



Grain Transportation Report

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Shipping Soybeans From United States and Brazil to Europe Cost More During 4th Quarter. The cost of shipping soybeans from Minneapolis, MN, and Davenport, IA, to Hamburg, Germany, was 18 percent higher during the 4th quarter than it was in the 3rd quarter 2005 (see table).

Quarterly costs of transporting soybeans from U.S. and Brazil to Hamburg, Germany

	2005			2005		
	3rd qtr.	4th qtr.	Percent change	3rd qtr.	4th qtr.	Percent change
United States						
Minneapolis, MN						
	--\$/mt--		--%--			
Truck	8.90	10.06	13.03	8.90	10.06	13.03
Barge	28.88	36.71	27.11	23.63	30.91	30.81
Ocean ¹	21.34	22.81	6.89	21.34	22.81	6.89
Total transportation ²	59.12	69.58	17.69	53.87	63.78	18.40
Farm Value ³	224.26	207.11	-7.65	225.97	207.60	-8.13
Landed Cost	283.38	276.69	-2.36	279.84	271.38	-3.02
Transport % of landed cost	20.86	25.15		19.25	23.50	
Brazil						
Northwest RS⁴ - Rio Grande⁵						
	--\$/mt--		--%--			
Truck	12.65	13.20	4.35	80.67	80.86	0.24
Ocean ⁶	43.04	55.23	28.32	43.54	55.73	28.00
Total transportation ²	55.69	68.43	22.88	124.21	136.59	9.97
Farm Value ⁷	214.23	206.36	-3.67	175.08	174.28	-0.46
Landed Cost	269.92	274.79	1.80	299.29	310.87	3.87
Transport % of landed cost	20.63	24.90		41.50	43.94	
South GO⁴ - Santos⁵						
	--\$/mt--		--%--			
Truck	41.86	42.56	1.67	22.76	21.25	-6.63
Ocean	44.54	56.73	27.37	43.54	55.73	28.00
Total transportation ²	86.40	99.29	14.92	66.30	76.98	16.11
Farm Value ⁷	188.26	184.89	-1.79	222.81	214.81	-3.59
Landed Cost	274.66	284.18	3.47	289.11	291.79	0.93
Transport % of landed cost	31.46	34.94		22.93	26.38	
North MT⁴ - Paranagua⁵						
	--\$/mt--		--%--			
Truck	80.67	80.86	0.24	80.67	80.86	0.24
Ocean ⁶	43.54	55.73	28.00	43.54	55.73	28.00
Total transportation ²	124.21	136.59	9.97	124.21	136.59	9.97
Farm Value ⁷	175.08	174.28	-0.46	175.08	174.28	-0.46
Landed Cost	299.29	310.87	3.87	299.29	310.87	3.87
Transport % of landed cost	41.50	43.94		41.50	43.94	
North Center PR⁴ - Paranagua⁵						
	--\$/mt--		--%--			
Truck	22.76	21.25	-6.63	22.76	21.25	-6.63
Ocean	43.54	55.73	28.00	43.54	55.73	28.00
Total transportation ²	66.30	76.98	16.11	66.30	76.98	16.11
Farm Value ⁷	222.81	214.81	-3.59	222.81	214.81	-3.59
Landed Cost	289.11	291.79	0.93	289.11	291.79	0.93
Transport % of landed cost	22.93	26.38		22.93	26.38	

¹Source: The Baltic Exchange; ²Excludes handling charges

³Source: USDA/NASS

⁴Producing regions: RS = Rio Grande Do Sul, MT= Mato Grosso, GO = Goiás, PR = Paraná

⁵Export ports

⁶Source: ESALQ/ USP (University of São Paulo, Brazil) and USDA/AMS

⁷Source: Companhia Nacional de Abastecimento (CONAB) www.conab.gov.br

The cost of moving soybeans from Northwest RS and North Center PR, Brazil, to Hamburg increased about 23 and 16 percent, respectively, over the 3rd quarter. The costs of transporting from North MT and South GO were 10 and 15 percent higher, respectively, during the 4th quarter.

Rates for U.S. truck, barge, and ocean-going vessels increased during the 4th quarter.

