

Transportation and Export Report for 20 September 2018

Ocean Freight Insights and Comments:

Global Dry-Bulk freight markets were again a mixed affair but remain range bound without clear direction. The Capesize market developed too big an inverse against the forward curve and paper traders decided to start selling the front end to narrow the slope. This in turn put pressure on the Panamax sector and rates gave back most of their gains for the week. Hope remains for a 2018 Q4 market rally but it appears that it will not be easy to accomplish unless we find a resolution to the Tariff wars. The idled container vessel fleet is climbing to about 3 percent and there are new build orders for 1 million TEU's on the books for next year. This will continue the issue of container vessel oversupply. It is interesting that we saw a small reported container shipment of U.S. specialty Corn to China last week (1861 tonnes or about 75-85 containers depending on mix of 20 vs 40 ft TEU's).

BALTIC DRY-BULK PANAMAX INDEX CHANGES

Panamax Ocean Freight Indices				
20-Sep-18	This Week	Last Week	Difference	Percent Change
P2A : Gulf/Atlantic - Japan	19921	20118	-197	-1.0%
P3A - PNW/Pacific - Japan	12692	11652	1,040	8.9%
S1C -USGULF-China-So.Japan	24717	24443	274	1.1%

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

Four weeks ago:	\$ 9.80-\$9.30
Three weeks ago:	\$ 9.00-\$9.20
Two weeks ago:	\$ 7.50-\$7.60
One week ago:	\$ 7.50- 7.60
This week	\$7.45-\$7.70

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

Mississippi River:	(10 elevators)	1-8 days
Miss. River Mid-Stream loaders:	(6+ Rigs)	0-3 days
Texas Gulf	(6 elevators)	0-4 days (All but 1 facility at 0 days)
Pacific Northwest:	(9 elevators)	0-10 days

Panamax Market Spreads to Asia -China					
20-Sep-18	PNW	GULF	Bushel Spread	MT Spread	Advantage
CORN	0.83	0.42	0.41	\$16.14	PNW
SOYBEANS	0.29	0.04	0.25	\$9.19	PNW
OCEAN FREIGHT	\$25.00	\$45.50	.52 -.55	\$20.50	October

Recent Reported Vessel Fixtures:

Route and Vessel Size	Current Week USD/MT	Change from previous week	Remarks
55,000 U.S. Gulf-Japan	\$46.75	Up \$0.50	Handymax \$47.75mt
55,000 U.S. PNW- Japan	\$25.50	Up \$0.50	Handymax \$26.00 mt
66,000 U.S. Gulf – China	\$45.50	Up \$0.50	North China
PNW to China	\$25.00	Up \$0.50	
25,000 U.S. Gulf- Veracruz, México	\$17.00	Up \$0.25	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$15.00	Up \$0.25	Deep draft and 6,000 MT per day discharge rate.
25/35,000 U.S. Gulf- <u>East Coast Colombia</u> From Argentina	\$20.25 \$34.75	Up \$0.25	<u>West Coast Colombia at \$28.75</u>
40-45,000 U.S. Gulf - Guatemala	\$29.25	Up \$0.25	Acajutla/Quetzal - 8,000 out
26-30,000 U.S. Gulf – Algeria	\$33.75 \$35.25	Up \$0.25	8,000 mt daily discharge 3,000 mt daily discharge
26-30,000 US Gulf-Morocco	\$36.25	Up \$0.25	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt PNW to Egypt	\$30.50 \$29.75	Up \$0.25	55,000 -60,000 mt Russia Black Sea to Egypt \$16.75
60-70,000 U.S. Gulf – Europe – Rotterdam	\$20.00	Unchanged	Handymax at +\$1.75 more
Brazil, Santos – China Brazil, Santos – China Itacoatiara-Port Up River North Brazil	\$36.75 \$36.00 \$39.50	Up \$0.25	54-59,000 Supramax-Panamax 60-66,000 Post Panamax 60-66,000 mt
56-60,000 Argentina/Rosario- China Deep Draft	\$41.25	Up \$0.25	Up River with BB Top Off \$43.00

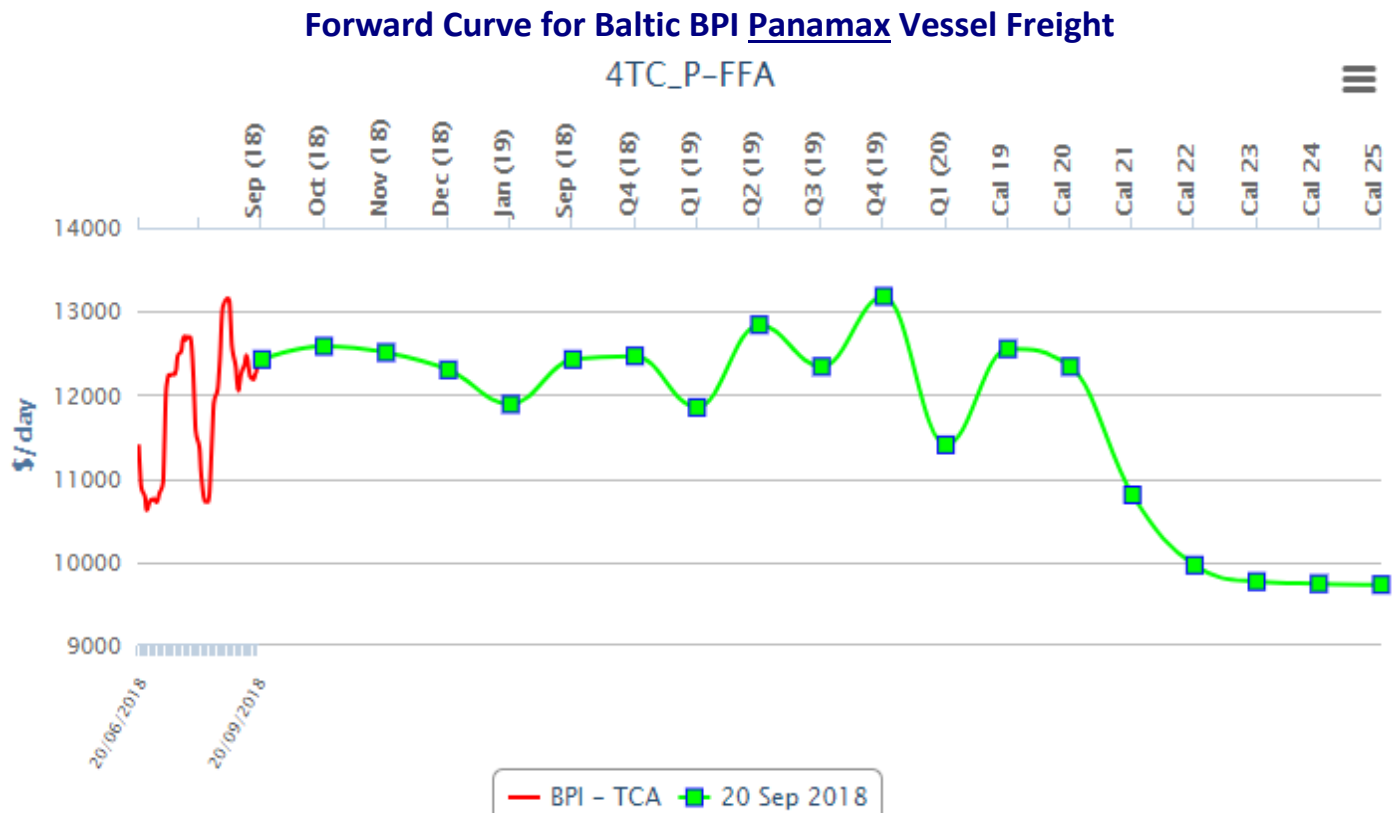
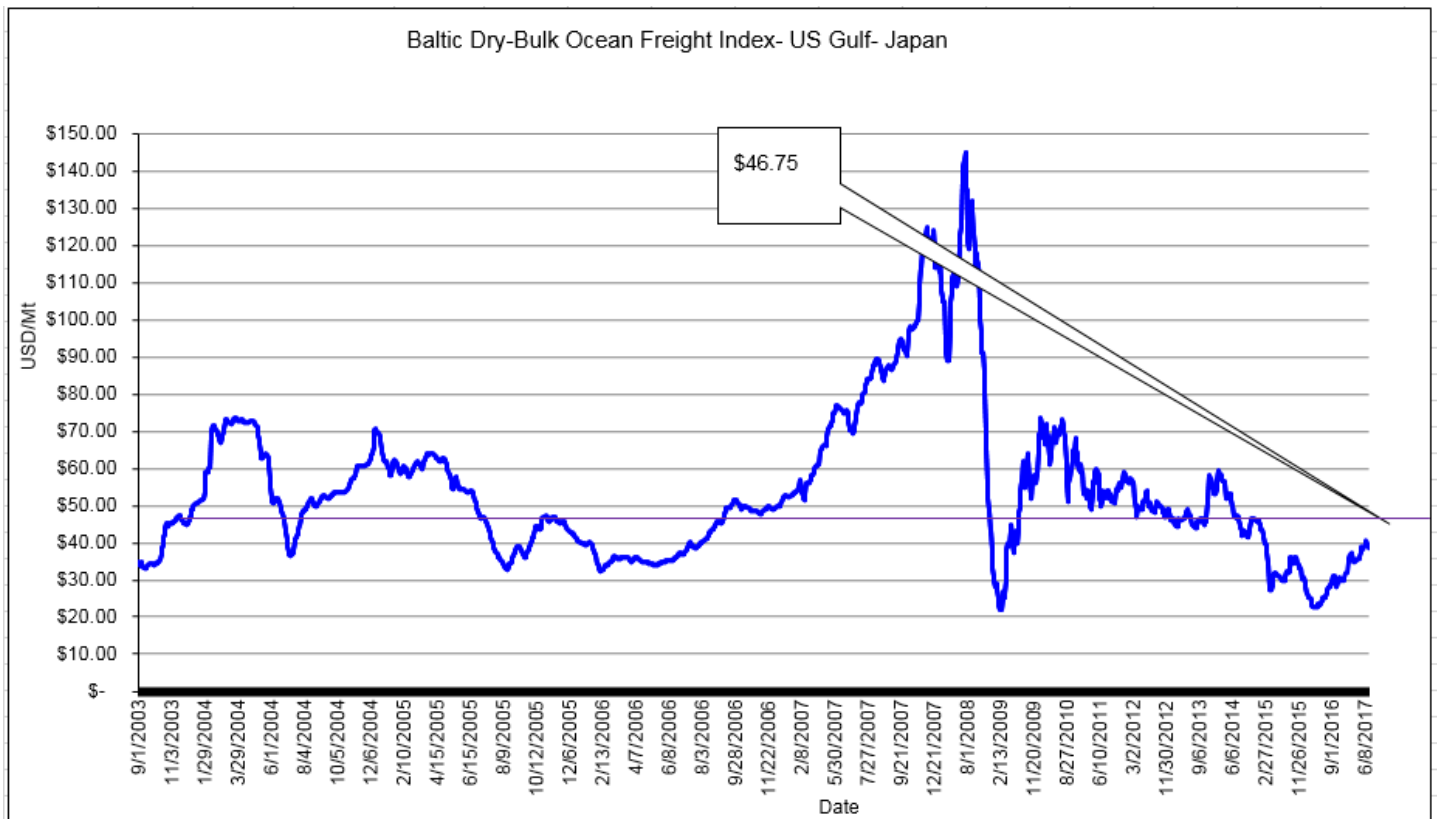
- **The above rate estimates reflect the 30-45-day forward ocean freight markets.**

