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WEEKLY HIGHLIGHTS

U.S.-Colombia Trade Promotion Agreement (TPA) Implemented

On May 15, more than half of U.S. farm exports to Colombia became duty-free. These include wheat, soybeans, soybean meal, and soybean flour. The Colombia TPA also provides duty free tariff rate quotas on corn, sorghum, animal feeds, rice, and soybean oil. Virtually all remaining tariffs will be eliminated within 15 years. Agriculture Secretary Tom Vilsack stated that under the agreement American farmers and ranchers can expect to see their exports grow by more than \$370 million. In calendar year 2011, U.S. agricultural exports to Colombia were \$1.1 billion, including \$428 million of wheat, corn, and soybeans.

Teamsters Canada Rail Conference Strike at Canadian Pacific

The Teamsters Canada Rail Conference strike at Canadian Pacific (CP) began Wednesday morning, May 23. The union represents 4,800 engineers, conductors, and rail traffic controllers at CP. The Canadian Fertilizer Institute (CFI) and Grain Growers of Canada told Prime Minister Stephen Harper that the work stoppage would hurt the country's economy and hinder exports. Demand for fertilizers, particularly potash, is high. CFI members annually produce about 25 million metric tons of fertilizers with about 80 percent exported. Canadian grain farmers have orders to fill around the world and are heavily dependent on railways to move their products to market. However, CP's operations in the U.S. are not affected by the Canadian strike, and grain movements through the U.S. should continue as normal. Canadian Labor Minister Lisa Raitt had previously met with representatives of CP and the union in an effort to prevent the strike. She is now proposing legislation for Monday, May 28 when the House of Commons resumes, which would force the railroad employees back to work.

FMCSA's Illinois Division Clarifies Intrastate and Interstate Commerce Issues

The Illinois Farm Bureau reported that the Federal Motor Carrier Safety Administration Illinois Division issued a new policy on May 3 to resolve issues of intrastate and interstate commerce that affected Illinois farmers in 2011. Farmers transporting grain and other commodities to the first point of delivery in Illinois will be considered to be engaged in intrastate commerce, and will not be required to obtain a USDOT number and pass a new entrant safety audit and fulfill other requirements as an interstate carrier. However, Illinois farmers transporting grain to a river elevator or an intermodal terminal will be considered engaged in interstate commerce, and therefore must follow Federal Motor Carrier Safety Regulations. The agency previously released guidance on August 10, 2011 designed to make sure States clearly understand the common-sense exemptions that allow farmers, their employees, and their families to accomplish their day-to-day work and transport their products to market.

Total Grain Inspections Down

For the week ending May 17, **total inspections of grain** (wheat, corn, soybeans) for export reached 1.62 million metric tons (mmt), down 20 percent from the past week and 21 percent below the same time last year. Total grain inspections were down for each of the major grains. Soybean inspections (.346 mmt) had the largest decrease (-38%), as shipments to Asia dropped 39 percent from the past week. Increased outstanding export sales of soybeans could boost soybean inspections for the upcoming week. Corn inspections (.592 mmt) dropped 16 percent from the past week due to a 49 percent decrease in shipments to Mexico. Despite the 11 percent drop in wheat inspections (.678 mmt), shipments were 3 percent above the four-week running average. Wheat inspections were also up 251 percent in the Texas Gulf (.198 mmt) but the increase could not offset the decreases in the Gulf and Pacific Northwest.

Snapshots by Sector

Rail

U.S. railroads originated 19,838 **carloads of grain** during the week ending May 12, up 11 percent from last week, down 12 percent from last year, and nearly the same as the 3-year average.

During the week ending May 17, average June non-shuttle **secondary railcar bids/offers per car** were \$8.50 above tariff, up \$2 from last week and \$11 less than last year. Average shuttle bids/offers were \$254 below tariff, up \$58.50 from last week and \$21.50 higher than last year.

Barge

During the week ending May 19, **barge grain movements** totaled 643,900 tons, 20 percent higher than the previous week and 14 lower than the same period last year.

Ocean

During the week ending May 17, 30 **ocean-going grain vessels** were loaded in the Gulf, down 3 percent from the same period last year. Thirty-six vessels are expected to be loaded within the next 10 days, 14 percent less than the same period last year.

During the week ending May 18, the **ocean freight rate** for shipping bulk grain from the Gulf to Japan was \$51 per mt, up 2 percent from the previous week. The cost of shipping from the Pacific Northwest to Japan was \$26.50 per mt, unchanged from the previous week.

Fuel

During the week ending May 21, U.S. average **diesel fuel prices** decreased 5 cents to \$3.96 per gallon—4 cents lower than the same week last year.

Feature Article/Calendar

Rail Market Share of Grain and Oilseed Production

Agricultural producers—farmers—are dispersed over the entire country. Unlike many other industries, they are unable to move their operations—they are tied to the land, and often to a particular climate. Because their production is tied to the land, they must be able to transport their produce to markets, many of which are located long distances from the farms.

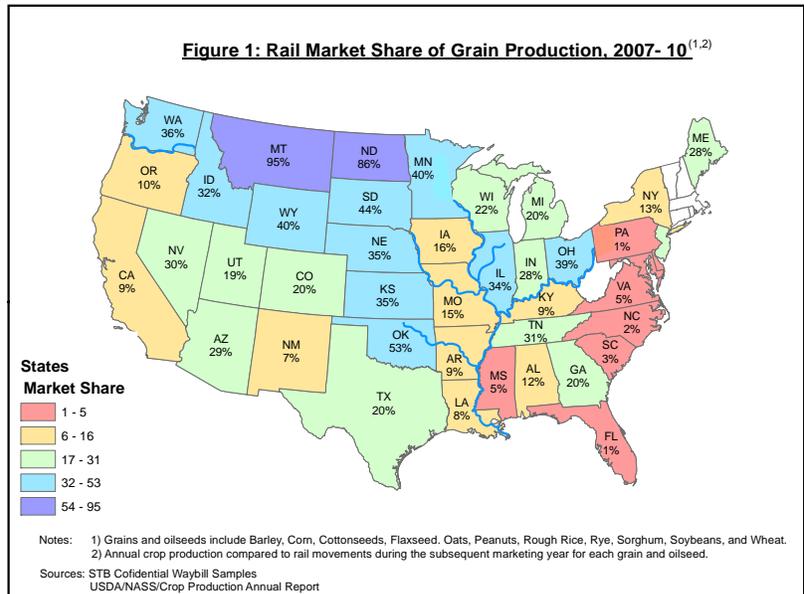
An affordable and reliable transportation network is necessary to maintain the strength and competitiveness of American agriculture and our rural communities. Rail service is a particularly important part of that network for U.S. agriculture, because it is often the most cost-effective shipping alternative available for low-value, bulky commodities in those rural areas that are distant from water transportation and markets.

The share of the grain harvest moved by rail has been declining since partial deregulation of the railroad industry in 1980. In that year, railroads moved half the grain harvest. In 2010, the rail share had declined to 29 percent.¹ Most of the grain traffic now moves by truck (58 percent). This is partly a result of changes in grain markets.

The use of corn and sorghum to produce ethanol contributed to four of the six largest ethanol-producing states losing rail market share. Most of the corn and sorghum used to produce ethanol is delivered by truck because of the relative proximity of farmers to the plants. Ethanol production capacity reached 14.2 billion gallons per year in December 2011, and now consumes approximately 41 percent of total U.S. corn and sorghum production. Ethanol production is concentrated in the Midwest corn producing states. Iowa produces 25 percent of the U.S. ethanol, while the States of Nebraska, Illinois, Minnesota, South Dakota, and Indiana produce another 45 percent.

In addition, changes in the livestock industry have resulted in the interstate transport of grain, which often favors rail transportation over truck. Livestock inventories are more geographically concentrated than before and are located in the Southwest, the Great Plains, the Corn Belt, parts of California and the Pacific Northwest, and areas of the mid-Atlantic.

Agricultural shippers in Montana and North Dakota are particularly dependent on rail transportation because of their distance to inland waterways and the prohibitive cost of hauling grain long distances to markets. Figure 1 shows that, on average, railroads transported 95 percent of Montana and 86 percent of North Dakota grains and oilseeds during the crop marketing years from 2007 to 2010. In addition, railroads transported between 32 and 53 percent of the grain and oilseed production for 8 States clustered around Montana and North Dakota. With the exception of Illinois, Ohio, and Minnesota, States with river access had comparatively lower rail market shares (between 5 and 31 percent), stretching south from Iowa and Indiana to Louisiana, Mississippi, and Alabama.



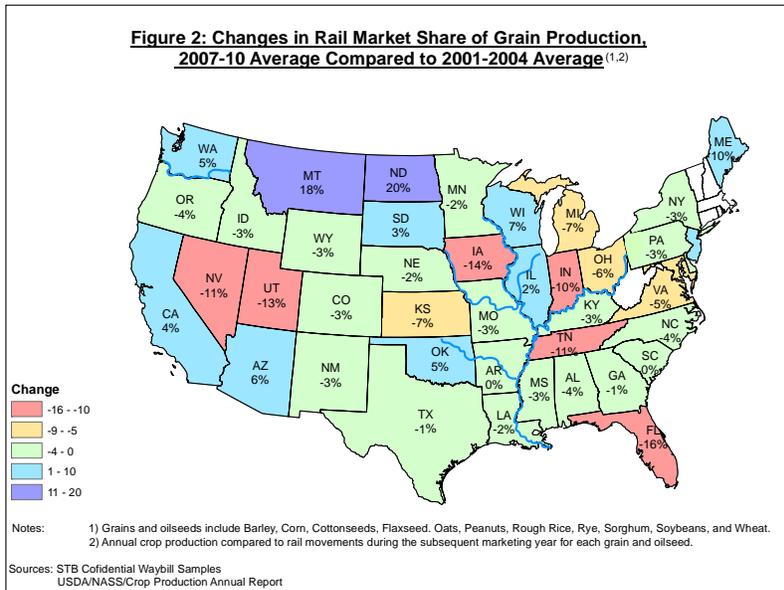
¹ Marathon, Nick and Adam Sparger, *Transportation of U.S. Grains: A Modal Share Analysis, 1978-2010 Update*, USDA, Agricultural Marketing Service, March 2012.

