



WEEKLY HIGHLIGHTS

November 10, 2011

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Harvest Above Pace and Nearly Complete: Barge Rates Decline

As of November 6, the nation's corn harvest is 87 percent complete—14 percentage points ahead of the 3-year average pace of 73 percent. The soybean harvest is 92 percent complete, 4 percentage points above the 3-year average of 88 percent. The corn crop in Iowa and Illinois, are 94 and 95 percent harvested, respectively, and the soybean crop is 99 and 97 percent harvested. The Minnesota soybean harvest is 100 percent complete and its corn harvest is 98 percent complete. Barge operators report a decreased demand for barge service as the harvest nears completion. **Barge rates** for Minneapolis-St. Paul (MSP), MN, to New Orleans, LA, declined 9 percent from the previous week and are 13 percent below the 3-year average. Barge rates also declined 2 to 13 percent at other locations. One barge operator reported that their barges will probably leave MSP on November 24 to avoid any ice accumulations that will eventually stop traffic on the upper reaches of the river.

Grain Inspections Recede After 3-Week Increase

For the week ending November 3, **total inspections of grain** (corn, wheat, and soybeans) for export from all major U.S. export regions reached 2.12 million metric tons (mmt), down 22 percent from the previous week and 29 percent below last year at this time. Total grain inspections dropped after increasing during the previous 3 weeks. Inspections dropped 53 percent in the Pacific Northwest (PNW) (.388 mmt) and 2 percent in the Mississippi Gulf (1.30 mmt). Inspections of grain in the PNW were down because of a drop in shipments to Asia. Total inspections of corn, wheat, and soybeans were also below the previous week. Total wheat (.277 mmt) inspections reached a low for the year as shipments to Asia and Nigeria declined notably. Compared to last year, outstanding (unshipped) export sales were up 20 percent for corn, signifying more transportation requirements for corn for the remainder of the marketing year. (Table 12)

Presidential Emergency Board Releases Recommendations

On November 5, the Presidential Emergency Board (PEB) issued its report and recommendations for resolving the labor dispute between rail labor unions, representing 75 percent of the rail workforce, and the Class I railroads. The main recommendations included a 20.1 percent wage increase spread over a 6 year period, a 1 percent lump sum bonus, and increased employee contributions to health insurance beginning in 2016. The unions and railroads now have until midnight on December 5 to resolve their differences either through accepting the recommendations of the PEB or by agreeing to alternative proposals. If no agreement is struck by the December 5 deadline, both sides are entitled to seek self help through strikes or lock-outs which would pose a serious disruption to the freight transportation system.

FMC Seeks Public's View of U.S. Containerized Imports Shipped through Canada or Mexico

The Federal Maritime Commission (Commission) has received requests from several members of Congress from Washington State and one member from California to study the impacts and the extent to which the U.S. Harbor Maintenance Tax (HMT), other U.S. policies, and other factors may create incentives for container cargo to shift from U.S. West Coast ports to those located in Canada and Mexico. These requests also asked the Commission to make legislative and regulatory recommendations to address this concern. In order to prepare the fullest response possible, the Commission now invites comment and information from the public. Non-confidential filings may be submitted in hard copy or by e-mail on or before December 22, 2011. Visit www.fmc.gov for more details.

Snapshots by Sector

Rail

U.S. railroads originated 23,798 **carloads of grain** during the week ending October 29, up 17 percent from last week, down 5 percent from last year, and 0.2 percent lower than the 3-year average.

During the week ending November 3, average November non-shuttle **secondary railcar bids/offers** were \$47 below tariff, down \$19 from last week and \$35 lower than last year. Average shuttle rates were \$398 below tariff, up \$9 from last week and \$11 higher than last year.

Barge

During the week ending November 5, **barge grain movements** totaled 702,068 tons, 3 percent higher than the previous week and 29 percent higher than the same period last year.

During the week ending November 5, 456 grain barges **moved down river**, up 4.8 percent from last week; 719 grain barges were **unloaded in New Orleans**, up 3.8 percent from the previous week.

Ocean

During the week ending November 3, 33 **ocean-going grain vessels** were loaded in the Gulf, down 23 percent from last year. Fifty-five vessels are expected to be loaded within the next 10 days, 19 percent less than the same period last year.

During the week ending November 4, the ocean freight rate for shipping bulk grain from the Gulf to Japan was \$57.00 per metric ton (mt), 2 percent less than the previous week. The cost of shipping from the Pacific Northwest to Japan was \$32 per mt—6 percent more than the previous week.

Fuel

During the week ending November 7, U.S. average **diesel fuel prices** were \$3.89 per gallon—unchanged from the previous week and 25 percent higher than the same week last year.

Feature Article/Calendar

Bulk Ocean Freight Rates Remain Low

Despite the optimism of ship owners and a mid-quarter freight-market rally, ocean freight rates for shipping bulk commodities were considerably lower than both last year and the 4-year averages (table 1 and figure). Rates for shipping bulk grain from the U.S. Gulf to Japan averaged \$52.92 per metric ton (mt) during the third quarter—14 percent less than the previous year and 34 percent less than the 4-year average. Rates from the Pacific Northwest (PNW) to Japan averaged \$30.55 per mt—10 percent lower than the previous year and 35 percent less than the 4-year average. It costs 15 percent less to ship a metric ton of grain from the U.S. Gulf to Europe during the third quarter than it did a year earlier. The U.S. Gulf–Europe rate was also 41 percent lower than the 4-year average. Although the rates from the PNW to Japan and U.S. Gulf to Europe rose over the previous quarter, they were still significantly below last year and the 4-year averages. The spread between the U.S. Gulf- and PNW-to-Japan rates was also lower than last year and the 4-year average.

According to August-October issues of the Drewry Shipping Insight report, excess vessel supply was detrimental to the freight market causing the rates to decline in July across the market, with the exception of

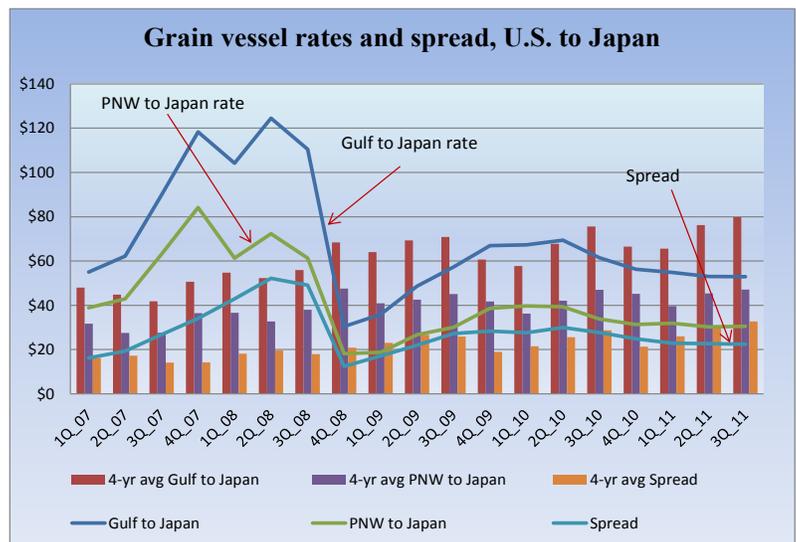
Table 1. Ocean freight rates for grain routes during 3rd quarter 2011

Route	July	Aug.	Sept.	3 rd quarter 2011	Change from		
					2 nd qtr '11	3rd qtr '10	4-yr avg
				--\$/mt--	Percent		
U.S. Gulf to Japan	51.90	52.25	54.60	52.92	-0.1	-14	-34
PNW to Japan	27.80	30.25	33.60	30.55	1.0	-10	-35
U.S. Gulf to Europe	23.50	24.13	24.20	23.94	11	-15	-41
Spread	24.10	22.00	21.00	22.37	-2	-19	-32

Source: O'Neil Commodity Consulting

the Capesize¹ segment. While the Capesize segment was supported by Chinese demand for steel, the Panamax and sub-Panamax rates declined because of a seasonal slowdown in grain shipping. Rates improved during August as iron ore shipments from West Australia to China increased. India's steel makers boosted the demand for bulk carriers by investing in foreign iron ore exploration because of a ban on mining in some Indian districts. Likewise, the removal of the export ban on Russian grain also increased exports. The rates improved through September as low commodity prices increased iron ore buying by China, lifting rates in the Capesize segment.

Shipments of iron ore increased from 12.8 million metric tons (mt) in August to 17.4 million mt in September. Increased coal shipments from Australia to the Far East also boosted Panamax rates.



¹ Capesize vessels are very large bulk carriers between 110-200,000 deadweight cargo-carrying capacity, and they are usually used to transport iron ore, especially from West Australia to China.

