



Transportation and Export Report for 31 August 2017

Ocean Freight Insights and Comments:

The Baltic Panamax Ocean freight, and physical markets backed off a little this week. I think it has mostly been a case of having gone up too far too fast over the last month.

The bigger news this week is, of course, is hurricane Harvey and the impact it is having on South Texas and the Texas ports. Today the US Coast Guard reopened the ports of Houston, Galveston and Beaumont. Corpus Christi remains closed. Some say that the port of Corpus Christi could open on Sunday? Export Grain facilities are still making repairs and working to get ready to load. This will likely take several days. Ships are in the harbor but nothing is moving. Grain elevators are full and inbound rail is still under embargo. Aside from the physical damage that the flooding has caused around Houston and Corpus Christi, it is going to be a challenge for export employees to return to work, many without home to return to. And the storm is now hitting New Orleans, LA. (See Shipping New port updates at bottom of this report.) (Plus UPRail freight Increases for 2017) Rail grain exports to through Texas to Mexico have also been severely impacted with large sections of track underwater.

This of course means that there will be serious delays in loading vessels and executing on contracts. Grain Buyers need to read their contract terms carefully and be ready to negotiate to protect their supply chains. As they say in the Grain business "Never let the chickens go hungry".

BALTIC DRY-BULK PANAMAX INDEX CHANGES

Panamax Ocean Freight Indices				
31-Aug-17	This Week	Last Week	Difference	Percent Change
P2A : Gulf/Atlantic - Japan	16541	17193	-652	-3.8%
P3A - PNW/Pacific - Japan	9128	9620	-492	-5.1%
S1C -USGULF-China-So.Japan	19047	19124	-77	-0.4%

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

Four weeks ago:	\$ 5.60-\$6.40
Three weeks ago:	\$ 6.15-\$6.50
Two weeks ago:	\$ 6.90-\$7.25
One week ago:	\$ 6.80-\$7.75
This week	\$ 6.85-\$7.30

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

Mississippi River:	(10 elevators)	3-6 days
Miss. River Mid-Stream loaders:	(6+ Rigs)	0-0 days
Texas Gulf	(6 elevators)	0-4 days
Pacific Northwest:	(9 elevators)	0-4 days

Panamax Market Spreads to Asia -China					
31-Aug-17	PNW	GULF	Bushel Spread	MT Spread	Advantage
CORN	0.90	0.53	0.37	\$14.57	PNW
SOYBEANS	1.05	0.72	0.33	\$12.99	PNW
OCEAN FREIGHT	\$19.50	\$37.75	.48-.51	\$18.25	OCT.

Recent Reported Vessel Fixtures:

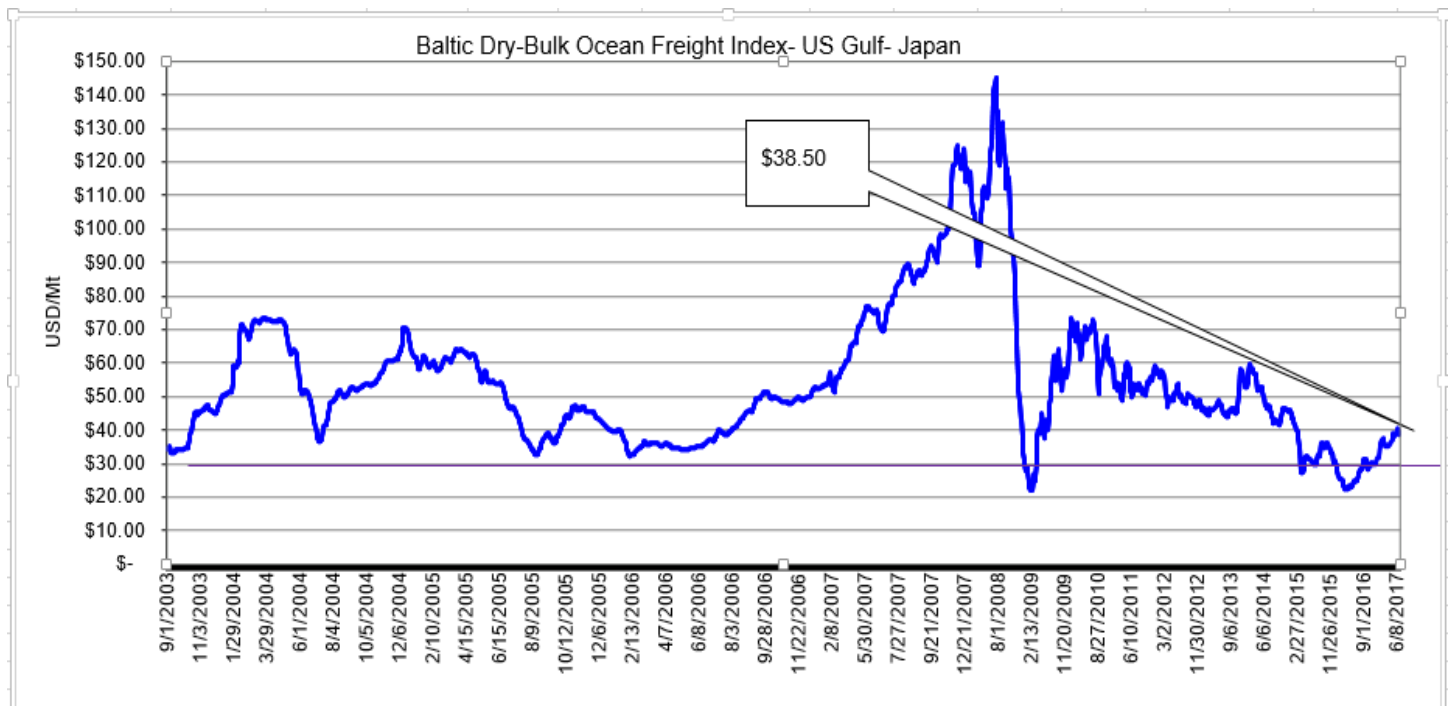
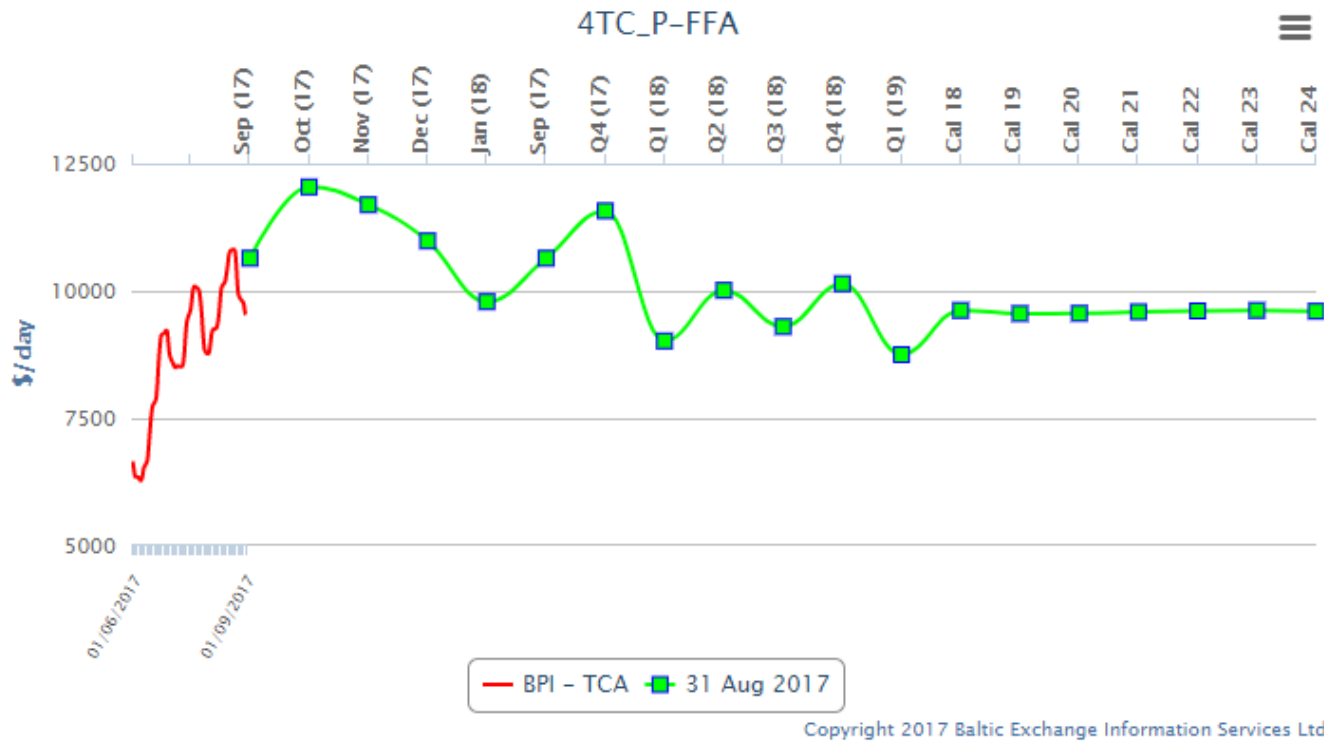
66,000 mt hss US Gulf to China Aug.25-30 at \$37.75 fio 10000shex/8000shex -Cargill
 66,000 mt hss US Gulf to China Sept.10-30 at \$37.00 fio 10000shex/8000shex –Cargill
 60,000 mt hss Rio Grande, Brazil to China Sept.10-31 at \$30.25 fio 8,000shex bends–ECPT

