



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture



JANUARY 22, 2002

Trucking Industry Faces Challenges/Opportunities. The year ahead looks pretty good for the trucking industry, despite some challenges and uncertainties, according to recent analysis in *Commercial Carrier Journal Magazine (CCJ)*. According to *CCJ*, analysts report that the economy has nearly bottomed out and will begin to turn around in the second half of 2002. Though the analysis focused largely on manufactured goods, USDA contact with agricultural trucking representatives indicates that the entire trucking industry is dealing with similar issues, regardless of the commodity hauled. Trucks move more grain domestically than any other mode of transportation.

The recovery prediction is owed largely to a substantial decrease in gas and diesel fuel prices during 2001. Fuel accounts for roughly 20 percent of a trucking expenses, second only to wages, at roughly 40 percent. The average price for diesel fuel as of January 21, 2002, was \$1.14/gallon, down nearly 25 percent from this time last year (\$1.53/gallon), and the lowest national diesel average since July 26, 1999, according to the Department of Energy. The price for gasoline also declined slightly, to \$1.11/gallon, as of January 21. Prices for both types of fuel affect the cost of truck service, first as they affect the cost of transporting freight, and second as they affect consumers' disposable income, which when prices go down, can lead to greater consumer demand and eventual higher freight volumes. (See weekly diesel rate summary on page 3.) A relatively stable driver market for interstate and intrastate transport also contributes to this optimism. Though interstate grain movements are somewhat more critical and uncertain in terms of driver availability, it is far less of a problem for intrastate grain movements (from field to grain elevator, for example), where regulatory requirements are generally less stringent.

Several issues challenge the trucking sector and will determine its economic future, foremost among them—liability insurance. A December 2001 survey conducted by *CCJ* indicate that nearly 37 percent of trucking companies viewed insurance costs as their biggest challenge in 2002, followed by freight rates. Primary insurance premiums rose 30 -100 percent during 2001, having increased more significantly following the events of September 11, according to one industry source. Improvements in the insurance market are not likely in 2002, according to Bill Prester, president and CEO of Aon Truck Group, a Schaumburg, Ill.-based insurance broker. Prester feels that improvements in the economy will happen later than expected. These improvements should help investment portfolios to perform adequately by the second half of 2002, “which should help out the insurance market in 2003,” said Prester.

Inventory levels will also affect the future of the trucking sector. Many product manufacturers increased inventories during the late 1990's to meet demand, but were soon oversupplied when the economy slowed and demand dropped. Similarly, U.S. grain and soybean stocks for 2001 stand roughly at 12.8 billion bushels, a slight decrease from 2000, but still substantially above the 1999 figure of approximately 5.1 billion bushels. Motor freight demand will also likely be impacted by producers who are storing grain, expecting an increase in grain prices.

One additional factor affecting motor freight is a drop in equipment values. With decreasing equity in their equipment, truckers find themselves with limited access to capital. This excess volume of good quality used trucks, however, has been positive for many agricultural producers, giving them the opportunity to purchase their own equipment.

Despite the challenges expected for the trucking in 2002, it should again be noted that many transportation analysts see opportunity for economic improvements. But, there are still questions such as how and when. “We think the economy is coming back,...but it won't be without trials and tribulations,” stated Donald Broughton, transportation analyst for St. Louis-based investment company, A.G. Edwards. (*CCJ*, www.etrucker.com/apps/news, 1/22; *Transport Topics*, www.ttnews.com/members/topNews, 1/22; *North Dakota Motor Carrier Association*, 1/22, *USDA Grain Prospects Report*, www.ams.usda.gov/tmd/mta/mta_special_reports.htm)

Mexican Trucks Expected In U.S. Interior By Mid-Year. President Bush signed into law, last month, a provision under law H.R. 2299, the “Department of Transportation and Related Agencies Appropriations Act, 2002,” that will result in Mexican trucks receiving conditional authority to operate in the interior of the U.S. The new law would allow a Mexican trucking company to operate beyond the 20-mile commercial zones along the U.S.- Mexican border. Under the law, the company may operate only after passing a U.S. Federal Motor Carrier Safety Administration (FMCSA) examination of its programs in safety management and drug and alcohol testing, showing compliance to hours-of-service rules, proof of insurance, safety history, familiarity with FMCSA rules and hazardous materials rules, maintenance and repair facilities, vehicle conditions, and driver qualification.

