

Transportation and Export Report for 27 February 2020

Ocean Freight Insights and Comments:

Dry-Bulk markets are still struggling, and big carries remain between the 30 day and forward markets as hope for a recovery burns in vessels owners' hearts. Traders say they simply cannot find much interest in moving the needle in these slow conditions. COVID19 still hangs over the market with a lot of uncertainty as to its full economic impact. And the large cost spread between VLSFO and HSFO is creating a substantial operating cost differential between vessels that are scrubber fitted verses those that must use LSF0. So freight competitiveness will greatly depend on who you are dealing with.

And, of course, there is the issue of the slowing of global economies. Some are now predicting that Chinese GDP growth may drop from 6.5 % to 4.5 or even 4.0 % . In uncertain times everyone stays close to shore.

BALTIC DRY-BULK PANAMAX INDEX CHANGES

Panamax Ocean Freight Indices				
27-Feb-2020	This Week	Last Week	Difference	Percent Change
P2A : Gulf/Atlantic - Japan	14088	14023	65	0.5%
P3A - PNW/Pacific - Japan	5360	6081	-721	-11.9%
S1C -USGULF-China-So.Japan	20183	18772	1,411	7.5%
P7- Trial- Miss. River - Qingdao	42107	40193	1,914	4.8%
P8- Trial- Santos - Qingdao	30579	29186	1,393	4.8%

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

Four weeks ago:	\$7.10-\$7.30
Three weeks ago:	\$6.00-\$6.15
Two weeks ago:	\$5.75-\$6.00
One week ago:	\$5.80-\$5.90
This week	\$5.50-\$5.70

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

Mississippi River:	(10 elevators)	1-8 days (2 facilities not currently operating)
Miss. River Mid-Stream loaders:	(6+ Rigs)	0-4 days
Texas Gulf	(5 elevators)	0-9 days (only 1 facility has a vessel lineup)
Pacific Northwest:	(9 elevators)	1-11 days

Panamax Market Spreads to Asia -China					
27-Feb-2020	PNW	GULF	Bushel Spread	MT Spread	Advantage
CORN	0.98	0.68	0.30	\$11.81	PNW
SOYBEANS	1.20	0.95	0.25	\$9.84	PNW
OCEAN FREIGHT	\$22.75	\$42.00	.49-.52	\$19.25	April

Recent Reported Vessel Fixtures:

**** Below rates are estimates for the nearby slots. 60-90 days forward rates will be higher.**

Soybean Panamax USG to Spain is running \$18.50/mt.

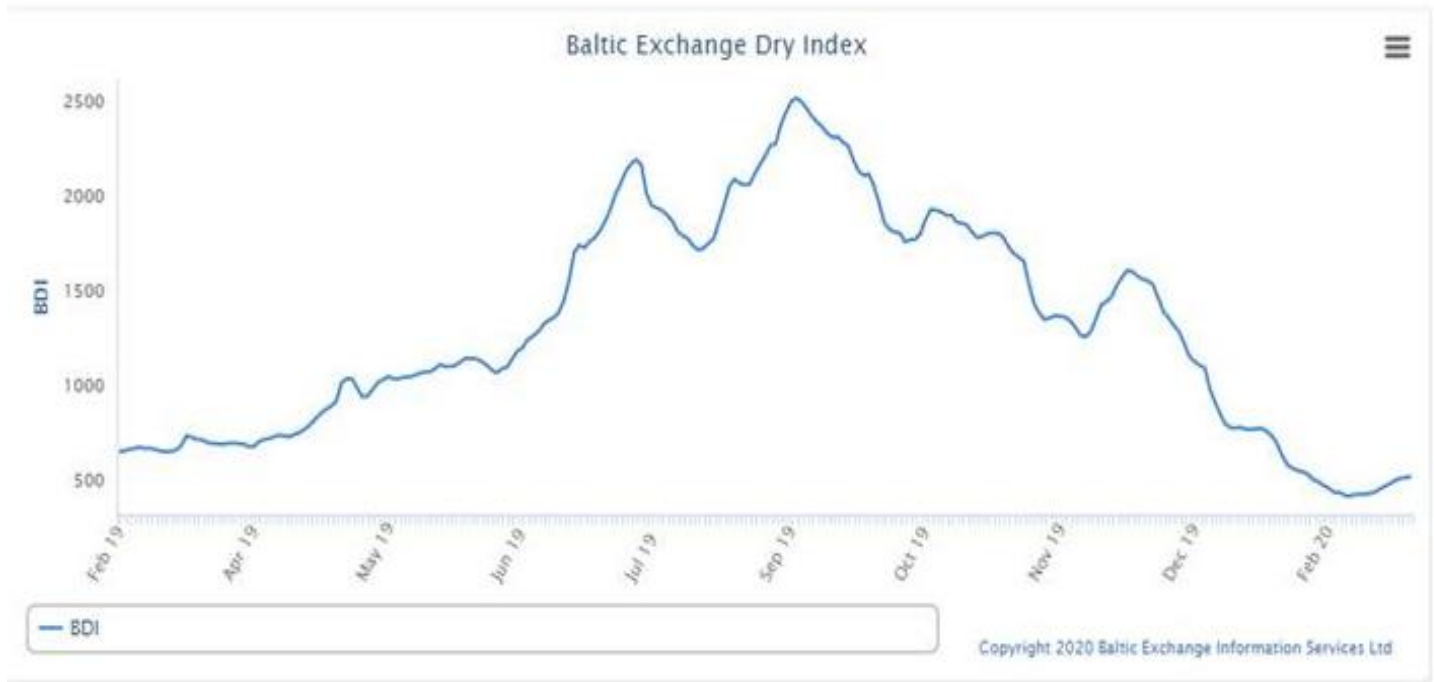
Soybean Brazil to Spain at about \$21.50/mt.

30,000 mt Corn Northern Brazil to Vera Cruz, Mexico \$18.25-\$18.75/mt .To U.S. E/C about \$20.25-21.00/mt

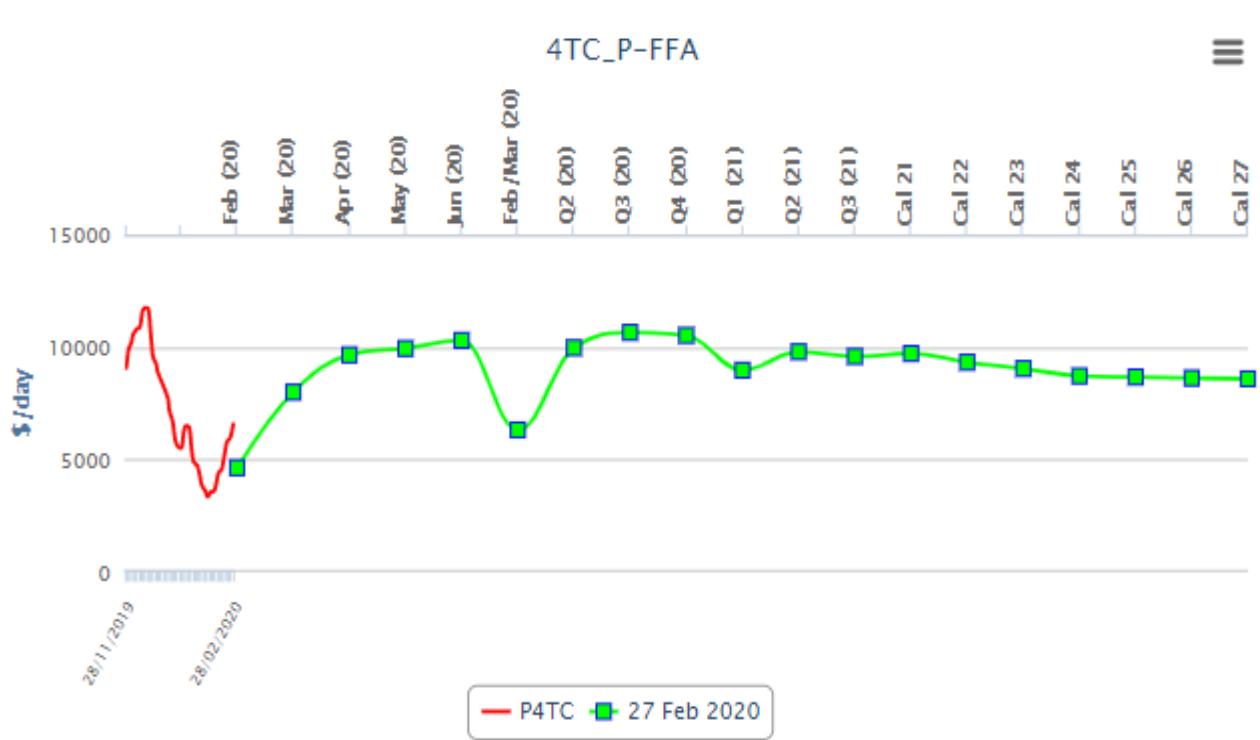
Route and Vessel Size	Current Week USD/MT	Change from previous week	Remarks
55,000 U.S. Gulf-Japan	\$43.50	Up \$0.25	Handymax \$44.25 mt
55,000 U.S. PNW- Japan	\$23.50	Up \$0.75	Handymax \$24.50 mt
66,000 U.S. Gulf – China	\$42.00	Up \$0.25	North China
PNW to China	\$22.75	Up \$1.00	
25,000 U.S. Gulf- Veracruz, México	\$16.50	Unchanged	3,000 MT daily discharge rate
30-36,000+ U.S. Gulf- Veracruz, México	\$13.75	Unchanged	Deep draft and 6,000 MT per day discharge rate.
30-38,000 U.S. Gulf- <u>East Coast Colombia</u>	\$19.00	Down \$0.25	<u>West Coast Colombia at \$26.50</u> USG to E/C 50,000 mt at \$15.75
From Argentina	\$33.00		
43-45,000 U.S. Gulf - Guatemala	\$28.25	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf – Algeria	\$33.50 \$33.75	Up \$0.25	8,000 mt daily discharge 3,000 mt daily discharge
26-30,000 US Gulf-Morocco	\$34.00	Up \$0.25	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt	\$25.50	Up \$0.50	60,000 -55,000 mt Romania- Russia- Ukraine \$12.25 -\$112.50 -\$12.25 France \$16.50
PNW to Egypt	\$25.50		
60-70,000 U.S. Gulf – Europe – Rotterdam	\$14.50	Unchanged	Handymax at +\$1.75 more
Brazil, Santos – China	\$32.00	Up \$0.75	54-59,000 Supramax-Panamax
Brazil, Santos – China	\$30.50		60-66,000 Post Panamax
Northern Coast Brazil	\$34.50		Upriver No. Brazil Plus -55,000 mt Plus \$7.50/mt
56-60,000 Argentina/Rosario- China Deep Draft	\$34.50	Up \$0.75	Upriver with BB Top Off \$39.00