Market Outlook: Despite the strength gained by the market during the latter part of the quarter, ocean freight rates were still below last year's levels and the 4-year averages. Although we are in the North American grain season, it is too early to tell whether it will translate into rate increases because current vessel supply exceeds demand. As of September, the global bulk vessel operating fleet stood at 580.7 million deadweight tonnages (mdwt), of which the Panamax segment represents 104 mdwt (table 2). Many other factors contribute to the indeterminacy of the freight market. According to the September issue of the Drewry Shipping Insight report, Indian iron ore exports are likely to decline by as much as 28 percent in 2011 due to a ban on mining in some districts. Initially, this will reduce the demand for bulk carriers. However, it may force Indian domestic steel makers to source iron ore overseas boosting the demand for bulk carriers in the region. China has been consuming most of its domestically-produced iron ore and coal, denting the demand for bulk carriers. However, according to the Drewry Report, Chinese iron ore demand is expected to grow significantly by 2015 because of the rapid growth of the construction sector and the poor quality of domestic supply.

Table 2: Global dry bulk operating fleet, September 2011

Type of vessel	Size (dwt)	No. of vessels	Capacity (mdwt)
Handysize	10,000-40,000	3,009	82.6
Handymax	40,000-60,000	2,341	119.4
Panamax	60,000-80,000	1,440	104.0
Post-Panamax	80,000-110,000	526	46.3
Capesize	110,000-200,000	1,031	174.5
Vloc	200,000+	219	54.1
Total		8,566	580.7

Source: Drewry Shipping Consultants.

Russian grain harvest and exports are also expected to increase from 2010, creating a demand for grain-carrying bulkers. Finally, the global dry bulk orderbook¹ from 2011 to 2015 stands at 236.06 mdwt, almost 41 percent of the current fleet (table 3). The orderbook for Post-Panamax vessels stands at 48.28 mdwt, representing 106 percent of the current fleet. If the orderbook materializes and the demand for vessels does not keep up, ocean freight rates may fall or remain stable for a while.

Table 3: Global dry bulk orderbook, 2011–2015

Type of vessel	Size (dwt)	No. of vessels	Capacity (mdwt)	% of existing fleet
Handysize	10,000–40,000	680	22.029	26.3%
Handymax	40,000–60,000	763	41.648	34.7%
Panamax	60,000–80,000	328	23.662	22.8%
Post–Panamax	80,000–110,000	564	48.281	106.2%
Capesize	110,000–200,000	316	52.480	30.1%
Vloc	200,000+	182	47.964	90.2%
Total		2,833	236.064	40.7%

Source: Drewry Shipping Consultants.

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¹ Orderbook reflects newly built vessels scheduled for delivery at a specified date.

Grain Transportation Indicators

Table 1

Grain Transport Cost Indicators¹

Week ending	Truck	Rail ²	Barge	Ocean	
				Gulf	Pacific
11/09/11	261	58	246	255	227
11/02/11	261	67	269	259	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)

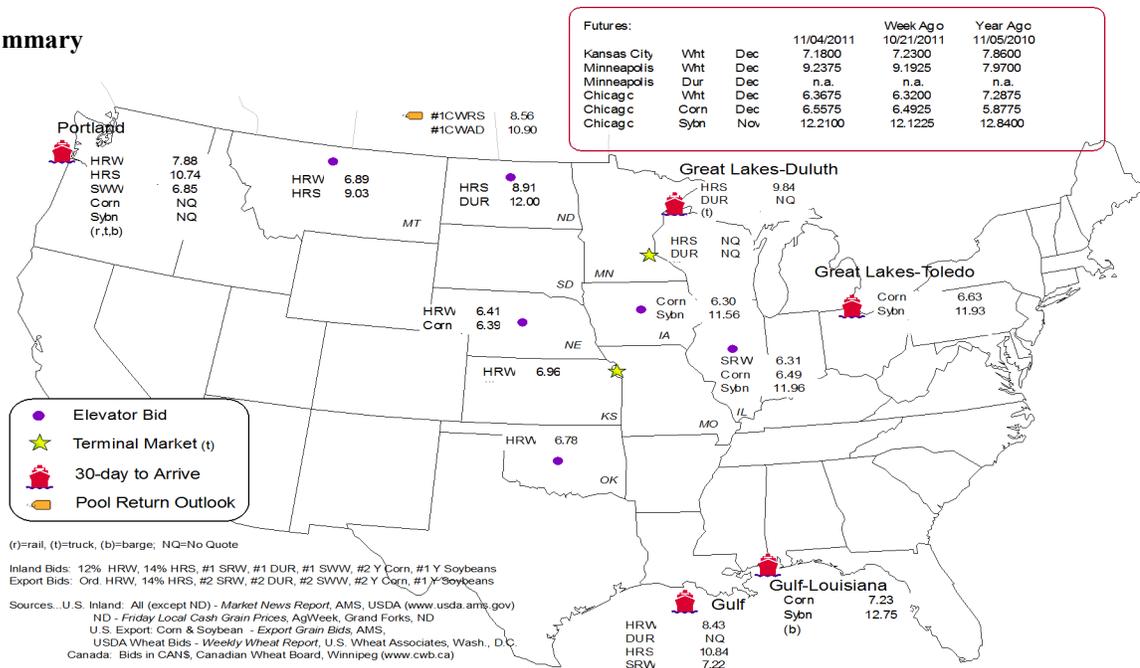
Commodity	Origin--Destination	11/04/2011	10/28/2011
Corn	IL--Gulf	-0.74	-0.69
Corn	NE--Gulf	-0.84	-0.79
Soybean	IA--Gulf	-1.19	-1.25
HRW	KS--Gulf	-1.47	-1.40
HRS	ND--Portland	-1.83	-1.93

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	
11/02/2011 ^P	533	121	1,217	3,281	548	5,700
10/26/2011 ^r	891	459	1,898	4,023	719	7,990
2011 YTD	25,932	72,102	41,163	150,775	19,294	309,266
2010 YTD	23,100	66,827	37,156	145,909	25,254	298,246
2011 YTD as % of 2010 YTD	112	108	111	103	76	104
Last 4 weeks as % of 2010 ²	35	25	183	76	44	63
Last 4 weeks as % of 4-year avg. ²	30	25	150	71	51	59
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.

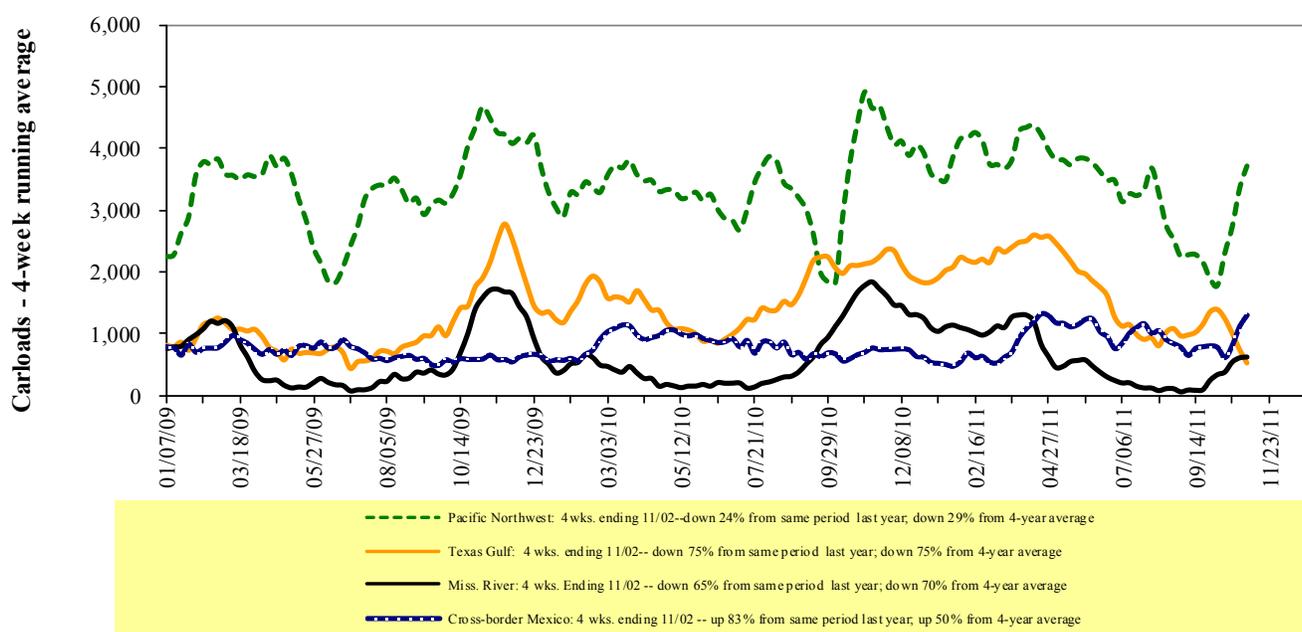
YTD = year-to-date; p = preliminary data; r = revised data; n/a = not available

