



June 16, 2011

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WEEKLY HIGHLIGHTS

Flooding Reduces Corn Acreage—Record Crop Still Possible

The latest USDA World Agricultural Supply and Demand Estimates reported that planting delays through early June in the eastern Corn Belt and northern Plains reduced corn plantings to 90.7 million acres, 1.5 million acres less than the March Prospective Planting Report intentions. Harvested area was lowered 1.9 million acres to 83.2 million with the additional 400,000-acre reduction a result of May flooding in the lower Ohio and Mississippi River valleys and June flooding along the Missouri River valley. Corn exports are expected to be 1.8 billion bushels, 5 percent lower than last year. With forecasted corn yields of 158.7 bushels per acre, corn production is projected at a record 13.2 billion bushels. Harvest time transportation activities will likely start early in the western Corn Belt and central Plains, where planting was earlier than usual.

Navigation Conditions Improve, but Effects of Flooding Will Linger

As the lower Mississippi River levels drop, navigation conditions are improving. Barge traffic has continued despite poor navigation conditions and barge freight rates have remained relatively steady as a result of a flat barge demand. The 20-barge tow size restriction for southbound transits under the bridge at Baton Rouge, LA, has been increased to 25 barges. Record water levels from the Missouri River will keep the St Louis, MO, gage at or slightly above the flood stage of 30 feet through most of June. Sediments from the flooding have accumulated at the mouth of the Mississippi River, reducing the maximum draft of loaded vessels leaving the Mississippi River to 43 feet. Officials from the agricultural and marine industries are concerned that the significant silting and shoaling at the river's mouth will threaten the ability of vessels to enter and exit the river. There is limited funding for the additional dredging needs caused by this year's flooding.

Soybeans Drive Increase in Grain Inspections

For the week ending June 9, total inspections of grain (corn, wheat, and soybeans) for export from all major U.S. export regions reached 1.51 million metric tons (mmt), up 5 percent from the previous week and 9 percent above last year at this time. Soybean inspections (.151 mmt), which were shipped primarily to China and Japan, jumped 175 percent from the previous week, driving the increase in the total amount of grain inspected for export. Compared to the previous week, inspections of soybeans were up, notably in the Pacific Northwest and Mississippi Gulf. During the last four weeks, inspections of soybeans increased 40 percent and wheat rose 64 percent from last year ([Table 16](#)).

TWIC Amendment Lessens Burden on Transportation Workers

On June 2, the U.S. House of Representatives passed the Department of Homeland Security Appropriations bill, including an amendment to lessen the burden on transportation workers obtaining a Transportation Workers Identification Credential—a TWIC card. Currently, workers are required to appear in person twice to receive a TWIC card; once to apply or renew, then again to obtain the activated card. The new amendment directs that none of the appropriated funds be used to require an approved TWIC applicant to personally appear at a TWIC enrollment center for the purpose of TWIC issuance, renewal or activation. The amendment will avoid the need for truckers and other transportation workers to make multiple trips to the enrollment centers, allowing them to remain on duty providing service to the marketplace.

Snapshots by Sector

Rail

U.S. railroads originated 20,936 **carloads of grain** during the week ending June 4, down 10 percent from last week, up 18 percent from last year, and 10 percent higher than the 3-year average.

During the week ending June 9, average June **non-shuttle secondary railcar bids/offers** were \$14 above tariff, down \$9 from last week. Average shuttle rates were \$212.50 below tariff, down \$83.50 from last week.

Ocean

During the week ending June 9, 28 **ocean-going grain vessels** were loaded in the Gulf, down 22 percent from last year. Thirty-seven vessels are expected to be loaded within the next 10 days, 23 percent less than the same period last year.

During the week ending June 10, ocean freight rates for shipping bulk grain from the Gulf to Japan was \$54 per metric ton (mt), 2 percent higher than the previous week. The cost of shipping from the Pacific Northwest to Japan was \$31 per mt, 3 percent higher than the previous week.

Barge

During the week ending June 11, **barge grain movements** totaled 574,450 tons, 5.8 percent higher than the previous week but 24.6 percent lower than the same period last year.

During the week ending June 11, 369 grain barges **moved down river**, up 6.7 percent from last week; 297 grain barges were **unloaded in New Orleans**, down 7 percent from the previous week.

Containerized Grain

Containerized grain exports to Asia in March were 5 percent lower than the previous year and 6 percent lower than the 3-year average, but 16 percent higher than the February movements.

Feature Article/Calendar

Competition in the Railroad Industry

In comments filed with the Surface Transportation Board (STB) on [April 12](#) and [May 27](#), the U.S. Department of Agriculture (USDA) proposed that the STB apply the following policies to larger U.S. railroads to increase rail-to-rail competition:

- Mandatory reciprocal switching
- Trackage rights agreements
- Revise its past “bottleneck” decisions
- Consider alternatives for determining rate reasonableness

Agricultural producers and shippers continue to express concern about decreased rail-to-rail competition, rapidly increasing rail rates, poor rail service, rail capacity constraints, and the fair allocation of rail capacity. In comments prepared for various STB proceedings, many shipper groups have supported increased rail-to-rail competition as a means to preserve the benefits of railroad economic deregulation.

Competition requires businesses to become efficient and effective in providing the kinds and quality of goods and services the consumer desires. Competitive markets reduce economic losses and result in the efficient allocation of resources, providing a basis for economic development. Furthermore, Harvard professor Michael Porter observes that industries sheltered from competition are less vigorous and successful than industries subject to competition.¹

Greater rail market concentration has increased the need for stronger rail-to-rail competition. The 39 Class I railroads in 1980 shrank to 17 by 1990 and to only seven by 2000. The top four railroads originated 84 percent of the grain and oilseed traffic during 2009, compared to 53 percent during 1980. The top four railroads transported 94 percent of the wheat during 2009, compared to 80 percent in 1994.²

In addition, the level of rail-to-rail competition for grains and oilseeds decreased significantly between 1992 and 2007. Almost 75 percent of agricultural crop reporting districts lost rail competition from 1992 to 2007, and the number of crop reporting districts in which a railroad had a monopoly in transporting grain and oilseeds increased from 10 to 15 percent.³

Reciprocal Switching

Reciprocal switching requires a railroad to pick up a shipment from a shipper located on its own line and interchange the shipment with a second railroad for final delivery. Railroad termination of reciprocal switching services and rapid increases in reciprocal switching fees have precluded rail-to-rail competition in many instances. Reciprocal switching fees, when the service is available, typically exceed \$500 per railcar and have a variable cost near \$100. As a result, the marketing opportunities for many agricultural shippers have been limited to only those locations

¹ Porter, Michael, *The Competitive Advantage of Nations*, 1990, pp. 117-20, 225-238, 416, 708.

² Association of American Railroads, *Railroad Transportation of Grain*, 2010.

³ U.S. Departments of Agriculture and Transportation. *Study of Rural Transportation Issues*. <http://www.ams.usda.gov/AMSv1.0/RuralTransportationStudy> . April 2010.

on the railroad serving the shipper. USDA proposed mandatory reciprocal switching agreements up to a distance of 30 miles from the shipper at a fee of up to 180 percent of the variable cost.

Terminal Trackage Rights

USDA proposed mandatory terminal trackage rights over only limited distances. Mandatory terminal trackage rights is similar to reciprocal switching; the difference is that railroad B would use railroad A's tracks to pick up a shipment from the shipper located on railroad A. Mandatory terminal trackage rights, like mandatory reciprocal switching, would be imposed over only limited distances from a shipper, as disruptions for a railroad to have the trains of another railroad running on its track likely increase with distance.¹

Bottleneck Pricing

USDA recommended that the STB revise its "bottleneck" decisions to force railroads to quote separate challengeable rates for each component of a freight movement. The ability of shippers to request bottleneck rates should be limited to a fixed regulatory distance for the bottleneck segment, which could increase incrementally over time to a distance of up to 150 miles. Increasing the regulatory distance over time offers the advantage of allowing the railroad industry to adjust to financial effects over time, and would also allow the Board to monitor those effects.

Alternatives for Determining Rate Reasonableness

Shippers have long expressed dissatisfaction with the protections offered by existing STB rate appeals procedures. Rate proceedings are considered to be extremely costly and time consuming for all parties involved.

In order for the railroads to efficiently recover high fixed costs, railroads use differential pricing. That is, shippers without competitive options pay a higher share of these fixed costs than other shippers. However, it is neither appropriate nor the law that the degree to which these shippers are discriminated against be unlimited.

USDA suggested that the adoption of an alternative rate appeals procedure could provide more protection to shippers and suggested the use of a rate ceiling (or a rebuttable presumption of a maximum reasonable rate) on the revenue-to-variable cost (R/VC) ratio that may be charged to any shipper. Such a R/VC ratio would be straightforward to calculate and not require significant resources by all parties. Marvin.Prater@ams.usda.gov

¹ Christensen Report, op. cit.; see also 49 U.S.C. § 11102(a).

