☘ **O'NEIL COMMODITY CONSULTING**

Transportation and Export Report for 24 May 2018

Ocean Freight Insights and Comments:

Online Shipping News reports are stating "Panamax futures 'technically bullish' even as rates remain sideways". I think that is trade (vessel owner) talk for: we are hoping and praying for something to bail us out because markets have started moving lower. It is very difficult to look at a Panamax vessel market chart and see anything bullish other than trader's hopeful bets on the future. Derivatives Traders are still willing to pay up for calendar year 2019 but have softened their bullish views regarding 2018. The terms "Sideways or holding steady" seem to be the most commonly used descriptors for the current freight markets. Physical freight buyers seem content on paying close to last rates done and sellers are having to accept same. So markets are a little soft this week and trying to hold as best they can. But as we all know, quite markets are not bullish.

BALTIC DRY-BULK PANAMAX INDEX CHANGES

Panamax Ocean Freight Indices				
24-May-18	This Week	Last Week	Difference	Percent Change
P2A : Gulf/Atlantic - Japan	15374	15642	-268	-1.7%
P3A - PNW/Pacific - Japan	11253	11669	-416	-3.6%
S1C -USGULF-China-So.Japan	18217	18733	-516	-2.8%

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

Four weeks ago:	$ 7.00-$7.55
Three weeks ago:	$ 7.00-$7.30
Two weeks ago:	$ 7.60-$7.65
One week ago:	$ 8.30-$8.60
This week	$ 7.45-$8.20

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

Mississippi River:	(10 elevators)	3-9 days
Miss. River Mid-Stream loaders:	(6+ Rigs)	0-2 days
Texas Gulf	(6 elevators)	1-6 days
Pacific Northwest:	(9 elevators)	1-12 days

Panamax Market Spreads to Asia -China					
24-May-18	PNW	GULF	Bushel Spread	MT Spread	Advantage
CORN	1.14	0.74	0.40	$15.75	PNW
SOYBEANS	0.92	0.65	0.27	$9.92	PNW
OCEAN FREIGHT	$23.50	$42.00	.47-50	$18.50	JULY

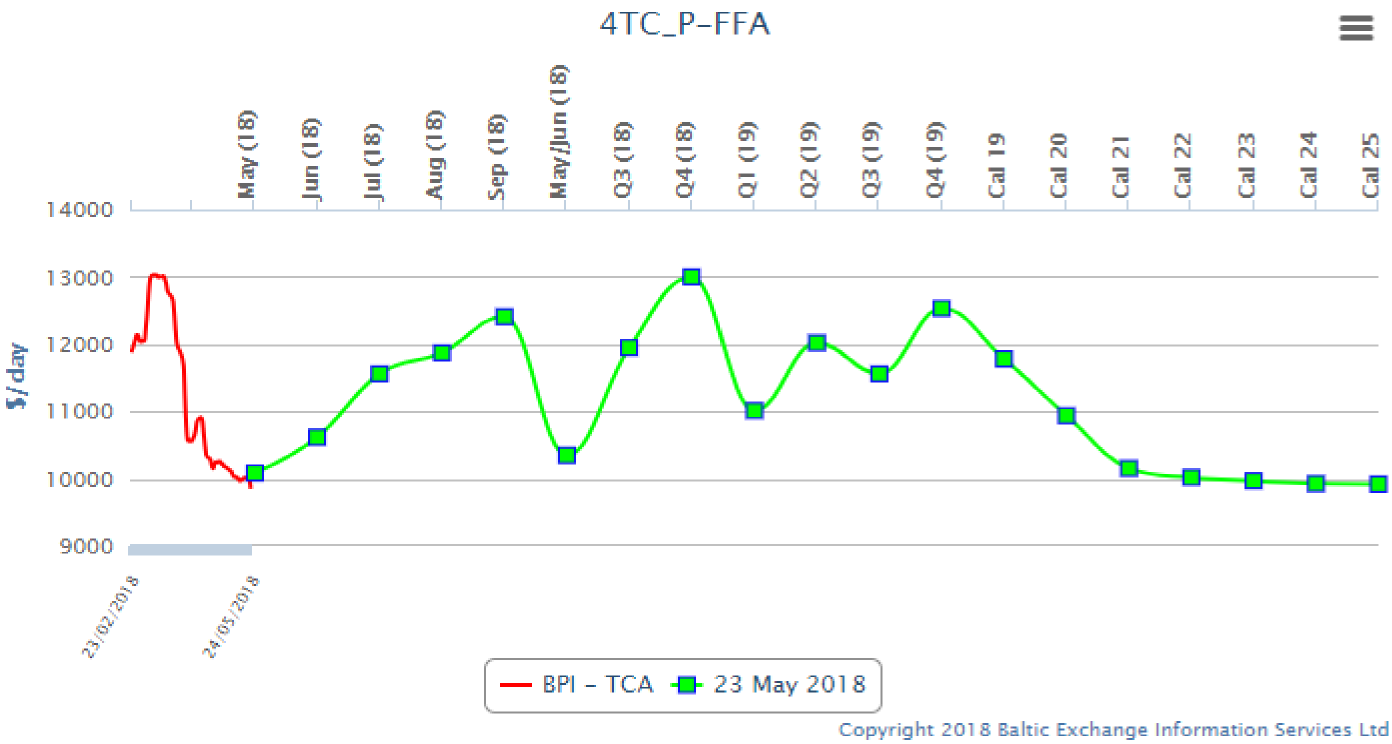
Recent Reported Vessel Fixtures:
66,000 mt Santos Brazil to China May25- June5 at $31.50 fio 8000 shex bends - ECTP

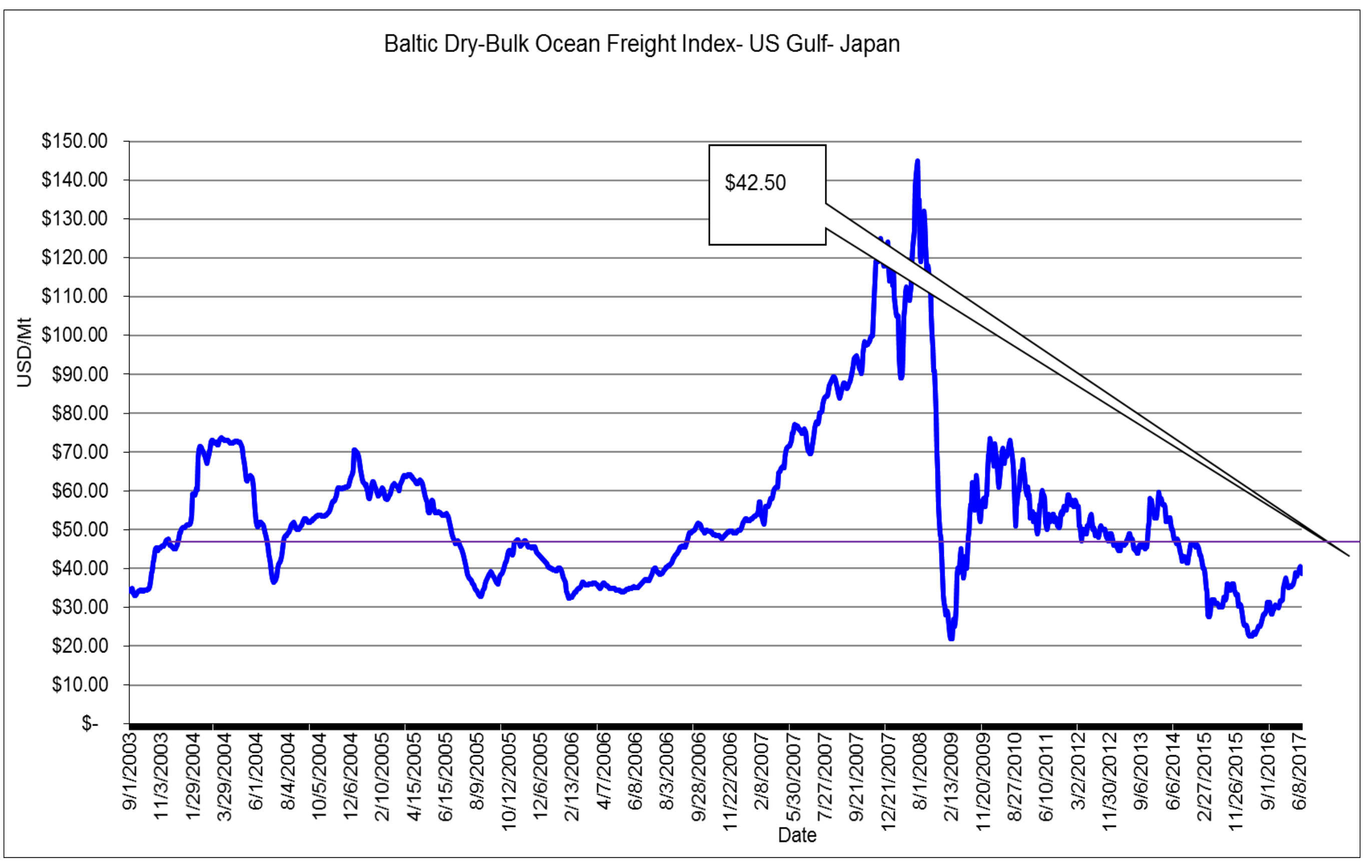
Route and Vessel Size	Current Week USD/MT	Change from previous week	Remarks
55,000 U.S. Gulf-Japan	$43.50	Down $0.50	Handymax $44.00 mt
55,000 U.S. PNW- Japan	$24.25	Down $0.25	Handymax $25.00 mt
66,000 U.S. Gulf – China PNW to China	$42.00 $23.50	Down $0.50 Down $0.25	North or South China
25,000 U.S. Gulf- Veracruz, México	$16.00	Down $0.25	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	$14.00	Unchanged	Deep draft and 6,000 MT per day discharge rate.
25/35,000 U.S. Gulf- East Coast Colombia From Argentina	$19.50 $33.25	Down $0.25	West Coast Colombia at $28.00
40-45,000 U.S. Gulf - Guatemala	$27.50	Down $0.25	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf – Algeria	$31.00 $32.25	Down $0.25	8,000 mt daily discharge 3,000 mt daily discharge
26-30,000 US Gulf-Morocco	$33.25	Down $0.25	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt PNW to Egypt	$28.00 $27.25	Down $0.25	55,000 -60,000 mt Russia Black Sea to Egypt $15.00
60-70,000 U.S. Gulf – Europe – Rotterdam	$21.00	Down $0.50	Handymax at +$1.75 more
Brazil, Santos – China Brazil, Santos – China Itacoatiara-Port Up River North Brazil	$33.00 $31.75 $35.75	Down $.50	54-59,000 Supramax-Panamax 60-66,000 Post Panamax 60-66,000 mt
56-60,000 Argentina/Rosario-China Deep Draft	$37.50	Down $0.50	Up River with BB Top Off $40.50

