HJ O'NEIL COMMODITY CONSULTING

Transportation and Export Report for 1 September 2022

Are Dry bulk rates up or down ? This week the answer is both. Rates are down week over week but up for the day. It has been a very wild ride, but it looks like Capesize, and Dry-bulk markets have finally found bottom; mostly because there is not much further down to go with Capesize markets are already trading below cost. Now we will have to see how well rates hold and if they can recover much of the past months losses. All hopes hinge on expectations of an uptick in Chinese import business.
The ILWU-West Coast Port labor contract negotiations are ongoing with no schedule for a conclusion soon. We are still carefully watching the railroad union negotiations as the "cooling-off" period for those negotiations expires on Sept.16; some negotiation progress has been reported. Three of the twelve railroad unions have reached a tentative agreement.

BALTIC DRY-BULK PANAMAX INDEX CHANGES

Panamax Ocean Freight Indices					
1-Sep-2022		This Week	Last Week	Difference	Percent Change
P2A: Gulf/Atlantic - Japan	Index	16664	21,436	-4,772	-22.3%
P3A: PNW/Pacific - Korea	Index	12218	13,369	-1,151	-8.6%
S1C: US GULF-China-So.Japan	Index	18550	22664	-4,114	-18.2%
P7: Trial- Miss. River - Qingdao	per ton	52.44	57.08	-4.64	-8.1%
P8: Trial- Santos - Qingdao	per ton	39.63	44.54	-4.91	-11.0%

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

Four weeks ago:	$10.50-$10.15
Three weeks ago:	$8.50-$8.85
Two weeks ago:	$8.40-$8.15
One week ago:	$8.35-$8.25
This week	$7.60-$7.85

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

Mississippi River:	(9 elevators)	3-7 days
Mid-Stream loaders:	(6+ Rigs)	0-1 days
Texas Gulf	(5 elevators)	0-4 days (3 facilities at zero days)
Pacific Northwest:	(9 elevators)	0- 9 days (only 1 facility over 4 days)

Panamax Market Spreads to Asia -China					
1-Sep-2022	GULF	PNW	Bushel Spread	Tonne Spread	Advantage
CORN	1.52	2.28	0.76	$29.92	GULF
SOYBEANS	1.90	2.95	1.05	$38.58	GULF
OCEAN FREIGHT	$56.00	$33.00	.58-.63	$23.00	October

Current Grain Vessel Market Indications:

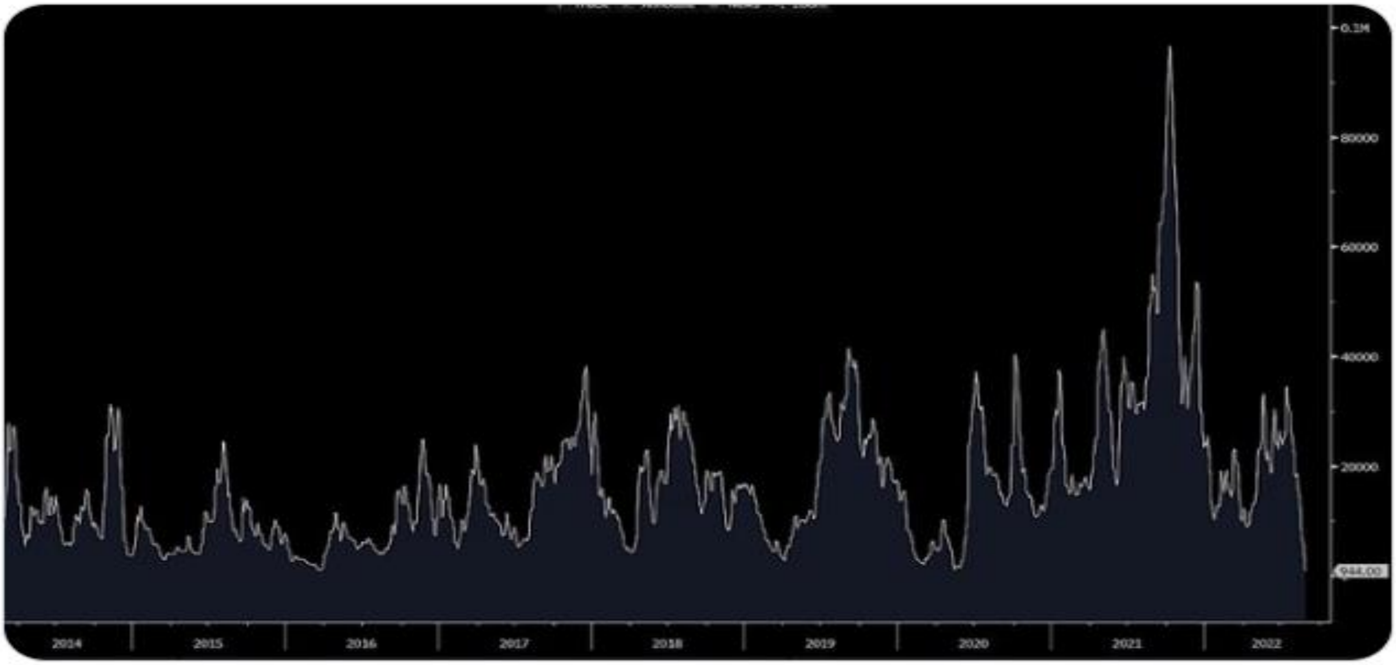
** Rates are estimates for the nearby-30-day period. 60-90 days forward physical rates will usually be higher.
Soybean Panamax USG to Spain is running $42.00 -$43.00/mt.
Soybean Brazil to Spain about $47.00 -$48.00/mt.

