

Transportation and Export Report for 3 August 2023

Dry Bulk Ocean freight markets were mixed this week with the Capesize and Panamax sectors getting a bump up and the Supramax-Handymax sectors still looking sluggish.

Markets were supported by news of a typhoon heading towards China ports and increases in the cost of Chinese domestic steel, and China port Iron Ore stocks dropping to back to 2020 levels. This provided FFA paper traders with hope that Chinese import demand for raw materials may increase, and with it freight demand.

Q3 FFA Panamax markets moved up 2,900 points to \$11,500/day. Q4 is trading flat at \$11,525/day, and Cal.2024 at \$10,850/day. Panama Canal drafts remain restricted due to drought conditions, and the Canadian Port strike remains an open issue. The Ukraine Black Sea Grain Corridor remains largely closed by Russia and Ukraine grain export volumes are very questionable.

The BALTIC DRY-BULK PANAMAX INDEX CHANGES

Panamax Ocean Freight Indices					
3-Aug-2023		This Week	Last Week	Difference	Percent Change
P2A: Gulf/Atlantic - HK-Korea	Index	19518	16705	2,813	16.8%
P3A: PNW/Pacific - RV Korea-Taiwan	Index	7251	6804	447	6.6%
S1C: US GULF-China-So.Japan	Index	12014	14993	-2,979	-19.9%
P7: Trial- Miss. River - Qingdao	per ton	47.11	45.38	1.73	3.8%
P8: Trial- Santos - Qingdao	per ton	36.17	33.51	2.66	7.9%

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

Four weeks ago:	\$7.85-\$7.95
Three weeks ago:	\$7.90-\$8.05
Two weeks ago:	\$7.45-\$7.65
One week ago:	\$7.55-\$7.65
This week	\$7.65-\$8.10

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

Mississippi River:	(9 elevators)	2-3 days
Mid-Stream loaders:	(6+ Rigs)	0-1 days
Texas Gulf	(5 elevators)	0-4 days (2 facilities at zero days)
Pacific Northwest:	(9 elevators)	0-2 days (6 facilities at zero days)

Panamax Market Spreads to Asia -China					
3-Aug-2023	GULF	PNW	Bushel Spread	Tonne Spread	Advantage
CORN	0.60	1.48	0.88	\$34.64	GULF
SOYBEANS	1.30	2.15	0.85	\$31.23	GULF
OCEAN FREIGHT	\$46.00	\$25.50	.52-.56	\$20.50	September

Currently there are no Corn or Soybean vessels in the PNW loading queue. It's all wheat and SBM.

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 \$24.50 - \$25.50/mt.

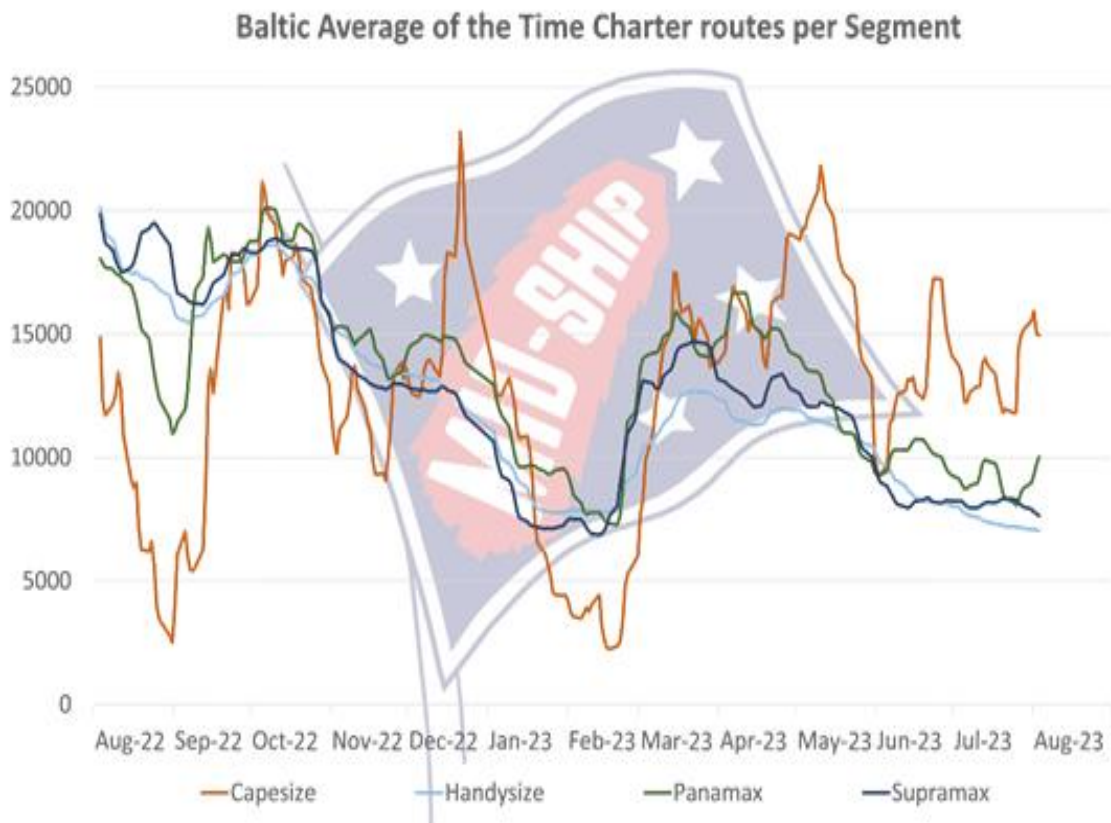
Soybean Brazil to Spain about \$34.00 - \$35.50/mt.

