

Transportation and Export Report for 7 March 2019

Ocean Freight Insights and Comments:

Dry-Bulk markets found a little support this week as they struggle to recover the losses of the past three months. But maintaining market values has been a constant challenge and markets remain an up and down ride. Capesize markets have continued to slide lower over the past 2-3 weeks and this does not bode well for the smaller size vessel markets. Paper markets seem to be leading the physical markets. For the most part Grain Container markets have been in a similar boat/situation. All vessel markets are facing substantial increases in fuel cost as they move to meet the lower CO2 emissions standards for 2020 (reductions from the current 3.5 % down to 0.5 % emissions). One major shipping line estimates that container rates must go up by \$35.00/TEU across the board for the company to recover its added fuel cost. I'm not sure the market will support that; especially with the stiff competition from the Dry-Bulk sector and inter market competition. But I do expect to see attempted GRI's over the next few months.

BALTIC DRY-BULK PANAMAX INDEX CHANGES

| Panamax Ocean Freight Indices | | | | |
|-------------------------------|-----------|-----------|------------|----------------|
| 7-Mar-19 | This Week | Last Week | Difference | Percent Change |
| P2A : Gulf/Atlantic - Japan | 13189 | 12226 | 963 | 7.9% |
| P3A - PNW/Pacific - Japan | 8698 | 7922 | 776 | 9.8% |
| S1C -USGULF-China-So.Japan | 16700 | 16381 | 319 | 1.9% |

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

| | |
|------------------|---------------|
| Four weeks ago: | \$4.75-\$5.20 |
| Three weeks ago: | \$4.85-\$5.20 |
| Two weeks ago: | \$5.15-\$5.50 |
| One week ago: | \$4.95-\$5.30 |
| This week | \$4.65-\$5.00 |

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

| | | |
|---------------------------------|----------------|-----------|
| Mississippi River: | (10 elevators) | 3-10 days |
| Miss. River Mid-Stream loaders: | (6+ Rigs) | 0-3 days |
| Texas Gulf | (6 elevators) | 0-7 days |
| Pacific Northwest: | (9 elevators) | 5-16 days |

| Panamax Market Spreads to Asia -China | | | | | |
|---------------------------------------|---------|---------|---------------|----------------|-----------|
| 7-Mar-19 | PNW | GULF | Bushel Spread | MT Spread | Advantage |
| CORN | 1.12 | 0.63 | 0.49 | \$19.29 | Gulf |
| SOYBEANS | 0.89 | 0.59 | 0.30 | \$11.02 | PNW |
| OCEAN FREIGHT | \$22.50 | \$38.75 | .41 -.44 | \$16.25 | April |

Recent Reported Vessel Fixtures:

66,000 mt Soy Brazil to North China 13.30 swad March 20-30 at \$28.50 fio 8000shex/8000shex - Olam
 Soybean Panamax USG to Spain is running \$18.25/mt.
 Soybean Brazil to Spain can be done at \$20.25/mt.

| Route and Vessel Size | Current Week USD/MT | Change from previous week | Remarks |
|---|-------------------------------|---------------------------|--|
| 55,000 U.S. Gulf-Japan | \$40.00 | Up \$0.50 | Handymax \$40.75 mt |
| 55,000 U.S. PNW- Japan | \$23.00 | Up \$0.25 | Handymax \$22.50 mt |
| 66,000 U.S. Gulf – China PNW to China | \$38.75 \$22.50 | Up \$0.25 Up \$0.25 | North China |
| 25,000 U.S. Gulf- Veracruz, México | \$16.25 | Up \$0.25 | 3,000 MT daily discharge rate |
| 30-35,000+ U.S. Gulf- Veracruz, México | \$13.75 | Up \$0.25 | Deep draft and 6,000 MT per day discharge rate. |
| 25/35,000 U.S. Gulf- <u>East Coast Colombia</u> From Argentina | \$19.50 \$33.00 | Unchanged | <u>West Coast Colombia at \$29.00</u> |
| 43-45,000 U.S. Gulf - Guatemala | \$28.75 | Down \$0.25 | Acajutla/Quetzal - 8,000 out |
| 26-30,000 U.S. Gulf – Algeria | \$32.25 \$33.25 | Up \$0.25 | 8,000 mt daily discharge 3,000 mt daily discharge |
| 26-30,000 US Gulf-Morocco | \$34.25 | Up \$0.25 | 5,000 discharge rate |
| 55-60,000 U.S. Gulf –Egypt PNW to Egypt | \$26.75 \$27.50 | Up \$0.25 | 60,000 -55,000 mt Russia Black Sea Romania - Egypt \$13.00-\$13.25 (France \$17.00-\$17.50) |
| 60-70,000 U.S. Gulf – Europe – Rotterdam | \$15.75 | Down \$0.25 | Handymax at +\$1.75 more |
| Brazil, Santos – China Brazil, Santos – China Itacoatiara-Port Up River North Brazil | \$29.50 \$28.75 \$32.50 | Up \$0.75 | 54-59,000 Supramax-Panamax 60-66,000 Post Panamax 60-66,000 mt |
| 56-60,000 Argentina/Rosario- China Deep Draft | \$33.25 | Up \$0.75 | Up River with BB Top Off \$36.50 |

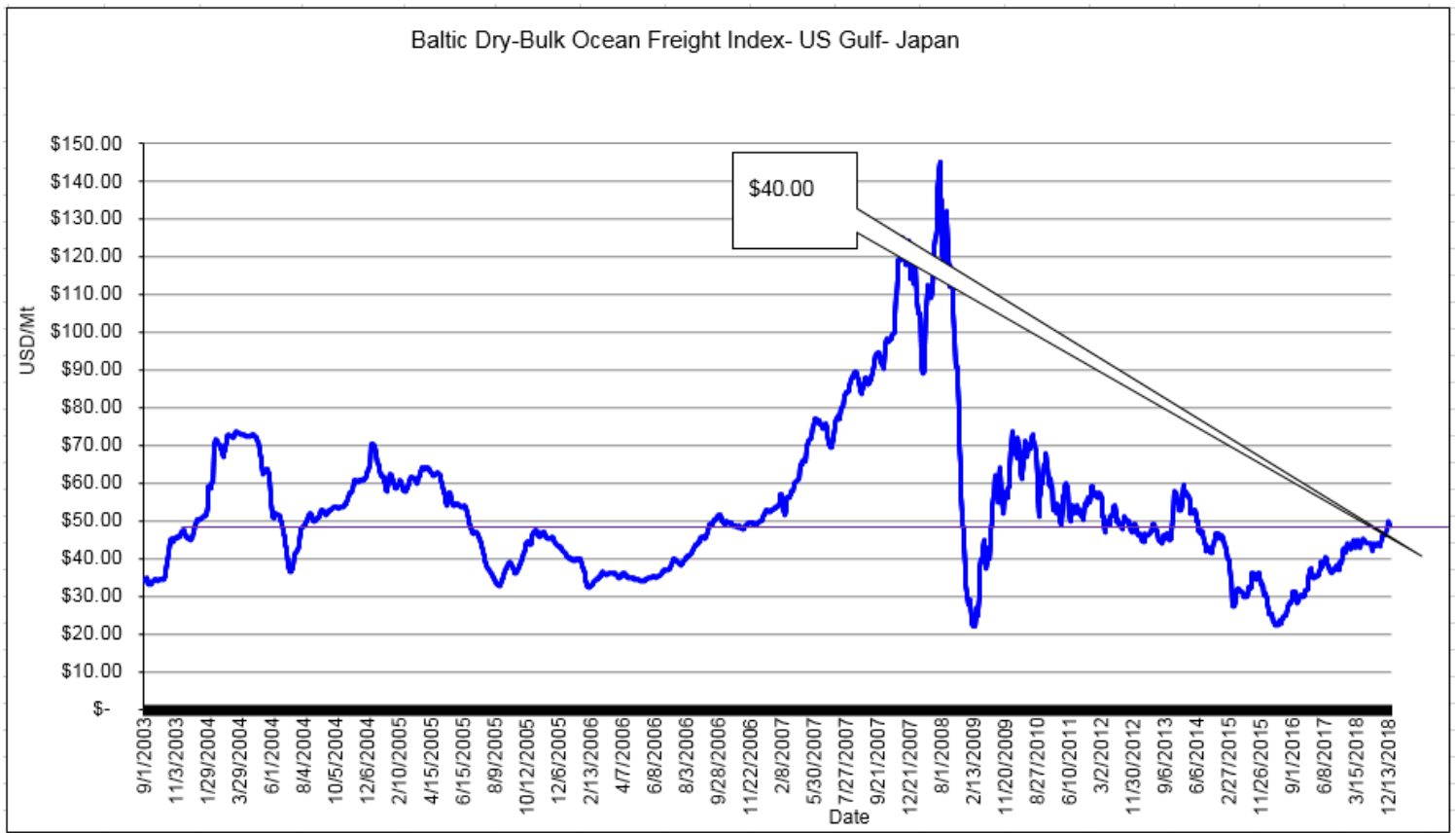
- The above rate estimates reflect the 30-45-day forward ocean freight markets.

