☘ **O'NEIL COMMODITY CONSULTING**

Transportation and Export Report for 27 July 2017

Ocean Freight Insights and Comments:

Global ocean freight markets are following a very familiar pattern. It is a bit like riding a kiddie roller coaster at the park; things go up for a week or two and then they roll back down. Many in the industry are expecting to see a steady market improvement (increase) take hold by years end. I think the general coconscious is that things have definitely bottomed and eventually have to move upward. Of course this theory is contingent upon a continued scrapings and no increase in new building activity. Can owners do that? They always have an itchy hand that wants to grow the fleet at the first sign of improved economics. Hopefully the banks will keep them from doing that.

It has been interesting to watch the Capesize market move in different directions than the Panamax and Supramax markets. This week the Capes were up while the smaller vessels were down.

BALTIC DRY-BULK PANAMAX INDEX CHANGES

Panamax Ocean Freight Indices				
27-Jul-17	This Week	Last Week	Difference	Percent Change
P2A : Gulf/Atlantic - Japan	15477	16584	-1,107	-6.7%
P3A - PNW/Pacific - Japan	8141	9251	-1,110	-12.0%
S1C -USGULF-China-So.Japan	17506	19061	-1,555	-8.2%

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

Four weeks ago:	$ 4.55-$5.20
Three weeks ago:	$ 4.30-$4.65
Two weeks ago:	$ 4.50-$5.50
One week ago:	$ 4.50-$5.50
This week	$ 5.50-$6.00

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

Mississippi River:	(10 elevators)	3-10 days
Miss. River Mid-Stream loaders:	(6+ Rigs)	0-2 days
Texas Gulf	(6 elevators)	0-5 days
Pacific Northwest:	(9 elevators)	3-9 days

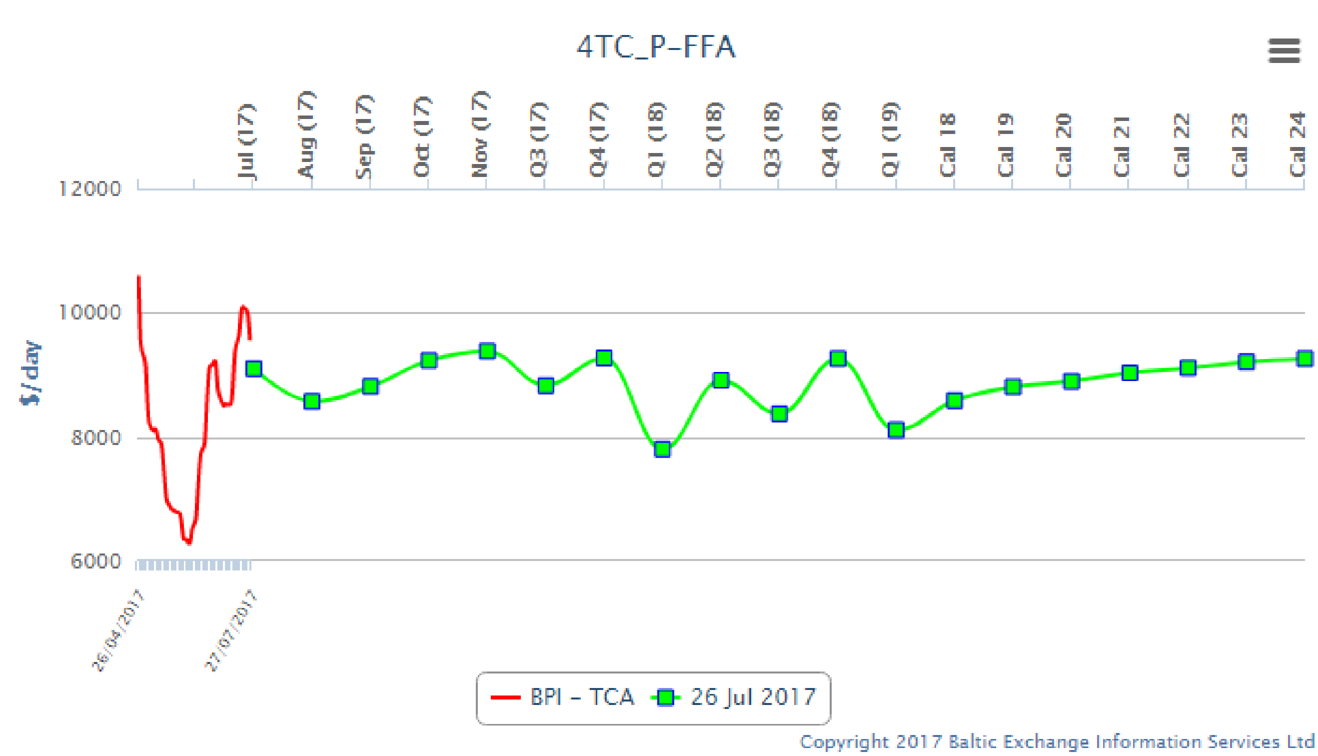
Panamax Market Spreads to Asia -China					
27-Jul-17	PNW	GULF	Bushel Spread	MT Spread	Advantage
CORN	0.58	0.33	0.25	$9.84	PNW
SOYBEANS	0.75	0.50	0.25	$9.84	PNW
OCEAN FREIGHT	$19.25	$37.50	.46-.50	$18.25	August

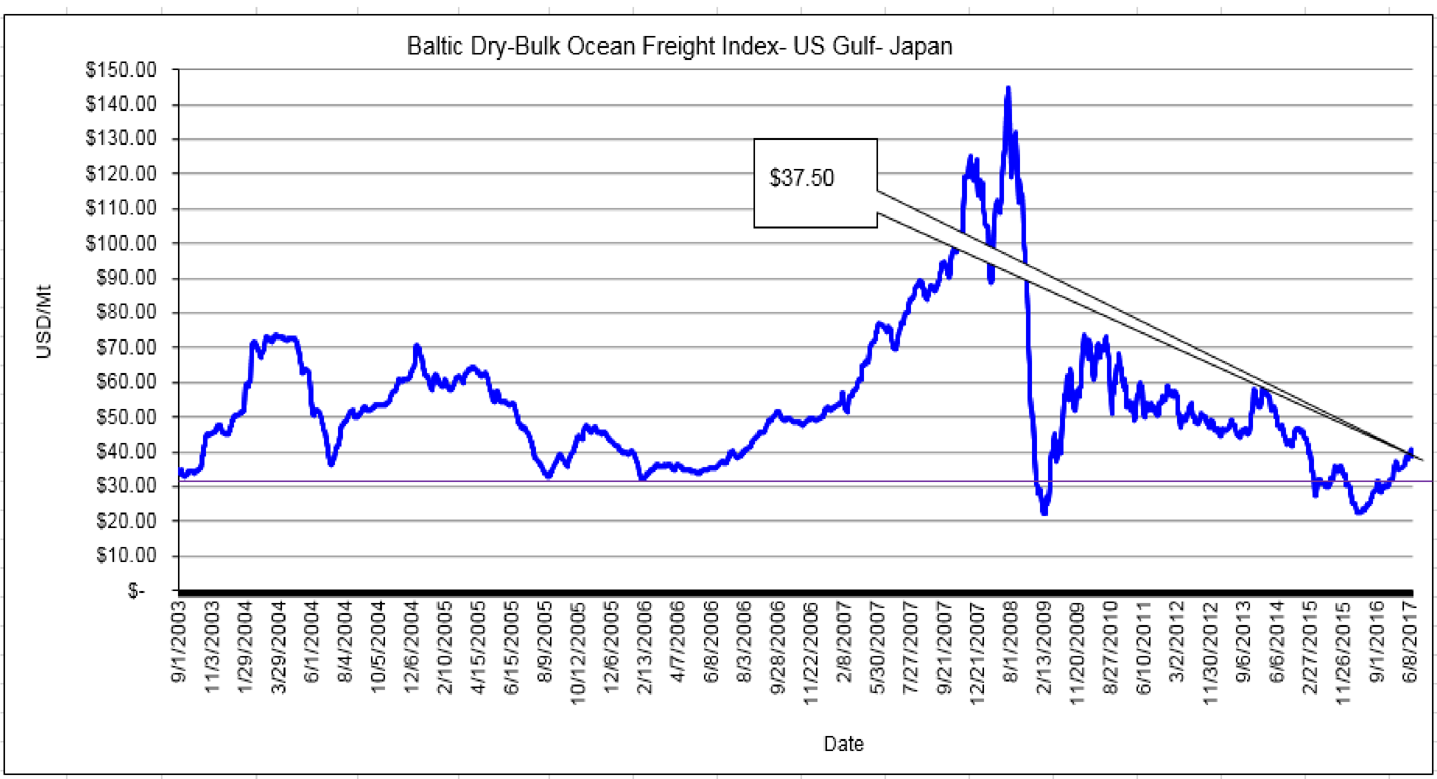
Recent Reported Vessel Fixtures:

