



Grain Transportation Report

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

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WEEKLY HIGHLIGHTS

Early Corn Harvest Continues in Top States

As of September 23, the top three corn producing States—Iowa, Illinois, and Nebraska—are each 31–33 percentage points ahead of their average harvest pace, and Missouri is 47 points ahead of its average. The top 18 corn-producing States are 39 percent harvested—26 points ahead of the average pace. The early harvest has caused an increased demand for rail transportation as indicated by higher [grain railcar loadings](#) and [secondary grain railcar bids](#).

Low Water and Narrow Channels Remain a Concern

With 65 percent of the country in a state of drought, the lack of water is limiting the movement of barges along the Mississippi River System. Until additional rainfall raises river levels, barge operators must contend with shallower and narrower channels that create hazardous conditions and traffic congestion. The low water has narrowed some channels to a few hundred feet in width where the usual navigable channel is 1,000 feet or wider. While most of the river is wide enough for two-way traffic, movements are slower than normal to maintain safe navigation. To help maintain navigation, the U.S. Army Corps of Engineers or their contractors are also dredging at nine different sites along the river. When these operations occur, they may temporarily delay or restrict barge movements.

Year-to-Date Barge Movements Remain Low

During the week ending September 22, [barge grain movements](#) totaled 186,752 tons, 22 percent lower than the previous week and 36 percent lower than the same period last year. Current year-to-date barge grain movements are down 10 percent compared to the 3-year average because of decreased movements at Mississippi River Locks 27 and the Ohio River Locks and Dam 52. There has been a 14-percent increase in barge grain movements at Arkansas River Lock and Dam 1 (Norrell Lock at Tichnor, AR), but that is not enough to offset the overall drop in grain barge movements due to the 2012 drought.

Soybean Inspections Increase

For the week ending September 20, the total amount of soybeans inspected for export reached .330 million metric tons (mmt), up 21 percent from the past week and from this time last year. Mississippi Gulf soybean inspections (.299 mmt) increased 23 percent as shipments to Asia, Middle East, and Mexico increased. Outstanding export sales of soybeans, at 20.8 mmt, also continued to increase from the past week and from this time last year. However, [inspections of total grain](#) (wheat, corn, and soybeans) for export at major U.S. ports (1.55 mmt) was down 13 percent from the previous week and 11 percent below this time last year. Total corn (.617 mmt) and wheat (.611 mmt) inspections dropped 14 and 24 percent from the previous week.

Snapshots by Sector

Rail

U.S. railroads originated 19,669 [carloads of grain](#) during the week ending September 15, up 29 percent from last week, 2 percent from last year, and 2 percent higher than the 3-year average.

During the week ending September 20, average October non-shuttle [secondary railcar bids/offers per car](#) were \$17 above tariff, \$6.50 more than last week and \$100.50 more than last year. Average shuttle bids/offers were \$385.50 above tariff, \$77 less than last week, and \$560.50 more than last year.

Ocean

During the week ending September 20, 40 [ocean-going grain vessels](#) were loaded in the Gulf, up 21 percent from the same period last year. Fifty-one vessels are expected to be loaded within the next 10 days, 2 percent less than the same period last year.

During the week ending September 21, the ocean freight rate for shipping bulk grain from the Gulf to Japan was \$47 per mt, down 2 percent from the previous week. The cost of shipping from the Pacific Northwest to Japan was \$24 per mt, unchanged from the previous week.

Barge

During the week ending September 22, 124 grain barges [moved down river](#), down 16 percent from last week, and 649 grain barges were [unloaded in New Orleans](#), up 7.6 percent from the previous week.

Fuel

During the week ending September 24, U.S. average [diesel fuel prices](#) decreased 5 cents to \$4.09 per gallon—30 cents higher than the same week last year.

September 27, 2012

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Drought Affects Grain Transportation

This year's drought in the United States has reduced crop yields and production in much of the Nation, affecting grain transportation on the Mississippi River and its tributaries and changing normal grain sources and destinations. In addition, high grain prices have resulted in reduced ethanol production and animal inventories, which could result in a decrease in domestic grain demand for the year. These changes are expected to impact both immediate and marketing-year grain transportation dynamics.

Crop size effects. Grain transportation demand for the 2012/13 marketing year will likely be lower than in recent years due to the drought-reduced corn and soybean crops. Nevertheless, demand for grain transportation should still be substantial, given USDA expectations of the 2012/13 grain and oilseed crop to be the eighth largest on record. Grain storage capacity is expected to be adequate in most locations, because of the lower crop size and because the grain industry has expanded storage capacity over the last several years.

Corn, soybean, and wheat production during the 2012/13 marketing year are projected to be 10.2 percent less than the previous year (Table 1). Exports are projected to be 11.3 percent less than the prior year, which is expected to decrease rail and barge transportation demand more than truck. Domestic use is projected to be 6.6 percent less than the prior year and will mainly decrease the demand for truck transportation.

	Corn	Soybeans	Wheat	Total	Y/Y
<i>United States 2012/13 (Projected)</i>					
Production	10,727	2,634	2,268	15,629	-10.2%
Exports	1,250	1,055	1,200	3,505	-11.3%
Domestic Use	10,000	1,615	1,243	12,858	-6.6%
Ending Stocks/Use	6.5%	4.3%	28.6%		
<i>2011/12 (Estimated)</i>					
Production	12,358	3,056	1,999	17,413	-3.2%
Exports	1,540	1,360	1,050	3,950	-14.6%
Domestic Use	10,790	1,797	1,181	13,768	-2.5%
Ending Stocks/Use	9.6%	4.1%	33.3%		
<i>2010/11</i>					
Production	12,447	3,329	2,207	17,983	
Exports	1,834	1,501	1,289	4,624	
Domestic Use	11,221	1,779	1,128	14,128	
Ending Stocks/Use	8.6%	6.6%	35.7%		

Price effects. Relatively high grain and oilseed prices, combined with the current low carry¹ in the market, is expected to encourage grain producers to sell at harvest or shortly thereafter. This is especially true because prices for corn, soybeans, and wheat have recently reached record highs before the price receded during harvest. Consequently, the immediate demand for transportation is increasing, as indicated by higher **grain railcar loadings** and **secondary grain railcar bids**. However, the increased demand may be short-lived as 2012/13 corn supplies are expected to be down 1.5 billion bushels from last year and the smallest in 9 years.

High 2012/13 crop prices will allow agricultural producers or elevators with surplus grain to ship longer distances than they normally would to areas possibly facing deficits. Agricultural producers ultimately absorb any increase in transportation costs because they are price takers in a

¹ *Market carry* is the price difference between the future delivery month and the near term month and represents how much the market is offering the producers to hold (carry) the grain until the distant month. For instance, on September 25, November soybeans traded at \$16.17 per bushel while May soybeans traded at \$15.815. In this instance, carry is a negative \$0.355 per bushel, which would encourage the producer to sell in November.

highly competitive world market and are offered a price that is net of transportation costs. All other things being equal, as crop prices increase, so does the amount of money that can be spent on transportation—particularly to reach more distant markets. Higher crop prices will help mitigate drought-induced shortages across the country by enabling surplus regions to profitably ship longer distances and allocate crops among deficit regions.

Finally, higher grain prices are expected to result in animal feeders reducing their inventories, which in the short term will increase the total meat supply but in the longer term reduce animal numbers. According to the September 21 USDA Livestock Slaughter report, the August production of lamb and pork was up 8 percent and 6 percent, respectively, from the same month last year, more than offsetting the 1 percent drop in beef production. In the poultry sector—the July poultry certified ready-to-cook was 4 percent higher than during the same month last year.

Similarly, high grain prices have squeezed ethanol plant profitability and are expected to result in less ethanol production than would otherwise occur. According to the USDA analysis of the weekly Energy Information Administration report, the ethanol plant capacity utilization rate during August averaged 84 percent, down from 93 percent last August.

Shifts in grain transportation patterns. During the September 13 Surface Transportation Board’s National Grain Car Council meeting in Irving, TX, railroads and grain elevators commented on the shift in origins and destinations due to the drought. They indicated that some grain that would normally move west or south for export by rail is now moving east and north to domestic markets.

In addition, the quantity of agricultural crops transported by hired carriers may increase during the 2012/13 marketing year. Unusually large regions in the United States have been affected by drought this year. As a result, many crop-producing regions—that normally produce adequate crops for their own use or source from nearby regions—may need to transport crops from more distant regions this marketing year. In typical years, producers in these regions haul directly to nearby domestic users. This year, however, because the distances hauled will be longer, hired carriers will probably haul a greater proportion of crops to domestic users.

A shift in transportation modal shares may also occur this marketing year because crops will be hauled longer distances than in normal years, and the low water levels on the Mississippi River System have slowed waterborne grain traffic. Many domestic users may be unable to obtain adequate quantities of grain and oilseeds from their primary and secondary suppliers due to widespread drought. Thus, almost inevitably, new suppliers will be located further from the user than normal. Because rail transportation is more cost-efficient for long hauls, rail transportation will gain market share from trucks, and possibly barges, until the Mississippi River System water levels return to normal.

