



GRAIN TRANSPORTATION REPORT

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

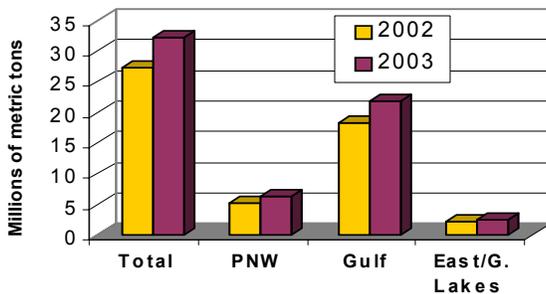
JANUARY 22, 2004

TM GRAIN TRANSPORT					
COST INDICATORS*					
	Truck	Rail	Barge	Ocean	
				Gulf	Pacific
01/21/04	105	227	106	264	310
Compared with 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

Fourth Quarter Total Grain Inspections Up. During the fourth quarter of 2003, the Federal Grain Inspection Service (FGIS) inspected 32.32 million metric tons of grain (wheat, corn, and soybeans) for export from all U.S. ports (see figure). This is 18 percent above the fourth quarter of 2002, 53 percent above the third quarter of 2003, and 13 percent above the 5-year average. Total grain inspected for export during the fourth quarter in each of the top three port areas was above the same time last year. The amount of grain (21.81)

Fourth Quarter Grain Inspections by Ports



Source: USDA/FGIS

inspected at the U.S. Gulf ports increased 14 percent above the 5-year average, and total grain inspected in the Pacific Northwest (PNW) rose 23 percent above the 5-year average at 6.37 million metric tons. Compared to this time last year, fourth quarter PNW inspections were up for corn and soybeans but down for wheat. According to USDA/FGIS, total grain inspected for export at the East Coast and Great Lakes ports totaled 2.35 million metric tons during the fourth quarter, up 4 percent from this time last year but 23 percent below the 5-year average. Total grain exports to China to date are up 98 percent, compared with this time last year due to greater demand, but exports to Japan and Canada are down 4 and 7 percent from last year, according to USDA's Foreign Agricultural Service. Total grain exports to Mexico are up 6 percent from last year.

Soybean Prices Rise. As high demand for U.S. soybeans shrink stocks, prices for soybeans are currently hovering above \$8.50 per bushel in some areas. In addition to increased demand, higher prices are also being driven by a smaller USDA soybean production estimate for 2003 (2.4 billion bushels), which is down 18 percent from the 2002 crop. The State of Iowa,

the leading producer of U.S. soybeans, produced 337.6 million bushels last year, down 32 percent from the record large crop produced during the previous year. The U.S. season average farm price for the 2003/04 season is currently forecast at \$6.90-\$7.90 per bushel. According to some agricultural officials, supplies are expected to become depleted in May, but Argentina and Brazil are expected to pick up the slack due to larger crops there. The U.S. soybean crush market, however, is likely to be slowed as a result. *Johnny.Hill@usda.gov*

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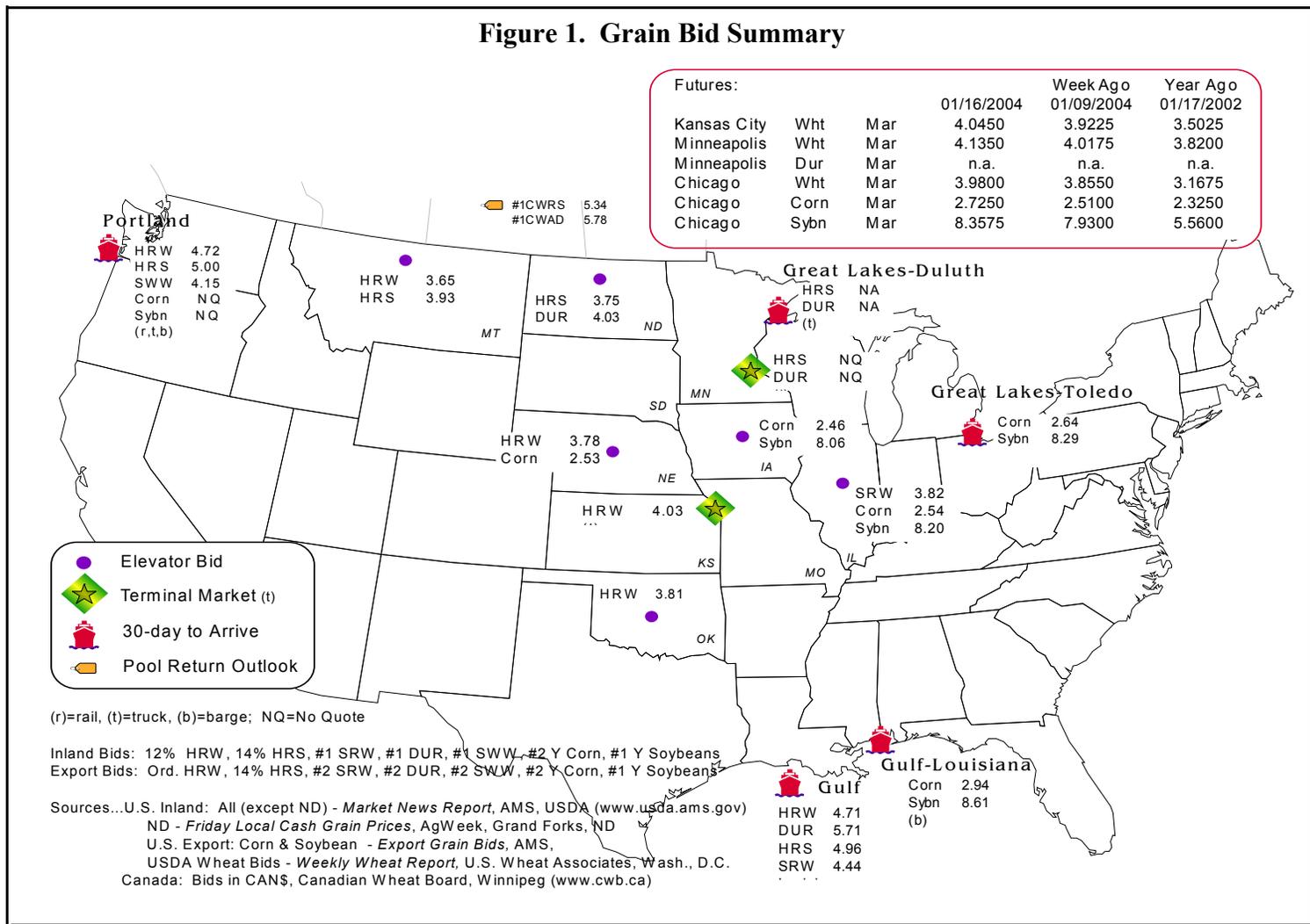
The Grain Transportation Report is a weekly news source for grain logistics. Detailed data and trend information on five major modes: barge, truck, rail, container, and vessel, provide timely insight into grain transport. The report is offered to policymakers and industry as a tool in day-to-day decision 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	-0.40	-0.44
Corn	NE -- Gulf	-0.41	-0.50
Soybean	IA -- Gulf	-0.55	-0.64
HRW	KS -- Gulf	-0.68	-0.67
HRS	ND -- Portland	-1.25	-1.29

