



WEEKLY HIGHLIGHTS

January 26, 2012

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Total Grain Inspections Up for Third Consecutive Week

For the week ending January 19, **total inspections of grain** (corn, wheat, and soybeans) for export reached 2.33 million metric tons (mmt), up 4 percent from the past week but 7 percent below last year. Total wheat inspections (.466 mmt) increased for the second consecutive week, and were 27 percent higher than the past week. Inspections of wheat increased in the Mississippi Gulf and Pacific Northwest (PNW) as shipments to Nigeria and Asia increased. Total corn inspections (.896 mmt) increased 17 percent from the past week as shipments from the PNW increased 176 percent and cross-border interior shipments increased 30 percent. Soybean inspections, however, dropped 13 percent from the past week, to .972 mmt. Overall export activity is increasing as indicated by higher **outstanding sales** (unshipped) of all three commodities.

U.S. Army Corps of Engineers Gets Emergency Funds for Dredging

On January 18, the U.S. Army Corps of Engineers received \$55 million in emergency funding to dredge heavily shoaled portions of the lower Mississippi River. Of principal concern are the dredging needs at the mouth of the Mississippi River: the Southwest Pass. Current restrictions allow passage of vessels with a 42 foot or less draft at the Southwest Pass. Dredging operations will expand the shipping channel to 45 feet deep and 750 feet wide. Widespread flooding during 2011 deposited sediments and decreased channel depths and widths, increasing the need for dredging. In 2011, the Mississippi River handled 61 percent of all corn exports, 55 percent of all soybean exports, and 15 percent of all wheat exports.

Workers End Panama Canal Construction Strike

On Monday, January 23, workers returned to work on the Panama Canal expansion project, ending a 6-day strike. The \$5.25 billion expansion will double the canal's capacity when completed in late 2014. The strike did not affect traffic transiting the canal. During fiscal year 2010, close to 31 million metric tons of U.S. grain exports to Asia transited the canal.

ILWU and EGT Reach Tentative Settlement to Labor Dispute

On January 23, Governor Chris Gregoire of Washington announced that EGT Development LLC and the International Longshore and Warehouse Union (ILWU) reached a tentative settlement on pending legal issues surrounding labor disputes at EGT's grain export facility in Longview. No details about the settlement have been released. This settlement comes after months of contention and several high-profile protests between the local ILWU and EGT, who hired non-ILWU workers to operate the new state-of-the-art terminal at the Port of Longview.

Snapshots by Sector

Rail

U.S. railroads originated 21,330 **carloads of grain** during the week ending January 14, up 2 percent from last week, down 10 percent from last year, and 1 percent higher than the 3-year average.

During the week ending January 19, average February non-shuttle **secondary railcar bids/offers per car** were \$3.50 below tariff, up \$9 from last week and down \$61 from last year. Average shuttle rates were \$244 below tariff, down \$44 from last week and \$34.50 from last year.

Barge

During the week ending January 21, **barge grain movements** totaled 688,975 tons, 15 percent higher than the previous week and 19.7 percent higher than the same period last year.

During the week ending January 21, 431 grain barges **moved down river**, up 16 percent from last week; 772 grain barges were **unloaded in New Orleans**, down 8 percent from the previous week.

Ocean

During the week ending January 19, 41 **ocean-going grain vessels** were loaded in the Gulf, down 11 percent from last year. Fifty-two vessels are expected to be loaded within the next 10 days, 32 percent less than the same period last year.

During the week ending January 20, the ocean freight rate for shipping bulk grain from the Gulf to Japan was \$51 per mt, unchanged from the previous week. The cost of shipping from the Pacific Northwest to Japan was \$27 per mt—unchanged from the previous week.

Fuel

During the week ending January 23, U.S. average **diesel fuel prices** decreased less than 1 cent to remain at \$3.85 per gallon—down 0.2 percent from the previous week but 12 percent higher than the same week last year.

Feature Article/Calendar

The Secondary Railcar Market Component of Grain Rates

The grain transport cost indicators (truck, rail, barge, and ocean) presented in **Table 1** provides a one-stop glance at the direction of grain transportation cost movements. The rail cost indicator is based on the secondary railcar market and is useful for reflecting the intra-year seasonality inherent in the grain market caused by railcar supply and demand tied to the agricultural production cycle. It serves as a quick reference to compare weekly movements in rail costs against both the previous week and other modes. This article provides our readers with some background information on the secondary railcar market, which is a unique component of rail transport.

Secondary Railcar Market

As is noted in Table 1, the current rail indicator is not a true index; it is the difference between any given week's secondary railcar market bid for the next month and the average bid in the year 2000 (the base year for each indicator). This measure is most useful for depicting supply and demand relationships for grain rail service at any given point but does not indicate price changes in the market over time. Instead, the current rail indicator is generally used as a monthly forecast of graincar availability, with high numbers corresponding to strong demand/constrained capacity and low numbers to weak demand/excess capacity.

The information contained in the secondary railcar market is an important component in creating a true rail index. One way that rail tariffs have evolved to be more responsive to market price pressures is through the secondary railcar market. Unlike barge and ocean rates or the weekly diesel price used as a proxy for truck rates, rail rates do not change on a daily or weekly basis. Railroads must give a 20-day notice prior to changing tariffs. Therefore, published tariff rates tend to reflect the most likely market conditions to prevail given historical precedence and future expectations. As such, rail rates are more insulated from weekly market changes and unexpected events, including weather, transportation disruptions, revised grain production or export sales data, and exchange rates. But as new information enters the market, these pressures may distort the optimal allocation of railcar supply with shipper demand given tariff rates alone. Service contracts purchased in secondary railcar market auctions serve as instruments against risk caused by unexpected events. They allow the supply of railcars to be continually reallocated among shippers through an auction bidding process as new information comes into the market. Premiums paid as bids in the secondary railcar market affect a grain shipper's overall price paid to transport grain.

Current Rail Cost Indicator

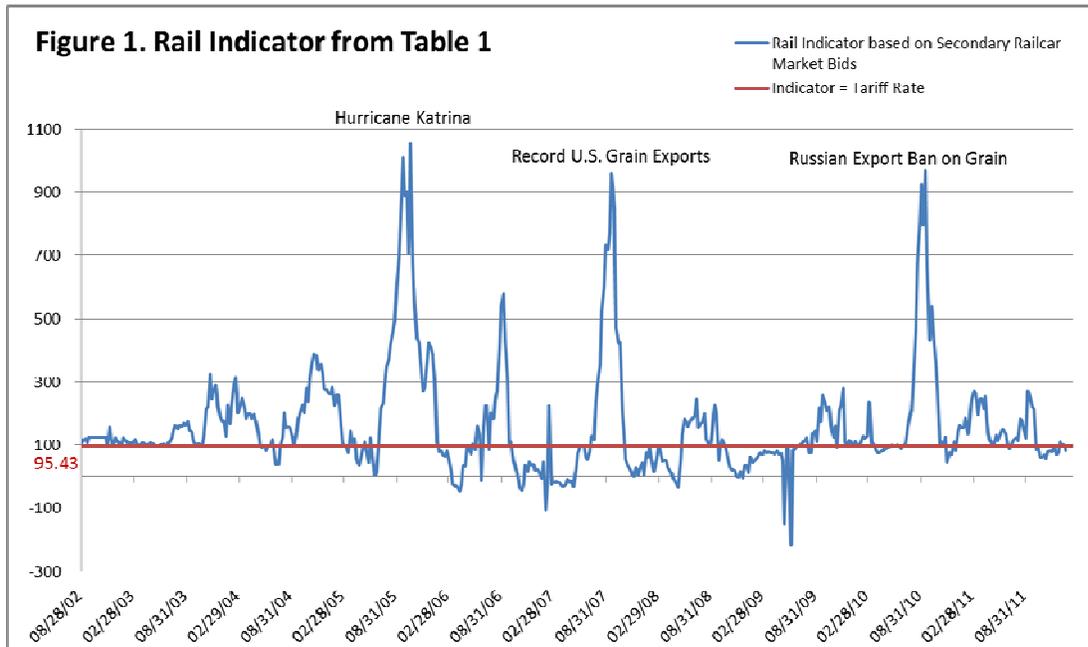
To calculate the current indicator, the average bid in 2000 (4.57) is subtracted from next month's secondary railcar market bid reported each week in **Table 6** (the UP and BNSF averaged non-shuttle bid).¹ The difference is then added to 100, as a presentation convenience, to place it within the ranges of the other indicators in Table 1. For example, the February bids reported this week for UP and BNSF are 18 and -25 with an average of -3.5. This shows that, on average, contracts for the guaranteed delivery of graincars in February are trading \$3.50 below current tariff rates. By subtracting the 4.57 base year bid amount and adding 100, we arrive at the rail indicator reported in **Table 1** ($-3.5-4.57+100=91.93\approx 92$).

Typically, most of the current indicator numbers fall in the 0-400 range. However, during times of peak demand, the indicator can reach into the 800-1000 range. An analysis of **the historical data for Table 1** (figure 1) shows that the indicator reaches these highs between the months of August and October for 2005, 2007, and 2010 when world events placed severe strains on available rail capacity—Hurricane Katrina in 2005, record grain exports from the U.S. in 2007, and the Russian ban on grain exports in 2010. Despite atypical disruptions, the indicator is generally higher during these months for any given year as shippers anticipate the fall grain harvest by bidding high premiums on service to ensure adequate rail capacity for their crop. In contrast, indicator numbers below 95.43²

¹ The averaged shuttle and non-shuttle bids in Table 6 are plotted in Figures 4, 5, and 6.

