



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture



OCTOBER 16, 2001

Fertilizer Prices Decline Along with Natural Gas. The decreasing price of natural gas has resulted in a drop in the cost of nitrogen fertilizer, in sharp contrast to its skyrocketing prices early this year. Farmers add nitrogen to their fields through fertilizers such as anhydrous ammonia and derived products such as urea, ammonium nitrate, and ammonium sulfate. Energy in the form of natural gas is the raw material that facilitates the contribution of hydrogen to develop ammonia. It typically requires about 33.5 million British thermal units (MMBtu) per ton of fertilizer to develop anhydrous ammonia, for example. Further, according to fertilizer industry sources, 75 percent or more of the cash cost to produce a ton of nitrogen fertilizer can be attributed to its natural gas consumption.

In 1999, natural gas prices averaged \$2.19 per MMBtu, where they had remained relatively stable for 15 years. That price doubled to \$4.40 in 2000 and jumped to roughly \$10.00 per MMBtu in January, 2001, primarily due to increased demand brought on by an unusually cold winter and tight supply. Accordingly, ammonia production increased from \$100 to \$360 per ton between 1999 and January, 2001. The recent drop (to \$2.31 per MMBtu as of October 12) indicates that prices have returned to pre-2000 levels and roughly two-thirds of what they were during the spring of this year. The return of prices to the current level came as a result of an increase in natural gas production and the filling of storage facilities during the summer months. The current decrease, according to Mike Severson, a Hope Farmers Elevator manager in Steele County, ND, translates into roughly a \$120 per ton reduction in the cost of anhydrous and a price reduction of approximately \$65 per ton for urea. North Dakota State University farm management specialist, Andrew Swenson, said that the reduction amounts to about a \$6,500 cut in costs for a typical farm in North Dakota or in the Midwest's Corn Belt. Different soil conditions will determine savings in other regions of the country. (AP 10/15, Iowa State University, www.ent.iastate.edu/ipm/icm, 1/29; The Fertilizer Institute www.tfi.org/News/index.asp, 1/26; U.S. Department of Energy, <http://tonto.eia.doe.gov>, 10/15)

Federal Government Asked To Increase Transportation Security. With the Senate having recently passed measures for major improvements in aviation security, advocates are hoping that Congress will also focus attention on railways and seaports. "I believe seaport security is a very serious issue, as well as rail security," said John McCain, (R-Arizona). However, the priority of attending to these issues is being hindered by differences over funding immediate security needs, financing overdue infrastructure improvements, and implementing requirements under existing law. Senator McCain recently introduced a bill which would provide \$1.5 billion to improve rail security and repair tunnels along the Northeast corridor. Regarding port and water resource security, committees learned during recent testimony that the government is uncertain about what kind of cargo is entering the country. Of the 360 ports in the country, 50 bring in roughly 95 percent of shipping commerce, and many of these are located near densely populated cities or areas with security concerns. However, few manifests are filed before ships reach port, according to Admiral James Loy, Commandant of the U.S. Coast Guard, in recent testimony before the Senate Commerce Committee.

Major associations representing the Nation's railroads and ports have already offered their input for improving security to their respective infrastructure. Early this month, for example, Association of American Railroads (AAR) President and CEO, Ed Hamberger, testified before the Senate Committee on Commerce, Science, and Transportation that the rail industry is taking steps to deal with the new threat of global terrorism. Hamberger stated that the industry is in daily contact with the National Security Council through the Department of Transportation's Office of Intelligence and Security, has hired experts in the areas of foreign intelligence and Department of Defense operations to help assess operational and informational security, and is working with the Federal Bureau of Investigation's (FBI) National Infrastructure Protection Center for early warning and information sharing. The industry is also working closely with the military to provide needed support, increasing patrols and security at critical facilities, tightening security on its Web-based information systems, restricting certain operations near major public events, and continuing the industry-wide practice of thorough background checks on employees before hiring.

