



GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture

JULY 23, 2002

IC&E's Acquisition and Operation of I&M Rail Link Proceeds With STB Approval. On July 22, the Surface Transportation Board (STB) granted the Iowa, Chicago & Eastern Railroad Corporation (IC&E) the authority to acquire and operate the lines of I&M Rail Link under "class exemption" procedures. STB will scrutinize the transaction more closely when it considers Dakota, Minnesota & Eastern Railroads's (DM&E) forthcoming application for control of IC&E. Until STB grants DM&E control, the railroads must be operated as two separate entities. STB prohibited coal traffic on the IC&E from DM&E's pending line construction into the Powder River Basin (PRB) until an environmental assessment has been performed regarding the effects that coal traffic will have upon the environment and communities served by the former I&M Rail Link's lines. This assessment is required under the National Environmental Policy Act. Parties opposed to the class exemption may file lawsuits seeking to overturn STB's decision.

Agricultural interests expect to benefit substantially and quickly from STB's approval because the ruling allows interchange of agricultural products and inputs between DM&E and the newly formed IC&E. Agricultural producers will benefit from increased access to markets and connecting railroads. Furthermore, since the former I&M Rail Link carried substantial quantities of fertilizer, DM&E, upon completion of rail line improvements, will be better able to compete for the transportation of agricultural fertilizers and chemicals into South Dakota and Minnesota. (*Marvin Prater, USDA, Transportation Services, Marvin.Prater@usda.gov*)

Severe Drought Takes Its Toll on Agriculture. Agricultural producers in large areas of the Western and Southeastern United States are suffering from the effects of a severe and prolonged drought. Many of these areas lack sufficient grazing and/or feed to maintain their livestock, which must be fed daily. In response, USDA has removed restrictions on the grazing and haying of Crop Reserve Program lands in those States. USDA is considering further actions at this time. A map of the drought areas can be accessed at <http://www.drought.unl.edu/dm/monitor.html>.

The drought has also begun to reach critical stages in parts of Texas and the Midwest. According to industry sources, Texas has been faced with dry conditions for the past 6 years. As in other affected areas nationwide, corn producers in south Texas are faced with low yields and a shortage of feed for livestock. Texas farmers expect the drought to cause low market prices; a jump in natural gas prices; and more uncertainties for subsidies. Most of the rainfall needed for Texas crops usually comes in April and May, so damaged crops will probably not recover.

According to USDA's National Agricultural Statistics Service's (NASS) July forecast, U.S. wheat production is estimated to be down 11 percent from last year, its lowest point since 1973. Wheat production in Texas, which is produced mainly in the High Plains, is down 23 percent overall and down 54 percent in the Plains area. The drought has caused some farmers to abandon their crops. According to the Texas Cooperative Extension Service, agricultural losses are currently estimated at \$316 million, with wheat suffering the greatest loss, at \$110 million.

USDA's NASS office in Ohio reports that about two-thirds of the Ohio corn crop is considered to be in fair to poor condition due to the drought. Fifteen percent of the crop is estimated to be in very poor condition, compared to 3 last year at this time. A significant amount of rain is needed during the next 2 weeks to save the State's corn and soybean crops. (*Marvin.Prater@usda.gov, Johnny.Hill@usda.gov, USDA, Transportation Services, AP 7/23, NewsEdge 7/25*)

Port Security Fee Proposed. Senator Ernest Hollings (D-SC), Chairman of the Senate Committee on Commerce, Science, and Transportation, presented a plan that would raise approximately \$692 million annually to finance U.S. port and maritime security enhancements and programs. The plan, which was drafted during a recent meeting of the Conference Committee, would apply fees to international cargo shipments. Grains and other dry bulk cargo, for instance, would be charged \$.02 per metric ton, the lowest rate of all cargoes, while \$20, the highest per TEU rate (20-foot equivalent unit), would be charged for one TEU shipment of hazardous materials. Other rates being considered are \$15 for a regular TEU, \$.30 per metric ton of crude oil, \$.45 per metric ton of petroleum product, \$.50 per metric ton of chemical product, \$.60 per metric ton of liquid gases (LNG/LPG), and \$1.00 per metric ton of other cargo.