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

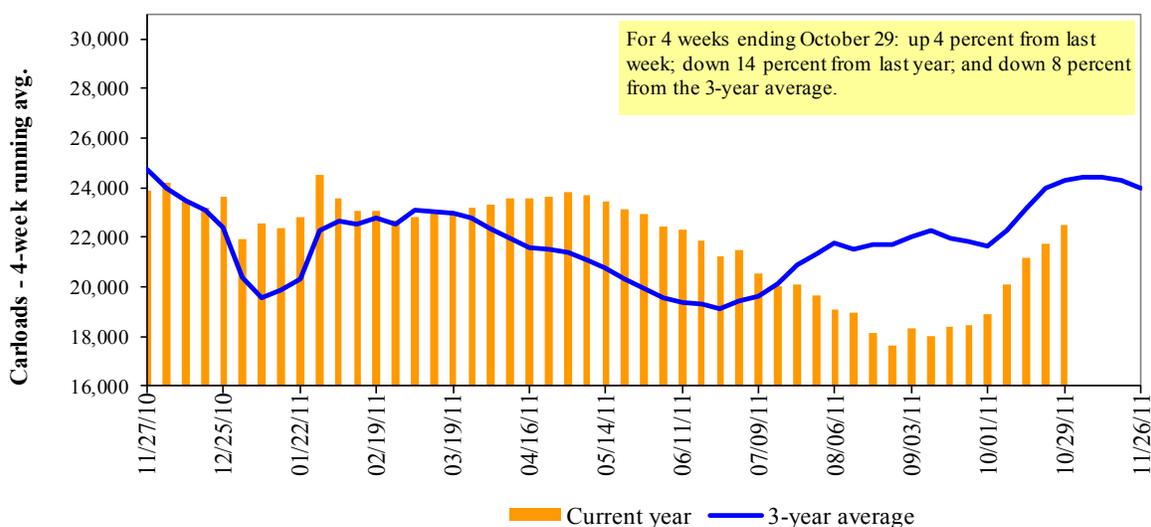
Table 4

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
10/29/11	2,409	3,178	11,241	734	6,236	23,798	4,656	5,683
This week last year	2,600	3,685	11,670	589	6,546	25,090	4,492	4,321
2011 YTD	77,209	124,797	450,795	30,284	249,109	932,194	165,572	218,740
2010 YTD	91,498	131,255	447,728	30,084	240,987	941,552	167,072	221,231
2011 YTD as % of 2010 YTD	84	95	101	101	103	99	99	99
Last 4 weeks as % of 2010 ¹	85	92	82	101	88	86	103	111
Last 4 weeks as % of 3-yr avg. ¹	89	99	90	93	93	92	106	100
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							
	Nov-11	Nov-10	Dec-11	Dec-10	Jan-12	Jan-11	Feb-12	Feb-11
BNSF ³								
COT grain units	no bids	no offer	no bids	no offer				
COT grain single-car ⁵	0	no offer	0	no offer	no bids	no offer	no bids	no offer
UP ⁴								
GCAS/Region 1	no bids	no offer	no bids	no bids	no offer	no bids	n/a	n/a
GCAS/Region 2	no bids	no bids	no bids	no bids	no offer	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.

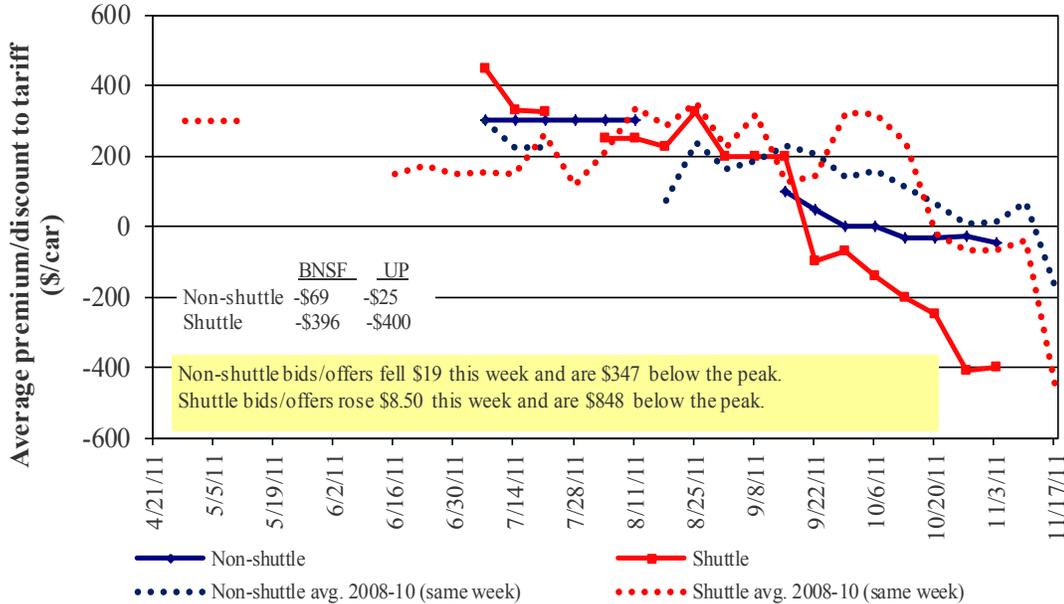
⁵Range is shown because average is not available. Not available = n/a.

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 November 2011, Secondary Market

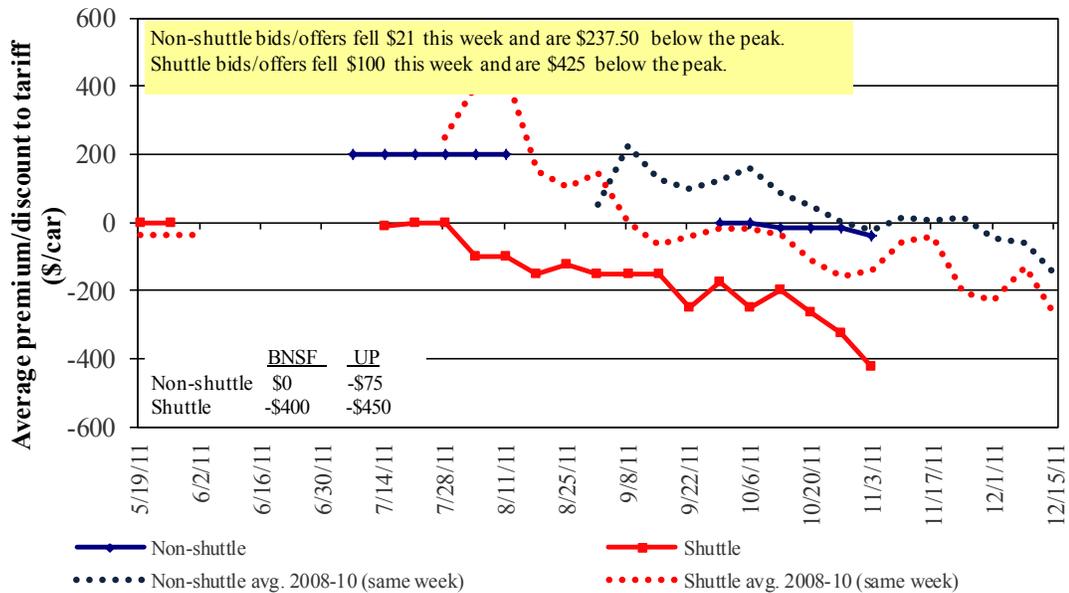


Non-shuttle bids include unit-train and single-car bids. n/a = not available.

Source: Transportation & Marketing Programs/AMS/USDA

Figure 5

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

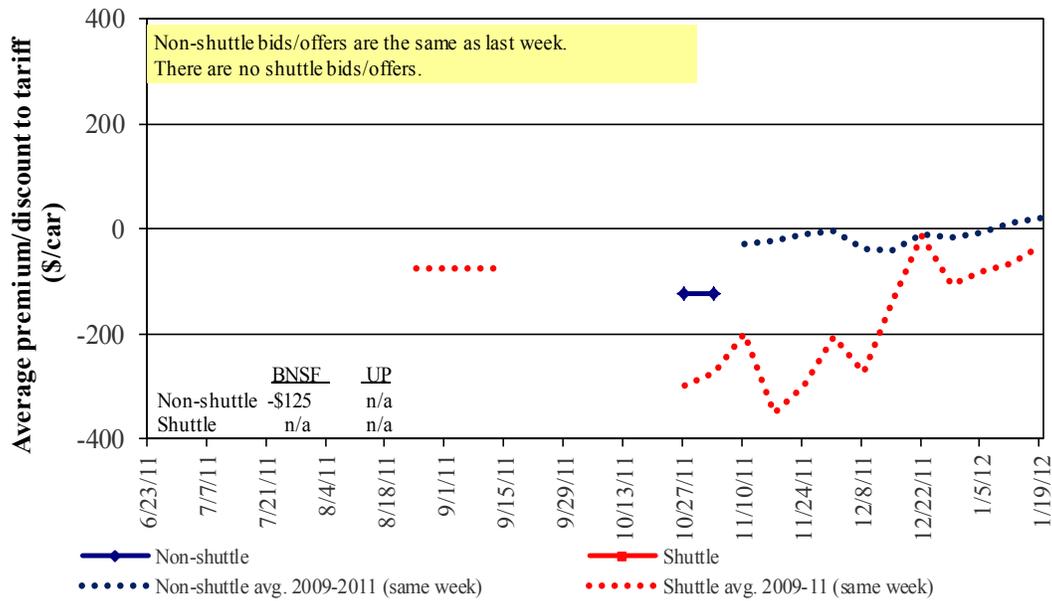


Non-shuttle bids include unit-train and single-car bids. n/a = not available.

