U.S. Selected Exports, Trade and Transportation

Wheat, Corn, Grain Sorghum, Cotton and Soybean Complex

3rd May 2024

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KSU Ag Manager Link: https://www.agmanager.info/grain-marketing/publications/us-grain-exports-and-trade

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 26th of Apr. to 3rd of May 2024**
- **Outstanding Export Sales (Unshipped Balances) on the 25th of Apr. 2023**
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- **Daily Sales Reported for the 26th of Apr. to 3rd of May 2024**

U.S. EXPORT ACTIVITY

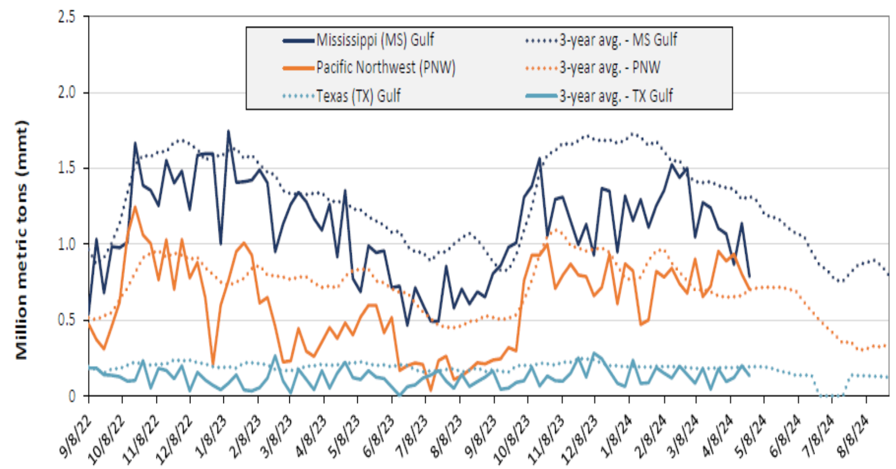
Export Sales

For the week ending the 18th of April, unshipped balances of wheat, corn, and soybeans for marketing year (MY) 2023/24 totaled 20.13 mmts, down 5% from last week and down 5% from the same time last year.

- Net weekly wheat export sales were 0.082 mmts, up significantly from last week.
- Net corn export sales for MY 2023/24 were 1.30 mmts, up 159% from last week.
- Net soybean export sales were 0.21 mmts, down 57% from last week.

Vessel Loadings

Figure 16. U.S. grain inspections for U.S. Gulf and PNW (wheat, corn, and soybeans)



Source: USDA, Federal Grain Inspection Service.

Table 12. U.S. export balances and cumulative exports (1,000 metric tons)

Grain Exports		Wheat						Corn	Soybeans	Total
		Hard red winter (HRW)	Soft red winter (SRW)	Hard red spring (HRS)	Soft white wheat (SWW)	Durum	All wheat			
Current unshipped (outstanding) export sales	For the week ending 4/18/2024	622	645	823	477	25	2,591	14,146	3,388	20,125
	This week year ago	576	408	804	597	113	2,497	14,781	3,905	21,183
	Last 4 wks. as % of same period 2022/23	133	203	136	113	26	136	103	92	105
Current shipped (cumulative) exports sales	2023/24 YTD	3,031	3,652	5,575	3,489	479	16,226	31,832	38,105	86,163
	2022/23 YTD	4,480	2,438	4,879	4,076	322	16,194	23,671	46,508	86,374
	YTD 2023/24 as % of 2022/23	68	150	114	86	149	100	134	82	100
	Total 2022/23	4,872	2,695	5,382	4,414	395	17,759	39,469	52,208	109,435
	Total 2021/22	7,172	2,786	5,254	3,261	196	18,669	59,764	57,189	135,622

Note: The marketing year for wheat is Jun. 1 to May 31 and, for corn and soybeans, Sep. 1 to Aug. 31. YTD = year-to-date; wks. = weeks.
Source: USDA, Foreign Agricultural Service.

Export Sales

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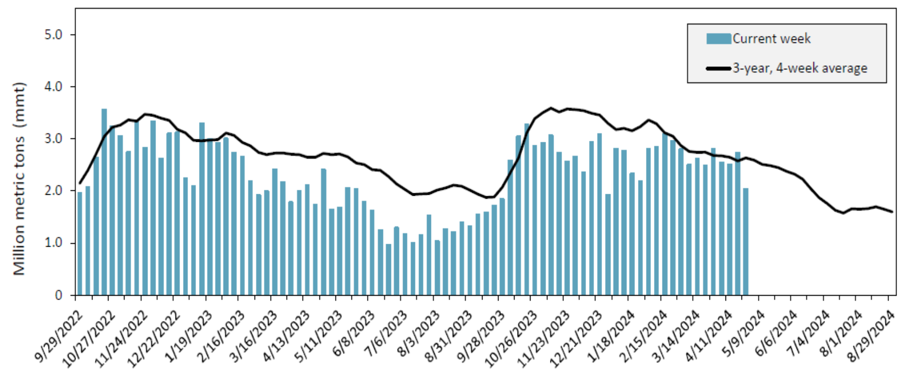
Table 17. Weekly port region grain ocean vessel activity (number of vessels)

Date	Gulf			Pacific Northwest
	In port	Loaded 7-days	Due next 10-days	In port
4/25/2024	24	24	37	9
4/18/2024	22	28	35	15
2023 range	(8...38)	(17...34)	(21...56)	(1...24)
2023 average	22	26	39	10

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

Export Inspections

Figure 15. U.S. grain inspected for export (wheat, corn, and soybeans)



Notes: 3-year average consists of 4-week running average.
Source: USDA, Federal Grain Inspection Service.

GRAINS INSPECTED AND/OR WEIGHED FOR EXPORT

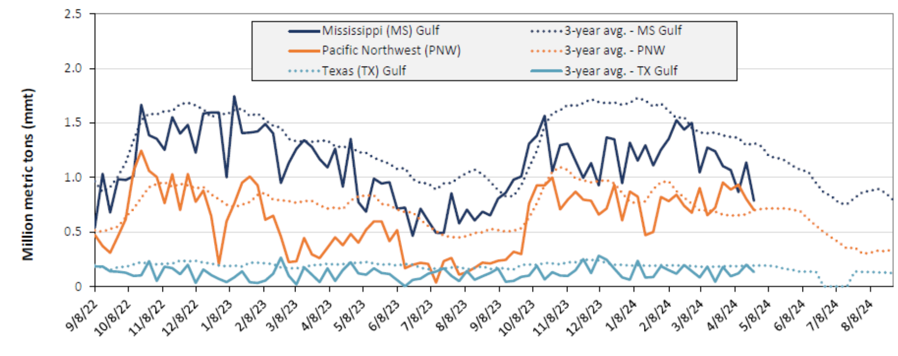
Week Ending the 25th of April 2024

GRAIN	WEEK ENDING 04/25/2024	WEEK ENDING 04/18/2024	WEEK ENDING 04/27/2023	PREVIOUS MARKET YEAR TO DATE	CURRENT MARKET YEAR TO DATE
BARLEY	0	122	0	2,180	2,154
CORN	1,225,952	1,661,444	1,518,569	31,624,525	23,903,378
FLAXSEED	0	0	0	24	200
MIXED	0	0	0	572	0
OATS	0	0	0	3,994	6,486
RYE	0	0	0	72	0
SORGHUM	72,212	183,152	112,824	4,443,197	1,418,168
SOYBEANS	250,332	443,508	407,973	38,747,671	47,457,451
SUNFLOWER	576	240	0	5,237	2,408
WHEAT	481,183	450,323	365,543	16,921,665	18,256,290
Total	2,030,255	2,738,789	2,404,909	91,749,137	91,046,535

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

- For the week ending the 25th of April, 24 ocean-going grain vessels were loaded in the Gulf—25% fewer than the same period last year.
- Within the next 10 days (starting the 26th of April), 37 vessels were expected to be loaded—6% more than the same period last year.
- As of April 25, the rate for shipping a metric ton (mt) of grain from the U.S. Gulf to Japan was $62.00. This was relatively unchanged from the previous week.
- The rate from the Pacific Northwest to Japan was $33.25 per mt, unchanged from the previous week.

Figure 16. U.S. grain inspections for U.S. Gulf and PNW (wheat, corn, and soybeans)



Source: USDA, Federal Grain Inspection Service.

Week ending 04/25/24 inspections (mmt):
MS Gulf: 0.79
PNW: 0.7
TX Gulf: 0.13

Percent change from:	MS Gulf	TX Gulf	U.S. Gulf	PNW
Last week	down 31	down 33	down 31	down 13
Last year (same 7 days)	down 35	down 23	down 33	up 119
3-year average (4-week moving average)	down 40	down 30	down 39	unchanged

Ocean

For the week ending the 25th of April, 24 oceangoing grain vessels were loaded in the Gulf—25% fewer than the same period last year. Within the next 10 days (starting the 26th of April), 37 vessels were expected to be loaded—6% more than the same period last year.

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Table 16. Grain inspections for export by U.S. port region (1,000 metric tons)

Port regions	Commodity	For the week ending 04/25/2024	Previous week*	Current week as % of previous	2024 YTD*	2023 YTD*	2024 YTD as % of 2023 YTD	Last 4-weeks as % of:		2023 total*
								Last year	Prior 3-yr. avg.	
Pacific Northwest	Corn	457	546	84	6,161	1,790	344	215	142	5,267
	Soybeans	0	0	n/a	2,458	3,269	75	8	5	10,286
	Wheat	245	230	106	3,529	3,442	103	241	133	9,814
	All Grain	**701**	**803**	**87**	**12,838**	**8,696**	**148**	**204**	**119**	**25,913**
Mississippi Gulf	Corn	522	709	74	8,252	8,750	94	79	62	23,630
	Soybeans	162	297	55	9,704	11,197	87	75	84	26,878
	Wheat	102	133	77	1,965	904	217	193	163	3,335
	All Grain	**786**	**1,138**	**69**	**19,977**	**20,851**	**96**	**84**	**73**	**53,843**
Texas Gulf	Corn	10	11	93	180	70	259	n/a	155	397
	Soybeans	0	0	n/a	0	49	0	n/a	n/a	267
	Wheat	52	34	152	564	824	68	65	70	1,593
	All Grain	**134**	**198**	**67**	**2,241**	**1,716**	**131**	**101**	**71**	**5,971**
Interior	Corn	233	380	61	4,417	3,141	141	176	162	10,474
	Soybeans	86	144	60	2,602	2,272	115	142	102	6,508
	Wheat	42	43	98	880	804	109	108	99	2,281
	All Grain	**371**	**569**	**65**	**8,007**	**6,257**	**128**	**157**	**134**	**19,467**
Great Lakes	Corn	0	0	n/a	0	0	n/a	n/a	n/a	57
	Soybeans	0	0	n/a	0	29	0	n/a	n/a	192
	Wheat	41	11	370	100	75	134	463	293	581
	All Grain	**41**	**11**	**370**	**100**	**104**	**96**	**167**	**93**	**831**
Atlantic	Corn	5	16	28	150	56	267	368	214	166
	Soybeans	2	3	73	419	1,064	39	34	15	2,058
	Wheat	0	0	n/a	10	39	27	n/a	n/a	101
	All Grain	**6**	**19**	**34**	**579**	**1,159**	**50**	**85**	**39**	**2,325**
All Regions	Corn	1,226	1,661	74	19,160	13,815	139	125	96	40,004
	Soybeans	250	444	56	15,237	17,984	85	79	75	46,459
	Wheat	481	450	107	7,049	6,089	116	170	125	17,738
	All Grain	**2,039**	**2,739**	**74**	**43,795**	**38,897**	**113**	**121**	**93**	**108,664**

*Note: Data includes revisions from prior weeks; "All grain" includes corn, soybeans, wheat, sorghum, oats, barley, rye, sunflower, flaxseed, and mixed grains; "All regions" includes listed regions and other minor regions not listed; YTD= year-to-date; n/a = not available or no change.
Source: USDA, Federal Grain Inspection Service.

Barge

For the week ending the 27th of April, barged grain movements totaled 442,162 tons. This was 4% less than the previous week and 26% less than the same period last year.

For the week ending the 27th of April, 308 grain barges moved down river—6 fewer than last week. There were 549 grain barges unloaded in the New Orleans region, 1% more than last week.

Rail

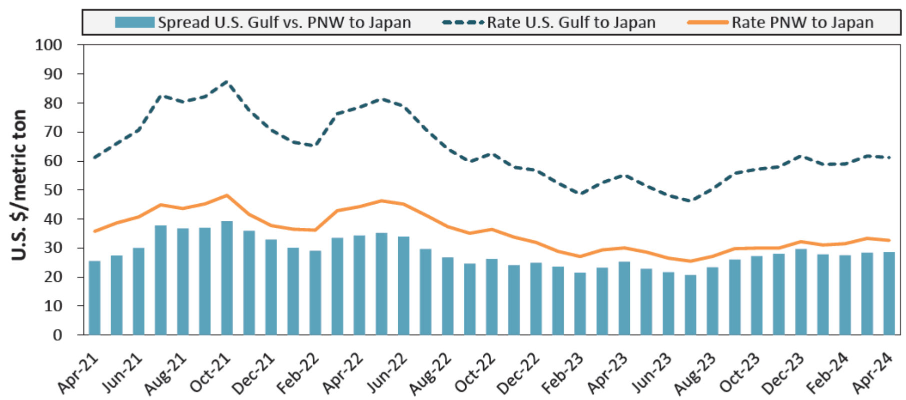
U.S. Class I railroads originated 24,459 grain carloads during the week ending the 20th of April. This was a 3-percent increase from the previous week, 1% fewer than last year, and 9% fewer than the 3-year average.

Average May shuttle secondary railcar bids/offers (per car) were $84 below tariff for the week ending the 25th of April. This was $16 less than last week and $220 more than this week last year. Average non-shuttle secondary railcar bids/offers per car were $188 above tariff. This was $63 more than last week, and $131 more than this week last year.

OCEAN FREIGHT

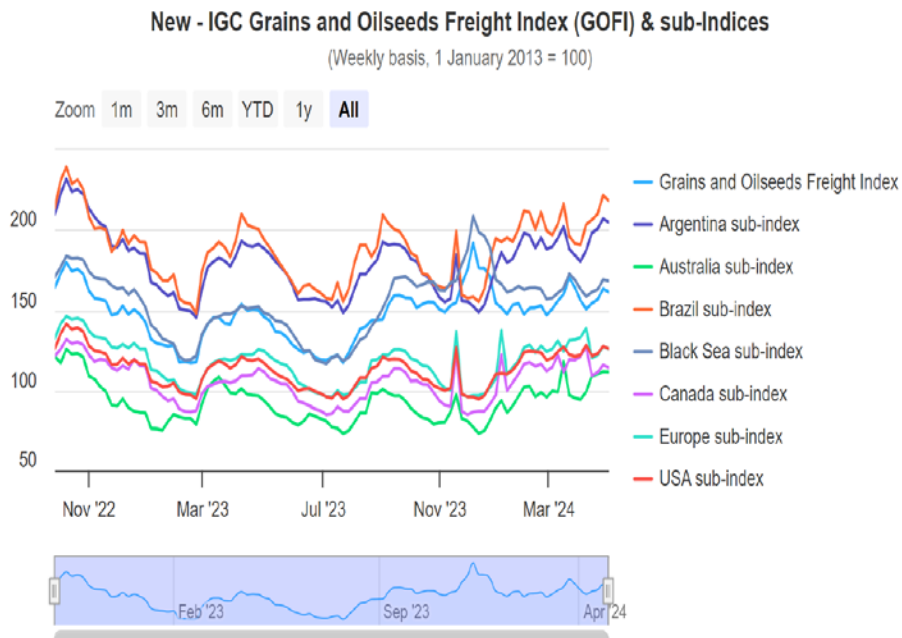
➢ Vessel Rates

Figure 18. U.S. Grain vessel rates, U.S. to Japan



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

➢ IGC Grains Freight Index – 30th April 2024

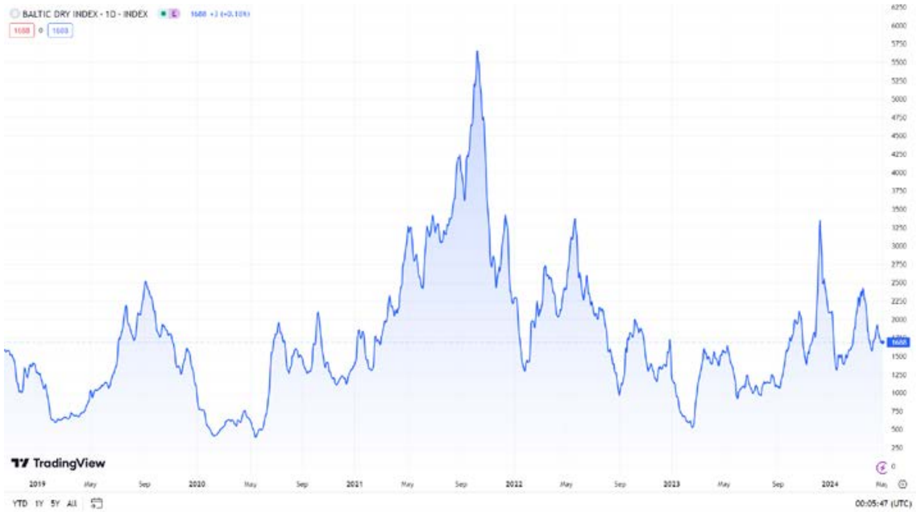


	30 Apr	Weekly Change	Annual Change	52 Week Low	52 Week High
IGC Grains and Oilseeds Freight Index	161	-2	10 %	117	192
Argentina sub-Index	205	-2	8 %	148	207
Australia sub-Index	111	-1	17 %	73	118
Brazil sub-Index	218	-4	12 %	155	222
Black Sea sub-Index	168	-1	13 %	117	209
Canada sub-Index	114	-2	2 %	85	127
Europe sub-Index	126	-1	1 %	96	139
USA sub-Index	126	-1	7 %	95	128

	30 Apr	Weekly Change	Annual Change	52 Week Low	52 Week High
Australia - Iran	$26	-	14 %	$17	$29.894
Brazil - EU	$29	-1	16 %	$20	$43.132
USA (Gulf) - Japan	$55	-1	12 %	$42	$62.067

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

Baltic Dry Freight Index – Daily = 1688



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.

