

Transportation and Export Report for 17 May 2023

Every week there is hope and small efforts by the FFA paper traders to rally Dry Bulk markets. But, despite vessel owners' best wishes, the early week's support fades and the sellers come out to even up positions before the weekend. Such was the case again this week as markets sold off on Wednesday and rates lost a little ground week over week. We are not seeing, nor expecting, a substantial drop in rates for Q2 or Q3, it is more a case of a soft and rather flat market looking and waiting for something to interesting happen. Panamax FFA spot paper dropped to \$10,900/day and Q3 traded down \$1,900 points to 12,600/day with Q4 trading down to \$12,55000/day. The vessel supply side situation looks bullish to many observers, but the demand side of the equation has not yet come to the table with sufficient growth to support the anticipated market turnaround to the up side. Capesize vessel owners believe rates are currently below their operating costs. But they are still sailing.

The BALTIC DRY-BULK PANAMAX INDEX CHANGES

Panamax Ocean Freight Indices					
18-May-2023		This Week	Last Week	Difference	Percent Change
P2A: Gulf/Atlantic - HK-Korea	Index	20270	22404	-2,134	-9.5%
P3A: PNW/Pacific - RV Korea-Taiwan	Index	9845	11658	-1,813	-15.6%
S1C: US GULF-China-So.Japan	Index	22786	22150	636	2.9%
P7: Trial- Miss. River - Qingdao	per ton	49.40	51.23	-1.83	-3.6%
P8: Trial- Santos - Qingdao	per ton	37.50	39.89	-2.39	-6.0%

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

Four weeks ago:	\$8.10-\$8.40
Three weeks ago:	\$8.10-\$8.40
Two weeks ago:	\$8.70-\$8.80
One week ago:	\$9.10-\$9.30
This week	\$9.10-\$8.70

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

Mississippi River:	(9 elevators)	2-6 days
Mid-Stream loaders:	(6+ Rigs)	0-2 days
Texas Gulf	(5 elevators)	0-7 days (1Facilitie over 3 days, 2 at zero days)
Pacific Northwest:	(9 elevators)	0-8 days (2 facilities at zero days)

Panamax Market Spreads to Asia -China					
18-May-2023	GULF	PNW	Bushel Spread	Tonne Spread	Advantage
CORN	0.75	1.41	0.66	\$25.98	GULF
SOYBEANS	0.90	1.80	0.90	\$33.07	GULF
OCEAN FREIGHT	\$50.00	\$27.75	.57-.61	\$22.25	JUNE

There are a number of corn vessels being loaded out of the PNW to Asia, so railroad freight rebates must be calculated and considered.

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 \$28.00 - \$29.00/mt.

Soybean Brazil to Spain about \$37.50 - \$39.00/mt.

Route and Vessel Size	Current Week USD/MT	Change from previous week	Remarks
55,000 U.S. Gulf-Japan	\$51.00	Down \$0.25	Handymax \$55.00 mt
55,000 U.S. PNW- Japan	\$28.25	Down \$0.25	Handymax at \$29.50 mt
65,000 U.S. Gulf – China	\$50.00	Down \$0.25	North or South China
PNW to China	\$27.75	Down \$0.25	
25,000 U.S. Gulf- Veracruz, México	\$22.25	Unchanged	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$19.00	Unchanged	Deep draft and 6,000 MT per day discharge rate.
30-38,000 U.S. Gulf- Colombia	\$28.50	Down \$0.50	<u>West Coast Colombia at \$32.00</u>
50,000 USG- E/C Colombia	\$26.50		
<u>East Coast Colombia</u> From Argentina	\$38.00		
40-45,000 U.S. Gulf - Guatemala	\$31.50	Down \$0.50	Acajutla/Quetzal - 8,000 out
30,000 US Gulf-Morocco	\$33.00	Unchanged	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt	\$30.00	Up \$0.50	55,000-60,000 mt Egypt Romania - Russia- Ukraine \$17.00 - \$23.00 - \$50.00 - France \$24.00, Bulgaria \$17.00
PNW to Egypt	\$31.00		
58-74,000 U.S. Gulf – Europe – Rotterdam	\$29.00	Down \$0.50	Handymax at +\$2.50 more
Brazil, Santos –China	\$42.00	Down \$1.50	54-59,000 Supramax-Panamax 60-66,000 Post Panamax 55-60,000 mt
Brazil, Santos –China	\$40.00		
Up-River Port North Brazil	\$46.00		
56-60,000 Argentina-China Deep draft	\$45.00	Down \$1.50	Up-River with Top Off Plus \$3.85-\$4.75

