O'NEIL COMMODITY CONSULTING

Transportation and Export Report for 7 December 2017

Ocean Freight Insights and Comments:

Dry-bulk ocean freight rates held up pretty well this with needed support from the Capesize market. Any real increase in Dry-Bulk market rates is going to have to be led by the Capesize market and that is what is occurring. It still revolves around China import demand for raw materials. Given the stockpiling that is taking place in China, one has to question how much more import volumes can increase.
The physical market is trying to follow the Baltic indices but is doing so reluctantly and is starting to feel a bit toppy at weeks end. Since we are approaching the holiday period, I'm going to leave most rates unchanged from last week's levels.

BALTIC DRY-BULK PANAMAX INDEX CHANGES

Panamax Ocean Freight Indices				
7-Dec-17	This Week	Last Week	Difference	Percent Change
P2A : Gulf/Atlantic - Japan	19288	18052	1,236	6.8%
P3A - PNW/Pacific - Japan	10820	10209	611	6.0%
S1C -USGULF-China-So.Japan	25200	24706	494	2.0%

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

Four weeks ago:	$ 7.50-$8.25
Three weeks ago:	$ 7.50-$8.80
Two weeks ago:	$ 7.50-$8.15
One week ago:	$ 8.75-$9.90
This week	$ 9.70-$9.90

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

Mississippi River:	(10 elevators)	5-9 days
Miss. River Mid-Stream loaders:	(6+ Rigs)	0-0 days
Texas Gulf	(6 elevators)	1-4 days
Pacific Northwest:	(9 elevators)	0-12 days

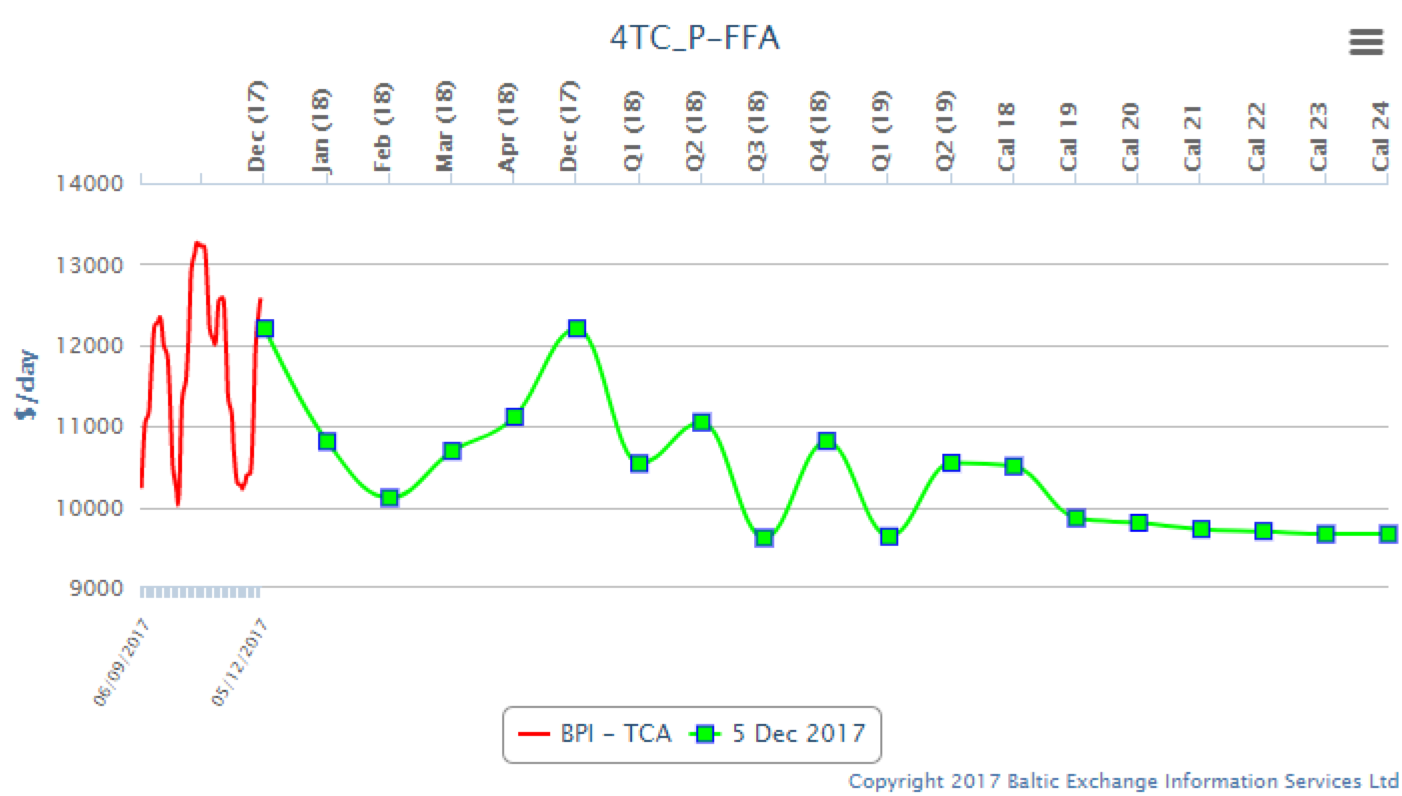
Panamax Market Spreads to Asia -China					
7-Dec-17	PNW	GULF	Bushel Spread	MT Spread	Advantage
CORN	0.77	0.50	0.27	$10.63	PNW
SOYBEANS	0.75	0.42	0.33	$12.99	PNW
OCEAN FREIGHT	$24.00	$43.25	.49-.52	$19.25	Jan.

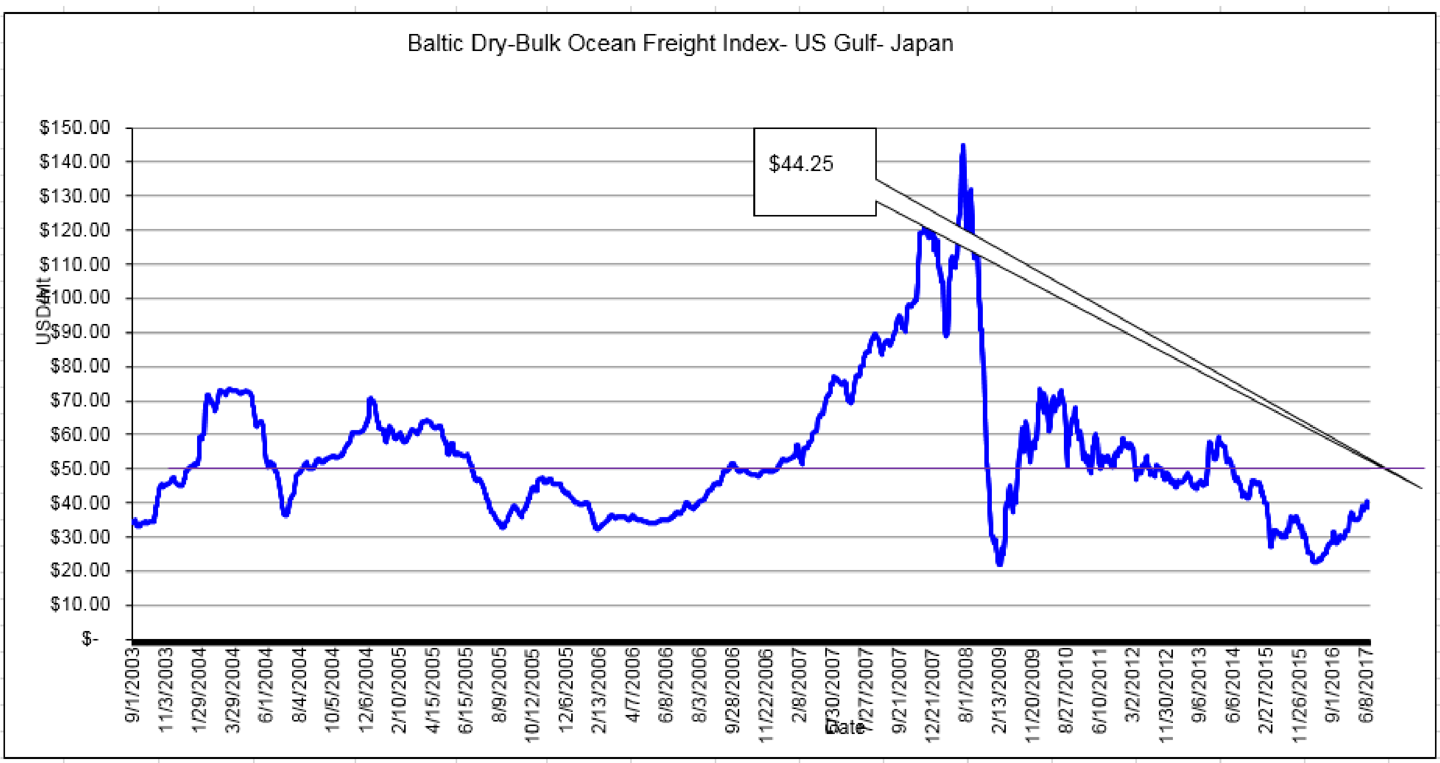
Recent Reported Vessel Fixtures:

Route and Vessel Size	Current Week USD/MT	Change from previous week	Remarks
55,000 U.S. Gulf-Japan	$44.25	Unchanged	Handymax $44.75/mt
55,000 U.S. PNW- Japan	$24.75	Unchanged	Handymax at $25.50/mt
65,000 U.S. Gulf – China PNW to China	$43.25 $24.00	Unchanged Unchanged	North or South China
25,000 U.S. Gulf- Veracruz, México	$16.75	Unchanged	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	$14.50	Unchanged	Deep draft and 6,000 MT per day discharge rate.
25/35,000 U.S. Gulf- East Coast Colombia From Argentina	$20.75 $32.75	Unchanged	West Coast Colombia at $28.50
40-45,000 U.S. Gulf - Guatemala	$28.75	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf – Algeria	$31.75 $33.75	Unchanged	8,000 mt daily discharge 3,000 mt daily discharge
26-30,000 US Gulf-Morocco	$30.75	Unchanged	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt PNW to Egypt	$29.00 $28.005	Unchanged	55,000 -60,000 mt Russia Black Sea to Egypt $16.00
60-70,000 U.S. Gulf – Europe – Rotterdam	$18.00	Unchanged	Handymax at +$2.25 more
Brazil, Santos – China Brazil, Santos – China Itacoatiara-Port Up River North Brazil	$33.50 $32.50 $36.00	Down $0.25	54-59,000 Supramax-Panamax 60-66,000 Post Panamax 60-66,000 mt
56-60,000 Argentina-China Deep draft	$40/00	Unchanged	Up River with Top Off $41.50

