



GRAIN TRANSPORTATION REPORT

Transportation & Marketing, Agricultural Marketing Service
United States Department of Agriculture

OCTOBER 15, 2002

TM GRAIN TRANSPORT COST INDICATORS	Truck	Rail	Barge	Ocean	
				Gulf	PNW
Indicator Value * 10/09	98		111	108	98
Compared to Last Week	up		up	down	up

** Indicator: Base Year 2000=100; Cost Data, Weekly Updates include Truck=Diesel, Rail=Nearby Secondary Rail Market; Barge=Spot Illinois River Basis; Quarterly Updates for Ocean Vessel based on Routes to Japan*

Drought Affects Nearly Half of U.S. This summer, moderate to extreme drought covered more than 45 percent of the contiguous United States, compared to only 15 percent in a typical year. Large regions of the West and Midwest, as well as Mid-Atlantic States, are affected by extreme drought. According to the National Oceanic and Atmospheric Administration (NOAA), six states—North Carolina, Virginia, Colorado, Utah, Arizona and Nevada—are suffering their worst drought on record. NOAA also reports that South Carolina, Maryland, Georgia, Delaware and Wyoming are also near unprecedented dry levels.

Corn Production Drops 5.6 Percent From 2001. U.S. corn production was forecast at 8.97 billion bushels with an average yield of 127.2 bushels per acre, the lowest for both since 1995. Corn production in the Central Plains, Eastern Corn Belt, and Atlantic States are hardest hit by the drought. Indiana, Nebraska, Ohio, and Kansas are forecast to have the largest reductions in corn production from 2001, while Iowa and Minnesota are forecast to have increased production.

Grain Transportation Demand May Increase For Fall, But Drop During 2002/2003. The effects of the severe drought, combined with abnormally high temperatures during critical periods of crop development, has reduced U.S. crop production forecasts as released by the USDA. Higher crop prices resulting from a decrease in production and a decrease in stocks could encourage producers to sell a greater proportion of their crops earlier than they normally would in the marketing year. If this were to occur, transportation demand could be stimulated this fall.

On the other hand, demand for transportation will likely drop off later in the year due to a drop in crop production. This will certainly reduce the volume of grain and oilseeds transported during the 2002/2003 marketing year. Furthermore, smaller crops, combined with low grain stocks, will eliminate the need of many grain elevators to move old crops to make room for new crops.

Transport Patterns Will Change. The geographic extent and severity of the drought will result in changes to grain and oilseed transportation patterns this marketing year. Many domestic users will have to purchase grain and oilseeds from regions not traditionally sourced, thus crops will be hauled longer distances. Because of longer hauls, hired carriers may haul a greater proportion of crops to domestic users. Rail and barge transportation, which are more cost-efficient for longer hauls, may be chosen over truck transportation.

Because of the drought, swine and poultry producers in North Carolina, who usually purchase grain and oilseeds from Ohio, Michigan, and Indiana, will have to source grain from other regions and purchase more grain than normal. Although Delaware, Maryland, and Virginia often produce enough grain and oilseeds, poultry feeders in these States will need to purchase grain from outside the region this year.

Marvin Prater, USDA, AMS, Transportation Services, Marvin.Prater@usda.gov.

You may read more concerning the drought situation and the affect that other variables may have on grain transportation in the USDA's **Grain Transportation Prospects**. The very latest issue will be published shortly and may be accessed through USDA's Agricultural Marketing Service website. You may click on www.ams.usda.gov/tmd/mta/mta_special_reports.htm.

