



WEEKLY HIGHLIGHTS

Dec 23, 2010

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The next
release is
December 30, 2010

[Ice Accumulations Slow Barge Traffic](#)

The Illinois River is usually open to navigation throughout the winter with brief periods of weather-related delays. This year, however, consistent freezing temperatures have created significant ice formations; it is passable, but delays can be expected. In the Peoria Lake area on the Illinois River barges are restricted to one-way traffic and reduced tow sizes. Ice is accumulating at Mississippi River Lock and Dam 22 (New London, MO), where delays up to 40 hours have been reported. River traffic in that area will be stopped from January 3 to March 4 because Locks 20–22 will be closed for scheduled repairs.

[Short Line Railroads Will Benefit from Tax Relief Bill](#)

The Middle Class Tax Relief Act of 2010 renews a tax credit for track maintenance and repairs on small railroads. The tax credit expired at the end of 2009. The new law will again allow more than 500 U.S. small railroads to replace or upgrade older tracks to carry higher-weight freight cars. The tax package extends a tax credit of 50 percent of track maintenance or improvement costs, up to a maximum of \$3,500 per mile, for the 2010 and 2011 tax years. Smaller railroads preserved service on rail lines that were in danger of abandonment by the major railroads due to poor track condition. Many of these lines are in rural agricultural regions and are an important part of the rail infrastructure serving grain elevators.

[Export Inspections of Wheat Rebound; Soybeans Remain above One Million Metric Tons](#)

For the week ending December 16, **total inspections of grain** (corn, wheat, and soybeans) from all major U.S. export regions reached 2.27 million metric tons (mmt), down 7 percent from the previous week but 51 percent above last year at this time. Total wheat inspections (.618 mmt) increased 29 percent from the previous week as shipments to North Africa and Middle East rebounded. After a big drop last week, Texas Gulf wheat inspections surged 485 percent. **Unshipped sales** of wheat remained strong at about 9.0 mmt, the highest level for the marketing year. In addition, **soybean inspections** remained above 1.0 mmt, despite a 10 percent decrease from the previous week.

[Food Transportation Study to be Conducted under the FDA Food Safety Modernization Act](#)

On December 21, Congress passed **H.R. 2751**, which directs the Food and Drug Administration to conduct a study of the transportation of food for consumption in the United States, including transportation by air. The law includes an examination of the unique needs of rural and frontier areas with regard to the delivery of safe food. Section 111 of the Act requires FDA to publish regulations on implementing the Sanitary Food Transportation Act of 2005 by June 2012. Supporting documents and comments by the grain, feed, railroad, and trucking industry on the rulemaking may be viewed at <http://www.regulations.gov>, under docket ID number **FDA-2010-N-0013**. After evaluating the comments, FDA will propose specific regulations to implement the statute for additional public comment. FDA will coordinate with the U.S. Departments of Agriculture and Transportation in this rulemaking process.

Snapshots by Sector

Rail

U.S. railroads originated 23,324 **carloads of grain** during the week ending December 11, down 6 percent from last week, up 4 percent from last year, and 1 percent higher than the 3-year average.

During the week ending December 18, average January non-shuttle **secondary railcar bids/offers** were \$12.50 above tariff, up \$37 from last week. Average shuttle rates were \$4.50 below tariff, up \$195.50 from last week.

Barge

During the week ending December 18, **barge grain movements** totaled 711,904 tons, 0.7 percent lower than the previous week and 14 percent lower than the same period last year.

During the week ending December 18, 441 grain barges **moved down river**, down 5 percent from last week; 732 grain barges were **unloaded in New Orleans**, down 13 percent from the previous week.

Ocean

During the week ending December 16, 49 **ocean-going grain vessels** were loaded in the Gulf, up 23 percent from last year. Forty-nine vessels are expected to be loaded in the U.S. Gulf within the next 10 days, down 31 percent from last year.

During the week ending December 17, the cost of shipping grain from the Gulf to Japan averaged \$52.00 per mt, down 5 percent from the previous week. The rate from the Pacific Northwest to Japan was \$29 per mt, down 6 percent from the previous week.

Fuel

During the week ending December 20, U.S. average **diesel fuel prices** increased 2 cents per gallon to \$3.25—0.5 percent higher than the previous week and 19 percent higher than the same week last year.

Feature Article/Calendar

Carry and Basis : Grain Market Signals and Transportation Implications

Market carry and basis provide market signals to help grain producers and shippers make their grain storage decisions. Those decisions subsequently have transportation demand implications, making market carry an indicator of derived transportation demand. *Market carry*—or carrying charge—is the price difference between the future delivery month and the near term month (e.g. December and March corn futures, or January and March soybean futures) and represents how much the market is offering the producers to hold (carry) the grain until the distant month.¹ *Basis* is the amount by which the cash price in a given location differs from the nearby futures contract price, which changes daily (see [GTR, July 2, 2009](#)). Analysis of basis and market carry can provide an estimate of what the market might be paying for storage, encouraging sellers either to hold on to the grain or to deliver it to the market.

Market carry is positive when the distant futures contract price is higher than the near futures contract price. At full carry, the producers' cost of storage is covered, providing an incentive to hold on to the grain. The carry is negative, or at an inverse, when the nearby futures price is higher than the deferred month, essentially providing no incentive to store the grain. When the carry is low or inverse, grain transportation demand is usually strong.

A weak basis (a large discount from the nearby futures) suggests that in the near term the demand for grain is slow, and serves as a signal to grain producers that the grain can be stored and does not need to be transported to domestic or export markets. A strong basis (a small discount from the nearby futures) is the opposite, and signals strong demand for the grain to be moved to market.

Examples of Estimating the Cost of Carry (based on CME closing prices on 12/10/10)²

Full Carry = [(nearby futures price x interest rate) / 12 + (monthly storage rate and insurance)] x # months
Soybeans (Jan–March): [(\$12.730 x 4.5%) / 12 + \$0.04] x 3 = \$0.26
Corn (Dec–March): [(\$5.6025 x 4.5%) / 12 + \$0.04] x 4 = \$0.24
Wheat (Dec–March): [(\$7.3550 x 4.5%) / 12 + \$0.04] x 4 = \$0.27

Full carry reflects total carrying charges, but sometimes the fundamental agricultural market dynamics are such that the market carry is very low or even inverse and the basis is strong. In this case, all indications are that more of that commodity will be moving to domestic and export markets. If the carry is large or above full carry and the basis is weak, this indicates the demand for the commodity in the near term may be low, resulting in lower demand for transportation services.

Market Carry/Inverse based on the Corn, Wheat, and Soybean Futures Spreads (cents/bushel)								
Closing Prices as of Friday:			10-Dec-10					
Contract Month	Soybeans	Carry or (Inverse)	Contract Month	Corn	Carry or (Inverse)	Contract Month	Wheat	Carry or (Inverse)
Jan-11	1273.00		Dec-10	560.25		Dec-10	735.50	
Mar-11	1282.50	9.5	Mar-11	574.25	14.0	Mar-11	775.50	40.0
May-11	1287.00	4.5	May-11	583.00	8.8	May-11	801.25	25.8
Jul-11	1288.50	1.5	Jul-11	588.00	5.0	Jul-11	804.75	3.5
Aug-11	1264.50	(24.0)	Sep-11	548.25	(39.8)	Sep-11	816.75	12.0
Sep-11	1228.75	(35.8)	Dec-11	529.00	(19.3)	Dec-11	826.75	10.0
Nov-11	1193.50	(35.3)	Mar-12	537.50	8.5	Mar-12	834	7.3
Jan-12	1199.50	6.0	May-12	542	4.5	May-12	829	(5.0)

Carry: Subsequent contracts trade at a progressively higher level (i.e., the first deferred contract is priced higher than the nearby contract).

Negative carry is referred to as an inverse.

Source: CME Day trading closes.

¹ Carrying charges, cost of carry, full carry are used interchangeably. The basic definition of carry is the cost of storage space, insurance, and finance charges incurred when storing a physical commodity. The actual costs may vary by location based on differences in interest, storage and insurance rates.

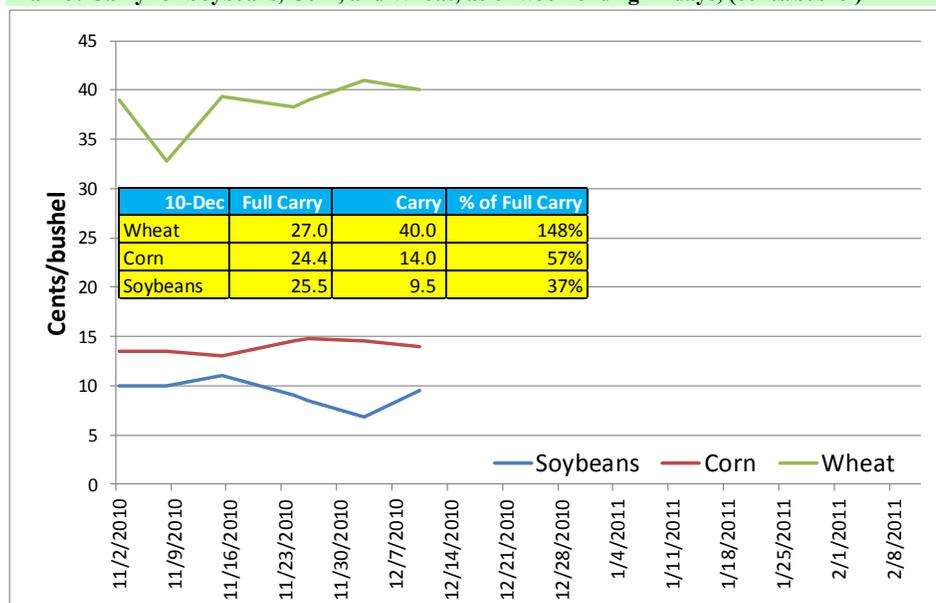
² CME – Chicago Mercantile Exchange closing futures prices for corn, soybeans, and wheat.

The table shows the December 10 closing futures prices for soybeans, corn, and wheat and the corresponding market carry for each contract. Using the example above, the market carry for corn (Dec–March spread) of 14 cents is approximately 57 percent of full carry. During the week ending December 17, industry sources reported the U.S. national corn basis has been stable in recent weeks (41 cents under the March contract). However, if corn export sales continue to increase, the basis may strengthen and carry decrease. Both of these signals—strengthening of the basis and lowering of the carry—imply that demand for corn in the near term may be increasing. In fact, the market carry in subsequent months for corn goes down to 8.8 cents for the March-May spread and to 5.0 cents for May-July spread (see table). This indicates that the demand for corn moving into the supply chain may increase during the May–July time frame. Transportation demand would probably correspond to these price signals.

