U.S. Selected Exports, Trade and Transportation

Wheat, Corn, Grain Sorghum, Cotton and Soybean Complex

24th March 2023

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USDA Transportation Report: https://www.ams.usda.gov/services/transportation-analysis/gtr

USDA FAS Historical Grain Shipments: https://apps.fas.usda.gov/export-sales/wkHistData.htm, https://apps.fas.usda.gov/export-sales/complete.htm

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- **This summary based on reports for the 18th to 24th of March 2023**
- **Outstanding Export Sales (Unshipped Balances) on the 16th of March 2023**
- **Export Shipments in Current Marketing Year**
- **Daily Sales Reported for 16th to 24th of March 2023**

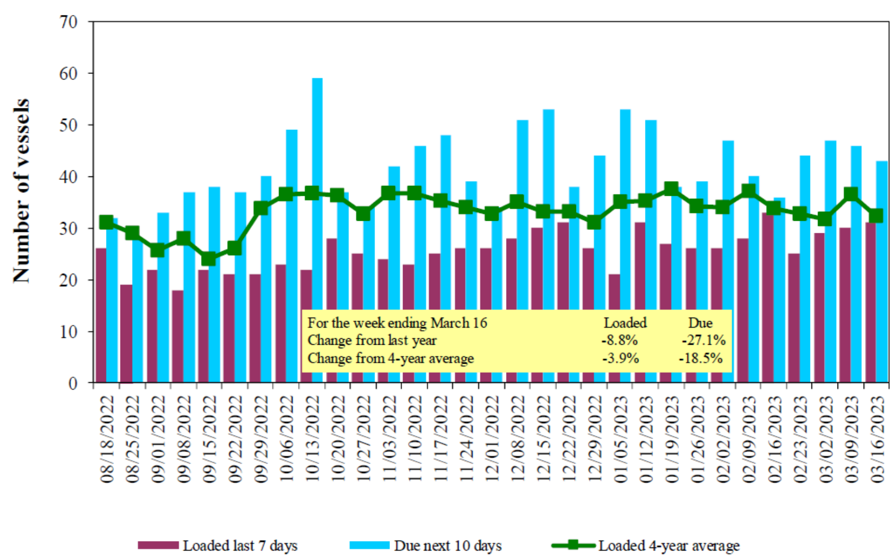
U.S. EXPORT ACTIVITY

Export Sales

- Net weekly wheat export sales were 0.337 mmts, up 26% from last week.
- For the week ending the 9th of March, unshipped balances of wheat, corn, and soybeans for marketing year 2022/23 totaled 24.33 mmts, down 37% from the same time last year and unchanged from last week.
- Net corn export sales for 2022/23 were 1.236 mmts, down 12% from last week.
- Net soybean export sales were 0.665 mmts, up significantly from last week.

Vessel Loadings

U.S. Gulf[1] vessel loading activity



[1]U.S. Gulf includes Mississippi, Texas, and East Gulf
Source: USDA, Agricultural Marketing Service.

U.S. export balances and cumulative exports (1,000 metric tons)

	Wheat						Corn	Soybeans	Total
For the week ending	HRW	SRW	HRS	SWW	DUR	All wheat			
Export balances[1]									
3/9/2023	691	525	1,030	908	45	3,199	14,640	6,496	24,334
This week year ago	1,705	622	1,081	528	19	3,955	23,232	11,299	38,485
Cumulative exports-marketing year[2]									
2022/23 YTD	4,118	2,187	4,375	3,569	291	14,539	17,247	42,839	74,625
2021/22 YTD	5,721	2,149	4,007	2,735	170	14,781	28,807	42,326	85,913
YTD 2022/23 as % of 2021/22	72	102	109	131	171	98	60	101	87
Last 4 wks. as % of same period 2021/22	41	94	92	177	300	83	62	62	64
Total 2021/22	7,172	2,786	5,254	3,261	196	18,669	59,764	57,189	135,622
Total 2020/21	8,422	1,790	7,500	6,438	656	24,807	66,958	60,571	152,335

[1] Current unshipped (outstanding) export sales to date.

[2] Shipped export sales to date.

Note: marketing year: wheat = 6/01-5/31, corn and soybeans = 9/01-8/31. YTD = year-to-date; wks. = weeks; HRW= hard red winter; SRW = soft red winter; HRS= hard red spring; SWW= soft white wheat; DUR= durum.
Source: USDA, Foreign Agricultural Service.

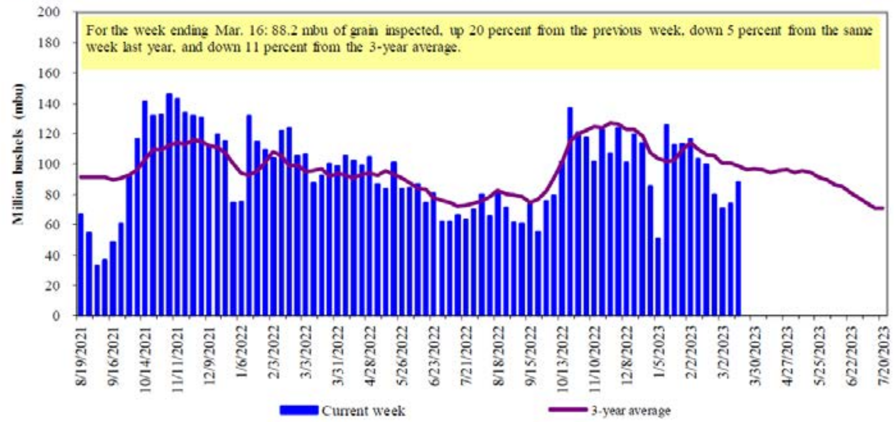
Weekly port region grain ocean vessel activity (number of vessels)

	Gulf			Pacific Northwest
Date	In port	Loaded 7-days	Due next 10-days	In port
3/16/2023	19	31	43	6
3/9/2023	22	30	46	6
2022 range	(14…61)	(18…39)	(28…62)	(5…23)
2022 average	30	28	44	13

Note: The data is voluntarily collected and may not be complete.
Source: USDA, Agricultural Marketing Service.

➢ Export Inspections

U.S. grain inspected for export (wheat, corn, and soybeans)

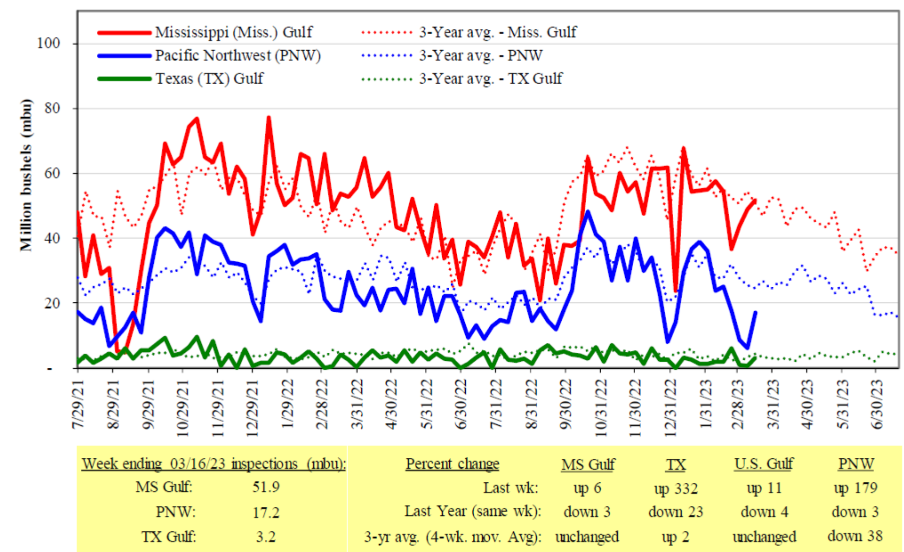


Note: 3-year average consists of 4-week running average.

Source: USDA, Federal Grain Inspection Service.

- For the week ending the 16th of March, 31 oceangoing grain vessels were loaded in the Gulf—9% fewer than the same period last year.
- Within the next 10 days (starting the 17th of March), 43 vessels were expected to be loaded—27% fewer than the same period last year.
- As of the 16th of March, the rate for shipping a metric ton (mt) of grain from the U.S. Gulf to Japan was $53.50. This was 2% more than the previous week.
- The rate from the Pacific Northwest to Japan was $30.50 per mt, 3% more than the previous week.

U.S. Grain inspections: U.S. Gulf and PNW[1] (wheat, corn, and soybeans)



Source: USDA, Federal Grain Inspection Service.

GRAINS INSPECTED AND/OR WEIGHED FOR EXPORT

Week Ending the 16th of March 2023

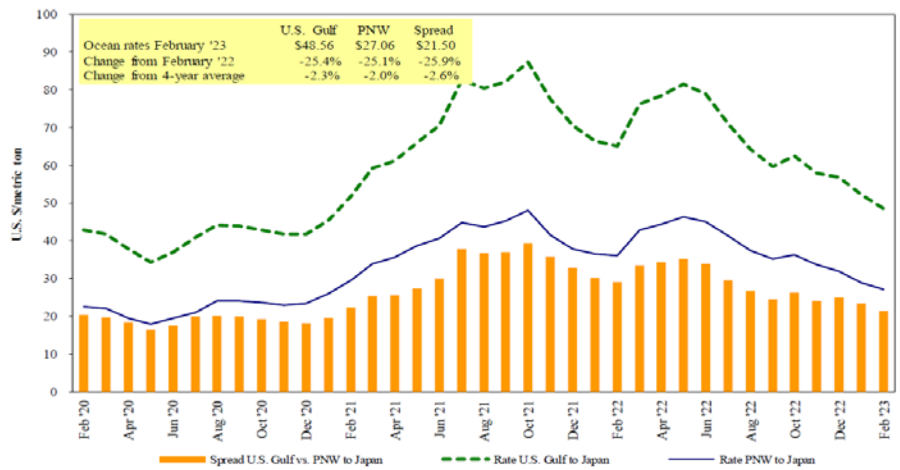
GRAIN	03/16/2023 (WEEK ENDING)	03/09/2023 (WEEK ENDING)	03/17/2022 (WEEK ENDING)	PREVIOUS MARKET YEAR TO DATE	CURRENT MARKET YEAR TO DATE
BARLEY	0	0	0	2,154	10,010
CORN	1,188,666	1,015,175	1,496,798	17,523,428	27,430,767
FLAXSEED	0	0	0	200	324
MIXED	0	0	0	0	0
OATS	0	0	0	6,486	400
RYE	0	0	0	0	0
SORGHUM	94,495	72,899	336,332	914,662	3,823,817
SOYBEANS	716,618	633,367	556,642	44,061,650	42,836,015
SUNFLOWER	0	248	0	2,408	532
WHEAT	374,224	256,901	335,068	16,286,008	16,556,055
Total	2,374,003	1,978,590	2,724,840	78,796,996	90,657,920

CROP MARKETING YEARS BEGIN JUNE 1st FOR WHEAT, RYE, OATS, BARLEY AND FLAXSEED, SEPTEMBER 1st FOR CORN, SORGHUM, SOYBEANS AND SUNFLOWER SEEDS. INCLUDES WATERWAY SHIPMENTS TO CANADA.
Source: https://www.ams.usda.gov/mnreports/wa_gr101.txt

Ocean Freight

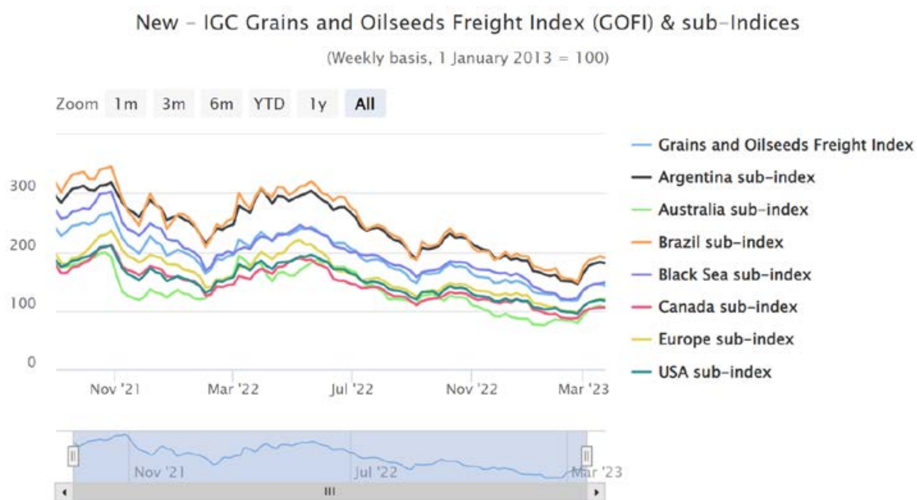
➢ Vessel Rates

Grain vessel rates, U.S. to Japan

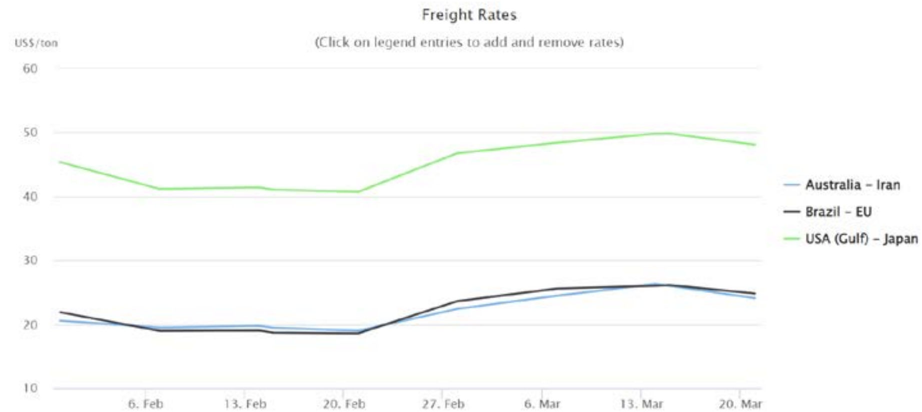


Note: PNW = Pacific Northwest.
Source: O'Neil Commodity Consulting.

➢ IGC Grains Freight Index – 21st March 2023



	21 Mar	Weekly Change	Annual Change	52 Week Low	52 Week High
IGC Grains and Oilseeds Freight Index	142	-3	-37 %	117	243
Argentina sub-Index	181	+1	-38 %	145	308
Australia sub-Index	104	-2	-43 %	75	187
Brazil sub-Index	190	+1	-36 %	148	321
Black Sea sub-Index	148	+3	-32 %	119	246
Canada sub-Index	106	+2	-36 %	87	190
Europe sub-Index	120	+3	-37 %	97	220
USA sub-Index	117	+1	-35 %	95	195



	21 Mar	Weekly Change	Annual Change	52 Week Low	52 Week High
Australia - Iran	$24	-2	-40 %	$18	$43
Brazil - EU	$25	-1	-45 %	$19	$49
USA (Gulf) - Japan	$48	-2	-31 %	$41	$76

Source: IGC https://www.igc.int/en/markets/marketinfo-freight.aspx

- **<u>Baltic Dry Freight Index – Daily = 1484</u>**

Source: https://www.tradingview.com/chart/?symbol=INDEX%3ABDI

The Baltic Dry Index is reported daily by the Baltic Exchange in London. The index provides a benchmark for the price of moving the major raw materials by sea. The index is a composite of three sub-indices that measure different sizes of dry bulk carriers: Capesize, which typically transport iron ore or coal cargoes of about 150,000 tonnes; Panamax, which usually carry coal or grain cargoes of about 60,000 to 70,000 tonnes; and Supramax, with a carrying capacity between 48,000 and 60,000 tonnes.

Not restricted to Baltic Sea countries, the index provides "an assessment of the price of moving the major raw materials by sea. Taking in 23 shipping routes measured on a time-charter basis, for dry bulk carriers carrying a range of commodities including coal, iron ore, grain, and other commodities.

Because dry bulk primarily consists of materials that function as raw material inputs to the production of intermediate or finished goods, the index is also seen as an efficient economic indicator of future economic growth and production.

- **<u>A weekly round-up of tanker and dry bulk market</u>**

24 March 2023 Baltic Exchange - This report is produced by the Baltic Exchange - Source: www.balticexchange.com.

Capesize: The Capesize market declined early in the week without much support from either of the basins. The timecharter average, however, started to pick up midweek reaching over $15,000. The direction of the Brazil to Qingdao run changed after the force majeure was lifted, which was declared after the landslide incident last week. This helped the demand out of Brazil with few ballasters to make the second half of April loading, but a wide spread between bids and offers remained. In the Pacific, the West Australia to Qingdao run was priced between mid $8s to the low $9s during the week, with the transpacific round voyage sitting above $17,000 before the weekend approached.