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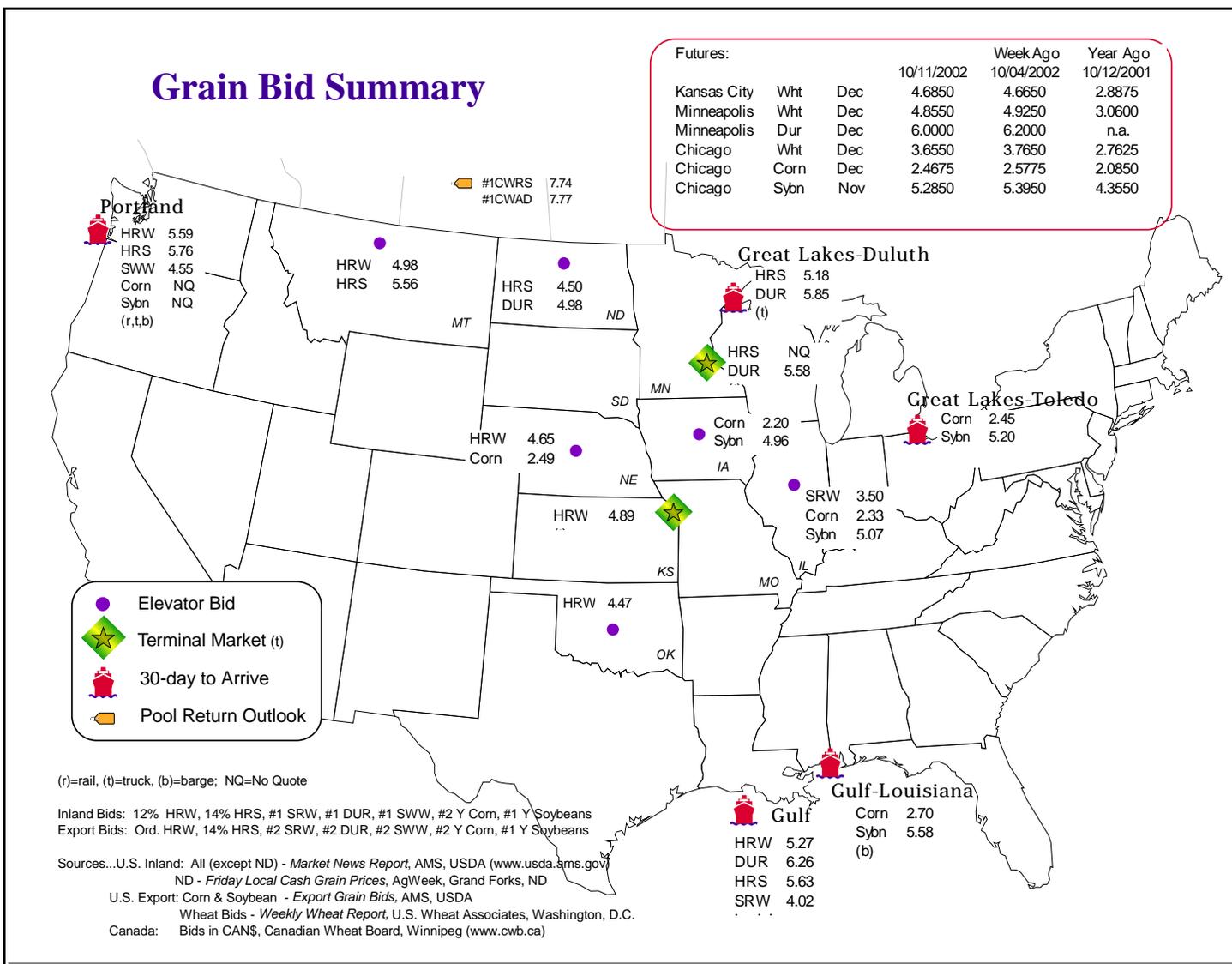
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The Grain Transportation Report is a weekly news source for grain logistics. Detailed data and trend information on five major modes: barge, truck, rail, container, and vessel, provide timely insight into grain transport. The report is offered to policymakers and industry as a tool in day-to-day decision making and longer-term strategic planning for an effective and efficient U.S. grain logistics system.

Market Update: U.S. Origins to Export Position Price Spreads
Per Bushel

Commodity	Origin--Destination	This week	Last week
Corn	IL -- Gulf	-0.37	-0.23
Corn	NE -- Gulf	-0.21	-0.29
Soybean	IA -- Gulf	-0.62	-0.25
HRW	KS -- Gulf	-0.38	-0.47
HRS	ND -- Portland	-1.26	-1.17