- **The above rate estimates reflect the 20-30-day forward ocean freight markets.**

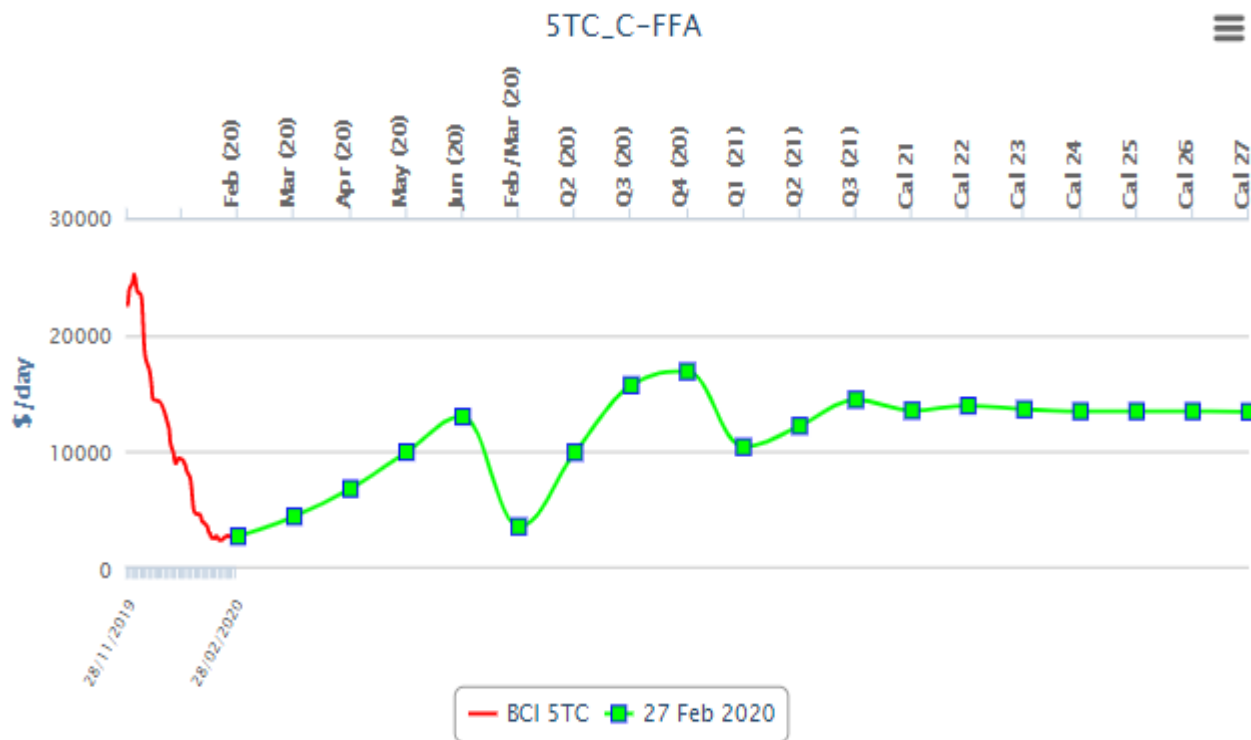
Baltic Dry Bulk Index.



