



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture

MARCH 13, 2001

National Academy of Sciences Examines Corps Study. On February 28, 2001, the National Academy of Sciences (NAS) released its review of the U.S. Army Corps of Engineers' (Corps) Upper Mississippi River - Illinois Waterway (UMR-IW) Navigation Feasibility Study. Although the study is only in the draft stage, the Corps requested the NAS to review the study. The NAS focused on the economic analysis regarding navigation improvements, including economic assumptions, methods, and forecasts regarding barge demand on the UMR-IW. The NAS commended the Corps for making improvements in its analysis; however, it directed the Corps to investigate other options for managing barge traffic before it considers extending lock chambers on the Mississippi River or building new and bigger locks on the Illinois Waterway.



The Corps study area includes: 854 miles of the UMR, with 29 locks and dams, between Minneapolis - St. Paul and the mouth of the Ohio River; and 348 miles of the IW, with 8 locks and dams, that connect the city of Chicago and the Great Lakes with the Mississippi River just upstream of the Melvin Price Locks and Dam. The reconnaissance studies completed for the UMR and IW identified several locks in the study area with some of the highest average delays to commercial tows in the country. These delays continue to increase with traffic growth. Built in the 1930s, the navigation system was designed to accommodate 600-foot-long tows. Lock chambers 1200 feet in length are present at Locks 19, 26, and 27. Today, with tows routinely approximating 1,100 feet in length, double-lockages are necessary which take more time and result in higher costs. Looking into the future, there is potential for significant traffic delays on the UMR-IW navigation system within the 50-year planning horizon, resulting in economic losses.

The NAS report investigates a wide range of opinions concerning navigation improvements, such as “the traditional argument that the Federal Government must do everything it can to open the continent to people, promote commerce, and aid companies from the areas surrounding these rivers, as well as the Port of New Orleans and exporters.” Supporters of that view contend that “since tows are twice as long as in the past, the U.S. should extend the locks to relieve congestion and improve the competitiveness of grain farmers.” Conversely, “those promoting environmental values now argue that improving navigation must not needlessly damage recreation and river ecology ... Many environmental views that were extreme in 1970 have become mainstream views in 2001.”

The report recommends changes in the guidelines that are used in all Corps civil work projects. These guidelines are called the Principles and Guidelines for Water and Related Land Resources Implementation Studies, referred to as simply “P&G.” The NAS report considers the P&G a useful framework for planning inland waterway projects; however, it recommends that the P&G should be updated. The P&G has not been changed since 1983, and does not reflect recent policy changes, such as the inclusion of environmental restoration as a Federal “purpose”. Also, the P&G should provide guidance on techniques for forecasting demands for waterway services and include appropriate methods for treating uncertainty in large projects.

The NAS identified three critical areas in which the draft study should be improved: 1) data and assumptions used in the spatial equilibrium model, 2) assessment of non-structural alternatives