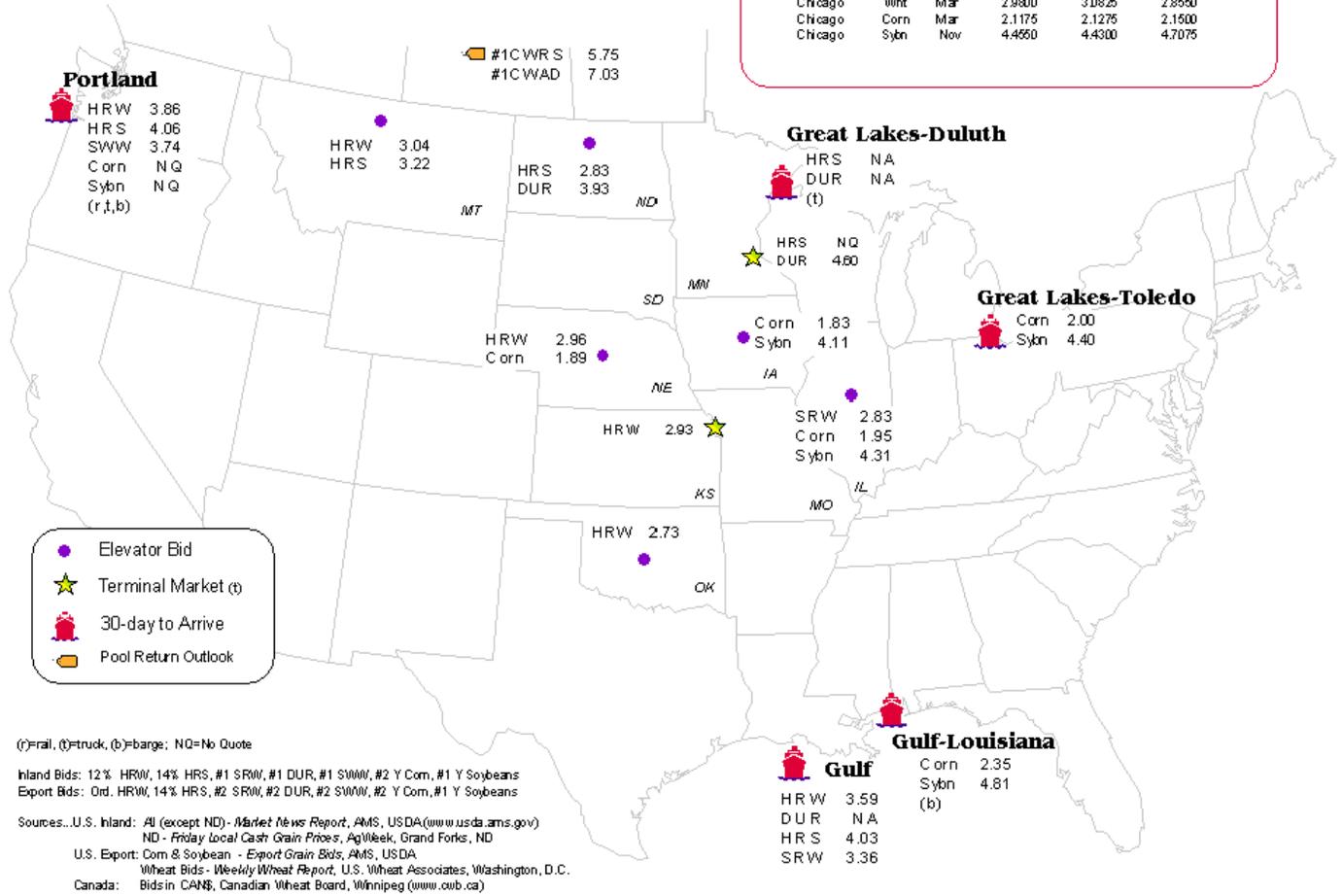
Roughly 9,000 Mexican truckers now operate in the commercial zones and are expected to reapply to operate there. Another 3,000 to 5,000 are expected to apply to operate in the interior. (*CCJ*, www.etrucker.com, 1/22, *White House Internet Site*, www.whitehouse.gov/news/releases , 12/18)