Route and Vessel Size	Current Week USD/MT	Change from previous week	Remarks
55,000 U.S. Gulf-Japan	\$38.75	Down \$0.75	Handymax at \$40.00 mt
55,000 U.S. PNW- Japan	\$20.00	Down \$0.50	Handymax at \$21.00 mt
60,000 U.S. Gulf – China PNW to China	\$37.75 \$19.50	Down \$1.25 Down \$0.75	North China
25,000 U.S. Gulf- Veracruz, México	\$15.50	Unchanged	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$13.50	Unchanged	Deep draft and 6,000 MT per day discharge rate.
25/35,000 U.S. Gulf- <u>East Coast Colombia</u> From Argentina	\$18.50 \$29.00	Unchanged	<u>West Coast Colombia at \$27.00</u>
40-45,000 U.S. Gulf - Guatemala	\$26.50	Unchanged	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf – Algeria	\$27.25 \$30.25	Down \$0.50	8,000 mt daily discharge 3,000 mt daily discharge
25-30,000 US Gulf-Morocco	\$26.50	Down \$0.50	5,000 discharge rate
55,000 U.S. Gulf –Egypt PNW to Egypt	\$24.25 \$23.75	Down \$0.50	55,000 -60,000 mt St. Lawrence to Egypt \$24.50
60-70,000 U.S. Gulf – Europe – Rotterdam	\$15.50	Unchanged	Handymax at +\$1.50 more
Brazil, Santos –China Itacoatiara Port up River Amazonia - China	\$31.00 \$30.00 \$34.00	Up \$1.00	54-58,000 Supramax-Panamax 60-66,000 Post Panamax
56-60,000 Argentina-China Up River with Top Off	\$37,25	Up \$0.50	

Nautical Miles: To Xiamen China (South China)

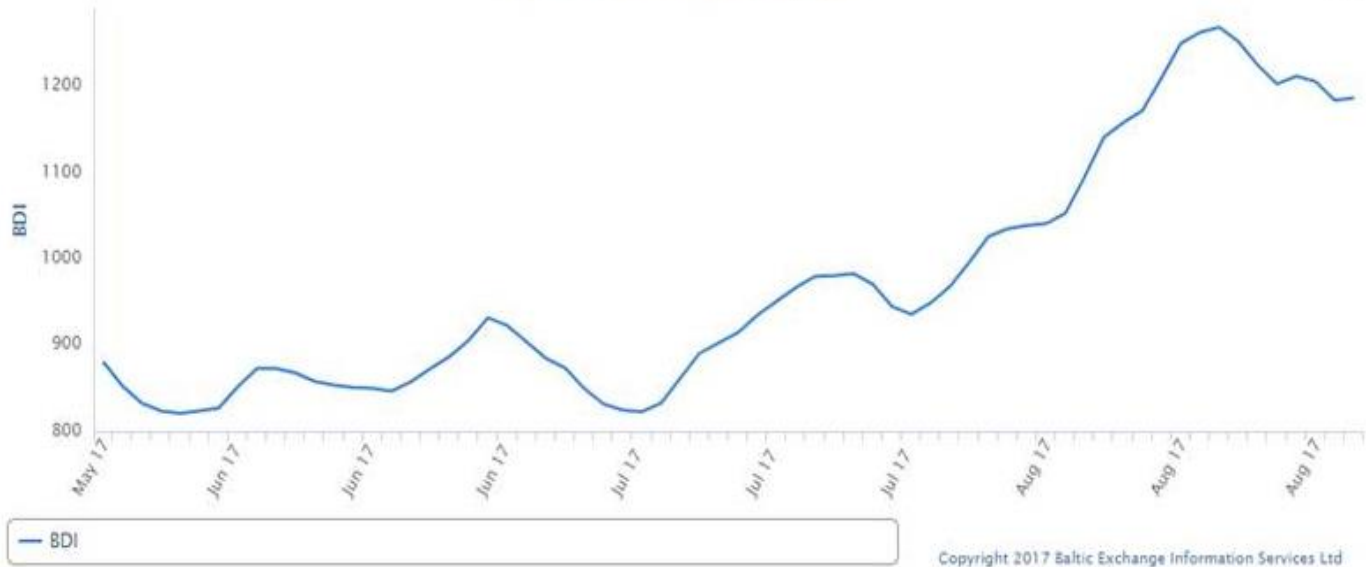
US Gulf (NOLA) (via Panamá Canal) – 10,232 nautical miles (32 days)
Santos Brazil (via Cape of Good Hope) - 10,441 nautical miles (33 days)
Rasario Argentina (via Cape Horn) - 10,751 nautical miles (34 days)