² A rail indicator number of 95.43 represents bids trading without a premium over published tariffs, \$0, due to the accounting convention used to derive the indicator. ($0+100-4.57=95.43$)

indicate secondary railcar market bids trading below the published tariff rates offered by rail carriers during times of weak demand. Typically, this has occurred between February and June, but has occurred as early as October in some years, such as 2011, when less grain was transported after the harvest. In Figure 1 below, indicator numbers at the red line show where the tariff rates alone were at equilibrium—sufficient for allocating railcar supply with rail service demand. Where the indicator is above the red line, there is tight rail capacity for grain shipping while an indicator below the red line reflects excess capacity relative to demand.



The average bid in 2000 (4.57) is subtracted in order to create an indexed approach. Weekly changes are supposed to indicate if shippers are paying larger or smaller premiums or receiving larger or smaller discounts over time in comparison to the base year. Because all the weekly points are shifted by the same amount (95.43), the rail indicator has not been indexed to a single point in time, making intra-year comparisons difficult. Thus, there are no discernible long-run trends in the data based on underlying prices, only seasonal variances. Nevertheless, it is evident that most bids have been above tariff rates during the time period. This indicates guaranteed service contracts traded in the secondary railcar market have been a continuing source of value to grain shippers as a way of mitigating risk during times of tight capacity.

New Rail Rate Index for Grain

With the recent release of the Surface Transportation Board’s 2010 Carload Waybill Sample, we will be able to create a true, up-to-date rail index as part of our on-going effort to improve the content of the GTR. The new rail cost index will still reflect seasonality shown by the secondary railcar market but will also show inter-year trends present in tariff rates and fuel surcharges. We will release a primer on the new rail index once the data has been analyzed and reviewed over the next month or so. After release of the new index, anyone interested only in seasonal variations or graincar availability may still refer to **Figures 4, 5, and 6** and **Table 6**. But for those wishing to track long-run trends in grain rail rates, as currently reported in Table 1’s indices for truck, barge, and ocean shipping, the new index should be a welcome addition to the GTR data set. Adam.Sparger@ams.usda.gov

Grain Transportation Indicators

Table 1

Grain Transport Cost Indicators¹

Week ending	Truck	Rail ²	Barge	Ocean	
				Gulf	Pacific
01/25/12	258	92	214	228	191
01/18/12	259	83	201	228	191

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)

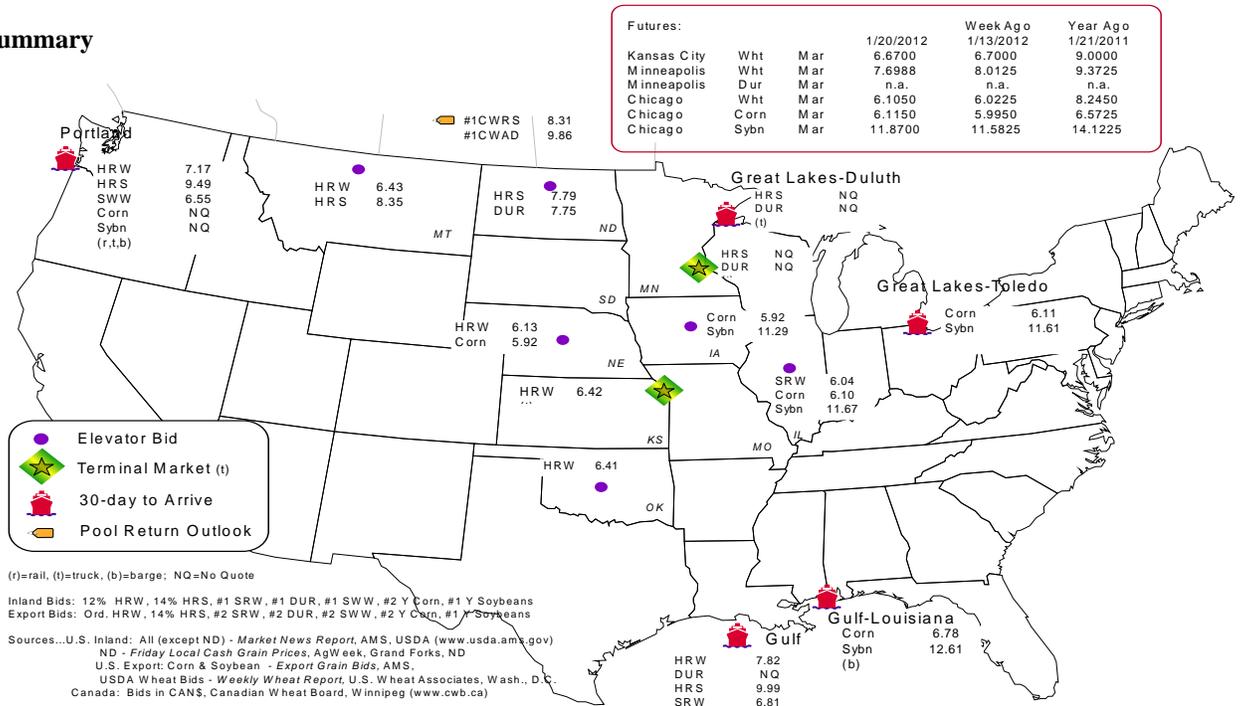
Commodity	Origin--Destination	1/20/2012	1/13/2012
Corn	IL--Gulf	-0.68	-0.68
Corn	NE--Gulf	-0.86	-0.83
Soybean	IA--Gulf	-1.32	-1.29
HRW	KS--Gulf	-1.40	-1.45
HRS	ND--Portland	-1.70	-1.87

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	
1/18/2012 ^p	0	298	948	2,544	459	4,249
1/11/2011 ^r	148	454	918	3,013	387	4,920
2012 YTD	173	1,747	2,659	8,734	1,194	14,507
2011 YTD	1,338	3,655	2,052	9,181	3,856	20,082
2012 YTD as % of 2011 YTD	13	48	130	95	31	72
Last 4 weeks as % of 2011 ²	4	24	174	83	54	60
Last 4 weeks as % of 4-year avg. ²	5	30	156	83	48	63
Total 2011	27,358	77,515	48,782	178,990	24,088	356,733
Total 2010	33,971	83,492	42,794	177,896	32,780	370,933

¹ Data is incomplete as it is voluntarily provided

² Compared with same 4-weeks in 2011 and prior 4-year average.

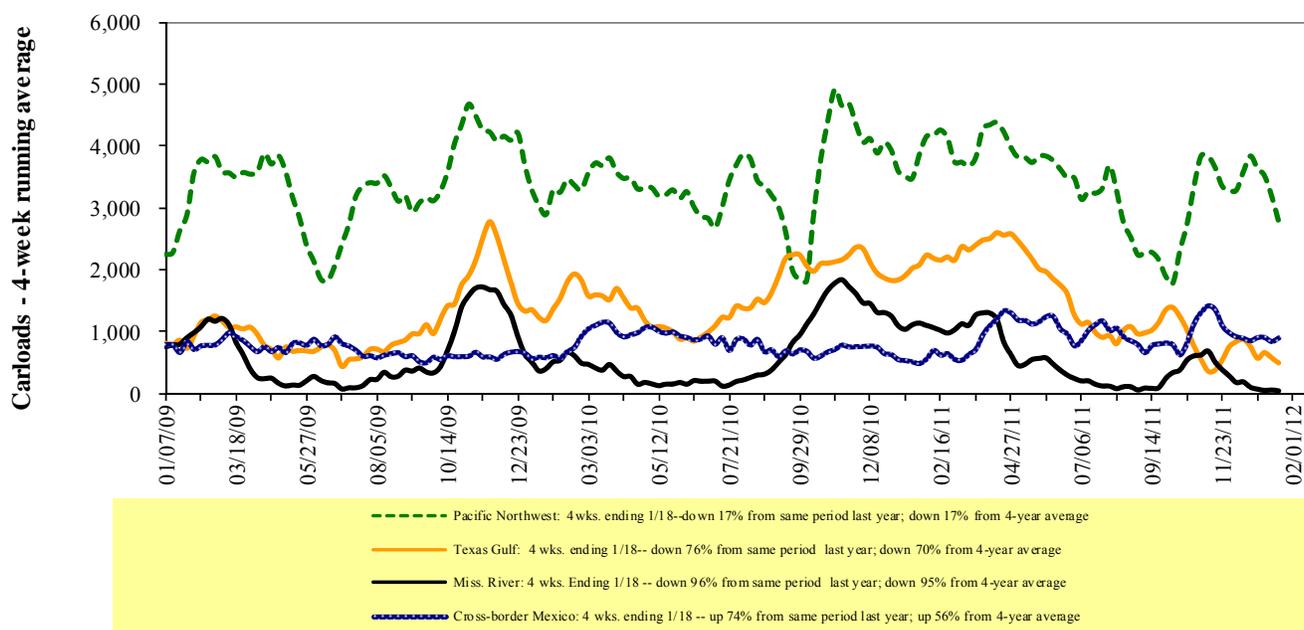
YTD = year-to-date; p = preliminary data; r = revised data; n/a = not available