Panamax: Overall a week of slow erosion for the Panamax market. This is despite some resistance and a midweek push on FFAs. Again, the North Atlantic returned a distinct lack of mineral requirements. This continued to undermine the market here and there were few Transatlantic grain deals of note. An 82,000-dwt achieved $13,250 for a trip via NC South America back to Skaw-Barcelona. Front haul volumes from the Americas were lacking with limited reports and an 82,000-dwt agreed close to mid $16,000s plus mid $600,000s ballast bonus delivery EC South America. Asia returned a mixed week with varying degrees of rates fixed for the route P3A round trips. Rates achieved for BPI82 types ranged from sub $10,000, for the sub index type and early date tonnage, to $17,000 for nice grain clean types. With this in mind, the true market value was hard to pinpoint. There was limited period activity, although a 95,000-dwt delivery Japan agreed to $17,000 for four to six months period.

Ultramax/Supramax: It was a rather patchy week for the sector. Overall sentiment remained fairly healthy in the Atlantic with sustained interest from the US Gulf and Mediterranean regions. Some felt that from South America fresh demand remained fairly flat, but tonnage supply was a little limited. From Asia, limited fresh enquiry was seen in the south putting downward pressure on rates. From the north, there was again limited fresh enquiry. Some commented that the market from here was finely balanced and fairly positional. From the Atlantic, a 61,000-dwt was heard fixed delivery Poland for a trip via the Baltic to India at $18,250. Elsewhere, a 58,000-dwt was heard fixed delivery West Africa for a trip to East Coast India at $17,000. From Asia, a 61,000-dwt was fixed delivery Kohsichang via Indonesia redelivery Japan at $17,000. From the Indian Ocean, a little more activity surfaced. A 53,000-dwt open

Ocean freight rates for selected shipments, week ending 03/18/2023

Export region	Import region	Grain types	Loading date	Volume loads (metric tons)	Freight rate (US$/metric ton)
U.S. Gulf	Japan	Heavy grain	May 1, 2023	50,000	54.80
U.S. Gulf	Japan	Heavy grain	Nov 1/10, 2022	50,000	79.25
U.S. Gulf	Japan	Heavy grain	Jul 20/30, 2022	50,000	81.50
U.S. Gulf	Japan	Heavy grain	Jun 1/10, 2022	50,000	89.65
U.S. Gulf	S. China	Corn	Aug 1/10, 2022	68,000	71.00
U.S. Gulf	Kenya	Sorghum	Feb 15/25, 2023	22,820	63.30*
U.S. Gulf	Djibouti	Wheat	Nov 5/15, 2022	22,500	102.88*
U.S. Gulf	S. Korea	Heavy grain	Jun 1/Jul, 2022	55,000	82.75
WC US	Japan	Wheat	Feb 1/Mar 1, 2023	34,500	47.75
Australia	Vietnam	Heavy grain	Feb 24/Apr 9, 2023	60,000	20.80

*50 percent of food aid from the United States is required to be shipped on U.S.-flag vessels.

Note: Rates shown are per metric ton (2,204.62 lbs. = 1 metric ton), free on board (F.O.B), except where otherwise indicated;

op = option.

Source: Maritime Research, Inc.

Dahej end March fixed a trip via West Coast India redelivery Vietnam at $16,000. Meanwhile, a 63,000-dwt open Mombasa fixed around $18,000 plus $170,000 ballast bonus for a South Africa to Pakistan run.

Handysize: After an unbroken positive run since February 15, the BHSI made its first downward move this week as the Asia basin showed signs of negative moves. A 28,000-dwt was rumoured to have been fixed for a trip from Indonesia to East Coast India with an intended cargo of steels at $9,000. Meanwhile, a 38,000-dwt open in Thailand was rumoured to have been fixed for a trip to the Arabian Gulf at $12,500. From the Atlantic, East Coast South America saw a 38,000-dwt fix basis delivery when where ready San Nicolas for a trip to Dakar with an intended cargo of grains at around $17,000. There had been more activity in the Mediterranean, with a 37,000-dwt fixing basis delivery in the Sea of Marmara via Constanta to Tunisia with an intended cargo of grains at $12,500. Off the Continent, a 34,000-dwt was fixed from Hamburg to North Coast South America at $11,000.

➢ Baltic Dry Index Marks First Weekly Decline in Five

24 March 2023 Ananya Bajpai, Reuters - The Baltic Exchange's main sea freight index edged higher on Friday on stronger demand in the larger capesize vessel segment, although it marked its first weekly decline in five.

* The overall index, which factors in rates for capesize, panamax and supramaxshipping vessels, gained 5 points to 1,489.

* The index, however, was down about 3% for the week, its most since the week ended Feb. 17.

* The capesize index rose 26 points, or about 1.4%, to 1,882. Although, the index lost 1.6% for the week.

* Average daily earnings for capesizes, which typically transport 150,000-tonne cargoes such as iron ore and coal, increased $215 to $15,611.

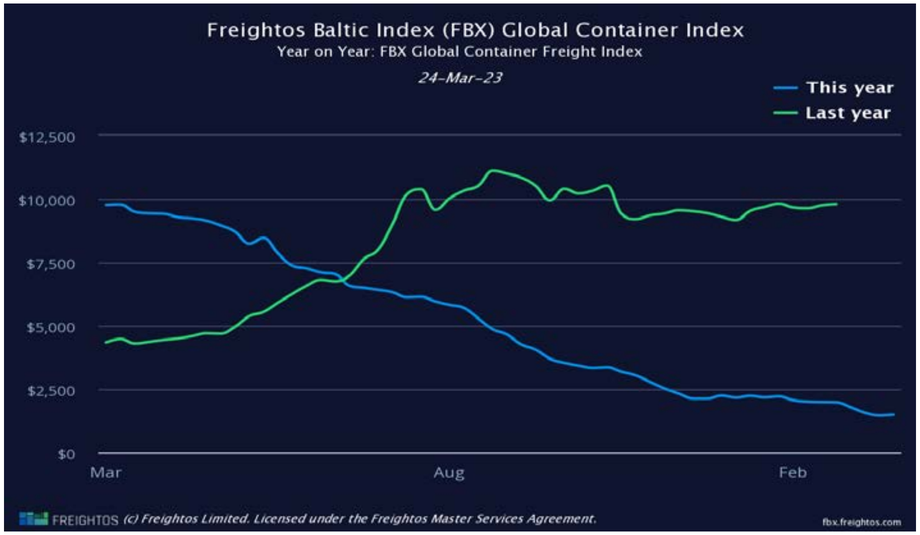
* Dalian and Singapore iron ore futures rebounded in afternoon trading as sentiment improved, helped by data showing that inventories at Chinese ports continued to fall in the past week.

* The panamax index fell 12 points to 1,572. The index was down 8.8% for the week – its biggest weekly percentage fall since Feb. 3.

* Average daily earnings for panamaxes, which usually carry coal or grain cargoes of about 60,000 to 70,000 tonnes, decreased $111 to $14,149.

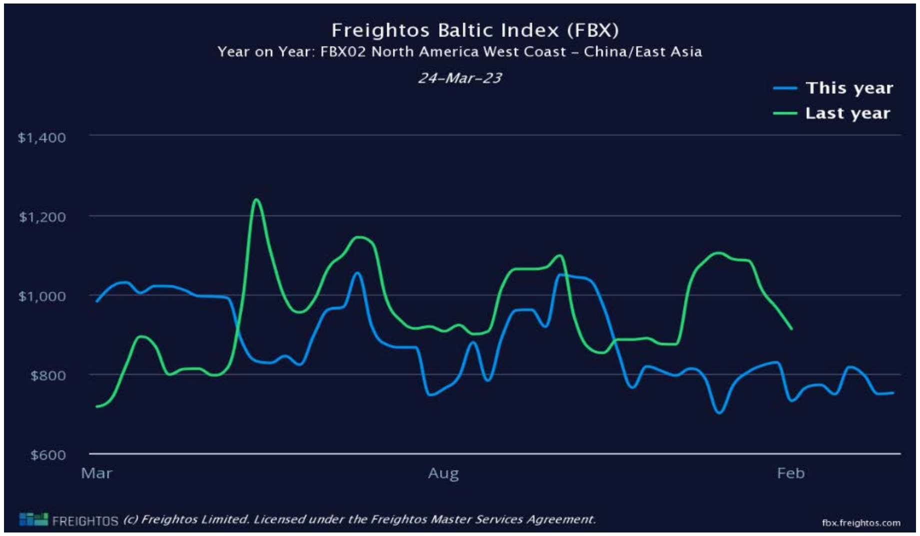
* Among smaller vessels, the supramax index edged up 1 point to 1,332. It was up for the sixth consecutive week.

➢ Freightos Baltic Index (FBX): Global Container Freight Index



Source: https://fbx.freightos.com/

➢ Freightos West Coast N.A. – China/East Asia Container Index - Daily



Source: https://fbx.freightos.com/

FBX stands for Freightos Baltic Index. It is the leading international Freight Rate Index, in cooperation with the Baltic Exchange, providing market rates for 40' containers (FEUs).

Prices used in the index are rolling short term Freight All Kind (FAK) spot tariffs and related surcharges between carriers, freight forwarders and high-volume shippers. Index values are calculated by taking the median price for all prices (to ignore the influence of outliers on active lanes) with weighting by carrier. 50 to 70 million price points are collected every month. The weekly freight index is calculated as an average of the five business days from the same week and published each Friday.

➢ Crunch time for trans-Pacific container shipping contract talks

20 March 2023 Greg Miller, American Shipper – The annual contract season is down to the final stretch in the trans-Pacific shipping market. U.S. import costs, liner profitability and service reliability all hinge on where contract prices settle in the next few weeks.

The plot twist this year is that the prior round of annual contracts were signed at historically high levels and the timing of the current contract RFP season coincides with a period of still-sinking spot rates.

Import demand remains weak due to bloated inventories, with inbound volumes reminiscent of spring 2020, when the culprit was COVID lockdowns.

The risk ahead: If shipping lines cannot obtain enough contract business at rates sufficient to cover costs as a result of weak demand and falling spot rates coinciding with the 2023 contract RFP season, the lines could take drastic action and cut much more capacity in the trans-Pacific, reminiscent of what they did in 2020.

If shipping lines cut more capacity at the same time import demand recovers in the second half after inventories wind down, spot rates would rise and shippers that secured cheap annual contracts starting May 1 may ultimately find their contract cargo bumped by carriers moving higher-paying spot containers, a replay of what happened three years ago.

The complexities surrounding the 2023 trans-Pacific RFP season were addressed by digital freight forwarder Flexport in a presentation on Thursday. For additional perspective, FreightWaves interviewed Nerijus Poskus, Flexport's vice president of ocean strategy and carrier development.

'Next two weeks are crucial'

"Most fixed contracts will have to be finalized by the first week of April," said Poskus. "Some of the big BCOs [beneficial cargo owners] have already signed and I think we are going to be next."

According to Anders Schulze, Flexport's global head of ocean, Flexport currently predicts trans-Pacific contracts rates will be around 70% below 2022 base contract rates (not including premium surcharges) "and will settle around 30% higher than current floating levels."

"Current spot rates are unsustainable because carriers have higher costs than pre-pandemic due to higher charter rates and bunker costs," Schulze noted.

Poskus told FreightWaves, "I am hearing that the big BCOs are signing rates proposed by carriers that are higher than the spot market.

"The next two weeks are crucial," he continued. While the final outcome of rate negotiations won't be known until April, Poskus expects contract rates will be around $300 to $500 per forty-foot equivalent unit above current spot rates.

Inventories are still too high

The pandemic created unprecedented market dynamics in container shipping, leading to a massive spike in consumer goods imports.

The aftereffect of the COVID-era buying spree is a collision between sinking spot rates and high prior-year contract rates just as the current contract RFP season reaches its conclusion.

The surge in spot rates in 2021-2022 and the collapse in service reliability compelled U.S. importers to sign annual contracts at extremely high rates last year. It also convinced them to bring in far more cargo than they actually needed, leading to a massive "bullwhip effect" that has inflated inventories in 2023.

"We're hearing cases of importers with enough inventory for the next six months who are only importing to keep their suppliers alive," said Poskus. "There is also an extreme case where a client said it has enough inventory for one year."

During Thursday's presentation, Flexport polled shipper attendees on their inventories and 62% said they had too much. That's effectively unchanged from December's poll, when 63% said they had too much.

RFP backdrop: Falling spot rates

Excess inventories explain why trans-Pacific spot rates continue to fall. Carriers have already cut capacity, but not enough to offset lower import demand due to high inventories.

Freightos Baltic Daily Index (FBX) trans-Pacific spot assessments continue to decline. The FBX put Friday's Asia-West Coast rate at just $1,017 per FEU, a new post-pandemic low.

FBX Asia-West Coast assessments are down 20% month on month, 26% year to date and 94% year on year (FBX included trans-Pacific premium surcharges in addition to base rates in 2022).

The FBX assessed Asia-East Coast spot rates at $2,129 per FEU on Friday, down 16% month on month, 26% year to date and 88% year on year.

Spot assessment in USD per FEU. Blue line: China-West Coast. Green line: China-East Coast. (Chart: FreightWaves SONAR)

The worst-case scenario for shipping lines was for the annual trans-Pacific contract season timing to coincide with a backdrop of falling spot rates — which is exactly what happened.

The conundrum for ocean carriers is that it does not make financial sense to sign annual commitments at current spot levels.

Xavier Destriau, CFO of ocean carrier Zim (NYSE: ZIM), said during a conference call on March 13th that shippers are pushing for "significant [contract] rate reductions compared to last year and we understand that," but "we have set a limit in terms of where we are not willing to go, in terms of a floor."

"If we don't get the rates we believe make sense for us to continue sailing, we will stop sailing. And if we stop sailing, it may have a drastic effect on the ability of customers to secure their supply chains."

Second-half risk to spot players

The current consensus is that imports will pick up in the second half as inventories come down, leading to at least some semblance of a traditional peak season. This should finally stop the bleeding for spot rates and push them upward.

Some importers are happy to take that future spot risk and forsake contracts in 2023 given what they're saving in the spot market in the first half. Poskus said that around 60-70% of trans-Pacific volumes moved on annual contracts pre-pandemic and the ratio should be lower this year, with more on spot.

According to Kaitlyn Glancy, Flexport's vice president of North America, "A number of our clients are playing the spot market and that is working really well. [Spot rates] are getting lower every day — almost concerningly low.

"There's a risk that spot rates might go higher in the back half of the year, but for some clients, the priority right now is managing costs and maximizing margins where you can. If you're still sitting on a lot of inventory and you paid a lot of money to get it here, cost is king and getting your costs under control in the first half is your top priority."

Second-half risk to contract holders

Shippers that secure low contract rates for May 2023 to April 2024 face second-half risks if carriers make much larger cuts to capacity.

Poskus believes the most likely scenario is for contract rates to marginally exceed spot rates at the beginning of the contract period, then for spot rates to rise and reach more of an equilibrium with contract rates in the second half.

However, there is a possible scenario wherein spot rates jump higher than fixed contracts. "That can happen if carriers pull too much capacity out, and in that case, allocations under fixed contracts are at risk. This is not completely unlikely — it's what happened in 2020."

He told FreightWaves, "I am worried that carriers will take drastic action in terms of capacity and there is a comeback in volume in the second half.

"If contract rates are at unsustainable levels, carriers will just stop sailing. Service reliability will not be there anymore. It's best for everybody if shipping lines are just slightly profitable because you're still getting a great deal on rates and service is more or less sustainable."

Poskus warned during the Flexport presentation, "Your service level is going to be considerably better if you're paying [contract rates] that are basically the average of what carriers load on a vessel. If you're paying under that, guess what happens? Your cargo is probably going to leave on the next sailing. If you're paying $50 or $100 [per FEU] more, your cargo will be treated better.

"We're not talking about what we saw in 2021-2022, when people were paying $20,000 or $30,000 [per FEU]. In this case, $100 can meaningfully change your loading priority. And at the end of the day, that doesn't materially change your cost."

CEREAL GRAINS

➢ Wheat Export Shipments and Sales

Net sales of 125,600 metric tons (MT) for 2022/2023 were down 63% from the previous week and 59% from the prior 4-week average. Increases primarily for Mexico (74,900 MT, including decreases of 600 MT), China (73,600 MT, including 65,000 MT switched from unknown destinations), Ecuador (37,900 MT, including 34,700 MT switched from unknown destinations), Algeria (33,000 MT), and the Philippines (26,600 MT, including 23,000 MT switched from unknown destinations), were offset by reductions for unknown destinations (142,700 MT), Nigeria (25,000 MT), and Panama (100 MT). Net sales of 13,000 MT for 2023/2024 were reported for Trinidad and Tobago (8,900 MT), Ecuador (4,000 MT), and Panama (100 MT).

Exports of 361,600 MT were up 44% from the previous week, but down 8% from the prior 4-week average. The destinations were primarily to China (68,300 MT), Mexico (52,600 MT), the Philippines (48,600 MT), Taiwan (47,500 MT), and Ecuador (37,900 MT).