Route and Vessel Size	Current Week USD/MT	Change from previous week	Remarks
55,000 U.S. Gulf-Japan	$37.50	Down $0.75	Handymax at $38.00 mt
55,000 U.S. PNW- Japan	$19.25	Down $0.50	Handymax at $19.75 mt
55,000 U.S. Gulf – China PNW to China	$36.50 $18.50	Down $0.75 Down $0.50	North China
25,000 U.S. Gulf- Veracruz, México	$14.00	Down $0.50	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	$11.75	Down $.25	Deep draft and 6,000 MT per day discharge rate.
25/35,000 U.S. Gulf- East Coast Colombia From Argentina	$16.75 $27.00	Down $0.25	West Coast Colombia at $25.50
40-45,000 U.S. Gulf - Guatemala	$25.00	Down $0.25	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf – Algeria	$26.25 $29.25	Down $0.25	8,000 mt daily discharge 3,000 mt daily discharge
25-30,000 US Gulf-Morocco	$25.25	Down $0.25	5,000 discharge rate
55,000 U.S. Gulf –Egypt PNW to Egypt	$22.75 $22.75	Down $0.25	55,000 -60,000 mt St. Lawrence to Egypt $23.00
60-70,000 U.S. Gulf – Europe – Rotterdam	$14.00	Up $0.50	Handymax at +$1.50 more
Brazil, Santos –China Itacoatiara Port up River Amazonia - China	$28.00 $27.00 $31.00	Down $0.75	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
56-60,000 Argentina-China Up River with Top Off	$34.50	Down $0.50	

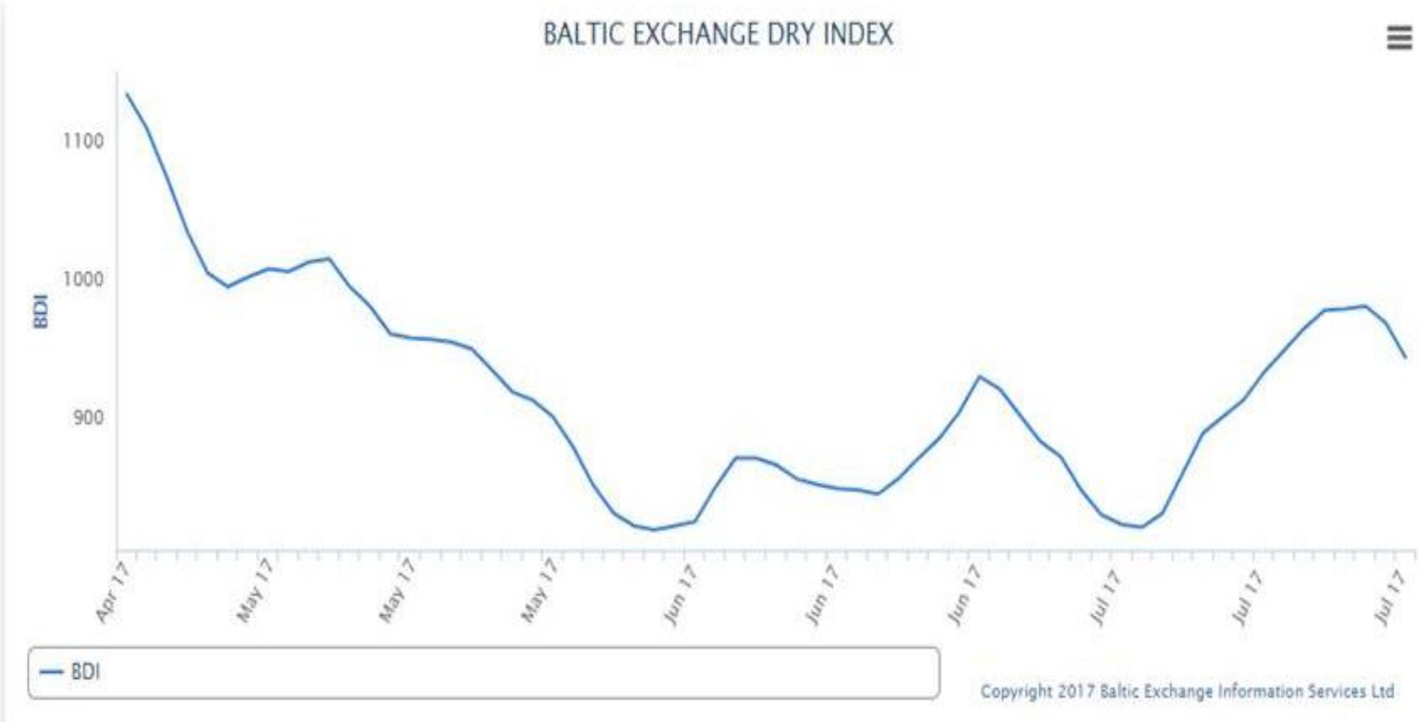
Nautical Miles: To Xiamen China (South China)
US Gulf (NOLA) (via Panamá Canal) – 10,232 nautical miles (32 days)
Santos Brazil (via Cape of Good Hope) - 10,441 nautical miles (33 days)
Rasario Argentina (via Cape Horn) - 10,751 nautical miles (34 days)

