Aug. 12, 2010

Contents

The next release is August 19, 2010

A weekly publication of the
Transportation and Marketing Programs/Transportation Services Division
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WEEKLY HIGHLIGHTS

Russia Bans Grain Exports for 2010

On August 5, the Russian Government announced a ban on grain exports through the end of 2010 due to a severe drought that has significantly reduced the 2010/11 estimated harvest. Russia has become a major exporter of wheat in the last 10 years, peaking in 2008/09 at 18.4 million metric tons (mmt) and making Russia the largest wheat exporter last year. Wheat exports surged in the last 10 years as enhanced farming techniques since the late 1990's increased average wheat yields by over 30 percent from their previous 10-year average, increasing wheat production to record levels in 2008/09 (63.7 mmt). The final 2010/11 Russian grain crop results will not be finalized until October. The major importers of Russian wheat include Egypt, Israel, and Turkey.

Secondary Railcar Shuttle Market Spikes for August and October Delivery

Bids/offers in the **secondary railcar shuttle market** for August delivery jumped $588 in one week to $821. Bids/offers for October delivery spiked to $1,500, a $1,100 increase from 3 weeks ago. The jump in prices for August delivery may reflect a sudden demand for grain cars as the month ends. The spike in prices for October delivery may indicate shipper expectations of railcar shortages due to expectations of a larger and earlier harvest than in the past few years. In addition, the Russian embargo on grain exports will likely increase demand for U.S. new crop grain, consequently increasing demand for rail grain capacity. The last time shuttle bids/offers were above $1,000 was September and October 2007 for October delivery, when a similar expectation for a record harvest and strong export movements pushed the price upward.

Diesel Fuel Prices Jump 6 Cents per Gallon

During the week ending August 9, U.S. average **diesel fuel prices** increased 6 cents per gallon to $2.99—2 percent higher than the previous week and 14 percent higher than the same week last year. This is the third consecutive week of diesel fuel price increases. Spot crude oil prices rose to more than $82 per barrel during the week, putting upward pressure on fuel prices. According to the Energy Information Administration's (EIA) latest *Short-Term Energy Outlook*, the West Texas Intermediate (WTI) crude oil spot prices averaged $76.32 per barrel in July and will average $81 per barrel in the fourth quarter of 2010 and $84 per barrel in 2011.

Higher Asian Demand Drives Corn Inspections Up

For the week ending August 5, total inspections of grain (corn, wheat, and soybeans) from all major U.S. export regions reached 1.50 million metric tons (mmt), down 5 percent from the past week but up 1 percent from the same week last year. Although total grain inspections dropped over the week, corn inspections (.958 mmt) increased in each of the three major export regions—up 24 percent due to higher demand from Asia. A 109 percent jump in Mississippi Gulf soybean inspections (.165 mmt) could not offset the decrease in the total amount of soybeans inspected for export. Wheat exports fell off as shipments to Nigeria and Mexico decreased.

Snapshots by Sector

Containerized Grain Exports

Containerized grain exports to Asia in April were 30 percent lower than the previous year, 38 percent lower than the 3-year average, and 29 percent lower than March movements.

Rail

U.S. railroads originated 22,281 carloads of grain during the week ending July 31, up 7 percent from the previous week and up 6 percent from last year, but down 2 percent from the 3-year average.

During the week ending August 7, average August secondary railcar bids/offers were $275 above tariff for non-shuttle, $62 higher than last week. Shuttle rates were $821 above tariff, $588 higher than last week.

Ocean

During the week ending August 5, 33 **ocean-going grain vessels** were loaded in the Gulf, down 11 percent from last year. Sixty vessels are expected to be loaded in the U.S. Gulf within the next 10 days, up 22 percent from last year.

During the week ending August 6, the cost of shipping grain from the Gulf to Japan averaged $60 per mt, unchanged from the previous week. The rate from the Pacific Northwest to Japan was $33 per mt, down 1 percent from the previous week.

Barge

During the week ending Aug 7, **barge grain movements** totaled 726,013 tons, 11 percent lower than the previous week and 9 percent lower than the same period last year.

Feature Article/Calendar

Lower Transportation Costs for Waterborne Corn and Soybeans to Mexico

Transportation costs for shipping grain from the Midwest to Mexico during the second quarter of 2010 have been mixed. The freight rates for corn from Illinois to Mexico via the waterborne route decreased enough to possibly make this the preferred mode of shipping corn to Mexico during the quarter. The decreases in cash corn prices and transportation costs in Illinois were enough to make the water route landed costs lower than the land route for corn from Iowa, which experienced higher transportation costs than the previous quarter (see Table). Transportation cost dynamics were the same for soybeans, but the farm value of soybeans in Nebraska were lower than in Illinois, which kept the landed costs for soybeans via the land route lower than the water route. Wheat transportation costs increased during the quarter, but land route transportation and landed costs remained lower than the waterborne.

Quarterly costs of transporting U.S. grain to Guadalajara, Mexico

	Water route $/metric ton					Land route $/metric ton				
	2009 2nd qtr.	2010 1st qtr.	2010 2nd qtr.	Percent change Yr. to Yr.	Percent change Qtr. to Qtr.	2009 2nd qtr.	2010 1st qtr.	2010 2nd qtr.	Percent change Yr. to Yr.	Percent change Qtr. to Qtr.
Corn										
Origin			IL					IA		
Truck	10.10	10.46	8.66	-14.3	-17.2	5.19	5.00	4.23	-18.5	-15.4
Rail [1]	32.76	32.76	32.76	0.0	0.0	68.02	73.61	76.25	12.1	3.6
Ocean[2]	15.46	20.75	22.34	44.5	7.7					
Barge	13.53	18.08	16.17	19.5	-10.6					
Total transportation cost	71.85	82.05	79.93	11.2	-2.6	73.21	78.61	80.48	9.9	2.4
Farm Value	154.45	139.63	135.43	-12.3	-3.0	158.52	144.87	136.34	-14.0	-5.9
Landed Cost	226.30	221.68	215.36	-4.8	-2.9	231.73	223.48	216.82	-6.4	-3.0
Transport % of landed cost	32	37	37			32	35	37		
Soybeans										
Origin			IL					NE		
Truck	10.10	10.46	8.66	-14.3	-17.2	5.19	5.00	4.23	-18.5	-15.4
Rail [1]	32.76	32.76	32.76	0.0	0.0	65.94	71.53	74.83	13.5	4.6
Ocean[2]	15.46	20.75	22.34	44.5	7.7					
Barge	13.53	18.08	16.17	19.5	-10.6					
Total transportation cost	71.85	82.05	79.93	11.2	-2.6	71.13	76.53	79.06	11.1	3.3
Farm Value	398.91	354.09	350.41	-12.2	-1.0	383.97	344.90	341.84	-11.0	-0.9
Landed Cost	470.76	436.14	430.34	-8.6	-1.3	455.10	421.43	420.90	-7.5	-0.1
Transport % of landed cost	15	19	19			16	18	19		
Wheat										
Origin			KS					KS		
Truck*	17.22	21.29	24.54	42.5	15.3	5.19	5.00	4.23	-18.5	-15.4
Rail [1]	32.76	32.76	32.76	0.0	0.0	62.02	68.16	72.54	17.0	6.4
Ocean[2]	15.46	20.75	22.34	44.5	7.7					
Barge	8.75	11.24	9.64	10.2	-14.2					
Total transportation cost	74.19	86.04	89.28	20.3	3.8	67.21	73.16	76.77	14.2	4.9
Farm Value	210.79	162.53	151.02	-28.4	-7.1	210.79	162.53	151.02	-28.4	-7.1
Landed Cost	284.98	248.57	240.30	-15.7	-3.3	278.00	235.69	227.79	-18.1	-3.4
Transport % of landed cost	26	35	37			24	31	34		

[1]Rail rates include U.S. and Mexico portions of the movement. Mexico rail rates are estimated based on actual quoted market rates. BNSF and Union Pacific quoted rail tariff rates are through rates for shuttle trains. Rail rates include fuel surcharges. Origins are modified from past tables.

[2]Source: O'Neil Commodity Consulting

*Truck rates for land route were revised from the previous estimates

Total transportation costs for shipping corn and soybeans to Mexico via the water route decreased by approximately 3 percent during the 2nd quarter. The reduction in the total transportation cost was caused by 17 and 11 percent declines in truck and barge rates during the quarter. The cost of shipping waterborne wheat increased as truck and ocean freight rate increases were more than barge rate decreases. The cost of shipping waterborne wheat to Mexico increased by 4 percent, driven by 15 and 8 percent increase in truck and ocean rates, respectively. Total transportation costs of shipping corn, soybeans, and wheat to Mexico by land increased by 2, 3, and 5 percent, respectively. Although the truck rates for shipping corn, soybeans, and wheat declined, the decreases were not enough to offset the increases in the rail tariff rates plus the fuel surcharge.

The decline in the truck rates during the quarter is generally due to lower seasonal demand for trucking service. However, the discount on long haul shipments was not large enough to offset an increase in trucking rates for Kansas wheat that came from a greater demand for truck service during the harvest that began in May. The increase in the ocean freight rates was due to strong global demand for bulk shipments during the quarter, especially coal and iron ore imports by China and grain exports out of South America. Rail rates increased due to the normal increase in tariff rates and a slight increase in the fuel surcharge during the quarter.

The year-to-year transportation costs increased for both land and water routes because of increases in ocean, barge, and rail rates as the global economy continued a slow recovery and carriers adjusted to the new post-recession shipping levels. Truck rates for shipping wheat from Kansas also increased over last year. The transportation shares of landed cost for waterborne corn, soybeans, and wheat were 37, 19, and 37 percent, respectively. For the land route, the transportation shares of the landed cost were 37, 19, and 34 for corn, soybeans, and wheat. The proportion of the landed cost for waterborne corn and soybeans remained unchanged from the previous quarter, but wheat's transportation share of the landed cost increased by 2 percentage points. On the other hand, the land route transportation share of the landed cost for corn, soybeans, and wheat increased by 2, 1, and 3 percentage points, respectively, compared to the previous quarter.

Market Outlook: Although Mexico's total grain production is estimated to increase, corn imports are forecast to increase to 9.8 million metric tons (mmt), and wheat imports are to remain at 3.1 mmt for 2009 marketing year. Mexico's corn sector continues to be plagued by high production costs due to land fragmentation and high storage, marketing, and transportation costs (**GAIN Report # MX0017**). Declining or moderate transportation cost makes the U.S. exports to Mexico relatively more competitive. Nearly all U.S. exports enter Mexico by lower-cost railcars or ocean vessels compared to Mexican domestic grain movements by higher-cost trucks. *Surajudeen.Olowolayemo@ams.usda.gov*

Grain Transportation Indicators

Table 1

Grain Transport Cost Indicators[1]

	Truck	Rail[2]	Barge	Ocean	
Week ending				Gulf	Pacific
08/11/10	201	464	241	268	234
08/04/10	197	309	206	268	238

[1]Indicator: Base year 2000 = 100; Weekly updates include truck = diesel ($/gallon); rail = nearby secondary rail market ($/car); barge = Illinois River barge rate (index = percent of tariff rate); and ocean = routes to Japan ($/metric ton)

[2]The rail indicator is not an index. It is the difference between the nearby secondary rail market bid for this week and the average bid for year 2000 (+) 100.

