

**Transportation and Export Report for 14 June 2018****Ocean Freight Insights and Comments:**

It has been a bumpy ride; or, in seaman's terms, moderately rough seas in Dry-Bulk freight markets over the past six months. Physical rates have moved up and down in a two dollar per tonne range but always circled back to about where the year started off. Overall 2018 Dry-bulk rates have been fairly steady while trading in a narrow range; but have not improved much over Q4 of 2017.

Market sentiment remains bullish (or at least hopeful) but it has been difficult to carve out any meaningful improvements in vessel rates or profitability. And the increase in bunker fuel costs has cut into operating profitability. This week the paper traders took pushed markets up again so we are now into a two week uptick in values. The Capesize vessel market has not followed the Panamax market higher so we will have to see if this week's rally can be sustained. The S&D picture remains unchanged and international trade/tariff disputes are not helping the demand outlook

BALTIC DRY-BULK PANAMAX INDEX CHANGES

Panamax Ocean Freight Indices				
14-Jun-18	This Week	Last Week	Difference	Percent Change
P2A : Gulf/Atlantic - Japan	19150	17528	1,622	9.3%
P3A - PNW/Pacific - Japan	11755	10902	853	7.8%
S1C -USGULF-China-So.Japan	21269	19750	1,519	7.7%

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

Four weeks ago:	\$ 8.30-\$8.60
Three weeks ago:	\$ 7.75-\$8.20
Two weeks ago:	\$ 6.55-\$6.85
One week ago:	\$ 7.50-\$8.15
This week	\$ 7.55-\$8.10

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

Mississippi River:	(10 elevators)	0-6 days
Miss. River Mid-Stream loaders:	(6+ Rigs)	0-2 days
Texas Gulf	(6 elevators)	0-2days
Pacific Northwest:	(9 elevators)	2-21 days (only 2 facilities over 7 days)

Panamax Market Spreads to Asia -China					
14-Jun-18	PNW	GULF	Bushel Spread	MT Spread	Advantage
CORN	1.10	0.70	0.40	\$15.75	PNW
SOYBEANS	1.00	0.65	0.35	\$12.86	PNW
OCEAN FREIGHT	\$24.25	\$43.00	.48 -.51	\$18.75	JULY

Recent Reported Vessel Fixtures:

Route and Vessel Size	Current Week USD/MT	Change from previous week	Remarks
55,000 U.S. Gulf-Japan	\$44.00	Up \$1.00	Handymax \$44.50 mt
55,000 U.S. PNW- Japan	\$25.00	Up \$0.50	Handymax \$24.75 mt
66,000 U.S. Gulf – China PNW to China	\$43.00 \$24.25	Up \$1.00 Up \$0.50	North or South China
25,000 U.S. Gulf- Veracruz, México	\$16.50	Up \$0.50	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$14.50	Up \$0.50	Deep draft and 6,000 MT per day discharge rate.
25/35,000 U.S. Gulf- <u>East Coast Colombia</u> From Argentina	\$20.00 \$34.00	Up \$0.50	<u>West Coast Colombia at \$28.75</u>
40-45,000 U.S. Gulf - Guatemala	\$29.00	Up \$0.75	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf – Algeria	\$32.25 \$34.00	Up \$1.25	8,000 mt daily discharge 3,000 mt daily discharge
26-30,000 US Gulf-Morocco	\$34.50	Up \$1.25	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt PNW to Egypt	\$29.00 \$28.00	Up \$1.00	55,000 -60,000 mt Russia Black Sea to Egypt \$15.00
60-70,000 U.S. Gulf – Europe – Rotterdam	\$21.00	Unchanged	Handymax at +\$1.75 more
Brazil, Santos – China Brazil, Santos – China Itacoatiara-Port Up River North Brazil	\$35.50 \$34.75 \$38.25	Up \$1.75	54-59,000 Supramax-Panamax 60-66,000 Post Panamax 60-66,000 mt
56-60,000 Argentina/Rosario- China Deep Draft	\$40.00	Up \$1.75	Up River with BB Top Off \$41.00

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

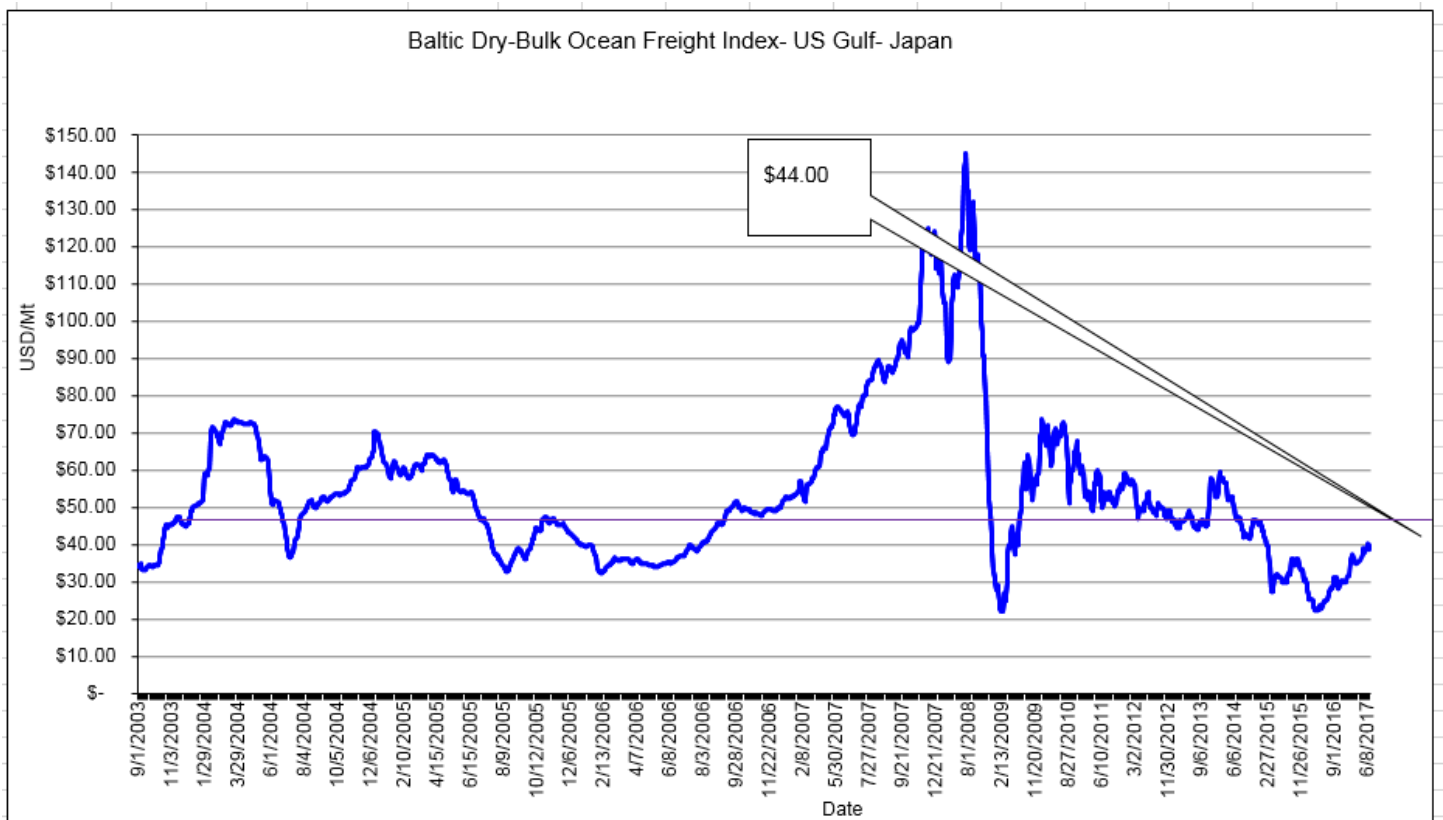
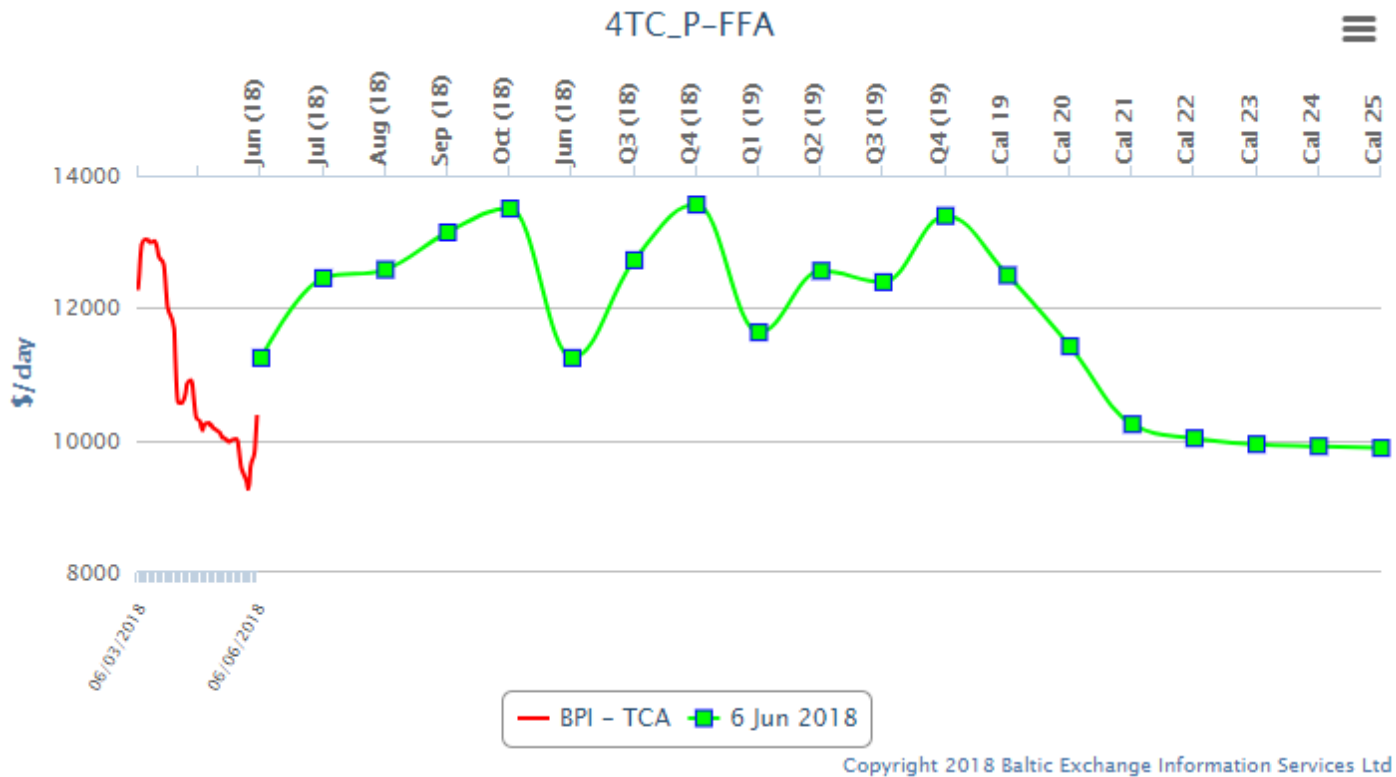
Nautical Miles: To Xiamen China (South China)