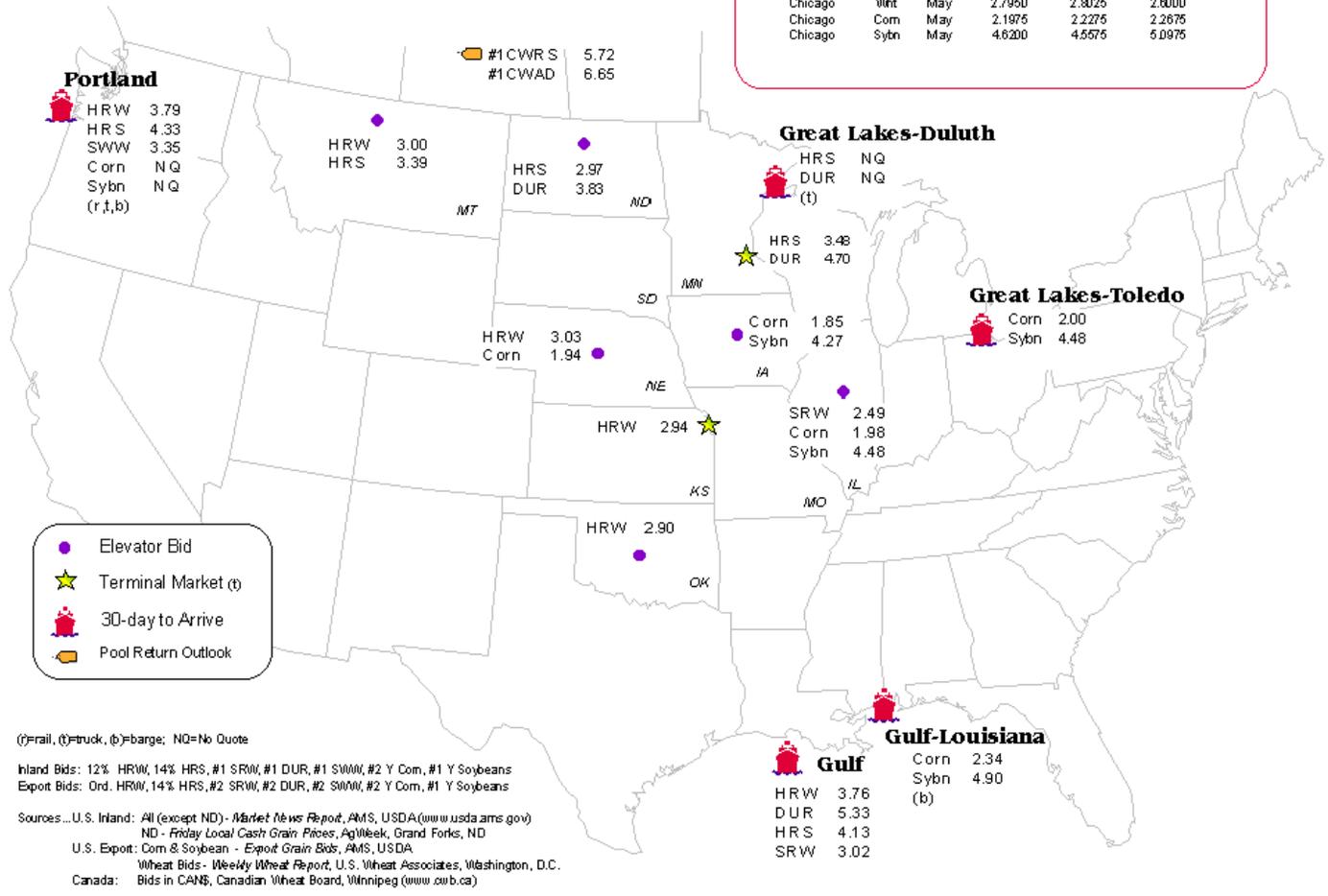
for decreasing delays, and 3) better collaboration of economics and engineering considerations with environmental and social factors. Nick.Marathon@usda.gov or (202) 690-0331.

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:				03/09/01	Week Ago 03/02/01	Year Ago 03/10/00
Kansas City	Wht	May		3.2550	3.2450	2.8900
Minneapolis	Wht	May		3.2750	3.2650	3.2050
Minneapolis	Dur	Mar		4.8800	4.8800	n.a.
Chicago	Wht	May		2.7950	2.8025	2.8000
Chicago	Corn	May		2.1975	2.2275	2.2675
Chicago	Sybn	May		4.6200	4.5575	5.0975

