



Transportation and Export Report for 22 June 2017

Ocean Freight Insights and Comments:

Baltic Freight Traders staged a decent rally this week. The Baltic Panamax index rose to 1109; up 18 % from last weeks close. As usual, the physical market did not follow in lock step. Physical markets were up 1-2 % week over week and did not exhibit as much enthusiasm as the Baltic index Traders seem to have. The larger Capesize freight markets actually fell back a bit this week.

What is concerning however is that I see the orders for new vessels starting to creep back up. This is not what the market needs and is just a continued example of why vessel owners are their own worst enemy. Will they ever learn??

BALTIC DRY-BULK PANAMAX INDEX CHANGES

Panamax Ocean Freight Indices				
22-Jun-17	This Week	Last Week	Difference	Percent Change
P2A : Gulf/Atlantic - Japan	15315	13105	2,210	16.9%
P3A - PNW/Pacific - Japan	7796	6571	1,225	18.6%
S1C -USGULF-China-So.Japan	17911	16278	1,633	10.0%

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

Four weeks ago:	\$ 6.00-\$6.35
Three weeks ago:	\$ 6.00-\$6.35
Two weeks ago:	\$ 5.35-\$5.80
One week ago:	\$ 5.00-\$5.90
This week	\$ 4.85-\$5.45

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

Mississippi River:	(10 elevators)	2-6 days
Miss. River Mid-Stream loaders:	(6+ Rigs)	0-2 days
Texas Gulf	(6 elevators)	1-8 days (only 1 facility over 4 days)
Pacific Northwest:	(9 elevators)	1-11 days (only 1 facility over 8 days)

Panamax Market Spreads to Asia -China					
22-Jun-17	PNW	GULF	Bushel Spread	MT Spread	Advantage
CORN	0.61	0.39	0.22	\$8.66	PNW
SOYBEANS	0.76	0.43	0.33	\$12.99	PNW
OCEAN FREIGHT	\$18.00	\$36.25	.46-.50	\$18.25	JULY

Recent Reported Vessel Fixtures:

Route and Vessel Size	Current Week USD/MT	Change from previous week	Remarks
55,000 U.S. Gulf-Japan	\$36.75	Up \$0.50	Handymax at \$37.25 mt
55,000 U.S. PNW- Japan	\$19.00	Up \$0.50	Handymax at \$19.50 mt
55,000 U.S. Gulf – China	\$36.25	Up \$0.50	North China
PNW to China	\$18.00	Up \$0.50	
25,000 U.S. Gulf- Veracruz, México	\$14.25	Up \$0.25	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$12.25	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	\$17.00 \$25.75	Up \$0.50	<u>West Coast Colombia at \$25.00</u>
40-45,000 U.S. Gulf - Guatemala	\$24.75		
26-30,000 U.S. Gulf – Algeria	\$25.50 \$28.50	Up \$0.50	8,000 mt daily discharge 3,000 mt daily discharge
25-30,000 US Gulf-Morocco	\$24.50	Up \$0.50	5,000 discharge rate
55,000 U.S. Gulf –Egypt PNW to Egypt	\$21.75 \$22.00	Up \$0.75	55,000 -60,000 mt St. Lawrence to Egypt \$22.25
60-70,000 U.S. Gulf – Europe – Rotterdam	\$13.25	Down \$0.50	Handymax at +\$1.50 more
Brazil, Santos –China	\$25.25	Up \$0.75	54-58,000 Supramax-Panamax
Itacoatiara Port up River Amazonia - China	\$24.50 \$29.00		60-66,000 Post Panamax
56-60,000 Argentina-China Up River with Top Off	\$32.50		Up \$0.50

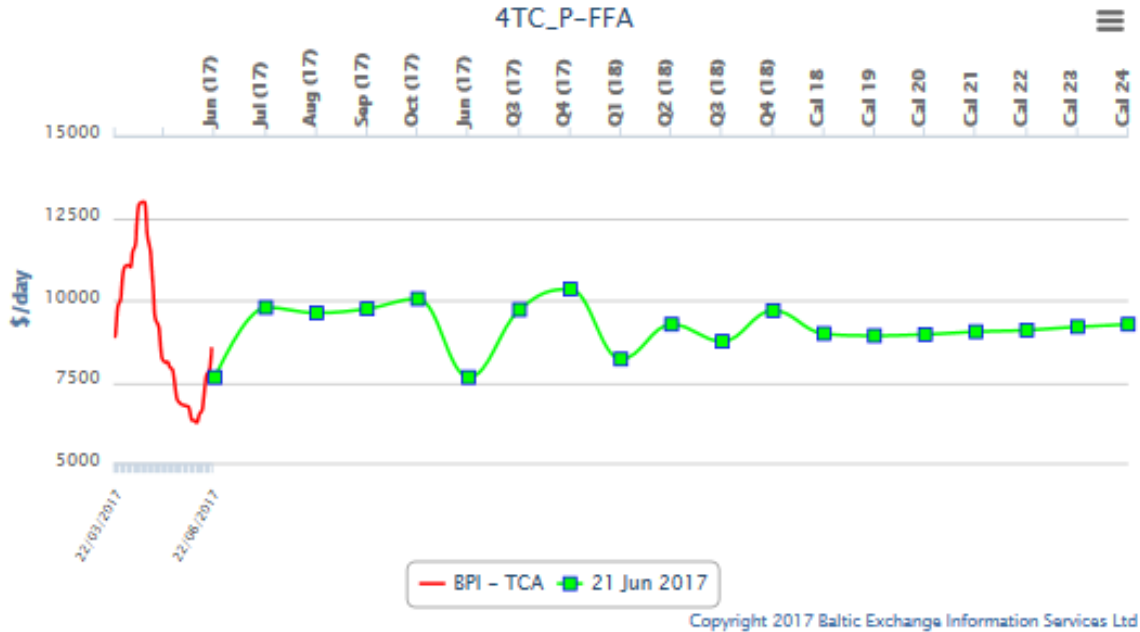
Nautical Miles: To Xiamen China (South China)

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

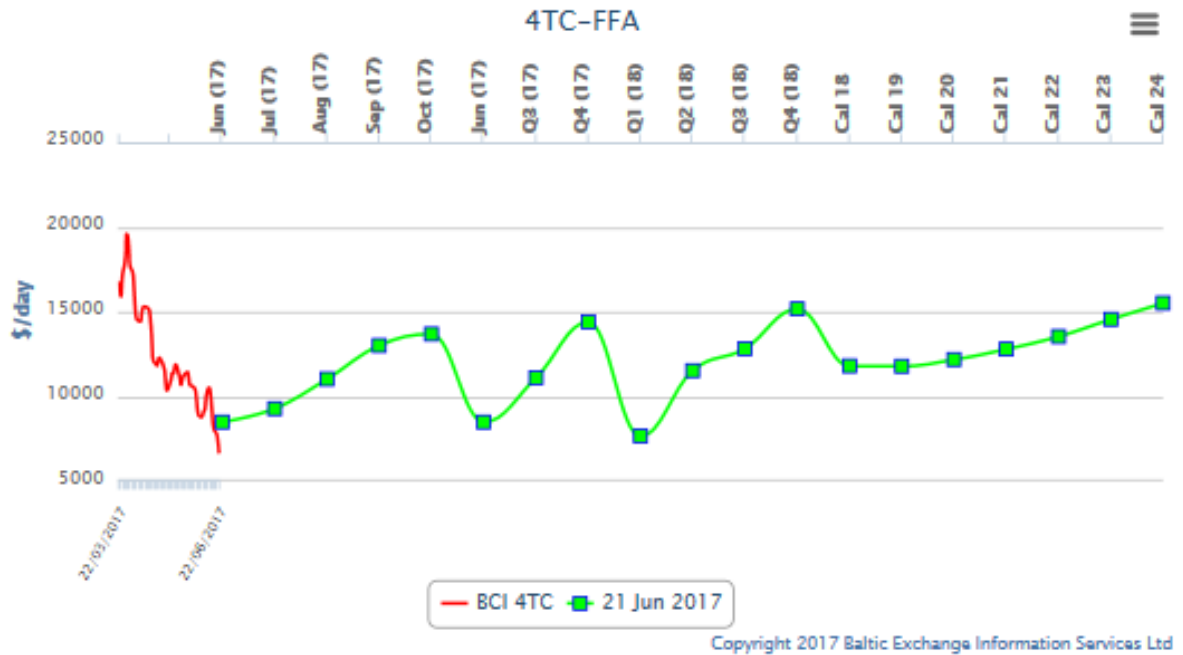
Santos Brazil (via Cape of Good Hope) - 10,441 nautical miles (33 days)

