

Transportation and Export Report for 19 July 2018

Ocean Freight Insights and Comments:

It was another week of mixed results in global Dry-Bulk freight markets. The Capesize vessel market did show some improvement and helped to support Panamax values. Supramax and Handymax vessel segments however were lower for the week. There still has not been a significant cargo growth in any sector to make a solid bullish argument for higher rates. We can most likely expect to see markets that bounce up and down slightly but do not provide any new direction until the Global tariff wars are settled. Container Lines continue to strive for better efficiencies through consolidation and Alliances, which they hope will enable them to reduce competition and give support to rate increases. But the loss of container grain business to China is weighing on export volumes of grains and co-products.

BALTIC DRY-BULK PANAMAX INDEX CHANGES

Panamax Ocean Freight Indices				
19-Jul-18	This Week	Last Week	Difference	Percent Change
P2A : Gulf/Atlantic - Japan	20644	20492	152	0.7%
P3A - PNW/Pacific - Japan	9616	9892	-276	-2.8%
S1C -USGULF-China-So.Japan	20997	20372	625	3.1%

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

Four weeks ago:	\$ 7.85-\$8.10
Three weeks ago:	\$ 7.20-\$7.40
Two weeks ago:	\$ 7.20-\$7.40
One week ago:	\$ 8.10-\$9.00
This week	\$ 8.50-\$9.10

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

Mississippi River:	(10 elevators)	2-10 days
Miss. River Mid-Stream loaders:	(6+ Rigs)	0-0 days
Texas Gulf	(6 elevators)	0-6 days (Ave. 1 day)
Pacific Northwest:	(9 elevators)	1-17 days (only 2 facilities over 10 days)

Panamax Market Spreads to Asia -China					
19-Jul-18	PNW	GULF	Bushel Spread	MT Spread	Advantage
CORN	0.98	0.69	0.29	\$11.42	PNW
SOYBEANS	0.60	0.58	0.02	\$0.73	PNW
OCEAN FREIGHT	\$24.00	\$43.00	.48 -.52	\$19.00	August

Recent Reported Vessel Fixtures:

60,000 mt HSS Rio Grande, Brazil (Southern BR) to China August 07-17 at \$35.75 fio 8,000 sshex bends – ECTP

Route and Vessel Size	Current Week USD/MT	Change from previous week	Remarks
55,000 U.S. Gulf-Japan	\$44.00	Unchanged	Handymax \$44.50 mt
55,000 U.S. PNW- Japan	\$24.75	Unchanged	Handymax \$25.00 mt
66,000 U.S. Gulf – China PNW to China	\$43.00 \$24.00	Unchanged Unchanged	North or South China
25,000 U.S. Gulf- Veracruz, México	\$16.50	Unchanged	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$14.50	Unchanged	Deep draft and 6,000 MT per day discharge rate.
25/35,000 U.S. Gulf- <u>East Coast Colombia</u> From Argentina	\$19.75 \$34.00	Unchanged	<u>West Coast Colombia at \$28.50</u>
40-45,000 U.S. Gulf - Guatemala	\$28.75	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf – Algeria	\$31.75 \$33.25	Unchanged	8,000 mt daily discharge 3,000 mt daily discharge
26-30,000 US Gulf-Morocco	\$34.25	Unchanged	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt PNW to Egypt	\$28.50 \$27.75	Unchanged	55,000 -60,000 mt Russia Black Sea to Egypt \$15.00
60-70,000 U.S. Gulf – Europe – Rotterdam	\$21.25	Up \$0.25	Handymax at +\$1.75 more
Brazil, Santos – China Brazil, Santos – China Itacoatiara-Port Up River North Brazil	\$35.25 \$34.50 \$38.00	Unchanged	54-59,000 Supramax-Panamax 60-66,000 Post Panamax 60-66,000 mt
56-60,000 Argentina/Rosario- China Deep Draft	\$39.75	Unchanged	Up River with BB Top Off \$41.00

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

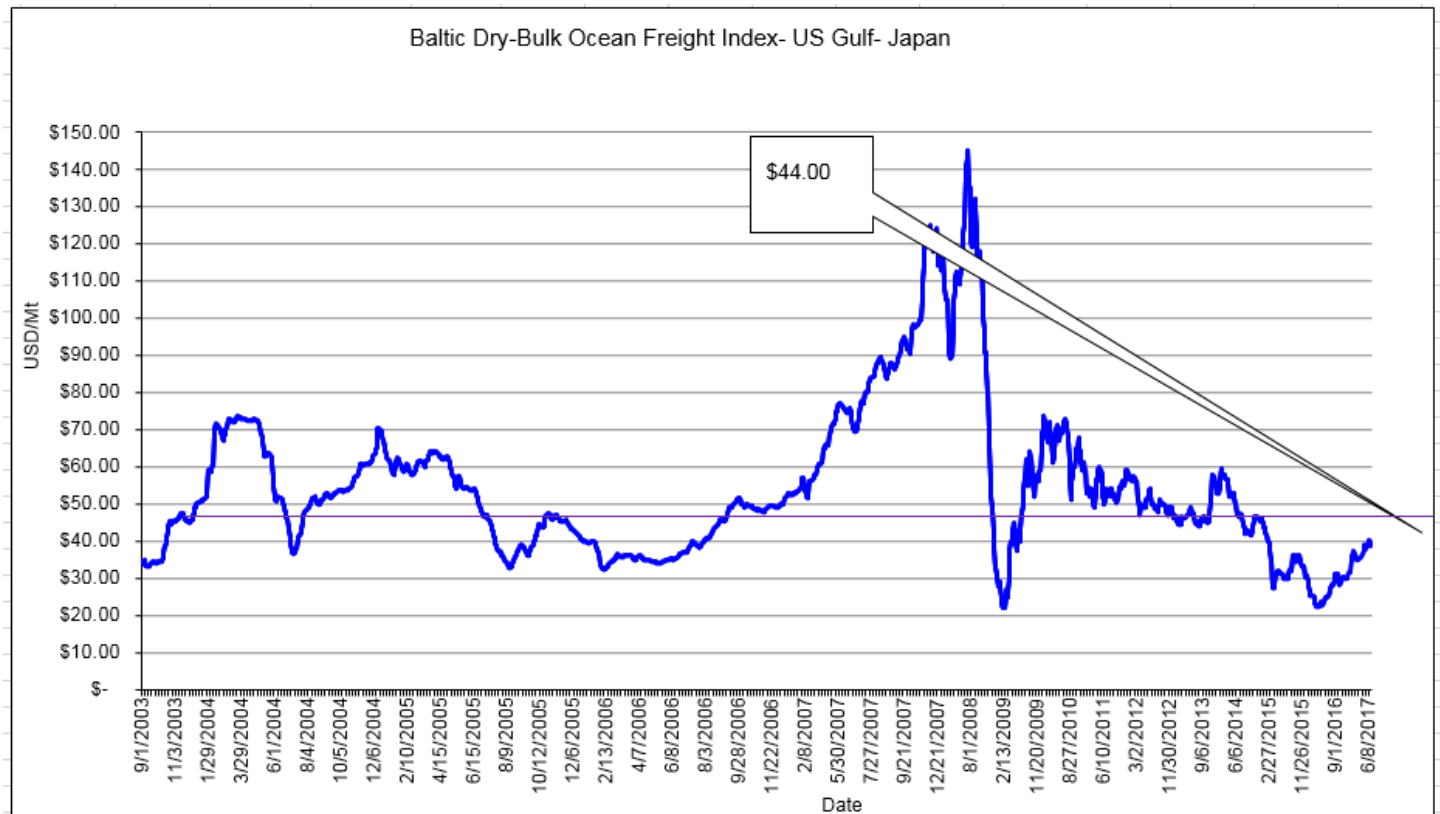
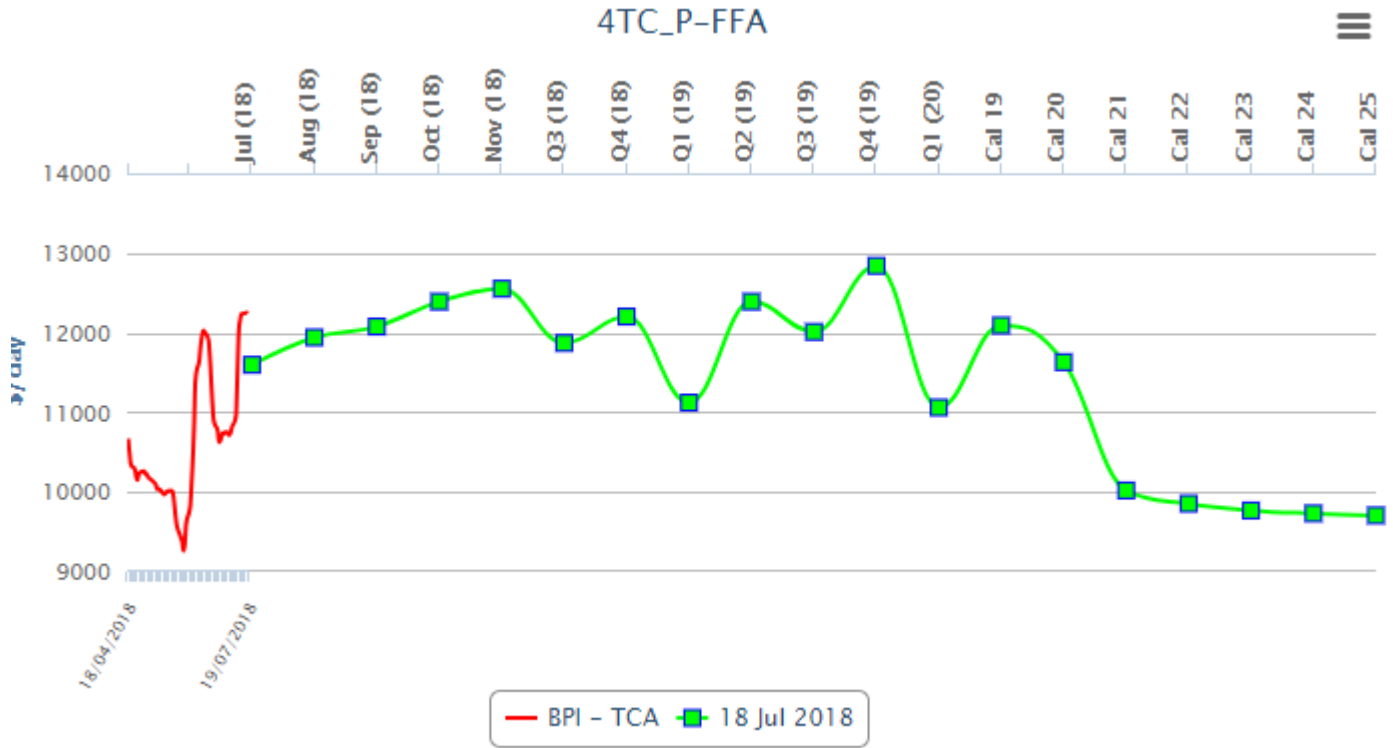
Nautical Miles: To Xiamen China (South China)

