



Aug. 19, 2010

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WEEKLY HIGHLIGHTS

U.S. Pork Now Part of Cross-Border Mexican Trucking Dispute

On August 16, Mexico announced a renewed and revised list of 99 products subject to retaliatory tariffs, stating that it “has yet to receive a formal proposal for the resolution of this dispute and an unequivocal signal that the U.S. government is working to eliminate the barriers that Mexican long-haul carriers face to access the U.S. market.” New agricultural commodities added to the Mexican retaliatory tariff list include pork hams, shoulders, and cuts thereof with bone, fresh cheese, sweet corn, oranges, grapefruit, and apples. The same day, United States Trade Representative Ron Kirk stated “We are disappointed that the Mexican government has announced its intention to impose duties on additional U.S. products related to the cross-border trucking dispute between our countries. He also said “We are committed to continuing to work with Members of Congress and our counterparts in Mexico to resolve the dispute and end these duties.” U.S. pork exports to Mexico are to receive a new 5 percent tariff. In 2009, Mexico was the top destination for pork, with trade totaling \$762 million.

Steady Recovery Forecast for Global Shipping

According to the second quarter report released by IHS Global Insight’s World Trade Service, international trade is forecast to continue to increase on pace with the global economic recovery. IHS expects world trade for all modes (sea, air, and land) to grow by 8.1 and 6.9 percent in 2010 and 2011, respectively. World containerized trade in 20-foot equivalent units is forecast to increase 9.2 percent in 2010 and is projected to grow by 6.8 percent in 2011. Shipments of dry bulk commodities (grain, iron ore, coal, etc.) are forecast to increase 10.3 percent in 2010 and 8.7 percent in 2011. The full report can be viewed at: www.ihsglobalinsight.com/worldtrade.

PNW Year-to-Date Inspections Still Exceed Typical Pace

For the week ending August 12, **total inspections of grain** (corn, wheat, and soybeans) from all major U.S. export regions reached 1.51 million metric tons (mmt), up slightly from the past week, but down 7 percent from last year and 7 percent lower than the previous 4-week average. Inspections from the Pacific Northwest (PNW) dropped 23 percent partly due to higher wheat and soybean shipments from the Mississippi and Texas Gulf. For the last four weeks, however, **PNW inspections** have remained 18 percent higher than last year and 9 percent above the 3-year average. This is in part due to increased grain demand from Asia and high ocean freight rate spread favorable for shipping grain out of the PNW ports. Unshipped export balances for the week ending August 5 are 18 percent higher than last year, indicating inspections may strengthen over the coming weeks as U.S. exporters report more grain sales.

More Rail Capacity Available for Fall Grain If Container Shipping Has Peaked in July

The Port Import Export Reporting Service reports that this year’s double-digit growth in U.S. container traffic is slowing and that the usual August-October peak season may have come in July. The most significant change may be the leveling of the traditional late summer-early fall spike in imports for the holiday season. Grain shippers compete with import containers for fall rail capacity. If the import container traffic has peaked in July grain shippers will have less competition for rail service during the fall harvest season.

Snapshots by Sector

Rail

U.S. railroads originated 20,424 **carloads of grain** during the week ending August 7, down 8 percent from last week, up 10 percent from last year, and down 8 percent from the 3-year average.

During the week ending August 14, there were no August non-shuttle **secondary railcar bids/offers**. Average shuttle rates were \$788 above tariff, down \$34 from last week.

Ocean

During the week ending August 12, 42 **ocean-going grain vessels** were loaded in the Gulf, up 24 percent from last year. Fifty-one vessels are expected to be loaded in the U.S. Gulf within the next 10 days, down 6 percent from last year.

During the week ending August 13, the cost of shipping grain from the Gulf to Japan averaged \$62 per mt, up 3 percent from the previous week. The rate from the Pacific Northwest to Japan was \$34 per mt, up 3 percent from the previous week.

Barge

During the week ending Aug 14, **barge grain movements** totaled 682,766 tons, 6 percent lower than the previous week and 21 percent lower than the same period last year.

Fuel

During the week ending Aug 16, U.S. average **diesel fuel prices** decrease 1 cent per gallon to \$2.98—0.4 percent lower than the previous week, and 12 percent higher than the same week last year.

Feature Article/Calendar

Grain Transportation Update and Fall Outlook

Grain transportation demand during the fall harvest season and throughout 2010/11 marketing year is expected to be strong, but manageable. Record grain crops combined with strong exports could present intermittent logistical challenges, but may be tempered by the expected adequate capacity of the transportation infrastructure. The reduced grain production and export prospects of the major producing countries of the Former Soviet Union (FSU-12) have increased the demand for U.S. grains. The current projected U.S. exports, however, are not expected to surpass the 2007/08 grain exports—a recent comparable year of strong U.S. grain exports.

Capacity on the U.S. rail network is expected to be sufficient to handle the additional grain traffic because intermodal, auto, and construction freight is likely to remain below the strong 2007 levels. The barge industry is also facing slower traffic on the Mississippi River due to lower demand for non-grain raw materials. Ocean-going grain vessels should be in ample supply, barring any port congestion issues around the world. In 2007, transportation costs increased during the surge in grain exports and U.S. grain export inspections at various port regions increased significantly; Recent inspections data indicates that the capacity of export grain elevators has not been fully utilized since 2007.

Record U.S. Grain Crop, Higher Exports in 2010/11

According to the August 12 USDA World Agricultural Supply and Demand Estimates (WASDE), production of U.S. major grains (corn, soybeans, and wheat) in 2010/11 is expected to reach a record 19.06 billion bushels (bbu), 2 percent higher than the estimated 2009/10 grain production. Exports are projected to reach 4.7 bbu, 8 percent higher than the previous year, but 4 percent lower than in 2007/08—a comparable year of strong U.S. grain exports. The increase in exports is mainly due to higher projected wheat and soybean exports

Table 1. Major Grains: Production and Use, August 2010, WASDE, mill. bushels

	Corn	Soybeans	Wheat	Total	Y/Y	2010 vs. 2007
<i>2010/11 (Projected)</i>						
Production	13,365	3,433	2,265	19,063	2%	7%
Exports	2,050	1,435	1,200	4,685	8%	-4%
Domestic use	11,440	1,808	1,186	14,434	0.2%	9%
<i>2009/10 (Estimated)</i>						
Production	13,110	3,359	2,246	18,715	7%	
Exports	1,975	1,470	881	4,326	4%	
Domestic use	11,390	1,883	1,137	14,410	9%	
<i>2008/09</i>						
Production	12,092	2,967	2,499	17,558	-1%	
Exports	1,849	1,279	1,015	4,143	-15%	
Domestic use	10,207	1,768	1,260	13,235	-0.1%	
<i>2007/08</i>						
Production	13,038	2,677	2,051	17,766		
Exports	2,437	1,159	1,263	4,859		
Domestic use	10,300	1,897	1,051	13,248		

2010 Port Capacity is Mixed

In 2007, due to a shortfall in Australian wheat crop, the United States exported 1.26 bbu of wheat in 2007—63 million bushels more than is projected for 2010/11. Exports of corn and soybeans were also strong that year. Analysis of weekly average grain export inspections through the 5 major grain exporting ports indicates that the 2010 year-to-date average grain export inspections vary widely relative to the August-December shipments in 2007 (see table 2). For example, the PNW 2010 grain export capacity is at 97 percent of the peak in the 2007 shipping period, partly due to the strong Chinese demand for U.S. soybeans. The U.S. Gulf, Great Lakes and the Atlantic ports indicate that export capacity, or the pace of weekly exports could increase if the grain shipping needs were similar to the 2007 pace.

Table 2. Average Weekly Grain Export Inspections, million bushels

Year		Miss. River Gulf	Texas Gulf	PNW	Great Lakes	Atlantic
2010	Year-to-Date	36.4	7.6	21.1	0.5	1.5
2007	August - December	45.5	10.7	21.8	5.4	2.4
2010 as % of 2007		80%	71%	97%	9%	63%

Ocean Freight Rates Are Relatively Low

Ocean freight rates are relatively low compared to this period in 2007 as vessel supply continues to outpace its demand. As of August 13, the average ocean freight rate for shipping bulk grain from the U.S. Gulf to Japan was \$61.00 per metric ton (mt)—down 33 percent compared to August 2007. The rate for shipping from the Pacific Northwest to Japan was \$33.50 per mt—down 45 percent from the same period in 2007. In addition to ease in port congestion around the world, global dry bulk fleet continues to grow. World dry bulk fleet is expected to grow by 16 percent or 1,100 ships this year—an average of 21 new ships per week (see [GTR, dated 7/22/10](#)). However, vessel demand is expected to grow by a modest 634 ships. Ocean grain vessels should be ample and ocean freight rates should continue to be moderate if the pace of the new vessel deliveries continue and port congestion around the world continue to ease.

Secondary Railcar Market Reflects Expectations of Increased Grain Exports and a Fall Rail Traffic Surge

Shuttle rates for guaranteed delivery of empty railcars during August, September, and October have increased sharply during the last two weeks and now are comparable to rates last seen during the fall months of 2007 (see figure to the right and Table 3 below). Average shuttle rates are above those in 2007, however, secondary railcar rates for September, and October 2010 are incomplete as USDA is still receiving weekly rates. Export demand is present, but it is uncertain whether rail capacity will be strained significantly enough to put further upward pressure on shuttle rates.

Russia’s announcement on August 5 that it was cancelling export shipments of grain due to drought and wildfires appears to be one of the factors behind the sudden increase in these rates. In addition, intermodal, automobile, and grain traffic historically peak during the fall months.

