GRAIN TRANSPORTATION REPORT

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

AUGUST 07, 2003

TM GRAIN TRANSPORT COST INDICATORS	Truck	Rail	Barge	Ocean Gulf	Ocean PNW
Indicator Value* for 08/07	97	161	84	143	147
Compared to Last Week	Unchanged	↑	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

The Importance of the Upper Mississippi River-Illinois Waterway to U.S. Agriculture

The Upper Mississippi River-Illinois Waterway (UMR-IW) is important to U.S. agriculture for the transport of grains from major production regions to export shipping facilities. The principal agricultural commodities on the UMR-IW, corn and soybeans, are shipped downstream to Louisiana ports, where Mississippi River ports handle about 80 percent of total U.S. corn exports and 70 percent of total U.S. soybean exports. Agricultural products represent more than half of the traffic on the UMR-IW.

From 1996 to 2000, the UMR-IW supplied 54 percent of all U.S. corn exports and 41 percent of all U.S. soybean exports. Overall, the UMR-IW supplies 36 percent of all U.S. grain exports. Additional grain bound for Louisiana ports is mostly shipped from the lower Mississippi, Ohio, and Arkansas Rivers, and railroads deliver a small portion of Louisiana grain exports. Some Louisiana grain elevators are set up to receive grain by truck as a last resort if additional grain is needed to load a ship.

United States Continues To Dominate Global Corn Market. The United States is by far the largest producer and exporter of corn in the world. For the 2003/04 marketing year, the United States is projected to export 17 percent of its corn but provide 62 percent of the world corn trade. Argentina, the second largest exporter, is expected to use 72 percent of its corn to provide 16 percent of the world market. China, the second largest corn producer, is expected to export 5 percent of its corn to supply 11 percent of the world market. South Africa is also a top exporter, with a projected 1.3 million tons of corn exports.

1,200 Miles of Waterways Connect Chicago, St. Louis, and Minneapolis. The UMR-IW includes 854 miles of the upper Mississippi River, with 29 locks and dams, between Minneapolis-St. Paul, MN, and the mouth of the Ohio River and 348 miles of the Illinois Waterway, with eight locks and dams that connect the city of Chicago and the Great Lakes with the Mississippi River just upstream of the Melvin Price Locks and Dam (near St. Louis, MO). Most of the locks were built in the 1930s, require considerable maintenance because of their age, and are considered obsolete because of their size. The U.S. Army Corps of Engineers (Corps) is currently conducting a feasibility project to investigate the need to modernize the navigation facilities on the UMR-IW. For more information on this Corps project, visit http://www2.mvr.usace.army.mil/umr-iwwsns/, Nick.Marathon@usda.gov

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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.
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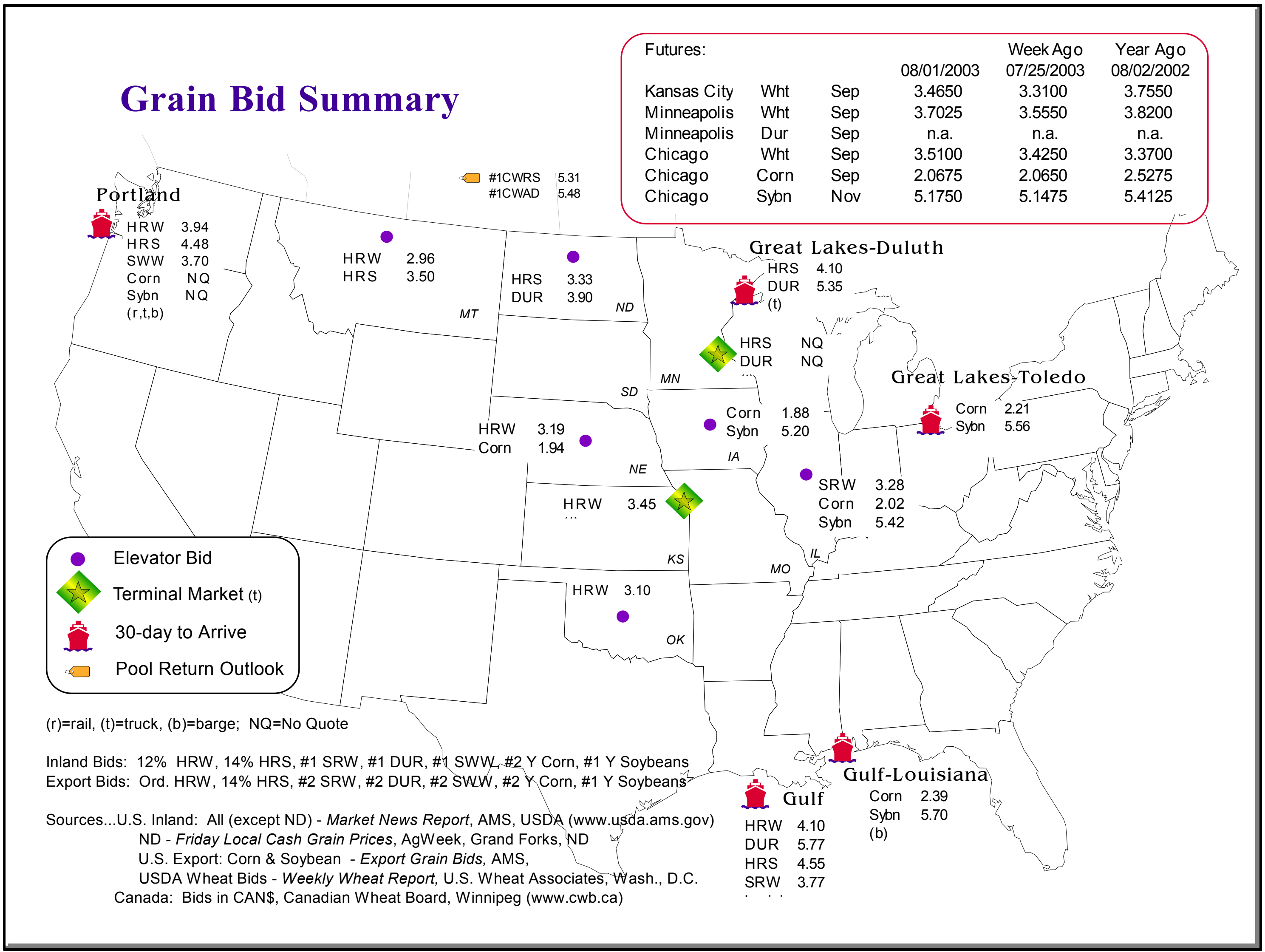
The Grain Transportation Report is a weekly news source for grain logistics. Detailed data and trend information on five major modes: barge, truck, rail, container, and vessel, provide timely insight into grain transport. The report is offered to policymakers and industry as a tool in day-to-day decision 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	-0.35
Corn	NE -- Gulf	-0.45	-0.45
Soybean	IA -- Gulf	-0.50	-0.55
HRW	KS -- Gulf	-0.65	-0.70
HRS	ND -- Portland	-1.15	-1.02

