

Transportation Report for 21 May 2007

Ocean Freight

We can finally say something new about ocean freight: It did not go up this week.

For the first time in about 8 weeks the market softened slightly. It's hard to say if the market is just catching its breath or if we have truly seen the highs for the year. There is some thought and hope that world logistics are improving and will allow for better efficiencies in the coming months.

Port Waratah Coal Services (PWCS), operator of Australia's Newcastle port, announced that it had cut allocations for all producers in 2007 to help improve port congestions. With these projected improvements, the freight market has gone to an inverted price structure out into June and July.

Short period daily hire rates for Panamax vessels in on the U.S. Gulf to Japan route dropped by \$1,937 from their highs of last Friday. Panamax vessel rates in ton terms are now equal to about \$52.00 per ton (\$1.00/ton lower than last week). Short period daily hire rates in the Gulf/Atlantic rates are now \$56,900 per day (equal to about \$76.50 per ton on the U.S. Gulf to Japan route). This is higher than last week's rates but slightly lower than yesterday's historically high levels.

With current Panamax rates from the Gulf to Japan at about \$76.50 and PNW rates at near \$52.00; the Panamax freight spread to Japan close to \$24.50/ton or \$.62/bushel for corn and .67/bushel for wheat and soybeans.

The cash corn spread/premium at the PNW for June is .46 cents/bushel (+.82 N vs. +.36 N) and soybeans are at a .39cents/bushel cash spread (+49 N vs. +10 N). This will make it more economically attractive to stem Asian corn and soybean business from PNW ports.

There have been reports of Japanese interest in Handymax vessel freight from the U.S. Gulf to Japan at as much as \$86.00/ton for June. Handymax (46,000 ton cargo) freight from Brazil to Japan has been quoted at \$96.00/ton. Panamax (56,000 ton cargo) freight from Argentine to Japan was quoted at \$95.00/ton. At those prices they sound more like U.S. Flag Food Aid cargoes.

Dry Bulk Freight Indices for HSS - Heavy Grain, Sorghum and Soybeans.

Route and Vessel Size	Current Week USD/MT	Change from previous week	Remarks
55,000 U.S. Gulf-Japan	\$76.50	Up \$0.50	46,000 tonne Handymax \$86.00
55,000 PNW- Japan	\$52.00	Down \$2.00	
55,000 U.S. Gulf - China	\$76.50		North or South China
25,000 U.S. Gulf-Veracruz, Mexico	\$42.50		3,000 MT daily discharge rate
35-40,000 U.S. Gulf-Veracruz, Mexico	\$36.50		Deep draft and 8,000 MT per day discharge rate.
25/30,000 MT U.S. Gulf-East Coast Colombia	\$46.00		West Coast Colombia
25,000 U.S. Gulf - Algeria	\$70.50		4,000 mt daily discharge

55,000 MT U.S. Gulf -Egypt	\$59.00		
60-70,000 MT U.S. Gulf - Europe	\$49.00		
55-60,000 Brazil -China	\$78.50		Cape size vessel at \$55.00
St. Lawrence – Egypt	\$57.50		
55,000 U.S. Gulf to Iraq	\$88.00		Um Qasar
25,000 MT U.S. Gulf to Morocco	\$65.00		One port discharge. 4,000 mt discharge rate

Containerized Grain Freight:

A major exporter estimates that we will export about 1 million tonnes of containerized grain in 2007. This estimate is based on whole grain shipments (YSB.YC, SRW, HWW etc.) and does not include grain products like CGM, CGF, SBM or DDGS.

CONTAINER SHIPMENTS of GRAIN					
USDA Grain Inspections Report for: 17 May 2007					
This Week	In metric tons				
	YC	YSB	WC	SRW	HRW
Taiwan	6,833	1,905			
Indonesia	686	1,470			
Malaysia					
Hong Kong	203				
Philippines					
Vietnam	432	218			
Japan		27			
Sub total	8,154	3,620			
USDA Corrections/Additions to last weeks report:					
Taiwan	18,568	17,554			
Indonesia	990	3,892			
Malaysia		2,939			
Hong Kong	584				
Philippines				81	
Vietnam	483	245			
Japan		109			
China Main		952			
Ecuador					54
Sub total	20,625	25,691		81	
Grand Total	28,779	29,311		81	54

*** Note –

Please know that, due to poor shipper reporting to FGIS, it is difficult to keep an accurate weekly total of containerized grain shipments.

Barge Freight

Illinois River freight for FH. June is currently 275 % of tariff (\$14.06/mt, or .36 per bushel for Corn).

Mid-Mississippi River freight for FH. June is 280 % of tariff (\$16.42/mt, or .42 per bushel for Corn).

Upper Mississippi River freight for FH. June is trading at 330 % of tariff (\$22.52/mt or .57 per bushel for Corn).

Secondary Rail Freight Markets

BNSF Pool cars (Less than shuttle train size) for FH. June are bid -25 /car and offered at +\$50/car.

110 car Shuttle freight for FH. June placement is now bid -\$275/car against offers of -\$225/car.

UPRR Pool cars for FH. June are bid -\$50/car against offers of zero/car.

UPRR 100 car shuttle trains for FH. June are bid -\$150/car against offers of -\$100/car.

Best Regards,

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