The collected funds would be deposited into the new Port Security Trust Fund, where 50 percent would go to port security enhancement, 25 percent would go toward discretionary grants for protection of miscellaneous maritime assets and shipper security programs, and 25 percent would be provided toward generic security programs at the Maritime Administration, Transportation Security Agency (TSA), U.S. Customs Service, and U.S. Coast Guard. (*Holland and Knight 7/24, www.hkllaw.com/maritimedevelop.asp*)

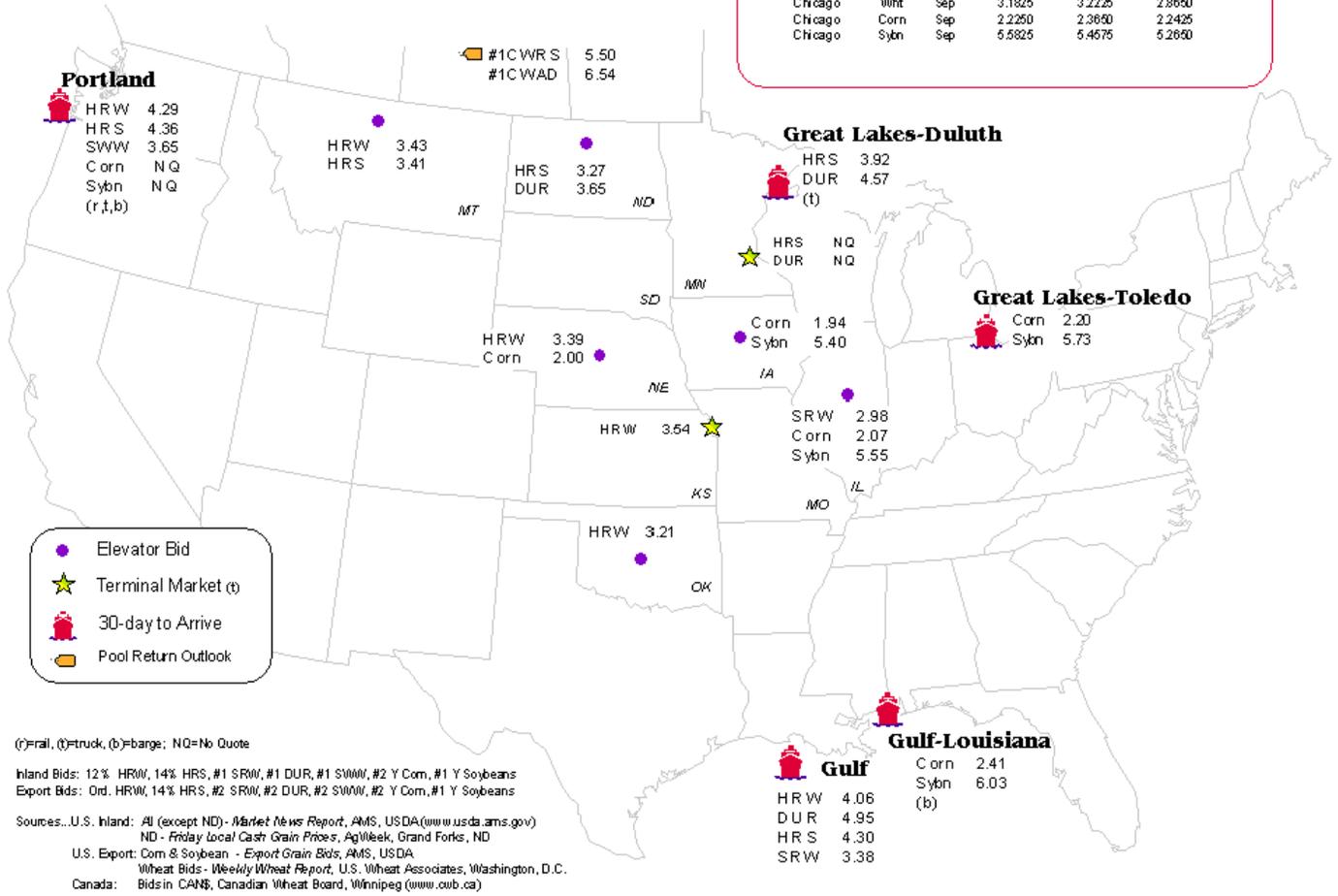
Report is prepared by Johnny Hill, Agricultural Economist, Transportation Services, Agricultural Marketing Service, USDA (202) 690-1304. Report design by Kimberly Vachal, Upper Great Plains Transportation Institute, North Dakota State University. This report can be found on the Internet at www.ams.usda.gov/tmd/grain.htm. E-mail comments to Johnny.Hill@usda.gov