Source: Transportation & Marketing Programs/AMS/USDA

Table 2

Market Update: U.S. Origins to Export Position Price Spreads ($/bushel)

Commodity	Origin--Destination	8/6/2010	7/30/2010
Corn	IL--Gulf	-0.62	-0.63
Corn	NE--Gulf	-0.78	-0.82
Soybean	IA--Gulf	-1.15	-1.28
HRW	KS--Gulf	-1.37	-1.23
HRS	ND--Portland	-2.25	-2.00

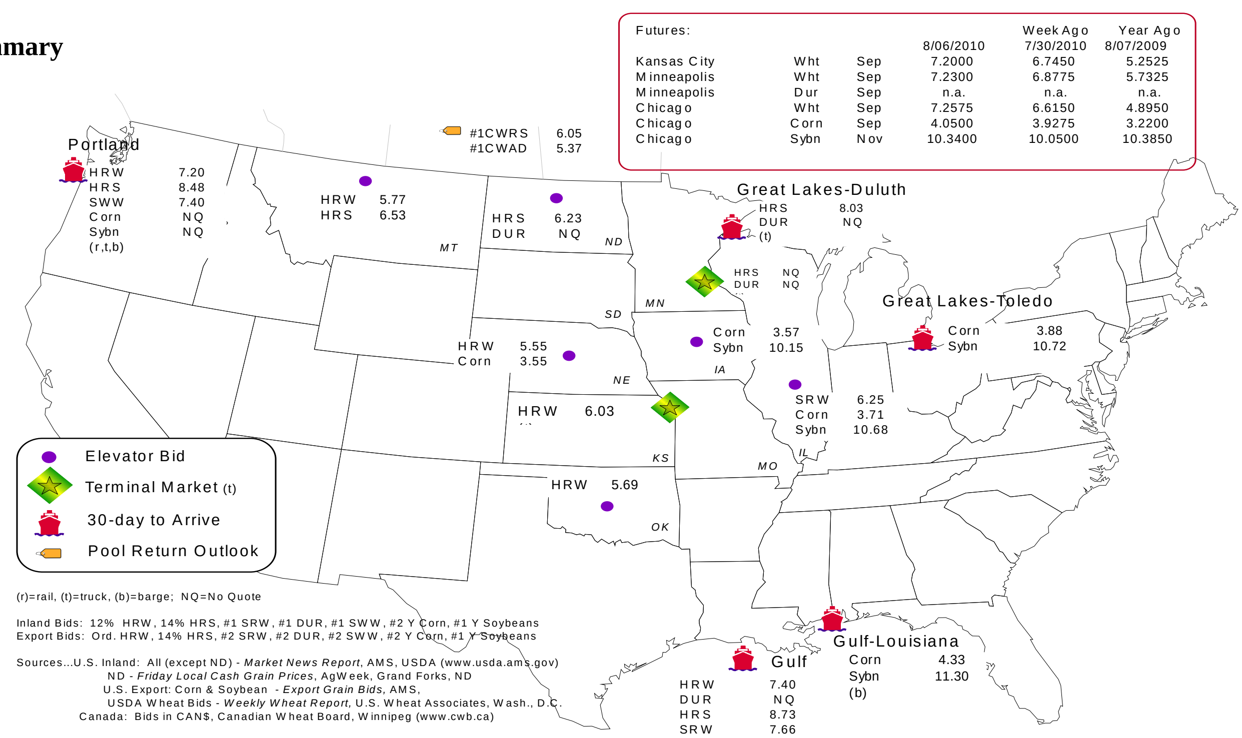
Note: nq = no quote

Source: Transportation & Marketing Programs/AMS/USDA

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 mar-

Figure 1

Grain bid Summary



Rail Transportation

Table 3

Rail Deliveries to Port (carloads)[1]

Week ending	Mississippi Gulf	Texas Gulf	Cross-Border Mexico	Pacific Northwest	Atlantic & East Gulf	Total
8/04/2010[p]	101	873	421	3,242	99	4,736
7/28/2010[r]	442	1,739	1,526	4,041	60	7,808
2010 YTD	9,214	40,590	27,995	103,316	18,036	199,151
2009 YTD	14,324	25,305	24,036	97,245	14,751	175,661
2010 YTD as % of 2009 YTD	64	160	116	106	122	113
Last 4 weeks as % of 2009[2]	95	177	152	114	53	123
Last 4 weeks as % of 4-year avg.[2]	22	73	155	102	40	86
Total 2009	33,423	57,646	36,738	175,965	30,328	334,100
Total 2008	68,768	107,542	37,491	255,852	33,028	502,681

[1] Data is incomplete as it is voluntarily provided

[2] Compared with same 4-weeks in 2009 and prior 4-year average.

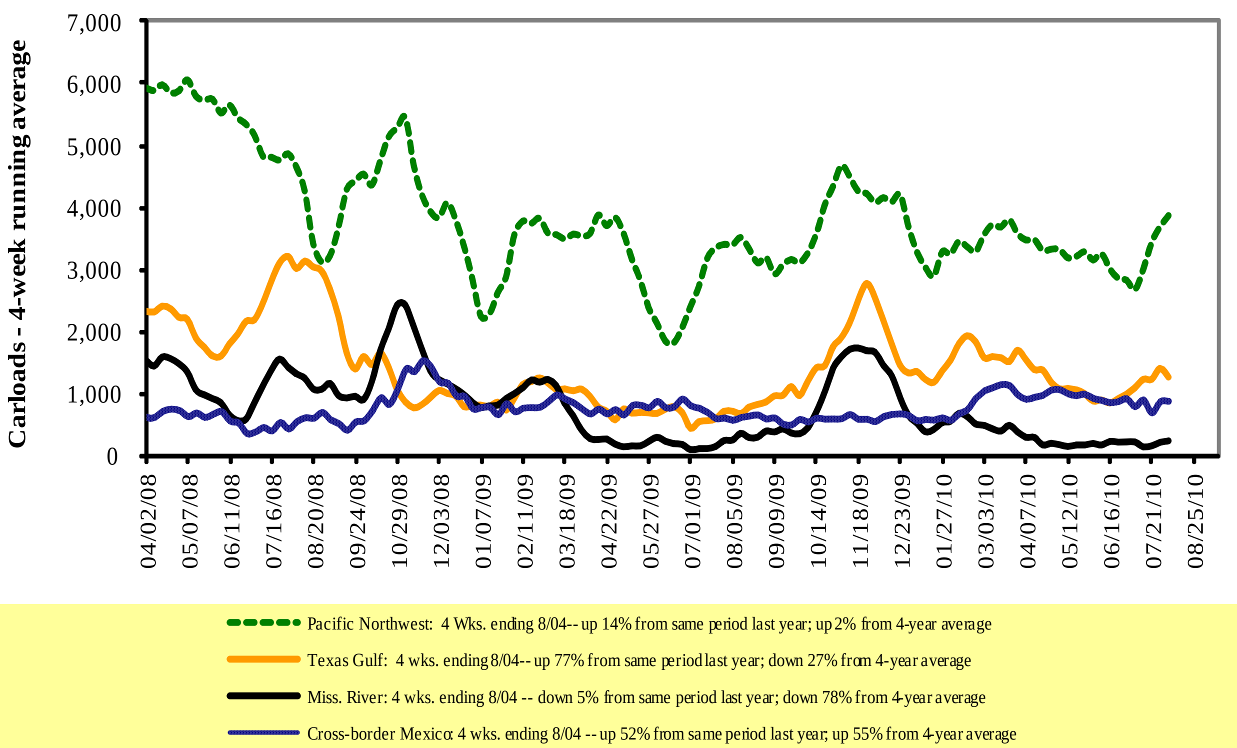
YTD = year-to-date; p = preliminary data; r = revised data; n/a = not available

Source: Transportation & Marketing Programs/AMS/USDA

Railroads originate approximately 35 percent of U.S. grain shipments. Trends in these loadings are indicative of market conditions and expectations.

Figure 2

Rail Deliveries to Port



Source: Transportation & Marketing Programs/AMS/USDA

Table 4

Class I Rail Carrier Grain Car Bulletin (grain carloads originated)

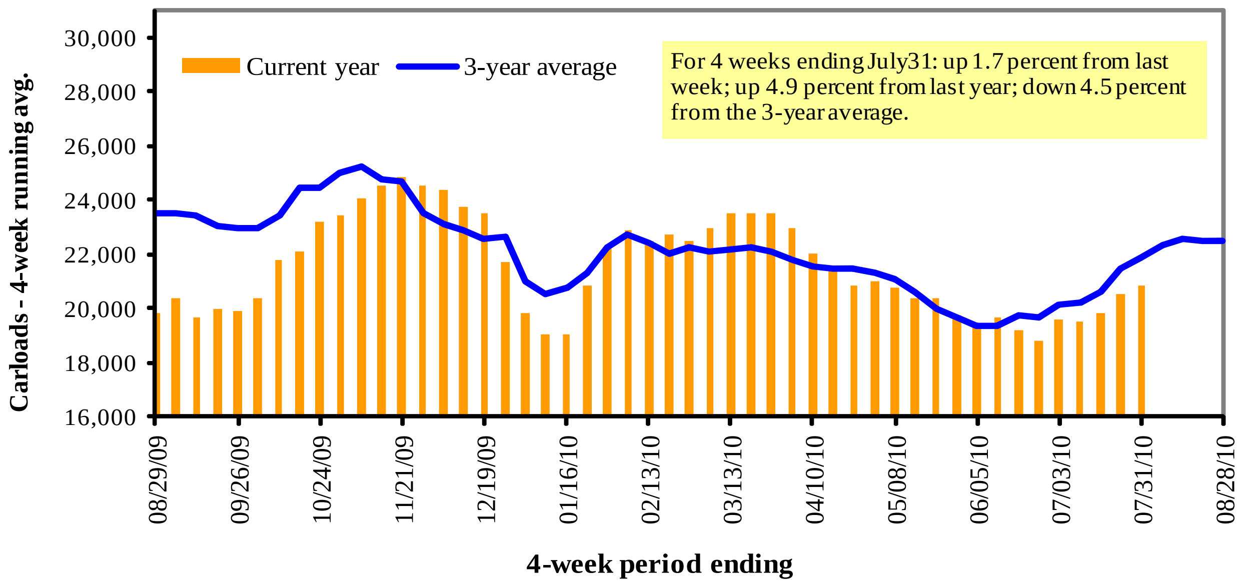
Week ending	East		West			U.S. total	Canada	
	CSXT	NS	BNSF	KCS	UP		CN	CP
07/31/10	1,856	2,934	11,152	538	5,801	22,281	3,560	5,701
This week last year	1,967	2,642	9,942	572	5,860	20,983	3,508	5,979
2010 YTD	65,734	91,258	300,638	21,705	157,800	637,135	117,233	156,026
2009 YTD	63,294	78,180	255,748	20,171	141,876	559,269	118,516	162,949
2010 YTD as % of 2009 YTD	104	117	118	108	111	114	99	96
Last 4 weeks as % of 2009[1]	106	111	107	88	100	105	115	93
Last 4 weeks as % of 3-yr avg.[1]	80	96	102	91	92	95	98	110
Total 2009	105,278	142,254	483,618	36,912	268,811	1,036,873	200,871	278,997

[1]As a percent of the same period in 2008 and the prior 3-year average. YTD = year-to-date.

