



GRAIN TRANSPORTATION REPORT

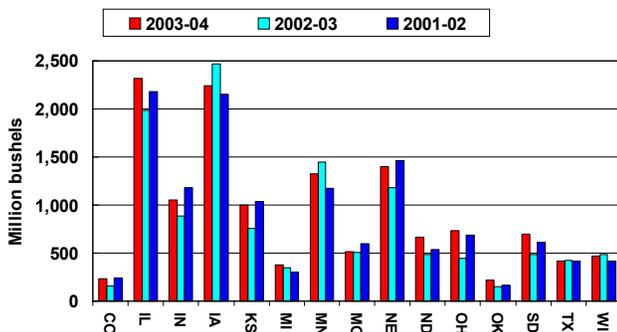
Transportation & Marketing, Agricultural Marketing Service
United States Department of Agriculture

OCTOBER 16, 2003

TM GRAIN TRANSPORT					
COST INDICATORS*					
	Truck	Rail	Barge	Ocean	
				Gulf	Pacific
10/15/03	99	103	149	204	270
Compared to Last Week	↑	↓	↓	↑	↑

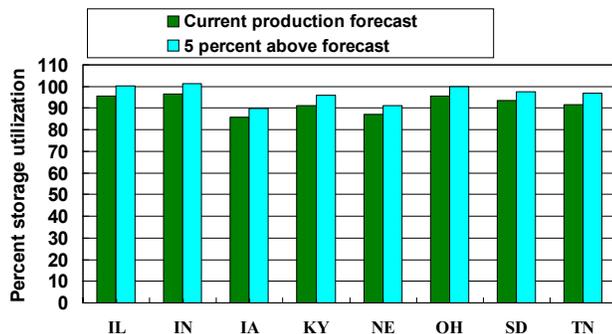
*Indicator: Base Year 2000=100; Weekly Updates include Truck=Diesel; Rail=Nearby Secondary Rail Market; Barge=Spot Illinois River Basis; Ocean Vessel based on Routes to Japan

Figure 1. Production close to normal in the top 15 grain-producing States



Crops include corn, sorghum, wheat, soybeans, barley, and oats.

Figure 2. Storage capacity is expected to be tight in only a few States



Storage needs equal September 1, 2003 grain stocks plus projected fall harvests. Needs deduct estimated September utilization.

Grain transportation patterns are expected to return to normal this fall. U.S. grain production has returned to more normal levels and distribution patterns this year (figure 1). As a result, buyers will be able to obtain grain from normal sources of supply. In contrast, last year's grain production was greatly reduced by the drought in many States. Thus, buyers were forced to obtain grain from more distant locations, which increased their transportation costs.

Lack of storage capacity is not expected to significantly affect transportation demand. Thus, abnormal shifts in transportation capacity are not expected to be necessary. Storage capacity is expected to be tight in only a few States, despite expectations of an abundant harvest. Estimated grain storage utilization is expected to approach or exceed 90 percent only in the States of Illinois, Indiana, Iowa, Kentucky, Nebraska, Ohio, South Dakota, and Tennessee (figure 2). Thus, grain stored on the ground is expected to be a local phenomenon that will not be of long duration. Most States are expected to have adequate storage capacity because grain stocks entering the 2003/04 production year were abnormally low. Marvin.Prater@USDA.gov.

Agricultural Container Indicators Report Published by TSB: On October 7, Transportation Services Branch (TSB) published the first issue of its quarterly online report *Agricultural Container Indicators* (AgCI). The AgCI is designed to educate agricultural shippers and exporters about the status of the main factors (rates, volume, and capacity) that define the costs and service availability in containerized shipping, specifically for agricultural exports. TSB produces a market report, the *Ocean Rate Bulletin*, which provides ocean freight rates for selected commodities and trade routes; however, until now, there has been no tool available for tracking the changes in those freight rates for the agricultural export industry. Another publication produced by TSB, *Agricultural Ocean Transportation Trends*, discusses trends in costs, changes in service contract negotiations, and current events. The combination of these three publications will provide a more complete,

detailed look at the agricultural container shipping industry. The next issue, which will report third quarter indicators, is expected to be released by the end of October. The report is available at: www.ams.usda.gov/tmd2/agci

Report is prepared by Deen Olowolayemo, Johnny Hill, Karl Hacker and Delmy Salin, 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.

