



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture

July 27, 1998

UP Battles More Congestion in the West. Traffic problems from southern California to western Texas come just as the Union Pacific Railroad (UP) seems to be making progress in clearing up its traffic congestion problems. In a report to the Federal Surface Transportation Board (STB), UP said it was experiencing significant congestion...in southern California and as far east as El Paso (Texas) and beyond. Problems were blamed partly on employees' unfamiliarity with a new computer system that was recently installed for West Coast operations. On July 1, the railroad activated the new system to unify the computer network of UP and the former Southern Pacific Rail Corp., which was acquired in 1996. As a result, the railroad said, it is holding large numbers of trains bound for southern California and awaiting departure from the area. (*Knight-Ridder/Tribune Business News*)

Conrail Merger is Final. On July 23, the Surface Transportation Board (STB) gave final approval to the acquisition of Conrail Inc., by CSX Corp. and Norfolk Southern Corp. (NS) in a 424-page written decision that reflects the agency's confidence in a smooth merger implementation and establishes a series of steps meant to assure that the buyers live up to their promises. This \$10.2 billion transaction is subject to nearly 40 conditions and is the costliest rail merger in history. It creates a network east of the Mississippi with two similar-sized carriers with control of more than \$13 billion in freight revenue and 14 million shipments. The merger decision triggers a 30-day waiting period before NS and CSX can take control of Conrail. The actual date for giving NS its 58-percent stake and CSX its 42-percent share is subject to further negotiation by the buyers and several conditions, including labor agreements. (*Journal of Commerce*)

