A weekly publication of the
Transportation and Marketing Programs/Transportation Services Division
www.ams.usda.gov/GTR

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Contents

Subscription Information

The next release is September 9, 2010

WEEKLY HIGHLIGHTS

Barge Rates Continue to Increase in Anticipation of Harvest

Barge grain rates from St. Louis to the Mississippi River Gulf have risen to $20.95 per ton, the highest since November 10, 2009. Rates have generally been increasing since early July as barge operators prepare for what are expected to be early and record corn and soybean harvests. Various industry sources have indicated that many barges in the New Orleans area are being used as storage for lower quality grain, which is having the impact of reducing the barge fleet's effective capacity. With fewer barges returning from the Gulf, the barge supply in the Midwest has tightened, causing an increase in freight rates. The number of empty barges traveling up the river was, on average, 459 per week during August; last August the average weekly up-bound number of empty barges was 552.

Wheat Inspections Highest Since September Last Year

For the week ending August 26, **total inspections of grain** (corn, wheat, and soybeans) from all major U.S. export regions reached 1.93 million metric tons (mmt), down 3 percent from the previous week but 15 percent above last year. Wheat (.686 mmt) and corn (1.08 mmt) inspections, however, increased from the previous week, with wheat at the highest level since September 17, 2009 (.719 mmt). Wheat shipments through the Mississippi Gulf increased to Latin America, Nigeria, and Mexico; corn shipments through the Pacific Northwest (PNW) increased to Asia. Meanwhile, weekly export sales of corn, wheat, and soybeans for 2010/11 continued the strong pace of 3.6 mmt, almost in line with the previous 4-week average pace of 3.7 mmt.

Panama Canal Authority and Mississippi State Port Authority Sign Partnership Agreement

On August 9, Panama Canal Authority and Mississippi State Port Authority at Gulfport (MSPA) signed a Memorandum of Understanding to increase economic growth, spur international trade and promote the "All-Water Route" from Asia to the U.S. East and Gulf Coasts via the Panama Canal. The five-year renewable agreement will allow for joint marketing ventures, information sharing and technological exchange. In 2009, Panama was Mississippi's third largest export trading partner following Canada and Mexico. MSPA is anticipating that the completion of the Panama Canal expansion scheduled for 2014 will make it more competitive in shipping between North America, Asia, and the West Coast of South America.

Panama Canal Lock Maintenance Scheduled

Beginning September 6, a portion of the Gaillard Cut will be closed for shipping between 10:00 p.m. and 6:00 a.m., Monday to Friday, due to dredging operations. The closure is expected to last approximately six weeks. The estimated transit capacity of the Canal due to the closure is 30-32 vessels compared to normal transit capacity of 38-40 vessels per day. At this time, no major delays are anticipated.

Snapshots by Sector

Rail

U.S. railroads originated 22,432 **carloads of grain** during the week ending August 21, up 18 percent from last week and 11 percent from last year, but down 1 percent from the 3-year average.

During the week ending August 28, average September non-shuttle **secondary railcar bids/offers** were $830 above tariff, up $121 from last week. Average shuttle rates were $1,088 above tariff, up $109 from last week.

Ocean

During the week ending August 26, 41 **ocean-going grain vessels** were loaded in the Gulf, down 15 percent from last year. Fifty-one vessels are expected to be loaded in the U.S. Gulf within the next 10 days, down 7 percent from last year.

During the week ending August 27, the cost of shipping grain from the Gulf to Japan averaged $64 per mt, down 2 percent from the previous week. The rate from the Pacific Northwest to Japan was $35 per mt, down 3 percent from the previous week.

Barge

During the week ending Aug 28, **barge grain movements** totaled 379,022 tons, 8 percent lower than the previous week and 46 percent lower than the same period last year.

Fuel

During the week ending Aug 30, U.S. average **diesel fuel prices** decreased 2 cents per gallon to $2.94—0.7 percent lower than the previous week, but 10 percent higher than the same week last year.

Containerized Grain Exports

Containerized grain exports to Asia in June were 17 percent lower than the previous year and 47 percent lower than the 3-year average, but 4 percent higher than May movements.

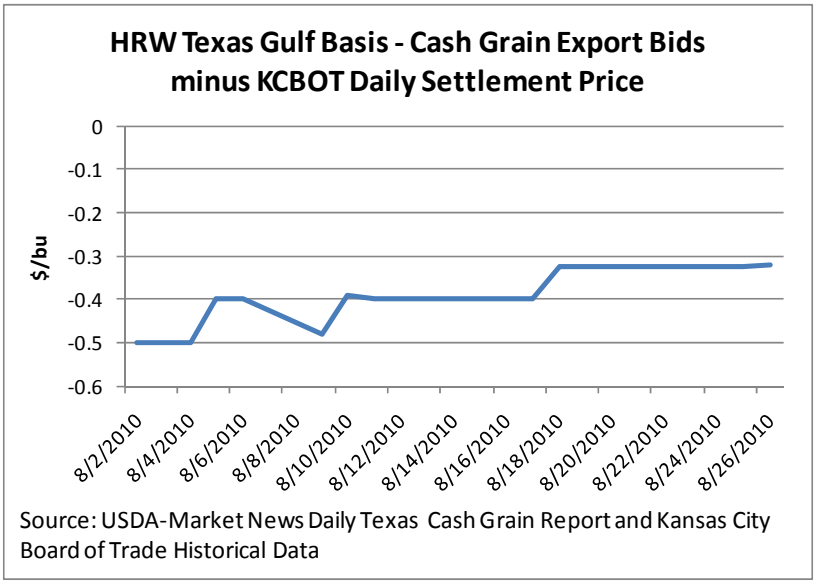
Commodity Basis, Price Spreads, and Transportation Cost

In the Grain Transportation Report (GTR) basis and transportation cost feature article dated **July 2, 2009**, several key terms and definitions were identified. This article elaborates on that information by looking at basis and transportation cost for wheat, specifically Hard Red Winter (HRW) wheat. There are several reasons to look at wheat at this time. Russia has an export ban on grain that started on August 15 and will last through 2010. In August, USDA reduced its forecast of Russian wheat exports for the 2010/11 crop year from 15 million metric tons (mmt) to 3 mmt, and the price of wheat has increased in response. The U.S. grain transportation system is showing signs of recovering from the economic recession, and traffic volumes are coming closer to pre-recession levels. This discussion will cover: (1) recent trends in the wheat basis (the difference between the commodity futures price and the local cash price), and (2) introduce the spread concept, which is similar to basis and tracked in Table 2 of the GTR. It will also discuss the simple correlations between basis changes and the rates for barge and rail transportation.

Recent Basis Trends

For wheat, the futures contract price is determined at three exchanges: the Kansas City Board of Trade (KCBOT), the Chicago Board of Trade (CME/CBOT), and the Minneapolis Grain Exchange. The KCBOT is the dominant exchange for trading hard red winter (HRW) wheat. As figure 1 on the right shows, basis has strengthened, or the cash price has become closer to the futures price, during August. The August cash price was compared to the September futures delivery month. The basis strengthened as the average cash price paid for export wheat increased on August 5 to highest point, up 90 cents (14 percent) above its August 2 close of $6.50 per bushel (bu). By August 26, the cash price fell and was up only 9 cents from the beginning of August while the futures price receded further, resulting in a stronger basis. Since August 5, the average pace of weekly U.S. export sales of wheat more than doubled the previous 4-week average pace. The price of the wheat futures contracts for later months (December, March, and May) and the strong export demand for HRW wheat is a signal that the marketplace needs the grain now. This should be enough to pull wheat out of storage and encourage farmers to sell wheat into the export channels. The timing of strong wheat exports could coincide with the corn and soybean harvest, adding to the fall grain transportation demand.

Figure 1



Source: USDA-Market News Daily Texas Cash Grain Report and Kansas City Board of Trade Historical Data

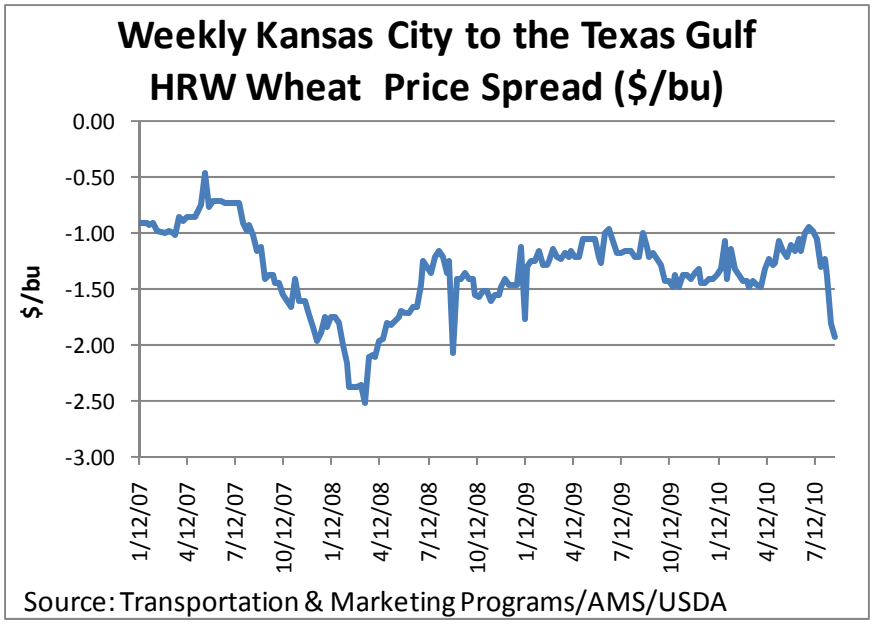
Basis and Spread Definitions and Analysis

Attempting to determine why basis levels fluctuate from day to day can be difficult. As discussed in the last article, basis levels at a given location can fluctuate for several reasons. Basis levels around the country change from day to day as local market factors and futures prices fluctuate. Local market factors fluctuate with supply and demand from local processors and exporters, and with transportation costs. However, one factor clearly influences basis: as transportation costs increase, basis levels at the point of first sale—often a country elevator—weaken relative to the futures price and farmers receive a lower price for their grain.

However, another factor several producers and commodity traders look at is the "spread." The spread is the difference between the cash price in one location and the cash price in another location. This does not take into account the futures price, a key difference between a spread and basis. The spread can be useful to a producer or trader to determine where to deliver grain. For example, if an elevator two counties over offers a price higher than a local elevator, and the transportation cost between the two elevators is less than the price difference, a farmer can make more money by shipping to the more distant elevator. The more distant elevator is probably signaling that it either needs the grain to fulfill its short-term contracts, or has a cheaper cost structure. The cheaper cost structure could be transportation related, or its sunk costs (capital asset costs, insurance, etc.) could be lower. Elevators with lower transportation costs to a terminal market where they can

receive higher prices can typically offer a higher price for grain. In the Grain Transportation Report (GTR), **Table 2 and Figure l** report export price spreads for several different commodities vs. the cash price in a major growing state.

Figure 2



As an example of a spread difference, the GTR tracks the cash prices and their spreads between the Kansas City HRW wheat terminal market and the Texas Gulf export bid. As can be seen in figure 2 to the right, the spread between the HRW wheat cash price for the Kansas City terminal market vs. the Texas Gulf export cash price can vary significantly. The fluctuations depend on the relative demand for wheat in the interior for domestic use vs. export demand at the Texas Gulf. On average, the price spread between Kansas City and the Texas Gulf for the last three years for HRW wheat was -$1.33 per bu., or the Kansas City price has averaged $1.33 less than the Texas Gulf price. The narrowest—or lowest—difference of the spread was during the week ending May 18, 2007 at -0.45 per bu. and the widest—or largest—difference was the week ending March 14, 2008 at -2.51. As the spread becomes wider, or the Kansas City terminal market pays less relative to the Gulf, it can become more profitable to ship grain longer distances. In the United States, however, the transportation and marketing system of grain leaves little room for this type of arbitrage. The terminal elevator or the export elevator quickly capitalizes upon the transportation difference because of the highly competitive nature of grain marketing. Farmers, processors, and exporters monitor daily basis and price spreads at various locations and track transportation cost fluctuations; activities that are integral to sustaining the efficiency of the United States' grain marketing system.