Nautical Miles: To Xiamen China (South China)

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

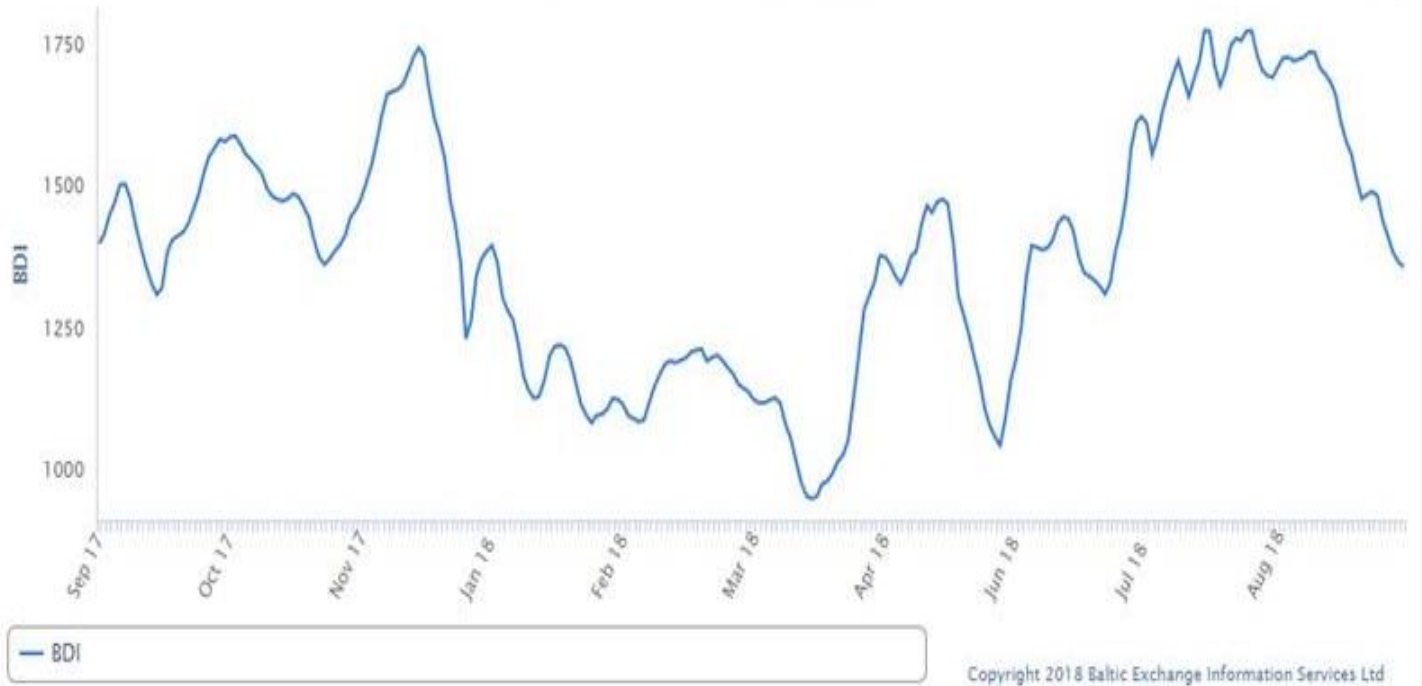
Santos Brazil (via Cape of Good Hope) - 10,441 nautical miles (33 days)

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



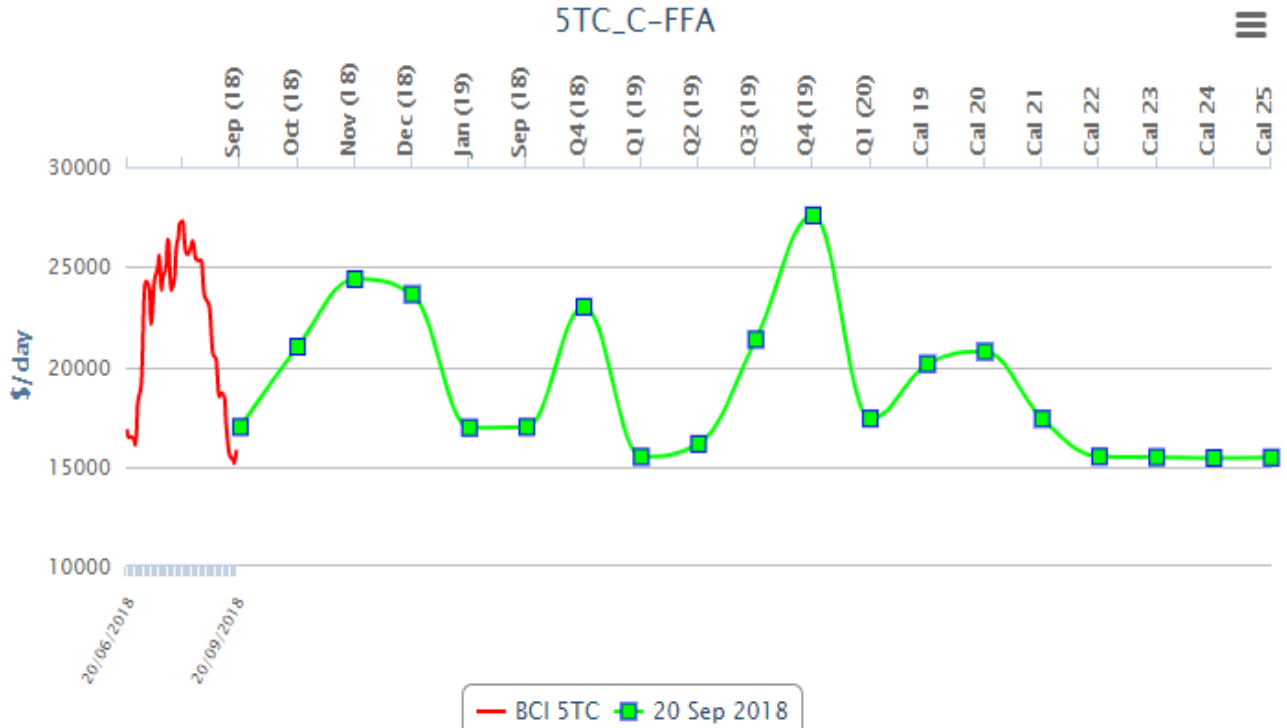
Baltic Dry Index.