Nautical Miles: To Xiamen China (South China)

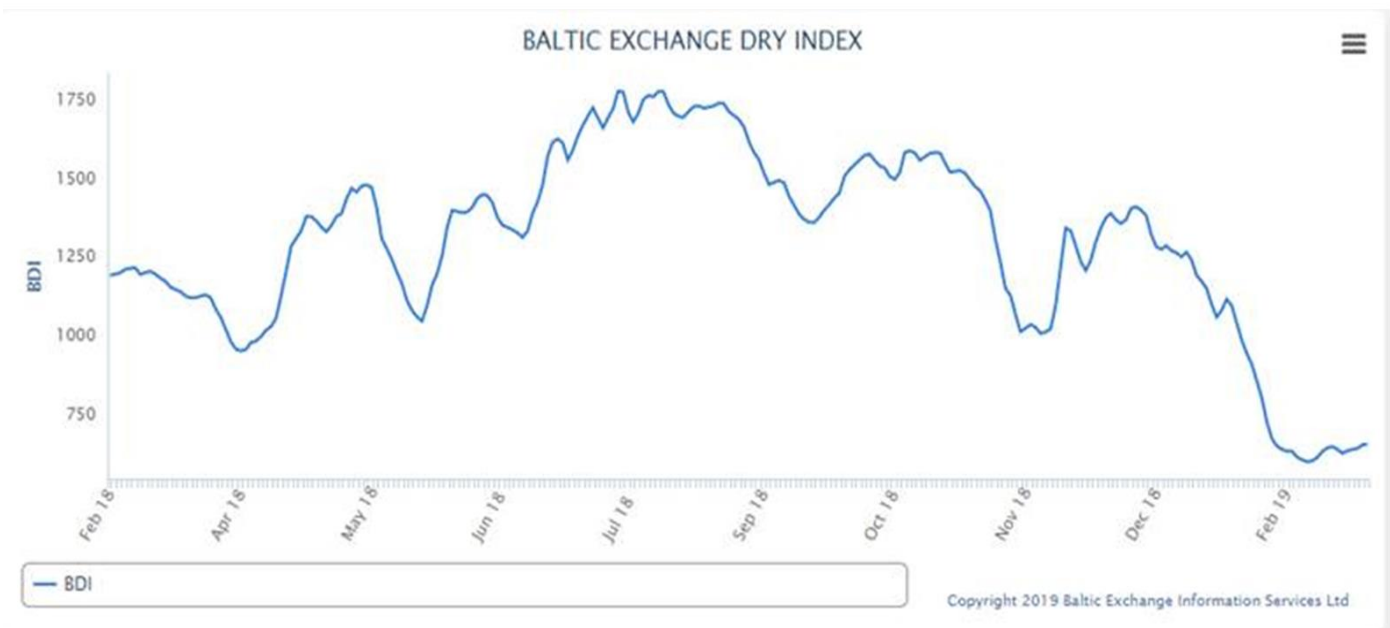
US Gulf (NOLA) (via Panamá Canal) – 10,232 nautical miles (32 days)

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

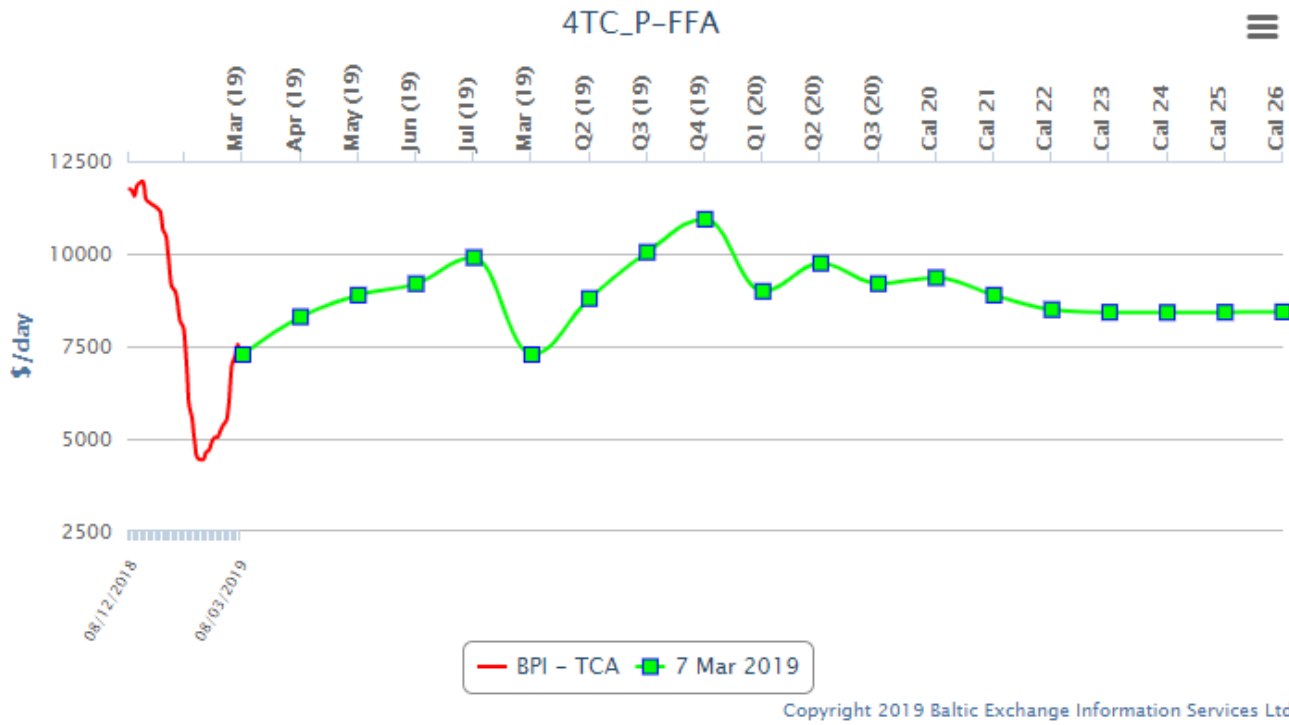
Rosario Argentina (via Cape Horn) - 10,751 nautical miles (34 days)



Baltic Dry Index.