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

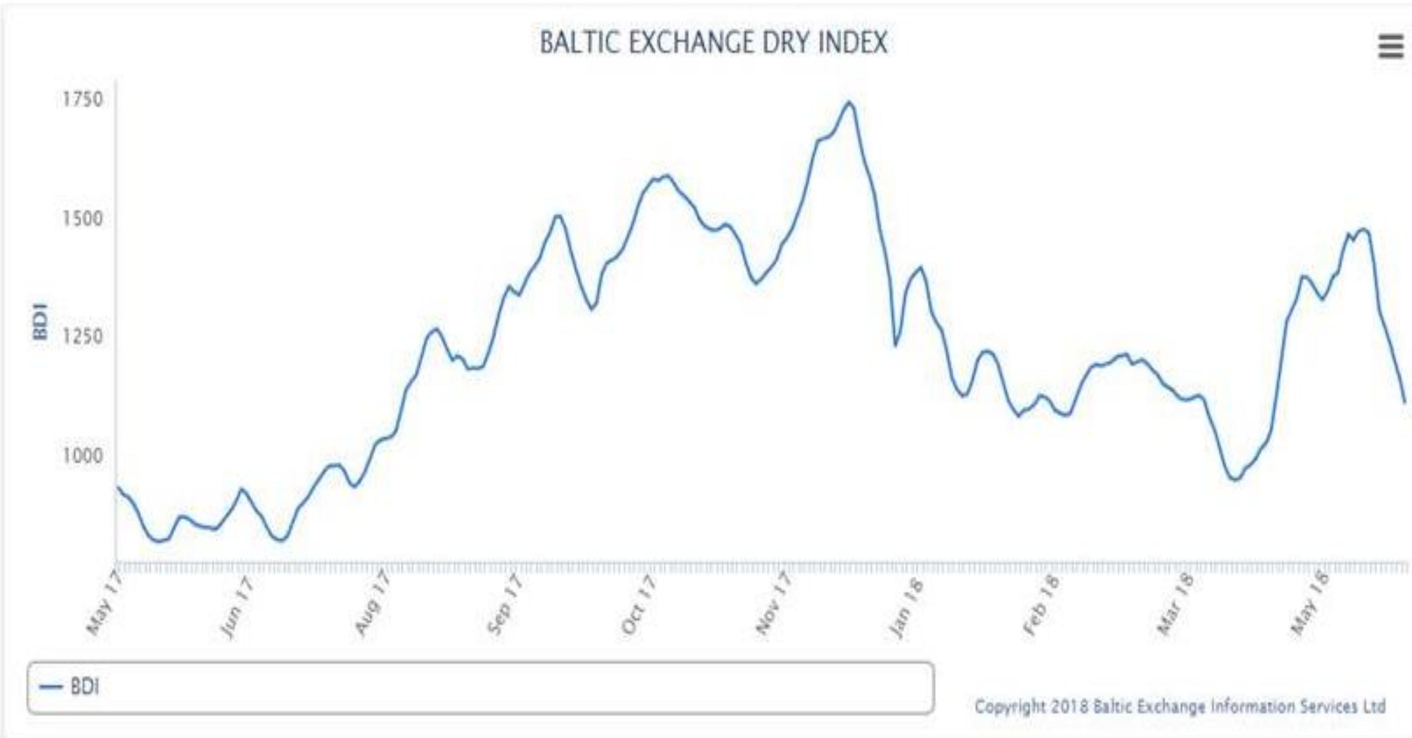
Nautical Miles: To Xiamen China (South China)
US Gulf (NOLA) (via Panamá Canal) – 10,232 nautical miles (32 days)
Santos Brazil (via Cape of Good Hope) - 10,441 nautical miles (33 days)
Rasario Argentina (via Cape Horn) - 10,751 nautical miles (34 days)

