GRAIN TRANSPORTATION REPORT

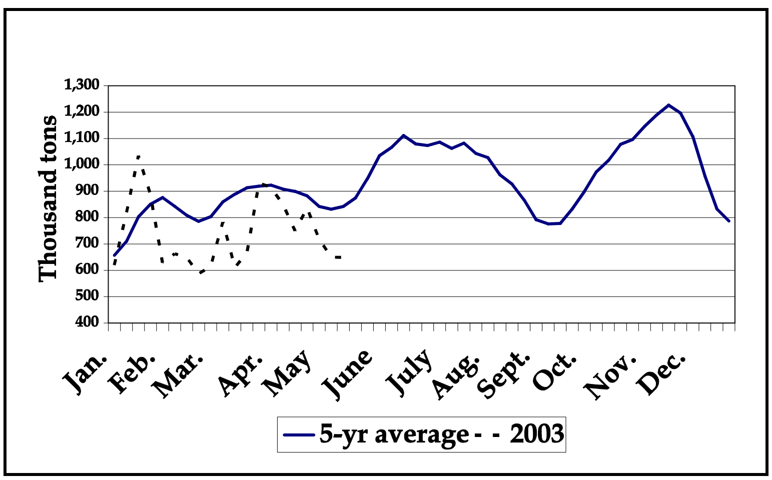
Transportation & Marketing, Agricultural Marketing Service
United States Department of Agriculture

JULY 24, 2003

TM GRAIN TRANSPORT COST INDICATORS	Truck	Rail	Barge	Ocean Gulf	Ocean PNW
Indicator Value* for 07/24	97	160	82	149	166
Compared to Last Week	Unchanged	↑	↓	↑	↓

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

Figure--Weekly Barge Shipments of Grain, 5-year Average and 2003



Source: U.S. Army Corps of Engineers

Mississippi River Barge Grain Volumes Down for Start of 2003. Almost all 2003 weekly movements were below average (see figure). First quarter 2003 weekly barge grain volumes decreased 11 percent as compared with last year's first quarter. As of mid-May 2003, second quarter weekly volumes were off 22 percent, 767 thousand tons, compared with the 5-year average of 933 thousand tons. This is due to the current period of relatively flat global demand for U.S. grain. The lull in activity is causing barge companies to take idle barges out of service, creating some financial pressure on the barge industry. In addition, below-average winter precipitation in the river basin reduced water levels to 30-year lows on parts of the Mississippi River. During January, barge traffic was stalled and nearly halted between St. Louis, MO, and Cairo, IL, due to low water conditions.

This year's navigation season opened late because of an extended period of ice on upper portions of the river. The first tow of 2003 arrived in St. Paul, MN, on March 30, marking the beginning of this year's navigation season. Typically, the upper Mississippi. River navigation season begins during mid-March and ends by late November or early December. The 2002 upper Mississippi River navigation season began on March 16, and in 2001, floods delayed the opening until May 16.

Top Five Destinations for Gulf Corn and Soybean Exports. In April 2003, the top five destinations for Gulf of Mexico corn exports were Japan, Mexico, the Dominican Republic, Egypt, and Taiwan. The top five countries for Gulf soybean exports were Japan, Mexico, Spain, South Korea, and Indonesia.

Competition from South America Impacts Prospects for 2003 Barge Movements. With a projected 10-billion-bushel corn crop for the 2003/04 marketing year, U.S. corn exports could expand from last year's levels. However, corn barge movements for export will face considerable competition from Argentina and Brazil. If there is a reduction in global feed wheat supplies, demand for U.S. corn could increase. With strong competition from South America, U.S. soybean exports are expected to be the lowest since the 1998/99 marketing year. As a result, projections are that soybean barge movements in 2003 will be fewer than average. *Nick.Marathon@usda.gov*

Report is prepared by Deen Olowolayemo, Johnny Hill and Karl Hacker, Agricultural Economists, Transportation & Marketing, Agricultural Marketing Service, USDA (202) 690-1304. Support provided by 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 and questions to Surajudeen.Olowolayemo@usda.gov

