# Transportation and Export Report for 26 July 2018

#### **Ocean Freight Insights and Comments:**

I think you have heard this story before, it was another week of mixed results in global Dry-Bulk freight markets. The main catch phrase being touted is that the market is largely "range bound". Paper traders did their best to provide limited support, but the physical side of freight is just not going anywhere. Brazil freight is up slightly due to the Chinese demand there.

Generally, however, China, and other international cargo demand growth is not sufficient to move the market higher at this time. On the Ag. Side, I heard an interesting presentation today from Bell Chang of R.J. O'Brian. He suggested three possibilities for Chinese Soybean imports this year. Possibility #1- China imports 95 million tonnes of soybeans. Possibility #2- They import 91 million tonnes. And possibility #3-China cuts back its soybean crush, depletes their 8 million tonnes soy reserves and only imports 85 million tonnes.

None of these projections paints a bullish picture for either Soybean prices nor freight. And a Canadian Trader today suggested that shuttle trains of U.S. soybeans could potentially be shipped to Canada and exported as Canada origin to capture a higher price to China; maybe? Stay tuned.

#### **BALTIC DRY-BULK PANAMAX INDEX CHANGES**

Panamax Ocean Freight Indices							
26-Jul-18 This Last Percent							
	Week	Week	Difference	Change			
P2A : Gulf/Atlantic - Japan	21069	20644	425	2.1%			
P3A - PNW/Pacific - Japan	9427	9616	-189	-2.0%			
S1C -USGULF-China-So.Japan	21507	20997	510	2.4%			

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

Four weeks ago: \$ 7.20-\$7.40
Three weeks ago: \$ 7.20-\$7.40
Two weeks ago: \$ 8.10-\$9.00
One week ago: \$ 8.50-\$9.10
This week \$ 8.90-\$9.60

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

Mississippi River: (10 elevators) 2-7 days Miss. River Mid-Stream loaders: (6+ Rigs) 0-4 days

Texas Gulf (6 elevators) 0-7 days (only 1 facility over 2 days wait)

Pacific Northwest: (9 elevators) 2-9 days

Panamax Market Spreads to Asia -China						
26-Jul-18	PNW	GULF	Bushel Spread	MT Spread	Advantage	
CORN	0.99	0.73	0.26	\$10.24	PNW	
SOYBEANS	0.65	0.50	0.15	\$5.51	PNW	
OCEAN FREIGHT	\$24.00	\$43.00	.4852	\$19.00	August	

### **Recent Reported Vessel Fixtures**:

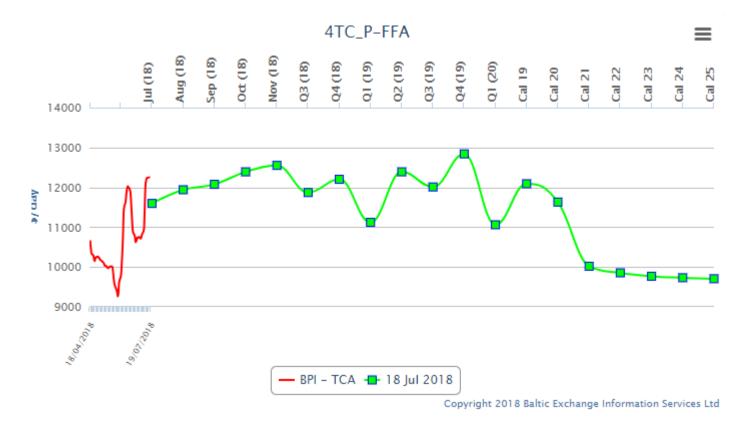
Route and Vessel Size	Current Week USD/MT	Change from previous week	Remarks
55,000 U.S. Gulf-Japan	\$44.00	Unchanged	Handymax \$44.50 mt
55,000 U.S. PNW- Japan	\$24.75	Unchanged	Handymax \$25.00 mt
66,000 U.S. Gulf – China PNW to China	\$43.00 \$24.00	Unchanged Unchanged	North or South China
25,000 U.S. 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	West Coast Colombia at \$28.50
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 \$15.50
60-70,000 U.S. Gulf – Europe – Rotterdam	\$21.50	Up \$0.25	Handymax at +\$1.75 more
Brazil, Santos – China	\$35.75		54-59,000 Supramax-Panamax
Brazil, Santos – China	\$35.00	Up \$0.50	60-66,000 Post Panamax
Itacoatiara-Port Up River North Brazil	\$38.50	ορ γσ.3σ 	60-66,000 mt
56-60,000 Argentina/Rosario- China Deep Draft	\$40.25	Up \$0.50	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)**