Cumulative rail traffic through the first 31 weeks of the year has been strong, but still below that of 2008; carload traffic is up 10.1 percent and intermodal traffic is up 14.3 percent compared to the same period in 2009.

Grain car loadings for the first 31 weeks are up 14 percent over 2009, but are down 12 percent from 2008.

Flood conditions and Lock and Dam Maintenance had Minimal Impact on Grain Transportation

The Midwest was pummeled with heavy rainfall this summer which caused the Mississippi River to flood in several areas. Additionally, 3 locks and dams were closed due to scheduled maintenance throughout the summer. The Midwest flooding conditions and Mississippi River lock and dam closures had minimal impact on grain transportation. During this period, rates remained below or at the 3-year average and volumes remained relatively strong despite these obstacles. The effects were minimized because transportation infrastructure was not significantly impacted, demand for U.S. grain products was lower than last year, and the summer months are typically a low point in the grain shipping season.

Table 3. Secondary Railcar Market

Year		August	September	October
Non-shuttle market (\$/railcar premium/(discount))				
2010	Maximum	475	654	700
	Minimum	-	(5)	113
	Average	98	210	291
2007	Maximum	675	867	992
	Minimum	(150)	(75)	100
	Average	32	159	341
Shuttle market (\$/railcar premium/(discount))				
2010	Maximum	1,142	975	1,500
	Minimum	(300)	(200)	300
	Average	201	117	525
2007	Maximum	1,275	1,325	1,367
	Minimum	(300)	(250)	50
	Average	(54)	109	443

Source: USDA/AMS/Transportation Services Division

Diesel Fuel Prices Forecast to be Relatively Stable through the End of the Year

U.S. on-highway diesel fuel prices from January through mid-August of this year have averaged \$2.94 per gallon. According to the Energy Information Administration’s (EIA) latest Short-Term Energy Outlook, diesel fuel retail prices, which averaged \$2.46 per gallon in 2009, are forecast to average \$2.97 per gallon in 2010, down 8 cents per gallon from the spring forecast. Throughout most of the summer, crude oil spot prices have ranged from \$72 to \$79 per barrel; however, in early August prices increased over \$80 per barrel to a high of \$82.50 mostly due to uncertainties around the economic recovery. EIA projects that crude oil spot price, which ended July at more than \$78 per barrel, will average \$81 per barrel in the fourth quarter of 2010 and \$84 per barrel in 2011. EIA also reports that a gradual reduction in global oil inventories expected should lend some support to firming oil prices.

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Grain Transportation Indicators

Table 1

Grain Transport Cost Indicators¹

Week ending	Truck	Rail ²	Barge	Ocean	
				Gulf	Pacific
08/18/10	200	676	243	277	241
08/11/10	201	464	241	268	234

¹Indicator: 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)

²The 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)

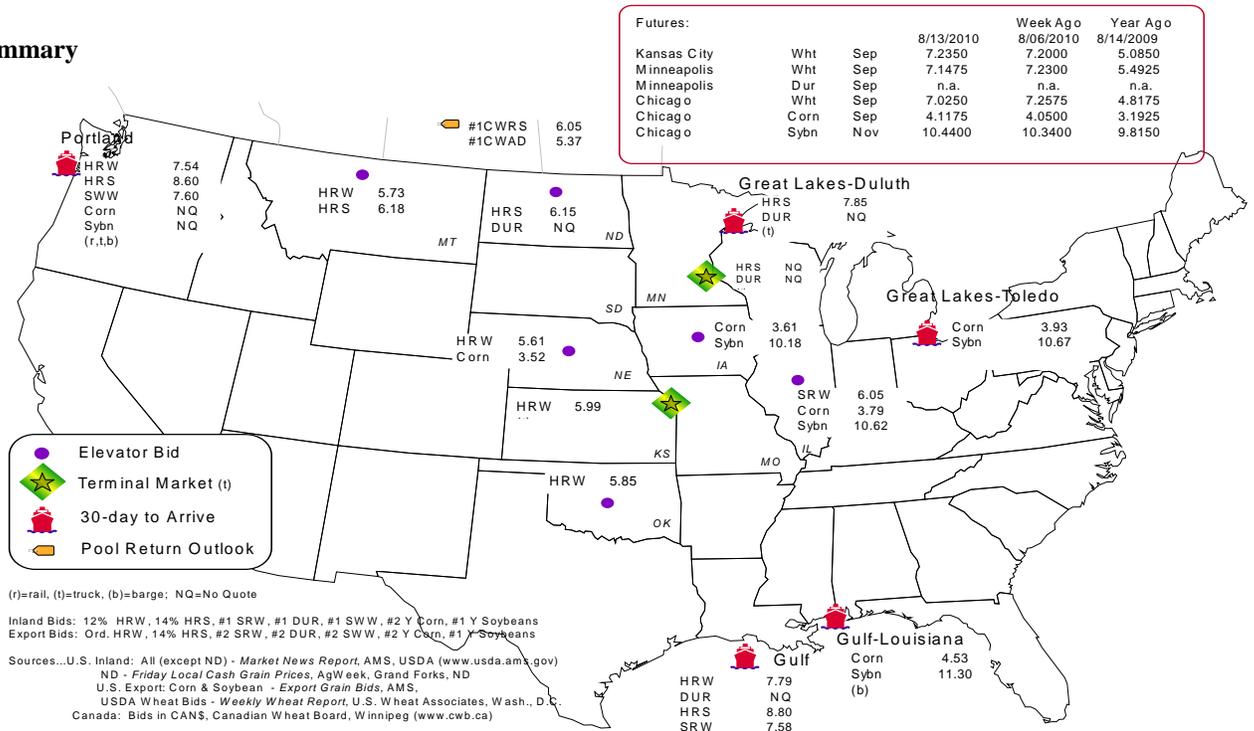
Commodity	Origin--Destination	8/13/2010	8/6/2010
Corn	IL--Gulf	-0.74	-0.62
Corn	NE--Gulf	-1.01	-0.78
Soybean	IA--Gulf	-1.12	-1.15
HRW	KS--Gulf	-1.80	-1.37
HRS	ND--Portland	-2.45	-2.25

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		Cross-Border	Pacific	Atlantic &	Total
	Gulf	Texas Gulf	Mexico	Northwest	East Gulf	
8/11/2010 ^p	262	1,111	1,006	3,587	65	6,031
8/04/2010 ^r	101	989	421	3,245	99	4,855
2010 YTD	9,476	41,817	29,001	106,906	18,101	205,301
2009 YTD	14,776	25,859	24,678	101,433	14,978	181,724
2010 YTD as % of 2009 YTD	64	162	118	105	121	113
Last 4 weeks as % of 2009 ²	76	181	125	108	55	115
Last 4 weeks as % of 4-year avg. ²	25	67	130	99	35	81
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.

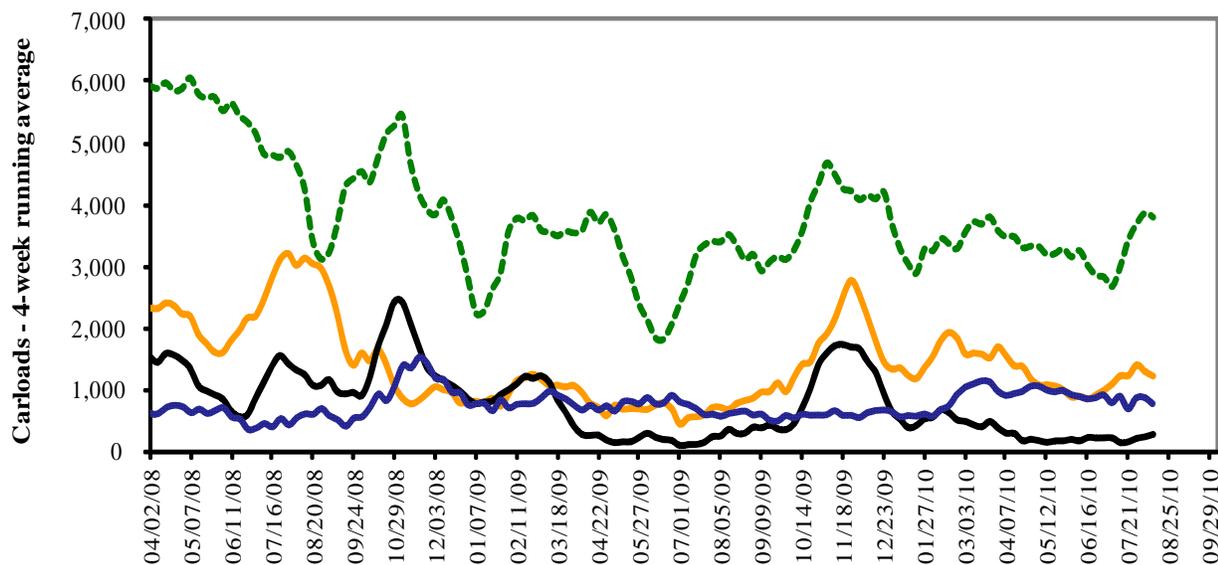
YTD = year-to-date; p = preliminary data; r = revised data; n/a = not available

Source: Transportation & Marketing Programs/AMSUSDA

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



----- Pacific Northwest: 4 Wks. ending 8/11-- up 8% from same period last year; down 1% from 4-year average
----- Texas Gulf: 4 wks. ending 8/11-- up 81% from same period last year; down 33% from 4-year average
----- Miss. River: 4 wks. ending 8/11 -- down 24% from same period last year; down 75% from 4-year average
----- Cross-border Mexico: 4 wks. ending 8/11 -- up 25% from same period last year; up 30% from 4-year average