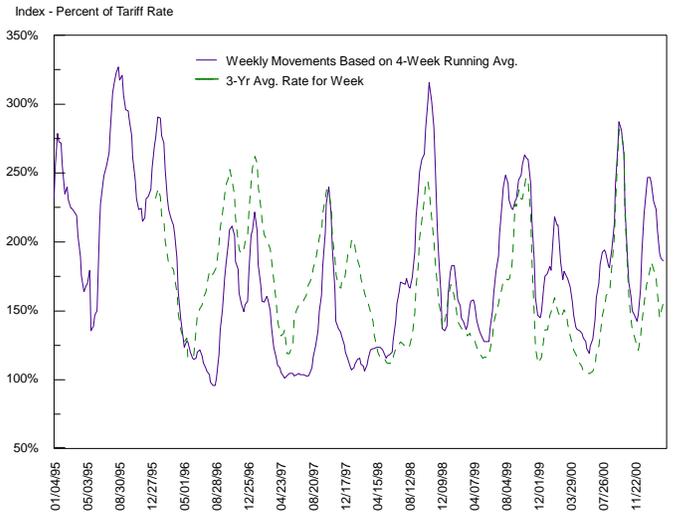


(r)=rail, (t)=truck, (b)=barge; NQ=No Quote

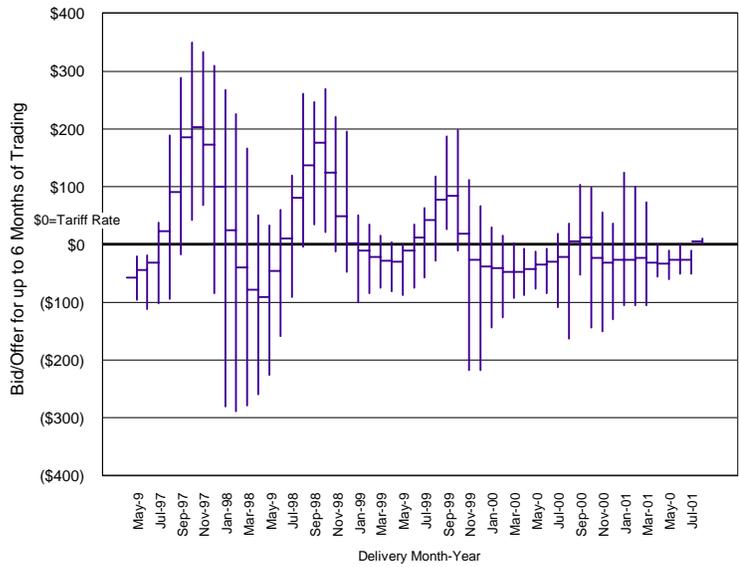
Inland Bids: 12% HRW, 14% HRS, #1 SRW, #1 DUR, #1 SWW, #2 Y Corn, #1 Y Soybeans
 Export Bids: Ord. HRW, 14% HRS, #2 SRW, #2 DUR, #2 SWW, #2 Y Corn, #1 Y Soybeans

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



Rail Car 'Auction' Offerings				
Delivery for:	Mar-01		May-01	
	Offered	% Sold	Offered	% Sold
BNSF-COT	12,141	67%	12,143	2%
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			
	Mar-01	Apr-01	May-01	Jun-01
BNSF-GF	\$53	\$1	\$(5)	\$(8)
UP-Pool	\$6	\$(29)	\$(38)	\$(32)

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:	Apr-01	May-01	Jun-01
COT/N. Grain	\$0	\$0	\$0
COT/S. Grain	no bid	no bid	no bid
GCAS/Region 2	no bid	no bid	no offer
GCAS/Region 4	no bid	no bid	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/Cash Basis Values

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

Week ended	River/Region	Contract Period	Rate	
			Futures	Cash
03/12/01	St. Louis	Apr	135	145
		June	129	145
		Aug	150	165
		Oct	215	225
		Dec	143	0
	Illinois River	Apr	151	165
		June	149	160
		Aug	176	188
		Oct	241	240
		Dec	163	0