Route and Vessel Size	Current Week USD/MT	Change from previous week	Remarks
55,000 U.S. Gulf-Japan	\$46.50	Up \$1.50	Handymax \$46.00 mt
55,000 U.S. PNW- Japan	\$26.00	Up \$0.50	Handymax at \$25.50 mt
65,000 U.S. Gulf – China	\$46.00	Up \$1.50	North or South China
PNW to China	\$25.50	Up \$0.50	
25,000 U.S. Gulf- Veracruz, México	\$20.50	Up \$0.500	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$18.00	Up \$0.50	Deep draft and 6,000 MT per day discharge rate.
30-38,000 U.S. Gulf- Colombia	\$27.50	Up \$1.00	<u>West Coast Colombia at \$29.50</u>
50,000 USG- E/C Colombia	\$24.25		
<u>East Coast Colombia</u> From Argentina	\$34.00		
40-45,000 U.S. Gulf - Guatemala	\$27.75	Up \$0.75	Acajutla/Quetzal - 8,000 out
30,000 US Gulf-Morocco	\$30.50	Up \$1.00	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt	\$28.50	Up \$1.50	55,000-60,000 mt Egypt
PNW to Egypt	\$29.00		Romania - Russia- Ukraine \$16.50 -\$17.50 - \$45.00?? France \$24.00, Bulgaria \$16.50
58-74,000 U.S. Gulf – Europe – Rotterdam	\$23.50	Up \$0.50	Handymax at +\$2.50 more
Brazil, Santos –China	\$37.00	Up \$2.00	54-59,000 Supramax-Panamax
Brazil, Santos –China	\$35.00		60-66,000 Post Panamax
Up-River Port North Brazil	\$40.75		55-60,000 mt
56-60,000 Argentina-China	\$42.75	Up \$2.00	Up-River with Top Off Plus \$3.85-\$4.75
Deep draft			