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

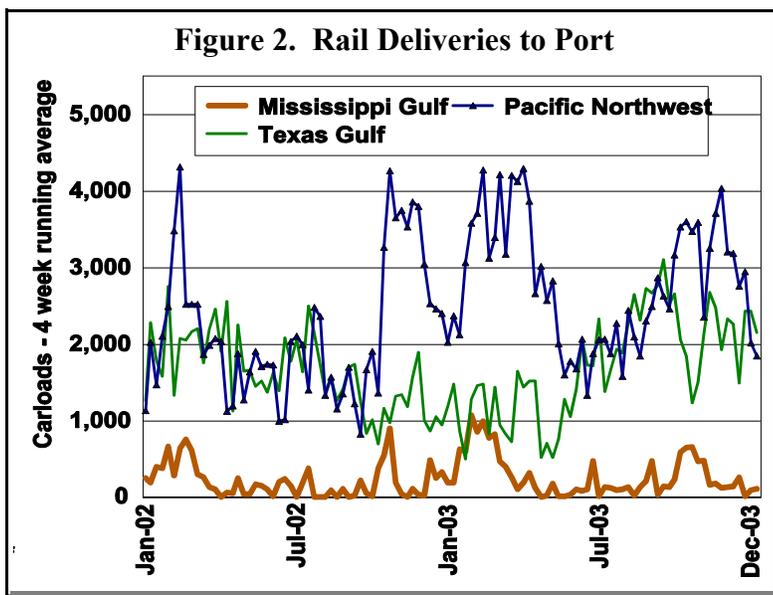


RAIL TRANSPORTATION

Table 2--Rail deliveries to port (carloads)

	Mississippi Gulf*	Texas Gulf	Pacific Northwest	Atlantic & East Gulf	Total
Week Ending:					
01/07/04	120	2,159	1,853	155	4,287
01/14/04	144	3,183	2,733	450	6,510
2004 YTD	264	5,342	4,586	605	10,797
2003 YTD	379	2,681	4,397	1,435	8,892
% 2003 YTD	70%	199%	104%	42%	121%
Total 2003	15,026	90,749	148,843	20,746	275,364
Total 2002	11,127	85,822	113,857	21,562	232,368

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.

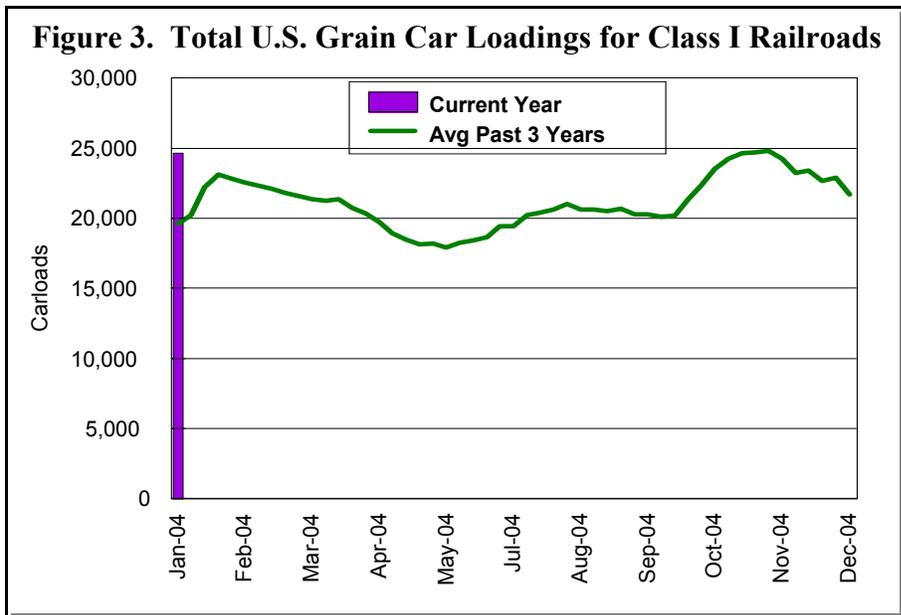


Table 3--Class I rail carrier grain car bulletin (Grain carloads originated)