Shifts in transportation patterns this marketing year are expected to be temporary as grain and oilseed production rebounds next year in response to high prices and more normal growing-season weather.

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Grain Transportation Indicators

Table 1

Grain Transport Cost Indicators¹

Week ending	Truck	Rail		Barge	Ocean	
		Unit Train	Shuttle		Gulf	Pacific
09/26/12	274	227	216	338	210	170
09/19/12	278	225	221	347	215	170

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)

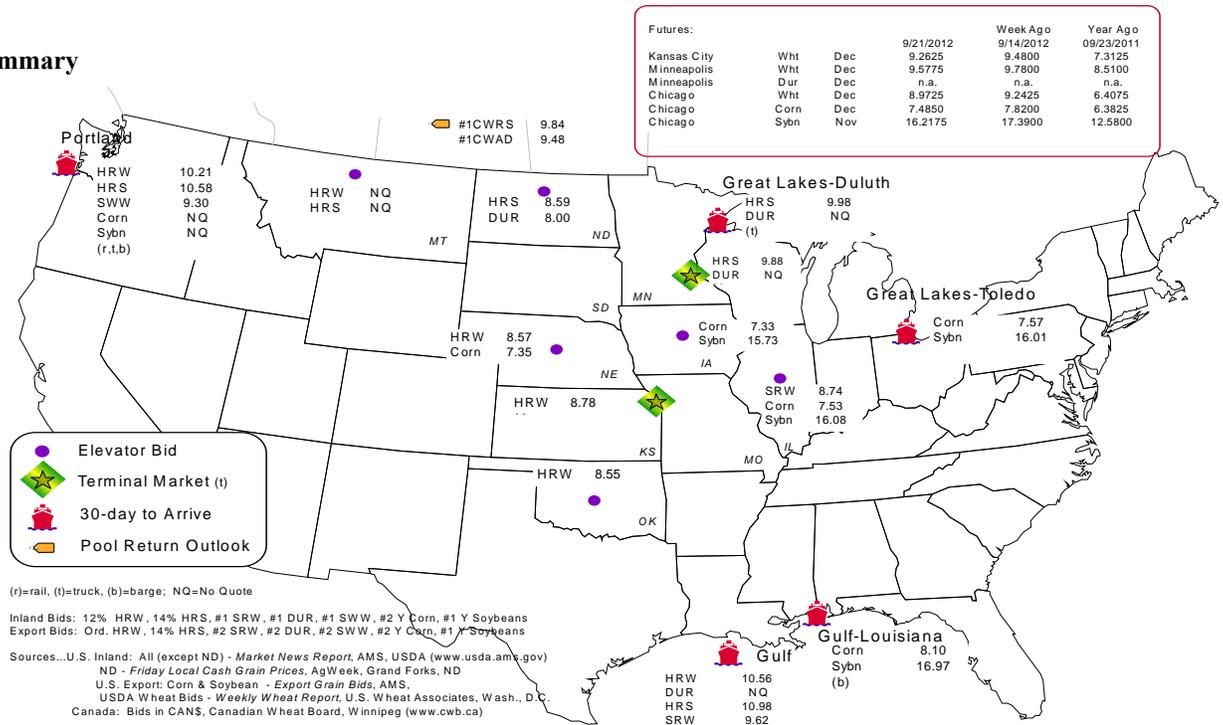
Commodity	Origin--Destination	9/21/2012	9/14/2012
Corn	IL--Gulf	-0.57	-0.38
Corn	NE--Gulf	-0.75	-0.57
Soybean	IA--Gulf	-1.24	-1.22
HRW	KS--Gulf	-1.78	-1.54
HRS	ND--Portland	-1.99	-2.21

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	
9/19/2012 ^p	390	1,221	659	2,941	234	5,445
9/12/2012 ^r	50	1,330	818	2,380	157	4,735
2012 YTD ^r	7,408	29,480	39,082	146,222	12,053	234,245
2011 YTD ^r	22,342	67,506	34,706	135,378	17,030	276,962
2012 YTD as % of 2011 YTD	33	44	113	108	71	85
Last 4 weeks as % of 2011 ²	136	96	71	110	341	102
Last 4 weeks as % of 4-year avg. ²	24	72	97	93	57	80
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.

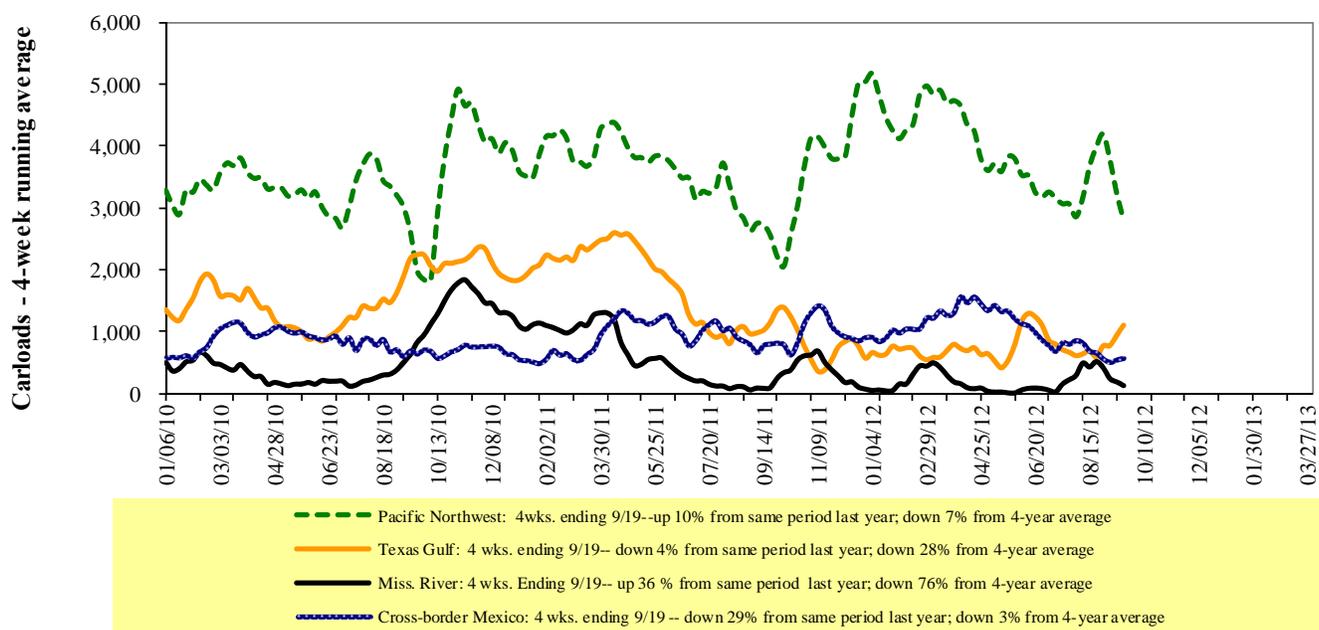
YTD = year-to-date; p = preliminary data; r = revised data; YTD PNW carloads includes revisions back to August 2011 ; n/a = not available

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

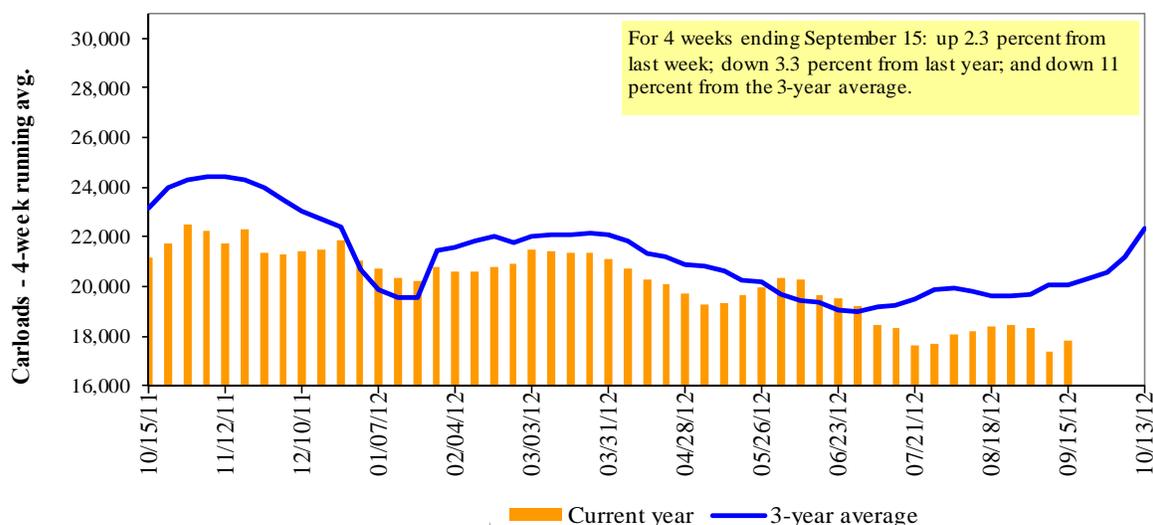
Table 4

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
09/15/12	889	2,216	11,551	667	4,346	19,669	4,312	5,653
This week last year	756	2,013	10,393	842	5,359	19,363	3,507	4,043
2012 YTD	61,652	102,549	358,118	19,148	183,830	725,297	141,640	176,247
2011 YTD	66,347	106,598	389,896	24,940	215,555	803,336	140,384	187,339
2012 YTD as % of 2011 YTD	93	96	92	77	85	90	101	94
Last 4 weeks as % of 2011 ¹	96	113	104	91	78	97	108	102
Last 4 weeks as % of 3-yr avg. ¹	67	98	95	102	72	88	110	98
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							
	Oct-12	Oct-11	Nov-12	Nov-11	Dec-12	Dec-11	Jan-13	Jan-12
BNSF ³								
COT grain units	0	no offer	no bids	no offer	no bids	no offer	no offer	no bids
COT grain single-car ⁵	0 . . 6	0 . . 67	0 . . 10	no bids	0 . . 2	10 . . 21	no offer	1 . . 2
UP ⁴								
GCAS/Region 1	1	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.