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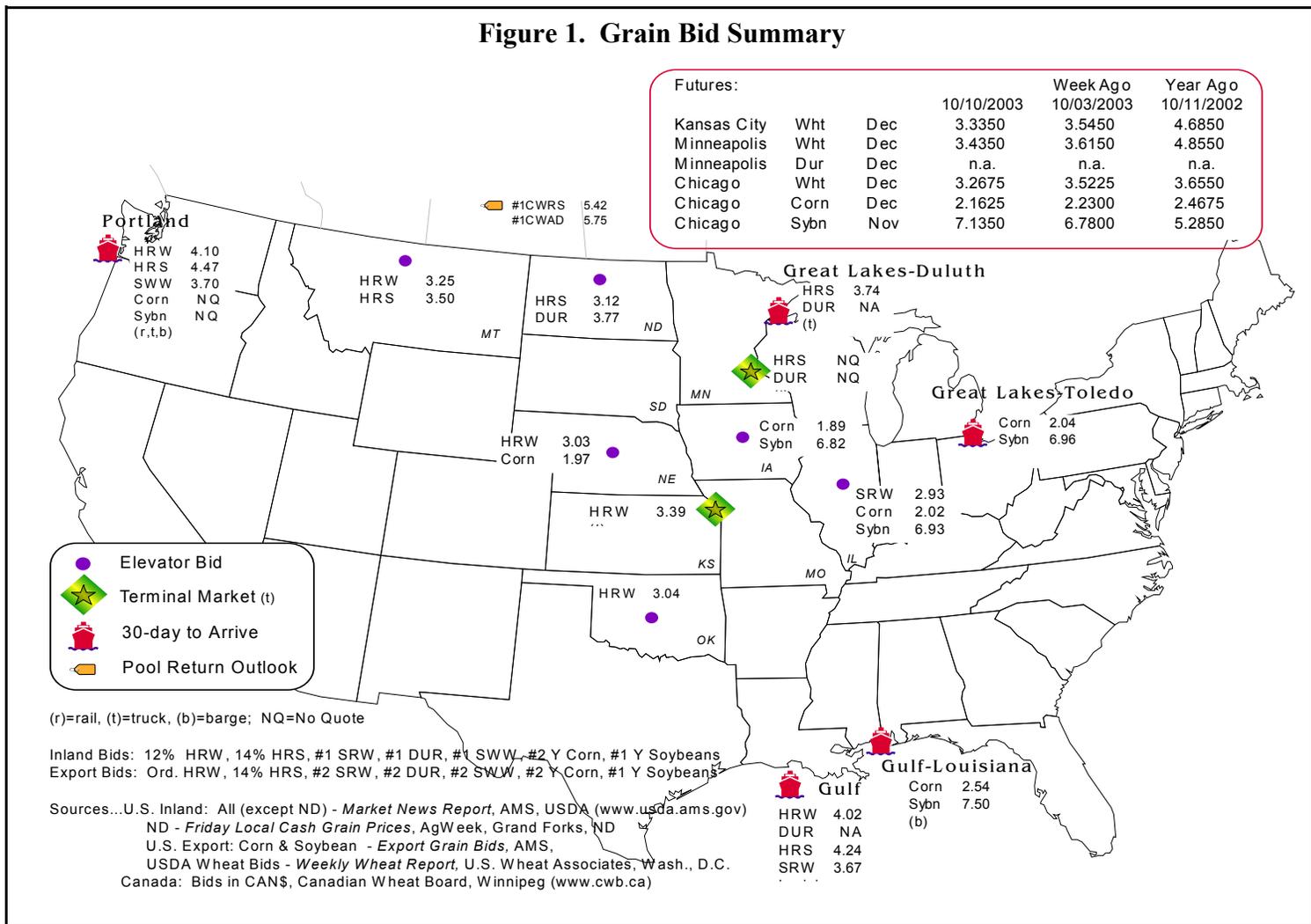
The Grain Transportation Report is a weekly news source for grain logistics. Detailed data and trend information on five major modes: barge, truck, rail, container, and vessel, provide timely insight into grain transport. The report is offered to policymakers and industry as a tool in day-to-day decision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

Table 1-- Market update: U.S. origins to export position price spreads (per bushel)

Commodity	Origin--Destination	This week	Last week
Corn	IL -- Gulf	-0.52	-0.52
Corn	NE -- Gulf	-0.57	-0.58
Soybean	IA -- Gulf	-0.68	-0.67
HRW	KS -- Gulf	-0.63	-0.62
HRS	ND -- Portland	-1.35	-1.27

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.

Figure 1. Grain Bid Summary

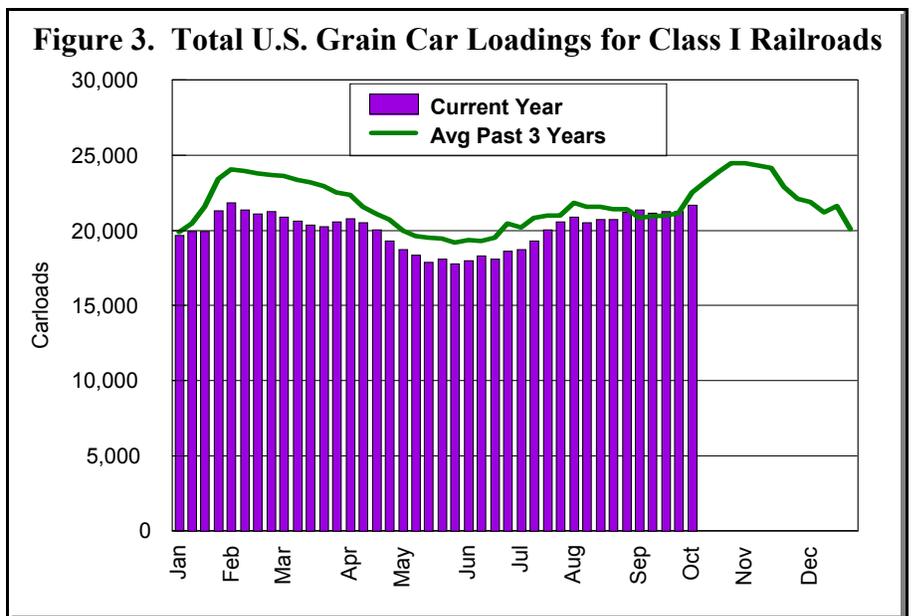
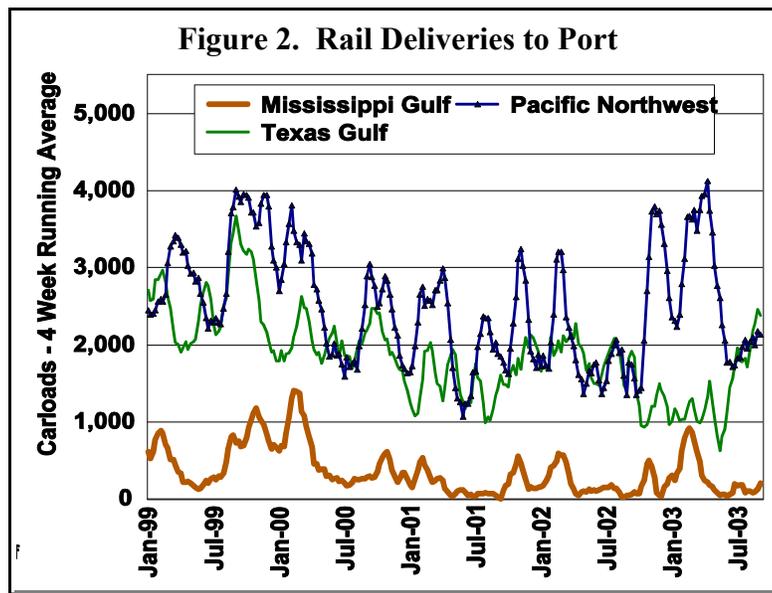