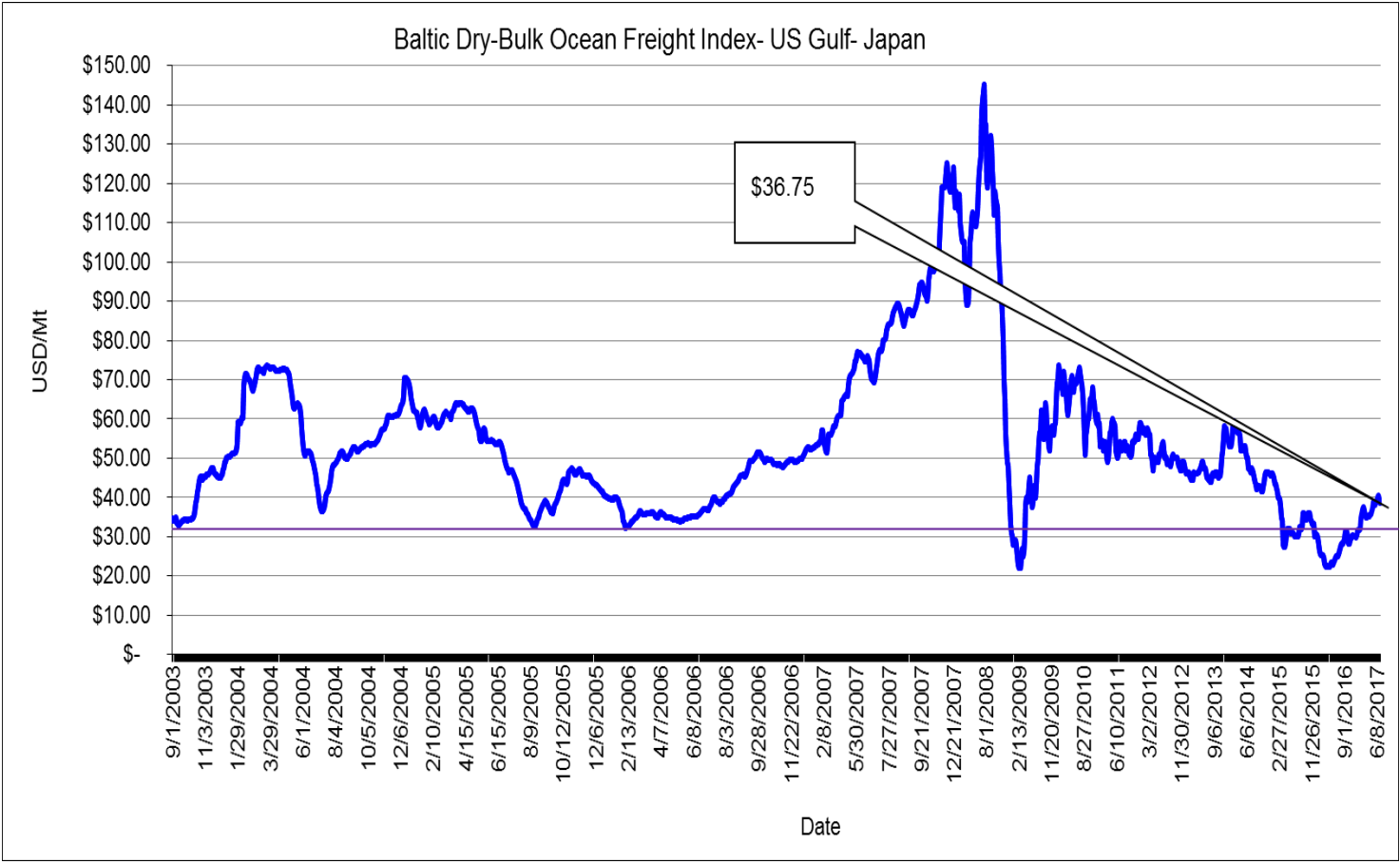
Rasario Argentina (via Cape Horn) - 10,751 nautical miles (34 days)