The story is different for soybeans. During the fall 2010 record harvest, soybean export demand and shipments continued to push soybean prices up and kept the market carry low, averaging about 10 cents, about 37 percent of full carry, for the January to March 2011 spread (see figure). The low carry, combined with the reported strong basis, provided a clear market signal for the producers to move their soybeans to market at harvest time while the prices were strong—unusual for harvest time prices. As of December 10, the soybean market carry for the subsequent months continues to decrease further, down to just 1.5 cents for the May-July futures spread (see table). Typically, there is an inverse between old crop soybeans and new crop soybeans, as prices at harvest are typically lower than at the end of the marketing year, which is September 1 for soybeans and corn. The inverse pattern appears in the soybean market by the July-August 2011 spread – slightly ahead of the start of the new marketing year. If this price patterns persists, it may indicate that the market expects the demand for U.S. soybeans to slow down significantly by July-August.

The current market carry, of 40 cents in wheat is almost 1.5 times the estimated full carry of 27 cents. Although there is strong export demand for wheat this marketing year, it is possible that the demand for export wheat may be spread out over the rest of the crop marketing year, unlike the soybean export demand, which is much stronger for the near term.

Market Carry for Soybeans, Corn, and Wheat, as of week ending Fridays, (cents/bushel)*



*Example: Nearby carry for Soybeans in December is the difference between the January and March contracts.

Market Outlook

As we go through the marketing year, changes in the market carry and basis are the first indicators for changes in transportation demand. For example, soybean carry may increase and the basis may begin to weaken—an indicator that the demand for soybean exports may be slowing and transportation demand for soybeans decreasing. On the other hand, the carry and basis in corn may show signs of strengthening, reflecting new demand and a possible increase in transportation demand. The wheat market price dynamics may also change in the coming months as more wheat may be moving into the export channels. With the tight stocks-to-use ratios projected for corn and soybeans for the 2010/11 marketing year, commodity prices have been volatile. The markets have also been reacting to numerous risk factors including weather events such as the La Niña climate pattern that may affect the Southern Hemisphere crops, possible transportation disruptions, and unexpected changes in demand for U.S. grains. marina.denicoff@ams.usda.gov

Grain Transportation Indicators

Table 1
Grain Transport Cost Indicators¹

Week ending	Truck	Rail ²	Barge	Ocean	
				Gulf	Pacific
12/22/10	218	108	288	233	206
12/15/10	217	71	323	244	220

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)

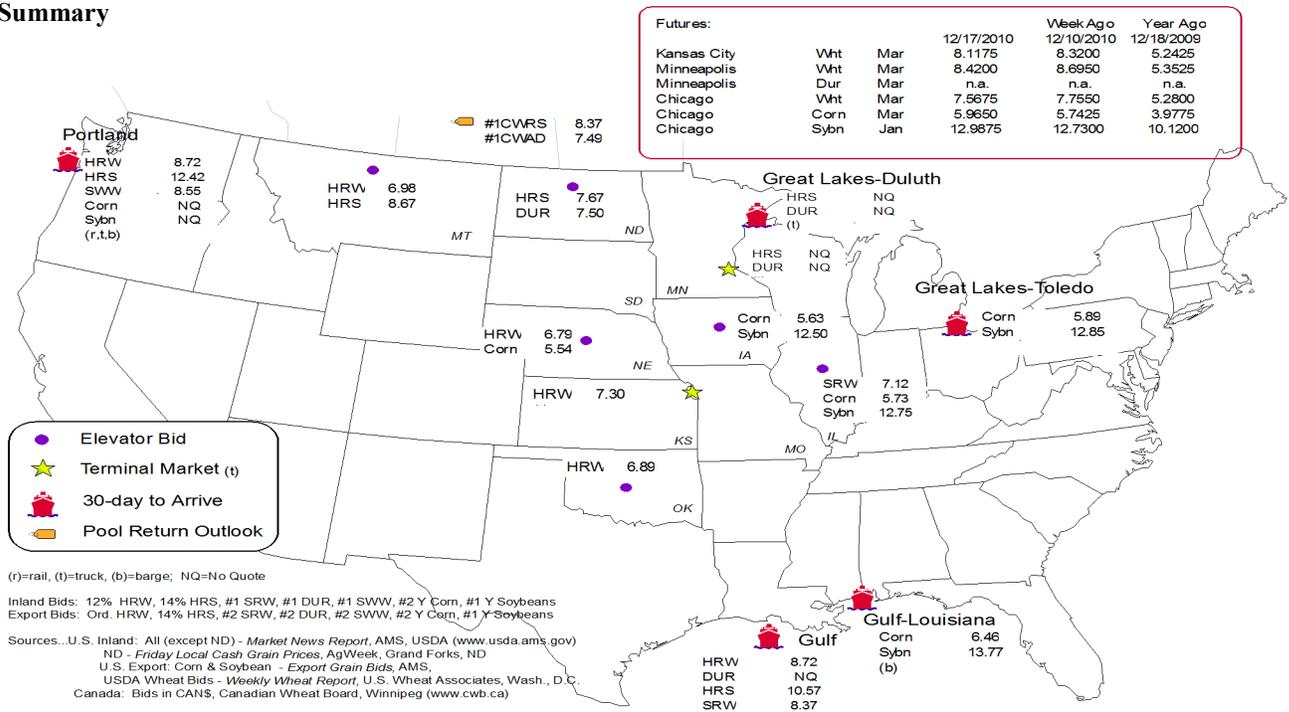
Commodity	Origin--Destination	12/17/2010	12/10/2010
Corn	IL--Gulf	-0.73	-0.76
Corn	NE--Gulf	-0.92	-0.91
Soybean	IA--Gulf	-1.27	-1.31
HRW	KS--Gulf	-1.42	-1.37
HRS	ND--Portland	-4.75	-4.65

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 market supply and demand. The map may be used to monitor market and time differentials.

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	
12/15/2010 ^p	1,075	1,785	500	3,788	596	7,744
12/08/2010 ^r	1,735	1,637	809	4,788	876	9,845
2010 YTD	31,769	79,610	41,503	170,739	31,366	354,987
2009 YTD	32,729	55,248	35,711	169,241	28,340	321,269
2010 YTD as % of 2009 YTD	97	144	116	101	111	110
Last 4 weeks as % of 2009 ²	103	106	112	94	75	97
Last 4 weeks as % of 4-year avg. ²	87	108	105	88	105	95
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.

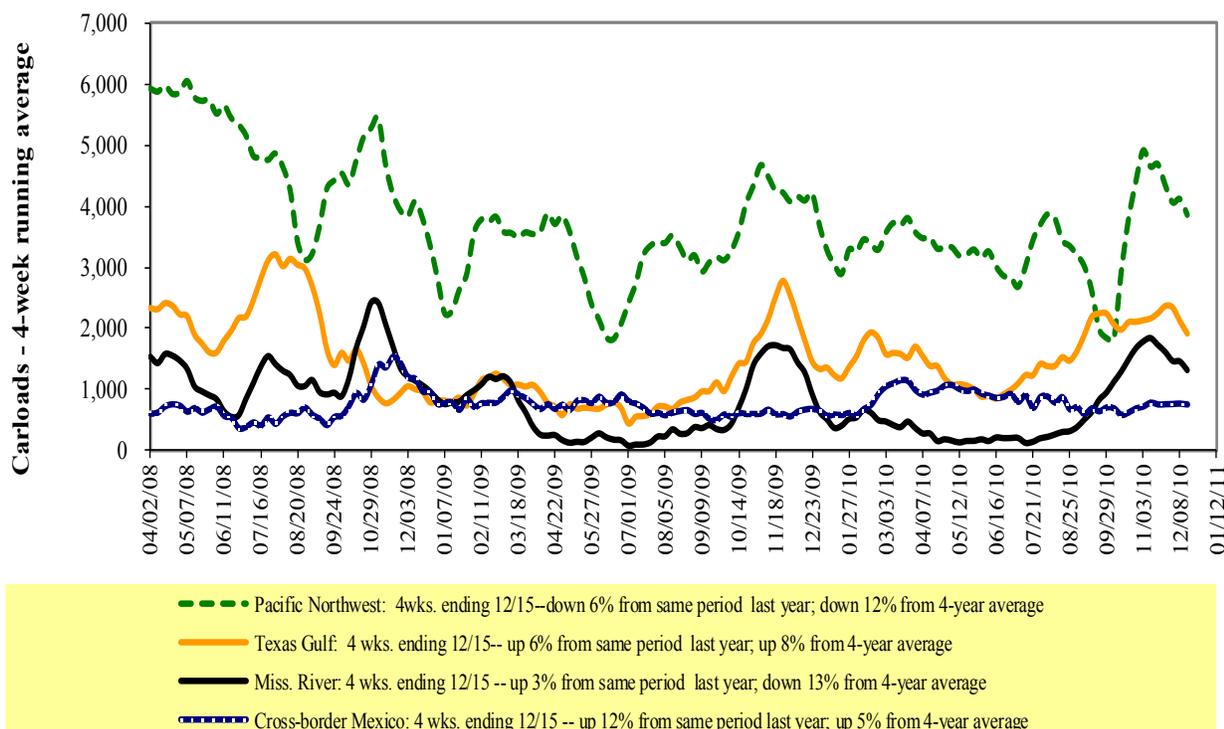
YTD = year-to-date; p = preliminary data; r = revised data; n/a = not available