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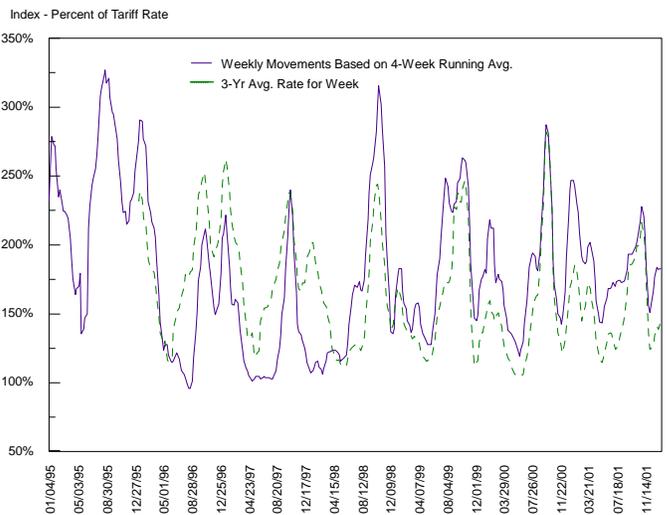
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Grain Bid Summary

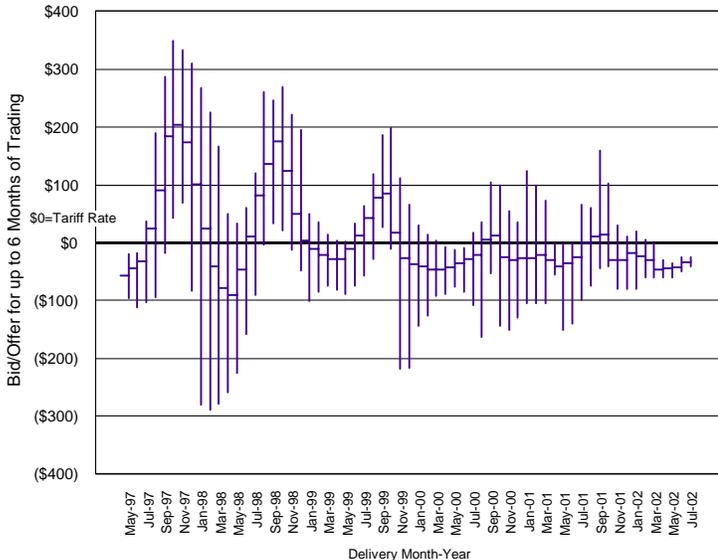
Futures:			01/18/2002	Week Ago 01/11/2002	Year Ago 01/19/2001
Kansas City	Wht	Mar	2.9375	2.9300	3.3250
Minneapolis	Wht	Mar	3.0450	3.0725	3.2950
Minneapolis	Dur	Mar	n.a.	n.a.	n.a.
Chicago	Wht	Mar	2.9800	3.0825	2.8550
Chicago	Corn	Mar	2.1175	2.1275	2.1500
Chicago	Sybn	Nov	4.4550	4.4300	4.7075



