

**Transportation and Export Report for 14 September 2017****Ocean Freight Insights and Comments:**

The Freight market Bulls still have their hand on the throttle. Global Dry-Bulk ocean freight markets have put in an impressive rally over the past 6 weeks. Most of this upturn in prices has been attributed to increased purchases of Coal and Iron ore from China. China has embarked on a program to reduce domestic coal mining by up to 25%. This has led to an increase in imports of raw materials. But, as everyone should know, pinning your hopes on China continuing any particular policy for extended periods of time is risky.

If you look back to February of 2016 Dry-Bulk rates from the US Gulf to Japan were at a low of \$22.50/mt. So, in the last 19 months these rates have doubled to just over \$42.00/mt. It pretty much goes without saying that we have hit bottom and will not return to the low levels of 2016. But it will also be curious to see how long the market can sustain rates at these higher levels, especially after we get passed the fall grain harvest.

Shipping rates on containerized grain to Asia (and the Shipping GRI'S) seem to be coming under pressure. This will make containerized grain sales look more attractive verses the higher Dry-Bulk markets cost and we will have to see how much switch over occurs in Asian markets. I see 4-5 Corn vessels in the Northern Brazil port lineup with destinations as Mexico. Ocean freight from N. Brazil (Itaqui) to E.C. Mexico is about \$21.00/mt for 30,000 mt cargo Santos port would run closer to \$23.00/mt.

The Texas Gulf hurricanes have passed and U.S. exports out of the Gulf have generally returned to normal volumes. Again, my hat is off in tribute to the elevator employees and rail road workers who worked amazingly hard and fast to get everything back up and running. This would not have happened if we had government operated facilities or transportation systems.

**BALTIC DRY-BULK PANAMAX INDEX CHANGES**

Panamax Ocean Freight Indices				
14-Sep-17	This Week	Last Week	Difference	Percent Change
P2A : Gulf/Atlantic - Japan	19252	18391	861	4.7%
P3A - PNW/Pacific - Japan	12782	10688	2,094	19.6%
S1C -USGULF-China-So.Japan	21661	19350	2,311	11.9%

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

Four weeks ago:	\$ 6.90-\$7.25
Three weeks ago:	\$ 6.80-\$7.75
Two weeks ago:	\$ 6.85-\$7.30
One week ago:	\$ 7.25-\$7.60
This week	\$ 7.75-\$8.05

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

Mississippi River:	(10 elevators)	1-7 days
Miss. River Mid-Stream loaders:	(6+ Rigs)	0-0 days
Texas Gulf	(6 elevators)	3-15 days
Pacific Northwest:	(9 elevators)	0-8 days

Panamax Market Spreads to Asia -China					
14-Sep-17	PNW	GULF	Bushel Spread	MT Spread	Advantage
CORN	0.89	0.49	0.40	\$15.75	PNW
SOYBEANS	0.93	0.65	0.28	\$11.02	PNW
OCEAN FREIGHT	\$23.00	\$42.00	.46-.52	<b>\$19.00</b>	OCT.

### Recent Reported Vessel Fixtures:

66,000 mt hss US Gulf to N. China Oct. 1-10 at **\$41.25** fio 10000shex/8000shex –COFCO

66,000 mt hss US Gulf to N. China Oct. 1-10 at **\$41.50** fio 10000shex/8000shex –ADMI.

Route and Vessel Size	Current Week USD/MT	Change from previous week	Remarks
55,000 U.S. Gulf-Japan	\$42.50	Up \$2.50	Handymax at \$42.50 mt
55,000 U.S. PNW- Japan	\$23.50	Up \$2.00	Handymax at \$24.00 mt
65,000 U.S. Gulf – China	\$42.00	Up \$3.00	North China
PNW to China	\$23.00	Up \$2.00	
25,000 U.S. Gulf- Veracruz, México	\$16.50	Up \$.050	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$14.50	Up \$0.50	Deep draft and 6,000 MT per day discharge rate.
25/35,000 U.S. Gulf- <u>East Coast Colombia</u> From Argentina	\$20.00 \$30.50	Up \$1.00	<u>West Coast Colombia at \$28.50</u>
40-45,000 U.S. Gulf - Guatemala	\$28.00	Up \$1.00	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf – Algeria	\$29.25 \$32.25	Up \$1.00	8,000 mt daily discharge 3,000 mt daily discharge
25-30,000 US Gulf-Morocco	\$28.50	Up \$1.00	5,000 discharge rate
55,000 U.S. Gulf –Egypt PNW to Egypt	\$26.25 \$25.75	Up \$1.00	55,000 -60,000 mt St. Lawrence to Egypt \$24.50
60-70,000 U.S. Gulf – Europe – Rotterdam	\$17.00	Up \$1.00	Handymax at +\$1.50 more
Brazil, Santos –China  Itacoatiara Port up River Amazonia - China	\$33.75 \$32.75 \$36.75	Up \$2.00	54-58,000 Supramax-Panamax  60-66,000 Post Panamax
56-60,000 Argentina-China Up River with Top Off	\$40.00	Up \$2.00	

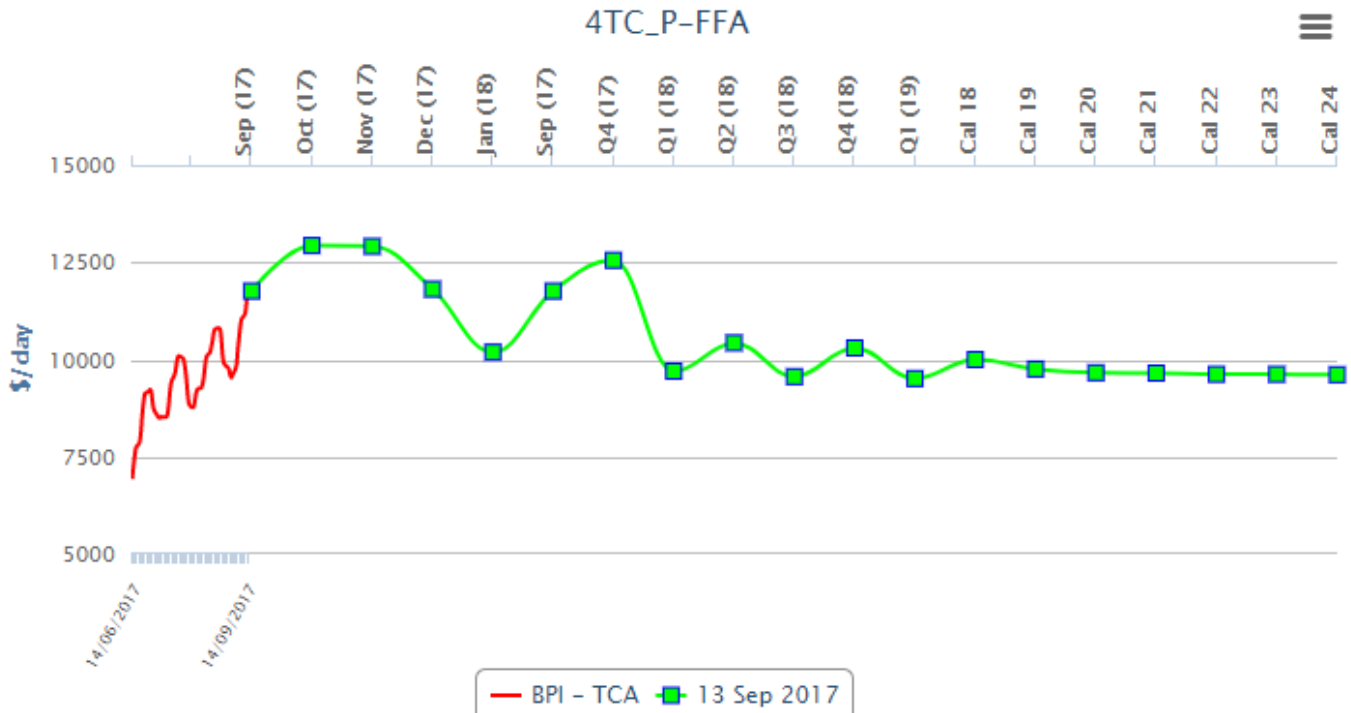
#### **Nautical Miles: To Xiamen China (South China)**