Forward Curve for Baltic BPI Panamax Vessel Freight

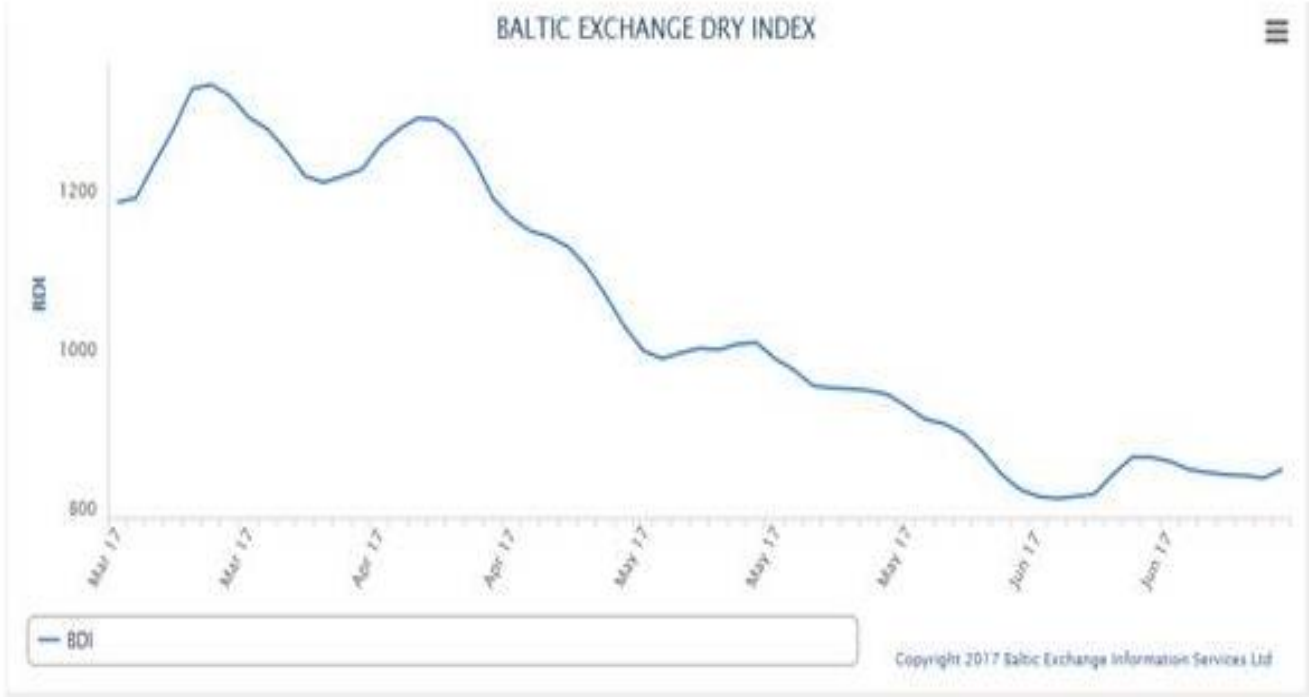


Capesize FFA Market

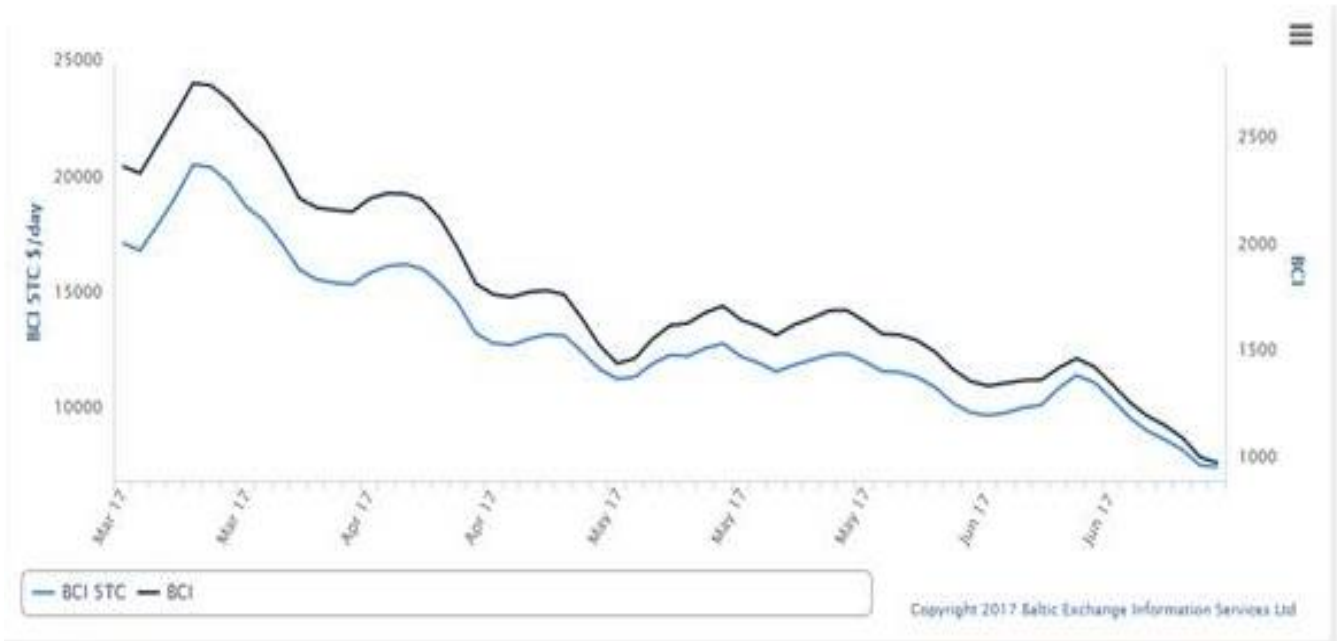




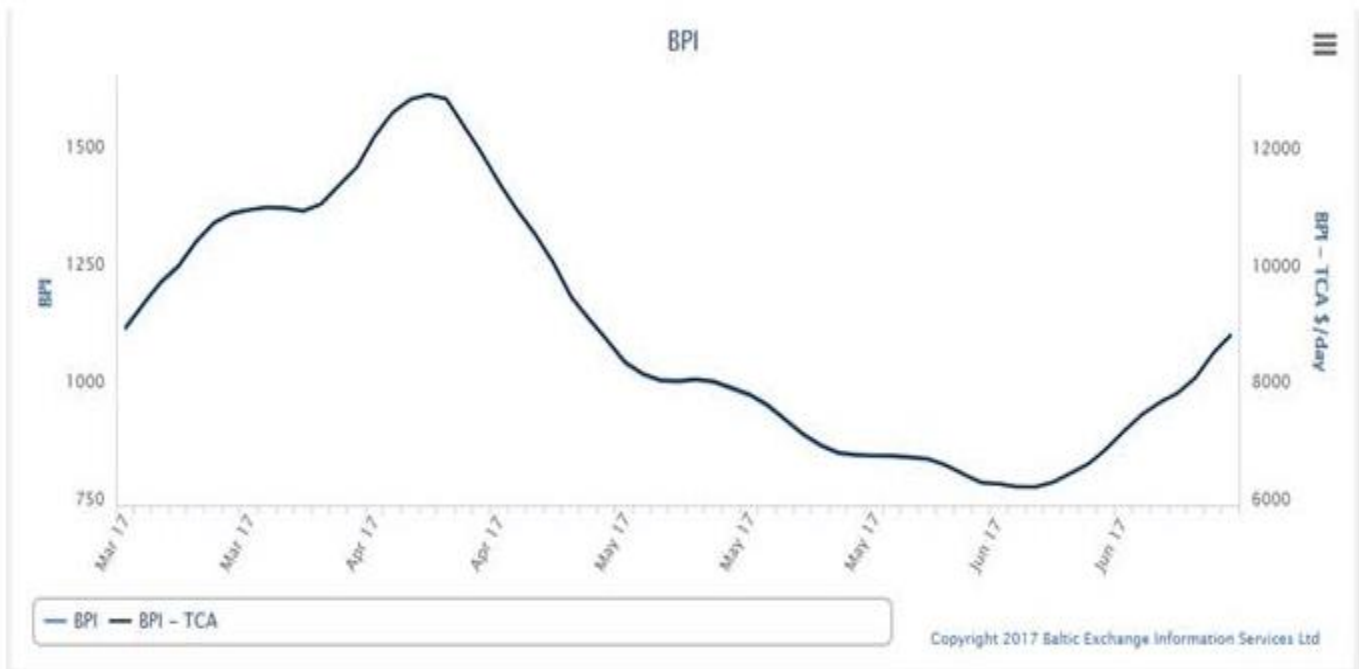
Baltic Dry-Bulk Index



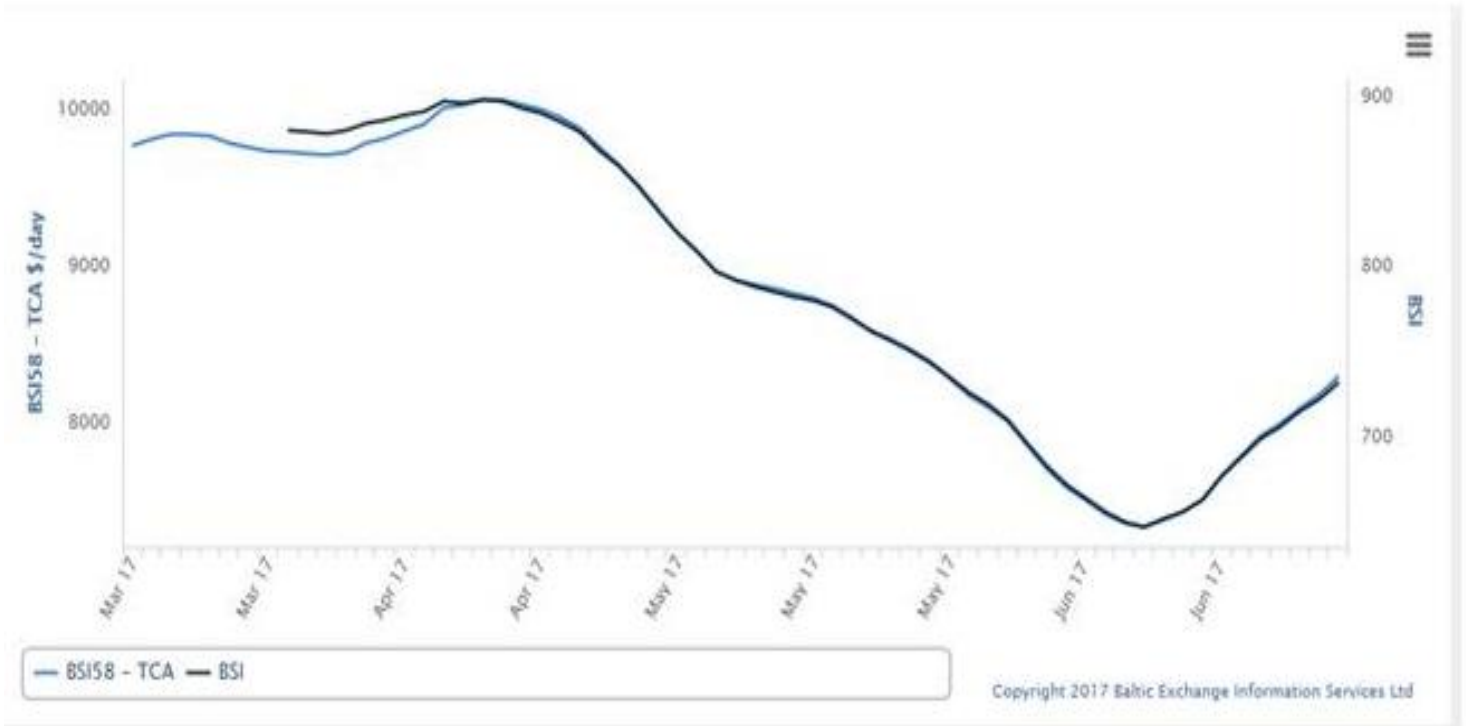
Baltic Capesize Index



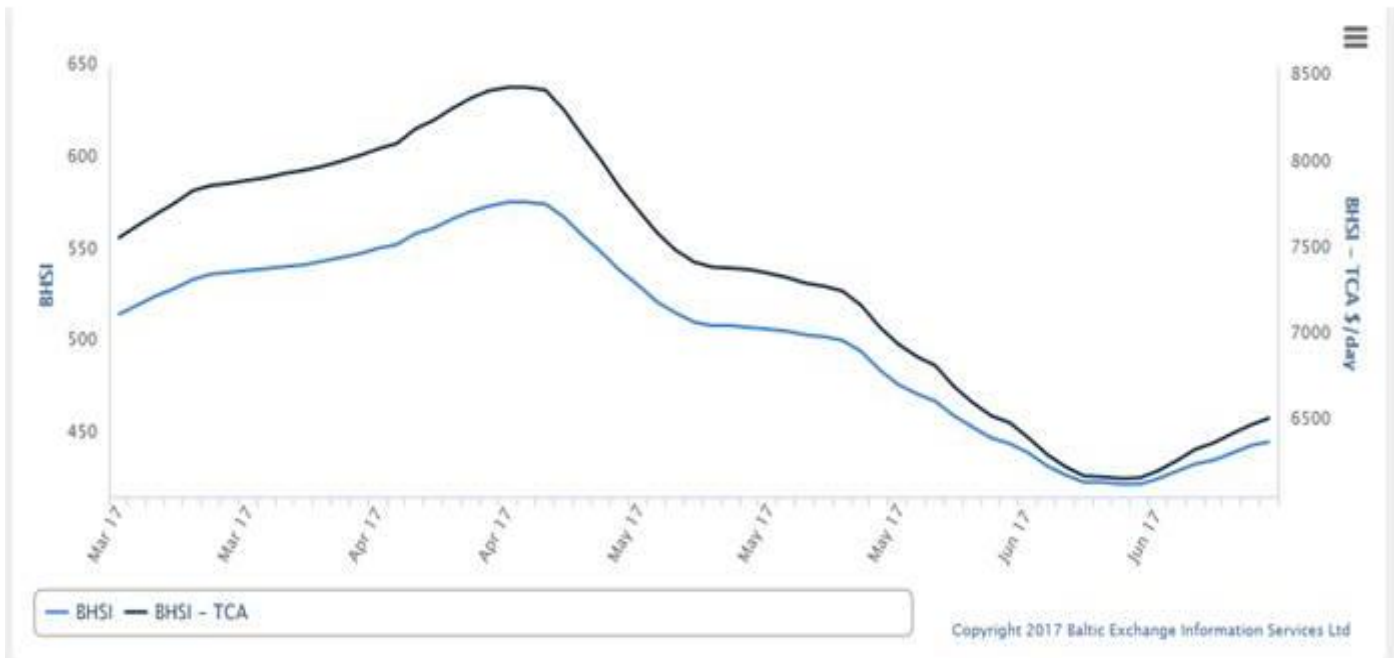
Baltic Panamax Index



Baltic Supramax Vessel Index



Baltic Handy Size

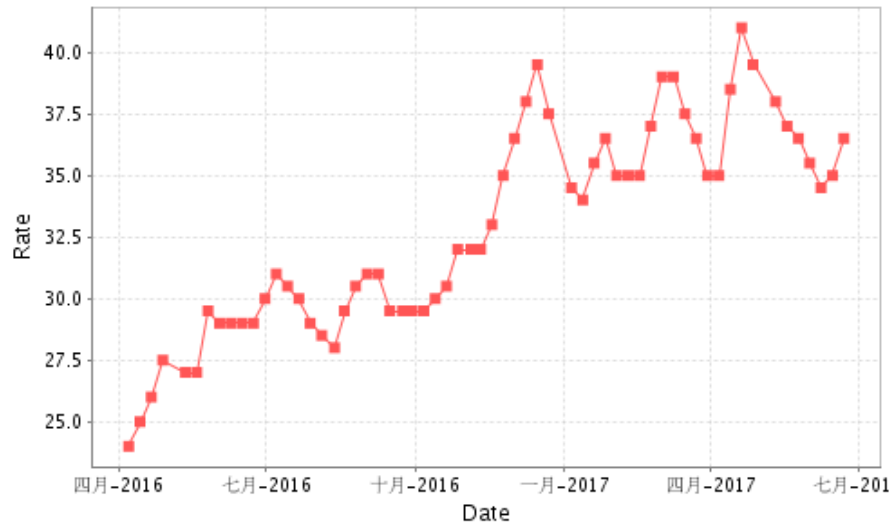


Yamamizu Shipping

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USG/Japan Index Result

 Date From: Date To:



China Import Dry Bulk Freight Index(CDFI) 2017-06-22

Index/Routes	Charterparty type	Cargo/Vessel type	Dwt/Cargo Capacity	Unit	Index/Rate	Change
Composite Index				Point	644.04	-3.14
VC Index				Point	605.93	-7.41
TCT Index				Point	701.2	3.26
Santos(Brazil)— North China	VC	Soybean	60000/10%	\$/ton	25.097	0.283
Tacoma(West America)—North China	VC	Soybean	60000/10%	\$/ton	17.945	0.154
Mississippi(US Gulf) —North China	VC	Soybean	55000/10%	\$/ton	36.268	0.277

22 June 2017 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
July	0.39	\$158.16	0.61	\$166.82