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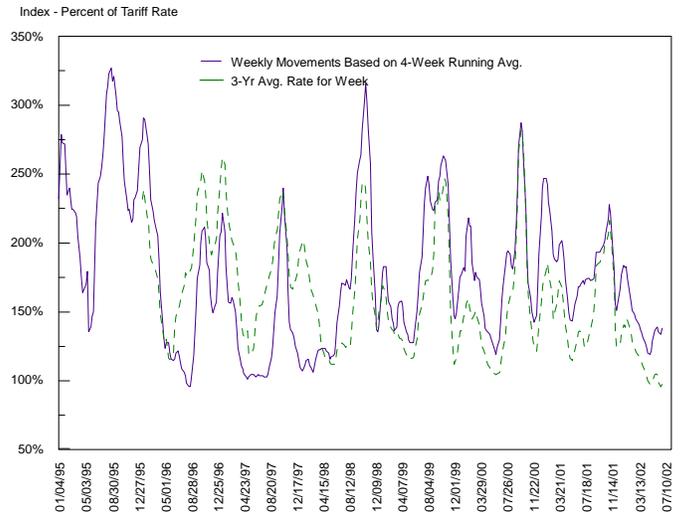
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Grain Bid Summary

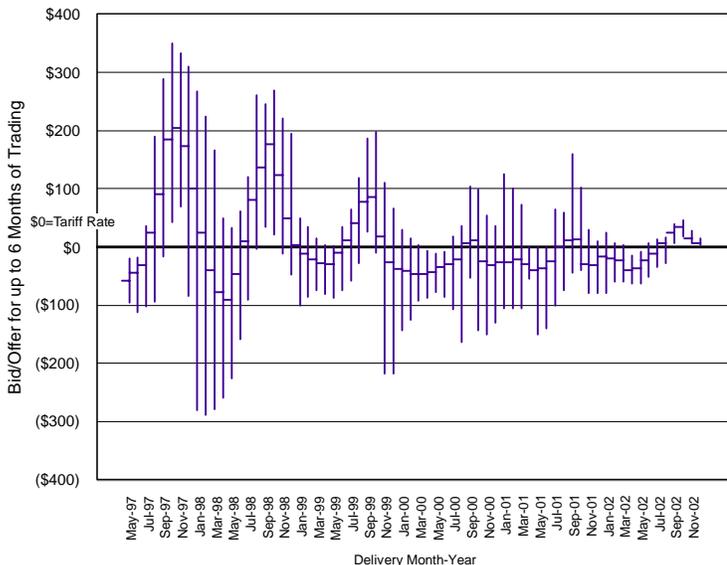
Futures:			07/12/2002	Week Ago 07/05/2002	Year Ago 07/13/2001
Kansas City	Wht	Sep	3.4275	3.3900	3.1775
Minneapolis	Wht	Sep	3.5425	3.5225	3.3125
Minneapolis	Dur	Dec	4.2500	4.3500	n.a.
Chicago	Wht	Sep	3.1825	3.2225	2.8500
Chicago	Corn	Sep	2.2250	2.3650	2.2425
Chicago	Sybn	Sep	5.5825	5.4675	5.2600



Spot Barge Rate - Illinois River



Secondary Rail Market Bids



Rail Car 'Auction' Offerings				
Delivery for:	Aug-02		Sep-02	
	Offered	% Sold	Offered	% Sold
BNSF-COT	12,966	22%	11,820	69%
UP-GCAS	5,400	4%	5,400	4%