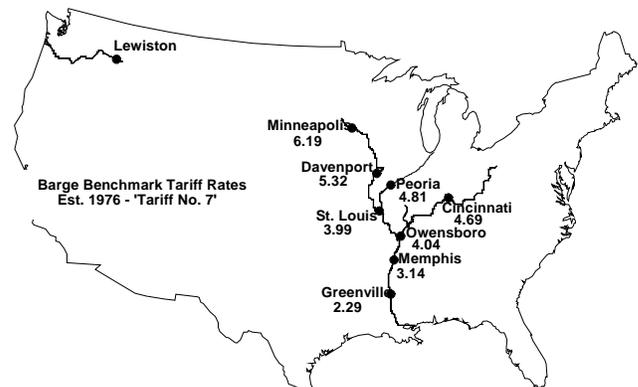
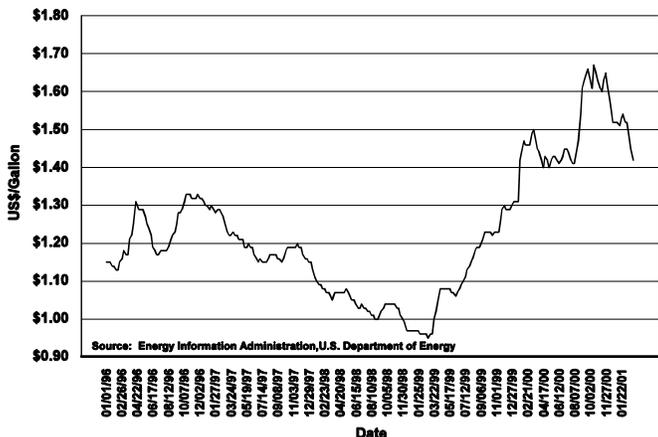
Source: St. Louis Merchants Exchange

Southbound Barge Freight Spot Rates

	3/7/01	2/28/01	April '01	June '01
Twin Cities	0	0	202	194
Mid-Mississippi	201	198	174	168
Illinois River	198	193	160	158
St. Louis	173	172	142	140
Lower Ohio	200	155	149	144
Cairo-Memphis	162	152	136	131

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

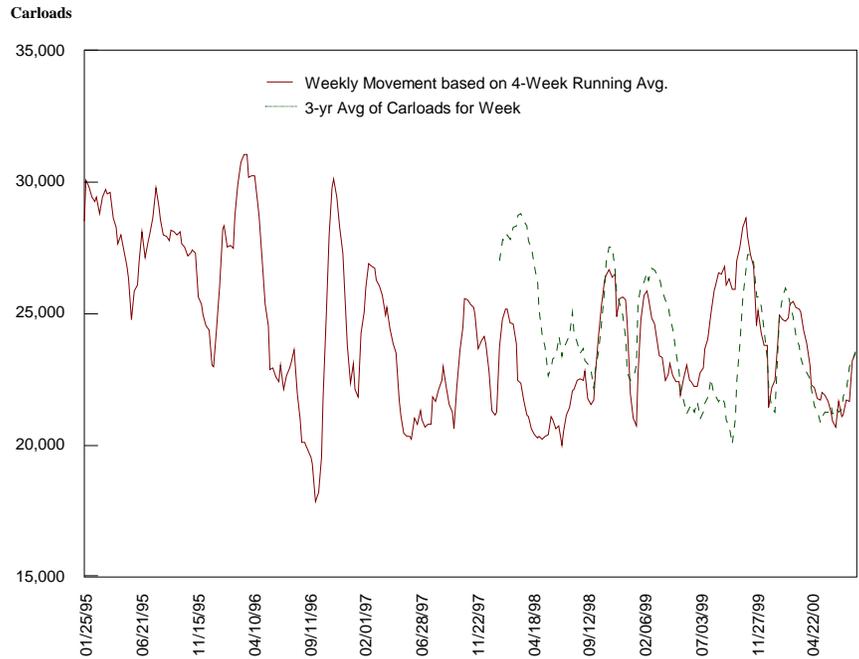
Weekly Retail Diesel (Road) Prices (Including Taxes)



Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
2/17/01	22,488
2/24/01	22,716
3/3/01	22,898
Year to Date - 2001	203,999
Year to Date - 2000	226,935
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