Increased truck rates were partly due to higher fuel prices and increased competition for available trucks. The rise in barge rates may be attributed to the increased grain shipments that normally occur during the harvest period and to disruptions caused by hurricanes. An increase in ocean freight rates follows the global trend during the 4th quarter. Ocean freight rates bounced back slightly from a 3rd quarter decline due to increased break-bulk trade and rebuilding of the U.S. Gulf following hurricanes Katrina and Rita.

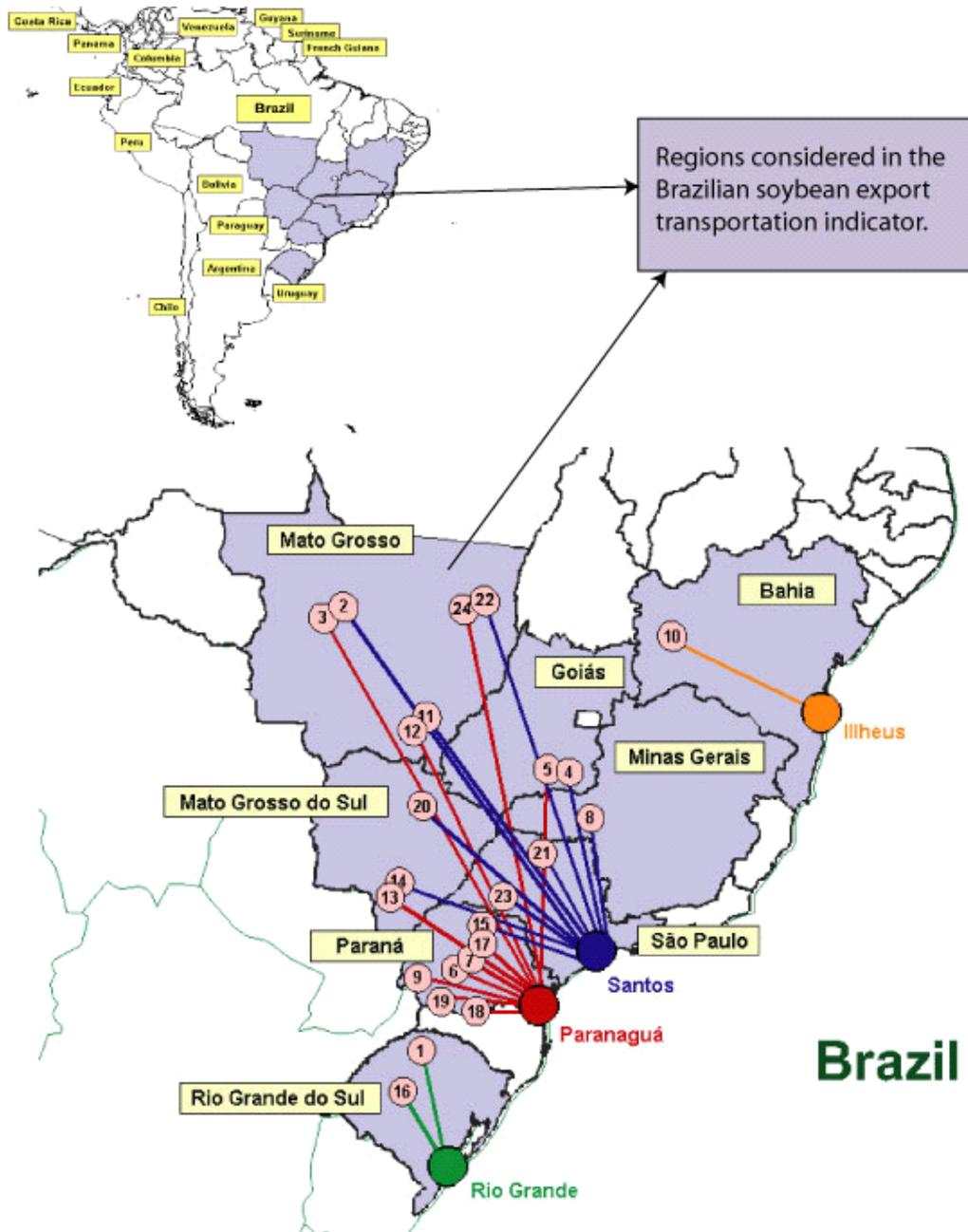
Ocean freight rates in Brazil increased by 27 to 28 percent during the 4th quarter, while

U.S. rates only increased by 7 percent. The difference in freight rate increases may have been caused by the number of vessels needed to supply the U.S. import market, which resulted in additional vessels available to export cargo from the United States. In the Southern Hemisphere, grain exporters must compete for vessel space with various raw materials, such as coal and mining products. For example, Australia is a leading coal exporter, while Brazil is the world's leading exporter of iron ore.