Source: Association of American Railroads (www.aar.org)

Figure 3

Total Weekly U.S. Class I Railroad Grain Car Loadings



Source: Association of American Railroads

Table 5

Rail Car Auction Offerings[1] ($/car)[2]

Week ending	Delivery period							
8/7/2010	Aug-10	Aug-09	Sep-10	Sep-09	Oct-10	Oct-09	Nov-10	Nov-09
BNSF[3]								
COT grain units	no offer	9	no offer	no offer	no offer	3	no offer	no bids
COT grain single-car[5]	no offer	0 . . 13	no offer	no offer	no offer	0 . . 41	6 . . 212	0 . . 3
UP[4]								
GCAS/Region 1	no bids	no bids	4	no bids	no offer	no bids	n/a	no offer
GCAS/Region 2	no bids	1	162	no bids	401	no bids	n/a	no offer

[1]Auction offerings are for single-car and unit train shipments only.

[2]Average premium/discount to tariff, last auction

[3]BNSF - COT = Certificate of Transportation; north grain and south grain bids were combined effective the week ending 6/24/06.

[4]UP - GCAS = Grain Car Allocation System

Region 1 includes: AR, IL, LA, MO, NM, OK, TX, WI, and Duluth, MN.

Region 2 includes: CO, IA, KS, MN, NE, WY, and Kansas City and St. Joseph, MO.

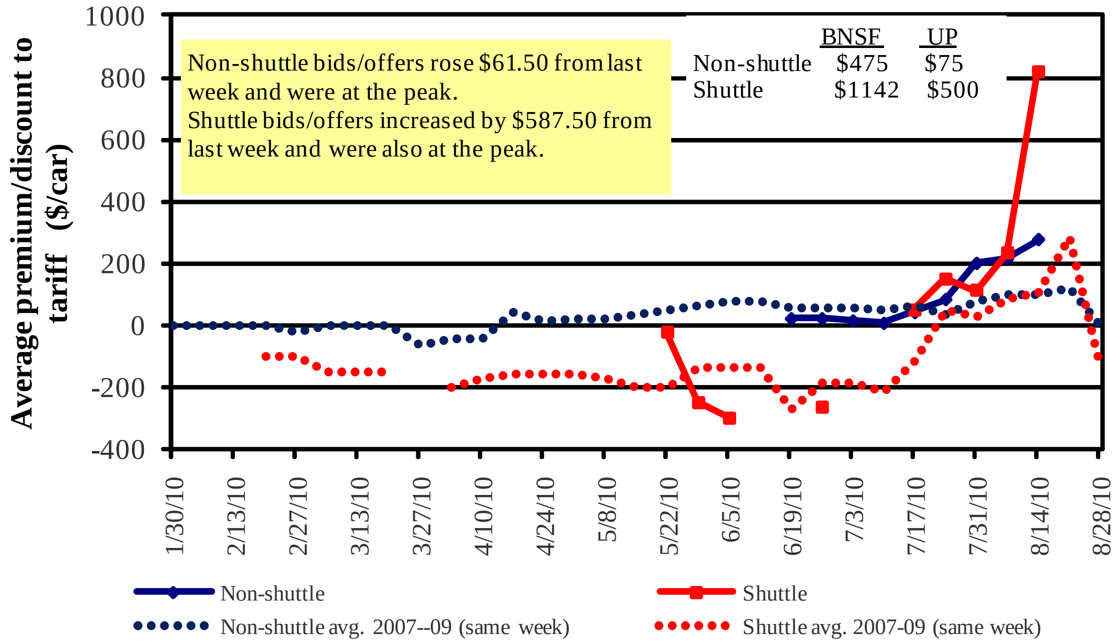
[5]Range is shown because average is not available. Not available = n/a.

Source: Transportation & Marketing Programs/AMS/USDA.

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.

Figure 4

Bids/Offers for Railcars to be Delivered in August 2010, Secondary Market

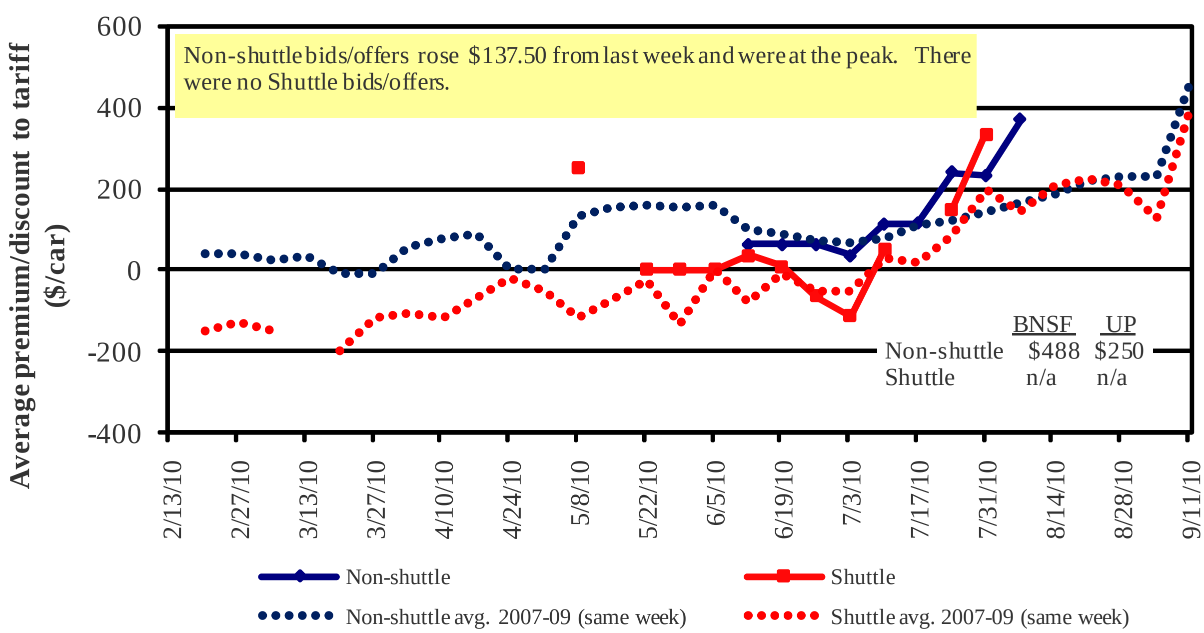


Non-shuttle bids include unit-train and single-car bids. n/a = not available.

Source: Transportation & Marketing Programs/AMS/USDA

Figure 5

Bids/Offers for Railcars to be Delivered in September 2010, Secondary Market

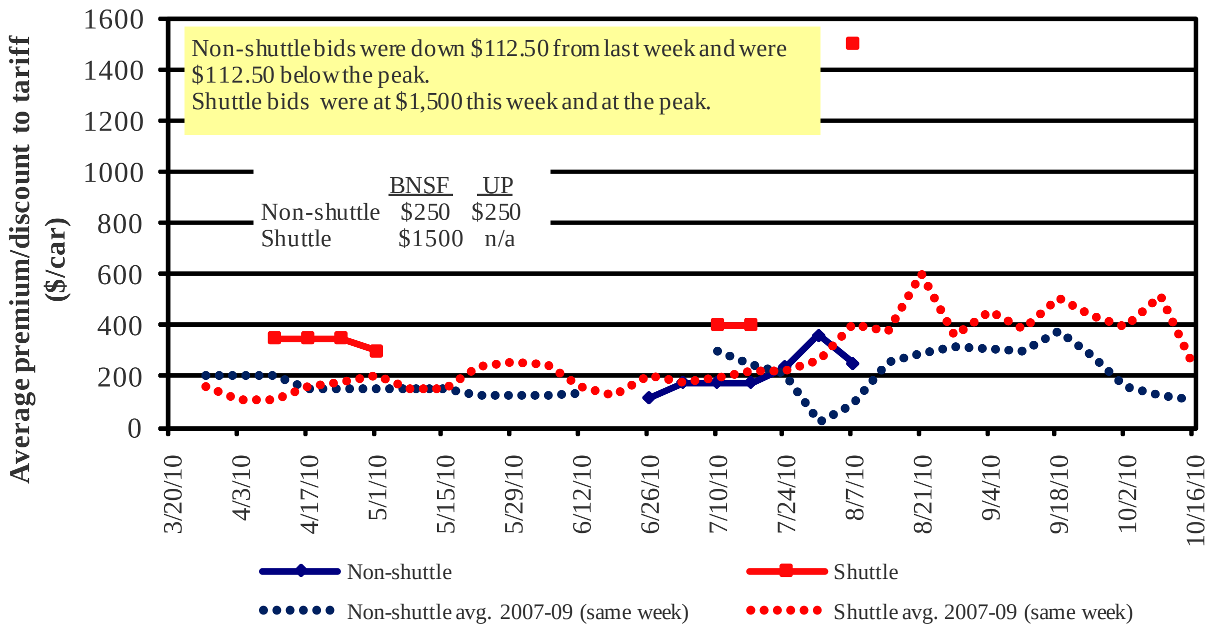


Non-shuttle bids include unit-train and single-car bids. n/a = not available.

Source: Transportation & Marketing Programs/AMS/USDA

Figure 6

Bids/Offers for Railcars to be Delivered in October 2010, Secondary Market



Non-shuttle bids include unit-train and single-car bids. n/a = not available.
Source: Transportation & Marketing Programs/AMS/USDA

Table 6

Weekly Secondary Rail Car Market ($/car)[1]

Week ending	Delivery period					
8/7/2010	**Aug-10**	**Sep-10**	**Oct-10**	**Nov-10**	**Dec-10**	**Jan-10**
Non-shuttle						
BNSF-GF	475	488	250	n/a	n/a	n/a
Change from last week	123	138	-125	n/a	n/a	n/a
Change from same week 2009	465	433	n/a	n/a	n/a	n/a
UP-Pool	75	250	250	n/a	n/a	n/a
Change from last week	0	137	-100	n/a	n/a	n/a
Change from same week 2009	112	240	215	n/a	n/a	n/a
Shuttle[2]						
BNSF-GF	1142	n/a	1500	300	400	n/a
Change from last week	625	n/a	n/a	n/a	150	n/a
Change from same week 2009	1155	n/a	n/a	50	n/a	n/a
UP-Pool	500	n/a	n/a	n/a	n/a	n/a
Change from last week	550	n/a	n/a	n/a	n/a	n/a
Change from same week 2009	550	n/a	n/a	n/a	n/a	n/a

[1]Average premium/discount to tariff, $/car-last week
[2]Shuttle bids are a new data series; prior to this we provided only non-shuttle rates.
Note: Bids listed are market INDICATORS only & are NOT guaranteed prices,
n/a = not available; GF = guaranteed freight; Pool = guaranteed pool
Sources: Transportation and Marketing Programs/AMS/USDA
Data from Atwood/ConAgra, Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.