	<u>East</u>				<u>West</u>			<u>Canada</u>	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
03/03/01	0	3,735	0	3,259	8,781	446	6,677	4,568	4,227
This Week Last Year	0	2,740	2,350	2,721	9,328	482	8,237	3,194	5,012
2001 YTD	0	31,281	0	29,067	80,686	4,477	58,488	43,009	45,195
2000 YTD	0	25,711	17,917	26,765	79,270	5,894	71,378	25,796	36,982
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

March 2001

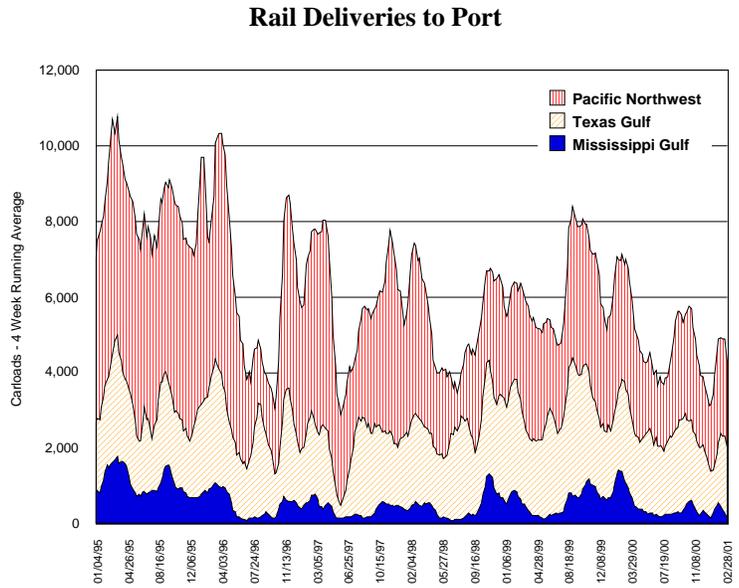
Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
03/02/01	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
03/02/01	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,877	\$42.74	\$1.16
03/02/01	46540	Wheat	Kansas City, MO	Houston, TX	\$1,550	\$17.09	\$0.47
03/02/01	43586	Wheat	Kansas City, MO	Portland, OR	\$4,240	\$46.74	\$1.27
03/02/01	43581	Wheat	Omaha, NE	Portland, OR	\$3,905	\$43.04	\$1.17
03/02/01	31040	Corn	Minneapolis, MN	Portland, OR	\$2,900	\$31.97	\$0.81
03/02/01	31035	Corn	Kansas City, MO	Portland, OR	\$2,700	\$29.76	\$0.76
03/02/01	31040	Corn	Omaha, NE	Portland, OR	\$2,700	\$29.76	\$0.76
03/02/01	61180	Soybean	Minneapolis, MN	Portland, OR	\$2,680	\$29.54	\$0.80
03/02/01	61180	Soybean	Omaha, NE	Portland, OR	\$2,430	\$26.79	\$0.73
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

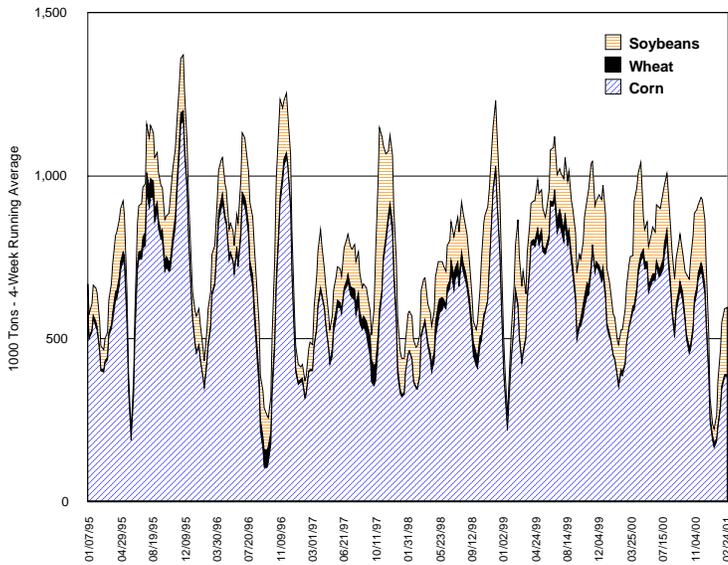
Rail Deliveries to Port Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
01/31/01	524*	1,569	3,000	892
02/07/01	523*	2,442	2,341	908
02/14/01	301*	2,224	2,039	1,251
02/21/01	149*	1,600	2,838	972
02/28/01	99*	1,980	3,024	1,185
03/07/01	10*	1,721	1,122*	764
YTD 2001	3,115*	16,305	23,742*	8,841
YTD 2000	11,089	22,091	32,901	4,943
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