Forward Curve for Baltic BPI Panamax Vessel Freight

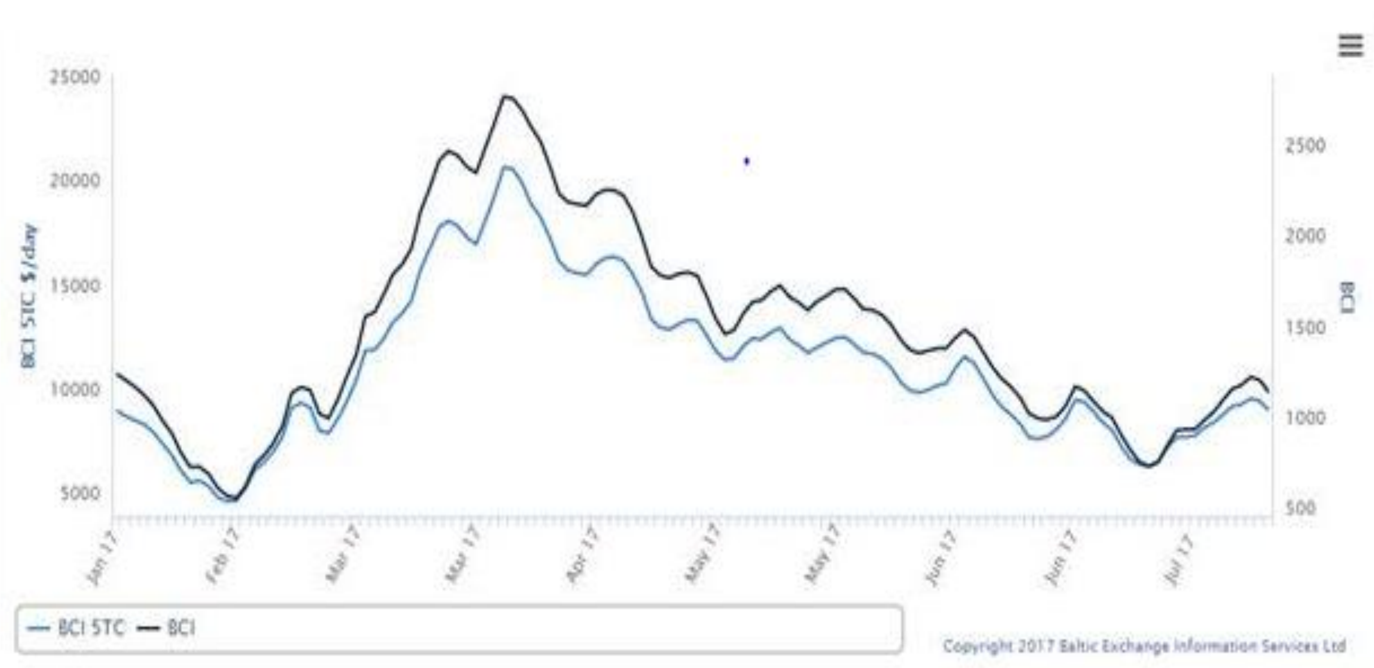




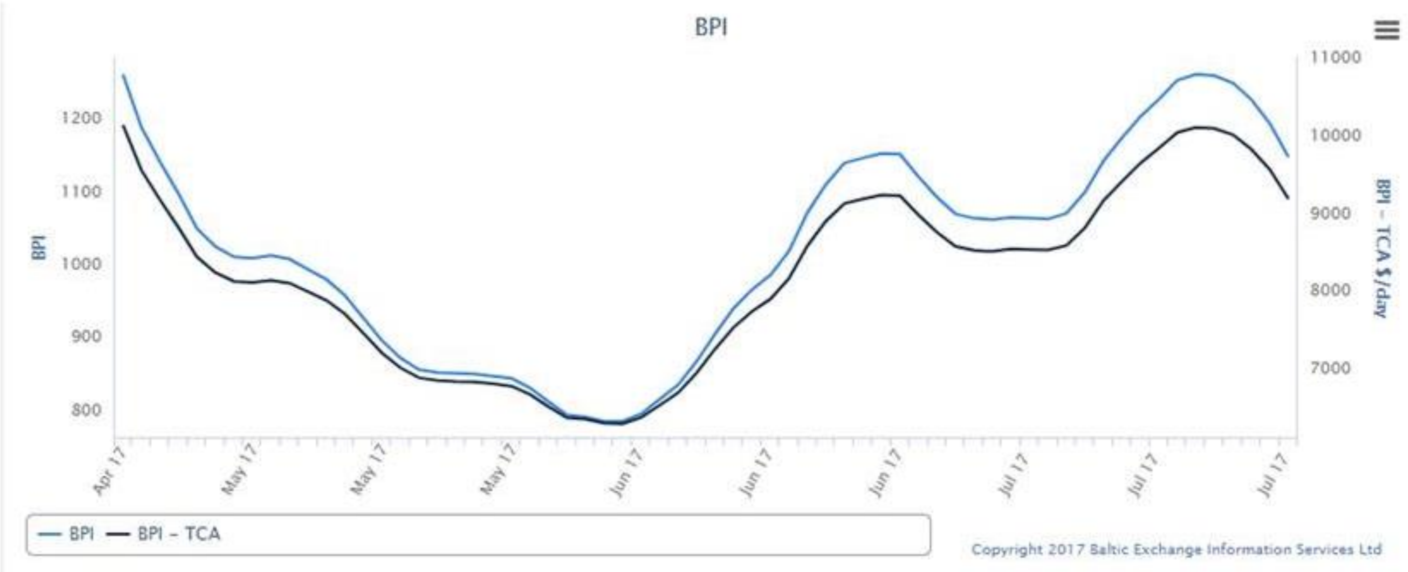
Baltic Dry Bulk Index



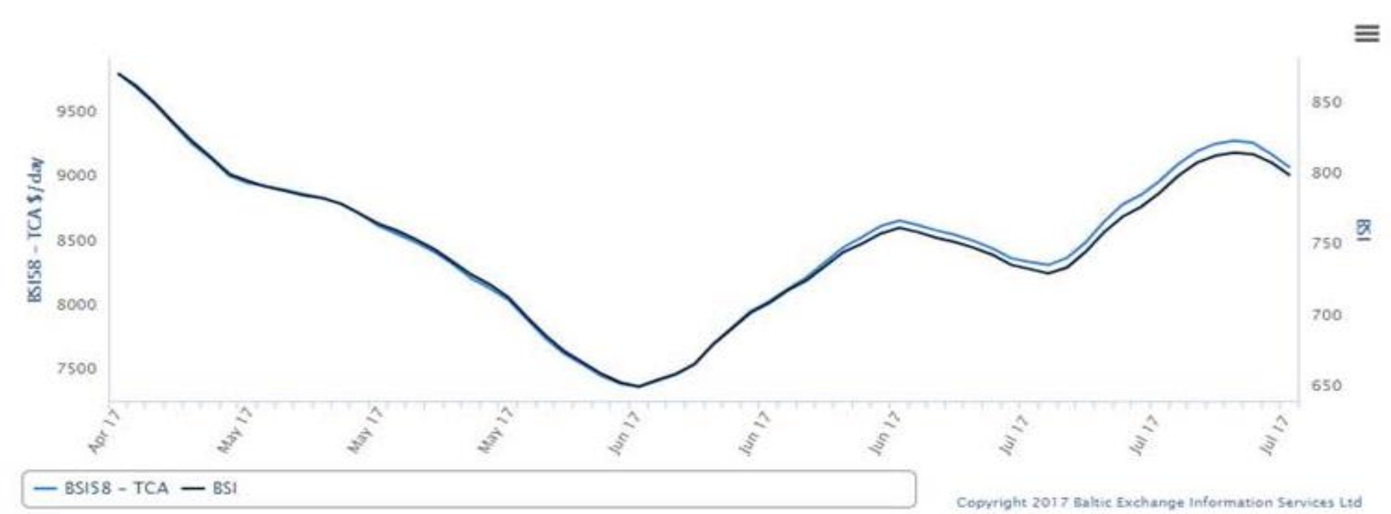
Baltic Capesize Index



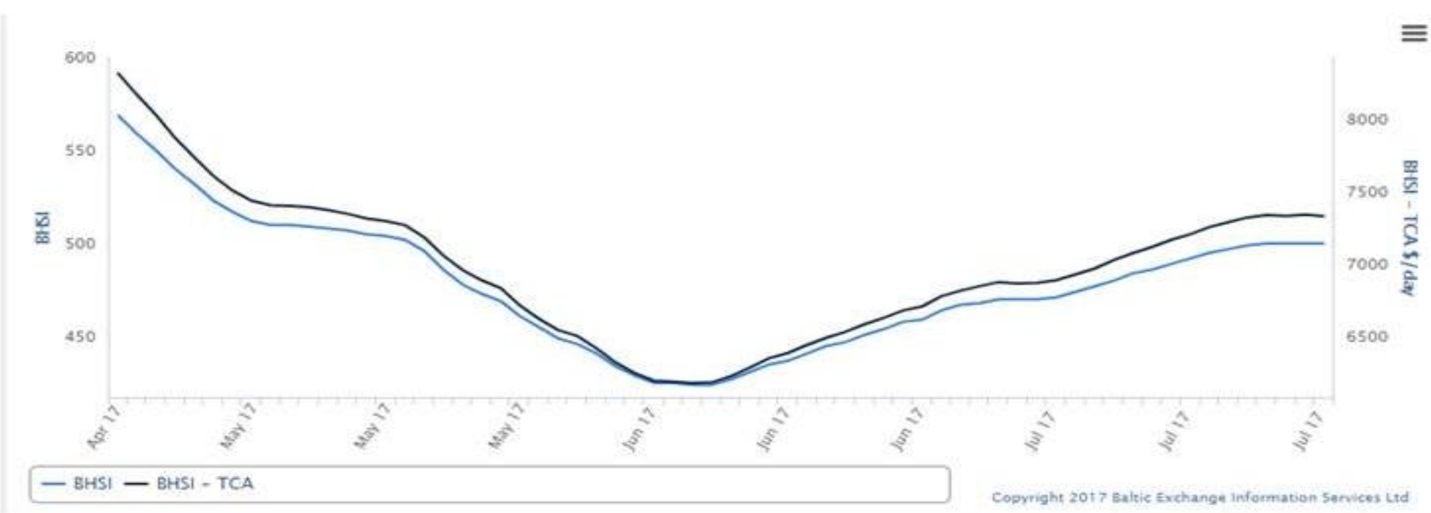
Baltic Panamax Index

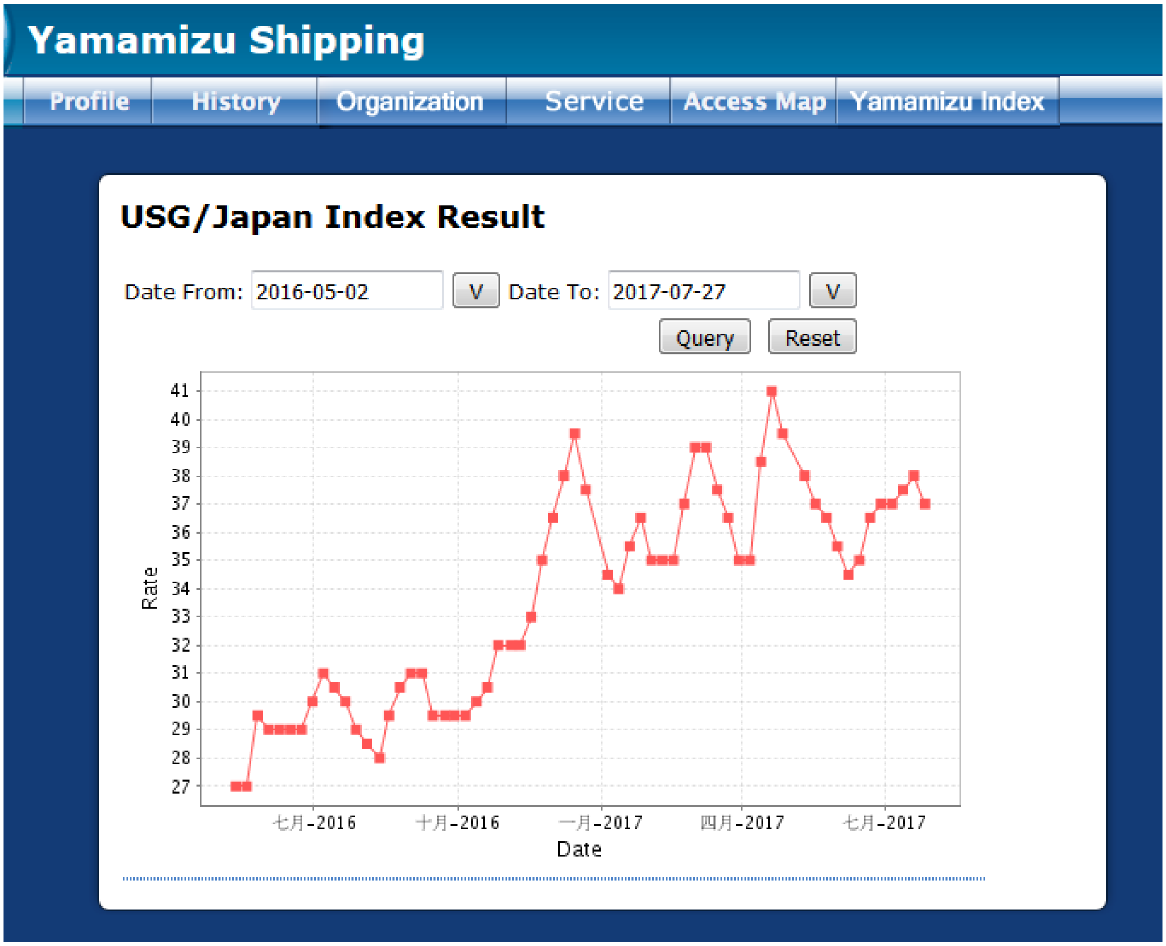


Baltic Supramax Vessel Index



Baltic Handy Size





China Import Dry Bulk Freight Index(CDFI) 2017-07-27						
Index/Routes	Charterparty type	Cargo/Vessel type	Dwt/Cargo Capacity	Unit	Index/Rate	Change
Composite Index				Point	730.95	-19.75
VC Index				Point	668.41	-11.13
TCT Index				Point	824.75	-32.69
Santos(Brazil)— North China	VC	Soybean	60000/10%	$/ton	26.873	-0.167
Tacoma(West America)—North China	VC	Soybean	60000/10%	$/ton	18.3	-0.109