**US Gulf (NOLA) (via Panamá Canal) – 10,232 nautical miles (32 days)**

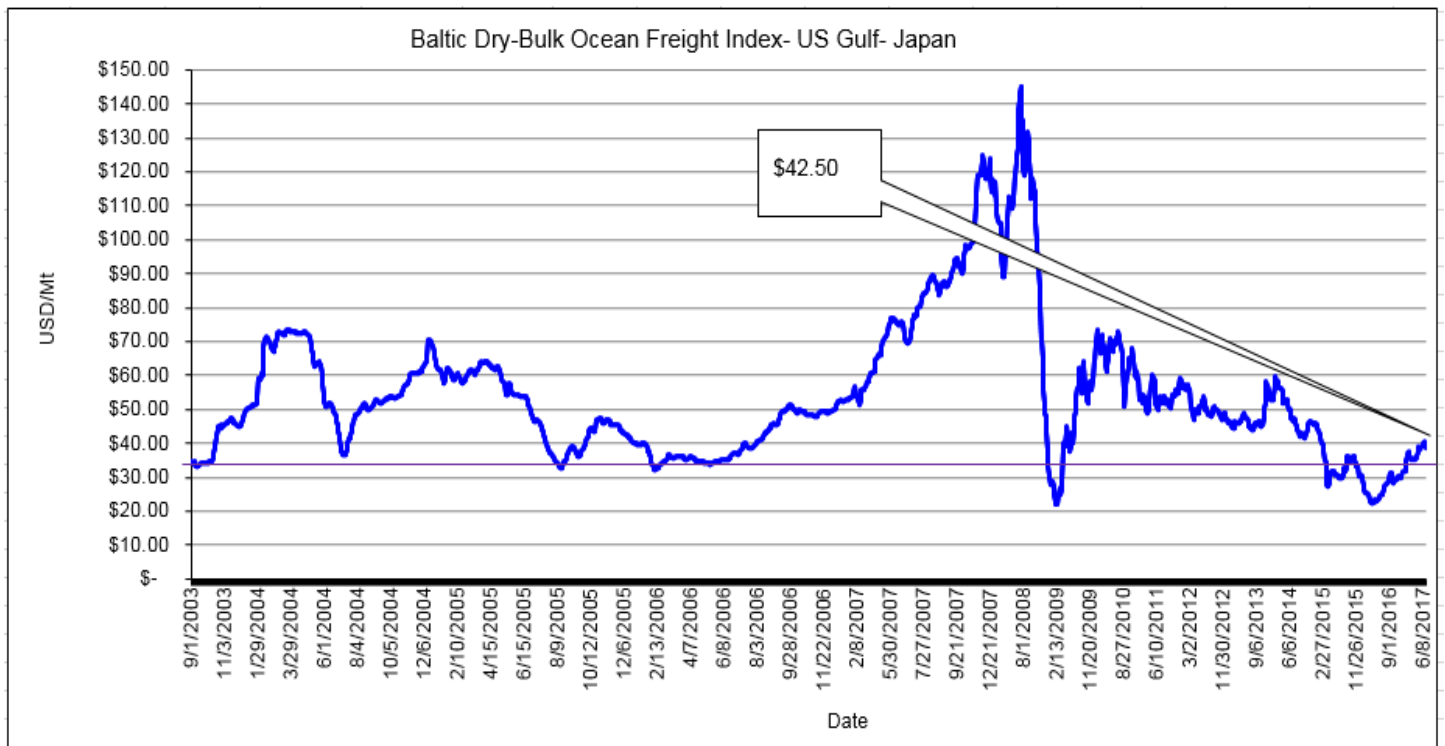
**Santos Brazil (via Cape of Good Hope) - 10,441 nautical miles (33 days)**

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

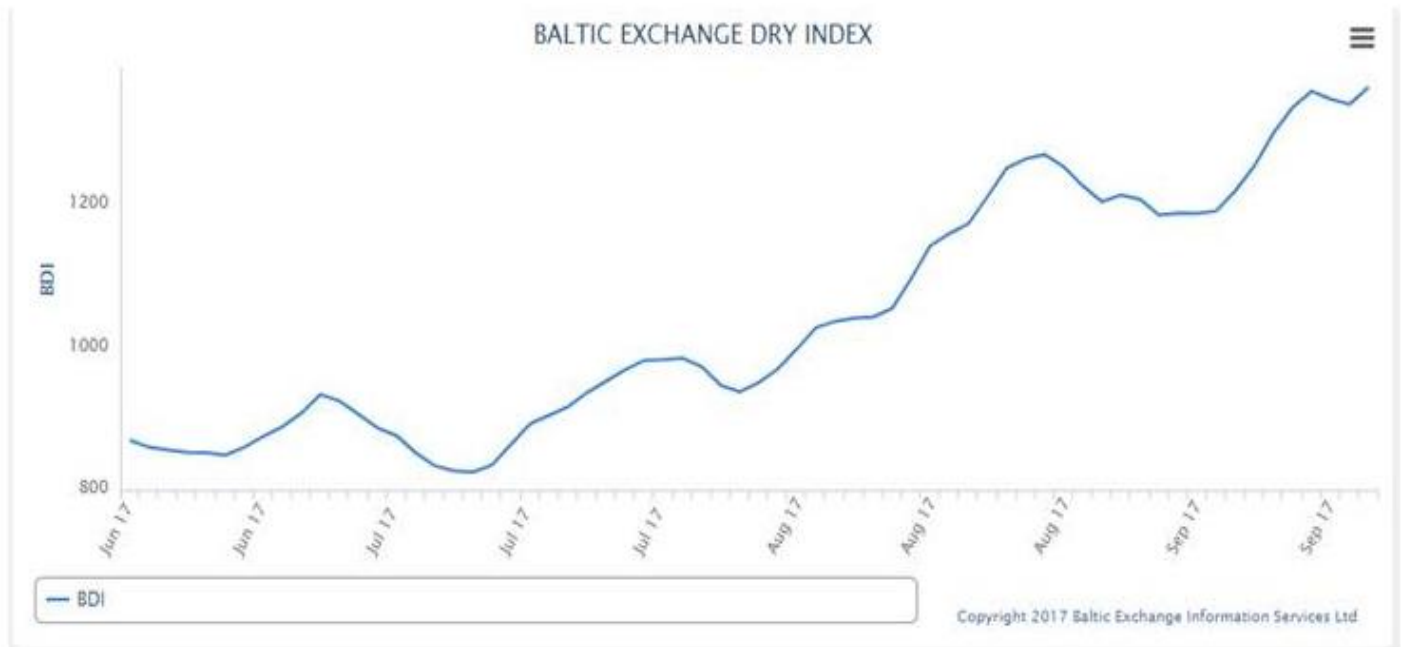
## Forward Curve for Baltic BPI Panamax Vessel Freight