Top 10 importers[1] of all U.S. wheat

For the week ending 3/9/2023	Total Commitments[2] 2022/23 current MY	2021/22 last MY	% change current MY from last MY	Exports[3] 3-yr. avg. 2019-21
	1,000 mt -			- 1,000 mt -
Mexico	3,001	3,410	(12)	3,566
Philippines	2,142	2,722	(21)	2,985
Japan	2,090	2,243	(7)	2,453
China	956	848	13	1,537
Nigeria	777	2,023	(62)	1,528
Korea	1,252	1,197	5	1,459
Taiwan	752	823	(9)	1,106
Indonesia	335	67	401	711
Thailand	624	542	15	703
Colombia	501	688	(27)	621
Top 10 importers	**12,430**	**14,562**	(15)	**16,669**
Total U.S. wheat export sales	**17,738**	**18,735**	(5)	**22,763**
% of projected exports	84%	86%		
change from prior week[2]	**337**	**146**		
Top 10 importers' share of U.S. wheat export sales	70%	78%		73%
USDA forecast, March 2023	**21,117**	**21,798**	(3)	

[1] Based on USDA, Foreign Agricultural Service(FAS) marketing year ranking reports for 2020/21; Marketing year (MY) = Jun 1 - May 31.

[2] Cumulative exports (shipped) + outstanding sales (unshipped), FAS weekly export sales report, or export sales query. The total commitments change (net sales) from prior week could include revisions from the previous week's outstanding and/or accumulated sales.

[3] FAS marketing year final reports (carryover plus accumulated export); yr. = year; avg. = average.

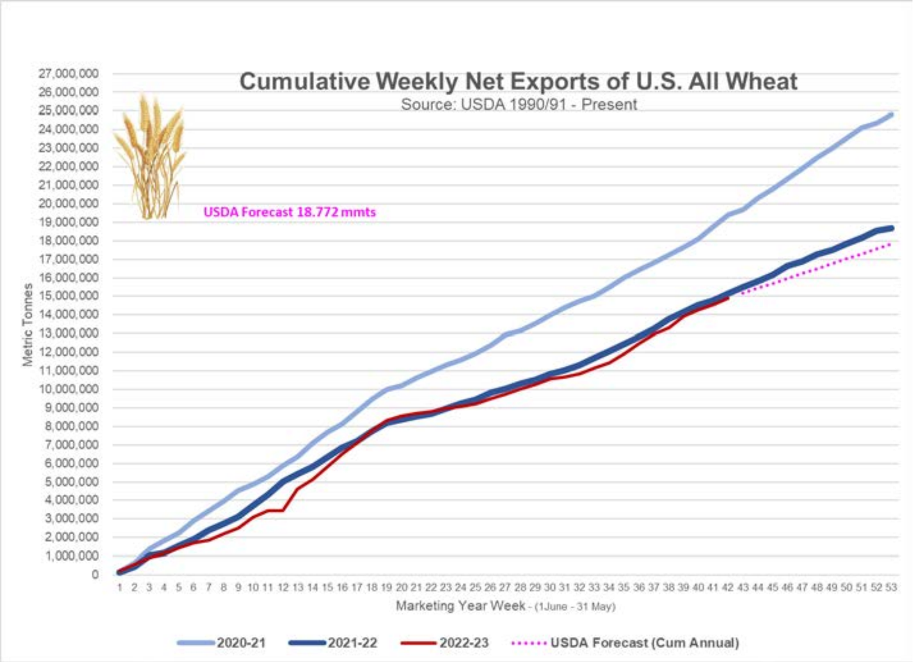
Note: A red number in parentheses indicates a negative number.

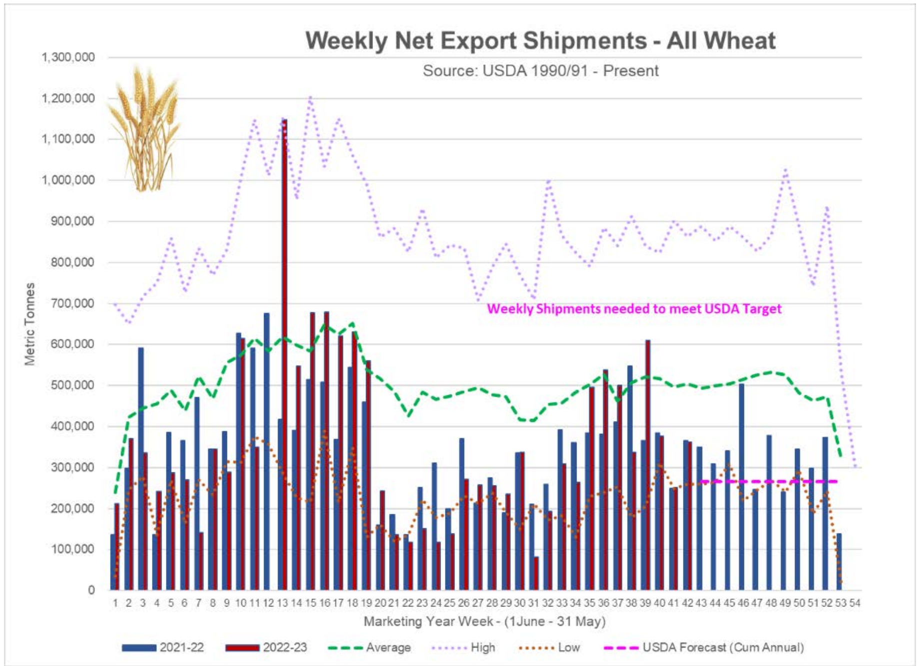
Source: USDA, Foreign Agricultural Service.

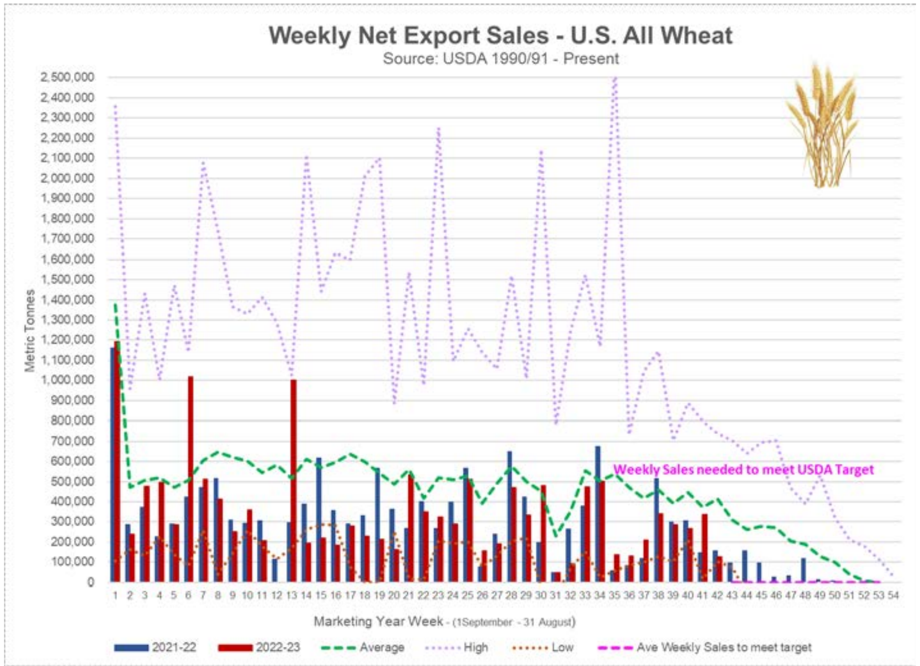
➢ Rice Export Shipments and Sales

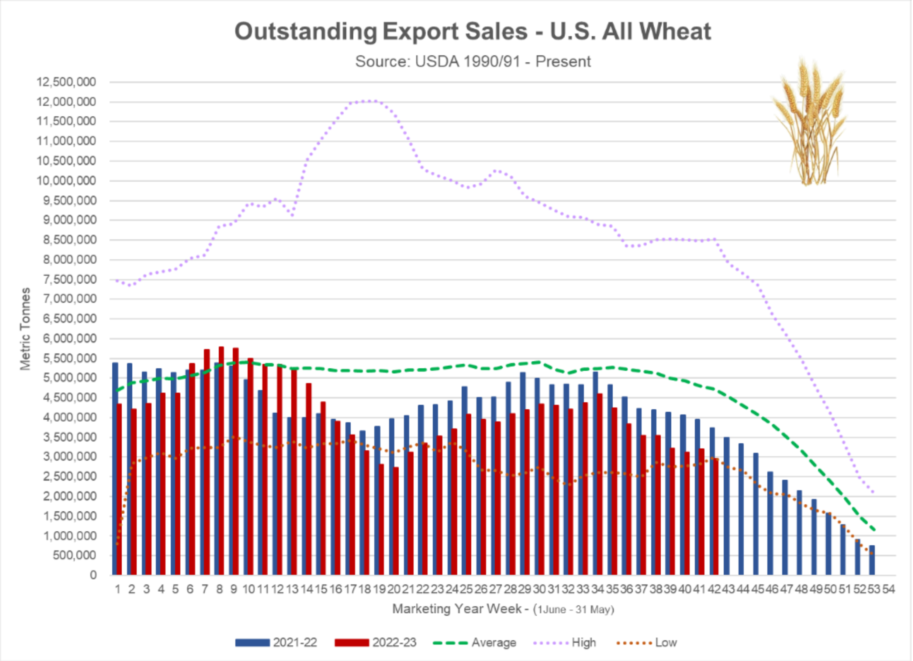
Net sales of 14,900 MT for 2022/2023 were down 42% from the previous week and 73% from the prior 4-week average. Increases were primarily for Guatemala (6,200 MT), El Salvador (4,000 MT), Canada (2,400 MT, including decreases of 200 MT), Saudi Arabia (800 MT, including decreases of 700 MT), and Mexico (500 MT).

Exports of 14,300 MT were up 37% from the previous week, but down 76% from the prior 4-week average. The destinations were primarily to Guatemala (6,200 MT), Mexico (3,800 MT), Canada (2,300 MT), Saudi Arabia (800 MT), and Jordan (500 MT).


Cumulative Weekly Net Exports of U.S. All Wheat
Source: USDA 1990/91 - Present
USDA Forecast 18.772 mmts
Metric Tonnes
Marketing Year Week - (1June - 31 May)
2020-21
2021-22
2022-23
USDA Forecast (Cum Annual)


Weekly Net Export Shipments - All Wheat
Source: USDA 1990/91 - Present
Weekly Shipments needed to meet USDA Target
Metric Tonnes
Marketing Year Week - (1June - 31 May)
2021-22
2022-23
Average
High
Low
USDA Forecast (Cum Annual)


Weekly Net Export Sales - U.S. All Wheat
Source: USDA 1990/91 - Present
Weekly Sales needed to meet USDA Target
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2021-22
2022-23
Average
High
Low
Ave Weekly Sales to meet target


Outstanding Export Sales - U.S. All Wheat
Source: USDA 1990/91 - Present
Metric Tonnes
Marketing Year Week - (1June - 31 May)
2021-22
2022-23
Average
High
Low

COARSE GRAINS

Corn Export Shipments and Sales

Net sales of 3,095,900 MT for 2022/2023--a marketing-year high--were up noticeably from the previous week and from the prior 4-week average. Increases primarily for China (2,245,200 MT, including 123,000 MT switched from unknown destinations), Japan (683,000 MT, including 94,400 MT switched from unknown destinations and decreases of 122,100 MT), Mexico (224,900 MT, including decreases of 3,600 MT), Colombia (54,100 MT, including decreases of 42,200 MT), and the Dominican Republic (51,200 MT), were offset by reductions for unknown destinations (261,400 MT), Italy (35,000 MT), Guatemala (7,100 MT), and Costa Rica (3,500 MT). Net sales of 93,000 MT for 2023/2024 were reported for Mexico (80,000 MT), Japan (10,000 MT), and unknown destinations (3,000 MT).

Exports of 1,381,300 MT--a marketing-year high--were up 23% from the previous week and 57% from the prior 4-week average. The destinations were primarily to Mexico (395,600 MT), Japan (304,700 MT), China (201,900 MT), Colombia (116,900 MT), and South Korea (67,600 MT).

Optional Origin Sales: For 2022/2023, the current outstanding balance of 140,000 MT were for South Korea (100,000 MT) and Egypt (40,000 MT).

Export Adjustments: Accumulated exports of corn to Colombia were adjusted down 41,145 MT for week ending March 9th. This shipment was reported in error.

Top 5 importers[1] of U.S. corn

For the week ending 3/2/2023	Total commitments[2] 2022/23 current MY	2021/22 last MY	% change current MY from last MY	Exports[3] 3-yr. avg. 2019-21
		1,000 mt -		
Mexico	12,892	14,149	(9)	15,227
China	4,487	12,102	(63)	12,616
Japan	3,430	7,531	(54)	10,273
Columbia	1,306	3,310	(61)	4,398
Korea	644	213	202	2,563
Top 5 importers	**22,759**	**37,305**	(39)	**45,077**
Total U.S. corn export sales	**30,650**	**50,202**	(39)	**56,665**
% of projected exports	65%	80%		
Change from prior week[2]	**1,412**	**2,144**		
Top 5 importers' share of U.S. corn export sales	74%	74%		80%
USDA forecast March 2023	**47,074**	**62,875**	(25)	
Corn use for ethanol USDA forecast, March 2023	**133,350**	**135,281**	(1)	

[1]Based on USDA, Foreign Agricultural Service (FAS) marketing year ranking reports for 2021/22; marketing year (MY) = Sep 1 - Aug 31.

[2]Cumulative exports (shipped) + outstanding sales (unshipped), FAS weekly export sales report, or export sales query. Total commitments change (net sales) from prior week could include revisions from previous week's outstanding sales or accumulated sales.

[3]FAS marketing year ranking reports (carryover plus accumulated export); yr. = year; avg. = average.

Note: A red number in parentheses indicates a negative number; mt = metric ton.

Source: USDA, Foreign Agricultural Service.

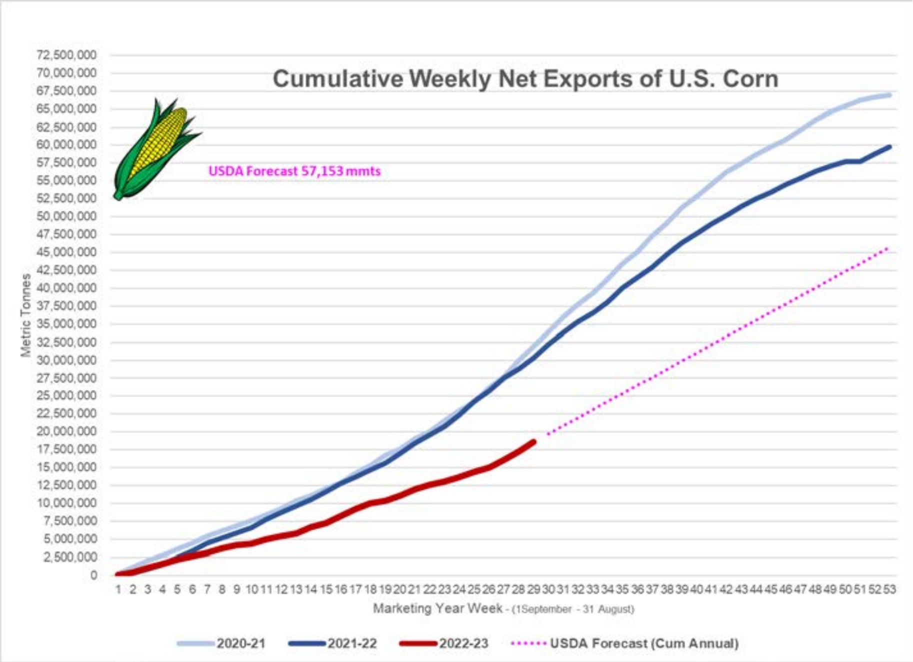
Grain Sorghum Export Shipments and Sales

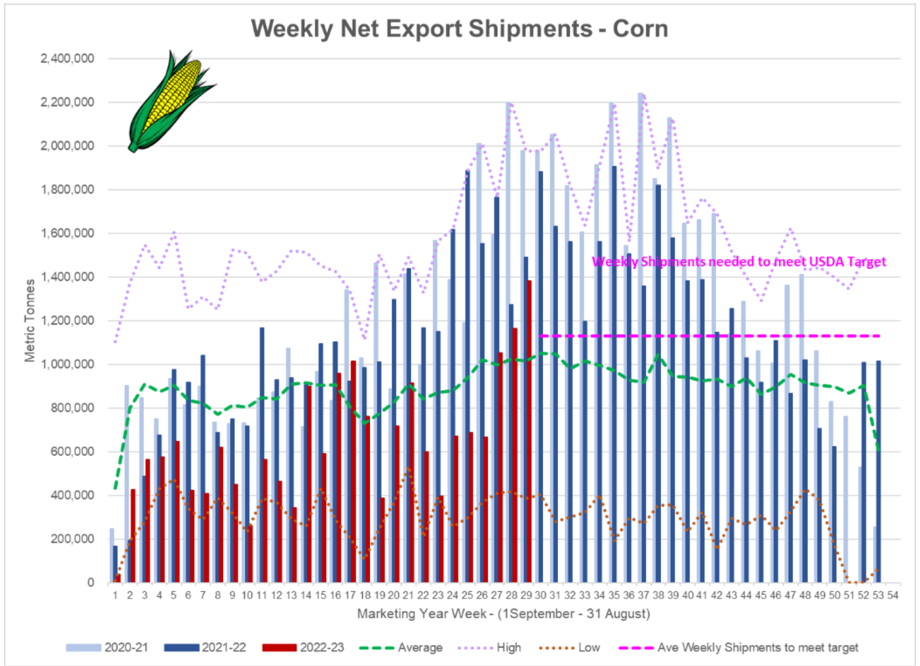
Total net sales reductions of 3,600 MT for 2022/2023--a marketing-year low--were down noticeably from the previous week and from the prior 4-week average. Decreases were for China.

