



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture

NOVEMBER 9, 1998

U.S. Provides Assistance To Russia. On November 6, in what is being hailed as a "win-win" situation, the United States and Russia reached an agreement on an \$885 million aid package, which will provide desperately needed food to the Russian people, while helping to alleviate the glut of grain and low prices being faced by U.S. farmers. The 3.1 million tons of assistance, to be shipped starting in December, will include 1.5 million tons of donated wheat and an additional 1.5 million tons of food, which will be sold to Russia under a 20-year, 2-percent loan rate with a 5-year grace period before initial payment is due. An additional 100,000 tons of food will be donated and shipped directly to private charity organizations, which would have normally depended upon the Russian Government for supplies. The talks between Russia and the U.S. became strained earlier in the week when American officials insisted that U.S. donations be exempt from taxes and customs duties, terms to which the Russian officials eventually agreed. Additional demands by the U.S. delegation were that strict guidelines be followed for distributing the food to where it is needed most and avoiding control by the Russian Mafia and the black market. A further provision included in the aid package is that Russia be required to decrease its wheat exports. Speaking at a news briefing, Chris Goldthwait, USDA's General Sales Manager, stated that "...if we supply wheat, then we require limitations" on Russian wheat exports. A spokesman for SovEcon, an independent agricultural research organization, published data that showed third quarter Russian wheat exports were up 320 percent compared to the same period in 1997. This reported third quarter figure of 435,100 tons is nearly one third of the wheat offered for donation by the U.S. The total aid package includes \$625 million for food. The remaining funds are for transportation costs and include \$200 million to be paid by the U.S., with the remaining \$60 million to be repaid with the loan. Additional grain commodities being sold under the agreement will include 500,000 tons of corn, 300,000 tons of soybean meal, 200,000 tons of soybeans, 200,000 tons of wheat, and 100,000 tons of rice. (*Reuters, AP, Washington Post*)

Brazil Opens Market To U.S. Wheat. U.S. wheat producers have welcomed the news that, as of November 9, Brazil has officially agreed to partially lift its 3-year ban on imports of U.S. wheat. Lifting of the 1995 ban, imposed by Brazil due to the presence of Karnal Bunt, *tilletia controversa* bunt (TCK), and several other plant diseases, will allow the sale of hard red winter wheat from seven major U.S. wheat-producing States. Those States include Texas, Oklahoma, New Mexico, Kansas, Colorado, Nebraska, and Missouri. Wheat "shipments can start as soon as someone makes a sale," according to Michael Dunn, Under Secretary, Marketing and Regulatory Programs, U.S. Department of Agriculture. Wheat exports would move through ports along the Mississippi River as well as the Gulf of Mexico. Brazil, one of the world's largest wheat importers, annually imports approximately 6 million metric tons of wheat, roughly 4 million metric tons of which is supplied by neighboring Argentina. "If the U.S. was given access, there would be a mental shift, there would be an alternative, even though Argentina will always dominate sales," stated Gil Barbach of the independent analyst group, Safras e Mercado, prior to the agreement. Other analysts believe that as much as 400,000 metric tons of U.S. wheat may be sold during the 1998-1999 crop year (August-July). Prior to the ban, U.S. wheat exporters sold over \$50 million worth of wheat to Brazil. (*Reuters, Bridge News, Wall Street Journal*)