Baltic Dry Bulk Freight Index



The Baltic Dry Bulk Freight Index- Cape-Panamax-Supra and Handy

Baltic Average of the Time Charter routes per Segment



YAMAMIZU Index



Zoom **1m** 3m 6m YTD 1y 3y **5y** All

From 2018-05-10 To 2023-05-10



China Import Dry Bulk Freight Index 2023-05-17

Description	Volume	Cargo	Unit	Rate	Change
Composite Index			Point	1037.41	-14.52
Iron ore Freight Index			Point	1021.37	-18.16
Dampier(West Australia)-Qingdao (China)	170000/10%	Iron ore	\$/ton	8.677	-0.093
Soybean Freight Index			Point	1131.55	-18.96
Santos(Brazil)— North China	66000/10%	Soybean	\$/ton	38.39	-0.84
Tacoma(West America)—North China	63000/10%	Soybean	\$/ton	27.77	-0.44
Mississippi(US Gulf)—North China	66000/10%	Soybean	\$/ton	50.28	-0.52

17 May 2023 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		N =	5.6150
Max. 14.5% moisture	BASIS	FLAT PRICE	BASIS	FLAT PRICE	U =	4.9700
June	0.75	\$250.58	1.41	\$276.56	Z =	4.9900
July	0.68	\$247.82	1.34	\$273.80	H =	5.0950
Aug.	1.05	\$236.99	1.72	\$263.37	K =	5.1575
Sept.	0.90	\$231.09	1.61	\$259.04	N =	5.1900
Oct.	0.93	\$233.06	1.58	\$258.65		
Nov.	0.95	\$233.85	1.60	\$259.43		

PNW rail markets for June-July are extremely thin, and rail road incentives to Exporters to promote movement west are making values difficult to pin point. PNW Fob vessel values are therefore a bit of a guessing game.

The Gulf spread between #2 YC & #3 YC is currently about .03 cents per bushel (1.10/mt) at USG but is out to .04/bushel in the PNW.

SORGHUM (USD/MT) FOB VESSEL		
#2 YGS Fob Vessel	TEXAS Gulf	
Max. 14.0% moisture	BASIS	FLAT PRICE
June	1.60	\$284.04
July	1.55	\$282.07
Aug. (Z)	1.90	\$271.24
Oct. (Z)	1.75	\$265.34
Nov.	1.75	\$265.34

Fob vessel Texas Gulf #2 Sorghum is about 117 % the value of #2 Yellow Corn at NOLA.

SRW Wheat is now at 95% the value of Corn Fob the USG for May-June-July

U.S. SRW Wheat Fob Vessel at the Center U.S. Gulf				
SRW Wheat	USD/MT	Fob Vessel	US Gulf	
	June	July	Aug.	Sept.
FOB U.S. GULF	\$251.88	\$246.36	\$253.44	\$259.32
Basis	0.60	0.45	0.52	0.68
WN	6.2550			
WU	6.3775			
WZ	6.5575			

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
June	0.90	\$524.33	1.80	\$557.40
July	0.83	\$521.76	1.73	\$554.82
Aug. (X)	1.70	\$498.79	2.55	\$530.02
Oct.	1.03	\$474.17	1.86	\$504.67
Nov.	0.98	\$472.34	1.80	\$502.47
Soybean Futures				
July	\$ 13.3700			
Aug.	\$ 12.7475			
Sept.	\$ 12.0600			
Nov.	\$ 11.8750			
Jan.	\$ 11.9800			
Mar.	\$ 12.0175			

Soybean cargo demand at PNW ports is thin and rail delivery markets there are very difficult to accurately pinpoint. The above Fob vessel values in the PNW are therefore based on best guesses off interior values.