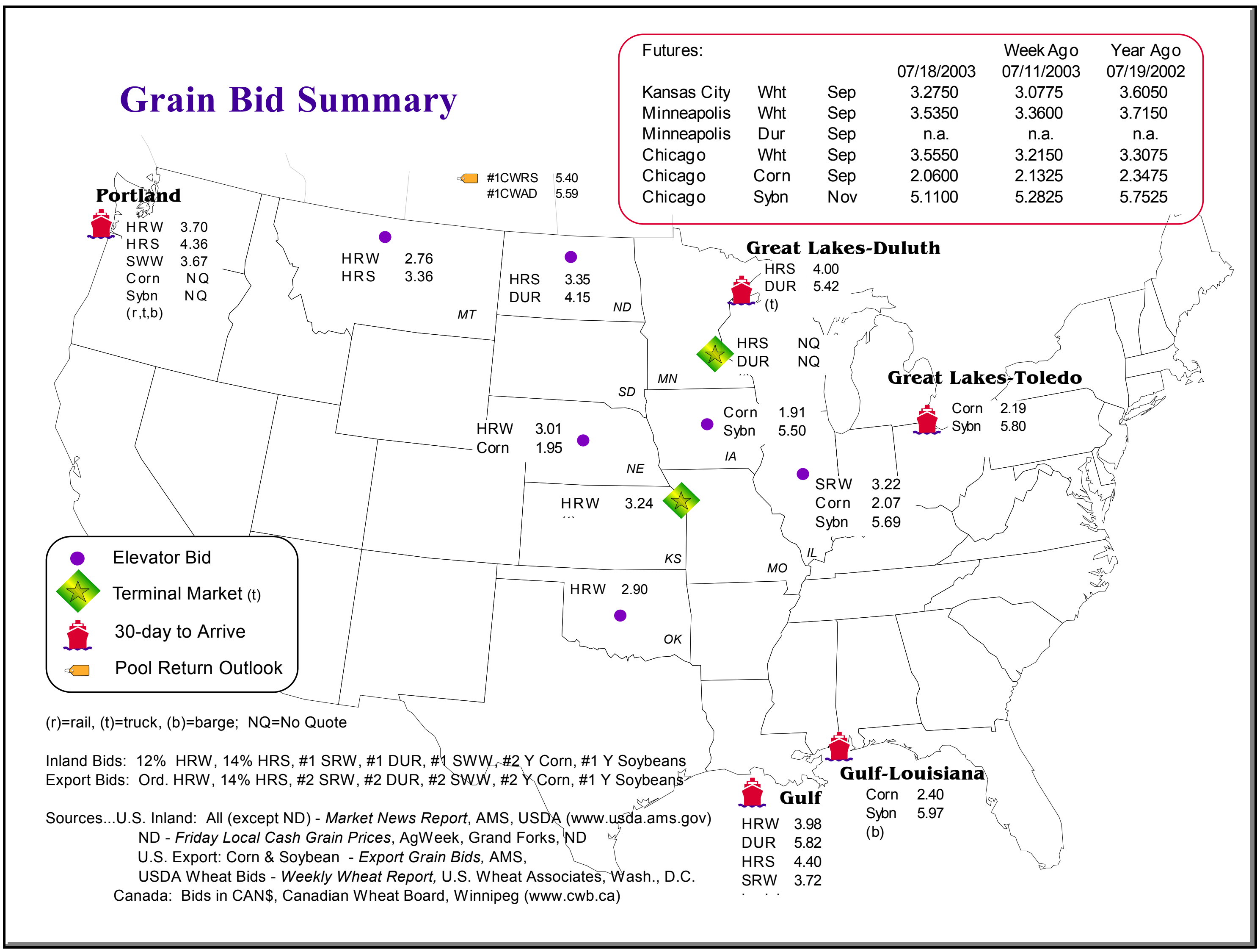
Contents

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	-0.36
Corn	NE -- Gulf	-0.50	-0.43
Soybean	IA -- Gulf	-0.57	-0.55
HRW	KS -- Gulf	-0.67	-0.63
HRS	ND -- Portland	-1.03	-1.08

The **Grain Bid Summary** illustrates the market relationships for commodities. Positive and negative adjustments in 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.



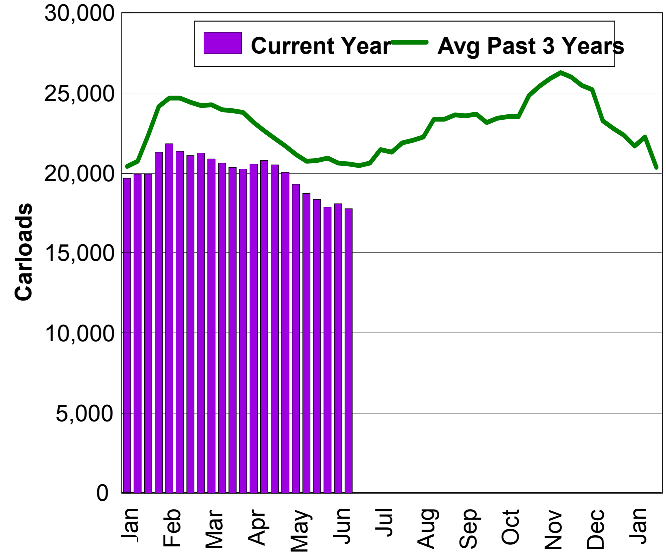
RAIL TRANSPORTATION

Rail Deliveries to Port (Carloads)

