Transportation and Export Report for 29 June 2017

Ocean Freight Insights and Comments:

Baltic Freight Traders tried to support a two week rally in the index rates. They succeeded for the first three days of this week/ week two, but things now feel toppy and the support is waning. We are seeing more freight offers develop out of the Black Sea, South America and the US Gulf.
As mentioned numerous times; the physical freight markets do follow the general direction of the Baltic Indices but do not move with the indices step by step. It is interesting to note that back on 18 May the Baltic Dry-Bulk Panamax index was at 894 and the physical markets from the Gulf to Asia and the PNW to Asia were at $37.25 and $19.50/mt. Today that index is at 1119 and the physical rates at about the same rates ($37.25 and $19.00/mt respectively).

BALTIC DRY-BULK PANAMAX INDEX CHANGES

Panamax Ocean Freight Indices				
29-Jun-17	This Week	Last Week	Difference	Percent Change
P2A : Gulf/Atlantic - Japan	15339	15315	24	0.2%
P3A - PNW/Pacific - Japan	8125	7796	329	4.2%
S1C -USGULF-China-So.Japan	19242	17911	1,331	7.4%

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:	$ 5.35-$5.80
Two weeks ago:	$ 5.00-$5.90
One week ago:	$ 4.85-$5.45
This week	$ 4.55-$5.25

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					
29-Jun-17	PNW	GULF	Bushel Spread	MT Spread	Advantage
CORN	0.58	0.38	0.20	$7.87	PNW
SOYBEANS	0.76	0.44	0.32	$12.60	PNW
OCEAN FREIGHT	$18.25	$36.50	.46-.50	$18.25	JULY

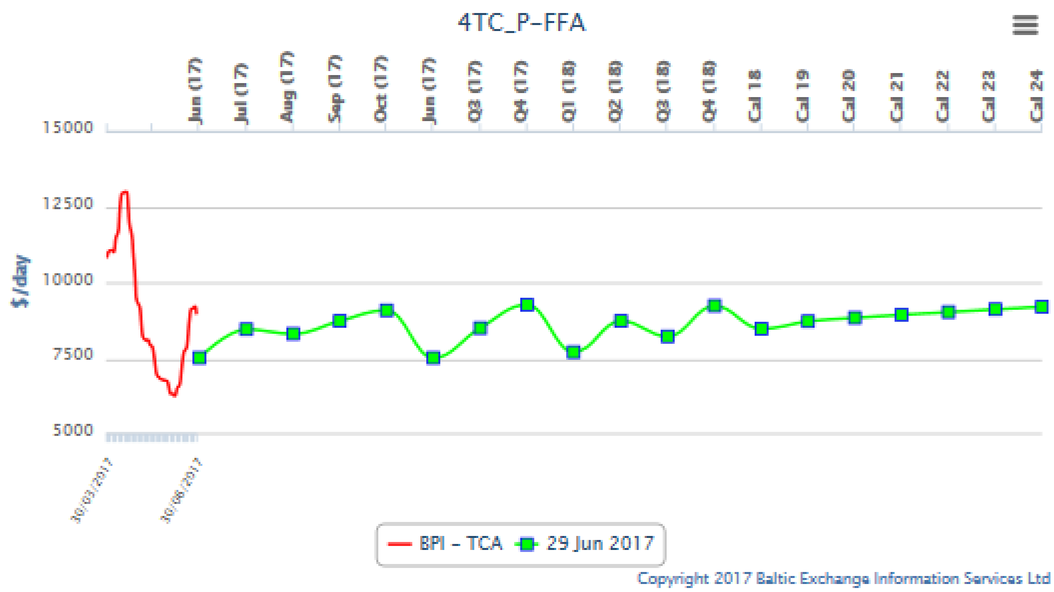
Recent Reported Vessel Fixtures:

30,000 mt Wheat Dunkirk, France to Algeria July at $15.75/mt
45,000 mt Wheat Black Sea to South Africa July ast $26.00/mt
28,000mt wheat Ilyichevsk Ukraine to Italy July ar about $ 11-12.00/mt

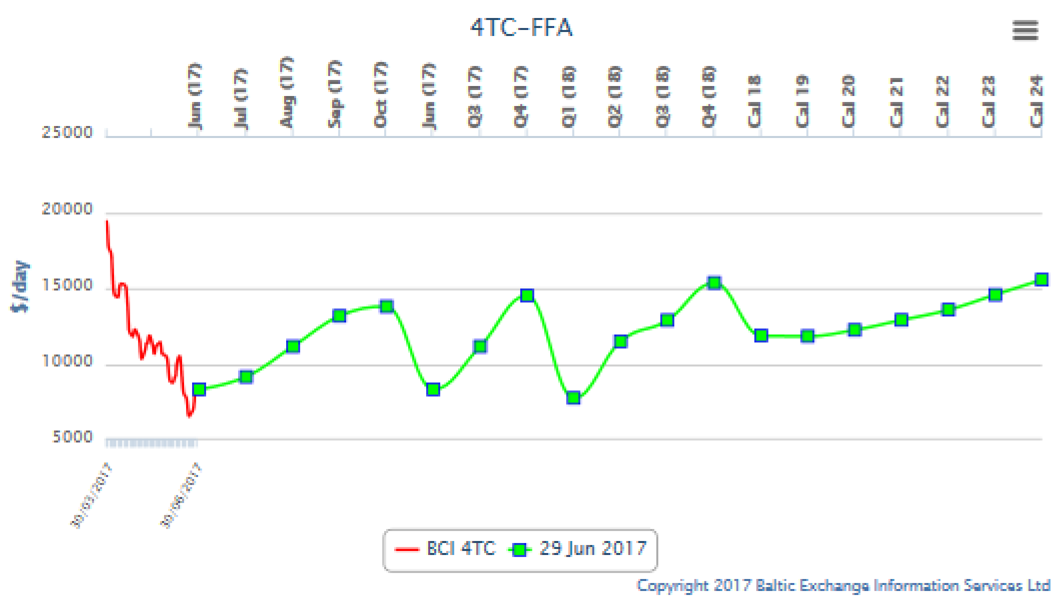
Route and Vessel Size	Current Week USD/MT	Change from previous week	Remarks
55,000 U.S. Gulf-Japan	$37.25	Up $0.50	Handymax at $37.25 mt
55,000 U.S. PNW- Japan	$19.00	Unchanged	Handymax at $19.50 mt
55,000 U.S. Gulf – China PNW to China	$36.50 $18.25	Up $0.25 Up $0.25	North China
25,000 U.S. Gulf- Veracruz, México	$14.25	Unchanged	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	$12.25	Unchanged	Deep draft and 6,000 MT per day discharge rate.
25/35,000 U.S. Gulf- East Coast Colombia From Argentina	$17.25 $26.00	Up $0.25	West Coast Colombia at $25.50
40-45,000 U.S. Gulf - Guatemala	$25.00	Up $0.25	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf – Algeria	$25.75 $28.75	Up $0.25	8,000 mt daily discharge 3,000 mt daily discharge
25-30,000 US Gulf-Morocco	$24.75	Up $0.25	5,000 discharge rate
55,000 U.S. Gulf –Egypt PNW to Egypt	$22.00 $22.25	Up $0.25	55,000 -60,000 mt St. Lawrence to Egypt $22.25
60-70,000 U.S. Gulf – Europe – Rotterdam	$13.25	Unchanged	Handymax at +$1.50 more
Brazil, Santos –China Itacoatiara Port up River Amazonia - China	$26.00 $25.25 $29.75	Up $0.75	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
56-60,000 Argentina-China Up River with Top Off	$33.00	Up $0.50	