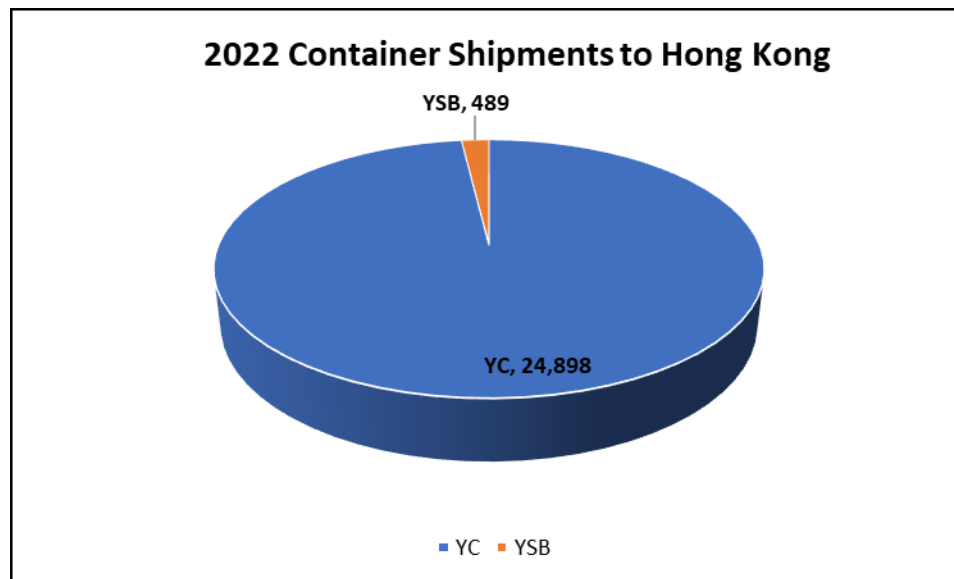
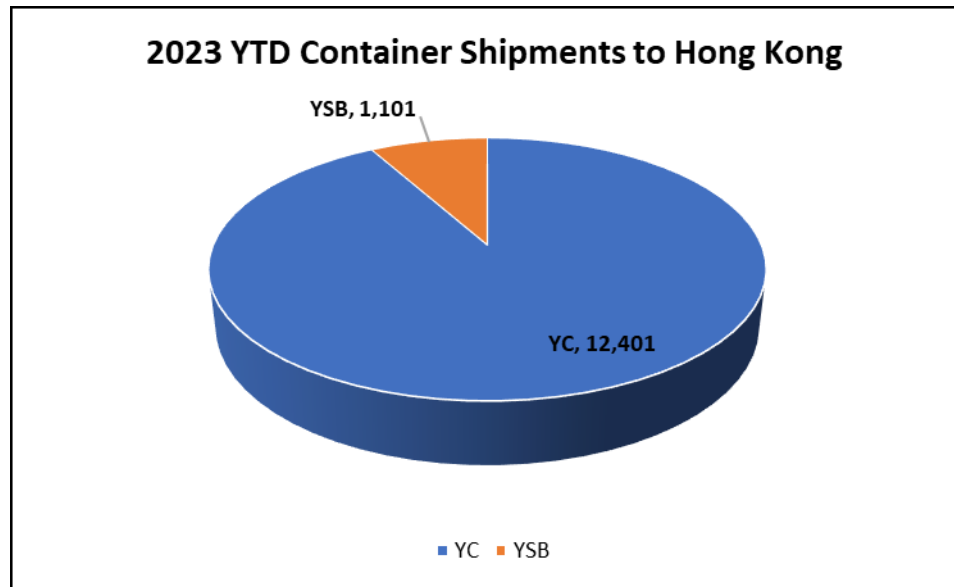
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U.S. SBM (USD/MT) FOB Vessel		
Fob U.S. Gulf Port	47.5 Pro. SBM	
max 12.5 % moisture	Basis	Flat Price
June	22.00	\$ 493.15
July	26.00	\$ 497.56
Aug.	35.00	\$ 498.11
Sept.	39.00	\$ 487.97
Oct.	45.00	\$ 479.81
SBM Futures		
SMN	\$ 425.30	
SMQ	\$ 416.80	
SMU	\$ 403.60	
SMV	\$ 390.20	
SMZ	\$ 386.80	
SMF	\$ 384.40	