Spread Correlation with Transportation Modes

As transportation cost changes, the price spread should change similarly, resulting in a high correlation. To test this, the GTR staff correlated the total rail rate (tariff plus fuel surcharge) for unit trains from Kansas City, KS, to Galveston, TX, and the barge rate from St. Louis, MO, to New Orleans, LA, with the price spread. Unit trains rates were used because, according to the 2008 Surface Transportation Board Public Waybill Sample, 90 percent of all HRW wheat from Kansas City to Galveston moved by unit train. St. Louis to New Orleans barge rates were used as it is the closest barge route with an export destination from Kansas City.

The rail rate correlated with the price spread positively, at 0.26, meaning rail rates roughly moved in conjunction with the HRW wheat price spread 26 percent of the time. The correlation of rail rate change with price spread change is low, implying that factors other than transportation play a large role in price spread changes. Barge rates had a slightly negatively (-0.04) correlation with the HRW wheat spread change, indicating that barge rates moved inversely to the price spread. These findings are logical, as rail is the primary mode for moving wheat with over 70 percent of wheat moved by rail in 2006.[1] This leaves barge and trucks with a small part of total wheat movements, little effect on wheat price spreads, and no correlation with price spread movements.

Conclusions

Basis is not the only price relationship that matters in the grain trade. Price spreads can create conditions that move grain to specific terminals or export locations. The current basis levels for HRW wheat in the Texas Gulf are strengthening, or coming closer to the futures price, sending a sell signal to the market. Rail rates for HRW wheat are positively correlated with changes in price spreads, although at a lower than expected rate. Barge rates are not correlated with wheat price spread movements, a logical outcome. These findings imply that factors other than transportation play a large role in changes to the HRW wheat price spread. Daniel.Nibarger@ams.usda.gov , Pierre.Bahizi@ams.usda.gov

[1] USDA-DOT Study of Rural Transportation Issues

Grain Transportation Indicators

Table 1

Grain Transport Cost Indicators[1]

	Truck	Rail[2]	Barge	Ocean	
Week ending				Gulf	Pacific
09/01/10	197	925	281	286	248
08/25/10	198	804	253	291	255

[1]Indicator: Base year 2000 = 100; Weekly updates include truck = diesel ($/gallon); rail = nearby secondary rail market ($/car); barge = Illinois River barge rate (index = percent of tariff rate); and ocean = routes to Japan ($/metric ton)

[2]The rail indicator is not an index. It is the difference between the nearby secondary rail market bid for this week and the average bid for year 2000 (+) 100.

Source: Transportation & Marketing Programs/AMS/USDA

Table 2

Market Update: U.S. Origins to Export Position Price Spreads ($/bushel)

Commodity	Origin--Destination	8/27/2010	8/20/2010
Corn	IL--Gulf	-0.68	-0.78
Corn	NE--Gulf	-0.91	-1.06
Soybean	IA--Gulf	-0.79	-1.21
HRW	KS--Gulf	-1.85	-1.92
HRS	ND--Portland	-3.70	-2.50

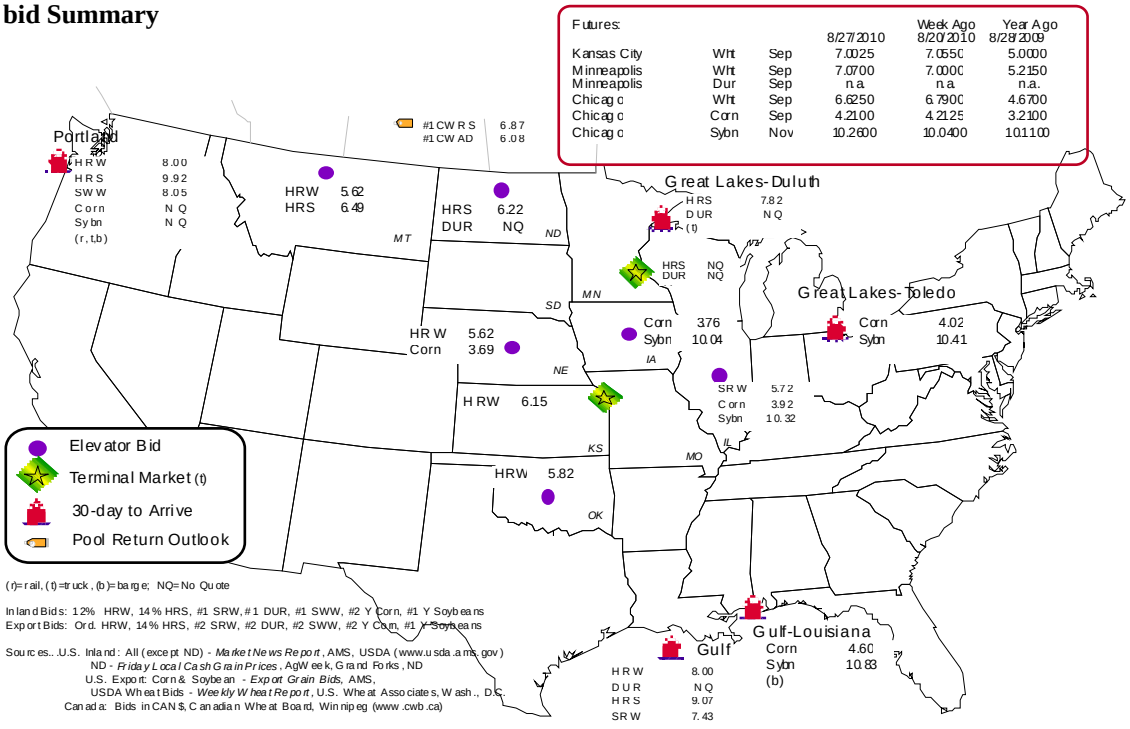
Note: nq = no quote

Source: Transportation & Marketing Programs/AMS/USDA

The **grain bid summary** illustrates the market relationships for commodities. Positive and negative adjustments in differential between terminal and futures markets, and the relationship to inland market points, are indicators of changes in fundamental market supply and demand. The map may be used to monitor market and time differentials.

Figure 1

Grain bid Summary



Rail Transportation

Table 3

Rail Deliveries to Port (carloads)[1]

Week ending	Mississippi Gulf	Texas Gulf	Cross-Border Mexico	Pacific Northwest	Atlantic & East Gulf	Total
8/25/2010[p]	494	1,287	724	3,669	170	6,344
8/18/2010[r]	393	1,610	575	2,891	177	5,646
2010 YTD	10,363	45,363	30,300	113,466	18,448	217,940
2009 YTD	15,350	27,779	26,153	107,021	15,403	191,706
2010 YTD as % of 2009 YTD	68	163	116	106	120	114
Last 4 weeks as % of 2009[2]	111	170	102	108	57	115
Last 4 weeks as % of 4-year avg.[2]	29	68	100	90	36	75
Total 2009	33,423	57,646	36,738	175,965	30,328	334,100
Total 2008	68,768	107,542	37,491	255,852	33,028	502,681

[1] Data is incomplete as it is voluntarily provided

[2] Compared with same 4-weeks in 2009 and prior 4-year average.

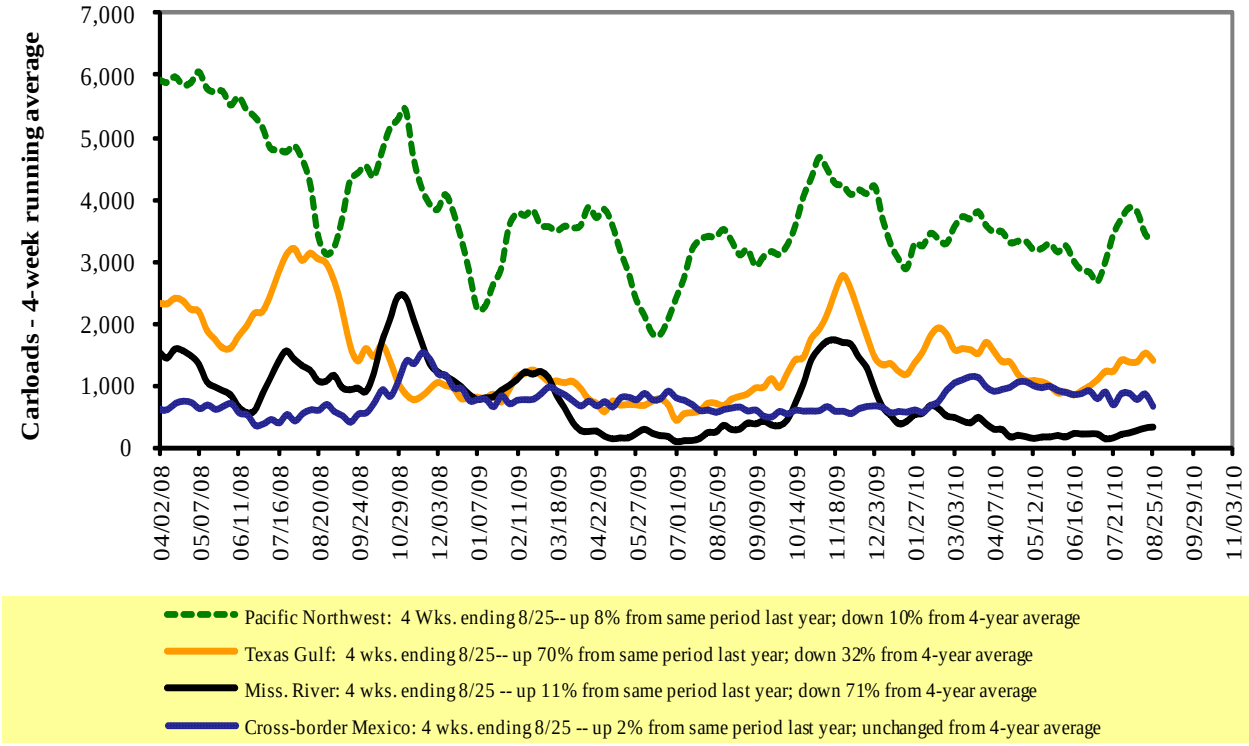
YTD = year-to-date; p = preliminary data; r = revised data; n/a = not available

Source: Transportation & Marketing Programs/AMS/USDA

Railroads originate approximately 35 percent of U.S. grain shipments. Trends in these loadings are indicative of market conditions and expectations.