RAIL TRANSPORTATION

Table 2--Rail deliveries to port (carloads)

	Mississippi Gulf*	Texas Gulf	Pacific Northwest	Atlantic & East Gulf	Total
Week Ending:					
10/01/03	230	2,652	3,169	64	6,115
10/08/03	589	1,737	3,530	21	5,877
2003 YTD	11,458	64,416	108,664	11,542	196,080
2002 YTD	7,993	71,290	75,251	15,521	170,055
% 2002 YTD	143%	90%	144%	74%	115%
2002 Total	11,127	85,822	113,857	21,562	232,368
2001 Total	10,022	81,804	111,376	26,604	229,806

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



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

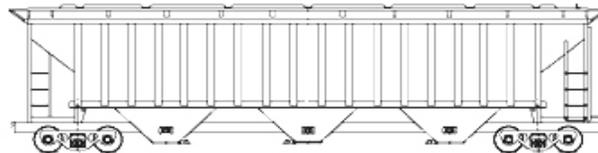
Table 3--Class I rail carrier grain car bulletin (Grain carloads originated)

	East		West			U.S. Total	Canada	
	CSXT	NS	BNSF	KCS	UP		CN	CP
10/04/03	2,652	3,068	8,999	799	6,653	22,171	4,802	4,251
This Week Last Year	3,190	2,976	9,273	381	6,470	22,290	3,480	4,895
2003 YTD	106,555	126,184	301,136	17,101	259,929	810,905	141,756	145,637
2002 YTD	106,702	123,445	297,268	21,069	263,025	811,509	153,842	148,072
% 2002 YTD	100%	102%	101%	81%	99%	100%	92%	98%
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*

Sep-03	94.6	99.4	94.4	95.5	95.6	95.7
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Source: Association of American Railroads; *Base Year =2001, Index based on Number of Covered Hopper Cars Online (available for Service).

**Table 4--Tariff rail rates for unit train shipments**

Date effective	Commodity	Origin	Destination	Rate per car	Rate per MT	Rate/per bushel*
10/06/03	Wheat	Kansas City, MO	Galveston, TX	\$1,820	\$20.06	\$0.55
10/06/03	Wheat	Minneapolis, MN	Portland, OR	\$4,148	\$45.72	\$1.24
10/06/03	Wheat	St. Louis, MO	Houston, TX	\$1,945	\$21.44	\$0.58
10/06/03	Wheat	Kansas City, MO	Laredo, TX	\$2,280	\$25.13	\$0.68
10/06/03	Wheat	Chicago, IL	Albany, NY	\$1,834	\$20.22	\$0.55
10/06/03	Corn	Minneapolis, MN	Portland, OR	\$3,130	\$34.50	\$0.88
10/06/03	Corn	Chicago, IL	Baton Rouge, LA	\$2,736	\$30.16	\$0.77
10/06/03	Corn	Council Bluffs, IA	Baton Rouge, LA	\$2,170	\$23.92	\$0.61
10/06/03	Corn	Evansville, IN	Raleigh, NC	\$1,886	\$20.79	\$0.53
10/06/03	Corn	Des Moines, IA	Laredo, TX	\$2,864	\$31.57	\$0.80
10/06/03	Soybean	Minneapolis, MN	Portland, OR	\$3,110	\$34.28	\$0.93
10/06/03	Soybeans	Chicago, IL	Baton Rouge, LA	\$2,736	\$30.16	\$0.82
10/06/03	Soybeans	Council Bluffs, IA	Baton Rouge, LA	\$2,799	\$30.85	\$0.84
10/06/03	Soybeans	Des Moines, IA	Laredo, TX	\$2,864	\$31.57	\$0.86
10/06/03	Soybeans	Evansville, IN	Raleigh, NC	\$1,886	\$20.79	\$0.57

Sources: www.bnsf.com, www.cpr.ca, www.csx.com, www.uprr.com

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

Table 5—Secondary rail car market,
Average premium/discount to tariff, \$/car - last week

	Delivery Period			
	Nov-03	Dec-03	Jan-04	Feb-04
BNSF-GF	\$(11)	\$(14)	\$(9)	\$(9)
UP-Pool	\$4	\$4	\$4	\$1

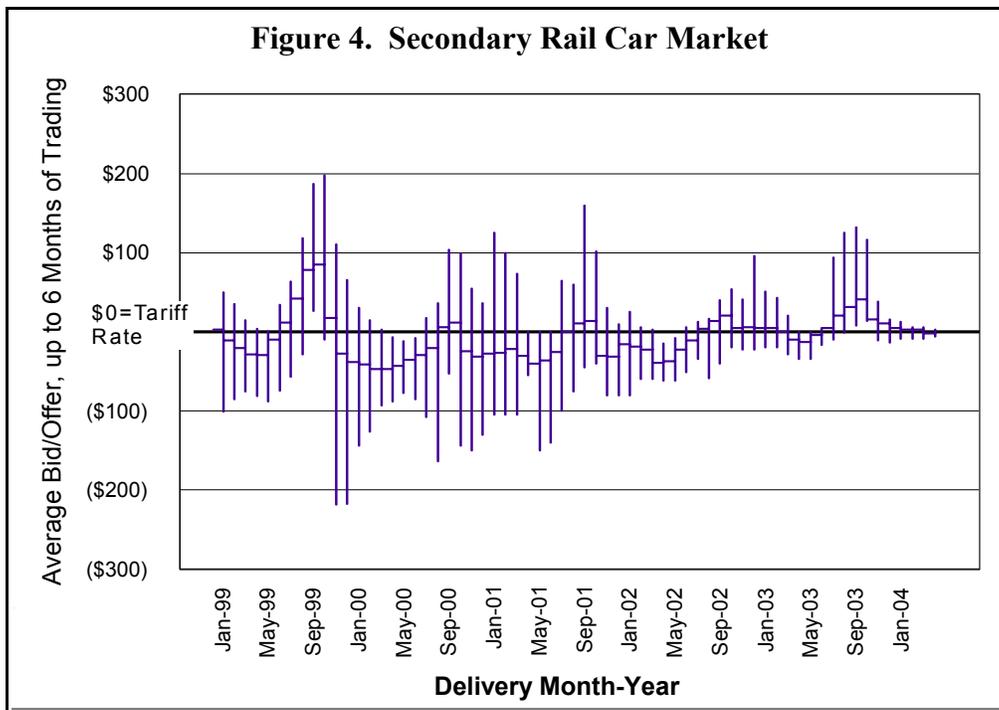
Sources: James B. Joiner & Co.; Tradewest Brokerage Co.
 : GF=Guaranteed Freight, Pool=Guaranteed Pool
 Note: Bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

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.

