



October 20, 2011

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WEEKLY HIGHLIGHTS

Corn and Soybean Harvests Gaining Pace

As of October 16, nearly half (47 percent) of the U.S. corn crop has been harvested, six percentage points ahead of the 5-year average. The top two corn-producing States, Iowa and Illinois, have harvested 45 percent and 64 percent, respectively, of their corn crop. Iowa is currently 14 points and Illinois 9 points ahead of their average pace. Other top ten corn-producing States with above-average corn harvest paces include Missouri (86 percent current /68 percent average), Kansas (75 percent current/69 percent average), Minnesota (48 percent current/28 percent average), South Dakota (38 percent current/22 percent average), and Nebraska (30 percent current/28 percent average). The top ten corn-producing States with below-average corn harvest include Ohio with 8 percent harvested, 21 points behind its average pace, and Indiana with 30 percent harvested and 15 points behind average. The Nation's soybean harvest is 69 percent complete, 8 points better than the 5-year average. Most States are ahead of their typical soybean harvest pace, but Ohio and Indiana are 36 and 5 percent, respectively, behind their average pace.

Barge Rates Dropping As Harvest Picks Up

Despite the quickening pace of the corn and soybean harvests, barge operators have reported slow demand for barge services. Barge supplies have been more than sufficient for October allowing rates from St. Louis, MO, to New Orleans, LA, to drop 10 percent since the beginning of October. A sluggish demand for barge services has let barge rates slip throughout October. St. Louis barge rates peaked in March when the initial stage of this year's long-term flooding disrupted barge logistics.

Total Grain Inspections Highest Since April

For the week ending October 13, **total inspections of grain** (corn, wheat, and soybeans) for export from all major U.S. export regions reached 2.21 million metric tons (mmt), up 23 percent from the previous week but 29 percent below last year this time. Total grain inspections were the highest since April 14, 2011 (2.46 mmt). Inspections of wheat (.446 mmt) and soybeans (1.23 mmt) drove the increase in total grain inspections, jumping 30 and 93 percent from the past week. Wheat shipments increased through the Texas Gulf, pushed up by increases in shipments to Africa and Mexico. Soybean shipments destined to China were nearly double those of last week. Soybeans increased 290 percent in the Pacific Northwest and 40 percent in the Mississippi Gulf. Total inspections of corn (.539 mmt) dropped 34 percent from the previous week as shipments to Asia declined. Outstanding (unshipped) export sales increased from the past week for each of the three major grains, but were below last year for wheat and soybeans (**Table 12**).

Bulk Ocean Freight Rates Highest Since March

Ocean freight rates for shipping bulk grain have reached the highest levels recorded since March. During the week ending October 14, the ocean freight rate for shipping bulk grain from the Gulf to Japan was \$59 per metric ton—the same as last year, but 13 percent higher than the 3-year average. The cost of shipping from the Pacific Northwest to Japan was \$36 per mt—13 percent more than last year and 28 percent above the 3-year average. The rates were pushed up by a stronger-than-expected demand for iron ore and coal from Asia, and by seasonal grain demand from North America.

Snapshots by Sector

Rail

U.S. railroads originated 22,040 **carloads of grain** during the week ending October 8, up 6 percent from last week, down 10 percent from last year, and 7 percent lower than the 3-year average.

During the week ending October 13, average October non-shuttle **secondary railcar bids/offers** were \$25 below tariff, up \$3 from last week and \$513 lower than last year. Average shuttle rates were \$300 below tariff, down \$625 from last week and \$1,150 lower than last year.

Barge

During the week ending October 15, **barge grain movements** totaled 592,411 tons, 43 percent higher than the previous week but 41 percent lower than the same period last year.

Ocean

During the week ending October 13, 30 **ocean-going grain vessels** were loaded in the Gulf, down 35 percent from last year. Forty-five vessels are expected to be loaded within the next 10 days, 35 percent less than the same period last year.

During the week ending October 14, the ocean freight rate for shipping bulk grain from the Gulf to Japan was \$59 per metric ton, up 5 percent from the previous week. The cost of shipping from the Pacific Northwest to Japan was \$36 per mt, up 6 percent from the previous week.

Fuel

During the week ending October 17, U.S. average **diesel fuel prices** increased 8 cents to \$3.80 per gallon—2 percent higher than the previous week and 24 percent higher than the same week last year.

Feature Article/Calendar

Transportation Conference Offers Mixed Outlook for Transportation Industry

Despite projecting a protracted and sluggish economic recovery, the Freight Transportation Research Associates' (FTR)¹ annual Transportation Conference in Indianapolis (September 13–15) offered some encouragement to the transportation industry. Conference speakers included analysts, economists, and industry experts who related their market projections for individual transportation modes. Using the trends of past economic recoveries, they concluded that the most recent recoveries—1991, 2001, and 2008—have been long, slow, and steady compared to the quick rebounds between 1930 and 1980. Fortunately, the growth rate of the freight industry is projected to decline by only a small fraction over the next ten years compared to a more severe drop for the GDP growth rate.

Output growth in the first half of 2011 was far lower than expected, being less than 1 percent rather than the almost 4 percent previously projected. As output growth failed to materialize, the baseline growth projection was lowered through the end of 2011, leading to the real possibility of entering into either a “growth recession” (0–1 percent growth) or a double-dip recession in 2012. With uncertainty in the market at the highest it has been in 50 years, the range for possible economic growth scenarios becomes very wide, from slightly negative to over 3.5 percent in the next few years. Based on historical data, FTR Associates said this range could become even wider during an unexpected peak quarter where either unusually strong growth is close to 5.5 percent or a sharp contraction brings negative 3.5 percent growth. The three biggest factors affecting uncertainty are the European sovereign debt crisis, U.S. political gridlock, and the reorientation of the Chinese economy.

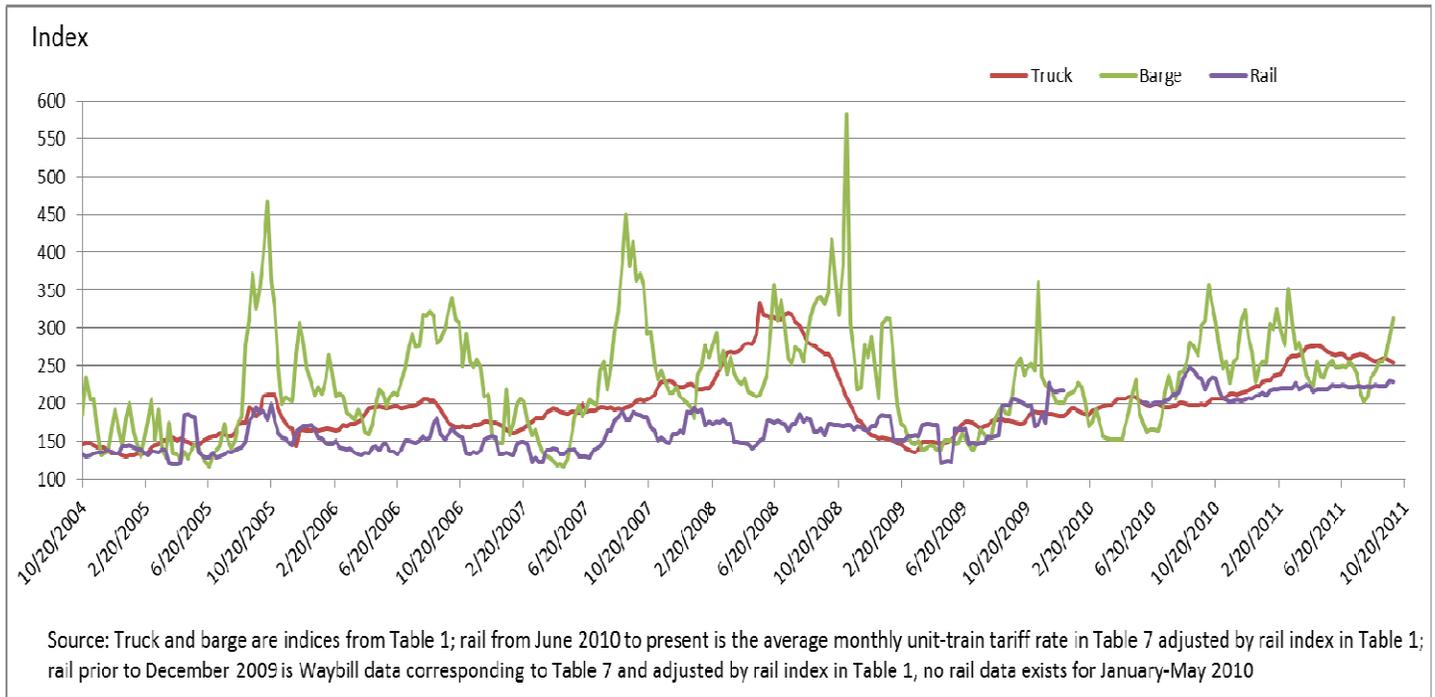
Prior to 2004, estimates put annualized quarter-over-quarter GDP growth at 3–3.5 percent. However, a pronounced shift in the growth rate around 2004 led to the most recent estimates being revised downwards to 2 percent. According to analysts at the conference, this means businesses should not rely on the economy itself to supply sustained growth. The good news for the transportation industry is that the drop in manufacturing growth will not be nearly as severe as the drop in GDP growth, thereby insulating the transportation industry. Economic recovery has been centered on manufacturing and exports, both of which have been a boon for the transportation industry. Analysts said the transportation industry is actually better off now than it was in 2003. According to data from USDA's Foreign Agricultural Service, year-to-date total agricultural export quantities in August were up 1.3 percent over last year, and were 7 percent higher than the 5-year average.