Source: Transportation & Marketing Programs/AMS/USDA

Figure 6

Bids/Offers for Railcars to be Delivered in January 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					
	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12
Non-shuttle						
BNSF-GF	(69)	-	(125)	n/a	n/a	n/a
Change from last week	(36)	-	-	n/a	n/a	n/a
Change from same week 2010	(69)	(50)	n/a	n/a	n/a	n/a
UP-Pool	(25)	(75)	n/a	n/a	n/a	n/a
Change from last week	(2)	(42)	n/a	n/a	n/a	n/a
Change from same week 2010	-	(50)	n/a	n/a	n/a	n/a
Shuttle²						
BNSF-GF	(396)	(400)	n/a	n/a	n/a	n/a
Change from last week	(33)	n/a	n/a	n/a	n/a	n/a
Change from same week 2010	96	-	n/a	n/a	n/a	n/a
UP-Pool	(400)	(450)	n/a	n/a	n/a	n/a
Change from last week	50	(125)	n/a	n/a	n/a	n/a
Change from same week 2010	(75)	(250)	n/a	n/a	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:							Percent
11/7/2011	Origin region*	Destination region*	Tariff rate/car	Fuel surcharge per car	Tariff plus surcharge per:		change
					metric ton	bushel ²	Y/Y ³
Unit train							
Wheat	Wichita, KS	St. Louis, MO	\$2,992	\$177	\$31.47	\$0.86	11
	Grand Forks, ND	Duluth-Superior, MN	\$3,097	\$101	\$31.76	\$0.86	19
	Wichita, KS	Los Angeles, CA	\$5,710	\$520	\$61.87	\$1.68	9
	Wichita, KS	New Orleans, LA	\$3,492	\$312	\$37.77	\$1.03	11
	Sioux Falls, SD	Galveston-Houston, TX	\$5,410	\$427	\$57.96	\$1.58	6
	Northwest KS	Galveston-Houston, TX	\$3,760	\$341	\$40.73	\$1.11	11
	Amarillo, TX	Los Angeles, CA	\$3,959	\$475	\$44.03	\$1.20	12
Corn	Champaign-Urbana, IL	New Orleans, LA	\$3,062	\$352	\$33.90	\$0.92	14
	Toledo, OH	Raleigh, NC	\$3,942	\$398	\$43.10	\$1.17	9
	Des Moines, IA	Davenport, IA	\$1,934	\$75	\$19.95	\$0.54	7
	Indianapolis, IN	Atlanta, GA	\$3,381	\$299	\$36.54	\$0.99	10
	Indianapolis, IN	Knoxville, TN	\$2,833	\$192	\$30.04	\$0.82	6
	Des Moines, IA	Little Rock, AR	\$3,074	\$219	\$32.70	\$0.89	8
Soybeans	Des Moines, IA	Los Angeles, CA	\$4,985	\$638	\$55.84	\$1.52	20
	Minneapolis, MN	New Orleans, LA	\$3,349	\$387	\$37.10	\$1.01	7
	Toledo, OH	Huntsville, AL	\$3,057	\$283	\$33.17	\$0.90	9
	Indianapolis, IN	Raleigh, NC	\$4,013	\$401	\$43.83	\$1.19	9
	Indianapolis, IN	Huntsville, AL	\$2,749	\$192	\$29.20	\$0.79	8
Champaign-Urbana, IL	New Orleans, LA	\$3,406	\$352	\$37.32	\$1.02	13	
Shuttle Train							
Wheat	Great Falls, MT	Portland, OR	\$3,239	\$299	\$35.14	\$0.96	9
	Wichita, KS	Galveston-Houston, TX	\$3,144	\$233	\$33.53	\$0.91	7
	Chicago, IL	Albany, NY	\$3,645	\$374	\$39.91	\$1.09	9
	Grand Forks, ND	Portland, OR	\$4,702	\$517	\$51.83	\$1.41	9
	Grand Forks, ND	Galveston-Houston, TX	\$5,745	\$538	\$62.40	\$1.70	10
	Northwest KS	Portland, OR	\$4,727	\$560	\$52.50	\$1.43	11
	Corn	Minneapolis, MN	Portland, OR	\$4,800	\$629	\$53.92	\$1.47
Sioux Falls, SD		Tacoma, WA	\$4,760	\$576	\$52.99	\$1.44	13
Champaign-Urbana, IL		New Orleans, LA	\$2,877	\$352	\$32.07	\$0.87	13
Lincoln, NE		Galveston-Houston, TX	\$3,310	\$336	\$36.21	\$0.99	10
Des Moines, IA		Amarillo, TX	\$3,430	\$275	\$36.80	\$1.00	7
Minneapolis, MN		Tacoma, WA	\$4,800	\$624	\$53.87	\$1.47	13
Council Bluffs, IA		Stockton, CA	\$4,200	\$646	\$48.12	\$1.31	13
Soybeans	Sioux Falls, SD	Tacoma, WA	\$5,040	\$576	\$55.77	\$1.52	11
	Minneapolis, MN	Portland, OR	\$5,030	\$629	\$56.20	\$1.53	12
	Fargo, ND	Tacoma, WA	\$4,930	\$512	\$54.05	\$1.47	11
	Council Bluffs, IA	New Orleans, LA	\$3,710	\$406	\$40.87	\$1.11	11
	Toledo, OH	Huntsville, AL	\$2,672	\$283	\$29.34	\$0.80	10
Grand Island, NE	Portland, OR	\$4,520	\$573	\$50.58	\$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: 11/7/2011

Commodity	Origin		Tariff rate/car ¹	Fuel surcharge per car ²	Tariff plus surcharge per:		Percent change Y/Y ⁴
	state	Destination region			metric ton ³	bushel ³	
Wheat	MT	Chihuahua, CI	\$7,741	\$547	\$84.68	\$2.30	12
	OK	Cuautitlan, EM	\$6,804	\$573	\$75.37	\$2.05	12
	KS	Guadalajara, JA	\$7,411	\$848	\$84.39	\$2.29	10
	TX	Salinas Victoria, NL	\$3,753	\$233	\$40.73	\$1.11	11
Corn	IA	Guadalajara, JA	\$7,699	\$860	\$87.45	\$2.22	10
	SD	Penjamo, GJ	\$7,776	\$715	\$86.76	\$2.20	14
	NE	Queretaro, QA	\$7,048	\$739	\$79.57	\$2.02	15
	SD	Salinas Victoria, NL	\$5,650	\$544	\$63.28	\$1.61	13
	MO	Tlalnepantla, EM	\$6,227	\$721	\$70.99	\$1.80	17
	SD	Torreón, CU	\$6,522	\$599	\$72.76	\$1.85	12
Soybeans	MO	Bojay (Tula), HG	\$6,986	\$753	\$79.07	\$2.15	14
	NE	Guadalajara, JA	\$7,904	\$860	\$89.55	\$2.43	17
	IA	El Castillo, JA ⁵	\$8,255	\$711	\$91.61	\$2.49	18
	KS	Torreón, CU	\$6,396	\$586	\$71.34	\$1.94	18
Sorghum	OK	Cuautitlan, EM	\$5,885	\$543	\$65.68	\$1.67	19
	TX	Guadalajara, JA	\$6,653	\$465	\$72.73	\$1.85	14
	NE	Penjamo, GJ	\$7,446	\$805	\$84.30	\$2.14	15
	KS	Queretaro, QA	\$6,353	\$508	\$70.10	\$1.78	14
	NE	Salinas Victoria, NL	\$5,103	\$483	\$57.07	\$1.45	16
	NE	Torreón, CU	\$6,068	\$622	\$68.36	\$1.73	12

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

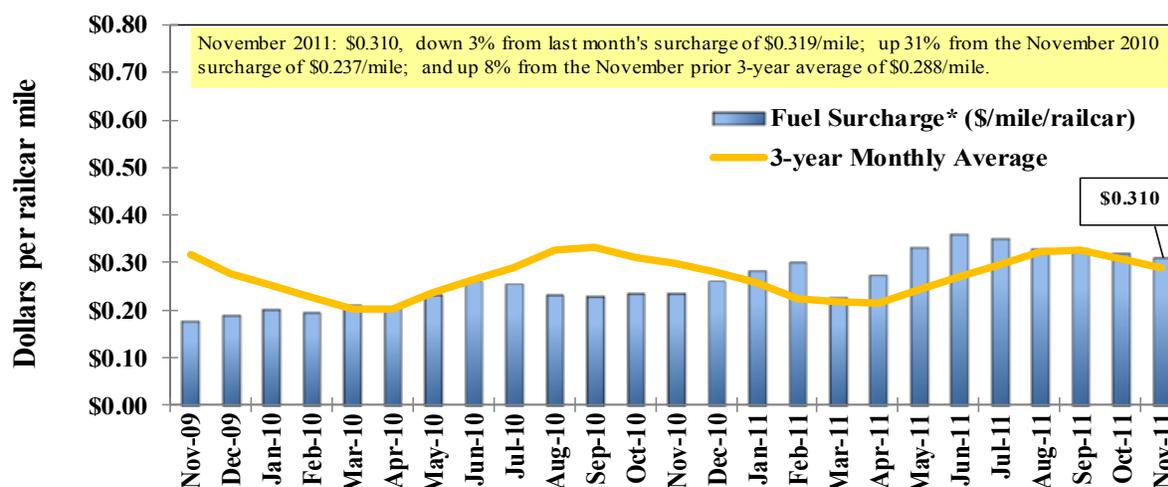
³Approximate load per car = 97.87 metric tons: Corn & Sorghum 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

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.