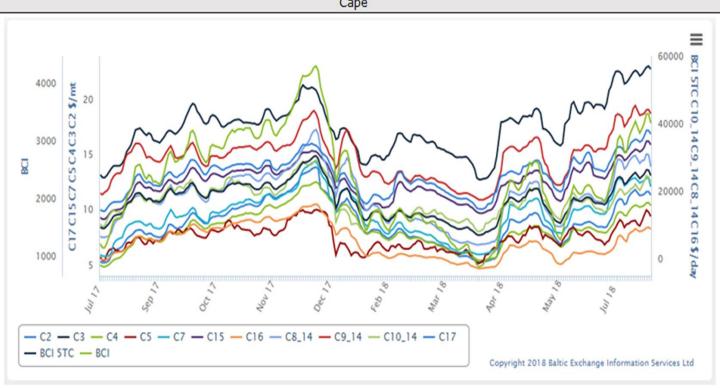
US Gulf (NOLA) (via Panamá Canal) – 10,232 nautical miles (32 days)
Santos Brazil (via Cape of Good Hope) - 10,441 nautical miles (33 days)
Rasario Argentina (via Cape Horn) - 10,751 nautical miles (34 days)

# Forward Curve for Baltic BPI Panamax Vessel Freight

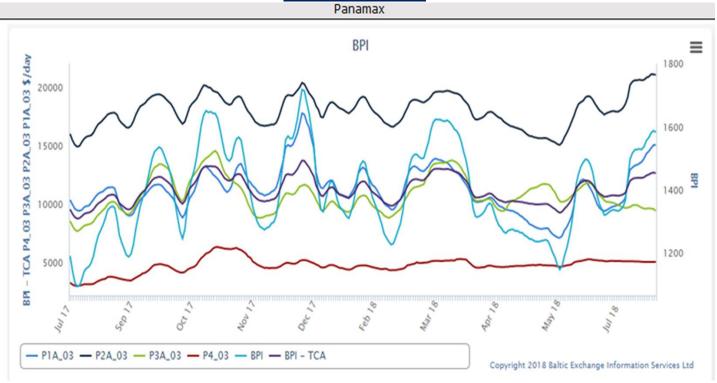




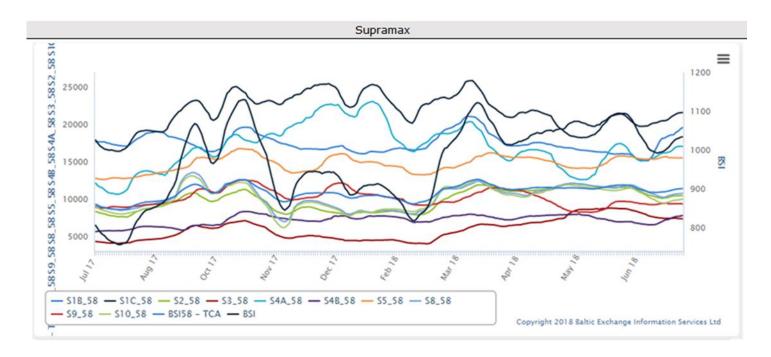
# Baltic Capesize Index Cape



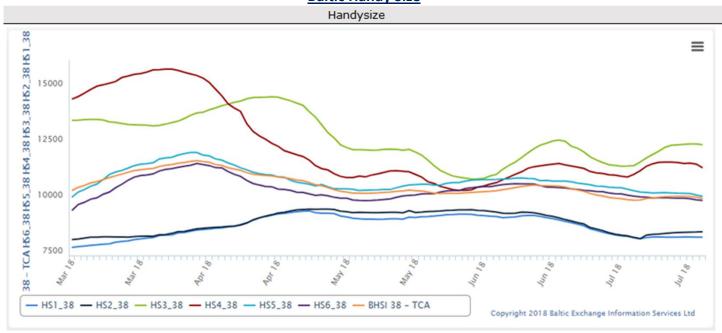
#### **Baltic Panamax Index**



#### **Baltic Supramax Vessel Index**



## **Baltic Handy Size**





China Import Dry Bulk Freight Index(CDFI) 2018-07-25							
Route	Size MT	Cargo/Vessel Size	Unit	Rate	Change		
Composite Index			Point	1017.49	3.21		
Iron ore Freight Inde	ex		Point	1108.01	3.71		
Soybean Freight Ind	ex		Point	996.64	1.78		
Santos(Brazil)—North China	60000/10%	Soybean	\$/ton	34.886	0.050		
Tacoma(West America)—North China 60000/10% Soybean				23.568	0.023		
Mississippi(US Gulf)—North China 66000/10% Soybean				43.156	0.135		
Mississippi(US Gulf)—North China	55000/10%	Soybean	\$/ton	44.613	0.058		

### 26 July 2018 U.S. FOB Vessel Export Market Values:

U.S. Yellow Corn (USD/MT) FOB Vessel						
# 2 YC	U.S. G	Gulf #2 YC	P	NW #3 YC		
15.0 % Moisture	Basis	Flat Price	Basis	Flat Price		