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)

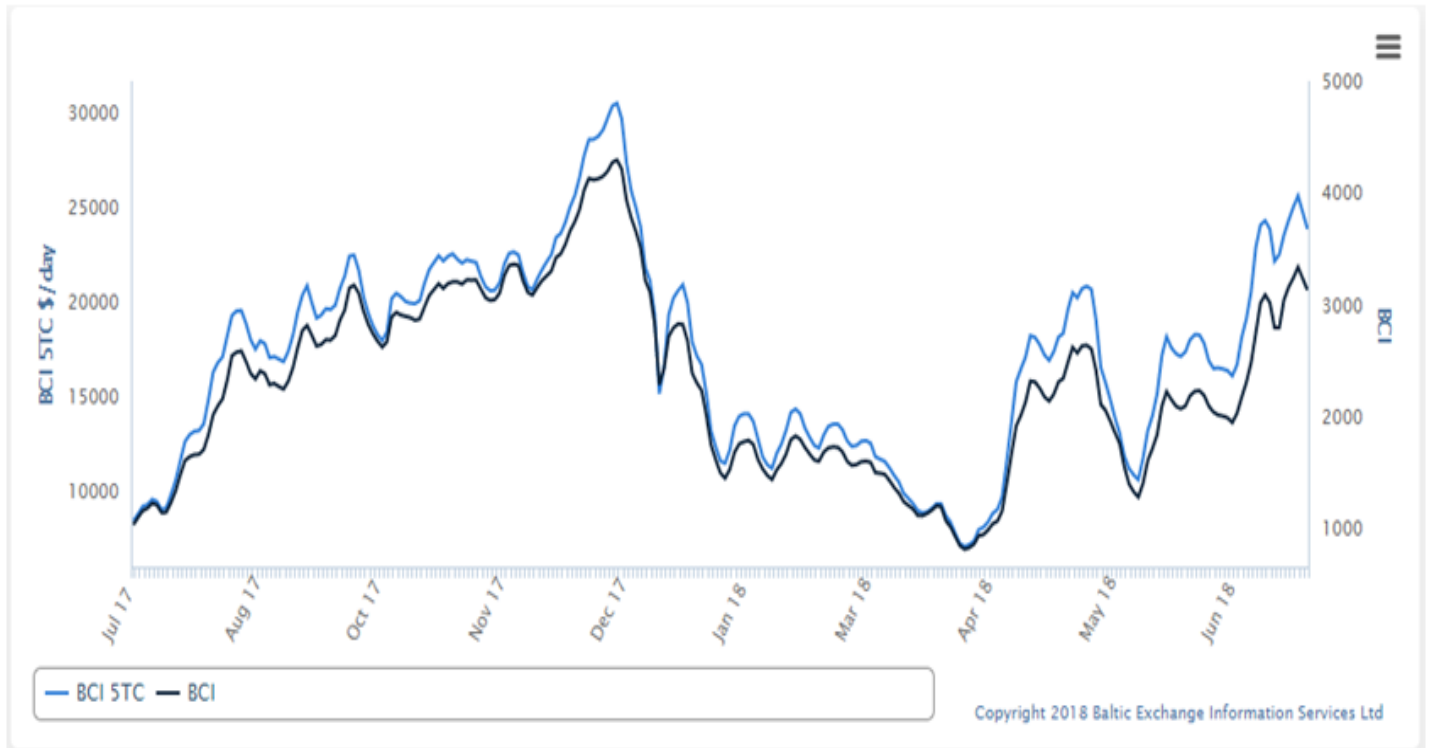
Rasario Argentina (via Cape Horn) - 10,751 nautical miles (34 days)