Grain Transportation Indicators

Table 1

Grain Transport Cost Indicators¹

Week ending	Truck	Rail ²	Barge	Ocean	
				Gulf	Pacific
06/15/11	265	145	248	242	220
06/08/11	264	145	248	237	213

¹Indicator: 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)

²The 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)

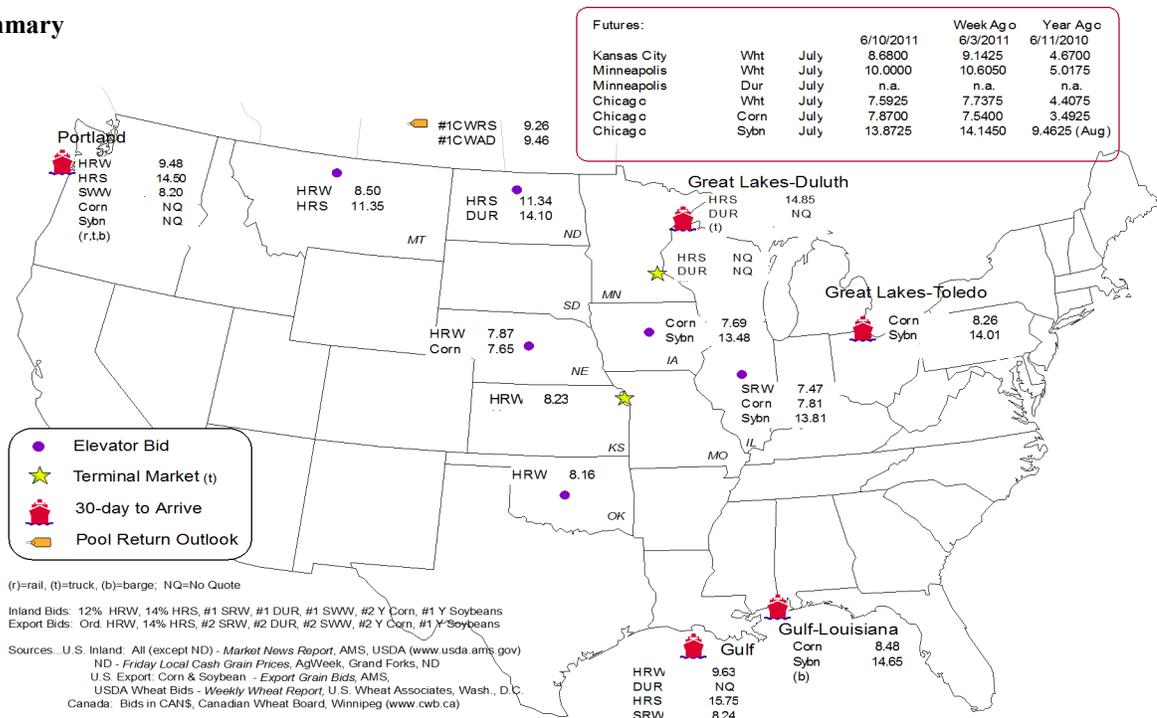
Commodity	Origin--Destination	6/10/2011	6/3/2011
Corn	IL--Gulf	-0.67	-0.71
Corn	NE--Gulf	-0.83	-0.87
Soybean	IA--Gulf	-1.17	-1.11
HRW	KS--Gulf	-1.40	-1.57
HRS	ND--Portland	-3.16	-2.56

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		Cross-Border	Pacific	Atlantic &	Total
	Gulf	Texas Gulf	Mexico	Northwest	East Gulf	
6/08/2011 ^p	373	1,303	1,117	3,684	82	6,559
6/01/2011 ^r	435	2,323	1,427	3,225	169	7,579
2011 YTD	20,425	51,156	21,281	90,257	14,322	197,441
2010YTD	7,528	31,146	21,276	77,129	17,070	154,149
2011 YTD as % of 2010 YTD	271	164	100	117	84	128
Last 4 weeks as % of 2010 ²	313	197	138	115	168	140
Last 4 weeks as % of 4-year avg. ²	138	158	144	106	106	122
Total 2010	33,971	83,492	42,794	177,896	32,780	370,933
Total 2009	33,423	57,646	36,738	175,965	30,328	334,100

¹ Data is incomplete as it is voluntarily provided

² Compared with same 4-weeks in 2010 and prior 4-year average.

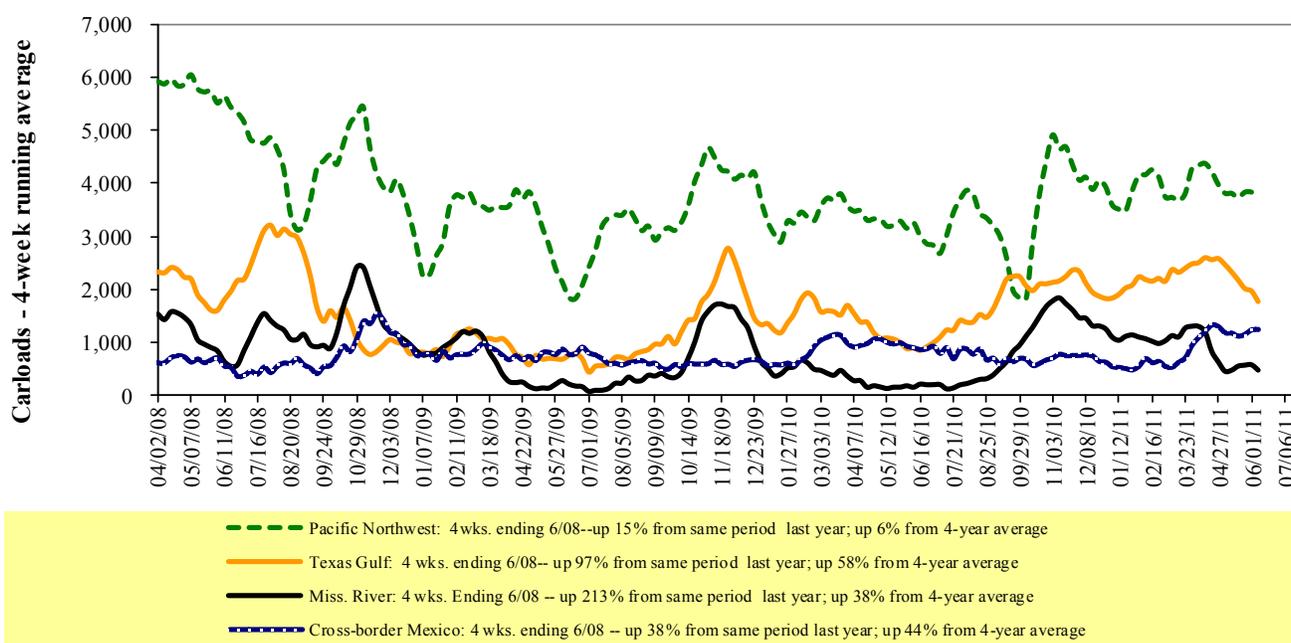
YTD = year-to-date; p = preliminary data; r = revised data; n/a = not available

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

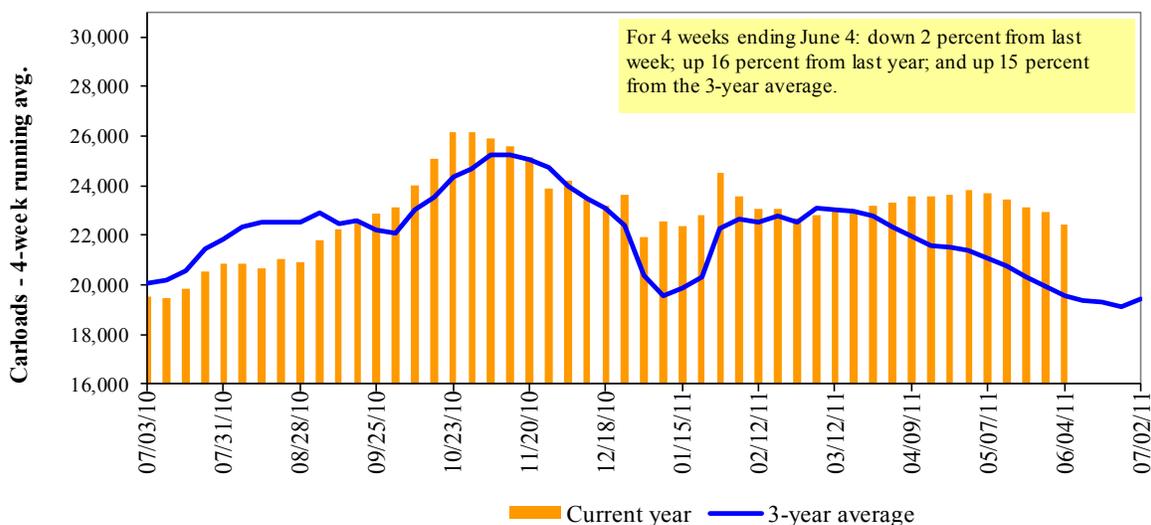
Table 4

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
06/04/11	1,704	3,513	8,710	985	6,024	20,936	3,459	4,805
This week last year	2,135	2,758	7,496	445	4,943	17,777	3,653	4,090
2011 YTD	45,653	67,444	249,198	14,652	135,810	512,757	88,710	106,014
2010 YTD	49,967	67,235	224,498	16,636	116,912	475,248	89,065	118,037
2011 YTD as % of 2010 YTD	91	100	111	88	116	108	100	90
Last 4 weeks as % of 2010 ¹	83	112	119	114	128	116	92	109
Last 4 weeks as % of 3-yr avg. ¹	85	113	121	118	120	115	87	104
Total 2010	111,935	159,836	546,901	35,807	295,361	1,149,840	203,038	265,835

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

Rail Car Auction Offerings¹ (\$/car)²

Week ending	Delivery period							
	Jun-11	Jun-10	Jul-11	Jul-10	Aug-11	Aug-10	Sep-11	Sep-10
6/9/2011								
BNSF ³								
COT grain units	no bids	0	no offer	no bids	39	0	51	no offer
COT grain single-car ⁵	0 . . 1	0 . . 15	0 . . 1	0 . . 8	0 . . 67	0 . . 30	0 . . 77	35 . . 45
UP ⁴								
GCAS/Region 1	no bids	1	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.