Rail Market Share of Grain and Oilseed Production

The rail market share of grain transportation is estimated by dividing the annual marketing year rail volume hauled by the grain and oilseed production for each State.¹ State annual grain and oilseed production by State for each year is available in the annual USDA *Crop Production Annual Reports* and includes barley, corn, cottonseeds, flaxseed, oats, peanuts, rough rice, rye, sorghum, soybeans, and wheat. The tonnage of grains and oilseeds hauled by rail for each State and marketing year was estimated from the Surface Transportation Board Confidential Waybill Samples. To match crop production to the rail transportation of each crop during the subsequent marketing year, the estimated tons hauled by rail were based on each crop's marketing year. For instance if the actual grain production occurred in 2004, the rail haul occurred during the marketing year that started in 2004 and ended in 2005.

Changes in the Rail Market Share of Grain and Oilseed Production

The 2007-2010 average rail market shares of grain and oilseed production are generally lower than the average values for the 2001-2004 period; although the rail market share increased for 12 States, the market share decreased for 28 States (Figure 2). The States most dependent on rail service in figure 1 increased their rail market share the most—Montana (18 percent), North Dakota (20 percent), Oklahoma (5 percent), and South Dakota (3 percent).² This means that states without barge access are now even more rail dependent than at the beginning of the decade. Other top-25 grain and oilseed producing States that had increases in the rail market share were California (4 percent), Illinois (2 percent), Washington (5 percent), and Wisconsin (7 percent).



The top-25 grain and oilseed producing States that had the largest decreases in the rail market share were Iowa (14 percent), Tennessee (11 percent), Indiana (10 percent), Michigan and Kansas (7 percent each), Ohio (6 percent), North Carolina (4 percent), and Idaho, Mississippi, and Colorado (3 percent each). This shows that for many states having access to barge and truck transportation has proven beneficial. Other States having large decreases in rail market share include Florida (16 percent), Utah (13 percent), and Nevada (11 percent).

Current Research

In addition to the location of feedlots and ethanol production, several other factors could influence the rail share of grain transportation, including: the rapid expansion of biodiesel production, the competitiveness of rail with barge and trucks, the distance to navigable rivers or export ports, the quantity of grain and oilseed exports, natural disasters, the crop size and composition within a State, crop prices, and rail congestion. Additional research and analysis of these and other factors may further explain the changes observed in grain transportation by rail.

Marvin.Prater@ams.usda.gov , Adam.Sparger@ams.usda.gov , Pierre.Bahizi@ams.usda.gov

¹ To match crop production to the transportation of each crop during the subsequent marketing year, the estimated expanded tons hauled by rail were based on each crop's marketing year. The marketing year for barley, flaxseed, oats, rye, and wheat is June 1 through May 31. The marketing year for corn, sorghum, and soybeans is September 1 through August 31. The marketing year for cottonseeds, peanuts, and rough rice is August 1 through July 31.

² For instance, North Dakota went from a ratio of 66 percent in 2001-2004 to a ratio of 86 percent in 2007-2010, a gain of 20 percent.

Grain Transportation Indicators

Table 1
Grain Transport Cost Indicators¹

Week ending	Truck	Rail		Barge	Ocean	
		Unit	Train	Shuttle	Gulf	Pacific
05/23/12	266	228		194	228	188
05/16/12	269	229		192	224	188

¹Indicator: Base year 2000 = 100; Weekly updates include truck = diesel (\$/gallon); rail = near-month secondary rail market bid and monthly tariff rate with fuel surcharge (\$/car); barge = Illinois River barge rate (index = percent of tariff rate); and ocean = routes to Japan (\$/metric ton)

Source: Transportation & Marketing Programs/AMS/USDA

Table 2
Market Update: U.S. Origins to Export Position Price Spreads (\$/bushel)

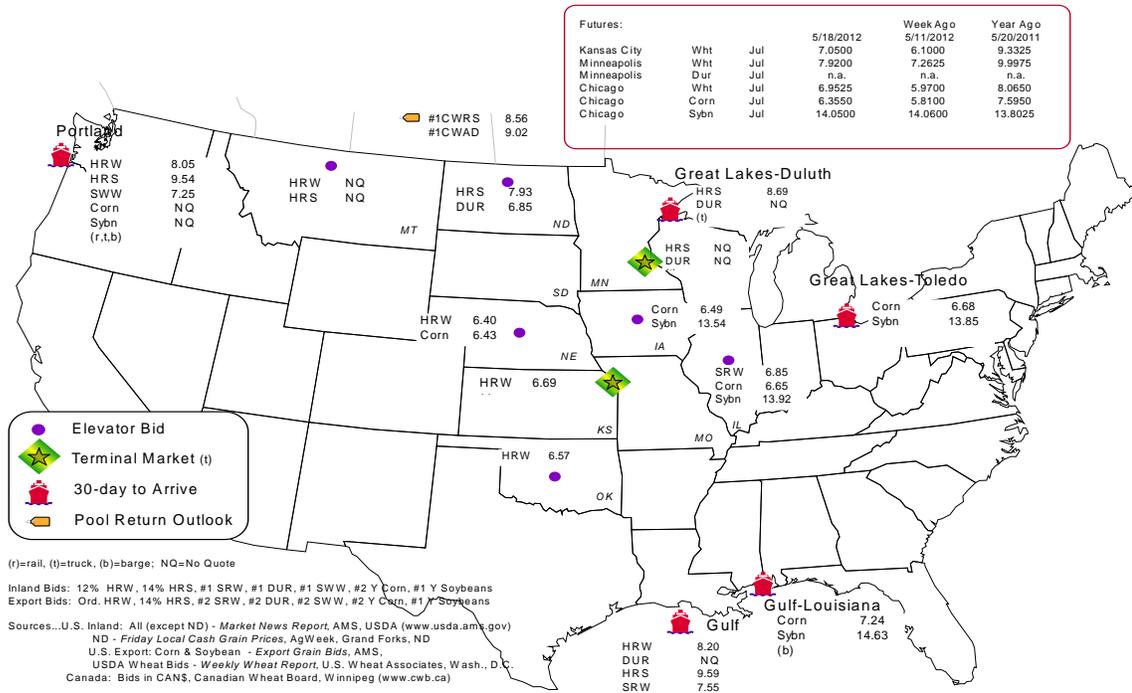
Commodity	Origin--Destination	5/18/2012	5/11/2012
Corn	IL--Gulf	-0.59	-0.60
Corn	NE--Gulf	-0.81	-0.83
Soybean	IA--Gulf	-1.09	-1.09
HRW	KS--Gulf	-1.51	-1.42
HRS	ND--Portland	-1.61	-1.82

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



Rail Transportation

Table 3

Rail Deliveries to Port (carloads)¹

Week ending	Mississippi		Cross-Border	Pacific	Atlantic &	Total
	Gulf	Texas Gulf	Mexico	Northwest	East Gulf	
5/16/2012 ^p	0	409	1,170	3,474	338	5,391
5/09/2012 ^r	20	81	1,376	4,030	283	5,790
2012 YTD ^r	3,585	12,892	25,076	86,445	9,128	137,126
2011 YTD ^r	19,063	45,676	17,399	79,007	13,638	174,783
2012 YTD as % of 2011 YTD	19	28	144	109	67	78
Last 4 weeks as % of 2011 ²	4	19	118	96	66	70
Last 4 weeks as % of 4-year avg. ²	5	29	147	92	77	79
Total 2011	27,358	77,515	48,782	191,092	24,088	368,835
Total 2010	33,971	83,492	42,794	177,896	32,780	370,933

¹ Data is incomplete as it is voluntarily provided

² Compared with same 4-weeks in 2011 and prior 4-year average.

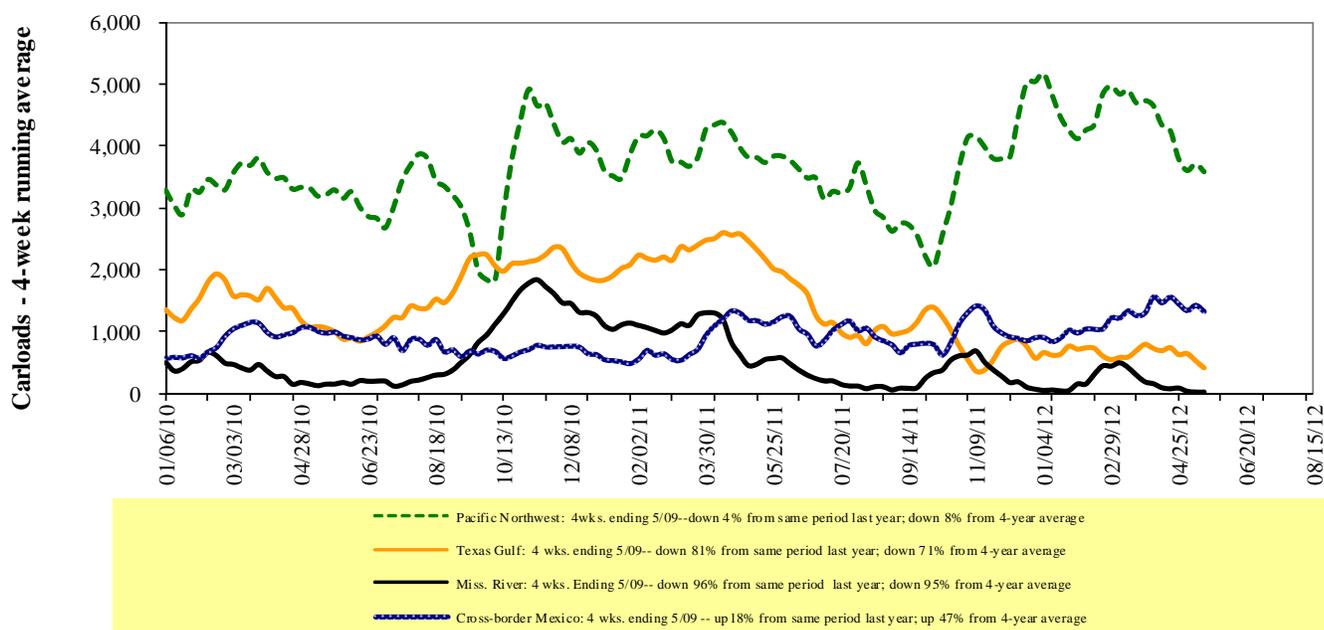
YTD = year-to-date; p = preliminary data; r = revised data; YTD PNW carloads includes revisions back to August 2011 ; n/a = not available

Source: Transportation & Marketing Programs/AMS/USDA

Railroads originate approximately 29 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