Forward Curve for Baltic BPI Panamax Vessel Freight



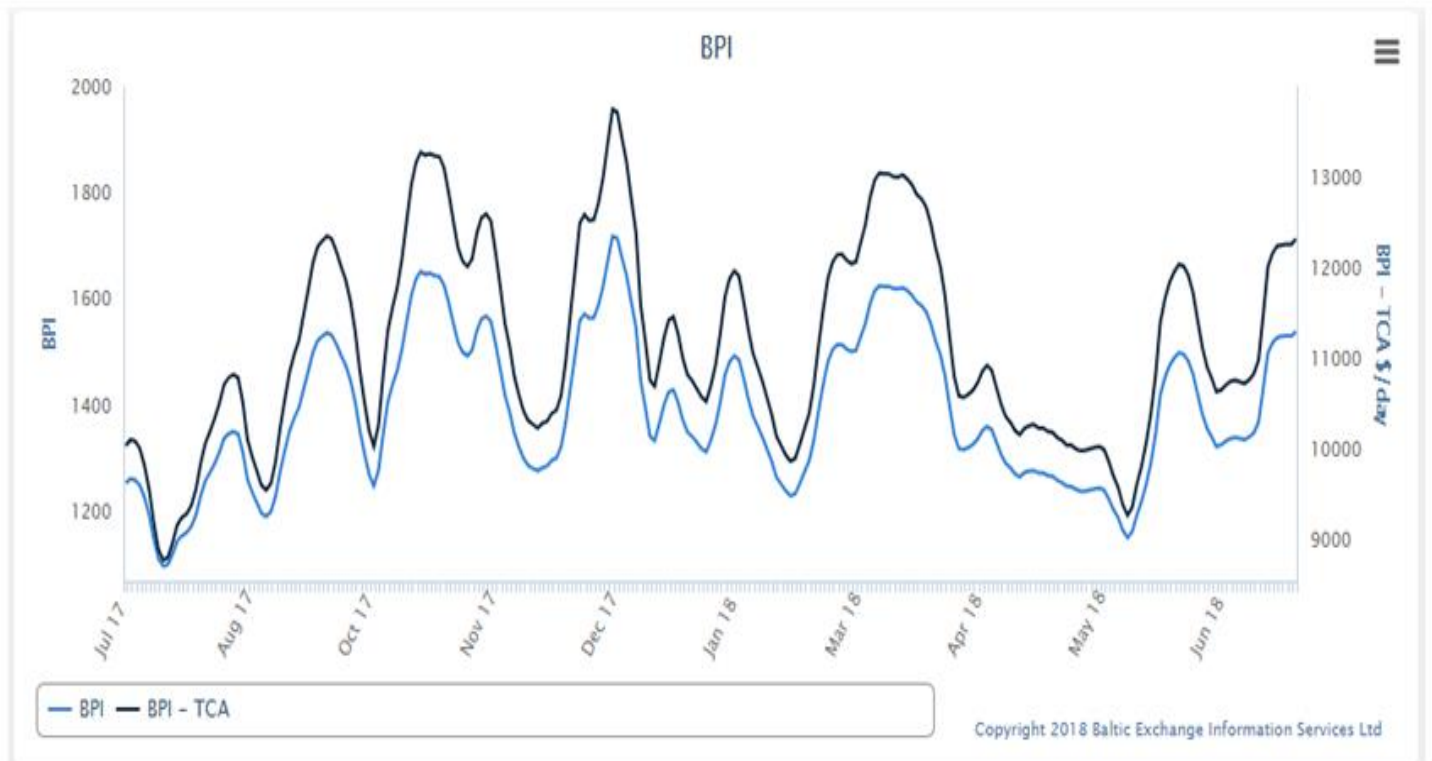
Baltic Capesize Index

Cape



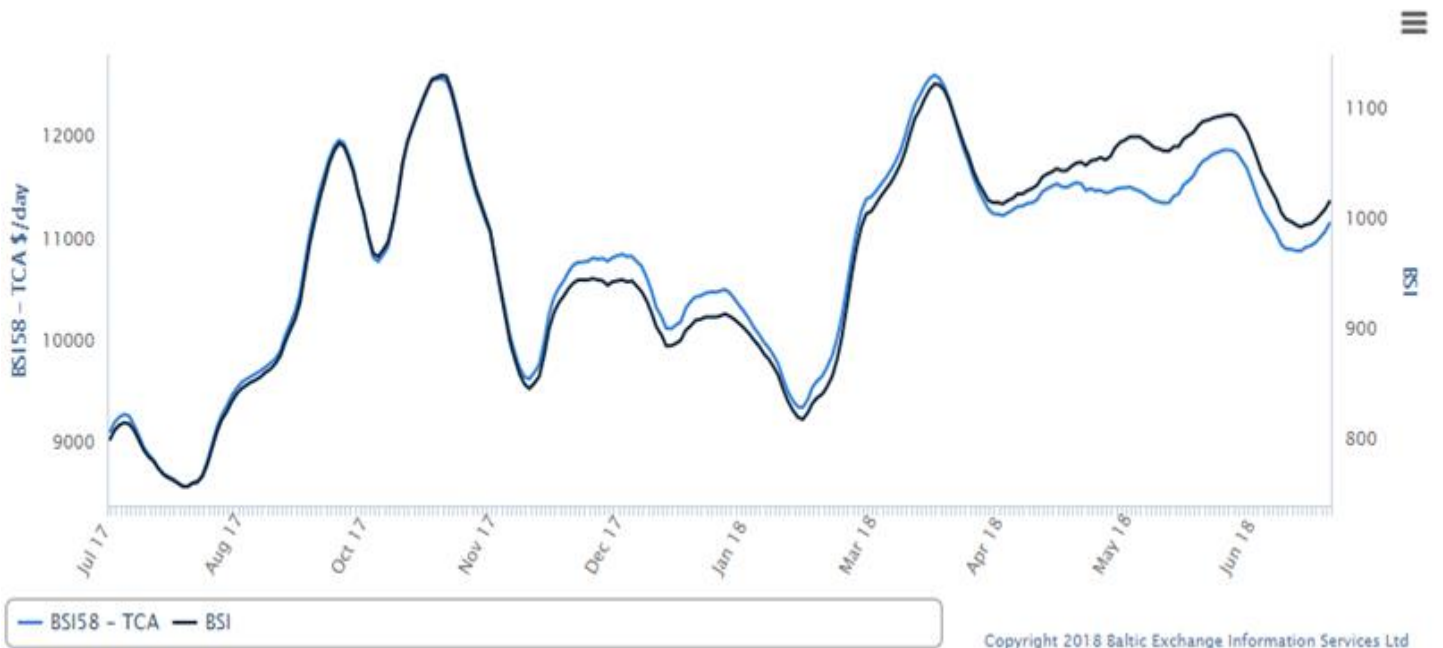
Baltic Panamax Index

Panamax



Baltic Supramax Vessel Index

Supramax



Baltic Handy Size

Handysize

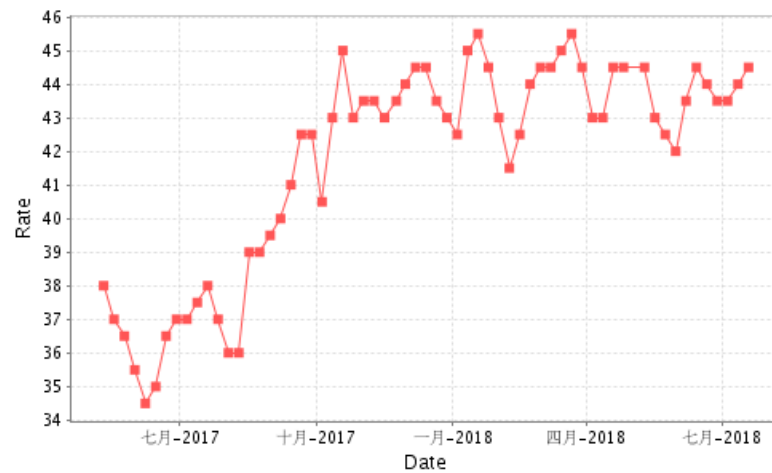


Yamamizu Shipping

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[Access Map](#)
[Yamamizu Index](#)

USG/Japan Index Result

Date From:
 Date To:



China Import Dry Bulk Freight Index(CDFI)

2018-07-19

Route	Size MT	Cargo/Vessel Size	Unit	Rate	Change
Composite Index			Point	965.85	-12.22
Iron ore Freight Index			Point	1015.18	-21.62
Soybean Freight Index			Point	991.73	-1.38
Santos(Brazil)—North China	60000/10%	Soybean	\$/ton	34.682	-0.059
Tacoma(West America)—North China	60000/10%	Soybean	\$/ton	23.382	-0.050
Mississippi(US Gulf)—North China	66000/10%	Soybean	\$/ton	43.014	-0.043
Mississippi(US Gulf)—North China	55000/10%	Soybean	\$/ton	44.551	-0.010

19 July 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
Aug.	0.69	\$165.44	0.98	\$176.86
Sept.	0.70	\$165.84	1.01	\$178.04
Oct.	0.68	\$170.46	1.01	\$183.45
Nov.	0.73	\$172.43	1.03	\$184.24
Dec.	0.76	\$173.61	1.04	\$184.64
Jan.	0.70	\$175.78	0.98	\$186.80

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)	1.10	\$187.00	0.90	\$179.12
Sept. (Z)	1.10	\$187.00	0.95	\$181.09
Oct.	1.10	\$187.00	0.95	\$181.09
Nov.	1.20	\$190.93	0.95	\$181.09
Dec.	1.20	\$190.93	0.95	\$181.09

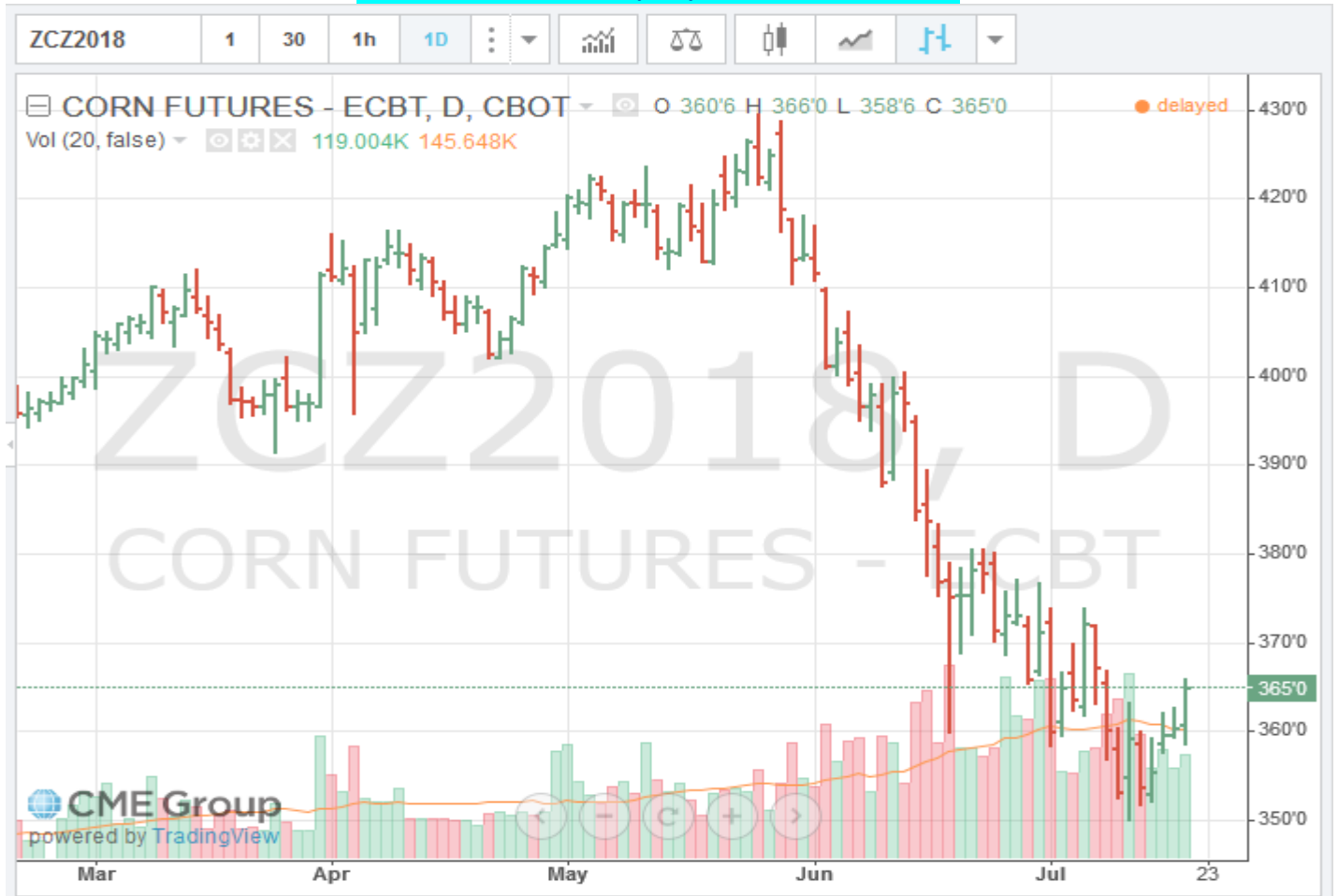
Fob vessel Texas Gulf #2 Sorghum is about 1.08 % the value of #2 Yellow Corn at NOLA.
In S.W. Kansas it is bid at 84 percent the value of corn.

