

Transportation and Export Report for 31 August 2023

Dry Bulk markets continue to be up slightly one week and back down the next. Rates have somewhat recovered from the lows of June-July and have clawed their way back to the levels traded back in March and April. Maybe that is progress? It is interesting that the recent market support has been led by the Panamax sector and not the Capesize markets as is most common. Dry Bulk vessel profits, and stock prices, are suffering due to low-rate levels.

Container shipping markets are trying to answer the difficult question of, how do we survive? Post pandemic rates have dropped below operating cost and rate hikes are necessary, but too many new ships keep being delivered. We will likely see higher rates through the high holiday season, but it will be difficult, if not impossible, to maintain those rates into the new year.

September FFA Panamax markets traded at \$12,600/day. Q4 is trading at \$12,500/day, and Cal.2024 at \$11,100/day. The Panama Canal still has a low water problem and container vessels must load lighter to meet the restricted draft requirements. Grain vessel wait times are running 10-12 days through the old locks.

The BALTIC DRY-BULK PANAMAX INDEX CHANGES

Panamax Ocean Freight Indices					
31-Aug-2023		This Week	Last Week	Difference	Percent Change
P2A: Gulf/Atlantic - HK-Korea	Index	22918	23309	-391	-1.7%
P3A: PNW/Pacific - RV Korea-Taiwan	Index	10842	9747	1,095	11.2%
S1C: US GULF-China-So.Japan	Index	18750	16471	2,279	13.8%
P7: Trial- Miss. River - Qingdao	per ton	53.62	53.60	0.02	0.0%
P8: Trial- Santos - Qingdao	per ton	41.36	39.90	1.46	3.7%

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

Four weeks ago: \$7.55-\$7.65
 Three weeks ago: \$8.00-\$8.35
 Two weeks ago: \$7.95-\$8.05
 One week ago: \$7.55-\$7.75
 This week: \$7.45-\$7.60

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 (3 facilities at zero days)
 Pacific Northwest: (9 elevators) 0-3 days (7 facilities at zero days)

Panamax Market Spreads to Asia -China					
31-Aug-2023	GULF	PNW	Bushel Spread	Tonne Spread	Advantage
CORN	1.00	1.76	0.76	\$29.92	GULF
SOYBEANS	1.25	2.01	0.76	\$27.92	GULF
OCEAN FREIGHT	\$53.00	\$28.00	.64-.68	\$25.00	October

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

Grain Vessel Market Indications:

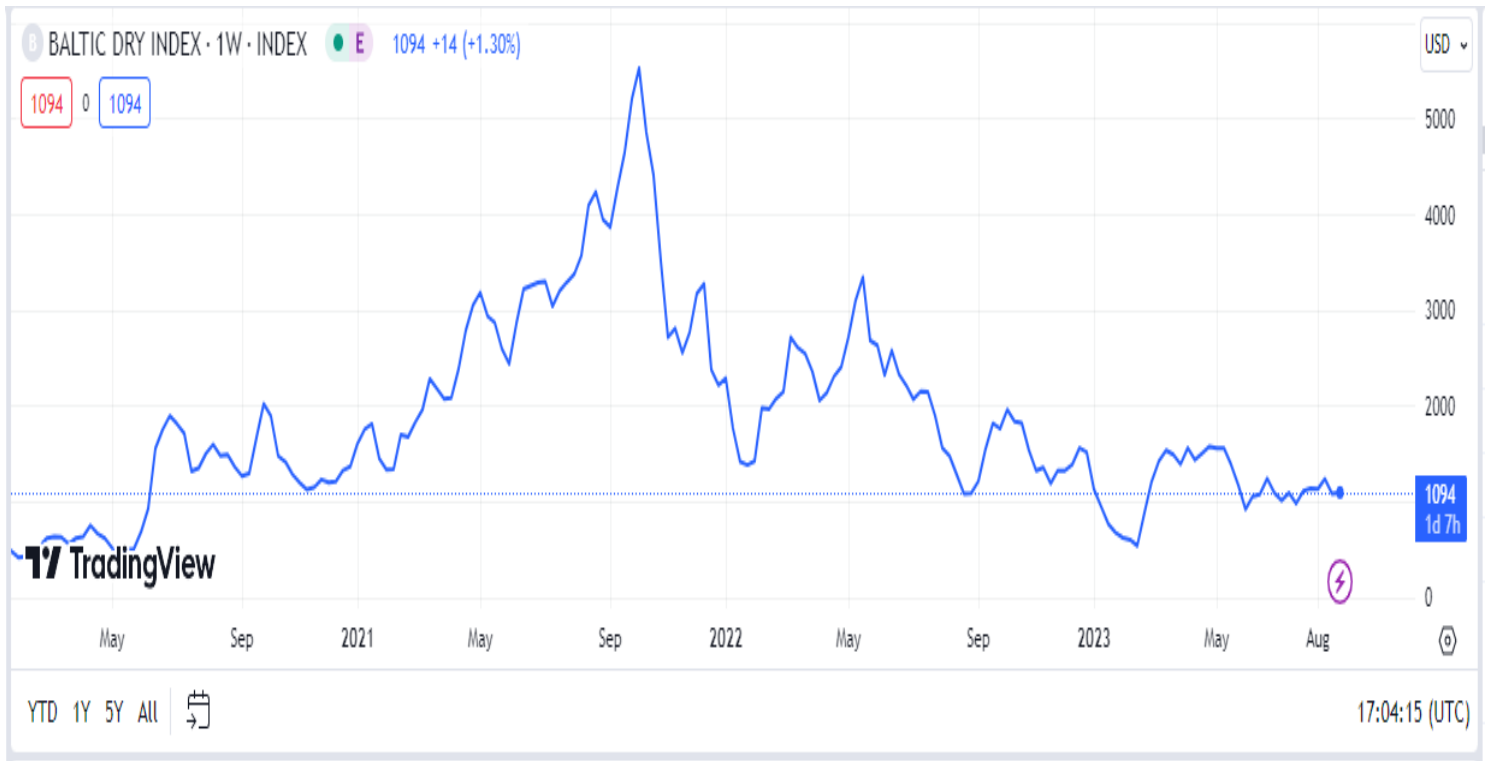
**** Rates are estimates for the nearly 30-day period. 60-90 days forward physical rates will usually be higher.**

Soybean Panamax USG to Spain is running \$26.75 - \$28.75/mt.