Figure 2

Rail Deliveries to Port



Source: Transportation & Marketing Programs/AMS/USDA

Table 4

Class I Rail Carrier Grain Car Bulletin (grain carloads originated)

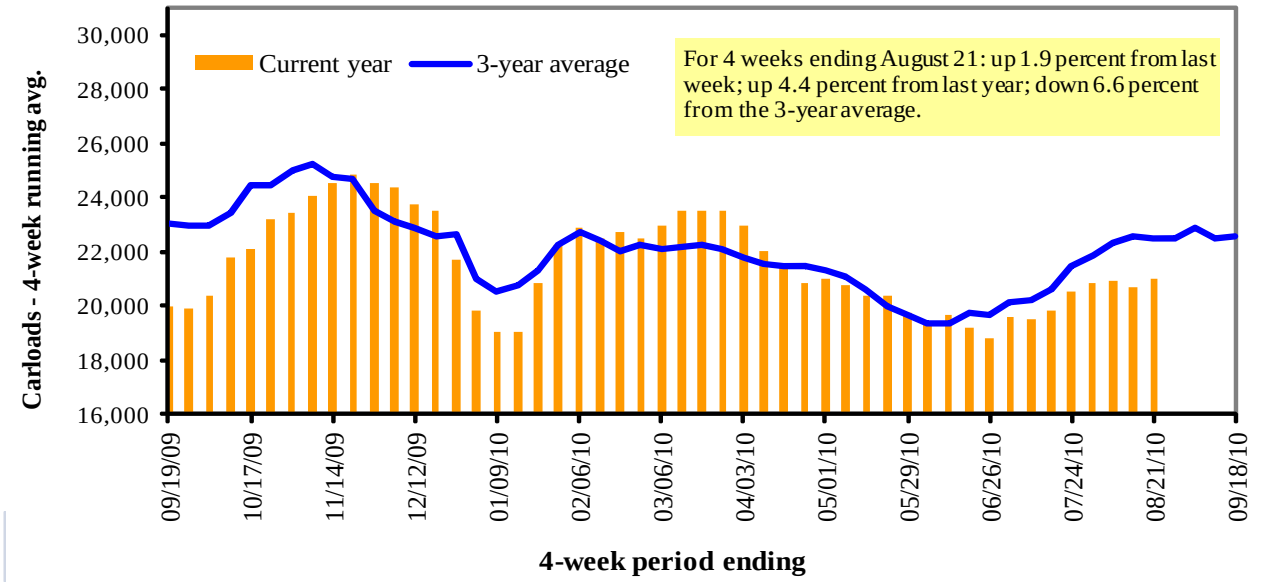
Week ending	East		West			U.S. total	Canada	
	CSXT	NS	BNSF	KCS	UP		CN	CP
08/21/10	1,323	2,416	12,431	199	6,063	22,432	3,338	5,074
This week last year	1,365	2,506	10,249	796	5,327	20,243	4,031	4,977
2010 YTD	70,460	98,952	332,801	23,088	173,649	698,950	128,203	171,674
2009 YTD	66,166	83,648	274,664	21,287	152,792	598,557	126,120	173,292
2010 YTD as % of 2009 YTD	106	118	121	108	114	117	102	99
Last 4 weeks as % of 2009[1]	106	100	111	77	98	104	96	100
Last 4 weeks as % of 3-yr avg.[1]	78	86	102	72	89	93	88	114
Total 2009	105,278	142,254	483,618	36,912	268,811	1,036,873	200,871	278,997

[1]As a percent of the same period in 2008 and the prior 3-year average. YTD = year-to-date.

Source: Association of American Railroads (www.aar.org)

Figure 3

Total Weekly U.S. Class I Railroad Grain Car Loadings



Source: Association of American Railroads

Table 5

Rail Car Auction Offerings[1] ($/car)[2]

Week ending	Delivery period							
8/28/2010	Sep-10	Sep-09	Oct-10	Oct-09	Nov-10	Nov-09	Dec-10	Dec-09
BNSF[3]								
COT grain units	no offer	0	no offer	no offer	no offer	0	no offer	0
COT grain single-car[5]	no offer	0 . . 3	no offer	no offer	no offer	1	7 . . 275	0
UP[4]								
GCAS/Region 1	194	no bids	no offer	no bids	338	no bids	n/a	no offer
GCAS/Region 2	567	no bids	no offer	42	206	no bids	n/a	no offer

[1]Auction offerings are for single-car and unit train shipments only.

[2]Average premium/discount to tariff, last auction

[3]BNSF - COT = Certificate of Transportation; north grain and south grain bids were combined effective the week ending 6/24/06.

[4]UP - GCAS = Grain Car Allocation System

Region 1 includes: AR, IL, LA, MO, NM, OK, TX, WI, and Duluth, MN.

Region 2 includes: CO, IA, KS, MN, NE, WY, and Kansas City and St. Joseph, MO.

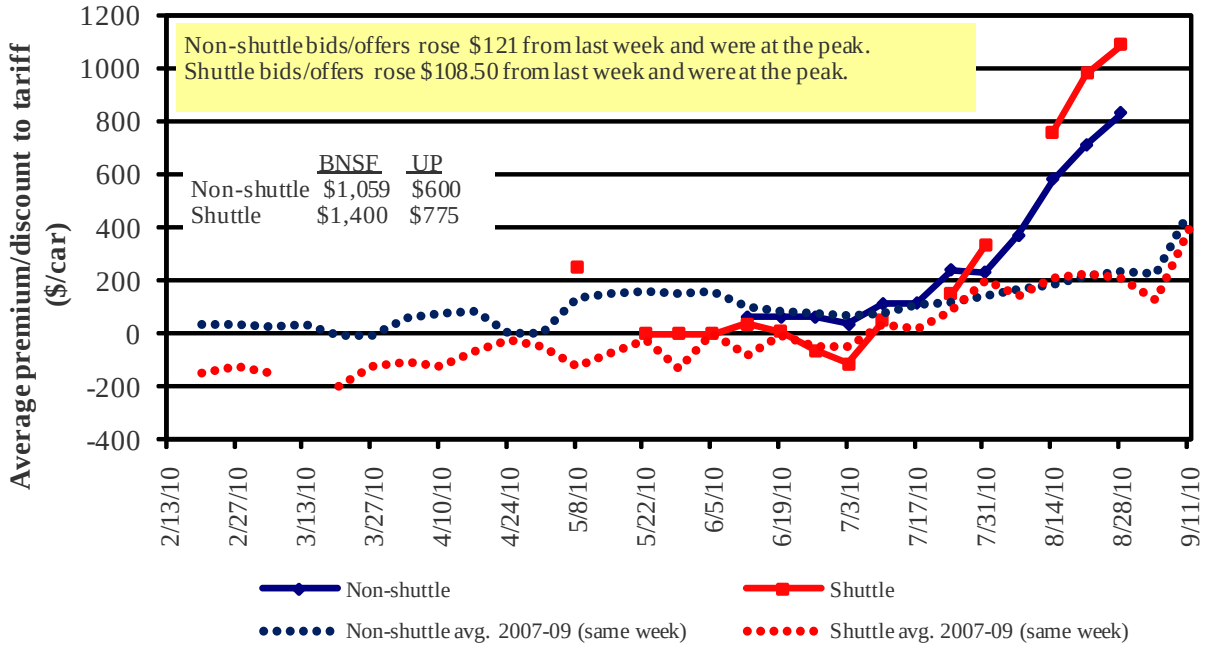
[5]Range is shown because average is not available. Not available = n/a.

Source: Transportation & Marketing Programs/AMS/USDA.

The **secondary rail market** information reflects trade values for service that was originally purchased from the railroad carrier as some form of guaranteed freight. The **auction and secondary rail** values are indicators of rail service quality and demand/ supply.

Figure 4

Bids/Offers for Railcars to be Delivered in September 2010, Secondary Market

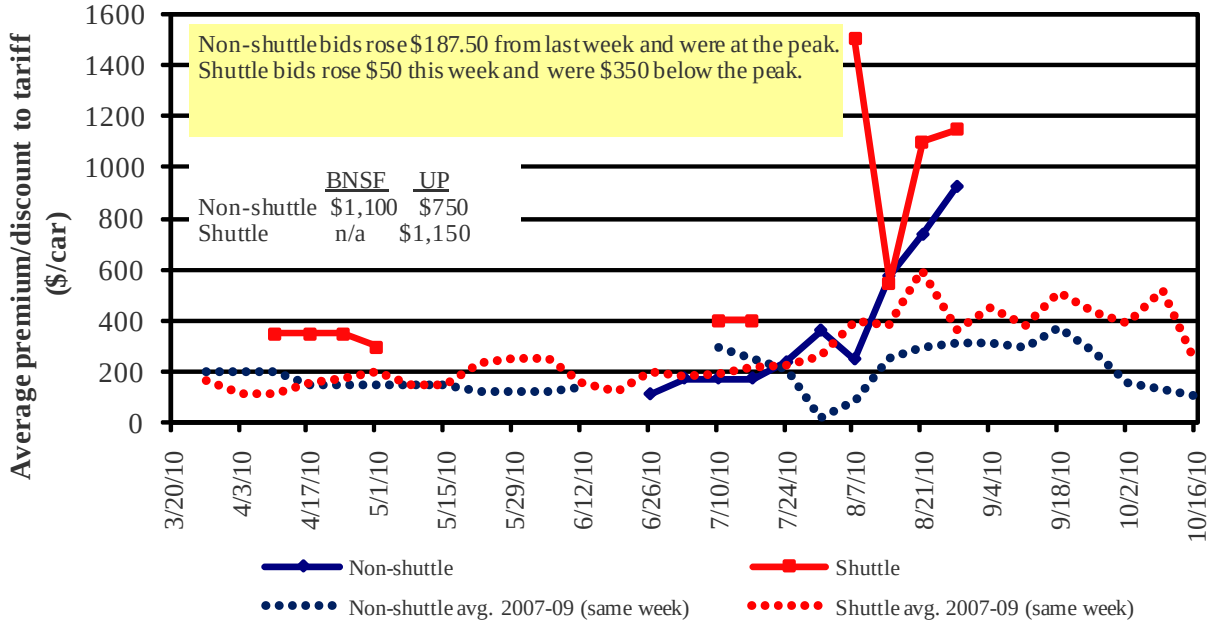


Non-shuttle bids include unit-train and single-car bids. n/a = not available.

Source: Transportation & Marketing Programs/AMS/USDA

Figure 5

Bids/Offers for Railcars to be Delivered in October 2010, Secondary Market

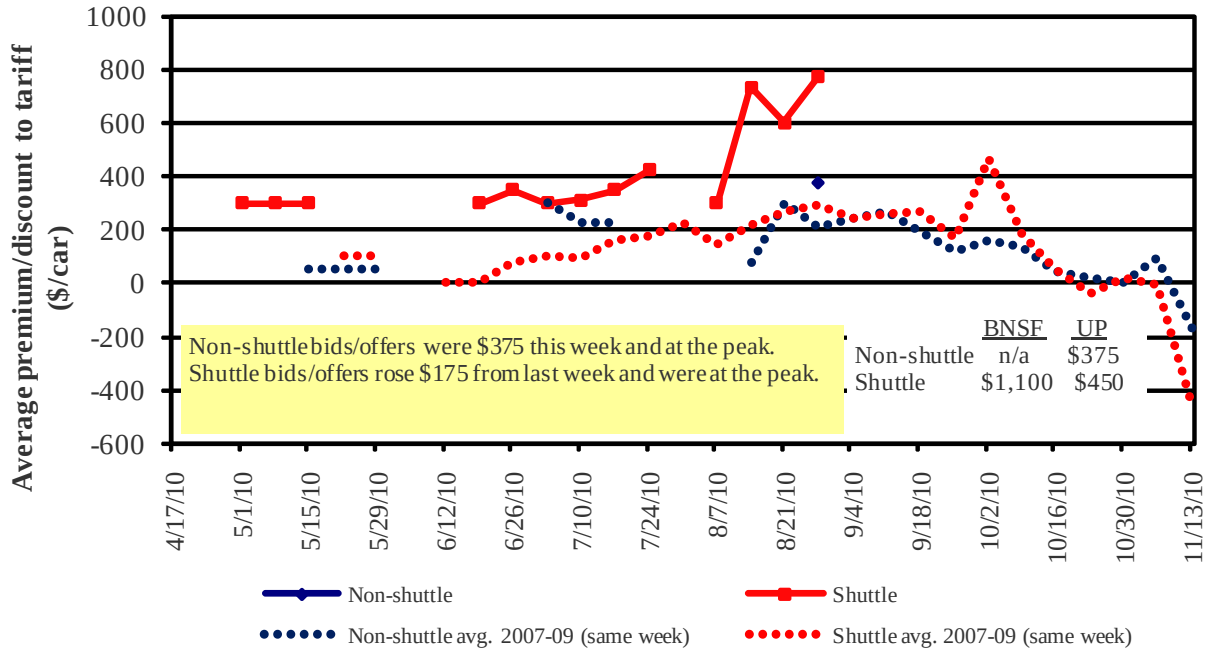


Non-shuttle bids include unit-train and single-car bids. n/a = not available.

Source: Transportation & Marketing Programs/AMS/USDA

Figure 6

Bids/Offers for Railcars to be Delivered in November 2010, Secondary Market



Non-shuttle bids include unit-train and single-car bids. n/a = not available.