Baltic Dry Bulk Freight Index



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

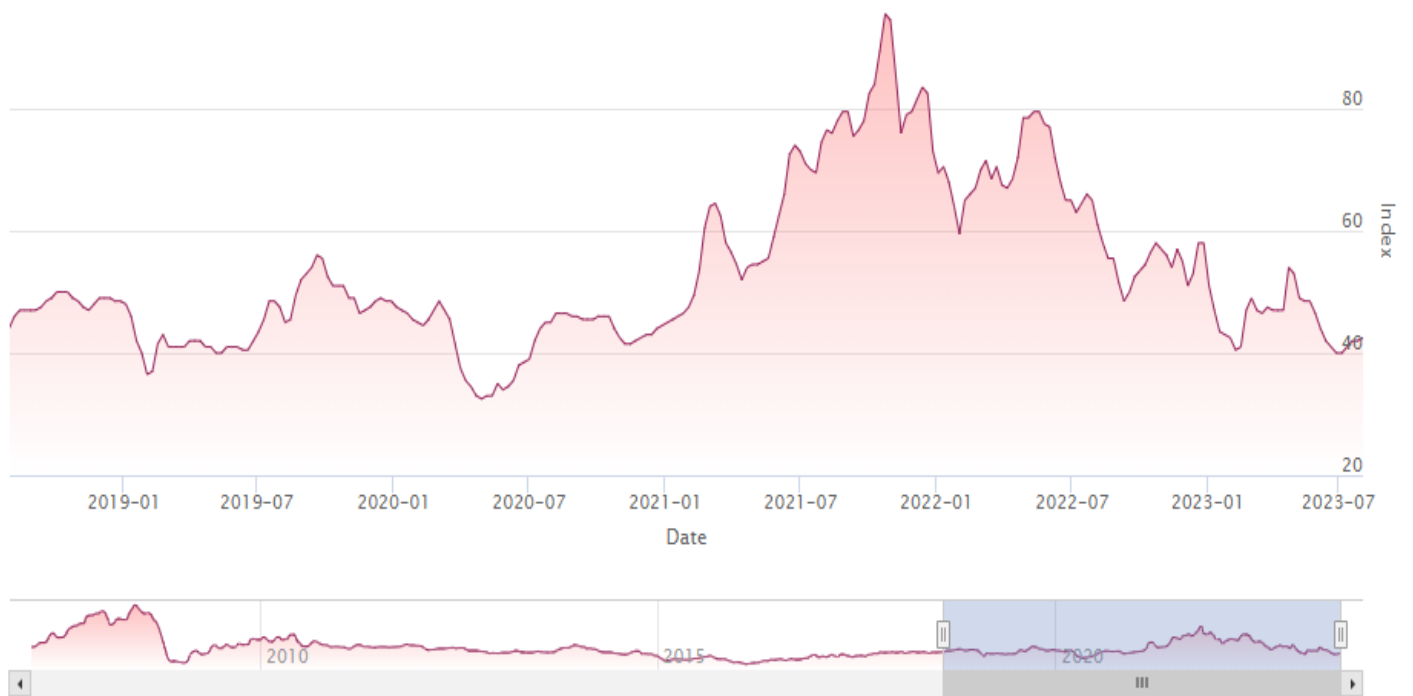


YAMAMIZU Index



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

From 2018-08-02 To 2023-08-02



China Import Dry Bulk Freight Index 2023-08-03

Description	Volume	Cargo	Unit	Rate	Change
Composite Index			Point	946.51	-2.68
Iron ore Freight Index			Point	953.08	-7.72
Dampier(West Australia)-Qingdao (China)	170000/10%	Iron ore	\$/ton	8.05	-0.103
Soybean Freight Index			Point	1032.45	7.42
Santos(Brazil)— North China	66000/10%	Soybean	\$/ton	34.93	0.24
Tacoma(West America)—North China	63000/10%	Soybean	\$/ton	25.02	0.08
Mississippi(US Gulf)—North China	66000/10%	Soybean	\$/ton	46.23	0.41

3 August 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		U =	4.8075
Max. 14.5% moisture	BASIS	FLAT PRICE	BASIS	FLAT PRICE	Z =	4.9350
Sept.	0.60	\$212.88	1.48	\$247.53	h =	5.0725
Oct.	0.61	\$218.29	1.45	\$251.36	K =	5.1550
Nov.	0.75	\$223.81	1.60	\$257.27	N =	5.2025
Dec.	0.78	\$224.99	1.61	\$257.66	U =	5.1125
Jan.	0.70	\$227.25	1.53	\$259.93		
Feb.	0.75	\$229.22	1.58	\$261.89		

There are currently no corn vessels the PNW export facility lineups. PNW rail corn markets for August-Sept. are extremely thin. Without export business, not even big rail road incentives to Exporters to promote movement west & negative rail car values, can encourage business. PNW Fob vessel values are therefore a pure 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
Sept. (Z)	1.40	\$249.40
Oct.	1.50	\$253.33
Nov.	1.50	\$253.33
Dec.	1.50	\$253.33
Jan.	1.50	\$258.75

Fob vessel Texas Gulf #2 Sorghum is about 117 % 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	
	Sept.	Oct.	Nov.	Dec.
FOB U.S. GULF	\$243.24	\$245.81	\$263.45	\$268.23
Basis	0.35	0.42	0.62	0.75
WU	6.2700			
WZ	6.5500			
WH	6.8175			

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
Sept. (X)	1.30	\$534.71	2.15	\$565.94
Oct.	1.15	\$529.20	1.95	\$558.59
Nov.	1.10	\$527.36	1.90	\$556.75
Dec.	1.00	\$526.99	1.80	\$556.39
Jan.	1.02	\$527.73	1.82	\$557.12
Soybean Futures				
Aug.	\$ 14.2875			
Sept.	\$ 13.8200			
Nov.	\$ 13.2525			
Jan.	\$ 13.3425			
Mar.	\$ 13.3300			
May	\$ 13.3400			