BALTIC EXCHANGE DRY INDEX



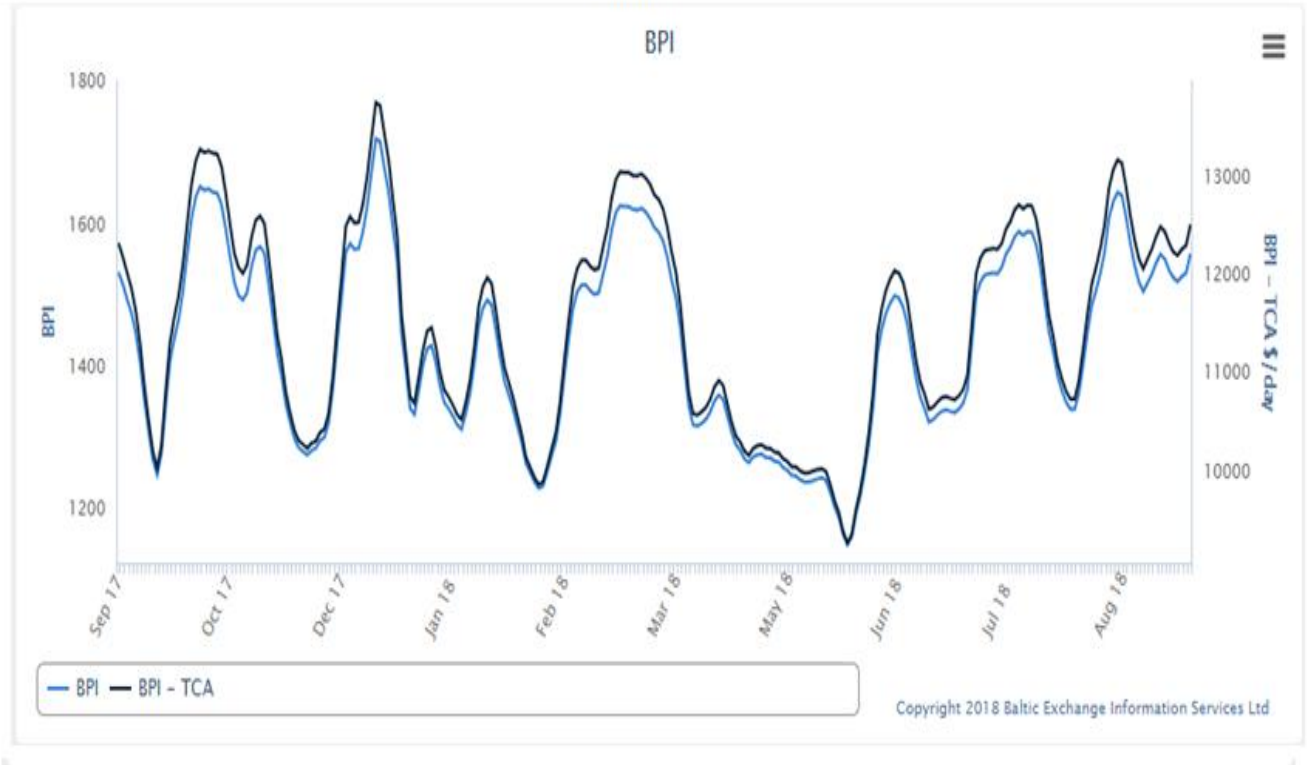
Baltic Capesize Index

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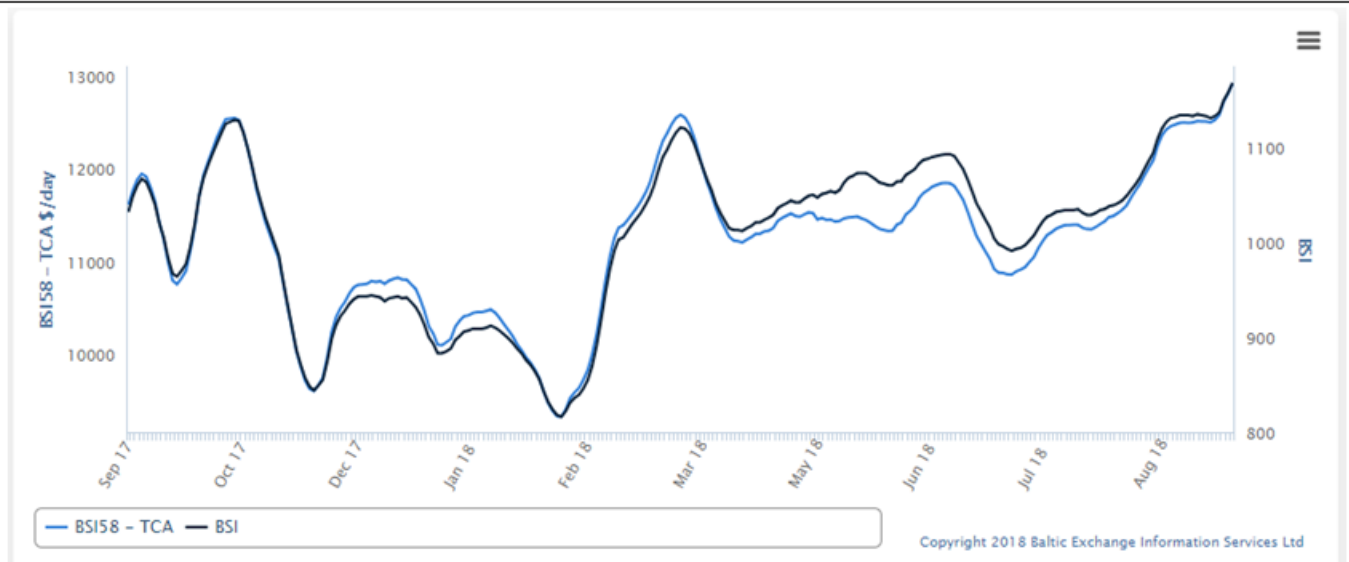
Baltic Panamax Index