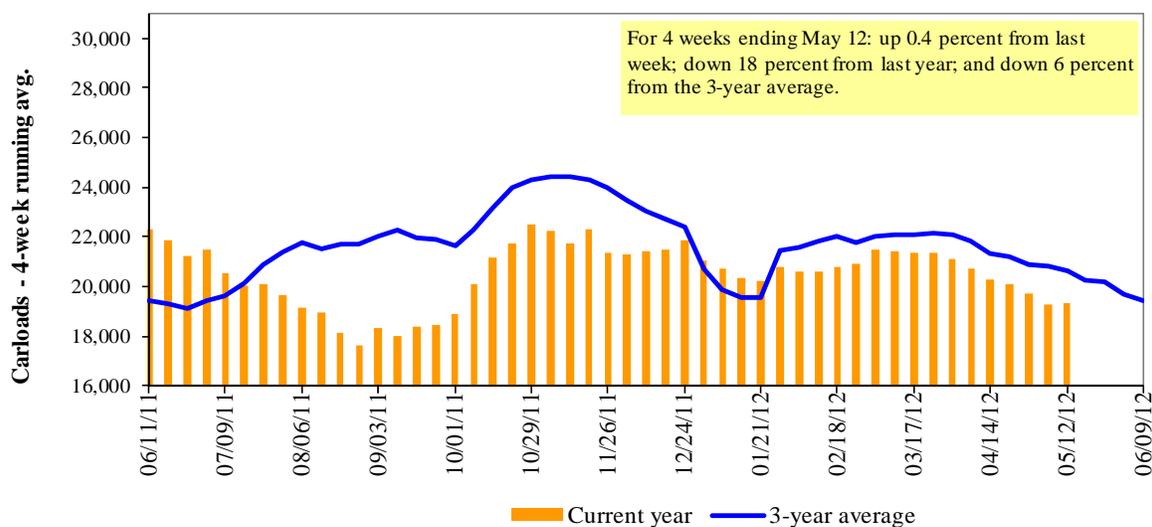
Table 4

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
05/12/12	2,207	2,751	9,336	636	4,908	19,838	3,803	3,989
This week last year	1,865	3,460	10,452	536	6,159	22,472	4,133	5,813
2012 YTD	38,951	53,918	191,819	9,218	96,221	390,127	74,527	94,901
2011 YTD	40,124	57,457	218,346	11,897	117,745	445,569	77,873	90,502
2012 YTD as % of 2011 YTD	97	94	88	77	82	88	96	105
Last 4 weeks as % of 2011 ¹	90	91	81	77	79	82	95	87
Last 4 weeks as % of 3-yr avg. ¹	84	94	99	75	95	95	100	83
Total 2011	98,506	150,869	546,090	34,683	292,401	1,122,549	200,610	269,399

¹As a percent of the same period in 2009 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

Railcar Auction Offerings¹ (\$/car)²

Week ending	Delivery period							
	Jun-12	Jun-11	Jul-12	Jul-11	Aug-12	Aug-11	Sep-12	Sep-11
BNSF ³								
COT grain units	0	0	no bids	0	no offer	no offer	no offer	no offer
COT grain single-car ⁵	0 . . 25	0 . . 1	0	0	no offer	no offer	no offer	no offer
UP ⁴								
GCAS/Region 1	no bids	no bids	no bids	no bids	no bids	no bids	n/a	n/a
GCAS/Region 2	no bids	no bids	no bids	no bids	no bids	no bids	n/a	n/a

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

²Average premium/discount to tariff, last auction

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

⁴UP - 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.

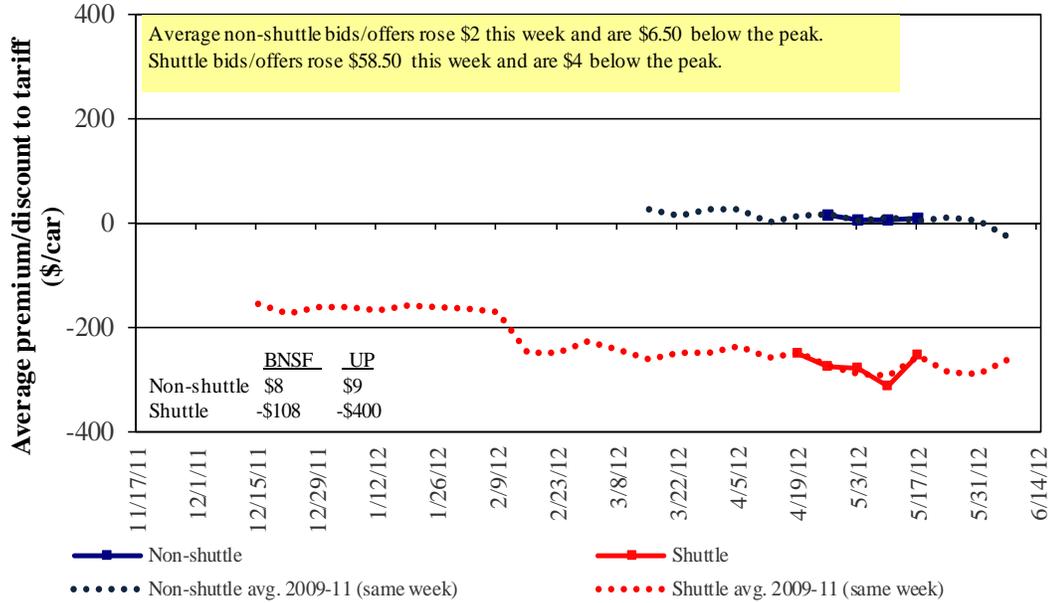
⁵Range is shown because average is not available. Not available = n/a.

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 June 2012, Secondary Market

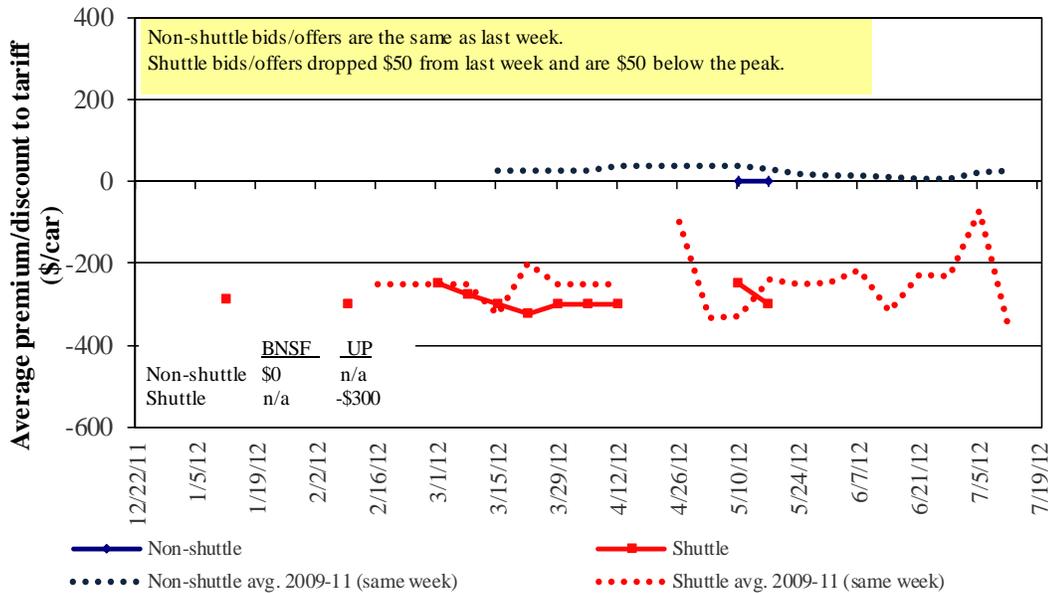


Non-shuttle bids include unit-train and single-car bids. n/a = not available.

Source: Transportation & Marketing Programs/AMS/USDA

Figure 5

Bids/Offers for Railcars to be Delivered in July 2012, Secondary Market

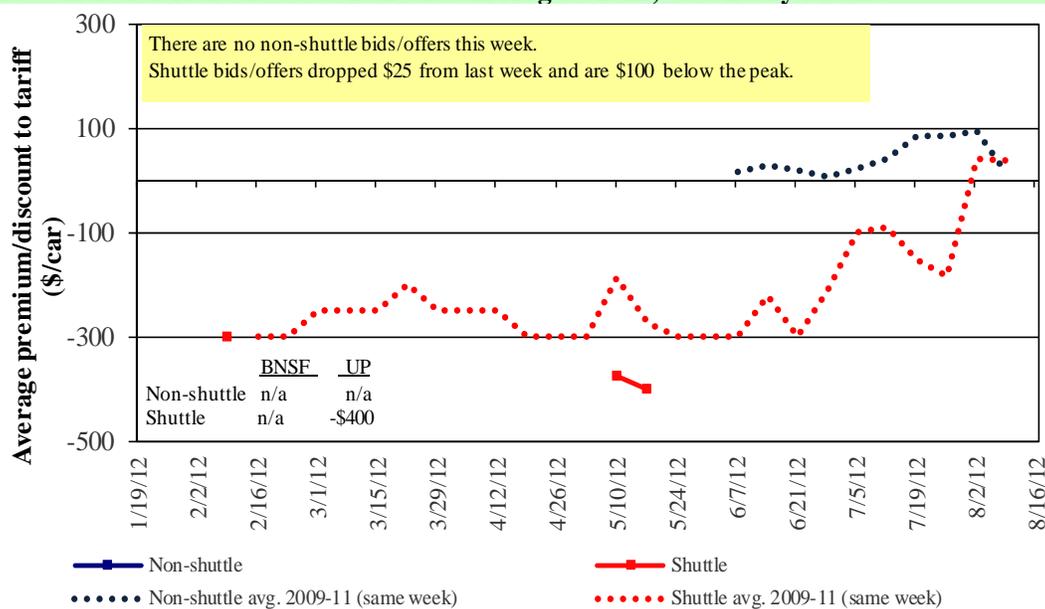


Non-shuttle bids include unit-train and single-car bids. n/a = not available.