Aug.	0.37	\$160.52	0.58	\$168.79
Sept.	0.38	\$160.92	0.58	\$168.79
Oct.	0.45	\$167.61	0.65	\$175.48
Nov.	0.48	\$168.79	0.68	\$176.66
Dec.	0.50	\$169.58	0.73	\$178.63

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% moisture	BASIS	FLAT PRICE	BASIS	FLAT PRICE
July (Z)	0.90	\$185.32	0.80	\$181.39
Aug. (Z)	0.90	\$185.32	0.75	\$179.42
Sept. (Z)	0.85	\$183.36	0.75	\$179.42
Oct.	0.85	\$183.36	0.76	\$179.81
Nov.	0.80	\$181.39	0.75	\$179.42

Nov. Fob vessel Texas Gulf #2 Sorghum is about 115 % 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	\$190.79	\$196.67	\$196.67	\$198.23
Basis	0.58	0.60	0.60	0.42
WN	4.6125			
WU	4.7525			
WZ	4.9750			

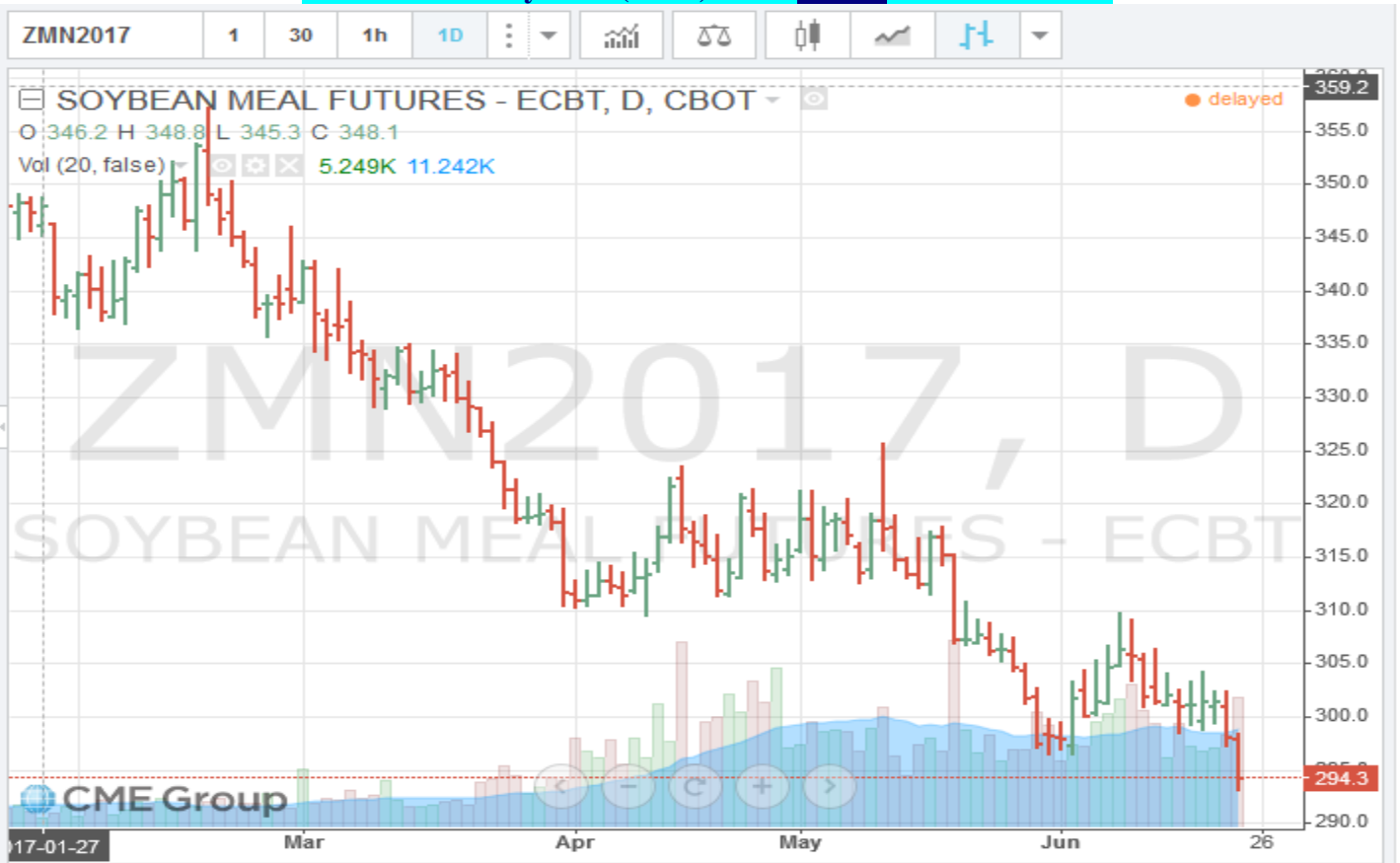
CME CORN FUTURES MARKET CLOSE- Thursday

CBOT CORN Month	Futures Symbol	Friday Close Bushel	Friday Close MT.	Last week Bushel	Last Week MT.	Difference Bushel
July	CN	\$3.6275	\$142.81	\$ 3.7950	\$149.40	(\$0.1675)
Sept.	CU	\$3.7075	\$145.96	\$ 3.8750	\$152.55	(\$0.1675)
Dec.	CZ	\$3.8075	\$149.89	\$ 3.9775	\$156.59	(\$0.1700)
Mar.	CH	\$3.9050	\$153.73	\$ 4.0675	\$160.13	(\$0.1625)
May	CK	\$3.9650	\$156.09	\$ 4.1225	\$162.29	(\$0.1575)