A weekly round-up of tanker and dry bulk market

03 May 2024 Baltic Exchange - This report is produced by the Baltic Exchange - Source: https://www.balticexchange.com/en/data-services/WeeklyRoundup.html.

Capesize: After an initially sluggish start to the week, the market picked up pace ahead of the impending holidays, particularly in the Pacific, leading to a slight uptick in the C5 index, which nudged up accordingly by 0.385 cents to $9.965. Conditions in the Atlantic remained challenging as the week got underway, with sporadic improvements. As expected, mid-week was rather subdued with minimal activity, although Thursday marked a significant upswing post-holiday, driving the BCI 5TC up substantially by $2,117, reaching $19,670. Positive sentiment emerged particularly in the North Atlantic, with increased cargo enquiry and a tightening tonnage list and substantially stronger fixtures, reflecting a significant rise in the C8 index, which rose today by $5,215 to $17,429. As the week comes to an end, there's a noticeable slowdown in activity, but optimism prevails. In the Pacific, the C5 index inched up by 0.255 to reach $10.70, while the C3 index saw a more significant rise of 0.905, reaching 26.665. Overall, it has been a positive conclusion to the week, highlighted by the BCI 5TC climbing by $2,496 to hit $22,166, marking a substantial increase of $4,913 for the week.

Panamax: A week whereby activity was largely fragmented by various holidays spread across the globe. The Atlantic basin saw minimal fresh demand but with a modest tonnage count rates held steady for most part for limited trans-Atlantic and front haul fixtures. A mini grain push came mid-week ex EC South America, rates nudged up for end May arrivals Asia with a host of fixtures concluded in excess of $20,000 delivery SE Asia/India region for South American round voyages. Asia blighted by various holidays also lacked energy this week despite an obvious increase in Indonesia and Australia coal demand, with the Indonesian round coal trips being the most engaging beginning the week around the $14,000 mark but increasing to closer to $16,000 by the close. Unsurprisingly, with minimal support from the FFA market, there returned limited period news, although reports surfaced of an 82,000-dwt delivery in China achieving $17,150 basis one-year period.

Ultramax/Supramax: With widespread holidays both in the Atlantic and Pacific regions it was a rather staggered week. The Atlantic generally saw softer tones as demand slipped from the US Gulf and Mediterranean. Mixed feels from the South Atlantic as the week closed some brokers saw increased volumes of fresh cargo.

Table 18. Ocean freight rates for selected shipments, week ending 04/27/2024

Export region	Import region	Grain types	Entry date	Loading date	Volume loads (metric tons)	Freight rate (US$/metric ton)
U.S. Gulf	Japan	Heavy grain	Mar 28, 2024	Apr 20/30, 2024	50,000	71.00
U.S. Gulf	Japan	Heavy grain	Mar 9, 2024	Apr 25/May 4, 2024	54,000	67.00
U.S. Gulf	Japan	Heavy grain	Mar 20, 2024	Apr 1/5, 2024	50,000	69.50
U.S. Gulf	China	Corn	Feb 28, 2024	Mar 1/10, 2024	66,000	61.50
U.S. Gulf	China	Heavy grain	Sep 12, 2023	Oct 1/ Nov 1, 2023	66,000	54.50
U.S. Gulf	Jamaica	Wheat	Nov 2, 2023	Dec 1/10, 2023	9,460	63.50
U.S. Gulf	Guyana	Wheat	Nov 2, 2023	Dec 1/10, 2023	8,250	84.00
U.S. Gulf	S. Korea	Heavy grain	Oct 10, 2023	Nov 25/Dec 5, 2023	58,000	65.35
PNW	N. China	Heavy grain	Oct 19, 2023	Nov 16/22, 2023	66,000	28.00
PNW	Thailand	Heavy grain	Oct 20, 2023	Dec 5/15, 2023	66,000	22.50
WC US	Thailand	Wheat	Nov 9, 2023	Dec 1/10, 2023	60,500	35.25
Brazil	China	Heavy grain	Apr 19, 2024	May 4/11, 2024	60,000	53.25
Brazil	N. China	Heavy grain	Apr 18, 2024	May 5/15, 2024	63,000	48.50
Brazil	China	Heavy grain	Mar 28, 2024	Apr 11/21, 2024	66,000	49.00
Brazil	China	Heavy grain	Mar 19, 2024	May 1/30, 2024	63,000	48.40
Brazil	Philippines	Soybean Meal	Feb 23, 2024	Apr 15/25, 2024	40,000	61.00
France	Morocco	Wheat	Feb 6, 2024	Feb 10/14, 2024	30,000	16.10
France	Mauritania	Wheat	Feb 6, 2024	Feb 10/14, 2024	30,000	23.50

Note: 50 percent of food aid from the United States is required to be shipped on U.S.-flag vessels. Rates shown are per metric ton (1 metric ton = 2,204.62 pounds), free on board (F.O.B), except where otherwise indicated. op = option
Source: Maritime Research, Inc.
GTR 05-02-24

From Asia, rates remand rather flat albeit at reasonable levels. Fresh enquiry was limited from Southeast Asia, but tonnage supply able to keep up. From the Indian Ocean, demand remained again a rather sideways feel to the market during the course of the week. From the Atlantic, a 63,000-dwt fixed delivery Mississippi River to the Continent with wood pellets at $20,000. Whilst a 60,000-dwt fixed a trip from US Gulf to the Far East in the mid $20,000s. From Asia, a 53,000-dwt fixed delivery Vietnam for a trip via Indonesia redelivery China at $17,000. Elsewhere, a 56,000-dwt fixed delivery WC India redelivery Far East at $16,000. Period activity seen was limited, but a 63,000-dwt open Southeast Asia was heard fixed for 3/5 months trading redelivery Arabian Gulf – Japan at $20,000.

Handysize: In a week littered with widespread holidays including Labour Day and the Greek Orthodox Easter, visible activity was muted and the overall sentiment across the handy sector was softer. Tonnage lists were said to have expanded this week across the Continent and the Mediterranean due to the limited visible fresh enquiry. In the South Atlantic, sources spoke of limited enquiry remaining for the first half of May. Whilst the US Gulf also remained under pressure a 43,000-dwt opening in Havanna was linked to fixing from SW Pass to the Eastern Mediterranean with an intended cargo of grains at $9,250 and a 38,000-dwt fixed from Mobile to the UK-Continent with wood pellets at around $11,000. Activity was also subdued across Asia, levels were said to have remained more stable with many expecting activity and positivity to return next week once a majority of holidays had concluded and players returned to their desks.

➢ Improved Rates for Larger Vessels Lifts Baltic Dry Index

1 May 2024 Reuters - The Baltic Exchange's dry bulk sea freight index edged up on Wednesday, buoyed by an uptick in capesize and panamax vessel rates.

The overall index, which factors in rates for capesize, panamax and supramax shipping vessels, ticked up to 1,683.

The capesize index gained 16 points, or 0.8% to 2,116. The index was still hovering around a 3-month low.

Average daily earnings for capesize vessels, which typically transports 150,000-ton cargoes of iron ore and coal, among others, increased $138 to $17,553.

"Cargo injections have been low, and the outlook for future demand remains uncertain, presenting some red flags which contrast with the positive FFA (Forward Freight Agreements) levels projected for the next quarter," Intermodal Research Analyst Chara Georgousi said in a weekly note on Tuesday referring to capesize vessel segment.

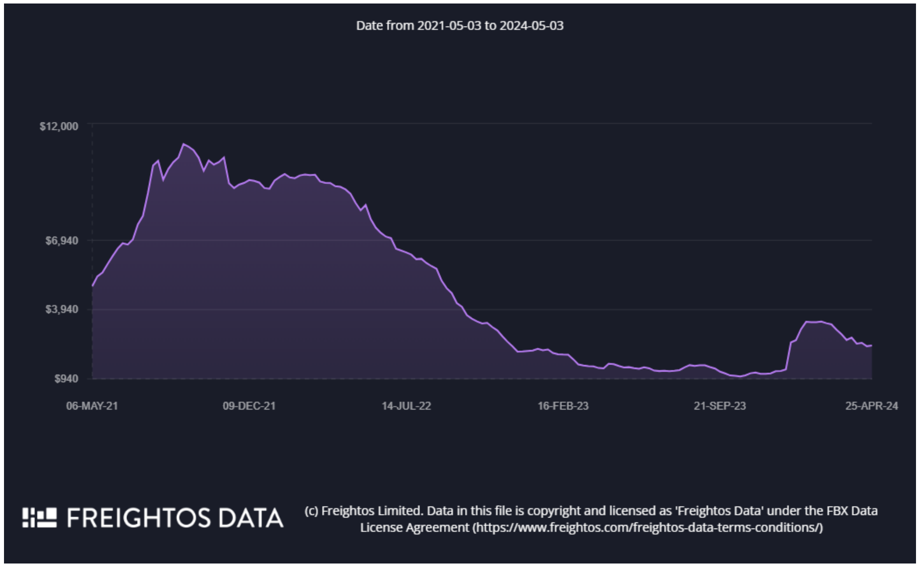
The panamax index was up by 2 points, to 1,847.

Average daily earnings for panamax vessels, which usually carry about 60,000-70,000 tons of coal or grain cargo, added $14 to $16,622.

Among smaller vessels, the supramax index edged lower to 7 points to 1,478.

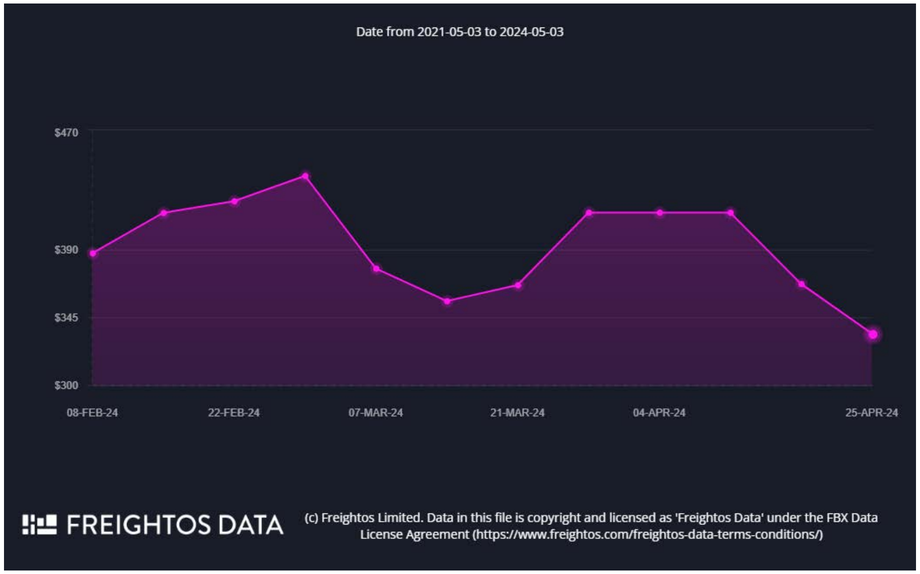
Meanwhile, Yemen's Houthis said on Tuesday they targeted the MSC Orion container ship in a drone attack in the Indian Ocean as part of their ongoing campaign against international shipping in solidarity with Palestinians against Israel's military actions in Gaza.

➢ 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.

➢ **Weekly Update: Ocean rates leveling off, but remain elevated on Red Sea impacts**

02 May 2024 AJOT — **Key insights:**

- Though ocean logistics have entered a new routine avoiding the Suez Canal, some ports like those in the Western Mediterranean continue to experience moderate congestion as a result. And despite extra vessels being deployed on impacted lanes, carriers still often fail to maintain full weekly departure schedules. Taken together, and despite significant nominal fleet growth so far this year, effective capacity has grown only slightly.
- Prices out of Asia have been about level for the last four weeks, but at the $4,300/FEU mark to N. America's East Coast and the Mediterranean, and about $3,000 - $3,300/FEU to the West Coast and N. Europe, rates remain well above normal due to these Red Sea impacts on capacity.
- New temporary channels in Baltimore let some trapped vessels exit the port and accommodated the first container ship arrival this week. Officials expect to clear the Dali by May 10th and restore full access for the largest vessels by the end of the month.
- In air cargo,China to N. America rates climbed to $5.65/kg last week and to Europe rates increased to $4.37/kg, likely reflecting continued pressure from B2C e-commerce demand.
- Middle East export air prices have rebounded in the last two weeks with N. America rates climbing 14% to $2.88/kg and rates to Europe increasing 30% to $1.78/kg, possibly reflecting impacts from a storm that flooded terminals in Dubai last week.
- 6 Red Sea-driven disruptions to ocean freight have doubled ex-India air cargo rates since January. But prices have now leveled off at about $5.40/kg to N. America and $3.85/kg to Europe suggesting that the worst in terms of ocean disruptions may be behind us.

Ocean rates - Freightos Baltic Index:

- Asia-US West Coast prices (FBX01 Weekly) increased 6% to $3,095/FEU.
- Asia-US East Coast prices (FBX03 Weekly) fell 1% to $4,262/FEU.
- Asia-N. Europe prices (FBX11 Weekly) increased 2% to $3,365/FEU.
- Asia-Mediterranean prices (FBX13 Weekly) fell 2% to $4,256/FEU.

Air rates - Freightos Air index

- China - N. America weekly prices increased 9% to $5.65/kg.
- China - N. Europe weekly prices increased 23% to $4.37/kg.
- N. Europe - N. America weekly prices increased 1% to $1.81/kg.

Analysis

Overall, the ocean container market has settled into a new routine that avoids the Red Sea due to Houthi attacks which continued this week.

Though significant backlogs, congestion and equipment shortages seen during the first few weeks of the crisis have dissipated, adjustments have resulted in some moderate but ongoing disruptions.

Some West Mediterranean ports, for example, are now being used as transshipment hubs for East Mediterranean-bound containers, leading to some congestion there, and terminals in Colombo, Sri Lanka are also facing some backlogs as volumes have increased there for transhipment to the Middle East.

Some of the recent intra-Asia feeder service congestion is also being attributed to changes due to Red Sea diversions, though bad weather has also been a factor for some recent delays in the region.

And even though carriers are operating more vessels than usual on service loops that normally use the Suez Canal with the aim of accommodating longer voyages and maintaining weekly schedules, there are still fewer than normal weekly Asia - Europe sailings actually departing.

Taken together, these drains on capacity are seeing significant nominal fleet growth due to newly built vessels entering the market, but only moderate effective capacity growth, resulting in still-elevated freight rates.

Ocean rates out of Asia have been about level for the last four weeks, but at the $4,300/FEU mark from Asia to N. America's East Coast and the Mediterranean, and about $3,000 - $3,300/FEU to the West Coast and N. Europe, prices remain well above normal and are likely to increase relative to this new floor as demand increases during peak season.

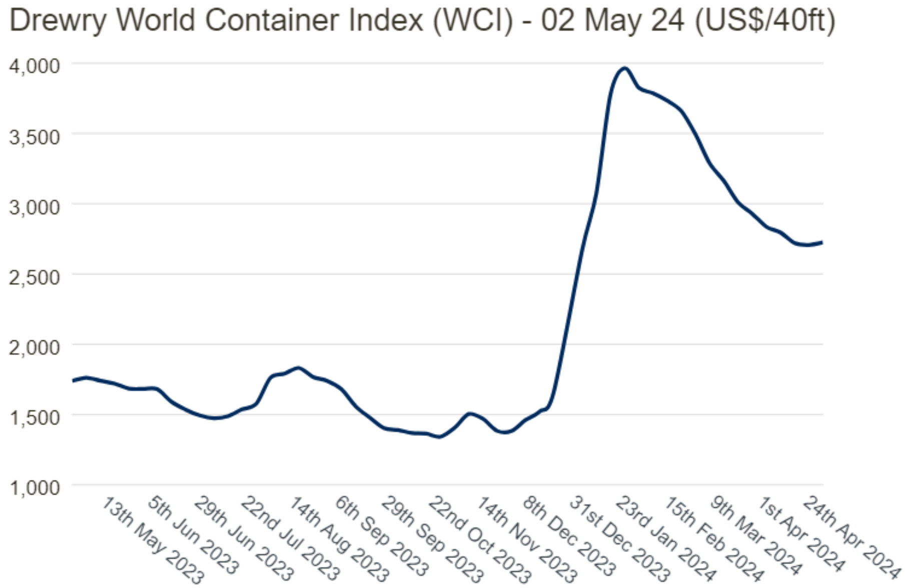
Recovery efforts continued at the Port of Baltimore this week, where temporary channels let some trapped vessels exit the port, and accommodated the first container ship arrivals since the collapse. Officials expect to clear the Dali from the site by May 10th and restore full access for the largest container ships and other vessels by the end of the month.

In air cargo, Freightos Air Index China to N. America rates climbed to $5.65/kg last week, 54% higher than in early April when prices were easing somewhat, and to Europe rates increased to $4.37/kg, 30% higher than a month ago, likely reflecting continued pressure from B2C e-commerce volumes.