Source: Transportation & Marketing Programs/AMSUSDA

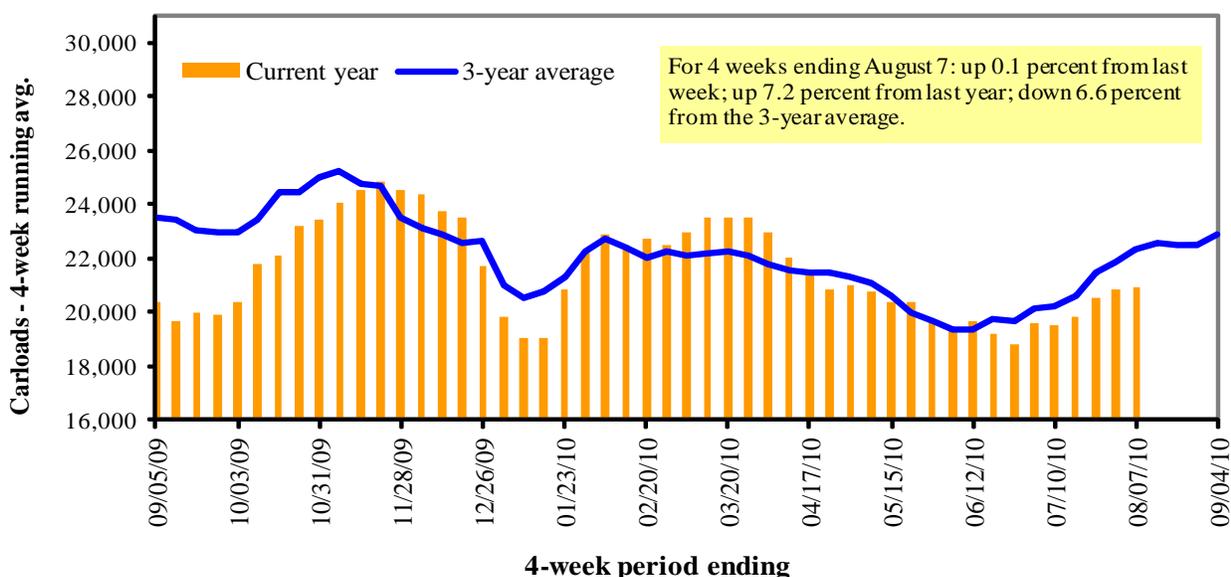
Table 4

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
08/07/10	1,699	2,666	10,190	589	5,280	20,424	3,750	4,701
This week last year	1,427	2,506	8,702	441	5,421	18,497	3,788	5,097
2010 YTD	67,433	93,924	310,828	22,294	163,080	657,559	120,983	160,727
2009 YTD	64,721	80,686	264,450	20,612	147,297	577,766	122,304	168,046
2010 YTD as % of 2009 YTD	104	116	118	108	111	114	99	96
Last 4 weeks as % of 2009 ¹	114	110	110	94	99	107	108	94
Last 4 weeks as % of 3-yr avg. ¹	82	92	101	84	87	93	91	108
Total 2009	105,278	142,254	483,618	36,912	268,811	1,036,873	200,871	278,997

¹As 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 Offerings¹ (\$/car)²

Week ending	Delivery period							
	Aug-10	Aug-09	Sep-10	Sep-09	Oct-10	Oct-09	Nov-10	Nov-09
8/14/2010								
BNSF ³								
COT grain units	no offer	1	no offer	no offer	no offer	5	no offer	0
COT grain single-car ⁵	no offer	0 . . 43	no offer	no offer	no offer	40	517	0 . . 11
UP ⁴								
GCAS/Region 1	no bids	no offer	19	no bids	no offer	no bids	n/a	no offer
GCAS/Region 2	no bids	no offer	132	no bids	no offer	1	n/a	no offer

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

²Average premium/discount to tariff, last auction

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

⁴UP - 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.

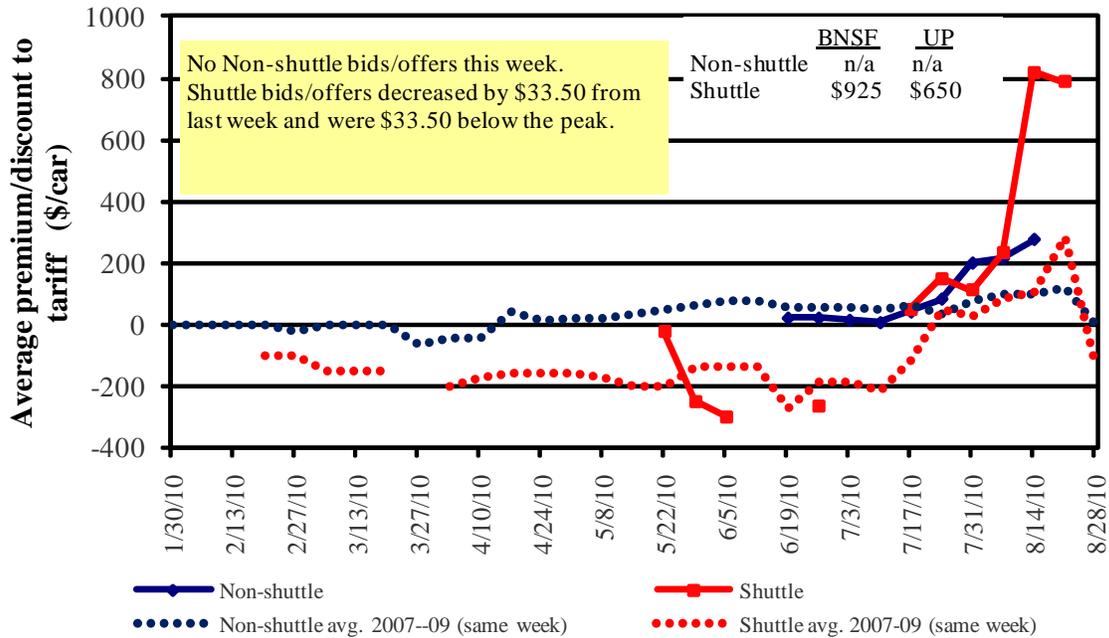
⁵Range is shown because average is not available. Not available = n/a.

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

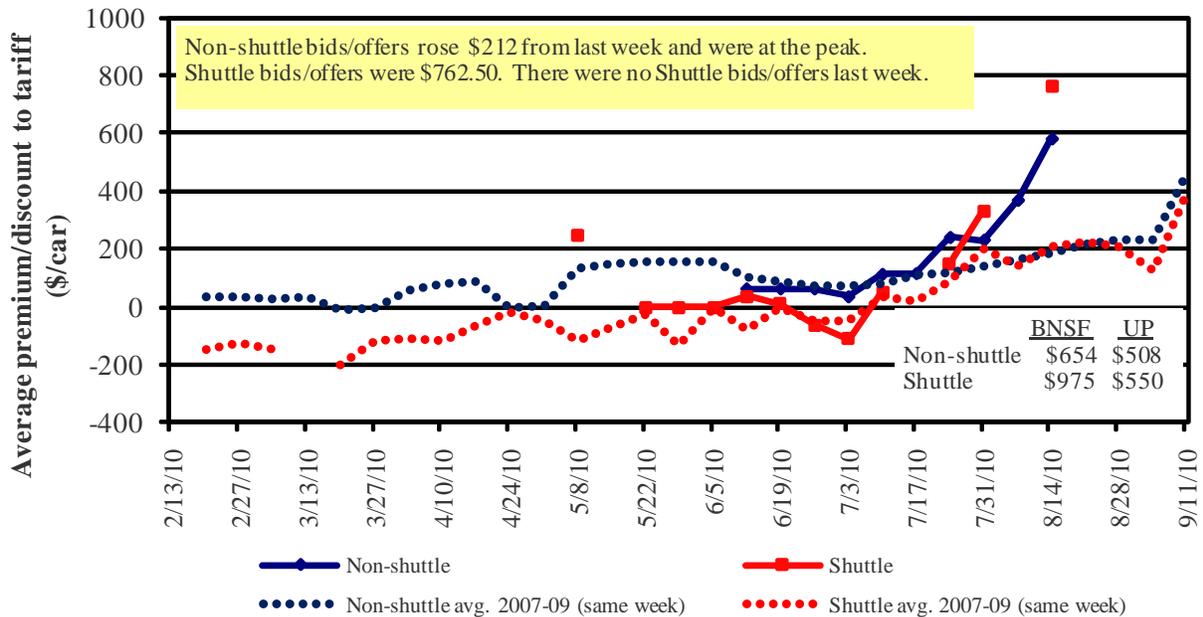
Bids/Offers for Railcars to be Delivered in August 2010, Secondary Market