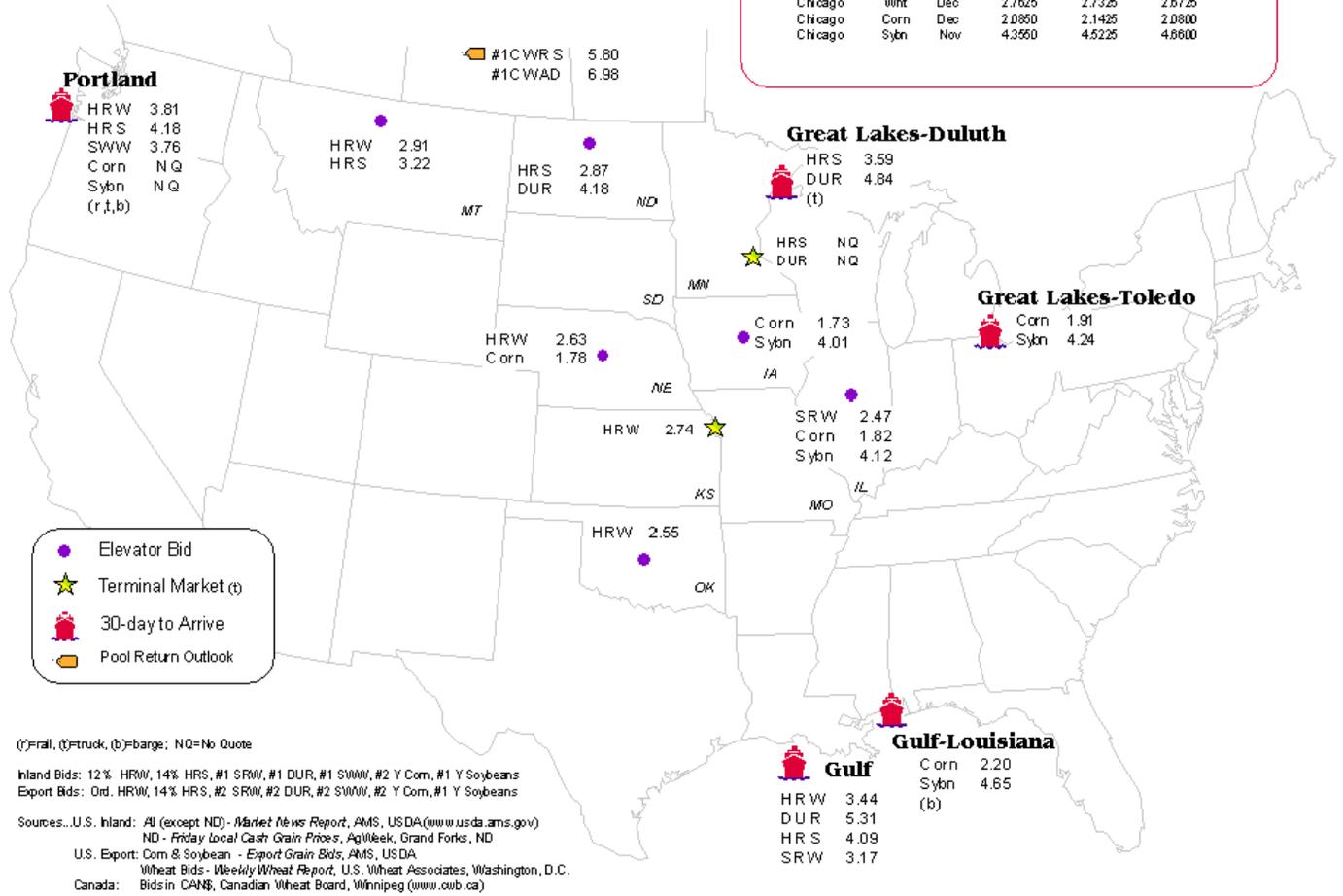
The American Association of Port Authorities (AAPA) believes that increased security will be achieved at the Nation's ports through partnerships with Federal, State, and local governments; seaports; and private industry. AAPA has stated that Federal agencies should take the lead, given their terrorism and threat assessment expertise, that there should be information sharing between ports, local seaport security committees, and agencies such as the FBI and U.S. Customs Service. Also, according to the association, security guidelines and minimum standards need to be set, and seaport security officer training needs to be developed. It also recommends more personnel and equipment, in order for the U.S. Customs Service to monitor the cargo flow in and out of the country, and a grant program for establishing new technologies and installing security enhancements at ports. (www.congressdaily.com, 10/15, Association of American Railroads, www.aar.org, 10/2/8, American Association of Port Authorities, www.aapa-ports.org/govrelations.)