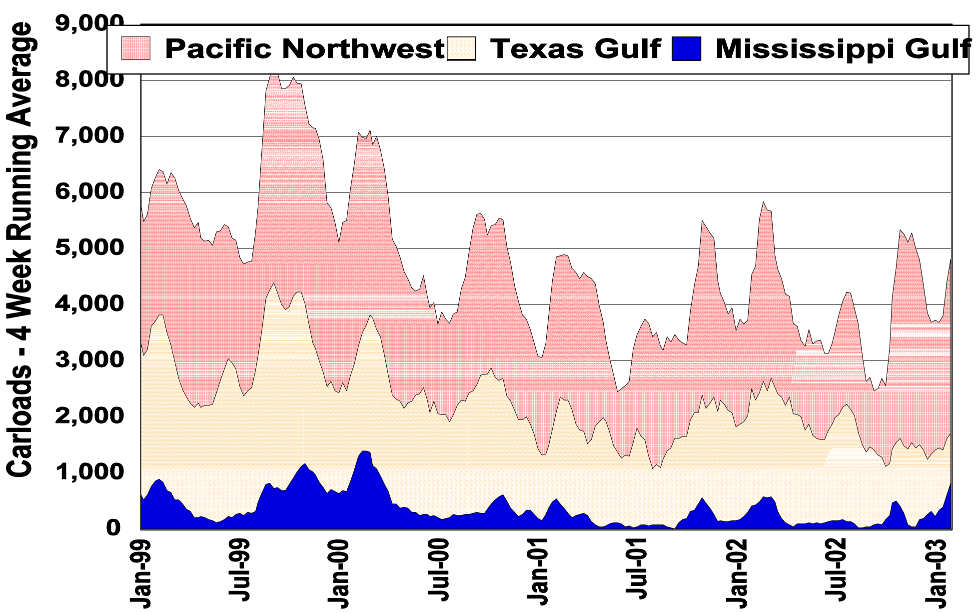
	Mississippi Gulf*	Texas Gulf	Pacific Northwest	Atlantic & East Gulf	Total
Week Ending:					
07/02/03	129	1,278	2,071	216	3,694
07/09/03	126	1,371	1,876	152	3,525
YTD 2003	9,155	34,618	78,960	10,423	133,156
YTD 2002	7,083	54,553	56,311	13,615	131,562
% YTD 2002	129%	63%	140%	77%	101%
Total 2002	11,112	83,799	111,719	21,551	228,181
Total 2001	10,022	81,804	111,376	26,604	229,806

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

Grain Car Loadings for Class I Railroads



Rail Deliveries to Port



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
07/12/03	2,846	3,653	7,692	564	6,573	21,328	4,076	4,230
This Week Last Year	2,885	3,530	8,418	607	7,539	22,979	4,269	3,255
2003 YTD	77,371	89,591	200,191	9,964	179,417	556,534	94,248	95,924
2002 YTD	78,814	87,229	204,054	16,105	186,127	572,329	113,382	99,312
% of Last Year	98%	103%	98%	62%	96%	97%	83%	97%
2002 Total	142,760	164,745	400,179	27,161	344,296	1,079,141	191,835	195,765
U.S. Rail Covered Hopper Cars Online Index*								
June-03	94.1	96.1	91.0	88.5	91.3	92.5		

Source: Association of American Railroads; *Base Year =2001, Index based on Number of Covered Hopper Cars Online (available for Service).

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-03	Oct-03	Nov-03
COT/N. Grain	sold out	$34	$11
COT/S. Grain	$5	$6	$0
GCAS/Region 1	$1	$1	no bid
GCAS/Region 2	$2	$5	$2