Baltic Panamax Forward Curve Chart



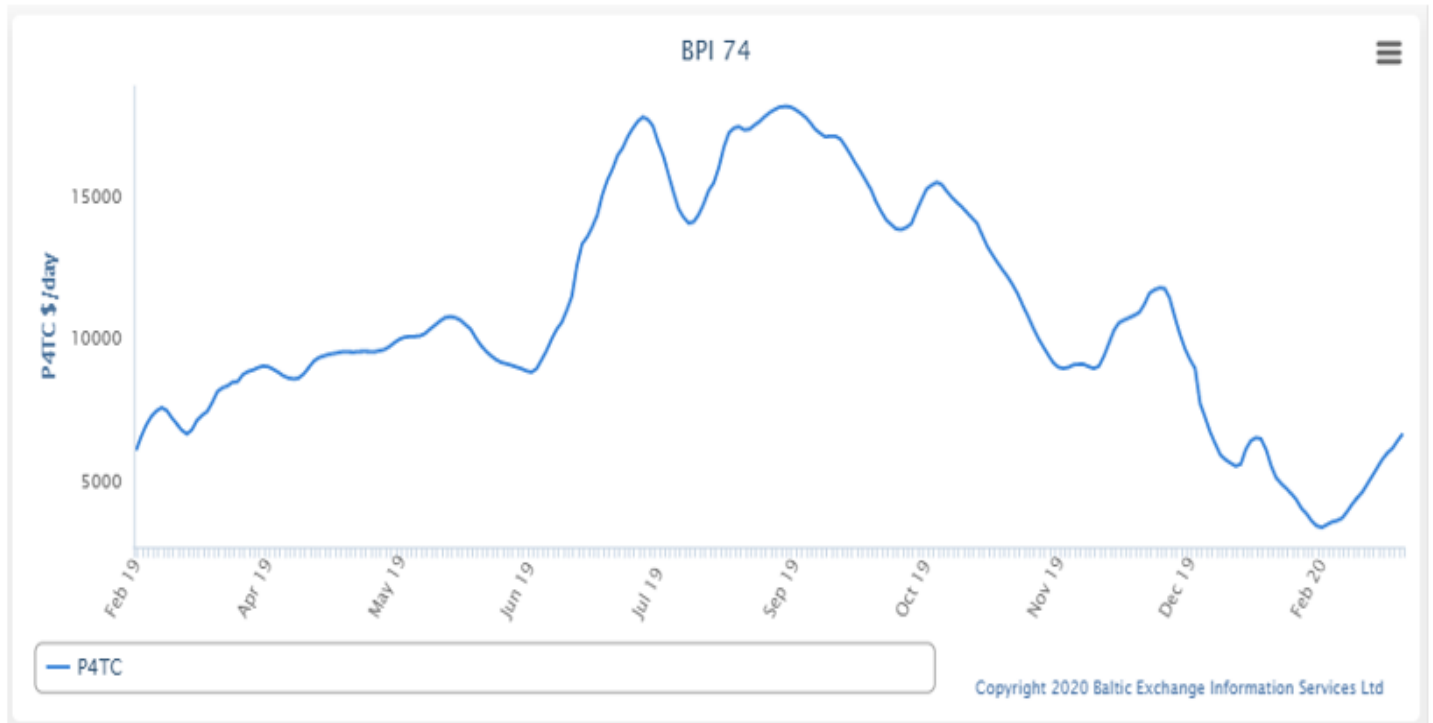
Baltic Capesize Forward Curve Chart



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Baltic Panamax Index

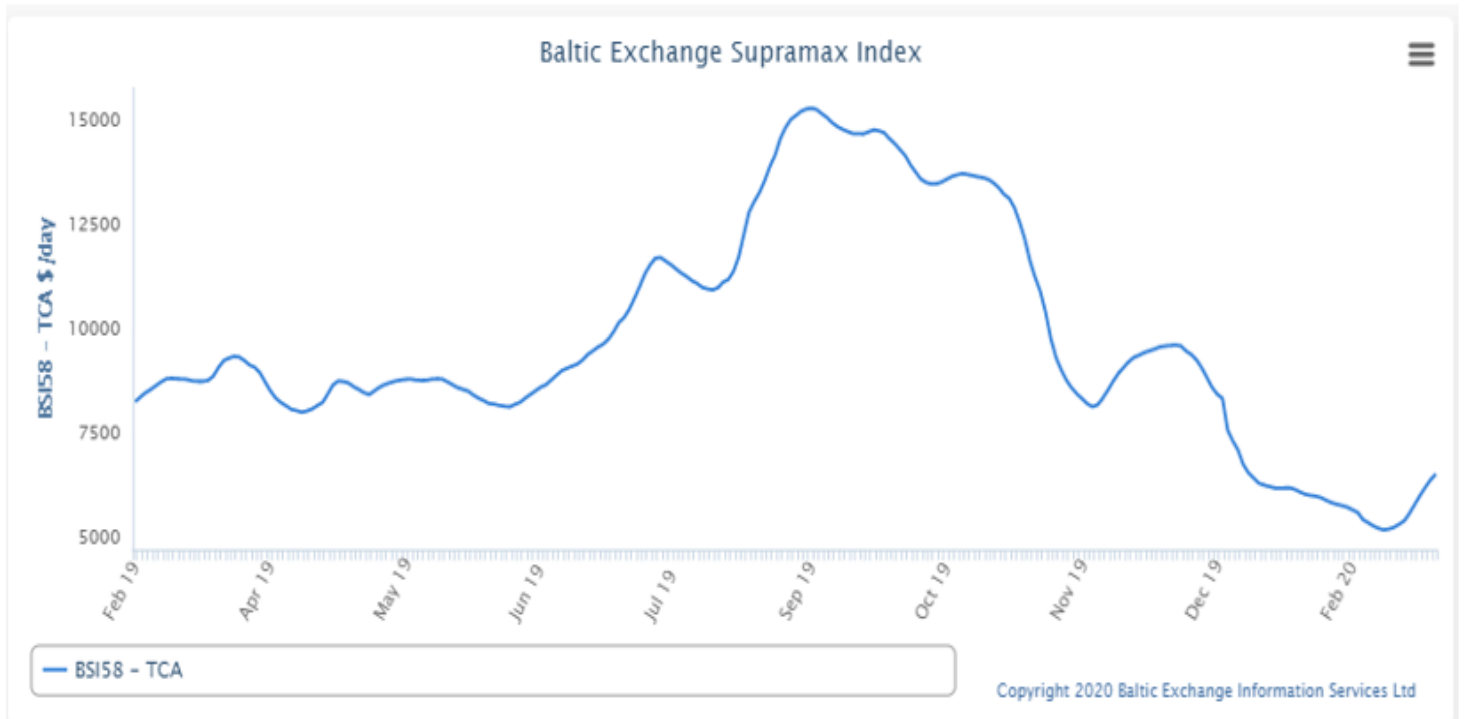
Panamax



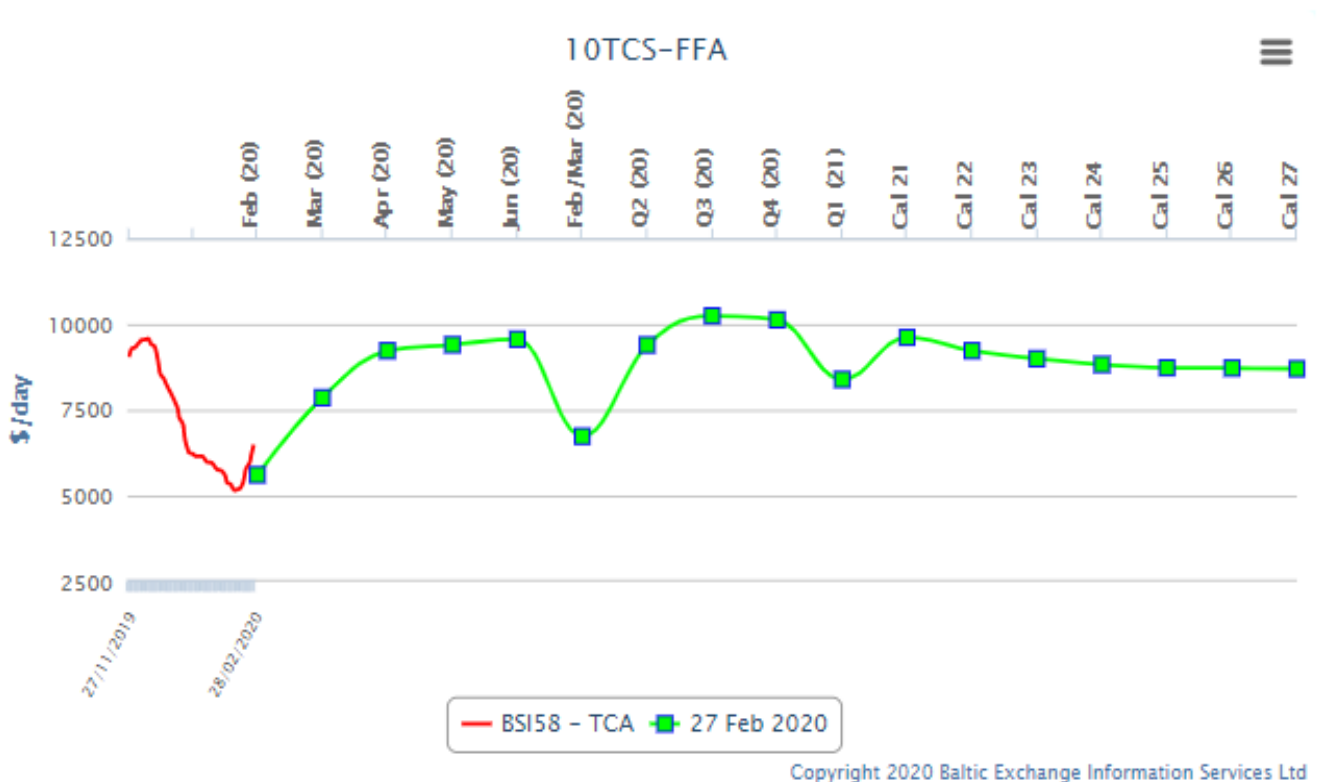
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Baltic Supramax Vessel Index