Report is prepared by Karl Hacker and Sigal Nissan, 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. This report can be found on the Internet at www.ams.usda.gov/tmd/grain.htm. E-mail comments to Karl.Hacker@usda.gov.

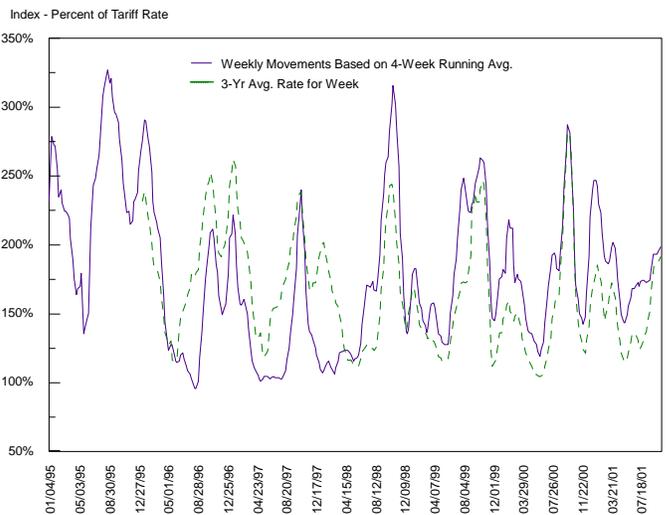
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Grain Bid Summary

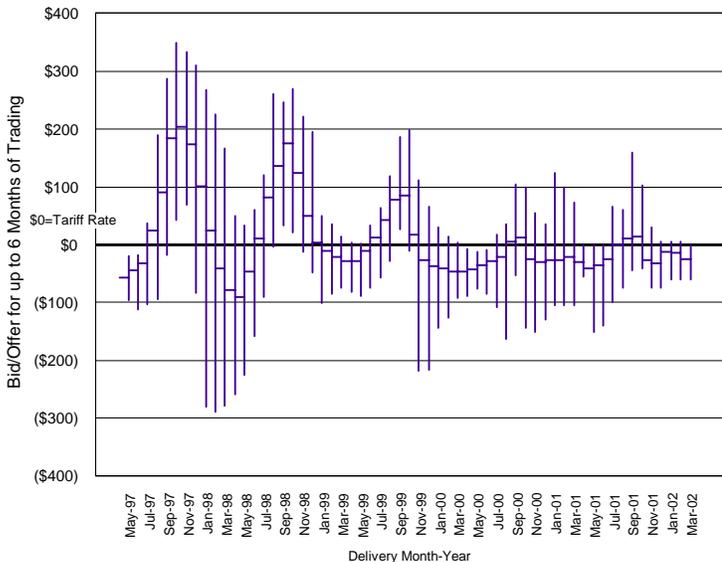
Futures:			10/11/2001	Week Ago 10/04/2001	Year Ago 10/13/2000
Kansas City	Wht	Dec	2.8375	2.8600	3.2000
Minneapolis	Wht	Dec	3.0600	3.0650	3.3275
Minneapolis	Dur	Dec	n.a.	n.a.	n.a.
Chicago	Wht	Dec	2.7625	2.7325	2.6725
Chicago	Corn	Dec	2.0850	2.1425	2.0800
Chicago	Sybn	Nov	4.3550	4.5225	4.6600



Spot Barge Rate - Illinois River



Secondary Rail Market Bids



Rail Car 'Auction' Offerings				
Delivery for:	Nov-01		Jan-01	
	Offered	% Sold	Offered	% Sold
BNSF-COT	12,242	38%	11,047	19%
UP-GCAS	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

	Delivery Period			
	Oct-01	Nov-01	Dec-01	Jan-02
BNSF-GF	\$(30)	\$(19)	\$(16)	\$(11)
UP-Pool	\$(10)	\$(69)	\$(60)	\$(42)

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-01	Dec-01	Jan-02
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, www.uprr.com, (COT=Certificate of Transportation; GCAS=Grain Car Allocation System)

Southbound Barge Freight Nominal/Cash Basis Values

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

Week ended	River/Region	Contract Period	Rate	
			Futures	Cash
10/16/01	St. Louis	Nov	148	145
		Jan	128	140
		Mar	128	140
		May	136	0
	Illinois River	Jul	0	0
		Nov	170	170
		Jan	193	195
		Mar	170	175
		May	0	0
		Jul	0	0