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

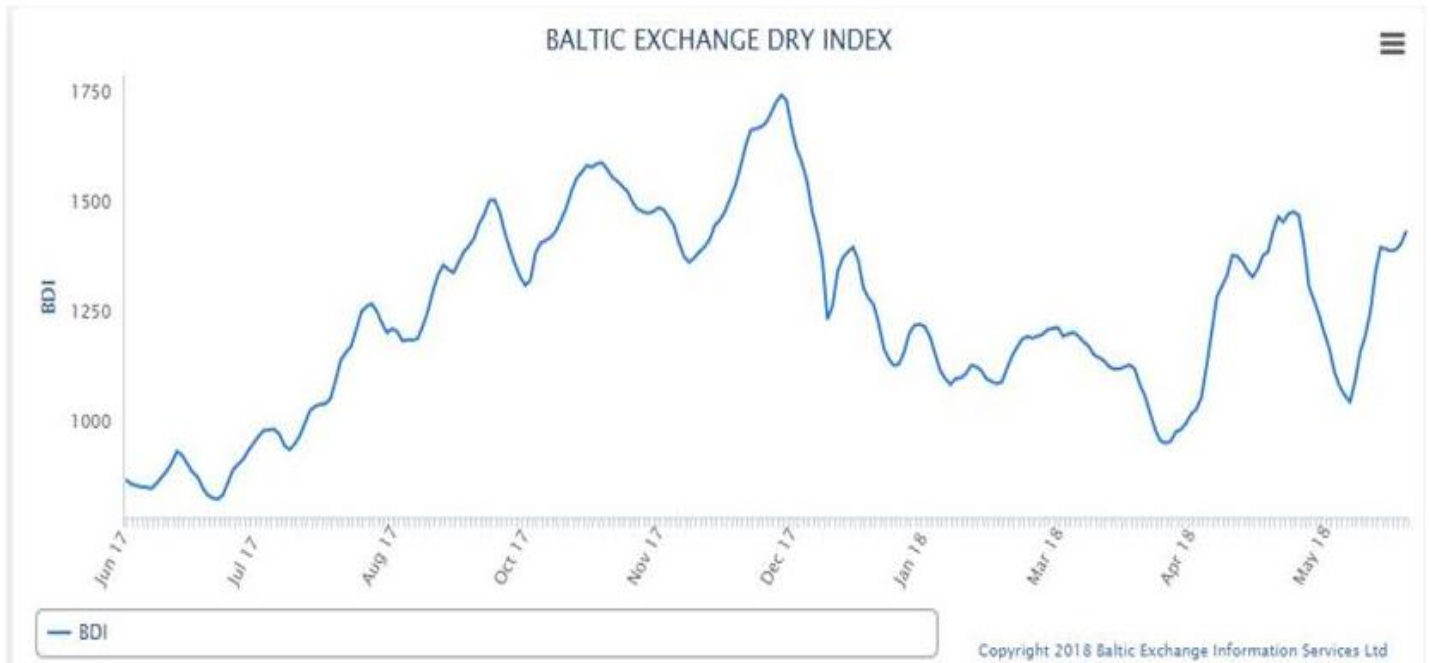
Santos Brazil (via Cape of Good Hope) - 10,441 nautical miles (33 days)

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

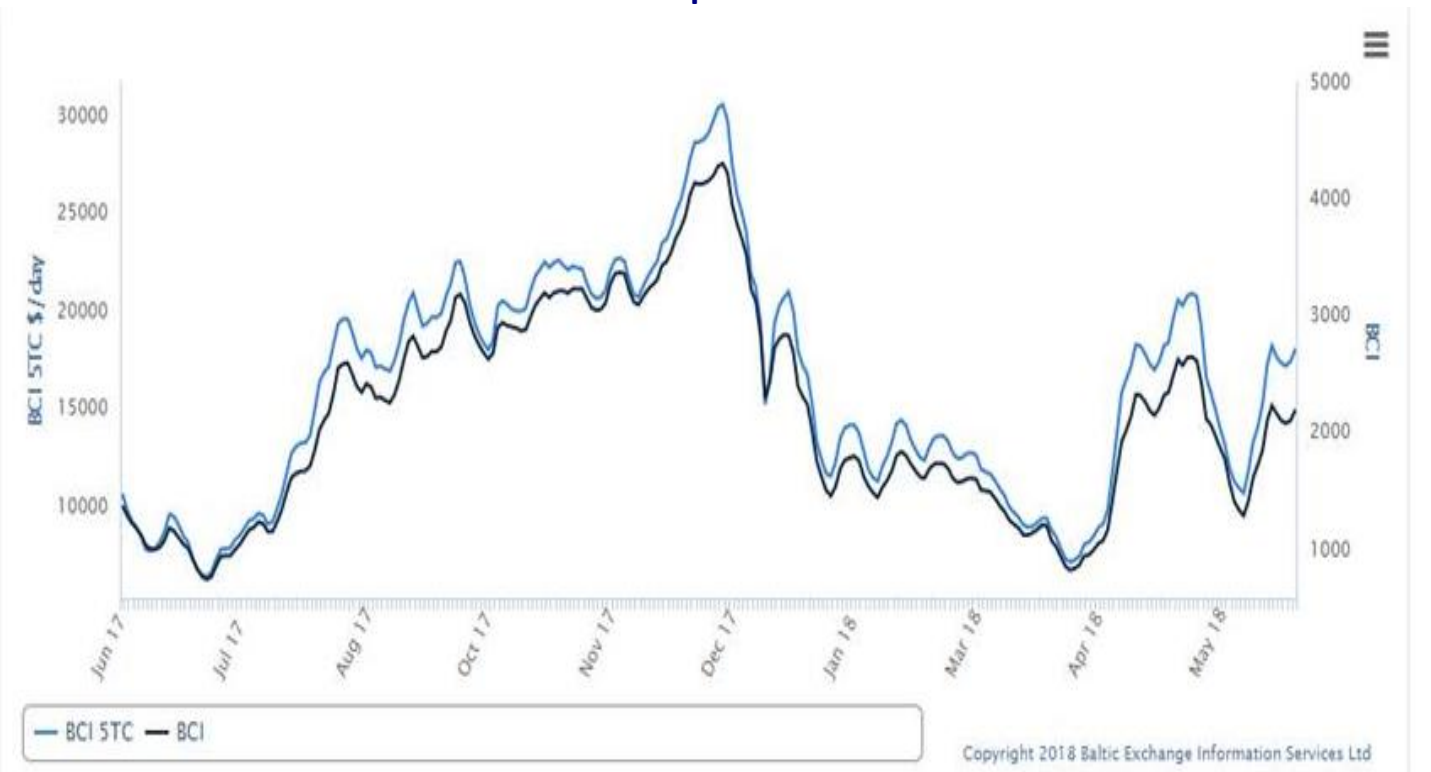
Forward Curve for Baltic BPI Panamax Vessel Freight