	East		West			U.S. Total	Canada	
	CSXT	NS	BNSF	KCS	UP		CN	CP
01/10/04	3,567	3,496	9,823	702	7,074	24,662	4,879	4,512
This Week Last Year	2,907	4,079	7,964	392	7,163	22,505	3,606	3,864
2004 YTD*	3,567	3,496	9,823	702	7,074	24,662	4,879	4,512
2003 YTD	2,907	4,079	7,964	392	7,163	22,505	3,606	3,864
% 2003 YTD	123%	86%	123%	179%	99%	110%	135%	117%
2003 Total*	149,389	174,338	425,035	24,859	340,993	1,114,614	202,294	201,729

U.S. rail covered hopper cars online index**

Dec-03	96.4	100.4	93.0	94.6	95.6	95.9
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*Data has been adjusted or revised to reflect 53-week year in 2003

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

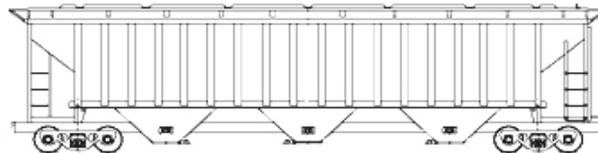


Table 4--Tariff rail rates for unit train shipments*

Date effective	Commodity	Origin	Destination	Rate per car	Rate per MT	Rate/per bushel**
01/05/04	Wheat	Kansas City, MO	Galveston, TX	\$1,820	\$20.06	\$0.55
01/05/04	Wheat	Minneapolis, MN	Portland, OR	\$4,148	\$45.72	\$1.24
01/05/04	Wheat	St. Louis, MO	Houston, TX	\$1,945	\$21.44	\$0.58
01/05/04	Wheat	Kansas City, MO	Laredo, TX	\$2,280	\$25.13	\$0.68
01/05/04	Wheat	Chicago, IL	Albany, NY	\$1,834	\$20.22	\$0.55
01/05/04	Corn	Minneapolis, MN	Portland, OR	\$3,240	\$35.71	\$0.91
01/05/04	Corn	Chicago, IL	Baton Rouge, LA	\$2,736	\$30.16	\$0.77
01/05/04	Corn	Council Bluffs, IA	Baton Rouge, LA	\$2,170	\$23.92	\$0.61
01/05/04	Corn	Evansville, IN	Raleigh, NC	\$1,841	\$20.29	\$0.52
01/05/04	Corn	Des Moines, IA	Laredo, TX	\$2,864	\$31.57	\$0.80
01/05/04	Soybean	Minneapolis, MN	Portland, OR	\$3,110	\$34.28	\$0.93
01/05/04	Soybeans	Chicago, IL	Baton Rouge, LA	\$2,736	\$30.16	\$0.82
01/05/04	Soybeans	Council Bluffs, IA	Baton Rouge, LA	\$2,799	\$30.85	\$0.84
01/05/04	Soybeans	Des Moines, IA	Laredo, TX	\$2,864	\$31.57	\$0.86
01/05/04	Soybeans	Evansville, IN	Raleigh, NC	\$1,841	\$20.29	\$0.55

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

*A unit train refers to shipments of at least 52 cars.

**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

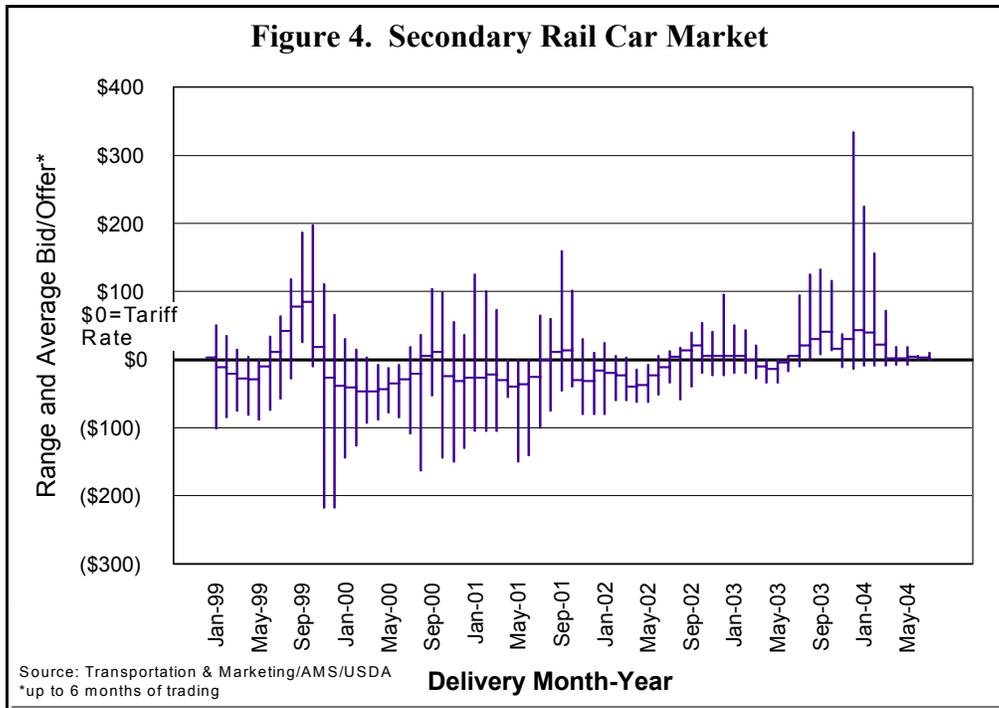
	Delivery Period			
	Feb-04	Mar-04	Apr-04	May-04
BNSF-GF	\$156	\$30	\$(7)	\$(6)
UP-Pool	\$108	\$25	\$(5)	\$(5)