Table 7

Tariff Rail Rates for Unit and Shuttle Train Shipments[1]

Effective date: 8/2/2010	Origin region	Destination region	Tariff rate/car	Fuel surcharge per car	Tariff plus surcharge per: metric ton	Tariff plus surcharge per: bushel[2]	Percent change Y/Y[3]
Unit train[1]							
Wheat	Chicago, IL	Albany, NY	$2,622	$128	$30.31	$0.83	3
	Kansas City, MO	Galveston, TX	$2,828	$140	$32.72	$0.89	8
	South Central, KS	Galveston, TX	$3,805	$302	$45.27	$1.23	10
	Minneapolis, MN	Houston, TX	$3,799	$611	$48.62	$1.32	7
	St. Louis, MO	Houston, TX	$3,715	$136	$42.45	$1.16	10
	South Central, ND	Houston, TX	$5,478	$680	$67.88	$1.85	5
	Minneapolis, MN	Portland, OR	$4,200	$743	$54.49	$1.48	7
	South Central, ND	Portland, OR	$4,200	$610	$53.02	$1.44	6
	Northwest, KS	Portland, OR	$5,100	$813	$65.18	$1.77	6
	Chicago, IL	Richmond, VA	$2,834	$210	$33.56	$0.91	14
Corn	Chicago, IL	Baton Rouge, LA	$2,925	$172	$34.14	$0.87	-4
	Council Bluffs, IA	Baton Rouge, LA	$3,020	$184	$35.31	$0.90	-4
	Kansas City, MO	Dalhart, TX	$3,284	$220	$38.63	$0.98	2
	Minneapolis, MN	Portland, OR	$3,609	$743	$47.97	$1.22	5
	Evansville, IN	Raleigh, NC	$3,204	$205	$37.58	$0.95	9
	Columbus, OH	Raleigh, NC	$3,093	$180	$36.08	$0.92	9
	Council Bluffs, IA	Stockton, CA	$4,900	$803	$62.86	$1.60	4
Soybeans	Chicago, IL	Baton Rouge, LA	$3,178	$172	$36.93	$1.01	2
	Council Bluffs, IA	Baton Rouge, LA	$3,192	$184	$37.21	$1.01	3
	Minneapolis, MN	Portland, OR	$4,110	$743	$53.49	$1.46	9
	Evansville, IN	Raleigh, NC	$3,204	$205	$37.58	$1.02	9
	Chicago, IL	Raleigh, NC	$3,804	$256	$44.75	$1.22	8
Shuttle Train							
Wheat	St. Louis, MO	Houston, TX	$2,942	$136	$33.93	$0.92	7
	Minneapolis, MN	Portland, OR	$3,700	$743	$48.98	$1.33	6
Corn	Fremont, NE	Houston, TX	$2,520	$449	$32.73	$0.83	4
	Minneapolis, MN	Portland, OR	$3,528	$743	$47.08	$1.20	9
Soybeans	Council Bluffs, IA	Houston, TX	$2,787	$436	$35.52	$0.97	4
	Minneapolis, MN	Portland, OR	$3,774	$743	$49.79	$1.36	11

[1]A unit train refers to shipments of at least 25 cars. Shuttle train rates are available for qualified shipments of 90-110 cars that meet railroad efficiency requirements.

[2]Approximate load per car = 100 short tons (90.72 metric tons): corn 56 lbs./bu., wheat & soybeans 60 lbs./bu.

[3]Percentage change year over year calculated using tariff rate plus fuel surchage

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

Table 8

Tariff Rail Rates for U.S. Bulk Grain Shipments to Mexico

Effective date: 8/2/2010 Commodity	Origin state	Destination region	Tariff rate/car[1]	Fuel surcharge per car[2]	Tariff plus surcharge per: metric ton[3]	bushel[3]	Percent change Y/Y[4]
Wheat	MT	Chihuahua, CI	$6,291	$778	$72.22	$1.96	10
	OK	Cuautitlan, EM	$5,857	$576	$65.73	$1.79	10
	KS	Guadalajara, JA	$6,436	$879	$74.75	$2.03	16
	TX	Salinas Victoria, NL	$3,292	$186	$35.53	$0.97	10
Corn	IA	Guadalajara, JA	$6,670	$835	$76.68	$2.08	10
	SD	Penjamo, GJ	$6,440	$990	$75.92	$2.06	7
	NE	Queretaro, QA	$6,130	$554	$68.29	$1.86	3
	SD	Salinas Victoria, NL	$4,570	$736	$54.21	$1.47	1
	MO	Tlalnepantla, EM	$5,318	$539	$59.85	$1.63	3
	SD	Torreon, CU	$5,330	$820	$62.84	$1.71	5
Soybeans	MO	Bojay (Tula), HG	$6,066	$742	$69.56	$1.89	10
	NE	Guadalajara, JA	$6,550	$815	$75.25	$2.05	11
	IA	Penjamo (Celaya), GJ	$6,690	$1,001	$78.58	$2.14	11
	KS	Torreon, CU	$5,255	$548	$59.29	$1.61	9
Sorghum	OK	Cuautitlan, EM	$4,339	$735	$51.84	$1.41	5
	TX	Guadalajara, JA	$5,350	$776	$62.59	$1.70	17
	NE	Penjamo, GJ	$6,395	$765	$73.15	$1.99	8
	KS	Queretaro, QA	$5,398	$424	$59.48	$1.62	1
	NE	Salinas Victoria, NL	$4,282	$442	$48.27	$1.31	1
	NE	Torreon, CU	$5,240	$584	$59.50	$1.62	7

[1]Rates are based upon published tariff rates for high-capacity shuttle trains. Shuttle trains are available for qualified shipments of 75--110 cars that meet railroad efficiency requirements.

[2]Fuel surcharge adjusted to reflect the change in Ferrocarril Mexicano, S.A. de C.V railroad fuel surcharge policy as of 10/01/2009

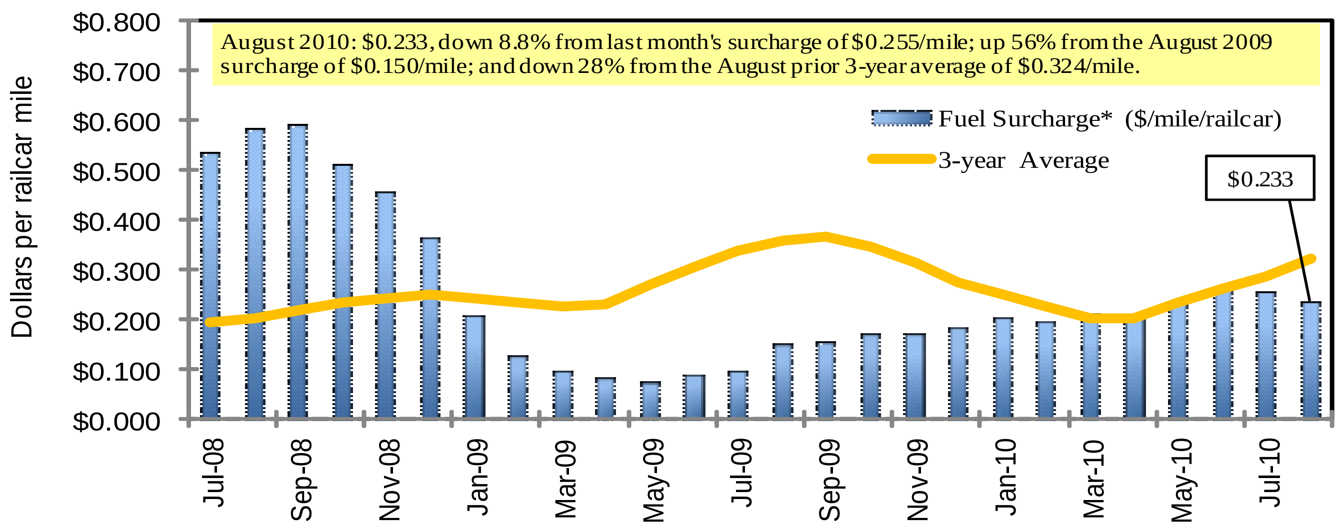
[3]Approximate load per car = 97.87 metric tons: Corn & Sorghum 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

[4]Percentage change year over year calculated using tariff rate plus fuel surchage

Sources: www.bnsf.com, www.uprr.com, www.kcsouthern.com

Figure 7

Railroad Fuel Surcharges, North American Weighted Average[1]



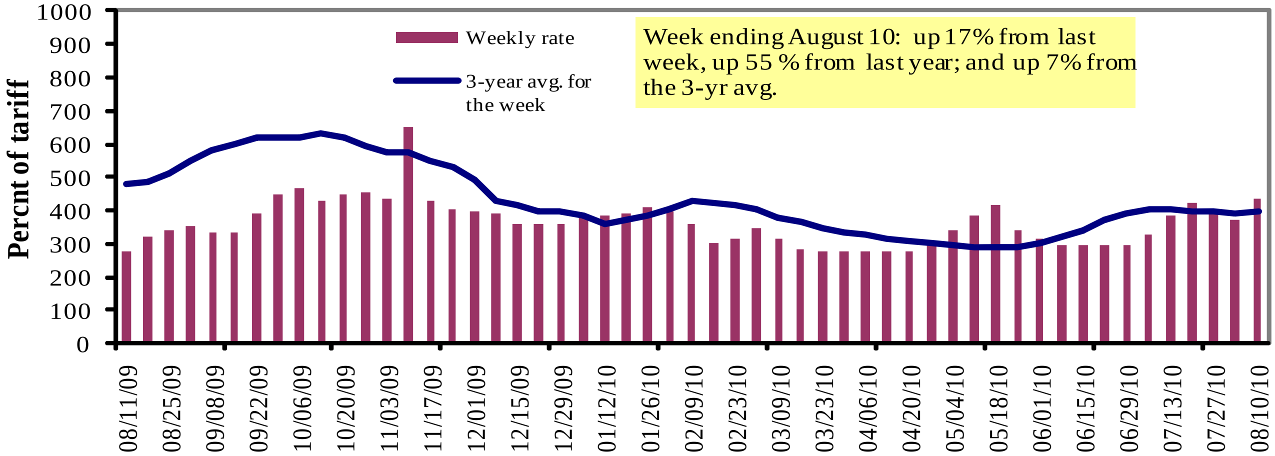
[1] Weighted by each Class I railroad's proportion of grain traffic for the prior year.
* Mileage-based fuel surcharges for March and April 2007 are estimated. Beginning January 2009, the Canadian Pacific fuel surcharge is computed by a monthly average of the bi-weekly fuel surcharge.

Sources: www.bnsf.com, www.cn.ca, www.cpr.ca, www.csx.com, www.kcsi.com, www.nscorp.com, www.uprr.com

Barge Transportation

Figure 8

Illinois River Barge Freight Rate[1,2]



[1]Rate = percent of 1976 tariff benchmark index (1976 = 100 percent); [2]4-week moving average of the 3-year average.

Source: Transportation & Marketing Programs/AMS/USDA

Table 9

Weekly Barge Freight Rates: Southbound Only

		Twin Cities	Mid-Mississippi	Illinois River	St. Louis	Cincinnati	Lower Ohio	Cairo-Memphis
Rate[1]	8/10/2010	461	438	433	377	447	447	375
	8/3/2010	453	386	371	296	394	394	289
$/ton	8/10/2010	28.54	23.30	20.09	15.04	20.96	18.06	11.78
	8/3/2010	28.04	20.54	17.21	11.81	18.48	15.92	9.07
Current week % change from the same week:								
	Last year	48	55	55	76	77	77	101
	3-year avg. [2]	2	6	7	10	31	31	16
Rate[1]	September	620	613	615	578	623	623	575
	November	591	471	468	384	462	462	365

[1]Rate = percent of 1976 tariff benchmark index (1976 = 100 percent); [2]4-week moving average; ton = 2,000 pounds.