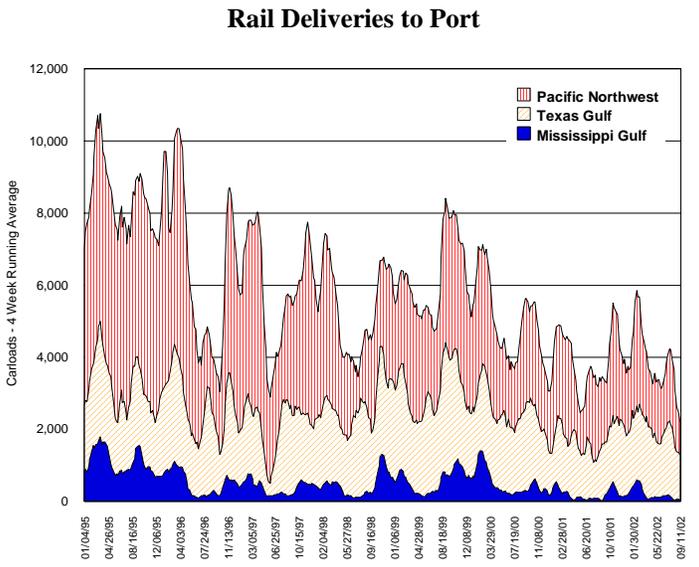
The **Grain Bid Summary** illustrates the market relationships for corn, soybeans, and five varieties of wheat among selected origins and destinations. Positive and negative adjustments in the differential between terminal and futures markets, and the relationship to inland market points, are indicators of changes in fundamental market supply and demand. The map may be used to monitor market and time differentials.



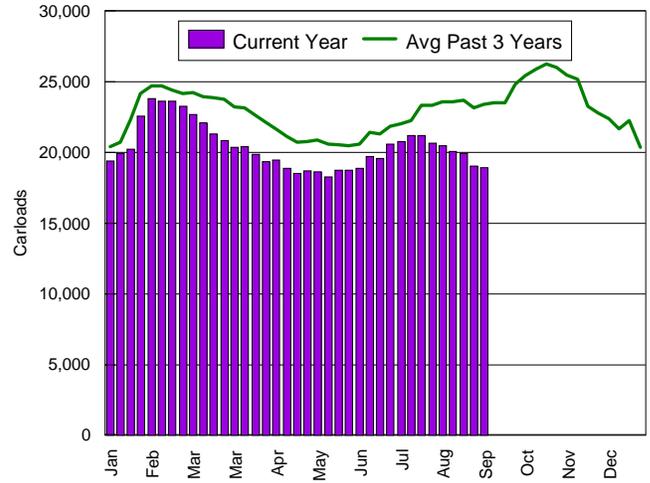
RAIL TRANSPORTATION

Rail Deliveries to Port					
Carloads					
	Mississippi Gulf*	Texas Gulf	Pacific Northwest	Atlantic & East Gulf	Total
Week Ending:					
09/25/02	15	1,010	1,908	55	70
10/02/02	379	381	1,361	78	457
YTD 2002	7,751	68,937	73,207	15,510	23,261
YTD 2001	6,510	57,562	80,440	18,184	24,694
% of Last Year	119%	120%	91%	85%	94%
Total 2001	10,022	81,804	111,376	26,604	229,806
Total 2000	25,767	104,473	128,414	14,816	273,470

Source: Transportation & Marketing/AMS/USDA; (*) Incomplete Data



Grain Car Loadings for Class I Railroads



Railroads originate approximately 40% of U.S. grain shipments. Trends in these loadings are indicative of market conditions and expectations.

Class I Rail Carrier Grain Car Bulletin

Grain Carloads Originated and Grain Service Index

	East		West			U.S. Total	Canada	
	CSXT	NS	BNSF	KCS	UP		CN	CP
09/28/02	2,011	3,567	8,685	447	6,211	3,267	4,002	4,059
This Week Last Year	2,405	3,019	8,893	572	6,638	5,145	4,813	3,822
2002 YTD	103,512	120,469	287,995	20,688	256,555	150,362	143,177	703
2001 YTD	111,572	116,619	310,081	18,617	257,575	189,322	173,431	703
2001 Total	151,864	163,018	428,603	26,330	347,156	254,982	232,461	100%
2000 Total	147,708	153,905	425,849	26,515	364,785	160,749	239,670	232,461

Dec-01	95.5	93.1	100.9	101.0	98.0	97.5
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Source: Association of American Railroads; *Base Year =2001, Index based on Number of Covered Hopper Cars Online for Rail Carrier

Rail service may be ordered directly from the railroad via **Auction** for guaranteed service or tariff for non-guaranteed service, or through the secondary market. The **Secondary Rail Market** information reflects trade values for service that was originally purchased from the railroad carrier as some form of guaranteed freight. The auction and secondary rail values are indicators of rail service quality and demand/supply.