Mississippi(US Gulf) —North China	VC	Soybean	55000/10%	$/ton	36.777	-0.1

27 July 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. (Z)	0.33	**$165.64**	0.58	**$175.48**
Sept. (Z)	0.35	**$166.43**	0.66	**$178.63**
Oct.	0.36	**$166.82**	0.80	**$184.14**
Nov.	0.42	**$169.18**	0.85	**$186.11**
Dec.	0.46	**$170.76**	0.86	**$186.51**
Jan.	0.43	**$174.10**	0.80	**$188.67**

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)	1.00	**$192.02**	0.95	**$190.05**
Sept. (Z)	1.00	**$192.02**	0.95	**$190.05**
Oct.	1.00	**$192.02**	0.90	**$188.08**
Nov.	1.00	**$192.02**	0.85	**$186.11**
Dec.	0.95	**$190.05**	0.85	**$186.11**

Fob vessel Texas Gulf #2 Sorghum is about 115 % the value of #2 Yellow Corn at NOLA

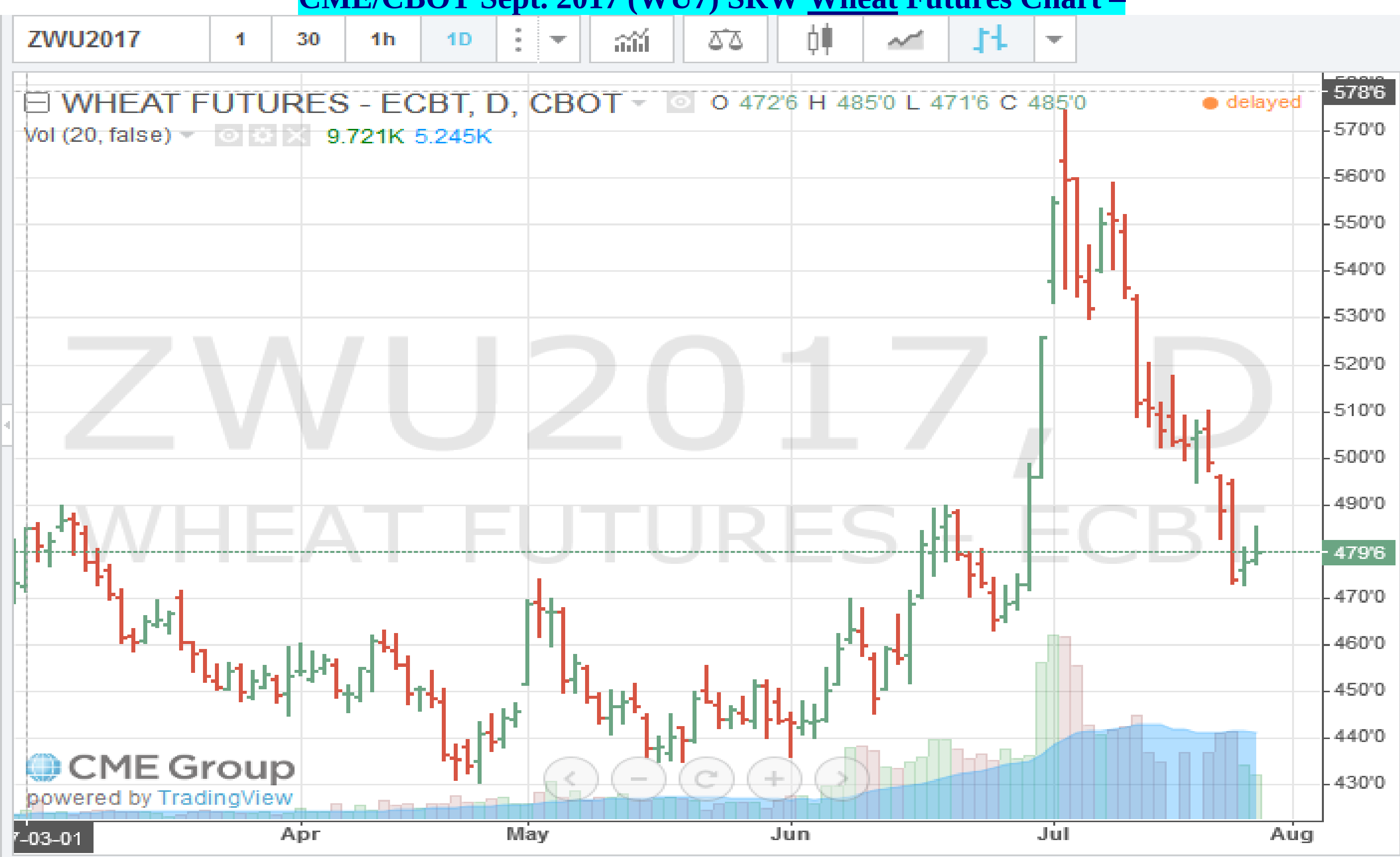
U.S. SRW Wheat Fob Vessel at the Center U.S. Gulf