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

SRW Wheat	USD/MT	Fob Vessel	US Gulf	
	Aug.	Sept.	Oct.	Nov.
FOB U.S. GULF	\$214.67	\$218.35	\$220.64	\$222.48
Basis	0.80	0.90	0.80	0.85
WU	5.0425			
WZ	5.2050			
WH	5.3600			

CME Futures Market Close						
CORN	Futures	Thursday	Thursday	Last week	Last Week	Difference
Month	Symbol	Close	Close	Bushel	MT.	Bushel
Sept.	CU	\$3.5125	\$138.28	\$ 3.4575	\$136.11	\$0.0550
Dec.	CZ	\$3.6500	\$143.69	\$ 3.5925	\$141.43	\$0.0575
Mar.	CH	\$3.7650	\$148.22	\$ 3.7100	\$146.05	\$0.0550
May.	CK	\$3.8275	\$150.68	\$ 3.7775	\$148.71	\$0.0500
July	CN	\$3.8875	\$153.04	\$ 3.8350	\$150.98	\$0.0525

CBOT December 2018 (CZ8) Corn Futures Chart –



CME/CBOT Sept. 2018 (WU8) SRW Wheat Futures Chart –

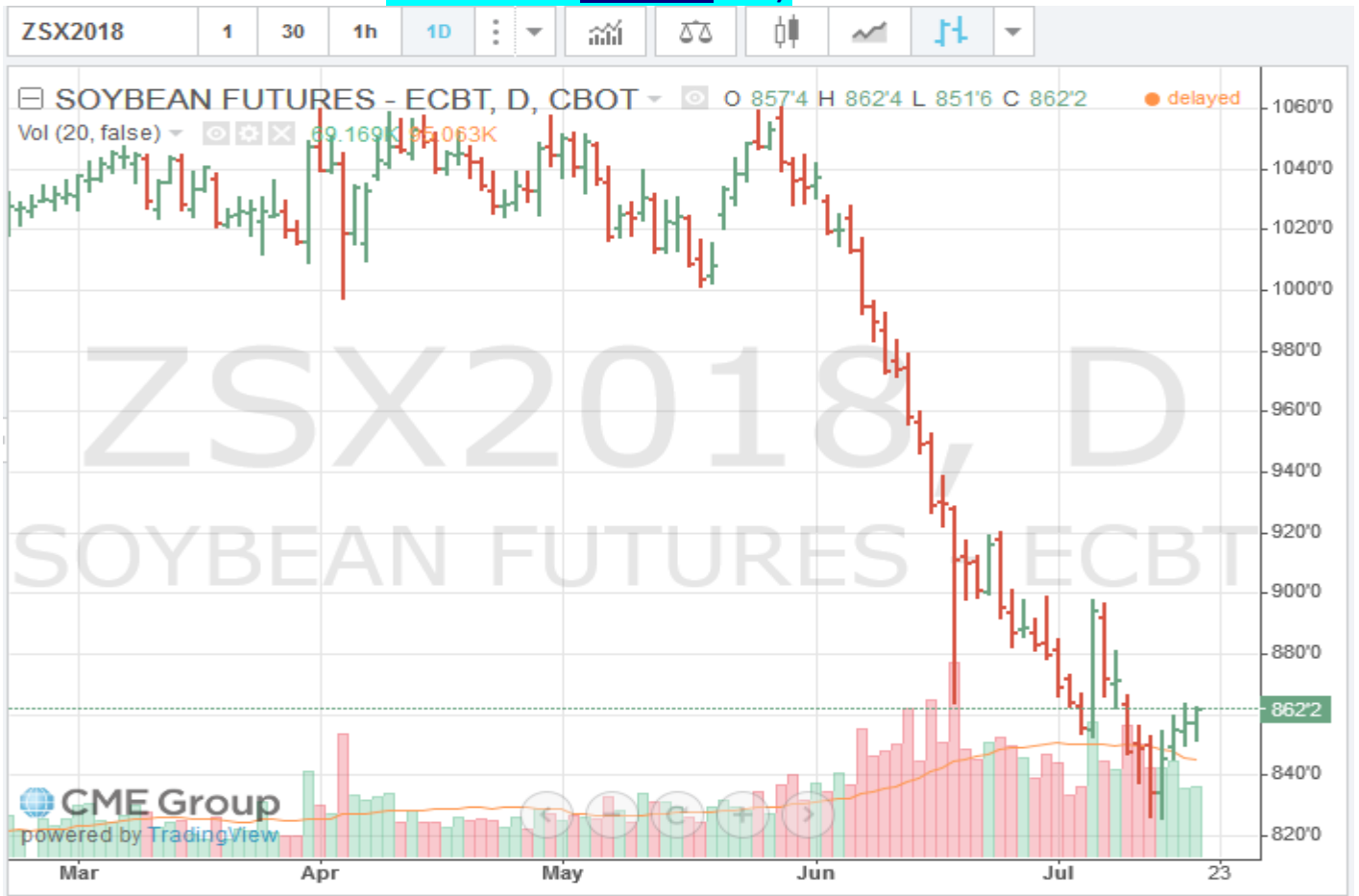


U.S. Soybean and SBM Markets Fob Vessel:

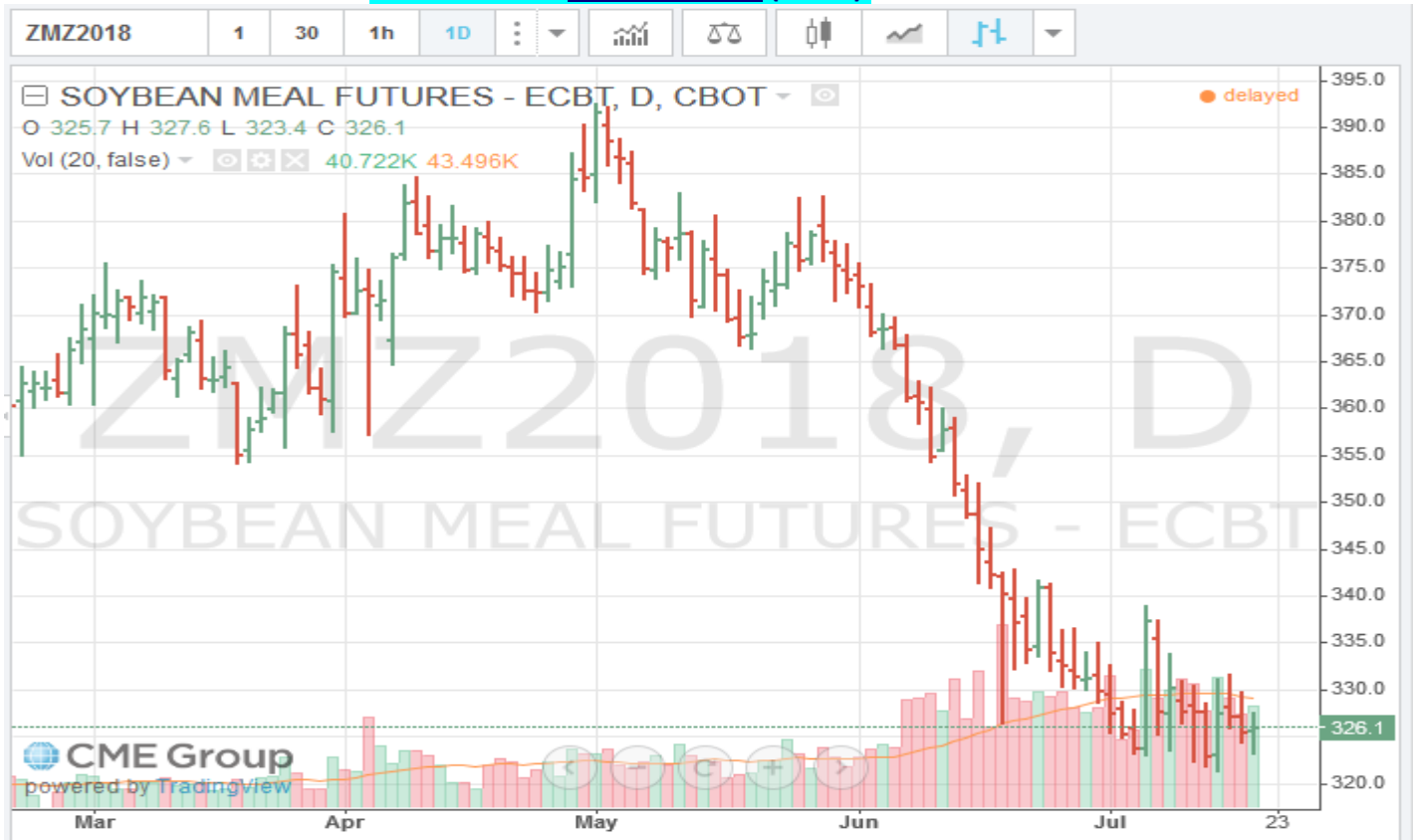
U.S. Yellow Soybeans (USD/MT) FOB Vessel				
# 2 YSB	U.S. Gulf #2 YSB		PNW #2 YSB	
14.0 % Moisture	Basis	Flat Price	Basis	Flat Price
Aug. (X)	0.58	\$337.85	0.60	\$338.59
Sept. (X)	0.55	\$336.75	0.85	\$347.78
Oct.	0.58	\$337.85	0.86	\$348.14
Nov.	0.60	\$338.59	0.90	\$349.61
Dec.	0.65	\$344.19	0.90	\$353.38
Soybean Futures				
Aug.	\$ 8.4600			
Sept.	\$ 8.5200			
Nov.	\$ 8.6150			
Jan.	\$ 8.7175			
Mar.	\$ 8.8075			
May	\$ 8.9000			