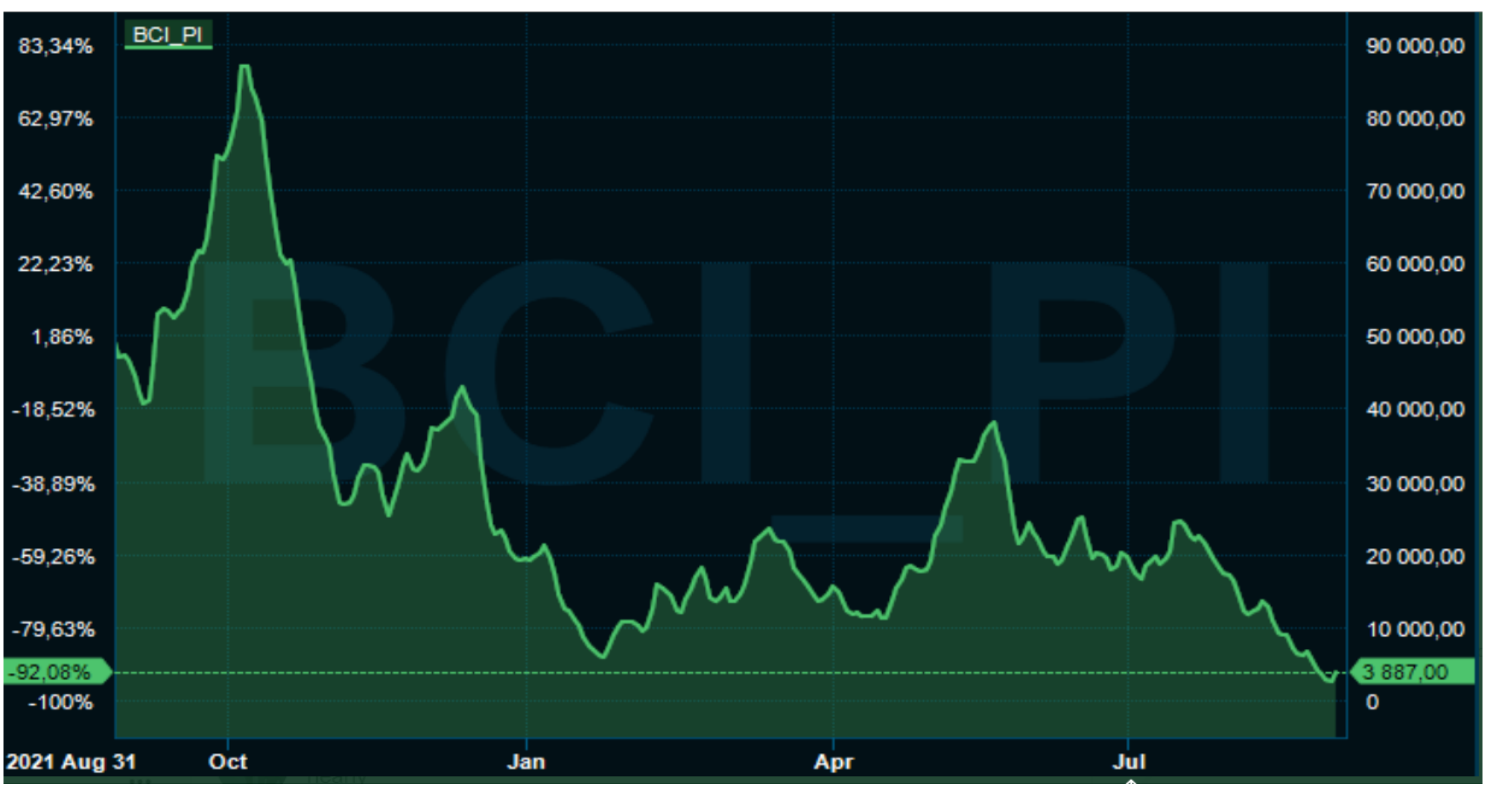
Route and Vessel Size	Current Week USD/MT	Change from previous week	Remarks
55,000 U.S. Gulf-Japan	$57.00	Down $4.50	Handymax $57.00 mt
55,000 U.S. PNW- Japan	$33.50	Down $2.00	Handymax at $33.50 mt
65,000 U.S. Gulf – China PNW to China	$56.00 $33.00	Down $4.50 Down $2.00	North or South China
25,000 U.S. Gulf- Veracruz, México	$25.00	Down $1.50	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	$21.50	Down $1.00	Deep draft and 6,000 MT per day discharge rate.
30-38,000 U.S. Gulf- Colombia 50,000 USG- E/C Colombia East Coast Colombia From Argentina	$34.00 $31.50 $41.50	Down $2.50	West Coast Colombia at $39.00
40-45,000 U.S. Gulf - Guatemala	$41.50	Down $2.00	Acajutla/Quetzal - 8,000 out
30,000 US Gulf-Morocco	$56.00	Down $4.00	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt PNW to Egypt	$55.00 $56.00	Down $4.50	55,000-60,000 mt Egypt Romania - Russia- Ukraine $25.00 -$31-$41.00- $.00 - France $39.00, Bulgaria $30.00
58-74,000 U.S. Gulf – Europe – Rotterdam	$28.00	Down 4.00	Handymax at +$2.50 more
Brazil, Santos –China Brazil, Santos –China Up-River Port North Brazil	$47.00 $44.50 $54.50	Down $4.50	54-59,000 Supramax-Panamax 60-66,000 Post Panamax 55-60,000 mt
56-60,000 Argentina-China Deep draft	$52.00	Down $4.50	Up-River with Top Off Plus $3.85-$4.75

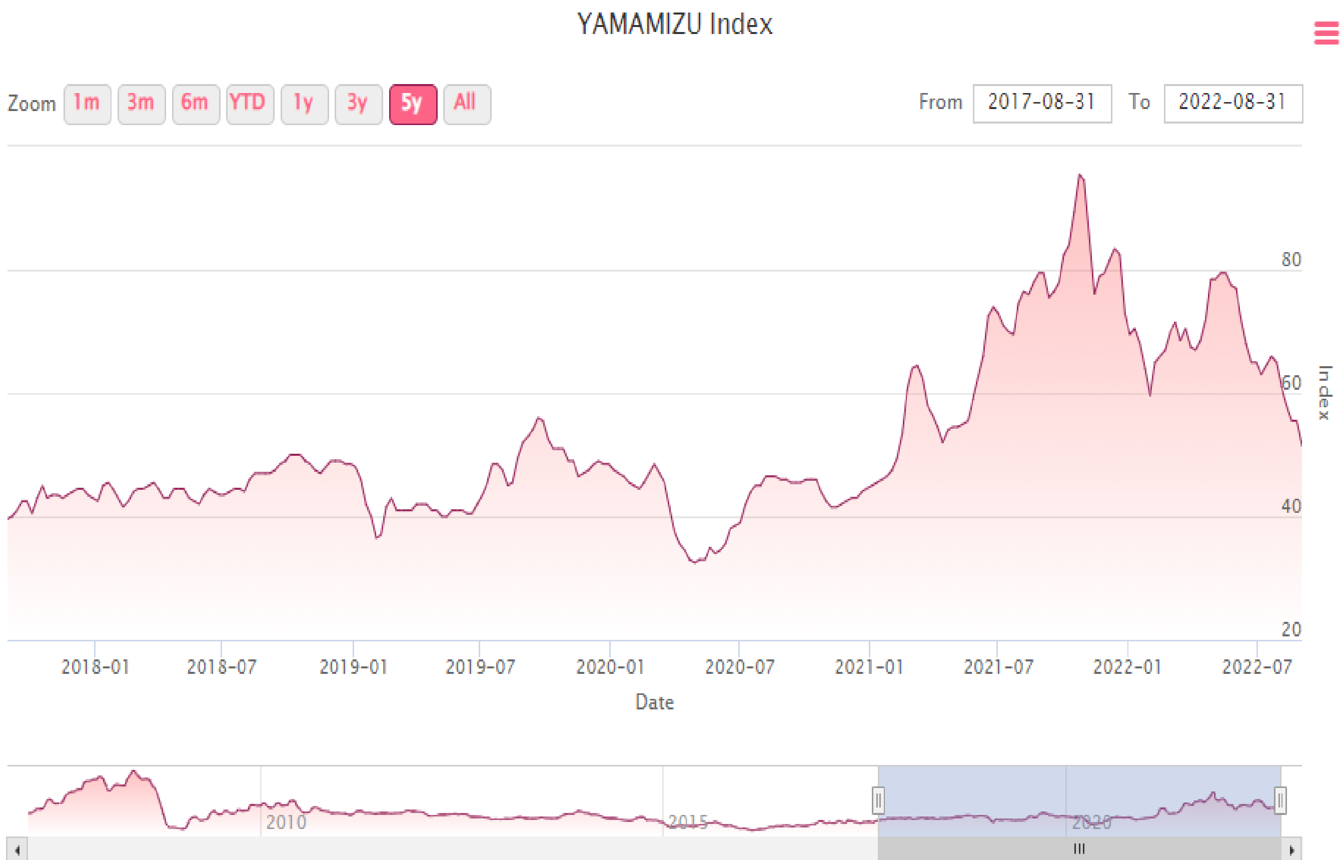
The Baltic Dry Bulk Freight Capesize Index

BreakWave @DryBulkETF · 6m

Today the Capesize Transatlantic route hit an all-time low at 944. This time last year it was marked at 54,989.