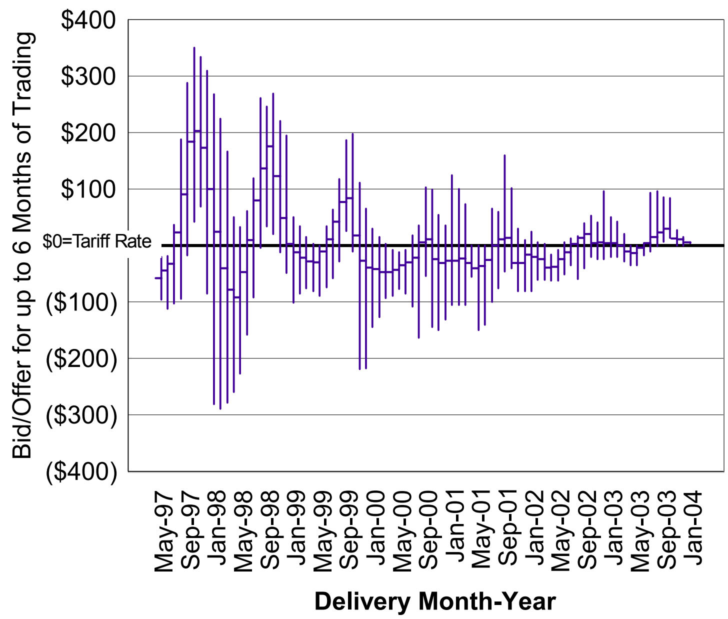
Source: Transportation & Marketing/AMS/USDA.
COT=Certificate of Transportation; GCAS=Grain Car Allocation System

Secondary Rail Car Market

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

	Delivery Period			
	Aug-03	Sep-03	Oct-03	Nov-03
BNSF-GF	$97	$86	$84	$28
UP-Pool	$32	$31	$35	$25

Secondary Rail Market Bid

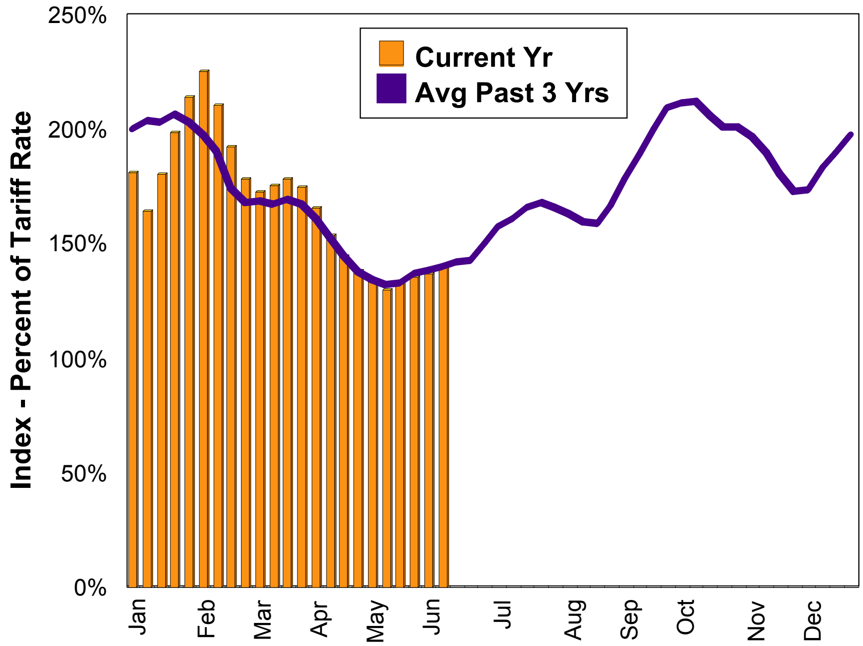


Tariff Rail Rates for Unit Train Shipments
July 2003
Source: www.bnsf.com., approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu*

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
07/07/03	113710	Wheat	Kansas City, MO	Galveston, TX	$1,720	$18.96	$0.52
07/07/03	43521	Wheat	Minneapolis, MN	Portland, OR	$4,148	$45.72	$1.24
07/07/03	46540	Wheat	St. Louis, MO	Houston, TX	$1,795	$19.79	$0.54
07/07/03	113710	Wheat	Kansas City, MO	Laredo, TX	$2,180	$24.03	$0.65
07/07/03	15507	Wheat	Chicago, IL	Albany, NY	$1,834	$20.22	$0.55
07/07/03	31005	Corn	Minneapolis, MN	Portland, OR	$3,050	$33.62	$0.85
07/07/03	1132.002	Corn	Chicago, IL	Baton Rouge, LA	$1,845	$20.34	$0.52
07/07/03	1132.03	Corn	Council Bluffs, IA	Baton Rouge, LA	$1,970	$21.72	$0.55
07/07/03	113210	Corn	Evansville, IN	Raleigh, NC	$1,686	$18.58	$0.47
07/07/03	1132	Corn	Des Moines, IA	Laredo, TX	$2,595	$28.60	$0.73
07/07/03	61110	Soybean	Minneapolis, MN	Portland, OR	$3,030	$33.40	$0.91
07/07/03	1144	Soybeans	Chicago, IL	Baton Rouge, LA	$2,736	$30.16	$0.82
07/07/03	1144	Soybeans	Council Bluffs, IA	Baton Rouge, LA	$2,799	$30.85	$0.84
07/07/03	1144	Soybeans	Des Moines, IA	Laredo, TX	$2,864	$31.57	$0.86
07/07/03	11441	Soybeans	Evansville, IN	Raleigh, NC	$1,686	$18.58	$0.51