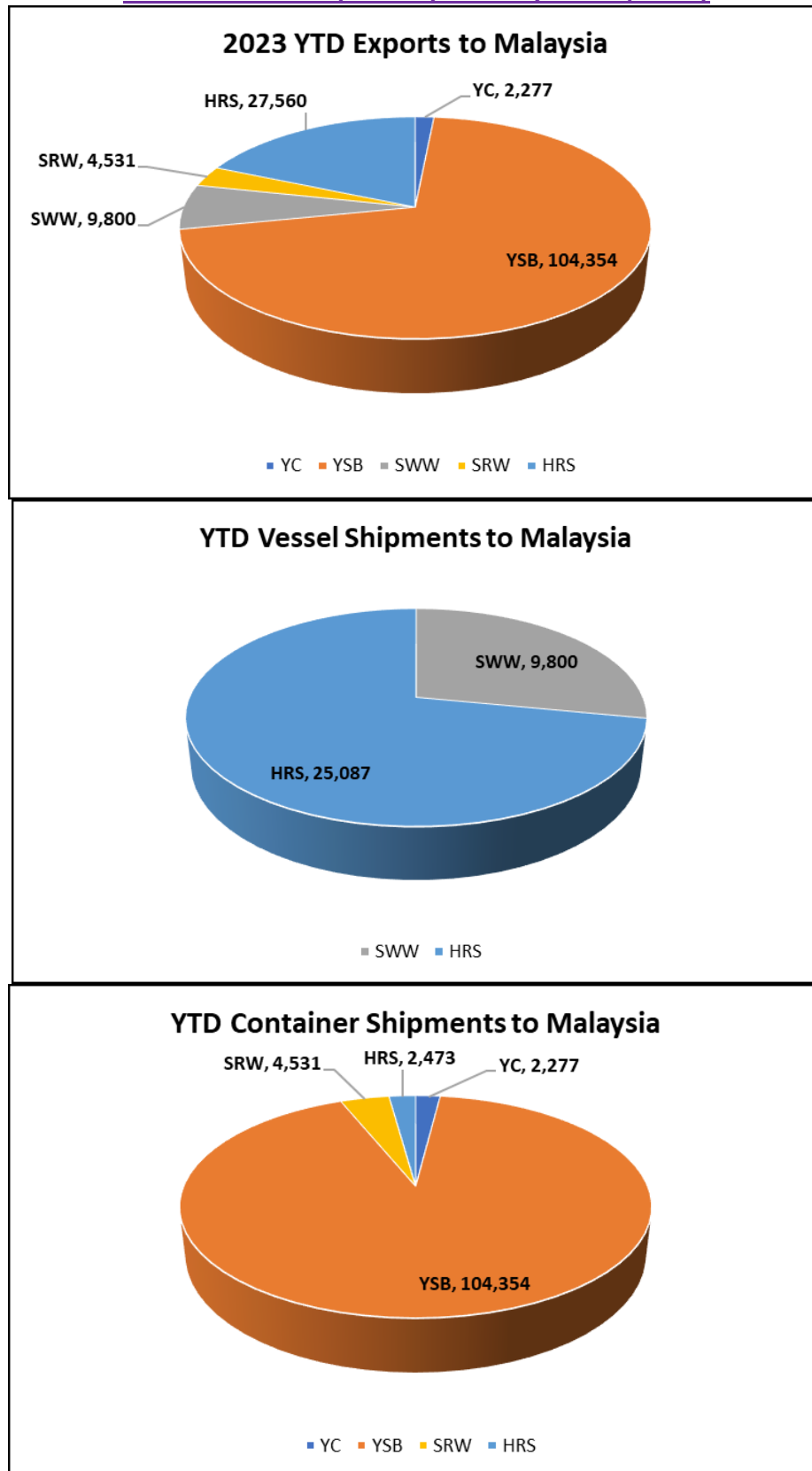
Data sheet below: *USDA weekly export inspections report with corrections to the last three weeks' grain export inspections reports. (This usually covers a 2-5-week prior time frame).*

CONTAINER SHIPMENTS of GRAIN									
USDA Grain Inspections Report:		11-May-2023							
Last Week	metric tons								MT
	YC	WC	YSB	SRW	NS	HRW	SWH	Sorghum	TOTAL
China			6,316					3,082	9,398
Taiwan	3,061		2,057	343					5,461
Hong Kong	294								294
Costa Rica									0
Indonesia			21,771						21,771
French Poly	49								49
Japan			2,151						2,151
Korea Rep.	73		1,591						1,664
Dominicn Rep									0
Malaysia	318		490		294				1,102
Netherlands									0
Philippines			97						97
Thailand			514				538		1,052
Nepal									0
Burma									0
Ireland		72							72
Cambodia									0
Vietnam			1,763		465				2,228
Sub Total:	3,795	72	36,750	343	759	0	538	3,082	45,339
USDA Corrections/Additions to previous reports:									
Taiwan									0
China									0
Hong Kong									0
Korea Rep.			980						980
Un Kingdom									0
Japan			392						392
Philippines									0
Indonesia			759						759
Malaysia			24						24
Thailand			49						49
Vietnam									0
Burma									0
Cambodia									0
Sub Total:	0	0	2,204	0	0	0	0	0	2,204
Mt. Grand Total	3,795	72	38,954	343	759	0	538	3,082	47,543
Number of Containers	165	3	1,694	15	33	0	23	134	