Spot Barge Rate - Illinois River



Secondary Rail Market Bids



Rail Car 'Auction' Offerings				
Delivery for:	Mar-02		Apr-02	
	Offered	% Sold	Offered	% Sold
BNSF-COT	12,234	6%	12,966	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			
	Feb-02	Mar-02	Apr-02	May-02
BNSF-GF	\$4	\$(14)	\$(31)	\$(26)
UP-Pool	\$6	\$(4)	\$(36)	\$(36)

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-02	Apr-02	May-02
COT/N. Grain	\$0	\$0	no bid
COT/S. Grain	\$0	\$0	\$0
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
01/22/02	St. Louis	Jan	0	155
		Mar	128	140
		May	136	140
		Jul	0	140
		Sept	0	0
	Illinois River	Jan	0	170
		Mar	170	168
		May	0	158
		Jul	0	170
		Sept	0	0

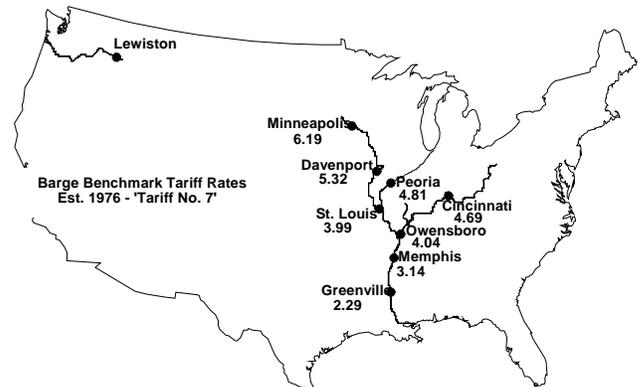
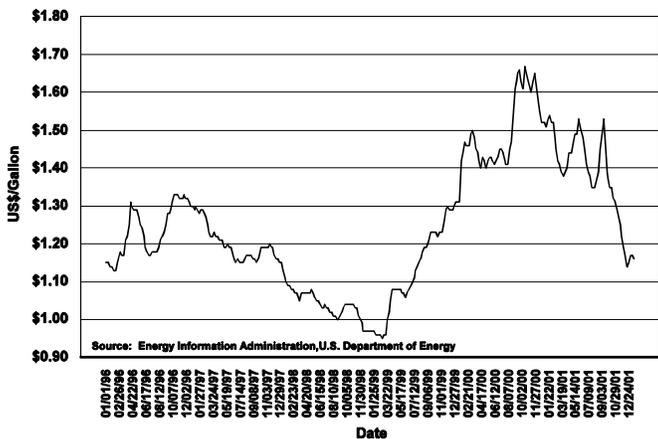
Source: St. Louis Merchants Exchange

Southbound Barge Freight Spot Rates

	1/16/02	1/9/02	Feb '02	Apr '02
Twin Cities	0	0	0	200
Mid-Mississippi	0	0	0	173
Illinois River	173	171	174	161
St. Louis	155	135	138	134
Lower Ohio	147	141	144	140
Cairo-Memphis	137	129	132	129

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

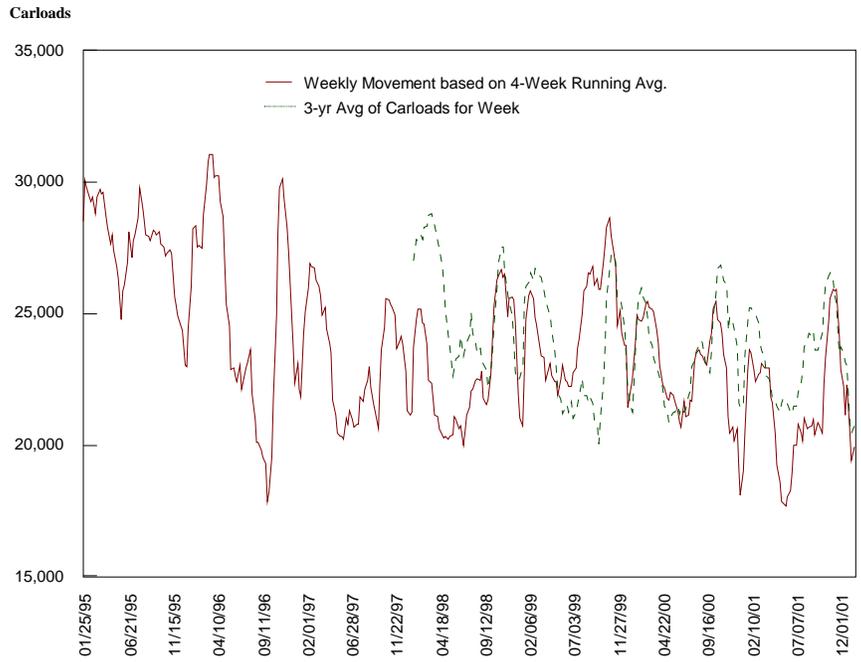
Weekly Retail Diesel (Road) Prices (Including Taxes)



Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
12/29/01	14,703
01/05/02	18,239
01/12/02	23,967
Year to Date - 2002	42,206
Year to Date - 2001	41,936
Total 2001	1,117,601
Total 2000	1,188,917

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
01/12/02	0	3230	0	2809	9508	698	7722	4808	4070
This Week Last Year	0	2,997	0	3,305	9,095	619	7,254	4,963	5,268
2002 YTD	0	5,707	0	5,723	16,435	1,141	13,200	8,620	7,017
2001 YTD	0	5,594	0	6,246	16,573	813	12,710	8,766	9,404
2001 Total	0	151,864	0	163,018	428,603	26,330	347,156	254,982	232,461
2000 Total	0	147,708	70,155	153,905	425,849	26,515	364,785	160,749	239,670

Source: Association of American Railroads

Tariff Rail Rates for Unit Train Shipments

January 2002

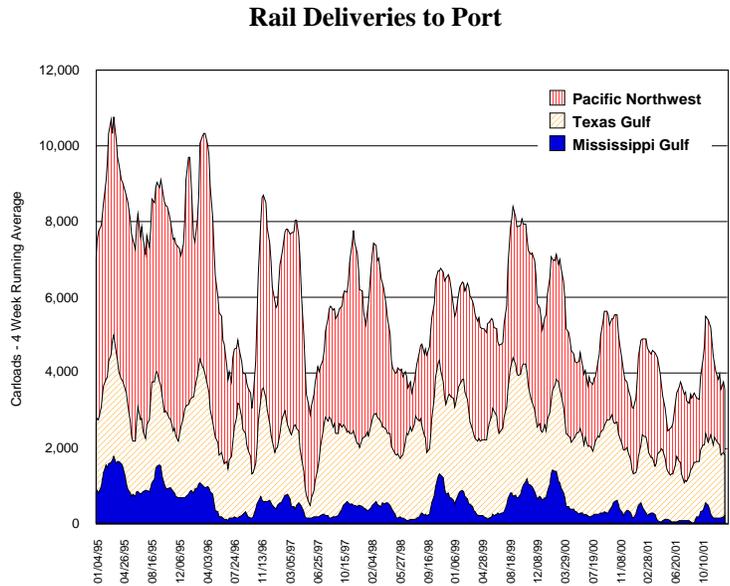
Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
01/07/02	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
01/07/02	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,877	\$42.74	\$1.16
01/07/02	46540	Wheat	Kansas City, MO	Houston, TX	\$1,650	\$18.19	\$0.50
01/07/02	43586	Wheat	Kansas City, MO	Portland, OR	\$4,347	\$47.92	\$1.30
01/07/02	43581	Wheat	Omaha, NE	Portland, OR	\$4,005	\$44.15	\$1.20
01/07/02	31040	Corn	Minneapolis, MN	Portland, OR	NA	\$0.00	\$0.00
01/07/02	31035	Corn	Kansas City, MO	Portland, OR	\$2,700	\$29.76	\$0.76
01/07/02	31040	Corn	Omaha, NE	Portland, OR	NA	\$0.00	\$0.00
01/07/02	61180	Soybean	Minneapolis, MN	Portland, OR	NA	\$0.00	\$0.00
01/07/02	61180	Soybean	Omaha, NE	Portland, OR	NA	\$0.00	\$0.00
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