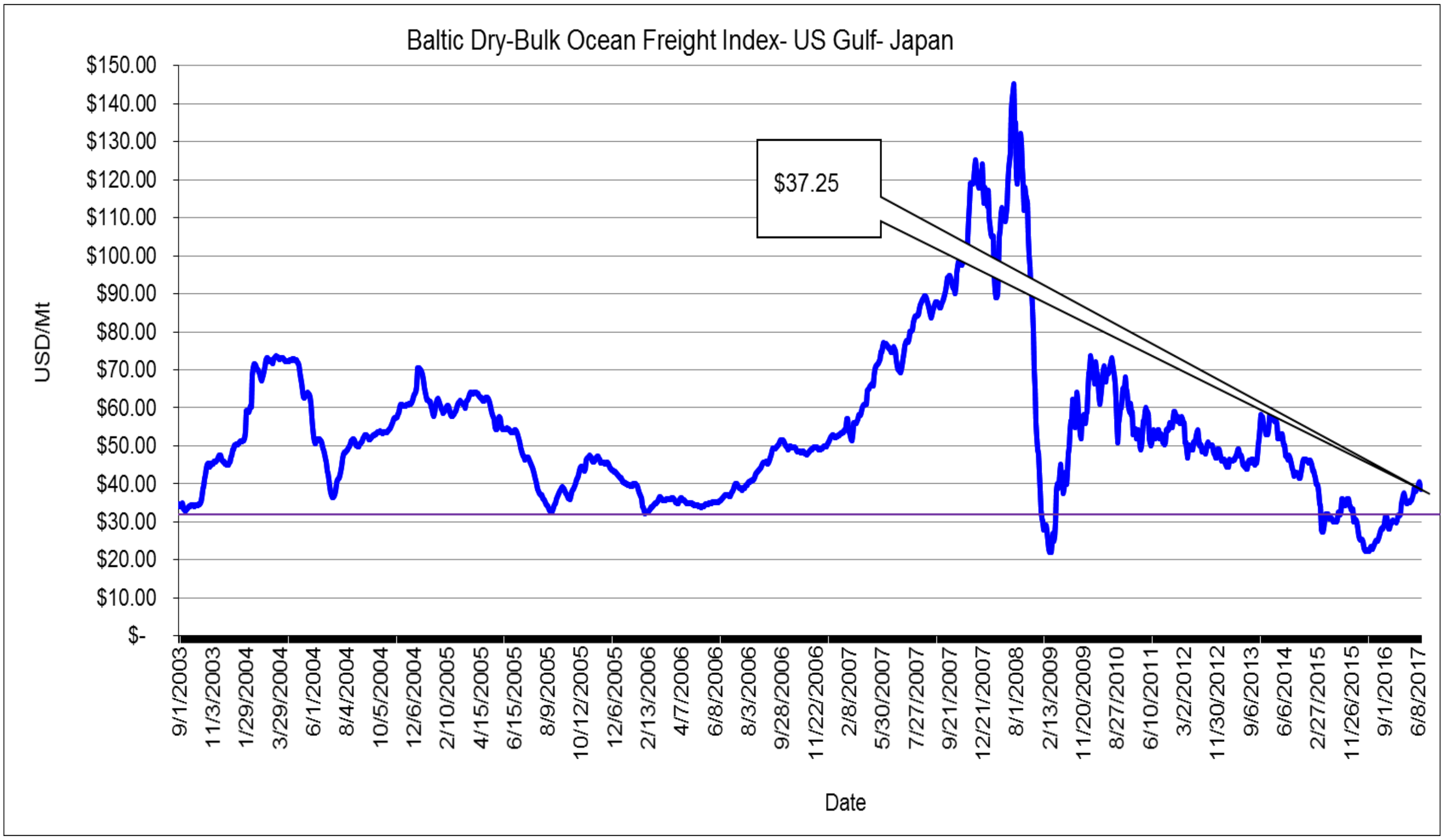
Nautical Miles: To Xiamen China (South China)
US Gulf (NOLA) (via Panamá Canal) – 10,232 nautical miles (32 days)
Santos Brazil (via Cape of Good Hope) - 10,441 nautical miles (33 days)
Rasario Argentina (via Cape Horn) - 10,751 nautical miles (34 days)