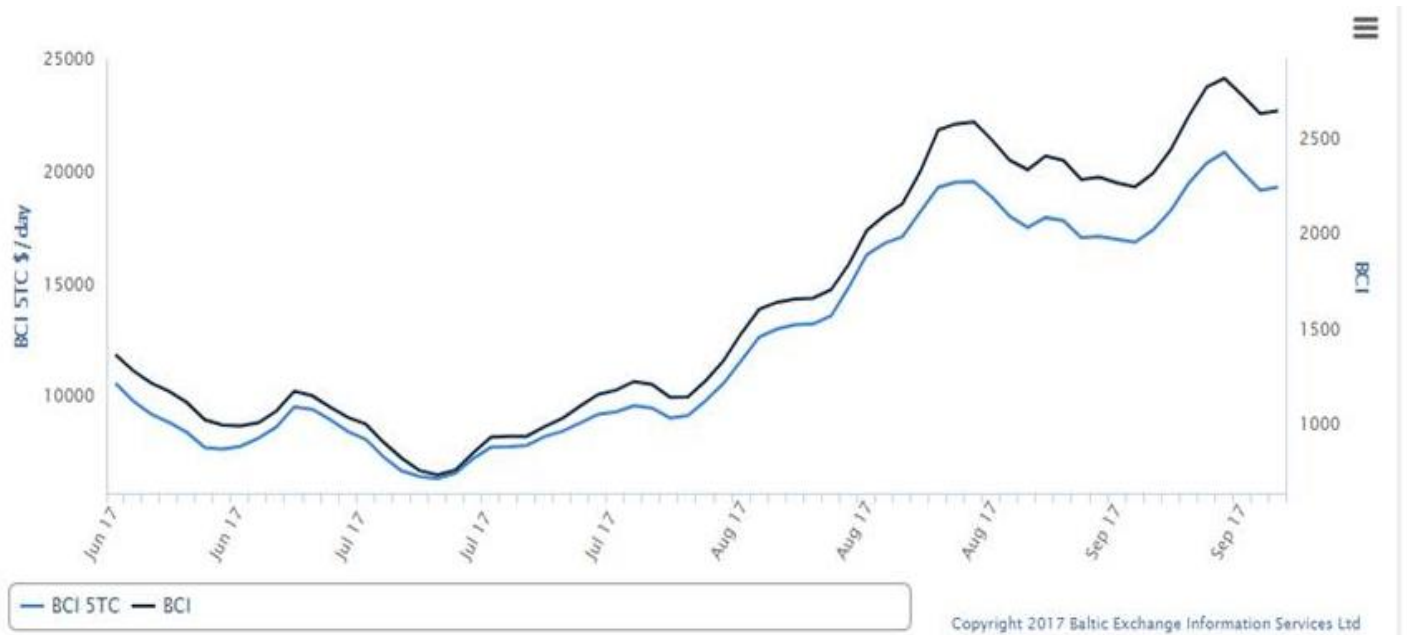
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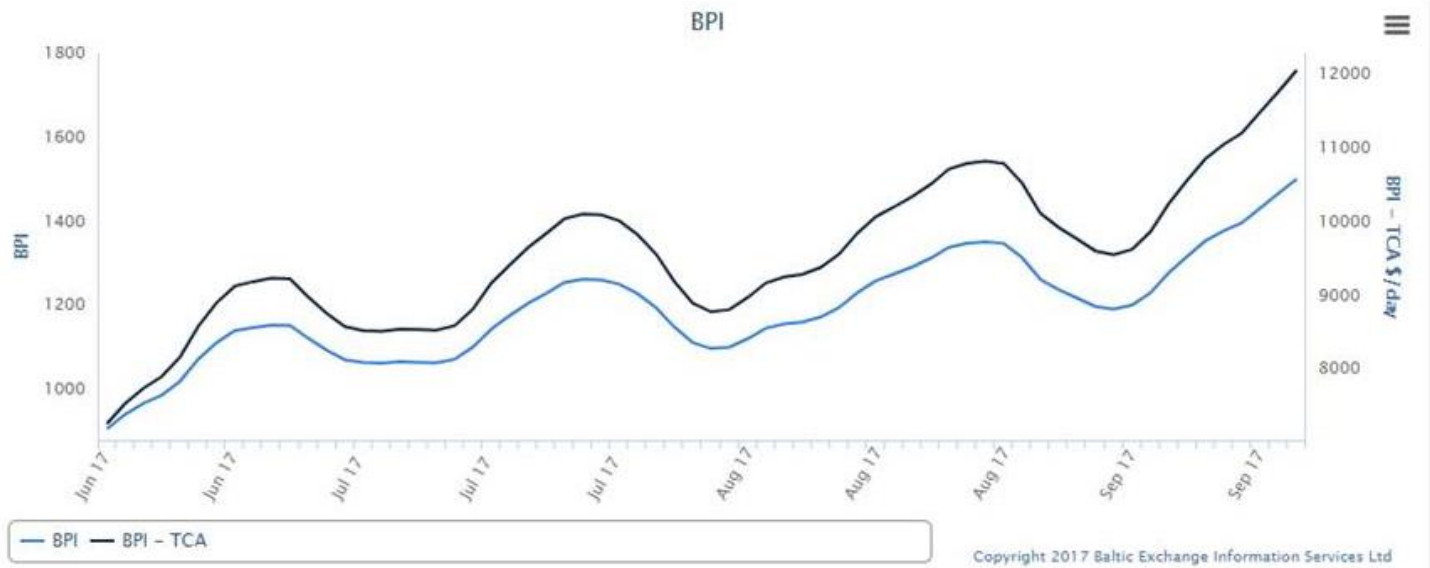
## Baltic Dry Bulk Index