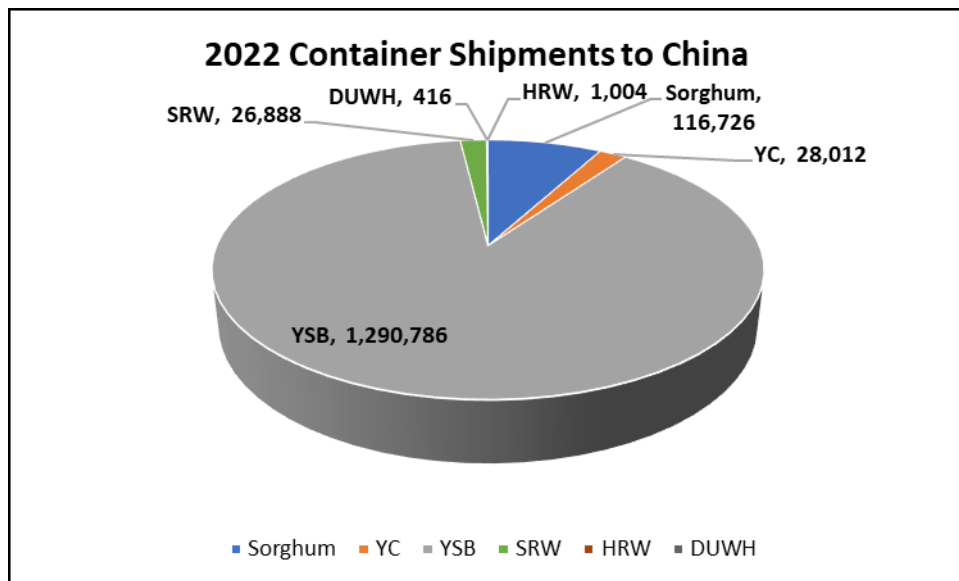
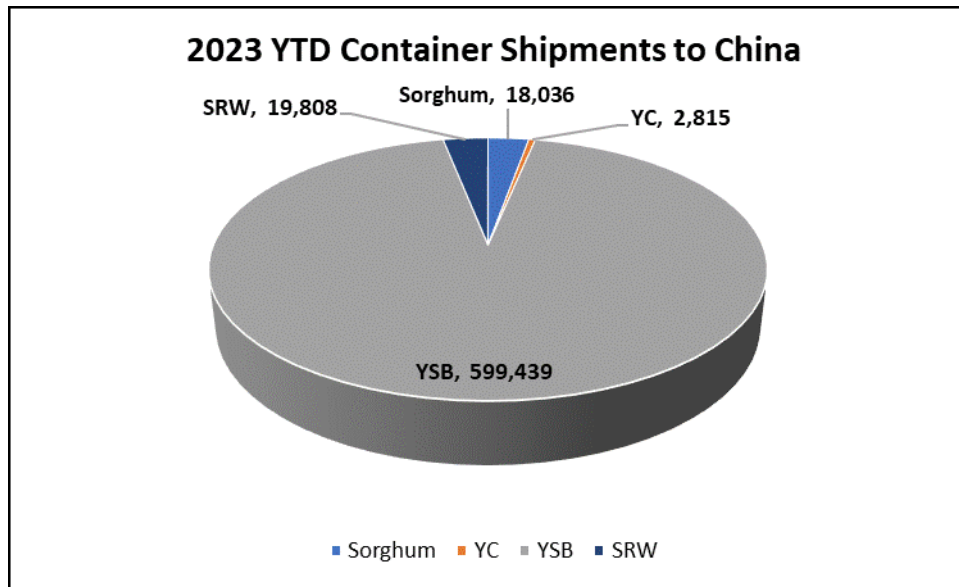
Currently, there are no soybean vessels in the PNW vessel lineup. Soybean cargo demand at PNW ports is therefore very thin and rail delivery markets there are difficult to accurately determine. Above Fob vessel values in the PNW are based on best guesses off interior values and spreads.

U.S. SBM (USD/MT) FOB Vessel		
Fob U.S. Gulf Port	47.5 Pro. SBM	
max 12.5 % moisture	Basis	Flat Price
Aug.	28.00	\$ 542.98
Sept.	40.00	\$ 532.51
Oct.	42.00	\$ 510.35
Nov.	39.00	\$ 501.20
Dec.	39.00	\$ 501.20
SBM Futures		
SMQ	\$ 464.50	
SMU	\$ 443.00	
SMV	\$ 420.90	
SMZ	\$ 415.60	
SMF	\$ 410.50	
SMF	\$ 401.30	