Baltic Dry-Bulk Index



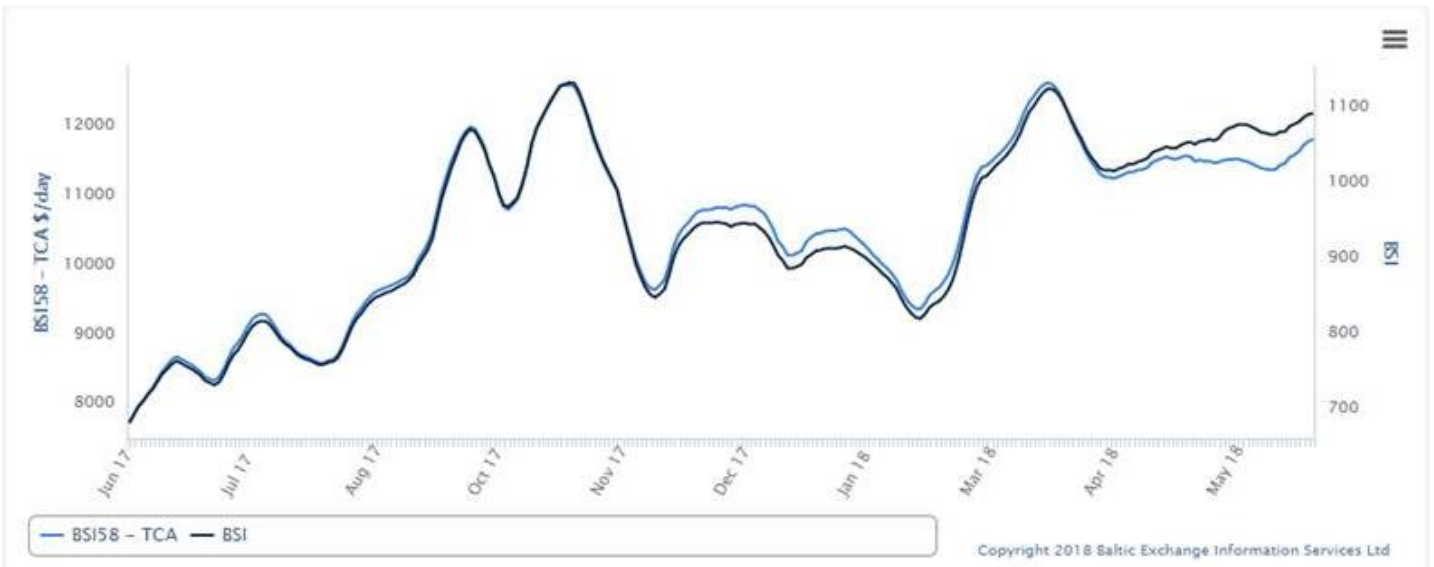
Baltic Capesize Index



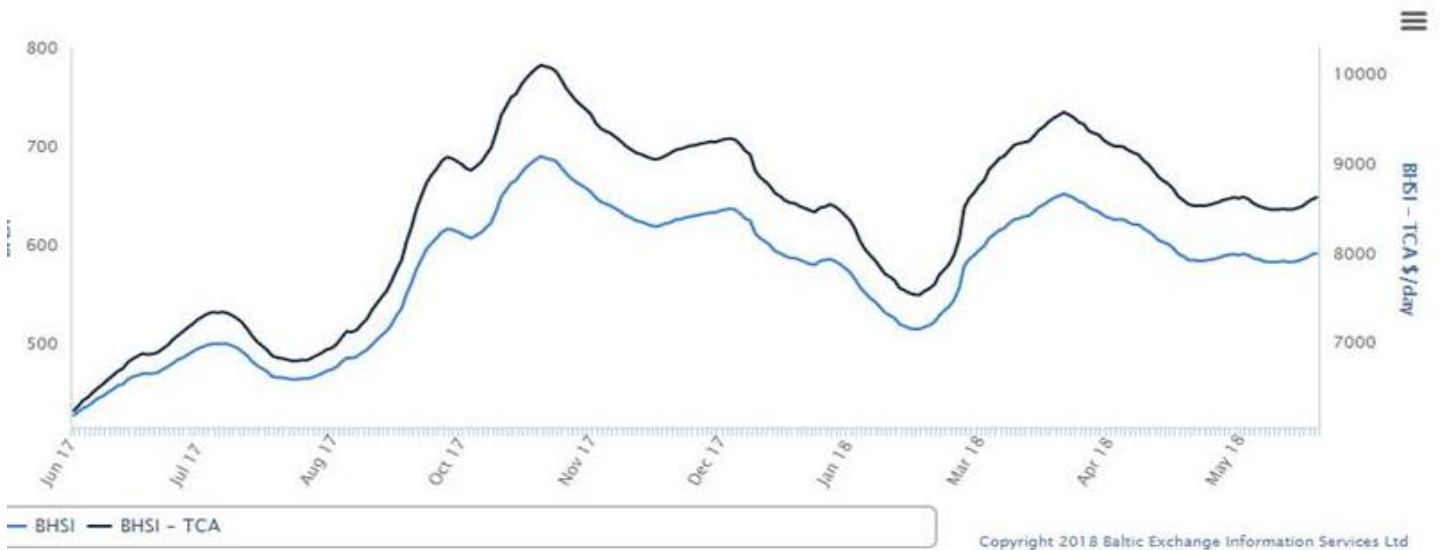
Baltic Panamax Index



Baltic Supramax Vessel Index



Baltic Handy Size



Yamamizu Shipping

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USG/Japan Index Result

Date From: 2017-04-03

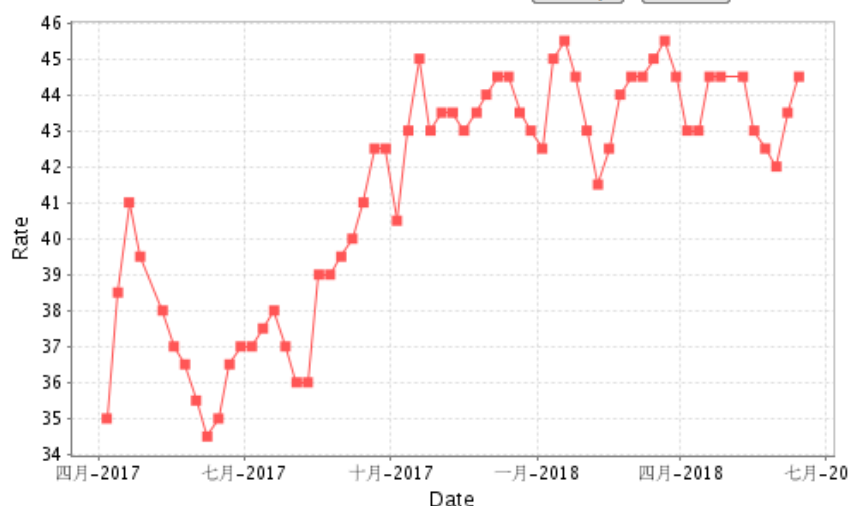
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Date To: 2018-06-14

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China Import Dry Bulk Freight Index(CDFI) 2018-06-14

Route	Size MT	Cargo/Vessel Size	Unit	Rate	Change
Composite Index			Point	926.28	14.46
Iron ore Freight Index			Point	914.21	24.93
Soybean Freight Index			Point	996.02	1.87
Santos(Brazil)—North China	60000/10%	Soybean	\$/ton	34.842	0.078
Tacoma(West America)—North China	60000/10%	Soybean	\$/ton	24.021	0.030
Mississippi(US Gulf)—North China	66000/10%	Soybean	\$/ton	42.748	0.067
Mississippi(US Gulf)—North China	55000/10%	Soybean	\$/ton	44.648	0.067

14 June 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
August	0.66	\$172.73	1.10	\$190.05
Sept.	0.74	\$175.88	1.05	\$188.08
Oct.	0.75	\$180.90	1.03	\$191.92
Nov.	0.80	\$182.86	1.05	\$192.71
Dec.	0.82	\$183.65	1.05	\$192.71
Jan.	0.75	\$184.64	1.00	\$194.48

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
Aug. (Z)	1.20	\$198.61	1.05	\$192.71
Sept.	1.20	\$198.61	1.05	\$192.71
Oct.	1.20	\$198.61	1.03	\$191.92
Nov.	1.20	\$198.61	1.03	\$191.92
Dec.	1.20	\$198.61	1.05	\$192.71

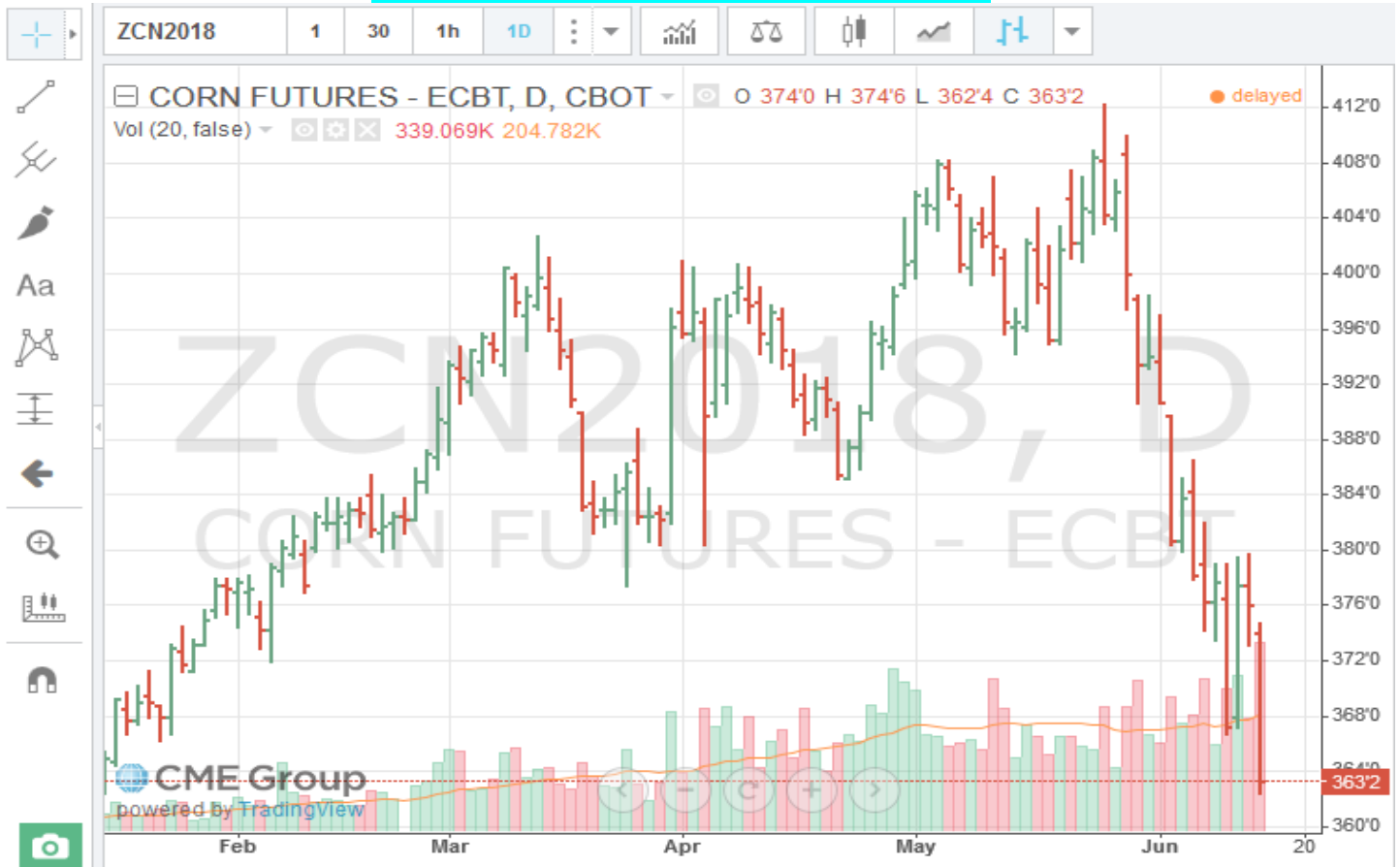
Fob vessel Texas Gulf #2 Sorghum is about 93% the value of #2 Yellow Corn at NOLA