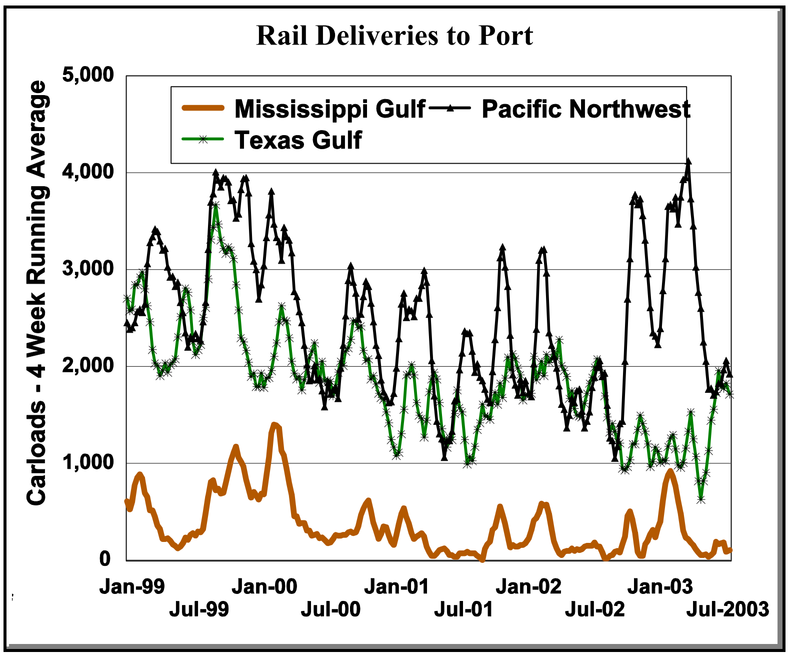
The **Grain Bid Summary** illustrates the market relationships for commodities. Positive and negative adjustments in differential between terminal and futures markets, and the relationship to inland market points, are indicators of changes in fundamental market supply and demand. The map may be used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