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			
	Jul-02	Aug-02	Sep-02	Oct-02
BNSF-GF	\$8	\$2	\$16	\$22
UP-Pool		\$1	\$9	\$20

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.; GF=Guaranteed Freight, GEPP=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:	Aug-02	Sep-02	Oct-02
COT/N. Grain	no bid	no bid	no bid
COT/S. Grain	\$0	no bid	no bid
GCAS/Region 2	\$1	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

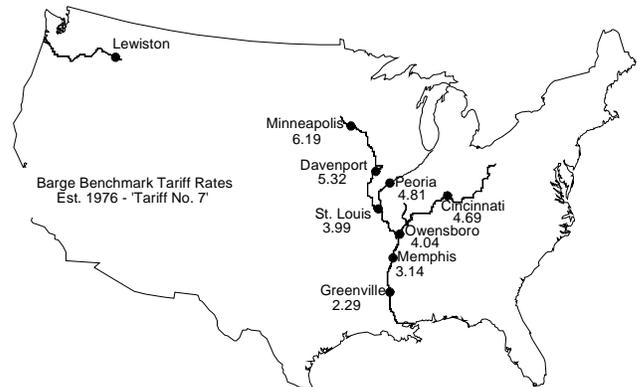
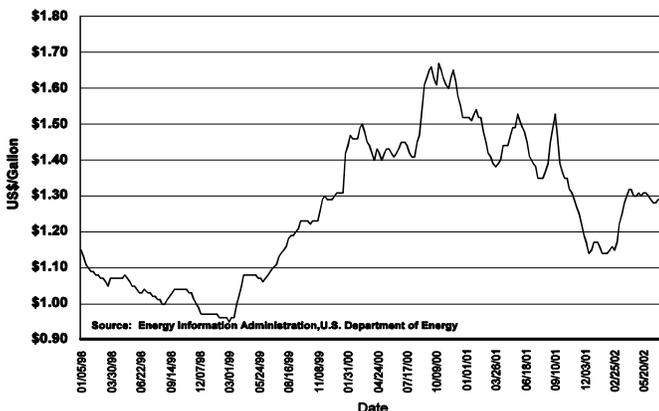
Week ended	River/Region	Contract Period	Rate	
			Futures	Cash
07/23/02	St. Louis	Jul	0	115
		Sept	0	170
		Nov	0	155
		Dec	0	135
		Jan	0	135
	Illinois River	Jul	0	130
		Sept	0	180
		Nov	0	170
		Dec	0	164
		Jan	0	183

Source: St. Louis Merchants Exchange

Southbound Barge Freight Spot Rates				
	7/17/02	7/10/02	Aug '02	Oct '02
Twin Cities	175	184	197	245
Mid-Mississippi	144	146	163	220
Illinois River	134	139	152	211
St. Louis	99	101	129	194
Lower Ohio	103	89	143	214
Cairo-Memphis	95	96	127	188

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

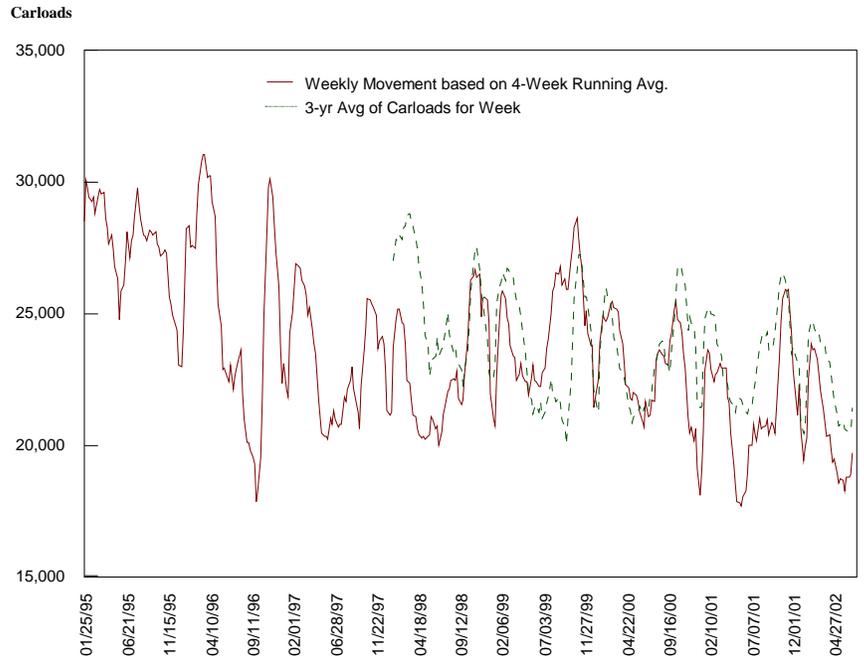
Weekly Retail Diesel (Road) Prices (Including Taxes)



Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
6/29/02	20,176
7/6/02	19,332
7/13/02	22,979
Year to Date - 2002	576,484
Year to Date - 2001	586,867
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	
	CSXT	NS	BNSF	KCS	UP	CN	CP
07/13/02	2,885	3,530	8,418	607	7,539	4,269	3,255
This Week Last Year	2,633	3,552	7,909	423	7,709	5,522	4,538
2002 YTD	78,814	87,229	204,054	16,105	186,127	113,382	99,312
2001 YTD	85,392	87,352	217,584	12,782	183,757	137,430	124,134
2001 Total	151,864	163,018	428,603	26,330	347,156	254,982	232,461
2000 Total	147,708	153,905	425,849	26,515	364,785	160,749	239,670

Source: Association of American Railroads

Tariff Rail Rates for Unit Train Shipments

July 2002

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
07/01/02	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
07/01/02	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,877	\$42.74	\$1.16
07/01/02	46540	Wheat	Kansas City, MO	Houston, TX	\$1,650	\$18.19	\$0.50
07/01/02	43586	Wheat	Kansas City, MO	Portland, OR	\$4,347	\$47.92	\$1.30
07/01/02	43581	Wheat	Omaha, NE	Portland, OR	\$4,005	\$44.15	\$1.20
07/01/02	31040	Corn	Minneapolis, MN	Portland, OR	NA	\$0.00	\$0.00
07/01/02	31035	Corn	Kansas City, MO	Portland, OR	\$3,200	\$35.27	\$0.90
07/01/02	31040	Corn	Omaha, NE	Portland, OR	NA	\$0.00	\$0.00
07/01/02	61180	Soybean	Minneapolis, MN	Portland, OR	NA	\$0.00	\$0.00
07/01/02	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

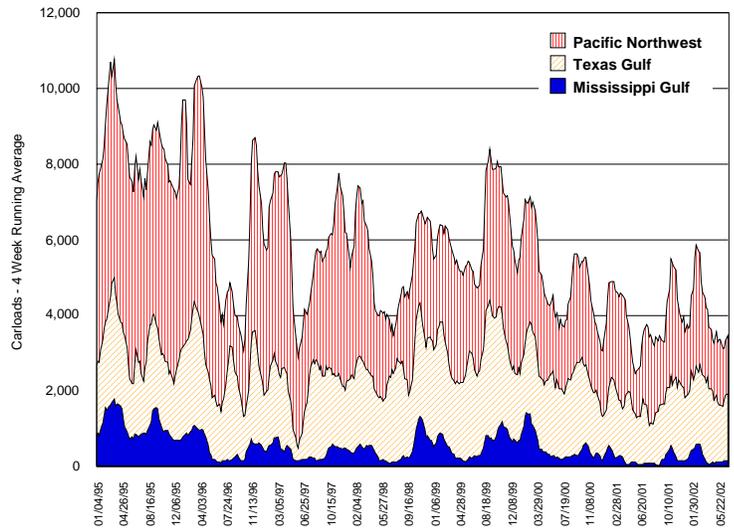
Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

Rail Deliveries to Port

Carloads	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
06/19/02	246*	2,085	1,015	56
06/26/02	152*	1,778	2,036	303
07/03/02	9*	2,066	2,108	686
07/10/02	198*	1,637	1,999	129
07/17/02	380*	2,479	1,406	197
07/24/02	1*	1,586	2,480	274
YTD 2002	7,084*	56,113	58,791	13,889
YTD 2001	5,513	45,054	63,776	15,409
Total 2001	10,022	81,804	111,376	26,604
Total 2000	25,767	104,473	128,414	14,816