Source: Transportation & Marketing Programs/AMS/USDA

Table 6

Weekly Secondary Rail Car Market ($/car)[1]

Week ending	Delivery period					
8/28/2010	Sep-10	Oct-10	Nov-10	Dec-10	Jan-10	Feb-10
Non-shuttle						
BNSF-GF	1,059	1,100	n/a	n/a	n/a	n/a
Change from last week	267	400	n/a	n/a	n/a	n/a
Change from same week 2009	1,064	992	n/a	n/a	n/a	n/a
UP-Pool	600	750	375	n/a	n/a	n/a
Change from last week	(25)	(25)	n/a	n/a	n/a	n/a
Change from same week 2009	560	710	n/a	n/a	n/a	n/a
Shuttle[2]						
BNSF-GF	1,400	n/a	1,100	500	n/a	n/a
Change from last week	192	n/a	600	50	n/a	n/a
Change from same week 2009	1,471	n/a	900	538	n/a	n/a
UP-Pool	775	1,150	450	200	n/a	n/a
Change from last week	25	50	(250)	(200)	n/a	n/a
Change from same week 2009	862	731	n/a	n/a	n/a	n/a

[1]Average premium/discount to tariff, $/car-last week

[2]Shuttle bids are a new data series; prior to this we provided only non-shuttle rates.

Note: Bids listed are market INDICATORS only & are NOT guaranteed prices,
n/a = not available; GF = guaranteed freight; Pool = guaranteed pool

Sources: Transportation and Marketing Programs/AMS/USDA

Data from Atwood/ConAgra, Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.

Table 7

Tariff Rail Rates for Unit and Shuttle Train Shipments[1]

Effective date:			Tariff	Fuel surcharge	Tariff plus surcharge per:		Percent change
8/2/2010	Origin region	Destination region	rate/car	per car	metric ton	bushel[2]	Y/Y[3]
Unit train[1]							
Wheat	Chicago, IL	Albany, NY	$2,622	$128	$30.31	$0.83	3
	Kansas City, MO	Galveston, TX	$2,828	$140	$32.72	$0.89	8
	South Central, KS	Galveston, TX	$3,805	$302	$45.27	$1.23	10
	Minneapolis, MN	Houston, TX	$3,799	$611	$48.62	$1.32	7
	St. Louis, MO	Houston, TX	$3,715	$136	$42.45	$1.16	10
	South Central, ND	Houston, TX	$5,478	$680	$67.88	$1.85	5
	Minneapolis, MN	Portland, OR	$4,200	$743	$54.49	$1.48	7
	South Central, ND	Portland, OR	$4,200	$610	$53.02	$1.44	6
	Northwest, KS	Portland, OR	$5,100	$813	$65.18	$1.77	6
	Chicago, IL	Richmond, VA	$2,834	$210	$33.56	$0.91	14
Corn	Chicago, IL	Baton Rouge, LA	$2,925	$172	$34.14	$0.87	-4
	Council Bluffs, IA	Baton Rouge, LA	$3,020	$184	$35.31	$0.90	-4
	Kansas City, MO	Dalhart, TX	$3,284	$220	$38.63	$0.98	2
	Minneapolis, MN	Portland, OR	$3,609	$743	$47.97	$1.22	5
	Evansville, IN	Raleigh, NC	$3,204	$205	$37.58	$0.95	9
	Columbus, OH	Raleigh, NC	$3,093	$180	$36.08	$0.92	9
	Council Bluffs, IA	Stockton, CA	$4,900	$803	$62.86	$1.60	4
Soybeans	Chicago, IL	Baton Rouge, LA	$3,178	$172	$36.93	$1.01	2
	Council Bluffs, IA	Baton Rouge, LA	$3,192	$184	$37.21	$1.01	3
	Minneapolis, MN	Portland, OR	$4,110	$743	$53.49	$1.46	9
	Evansville, IN	Raleigh, NC	$3,204	$205	$37.58	$1.02	9
	Chicago, IL	Raleigh, NC	$3,804	$256	$44.75	$1.22	8
Shuttle Train							
Wheat	St. Louis, MO	Houston, TX	$2,942	$136	$33.93	$0.92	7
	Minneapolis, MN	Portland, OR	$3,700	$743	$48.98	$1.33	6
Corn	Fremont, NE	Houston, TX	$2,520	$449	$32.73	$0.83	4
	Minneapolis, MN	Portland, OR	$3,528	$743	$47.08	$1.20	9
Soybeans	Council Bluffs, IA	Houston, TX	$2,787	$436	$35.52	$0.97	4
	Minneapolis, MN	Portland, OR	$3,774	$743	$49.79	$1.36	11

[1]A unit train refers to shipments of at least 25 cars. Shuttle train rates are available for qualified shipments of 90-110 cars that meet railroad efficiency requirements.

[2]Approximate load per car = 100 short tons (90.72 metric tons): corn 56 lbs./bu., wheat & soybeans 60 lbs./bu.

[3]Percentage change year over year calculated using tariff rate plus fuel surchage

Sources: www.bnsf.com, www.cpr.ca, www.csx.com, www.uprr.com

Table 8

Tariff Rail Rates for U.S. Bulk Grain Shipments to Mexico

Effective date: 8/2/2010							
				Fuel	Tariff plus surcharge per:		Percent
Commodity	Origin state	Destination region	Tariff rate/car[1]	surcharge per car[2]	metric ton[3]	bushel[3]	change Y/Y[4]
Wheat	MT	Chihuahua, CI	$6,291	$778	$72.22	$1.96	10
	OK	Cuautitlan, EM	$5,857	$576	$65.73	$1.79	10
	KS	Guadalajara, JA	$6,436	$879	$74.75	$2.03	16
	TX	Salinas Victoria, NL	$3,292	$186	$35.53	$0.97	10
Corn	IA	Guadalajara, JA	$6,670	$835	$76.68	$2.08	10
	SD	Penjamo, GJ	$6,440	$990	$75.92	$2.06	7
	NE	Queretaro, QA	$6,130	$554	$68.29	$1.86	3
	SD	Salinas Victoria, NL	$4,570	$736	$54.21	$1.47	1
	MO	Tlalnepantla, EM	$5,318	$539	$59.85	$1.63	3
	SD	Torreon, CU	$5,330	$820	$62.84	$1.71	5
Soybeans	MO	Bojay (Tula), HG	$6,066	$742	$69.56	$1.89	10
	NE	Guadalajara, JA	$6,550	$815	$75.25	$2.05	11
	IA	Penjamo (Celaya), GJ	$6,690	$1,001	$78.58	$2.14	11
	KS	Torreon, CU	$5,255	$548	$59.29	$1.61	9
Sorghum	OK	Cuautitlan, EM	$4,339	$735	$51.84	$1.41	5
	TX	Guadalajara, JA	$5,350	$776	$62.59	$1.70	17
	NE	Penjamo, GJ	$6,395	$765	$73.15	$1.99	8
	KS	Queretaro, QA	$5,398	$424	$59.48	$1.62	1
	NE	Salinas Victoria, NL	$4,282	$442	$48.27	$1.31	1
	NE	Torreon, CU	$5,240	$584	$59.50	$1.62	7

[1]Rates are based upon published tariff rates for high-capacity shuttle trains. Shuttle trains are available for qualified shipments of 75--110 cars that meet railroad efficiency requirements.

[2]Fuel surcharge adjusted to reflect the change in Ferrocarril Mexicano, S.A. de C.V railroad fuel surcharge policy as of 10/01/2009

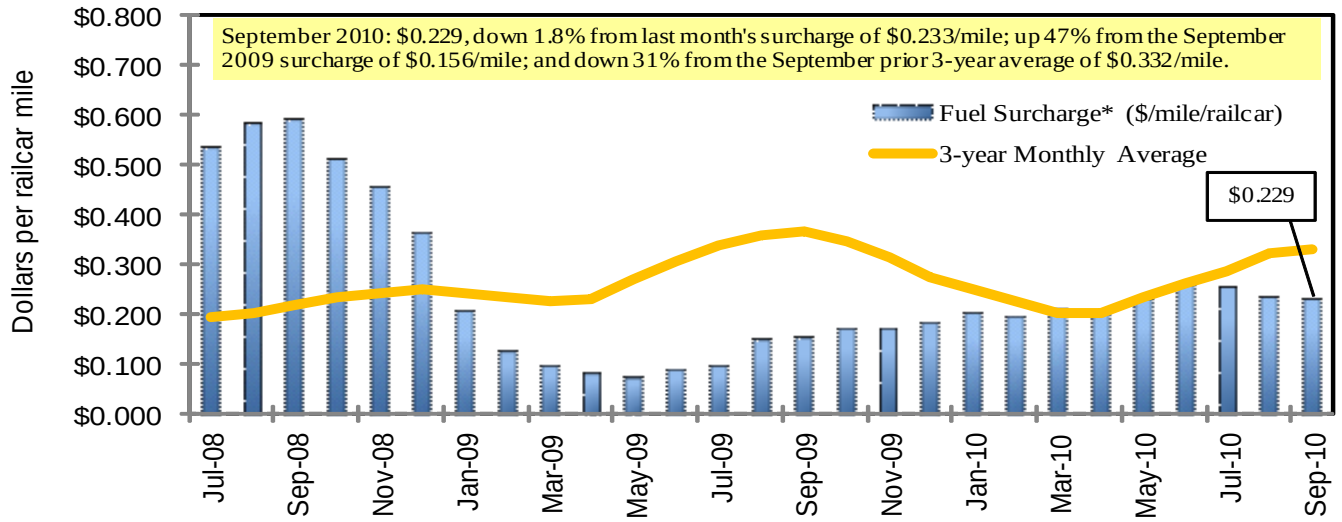
[3]Approximate load per car = 97.87 metric tons: Corn & Sorghum 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

[4]Percentage change year over year calculated using tariff rate plus fuel surchage

Sources: www.bnsf.com, www.uprr.com, www.kcsouthern.com

Figure 7

Railroad Fuel Surcharges, North American Weighted Average[1]



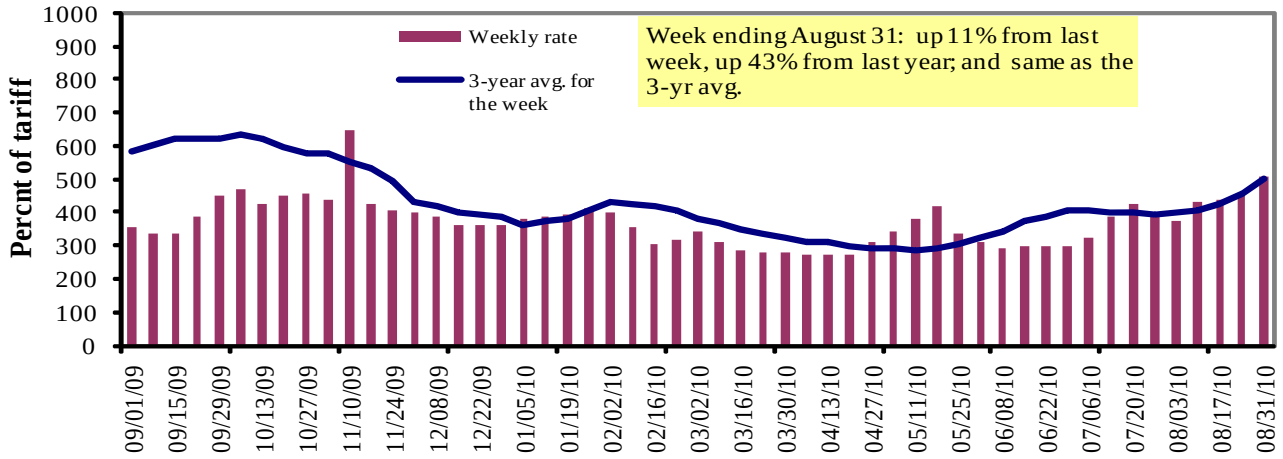
[1] Weighted by each Class I railroad's proportion of grain traffic for the prior year.
* Mileage-based fuel surcharges for March and April 2007 are estimated. Beginning January 2009, the Canadian Pacific fuel surcharge is computed by a monthly average of the bi-weekly fuel surcharge.

