



# GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service  
United States Department of Agriculture



FEBRUARY 22, 2000

**Ocean Freight Rates On The Rise.** A strengthening Asian economy, along with healthy European economic growth, has been helping to increase the demand for vessels exporting bulk U.S. commodities. Subsequently, ocean freight rates to these world regions are reported to be increasing. Panamax-size vessels transporting grain from the U.S. Gulf to Rotterdam, Netherlands, have shown a daily earnings increase of more than \$3,000 during the past year, to over \$10,000 in average daily earnings. The larger Capesize vessels, on the other hand, have increased average daily earnings by approximately \$5,000, totaling approximately \$15,000 in average daily earnings. Recently published USDA quarterly ocean freight rates indicate that rates increased by 66 percent from the U.S. Gulf to Japan and 55 percent from the U.S. Gulf to Northern Europe, far exceeding those for the same period during 1998. There was a slightly lower rate increase of 33 percent for ocean movements from the U.S. Pacific Northwest to Japan during this same period. Most analysts feel positive that the rate increases will remain firm into 2001. Others, however, believe that rates will remain higher despite a possible drop in ocean trade, while still others describe a more dramatic fall in rates, given a possible market drop. Attempts to raise rates for westbound Pacific movements appear to be more tenuous, as shipping lines contend with new carriers and continued overcapacity. According to Maritime Strategies, a London-based consulting firm, "prospects for an extended cyclical upswing are now receding." Indeed, orders for deadweight bulk ships dramatically increased by the end of 1999, as shipyards in both Japan and Korea substantially cut prices for the building of new vessels, a response to the reluctance by shipowners to place orders in 1998, following the dismal freight rates of 1997. With the price cuts, however, record-setting orders, placed for 155 Panamax vessels and 95 Handymax vessels during the end of last year, are expected to keep shipyards busy for the next 2 years. Many expect that the rates will again fall when this increased tonnage is added to seaborne trade. "The bulker market is about to provide another dynamic case study in the consequences of trying to beat the cycle," according to H. Clarkson, a prominent London shipbroker. (*Journal of Commerce* 2/11, 2/17, USDA)

**Major Rail Lines Plan Rate Increase.** Pointing to higher labor costs and the doubling in price of diesel fuel since the previous year, several of the Nation's Class 1 railroads have notified customers of their intentions to raise rates. Since the Federal Government deregulated the rail industry in 1980, railroads have been arranging long-term contracts with major customers in an effort to guarantee traffic and make optimal use of capacity. The contracts are reported to be a primary reason that inflation-adjusted rates have decreased over 50 percent during the past 20 years. The proposed increases, however, may not be as consequential as some believe. "It's selective, and I'd say it affects less than a quarter of the business," states James Valentine, an analyst with Morgan Stanley Dean Witter. Rate increases will not affect those with long-term contracts, nor will it affect all shipments. Norfolk Southern Corporation, for example, announced an increase applicable to scrap metal, paper, lumber, and container freight. According to Valentine, customers who cannot afford the increase, such as farmers and automakers, will alternate to truck shipments. (*Journal of Commerce* 2/11)

**Brazil's Farmers Prosper Without Aid.** Following a recent visit with their Brazilian counterparts, two Iowa farmers advised American farmers to rely more heavily on technology and transportation, instead of government aid, to remain successful during agricultural crises. Farmers, Tim Burrack and Bill Horan, stated differences in efficiency and production between the two countries during a recent forum. Burrack compared, for example, his per-bushel cost of \$5.40 to produce soybeans with that of \$3.29 per bushel for a Brazilian soybean producer. In addition, although Brazilian soybean yields of 60 bushels per acre are common, certain varieties are capable of yielding as high as 88 bushels per acre. Soybean statistics for 1998 indicate average U.S. production at approximately 40 bushels per acre. The Iowans also emphasized the importance of efficient transportation to U.S. farmers, such as with railroads and river transport. Horan and Burrack noted the benefits realized by Brazil due to the U.S. policy for pre-1996 production limits. "They could not emphasize enough to us how quickly we need to get back to set-asides so we could raise the price of beans for them," Horan stated. The pair felt that technology investment, value-added processing, and finding niche markets were key to competing with Brazil. (*AP* 2/19, <http://206.168.118.237/99soystats>)