(*) Incomplete Data

Barge Movements - Locks 27



Barge Grain Movements for week ending 3/03/00				
	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	0	0	0	0
Winfield, MO (L25)	0	0	24	24
Alton, IL (L26)	314	0	263	577
Granite City, IL (L27)	318	0	285	603
Illinois River (L8)	238	0	162	400
Ohio (L52)	88	31	58	221
Arkansas (L1)	0	27	6	33
2001 YTD	4,012	350	2,048	6,862
2000 YTD	4,438	250	1,613	6,717
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; n/a=not available

U.S. Export Balances (1,000 Metric Tons)

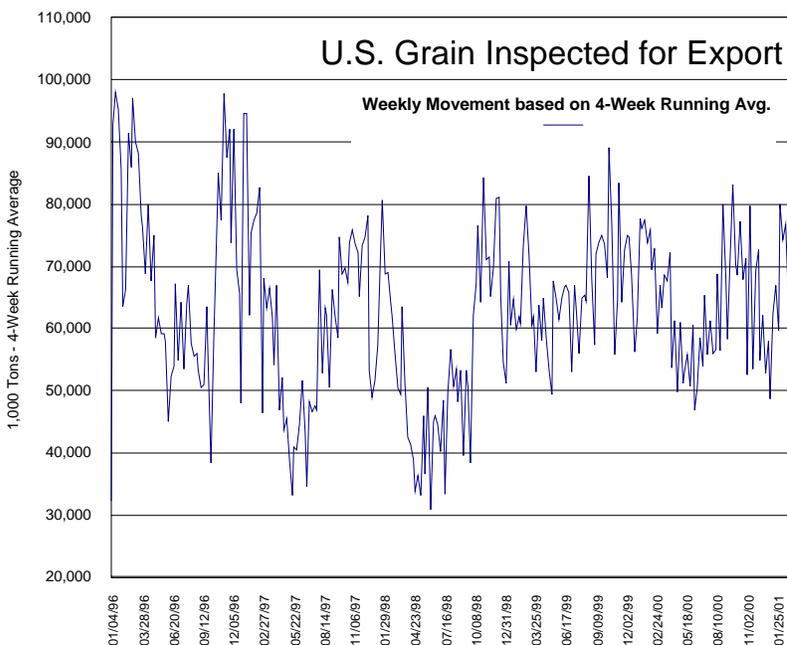
	HRW	SRW	HRS	Wheat		DUR	All	Corn	Soybean	Total
				SWW						
<u>Unshipped Exports-Crop Year</u>										
03/01/01	1,216	562	894	910		182	3,764	7,415	5,170	16,349
This Week Year Ago	966	434	1,109	557		302	3,368	8,220	3,852	15,440
<u>Cumulative Exports-Crop Year</u>										
00/01 YTD	7,191	3,552	4,318	3,862		868	19,792	22,492	18,173	60,457
99/00 YTD	8,687	3,371	4,209	3,076		741	20,084	25,033	17,713	62,830
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

	Pacific Region			Mississippi Gulf			Texas Gulf		
	Wheat	Corn	Soybean	Wheat	Corn	Soybean	Wheat	Corn	Soybean
03/08/01	234	43	76	111	459	596	174	4	94
2000 YTD	1,904	797	765	1,029	5,217	4,464	1,128	102	476
1999 YTD *	1,724	1,727	337	1,116	6,049	4,646	979	65	473
% of Last Year	18%	18%	118%	20%	17%	30%	16%	18%	34%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