Supramax

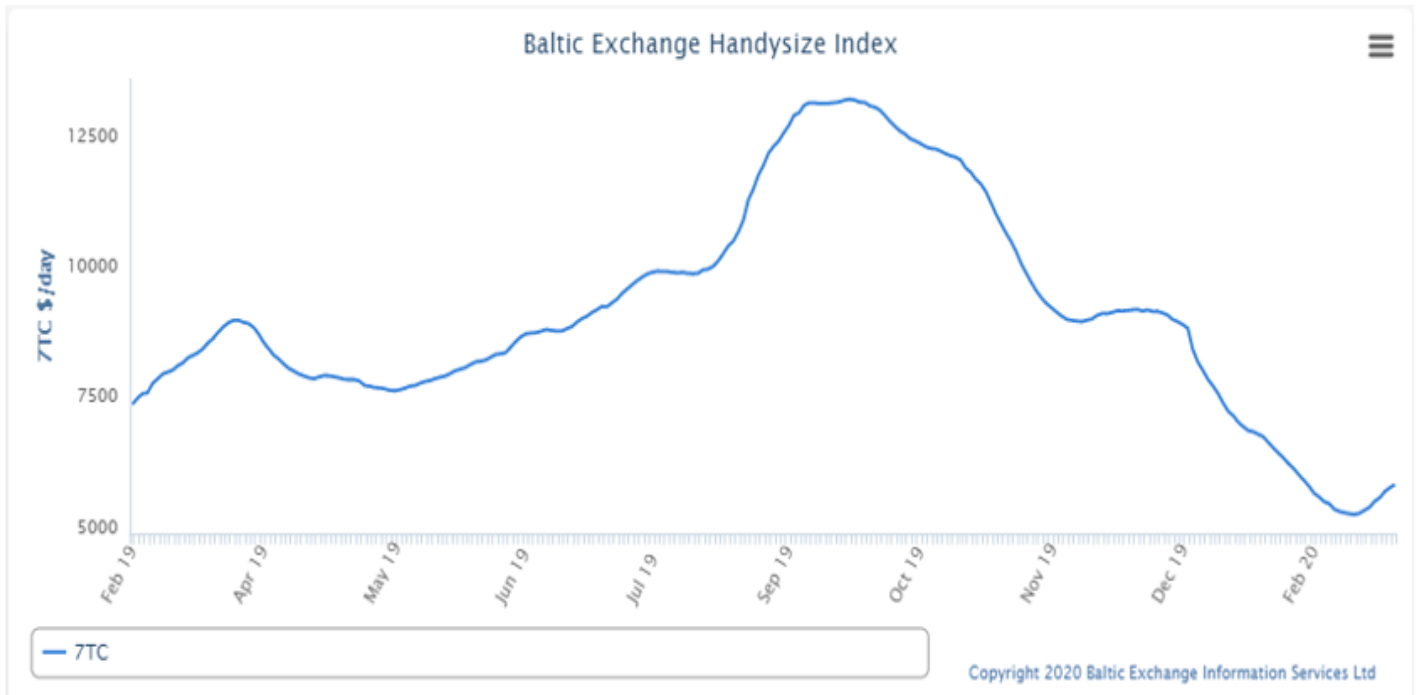


Supramax Dry-Bulk Forward Curve

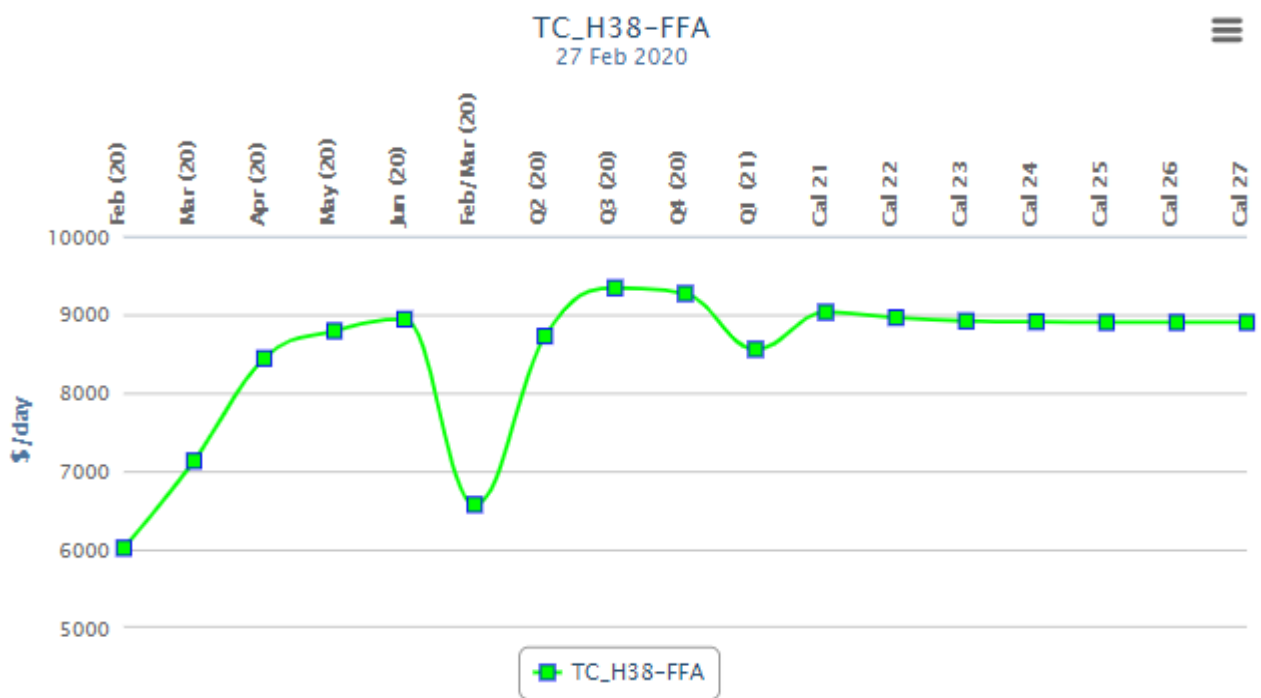


Baltic Handy Size Vessel Index

Handysize



Baltic Handy Size Forward Curve

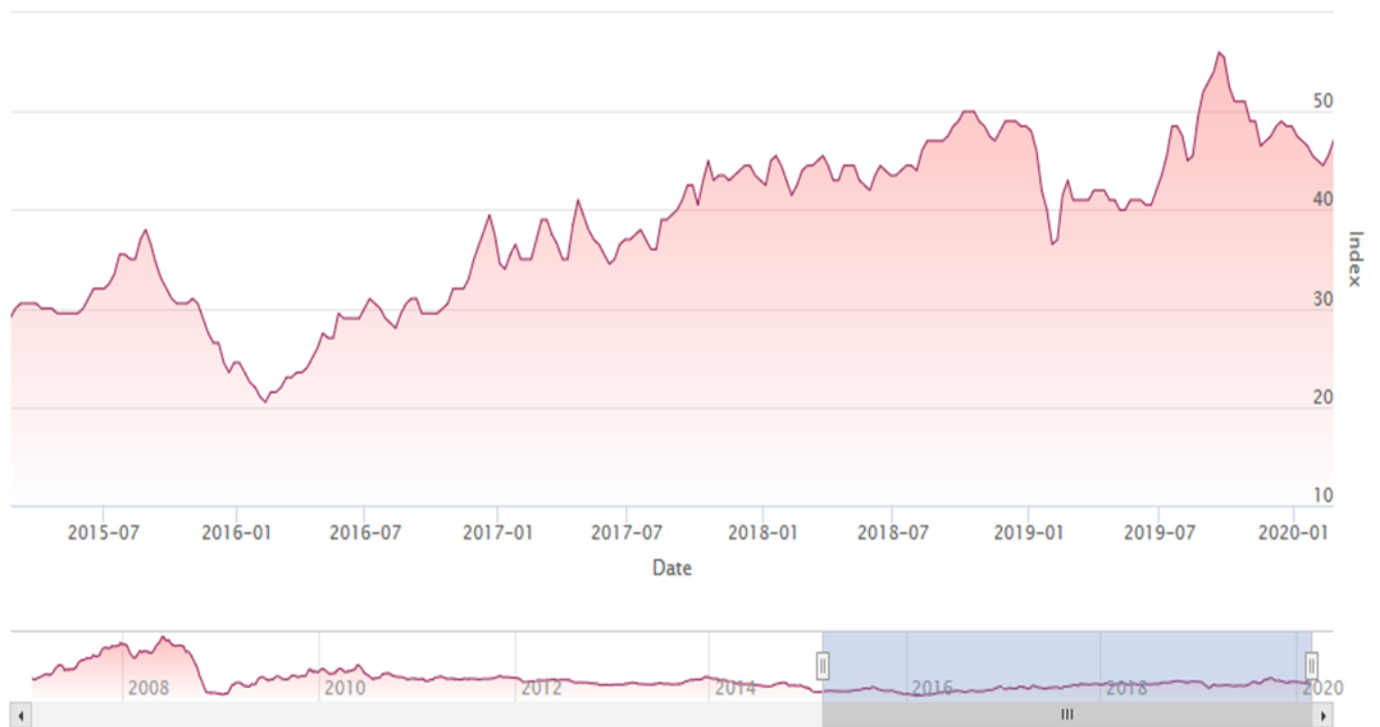


YAMAMIZU Index



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

From 2015-02-26 To 2020-02-26



China Import Dry Bulk Freight Index 2020-02-27

Description	Size MT	Cargo/Vessel Size	Unit	Rate	Change
Composite Index			Point	714.1	-2.63
Iron ore Freight Index			Point	641.46	-6.13
Dampier(West Australia)-Qingdao (China)	170000/10%	Iron ore	\$/ton	5.462	-0.084
Soybean Freight Index			Point	919.8	2.49
Santos(Brazil)—North China	60000/10%	Soybean	\$/ton	30.456	0.138
Tacoma(West America)—North China	60000/10%	Soybean	\$/ton	22.85	0.019
Mississippi(US Gulf)—North China	66000/10%	Soybean	\$/ton	42.014	0.043
Mississippi(US Gulf)—North China	55000/10%	Soybean	\$/ton	43.967	0.05

27 February 2020 U.S. FOB Vessel Export Market Values:

U.S. Yellow Corn (USD/MT) FOB Vessel				
#2 YC	GULF # 2 YC		PNW # 3 YC	
Max. 14.5% moisture	BASIS	FLAT PRICE	BASIS	FLAT PRICE
April	0.68	\$171.64	0.98	\$183.45
May	0.66	\$170.86	0.98	\$183.45
June	0.61	\$170.66	0.97	\$184.83
July	0.62	\$171.05	1.00	\$186.01
Aug.	0.64	\$171.94	1.03	\$187.29
Sept.	0.64	\$171.94	1.06	\$188.47

The Gulf spread between #2 & #3 YC is currently about .03 cents per bushel (1.18/mt)

SORGHUM (USD/MT) FOB VESSEL				
#2 YGS Fob Vessel	NOLA		TEXAS	
Max. 14.0% moisture	BASIS	FLAT PRICE	BASIS	FLAT PRICE
April	1.20	\$192.12	0.95	\$182.27
May	1.20	\$192.12	0.95	\$182.27
June	1.20	\$193.89	1.00	\$186.01
July	1.20	\$193.89	1.02	\$186.80
Aug.	1.25	\$195.95	1.05	\$188.08

Fob vessel Texas Gulf #2 Sorghum is about 107% the value of #2 Yellow Corn at NOLA. But trading at a 85% - 89% of corn to farmers in Western Kansas.