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

Figure 5

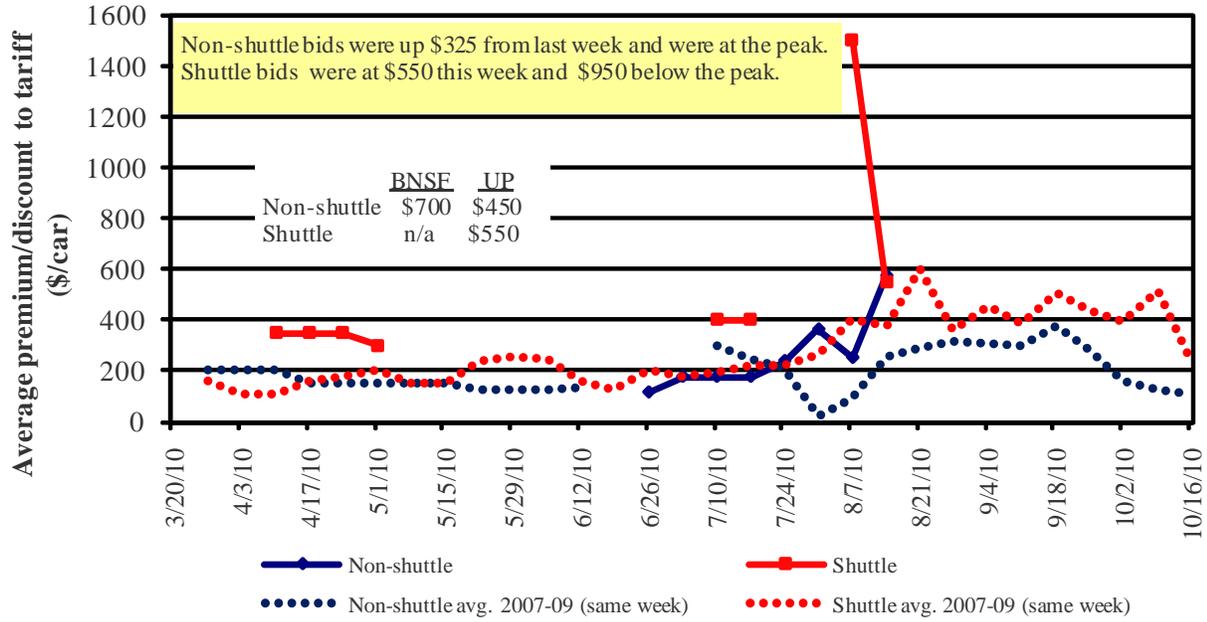
Bids/Offers for Railcars to be Delivered in September 2010, Secondary Market



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					
	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-10
Non-shuttle						
BNSF-GF	n/a	654	700	n/a	n/a	n/a
Change from last week	n/a	166	450	n/a	n/a	n/a
Change from same week 2009	n/a	616	n/a	n/a	n/a	n/a
UP-Pool	n/a	508	450	n/a	n/a	n/a
Change from last week	n/a	258	200	n/a	n/a	n/a
Change from same week 2009	n/a	465	425	n/a	n/a	n/a
Shuttle²						
BNSF-GF	925	975	n/a	733	450	n/a
Change from last week	-217	n/a	n/a	433	50	n/a
Change from same week 2009	1100	1063	n/a	483	n/a	n/a
UP-Pool	650	550	550	n/a	400	n/a
Change from last week	150	n/a	n/a	n/a	n/a	n/a
Change from same week 2009	850	550	100	n/a	n/a	n/a

¹Average premium/discount to tariff, \$/car-last week

²Shuttle 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 Shipments¹

Effective date:		Origin region	Destination region	Tariff rate/car	Fuel surcharge per car	Tariff plus surcharge per:		Percent change Y/Y ³
8/2/2010	metric ton					bushel ²		
<u>Unit train¹</u>								
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	
<u>Shuttle Train</u>								
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	

¹A 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.

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

³Percentage change year over year calculated using tariff rate plus fuel surcharge

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

Commodity	Origin state	Destination region	Tariff rate/car ¹	Fuel	Tariff plus surcharge per:		Percent change Y/Y ⁴
				surcharge per car ²	metric ton ³	bushel ³	
Wheat	MT	Chihuahua, CI	\$6,291	\$778	\$72.22	\$1.96	10
	OK	Cautitlan, 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	Cautitlan, 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

¹Rates 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.

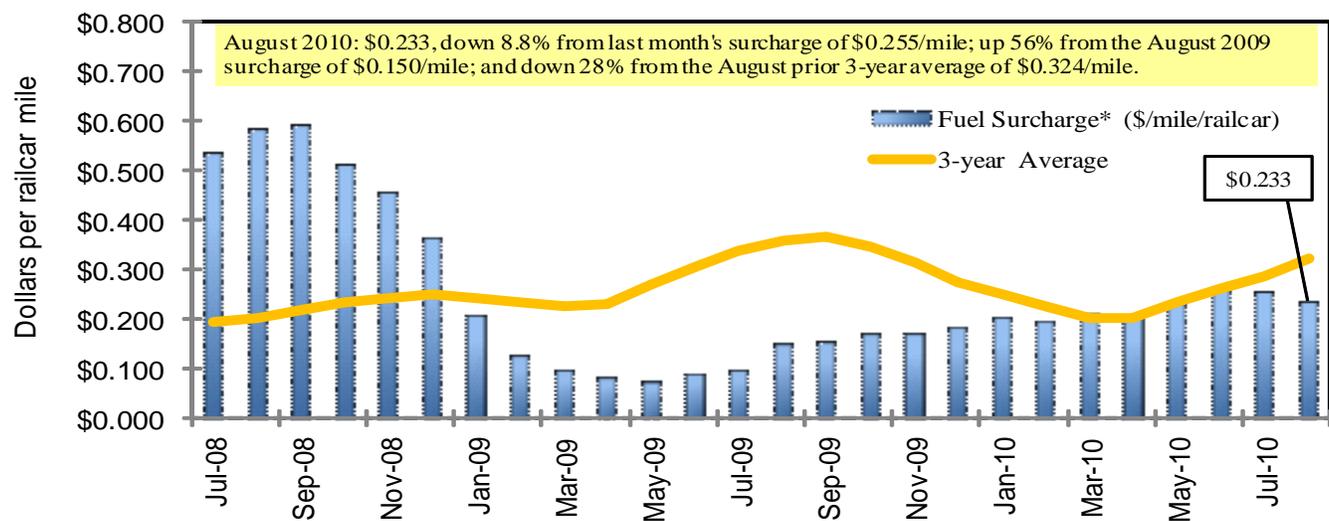
²Fuel surcharge adjusted to reflect the change in Ferrocarril Mexicano, S.A. de C.V railroad fuel surcharge policy as of 10/01/2009

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

⁴Percentage change year over year calculated using tariff rate plus fuel surcharge

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

Figure 7

Railroad Fuel Surcharges, North American Weighted Average¹

¹ Weighted by each Class I railroad's proportion of grain traffic for the prior year.

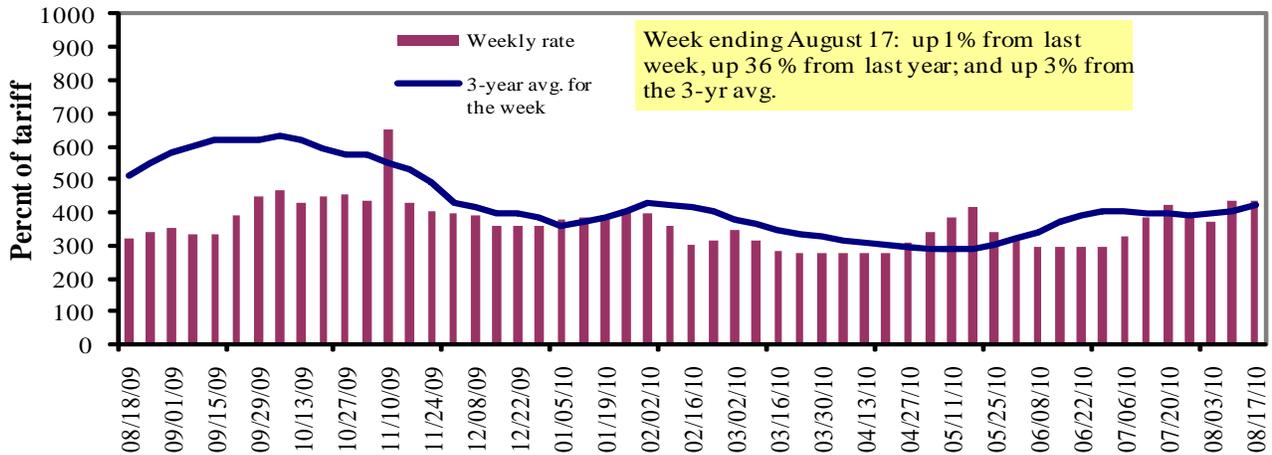
* Mileage-based fuel surcharges for March and April 2007 are estimated. Beginning January 2009, the Canadian Pacific fuel surcharge is computed by a monthly average of the bi-weekly fuel surcharge.