The transport costs from the U.S. to Hamburg were 24 to 25 percent of the landed cost; Brazil's transport costs were 25 to 44 percent of the landed cost (see table). Surajudeen.Olowolayemo@usda.gov, ahgameir@esalq.usp.br

Brazil Transportation

Figure 15
Routes and Regions considered in the Brazilian soybean export transportation indicator¹



¹Regions comprised 84 percent of Brazilian soybean production, 2003
Source: ESALQ/USP (University of São Paulo, Brazil) and USDA/AMS

Table 18--Truck rates for selected Brazilian soybean export transportation routes, 4th quarter 2005

Route #	Origin ¹ (reference city)	Destination	Distance (miles) ²	Weight(%) ³	Freight price (per 100 miles) ⁴
1	Northwest RS ⁵ (Cruz Alta)	Rio Grande	288	16.6	4.58
2	North MT(Sorriso)	Santos	1190	10.1	6.94
3	North MT(Sorriso)	Paranaguá	1262	9.5	6.41
4	South GO(Rio Verde)	Santos	587	7.0	7.25
5	South GO(Rio Verde)	Paranaguá	726	5.6	5.74
6	North Center PR(Londrina)	Paranaguá	268	4.4	7.93
7	Western Center PR(Mamborê)	Paranaguá	311	3.9	6.41
8	Triangle MG(Uberaba)	Santos	339	3.8	9.98
9	West PR(Assis Chateaubriand)	Paranaguá	377	3.7	6.34
10	West Extreme BA(São Desidério)	Ilhéus	544	3.6	7.87
11	Southeast MT(Primavera do Leste)	Santos	901	3.6	6.97
12	Southeast MT(Primavera do Leste)	Paranaguá	975	3.3	6.22
13	Southwest MS(Maracaju)	Paranaguá	612	3.1	5.79
14	Southwest MS(Maracaju)	Santos	652	2.9	6.24
15	West PR(Assis Chateaubriand)	Santos	550	2.5	5.85
16	Western Center RS(Tupanciretã)	Rio Grande	273	2.4	5.74
17	Southwest PR(Chopinzinho)	Paranaguá	291	2.3	9.17
18	Eastern Center PR(Castro)	Paranaguá	130	2.3	9.96
19	South Center PR(Guarapuava)	Paranaguá	204	2.1	8.67
20	North Center MS(São Gabriel do Oeste)	Santos	720	2.0	5.62
21	Ribeirão Preto SP(Guairá)	Santos	314	1.5	8.27
22	Northeast MT(Canarana)	Santos	950	1.4	7.87
23	Assis SP(Palmital)	Santos	285	1.2	7.85
24	Northeast MT(Canarana)	Paranaguá	1075	1.2	6.96
	Average		626	100	6.64

¹Although each origin region comprises several cities, the main city is considered as a reference to establish the freight price

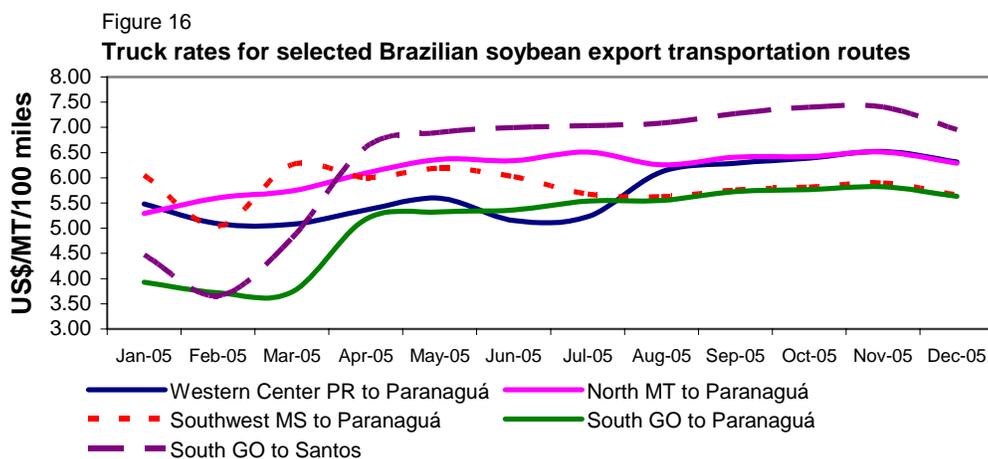
²Distance from the main city of the considered region to the mentioned ports