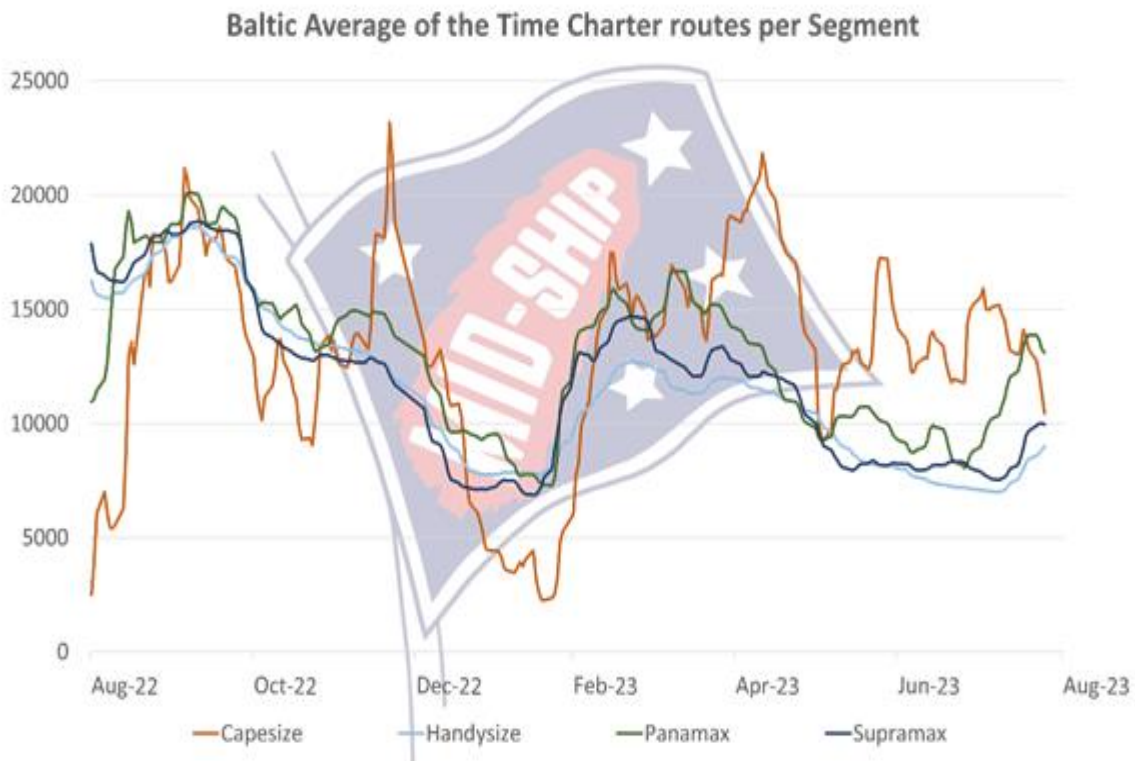
Soybean Brazil to Spain about \$37.50 - \$39.00/mt.

Route and Vessel Size	Current Week USD/MT	Change	Remarks
55,000 U.S. Gulf-Japan	\$53.50	Up \$0.75	Handymax \$53.50 mt
55,000 U.S. PNW- Japan	\$28.50	Up \$1.00	Handymax at \$28.50 mt
65,000 U.S. Gulf – China PNW to China	\$53.00 \$28.00	Up \$1.00 Up \$1.00	North or South China
25,000 U.S. Gulf- Veracruz, México	\$21.25	Unchanged	3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$18.75	Unchanged	Deep draft and 6,000 MT per day discharge rate.
30-38,000 U.S. Gulf- Colombia 50,000 USG- E/C Colombia <u>East Coast Colombia</u> From Argentina	\$29.25 \$26.00 \$37.00	Up \$0.25	<u>West Coast Colombia at \$32.00</u>
40-45,000 U.S. Gulf - Guatemala	\$29.25	Up \$0.50	Acajutla/Quetzal - 8,000 out
30,000 US Gulf-Morocco	\$33.50	Up \$1.00	5,000 discharge rate
55-60,000 U.S. Gulf –Egypt PNW - Egypt	\$32.00 \$32.50	Up \$1.00	55,000-60,000 mt Egypt Romania - Russia- Ukraine \$15.00 - \$16.50 - \$45.00?? France \$20.50, Bulgaria \$15.50
58-74,000 U.S. Gulf – Europe – Rotterdam	\$27.00	Up \$1.00	Handymax at +\$2.50 more
Brazil, Santos –China Brazil, Santos –China Up-River Port North Brazil	\$43.00 \$41.00 \$46.75	Up \$2.00	54-59,000 Supramax-Panamax 60-66,000 Post Panamax 55-60,000 mt
56-60,000 Argentina-China Deep draft	\$48.75	Unchanged	Up-River with Top Off Plus \$3.75-\$4.75