Although a financially healthy transportation industry is good for shippers in terms of investments in service and equipment, it does not offer any relief from high prices. FTR freight transportation data showed that truck rates have climbed back almost to their pre-recession level and are projected to surpass it during 2012 and 2013. It was only the drop in diesel prices at the end of 2008 that prevented rate increases from continuing upwards through 2009 and 2010. Yet recent on-highway diesel prices are approaching their 2008 level; the latest weekly average was \$0.728 per gallon higher than a year ago ([table 11](#)) and only \$0.319 per gallon lower than in 2008. Truckload capacity utilization is also nearing its pre-recession level and capacity is expected to become increasingly tight over the next few years. Economists stressed that since the economic downturn, rail rates have increased on par with truck and intermodal, offering less relief to shippers from high truck rates than before. They also projected that barge rates would increase dramatically over the next few years as capacity decreases, especially for shipments of dry goods. Demand for dry bulk barges currently makes up about two-thirds of barge shipments; the other one-third is tank barges. A growing portion of the barge fleet is almost 20 to 30 years old and will probably be scrapped without new barges being put into place.

Data from the Grain Transportation Report show a trend in grain transportation costs similar to the FTR data for overall freight transportation costs (figure). Barge rates have fluctuated seasonally, but have generally followed truck rates which are tied to on-highway diesel fuel costs. Prior to the economic downturn, rail rates for grain shipments stayed generally under 200 percent of the 2000 base rate. There was a major drop in transportation rates at the end of 2008, toward the beginning of the recession, with all three modes converging in relative price increases. Since then, truck and barge rates have climbed back toward their pre-recession levels with rail rates steadily increasing beyond their pre-recession levels.

¹ Freight Transportation Research Associates provides economic and market forecasts for the freight transportation industry by mode of transportation.

Weekly rate indices for grain transportation (base year is 2000)



Faced with these realities, a panel of shippers at the conference offered strategies for managing costs within the current environment. Although most shippers have not experienced any capacity issues this year, most believe capacity is going to become very tight during 2012 and 2013. As such, they are expanding and diversifying their contracts with asset-based carriers as well as negotiating with brokers for the first time. Several shippers said they have been working with regional carriers as opposed to national carriers because they represent a larger share of the carrier’s overall business and can negotiate better rates and service.

With the overall economy experiencing such high uncertainty while transportation rates climb back to their pre-recession levels, shippers are wise to evaluate the logistics of their shipments and improve efficiency at every opportunity. This will be especially true if tightening capacity in the next few years further strains the economic situation. However, shippers who begin preparations now should stand a better chance to benefit from the changing economic environment ahead. Adam.Sparger@ams.usda.gov

Grain Transportation Indicators

Table 1

Grain Transport Cost Indicators¹

Week ending	Truck	Rail ²	Barge	Ocean	
				Gulf	Pacific
10/19/11	255	62	276	264	255
10/12/11	250	95	292	250	241

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)

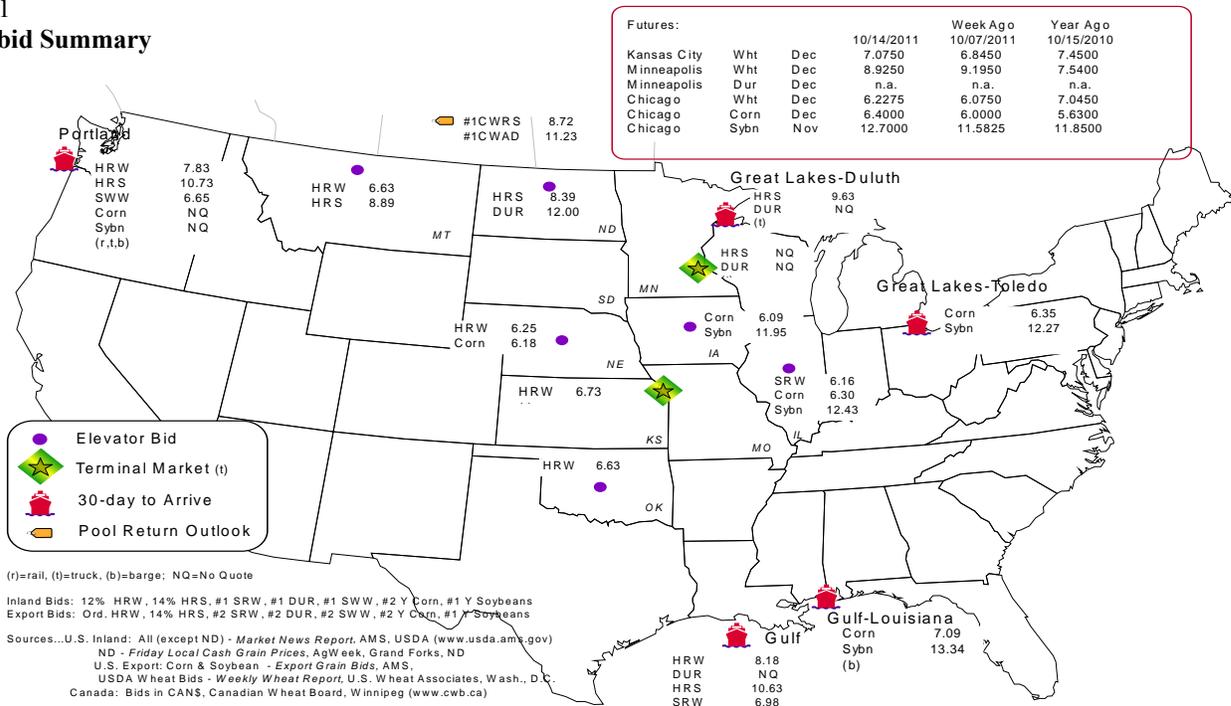
Commodity	Origin--Destination	10/14/2011	10/7/2011
Corn	IL--Gulf	-0.79	-0.79
Corn	NE--Gulf	-0.91	-0.90
Soybean	IA--Gulf	-1.39	-1.20
HRW	KS--Gulf	-1.45	-1.45
HRS	ND--Portland	-2.34	-2.91

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	
10/12/2011 ^p	279	1,060	615	3,699	213	5,866
10/05/2011 ^r	479	978	512	1,832	170	3,971
2011 YTD	23,717	71,052	36,495	139,617	17,607	288,488
2010YTD	17,519	60,715	34,772	131,882	21,907	266,795
2011 YTD as % of 2010 YTD	135	117	105	106	80	108
Last 4 weeks as % of 2010 ²	30	63	110	80	23	63
Last 4 weeks as % of 4-year avg. ²	26	57	85	61	26	54
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.

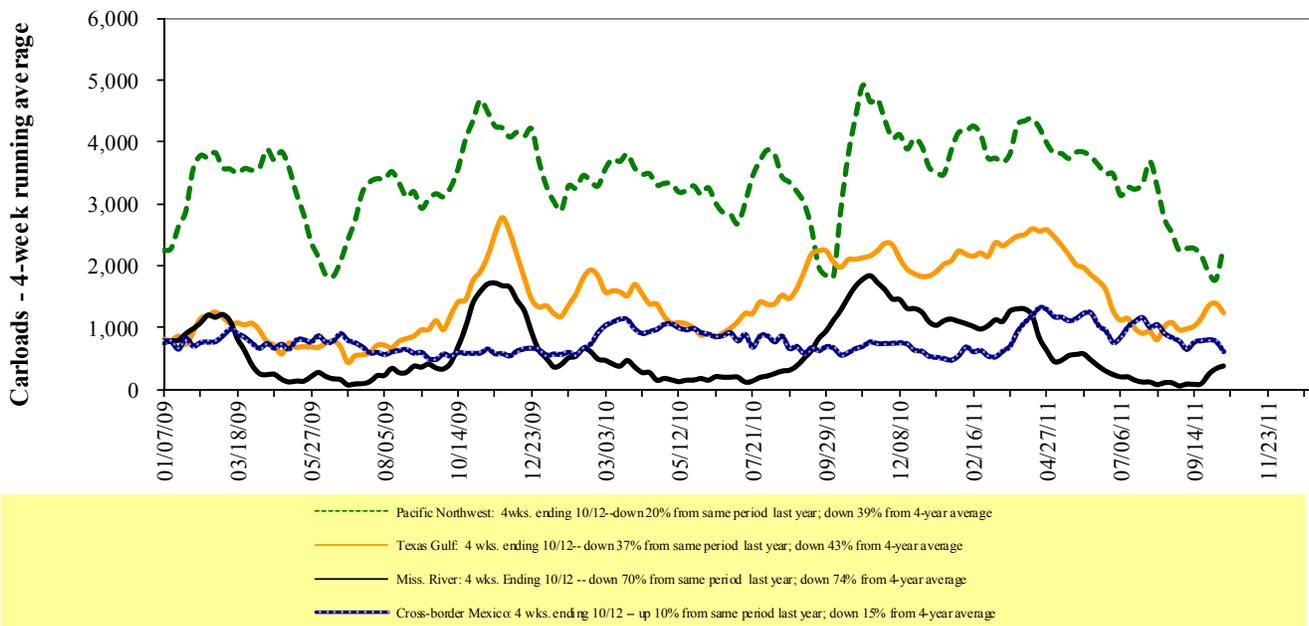
YTD = year-to-date; p = preliminary data; r = revised data; n/a = not available