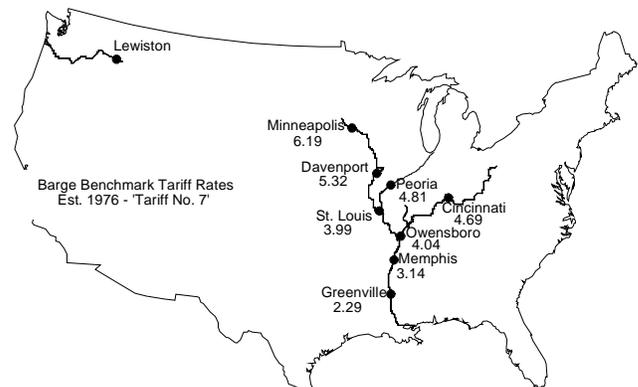
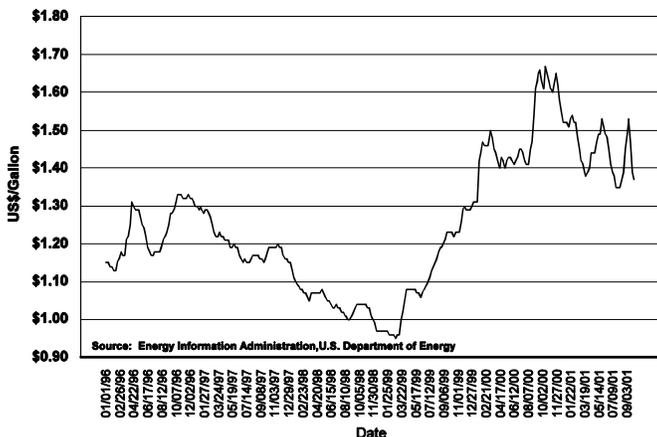
Source: St. Louis Merchants Exchange

Southbound Barge Freight Spot Rates

	10/10/01	10/3/01	Nov '01	Jan '02
Twin Cities	220	237	220	0
Mid-Mississippi	208	228	186	0
Illinois River	204	218	170	192
St. Louis	205	219	153	141
Lower Ohio	220	258	168	145
Cairo-Memphis	197	213	149	134

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

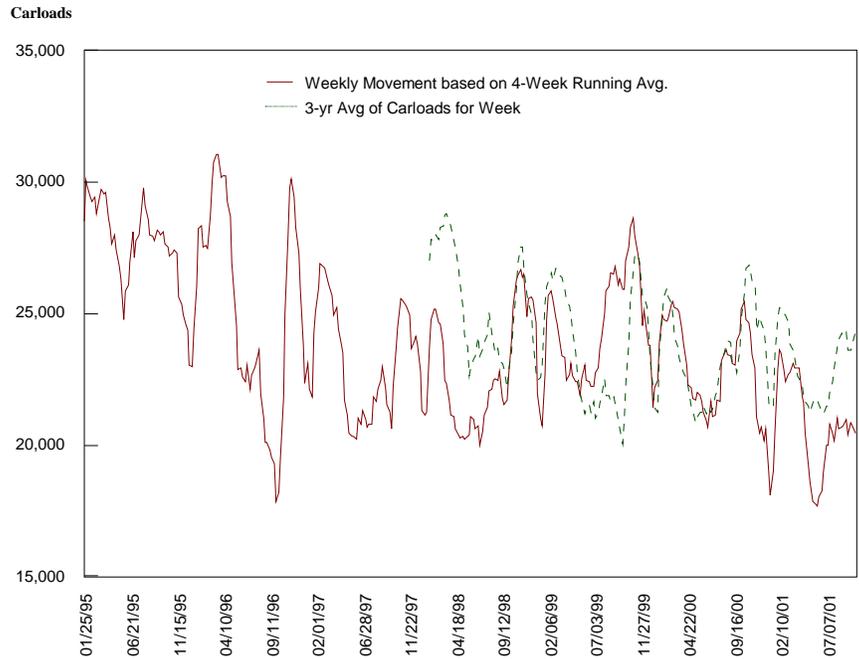
Weekly Retail Diesel (Road) Prices (Including Taxes)



Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
9/22/01	20,497
09/29/01	21,527
10/06/01	25,590
Year to Date - 2001	840,054
Year to Date - 2000	933,857
Total 2000	1,188,917
Total 1999	1,270,375

Source: Association of American Railroads



Class I Rail Carrier Grain Car Bulletin

Grain Carloads Originated

	East				West			Canada	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
10/06/01	0	3,287	0	3,950	10,340	377	7,636	6,008	5,309
This Week Last Year	0	4,065	0	3,589	9,637	700	7,229	4,783	5,240
2001 YTD	0	114,859	0	120,569	320,421	18,994	265,211	195,330	178,740
2000 YTD	0	108,655	70,155	116,234	324,339	21,823	292,651	108,090	184,462
2000 Total	0	147,708	70,155	153,905	425,849	26,515	364,785	160,749	239,670
1999 Total	15,522	132,157	88,056	138,379	465,088	33,911	398,262	121,381	206,328

Source: Association of American Railroads

Tariff Rail Rates for Unit Train Shipments

October 2001

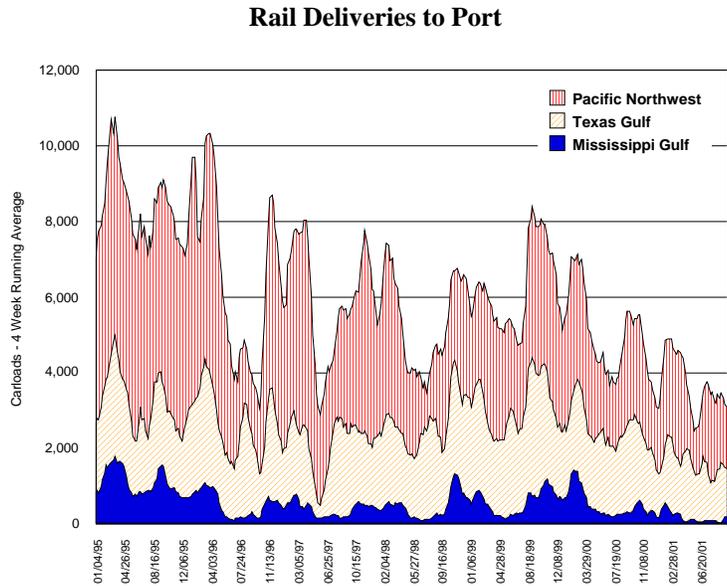
Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
10/08/01	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
10/08/01	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,877	\$42.74	\$1.16
10/08/01	46540	Wheat	Kansas City, MO	Houston, TX	\$1,650	\$18.19	\$0.50
10/08/01	43586	Wheat	Kansas City, MO	Portland, OR	\$4,240	\$46.74	\$1.27
10/08/01	43581	Wheat	Omaha, NE	Portland, OR	\$3,905	\$43.04	\$1.17
10/08/01	31040	Corn	Minneapolis, MN	Portland, OR	\$2,900	\$31.97	\$0.81
10/08/01	31035	Corn	Kansas City, MO	Portland, OR	\$2,700	\$29.76	\$0.76
10/08/01	31040	Corn	Omaha, NE	Portland, OR	\$2,700	\$29.76	\$0.76
10/08/01	61180	Soybean	Minneapolis, MN	Portland, OR	\$2,730	\$30.09	\$0.82
10/08/01	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