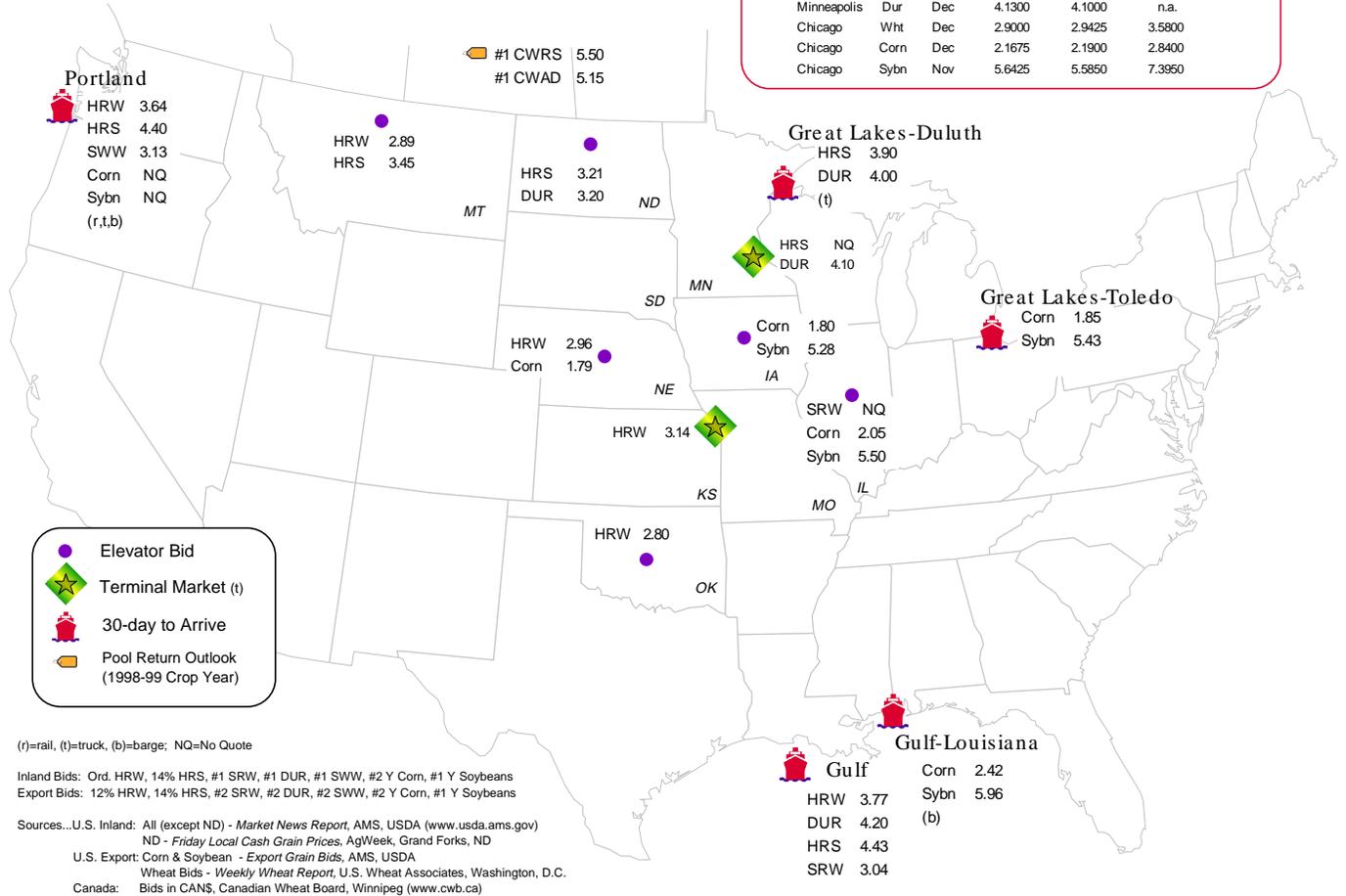
Cargill To Buy Continental Commodity Business. It is being reported that Cargill, Incorporated has agreed to purchase the grain assets of Continental Grain Company under undisclosed terms. The transaction would provide Minnesota-based Cargill, the world's largest privately held company and commodity trader, with Continental's grain, storage, transportation, export, and trading operations in North America, Europe, Latin America, and Asia. New York-based Continental, on the other hand, would change its name to ContiGroup and continue to maintain operations in such areas as livestock and animal feed through its AgriIndustries Divisions, as well as focus on financial services through ContiFinancial and investment services through ContiInvestment. The transaction is very likely to be examined closely by U.S. regulators. (*Grainnet.com*)

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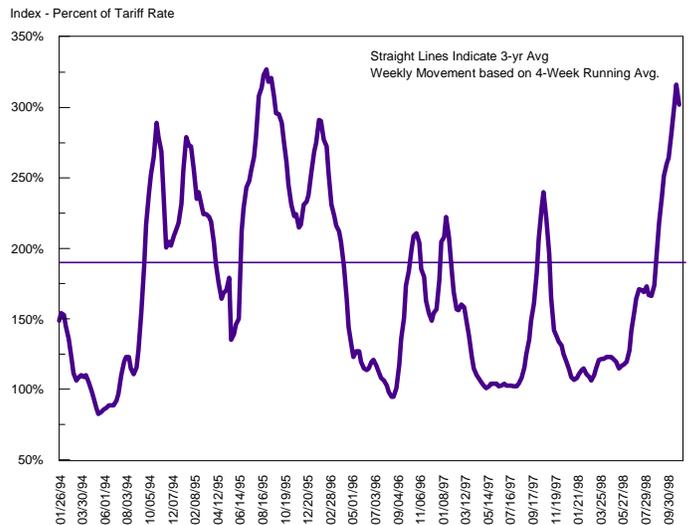
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Grain Bid Summary