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

SRW Wheat	USD/MT	Fob Vessel	US Gulf	
	April	May	June	July
FOB U.S. GULF	\$239.75	\$239.75	\$240.30	\$240.30
Basis	1.25	1.25	1.25	1.25
WH	5.2925			.
WK	5.2750			
WN	5.2900			

27-Feb-2020	Close	This Week	Last Week.	Last Week.	Last Week	
CME Corn Futures	Bushel	MT.	Bushel	Bu. Diff.	MT	MT Diff.
Mar.	\$ 3.6450	\$ 143.50	\$ 3.7850	(0.1400)	\$ 149.01	\$ (5.51)
May	\$ 3.6800	\$ 144.87	\$ 3.8275	(0.1475)	\$ 150.68	\$ (5.81)
July	\$ 3.7250	\$ 146.65	\$ 3.8550	(0.1300)	\$ 151.76	\$ (5.12)
Sept.	\$ 3.7275	\$ 146.74	\$ 3.8400	(0.1125)	\$ 151.17	\$ (4.43)
Dec.	\$ 3.7750	\$ 148.61	\$ 3.8850	(0.1100)	\$ 152.94	\$ (4.33)
Mar..	\$ 3.8750	\$ 152.55	\$ 3.9800	(0.1050)	\$ 156.68	\$ (4.13)

CBOT May. 2020 (CK20) CORN Futures Chart –



CME/CBOT May 2020 (WK20) SRW Wheat Futures Chart –

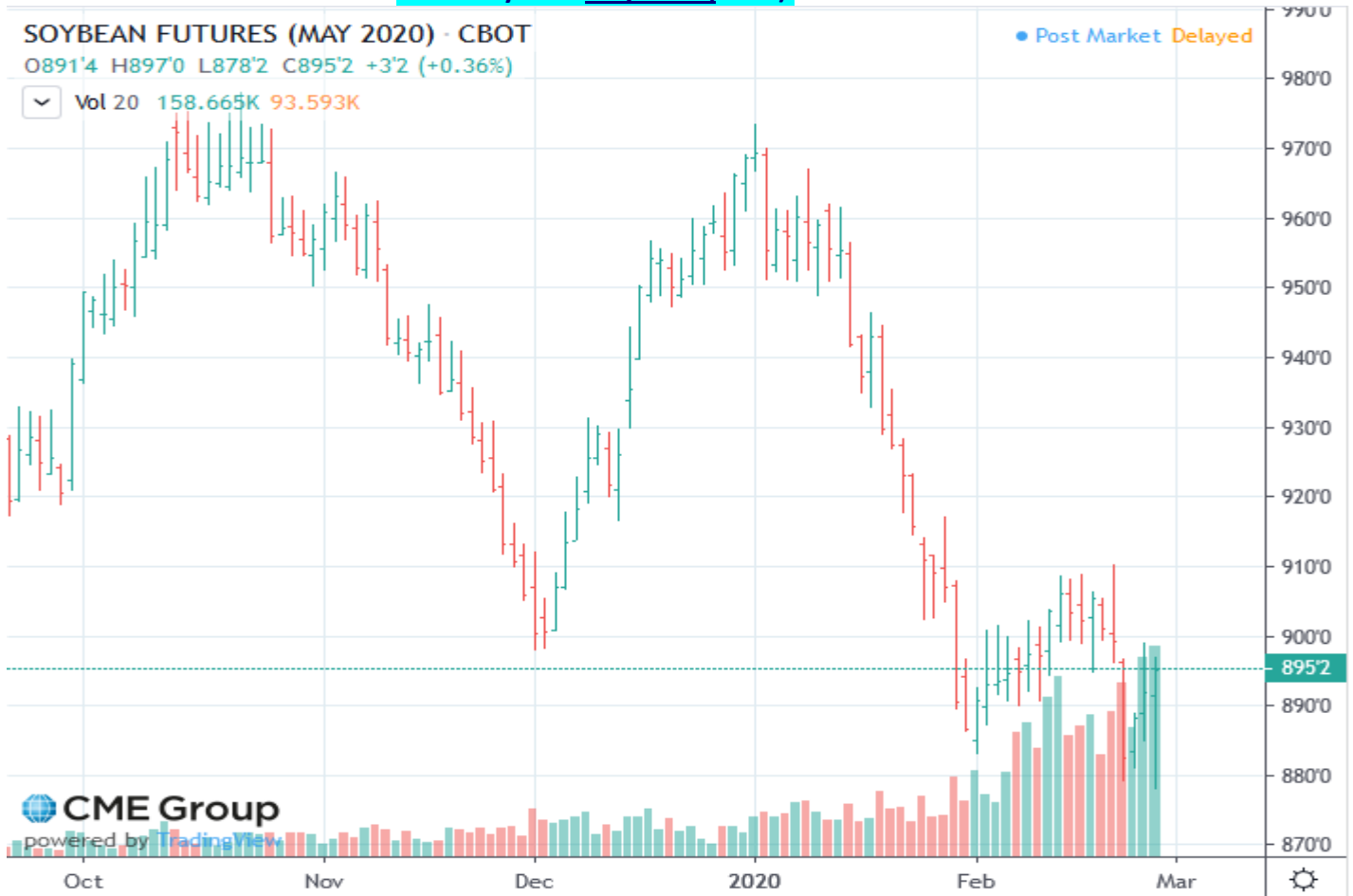


U.S. Soybean and SBM Markets Fob Vessel:

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
April	0.63	\$348.79	1.00	\$362.38
May	0.64	\$352.37	0.97	\$364.49
June	0.64	\$352.37	0.98	\$364.86
July	0.63	\$355.58	0.92	\$366.24
Aug.	0.65	\$356.32	0.93	\$366.61
Soybean Futures				
Mar.	\$ 8.8625			
May	\$ 8.9500			
July	\$ 9.0475			
Aug.	\$ 9.0825			
Sept.	\$ 9.0850			
Nov.	\$ 9.1350			

U.S. SBM (USD/MT) FOB Vessel		
Fob U.S. Gulf Port	47.5 Pro. SBM	
max 12.5 % moisture	Basis	Flat Price
April	14.00	\$ 350.15
May	13.00	\$ 349.05
June	11.00	\$ 351.59
July	12.00	\$ 352.69
Aug.	11.00	\$ 353.02
SBM Futures		
SMH	296.90	
SMK	303.60	
SMN	307.90	
SMQ	309.20	
SMU	310.00	
SMV	310.40	

CME May 2020 Soybean (SK20) Futures Chart:



CME May 2020 Soybean Meal (SMK20) Futures Chart



U.S. EXPORT STATISTICS: Report Activity as of Week Ending 13 February 2020

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 '20- 21 (000 MT)
Corn	1330.5	25,008.5	43,820	57%	1,259.9
Sorghum	56.0	1,222.7	3,050	40%	33.0
Soybeans	595.6	33,447.0	49,670	67%	319.9
Wheat	388.3	22,255.1	27,220	82%	331.0
Barley	0.1	48.8	110	44%	30.5

U.S. EXPORT INSPECTIONS:

Monday's report 24 February 2020 for the Export week ending 20 February 2020

	Export Inspections		Current Market Year YTD	Previous Year to Date	2019/20 YTD as Percent of 2018/19 YTD
	This Week	Previous Week			
Corn	912,922	795,399	13,221,709	24,952,493	53%
Sorghum	16,540	85,141	1,328,349	826,288	161%
Soybeans	594,536	1,005,050	28,884,345	25,120,685	115%
Wheat	411,523	503,082	18,144,118	16,521,400	110%
Barley	0	144	28,432	6,852	415%