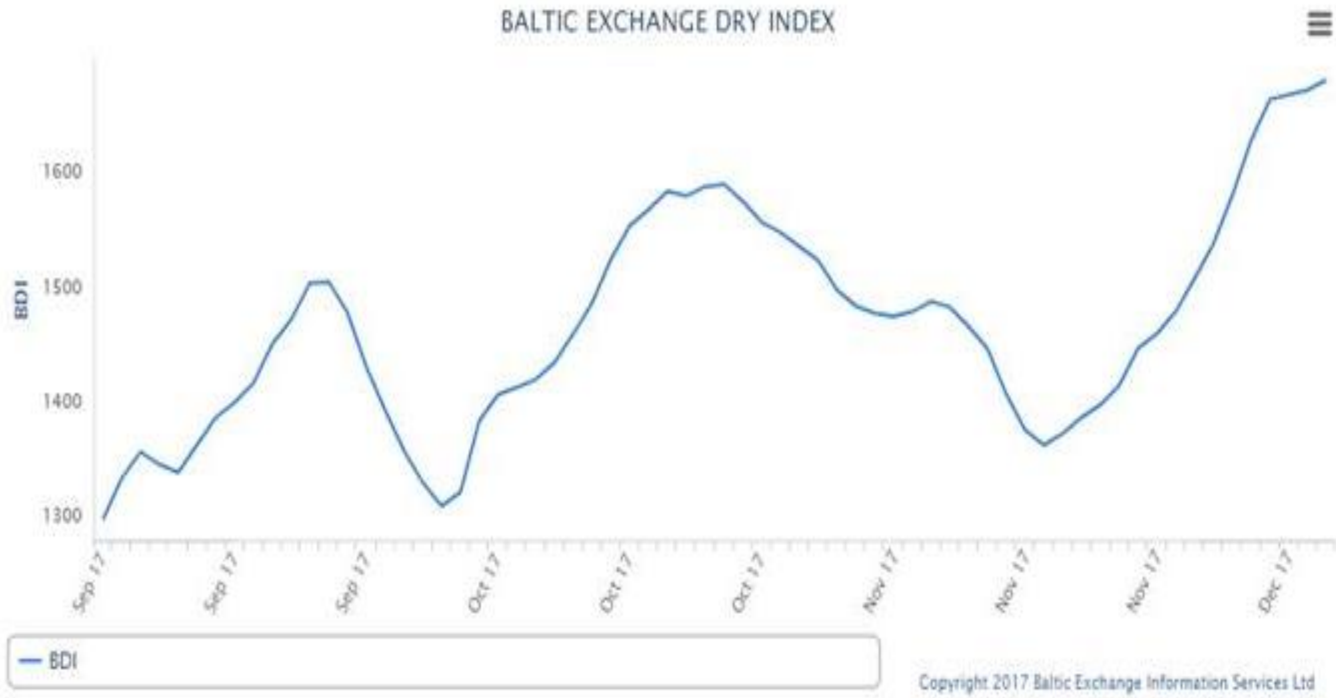
Nautical Miles: To Xiamen China (South China)
US Gulf (NOLA) (via Panamá Canal) – 10,232 nautical miles (32 days)
Santos Brazil (via Cape of Good Hope) - 10,441 nautical miles (33 days)
Rasario Argentina (via Cape Horn) - 10,751 nautical miles (34 days)