CME/CBOT July 2017 (CN7) Corn Futures Chart –



CME/CBOT July 2017 (WN7) SRW Wheat Futures Chart –



Soybean and SBM Markets Fob Vessel:

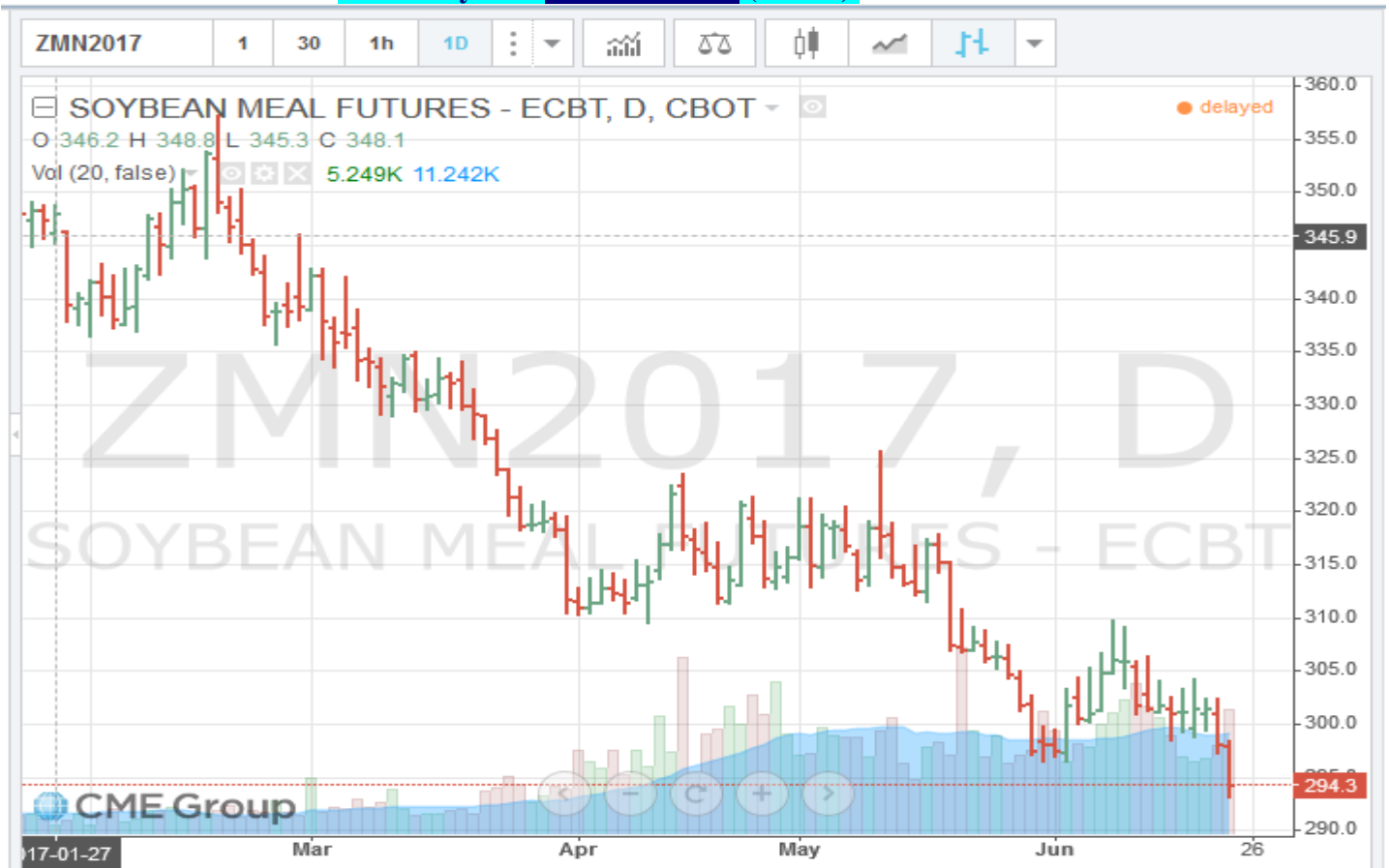
U.S. Yellow Soybeans (USD/MT FOB Vessel)				
# 2 YSB	U.S. Gulf #2 YSB		PNW #2 YSB	
14.0 % Moisture	Basis	Flat Price	Basis	Flat Price
July	0.43	\$347.96	0.76	\$360.08
Aug.	0.41	\$348.88	0.80	\$363.21
Sept.	0.45	\$350.81	0.80	\$363.67
Oct.	0.60	\$357.60	0.90	\$368.63
Nov.	0.57	\$356.50	0.90	\$368.63
Soybean Futures				
July	\$ 9.0400			
Aug.	\$ 9.0850			
Sept.	\$ 9.0975			
Nov.	\$ 9.1325			
Jan.	\$ 9.2125			
Mar.	\$ 9.2750			

U.S. SBM (USD/MT FOB Vessel)		
Fob U.S. Gulf Port	47.5 Pro. SBM	
max 12.5 % moisture	Basis	Flat Price
July	1.00	\$ 325.02
Aug.	2.00	\$ 327.99
Sept.	3.00	\$ 330.20
Oct.	4.00	\$ 331.08
Nov.	5.00	\$ 333.40
SBM Futures		
SMN	293.80	
SMQ	295.50	
SMU	296.50	
SMV	296.30	
SMZ	297.40	
SMF	298.40	

CME July 2017 Soybean (SN17) Futures Chart



CME July 2017 Soybean Meal (SMN7) Futures Chart



U.S. EXPORT STATISTICS: Report Activity as of Week Ending 08 June 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	680.1	54,617.2	56,520	97%	2,741.0
Sorghum	60.6	4,367.5	5,720	76%	0.0
Soybeans	474.6	58,937.4	55,790	106%	3,122.8
Wheat	375.1	6,982.2	27,220	26%	0.0
Barley	0.1	28.5	110	26%	0.0

U.S. EXPORT INSPECTIONS:

Monday's report 19 June 2017 for the Export week ending 15 June 2017

	Export Inspections		Current Market Year YTD	Previous Year to Date	2016 YTD as Percent of 2015
	This Week	Previous Week			
Corn	1,218,738	1,072,708	46,630,431	32,412,928	144%
Sorghum	119,697	1,392	4,932,997	7,367,776	67%
Soybeans	275,461	511,718	51,887,181	44,133,424	118%
Wheat	739,634	801,725	1,627,814	1,192,879	136%
Barley	2,096	144	2,384	1,891	126%

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

U.S. EXPORT INSPECTIONS:

Monday's report 19 June 2017 for the Export week ending 15 June 2017

Last Week							
(Metric Tons)	YC	%	WC	%	Sorghum	%	Soybeans %
Lakes	12,672	1%	0	0%	0	0%	20,963 8%
Atlantic	0	0%	0	0%	0	0%	10,285 4%
Gulf	636,133	52%	5,500	100%	116,462	97%	121,343 44%
PNW	309,115	25%	0	0%	0	0%	65,149 24%
Interior Export Rail	255,318	21%	0	0%	3,235	3%	57,721 21%
Metric Tons	1,213,238		5,500		119,697		275,461

Sorghum Shipments:	metric tons	
	116,462	China Main
	98	Panama
	3,137	Mexico
	119,697	Total