2023 YTD Totals versus 2022 Annual Totals Container Shipments (in MT)



2023 YTD Grain Exports reported by USDA (in MT)



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

Source: USDA-data

Shipping News

U.S. Container Freight Markets

Tom Craig @LTDMManagement · 10m

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MSC becomes first carrier to have a 5mil TEU fleet. Are they betting on the future of globalization and strong [#trade](#) lanes? How do they hedge risks then in a capital intensive business? [#logistics](#) [#supplychain](#)



splash247.com

MSC becomes first carrier to have a 5m slot fleet - Splash247

Mediterranean Shipping Co (MSC) is ready to surpass another milestone in its rapid growth spurt that has seen it top the liner ...

Tom Craig @LTDDManagement · 2h

...

Container rate war 'plain as daylight'. Is it a race to the bottom by idiot executives who will not refuse unprofitable cargo? And [#forwarders](#) and [#BCOs](#) who only care about cheap rates. IMHO. [#supplychain](#) [#logistics](#) [#maritime](#)



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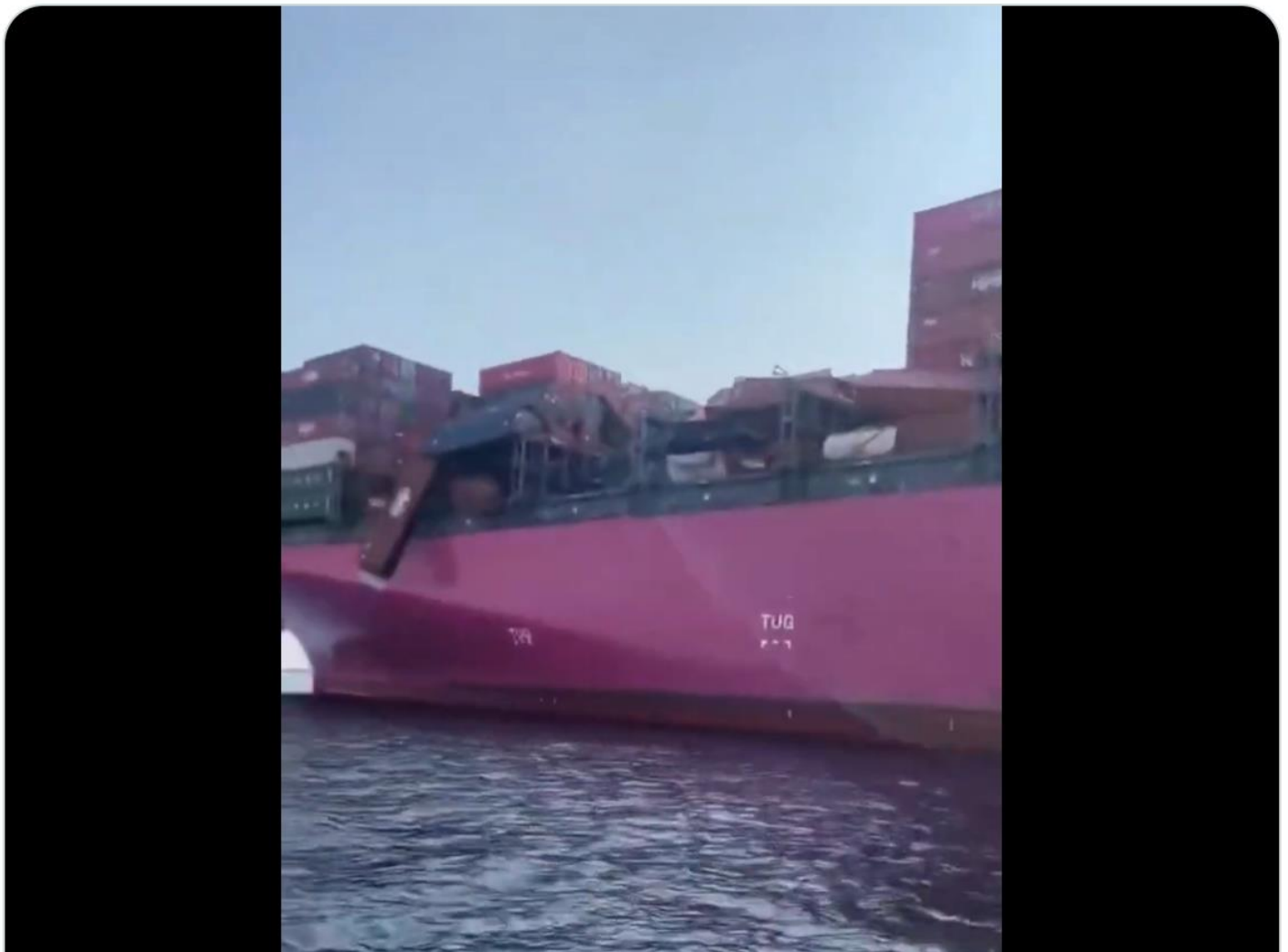
Container rate war 'plain as daylight' - Splash247