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Sep-02	Oct-02	Nov-02
COT/N. Grain	no bid	no bid	no bid
COT/S. Grain	no bid	no bid	\$0
GCAS/Region 2	no bid	no bid	no offer
GCAS/Region 4	no bid	no bid	no offer

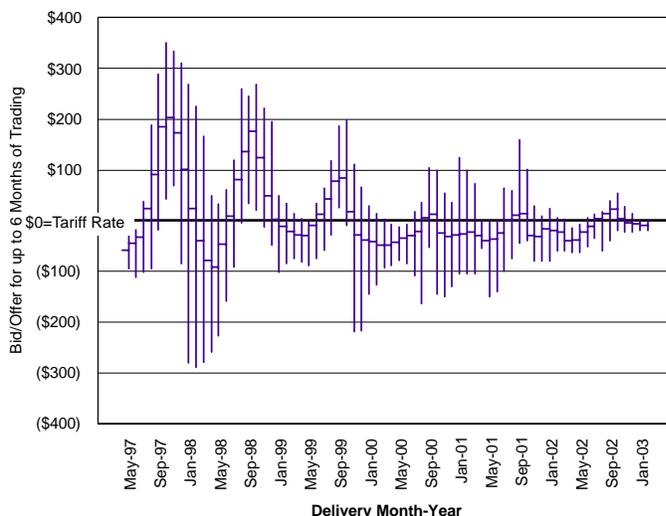
Source: Transportation & Marketing/AMS/USDA.
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)

Secondary Rail Car Market

Average Premium/Discount to Tariff, \$/Car - Last Week

	Delivery Period			
	Aug-02	Sep-02	Oct-02	Nov-02
BNSF-GF	\$(5)	\$0	\$(2)	\$(3)
UP-Pool	\$(55)	\$(35)	\$(5)	\$(10)

Secondary Rail Market Bid



Tariff Rail Rates for Unit Train Shipments

October 2002

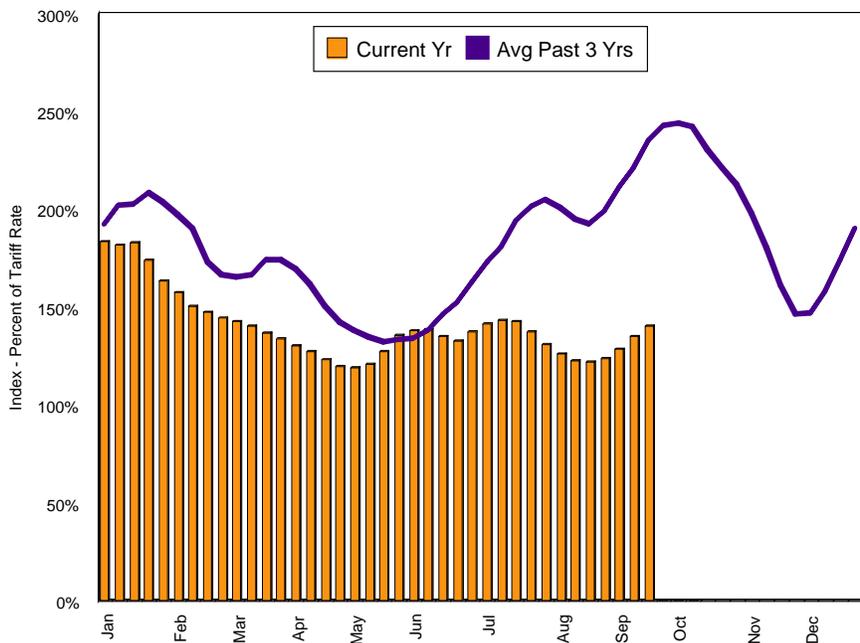
Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
10/07/02	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
10/07/02	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,877	\$42.74	\$1.16
10/07/02	46540	Wheat	Kansas City, MO	Houston, TX	\$1,650	\$18.19	\$0.50
10/07/02	43586	Wheat	Kansas City, MO	Portland, OR	\$4,347	\$47.92	\$1.30
10/07/02	43581	Wheat	Omaha, NE	Portland, OR	\$4,005	\$44.15	\$1.20
10/07/02	31005	Corn	Minneapolis, MN	Portland, OR	\$3,050	\$33.62	\$0.85
10/07/02	31035	Corn	Kansas City, MO	Portland, OR	\$2,700	\$29.76	\$0.76
10/07/02	31005	Corn	Omaha, NE	Portland, OR	\$2,850	\$31.42	\$0.80
10/07/02	61110	Soybean	Minneapolis, MN	Portland, OR	\$3,030	\$33.40	\$0.91
10/07/02	61110	Soybean	Omaha, NE	Portland, OR	\$2,780	\$30.64	\$0.83

Source: www.bnsf.com

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

BARGE TRANSPORTATION

Illinois River Barge Rate Index - Rate Quotes



The **Illinois River Barge Rate Index** averaged 183% of the Benchmark Tariff Rate between 1999 and 2001, based on weekly market quotes. The **Index**, along with **Rate Quotes** and **Futures Market** bids are indicators of grain transport supply and demand.