Baltic Dry Bulk Freight Index



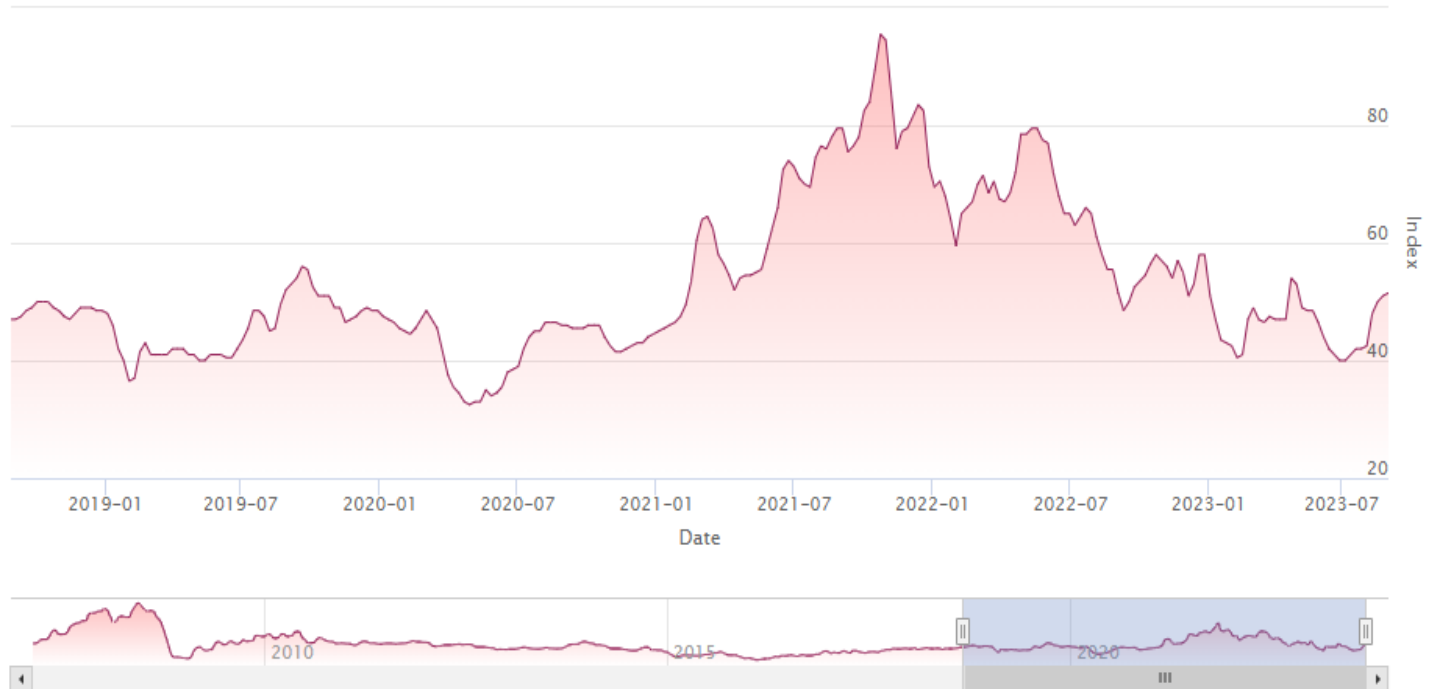
The Baltic Dry Bulk Freight Index- Cape-Panamax-Supra and Handy



YAMAMIZU Index


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

From 2018-08-30 To 2023-08-30



China Import Dry Bulk Freight Index

2023-08-31

Description	Volume	Cargo	Unit	Rate	Change
Composite Index			Point	970.12	2.44
Iron ore Freight Index			Point	908.84	-3.35
Dampier(West Australia)-Qingdao (China)	170000/10%	Iron ore	\$/ton	7.59	0.028
Soybean Freight Index			Point	1196.44	14.35
Santos(Brazil)— North China	66000/10%	Soybean	\$/ton	41.06	0.66
Tacoma(West America)—North China	63000/10%	Soybean	\$/ton	27.82	0.49
Mississippi(US Gulf)—North China	66000/10%	Soybean	\$/ton	53.26	0.26

31 August 2023 U.S. FOB Vessel Export Market Values:

U.S. Yellow Corn (USD/MT) FOB Vessel					CORN	FUTURES
#2 YC Max. 14.5% moisture	GULF # 2 YC		PNW # 3 YC		Z =	4.7825
	BASIS	FLAT PRICE	BASIS	FLAT PRICE	H =	4.9400
Oct.	1.00	\$227.64	1.76	\$257.56	K =	5.0250
Nov.	1.00	\$227.64	1.68	\$254.41	N =	5.0650
Dec.	0.90	\$223.71	1.59	\$250.87	U =	5.0325
Jan.	0.80	\$225.97	1.49	\$253.14	Z =	5.0750
Feb..	0.80	\$225.97	1.49	\$253.14		
Mar.	0.81	\$226.37	1.50	\$253.53		

There are currently no corn vessels the PNW export facility lineups. PNW rail corn markets for 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 until we get out to new crop.

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
Oct.	1.45	\$245.36
Nov.	1.45	\$245.36
Dec.	1.45	\$245.36
Jan.	1.40	\$249.59
Feb.	1.40	\$249.59

Fob vessel Texas Gulf #2 Sorghum is about 108 % 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	\$248.75	\$254.26	\$256.10	\$264.09
Basis	0.75	0.90	0.95	0.90
WZ	6.0200			
WH	6.2875			
WK	6.4550			

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.	1.25	\$548.85	2.01	\$576.78
Nov.	1.05	\$541.50	1.77	\$567.96
Dec.	1.00	\$544.54	1.70	\$570.26
Jan.	1.03	\$545.64	1.73	\$571.36
Feb	1.05	\$547.57	1.75	\$573.29
Soybean Futures				
Nov.	\$ 13.6875			
Jan.	\$ 13.8200			
Mar.	\$ 13.8525			
May	\$ 13.8675			
July	\$ 13.8525			
Aug.	\$ 13.6175			