Container carriers are embarking on a rates war, according to one leading analyst, while other experts contacted by Splash remain ...

Maritime world @iyeaddkhalil112 · 7h

...

The 14,000 TEU capacity ONE Apus operated by Ocean Network Express was en-route to Long Beach California, from China when it lost an estimated 1,816 containers overboard in heavy weather approximately 1,600 nautical miles northwest of Hawaii Hundreds more were collapsed on deck.



US Rail News:

When someone at the UP asked, what do we do about this poor servicesituation, someone answered, let's raise rates. Maybe that will reduce demand and thereby improve service ?

UPRR Fall Rate Increases Announced:

- Effective September 1, 2023 Union Pacific will implement selective rate adjustments on Export Soybeans in UP 4051 to the following markets:
 - Soybeans will increase by \$175 to all destinations
- Effective October 1, 2023 Union Pacific will implement selective rate adjustments on Corn, Barley, and Milo in UP 4051 to the following markets:
 - Domestic Corn and Feed Barley will increase by \$175 to all destinations
 - Export Corn rates will increase by \$175 to all destinations
 - Milo rates will increase by \$175 to all destinations
 - Mileage scale increase of 5%

The new rate changes will be applied for Heavy covered hoppers (capacity greater than or equal to 5,001 cubic feet OR total allowable gross weight on rail exceeds 286,000 pounds). Light covered hoppers (capacity less than or equal to 5,000 cubic feet OR total allowable gross weight on rail is less than or equal to 285,999 pounds) will be 10.6% less than the Heavy covered hopper rates.

U.S. River Markets

US Lawmakers Propose Labeling Corn Ethanol an 'Advanced Biofuel'

- Bill brings together lawmakers from corn and oil states
- Growth of EVs is threatening demand for liquid fuels

US representatives from Iowa, Illinois, Texas and Oklahoma are introducing a bill that would allow corn-based ethanol to qualify as an “advanced biofuel” — a bid to boost the gasoline additive’s green credentials.