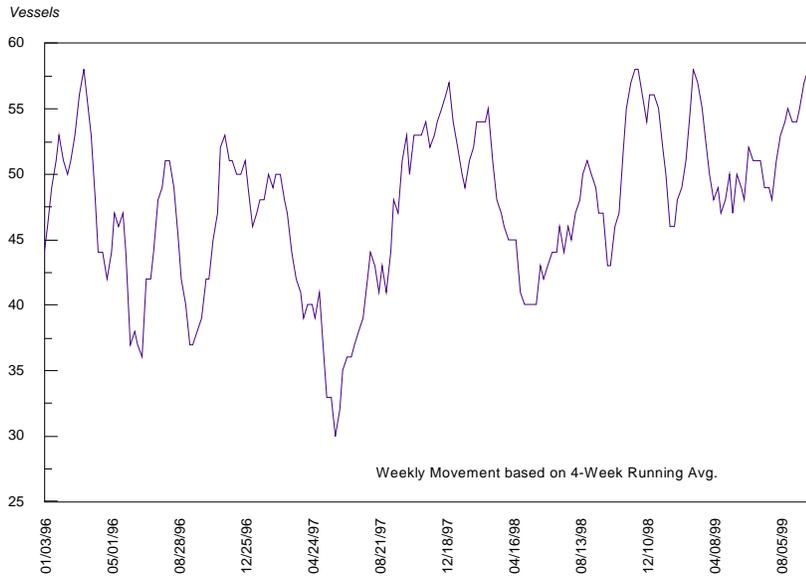
Source: Federal Grain Inspection Service YTD-Year-to-Date



Select Canadian Ports - Export Inspections
1,000 Metric Tons, Crop Year

	Wheat	Durum	Barley
Week Ended: 3/08/01			
Vancouver	3,603	299	822
Prince Rupert	980		0
Prairie Direct	778	189	213
Thunder Bay	490	171	36
St. Lawrence	1,706	1,312	25
2000 YTD Exports	7,557	1,971	1,096
1999 YTD Exports	8,385	2,065	847
% of Last Year	90%	95%	129%

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



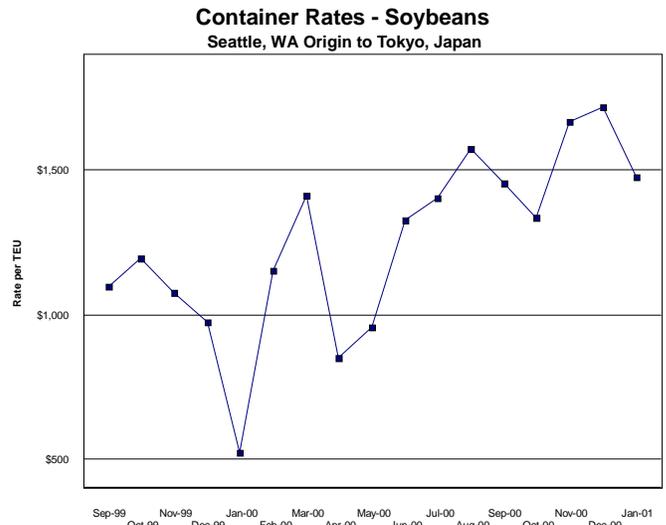
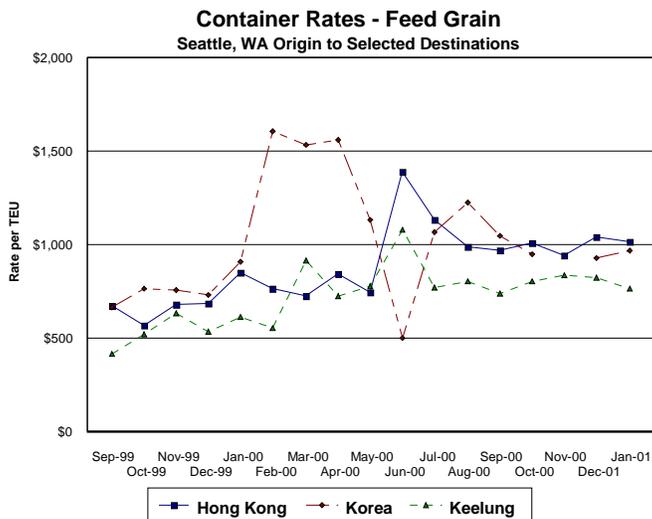
**Gulf Region
Vessels Loaded
- Past 7 Days-**