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

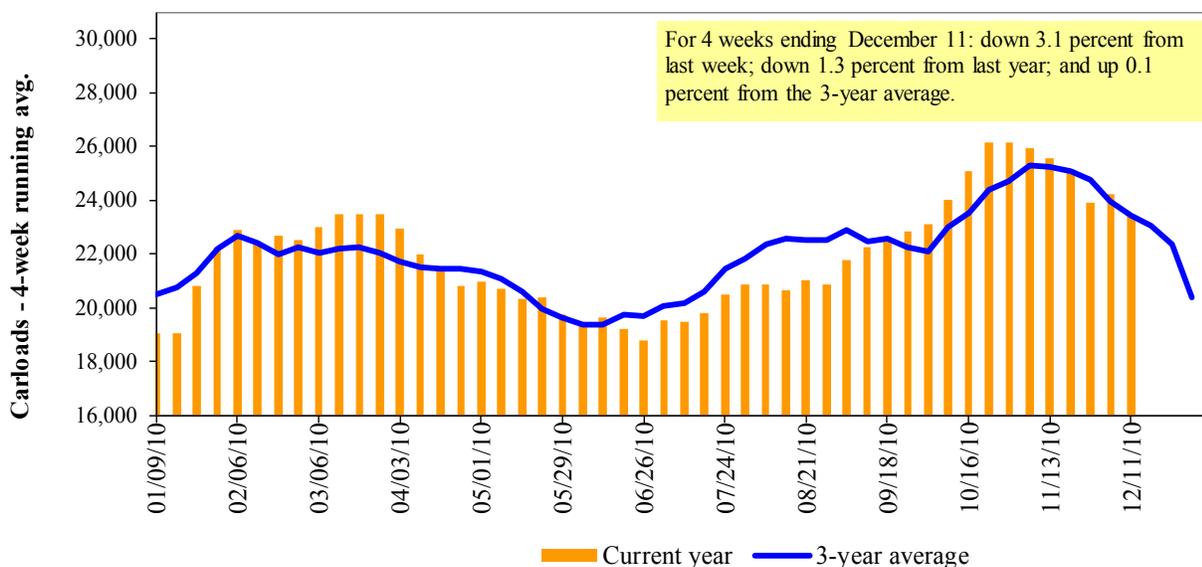
Table 4

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
12/11/10	2,643	3,112	11,392	756	5,421	23,324	3,787	5,191
This week last year	2,360	3,244	10,857	761	5,279	22,501	4,082	5,683
2010 YTD	105,730	151,152	516,130	34,262	278,209	1,085,483	192,461	252,966
2009 YTD	99,513	133,983	456,923	35,285	254,483	980,187	191,867	266,944
2010 YTD as % of 2009 YTD	106	113	113	97	109	111	100	95
Last 4 weeks as % of 2009 ¹	97	100	103	83	94	99	105	93
Last 4 weeks as % of 3-yr avg.	87	104	104	88	99	100	92	92
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 2009 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							
	Jan-11	Jan-10	Feb-11	Feb-10	Mar-11	Mar-10	Apr-11	Apr-10
12/18/2010								
BNSF ³								
COT grain units	47	0	3	no bids	0	0	no bids	0
COT grain single-car ⁵	1 .. 11	0 .. 12	no bids	0 .. 1	0 .. 1	0 .. 1	0	0 .. 1
UP ⁴								
GCAS/Region 1	no bids	no bids	no bids	no bids	no bids	no bids	n/a	n/a
GCAS/Region 2	no bids	no bids	no bids	no bids	no bids	no bids	n/a	n/a

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.

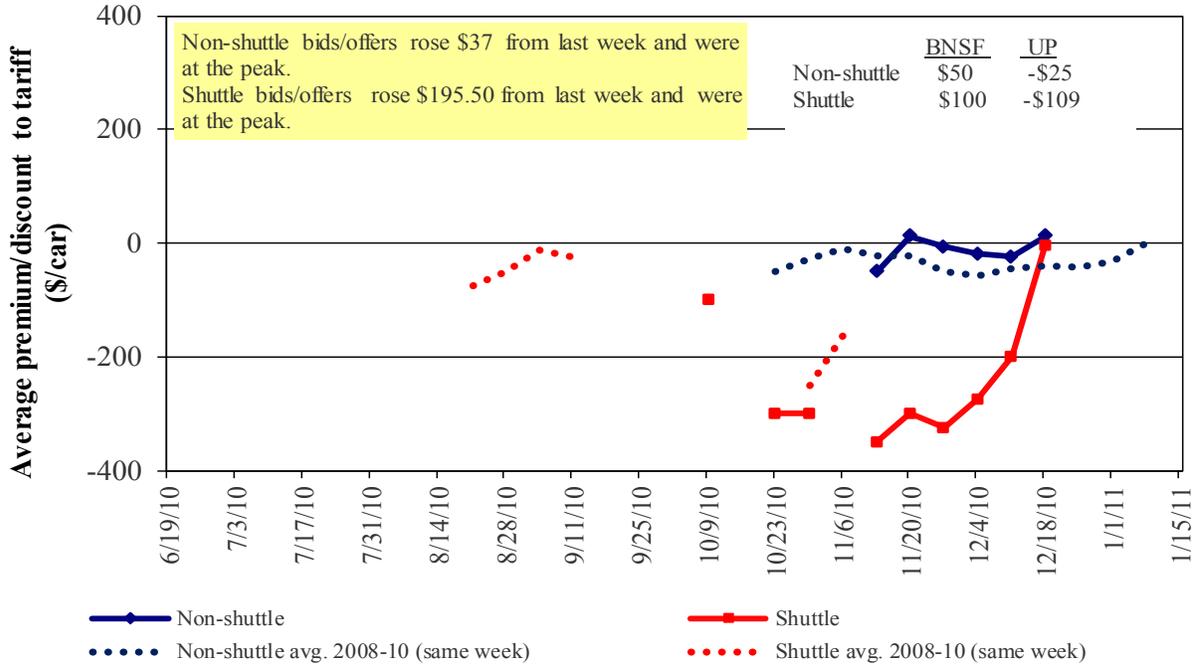
⁵Range is shown because average is not available. Not available = n/a.

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 January 2010, Secondary Market

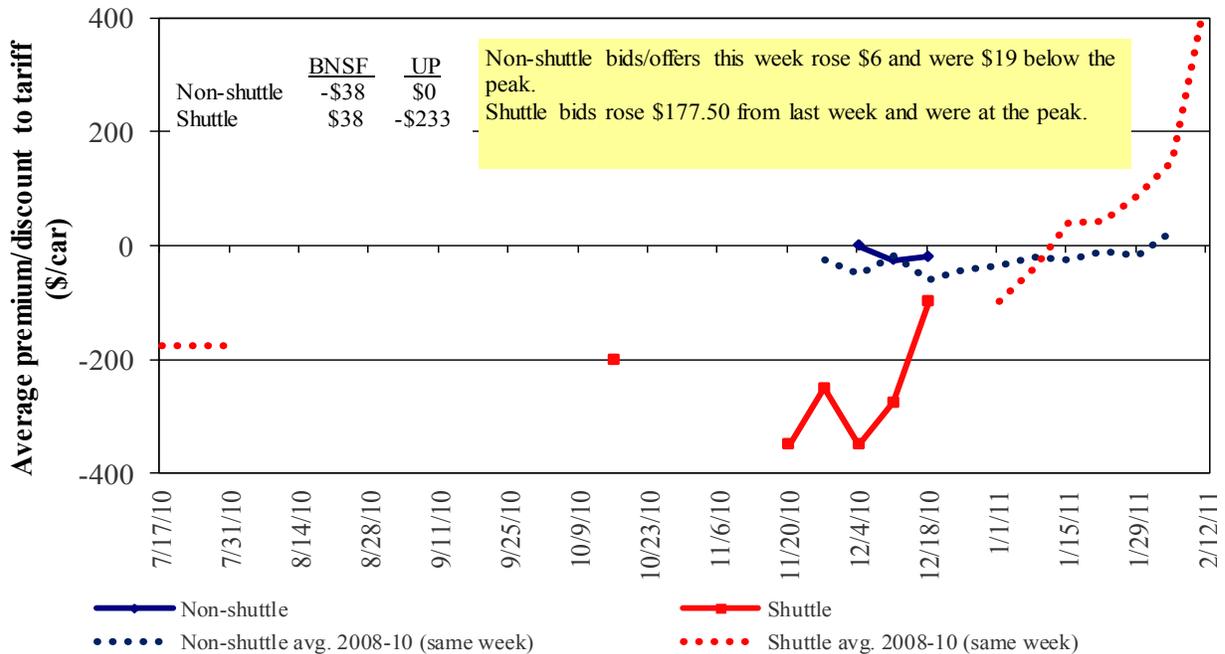


Non-shuttle bids include unit-train and single-car bids. n/a = not available.

Source: Transportation & Marketing Programs/AMS/USDA

Figure 5

Bids/Offers for Railcars to be Delivered in February 2011, Secondary Market

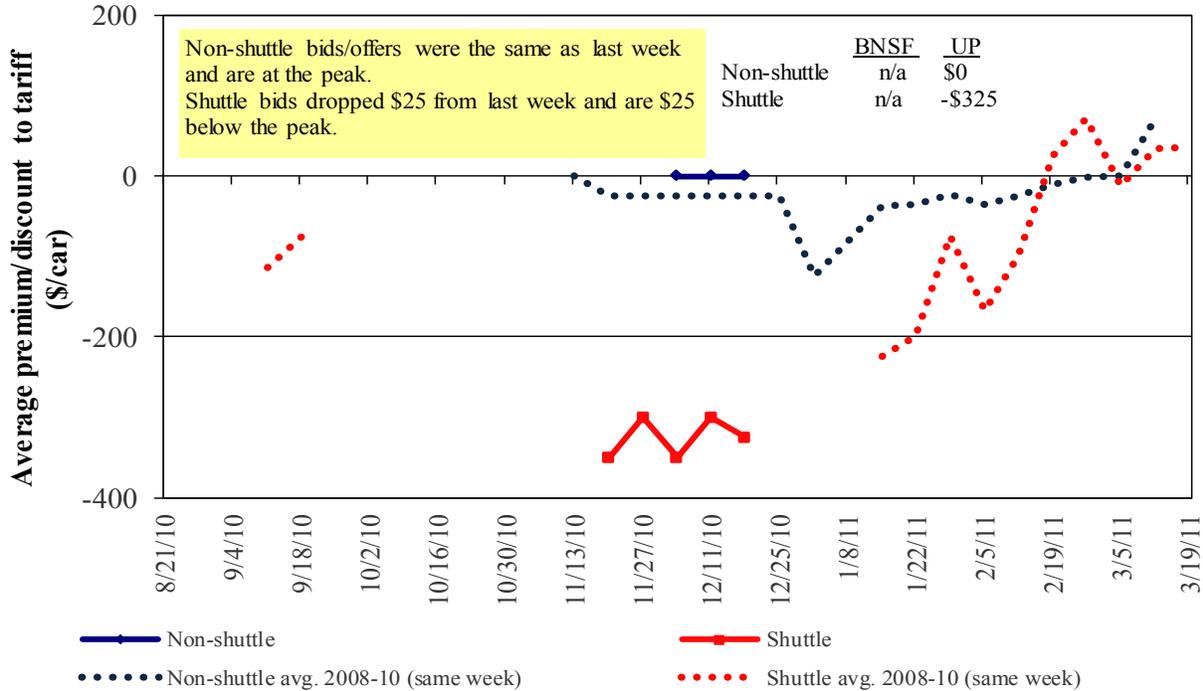


Non-shuttle bids include unit-train and single-car bids. n/a = not available.

