



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture

August 31, 1998

Flooding Temporarily Delays Laredo Crossing. Faced with the worst flooding since 1954, the border crossing at Laredo was temporarily closed August 26, halting truck traffic over the Rio Grande. The Columbia bridge was closed when the water level reached approximately 44 feet. That level steadily decreased as the flow moved down river toward three other bridges, including a rail bridge. Rail traffic, including grain movements, was not significantly affected, however, according to Todd Drennan of USDA's Foreign Agricultural Service. Although 350 railcars were reported waiting to cross from Mexico to the United States, the backlog was cleared the following day. The flooding comes during an overall drop in traffic, as well as seasonally low rail movements. According to a Union Pacific spokesman, the Laredo Gateway has the capacity to handle 3,000 railcars without causing congestion problems.

USDA/STB Task Force Issue Initial Report. As a result of a May 1998 Memorandum of Understanding between USDA Secretary, Dan Glickman, and Surface Transportation Board (STB) Chairman, Linda Morgan, the first *Grain Transportation Prospects* report is available. Through the efforts of the USDA/STB Grain Logistics Task Force, the August 31, 1998, report is the first of several to be published between now and March 1999. The intent of the Task Force is to provide the public with information on grain production, consumption, and movements at regional, State and substate levels, in particular, so grain producers and shippers may be able to anticipate both logistical and marketing problems. Major sections of the report provide analytical insight into the domestic grain situation, the export situation for U.S. grain, and the rail situation for movement of basic grains, supported by background tables and data. More specifically, the Task Force provides additional detailed analysis on problems of storage capacity, high domestic production, and weak export demand. Questions or comments concerning the report may be directed to Jerry D. Norton, USDA-Agricultural Marketing Service, 202-690-1303, "jerry_d_norton@usda.gov".

Grain Problems Shift Away From Rail Carriers. Although grain shippers and producers ultimately face a lack of storage space, as they did last year, the focus of this year's dilemma is no longer squarely on railroad carriers and rail congestion. Instead, this year the industry is faced primarily with a large harvest of mostly unsold grain, along with the financial instability of the Asian markets. In addition, a significant amount of last year's corn and soybean harvest remains in storage awaiting higher prices. This situation is causing many grain elevator operators throughout Nebraska, Illinois, Iowa, and Minnesota to become innovators in grain storage, using anything from old airplane hangars to bunkers in order to avoid ground storage, which is the highest risk to grain quality. To further support their commitment to improve service, rail carriers have offered evidence of significant improvements over last year's performance. According to Tom White of the Washington DC based Association of American Railroad, the focus now is on investment and expansion. White states, "The era of railroad consolidations is at an end, and the only way Union Pacific and others can expand their systems is through heavy investment." In the case of Union Pacific, the result will be an expanded route structure, along with increased train speeds. It is reported that every mile-per-hour increase allows railroads to recover the use of 250-300 locomotives, thereby increasing efficiency. (*Salt Lake Tribune, AP, Reuters*)