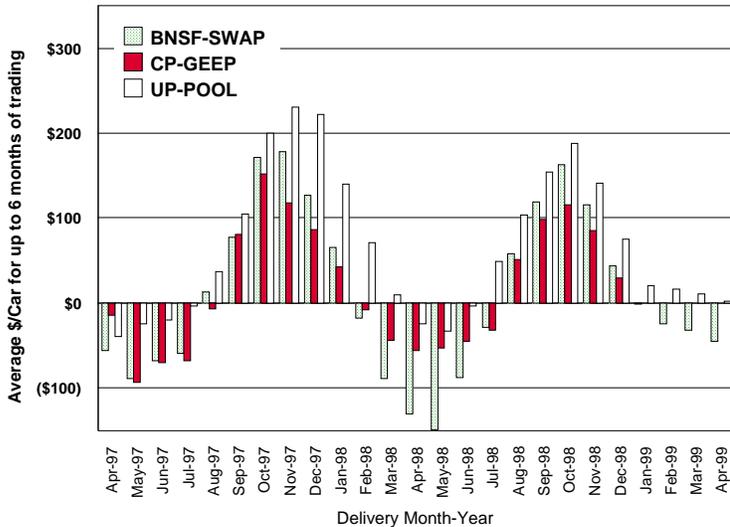
Futures:			11/06/98	Week Ago 10/30/98	Year Ago 11/07/97
Kansas City	Wht	Dec	3.2175	3.2800	3.6900
Minneapolis	Wht	Dec	3.6325	3.6525	3.8900
Minneapolis	Dur	Dec	4.1300	4.1000	n.a.
Chicago	Wht	Dec	2.9000	2.9425	3.5800
Chicago	Corn	Dec	2.1675	2.1900	2.8400
Chicago	Sybn	Nov	5.6425	5.5850	7.3950



Spot Barge Rate - Illinois River



Secondary Rail Market Bids



See the Grain Trax page at www.ugpti.org for more graphs of rail premiums.

Rail Car 'Auction' Offerings				
Delivery for:	Nov-98		Jan-99	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
BNSF-COT	5,205	100%	5,303	41%
UP-GCAS	5,000	77%	5,000	6%

Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com

Secondary Rail Car Market				
Average Premium/Discount to Tariff, \$/Car - Last Week				
ERR		Delivery Period		
		Nov-98	Dec-98	Jan-99
BNSF-COT	no offer	\$0	\$3	\$(9)
CP-GEEP	\$23	\$8	\$0	\$0
UP-Pool	\$0	\$15	\$2	\$3

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;

GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results			
Average Premium/Discount to Tariff, \$/Car - Last Auction			
Delivery for:	Nov-98	Jan-99	Feb-99
COT/N. Grain	sold out	no bid	no bid
COT/S. Grain	sold out	no bid	\$(288)
GCAS/Region 2	no bid	no bid	\$1
GCAS/Region 4	no bid	no bid	no bid

Source: T&M/AMS/USDA. Data from www.bnsf.com, www.uprr.com.
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)

Southbound Barge Freight Nominal Values*

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate
11/6/98	St. Paul-Savage	twk/nwk	245
	St Louis	nwk	140
	Illinois	nwk	180

Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

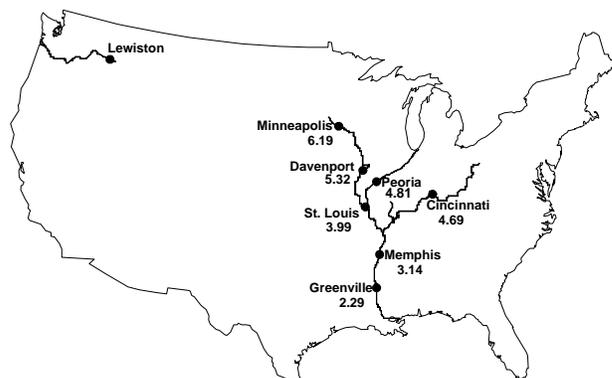
twk=this week
nwk=next week

Southbound Barge Freight Spot Rates

	11/4/98	10/28/98	Dec. '98	Jan. '98
Twin Cities	275	406	nq	nq
Mid-Mississippi	234	362	nq	nq
Illinois River	217	347	169	186
St. Louis-Cairo	186	342	130	126
Lower Ohio	172	284	140	138
Cairo-Memphis	179	331	123	122