Panamax

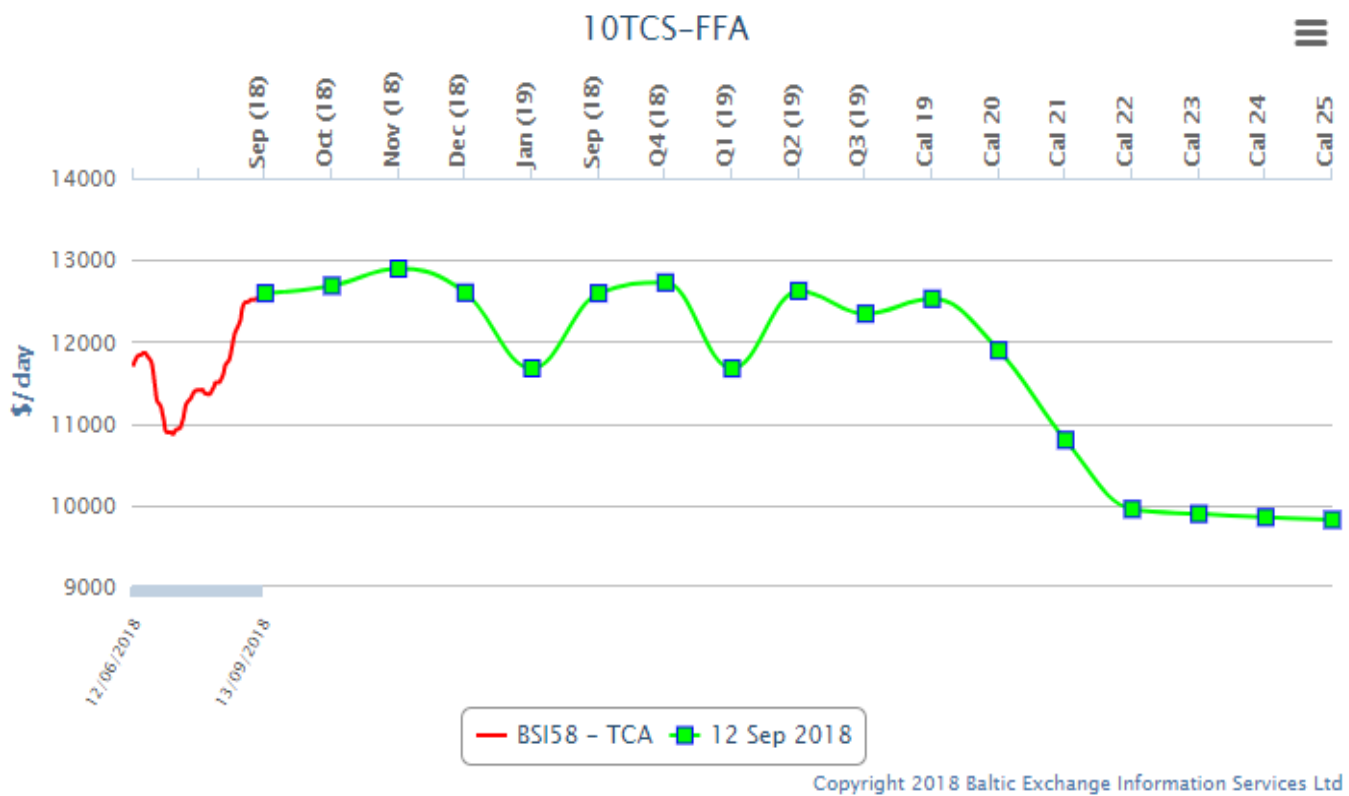


Baltic Supramax Vessel Index

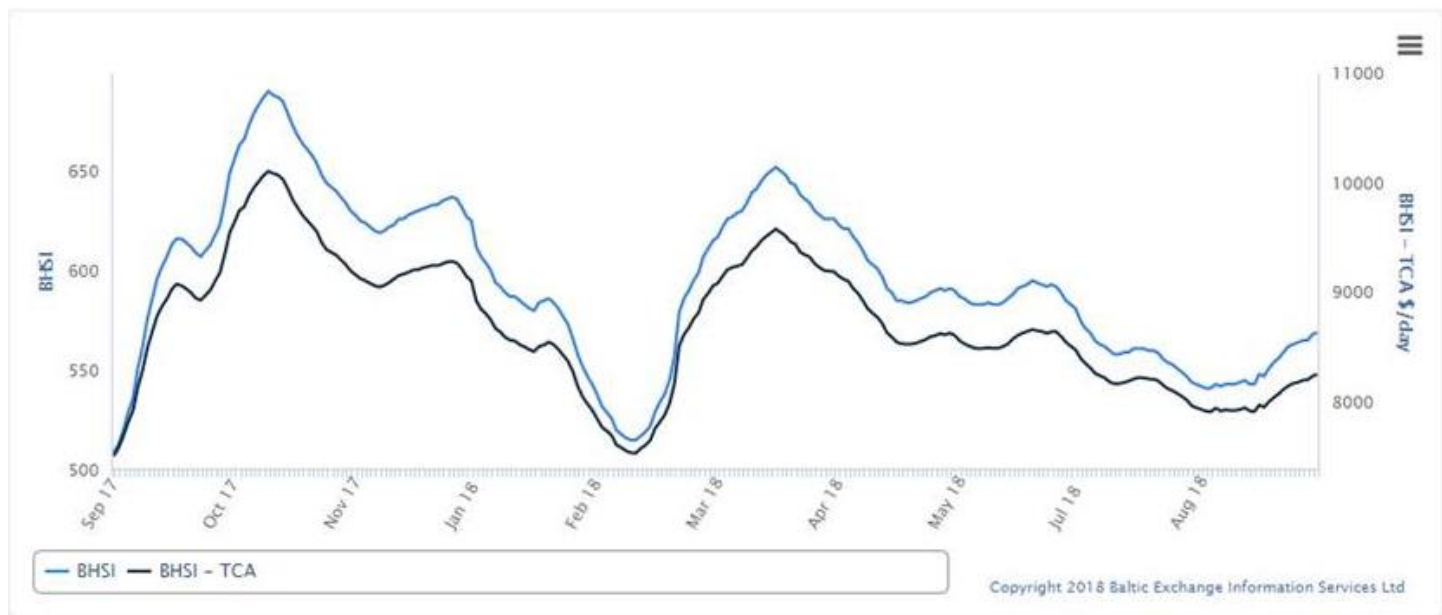
Supramax



Supramax Dry-Bulk Forward Curve



Baltic Handy Size



Yamamizu Shipping

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USG/Japan Index Result

Date From: 2017-07-03

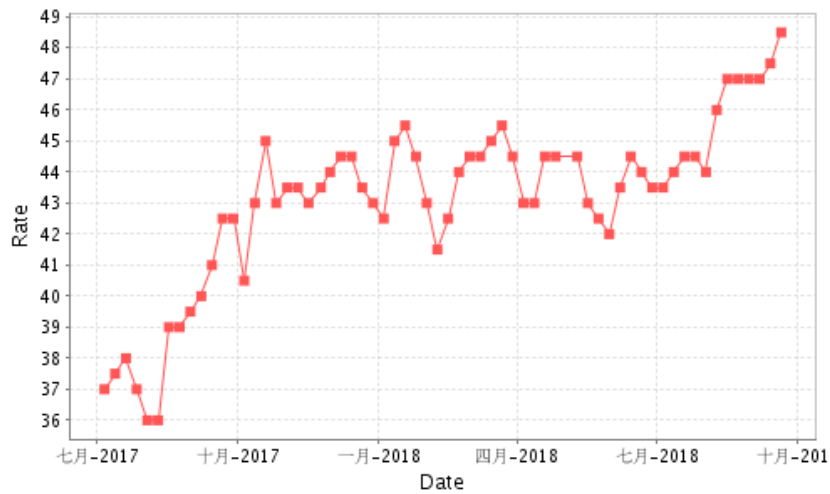
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Date To: 2018-09-21

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China Import Dry Bulk Freight Index(CDFI)

2018-09-20

Route	Size MT	Cargo/Vessel Size	Unit	Rate	Change
Composite Index			Point	937.25	-2.58
Iron ore Freight Index			Point	904.73	-10.68
Soybean Freight Index			Point	1033.09	5.02
Santos(Brazil)—North China	60000/10%	Soybean	\$/ton	35.909	0.182
Tacoma(West America)—North China	60000/10%	Soybean	\$/ton	24.805	0.069
Mississippi(US Gulf)—North China	66000/10%	Soybean	\$/ton	45.231	0.339
Mississippi(US Gulf)—North China	55000/10%	Soybean	\$/ton	45.888	0.031

20 September 2018 U.S. FOB Vessel Export Market Values:

U.S. Yellow Corn (USD/MT) FOB Vessel				
# 2 YC	U.S. Gulf #2 YC		PNW #3 YC	
15.0 % Moisture	Basis	Flat Price	Basis	Flat Price
Oct.	0.42	\$155.31	0.83	\$171.45
Nov.	0.63	\$158.46	0.89	\$173.81
Dec.	0.59	\$162.39	0.95	\$176.17
Jan.	0.56	\$165.64	0.92	\$179.81
Feb.	0.58	\$166.43	0.94	\$180.60
Mar.	0.59	\$166.82	0.97	\$181.78

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	NOLA		TEXAS	
Max. 14.0% moisture	BASIS	FLAT PRICE	BASIS	FLAT PRICE
Oct.	1.05	\$180.11	0.85	\$172.23
Nov.	1.05	\$180.11	0.85	\$172.23
Dec.	1.05	\$180.11	0.90	\$174.20
Jan.	1.00	\$182.96	0.85	\$177.06
Feb.	1.00	\$182.96	0.85	\$177.06

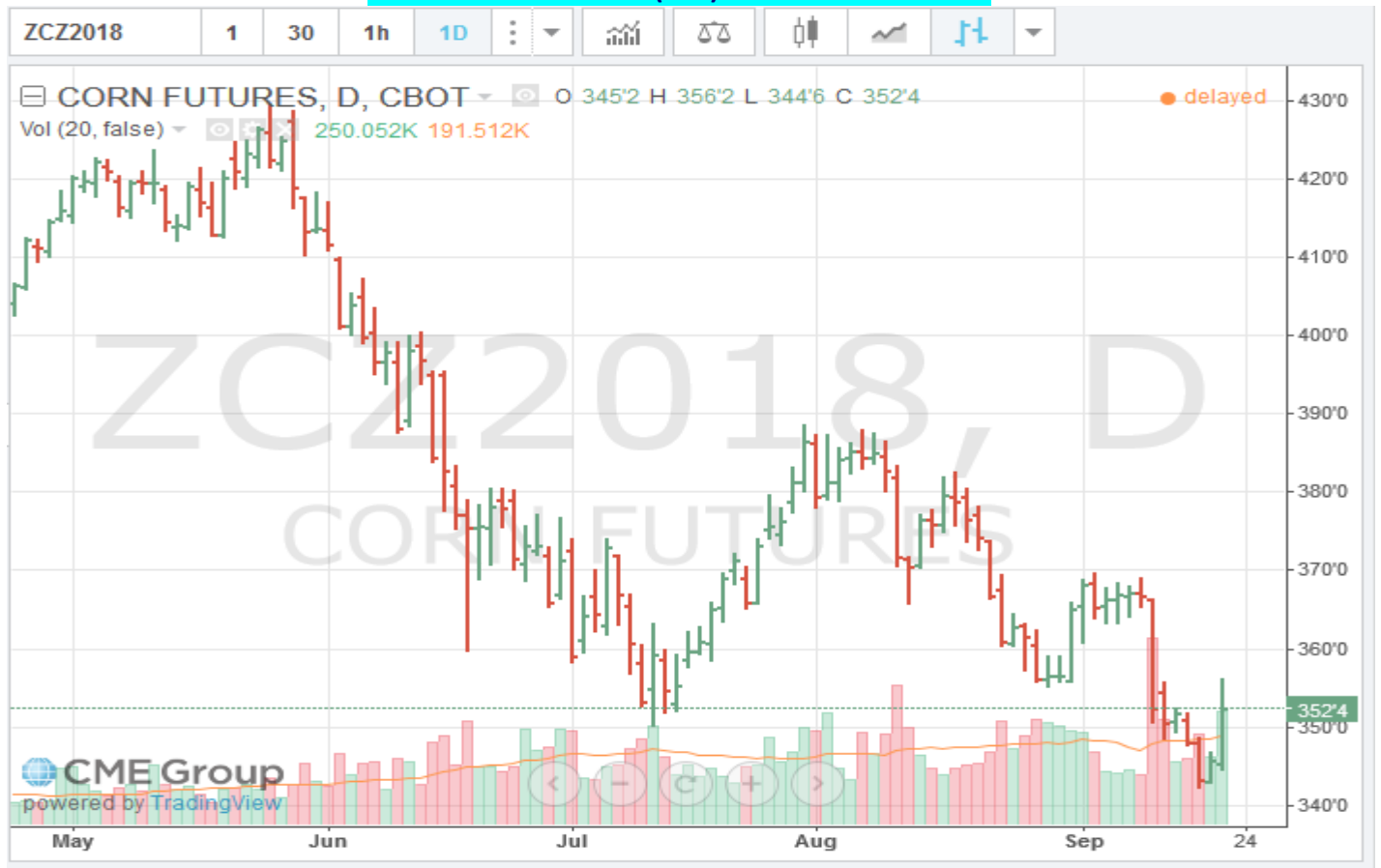
Fob vessel Texas Gulf #2 Sorghum is about 1.11 % the value of #2 Yellow Corn at NOLA.
In S.W. Kansas it is bid at 85 percent the value of corn.