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

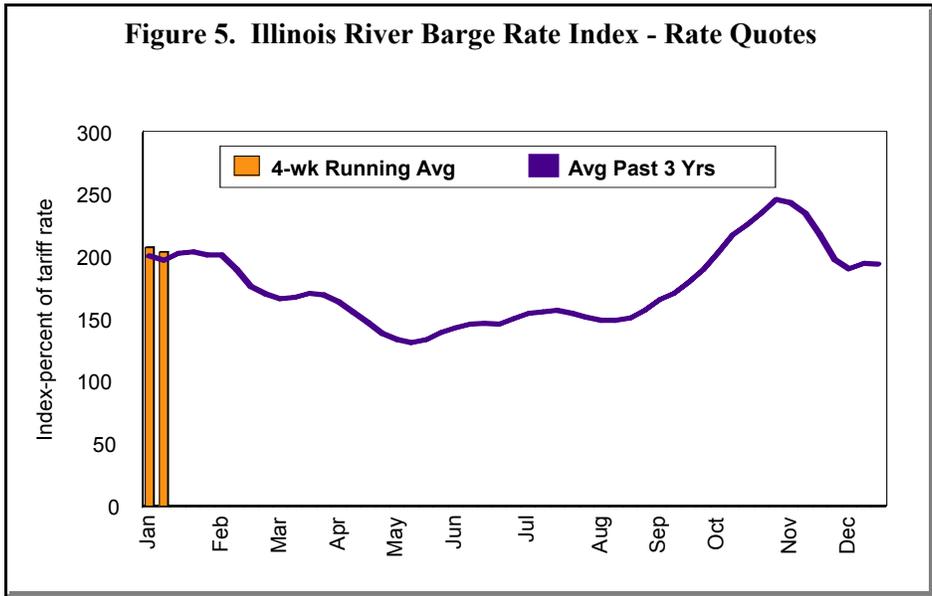
Delivery for:	Feb-04	Mar-04	Apr-04
COT/N. Grain	no offer	no offer	\$1
COT/S. Grain	no offer	no offer	no bid
GCAS/Region 1	no offer	no offer	no bid
GCAS/Region 2	no offer	no bid	no bid

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.

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

Location	1/14/04	1/7/04	Feb '04	Apr '04
Twin Cities	nq	nq	nq	199
Mid-Mississippi	nq	155	nq	185
Illinois River	200	200	199	171
St. Louis	162	162	156	144
Lower Ohio	170	165	159	145
Cairo-Memphis	149	153	144	131

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

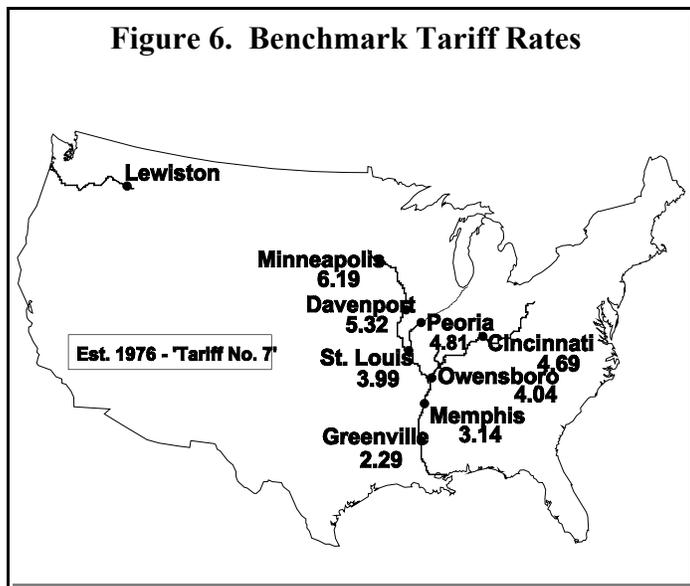
Table 8--Barge futures market

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
01/20/04	St. Louis	Feb.	n/a	160
		Apr.	n/a	155
		June	n/a	155
		Aug.	n/a	175
	Illinois River	Oct.	n/a	220
		Feb.	n/a	193
		Apr.	n/a	170
		June	n/a	165
		Aug.	n/a	183
		Oct.	n/a	245

