

Transportation Report for 8 May 2007

Ocean Freight

Still more of the same in ocean freight markets.

Demand is outstripping supply and vessel owners are pushing values up as much as they can.

With commodity prices up over 80% from last year and ocean freight up 103-108 % from April of 2006, World Grain Buyers are really feeling the price pinch.

The rationale for current freight values continues to be the same, robust demand in all sectors for vessels and very poor world wide logistics, especially from Australia's coal ports and India's Iron ore ports. You can now add in slow loading at Brazilian Grain ports and growing delays at the Panama Canal due to lock repairs that will run through the month of May.

Short period daily hire rates for Panamax vessels in the Pacific have reached an historic high at \$46,900/day (equal to about [\\$51.40](#) per tonne on the U.S. Gulf to Japan route).

At the beginning of the year these rates were \$35,000/day (\$39.50 per tonne); so we're up 30% in the Pacific since the beginning of the year, up 104 % over the same period last year. We are also now \$2.50/tonne or 5 % above the 2004 previous all time high for freight on this Asian route. Short period daily hire rates in the Gulf/Atlantic are now \$53,600 per day (equal to about [\\$72.50](#) per tonne on the U.S. Gulf to Japan route). At the beginning of the year these rates were \$34,400/day (\$53.50 per tonne) and the all time high for this route was \$75.00/tonne back in March of 2004. So we are approaching historically high level in the Atlantic freight market as well.

The freight market is inverted and everyone is wondering how sustainable these rates are. After reaching new highs in March of 2004, the U.S. Gulf-Japan Panamax rates dropped \$38.50/tonne or 51 % (\$75.00 to \$36.55/tonne) in June 2004. But they rallied back in December of 2004.

So, this will surely be an interesting market to follow over the next eight months; interesting but probably not fun or enjoyable for Traders and operators.

With current Panamax rates from the Gulf to Japan at about \$72.50 and PNW rates at near \$51.50; the Panamax freight spread to Japan close to [\\$20.50/mt](#) or [\\$.52/bushel](#) for corn and [.56/bushel](#) for Wheat and [Soybeans](#).

The cash Corn spread/premium at the PNW for FH. June is [.47 cents/bushel](#) (+.77 N vs. +.30 N) and Soybeans are at a [.33 cents/bushel](#) cash spread (+43 N vs. +10 N).

This will make it economically attractive to stem Asian Corn and Soybean business from the PNW.

Monday's USDA Export Inspections Highlights for 8 May 2007

Export Highlights:

- **Yellow Corn** shipments: [840,915 tonnes](#)
(69 % Gulf, 22 % PNW, 0.5 % Lakes, 0.0 % Atlantic, 8.5 % Interior Rail).
- **Sorghum Shipments:** [37,365 tonnes](#)

(42 % Gulf, 0 % PNW and 58 % Interior rail to Mexico) (33,123 mt to Mexico, 4,242 mt to Madagascar.)

- **White Corn Shipments:** 13,463 mt.
(9,246 mt to Guatemala and 4,217 mt to Honduras).
- **Containerized Shipments:** 13,442 tons (about 585 containers), excluding corrections from last weeks report (see below adjustments).
- **Yellow Corn Shipments:** 4,597 tonnes (4,191 tons to Taiwan, 406 mt to Indonesia)
- **Soybeans Shipments:** 8,845 tonnes (7,294 tons to Taiwan, 1,007 mt to Indonesia and 544 mt to Vietnam)
- *USDA Corrections to last two weeks reports: (Here is why you can not just look at any one weeks report and determine what has been exported. Each week USDA adds a long list of additions and subtractions to their previous weeks report). There is generally more tonnage in the corrections section than in the regular reported figures.*
- *This weeks container shipment corrections/additions are listed below:*
Yellow Corn – (Add a total of 17,195 mt)
(14,501 mt to Taiwan, 1,295 mt to Hong Kong, 990 mt to Indonesia and 406 mt to Malaysia).
Soybeans – (Add a total of 26,834 mt).
(17,527 mt to Taiwan, 7,130 mt to Indonesia, 1,687 mt to Malaysia, and 490 mt to Philippines.)
SRW Wheat – (Add 435 mt) 245 mt to Taiwan and 190 mt to Philippines).

*** 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 May is currently 220 % of tariff (\$11.25/mt, or .285 per bushel for Corn).

Mid-Mississippi River freight for May is 240 % of tariff (\$14.07/mt, or .357 per bushel for Corn).

Upper Mississippi River freight is trading at 275 % of tariff (\$18.76/mt or .475 per bushel for Corn).

Secondary Rail Freight Markets

BNSF Pool cars (Less than shuttle train size) for LH. May are bid -50 /car and offered at -\$15/car.
110 car Shuttle freight for FH. May placement is now bid -\$350/car against offers of -\$300/car.

UPRR Pool cars for FH. LH. May are bid -\$225/car against offers of -\$175/car.
UPRR 100 car shuttle trains for FH. May are bid -\$375/car against offers of -\$275/car.

Best Regards,

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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 before making any trading decisions based on this data.