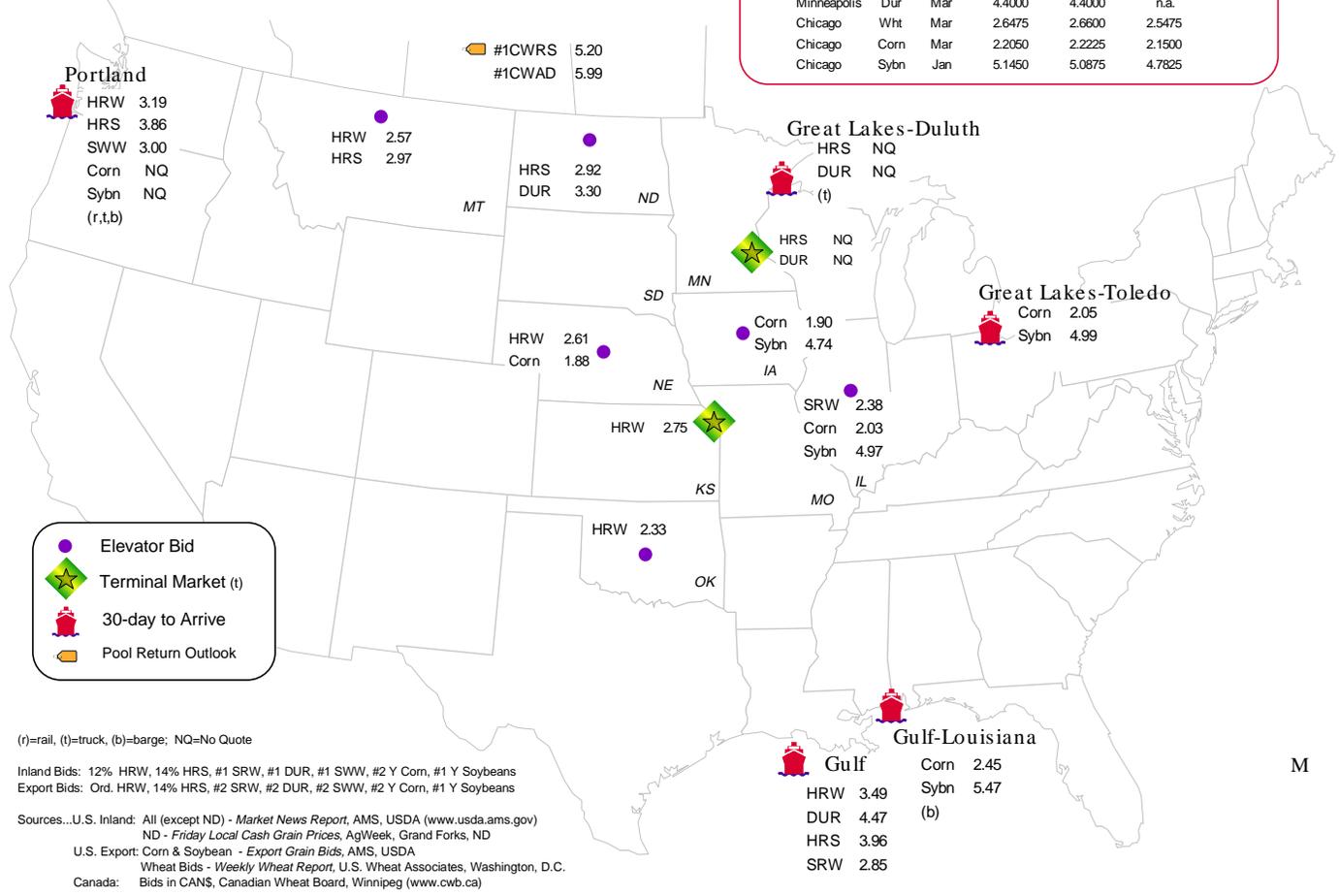
**Controversy Surrounds Snake River Dams.** Oregon Governor John A. Kitzhaber has joined the efforts of environmentalist groups, American Indians, and commercial fishers in an attempt to have four dams--Ice Harbor, Lower Monumental, Little Goose, and Lower Granite--along the Snake River breached. Although the dams have provided electricity and allowed barge traffic to reach as far as Lewiston, ID, since being built in the 1960's, they have been hotly opposed based on the decrease in salmon migration. Understandably, farmers relying on barge transportation, as well as others, are fighting to keep the dams. Senator Slade Gorton (R-WA) regarded removing the dams as "an unmitigated disaster and economic nightmare," for the region. Although supporters are hopeful that dam removal will improve spawning and restore fish populations, reports indicate that this is would not be a guaranteed result. (*NY Times* 2/19, *USA Today* 2/21)

Report is prepared by Karl Hacker and Chambre' Malone, 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.ams.usda.gov/tmd/grain.htm](http://www.ams.usda.gov/tmd/grain.htm). E-mail comments to [GTR@usda.gov](mailto:GTR@usda.gov).