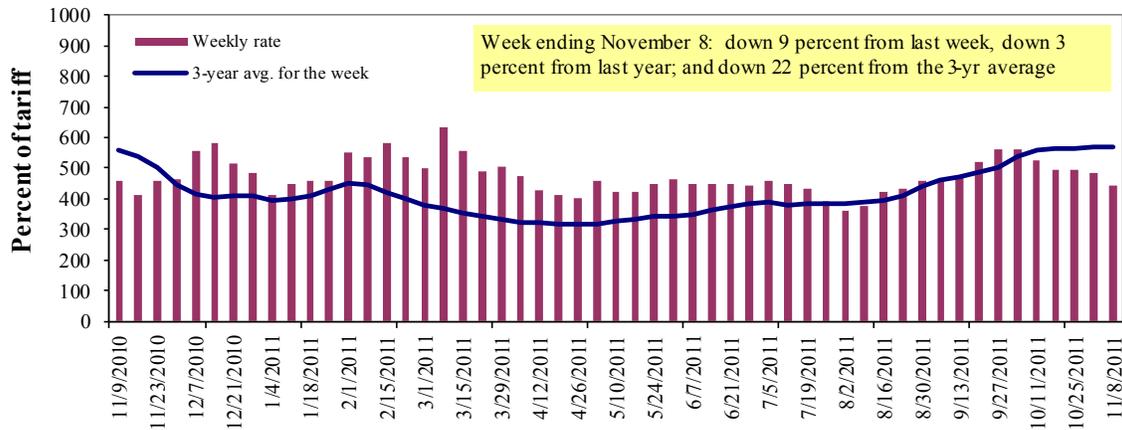
** BNSF strike price (diesel price when fuel surcharges begin) changed from \$1.25/gal. to \$2.50/gal. starting March 1, 2011. As a result, the weighted average fuel surcharge for March 2011 was \$0.227/mile instead of \$0.331/mile.

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

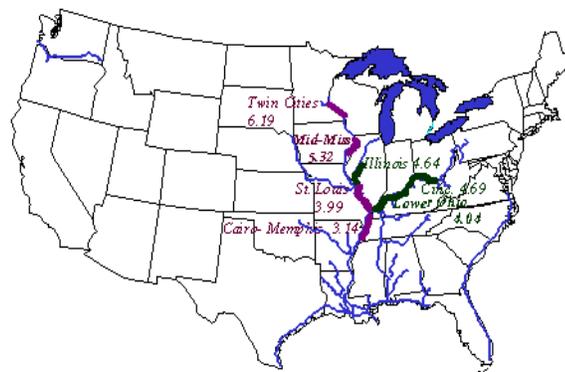
Weekly Barge Freight Rates: Southbound Only

		Twin Cities	Mid- Mississippi	Lower Illinois River	St. Louis	Cincinnati	Lower Ohio	Cairo- Memphis
Rate¹	11/8/2011	503	463	443	357	445	445	300
	11/1/2011	533	550	485	410	453	453	338
\$/ton	11/8/2011	31.14	24.63	20.56	14.24	20.87	17.98	9.42
	11/1/2011	32.99	29.26	22.50	16.36	21.25	18.30	10.61
Current week % change from the same week:								
	Last year	-19	-11	-3	-13	10	10	-10
	3-year avg. ²	-13	-18	-22	-35	-22	-22	-41
Rate¹	December	--	--	438	330	412	412	300
	February	--	--	430	338	392	392	300

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

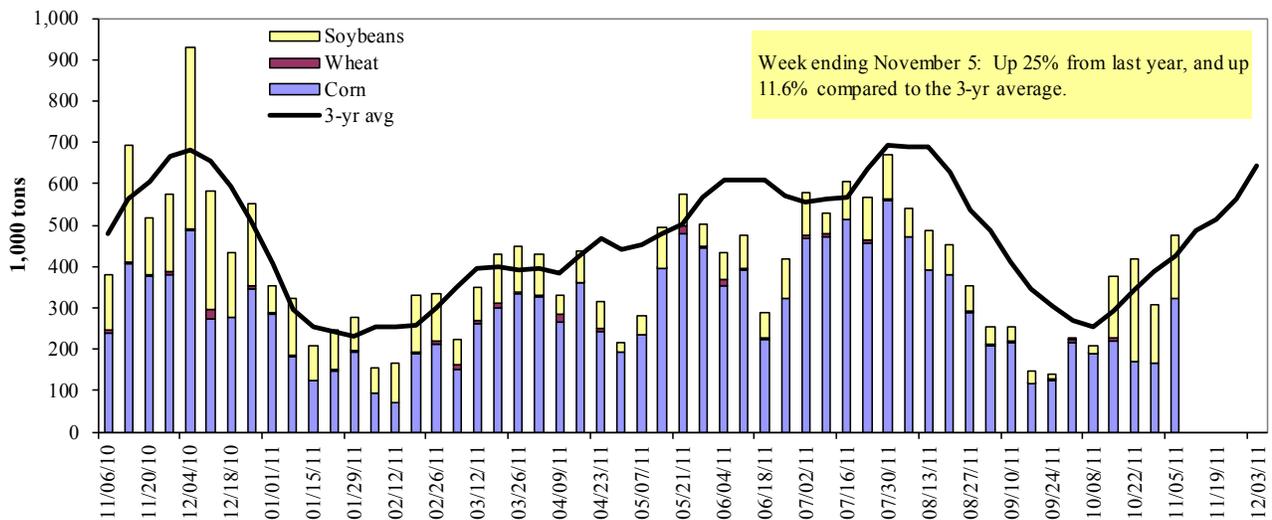


Calculating barge rate per ton:

(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/webprts/default.asp)

Table 10

Barge Grain Movements (1,000 tons)

Week ending 11/5/2011	Corn	Wheat	Soybeans	Other	Total
Mississippi River					
Rock Island, IL (L15)	129	0	54	0	183
Winfield, MO (L25)	211	0	133	2	346
Alton, IL (L26)	339	0	151	2	492
Granite City, IL (L27)	323	0	151	2	476
Illinois River (L8)	103	0	17	0	120
Ohio River (L52)	77	2	108	0	187
Arkansas River (L1)	0	7	32	0	39
Weekly total - 2011	400	9	292	2	702
Weekly total - 2010	290	13	240	0	543
2011 YTD ¹	15,829	1,288	6,261	347	23,724
2010 YTD	19,494	1,086	7,559	387	28,526
2011 as % of 2010 YTD	81	119	83	90	83
Last 4 weeks as % of 2010 ²	113	108	68	220	87
Total 2010	22,768	1,220	10,373	481	34,841

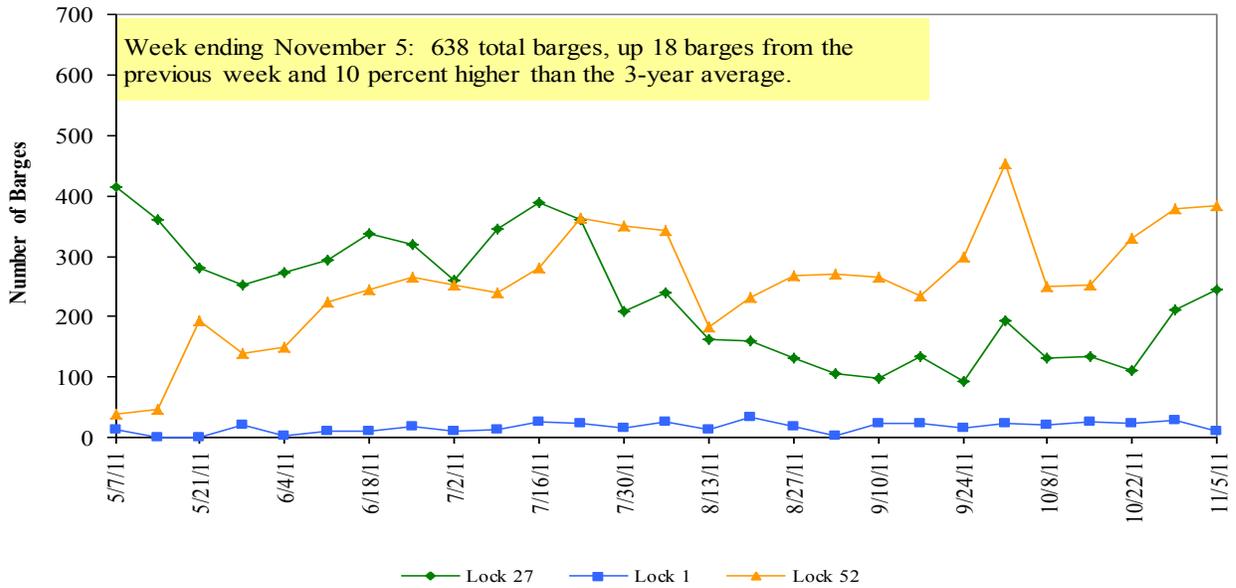
¹ Weekly total, YTD (year-to-date) and calendar year total includes Miss/27, Ohio/52, and Ark/1; "Other" refers to oats, barley, sorghum, and rye.