Source: Transportation & Marketing Programs/AMS/USDA

Figure 6

Bids/Offers for Railcars to be Delivered in March 2011, 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					
	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10
12/18/2010						
Non-shuttle						
BNSF-GF	50	(38)	n/a	n/a	n/a	n/a
Change from last week	57	12	n/a	n/a	n/a	n/a
Change from same week 2009	(7)	n/a	n/a	n/a	n/a	n/a
UP-Pool	(25)	-	-	n/a	n/a	n/a
Change from last week	17	-	-	n/a	n/a	n/a
Change from same week 2009	(8)	50	n/a	n/a	n/a	n/a
Shuttle²						
BNSF-GF	100	38	n/a	n/a	n/a	n/a
Change from last week	n/a	n/a	n/a	n/a	n/a	n/a
Change from same week 2009	35	n/a	n/a	n/a	n/a	n/a
UP-Pool	(109)	(233)	(325)	n/a	n/a	n/a
Change from last week	91	42	(25)	n/a	n/a	n/a
Change from same week 2009	n/a	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 Shipments¹

Effective date:						
12/6/2010	Origin region*	Destination region*	Tariff rate/car	Fuel surcharge per car	Tariff plus surcharge per:	
					metric ton	bushel ²
Unit train						
Wheat	Wichita, KS	St. Louis, MO	\$2,774	\$101	\$28.55	\$0.78
	Grand Forks, ND	Duluth-Superior, MN	\$2,563	\$137	\$26.81	\$0.73
	Wichita, KS	Los Angeles, CA	\$5,047	\$704	\$57.11	\$1.55
	Wichita, KS	New Orleans, LA	\$3,275	\$178	\$34.29	\$0.93
	Sioux Falls, SD	Galveston-Houston, TX	\$4,981	\$578	\$55.20	\$1.50
	Northwest KS	Galveston-Houston, TX	\$3,543	\$195	\$37.12	\$1.01
	Amarillo, TX	Los Angeles, CA	\$3,742	\$271	\$39.86	\$1.08
Corn	Champaign-Urbana, IL	New Orleans, LA	\$2,812	\$201	\$29.92	\$0.81
	Toledo, OH	Raleigh, NC	\$3,760	\$234	\$39.66	\$1.08
	Des Moines, IA	Davenport, IA	\$1,843	\$43	\$18.72	\$0.51
	Indianapolis, IN	Atlanta, GA	\$3,196	\$176	\$33.48	\$0.91
	Indianapolis, IN	Knoxville, TN	\$2,760	\$113	\$28.53	\$0.78
	Des Moines, IA	Little Rock, AR	\$2,938	\$125	\$30.42	\$0.83
	Des Moines, IA	Los Angeles, CA	\$4,372	\$365	\$47.04	\$1.28
Soybeans	Minneapolis, MN	New Orleans, LA	\$3,381	\$194	\$35.50	\$0.97
	Toledo, OH	Huntsville, AL	\$2,921	\$166	\$30.66	\$0.83
	Indianapolis, IN	Raleigh, NC	\$3,830	\$235	\$40.37	\$1.10
	Indianapolis, IN	Huntsville, AL	\$2,613	\$113	\$27.07	\$0.74
	Champaign-Urbana, IL	New Orleans, LA	\$3,156	\$201	\$33.34	\$0.91
Shuttle Train						
Wheat	Great Falls, MT	Portland, OR	\$2,868	\$405	\$32.50	\$0.88
	Wichita, KS	Galveston-Houston, TX	\$2,867	\$315	\$31.60	\$0.86
	Chicago, IL	Albany, NY	\$3,497	\$219	\$36.90	\$1.00
	Grand Forks, ND	Portland, OR	\$4,131	\$699	\$47.97	\$1.31
	Grand Forks, ND	Galveston-Houston, TX	\$5,046	\$728	\$57.34	\$1.56
	Northwest KS	Portland, OR	\$4,510	\$320	\$47.96	\$1.31
	Minneapolis, MN	Portland, OR	\$4,120	\$851	\$49.37	\$1.34
Corn	Sioux Falls, SD	Tacoma, WA	\$4,120	\$780	\$48.66	\$1.32
	Champaign-Urbana, IL	New Orleans, LA	\$2,677	\$201	\$28.58	\$0.78
	Lincoln, NE	Galveston-Houston, TX	\$2,880	\$454	\$33.11	\$0.90
	Des Moines, IA	Amarillo, TX	\$3,330	\$157	\$34.63	\$0.94
	Minneapolis, MN	Tacoma, WA	\$4,120	\$845	\$49.30	\$1.34
	Council Bluffs, IA	Stockton, CA	\$3,480	\$874	\$43.23	\$1.18
	Sioux Falls, SD	Tacoma, WA	\$4,320	\$780	\$50.64	\$1.38
Soybeans	Minneapolis, MN	Portland, OR	\$4,270	\$851	\$50.86	\$1.38
	Fargo, ND	Tacoma, WA	\$4,270	\$693	\$49.29	\$1.34
	Council Bluffs, IA	New Orleans, LA	\$3,510	\$232	\$37.16	\$1.01
	Toledo, OH	Huntsville, AL	\$2,536	\$166	\$26.83	\$0.73
	Grand Island, NE	Portland, OR	\$4,520	\$327	\$48.14	\$1.31

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 = 111 short tons (100.7 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

*Regional economic areas defined by the Bureau of Economic Analysis (BEA)

Table 8

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

Effective date: 12/6/2010			Fuel		Tariff plus surcharge per:		Percent
Commodity	Origin state	Destination region	Tariff rate/car ¹	surcharge per car ²	metric ton ³	bushel ³	change Y/Y ⁴
Wheat	MT	Chihuahua, CI	\$6,705	\$740	\$76.07	\$2.07	9
	OK	Cuautitlan, EM	\$6,026	\$587	\$67.56	\$1.84	7
	KS	Guadalajara, JA	\$6,705	\$851	\$77.20	\$2.10	10
	TX	Salinas Victoria, NL	\$3,397	\$197	\$36.72	\$1.00	11
Corn	IA	Guadalajara, JA	\$7,000	\$865	\$80.37	\$2.04	8
	SD	Penjamo, GJ	\$6,520	\$968	\$76.51	\$1.94	3
	NE	Queretaro, QA	\$6,240	\$586	\$69.75	\$1.77	3
	SD	Salinas Victoria, NL	\$4,785	\$736	\$56.41	\$1.43	7
	MO	Tlalnepantla, EM	\$5,428	\$570	\$61.29	\$1.56	4
	SD	Torreon, CU	\$5,610	\$811	\$65.60	\$1.66	7
Soybeans	MO	Bojay (Tula), HG	\$6,103	\$738	\$69.90	\$1.90	3
	NE	Guadalajara, JA	\$6,860	\$835	\$78.62	\$2.14	9
	IA	El Castillo	\$6,830	\$962	\$79.61	\$2.16	5
	KS	Torreon, CU	\$5,565	\$546	\$62.44	\$1.70	9
Sorghum	OK	Cuautitlan, EM	\$4,729	\$735	\$55.83	\$1.42	11
	TX	Guadalajara, JA	\$5,670	\$630	\$64.37	\$1.63	8
	NE	Penjamo, GJ	\$6,565	\$775	\$75.00	\$1.90	4
	KS	Queretaro, QA	\$5,628	\$450	\$62.10	\$1.58	5
	NE	Salinas Victoria, NL	\$4,500	\$463	\$50.70	\$1.29	5
	NE	Torreon, CU	\$5,510	\$600	\$62.43	\$1.58	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

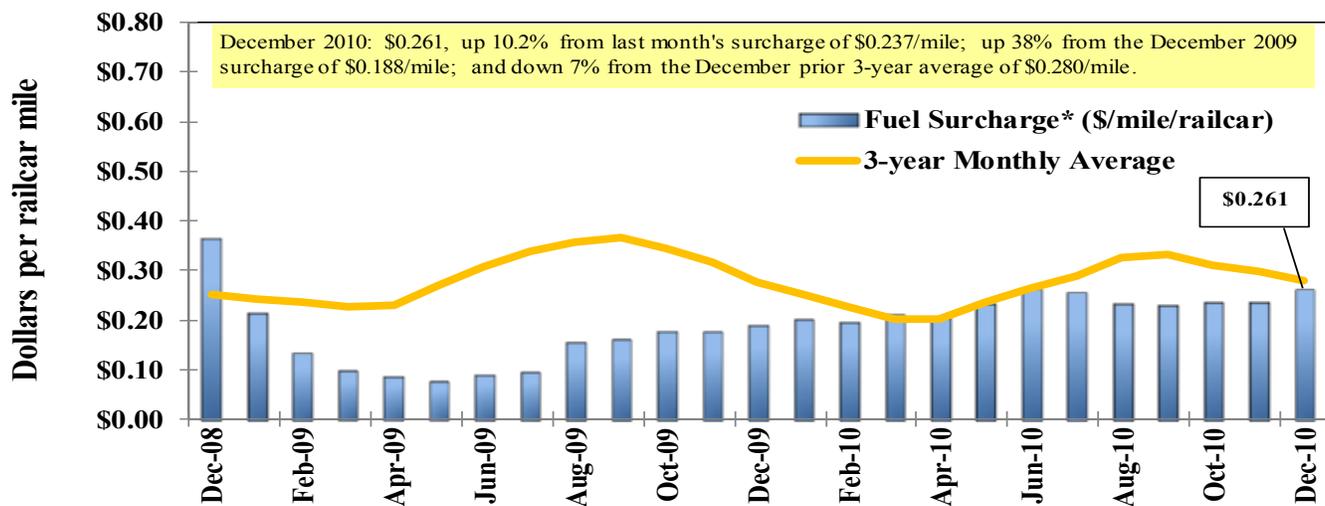
³Approximate load per car = 97.87 metric tons: Corn & Sorghum 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

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

⁵ Beginning 12/6/10, El Castillo replaced Penjamo, GJ as the destination

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.