Forward Curve for Baltic BPI Panamax Vessel Freight



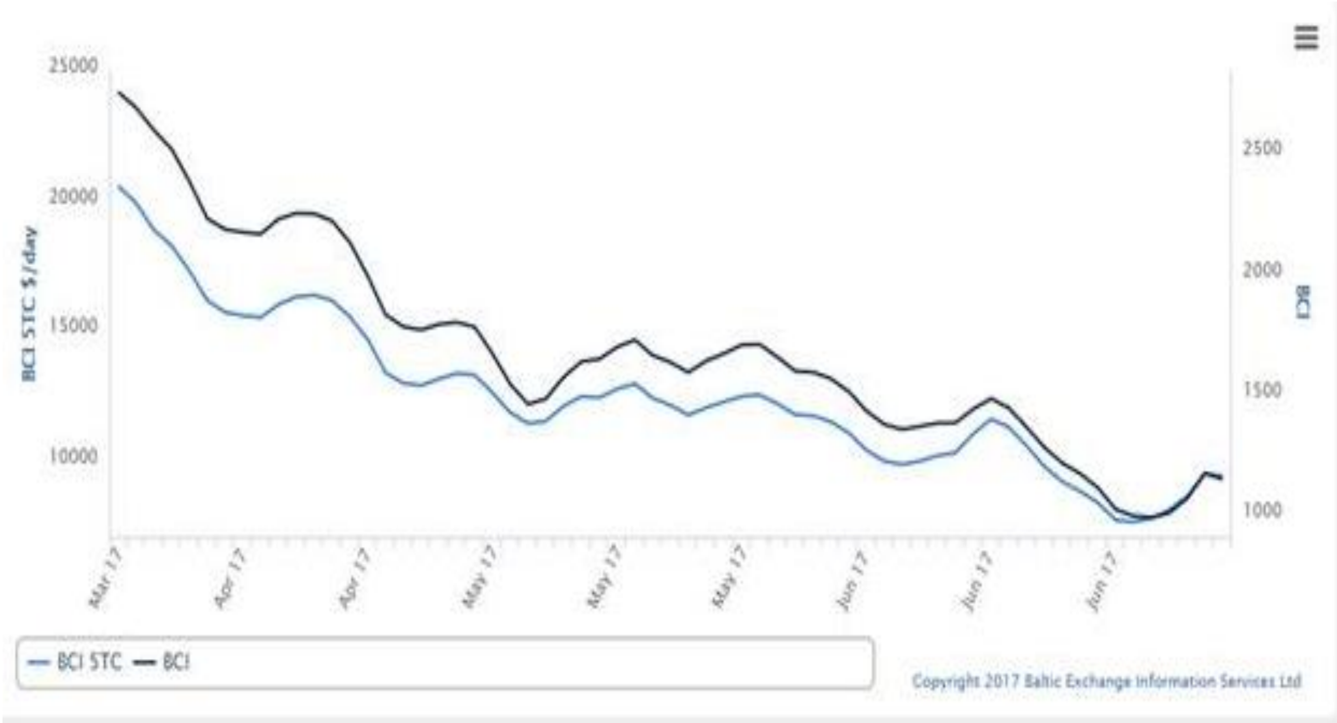
Capesize FFA Market



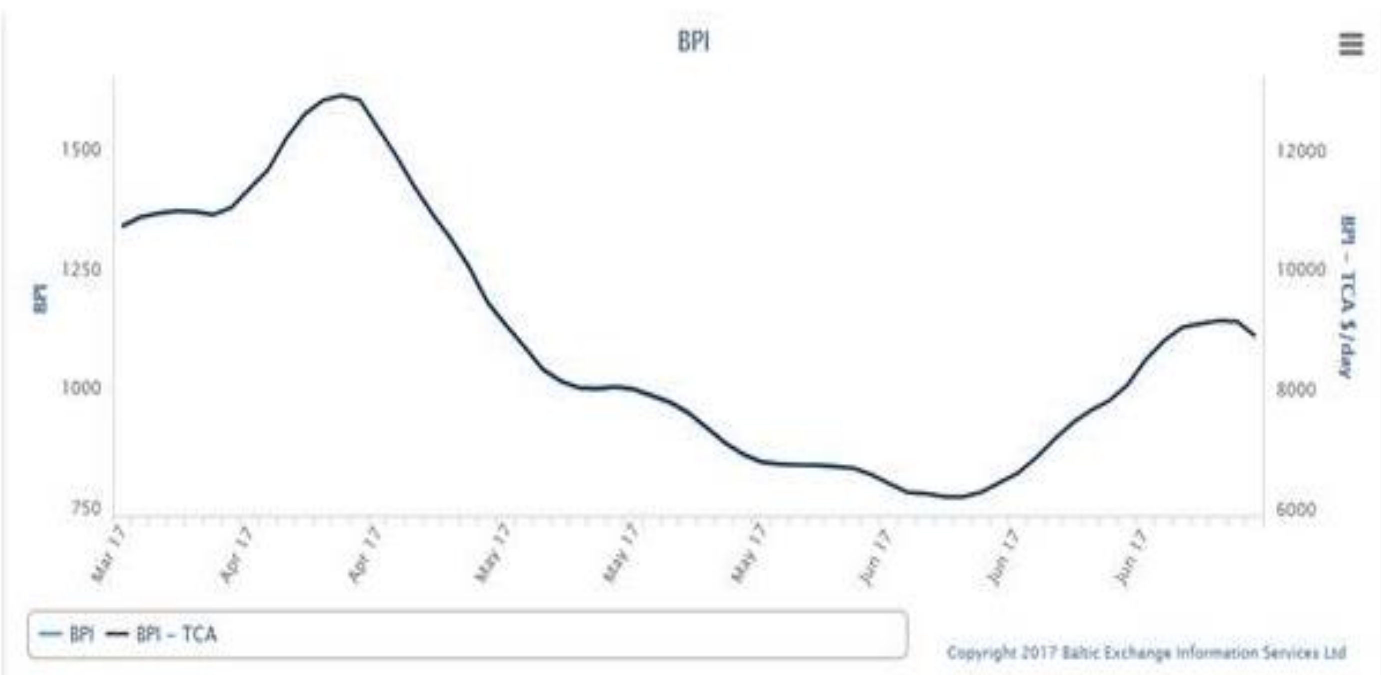


Baltic Dry-Bulk Index

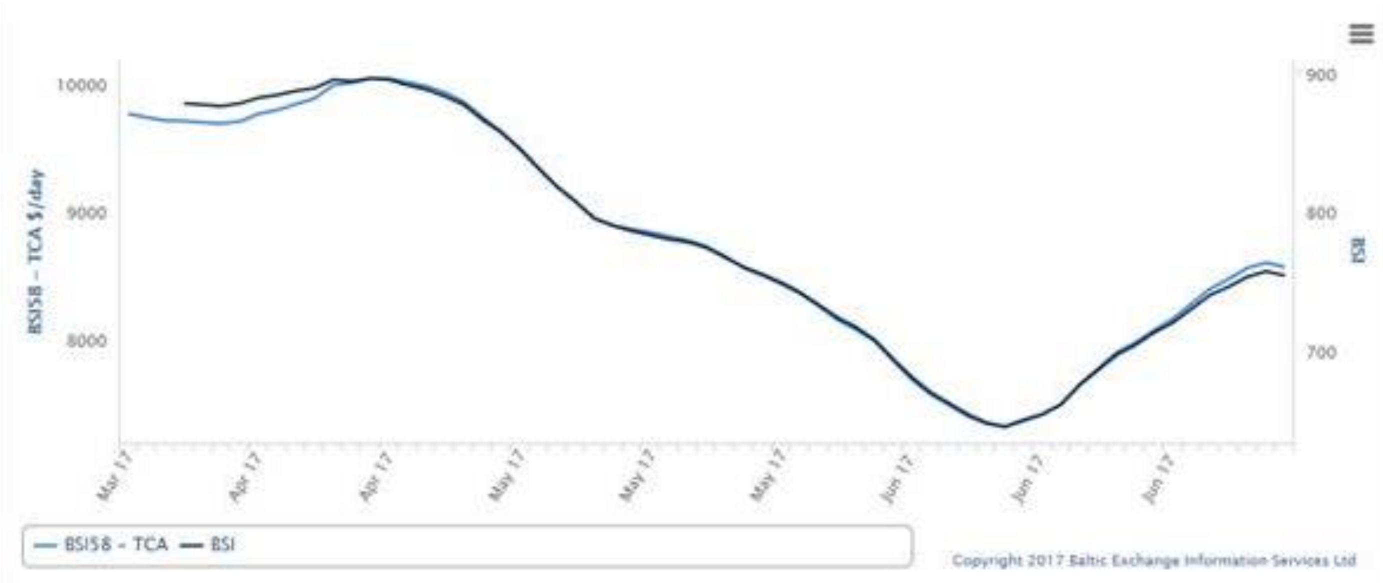
Baltic Capesize Index



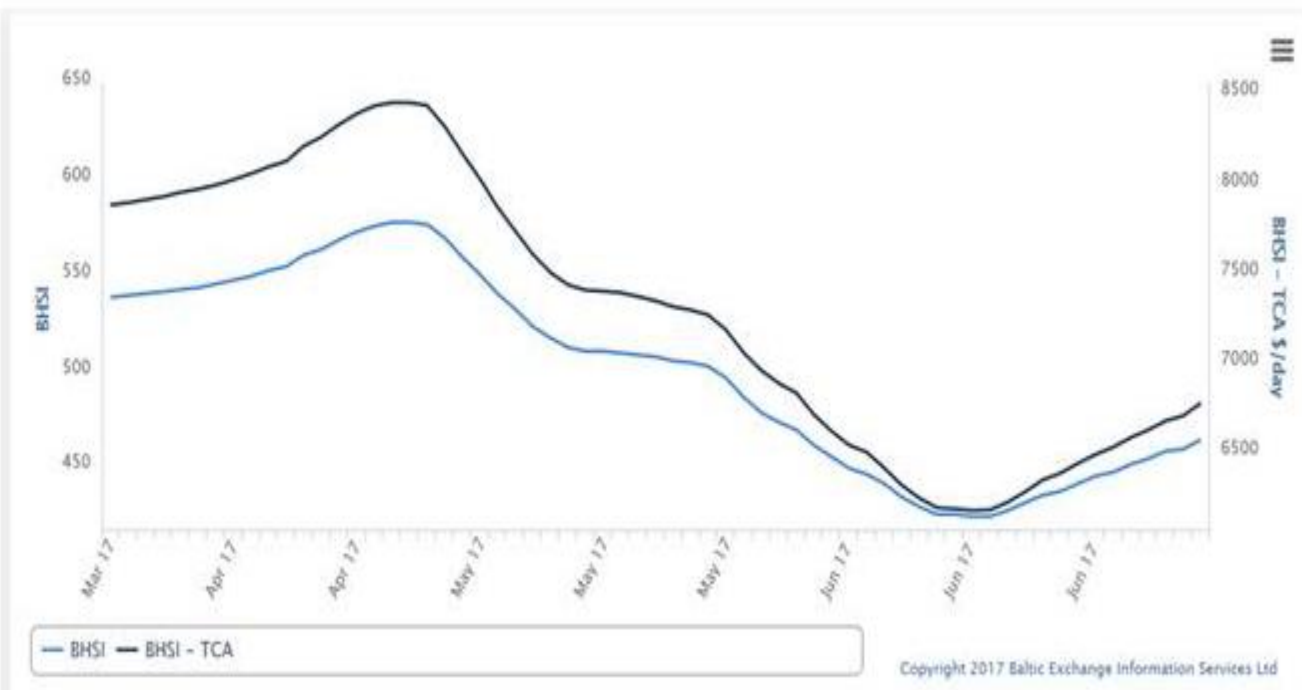
Baltic Panamax Index

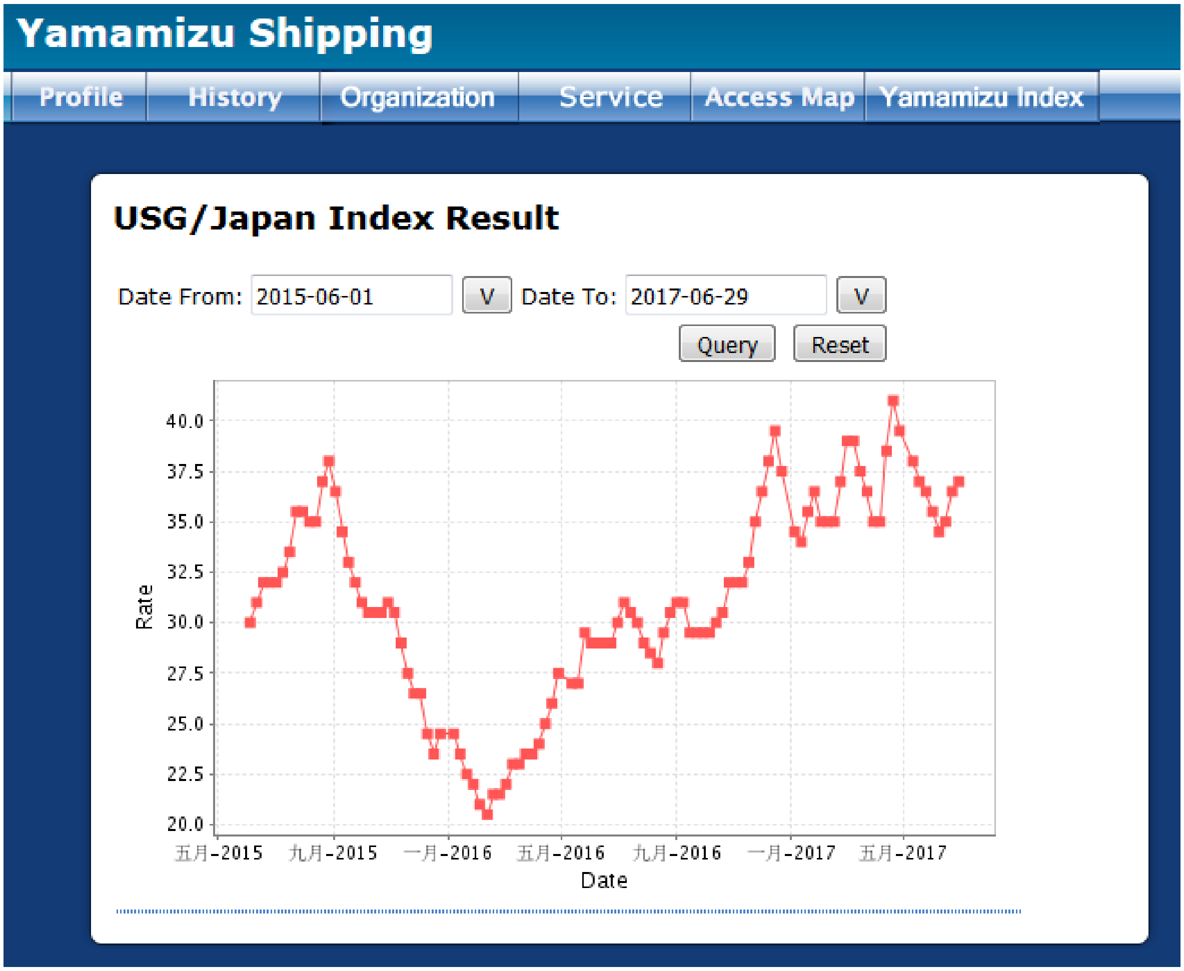


Baltic Supramax Vessel Index



Baltic Handy Size





China Import Dry Bulk Freight Index(CDFI) 2017-06-29						
Index/Routes	Charterparty type	Cargo/Vessel type	Dwt/Cargo Capacity	Unit	Index/Rate	Change
Composite Index				Point	687.47	-0.87
VC Index				Point	637.04	-2.03
TCT Index				Point	763.11	0.87
Santos(Brazil)— North China	VC	Soybean	60000/10%	$/ton	25.665	-0.117
Tacoma(West America)—North China	VC	Soybean	60000/10%	$/ton	17.986	-0.046
Mississippi(US Gulf) —North China	VC	Soybean	55000/10%	$/ton	36.245	-0.178

29 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
Aug.	0.34	**$158.85**	0.56	**$167.51**
Sept.	0.39	**$160.82**	0.58	**$168.30**
Oct.	0.43	**$166.53**	0.65	**$175.19**
Nov.	0.47	**$168.10**	0.68	**$176.37**
Dec.	0.48	**$168.49**	0.73	**$178.34**
Jan.	0.43	**$170.27**	0.68	**$180.11**