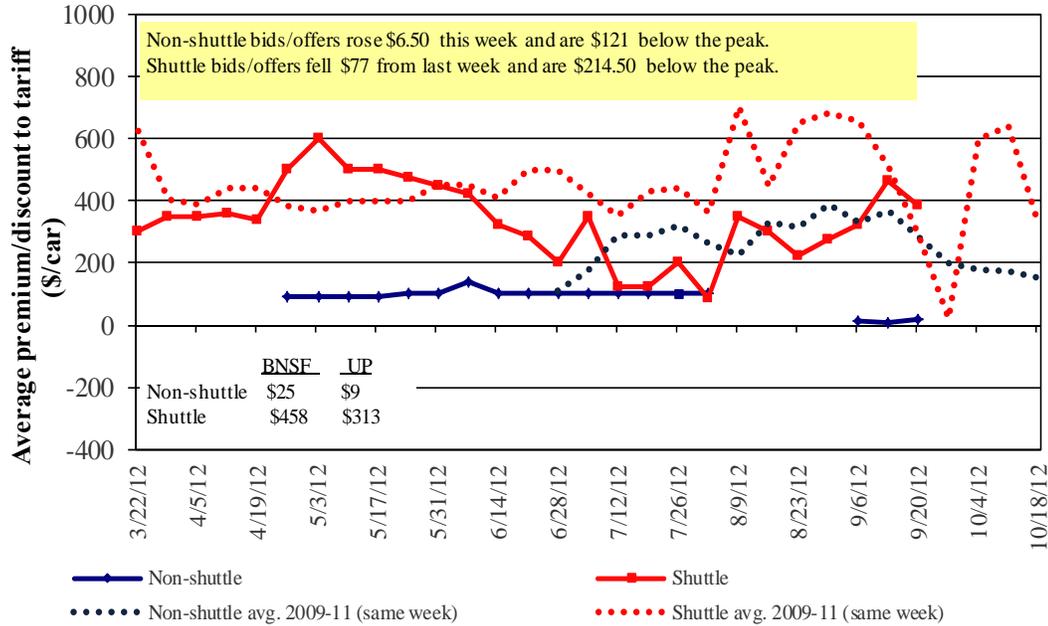
⁵Range is shown because average is not available. Not available = n/a.

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 October 2012, Secondary Market

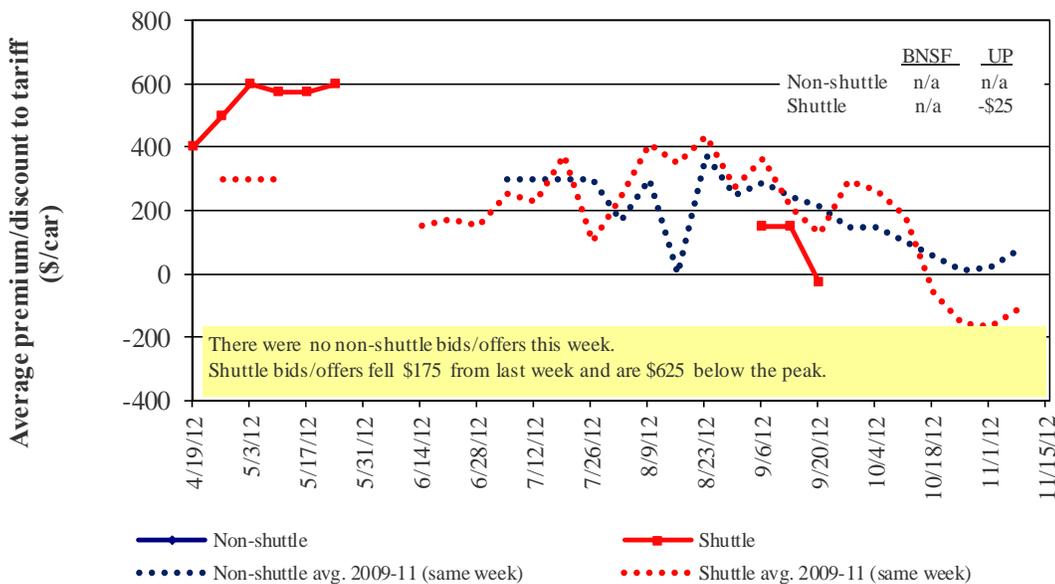


Non-shuttle bids include unit-train and single-car bids. n/a = not available.

Source: Transportation & Marketing Programs/AMS/USDA

Figure 5

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

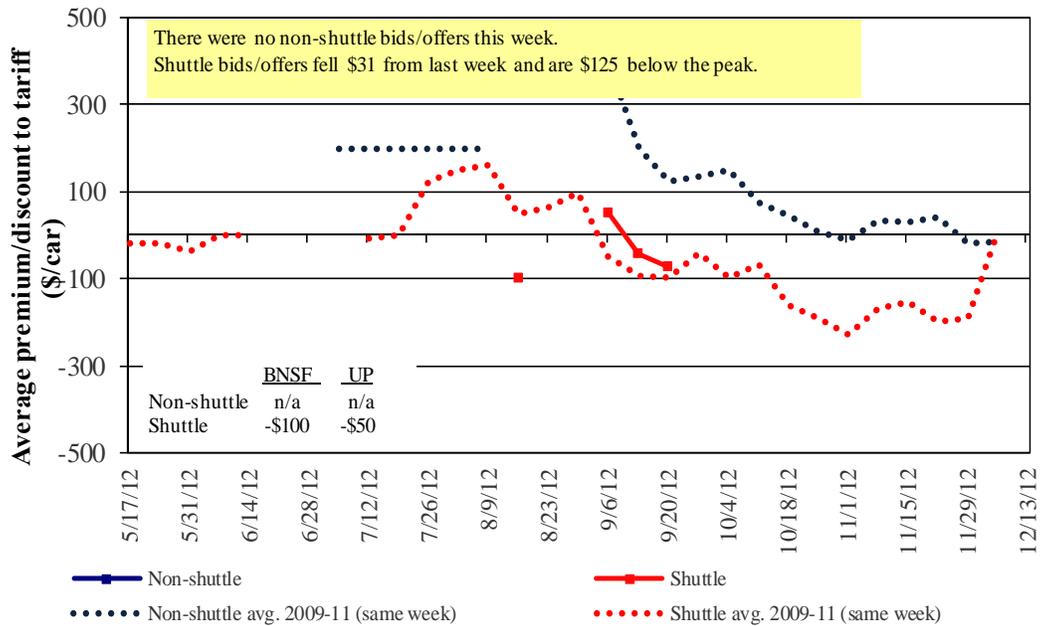


Non-shuttle bids include unit-train and single-car bids. n/a = not available.

Source: Transportation & Marketing Programs/AMS/USDA

Figure 6

Bids/Offers for Railcars to be Delivered in December 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					
	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
Non-shuttle						
BNSF-GF	25	n/a	n/a	n/a	n/a	n/a
Change from last week	12	n/a	n/a	n/a	n/a	n/a
Change from same week 2011	(60)	n/a	n/a	n/a	n/a	n/a
UP-Pool	9	n/a	n/a	n/a	n/a	n/a
Change from last week	1	n/a	n/a	n/a	n/a	n/a
Change from same week 2011	(141)	n/a	n/a	n/a	n/a	n/a
Shuttle²						
BNSF-GF	458	n/a	(100)	n/a	n/a	n/a
Change from last week	(67)	n/a	38	n/a	n/a	n/a
Change from same week 2011	908	n/a	200	n/a	n/a	n/a
UP-Pool	313	(25)	(50)	n/a	n/a	n/a
Change from last week	(87)	(175)	(100)	n/a	n/a	n/a
Change from same week 2011	213	75	150	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 Shipments¹