Forward Curve for Baltic BPI Panamax Vessel Freight

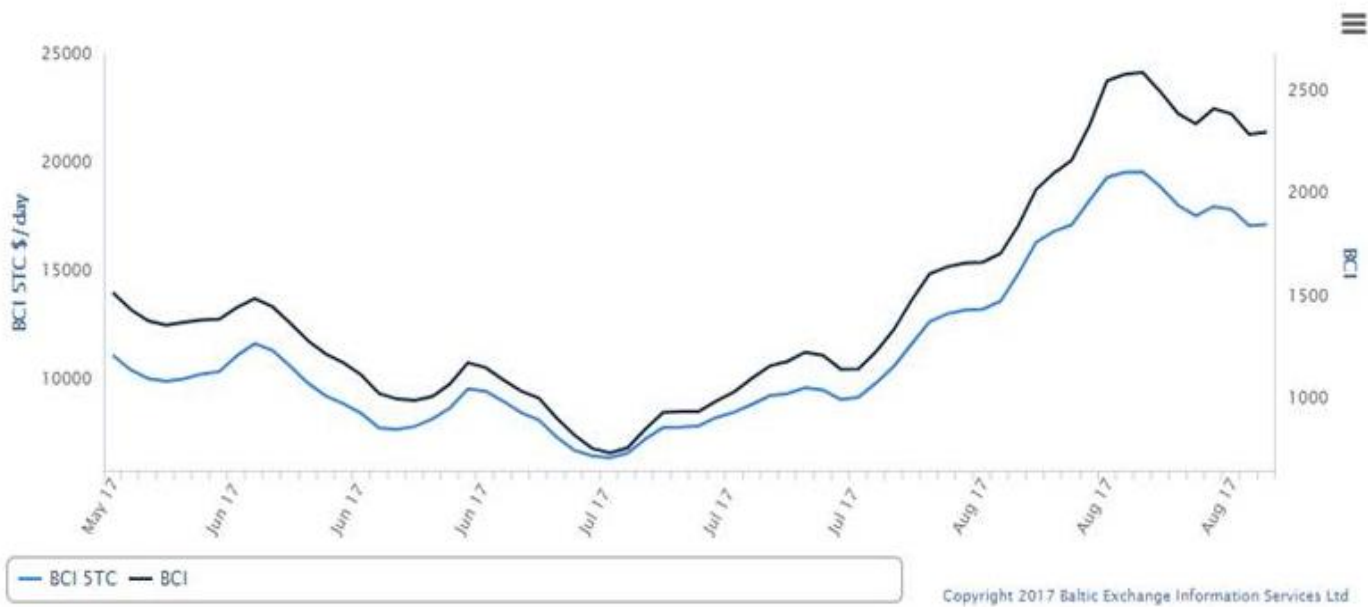


Baltic Dry Bulk Index

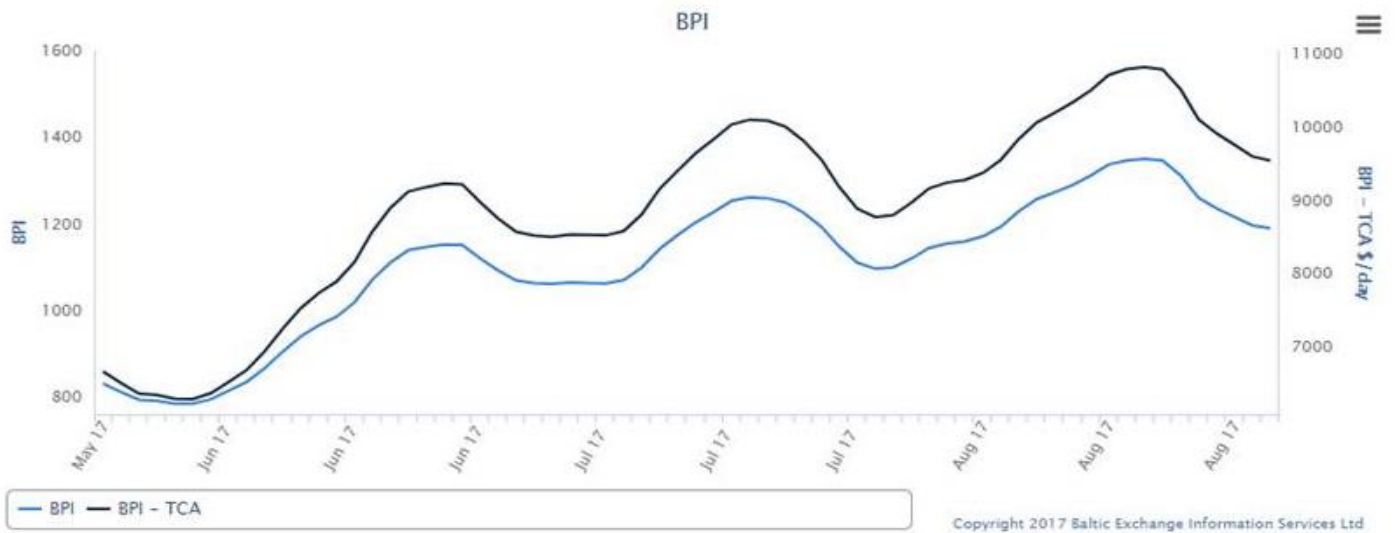
BALTIC EXCHANGE DRY INDEX



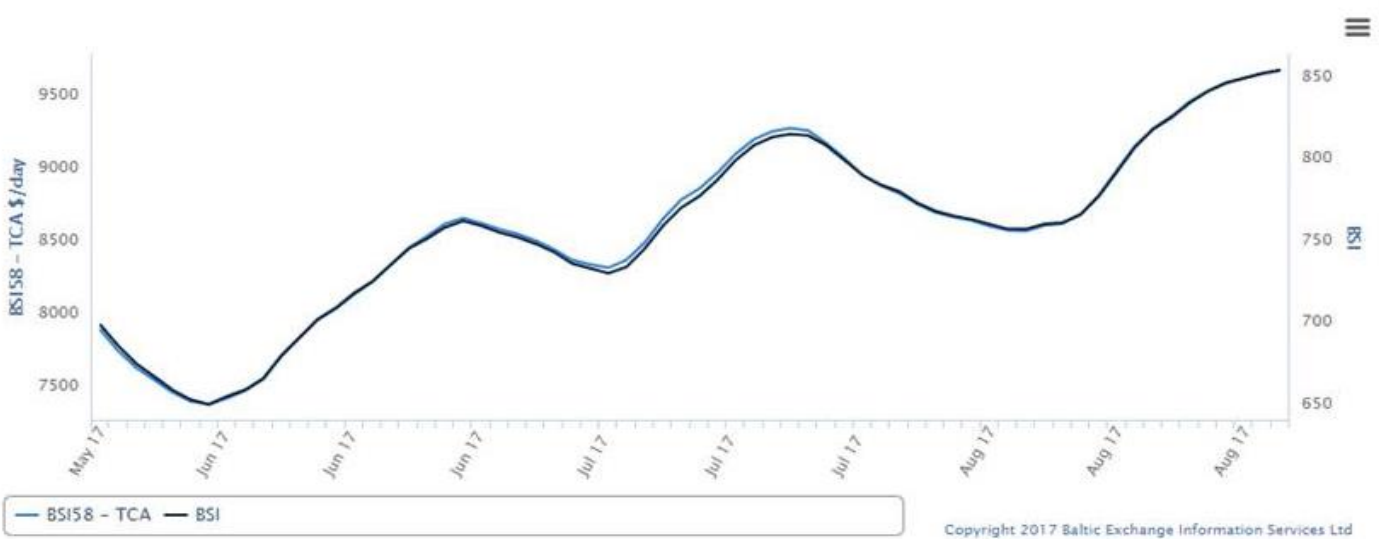
Baltic Capesize Index



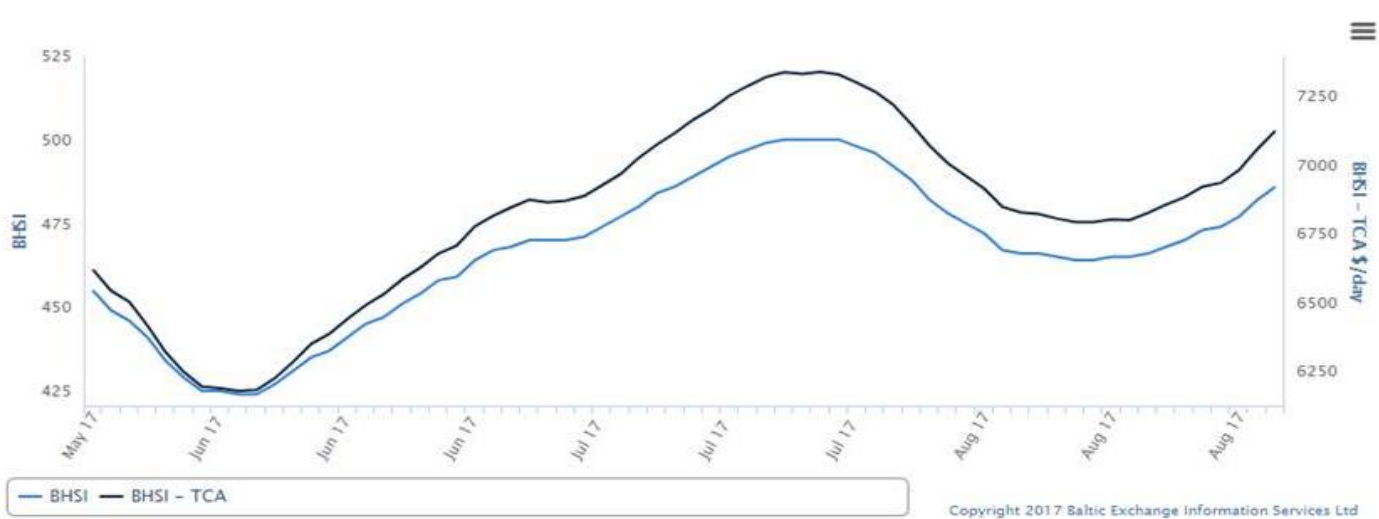
Baltic Panamax Index



Baltic Supramax Vessel Index



Baltic Handy Size



Yamamizu Shipping

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[Access Map](#)
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USG/Japan Index Result