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
Aug. (Z)	0.90	**$185.03**	0.75	**$179.12**
Sept. (Z)	0.85	**$183.06**	0.75	**$179.12**
Oct.	0.85	**$183.06**	0.75	**$179.12**
Nov.	0.85	**$183.06**	0.75	**$179.12**
Dec.	0.85	**$183.06**	0.75	**$179.12**

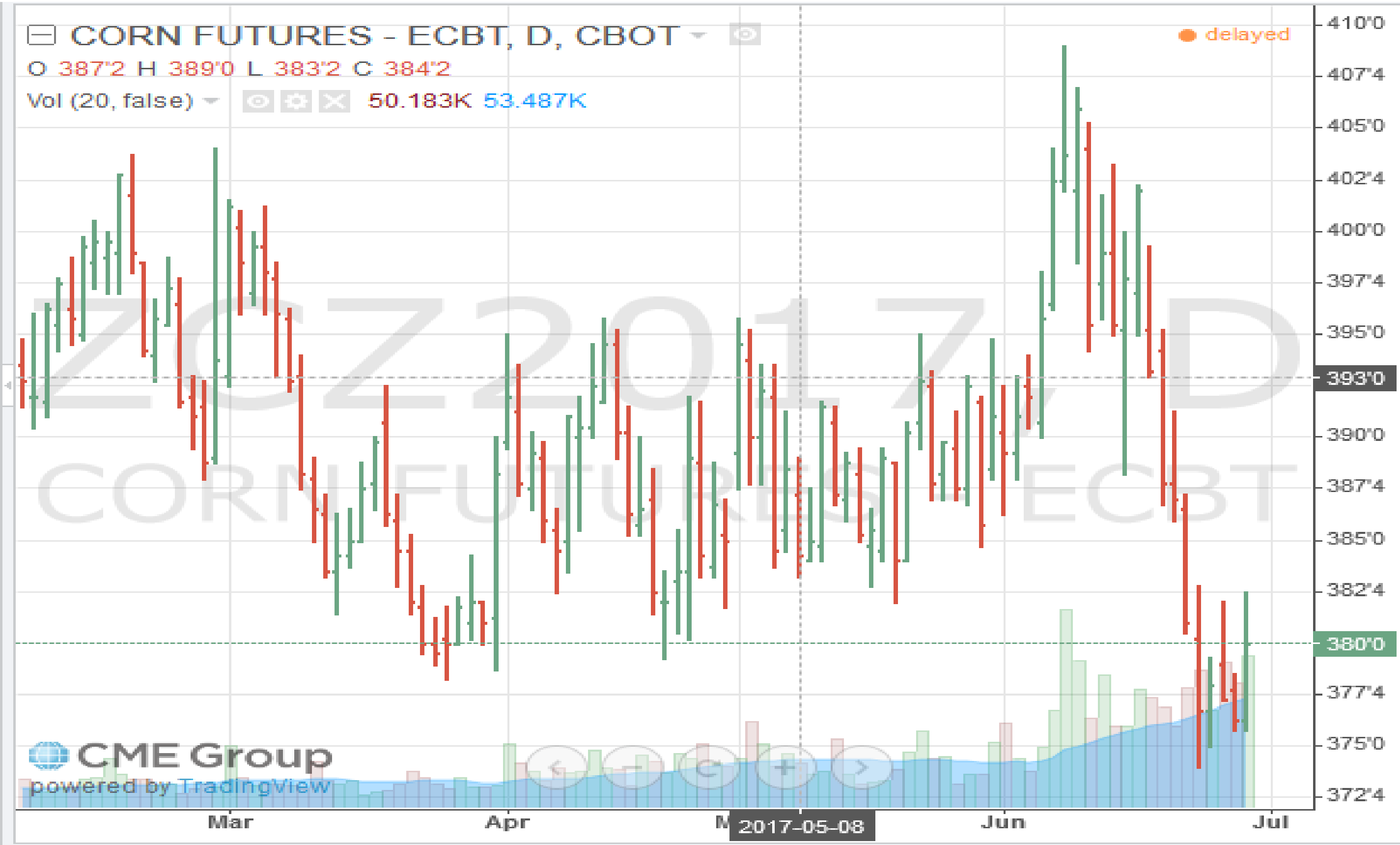
Nov. Fob vessel Texas Gulf #2 Sorghum is about 113 % the value of #2 Yellow Corn at NOLA

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

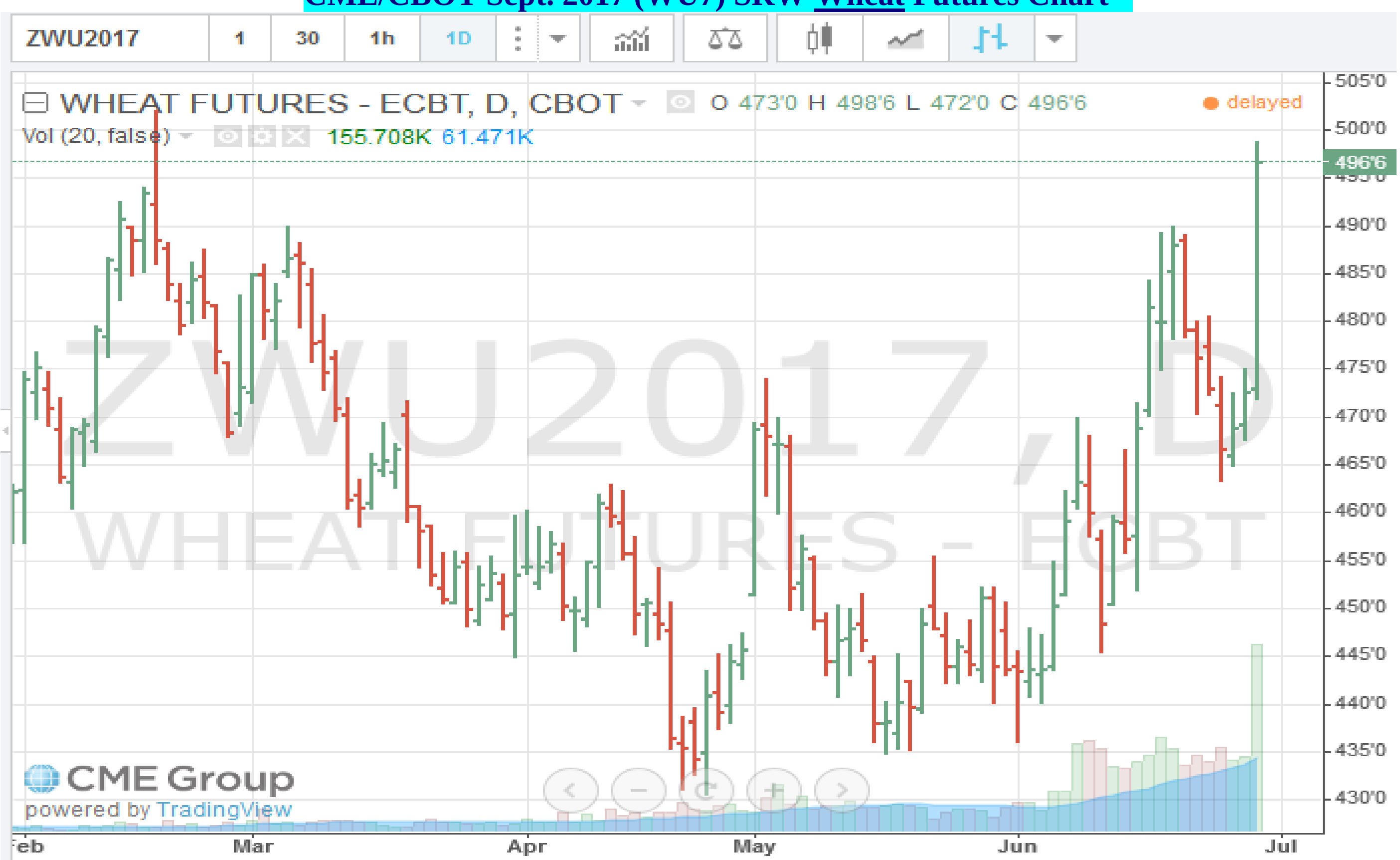
SRW Wheat	USD/MT	Fob Vessel	US Gulf	
	Aug.	**Sept.**	**Oct.**	**Nov.**
FOB U.S. GULF	$203.56	$204.29	$205.58	$207.05
Basis	0.58	0.60	0.44	0.48
WN	4.8025			
WU	4.9600			
WZ	5.1550			

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	$3.5975	$141.63	$ 3.6275	$142.81	($0.0300)
Sept.	CU	$3.6950	$145.46	$ 3.7075	$145.96	($0.0125)
Dec.	CZ	$3.8000	$149.60	$ 3.8075	$149.89	($0.0075)
Mar.	CH	$3.8950	$153.34	$ 3.9050	$153.73	($0.0100)
May	CK	$3.9575	$155.80	$ 3.9650	$156.09	($0.0075)