Source: Transportation & Marketing Programs/AMS/USDA

Figure 6

Bids/Offers for Railcars to be Delivered in August 2012, 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 Railcar Market (\$/car)¹

Week ending	Delivery period					
	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12
Non-shuttle						
BNSF-GF	8	-	n/a	n/a	n/a	n/a
Change from last week	8	-	n/a	n/a	n/a	n/a
Change from same week 2011	(23)	(75)	n/a	n/a	n/a	n/a
UP-Pool	9	n/a	n/a	n/a	93	n/a
Change from last week	(4)	n/a	n/a	n/a	-	n/a
Change from same week 2011	1	n/a	n/a	n/a	n/a	n/a
Shuttle²						
BNSF-GF	(108)	n/a	n/a	n/a	n/a	575
Change from last week	117	n/a	n/a	n/a	n/a	-
Change from same week 2011	93	n/a	n/a	n/a	n/a	n/a
UP-Pool	(400)	(300)	(400)	(250)	500	n/a
Change from last week	-	(50)	(25)	n/a	-	n/a
Change from same week 2011	(50)	75	(100)	-	(100)	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 Shipments¹

Effective date:				Fuel	Tariff plus surcharge per:		Percent
5/1/2012	Origin region*	Destination region*	rate/car	surcharge per car	metric ton	bushe ^l ²	change Y/Y ³
Unit train							
Wheat	Wichita, KS	St. Louis, MO	\$2,992	\$207	\$31.77	\$0.86	4
	Grand Forks, ND	Duluth-Superior, MN	\$3,260	\$122	\$33.59	\$0.91	15
	Wichita, KS	Los Angeles, CA	\$5,895	\$627	\$64.77	\$1.76	4
	Wichita, KS	New Orleans, LA	\$3,492	\$365	\$38.30	\$1.04	4
	Sioux Falls, SD	Galveston-Houston, TX	\$5,573	\$515	\$60.46	\$1.65	4
	Northwest KS	Galveston-Houston, TX	\$3,760	\$400	\$41.31	\$1.12	4
	Amarillo, TX	Los Angeles, CA	\$3,959	\$556	\$44.84	\$1.22	4
Corn	Champaign-Urbana, IL	New Orleans, LA	\$3,038	\$412	\$34.26	\$0.93	8
	Toledo, OH	Raleigh, NC	\$4,382	\$468	\$48.16	\$1.31	16
	Des Moines, IA	Davenport, IA	\$1,934	\$87	\$20.07	\$0.55	5
	Indianapolis, IN	Atlanta, GA	\$3,821	\$351	\$41.43	\$1.13	19
	Indianapolis, IN	Knoxville, TN	\$3,273	\$225	\$34.74	\$0.95	18
	Des Moines, IA	Little Rock, AR	\$3,074	\$257	\$33.08	\$0.90	5
Soybeans	Des Moines, IA	Los Angeles, CA	\$4,985	\$747	\$56.93	\$1.55	14
	Minneapolis, MN	New Orleans, LA	\$3,314	\$454	\$37.42	\$1.02	4
	Toledo, OH	Huntsville, AL	\$3,497	\$332	\$38.02	\$1.03	19
	Indianapolis, IN	Raleigh, NC	\$4,453	\$471	\$48.90	\$1.33	16
	Indianapolis, IN	Huntsville, AL	\$3,189	\$225	\$33.90	\$0.92	21
Champaign-Urbana, IL	New Orleans, LA	\$3,382	\$412	\$37.68	\$1.03	8	
Shuttle Train							
Wheat	Great Falls, MT	Portland, OR	\$3,351	\$361	\$36.86	\$1.00	4
	Wichita, KS	Galveston-Houston, TX	\$3,247	\$281	\$35.03	\$0.95	4
	Chicago, IL	Albany, NY	\$3,645	\$438	\$40.55	\$1.10	5
	Grand Forks, ND	Portland, OR	\$4,832	\$623	\$54.17	\$1.47	4
	Grand Forks, ND	Galveston-Houston, TX	\$5,854	\$649	\$64.58	\$1.76	5
	Northwest KS	Portland, OR	\$4,727	\$656	\$53.45	\$1.45	3
Corn	Minneapolis, MN	Portland, OR	\$4,800	\$759	\$55.20	\$1.50	4
	Sioux Falls, SD	Tacoma, WA	\$4,760	\$695	\$54.17	\$1.47	4
	Champaign-Urbana, IL	New Orleans, LA	\$2,857	\$412	\$32.47	\$0.88	7
	Lincoln, NE	Galveston-Houston, TX	\$3,310	\$405	\$36.89	\$1.00	5
	Des Moines, IA	Amarillo, TX	\$3,430	\$323	\$37.27	\$1.01	4
	Minneapolis, MN	Tacoma, WA	\$4,800	\$753	\$55.14	\$1.50	4
Soybeans	Council Bluffs, IA	Stockton, CA	\$4,200	\$779	\$49.44	\$1.35	5
	Sioux Falls, SD	Tacoma, WA	\$5,040	\$695	\$56.95	\$1.55	5
	Minneapolis, MN	Portland, OR	\$5,030	\$759	\$57.49	\$1.56	5
	Fargo, ND	Tacoma, WA	\$4,930	\$618	\$55.09	\$1.50	5
	Council Bluffs, IA	New Orleans, LA	\$3,710	\$476	\$41.57	\$1.13	6
	Toledo, OH	Huntsville, AL	\$2,672	\$332	\$29.83	\$0.81	6
Grand Island, NE	Portland, OR	\$5,115	\$671	\$57.46	\$1.56	13	

¹A unit train refers to shipments of at least 25 cars. Shuttle train rates are available for qualified shipments of

75-120 cars that meet railroad efficiency requirements.

²Approximate load per car = 111 short tons (100.7 metric tons): corn 56 lbs./bu., wheat & soybeans 60 lbs./bu.

³Percentage change year over year calculated using tariff rate plus fuel surcharge

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

*Regional economic areas defined by the Bureau of Economic Analysis (BEA)

Table 8

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

Effective date: 5/1/2012

Commodity	Origin state	Destination region	Tariff rate/car ¹	Fuel		Percent change Y/Y ⁴	
				surcharge per car ²	Tariff plus surcharge per: metric ton ³ bushel ³		
Wheat	MT	Chihuahua, CI	\$7,741	\$659	\$85.83	\$2.33	13
	OK	Cuautitlan, EM	\$6,747	\$801	\$77.12	\$2.10	11
	KS	Guadalajara, JA	\$7,411	\$774	\$83.63	\$2.27	7
	TX	Salinas Victoria, NL	\$3,703	\$302	\$40.92	\$1.11	14
Corn	IA	Guadalajara, JA	\$7,699	\$910	\$87.96	\$2.23	3
	SD	Penjamo, GJ	\$7,776	\$863	\$88.27	\$2.24	8
	NE	Queretaro, QA	\$7,073	\$808	\$80.53	\$2.04	7
	SD	Salinas Victoria, NL	\$5,650	\$656	\$64.43	\$1.63	6
	MO	Tlalnepantla, EM	\$6,502	\$785	\$74.45	\$1.89	12
	SD	Torreon, CU	\$6,522	\$722	\$74.02	\$1.88	5
Soybeans	MO	Bojay (Tula), HG	\$7,015	\$768	\$79.51	\$2.16	4
	NE	Guadalajara, JA	\$7,904	\$878	\$89.73	\$2.44	5
	IA	El Castillo, JA ⁵	\$8,255	\$857	\$93.11	\$2.53	7
	KS	Torreon, CU	\$6,421	\$544	\$71.17	\$1.94	5
Sorghum	OK	Cuautitlan, EM	\$5,670	\$655	\$64.62	\$1.64	7
	TX	Guadalajara, JA	\$6,653	\$561	\$73.71	\$1.87	6
	NE	Penjamo, GJ	\$7,426	\$783	\$83.88	\$2.13	7
	KS	Queretaro, QA	\$6,425	\$492	\$70.67	\$1.79	5
	NE	Salinas Victoria, NL	\$5,128	\$576	\$58.28	\$1.48	7
	NE	Torreon, CU	\$6,068	\$643	\$68.57	\$1.74	4

¹Rates 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.

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

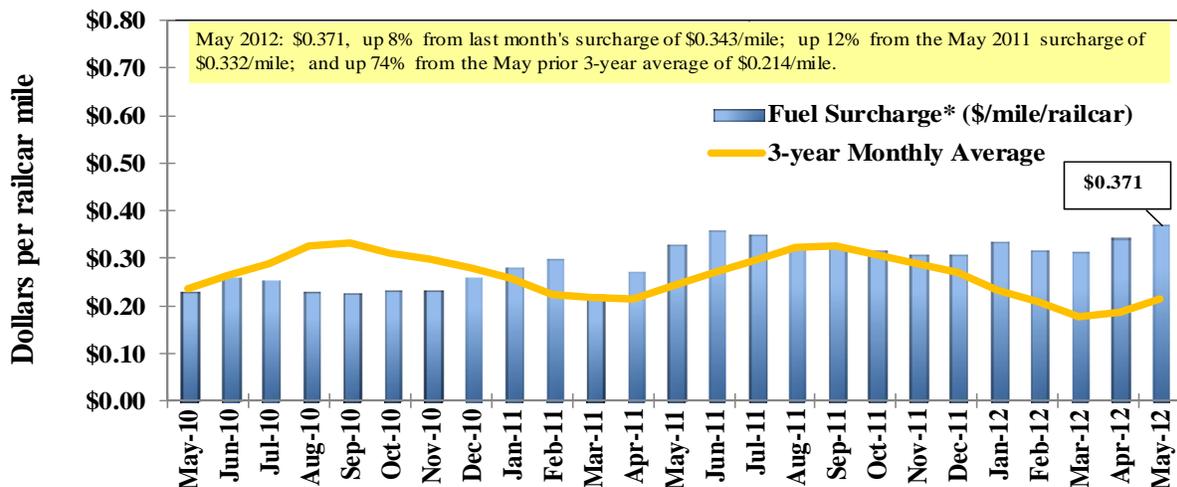
³Approximate load per car = 97.87 metric tons: Corn & Sorghum 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

⁴Percentage change year over year calculated using tariff rate plus fuel surcharge

⁵Beginning 12/6/10, El Castillo, JA replaced Penjamo, GJ as the destination

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

Figure 7

Railroad Fuel Surcharges, North American Weighted Average¹

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.