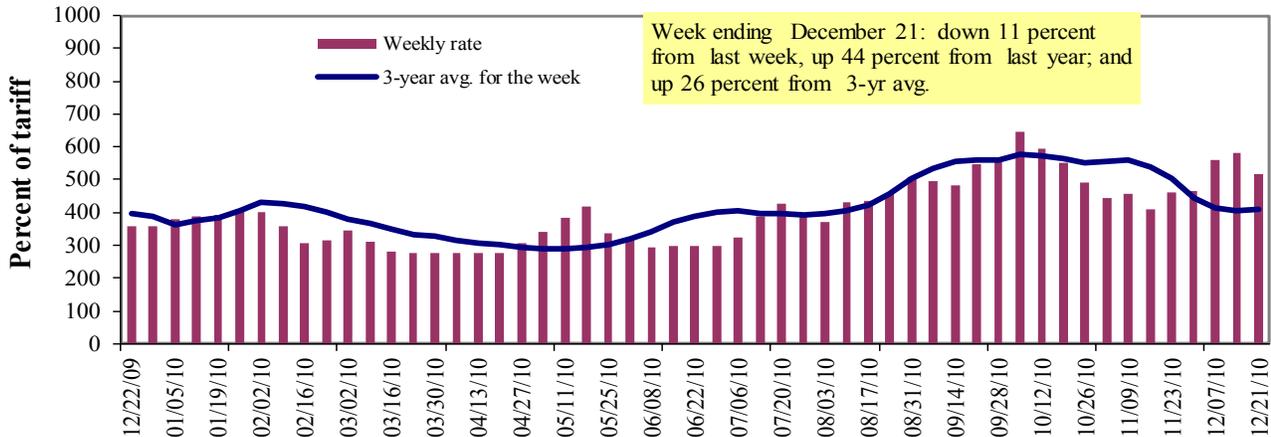
* Mileage-based fuel surcharges for March and April 2007 are estimated. Beginning January 2009, the Canadian Pacific fuel surcharge is computed by a monthly average of the bi-weekly fuel surcharge.

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

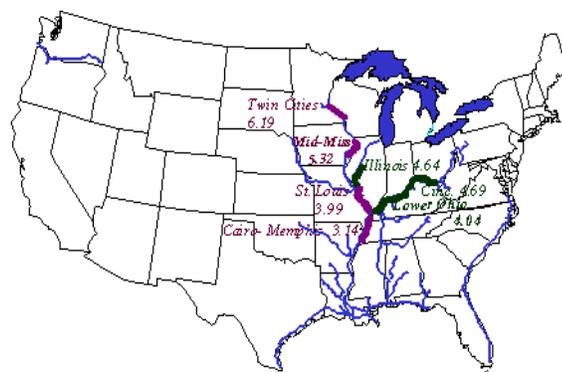
Weekly Barge Freight Rates: Southbound Only

		Twin Cities	Mid-Mississippi	Illinois River	St. Louis	Cincinnati	Lower Ohio	Cairo-Memphis
Rate ¹	12/21/2010	-	-	518	382	408	408	359
	12/14/2010	-	-	581	474	494	494	418
\$/ton	12/21/2010	-	-	24.04	15.24	19.14	16.48	11.27
	12/14/2010	-	-	26.96	18.91	23.17	19.96	13.13
Current week % change from the same week:								
	Last year	-	-	44	34	33	33	48
	3-year avg. ²	-	-	26	15	16	16	28
Rate ¹	January	-	-	455	350	403	403	331
	March	-	380	374	313	343	343	279

¹Rate = percent of 1976 tariff benchmark index (1976 = 100 percent); ²4-week moving average; ton = 2,000 pounds.

Source: Transportation & Marketing Programs/AMS/USDA

Figure 9
Benchmark tariff rates



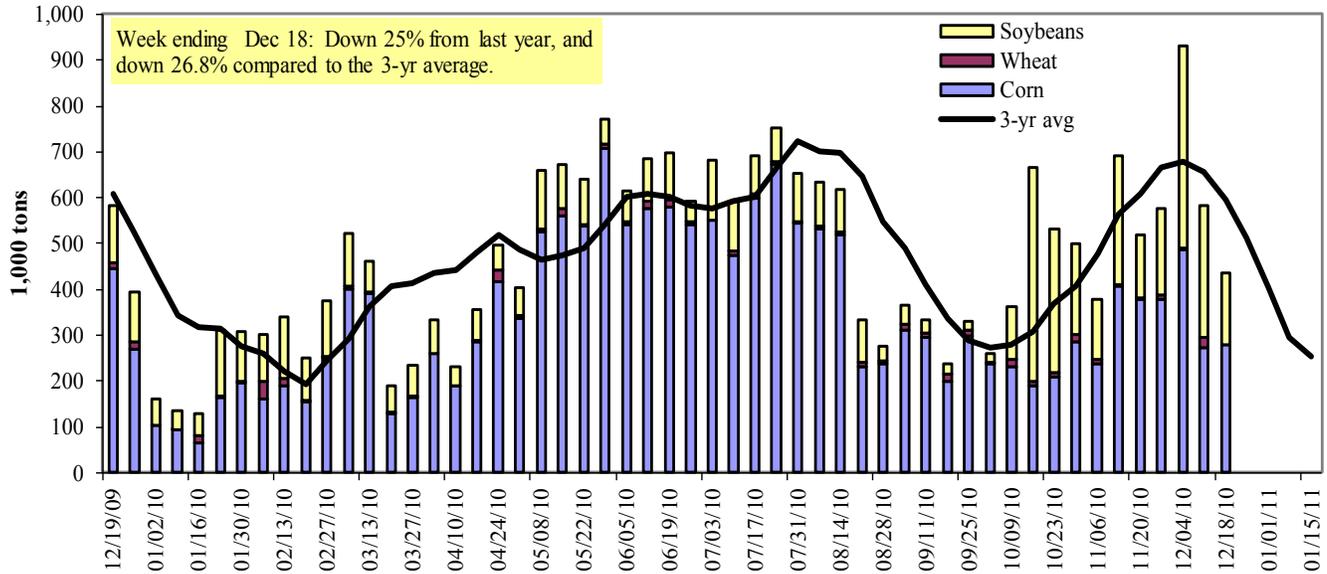
Calculating barge rate per ton:

$(\text{Index} * 1976 \text{ tariff benchmark rate per ton}) / 100$

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 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/mvrmi/omni/webprts/default.asp)

Table 10

Barge Grain Movements (1,000 tons)

Week ending 12/18/2010	Corn	Wheat	Soybeans	Other	Total
Mississippi River					
Rock Island, IL (L15)	0	0	0	0	0
Winfield, MO (L25)	16	0	39	2	57
Alton, IL (L26)	242	0	136	2	380
Granite City, IL (L27)	278	0	157	2	437
Illinois River (L8)	225	0	87	0	312
Ohio River (L52)	71	14	119	0	204
Arkansas River (L1)	0	3	59	9	71
Weekly total - 2010	349	17	335	11	712
Weekly total - 2009	535	18	266	10	829
2010 YTD ¹	22,118	1,178	9,956	468	33,720
2009 YTD	23,085	1,475	10,241	427	35,227
2010 as % of 2009 YTD	96	80	97	110	96
Last 4 weeks as % of 2009 ²	70	188	117	88	89
Total 2009	23,424	1,501	10,465	430	35,819

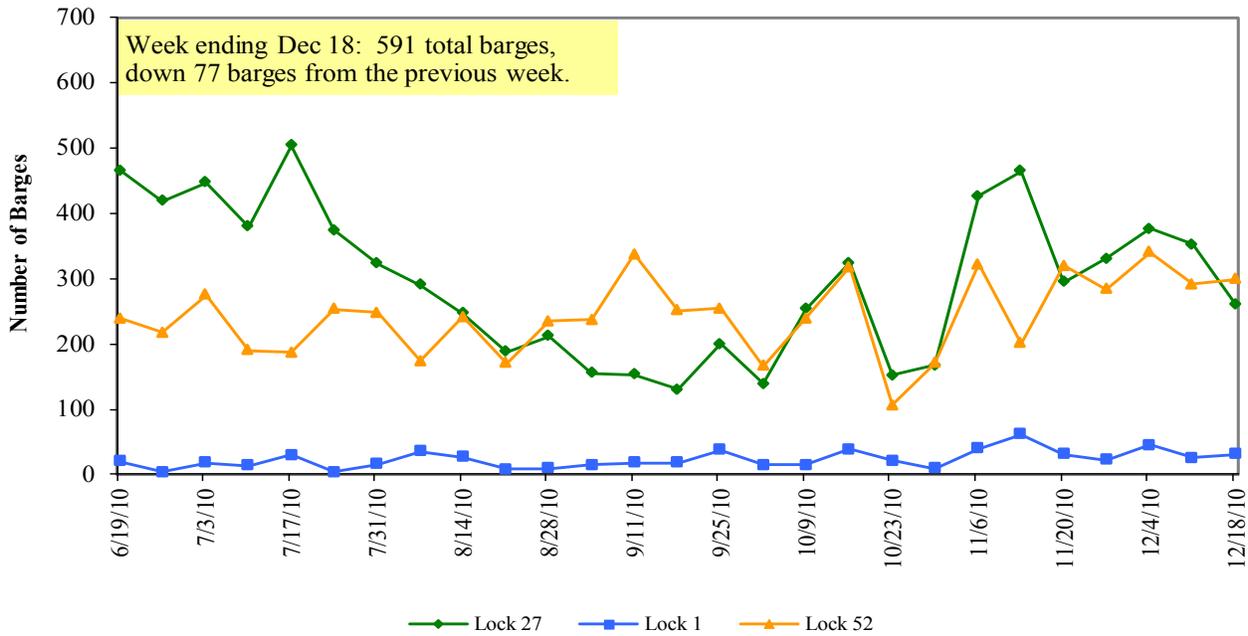
¹ Weekly total, YTD (year-to-date) and calendar year total includes Miss/27, Ohio/52, and Ark/1; "Other" refers to oats, barley, sorghum, and rye.

² As a percent of same period in 2009.