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}



¹Rate = percent of 1976 tariff benchmark index (1976 = 100 percent); ²4-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
Rate¹	8/17/2010	456	435	437	392	461	461	392
	8/10/2010	461	438	433	377	447	447	375
\$/ton	8/17/2010	28.23	23.14	20.28	15.64	21.62	18.62	12.31
	8/10/2010	28.54	23.30	20.09	15.04	20.96	18.06	11.78
Current week % change from the same week:								
	Last year	32	34	36	45	47	47	49
	3-year avg. ²	1	1	3	2	22	22	5
Rate¹	September	600	609	615	569	623	623	566
	November	535	469	463	368	466	466	398

¹Rate = percent of 1976 tariff benchmark index (1976 = 100 percent); ²4-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

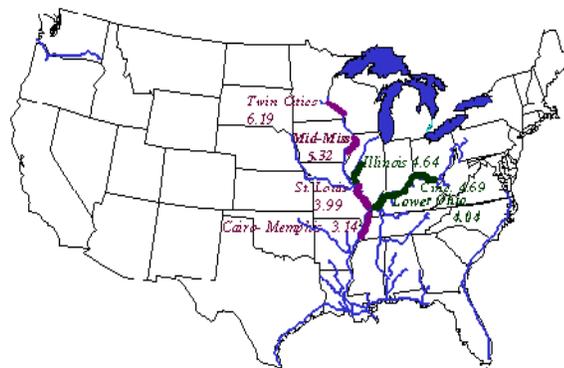
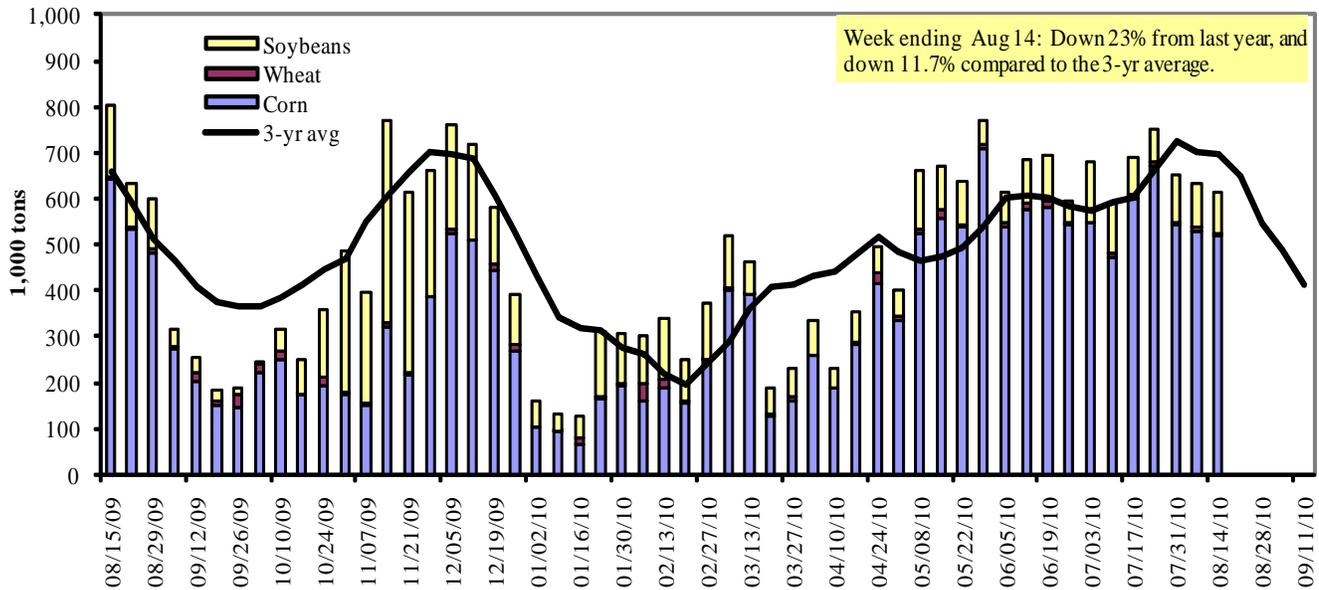


Figure 10

Barge Movements on the Mississippi River¹ (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/mvrirmi/omni/webbrpts/default.asp)

Table 10

Barge Grain Movements (1,000 tons)

Week ending 8/14/2010	Corn	Wheat	Soybeans	Other	Total
Mississippi River					
Rock Island, IL (L15)	191	0	34	2	227
Winfield, MO (L25)	302	0	63	8	373
Alton, IL (L26)	504	5	77	9	595
Granite City, IL (L27)	520	5	92	9	626
Illinois River (L8)	113	2	9	2	126
Ohio River (L52)	12	14	5	0	32
Arkansas River (L1)	0	18	4	3	25
Weekly total - 2010	533	37	101	12	683
Weekly total - 2009	661	30	174	0	864
2010 YTD ¹	15,640	814	5,099	293	21,845
2009 YTD	16,271	975	5,713	271	23,231
2010 as % of 2009 YTD	96	83	89	108	94
Last 4 weeks as % of 2009 ²	86	90	79	110	86
Total 2009	23,424	1,501	10,465	430	35,819

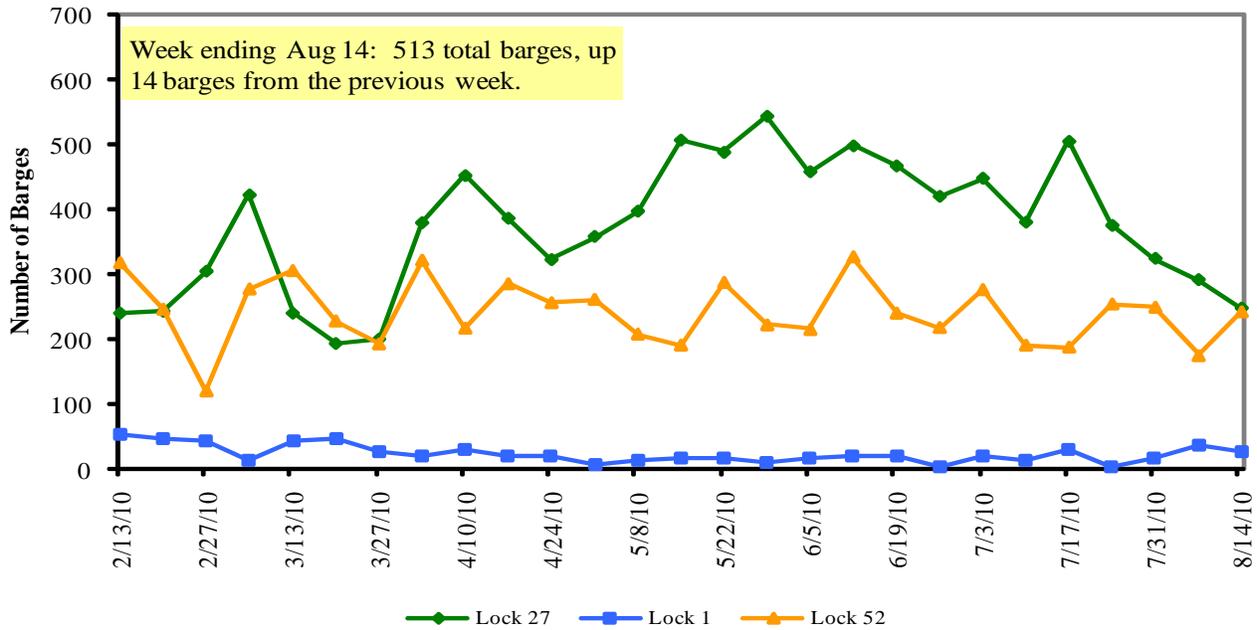
¹ Weekly total, YTD (year-to-date) and calendar year total includes Miss/27, Ohio/52, and Ark/1; "Other" refers to oats, barley, sorghum, and rye.

² As a percent of same period in 2009.

Note: Total may not add exactly, due to rounding

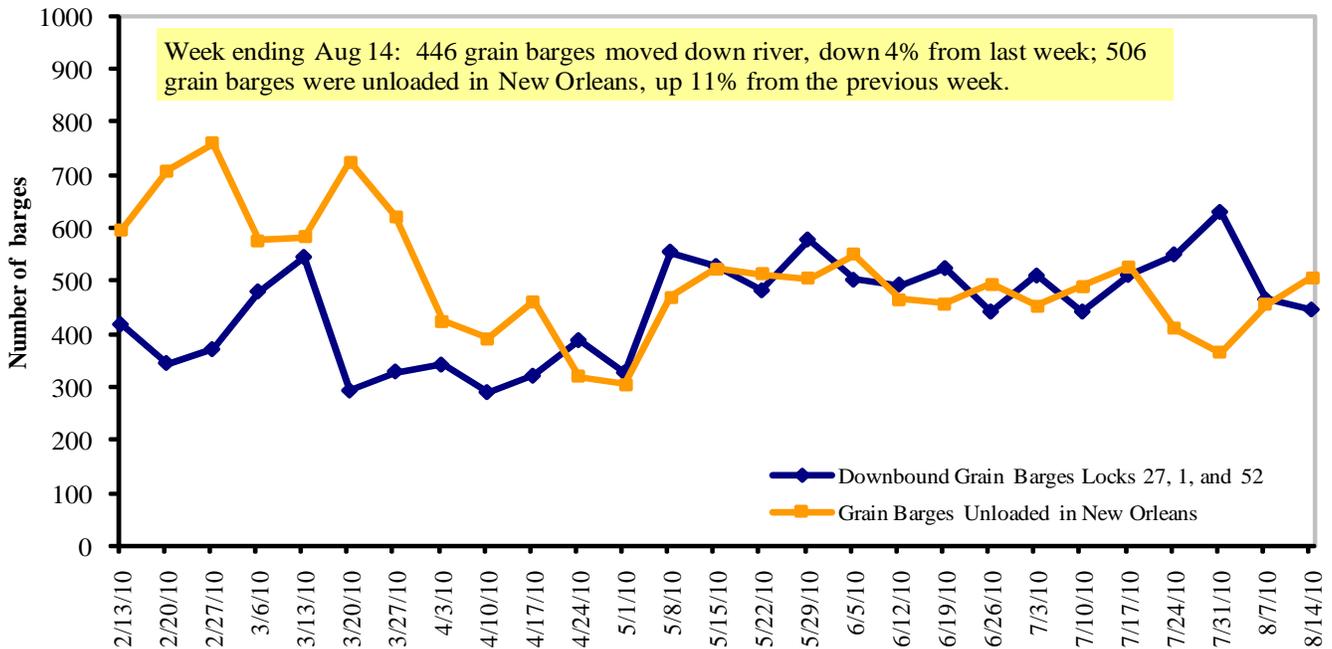
Source: U.S. Army Corps of Engineers (www.mvr.usace.army.mil/mvrirmi/omni/webbrpts/default.asp)

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 Prices¹, Week Ending 8/16/2010 (US \$/gallon)