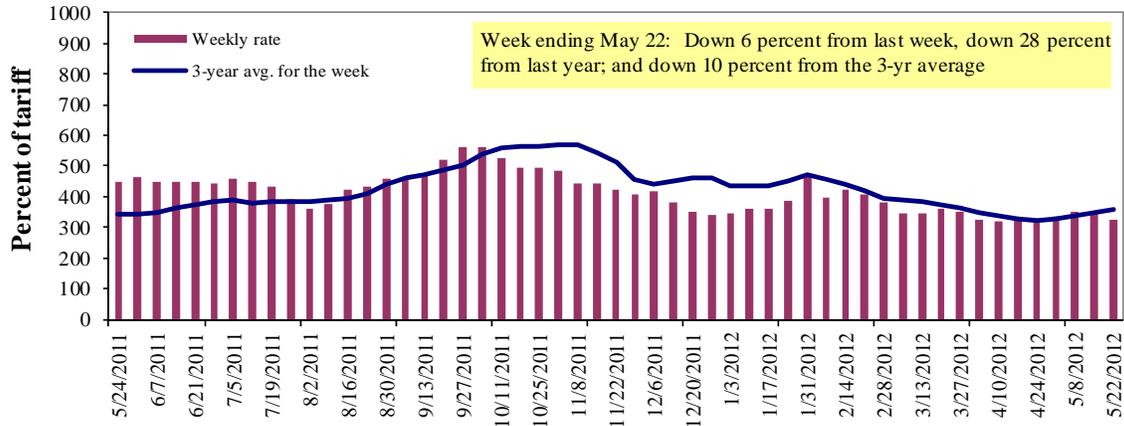
** BNSF strike price (diesel price when fuel surcharges begin) changed from \$1.25/gal. to \$2.50/gal. starting March 1, 2011. As a result, the weighted average fuel surcharge for March 2011 was \$0.227/mile instead of \$0.331/mile.

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}



¹Rate = percent of 1976 tariff benchmark index (1976 = 100 percent); ²4-week moving average of the 3-year average.

Source: Transportation & Marketing Programs/AMS/USDA

Table 9

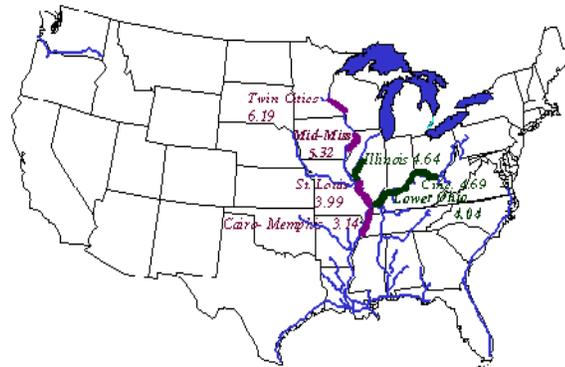
Weekly Barge Freight Rates: Southbound Only

		Twin Cities	Mid- Mississippi	Lower Illinois River	St. Louis	Cincinnati	Lower Ohio	Cairo- Memphis
Rate¹	5/22/2012	423	350	323	242	277	277	210
	5/15/2012	437	365	343	250	277	277	218
\$/ton	5/22/2012	26.18	18.62	14.99	9.66	12.99	11.19	6.59
	5/15/2012	27.05	19.42	15.92	9.98	12.99	11.19	6.85
Current week % change from the same week:								
	Last year	-20	-23	-28	-27	-36	-36	-29
	3-year avg. ²	-1	-5	-10	-7	-9	-9	-1
Rate¹	June	423	353	330	240	278	278	215
	August	483	470	433	400	445	445	373

¹Rate = percent of 1976 tariff benchmark index (1976 = 100 percent); ²4-week moving average; ton = 2,000 pounds

Source: Transportation & Marketing Programs/AMS/USDA

Figure 9
Benchmark tariff rates



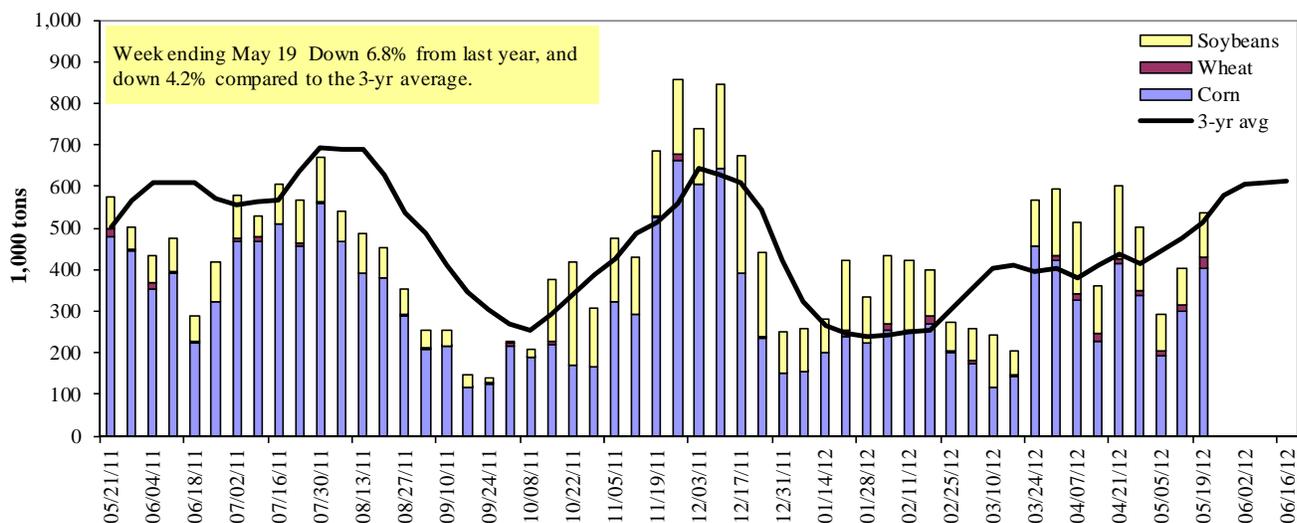
Calculating barge rate per ton:

$(\text{Index} * 1976 \text{ tariff benchmark rate per ton}) / 100$

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 10

Barge Movements on the Mississippi River¹ (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/mvrirmi/omni/webprts/default.asp)

Table 10

Barge Grain Movements (1,000 tons)

Week ending 5/19/2012	Corn	Wheat	Soybeans	Other	Total
Mississippi River					
Rock Island, IL (L15)	161	9	75	2	246
Winfield, MO (L25)	236	20	83	0	339
Alton, IL (L26)	417	27	105	0	550
Granite City, IL (L27)	402	27	107	0	536
Illinois River (L8)	96	6	16	0	118
Ohio River (L52)	66	4	16	8	94
Arkansas River (L1)	0	8	6	0	14
Weekly total - 2012	468	39	128	8	644
Weekly total - 2011	585	41	112	9	747
2012 YTD ¹	7,211	720	4,309	134	12,374
2011 YTD	6,845	428	3,288	134	10,695
2012 as % of 2011 YTD	105	168	131	100	116
Last 4 weeks as % of 2011 ²	107	82	212	140	132
Total 2011	19,921	1,460	8,553	422	30,356

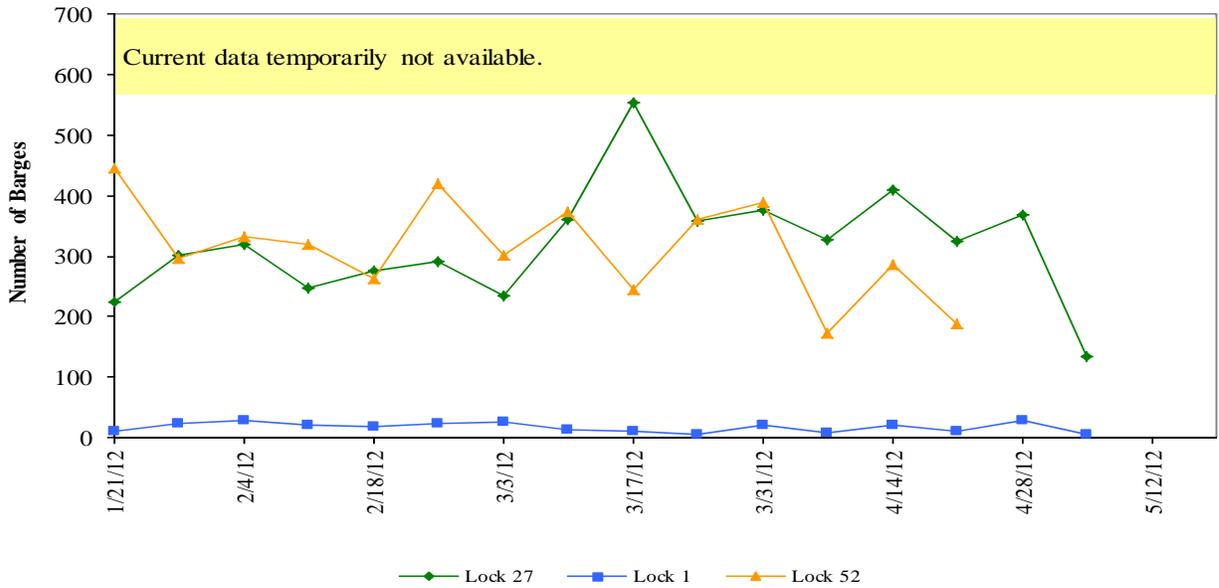
¹ Weekly total, YTD (year-to-date) and calendar year total includes Miss/27, Ohio/52, and Ark/1; "Other" refers to oats, barley, sorghum, and rye.

² As a percent of same period in 2011.

Note: Total may not add exactly, due to rounding

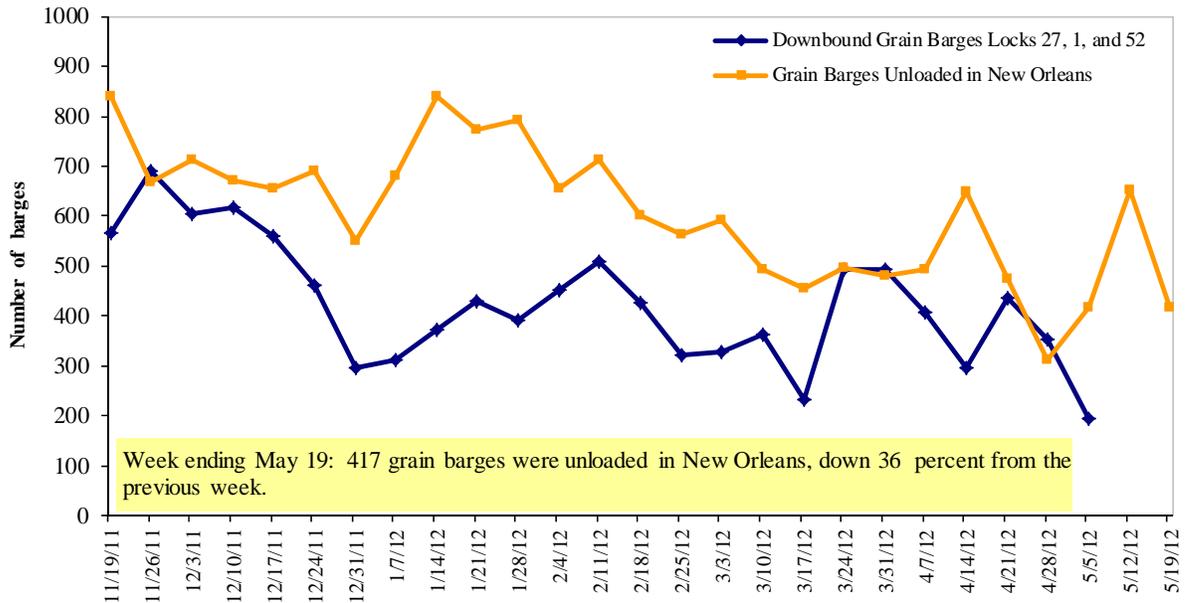
Source: U.S. Army Corps of Engineers (www.mvr.usace.army.mil/mvrirmi/omni/webprts/default.asp)

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

*Current downbound grain barge data temporarily not available.