SRW Wheat	USD/MT	Fob Vessel	US Gulf	
	Aug.	**Sept.**	**Oct.**	**Nov.**
FOB U.S. GULF	$204.11	$205.95	$208.24	$210.08
Basis	0.60	0.65	0.55	0.60
WU	4.9550			
WZ	5.1175			
WH	5.3500			

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
Sept.	CU	$3.9100	$153.93	$	3.6975	$145.56	$0.2125
Dec.	CZ	$4.0475	$159.34	$	3.8300	$150.78	$0.2175
Mar.	CH	$4.1525	$163.47	$	3.9350	$154.91	$0.2175
May	CK	$4.2000	$165.34	$	3.9875	$156.98	$0.2125
July	CN	$4.2450	$167.12	$	4.0375	$158.95	$0.2075

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
Aug.	0.50	**$390.67**	0.72	**$398.76**
Sept.	0.48	**$391.78**	0.85	**$405.37**
Oct.	0.55	**$397.56**	0.87	**$409.32**
Nov.	0.60	**$399.40**	0.87	**$409.32**
Dec.	0.62	**$403.26**	0.88	**$412.81**
Soybean Futures				
Aug.	$ 10.1325			
Sept.	$ 10.1825			
Nov.	$ 10.2700			
Jan.	$ 10.3550			
Mar.	$ 10.3625			
May	$ 10.3875			

U.S. SBM (USD/MT) FOB Vessel		
Fob U.S. Gulf Port	47.5 Pro. SBM	
max 12.5 % moisture	Basis	Flat Price
Aug.	0.00	**$ 364.38**
Sept.	0.00	**$ 366.58**
Oct.	2.00	**$ 370.99**
Nov.	2.00	**$ 374.96**
Dec.	3.00	**$ 376.06**
SBM Futures		
SMQ	330.50	
SMU	332.50	
SMV	334.50	
SMZ	338.10	
SMF	339.90	
SMH	339.90	

CME Nov. 2017 Soybean (SX17) Futures Chart

CME Dec. 2017 Soybean Meal (SMV7) Futures Chart

U.S. EXPORT STATISTICS: Report Activity as of Week Ending 13 July 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	592.3	56,230.0	56,520	99%	3,513.2
Sorghum	57.0	4,619.6	5,720	81%	66.0
Soybeans	514.7	60,364.2	57,150	106%	5,493.3
Wheat	682.2	9,419.7	26,540	35%	0.0
Barley	5.5	35.7	110	32%	0.0

U.S. EXPORT INSPECTIONS:

Monday's report 24 July 2017 for the Export week ending 20 July 2017

	Export Inspections		Current Market Year YTD	Previous Year to Date	2016 YTD as Percent of 2015
	This Week	Previous Week			
Corn	935,262	1,122,852	51,810,524	39,067,047	133%
Sorghum	106,940	61,318	5,305,244	7,946,793	67%
Soybeans	596,920	298,072	53,892,797	46,133,619	117%
Wheat	451,665	593,328	4,387,947	3,693,264	119%
Barley	0	98	5,319	9,965	53%

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

U.S. EXPORT INSPECTIONS:

Monday's report 24 July 2017 for the Export week ending 20 July 2017

Last Week								
(Metric Tons)	YC	%	WC	%	Sorghum	%	Soybeans	%
Lakes	0	0%	0	0%	0	0%	23,514	4%
Atlantic	0	0%	0	0%	0	0%	1,959	0%
Gulf	504,628	58%	57,050	88%	101,790	95%	459,248	77%
PNW	268,203	31%	0	0%	0	0%	66,048	11%
Interior Export Rail	97,498	11%	7,883	12%	5,150	5%	46,151	8%
Metric Tons	870,329		64,933		106,940		596,920	

Sorghum Shipments:

metric tons	
101,790	China Main
5,150	Mexico
106,940	Total

White Corn Shipments:

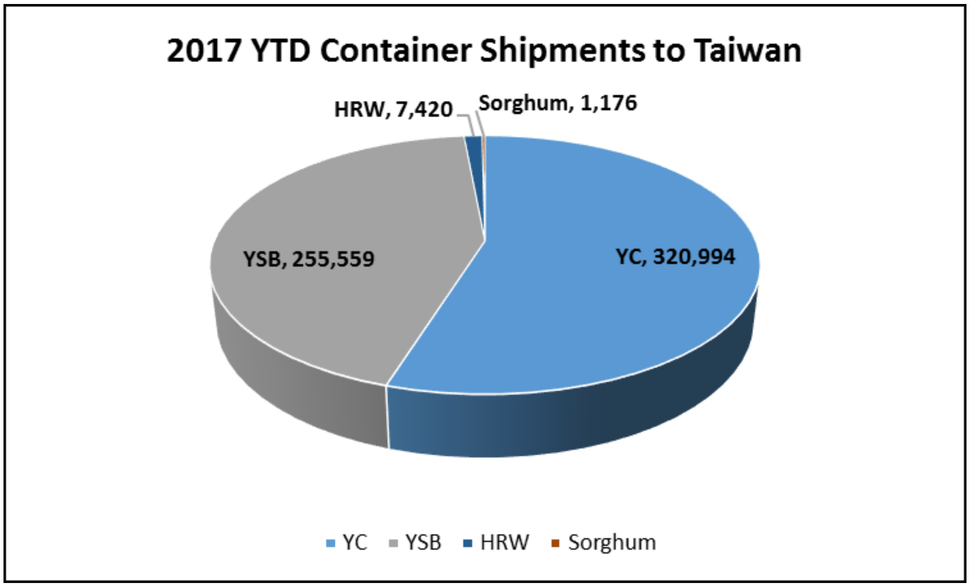
metric tons	
39,633	Mexico
17,600	Honduras
7,700	El Salvador
64,933	Total