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

SRW Wheat	USD/MT	Fob Vessel	US Gulf	
	Oct.	Nov.	Dec.	Jan.
FOB U.S. GULF	\$218.99	\$221.93	\$225.60	\$230.56
Basis	0.72	0.80	0.90	0.85
WZ	5.2400			
WH	5.4250			
WK	5.5375			

CME Futures Market Close						
CORN	Futures	Thursday	Thursday	Last week	Last Week	Difference
Month	Symbol	Close	Close	Bushel	MT.	Bushel
Dec.	CZ	\$3.5250	\$138.77	\$ 3.5050	\$137.98	\$0.0200
Mar.	CH	\$3.6475	\$143.59	\$ 3.6275	\$142.81	\$0.0200
May.	CK	\$3.7275	\$146.74	\$ 3.7125	\$146.15	\$0.0150
July	CN	\$3.7900	\$149.20	\$ 3.7750	\$148.61	\$0.0150
Sept.	CU	\$3.8400	\$151.17	\$ 3.8250	\$150.58	\$0.0150

CBOT December 2018 (CZ8) Corn Futures Chart –



CME/CBOT December. 2018 (WZ8) SRW Wheat Futures Chart –



U.S. Soybean and SBM Markets Fob Vessel:

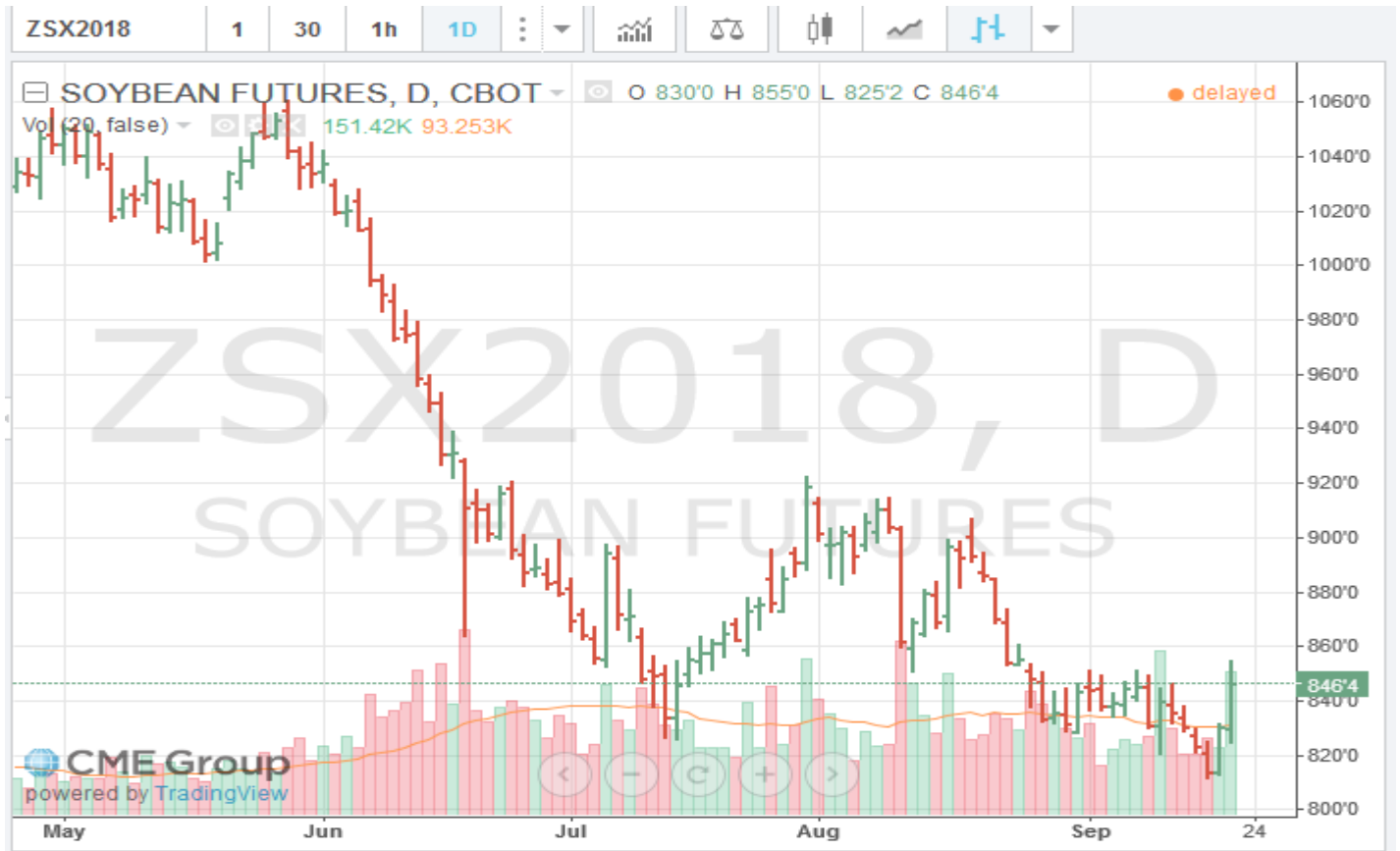
U.S. Yellow Soybeans (USD/MT) FOB Vessel				
# 2 YSB	U.S. Gulf #2 YSB		PNW #2 YSB	
14.0 % Moisture	Basis	Flat Price	Basis	Flat Price
Oct.	0.04	\$318.93	0.29	\$328.12
Nov.	0.09	\$320.77	0.40	\$332.16
Dec.	0.10	\$325.91	0.50	\$335.83
Jan.	0.25	\$331.42	0.60	\$344.29
Feb.	0.30	\$337.95	0.60	\$348.97
Soybean Futures				
Nov.	\$ 8.5025			
Jan.	\$ 8.6400			
Mar.	\$ 8.7700			
May	\$ 8.8975			
July	\$ 8.9975			
Aug.	\$ 9.0375			

U.S. SBM (USD/MT) FOB Vessel		
Fob U.S. Gulf Port max 12.5 % moisture	47.5 Pro. SBM	
	Basis	Flat Price
Oct.	15.00	\$ 363.16
Nov.	15.00	\$ 364.16
Dec.	15.00	\$ 364.16
Jan.	16.00	\$ 365.15
Feb.	17.00	\$ 365.48

SBM Futures

SMV	311.40
SMZ	314.40
SMF	315.30
SMH	315.20
SMK	314.50
SMN	316.50

CME Nov. 2018 Soybean (SX18) Futures Chart:



CME Dec. 2018 Soybean Meal (SMZ8) Futures Chart



U.S. EXPORT STATISTICS: Report Activity as of Week Ending 06 September 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	3757.8	15,171.4	60,960	25%	71.1
Sorghum	5.4	45.5	4,450	1%	0.0
Soybeans	3208.9	17,014.8	56,070	30%	0.0
Wheat	401.0	9,738.8	27,900	35%	0.0
Barley	1.0	53.4	110	49%	0.0

U.S. EXPORT INSPECTIONS:

Monday's report 17 September 2018 for the Export week ending 13 September 2018

	Export Inspections		Current Market Year YTD	Previous Year to Date	2018/19 YTD as Percent of 2017/18 YTD
	This Week	Previous Week			
Corn	1,030,267	783,495	1,708,788	1,365,935	125%
Sorghum	1,326	1,774	2,836	118,907	2%
Soybeans	784,752	926,332	1,618,397	2,039,729	79%
Wheat	406,004	430,715	6,100,416	8,727,609	70%
Barley	0	196	3,204	14,122	23%

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

U.S. EXPORT INSPECTIONS:

Monday's report 17 September 2018 for the Export week ending 13 September 2018

Last Week								
(Metric Tons)	YC	%	WC	%	Sorghum	%	Soybeans	%
Lakes	18,895	2%	0	0%	0	0%	39,755	5%
Atlantic	0	0%	0	0%	0	0%	31,171	4%
Gulf	571,799	58%	20,650	56%	0	0%	568,442	72%
PNW	238,525	24%	0	0%	0	0%	70,200	9%
Interior Export Rail	163,933	17%	16,465	44%	1,326	100%	75,184	10%
Metric Tons	993,152		37,115		1,326		784,752	
Sorghum Shipments:	<u>metric tons</u>				White Corn	<u>metric tons</u>		
	1,326	Mexico			Shipments:	14,150	Colombia	
	1,326	Total				6,500	El Salvador	
						16,465	Mexico	
						37,115	Total	