Forward Curve for Baltic BPI Panamax Vessel Freight

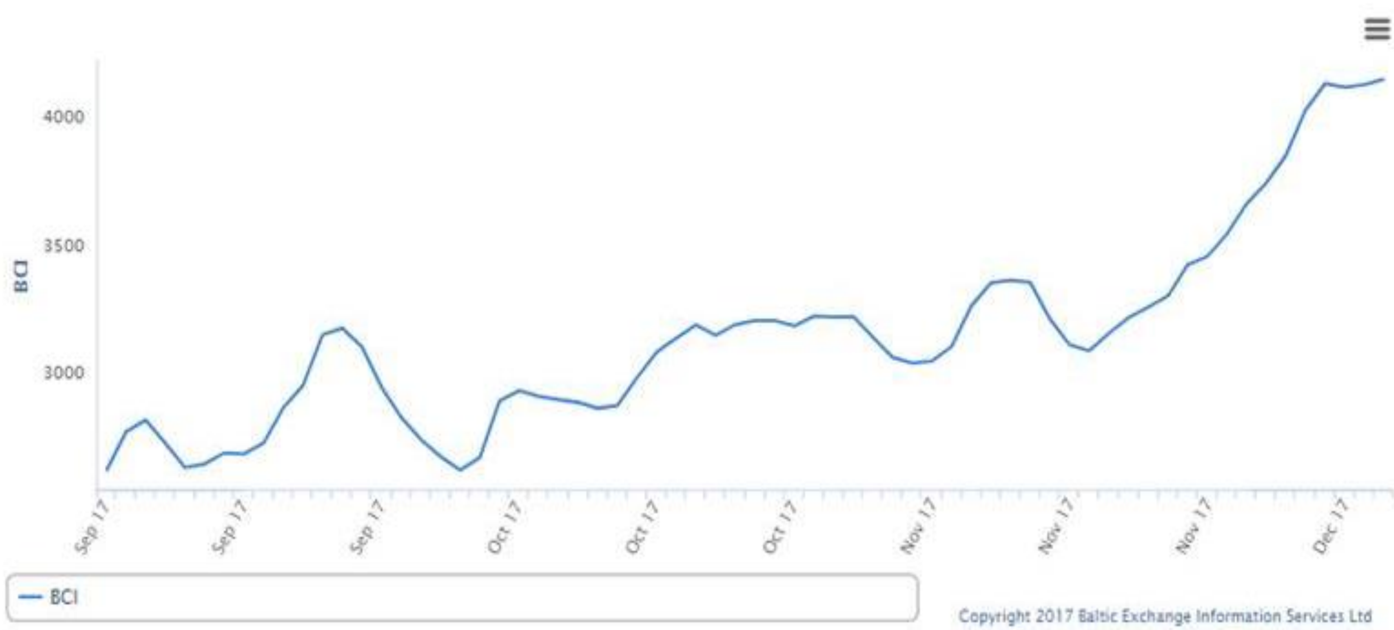




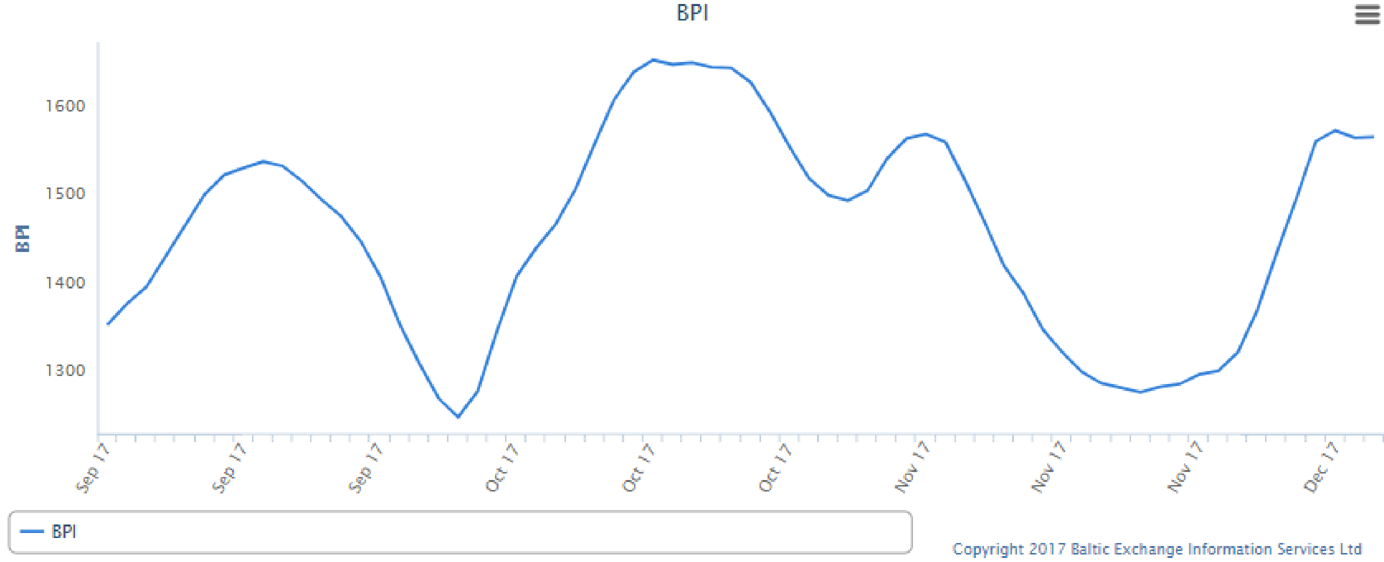
Baltic Exchange Dry Bulk Index



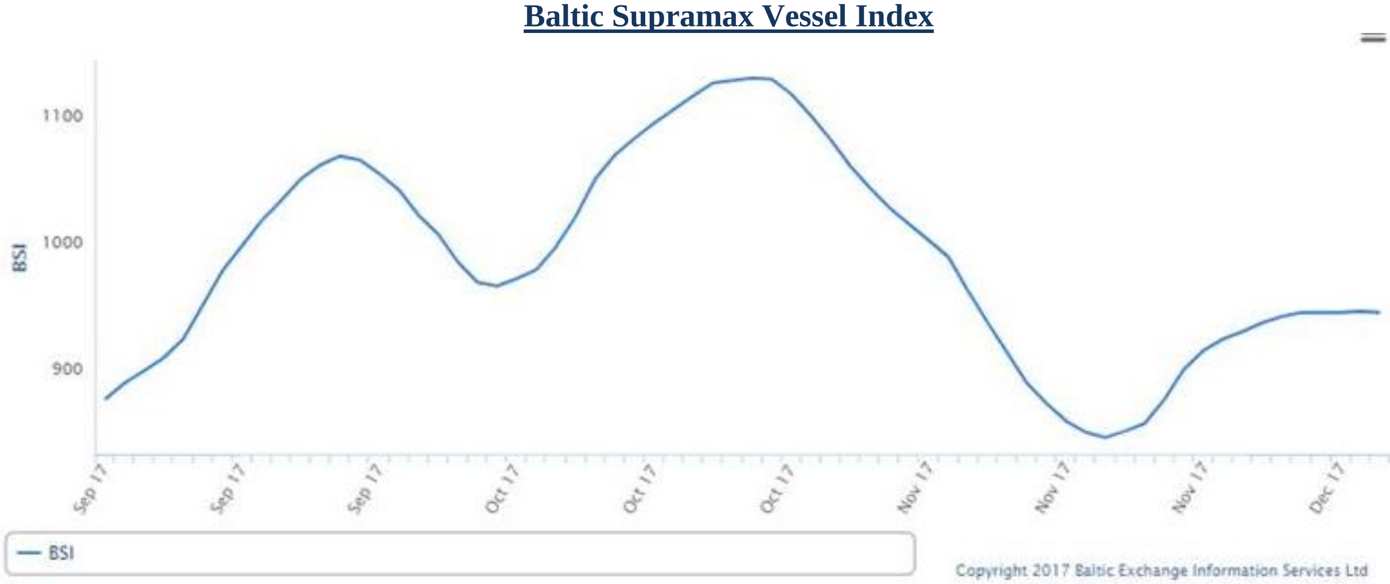
Baltic Capesize Index



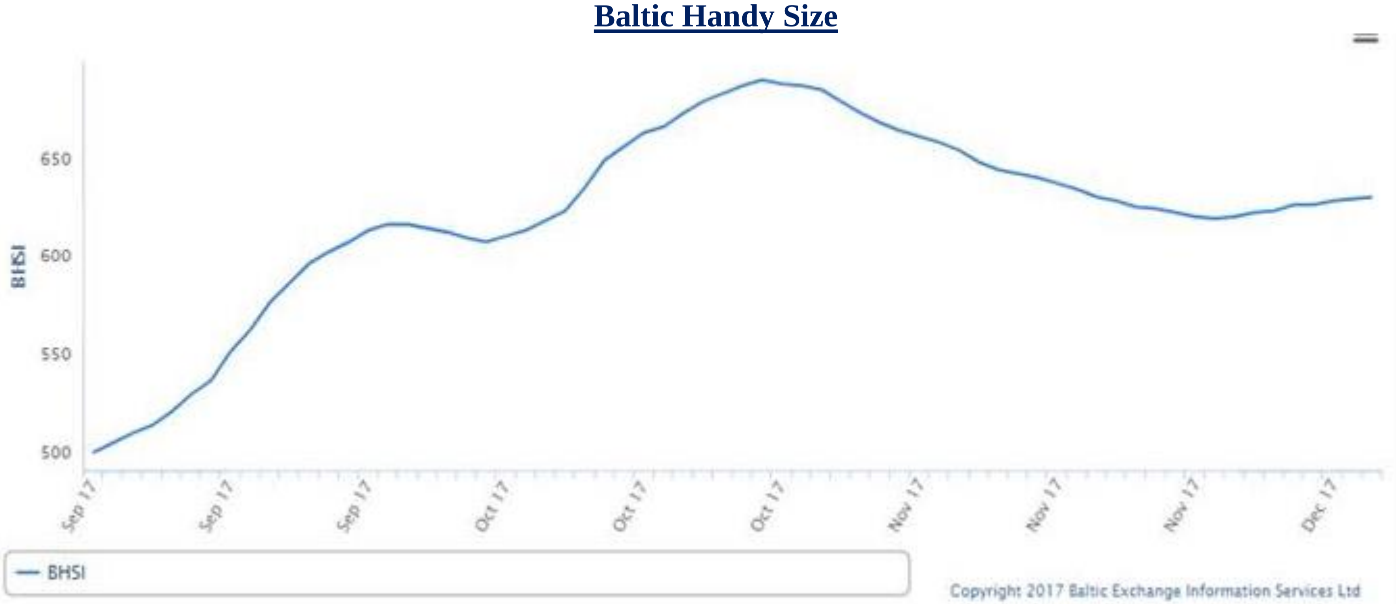
Baltic Panamax Index



Baltic Supramax Vessel Index



Baltic Handy Size



China Import Dry Bulk Freight Index(CDFI) 2017-12-07					
Route	Size MT	Cargo/Vessel Size	Unit	Rate	Change
Composite Index			Point	975.26	0.45
Iron ore Freight Index			Point	1056.78	0.33
Santos(Brazil)— North China	60000/10%	Soybean	$/ton	31.375	-0.005
Tacoma(West America)—North China	60000/10%	Soybean	$/ton	23.45	0.025
Mississippi(US Gulf) —North China	66000/10%	Soybean	$/ton	42.986	-0.123
Mississippi(US Gulf)—North China	55000/10%	Soybean	$/ton	44.911	-0.017

7 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	**$158.06**	0.77	**$168.69**
Feb.	0.52	**$158.85**	0.77	**$168.69**
Mar.	0.53	**$159.24**	0.79	**$169.48**
Apr.	0.45	**$159.44**	0.75	**$171.25**
May	0.46	**$159.83**	0.80	**$173.22**
June	0.43	**$162.00**	0.75	**$174.60**

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
Jan.	1.35	**$191.52**	1.30	**$189.56**
Feb.	1.35	**$191.52**	1.30	**$189.56**
Mar.	1.35	**$191.52**	1.30	**$189.56**
Apr.	1.35	**$194.87**	1.30	**$192.90**
May	1.35	**$194.87**	1.30	**$192.90**

Fob vessel Texas Gulf #2 Sorghum is about 120 % 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	$179.12	$179.86	$180.23	$182.98
Basis	0.66	0.68	0.69	0.63
WZ	3.9425			
WH	4.2150			
WK	4.3500			

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	$3.3875	$133.36	$ 3.4175	$134.54	($0.0300)
Mar.	CH	$3.5150	$138.38	$ 3.5575	$140.05	($0.0425)
May	CK	$3.6000	$141.72	$ 3.6375	$143.20	($0.0375)
July	CN	$3.6850	$145.07	$ 3.7150	$146.25	($0.0300)
Sept.	CU	$3.7550	$147.83	$ 3.7850	$149.01	($0.0300)

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

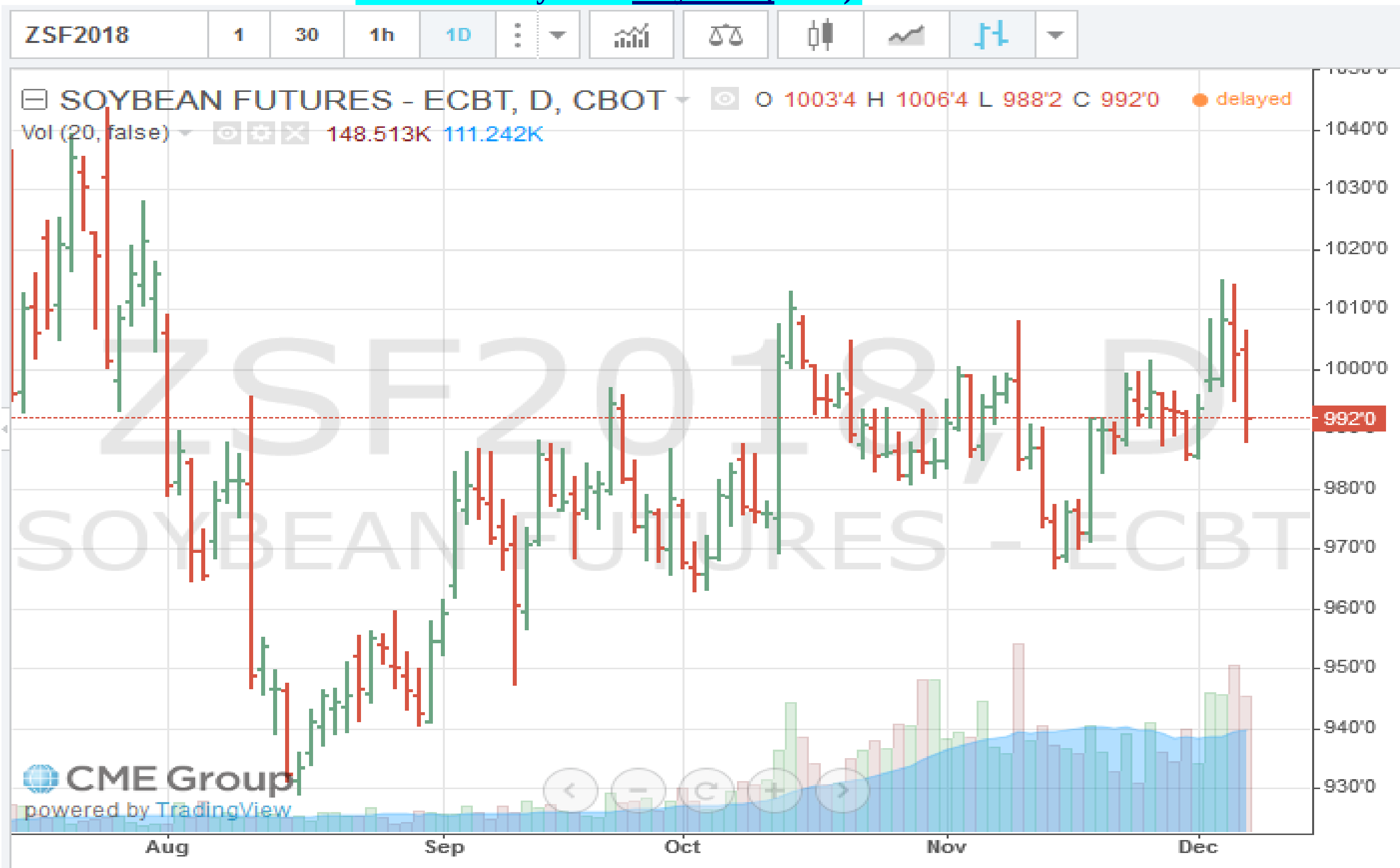
CME/CBOT March 2018 (WH8) SRW Wheat Futures Chart –

U.,S. Soybean and SBM Markets Fob Vessel:

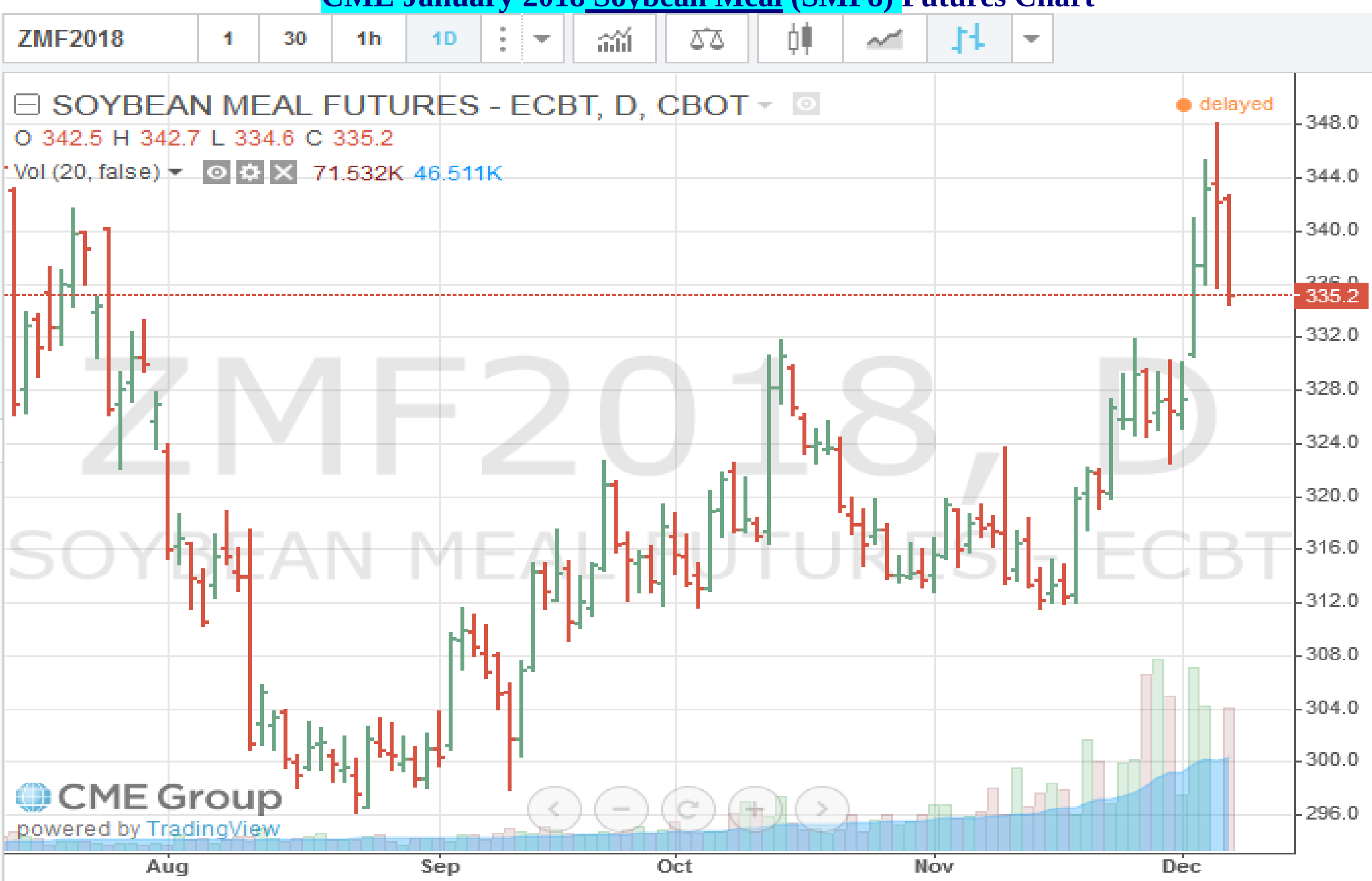
U.S. Yellow Soybeans (USD/MT) FOB Vessel				
# 2 YSB	U.S. Gulf #2 YSB		PNW #2 YSB	
14.0 % Moisture	Basis	Flat Price	Basis	Flat Price
Jan.	0.42	**$379.93**	0.75	**$392.05**
Feb.	0.36	**$382.22**	0.70	**$394.72**
Mar.	0.39	**$383.32**	0.70	**$394.72**
Apr.	0.35	**$385.71**	0.63	**$396.00**
May.	0.39	**$387.18**	0.68	**$397.84**
Soybean Futures				
Jan.	$ 9.9200			
Mar.	$ 10.0425			
May.	$ 10.1475			
July	$ 10.2325			
Aug.	$ 10.2400			
Sept.	$ 10.1400			

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	**$ 365.15**
Feb.	-5.00	**$ 368.01**
Mar.	-5.00	**$ 368.01**
Apr.	-5.00	**$ 370.33**
May	-4.00	**$ 371.43**
SBM Futures		
SMZ	333.50	
SMF	335.20	
SMH	338.80	
SMK	340.90	
SMN	342.60	
SMQ	342.00	

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 04 December 2017 for the Export week ending 30 November 2017

	Export Inspections		Current Market Year YTD	Previous Year to Date	2017 YTD as Percent of 2016 YTD
	This Week	Previous Week			
Corn	586,213	638,711	7,854,469	13,751,258	57%
Sorghum	258,448	107,785	1,074,465	1,121,648	96%
Soybeans	1,800,452	1,723,338	22,853,984	26,106,569	88%
Wheat	409,569	348,270	12,754,992	13,660,961	93%
Barley	0	366	16,690	27,342	61%

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

U.S. EXPORT INSPECTIONS:
Monday's report 04 December 2017 for the Export week ending 30 November 2017

Last Week								
(Metric Tons)	YC	%	WC	%	Sorghum	%	Soybeans	%
Lakes	0	0%	0	0%	0	0%	30,304	2%
Atlantic	4,603	1%	0	0%	0	0%	81,895	5%
Gulf	415,632	74%	27,533	100%	189,912	73%	976,283	54%
PNW	0	0%	0	0%	63,604	25%	603,173	34%
Interior Export Rail	138,445	25%	0	0%	4,932	2%	107,621	6%
Metric Tons	558,680		27,533		258,448		1,799,276	

Sorghum Shipments:

metric tons	
1,437	Mexico
98	Japan
256,913	China Main
258,448	Total

White Corn Shipments:

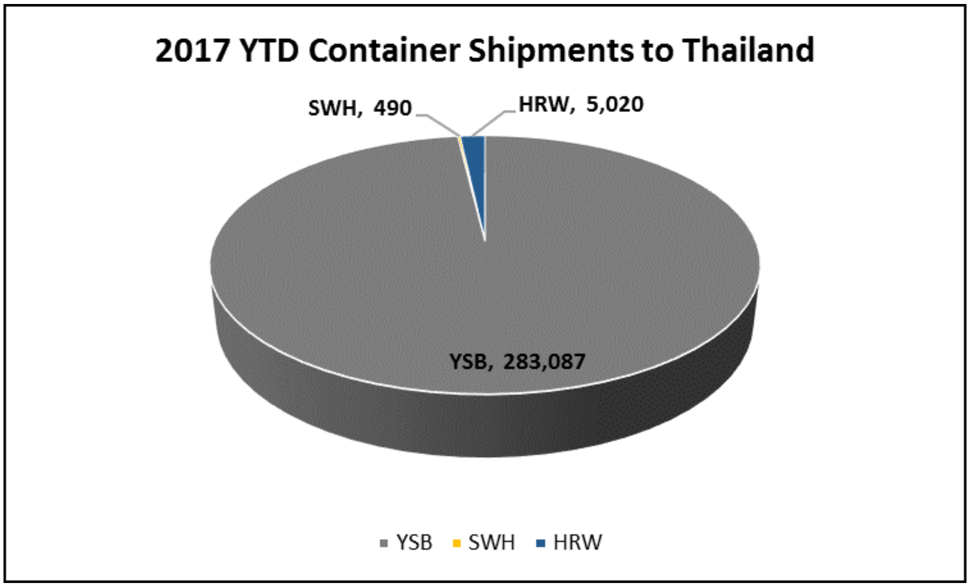
metric tons	
7,833	Colombia
13,820	Honduras
5,880	Japan
27,533	Total

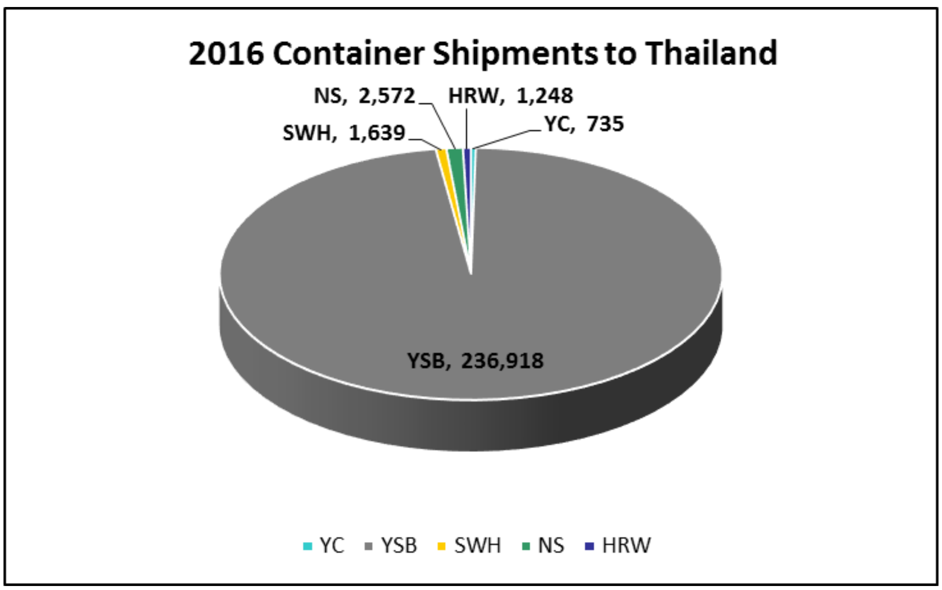
Export Inspection Highlights

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:			30-Nov-2017						
Last Week	metric tons								MT
	YC	WC	YSB	SRW	NS	SWH	HRW	Sorghum	TOTAL
China Main	2,229		8,890				122	3,397	14,638
China T	15,721		23,341						39,062
Hong Kong	1,149								1,149
Costa Rica									0
Indonesia			18,513						18,513
French Polynesia									0
Japan			366					98	464
Korea Republic			367						367
Lebanon									0
Malaysia	245		1,053						1,298
Ireland									0
Philippines			343						343
Thailand			9,060						9,060
Sri Lanka	514								514
Burma									0
Vietnam			5,240						5,240
Sub total	19,858	0	67,173	0	0	0	122	3,495	84,894
USDA Corrections/Additions to previous reports:									
China T			5,169						5,169
China Main							538	563	1,101
Hong Kong									0
Korea Rep.									0
Canada									0
Japan									0
Philippines									0
Indonesia			2,448						2,448
Malaysia			490						490
Thailand									0
Vietnam									0
Kenya									0
Panama									0
Sub total	0	0	8,107	0	0	0	538	563	9,208
Mt. Grand Total	**19,858**	**0**	**75,280**	**0**	**0**	**0**	**660**	**4,058**	94,102
Number of containers	863	0	3,273	0	0	0	29	176	