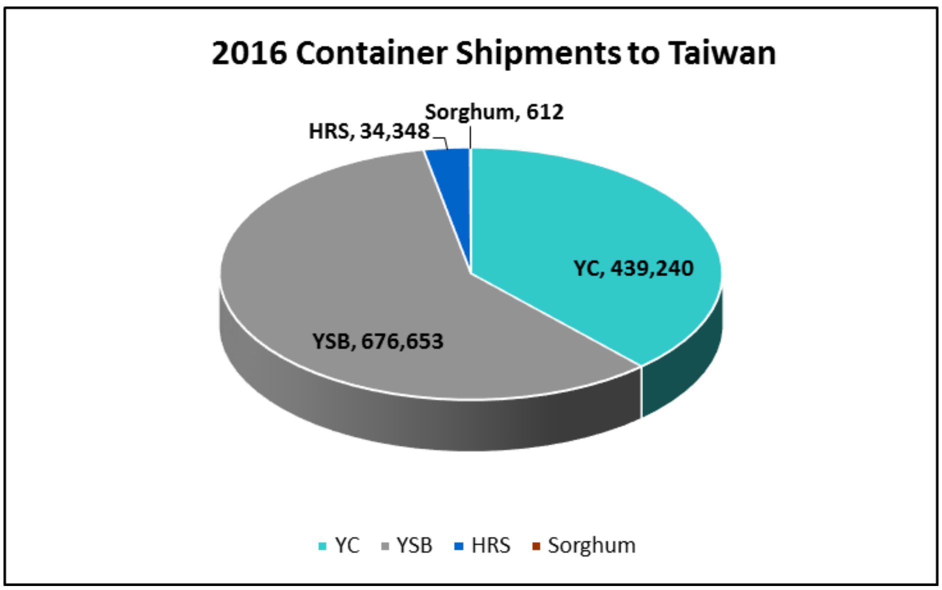
Export Inspection Highlights

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:			**20-Jul-2017**						
Last Week	metric tons								**MT**
	YC	**WC**	**YSB**	**SRW**	**NS**	**SWH**	**HRW**	**Sorghum**	**TOTAL**
China Main			6,050						6,050
China T	1,371		4,679						6,050
Hong Kong									0
Costa Rica									0
Indonesia			9,987						9,987
French Polynesia									0
Japan	539								539
Korea Republic									0
Dominican Rep.									0
Malaysia	122		1,518						1,640
Honduras									0
Philippines			464						464
Thailand									0
Bangladesh									0
El Salvador									0
Vietnam			1,690						1,690
Sub total	2,032	0	24,388	0	0	0	0	0	24,730
USDA Corrections/Additions to previous reports:									
China T									0
China Main			465						465
Hong Kong									0
Korea Rep.									0
Jordan									0
Japan									0
Philippines									0
Indonesia			833						833
Malaysia			367						367
Thailand			930						930
Vietnam									0
Bangladesh	465					2,939			3,404
Canada									0
Sub total	465	0	2,595	0	0	2,939	0	0	5,999
Mt. Grand Total	**2,497**	**0**	**26,983**	**0**	**0**	**2,939**	**0**	**0**	30,729
Number of containers	109	0	1,173	0	0	128	0	0	

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



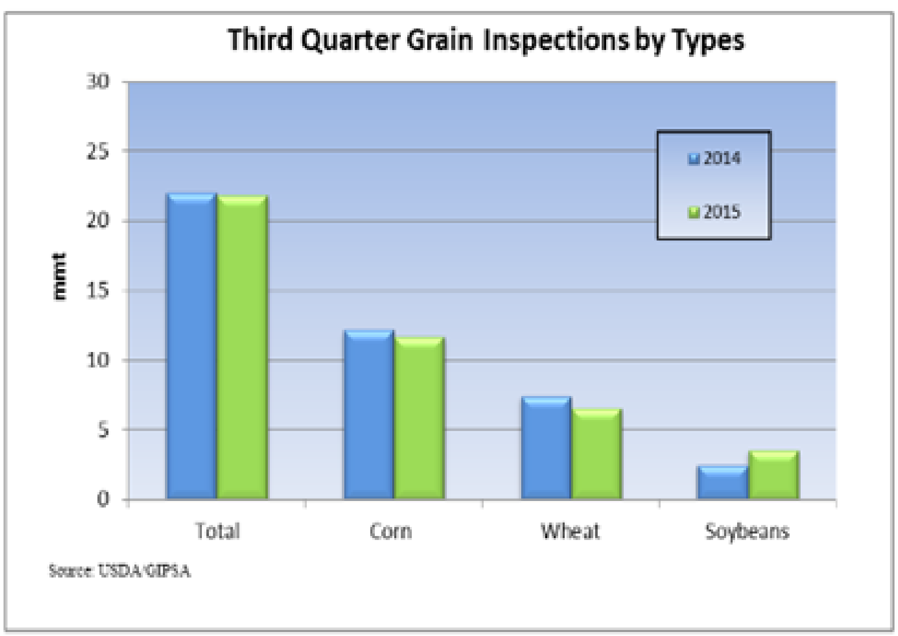


Grain Inspections for Export by U.S. Port Regions: U.S. Gulf and Pacific Northwest 2016 YTD vs. 2017 YTD

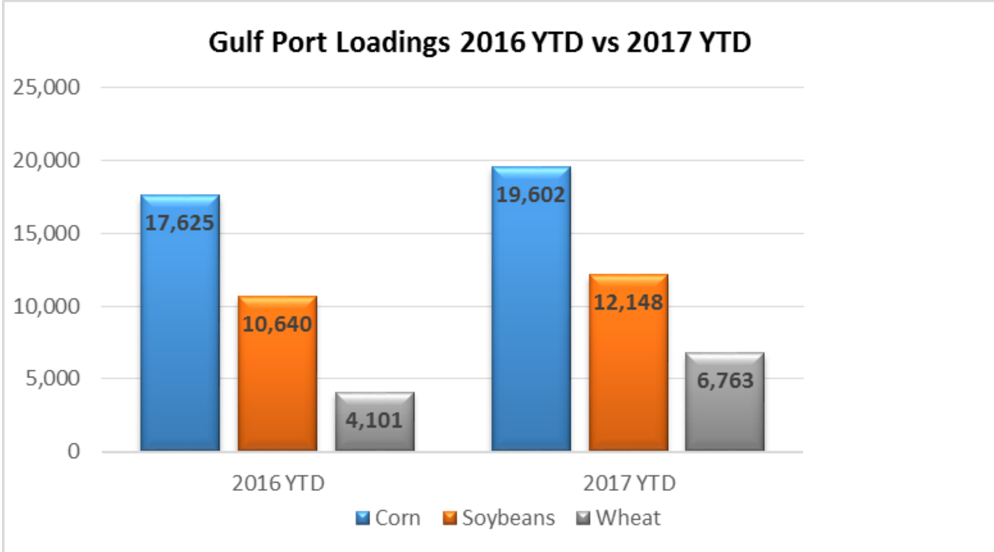
PORT LOADINGS US Gulf				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
GULF				
2016 YTD	17,625	10,640	4,101	32,366
2017 YTD	19,602	12,148	6,763	38,513
2017 as % of 2016	111%	114%	165%	119%

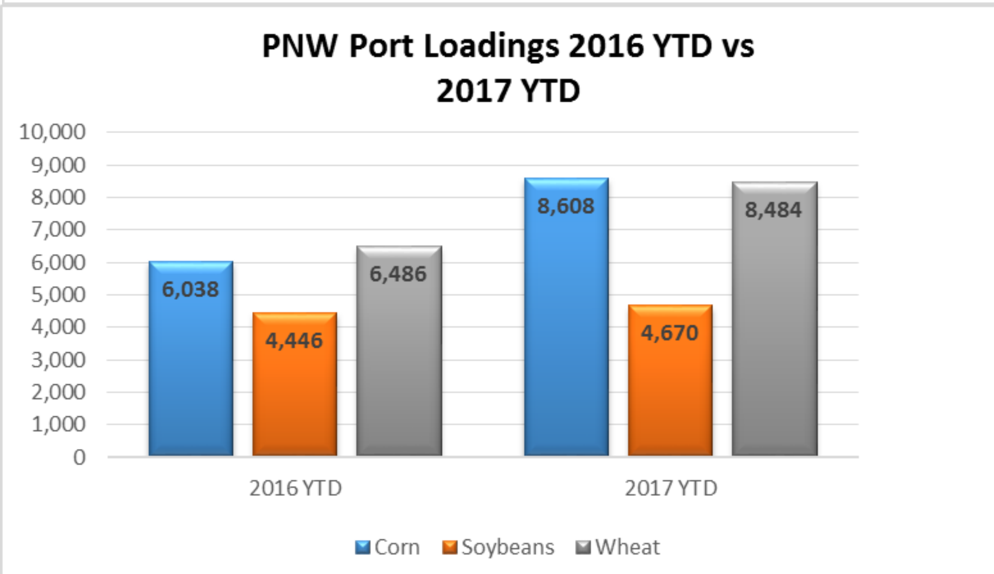
PORT LOADINGS US PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
PNW				
2016 YTD	6,038	4,446	6,486	16,970
2017 YTD	8,608	4,670	8,484	21,762
2017 as % of 2016	143%	105%	131%	128%