Region	Location	Price	Change from	
			Week ago	Year ago
I	East Coast	2.977	-0.023	0.290
	New England	3.024	-0.003	0.285
	Central Atlantic	3.055	-0.031	0.284
	Lower Atlantic	2.940	-0.022	0.294
II	Midwest ²	2.953	-0.013	0.330
III	Gulf Coast ³	2.933	-0.014	0.326
IV	Rocky Mountain	3.011	0.020	0.378
V	West Coast	3.129	0.005	0.385
	California	3.186	0.003	0.314
Total	U.S.	2.979	-0.012	0.327

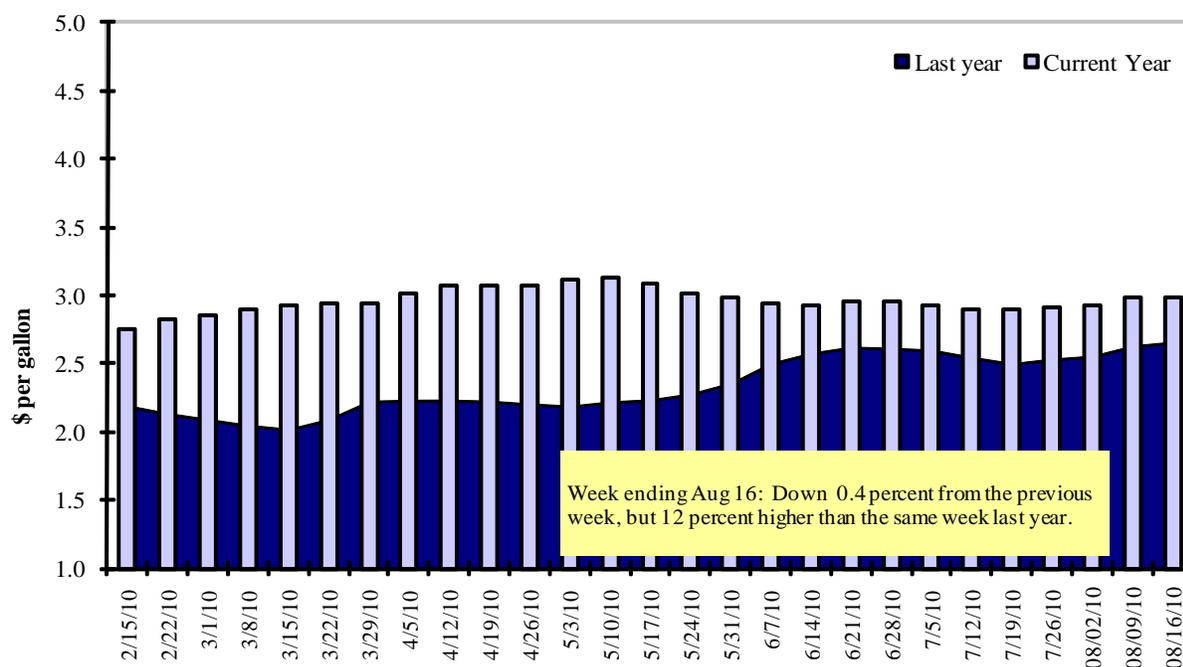
¹Diesel fuel prices include all taxes. Prices represent an average of all types of diesel fuel.

²Same as North Central ³Same 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)

Week ending	Wheat						Corn	Soybeans	Total
	HRW	SRW	HRS	SWW	DUR	All wheat			
Export Balances¹									
8/5/2010	2,753	584	1,391	1,261	307	6,295	7,464	2,707	16,466
This week year ago	1,324	634	945	985	229	4,115	6,654	3,153	13,922
Cumulative exports-marketing year²									
2009/10 YTD	1,998	399	1,046	708	123	4,274	44,379	38,232	86,885
2008/09 YTD	1,282	523	652	653	96	3,206	41,206	32,630	77,042
YTD 2009/10 as % of 2008/09	156	76	160	108	128	133	108	117	113
Last 4 wks as % of same period 2008/09	164	88	128	112	138	130	124	87	118
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 Importers¹ of U.S. Corn

Week ending 08/05/10	Total Commitments ²			% change current MY from last MY	Exports ³ 2008/09	
	2010/11 Next MY	2009/10 Current MY	2008/09 Last MY			
		- 1,000 mt -				- 1,000 mt -
Japan ⁴	941	15,811	16,764	(6)	15,910	
Mexico ⁵	1,151	8,242	7,467	10	7,454	
Korea	453	7,802	5,147	52	5,129	
Taiwan	50	3,179	3,522	(10)	3,198	
Egypt	85	3,036	2,089	45	2,233	
Top 5 importers	2,679	38,070	34,989	9	33,924	
Total US corn export sales⁶	4,942	51,844	47,860	8	47,180	
% of Projected	9%	103%	101%			
Change from Last Week	479	439	541			
Top 5 importers' share of U.S. corn export sales	54%	73%	73%			
USDA forecast, August 2010	52,070	50,170	47,180	6		
Corn Use for Ethanol USDA forecast, Ethanol August 2010	119,380	114,300	94,209	21		

(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: **383,133 mt** on (157,581 mt on 8/6; 103,632 mt on 8/11; 121,920 mt on 8/17) to Japan for 2010/11.

Table 14

Top 5 Importers¹ of U.S. Soybeans

Week ending 08/05/10	Total Commitments ²			% change current MY from last MY	Exports ³ 2008/09
	2010/11 Next MY	2009/10 Current MY	2008/09 Last MY		
	- 1,000 mt -				- 1,000 mt -
China ⁴	7,671	22,864	19,519	17	18,681
Mexico	322	3,280	3,166	4	3,098
Japan	192	2,481	2,628	(6)	2,410
EU-25	60	2,703	2,186	24	2,180
Taiwan	63	1,571	1,600	(2)	1,592
Top 5 importers	8,308	32,899	29,098	13	27,961
Total US soybean export sales⁵	11,829	40,938	35,783	14	34,930
% of Projected	30%	102%	102%		
Change from last week	2,342	266	260		
Top 5 importers' share of U.S. soybean export sales	70%	80%	81%		
USDA forecast, August 2010	39,050	40,010	34,930	15	
Soybean Use for Biodiesel USDA forecast, August 2010	6,954	4,316	4,573	(6)	

(n) indicates negative number.

¹Based on FAS 2008/09 Marketing Year Ranking Reports - www.fas.usda.gov; Marketing year (MY) = Sep 1 - Aug 31.²Cumulative Exports (shipped) + Outstanding Sales (unshipped), FAS Weekly Export Sales Report.³FAS Marketing Year Final Reports - www.fas.usda.gov/export-sales/myfi_rpt.htm.⁴Not included - FAS Press Release: .955 mmt (.336 on 8/6; .284 on 8/10; .115 on 8/11; .220 on 8/16) to China for 2010/11.⁵Not included - FAS Press Release: 110,000 mt on 8/17 to Unknown for 2010/11.

Table 15

Top 10 Importers¹ of All U.S. Wheat

Week Ending 08/05/2010	Total Commitments ²		% change current MY from last MY	Exports ³ 2009/10
	2010/11 Current MY	2009/10 Last MY		
	- 1,000 mt -			- 1,000 mt -
Nigeria	1,281	1,086	18	3,233
Japan	1,263	833	52	3,148
Mexico	1,010	682	48	1,975
Philippines	1,094	640	71	1,518
Korea, South	621	466	33	1,111
Taiwan	184	256	(28)	844
Venezuela	172	171	0	658
Colombia	323	252	28	575
Peru	441	197	124	567
Indonesia	141	208	(32)	529
Top 10 importers	6,530	4,791	36	14,156
Total US wheat export sales⁴	10,570	7,321	44	23,980
% of Projected	32%	31%		
Change from last week	1,318	479		
Top 10 importers' share of U.S. wheat export sales	62%	65%		
USDA forecast, August 2010	32,660	23,980	36	

(n) indicates negative number.

¹Based on FAS 2008/09 Marketing Year Ranking Reports - www.fas.usda.gov; Marketing year = Jun 1 - May 31.²Cumulative Exports (shipped) + Outstanding Sales (unshipped), FAS Weekly Export Sales Report.³FAS Marketing Year Final Reports - www.fas.usda.gov/export-sales/myfi_rpt.htm.

2010/11.