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

U.S. EXPORT INSPECTIONS:

Monday's report 24 February 2020 for the Export week ending 20 February 2020

Last Week								
(Metric Tons)	YC	%	WC	%	Sorghum	%	Soybeans	%
Lakes	0	0%	0	0%	0	0%	0	0%
Atlantic	0	0%	0	0%	0	0%	20,103	3%
Gulf	595,589	69%	45,755	100%	0	0%	294,932	50%
PNW	102,664	12%	0	0%	0	0%	137,601	23%
Interior Export Rail	168,914	19%	0	0%	16,540	100%	141,900	24%
Metric Tons	867,167		45,755		16,540		594,536	

Sorghum Shipments: metric tons
 49 New Zealand
 16,491 Mexico
 16,540 Total

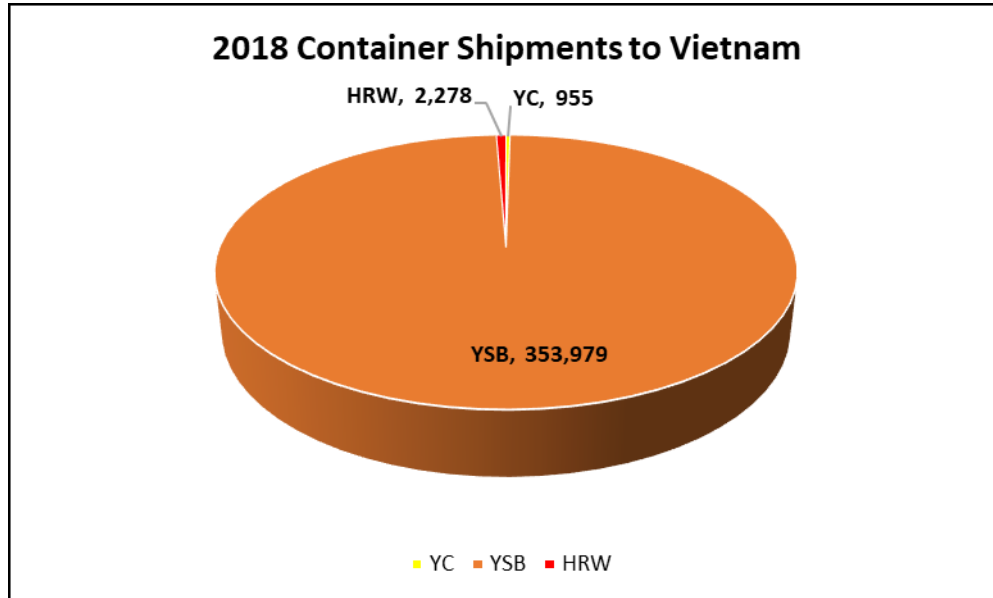
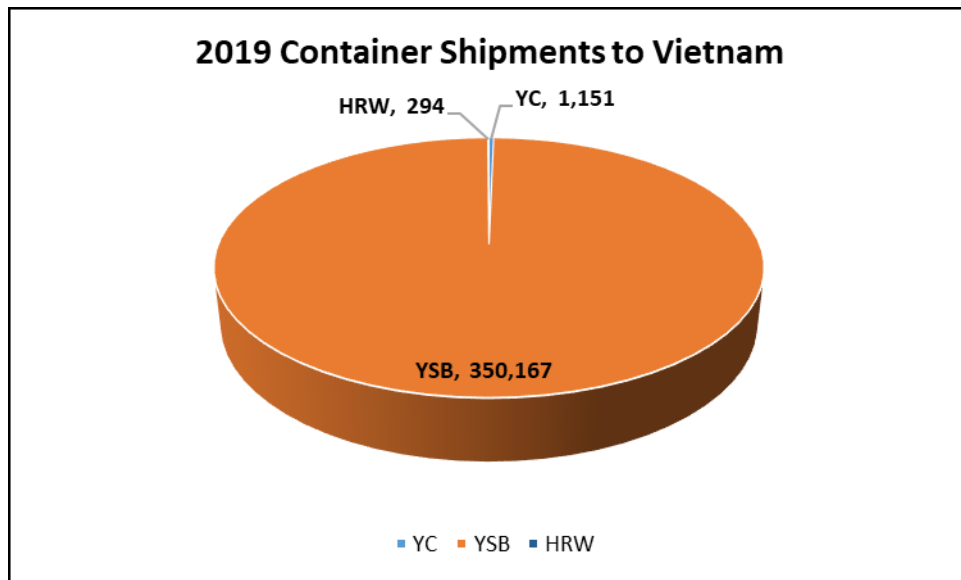
White Corn metric tons
 Shipments: 38,442 Colombia
 7,313 Honduras
 45,755 Total

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:		20-Feb-2020							
Last Week	metric tons								MT
	YC	WC	YSB	SRW	NS	SWH	HRW	Sorghum	TOTAL
China Main									0
China T	8,570		12,928						21,498
Hong Kong	318								318
Costa Rica	146								146
Indonesia			25,634						25,634
French Poly	98								98
Japan			685						685
Korea Republic			318	269					587
Nepal			955						955
Malaysia			8,792						8,792
India			318						318
Philippines			514						514
Thailand			12,050						12,050
Panama									0
New Zealand								49	49
Bangladesh			416						416
Burma				465					465
Vietnam			27,408						27,408
Sub total	9,132	0	90,018	734	0	0	0	49	71,595
USDA Corrections/Additions to previous reports:									
China T			98						98
China Main									0
Hong Kong									0
Korea Rep.									0
Singapore									0
Japan									0
Philippines			612						612
Indonesia			3,356						3,356
Malaysia									0
Thailand			171						171
Vietnam			367						367
Saudi Arabia									0
Nigeria			98						98
Sub total	0	0	4,702	0	0	0	0	0	4,702
Mt. Grand Total	9,132	0	94,720	734	0	0	0	49	76,297
Number of containers	397	0	4,118	32	0	0	0	2	

Jan - Dec 2018 Annual Totals versus 2019 Jan.-Dec. YTD Total Container Shipments (in MT)



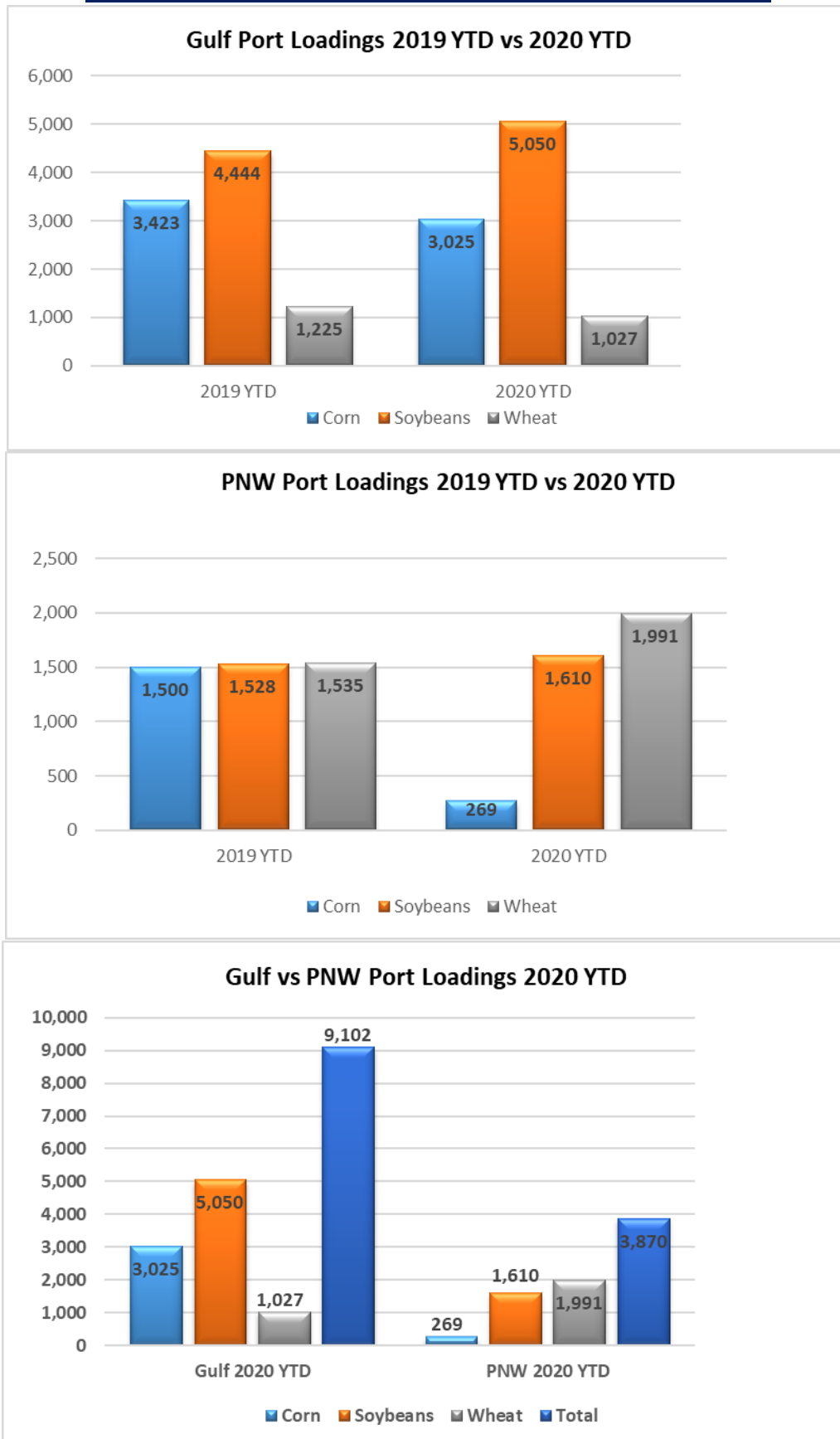
Grain Inspections for Export by U.S. Port Regions:
U.S. Gulf and Pacific Northwest 2019 YTD vs. 2020 YTD