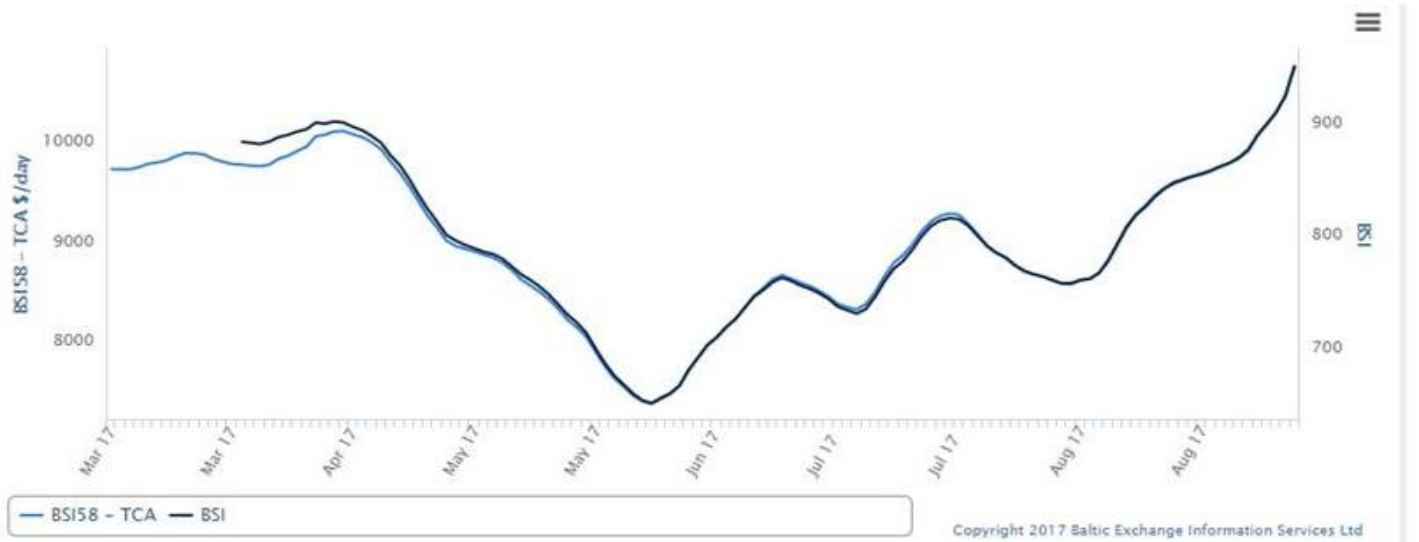
## Baltic Capesize Index



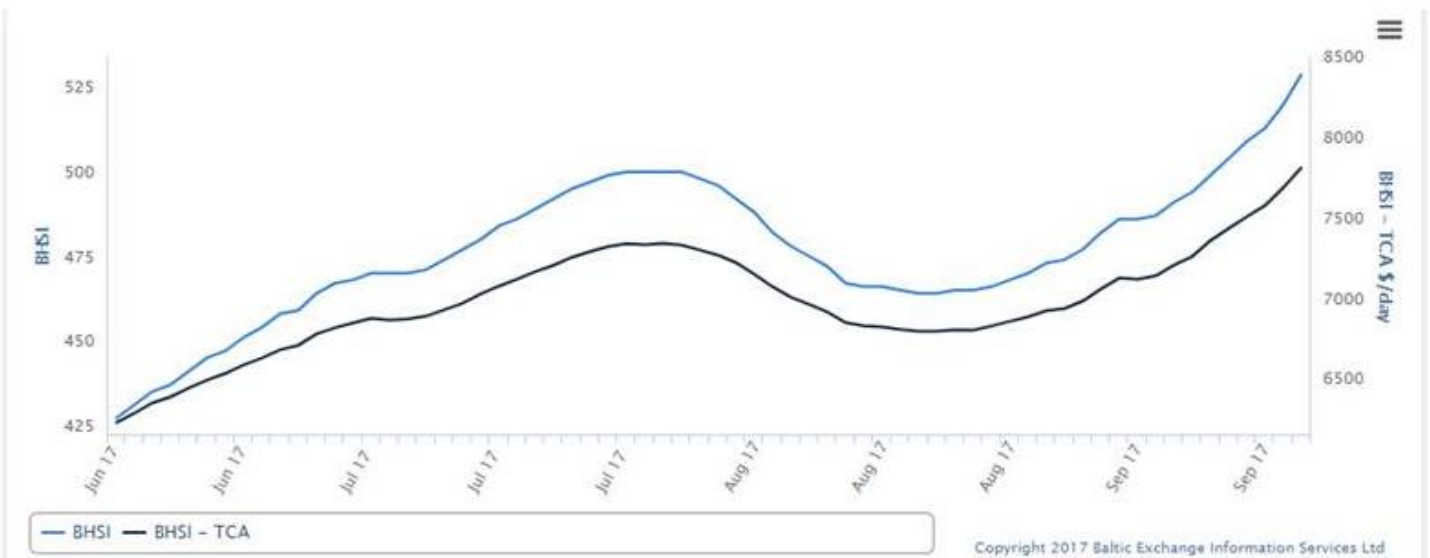
## Baltic Panamax Index



## Baltic Supramax Vessel Index



## Baltic Handy Size



# Yamamizu Shipping

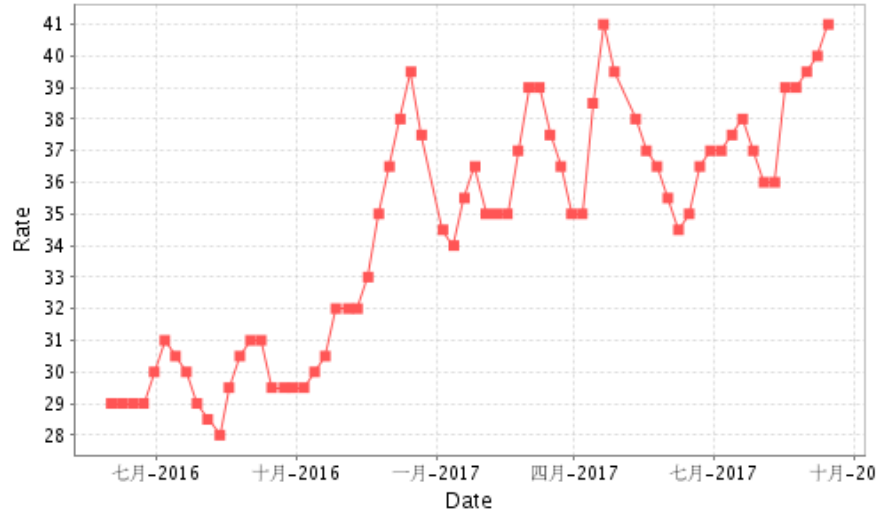
[Profile](#)
[History](#)
[Organization](#)
[Service](#)
[Access Map](#)
[Yamamizu Index](#)

## USG/Japan Index Result

Date From: 2016-06-01

Date To: 2017-09-14





## China Import Dry Bulk Freight Index(CDFI)

2017-09-14

Index/Routes	Charterparty type	Cargo/Vessel type	Dwt/Cargo Capacity	Unit	Index/Rate	Change
Composite Index				Point	1079.85	34.96
VC Index				Point	867.07	17.56
TCT Index				Point	1399.01	61.04
Santos(Brazil)— North China	VC	Soybean	60000/10%	\$/ton	32.335	0.22
Tacoma(West America)—North China	VC	Soybean	60000/10%	\$/ton	22.435	0.405
Mississippi(US Gulf) —North China	VC	Soybean	55000/10%	\$/ton	43.725	0.415

**14 September 2017 FOB Vessel Export Market Values:**

<b>U.S. Yellow Corn (USD/MT) FOB Vessel</b>				
# 2 YC	U.S. Gulf #2 YC		PNW #2 YC	
15.0 % Moisture	Basis	Flat Price	Basis	Flat Price
<b>Oct.</b>	0.49	<b>\$158.75</b>	0.89	<b>\$174.50</b>
<b>Nov.</b>	0.56	<b>\$161.51</b>	0.90	<b>\$174.89</b>
<b>Dec.</b>	0.59	<b>\$162.69</b>	0.90	<b>\$174.89</b>
<b>Jan.</b>	0.50	<b>\$163.97</b>	0.83	<b>\$176.96</b>
<b>Feb.</b>	0.51	<b>\$164.36</b>	0.85	<b>\$177.75</b>
<b>Mar.</b>	0.52	<b>\$164.75</b>	0.88	<b>\$178.93</b>

The Gulf spread between #2 and #3 YC is currently about 02 cents per bushel (0.80 per MT)

<b>SORGHUM (USD/MT) FOB VESSEL</b>				
#2 YGS Fob Vessel	NOLA		TEXAS	
Max. 14.0%	BASIS	FLAT PRICE	BASIS	FLAT PRICE
<b>Oct.</b>	1.35	<b>\$192.61</b>	1.20	<b>\$186.70</b>
<b>Nov.</b>	1.35	<b>\$192.61</b>	1.20	<b>\$186.70</b>
<b>Dec.</b>	1.35	<b>\$192.61</b>	1.20	<b>\$186.70</b>
<b>Jan.</b>	1.25	<b>\$193.49</b>	1.20	<b>\$191.52</b>
<b>Jan.</b>	1.25	<b>\$193.49</b>	1.20	<b>\$191.52</b>

Fob vessel Texas Gulf #2 Sorghum is about 117 % the value of #2 Yellow Corn at NOLA Sorghum has gotten to be a thin trade and interior and export handling margins have widened out to reflect the risk.

**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	\$190.33	\$192.17	\$192.17	\$192.72
Basis	0.75	0.80	0.80	0.62
WU	4.2825			
WZ	4.4300			
WH	4.6250			

<b>CME CORN FUTURES MARKET CLOSE- Thursday</b>						
CBOT		Friday	Friday	Last week	Last Week	Difference
CORN	Futures	Close	Close	Bushel	MT.	Bushel
Month	Symbol	Bushel	MT.			
Sept.	CU	\$3.4175	\$134.54	\$ 3.4175	\$134.54	\$0.0000
Dec.	CZ	\$3.5425	\$139.46	\$ 3.5525	\$139.85	(\$0.0100)
Mar.	CH	\$3.6650	\$144.28	\$ 3.6775	\$144.78	(\$0.0125)
May	CK	\$3.7475	\$147.53	\$ 3.7550	\$147.83	(\$0.0075)
July	CN	\$3.8125	\$150.09	\$ 3.8175	\$150.29	(\$0.0050)