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

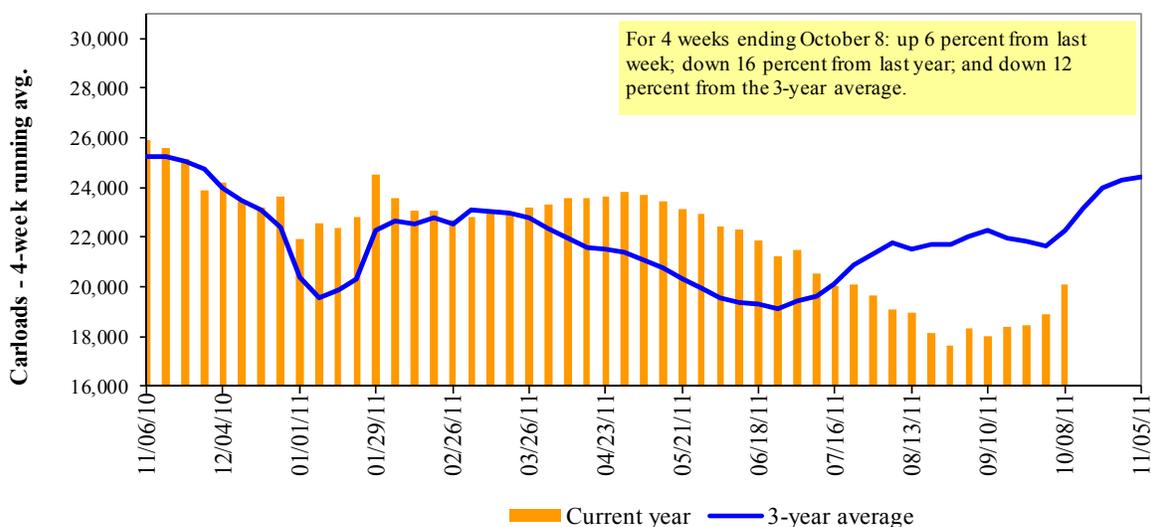
Table 4

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
10/08/11	1,875	3,039	9,680	838	6,608	22,040	3,889	5,210
This week last year	2,640	3,372	11,858	870	5,680	24,420	3,955	4,858
2011 YTD	70,243	114,288	420,242	27,907	231,628	864,308	151,628	202,238
2010 YTD	83,716	119,932	410,729	27,779	219,148	861,304	153,683	206,445
2011 YTD as % of 2010 YTD	84	95	102	100	106	100	99	98
Last 4 weeks as % of 2010 ¹	50	70	91	127	84	84	97	101
Last 4 weeks as % of 3-yr avg. ¹	60	83	92	125	89	88	95	86
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

Railcar Auction Offerings¹ (\$/car)²

Week ending	Delivery period							
	Oct-11	Oct-10	Nov-11	Nov-10	Dec-11	Dec-10	Jan-12	Jan-11
10/13/2011								
BNSF ³								
COT grain units	no bids	no offer	no bids	no offer	no bids	no offer	no bids	no offer
COT grain single-car ⁵	no offer	no offer	no bids	no offer	0	no offer	0	no offer
UP ⁴								
GCAS/Region 1	no bids	no offer	no bids	no offer	no bids	1	n/a	n/a
GCAS/Region 2	no bids	no offer	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.

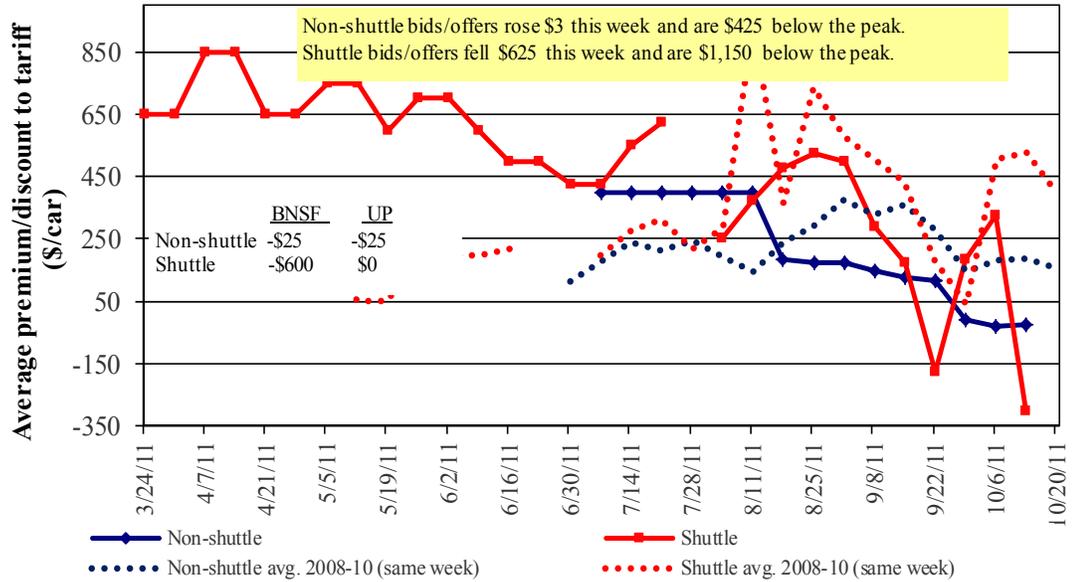
⁵Range is shown because average is not available. Not available = n/a.

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 2011, Secondary Market

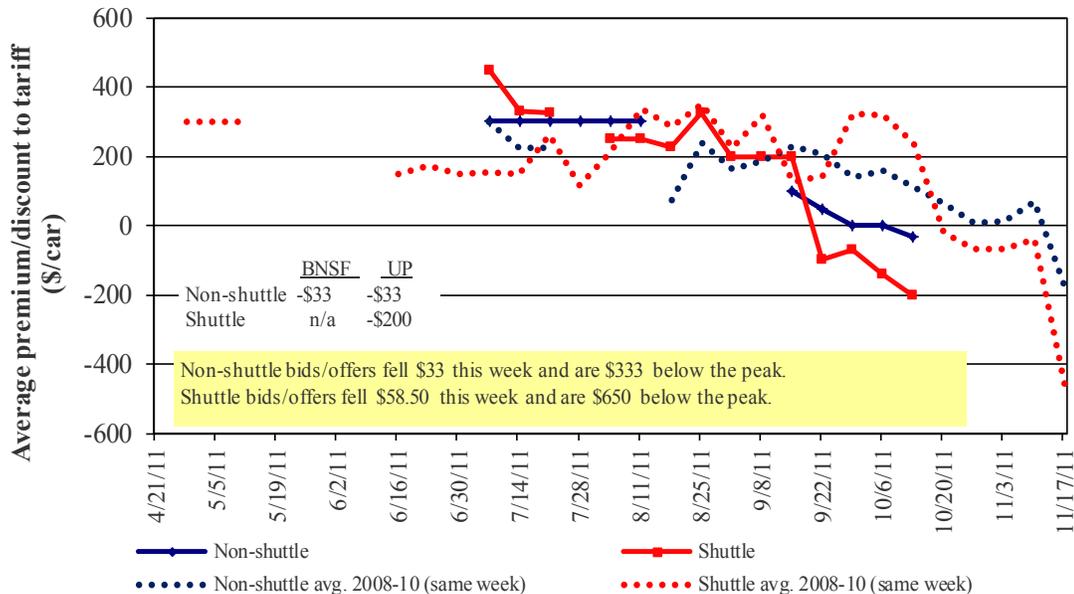


Non-shuttle bids include unit-train and single-car bids. n/a = not available.

Source: Transportation & Marketing Programs/AMS/USDA

Figure 5

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

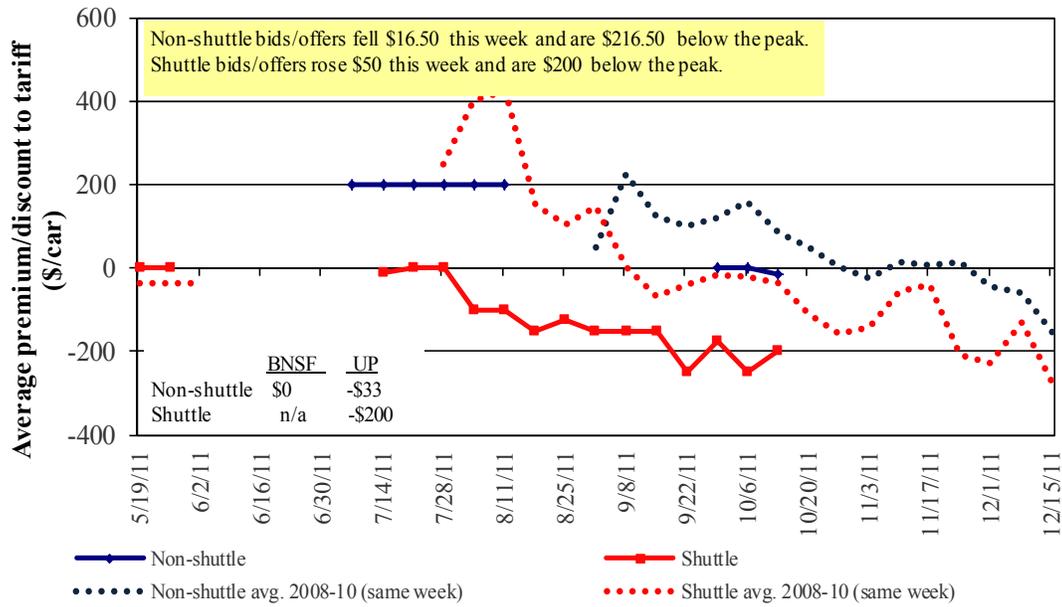


Non-shuttle bids include unit-train and single-car bids. n/a = not available.