China Import Dry Bulk Freight Index 2022-09-01					
Description	**Volume**	**Cargo**	**Unit**	**Rate**	**Change**
Composite Index			Point	1119.28	-5.38
Iron ore Freight Index			Point	921.2	8.13
Dampier(West Australia)-Qingdao (China)	170000/10%	Iron ore	$/ton	7.82	0.061
Soybean Freight Index			Point	1302.75	-21.97
Santos(Brazil)— North China	66000/10%	Soybean	$/ton	44.88	-0.83
Tacoma(West America)—North China	63000/10%	Soybean	$/ton	32.36	-0.49
Mississippi(US Gulf)—North China	66000/10%	Soybean	$/ton	56.49	-0.86

1 September 2022 U.S. FOB Vessel Export Market Values:

U.S. Yellow Corn (USD/MT) FOB Vessel					CORN	FUTURES
#2 YC	GULF # 2 YC		PNW # 3 YC		Z =	6.5800
Max. 14.5% moisture	BASIS	FLAT PRICE	BASIS	FLAT PRICE	H =	6.6375
Oct.	1.52	**$318.88**	2.28	**$348.80**	K=	6.6600
Nov.	1.50	**$318.09**	2.20	**$345.65**	N =	6.6150
Dec.	1.45	**$316.12**	2.05	**$339.74**	U=	6.1975
Jan.	1.25	**$310.51**	1.95	**$338.07**	Z =	6.0900
Feb.	1.20	**$308.55**	1.95	**$338.07**		
Mar.	1.15	**$306.58**	1.95	**$338.07**		

The Gulf spread between #2 YC & #3 YC is currently about .03 cents per bushel (1.09/mt) at USG but is out to .06/bushel in the PNW.

SORGHUM (USD/MT) FOB VESSEL		
#2 YGS Fob Vessel	TEXAS Gulf	
Max. 14.0% moisture	BASIS	FLAT PRICE
Oct.	2.50	**$357.46**
Nov.	2.50	**$357.46**
Dec.	2.50	**$357.46**
Jan.	2.50	**$359.72**
Feb.	2.50	**$359.72**

Fob vessel Texas Gulf #2 Sorghum is about 112 % 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	$342.17	$344.01	$345.85	$347.68
Basis	1.20	1.25	1.30	1.35
WZ	7.9425			.
WH	8.1125			
WK	8.2100			

PNW Fob Vessel Soybean Basis levels continue to require a bit of a guess work.

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.	1.90	**$582.29**	2.95	**$620.87**
Nov.	1.78	**$577.88**	2.90	**$619.03**
Dec.	1.53	**$570.53**	2.50	**$606.17**
Jan.	1.45	**$567.59**	2.45	**$604.34**
Feb.	1.45	**$568.60**	2.40	**$603.51**
Soybean Futures				
Nov.	$ 13.9475			
Jan.	$ 13.9975			
Mar.	$ 14.0250			
May	$ 14.0450			
July	$ 14.0325			
Aug.	$ 13.8700			

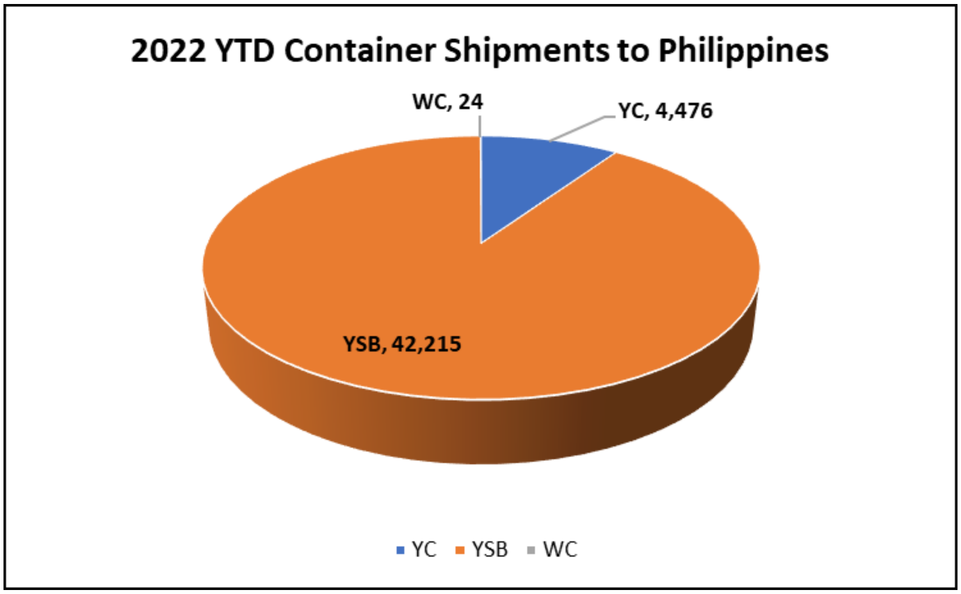
U.S. Soybean and SBM Markets Fob Vessel:

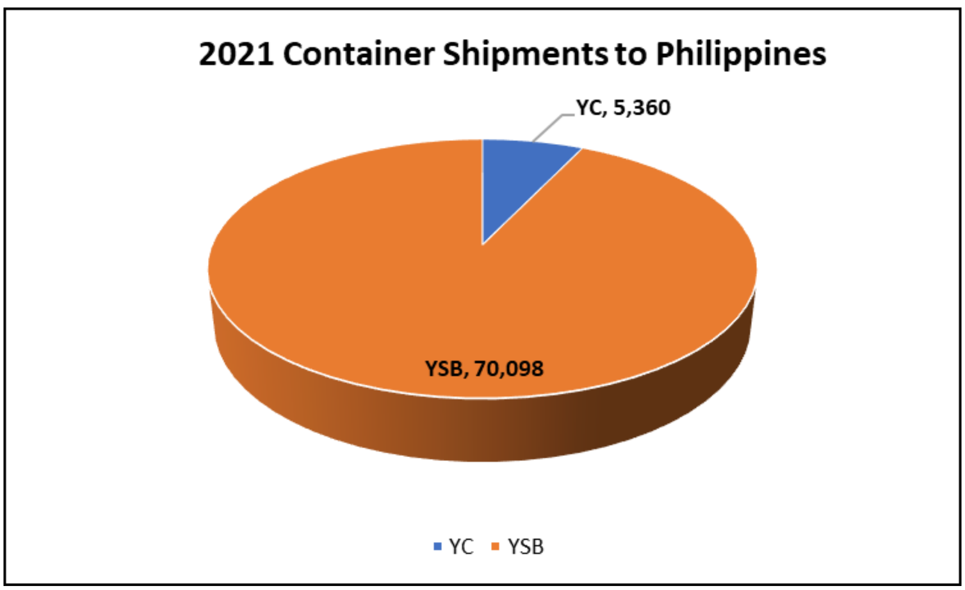
U.S. SBM (USD/MT) FOB Vessel		
Fob U.S. Gulf Port	47.5 Pro. SBM	
max 12.5 % moisture	Basis	Flat Price
Oct.	50.00	**$ 521.04**
Nov.	45.00	**$ 507.48**
Dec.	45.00	**$ 501.64**
Jan.	50.00	**$ 507.15**
Feb.	50.00	**$ 498.11**
SBM Futures		
SMV	$ 422.60	
SMZ	$ 415.30	
SMF	$ 410.00	
SMH	$ 401.80	
SMK	$ 398.30	
SMN	$ 397.90	

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).*

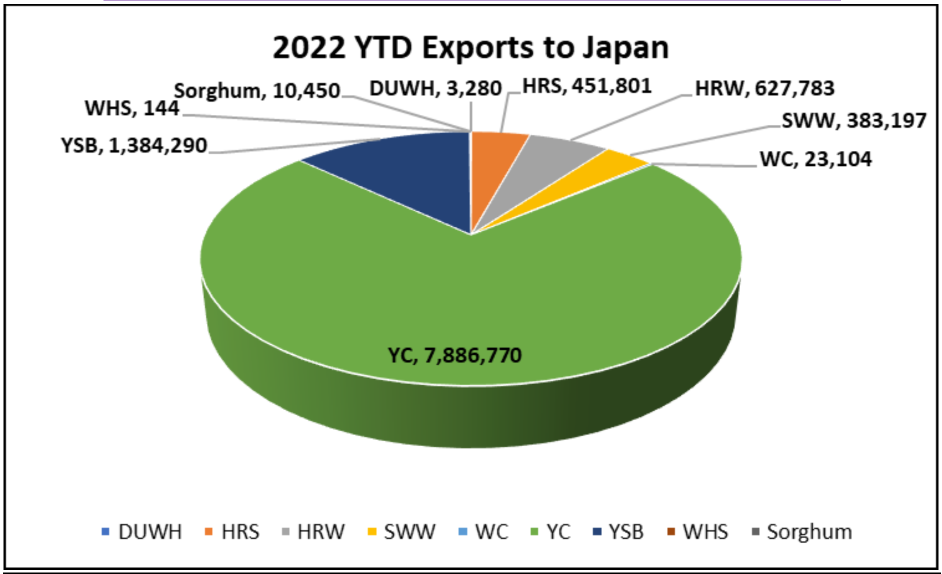
CONTAINER SHIPMENTS of GRAIN									
USDA Grain Inspections Report:			**25-Aug-2022**						
Last Week	metric tons								**MT**
	YC	**WC**	**YSB**	**SRW**	**NS**	**HRW**	**DUWH**	**Sorghum**	**TOTAL**
China			3,647	1,543					5,190
Taiwan	1,053		6,611						7,664
Hong Kong									0
Costa Rica	73								73
Indonesia			8,225						8,225
French Poly									0
Japan			490						490
Korea Rep.			587						587
Dominic Rep	24								24
Malaysia			684	490	490				1,664
Singapore									0
Philippines			588						588
Thailand			4,090		955				5,045
El Salvador									0
Burma									0
Cambodia			196						196
Nepal									0
Vietnam			4,015		588	1,274			5,877
Sub Total:	**1,150**	**0**	**29,133**	**2,033**	**2,033**	**1,274**	**0**	**0**	**35,623**
USDA Corrections/Additions to previous reports:									
Taiwan			416						416
China			538						538
Hong Kong									0
Korea Rep.			98						98
Un Kingdom									0
Japan			98	490					588
Philippines									0
Indonesia			195						195
Malaysia			49						49
Thailand			490						490
Vietnam			122						122
Burma									0
Cambodia									0
Sub Total:	0	0	2,006	490	0	0	0	0	2,496
Mt. Grand Total	**1,150**	**0**	**31,139**	**2,523**	**2,033**	**1,274**	**0**	**0**	**38,119**
Number of Containers	50	0	1,354	110	88	55	0	0	

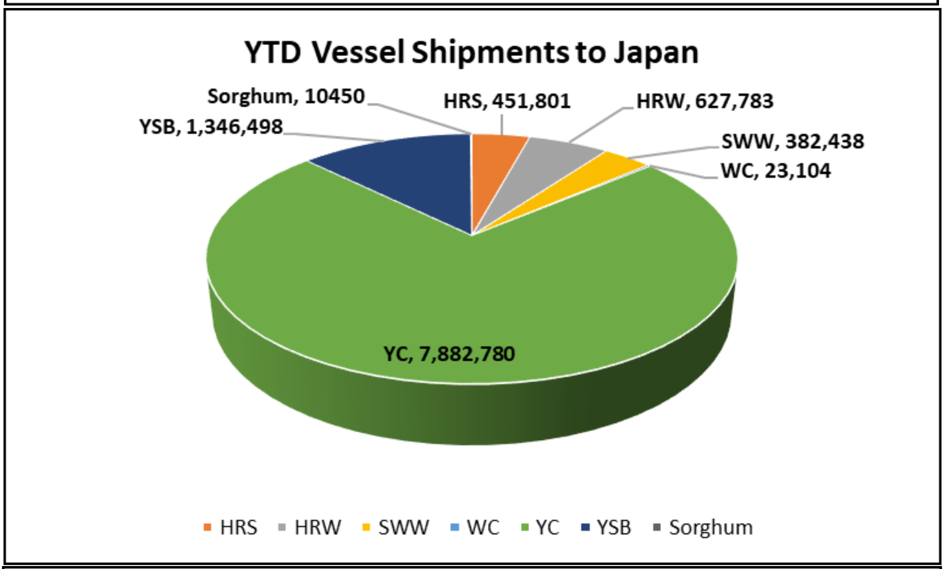
Jan - Dec 2021 Annual Totals versus 2022 YTD Container Shipments (in MT)