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

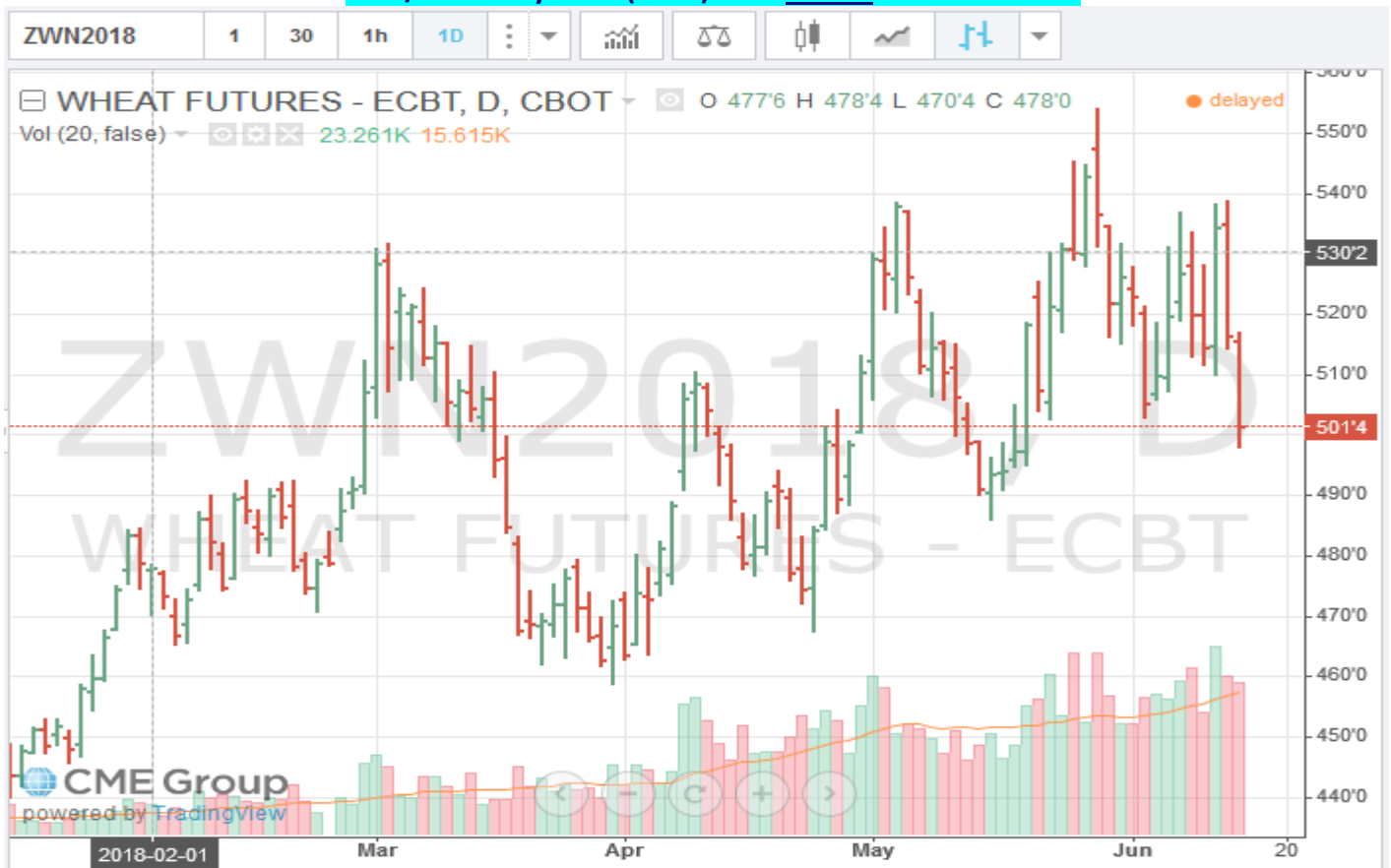
SRW Wheat	USD/MT	Fob Vessel	US Gulf	
	July	Aug.	Sept.	Oct.
FOB U.S. GULF	\$213.66	\$215.78	\$219.45	\$224.13
Basis	0.80	0.70	0.80	0.70
WN	5.0150			
WU	5.1725			
WZ	5.4000			

CME Futures Market Close						
CORN	Futures	Friday	Friday	Last week	Last Week	Difference
Month	Symbol	Close	Close	Bushel	MT.	Bushel
July	CN	\$3.6300	\$142.91	\$ 3.7625	\$148.12	(\$0.1325)
Sept.	CU	\$3.7275	\$146.74	\$ 3.8525	\$151.66	(\$0.1250)
Dec.	CZ	\$3.8450	\$151.37	\$ 3.9675	\$156.19	(\$0.1225)
Mar.	CH	\$3.9400	\$155.11	\$ 4.0600	\$159.83	(\$0.1200)
May.	CK	\$4.0050	\$157.67	\$ 4.1225	\$162.29	(\$0.1175)

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



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

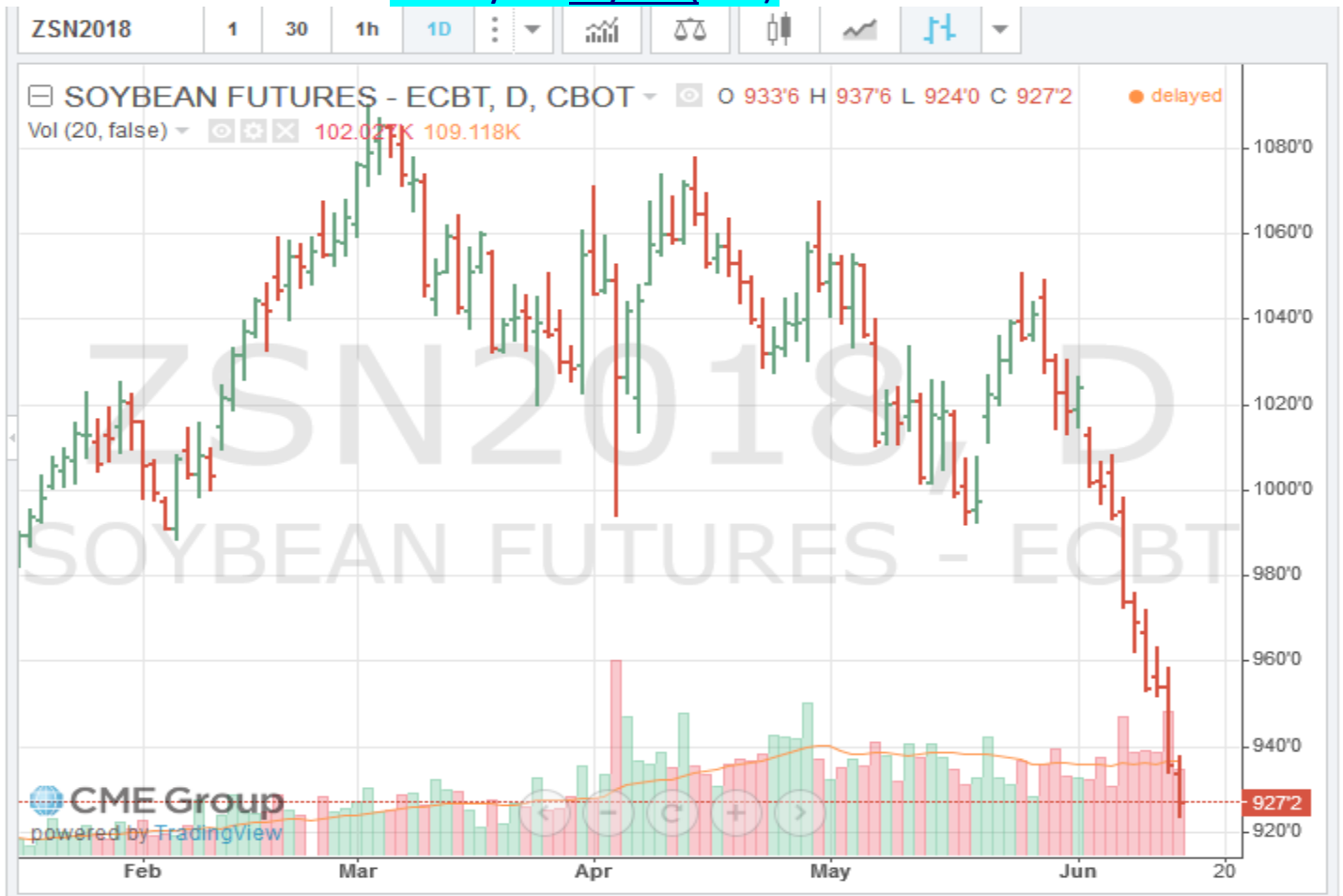


U.S. Soybean and SBM Markets Fob Vessel:

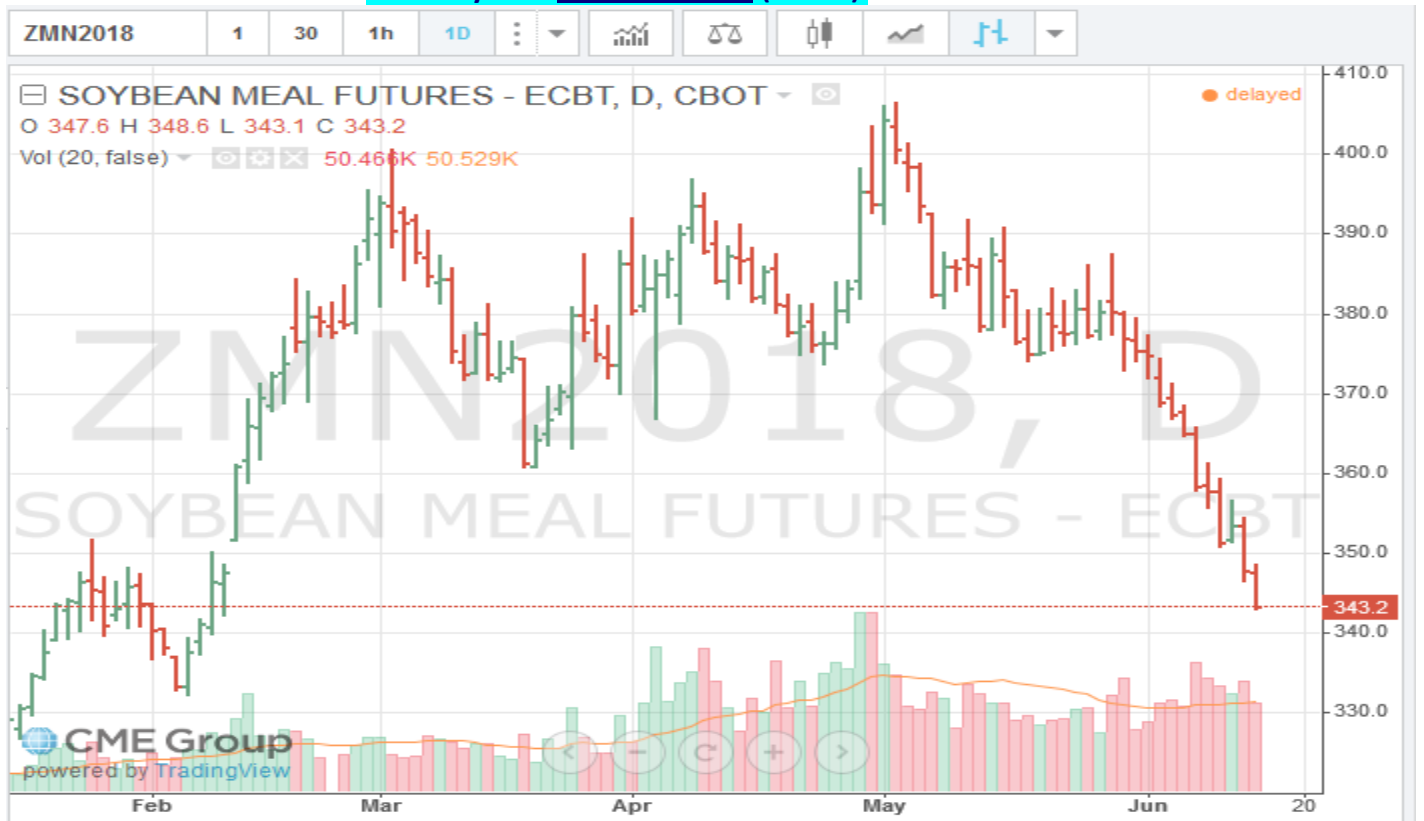
U.S. Yellow Soybeans (USD/MT) FOB Vessel				
# 2 YSB	U.S. Gulf #2 YSB		PNW #2 YSB	
14.0 % Moisture	Basis	Flat Price	Basis	Flat Price
Aug.	0.65	\$366.79	1.00	\$379.65
Sept.	0.65	\$369.18	1.00	\$382.04
Oct.	0.63	\$372.21	1.03	\$386.91
Nov.	0.78	\$377.72	1.10	\$389.48
Dec.	0.82	\$382.22	1.14	\$393.98
Soybean Futures				
July	\$ 9.2725			
Aug.	\$ 9.3325			
Sept.	\$ 9.3975			
Nov.	\$ 9.5000			
Jan.	\$ 9.5825			
Mar.	\$ 9.6075			

U.S. SBM (USD/MT) FOB Vessel		
Fob U.S. Gulf Port	47.5 Pro. SBM	
max 12.5 % moisture	Basis	Flat Price
Aug.	21.00	\$ 403.74
Sept.	23.00	\$ 407.81
Oct.	25.00	\$ 410.46
Nov.	25.00	\$ 412.11
Dec.	25.00	\$ 412.11
SBM Futures		
SMN	343.20	
SMQ	345.20	
SMU	346.90	
SMV	347.30	
SMZ	348.80	
SMF	347.30	

CME July 2018 Soybean (SN18) Futures Chart:



CME July 2018 Soybean Meal (SMN8) Futures Chart



U.S. EXPORT STATISTICS: Report Activity as of Week Ending 31 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	908.2	55,300.4	56,520	98%	3,071.1
Sorghum	11.9	5,105.2	6,220	82%	38.0
Soybeans	316.2	55,630.1	56,200	99%	6,362.6
Wheat	16.2	23,723.9	24,770	96%	4,224.3
Barley	0.0	32.5	130	25%	48.6

U.S. EXPORT INSPECTIONS:

Monday's report 11 June 2018 for the Export week ending 7 June 2018

	Export Inspections		Current Market Year YTD	Previous Year to Date	2017 YTD as Percent of 2016 YTD (Wheat 2018 vs 2017)
	This Week	Previous Week			
Corn	1,408,902	1,555,585	40,969,660	45,395,876	90%
Sorghum	4,777	576	4,624,626	4,813,300	96%
Soybeans	644,327	573,294	47,457,003	51,636,844	92%
Wheat	369,969	347,469	369,969	888,180	42%
Barley	0	0	0	288	0%

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

U.S. EXPORT INSPECTIONS:

Monday's report 11 June 2018 for the Export week ending 7 June 2018

Last Week							
(Metric Tons)	YC	%	WC	%	Sorghum	%	Soybeans %
Lakes	23,231	2%	0	0%	0	0%	29,666 5%
Atlantic	0	0%	0	0%	0	0%	5,901 1%
Gulf	719,439	52%	9,569	56%	0	0%	327,128 51%
PNW	457,518	33%	0	0%	4,217	88%	125,092 19%
Interior Export Rail	191,637	14%	7,508	44%	560	12%	156,540 24%
Metric Tons	1,391,825		17,077		4,777		644,327

Sorghum Shipments: metric tons

4,217	Japan
560	Mexico
4,777	Total

White Corn metric tons

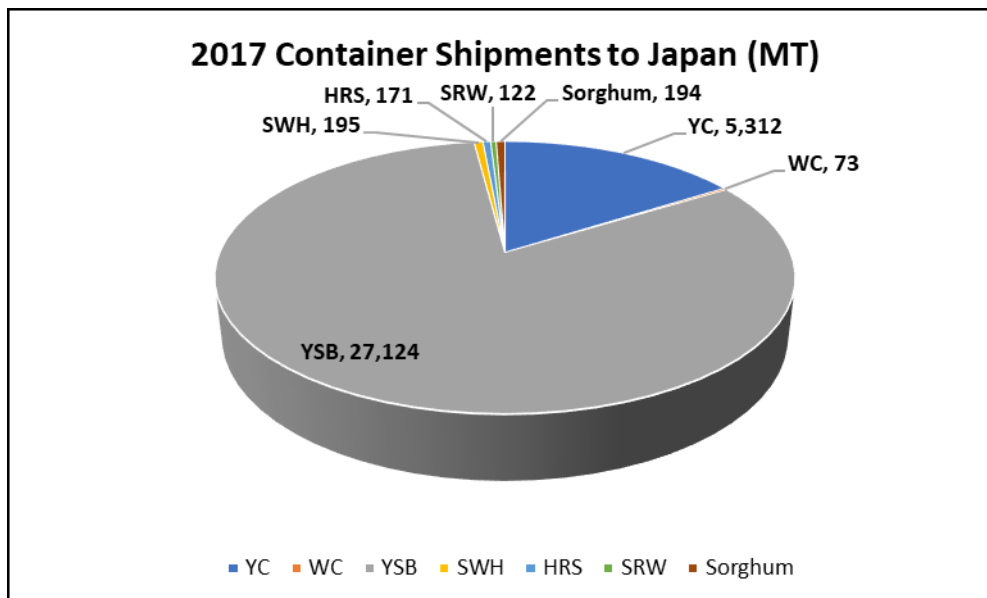
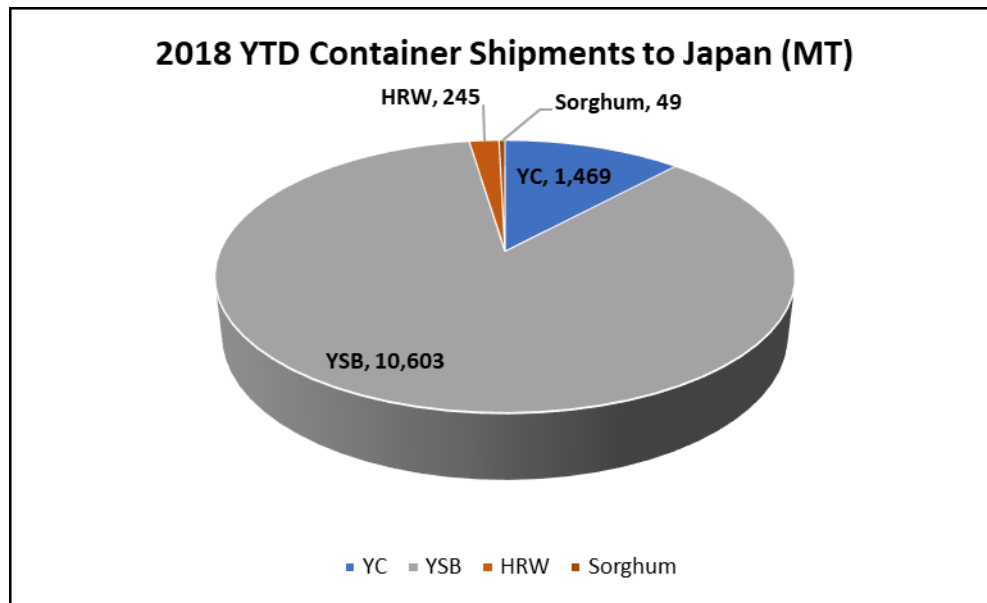
Shipments:	6,406	El Salvador
	3,163	Japan
	24	Philippines
	7,484	Mexico
	17,077	Total