Table 6--Railroad car 'Auction' results
Average premium/discount to tariff, \$/car - last auction

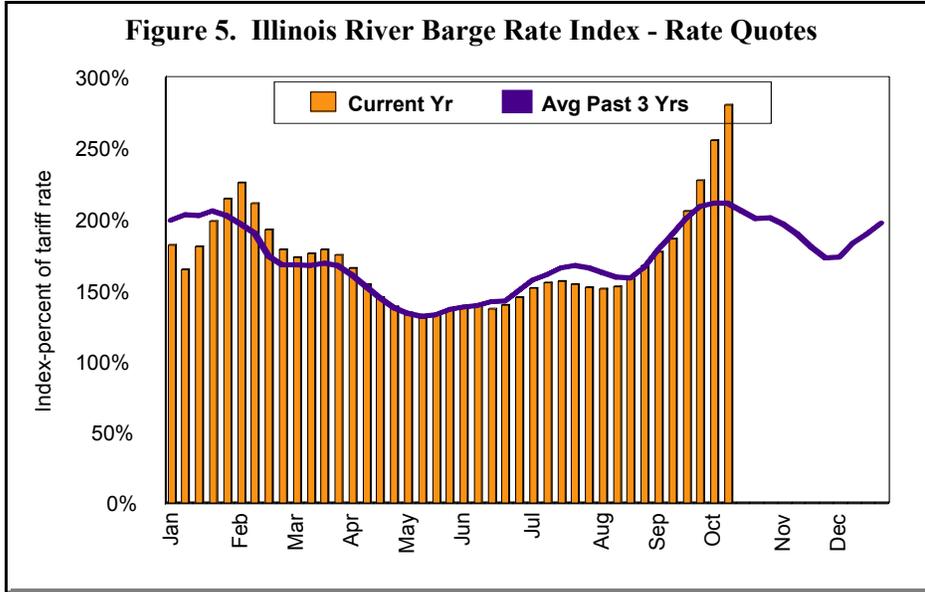
Delivery for:	Nov-03	Dec-03	Jan-04
COT/N. Grain	no bid	no bid	no bid
COT/S. Grain	no bid	no bid	no bid
GCAS/Region 1	no bid	no bid	no bid
GCAS/Region 2	no bid	no bid	no bid

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



BARGE TRANSPORTATION

Figure 5. 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.

Table 7-- Barge rate quotes: Southbound barge freight
Index=percent of tariff, based on 1976 tariff benchmark rate

Location	10/8/03	10/1/03	Nov '03	Jan '04
Twin Cities	282	281	271	nq
Mid-Mississippi	285	282	220	nq
Illinois River	298	303	208	198
St. Louis	280	283	179	143
Lower Ohio	267	265	186	148
Cairo-Memphis	245	242	170	143

Source: Transportation & Marketing/AMS/USDA

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.

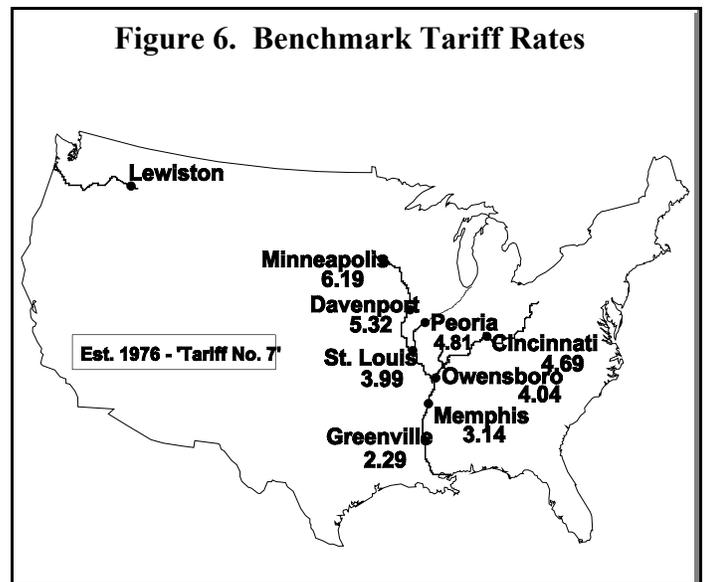
Table 8--Barge futures market

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
10/14/03	St. Louis	Nov.	n/a	220
		Jan.	n/a	145
		Mar.	n/a	145
		Apr.	n/a	140
		May.	n/a	135
	Illinois River	Nov.	n/a	245
		Jan.	n/a	205
		Mar.	n/a	170
		Apr.	n/a	160
		May.	n/a	155