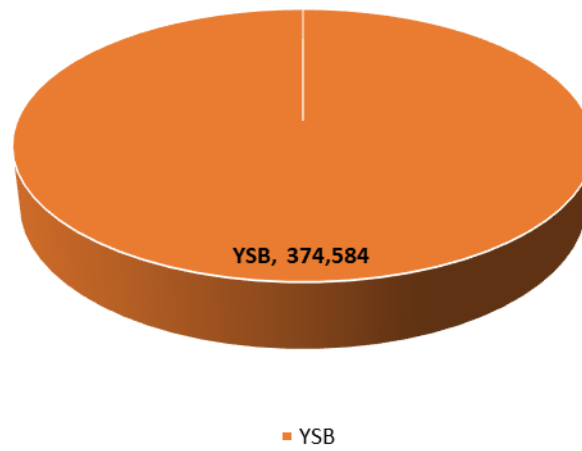
Export Inspection Highlights

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).*

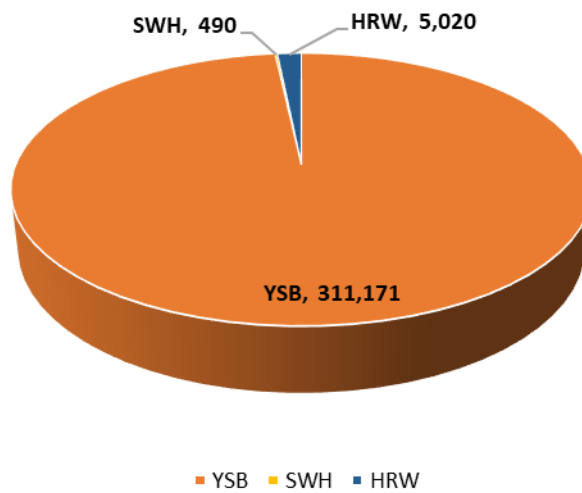
CONTAINER SHIPMENTS of GRAIN									
USDA Grain Inspections Report:		13-Sep-2018							
Last Week	metric tons								MT
	YC	WC	YSB	SRW	NS	SWH	HRW	Sorghum	TOTAL
China Main	1,861								1,861
China T	17,752		5,460						23,212
Hong Kong	611								611
Costa Rica									0
Indonesia			18,216						18,216
India			514						514
Japan			415						415
Korea Republic	612		464	269					1,345
Un Arab Em									0
Malaysia	882		9,526						10,408
Burma									0
Philippines			2,032						2,032
Thailand			11,801						11,801
Guyana									0
Bangladesh			245						245
Vietnam			4,600						4,600
Sub total	21,718	0	53,273	269	0	0	0	0	70,415
USDA Corrections/Additions to previous reports:									
China T									0
China Main									0
Hong Kong									0
Korea Rep.									0
Costa Rica									0
Japan									0
Philippines									0
Indonesia			1,150						1,150
Malaysia									0
Thailand			343						343
Vietnam									0
Canada									0
Burma									0
Sub total	0	0	1,493	0	0	0	0	0	1,493
Mt. Grand Total	21,718	0	54,766	269	0	0	0	0	71,908
Number of containers	944	0	2,381	12	0	0	0	0	

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

2018 YTD Container Shipments to Thailand



2017 Container Shipments to Thailand



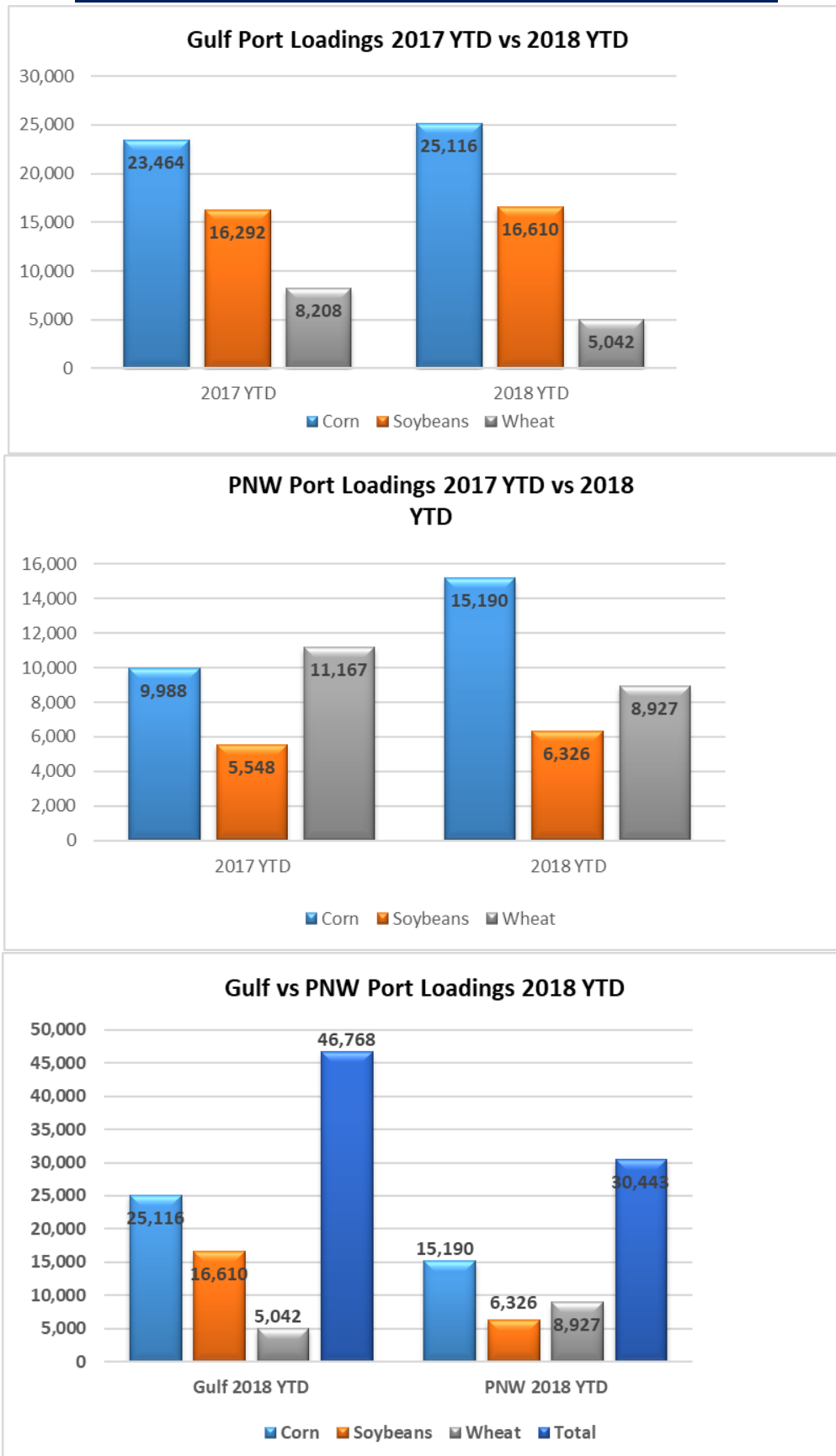
Grain Inspections for Export by U.S. Port Regions:
U.S. Gulf and Pacific Northwest 2017 YTD vs. 2018 YTD

PORT LOADINGS US Gulf				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
GULF				
2017 YTD	23,464	16,292	8,208	47,964
2018 YTD	25,116	16,610	5,042	46,768
2018 as % of 2017	107%	102%	61%	98%

PORT LOADINGS US PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
PNW				
2017 YTD	9,988	5,548	11,167	26,703
2018 YTD	15,190	6,326	8,927	30,443
2018 as % of 2017	152%	114%	80%	114%

PORT LOADINGS GULF vs. PNW				
(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
2018 Gulf YTD	25,116	16,610	5,042	46,768
2018 PNW YTD	15,190	6,326	8,927	30,443
TOTAL	40,306	22,936	13,969	77,211
Gulf Percentage	62%	72%	36%	61%
PNW Percentage	38%	28%	64%	39%

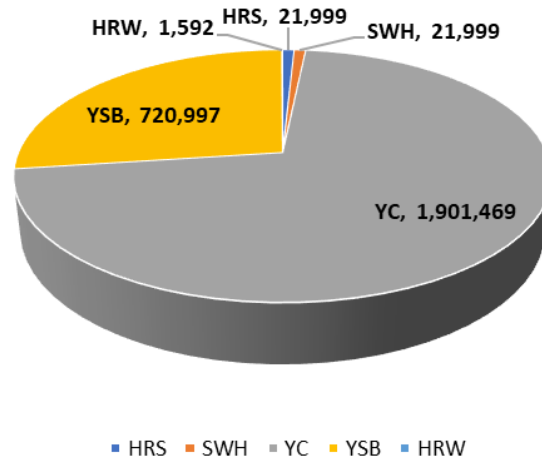
Grain Inspections for Export by U.S. Port Regions (1,000MT):
U.S. Gulf and Pacific Northwest 2017 YTD vs. 2018 YTD



