



# GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service  
United States Department of Agriculture

July 13, 1998

**Should UP Be Required To Give Up Gulf Coast Track?** The Texas Railroad Commission, Chemical Manufacturers Association, Society of the Plastics Industry, Texas Chemical Council, Texas Mexican Railway Co. (Tex Mex) and Kansas City Southern Railway Co. (KCS), drafted and submitted a detailed proposal/filing to the Surface Transportation Board (STB). Their eight-point plan called for giving the Tex Mex a "clear path" through Houston, including transfer to Tex Mex of a Houston railyard and a 90-mile branch line between Rosenberg and Victoria, now owned by the Union Pacific Railroad (UP). Houston would become a neutral switching and dispatching area under the control of the Port Terminal Railway Authority. Since UP's service in Houston collapsed last winter, several of its customers argue that it should be required to give up its Gulf Coast track. "The Tex Mex/KCS plan will provide North American Free Trade Agreement (NAFTA) and Texas shippers with and an adequate permanent alternative to their existing service by UP," the railroads told the STB on March 30. The STB issued a July 8 deadline for parties to submit proposed remedies for the year-old UP service problems that have disrupted rail traffic throughout the West. UP has until mid-September to respond to the proposal, with rebuttals due in October. (*AP, Reuters*)

**Brazil Expects Increased Soybean Output.** Brazil's Agriculture Minister, Francisco Turra, recently told *Reuters* that he expects a 27-percent increase in soybean production by the turn of the century. "We should reach 40 million tonnes," Turra stated, comparing this to an expected annual production of 31.40 million tonnes for the 1997-98 growing season. Aside from estimates showing that Brazil has increased land for soybean production by 15 percent, compared to 1996-97, the Government continues to invest heavily in efficient farming practices as well as an extensive waterway transportation system. The waterway is expected to traverse 931 miles, beginning in the northern state of Para and continuing through Tocantins, Mato Grosso, and Goias, and, in the process, allow a large portion of land to be devoted to soybean production. Having recently invested \$183 million into the project, the Brazilian Government expects the system to decrease shipping costs by 75 percent. The Government also recently announced a credit package worth \$9.57 billion that would allow farmers to invest in such things as irrigation techniques and diseases eradication. "Output is up, demand is up, and industrial activity is up," Turra stated, adding that significant investments have "laid this foundation." (*Reuters*)

**Midwest Farmer Seeks Solutions.** Nebraska farmer, Lane Kugler, had his own opinion about an article he recently read which focused on an increase in exports, instead of renewed subsidies, as the promise for the future of farming. In his response to the syndicated newspaper opinion piece, "The Sky is Not Falling on America's Farmers," by Dennis T. Avery of the Hudson Institute, Kugler stated the belief that renewed subsidies and devaluation of the dollar are the only two things that would help U.S. farmers. Although not a proponent of subsidies, Kugler understood the consequences that went along with dollar devaluation saying, "We're simply not competitive in the world markets because of the strong dollar." He also alluded to the loss of market share, referring to the Asian crisis, as well as the development of Third World countries, which are becoming increasingly more self-sufficient. According to Kugler, increasing production costs are also a significant problem, as low output prices prevent farmers from recovering these costs. "With most people, as long as their stocks stay up and they can get cheap food in the grocery store, the farmer doesn't exist. Nobody wants to talk about it," Kugler stated. (*Post Register, Idaho Falls, ID*)

**Transportation Summit.** The National Summit on Agricultural Transportation is scheduled to take place at the Kansas City Airport Marriot, Kansas City, Missouri, July 27-28, 1998. The fee to attend the summit is \$40, which will cover the cost of the luncheon, continental breakfast, and conference materials. Space and registration for the event are limited. For your reference, the agenda for the USDA-sponsored event has been included with this week's *Grain Transportation Report*. For registration information, you may contact the Kansas City Chamber of Commerce at 816-374-5426. The agenda and other information concerning the Summit may also be found at the USDA's Agricultural Marketing Service web site at <http://www.ams.usda.gov/tmd/summit>.