Source: St. Louis Merchants Exchange

Figure 6. Benchmark Tariff Rates



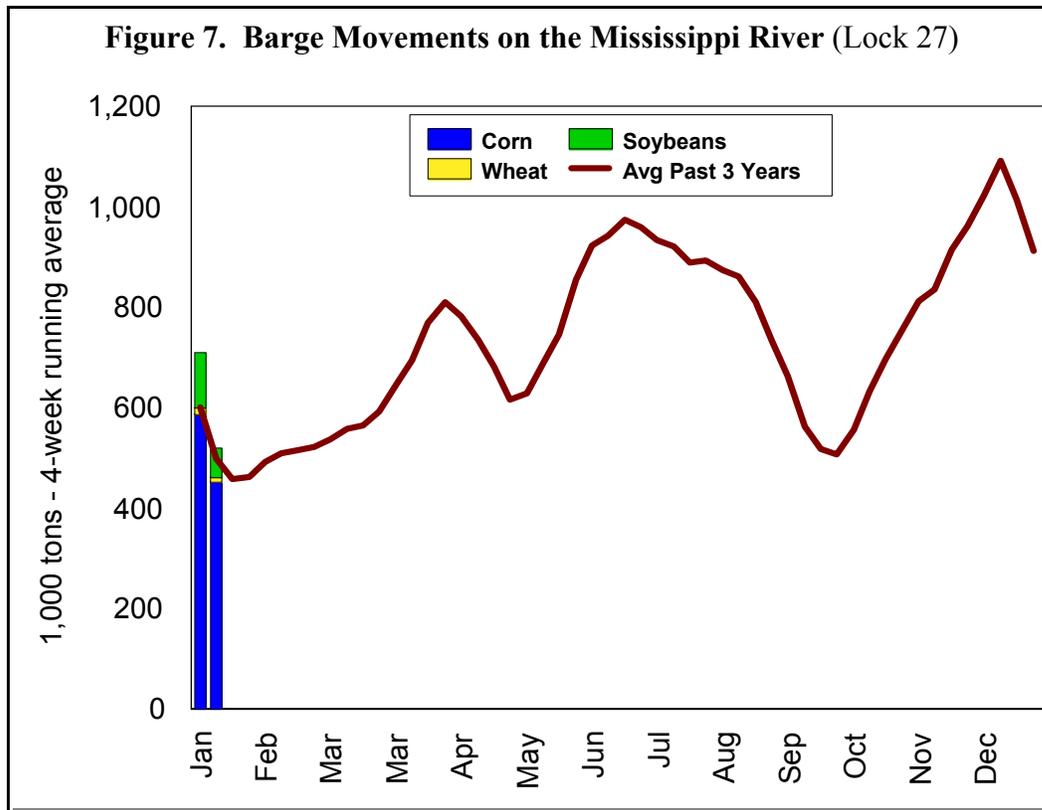


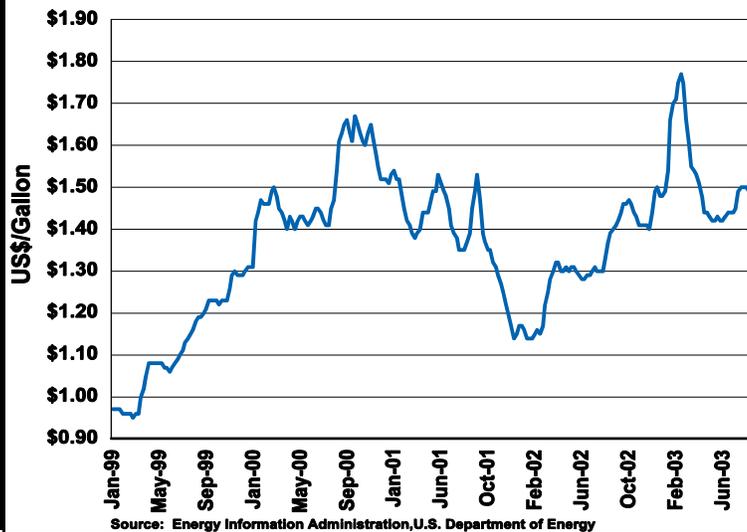
Table 9--Barge grain movements (1,000 tons)

Week ending 01/10/04	Corn	Wht	Sybn	Total
Mississippi River				
Rock Island, IL (L15)	0	0	0	0
Winfield, MO (L25)	0	0	0	0
Alton, IL (L26)	418	11	64	493
Granite City, IL (L27)	413	11	54	478
Illinois River (L8)	278	10	60	348
Ohio River (L52)	85	15	92	211
Arkansas River (L1)	0	11	0	11
2004 YTD	937	64	246	1,266
2003 YTD	879	63	408	1,437
% 2003 YTD	107%	102%	60%	88%
2003 Total	29,898	2,787	9,146	42,526

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

TRUCK TRANSPORTATION

Figure 8. 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.

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.