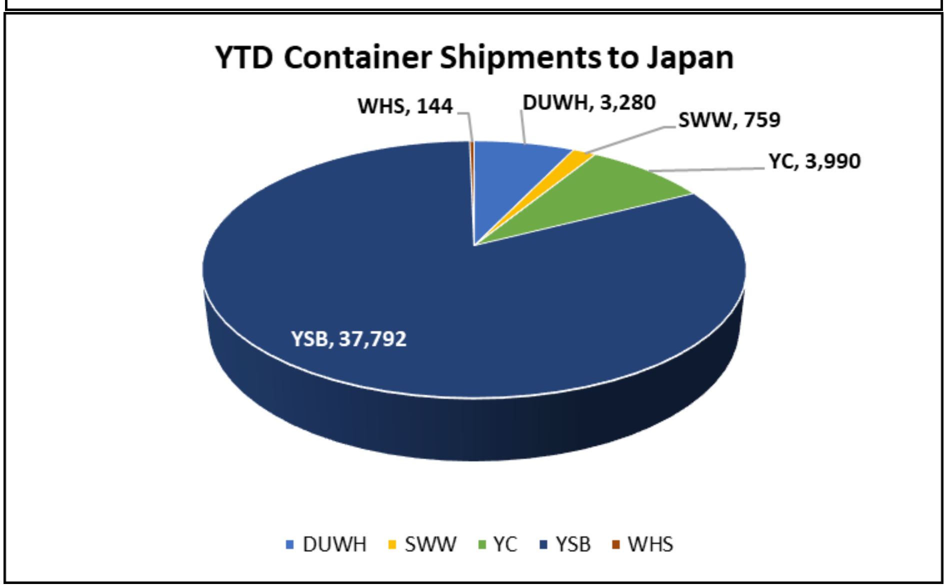




2022 YTD Total Grain Exports reported by USDA (in MT)





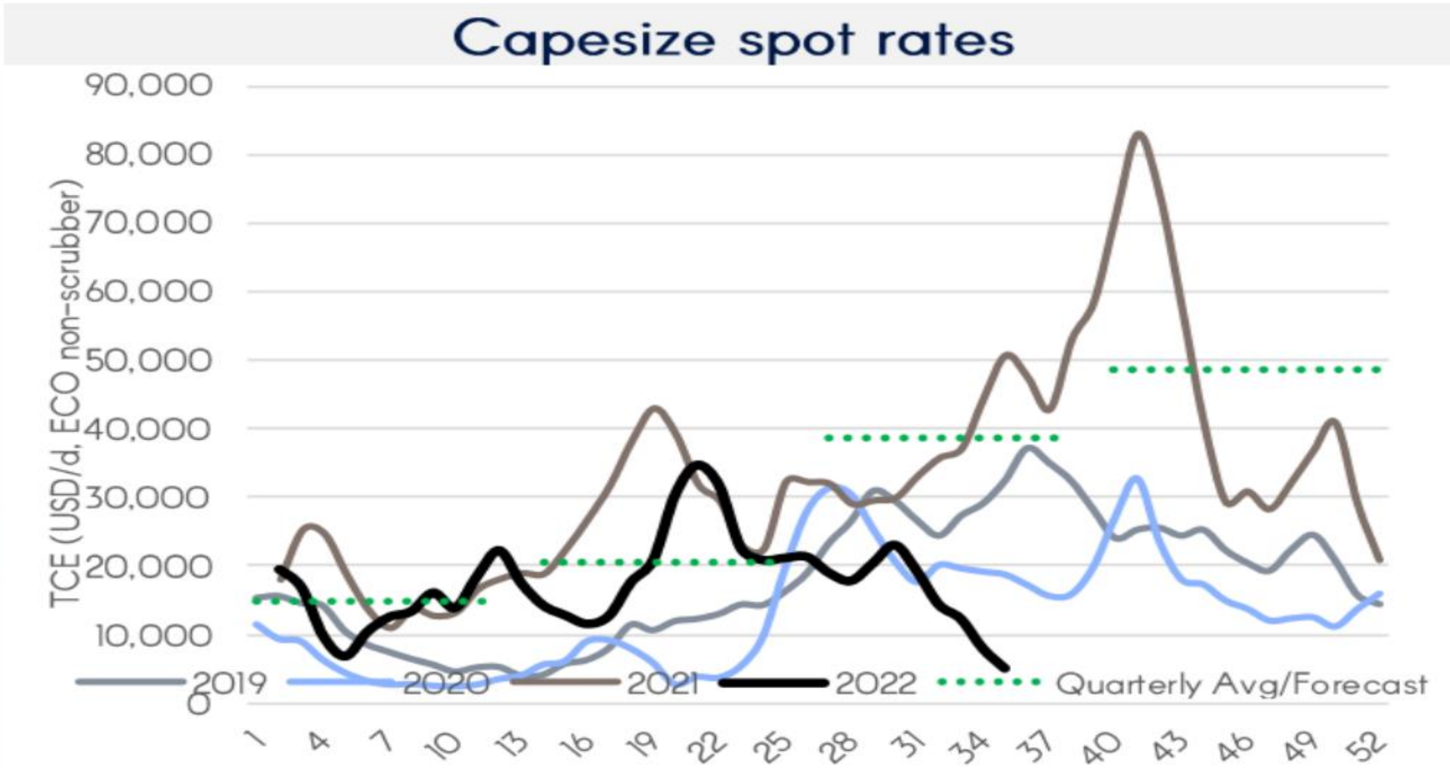


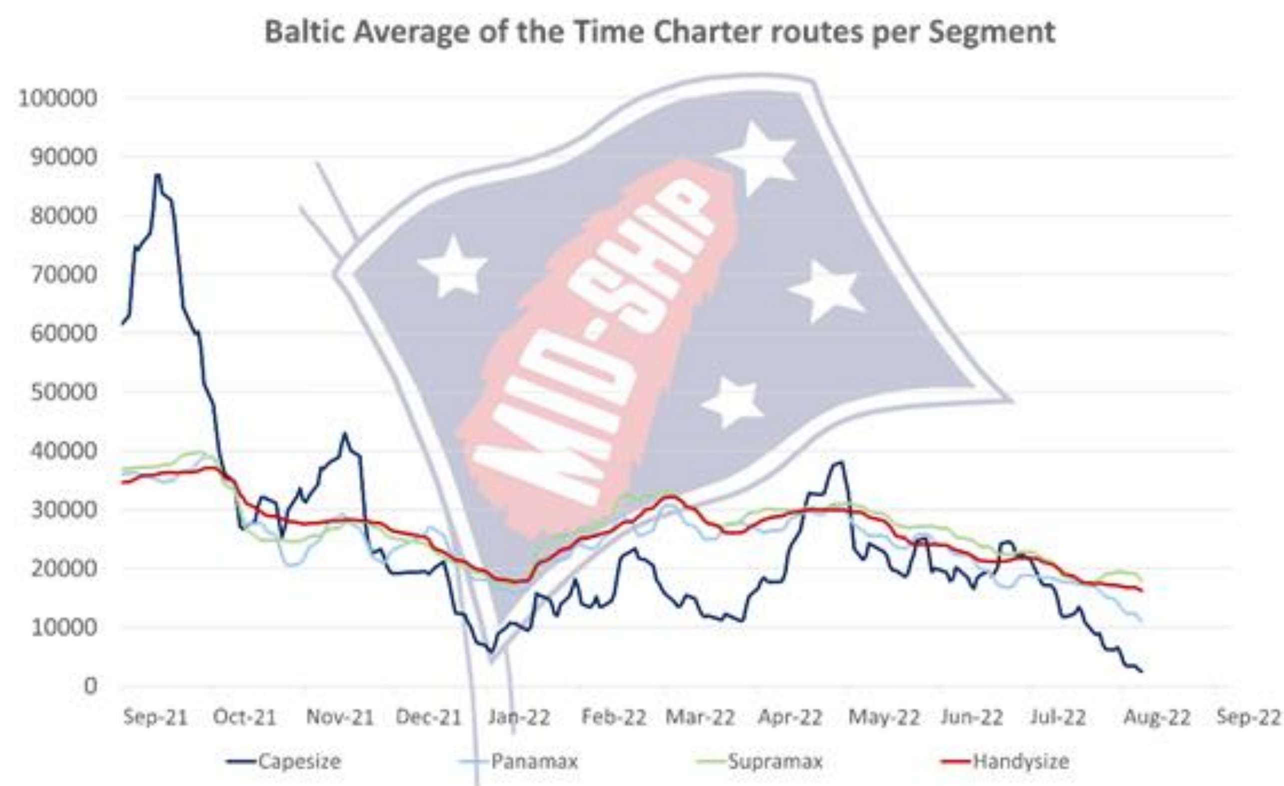
*Please keep in mind that USDA does not report DDGS sales