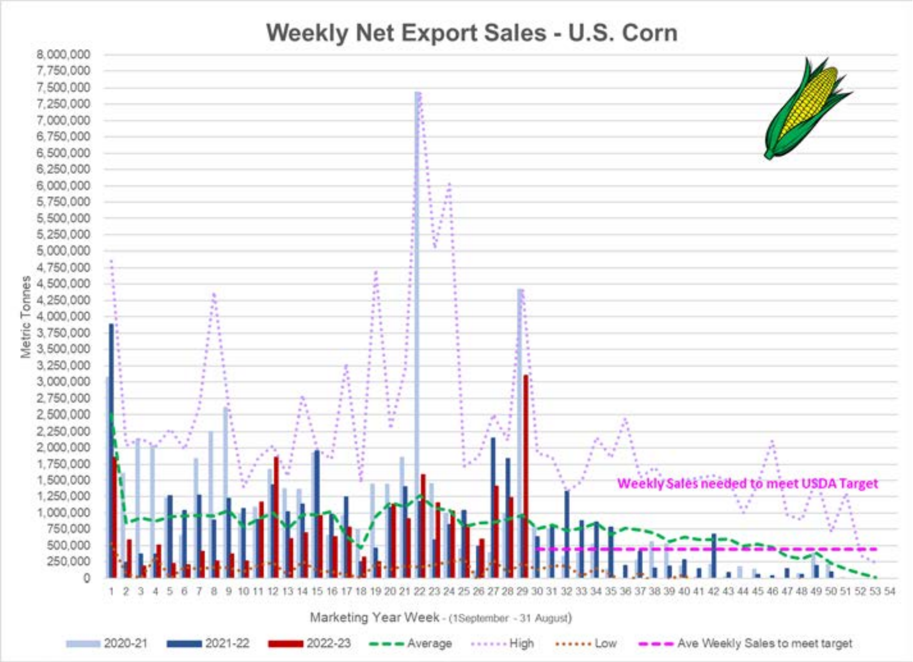
Exports of 49,400 MT were down 32% from the previous week and 34% from the prior 4-week average. The destination was to China.

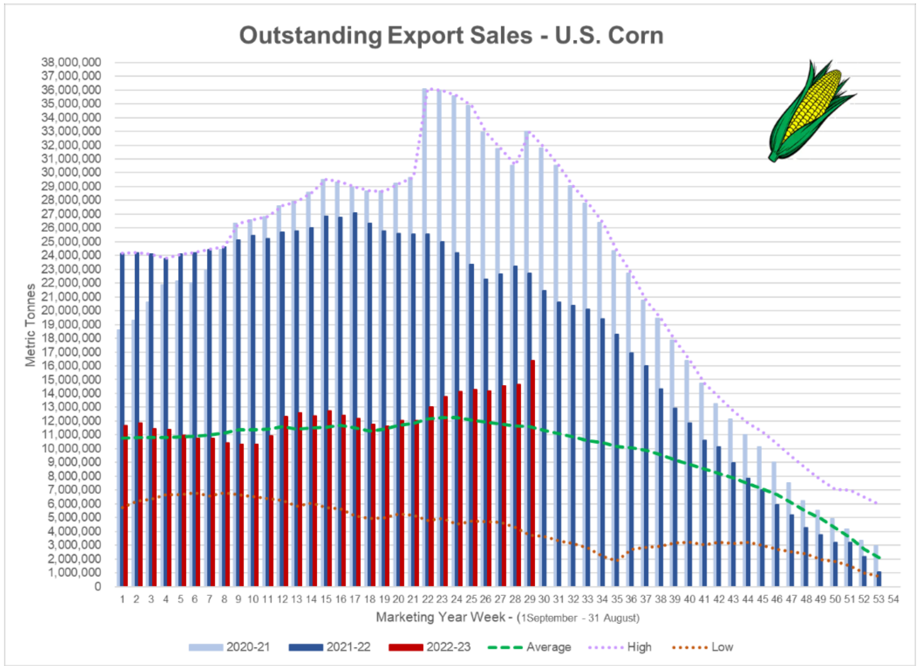
Barley Export Shipments and Sales

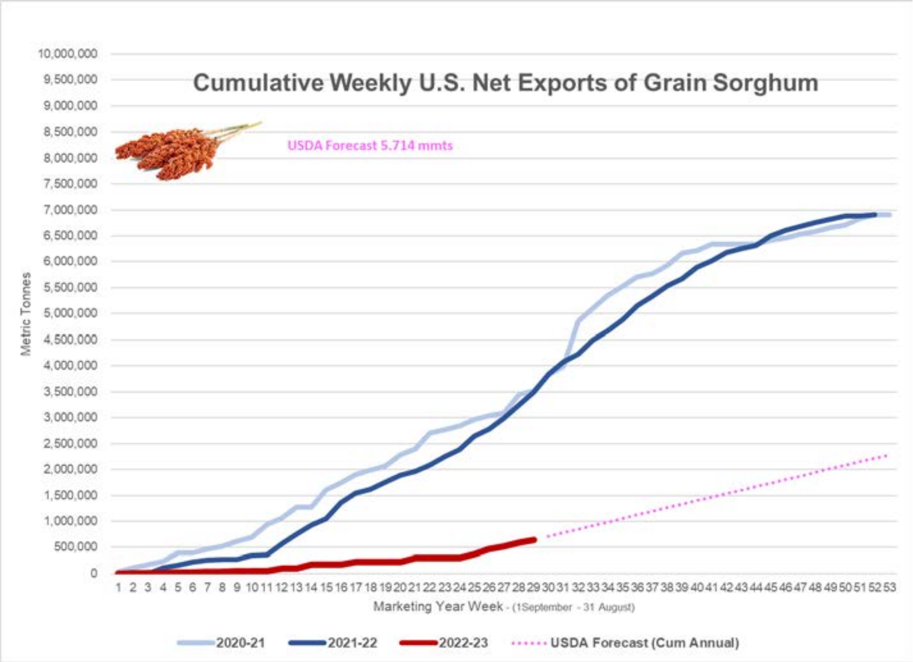
No net sales or exports were reported for the week.

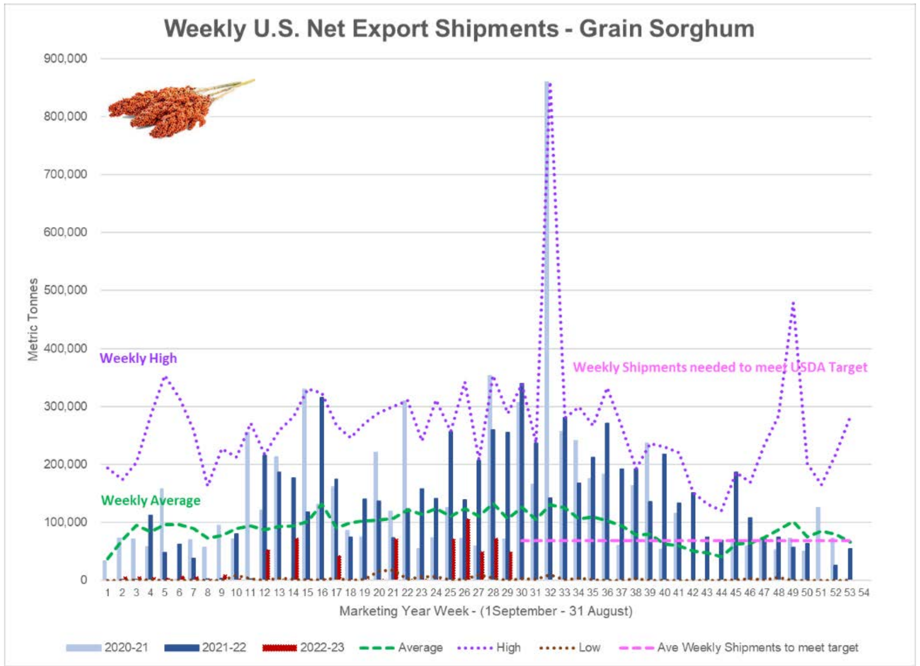

Cumulative Weekly Net Exports of U.S. Corn
USDA Forecast 57,153 mmts
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2020-21
2021-22
2022-23
USDA Forecast (Cum Annual)

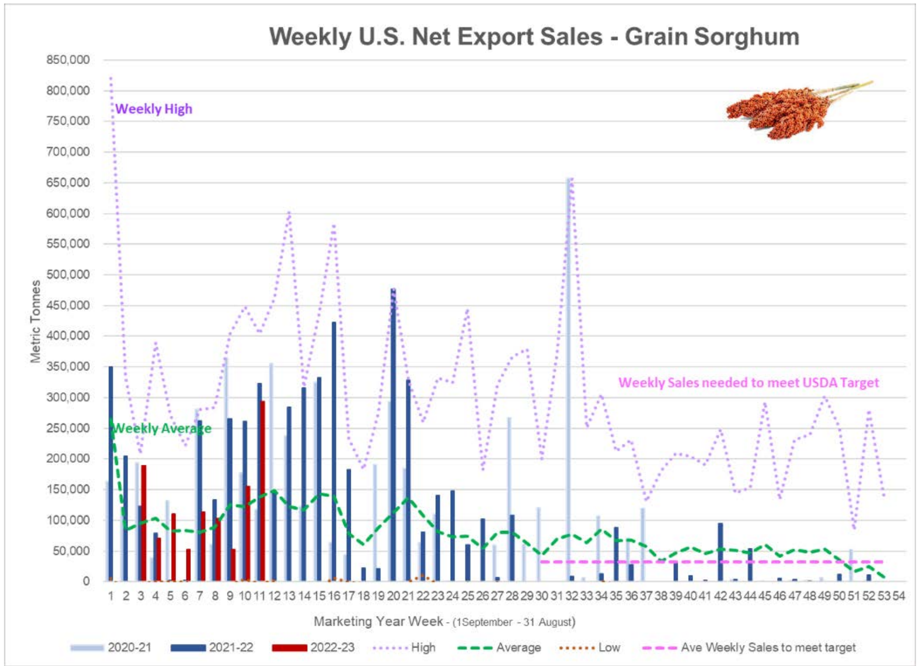

Weekly Net Export Shipments - Corn
Weekly Shipments needed to meet USDA Target
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2020-21
2021-22
2022-23
Average
High
Low
Ave Weekly Shipments to meet target

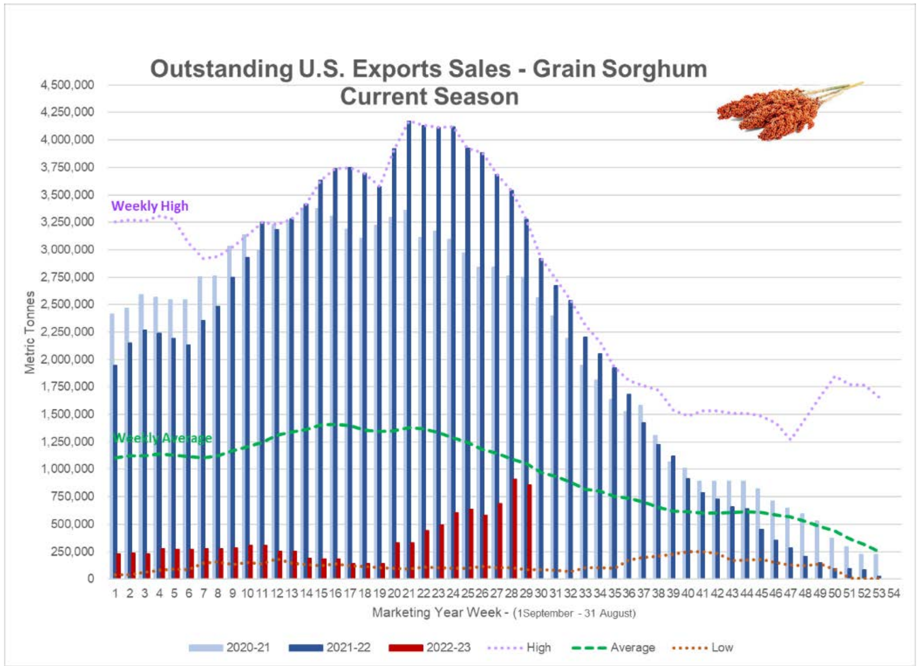

Weekly Net Export Sales - U.S. Corn
Weekly Sales needed to meet USDA Target
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2020-21
2021-22
2022-23
Average
High
Low
Ave Weekly Sales to meet target

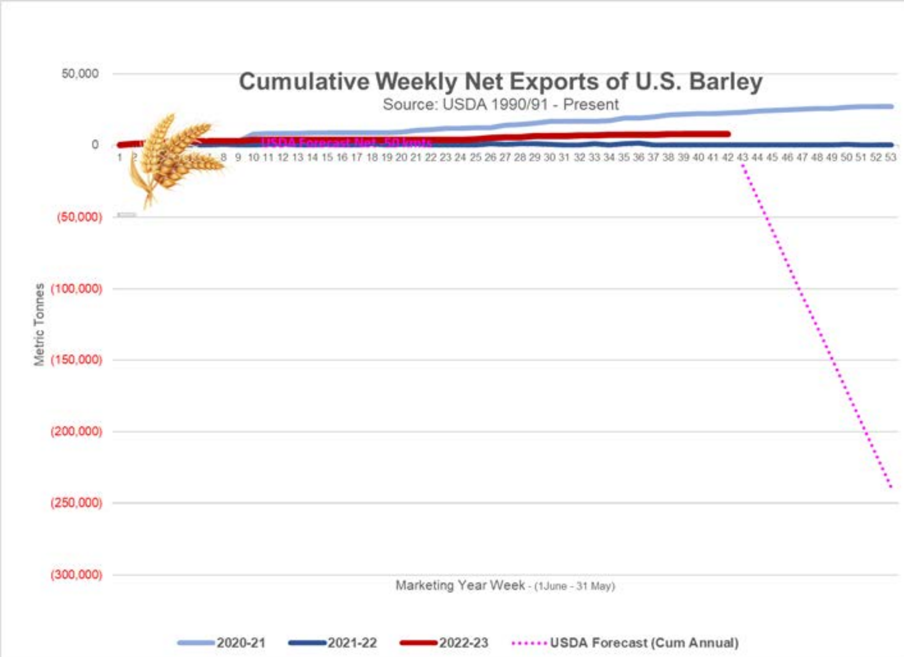

Outstanding Export Sales - U.S. Corn
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2020-21
2021-22
2022-23
Average
High
Low

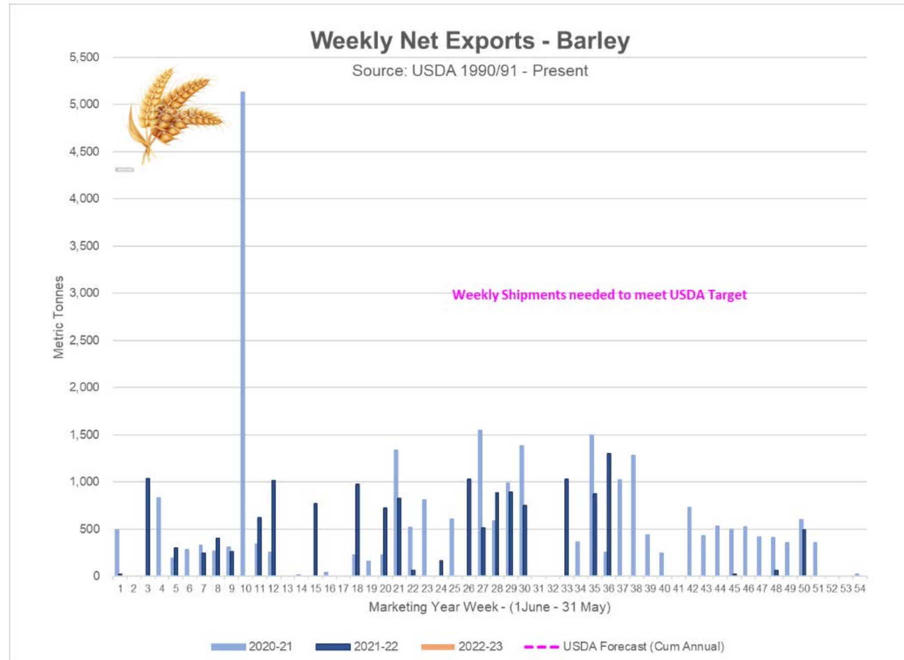

Cumulative Weekly U.S. Net Exports of Grain Sorghum
USDA Forecast 5.714 mmts
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2020-21
2021-22
2022-23
USDA Forecast (Cum Annual)