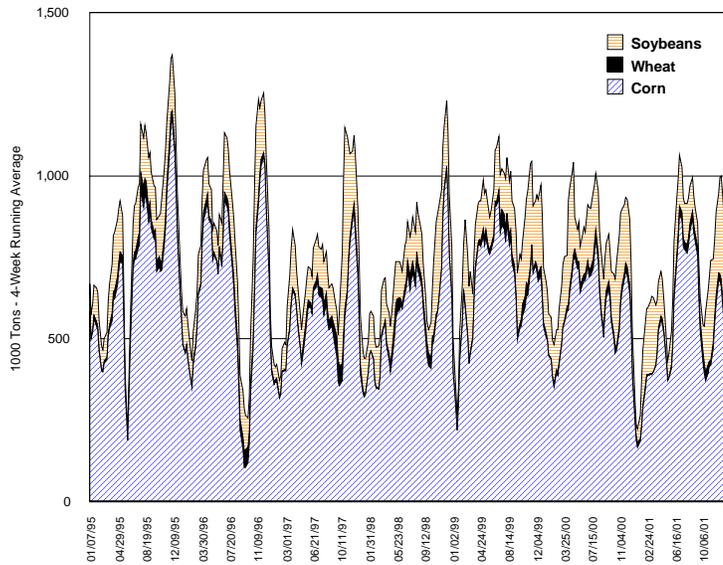
Rail Deliveries to Port Carloads				
	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
12/12/01	137*	2,081	1,523	643
12/19/01	201*	1,842	1,953	507
12/26/01	59*	1,448	2,309	586
01/02/02	250*	1,263**	1,137	717
01/09/02	195*	2,289**	2,029	966
01/16/02	402*	1,357*	1,472	1,307
YTD 2002	597*	3,646*	3,501	2,273
YTD 2001	391	2,176	3,550	1,065
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 1/12/02				
	Corn	Wht	Sybn	Total
1,000 Tons				
Mississippi River				
Rock Island, IL (L15)	0	0	0	0
Winfield, MO (L25)	0	0	0	0
Alton, IL (L26)	379	11	153	559
Granite City, IL (L27)	384	11	154	552
Illinois River (L8)	377	17	154	552
Ohio (L52)	164	2	70	313
Arkansas (L1)	0	7	8	15
2002 YTD	878	54	476	1,501
2001 YTD	610	105	180	974
Total 2001	31,878	2,679	10,616	47,091
Total 2000	33,482	2,518	10,327	48,247

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.
 Source: U.S. Army Corp of Engineers; L15 & L25 closed for winter.