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

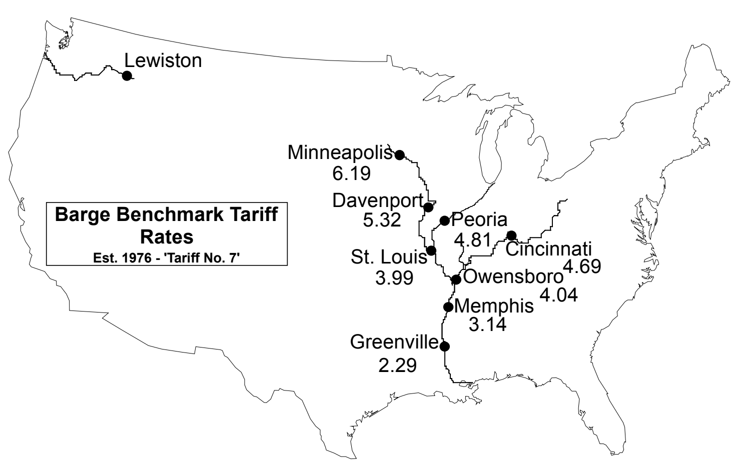
	7/16/03	7/9/03	Aug '03	Oct '03
Twin Cities	205	205	215	270
Mid-Mississippi	165	164	177	249
Illinois River	154	155	168	240
St. Louis	110	106	150	213
Lower Ohio	127	114	157	240
Cairo-Memphis	105	99	147	204

Source: Transportation & Marketing /AMS/USDA

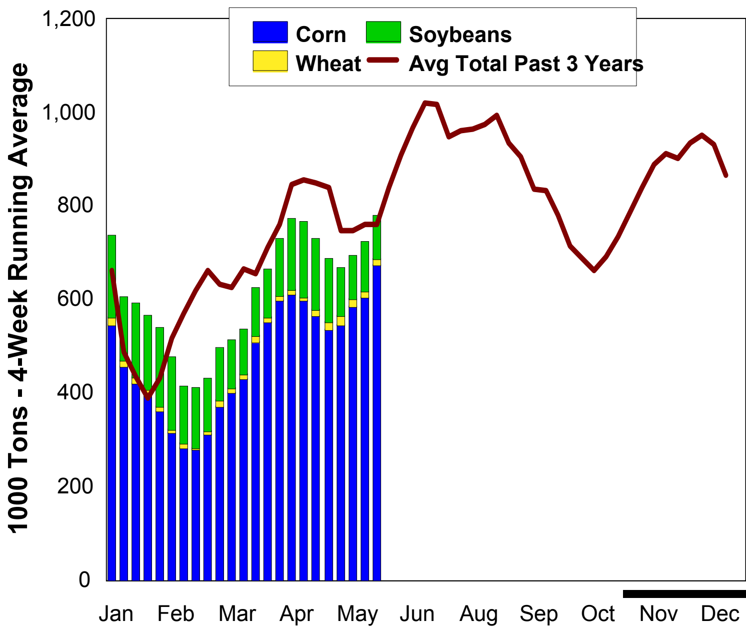
BARGE FUTURES MARKET
Southbound Barge Freight Nominal/Cash Basis Values
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate: Futures	Rate: Cash
7/22/03	St. Louis	Aug	n/a	145
		Oct	n/a	210
		Dec	n/a	135
		Feb	n/a	135
		Mar	n/a	135
	Illinois River	Aug	n/a	150
		Oct	n/a	243
		Dec	n/a	175
		Feb	n/a	185
		Mar	n/a	170

Source: St. Louis Merchants Exchange



Barge Movements on the Mississippi River (Lock 27)