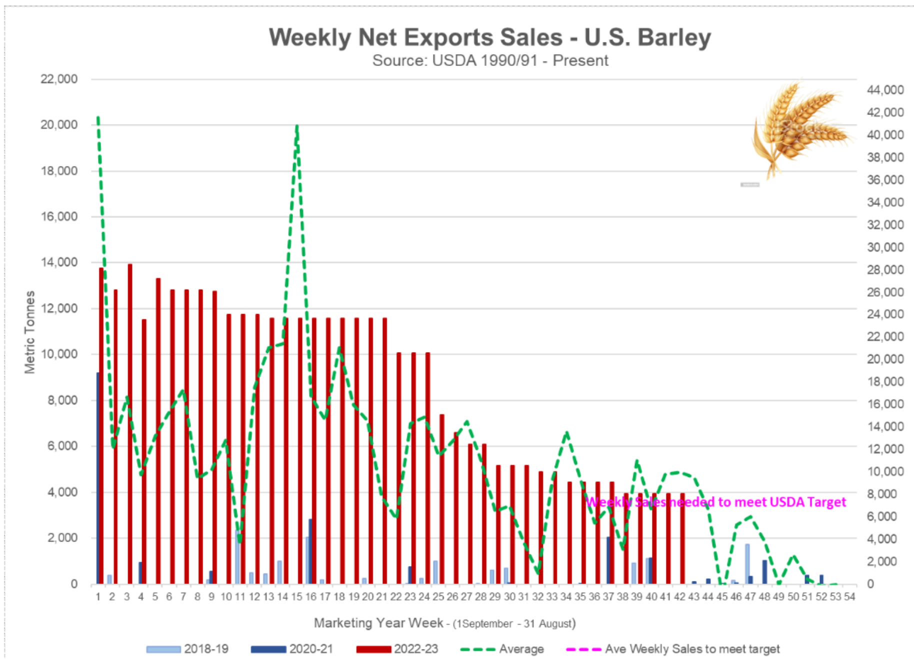

Weekly U.S. Net Export Shipments - Grain Sorghum
Weekly High
Weekly Average
Weekly Shipments needed to meet USDA Target
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2020-21
2021-22
2022-23
Average
High
Low
Ave Weekly Shipments to meet target

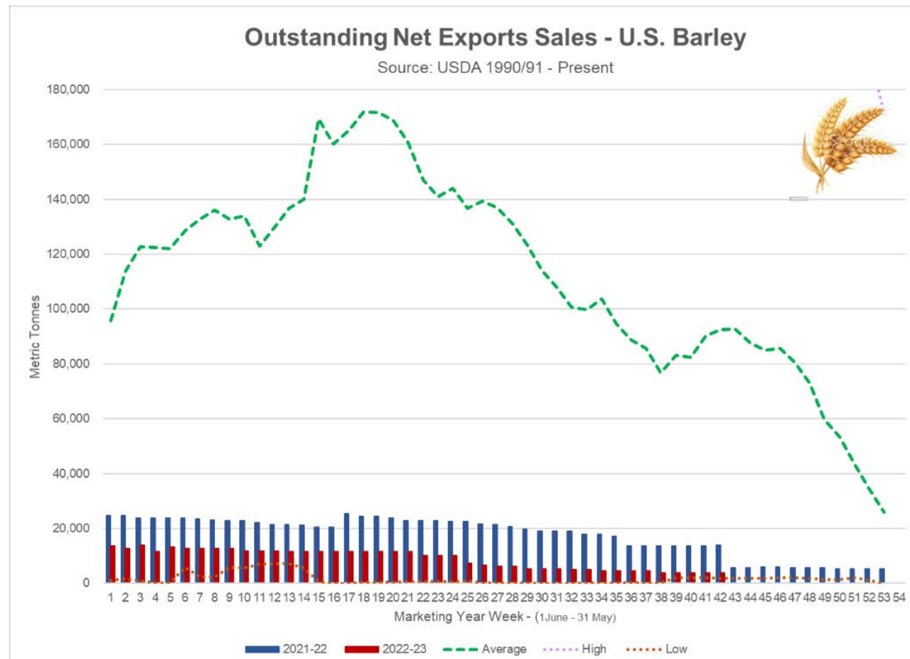

Weekly U.S. Net Export Sales - Grain Sorghum
Weekly High
Weekly Average
Weekly Sales needed to meet USDA Target
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2020-21
2021-22
2022-23
High
Average
Low
Ave Weekly Sales to meet target


Outstanding U.S. Exports Sales - Grain Sorghum
Current Season
Weekly High
Weekly Average
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2020-21
2021-22
2022-23
High
Average
Low


Cumulative Weekly Net Exports of U.S. Barley
Source: USDA 1990/91 - Present
Metric Tonnes
Marketing Year Week - (1June - 31 May)
2020-21
2021-22
2022-23
USDA Forecast (Cum Annual)


Weekly Net Exports - Barley
Source: USDA 1990/91 - Present
Weekly Shipments needed to meet USDA Target
Metric Tonnes
Marketing Year Week - (1June - 31 May)
2020-21
2021-22
2022-23
USDA Forecast (Cum Annual)


Weekly Net Exports Sales - U.S. Barley
Source: USDA 1990/91 - Present
Weekly Sales needed to meet USDA Target
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2018-19
2020-21
2022-23
Average
Ave Weekly Sales to meet target


Outstanding Net Exports Sales - U.S. Barley
Source: USDA 1990/91 - Present
Metric Tonnes
Marketing Year Week - (1June - 31 May)
2021-22
2022-23
Average
High
Low

OILSEED COMPLEX

➢ **Soybeans, Oil & Meal Export Shipment & Sales**

Soybeans:

Net sales of 152,500 MT for 2022/2023 were down 77% from the previous week and 55% from the prior 4-week average. Increases primarily for China (137,700 MT, including 126,000 MT switched from unknown destinations and decreases of 6,500 MT), Mexico (76,700 MT, including decreases of 700 MT), the Netherlands (65,000 MT, including 62,000 MT switched from unknown destinations), Japan (52,800 MT, including decreases of 18,000 MT), and Algeria (42,500 MT, including 45,000 MT switched from unknown destinations and decreases of 2,500 MT), were offset by reductions primarily for unknown destinations (222,000 MT). Net sales of 199,000 MT for 2023/2024 were reported for unknown destinations (132,000 MT) and China (67,000 MT).

Exports of 704,300 MT were down 8% from the previous week and 26% from the prior 4-week average. The destinations were primarily to China (420,900 MT), the Netherlands (65,000 MT), Egypt (50,300 MT), Algeria (42,500 MT), and Mexico (42,500 MT).

Optional Origin Sales: For 2022/2023, the current outstanding balance of 300 MT, all South Korea.

Export for Own Account: For 2022/2023, the current exports for own account outstanding balance of 1,600 MT are for Canada (1,500 MT) and Taiwan (100 MT).

Export Adjustments: Accumulated exports of soybeans to Colombia were adjusted down 9,624 MT for week ending March 9th. This shipment was reported in error.

Top 5 importers[1] of U.S. soybeans

For the week ending 3/9/2023	Total commitments[2] 2022/23 current MY	2021/22 last MY	% change current MY from last MY	Exports[3] 3-yr. avg. 2019-21
				- 1,000 mt -
China	30,539	27,686	10	27,283
Mexico	4,120	4,806	(14)	4,929
Egypt	976	3,350	(71)	3,553
Japan	1,769	1,818	(3)	2,266
Indonesia	1,078	1,201	(10)	2,116
Top 5 importers	**38,482**	**38,861**	(1)	**40,147**
Total U.S. soybean export sales	**49,335**	**53,624**	(8)	**54,231**
% of projected exports	90%	91%		
change from prior week[2]	**665**	**1,253**		
Top 5 importers' share of U.S. soybean export sales	78%	72%		**74%**
USDA forecast, March 2023	**54,905**	**58,801**	(7)	

[1]Based on USDA, Foreign Agricultural Service (FAS) marketing year ranking reports for 2021/22; marketing year (MY) = Sep 1 - Aug 31.

[2]Cumulative exports (shipped) + outstanding sales (unshipped), FAS weekly export sales report, or export sales query. The total commitments change (net sales) from prior week could include revisions from previous week's outstanding sales and/or accumulated sales.

[3]FAS marketing year ranking reports (carryover plus accumulated export); yr. = year; avg. = average.

Note: A red number in parentheses indicates a negative number; mt = metric ton.

Source: USDA, Foreign Agricultural Service.

Soybean Oil:

Net sales of 10,800 MT for 2022/2023--a marketing-year high--were up noticeably from the previous week and from the prior 4-week average. Increases were reported for Mexico (10,700 MT) and Canada (100 MT, including decreases of 100 MT).

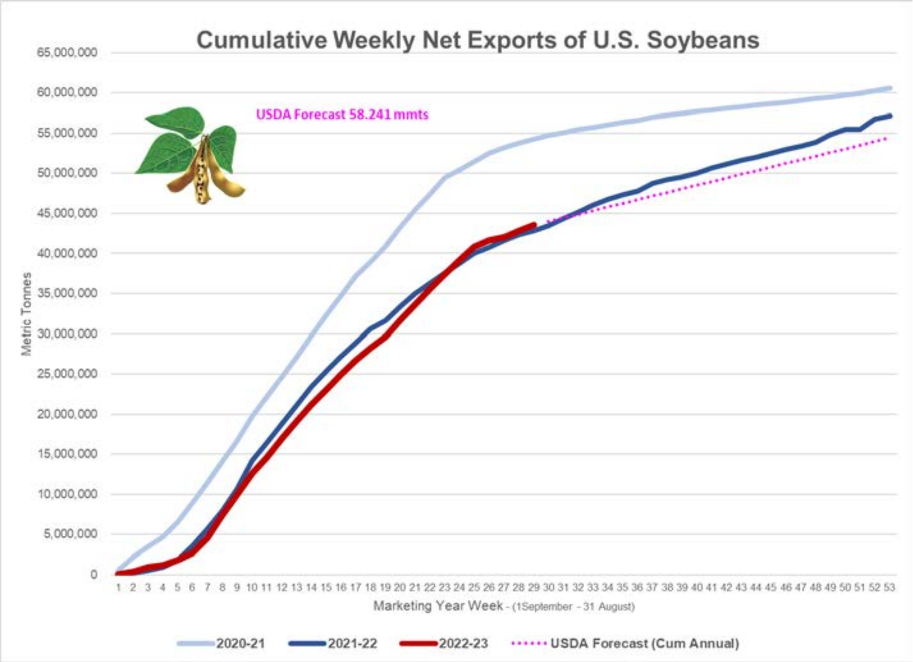
Exports of 300 MT were down 7% from the previous week and 80% from the prior 4-week average. The destination was to Canada.

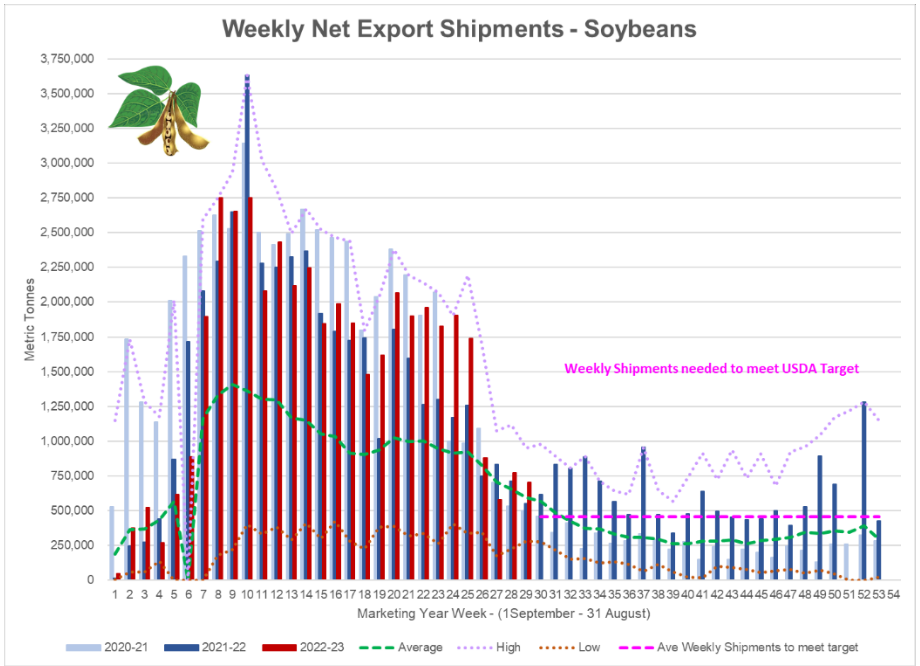
Soybean Cake and Meal:

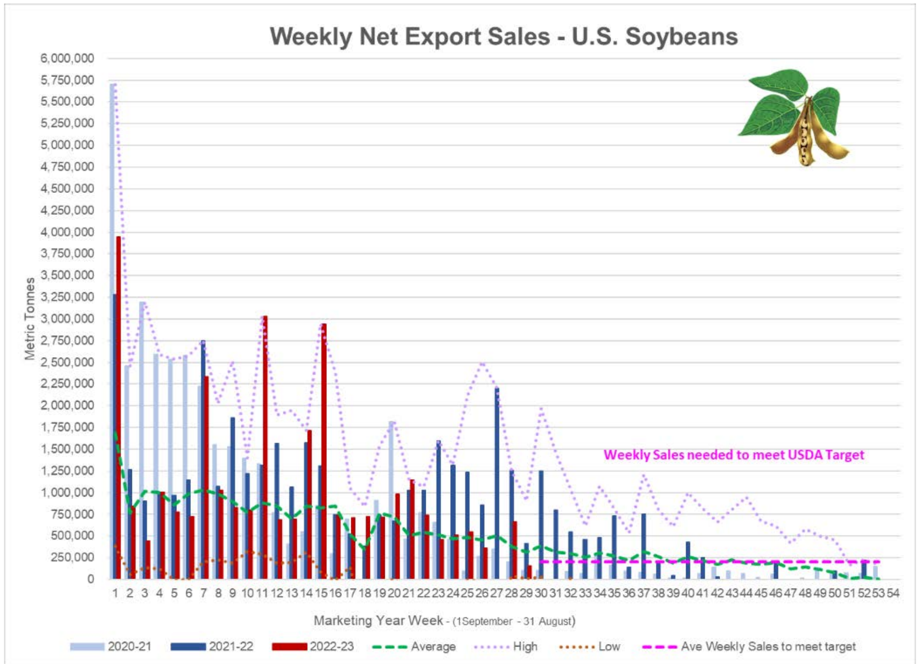
Net sales of 121,100 MT for 2022/2023 were down 45% from the previous week and 38% from the prior 4-week average. Increases primarily for Canada (33,400 MT, including decreases of 1,800 MT), the Philippines (19,700 MT, including decreases of 300 MT), Venezuela (12,500 MT), Costa Rica (12,000 MT), and Panama (6,900 MT), were offset by reductions for Japan (1,600 MT).

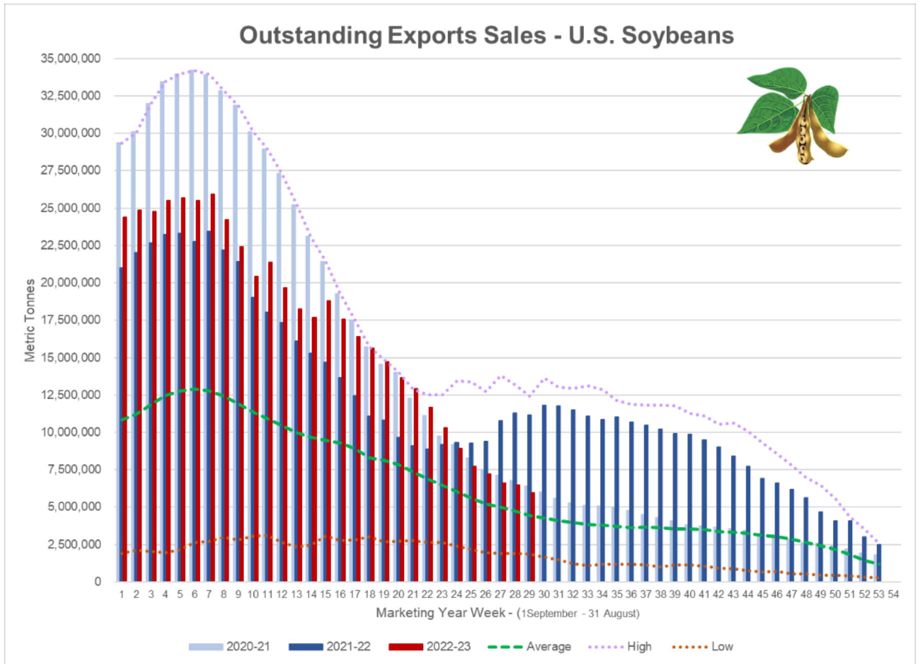
Exports of 269,300 MT were down 20% from the previous week, but up 3% from the prior 4-week average. The destinations were primarily to Chile (49,300 MT), Colombia (49,000 MT), Poland (47,700 MT), Ecuador (31,900 MT), and Mexico (29,700 MT).