Table 16

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

Port regions	Week ending 08/12/10	2010 YTD ¹	2009 YTD ¹	2010 YTD as % of 2009 YTD	Last 4-weeks as % of		Total ¹ 2009
					2009	3-yr. avg.	
Pacific Northwest							
Wheat	253	6,605	5,821	113	162	109	10,091
Corn	119	6,578	5,600	117	95	112	8,498
Soybeans	61	4,786	4,323	111	139	98	9,743
Total	433	17,969	15,744	114	118	109	28,332
Mississippi Gulf							
Wheat	106	2,411	2,573	94	74	42	4,019
Corn	504	18,319	18,965	97	75	82	28,843
Soybeans	290	9,741	11,053	88	115	135	21,831
Total	900	30,471	32,591	93	81	81	54,693
Texas Gulf							
Wheat	147	4,844	3,290	147	154	71	5,735
Corn	37	1,134	1,088	104	79	128	1,968
Soybeans	0	667	472	141	n/a	n/a	2,402
Total	183	6,645	4,850	137	128	79	10,105
Great Lakes							
Wheat	0	376	219	172	136	79	990
Corn	0	53	157	34	37	22	353
Soybeans	0	0	69	0	n/a	0	781
Total	0	429	445	96	105	58	2,124
Atlantic							
Wheat	0	194	409	47	1	1	552
Corn	0	240	111	216	451	251	472
Soybeans	0	704	459	153	19	36	1,268
Total	0	1,138	979	116	15	16	2,292
U.S. total from ports²							
Wheat	506	14,429	12,312	117	122	71	21,387
Corn	660	26,324	25,920	102	81	91	40,134
Soybeans	351	15,898	16,376	97	117	118	36,025
Total	1,517	56,651	54,609	104	95	86	97,546

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

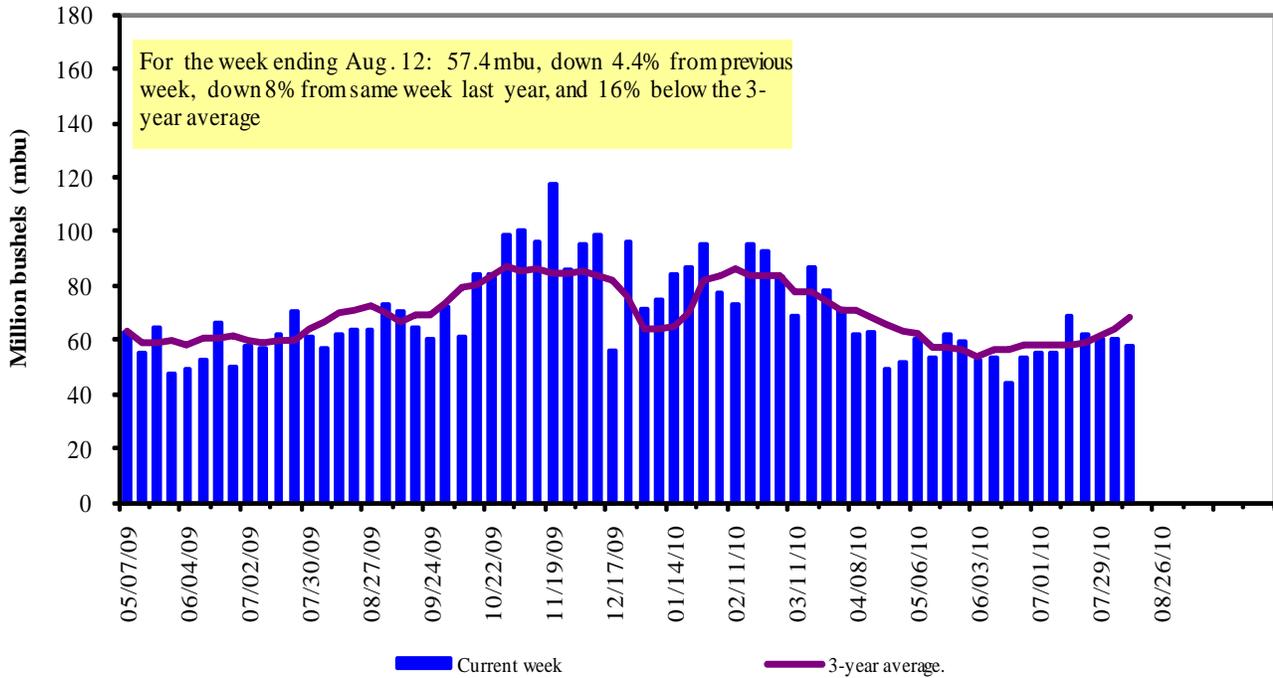
² Total includes only port regions shown above

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)

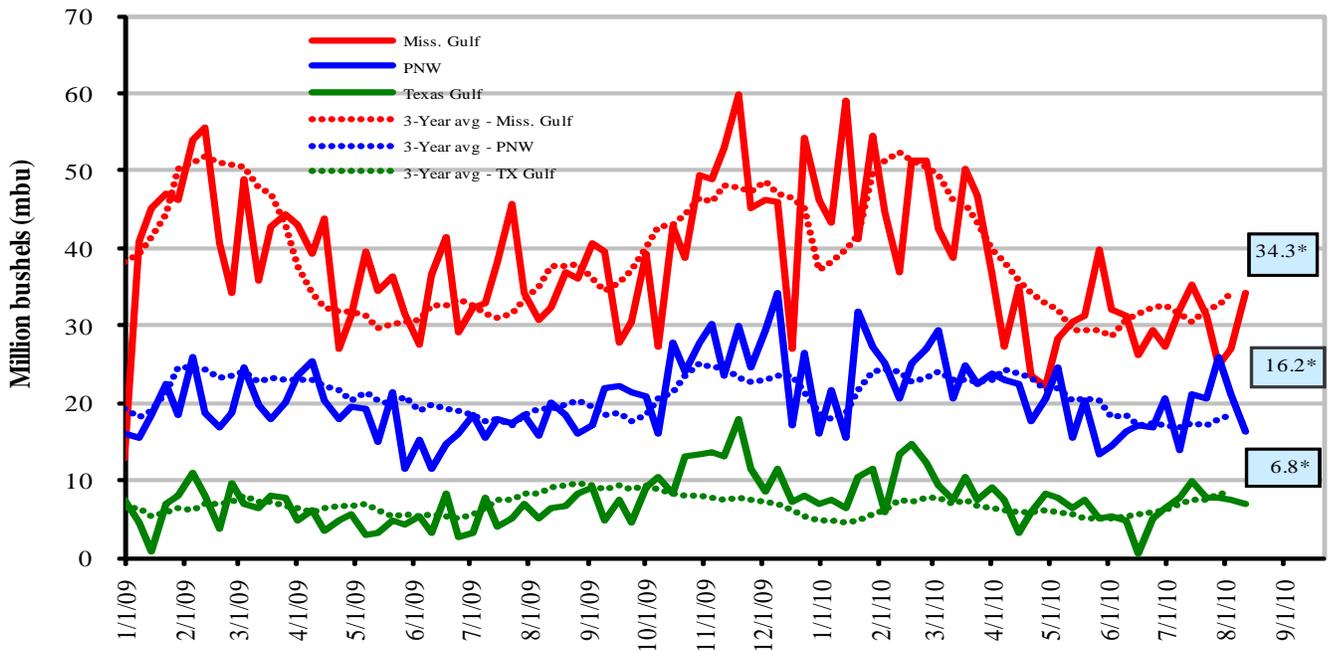


Source: Grain Inspection, Packers and Stockyards Administration/USDA (www.gipsa.usda.gov)

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

Figure 15

U.S. Grain Inspections: U.S. Gulf and PNW¹ (wheat, corn, and soybeans)



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

<u>Aug 12, % change from:</u>	<u>MS Gulf</u>	<u>TX Gulf</u>	<u>U.S. Gulf</u>	<u>PNW</u>
Last week	up 27	down 10	up 18	down 23
Last year (same week)	up 6	up 5	up 6	down 19
3-yr avg. (4-wk mov. avg.)	down 5	down 28	down 10	down 24

Ocean Transportation

Table 17

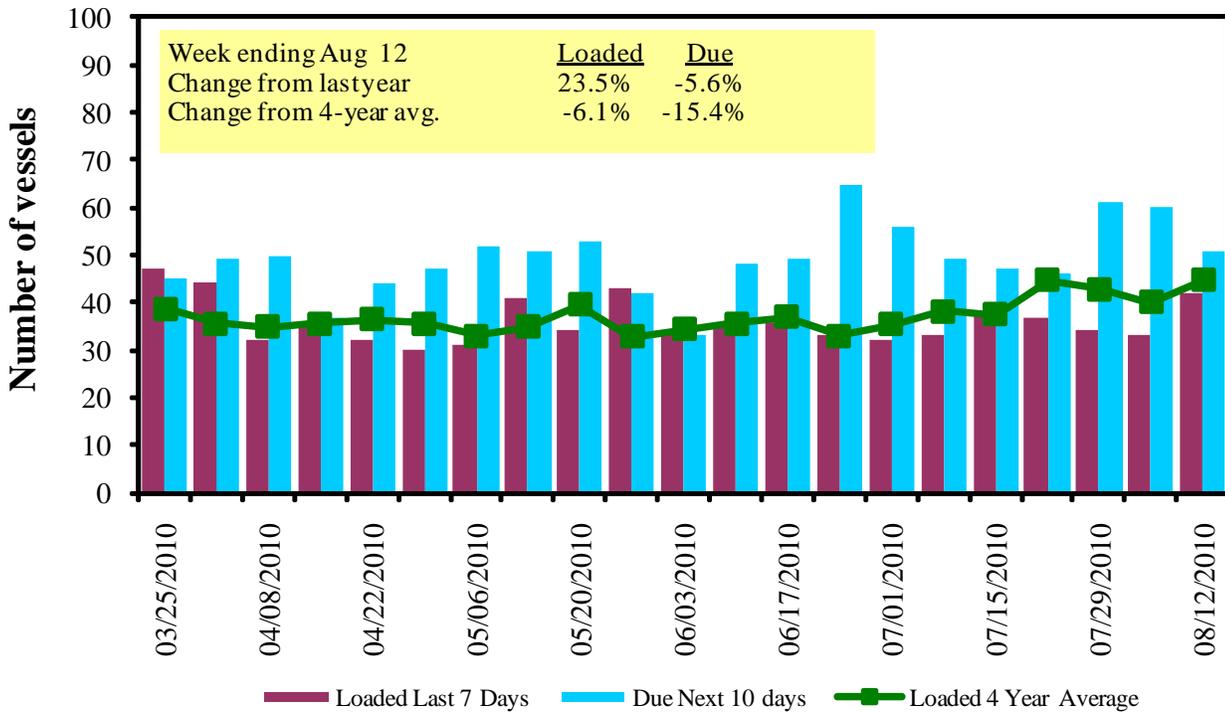
Weekly Port Region Grain Ocean Vessel Activity (number of vessels)