Figure 9. Weekly Brent Crude Price, Friday Close



Table 10--Crude oil prices (US\$ per Barrel)-01/20/04

Type	This week	Last week	Change
Light Sweet Crude (NYMEX)	34.78	33.73	↑
Brent Crude	32.18	32.45	↓

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				
01/08/04	3,159	757	1,454	1,043	190	6,603	9,042	8,665	24,310
This Week Year Ago	951	527	1,103	526	113	3,220	5,635	8,278	17,133
Cumulative Exports-Crop Year									
2003/04 YTD	4,786	1,893	4,400	2,309	528	13,914	14,839	13,082	41,835
2002/03 YTD	7,270	2,367	4,067	2,679	693	17,076	17,611	14,730	49,417
% 2002/03 YTD	66%	80%	108%	86%	76%	81%	84%	89%	85%
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

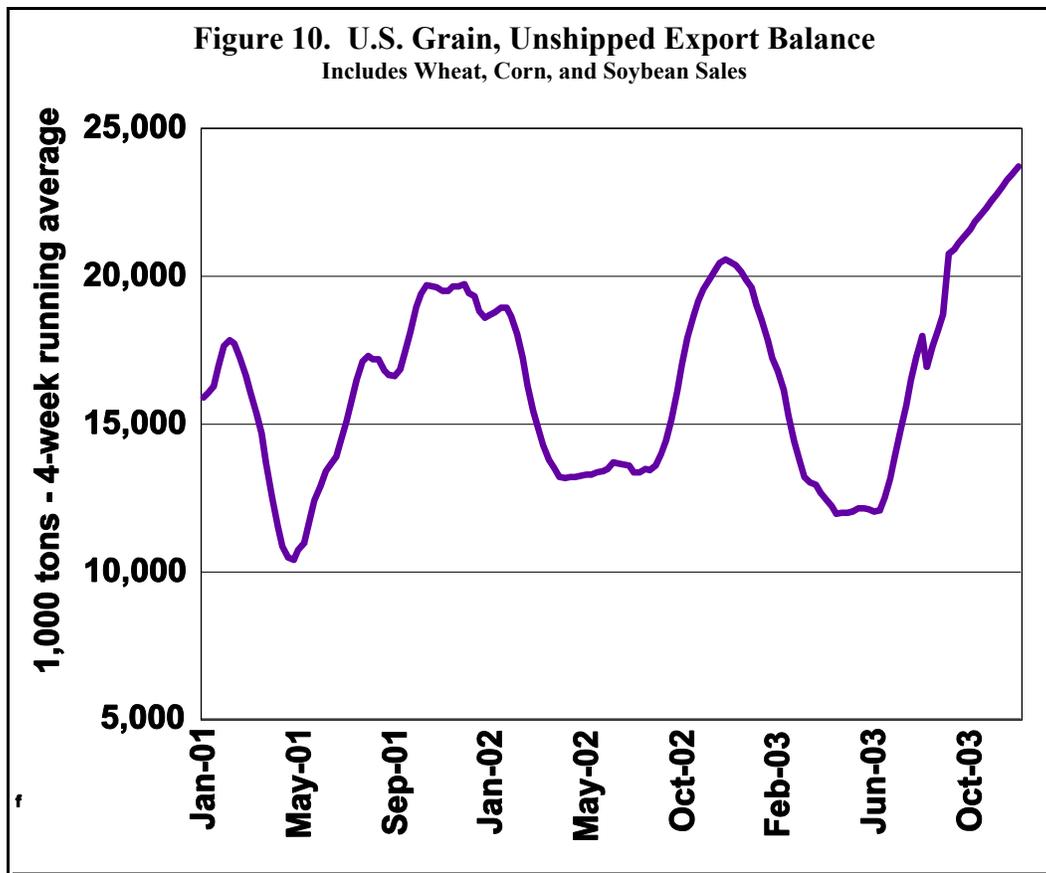
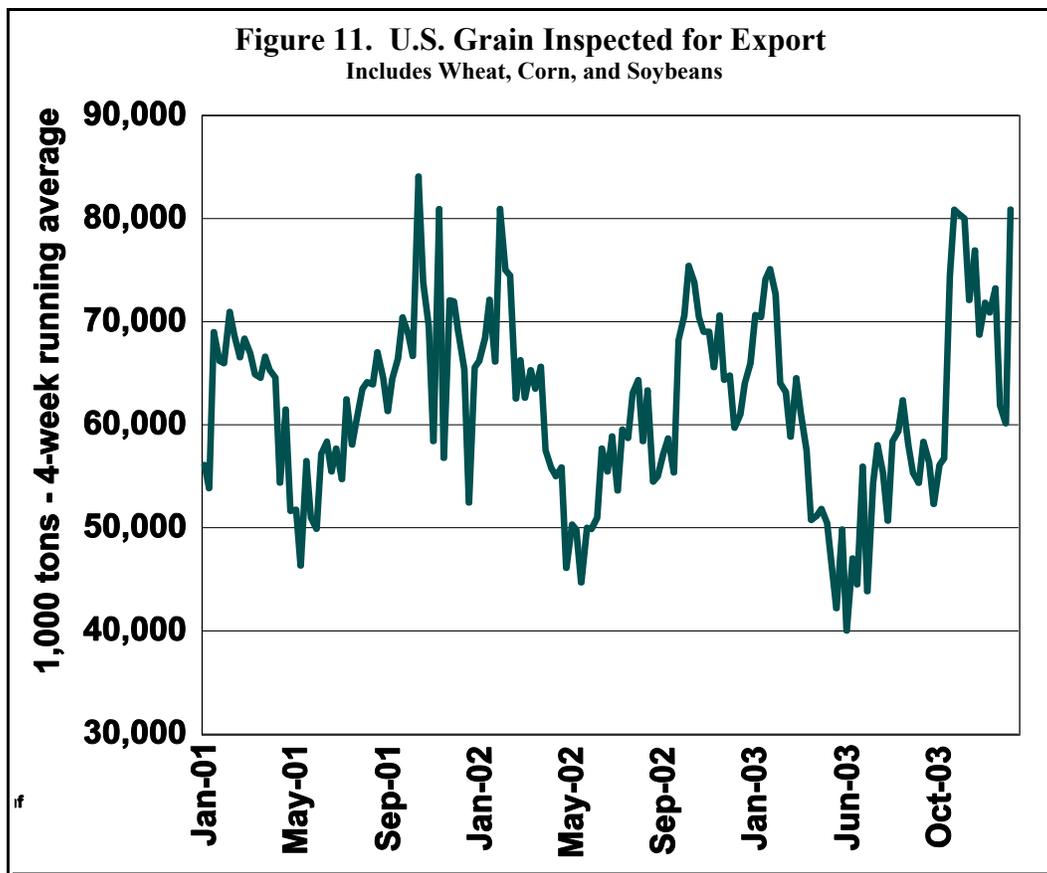