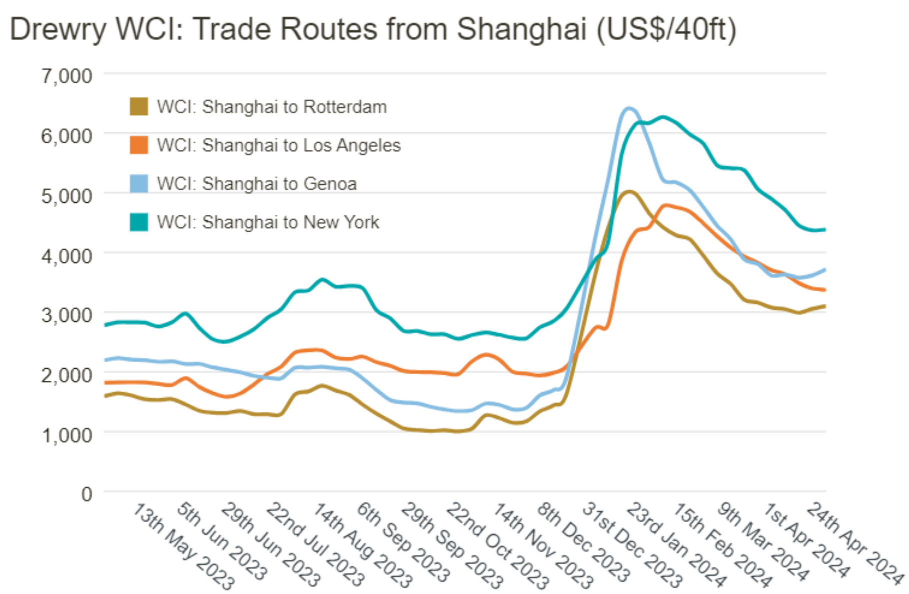
Middle East export rates which had been elevated since early in the year on increased sea-air demand due to Red Sea disruptions had eased somewhat by mid-April, possibly reflecting improvements in ocean logistics. In the last two weeks, though, prices have rebounded with N. America rates climbing 14% to $2.88/kg and rates to Europe increasing 30% to $1.78/kg, possibly reflecting impacts from a storm that flooded terminals in Dubai last week.

Red Sea-driven congestion and decreases in ocean capacity out of India have pushed air cargo demand up and export rates to twice as high as at the beginning of the year. But for the last month prices have leveled off at about $5.40/kg to N. America and $3.85/kg to Europe suggesting that some volumes are still being pushed to air, but that the worst in terms of disruptions to ocean logistics may be behind us.

➢ Drewry World Container Index



02 May 2024 – Source: https://www.drewry.co.uk/supply-chain-advisors/world-container-index-weekly-update/. Drewry's World Container Index remains stable at $2,706 per 40ft container this week.



Our detailed assessment for Thursday, 02 May 2024

The composite index increased 1% to $2,725 per 40ft container this week and has increased by 55% when compared with the same week last year.

The latest Drewry WCI composite index of $2,725 per 40ft container is 92% more than average 2019 (pre-pandemic) rates of $1,420.

The average composite index for the year-to-date is $3,230 per 40ft container, which is $519 higher than the 10-year average rate of $2,712 (which was inflated by the exceptional 2020-22 Covid period).

Freight rates from Shanghai to Genoa increased 3% or $102 to $3,717 per 40ft container. Similarly, rates from Shanghai to Rotterdam rose 2% or $47 to $3,103 per feu. Conversely, rates from Rotterdam to Shanghai and Shanghai to Los Angeles decreased 1% to $739 and $3,371 per 40ft box respectively. While rates from Los Angeles to Shanghai, Shanghai to New York, New York to Rotterdam and Rotterdam to New York remain stable. Drewry expects freight rates from China to remain stable in the upcoming week.

Route	Route code	18-Apr-24	25-Apr-24	2-May-24	Weekly change (%)	Annual change (%)
Composite Index	WCI-COMPOSITE	$2,719	$2,706	$2,725	1% ▲	55% ▲
Shanghai - Rotterdam	WCI-SHA-RTM	$2,989	$3,056	$3,103	2% ▲	89% ▲
Rotterdam - Shanghai	WCI-RTM-SHA	$767	$749	$739	-1% ▼	24% ▲
Shanghai - Genoa	WCI-SHA-GOA	$3,577	$3,615	$3,717	3% ▲	67% ▲
Shanghai - Los Angeles	WCI-SHA-LAX	$3,487	$3,395	$3,371	-1% ▼	85% ▲
Los Angeles - Shanghai	WCI-LAX-SHA	$708	$700	$700	0%	-31% ▼
Shanghai - New York	WCI-SHA-NYC	$4,453	$4,369	$4,382	0%	55% ▲
New York - Rotterdam	WCI-NYC-RTM	$626	$624	$625	0%	-32% ▼
Rotterdam - New York	WCI-RTM-NYC	$2,291	$2,214	$2,210	0%	-54% ▼

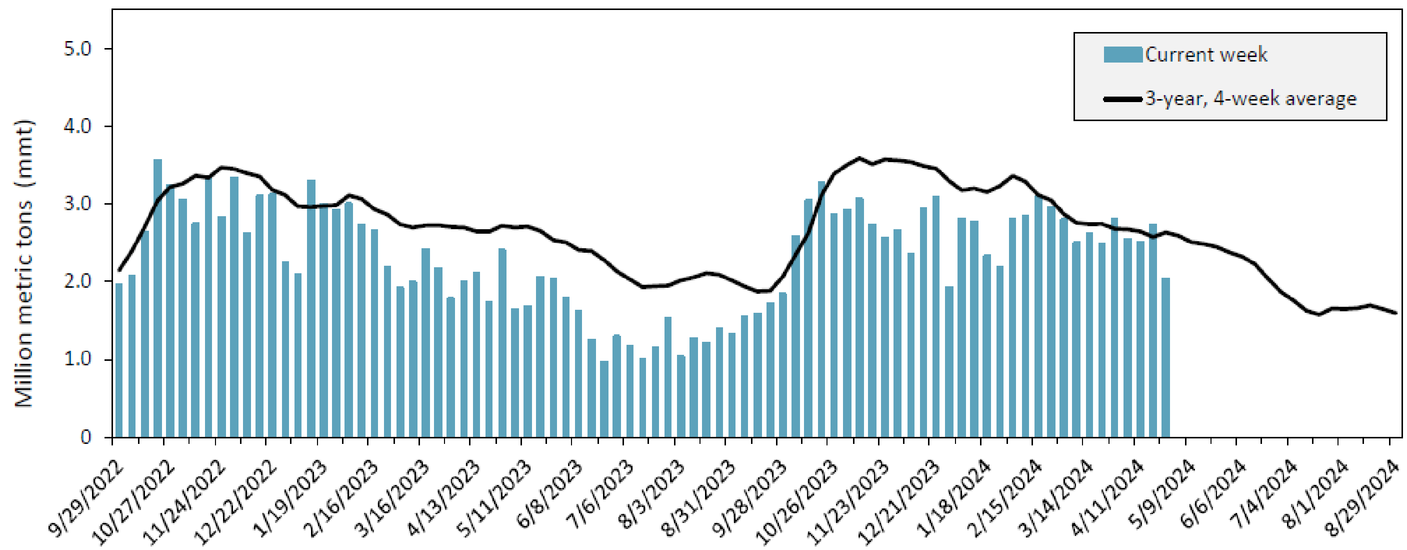
Cereal Grains

➢ Wheat Export Shipments and Sales

Net sales reductions of 20,300 mts for 2023/2024 were down noticeably from the previous week and from the prior 4-week average. Increases primarily for Nigeria (33,000 mts, including 30,000 mts switched from unknown destinations), Colombia (22,000 mts, including 20,000 mts switched from unknown destinations and decreases of 2,200 mts), Italy (19,700 mts), Indonesia (10,000 mts), and Mexico (6,500 mts, including decreases of 300 mts), were more than offset by reductions for unknown destinations (115,000 mts), Ecuador (20,000 mts), and the Philippines (100 mts). Net sales of 406,900 mts for 2024/2025 were primarily for Taiwan (106,700 mts), unknown destinations (95,000 mts), Colombia (43,500 mts), Chile (38,000 mts), and Japan (27,000 mts).

Exports of 508,600 mts were down 11% from the previous week and 8% from the prior 4-week average. The destinations were primarily to China (70,000 mts), Vietnam (58,700 mts), Mexico (52,000 mts), Japan (50,700 mts), and Italy (48,700 mts).

Figure 15. U.S. grain inspected for export (wheat, corn, and soybeans)

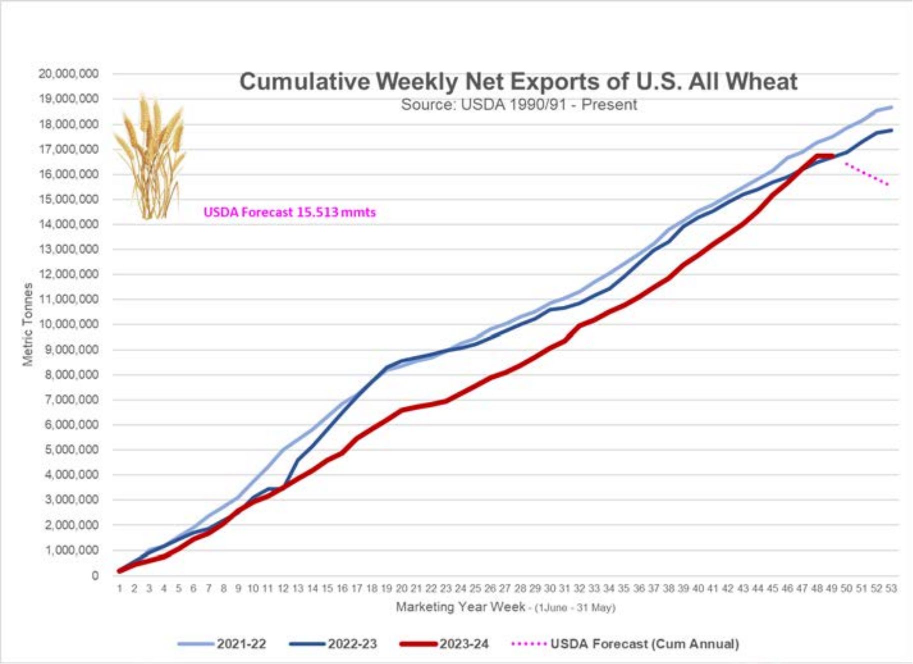


Notes: 3-year average consists of 4-week running average.
Source: USDA, Federal Grain Inspection Service.

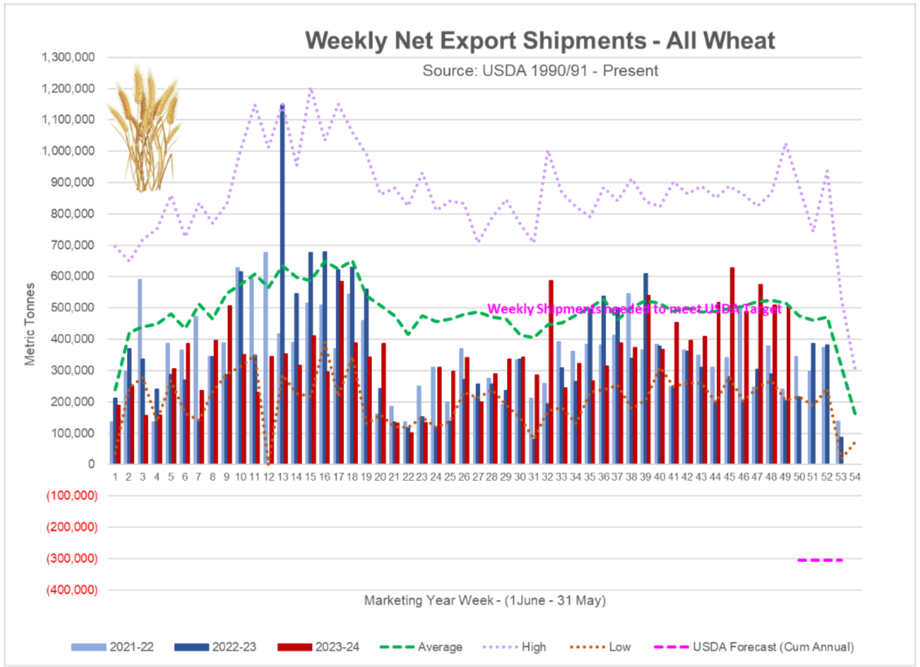
➢ Rice Export Shipments and Sales

Net sales of 59,800 mts for 2023/2024 were up 63% from the previous week and 18% from the prior 4-week average. Increases primarily for Haiti (22,400 mts), Japan (14,000 mts), South Korea (11,800 mts), Colombia (7,700 mts, including 7,000 mts switched from unknown destinations), and Canada (4,300 mts, including decreases of 300 mts), were offset by reductions for unknown destinations (7,000 mts) and El Salvador (300 mts).

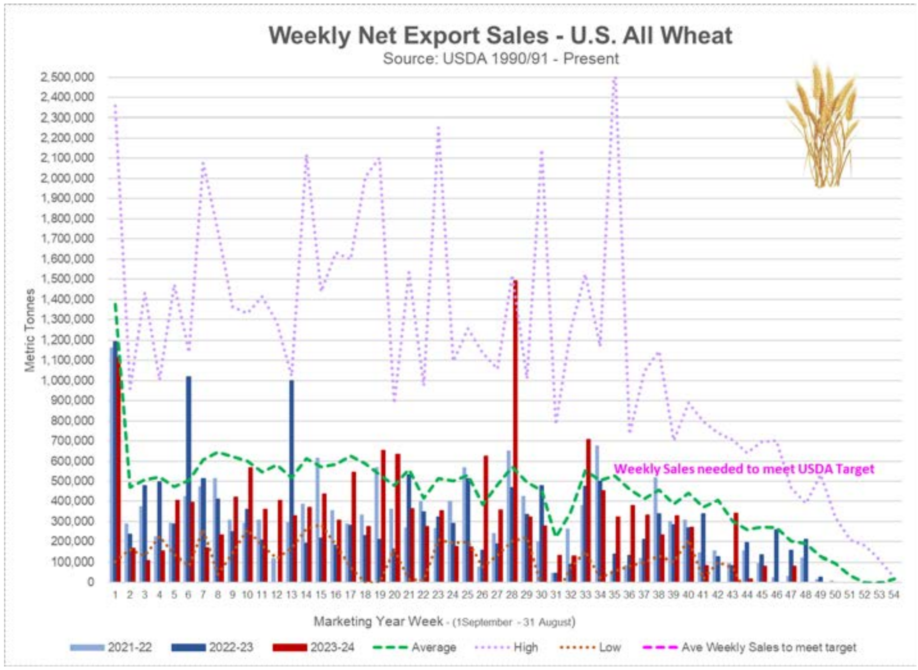
Exports of 85,600 mts were unchanged from the previous week, but up 38% from the prior 4-week average. The destinations were primarily to Mexico (28,100 mts), Japan (15,400 mts), Haiti (15,300 mts), Colombia (7,700 mts), and South Korea (7,400 mts).



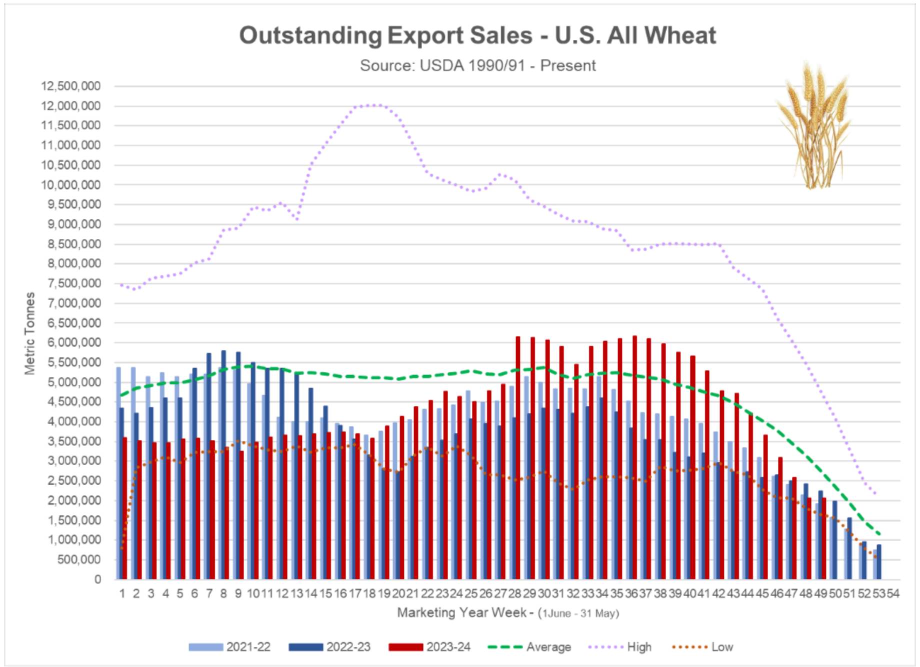
Cumulative Weekly Net Exports of U.S. All Wheat
Source: USDA 1990/91 - Present
USDA Forecast 15.513 mmts
Metric Tonnes
Marketing Year Week - (1June - 31 May)
2021-22
2022-23
2023-24
USDA Forecast (Cum Annual)



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
2023-24
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
2023-24
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
2023-24
Average
High
Low

COARSE GRAINS

Corn Export Shipments and Sales

Net sales of 758,500 mts for 2023/2024 were down 42% from the previous week and 1% from the prior 4-week average. Increases primarily for Japan (267,400 mts, including 159,600 mts switched from unknown destinations and decreases of 6,100 mts), Mexico (190,800 mts, including decreases of 16,100 mts), South Korea (140,700 mts, including 68,000 mts switched from unknown destinations and decreases of 200 mts), Colombia (50,400 mts, including 13,000 mts switched from unknown destinations and decreases of 32,600 mts), and Nicaragua (27,600 mts, including decreases of 2,700 mts), were offset by reductions for unknown destinations (16,800 mts) and Taiwan (900 mts). Net sales of 33,700 mts for 2024/2025 were reported for Mexico (30,000 mts) and Canada (3,700 mts).

Exports of 1,382,300 mts were down 19% from the previous week and 14% from the prior 4-week average. The destinations were primarily to Mexico (464,000 mts), Japan (362,600 mts), South Korea (265,700 mts), Colombia (157,100 mts), and Honduras (46,900 mts).