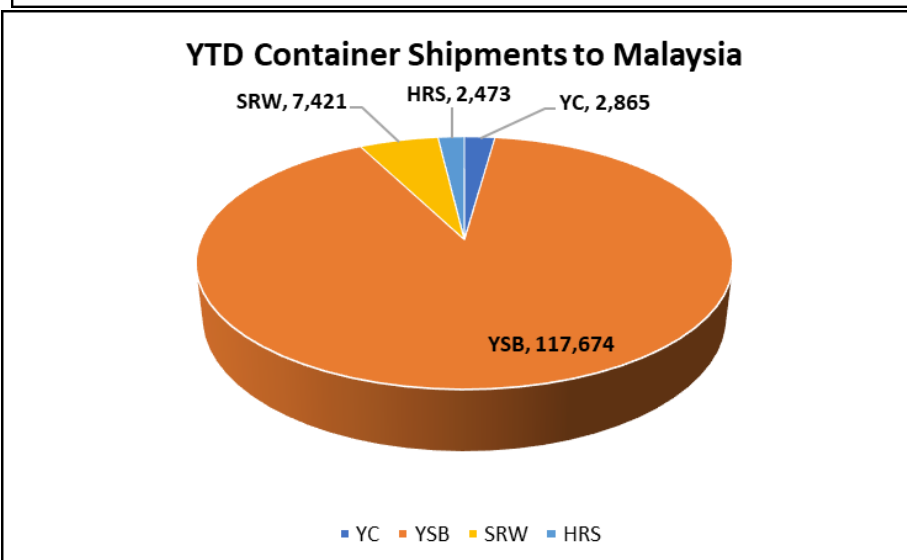
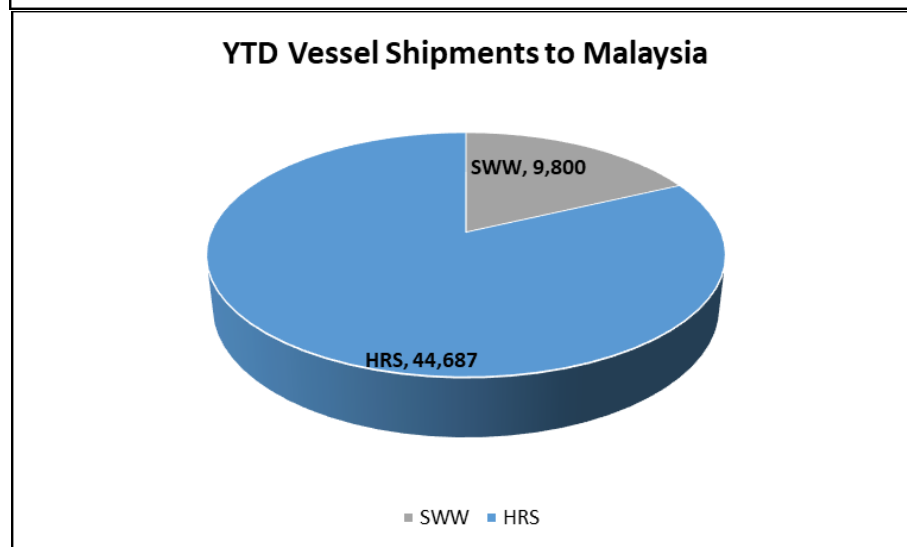
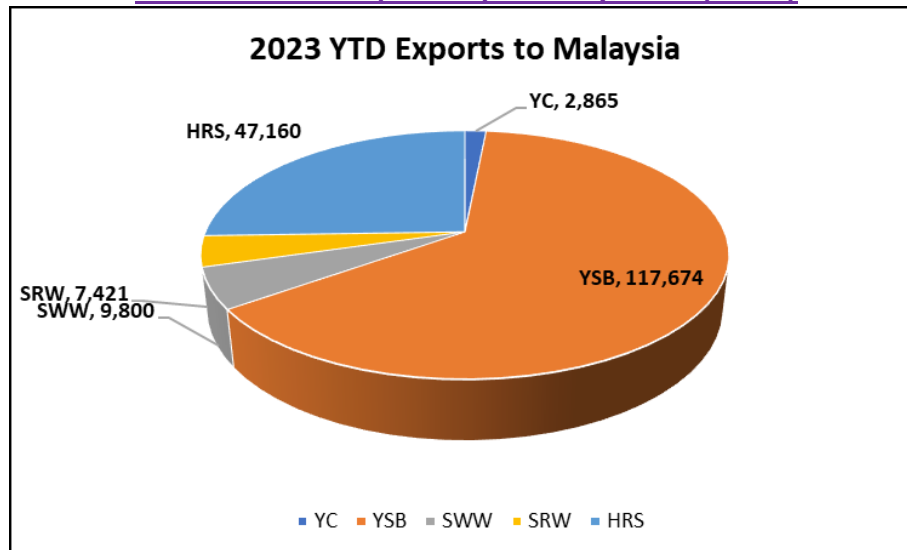
Data sheet below: *USDA weekly export inspections report with corrections to the last three weeks' grain export inspections reports. (This usually covers a 2-5-week prior time frame).*