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



# CME/CBOT Dec. 2017 (WZ7) SRW Wheat Futures Chart –



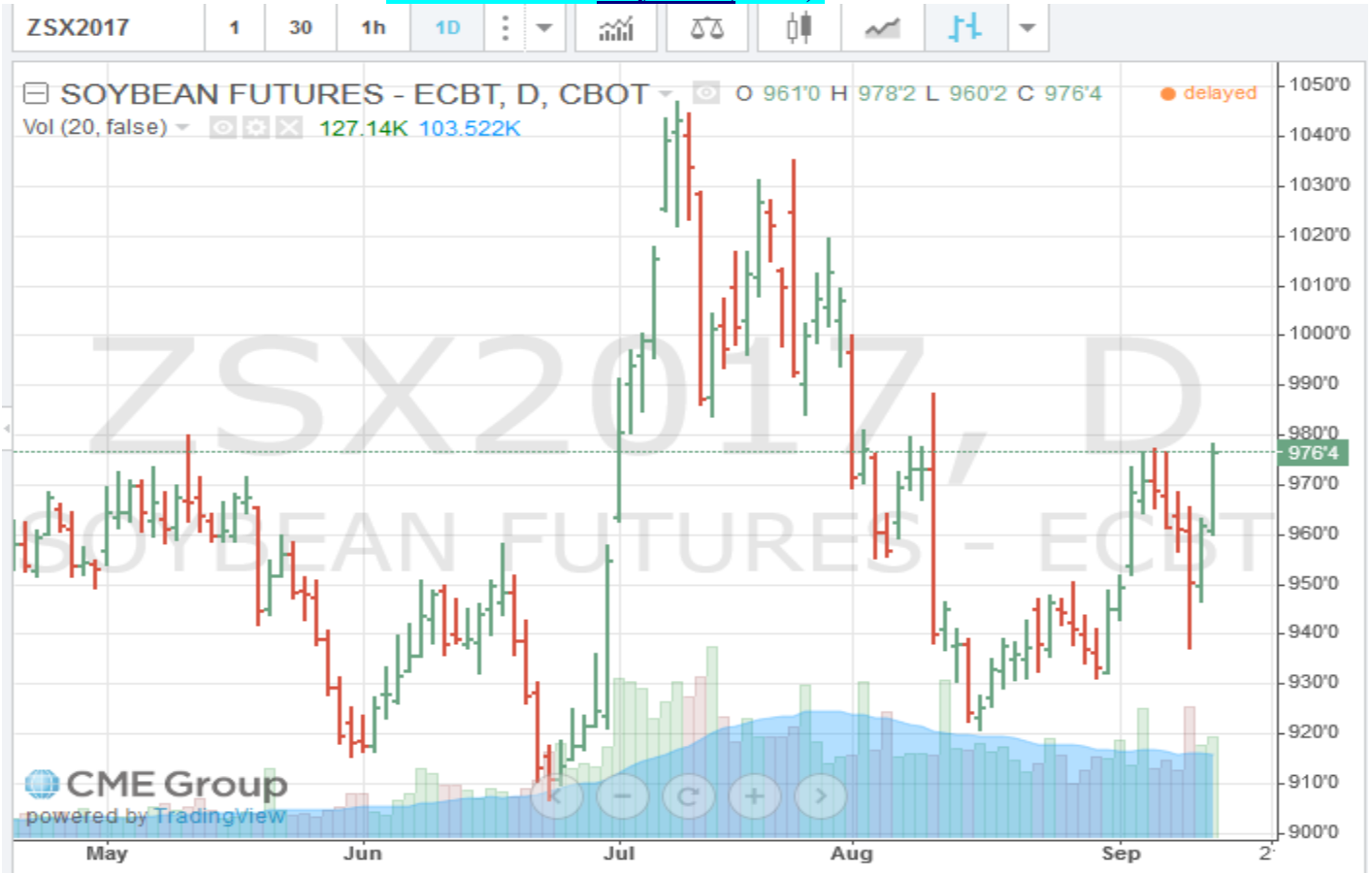


### Soybean and SBM Markets Fob Vessel:

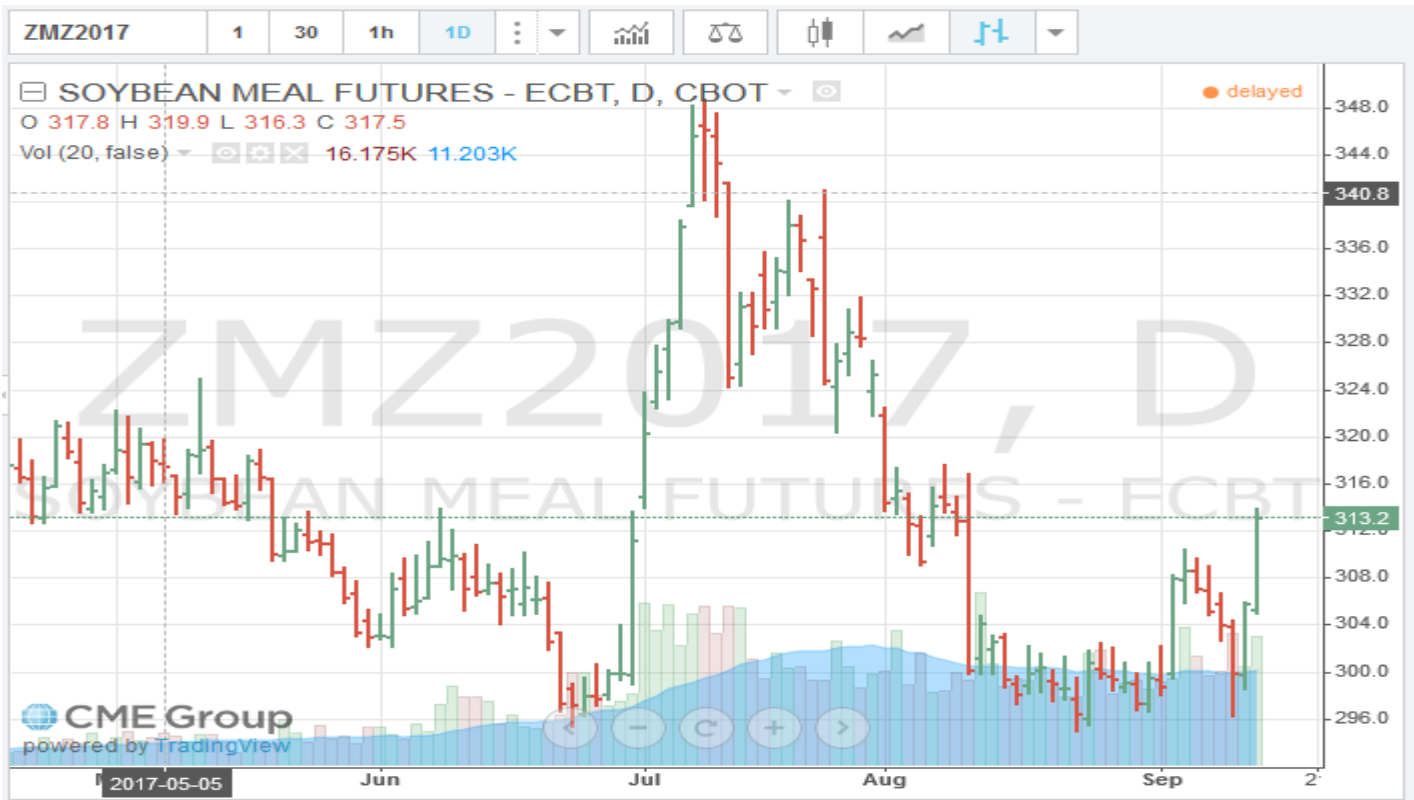
<b>U.S. Yellow Soybeans (USD/MT) FOB Vessel</b>				
# 2 YSB	U.S. Gulf #2 YSB		PNW #2 YSB	
14.0 % Moisture	Basis	Flat Price	Basis	Flat Price
<b>Oct.</b>	0.65	<b>\$382.50</b>	0.93	<b>\$392.79</b>
<b>Nov.</b>	0.66	<b>\$382.87</b>	0.95	<b>\$393.52</b>
<b>Dec.</b>	0.60	<b>\$384.34</b>	0.90	<b>\$395.36</b>
<b>Jan.</b>	0.60	<b>\$384.34</b>	0.99	<b>\$398.67</b>
<b>Feb.</b>	0.58	<b>\$386.36</b>	1.00	<b>\$401.79</b>
<b>Soybean Futures</b>				
<b>Sept.</b>	\$ 9.6725			
<b>Nov.</b>	\$ 9.7600			
<b>Jan.</b>	\$ 9.8600			
<b>Mar.</b>	\$ 9.9350			
<b>May</b>	\$ 10.0175			
<b>July</b>	\$ 10.0850			

<b>U.S. SBM (USD/MT) FOB Vessel</b>		
Fob U.S. Gulf Port	47.5 Pro. SBM	
max 12.5 % moisture	Basis	Flat Price
<b>Oct.</b>	0.00	<b>\$ 341.22</b>
<b>Nov.</b>	0.00	<b>\$ 345.19</b>
<b>Dec.</b>	0.00	<b>\$ 345.19</b>
<b>Jan.</b>	0.00	<b>\$ 346.63</b>
<b>Feb.</b>	-1.00	<b>\$ 348.39</b>
<b>SBM Futures</b>		
<b>SMU</b>	308.70	
<b>SMV</b>	309.50	
<b>SMZ</b>	313.10	
<b>SMF</b>	314.40	
<b>SMH</b>	317.00	
<b>SMK</b>	319.40	

### 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 07 September 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	1076.6	10,503.0	56,520	19%	207.8
Sorghum	235.0	1,085.6	5,330	20%	0.0
Soybeans	1700.4	16,993.8	61,240	28%	1.0
Wheat	375.9	12,775.7	50,350	25%	30.0
Barley	0.0	36.3	110	33%	0.0