Source: Transportation & Marketing Programs/AMS/USDA

Calculating barge rate per ton:
(Index * 1976 tariff benchmark rate per ton)/100

Select applicable index from market quotes included in tables on this page. The 1976 benchmark rates per ton are provided in map (see figure 9).

Figure 9

Benchmark tariff rates

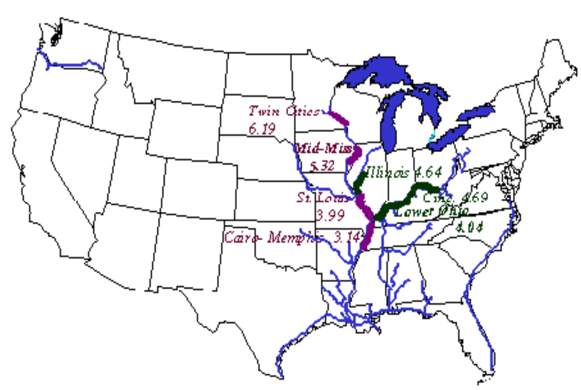
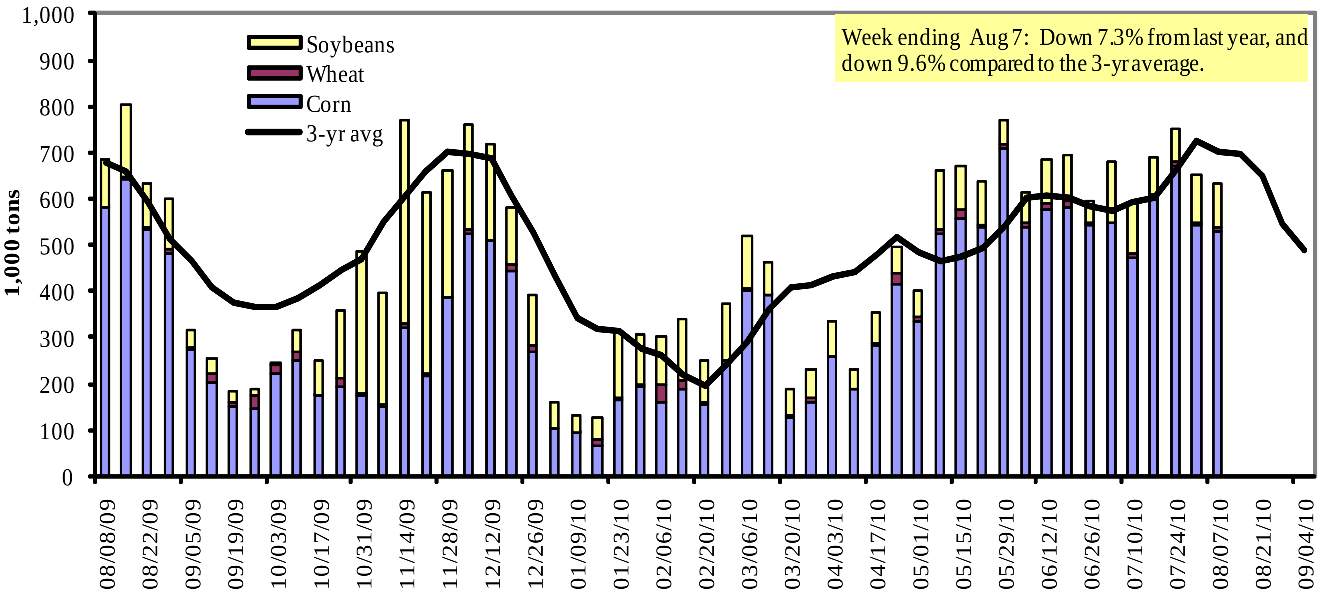


Figure 10

Barge Movements on the Mississippi River[1] (Locks 27 - Granite City, IL)



[1] The 3-year average is a 4-week moving average.

Source: U.S. Army Corps of Engineers (www.mvr.usace.army.mil/mvrimi/omni/webrpts/default.asp)

Table 10

Barge Grain Movements (1,000 tons)

Week ending 8/7/2010	Corn	Wheat	Soybeans	Other	Total
Mississippi River					
Rock Island, IL (L15)	220	2	53	3	278
Winfield, MO (L25)	423	6	85	0	514
Alton, IL (L26)	538	9	93	0	640
Granite City, IL (L27)	531	8	95	0	634
Illinois River (L8)	161	3	17	0	181
Ohio River (L52)	28	11	17	3	60
Arkansas River (L1)	1	15	11	4	32
Weekly total - 2010	561	34	123	8	726
Weekly total - 2009	613	64	117	8	802
2010 YTD[1]	15,107	777	4,998	281	21,162
2009 YTD	15,611	946	5,540	271	22,367
2010 as % of 2009 YTD	97	82	90	104	95
Last 4 weeks as % of 2009[2]	94	98	87	99	93
Total 2009	23,424	1,501	10,465	430	35,819

[1] Weekly total, YTD (year-to-date) and calendar year total includes Miss/27, Ohio/52, and Ark/1; "Other" refers to oats, barley, sorghum, and rye.

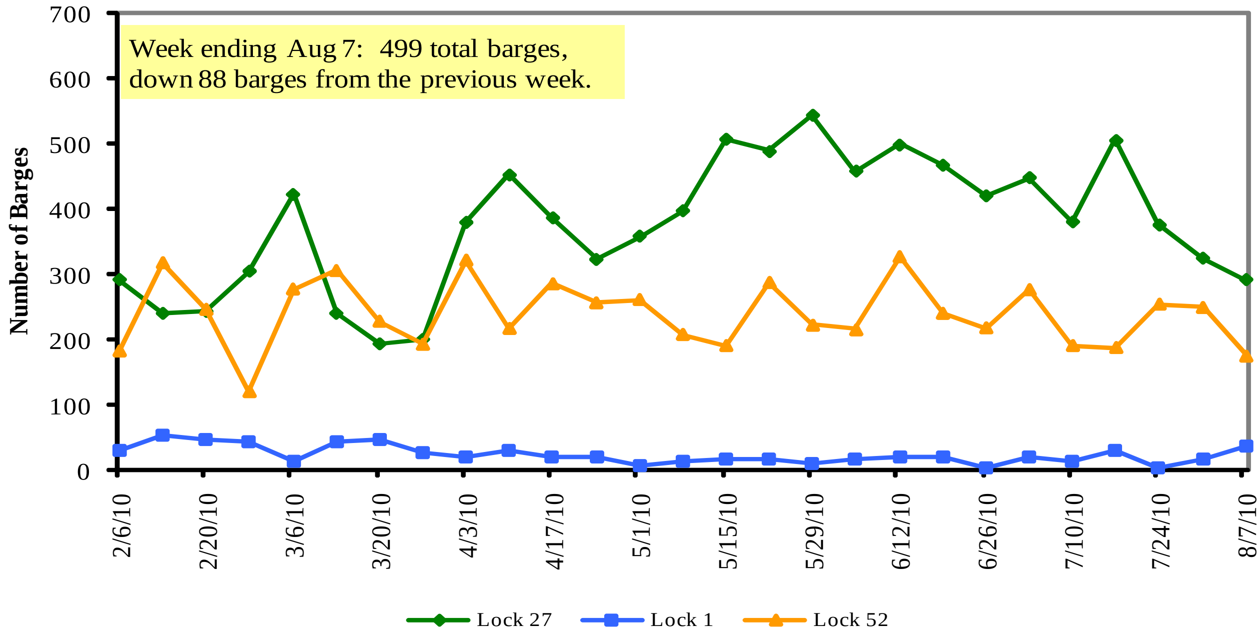
[2] As a percent of same period in 2009.

Note: Total may not add exactly, due to rounding

Source: U.S. Army Corps of Engineers (www.mvr.usace.army.mil/mvrimi/omni/webrpts/default.asp)

Figure 11

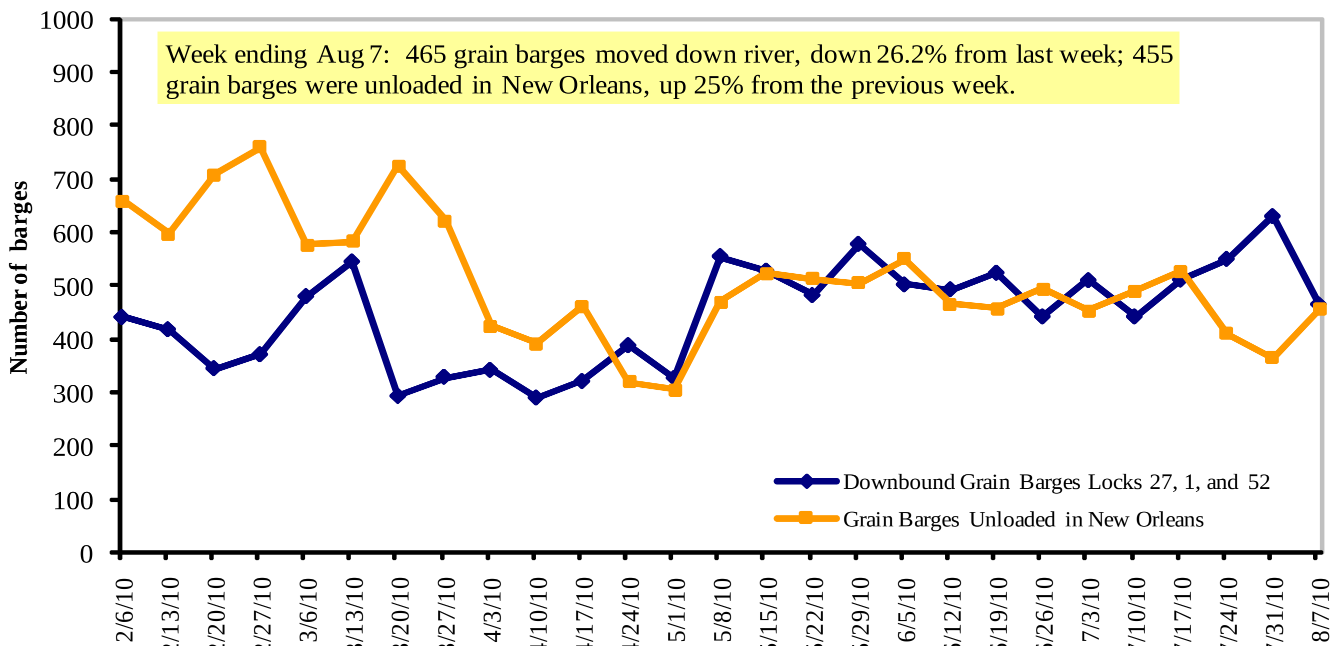
Upbound Empty Barges Transiting Mississippi River Locks 27, Arkansas River Lock and Dam 1, and Ohio River Locks and Dam 52



Source: U.S. Army Corps of Engineers

Figure 12

Grain Barges for Export in New Orleans Region



Source: U.S. Army Corps of Engineers and GIPSA

Truck Transportation

The **weekly diesel price** provides a proxy for trends in U.S. truck rates as diesel fuel is a significant expense for truck grain movements.