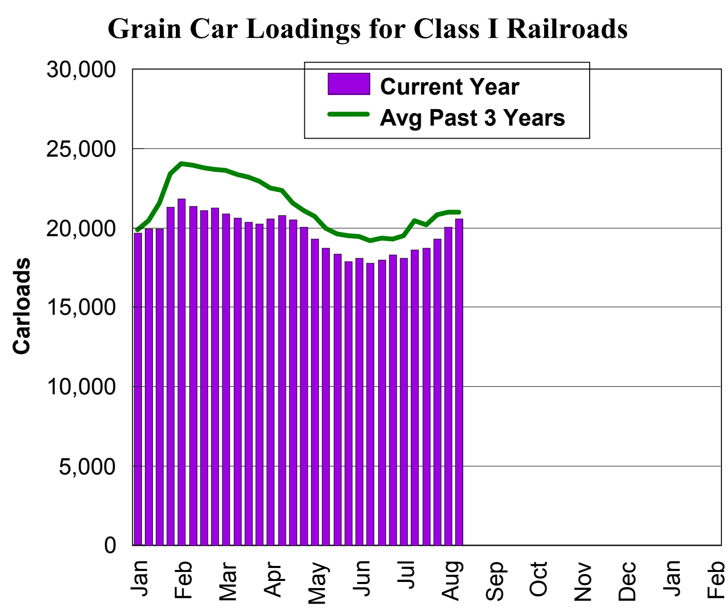
Rail Transportation

Rail Deliveries to Port (Carloads)	Mississippi Gulf*	Texas Gulf	Pacific Northwest	Atlantic & East Gulf	Total
Week Ending:					
07/16/03	90	1,935	2,271	119	4,415
07/23/03	101	1,886	1,470	153	3,610
YTD 2003	9,346	38,871	82,701	10,695	141,613
YTD 2002	7,084	56,692	58,791	13,889	136,456
% YTD 2002	132%	69%	141%	77%	104%
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



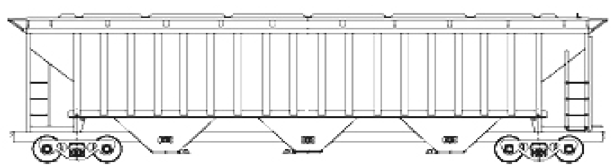
Railroads originate approximately 40% of U.S. grain shipments. Trends in these loadings are indicative of market conditions and expectations.



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
08/07/03	2,569	3,221	7,725	536	6,456	20,507	3,418	4,006
This Week Last Year	2,479	2,923	7,127	410	6,575	19,514	3,588	4,059
2003 YTD	85,678	99,859	221,860	11,682	199,744	618,823	105,167	108,301
2002 YTD	86,865	96,812	226,923	17,443	206,231	614,760	125,579	111,248
% of Last Year	99%	103%	98%	67%	97%	101%	84%	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*								
July-03	93.5	96.5	92.9	88.5	92.9	93.4		

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



Tariff Rail Rates for Unit Train Shipments
August 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*
08/04/03	113710	Wheat	Kansas City, MO	Galveston, TX	$1,720	$18.96	$0.52
08/04/03	43521	Wheat	Minneapolis, MN	Portland, OR	$4,148	$45.72	$1.24
08/04/03	46540	Wheat	St. Louis, MO	Houston, TX	$1,795	$19.79	$0.54
08/04/03	113710	Wheat	Kansas City, MO	Laredo, TX	$2,180	$24.03	$0.65
08/04/03	15507	Wheat	Chicago, IL	Albany, NY	$1,834	$20.22	$0.55
08/04/03	31005	Corn	Minneapolis, MN	Portland, OR	$3,050	$33.62	$0.85
08/04/03	1132.002	Corn	Chicago, IL	Baton Rouge, LA	$1,845	$20.34	$0.52
08/04/03	1132.03	Corn	Council Bluffs, IA	Baton Rouge, LA	$1,970	$21.72	$0.55
08/04/03	113210	Corn	Evansville, IN	Raleigh, NC	$1,686	$18.58	$0.47
08/04/03	1132	Corn	Des Moines, IA	Laredo, TX	$2,595	$28.60	$0.73
08/04/03	61110	Soybean	Minneapolis, MN	Portland, OR	$3,030	$33.40	$0.91
08/04/03	1144	Soybeans	Chicago, IL	Baton Rouge, LA	$2,736	$30.16	$0.82
08/04/03	1144	Soybeans	Council Bluffs, IA	Baton Rouge, LA	$2,799	$30.85	$0.84
08/04/03	1144	Soybeans	Des Moines, IA	Laredo, TX	$2,864	$31.57	$0.86
08/04/03	11441	Soybeans	Evansville, IN	Raleigh, NC	$1,686	$18.58	$0.51

Secondary Rail Car Market

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

	Delivery Period			
	Aug-03	Sep-03	Oct-03	Nov-03
BNSF-GF	$125	$98	$77	$38
UP-Pool	$6	$12	$33	$21