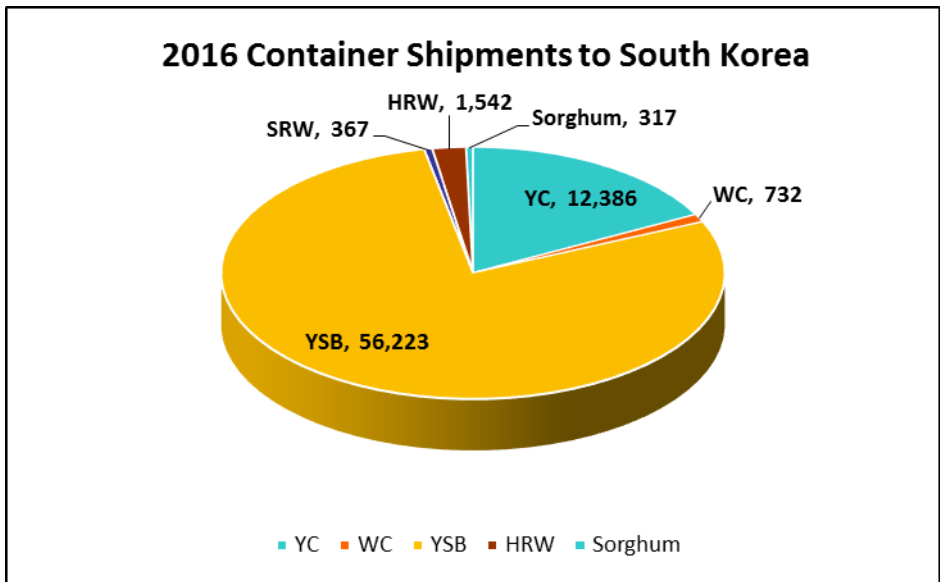
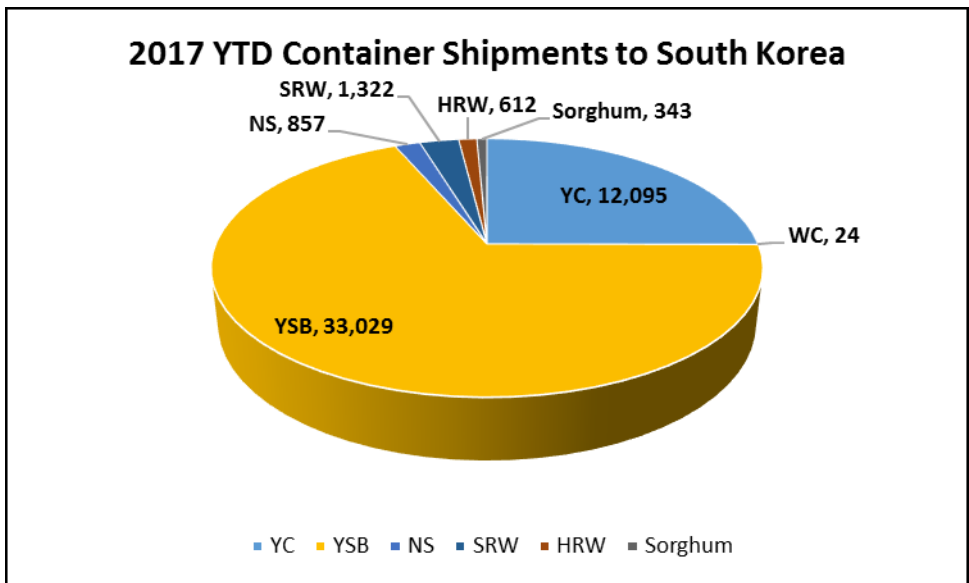
White Corn Shipments:	metric tons	
	5,500	El Salvador
	5,500	Total

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:		15-Jun-2017								
Last Week	metric tons								MT	
	YC	WC	YSB	SRW	NS	SWW	HRW	Sorghum	TOTAL	
China Main	7,643		759						8,402	
China T	8,498		5,584						14,082	
Hong Kong	856								856	
Costa Rica									0	
Indonesia			27,032						27,032	
French Polynesia									0	
Japan			904						904	
Korea Republic									0	
Dominican Rep.									0	
Malaysia	343		2,689						3,032	
Honduras	367								367	
Philippines	808		1,370						2,178	
Thailand			5,021						5,021	
Bangladesh			1,223						1,223	
Panama								98	98	
Vietnam			1,763						1,763	
Sub total	18,515	0	46,345	0	0	0	0	98	61,874	
USDA Corrections/Additions to previous reports:										
China T									0	
China Main									0	
Hong Kong									0	
Korea Rep.									0	
Jordan									0	
Japan									0	
Philippines									0	
Indonesia			979						979	
Malaysia			1,859						1,859	
Thailand									0	
Vietnam			660						660	
Spain									0	
Canada									0	
Sub total	0	0	3,498	0	0	0	0	0	3,498	
Mt. Grand Total	18,515	0	49,843	0	0	0	0	98	65,372	
Number of containers	805	0	2,167	0	0	0	0	4		

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

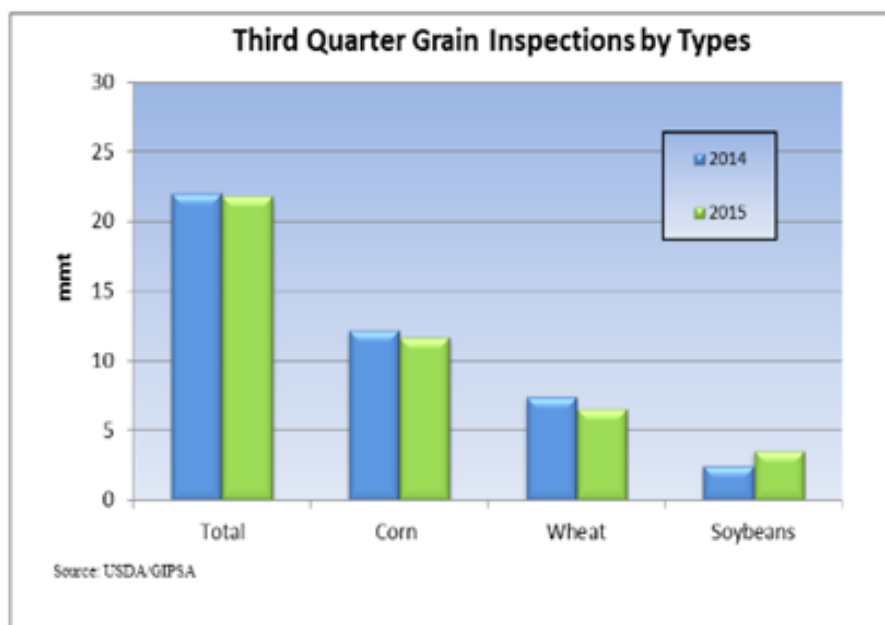


Grain Inspections for Export by U.S. Port Regions:
U.S. Gulf and Pacific Northwest 2016 YTD vs. 2017 YTD

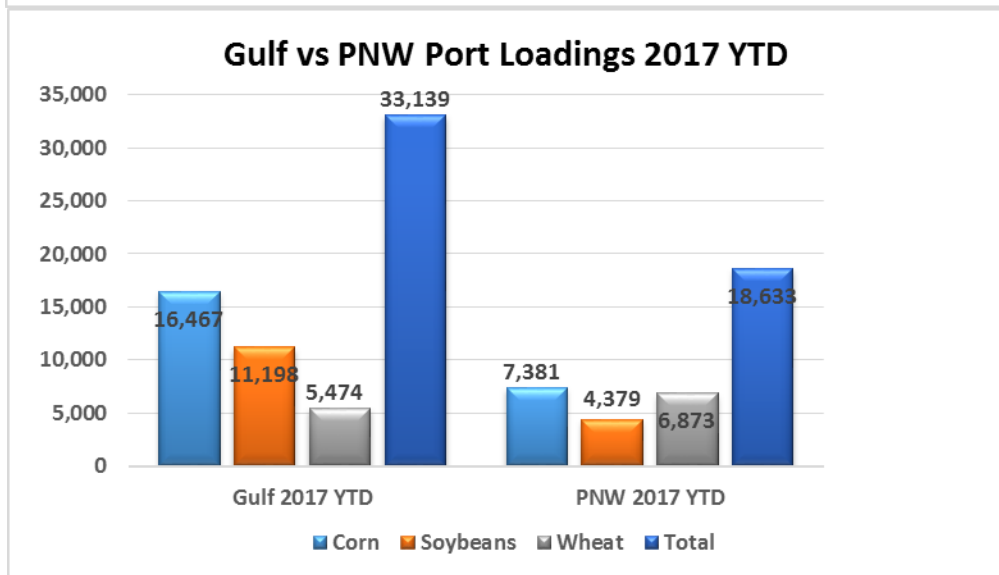
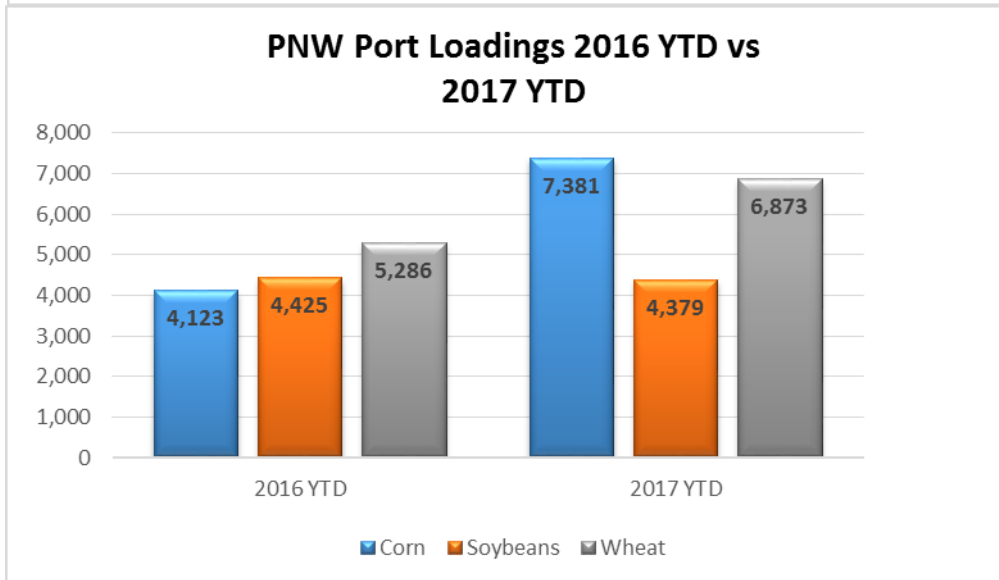
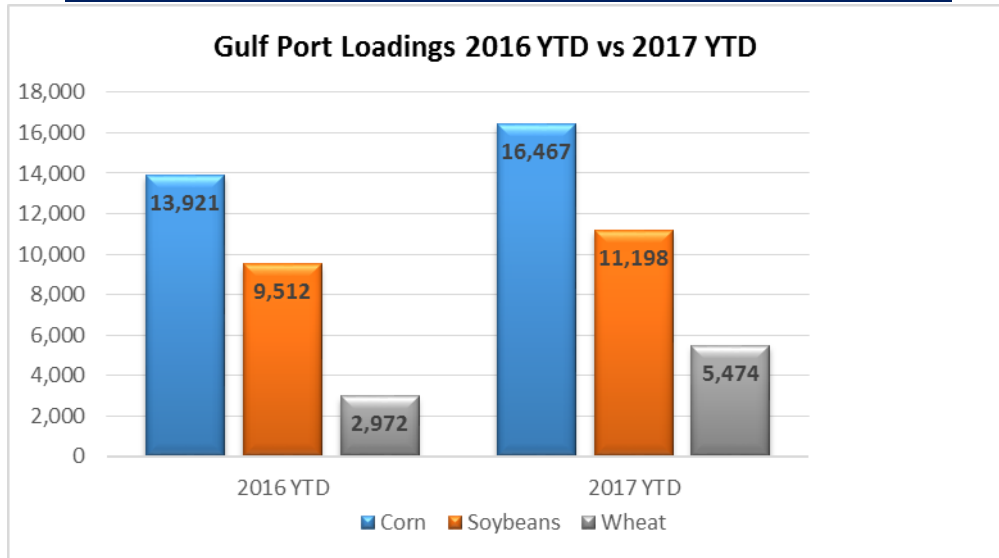
PORT LOADINGS US Gulf				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
GULF				
2016 YTD	13,921	9,512	2,972	26,405
2017 YTD	16,467	11,198	5,474	33,139
2017 as % of 2016	118%	118%	184%	126%