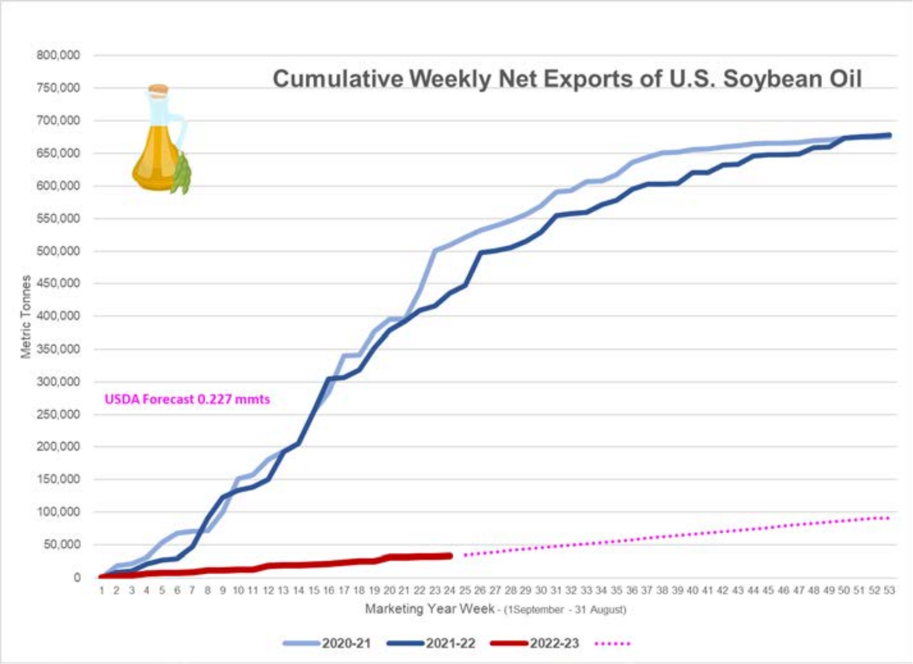
Late Reporting: For 2022/2023, net sales totaling 2,000 MT of soybean cake and meal were reported late for Malaysia. Exports of 1,600 MT were late to Malaysia.

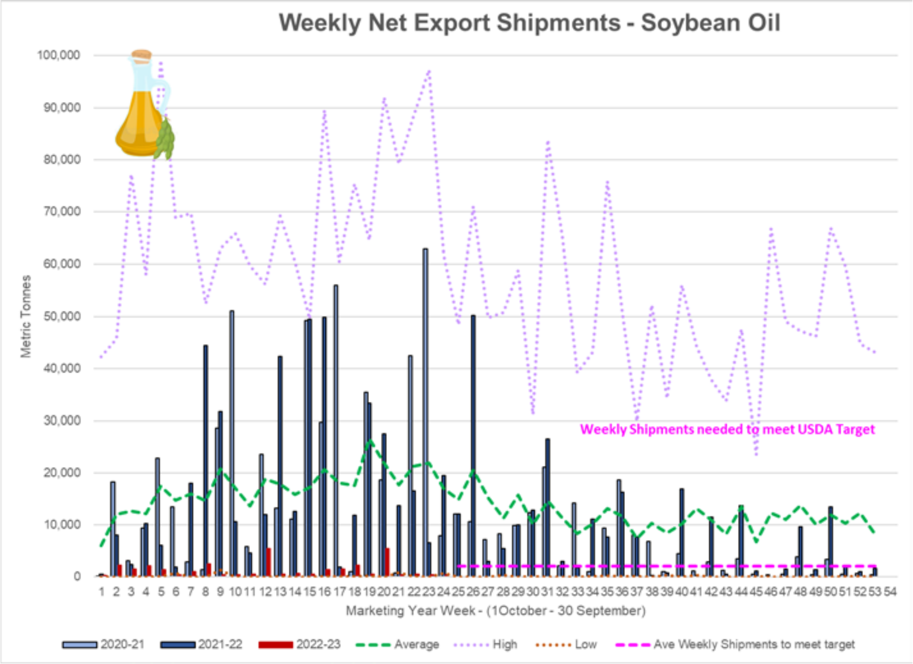

Cumulative Weekly Net Exports of U.S. Soybeans
USDA Forecast 58.241 mmts
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2020-21
2021-22
2022-23
USDA Forecast (Cum Annual)

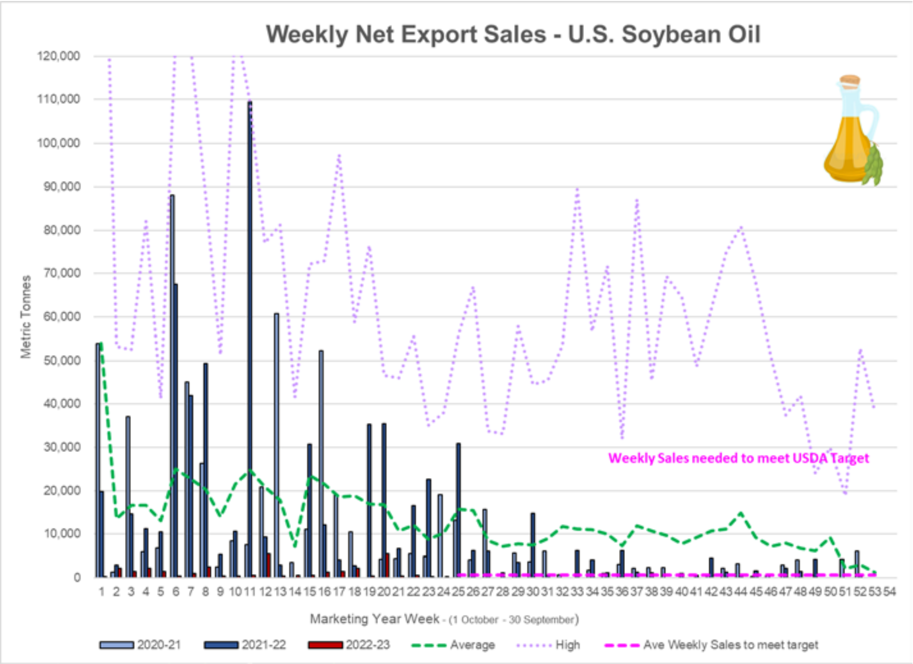

Weekly Net Export Shipments - Soybeans
Weekly Shipments needed to meet USDA Target
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2020-21
2021-22
2022-23
Average
High
Low
Ave Weekly Shipments to meet target

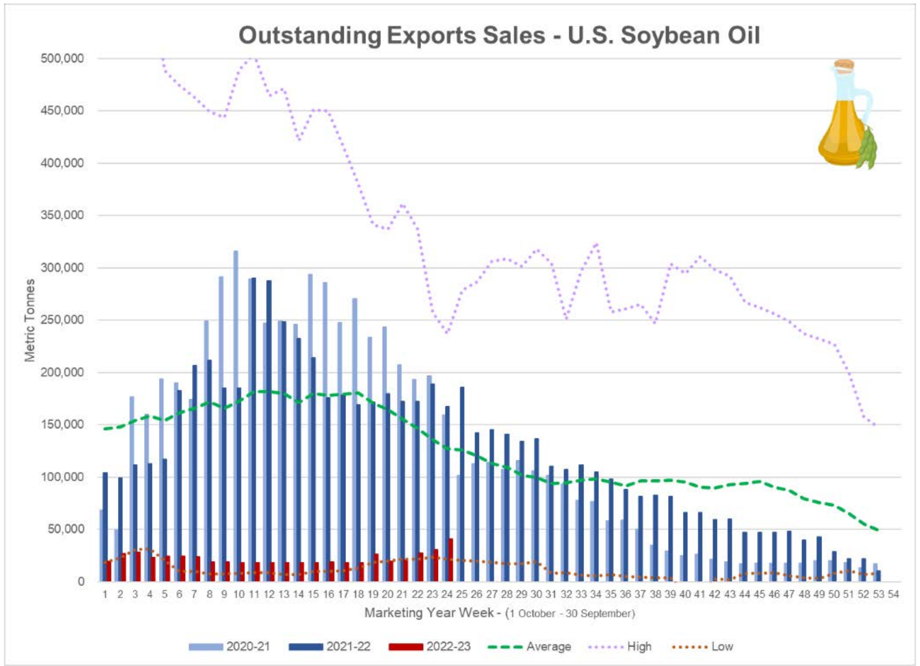

Weekly Net Export Sales - U.S. Soybeans
Weekly Sales needed to meet USDA Target
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2020-21
2021-22
2022-23
Average
High
Low
Ave Weekly Sales to meet target

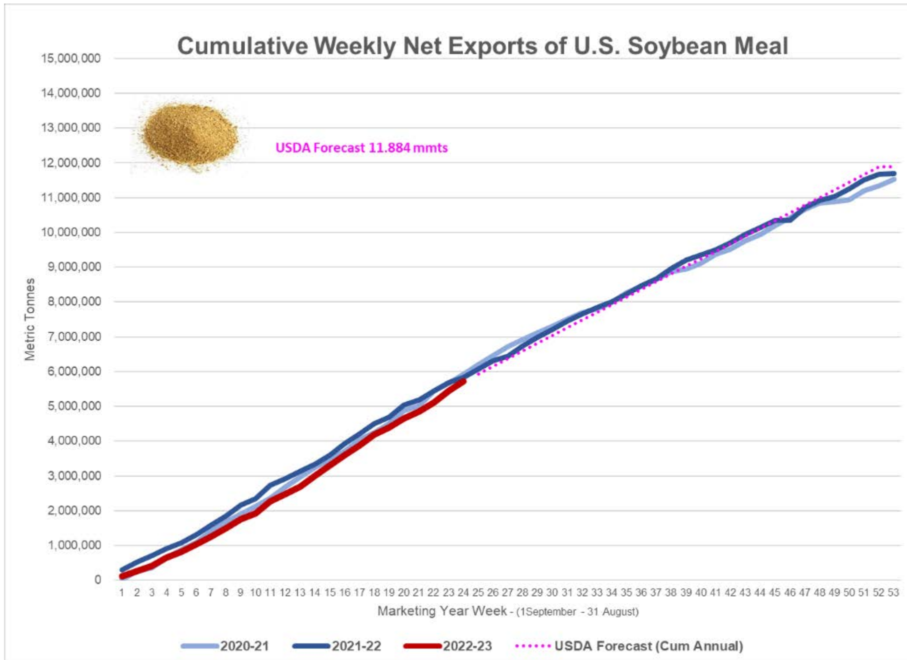

Outstanding Exports Sales - U.S. Soybeans
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2020-21
2021-22
2022-23
Average
High
Low

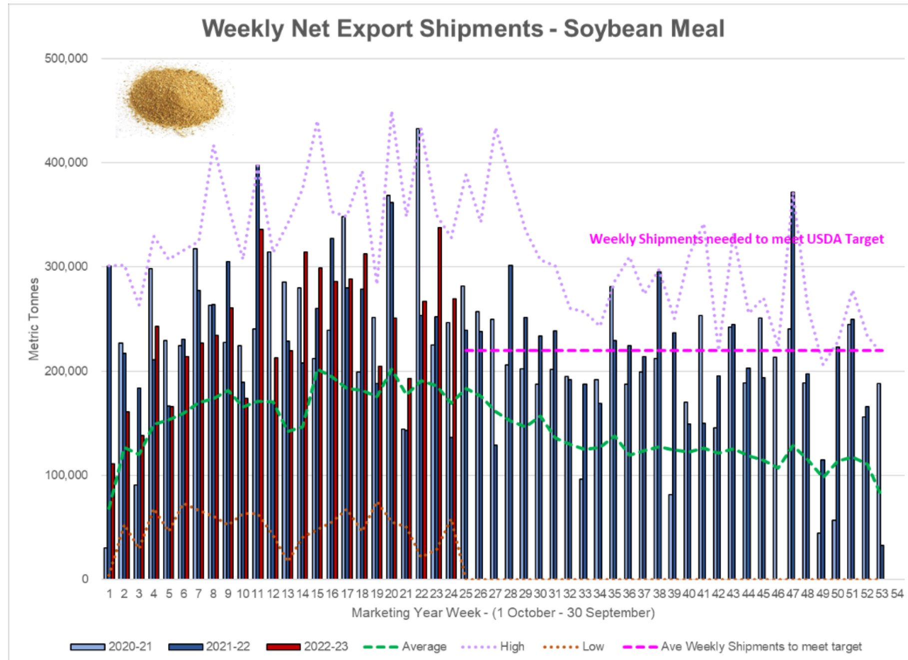

Cumulative Weekly Net Exports of U.S. Soybean Oil
USDA Forecast 0.227 mmts
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2020-21
2021-22
2022-23

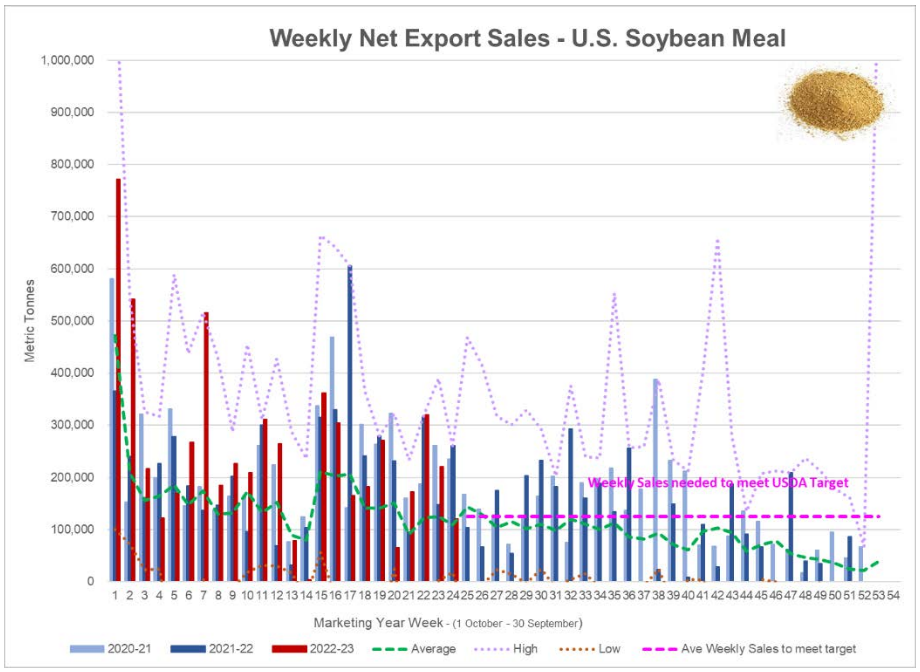

Weekly Net Export Shipments - Soybean Oil
Weekly Shipments needed to meet USDA Target
Metric Tonnes
Marketing Year Week - (1October - 30 September)
2020-21
2021-22
2022-23
Average
High
Low
Ave Weekly Shipments to meet target

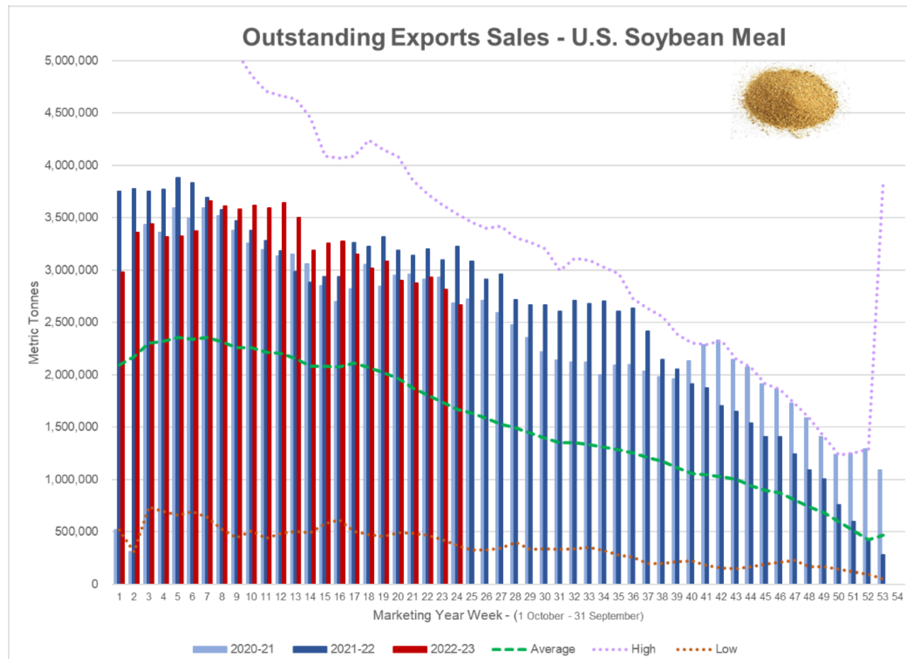

Weekly Net Export Sales - U.S. Soybean Oil
Weekly Sales needed to meet USDA Target
Metric Tonnes
Marketing Year Week - (1 October - 30 September)
2020-21
2021-22
2022-23
Average
High
Ave Weekly Sales to meet target