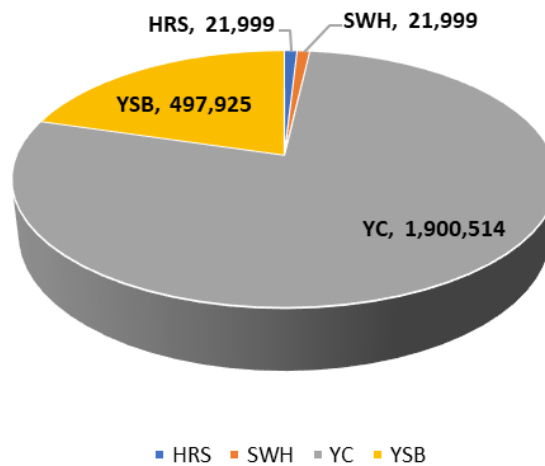
Source: USDA-data

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

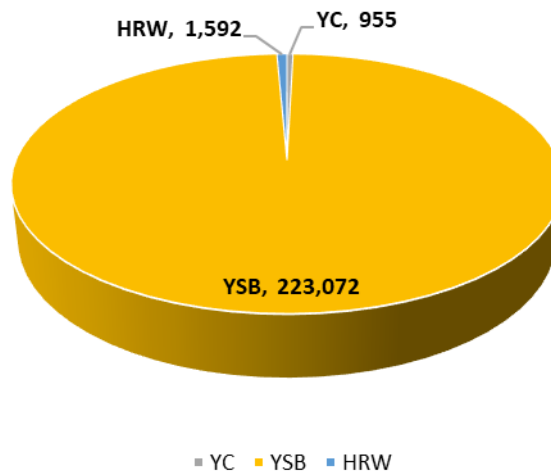
2018 YTD Exports to Vietnam



YTD Exports to Vietnam by Vessel



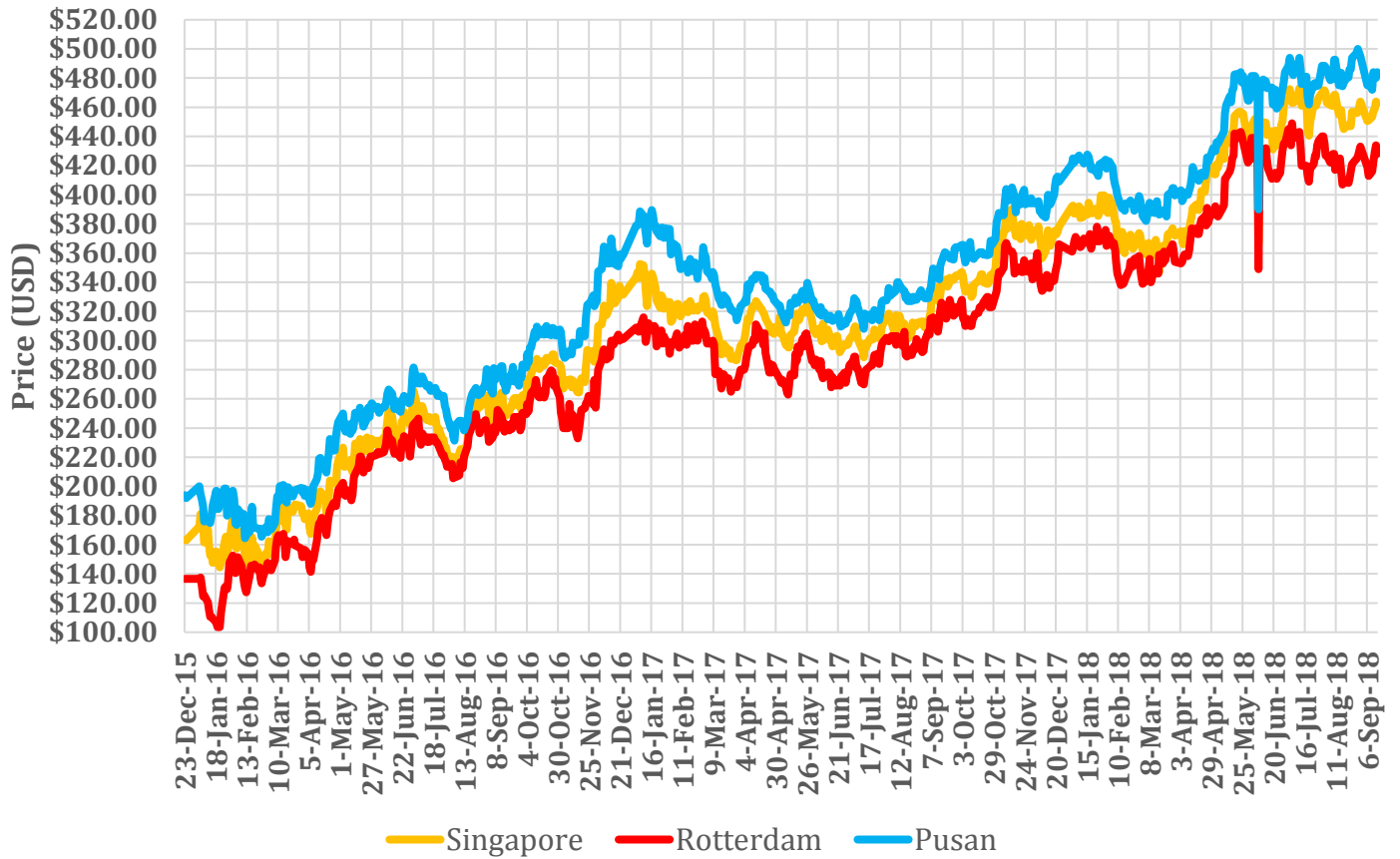
YTD Exports to Vietnam by Container



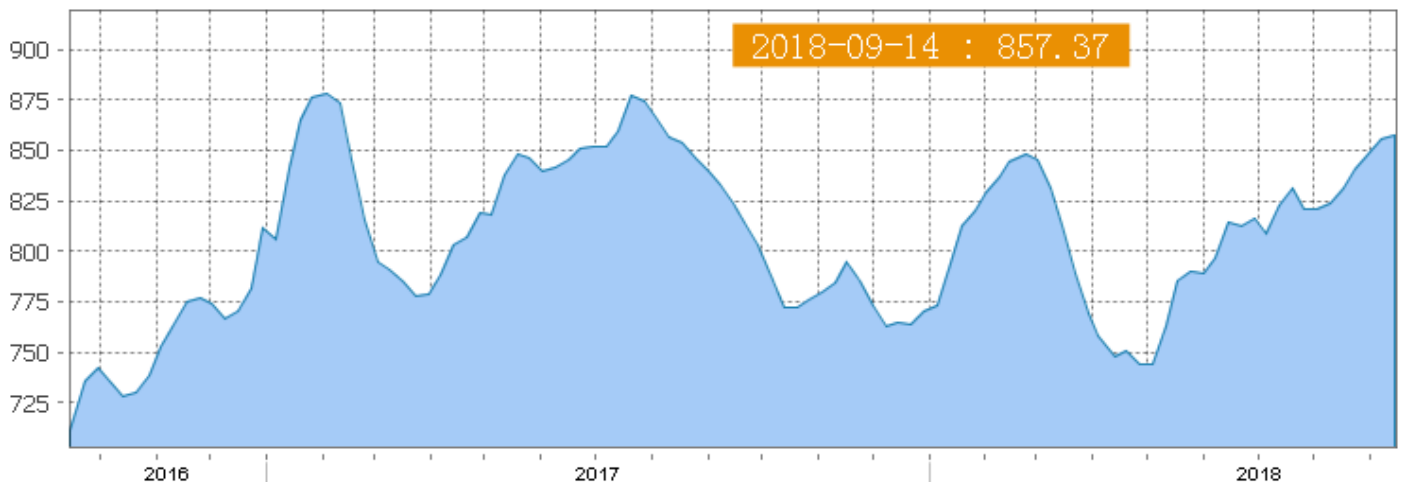
**Please keep in mind that USDA does not report DDGS sales, or they would show as the largest exports by container.