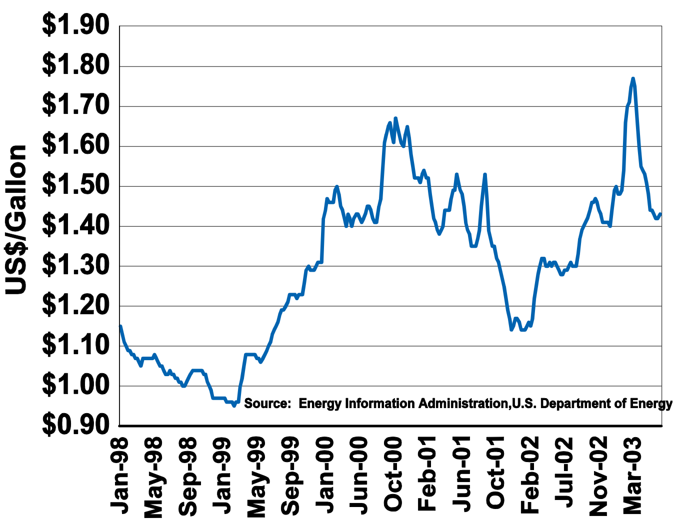
Barge Grain Movements (1,000 Tons)
for week ending 7/12/03

	Corn	Wht	Sybn	Total
Mississippi River				
Rock Island, IL (L15)	466	5	52	524
Winfield, MO (L25)	488	2	90	580
Alton, IL (L26)	599	3	106	708
Granite City, IL (L27)	568	3	95	666
Illinois River (L8)	143	0	21	164
Ohio River (L52)	18	17	10	45
Arkansas River (L1)	0	41	0	41
2003 YTD	15,865	989	4,646	21,950
2002 YTD	19,931	1,261	5,776	27,327
% of 2002 YTD	80%	79%	81%	81%
Total 2001	31,878	2,679	10,616	47,091

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

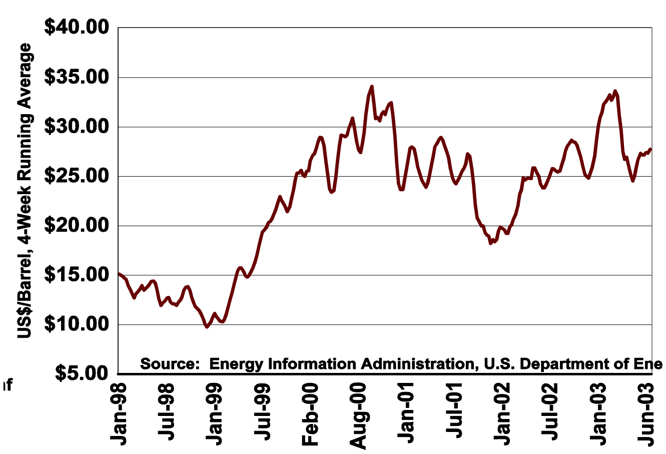
TRUCK TRANSPORTATION

Weekly U.S. Retail Road Diesel Price



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.

Weekly Brent Crude Price, Friday Close



Crude Oil Prices (07/22/03)

US$ per Barrel	This Week	Last Week	
Light Sweet Crude (NYMEX)	29.39	30.80	↓
Brent Crude	28.02	28.82	↓

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

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.

GRAIN EXPORTS

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

	Wheat						Corn*	Soybean*	Total
	HRW	SRW	HRS	SWW	DUR	All			
07/10/2003	2,071	595	1,253	572	132	4,625	6,130	5,430	16,185
This Week Year Ago	1,040	406	1,063	611	131	3,251	5,717	2,200	11,168
Commulative Exports-Crop Year									
03/04 YTD	939	177	480	345	131	2,049	34,307	27,479	63,835
02/03 YTD	1,017	374	475	376	108	2,347	40,599	27,585	70,531
01/02 Total	8,761	5,485	5,582	3,175	1,133	24,135	48,003	29,926	102,064
00/01 Total	9,314	4,445	5,775	5,156	1,130	25,819	47,734	27,567	101,120
99/00 Total	10,629	4,195	5,590	4,055	984	25,453	48,760	26,972	101,185

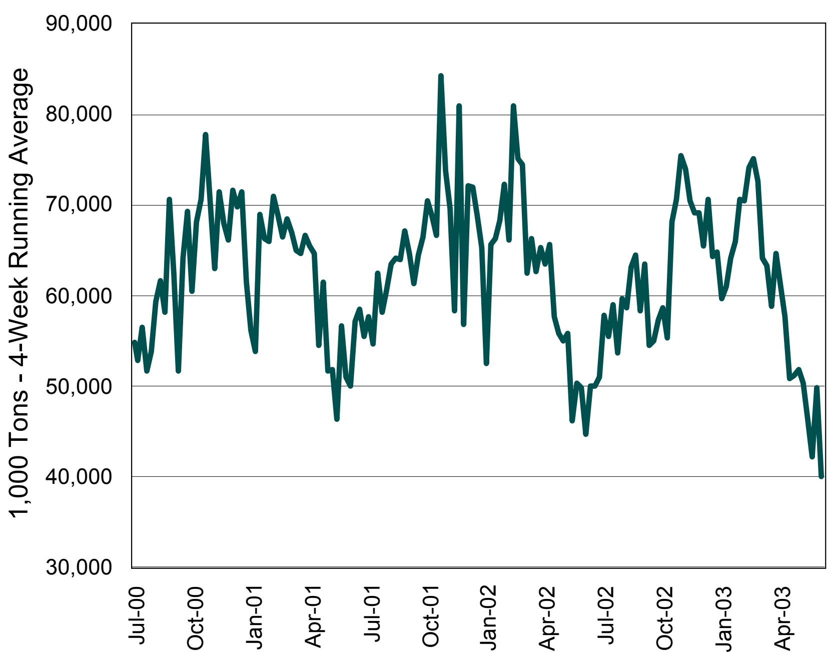
Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov)