Effective date:				Fuel	Tariff plus surcharge per:		Percent
9/1/2012	Origin region*	Destination region*	Tariff rate/car	surcharge per car	metric ton	bushe ²	change Y/Y ³
Unit train							
Wheat	Wichita, KS	St. Louis, MO	\$3,144	\$167	\$32.88	\$0.89	4
	Grand Forks, ND	Duluth-Superior, MN	\$3,537	\$92	\$36.04	\$0.98	13
	Wichita, KS	Los Angeles, CA	\$6,026	\$474	\$64.55	\$1.76	4
	Wichita, KS	New Orleans, LA	\$3,645	\$294	\$39.11	\$1.06	3
	Sioux Falls, SD	Galveston-Houston, TX	\$5,573	\$389	\$59.21	\$1.61	2
	Northwest KS	Galveston-Houston, TX	\$3,912	\$322	\$42.04	\$1.14	3
	Amarillo, TX	Los Angeles, CA	\$4,112	\$448	\$45.28	\$1.23	2
Corn	Champaign-Urbana, IL	New Orleans, LA	\$3,038	\$332	\$33.47	\$0.91	6
	Toledo, OH	Raleigh, NC	\$4,382	\$381	\$47.30	\$1.29	14
	Des Moines, IA	Davenport, IA	\$1,934	\$70	\$19.90	\$0.54	4
	Indianapolis, IN	Atlanta, GA	\$3,821	\$286	\$40.78	\$1.11	17
	Indianapolis, IN	Knoxville, TN	\$3,273	\$183	\$34.32	\$0.93	17
Soybeans	Des Moines, IA	Little Rock, AR	\$3,074	\$207	\$32.58	\$0.89	4
	Des Moines, IA	Los Angeles, CA	\$4,985	\$602	\$55.48	\$1.51	1
	Minneapolis, MN	New Orleans, LA	\$3,179	\$357	\$35.12	\$0.96	-4
	Toledo, OH	Huntsville, AL	\$3,497	\$271	\$37.41	\$1.02	17
	Indianapolis, IN	Raleigh, NC	\$4,453	\$384	\$48.03	\$1.31	14
	Indianapolis, IN	Huntsville, AL	\$3,189	\$183	\$33.49	\$0.91	20
	Champaign-Urbana, IL	New Orleans, LA	\$3,382	\$332	\$36.88	\$1.00	-2
Shuttle Train							
Wheat	Great Falls, MT	Portland, OR	\$3,481	\$273	\$37.28	\$1.01	6
	Wichita, KS	Galveston-Houston, TX	\$3,634	\$212	\$38.20	\$1.04	13
	Chicago, IL	Albany, NY	\$3,645	\$357	\$39.74	\$1.08	3
	Grand Forks, ND	Portland, OR	\$4,963	\$471	\$53.96	\$1.47	4
	Grand Forks, ND	Galveston-Houston, TX	\$5,984	\$491	\$64.30	\$1.75	3
	Northwest KS	Portland, OR	\$4,880	\$528	\$53.70	\$1.46	2
	Corn	Minneapolis, MN	Portland, OR	\$4,800	\$574	\$53.36	\$1.45
Sioux Falls, SD		Tacoma, WA	\$4,760	\$525	\$52.49	\$1.43	1
Champaign-Urbana, IL		New Orleans, LA	\$2,857	\$332	\$31.67	\$0.86	5
Lincoln, NE		Galveston-Houston, TX	\$3,310	\$306	\$35.91	\$0.98	2
Des Moines, IA		Amarillo, TX	\$3,430	\$260	\$36.64	\$1.00	2
Minneapolis, MN		Tacoma, WA	\$4,800	\$569	\$53.32	\$1.45	1
Council Bluffs, IA		Stockton, CA	\$4,200	\$589	\$47.55	\$1.29	1
Soybeans	Sioux Falls, SD	Tacoma, WA	\$5,040	\$525	\$55.27	\$1.50	2
	Minneapolis, MN	Portland, OR	\$5,030	\$574	\$55.65	\$1.51	2
	Fargo, ND	Tacoma, WA	\$4,930	\$467	\$53.60	\$1.46	2
	Council Bluffs, IA	New Orleans, LA	\$3,420	\$383	\$37.76	\$1.03	-8
	Toledo, OH	Huntsville, AL	\$2,672	\$271	\$29.22	\$0.80	4
Grand Island, NE	Portland, OR	\$4,720	\$540	\$52.24	\$1.42	3	

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

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	\$498	\$84.19	\$2.29	2
	OK	Cuautitlan, EM	\$6,837	\$605	\$76.04	\$2.07	3
	KS	Guadalajara, JA	\$7,444	\$585	\$82.04	\$2.23	-1
	TX	Salinas Victoria, NL	\$3,725	\$228	\$40.39	\$1.10	1
Corn	IA	Guadalajara, JA	\$7,699	\$688	\$85.69	\$2.17	1
	SD	Penjamo, GJ	\$7,776	\$652	\$86.12	\$2.19	5
	NE	Queretaro, QA	\$7,097	\$611	\$78.75	\$2.00	2
	SD	Salinas Victoria, NL	\$6,522	\$496	\$71.70	\$1.82	18
	MO	Tlalnepantla, EM	\$6,538	\$594	\$72.87	\$1.85	6
	SD	Torreon, CU	\$6,522	\$546	\$72.22	\$1.83	3
Soybeans	MO	Bojay (Tula), HG	\$7,350	\$580	\$81.03	\$2.20	6
	NE	Guadalajara, JA	\$7,904	\$664	\$87.54	\$2.38	2
	IA	El Castillo, JA ⁵	\$8,255	\$648	\$90.97	\$2.47	4
	KS	Torreon, CU	\$6,421	\$412	\$69.81	\$1.90	3
Sorghum	OK	Cuautitlan, EM	\$5,730	\$495	\$63.61	\$1.61	5
	TX	Guadalajara, JA	\$6,653	\$424	\$72.31	\$1.84	4
	NE	Penjamo, GJ	\$7,426	\$592	\$81.93	\$2.08	4
	KS	Queretaro, QA	\$6,460	\$372	\$69.80	\$1.77	4
	NE	Salinas Victoria, NL	\$5,153	\$436	\$57.10	\$1.45	5
	NE	Torreon, CU	\$6,068	\$486	\$66.97	\$1.70	2

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

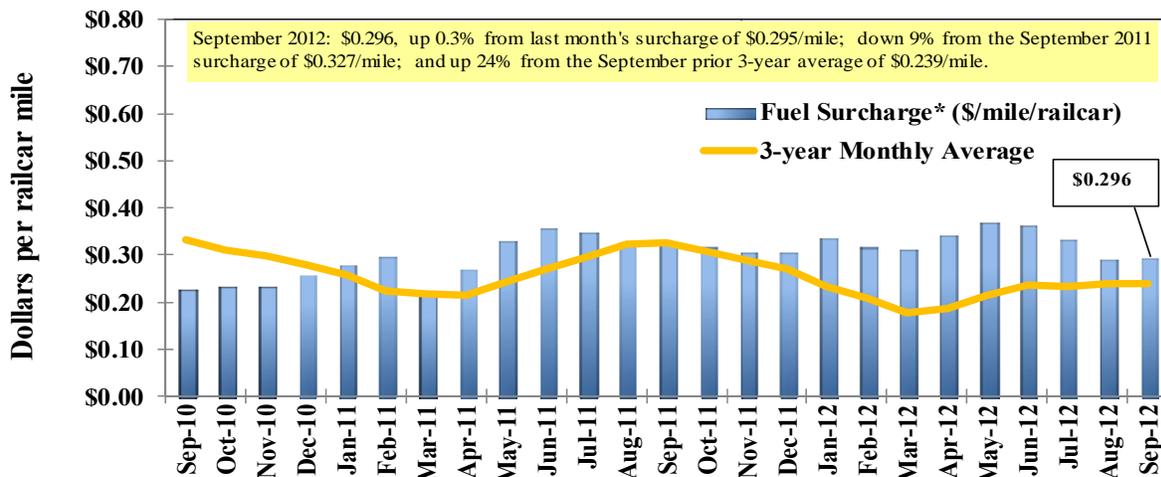
³Approximate load per car = 97.87 metric tons: Corn & Sorghum 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

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.

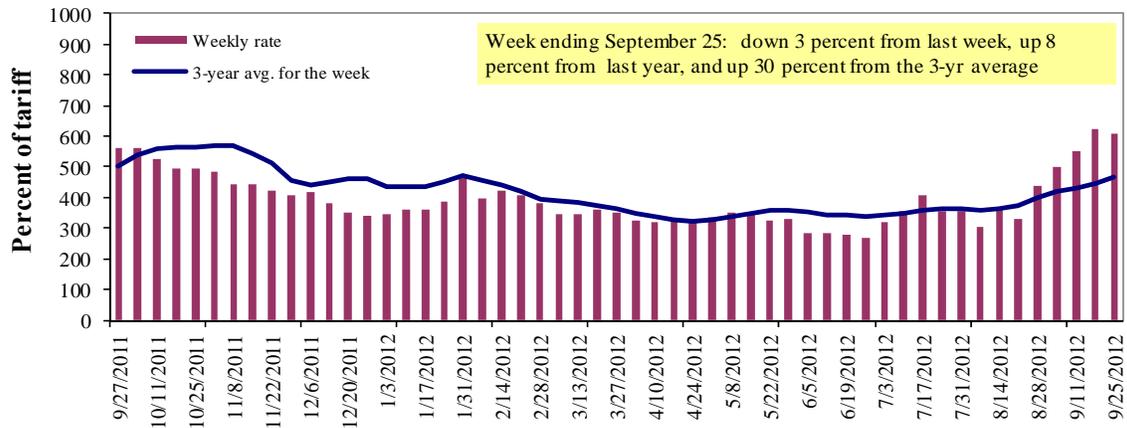
** BNSF strike price (diesel price when fuel surcharges begin) changed from \$1.25/gal. to \$2.50/gal starting March 1, 2011. As a result, the weighted average fuel surcharge for March 2011 was \$0.227/mile instead of \$0.331/mile.