Aug.	0.73	\$171.05	0.99	\$181.29		
Sept.	0.75	\$171.84	0.99	\$181.29		
Oct.	0.70	\$175.48	1.00	\$187.29		
Nov.	0.75	\$177.45	1.03	\$188.47		
Dec.	0.79	\$179.03	1.03	\$188.47		
Jan.	0.72	\$180.40	0.98	\$190.64		

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	N	OLA	TI	EXAS			
Max. 14.0% moisture	BASIS	FLAT PRICE	BASIS	FLAT PRICE			
Aug. (Z)	1.05	\$189.26	0.85	\$181.39			
Sept. (Z)	1.05	\$189.26	0.90	\$183.36			
Oct.	1.10	\$191.23	0.90	\$183.36			
Nov.	1.20	\$195.17	0.90	\$183.36			
Dec.	1.20	\$195.17	0.90	\$183.36			

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.

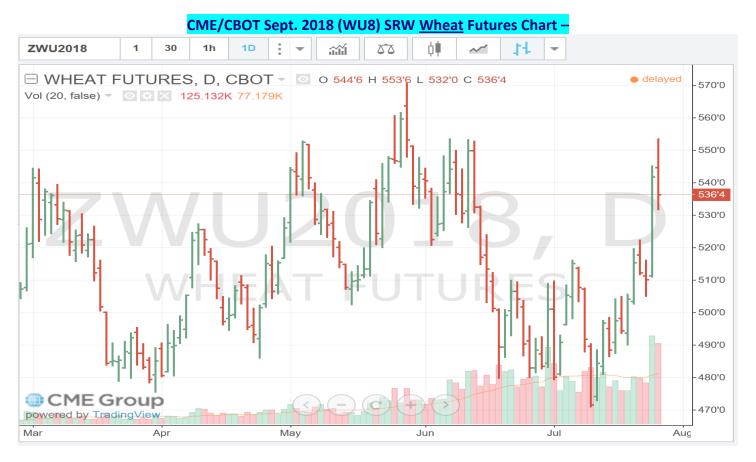
U.S. SRW Wheat Fob Vessel at the Center U.S. Gulf

SRW Wheat	USD/MT	Fob Vessel	US Gulf	
	Aug.	Sept.	Oct.	Nov.
FOB U.S. GULF	\$222.85	\$226.52	\$232.03	\$235.71
Basis	0.70	0.80	0.75	0.85
WU	5.3650			
WZ	5.5650			
WH	5.7200			

CME Futures Market Close								
CORN Month	Futures Symbol	Thursday Close Bushel	Thursday Close MT.	Last w Bush		Last Week MT.	Difference Bushel	
Sept.	CU	\$3.6150	\$142.31	\$ :	3.5125	\$138.28	\$0.1025	
Dec.	CZ	\$3.7575	\$147.92	\$	3.6500	\$143.69	\$0.1075	
Mar.	СН	\$3.8625	\$152.06	\$	3.7650	\$148.22	\$0.0975	
Мау.	CK	\$3.9200	\$154.32	\$	3.8275	\$150.68	\$0.0925	
July	CN	\$3.9725	\$156.39	\$ :	3.8875	\$153.04	\$0.0850	