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



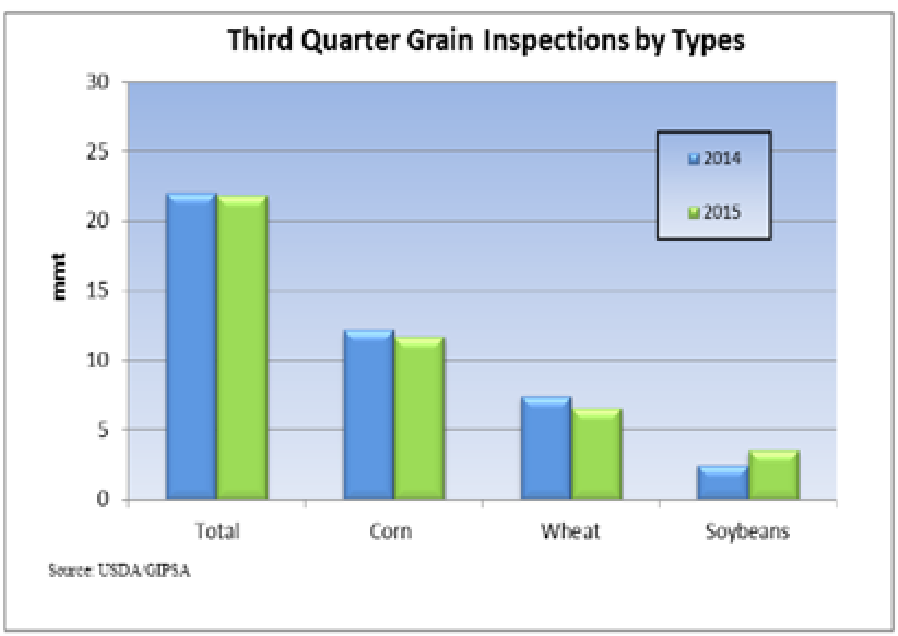


Grain Inspections for Export by U.S. Port Regions: U.S. Gulf and Pacific Northwest 2016 YTD vs. 2017 YTD

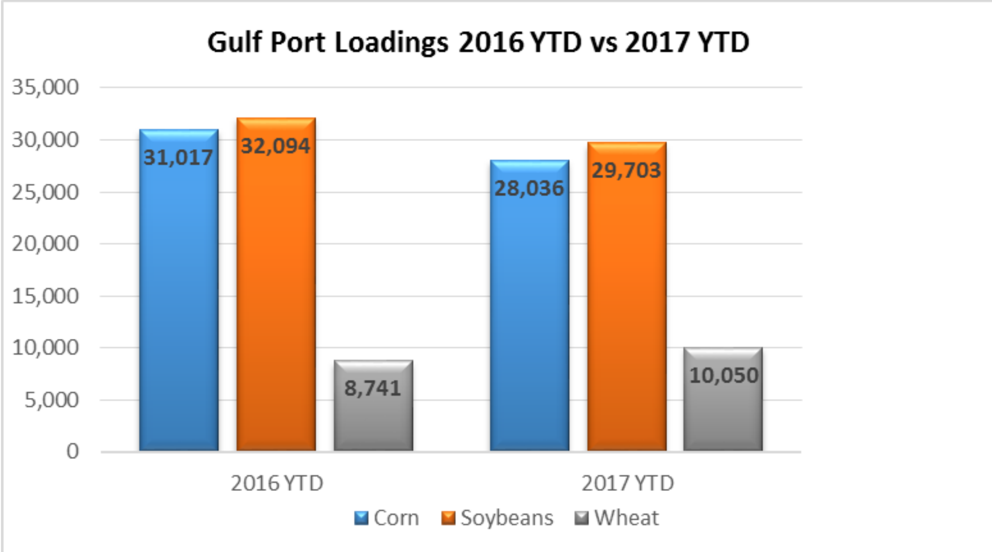
PORT LOADINGS US Gulf				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
GULF				
2016 YTD	31,017	32,094	8,741	71,852
2017 YTD	28,036	29,703	10,050	67,789
2017 as % of 2016	90%	93%	115%	94%

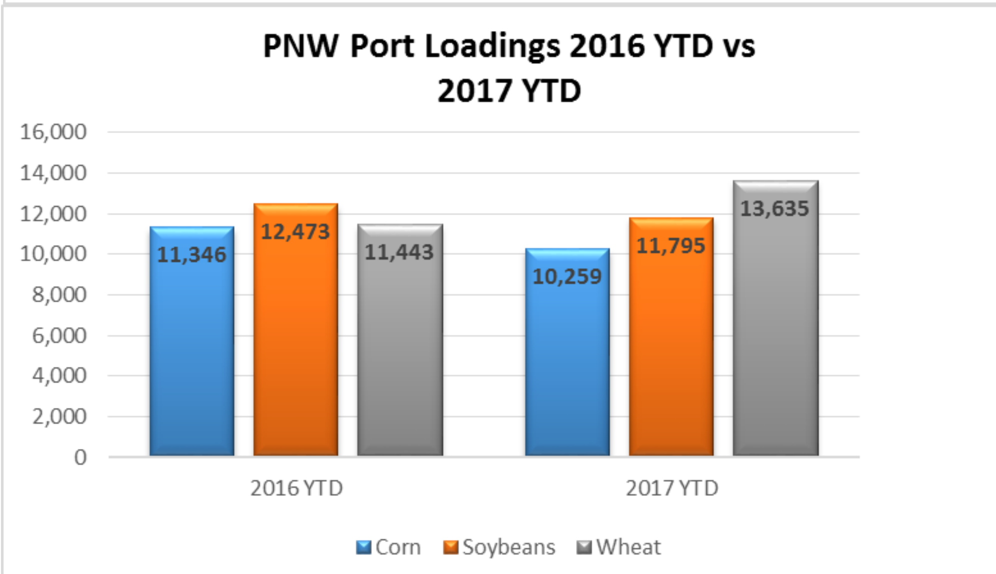
PORT LOADINGS US PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
PNW				
2016 YTD	11,346	12,473	11,443	35,262
2017 YTD	10,259	11,795	13,635	35,689
2017 as % of 2016	90%	95%	119%	101%

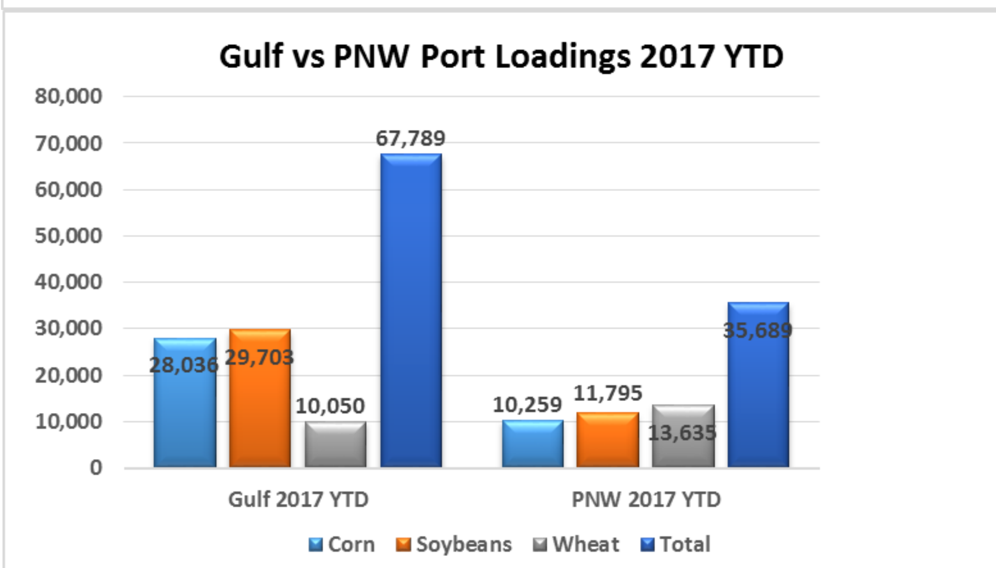
PORT LOADINGS GULF vs. PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
2017 Gulf YTD	28,036	29,703	10,050	67,789
2017 PNW YTD	10,259	11,795	13,635	35,689
TOTAL	38,295	41,498	23,685	103,478
Gulf Percentage	73%	72%	42%	66%
PNW Percentage	27%	28%	58%	34%