Table 13. Top 5 importers of U.S. corn

For the week ending 4/18/2024	Total commitments (1,000 mt)		% change current MY from last MY	Exports 3-year average 2020-22 (1,000 mt)
	YTD MY 2023/24	YTD MY 2022/23		
Mexico	19,138	13,863	38	15,227
China	2,126	8,597	-75	12,616
Japan	8,153	5,272	55	10,273
Colombia	4,766	1,892	152	4,398
Korea	1,911	714	168	2,563
Top 5 importers	**36,094**	**30,337**	**19**	**45,077**
Total U.S. corn export sales	**45,978**	**38,452**	**20**	**56,665**
% of YTD current month's export projection	86%	91%	-	-
Change from prior week	1,300	400	-	-
Top 5 importers' share of U.S. corn export sales	**79%**	**79%**	**-**	**80%**
USDA forecast April 2024	**53,343**	**42,192**	**26**	**-**
Corn use for ethanol USDA forecast, April 2024	**137,160**	**131,471**	**4**	**-**

Note: The top 5 importers are based on USDA, Foreign Agricultural Service (FAS) marketing year ranking reports for marketing year (MY) 2022/23 (Sep. 1 – Aug. 31). "Total commitments" = cumulative exports (shipped) + outstanding sales (unshipped), from 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. In rightmost column, "Exports" = carryover plus accumulated exports (as defined in FAS marketing year ranking reports).
mt = metric ton; yr. = year; avg. = average; YTD = year to date; "-" = not applicable.
Source: USDA, Foreign Agricultural Service.

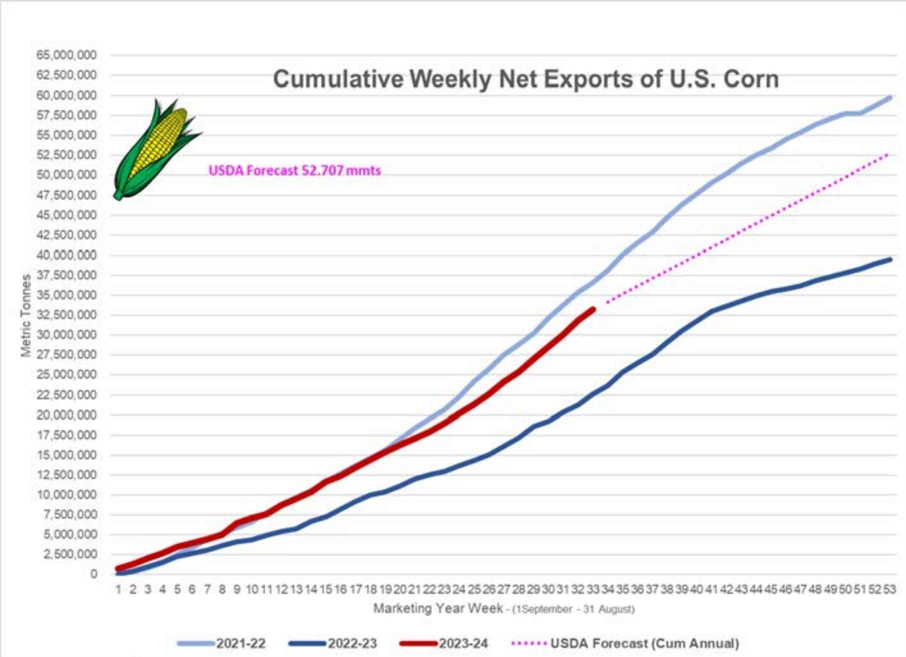
Grain Sorghum Export Shipments and Sales

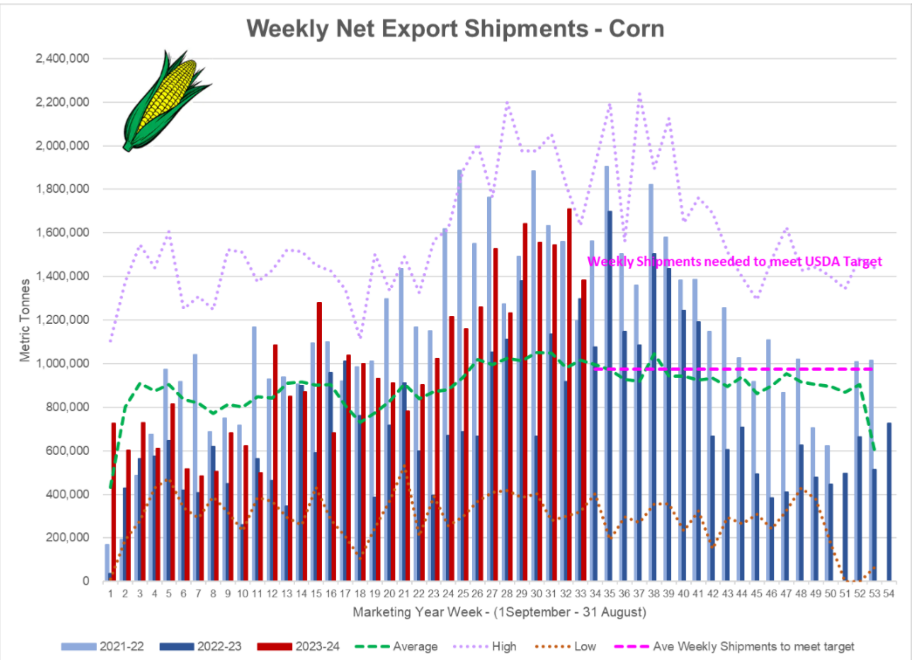
Total net sales of 6,500 mts for 2023/2024 were down 83% from the previous week and 51% from the prior 4-week average. The destination was China.

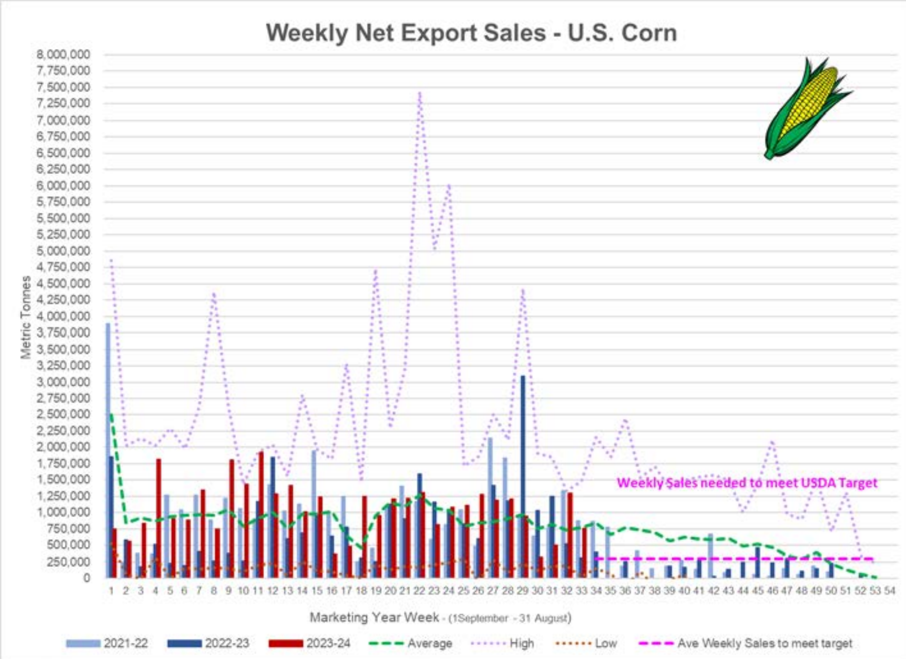
Exports of 75,400 mts were down 48% from the previous week and 41% from the prior 4-week average. The destination was China.

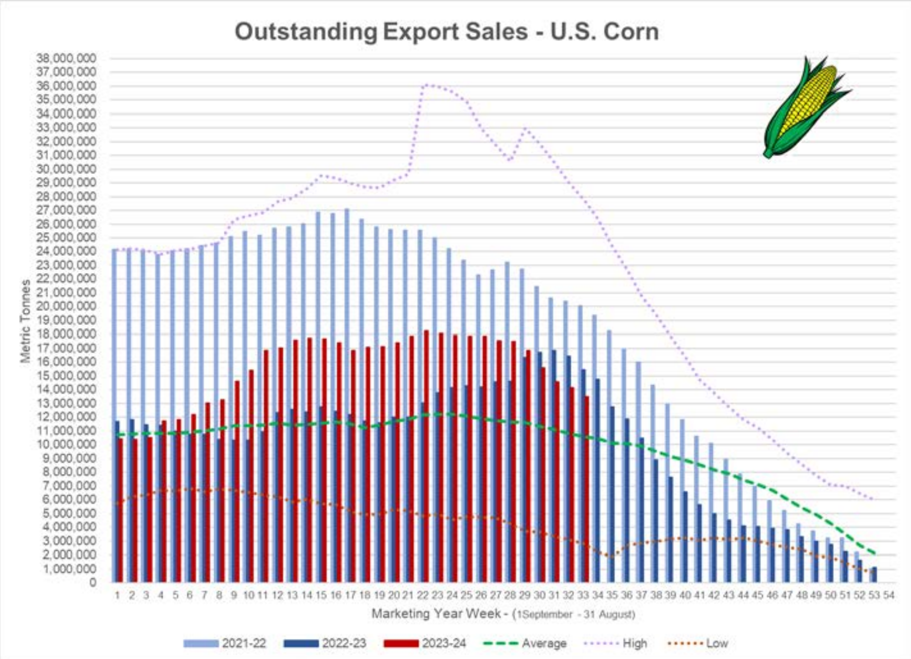
Barley Export Shipments and Sales

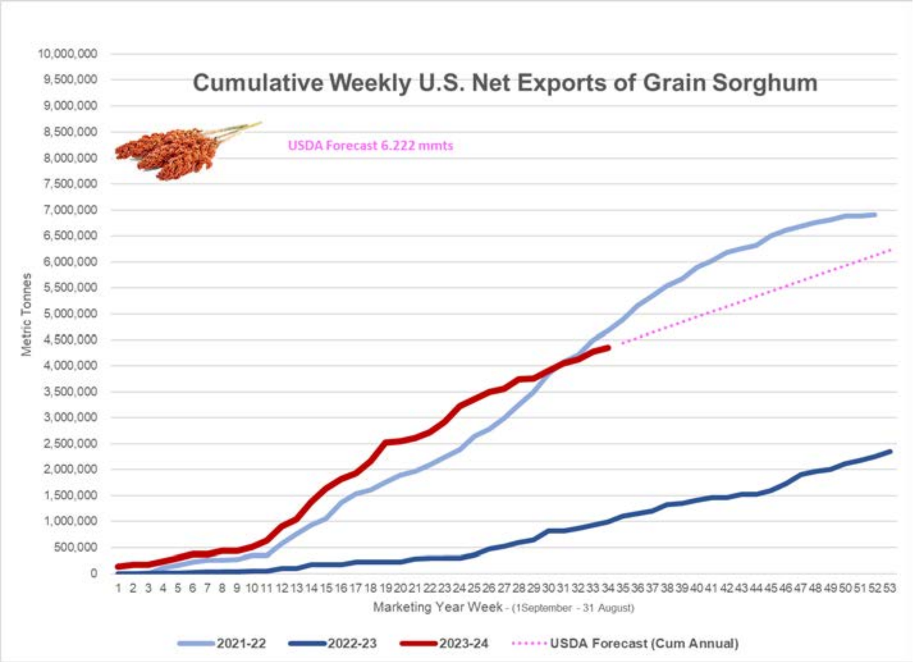
No net sales or exports were reported for the week.

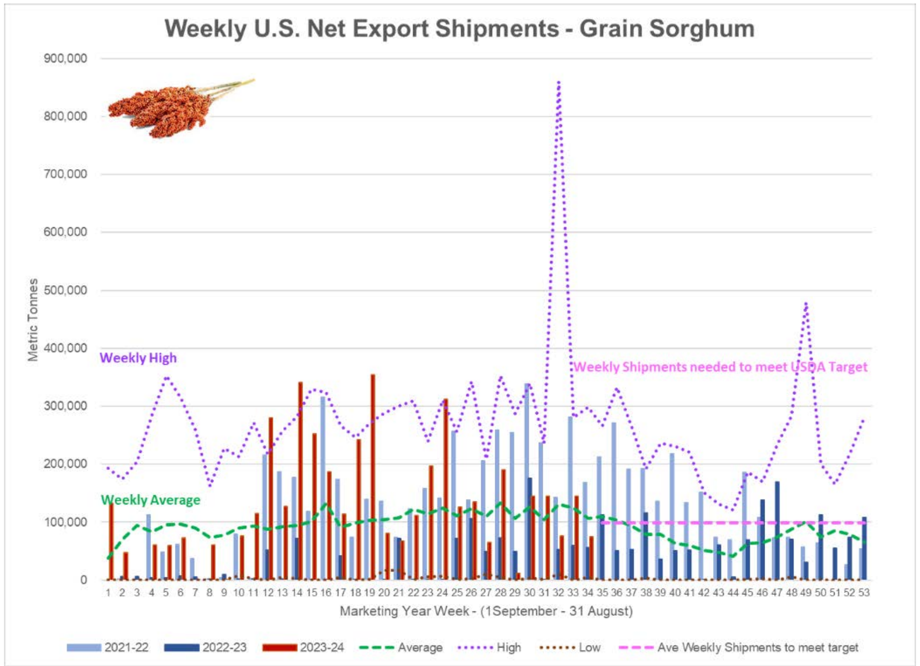

Cumulative Weekly Net Exports of U.S. Corn
USDA Forecast 52.707 mmts
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2021-22
2022-23
2023-24
USDA Forecast (Cum Annual)

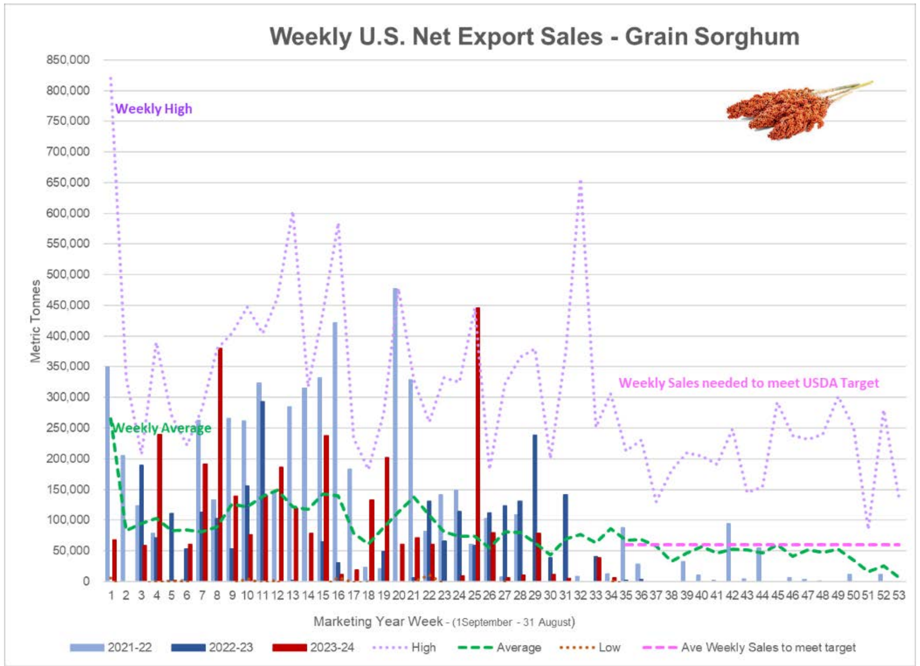

Weekly Net Export Shipments - Corn
Weekly Shipments needed to meet USDA Target
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2021-22
2022-23
2023-24
Average
High
Low
Ave Weekly Shipments to meet target

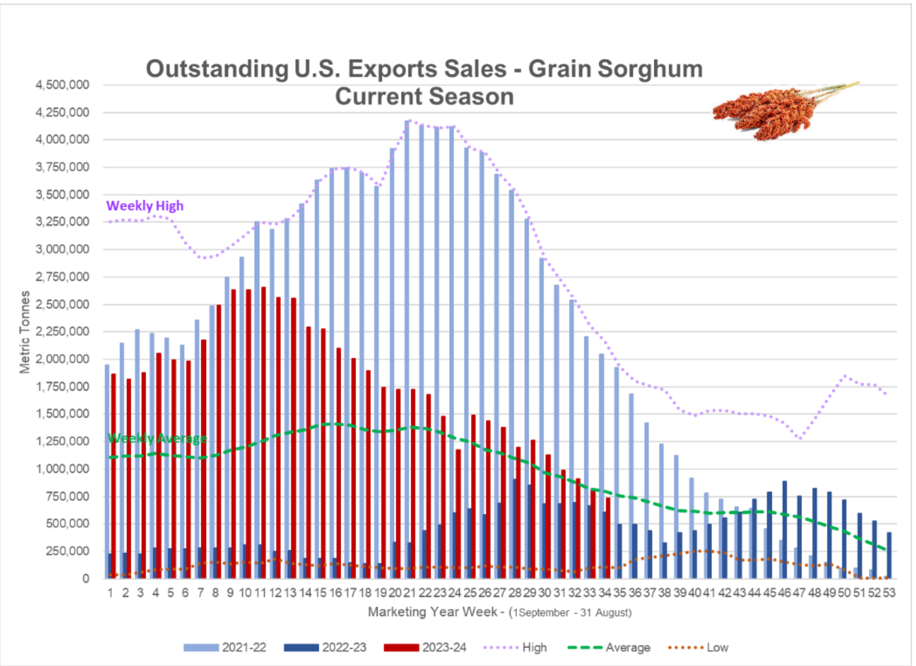

Weekly Net Export Sales - U.S. Corn
Weekly Sales needed to meet USDA Target
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2021-22
2022-23
2023-24
Average
High
Low
Ave Weekly Sales to meet target