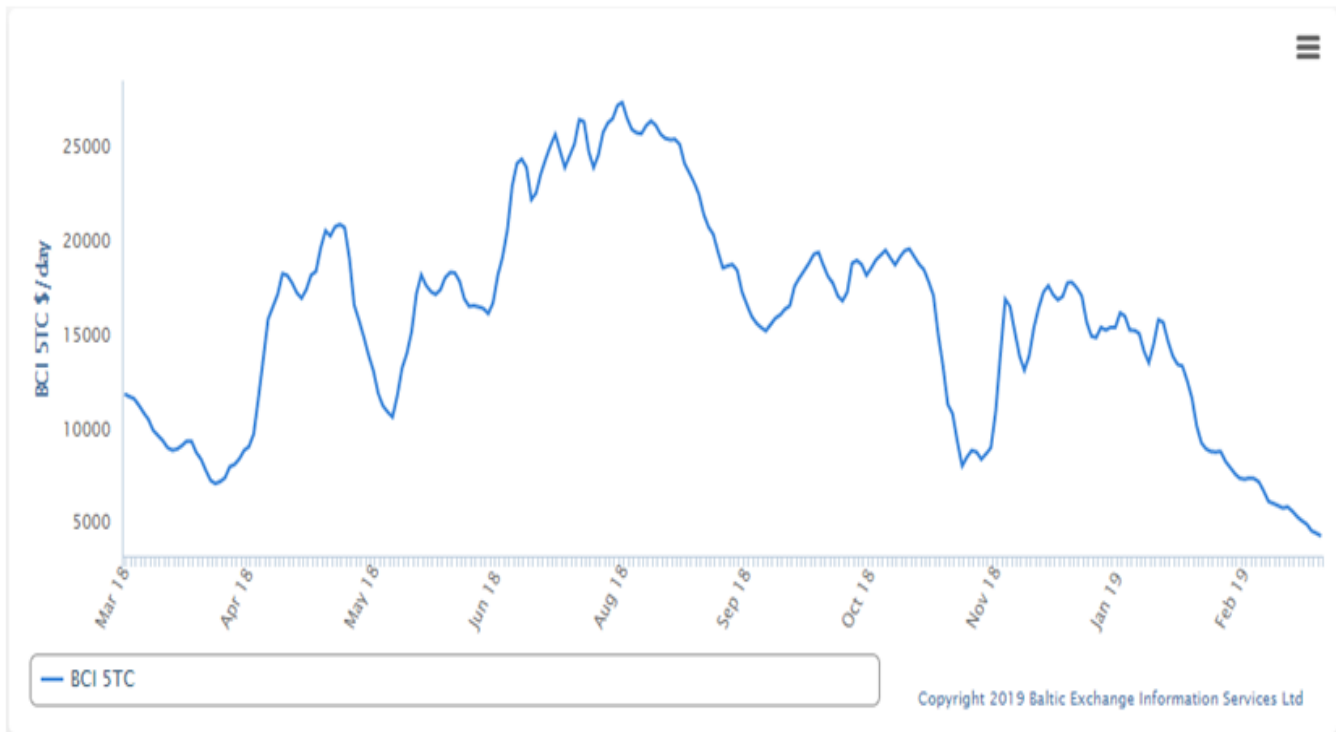


Baltic Panamax Forward Curve Chart



Baltic Capesize Index

Cape



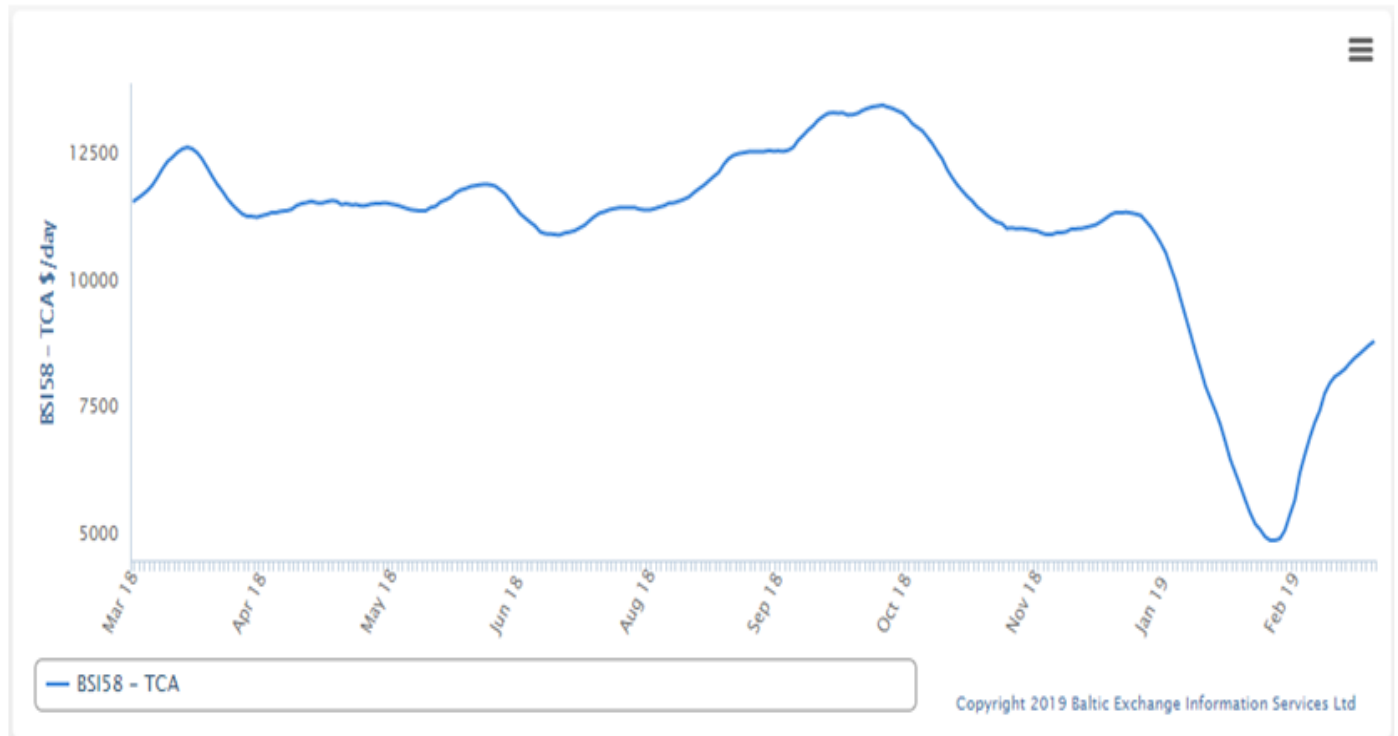
Baltic Panamax Index

Panamax



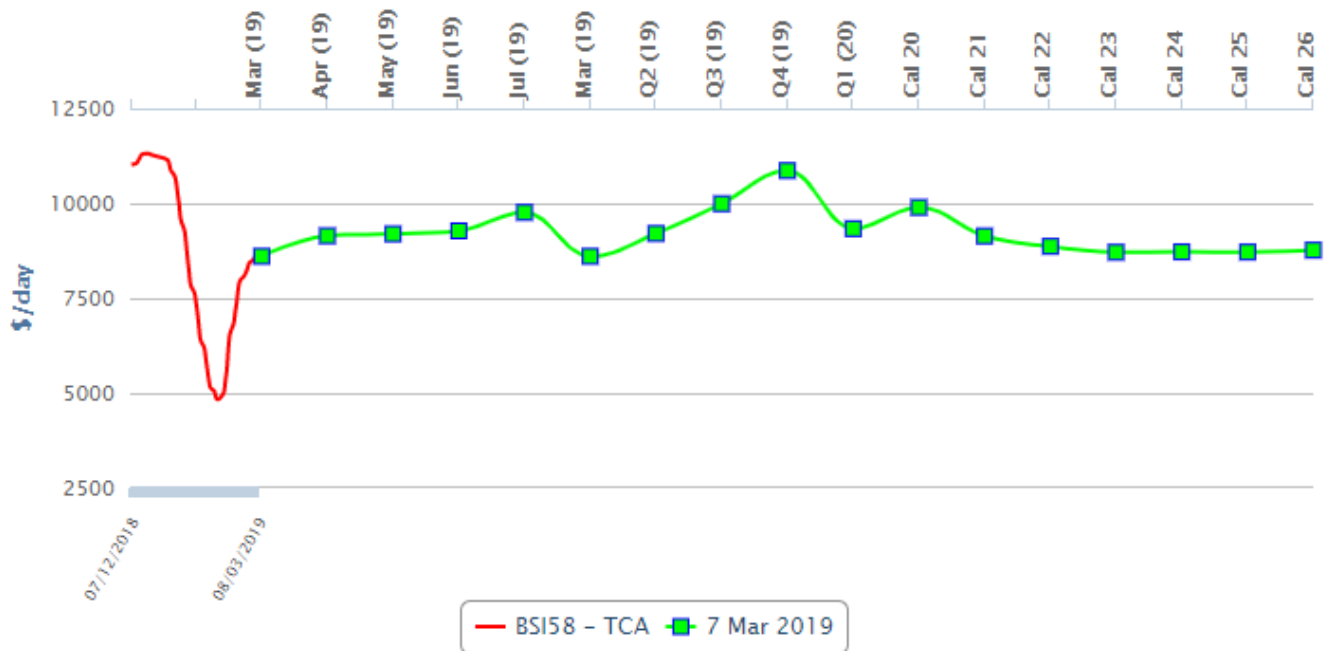
Baltic Supramax Vessel Index

Supramax



Supramax Dry-Bulk Forward Curve

10TCS-FFA

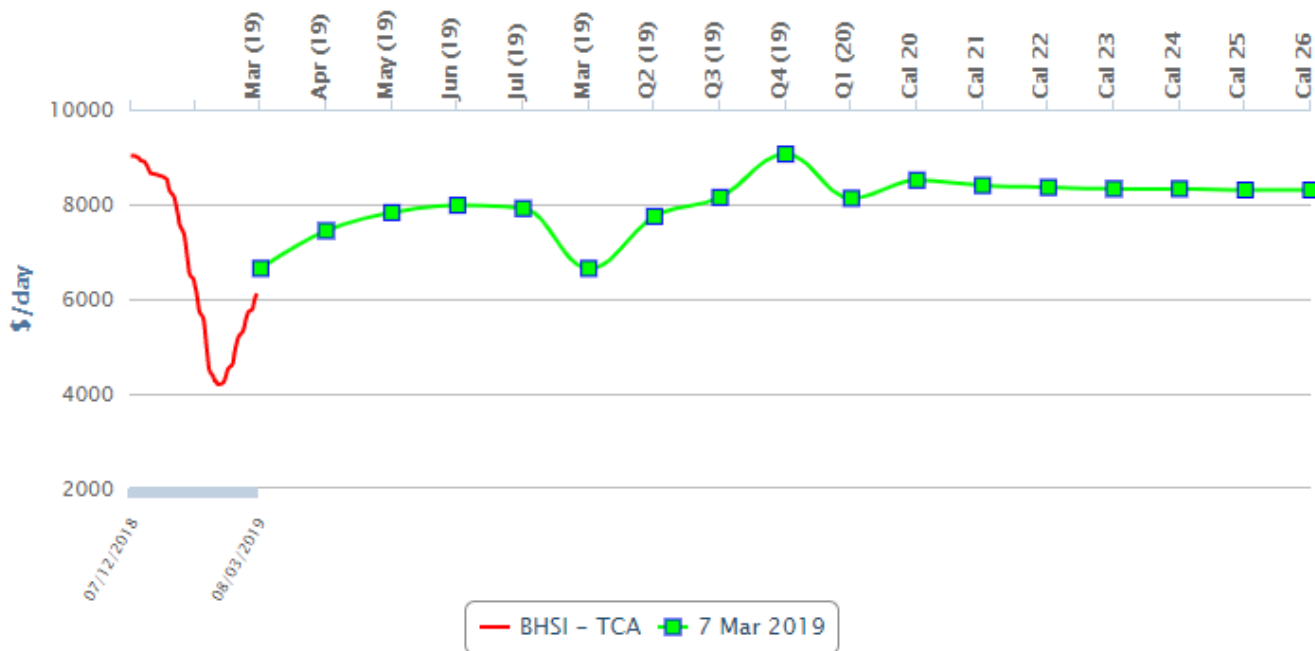


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FFA SUPRAMAX 52- 52,000 DWT, Max 15 years of age.

Baltic Handy Size

TC_H-FFA

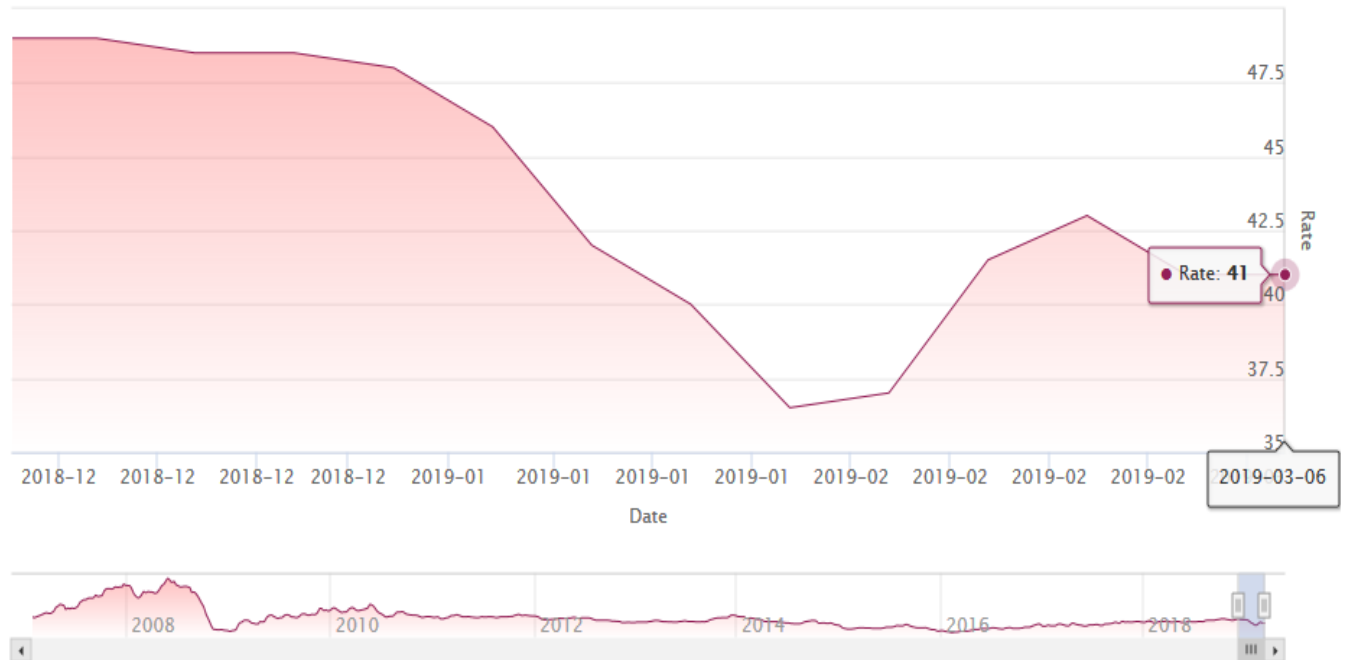


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YAMAMIZU Index

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

From 2018-12-06 To 2019-03-06



| China Import Dry Bulk Freight Index(CDFI) | | | | | |
|---|-----------|-------------------|--------|--------|--------|
| 2019-03-06 | | | | | |
| Route | Size MT | Cargo/Vessel Size | Unit | Rate | Change |
| Composite Index | | | Point | 691.00 | -2.40 |
| Iron ore Freight Index | | | Point | 581.57 | -8.40 |
| Soybean Freight Index | | | Point | 864.99 | 5.27 |
| Santos(Brazil)—North China | 60000/10% | Soybean | \$/ton | 28.795 | 0.213 |
| Tacoma(West America)—North China | 60000/10% | Soybean | \$/ton | 22.809 | 0.114 |
| Mississippi(US Gulf)—North China | 66000/10% | Soybean | \$/ton | 38.340 | 0.199 |
| Mississippi(US Gulf)—North China | 55000/10% | Soybean | \$/ton | 40.541 | 0.161 |