³The weight is directly proportional to the amount of production in each region

⁴US\$ per metric ton (average monthly exchange rate from "Banco Central do Brasil" was used to convert Brazilian reais to the U.S. dollar)

⁵RS = Rio Grande Do Sul, MT= Mato Grosso, GO = Goiás, PR = Paraná, MG = Minas Gerais, BA = Bahia, MS = Mato Grosso Do Sul, SP = São Paulo

Source: ESALQ/USP (University of São Paulo, Brazil) and USDA/AMS



Source: ESALQ/ USP (University of São Paulo, Brazil) and USDA/AMS

Table 19--Monthly Brazilian soybean export truck transportation cost index

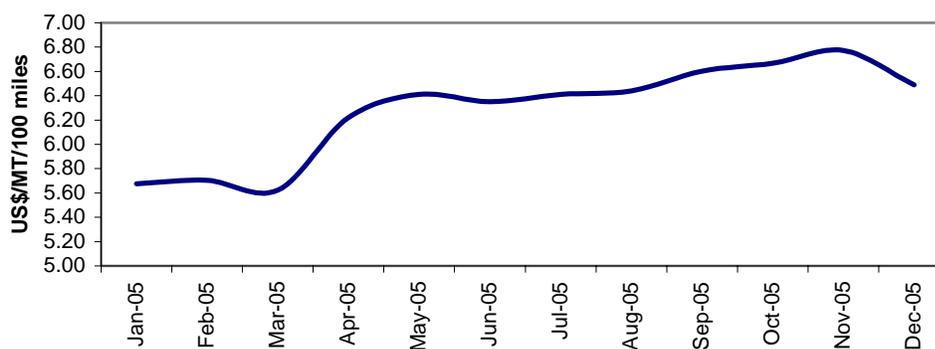
Month	Freight price* (per 100 miles)	Index variation (%) (Base: prior month)	Index value (Base: Jan. 05 = 100)
Jan. 05	5.67		100.00
Feb. 05	5.71	0.5	100.54
Mar. 05	5.62	-1.5	99.08
Apr. 05	6.22	10.6	109.61
May 05	6.41	3.1	112.96
Jun. 05	6.35	-0.9	111.90
Jul. 05	6.41	1.0	112.99
Aug. 05	6.44	0.4	113.46
Sep. 05	6.60	2.5	116.36
Oct. 05	6.67	1.0	117.52
Nov. 05	6.77	1.5	119.33
Dec. 05	6.49	-4.2	114.34

*weighted average and quoted in US\$ per metric ton

Source: ESALQ/USP (University of São Paulo, Brazil) and USDA/AMS

Figure 17

Brazilian soybean export truck transportation weighted average prices, 2005



Source: ESALQ/USP (University of São Paulo, Brazil) and USDA/AMS

Table 20--Quarterly ocean freight rates for shipping soybeans from selected Brazilian ports to Hamburg, Germany (US\$/metric ton)*

Ports	2005 1st qtr	2005 2nd qtr	2005 3rd qtr	2005 4th qtr
Santos	45.53	45.84	44.54	56.73
Paranagua	44.64	44.84**	43.54	55.73
Rio Grande	44.20	44.39	43.04	55.23

*correspond to the average actual values negotiated between shippers and carriers and weighted according to the magnitude of the shipped volumes

Source: Sistema de Informações de Fretes, SIFRECA, ESALQ/USP (University of São Paulo, Brazil)

**Revised figure

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Related Websites

Agricultural Container Indicators
Ocean Rate Bulletin

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