Note: Total may not add exactly, due to rounding

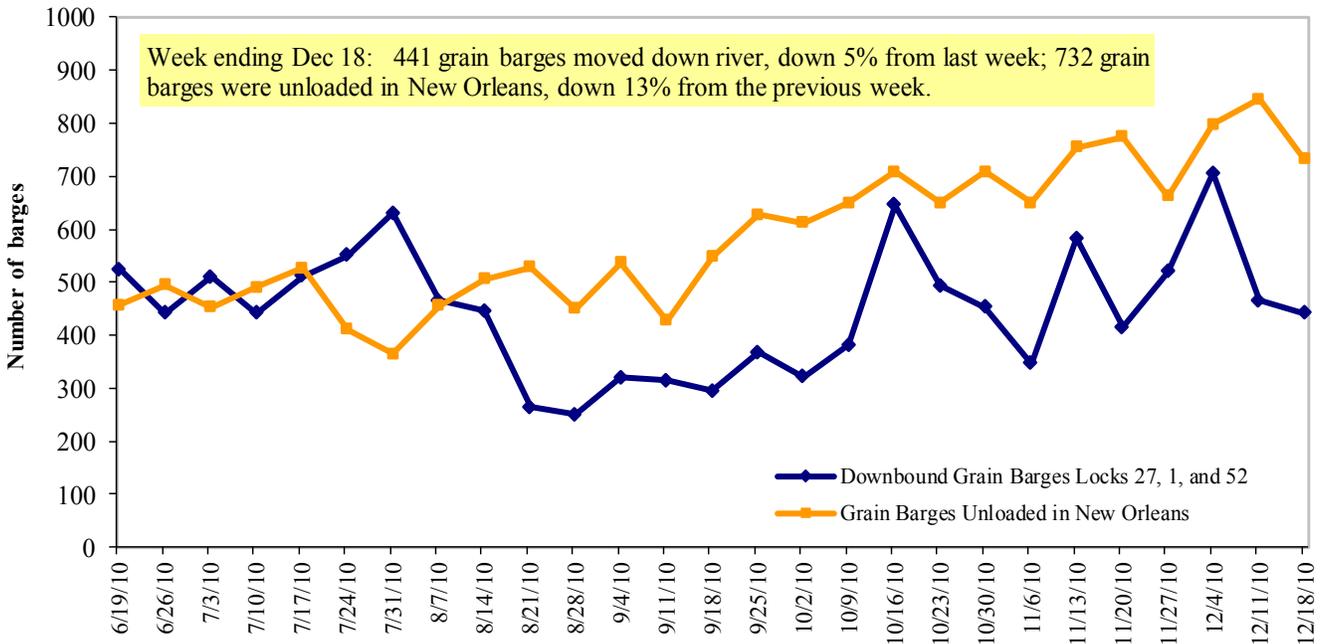
Source: U.S. Army Corps of Engineers (www.mvr.usace.army.mil/mvrmi/omni/webprts/default.asp)

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 12/20/2010 (US \$/gallon)

Region	Location	Price	Change from	
			Week ago	Year ago
I	East Coast	3.260	0.012	0.520
	New England	3.375	0.002	0.522
	Central Atlantic	3.381	0.017	0.540
	Lower Atlantic	3.197	0.010	0.510
II	Midwest ²	3.229	0.024	0.521
III	Gulf Coast ³	3.183	0.020	0.503
IV	Rocky Mountain	3.290	0.005	0.550
V	West Coast	3.366	0.005	0.541
	California	3.407	0.004	0.516
Total	U.S.	3.248	0.017	0.522

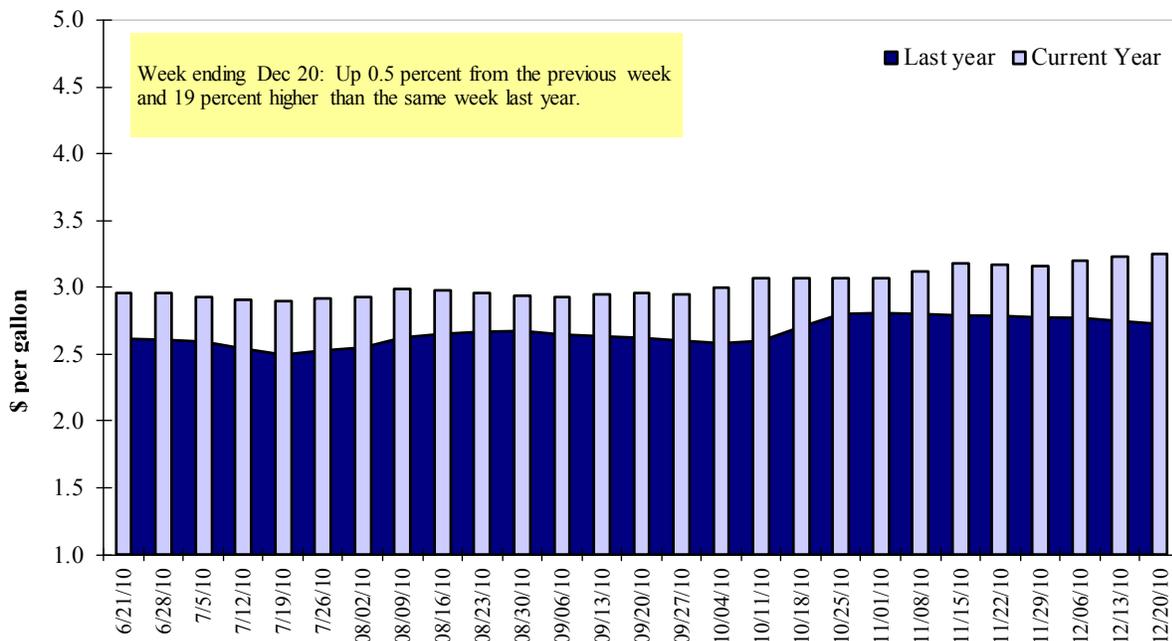
¹Diesel fuel prices include all taxes. Prices represent an average of all types of diesel fuel.

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									
12/9/2010	4,012	810	2,737	1,273	164	8,996	12,365	15,478	36,839
This week year ago	1,424	512	973	708	241	3,858	10,507	13,248	27,613
Cumulative exports-marketing year²									
2010/11 YTD	7,257	1,037	4,273	2,479	590	15,635	11,985	18,008	45,628
2009/10 YTD	4,172	1,698	2,749	2,251	640	11,509	12,142	16,248	39,899
YTD 2010/11 as % of 2009/10	174	61	155	110	92	136	99	111	114
Last 4 wks as % of same period 2008/09	262	151	284	184	72	227	118	128	138
2009/10 Total	8,458	2,733	5,329	3,897	983	21,400	47,700	39,285	108,385
2008/09 Total	11,244	5,100	5,408	3,420	454	25,626	44,650	33,705	103,981

¹ Current unshipped export sales to date

² Shipped export sales to date; the new marketing year now in effect for corn and soybeans

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 12/09/10	Total Commitments ²		% change current MY from last MY	Exports ³ 2009/10
	2010/11 Current MY	2009/10 Last MY		
- 1,000 mt -				
Japan	6,831	6,141	11	14,343
Mexico	3,755	4,271	(12)	7,999
Korea	3,163	3,165	(0)	7,562
Taiwan	1,197	1,281	(7)	2,949
Egypt	1,633	820	99	2,935
Top 5 importers	16,579	15,678	6	35,788
Total US corn export sales	24,350	22,649	8	50,460
% of Projected	49%	45%		
Change from Last Week	811	1,227		
Top 5 importers' share of U.S. corn export sales	68%	69%		
USDA forecast, December 2010	49,530	50,460	(2)	
Corn Use for Ethanol USDA forecast, Ethanol December 2010	121,920	116,027	5	

(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.

Table 14

Top 5 Importers¹ of U.S. Soybeans

Week ending 12/09/10	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 -
China ⁴	21,382	18,240	17	22,454
Mexico	1,521	1,308	16	3,276
Japan	1,142	1,293	(12)	2,347
EU-25	1,200	1,199	0	2,647
Taiwan	742	988	(25)	1,556
Top 5 importers	25,987	23,029	13	32,280
Total US soybean export sales	33,486	29,496	14	40,850
% of Projected	77%	72%		
Change from last week	85	935		
Top 5 importers' share of U.S. soybean export sales	78%	78%		
USDA forecast, December 2010	43,270	40,850	6	
Soybean Use for Biodiesel USDA forecast, December 2010	6,954	4,076	71	

(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: 110,000 mt on 12/15 to China for 2010/11.

Table 15

Top 10 Importers¹ of All U.S. Wheat

Week Ending 12/09/2010	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	2,220	2,177	2	3,233
Japan	2,585	2,107	23	3,148
Mexico	2,140	1,277	68	1,975
Philippines	1,719	1,247	38	1,518
Korea, South	1,234	805	53	1,111
Taiwan	600	574	5	844
Venezuela	454	379	20	658
Colombia	564	428	32	575
Peru	694	366	89	567
Egypt	2,401	456	427	529
Top 10 importers	14,610	9,815	49	14,156
Total US wheat export sales⁴	24,631	15,367	60	23,980
% of Projected	72%	64%		
Change from last week	894	345		
Top 10 importers' share of U.S. wheat export sales	59%	64%		
USDA forecast, December 2010	34,020	23,980	42	

(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.⁴Not Included, FAS Press Release: 150,000 mt HRW to Jordan on 12/16 for 2010/11.

Table 16

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

Port regions	Week ending 12/16/10	Previous Week ¹	Current Week as % of Previous	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	207	280	74	10,667	9,795	109	115	102	10,091
Corn	63	231	27	9,533	7,964	120	108	79	8,498
Soybeans	248	246	101	9,630	9,389	103	72	102	9,743
Total	518	757	68	29,829	27,148	110	91	95	28,332
Mississippi Gulf									
Wheat	84	110	76	4,008	3,927	102	224	181	4,019
Corn	532	571	93	28,648	28,044	102	136	99	28,843
Soybeans	657	823	80	21,356	20,043	107	121	130	21,831
Total	1,273	1,505	85	54,012	52,014	104	131	120	54,693
Texas Gulf									
Wheat	281	48	584	8,974	5,569	161	147	146	5,735
Corn	19	0	n/a	1,765	1,946	91	52	58	1,968
Soybeans	102	0	n/a	1,793	2,183	82	74	221	2,402
Total	402	48	836	12,532	9,698	129	103	143	10,105
Great Lakes									
Wheat	46	41	112	1,873	990	189	232	177	990
Corn	0	0	n/a	100	353	28	0	0	353
Soybeans	9	31	29	576	781	74	64	93	781
Total	55	72	76	2,549	2,124	120	124	111	2,124
Atlantic									
Wheat	0	0	n/a	314	551	57	89	0	552
Corn	6	4	141	446	465	96	36	26	472
Soybeans	18	63	29	1,254	1,093	115	48	89	1,268
Total	24	67	36	2,014	2,109	96	47	62	2,292
U.S. total from ports²									
Wheat	618	480	129	25,836	20,831	124	148	128	21,387
Corn	619	806	77	40,493	38,773	104	119	88	40,134
Soybeans	1,035	1,163	89	34,609	33,488	103	96	123	36,025
Total	2,272	2,449	93	100,938	93,092	108	111	112	97,546

¹ Data includes revisions from prior weeks; some regional totals may not add exactly due to rounding.