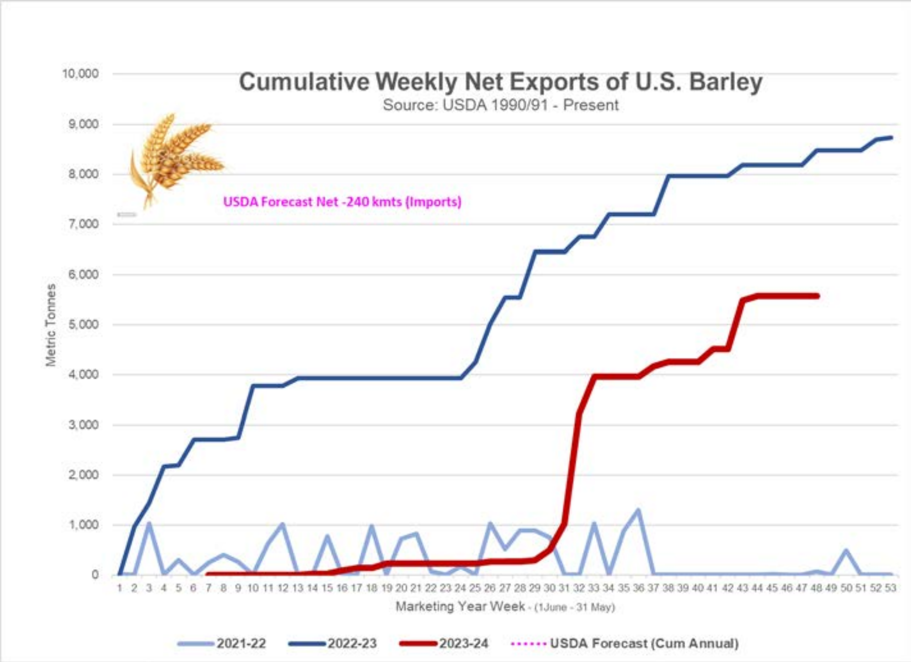

Outstanding Export Sales - U.S. Corn
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2021-22
2022-23
2023-24
Average
High
Low

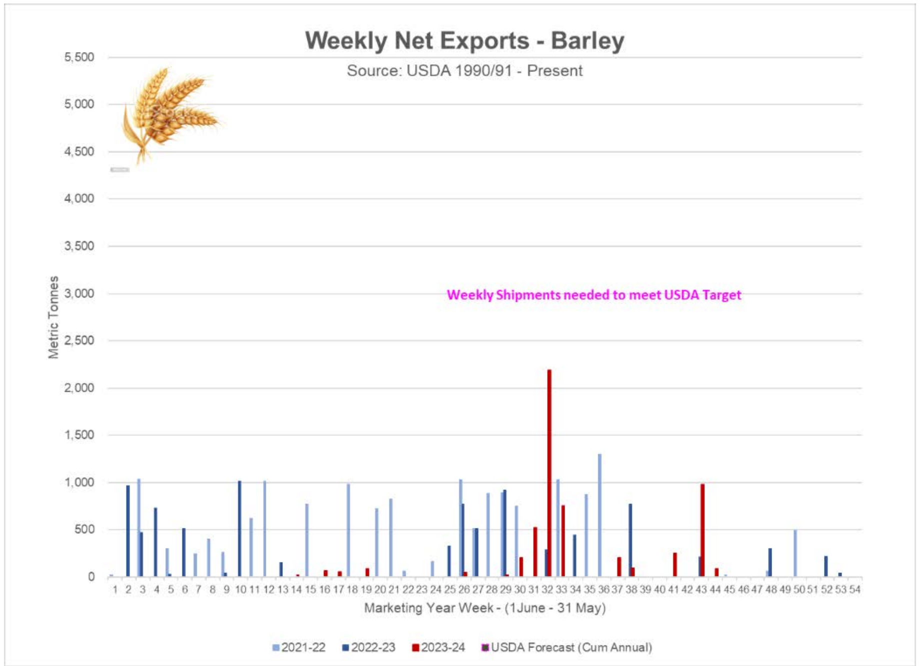

Cumulative Weekly U.S. Net Exports of Grain Sorghum
USDA Forecast 6.222 mmts
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2021-22
2022-23
2023-24
USDA Forecast (Cum Annual)

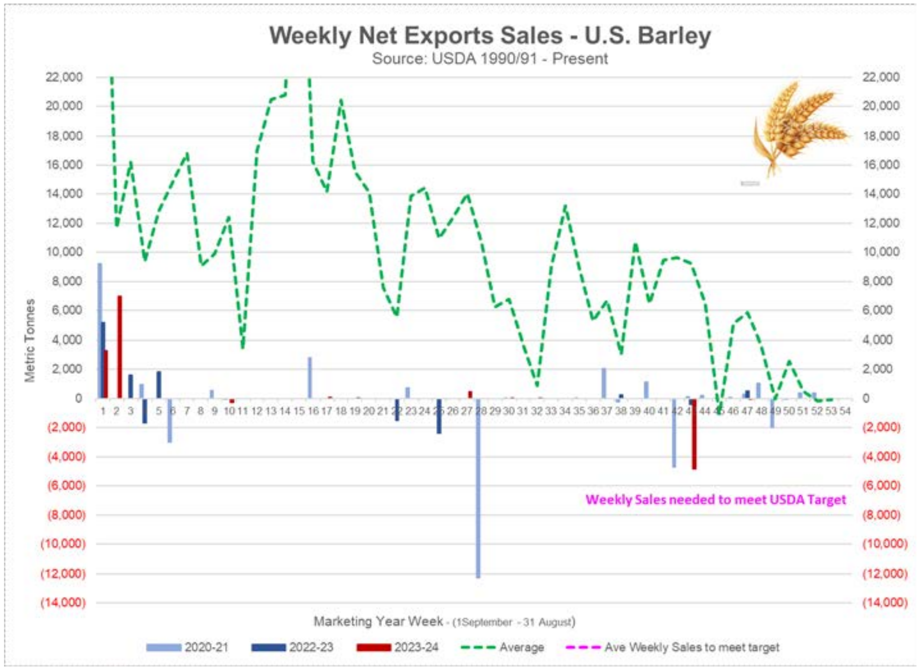

Weekly U.S. Net Export Shipments - Grain Sorghum
Weekly High
Weekly Shipments needed to meet USDA Target
Weekly Average
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2021-22
2022-23
2023-24
Average
High
Low
Ave Weekly Shipments to meet target

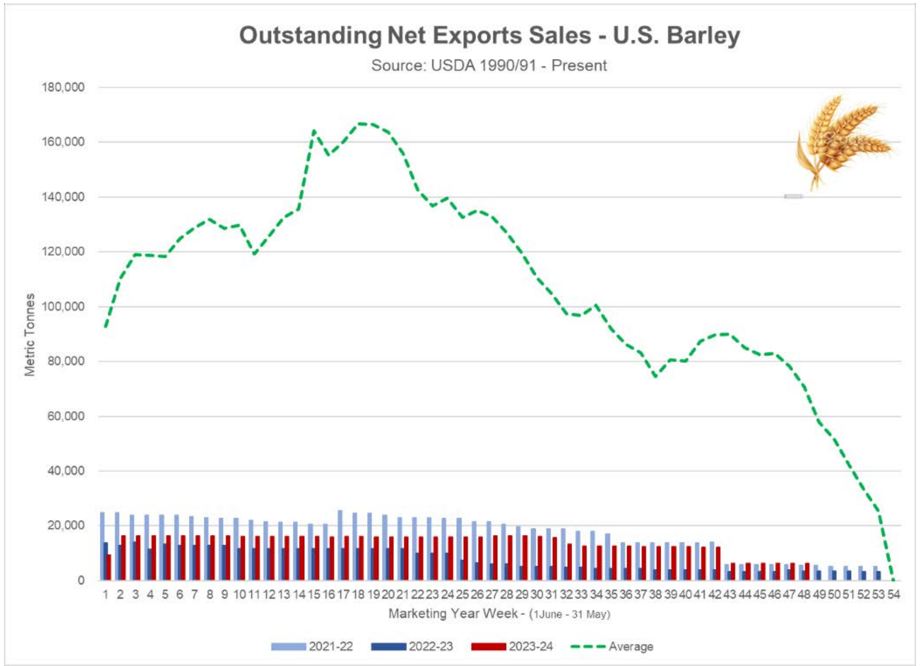

Weekly U.S. Net Export Sales - Grain Sorghum
Weekly High
Weekly Sales needed to meet USDA Target
Weekly Average
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2021-22
2022-23
2023-24
High
Average
Low
Ave Weekly Sales to meet target


Outstanding U.S. Exports Sales - Grain Sorghum
Current Season
Weekly High
Weekly Average
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2021-22
2022-23
2023-24
High
Average
Low


Cumulative Weekly Net Exports of U.S. Barley
Source: USDA 1990/91 - Present
USDA Forecast Net -240 kmts (Imports)
Metric Tonnes
Marketing Year Week - (1June - 31 May)
2021-22
2022-23
2023-24
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)
2021-22
2022-23
2023-24
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)
2020-21
2022-23
2023-24
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
2023-24
Average

Oilseed Complex

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

Soybeans:

Net sales of 414,000 mts for 2023/2024 were up 96% from the previous week and 45% from the prior 4-week average. Increases primarily for Egypt (146,000 mts), Indonesia (112,000 mts, including 55,000 mts switched from unknown destinations and decreases of 100 mts), Japan (92,800 mts, including 83,400 mts switched from unknown destinations and decreases of 2,100 mts), Taiwan (26,300 mts), and Colombia (25,600 mts, including 16,000 mts switched from unknown destinations), were offset by reductions primarily for unknown destinations (9,600 mts), Iran (5,500 mts), Jordan (1,500 mts), China (1,000 mts), and Mexico (600 mts). Net sales of 7,000 mts for 2024/2025 were reported for Taiwan (5,000 mts) and Indonesia (2,000 mts).

Exports of 269,100 mts--a marketing-year low--were down 36% from the previous week and 43% from the prior 4-week average. The destinations were primarily to Japan (86,100 mts), Indonesia (86,000 mts), Mexico (33,300 mts), Colombia (16,100 mts), and Vietnam (13,000 mts).

Exports for Own Account: For 2023/2024, the current exports for own account outstanding balance of 3,300 mts are for Canada (1,400 mts), Taiwan (900 mts), Bangladesh (500 mts), and Malaysia (500 mts).

Table 14. Top 5 importers of U.S. soybeans

For the week ending 4/18/2024	Total commitments (1,000 mt)		% change current MY from last MY	Exports 3-year average 2020-22 (1,000 mt)
	YTD MY 2023/24	YTD MY 2022/23		
China	23,823	31,045	-23	32,321
Mexico	4,498	4,311	4	4,912
Egypt	717	1,102	-35	2,670
Japan	1,787	1,960	-9	2,259
Indonesia	1,577	1,277	24	1,973
Top 5 importers	**32,402**	**39,695**	**-18**	**44,133**
Total U.S. soybean export sales	**41,494**	**50,414**	**-18**	**56,656**
% of YTD current month's export projection	90%	93%	-	-
Change from prior week	211	311	-	-
Top 5 importers' share of U.S. soybean export sales	**78%**	**79%**	**-**	**78%**
USDA forecast, April 2024	**46,266**	**54,213**	**-15**	**-**

Note: The top 5 importers are based on USDA, Foreign Agricultural Service (FAS) marketing year ranking reports for marketing year (MY) 2022/23 (Sep. 1 – Aug. 31). "Total commitments" = cumulative exports (shipped) + outstanding sales (unshipped), from 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. In rightmost column, "Exports" = carryover plus accumulated export (as defined in FAS marketing year ranking reports). mt = metric ton; yr. = year; avg. = average; YTD = year to date; "-" = not applicable.
Source: USDA, Foreign Agricultural Service.

Soybean Oil:

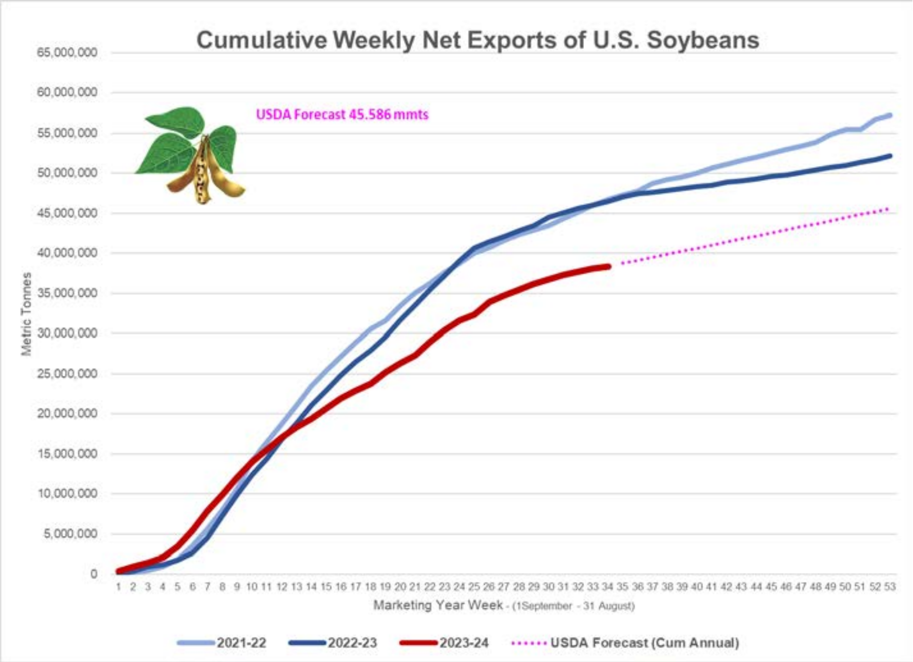
Net sales of 7,200 mts for 2023/2024 were down 56% from the previous week, but up 21% from the prior 4-week average. Increases were primarily for Jamaica (3,500 mts), Colombia (2,900 mts, including decreases of 500 mts), and Canada (400 mts).

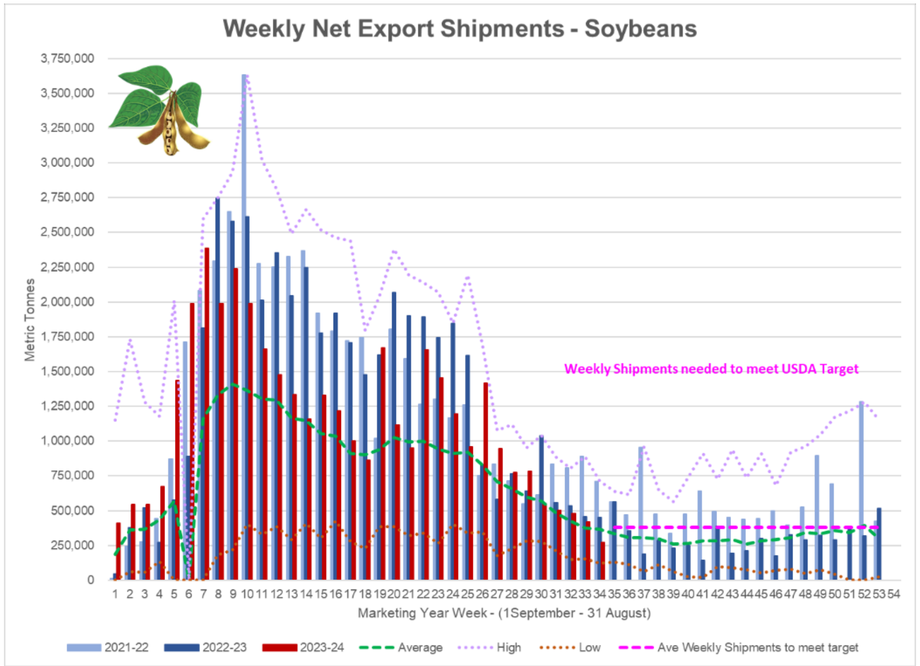
Exports of 2,200 mts were down 26% from the previous week and 53% from the prior 4-week average. The destinations were to Mexico (1,900 mts) and Canada (300 mts).