7 March 2019 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 |
| April | 0.64 | \$168.99 | 1.12 | \$187.88 |
| May | 0.62 | \$168.20 | 1.11 | \$187.49 |
| June | 0.55 | \$168.99 | 1.00 | \$186.70 |
| July | 0.56 | \$169.38 | 1.01 | \$187.10 |
| Aug. | 0.58 | \$172.82 | 1.00 | \$189.36 |
| Sept. | 0.63 | \$174.79 | 1.03 | \$190.54 |

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 |
| April | 0.95 | \$181.19 | 0.80 | \$175.29 |
| May | 0.95 | \$181.19 | 0.85 | \$177.25 |
| June | 0.95 | \$184.73 | 0.80 | \$178.83 |
| July | 0.90 | \$182.77 | 0.80 | \$178.83 |
| Aug. | 0.95 | \$187.39 | 0.80 | \$181.49 |

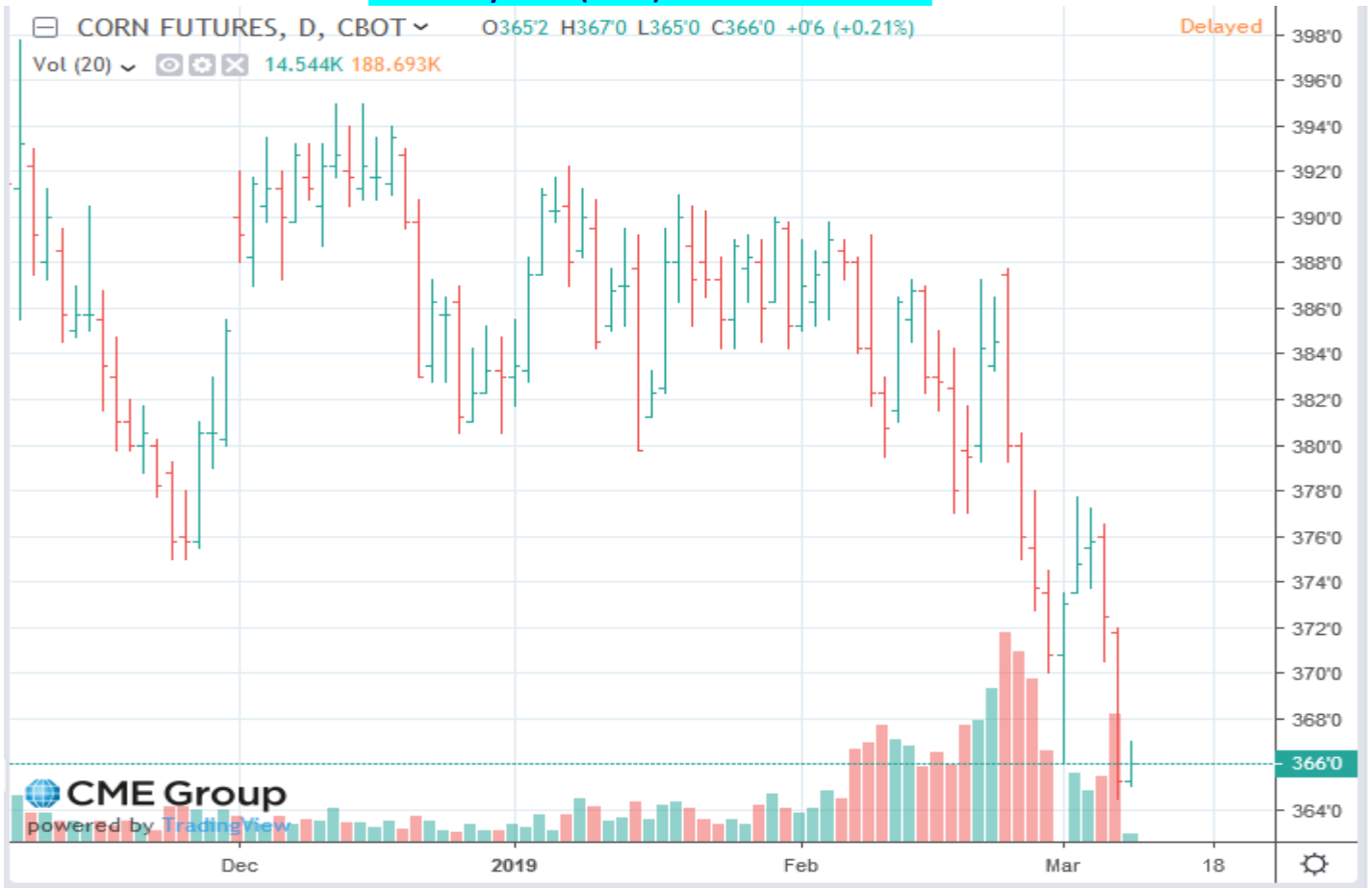
Fob vessel Texas Gulf #2 Sorghum is about 103 % the value of #2 Yellow Corn at NOLA.
In S.W. Kansas it is bid at 85 percent the value of corn.

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

| SRW Wheat | USD/MT | Fob Vessel | US Gulf | |
|---------------|----------|------------|----------|----------|
| | April | May | June | July |
| FOB U.S. GULF | \$197.77 | \$197.77 | \$202.09 | \$203.93 |
| Basis | 1.00 | 1.00 | 1.05 | 1.10 |
| WK | 4.3825 | | | |
| WN | 4.4500 | | | |
| WU | 4.5475 | | | |

| CME Futures Market Close | | | | | | |
|---------------------------------|---------|----------|----------|-----------|-----------|------------|
| CORN | Futures | Thursday | Thursday | Last week | Last Week | Difference |
| Month | Symbol | Close | Close | Bushel | MT. | Bushel |
| May | CK | \$3.6525 | \$143.79 | \$ 3.7075 | \$145.96 | (\$0.0550) |
| July | CN | \$3.7425 | \$147.33 | \$ 3.7950 | \$149.40 | (\$0.0525) |
| Sept. | CU | \$3.8100 | \$149.99 | \$ 3.8525 | \$151.66 | (\$0.0425) |
| Dec. | CZ | \$3.8900 | \$153.14 | \$ 3.9200 | \$154.32 | (\$0.0300) |
| March | CH | \$4.0025 | \$157.57 | \$ 4.0275 | \$158.55 | (\$0.0250) |

CBOT May 2019 (CK19) Corn Futures Chart –



CME/CBOT May 2019 (WK19) 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 | 0.58 | \$352.92 | 0.90 | \$364.68 |
| May | 0.59 | \$353.29 | 0.90 | \$364.68 |
| June | 0.55 | \$356.96 | 0.85 | \$367.98 |
| July | 0.55 | \$356.96 | 0.85 | \$367.98 |
| Aug. | 0.49 | \$357.05 | 0.80 | \$368.44 |
| Soybean Futures | | | | |
| May | \$ 9.0250 | | | |
| July | \$ 9.1650 | | | |
| Ayg. | \$ 9.2275 | | | |
| Sept. | \$ 9.2725 | | | |
| Nov. | \$ 9.3650 | | | |
| Jan. | \$ 9.4500 | | | |

| U.S. SBM (USD/MT) FOB Vessel | | |
|-------------------------------------|----------------------|------------------|
| Fob U.S. Gulf Port | 47.5 Pro. SBM | |
| max 12.5 % moisture | Basis | Flat Price |
| April | -3.00 | \$ 334.39 |
| May | -3.00 | \$ 334.39 |
| June | -5.00 | \$ 336.37 |
| July | -5.00 | \$ 336.37 |
| Aug. | -5.00 | \$ 338.25 |
| SBM Futures | | |
| SMK | 306.30 | |
| SMN | 310.10 | |
| SMQ | 311.80 | |
| SMU | 313.40 | |
| SMV | 314.30 | |
| SMZ | 316.10 | |