Sources: www.bnsf.com, www.cn.ca, www.cpr.ca, www.csx.com, www.kcsi.com, www.nscorp.com, www.uprr.com

Barge Transportation

Figure 8

Illinois River Barge Freight Rate[1,2]



[1]Rate = percent of 1976 tariff benchmark index (1976 = 100 percent); [2]4-week moving average of the 3-year average.

Source: Transportation & Marketing Programs/AMS/USDA

Table 9

Weekly Barge Freight Rates: Southbound Only

		Twin Cities	Mid-Mississippi	Illinois River	St. Louis	Cincinnati	Lower Ohio	Cairo-Memphis
Rate[1]	8/31/2010	506	494	506	525	616	616	500
	8/24/2010	481	456	456	450	551	551	438
$/ton	8/31/2010	31.32	26.28	23.48	20.95	28.89	24.89	15.70
	8/24/2010	29.77	24.26	21.16	17.96	25.84	22.26	13.75
Current week % change from the same week:								
	Last year	41	40	43	62	65	62	54
	3-year avg.[2]	6	-1	0	3	22	22	-5
Rate[1]	September	616	610	620	580	684	684	563
	November	617	469	459	386	464	464	366

[1]Rate = percent of 1976 tariff benchmark index (1976 = 100 percent); [2]4-week moving average; ton = 2,000 pounds.

Source: Transportation & Marketing Programs/AMS/USDA

Calculating barge rate per ton:
(Index * 1976 tariff benchmark rate per ton)/100

Select applicable index from market quotes included in tables on this page. The 1976 benchmark rates per ton are provided in map (see figure 9).

Figure 9
Benchmark tariff rates

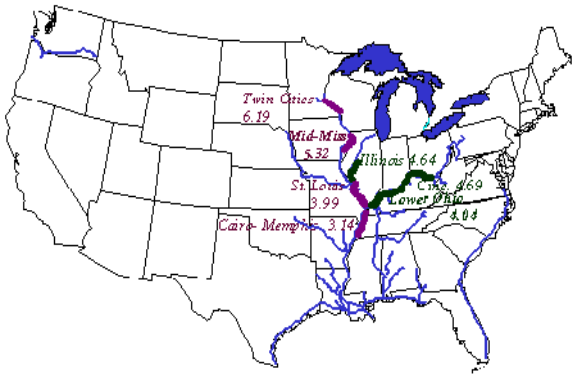
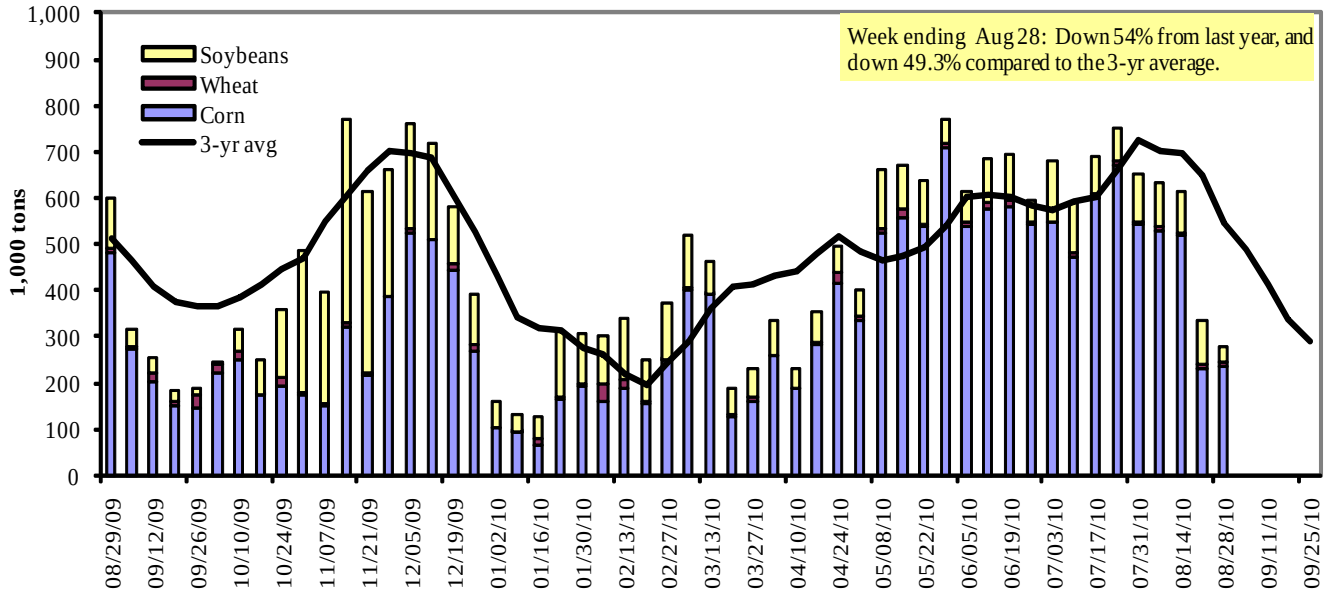


Figure 10

Barge Movements on the Mississippi River[1] (Locks 27 - Granite City, IL)



[1] The 3-year average is a 4-week moving average.

Source: U.S. Army Corps of Engineers (www.mvr.usace.army.mil/mvrimi/omni/webrpts/default.asp)

Table 10

Barge Grain Movements (1,000 tons)

Week ending 8/28/2010	Corn	Wheat	Soybeans	Other	Total
Mississippi River					
Rock Island, IL (L15)	180	5	14	3	202
Winfield, MO (L25)	247	11	33	3	294
Alton, IL (L26)	267	9	35	3	314
Granite City, IL (L27)	237	8	32	8	284
Illinois River (L8)	71	0	11	0	82
Ohio River (L52)	34	8	19	0	61
Arkansas River (L1)	4	23	6	1	34
Weekly total - 2010	275	38	56	9	379
Weekly total - 2009	518	49	130	1	699
2010 YTD[1]	16,162	887	5,277	308	22,634
2009 YTD	17,362	1,047	5,962	280	24,650
2010 as % of 2009 YTD	93	85	89	110	92
Last 4 weeks as % of 2009[2]	68	88	75	207	71
Total 2009	23,424	1,501	10,465	430	35,819

[1] Weekly total, YTD (year-to-date) and calendar year total includes Miss/27, Ohio/52, and Ark/1; "Other" refers to oats, barley, sorghum, and rye.

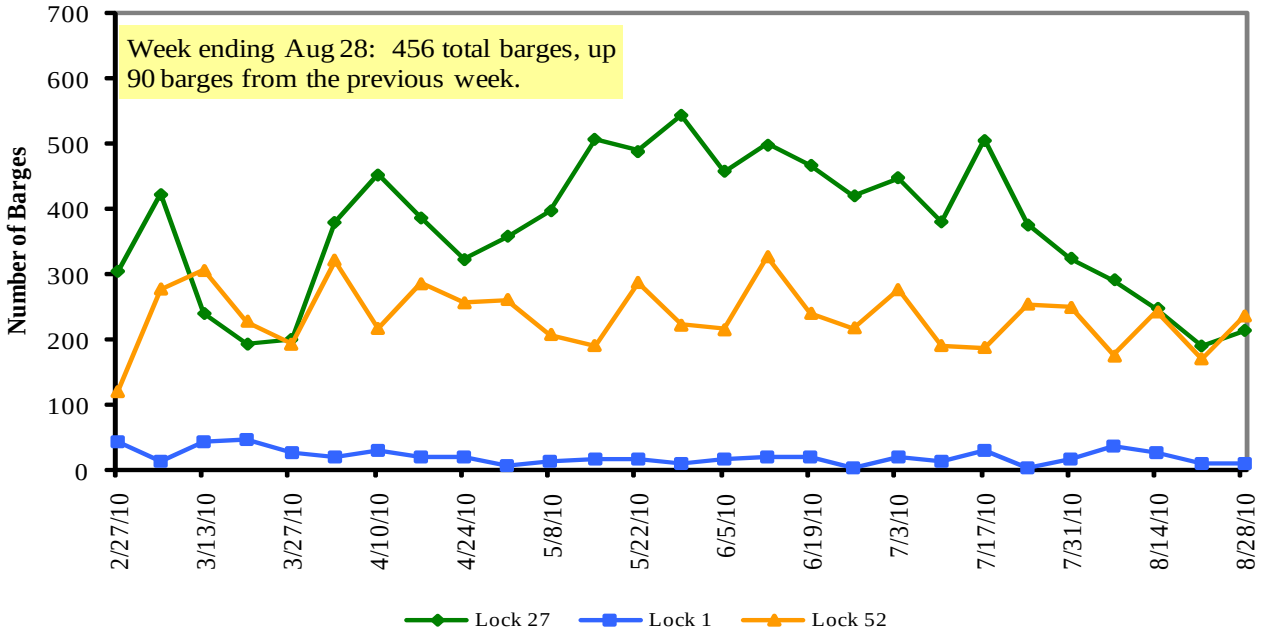
[2] As a percent of same period in 2009.

Note: Total may not add exactly, due to rounding

Source: U.S. Army Corps of Engineers (www.mvr.usace.army.mil/mvrimi/omni/webrpts/default.asp)

Figure 11

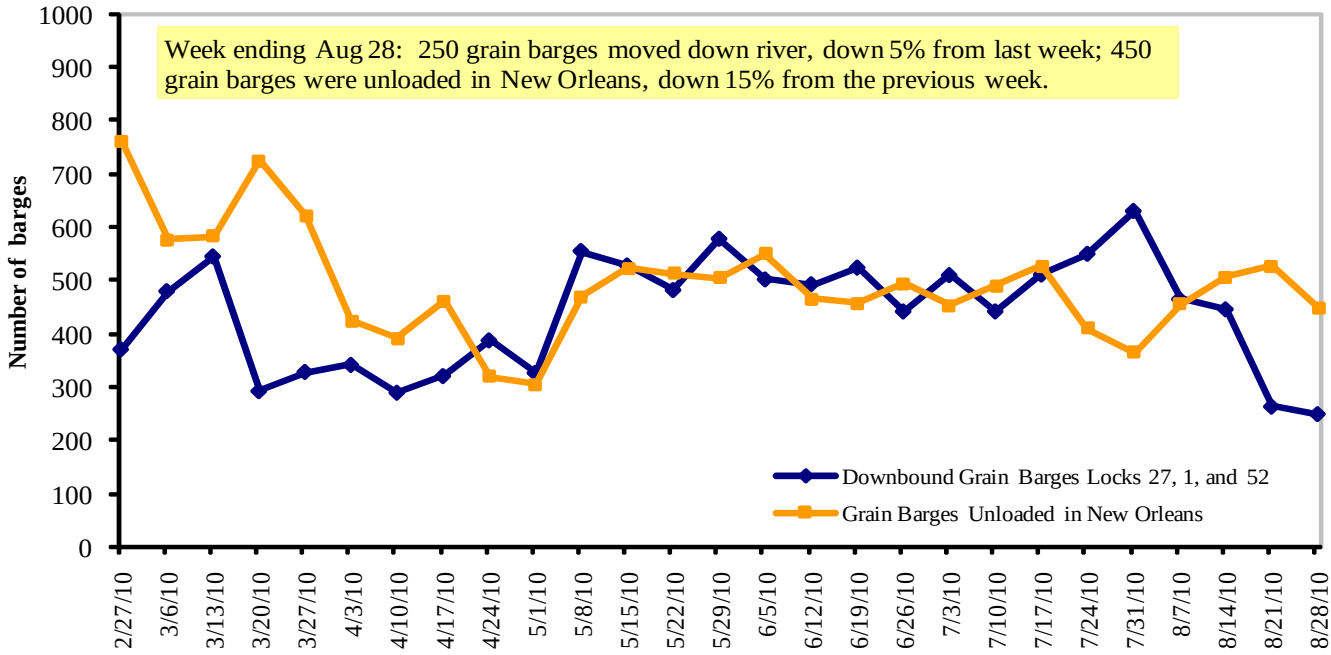
Upbound Empty Barges Transiting Mississippi River Locks 27, Arkansas River Lock and Dam 1, and Ohio River Locks and Dam 52



Source: U.S. Army Corps of Engineers

Figure 12

Grain Barges for Export in New Orleans Region



Source: U.S. Army Corps of Engineers and GIPSA

Truck Transportation

The **weekly diesel price** provides a proxy for trends in U.S. truck rates as diesel fuel is a significant expense for truck grain movements.