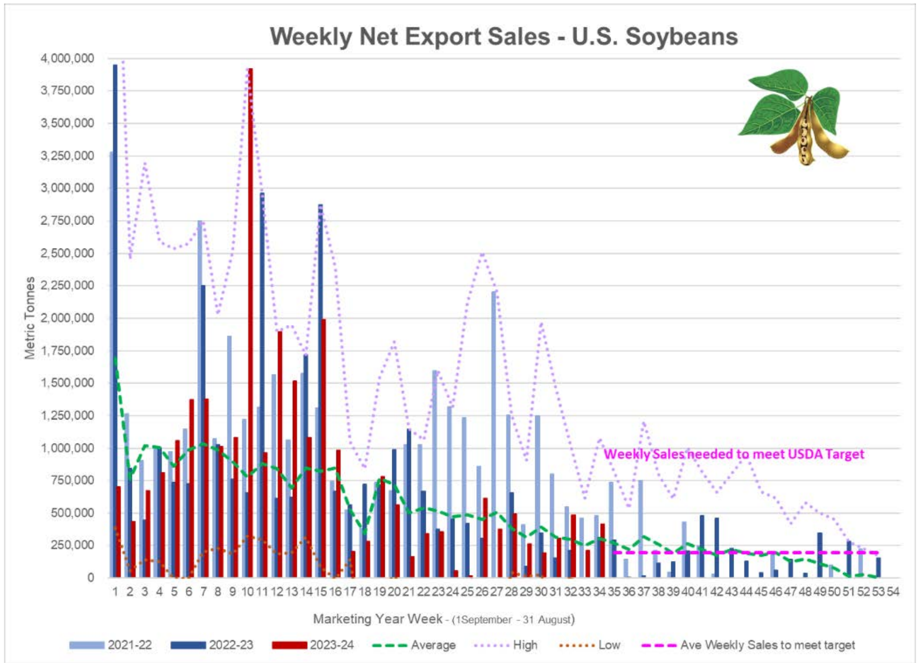
Soybean Cake and Meal:

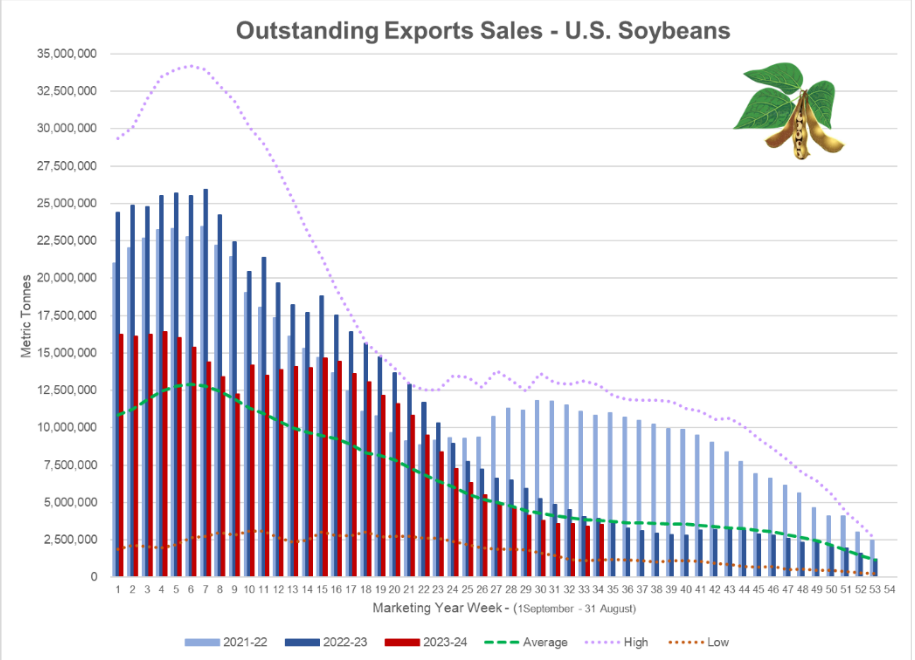
Net sales of 131,000 mts for 2023/2024 were down 57% from the previous week and 37% from the prior 4-week average. Increases primarily for the Dominican Republic (40,400 mts, including decreases of 2,500 mts), Morocco (19,900 mts, including 20,000 mts switched from unknown destinations and decreases of 100 mts), Colombia (13,000 mts, including decreases of 7,600 mts), Nicaragua (12,800 mts, including 5,200 mts switched from Guatemala and decreases of 5,100 mts), and Jamaica (10,900 mts, including 2,000 mts switched from Trinidad and Tobago), were offset by reductions for unknown destinations (20,000 mts), Vietnam (14,500 mts), and Japan (800 mts). Total net sales of 3,400 mts for 2024/2025 were for Canada.

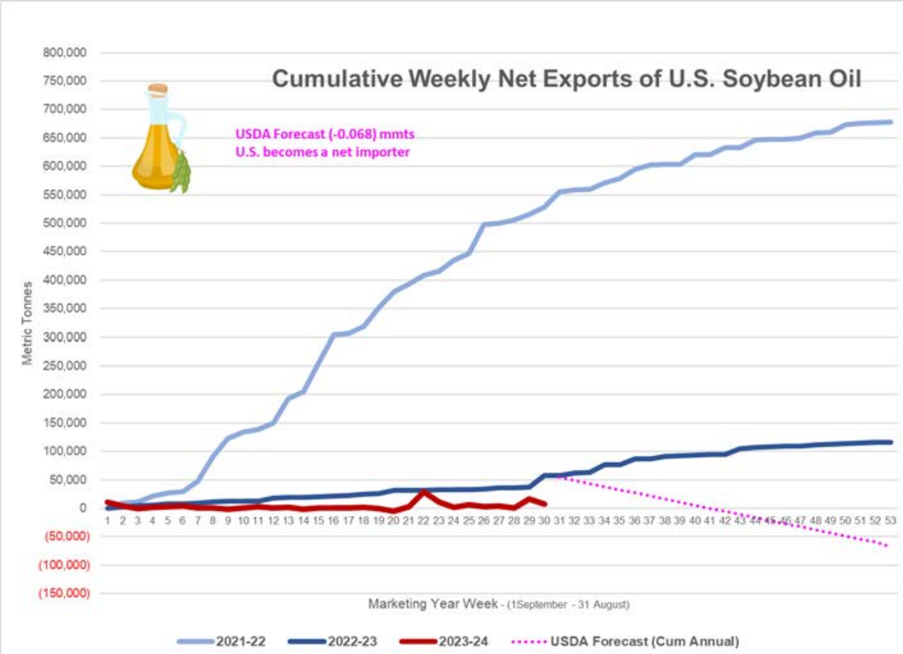
Exports of 295,800 mts were up 56% from the previous week and 8% from the prior 4-week average. The destinations were primarily to the Philippines (99,300 mts), Colombia (65,000 mts), Mexico (27,100 mts), Honduras (19,900 mts), and Canada (19,900 mts).

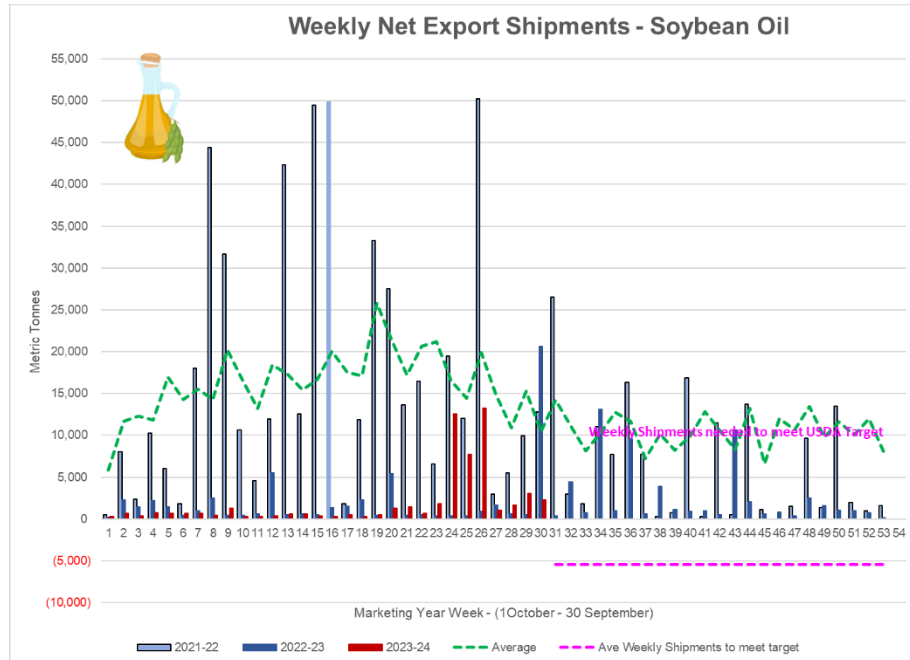

Cumulative Weekly Net Exports of U.S. Soybeans
USDA Forecast 45.586 mmts
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2021-22
2022-23
2023-24
USDA Forecast (Cum Annual)

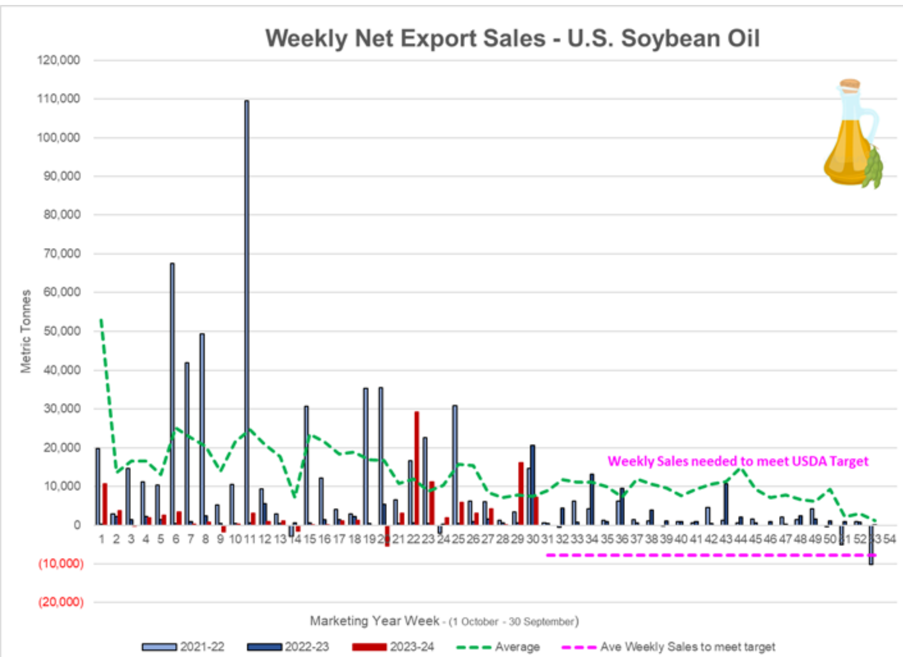

Weekly Net Export Shipments - Soybeans
Weekly Shipments needed to meet USDA Target
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2021-22
2022-23
2023-24
Average
High
Low
Ave Weekly Shipments to meet target

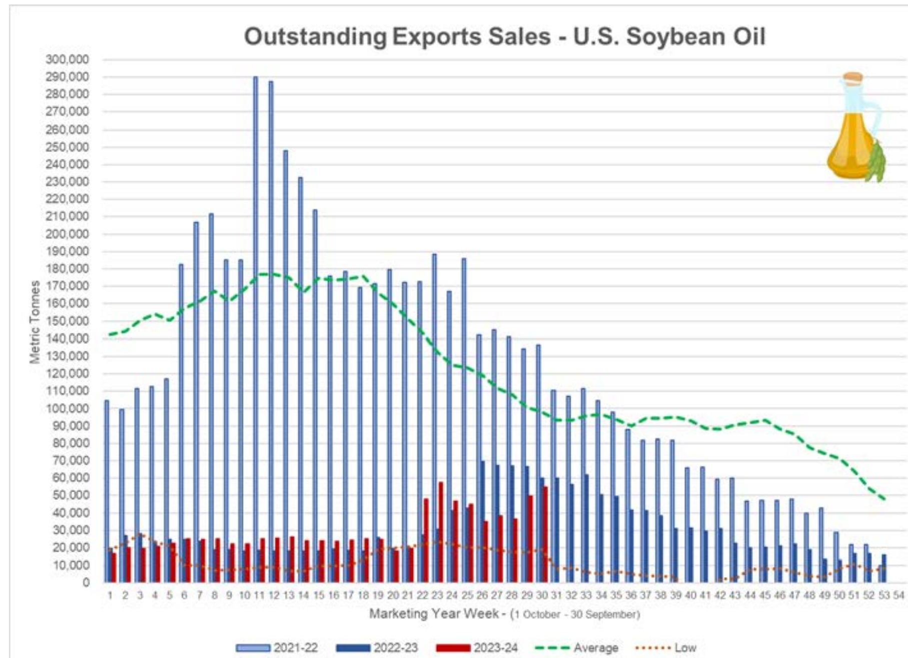

Weekly Net Export Sales - U.S. Soybeans
Weekly Sales needed to meet USDA Target
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2021-22
2022-23
2023-24
Average
High
Low
Ave Weekly Sales to meet target

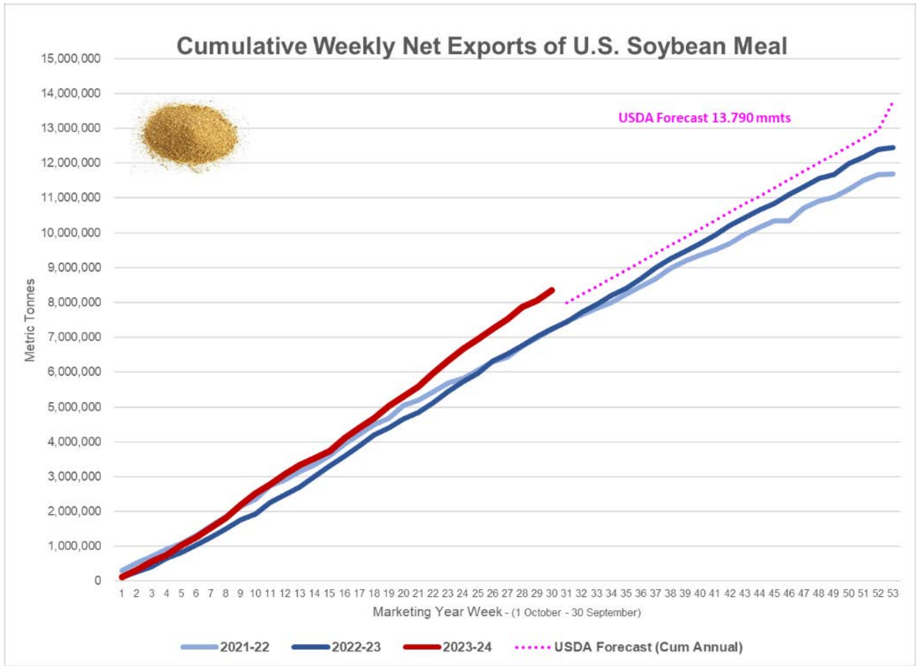

Outstanding Exports Sales - U.S. Soybeans
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2021-22
2022-23
2023-24
Average
High
Low

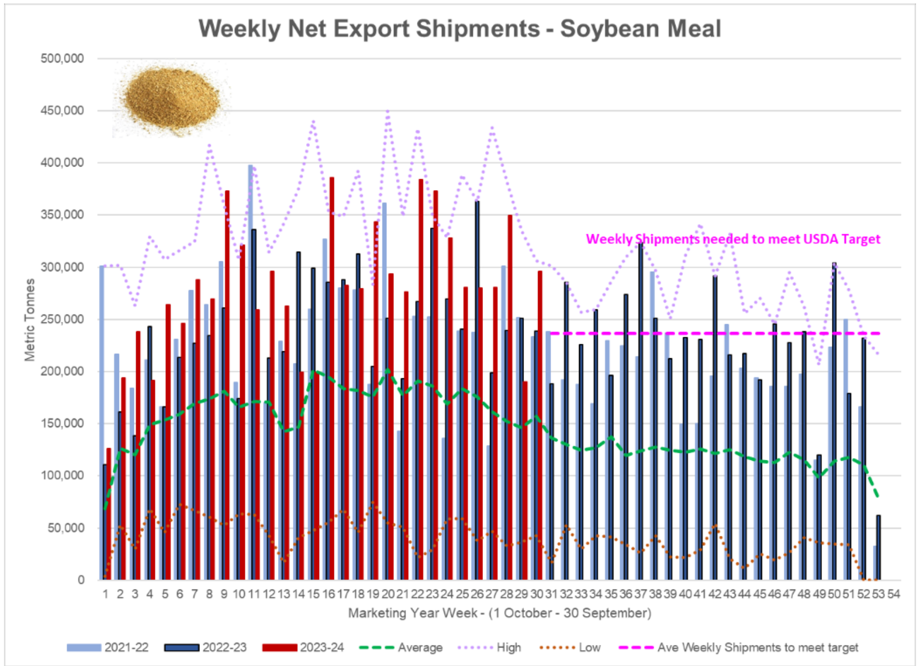

Cumulative Weekly Net Exports of U.S. Soybean Oil
USDA Forecast (-0.068) mmts
U.S. becomes a net importer
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2021-22
2022-23
2023-24
USDA Forecast (Cum Annual)

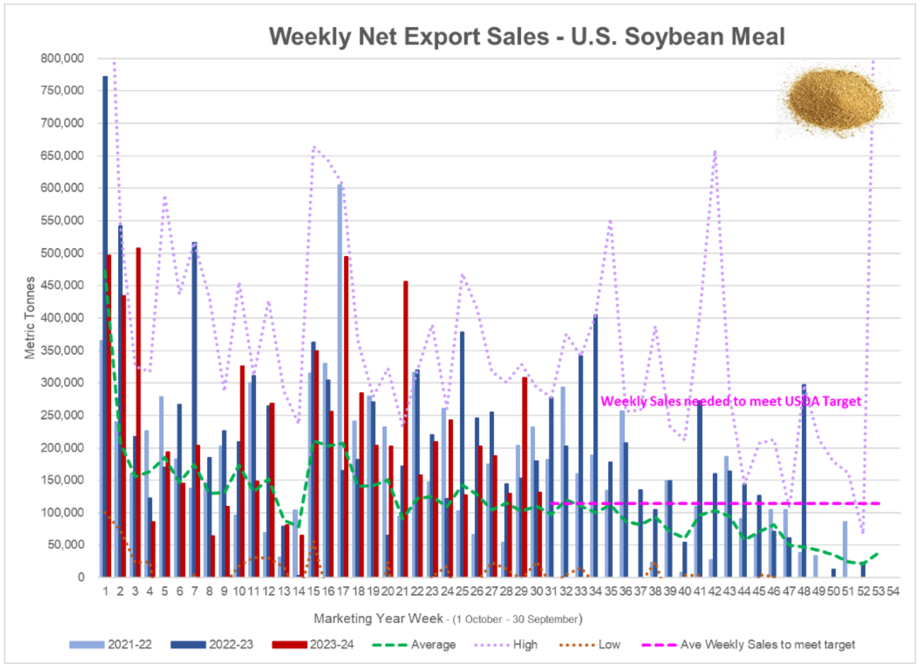

Weekly Net Export Shipments - Soybean Oil
Weekly Shipments needed to meet USDA Target
Metric Tonnes
Marketing Year Week - (1October - 30 September)
2021-22
2022-23
2023-24
Average
Ave Weekly Shipments to meet target