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

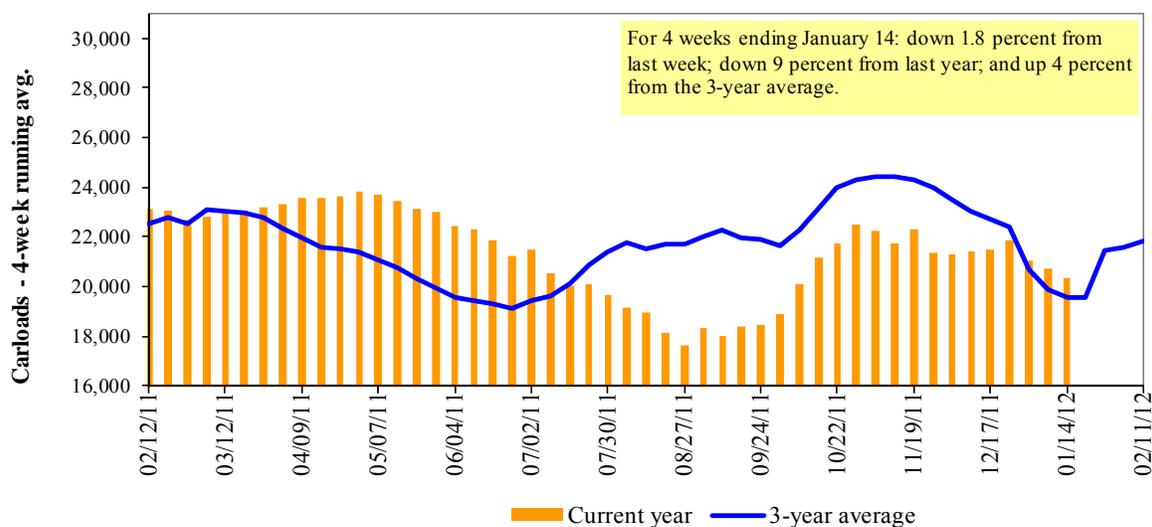
Table 4

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
01/14/12	2,262	2,783	10,165	729	5,391	21,330	3,945	5,187
This week last year	2,521	3,164	11,296	599	6,053	23,633	4,035	4,139
2012 YTD	4,484	5,893	20,400	1,155	10,251	42,183	7,505	9,748
2011 YTD	5,169	6,573	23,237	1,283	13,284	49,546	7,640	9,456
2012 YTD as % of 2011 YTD	87	90	88	90	77	85	98	103
Last 4 weeks as % of 2011 ¹	92	93	95	93	82	91	106	107
Last 4 weeks as % of 3-yr avg. ¹	104	107	109	84	98	105	109	111
Total 2011	98,506	150,869	546,090	34,683	292,401	1,122,549	200,610	269,399

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

Railcar Auction Offerings¹ (\$/car)²

Week ending	Delivery period							
	Feb-12	Feb-11	Mar-12	Mar-11	Apr-12	Apr-11	May-12	May-11
1/19/2012								
BNSF ³								
COT grain units	no bids	no offer	no bids					
COT grain single-car ⁵	0 . . 10	0 . . 5	10	0	no bids	0	no bids	0
UP ⁴								
GCAS/Region 1	1	1	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.

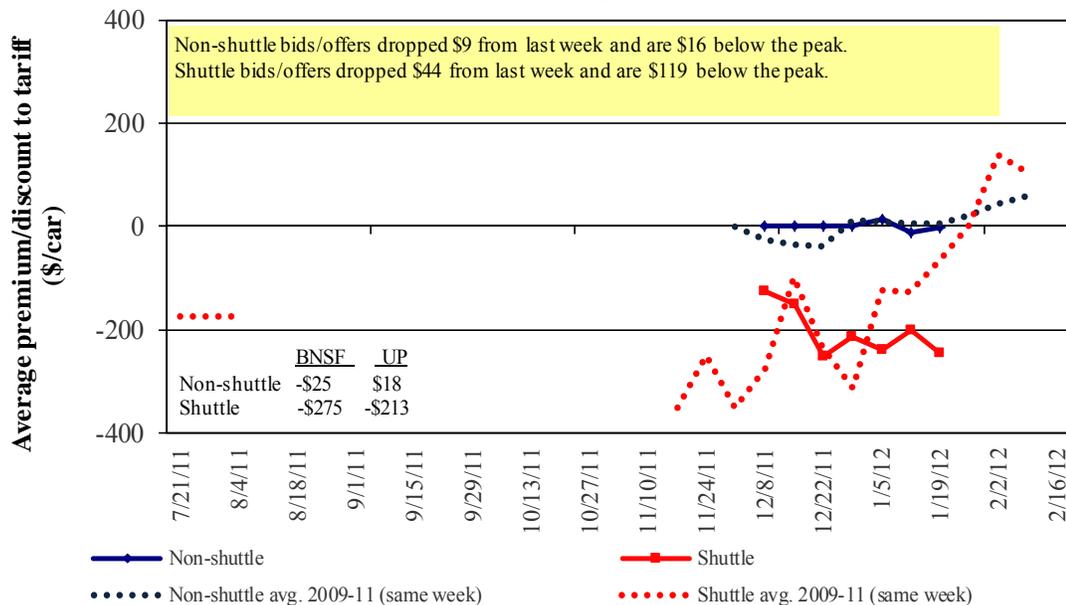
⁵Range is shown because average is not available. Not available = n/a.

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 February 2012, Secondary Market

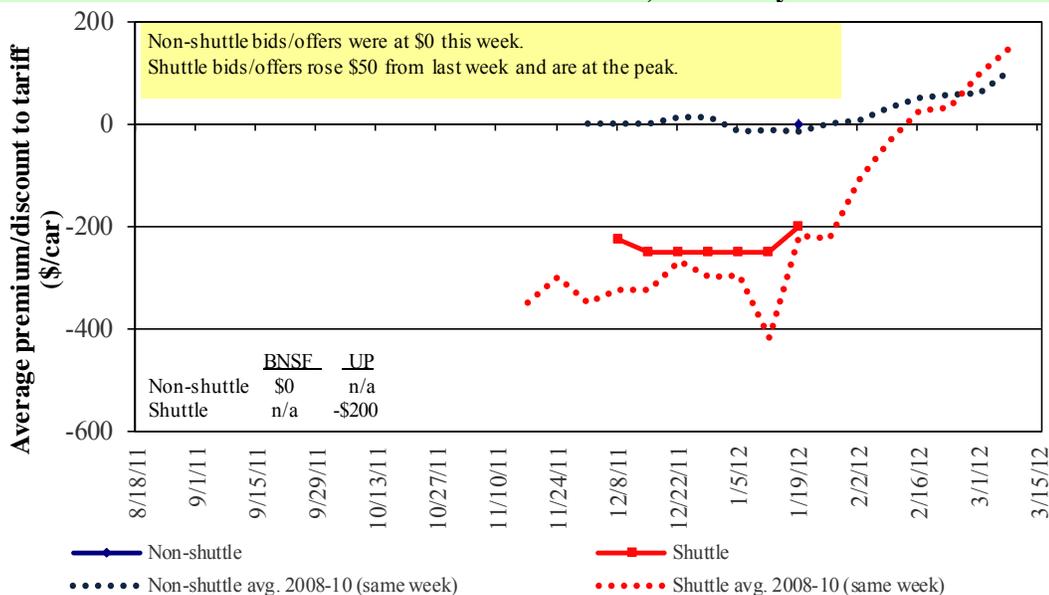


Non-shuttle bids include unit-train and single-car bids. n/a = not available.

Source: Transportation & Marketing Programs/AMS/USDA

Figure 5

Bids/Offers for Railcars to be Delivered in March 2012, Secondary Market

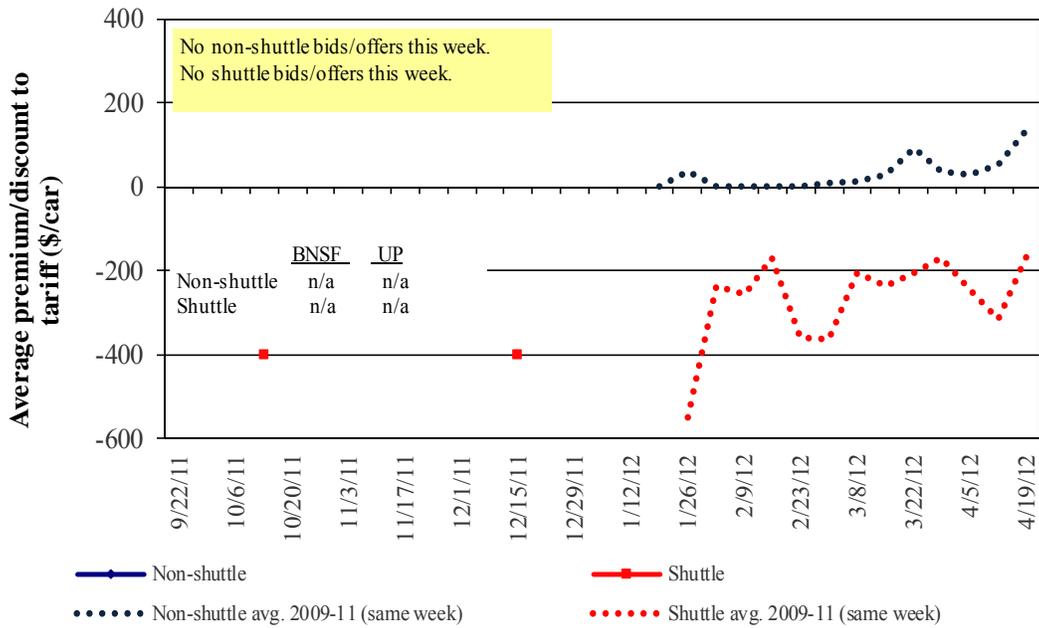


Non-shuttle bids include unit-train and single-car bids. n/a = not available.