Table 11

Retail on-Highway Diesel Prices[1], Week Ending 8/30/2010 (US $/gallon)

Region	Location	Price	Change from Week ago	Change from Year ago
I	East Coast	2.930	-0.022	0.239
	New England	2.996	-0.013	0.254
	Central Atlantic	3.020	-0.018	0.241
	Lower Atlantic	2.886	-0.024	0.237
II	Midwest[2]	2.909	-0.018	0.260
III	Gulf Coast[3]	2.888	-0.028	0.270
IV	Rocky Mountain	3.019	0.003	0.327
V	West Coast	3.101	-0.013	0.299
	California	3.150	-0.021	0.257
Total	U.S.	2.938	-0.019	0.264

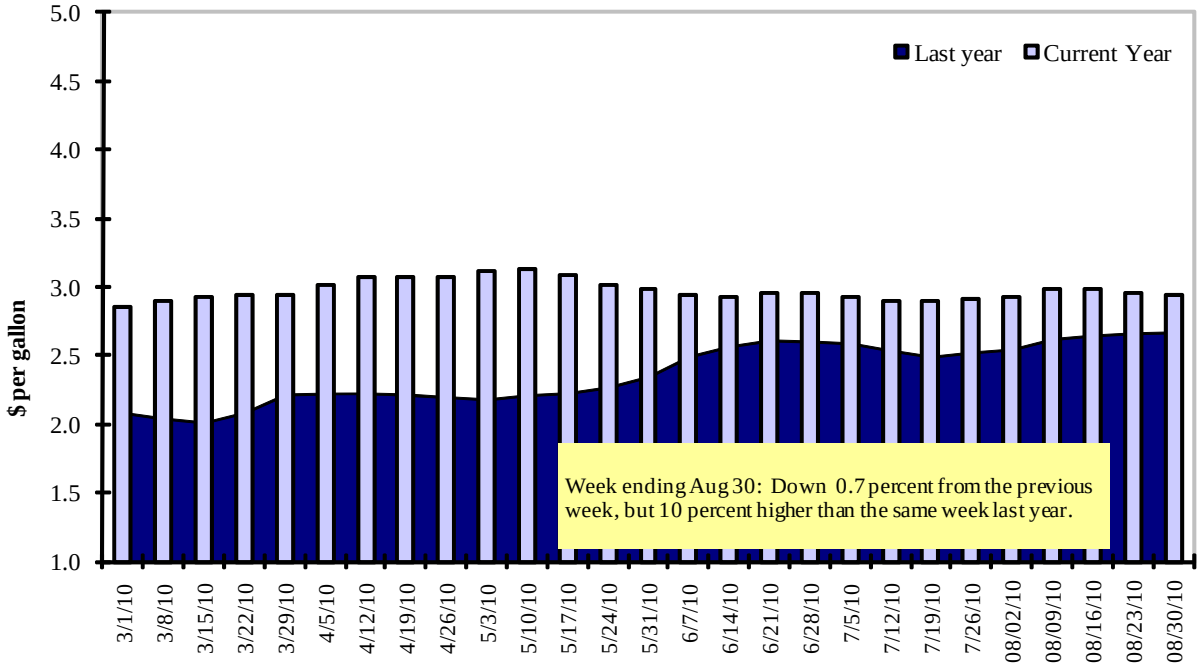
[1]Diesel fuel prices include all taxes. Prices represent an average of all types of diesel fuel.

[2]Same as North Central [3]Same as South Central

Source: Energy Information Administration/U.S. Department of Energy (www.eia.doe.gov)

Figure 13

Weekly Diesel Fuel Prices, U.S. Average



Source: Retail On-Highway Diesel Prices, Energy Information Administration, Dept. of Energy

Grain Exports

Table 12

U.S. Export Balances and Cumulative Exports (1,000 metric tons)

	Wheat						Corn	Soybeans	Total
Week ending	HRW	SRW	HRS	SWW	DUR	All wheat			
Export Balances[1]									
8/19/2010	3,565	608	1,952	1,246	331	7,702	5,923	2,237	15,862
This week year ago	1,402	729	959	969	243	4,302	7,053	3,049	14,404
Cumulative exports-marketing year[2]									
2009/10 YTD	2,518	464	1,245	947	185	5,358	46,557	39,050	90,965
2008/09 YTD	1,597	628	888	798	120	4,031	43,605	33,097	80,733
YTD 2009/10 as % of 2008/09	158	74	140	119	154	133	107	118	113
Last 4 wks as % of same period 2008/09	207	81	166	126	135	154	140	82	131
2008/09 Total	11,244	5,100	5,408	3,420	454	25,626	44,650	33,705	103,981
2007/08 Total	13,709	5,568	7,842	4,191	1,075	32,385	59,666	30,411	122,462

[1] Current unshipped export sales to date

[2] Shipped export sales to date; the new marketing year is in effect for wheat

Note: YTD = year-to-date. Marketing Year: wheat = 6/01-5/31, corn & soybeans = 9/01-8/31

Source: Foreign Agricultural Service/USDA (www.fas.usda.gov)

Table 13

Top 5 Importers[1] of U.S. Corn

Week ending 08/19/10	Total Commitments[2]			% change	Exports[3]
	2010/11	2009/10	2008/09	current MY	
	Next MY	Current MY	Last MY	from last MY	2008/09
		- 1,000 mt -			- 1,000 mt -
Japan[4]	1,916	16,116	17,393	(7)	15,910
Mexico	1,915	8,243	7,545	9	7,454
Korea	454	7,774	5,255	48	5,129
Taiwan	199	3,295	3,594	(8)	3,198
Egypt	745	3,151	2,228	41	2,233
Top 5 importers	**5,228**	**38,578**	**36,015**	**7**	**33,924**
Total US corn export sales[5]	**8,930**	**52,481**	**48,703**	**8**	**47,180**
% of Projected	17%	105%	103%		
Change from Last Week	1,694	42	266		
Top 5 importers' share of U.S. corn export sales	59%	74%	74%		
USDA forecast, August 2010	**52,070**	**50,170**	**47,180**	**6**	
Corn Use for Ethanol USDA forecast, Ethanol August 2010	**119,380**	**114,300**	**94,209**	**21**	

(n) indicates negative number.

[1]Based on FAS Marketing Year Ranking Reports - www.fas.usda.gov; Marketing year (MY) = Sep 1 - Aug 31.

[2]Cumulative Exports (shipped) + Outstanding Sales (unshipped), FAS Weekly Export Sales Report.

[3]FAS Marketing Year Final Reports - www.fas.usda.gov/export-sales/myfi_rpt.htm.

[4] Not included - FAS Press Release: **105,054 mt** on 8/23 to Japan for 2010/11.

[5] Not included - FAS Press Release: **447,252 mt** (167,252 mt on 08/23; 180,000 mt on 8/27, 100,000 mt on 8/31) to Unknown for 2010/11.

Table 14

Top 5 Importers[1] of U.S. Soybeans

Week ending 08/19/10	Total Commitments[2]			% change current MY from last MY	Exports[3]
	2010/11 Next MY	2009/10 Current MY	2008/09 Last MY		2008/09
		- 1,000 mt -			- 1,000 mt -
China[4]	8,943	23,157	19,806	17	18,681
Mexico	572	3,336	3,172	5	3,098
Japan	254	2,609	2,804	(7)	2,410
EU-25	60	2,703	2,186	24	2,180
Taiwan	254	1,578	1,693	(7)	1,592
Top 5 importers	**10,083**	**33,383**	**29,661**	**13**	**27,961**
Total US soybean export sales	**14,702**	**41,288**	**36,146**	**14**	**34,930**
% of Projected	38%	103%	103%		
Change from last week	824	168	88		
Top 5 importers' share of U.S. soybean export sales	69%	81%	82%		
USDA forecast, August 2010	**39,050**	**40,010**	**34,930**	**15**	
Soybean Use for Biodiesel USDA forecast, August 2010	**6,954**	**4,316**	**4,573**	**(6)**	

(n) indicates negative number.

[1]Based on FAS 2008/09 Marketing Year Ranking Reports - www.fas.usda.gov; Marketing year (MY) = Sep 1 - Aug 31.

[2] Cumulative Exports (shipped) + Outstanding Sales (unshipped), FAS Weekly Export Sales Report.

[3] FAS Marketing Year Final Reports - www.fas.usda.gov/export-sales/myfi_rpt.htm.

[4] Not included - FAS Press Release: **120,000 mt** on 8/27 to China for 2010/11.

Table 15

Top 10 Importers[1] of All U.S. Wheat

Week Ending 08/19/2010	Total Commitments[2]		% change current MY from last MY	Exports[3]
	2010/11 Current MY	2009/10 Last MY		2009/10
	- 1,000 mt -			- 1,000 mt -
Nigeria	1,320	1,308	1	3,233
Japan	1,344	972	38	3,148
Mexico	1,232	720	71	1,975
Philippines	1,100	654	68	1,518
Korea, South	728	520	40	1,111
Taiwan	238	287	(17)	844
Venezuela	220	185	19	658
Colombia	339	273	24	575
Peru	443	237	87	567
Indonesia	206	266	(23)	529
Top 10 importers	**7,168**	**5,422**	**32**	**14,156**
Total US wheat export sales[4]	**13,060**	**8,332**	**57**	**23,980**
% of Projected	40%	35%		
Change from last week	1,078	653		
Top 10 importers' share of U.S. wheat export sales	55%	65%		
USDA forecast, August 2010	**32,660**	**23,980**	**36**	

(n) indicates negative number.

[1]Based on FAS **2008/09** Marketing Year Ranking Reports - www.fas.usda.gov; Marketing year = Jun 1 - May 31.

[2] Cumulative Exports (shipped) + Outstanding Sales (unshipped), FAS Weekly Export Sales Report.

[3] FAS Marketing Year Final Reports - www.fas.usda.gov/export-sales/myfi_rpt.htm.

[4]Not Included, FAS Press Release: **165,000 mt** HRW Wheat to Unknown for 2010/11.

Table 16

Grain Inspections for Export by U.S. Port Region (1,000 metric tons)

Port regions	Week ending 08/26/10	2010 YTD[1]	2009 YTD[1]	2010 YTD as % of 2009 YTD	Last 4-weeks as % of 2009	Last 4-weeks as % of 3-yr. avg.	Total[1] 2009
Pacific Northwest							
Wheat	226	7,077	6,233	114	117	91	10,091
Corn	348	7,382	5,899	125	160	153	8,498
Soybeans	63	4,913	4,520	109	71	80	9,743
Total	**637**	**19,372**	**16,652**	**116**	**129**	**115**	**28,332**
Mississippi Gulf							
Wheat	99	2,530	2,650	95	98	37	4,019
Corn	671	19,654	20,240	97	97	94	28,843
Soybeans	108	10,161	11,599	88	97	135	21,831
Total	**878**	**32,346**	**34,489**	**94**	**97**	**91**	**54,693**
Texas Gulf							
Wheat	241	5,398	3,627	149	160	82	5,735
Corn	57	1,191	1,157	103	87	140	1,968
Soybeans	0	667	472	141	n/a	n/a	2,402
Total	**298**	**7,256**	**5,256**	**138**	**139**	**89**	**10,105**
Great Lakes							
Wheat	120	631	297	212	215	142	990
Corn	0	53	193	27	0	0	353
Soybeans	0	0	69	0	n/a	0	781
Total	**120**	**683**	**559**	**122**	**149**	**106**	**2,124**
Atlantic							
Wheat	0	195	415	47	1	1	552
Corn	0	260	119	218	244	285	472
Soybeans	0	709	467	152	22	29	1,268
Total	**0**	**1,164**	**1,001**	**116**	**24**	**16**	**2,292**
U.S. total from ports[2]							
Wheat	686	15,831	13,222	120	130	75	21,387
Corn	1,076	28,539	27,608	103	109	108	40,134
Soybeans	171	16,450	17,127	96	89	117	36,025
Total	**1,933**	**60,821**	**57,957**	**105**	**111**	**96**	**97,546**

[1] Includes weekly revisions, some regional totals may not add exactly due to rounding.