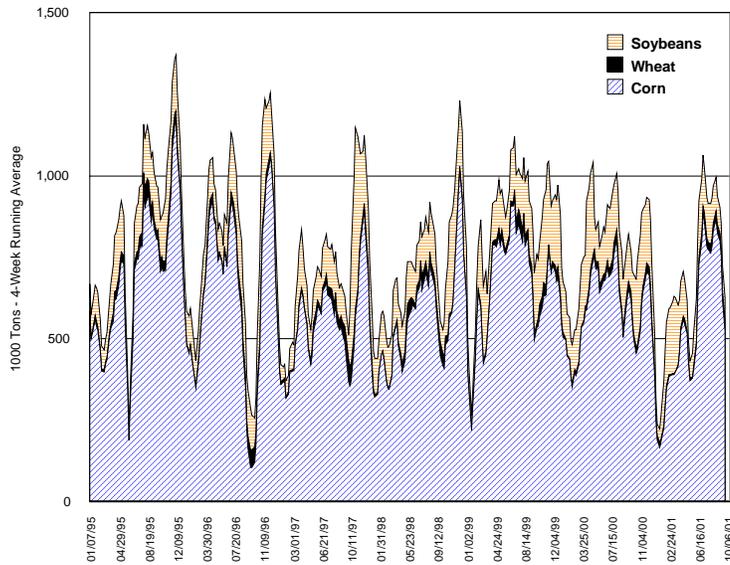
Rail Deliveries to Port				
Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
09/05/01	0*	1,487	1,789	110
09/12/01	0*	1,513	1,580	214
09/19/01	478*	1,119**	1,469	243
09/26/01	212*	1,833**	1,823	413
10/03/01	102*	1,368**	1,640	292
10/10/01	477*	2,215	2,861	519
YTD 2001	7,089*	61,145**	84,941	18,995
YTD 2000	21,986	86,003	105,399	10,463
Total 2000	25,675	105,308	129,464	14,816
Total 1999	30,038	132,069	161,492	14,446

Source: Transportation & Marketing/AMS/USDA



(*) Incomplete Data
 (**) Revised Data

Barge Movements - Locks 27



Barge Grain Movements

for week ending 10/6/01

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	210	21	36	273
Winfield, MO (L25)	239	31	50	322
Alton, IL (L26)	439	34	125	609
Granite City, IL (L27)	410	44	123	586
Illinois River (L8)	113	2	63	180
Ohio (L52)	169	21	17	248
Arkansas (L1)	0	11	0	11
2001 YTD	24,617	2,104	6,378	34,537
2000 YTD	25,864	2,011	7,127	36,354
Total 2000	33,482	2,518	10,327	48,247
Total 1999	36,711	2,883	9,771	51,887

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)

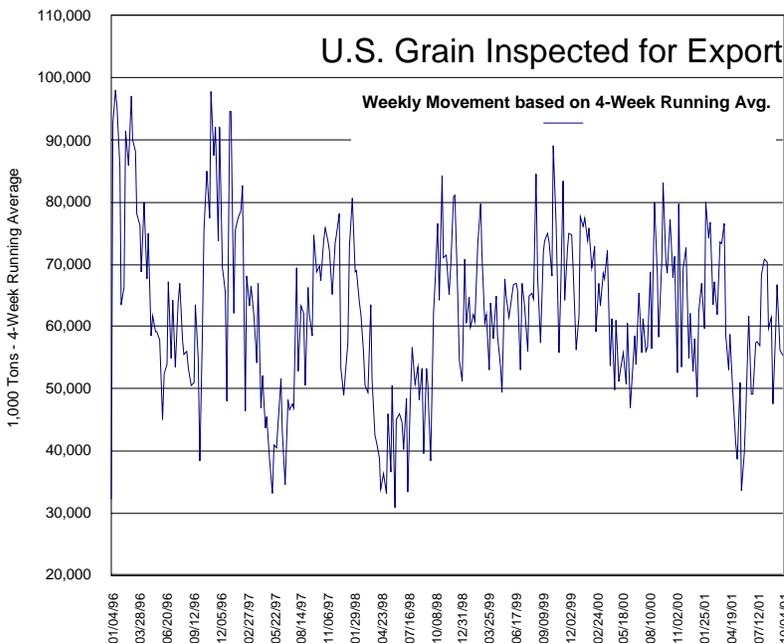
	HRW	SRW	HRS	Wheat SWW	DUR	All	Corn	Soybean	Total
<u>Unshipped Exports-Crop Year</u>									
10/04/01	1,108	1,214	884	552	231	3,989	6,862	7,874	18,725
This Week Year Ago	1,180	508	757	593	173	3,212	6,640	5,912	15,764
<u>Cumulative Exports-Crop Year</u>									
00/01 YTD	2,792	1,883	1,868	1,067	517	8,127	4,552	863	13,542
99/00 YTD	3,721	1,919	2,004	1,753	479	9,876	5,723	17,713	33,312
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) 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

	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	Wheat	Corn	Soybean	Wheat	Corn	Soybean	Wheat	Corn	Soybean
10/11/01	258	12	144	146	683	254	125	22	71
2001 YTD	7,508	4,280	1,594	4,820	27,710	10,636	4,304	235	1,050
2000 YTD	7,477	5,036	901	5,452	28,350	12,725	5,678	366	936
% of Last Year	75%	71%	93%	71%	79%	59%	62%	50%	104%
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