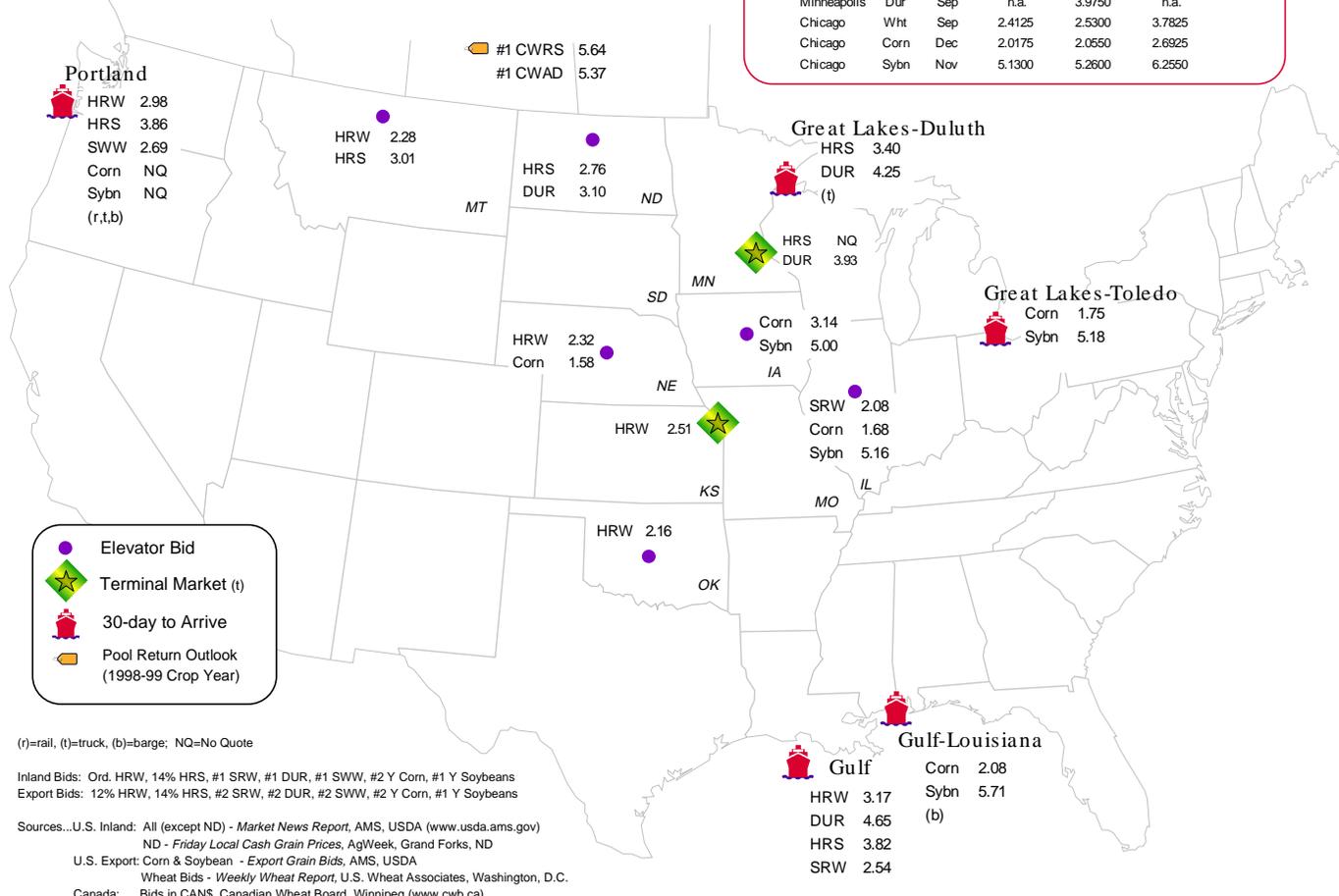
Gingrich States Stronger Commitment To U.S. Agriculture. During a recent visit to an Iowa town meeting, Newt Gingrich assured local farmers that there will be stronger commitment to help U.S. agriculture gain access to world markets. Gingrich mentioned several factors, including fast-track legislation, and the approval of funding for the International Monetary Fund as long-term solutions. In addition, a \$1 billion disaster relief bill and a bill intended to hasten subsidy payments are possible short-term solutions. However, regarding the 1996 Freedom to Farm legislation, Gingrich stated, "Moving away from a Government-run program is actually the right thing in the long run." In terms of trade agreements, he mentioned that U.S. negotiators need to be more aggressive and agreements already in place, such as NAFTA, need to be strictly enforced. Gingrich also called for a demand from the World Trade Organization (WTO) to have European countries cease their heavy agricultural subsidies, stating, "No American farmer in the long run is going to survive..." when competing against the financial strength of the German and French governments, and the European Common Market. Senator Craig Thomas (R-Wyoming) echoed these views, emphasizing that Congress must continue to make the farm crisis a top priority. (*AP*)

This report is prepared by Karl Hacker and Karla Martin, Agricultural Economists, Transportation & Marketing, Agricultural Marketing Service, USDA (202) 690-1304. Report design by Kimberly Vachal, Upper Great Plains Transportation Institute, North Dakota State University. You can retrieve this document from our Automatic Fax System by using the handset on your fax machine and dialing (202) 690-1707. This report can be found on the Internet at www.usda.gov/ams/tmd/grain.htm. E-mail comments to Nick_Marathon@USDA.gov.