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	9/25/2012	617	605	608	600	625	625	565
	9/18/2012	600	595	625	613	625	625	750
\$/ton	9/25/2012	38.19	32.19	28.21	23.94	29.31	25.25	17.74
	9/18/2012	37.14	31.65	29.00	24.46	29.31	25.25	23.55
Current week % change from the same week:								
	Last year	12	7	8	31	10	10	31
	3-year avg. ²	28	26	30	43	28	28	42
Rate¹	October	630	610	622	558	617	617	500
	December	-	-	403	333	380	380	308

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

Source: Transportation & Marketing Programs/AMS/USDA

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 9

Benchmark tariff rates

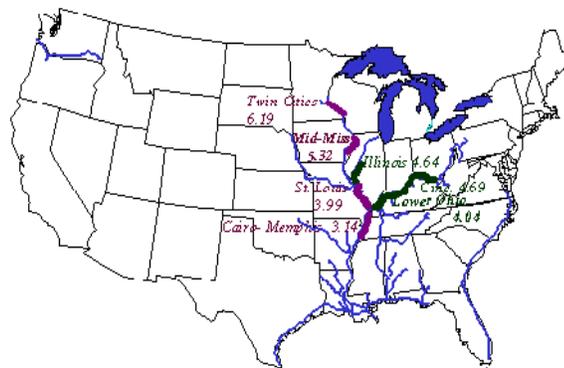
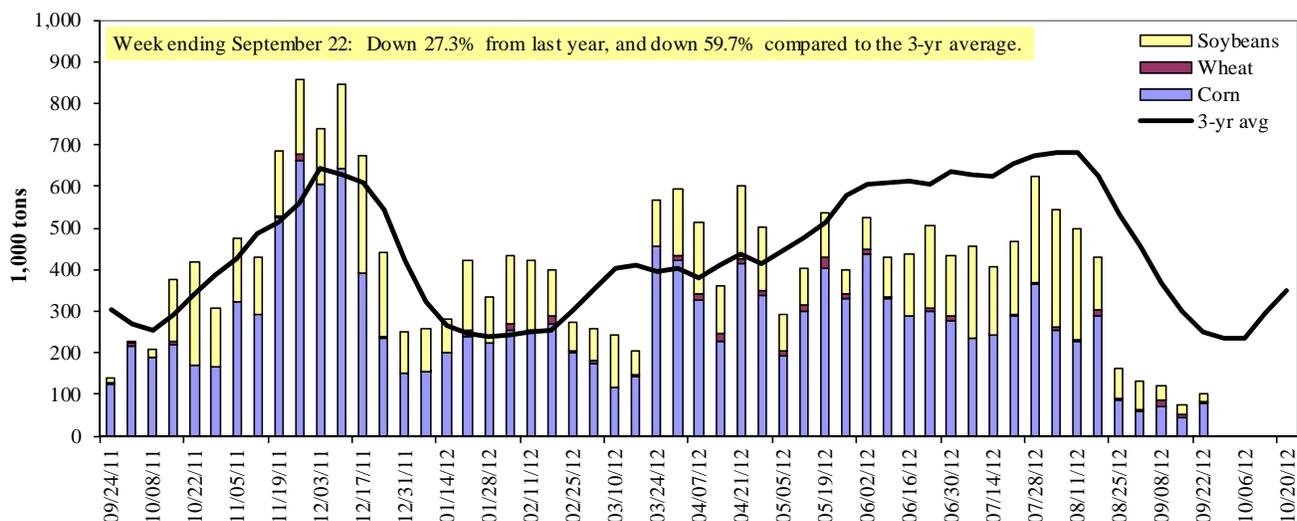


Figure 10

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/mvrimi/omni/webprts/default.asp)

Table 10

Barge Grain Movements (1,000 tons)

Week ending 9/22/2012	Corn	Wheat	Soybeans	Other	Total
Mississippi River					
Rock Island, IL (L15)	5	6	11	0	21
Winfield, MO (L25)	62	10	17	0	88
Alton, IL (L26)	83	8	18	0	109
Granite City, IL (L27)	79	3	19	0	101
Illinois River (L8)	28	0	2	0	30
Ohio River (L52)	5	3	20	0	29
Arkansas River (L1)	6	28	24	0	57
Weekly total - 2012	89	35	63	0	187
Weekly total - 2011	258	10	23	3	294
2012 YTD ¹	12,041	1,485	7,373	195	21,093
2011 YTD	13,912	1,194	4,924	290	20,320
2012 as % of 2011 YTD	87	124	150	67	104
Last 4 weeks as % of 2011 ²	42	34	154	10	65
Total 2011	19,921	1,460	8,553	422	30,356

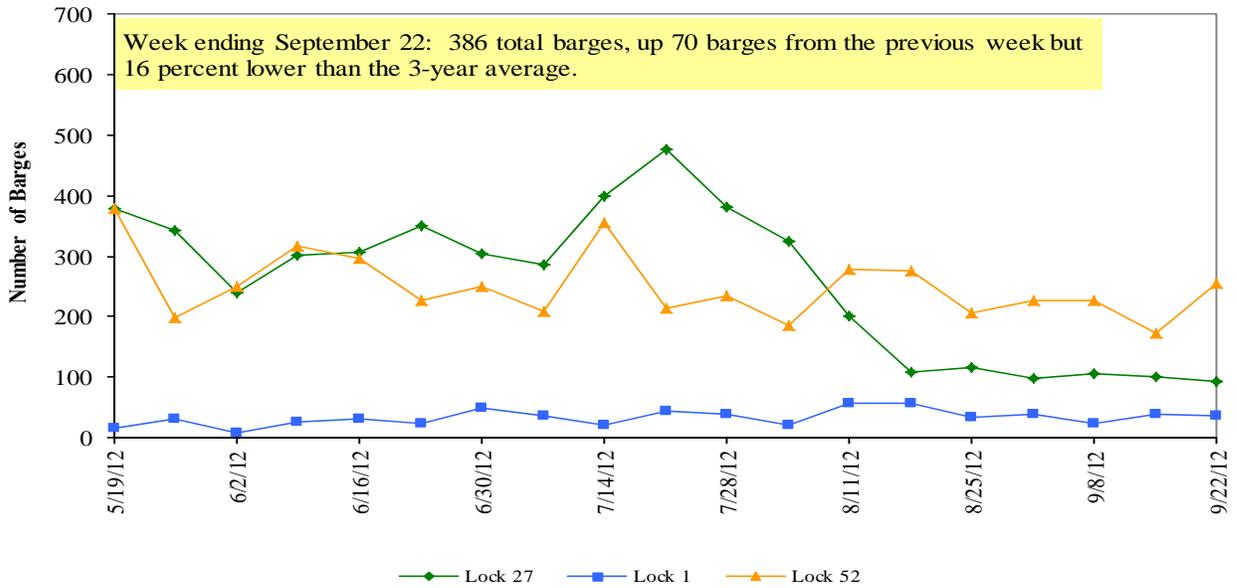
¹ Weekly total, YTD (year-to-date) and calendar year total includes Miss/27, Ohio/52, and Ark/1; "Other" refers to oats, barley, sorghum, and rye.

² As a percent of same period in 2011.