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

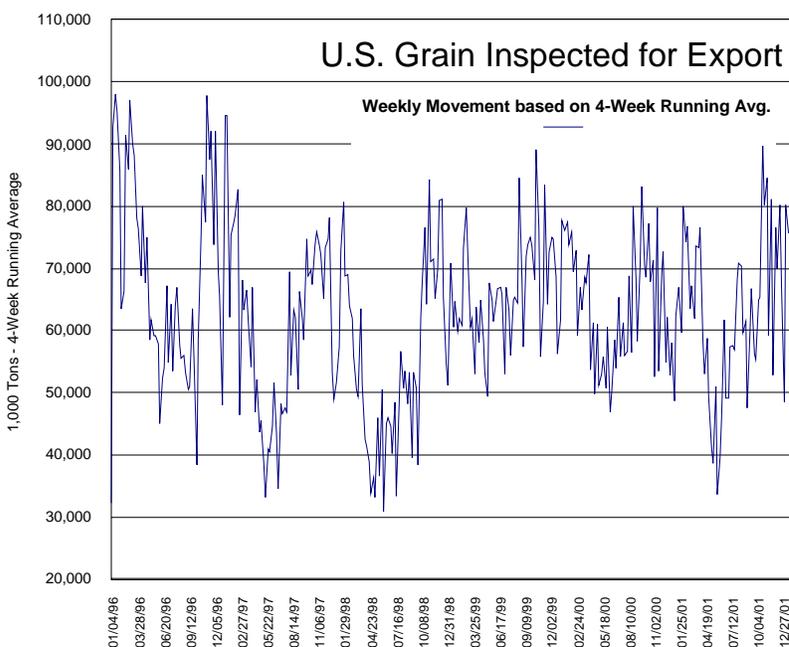
	HRW	SRW	HRS	Wheat SWW	DUR	All	Corn	Soybean	Total
<u>Unshipped Exports-Crop Year</u>									
01/10/02	1,003	693	943	592	124	3,354	7,325	7,962	18,641
This Week Year Ago	998	259	894	604	141	2,896	5,936	6,140	14,972
<u>Cumulative Exports-Crop Year</u>									
00/01 YTD	5,279	3,568	3,404	1,996	800	15,047	15,085	14,078	44,210
99/00 YTD	6,063	2,933	3,499	3,159	778	16,433	16,826	17,713	50,972
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
01/17/02	235	55	0	66	721	716	130	0	83
2001 YTD	412	169	49	105	1,389	1,476	341	0	193
2000 YTD	320	253	76	114	1,243	704	127	18	58
% of Last Year	4%	3%	3%	2%	4%	8%	5%	0%	19%
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: 01/17/02			
Vancouver	3,376	195	323
Prince Rupert	470	0	0
Prairie Direct	750	243	134
Thunder Bay	294	191	45
St. Lawrence	1,447	814	10
2001 YTD Exports	6,337	1,443	512
2000 YTD Exports	5,837	1,603	742
% of Last Year	109%	90%	69%

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



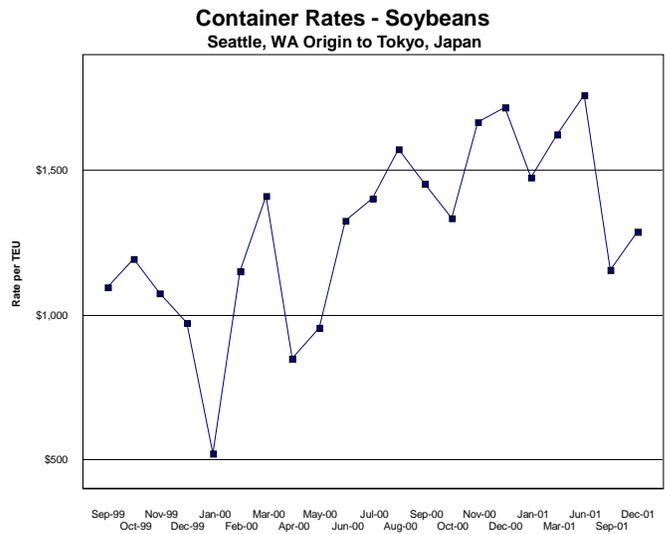
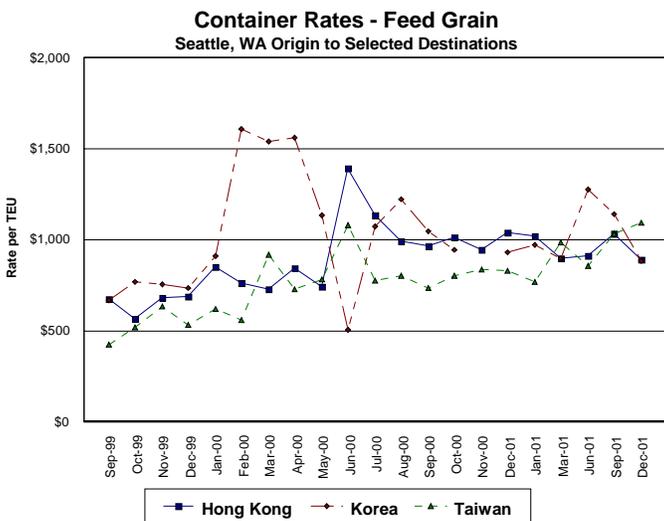
**Gulf Region
Vessels Loaded
- Past 7 Days-**