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:		7-Jun-2018							
Last Week	metric tons								MT
	YC	WC	YSB	SRW	NS	SWH	HRW	Sorghum	TOTAL
China Main			759						759
China T	23,944		16,482						40,426
Hong Kong	1,002								1,002
Costa Rica									0
Indonesia			29,037						29,037
Panama									0
Japan	98		146						244
Korea Republic	1,322		2,401	465					4,188
Dominican Rep	73								73
Malaysia	441		5,143						5,584
Ireland									0
Philippines	220	24	1,296						1,540
Thailand			13,517						13,517
Cambodia			465						465
Bangladesh									0
Vietnam			5,043						5,043
Sub total	27,100	24	74,289	465	0	0	0	0	96,370
USDA Corrections/Additions to previous reports:									
China T	(17,885)								-17,885
China Main			171						171
Hong Kong									0
Korea Rep.									0
Costa Rica									0
Japan									0
Philippines									0
Indonesia			686						686
Malaysia									0
Thailand			(270)						-270
Vietnam			171						171
Canada									0
Burma									0
Sub total	-17,885	0	758	0	0	0	0	0	-17,127
Mt. Grand Total	9,215	24	75,047	465	0	0	0	0	79,243
Number of containers	401	1	3,263	20	0	0	0	0	

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

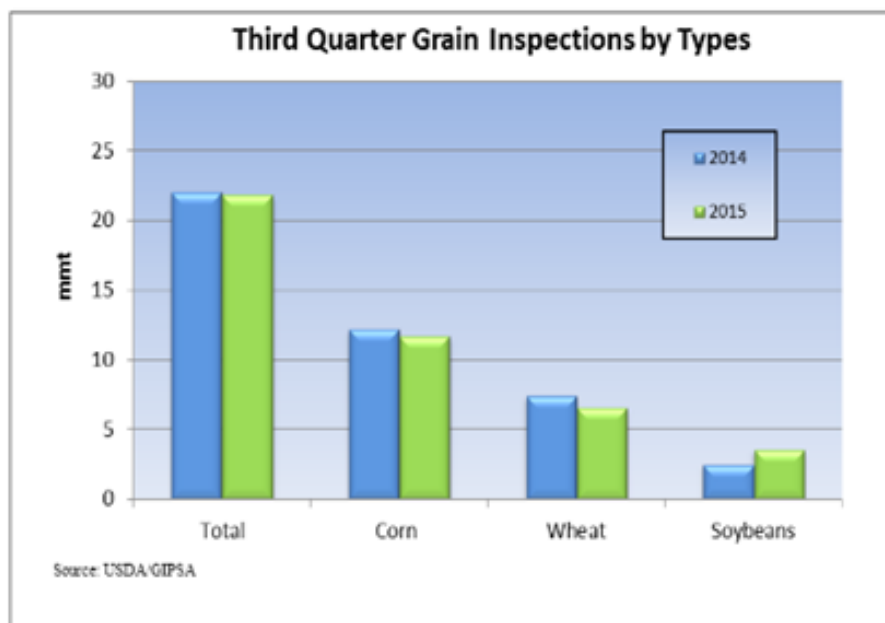


Grain Inspections for Export by U.S. Port Regions:
U.S. Gulf and Pacific Northwest 2017 YTD vs. 2018 YTD

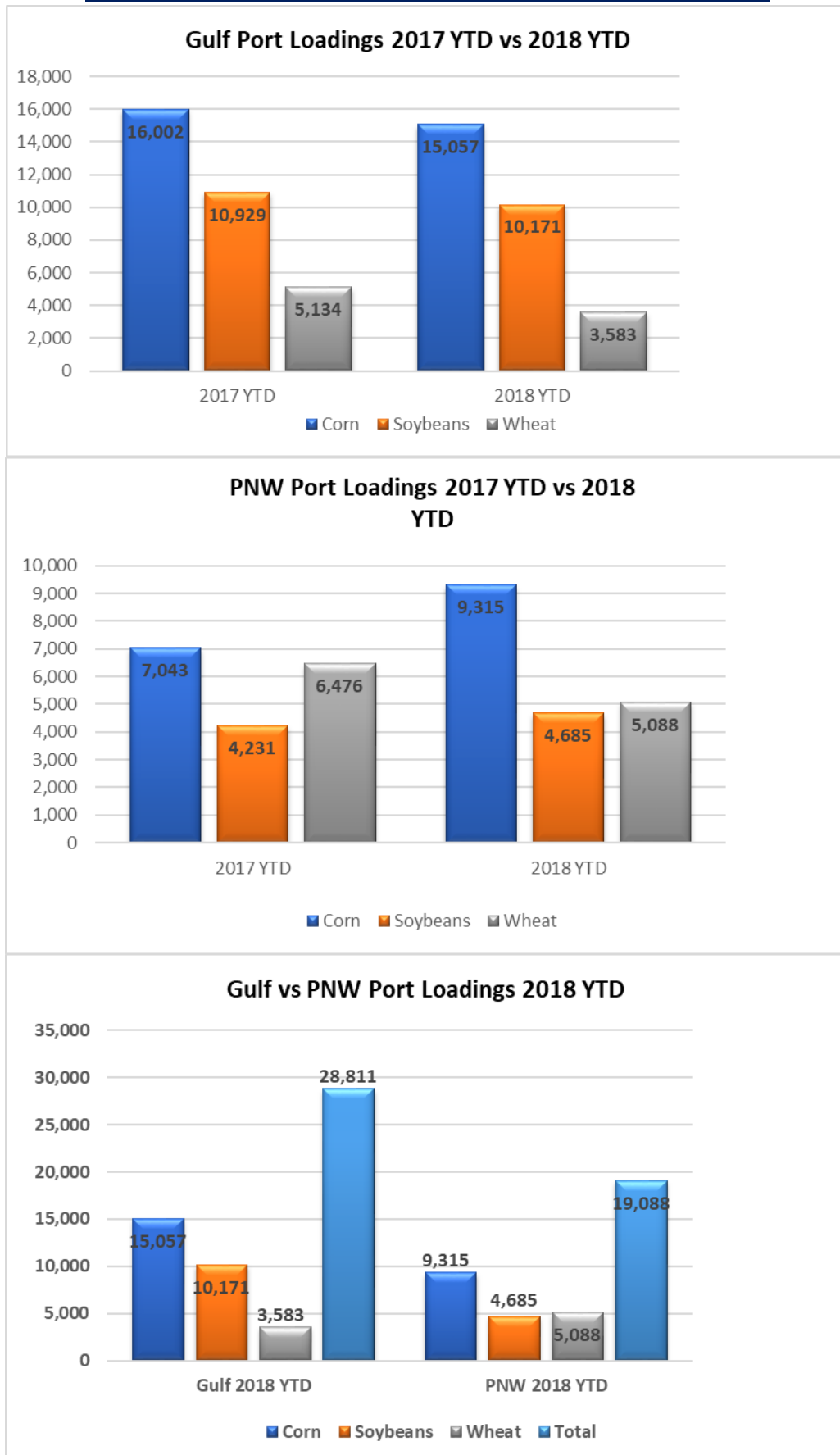
PORT LOADINGS US Gulf				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
GULF				
2017 YTD	16,002	10,929	5,134	32,065
2018 YTD	15,057	10,171	3,583	28,811
2018 as % of 2017	94%	93%	70%	90%

PORT LOADINGS US PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
PNW				
2017 YTD	7,043	4,231	6,476	17,750
2018 YTD	9,315	4,685	5,088	19,088
2018 as % of 2017	132%	111%	79%	108%

PORT LOADINGS GULF vs. PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
2018 Gulf YTD	15,057	10,171	3,583	28,811
2018 PNW YTD	9,315	4,685	5,088	19,088
TOTAL	24,372	14,856	8,671	47,899
Gulf Percentage	62%	68%	41%	60%
PNW Percentage	38%	32%	59%	40%



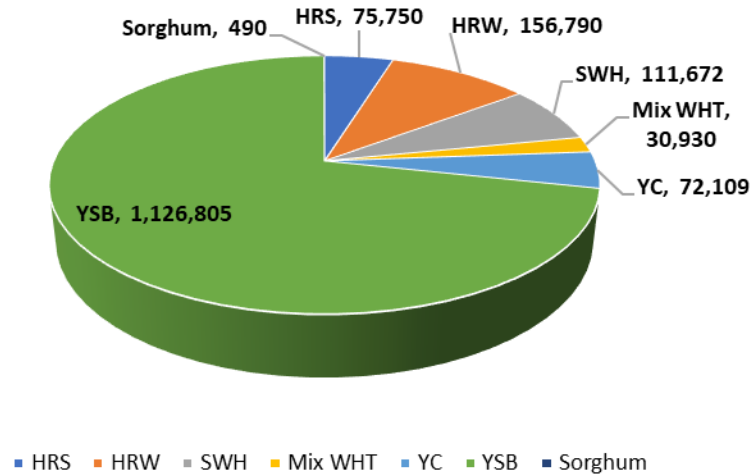
Grain Inspections for Export by U.S. Port Regions (1,000MT):
U.S. Gulf and Pacific Northwest 2017 YTD vs. 2018 YTD