² As a percent of same period in 2010.

Note: Total may not add exactly, due to rounding

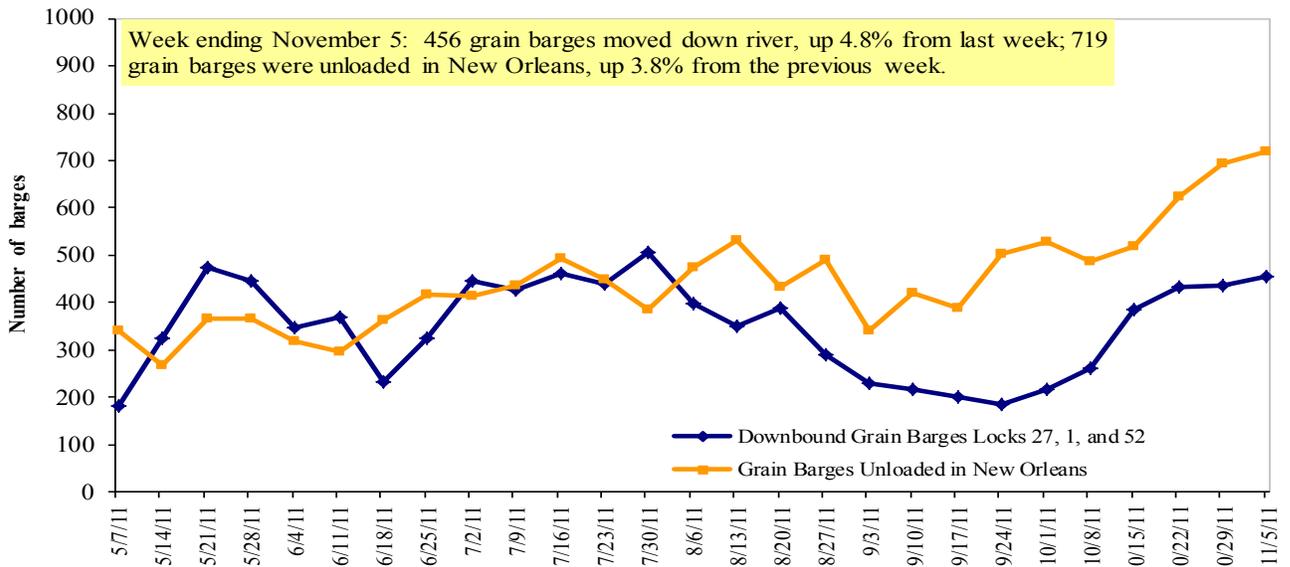
Source: U.S. Army Corps of Engineers (www.mvr.usace.army.mil/mvrini/omni/webprts/default.asp)

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 11/7/2011 (US \$/gallon)

Region	Location	Price	Change from	
			Week ago	Year ago
I	East Coast	3.875	-0.011	0.761
	New England	3.950	0.015	0.780
	Central Atlantic	3.997	0.003	0.772
	Lower Atlantic	3.816	-0.020	0.755
II	Midwest ²	3.863	-0.003	0.761
III	Gulf Coast ³	3.796	-0.012	0.766
IV	Rocky Mountain	3.978	0.019	0.779
V	West Coast	4.109	0.002	0.836
	California	4.213	0.050	0.934
Total	U.S.	3.887	-0.005	0.771

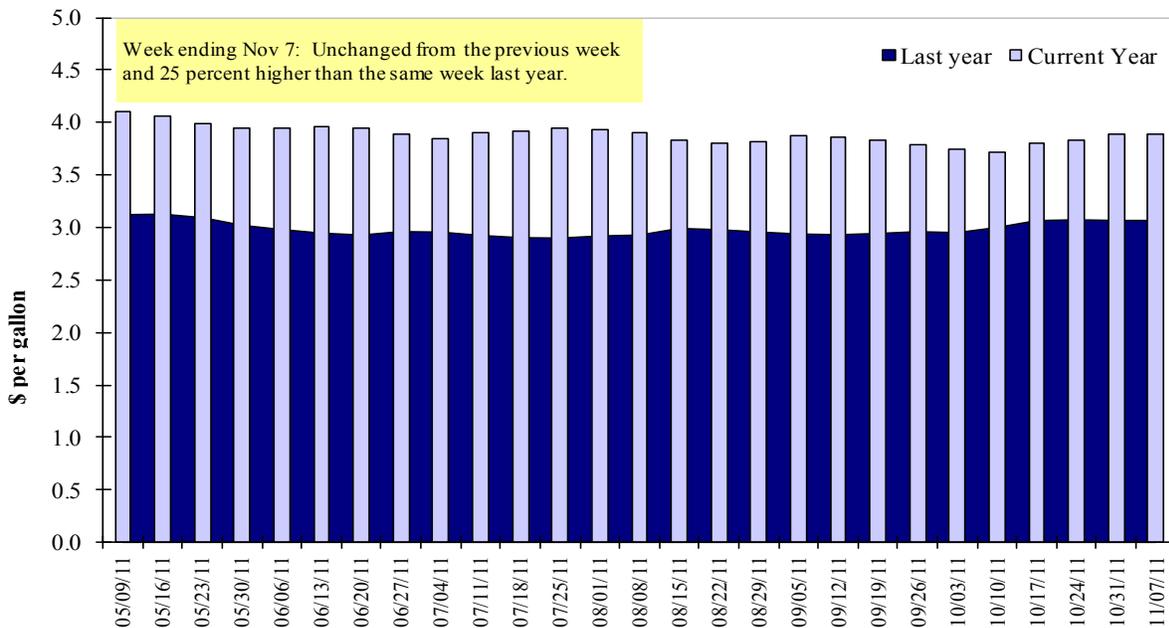
¹Diesel fuel prices include all taxes. Prices represent an average of all types of diesel fuel.