CME/CBOT Dec.. 2017 (CZ7) Corn Futures Chart –



CME/CBOT Sept. 2017 (WU7) SRW Wheat Futures Chart –



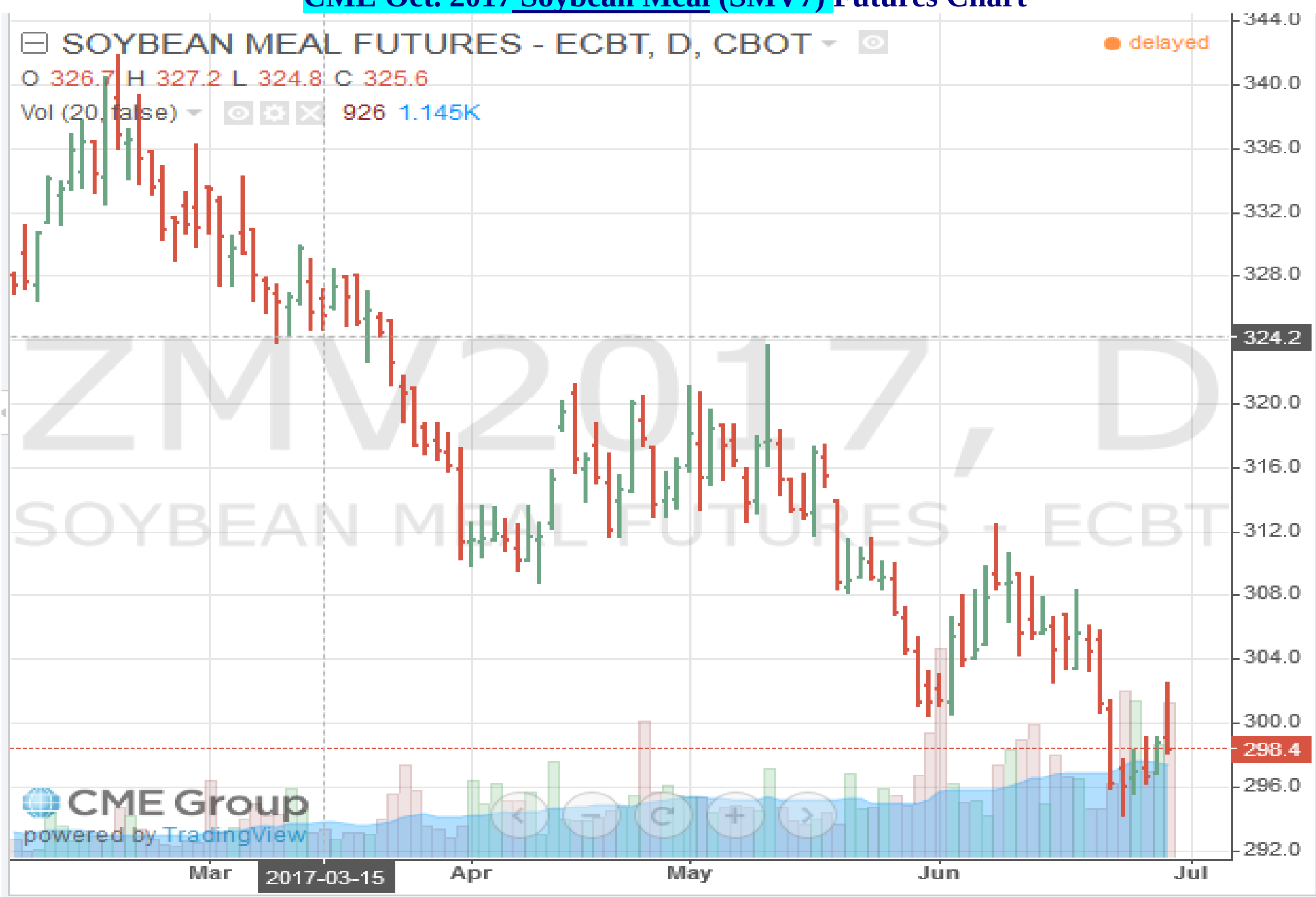
Soybean and SBM Markets Fob Vessel:

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 Nov. 2017 Soybean (SX17) Futures Chart

CME Oct. 2017 Soybean Meal (SMV7) Futures Chart



U.S. EXPORT STATISTICS: Report Activity as of Week Ending 15 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	612.5	55,146.0	56,520	98%	2,878.6
Sorghum	62.1	4,429.5	5,720	77%	0.0
Soybeans	121.7	59,048.6	55,790	106%	3,440.6
Wheat	584.9	7,525.1	27,220	28%	0.0
Barley	0.8	29.2	110	27%	0.0

U.S. EXPORT INSPECTIONS:
Monday's report 26 June 2017 for the Export week ending 22 June 2017

	Export Inspections		Current Market Year YTD	Previous Year to Date	2016 YTD as Percent of 2015
	This Week	Previous Week			
Corn	965,608	1,220,330	47,597,631	33,864,155	141%
Sorghum	75,712	119,697	5,008,709	7,489,481	67%
Soybeans	315,099	290,899	52,217,718	44,429,240	118%
Wheat	629,070	740,121	2,257,371	1,706,648	132%
Barley	542	2,096	2,926	4,386	67%

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

U.S. EXPORT INSPECTIONS:
Monday's report 26 June 2017 for the Export week ending 22 June 2017

Last Week								
(Metric Tons)	YC	%	WC	%	Sorghum	%	Soybeans	%
Lakes	0	0%	0	0%	0	0%	0	0%
Atlantic	0	0%	0	0%	0	0%	3,600	1%
Gulf	460,977	51%	67,859	99%	8,847	12%	152,467	48%
PNW	260,240	29%	146	0%	62,002	82%	66,777	21%
Interior Export Rail	175,763	20%	623	1%	4,863	6%	92,255	29%
Metric Tons	896,980		68,628		75,712		315,099	

Sorghum Shipments:

metric tons	
8,847	Japan
62,002	China Main
4,863	Mexico
75,712	Total

White Corn Shipments:

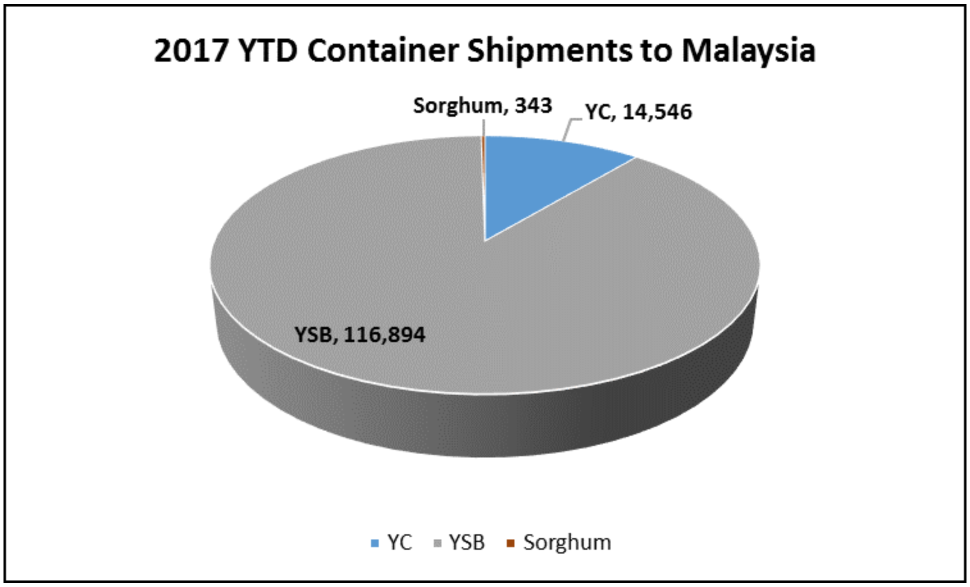
metric tons	
4,837	Colombia
63,621	Mexico
146	Korea Rep
24	Ireland
68,628	Total

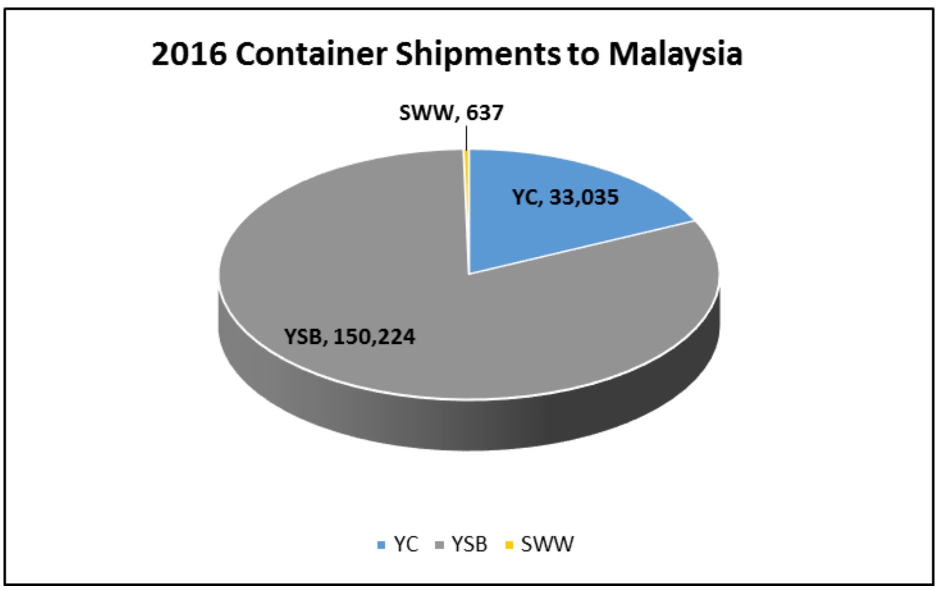
Export Inspection Highlights

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:			22-Jun-2017						
Last Week	metric tons								MT
	YC	WC	YSB	SRW	NS	SWW	HRW	Sorghum	TOTAL
China Main	3,013		3,012						6,025
China T	3,699		5,828				367		9,894
Hong Kong	733								733
Costa Rica									0
Indonesia			19,639						19,639
French Polynesia									0
Japan			440	49					489
Korea Republic	906		612						1,518
Dominican Rep.	24								24
Malaysia	1,077		2,840						3,917
Honduras									0
Philippines	735		2,547						3,282
Thailand			5,387						5,387
Bangladesh			392						392
Ireland		24							24
Vietnam			4,457						4,457
Sub total	10,187	24	45,154	49	0	0	367	0	50,908
USDA Corrections/Additions to previous reports:									
China T	1,543		1,255						2,798
China Main			1,028						1,028
Hong Kong									0
Korea Rep.		49							49
Jordan									0
Japan									0
Philippines									0
Indonesia			1,342						1,342
Malaysia			3,305						3,305
Thailand			563						563
Vietnam									0
Bangladesh			245						245
Canada						120			120
Sub total	1,543	49	7,738	0	0	120	0	0	9,450
Mt. Grand Total	**11,730**	**73**	**52,892**	**49**	**0**	**120**	**367**	**0**	60,358
Number of containers	510	3	2,300	2	0	5	16	0	