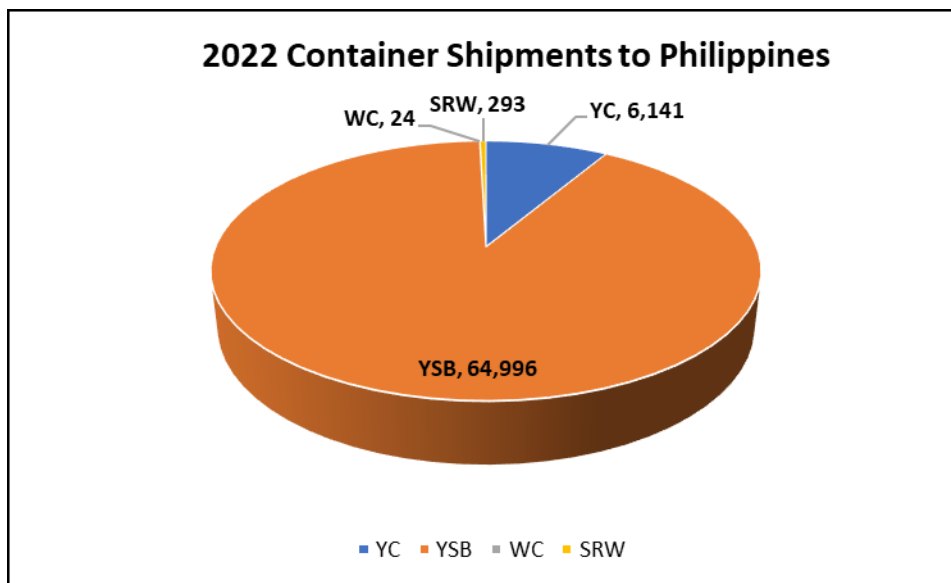
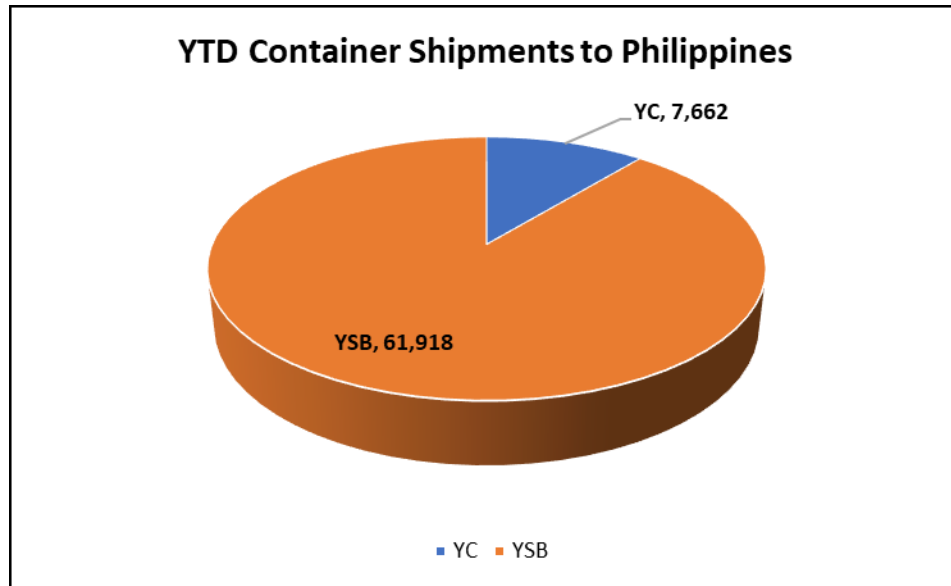
Currently, there are no soybean vessels in the PNW vessel lineup. Soybean cargo demand at PNW ports is therefore very thin and rail delivery markets there are difficult to accurately determine. Above Fob vessel values in the PNW are based on best guesses off interior values and spreads.

U.S. SBM (USD/MT) FOB Vessel		
Fob U.S. Gulf Port	47.5 Pro. SBM	
max 12.5 % moisture	Basis	Flat Price
Oct.	44.00	\$ 494.69
Nov.	44.00	\$ 493.92
Dec.	44.00	\$ 493.92
Jan.	40.00	\$ 486.64
Feb.	39.00	\$ 479.70
SBM Futures		
SMV	\$ 404.70	
SMZ	\$ 404.00	
SMF	\$ 401.40	
SMH	\$ 396.10	
SMK	\$ 392.50	
SMN	\$ 392.10	

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).*

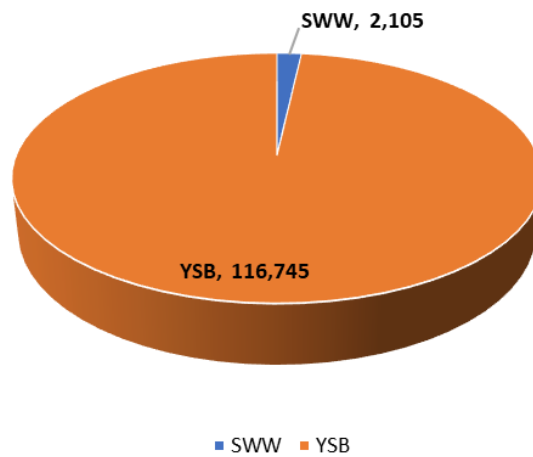
CONTAINER SHIPMENTS of GRAIN									
USDA Grain Inspections Report:		24-Aug-2023							
Last Week	metric tons								MT
	YC	WC	YSB	SRW	NS	HRW	SWH	Sorghum	TOTAL
China			5,486					4,775	10,261
Taiwan	12,041		4,552	3,011					19,604
Hong Kong	294								294
Costa Rica									0
Indonesia			4,947	538					5,485
French Poly									0
Japan			2,128						2,128
Korea Rep.	954			171					1,125
Bangladesh									0
Malaysia			2,374						2,374
Netherlands									0
Philippines			220						220
Thailand									0
Nepal									0
Burma									0
Jamaica									0
Cambodia									0
Vietnam			7,636			1,249			8,885
Sub Total:	13,289	0	27,343	3,720	0	1,249	0	4,775	50,376
USDA Corrections/Additions to previous reports:									
Taiwan	807		196						1,003
China								686	686
Hong Kong									0
Korea Rep.									0
Un Kingdom									0
Japan			24						24
Philippines									0
Indonesia			563						563
Malaysia			416						416
Thailand									0
Vietnam			906						906
Burma									0
Cambodia									0
Sub Total:	807	0	2,105	0	0	0	0	686	3,598
Mt. Grand Total	14,096	0	29,448	3,720	0	1,249	0	5,461	53,974
Number of Containers	613	0	1,280	162	0	54	0	237	