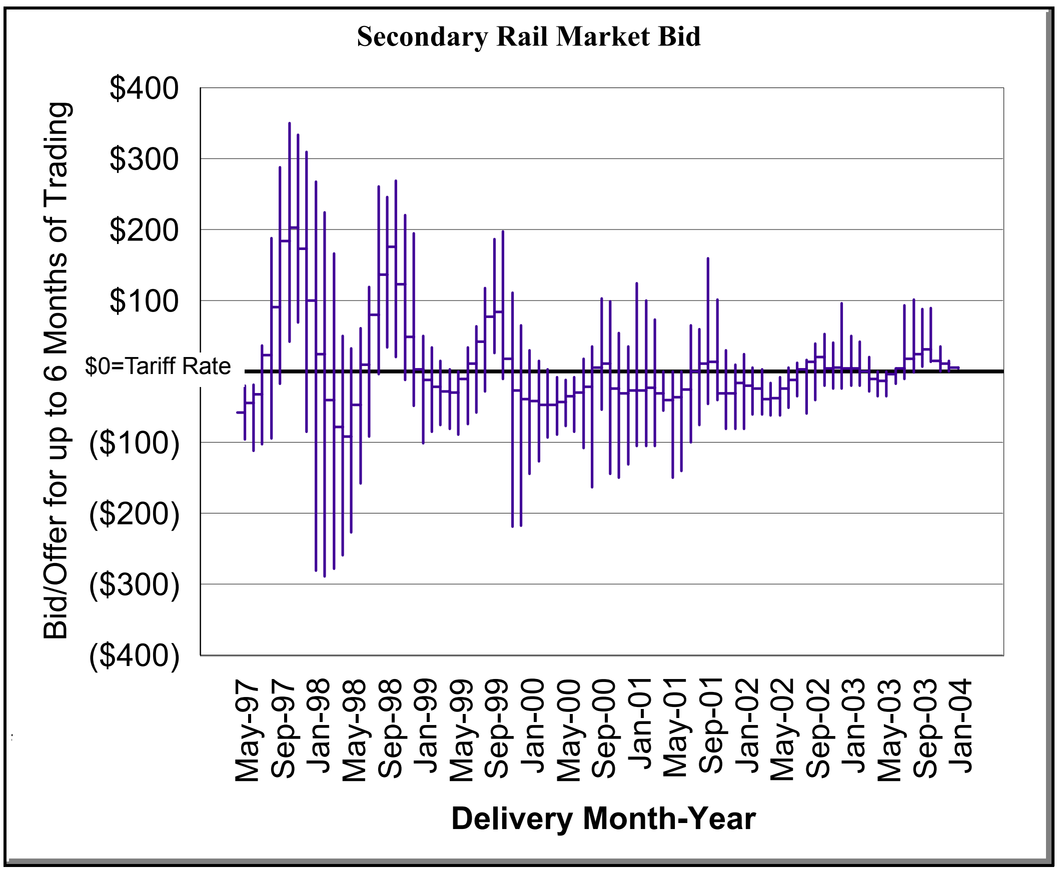
Rail service may be ordered directly from the railroad via **Auction** for guaranteed service or tariff for non-guaranteed service, or through the secondary market. The **Secondary Rail Market** information reflects trade values for service that was originally purchased from the railroad carrier as some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

Railroad Car 'Auction' Results

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

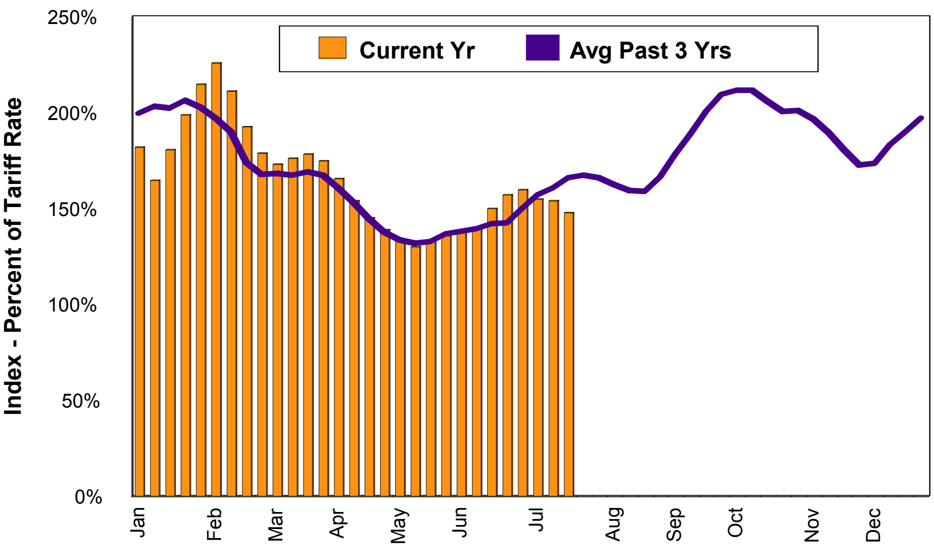
Delivery for:	Sep-03	Oct-03	Nov-03
COT/N. Grain	sold out	$67	$71
COT/S. Grain	$74	$8	$0
GCAS/Region 1	no bid	no bid	no bid
GCAS/Region 2	$1	$1	no bid