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									
10/27/2711	1,322	738	1,162	926	58	4,206	15,364	13,181	32,751
This week year ago	3,365	553	2,326	1,185	194	7,623	12,798	20,473	40,894
Cumulative exports-marketing year²									
2011/12 YTD	4,989	1,554	3,072	2,110	257	11,982	5,726	5,341	23,049
2010/11 YTD	5,834	868	3,230	1,993	469	12,394	7,382	8,459	28,235
YTD 2011/12 as % of 2010/11	86	179	95	106	55	97	78	63	82
Last 4 wks as % of same period 2010/11	41	137	54	84	39	59	120	71	84
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 10/27/11	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	450	5,907	(92)	14,279
Mexico	3,829	3,061	25	7,019
Korea	1,803	1,607	12	6,104
Egypt	328	1,312	(75)	3,302
Taiwan	741	798	(7)	2,393
Top 5 importers	7,151	12,685	(44)	33,096
Total US corn export sales	21,090	20,180	5	46,610
% of Projected	52%	43%		
Change from Last Week	663	462		
Top 5 importers' share of U.S. corn export sales	34%	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 10/27/2011	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	12,969	17,601	(26)	24,445
Mexico	1,156	1,192	(3)	3,215
Japan	719	1,057	(32)	1,887
EU-25	158	671	(77)	2,607
Indonesia	458	610	(25)	1,397
Top 5 importers	15,458	21,131	(27)	33,551
Total US soybean export sales	16,952	23,927	(29)	40,690
% of Projected	45%	59%		
Change from last week	(1,360)	(3,418)		
Top 5 importers' share of U.S. soybean export sales	91%	88%		
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 10/27/2011	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	1,831	1,924	(5)	3,233
Japan	2,143	1,969	9	3,148
Mexico	2,107	1,586	33	2,601
Philippines	1,411	1,561	(10)	1,518
Korea	677	1,090	(38)	1,111
Peru	544	308	77	923
Taiwan	499	450	11	913
Colombia	365	438	(17)	783
Indonesia	472	386	22	781
Yemen	272	296		659
Top 10 importers	10,321	10,007	3	15,670
Total US wheat export sales	16,188	20,018	(19)	33,439
% of Projected	61%	57%		
Change from last week	320	566		
Top 10 importers' share of U.S. wheat export sales	64%	50%		
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 11/03/11	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	93	325	29	12,252	9,574	128	106	114	11,062
Corn	107	49	217	7,219	8,568	84	102	92	9,950
Soybeans	188	452	42	5,579	7,769	72	72	78	10,191
Total	388	825	47	25,050	25,911	97	82	88	31,203
Mississippi Gulf									
Wheat	118	73	161	4,568	3,428	133	99	80	4,199
Corn	273	513	53	22,244	25,790	86	82	89	29,794
Soybeans	905	732	124	14,243	15,938	89	74	95	22,519
Total	1,295	1,318	98	41,055	45,156	91	78	92	56,512
Texas Gulf									
Wheat	22	137	16	9,976	7,808	128	57	81	9,339
Corn	0	0	n/a	832	1,603	52	11	14	1,859
Soybeans	0	0	n/a	763	1,227	62	0	0	1,916
Total	22	137	16	11,571	10,637	109	33	43	13,115
Interior									
Wheat	32	10	314	969	751	129	28	162	926
Corn	167	227	73	6,144	5,581	110	79	155	6,388
Soybeans	101	103	99	3,608	3,085	117	88	130	3,641
Total	300	340	88	10,721	9,417	114	135	143	10,954
Great Lakes									
Wheat	11	20	57	900	1,479	61	37	46	1,897
Corn	0	0	n/a	159	100	159	20	39	119
Soybeans	81	51	160	233	428	54	81	87	655
Total	92	70	131	1,292	2,007	64	60	70	2,672
Atlantic									
Wheat	2	3	82	658	314	209	10	17	343
Corn	17	1	1,240	253	432	58	55	48	469
Soybeans	5	13	40	542	930	58	23	38	1,417
Total	25	18	142	1,452	1,676	87	28	39	2,229
U.S. total from ports²									
Wheat	277	568	49	29,324	23,355	126	79	91	27,765
Corn	564	791	71	36,851	42,074	88	88	93	48,580
Soybeans	1,281	1,350	95	24,968	29,376	85	70	84	40,340
Total	2,122	2,709	78	91,142	94,805	96	76	88	116,684

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

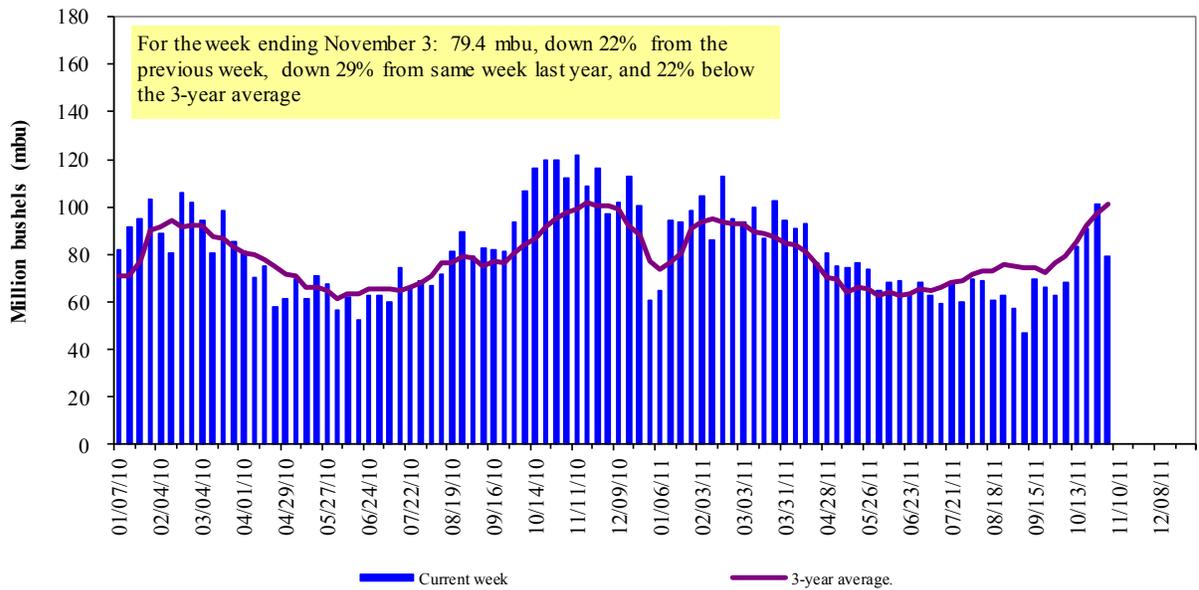
² Total includes only port regions shown above; Interior land-based shipments now included.

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)

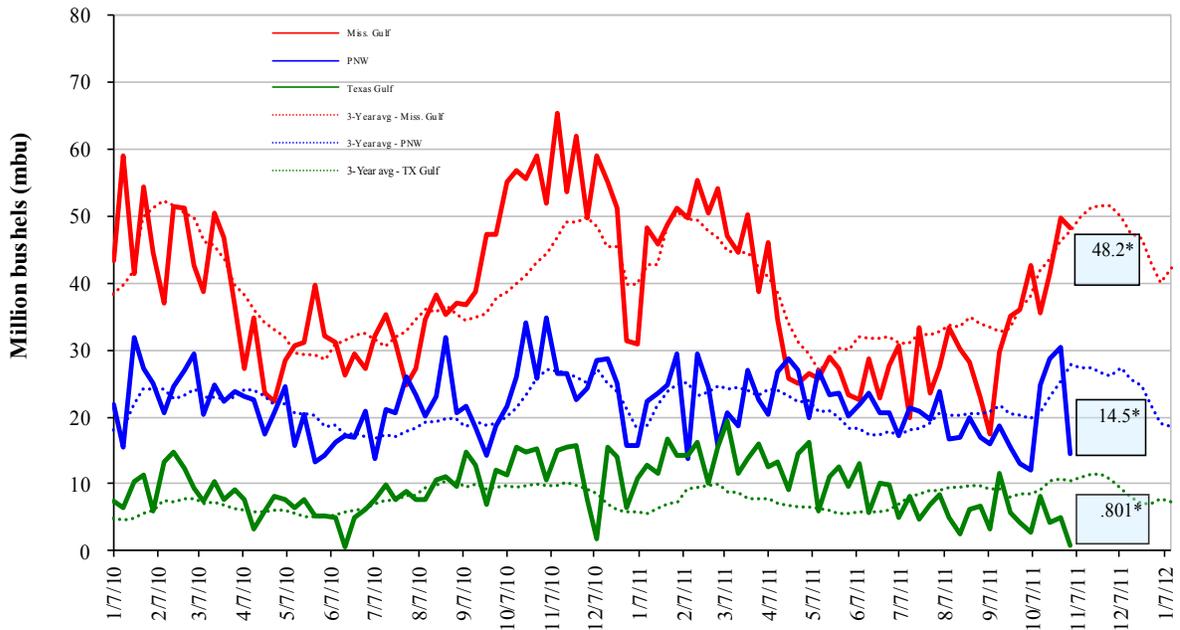


Source: Grain Inspection, Packers and Stockyards Administration/USDA (www.gipsa.usda.gov)

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.

November 3 % change from:	MS Gulf	TX Gulf	U.S. Gulf	PNW
Last week	down 3	down 84	down 10	down 52
Last year (same week)	down 7	down 93	down 22	down 58
3-yr avg. (4-wk mov. avg.)	down 1	down 92	down 16	down 51

Ocean Transportation

Table 17

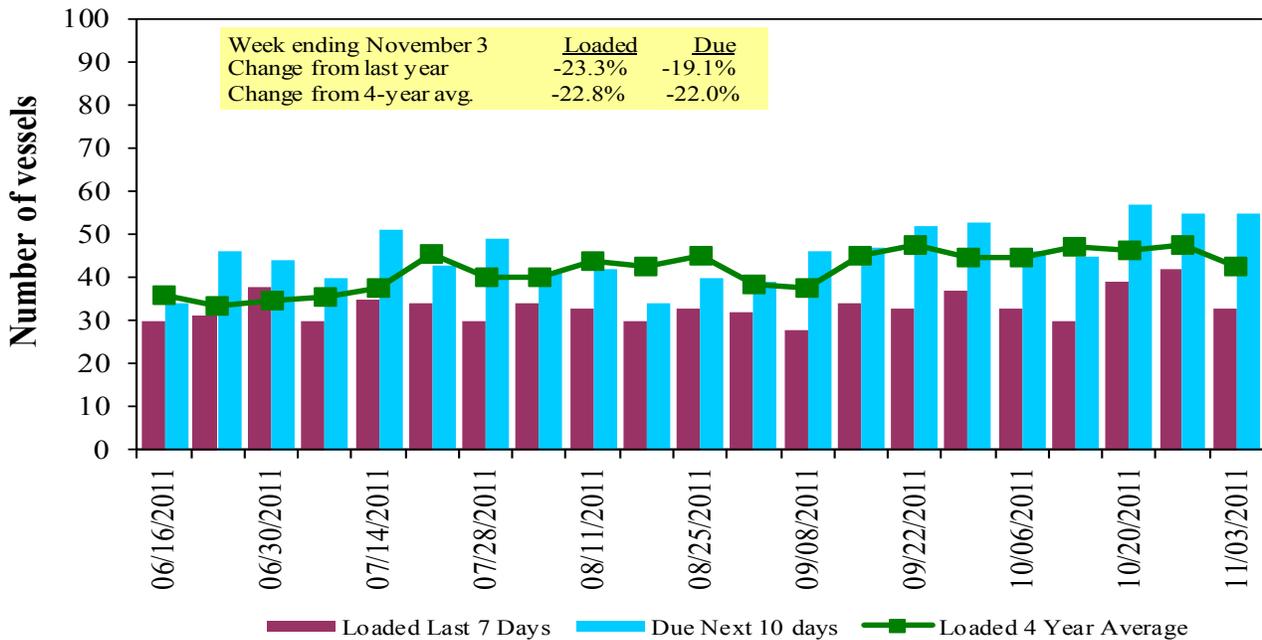
Weekly Port Region Grain Ocean Vessel Activity (number of vessels)