Forward Curve for Baltic BPI Panamax Vessel Freight

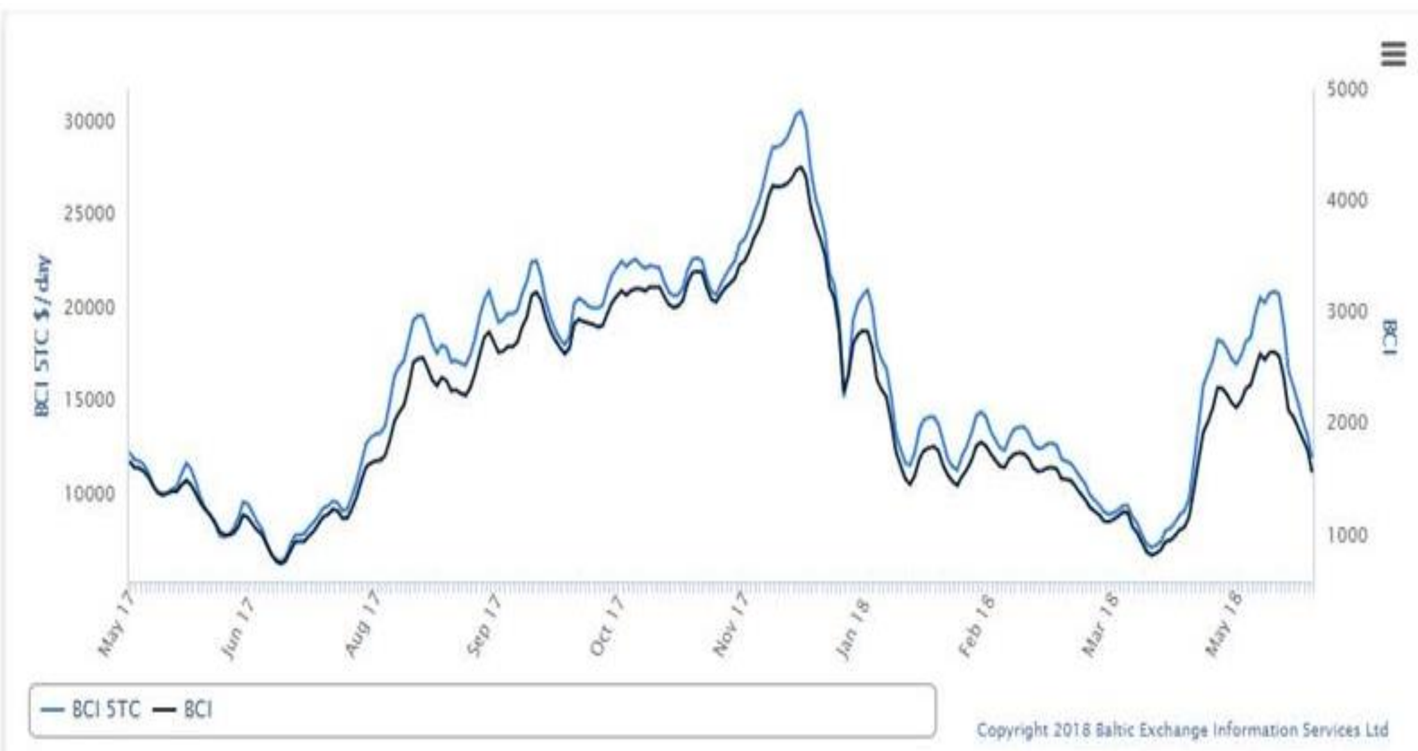




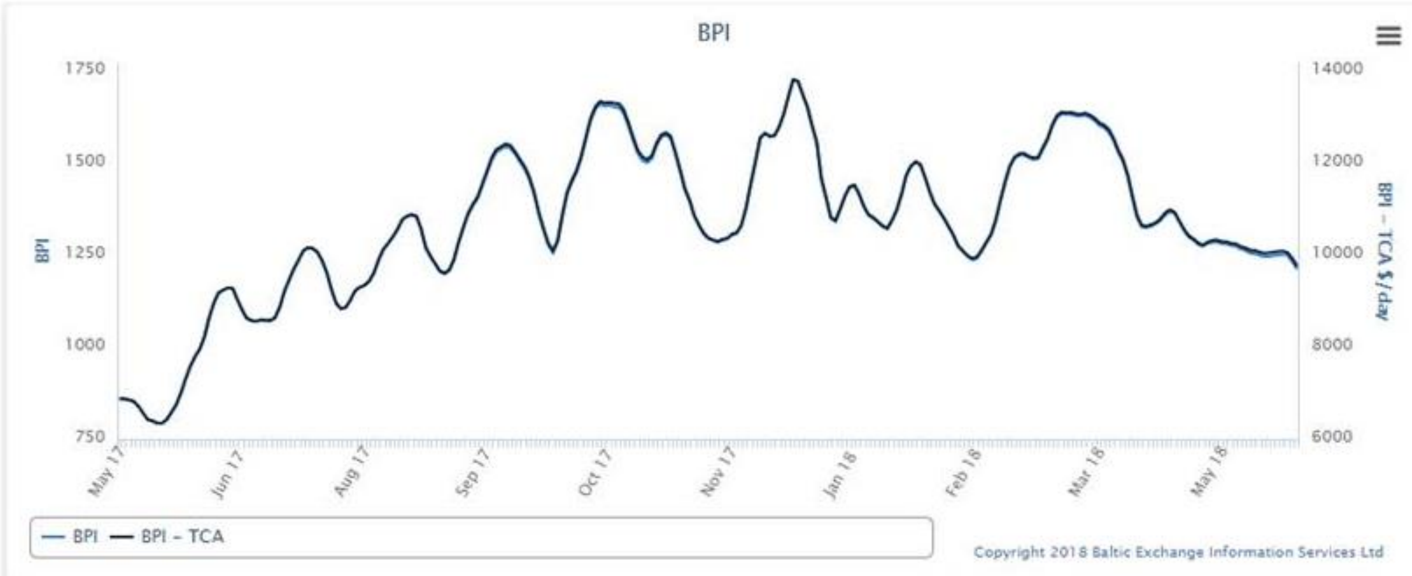
Baltic Dry-Bulk Index



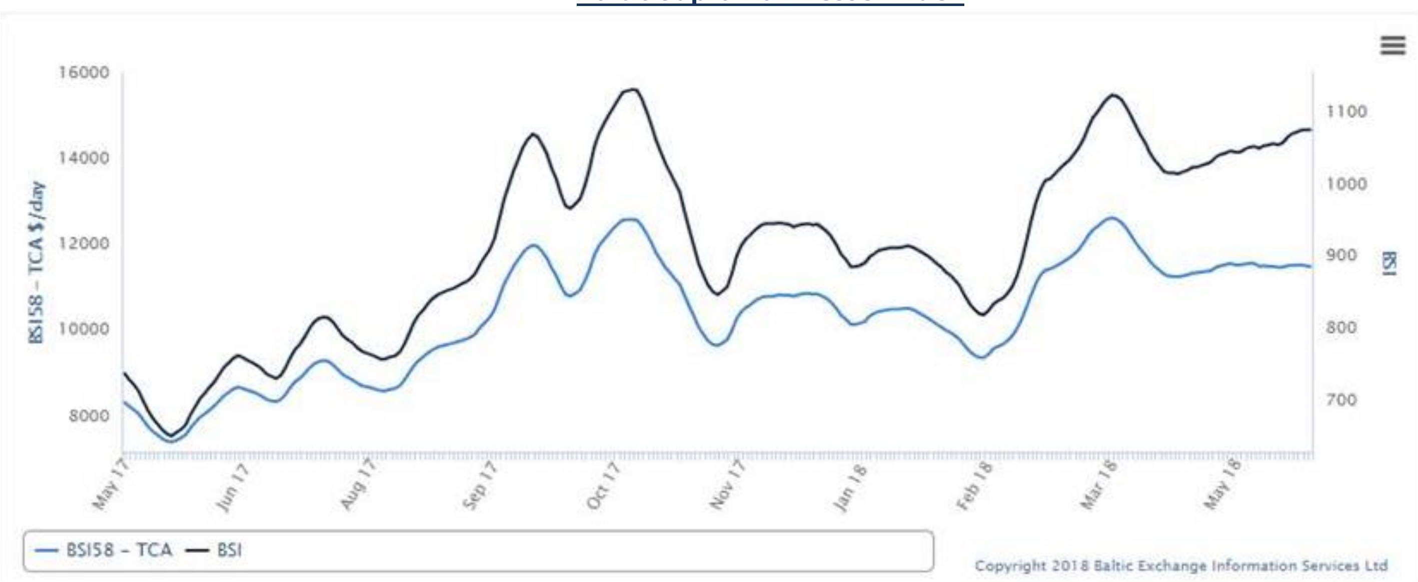
Baltic Capesize Index



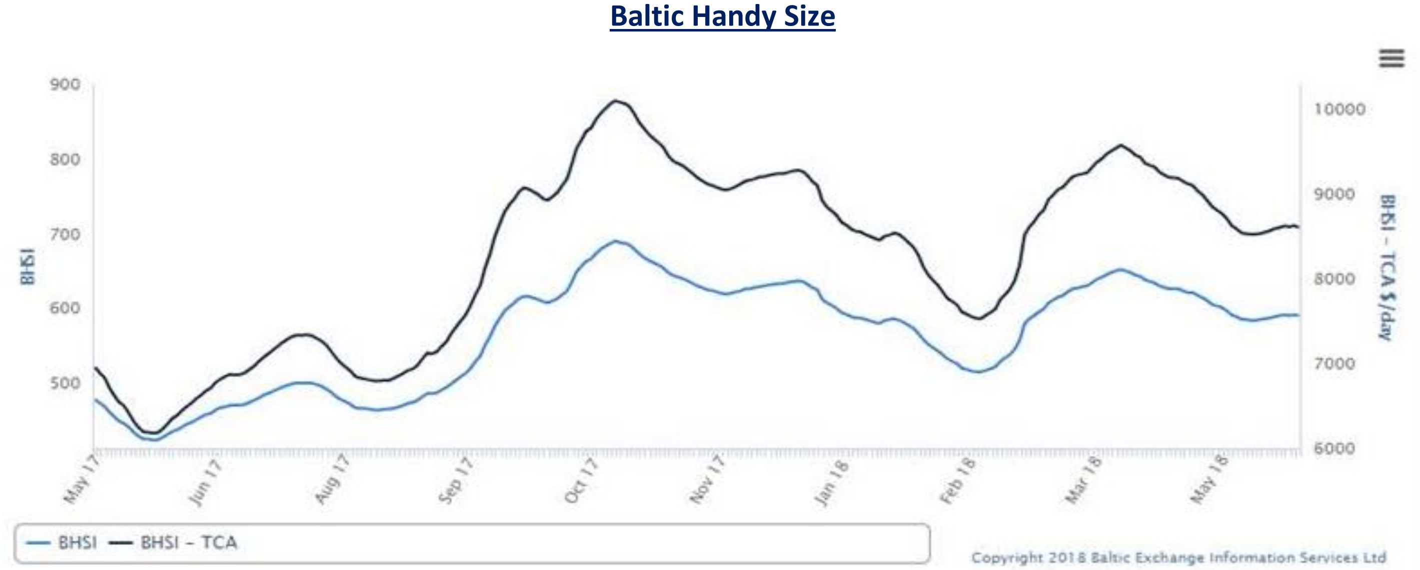
Baltic Panamax Index



Baltic Supramax Vessel Index



Baltic Handy Size



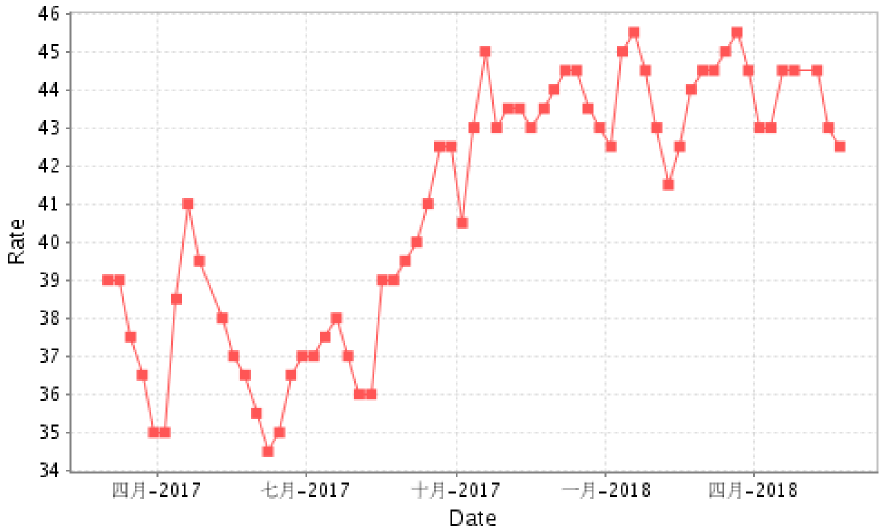
Yamamizu Shipping

Profile | History | Organization | Service | Access Map | Yamamizu Index

USG/Japan Index Result

Date From: 2017-03-01 V Date To: 2018-05-24 V

Query Reset



China Import Dry Bulk Freight Index(CDFI) 2018-05-24					
Route	Size MT	Cargo/Vessel Size	Unit	Rate	Change
Composite Index			Point	865.65	-9.82
Iron ore Freight Index			Point	818.66	-16.80
Soybean Freight Index			Point	951.96	-3.46
Santos(Brazil)—North China	60000/10%	Soybean	$/ton	32.108	-0.160
Tacoma(West America)—North China	60000/10%	Soybean	$/ton	23.933	-0.044
Mississippi(US Gulf)—North China	66000/10%	Soybean	$/ton	42.286	-0.142
Mississippi(US Gulf)—North China	55000/10%	Soybean	$/ton	44.323	-0.030