CBOT December 2018 (CZ8) Corn Futures Chart -





# **U.S. Soybean and SBM Markets Fob Vessel:**

U.S. Yellow Soybeans (USD/MT) FOB Vessel						
# 2 YSB	U.S. Gu	lf #2 YSB	PNW #2 YSB			
14.0 % Moisture	Basis	Flat Price	Basis	Flat Price		
Aug. (X)	0.50	\$340.24	0.65	\$345.75		
Sept. (X)	0.50	\$340.24	0.85	\$353.10		
Oct.	0.55	\$342.08	0.83	\$352.37		
Nov.	0.60	\$343.92	0.90	\$354.94		
Dec.	0.60	\$347.68	0.88	\$357.97		
Soybean Futures						
Aug.	\$ 8.6125					
Sept.	\$ 8.6625					
Nov.	\$ 8.7600					
Jan.	\$ 8.8625					
Mar.	\$ 8.9550					
May	\$ 9.0450					

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 <b>\$</b> 394.25				
Sept. (V)	28.00	\$ 396.57			
Oct.	30.00	0.00 \$ 398.77			
Nov.	32.00	\$	400.98		
Dec.	33.00	\$	402.08		

SBM Futures	
SMQ	332.60
SMU	332.10
$\mathbf{SMV}$	331.70
$\mathbf{SMZ}$	331.70
SMF	329.50
SMH	325.10





# U.S. EXPORT STATISTICS: Report Activity as of Week Ending 12 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	785.7	58,736.4	60,960	96%	5,422.4
Sorghum	0.0	5,044.6	5,840	86%	0.0
Soybeans	337.0	57,702.9	56,750	102%	8,866.4
Wheat	378.0	6,428.5	26,540	24%	0.0
Barley	0.0	48.9	110	44%	0.0

#### **U.S. EXPORT INSPECTIONS:**

Monday's report 23 July 2018 for the Export week ending 19 July 2018

	Export I	nspections	G AM 1	D	2017 YTD as Percent		
	This Week	Previous Week	Current Market Year YTD	Previous Year to Date	of 2016 YTD (Wheat 2018 vs 2017)		
Corn	1,313,177	1,261,026	49,812,748	51,830,170	96%		
Sorghum	12,078	744	4,798,198	5,305,244	90%		
Soybeans	722,048	637,486	51,702,357	53,958,140	96%		
Wheat	397,862	471,514	2,620,386	4,442,330	59%		
Barley	0	73	880	5,319	17%		

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

#### **U.S. EXPORT INSPECTIONS:**

Monday's report 23 July 2018 for the Export week ending 19 July 2018

Last Week											
(Metric Tons)	YC	%	WC	%	Sorghum	%	Soybeans	%			
Lakes	18,641	1%	0	0%	0	0%	0	0%			
Atlantic	0	0%	0	0%	0	0%	63,144	9%			
Gulf	574,527	45%	42,189	87%	0	0%	436,783	60%			
PNW	469,938	37%	0	0%	11,000	91%	62,799	9%			
Interior Export Rail	201,795	16%	6,087	13%	1,078	9%	159,322	22%			
Metric Tons	1,264,901		48,276		12,078		722,048				

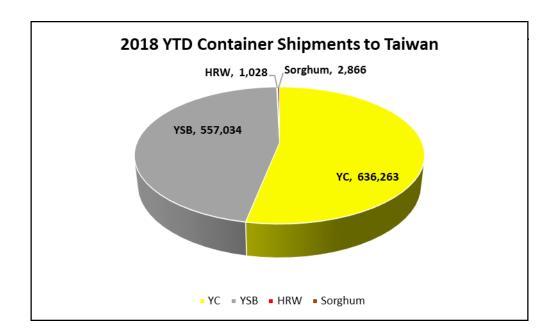
Sorghum Shipments:	metric tons	_	White Corn	metric tons	
	1,078	Mexico	Shipments:	20,740	Guatemala
	11,000	Japan		27,536	Mexico
	12,078	Total		48,276	Total