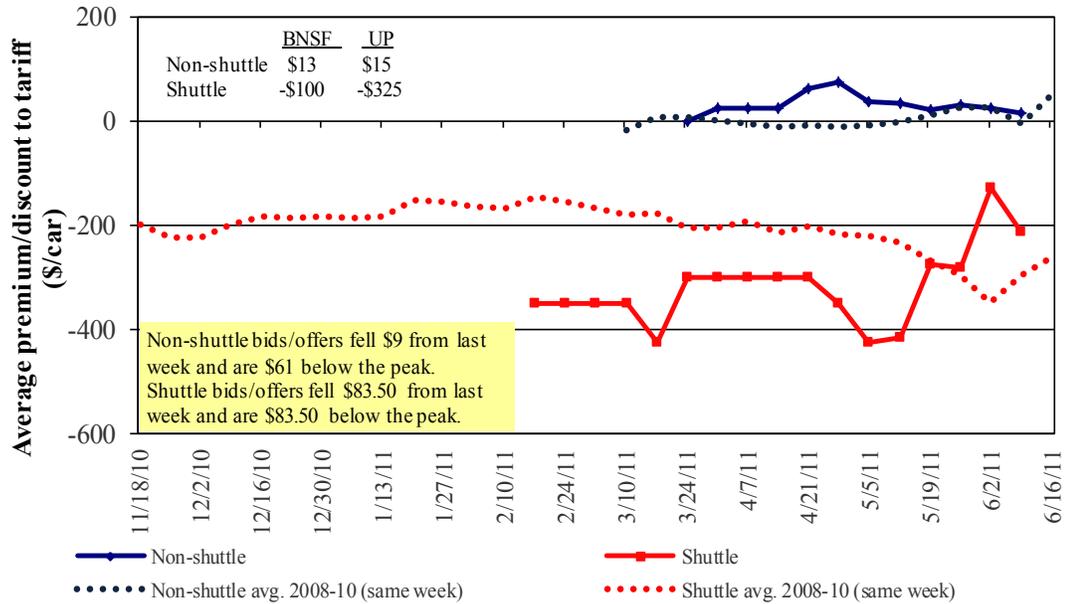
⁵Range is shown because average is not available. Not available = n/a.

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 2011, Secondary Market

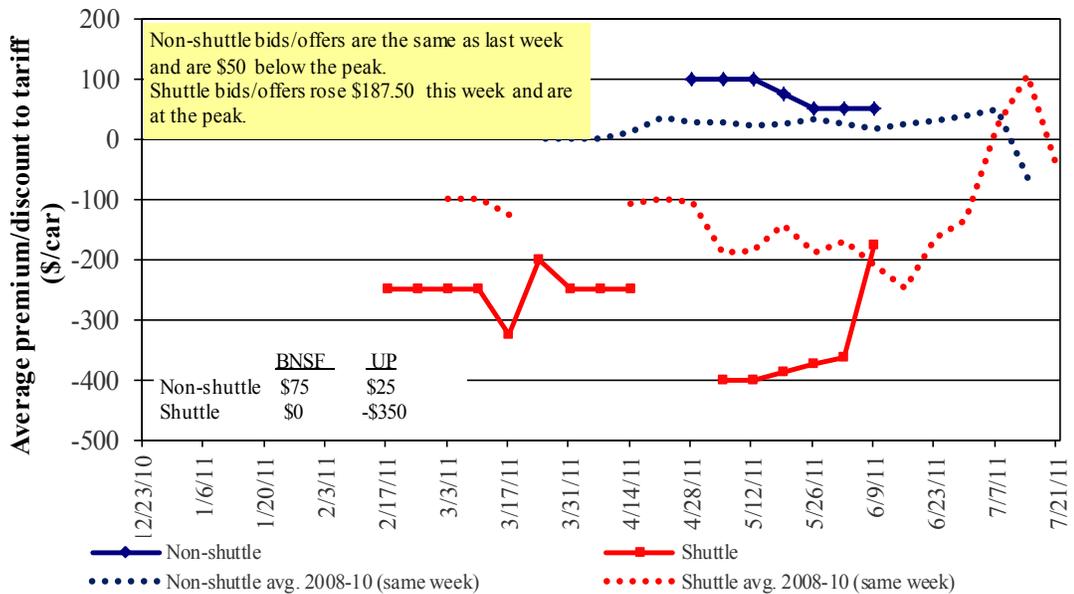


Non-shuttle bids include unit-train and single-car bids. n/a = not available.

Source: Transportation & Marketing Programs/AMS/USDA

Figure 5

Bids/Offers for Railcars to be Delivered in July 2011, Secondary Market

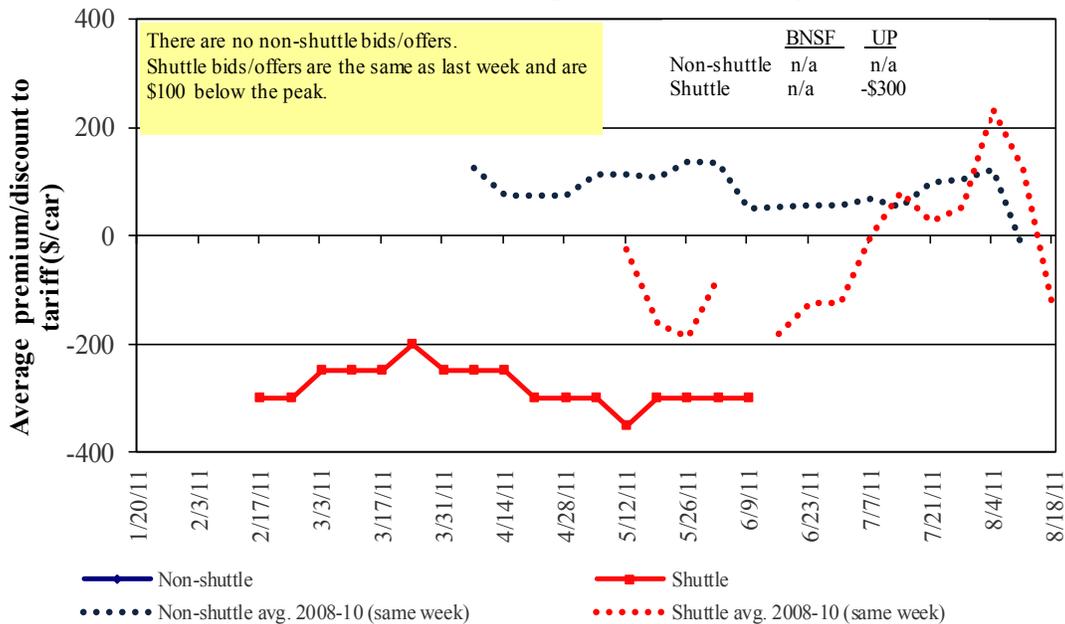


Non-shuttle bids include unit-train and single-car bids. n/a = not available.

Source: Transportation & Marketing Programs/AMS/USDA

Figure 6

Bids/Offers for Railcars to be Delivered in August 2011, 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					
	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11
6/9/2011						
Non-shuttle						
BNSF-GF	13	75	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 2010	76	77	n/a	n/a	n/a	n/a
UP-Pool	15	25	n/a	n/a	n/a	n/a
Change from last week	(10)	-	n/a	n/a	n/a	n/a
Change from same week 2010	n/a	28	n/a	n/a	n/a	n/a
Shuttle²						
BNSF-GF	(100)	-	n/a	n/a	n/a	n/a
Change from last week	(100)	300	n/a	n/a	n/a	n/a
Change from same week 2010	350	400	n/a	n/a	n/a	n/a
UP-Pool	(325)	(350)	(300)	(250)	600	n/a
Change from last week	(67)	75	-	-	(100)	n/a
Change from same week 2010	75	-	n/a	(100)	n/a	n/a