24 May 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
July	0.74	**$188.28**	1.10	**$202.45**
Aug.	0.72	**$190.93**	1.03	**$203.14**
Sept.	0.76	**$192.51**	1.08	**$205.11**
Oct.	0.77	**$196.64**	1.05	**$207.67**
Nov.	0.82	**$198.61**	1.08	**$208.85**
Dec.	0.83	**$199.00**	1.12	**$210.42**

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
July	1.15	**$204.42**	1.05	**$200.48**
Aug.	1.15	**$207.86**	1.00	**$201.96**
Sept.	1.10	**$209.63**	1.00	**$205.70**
Oct.	1.15	**$211.60**	1.00	**$205.70**
Nov.	1.15	**$211.60**	1.00	**$205.70**

Fob vessel Texas Gulf #2 Sorghum is about 93% the value of #2 Yellow Corn at NOLA

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

SRW Wheat	USD/MT	Fob Vessel	US Gulf	
	July	**Aug.**	**Sept.**	**Oct.**
FOB U.S. GULF	$226.06	$228.54	$229.28	$232.03
Basis	0.85	0.75	0.77	0.65
WN	5.3025			.
WU	5.4700			
WZ	5.6650			

CME Futures Market Close						
CORN Month	Futures Symbol	Friday Close Bushel	Friday Close MT.	Last week Bushel	Last Week MT.	Difference Bushel
July	CN	$4.0425	$159.14	$ 3.9525	$155.60	$0.0900
Sept.	CU	$4.1300	$162.59	$ 4.0225	$158.36	$0.1075
Dec.	CZ	$4.2250	$166.33	$ 4.1300	$162.59	$0.0950
Mar.	CH	$4.3075	$169.58	$ 4.2175	$166.03	$0.0900
May.	CK	$4.3525	$171.35	$ 4.2675	$168.00	$0.0850

CME/CBOT July 2018 (CN8) Corn Futures Chart –

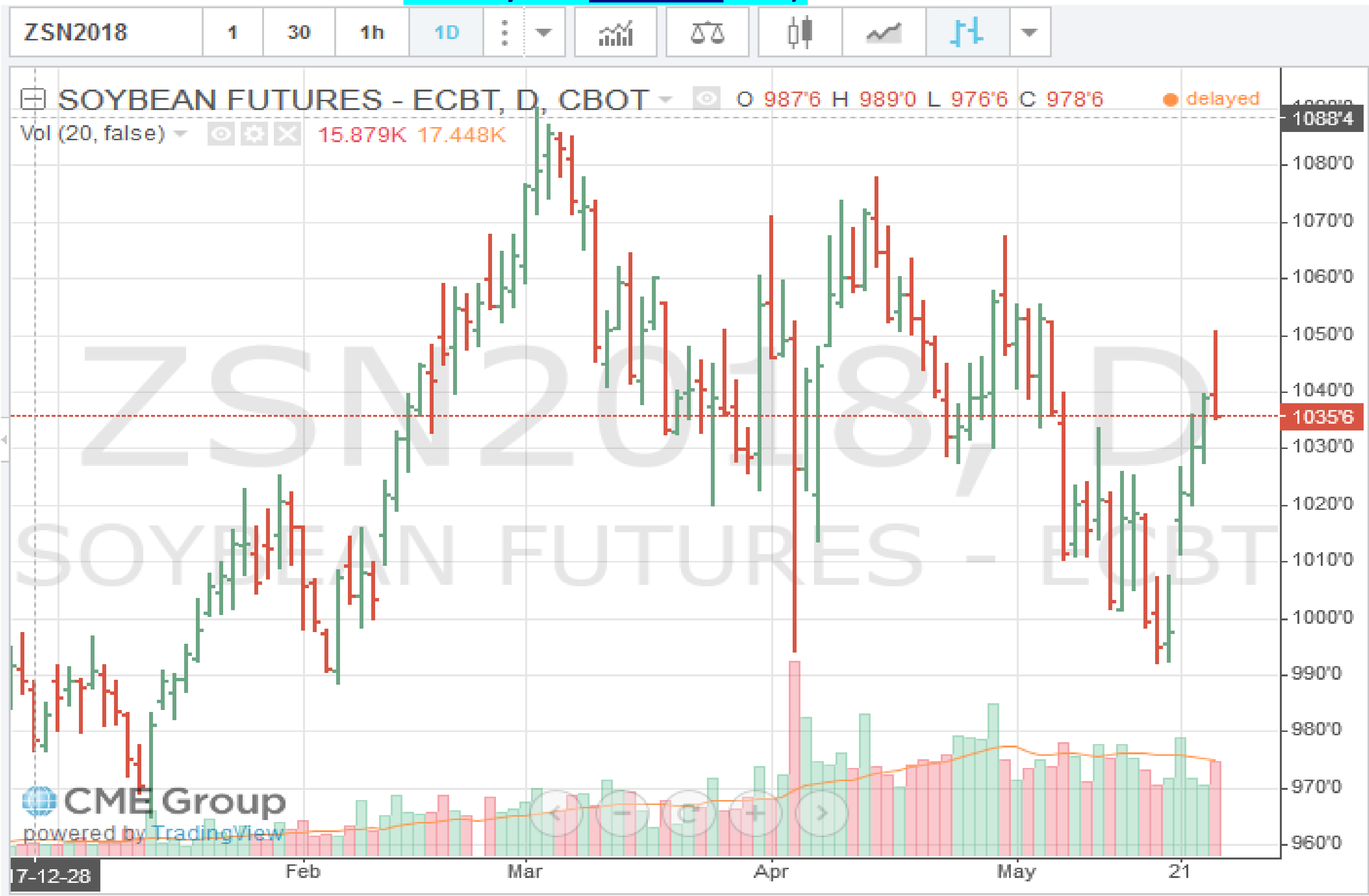
CME/CBOT July 2018 (WN8) SRW Wheat Futures Chart –

U.S. Soybean and SBM Markets Fob Vessel:

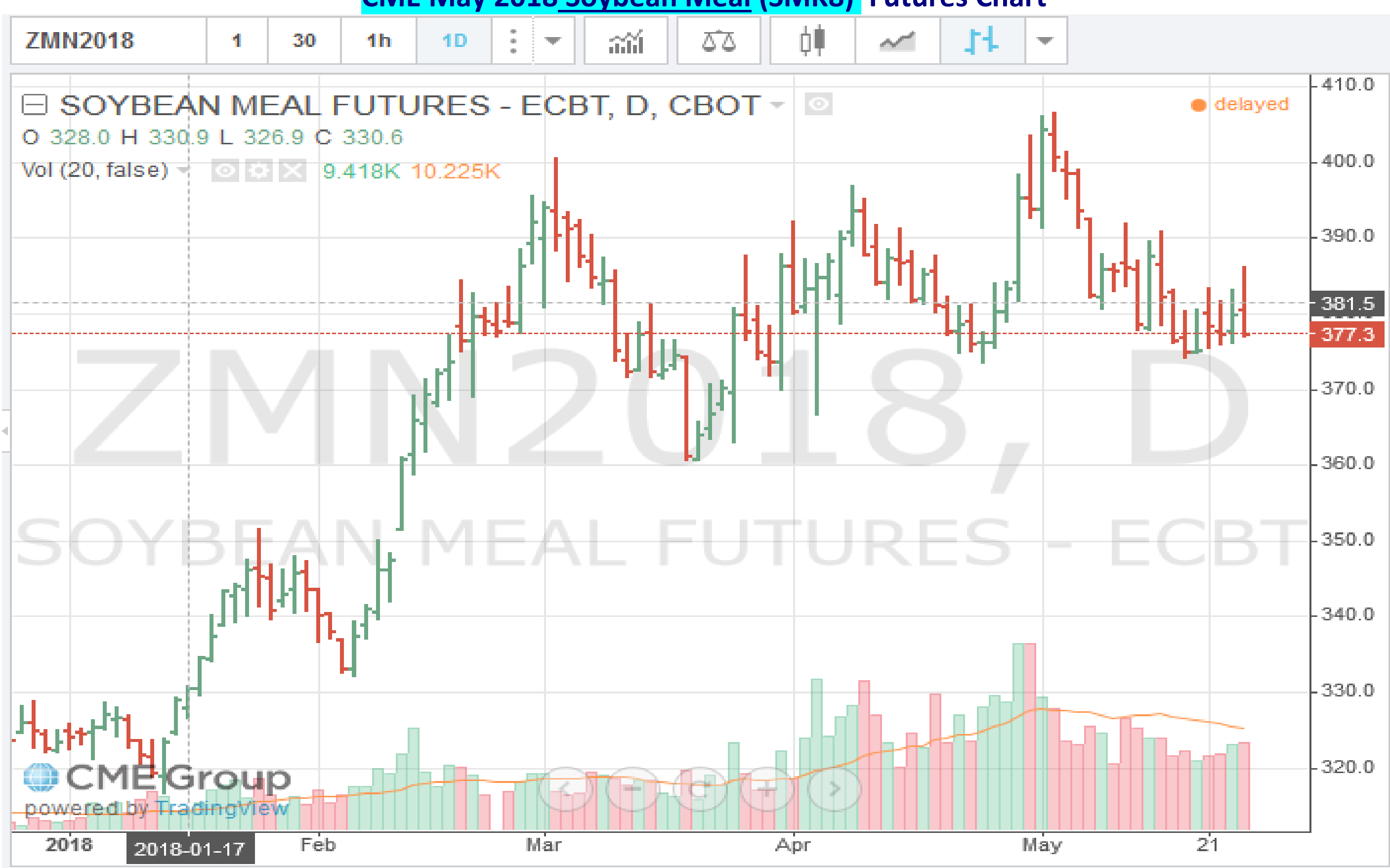
U.S. Yellow Soybeans (USD/MT) FOB Vessel				
# 2 YSB	**U.S. Gulf #2 YSB**		**PNW #2 YSB**	
14.0 % Moisture	Basis	Flat Price	Basis	Flat Price
July	0.65	**$404.45**	0.92	**$414.37**
Aug.	0.70	**$407.76**	0.95	**$416.94**
Sept. (X)	0.73	**$411.71**	1.03	**$422.73**
Oct. (X)	0.82	**$415.02**	1.09	**$424.94**
Nov.	0.84	**$415.75**	1.11	**$425.67**
Soybean Futures				
July	$ 10.3575			
Aug.	$ 10.3975			
Sept.	$ 10.4275			
Nov.	$ 10.4750			
Jan.	$ 10.5075			
Mar.	$ 10.3450			