U.S. SBM (USD/MT) FOB Vessel		
Fob U.S. Gulf Port	47.5 Pro. SBM	
max 12.5 % moisture	Basis	Flat Price
Aug.	25.00	\$ 390.06
Sept. (V)	28.00	\$ 390.95
Oct.	30.00	\$ 393.15
Nov.	32.00	\$ 394.81
Dec.	32.00	\$ 394.81
SBM Futures		
SMQ	328.80	
SMU	327.40	
SMV	326.60	
SMZ	326.10	
SMF	324.10	
SMH	319.80	

CME Nov. 2018 Soybean (SX18) Futures Chart:



CME Dec. 2018 Soybean Meal (SMZ8) Futures Chart



U.S. EXPORT STATISTICS: Report Activity as of Week Ending 05 July 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	479.4	58,095.4	58,420	99%	4,647.9
Sorghum	2.2	5,158.6	5,840	88%	38.0
Soybeans	284.3	57,450.6	56,200	102%	8,253.0
Wheat	141.8	6,128.4	25,860	24%	0.0
Barley	0.0	48.9	110	44%	0.0

U.S. EXPORT INSPECTIONS:

Monday's report 16 July 2018 for the Export week ending 12 July 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	1,217,233	1,467,222	48,445,001	50,846,879	95%
Sorghum	552	14,283	4,785,928	5,198,304	92%
Soybeans	635,429	668,014	50,978,252	53,316,326	96%
Wheat	469,523	268,221	2,220,533	3,938,258	56%
Barley	73	0	880	5,319	17%

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

U.S. EXPORT INSPECTIONS:

Monday's report 16 July 2018 for the Export week ending 12 July 2018

Last Week							
(Metric Tons)	YC	%	WC	%	Sorghum	%	Soybeans %
Lakes	44,127	4%	0	0%	0	0%	20,280 3%
Atlantic	0	0%	0	0%	0	0%	3,353 1%
Gulf	671,972	57%	35,496	100%	48	9%	344,158 54%
PNW	339,796	29%	0	0%	0	0%	132,758 21%
Interior Export Rail	125,794	11%	48	0%	504	91%	134,880 21%
Metric Tons	1,181,689		35,544		552		635,429

Sorghum Shipments: metric tons
 552 Mexico
 552 Total

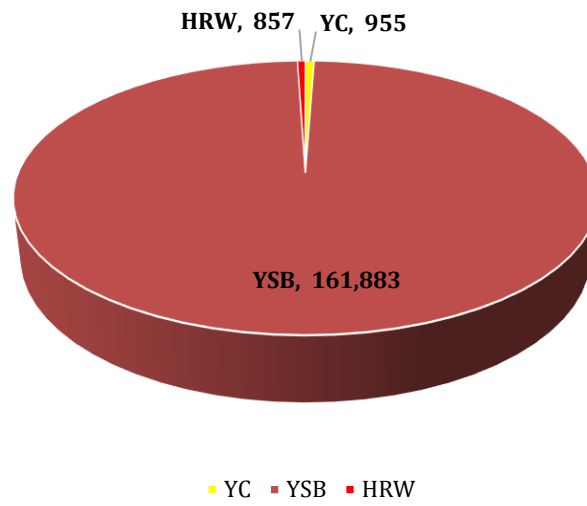
White Corn metric tons
 Shipments: 48 Jordan
 35,496 Mexico
 35,544 Total

Export Inspection Highlights

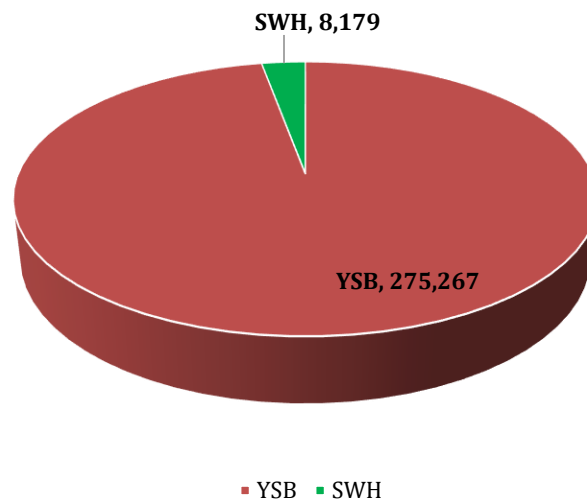
Data sheet below: *USDA weekly export inspections report with corrections to the last three weeks' grain export inspections reports. (This usually covers a 2-5 week prior time frame).*

CONTAINER SHIPMENTS of GRAIN									
USDA Grain Inspections Report:		12-Jul-2018							
Last Week	metric tons								MT
	YC	WC	YSB	SRW	NS	SWH	HRW	Sorghum	TOTAL
China Main									0
China T	15,303		19,296						34,599
Hong Kong	734								734
Costa Rica	49								49
Indonesia			24,233						24,233
Panama									0
Japan	318		1,001						1,319
Korea Republic	612								612
Un Arab Em	73								73
Malaysia	269		10,506	294					11,069
Burma			73						73
Philippines	416		1,468						1,884
Thailand			11,092						11,092
Jordan	48	48							96
Bangladesh									0
Vietnam			6,339						6,339
Sub total	17,822	48	74,008	294	0	0	0	0	85,737
USDA Corrections/Additions to previous reports:									
China T	196								196
China Main									0
Hong Kong									0
Korea Rep.									0
Costa Rica									0
Japan									0
Philippines									0
Indonesia			2,888						2,888
Malaysia			245						245
Thailand									0
Vietnam									0
Canada									0
Burma									0
Sub total	196	0	3,133	0	0	0	0	0	3,329
Mt. Grand Total	18,018	48	77,141	294	0	0	0	0	89,066
Number of containers	783	2	3,354	13	0	0	0	0	