Source: USDA-data

Shipping News

The Baltic Capesize Index is down 84% so far in August. Lowest since 2020.





Dry Bulk Fundamentals

Demand	YTD	YOY
China Steel Production	609mt	-6.2%
China Steel Inventories	5.2mt	-27.2%
China Iron Ore Inventories	140mt	8.5%
China Iron Ore Imports	627mt	-3.5%
China Coal Imports	138mt	-18.5%
China Soybean Imports	54mt	-6.0%
Brazil Iron Ore Exports	186mt	-6.2%
Australia Iron Ore Exports	431mt	0.6%

Supply

Dry Bulk Fleet	949dwt	3.1%

Freight Rates

Baltic Dry Index, Average	2,153	-15.7%
Capesize Spot Rates, Average	17,370	-35.8%
Panamax Spot rates, Average	21,753	-8.2%

Note: All numbers as of latest available; Imports/Exports/Production are YTD sums as of latest reported; Inventories/Fleet are weekly totals
Sources: Bloomberg and Breakwave Advisors

This would Not be good news for the U.S. ethanol Market

Joeri @joeriwestland · 18h

Good to see analysts are keeping expectations moderate. 🤣

tradewindsnews.com

Clarksons says super-tight clean tankers could hit $250,000 all-time ...

European Union's Russian oil embargo could be the game-changer for the sector

Roar Adland @freightmarket · 8h

While we wait for THE #drybulk spot freight market bottom: The Cape5TC all-time-low was $1,985/day on March 17, 2016. Yesterday's #Capesize index: $2,793. Time for a new record soon?

3 2 11

Greg Miller @GMJournalist · 4h

Plus, all those scrubber-equipped Capes out there now competing for cargoes, and this index is non-scrubber

Greg Miller @GMJournalist · 1h

Down to just 8 container ships off LA/LB. Overall North Am #shipping queue still high, at 130, led by 41 off Savannah, 24 off Houston and 19 off NY/NY. After shift to East/Gulf Coasts, only 27% of waiting ships off West Coast ports. See story: #containers

freightwaves.com

Only 8 ships waiting off Southern California — but 41 off Savannah

California's container-ship traffic jam is almost gone, replaced by stubbornly high backlogs off the East and Gulf coasts.

Greg Miller @GMJournalist · 3h

#shipping #containers $ZIM $MATX @PortofLA @portoflongbeach @GaPorts

FreightWaves @FreightWaves · 3h

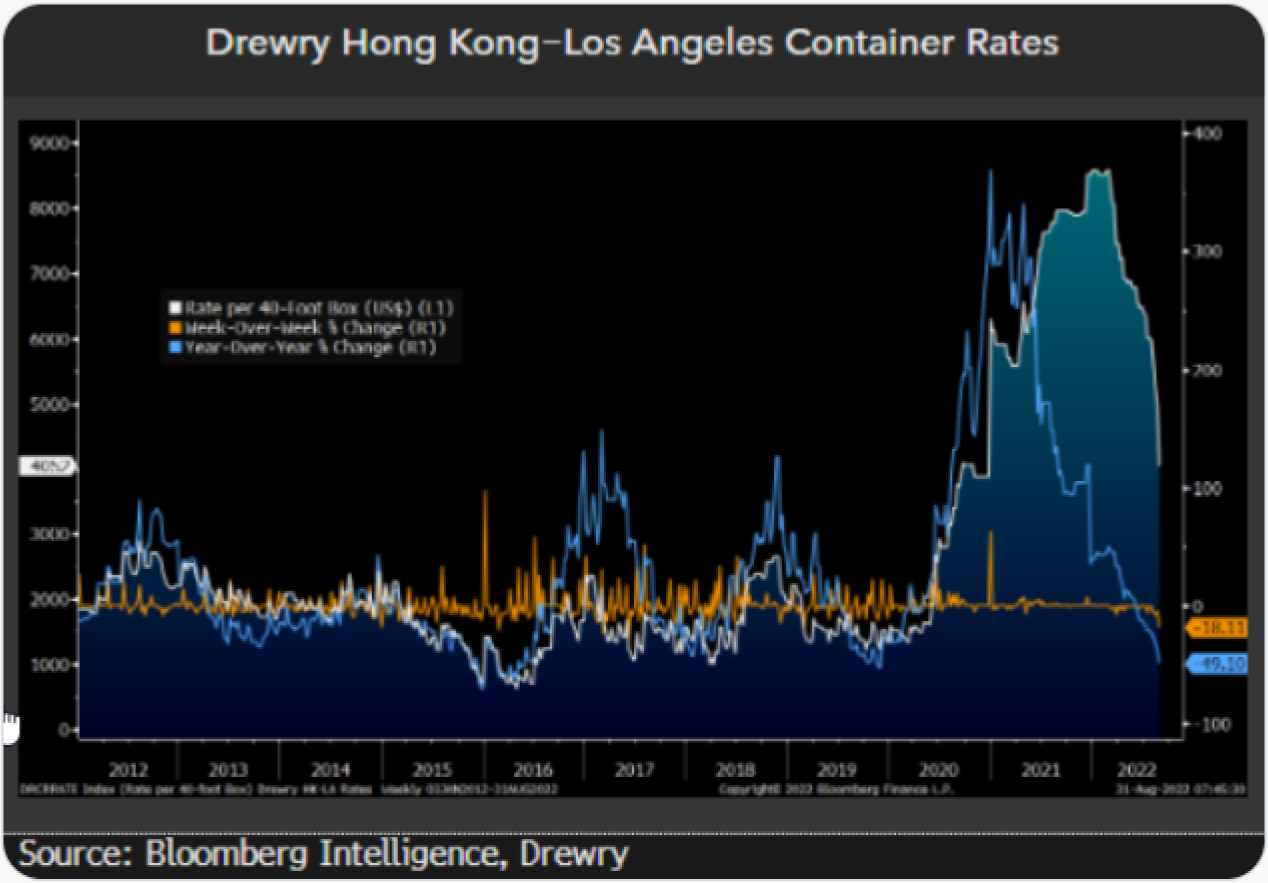
130 container vessels still sit off North American ports, just 27% off West Coast

hubs.la/Q01lcDvT0

WSJ #Logistics
8
Number of container ships queued up for berths at the #ports of Los Angeles and Long Beach on Monday, the fewest since backups at the ports began in summer 2020, according to the Marine Exchange of Southern California.
Meanwhile at Savannah port...