PORT LOADINGS US PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
PNW				
2016 YTD	4,123	4,425	5,286	13,834
2017 YTD	7,381	4,379	6,873	18,633
2017 as % of 2016	179%	99%	130%	135%

PORT LOADINGS GULF vs. PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
2017 Gulf YTD	16,467	11,198	5,474	33,139
2017 PNW YTD	7,381	4,379	6,873	18,633
TOTAL	23,848	15,577	12,347	51,772
Gulf Percentage	69%	72%	44%	64%
PNW Percentage	31%	28%	56%	36%

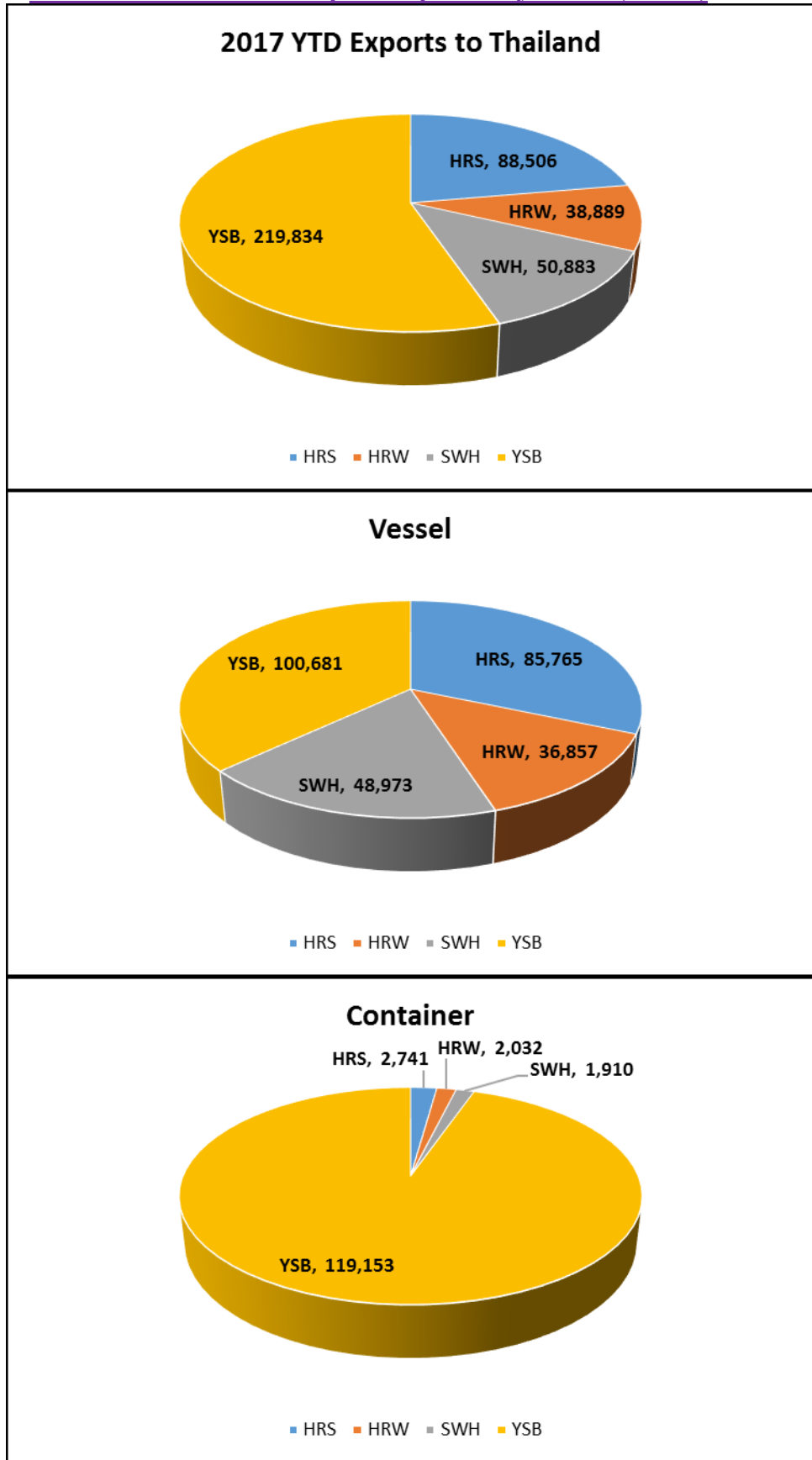


Grain Inspections for Export by U.S. Port Regions:
U.S. Gulf and Pacific Northwest 2016 YTD vs. 2017 YTD



Source: USDA-data

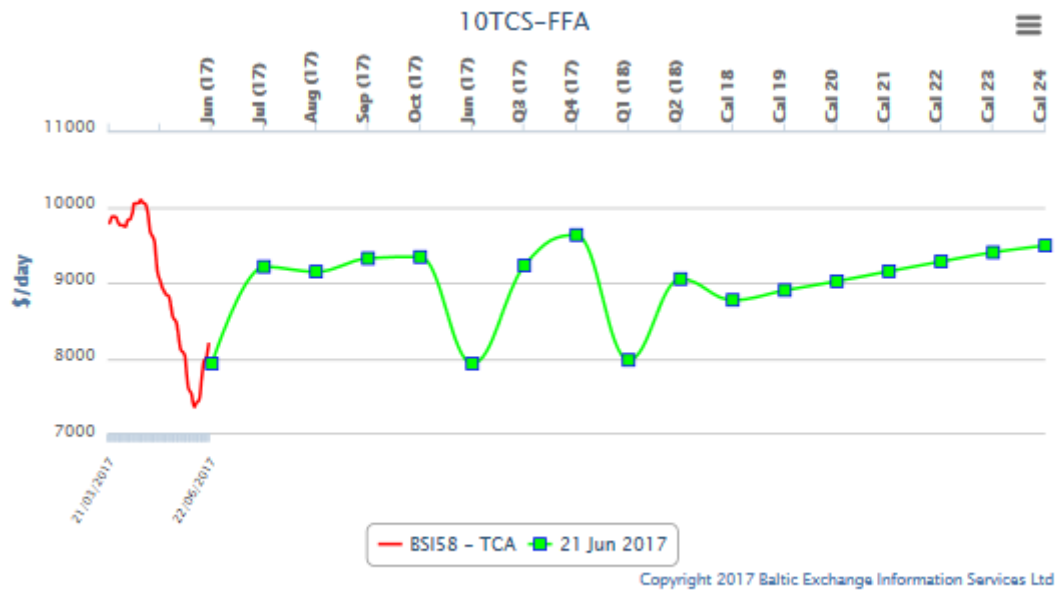
2017 YTD Total Grain Exports reported by USDA (in MT)



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

Shipping News :

FFA SUPRAMAX 58 for the 5 time charter routes



Scrapping vs NBs in 2016 (Est.)