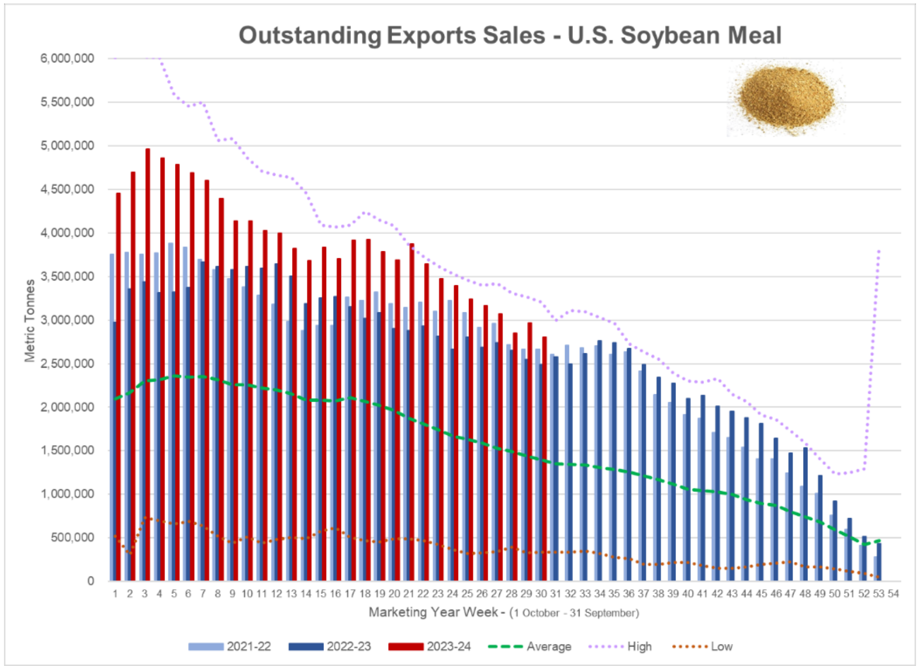

Weekly Net Export Sales - U.S. Soybean Oil
Weekly Sales needed to meet USDA Target
Metric Tonnes
Marketing Year Week - (1 October - 30 September)
2021-22
2022-23
2023-24
Average
Ave Weekly Sales to meet target


Outstanding Exports Sales - U.S. Soybean Oil
Metric Tonnes
Marketing Year Week - (1 October - 30 September)
2021-22
2022-23
2023-24
Average
Low


Cumulative Weekly Net Exports of U.S. Soybean Meal
USDA Forecast 13.790 mmts
Metric Tonnes
Marketing Year Week - (1 October - 30 September)
2021-22
2022-23
2023-24
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)
2021-22
2022-23
2023-24
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)
2021-22
2022-23
2023-24
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)
2021-22
2022-23
2023-24
Average
High
Low

COTTON

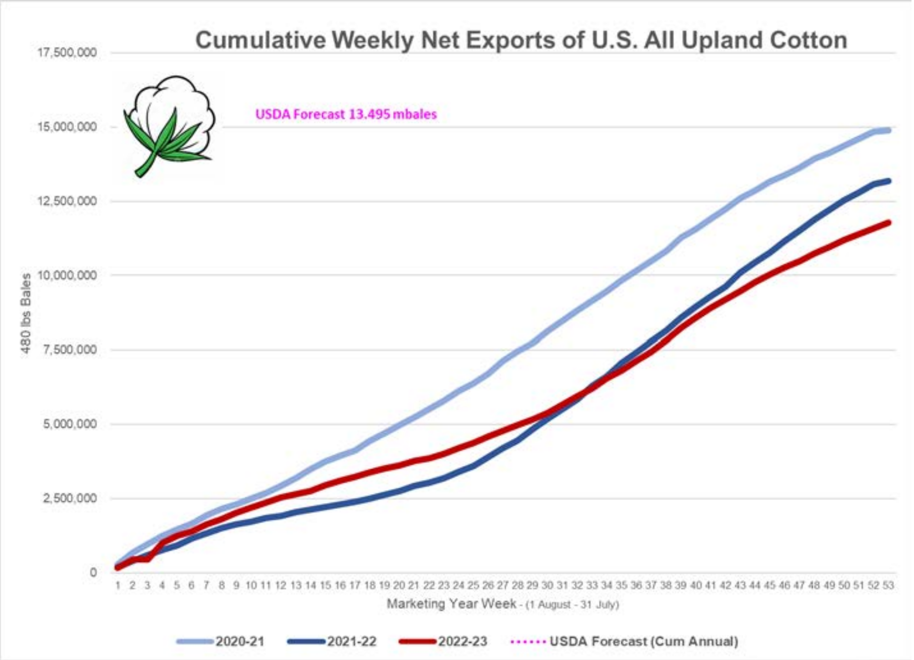
➢ **Cotton Export Shipments & Sales**

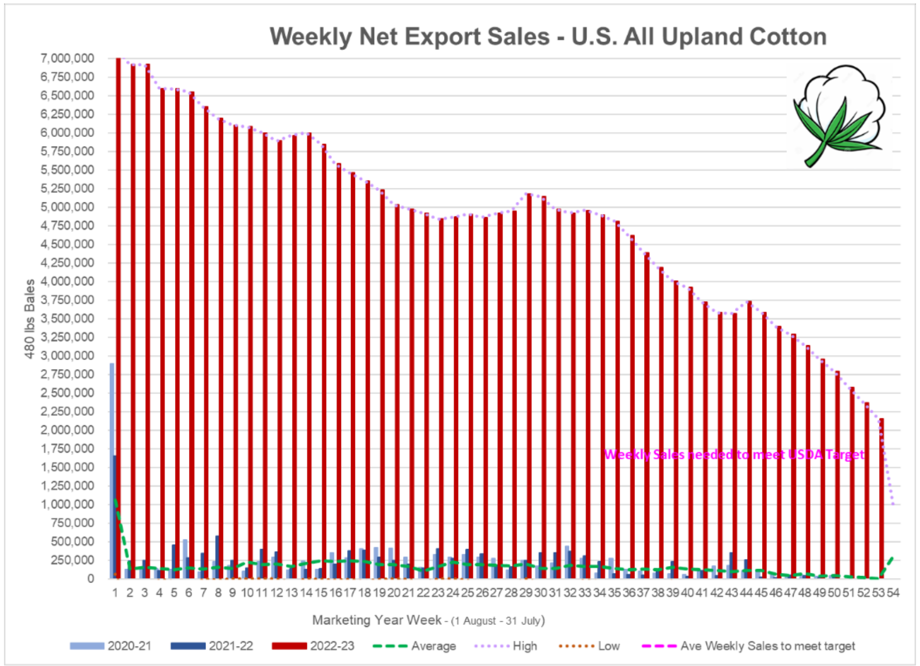
Net sales of Upland totaling 97,400 RB for 2023/2024 were down 45% from the previous week and 20% from the prior 4-week average. Increases primarily for Vietnam (29,600 RB, including 1,100 RB switched from South Korea and 400 RB switched from Japan), Pakistan (17,400 RB), China (15,000 RB, including decreases of 3,600 RB), India (7,100 RB, including decreases of 100 RB), and Bangladesh (6,300 RB), were offset by reductions for South Korea (1,100 RB) and Mexico (600 RB). Net sales of 34,400 RB for 2024/2025 primarily for Vietnam (9,200 RB), Turkey (7,500 RB), Mexico (5,400 RB), Pakistan (4,400 RB), and Ecuador (4,400 RB), were offset by reductions for Guatemala (4,000 RB). Exports of 180,000 RB were down 31% from the previous week and 39% from the prior 4-week average. The destinations were primarily to China (56,100 RB), Pakistan (30,200 RB), Turkey (25,400 RB), Vietnam (16,100 RB), and Mexico (7,600 RB). Net sales of Pima totaling 4,600 RB for 2023/2024 were down 63% from the previous week and 25% from the prior 4-week average. Increases were reported for Vietnam (1,800 RB), China (1,500 RB), India (600 RB, including decreases of 800 RB), Colombia (500 RB), and Pakistan (200 RB).

Exports of 4,600 RB were down 55% from the previous week and 51% from the prior 4-week average. The destinations were India (1,900 RB), China (1,700 RB), Pakistan (600 RB), Thailand (200 RB), and Colombia (200 RB).

Optional Origin Sales: For 2023/2024, the current outstanding balance of 4,400 RB, all Bangladesh. For 2024/2025, the current outstanding balance of 8,800 RB, all Pakistan.

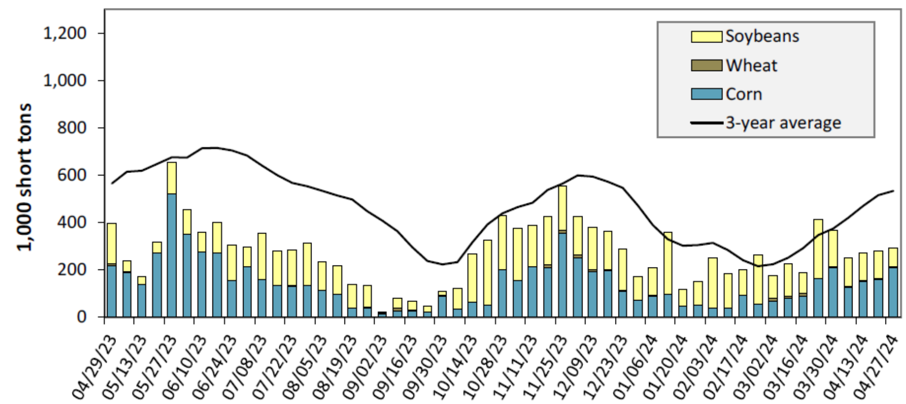
Exports for Own Account: For 2023/2024, new exports for own account totaling 14,800 RB were to China (13,400 RB), South Korea (1,300 RB), and Pakistan (100 RB). The current exports for own account outstanding balance of 82,700 RB are for China (58,000 RB), Vietnam (14,700 RB), Pakistan (5,100 RB), South Korea (3,700 RB), and Turkey (1,200 RB).





Barge Movements

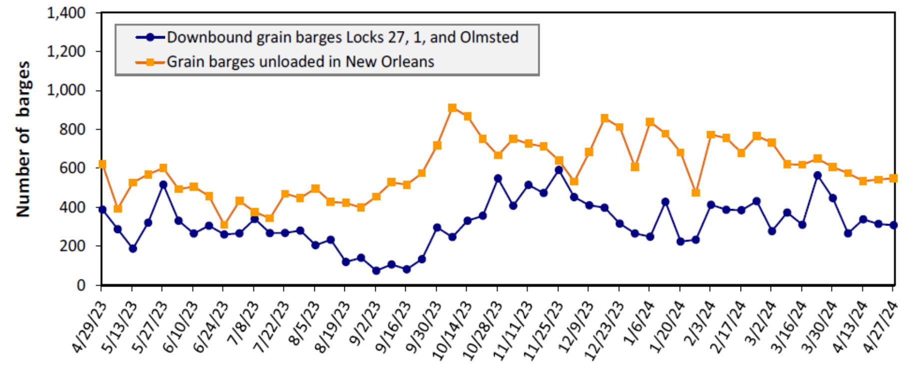
Figure 11. Barge movements on the Mississippi River (Locks 27-Granite City, IL)



Note: The 3-year average is a 4-week moving average. 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 27th of April, barged grain movements totaled 442,162 tons. This was 4% less than the previous week and 26% less than the same period last year.

Figure 13. 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.

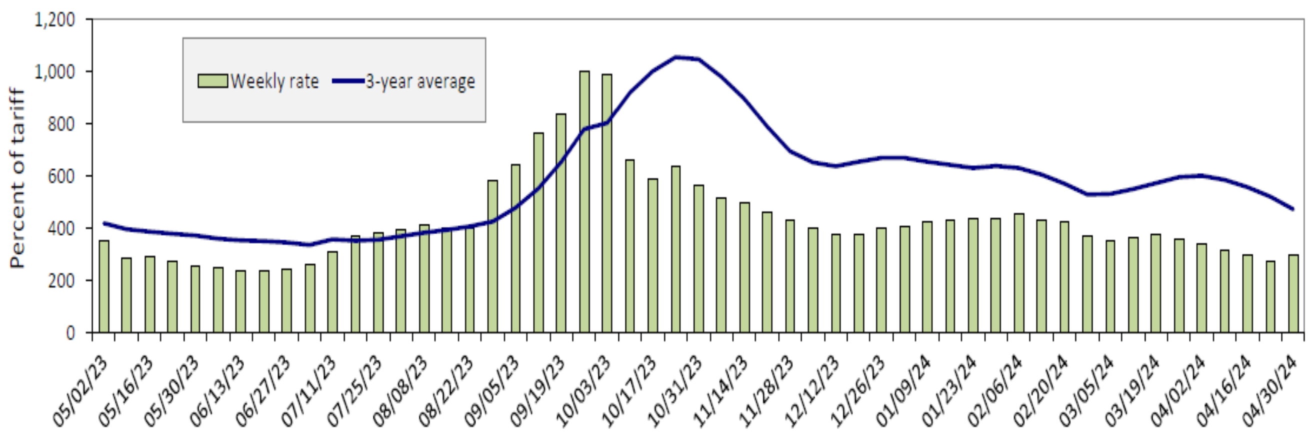
For the week ending the 27th of April, 308 grain barges moved down river—6 fewer than last week. There were 549 grain barges unloaded in the New Orleans region, 1% more than last week.

Table 10. Barged grain movements (1,000 tons)

For the week ending 04/27/2024	Corn	Wheat	Soybeans	Other	Total
Mississippi River (Rock Island, IL (L15))	43	2	35	0	79
Mississippi River (Winfield, MO (L25))	97	2	40	0	138
Mississippi River (Alton, IL (L26))	205	2	56	0	262
Mississippi River (Granite City, IL (L27))	211	2	78	0	291
Illinois River (La Grange)	64	0	11	0	75
Ohio River (Olmsted)	108	9	14	7	139
Arkansas River (L1)	0	8	4	0	13
Weekly total - 2024	320	19	97	7	442
Weekly total - 2023	343	31	217	5	595
2024 YTD	4,077	584	4,202	78	8,941
2023 YTD	4,597	445	4,721	145	9,907
2024 as % of 2023 YTD	89	131	89	54	90
Last 4 weeks as % of 2023	66	117	65	47	68
Total 2023	12,857	1,346	11,824	267	26,294

Note: “Other” refers to oats, barely, sorghum, and rye. Total may not add up due to rounding. YTD = year to date. Weekly total, YTD, and calendar year total include Mississippi River lock 27, Ohio River Olmsted lock, and Arkansas Lock 1. “L” (as in "L15") refers to a lock, locks, or lock and dam facility. 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.

Figure 9. Illinois River barge freight rate



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

Table 9. Weekly barge freight rates: southbound only

Measure	Date	Twin Cities	Mid-Mississippi	Lower Illinois River	St. Louis	Cincinnati	Lower Ohio	Cairo-Memphis
Rate	4/30/2024	328	298	296	211	247	247	198
	4/23/2024	317	277	272	207	237	237	201
$/ton	4/30/2024	20.30	15.85	13.73	8.42	11.58	9.98	6.22
	4/23/2024	19.62	14.74	12.62	8.26	11.12	9.57	6.31
Measure	**Time Period**	**Twin Cities**	**Mid-Mississippi**	**Lower Illinois River**	**St. Louis**	**Cincinnati**	**Lower Ohio**	**Cairo-Memphis**
Current week % change from the same week	Last year	-33	-32	-16	-20	-17	-17	-21
	3-year avg.	-42	-41	-37	-41	-41	-41	-39
Rate	May	331	300	294	214	247	247	196
	July	335	303	298	216	247	247	197

Note: Rate = percent of 1976 tariff benchmark index (1976 = 100 percent); 3-year avg. = 4-week moving average of the 3-year avg.; ton = 2,000 pounds; n/a = 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	5/1/2024	5/2/2024	
WK 4/28	290/325	290/325	UNC
May	290/325	290/325	UNC
June	285/325	285/325	UNC
July	285/325	285/325	UNC
Aug	375/425	375/425	UNC
Sep	550/600	550/600	UNC
Oct	600/650	600/650	UNC

MID MISSISSIPPI McGregor	5/1/2024	5/2/2024	
WK 4/28	275/300	275/300	UNC
May	275/300	275/300	UNC
June	295/325	295/325	UNC
July	295/325	295/325	UNC
Aug	375/400	375/400	UNC
Sep	525/575	525/575	UNC
Oct	625/675	625/675	UNC

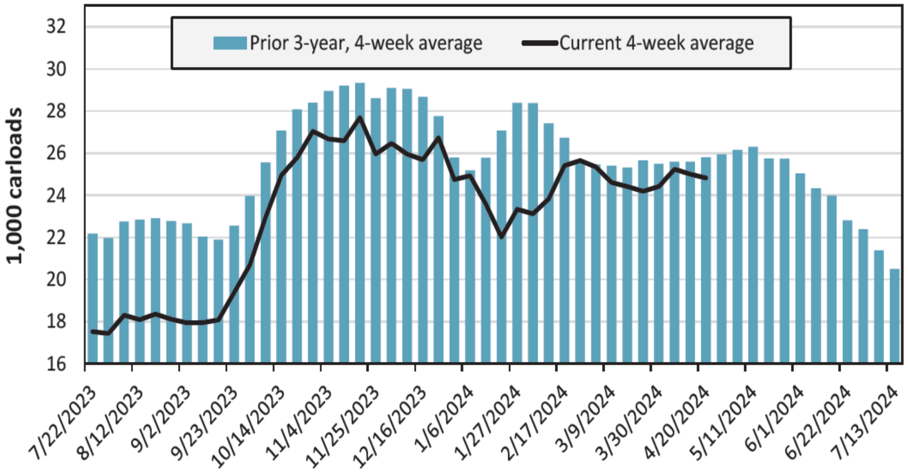
LOWER OHIO RIVER	5/1/2024	5/2/2024	
WK 4/28	205/250	205/250	UNC
May	215250	215250	UNC
June	215250	215250	UNC
July	215250	215250	UNC
Aug	350/400	350/400	UNC
Sep	475/525	475/525	UNC
Oct	550/650	550/650	UNC

UPPER MISSISSIPPI ST PAUL/SAVAGE	5/1/2024	5/2/2024	
WK 4/28	275/325	275/325	UNC
May	290/325	290/325	UNC
June	325/350	325/350	UNC
July	325/350	325/350	UNC
Aug	400/500	400/500	UNC
Sep	550/600	550/600	UNC
Oct	650/700	650/700	UNC

ST LOUIS BARGE FREIGHT 14'	5/1/2024	5/2/2024	
WK 4/28	190/225	200/225	
May	200/225	200/225	UNC
June	200/225	200/225	UNC
July	200/225	200/225	UNC
Aug	300/350	300/350	UNC
Sep	475/525	475/525	UNC
Oct	525/600	525/600	UNC

MEMPHIS CAIRO	5/1/2024	5/2/2024	
WK 4/28	190/215	190/215	UNC
May	175/200	175/200	UNC
June	175/200	175/200	UNC
July	175/200	175/200	UNC
Aug	280/325	280/325	UNC
Sep	450/500	450/500	UNC
Oct	480/550	480/550	UNC

Rail Movements



Source: Surface Transportation Board.