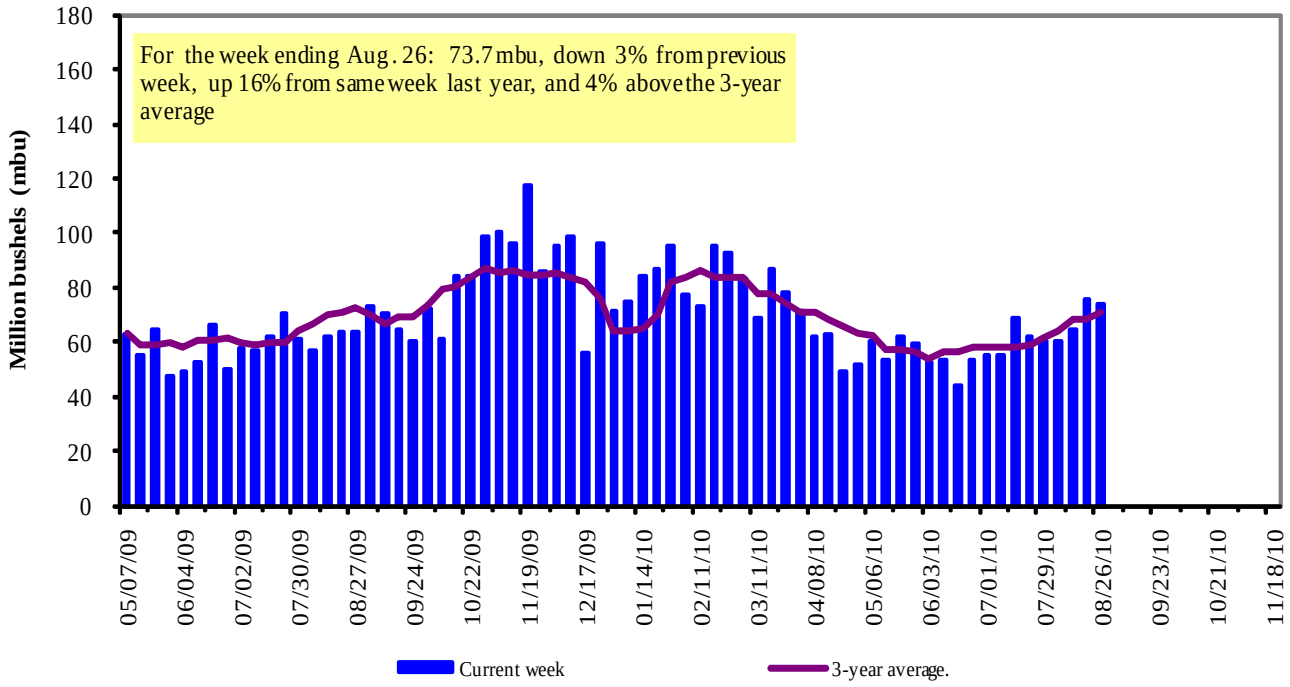
[2] Total includes only port regions shown above

Source: Grain Inspection, Packers and Stockyards Administration/USDA (www.gipsa.usda.gov); YTD= year-to-date; n/a = not applicable

The United States exports approximately one-quarter of the grain it produces. On average, this includes nearly 45 percent of U.S.-grown wheat, 35 percent of U.S.-grown soybeans, and 20 percent of the U.S.-grown corn. Approximately 62 percent of the U.S. export grain shipments departed through the U.S. Gulf region in 2009.

Figure 14

U.S. grain inspected for export (wheat, corn, and soybeans)

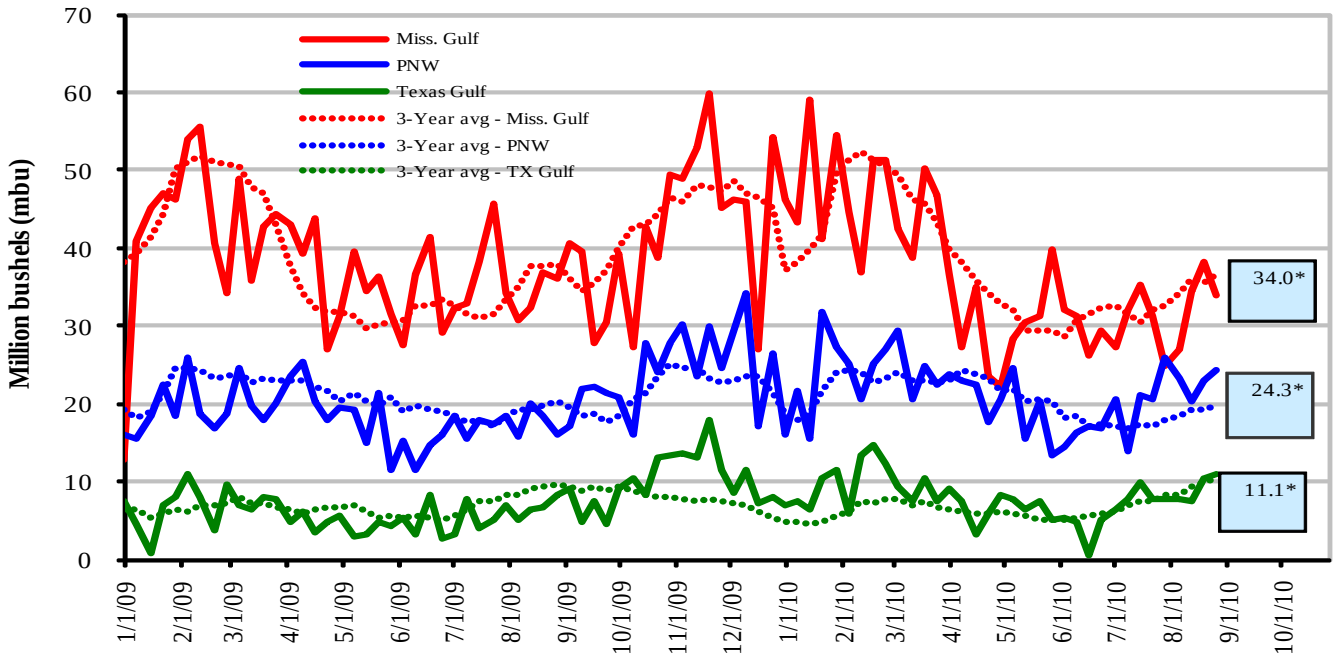


Source: Grain Inspection, Packers and Stockyards Administration/USDA (www.gipsa.usda.gov)

Note: 3-year average consists of 4-week running average

Figure 15

U.S. Grain Inspections: U.S. Gulf and PNW[1] (wheat, corn, and soybeans)



Source: Grain Inspection, Packers and Stockyards Administration/USDA (www.gipsa.usda.gov); *mbu, this week.

Aug 26, % change from:	MS Gulf	TX Gulf	U.S. Gulf	PNW
Last week	down 11	up 6	down 7	up 6
Last year (same week)	down 6	up 33	up 2	up 52
3-yr avg. (4-wk mov. avg.)	down 7	up 7	down 4	up 16

Table 17

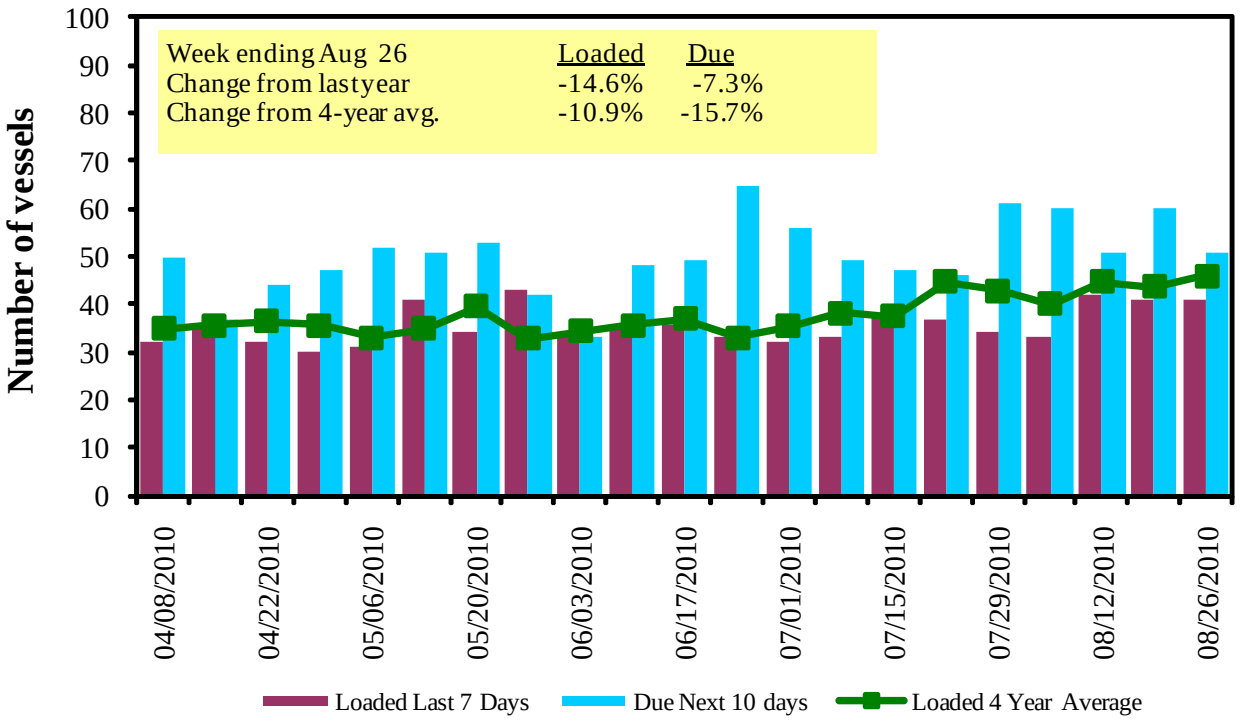
Weekly Port Region Grain Ocean Vessel Activity (number of vessels)

	Gulf			Pacific Northwest	Vancouver B.C.
Date	In port	Loaded 7-days	Due next 10-days	In port	In port
8/26/2010	53	41	51	8	9
8/19/2010	55	41	60	12	10
2009 range	(18..72)	(21..57)	(37..86)	(2..19)	(3..19)
2009 avg.	37	39	55	10	9