Date From: 2016-06-01

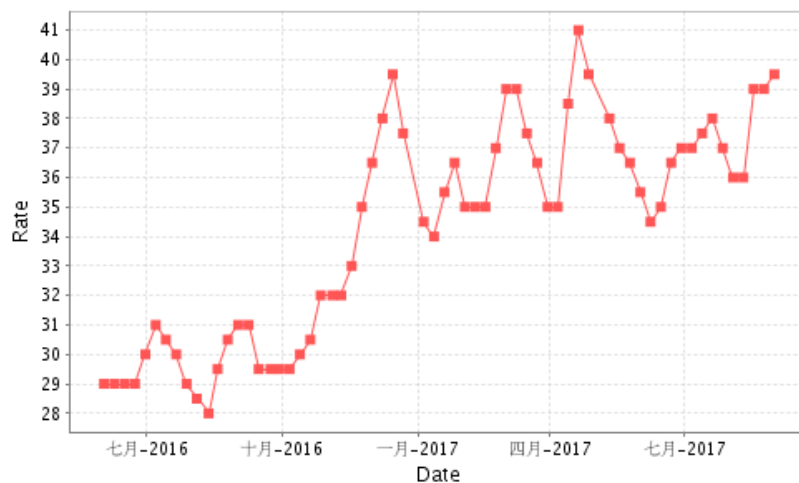
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Date To: 2017-09-01

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Query

Reset



China Import Dry Bulk Freight Index(CDFI) 2017-08-24

Index/Routes	Charterparty type	Cargo/Vessel type	Dwt/Cargo Capacity	Unit	Index/Rate	Change
Composite Index				Point	917.89	-15.77
VC Index				Point	781.22	-9.48
TCT Index				Point	1122.89	-25.21
Santos(Brazil)— North China	VC	Soybean	60000/10%	\$/ton	29.28	-0.05
Tacoma(West America)—North China	VC	Soybean	60000/10%	\$/ton	20.355	-0.08
Mississippi(US Gulf) —North China	VC	Soybean	55000/10%	\$/ton	39.12	-0.16

31 August 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
Oct.	0.53	\$161.70	0.90	\$176.27
Nov.	0.58	\$163.67	0.90	\$176.27
Dec.	0.62	\$165.25	0.91	\$176.66
Jan.	0.58	\$168.69	0.86	\$179.71
Feb.	0.60	\$169.48	0.88	\$180.50
Mar.	0.63	\$170.66	0.90	\$181.29

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
Oct.	1.20	\$188.08	1.10	\$184.14
Nov.	1.20	\$188.08	1.10	\$184.14
Dec.	1.10	\$184.14	1.05	\$182.17
Jan.	1.10	\$189.16	1.05	\$187.19
Jan.	1.10	\$189.16	1.05	\$187.19

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	
	Oct.	Nov.	Dec.	Jan.
FOB U.S. GULF	\$189.04	\$190.88	\$191.25	\$191.80
Basis	0.80	0.85	0.86	0.65
WU	4.1025			
WZ	4.3450			
WH	4.5700			

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	\$3.4225	\$134.74	\$ 3.4200	\$134.64	\$0.0025
Dec.	CZ	\$3.5775	\$140.84	\$ 3.5625	\$140.25	\$0.0150
Mar.	CH	\$3.7050	\$145.86	\$ 3.6875	\$145.17	\$0.0175
May	CK	\$3.7775	\$148.71	\$ 3.7550	\$147.83	\$0.0225
July	CN	\$3.8400	\$151.17	\$ 3.8150	\$150.19	\$0.0250

CME/CBOT December 2017 (CZ7) Corn Futures Chart –



CME/CBOT Dec. 2017 (WZ7) 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
Oct.	0.75	\$374.87	1.10	\$387.73
Nov.	0.76	\$375.24	1.12	\$388.47
Dec.	0.70	\$376.53	1.10	\$391.22
Jan.	0.73	\$377.63	1.10	\$391.22
Feb.	0.72	\$380.75	1.05	\$392.88
Soybean Futures				
Sept.	\$ 9.3625			
Nov.	\$ 9.4525			
Jan.	\$ 9.5475			
Mar.	\$ 9.6425			
May	\$ 9.7275			
July	\$ 9.8000			

U.S. SBM (USD/MT) FOB Vessel		
Fob U.S. Gulf Port	47.5 Pro. SBM	
max 12.5 % moisture	Basis	Flat Price
Oct.	-1.00	\$ 325.79
Nov.	-1.00	\$ 329.10
Dec.	0.00	\$ 330.20
Jan.	-1.00	\$ 330.86
Feb.	-2.00	\$ 333.29
SBM Futures		
SMU	294.30	
SMV	296.50	
SMZ	299.50	
SMF	301.10	
SMH	304.30	
SMK	306.70	

CME Nov. 2017 Soybean (SX17) Futures Chart



CME Dec. 2017 Soybean Meal (SMZ7) Futures Chart



U.S. EXPORT STATISTICS: Report Activity as of Week Ending 17 August 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	175.9	56,575.5	56,520	100%	6,161.7
Sorghum	78.8	4,891.8	5,720	86%	409.7
Soybeans	284.4	60,719.8	58,510	104%	9,940.4
Wheat	412.5	11,547.6	26,540	44%	0.0
Barley	0.0	36.3	110	33%	0.0

U.S. EXPORT INSPECTIONS:

Monday's report 28 August 2017 for the Export week ending 24 August 2017

	Export Inspections		Current Market Year YTD	Previous Year to Date	2017 YTD as Percent of 2016 YTD
	This Week	Previous Week			
Corn	805,756	720,213	56,089,213	45,574,544	123%
Sorghum	100,609	105,940	5,910,022	8,749,810	68%
Soybeans	716,171	668,245	57,050,992	50,473,940	113%
Wheat	670,748	592,247	7,436,043	6,616,350	112%
Barley	0	0	12,227	18,309	67%

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

U.S. EXPORT INSPECTIONS:

Monday's report 28 August 2017 for the Export week ending 24 August 2017

Last Week							
(Metric Tons)	YC	%	WC	%	Sorghum	%	Soybeans %
Lakes	0	0%	0	0%	0	0%	29,734 4%
Atlantic	0	0%	0	0%	0	0%	1,200 0%
Gulf	523,432	69%	45,944	100%	97,136	97%	364,598 51%
PNW	82,173	11%	122	0%	0	0%	244,668 34%
Interior Export Rail	154,085	20%	0	0%	3,473	3%	75,971 11%
Metric Tons	759,690		46,066		100,609		716,171

Sorghum Shipments:	metric tons	
	52,906	China Main
	46,360	Sudan
	98	Korea Rep.
	1,245	Mexico
	100,609	Total