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# Grain Bid Summary

Futures:			02/18/00	Week Ago 02/11/00	Year Ago 02/19/99
Kansas City	Wht	Mar	2.9575	2.9650	2.8500
Minneapolis	Wht	Mar	3.2275	3.2400	3.3350
Minneapolis	Dur	Mar	4.4000	4.4000	n.a.
Chicago	Wht	Mar	2.6475	2.6600	2.5475
Chicago	Corn	Mar	2.2050	2.2225	2.1500
Chicago	Sybn	Jan	5.1450	5.0875	4.7825

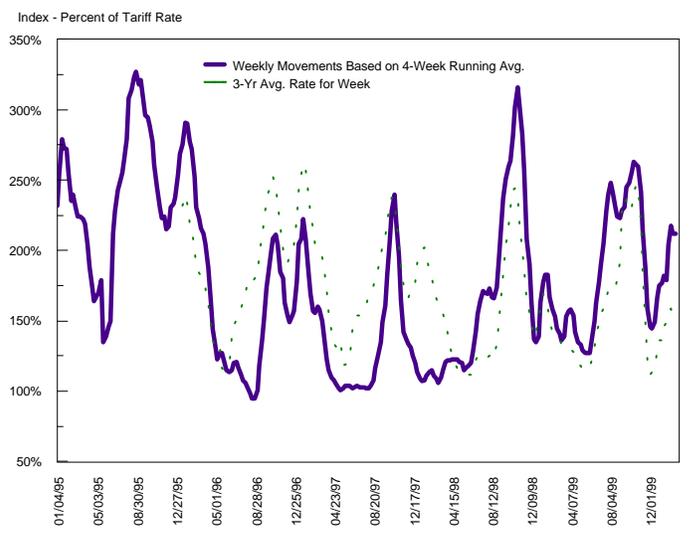


(r)=rail, (t)=truck, (b)=barge; NQ=No Quote

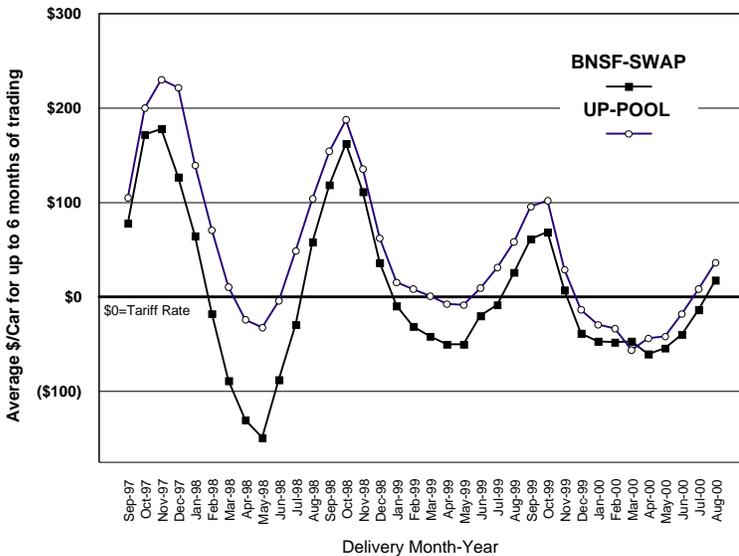
Inland Bids: 12% HRW, 14% HRS, #1 SRW, #1 DUR, #1 SWW, #2 Y Corn, #1 Y Soybeans  
 Export Bids: Ord. HRW, 14% HRS, #2 SRW, #2 DUR, #2 SWW, #2 Y Corn, #1 Y Soybeans

Sources...U.S. Inland: All (except ND) - *Market News Report*, AMS, USDA (www.usda.ams.gov)  
 ND - *Friday Local Cash Grain Prices*, AgWeek, Grand Forks, ND  
 U.S. Export: Corn & Soybean - *Export Grain Bids*, AMS, USDA  
 Wheat Bids - *Weekly Wheat Report*, U.S. Wheat Associates, Washington, D.C.  
 Canada: Bids in CAN\$, Canadian Wheat Board, Winnipeg (www.cwb.ca)