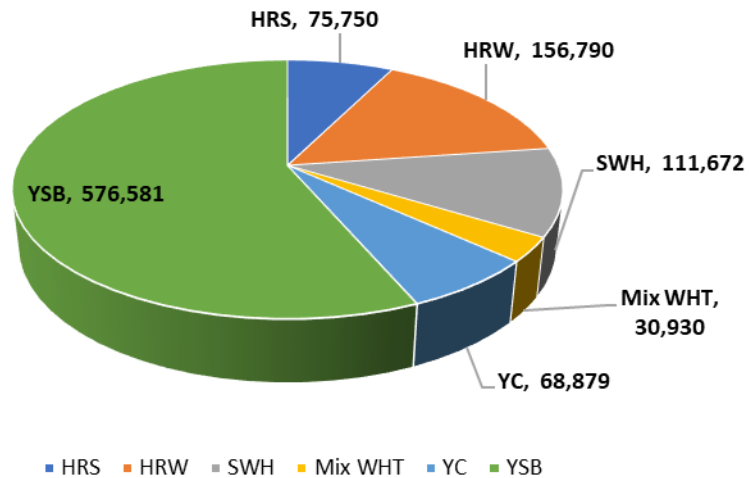
Source: USDA-data

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

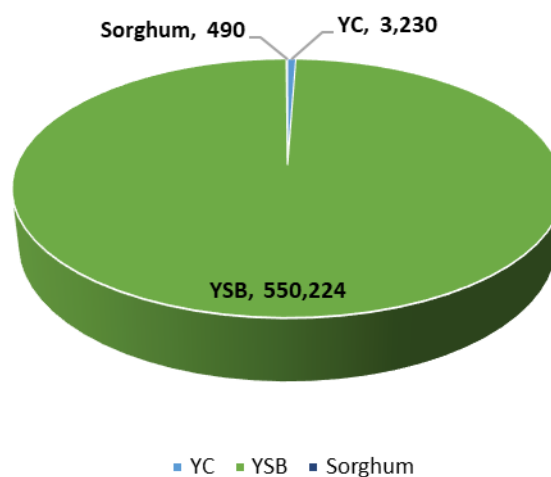
2018 YTD Exports to Indonesia



YTD Exports to Indonesia by Vessel



YTD Exports to Indonesia by Container

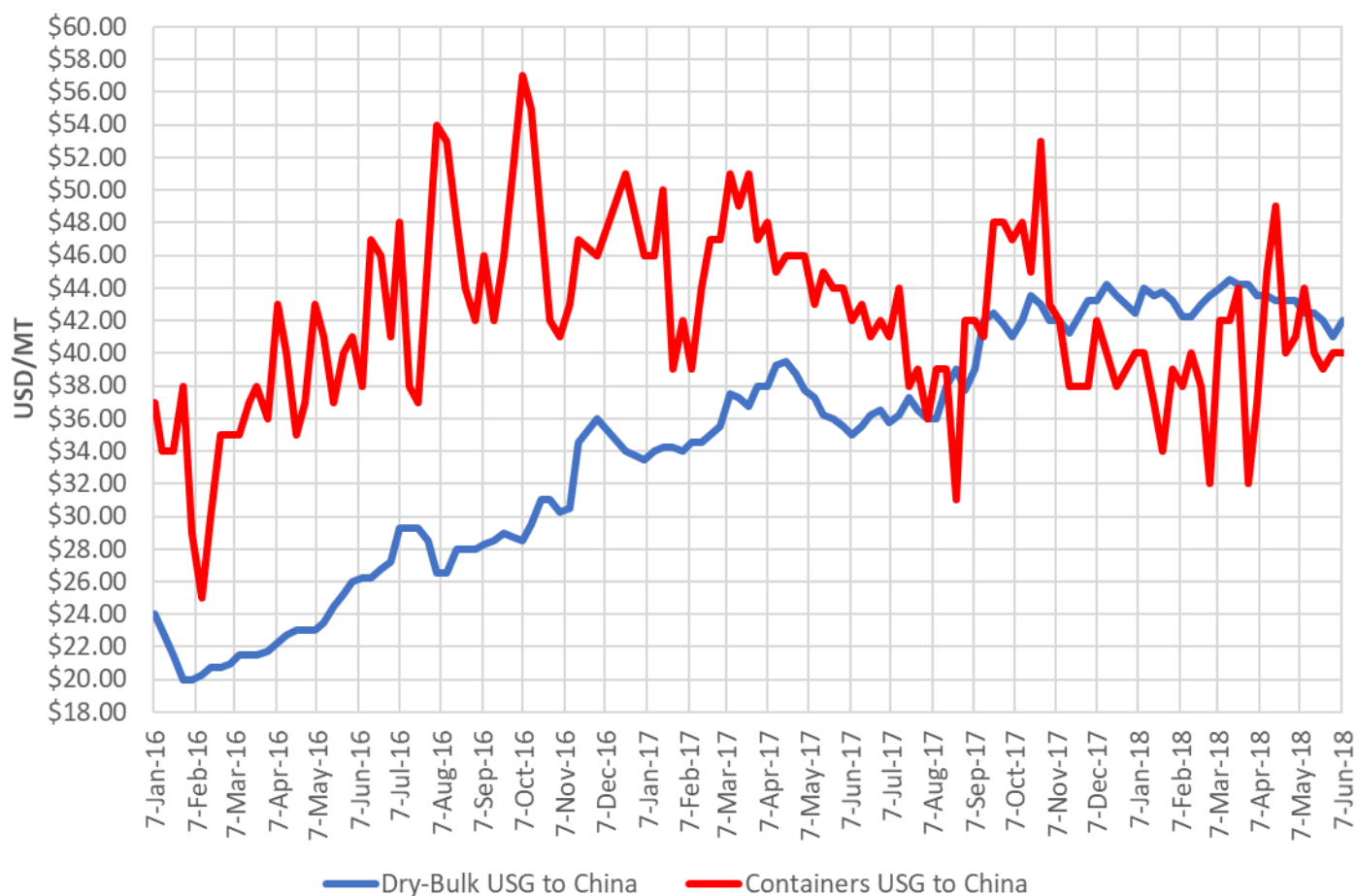


**Please keep in mind that USDA does not report DDGS sales, or they would show as the largest exports by container

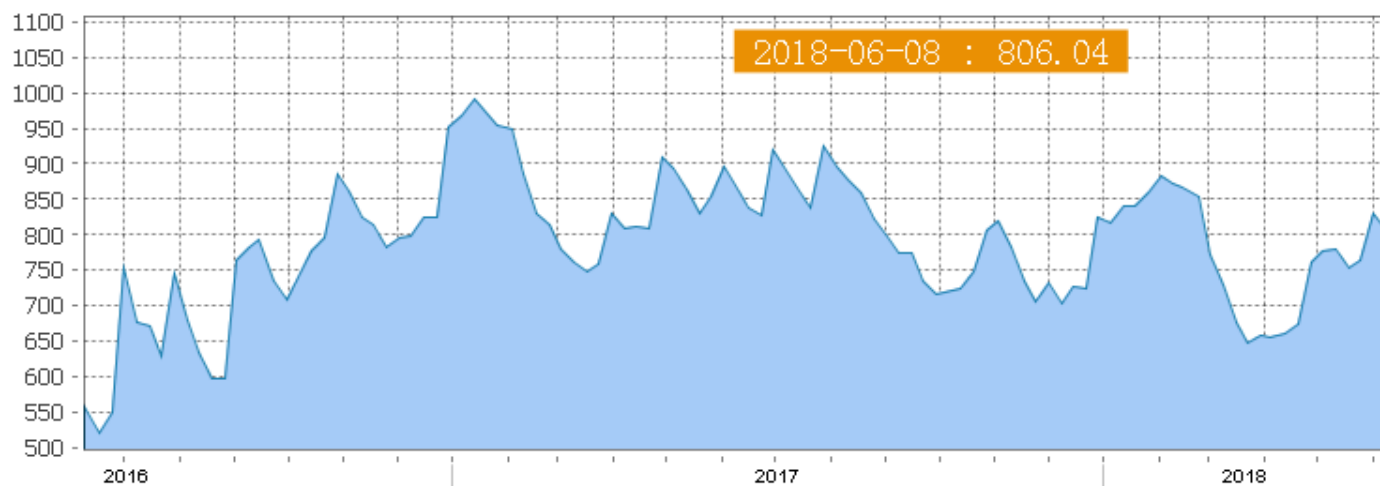
Source: USDA

Shipping News

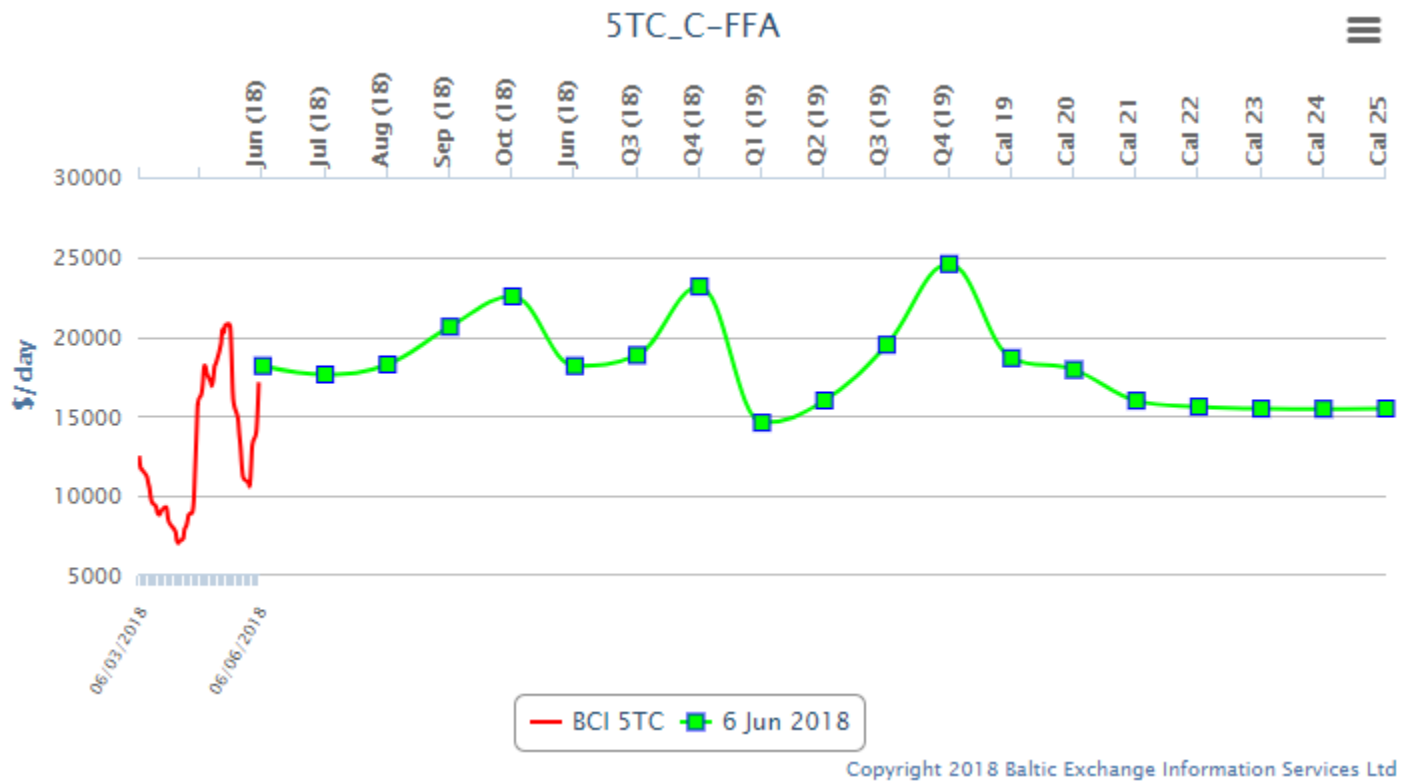
FOB Dry-Bulk vs Container to China



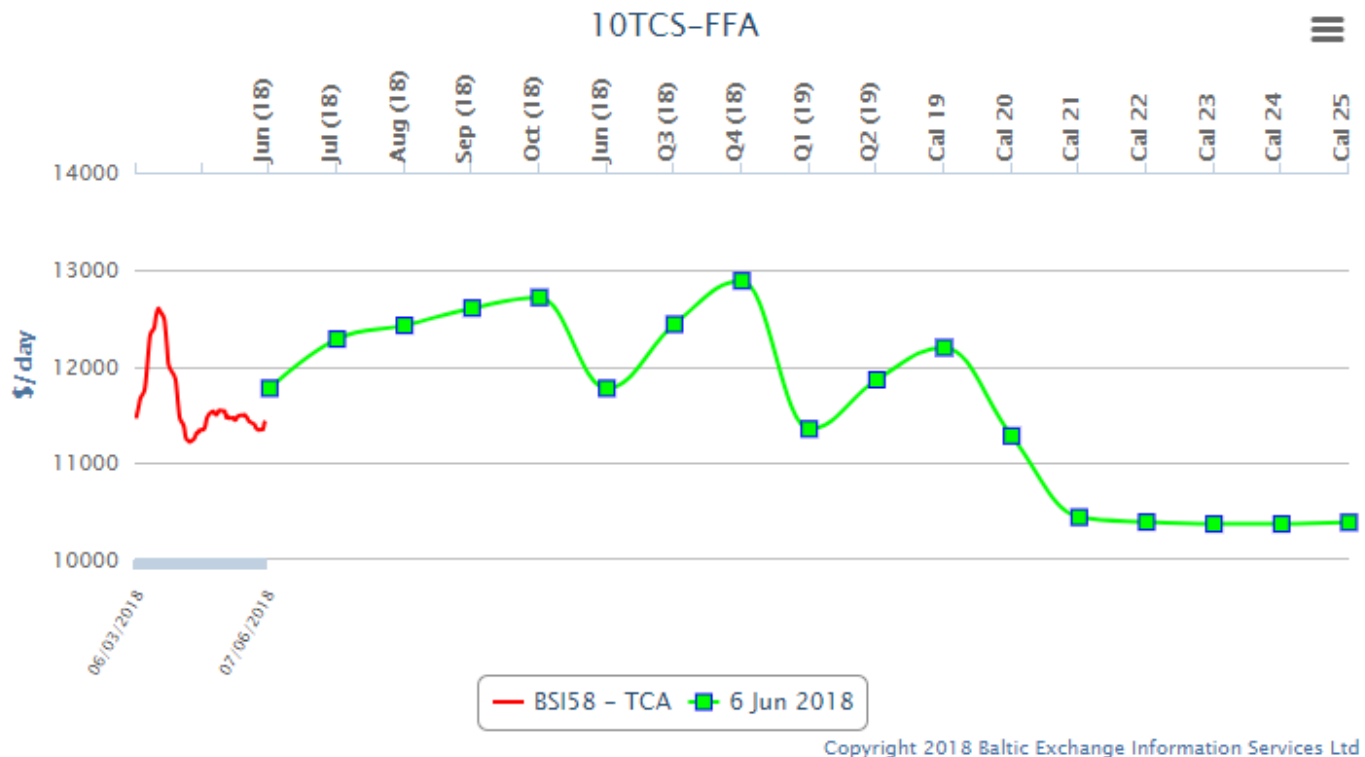
Shanghai Containerized Freight Index



FFA Capesize for the 4-time charter routes



FFA SUPRAMAX 58 for the 5 time charter routes



Containerized grain reached more than 1.7 million metric tons during the first quarter of 2018 (see Table 1). These shipments represented approximately 6 percent of the total waterborne grain exported. This year's total is 2 percent less than the same time last year. Decreases in containerized exports of distillers' dried grains (DDGS), corn, starch residues, wheat, and oats were nearly offset by increases in soybean meals and flours, animal feed, grain sorghum, barley, and soybeans.

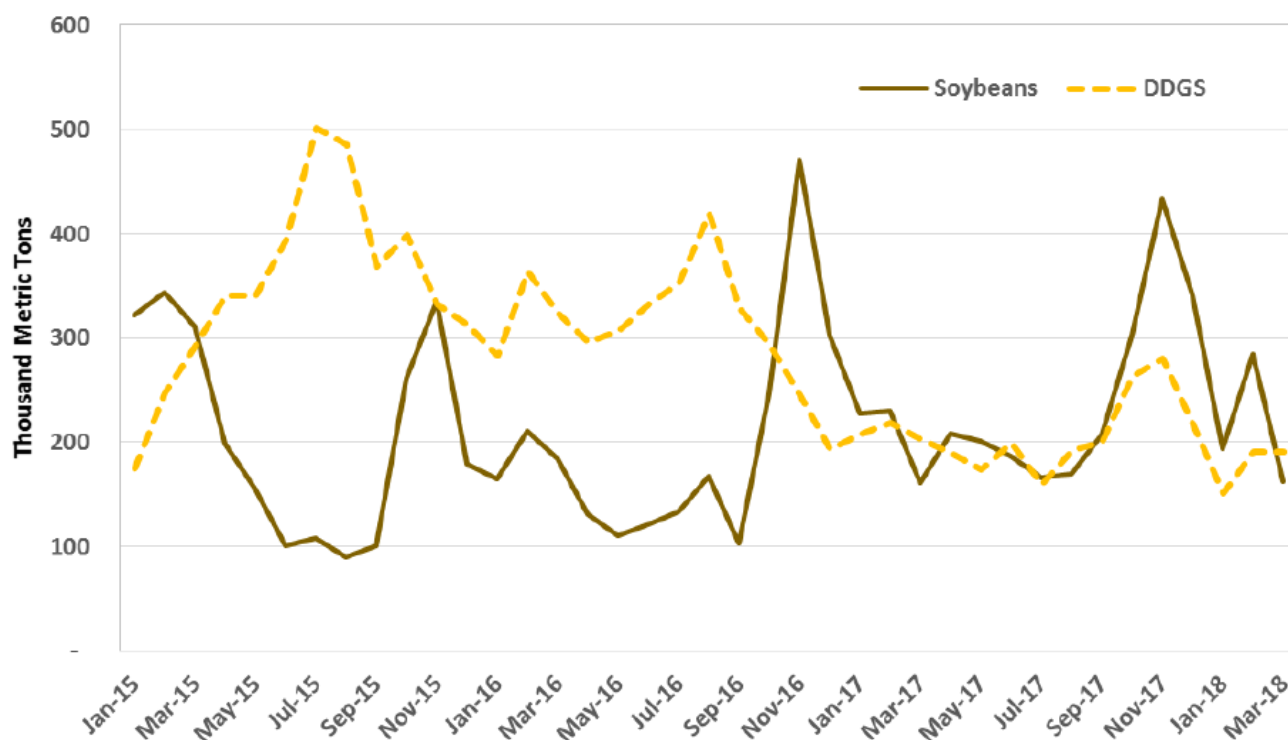
Table 1: Jan-Mar 2018 Containerized Grain Exports