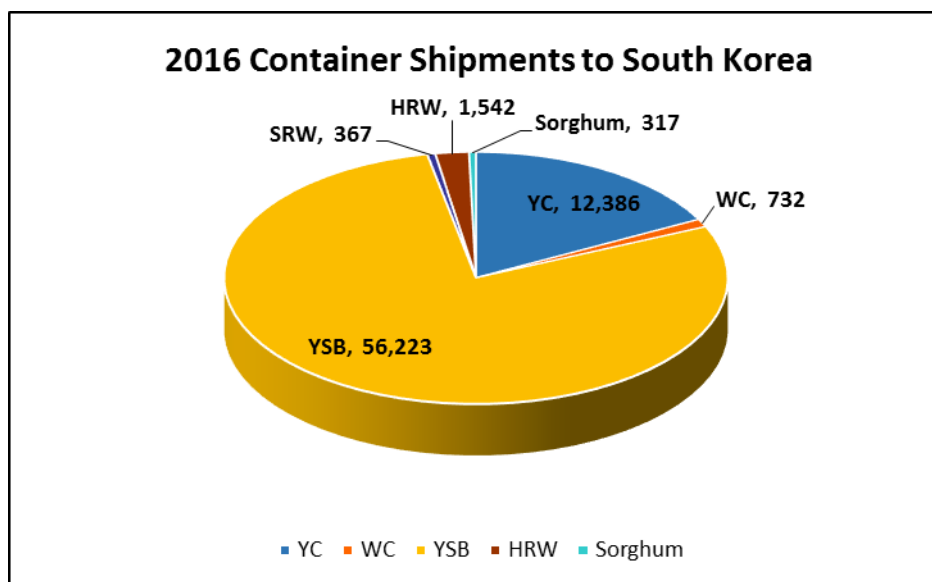
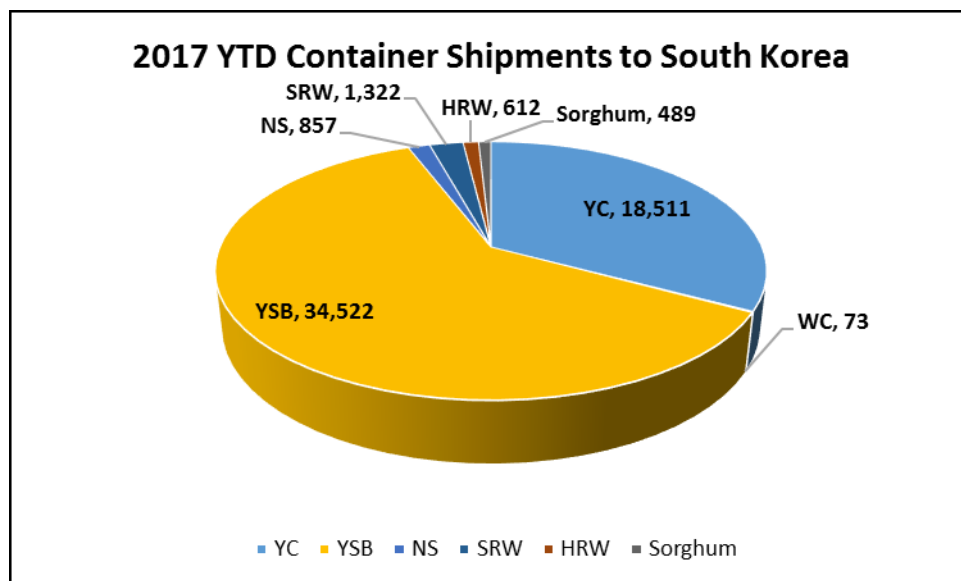
White Corn Shipments:	metric tons	
	5,014	Colombia
	4,675	Japan
	122	Korea Rep.
	36,255	Mexico
	46,066	Total

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:		24-Aug-2017							
Last Week	metric tons								MT
	YC	WC	YSB	SRW	NS	SWH	HRW	Sorghum	TOTAL
China Main	833		2,131					2,130	5,094
China T	12,733		4,358						17,091
Hong Kong	587								587
Costa Rica									0
Indonesia			21,917						21,917
French Polynesia									0
Japan			611						611
Korea Republic	490							98	588
Dominican Rep.									0
Malaysia			2,252						2,252
Sudan									0
Philippines	220		636						856
Thailand			4,826						4,826
Bangladesh									0
Spain									0
Vietnam			3,231						3,231
Sub total	14,863	0	39,962	0	0	0	0	2,228	53,822
USDA Corrections/Additions to previous reports:									
China T	146		1,518						1,664
China Main			(74)					122	48
Hong Kong									0
Korea Rep.									0
Canada									0
Japan									0
Philippines									0
Indonesia			954						954
Malaysia			49						49
Thailand			245						245
Vietnam			196						196
Bangladesh									0
Panama									0
Sub total	146	0	2,888	0	0	0	0	122	3,156
Mt. Grand Total	15,009	0	42,850	0	0	0	0	2,350	56,978
Number of containers	653	0	1,863	0	0	0	0	102	

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

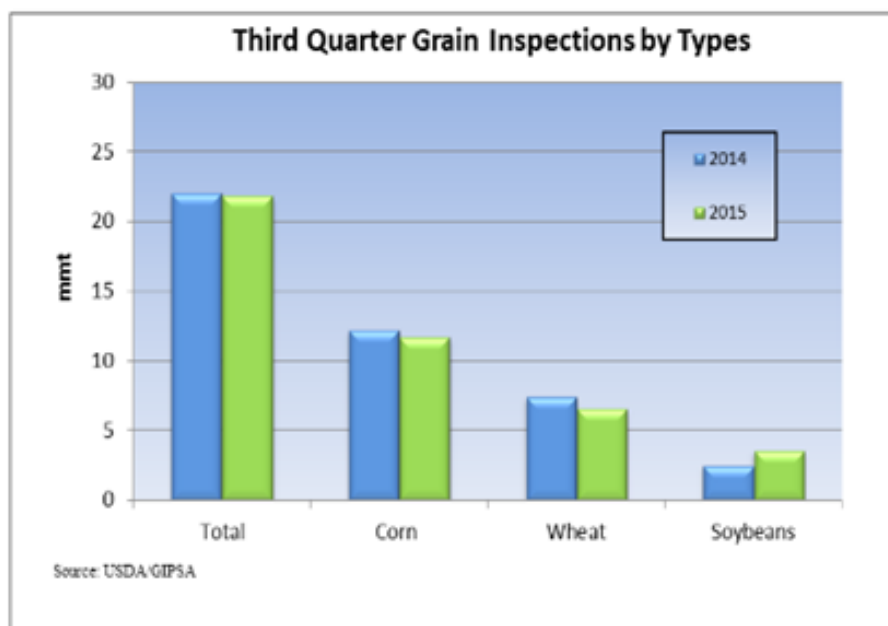


Grain Inspections for Export by U.S. Port Regions:
U.S. Gulf and Pacific Northwest 2016 YTD vs. 2017 YTD