Calculating barge rate per ton:
 Index × 1976 Tariff Benchmark Rate per Ton

Select applicable index from market quotes included in tables on this page. The 1976 benchmark rates per ton are provided in map below.

BARGE RATE QUOTES: Southbound Barge Freight				
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate				
	10/9/02	10/2/02	Nov '02	Jan '03
Twin Cities	204	195	204	0
Mid-Mississippi	206	188	172	0
Illinois River	200	178	162	177
St. Louis	176	148	137	122
Lower Ohio	159	144	145	125
Cairo-Memphis	164	131	132	116

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

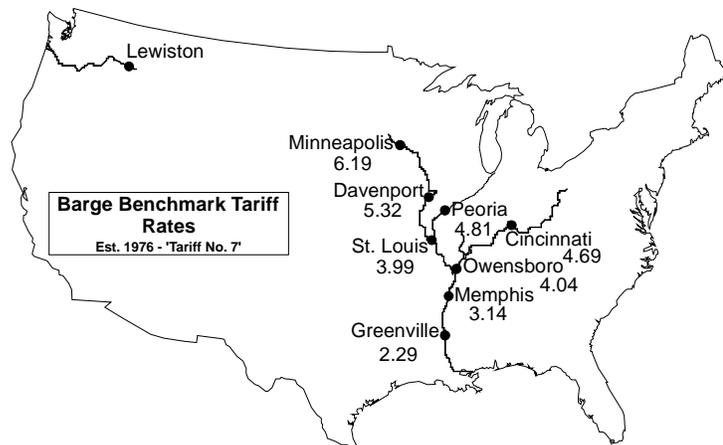
BARGE FUTURES MARKET

Southbound Barge Freight Nominal/Cash Basis Values

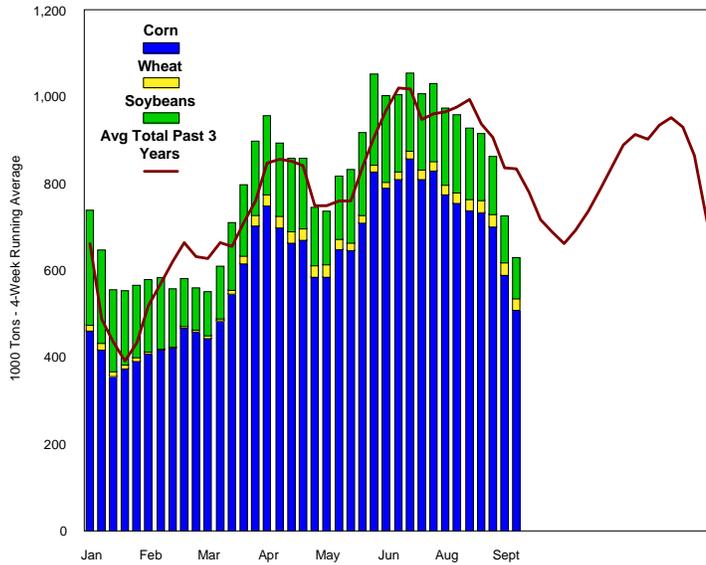
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate	
			Futures	Cash
10/15/02	St. Louis	Aug	n/a	n/a
		Oct	n/a	180
		Dec	n/a	120
	Illinois River	Feb	n/a	120
		Mar	n/a	120
		Aug	n/a	n/a
	Illinois River	Oct	n/a	210
		Dec	n/a	155
		Feb	n/a	170
		Mar	n/a	155

Source: St. Louis Merchants Exchange



Barge Movements on the Mississippi River (Lock 27)