CME May 2019 Soybean (SK19) Futures Chart:



CME May 2019 Soybean Meal (SMK19) Futures Chart



U.S. EXPORT STATISTICS: Report Activity as of Week Ending 21 February 2019

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 | 1268.7 | 39,555.9 | 62,230 | 64% | 1,017.6 |
| Sorghum | 14.2 | 742.8 | 2,540 | 29% | 0.0 |
| Soybeans | 2239.8 | 38,958.8 | 51,030 | 76% | 694.5 |
| Wheat | 542.6 | 21,960.0 | 27,220 | 81% | 417.4 |
| Barley | 0.0 | 58.2 | 110 | 53% | 25.0 |

U.S. EXPORT INSPECTIONS:

Monday's report 04 March 2019 for the Export week ending 28 February 2019

| | Export Inspections | | Current Market Year YTD | Previous Year to Date | 2018/19 YTD as Percent of 2017/18 YTD |
|----------|---------------------------|--------------------------|------------------------------------|----------------------------------|--|
| | This Week | Previous Week | | | |
| Corn | 865,617 | 761,656 | 25,798,127 | 18,976,922 | 136% |
| Sorghum | 58,688 | 27,271 | 884,976 | 3,087,256 | 29% |
| Soybeans | 843,925 | 1,307,849 | 25,952,825 | 38,800,081 | 67% |
| Wheat | 440,314 | 767,570 | 16,961,638 | 18,283,006 | 93% |
| Barley | 122 | 0 | 6,974 | 20,826 | 33% |

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

U.S. EXPORT INSPECTIONS:

Monday's report 04 March 2019 for the Export week ending 28 February 2019

| Last Week | | | | | | | |
|----------------------|-----------|----------|-----------|----------|----------------|----------|-------------------|
| (Metric Tons) | YC | % | WC | % | Sorghum | % | Soybeans % |
| Lakes | 0 | 0% | 0 | 0% | 0 | 0% | 0 0% |
| Atlantic | 7,099 | 1% | 0 | 0% | 0 | 0% | 17,983 2% |
| Gulf | 498,409 | 60% | 28,505 | 94% | 54,999 | 94% | 403,004 48% |
| PNW | 186,810 | 22% | 464 | 2% | 24 | 0% | 290,652 34% |
| Interior Export Rail | 142,833 | 17% | 1,497 | 5% | 3,665 | 6% | 132,286 16% |
| Metric Tons | 835,151 | | 30,466 | | 58,688 | | 843,925 |

Sorghum Shipments: metric tons

| | |
|--------|--------|
| 24 | Japan |
| 54,999 | Spain |
| 3,665 | Mexico |
| 58,688 | Total |

White Corn metric tons

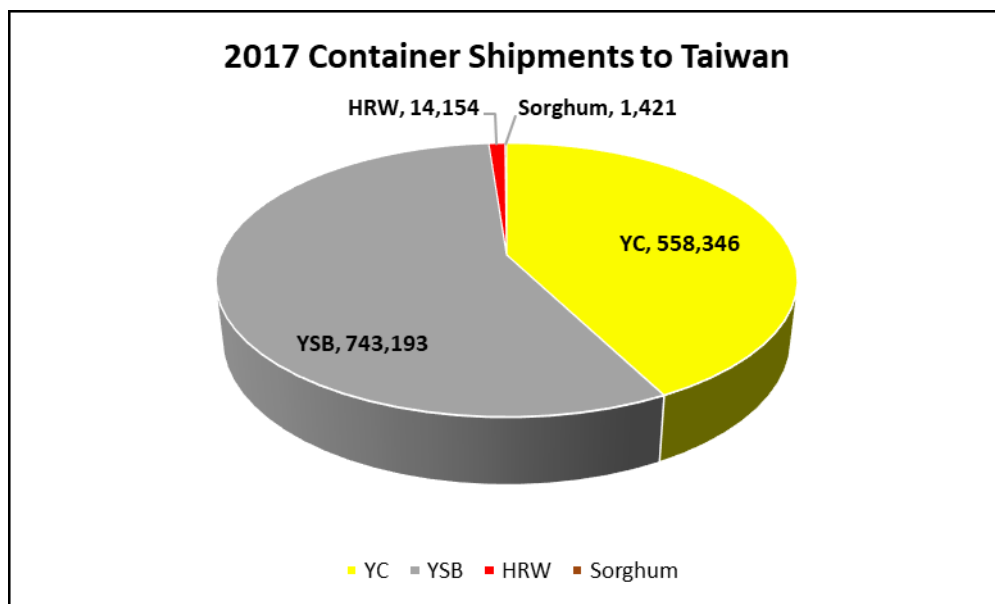
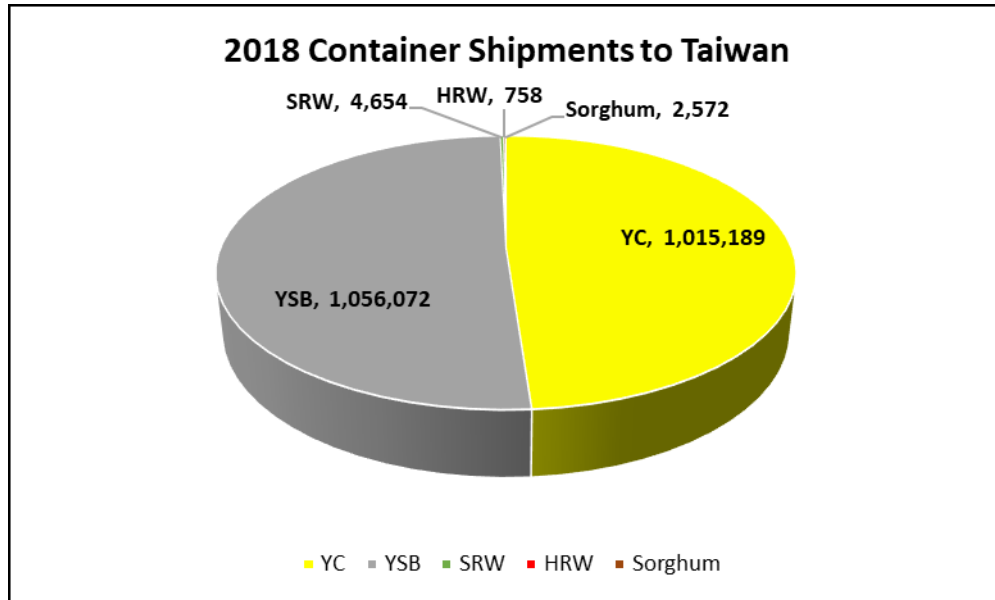
| | | |
|------------|--------|-----------|
| Shipments: | 13,200 | Colombia |
| | 15,305 | Honduras |
| | 464 | Korea Rep |
| | 1,497 | Mexico |
| | 30,466 | Total |