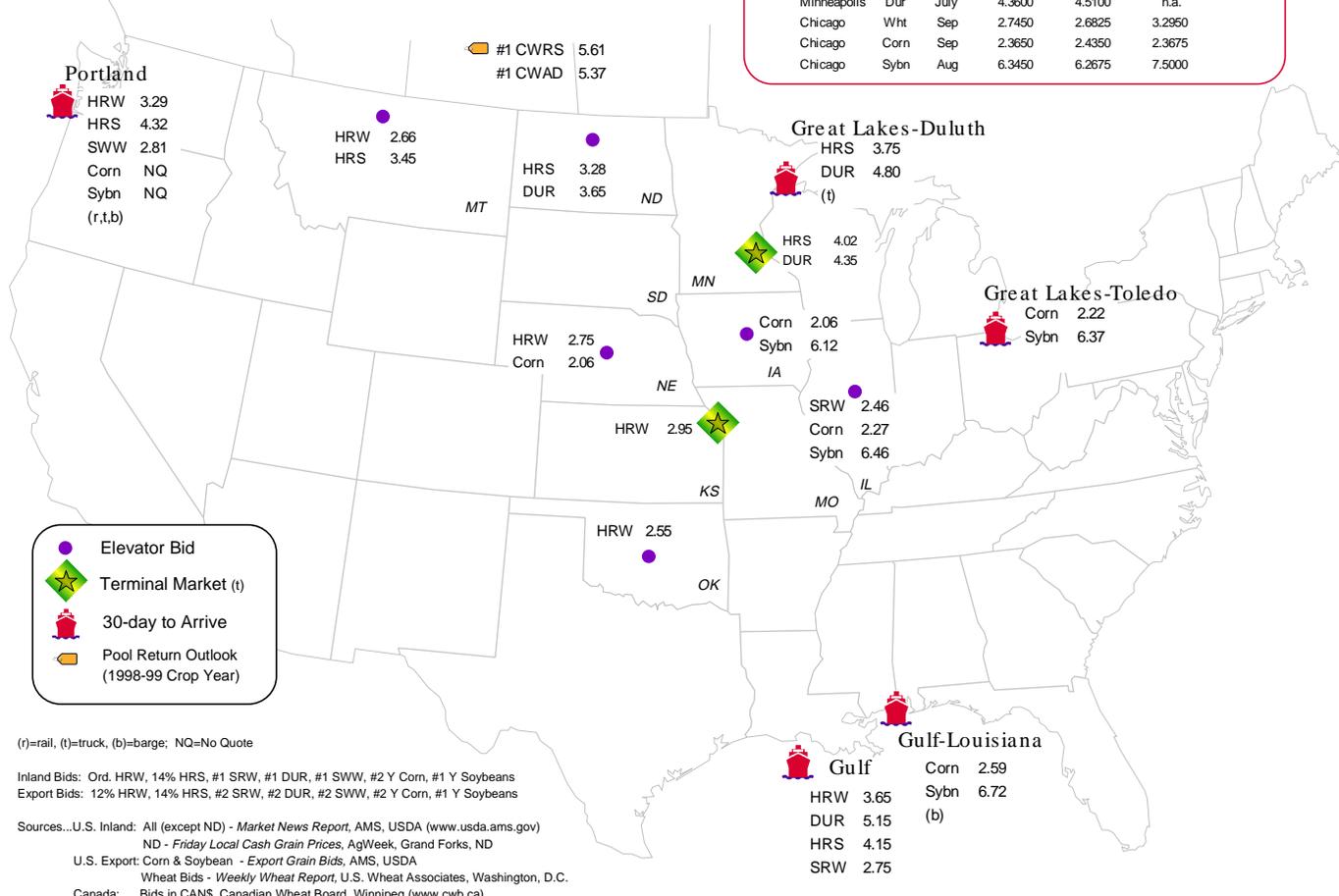
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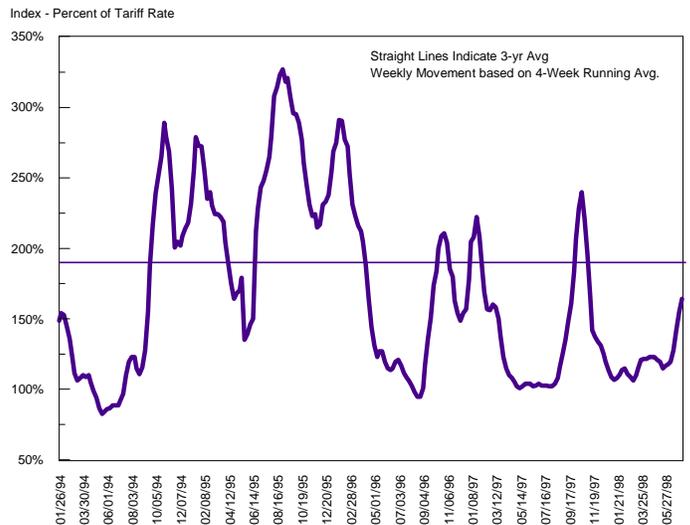
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# Grain Bid Summary