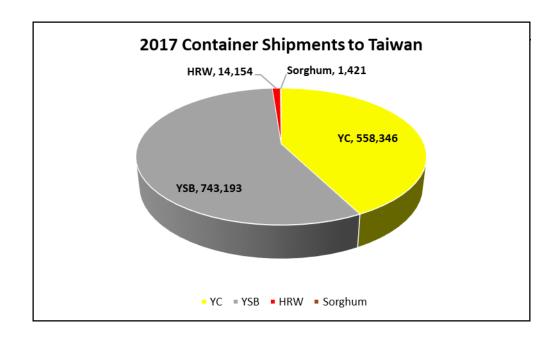
# **Export Inspection Highlights**

<u>Data sheet below:</u> 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).

export inspections i		<u> </u>	CONTAINER			<del> </del>			
USDA Grain Inspecti	ons Report:		19-Jul-						
Last Week	metric tons								MT
Last WCCR	YC	wc	YSB	SRW	NS	SWH	HRW	Sorghum	TOTAL
China Main									0
China T	24,171		16,998						41,169
Hong Kong	1,126								1,126
Costa Rica									0
Indonesia			22,481						22,481
Panama									0
Japan			391						391
Korea Republic	930								930
Un Arab Em			24						24
Malaysia	1,199		7,809						9,008
Burma			808						808
Philippines	490		2,251	98					2,839
Thailand			9,598						9,598
Jordan									0
Bangladesh									0
Vietnam			7,711						7,711
Sub total	27,916	0	68,071	98	0	0	0	0	88,374
USDA Corrections/Ad	dditions to pre	vious rep	orts:						
China T									0
China Main									0
Hong Kong									0
Korea Rep.									0
Costa Rica									0
Japan			98						98
Philippines									0
Indonesia			1,298						1,298
Malaysia									0
Thailand									0
Vietnam			661						661
Canada									0
Burma									0
Sub total	0	0	2,057	0	0	0	0	0	2,057
Mt. Grand Total	27,916	0	70,128	98	0	0	0	0	90,431
Number of containers		0	3,049	4	0	0	0	0	55, <del>1</del> 51

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





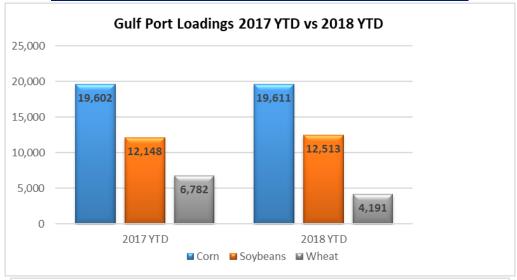
# Grain Inspections for Export by U.S. Port Regions: U.S. Gulf and Pacific Northwest 2017 YTD vs. 2018 YTD

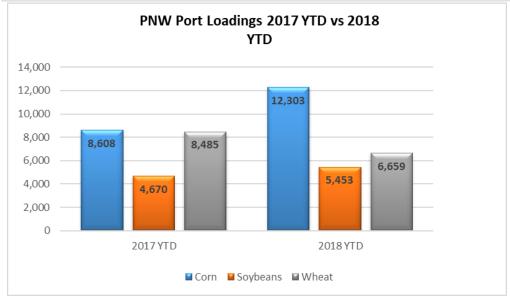
PORT LOADINGS US Gulf				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
GULF				
2017 YTD	19,602	12,148	6,782	38,532
2018 YTD	19,611	12,513	4,191	36,315
2018 as % of 2017	100%	103%	62%	94%

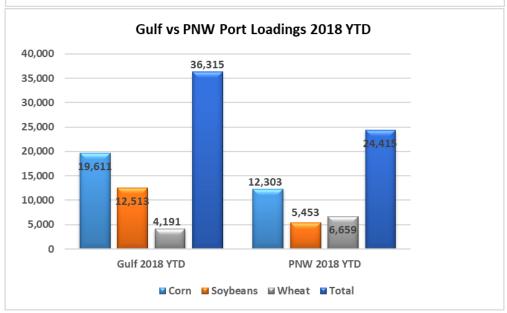
PORT LOADINGS US PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
PNW				
2017 YTD	8,608	4,670	8,485	21,763
2018 YTD	12,303	5,453	6,659	24,415
2018 as % of 2017	143%	117%	78%	112%