Source: St. Louis Merchants Exchange

Figure 6. Benchmark Tariff Rates



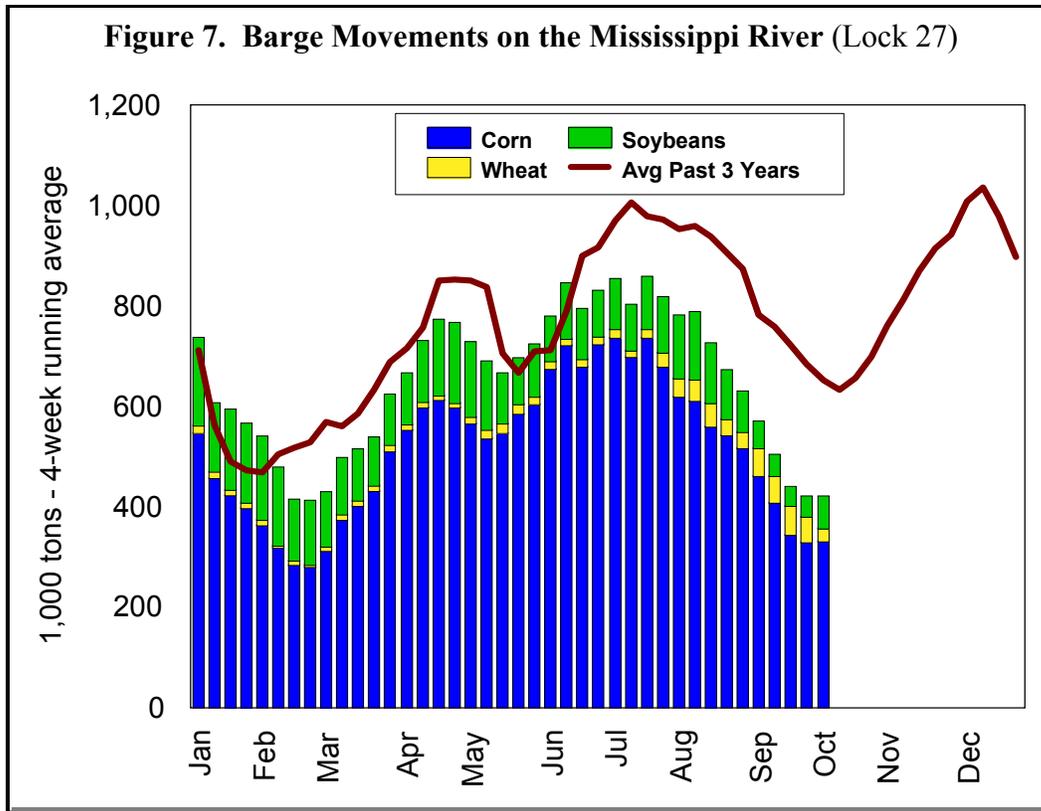
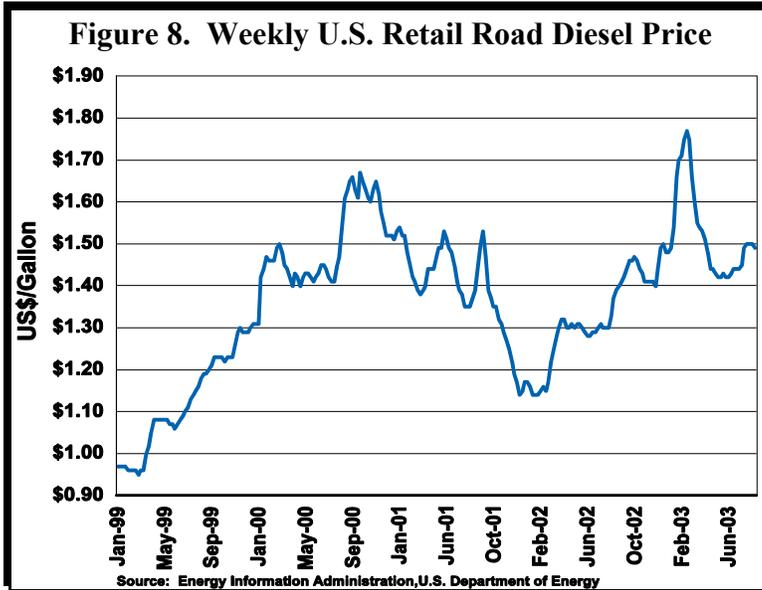


Table 9--Barge grain movements (1,000 tons)

Week ending 10/04/03	Corn	Wht	Sybn	Total
Mississippi River				
Rock Island, IL (L15)	88	3	92	183
Winfield, MO (L25)	237	8	85	330
Alton, IL (L26)	319	14	119	452
Granite City, IL (L27)	319	14	127	460
Illinois River (L8)	102	3	47	151
Ohio River (L52)	126	14	6	146
Arkansas River (L1)	0	20	1	21
2003 YTD	21,826	2,328	5,787	30,537
2002 YTD	26,727	2,095	7,483	37,526
% 2002 YTD	82%	111%	77%	81%
2001 Total	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



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.

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.

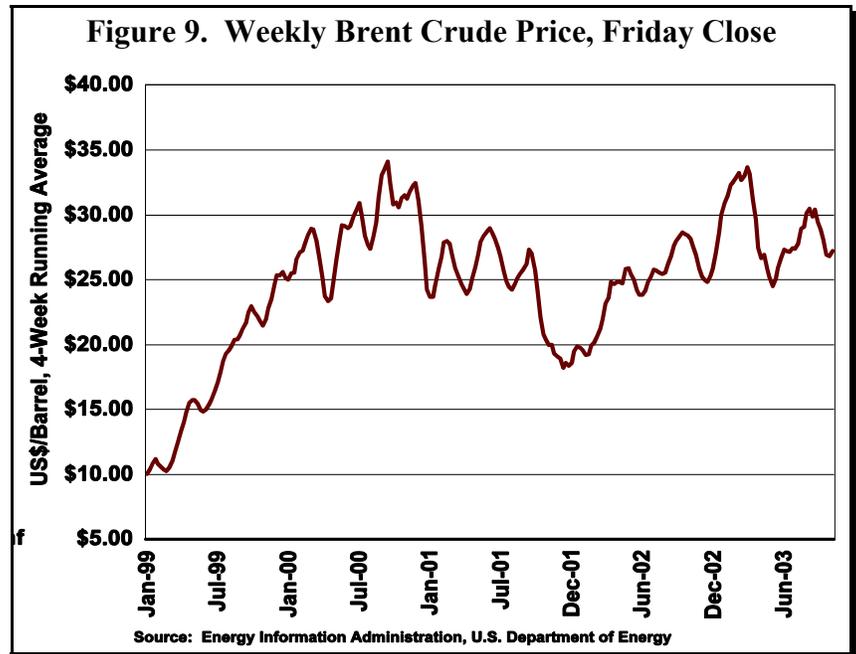


Table 10--Crude oil prices (US\$ per Barrel)-10/14/03

Type	This week	Last week	Change
Light Sweet Crude (NYMEX)	31.53	30.07	↑
Brent Crude	31.27	29.50	↑

