

27 October 2006

## Ocean Freight

Ocean freight markets continue to soften in the Gulf –Atlantic markets and remain steady in the Pacific. The Baltic freight index for Panamax vessels from US Gulf to Japan is currently \$47.80/tonne. The physical market is still trading at around \$48.00-\$48.50/tonne. The Baltic index for Panamax vessels from the PNW to Japan is \$36.88.

These values are down \$3.77 and \$2.58 points respectively from their September highs. U.S. Gulf rates to Asia are within one and a half dollars of the values that were trading last year at this time (\$47.09/tonne in 2005). Rates in the Pacific/ PNW to Asia continue to be substantially higher than this time last year. October 2006 rates are close to \$37-38.00/tonne versus October 2005 rates of \$25.00/tonne, an increase of \$13.00/tonne. This obviously has had a big impact on the PNW –Gulf spreads to Asia. Last October the spread was \$22.00/tonne or .56/bushel. Currently the spread of \$10.92/tonne or .28/bushel is much narrower than last year's relationship.

The Gulf-PNW freight spread to Asia is now \$10.92/tonne (.28**bushel** for Corn and .30**bushel** for Wheat and Soybeans).

The cash spread on FH. November Corn from the PNW versus Gulf has narrowed to +.27/bushel (+.89 Z Fob PNW versus +.62 Z Fob vessel at the Gulf)

The cash spread on FH. November Soybeans from the PNW versus Gulf has narrowed into +.10/bushel (+.75 X Fob PNW versus +.65 X Fob vessel at the Gulf).

Current market spreads indicate that Corn can be loaded out of either port range at close to the same value (though no corn was loaded from the PNW last week).

The spreads however heavily favor the loading of Soybeans from the West Coast.

**Container freight** costs of between \$750-1,000 per container from the Mid-West to Asia (Taiwan and Korea) calculate to \$31.25-41.70/mt. This continues to be an attractive rate for the movement of Corn, Soybeans and Specialty Ag. products to smaller End Users in Asia. USDA estimates that 18,000 containers (about 414,000 mt) of Grain and Grain products moved to Asia in September.

Many of these commodities are not utilizing FGIS inspections and therefore do not show up on the USDA inspections reports.

- **Weekly Export Inspection Highlights:**

The port range breakdown for last week's exports is as follows:

**Yellow Corn:** 683,451 mt Total

U.S. Gulf = 81 %, PNW = 0 %, Lakes = 2.5 %, Atlantic Coast = 0 % and Interior shipments = 16.5 %.

**White Corn:** 16,537 mt Total (12,574 mt to Honduras and 3,963 mt rail to Mexico)

**Sorghum:** 84,686 mt Total (48,490 mt to Mexico, 20,600 mt to Japan and 15,596 mt to Somalia).

Gulf = 97 %, PNW = 0 % and Interior Rail to Mexico = 3 %.

**Containerized Shipments:** Total FGIS inspected containers reported for the week = 23,881 mt. (About 995 containers).

**Yellow Corn:** 6,273 mt total (261 containers) (5,156 mt to Taiwan, 914 mt to Indonesia, and 203 mt to South Korea).

**Soybeans:** 17,608 mt total. (734 containers) (16,520 mt to Taiwan, 844 mt to Indonesia, 136 mt to Japan and 108 mt to Malaysia).

## **Barge Freight**

Ill. River freight for FH. November is now 440 % (\$22.50/mt, or .57 bushel for Corn).

Mid-Mississippi River freight for FH. November is 450 % (\$26.39/mt, or .67/bushel for corn).

Upper Mississippi freight for FH. November is 510 % (\$34.80/mt, or \$.88/bushel for corn).

## **Secondary Rail Freight Markets**

BNSF Pool car values for FH. November placement are bid -\$150/car and offered at -\$75/car

BNSF shuttle trains for FH. November are bid -175/car and offered at -\$125/car

UPRR Pool cars for FH. November are bid -\$200/car and offered at -\$150/car

UPRR Shuttle cars for FH. November are bid -\$200/car against offers of -150/car

*\* The information in this market report is derived from sources believed to be reliable and accurate but can not be guaranteed. All market data is subject to change with market conditions and Traders opinions. Please obtain market updates and reconfirm all values with your supplier before making any trading decisions based on this data.*

Best Regards,

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