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

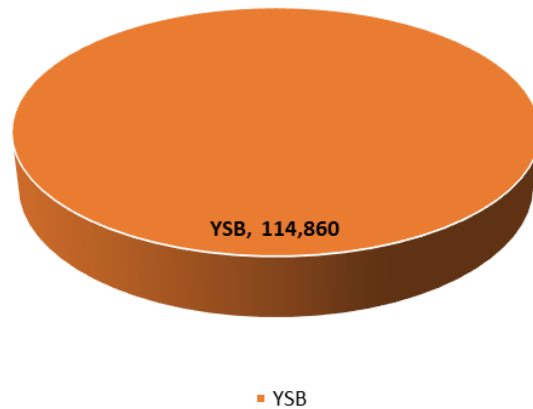


2023 YTD Grain Exports reported by USDA (in MT)

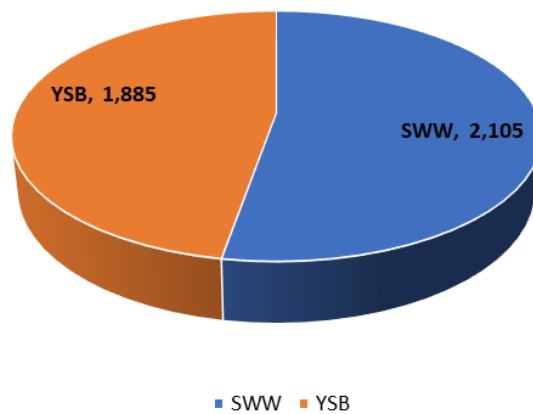
2023 YTD Exports to Bangladesh



YTD Vessel Shipments to Bangladesh



YTD Container Shipments to Bangladesh



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

Source: USDA-data

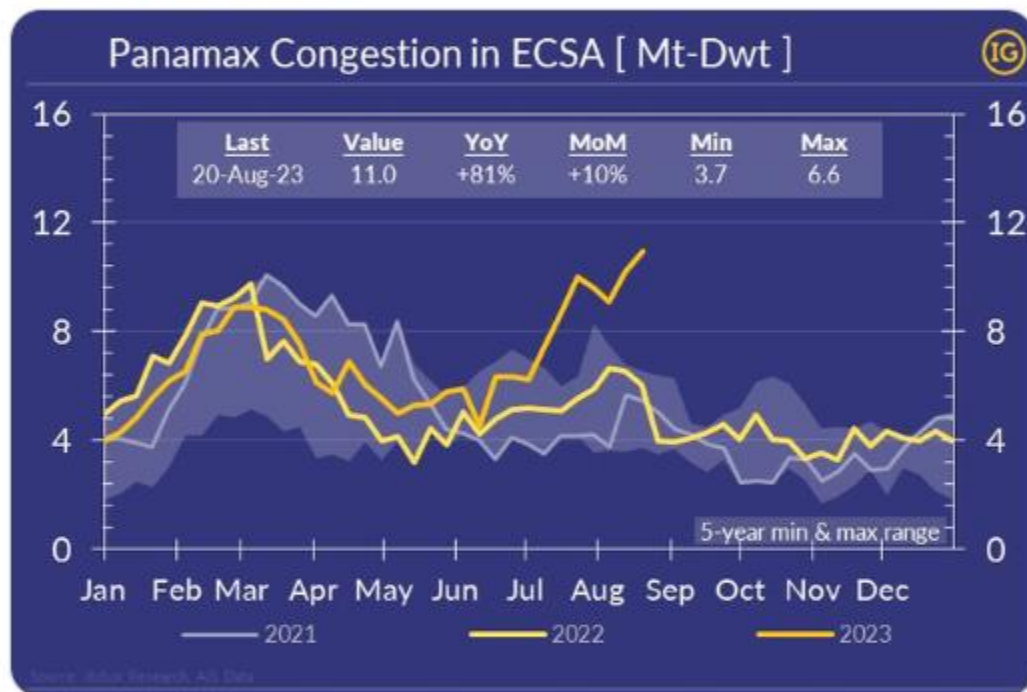
Shipping News



Freightmonkey @jsxfreight1 · Aug 29

...

We have mentioned pmx congestion in South America, nice graph to represent. Let's keep in mind that 2021 market was congestion driven [\\$sblk](#) [\\$gogl](#) [\\$gogl.ol](#) [\\$gnk](#) - graph by Ifchor Galbraiths



3

2

22

1,377

↑

Freightmonkey @jsxfreight1 · Aug 29

...

Key difference being that in 2021 China was very congested, the current situation is weather driven in South Brazil.

From The Panama Canal Authority

Impact

Due to the extended drought, in advance, the Panama Canal informed its customers that based on the current and projected levels of its water reservoirs, vessels transiting the Neopanamax locks are allowed maximum drafts of up to 44.5 feet.

A limited number of ships have had to lower their draft levels to comply; notwithstanding, LNG carriers transiting through the all-water route typically report drafts of up to 37 feet, hence these temporary adjustments have had little impact on them and zero impact on ships transiting through the Panamax locks.

It has also helped that the drought coincided with the Canal's low demand season, seemingly reducing impact on customers. Nevertheless, open communication channels with customers and permanent analyses are being conducted to validate if this decrease is due to seasonality, or if there are other causes for current market behavior.

Bloomberg 🟢 @business · 43m

...

One ship in the Panama Canal recently paid \$2.4 million to skip past the logjam of vessels waiting to cross the drought-affected Panama Canal



[bloomberg.com](https://www.bloomberg.com)

One Ship in Panama Canal Paid \$2.4 Million to Skip the Line

Shippers are having to pay record amounts if they want their carriers to beat a logjam of vessels waiting to cross the drought-affected Panam...

ShippingDNA @DnaShipping · Aug 28

...

While we see only four capes delivered in between 2000-2002 were sold for scrap this year, almost 30 brand new capes have been delivered so far this year alone including about 15 newcastlemax. Interesting market ahead now.



Basil M Karatzas @BasilKaratzas · 3h

...

Topical article on [#drybulk](#) [#shipping](#) and its apparently fundamental weakness by [@CostasParis](#) Pleased sharing some insight on the industry!

 **Costas Paris** @CostasParis · 6h

Shrinking trade activity is punishing bulk carriers that feed China with the raw materials it uses for manufacturing. 'It's sort of a sinking feeling' [wsj.com/business/logis...](#) via [@WSJ](#) [@BasilKaratzas](#)

Container Freight Markets

Greg Miller @GMJournalist · Aug 28

...