U.S. SBM (USD/MT) FOB Vessel		
Fob U.S. Gulf Port	**47.5 Pro. SBM**	
max 12.5 % moisture	Basis	Flat Price
July	24.00	**$ 442.43**
Aug.	25.00	**$ 443.87**
Sept.	29.00	**$ 447.95**
Oct.	32.00	**$ 450.26**
Nov.	35.00	**$ 453.02**
SBM Futures		
SMN	377.30	
SMQ	377.60	
SMU	377.30	
SMV	376.40	
SMZ	375.90	
SMF	373.00	

CME July 2018 Soybean (SN18) Futures Chart:



CME May 2018 Soybean Meal (SMK8) Futures Chart



U.S. EXPORT STATISTICS: Report Activity as of Week Ending 10 May 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	1093.0	52,617.3	56,520	93%	2,230.2
Sorghum	118.5	5,359.3	6,220	86%	38.0
Soybeans	299.2	55,406.5	56,200	99%	5,549.4
Wheat	132.8	23,601.5	24,770	95%	2,057.8
Barley	0.1	33.1	130	25%	46.5

U.S. EXPORT INSPECTIONS:

Monday's report 21 May 2018 for the Export week ending 17 May 2018

	Export Inspections		Current Market Year YTD	Previous Year to Date	2017 YTD as Percent of 2016 YTD
	This Week	Previous Week			
Corn	1,527,994	1,578,124	36,297,884	41,951,140	87%
Sorghum	9,360	7,668	4,591,862	4,545,296	101%
Soybeans	893,680	698,645	45,645,368	50,485,557	90%
Wheat	341,299	466,960	23,057,332	26,440,822	87%
Barley	0	0	21,340	38,774	55%

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

U.S. EXPORT INSPECTIONS:

Monday's report 21 May 2018 for the Export week ending 17 May 2018

Last Week								
(Metric Tons)	YC	%	WC	%	Sorghum	%	Soybeans	%
Lakes	0	0%	0	0%	0	0%	49,066	5%
Atlantic	15,300	1%	0	0%	0	0%	22,560	3%
Gulf	643,079	44%	52,267	91%	9,000	96%	469,112	52%
PNW	565,396	38%	171	0%	0	0%	201,066	22%
Interior Export Rail	246,791	17%	4,990	9%	360	4%	151,876	17%
Metric Tons	1,470,566		57,428		9,360		893,680	

Sorghum Shipments:

metric tons	
9,000	Rep S Africa
360	Mexico
9,360	Total

White Corn Shipments:

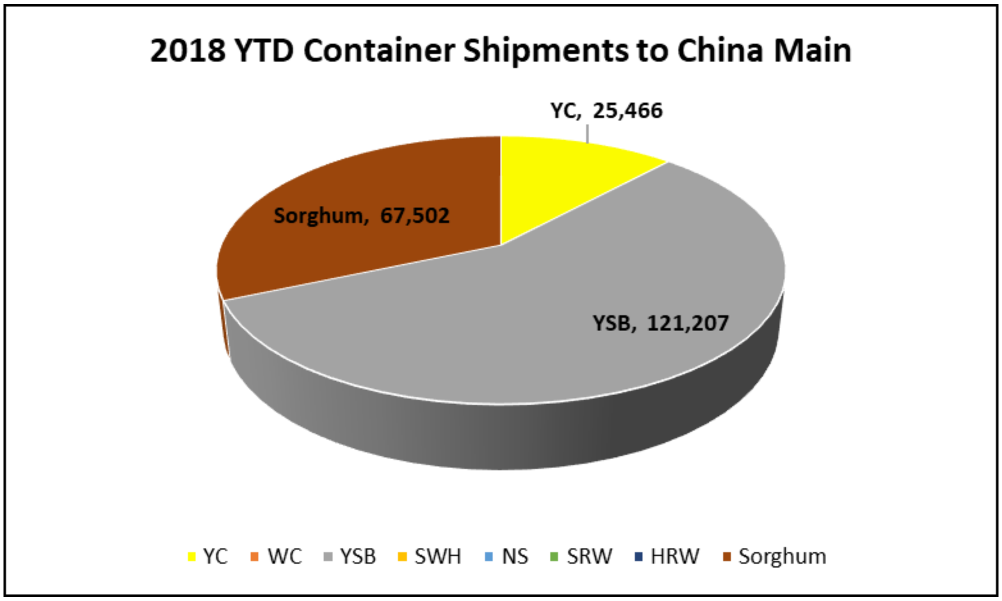
metric tons	
34,890	Mexico
171	Korea Rep
22,367	Colombia
57,428	Total

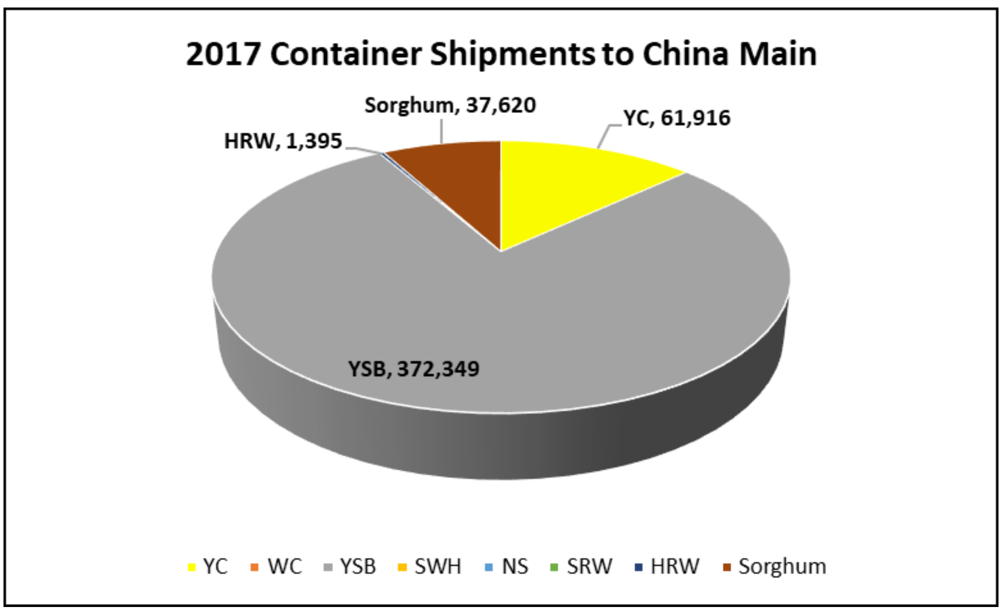
Export Inspection Highlights

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:			17-May-2018						
Last Week	metric tons								MT
	YC	WC	YSB	SRW	NS	SWH	HRW	Sorghum	TOTAL
China Main	171								171
China T	30,410		26,326						56,736
Hong Kong	783								783
Costa Rica	122								122
Indonesia			23,924						23,924
Mali									0
Japan			1,493						1,493
Korea Republic	1,102								1,102
Dominican Rep	49								49
Malaysia	1,151		5,313						6,464
Ireland									0
Philippines	269		1,321						1,590
Thailand			11,142						11,142
El Salvador									0
Bangladesh			1,053						1,053
Vietnam			4,823						4,823
Sub total	34,057	0	75,395	0	0	0	0	0	103,576
USDA Corrections/Additions to previous reports:									
China T	220								220
China Main									0
Hong Kong									0
Korea Rep.									0
Costa Rica									0
Japan									0
Philippines									0
Indonesia									0
Malaysia									0
Thailand									0
Vietnam									0
Canada									0
Burma									0
Sub total	220	0	0	0	0	0	0	0	220
Mt. Grand Total	**34,277**	**0**	**75,395**	**0**	**0**	**0**	**0**	**0**	103,796
Number of containers	1,490	0	3,278	0	0	0	0	0	