PORT LOADINGS GULF vs. PNW									
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL					
2018 Gulf YTD	19,611	12,513	4,191	36,315					
2018 PNW YTD	12,303	5,453	6,659	24,415					
TOTAL	31,914	17,966	10,850	60,730					
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

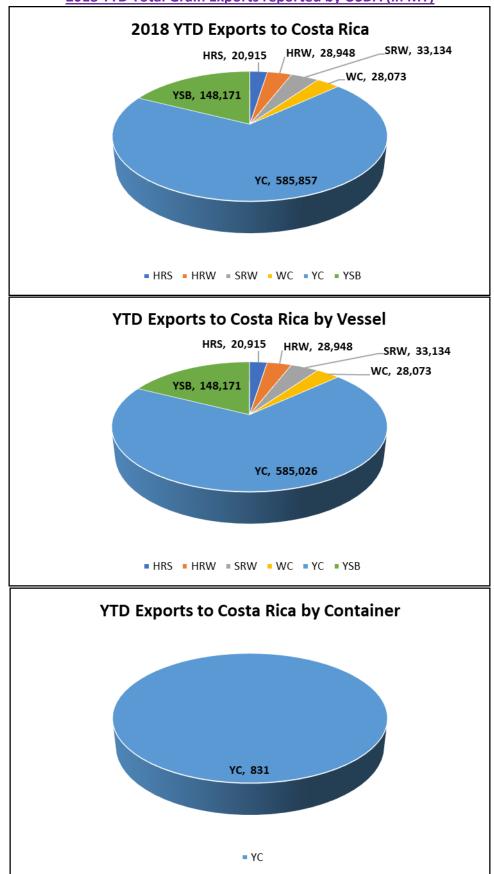






Source: USDA-data

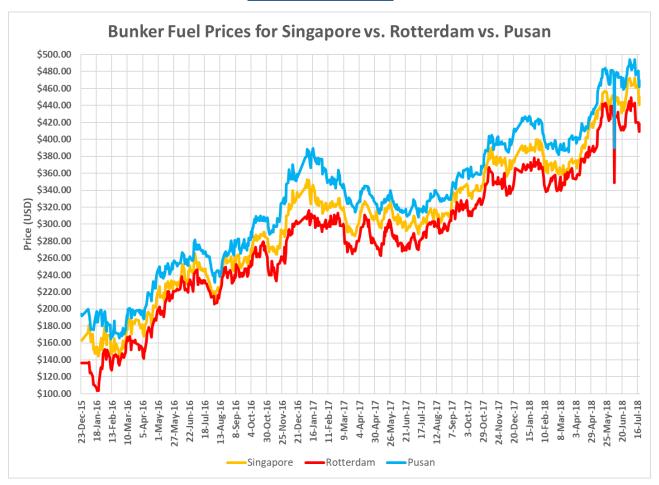
#### 2018 YTD Total Grain Exports reported by USDA (in MT)

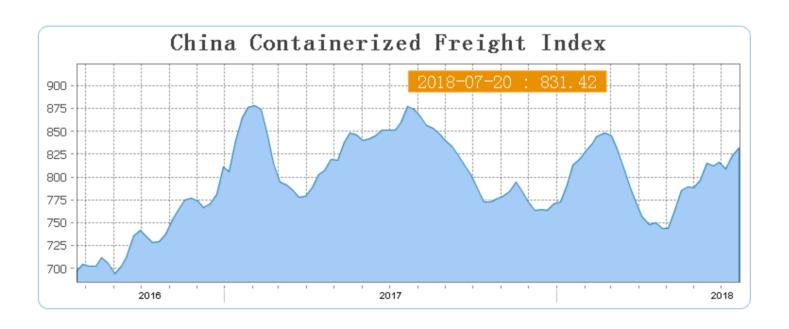


 $<sup>\</sup>ensuremath{^{**}\text{Please}}$  keep in mind that USDA does not report DDGS sales, or they would show as the largest exports by container.