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

²Shuttle 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:			Tariff	Fuel	Tariff plus surcharge per:		Percent
6/6/2011	Origin region*	Destination region*	rate/car	surcharge per car	metric ton	bushel ²	change Y/Y ³
Unit train							
Wheat	Wichita, KS	St. Louis, MO	\$2,992	\$202	\$31.72	\$0.86	11
	Grand Forks, ND	Duluth-Superior, MN	\$2,822	\$119	\$29.21	\$0.79	16
	Wichita, KS	Los Angeles, CA	\$5,710	\$612	\$62.78	\$1.71	10
	Wichita, KS	New Orleans, LA	\$3,492	\$356	\$38.21	\$1.04	11
	Sioux Falls, SD	Galveston-Houston, TX	\$5,410	\$502	\$58.71	\$1.60	6
	Northwest KS	Galveston-Houston, TX	\$3,760	\$390	\$41.21	\$1.12	11
	Amarillo, TX	Los Angeles, CA	\$3,959	\$543	\$44.71	\$1.22	12
Corn	Champaign-Urbana, IL	New Orleans, LA	\$2,812	\$402	\$31.92	\$0.87	8
	Toledo, OH	Raleigh, NC	\$3,760	\$450	\$41.81	\$1.14	14
	Des Moines, IA	Davenport, IA	\$1,843	\$85	\$19.15	\$0.52	-1
	Indianapolis, IN	Atlanta, GA	\$3,196	\$338	\$35.09	\$0.96	12
	Indianapolis, IN	Knoxville, TN	\$2,760	\$217	\$29.56	\$0.80	12
	Des Moines, IA	Little Rock, AR	\$2,938	\$250	\$31.66	\$0.86	7
	Des Moines, IA	Los Angeles, CA	\$4,835	\$729	\$55.26	\$1.50	20
Soybeans	Minneapolis, MN	New Orleans, LA	\$3,089	\$439	\$35.04	\$0.95	11
	Toledo, OH	Huntsville, AL	\$2,921	\$320	\$32.18	\$0.88	11
	Indianapolis, IN	Raleigh, NC	\$3,830	\$453	\$42.54	\$1.16	13
	Indianapolis, IN	Huntsville, AL	\$2,613	\$217	\$28.10	\$0.76	11
	Champaign-Urbana, IL	New Orleans, LA	\$3,156	\$402	\$35.34	\$0.96	10
Shuttle Train							
Wheat	Great Falls, MT	Portland, OR	\$3,239	\$352	\$35.66	\$0.97	13
	Wichita, KS	Galveston-Houston, TX	\$3,144	\$274	\$33.94	\$0.92	7
	Chicago, IL	Albany, NY	\$3,497	\$422	\$38.92	\$1.06	-3
	Grand Forks, ND	Portland, OR	\$4,702	\$608	\$52.73	\$1.44	12
	Grand Forks, ND	Galveston-Houston, TX	\$5,648	\$633	\$62.38	\$1.70	11
	Northwest KS	Portland, OR	\$4,727	\$640	\$53.29	\$1.45	11
	Minneapolis, MN	Portland, OR	\$4,680	\$740	\$53.83	\$1.46	14
Corn	Sioux Falls, SD	Tacoma, WA	\$4,640	\$678	\$52.81	\$1.44	13
	Champaign-Urbana, IL	New Orleans, LA	\$2,677	\$402	\$30.58	\$0.83	7
	Lincoln, NE	Galveston-Houston, TX	\$3,190	\$395	\$35.60	\$0.97	10
	Des Moines, IA	Amarillo, TX	\$3,330	\$315	\$36.19	\$0.99	8
	Minneapolis, MN	Tacoma, WA	\$4,680	\$734	\$53.77	\$1.46	14
	Council Bluffs, IA	Stockton, CA	\$4,080	\$760	\$48.06	\$1.31	13
	Sioux Falls, SD	Tacoma, WA	\$4,840	\$678	\$54.80	\$1.49	10
	Minneapolis, MN	Portland, OR	\$4,830	\$740	\$55.32	\$1.51	11
	Fargo, ND	Tacoma, WA	\$4,730	\$603	\$52.96	\$1.44	10
	Council Bluffs, IA	New Orleans, LA	\$3,510	\$464	\$39.46	\$1.07	9
Soybeans	Toledo, OH	Huntsville, AL	\$2,536	\$320	\$28.36	\$0.77	13
	Grand Island, NE	Portland, OR	\$4,520	\$655	\$51.39	\$1.40	11

¹A 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.

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

Commodity	Origin state	Destination region	Tariff rate/car ¹	Fuel surcharge per car ²	Tariff plus surcharge per:		Percent change Y/Y ⁴
					metric ton ³	bushel ³	
Wheat	MT	Chihuahua, CI	\$6,854	\$643	\$76.60	\$2.08	6
	OK	Cuautitlan, EM	\$6,245	\$666	\$70.61	\$1.92	7
	KS	Guadalajara, JA	\$6,879	\$896	\$79.44	\$2.16	6
	TX	Salinas Victoria, NL	\$3,411	\$269	\$37.60	\$1.02	5
Corn	IA	Guadalajara, JA	\$7,057	\$935	\$81.66	\$2.07	6
	SD	Penjamo, GJ	\$6,521	\$842	\$75.23	\$1.91	-1
	NE	Queretaro, QA	\$6,802	\$852	\$78.20	\$1.98	14
	SD	Salinas Victoria, NL	\$5,360	\$640	\$61.30	\$1.56	13
	MO	Tlalnepantla, EM	\$5,959	\$830	\$69.37	\$1.76	15
	SD	Torreón, CU	\$5,623	\$705	\$64.66	\$1.64	3
Soybeans	MO	Bojay (Tula), HG	\$6,705	\$818	\$76.86	\$2.09	10
	NE	Guadalajara, JA	\$7,519	\$930	\$86.33	\$2.35	15
	IA	El Castillo, JA ⁵	\$7,770	\$836	\$87.94	\$2.39	12
	KS	Torreón, CU	\$6,042	\$640	\$68.27	\$1.86	15
Sorghum	OK	Cuautitlan, EM	\$5,350	\$639	\$61.19	\$1.55	18
	TX	Guadalajara, JA	\$6,289	\$548	\$69.85	\$1.77	12
	NE	Penjamo, GJ	\$6,905	\$860	\$79.34	\$2.01	8
	KS	Queretaro, QA	\$6,038	\$588	\$67.69	\$1.72	13
	NE	Salinas Victoria, NL	\$4,818	\$560	\$54.95	\$1.39	13
	NE	Torreón, CU	\$5,804	\$687	\$66.32	\$1.68	11

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

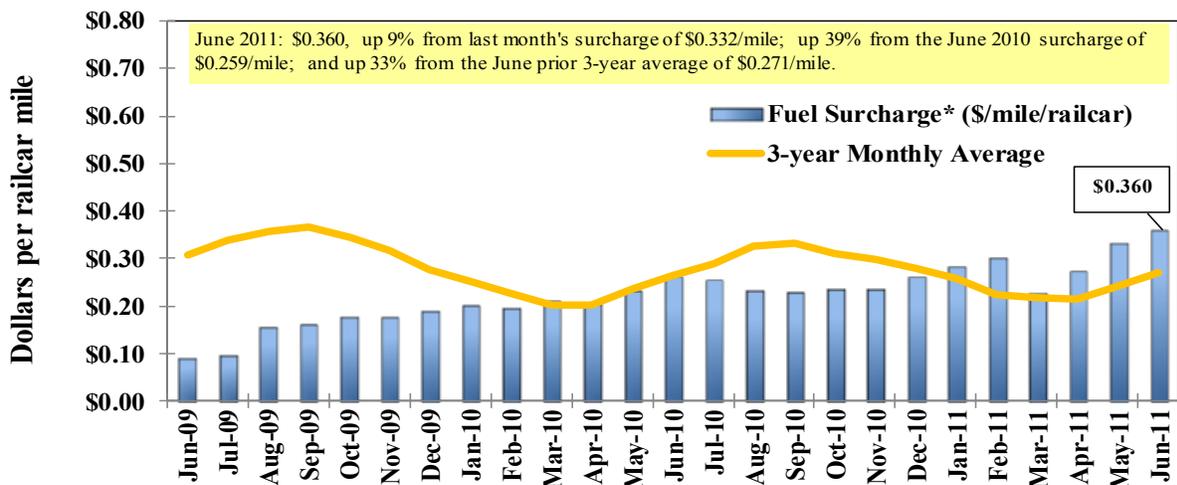
³Approximate load per car = 97.87 metric tons: Corn & Sorghum 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

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.upr.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.

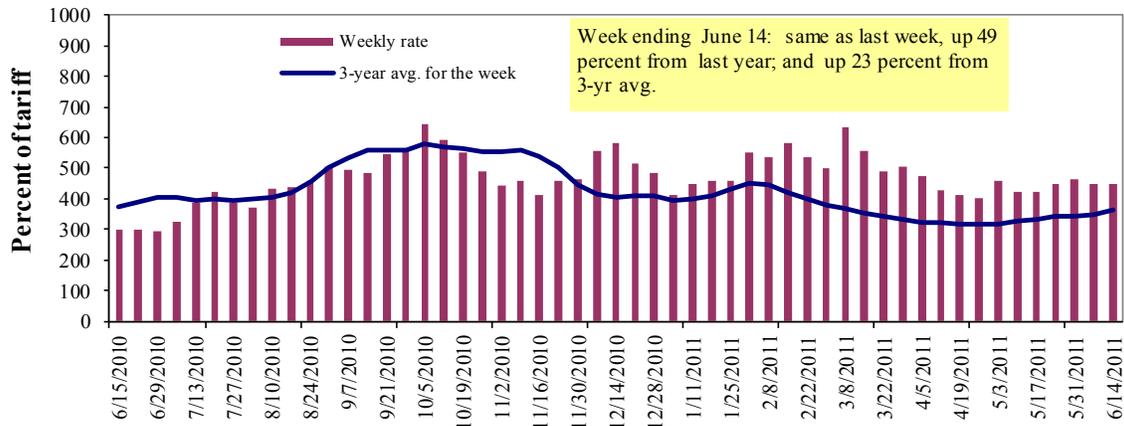
** BNSF strike price (diesel price when fuel surcharges begin) changed from \$1.25/gal. to \$2.50/gal. starting March 1, 2011. As a result, the weighted average fuel surcharge for March 2011 was \$0.227/mile instead of \$0.331/mile.