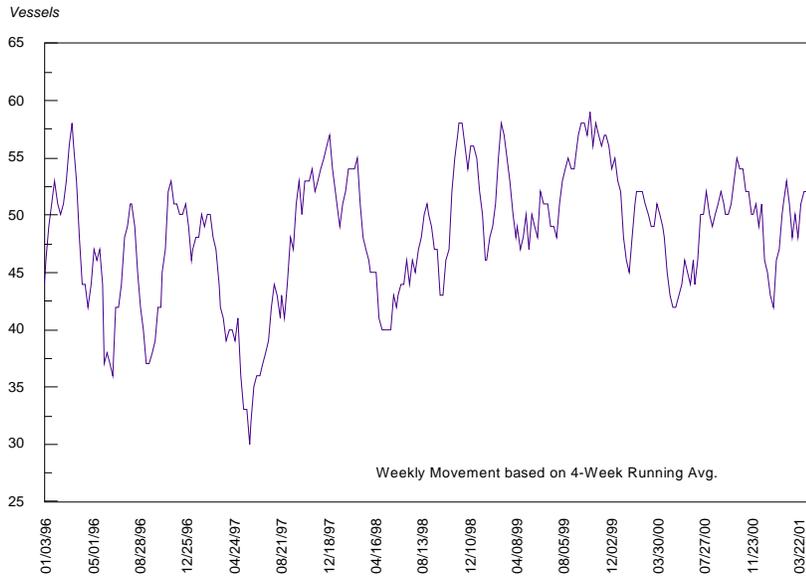


Select Canadian Ports - Export Inspections

1,000 Metric Tons, Crop Year

	Wheat	Durum	Barley
Week Ended: 10/11/01			
Vancouver	1,156	78	53
Prince Rupert	32	0	0
Prairie Direct	159	33	55
Thunder Bay	79	20	0
St. Lawrence	551	215	2
2001 YTD Exports	1,977	346	110
2000 YTD Exports	2,456	594	149
% of Last Year	80%	58%	74%

Source: Canadian Grains Commission, Crop year 8/1-7/31



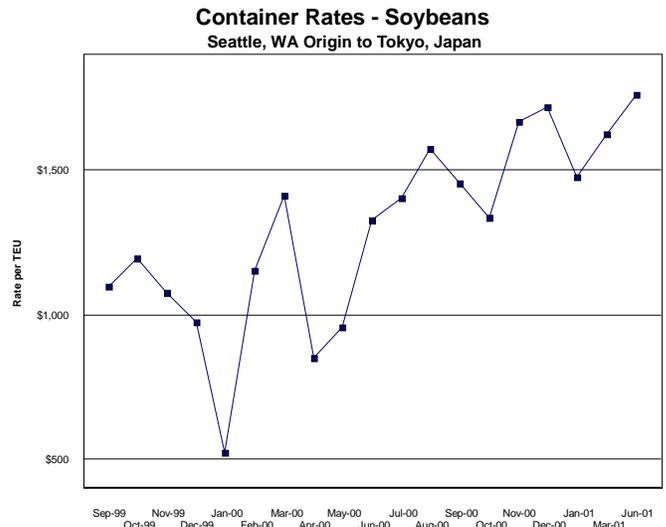
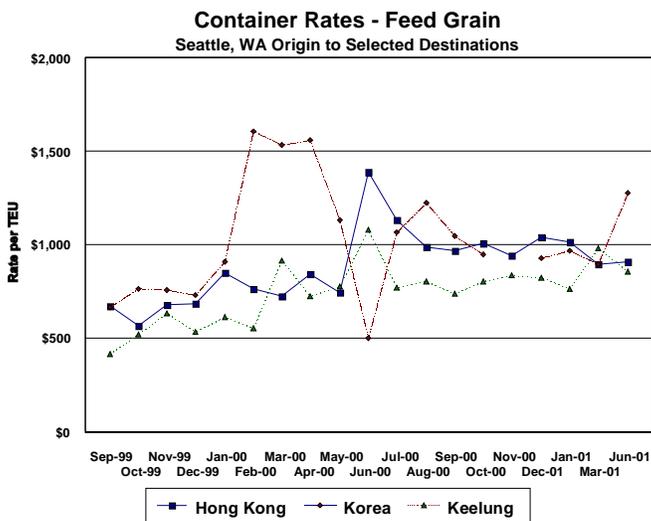
**Gulf Region
Vessels Loaded
- Past 7 Days-**