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*
07/17/03	159	73	8	187	641	189	153	0	0	240	1,016	153
2003 YTD	4,437	2,751	2,614	2,383	15,618	9,867	2,702	529	50	9,802	27,868	3,281
2002 YTD	4,526	2,448	1,400	3,229	21,390	10,066	3,515	175	247	8,374	34,685	3,936
% of 2002 YTD	98%	112%	187%	74%	73%	98%	77%	303%	20%	117%	80%	83%
2002 Total	10,007	5,877	1,639	6,829	34,991	17,996	6,971	468	468	17,523	59,816	7,906

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

06/19/2003	Wheat	Durum	Barley
Vancouver	105	5	
Prince Rupert			
Prairie Direct	5		
Thunder Bay	18		
St. Lawrence	4,492	2,329	290
2001/02 YTD	10,666	2,963	961
2002/03 YTD	4,620	2,334	290
% of Last Year	43%	79%	30%

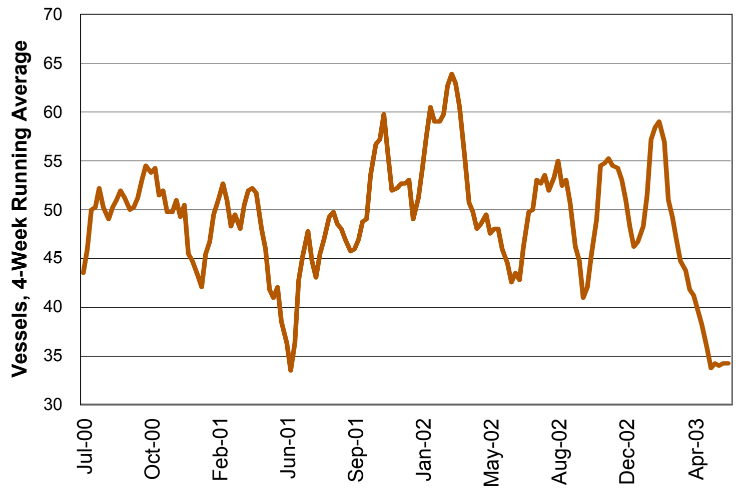
Source: Canadian Grains Commission, Crop Year 8/1-7/31

Port Region Ocean Grain Vessels

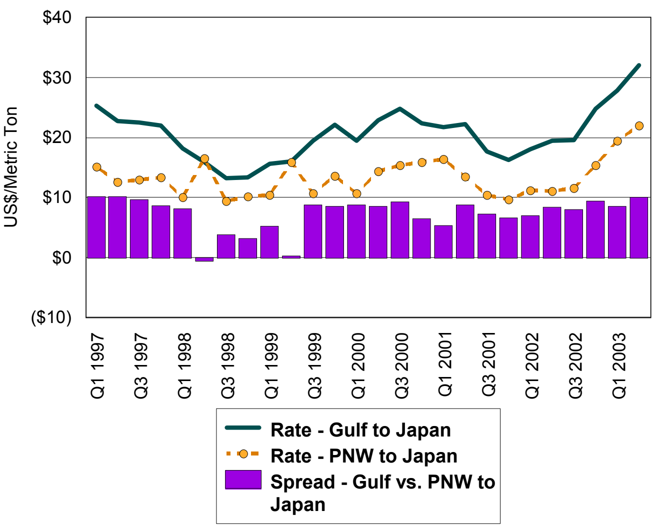
	Gulf			Pacific Northwest	Vancouver B.C.
	In Port	Loaded 7-Days	Due Next 10-Days	In Port	In Port
07/10/03	39	56	55	9	7
07/17/03	26	51	54	7	10
2002 Range	(15..55)	(33..66)	(44..82)	(3..15)	(0..12)
2002 Avg	35	51	65	8	5