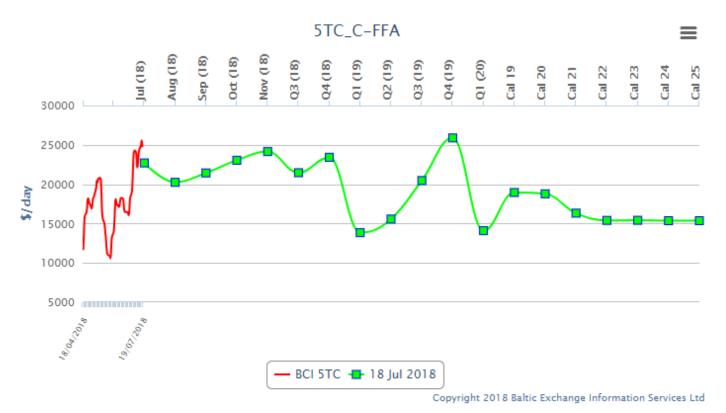
Source: USDA

# Shipping News

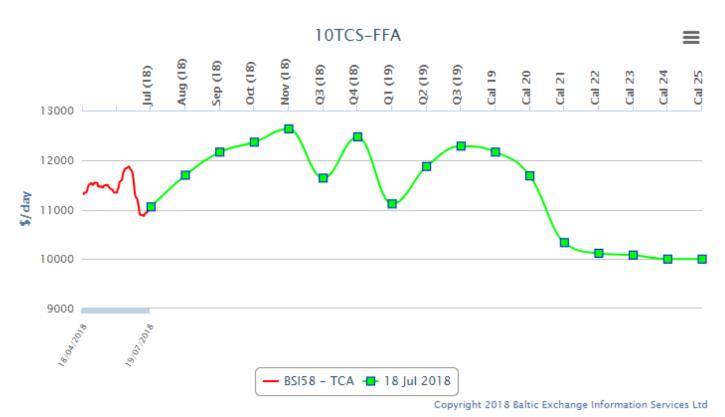




# FFA Capesize for the 4-time charter routes



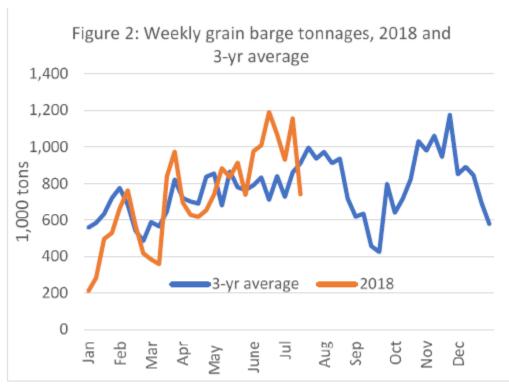
#### FFA SUPRAMAX 58 for the 5-time charter routes



# **U.S. RIVER BARGE FREIGHT**

# **Current Barge Freight for Placement Last Half August 2018**

Placement LH August 2018	% of		Corn	Soybeans-Wheat
	Tariff	MT	BU	BU
Upper Mississippi	485	\$ 33.09	0.84	0.90
Illinois River (Pekin and South)	475	\$ 25.18	0.64	0.69
Mid-Mississippi	475	\$ 27.86	0.71	0.76
Lower Ohio	385	\$ 18.93	0.48	0.52
St. Louis	370	\$ 16.27	0.41	0.44



Source: U.S. Army Corps of Engineers.

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

Secondary Rail Car Market	BID		ASK		BID		ASK		BID		1	ASK
Placement LH August 2018	USD			USD		BU.		BU.		MT		MT
BNSF Shutle Trains	\$	(150.00)	\$	-	\$	(0.04)	\$	-	\$	(1.48)	\$	-
UPRR Shuttle Trains	\$	(250.00)	\$	(150.00)	\$	(0.06)	\$	(0.04)	\$	(2.46)	\$	(1.48)

170K 2013 2014 2015 2016 2017 2018 2017 2018

된

Apr May Aug Sep Oct Nov Dec

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

Source: Association of American Railroads.

# www.grains.ksu.edu/igp

90K

Best Regards,

Jay

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