Source: Transportation & Marketing Programs/AMS/USDA

Figure 6

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

Week ending	Delivery period					
	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
Non-shuttle						
BNSF-GF	(25)	(33)	-	n/a	n/a	n/a
Change from last week	13	(33)	-	n/a	n/a	n/a
Change from same week 2010	(725)	(417)	(225)	n/a	n/a	n/a
UP-Pool	(25)	(33)	(33)	n/a	n/a	n/a
Change from last week	(7)	n/a	n/a	n/a	n/a	n/a
Change from same week 2010	(300)	(183)	(133)	n/a	n/a	n/a
Shuttle²						
BNSF-GF	(600)	n/a	n/a	n/a	n/a	n/a
Change from last week	(875)	n/a	n/a	n/a	n/a	n/a
Change from same week 2010	(1,600)	n/a	n/a	n/a	n/a	n/a
UP-Pool	-	(200)	(200)	n/a	n/a	n/a
Change from last week	(375)	(50)	-	n/a	n/a	n/a
Change from same week 2010	(700)	(400)	(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:			Tariff	Fuel	Tariff plus surcharge per:		Percent
10/3/2011	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	\$182	\$31.52	\$0.86	11
	Grand Forks, ND	Duluth-Superior, MN	\$3,097	\$104	\$31.79	\$0.87	19
	Wichita, KS	Los Angeles, CA	\$5,710	\$536	\$62.02	\$1.69	9
	Wichita, KS	New Orleans, LA	\$3,492	\$320	\$37.86	\$1.03	11
	Sioux Falls, SD	Galveston-Houston, TX	\$5,410	\$440	\$58.09	\$1.58	6
	Northwest KS	Galveston-Houston, TX	\$3,760	\$351	\$40.82	\$1.11	11
	Amarillo, TX	Los Angeles, CA	\$3,959	\$489	\$44.17	\$1.20	12
Corn	Champaign-Urbana, IL	New Orleans, LA	\$3,062	\$362	\$34.00	\$0.93	14
	Toledo, OH	Raleigh, NC	\$3,942	\$407	\$43.19	\$1.18	10
	Des Moines, IA	Davenport, IA	\$1,934	\$77	\$19.97	\$0.54	7
	Indianapolis, IN	Atlanta, GA	\$3,381	\$306	\$36.61	\$1.00	10
	Indianapolis, IN	Knoxville, TN	\$2,833	\$196	\$30.08	\$0.82	6
	Des Moines, IA	Little Rock, AR	\$3,074	\$225	\$32.76	\$0.89	8
	Des Moines, IA	Los Angeles, CA	\$4,985	\$656	\$56.02	\$1.52	20
Soybeans	Minneapolis, MN	New Orleans, LA	\$3,424	\$395	\$37.92	\$1.03	10
	Toledo, OH	Huntsville, AL	\$3,057	\$289	\$33.23	\$0.90	9
	Indianapolis, IN	Raleigh, NC	\$4,013	\$410	\$43.92	\$1.20	9
	Indianapolis, IN	Huntsville, AL	\$2,749	\$196	\$29.25	\$0.80	9
	Champaign-Urbana, IL	New Orleans, LA	\$3,406	\$362	\$37.42	\$1.02	13
Shuttle Train							
Wheat	Great Falls, MT	Portland, OR	\$3,239	\$308	\$35.22	\$0.96	9
	Wichita, KS	Galveston-Houston, TX	\$3,144	\$240	\$33.60	\$0.91	7
	Chicago, IL	Albany, NY	\$3,645	\$382	\$39.99	\$1.09	9
	Grand Forks, ND	Portland, OR	\$4,702	\$532	\$51.98	\$1.41	9
	Grand Forks, ND	Galveston-Houston, TX	\$5,745	\$554	\$62.55	\$1.70	10
	Northwest KS	Portland, OR	\$4,727	\$576	\$52.66	\$1.43	11
Corn	Minneapolis, MN	Portland, OR	\$4,800	\$648	\$54.10	\$1.47	16
	Sioux Falls, SD	Tacoma, WA	\$4,760	\$593	\$53.16	\$1.45	15
	Champaign-Urbana, IL	New Orleans, LA	\$2,877	\$362	\$32.17	\$0.88	13
	Lincoln, NE	Galveston-Houston, TX	\$3,310	\$346	\$36.30	\$0.99	13
	Des Moines, IA	Amarillo, TX	\$3,430	\$283	\$36.88	\$1.00	7
	Minneapolis, MN	Tacoma, WA	\$4,800	\$643	\$54.05	\$1.47	16
	Council Bluffs, IA	Stockton, CA	\$4,200	\$665	\$48.31	\$1.31	15
Soybeans	Sioux Falls, SD	Tacoma, WA	\$5,040	\$593	\$55.94	\$1.52	12
	Minneapolis, MN	Portland, OR	\$5,030	\$648	\$56.38	\$1.53	12
	Fargo, ND	Tacoma, WA	\$4,930	\$527	\$54.20	\$1.47	11
	Council Bluffs, IA	New Orleans, LA	\$3,710	\$418	\$40.99	\$1.12	11
	Toledo, OH	Huntsville, AL	\$2,672	\$289	\$29.40	\$0.80	10
Grand Island, NE	Portland, OR	\$4,520	\$589	\$50.74	\$1.38	8	

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

Effective date: 10/3/2011

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	\$7,491	\$563	\$82.29	\$2.24	8
	OK	Cuautitlan, EM	\$6,610	\$589	\$73.56	\$2.00	10
	KS	Guadalajara, JA	\$7,210	\$849	\$82.35	\$2.24	7
	TX	Salinas Victoria, NL	\$3,656	\$240	\$39.81	\$1.08	10
Corn	IA	Guadalajara, JA	\$7,445	\$864	\$84.89	\$2.15	5
	SD	Penjamo, GJ	\$7,245	\$736	\$81.55	\$2.07	7
	NE	Queretaro, QA	\$7,012	\$759	\$79.40	\$2.01	15
	SD	Salinas Victoria, NL	\$5,650	\$560	\$63.45	\$1.61	13
	MO	Tlalnepantla, EM	\$6,227	\$740	\$71.19	\$1.81	17
	SD	Torreón, CU	\$6,248	\$617	\$70.14	\$1.78	7
Soybeans	MO	Bojay (Tula), HG	\$6,745	\$760	\$76.69	\$2.09	10
	NE	Guadalajara, JA	\$7,662	\$869	\$87.16	\$2.37	13
	IA	El Castillo, JA ⁵	\$7,770	\$732	\$86.87	\$2.36	11
	KS	Torreón, CU	\$6,169	\$594	\$69.10	\$1.88	13
Sorghum	OK	Cuautitlan, EM	\$5,670	\$559	\$63.65	\$1.62	15
	TX	Guadalajara, JA	\$6,653	\$479	\$72.87	\$1.85	10
	NE	Penjamo, GJ	\$7,171	\$794	\$81.38	\$2.07	14
	KS	Queretaro, QA	\$6,198	\$523	\$68.67	\$1.74	12
	NE	Salinas Victoria, NL	\$4,963	\$497	\$55.79	\$1.42	13
	NE	Torreón, CU	\$5,941	\$627	\$67.11	\$1.70	10

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

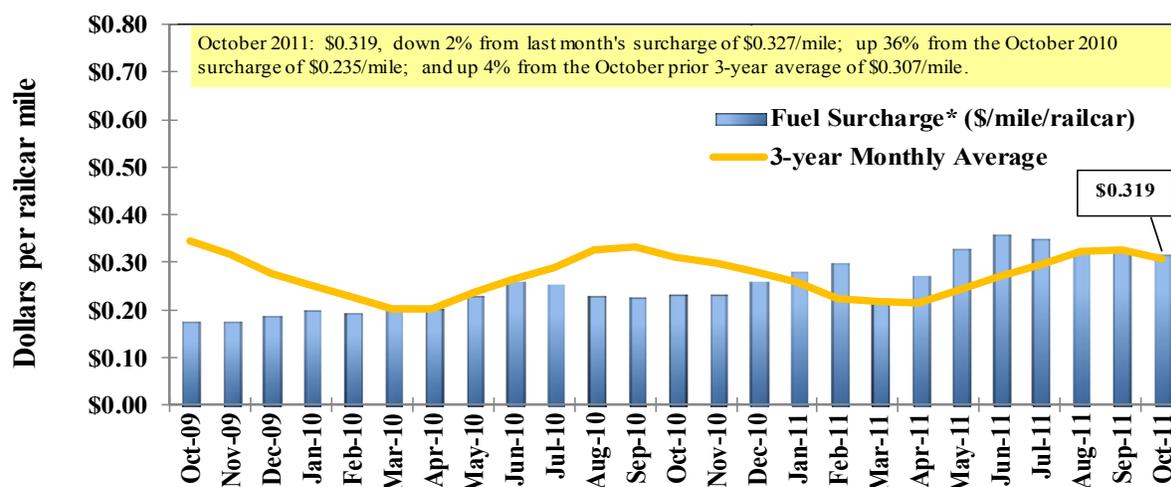
³Approximate load per car = 97.87 metric tons: Corn & Sorghum 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

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.