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



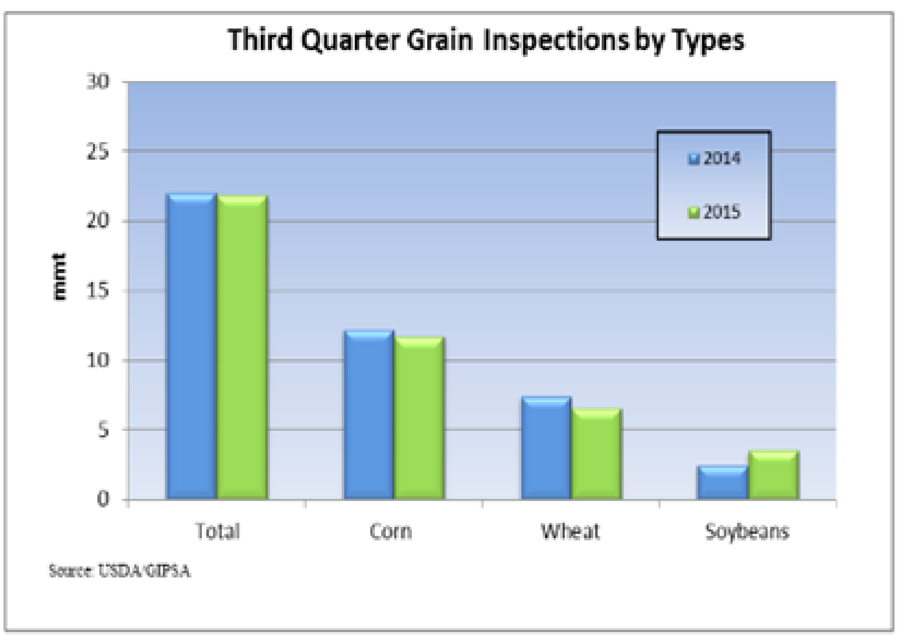


Grain Inspections for Export by U.S. Port Regions:
U.S. Gulf and Pacific Northwest 2016 YTD vs. 2017 YTD

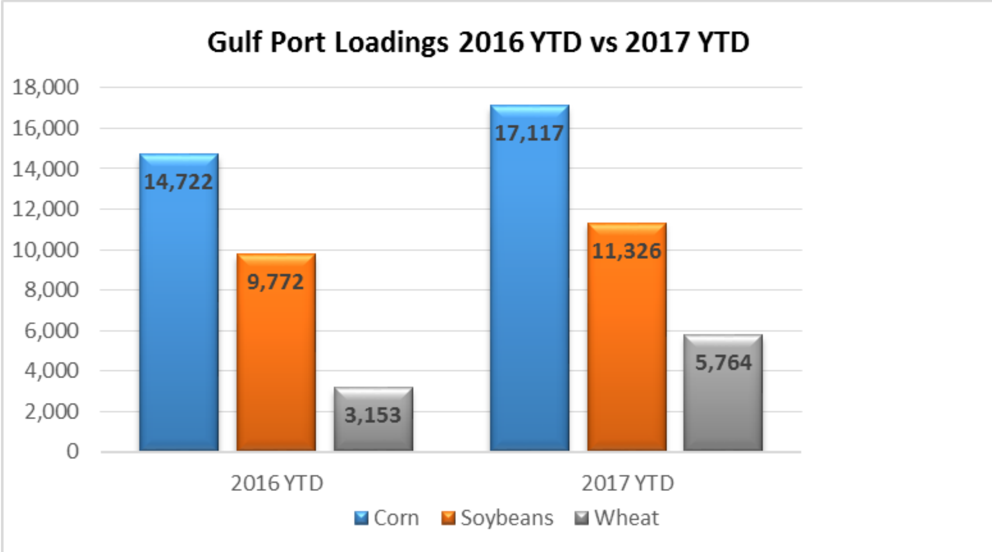
PORT LOADINGS US Gulf				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
GULF				
2016 YTD	14,722	9,772	3,153	27,647
2017 YTD	17,117	11,326	5,764	34,207
2017 as % of 2016	116%	116%	183%	124%

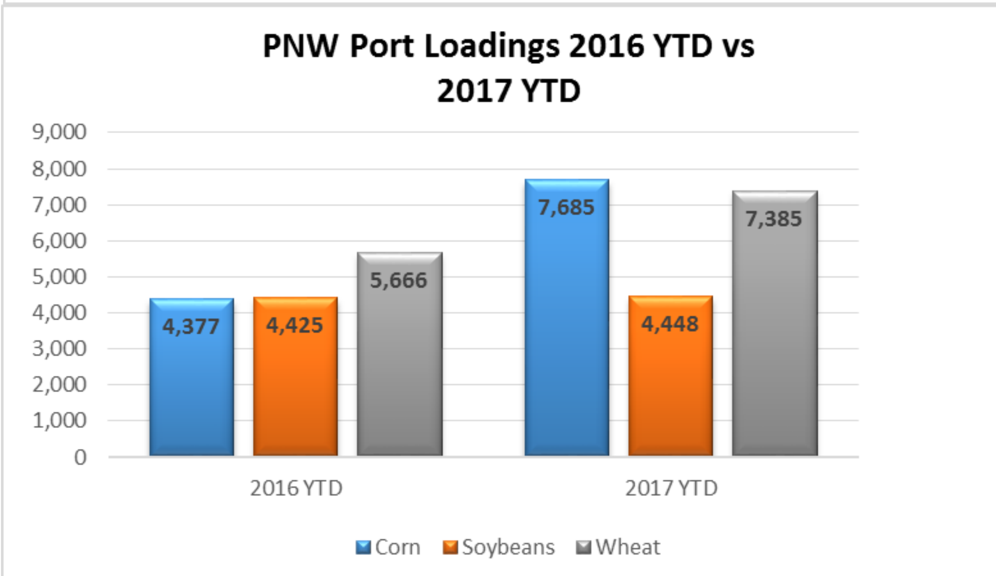
PORT LOADINGS US PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
PNW				
2016 YTD	4,377	4,425	5,666	14,468
2017 YTD	7,685	4,448	7,385	19,518
2017 as % of 2016	176%	101%	130%	135%

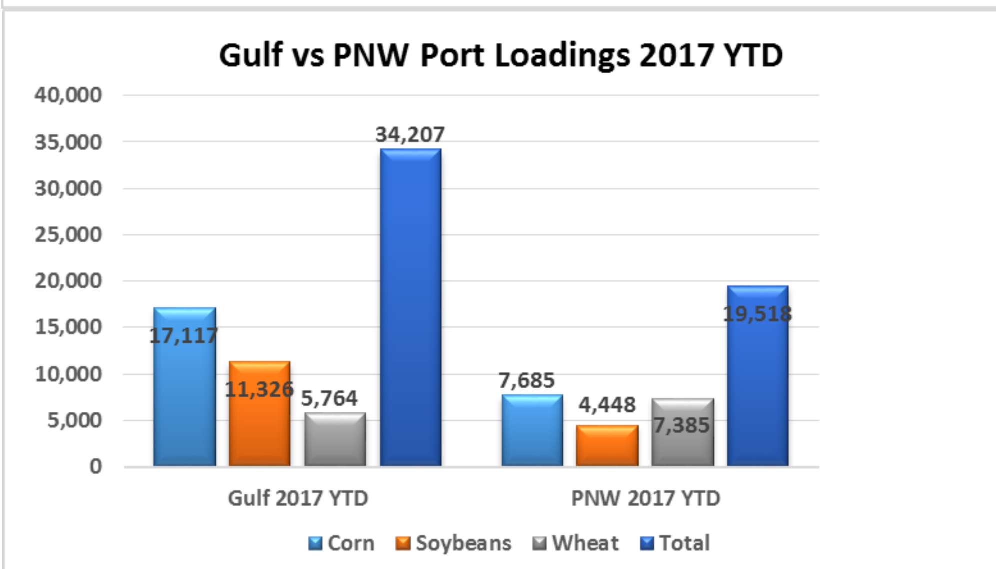
PORT LOADINGS GULF vs. PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
2017 Gulf YTD	17,117	11,326	5,764	34,207
2017 PNW YTD	7,685	4,448	7,385	19,518
TOTAL	24,802	15,774	13,149	53,725
Gulf Percentage	69%	72%	44%	64%
PNW Percentage	31%	28%	56%	36%