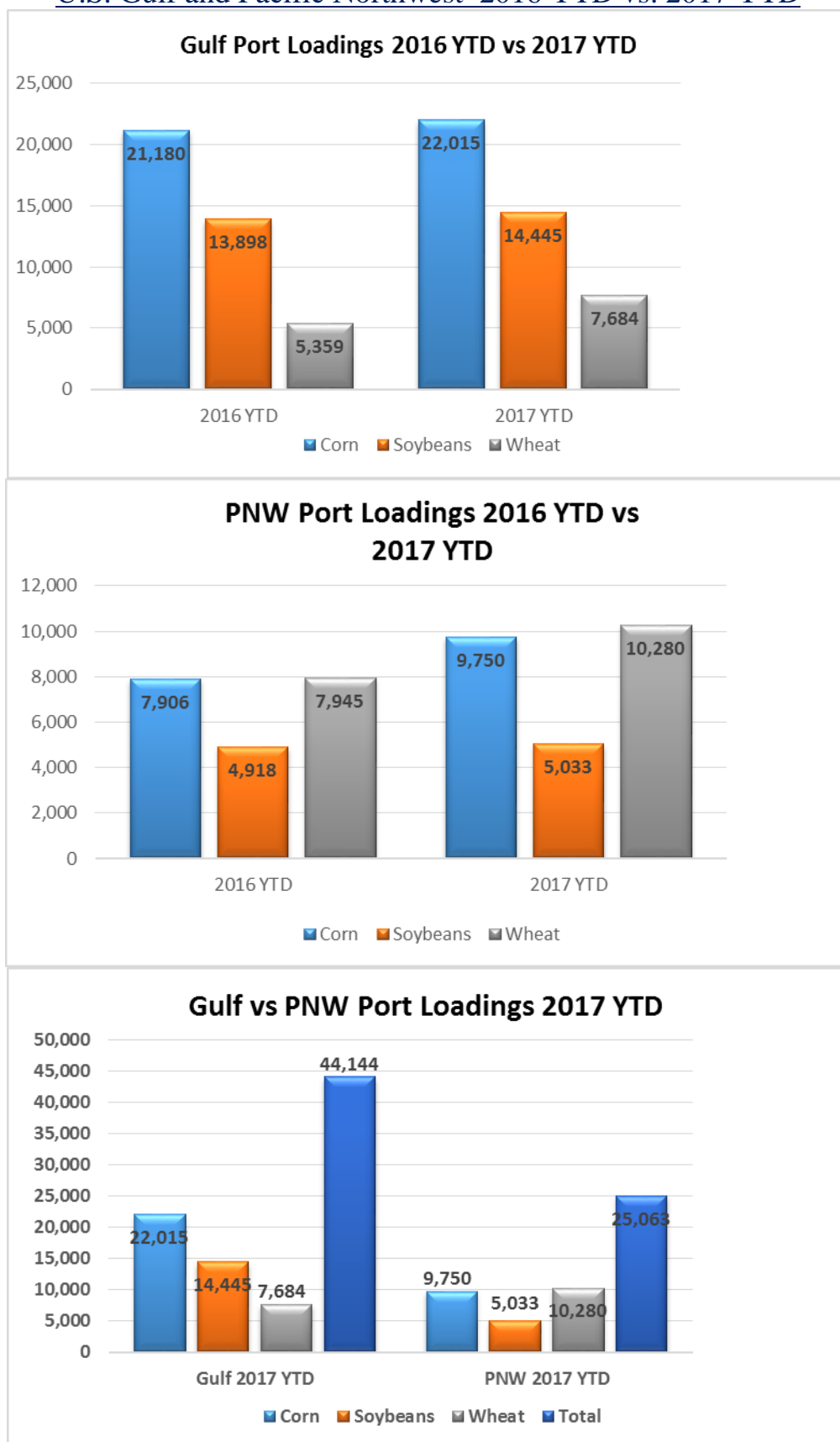
PORT LOADINGS US Gulf				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
GULF				
2016 YTD	21,180	13,898	5,359	40,437
2017 YTD	22,015	14,445	7,684	44,144
2017 as % of 2016	104%	104%	143%	109%

PORT LOADINGS US PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
PNW				
2016 YTD	7,906	4,918	7,945	20,769
2017 YTD	9,750	5,033	10,280	25,063
2017 as % of 2016	123%	102%	129%	121%

PORT LOADINGS GULF vs. PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
2017 Gulf YTD	22,015	14,445	7,684	44,144
2017 PNW YTD	9,750	5,033	10,280	25,063
TOTAL	31,765	19,478	17,964	69,207
Gulf Percentage	69%	74%	43%	64%
PNW Percentage	31%	26%	57%	36%



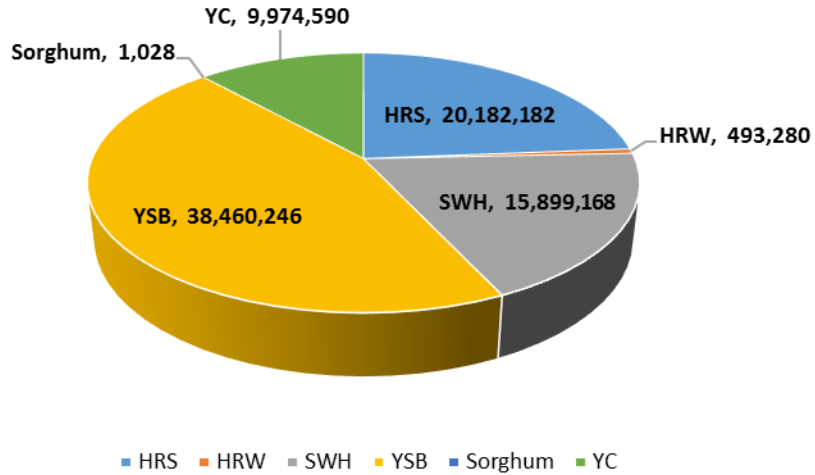
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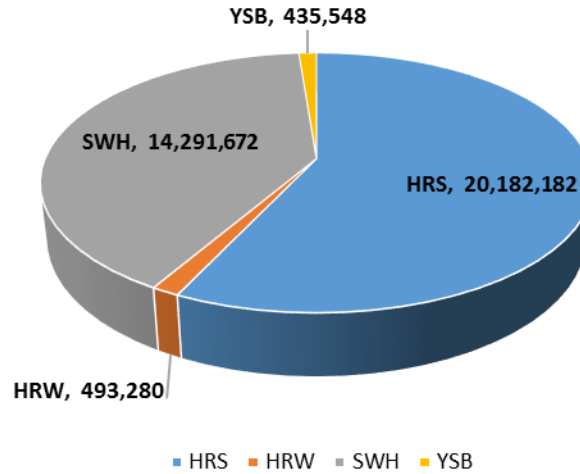
Source: USDA-data

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

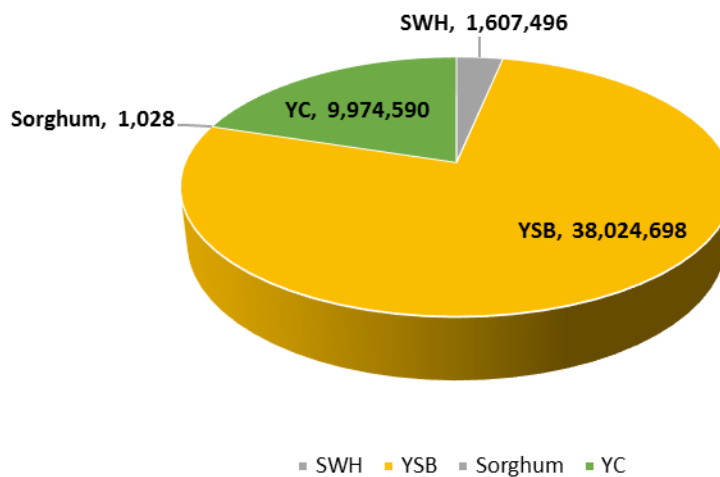
2017 YTD Exports to Philippines



YTD Exports to Philippines by Vessel



YTD Exports to Philippines by Container



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

Shipping News:

Maersk Service Advisory for Texas Ports-

Service	Vessel Name	Status
TA1	Maersk Ohio	Omitting HOU and will discharge imports into Freeport, Bahamas to connect onto MECL- Maersk Denver.
MECL	Maersk Denver	Will induce Freeport to load TA1 Maersk Ohio Cargo. Best case eta to HOU on Saturday, Sept 2.
TP18	MSC Sao Paulo	Will call Mobile on Thursday, Aug. 31, then proceed to HOU for Saturday, Sept. 2.
TA6	SL Illinois	Will push to Friday, Sept. 1 / 0800, pending terminal opening.
TA6	MSC Stella	Will push to Sept. 1 / 0800, pending terminal opening.

8/31/2017 @ 1000 hrs Port News Update

US Coast Guard has re-opened the Houston/Texas City/Galveston/Freeport ports as of 1400 hrs/30th August however no traffic has resumed by the vessel Pilots.

Houston Pilots have orders for 22 inbounds, 4 sailings, and 0 shifts on the schedule.

Houston Pilots are monitoring the currents around Bayport and Barbour's Cut today, which has been reported to be swift and strong. Very unlikely they will resume any transits until tomorrow morning at best, Pilots have reported that many terminals are not yet ready to call vessels into their berths as they have not completed the necessary USCG paperwork for readiness.