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

**GRAIN
EXPORTS**

Table 11--U.S. export balances (1,000 Metric Tons)

Unshipped export balance	Wheat					All Wheat	Corn	Soybean	Total
	HRW	SRW	HRS	SWW	DUR				
10/02/03	2,197	428	1,044	875	204	4,748	8,451	9,874	23,073
This Week Year Ago	1,658	436	1,626	849	160	4,729	7,024	7,134	18,887
Cumulative Exports-Crop Year									
2003/04 YTD	4,287	1,441	2,441	1,341	426	9,935	3,800	806	14,541
2002/03 YTD	3,084	1,035	2,228	1,187	334	7,867	3,051	895	11,813
% 2002/03 YTD	139%	139%	110%	113%	128%	126%	125%	90%	123%
2001/02 Total	8,761	5,485	5,582	3,175	1,133	24,135	48,003	29,926	102,064
2000/01 Total	9,314	4,445	5,775	5,156	1,130	25,819	47,734	27,567	101,120

Source: Foreign Agricultural Service/USDA; YTD: Year-to-Date; Crop Year: Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31

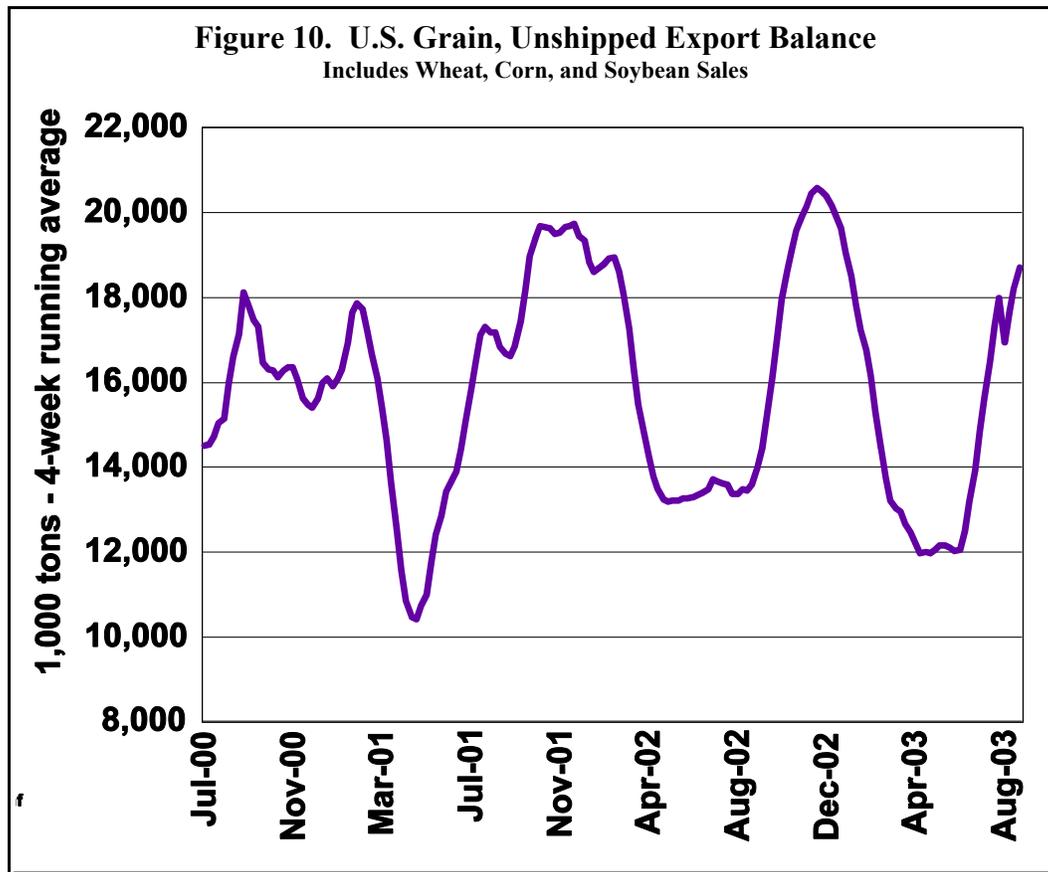
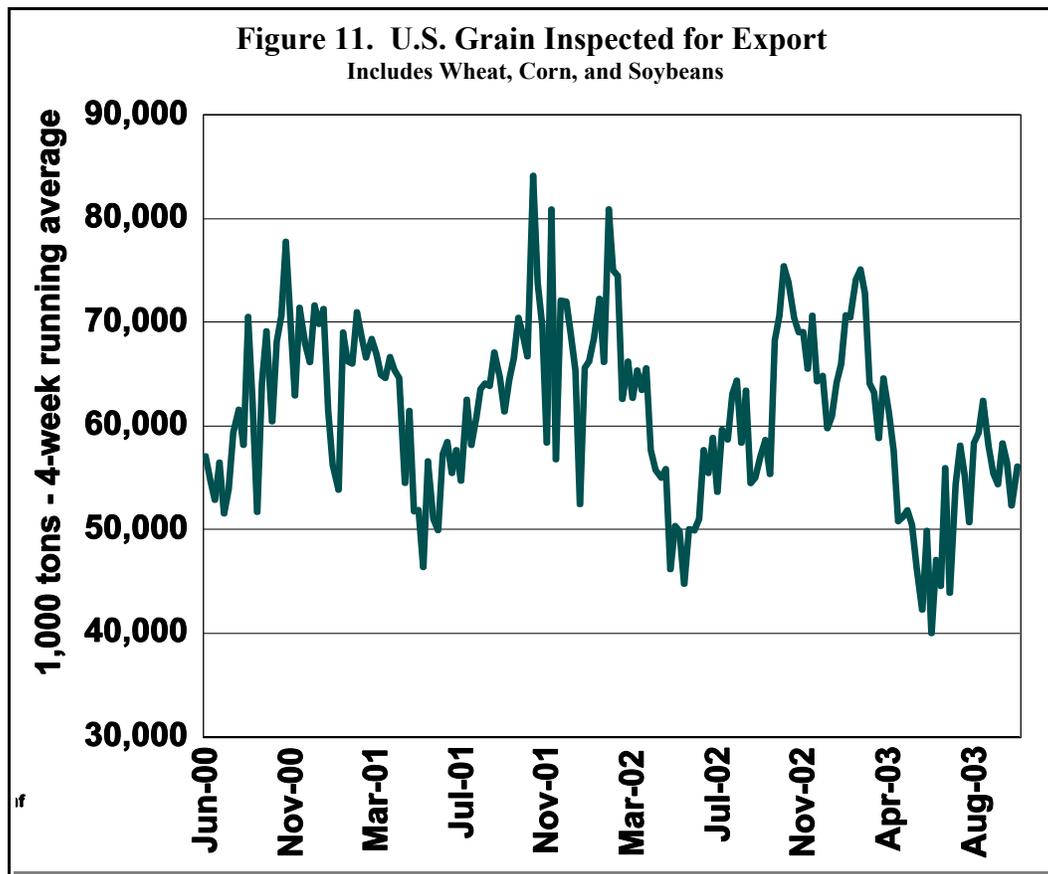