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

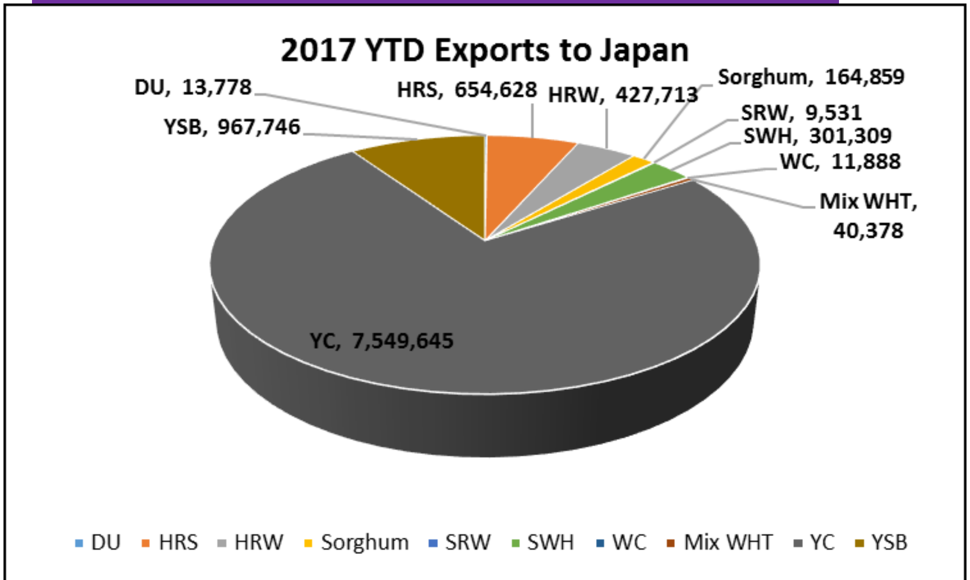


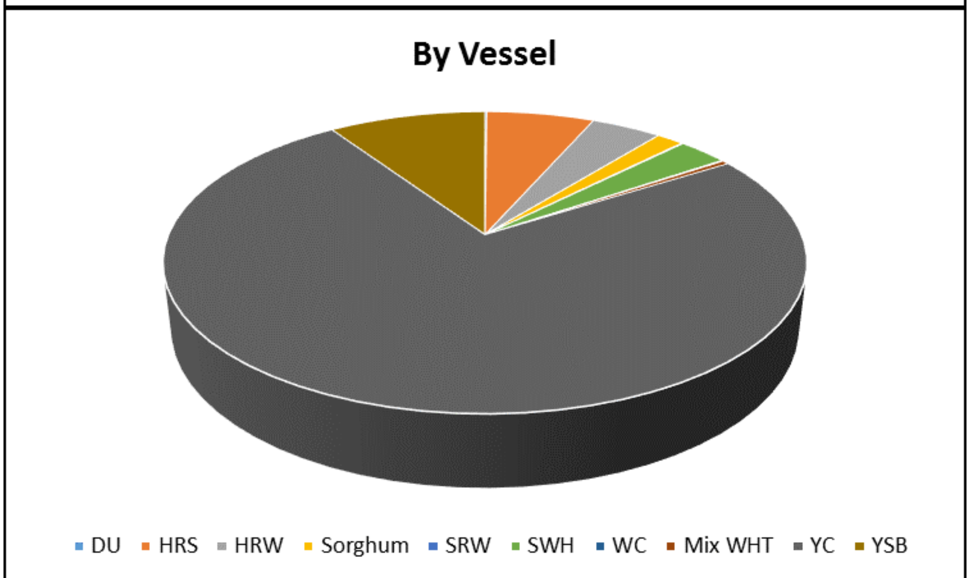


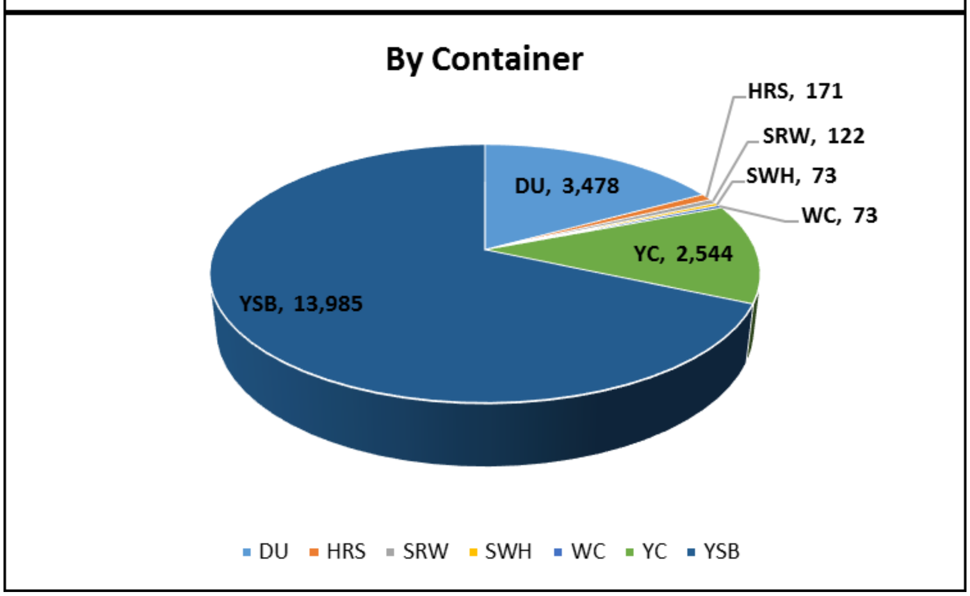


Source: USDA-data

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



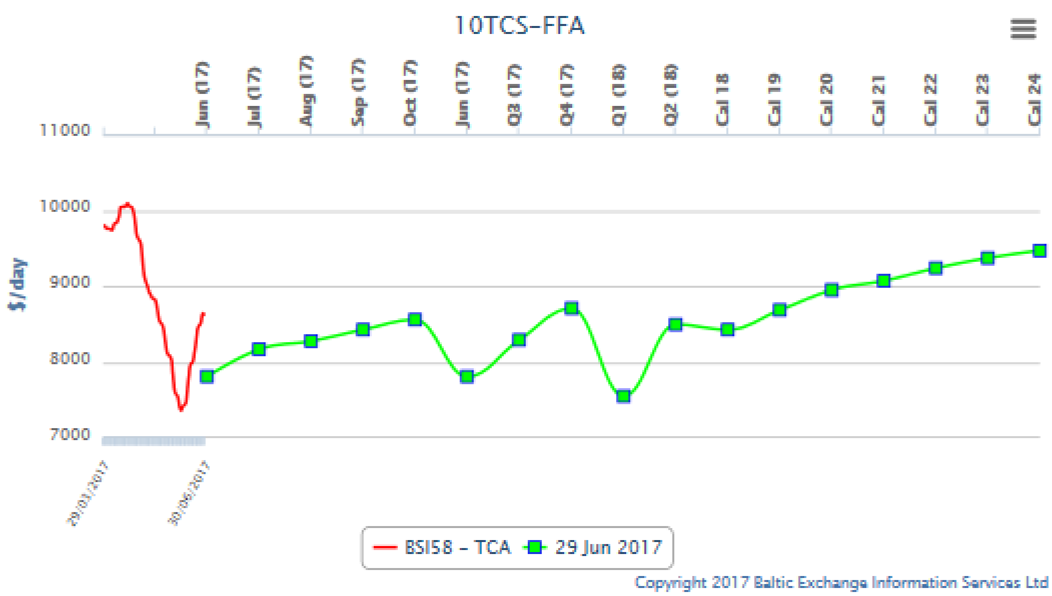




**Please keep in mind that USDA does not report DDGS sales, or they would show as the largest exports by container

Shipping News:

FFA SUPRAMAX 58 for the 5 time charter routes



Scrapping vs NBs in 2016 (Est.)