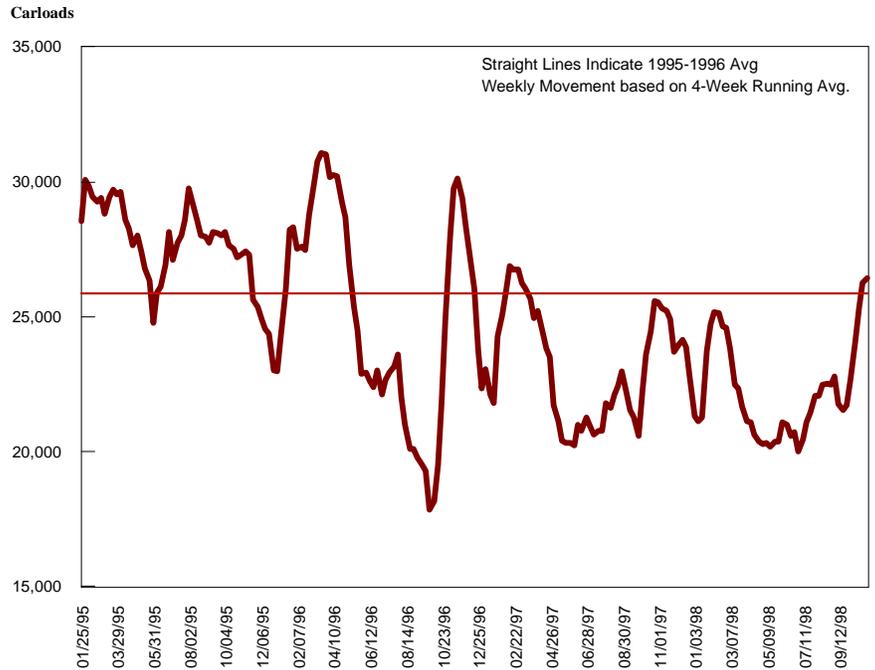
Source: Transportation & Marketing /AMS/USDA
nq- no quote

**Barge Benchmark Tariff Rates
Est. 1976 - 'Tariff No. 7'**



Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
10/17/98	26,766
10/24/98	26,247
10/31/98	27,527
Year to Date - 1998	967,708
Year to Date - 1997	992,534
Total 1997	1,199,995
Total 1996	1,235,123
Source: American Association of Railroads	



Class I Rail Carrier Grain Car Bulletin

Carloads

	East				West			Canada	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
10/31/98	1,421	3,722	1,556	3,179	9,550	614	7,485	2,241	4,929
This Week Last Year	1,041	3,167	2,230	2,622	9,347	728	7,338	3,758	5,710
1998 YTD	31,819	102,085	65,325	108,115	351,659	28,578	280,127	94,302	180,325
1997 YTD	21,717	91,399	67,238	99,141	354,947	28,403	323,435	142,230	225,133
1996 Total	31,733	111,509	48,695	131,568	432,687	30,009	439,865	129,714	181,387
1995 Total	37,851	133,755	61,612	139,043	410,274	34,393	447,786		