Outstanding Exports Sales - U.S. Soybean Oil
Metric Tonnes
Marketing Year Week - (1 October - 30 September)
2020-21
2021-22
2022-23
Average
High
Low


Cumulative Weekly Net Exports of U.S. Soybean Meal
USDA Forecast 11.884 mmts
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2020-21
2021-22
2022-23
USDA Forecast (Cum Annual)


Weekly Net Export Shipments - Soybean Meal
Weekly Shipments needed to meet USDA Target
Metric Tonnes
Marketing Year Week - (1 October - 30 September)
2020-21
2021-22
2022-23
Average
High
Low
Ave Weekly Shipments to meet target


Weekly Net Export Sales - U.S. Soybean Meal
Weekly Sales needed to meet USDA Target
Metric Tonnes
Marketing Year Week - (1 October - 30 September)
2020-21
2021-22
2022-23
Average
High
Low
Ave Weekly Sales to meet target


Outstanding Exports Sales - U.S. Soybean Meal
Metric Tonnes
Marketing Year Week - (1 October - 31 September)
2020-21
2021-22
2022-23
Average
High
Low

Cotton

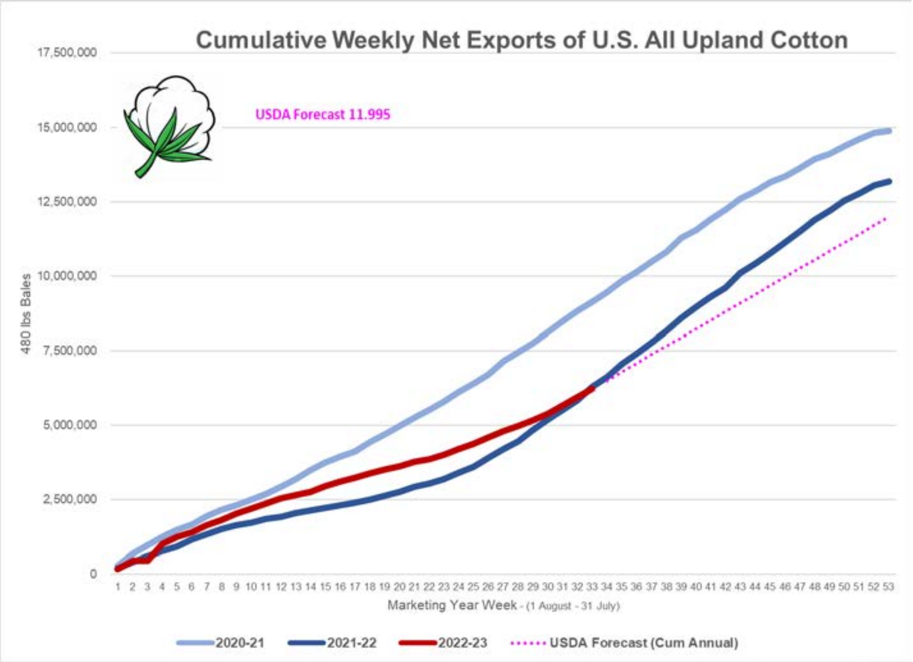
➢ Cotton Export Shipments & Sales

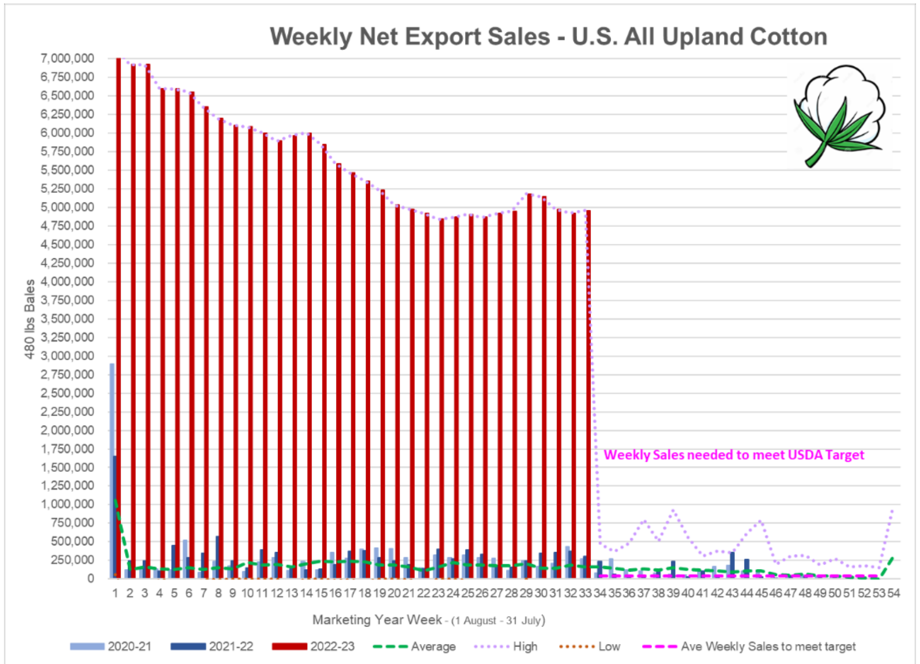
Net sales of 310,200 RB for 2022/2023 were up 38% from the previous week and 33% from the prior 4-week average. Increases primarily for Vietnam (115,300 RB, including 2,600 RB switched from South Korea, 800 RB switched from China, 300 RB switched from Japan, and decreases of 100 RB), China (95,900 RB, including 900 RB switched from Pakistan), Bangladesh (30,000 RB), Turkey (25,100 RB), and Pakistan (15,700 RB, including decreases of 4,700 RB), were offset by reductions for Guatemala (14,000 RB). Net sales of 21,300 RB for 2023/2024 were reported for Guatemala (9,600 RB), Japan (5,300 RB), Pakistan (4,400 RB), Vietnam (1,300 RB), and Peru (700 RB).

Exports of 272,500 RB were unchanged from the previous week, but up 13% from the prior 4-week average. The destinations were primarily to Vietnam (92,300 RB), Pakistan (42,100 RB), Turkey (38,400 RB), China (30,100 RB), and Mexico (15,400 RB). Net sales of Pima totaling 16,900 RB for 2022/2023--a marketing-year high--were up noticeably from the previous week and from the prior 4-week average. Increases were primarily for India (11,200 RB), China (3,200 RB), Pakistan (1,000 RB), Thailand (700 RB), and Guatemala (400 RB). Total net sales of 400 RB for 2023/2024 were for Japan. Exports of 7,100 RB were up noticeably from the previous week and from the prior 4-week average. The destinations were primarily to China (1,500 RB), India (1,500 RB), Peru (900 RB), Turkey (900 RB), and Vietnam (900 RB).

Optional Origin Sales: For 2022/2023, the current outstanding balance of 7,300 RB, all Malaysia.

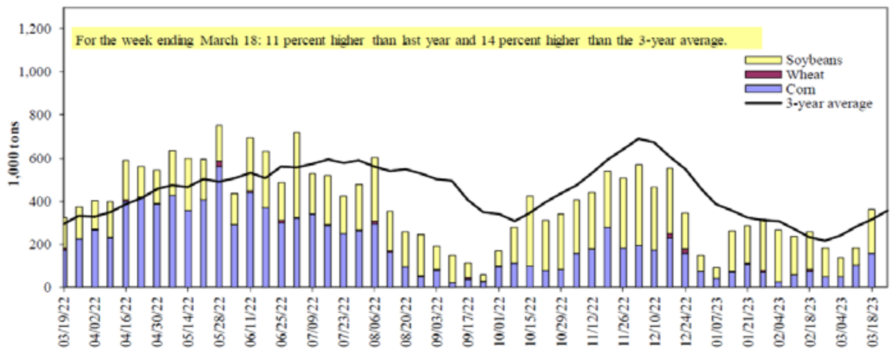
Export for Own Account: For 2022/2023, new exports for own account totaling 17,300 RB were to China (15,100 RB) and Vietnam (2,200 RB). Exports for own account totaling 2,500 RB to China were applied to new or outstanding sales. The current exports for own account outstanding balance of 115,700 RB are for China (86,900 RB), Vietnam (16,200 RB), Pakistan (5,000 RB), Turkey (3,700 RB), South Korea (2,400 RB), and India (1,500 RB).





Barge Movements

Barge movements on the Mississippi River[1] (Locks 27 - Granite City, IL)



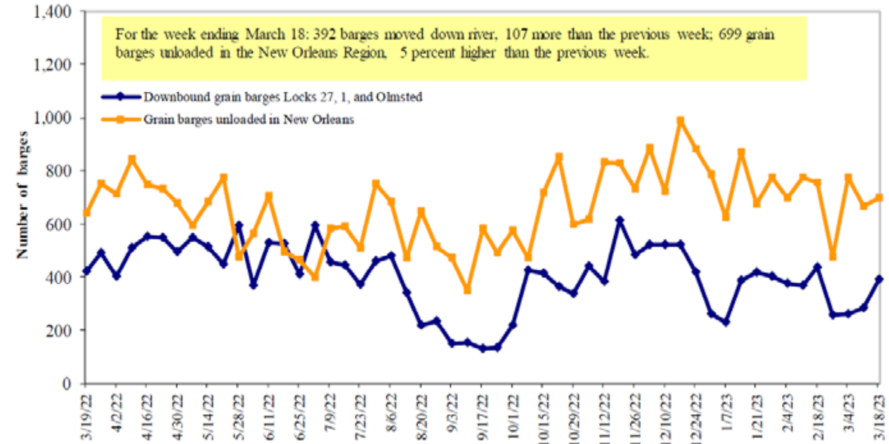
[1] The 3-year average is a 4-week moving average.

Note: The U.S. Army Corps of Engineers has recently migrated its lock and vessel database and has noted the latest data may be revised in coming weeks.

Source: U.S. Army Corps of Engineers.

For the week ending the 18th of March, barged grain movements totaled 578,425 tons. This was 32% higher than the previous week and 17% lower than the same period last year.

Grain barges for export in New Orleans region



Note: Olmsted = Olmsted Locks and Dam. The U.S. Army Corps of Engineers has recently migrated its lock and vessel database and has noted the latest data may be revised in coming weeks.

Source: U.S. Army Corps of Engineers and USDA, Agricultural Marketing Service.

For the week ending the 18th of March, 392 grain barges moved down river—107 more than last week. There were 699 grain barges unloaded in the New Orleans region, 5% more than last week.

Barge grain movements (1,000 tons)

For the week ending 03/18/2023	Corn	Wheat	Soybeans	Other	Total
Mississippi River					
Rock Island, IL (L15)	13	0	44	0	57
Winfield, MO (L25)	66	0	77	0	143
Alton, IL (L26)	177	0	187	0	364
Granite City, IL (L27)	159	0	201	0	359
Illinois River (La Grange)	101	0	84	0	185
Ohio River (Olmsted)	116	4	70	0	190
Arkansas River (L1)	0	24	6	0	30
Weekly total - 2023	274	28	276	0	578
Weekly total - 2022	416	31	243	4	693
2023 YTD[1]	2,253	266	3,251	80	5,851
2022 YTD[1]	3,416	289	2,537	35	6,277
2023 as % of 2022 YTD	66	92	128	227	93
Last 4 weeks as % of 2022[2]	60	98	101	186	75
Total 2022	16,437	1,594	14,464	232	32,727

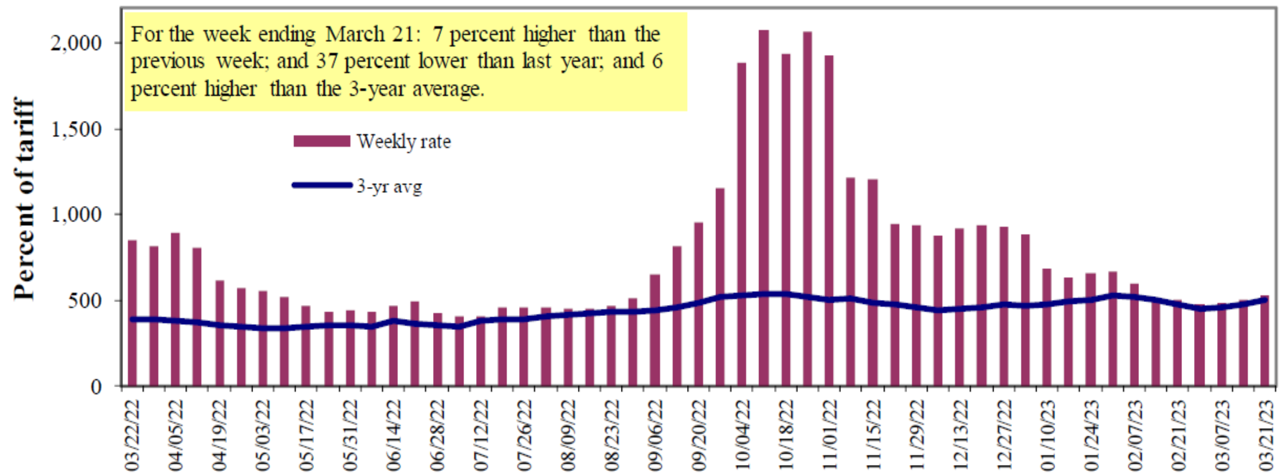
[1] Weekly total, YTD (year-to-date), and calendar year total include MI/27, OH/Olmsted, and AR/1; Other refers to oats, barley, sorghum, and rye. Total may not add exactly due to rounding.

[2] As a percent of same period in 2022.

Note: L (as in "L15") refers to a lock, locks, or locks and dam facility. The U.S. Army Corps of Engineers has recently migrated its lock and vessel database database and has noted the latest data may be revised in coming weeks.

Source: U.S. Army Corps of Engineers.

Illinois River barge freight rate[1,2]



[1]Rate = percent of 1976 tariff benchmark index (1976 = 100 percent); [2]4-week moving average of the 3-year average.
Source: USDA, Agricultural Marketing Service.

Weekly barge freight rates: Southbound only

		Twin Cities	Mid-Mississippi	Lower Illinois River	St. Louis	Cincinnati	Lower Ohio	Cairo-Memphis
Rate[1]	3/21/2023	551	548	530	436	430	430	338
	3/14/2023	-	510	498	392	410	410	301
$/ton	3/21/2023	34.11	29.15	24.59	17.40	20.17	17.37	10.61
	3/14/2023	-	27.13	23.11	15.64	19.23	16.56	9.45
Current week % change from the same week:								
	Last year	-35	-38	-37	-41	-50	-50	-49
	3-year avg. [2]	-	-	6	12	-3	-3	-4
Rate[1]	April	528	508	500	393	403	403	301
	June	509	488	476	370	388	388	291

[1]Rate = percent of 1976 tariff benchmark index (1976 = 100 percent); [2]4-week moving average; ton = 2,000 pounds; "-" data not available.
Source: USDA, Agricultural Marketing Service.

Benchmark Tariff Rate

Calculating barge rate per ton:

Select applicable index from market quotes are included in tables on this page.

The 1976 benchmark rates per ton are provided in map.

(Rate * 1976 tariff benchmark rate per ton)/100

Current Barge Freight Rates

IL RIVER FREIGHT	3/23/2023	3/24/2023	
wk 3/19	525/550	540/575	
wk 3/26	515/540	525/550	
April	490/510	500/520	
May	480/500	490/510	
June	490/510	490/510	UNC
July	490/510	490/510	UNC
August	550/600	550/600	UNC
Sept	700/750	700/750	UNC
Oct	800/850	800/850	UNC

MID MISSISSIPPI McGregor	3/23/2023	3/24/2023	
wk 3/19	525/550	525/550	UNC
wk 3/26	520/550	525/550	
April	500/525	500/525	UNC
May	500/525	500/525	UNC
June	500/525	500/525	UNC
July	500/525	500/525	UNC
August	525/575	525/575	UNC
Sept	700/750	700/750	UNC
Oct	800/850	800/850	UNC

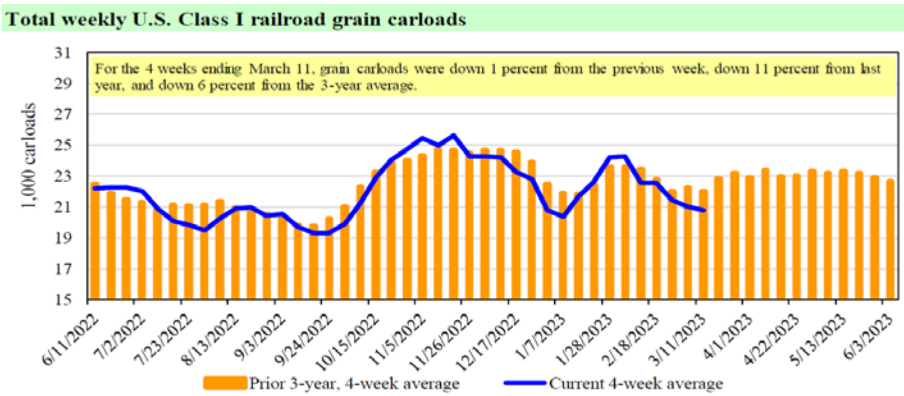
LOWER OHIO RIVER	3/23/2023	3/24/2023	
wk 3/19	425/450	425/450	UNC
wk 3/26	415/435	425/450	
April	400/415	400/415	UNC
May	390/410	390/410	UNC
June	400/425	400/425	UNC
July	425/450	425/450	UNC
August	525/575	525/575	UNC
Sept	650/750	650/750	UNC
Oct	800/850	800/850	UNC

UPPER MISSISSIPPI ST PAUL/SAVAGE	3/23/2023	3/24/2023	
wk 3/19	575/600	575/600	UNC
wk 3/26	575/600	575/600	UNC
April	550/575	550/575	UNC
May	520/540	520/540	UNC
June	515/535	515/535	UNC
July	525/550	525/550	UNC
August	575/625	575/625	UNC
Sept	700/750	700/750	UNC
Oct	800/900	800/900	UNC

ST LOUIS BARGE FREIGHT 14'	3/23/2023	3/24/2023	
wk 3/19	430/450	440/460	
wk 3/26	425/450	430/450	
April	410/430	410/430	UNC
May	390/410	390/410	UNC
June	380/400	380/400	UNC
July	375/400	375/400	UNC
August	475/500	475/500	UNC
Sept	675/725	675/725	UNC
Oct	725/775	725/775	UNC

MEMPHIS CAIRO	3/23/2023	3/24/2023	
wk 3/19	325/350	325/350	UNC
wk 3/26	320/340	320/340	UNC
April	310/330	310/330	UNC
May	300/315	300/315	UNC
June	300/325	300/325	UNC
July	350/375	350/375	UNC
August	500/525	500/525	UNC
Sept	650/700	650/700	UNC
Oct	700/750	700/750	UNC

RAIL MOVEMENTS



Source: Association of American Railroads.