## Spot Barge Rate - Illinois River



## Secondary Rail Market Bids



<b>Rail Car 'Auction' Offerings</b>				
Delivery for:	Mar-00		May-00	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
<b>BNSF-COT</b>	12,000	2%	12,000	0%
<b>UP-GCAS</b>	5,400	2%	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

	<b>Delivery Period</b>			
	Mar-00	Apr-00	May-00	Jun-00
BNSF-GF	\$(2)	\$(42)	\$(36)	\$(15)
UP-Pool	\$(0)	\$(23)	\$(20)	\$(15)

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:	Mar-00	Apr-00	May-00
COT/N. Grain	no bid	no bid	no bid
COT/S. Grain	no bid	no bid	no bid
GCAS/Region 2	no bid	no bid	no bid
GCAS/Region 4	no bid	no bid	no bid

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)

**Southbound Barge Freight Nominal Values**

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

Week ended*	River/Region	Contract Period	Rate
Summary Of Daily Barge Trades Reported To St. Louis Merchants Exchange.			

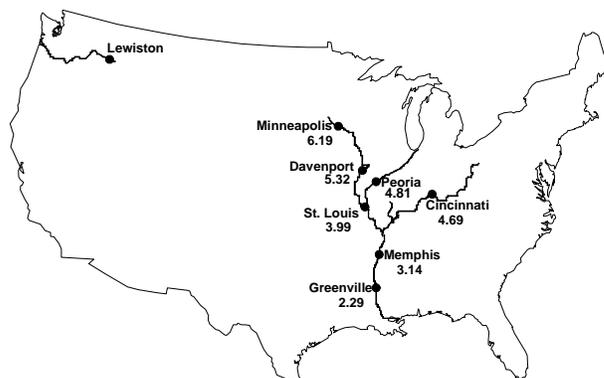
(\*) current data unavailable

**Southbound Barge Freight Spot Rates**

	2/16/00	2/9/00	Mar. '00	May '00
Twin Cities	nq	nq	nq	200
Mid-Mississippi	nq	nq	191	176
Illinois River	188	161	178	164
St. Louis	156	134	153	135
Lower Ohio	156	131	148	138
Cairo-Memphis	149	125	143	133

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

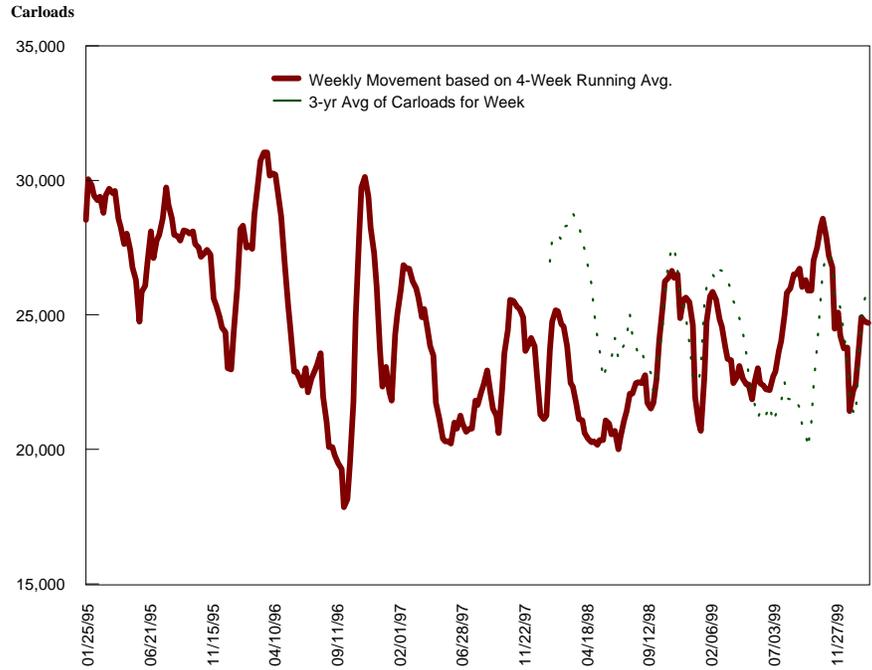
**Barge Benchmark Tariff Rates  
Est. 1976 - 'Tariff No. 7'**



Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
1/29/00	22,712
2/5/00	25,290
2/12/00	25,916
Year to Date - 2000	150,894
Year to Date - 1999	150,836
Total 1999	1,269,741

\*\*1998 - 52 weeks  
\* 1997 - 53 weeks



Class I Rail Carrier Grain Car Bulletin

Carloads

			East		West			Canada	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
02/12/00	0	3,169	2,069	2,776	8,891	917	8,094	3,168	4,356
This Week Last Year	970	2,852	1,515	2,838	8,989	488	7,890	2,199	3,006
2000 YTD	0	17,528	11,637	17,503	52,634	4,116	47,476	16,973	23,106
1999 YTD	4,288	15,884	8,702	16,082	52,731	4,463	48,686	11,052	17,989
1999 Total	15,522	132,157	88,056	138,379	465,088	33,911	398,262	121,381	206,328
1998 Total	40,192	126,128	77,811	131,158	431,459	34,503	342,609	113,568	215,005

Source: Association of American Railroads

\*\*1998 - 52 weeks  
\* 1997 - 53 weeks

Tariff Rail Rates for Unit Train Shipments

February 2000

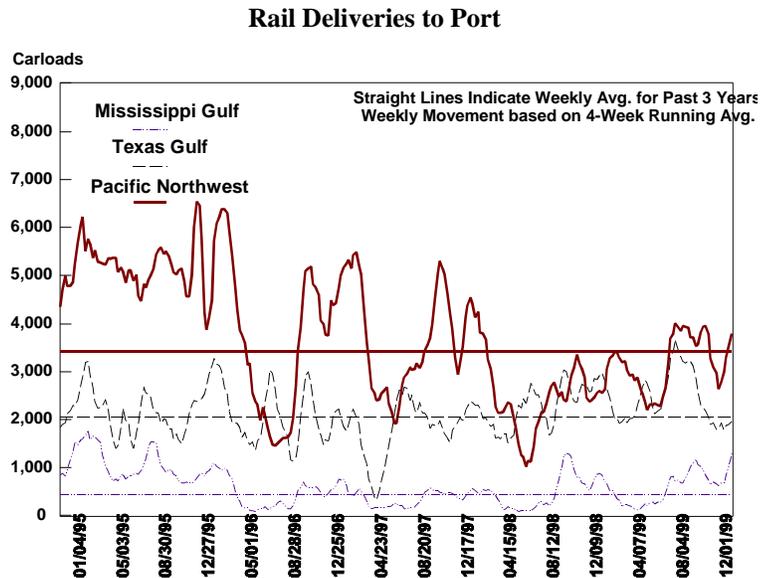
Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
02/07/00	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
02/07/00	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,877	\$42.74	\$1.16
02/07/00	46540	Wheat	Kansas City, MO	Houston, TX	\$1,550	\$17.09	\$0.47
02/07/00	43586	Wheat	Kansas City, MO	Portland, OR	\$4,133	\$45.56	\$1.24
02/07/00	43581	Wheat	Omaha, NE	Portland, OR	\$3,805	\$41.94	\$1.14
02/07/00	31040	Corn	Minneapolis, MN	Portland, OR	\$3,000	\$33.07	\$0.84
02/07/00	31035	Corn	Kansas City, MO	Portland, OR	\$2,600	\$28.66	\$0.73
02/07/00	31040	Corn	Omaha, NE	Portland, OR	\$2,615	\$28.82	\$0.73
02/07/00	61180	Soybean	Minneapolis, MN	Portland, OR	\$2,880	\$31.75	\$0.86
02/07/00	61180	Soybean	Omaha, NE	Portland, OR	\$2,480	\$27.34	\$0.74
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