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



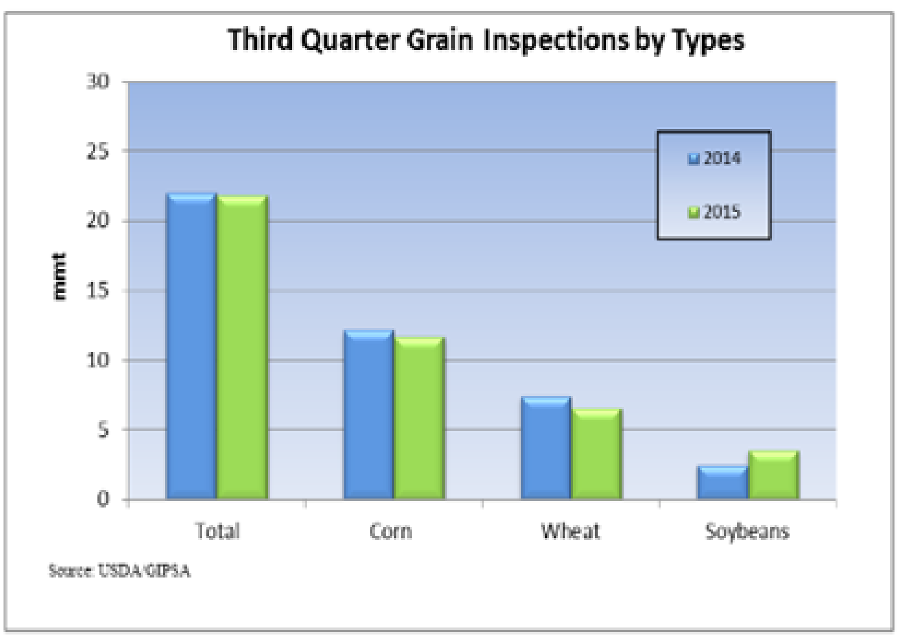


Grain Inspections for Export by U.S. Port Regions:
U.S. Gulf and Pacific Northwest 2017 YTD vs. 2018 YTD

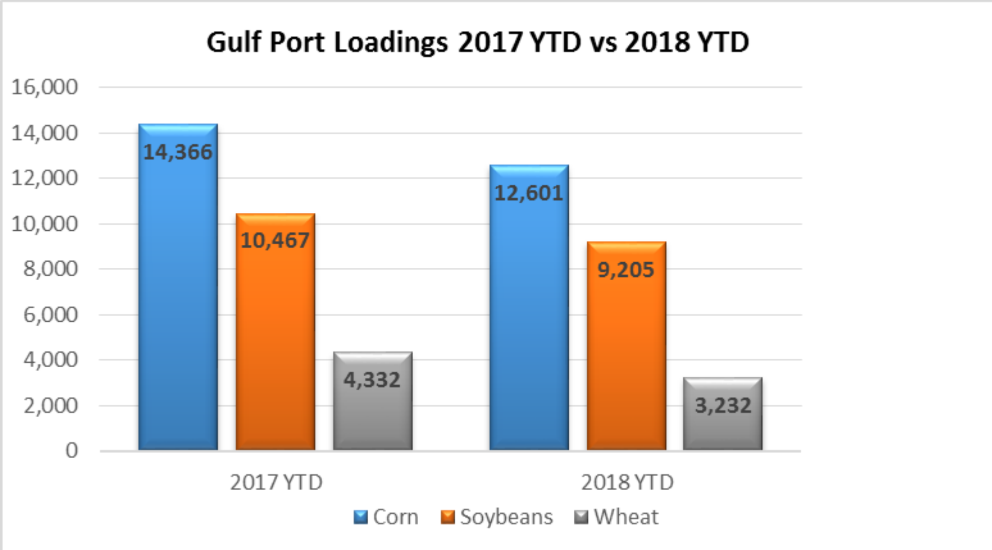
PORT LOADINGS US Gulf				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
GULF				
2017 YTD	14,366	10,467	4,332	29,165
2018 YTD	12,601	9,205	3,232	25,038
2018 as % of 2017	88%	88%	75%	86%

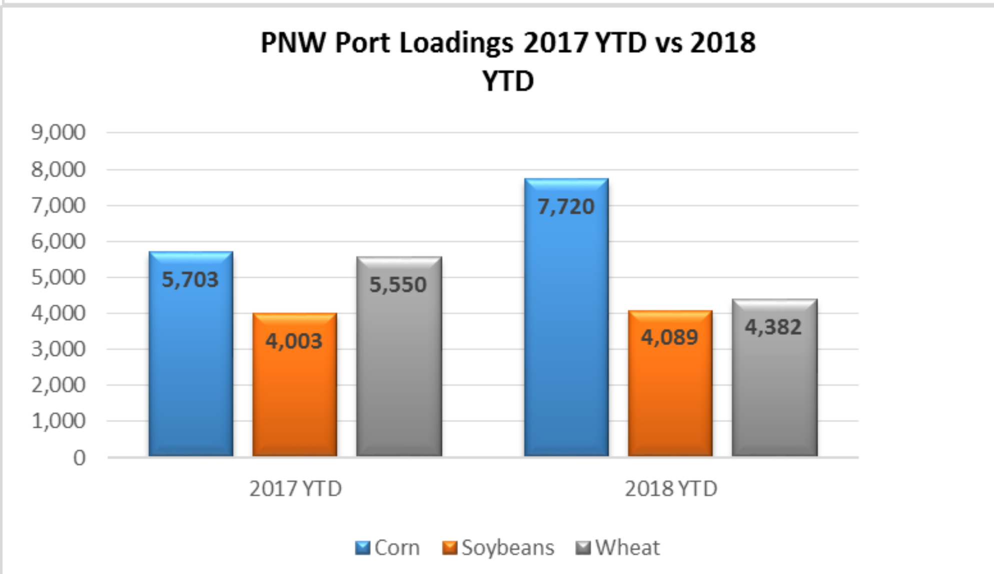
PORT LOADINGS US PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
PNW				
2017 YTD	5,703	4,003	5,550	15,256
2018 YTD	7,720	4,089	4,382	16,191
2018 as % of 2017	135%	102%	79%	106%

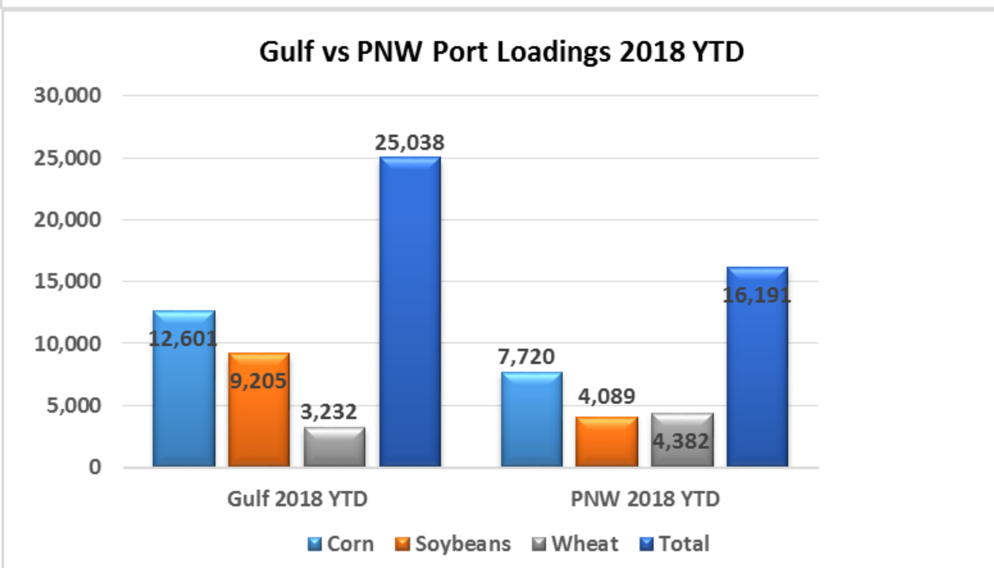
PORT LOADINGS GULF vs. PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
2018 Gulf YTD	12,601	9,205	3,232	25,038
2018 PNW YTD	7,720	4,089	4,382	16,191
TOTAL	20,321	13,294	7,614	41,229
Gulf Percentage	62%	69%	42%	61%
PNW Percentage	38%	31%	58%	39%