- U.S. Class I railroads originated 20,156 grain carloads during the week ending the 11th of March. This was a 2% decrease from the previous week, 5% fewer than last year, and 7% lower than the 3-year average.
- Average April shuttle secondary railcar bids/offers (per car) were $172 below tariff for the week ending the 16th of March. This was $30 less than last week and $2,484 lower than this week last year.

➢ $31B merger will make rail industry even more consolidated

23 March 2023 Rachel Premack, FreightWaves - Federal regulators approved Canadian Pacific's $31 billion acquisition of Kansas City Southern on March 15. The decision is effective April 14 and will form a new rail carrier to be called Canadian Pacific Kansas City (CPKC).

That merger was approved despite the Biden administration's initiatives around increasing competitiveness in the American marketplace.

In 1980, there were 33 "Class I," or major, rail companies. Next month, just six Class I rail carriers — two based in Canada — will service the U.S. These companies employ 88% of all freight rail workers and command 94% of industry revenue, according to 2021 numbers.

Given the current administration's anti-monopoly stance, it's odd that the federal government would approve the merger between the sixth and seventh largest companies in a highly consolidated field. Rail experts, however, say this merger was all but inevitable.

What's most interesting to me, a neophyte rail observer, is that it's a sign that rail (or at least one major player) actually wants to grow volumes. Generally, one assumes that an industry wants increasing revenues. That has not been the case with rail, which has become more keen on shrinking costs in the past decade.

Let's explore what this merger means and how it all happened.

Wait, a huge corporate merger? In this economy?

The Surface Transportation Board is charged with regulatory oversight of the rail industry and approved the merger. Sen. Elizabeth Warren, D-Mass., and the Department of Justice previously filed separate letters with the STB urging caution on increasing consolidation in the rail industry.

"On a fundamental level there hasn't been a merger of Class I railroads in 20 years," Matt Stoller, the director of research at the American Economic Liberties Project, told FreightWaves. "To have the Biden administration facilitate one really cuts against their main policy agenda."

Table 1. Railroad Mergers

Predecessor Railroads	Merged Railroad
Burlington Northern Atchison, Topeka, & Santa Fe	Burlington Northern Santa Fe (BNSF)
Chicago & Northwestern Missouri Pacific Southern Pacific Union Pacific	Union Pacific
Illinois Central Gulf	Canadian National (U.S.)
Conrail (58 percent) Norfolk & Western Southern	Norfolk Southern
Conrail (42 percent) Louisville & Nashville	CSX Transportation
Milwaukee Soo	Canadian Pacific (U.S.)

How the Class I rails have consolidated since 1980. (USDA report)

STB Chairman Martin Oberman isn't exactly the kind of guy who's buddy-buddy with the rail barons. Indeed, industry publication Railway Age described the 70-something as getting in "bare-knuckles fisticuffs" with four of the biggest rail CEOs last spring. The chairman directed these executives to participate in a two-day hearing concerning their remarkably bad service levels in early 2022.

Still, Oberman approved the historic merger — with some heavy stipulations, including a seven-year oversight period.

That's partially because KCS, the smallest of the Class I carriers, fell under a special set of merger rules. A merger involving KCS is only required to not "adversely affect" current competition.

Class I railroads, ranked	2022 revenue
BNSF Railway	$25.9 billion
Union Pacific Railroad	$24.9 billion
CSX Transportation	$14.9 billion
Norfolk Southern Railway	$12.7 billion
CN Railway	$12.5 billion
Canadian Pacific Railway	$6.5 billion
Kansas City Southern Railway	$3.4 billion

Even combined, KCS and CP remain the smallest of the Class I railroads. Mike Steenhoek, executive director of the Soy Transportation Coalition, wrote in an email to soy-affiliated folks on March 15 that this merger could improve service offerings, rather than slash them — a major concern for agricultural shippers.

"The question is what will exert more competitive pressure against the other Class I railroads: 1.) Two considerably smaller railroads with more limited and distinct networks or 2.) A single larger railroad with revenue and a network that is more comparable to the other railroads?" Steenhoek wrote.

Rail customers typically aren't a fan of consolidation, because they say it means they have limited options for how they move their wares. In 1980, the four biggest railroads originated 53% of all grain and oilseed traffic. By 2011, they accounted for 86%, according to a 2014 federal report.

The merger could be good for the rail industry … and maybe the planet … but not trucking

While still the smallest Class I rail by mileage, soon-to-drop CPKC will be the only rail giant to connect Mexico, the United States and Canada in one company.

That allows CPKC to seamlessly move Mexican fruits and vegetables, meat from Middle America and Canadian grain. CP CEO Keith Creel said at a March 16 JPMorgan conference that the company is launching a premium service from Chicago to Mexico by the end of April to capture that market.

Beyond agricultural goods, FTR Transportation Intelligence's Todd Tranausky, who leads rail and intermodal coverage, told FreightWaves that intermodal shipments typically stay within Mexico. This merger could stomp out some cross-border trucking and redirect that volume onto rail.

In total, CP estimated that increased rail volume as a result of the merger could divert up to 64,000 trucks per year onto rail.

No offense to the truckers, but that would probably be good for the planet. The Association of American Railroads (OK, I know, it obviously has a bias) says freight railroads are three to four times more fuel efficient than trucks. One train can carry the same amount of freight as hundreds of trucks, per the AAR.

In less cheery news for Mother Earth, CPKC can also use this newly synergized route to more easily and cheaply ship crude oil from tar sands in Alberta, Canada, down to refineries in Texas, the Huffington Post reported in October. We reported in 2021 that these shipments were already starting.

It's worth noting that all of these tracks already existed before the merger. One could probably move all the avocados and tar sand extractions they want right now with the current tracks KCS and CP separately have. But it wouldn't be as lucrative for these rail giants. "They're not doing this merger for fun," Stoller said. "It's done to increase market power."

If rail wants to expand volumes, it needs to win back trust

Rail is far cheaper than truck. But shipping by rail is a more complicated process. For one, you have to actually build a connection to the rail track.

"When you're out to build a new facility, when you want to ship by truck, there's next to no pre-coordination or preplanning that needs to be done," longtime rail consultant Michael Sussman, founder of the rail advisory organization OnTrackNorthAmerica, told FreightWaves. "All you have to do is make sure you have a road outside your property and a curb cut, and you're going to have a selection of trucking companies that you can call up.

"When it comes to rail, it requires coordination to have your rail connection and it requires education and understanding," Sussman said.

Even if they do have that understanding, many farmers and industrial folks don't want to work with rail. They've been burned too many times. Eric Voigt of the Washington Potato Commission told me late last year that the members of his commission stopped moving their fresh potatoes by rail about 15 to 20 years ago. About one in 10 carloads would end up, say, forgotten on the sides of the track to rot.

If rail were more dependable, more shippers would use it. It's certainly cheaper than moving stuff via truck. Creel said at the JPMorgan event that CP has been "creating a very reliable service, trucklike reliable services" for the past 10 years.

That's unusual among the rail giants. The ethos among most rail carriers in the past decade has been to slash costs and head counts in order to boost margins. It's part of an operating playbook called precision scheduled railroading, or PSR.

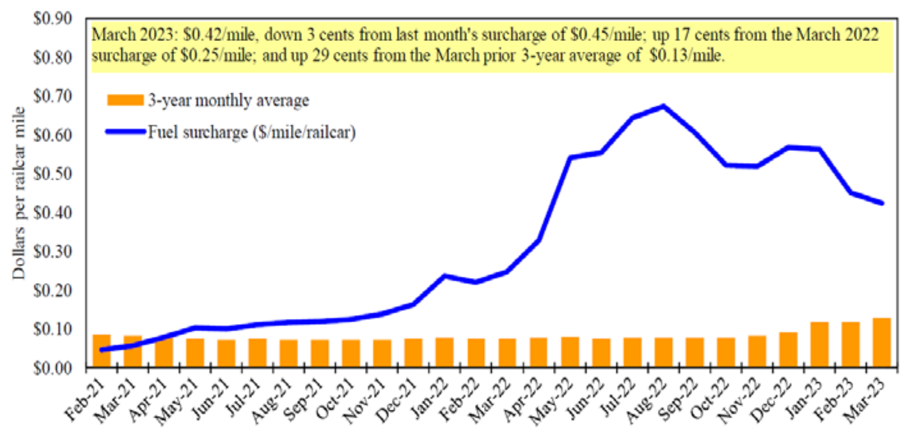
This has made railroads incredibly profitable but also ticked off a lot of their customers. (These customers, by the way, aren't exactly wee victims, they include the coal industry and agricultural giants.)

➢ Current Secondary Rail Car Market

BN SHUTTLE	Bid/Ask/Last	Bid/Ask/Last	
L/H March	-50 / -	-50 / -	UNC
F/H April	-150 / -100	-100 / -50	
April	-200 / -100	-200 / -75	
May	-400 / -100	-250 / -150	
June, July	- / -150	-400 / -150	
August	- / -200	- / -200	UNC
Oct, Nov, Dec	500 / 900	500 / 900	UNC

UP SHUTTLE	Bid/Ask/Last	Bid/Ask/Last	
Return Trip	- / -50	-250 / -100	
F/H April	-200 / -150	-250 / -150	
April	-250 / -150	-250 / -150	UNC
L/H April (Mex Option)	-250 / -150	-250 / -150	UNC
May	- / -	-250 / -150	
June, July	-250 / -100	-250 / -100	UNC
Aug, Sept	- / -100	- / -100	UNC
Oct, Nov, Dec	500 / 850	500 / 850	UNC

Railroad fuel surcharges, North American weighted average[1]



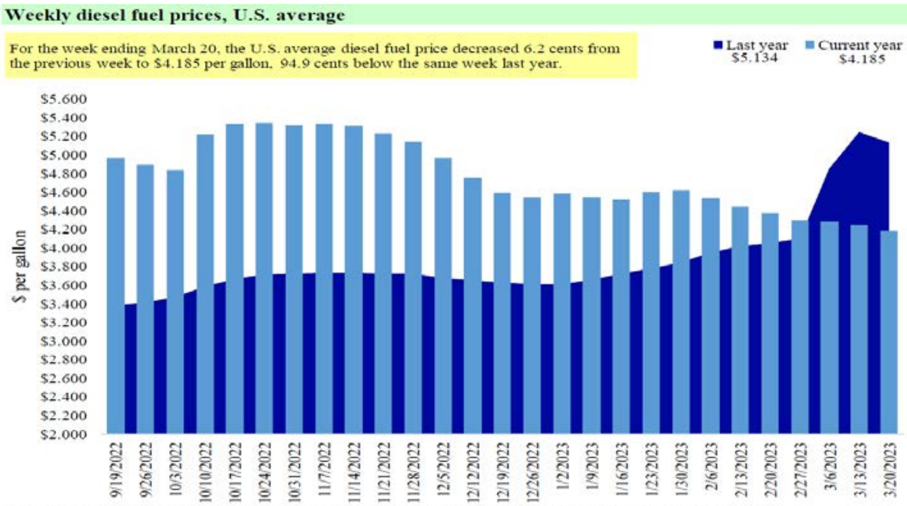
[1] Weighted by each Class I railroad's proportion of grain traffic for the prior year.
Sources: BNSF Railway, Canadian National Railway, CSX Transportation, Canadian Pacific Railway, Union Pacific Railroad, Kansas City Southern Railway, Norfolk Southern Corporation.

Railcar auction offerings[1] ($/car)[2]

For the week ending: 3/16/2023		Delivery period: Apr-23	Apr-22	May-23	May-22	Jun-23	Jun-22	Jul-23	Jul-22
BNSF[3]	COT grain units	0	0	0	no bids	0	no bids	0	no bids
	COT grain single-car	190	240	67	0	25	0	51	0
UP[4]	GCAS/Region 1	n/a	no offer	n/a	no offer	n/a	no offer	n/a	n/a
	GCAS/Region 2	n/a	no offer	n/a	no offer	n/a	no offer	n/a	n/a

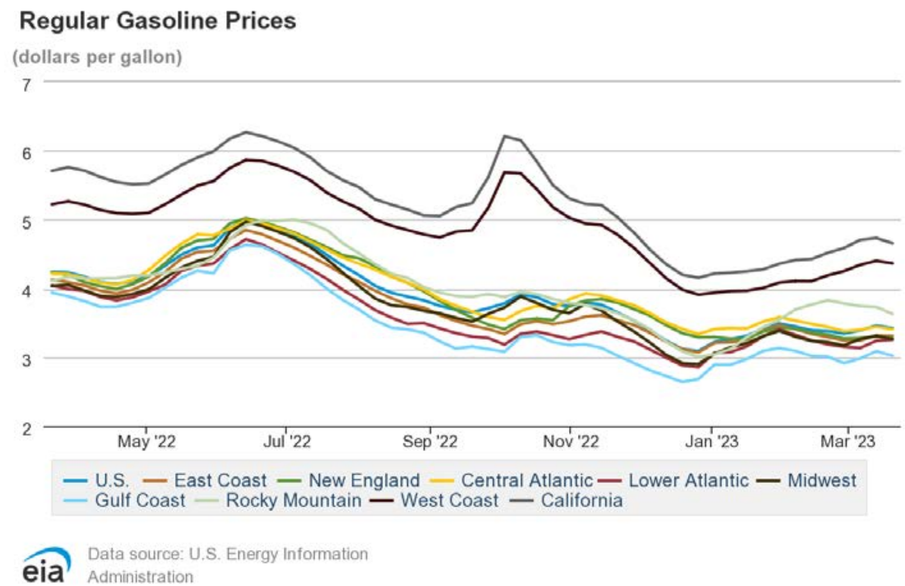
[1]Auction offerings are for single-car and unit train shipments only.
[2]Average premium/discount to tariff, last auction. n/a = not available.
[3]BNSF - COT = BNSF Railway Certificate of Transportation; north grain and south grain bids were combined effective the week ending 6/24/06.
[4]UP - GCAS = Union Pacific Railroad Grain Car Allocation System.
Region 1 includes: AR, IL, LA, MO, NM, OK, TX, WI, and Duluth, MN.
Region 2 includes: CO, IA, KS, MN, NE, WY, and Kansas City and St. Joseph, MO.
Source: USDA, Agricultural Marketing Service.

DIESEL FUEL PRICES



Note: On June 13, the Energy Information Administration implemented a new methodology to estimate weekly on-highway diesel fuel prices.

Source: U.S. Department of Energy, Energy Information Administration, Retail On-Highway Diesel Prices.



Retail on-highway diesel prices, week ending 3/20/2023 (U.S. $/gallon)

Region	Location	Price	Change from Week ago	Change from Year ago
I	East Coast	4.309	-0.051	-0.870
	New England	4.657	-0.074	-0.468
	Central Atlantic	4.647	-0.052	-0.656
	Lower Atlantic	4.148	-0.048	-0.962
II	Midwest	4.021	-0.073	-0.938
III	Gulf Coast	3.930	-0.068	-1.034
IV	Rocky Mountain	4.350	-0.081	-0.537
V	West Coast	4.862	-0.036	-0.935
	West Coast less California	4.515	-0.023	-0.804
	California	5.260	-0.052	-0.958
Total	United States	4.185	-0.062	-0.949

[1]Diesel fuel prices include all taxes. Prices represent an average of all types of diesel fuel.

Note: On June 13, the Energy Information Administration implemented a new methodology to estimate weekly on-highway diesel fuel prices.

Source: U.S. Department of Energy, Energy Information Administration.