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



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

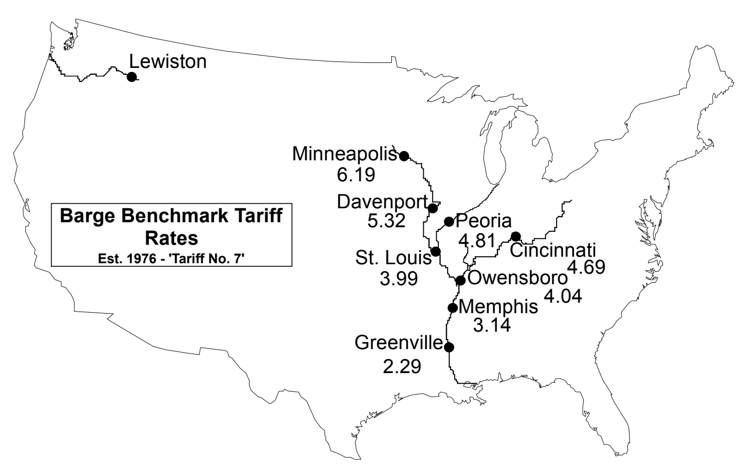
	7/30/03	7/23/03	Aug '03	Oct '03
Twin Cities	197	195	209	269
Mid-Mississippi	158	158	176	255
Illinois River	151	148	169	249
St. Louis	123	109	150	215
Lower Ohio	138	128	162	249
Cairo-Memphis	110	105	148	201

Source: Transportation & Marketing /AMS/USDA

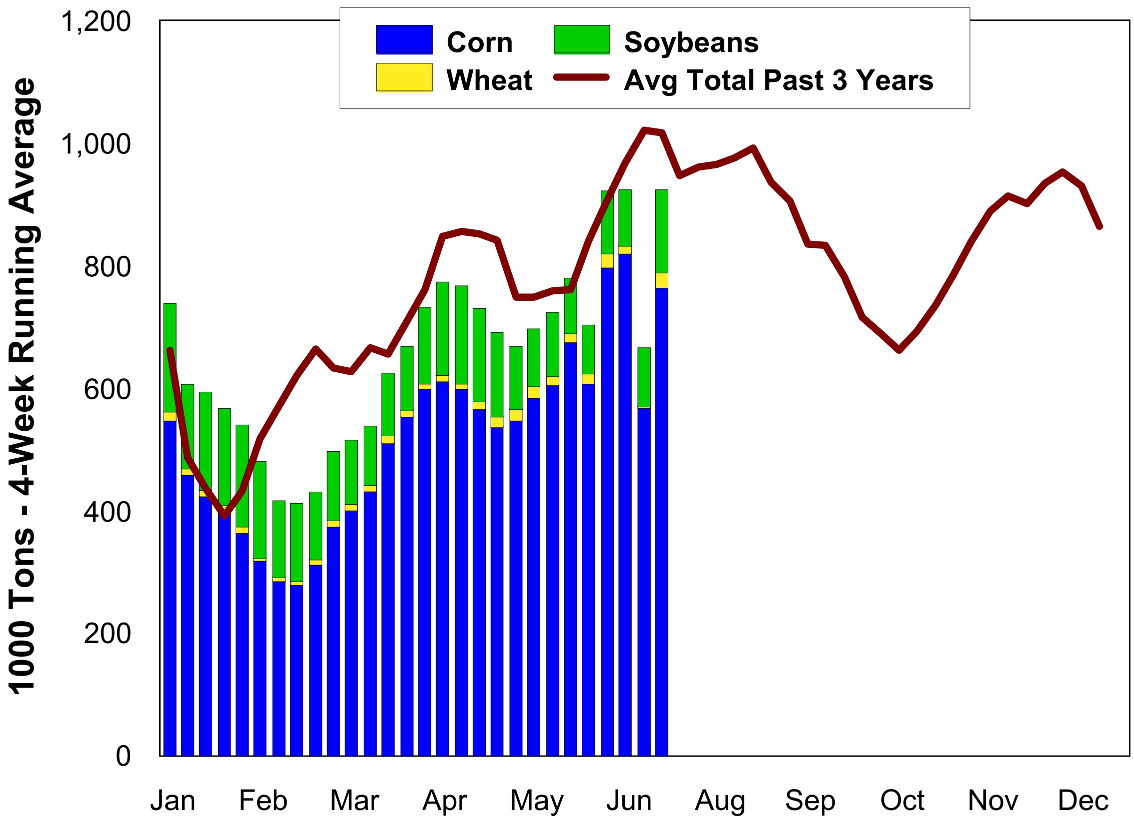
BARGE FUTURES MARKET
Southbound Barge Freight Nominal/Cash Basis Values
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	Rate: Futures	Rate: Cash
8/05/03	St. Louis	Sep.	n/a	195
		Nov.	n/a	165
		Jan.	n/a	140
		Feb.	n/a	140
		Mar.	n/a	140
	Illinois River	Sep.	n/a	215
		Nov.	n/a	195
		Jan.	n/a	205
		Feb.	n/a	185
		Mar.	n/a	170

Source: St. Louis Merchants Exchange



Barge Movements on the Mississippi River (Lock 27)