Note: Total may not add exactly, due to rounding

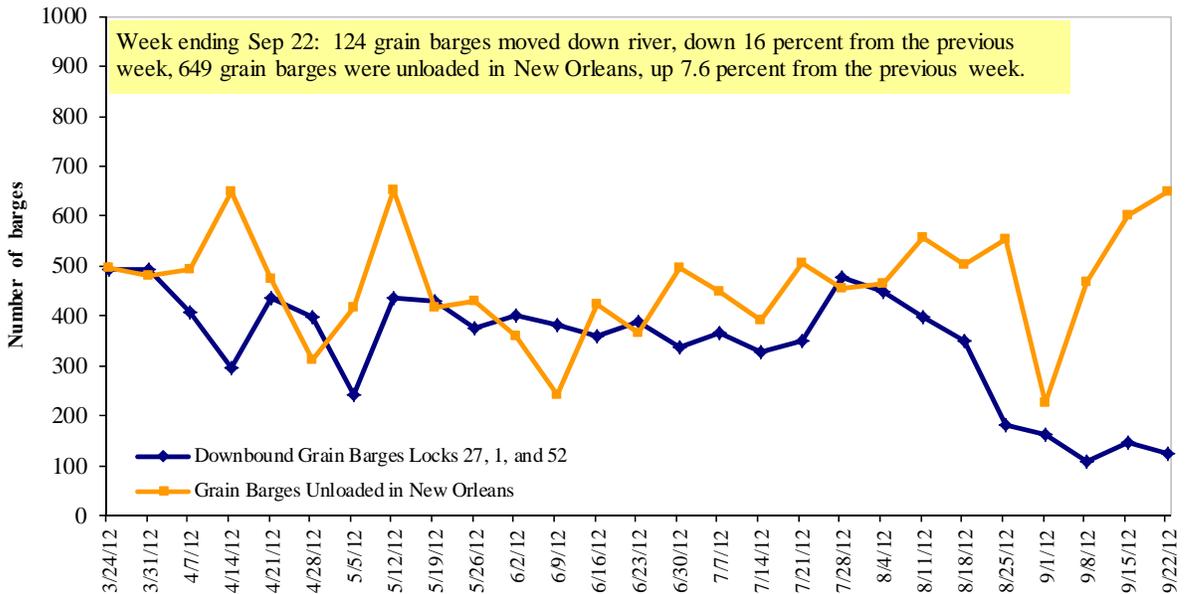
Source: U.S. Army Corps of Engineers (www.mvr.usace.army.mil/mvrimi/omni/webprts/default.asp)

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

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 9/24/2012 (US \$/gallon)

Region	Location	Price	Change from	
			Week ago	Year ago
I	East Coast	4.092	-0.033	0.288
	New England	4.191	-0.024	0.228
	Central Atlantic	4.170	-0.026	0.248
	Lower Atlantic	4.015	-0.041	0.276
II	Midwest ²	4.017	-0.063	0.279
III	Gulf Coast ³	3.995	-0.033	0.265
IV	Rocky Mountain	4.228	-0.028	0.361
V	West Coast	4.323	-0.076	0.366
	West Coast less California	4.249	-0.072	-
	California	4.386	-0.080	0.347
Total	U.S.	4.086	-0.049	0.300

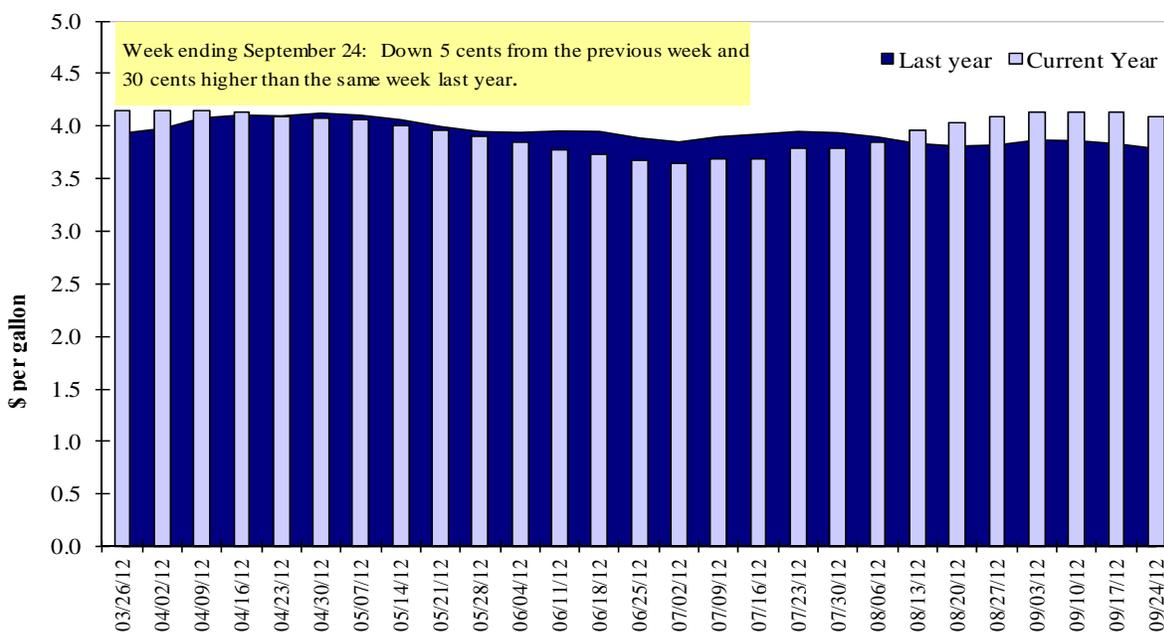
¹Diesel fuel prices include all taxes. Prices represent an average of all types of diesel fuel.

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									
9/13/2012	1,458	684	1,202	824	92	4,260	9,113	20,825	34,198
This week year ago	1,572	615	1,391	1,069	61	4,707	13,784	14,501	32,992
Cumulative exports-marketing year²									
2012/13 YTD	3,287	1,152	2,020	1,469	161	8,089	989	612	9,690
2011/12 YTD	3,895	1,256	2,219	1,520	210	9,100	1,248	581	10,929
YTD 2012/13 as % of 2011/12	84	92	91	97	77	89	79	105	89
Last 4 wks as % of same period 2011/12	95	113	101	78	172	96	41	79	66
2011/12 Total	9,904	4,319	6,312	5,601	491	26,627	37,900	36,727	101,254
2010/11 Total	15,837	2,828	8,623	4,717	979	32,984	44,569	39,753	117,306

¹ Current unshipped export sales to date

² Shipped export sales to date; new marketing year begins 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 09/13/12	Total Commitments ²		% change current MY from last MY	Exports ³ 2011/12
	2012/13 Current MY	2011/12 Last MY		
	- 1,000 mt -			- 1,000 mt -
Japan	2,328	2,871	(19)	12,367
Mexico	2,471	2,678	(8)	9,617
China	1,061	664	60	5,414
Korea	351	856	(59)	3,639
Venezuela	117	72	64	1,332
Top 5 importers	6,328	7,140	(11)	32,369
Total US corn export sales	10,102	15,032	(33)	39,120
% of Projected	32%	38%		
Change from prior week*	70	1,725		
Top 5 importers' share of U.S. corn export sales	63%	47%		83%
USDA forecast, September 2012	31,750	39,120	(19)	
Corn Use for Ethanol USDA forecast, Ethanol September 2012	114,300	127,000	(10)	

(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 (Carry-over plus Accumulated Exports)

* Includes Carryover Sales from the previous Marketing Year.

Table 14

Top 5 Importers¹ of U.S. Soybeans

Week Ending 09/13/2012	Total Commitments ²		% change current MY from last MY	Exports ³ 2011/12
	2012/13 Next MY Current MY	2011/12 Last MY		
	- 1,000 mt -			- 1,000 mt -
China	13,356	10,569	26	24,602
Mexico	688	629	9	3,180
Japan	457	582	(21)	1,891
Indonesia	195	406	(52)	1,741
Egypt	213	148	44	1,292
Top 5 importers	14,909	12,332	21	32,706
Total US soybean export sales	21,437	15,088	42	37,010
% of Projected	75%	41%		
Change from prior week*	712	762		
Top 5 importers' share of U.S. soybean export sales	70%	82%		
USDA forecast, September 2012	28,710	37,010	(22)	

(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/³ FAS Marketing Year Final Reports - www.fas.usda.gov/export-sales/myfi_rpt.htm. (Carryover plus Accumulated Exports)

*Includes Carryover Sales from the previous Marketing Year.

Table 15

Top 10 Importers¹ of All U.S. Wheat

Week Ending 09/13/2012	Total Commitments ²		% change current MY from last MY	Exports ³ 2011/12
	2012/13 Current MY	2011/12 Last MY		
	- 1,000 mt -			- 1,000 mt -
Japan	1,582	1,843	(14)	3,512
Mexico	1,781	1,633	9	3,496
Nigeria	1,465	1,620	(10)	3,248
Philippines	1,029	1,221	(16)	2,039
Korea	788	576	37	1,983
Egypt	131	247	(47)	950
Taiwan	496	309	61	888
Indonesia	346	433	(20)	830
Venezuela	396	296	34	594
Iraq	209	567	(63)	572
Top 10 importers	8,223	8,744	(6)	18,111
Total US wheat export sales	12,348	13,808	(11)	28,560
% of Projected	38%	48%		
Change from prior week	489	1,093		
Top 10 importers' share of U.S. wheat export sales	67%	63%		63%
USDA forecast, September 2012	32,660	28,560	14	

(n) indicates negative number.