Table 12--Select U.S. port regions - grain inspections for export (1,000 metric tons)

Date	Pacific Region			Mississippi Gulf			Texas Gulf			Port Region Total		
	Wheat	Corn	Soybn	Wheat	Corn	Soybn	Wheat	Corn	Soybn	Pacific	Mississippi	Texas
01/15/04	254	65	221	77	799	605	340	2	0	540	1,481	342
2004 YTD	677	263	494	325	2,166	1,383	665	42	0	1,433	3,873	707
2003 YTD	494	269	178	457	1,727	1,966	279	8	0	941	4,150	287
% 2003 YTD	137%	98%	0%	71%	125%	70%	238%	524%	0%	152%	93%	246%
2003 Total	8,764	5,450	5,114	5,855	30,352	18,972	7,032	746	348	19,328	55,179	8,125

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.

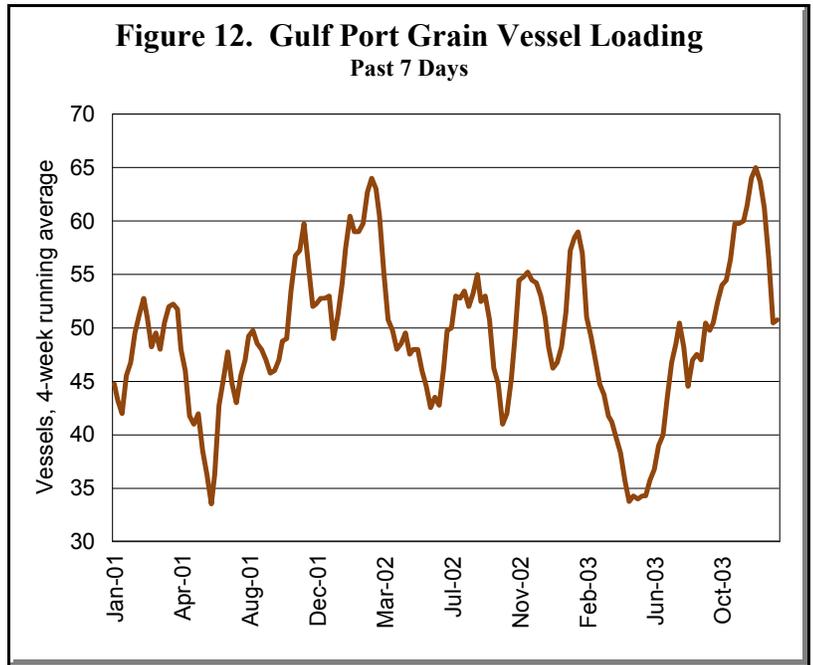


Table 13--Weekly port region grain ocean vessel activity (number of vessels)