Table 12--Select U.S. port regions - grain inspections for export (1,000 metric tons)

Date	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>			<u>Port Region Total</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybn</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybn</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybn</i>	<i>Pacific</i>	<i>Mississippi</i>	<i>Texas</i>
10/09/03	234	119	273	219	705	349	93	0	0	626	1,273	93
2003 YTD	6,905	4,161	3,139	4,857	22,616	11,755	5,173	566	56	14,204	39,228	5,796
2002 YTD	6,744	3,060	1,575	4,430	29,588	11,977	4,774	237	365	11,380	45,996	5,376
% 2002 YTD	102%	136%	199%	110%	76%	98%	108%	239%	15%	125%	85%	108%
2002 Total	9,128	3,994	2,870	5,670	36,383	18,549	5,875	266	373	15,992	60,602	6,514

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



The U.S. Exports Approximately One-Quarter of the Grain it Produces. On average, it includes nearly 45% of U.S. grown wheat, 35% of U.S. grown soybeans, and 20% of the U.S. grown corn.

Over 60% of these U.S. export grain shipments departed through Louisiana Gulf region in 2002.

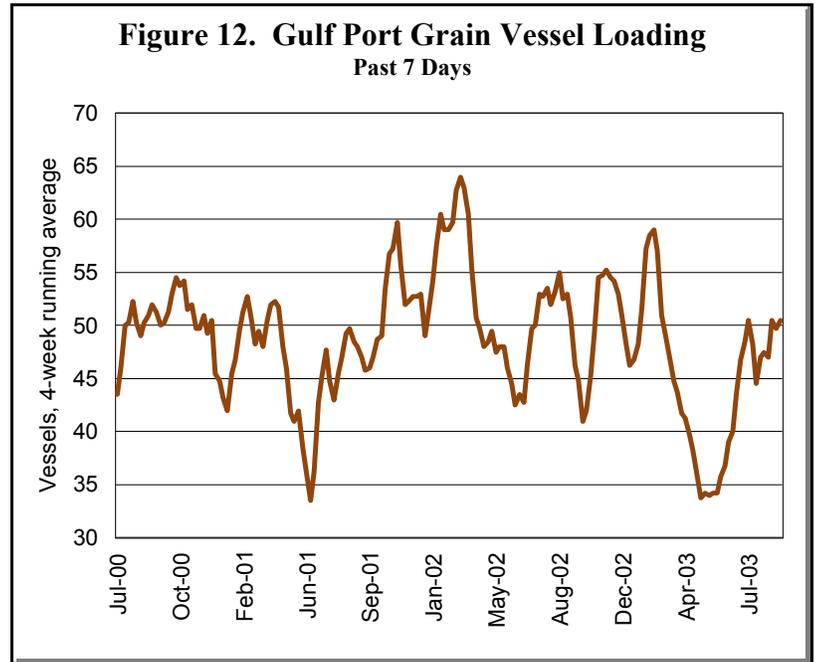


Table 13--Weekly port region grain ocean vessel activity (number of vessels)

Date	Gulf			Pacific Northwest	Vancouver B.C.
	In Port	Loaded 7-Days	Due Next 10-Days	In Port	In Port
10/02/03	30	53	65	7	3
10/09/03	32	51	73	8	4
2002 Range	(15..55)	(33..66)	(44..82)	(3..15)	(0..12)
2002 Avg	35	51	65	8	5

Source: Transportation & Marketing/AMS/ USDA

Table 14--Quarterly ocean freight rates (average rates & percentage changes, U.S. dollars/metric ton)

	2003 3 rd Qtr	2002 3 rd Qtr	Change %		2003 3 rd Qtr	2002 3 rd Qtr	Change %
Gulf to				Pacific NW to			
Japan	\$33.83	\$19.54	73%	Japan	-	\$11.57	-
Mexico	-	\$7.25	-	Taiwan	\$19.50	\$11.21	73%
Taiwan	\$33.00	-	-				
N. Europe	\$22.88	-	-	Argentina/Brazil to			
N. Africa	\$25.50	\$13.50	89%	Med. Sea	\$33.38	\$19.93	67%
Med. Sea	\$24.88	\$11.92	109%	N. Europe	\$22.50	\$18.65	21%
				China	\$34.75	-	-