	Gulf			Pacific Northwest			Vancouver, B.C.		
	In Port	Loaded 7-Days	Due Next 10-Days	In Port	Loaded 7-Days	Due Next 10-Days	In Port	Loaded 7-Days	Due Next 10-Days
10/04/01	30	50	64	7			13	11	4
10/11/01	26	55	70	13			14	9	3
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

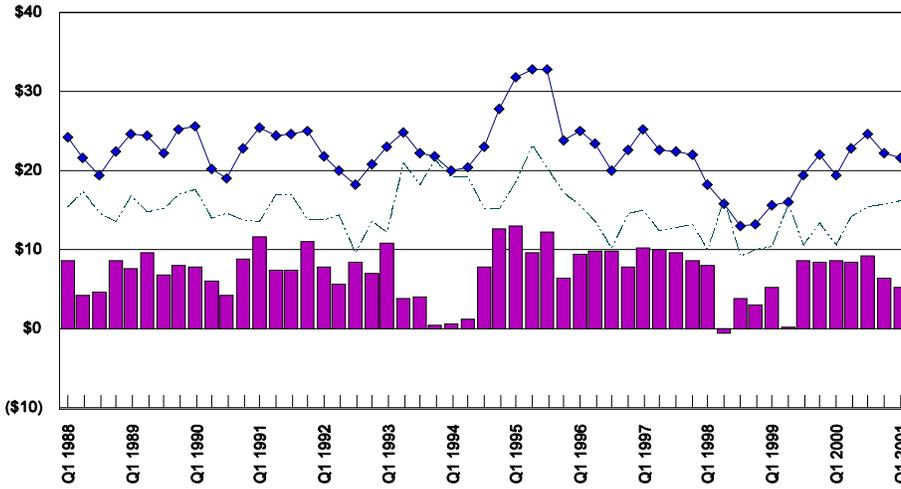
Container Ocean Freight Rates

Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share



- ◆ Rate - Gulf to Japan
- Rate - PNW to Japan
- Spread - Gulf vs. PNW to Japan

US\$/Metric Ton



Quarterly Ocean Freight Rates

Quarterly Ocean Freight Rates

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

	2001 2 nd Qtr	2000 2 nd Qtr	% Change		2001 2 nd Qtr	2000 2 nd Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$22.31	\$22.84	-2%	Japan	\$13.50	\$14.37	-6%
Mexico	\$17.84	\$16.58	8%	Red Sea/ Arabian Sea		\$33.46	
Venezuela	\$14.76	\$11.34	30%				
N. Europe	\$16.93	\$15.50	9%	Argentina to			
N. Africa	\$19.52	\$20.91	-6%	N. Europe	\$19.68	\$18.96	4%
				Japan	\$26.62	\$26.57	-

Source: Transportation & Marketing/AMS/USDA; (*) rates shown are for metric ton (2,204.62 lbs.=one metric ton)

Ocean Freight Rates (Select Locations) - week ending 10/13/01

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Quebec (Can.)	Rotterdam	Grains	Nov 1/10	95,700	\$6.60
Pt. Cartier (Can.)	Egypt (Med.)	Heavy Grain	Oct 12/19	60,000	\$8.75
Norfolk	Belgium	Heavy Grain	Oct 22/29	57,000	\$7.50
Norfolk	Amsterdam	Heavy Grain	Oct 20/30	60,000	\$8.00
Gulf	Egypt	Heavy Grain	Oct 18/23	60,000	\$11.25
Gulf	Algeria	Heavy Grain	Nov 1/15	15,000	\$27.50
Gulf	Japan	Heavy Grain	Nov 1/10	54,000	\$17.05
PNW	Taiwan	Heavy Grain	Oct 30/Nov 5	60,000	\$10.25
Brazil	Europe	Grains	Oct 15/20	25,000	\$16.25
River Plate	Italy	Grains	Prompt	44,000	\$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; op=option