HAPPY NEW YEAR to ALL
May 2007 be a healthy and prosperous year for our industry and all who are reached by this wire.

Ocean Freight

As you well know by now the Baltic Exchange has decided to drop the U.S Gulf and PNW indexes to Japan, This is going to make the job of estimating freight rates much more difficult and less exact.

Ocean freight markets were slightly firmer for the first week of the new year.
Back on December 22, the Gulf to Japan index was at $53.42 and today it looks close to $53.60. The PNW index was $39.41 and is currently estimated at $39.55. The daily hire index for a panamax in the Atlantic is $36,069, up $1,625 per day from last Tuesday. Daily charter rates in the Pacific are currently $35,672 versus $35,558/day last Tuesday.

I hear that a handymax vessel owner/operator was offering to charter his vessel from the Gulf to Japan for a 4 month period March-June 2007 at $51.50/ton. I'm estimating the current panamax rates in the physical market from the Gulf to Japan to be close to $54.00/tonne and the PNW to Japan at $39.55/tonne.

The drop in crude oil prices should help soften freight values, but things will be sketchy for a while. The current Gulf/PNW spread to Japan appears to remain about $14.45/ton or .367/bushel for corn and .39/bushel for soybeans and wheat.

There was a freight fixture reported on Wednesday:
23,500 ton corn from U.S. Gulf to Tunisia for January 5-10 at $50.00 by CAM with $8,000/$300 Dem/Des.

U.S. Port Line-Ups/Vessel Loading delays:
Mississippi River = 2-6 days
Mid-Stream Facilities = 0-4 days
Texas Gulf = 0-2 days
PNW = 0-2 days

Container Freight -

In talking with industry people involved in the trans-loading of containerized grain, I'm told that trans-load facilities in the greater Chicago area load, on average 2,000-2,200 containers per week, equal to more than 8,000 containers per month of grain and grain products. I'm told that the Kansas City area loads close to 1,000 containers of agricultural products per week (4,000 per month). Both of these trans-loading markets however report that it is becoming more difficult to get all the empty containers they desire in a timely fashion. It seems the grain market may be running into a bit of a capacity issue relative to the availability of empty containers for agricultural products going to Asia.

Barge Freight

Ill. River freight for LH. January is now at 285 % ($14.58/mt, or.37/bushel for Corn).

Lower Ohio River freight for LH. January is 235% ($11.55/mt, or .394/bushel for Corn).

Secondary Rail Freight Markets

BNSF Pool cars (Less than shuttle train size) for LH. January are bid -$25 /car and offered at +50/car.
110 car Shuttle freight for LH. January is now bid -$225/car against offers of -$150/car.

UPRR Pool cars for LH. January are bid -$225/car against offers of -175/car.
UPRR 100 car shuttle trains for LH. January are bid -$200/car against offers of -$100/car

Best Regards,

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2006 Year End Figures

USDA Weekly Transportation Report

Week Ending 27 December 2006

RAIL DELIVERIES to PORTS

(Carloads)	Mississippi River	Texas	PNW	Mexican Border	Atlantic
2006 YTD	96,574	99,865	213,666	45,935	29,334
2005 YTD	50,677	99,864	223,328	60,879	15,752
2006 as % of 2005	191%	100%	96%	75%	186%

Week Ending 23 December 2006

GRAIN CAR LOADS BY RAIL ROAD

(Grain Carloads)	BNSF	UPRR	KCS	CN	CP
2006 YTD	506,810	296,992	28,048	254,725	235,392
2005 YTD	469,193	302,384	27,108	221,768	212,329
2006 as % of 2005	108%	98%	103%	115%	111%

Week ending 30 December 2006

BARGE LOADINGS

(1,000 ST)	CORN	SOYBEANS	WHEAT	OTHER	TOTAL
2006 YTD	27,439	7,736	1,442	719	37,336
2005 YTD	23,761	7,276	1,620	731	33,388
2006 as % of 2005	115%	106%	89%	98%	112%

Week ending 28 December 2006

GULF PORT LOADINGS

(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
GULF				
2006 YTD	38,473	16,345	9,200	64,018
2005 YTD	29,014	14,829	12,386	56,229
2006 as % of 2005	133%	110%	74%	114%

Week ending 28 December 2006

PNW PORT LOADINGS

(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
PNW				
2006 YTD	9,445	5,983	11,143	26,571
2005 YTD	10,130	6,225	10,130	26,485
2006 as % of 2005	93%	96%	110%	100%

Week ending 28 December 2006

PORT LOADINGS GULF vs. PNW

(1,000 MT)	CORN	SOYBEANS	WHEAT	TOTAL
2006 YTD GULF	38,473	16,345	9,200	64,018
2006 YTD PNW	9,445	5,983	11,143	26,571
TOTAL	47,918	22,328	20,343	90,589
Gulf Percentage	80%	73%	45%	71%
PNW Percentage	20%	27%	55%	29%