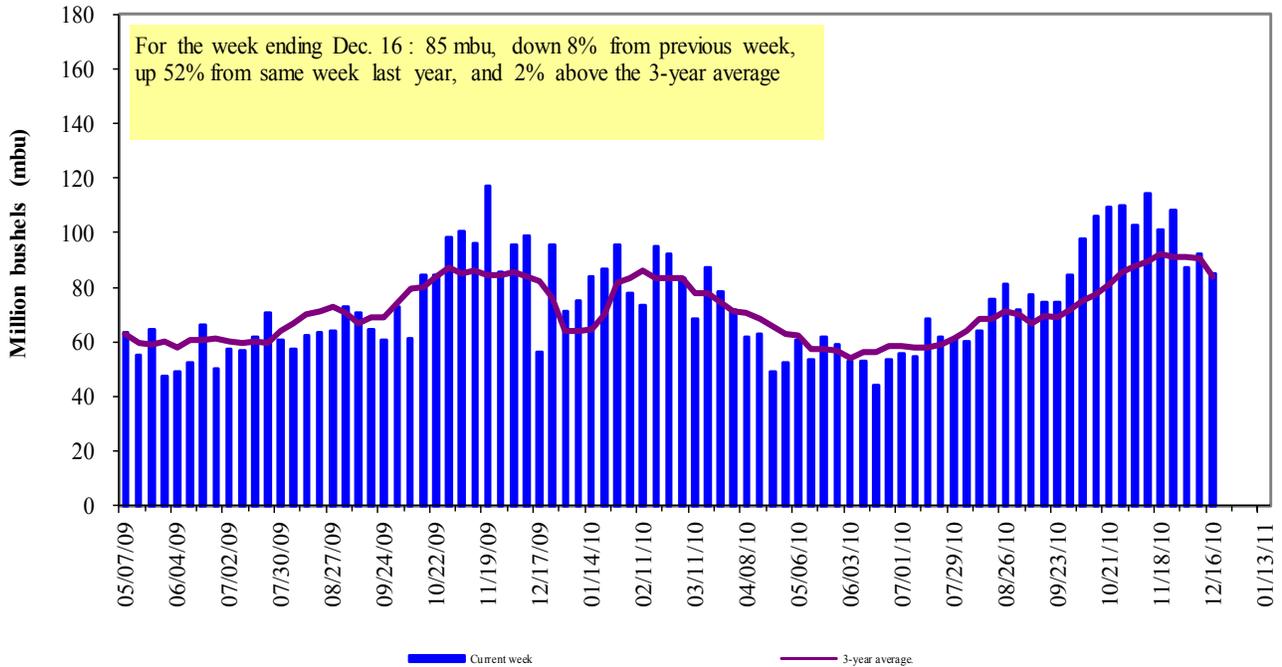
² Total includes only port regions shown above

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)

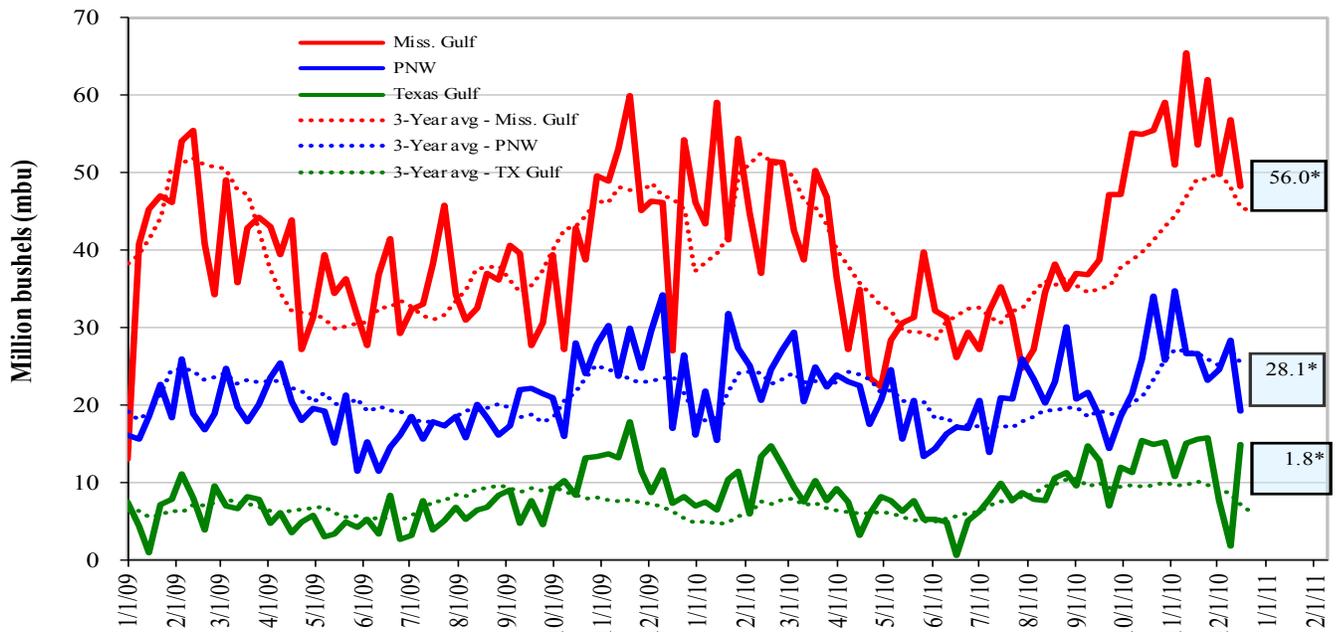


Source: Grain Inspection, Packers and Stockyards Administration/USDA (www.gipsa.usda.gov)

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.

Dec 16, % change from:	MS Gulf	TX Gulf	U.S. Gulf	PNW
Last week	down 15	up 739	up 8	down 33
Last year (same week)	up 79	up 105	up 84	up 12.4
3-yr avg. (4-wk mov. avg.)	up 6	up 110	up 20	down 3.4

Ocean Transportation

Table 17

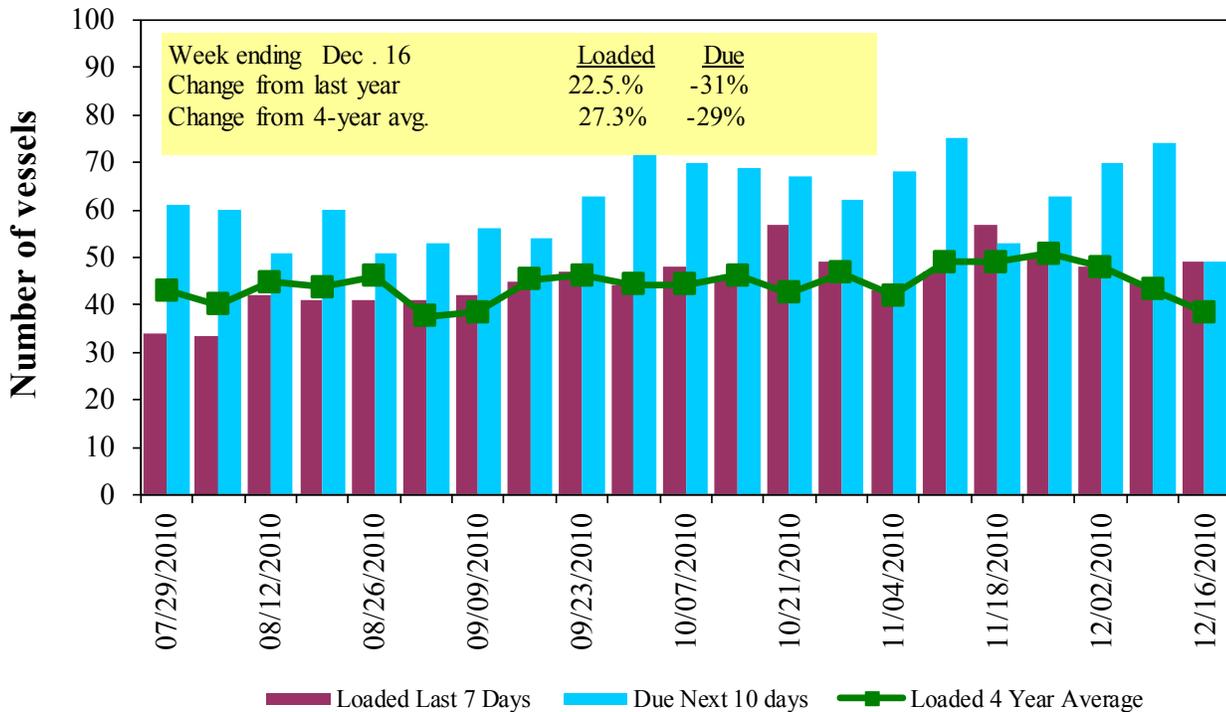
Weekly Port Region Grain Ocean Vessel Activity (number of vessels)

Date	Gulf			Pacific Northwest	Vancouver B.C.
	In port	Loaded 7-days	Due next 10-days	In port	In port
12/16/2010	40	49	49	21	14
12/9/2010	35	45	74	20	13
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