**U.S. EXPORT INSPECTIONS:**

Monday's report 11 September 2017 for the Export week ending 07 September 2017

	Export Inspections		Current Market Year YTD	Previous Year to Date	2017 YTD as Percent of 2016 YTD
	This Week	Previous Week			
Corn	662,173	817,059	662,173	1,634,938	41%
Sorghum	51,382	6,572	51,382	66,167	78%
Soybeans	1,106,268	710,922	1,106,268	1,151,994	96%
Wheat	446,957	290,728	8,193,687	8,003,337	102%
Barley	0	1,895	14,122	20,765	68%

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

**U.S. EXPORT INSPECTIONS:**

Monday's report 11 September 2017 for the Export week ending 07 September 2017

Last Week							
(Metric Tons)	YC	%	WC	%	Sorghum	%	Soybeans %
Lakes	0	0%	0	0%	0	0%	21,001 2%
Atlantic	4,540	1%	0	0%	0	0%	2,007 0%
Gulf	432,488	66%	0	0%	49,406	96%	879,686 80%
PNW	53,502	8%	0	0%	0	0%	131,375 12%
Interior Export Rail	165,656	25%	5,987	100%	1,976	4%	72,199 7%
Metric Tons	656,186		5,987		51,382		1,106,268

Sorghum

Shipments:

metric tons

China

49,847

Main

1,535

Mexico

51,382

Total

White Corn

metric tons

Shipments:

5,987

Mexico

5,987

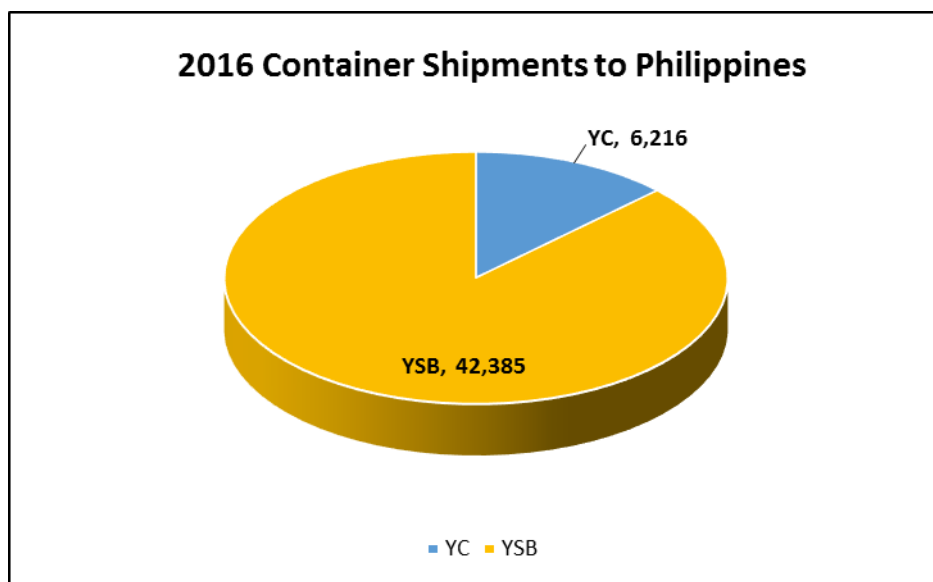
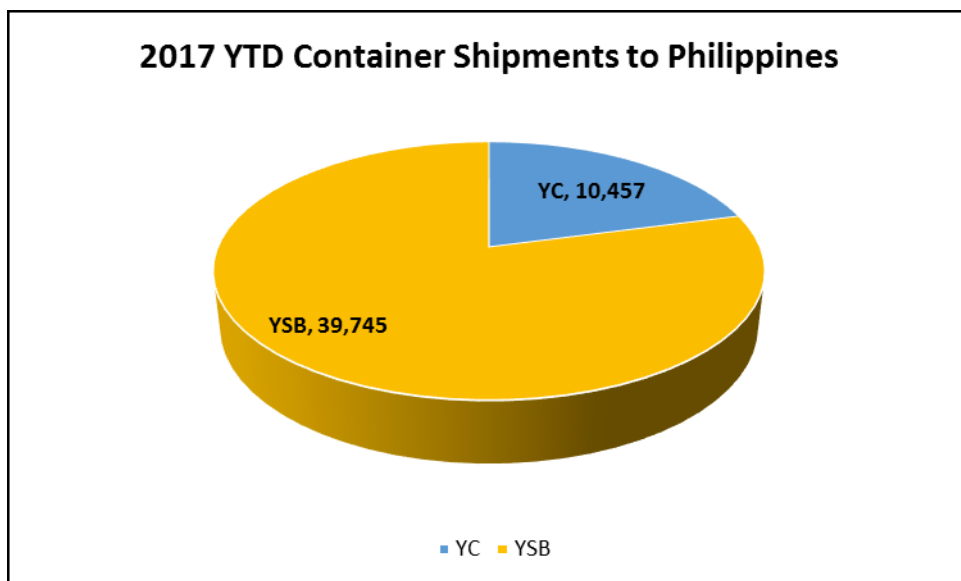
Total

## 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:		7-Sep-2017							
Last Week	metric tons								MT
	YC	WC	YSB	SRW	NS	SWH	HRW	Sorghum	TOTAL
China Main	930		9,111					441	10,482
China T	10,162		7,640						17,802
Hong Kong	1,051								1,051
Costa Rica	49								49
Indonesia			18,977						18,977
French Polynesia									0
Japan			929						929
Korea Republic			147						147
Panama									0
Malaysia	392		5,240						5,632
Ireland									0
Philippines			562						562
Thailand			3,599						3,599
Bangladesh									0
Israel									0
Vietnam			2,276						2,276
Sub total	12,584	0	48,481	0	0	0	0	441	59,230
USDA Corrections/Additions to previous reports:									
China T	955		1,862						2,817
China Main									0
Hong Kong	122								122
Korea Rep.									0
Canada						168			168
Japan									0
Philippines									0
Indonesia			1,394						1,394
Malaysia			1,052				832		1,884
Thailand			1,592						1,592
Vietnam			294						294
Israel									0
Panama									0
Sub total	1,077	0	6,194	0	0	168	832	0	8,271
<b>Mt. Grand Total</b>	<b>13,661</b>	<b>0</b>	<b>54,675</b>	<b>0</b>	<b>0</b>	<b>168</b>	<b>832</b>	<b>441</b>	<b>67,501</b>
Number of containers	594	0	2,377	0	0	7	36	19	

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

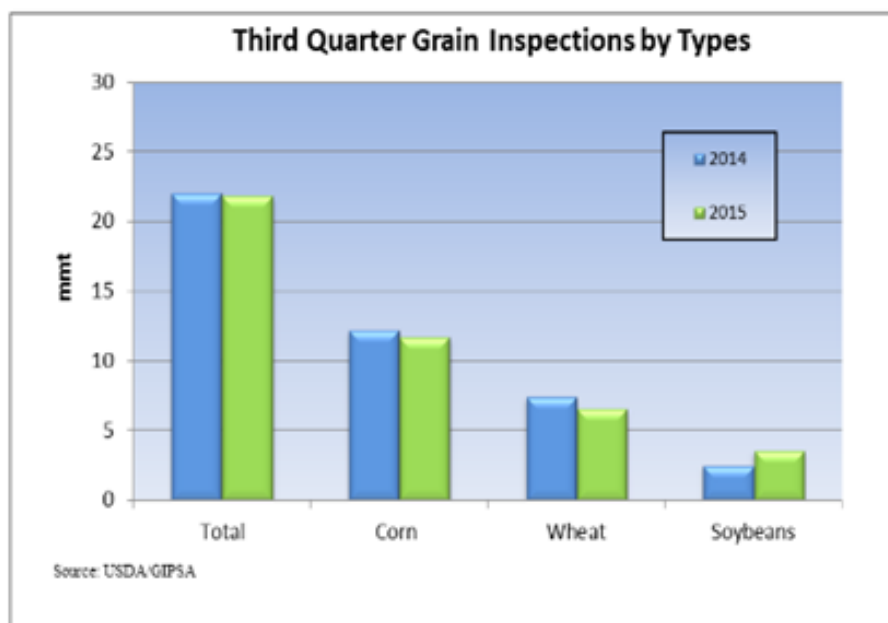


Grain Inspections for Export by U.S. Port Regions:  
U.S. Gulf and Pacific Northwest 2016 YTD vs. 2017 YTD