2018 YTD Container Shipments to Vietnam



2017 Container Shipments to Vietnam



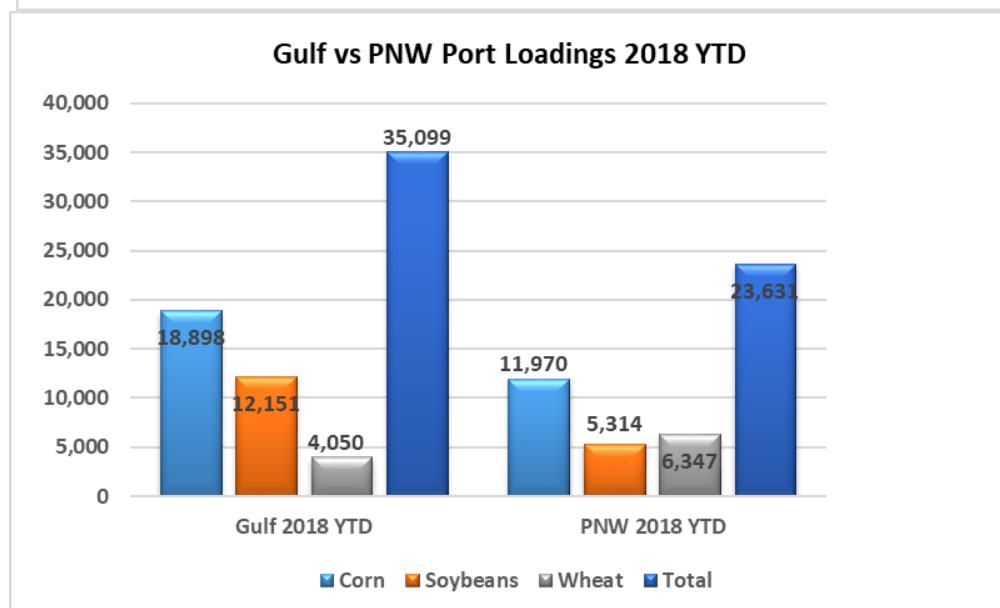
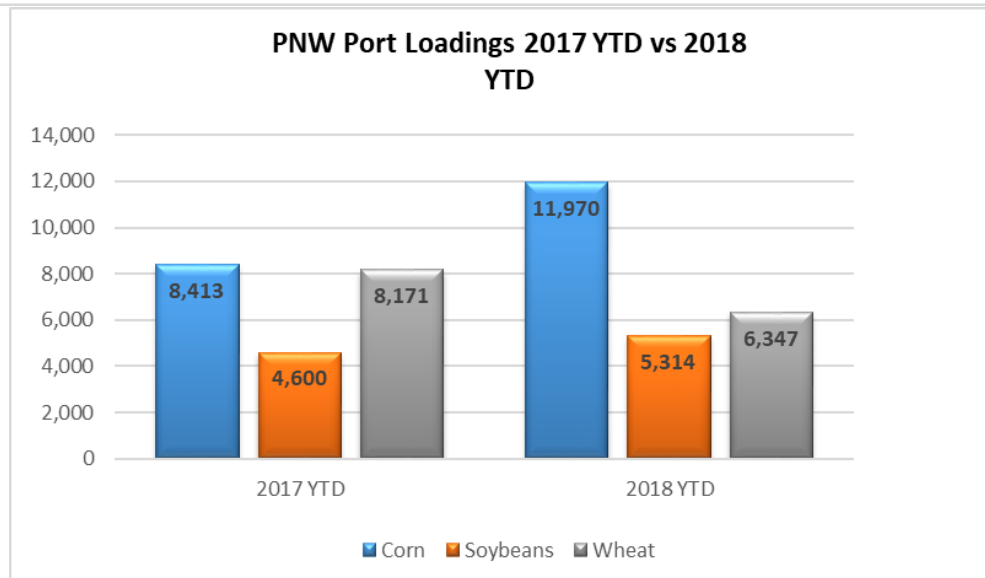
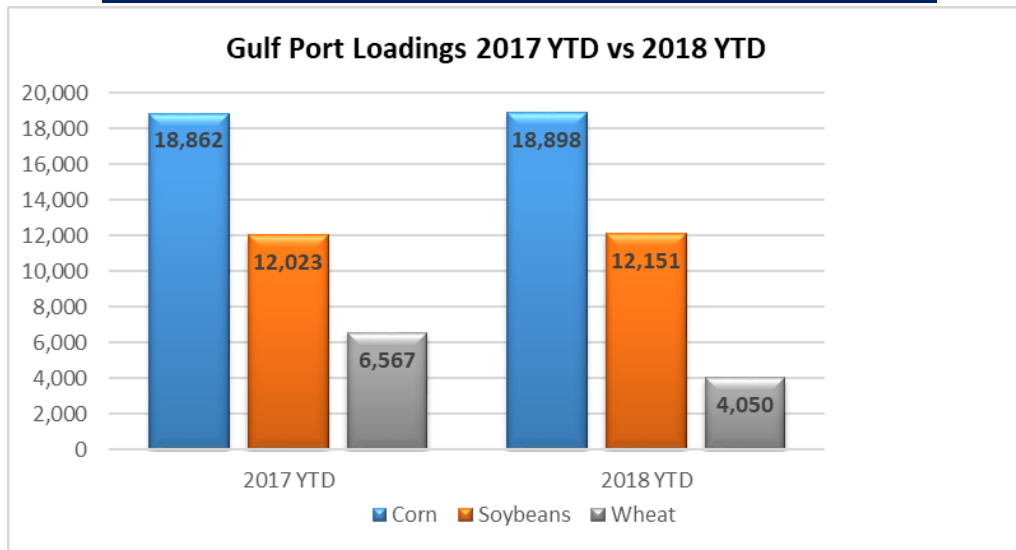
Grain Inspections for Export by U.S. Port Regions:
U.S. Gulf and Pacific Northwest 2017 YTD vs. 2018 YTD

PORT LOADINGS US Gulf				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
GULF				
2017 YTD	18,862	12,023	6,567	37,452
2018 YTD	18,898	12,151	4,050	35,099
2018 as % of 2017	100%	101%	62%	94%

PORT LOADINGS US PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
PNW				
2017 YTD	8,413	4,600	8,171	21,184
2018 YTD	11,970	5,314	6,347	23,631
2018 as % of 2017	142%	116%	78%	112%

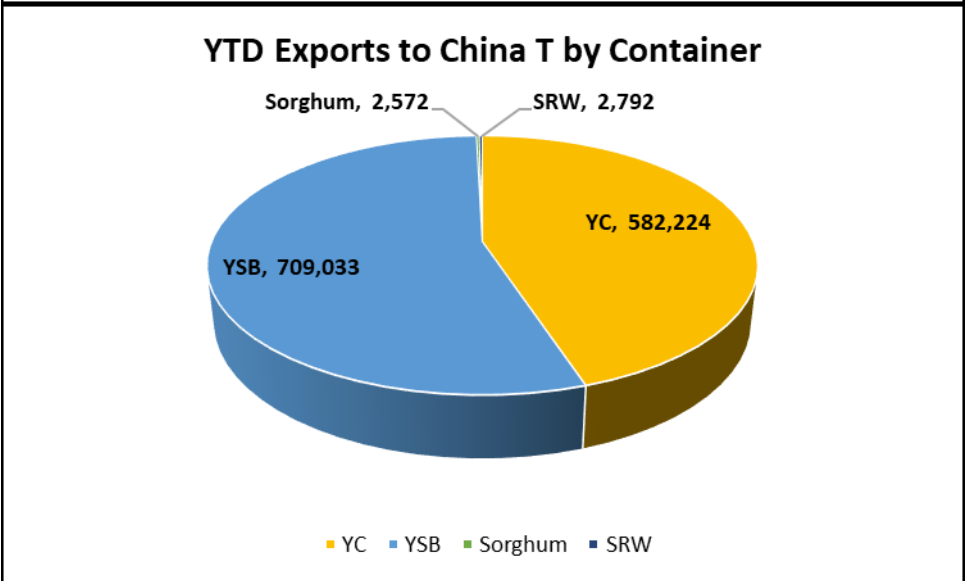
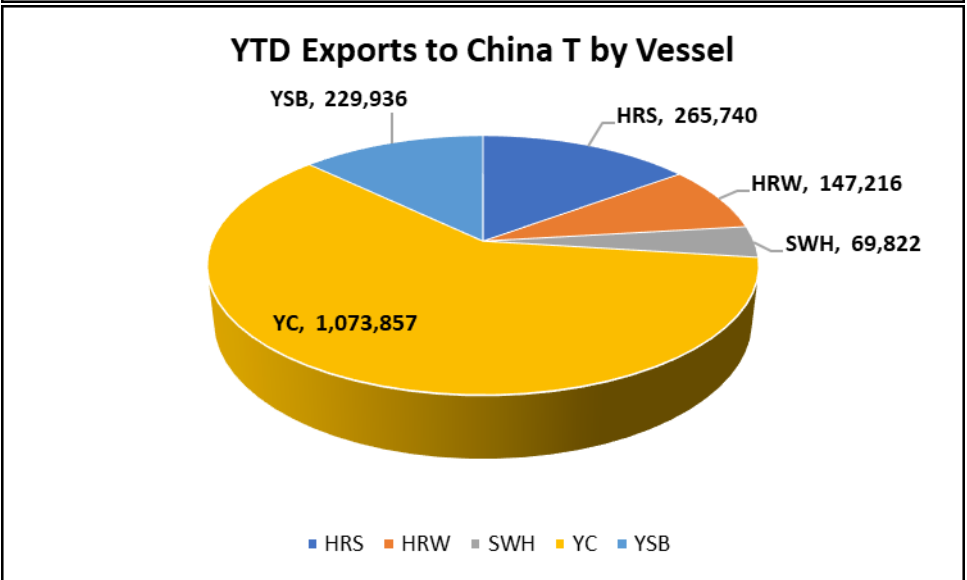
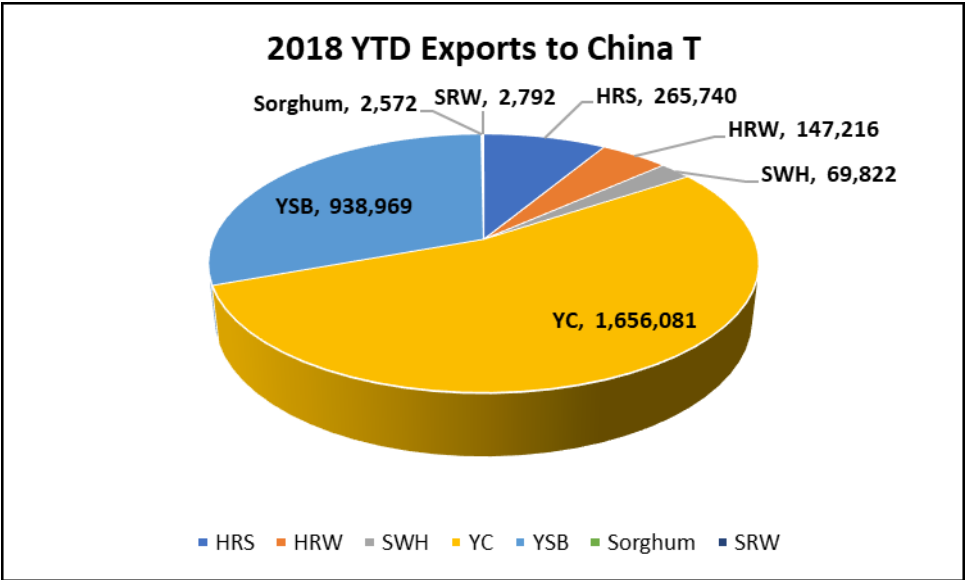
PORT LOADINGS GULF vs. PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
2018 Gulf YTD	18,898	12,151	4,050	35,099
2018 PNW YTD	11,970	5,314	6,347	23,631
TOTAL	30,868	17,465	10,397	58,730
Gulf Percentage	61%	70%	39%	60%
PNW Percentage	39%	30%	61%	40%