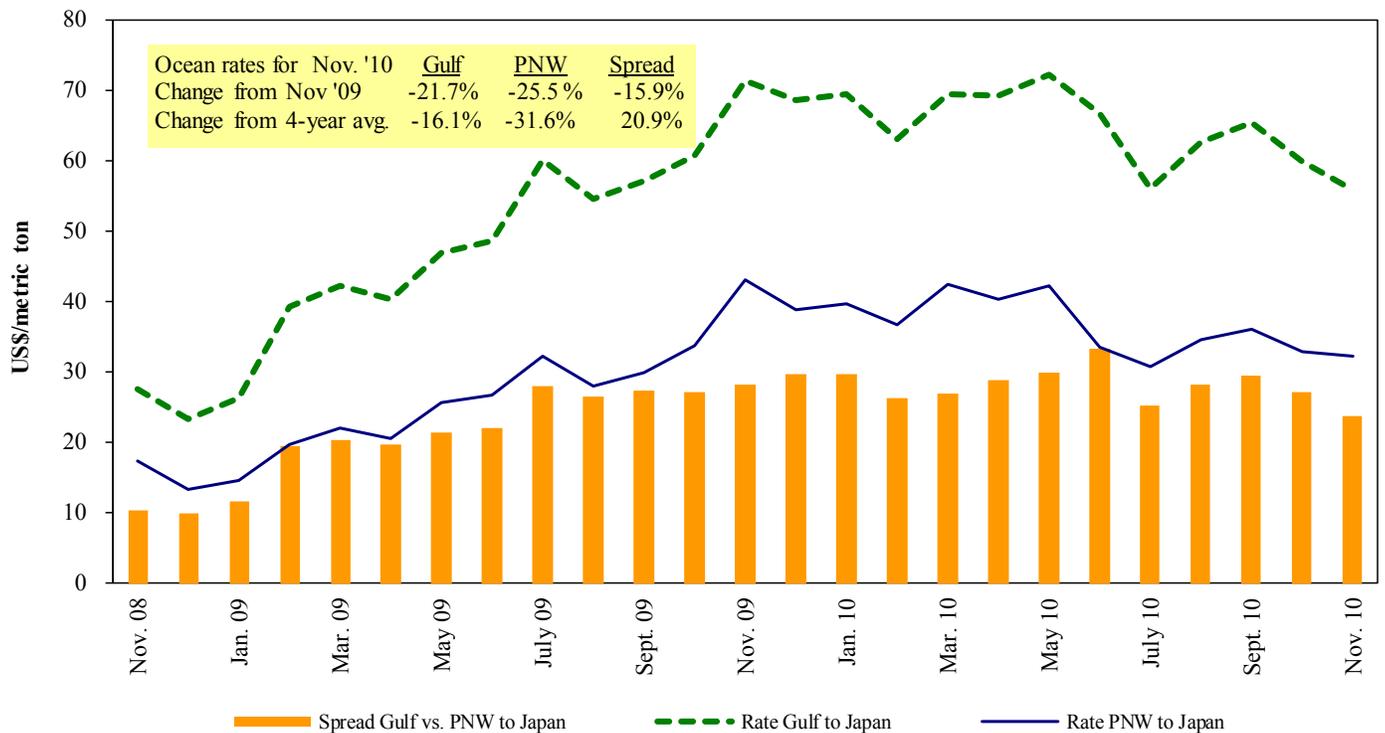


Source: Transportation & Marketing Programs/AMS/USDA

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 12/18/2010

Export region	Import region	Grain types	Loading date	Volume loads (metric tons)	Freight rate (US\$/metric ton)
U.S. Gulf	China	Heavy Grain	Dec 22/31	55,000	57.00
U.S. Gulf	China	Heavy Grain	Dec 20/30	55,000	57.00
U.S. Gulf	China	Heavy Grain	Dec 1/5	55,000	63.00
U.S. Gulf	China	Heavy Grain	Nov 20/30	55,000	56.00
U.S. Gulf	China	Heavy Grain	Nov 15/24	55,000	57.00
U.S. Gulf	China	Heavy Grain	Nov 15/24	55,000	56.75
U.S. Gulf	Portugal	Soybeanmeal	Oct 29/Nov 10	24,000	36.00
U.S. Gulf	Pakistan ¹	Wheat	Nov 26/Dec 6	8,100	77.99
Brazil	Algeria	Corn	Oct 15/20	25,000	36.00
Brazil	Morocco	Heavy Grain	Oct 3/5	26,000	36.75
France	Algeria	Wheat	Oct 30/Nov 5	22,500	29.00
River Plate	Algeria	Corn	Dec 5/10	25,000	36.00
River Plate	Algeria	Soybeanmeal	Nov 28/30	25,000	39.50
River Plate	Algeria	Corn	Nov 16/25	25,000	31.00
River Plate	Italy	Heavy Grain	Nov 1/2	28,000	41.50
River Plate	Poland	Soybeanmeal	Oct 28/30	15,000	48.00
Romania	Egypt Med	Wheat	Nov 1/10	25,000	17.25
Ukraine	Egypt	Corn	Oct 20/25	25,000	18.75

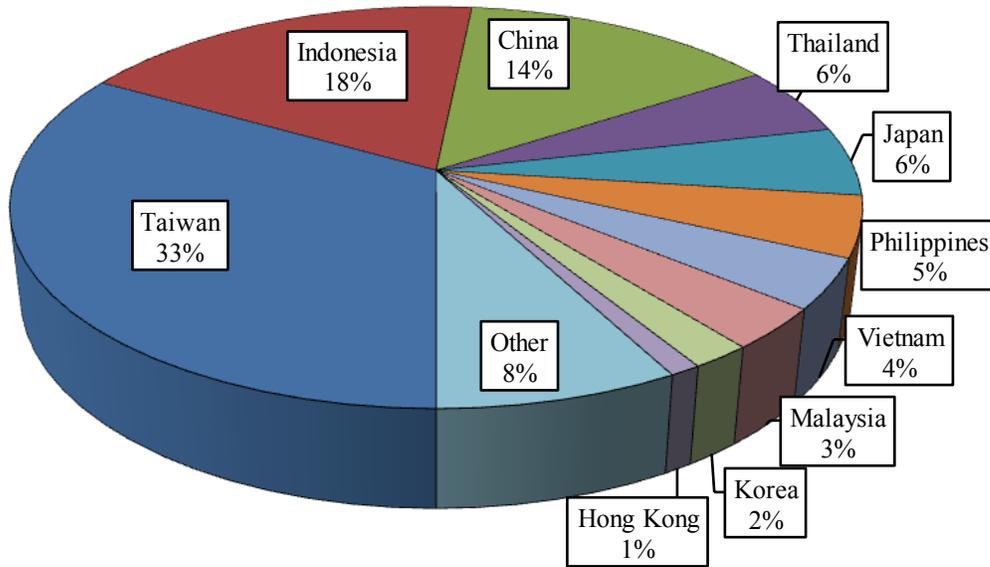
Rates shown are for metric ton (2,204.62 lbs. = 1 metric ton), F.O.B., except where otherwise indicates; op = option

¹75 percent of food aid from the United States is required to be shipped on U.S.-flag vessels.

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, October 2010

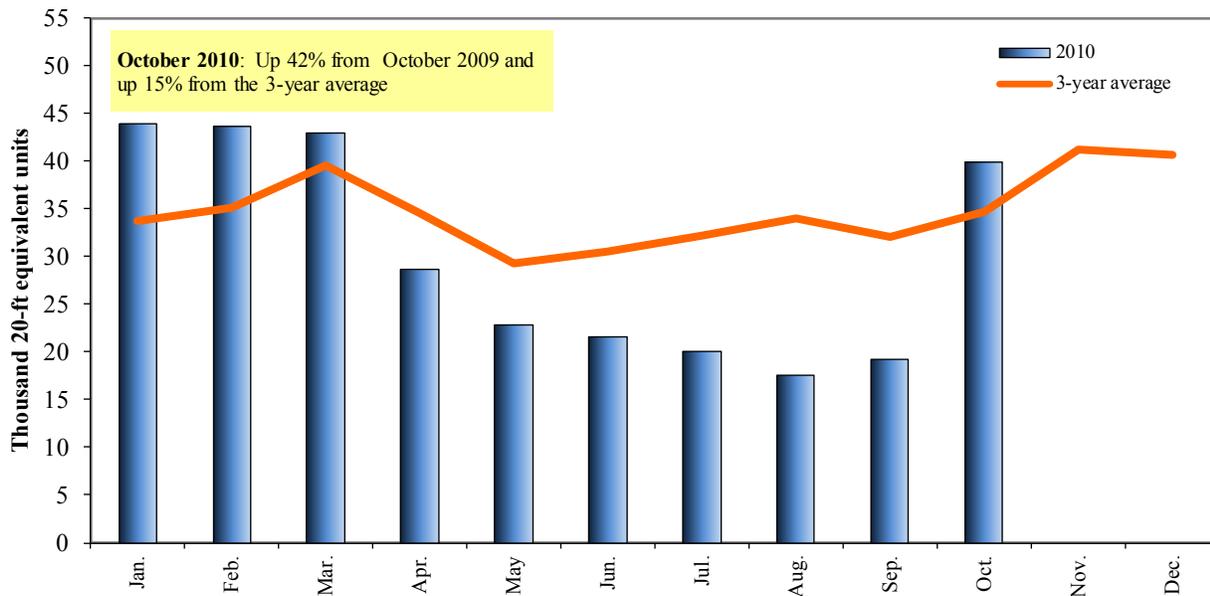


Source: Port Import Export Reporting Service (PIERS)

Note: The following Harmonized Tariff Codes are used to calculate containerized grains movements (recently added codes are highlighted in bold type): 100190, 100200, 100300, 100400, 100590, 100700, 110100, 230310, 110220, 110290, 120100, 230210, 230990, **230330**, and **120810**.

Figure 19

Monthly Shipments of Containerized Grain to Asia



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

Note: The following Harmonized Tariff Codes are used to calculate containerized grains movements (recently added codes are highlighted in bold type): 100190, 100200, 100300, 100400, 100590, 100700, 110100, 230310, 110220, 110290, 120100, 230210, 230990, **230330**, and **120810**.

Contacts and Links

Coordinators

Surajudeen (Deen) Olowolayemo surajudeen.olowolayemo@ams.usda.gov (202) 694 - 3050
Pierre Bahizi pierre.bahizi@ams.usda.gov (202) 694 - 2503

Weekly Highlight Editors

Marina Denicoff marina.denicoff@ams.usda.gov (202) 694 - 2504
Surajudeen (Deen) Olowolayemo surajudeen.olowolayemo@ams.usda.gov (202) 694 - 3050
April Taylor april.taylor@ams.usda.gov (202) 295 - 7374

Grain Transportation Indicators

Surajudeen (Deen) Olowolayemo surajudeen.olowolayemo@ams.usda.gov (202) 694 - 3050

Rail Transportation

Marvin Prater marvin.prater@ams.usda.gov (202) 694 - 3051
Johnny Hill johnny.hill@ams.usda.gov (202) 694 - 2506

Barge Transportation

Nicholas Marathon nick.marathon@ams.usda.gov (202) 694 - 2508
April Taylor april.taylor@ams.usda.gov (202) 295 - 7374

Truck Transportation

April Taylor april.taylor@ams.usda.gov (202) 295 - 7374

Grain Exports

Johnny Hill johnny.hill@ams.usda.gov (202) 694 - 2506
Marina Denicoff marina.denicoff@ams.usda.gov (202) 694 - 2504

Ocean Transportation

Surajudeen (Deen) Olowolayemo surajudeen.olowolayemo@ams.usda.gov (202) 694 - 3050
(Freight rates and vessels)
April Taylor april.taylor@ams.usda.gov (202) 295 - 7374
(Container movements)

Subscription Information: Send relevant information to GTRContactUs@ams.usda.gov for an electronic copy (*printed copies are also available upon request*).

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