¹ Modified from the FAS 2011/12 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 09/20/12	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	297	448	66	10,397	10,868	96	123	130	13,995
Corn	52	0	n/a	5,003	7,036	71	28	14	9,198
Soybeans	0	0	0	5,689	3,795	150	39	50	7,321
Total	349	449	78	21,089	21,699	97	96	86	30,513
Mississippi Gulf									
Wheat	125	97	128	4,423	4,112	108	101	85	5,031
Corn	508	632	80	14,523	19,155	76	83	64	26,267
Soybeans	299	242	123	12,868	11,100	116	175	137	19,262
Total	932	972	96	31,814	34,366	93	107	84	50,560
Texas Gulf									
Wheat	144	167	86	4,630	9,310	50	67	69	10,837
Corn	0	0	0	329	810	41	n/a	0	1,021
Soybeans	0	0	n/a	5	763	1	n/a	0	926
Total	144	167	86	4,963	10,883	46	67	56	12,784
Interior									
Wheat	14	39	37	870	844	103	348	119	1,110
Corn	49	76	65	5,221	5,293	99	103	57	7,509
Soybeans	21	29	74	2,916	2,791	104	70	85	4,273
Total	85	144	59	9,007	8,928	101	88	70	12,892
Great Lakes									
Wheat	30	26	116	296	809	37	92	38	1,038
Corn	0	0	n/a	56	149	37	0	0	178
Soybeans	0	0	533	149	22	669	n/a	0	382
Total	31	26	117	501	981	51	69	34	1,598
Atlantic									
Wheat	0	23	2	291	650	45	580	162	686
Corn	7	12	59	127	197	64	778	55	295
Soybeans	9	1	706	629	490	128	132	144	1,042
Total	17	36	46	1,047	1,338	78	348	111	2,022
U.S. total from ports²									
Wheat	611	801	76	20,906	26,593	79	103	98	32,697
Corn	617	720	86	25,258	32,641	77	70	50	44,466
Soybeans	330	273	121	22,256	18,961	117	119	118	33,205
Total	1,558	1,793	87	68,421	78,195	88	92	78	110,369

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

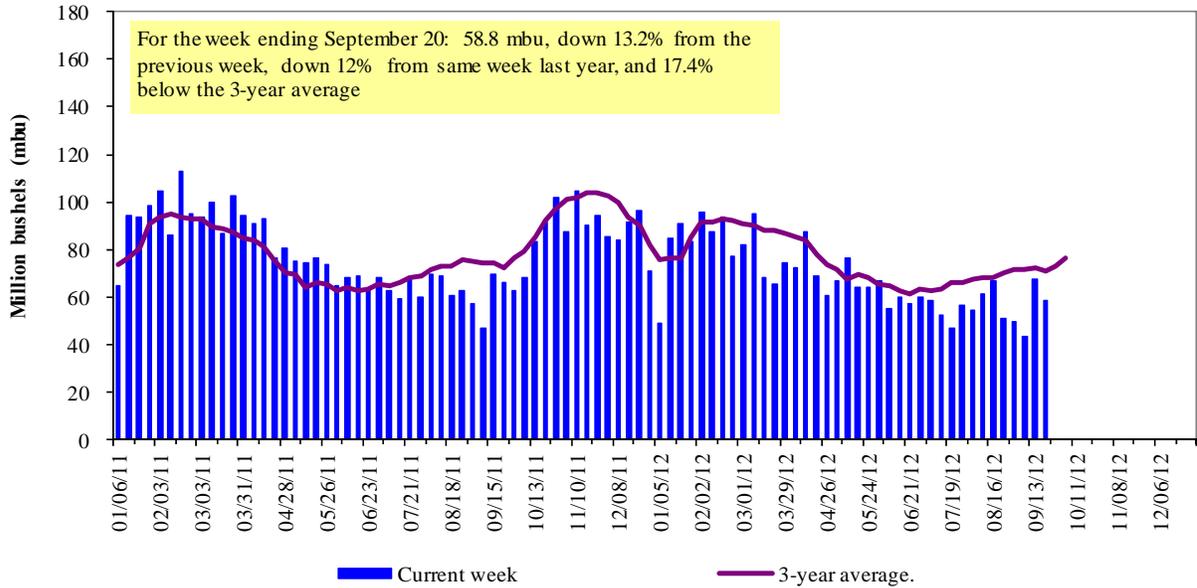
² Total includes only port regions shown above; Interior land-based shipments now included.

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)

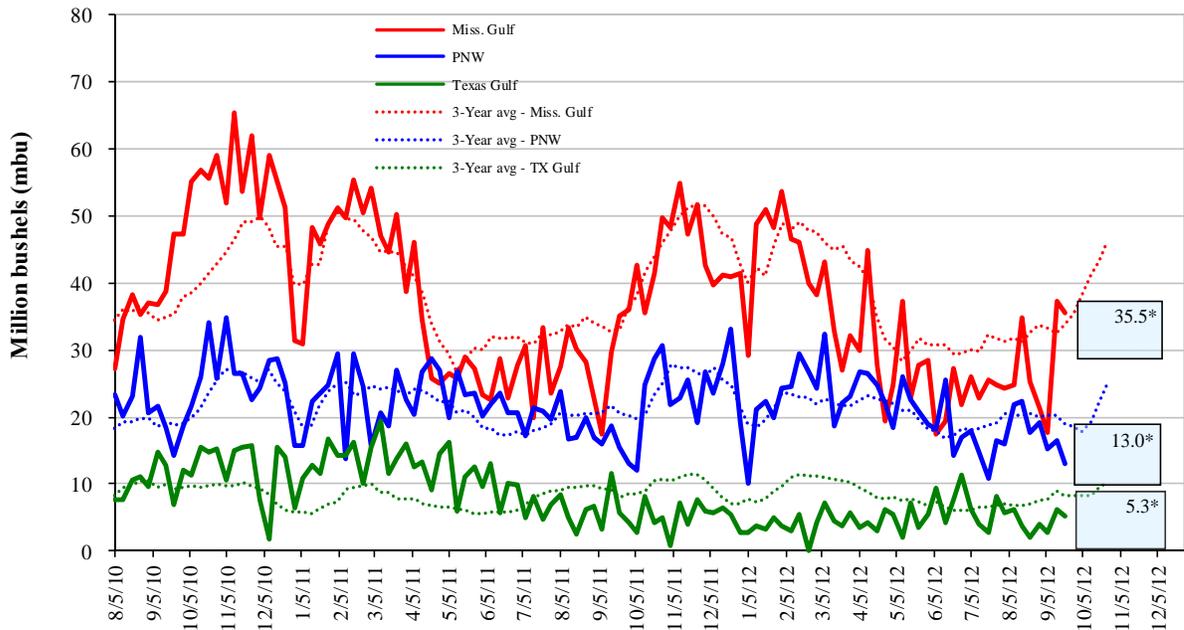


Source: Grain Inspection, Packers and Stockyards Administration/USDA (www.gipsa.usda.gov)

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.

September 20 % change from:	MSGulf	TX Gulf	U.S. Gulf	PNW
Last week	down 5	down 14	down 6	down 21
Last year (same week)	up 1.4	down 9	down 0.1	down 16
3-yr avg. (4-wk mov. avg.)	up 6	down 36	down 2.3	down 24

Ocean Transportation

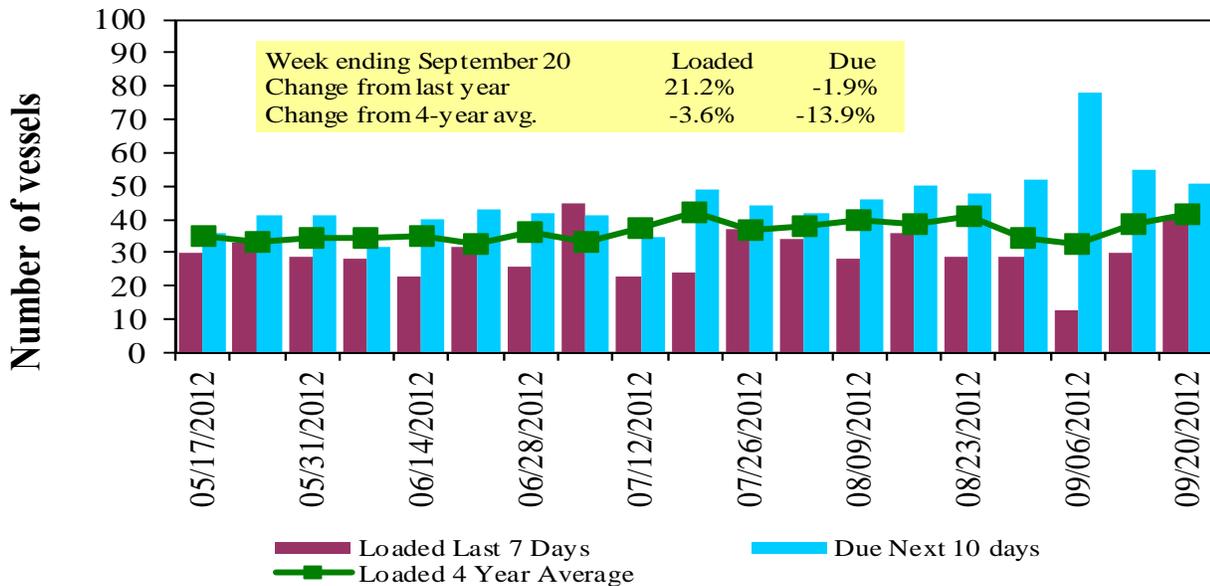
Table 17

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
9/20/2012	39	40	51	11	n/a
9/13/2012	45	30	55	12	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