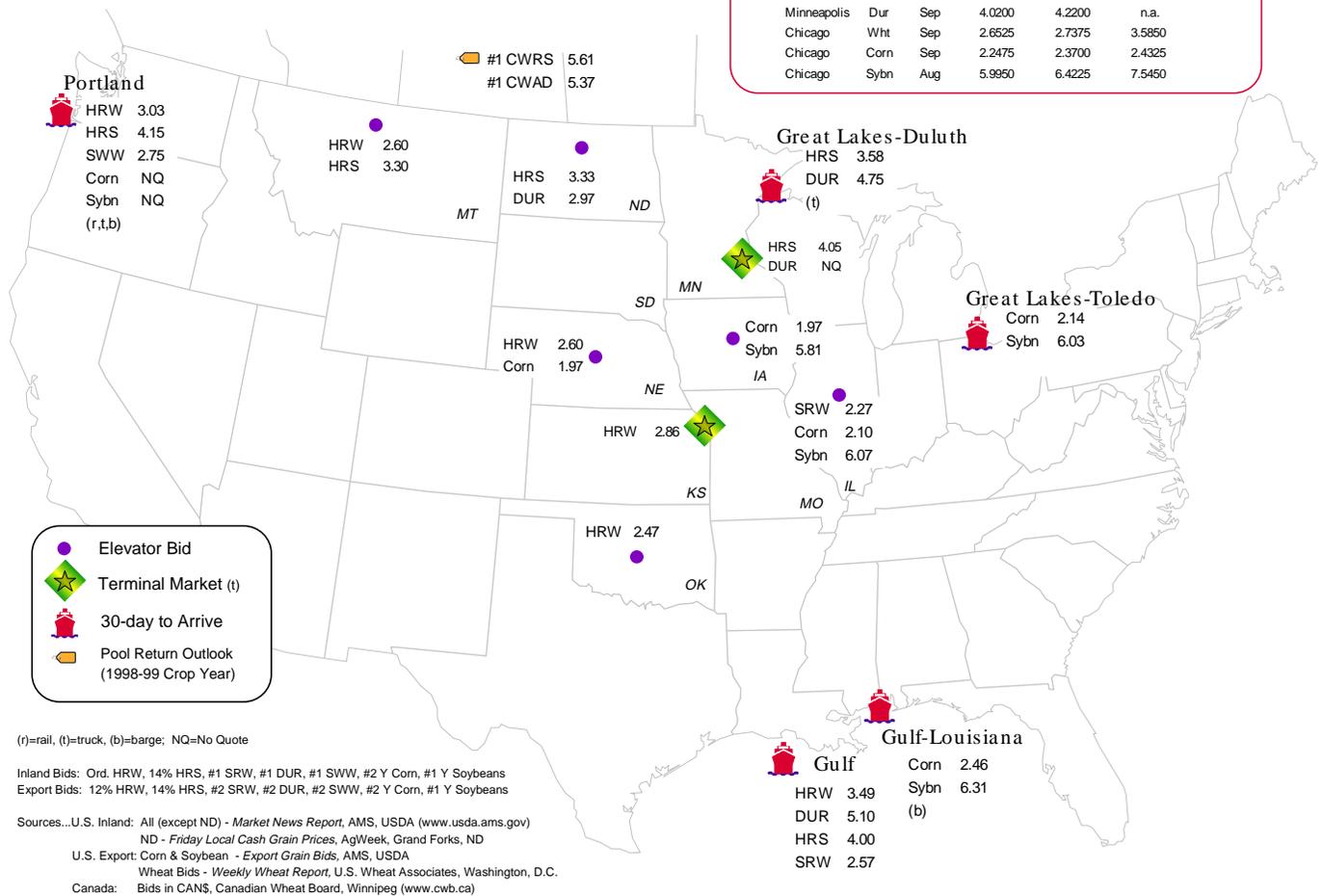
U.S. Grains Council Hosts Successful Meeting. The U.S. Feed Grains Council held its 38th Annual Board of Directors' Meeting in Minneapolis July 19-22, 1998, the first under its new name, the U.S. Grains Council. Chairman Bob Dickey said the name change was to avoid problems of translation overseas, since, it was determined, the word "feed" narrows the scope of the organization's activities in foreign markets. The meeting focused on issues such as transportation, foreign policy, and market development. The future of biotechnology, its problems and limitations, and the marketing of value-added agricultural products were also discussed. Participants felt strongly about such topics as the implementation of "fast track" negotiating authority. Fast track essentially allows the Executive branch to negotiate agreements with the guarantee that Congress will consider them with a limited debate and no amendments. It would affect several trade agreements, including the expansion of the World Trade Organization and the inclusion of Latin America, the Caribbean in the North American Free Trade Agreement (NAFTA) and eventually Asia through the Asian Pacific Economic Cooperation (APEC). Jones Act reform was also a topic of discussion. The Jones Act requires that any movements between U.S. ports be transported on U.S.-built, -crewed, -owned, and -registered vessels. Dave Lyons, of the Louis Dreyfus Corporation, expressed the view that the liner trade is the only true beneficiary and that the act has led to the high cost of goods in places such as Hawaii, Alaska, and Puerto Rico. Also, there was a feeling among the group that since the U.S. fleet consists of no bulk carriers for agricultural products, the Jones Act places a great deal of pressure on the rail system. Discussing potential growth markets, Chris Corry, Director of the U.S. Grains Council, stated that the growing economies and feed grain use in areas of North Africa, such as in Tunisia, Morocco, and Algeria, hold significant potential for U.S. agricultural export growth. Representatives of barley, corn, and sorghum associations presented problems and prospects associated with their respective commodities. Ryland Utlaut, National Corn Growers Association, cited the following issues that would likely benefit U.S. corn growers: the approval of fast track; dropping of unilateral sanctions; funding the International Monetary Fund (IMF), thereby supporting the Asian economy; normalizing trade with China; removing caps on commodity loan rates; the provision of funding for research and technology; tax reform; and investment in transportation. Despite the problems presented by such factors as rail congestion and a deteriorating lock and dam system on the Mississippi River, it appears to be the view of industry that transportation remains the competitive edge for U.S. commodities. Concluding the conference, Erick Erickson, U.S. Grains Council, stated that the grain industry is fundamentally strong and that the U.S. remains a world leader, although many of the factors affecting the industry are beyond its control. He also noted some of the crucial events affecting the grain industry over the past 7 years, such as the U.S. losing the former U.S.S.R. as a major importer, China (once an importer of U.S. goods) becoming an exporter, the liberalizing of world markets, agricultural policy reforms in the U.S. and Europe, and the trend toward privatization.

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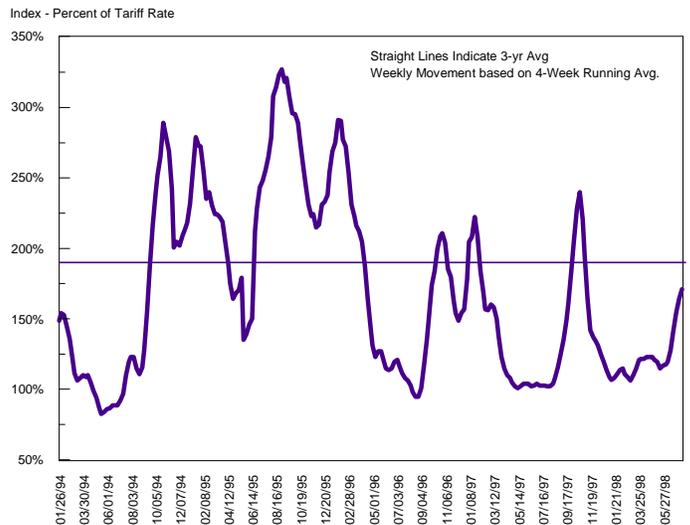
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Grain Bid Summary