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

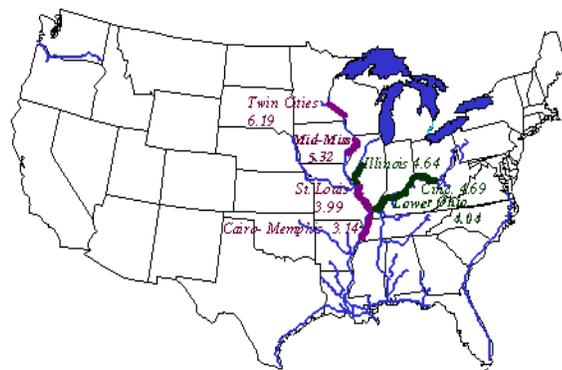
Weekly Barge Freight Rates: Southbound Only

		Twin Cities	Mid-Mississippi	Lower Illinois River	St. Louis	Cincinnati	Lower Ohio	Cairo-Memphis
Rate¹	6/14/2011	535	475	446	338	395	395	309
	6/7/2011	550	472	447	343	411	411	313
\$/ton	6/14/2011	33.12	25.27	20.69	13.49	18.53	15.96	9.70
	6/7/2011	34.05	25.11	20.74	13.69	19.28	16.60	9.83
Current week % change from the same week:								
	Last year	48	57	49	68	53	53	63
	3-year avg. ²	29	29	23	24	29	29	19
Rate¹	July	527	445	441	335	397	397	302
	September	585	613	663	625	600	600	455

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



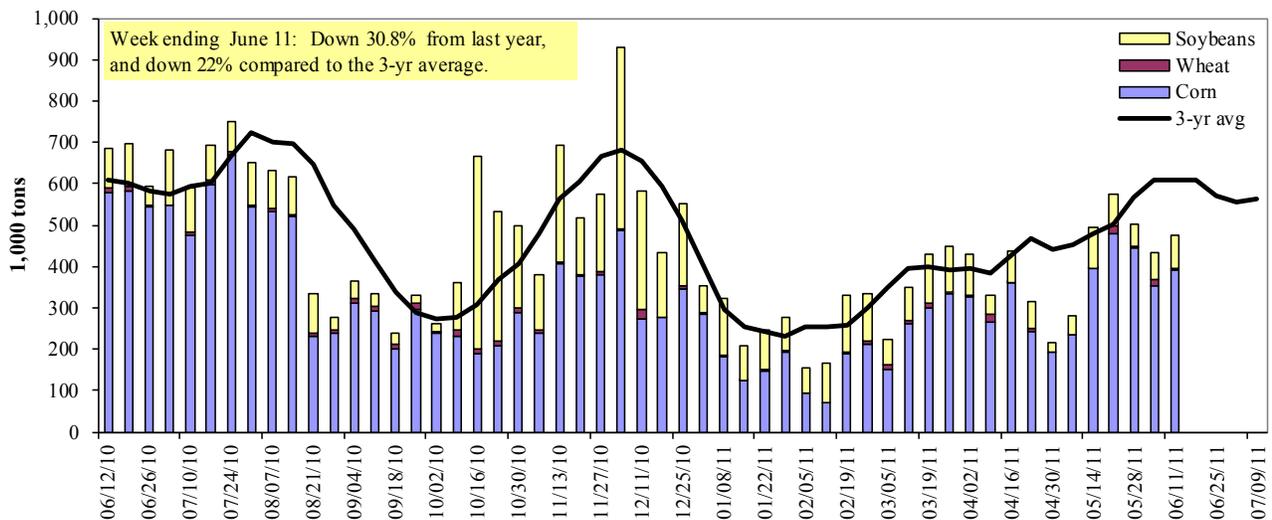
Calculating barge rate per ton:

(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 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/mvrini/omni/webrrpts/default.asp)

Table 10

Barge Grain Movements (1,000 tons)

Week ending 6/11/2011	Corn	Wheat	Soybeans	Other	Total
Mississippi River					
Rock Island, IL (L15)	182	6	27	3	218
Winfield, MO (L25)	204	5	61	2	272
Alton, IL (L26)	376	5	74	2	457
Granite City, IL (L27)	390	5	79	2	475
Illinois River (L8)	147	0	9	0	156
Ohio River (L52)	50	5	10	0	66
Arkansas River (L1)	3	18	4	8	34
Weekly total - 2011	443	28	93	10	574
Weekly total - 2010	605	28	117	12	761
2011 YTD ¹	8,222	543	3,584	146	12,495
2010 YTD	10,094	480	3,896	213	14,683
2011 as % of 2010 YTD	81	113	92	69	85
Last 4 weeks as % of 2010 ²	74	194	93	42	79
Total 2010	22,768	1,220	10,373	481	34,841

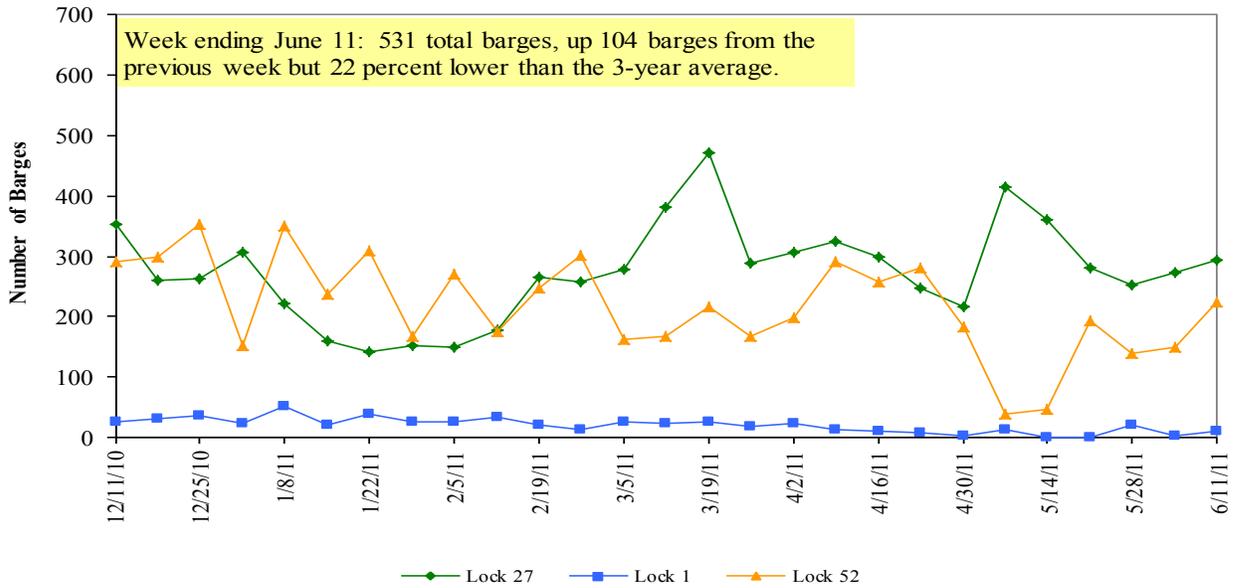
¹ Weekly total, YTD (year-to-date) and calendar year total includes Miss/27, Ohio/52, and Ark/1; "Other" refers to oats, barley, sorghum, and rye.

² As a percent of same period in 2010.

Note: Total may not add exactly, due to rounding

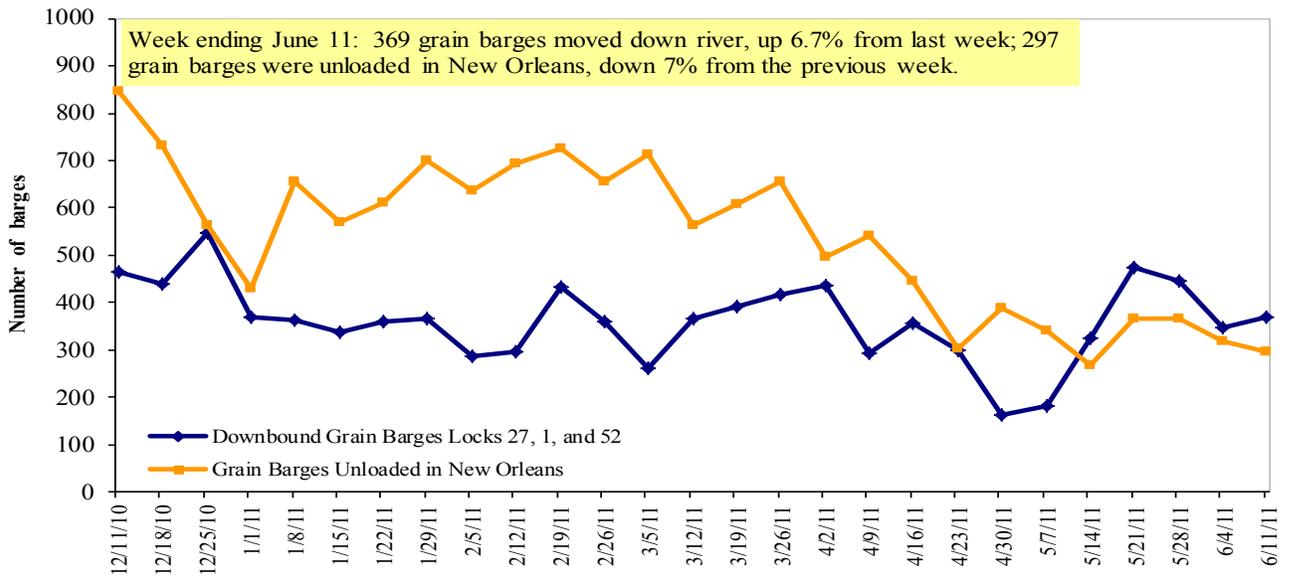
Source: U.S. Army Corps of Engineers (www.mvr.usace.army.mil/mvrini/omni/webrrpts/default.asp)