Source: Transportation & Marketing/AMS/USDA

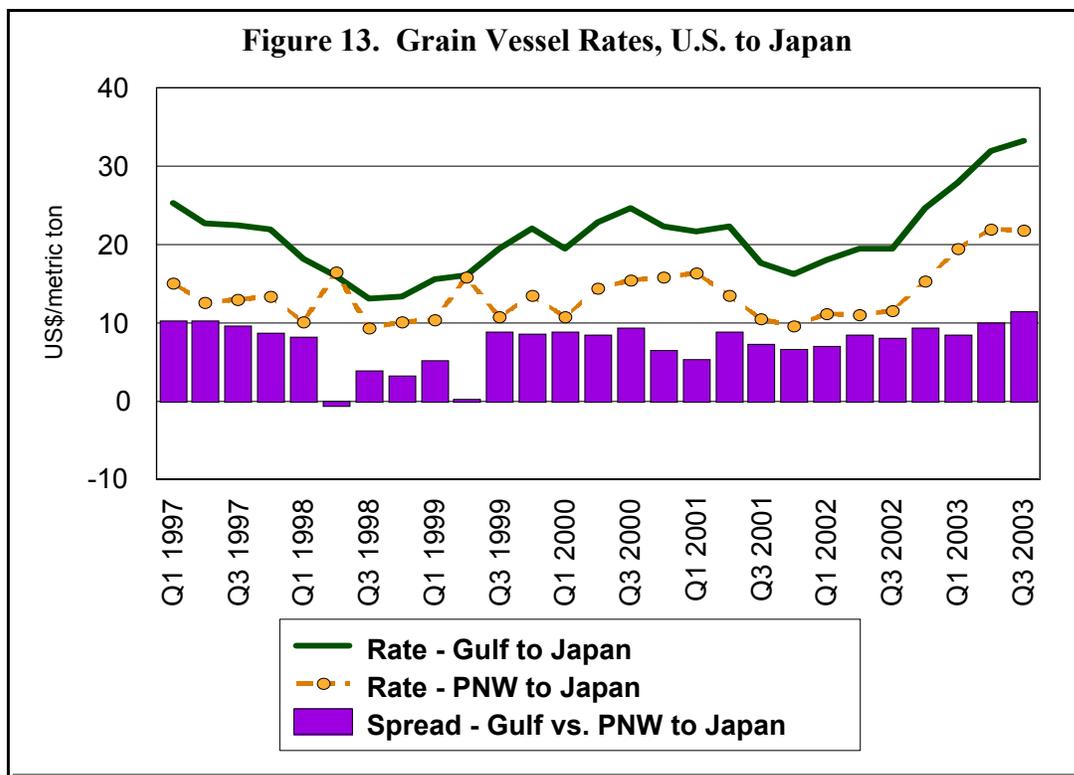


Table 15--Ocean freight rates for selected shipments
Week Ending 10/11/03

Export region	Import region	Grain	Month	Volume loaded (Tons)	Freight rate (\$/ton)
U.S. Gulf	Laffiteau, Haiti	Wheat	Sep 25/30	8,500	\$24.00
U.S. Gulf	Nigeria	Soybean Meals	Oct 20/30	5,800	\$99.00*
U.S. Gulf	Aqaba, Jordan	Wheat	Nov 20/30	26,573	\$36.75
U.S. Gulf	Japan	Hvy Grain	Nov 1/10	42,000/44,000	\$38.80
U.S. Gulf	Japan	Hvy Grain	Oct 1/10	54,000	\$37.00
U.S. Gulf	Japan	Hvy Grain	Oct 20/30	54,000	\$37.00
U.S. Gulf	Djibouti & Ethiopia	Wheat	Oct 6/16	21,660	\$52.60*
U.S. Gulf	China	Hvy Grain	Oct 20/30	55,000	\$34.00
PNW	Taiwan	Hvy Grain	Oct 8/15	5,400	\$21.50

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

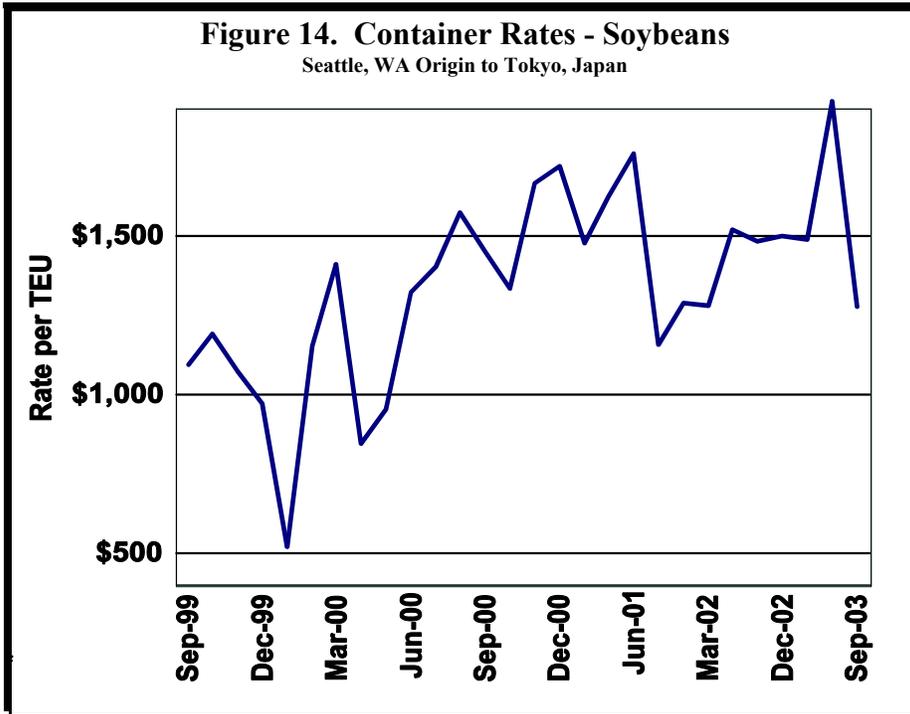
*Most food aid from the United States is required to be shipped on U.S. flag vessels. The vessels are of limited availability resulting in higher rates. In addition, destinations receiving food aid generally lack adequate port unloading facilities, requiring the vessel to remain in port for a longer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

CONTAINER

Container Ocean Freight Rates

Average rate per twenty-equivalent-unit (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.