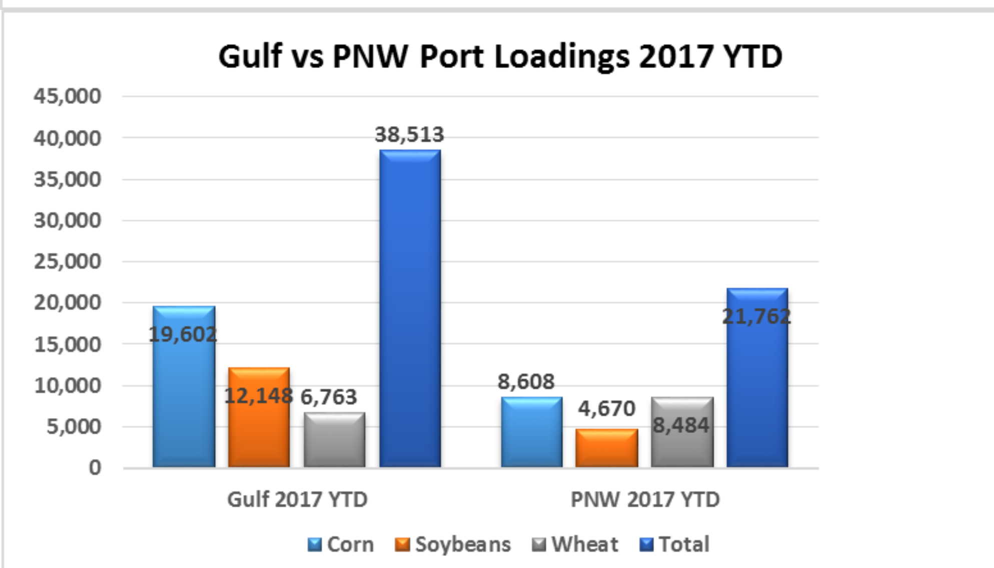
PORT LOADINGS GULF vs. PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
2017 Gulf YTD	19,602	12,148	6,763	38,513
2017 PNW YTD	8,608	4,670	8,484	21,762
TOTAL	28,210	16,818	15,247	60,275
Gulf Percentage	69%	72%	44%	64%
PNW Percentage	31%	28%	56%	36%