Source: Transportation & Marketing Programs/AMS/USDA

Figure 6

Bids/Offers for Railcars to be Delivered in April 2012, 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 Railcar Market (\$/car)¹

Week ending	Delivery period					
	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12
Non-shuttle						
BNSF-GF	(25)	-	n/a	n/a	n/a	n/a
Change from last week	25	n/a	n/a	n/a	n/a	n/a
Change from same week 2010	(107)	(58)	n/a	n/a	n/a	n/a
UP-Pool	18	n/a	n/a	n/a	n/a	n/a
Change from last week	(7)	n/a	n/a	n/a	n/a	n/a
Change from same week 2010	(15)	n/a	n/a	n/a	n/a	n/a
Shuttle²						
BNSF-GF	(275)	n/a	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 2010	(281)	n/a	n/a	n/a	n/a	n/a
UP-Pool	(213)	(200)	n/a	n/a	n/a	n/a
Change from last week	(13)	50	n/a	n/a	n/a	n/a
Change from same week 2010	212	275	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:		Origin region*	Destination region*	Tariff rate/car	Fuel surcharge per car	Tariff plus surcharge per:		Percent change Y/Y ³
1/2/2012	metric ton					bushe ²		
Unit train								
Wheat	Wichita, KS	St. Louis, MO	\$2,992	\$192	\$31.62	\$0.86	11	
	Grand Forks, ND	Duluth-Superior, MN	\$3,097	\$110	\$31.85	\$0.87	19	
	Wichita, KS	Los Angeles, CA	\$5,710	\$566	\$62.32	\$1.70	9	
	Wichita, KS	New Orleans, LA	\$3,492	\$338	\$38.04	\$1.04	11	
	Sioux Falls, SD	Galveston-Houston, TX	\$5,410	\$465	\$58.34	\$1.59	5	
	Northwest KS	Galveston-Houston, TX	\$3,760	\$371	\$41.02	\$1.12	10	
	Amarillo, TX	Los Angeles, CA	\$3,959	\$516	\$44.44	\$1.21	11	
Corn	Champaign-Urbana, IL	New Orleans, LA	\$3,062	\$382	\$34.20	\$0.93	14	
	Toledo, OH	Raleigh, NC	\$3,942	\$433	\$43.45	\$1.18	9	
	Des Moines, IA	Davenport, IA	\$1,934	\$81	\$20.01	\$0.54	7	
	Indianapolis, IN	Atlanta, GA	\$3,381	\$325	\$36.80	\$1.00	9	
	Indianapolis, IN	Knoxville, TN	\$2,833	\$209	\$30.20	\$0.82	6	
	Des Moines, IA	Little Rock, AR	\$3,074	\$238	\$32.89	\$0.90	8	
	Des Moines, IA	Los Angeles, CA	\$4,985	\$693	\$56.38	\$1.53	19	
Soybeans	Minneapolis, MN	New Orleans, LA	\$3,489	\$417	\$38.79	\$1.06	9	
	Toledo, OH	Huntsville, AL	\$3,057	\$308	\$33.41	\$0.91	9	
	Indianapolis, IN	Raleigh, NC	\$4,013	\$436	\$44.18	\$1.20	9	
	Indianapolis, IN	Huntsville, AL	\$2,749	\$209	\$29.37	\$0.80	8	
	Champaign-Urbana, IL	New Orleans, LA	\$3,406	\$382	\$37.62	\$1.02	13	
Shuttle Train								
Wheat	Great Falls, MT	Portland, OR	\$3,239	\$326	\$35.40	\$0.96	8	
	Wichita, KS	Galveston-Houston, TX	\$3,144	\$253	\$33.74	\$0.92	6	
	Chicago, IL	Albany, NY	\$3,645	\$406	\$40.23	\$1.09	9	
	Grand Forks, ND	Portland, OR	\$4,702	\$562	\$52.28	\$1.42	8	
	Grand Forks, ND	Galveston-Houston, TX	\$5,745	\$586	\$62.87	\$1.71	9	
	Northwest KS	Portland, OR	\$4,727	\$608	\$52.98	\$1.44	10	
	Corn	Minneapolis, MN	Portland, OR	\$4,800	\$685	\$54.47	\$1.48	10
Sioux Falls, SD		Tacoma, WA	\$4,760	\$627	\$53.50	\$1.46	9	
Champaign-Urbana, IL		New Orleans, LA	\$2,877	\$382	\$32.37	\$0.88	13	
Lincoln, NE		Galveston-Houston, TX	\$3,310	\$366	\$36.50	\$0.99	10	
Des Moines, IA		Amarillo, TX	\$3,430	\$299	\$37.03	\$1.01	7	
Minneapolis, MN		Tacoma, WA	\$4,800	\$679	\$54.41	\$1.48	10	
Council Bluffs, IA		Stockton, CA	\$4,200	\$703	\$48.69	\$1.33	12	
Soybeans	Sioux Falls, SD	Tacoma, WA	\$5,040	\$627	\$56.28	\$1.53	10	
	Minneapolis, MN	Portland, OR	\$5,030	\$685	\$56.75	\$1.54	11	
	Fargo, ND	Tacoma, WA	\$4,930	\$558	\$54.49	\$1.48	10	
	Council Bluffs, IA	New Orleans, LA	\$3,710	\$441	\$41.22	\$1.12	11	
	Toledo, OH	Huntsville, AL	\$2,672	\$308	\$29.59	\$0.81	10	
Grand Island, NE	Portland, OR	\$4,520	\$622	\$51.06	\$1.39	6		

¹A unit train refers to shipments of at least 25 cars. Shuttle train rates are available for qualified shipments of

75-120 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

Commodity	Origin state	Destination region	Tariff rate/car ¹	Fuel		Percent change Y/Y ⁴	
				surcharge per car ²	Tariff plus surcharge per: metric ton ³ / bushel ³		
Wheat	MT	Chihuahua, CI	\$7,741	\$595	\$85.17	\$2.32	9
	OK	Cuatitlan, EM	\$6,804	\$623	\$75.88	\$2.06	9
	KS	Guadalajara, JA	\$7,411	\$896	\$84.88	\$2.31	8
	TX	Salinas Victoria, NL	\$3,753	\$253	\$40.93	\$1.11	10
Corn	IA	Guadalajara, JA	\$7,699	\$918	\$88.04	\$2.23	8
	SD	Penjamo, GJ	\$7,776	\$778	\$87.41	\$2.22	12
	NE	Queretaro, QA	\$7,048	\$799	\$80.18	\$2.03	14
	SD	Salinas Victoria, NL	\$5,650	\$592	\$63.77	\$1.62	12
	MO	Tlalhepantla, EM	\$6,227	\$778	\$71.58	\$1.82	16
	SD	Torreón, CU	\$6,522	\$652	\$73.30	\$1.86	10
Soybeans	MO	Bojay (Tula), HG	\$6,986	\$803	\$79.58	\$2.16	9
	NE	Guadalajara, JA	\$7,904	\$918	\$90.14	\$2.45	10
	IA	El Castillo, JA ⁵	\$8,255	\$774	\$92.25	\$2.51	8
	KS	Torreón, CU	\$6,396	\$628	\$71.77	\$1.95	10
Sorghum	OK	Cuatitlan, EM	\$5,885	\$591	\$66.17	\$1.68	18
	TX	Guadalajara, JA	\$6,653	\$507	\$73.15	\$1.86	11
	NE	Penjamo, GJ	\$7,446	\$859	\$84.86	\$2.15	15
	KS	Queretaro, QA	\$6,353	\$552	\$70.55	\$1.79	13
	NE	Salinas Victoria, NL	\$5,103	\$525	\$57.50	\$1.46	13
	NE	Torreón, CU	\$6,068	\$668	\$68.82	\$1.75	9

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

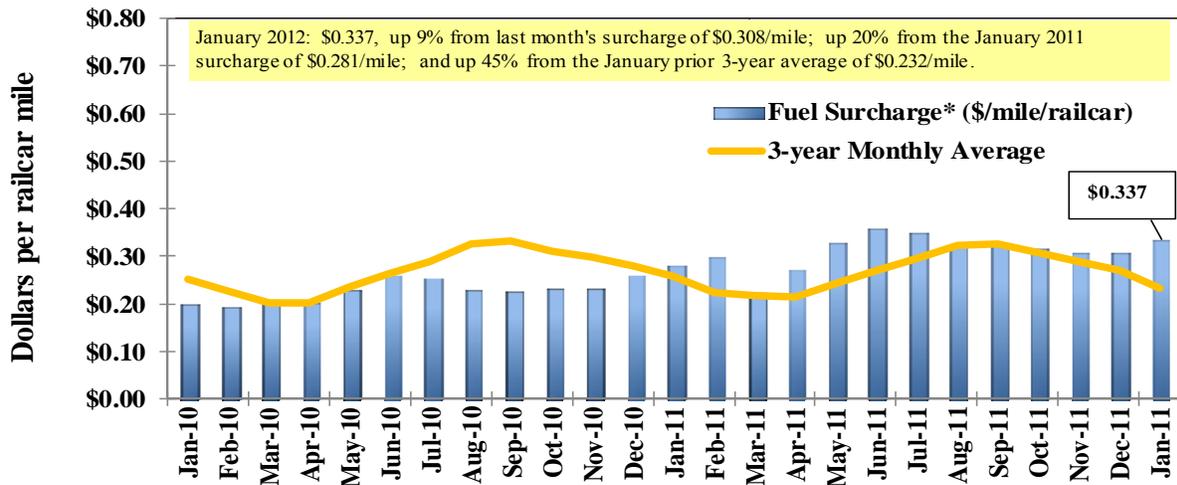
³Approximate load per car = 97.87 metric tons: Corn & Sorghum 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

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

⁵Beginning 12/6/10, El Castillo, JA 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.