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



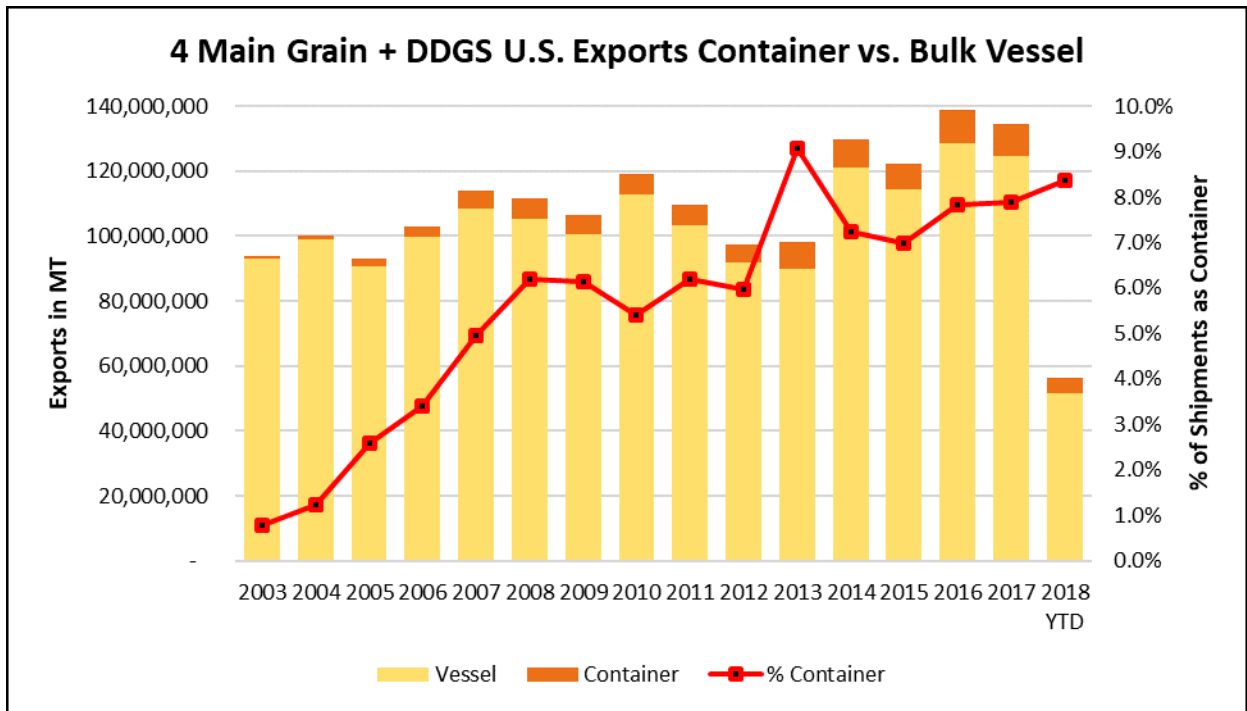
Source: USDA-data

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

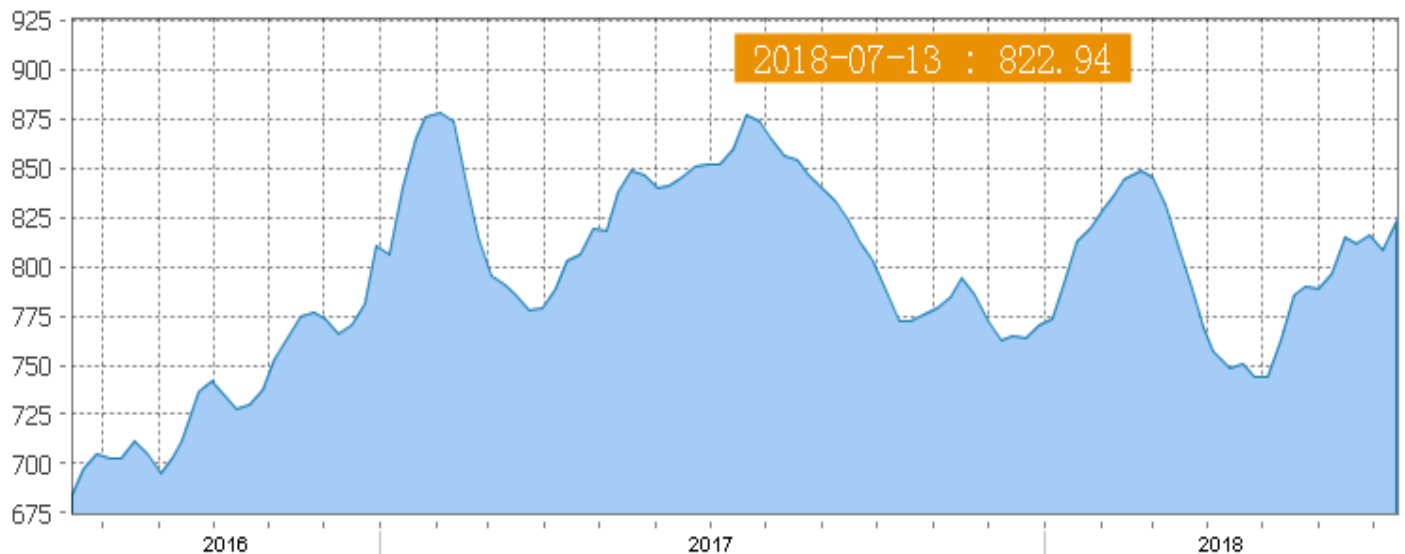


**Please keep in mind that USDA does not report DDGS sales, or they would show as the largest exports by container.

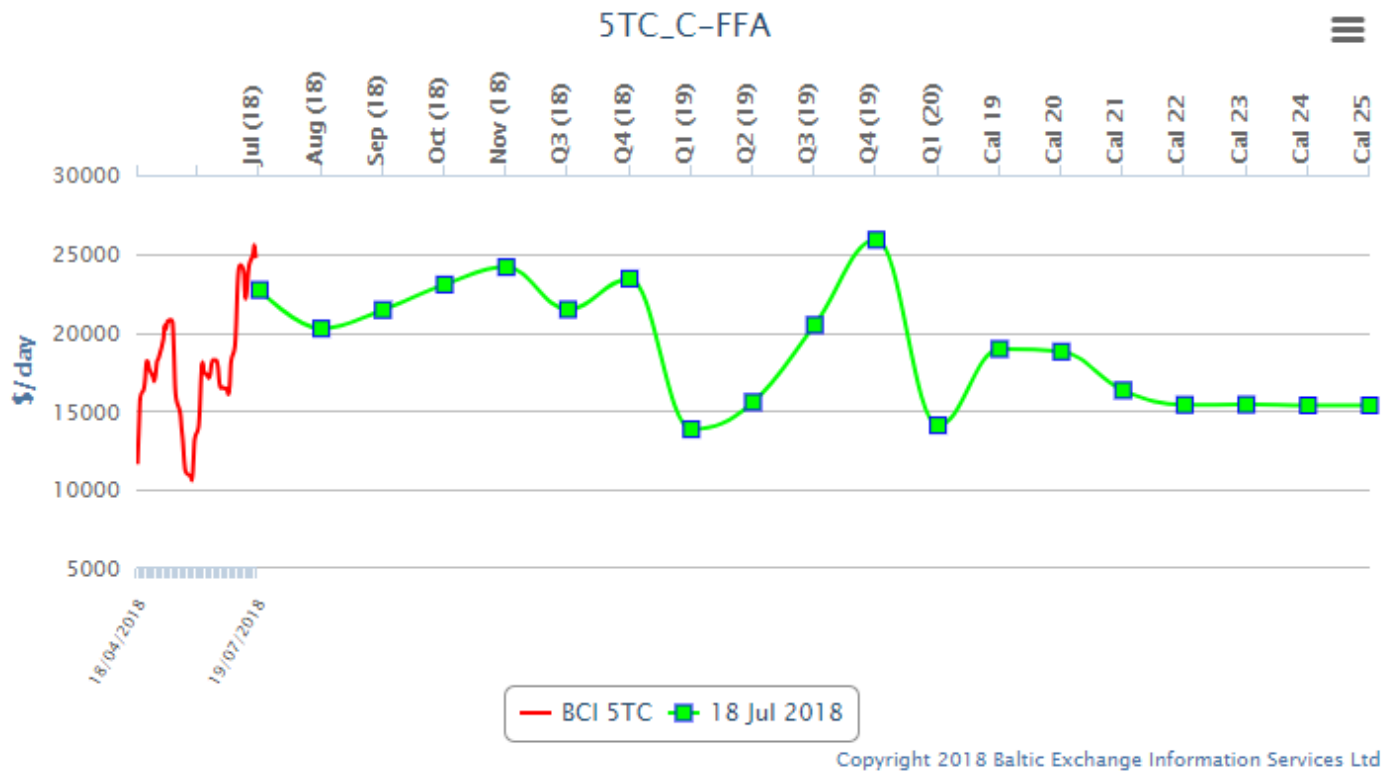
Source: USDA
Shipping News



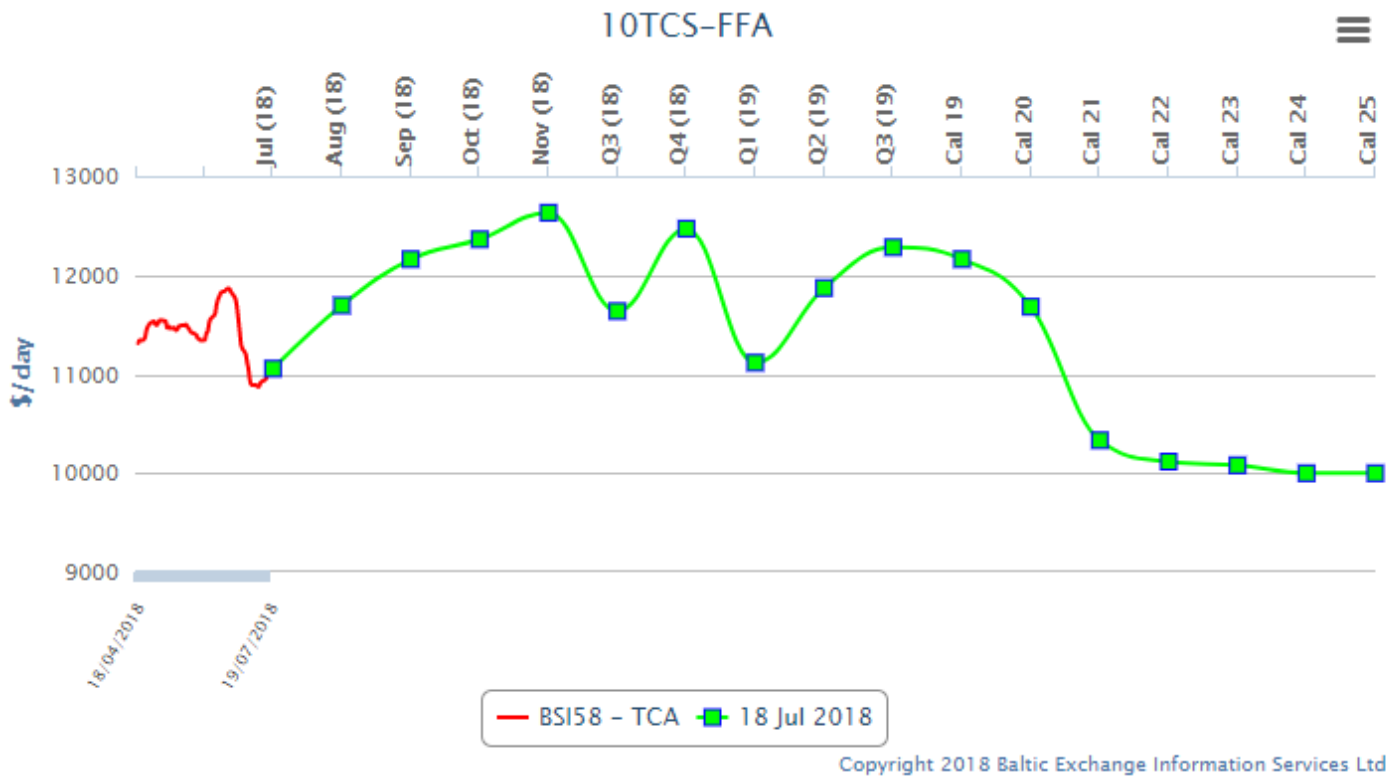
China Containerized Freight Index



FFA Capesize for the 4-time charter routes



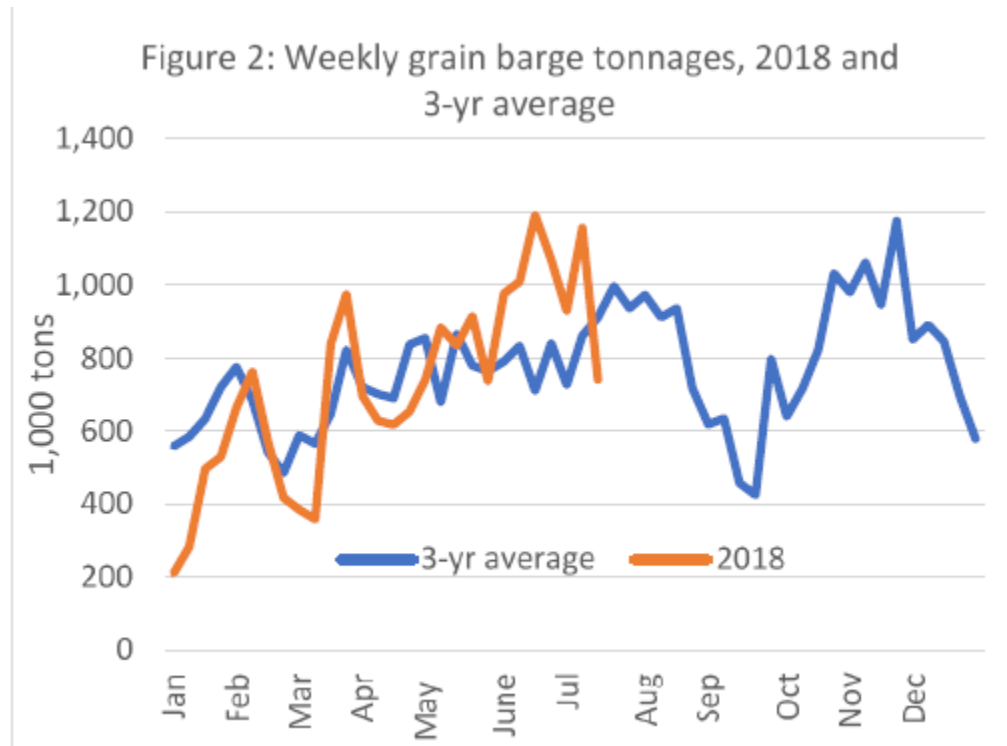
FFA SUPRAMAX 58 for the 5-time charter routes



U.S. RIVER BARGE FREIGHT

Current Barge Freight for Placement Last Half August 2018

Placement FH August 2018	% of		Corn	Soybeans-Wheat
	Tariff	MT	BU	BU
