

**Ocean Freight**

The ocean freight spread is certainly having its affect on shipments of corn. In last weeks report there were no corn exports off the PNW and this weeks report stated that only 16 % of corn and 16 % of Soybean shipments lifted off of the PNW.

Two weeks ago the freight market partially justified its upward move by suggesting that Buyers were trying to get in from of demand that might occur prior to the start of the lunar new year holidays. Today they are saying that part of the market strength is coming from players trying to get in from of potential demand that may come next week, after the conclusion of the Lunar holiday break? I guess people will always blame a price movement on whatever is convenient.

Ocean freight rates are definitely well supported and moving higher for the moment. With the slow winter construction season upon us, fewer ships are entering U.S. Gulf ports with cement, steel and other building materials; this decreases the availability of ship in the regional charter pool.

Rates in the Pacific were mostly unchanged to up just a little. Panamax rates from the U.S. Gulf to Japan remain around \$32,400 per day or \$38.00/mt.

Rates in the Gulf-Atlantic took a big jump this week moving from \$38,000/day up to \$39,400/day. This moved the Panamax rates to Japan from \$56.00/mt up to \$58.00/mt.

With Gulf rates to Japan at \$58.00 and the PNW at \$38.00/mt the spread looks to be \$20.00/mt or \$.51/bushel for corn and .54/bushel for Wheat and Soybeans.

Some are reporting that Handymax vessels are available on the Gulf to Japan route at a \$2.00/mt discount to Panamax vessels. A Shipper to Asia booking a Handymax vessel could therefore narrow this spread to \$18.00/mt or 46/bushel on corn and .49/bu on Soybeans.

I have also heard some New York freight brokers indicate that Panamax rates from the Gulf to Japan could be booked for as low as \$57.00/mt but I presume that is for out forward shipment periods, as it seems low for nearby positions, and the market is not acting like the Gulf-PNW spread is in as low as \$19.00/mt or .48/bushel.

The cash grain spread/Premium at the PNW are .29 cents/bushel for Corn (+.69 H vs. +40 H) and .16 cents/bushel (+47 H vs. +31 H) for Soybeans. This will make it very attractive to stem Asian Corn and Soybean cargoes out of the Gulf verses the PNW.

Route and Vessel Size	Current Week USD/MT	Change from previous week	Remarks
55,000 US Gulf-Japan	\$58.00	Up \$1.50	\$2.00/mt less by Handymax
55,000 PNW- Japan	\$38.00	Unchanged	
55,000 US Gulf - China	\$57.50		North or South China
25,000 US Gulf- Veracruz, Mexico	\$23.50		3,000 mt daily discharge rate
35-40,000 US Gulf- Veracruz, Mexico	\$19.00		Deep draft and 8,000 mt per day discharge rate.
25/30,000 mt US Gulf- East Coast Colombia	\$25.00		West Coast Colombia \$29.00
25,000 US Gulf - Algeria	\$40.00		
55,000 mt US Gulf -Egypt	\$37.50		
60-70,000 mt US Gulf -	\$29.00		

Europe			
55-60,000 Brazil -China	\$60.00		Panama Canal Delays
St. Lawrence – Egypt	\$37.00		
55,000 US Gulf to Iraq	\$71.00		Um Qasar
25,000 mt US Gulf to Morocco	\$35.00		One port discharge.

- **Weekly Export Inspection Highlights:**

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

**Yellow Corn:**

1,143,725 mt Total

U.S. Gulf = 80 %, PNW = 16 %, Lakes = 0 %, Atlantic Coast = 0 % and Interior shipments = 4 %.

**White Corn:**

18,746 mt. Total (15,444 mt rail to Mexico, 3,302 mt Colombia)

**Sorghum:**

55,933 mt Total. Gulf = 70 %, PNW = 0 % and 30 % Interior rail to Mexico  
(29,008 mt to Japan, 22,683 mt to Mexico, and 4,242 mt to Chad).

**Containerized Shipments:**

Total FGIS inspected containers reported for the week = 6,304 mt. (About 273 containers).

**Yellow Corn:** 2,794 mt total (121 containers) 1,575 mt to Indonesia, 1,168 mt to Taiwan, and 51 mt to Vietnam.

**White Corn** – 0 mt

**Soybeans:** 3,456 mt total. (150 containers) 1,905 mt to Indonesia and 1,551 mt to Taiwan.

**Wheat:** 54 mt (2 containers) to Germany

**Barge Freight**

**Ill. River freight for FH.** March is currently 325 % (\$16.62/mt, or .42/bushel for Corn).

**Lower Ohio River freight for FH.** March is 245% (\$12.05/mt, or .306/bushel for Corn).

**Secondary Rail Freight Markets**

**BNSF Pool cars (Less than shuttle train size) for FH.** March are bid -\$50 /car and offered at -\$25/car.  
**110 car Shuttle freight** for Spot placement are offered at -\$300/car and FH. March placement is now bid  
-\$250/car against offers of -\$225/car.

UPRR Pool cars for FH. March are bid -\$300/car against offers of -\$225/car.  
UPRR 100 car shuttle trains for FH. March are bid -\$325/car against offers of -\$250/car.

Best Regards,  
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