After big gains for trans-Pacific spot [#shipping](#) rates in July/first half of Aug, momentum stalled over past 2 weeks, with some declines. Could be temporary setback, could be the end of peak season. See story for latest index numbers [#containers](#) [\\$ZIM](#) [\\$MATX](#)



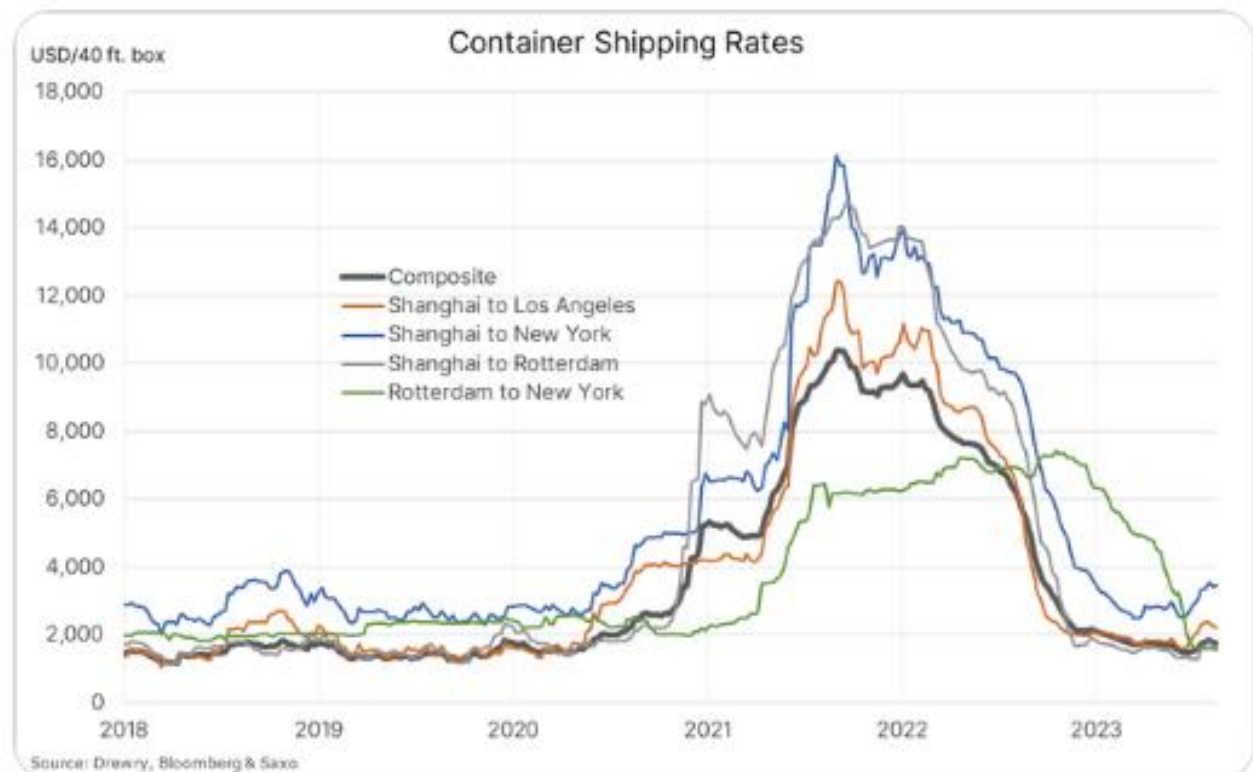
freightwaves.com

Rebound in trans-Pacific container shipping rates has stalled
Asia-U.S. spot shipping rates have pulled back after a strong run-up,
implying peak season may have passed its peak.

Ole S Hansen  @Ole_S_Hansen · 10h

...

Global [#container](#) [#shipping](#) rates cont. to reverse some of their recent gains with the Drewry Composite Index down 1.6% this week to \$1740 pr 40ft. box. A 69% YoY decline but still some 300 dollars above the pre-Covid avg. Weakness led by the two major inbound routes to Europe... [Show more](#)



Black Sea

Probably Not helping negotiations to restart the Black Sea Safe Shipping Lane



US Rail News:



U.S. Rail Traffic¹ Week 34, 2023 – Ended August 26, 2023

AAR.org

	This Week		Year-To-Date		
	Cars	vs 2022	Cumulative	Avg/wk ²	vs 2022
Total Carloads	226,679	-3.9%	7,621,657	224,166	0.1%
Chemicals	31,427	-0.4%	1,057,632	31,107	-3.6%
Coal	68,828	-7.3%	2,227,863	65,525	0.2%
Farm Products excl. Grain, and Food	14,923	-4.7%	547,056	16,090	0.7%
Forest Products	8,047	-9.0%	276,162	8,122	-7.6%
Grain	13,312	-26.4%	618,931	18,204	-12.9%
Metallic Ores and Metals	22,065	0.6%	702,830	20,671	4.4%
Motor Vehicles and Parts	16,113	10.3%	501,862	14,761	13.4%
Nonmetallic Minerals	33,254	1.5%	1,080,745	31,787	4.0%
Petroleum and Petroleum Products	9,921	16.1%	317,994	9,353	9.7%
Other	8,789	-9.2%	290,582	8,547	-2.3%
Total Intermodal Units	245,846	-7.7%	8,074,700	237,491	-9.2%
Total Traffic	472,525	-5.9%	15,696,357	461,658	-4.9%

¹ Excludes U.S. operations of CPKC, CN and GMXT.

² Average per week figures may not sum to totals as a result of independent rounding.