PORT LOADINGS US Gulf				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
GULF				
2019 YTD	3,423	4,444	1,225	9,092
2020 YTD	3,025	5,050	1,027	9,102
2020 as % of 2019	88%	114%	84%	100%

PORT LOADINGS US PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
PNW				
2019 YTD	1,500	1,528	1,535	4,563
2020 YTD	269	1,610	1,991	3,870
2020 as % of 2019	18%	105%	130%	85%

PORT LOADINGS GULF vs. PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
2020 Gulf YTD	3,025	5,050	1,027	9,102
2020 PNW YTD	269	1,610	1,991	3,870
TOTAL	3,294	6,660	3,018	12,972
Gulf Percentage	92%	76%	34%	70%
PNW Percentage	8%	24%	66%	30%

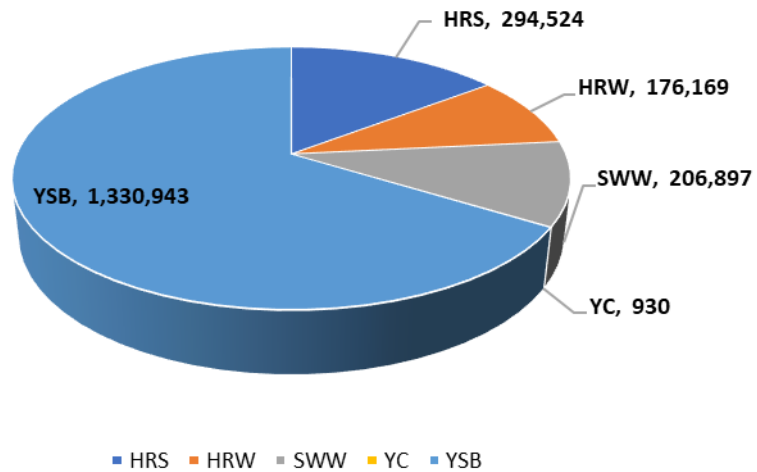
Grain Inspections for Export by U.S. Port Regions (1,000MT):
U.S. Gulf and Pacific Northwest 2019 YTD vs. 2020 YTD