Date	Gulf			Pacific Northwest	Vancouver B.C.
	In port	Loaded 7-days	Due next 10-days	In port	In port
11/3/2011	23	33	55	10	10
10/27/2011	25	42	55	10	15
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. Gulf^d Vessel Loading Activity

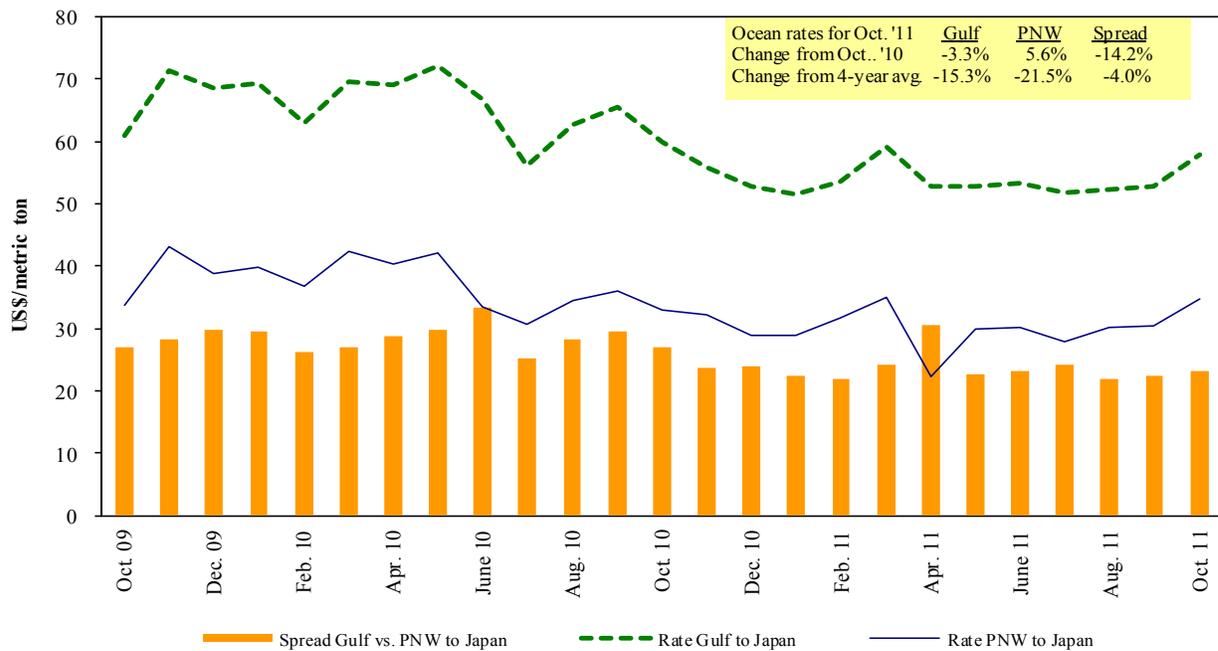


Source: Transportation & Marketing Programs/AMS/USDA

^dU.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 11/05/2011

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	Japan	Heavy Grain	June 1/12	54,000	52.50
U.S. Gulf	Djibouti ¹	Wheat	Dec 5/15	35,800	125.25
PNW	China	Heavy Grain	Dec 5/20	6,500	26.00
France	Algeria	Wheat	Nov 1/2	20,000	35.00
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

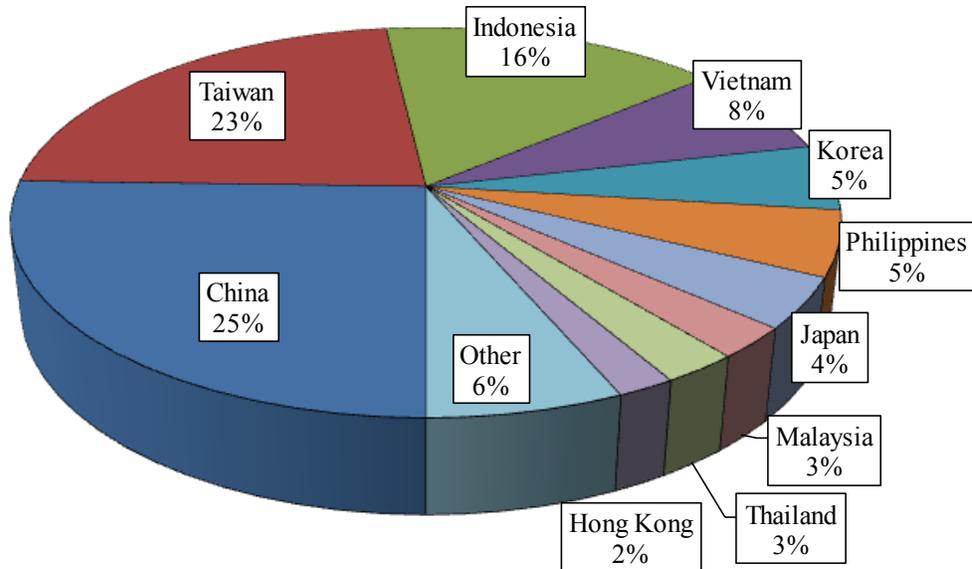
Rates shown are for metric ton (2,204.62 lbs. = 1 metric ton), F.O.B., except where otherwise indicates; op = option

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

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, August 2011

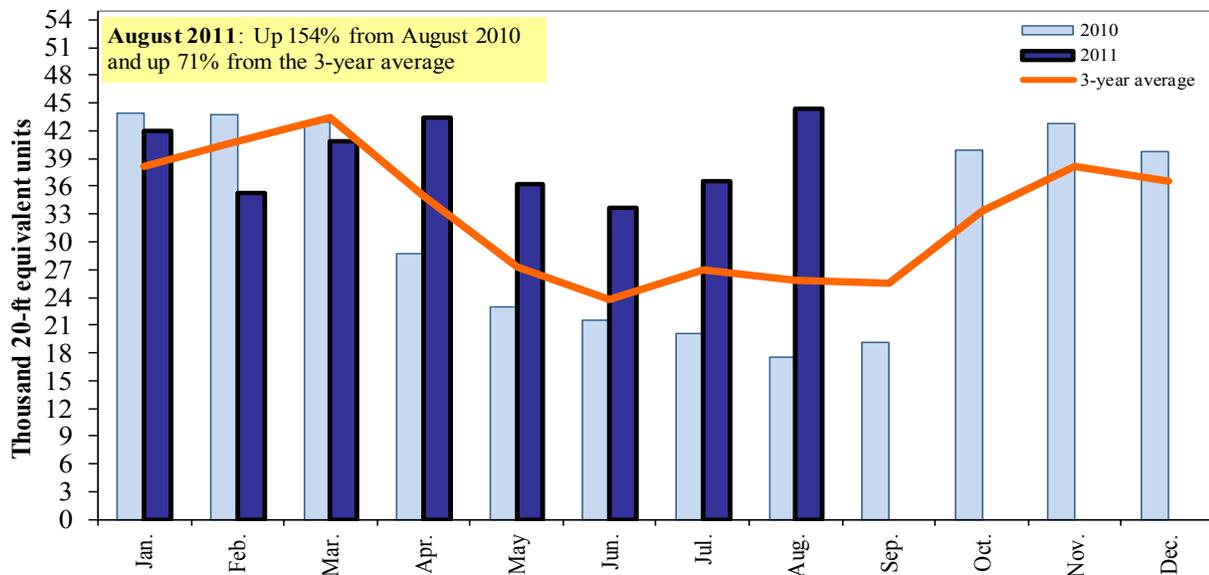


Source: USDA/Agricultural Marketing Service/Transportation Services Division analysis of Port Import Export Reporting Service (PIERS) data

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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