Global Supply Chain Pressure Index

Standard deviations from average value

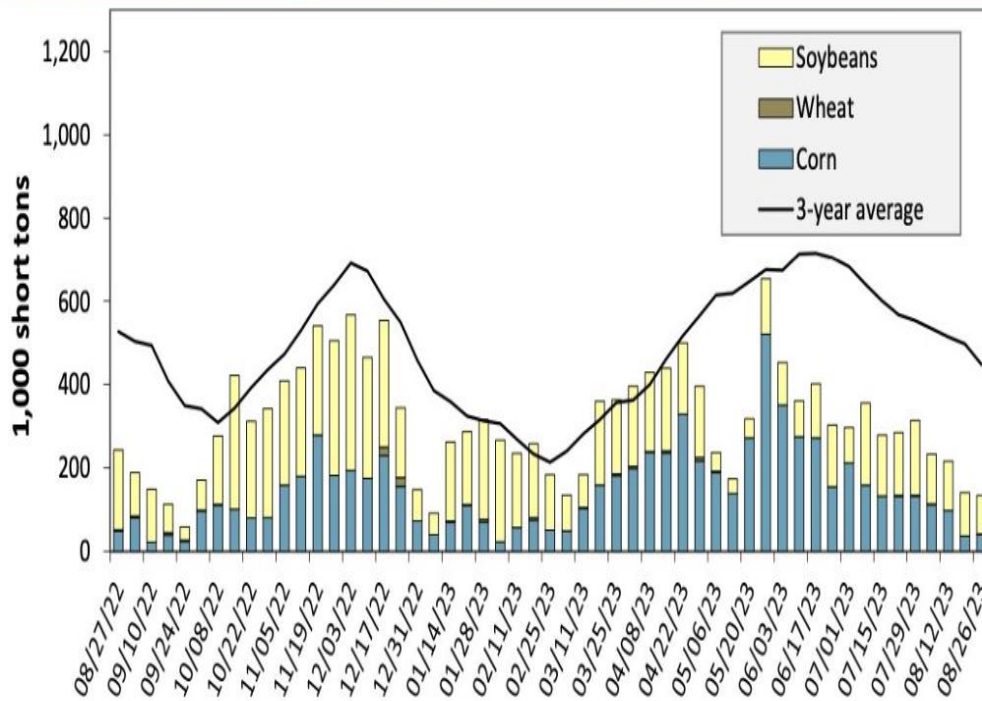


Source: Federal Reserve Bank of New York

MACROBOND

U.S. River Markets

Figure 10. Barge movements on the Mississippi River (Locks 27-Granite City, IL)



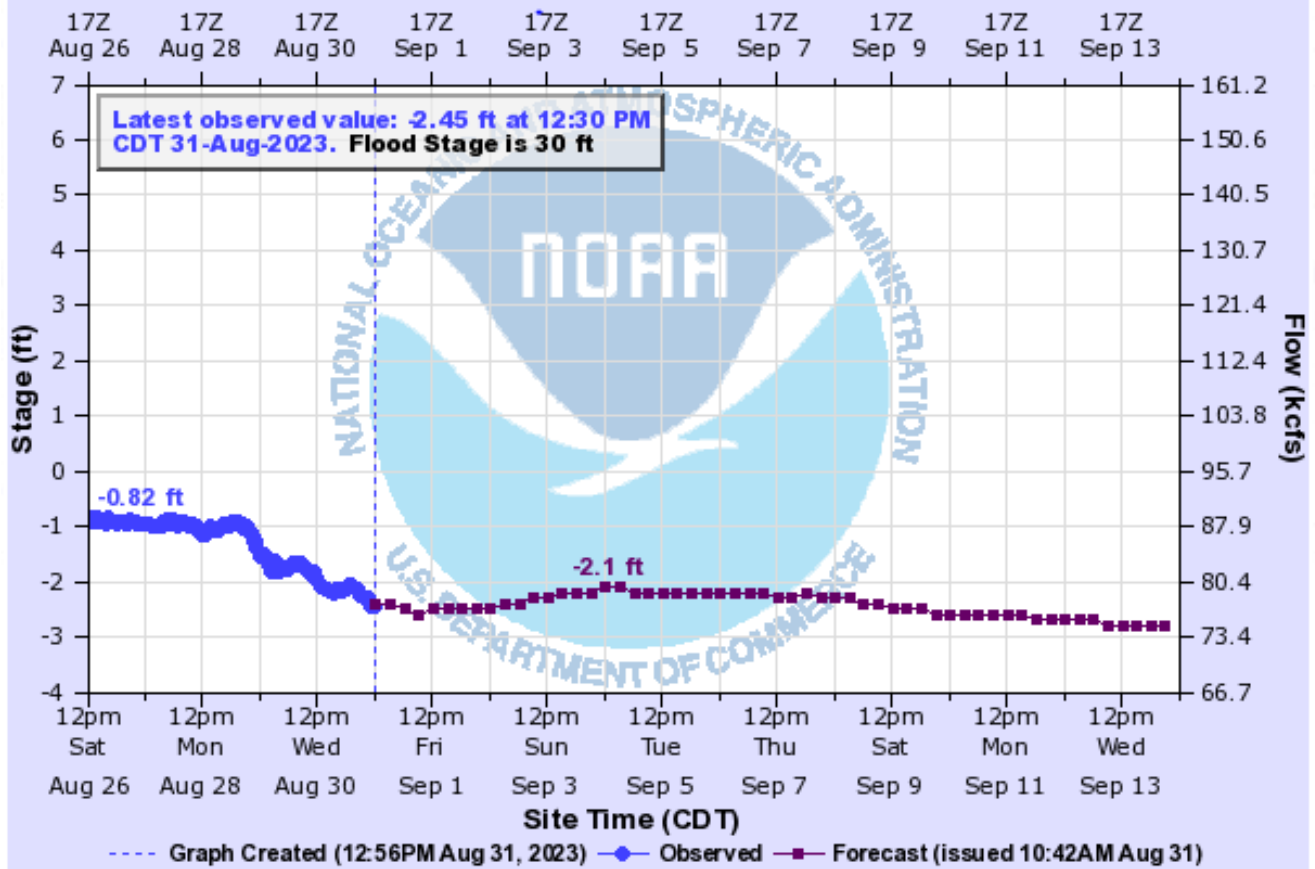
For the week ending August 26: 45 percent lower than last year and 70 percent lower than the 3-year average.

Note: The 3-year average is a 4-week moving average. The U.S. Army Corps of Engineers has recently migrated its lock and vessel database and has noted the latest data may be revised in coming weeks.

Source: U.S. Army Corps of Engineers.

MISSISSIPPI RIVER AT ST. LOUIS

Universal Time (UTC)