Date	Gulf			Pacific Northwest	Vancouver B.C.
	In port	Loaded 7-days	Due next 10-days	In port	In port
8/12/2010	46	42	51	14	8
8/5/2010	44	33	60	13	9
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. Gulf¹ Vessel Loading Activity

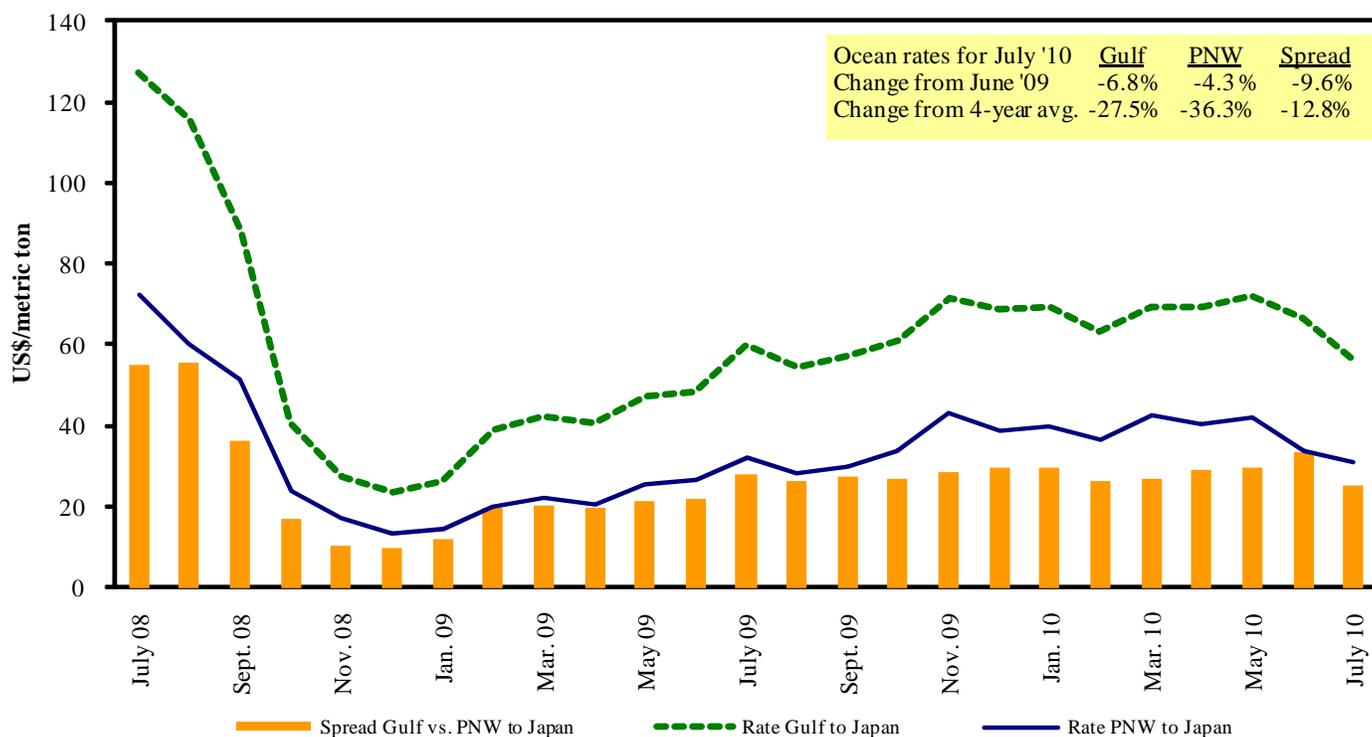


Source: Transportation & Marketing Programs/AMS/USDA

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

Figure 17

Grain Vessel Rates, U.S. to Japan



Source: O'Neil Commodity Consulting

Table 18

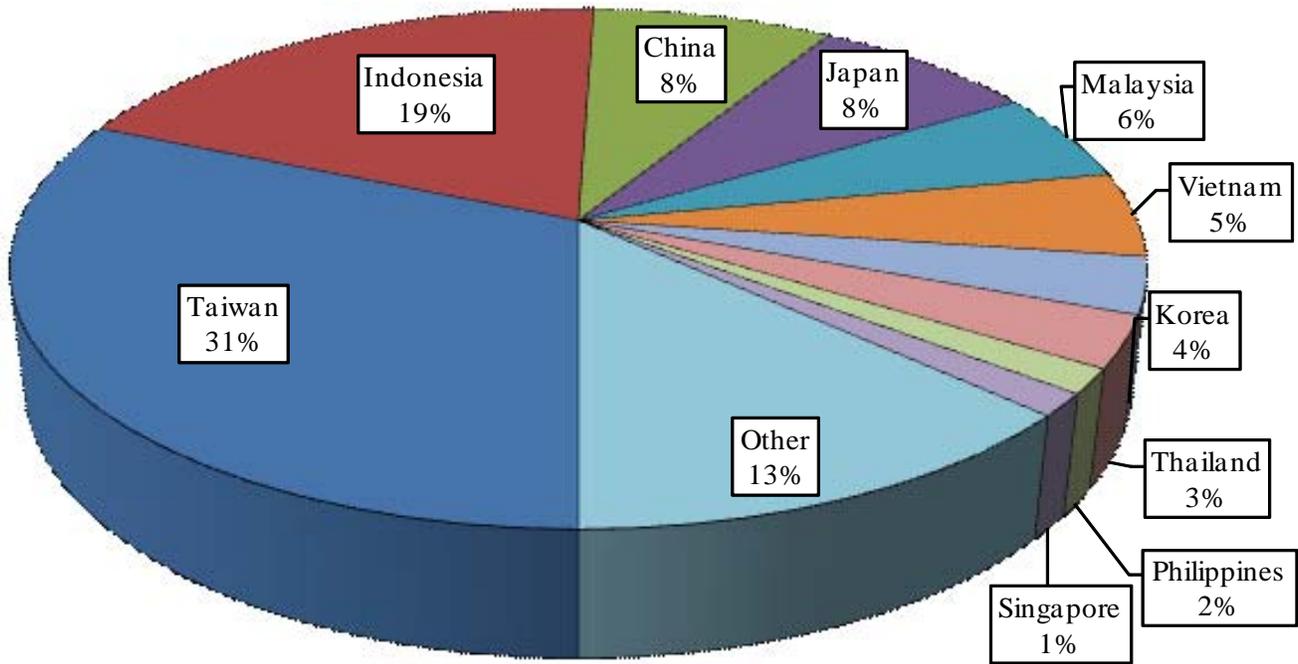
Ocean Freight Rates For Selected Shipments, Week Ending 8/14/2010

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	Aug 20/30	25,000	59.50
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

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

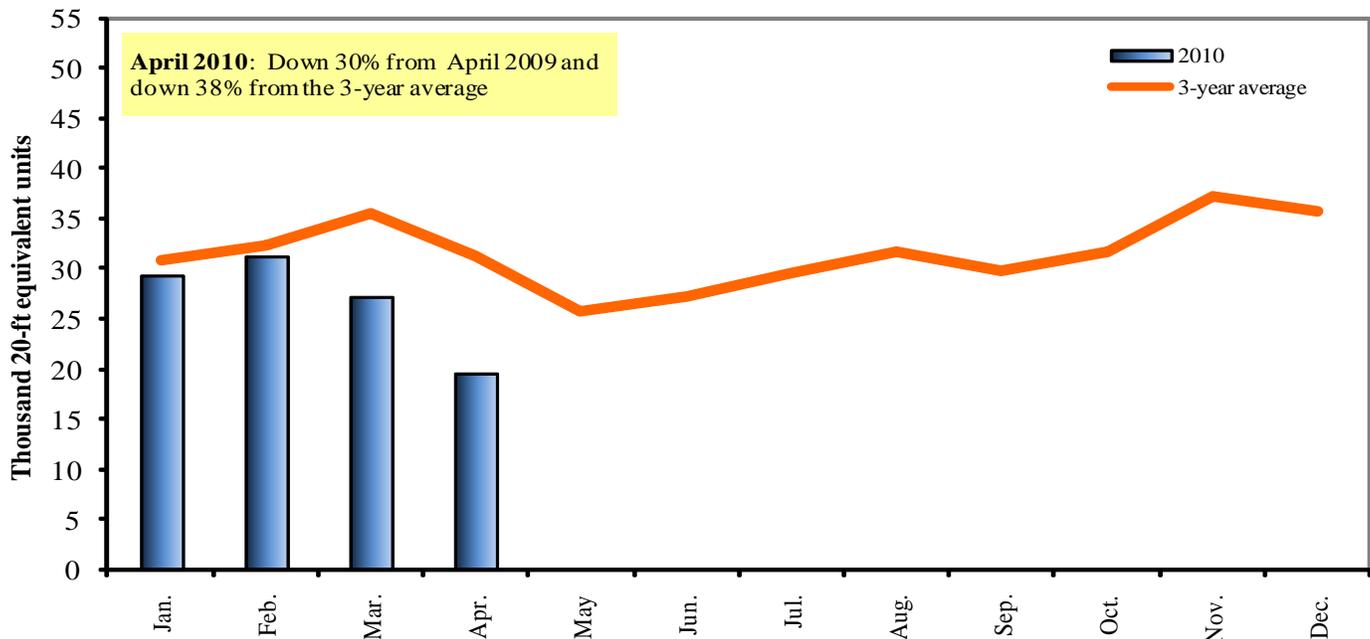
Top 10 Destination Markets for U.S. Containerized Grain Exports, April 2010



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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