Lee Klaskow @LogisticsLee · 20m

#Transpacific #container rates fell 18.1% sequentially in latest week, down 49% YoY. The sky is not falling...rates are simply normalizing from unsustainable 2021 levels. They are well above historical figures: up 19% from '20, 177% from '19 based on @DrewryShipping data.



Chris Shipping 🚢🚢 @christankerfund · 20h

Dry Bulk US August Performance: Tough month with awful rates and plunging FFAs:

- Best $GRIN +31% (buyout offer)
- Runner up: $PANL -1%
- Worst: $GNK -29% $SBLK -25% $SHIP -24% $EDRY -19% $EGLE -18% $SB -17%
- Middle: $DSX -14% $GOGL -12% $NMM -11%

Andrey Sizov @sizov_andre · 22m

"Turkey has increased the transit fee it charges commercial ships to use the Bosporus and Dardanelles... the fees were increased fivefold and the new toll was set at $4 per tonnage." Is that $4/mt correct? Seems too high...

dailysabah.com

Türkiye hikes strait transit fees to $4 per tonnage

Türkiye has increased the transit fee it charges commercial ships to use the Bosporus and Dardanelles, in accordance with the rights granted t...

James McConachie⚓🏴󠁧󠁢󠁳󠁣󠁴󠁿🇪🇺🌲🌊💚🌱 @JMcConachie · 45m

Replying to @sizov_andre @RussianGrainTra and @ElenaNeroba

The 500% Bosporus Straits dues increase takes effect from 7 oct. it is based on the vsl's NRT so varies but roughly a 38k handy will cost abt $21.5k versus $4.25k currently. A 74k Panamax will cost abt $40k versus $8k today.

2

James McConachie⚓🏴󠁧󠁢󠁳󠁣󠁴󠁿🇪🇺🌲🌊💚🌱 @JMcConachie · 8m

Keep in mind that whilst some media sources argue that it is only abt $0.5 pmt of cargo on such ships, actually the handy/Panamax freight impact is more like + $1 pmt as the dues are « per transit » & as most ships ballast in from Med a freight calc will include 2x transits.

SwitterTM @RussianGrainTra · 2h ···

🇺🇦 Mykolaiv Port & Grain silos hit by missiles as per @ReutersAg report ‼️
💣

"Grain silos in Mykolaiv , Ukraine's 2nd biggest port, were hit by Russian shelling of the city on Tuesday, causing a fire that was still burning on Wednesday, said Ukraine's emergencies service 🔥 🧑‍🚒

Latifundist.com @LatifundistCom · 7h

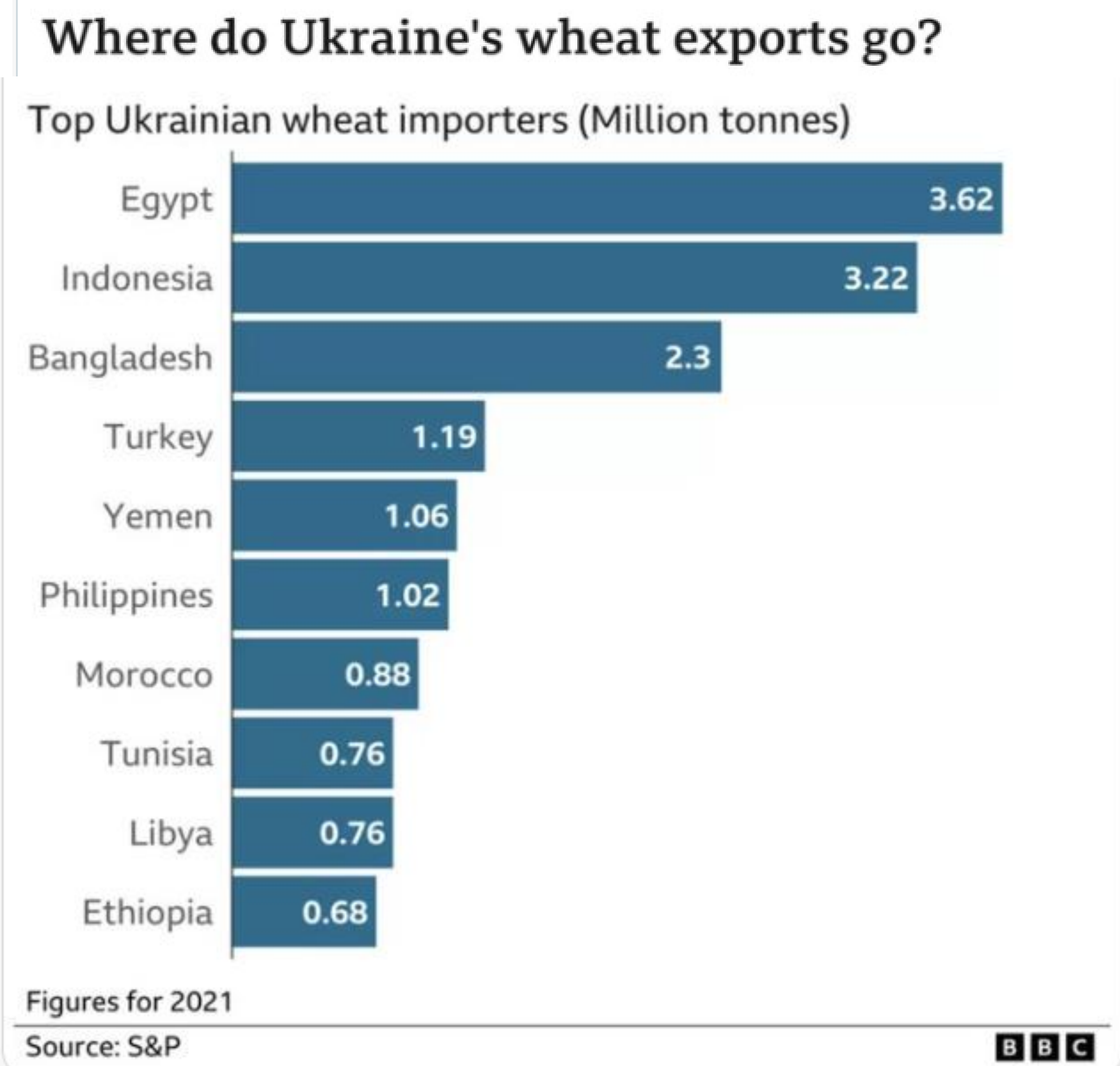
A portside #grain elevator in 🇺🇦#Mykolaiv was shelled by russians yesterday, Aug. 30.