	Gulf			Pacific Northwest			Vancouver, B.C.		
	In Port	Loaded 7-Days	Due Next 10-Days	In Port	Loaded 7-Days	Due Next 10-Days	In Port	Loaded 7-Days	Due Next 10-Days
03/01/01	59	45	67	7			13	11	1
03/08/01	65	44	68	10			11	11	0
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

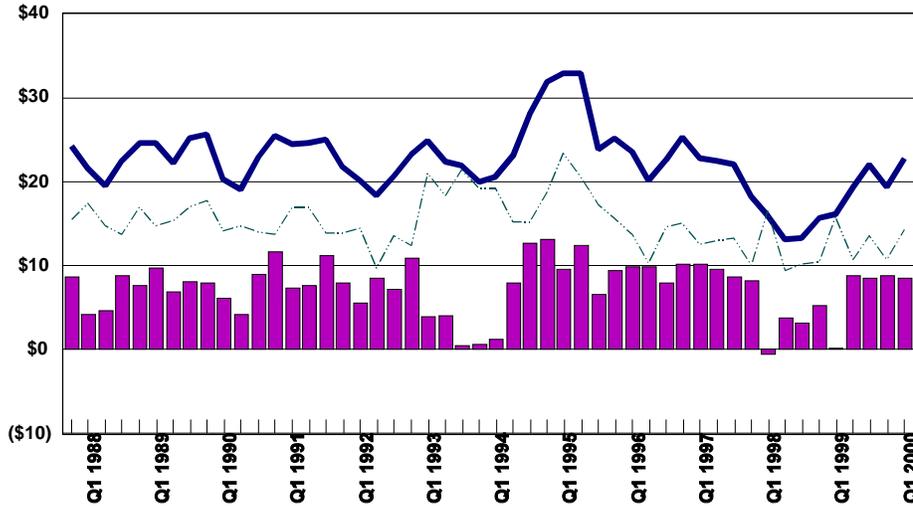
Container Ocean Freight Rates

Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share
Source: Transportation & Marketing/AMS/USDA



— 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

	2000 4 th Qtr	1999 4 th Qtr	% Change		2000 4 th Qtr	1999 4 th Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$22.38	\$22.07	1%	Japan	\$15.87	\$13.55	17%
Mexico	\$13.39	\$15.21	-12%	Red Sea/ Arabian Sea	\$26.70		
Venezuela	\$13.29	\$12.10	10%				
N. Europe	\$14.96	\$13.68	9%	Argentina to			
N. Africa	\$22.26	\$21.65	3%	N. Europe	\$18.97	\$17.77	7%
				Japan			

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 3/10/01

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Gulf	Europe	Grains	Mar.21/26	20,000	\$15.75
Gulf	So. Korea	Heavy Grain	Mar.17/25	52,000	\$21.40
Gulf	Japan	Heavy Grain	Mar.25/Apr.5	54,000	\$22.80
Rouen (N. France)	Peru	Barley	Mar.10/20	24,000	\$18.00
Roeun	Spain	Wheat	Mar.10/20	25,000	\$10.50
Rouen	Bangladesh	Wheat	Mar.8/15	25,000	\$24.50
India	So. Korea	Wheat	Mar.14/18	29,000	\$13.50

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