Upper Mississippi	465	\$31.73	0.81	0.86
Illinois River (Pekin and South)	405	\$21.47	0.55	0.58
Mid-Mississippi	410	\$24.04	0.61	0.65
Lower Ohio	350	\$17.21	0.44	0.47
St. Louis	305	\$13.41	0.34	0.37

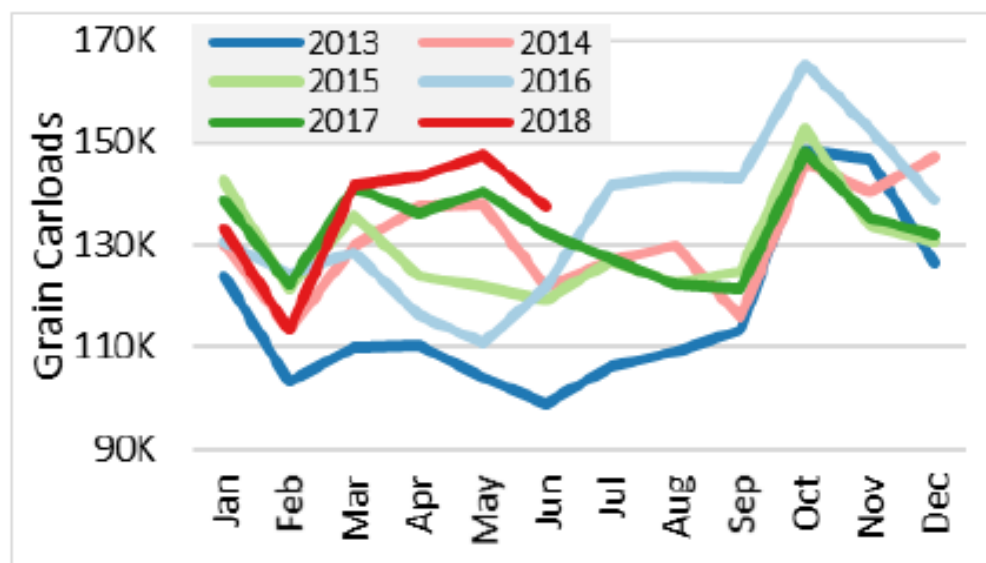


Source: U.S. Army Corps of Engineers.

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

Secondary Rail Car Market Placement FH August 2018	BID USD	ASK USD	BID BU.	ASK BU.	BID MT	ASK MT
BNSF Shuttle Trains	\$ 200.00	\$ 350.00	\$ 0.05	\$ 0.09	\$ 1.97	\$ 3.44
UPRR Shuttle Trains	\$ -	\$ 250.00	\$ -	\$ 0.06	\$ -	\$ 2.46

Figure 1: U.S. Class I grain carloads, averaged monthly



Source: Association of American Railroads.

www.grains.ksu.edu/igp

Best Regards,

Jay

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