200 sq m were on fire, including grain bins.

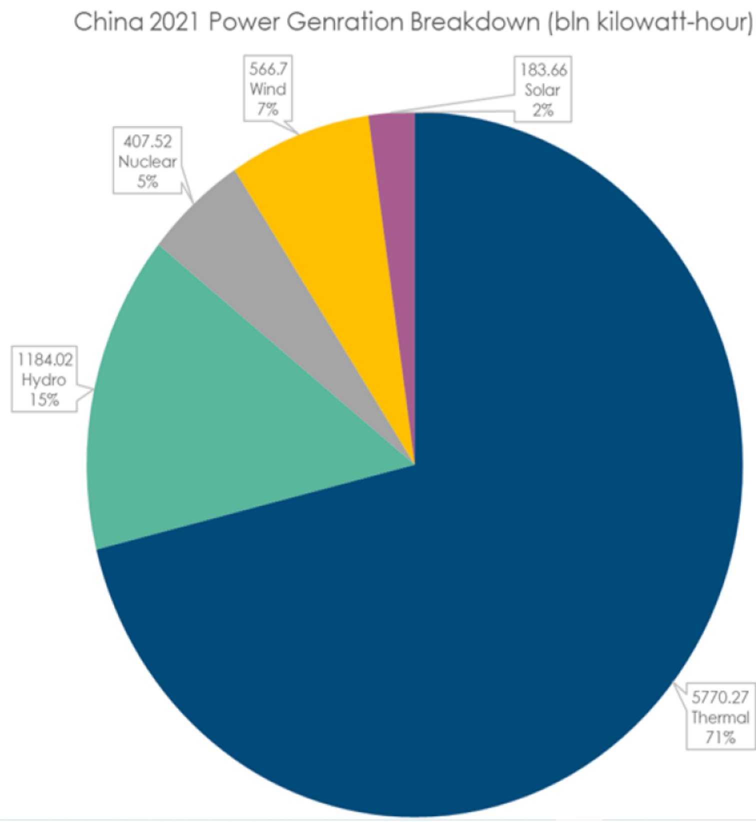
#RussiaUkraineWar #RussiaIsATerroristState #RussiaCausesFamine

Barchart Agriculture @BarchartAg · Aug 30

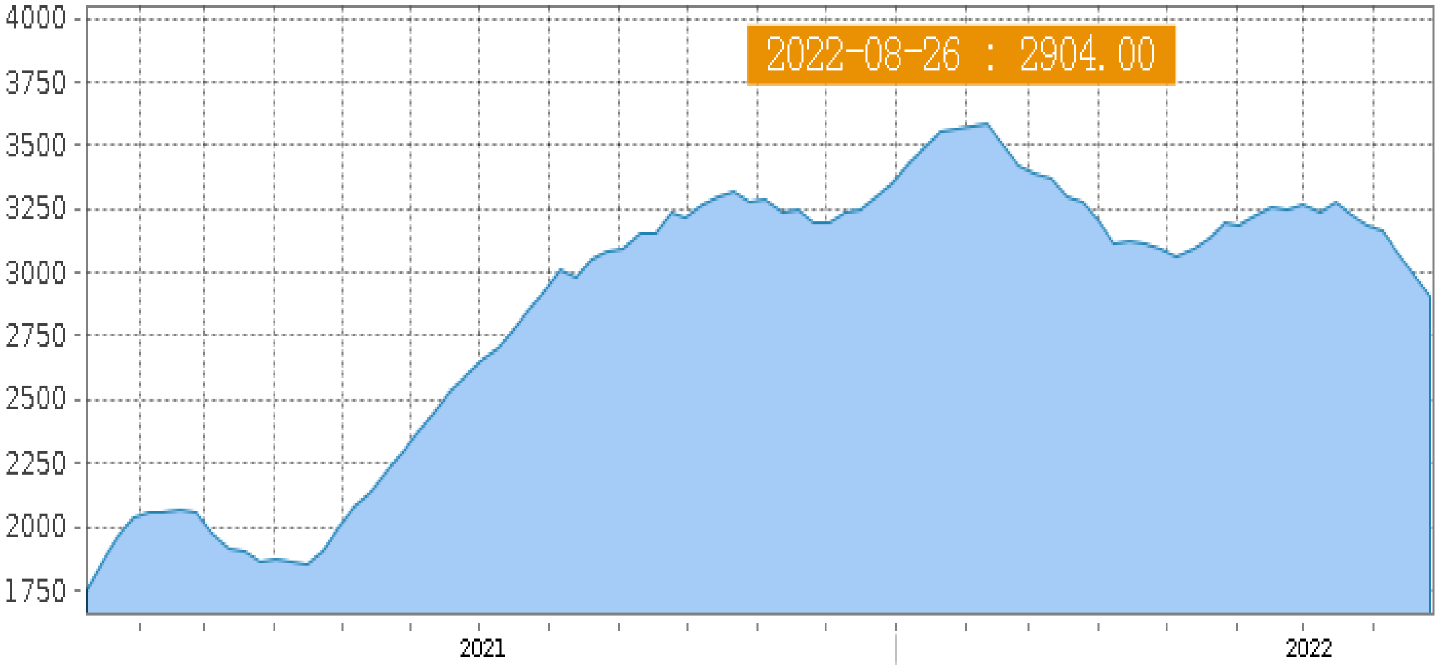
Ukraine's exportation continues, totaling 61 ships carrying 1.5 million tonnes of ag products in the last month. twitter.com/kannbwx/status...



According to National Bureau of Statistics (NBS) data, China's thermal power generation accounts for 71% of total power generation in 2021. Meantime, hydropower, nuclear, wind and solar power generation account for 15%, 5%, 7% and 2% respectively.



China Containerized Freight Index



China Import Dry Bulk Freight Index

Secondary Rail Car Market for Car placement period: First Half October 2022

Secondary Rail Car Market Placement FH October 2022	BID USD	ASK USD	BID BU.	ASK BU.	BID MT	ASK MT
BNSF Shutle Trains	$ 2,000.00	$ 3,000.00	$ 0.50	$ 0.75	$ 19.68	$ 29.53
UPRR Shuttle Trains	$ 2,400.00	$ 3,000.00	$ 0.60	$ 0.75	$ 23.62	$ 29.53

U.S. RIVER BARGE FREIGHT

Barge Freight for Loading Placement First Half October 2022

Placement FH Oct. 2022	% of		Corn	Soybeans-Wheat
	Tariff	MT	BU	BU
Upper Mississippi	875	$59.70	1.52	1.62
Illinois River (Pekin and South)	875	$59.70	1.52	1.62
Mid-Mississippi	875	$43.02	1.09	1.17
Lower Ohio	875	$43.02	1.09	1.17
St. Louis	775	$34.09	0.87	0.93

Best Regards,

Jay

Jay O'Neil
HJ O'Neil Commodity Consulting
785-410-2303 (cell)

joneil@ksu.edu
Follow me on Twitter @ igpjay Follow