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

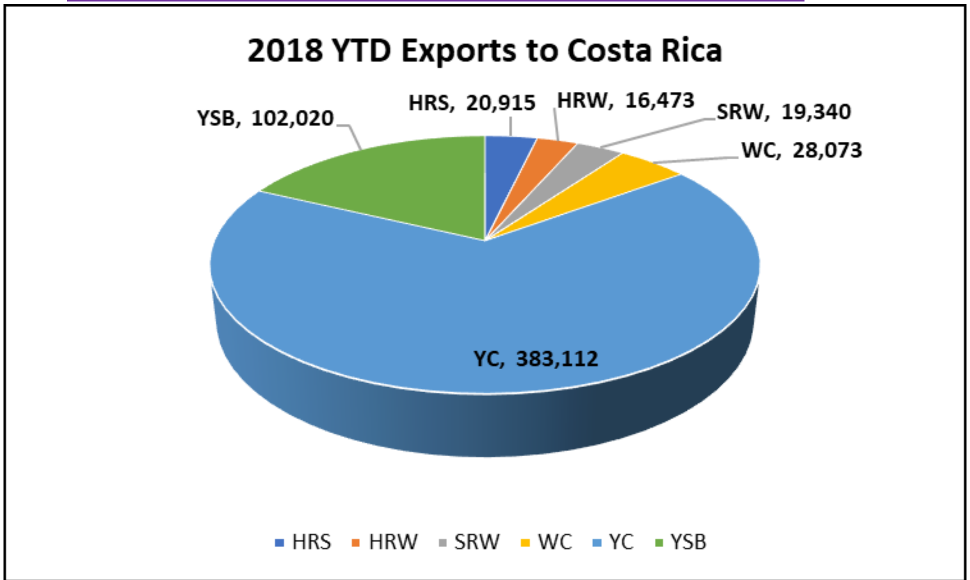


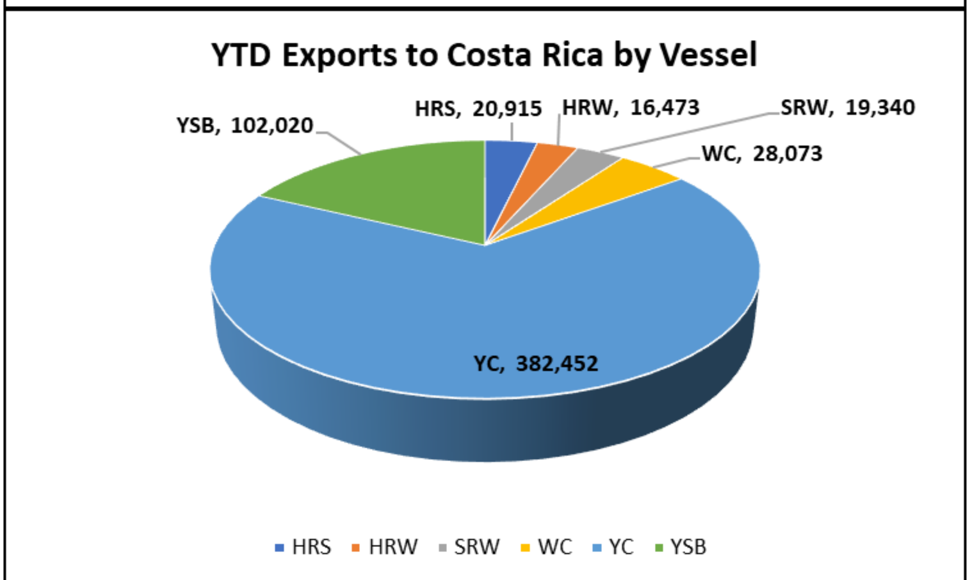


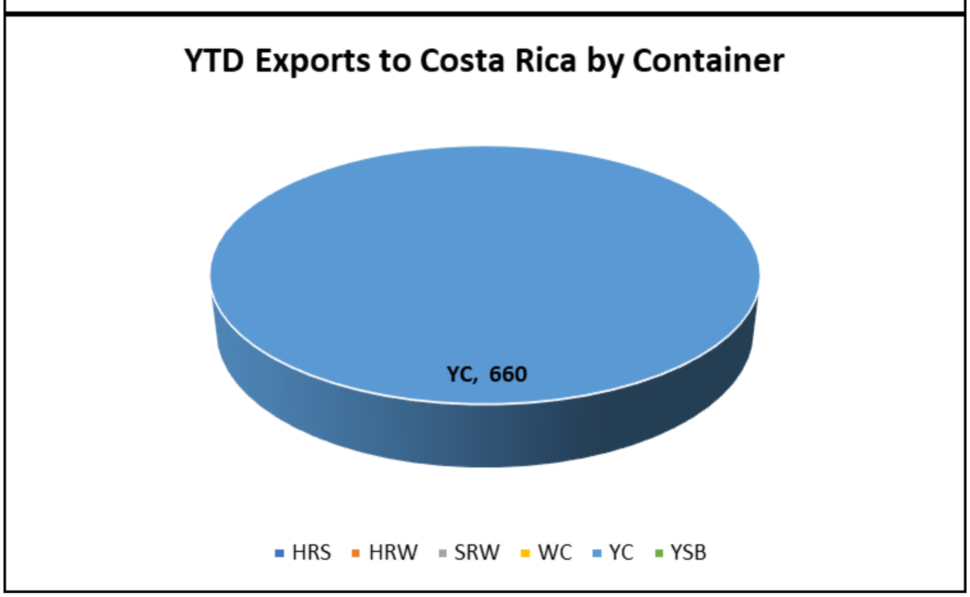


Source: USDA-data

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





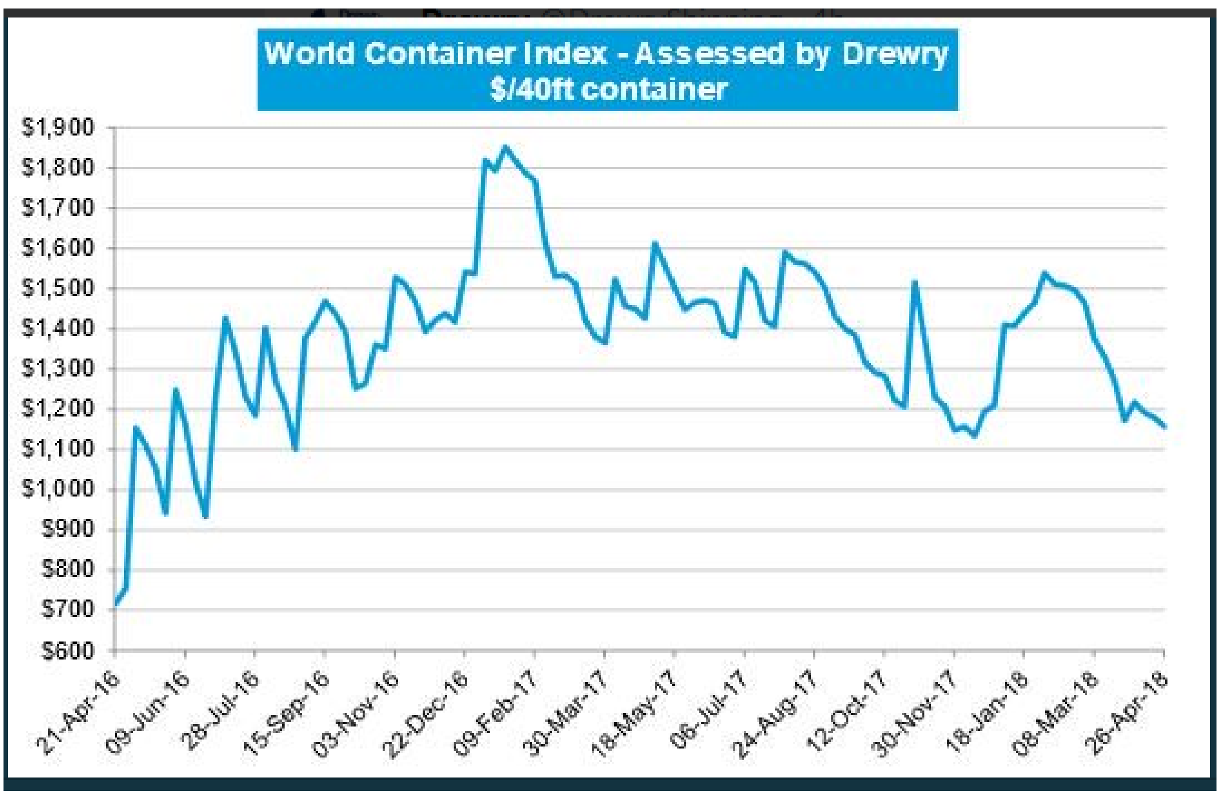


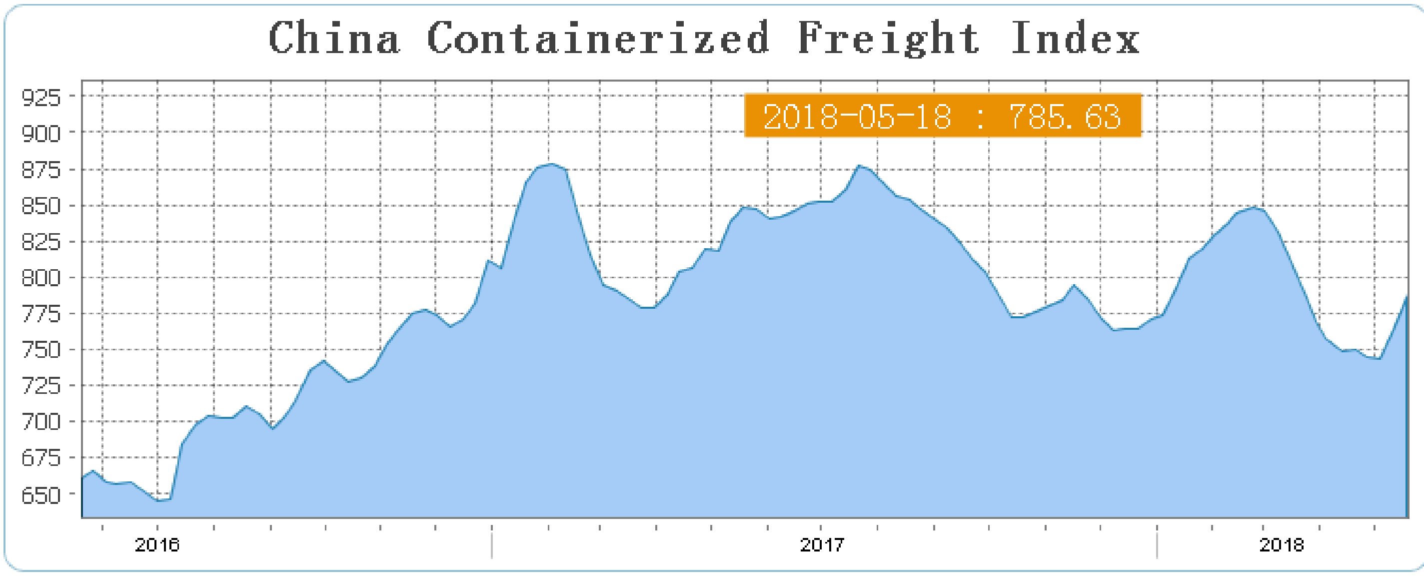
**Please keep in mind that USDA does not report DDGS sales, or they would show as the largest exports by container