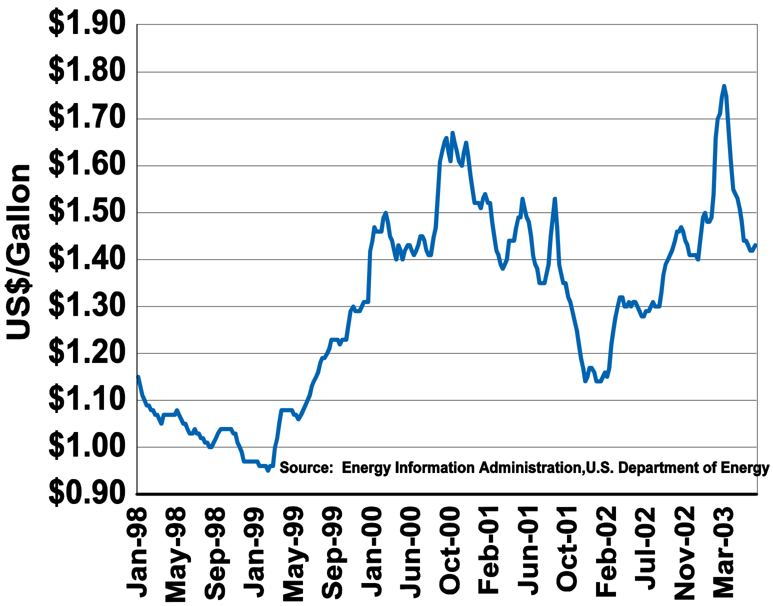
Barge Grain Movements (1,000 Tons)
for week ending 7/26/03

	Corn	Wht	Sybn	Total
Mississippi River				
Rock Island, IL (L15)	332	24	62	420
Winfield, MO (L25)	500	34	121	655
Alton, IL (L26)	620	40	138	800
Granite City, IL (L27)	563	71	130	766
Illinois River (L8)	132	8	31	171
Ohio River (L52)	8	20	20	47
Arkansas River (L1)	0	0	0	0
2003 YTD	17,206	1,191	4,935	23,788
2002 YTD	20,932	1,366	6,174	29,467
% of 2002 YTD	83%	88%	80%	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.

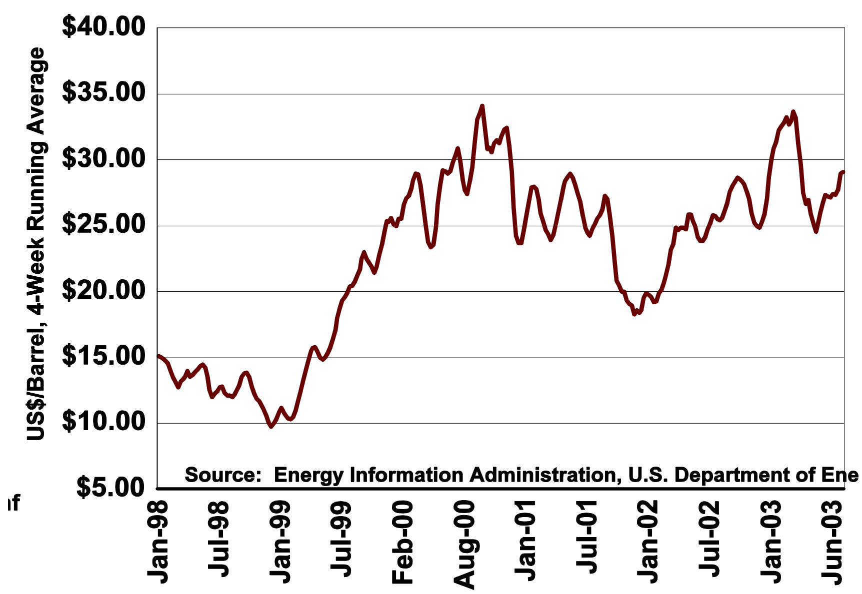
TRUCK TRANSPORTATION

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



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.

Crude Oil Prices (08/05/03)

US$ per Barrel	This Week	Last Week	
Light Sweet Crude (NYMEX)	31.56	29.61	↑
Brent Crude	30.22	28.11	↑