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

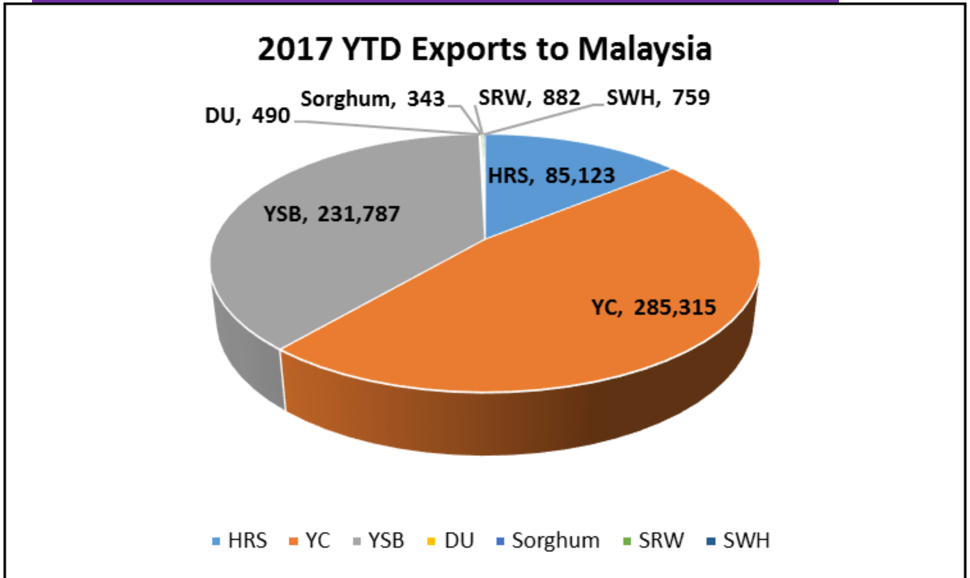


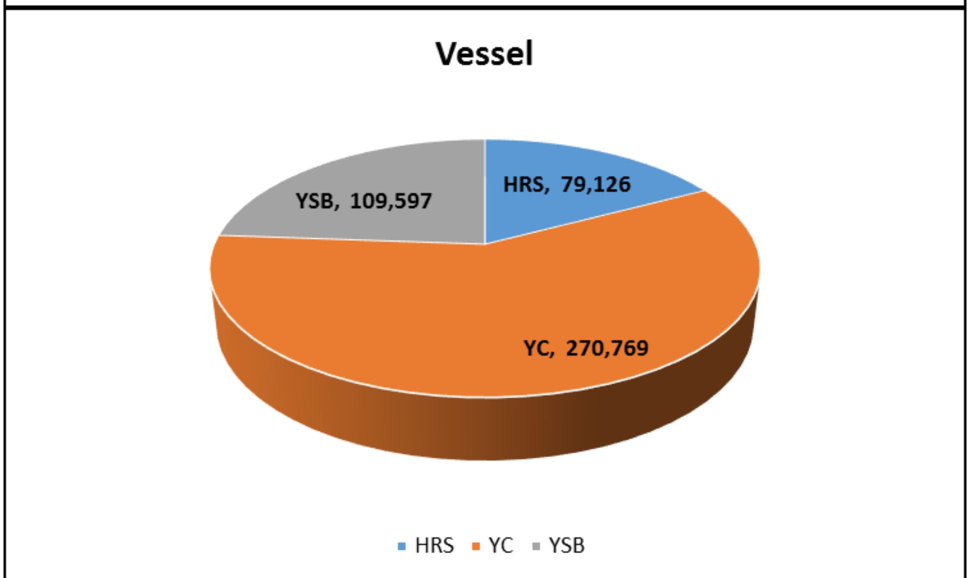


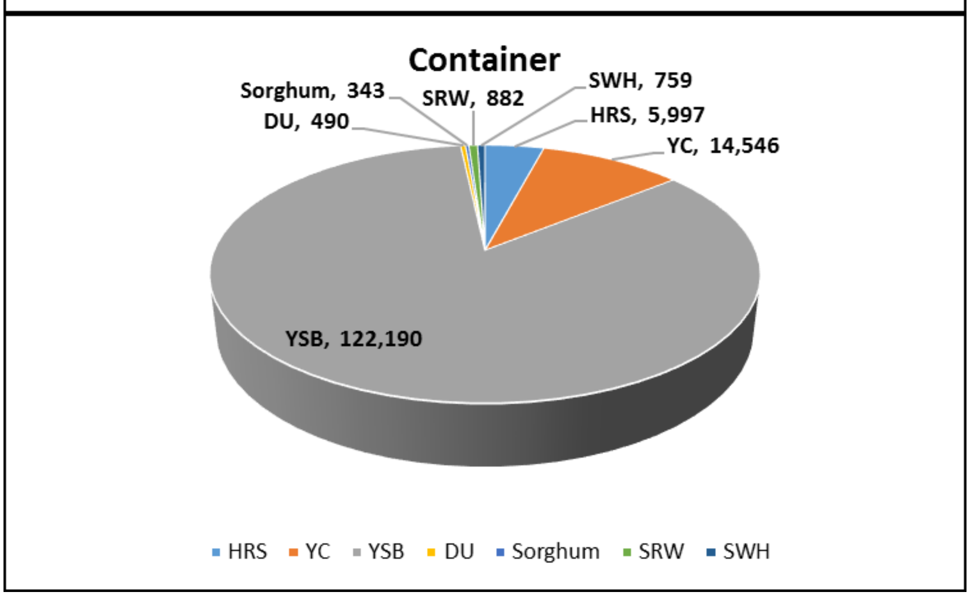


Source: USDA-data

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



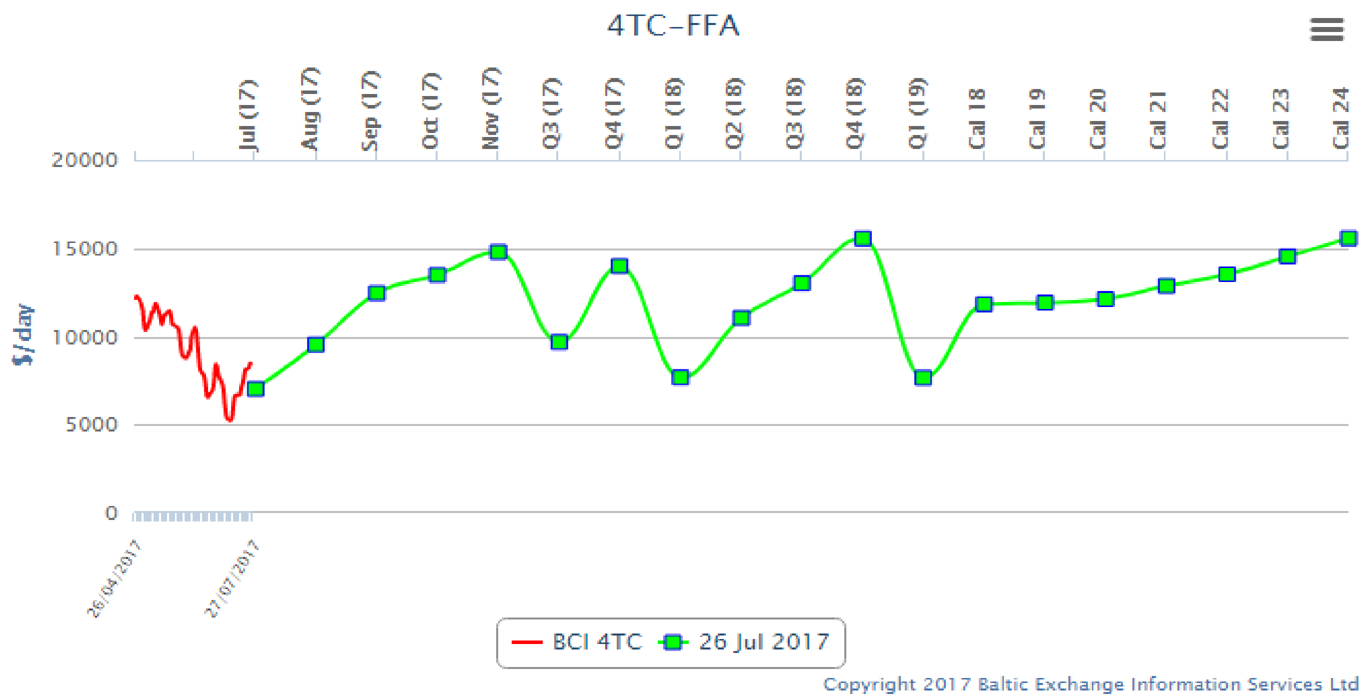




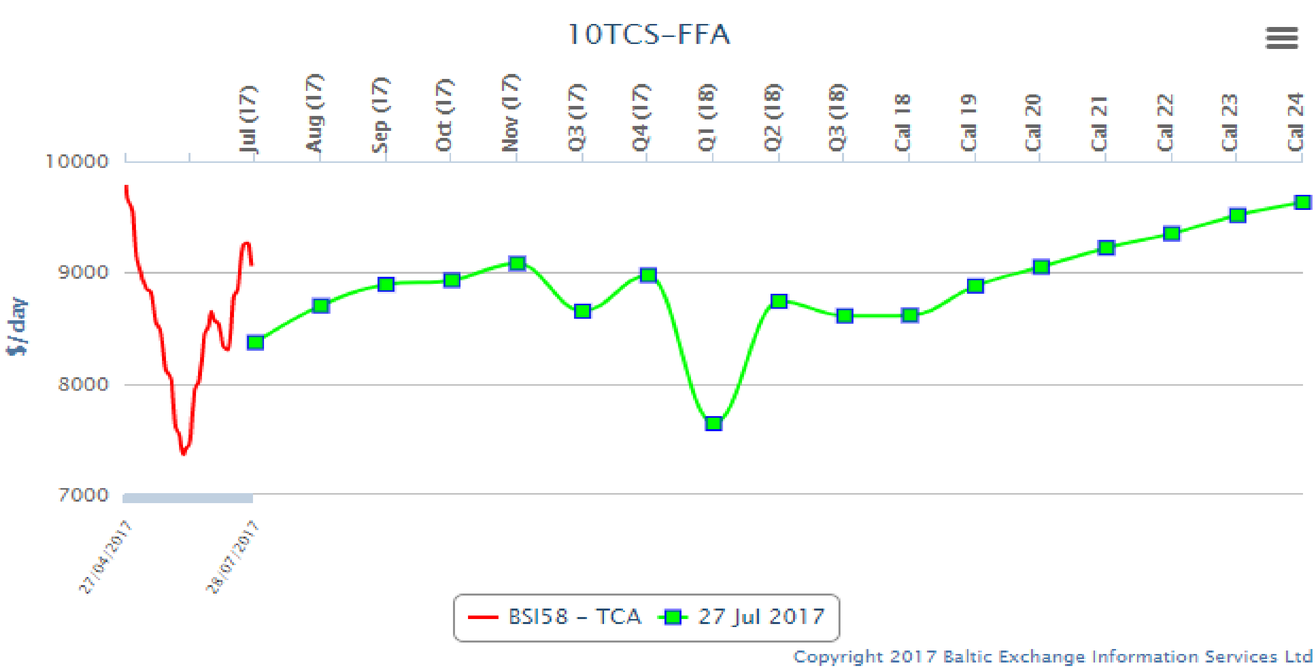
**Please keep in mind that USDA does not report DDGS sales, or they would show as the largest exports by container

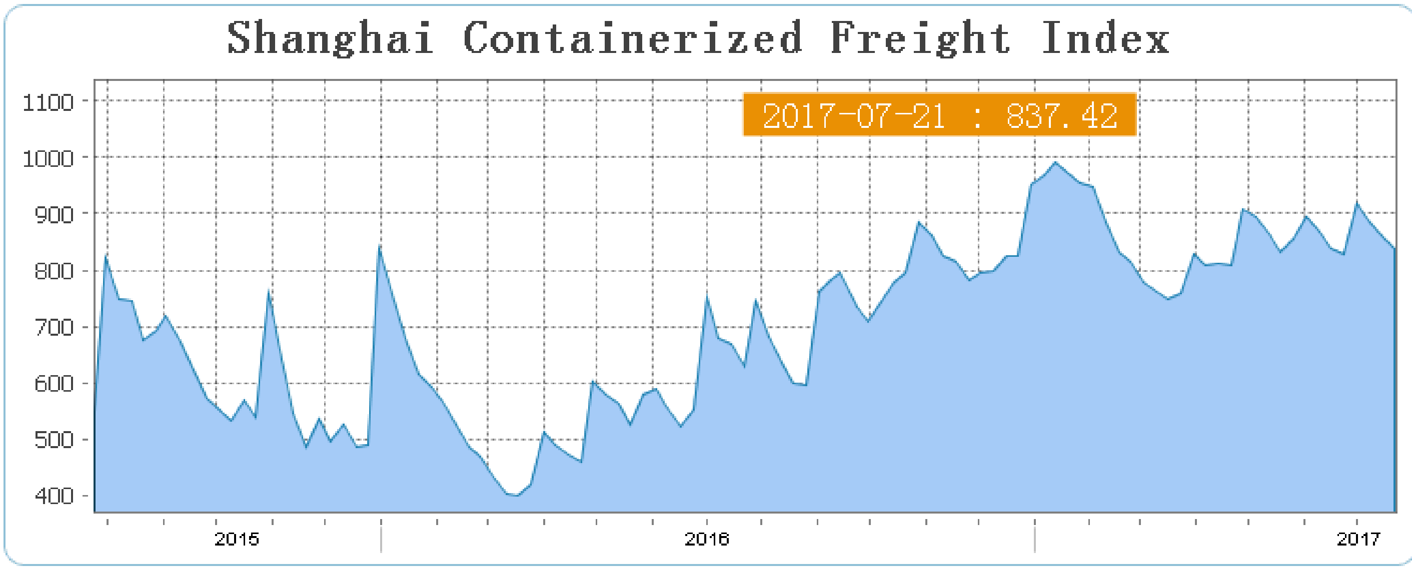
Shipping News:

FFA 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 2017

Placement LH August 2017	% of Tariff	MT	Corn BU	Soybeans-Wheat BU
Upper Mississippi	350	$23.88	0.61	0.65
Illinois River (Pekin and South)	310	$16.44	0.42	0.45
Mid-Mississippi	305	$17.89	0.45	0.49
Lower Ohio	285	$14.01	0.36	0.38
St. Louis	245	$10.78	0.27	0.29

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

Secondary Rail Car Market Placement LH August 2017	BID USD	ASK USD	BID BU.	ASK BU.	BID MT	ASK MT
BNSF Shutle Trains	$ (250.00)	$ (150.00)	$ (0.06)	$ (0.04)	$ (2.46)	$ (1.48)
UPRR Shuttle Trains	$ (225.00)	$ (150.00)	$ (0.06)	$ (0.04)	$ (2.21)	$ (1.48)

Best Regards,

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