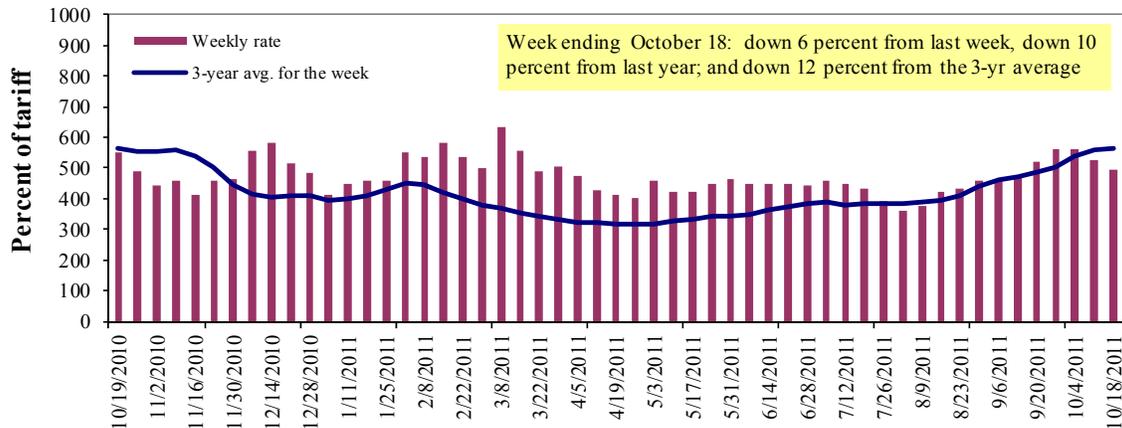
** BNSF strike price (diesel price when fuel surcharges begin) changed from \$1.25/gal. to \$2.50/gal starting March 1, 2011. As a result, the weighted average fuel surcharge for March 2011 was \$0.227/mile instead of \$0.331/mile.

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

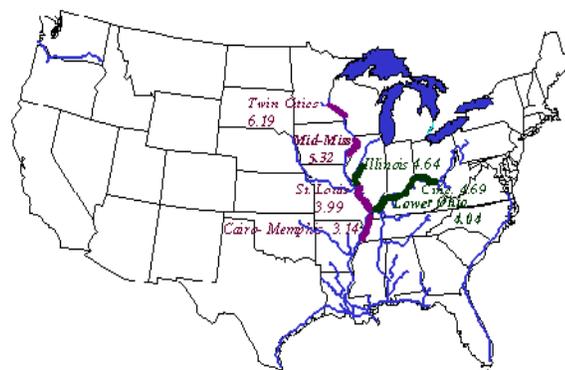
Weekly Barge Freight Rates: Southbound Only

		Twin Cities	Mid- Mississippi	Lower Illinois River	St. Louis	Cincinnati	Lower Ohio	Cairo- Memphis
Rate¹	10/18/2011	482	486	496	428	506	506	388
	10/11/2011	541	525	525	459	525	525	450
\$/ton	10/18/2011	29.84	25.86	23.01	17.08	23.73	20.44	12.18
	10/11/2011	33.49	27.93	24.36	18.31	24.62	21.21	14.13
Current week % change from the same week:								
	Last year	-34	-25	-10	-17	-15	-15	-21
	3-year avg. ²	-15	-14	-12	-20	-21	-21	-31
Rate¹	November	480	430	422	353	462	462	337
	January	--	--	447	363	425	425	327

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



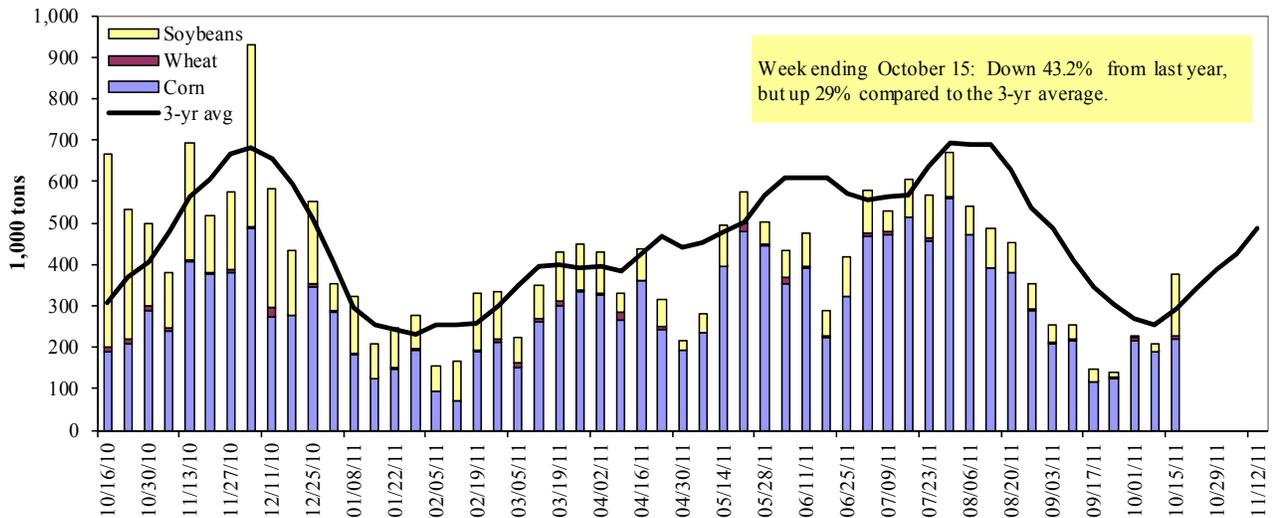
Calculating barge rate per ton:

(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/mvrirmi/omni/webprts/default.asp)

Table 10

Barge Grain Movements (1,000 tons)

Week ending 10/15/2011	Corn	Wheat	Soybeans	Other	Total
Mississippi River					
Rock Island, IL (L15)	23	0	167	0	190
Winfield, MO (L25)	108	5	133	0	246
Alton, IL (L26)	205	6	167	0	378
Granite City, IL (L27)	221	6	151	0	378
Illinois River (L8)	72	0	25	0	97
Ohio River (L52)	93	12	46	7	158
Arkansas River (L1)	0	14	41	1	56
Weekly total - 2011	314	33	238	8	592
Weekly total - 2010	288	14	709	2	1,012
2011 YTD ¹	14,820	1,258	5,280	302	21,660
2010 YTD	18,610	1,042	6,485	364	26,501
2011 as % of 2010 YTD	80	121	81	83	82
Last 4 weeks as % of 2010 ²	83	93	31	54	60
Total 2010	22,768	1,220	10,373	481	34,841

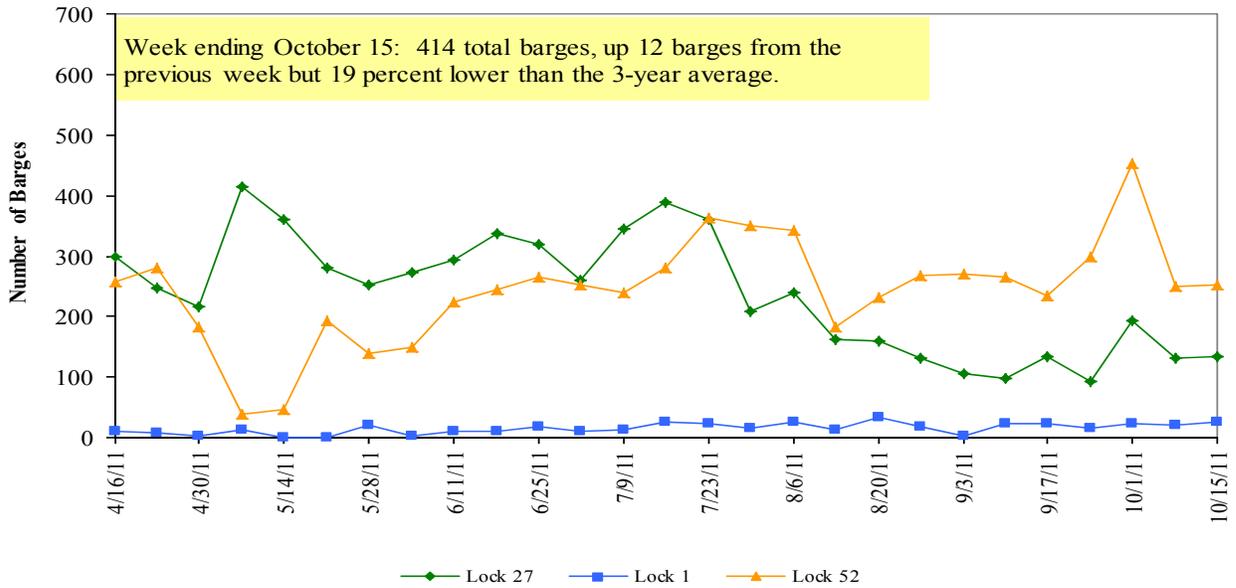
¹ Weekly total, YTD (year-to-date) and calendar year total includes Miss/27, Ohio/52, and Ark/1; "Other" refers to oats, barley, sorghum, and rye.