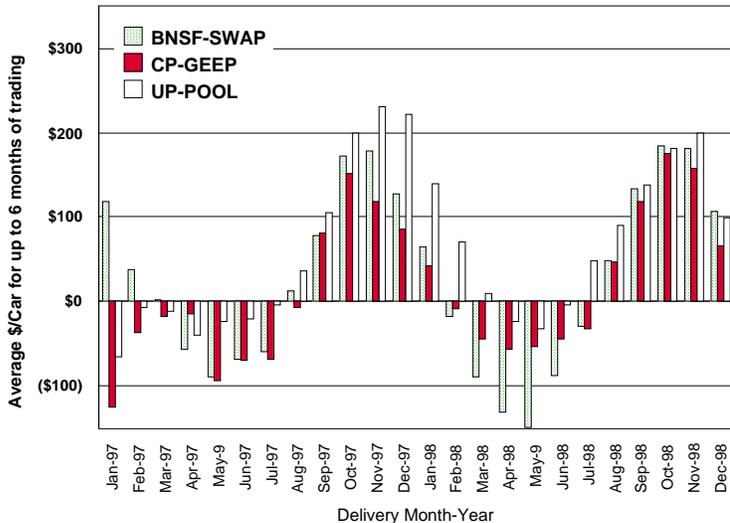
Futures:			07/10/98	Week Ago 07/02/98	Year Ago 07/11/97
Kansas City	Wht	Sep	2.9750	2.9200	3.3600
Minneapolis	Wht	Sep	3.4700	3.5025	3.5675
Minneapolis	Dur	July	4.3600	4.5100	n.a.
Chicago	Wht	Sep	2.7450	2.6825	3.2950
Chicago	Corn	Sep	2.3650	2.4350	2.3675
Chicago	Sybn	Aug	6.3450	6.2675	7.5000



## Spot Barge Rate - Illinois River



## Secondary Rail Market Bids



See the Grain Trax page at [www.ugpti.org](http://www.ugpti.org) for more graphs of rail premiums.

<b>Rail Car 'Auction' Offerings</b>				
Delivery for:	Aug-98		Oct-98	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
<b>BNSF-COT</b>	6,508	91%	5,645	63%
<b>UP-GCAS</b>	5,400	90%	5,400	0%

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

<b>Secondary Rail Car Market</b>				
Average Premium/Discount to Tariff, \$/Car - Last Week				
	<b>Delivery Period</b>			
	Jul-98	Aug-98	Sep-98	Oct-98
BNSF-COT	\$46	\$60	\$142	\$177
CP-GEEP	\$15	\$38	\$78	\$125
UP-Pool	\$120	\$133	\$170	\$156

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*

<b>Railroad Car 'Auction' Results</b>			
Average Premium/Discount to Tariff, \$/Car - Last Auction			
Delivery for:	Aug-98	Oct-98	Nov-98
COT/N. Grain	\$35	\$204	\$179
COT/S. Grain	\$389	\$220	\$183
GCAS/Region 2	\$11	no offer	no offer
GCAS/Region 4	no offer	no offer	no offer

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

<b>Southbound Barge Freight Nominal Values*</b>			
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate			
Week ended	River/Region	Contract Period	Rate
7/10/98	Upper Miss.	twk	200
	Mid Miss.	twk	170
	Illinois River	twk	160-170
		Sept.	180
	Lower Ohio	twk.	127.5-135
	Lower Miss.	Aug.	125