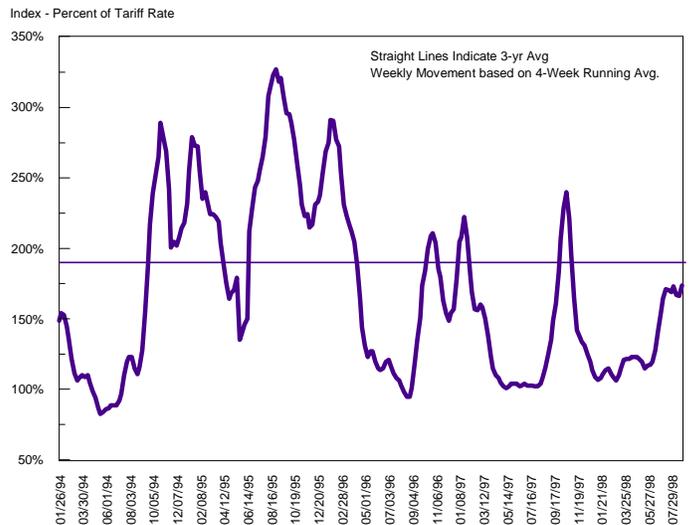
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Grain Bid Summary

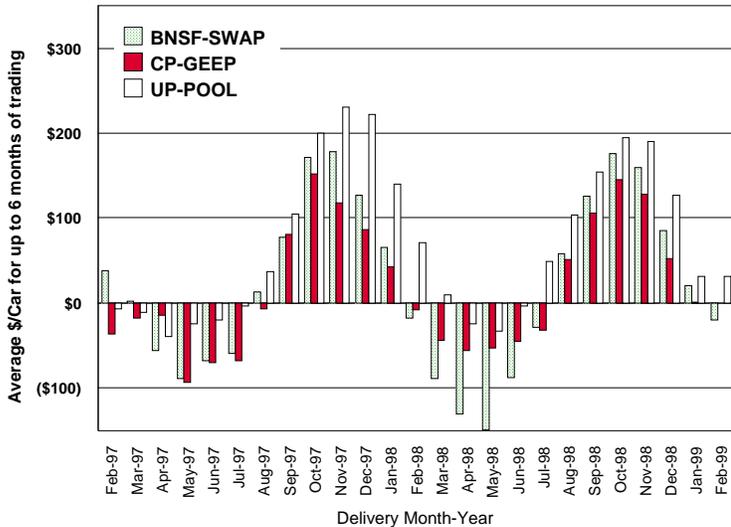
Futures:			08/28/98	Week Ago 08/21/98	Year Ago 08/29/97
Kansas City	Wht	Sep	2.6650	2.7550	3.8875
Minneapolis	Wht	Sep	3.1525	3.2025	4.2200
Minneapolis	Dur	Sep	n.a.	3.9750	n.a.
Chicago	Wht	Sep	2.4125	2.5300	3.7825
Chicago	Corn	Dec	2.0175	2.0550	2.6925
Chicago	Sybn	Nov	5.1300	5.2600	6.2550



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:	Oct-98		Nov-98	
	Offered	% Sold	Offered	% Sold
BNSF-COT	5,645	100%	5,350	66%
UP-GCAS	5,000	32%	5,000	24%

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			
	Sep-98	Oct-98	Nov-98	Dec-98
BNSF-COT	\$56	\$141	\$102	\$44
CP-GEEP	\$5	\$50	\$37	\$19
UP-Pool	\$208	\$258	\$212	\$98

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:	Oct-98	Dec-98	Jan-99
COT/N. Grain	no offer	\$5	no offer
COT/S. Grain	no offer	\$33	\$5
GCAS/Region 2	\$156	\$1	no offer
GCAS/Region 4	\$284	\$57	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
8/27/98	Mid Miss	twk	225
	S. Memphis	twk	350
	Lower Ohio	Sept.	225
	Ohio River	twk	210
	St. Louis	twk	220

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

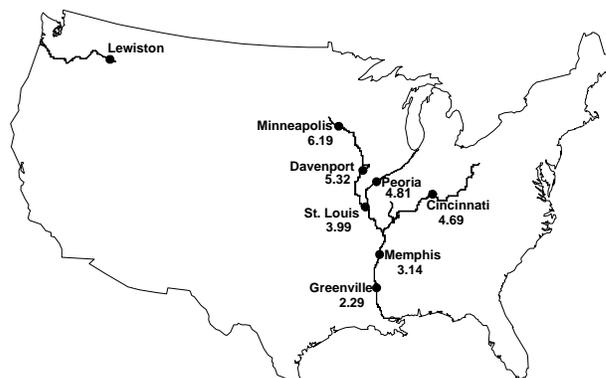
Southbound Barge Freight Spot Rates

	8/26/98	8/19/98	Sept. '98	Nov. '98
Twin Cities	238	210	257	286
Mid-Mississippi	218	172	234	226
Illinois River	198	165	219	205
St. Louis-Cairo	208	165	226	188
Lower Ohio	210	148	227	200
Cairo-Memphis	220	160	222	184