CONTAINER SHIPMENTS of GRAIN									
USDA Grain Inspections Report:		27-Jul-2023							
Last Week	metric tons								MT
	YC	WC	YSB	SRW	NS	HRW	SWH	Sorghum	TOTAL
China			4,702						4,702
Taiwan	5,531		3,527	2,988					12,046
Hong Kong	122								122
Costa Rica									0
Indonesia			13,858	930					14,788
French Poly									0
Japan			3,180						3,180
Korea Rep.	245								245
Bangladesh			343						343
Malaysia			856						856
Netherlands									0
Philippines			441						441
Thailand			245						245
Morocco									0
Burma									0
Spain									0
Cambodia									0
Vietnam			4,333						4,333
Sub Total:	5,898	0	31,485	3,918	0	0	0	0	41,301
USDA Corrections/Additions to previous reports:									
Taiwan	392								392
China									0
Hong Kong									0
Korea Rep.									0
Un Kingdom									0
Japan			1,492						1,492
Philippines									0
Indonesia			759						759
Malaysia									0
Thailand			637						637
Vietnam			637						637
Burma									0
Cambodia									0
Sub Total:	392	0	3,525	0	0	0	0	0	3,917
Mt. Grand Total	6,290	0	35,010	3,918	0	0	0	0	45,218
Number of Containers	273	0	1,522	170	0	0	0	0	

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

BreakWave  @DryBulkETF · 4h ...

It remains to be seen whether the latest policy measures announced by the Chinese government, aimed at boosting domestic demand and supporting private investment, will have a significant impact on demand for [#steel](#) and [#ironore](#) in the coming quarters.



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Signal Dry Bulk Weekly Report — Breakwave Advisors

Snapshot of Spot Freight Rates, Supply-Demand Trends, Port Congestions

Splash @Splash_247 · Aug 1

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Why investing in dry bulk companies is a bad idea dlvr.it/St4jG2



Ed Finley-Richardson @ed_fin · Aug 2

...

Dry bulk value destruction porn: "The value today of \$10,000 invested at the time of the IPO." 😂 via @Splash_247 [\\$DSX](#) [\\$EGLE](#) [\\$GNK](#) [\\$SBLK](#)

Diana Shipping	-52.36%
Dryships	-90.87%
Eagle Bulk Shipping	-97.45%
Genco Shipping	-91.60%
Golden Ocean	-57.00%
Navios Maritime	-87.00%
Paragon Shipping	-99.60%
Safe Bulkers	-24.00%
Scorpio Bulkers	-97.97%
Star Bulk Carriers	-2.00%

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Panama Canal to reduce daily vessel transits due to drought



The Panama Canal Authority (ACP) has announced it will reduce daily vessel transits due to an ongoing drought and help conserve water.

Michele Labrut | Jul 27, 2023

Starting from 30 July 2023, the daily transit capacity of the Panama Canal will be adjusted to an average of 32 ocean-going vessels per day, with 10 vessels in the neo-panamax locks and 22 vessels in the Panamax locks.

The maximum sustainable capacity of the Panama Canal, including both the Panamax and expanded neo-panamax locks, is approximately 38-40 vessels per day, but generally around 34-38 vessels transit each day. However, the two most recent months, May and June, saw an average of only 32.58 and 32.13 transits per day, respectively.

Related: [Panama Canal postpones draught restrictions as rains arrive](#)

Canal capacity may be further adjusted based on factors such as Gatun Lake level, weather forecasts, and vessel mix.

Lori Ann LaRocco @loriannlarocco · Jul 29

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NEW INFORMATION- TIMELINE OF **CANADA** INDUSTRIAL RELATIONS BOARD DECISION ON ILWU **CANADA** VOTING THE TENTATIVE AGREEMENT DOWN- Dock workers at key Canadian **ports** reject labor deal, creating further trade uncertainty [cnb.cx/3ObHToR](https://www.cnbc.com/3ObHToR) **#CANADA** **#ILWUCANADA** **#VANCOUVER**



cnbc.com

Dock workers at key Canadian ports reject labor deal, creating further...
A 14-day strike hit hard U.S. trade that is imported through the ports of Vancouver and Prince Rupert.

US Rail News:

FreightWaves Article-

Growth or OR?

What observers see as being the heart of the matter is whether Vena will focus on improving operations and creating efficiencies or on attracting more business to the railroad and pursuing growth opportunities — even if it means potentially higher costs in the short term via ensuring UP ([NYSE: UNP](#)) has sufficient employee head count to ensure smooth operations.



Union Pacific incoming CEO Jim Vena. (Photo: Union Pacific)

Vena is a 40-plus-year industry veteran who was instrumental in implementing [precision scheduled railroading](#) (PSR), a tool used to streamline operations and cut costs, at UP. He also worked at CN under Hunter Harrison, who is regarded as introducing the PSR model to the Class I railroads. Harrison had been CEO of Illinois Central, CN, Canadian Pacific and CSX. He died while serving as CSX's CEO in December 2017.

While Vena's appointment is "undeniably good, it does buck the recent trend of younger, growth-oriented (often former [chief marketing officers]) CEOs" who have been appointed at Norfolk Southern, BNSF, CNI and CSX — "the New Leaders of what I have been calling The Great Experiment," said independent Wall Street analyst Tony Hatch in a recent note on the appointment. "Which brings us back to the great philosophical question of who should run a railroad — COO or CMO (simplistically)?"