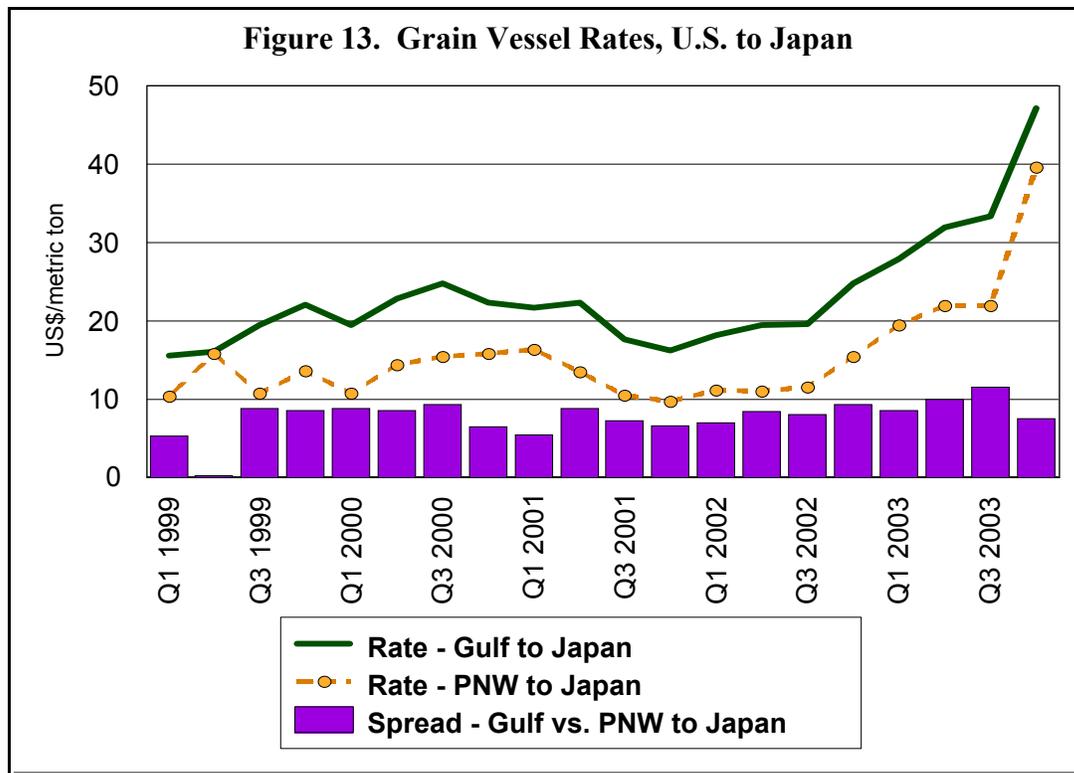
Date	Gulf			Pacific Northwest	Vancouver_B.C.
	In Port	Loaded 7-Days	Due Next 10-Days	In Port	In Port
01/08/04	37	53	78	10	6
01/15/04	34	64	91	11	3
2003 Range	(11..47)	(30..76)	(39..93)	(3..13)	(1..15)
2003 Avg	31	49	62	9	6

Source: Transportation & Marketing/AMS/ USDA

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

Gulf to	2003 4 th Qtr	2002 4 th Qtr	Change %	Pacific NW to	2003 4 th Qtr	2002 4 th Qtr	Change %	
	Japan	\$41.83	\$24.75		69%	Japan	-	\$15.39
Taiwan	\$44.00	-	-	Argentina/Brazil to	Med. Sea	\$38.50	\$22.00	75%
N. Europe	-	\$18.07	-		N. Europe	-	\$22.63	-
N. Africa	\$35.00	\$18.33	91%					
Med. Sea	\$31.75	-	-					

Source: Maritime Research, Inc.



Source: The Baltic Exchange

Table 15--Ocean freight rates for selected shipments
Week Ending 01/17/04

Export region	Import region	Grain	Month	Volume loaded (Tons)	Freight rate (\$/ton)
U.S. Gulf	Peru	Grains	Dec 29/Jan 7	12,000	\$80.00*
U.S. Gulf	China	Hvy Grain	Jan 25/39	55,000	\$53.25
U.S. Gulf	Algeria	Wheat	Jan 8/10	20,000	\$46.00
River Plate	Morocco	Wheat	Jan 10/20	30,000	\$52.50

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

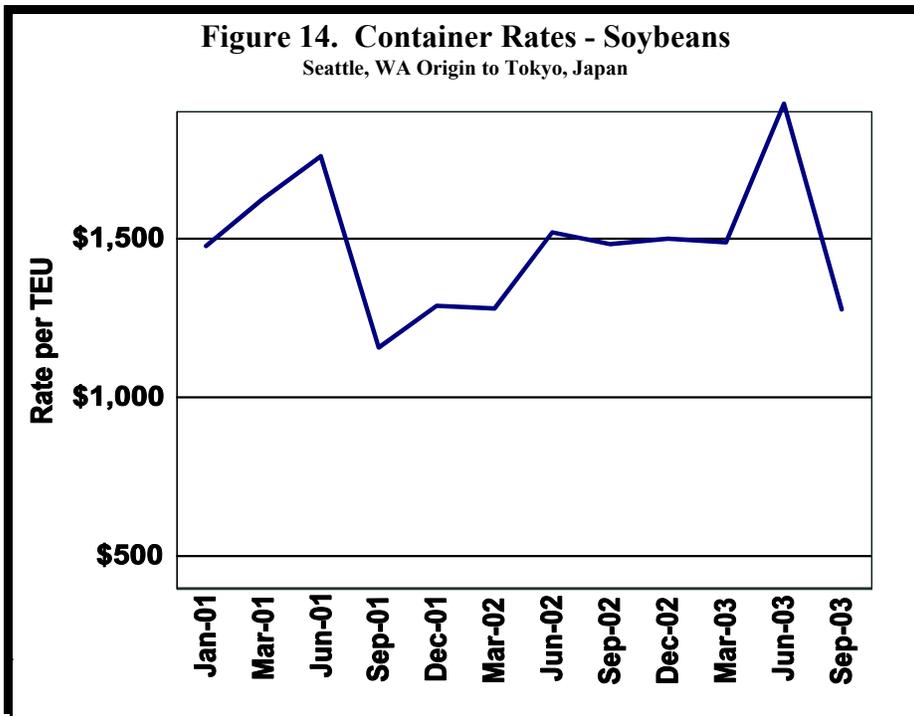
*Most food aid from the United States is required to be shipped on U.S. flag vessels. The vessels are of limited availability resulting in higher rates. In addition, destinations receiving food aid generally lack adequate port unloading facilities, requiring the vessel to remain in port for a longer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