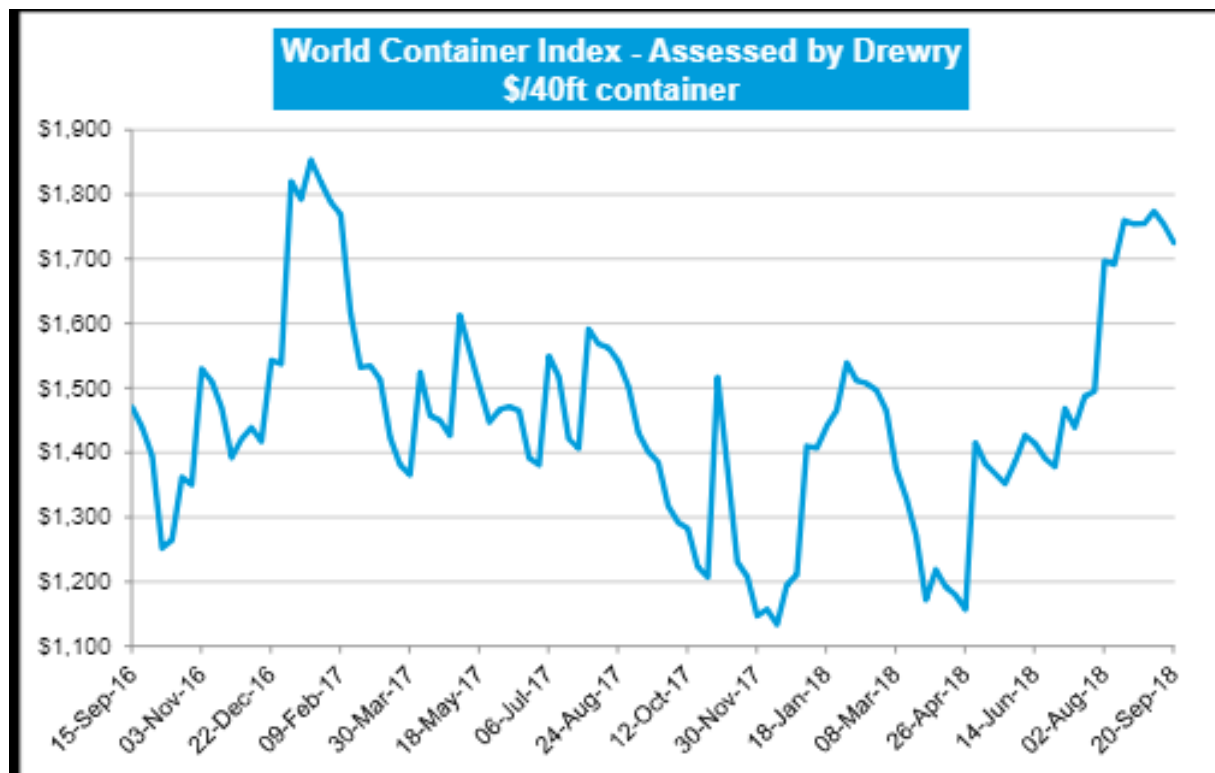
Source: USDA

Bunker Fuel Prices for Singapore vs. Rotterdam vs. Pusan



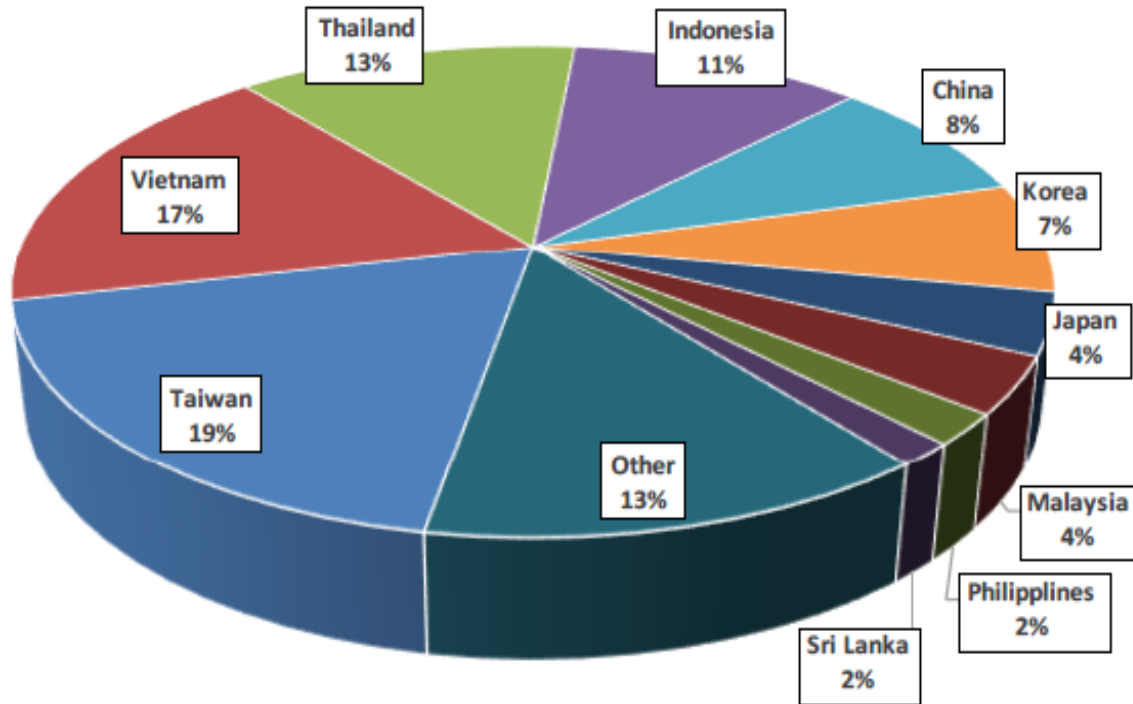
China Containerized Freight Index





Route	30-Aug-18	06-Sep-18	13-Sep-18	Weekly change (%)	Annual change (%)
Composite Index	\$1,754	\$1,773	\$1,753	-1% ▼	25% ▲
Shanghai - Rotterdam	\$1,803	\$1,713	\$1,662	-3% ▼	8% ▲
Rotterdam - Shanghai	\$923	\$910	\$937	3% ▲	-24% ▼
Shanghai - Genoa	\$1,894	\$1,665	\$1,573	-6% ▼	3% ▲
Shanghai - Los Angeles	\$2,116	\$2,362	\$2,362	0%	59% ▲
Los Angeles - Shanghai	\$490	\$494	\$505	2% ▲	5% ▲
Shanghai - New York	\$3,426	\$3,604	\$3,610	0%	66% ▲
New York - Rotterdam	\$584	\$557	\$559	0%	12% ▲
Rotterdam - New York	\$1,950	\$1,955	\$1,955	0%	12% ▲

Top 10 Destination Markets for U.S. Containerized Grain Exports, January-May 2018



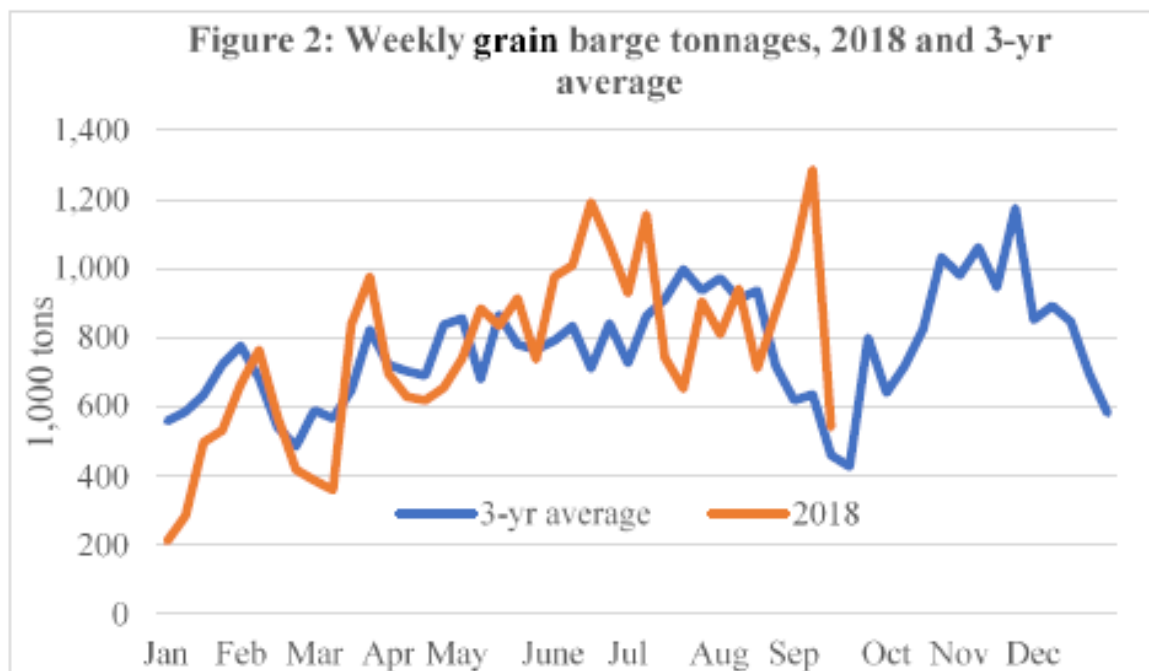
Service (PIERS) data

Note: The following Harmonized Tariff Codes are used to calculate containerized grains movements: 100190, 100200, 100300, 100400, 100590, 100700, 110100, 230310, 110220, 110290, 120100, 230210, 230990, 230330, and 120810.

U.S. RIVER BARGE FREIGHT

Current Barge Freight for Placement First Half October 2018

Placement FH October 2018	% of		Corn	Soybeans-Wheat
	Tariff	MT	BU	BU
Upper Mississippi	565	\$38.55	0.98	1.05
Illinois River (Pekin and South)	565	\$29.96	0.76	0.82
Mid-Mississippi	565	\$33.13	0.84	0.90
Lower Ohio	565	\$27.79	0.71	0.76
St. Louis	465	\$20.45	0.52	0.56

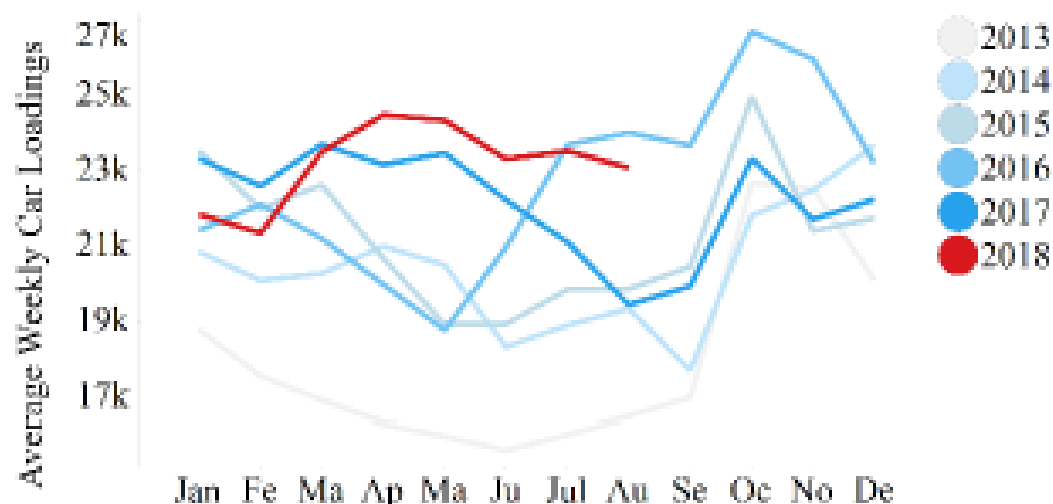


Source: U.S. Army Corps of Engineers

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

Secondary Rail Car Market Placement FH. October 2018	BID USD	ASK USD	BID BU.	ASK BU.	BID MT	ASK MT
BNSF Shuttle Trains	\$ 50.00	\$ 125.00	\$ 0.01	\$ 0.03	\$ 0.49	\$ 1.23
UPRR Shuttle Trains	\$ 50.00	\$ 100.00	\$ 0.01	\$ 0.03	\$ 0.49	\$ 0.98

Figure 1: Average Weekly U.S. Grain Carloadings



Source: Association of American Railroads

www.grains.ksu.edu/igp

Best Regards,

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