Barge Grain Movements

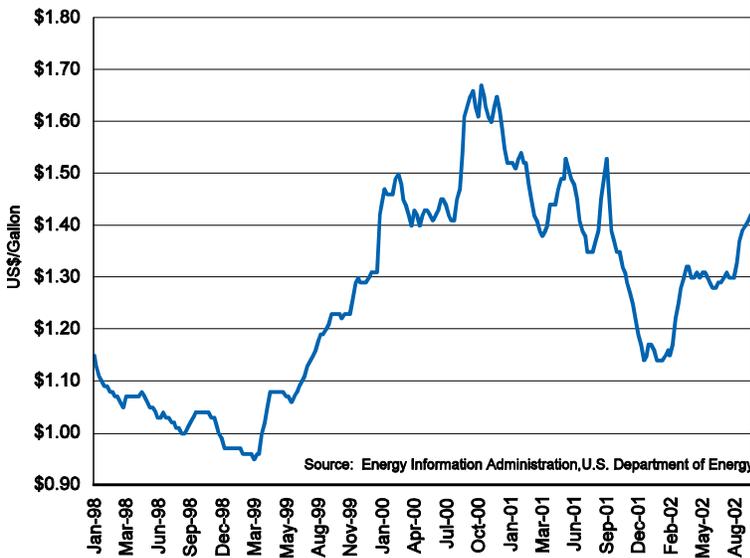
for week ending 10/5/02

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	123	17	176	322
Winfield, MO (L25)	288	32	129	461
Alton, IL (L26)	467	29	184	692
Granite City, IL (L27)	486	35	193	725
Illinois River (L8)	117	0	48	165
Ohio River (L52)	25	1	19	52
Arkansas River (L1)	0	32	0	32
2002 YTD	26,727	2,078	7,483	37,509
2001 YTD	24,617	2,104	6,378	34,537
% of Last Year	109%	99%	117%	109%
Total 2001	31,878	2,679	10,616	47,091

YTD and Calendar year total includes Miss/27, Ohio/52 and Ark/1.
Source: U.S. Army Corp of Engineers.

TRUCK TRANSPORTATION

Weekly U.S. Retail Road Diesel Price, Including Taxes



The weekly **Diesel Price** provides a proxy for trends in U.S truck rates. Diesel fuel is a significant expense for truck grain movements, accounting for 37% of the estimated variable cost. **Crude Oil Price** is an indicator in future diesel price trends.

Crude Oil Prices

US\$ per Barrel	This Week	Last Week	Average 2001*
Light Sweet Crude (NYMEX)	28.51	28.34	22.96
Brent Crude	26.76	26.26	

Note: Light Sweet Crude is exchanged on the New York Mercantile Exchange. North Sea oil has a "benchmark" role in crude oil pricing. Brent crude, a blend of North Sea oils, is traded on the International Petroleum Exchange in London

Source: www.eia.doe.gov; *U.S. Refiner Crude Acquisition Cost, Composite Domestic & Import

GRAIN EXPORTS

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

	HRW	SRW	Wheat			All	Corn	Soybean	Total
			HRS	SWW	DUR				
Unshipped Export Balances									
10/03/02	1,668	441	1,626	849	160	4,744	7,200	7,211	19,155
This Week Year Ago	1,108	1,214	884	552	231	3,989	6,862	7,854	18,705
Cumulative Exports-Crop Year									
01/02 YTD	3,105	1,043	2,210	1,187	334	7,877	3,034	895	11,806
00/01 YTD	2,792	1,883	1,869	1,067	517	8,128	4,556	17,713	30,397
99/00 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
98/99 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942
97/98 Total	9,867	6,792	8,918	6,443	897	32,918	55,769	23,550	112,237

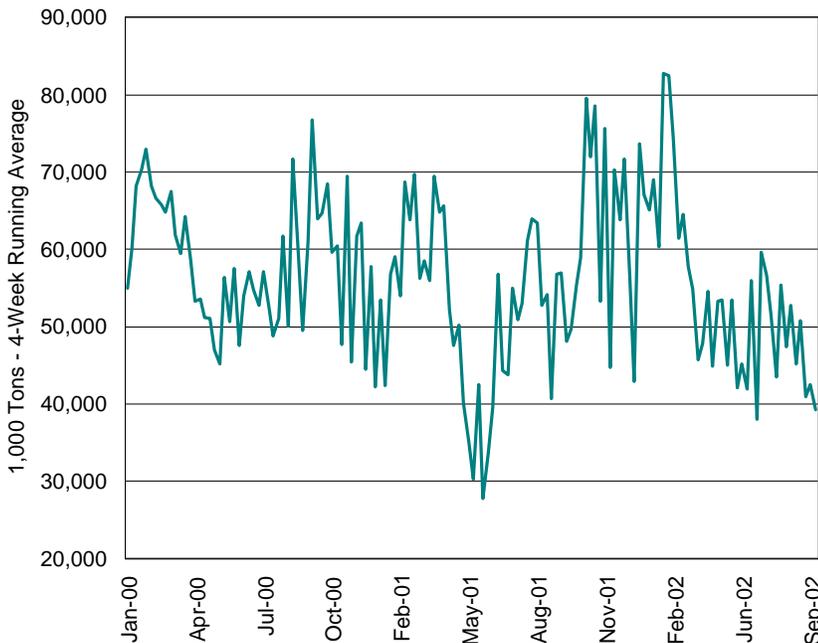
Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31

Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons

	Pacific Region			Mississippi Gulf			Texas Gulf			Port Region Total		
	Wheat	Corn	Soybn	Wheat	Corn	Soybn	Wheat	Corn	Soybn	Pacific	Mississippi	Texas
10/10/02	0	52	92	31	669	157	68	0	0	145	858	68
2002 YTD	6,595	3,008	1,506	4,227	29,284	11,526	4,776	237	907	11,109	45,038	5,920
2001 YTD	7,508	4,280	1,594	4,820	27,710	10,636	4,304	235	1,050	13,382	43,166	5,590
% of Last Year	66%	50%	88%	62%	83%	64%	69%	50%	90%	63%	75%	70%
2001 Total	10,007	5,877	1,647	6,829	34,991	17,996	6,984	470	1,008	17,530	59,816	8,462

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

U.S. Grain Inspected for Export



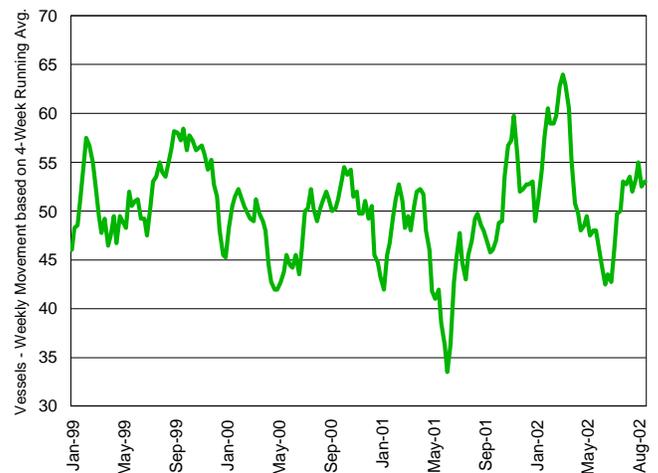
Select Canadian Port Export Inspections

1,000 Metric Tons, Week End Summary

	Wheat	Durum	Barley
09/12/02			
Vancouver	318	21	3
Prince Rupert	207		
Prairie Direct	71	50	45
Thunder Bay	92	71	32
St. Lawrence	1,289	204	30
2001/02 YTD	1,977	346	110
2002/03 YTD	1,020	575	81
% of Last Year	194%	60%	136%

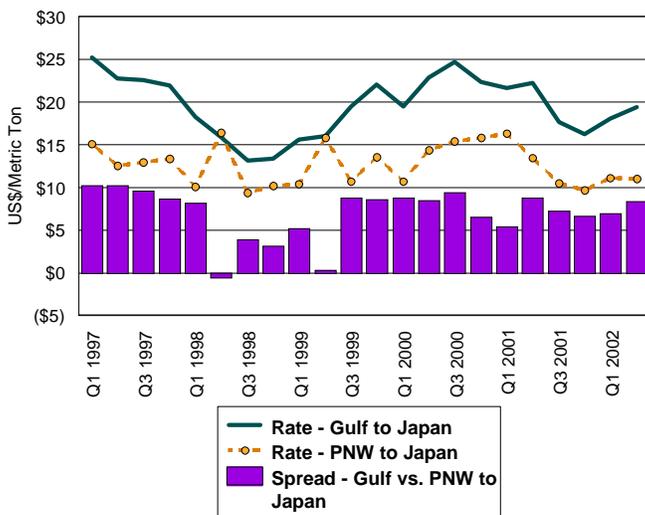
Source: Canadian Grains Commission, Crop Year 8/1- 7/31