Source: Transportation & Marketing Programs/AMS/USDA

Figure 16

U.S. Gulf[1] Vessel Loading Activity

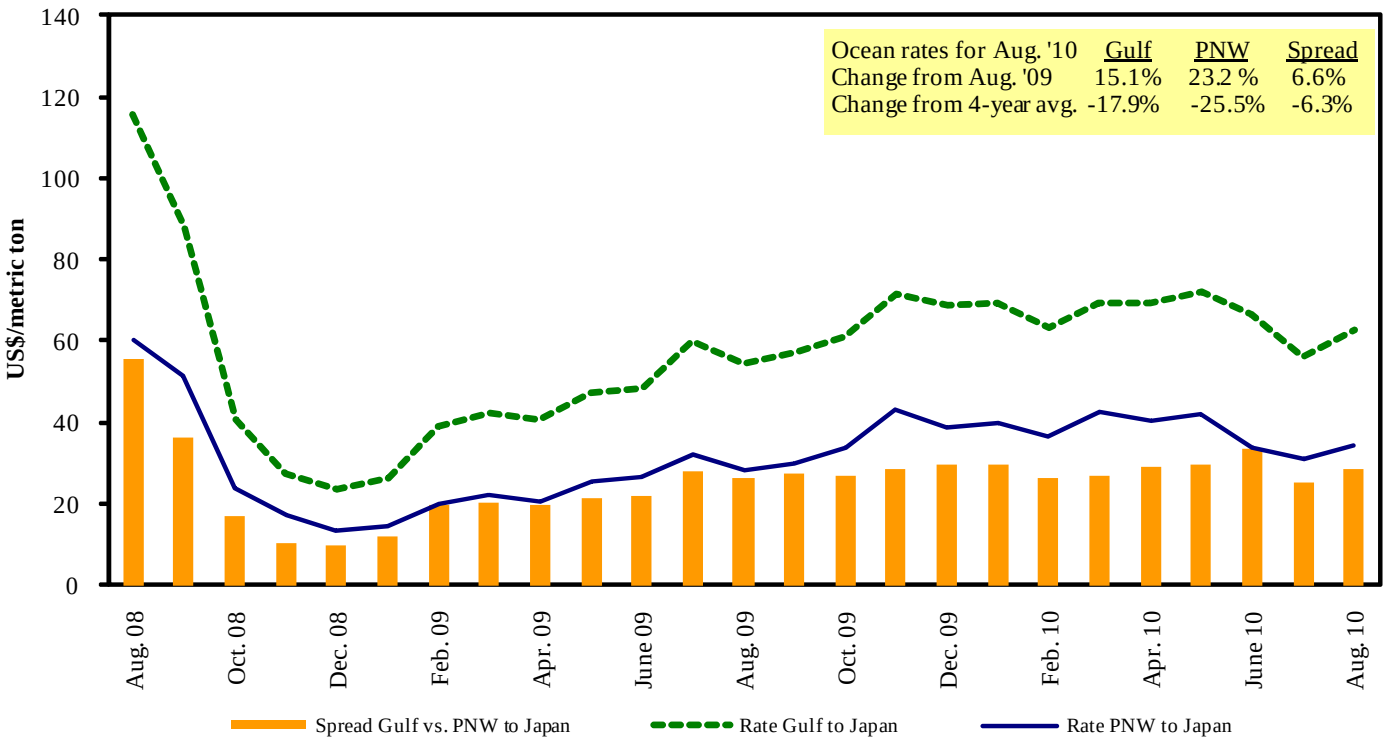


Source: Transportation & Marketing Programs/AMS/USDA

[1]U.S. Gulf includes Mississippi, Texas, and East Gulf.

Figure 17

Grain Vessel Rates, U.S. to Japan



Source: O'Neil Commodity Consulting

Table 18

Ocean Freight Rates For Selected Shipments, Week Ending 8/28/2010

Export region	Import region	Grain types	Loading date	Volume loads (metric tons)	Freight rate (US$/metric ton)
U.S. Gulf	China	Heavy Grain	July 15/30	55,000	59.00
U.S. Gulf	China	Heavy Grain	Aug 5/10	55,000	56.00
U.S. Gulf	Egypt Med	Heavy Grain	Sep 5/10	55,000	42.00
U.S. Gulf	South Africa	Wheat	Aug 20/30	25,000	59.50
U.S. Gulf	South Africa	Wheat	Jun 28/30	25,000	57.50
U.S. Gulf	South Africa	Wheat	July 1/10	25,000	56.00
U.S. PNW	Bangladesh[1]	Wheat	Aug 20/30	24,590	92.00
St. Lawrence	Morocco	Wheat	Aug 25/30	25,000	29.75
St. Lawrence	Morocco	Wheat	Jul 26/31	25,000	26.50
Brazil	Spain	Corn	Aug 10/15	25,000	31.50
France	Algeria	Wheat	Jun 25/30	25,000	29.00
France	Algeria	Wheat	Jul 5/10	25,000	25.50
River Plate	Algeria	Soybeanmeal	July 1/10	25,000	56.00

Rates shown are for metric ton (2,204.62 lbs. = 1 metric ton), F.O.B., except where otherwise indicates; op = option

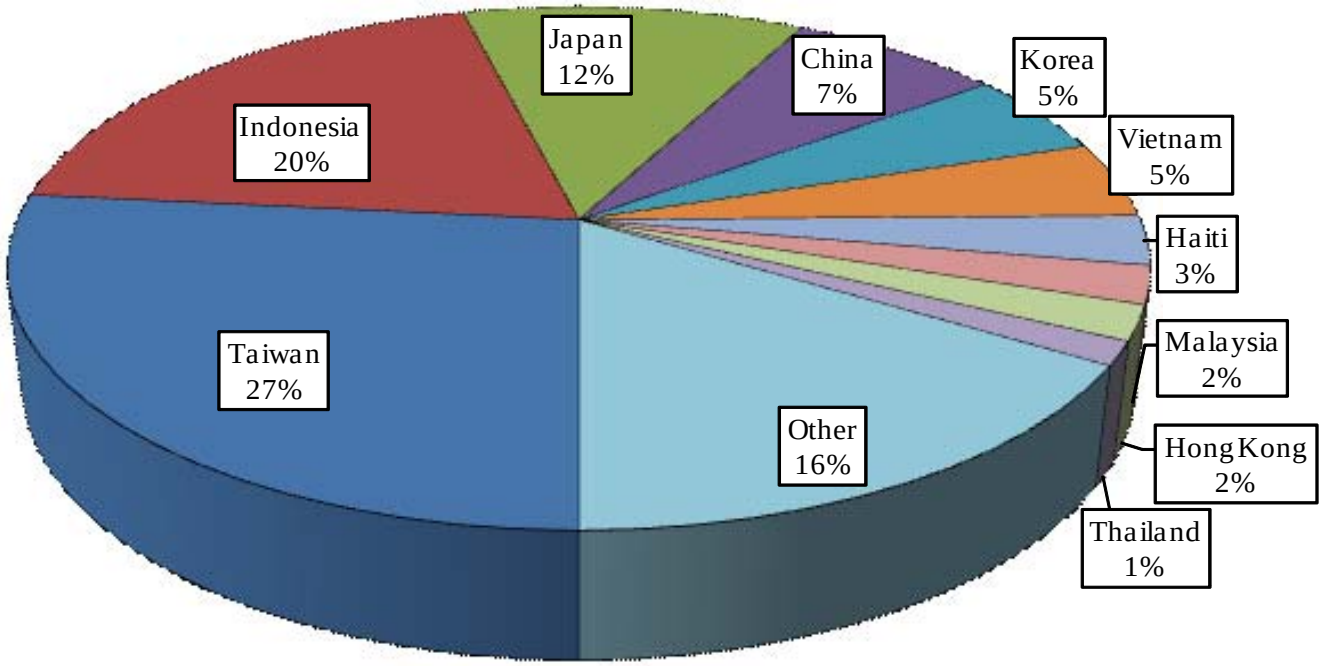
[1]75 percent of food aid from the United States is required to be shipped on U.S.-flag vessels.

Source: Maritime Research Inc. (www.maritime-research.com)

In 2009, containers were used to transport 5 percent of total waterborne grain exports, and 6 percent of U.S. grain exports to Asia.

Figure 18

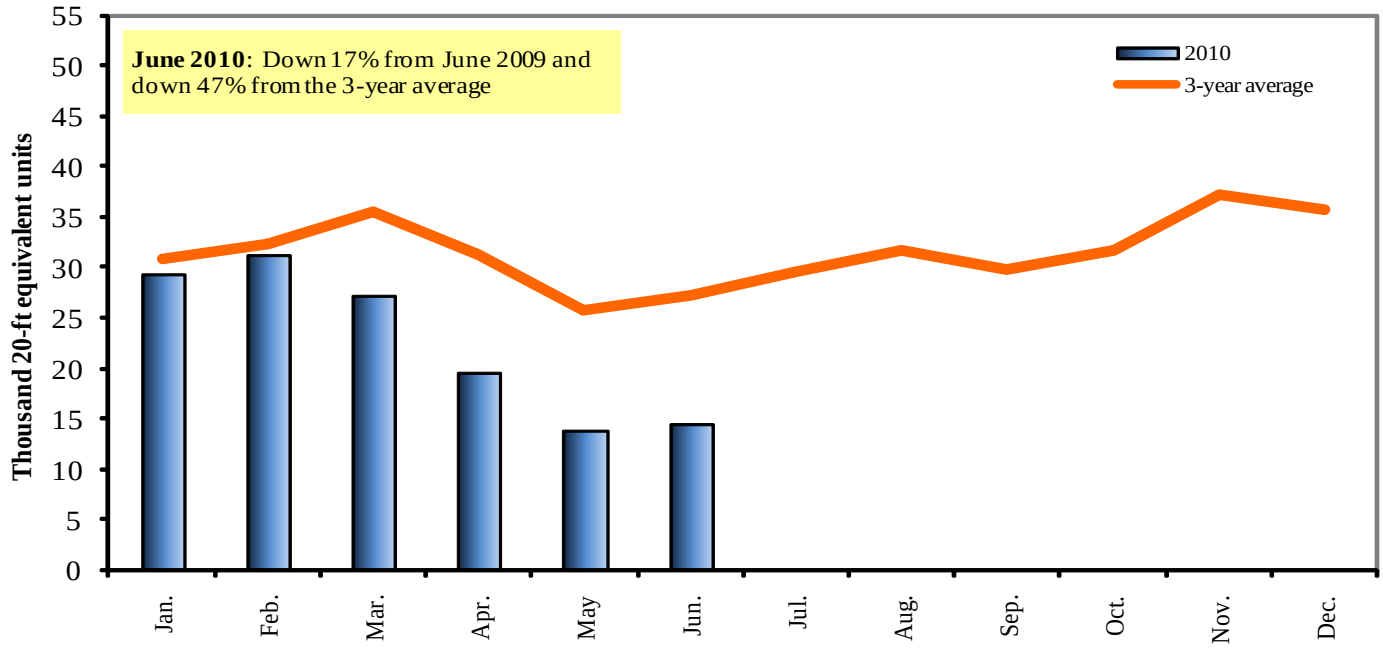
Top 10 Destination Markets for U.S. Containerized Grain Exports, June 2010



Source: Port Import Export Reporting Service (PIERS)

Figure 19

Monthly Shipments of Containerized Grain to Asia



Source: Port Import Export Reporting Service (PIERS), *Journal of Commerce*

Contacts and Links

Coordinators		
Surajudeen (Deen) Olowolayemo	surajudeen.olowolayemo@ams.usda.gov	(202) 694 - 3050
Pierre Bahizi	pierre.bahizi@ams.usda.gov	(202) 694 - 2503
Daniel Nibarger	daniel.nibarger@ams.usda.gov	(202) 436 - 9713
Weekly Highlight Editors		
Marina Denicoff	marina.denicoff@ams.usda.gov	(202) 694 - 2504
Surajudeen (Deen) Olowolayemo	surajudeen.olowolayemo@ams.usda.gov	(202) 694 - 3050
April Taylor	april.taylor@ams.usda.gov	(202) 295 - 7374
Daniel Nibarger	daniel.nibarger@ams.usda.gov	(202) 436 - 9713
Grain Transportation Indicators		
Surajudeen (Deen) Olowolayemo	surajudeen.olowolayemo@ams.usda.gov	(202) 694 - 3050
Rail Transportation		
Marvin Prater	marvin.prater@ams.usda.gov	(202) 694 - 3051
Johnny Hill	johnny.hill@ams.usda.gov	(202) 694 - 2506
Daniel Nibarger	daniel.nibarger@ams.usda.gov	(202) 436 - 9713
Barge Transportation		
Nicholas Marathon	nick.marathon@ams.usda.gov	(202) 694 - 2508
April Taylor	april.taylor@ams.usda.gov	(202) 295 - 7374
Truck Transportation		
April Taylor	april.taylor@ams.usda.gov	(202) 295 - 7374
Grain Exports		
Johnny Hill	johnny.hill@ams.usda.gov	(202) 694 - 2506
Marina Denicoff	marina.denicoff@ams.usda.gov	(202) 694 - 2504
Ocean Transportation		
Surajudeen (Deen) Olowolayemo (Freight rates and vessels)	surajudeen.olowolayemo@ams.usda.gov	(202) 694 - 3050
April Taylor (Container movements)	april.taylor@ams.usda.gov	(202) 295 - 7374

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