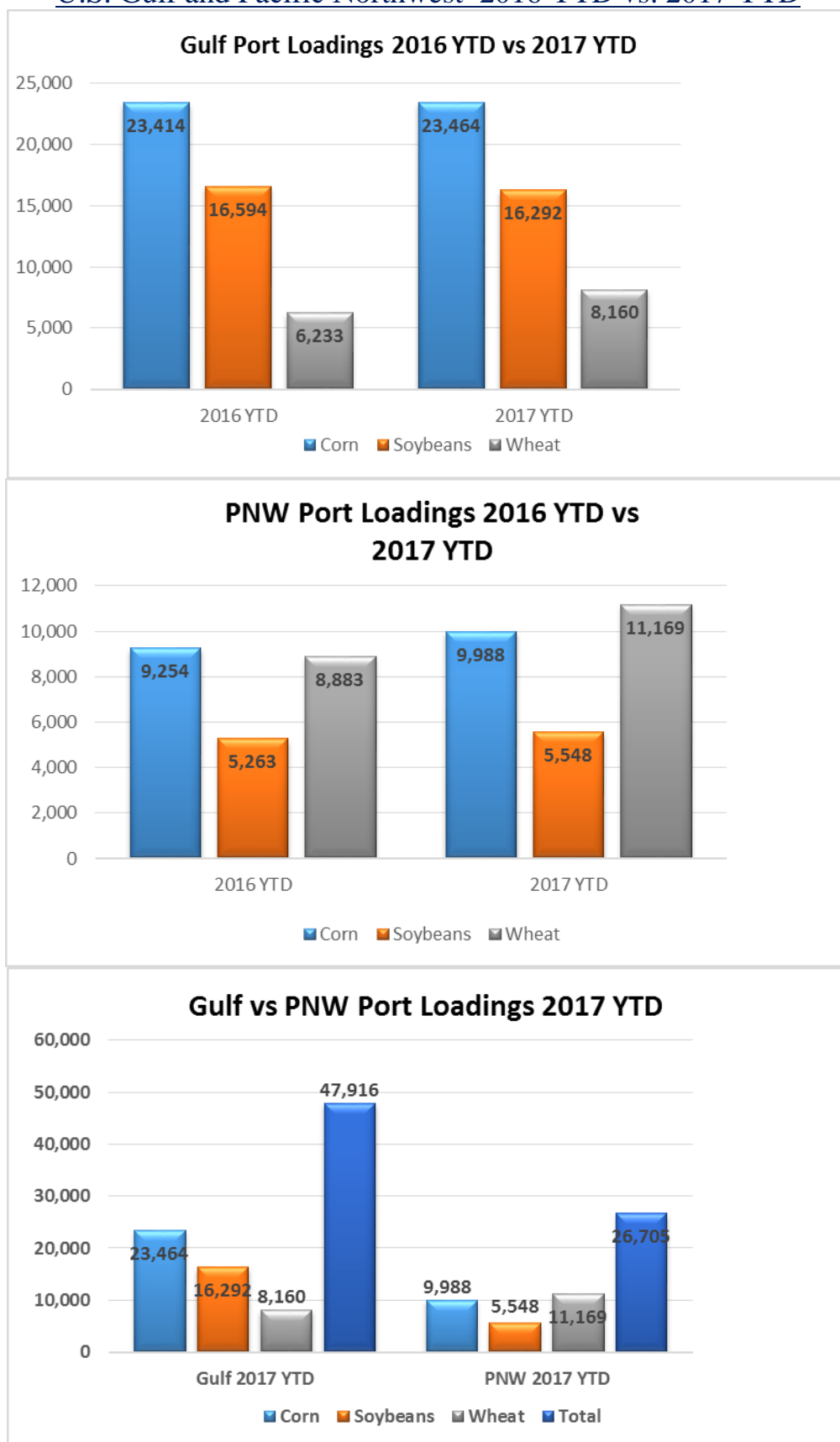
PORT LOADINGS US Gulf				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
<b>GULF</b>				
2016 YTD	23,414	16,594	6,233	46,241
2017 YTD	23,464	16,292	8,160	47,916
2017 as % of 2016	100%	98%	131%	104%

PORT LOADINGS US PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
<b>PNW</b>				
2016 YTD	9,254	5,263	8,883	23,400
2017 YTD	9,988	5,548	11,169	26,705
2017 as % of 2016	108%	105%	126%	114%

PORT LOADINGS GULF vs. PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
2017 Gulf YTD	23,464	16,292	8,160	47,916
2017 PNW YTD	9,988	5,548	11,169	26,705
TOTAL	33,452	21,840	19,329	74,621
Gulf Percentage	70%	75%	42%	64%
PNW Percentage	30%	25%	58%	36%