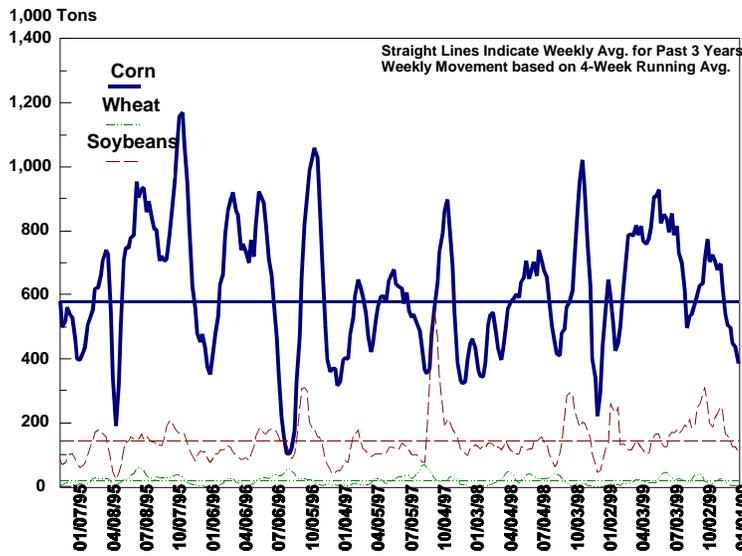
Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
01/05/00	494	1,634	2,235	62
01/12/00	810	2,097	2,927	18
01/19/00	954	1,999	4,160	870
01/26/00	1,191	1,805	3,827	373
02/02/00	1,302	1,668	3,281	105
02/09/00	1,810	2,370	3,896	830
YTD 2000	6,561	11,573	20,326	2,258
YTD 1999	4,775	16,964	14,811	2,365
Total 1998	23,844	115,321	138,461	12,505
Total 1997	20,152	93,265	195,953	9,147

Source: Transportation & Marketing/AMS/USDA



Barge Movements - Locks 27



Barge Grain Movements

for week ending 2/12/00

	Corn	Wht	Sybn	Total
	1,000 Tons			
<b>Mississippi River</b>				
Rock Island, IL (L15)	0	0	0	0
Winfield, MO (L25)	0	0	0	0
Alton, IL (L26)	262	2	103	366
Granite City, IL (L27)	280	2	129	422
<b>Illinois River (L8)</b>	310	2	141	452
<b>Ohio (L52)</b>	100	9	69	213
<b>Arkansas (L1)</b>	0	21	14	35
2000 YTD	2,997	159	1,063	4,503
1999 YTD	3,110	289	734	4,669
Total 1999	31,001	2,401	8,674	45,134
Total 1998	31,226	2,420	8,866	45,625

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>									
02/10/00	1,039	466	886	487	233	3,111	7,469	3,701	14,281
This Week Year Ago	1,429	322	868	549	154	3,323	8,557	3,526	15,406
<u>Cumulative Exports-Crop Year</u>									
99/00 YTD	8,168	3,094	3,954	2,900	692	18,808	22,402	15,193	56,403
98/99 YTD	7,674	1,387	4,762	4,253	672	18,748	20,266	17,713	56,727
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

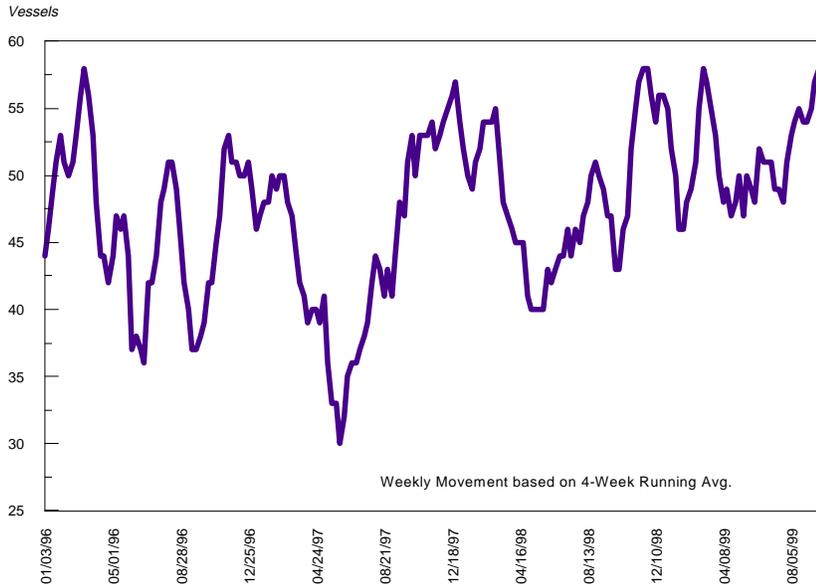
Source: Foreign Agricultural Service YTD-Year-to-Date ([www.fas.usda.gov](http://www.fas.usda.gov)) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31