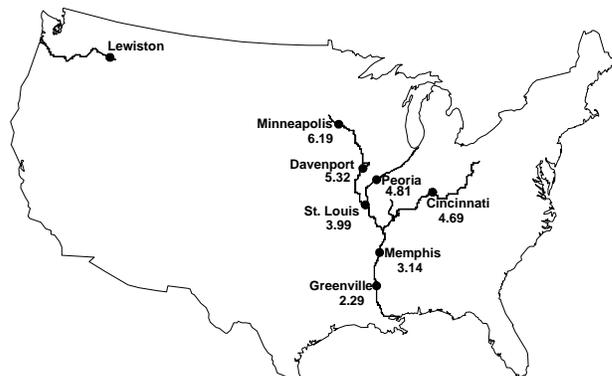
<b>Southbound Barge Freight Spot Rates</b>				
	7/8/98	7/2/98	Aug. '98	Oct. '98
Twin Cities	208	210	150	270
Mid-Mississippi	172	175	173	235
Illinois River	165	170	170	230
St. Louis-Cairo	122	135	128	208
Lower Ohio	133	140	140	233
Cairo-Memphis	117	130	128	205

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

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

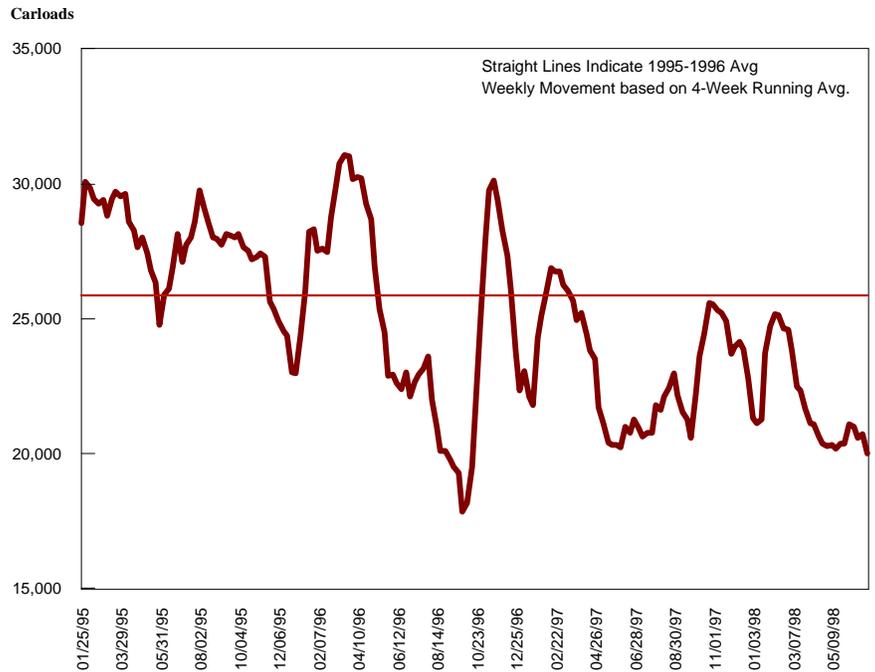
twk=this week  
nwk=next week

**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
6/20/98	19,652
6/27/98	21,216
7/4/98	19,245
Year to Date - 1998	570,045
Year to Date - 1997	610,018
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
07/04/98	765	1,822	1,716	2,399	7,078	462	5,003	1,347	3,738
This Week Last Year	315	1,870	1,301	2,488	7,990	628	6,817	3,232	6,897
1998 YTD	17,596	62,185	38,110	65,892	206,751	16,553	162,958	61,281	106,107
1997 YTD	13,002	61,012	41,317	63,737	204,436	17,960	204,538	80,024	126,580
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