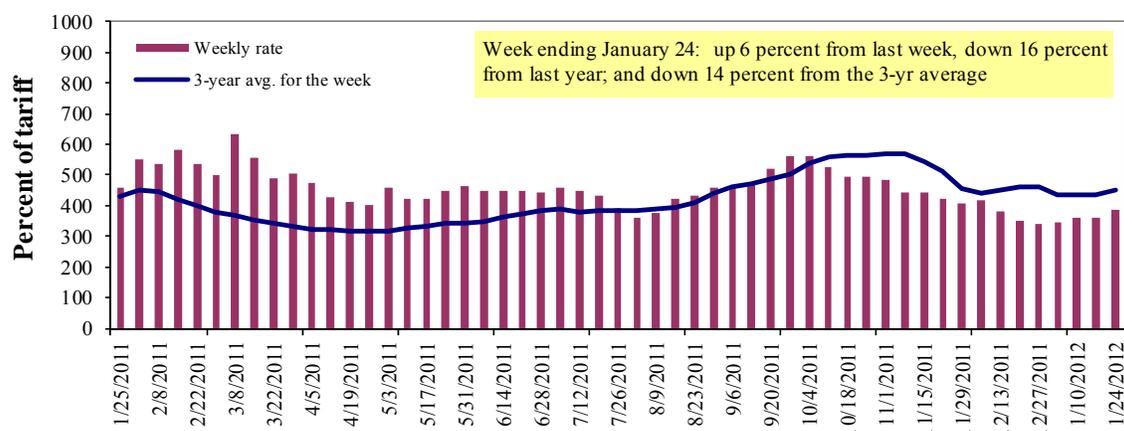
** BNSF strike price (diesel price when fuel surcharges begin) changed from \$1.25/gal. to \$2.50/gal. starting March 1, 2011. As a result, the weighted average fuel surcharge for March 2011 was \$0.227/mile instead of \$0.331/mile.

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

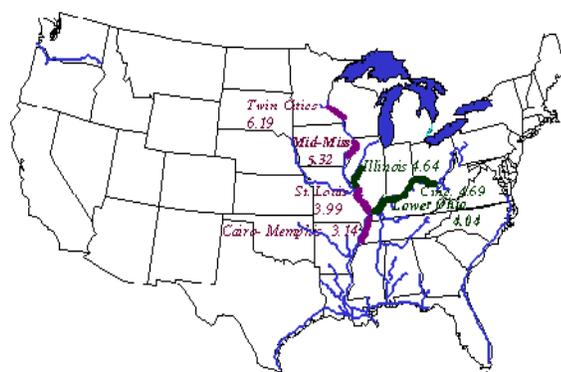
Weekly Barge Freight Rates: Southbound Only

		Twin Cities	Mid- Mississippi	Lower Illinois River	St. Louis	Cincinnati	Lower Ohio	Cairo- Memphis
Rate¹	1/24/2012	--	--	385	310	340	340	240
	1/17/2012	--	--	362	297	340	340	240
\$/ton	1/24/2012	--	--	17.86	12.37	15.95	13.74	7.54
	1/17/2012	--	--	16.80	11.85	15.95	13.74	7.54
Current week % change from the same week:								
	Last year	--	--	-16	-22	-15	-15	-28
	3-year avg. ²	--	--	-14	-13	-10	-10	-24
Rate¹	February	--	--	380	307	342	342	237
	April	422	383	368	315	343	343	235

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



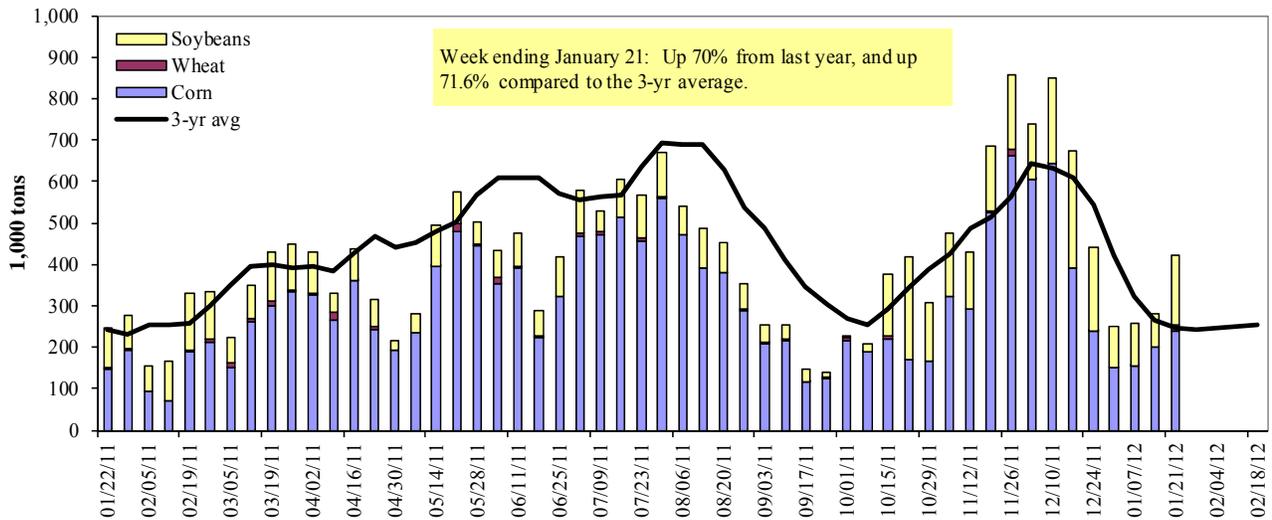
Calculating barge rate per ton:

(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 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/webprts/default.asp)

Table 10

Barge Grain Movements (1,000 tons)

Week ending 1/21/2012	Corn	Wheat	Soybeans	Other	Total
Mississippi River					
Rock Island, IL (L15)	0	0	0	0	0
Winfield, MO (L25)	6	0	31	0	38
Alton, IL (L26)	195	14	134	0	343
Granite City, IL (L27)	240	15	166	0	421
Illinois River (L8)	158	14	95	0	266
Ohio River (L52)	117	11	109	0	237
Arkansas River (L1)	0	11	18	1	31
Weekly total - 2012	357	37	293	1	689
Weekly total - 2011	301	19	254	1	576
2012 YTD ¹	951	83	761	1	1,796
2011 YTD	845	56	772	10	1,682
2012 as % of 2011 YTD	113	149	99	15	107
Last 4 weeks as % of 2011 ²	99	129	101	7	100
Total 2011	19,921	1,460	8,553	422	30,356

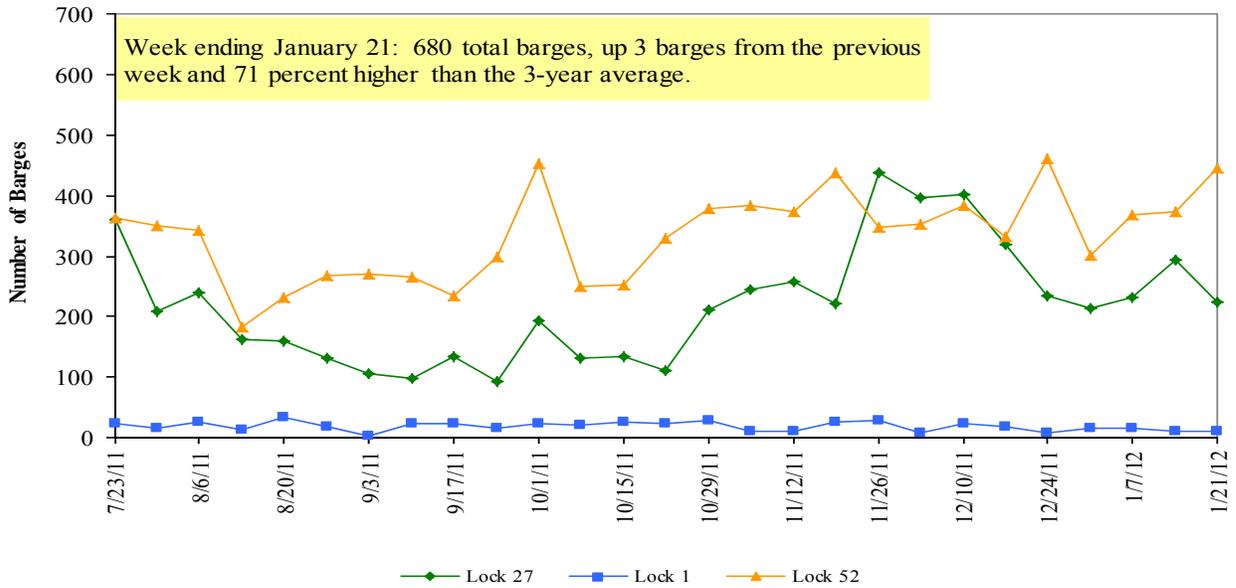
¹ Weekly total, YTD (year-to-date) and calendar year total includes Miss/27, Ohio/52, and Ark/1; "Other" refers to oats, barley, sorghum, and rye.

² As a percent of same period in 2011.