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

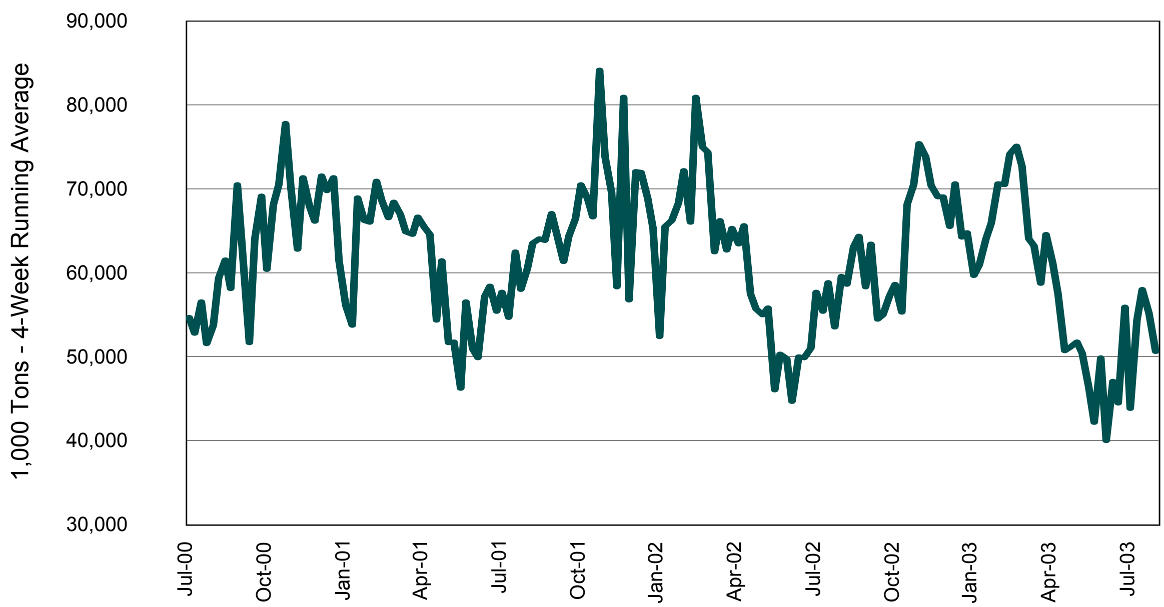
GRAIN EXPORTS

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

	Wheat						Corn*	Soybean*	Total
	HRW	SRW	HRS	SWW	DUR	All			
07/24/2003	1,945	482	1,269	507	166	4,368	6,318	7,221	17,907
This Week Year Ago	1,080	446	1,030	611	82	3,249	5,026	1,764	10,039
Commulative Exports-Crop Year									
03/04 YTD	1,440	433	750	423	122	3,168	35,928	27,890	66,986
02/03 YTD	1,396	468	738	421	174	3,197	42,732	28,243	74,172
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)

U.S. Grain Inspected for Export



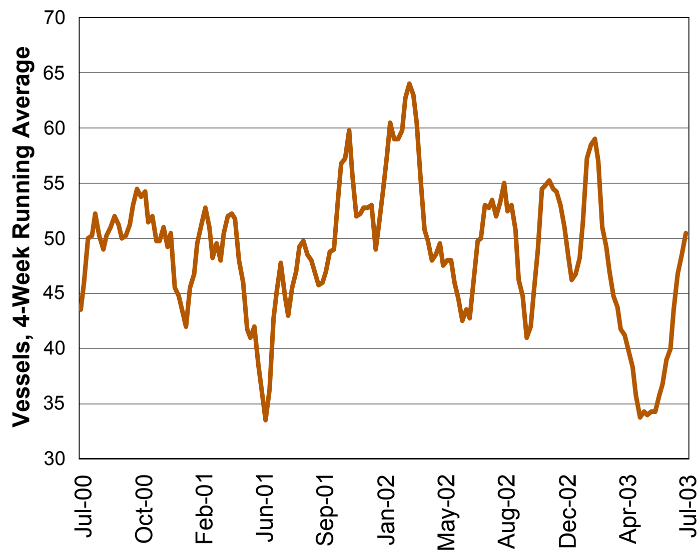
Select U.S. Port Regions - Grain Inspections for Export (1,000 Metric Tons)

	Pacific Region			Mississippi Gulf			Texas Gulf			Port Region Total		
	Wheat	*Corn*	*Soybn*	*Wheat*	*Corn*	*Soybn*	*Wheat*	*Corn*	*Soybn*	*Pacific*	*Mississippi*	*Texas*
07/31/03	129	59	59	196	407	176	181	0	7	247	779	187
2003 YTD	4,706	3,027	2,683	2,737	16,710	10,122	3,056	529	56	10,415	29,570	3,641
2002 YTD	4,882	2,642	1,413	3,409	22,866	10,398	3,753	214	342	8,937	36,673	4,309
% of 2002 YTD	96%	115%	190%	80%	73%	97%	81%	247%	16%	117%	81%	84%
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

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.

Gulf Port Region Grain Vessel Loading
Past 7 Days



Port Region Ocean Grain Vessels

	Gulf			Pacific Northwest	Vancouver B.C.
	In Port	Loaded 7-Days	Due Next 10-Days	In Port	In Port
07/24/03	29	47	64	11	7
07/31/03	23	48	67	4	8
2002 Range	(15..55)	(33..66)	(44..82)	(3..15)	(0..12)
2002 Avg	35	51	65	8	5

Source: Transportation & Marketing /AMS/ USDA

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 08/02/03

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate ($Ton)
U.S. Gulf	Japan	Heavy Grain	Aug 1/10	54,000	$32.75
U.S. Gulf	Angola	Wheat	Aug 1/11	7,460	$60.00*
PNW	Bangladesh	Grains	Aug 1/10	23,750	$119.88*
PNW	Bangladesh	Grains	Aug 1/10	5,000	$44.00

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.