Source: American Association of Railroads

Tariff Rail Rates for Unit Train Shipments

November 1998

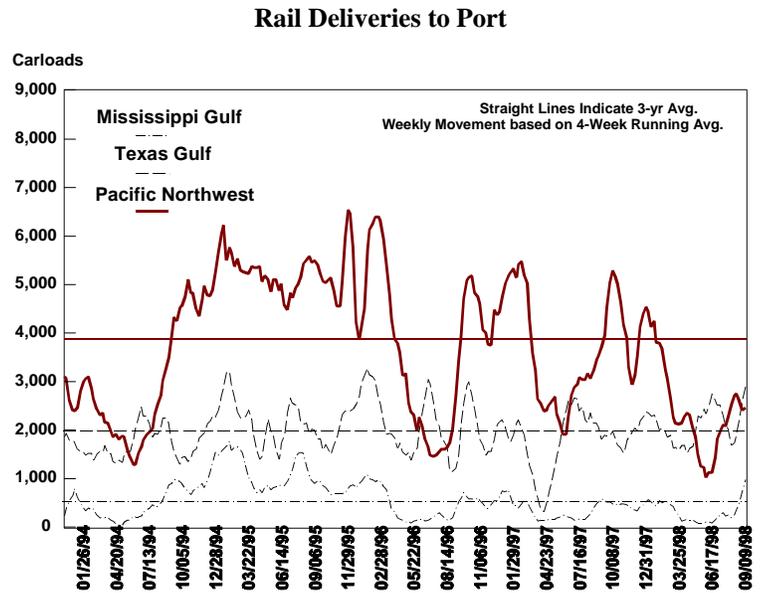
Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
11/01/98	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$18.60	\$0.62
11/01/98	43521	Wheat	Minneapolis, MN	Portland, OR	\$4,027	\$36.54	\$1.21
11/01/98	46540	Wheat	Kansas City, MO	Houston, TX	\$1,650	\$14.97	\$0.50
11/01/98	43586	Wheat	Kansas City, MO	Portland, OR	\$4,012	\$36.41	\$1.20
11/01/98	43581	Wheat	Omaha, NE	Portland, OR	\$3,905	\$35.44	\$1.17
11/01/98	31040	Corn	Minneapolis, MN	Portland, OR	\$2,865	\$22.87	\$0.80
11/01/98	31035	Corn	Kansas City, MO	Portland, OR	\$3,100	\$24.74	\$0.87
11/01/98	31040	Corn	Omaha, NE	Portland, OR	\$2,485	\$19.83	\$0.70
11/01/98	61180	Soybean	Minneapolis, MN	Portland, OR	\$3,330	\$30.22	\$1.00
11/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$3,030	\$27.50	\$0.91
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

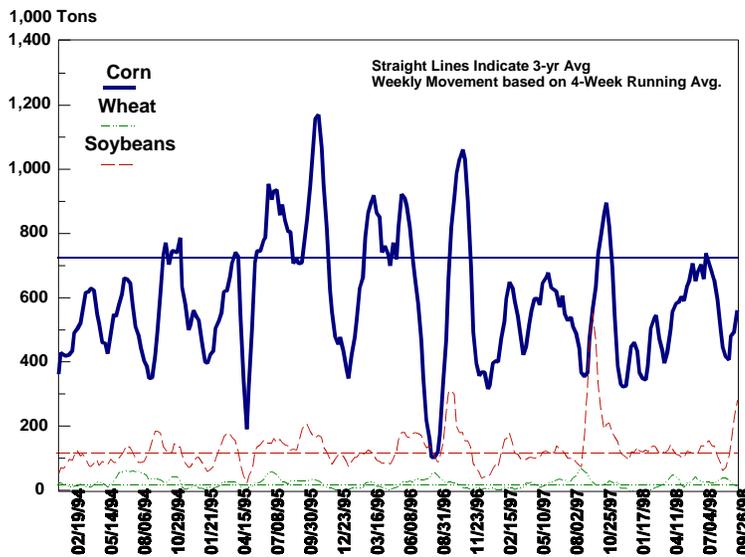
Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
10/14/98	1,058	2,935	2,456	452
10/21/98	1,117	3,094	2,275	468
10/28/98	1,305	3,330	2,351	900
YTD 1998	15,816	92,340	111,661	8,856
YTD 1997	15,955	76,840	154,900	6,026
Total 1997	20,152	93,265	195,953	9,147
Total 1996	25,899	113,804	199,709	11,304

Source: Transportation & Marketing/AMS/USDA



Barge Movements - Locks 27



Barge Grain Movements				
for week ending 10/31/98				
	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	227	6	137	369
Winfield, MO (L25)	366	8	223	597
Alton, IL (L26)	655	9	341	1,005
Granite City, IL (L27)	646	5	343	993
Illinois River (L8)	191	0	71	262
Ohio (L52)	41	0	18	59
Arkansas (L1)	1	30	3	34
1998 YTD	23,993	2,209	6,888	35,466
1997 YTD	23,768	2,369	7,588	36,486
Total 1997	29,685	2,689	9,584	45,315
Total 1996	34,210	2,348	8,297	48,963