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-Feb-2019 | | | | | | | |
| Last Week | metric tons | | | | | | | | MT |
| | YC | WC | YSB | SRW | NS | SWH | HRW | Sorghum | TOTAL |
| China Main | | | 196 | | | | | | 196 |
| China T | 13,461 | | 12,194 | | | | | | 25,655 |
| Hong Kong | 440 | | | | | | | | 440 |
| Costa Rica | | | | | | | | | 0 |
| Indonesia | | | 29,558 | | | | | | 29,558 |
| Spain | 24 | | | | | | | | 24 |
| Japan | | | 978 | | 318 | | | | 1,296 |
| Korea Republic | 734 | | 2,546 | 392 | | | | | 3,672 |
| Nepal | | | 2,301 | | | | | | 2,301 |
| Malaysia | 441 | | 7,445 | | | | | | 7,886 |
| Burma | | | | 1,076 | | | | | 1,076 |
| Philippines | | | 2,351 | | | | | | 2,351 |
| Thailand | | | 7,370 | | | | | | 7,370 |
| Morocco | | | | 49 | | | | | 49 |
| Algeria | | | | 49 | | | | | 49 |
| Vietnam | | | 5,680 | | | | | | 5,680 |
| Sub total | 15,100 | 0 | 70,619 | 1,566 | 318 | 0 | 0 | 0 | 81,825 |
| USDA Corrections/Additions to previous reports: | | | | | | | | | |
| China T | 416 | | | | | | | | 416 |
| China Main | | | | | | | | | 0 |
| Hong Kong | | | | | | | | | 0 |
| Korea Rep. | | | | | | | | | 0 |
| Costa Rica | | | | | | | | | 0 |
| Japan | | | | | | | | | 0 |
| Philippines | | | | | | | | | 0 |
| Indonesia | | | 318 | | | | | | 318 |
| Malaysia | | | | | | | | | 0 |
| Thailand | | | | | | | | | 0 |
| Vietnam | | | 122 | | | | | | 122 |
| Nepal | | | 343 | | | | | | 343 |
| Bangladesh | | | | | | | | | 0 |
| Sub total | 416 | 0 | 783 | 0 | 0 | 0 | 0 | 0 | 1,199 |
| Mt. Grand Total | 15,516 | 0 | 71,402 | 1,566 | 318 | 0 | 0 | 0 | 83,024 |
| Number of containers | 675 | 0 | 3,104 | 68 | 14 | 0 | 0 | 0 | |

Jan - Dec 2017 Annual Totals versus 2018 Jan.-Dec. Annual Total Container Shipments (in MT)



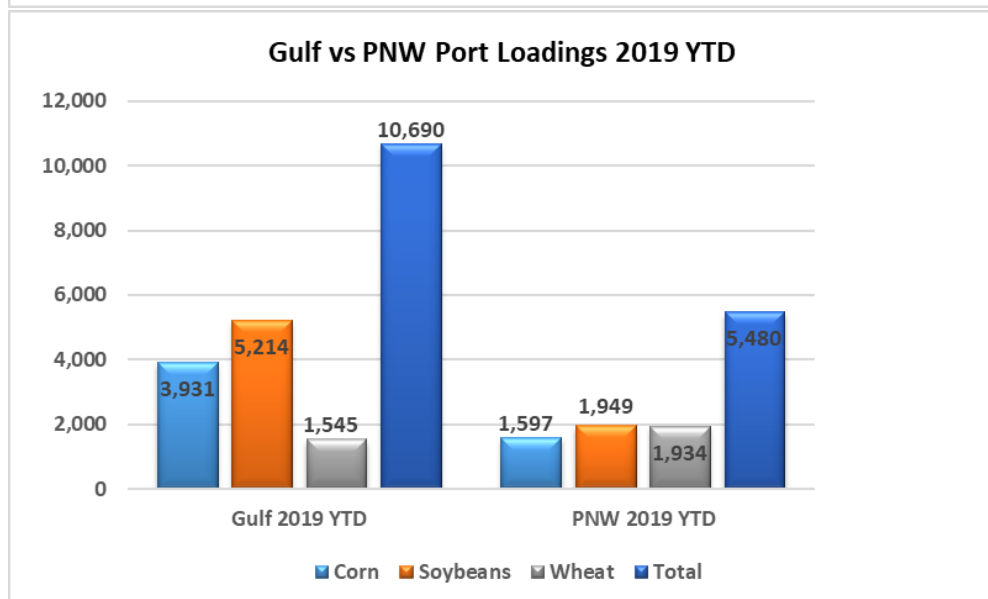
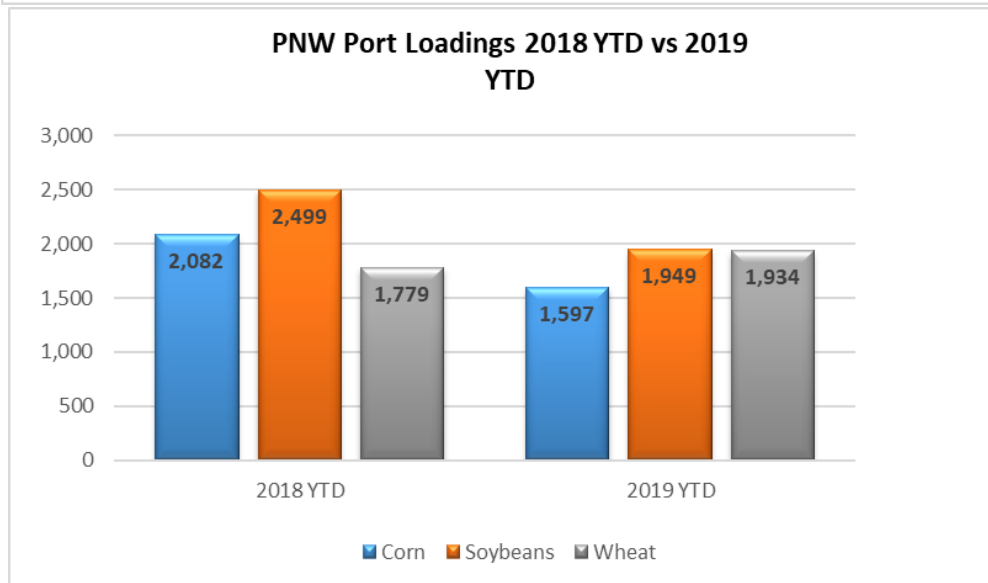
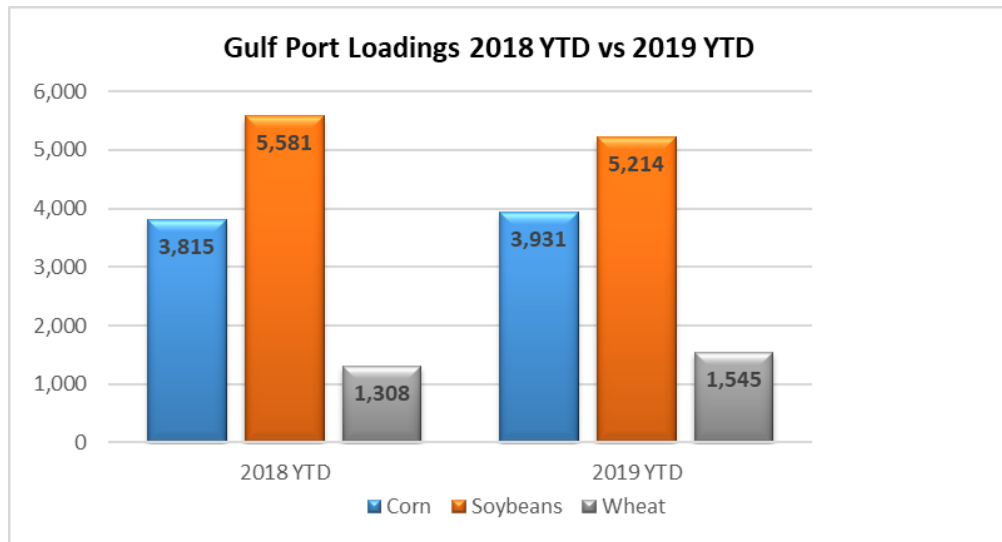
Grain Inspections for Export by U.S. Port Regions:
U.S. Gulf and Pacific Northwest 2018 YTD vs. 2019 YTD

| PORT LOADINGS US Gulf | | | | |
|-----------------------|-------|----------|-------|--------|
| (1,000 MT) | CORN | SOYBEANS | WHEAT | TOTAL |
| GULF | | | | |
| 2018 YTD | 3,815 | 5,581 | 1,308 | 10,704 |
| 2019 YTD | 3,931 | 5,214 | 1,545 | 10,690 |
| 2019 as % of 2018 | 103% | 93% | 118% | 100% |