July 1998

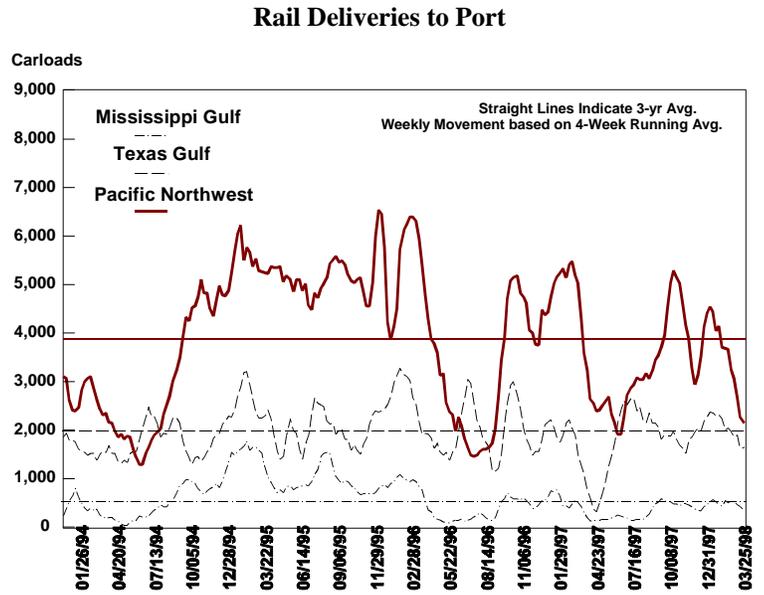
Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
05/01/98	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$18.60	\$0.62
05/01/98	43521	Wheat	Minneapolis, MN	Portland, OR	\$4,027	\$36.54	\$1.21
05/01/98	46540	Wheat	Kansas City, MO	Houston, TX	\$1,350	\$12.25	\$0.41
05/01/98	43586	Wheat	Kansas City, MO	Portland, OR	\$3,812	\$34.59	\$1.14
05/01/98	43581	Wheat	Omaha, NE	Portland, OR	\$3,505	\$31.81	\$1.05
05/01/98	31040	Corn	Minneapolis, MN	Portland, OR	\$2,865	\$22.87	\$0.80
05/01/98	33111	Corn	Kansas City, MO	Houston, TX	\$1,450	\$11.57	\$0.41
05/01/98	31035	Corn	Kansas City, MO	Portland, OR	\$2,600	\$20.75	\$0.73
05/01/98	31040	Corn	Omaha, NE	Portland, OR	\$2,485	\$19.83	\$0.70
05/01/98	61180	Soybean	Minneapolis, MN	Portland, OR	\$3,080	\$27.95	\$0.92
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

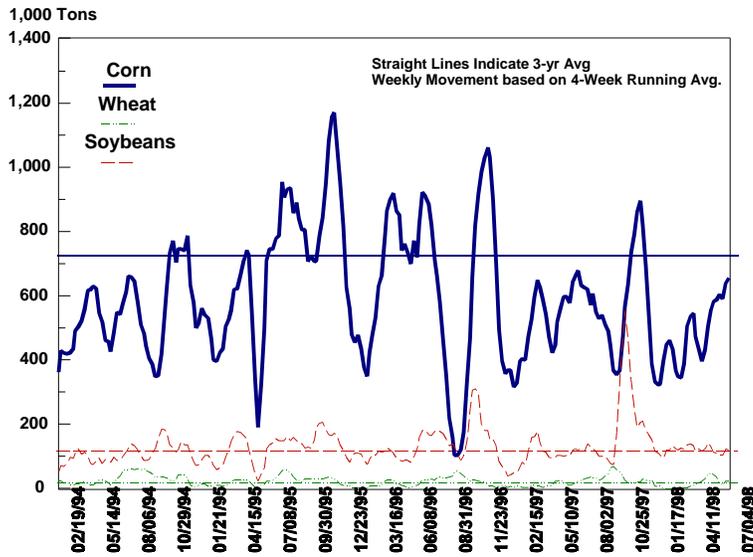
Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
6/17/98	71	2,120	1,691	35
6/24/98	86	2,643	1,543	46
7/1/98	142	2,507	1,673	94
YTD 1998	9,125	51,788	75,566	6,089
YTD 1997	10,694	38,023	104,575	3,304
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 07/4/98