	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
01/10/02	54	66	73	7			3	10	6
01/17/02	40	60	77	4			9	5	2
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

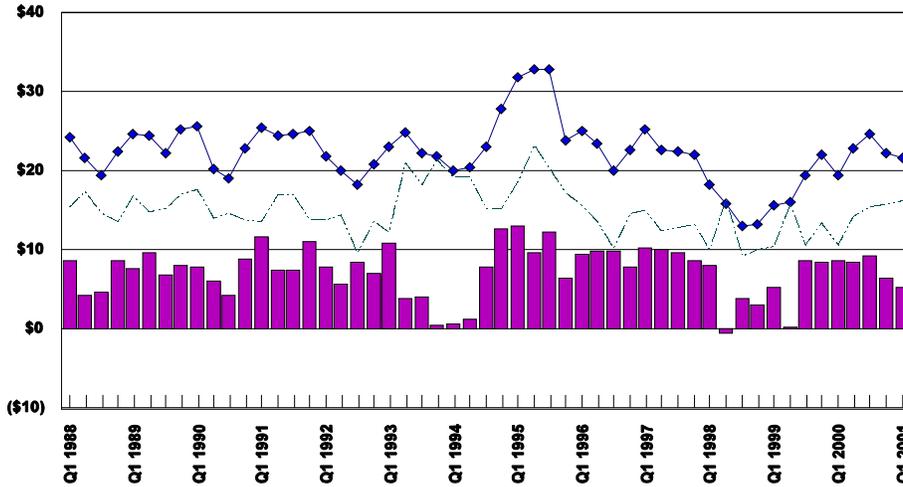
Container Ocean Freight Rates

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 4 th Qtr	2000 4 th Qtr	% Change		2001 4 th Qtr	2000 4 th Qtr	% Change
Gulf to				Pacific NW to			
Japan	\$16.25	\$22.38	-27%	Japan	\$9.64	\$15.87	-39%
Mexico		\$13.39	-	Red Sea/ Arabian Sea		\$26.70	-
Venezuela		\$13.29	-	Argentina to			
N. Europe	\$11.73	\$14.96	-22%	Med. Sea	\$17.47		-
N. Africa	\$16.98	\$22.26	-24%	N. Europe	\$16.22	\$18.97	-14%
Med. Sea	\$10.58	\$15.19	-30%	Japan	\$26.33		-

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 1/19/02

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Norfolk	Europe	Heavy Grain	Jan 15/25	60,000	\$8.75
Gulf	Colombia	Corn	Jan 20/25	25,000	\$14.00
Gulf	Lisbon/Hamburg	Grains	Jan 20/30	30,000	\$13.33
Gulf	Egypt (Med.)	Wheat	Jan 20/30	35,000	\$12.00
Gulf	Egypt (Med.)	Heavy Grain	Jan 20/25	90,000	\$10.25
Gulf	Japan	Heavy Grain	Feb 5/15	54,000	\$17.90
Gulf	Japan	Heavy Grain	Jan 20/30	54,000	\$18.85
N. France	Egypt	Wheat	Jan 25/Feb 5	30,000	\$9.80
Estonia	Spain (Med.)	Rye	Jan 17/20	20,000/20,500	\$11.88/11.58
Ukraine	Spain (Med.) op Ireland	Wheat	Jan 23/28	25,000	\$13.00/15.75

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