| PORT LOADINGS US PNW | | | | |
|----------------------|-------|----------|-------|-------|
| (1,000 MT) | CORN | SOYBEANS | WHEAT | TOTAL |
| PNW | | | | |
| 2018 YTD | 2,082 | 2,499 | 1,779 | 6,360 |
| 2019 YTD | 1,597 | 1,949 | 1,934 | 5,480 |
| 2019 as % of 2018 | 77% | 78% | 109% | 86% |

| PORT LOADINGS GULF vs. PNW | | | | |
|----------------------------|-------|----------|-------|--------|
| (1,000 MT) | CORN | SOYBEANS | WHEAT | TOTAL |
| 2019 Gulf YTD | 3,931 | 5,214 | 1,545 | 10,690 |
| 2019 PNW YTD | 1,597 | 1,949 | 1,934 | 5,480 |
| TOTAL | 5,528 | 7,163 | 3,479 | 16,170 |
| Gulf Percentage | 71% | 73% | 44% | 66% |
| PNW Percentage | 29% | 27% | 56% | 34% |

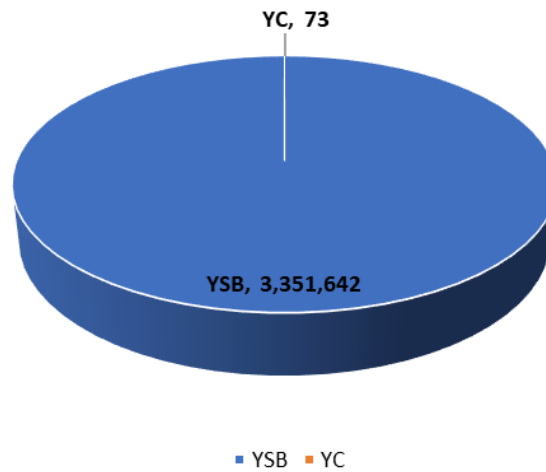
U.S. Gulf and Pacific Northwest 2018 YTD vs. 2019 YTD



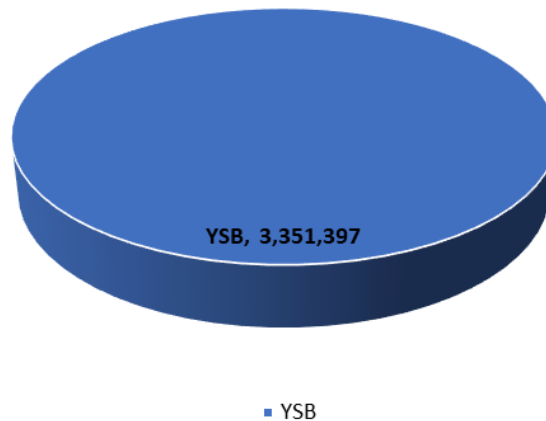
Source: USDA-data

2018 Total Grain Exports reported by USDA (in MT)

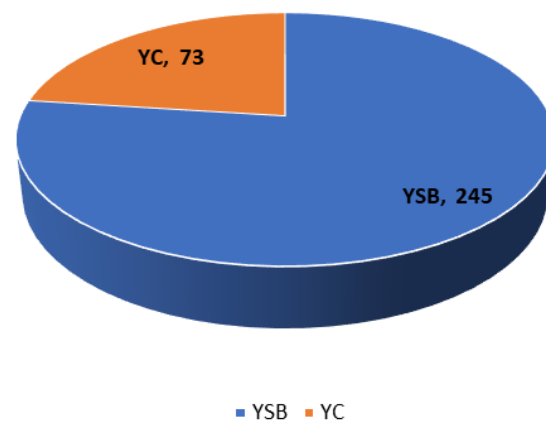
2019 YTD Exports to China Main



YTD Exports to China Main by Vessel



YTD Exports to China Main by Container

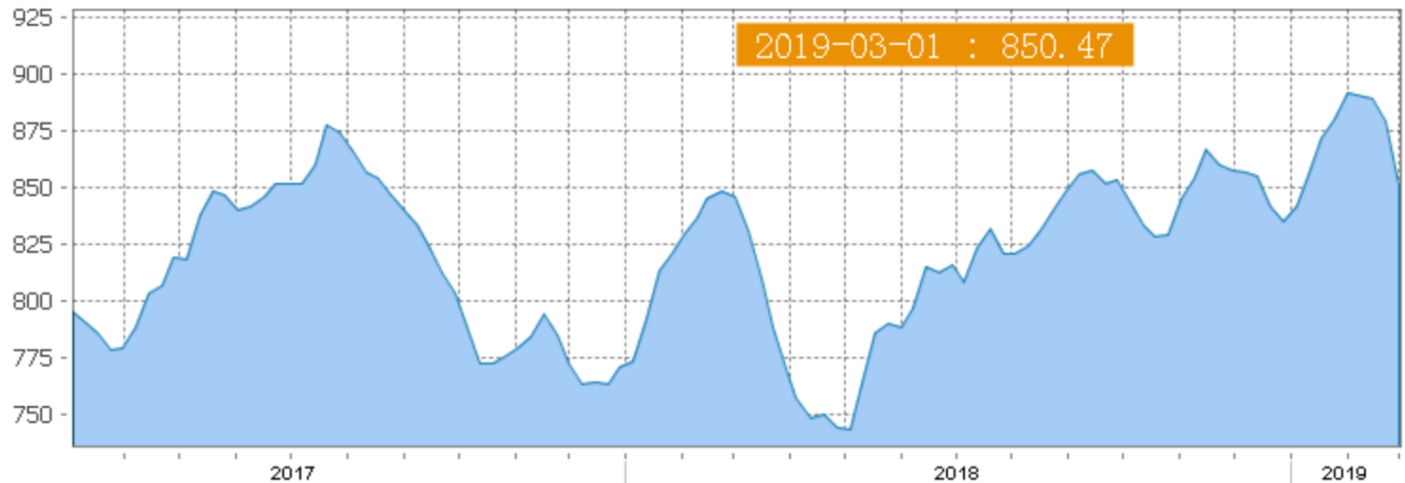


*Please keep in mind that USDA does not report DDGS sales, or they would show as the largest exports by container.

Source: USDA

Shipping News

China Containerized Freight Index



U.S. RIVER BARGE FREIGHT

Current Barge Freight for Placement First Half April 2019

| Placement FH April 2019 | % of Tariff | MT | Corn BU | Soybeans-Wheat BU |
|----------------------------------|----------------|---------|------------|----------------------|
| Upper Mississippi | 565 | \$38.55 | 0.98 | 1.05 |
| Illinois River (Pekin and South) | 485 | \$25.72 | 0.65 | 0.70 |
| Mid-Mississippi | 500 | \$29.32 | 0.74 | 0.80 |
| Lower Ohio | 465 | \$22.86 | 0.58 | 0.62 |
| St. Louis | 375 | \$16.49 | 0.42 | 0.45 |

Secondary Rail Car Market for car placement period: First Half April 2019.

| Secondary Rail Car Market Placement FH. April 2019 | BID USD | ASK USD | BID BU. | ASK BU. | BID MT | ASK MT |
|---|-------------|-------------|------------|------------|-----------|-----------|
| BNSF Shuttle Trains | \$ 1,400.00 | \$ 1,800.00 | \$ 0.35 | \$ 0.45 | \$ 13.78 | \$ 17.72 |
| UPRR Shuttle Trains | \$ - | \$ 200.00 | \$ - | \$ 0.05 | \$ - | \$ 1.97 |

Best Regards,

Jay

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*** The information in this market report is derived from sources believed to be reliable and accurate but cannot be guaranteed. Forward looking projections are never completely accurate, and these markets move quickly.

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