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

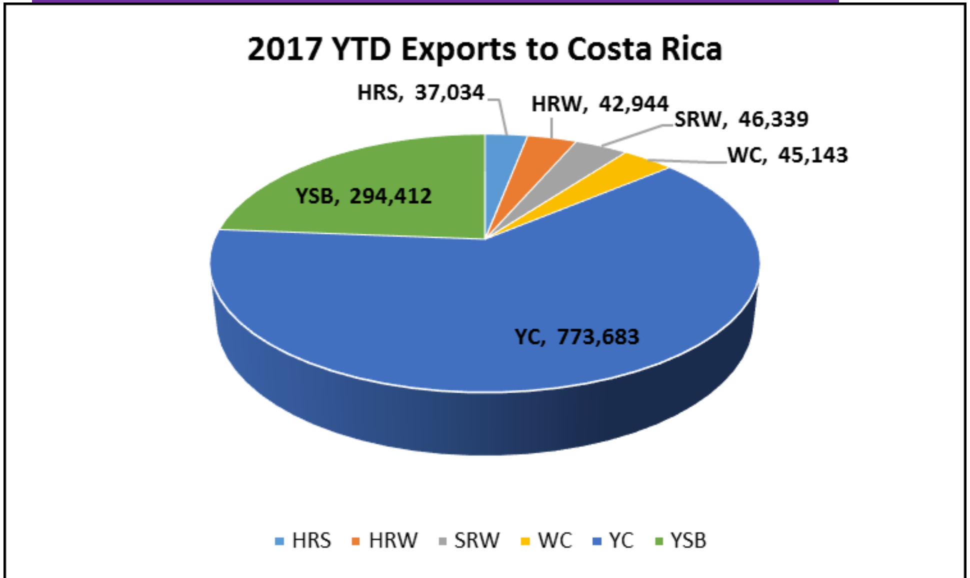


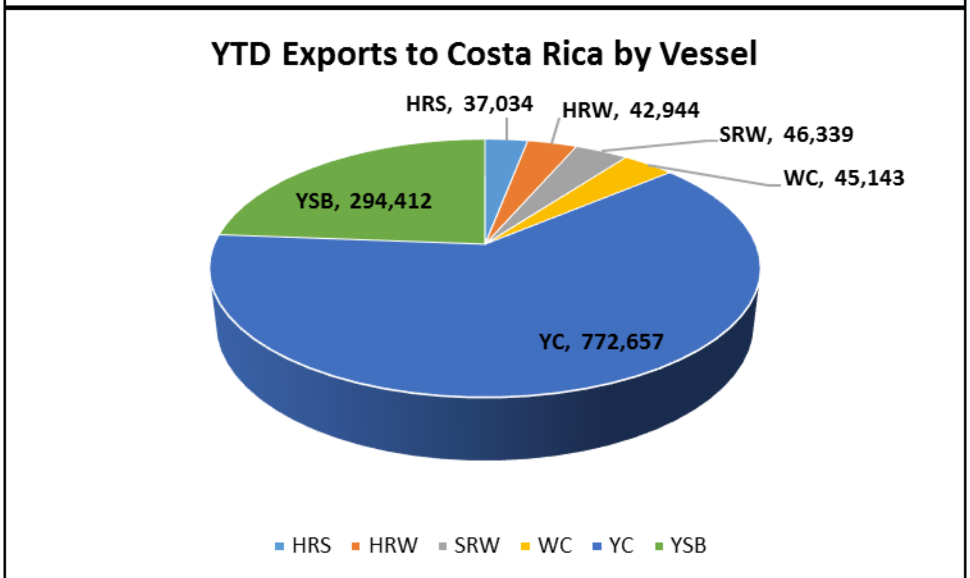


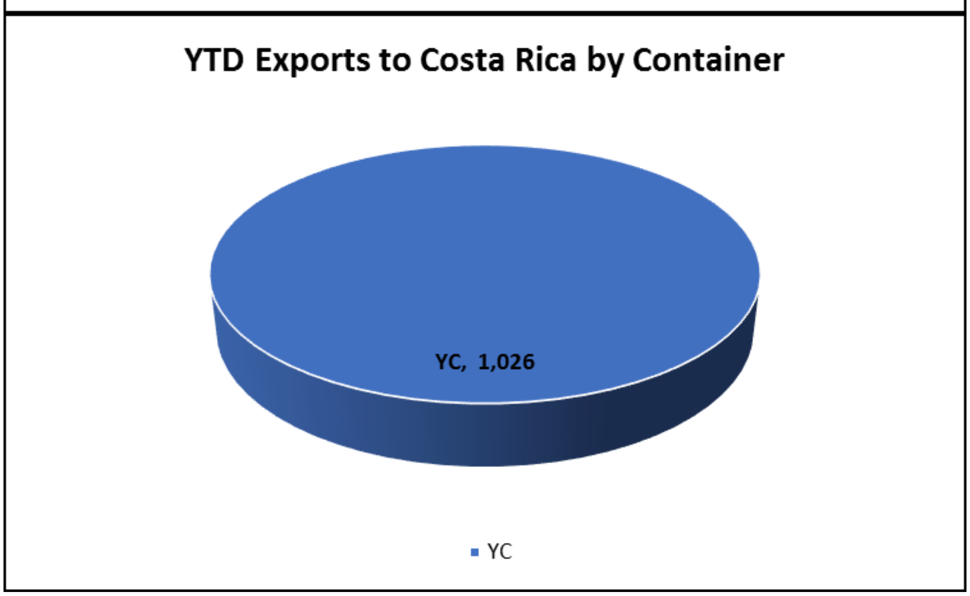


Source: USDA-data

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

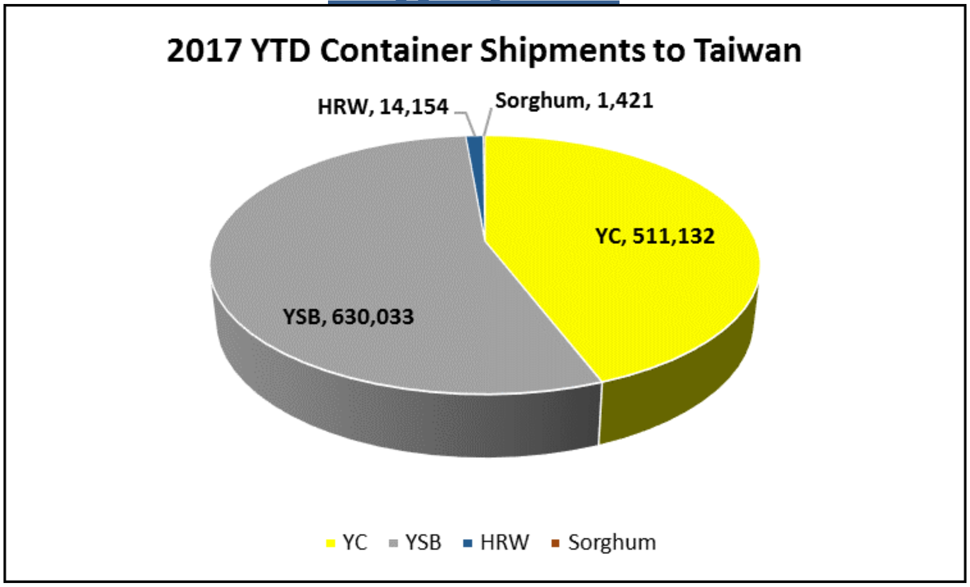


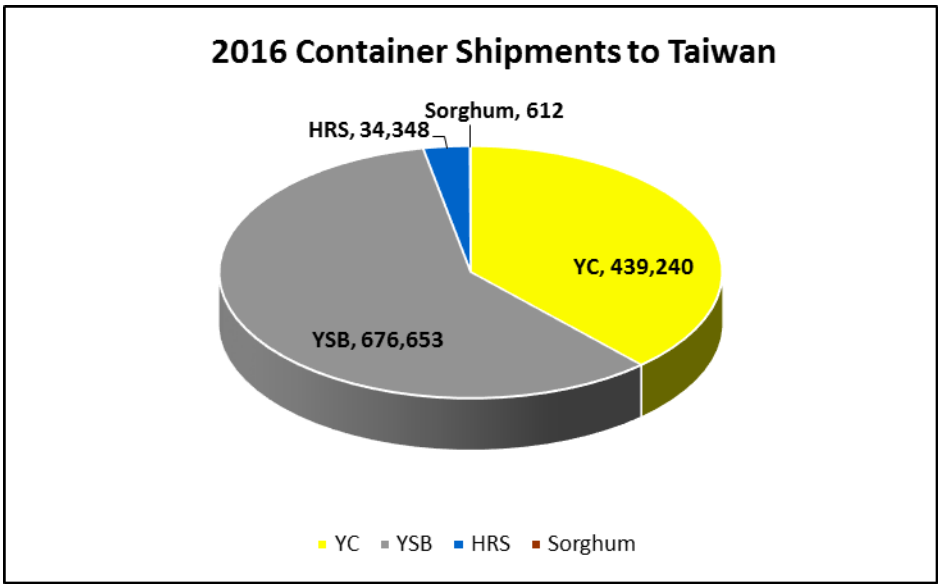


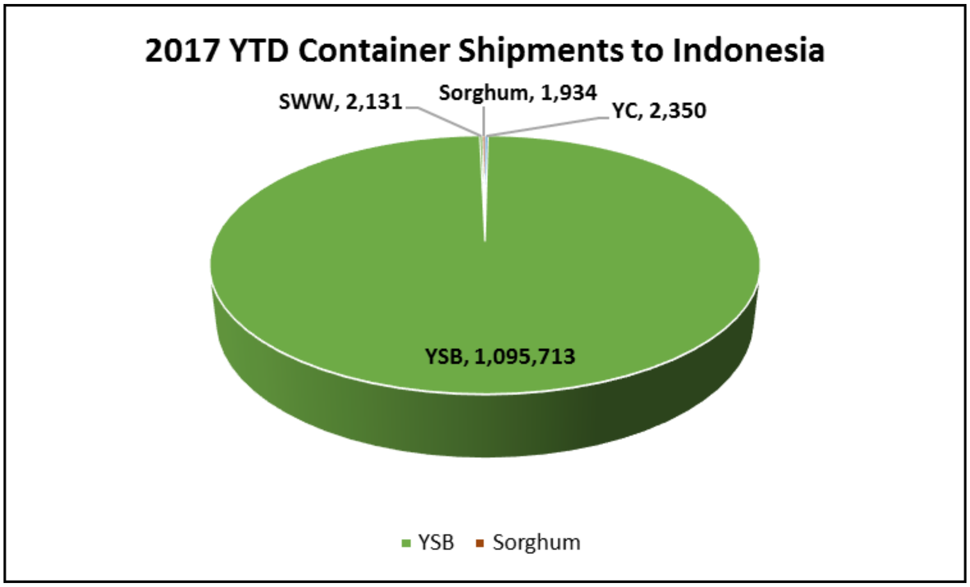


**Please keep in mind that USDA does not report DDGS sales, or they would show as the largest exports by container

Shipping News:






2017 YTD Container Shipments to Indonesia
SWW, 2,131
Sorghum, 1,934
YC, 2,350
YSB, 1,095,713
YSB
Sorghum

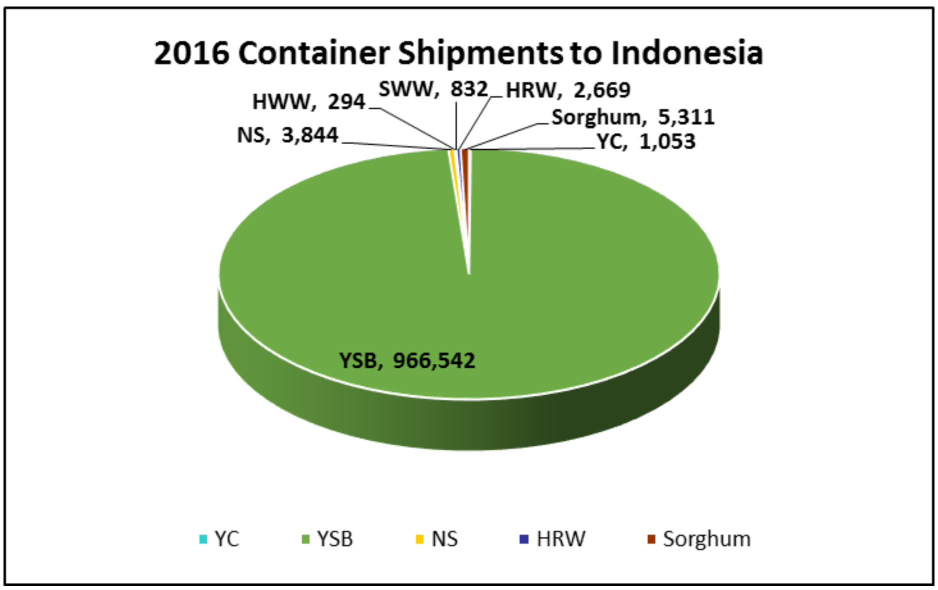
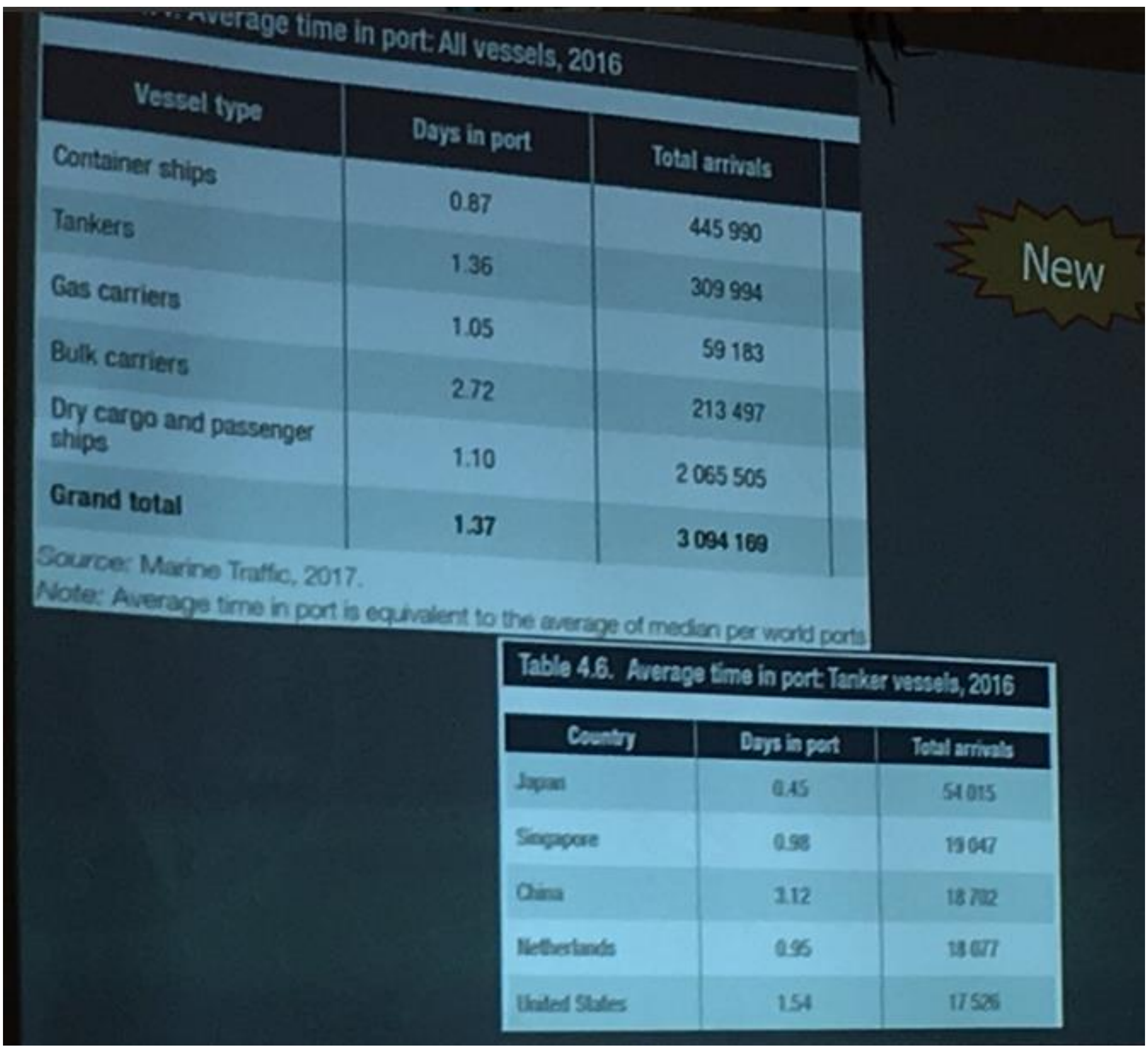

2016 Container Shipments to Indonesia
HWW, 294
SWW, 832
HRW, 2,669
Sorghum, 5,311
NS, 3,844
YC, 1,053
YSB, 966,542
YC
YSB
NS
HRW
Sorghum

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



Average time in port: All vessels, 2016

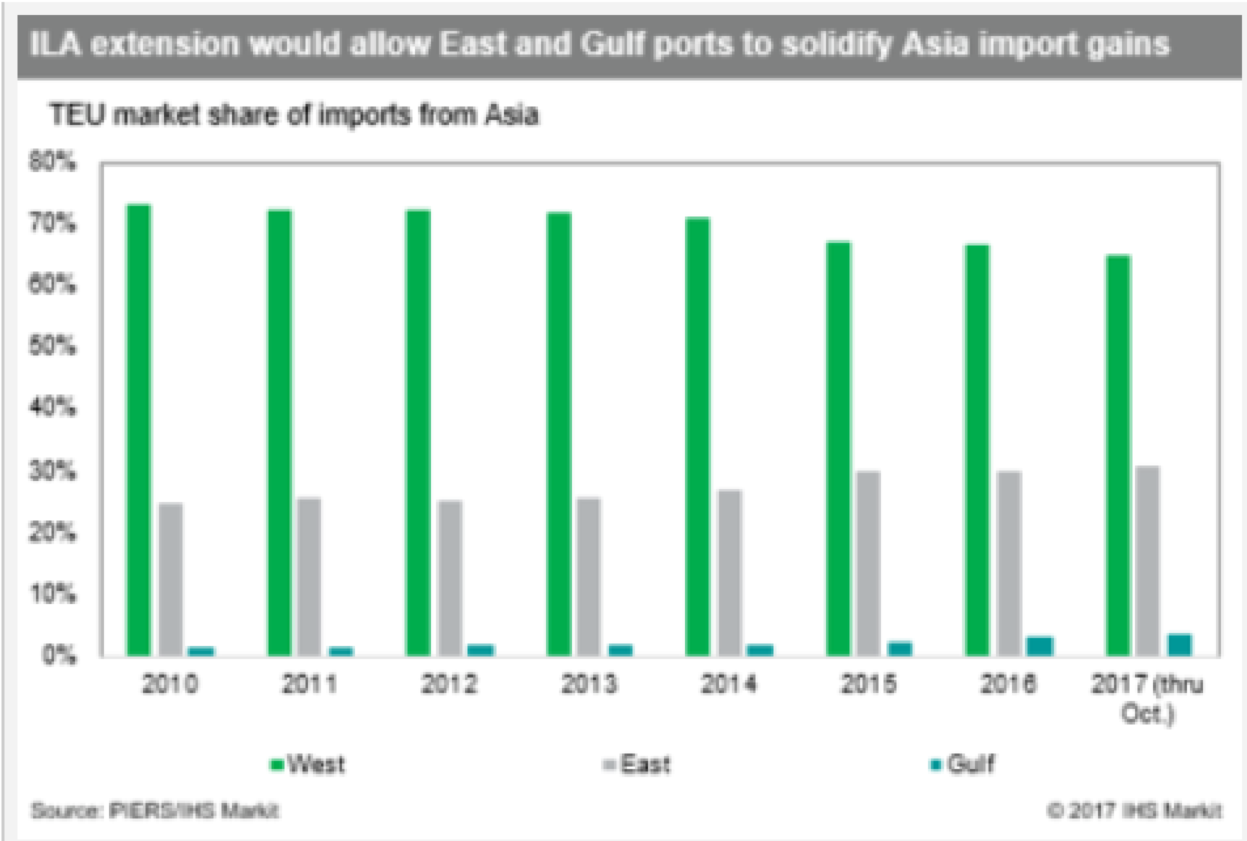
Vessel type	Days in port	Total arrivals
Container ships	0.87	445 990
Tankers	1.36	309 994
Gas carriers	1.05	59 183
Bulk carriers	2.72	213 497
Dry cargo and passenger ships	1.10	2 065 505
Grand total	**1.37**	**3 094 169**