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

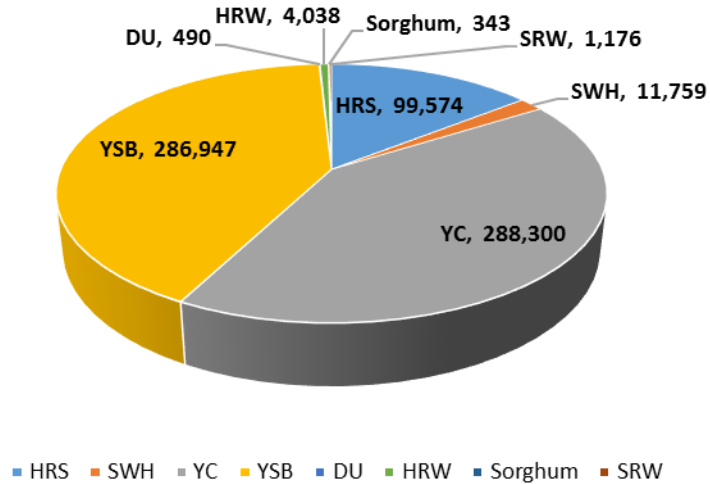


Source: USDA-data

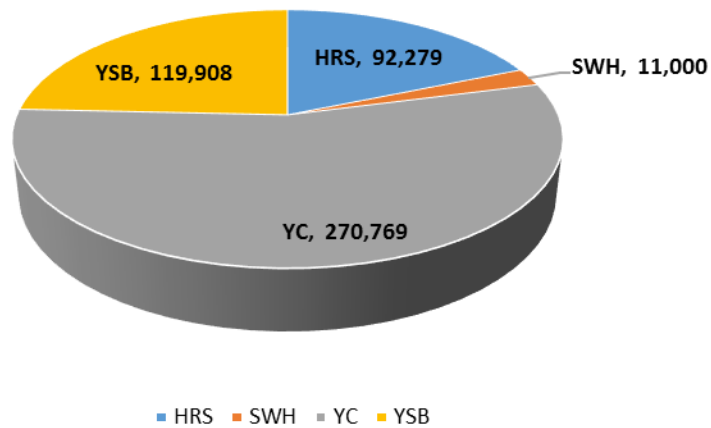


**2017 YTD Total Grain Exports reported by USDA (in MT)**

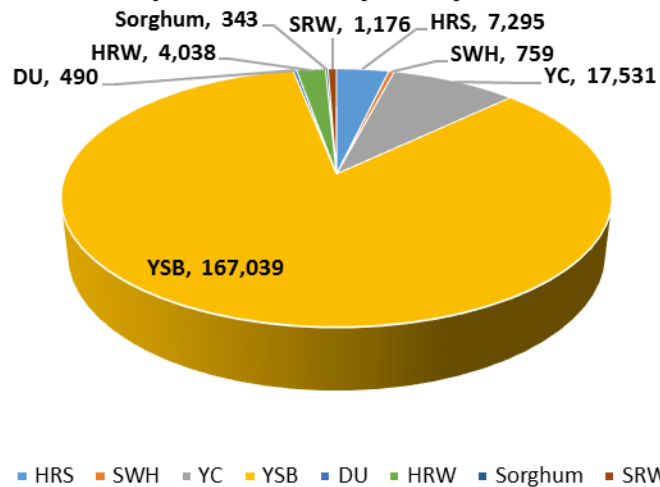
**2017 YTD Exports to Malaysia**



**YTD Exports to Malaysia by Vessel**



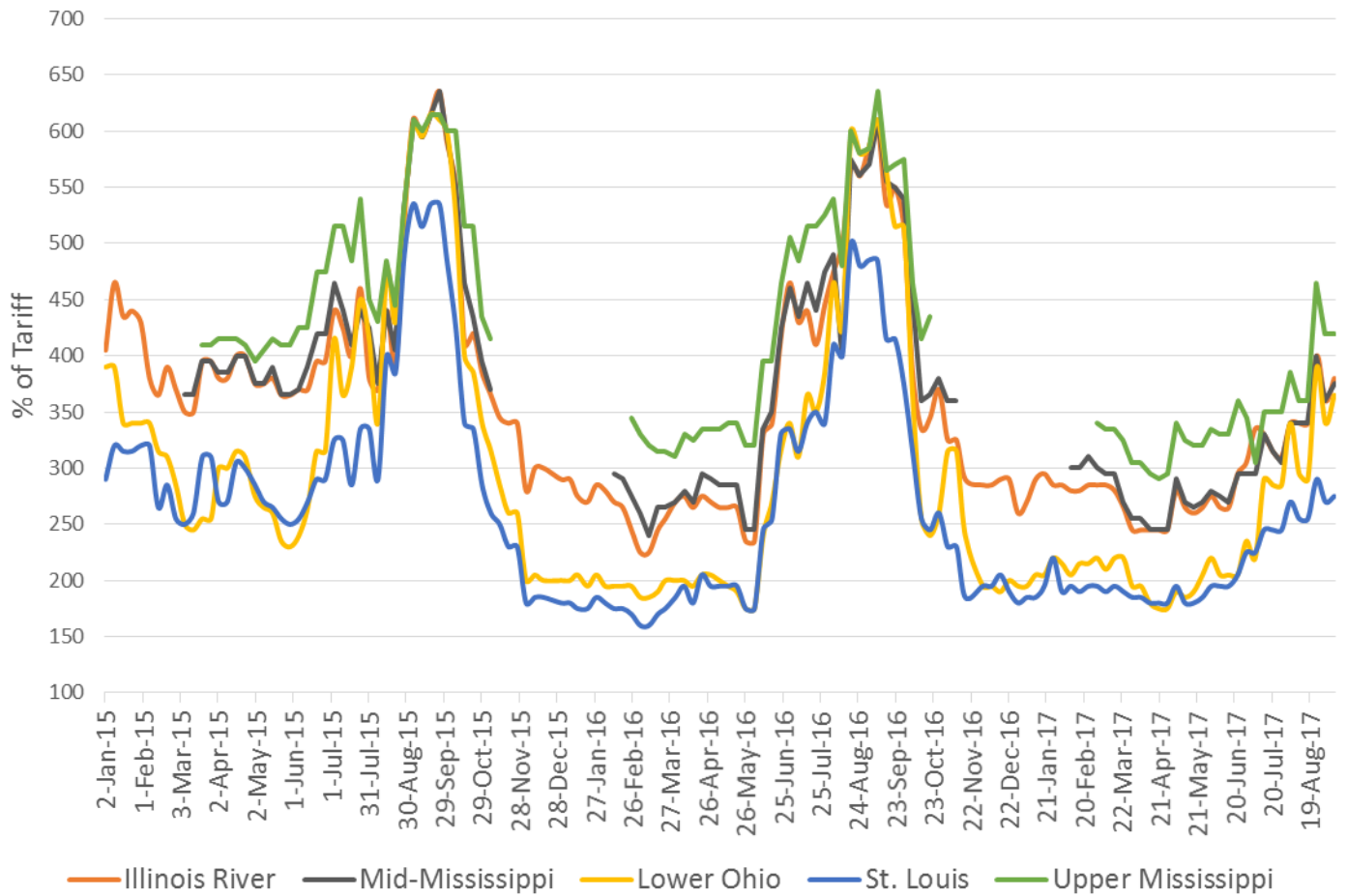
**YTD Exports to Malaysia by Container**



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

## Shipping News:

### U.S. River Barge Freight as % of Tariff

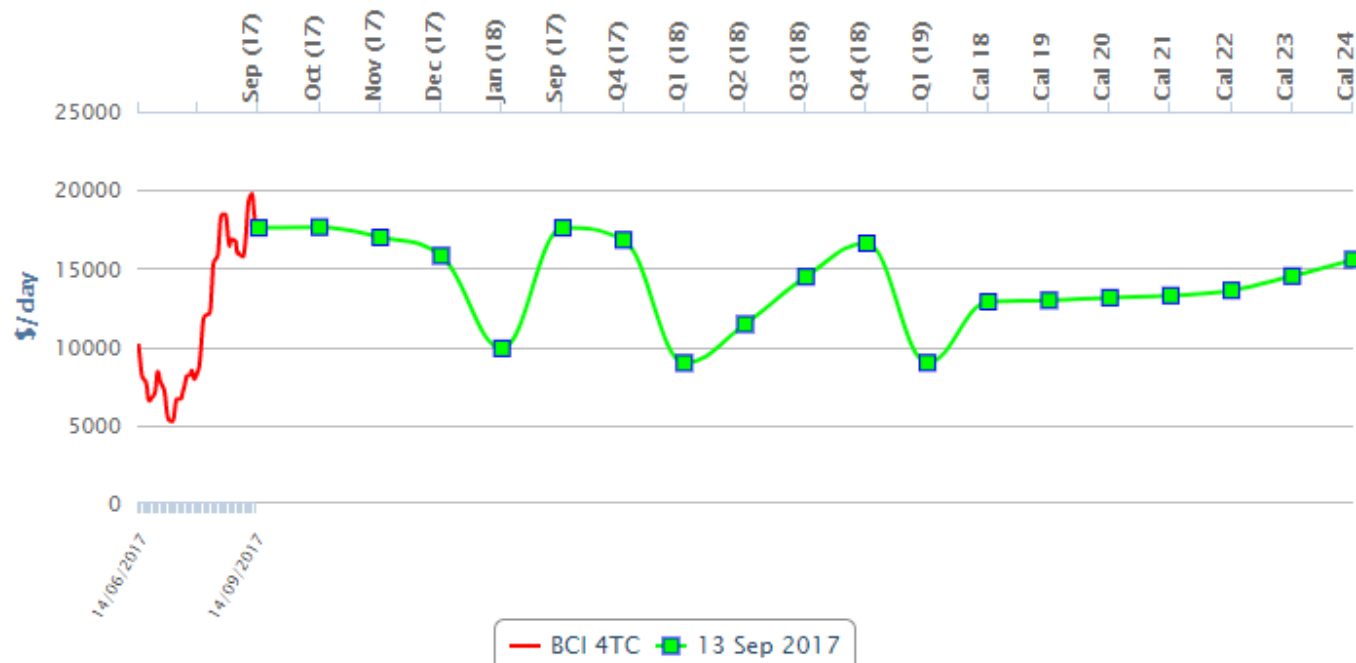


### Shanghai Containerized Freight Index



## FFA Capesize for the 4 time charter routes

4TC-FFA



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## FFA SUPRAMAX 58 for the 5 time charter routes

10TCS-FFA



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## U.S. RIVER BARGE FREIGHT

### Current Barge Freight for Placement First Half October 2017

Placemen FH October 2017	% of		Corn	Soybeans-Wheat
	Tariff	MT	BU	BU
Upper Mississippi	440	\$30.02	0.76	0.82
Illinois River (Pekin and South)	420	\$22.27	0.57	0.61
Mid-Mississippi	420	\$24.63	0.63	0.67
Lower Ohio	430	\$21.14	0.54	0.58
St. Louis	315	\$13.85	0.35	0.38

### Secondary Rail Car Market for car placement period: First Half October 2017.

Secondary Rail Car Market	BID	ASK	BID	ASK	BID	ASK
Placement FH October 2017	USD	USD	BU.	BU.	MT	MT
BNSF Shuttle Trains	\$ 750.00	\$ 1,100.00	\$ 0.19	\$ 0.28	\$ 7.38	\$ 10.83
UPRR Shuttle Trains	\$ 400.00	\$ 750.00	\$ 0.10	\$ 0.19	\$ 3.94	\$ 7.38

Best Regards,

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