² As a percent of same period in 2010.

Note: Total may not add exactly, due to rounding

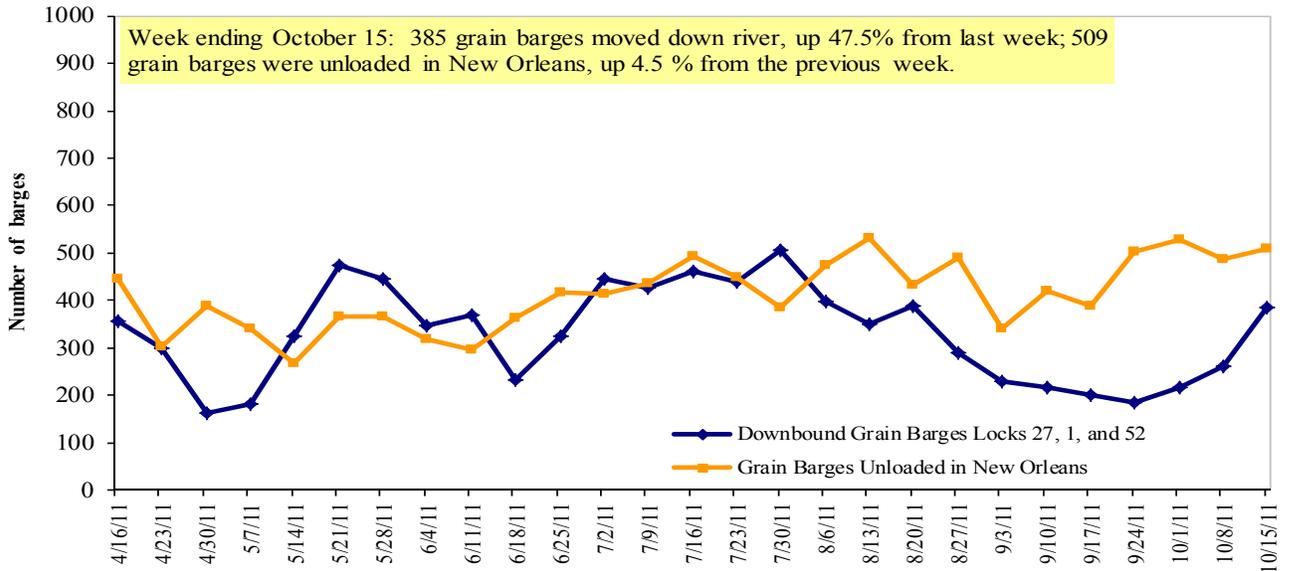
Source: U.S. Army Corps of Engineers (www.mvr.usace.army.mil/mvrirmi/omni/webprts/default.asp)

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

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 10/17/2011 (US \$/gallon)

Region	Location	Price	Change from	
			Week ago	Year ago
I	East Coast	3.815	0.074	0.743
	New England	3.907	-0.005	0.767
	Central Atlantic	3.922	0.062	0.734
	Lower Atlantic	3.761	0.087	0.745
II	Midwest ²	3.754	0.083	0.691
III	Gulf Coast ³	3.726	0.075	0.747
IV	Rocky Mountain	3.885	0.057	0.773
V	West Coast	4.010	0.100	0.761
	California	4.053	0.076	0.821
Total	U.S.	3.801	0.080	0.728

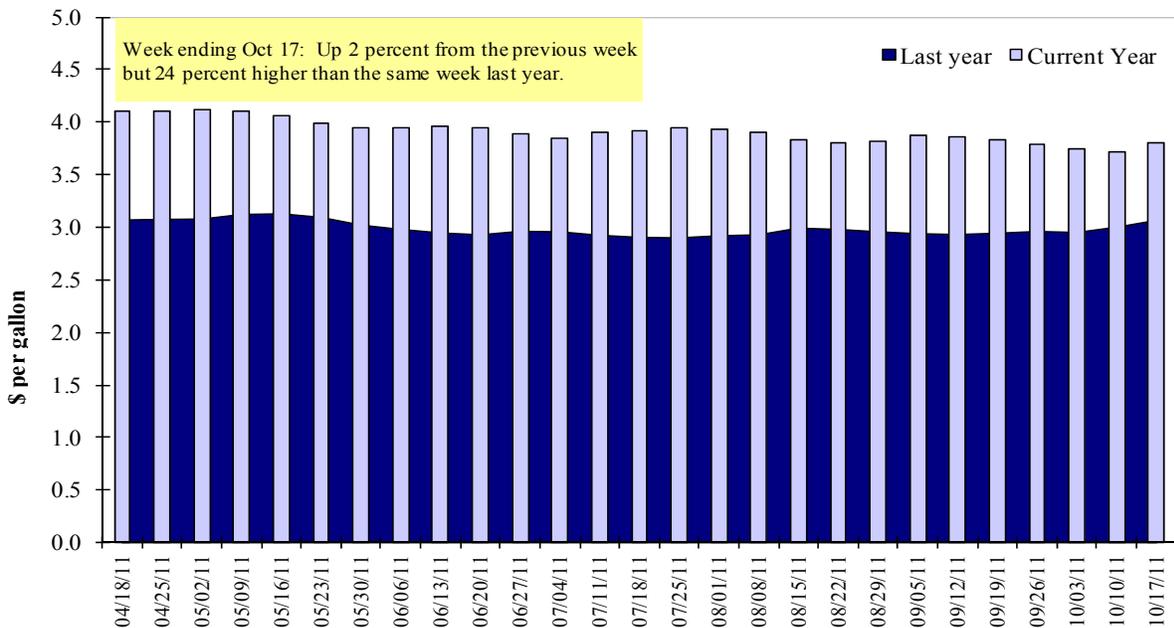
¹Diesel fuel prices include all taxes. Prices represent an average of all types of diesel fuel.

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									
10/6/2011	1,459	737	1,282	1,000	85	4,563	14,630	15,658	34,851
This week year ago	3,505	488	2,110	1,254	197	7,554	13,868	20,368	41,790
Cumulative exports-marketing year²									
2011/12 YTD	4,494	1,394	2,628	1,842	229	10,588	3,738	1,832	16,158
2010/11 YTD	5,048	714	2,798	1,764	395	10,720	5,105	2,934	18,759
YTD 2011/12 as % of 2010/11	89	195	94	104	58	99	73	62	86
Last 4 wks as % of same period 2010/11	42	142	63	79	40	61	102	75	81
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 10/06/11	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 -
Japan	4,237	5,445	(22)	14,279
Mexico	3,485	3,050	14	7,019
Korea	1,525	1,483	3	6,104
Egypt	359	1,270	(72)	3,302
Taiwan	681	750	(9)	2,393
Top 5 importers	10,287	11,997	(14)	33,096
Total US corn export sales	18,368	18,973	(3)	46,610
% of Projected	45%	41%		
Change from Last Week	1,259	906		
Top 5 importers' share of U.S. corn export sales	56%	63%		
USDA forecast, October 2011	40,712	46,692	(13)	
Corn Use for Ethanol USDA forecast, Ethanol October 2011	127,000	127,508	(0)	

(n) indicates negative number.

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

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

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

Table 14

Top 5 Importers¹ of U.S. Soybeans

Week Ending 10/06/2011	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 -
China	12,328	13,853	(11)	24,445
Mexico	1,002	1,016	(1)	3,215
Japan	607	807	(25)	1,887
EU-25	128	304	(58)	2,607
Indonesia	440	600	(27)	1,397
Top 5 importers	14,505	16,580	(13)	33,551
Total US soybean export sales	17,490	23,302	(25)	40,690
% of Projected	47%	57%		
Change from last week	672	1,078		
Top 5 importers' share of U.S. soybean export sales	83%	71%		
USDA forecast, October 2011	37,466	40,872	(8)	
Soybean Use for Biodiesel USDA forecast, October 2011	8,632	5,995	44	

(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 10/06/2011	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	1,710	1,717	(0)	3,233
Japan	2,092	1,829	14	3,148
Mexico	1,903	1,421	34	2,601
Philippines	1,260	1,437	(12)	1,518
Korea	632	1,015	(38)	1,111
Peru	574	568	1	923
Taiwan	410	398	3	913
Colombia	362	408	(11)	783
Indonesia	432	360	20	781
Yemen	267	246		659
Top 10 importers	9,641	9,399	3	15,670
Total US wheat export sales	15,152	18,274	(17)	33,439
% of Projected	57%	52%		
Change from last week	484	377		
Top 10 importers' share of U.S. wheat export sales	64%	51%		
USDA forecast, October 2011	26,567	35,123	(24)	