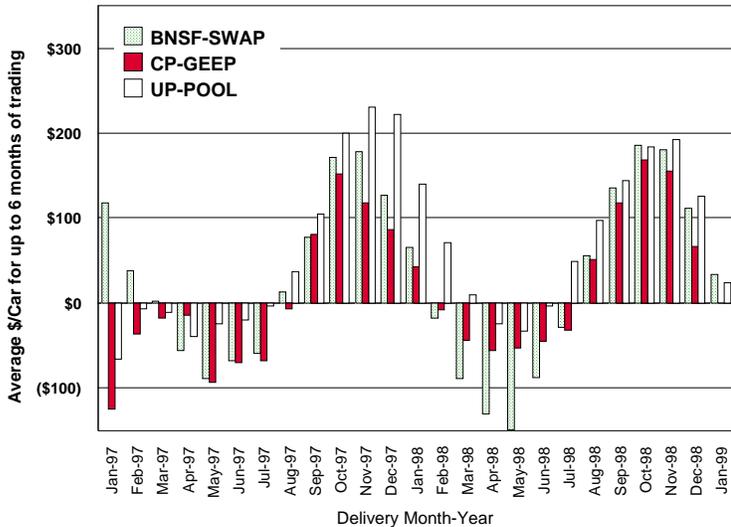
Futures:			07/24/98	Week Ago 07/17/98	Year Ago 07/25/97
Kansas City	Wht	Sep	2.8825	2.9325	3.6750
Minneapolis	Wht	Sep	3.3000	3.4350	3.8500
Minneapolis	Dur	Sep	4.0200	4.2200	n.a.
Chicago	Wht	Sep	2.6525	2.7375	3.5850
Chicago	Corn	Sep	2.2475	2.3700	2.4325
Chicago	Sybn	Aug	5.9950	6.4225	7.5450



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:	Sep-98		Nov-98	
	Offered	% Sold	Offered	% Sold
BNSF-COT	6,508	92%	5,205	66%
UP-GCAS	5,400	0%	5,400	0%

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

Secondary Rail Car Market				
Average Premium/Discount to Tariff, \$/Car - Last Week				
	Delivery Period			
	Aug-98	Sep-98	Oct-98	Nov-98
BNSF-COT	\$132	\$158	\$190	\$172
CP-GEEP	\$130	\$165	\$126	\$145
UP-Pool	\$176	\$208	\$236	\$161

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:	Sep-98	Nov-98	Dec-98
COT/N. Grain	\$175	\$202	\$149
COT/S. Grain	\$146	\$204	\$133
GCAS/Region 2	no offer	no offer	no offer
GCAS/Region 4	no offer	no offer	no offer

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
7/17/98	Mid Miss.	twk	190
		Oct	240
	Illinois River	nwk	170
		Oct	230
	Lower Ohio	nwk	130

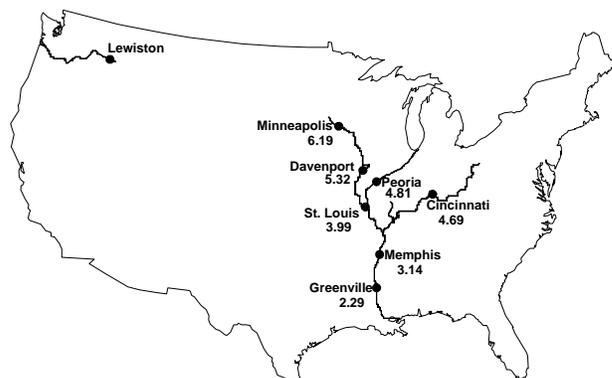
Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.

twk=this week
 nwk=next week

Southbound Barge Freight Spot Rates				
	7/29/98	7/15/98	Aug. '98	Oct. '98
Twin Cities	227	221	218	273
Mid-Mississippi	182	185	186	243
Illinois River	166	176	173	237
St. Louis-Cairo	128	124	141	212
Lower Ohio	130	130	151	239
Cairo-Memphis	124	121	138	186