Many of the terminals in the Houston area are just beginning to access their berths due to flooding.

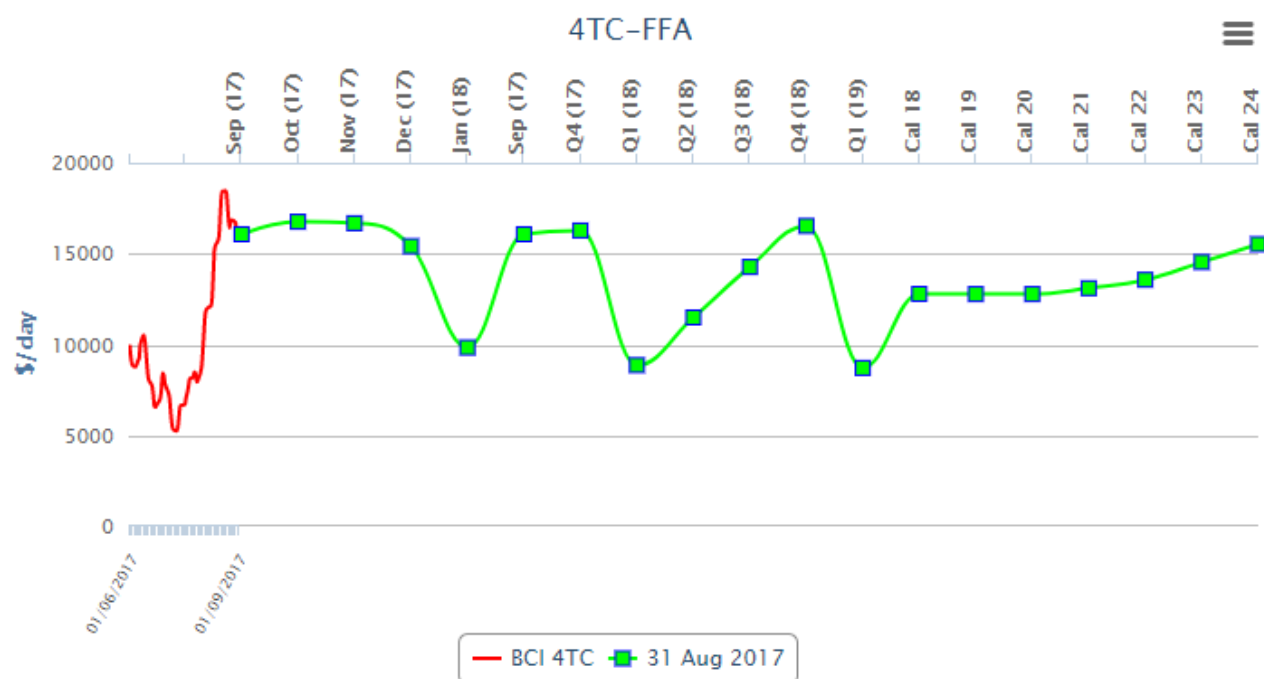
Houston City Docks/Turning Basin reports their warehouses and yards are in good shape and will be ready to work/accept vessels once traffic resumes.

*Corpus Christi Ship Channel re-opening is further delayed due to grounded drill ship at breakwater/jetties. Salvage Ops are underway but progress is slow. USCG photo of grounded vessel below.

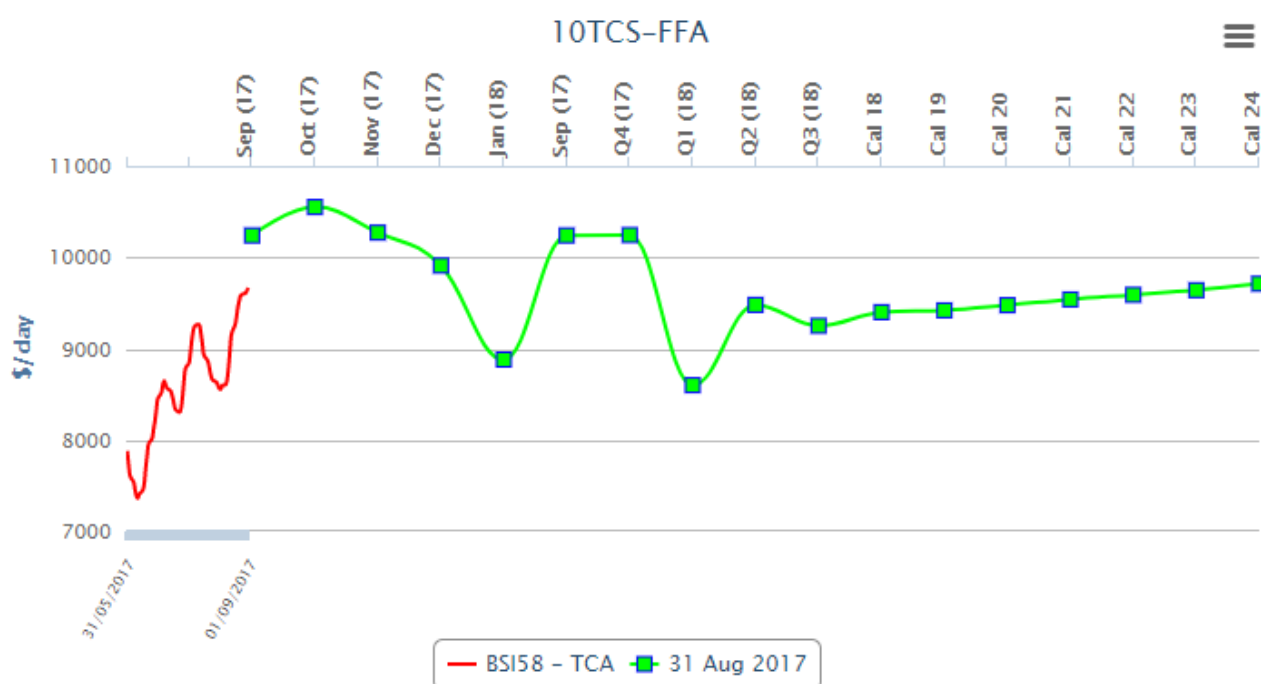


Rail Services: Indications that railroad services for all ports will not resume until next week and major Railroads has warned that it will be some time before normal operations resume due to widespread flooding in the Upper Texas Gulf Coast. This may delay the loading of vessels once all channels open.

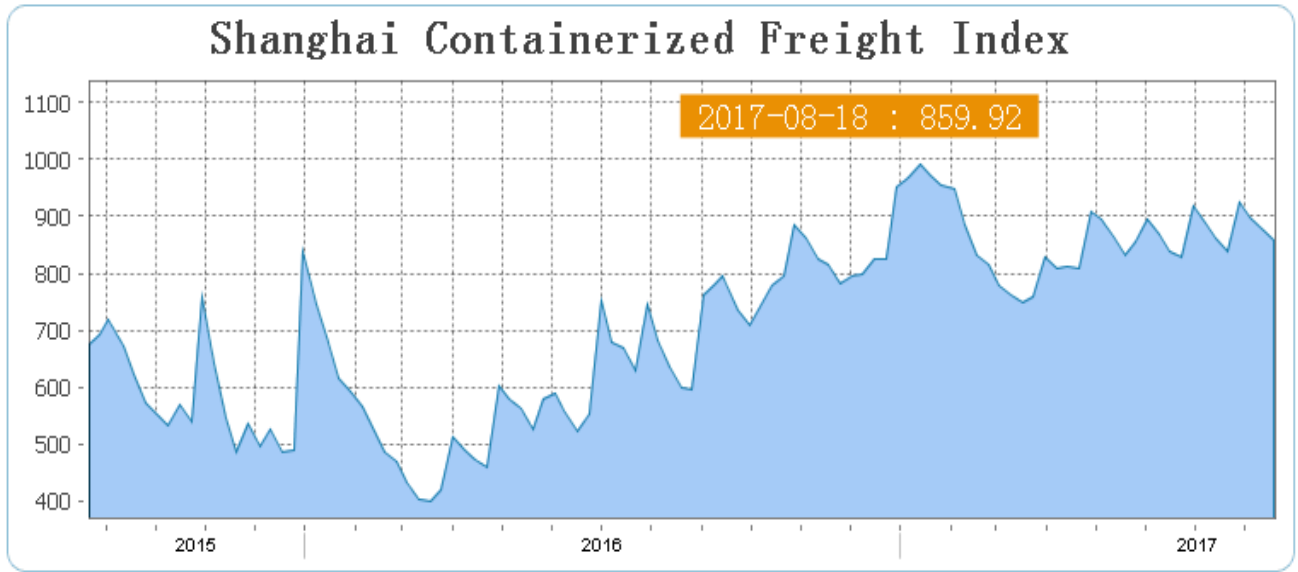
FFA Capesize for the 4 time charter routes



