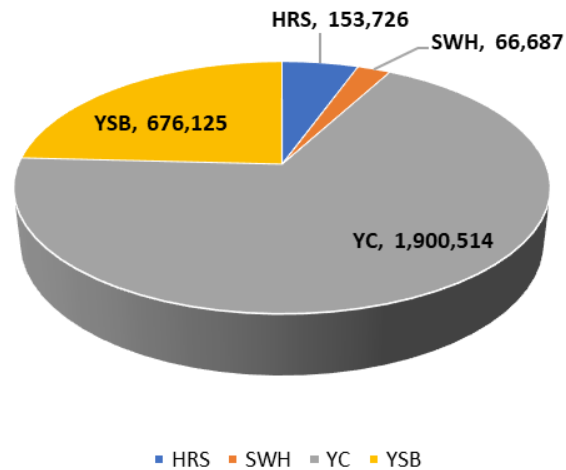
Source: USDA-data

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

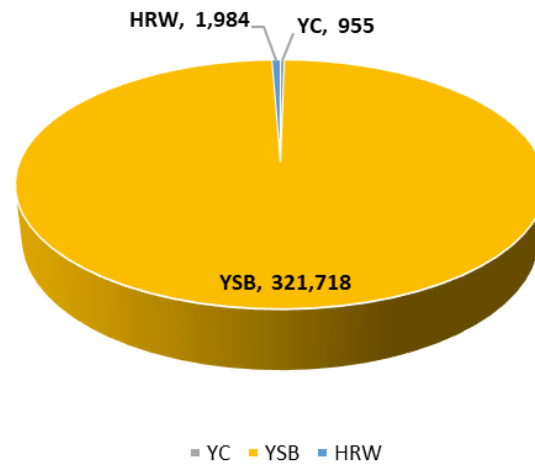
2018 YTD Exports to Vietnam



YTD Exports to Vietnam by Vessel



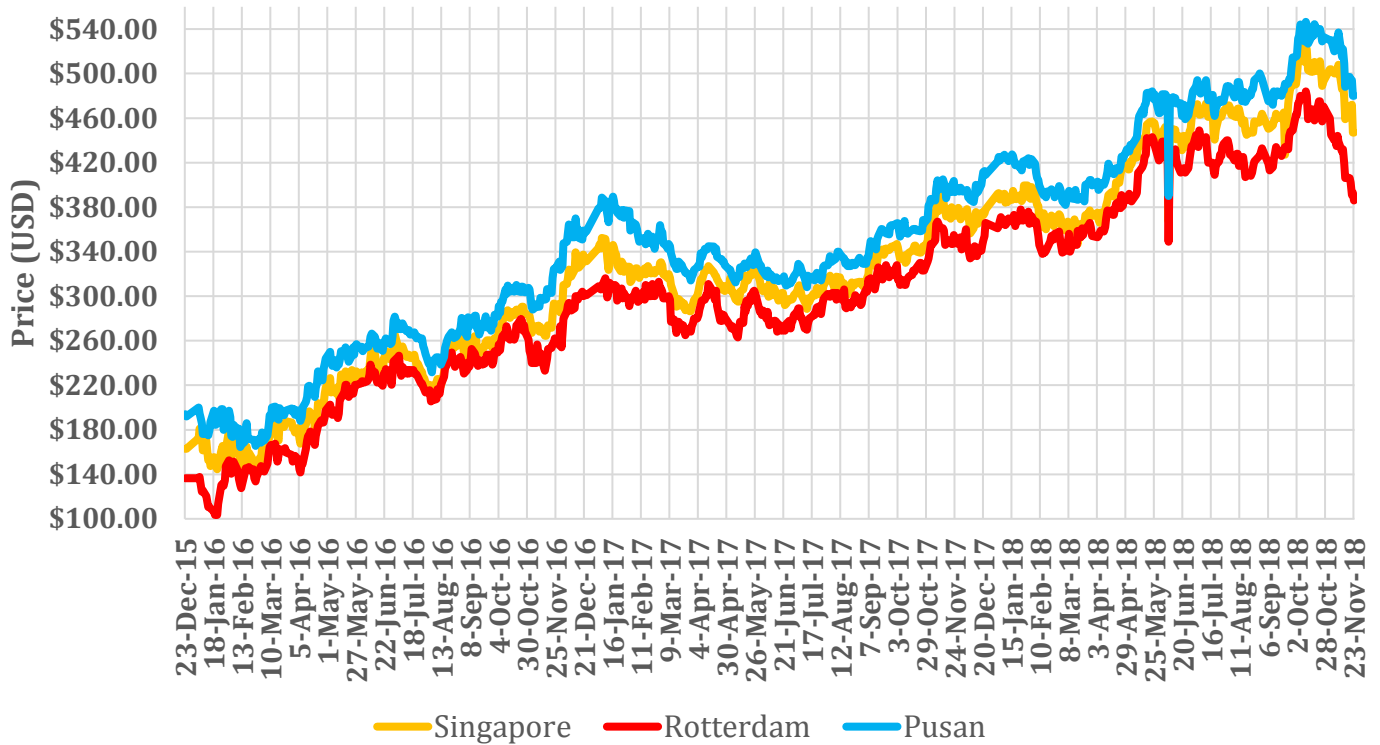
YTD Exports to Vietnam by Container



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

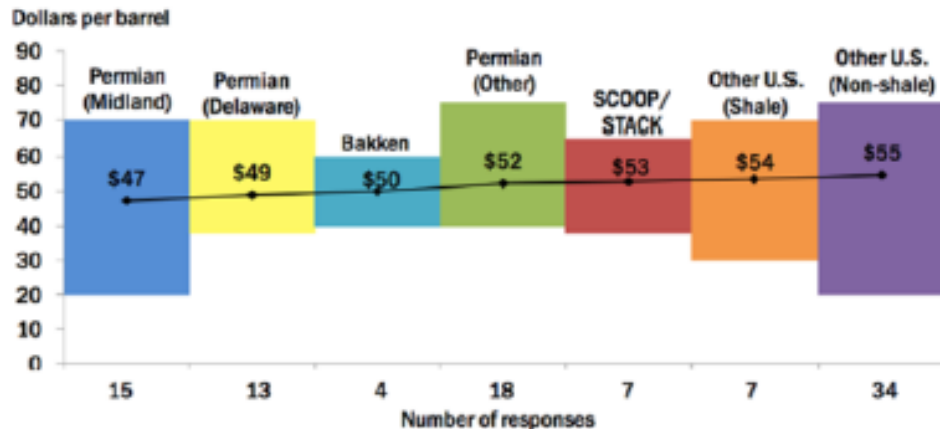
Source: USDA

Bunker Fuel Prices for Singapore vs. Rotterdam vs. Pusan



Breakeven Prices for New Wells

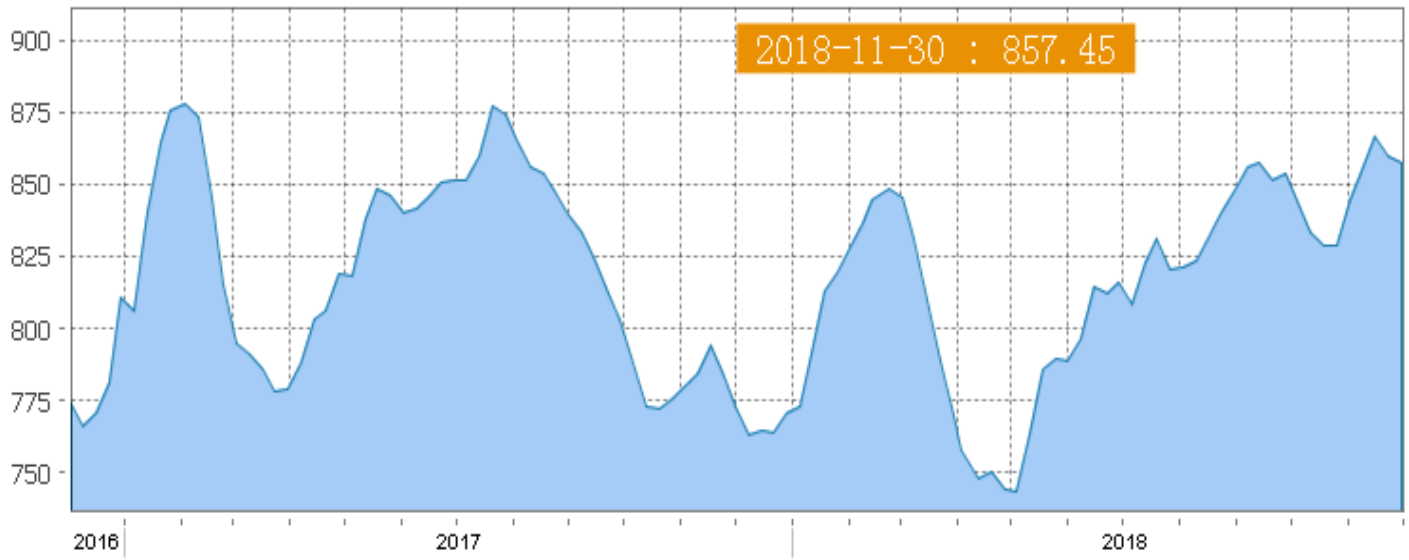
Dallas Fed Energy Survey—In the top two areas in which your firm is active: What WTI oil price does your firm need to profitably drill a new well?



Federal Reserve Bank of Dallas

NOTES: Line shows the mean, and bars show the range of responses. 69 E&P firms answered this question from March 14-22, 2018.
SOURCE: Federal Reserve Bank of Dallas.

China Containerized Freight Index



U.S. RIVER BARGE FREIGHT

Current Barge Freight for Placement Last Half December 2018

Placement LH December 2018	% of Tariff	MT	Corn BU	Soybeans-Wheat BU
Upper Mississippi	Closed	\$ -	0.00	0.00
Illinois River (Pekin and South)	370	\$19.62	0.50	0.53
Mid-Mississippi	Closed	\$ -	0.00	0.00
Lower Ohio	275	\$13.52	0.34	0.37
St. Louis	270	\$11.88	0.30	0.32

Secondary Rail Car Market for car placement period: Last Half December 2018.

Secondary Rail Car Market Placement LH. December 2018	BID USD	ASK USD	BID BU.	ASK BU.	BID MT	ASK MT
BNSF Shuttle Trains	\$ (150.00)	\$ (50.00)	\$ (0.04)	\$ (0.01)	\$ (1.48)	\$ (0.49)
UPRR Shuttle Trains	\$ (4,250.00)	\$ (300.00)	\$ (1.06)	\$ (0.08)	\$ (41.83)	\$ (2.95)

Best Regards,

Jay

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