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 Prices¹, Week Ending 6/13/2011 (US \$/gallon)

Region	Location	Price	Change from	
			Week ago	Year ago
I	East Coast	3.968	0.013	1.019
	New England	4.087	-0.018	1.062
	Central Atlantic	4.088	0.014	1.021
	Lower Atlantic	3.905	0.014	1.013
II	Midwest ²	3.905	0.016	1.013
III	Gulf Coast ³	3.896	0.019	1.022
IV	Rocky Mountain	3.988	-0.027	0.999
V	West Coast	4.163	0.017	1.109
	California	4.245	0.022	1.177
Total	U.S.	3.954	0.014	1.026

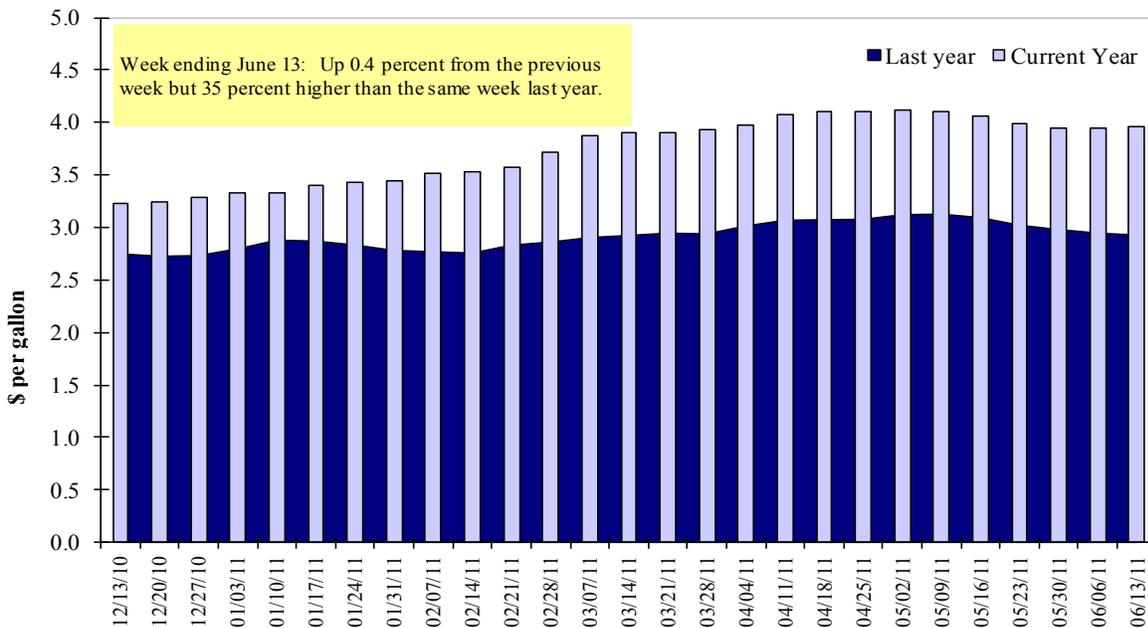
¹Diesel fuel prices include all taxes. Prices represent an average of all types of diesel fuel.

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									
6/1/2011	2,320	698	2,008	1,306	164	6,496	9,931	4,187	20,614
This week year ago	1,462	470	966	898	231	4,028	10,615	2,419	17,062
Cumulative exports-marketing year²									
2010/11 YTD	92	0	40	11	0	143	33,871	37,491	71,505
2009/10 YTD	71	43	14	12	6	146	35,474	36,432	72,052
YTD 2010/11 as % of 2009/10	130	0	286	92	0	98	95	103	99
Last 4 wks as % of same period 2009/10	104	53	91	79	33	61	104	163	102
2009/10 Total	8,458	2,733	5,329	3,897	983	21,400	47,700	39,285	108,385
2008/09 Total	11,244	5,100	5,408	3,420	454	25,626	44,650	33,705	103,981

¹ Current unshipped export sales to date

² Shipped export sales to date; the new marketing year now 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 Importers¹ of U.S. Corn

Week ending 06/02/11	Total Commitments ²			% change current MY from last MY	Exports ³ 2009/10
	2011/12 Next MY	2010/11 Current MY	2009/10 Last MY		
		- 1,000 mt -			- 1,000 mt -
Japan	772	13,544	13,537	0	14,343
Mexico	1,241	6,613	7,670	(14)	7,999
Korea	1	5,373	7,415	(28)	7,562
Taiwan	0	2,423	2,862	(15)	2,949
Egypt	40	2,742	2,209	24	2,935
Top 5 importers	2,054	30,694	33,693	(9)	35,788
Total US corn export sales	3,871	43,802	45,843	(4)	50,460
% of Projected	8%	91%	91%		
Change from Last Week	30	320	1,019		
Top 5 importers' share of U.S. corn export sales	53%	70%	73%		
USDA forecast, June 2011	45,720	48,260	50,460	(4)	
Corn Use for Ethanol USDA forecast, Ethanol June 2011	128,270	127,000	116,027	9	

(n) indicates negative number.

¹Based on FAS 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.

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

Table 14

Top 5 Importers¹ of U.S. Soybeans

Week Ending 06/02/2011	Total Commitments ²			% change current MY from last MY	Exports ³ 2009/10
	2011/12 Current MY	2010/11 Current MY	2009/10 Last MY		
	- 1,000 mt -				- 1,000 mt -
China	5,958	25,604	22,136	16	22,454
Mexico	89	3,013	2,996	1	3,276
Japan	119	2,072	2,513	(18)	2,347
EU-25	60	2,599	2,698	(4)	2,647
Taiwan	0	1,364	1,489	(8)	1,556
Top 5 importers	6,226	34,652	31,832	9	32,280
Total US soybean export sales	6,790	41,678	38,850	7	40,850
% of Projected	16%	99%	95%		
Change from last week	0	121	421		
Top 5 importers' share of U.S. soybean export sales	92%	83%	82%		
USDA forecast, June 2011	41,370	41,910	40,850	3	
Soybean Use for Biodiesel USDA forecast, June 2011	8,393	5,755	4,031	43	

(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.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 06/02/2011	Total Commitments ²		% change current MY from last MY	Exports ³ 2010/11
	2011/12 Current MY	2010/11 Last MY		
	- 1,000 mt -			- 1,000 mt -
Nigeria	620	722	(14)	3,233
Japan	815	487	67	3,148
Mexico	619	444	39	2,601
Philippines	884	637	39	1,518
Korea	155	325	(52)	1,111
Peru	238	76	214	923
Taiwan	157	73	115	913
Colombia	217	139	55	783
Indonesia	198	20	890	781
Yemen	158	0		659
Top 10 importers	4,060	2,923	39	15,670
Total US wheat export sales	6,638	4,173	59	33,439
% of Projected	23%	12%		
Change from last week	2,293	1,101		
Top 10 importers' share of U.S. wheat export sales	61%	70%		
USDA forecast, June 2011	28,580	35,240	(19)	

(n) indicates negative number.

¹Modified from the FAS 2010/11 Marketing Year Ranking Reports - www.fas.usda.gov; Marketing year = Jun 1 - May 31.²Cumulative Exports (shipped) + Outstanding Sales (unshipped), FAS Weekly Export Sales Report.³FAS 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 06/09/11	Previous Week ¹	Current Week as % of Previous	2011 YTD ¹	2010 YTD ¹	2011 YTD as % of 2010 YTD	Last 4-weeks as % of		Total ¹ 2010
							2010	3-yr. avg.	
Pacific Northwest									
Wheat	226	343	66	6,670	4,659	143	169	153	11,062
Corn	280	194	144	4,211	4,416	95	107	103	9,950
Soybeans	66	0	n/a	3,161	4,313	73	208	78	10,191
Total	571	537	106	14,042	13,387	105	139	122	31,203
Mississippi Gulf									
Wheat	67	30	220	2,435	1,738	140	66	65	4,199
Corn	406	515	79	11,754	13,190	89	71	83	29,794
Soybeans	82	51	161	9,476	8,612	110	118	69	22,519
Total	554	596	93	23,665	23,541	101	75	79	56,512
Texas Gulf									
Wheat	296	203	146	6,724	3,466	194	201	187	9,339
Corn	53	58	92	678	920	74	202	376	1,859
Soybeans	0	0	n/a	763	667	114	n/a	n/a	1,916
Total	349	261	134	8,165	5,053	162	201	199	13,115
Great Lakes									
Wheat	33	32	103	533	217	245	281	813	1,897
Corn	0	0	n/a	8	31	27	55	47	119
Soybeans	0	0	n/a	22	0	n/a	n/a	174	655
Total	33	32	103	564	248	227	265	385	2,672
Atlantic									
Wheat	1	0	440	520	127	410	175	260	343
Corn	0	9	0	162	169	96	122	174	469
Soybeans	3	4	68	417	686	61	222	149	1,417
Total	3	13	26	1,099	981	112	179	204	2,229
U.S. total from ports²									
Wheat	622	608	102	16,883	10,207	165	164	157	26,839
Corn	738	776	95	16,813	18,725	90	82	92	42,192
Soybeans	151	55	274	13,839	14,277	97	140	74	36,699
Total	1,511	1,440	105	47,535	43,210	110	110	109	105,730