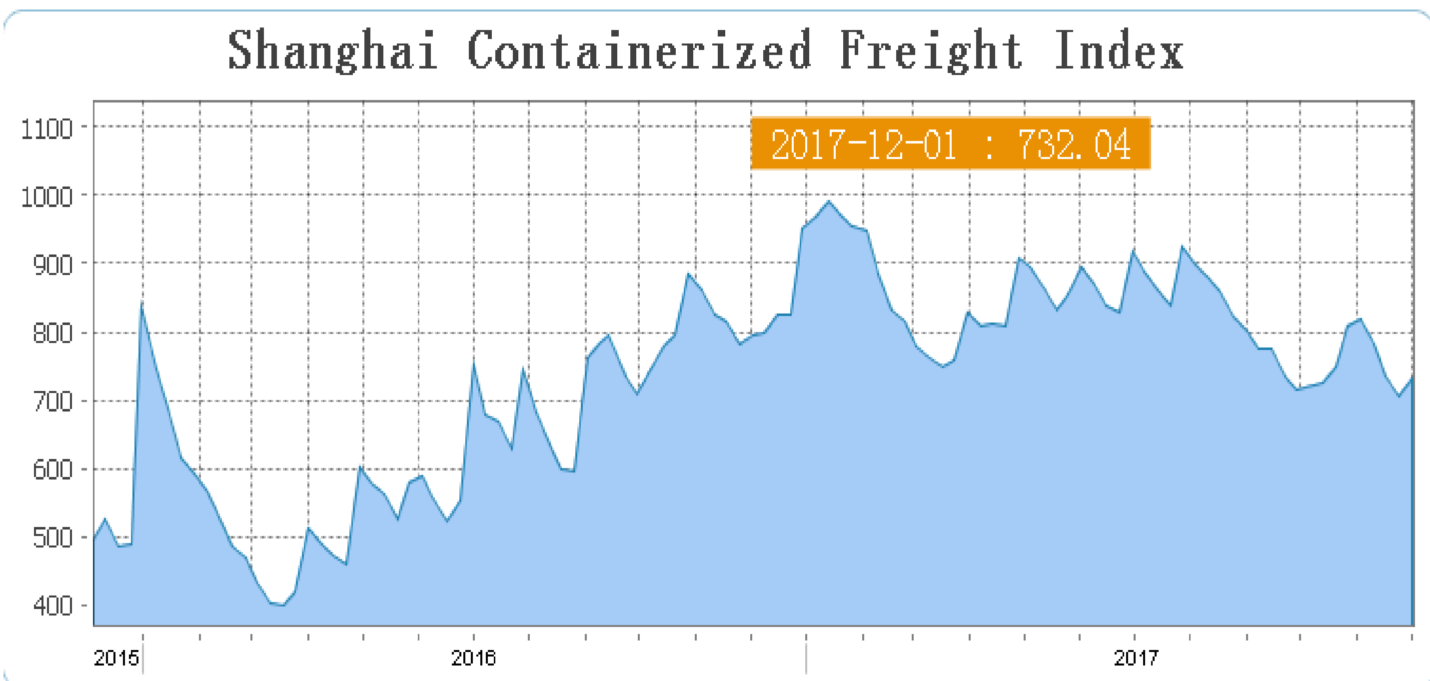
Source: Marine Traffic, 2017.
Note: Average time in port is equivalent to the average of median per world ports

Table 4.6. Average time in port: Tanker vessels, 2016

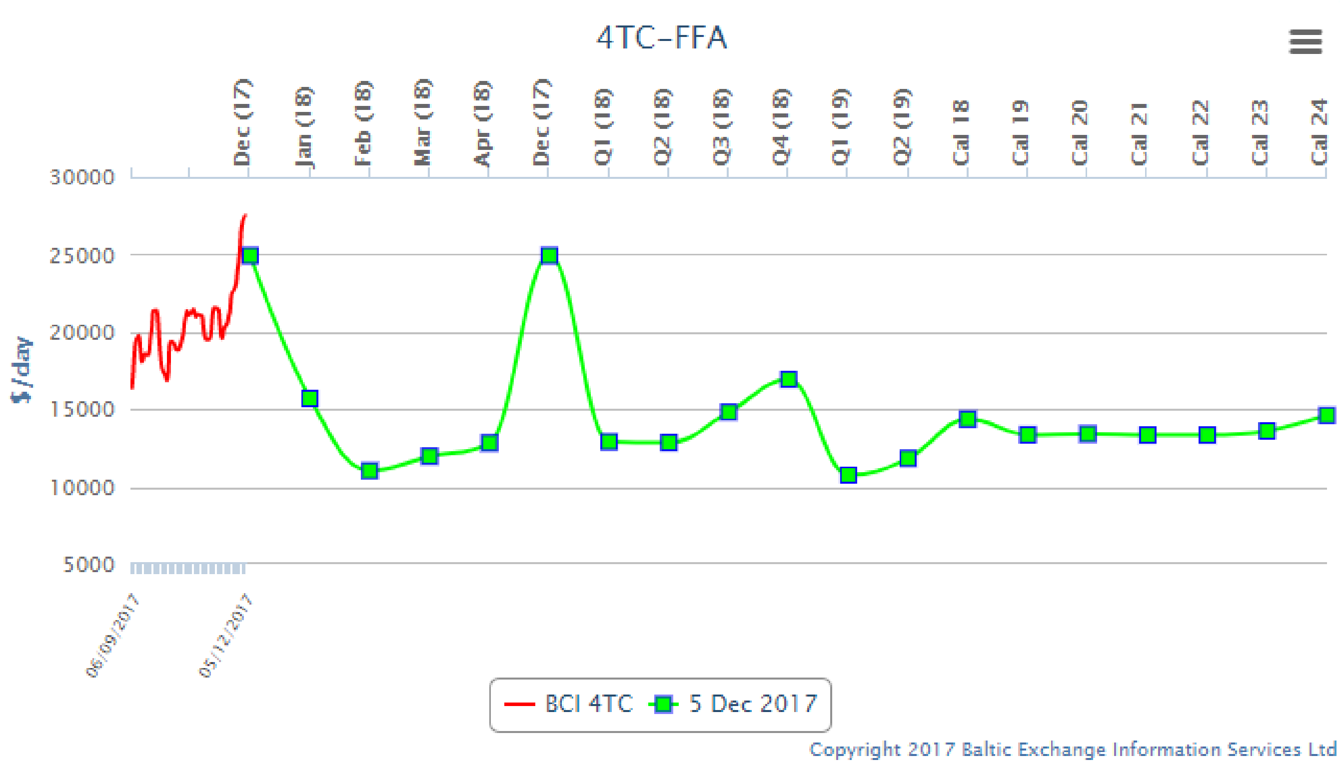
Country	Days in port	Total arrivals
Japan	0.45	54 015
Singapore	0.98	19 047
China	3.12	18 702
Netherlands	0.95	18 077
United States	1.54	17 526

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

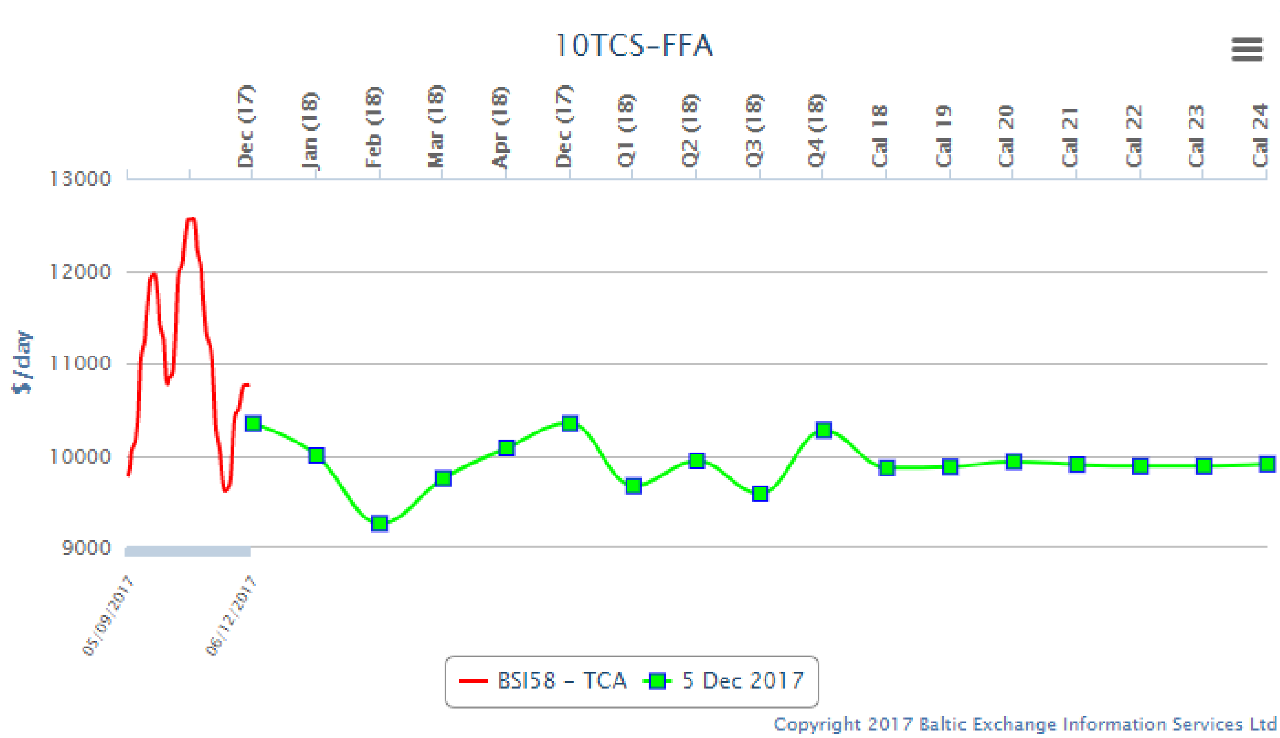

ILA extension would allow East and Gulf ports to solidify Asia import gains
TEU market share of imports from Asia
80%
70%
60%
50%
40%
30%
20%
10%
0%
2010
2011
2012
2013
2014
2015
2016
2017 (thru Oct.)
West
East
Gulf
Source: PIERS/IHS Markit
© 2017 IHS Markit


Shanghai Containerized Freight Index
2017-12-01 : 732.04
1100
1000
900
800
700
600
500
400
2015
2016
2017

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 December 2017

Placemen LH December 2017	% of Tariff	MT	Corn BU	Soybeans-Wheat BU
Upper Mississippi	Closed		0.00	0.00
Illinois River (Pekin and South)	285	$15.11	0.38	0.41
Mid-Mississippi	Closed		0.00	0.00
Lower Ohio	235	$11.55	0.29	0.31
St. Louis	195	$ 8.58	0.22	0.23

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

Secondary Rail Car Market Placement LH December 2017	BID USD	ASK USD	BID BU.	ASK BU.	BID MT	ASK MT
BNSF Shutle Trains	$ (50.00)	$ 50.00	$ (0.01)	$ 0.01	$ (0.49)	$ 0.49
UPRR Shuttle Trains	$ (350.00)	$ (250.00)	$ (0.09)	$ (0.06)	$ (3.44)	$ (2.46)

Best Regards,

Jay
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