(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 10/13/11	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	160	199	81	11,582	8,931	130	106	107	11,062
Corn	0	0	0	7,038	8,392	84	49	28	9,950
Soybeans	512	131	390	4,439	6,026	74	66	77	10,191
Total	673	331	203	23,059	23,349	99	82	80	31,203
Mississippi Gulf									
Wheat	19	30	64	4,255	3,187	133	70	50	4,199
Corn	444	743	60	20,955	24,278	86	89	101	29,794
Soybeans	468	335	140	12,138	13,267	91	52	83	22,519
Total	932	1,108	84	37,347	40,732	92	72	89	56,512
Texas Gulf									
Wheat	221	77	287	9,723	7,210	135	63	74	9,339
Corn	0	0	n/a	810	1,449	56	0	0	1,859
Soybeans	0	0	n/a	763	876	87	0	0	1,916
Total	221	77	287	11,296	9,535	118	46	58	13,115
Interior									
Wheat	17	29	59	913	706	129	30	119	926
Corn	84	69	121	5,573	5,280	106	73	93	6,388
Soybeans	141	167	85	3,167	2,673	118	84	124	3,641
Total	242	265	91	9,654	8,659	111	117	107	10,954
Great Lakes									
Wheat	27	8	338	864	1,387	62	18	31	1,897
Corn	10	0	n/a	159	71	223	132	83	119
Soybeans	79	0	n/a	101	263	38	30	47	655
Total	116	8	1,430	1,124	1,721	65	26	41	2,672
Atlantic									
Wheat	0	0	n/a	651	271	240	10	8	343
Corn	1	0	n/a	202	366	55	10	8	469
Soybeans	27	4	659	522	754	69	117	202	1,417
Total	28	4	694	1,376	1,391	99	30	28	2,229
U.S. total from ports²									
Wheat	446	343	130	27,989	21,692	129	73	77	27,765
Corn	539	812	66	34,737	39,836	87	84	85	48,580
Soybeans	1,227	637	193	21,130	23,859	89	57	81	40,340
Total	2,212	1,792	123	83,856	85,388	98	70	82	116,684

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

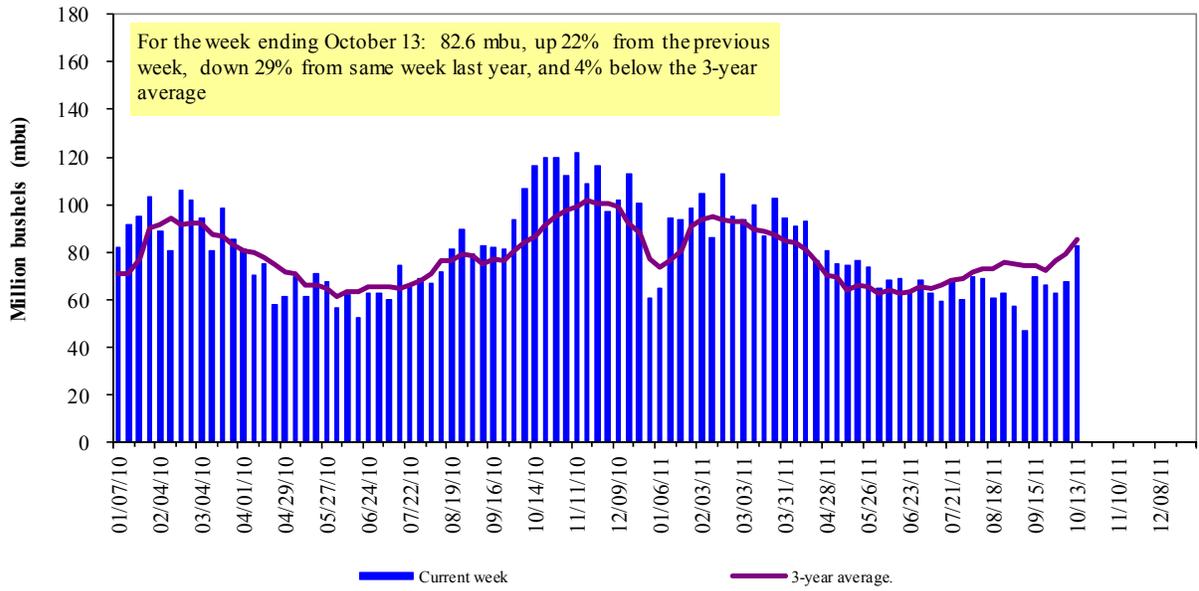
² Total includes only port regions shown above; Interior land-based shipments now included.

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 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)

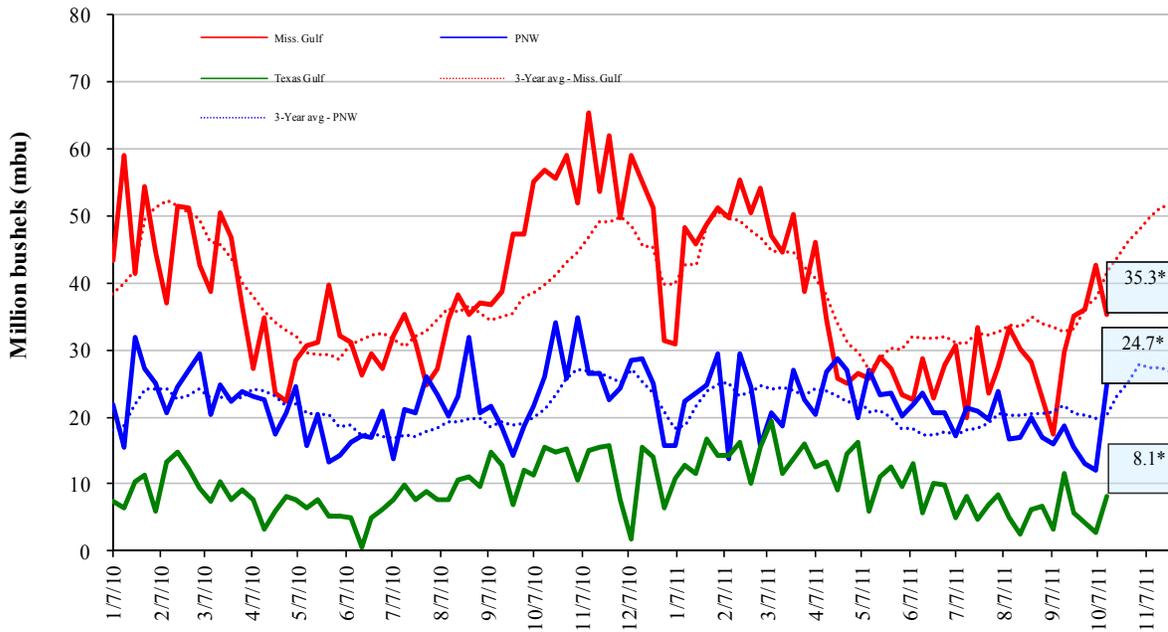


Source: Grain Inspection, Packers and Stockyards Administration/USDA (www.gipsa.usda.gov)

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.

October 13 % change from:	MS Gulf	TX Gulf	U.S. Gulf	PNW
Last week	down 17	up 187	down 4	up 103
Last year (same week)	down 38	down 47	down 40	down 5
3-yr avg. (4-wk mov. avg.)	up 15	down 11	down 14	down 4

Ocean Transportation

Table 17

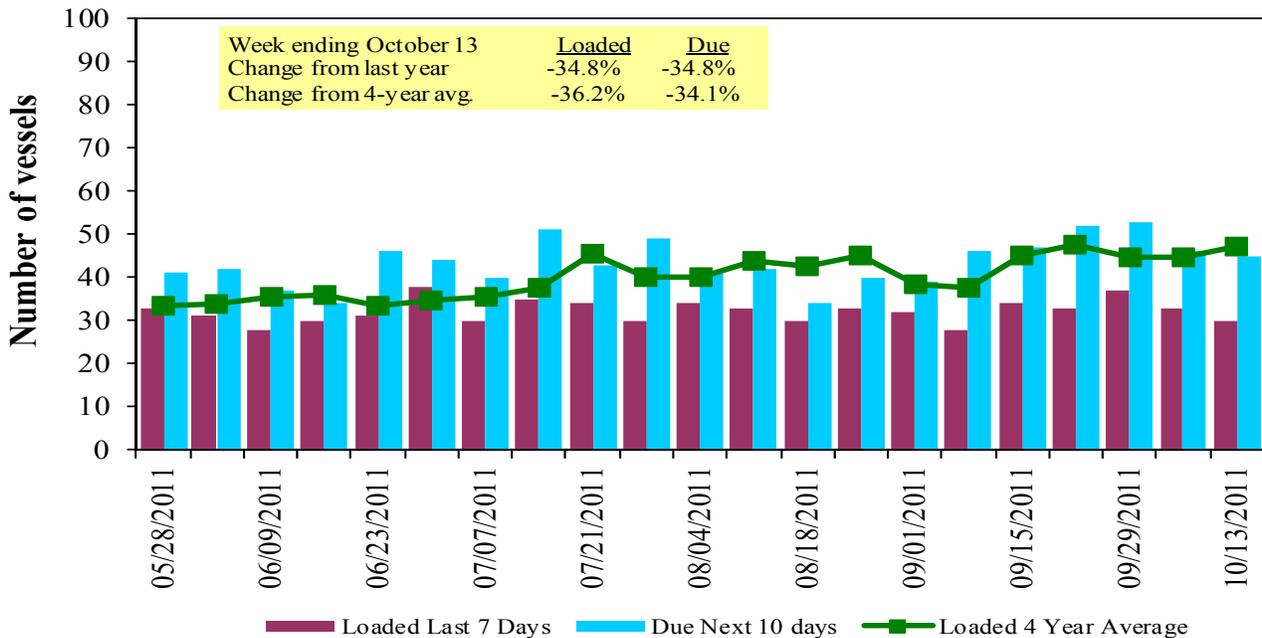
Weekly Port Region Grain Ocean Vessel Activity (number of vessels)