	Corn	Wht	Sybn	Total
	1,000 Tons			
<b>Mississippi River</b>				
Rock Island, IL (L15)	377	20	54	451
Winfield, MO (L25)	441	31	74	547
Alton, IL (L26)	620	28	96	746
Granite City, IL (L27)	647	35	100	784
<b>Illinois River (L8)</b>	249	0	36	285
<b>Ohio (L52)</b>	6	9	3	57
<b>Arkansas (L1)</b>	0	84	0	84
1998 YTD	13,604	1,041	3,997	20,349
1997 YTD	14,449	814	3,661	20,845
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>									
07/02/98	1,922	195	928	604	237	3,886	6,358	1,826	12,070
This Week Year Ago	2,283	1,049	978	802	353	5,465	9,399	5,113	19,977
<u>Cumulative Exports-Crop Year</u>									
97/98 YTD	873	198	536	209	50	1,865	30,546	23,050	55,461
96/97 YTD	582	227	622	416	132	1,979	38,370	22,867	63,216
95/96 Total	9,867	6,792	8,918	6,443	897	32,917	55,769	23,550	112,236
94/95 Total	10,157	5,453	7,686	5,837	893	30,026	54,742	23,410	108,178

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
07/09/98	62	57	0	93	550	84	205	0	0
1998 YTD **	4,805	3,185	402	2,677	14,241	7,612	3,455	201	580
1997 YTD **	5,830	6,139	914	2,148	15,209	8,868	1,574	944	428
% of Last Year	82%	52%	44%	125%	94%	86%	220%	21%	136%
1997 Total	11,156	9,728	1,764	6,349	28,183	18,658	5,106	1,001	1,014

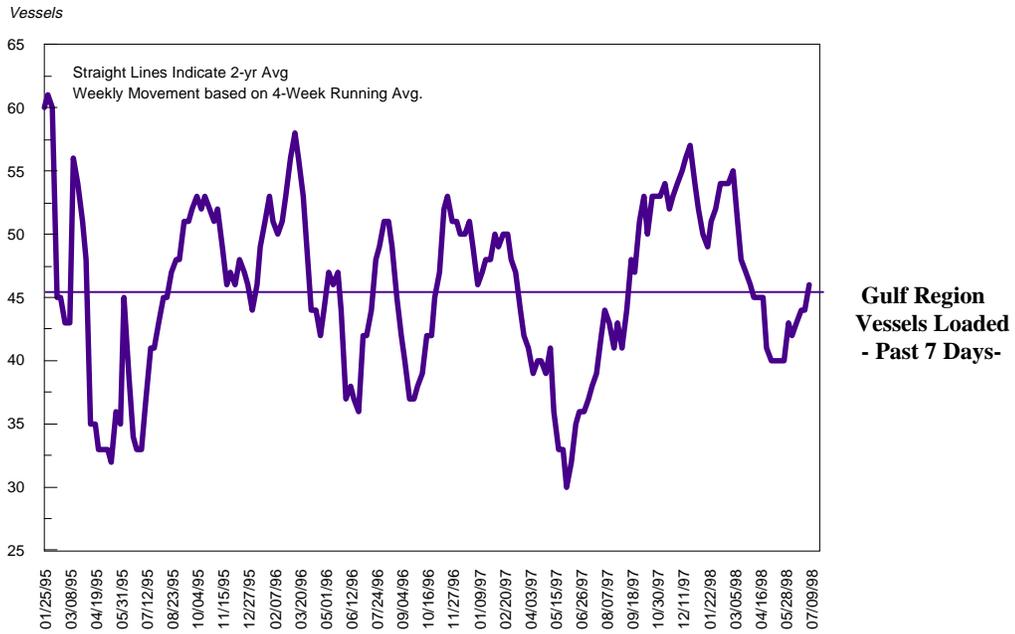
Source: Federal Grain Inspection Service \*Year Ago-This Week a Year Ago \*\* YTD-Year-to-Date

**Select Canadian Ports - Export Inspections**

1,000 Metric Tons, Crop Year

	Wheat	Durum	Barley
Week Ended: 07/03/98			
Vancouver	6,035	1,206	998
Prince Rupert	3,740	31	392
Prairie Direct	1,026	360	440
Thunder Bay	572	319	303
St. Lawrence	3,398	2,044	7
1997 YTD Exports	14,771	3,960	2,140
1996 YTD Exports	13,662	3,723	3,192
% of Last Year	108%	106%	67%