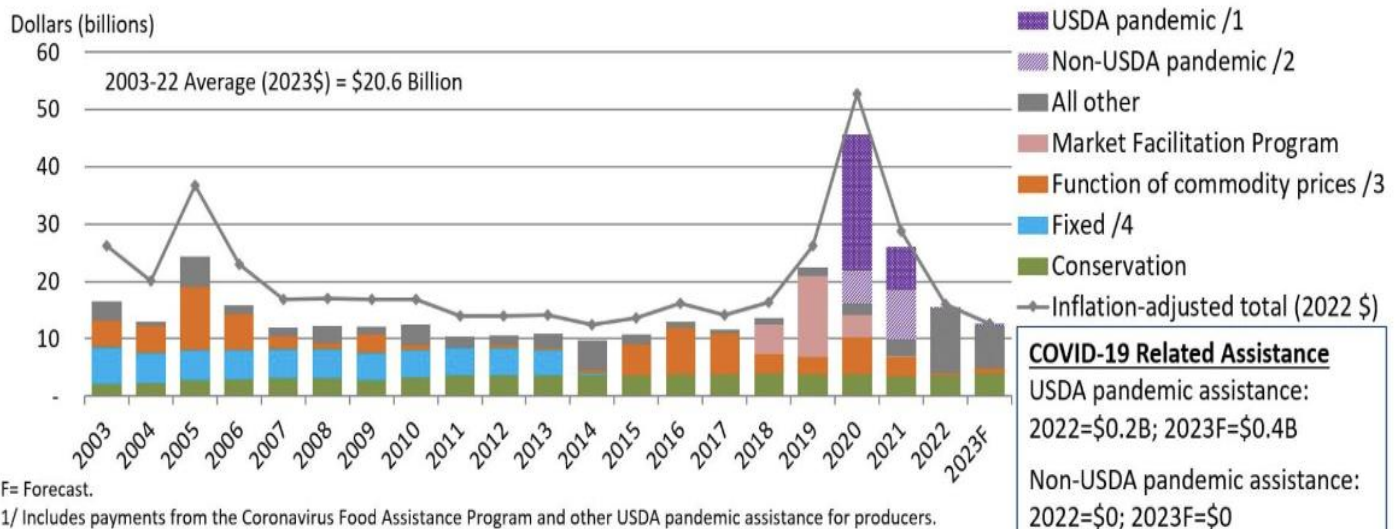


EADM7(plotting HGIRG) "Gage 0" Datum: 379.58'

Observations courtesy of US Geological Survey

Area Hydrograph

Total direct Government payments expected to decline in 2023



1/ Includes payments from the Coronavirus Food Assistance Program and other USDA pandemic assistance for producers.

2/ Includes loans from the Small Business Administration's Paycheck Protection Program.

3/ Includes counter-cyclical payments, average crop revenue election (ACRE) payments, loan deficiency payments, marketing loan gains, certificate exchange gains, Price Loss Coverage(PLC), Agriculture Risk Coverage (ARC), and dairy payments in which commodity payment rates vary with market prices.

4/ Fixed payments are through 2013 and cotton transition payments in 2014 whereby payment rates are fixed by legislation.

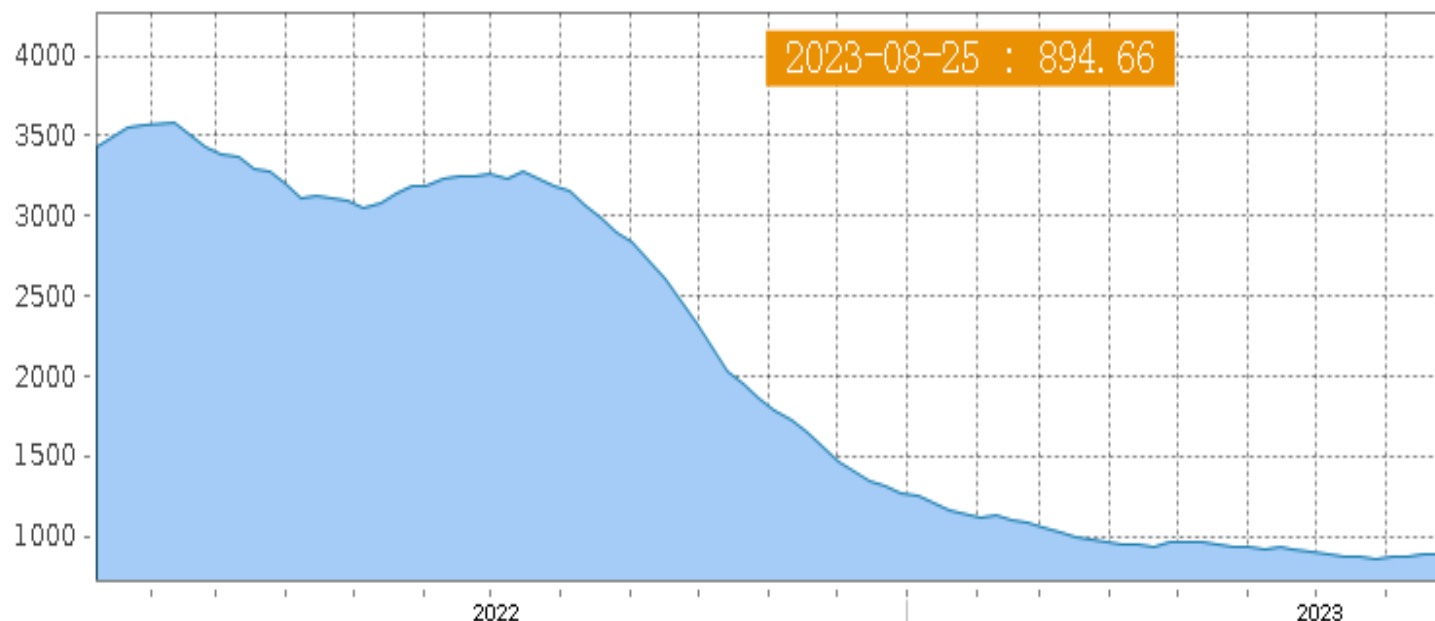
Source: USDA, Economic Research Service, Farm Income and Wealth Statistics (using data from FSA, NRCS, CCC, SBA). Data as of August 31, 2023.



Economic Research Service
www.ers.usda.gov



China Containerized Freight Index



China Import Dry Bulk Freight Index



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

Secondary Rail Car Market Placement FH October 2023	BID USD	ASK USD	BID BU.	ASK BU.	BID MT	ASK MT
BNSF Shuttle Trains	\$ 1,000	\$ 1,600	\$ 0.25	\$ 0.40	\$ 9.84	\$ 15.75
UPRR Shuttle Trains	\$ 1,000	\$ 1,500	\$ 0.25	\$ 0.38	\$ 9.84	\$ 14.76

Barge Placement First Half October 2023

Placement FH October 2023	% of		Corn	Soybeans-Wheat
	Tariff	MT	BU	BU
Upper Mississippi	835	\$ 56.97	1.45	1.55
Illinois River (Pekin and South)	835	\$ 56.97	1.45	1.55
Mid-Mississippi	835	\$ 41.05	1.04	1.12
Lower Ohio	835	\$ 41.05	1.04	1.12
St. Louis	875	\$ 38.48	0.98	1.05

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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