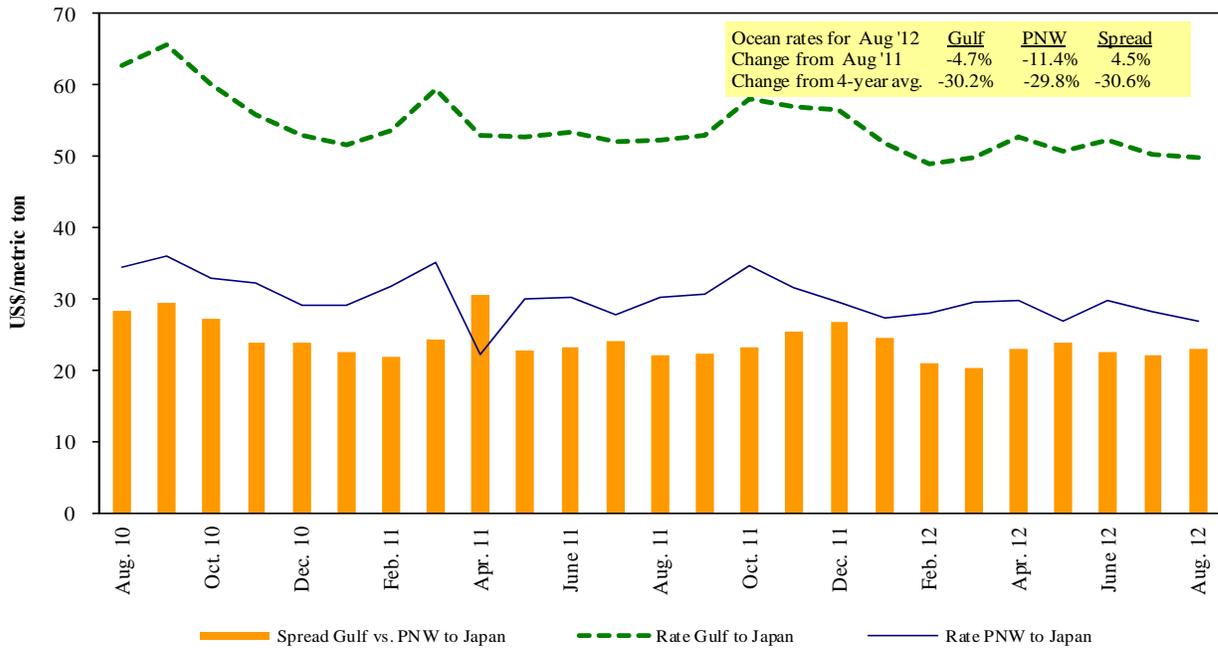
Figure 16
U.S. Gulf^d Vessel Loading Activity



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 09/22/2012

Export region	Import region	Grain types	Loading date	Volume loads (metric tons)	Freight rate (US\$/metric ton)
U.S. Gulf	China	Heavy Grain	Oct 15/24	5,500	43.00
U.S. Gulf	China	Heavy Grain	Sep 20/30	55,000	48.00
U.S. Gulf	China	Heavy Grain	Sep 13/22	55,000	45.50
U.S. Gulf	China	Heavy Grain	Sep 10/20	55,000	46.00
U.S. Gulf	China	Heavy Grain	Sep 10/20	55,000	48.00
U.S. Gulf	China	Heavy Grain	Sep 1/10	55,000	47.00
U.S. Gulf	Mozambique ¹	Wheat	Sep 20/30	10,000	211.50
Australia	China	Grain	Jul 26/Aug 4	65,000	19.45
Brazil	Algeria	Corn	Aug 18/25	30,000	24.50
Brazil	China	Heavy Grain	Aug 10/20	60,000	48.50
Brazil	China	Heavy Grain	Jul 25/30	60,000	49.00
Brazil	Egypt	Corn	Aug 18/20	45,000	28.50
Mexico	Turkey	Wheat	Sep 10/25	55,000	24.75
River Plate	Algeria	Corn	Aug 20/30	25,000	32.50
River Plate	Algeria	Corn	Jul 5/15	25,000	34.00
River Plate	Tunisia	Heavy Grain	Aug 17/20	30,000	28.50
River Plate	Tunisia	Soybean Meal	Sep 1/10	25,000	36.00
Russia	Egypt Med	Wheat	Aug 17/23	60,000	12.00

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

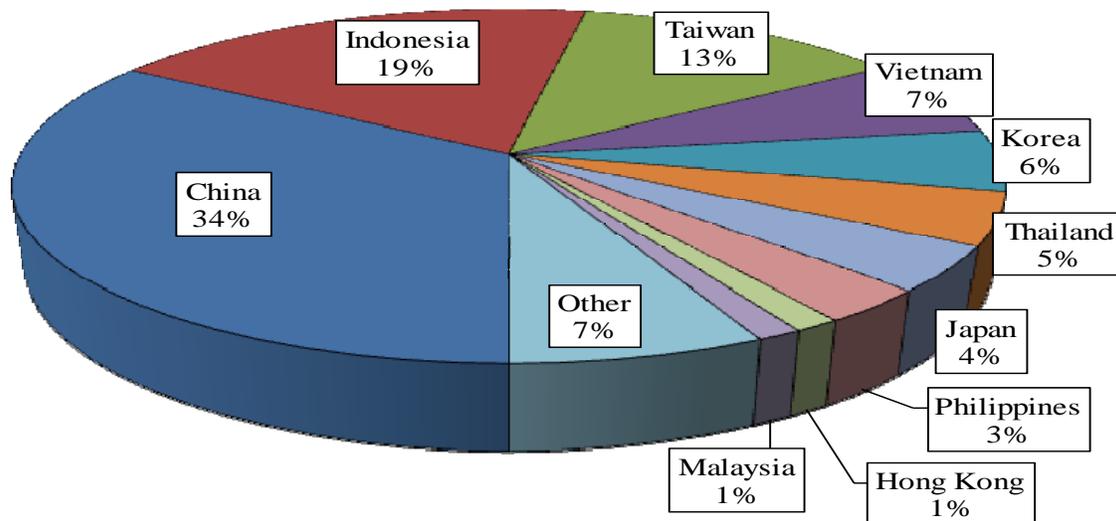
¹75 percent of food aid from the United States is required to be shipped on U.S.-flag vessels.

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

In 2011, containers were used to transport 7 percent of total U.S. waterborne grain exports, up 2 percentage points from 2010. Approximately 11 percent of U.S. waterborne grain exports in 2011 went to Asia, up 4 percentage points from 2010. Asia is the top destination for U.S. containerized grain exports—96 percent in 2011.

Figure 18

Top 10 Destination Markets for U.S. Containerized Grain Exports, June 2012

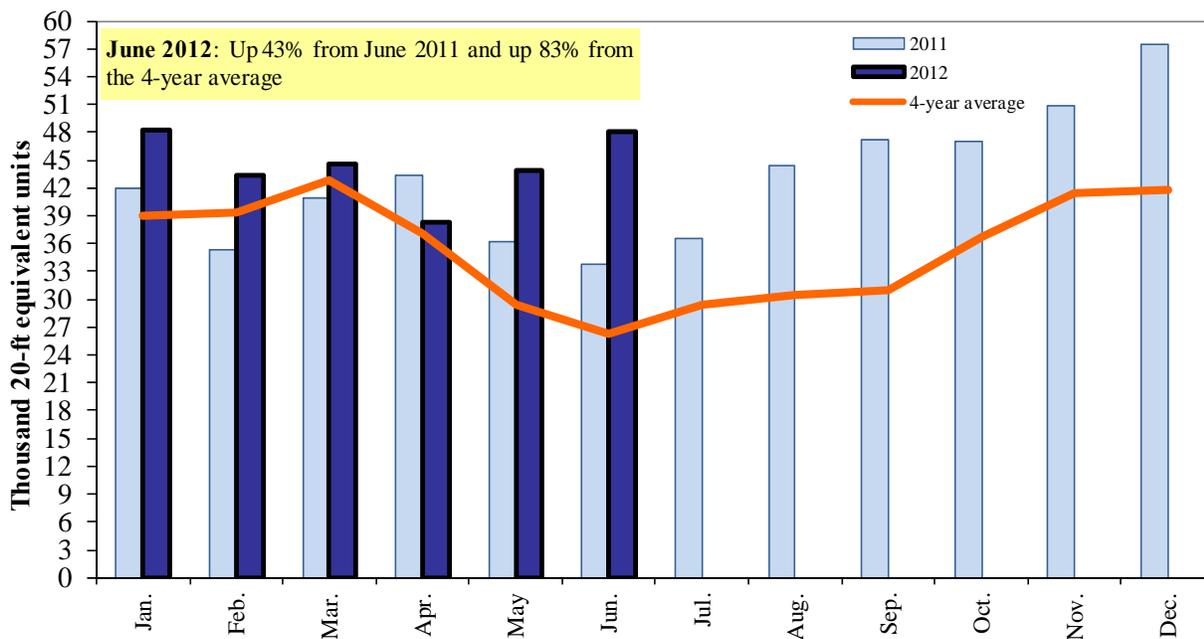


Source: USDA/Agricultural Marketing Service/Transportation Services Division analysis of Port Import Export Reporting Service (PIERS) data

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.

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