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

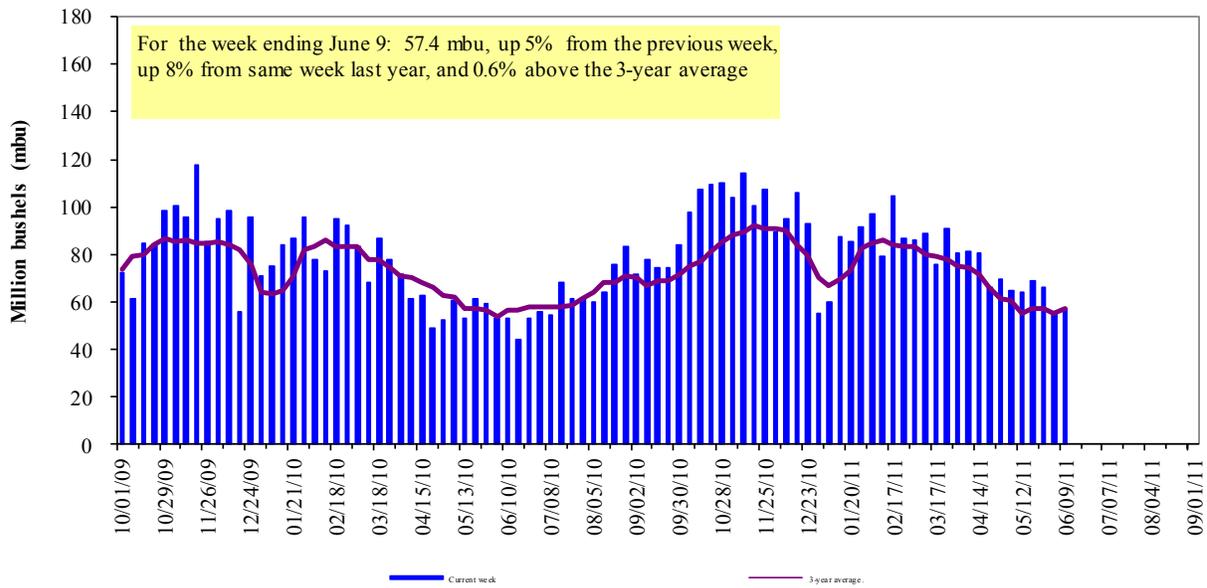
² Total includes only port regions shown above

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 61 percent of the U.S. export grain shipments departed through the U.S. Gulf region in 2010.

Figure 14

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

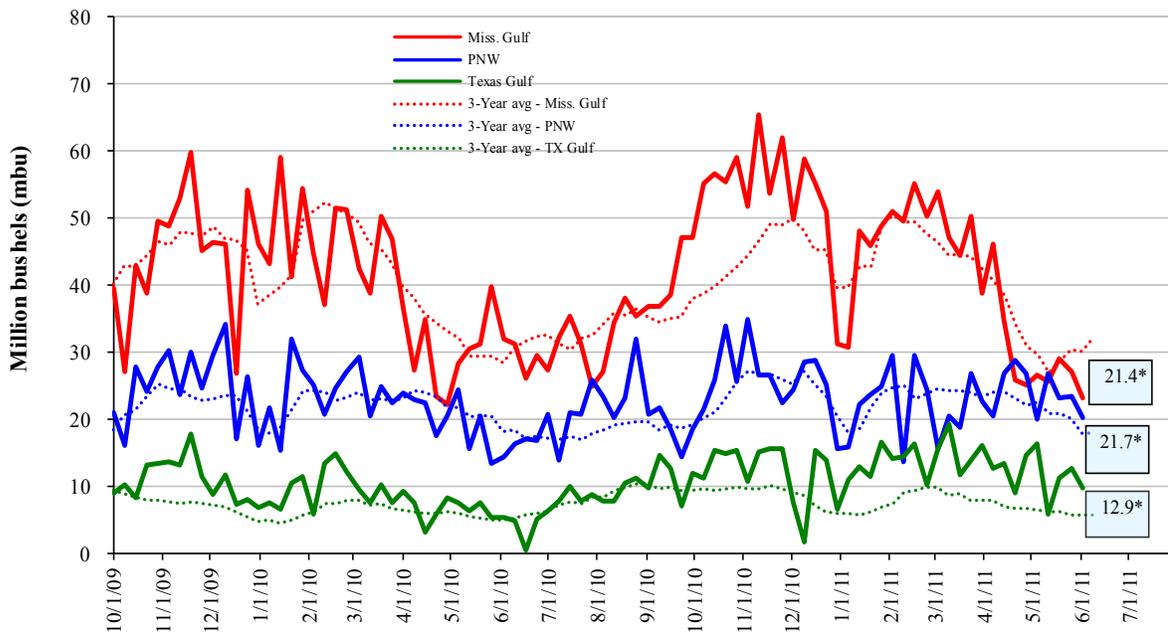


Source: Grain Inspection, Packers and Stockyards Administration/USDA (www.gipsa.usda.gov)

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.

June 9% change from:	MS.Gulf	TX_Gulf	U.S. Gulf	PNW
Last week	down 8	up 33	up 4.2	up 7.3
Last year (same week)	down 32	up 163	down 5	up 33
3-yr avg. (4-wk mov. avg.)	down 33	up 124	down 9	up 13

Ocean Transportation

Table 17

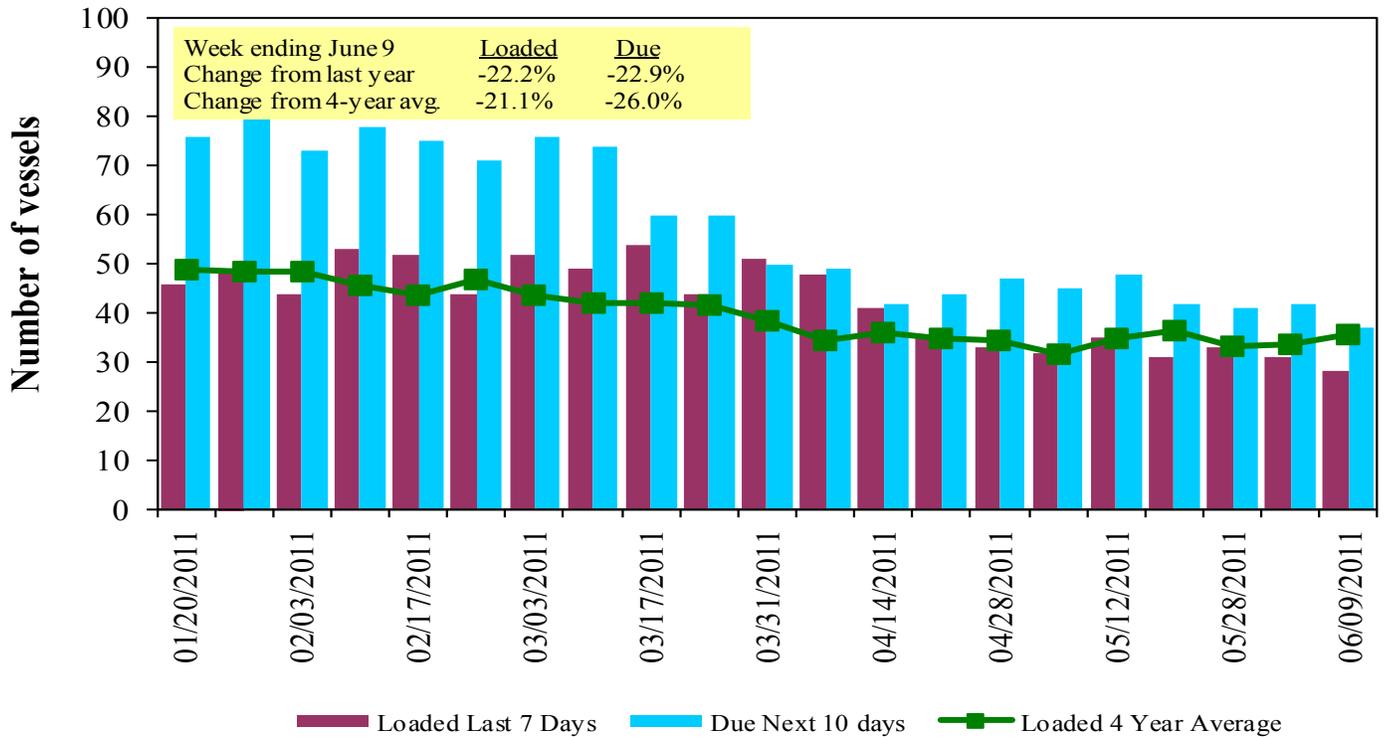
Weekly Port Region Grain Ocean Vessel Activity (number of vessels)

Date	Gulf			Pacific Northwest	Vancouver B.C.
	In port	Loaded 7-days	Due next 10-days	In port	In port
6/9/2011	23	28	37	19	13
6/2/2011	22	31	42	19	16
2010 range	(15..69)	(30..57)	(33..84)	(4..24)	(2..20)
2010 avg.	41	42	58	12	11