GMS Leadership

	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 (304VSLS)
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

U.S. Containerized Grain Exports, Jan-Apr, 2017					
HS Code	**HS Description**	**MT**	**TEU**	**Share**	**% change from 2016**
120100	Soybeans	810,011	56,947	36%	18%
230330	Distillers Dried Grains with Solubles (DDGS)	751,369	57,261	33%	-41%
100590	Corn	256,960	24,187	11%	86%
230990	Animal feed	239,268	16,611	11%	-9%
120810	Soybean meal	89,679	6,869	4%	-53%
	Other	122,024	9,013	5%	
	Total	**2,269,313**	**170,888**	**100%**	**-15%**

Source: Port Import Export Reporting Service (PIERS)

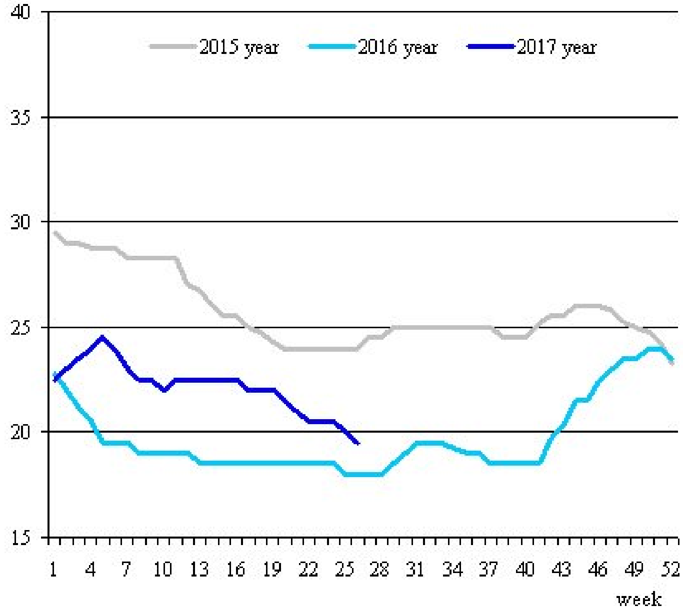
Agricultural Marketing Service

Vessel costs from U.S. Gulf versus Argentina and Brazil to Shanghai, August 2014			
Cargo Mean Quantity	**U.S. Gulf**	**Argentina**	**Brazil**
	56,000 mt[1]	**60,000 mt**	**66,000 mt**
Nautical miles (nm)	9,977	11,186	11,031
Voyage days	39	42.5	42
Panama Canal	1		
Laytime both ends	20	24	23
Total voyage duration days	60	66.5	65
Port and Canal fees	$550,000	$430,000	$180,000
Percentage of total costs	16.2	13.0	6.0
Total costs	$3,400,000	$3,303,500	$3,015,000
Freight rate:	**$56.67**	**$55.06**	**$45.68**

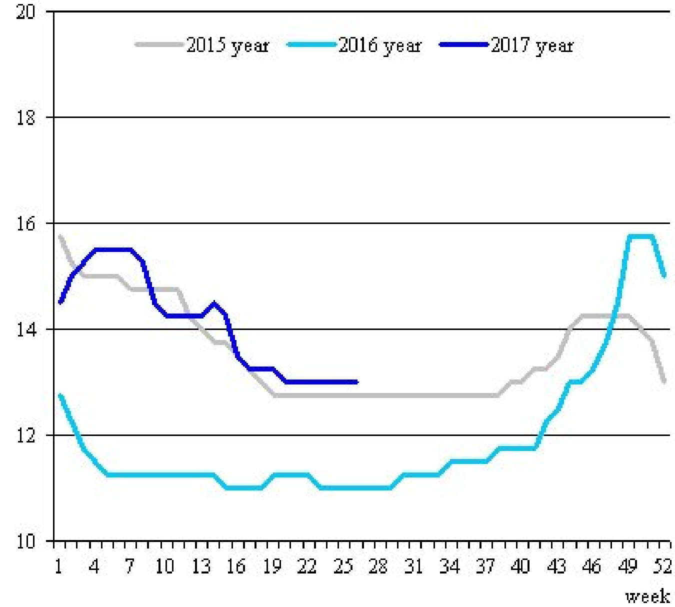
[1]Metric tons
Source: O'Neil Commodity Consulting

*Panama Canal Transit fees are higher this year.

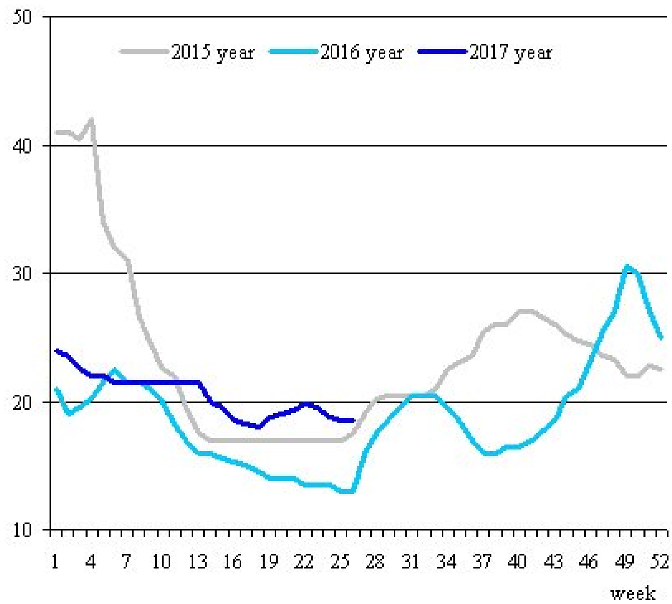
Wheat, 5,000t, Odessa - Adriatic Sea ports, $/tonne



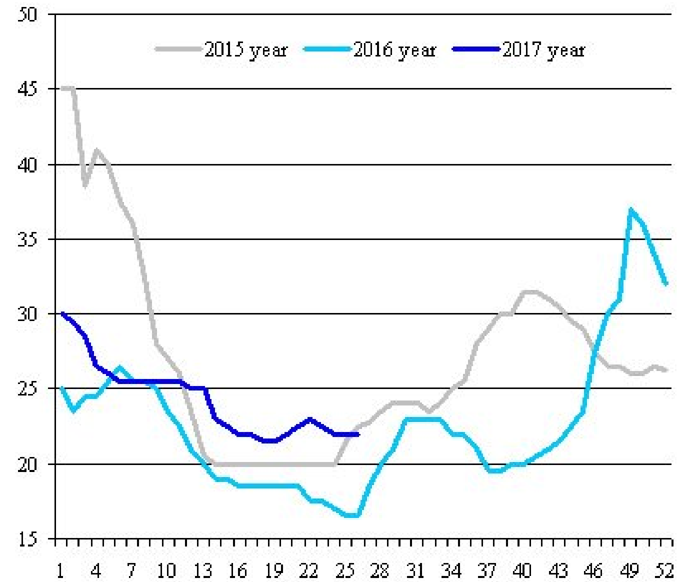
Square billets, 5,000t, Novorossiysk - Marmara Sea ports, $/tonne



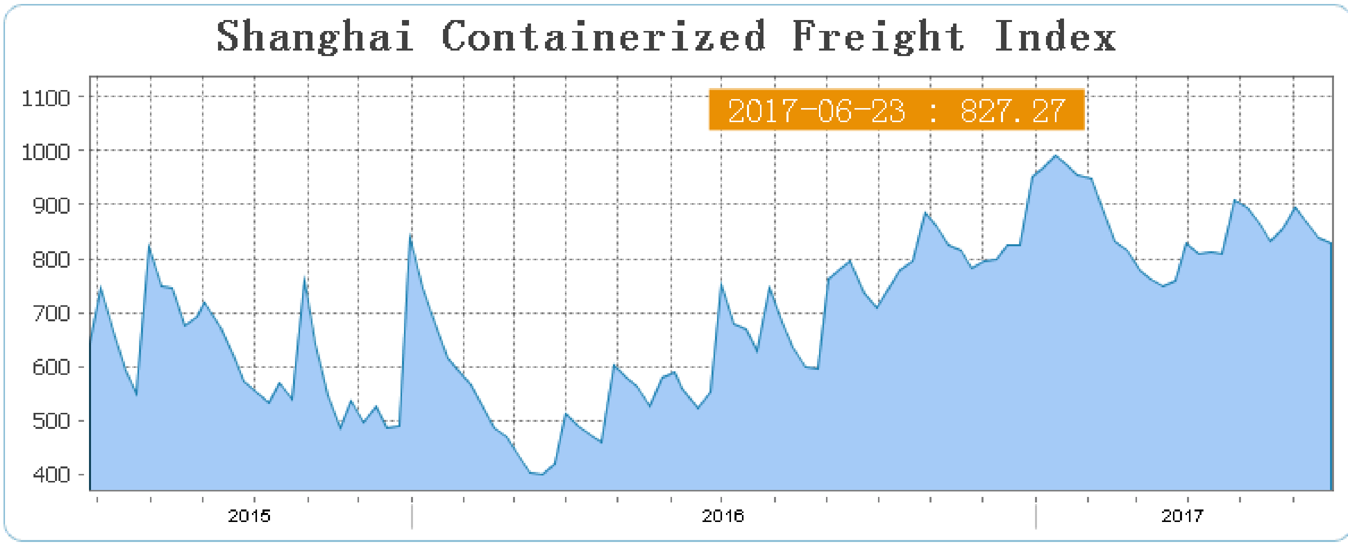
Wheat, 3,000t, Azov - Marmara Sea ports, $/tonne



Scrap, 3,000t, Rostov - Marmara Sea ports, $/tonne



jerome sorrel, Medstone SA, Freight Report LLC and 2 others



U.S. RIVER BARGE FREIGHT

Current Barge Freight for Placement First Half August 2017

Placement FH August 2017	% of Tariff	MT	Corn BU	Soybeans-Wheat BU
Upper Mississippi	345	$23.54	0.60	0.64
Illinois River (Pekin and South)	305	$16.17	0.41	0.44
Mid-Mississippi	295	$17.30	0.44	0.47
Lower Ohio	235	$11.55	0.29	0.31
St. Louis	225	$ 9.90	0.25	0.27

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:
First Half August 2017.

Secondary Rail Car Market Placement FH August 2017	BID USD	ASK USD	BID BU.	ASK BU.	BID MT	ASK MT
BNSF Shutle Trains	$ (200.00)	$ (100.00)	$ (0.05)	$ (0.03)	$ (1.97)	$ (0.98)
UPRR Shuttle Trains	$ (200.00)	$ (125.00)	$ (0.05)	$ (0.03)	$ (1.97)	$ (1.23)

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 Follow