	Dry Bulk	Container	Tanker	Offshore
New Building	47.23m DWT (564 VSLS)	904,805 TEU (131 VSLS)	33.3m DWT (429 VSLS)	2.7m DWT (304 VSLS)
Scrapping	28m DWT (375 VSLS)	654,411 TEU (194 VSLS)	1.6m DWT (54 VSLS)	2.9m DWT (193 VSLS)
Growth Rate (DWT/TEU)	2.2%	1.3%	5.6%	-0.2%
Growth in Vessel No.	189	-63	375	111

Data Source: Clarksons Database

US exporters struggling to find inland containers

[Reynolds Hutchins, Associate Editor](#) | Jun 14, 2017 5:42PM EDT



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Container stacks at key inland US shipping hubs are getting shorter, and sometimes disappearing.

US exporters are scrambling to find containers, with some coming up empty-handed. While some of the shortage is [seasonal](#), some of it is because of new Chinese regulations slowing container production and pressure on carriers to get empties back to Asia for import loads.

Kansas City has been hit particularly hard, according to individual carrier reports that have also highlighted Dallas, Denver, Memphis, and even Chicago — a city typically flush with empty containers for outbound moves. Difficulty finding a stable supply of containers is hardly new for exporters, but the number of variables new to this year have some worried it could be the start of the [temporary, but global container shortage](#) carriers and container lessors have warned about since the start of the year.

Time will tell: June and July are traditionally when export volume tapers off and capacity rises. If boxes don't begin showing up in places like Kansas City, it may be an indicator that the forces at play aren't just seasonal variations in supply, a cross-section of US agricultural exporters told JOC.com.

Reports vary as to which US cities have been hit the hardest. According to a major grain export shipper, who spoke on the condition of anonymity, Kansas City has struggled the most in recent weeks. Other shippers have told JOC.com Denver and Tacoma are some of the tightest spots in the country. According to the [Ocean Shipping Container Availability Report](#) (OSCAR), Chicago is actually one of the worst-hit cities.

Chicago had no FEU to speak of the last week of May, an improvement over the week prior when the city had a deficit of 44 TEU, according to the OSCAR report, a US Department of Agriculture weekly report on the current and future availability of containers at 18 different intermodal locations for the westbound trans-Pacific trade lanes.

The OSCAR report compiles data from just five of the world's major ocean carriers: Cosco Container Lines, Evergreen Line, Yang Ming Line, Orient Overseas Container Line, and MOL. Shippers have said that while it is a valuable tool, it does not always paint a full picture.

“The OSCAR report is a valuable tool, but doesn't gather information from as many carriers as in the past. So it may not present as full of a picture as we'd like. It would be great if more carriers participated,” said Bruce Abbe, executive director of the Midwest Shippers Association, a group that represents exporters in the Dakotas, Minnesota, Wisconsin, and Iowa.

Abbe's group members cited Denver as one of the tightest spots in the United States, but according to OSCAR, the city was faring better than Chicago. The report shows no FEU or TEU the week of May 31, well above Chicago's deficit and a mild improvement from a deficit of one the week prior.

In Kansas City, which many shippers have said has actually been the city that has seen the least capacity relief, OSCAR reported the destination had absolutely no TEU and a deficit of one FEU the week of May 31, the same as the week prior and much better than reports from Chicago.

Whether the OSCAR report or individuals shipper accounts are more reliable, it is hard to tell. For many export shippers these shortages are just par for the course, said Abbe.

“Midwest Shippers members indicated there is no current problem,” Abbe told JOC.com. “General sentiment is it is adequate at the moment.”

That said, many export shippers are also conditioned to expect perennial shortages. Ed Zaninelli, industry consultant at Griffin Creek Consulting, said it's difficult to tell if the current shortage in equipment is seasonal or an indication of something bigger at play.

“The challenge in places like Kansas City and Minneapolis has always been equipment. Nine months of the year, I'd say, they're out of equipment. At least,” Zaninelli told JOC.com. “But, there are other things going on. Word is equipment is going to get tighter, because of the change over in the factories in China.”

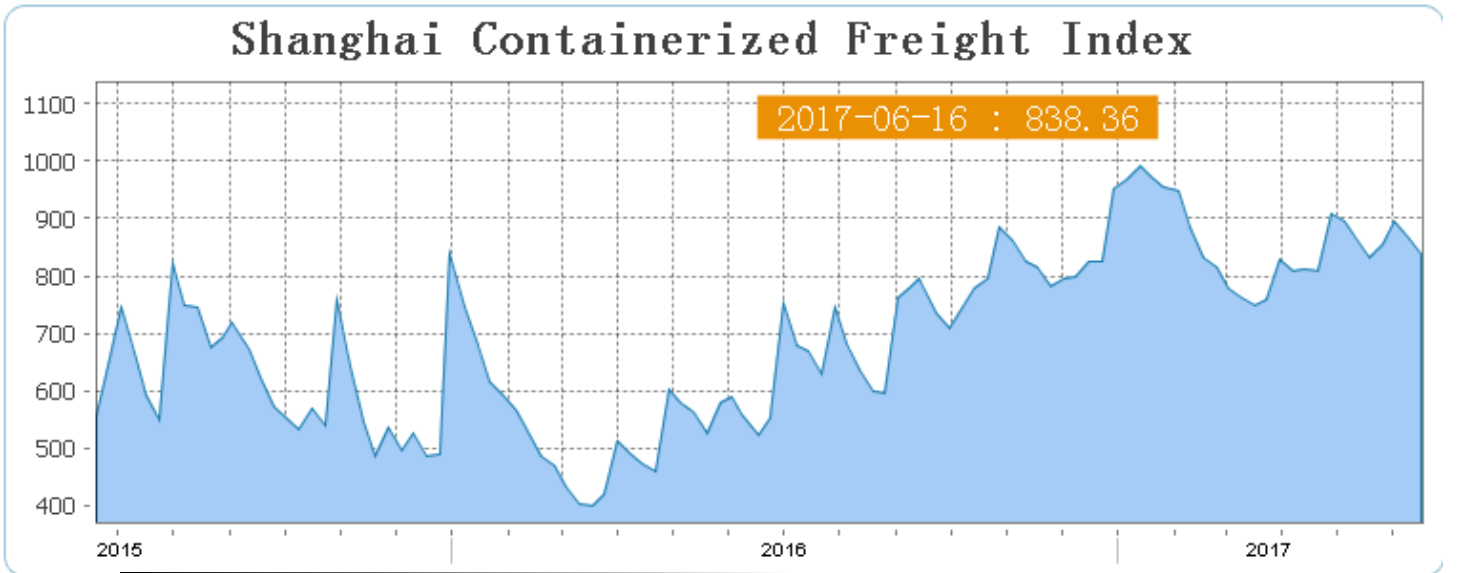
Abbe seconded Zaninelli's concern over the changes in China. A new environmental regulation there, in effect since April 1, requires that the solvent-based paint on all containers be replaced with water-based paint. Seaco, a unit of China's HNA Group, has said the law could result in the suspension of container production while factories are modified to accommodate the new paint.

That has been compounded by increased demand for containers for import in Asia, said the major grain exporter. Demand has been so high, in fact, that carriers have said importers are routinely outbidding exporters and shipping lines are moving boxes entirely empty back to Asia, rather than reposition them in the interior United States.

“There is a sense the ocean carriers may be feeling a need to move boxes back quickly to Asia to be ready for the import, eastbound leg,” Abbe said. “So they may be just shipping a higher percentage of empties back now. That’s unfortunate for all, if true. It’s not as serious now, but when things pick up it could become an issue.”

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U.S. RIVER BARGE FREIGHT

Current Barge Freight for Placement Last Half July 2017

Placement LH July 2017	% of Tariff	MT	Corn	Soybeans-Wheat
			BU	BU
Upper Mississippi	360	\$24.56	0.62	0.67
Illinois River (Pekin and South)	295	\$15.64	0.40	0.43
Mid-Mississippi	295	\$17.30	0.44	0.47
Lower Ohio	205	\$10.08	0.26	0.27
St. Louis	205	\$ 9.02	0.23	0.25

Table 2: Average weekly number of barge deliveries at the Mississippi River-Gulf of Mexico, by quarter and calendar year annual total

	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Annual Total
2012	626	441	501	723	29,798
2013	490	312	431	844	26,997
2014	760	569	528	874	35,513
2015	713	556	599	869	35,589
2016	689	608	777	952	39,337
Average	656	497	567	853	33,447
2017	836	552*			

Source: USDA/GIPSA

* as of June 17, 2017

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

Secondary Rail Car Market Placement LH July 2017	BID USD	ASK USD	BID BU.	ASK BU.	BID MT	ASK MT
BNSF Shuttle Trains	\$ (100.00)	\$ -	\$ (0.03)	\$ -	\$ (0.98)	\$ -
UPRR Shuttle Trains	\$ (200.00)	\$ (125.00)	\$ (0.05)	\$ (0.03)	\$ (1.97)	\$ (1.23)

Best Regards,

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