<b>Select U.S. Port Regions - Gain Inspections for Export - 1,000 Metric Tons</b>									
	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	Wheat	Corn	Soybean	Wheat	Corn	Soybean	Wheat	Corn	Soybean
02/17/00	199	203	32	137	643	290	164	7	154
2000 YTD	1,300	1,114	245	802	4,306	3,085	680	10	329
1999 YTD *	1,254	622	25	530	3,660	2,253	1,015	43	328
% of Last Year	12%	25%	38%	16%	14%	21%	9%	2%	24%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

Source: Federal Grain Inspection Service \* YTD-Year-to-Date (\*98 = 53 week period)

<b>Select Canadian Ports - Export Inspections</b>			
1,000 Metric Tons, Crop Year			
	Wheat	Durum	Barley
Week Ended: 2/17/00			
Vancouver	2,778	530	312
Prince Rupert	1,858	4	68
Prairie Direct	483	173	206
Thunder Bay	468	193	165
St. Lawrence	1,788	977	0
1999 YTD Exports	7,375	1,877	752
1998 YTD Exports	5,583	1,682	484
% of Last Year	132%	112%	155%

Source: Canadian Grains Commission  
YTD-Year-to-Date Crop Year 8/1-7/31



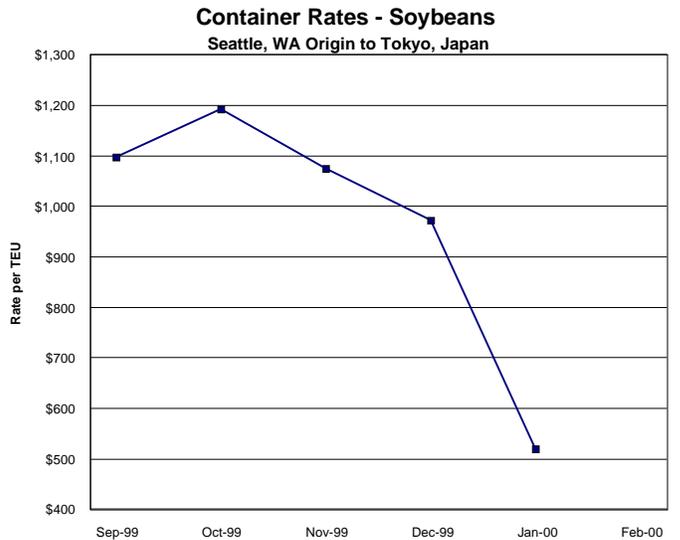
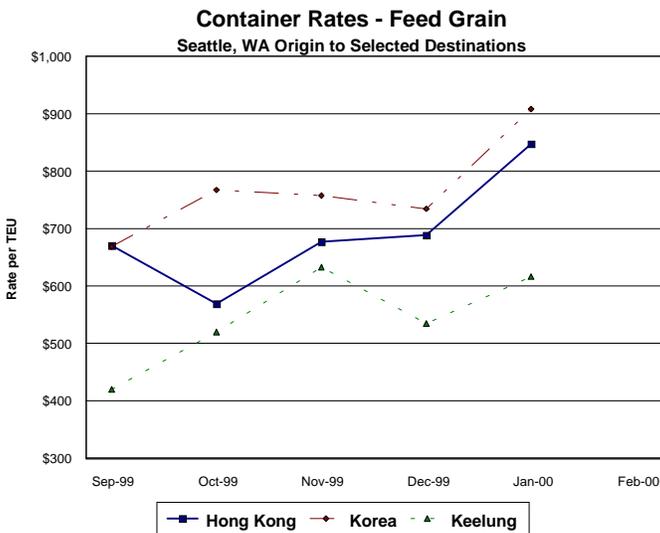
**Gulf Region  
Vessels Loaded  
- Past 7 Days-**

	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
02/10/00	48	55	60	10			6	8	1
02/17/00	42	52	64	10			8	5	4
1999 Range	(14..47)	(39..65)	(34..80)	(6..18)			(2..20)	(2..15)	(0..9)
1998 Range	(19..62)	(34..64)	(40..93)				(1..19)	(3..14)	(0..10)
1999 Avg	32	52	65				9	9	3
1998 Avg	40	48	61				10	9	3
1997 Avg	33	45	58						