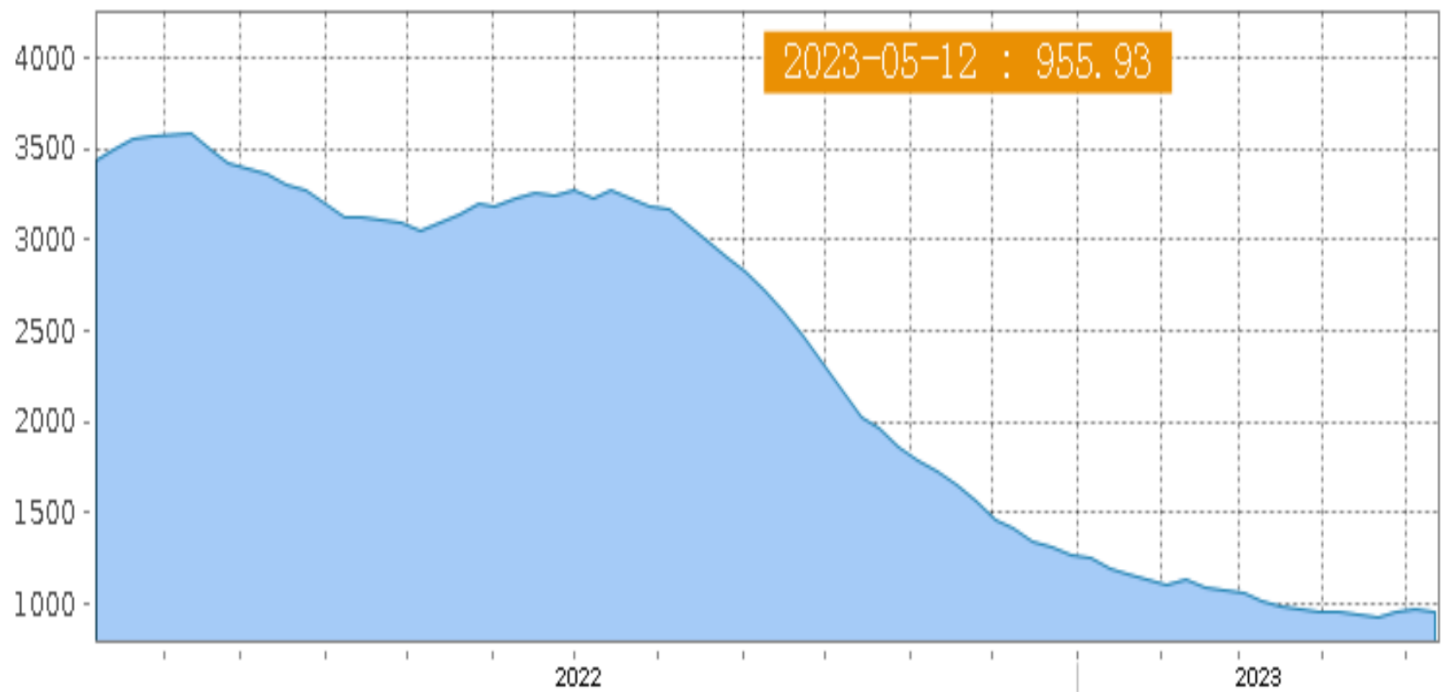
The bipartisan legislation is bringing together lawmakers from Midwestern states that grow corn along with regions tied to oil production. It’s a rare move that shows how factions that were once at odds are now working together as the proliferation of electric vehicles is threatening demand for both biofuels and traditional gasoline.

“Liquid fuels are the backbone of our society, which is why I’m ecstatic to support this legislation,” Representative Wesley Hunt, a Republican from Texas who is among those introducing the bill, said in a statement. “Congress must promote programs that encourage the internal combustion engine, which will remain commonplace in our society for generations to come.”

In years past, lawmakers from oil-producing states and those from the Corn Belt have clashed over how much ethanol should be blended into gasoline. But as consumers turn to EVs to reduce their carbon footprint, crop growers and fossil-fuel producers are looking to the biofuel as a way to boost the appeal of gasoline-powered cars.

Biofuel use in the US is governed by a policy known as the Renewable Fuel Standard, or RFS. Corn-based ethanol is currently prohibited from qualifying as an advanced biofuel, even if it can meet the required scientific thresholds, under that regulation.

China Containerized Freight Index



China Import Dry Bulk Freight Index



Secondary Rail Car Market for Car placement period: First Half June 2023

Secondary Rail Car Market Placement FH June 2023	BID USD	ASK USD	BID BU.	ASK BU.	BID MT	ASK MT
BNSF Shuttle Trains	\$ (300)	\$ (225)	\$ (0.08)	\$ (0.06)	\$ (2.95)	\$ (2.21)
UPRR Shuttle Trains	\$ (400)	\$ (300)	\$ (0.10)	\$ (0.08)	\$ (3.94)	\$ (2.95)

Barge Placement First Half June 2023

Placement FH June 2023	% of Tariff	MT	Corn BU	Soybeans-Wheat BU
Upper Mississippi	410	\$ 27.98	0.71	0.76
Illinois River (Pekin and South)	280	\$ 19.11	0.49	0.52
Mid-Mississippi	325	\$ 15.98	0.41	0.43
Lower Ohio	265	\$ 13.03	0.33	0.35
St. Louis	240	\$ 10.56	0.27	0.29

Best Regards,

Jay

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*** The information in this market report is derived from sources believed to be reliable and accurate but cannot be guaranteed. Forward looking projections are never completely accurate, and these markets move quickly.
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