Note: Total may not add exactly, due to rounding

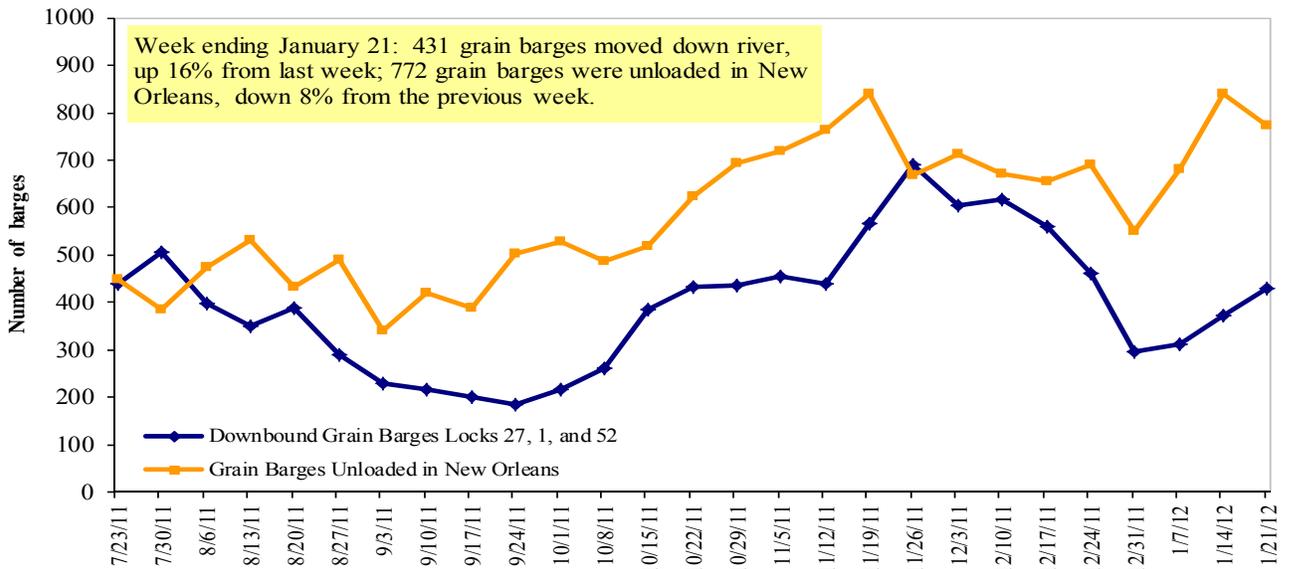
Source: U.S. Army Corps of Engineers (www.mvr.usace.army.mil/mvrirmi/omni/webprts/default.asp)

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 1/23/2012 (US \$/gallon)

Region	Location	Price	Change from	
			Week ago	Year ago
I	East Coast	3.938	-0.005	0.458
	New England	4.077	0.001	0.468
	Central Atlantic	4.030	-0.001	0.440
	Lower Atlantic	3.843	-0.010	0.422
II	Midwest ²	3.736	-0.010	0.344
III	Gulf Coast ³	3.774	-0.003	0.392
IV	Rocky Mountain	3.817	-0.006	0.429
V	West Coast	4.037	0.000	0.506
	California	4.121	0.005	0.519
Total	U.S.	3.848	-0.006	0.418

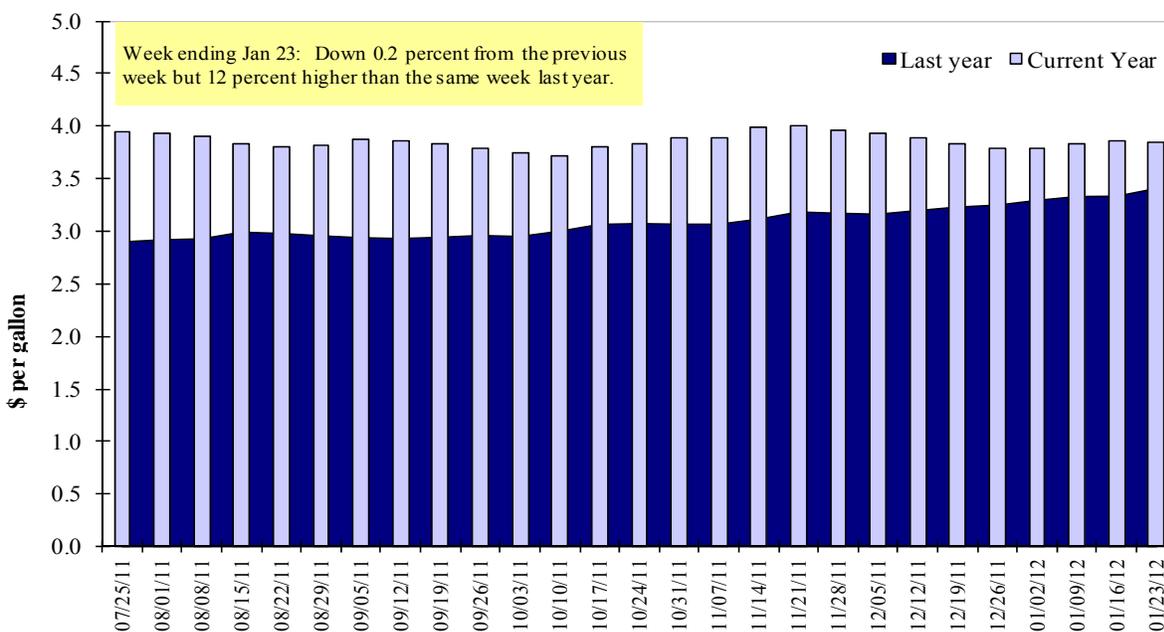
¹Diesel fuel prices include all taxes. Prices represent an average of all types of diesel fuel.

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									
1/12/2012	1,341	597	1,251	1,253	45	4,486	10,480	8,592	23,558
This week year ago	3,798	807	2,629	1,321	121	8,676	12,055	13,062	33,793
Cumulative exports-marketing year²									
2011/12 YTD	6,406	2,113	4,105	3,072	360	16,056	15,273	16,953	48,282
2010/11 YTD	8,711	1,286	5,029	2,845	679	18,549	15,613	23,492	57,654
YTD 2011/12 as % of 2010/11	74	164	82	108	53	87	98	72	84
Last 4 wks as % of same period 2010/11	35	76	45	82	43	50	89	69	71
2010/11 Total	15,837	2,828	8,623	4,717	979	32,984	44,569	39,753	117,306
2009/10 Total	8,458	2,733	5,329	3,897	983	21,400	47,700	39,285	108,385

¹ Current unshipped export sales to date

² Shipped export sales to date; the new marketing year is 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 01/12/12	Total Commitments ²		% change current MY from last MY	Exports ³ 2010/11
	2011/12 Current MY	2010/11 Last MY		
- 1,000 mt -				
Japan	6,456	7,845	(18)	14,279
Mexico	6,256	4,152	51	7,019
Korea	2,593	3,443	(25)	6,104
Egypt	348	1,834	(81)	3,302
Taiwan	998	1,340	(26)	2,393
Top 5 importers	16,651	18,614	(11)	33,096
Total US corn export sales	25,753	27,668	(7)	46,610
% of Projected	61%	59%		
Change from Last Week	760	906		
Top 5 importers' share of U.S. corn export sales	65%	67%		
USDA forecast, January 2012	41,910	46,600	(10)	
Corn Use for Ethanol USDA forecast, Ethanol January 2012	127,000	127,534	(0.4)	

(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 01/12/2012	Total Commitments ²		% change current MY from last MY	Exports ³ 2010/11
	2011/12 Current MY	2010/11 Last MY		
	- 1,000 mt -			- 1,000 mt -
China	17,569	23,333	(25)	24,445
Mexico	1,648	1,911	(14)	3,215
Japan	1,073	1,356	(21)	1,887
EU-25	374	1,719	(78)	2,607
Indonesia	851	891	(4)	1,397
Top 5 importers	21,514	29,210	(26)	33,551
Total US soybean export sales	25,545	36,554	(30)	40,690
% of Projected	74%	89%		
Change from last week	991	732		
Top 5 importers' share of U.S. soybean export sales	84%	80%		
USDA forecast, January 2012	34,700	40,860	(15)	
Soybean Use for Biodiesel USDA forecast, January 2012	8,632	6,115	41	

(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.

Table 15

Top 10 Importers¹ of All U.S. Wheat

Week Ending 01/12/2012	Total Commitments ²		% change current MY from last MY	Exports ³ 2010/11
	2011/12 Current MY	2010/11 Last MY		
	- 1,000 mt -			- 1,000 mt -
Nigeria	2,467	2,495	(1)	3,233
Japan	2,841	2,727	4	3,148
Mexico	2,763	2,308	20	2,601
Philippines	1,775	1,722	3	1,518
Korea	1,222	1,323	(8)	1,111
Peru	563	756	(26)	923
Taiwan	704	665	6	913
Colombia	424	593	(29)	783
Indonesia	589	495	19	781
Yemen	272	558	(51)	659
Top 10 importers	13,618	13,643	(0.2)	15,670
Total US wheat export sales	20,542	27,225	(25)	33,439
% of Projected	79%	78%		
Change from last week	587	1,026		
Top 10 importers' share of U.S. wheat export sales	66%	50%		
USDA forecast, January 2012	25,860	35,080	(26)	

(n) indicates negative number.

¹Modified from the FAS 2010/11 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.

