

ONEIL COMMODITY CONSULTING

Transportation Update Report for 22 February 2008

Ocean Freight

Ocean freight markets dropped back a little this week. Obviously the month of February has been a volatile one. As we came out of the Chinese New Year holiday last week, ocean freight rates exhibited considerable strength, moving up as much as 46 % in the Pacific routes.

Fortunately, over the past three days the Baltic index for Panamax rates in the Gulf/Atlantic declined slightly and are not much changed from where they were ten days ago. The Baltic index for Panamax vessels in the Atlantic is now sitting at 72,667, which is 4,433 points lower than last week but still up 13,955 points from the 2008 low point set back on 29 January.

The Baltic index for Panamax rates in the Pacific also moved slightly lower this week, dropping by 4,654 points to 50,119 or 8.5 %. This is still 16,587 points or 49 % higher than the low of 33,532 set just 18 days ago.

Vessels owners are pointing to the forward demand for coal, iron ore and other world commodities and trying to paint a bullish price picture for the balance of 2008. Others believe that this scenario contains too many emotional and physiological influences and that that are not sufficient to too sustain a rally beyond current levels. As always, it's going to be a bumpy ride and will take great intestinal fortitude to weather the journey. The health and direction of the world economy in 2008 will have the greatest affect on just where prices go.

Daily hire rates are now back up to \$55-65,000 USD per day and Demurrage rates on Panamax vessels are in the range of \$60,000 per day.

In dollar terms the U.S. Gulf to Japan Panamax market for March is close to \$106 -108.00/mt. Handymax vessels are trading at a \$4.00/tonne premium to Panamax size vessels. Panamax rates from the PNW to Japan are quoted at \$61-63.00/mt for the same period. With U.S. Gulf to Japan-Asia Panamax rates now in the range of \$107.00/tonne for March shipment and rates from the PNW to Japan at near \$62.00 per tonne, the Gulf-PNW freight spread has widened out to about \$45.00 per tonne (\$1.14 cents per bushel for Corn and Milo and about 1.22 cents per bushel for soybeans and wheat).

Route and Vessel Size	Current Week U.S.D/MT	Change from previous week	Remarks
55,000 U.S. Gulf-Japan	\$107.00	Up \$2.00	46,000 ton Handymax At \$111.00 per tonne
55,000 PNW- Japan	\$62.00	Down \$1.00	Handymax at \$67.00
55,000 U.S. Gulf - China	\$106.00		North or South China
25,000 U.S. Gulf- Veracruz, México	\$31.00		3,000 MT daily discharge rate
35-40,000 U.S. Gulf- Veracruz, México	\$27.00		Deep draft and 8,000 MT per day discharge rate.
25/30,000 U.S. Gulf- East Coast Colombia	\$41.00		West Coast Colombia \$66.00
30,000 U.S. Gulf - Algeria	\$77.00		6,000 MT daily discharge
55,000 U.S. Gulf -Egypt	\$77.00		55,000 -60,000 mt
60-70,000 U.S. Gulf - Europe	\$70.00		
55-60,000 Brazil -China	\$117.00		
55-60,000 Argentina- China	\$113.00		
55,000 U.S. Gulf to Iraq	\$172.00 -\$176.00		Umm Qasr (Incl. War risk)
25,000 U.S. Gulf to Morocco	\$75.00		One port discharge. 3,000 MT discharge rate

Containerized Grain Shipments:

CONTAINER SHIPMENTS of GRAIN									
USDA Grain Inspections Report:		18-Feb-2008							
Last Week	metric tons							MT	
	<u>YC</u>	<u>YSB</u>	<u>Milo</u>	<u>SRW</u>	<u>HRW</u>	<u>HRS</u>	<u>Barley</u>	TOTAL	
Taiwan	12,447	8,682						21,129	
China		4,953						4,953	
Hong Kong	51							51	
Indonesia		544						544	
Malaysia	1,372	1,034						2,406	
Philippines	25	490						515	
Vietnam		435						435	
Singapore								0	
Japan	51	163						214	
So. Korea	1,219							1,219	
Thailand		27						27	
Jordan								0	
Algeria								0	
Australia								0	
Sub total	15,165	16,328	0		0			31,493	
USDA Corrections/Additions to last weeks report:									
Taiwan	37,492	38,619				272	174	76,557	
China Main								0	
Hong Kong	432							432	
Indonesia	102	9,961			517	7,757		18,337	
Malaysia	2,159	1,960						4,119	
Philippines	102	435			517	898		1,952	
Vietnam		1,158				2,449		3,607	
Japan	2,185	599						2,784	
South Korea	914							914	
Singapore								0	
Thailand								0	
Columbia								0	
Costa Rica								0	
Dominican Republic								0	
Ecuador								0	
Guatemala								0	
Jordan								0	
Morocco								0	
Portugal								0	
Sub total	43,386	52,732	0	0	1,034	11,376		108,702	
Mt. Grand Total	58,551	69,060	0	0	1,034	11,376		140,021	
Number of containers	2,546	3,003	0	0	45	495		6,088	

USDA Grain Inspections for Export Report						
Last Week (000 Bushels)	YC	%	WC	%	Sorghum	%
Gulf	36,416	77.7%	1,322	86.2%	4,725	94.5%
PNW	4,121	8.8%				0%
Lakes	0	0.0%				
Atlantic	0	0.0%				
Interior Export Rail	6,344	13.5%	211	13.8%	274	5.5%
Total (mil. Bushels)	46,881	100.0%	1,533	100.0%	4,999	100%
Metric Tons	1,190,845		38,940		126,982	MT

White Corn Shipments:

32,768	mt to Mexico
6,172	mt to Japan
<u>38,940</u>	

Sorghum Shipments:

80,320	mt to Spain
32,336	mt to Japan
7,266	mt to Ireland
6,960	mt to Mexico
<u>126,882</u>	Total

[U.S. Barge Freight](#) (First Half of March 2008)

Lower Illinois River freight is currently 420 % of tariff (\$21.48/mt, or \$.545 per bushel for Corn).

Lower Ohio River freight is 360 % of tariff (\$17.70/mt or \$.45 per bushel for Corn).

[Secondary Rail Car Freight Markets](#) (For Car order placement First Half March 2008)

BNSF Pool cars (Less than shuttle train size) are bid +\$50/car and offered at +\$125/car.

110 car Shuttle car freight is now bid + \$25/car against offers of +\$150/car. (Last Half March placement is a big discount)

UPRR Pool cars are bid -150/car against offers of -\$100/car.

UPRR Shuttle train cars are bid -100/car against offers of +\$25 per car.

Best Regards,

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