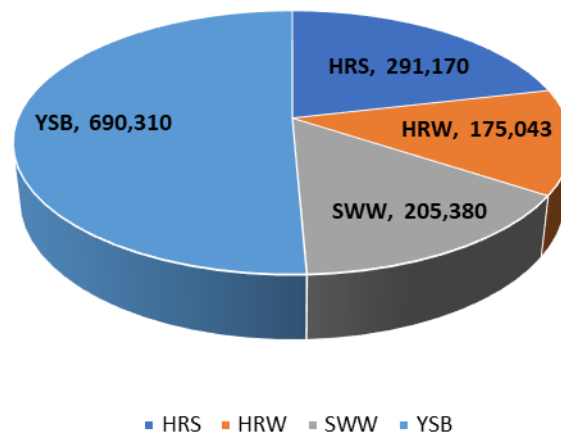
Source: USDA-data

2019 YTD Total Grain Exports reported by USDA (in MT)

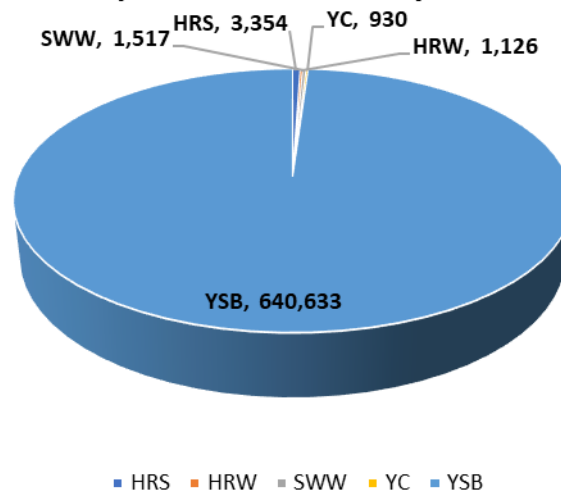
2019 Exports to Thailand



2019 Exports to Thailand by Vessel

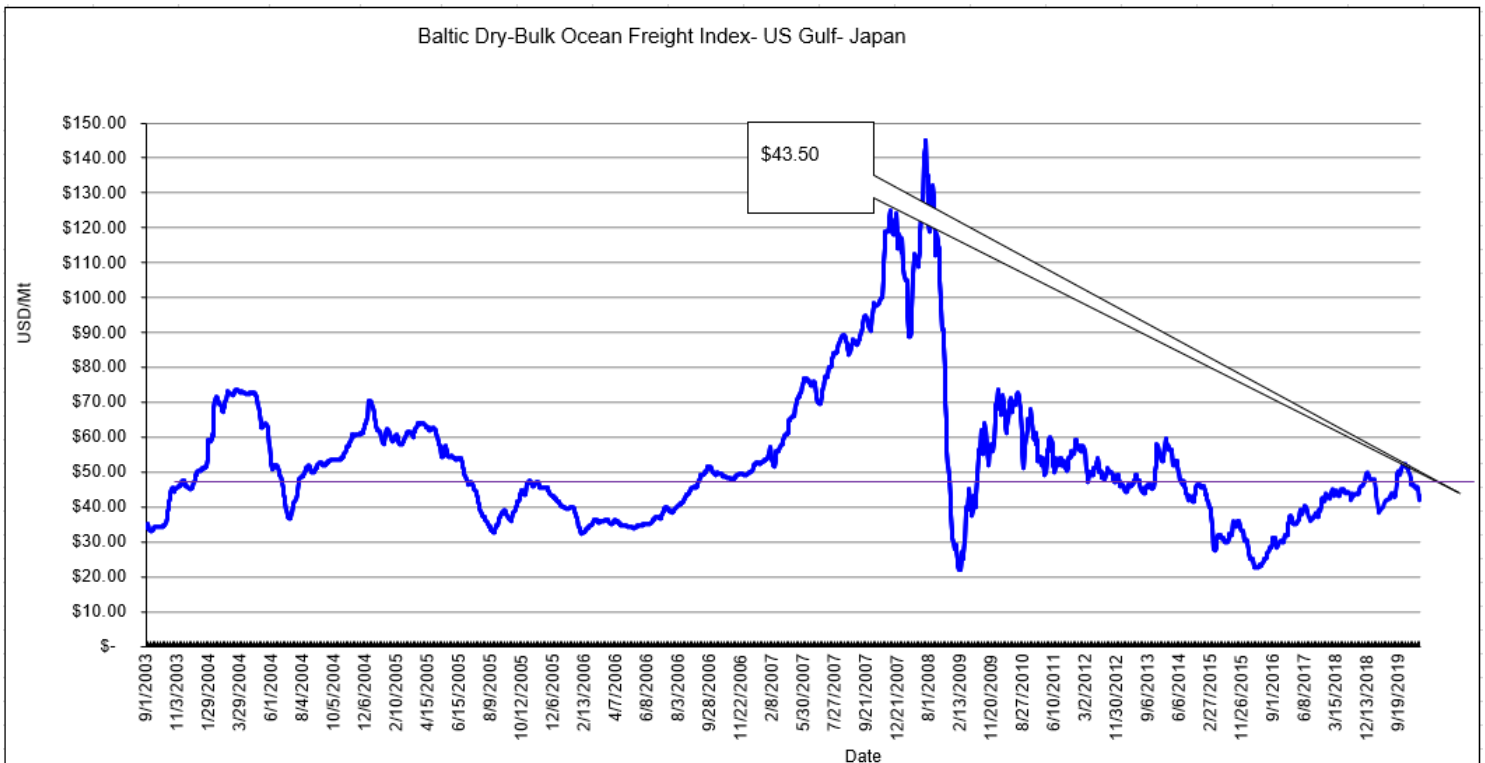
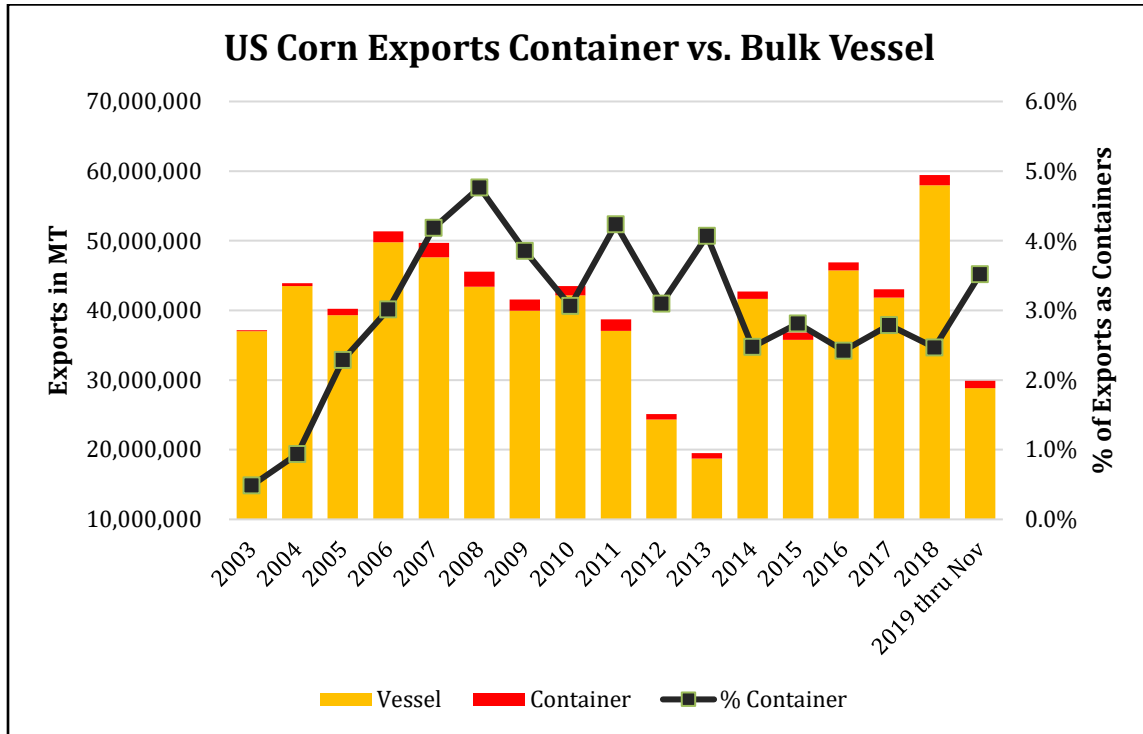


2019 Exports to Thailand by Container



*Please keep in mind that USDA does not report DDGS sales

Shipping News



Cathy Roberson @cmroberson06 · 13h

.@PortofLA expects 25% drop in Feb container volumes due to coronavirus. The port reported a 5.4% drop in its January container volume attributed mainly to the impact of tariffs on Chinese imports. seatrade-maritime.com/ports-logistic... via @Seatrade



Port of Los Angeles expects 25% drop in Feb contain...
The Port of Los Angeles, the US' largest container port, is forecasting a 25% drop in volumes in February due...
seatrade-maritime.com



Drewry World Container Index 13 Feb 2020.

Scrubber Fuel Savings



Annual Cash Flow Benefit of ~\$120 Million at a \$200 MGO-HSFO Spread Driven By Modern Scrubber-Fitted Fleet

Alphaliner Sees Boxship Scrubber Retrofits at Record High

by Ship & Bunker News Team

Wednesday February 26, 2020

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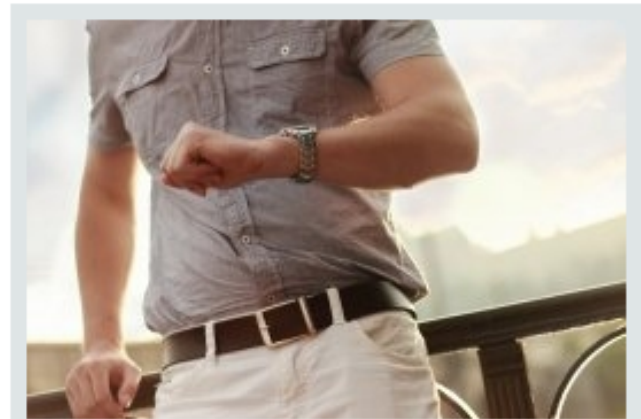
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The number of container ships out of the market while they wait for scrubber retrofits has reached a record high, according to shipping intelligence service **Alphaliner**.

Offline capacity reached **1.02 million twenty-foot equivalent units** by 21 February, the company said in its latest weekly note, the highest level since it started measuring the data at the start of last year.

Chinese yards account for **77%** of current ongoing scrubber installations, Alphaliner said, and delays because of the COVID-19 virus outbreak may be responsible for the increase in offline capacity.

But more ships are still arriving at the yards despite the delays, the company said, with **25** container ships arriving since 1 February, compared with **15** vessels departing after completed retrofits in the same period.



Delays in China appear to be worsening.
Image Credit: File Image / Pixabay

Ship & Bunker News Team

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China Import Dry Bulk Freight Index



China Containerized Freight Index



Now it goes: at a cost of R \$ 15 billion, Ferrogrão will be auctioned in October

The railway will be built parallel to the BR-163, connecting Sinop to the port of Miritituba, in Pará.

February 24, 2020 12:30 PM

Gabriele Schimanoski

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After the long-awaited completion of the paving of the BR-163, another dream of the Mato Grosso producer returns to the fore: the EF-170 railway, better known as Ferrogrão. At a cost of R \$ 15 billion - for the 65 years of operation - the railroad must be tendered in October, after many delays.

The forecast for the bid (of the Bolsonaro government) was the beginning of this year, but, according to the executive director of the Pro-Logistics Movement, Edeon Vaz, the bureaucracy ended up delaying the progress of the project again.

"The Government decided that it will make the concession until March, then it will go to TCU and only by October will we finally have the bidding", he explained.

The railway will be built parallel to the BR-163, connecting Sinop to the port of Miritituba, in Pará. The main obstacle to the work was the approval of MP758 / 2016, which changed the limits of the Jamanxim National Park so that the road can pass through reservation.

The Senate passed in May 2017 , and the president's sanction in June of that year, and since then, the productive sector has been waiting for the next developments.

Drastic reduction in freight costs

If today the producer celebrates the paving of the BR-163 and the 26% drop in the value of freight from Sinop to Miritituba in relation to the previous harvest, with the arrival of the railroad this cost tends to fall by half.

"Our great hope is that Ferrogrão will be the beacon of freight in Mato Grosso", commented Edeon.

But, after the completion of the bureaucratic part, it will still take years for Ferrogrão to start operating. The forecast, according to the scholar, is that 200 kilometers will be built per year, that is, at least five years of construction work, at best.

U.S. RIVER BARGE FREIGHT
Current Barge Freight for Placement First Half April 2020

Placement FH April 2020	% of		Corn	Soybeans-Wheat
	Tariff	MT	BU	BU
Upper Mississippi	370	\$25.25	0.64	0.69
Illinois River (Pekin and South)	320	\$16.97	0.43	0.46
Mid-Mississippi	330	\$19.35	0.49	0.53
Lower Ohio	225	\$11.06	0.28	0.30
St. Louis	215	\$ 9.46	0.24	0.26

Secondary Rail Car Market for car placement period: First Half April 2020.

Secondary Rail Car Market Placement FH. April 2020	BID USD	ASK USD	BID BU.	ASK BU.	BID MT	ASK MT
BNSF Shuttle Trains	\$ (225.00)	\$ (150.00)	\$ (0.06)	\$ (0.04)	\$ (2.21)	\$ (1.48)
UPRR Shuttle Trains	\$ (200.00)	\$ (100.00)	\$ (0.05)	\$ (0.03)	\$ (1.97)	\$ (0.98)

Best Regards,

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