Source: USDA

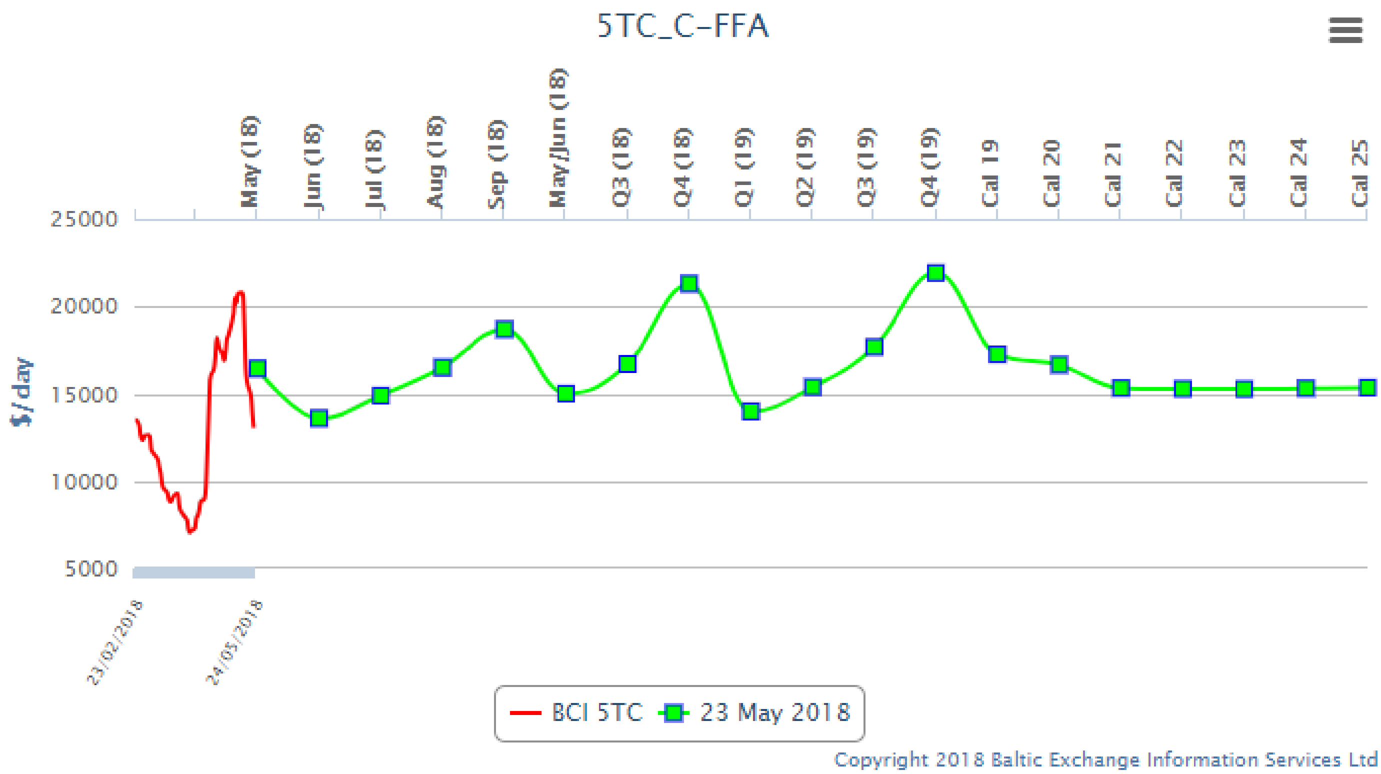
Shipping News

	% of US Container Exports by Port in 2017				
Ports	Wheat	Corn	Sorghum	Soybeans	DDGS
LA Long Beach	9.6%	49.8%	12.7%	53.4%	62.7%
Portland	63.8%	3.5%	0.0%	0.0%	0.0%
Savannah	0.0%	0.8%	0.0%	0.2%	9.5%
Norfolk	3.4%	3.5%	0.5%	22.7%	16.2%
Houston-Galveston	2.1%	0.1%	86.3%	0.0%	0.0%
New Orleans	0.0%	18.0%	0.0%	5.4%	0.8%
Seattle	16.7%	18.0%	0.0%	6.0%	7.4%
Total %	95.5%	93.7%	99.5%	87.7%	96.6%

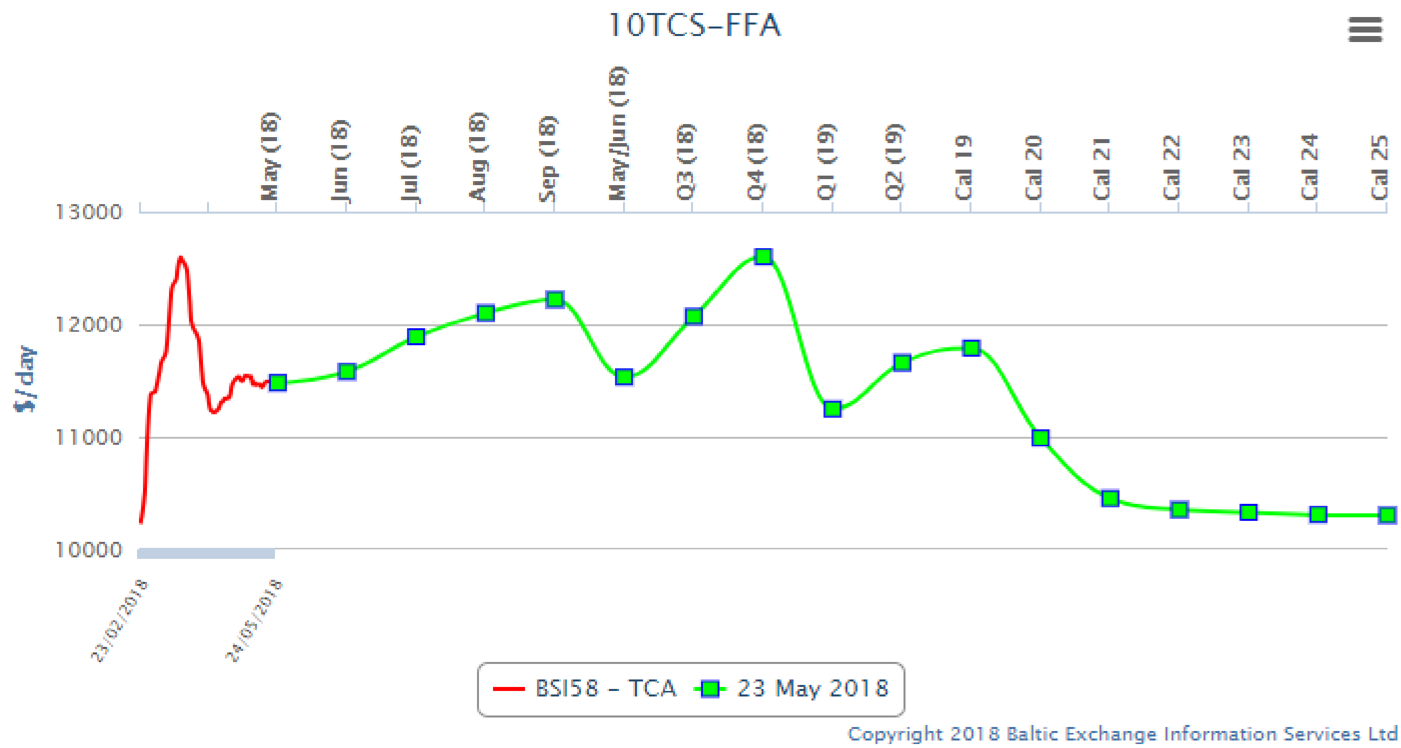




FFA Capesize for the 4 time charter routes



FFA SUPRAMAX 58 for the 5 time charter routes



U.S. RIVER BARGE FREIGHT

Current Barge Freight for Placement Last half June 2018

Placement LH June 2018	% of Tariff	MT	Corn BU	Soybeans-Wheat BU
Upper Mississippi	470	$32.07	0.81	0.87
Illinois River (Pekin and South)	320	$16.97	0.43	0.46
Mid-Mississippi	445	$26.10	0.66	0.71
Lower Ohio	320	$15.73	0.40	0.43
St. Louis	320	$14.07	0.36	0.38

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

Secondary Rail Car Market Placement LH June 2018	BID USD	ASK USD	BID BU.	ASK BU.	BID MT	ASK MT
BNSF Shutle Trains	$ 700.00	$ 1,100.00	$ 0.18	$ 0.28	$ 6.89	$ 10.83
UPRR Shuttle Trains	$ (200.00)	$ -	$ (0.05)	$ -	$ (1.97)	$ -

www.grains.ksu.edu/igp

Best Regards,

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