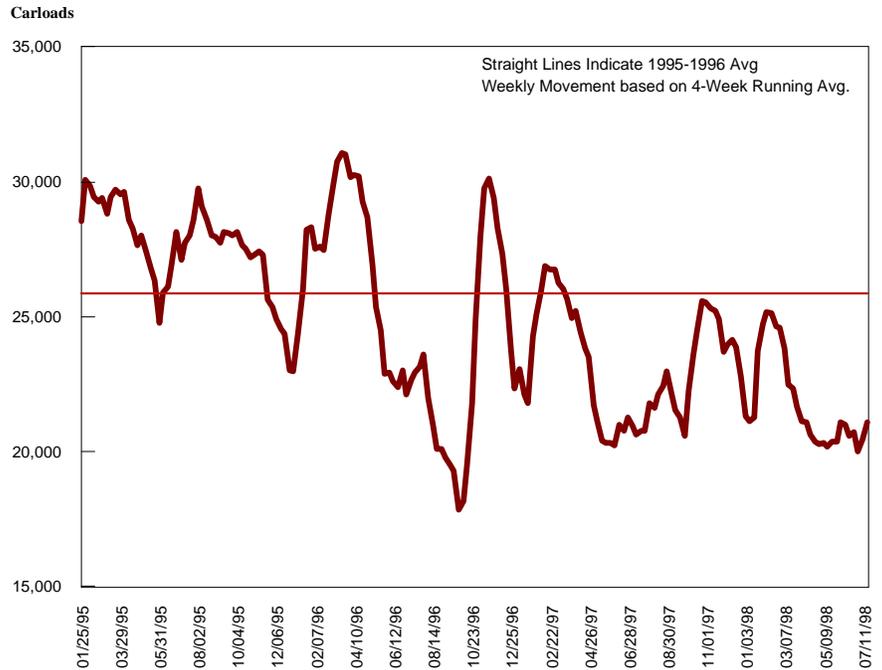
Source: Transportation & Marketing /AMS/USDA
 nq- no quote

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
7/4/98	19,245
7/11/98	21,818
7/18/98	22,166
Year to Date - 1998	614,029
Year to Date - 1997	628,662
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
07/18/98	874	2,111	1,891	2,443	7,514	630	6,703	1,660	4,053
This Week Last Year	503	1,674	1,029	2,118	7,490	659	8,536	4,267	5,932
1998 YTD	19,133	66,799	41,403	70,929	221,369	17,660	176,736	64,499	113,840
1997 YTD	13,832	64,709	43,460	67,866	217,217	19,041	220,394	88,282	138,511
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

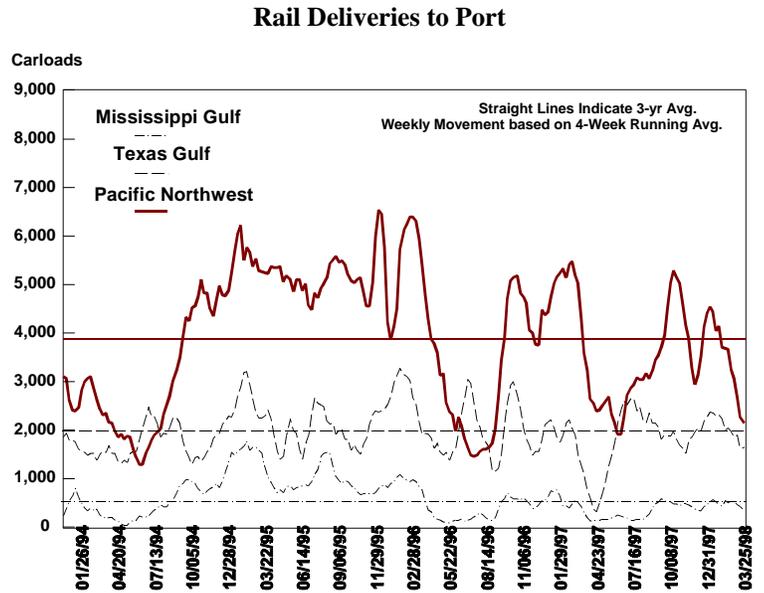
Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
05/01/98	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$18.60	\$0.62
05/01/98	43521	Wheat	Minneapolis, MN	Portland, OR	\$4,027	\$36.54	\$1.21
05/01/98	46540	Wheat	Kansas City, MO	Houston, TX	\$1,350	\$12.25	\$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