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 Prices¹, Week Ending 5/21/2012 (US \$/gallon)

Region	Location	Price	Change from	
			Week ago	Year ago
I	East Coast	3.999	-0.055	-0.012
	New England	4.130	-0.062	-0.031
	Central Atlantic	4.079	-0.056	-0.059
	Lower Atlantic	3.916	-0.053	-0.027
II	Midwest ²	3.854	-0.043	-0.088
III	Gulf Coast ³	3.861	-0.054	-0.074
IV	Rocky Mountain	3.987	-0.017	-0.114
V	West Coast	4.233	-0.044	0.032
	California	4.303	-0.046	0.016
Total	U.S.	3.956	-0.049	-0.041

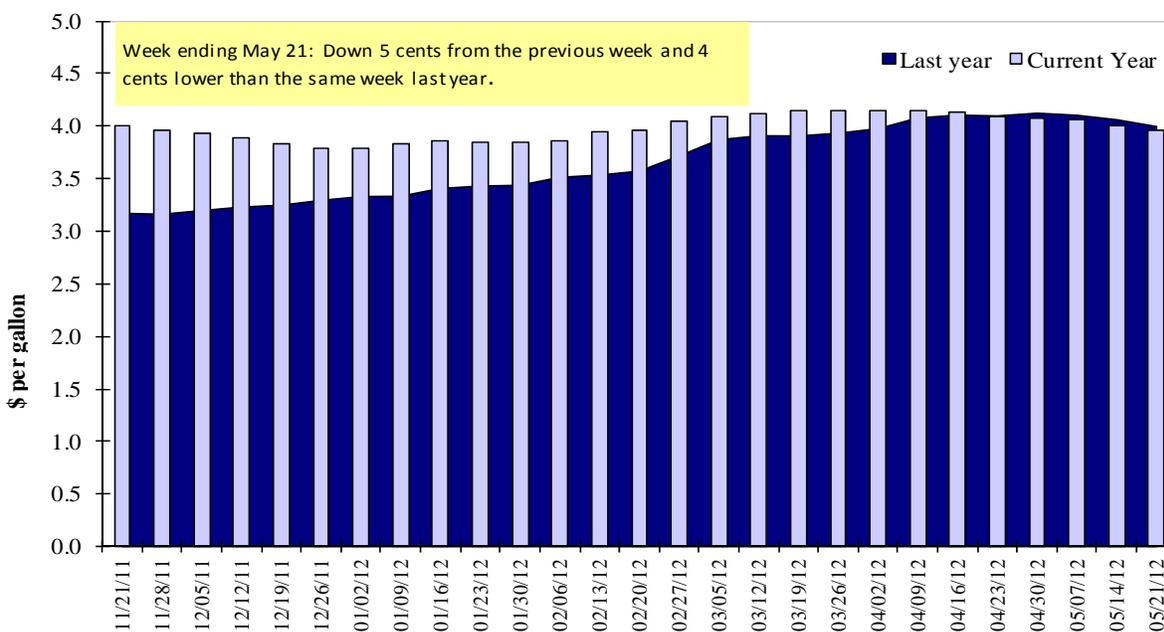
¹Diesel fuel prices include all taxes. Prices represent an average of all types of diesel fuel.

²Same as North Central ³Same 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)

Week ending	Wheat						Corn	Soybeans	Total
	HRW	SRW	HRS	SWW	DUR	All wheat			
Export Balances¹									
5/10/2012	977	480	888	550	47	2,942	9,364	5,111	17,417
This week year ago	1,982	235	1,057	786	43	4,103	11,271	4,671	20,045
Cumulative exports-marketing year²									
2011/12 YTD	9,271	3,900	5,933	5,329	452	24,885	28,503	29,989	83,377
2010/11 YTD	14,979	2,692	8,177	4,529	925	31,303	31,013	36,641	98,957
YTD 2011/12 as % of 2010/11	62	145	73	118	49	79	92	82	84
Last 4 wks as % of same period 2010/11	56	319	87	82	84	84	86	106	90
2010/11 Total	15,837	2,828	8,623	4,717	979	32,984	44,569	39,753	117,306
2009/10 Total	8,458	2,733	5,329	3,897	983	21,400	47,700	39,285	108,385

¹ Current unshipped export sales to date

² Shipped export sales to date; the new marketing year is now in effect for corn and soybeans

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 Importers¹ of U.S. Corn

Week ending 05/10/12	Total Commitments ²			% change current MY from last MY	Exports ³ 2010/11
	2012/13 Next MY	2011/12 Current MY	2010/11 Last MY		
		- 1,000 mt -			- 1,000 mt -
Japan	961	10,819	12,945	(16)	14,279
Mexico	9	9,290	6,552	42	7,019
Korea	126	3,787	5,236	(28)	6,104
China*	284	4,536	314	1,344	978
Taiwan	0	1,500	2,363	(37)	2,393
Top 5 importers	1,380	29,931	27,410	9	30,772
Total US corn export sales	4,955	37,867	42,284	(10)	46,600
% of Projected		88%	91%		
Change from Last Week	526	340	843		
Top 5 importers' share of U.S. corn export sales					
	28%	79%	65%		
USDA forecast, May 2012	48,260	43,180	46,600	(7)	
Corn Use for Ethanol USDA forecast, Ethanol May 2012	127,000	127,000	127,534	(0.4)	

(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, or Export Sales Query--
http://www.fas.usda.gov/esrquery/

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

*China -- New to the Top 5 in the 2011/12 Marketing Year, replacing Egypt.

Table 14

Top 5 Importers¹ of U.S. Soybeans

Week Ending 05/10/2012	Total Commitments ²			% change current MY from last MY	Exports ³ 2010/11
	2012/13 Next MY	2011/12 Current MY	2010/11 Last MY		
		- 1,000 mt -			- 1,000 mt -
China	8,027	22,095	25,545	(14)	24,445
Mexico	51	2,934	2,814	4	3,215
Japan	129	1,666	2,011	(17)	1,887
EU	60	1,040	2,599	(60)	2,607
Indonesia	64	1,354	1,378	(2)	1,397
Top 5 importers	8,331	29,089	34,347	(15)	33,551
Total US soybean export sales	10,368	35,100	41,311	(15)	40,860
% of Projected	25%	98%	101%		
Change from last week	57	616	166		
Top 5 importers' share of U.S. soybean export sales	80%	83%	83%		
USDA forecast, May 2012	40,960	35,790	40,860	(12)	

(n) indicates negative number.

¹Based on FAS 2008/09 Marketing Year Ranking Reports - www.fas.usda.gov; Marketing year (MY) = Sep 1 - Aug 31.²Cumulative Exports (shipped) + Outstanding Sales (unshipped), FAS Weekly Export Sales Report, or Export Sales Query--
http://www.fas.usda.gov/esrquery/³FAS Marketing Year Final Reports - www.fas.usda.gov/export-sales/myfi_rpt.htm.

Table 15

Top 10 Importers¹ of All U.S. Wheat

Week Ending 05/10/2012	Total Commitments ²			% change current MY from last MY	Exports ³ 2010/11
	2012/13 Next MY	2011/12 Current MY	2010/11 Last MY		
		- 1,000 mt -			- 1,000 mt -
Nigeria	140	3,305	3,822	(14)	3,233
Japan	48	3,762	3,614	4	3,148
Mexico	644	3,518	2,638	33	2,601
Philippines	311	2,084	1,890	10	1,518
Korea	224	2,080	1,659	25	1,111
Peru	0	552	984	(44)	923
Taiwan	52	1,014	951	7	913
Colombia	64	455	847	(46)	783
Indonesia	0	828	782	6	781
Yemen	0	418	853	(51)	659
Top 10 importers	1,482	18,016	18,039	(0.1)	15,670
Total US wheat export sales	2,574	27,827	35,406	(21)	35,080
% of Projected	8%	100%	101%		
Change from last week	390	322	127		
Top 10 importers' share of U.S. wheat export sales	58%	65%	51%		
USDA forecast, May 2012	31,300	27,900	35,080	(20)	

(n) indicates negative number.

¹ Modified from the FAS 2010/11 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, or Export Sales Query--
http://www.fas.usda.gov/esrquery/³ FAS Marketing Year Final Reports - www.fas.usda.gov/export-sales/myfi_rpt.htm.