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

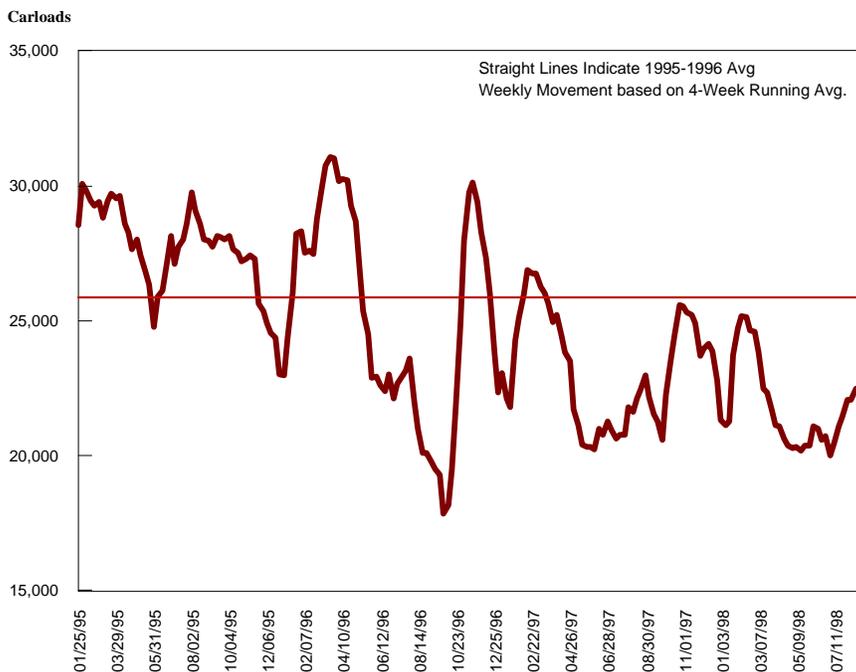
twk=this week
nwk=next week

**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
8/8/98	21,839
8/15/98	23,698
8/22/98	22,695
Year to Date - 1998	726,618
Year to Date - 1997	760,211
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
08/22/98	763	2,145	1,500	1,861	8,970	751	6,705	2,305	4,622
This Week Last Year	332	1,399	1,532	1,906	9,320	612	7,760	4,148	5,833
1998 YTD	23,200	76,170	49,997	82,100	263,756	21,002	210,393	74,090	134,724
1997 YTD	15,950	73,147	50,184	77,453	258,713	21,866	258,144	107,810	167,830
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

September 1998

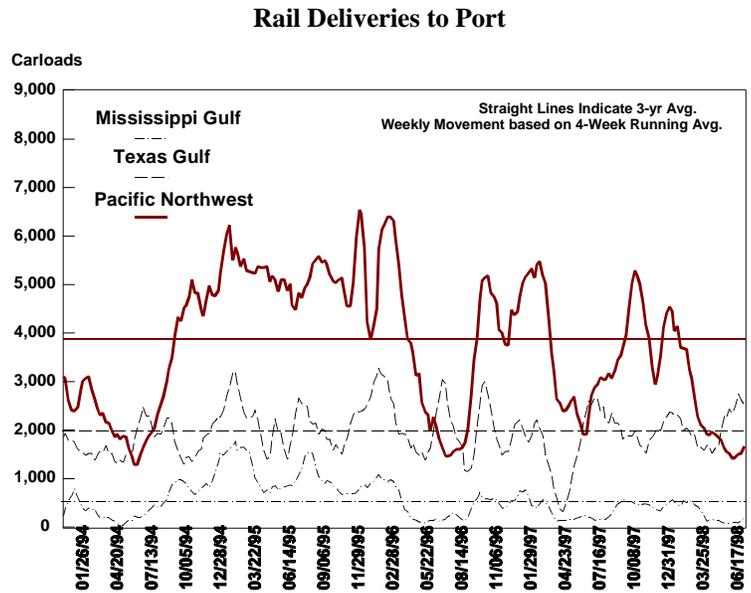
Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
05/01/98	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$18.60	\$0.62
05/01/98	43521	Wheat	Minneapolis, MN	Portland, OR	\$4,027	\$36.54	\$1.21
05/01/98	46540	Wheat	Kansas City, MO	Houston, TX	\$1,350	\$12.25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