Date	Gulf			Pacific Northwest	Vancouver B.C.
	In port	Loaded 7-days	Due next 10-days	In port	In port
10/13/2011	36	30	45	15	9
10/6/2011	27	33	46	9	n/a
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

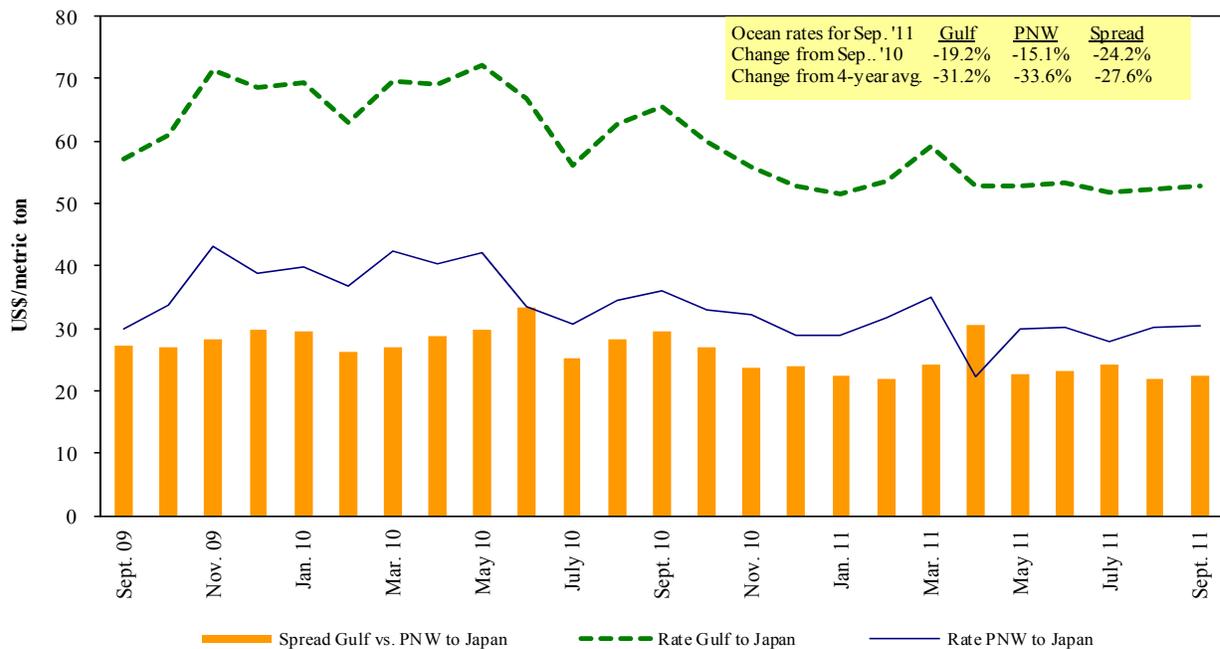


Source: Transportation & Marketing Programs/AMS/USDA

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 10/15/2011

Export region	Import region	Grain types	Loading date	Volume loads (metric tons)	Freight rate (US\$/metric ton)
U.S. Gulf	China	Heavy Grain	Oct 21/30	55,000	52.50
U.S. Gulf	China	Heavy Grain	Oct 5/10	60,000	59.00
U.S. Gulf	China	Heavy Grain	Sep 15/30	60,000	54.00
U.S. Gulf	China	Heavy Grain	Sep 1/10	60,000	48.25
U.S. Gulf	China	Heavy Grain	Aug 17/Sep 30	60,000	49.00
U.S. Gulf	China	Heavy Grain	Dec 1/30	55,000	51.00
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	Sierra Leone ¹	Wheat	Dec 5/15	16,960	257.90
France	Algeria	Wheat	Sep 25/30	25,000	24.50
River Plate	Algeria	Maize	Oct 20/30	25,000	36.00
River Plate	Algeria	Maize	Oct 1/5	25,000	34.50
River Plate	Algeria	Corn	July 15/25	25,000	43.50
River Plate	Algeria	Corn	July 1/10	25,000	42.90
River Plate	Algeria	Corn	June 15/25	25,000	42.75
River Plate	Algeria	Wheat	Aug 18/25	25,000	49.00
South Africa	Taiwan	Corn	Aug 5/15	55,000	31.00

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

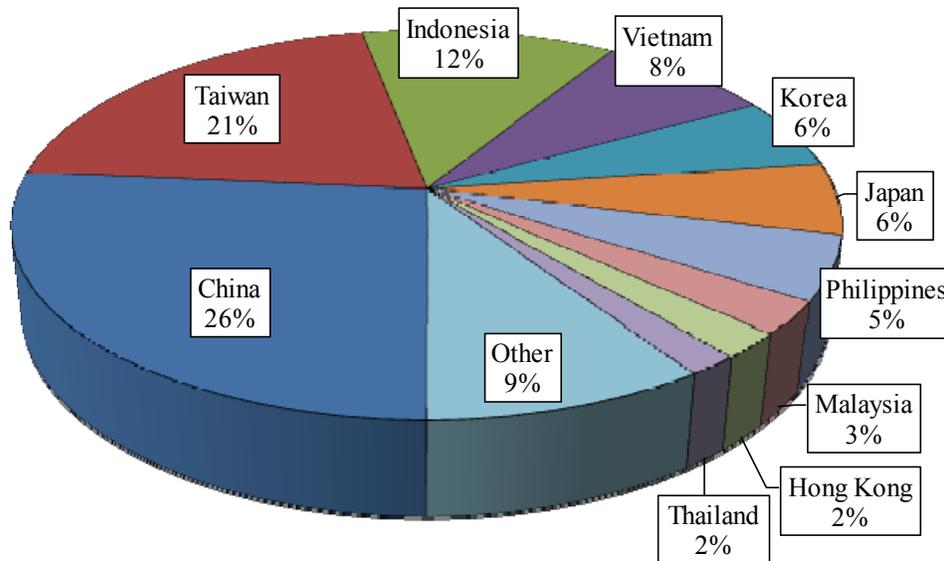
¹75 percent of food aid from the United States is required to be shipped on U.S.-flag vessels.

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, July 2011

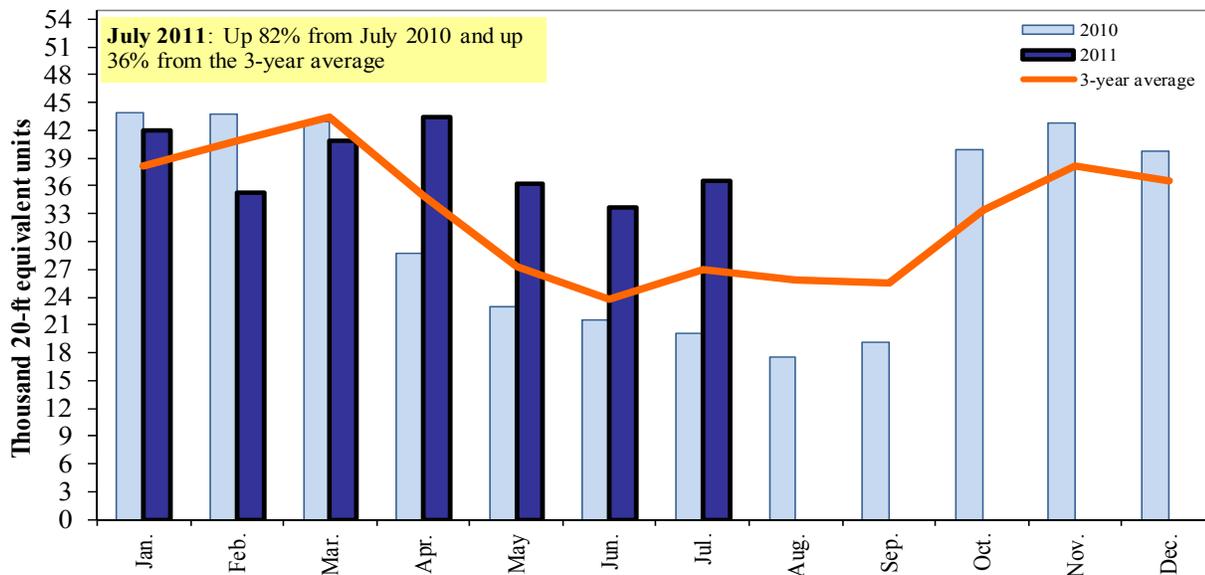


Source: USDA/Agricultural Marketing Service/Transportation Services Division analysis of Port Import Export Reporting Service (PIERS) data

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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