Table 11

Retail on-Highway Diesel Prices[1], Week Ending 8/09/2010 (US $/gallon)

Region	Location	Price	Change from Week ago	Change from Year ago
I	East Coast	3.000	0.066	0.335
	New England	3.027	0.018	0.326
	Central Atlantic	3.086	0.066	0.331
	Lower Atlantic	2.962	0.072	0.338
II	Midwest[2]	2.966	0.066	0.365
III	Gulf Coast[3]	2.947	0.060	0.366
IV	Rocky Mountain	2.991	0.054	0.418
V	West Coast	3.124	0.053	0.424
	California	3.183	0.051	0.341
Total	U.S.	2.991	0.063	0.366

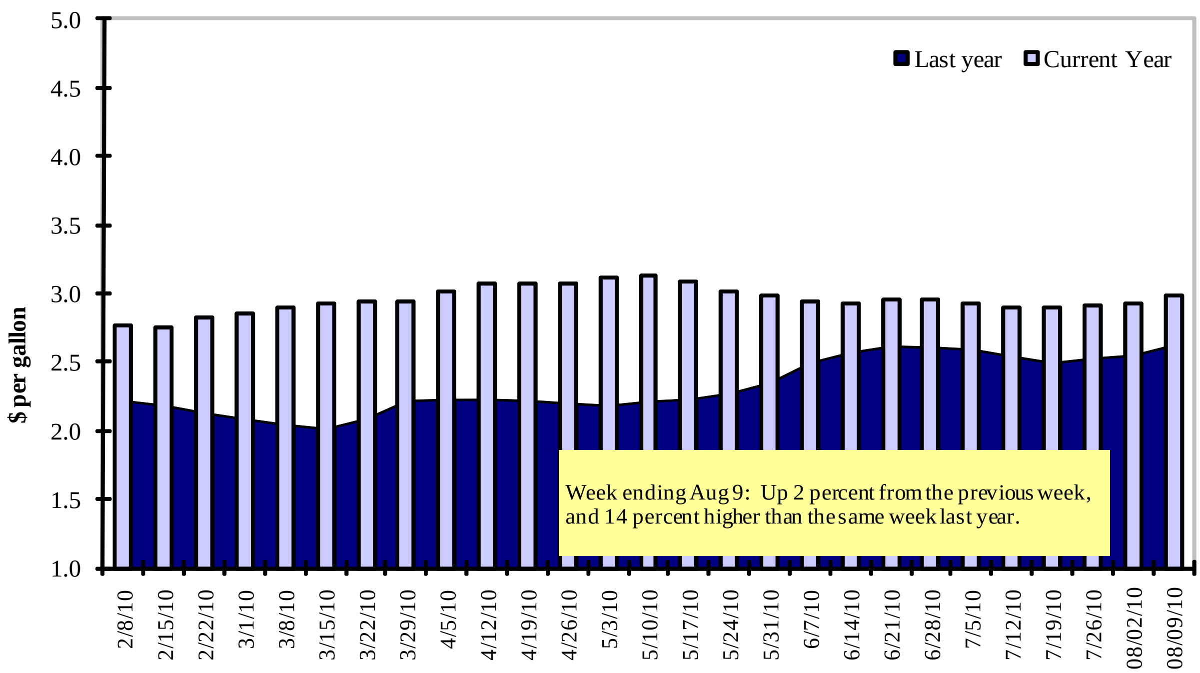
[1]Diesel fuel prices include all taxes. Prices represent an average of all types of diesel fuel.

[2]Same as North Central [3]Same as South Central

Source: Energy Information Administration/U.S. Department of Energy (www.eia.doe.gov)

Figure 13

Weekly Diesel Fuel Prices, U.S. Average



Source: Retail On-Highway Diesel Prices, Energy Information Administration, Dept. of Energy

Grain Exports

Table 12

U.S. Export Balances and Cumulative Exports (1,000 metric tons)

	Wheat						Corn	Soybeans	Total
Week ending	HRW	SRW	HRS	SWW	DUR	All wheat			
Export Balances[1]									
7/29/2010	2,116	601	1,229	1,144	309	5,400	8,033	2,656	16,089
This week year ago	1,364	569	944	898	241	4,016	7,070	3,164	14,250
Cumulative exports-marketing year[2]									
2009/10 YTD	1,836	357	938	629	94	3,852	43,372	38,016	85,240
2008/09 YTD	1,136	498	546	583	64	2,826	40,249	32,360	75,435
YTD 2009/10 as % of 2008/09	162	72	172	108	147	136	108	117	113
Last 4 wks as % of same period 2008/09	149	89	115	125	143	126	118	95	116
2008/09 Total	11,244	5,100	5,408	3,420	454	25,626	44,650	33,705	103,981
2007/08 Total	13,709	5,568	7,842	4,191	1,075	32,385	59,666	30,411	122,462

[1] Current unshipped export sales to date

[2] Shipped export sales to date; the new marketing year begins for wheat

Note: YTD = year-to-date. Marketing Year: wheat = 6/01-5/31, corn & soybeans = 9/01-8/31

Source: Foreign Agricultural Service/USDA (www.fas.usda.gov)

Table 13

Top 5 Importers[1] of U.S. Corn

Week ending 07/29/10	**Total Commitments**[2]			**% change**	**Exports**[3]
	2010/11	**2009/10**	**2008/09**	**current MY**	
	Next MY	**Current MY**	**Last MY**	**from last MY**	**2008/09**
		- 1,000 mt -			- 1,000 mt -
Japan	749	15,550	16,418	(5)	15,910
Mexico	1,107	8,163	7,433	10	7,454
Korea	401	7,784	5,059	54	5,129
Taiwan	2	3,108	3,494	(11)	3,198
Egypt	60	3,092	2,125	46	2,233
Top 5 importers	**2,319**	**37,696**	**34,529**	**9**	**33,924**
Total US corn export sales[4]	**4,464**	**51,404**	**47,319**	**9**	**47,180**
% of Projected	9%	104%	100%		
Change from Last Week	822	472	423		
Top 5 importers' share of U.S. corn export sales	52%	73%	73%		
USDA forecast, July 2010	**49,530**	**49,530**	**47,180**	**5**	
Corn Use for Ethanol USDA forecast, Ethanol July 2010	**119,380**	**114,300**	**93,396**	**22**	

(n) indicates negative number.

[1]Based on FAS Marketing Year Ranking Reports - www.fas.usda.gov; Marketing year (MY) = Sep 1 - Aug 31.

[2]Cumulative Exports (shipped) + Outstanding Sales (unshipped), FAS Weekly Export Sales Report.

[3]FAS Marketing Year Final Reports - www.fas.usda.gov/export-sales/myfi_rpt.htm.

[4] Not included - FAS Press Release: 223,**000 mt** on 08/02 to Unknown for 2010/11.

Table 14

Top 5 Importers[1] of U.S. Soybeans

Week ending 07/29/10	Total Commitments[2] 2010/11 Next MY	2009/10 Current MY	2008/09 Last MY	% change current MY from last MY	Exports[3] 2008/09
		- 1,000 mt -			- 1,000 mt -
China[4]	5,909	22,799	19,519	17	18,681
Mexico	248	3,249	3,166	3	3,098
Japan	191	2,481	2,628	(6)	2,410
EU-25	0	2,703	2,186	24	2,180
Taiwan	61	1,571	1,600	(2)	1,592
Top 5 importers	**6,408**	**32,803**	**29,098**	**13**	**27,961**
Total US soybean export sales[5]	**9,487**	**40,672**	**35,524**	**14**	**34,930**
% of Projected	25%	102%	102%		
Change from last week	1,168	6	495		
Top 5 importers' share of U.S. soybean export sales	68%	81%	82%		
USDA forecast, July 2010	**37,290**	**39,740**	**34,930**	**14**	
Soybean Use for Biodiesel USDA forecast, July 2010	**6,954**	**5,275**	**4,573**	**15**	

(n) indicates negative number.

[1]Based on FAS 2006/07 Marketing Year Ranking Reports - www.fas.usda.gov; Marketing year (MY) = Sep 1 - Aug 31.

[2] Cumulative Exports (shipped) + Outstanding Sales (unshipped), FAS Weekly Export Sales Report.

[3] FAS Marketing Year Final Reports - www.fas.usda.gov/export-sales/myfi_rpt.htm.

[4] Not included - FAS Press Release: **1.074 mmt** (.339 mmt on 8/2-3; .336 on 8/6; .284 on 8/10; .115 on 8/11) to China for 2010/11.

[5] Not included - FAS Press Release: **130,000 mt** on 8/2 to Unknown for 2010/11.

Table 15

Top 10 Importers[1] of All U.S. Wheat

Week Ending 07/29/2010	Total Commitments[2] 2010/11 Current MY	2009/10 Last MY	% change current MY from last MY	Exports[3] 2009/10
	- 1,000 mt -			- 1,000 mt -
Nigeria	1,196	1,018	17	3,233
Japan	1,096	749	46	3,148
Mexico	999	674	48	1,975
Philippines	1,042	607	72	1,518
Korea, South	571	464	23	1,111
Taiwan	184	255	(28)	844
Venezuela	172	171	0	658
Colombia	318	243	31	575
Peru	436	193	126	567
Indonesia	20	58	(66)	529
Top 10 importers	**6,033**	**4,432**	**36**	**14,156**
Total US wheat export sales[4]	**9,251**	**6,842**	**35**	**23,540**
% of Projected	34%	29%		
Change from last week	855	553		
Top 10 importers' share of U.S. wheat export sales	65%	65%		
USDA forecast, July 2010	**27,220**	**23,540**	**16**	

(n) indicates negative number.

[1]Based on FAS **2008/09** Marketing Year Ranking Reports - www.fas.usda.gov; Marketing year = Jun 1 - May 31.

[2] Cumulative Exports (shipped) + Outstanding Sales (unshipped), FAS Weekly Export Sales Report.

[3] FAS Marketing Year Final Reports - www.fas.usda.gov/export-sales/myfi_rpt.htm.

[4]Not Included, FAS Press Release: **110,000 mt** to Unknown on 8/2 for 2010/11.

Table 16

Grain Inspections for Export by U.S. Port Region (1,000 metric tons)

Port regions	Week ending 08/05/10	2010 YTD[1]	2009 YTD[1]	2010 YTD as % of 2009 YTD	Last 4-weeks as % of 2009	Last 4-weeks as % of 3-yr. avg.	Total[1] 2009
Pacific Northwest							
Wheat	189	6,351	5,644	113	135	118	10,091
Corn	360	6,459	5,255	123	123	127	8,498
Soybeans	0	4,725	4,323	109	129	109	9,743
Total	**549**	**17,536**	**15,222**	**115**	**128**	**121**	**28,332**
Mississippi Gulf							
Wheat	24	2,305	2,459	94	96	53	4,019
Corn	513	17,815	18,371	97	79	93	28,843
Soybeans	165	9,451	10,919	87	67	93	21,831
Total	**702**	**29,571**	**31,750**	**93**	**78**	**85**	**54,693**
Texas Gulf							
Wheat	115	4,697	3,206	147	186	95	5,735
Corn	85	1,098	1,002	110	86	122	1,968
Soybeans	0	667	472	141	n/a	0	2,402
Total	**200**	**6,461**	**4,679**	**138**	**158**	**98**	**10,105**
Great Lakes							
Wheat	48	376	214	176	169	120	990
Corn	0	53	157	34	42	43	353
Soybeans	0	0	69	0	n/a	0	781
Total	**48**	**429**	**439**	**98**	**118**	**95**	**2,124**
Atlantic							
Wheat	0	194	343	56	2	1	552
Corn	0	240	111	216	208	319	472
Soybeans	2	704	439	160	61	117	1,268
Total	**2**	**1,138**	**893**	**127**	**53**	**41**	**2,292**
U.S. total from ports[2]							
Wheat	376	13,924	11,866	117	135	86	21,387
Corn	958	25,664	24,896	103	90	103	40,134
Soybeans	167	15,547	16,222	96	83	99	36,025
Total	**1,501**	**55,134**	**52,984**	**104**	**99**	**97**	**97,546**

[1] Includes weekly revisions, some regional totals may not add exactly due to rounding.