Source: Transportation & Marketing /AMS/ USDA

Gulf Port Region Grain Vessel Loading
Past 7 Days



Grain Vessel Rates to Japan



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

	2003 2nd Qtr	2002 2nd Qtr	% Change		2003 2nd Qtr	2002 2nd Qtr	% Change
Gulf to				**Pacific NW to**			
Japan	$31.53	$19.43	62%	Japan	$19.33	$11.03	75%
Mexico	-	$46.92	-				
N. Europe	$18.98	$13.58	40%	**Argentina/Brazil to**			
N. Africa	$21.75	$15.84	37%	Med. Sea	$24.50	$16.98	44%
Med. Sea	$21.88	$12.62	73%	N. Europe	-	$17.16	-
				China	$32.50	-	-

Source: Transportation & Marketing/AMS/USDA

Ocean Freight Rates for Selected Shipments - week ending 7/19/03

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate ($Ton)
U.S. Gulf	Egypt	Wheat/Corn	Jul 21/31	55,000	$24.50
U.S. Gulf	Mozambique	Wheat	Jul 12/15	10,750	$151.25*
PNW	Bangladesh	Grains	Aug 1/10	23,750	$119.88*
PNW	Bangladesh	Grains	Aug 1/10	5,000	$44.00
U.S. Gulf	Japan	Heavy Grain	Jul 25/30	54,000	$29.40
River Plate	China	Heavy Grain	Jul 15/25	55,000	$34.75

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

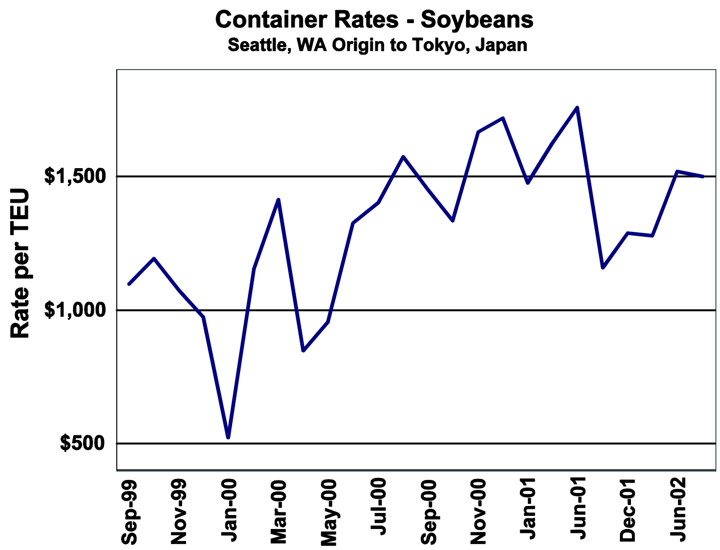
*Most food aid from the United States is required to be shipped on U.S. flag vessels. The vessels are of limited availability resulting in higher rates. In addition, destinations receiving food aid generally lack adequate port unloading facilities, requiring the vessel to remain in port for a longer duration than normal.

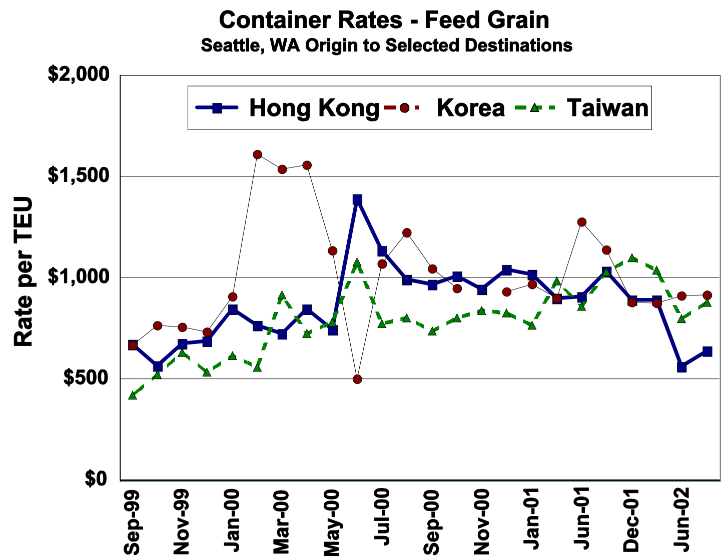
CONTAINER

Container Ocean Freight Rates

Average Rate per TEU, Weighed by Shipping Line Market Share

Source: Transportation & Marketing/AMS/USDA, Quarterly Updates





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