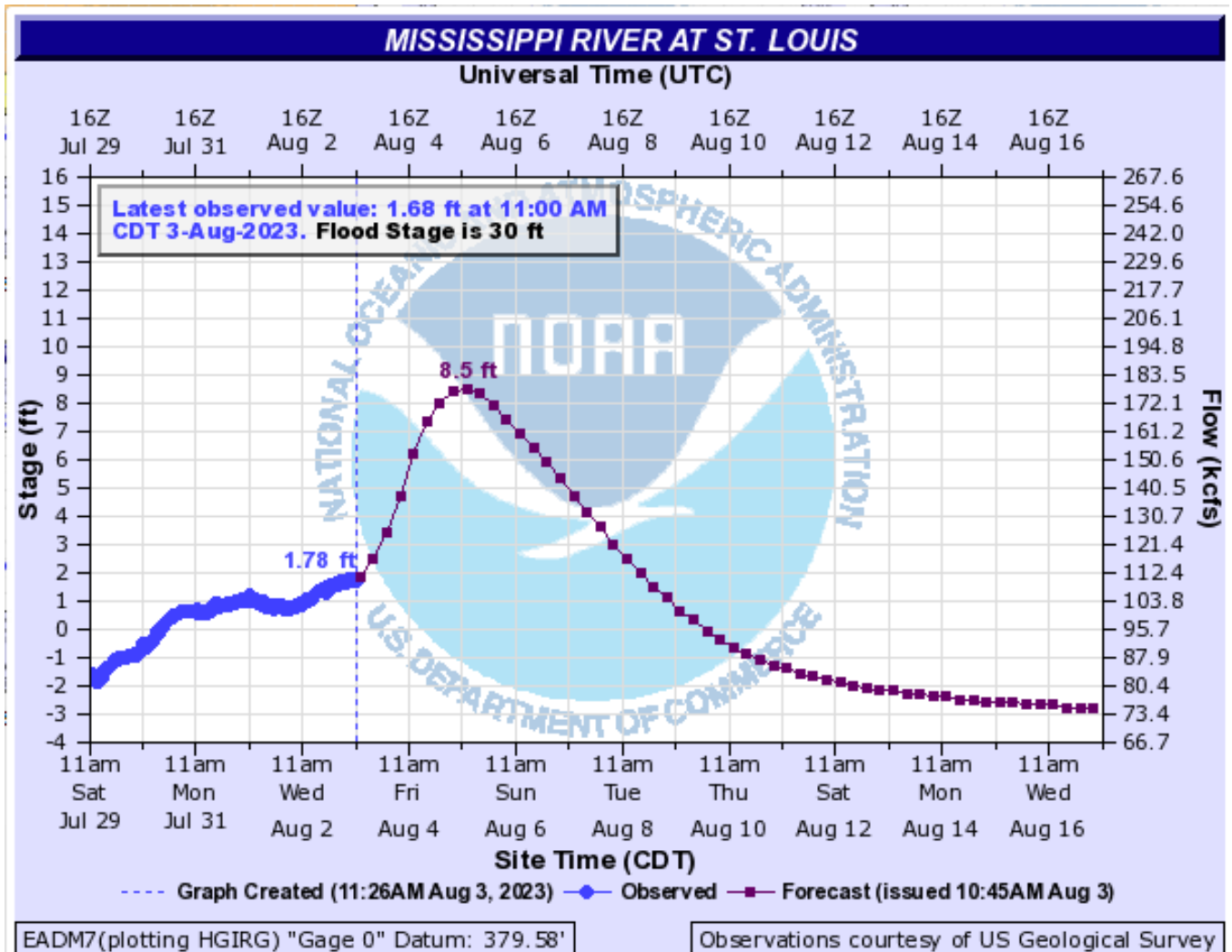
And although Keith Creel, president and CEO of Canadian Pacific Kansas City, previously served as Canadian Pacific's COO and also worked under Harrison, Creel has proven that he can be pro-growth, Hatch said. Meanwhile, others, particularly Harrison, have been known best — "and appreciated by investors" — as margin enhancers who focus on reducing a company's operating ratio.

Hedge fund Soroban Capital Partners [pushed](#) for Vena's appointment at UP earlier this year, and hedge fund TCI tried [to install Vena as CEO at CN](#) to replace former CN CEO Jean-Jacques Ruest. Still, Vena's appointment at UP points to "existential questions for the future of the railway(s)," Hatch said.