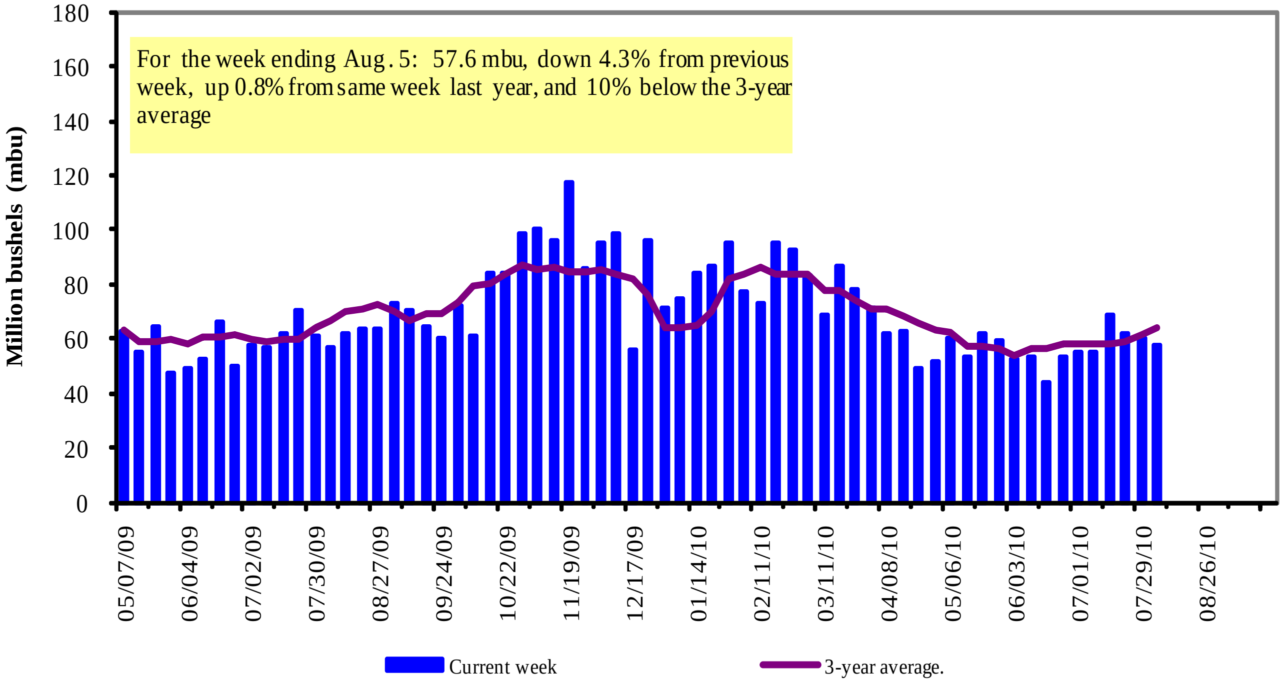
[2] Total includes only port regions shown above

Source: Grain Inspection, Packers and Stockyards Administration/USDA (www.gipsa.usda.gov); YTD= year-to-date; n/a = not applicable

The United States exports approximately one-quarter of the grain it produces. On average, this includes nearly 45 percent of U.S.-grown wheat, 35 percent of U.S.-grown soybeans, and 20 percent of the U.S.-grown corn. Approximately 62 percent of the U.S. export grain shipments departed through the U.S. Gulf region in 2009.

Figure 14

U.S. grain inspected for export (wheat, corn, and soybeans)

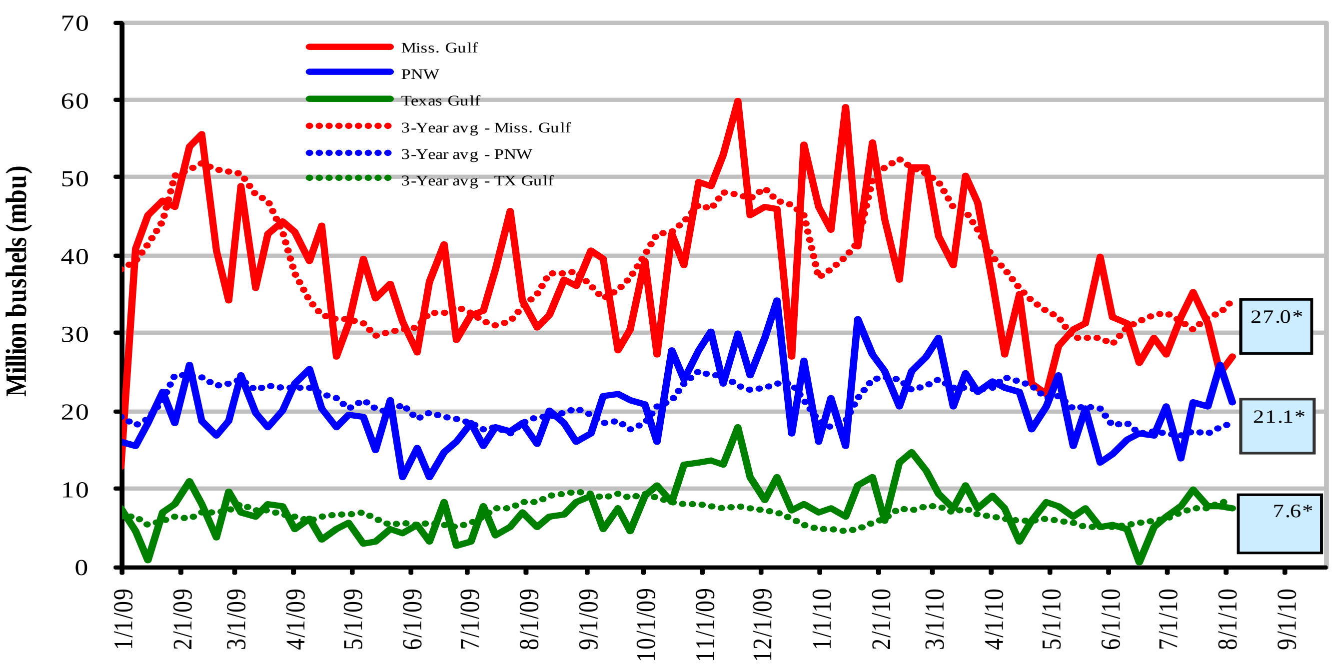


Source: Grain Inspection, Packers and Stockyards Administration/USDA (www.gipsa.usda.gov)

Note: 3-year average consists of 4-week running average

Figure 15

U.S. Grain Inspections: U.S. Gulf and PNW[1] (wheat, corn, and soybeans)



Source: Grain Inspection, Packers and Stockyards Administration/USDA (www.gipsa.usda.gov); *mbu, this week.

Aug 5, % change from:	MS Gulf	TX Gulf	U.S. Gulf	PNW
Last week	up 9.3	down 3	up 6.4	down 19
Last year (same week)	down 12	up 45	down 4	up 34
3-yr avg. (4-wk mov. avg.)	down 21	down 9	down 19	up 16

Ocean Transportation

Table 17

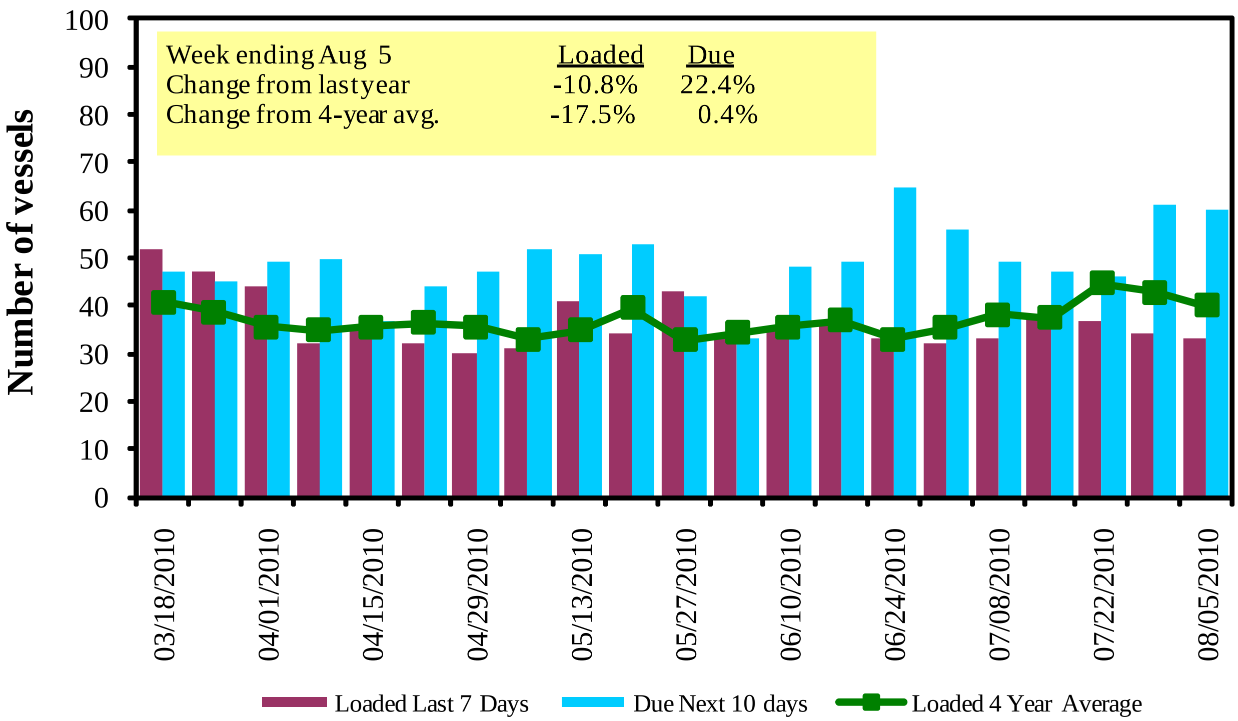
Weekly Port Region Grain Ocean Vessel Activity (number of vessels)

Date	Gulf In port	Gulf Loaded 7-days	Gulf Due next 10-days	Pacific Northwest In port	Vancouver B.C. In port
8/5/2010	44	33	60	13	9
7/29/2010	35	34	61	11	16
2009 range	(18..72)	(21..57)	(37..86)	(2..19)	(3..19)
2009 avg.	37	39	55	10	9