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.
Source: U.S. Army Corp of Engineers

U.S. Export Balances* (1,000 Metric Tons)

	HRW	SRW	HRS	Wheat		All	Corn	Soybean	Total
				SWW	DUR				
<u>Unshipped Exports-Crop Year</u>									
10/29/98	1,585	312	1,219	1,260	177	4,553	8,206	6,486	19,245
This Week Year Ago	1,751	433	1,007	728	329	4,248	7,299	8,105	19,652
<u>Cumulative Exports-Crop Year</u>									
98/99 YTD	4,960	948	2,779	2,265	403	11,355	6,536	3,889	21,780
97/98 YTD	4,464	2,959	2,874	2,395	596	13,289	6,231	5,136	24,656
96/97 Total	2,595	1,643	1,432	1,240	361	7,271	43,991	24,273	75,535
95/96 Total	9,867	6,792	8,918	6,443	897	32,917	55,769	23,550	112,236

Source: Foreign Agricultural Service YTD-Year-to-Date (fas.usda.gov) Crop Year: Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31

Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons

	Pacific Region			Mississippi Gulf			Texas Gulf		
	Wheat	Corn	Soybean	Wheat	Corn	Soybean	Wheat	Corn	Soybean
11/05/98	406	96	49	106	614	716	196	4	56
1998 YTD **	8,646	3,739	605	4,411	25,211	11,377	6,200	435	1,024
1997 YTD **	9,577	8,507	1,476	5,471	24,471	14,473	4,341	989	659
% of Last Year	90%	44%	41%	81%	103%	79%	143%	44%	155%
1997 Total	11,156	9,728	1,764	6,349	28,183	18,658	5,106	1,001	1,014

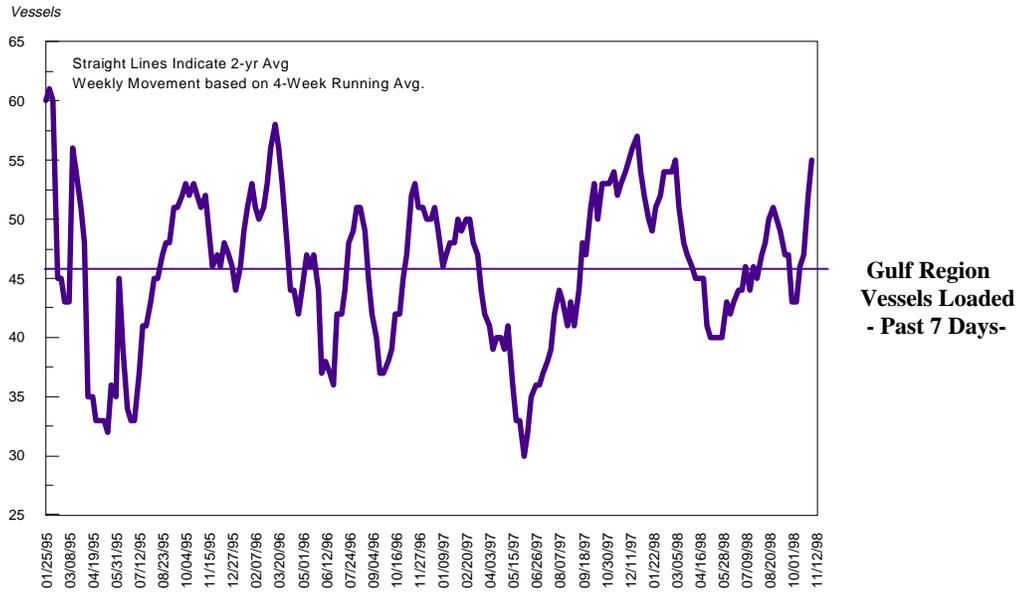
Source: Federal Grain Inspection Service *Year Ago-This Week a Year Ago ** YTD-Year-to-Date

Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

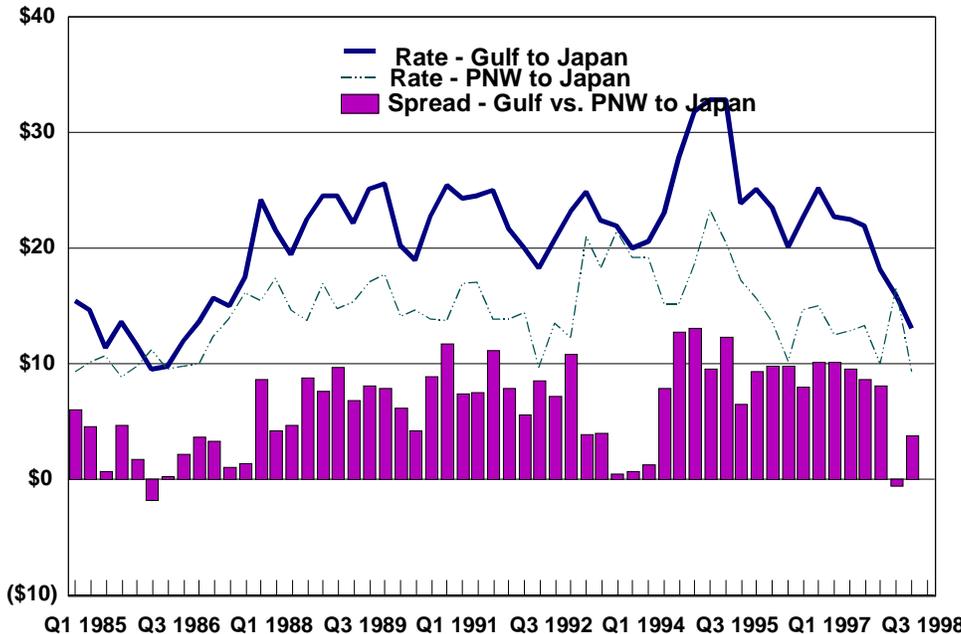
	Wheat	Durum	Barley
Week Ended: 11/05/98			
Vancouver	1,363	173	33
Prince Rupert	125	0	0
Prairie Direct	147	70	84
Thunder Bay	219	57	54
St. Lawrence	535	396	0
1998 YTD Exports	2,699	705	171
1997 YTD Exports	4,914	909	750
% of Last Year	55%	78%	23%

Source: Canadian Grains Commission *Year Ago-This Week a Year Ago ** YTD-Year-to-Date Crop Year 8/1-7/31



Port Region Ocean Grain Vessels									
	Gulf			Pacific Northwest			Vancouver, B.C.		
	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>
10/29/98	61	55	93	9			11	13	8
11/05/98	53	59	68	13			13	10	0
1997 Range	(11..52)	(25..61)	(31..89)						
1996 Range	(17..46)	(38..61)	(27..88)						
1997 Avg	33	45	58						
1996 Avg	38	46	62						
1995 Avg	31	46	61						
Source: Transportation & Marketing /AMS/ USDA									

US\$/Metric Ton



Quarterly Ocean Freight Rates

Quarterly Ocean Freight Rates

Weighted Average Rates & Vessel Size, U.S. Dollars/Metric Ton - Basis

	1998 3 rd Qtr	1997 3 rd Qtr	% Change		1998 3 rd Qtr	1997 3 rd Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$13.17	\$22.55	-42%	Japan	\$9.35	\$12.92	-28%
Mexico	\$16.33	\$14.47	13%	Red Sea/ Arabian Sea	\$19.23		
Venezuela	\$10.30	\$13.78	-25%				
N. Europe	\$8.85	\$13.23	-33%	Argentina to			
N. Africa	\$13.87	\$15.44	-10%	N. Europe	\$12.15	\$14.83	-18%
				Japan	\$16.21	\$25.56	-37%

Source: Transportation & Marketing/AMS/USDA

Ocean Freight Rates

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Duluth	Norway	Wheat	November	18,000	\$20.25
Gulf	No. Spain	Grains	November	29,000	\$12.00
Gulf	Netherlands	Heavy Grain	November	54,000	\$8.75
Gulf	Jordan	Heavy Grain	November	30,000	\$22.00
Gulf	Taiwan	Heavy Grain	November	54,000	\$12.75
Gulf	China	Heavy Grain	Prompt	50,000	\$13.40
Gulf	Japan	Heavy Grain	Nov./Dec.	54,000/55,000	\$13.25-13.30
Baie Comeau (Canada)	Japan	Heavy Grain	November	54,000	\$12.25
River Plate/Brazil	Lisbon/Hamburg	Grains	November	55,000	\$12.50
Brake (W. Germany)	Saudi Arabia	Barley	November	45,000/50,000	\$10.40

Source: Maritime Research Inc.