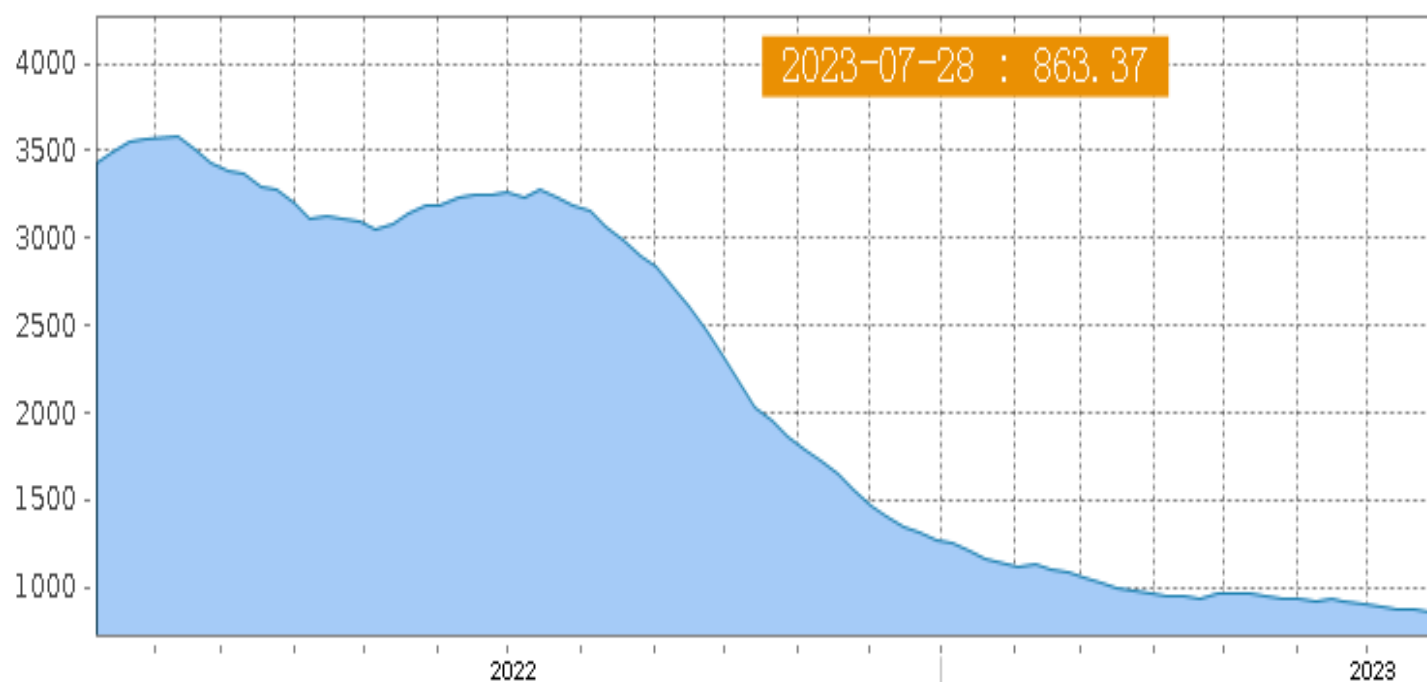
In a statement to FreightWaves in response to the July 26 SMART-TD letter, the railroad said: "Class 1 railroads are in a different era with new stakeholder expectations. Transportation and markets demand new approaches and strategies to meet customer requirements. Union Pacific is proud of the sick leave agreements that we reached with 12 of 13 unions and remains committed to continuing work to address quality-of-life issues.

"Incoming Union Pacific Chief Executive Officer Jim Vena, who started his railroading career as a brakeman, understands firsthand the challenges of our craft professionals and will be meeting with Union Pacific employees and other key stakeholders soon after assuming his new position Aug. 14."

U.S. River Markets



China Containerized Freight Index



China Import Dry Bulk Freight Index



Secondary Rail Car Market for Car placement period: Last Half August 2023

Secondary Rail Car Market Placement LH August 2023	BID USD	ASK USD	BID BU.	ASK BU.	BID MT	ASK MT
BNSF Shuttle Trains	\$ (200)	\$ (150)	\$ (0.05)	\$ (0.04)	\$ (1.97)	\$ (1.48)
UPRR Shuttle Trains	\$ (400)	\$ (300)	\$ (0.10)	\$ (0.08)	\$ (3.94)	\$ (2.95)

Barge Placement Last Half August 2023

Placement LH August 2023	% of		Corn	Soybeans-Wheat
	Tariff	MT	BU	BU
Upper Mississippi	475	\$ 32.41	0.82	0.88
Illinois River (Pekin and South)	475	\$ 32.41	0.82	0.88
Mid-Mississippi	450	\$ 22.12	0.56	0.60
Lower Ohio	525	\$ 25.81	0.66	0.70
St. Louis	450	\$ 19.79	0.50	0.54

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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