Source: Transportation & Marketing Programs/AMS/USDA

Figure 16

U.S. Gulf[1] Vessel Loading Activity

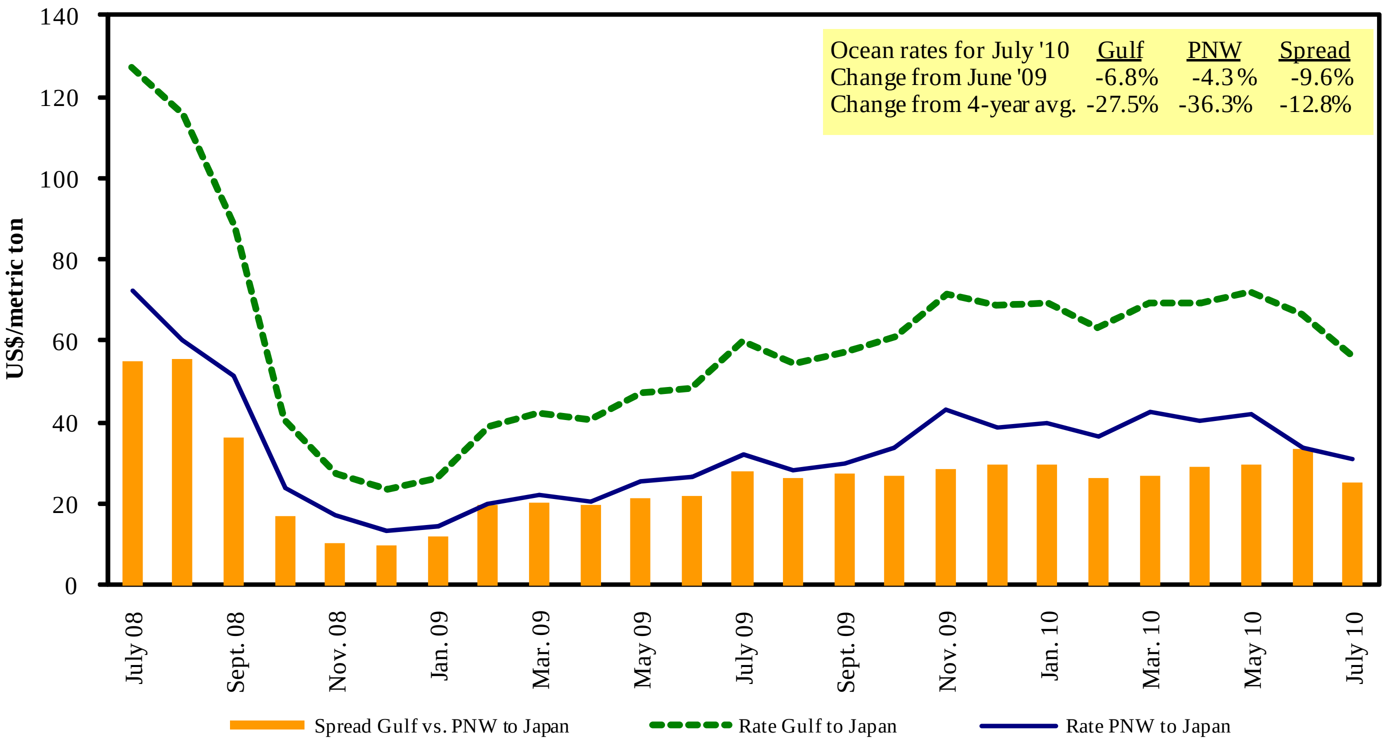


Source: Transportation & Marketing Programs/AMS/USDA

[1]U.S. Gulf includes Mississippi, Texas, and East Gulf.

Figure 17

Grain Vessel Rates, U.S. to Japan



Source: O'Neil Commodity Consulting

Table 18

Ocean Freight Rates For Selected Shipments, Week Ending 8/7/2010

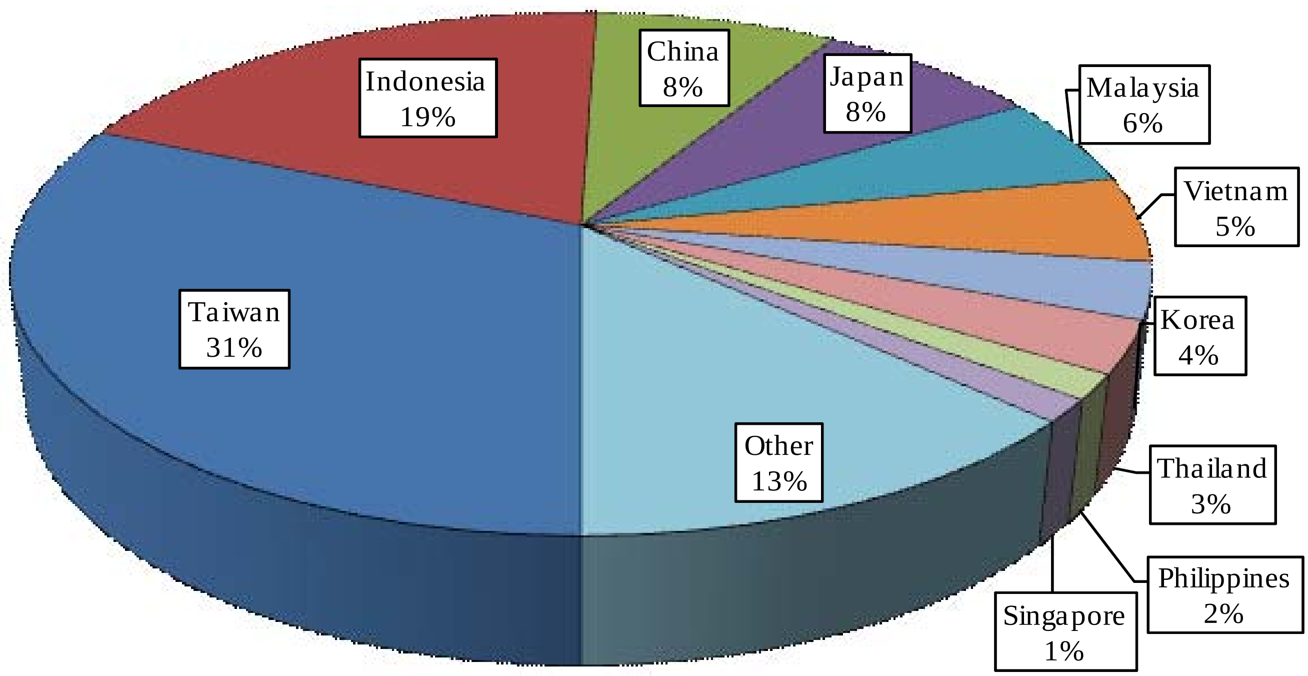
Export region	Import region	Grain types	Loading date	Volume loads (metric tons)	Freight rate (US$/metric ton)
U.S. Gulf	China	Heavy Grain	July 15/30	55,000	59.00
U.S. Gulf	China	Heavy Grain	Aug 5/10	55,000	56.00
U.S. Gulf	South Africa	Wheat	Jun 28/30	25,000	57.50
U.S. Gulf	South Africa	Wheat	July 1/10	25,000	56.00
U.S. Atlantic	Poland	Soybeans	Mar 9/15	24,000	50.00
U.S. PNW	Bangladesh[1]	Wheat	Aug 20/30	24,590	92.00
St. Lawrence	Morocco	Wheat	Apr 27/ May 5	21,000	38.75
St. Lawrence	Morocco	Wheat	Jul 26/31	25,000	26.50
Brazil	Spain	Corn	Aug 10/15	25,000	31.50
Ukraine	Saudi Arabia	Barley	May 20/30	35,000	42.00
France	Algeria	Wheat	May 25/30	25,000	31.00
France	Algeria	Wheat	May 10/20	25,000	26.75
France	Algeria	Wheat	Jun 25/30	25,000	29.00
France	Algeria	Wheat	Jul 5/10	25,000	25.50
River Plate	Algeria	Soybeanmeal	July 1/10	25,000	56.00
River Plate	Algeria	Soybeanmeal	May 28/31	25,000	69.00

Rates shown are for metric ton (2,204.62 lbs. = 1 metric ton), F.O.B., except where otherwise indicates; op = option

In 2009, containers were used to transport 5 percent of total waterborne grain exports, and 6 percent of U.S. grain exports to Asia.

Figure 18

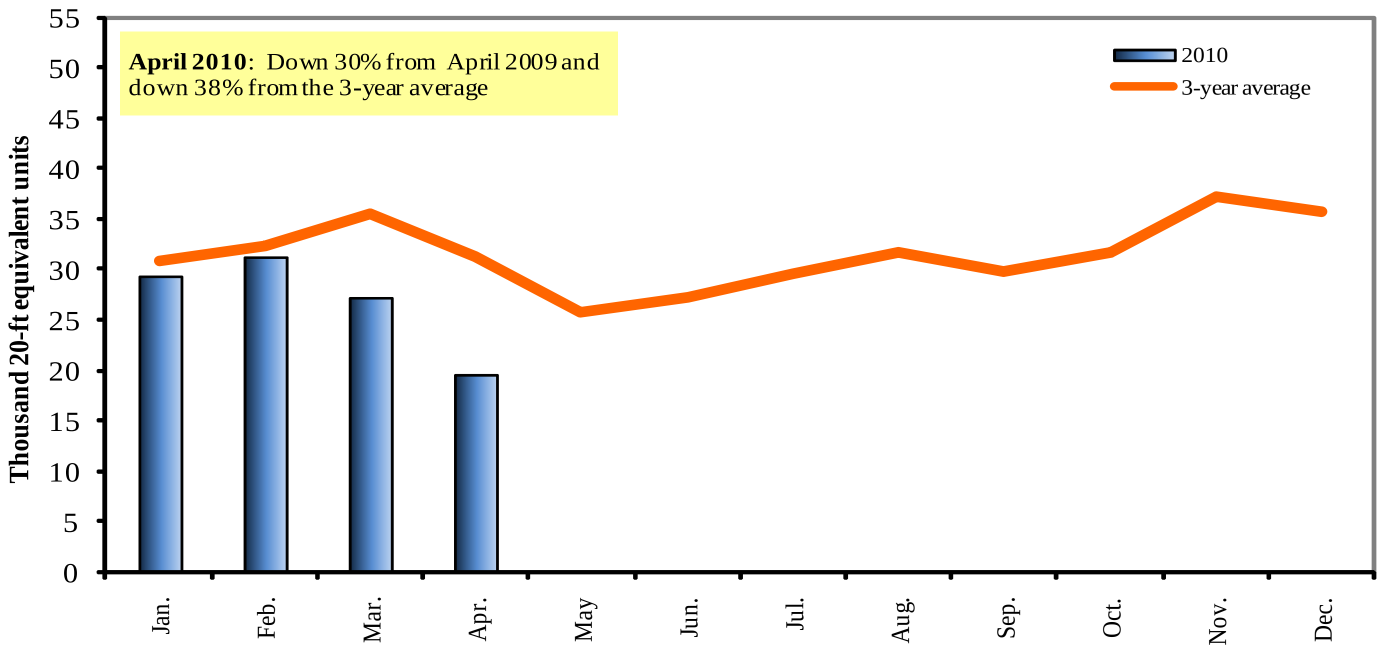
Top 10 Destination Markets for U.S. Containerized Grain Exports, April 2010



Source: Port Import Export Reporting Service (PIERS)

Figure 19

Monthly Shipments of Containerized Grain to Asia



Source: Port Import Export Reporting Service (PIERS), *Journal of Commerce*

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