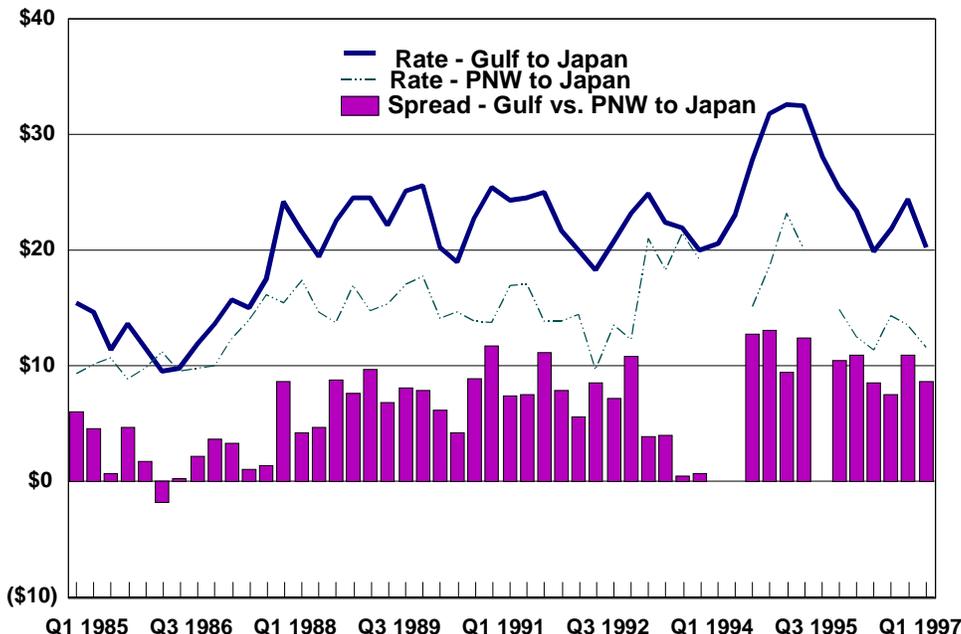
Source: Canadian Grains Commission \*Year Ago-This Week a Year Ago \*\* YTD-Year-to-Date Crop Year 8/1-7/31



<b>Port Region Ocean Grain Vessels</b>									
	<b>Gulf</b>			<b>Pacific Northwest</b>			<b>Vancouver, B.C.</b>		
	<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>
07/02/98	29	47	58	6			4	9	2
07/09/98	30	46	55	6			6	7	2
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 1 <sup>st</sup> Qtr	1997 1 <sup>st</sup> Qtr	% Change		1998 1 <sup>st</sup> Qtr	1997 1 <sup>st</sup> Qtr	% Change
<b>Gulf to</b>				<b>Pacific NW to</b>			
Japan	\$18.24	\$25.29	-28%	Japan	\$10.08	\$15.08	-33%
Mexico	\$12.15	\$17.99	-32%	Red Sea/ Arabian Sea		\$20.17	
Venezuela	\$11.13	\$16.73	-33%				
N. Europe	\$9.85	\$12.60	-22%	<b>Argentina to</b>			
N. Africa	\$14.65	\$18.84	-22%	N. Europe	\$12.32	\$17.98	-31%
				Japan	\$20.93	\$33.64	-38%

Source: Transportation & Marketing/AMS/USDA

**Ocean Freight Rates**

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	Turkey (Med.)	Corn	July	25,000	\$12.00
Gulf	Egypt (Med.)	Wheat	July/August	55,000	\$8.25
Gulf	Japan	Heavy Grains	July/Aug/Sept	40,000-54,000	\$13.25-14.00
Gulf	Ireland	Grains	July	29,000	\$9.50
Gulf	Jordan	Wheat	July	46,000	\$13.00
Gulf	Algeria	Wheat	Prompt	25,000	\$15.50
Paranagua (Brazil)	Lisbon/Hamburg	Grains	July	56,000	\$9.35
River Plate (Argentina)	Venezuela	Corn	Spot	25,000	\$17.00
River Plate/Brazil	Taiwan	Heavy Grains	July/August	54,000	\$14.75
No. China	Iran	Corn	July	50,000	\$9.75

Source: Maritime Research Inc.