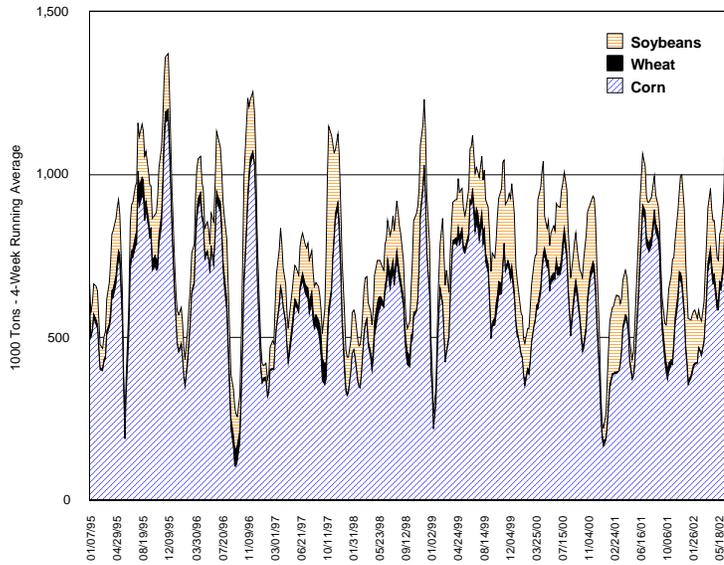
Source: Transportation & Marketing/AMS/USDA

Rail Deliveries to Port



(*) Incomplete Data

Barge Movements - Locks 27



Barge Grain Movements

for week ending 7/13/02

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	507	28	63	599
Winfield, MO (L25)	661	6	126	793
Alton, IL (L26)	887	10	163	1,059
Granite City, IL (L27)	910	14	174	1,098
Illinois River (L8)	192	0	50	242
Ohio (L52)	25	2	14	47
Arkansas (L1)	0	45	0	45
2002 YTD	19,331	1,244	5,776	27,310
2001 YTD	15,956	1,157	5,099	23,320
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.

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

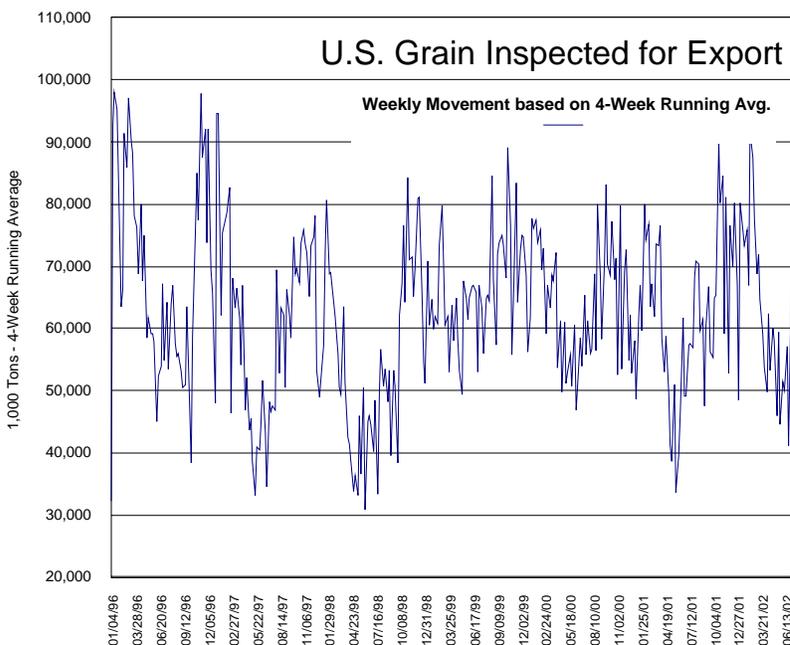
	HRW	SRW	HRS	Wheat SWW	DUR	All	Corn	Soybean	Total
<u>Unshipped Exports-Crop Year</u>									
07/11/02	1,040	406	1,063	611	131	3,251	6,770	3,348	13,369
This Week Year Ago	1,072	697	844	534	240	3,386	7,550	2,092	13,028
<u>Cumulative Exports-Crop Year</u>									
01/02 YTD	1,017	369	480	376	106	2,347	40,601	27,585	70,533
00/01 YTD	870	443	476	308	95	2,192	39,087	17,713	58,992
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