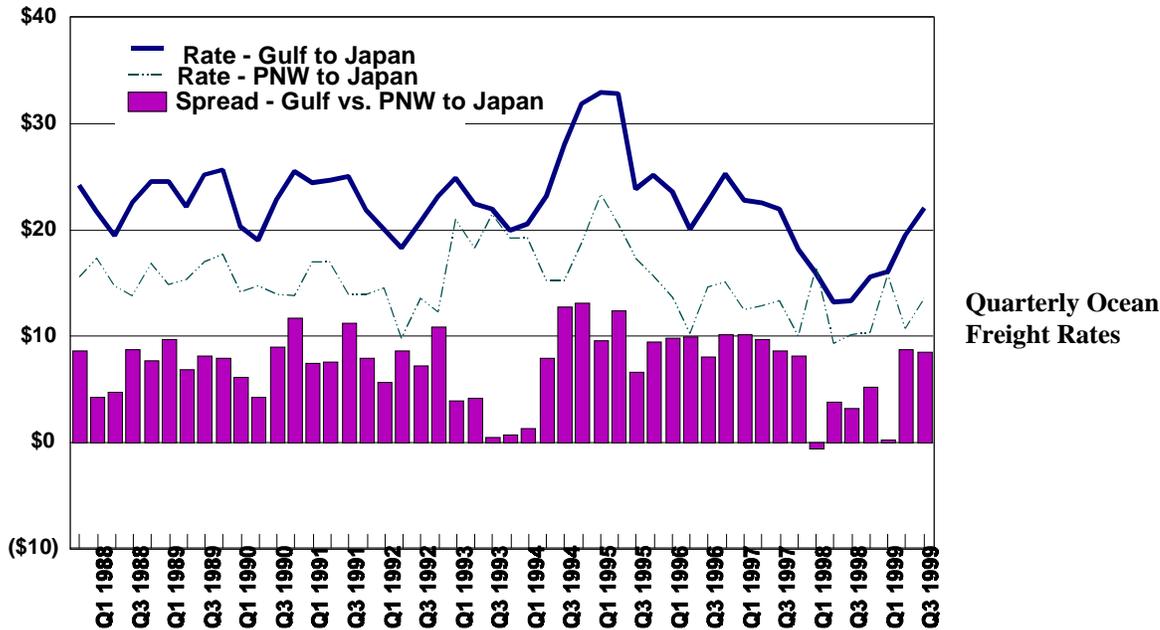
Source: Transportation & Marketing /AMS/ USDA

**Container Ocean Freight Rates**

Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share



US\$/Metric Ton



**Quarterly Ocean Freight Rates**

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	1999 4 <sup>th</sup> Qtr	1998 4 <sup>th</sup> Qtr	% Change		1999 4 <sup>th</sup> Qtr	1998 4 <sup>th</sup> Qtr	% Change
<b>Gulf to</b>				<b>Pacific NW to</b>			
Japan	\$22.07	\$13.33	66%	Japan	\$13.55	\$10.17	33%
Mexico	\$15.21	\$14.41	6%	Red Sea/ Arabian Sea			
Venezuela	\$12.10	\$10.87	11%				
N. Europe	\$13.68	\$8.81	55%	<b>Argentina to</b>			
N. Africa	\$21.65	\$15.26	42%	N. Europe	\$17.77	\$12.56	42%
				Japan			

Source: Transportation & Marketing/AMS/USDA; (\*) rates shown are for metric ton (2,250 lbs.=one metric ton)

**Ocean Freight Rates \*(Select Locations) - week ending 2/19/00**

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	Rotterdam/Denmark	Grains	February	40,000	\$12.00
Gulf	Malaysia (2pts.)	Heavy Grain	March	50,000	\$19.50
Gulf	Philippines	Meals	March	55,000	\$19.50
Gulf	Taiwan	Heavy Grain	Feb./Mar.	54,000/56,000	\$19.40
Gulf	Japan	Heavy Grain	April/May	54,000	\$21.00/22.50
Gulf	China	Soybeans	February	52,000/54,000	\$19.25
Paranagua (Brazil)	Lisbon/Hamburg	Grains	February	22,600	\$14.60
Rouen (France)	Casablanca	Wheat	February	20,000	\$10.00
Hamburg (Germany)	Algeria/Tunisia	Wheat	Prompt	25,000	\$12.00
Rostock (Germany)	So. Korea	Heavy Grain	February	52,000	\$18.00

Source: Maritime Research Inc. (\*) rates shown are for long ton (2,240 lbs.=one long ton), F.O.B., except where otherwise indicated.