**Gulf Port Region Grain Vessel Loading
Past 7 Days**



	Gulf			Pacific Northwest	Vancouver B.C.
	In Port	Loaded 7-Days	Due Next 10-Days	In Port	In Port
10/03/02	15	43	69	9	4
10/10/02	43	33	73	14	2
2001 Range	(13..65)	(28..64)	(46..81)	(1..18)	(4..20)
2001 Avg	36	48	63	9	12

Grain Vessel Rates to Japan



Quarterly Ocean Freight Rates

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

	2002 2 nd Qtr	2001 2 nd Qtr	% Change		2002 2 nd Qtr	2001 2 nd Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$19.43	\$22.31	-13%	Japan	\$11.03	\$13.05	-18%
Mexico	\$46.92	\$17.84	63%				
Venezuela	\$14.76	-	-	Argentina to			
N. Europe	\$13.58	\$16.93	-20%	Med. Sea	\$16.98	\$26.08	-35%
N. Africa	\$15.84	\$19.52	-19%	N. Europe	\$17.16	\$19.68	-13%
Med. Sea	\$12.62	\$15.80	-20%	Japan	\$25.10	\$26.62	-6%
Black Sea	\$21.16	-	-				

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

Ocean Freight Rates for Select Shipments - week ending 10/12/02

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
U.S. Gulf	Spain	Grains	Oct 10/20	50,000	\$17.00
U.S. Gulf	Ireland (2 points)	Grains	Oct 10/20	20,000	\$18.00op\$19.00
U.S. Gulf	China	Heavy Grain	Oct 18/25	55,000	\$23.40
PNW	Taiwan	Heavy Grain	Oct 20/28	56,000	\$12.00
Ilheus (N. Brazil)	UK	Grains	Oct 15/16	30,000	\$19.25

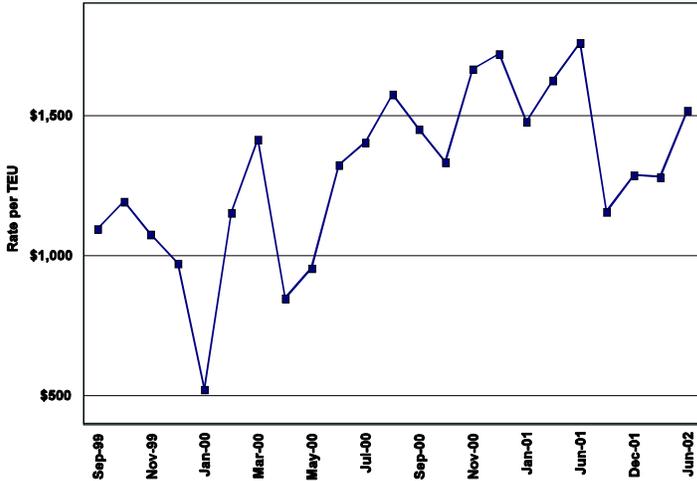
Source: Maritime Research Inc.; rates shown are for metric ton (2,204.62 lbs.=one metric ton), F.O.B., except where otherwise indicated; op=option

CONTAINER

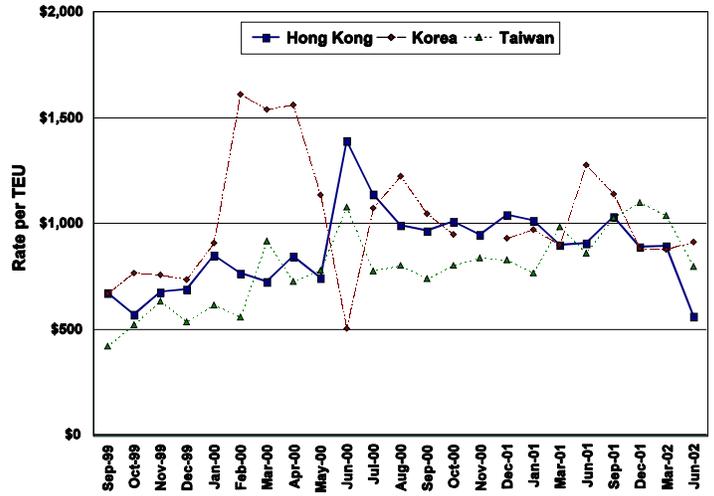
Container Ocean Freight Rates

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

Container Rates - Soybeans
 Seattle, WA Origin to Tokyo, Japan



Container Rates - Feed Grain
 Seattle, WA Origin to Selected Destinations



Approximately 420,000 MT of grain and oilseed exports were marketed via container in 2001. This volume increased 26% compared to 1997.