HS Description	Metric Tons	TEU*	Share
Soybeans	639,931	47,730	36%
Distillers grains	532,756	40,099	30%
Animal feed	222,620	19,733	12%
Corn	160,805	12,393	9%
Soybeans meals and flours	123,700	8,870	7%
Other	107,425	7,773	6%
Total	1,787,237	136,598	100%

Source: PIERS

*TEU: Twenty-foot Equivalent Unit

U.S. Containerized Soybean and DDGS Exports, 2015-present



Source: PIERS

U.S. RIVER BARGE FREIGHT

Current Barge Freight for Placement Last half July 2018

Placement LH July 2018	% of		Corn	Soybeans-Wheat
	Tariff	MT	BU	BU
Upper Mississippi	540	\$36.85	0.94	1.00
Illinois River (Pekin and South)	440	\$23.33	0.59	0.63
Mid-Mississippi	440	\$25.80	0.66	0.70
Lower Ohio	365	\$17.94	0.46	0.49
St. Louis	340	\$14.95	0.38	0.41

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

Secondary Rail Car Market Placement LH July 2018	BID USD	ASK USD	BID BU.	ASK BU.	BID MT	ASK MT
BNSF Shuttle Trains	\$ 300.00	\$ 650.00	\$ 0.08	\$ 0.16	\$ 2.95	\$ 6.40
UPRR Shuttle Trains	\$ (100.00)	\$ 50.00	\$ (0.03)	\$ 0.01	\$ (0.98)	\$ 0.49

www.grains.ksu.edu/igp

Best Regards,

Jay
Jay O'Neil
Senior Agricultural Economist
IGP at Kansas State University
and
O'Neil Commodity Consulting
785-410-2303 (cell)
785-532-2868 (office)
joneil@ksu.edu

Follow me on Twitter @ [igpjay](#)



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