Table 16

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

Port regions	Week ending 05/17/12	Previous Week ¹	Current Week as % of Previous	2012 YTD ¹	2011 YTD ¹	2012 YTD as % of 2011 YTD	Last 4-weeks as % of		Total ¹ 2011
							2011	3-yr. avg.	
Pacific Northwest									
Wheat	317	365	87	5,542	5,845	95	84	115	13,995
Corn	89	152	59	2,705	3,459	78	66	66	9,198
Soybeans	203	184	110	4,256	3,011	141	578	279	7,321
Total	608	700	87	12,503	12,314	102	93	107	30,513
Mississippi Gulf									
Wheat	128	312	41	2,595	2,271	114	120	166	5,031
Corn	385	392	98	8,589	10,329	83	72	66	26,267
Soybeans	73	282	26	8,444	9,211	92	212	113	19,262
Total	586	986	59	19,628	21,811	90	99	87	50,560
Texas Gulf									
Wheat	198	56	351	1,998	5,882	34	45	72	10,837
Corn	0	0	n/a	279	567	49	38	35	1,021
Soybeans	0	0	n/a	0	763	0	0	0	926
Total	198	56	351	2,277	7,212	32	44	67	12,784
Interior									
Wheat	29	30	96	481	445	108	74	189	1,110
Corn	113	155	73	3,402	2,717	125	72	120	7,509
Soybeans	65	58	111	1,751	1,694	103	75	120	4,273
Total	206	243	85	5,634	4,856	116	174	124	12,892
Great Lakes									
Wheat	8	0	n/a	45	440	10	8	19	1,038
Corn	0	0	n/a	30	0	n/a	n/a	0	178
Soybeans	0	20	0	41	15	283	269	239	382
Total	8	20	38	117	454	26	23	44	1,598
Atlantic									
Wheat	0	0	n/a	88	518	17	78	188	686
Corn	5	5	104	76	134	57	39	44	295
Soybeans	5	16	31	460	397	116	102	99	1,042
Total	10	20	47	624	1,049	59	74	122	2,022
U.S. total from ports²									
Wheat	678	763	89	10,749	15,399	70	72	108	32,697
Corn	592	703	84	15,081	17,205	88	75	72	44,466
Soybeans	346	560	62	14,952	15,091	99	189	139	33,205
Total	1,616	2,026	80	40,782	47,696	86	86	95	110,369

¹ Data includes revisions from prior weeks; some regional totals may not add exactly due to rounding.

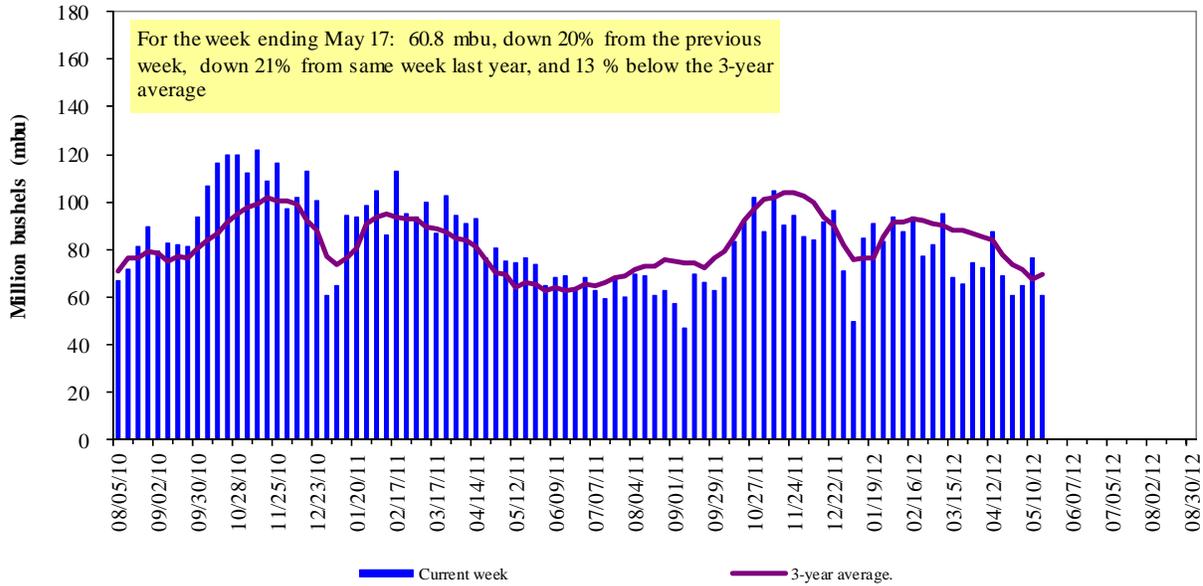
² Total includes only port regions shown above; Interior land-based shipments now included.

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 59 percent of the U.S. export grain shipments departed through the U.S. Gulf region in 2011.

Figure 14

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

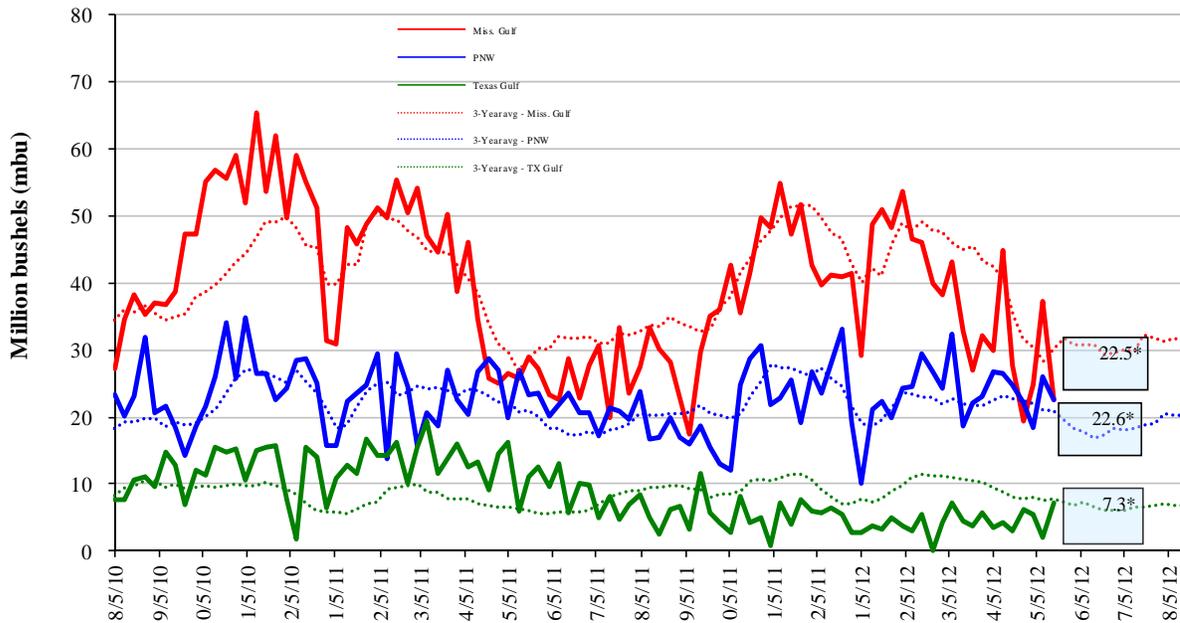


Source: Grain Inspection, Packers and Stockyards Administration/USDA (www.gipsa.usda.gov)

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

Figure 15

U.S. Grain Inspections: U.S. Gulf and PNW¹ (wheat, corn, and soybeans)



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

May 17 % change from:	MSGulf	TX Gulf	U.S. Gulf	PNW
Last week	down 39	up 251	down 24	down 14
Last year (same week)	down 23	down 35	down 26	down 3
3-yr avg. (4-wk mov. avg.)	down 25	down 8	down 22	up 4

Ocean Transportation

Table 17

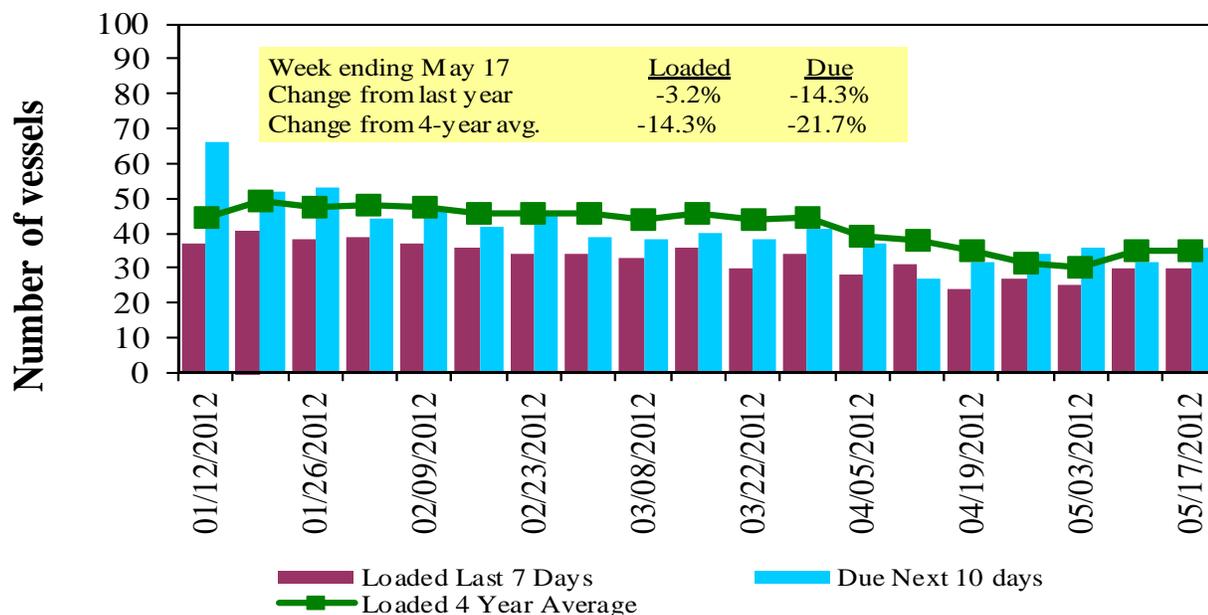
Weekly Port Region Grain Ocean Vessel Activity (number of vessels)

Date	Gulf			Pacific Northwest	Vancouver B.C.
	In port	Loaded 7-days	Due next 10-days	In port	In port
5/17/2012	17	30	36	8	n/a
5/10/2012	20	30	32	17	n/a
2011 range	(14..65)	(28..54)	(34..83)	(5..25)	(1..20)
2011 avg.	31	38	53	15	12