FFA SUPRAMAX 58 for the 5 time charter routes



U.S. RIVER BARGE FREIGHT



Current Barge Freight for Placement Last Half September 2017

Placemen LH Septmber 2017	% of		Corn	Soybeans-Wheat
	Tariff	MT	BU	BU
Upper Mississippi	420	\$28.66	0.73	0.78
Illinois River (Pekin and South)	360	\$19.09	0.48	0.52
Mid-Mississippi	360	\$21.11	0.54	0.57
Lower Ohio	340	\$16.72	0.42	0.45
St. Louis	270	\$11.88	0.30	0.32

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

Secondary Rail Car Market Placement LH September 2017	BID USD	ASK USD	BID BU.	ASK BU.	BID MT	ASK MT
BNSF Shuttle Trains	\$ 400.00	\$ 700.00	\$ 0.10	\$ 0.18	\$ 3.94	\$ 6.89
UPRR Shuttle Trains	\$ 225.00	\$ 300.00	\$ 0.06	\$ 0.08	\$ 2.21	\$ 2.95

Union Pacific Rail Road Rate Increases Effective 1 October 2017

2017/2018 Export Rates

- UP direct to PNW for corn/beans/milo will take \$250/car increase
- Gulf export business for corn/beans/milo will take \$250/car increase
- River beans and corn will NOT take an increase
- Mexico export business for beans will take a \$100/car increase
- Mexico export business for corn will take on average a \$200 increase, varied by lane due to market conditions



BUILDING AMERICA®

Gulf Region Rail Operations Update

Announcement Number: CN2017-64

8-30-2017

To Our Customers,

Tropical Storm Harvey has made landfall in the Beaumont, Texas area with heavy rains and flooding in eastern Texas and western Louisiana. Rail operations along the Gulf Coast from Brownsville, Texas to Lake Charles, Louisiana are currently suspended due to high water and storm damage.

As weather and access to storm-damaged areas allow, we are inspecting and repairing track, bridges and signals to return to service as quickly and safely as possible. We are beginning to inspect most areas in Houston and west of Houston. In areas where we have no road access, we are utilizing helicopters and drones to inspect areas by air. The majority of areas east of Houston are still inaccessible at this time. We expect to be able to begin clean-up at our Englewood and Settegast yards in Houston today or tomorrow in order to return the yards to service.

Routes through San Antonio opened up allowing us to run trains both north and south between San Antonio and Hearne, Texas. All Mexico gateways are open with the exception of Brownsville, Texas.

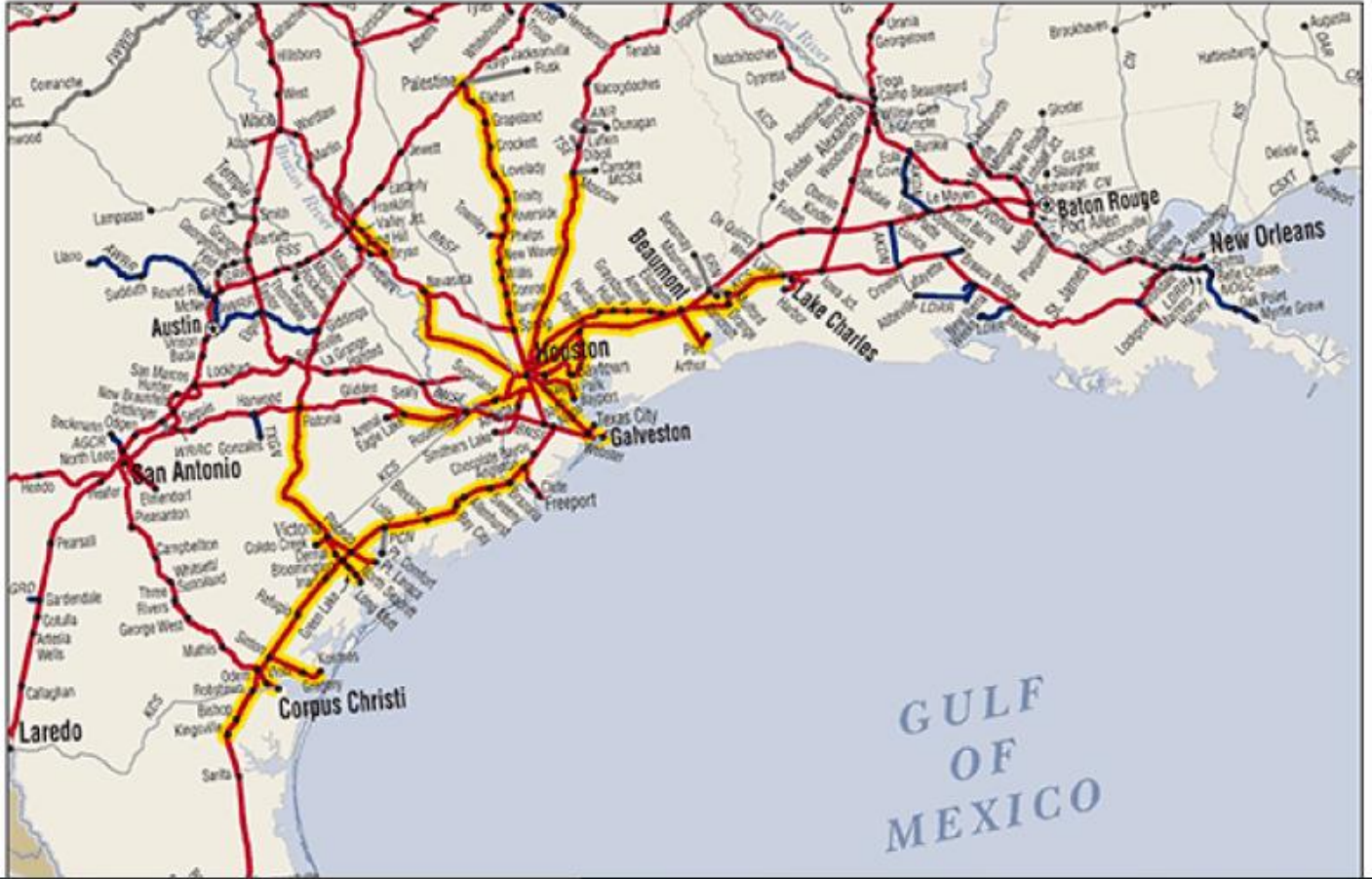
We have removed some embargo locations from the Houston area. A complete list of active Union Pacific embargoes can be viewed on our [embargo page](#). The embargoes are for all rail traffic, including intermodal equipment and automotive shipments. Customers should consider diverting cars away from the impacted areas.

As of yesterday, we have issued additional embargoes:

- All Union Pacific shipments interchanged at Brownsville, Texas.
- Including 36 rail stations in the Beaumont/Orange, Texas areas including Amelia and Port Arthur.



Routes Currently Out of Service



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](https://twitter.com/igpjay)



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