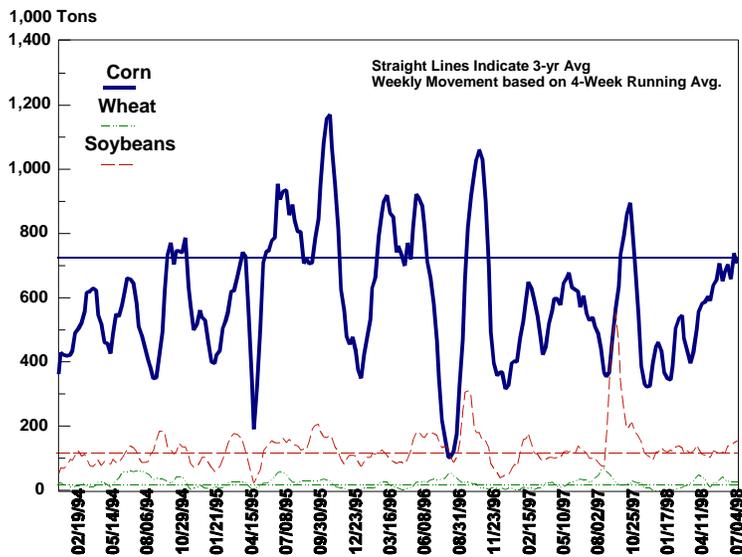
Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
08/05/98	63	2,770	1,675	6
08/12/98	300	2,352	1,671	46
08/19/98	253	1,825	1,735	23
YTD 1998	10,187	68,730	86,314	6,677
YTD 1997	12,173	55,861	121,359	4,171
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 08/22/98				
	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	378	11	54	450
Winfield, MO (L25)	488	9	89	592
Alton, IL (L26)	696	9	144	855
Granite City, IL (L27)	707	16	153	882
Illinois River (L8)	148	0	28	177
Ohio (L52)	13	14	10	64
Arkansas (L1)	0	44	3	47
1998 YTD	18,648	1,609	5,069	27,309
1997 YTD	18,622	1,493	4,570	26,914
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>									
08/20/98	1,534	397	1,022	868	210	4,029	7,687	3,923	15,639
This Week Year Ago	2,180	898	1,155	696	313	5,242	7,765	7,295	20,302
<u>Cumulative Exports-Crop Year</u>									
97/98 YTD	2,742	441	1,410	919	170	5,682	35,824	24,181	65,687
96/97 YTD	2,337	1,447	1,367	1,047	318	6,516	43,413	24,041	73,970
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
08/27/98	184	52	0	116	514	168	236	0	0
1998 YTD **	6,182	3,375	409	3,407	18,600	8,499	4,757	254	624
1997 YTD **	7,263	7,326	930	3,775	18,675	9,857	3,094	950	428
% of Last Year	85%	46%	44%	90%	100%	86%	154%	27%	146%
1997 Total	11,156	9,728	1,764	6,349	28,183	18,658	5,106	1,001	1,014

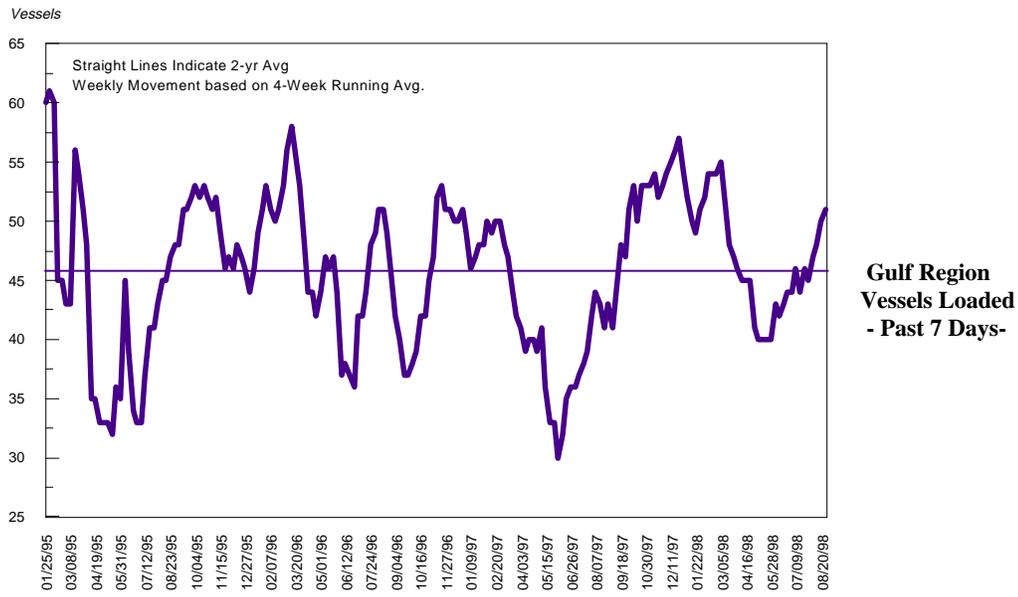
Source: Federal Grain Inspection Service *Year Ago-This Week a Year Ago ** YTD-Year-to-Date

Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

	Wheat	Durum	Barley
Week Ended: 08/27/98			
Vancouver	295	43	4
Prince Rupert	0	0	0
Prairie Direct	24	7	8
Thunder Bay	63	10	0
St. Lawrence	152	154	0
1998 YTD Exports	534	214	12
1997 YTD Exports	1,166	363	206
% of Last Year	46%	59%	6%

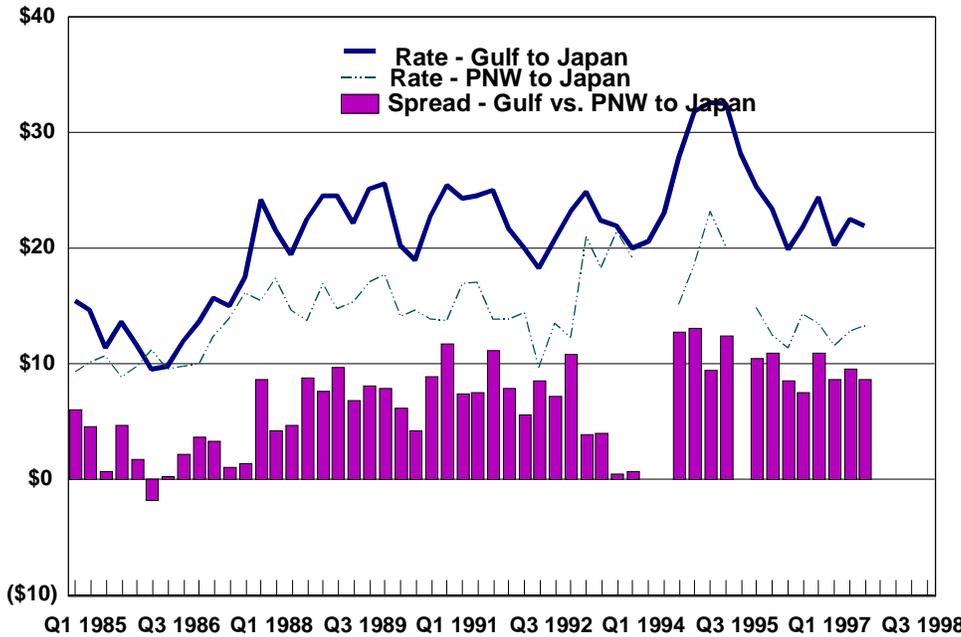
Source: Canadian Grains Commission *Year Ago-This Week a Year Ago ** YTD-Year-to-Date Crop Year 8/1-7/31



	Gulf			Pacific Northwest			Vancouver, B.C.		
	In Port	Loaded	Due Next	In Port	Loaded	Due Next	In Port	Loaded	Due Next
		7-Days	10-Days		7-Days	10-Days		7-Days	10-Days
08/20/98	38	53	49	11			10	7	5
08/27/98	31	48	60	8			14	12	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 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	No. Spain	Heavy Grains	Spot	60,000	\$7.85
Gulf	Spain (Med.)	Heavy Grains	Spot	30,000	\$9.25
Gulf	Japan	Heavy Grains	September	54,000	\$12.70-\$13.00
Gulf	Egypt (Med.)	Heavy Grains	Spot	55,000	\$7.75
Gulf	Indonesia	Heavy Grains	September	23,000	\$17.75
Vancouver (Canada)	Costa Rica	Wheat	September	26,700	\$13.00
Paranagua (Brazil)	Ghent (Belgium)	Heavy Grains	August/September	52,250	\$9.40
So. Brazil	Lisbon/Hamburg	Grains	September	30,000	\$13.00
Rostock (Germany)	Greece	Wheat	Prompt	19,500	\$13.50
Hamburg (Germany)	Saudi Arabia	Barley	Prompt	50,000	\$9.90

Source: Maritime Research Inc.