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
07/18/02	76	100	0	136	712	237	123	34	0
2002 YTD	4,377	2,396	1,331	3,026	21,086	9,615	3,517	175	789
2001 YTD	5,285	2,712	1,285	3,047	17,911	8,596	3,028	171	837
% of Last Year	44%	40%	78%	45%	60%	54%	51%	37%	78%
2000 Total	9,946	6,006	1,710	6,776	35,231	17,953	6,927	470	1,008

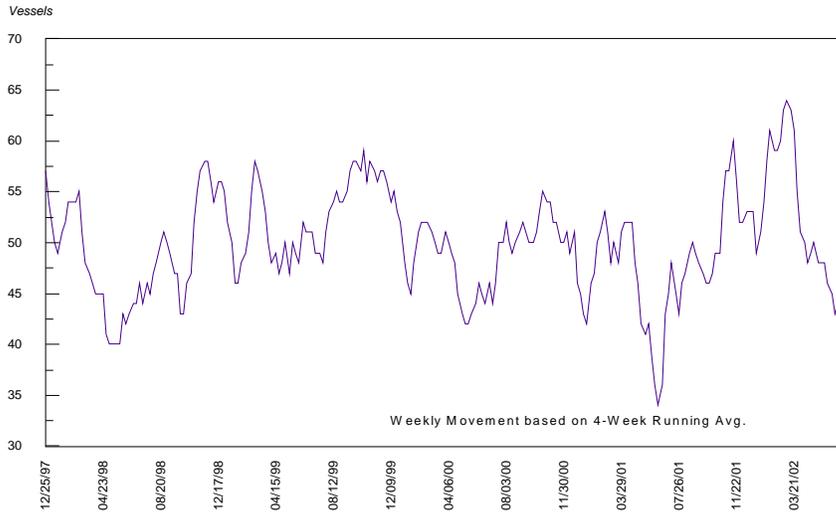
Source: Federal Grain Inspection Service YTD-Year-to-Date



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

	Wheat	Durum	Barley
Week Ended: 7/11/02			
Vancouver	5,771	402	498
Prince Rupert	1,100		
Prairie Direct	1,177	417	371
Thunder Bay	716	328	140
St. Lawrence	2,299	2,037	0
2001 YTD Exports	11,063	3,184	1,034
2000 YTD Exports	12,153	3,230	1,856
% of Last Year	91%	99%	56%