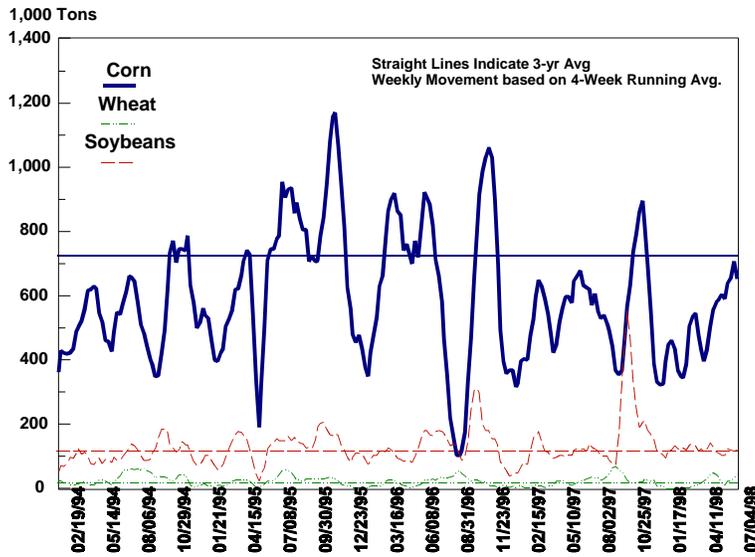
Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
07/01/98	142	2,507	1,573	94
07/08/98	102	1,713	1,445	124
07/15/98	77	2,888	1,556	279
YTD 1998	9,304	56,389	78,467	6,492
YTD 1997	11,087	42,556	108,006	3,623
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 07/18/98				
	Corn	Wht	Sybn	Total
1,000 Tons				
Mississippi River				
Rock Island, IL (L15)	441	9	74	524
Winfield, MO (L25)	366	11	118	495
Alton, IL (L26)	491	20	133	644
Granite City, IL (L27)	462	41	140	643
Illinois River (L8)	118	5	22	144
Ohio (L52)	33	6	18	41
Arkansas (L1)	0	53	6	70
1998 YTD	14,875	1,701	4,254	22,594
1997 YTD	15,693	978	3,959	22,636
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>									
07/16/98	1,532	189	1,003	916	209	3,849	7,027	1,844	12,720
This Week Year Ago	2,121	752	1,013	864	290	5,041	9,483	6,033	20,557
<u>Cumulative Exports-Crop Year</u>									
97/98 YTD	1,506	303	752	305	95	2,962	32,008	23,415	58,385
96/97 YTD	1,083	679	827	457	205	3,250	39,553	23,174	65,977
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
07/23/98	88	0	0	73	536	12	138	24	0
1998 YTD **	5,019	3,196	402	2,893	15,394	7,760	3,781	239	620
1997 YTD **	6,008	6,456	914	2,515	16,132	9,106	2,024	944	428
% of Last Year	84%	50%	44%	115%	95%	85%	187%	25%	145%
1997 Total	11,156	9,728	1,764	6,349	28,183	18,658	5,106	1,001	1,014

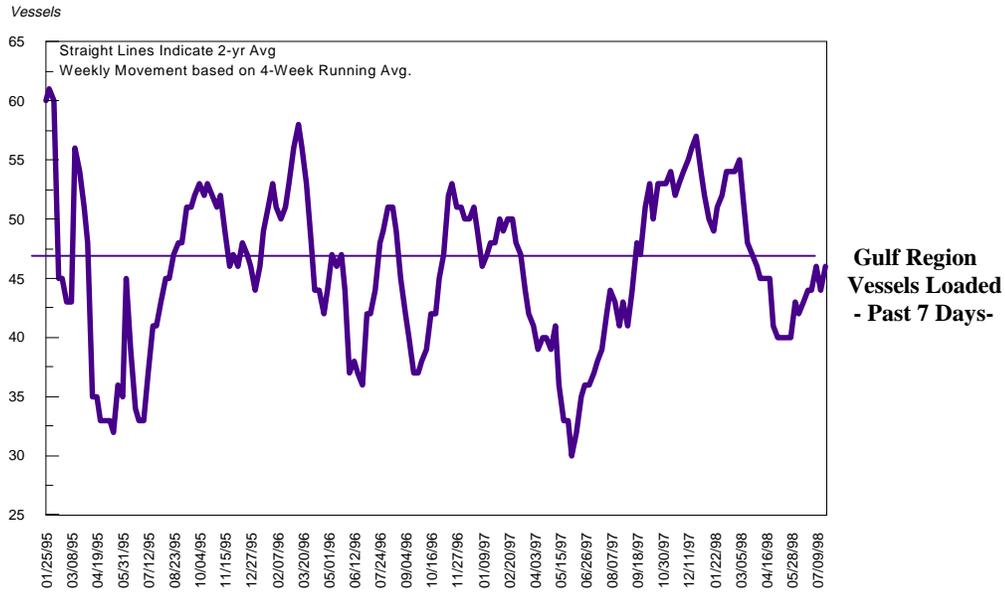
Source: Federal Grain Inspection Service *Year Ago-This Week a Year Ago ** YTD-Year-to-Date

Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

	Wheat	Durum	Barley
Week Ended: 07/23/98			
Vancouver	6,236	1,263	1,011
Prince Rupert	3,740	31	392
Prairie Direct	1,088	373	451
Thunder Bay	505	335	318
St. Lawrence	3,626	2,150	7
1997 YTD Exports	15,195	4,152	2,179
1996 YTD Exports	14,473	3,887	3,292
% of Last Year	105%	107%	66%

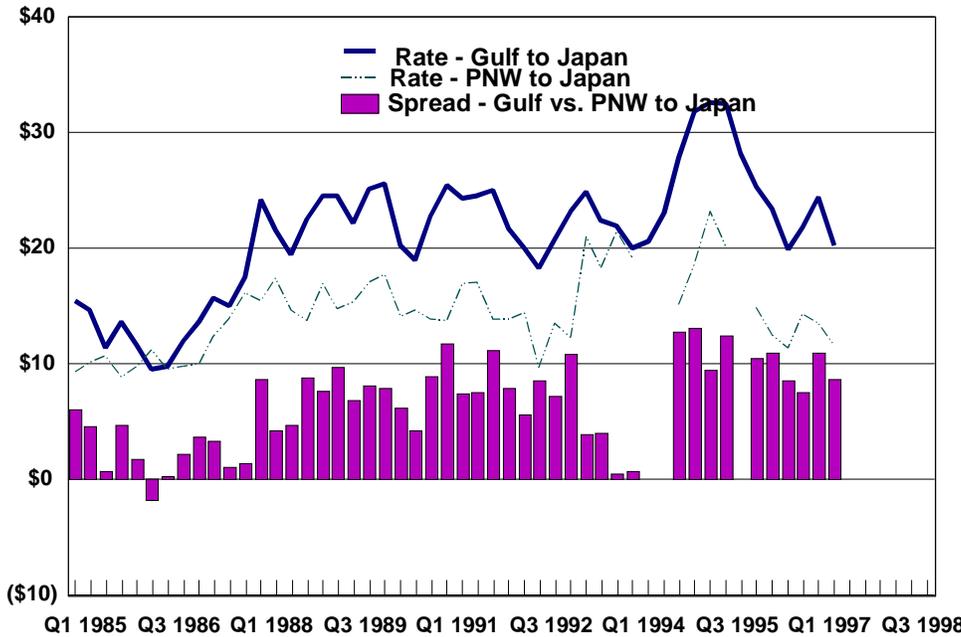
Source: Canadian Grains Commission *Year Ago-This Week a Year Ago ** YTD-Year-to-Date Crop Year 8/1-7/31



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>
07/16/98	37	44	50	6			8	7	1
07/23/98	25	45	50	6			11	7	7
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 st Qtr	1997 1 st Qtr	% Change		1998 1 st Qtr	1997 1 st Qtr	% Change
Gulf to				Pacific NW to			
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%	Argentina to			
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	So. Korea	Heavy Grains	August	52,000	\$13.00
Gulf	Colombia	Heavy Grains	July	28,900	\$9.50
Gulf	Japan	Heavy Grains	August	40,000-52,000	\$13.00-\$14.00
Gulf	United Kingdom	Grains	July	27,300	\$9.35
Gulf	Northern Europe	Grains	July	33,775	\$8.59
Pt. Cartier (Canada)	Japan	Heavy Grains	July/August	54,000	\$13.00
Paranagua	No. France	Grains	Spot	30,000	\$11.75
Brazil	Rotterdam	Grains	Spot	33,000	\$12.85
River Plate (Argentina)	U.S. Gulf	Heavy Grains	Spot	20,500	\$14.50
R. Plt/Nec./B. Blanca	Japan	Sorghum/Maize	August	54,000	\$15.00

Source: Maritime Research Inc.