Table 16

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

Port regions	Week ending 01/19/12	Previous Week ¹	Current Week as % of Previous	2012 YTD ¹	2011 YTD ¹	2012 YTD as % of 2011 YTD	Last 4-weeks as % of		Total ¹ 2011
							2011	3-yr. avg.	
Pacific Northwest									
Wheat	257	167	154	531	706	75	90	97	13,995
Corn	190	69	276	378	368	103	131	98	9,198
Soybeans	130	331	39	656	579	113	95	103	7,321
Total	578	567	102	1,566	1,653	95	100	99	30,513
Mississippi Gulf									
Wheat	113	87	129	247	248	100	114	135	5,031
Corn	533	561	95	1,668	959	174	145	129	26,267
Soybeans	707	640	110	1,917	2,125	90	105	101	19,262
Total	1,353	1,288	105	3,833	3,333	115	119	113	50,560
Texas Gulf									
Wheat	91	100	91	323	693	47	46	70	10,837
Corn	0	1	0	1	35	4	11	7	1,021
Soybeans	0	0	n/a	0	232	0	0	0	926
Total	91	101	90	325	960	34	35	48	12,784
Interior									
Wheat	4	11	38	22	77	29	47	42	1,110
Corn	168	129	130	454	251	181	67	151	7,509
Soybeans	77	127	61	265	197	135	143	140	4,273
Total	249	266	93	742	525	141	26	138	12,892
Great Lakes									
Wheat	0	0	n/a	0	0	n/a	n/a	0	1,038
Corn	0	0	n/a	0	0	n/a	n/a	0	178
Soybeans	0	0	n/a	0	0	n/a	n/a	0	382
Total	0	0	n/a	0	0	n/a	n/a	2,782	1,598
Atlantic									
Wheat	1	0	150	2	141	1	1	2	686
Corn	4	4	100	21	21	100	169	162	295
Soybeans	58	21	278	123	142	87	68	81	1,042
Total	63	26	246	145	304	48	47	68	2,022
U.S. total from ports²									
Wheat	466	366	127	1,126	1,865	60	67	88	32,697
Corn	896	765	117	2,523	1,634	154	143	123	44,466
Soybeans	972	1,118	87	2,961	3,275	90	97	98	33,205
Total	2,334	2,249	104	6,610	6,774	98	101	104	110,369

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

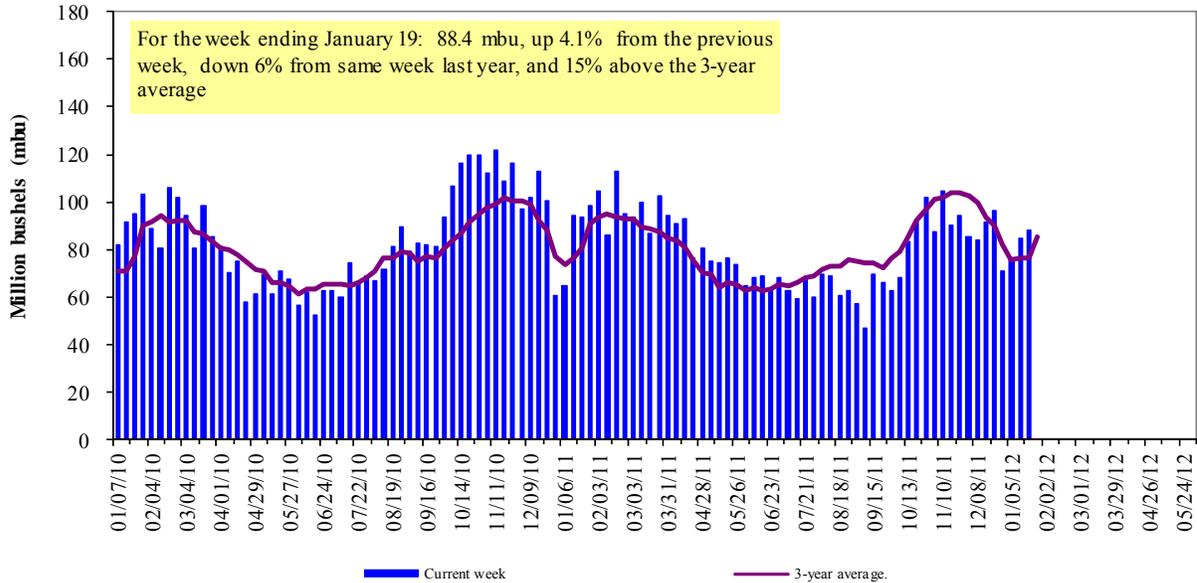
² Total includes only port regions shown above; Interior land-based shipments now included.

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 61 percent of the U.S. export grain shipments departed through the U.S. Gulf region in 2010.

Figure 14

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

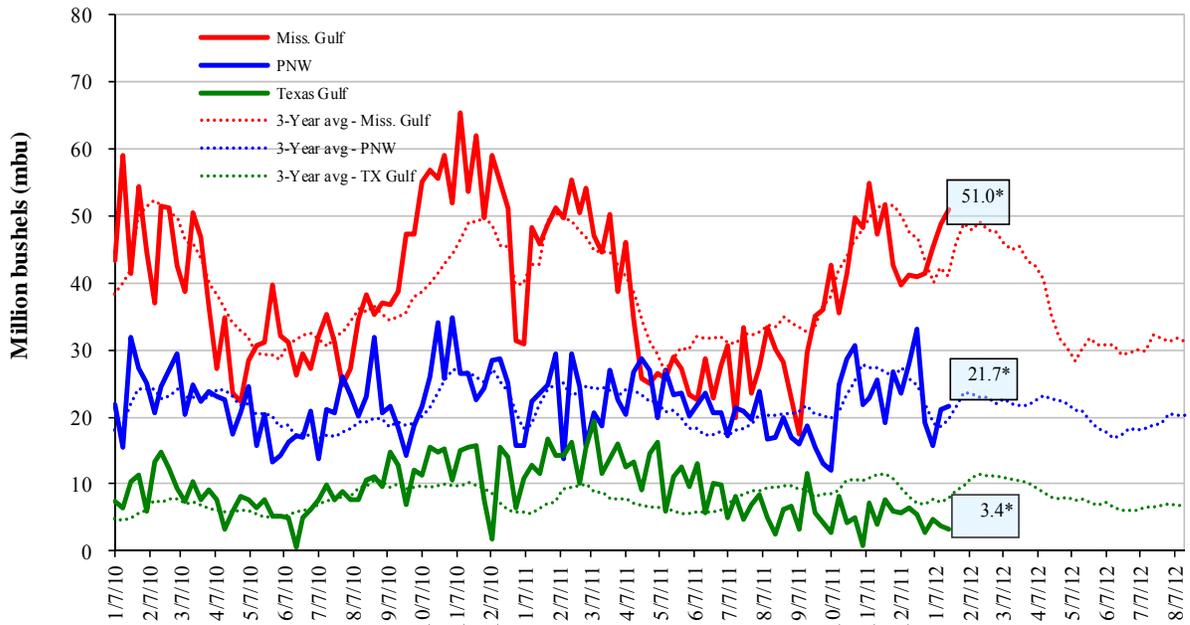


Source: Grain Inspection, Packers and Stockyards Administration/USDA (www.gipsa.usda.gov)

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.

January 19 % change from:	MSGulf	TX_Gulf	U.S. Gulf	PNW
Last week	up 5	down 10	up 4	up 3
Last year (same week)	up 11	down 71	down 5	down 8
3-yr avg (4-wk mov. avg)	up 25	down 57	down 12	down 16

Ocean Transportation

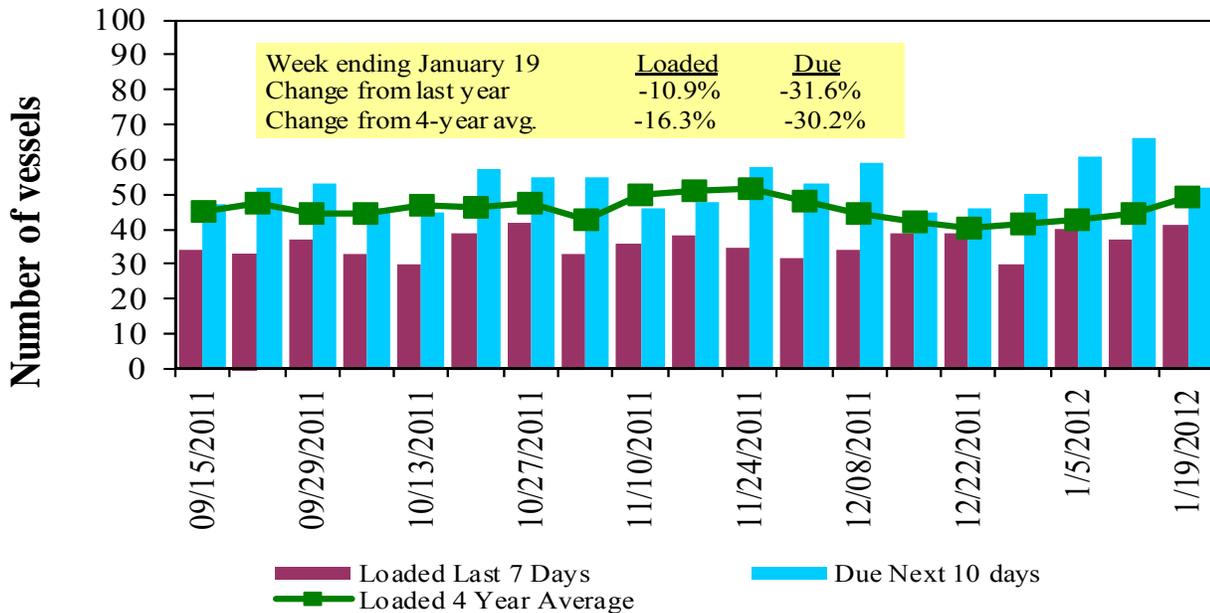
Table 17

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
1/19/2012	36	41	52	6	n/a
1/12/2012	25	37	66	10	n/a
2011 range	(14..65)	(28..54)	(34..83)	(5..25)	(1..20)
2011 avg.	31	38	53	15	12