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



Gulf Region Vessels Loaded - Past 7 Days-

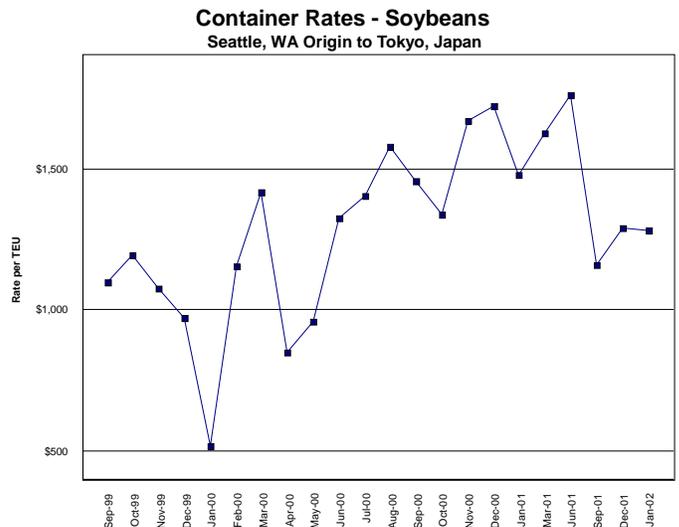
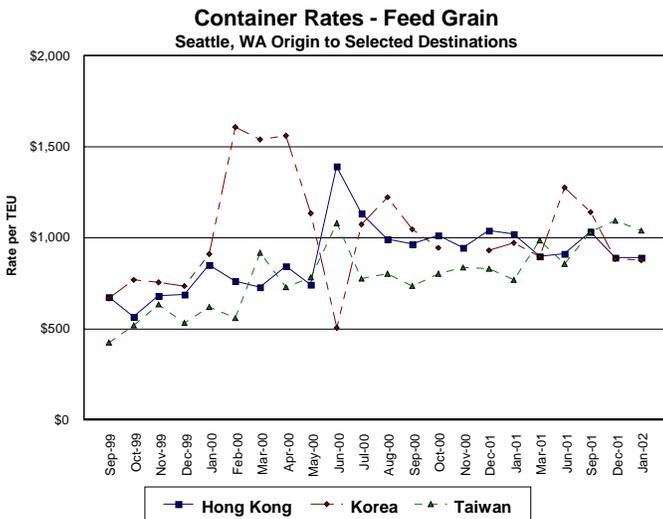
	Gulf			Pacific Northwest			Vancouver, B.C.		
	In Port	Loaded 7-Days	Due Next 10-Days	In Port	Loaded 7-Days	Due Next 10-Days	In Port	Loaded 7-Days	Due Next 10-Days
07/17/02	40	52	44	3			7	6	0
07/24/02	24	52	65	7			5	4	0
2001 Range	(13..65)	(28..64)	(46..81)	(1..18)			(4..20)	(3..14)	(0..7)
2000 Range	(23..50)	(34..57)	(47..83)	(4..15)			(4..20)	(5..19)	(0..9)
2001 Avg	36	48	63				12	8	3
2000 Avg	36	49	65				11	9	3
1999 Avg	32	52	65				10	9	3

Source: Transportation & Marketing /AMS/ USDA

Container Ocean Freight Rates

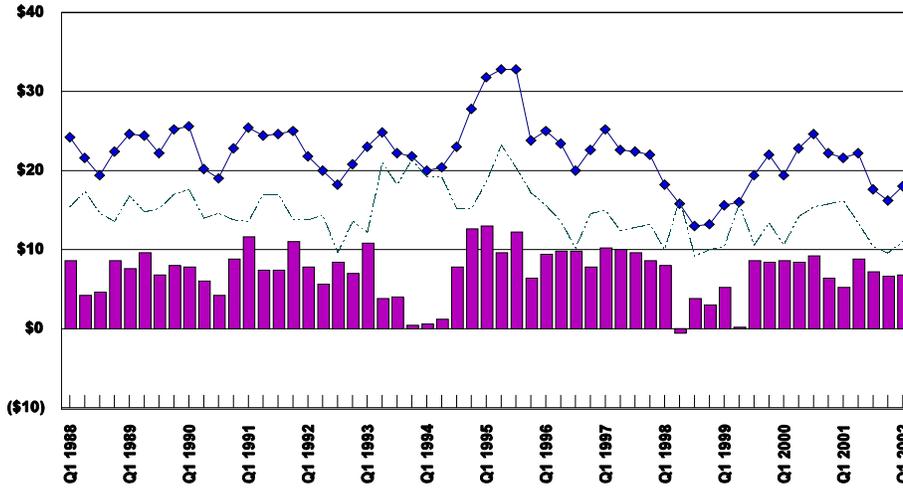
Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share

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

	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 (Select Locations) - week ending 7/20/02

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Manitoba (Can.)	Recife (Brazil)	Wheat	Jul 29/Aug2	20,000	\$20.25
Gulf	Dakar (Senegal)	Rice (Bgd)	Aug 10/15	1,300	\$89.00
Gulf	Dakar (Senegal)	Rice (Bgd)	Jul 25/Aug 5	5,700	\$153.85
PNW	Japan	Heavy Grain	Aug 1/10	5,400	\$11.90
River Plate	Morocco/Greece	Corn/Hvy. Grain	July 15/20	25,000/20,000	\$19.50
La Pallice (France)	Vera Cruz (Mex.)	Rapeseed	Jul 25/30	25,000	\$15.25
Mersin (Turkey)	Tunisia	Wheat	Jul 25/30	25,000	\$10.50

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