Canadian Ports Activity

Select Canadian Port Export Inspections 1,000 Metric Tons, Week End Summary

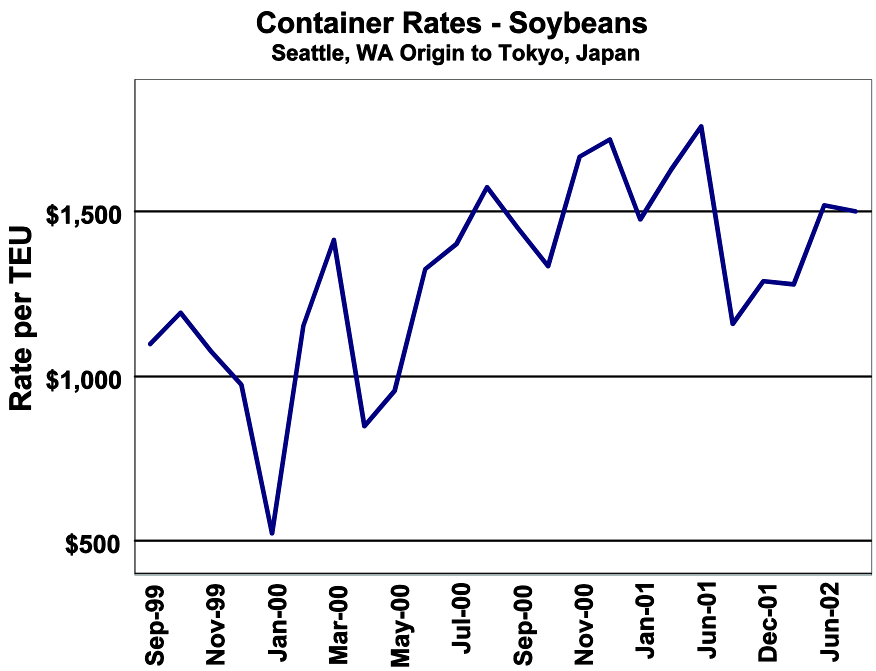
06/19/2003	Wheat	Durum	Barley
Vancouver	105	5	
Prince Rupert			
Prairie Direct	5		
Thunder Bay	18		
St. Lawrence	4,492	2,329	290
2001/02 YTD	10,666	2,963	961
2002/03 YTD	4,620	2,334	290
% of Last Year	43%	79%	30%

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

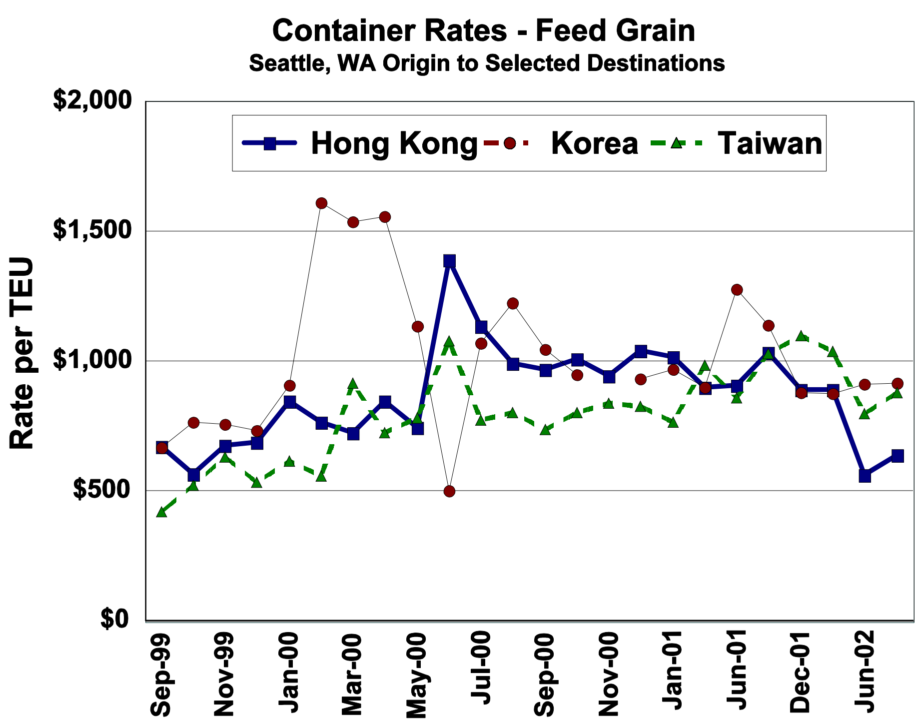
CONTAINER

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.



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