Source: Transportation & Marketing Programs/AMS/USDA

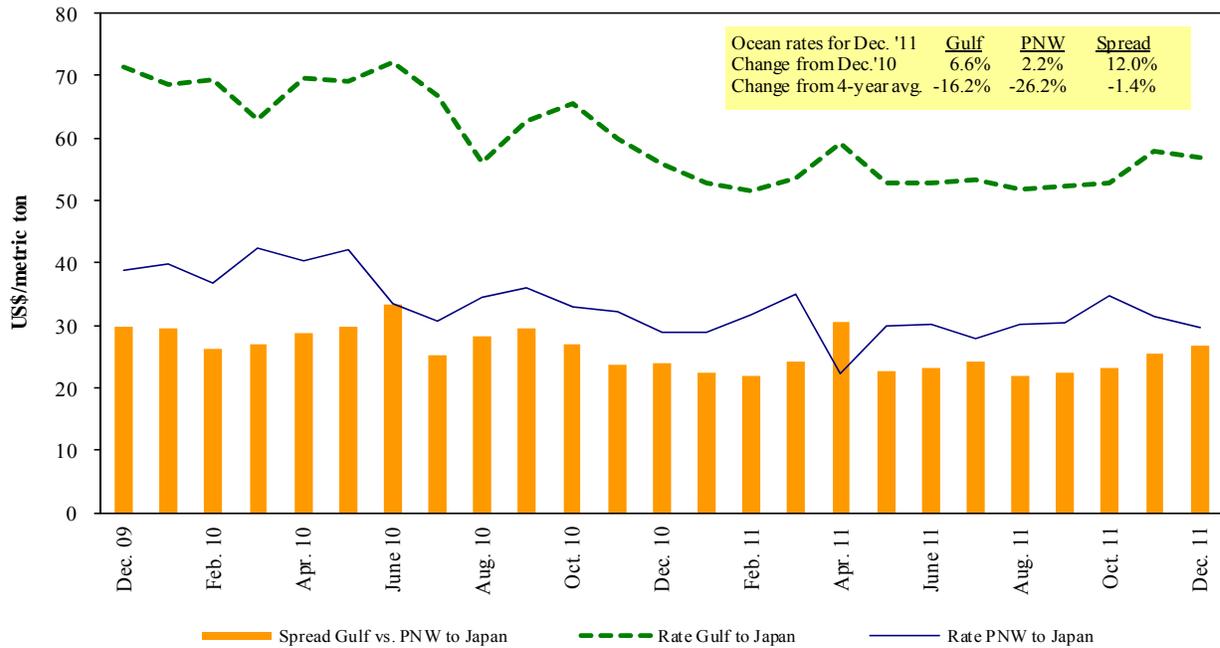
Figure 16
U.S. Gulf¹ Vessel Loading Activity



Source: Transportation & Marketing Programs/AMS/USDA

Figure 17

Grain Vessel Rates, U.S. to Japan



Source: O'Neil Commodity Consulting

Table 18

Ocean Freight Rates For Selected Shipments, Week Ending 1/21/2012

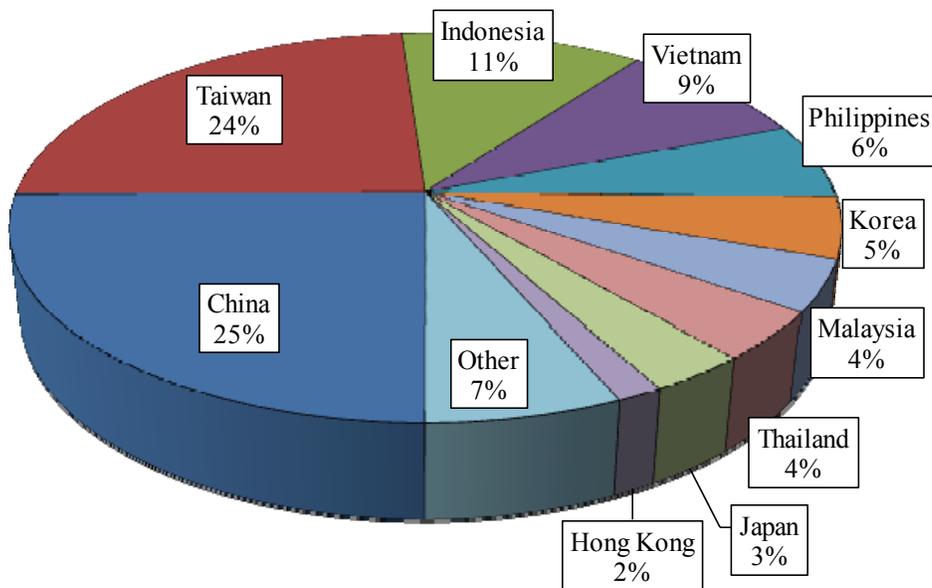
Export region	Import region	Grain types	Loading date	Volume loads (metric tons)	Freight rate (US\$/metric ton)
U.S. Gulf	China	Heavy Grain	Feb 1/10	55,000	51.00
U.S. Gulf	China	Heavy Grain	Feb 15/25	55,000	52.50
U.S. Gulf	China	Heavy Grain	Dec 20/30	55,000	57.00
U.S. Gulf	China	Heavy Grain	Dec 15/30	55,000	55.50
U.S. Gulf	China	Heavy Grain	Dec 10/20	55,000	56.00
U.S. Gulf	China	Heavy Grain	Dec 1/30	55,000	51.00
U.S. Gulf	China	Heavy Grain	Oct 21/30	55,000	52.50
U.S. Gulf	China	Heavy Grain	Oct 5/10	60,000	59.00
U.S. Gulf	Korea	Grain	Nov 25/Dec 5	55,000	57.00
U.S. Gulf	Tunisia	Soybeans	Jan 10/15	30,000	37.50
U.S. Gulf	Kenya ¹	Wheat	Jan 16/25	11,000	188.00
PNW	China	Grain	Jan 10/20	55,000	26.75
PNW	China	Heavy Grain	Dec 5/20	6,500	26.00
Russia	Yemen	Grain	Dec 1/3	35,000	42.00

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

In 2010, containers were used to transport 5 percent of total U.S. waterborne grain exports, and 7 percent of U.S. grain exports to Asia. Asia is the top destination for U.S. containerized grain exports—94 percent in 2010.

Figure 18

Top 10 Destination Markets for U.S. Containerized Grain Exports, October 2011

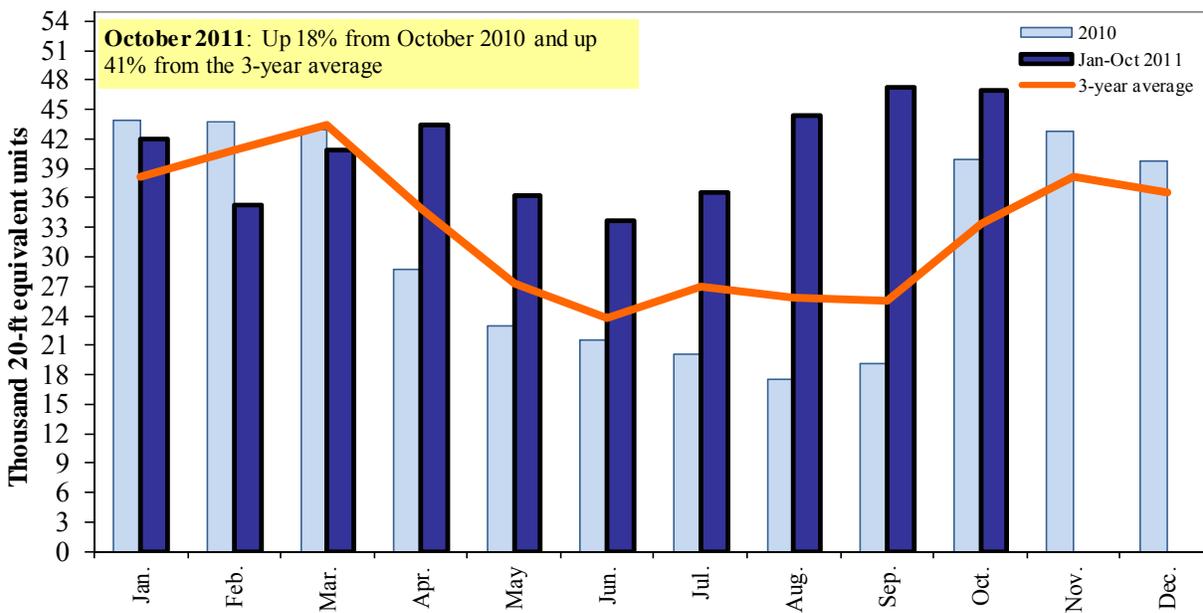


Source: USDA/Agricultural Marketing Service/Transportation Services Division analysis of Port Import Export Reporting Service (PIERS) data

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: USDA/Agricultural Marketing Service/Transportation Services Division analysis of Port Import Export Reporting Service (PIERS) data

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**.

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