Source: Transportation & Marketing Programs/AMS/USDA

Figure 16

U.S. Gulf¹ Vessel Loading Activity

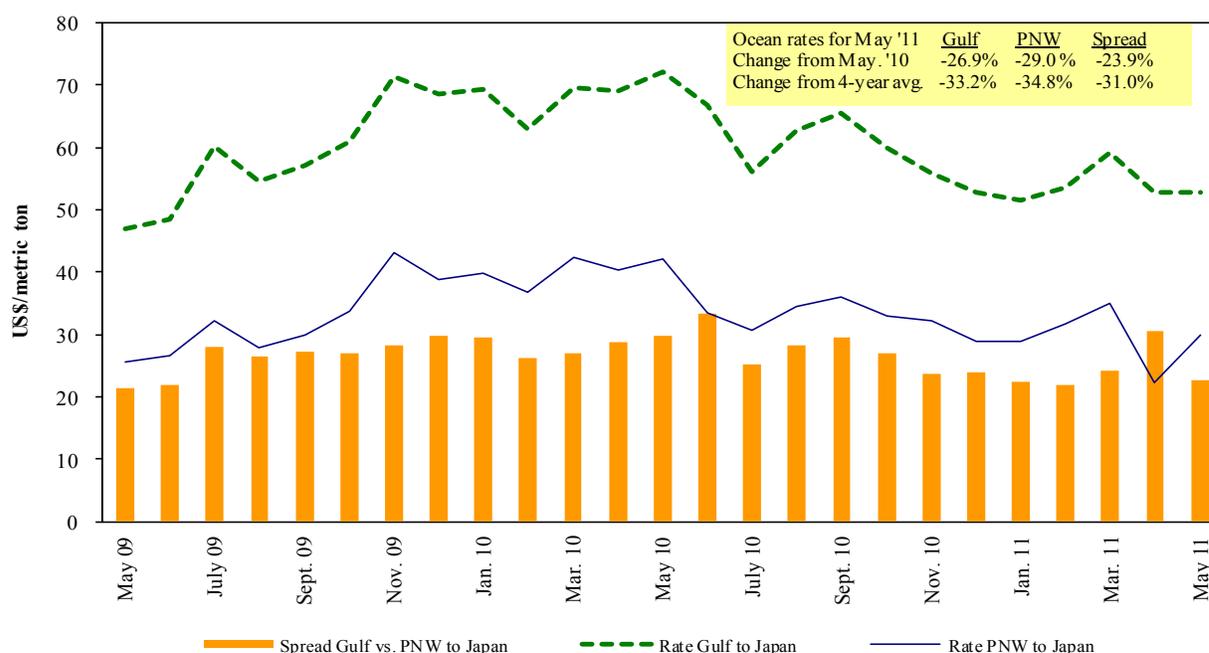


Source: Transportation & Marketing Programs/AMS/USDA

¹U.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 06/11/2011

Export region	Import region	Grain types	Loading date	Volume loads (metric tons)	Freight rate (US\$/metric ton)
U.S. Gulf	China	Heavy Grain	May 1/10	55,000	56.00
U.S. Gulf	China	Heavy Grain	Mar 20/29	52,000	52.00
U.S. Gulf	China	Heavy Grain	Mar 8/15	55,000	53.60
U.S. Gulf	Egypt	Grain	May 1/10	60,000	28.50
U.S. Gulf	Japan	Heavy Grain	June 1/12	54,000	52.50
U.S. Gulf	Isreal	Wheat	May 20/30	50,000	36.00
U.S. Gulf	Nigeria	Wheat	Apr 17/23	25,000	46.50
U.S. Gulf	Djibouti ¹	Wheat	Mar 31/Apr 9	17,260	129.95
Brazil	China	Heavy Grain	May 18/27	60,000	49.50
Brazil	China	Heavy Grain	April 5/15	60,000	51.00
Brazil	China	Heavy Grain	April 1/15	55,000	47.00
Brazil	Turkey	Heavy Grain	May 20/30	50,000	32.00
River Plate	Algeria	Corn	June 15/25	25,000	42.75
River Plate	Algeria	Corn	May 15/25	25,000	42.25
River Plate	Algeria	Corn	Apr 15/25	25,000	41.50
River Plate	Algeria	Corn	April 15/25	30,000	41.50
River Plate	Morocco	Heavy Grain	Apr 25/28	2,500	44.50
River Plate	Spain	Maize	May 16/18	25,000	44.00
River Plate	Spain	Corn	Apr 24/25	2,500	46.00
Ukraine	Spain Med	Corn	May 20/24	25,000	18.00

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

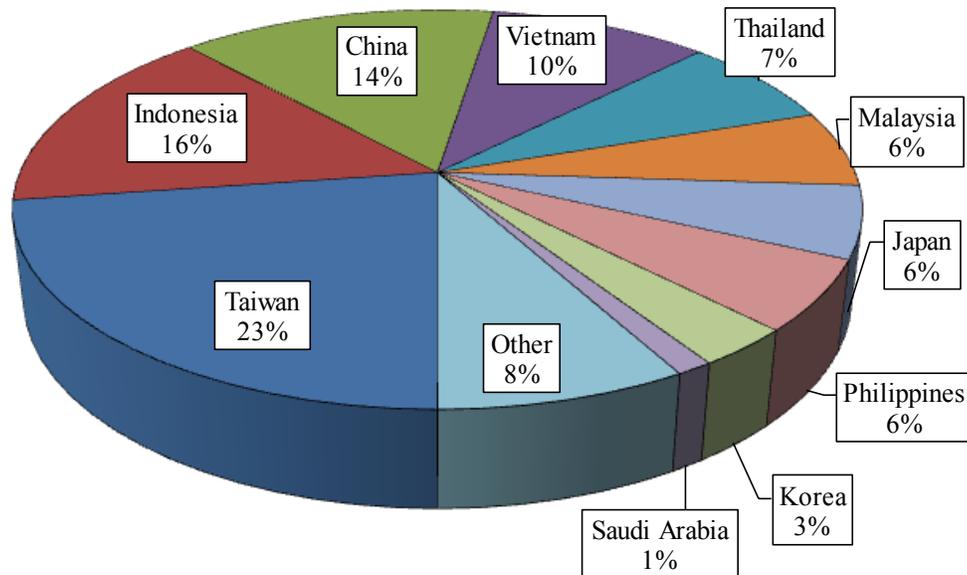
¹75 percent of food aid from the United States is required to be shipped on U.S.-flag vessels.

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, February 2011

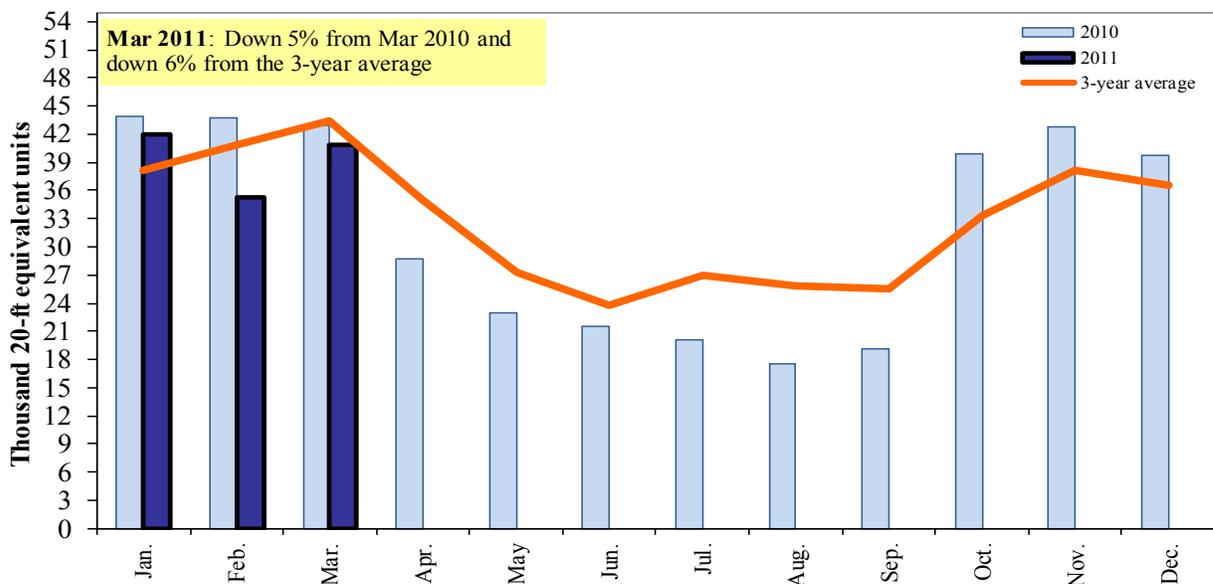


Source: USDA/Agricultural Marketing Service/Transportation Services Division analysis of Port Import Export Reporting Service (PIERS) data

Note: The following Harmonized Tariff Codes are used to calculate containerized grains movements (recently added codes are highlighted in bold type): 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 (recently added codes are highlighted in bold type): 100190, 100200, 100300, 100400, 100590, 100700, 110100, 230310, 110220, 110290, 120100, 230210, 230990, **230330**, and **120810**.

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