Source: Transportation & Marketing Programs/AMS/USDA

Figure 16

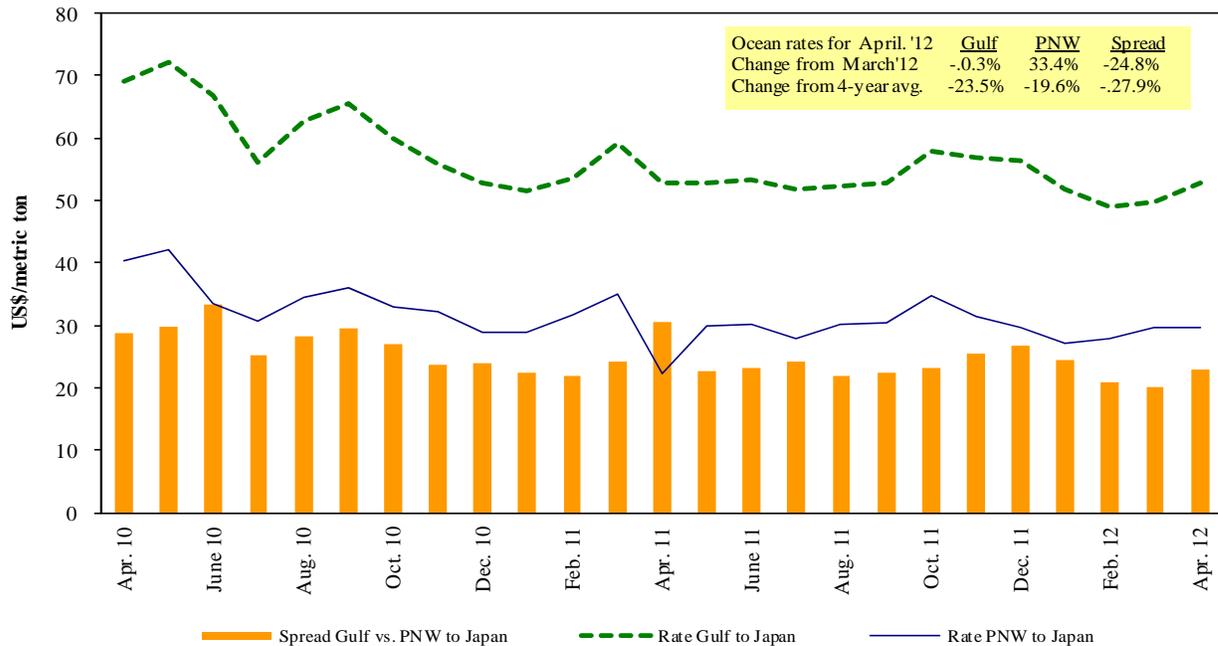
U.S. Gulf¹ Vessel Loading Activity



Source: Transportation & Marketing Programs/AMS/USDA

Figure 17

Grain Vessel Rates, U.S. to Japan



Source: O'Neil Commodity Consulting

Table 18

Ocean Freight Rates For Selected Shipments, Week Ending 05/19/2012

Export region	Import region	Grain types	Loading date	Volume loads (metric tons)	Freight rate (US\$/metric ton)
U.S. Gulf	China	Heavy Grain	Mar 1/10	50,000	46.65
U.S. Gulf	Korea	Heavy Grain	Mar 1/10	55,000	46.00
U.S. Gulf	Japan	Heavy Grain	Apr 1/10	58,000	46.00
PNW	Djibouti ¹	Wheat	May 5/15	26,430	118.03
PNW	China	Grain	Jan 10/20	55,000	26.75
St. Lawrence	Nigeria	Wheat	Apr 5/15	25,000	45.00
Argentina	Morocco	Barley	Apr 1/10	25,000	39.75
Australia	Vietnam	Grain	Mar 1/10	60,000	19.00
Brazil	Tunisia	Wheat	Feb 14/16	23,750	38.50
Brazil	Taiwan	Heavy Grain	Feb 1/10	65,000	29.50
Brazil	China	Heavy Grain	May 20/30	60,000	47.75
Brazil	China	Heavy Grain	May 1/30	66,000	40.50
Brazil	China	Heavy Grain	Apr 1/10	60,000	47.75
Brazil	China	Heavy Grain	Mar 5/15	60,000	43.00
Brazil	China	Grain	Mar 1/10	55,000	47.00
River Plate	China	Heavy Grain	Feb 20/25	60,000	45.00
River Plate	Egypt Med	Corn	Feb 25/ Mar 5	30,000	39.25
River Plate	Morocco	Corn	Mar 25/30	25,000	35.00
Ukraine	Japan	Corn	Apr 6/15	47,000	47.50

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

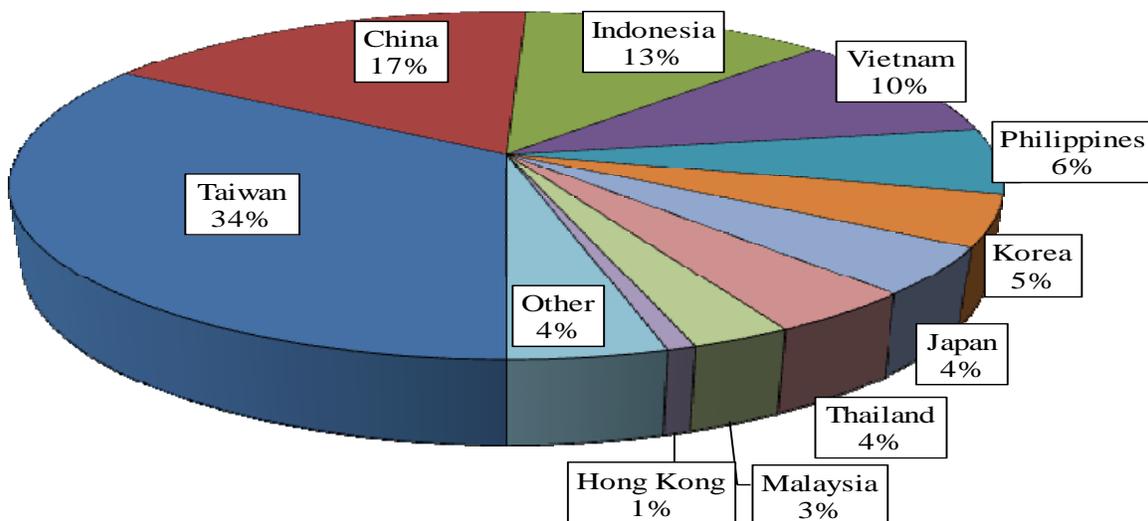
¹75 percent of food aid from the United States is required to be shipped on U.S.-flag vessels.

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

In 2010, containers were used to transport 5 percent of total U.S. waterborne grain exports, and 7 percent of U.S. grain exports to Asia. Asia is the top destination for U.S. containerized grain exports—94 percent in 2010.

Figure 18

Top 10 Destination Markets for U.S. Containerized Grain Exports, December 2011

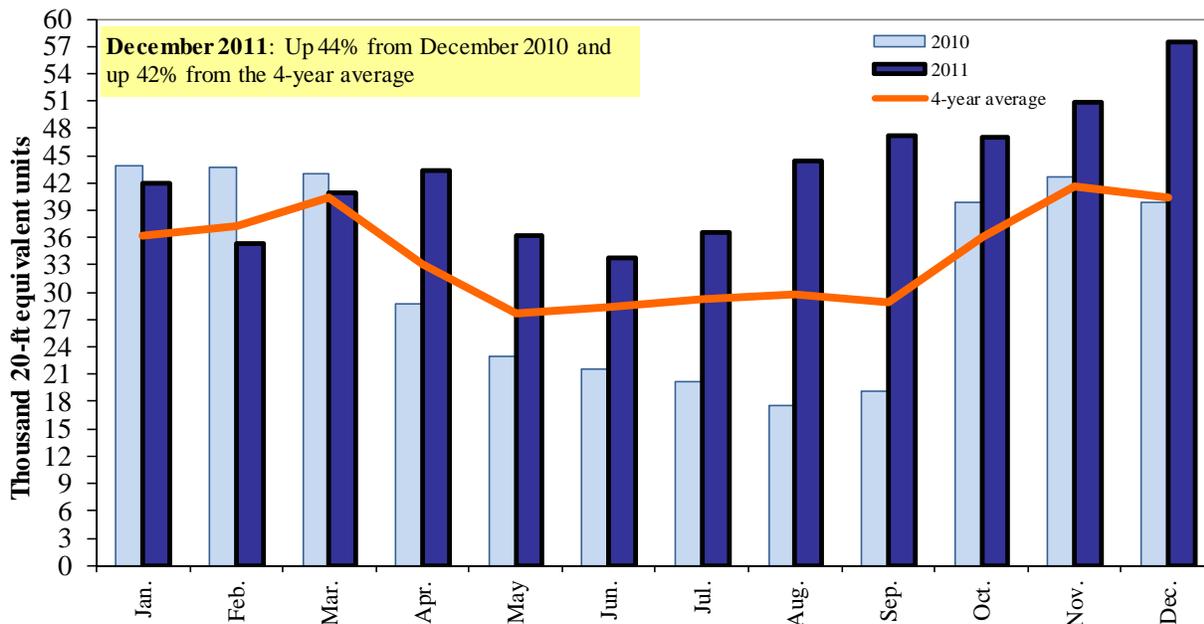


Source: USDA/Agricultural Marketing Service/Transportation Services Division analysis of Port Import Export Reporting Service (PIERS) data

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

Figure 19

Monthly Shipments of Containerized Grain to Asia



Source: USDA/Agricultural Marketing Service/Transportation Services Division analysis of Port Import Export Reporting Service (PIERS) data

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

Contacts and Links

Coordinators

Surajudeen (Deen) Olowolayemo	surajudeen.olowolayemo@ams.usda.gov	(202) 720 - 0119
Pierre Bahizi	pierre.bahizi@ams.usda.gov	(202) 690 - 0992
Adam Sparger	adam.sparger@ams.usda.gov	(202) 205 - 8701

Weekly Highlight Editors

Marina Denicoff	marina.denicoff@ams.usda.gov	(202) 690 - 3244
Surajudeen (Deen) Olowolayemo	surajudeen.olowolayemo@ams.usda.gov	(202) 720 - 0119
April Taylor	april.taylor@ams.usda.gov	(202) 295 - 7374
Nicholas Marathon	nick.marathon@ams.usda.gov	(202) 690 - 4430

Grain Transportation Indicators

Surajudeen (Deen) Olowolayemo	surajudeen.olowolayemo@ams.usda.gov	(202) 720 - 0119
-------------------------------	--	------------------

Rail Transportation

Marvin Prater	marvin.prater@ams.usda.gov	(202) 720 - 0299
Johnny Hill	johnny.hill@ams.usda.gov	(202) 690 - 3295
Adam Sparger	adam.sparger@ams.usda.gov	(202) 205 - 8701

Barge Transportation

Nicholas Marathon	nick.marathon@ams.usda.gov	(202) 690 - 4430
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) 690 - 3295
Marina Denicoff	marina.denicoff@ams.usda.gov	(202) 690 - 3244

Ocean Transportation

Surajudeen (Deen) Olowolayemo (Freight rates and vessels)	surajudeen.olowolayemo@ams.usda.gov	(202) 720 - 0119
April Taylor (Container movements)	april.taylor@ams.usda.gov	(202) 295 - 7374

Subscription Information: Send relevant information to GTRContactUs@ams.usda.gov for an electronic copy (*printed copies are also available upon request*).

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