- U.S. Class I railroads originated 24,459 grain carloads during the week ending the 20th of April. This was a 3-percent increase from the previous week, 1% fewer than last year, and 9% fewer than the 3-year average.
- Average May shuttle secondary railcar bids/offers (per car) were $84 below tariff for the week ending the 15th of April. This was $16 less than last week and $220 more than this week last year.
- Average non-shuttle secondary railcar bids/offers per car were $188 above tariff. This was $63 more than last week, and $131 more than this week last year.

STB Finalizes Reciprocal Switching Rule

02 May 2024 Marybeth Luczak, Railway Age - The Surface Transportation Board (STB) on April 30th reported adopting Reciprocal Switching for Inadequate Service, STB Docket No. EP 711 (Sub-No. 2), by unanimous vote, implementing new regulations at 49 CFR part 1145, which it said “sets forth a path for shippers and receivers to petition the Board for the prescription of a reciprocal switching agreement.” The final rule “is designed to promote adequate rail service,” according to the STB. Board Member Robert Primus concurred with a separate expression, noting “I am voting for the final rule because something is better than nothing.” Frank N. Wilner, Railway Age Capitol Hill Contributing Editor, weighs in and provides a reciprocal switching “primer.”

Under the new regulations, STB reported that “eligibility for prescription of a reciprocal switching agreement will be determined in part using objective performance standards that address reliability in time of arrival, consistency in transit time, and reliability in providing first-mile and last-mile service.” The Board said it “will also consider, in determining whether to prescribe a reciprocal switching agreement, certain affirmative defenses and the practicability of a reciprocal switching agreement.” To help implement the new regulations, the STB said it will require “all Class I railroads to submit certain service data on an ongoing and standardized basis, which will be generalized and publicly accessible.” Railroads will also be required “to provide individualized, machine-readable service data to a customer upon a written request from that customer,” according to the STB.

The STB last September issued the Notice of Proposed Rulemaking (NPRM) that it said focused on “providing rail customers with access to reciprocal switching as a remedy for poor service.” It called the move “an important step in addressing the many freight rail service concerns expressed by stakeholders since 2016.”

“In the past several years, and particularly since 2021, it has become clear that many rail customers nationwide have suffered from inadequate and deteriorating rail service,” STB Chairman Martin J. Oberman said during the NPRM announcement, which the Board members issued by unanimous vote. “These problems were documented in detail in the hearings conducted by the Board in April 2022 … The Board has continued to closely monitor the state of rail service.

“For this reason, the Board has determined to focus its efforts with respect to reciprocal switching on providing relief to rail customers suffering from poor service. With the issuance of today’s [Sept. 7] NPRM, the Board is proposing that one approach to improving rail service is to afford affected shippers the opportunity to obtain a reciprocal switch to a competing Class I carrier when service falls below a standard set in the proposed rule.

“The new rule contains a distinct advantage over both the existing regulations and the proposal in the 2016 NPRM [Docket No. EP 711 (Sub-No. 1)]. The proposed new rule sets specific, objective and measurable criteria for when prescription of a reciprocal switching agreement will be warranted. This rule will bring predictability to shippers and will provide Class I carriers with notice of what is expected of them if they want to hold on to their customers who might otherwise be eligible to obtain a switching order. As a result, litigation costs to obtain a switch should be greatly reduced and petitions to obtain a switching order should be able to be litigated much more swiftly.”

The Sept. 7th, 2023, release of the NPRM closed Docket No. EP 711 (Sub-No. 1) and proposed, in a new Subdocket (Docket No. EP 711 [Sub-No. 2]), a new set of regulations. The comment period closed Nov. 7, 2023.

Final Rule Details: Under the final rule (download below), “customers within a terminal area that have access to only one Class I rail carrier may petition the Board to order a reciprocal switching agreement when the customer’s rail service falls below specified levels,” according to the STB. “Board-prescribed reciprocal switching agreements will allow shippers or receivers to gain access to an additional line haul carrier, while still allowing the incumbent carrier to compete for the customer’s traffic. Reciprocal switching orders by the Board will be for a minimum of three years and a maximum of five years.” The STB reported that it “considers the new reciprocal switching rule to be a significant step in incentivizing Class I railroads to achieve and maintain higher service levels on an ongoing basis by permitting a competing line haul carrier to offer better service to win the customer’s business.”

The STB on Sept. 7, 2023, issued an NPRM that would provide for the prescription of reciprocal switching agreements with emphasis on rail service performance. At that time, STB explained that “given the recurring service problems that plague the industry, it would focus reciprocal switching reform on service-related issues. The Board received many comments from interested parties."

STB now adopts a version of part 1145 that it said "reflects certain modifications to the proposal in the NPRM." The final rule identifies three performance standards; "[i]f a rail carrier's service to a customer falls below any of these standards," STB said, "that customer may petition the Board to prescribe a reciprocal switching agreement, assuming the other parameters of the rule are met." The standards are:

Service Reliability: Original Estimated Time of Arrival (OETA). According to the STB, the "service reliability standard measures a Class I rail carrier's success in delivering a shipment on time. The rail carrier success will be judged based on the estimated time of arrival that the rail carrier provided when the shipper tendered the bill of lading for shipment or, in the case of an interline move, when the incumbent rail carrier receives the shipment from a delivering carrier." The OETA "would be compared to when the car was delivered," STB reported. "The Board proposed in the NPRM a reliability standard of 60%, where a carrier would meet the standard if, over a period of 12 consecutive weeks, the carrier delivered at least 60% of the relevant shipments within 24 hours of the OETA." In the final rule, the Board "adopts the service reliability standard in the NPRM with the following changes: (1) the reliability standard will increase from 60% to 70%; (2) the definition of "delivery" will be clarified for purposes of interchange; (3) the reliability standard will measure early arrivals as well as late arrivals, in each case with a 24-hour grace period; (4) the reliability standard will be clarified for cross-border traffic; and (5) the reliability standard will only apply individually to each lane of traffic to/from the petitioner's facility."

Service Consistency: Transit Time. According to the STB, the "service consistency standard measures a rail carrier's success in maintaining, over time, the carrier's efficiency in moving a shipment through the rail system, i.e., the time it takes for a shipment to travel from its origin to its destination." In the NPRM, the STB proposed "that, for loaded manifest cars and loaded unit trains, a rail carrier would fail the service consistency standard if the average transit time for a shipment over a 12-week period increased by either 20% or 25% as compared to the average transit time for that shipment over the same 12-week period during the previous year." In the final rule, the STB "adopts the service consistency standard that was proposed in the NPRM using a 20% standard." It also "modifies the definition of delivery to better reflect custom and practice"; "clarifies how it measures transit time performance on international lanes"; "adds a three-year measure of 25% to guard against excessive cumulative increases in transit time"; "creates an absolute floor for both the one-year and three-year measure of 36 hours"; and "provides that the service reliability standard only applies to individual lanes of traffic to/from the petitioner's facility."

Inadequate Local Service: Industry Spot and Pull (ISP). ISP, the third performance standard, "measures a rail carrier's success in performing local deliveries ('spots') and pick-ups ('pulls') of loaded railcars and unloaded private or shipper-leased railcars during the planned service window," according to the STB. In the final rule, the federal agency "adopts the local service standard that was proposed in the NPRM using a 12-hour work window." It also increases the local service standard to 85%; "extends the period during which a 90% standard would apply to two years when a rail carrier unilaterally reduces service"; and "clarifies how success in spotting 'spot on arrival' railcars will be measured"; and "clarifies that the local service standard does not apply to unit trains or intermodal traffic."

Additionally, the STB adopts the data collection it proposed in the NPRM. All six Class I railroads, it said, must begin reporting based on the new, standardized definitions of OETA and ISP. STB also, requires Class I's "to provide, within seven days of receiving a request from a shipper or receiver, all individualized performance records necessary for that shipper or receiver to file a petition under part 1145." According to the STB, Part 1145 pertains to shippers and receivers "that have practical physical access to only one Class I rail carrier or its affiliated company"; that affiliated company might be a Class II (regional) or Class III (short line) railroad. Part 1145, it said, otherwise does not apply to Class II's and Class III's.

STB reported that it "will excuse an incumbent rail carrier's failure to meet a performance standard if such a failure was caused by "(a) extraordinary circumstances, such as acts of God; (b) a surge in the shipper's/receiver's traffic of more than 20% about which the shipper/receiver did not give the incumbent rail carrier advanced notice; (c) highly unusual shipment patterns by the shipper/receiver; (d) dispatching choices of a third-party; or (e) third-party conduct outside the incumbent carrier's reasonable control." The federal agency said that it will also "consider, on a case-by-case basis, affirmative defenses not specified in part 1145." The STB said it "spells out that an incumbent carrier's intentional reduction or maintenance of its workforce at a level that itself results in a workforce shortage causing the carrier to fail specified service standards would not, on its own, be considered a defense."

In prescribing a reciprocal switching agreement, the STB said it "shall prescribe a minimum term of three years and may prescribe a longer term of service up to five years when circumstances warrant a longer prescription (rather than the two to four years that was proposed)." The incumbent rail carrier, it noted, "may petition the Board to terminate the prescription at the end of the prescribed term if the incumbent rail carrier is able to demonstrate that its service for similar traffic met all three performance standards for the most recent 12-week period prior to the filing of the petition to terminate (rather than the prior 24-week period that was proposed)." If the petition to terminate is denied, the STB said it "will extend the prescription for up to the same period as the initial prescription." If the incumbent carrier "does not file a petition for termination, the prescribed agreement will automatically renew at the end of its term for the same period as the initial prescription," the STB noted.

For traffic "that is moved under a transportation contract pursuant to 49 U.S.C. 10709," the STB said it "will not prescribe a reciprocal switching agreement under part 1145 based on the incumbent carriers' performance occurring during the term of the contract." The STB said it "determines that use of contract performance data as the basis to prescribe a reciprocal switching agreement under the rule would be inconsistent with the statutory limitations imposed by section 10709."

Finally, the STB reported that it "will not prescribe a reciprocal switching agreement under part 1145 for movements of exempt commodities"; rather, "a shipper or receiver would need to obtain partial revocation of the exemption before filing a petition under part 1145." The STB clarified that it will not rely on "pre-revocation performance" as the basis for a prescription of a reciprocal switching agreement under the rule. "Recognizing the potential hardship this process might cause, the Board will prioritize petitions for partial revocation," it said. "The Board also intends to explore, at a later date, whether it should partially revoke exemptions on its own initiative to allow for reciprocal switching petitions, as is currently the case for the boxcar exemption."

"In choosing to focus reciprocal switching reform on service issues at this time," the STB said that it "has not foreclosed further consideration of additional reforms geared toward increasing competitive options." Additionally, "even with the adoption of part 1145, shippers may still pursue access to an alternate rail carrier under parts 1144 and 1147, and advocate for continued development, including, as appropriate, development by the Board of adjudicatory policies and the appropriate application of those rules in individual cases," according to the STB.

The STB's decision will be effective 120 days from the date of publication in the Federal Register.

President Joe Biden's National Economic Council commented: "This unanimous rule will help keep our supply chains moving on time and lower the cost of shipping goods for thousands of businesses across the country from farmers to manufacturers. In turn, businesses who depend on freight rail should pass savings on to consumers and give them a better deal." — Lael Brainard, National Economic Advisor

Oberman: Reciprocal Switching Rule 'Has Broken New Ground'

"Nearly 40 years ago, the ICC, by rule and by subsequent decisions, established what was perceived as a high bar for the issuance of a reciprocal switching order," STB Chairman Martin J. Oberman said in a statement April 30, less than two weeks before he retires. "Indeed, no reciprocal switching orders have been issued since before 1985, and none have even been sought since 1989. The rail network of 1985 is a far cry from that of today, and significant change is overdue.

"Today, by unanimous vote, the Board took a crucial step to lifting these decades old barriers to reciprocal switching for captive shippers. The rule adopted today has broken new ground in the effort to provide competitive options in an extraordinarily consolidated rail industry.

"Given the repeated episodes of severe service deterioration in recent years, and the continuing impediments to robust and consistent rail service despite the recent improvements accomplished by Class I carriers, the Board has chosen to focus on making reciprocal switching available to shippers who have suffered service problems over an extended period of time.

"First, although limited to consideration of reciprocal switching petitions, for the first time, the Board has set easy to measure, objective service standards for carriers: maintaining 70% or better on-time performance, not increasing transit time by more than 20% year over year, or maintaining at least 85% success on "industry spot and pull" (effectively measuring first mile-last mile service).

"[T]he new rule underscores that the railroad's intentional reduction of its workforce levels and/or equipment availability (particularly locomotives) will not excuse resulting poor service when the Board is considering a reciprocal switching petition." —STB Chairman Martin J. Oberman

"Second, for the first time, the Board is mandating that these three service metrics be maintained on a standardized basis across all Class Is, permitting both rail customers and the Board to accurately measure service across the industry and quickly assess Class I carrier performance. Of equal importance, the carriers must make each shipper's performance data readily available to the shipper on request.

"Third, while the Board is allowing for a carrier whose service has fallen below a standard to prove that the failure was for certain reasons beyond its control, the new rule underscores that the railroad's intentional reduction of its workforce levels and/or equipment availability (particularly locomotives) will not excuse resulting poor service when the Board is considering a reciprocal switching petition.

"Finally, to assure commercial practicality for both the shipper and the potentially competing railroad, reciprocal switching orders will be for a minimum of three years and a maximum of five years, and can be renewed if the incumbent carrier fails to show that its service performance can meet the service standards, or simply chooses not to seek a termination of the switching order.

"Under this rule, even when a shipper has obtained a reciprocal switching order from the Board, the incumbent carrier is more than free to continue to compete to retain that shipper's business by improving its performance behavior and trying to keep the shipper from choosing—that is, "switching to"—the competing railroad. This competition between the incumbent and alternate carrier is central to the operation of the rule. It allows the introduction of competition to incentivize better rail service.

"In my view, the most significant advantage to the new pragmatic approach will be the ease and speed of bringing and obtaining a switching order from the Board. Compared to existing rules and earlier reform proposals, the litigation process under the new rule will be much cheaper and faster. Rather than attempting to apply subjective and largely ill-defined criteria to a switching petition, the threshold for success under the new rule will be an easily ascertainable measure, e.g., either the carrier has provided an average of 70% or better on time performance over a 12-week period or it did not. The numbers will tell the story. The framework here—both the objective service standards and the potential carrier defenses—holds down needless litigation costs and delay.

"After making sure that this initial approach is, in fact, being utilized by eligible shippers and is working effectively to accomplish its goals, the Board can use what it has learned from this rule to explore additional opportunities to expand competitive access." —STB Chairman Martin J. Oberman

"For these reasons, I am confident that shippers who are suffering service below the rule's standards and who are otherwise eligible will have relatively little trouble in obtaining switching orders under this rule.

"The new rule has been enacted after very careful consideration and deliberation by the Board, including the review of 57 comments by stakeholders amounting to over a thousand pages. After decades with no Board-ordered reciprocal switching and steadfast opposition by the rail industry to any change, the Board has chosen an incremental, but nevertheless concrete and substantive change to the competitive landscape. The Board chose this approach rather than trying to impose a sweeping reform in one fell swoop on an industry which doesn't always adapt well to rapid change.

"Under this approach, the Board and stakeholders will have the opportunity to employ reciprocal switching in limited and controlled circumstances with objective measurements to evaluate its success. After making sure that this initial approach is, in fact, being utilized by eligible shippers and is working effectively to accomplish its goals, the Board can use what it has learned from this rule to explore additional opportunities to expand competitive access.

"Some stakeholders had urged the Board to pursue a more far-reaching reform of the limitations to reciprocal switching—in particular, by making reciprocal switching applicable to traffic moving under contract. I am sympathetic to that desire. Much of traffic moves under contract, and very few contracts contain service standards. However, the Board is prohibited by statute from applying the new rule to contract traffic. Had the Board attempted to do so, it would almost certainly have resulted in a court challenge that might have undermined the entire effort.

"What is important to understand is that even though the new rule is limited to common carrier traffic, the institution of standardized performance standards is intended to, and I am confident will, incentivize Class I railroads to meet these standards in order to avoid being subject to reciprocal switching orders. And because of the network nature of rail traffic, particularly with one train often carrying both common carrier and contract traffic, improvements in Class Is' attention to meeting the new service standards should benefit many more shippers than just those who can petition for a reciprocal switch.

"Since joining the Board more than five years ago, it has been apparent to me that a lack of competition in the rail industry has allowed monopolistic practices to cause not only an increase in rail prices but a severe deterioration in the quality of rail service. That deterioration in service quality has been a real depressant on the nation's economy and threatens our ability to compete in the international market. Less rail service also hampers the effort to control greenhouse gases since rail is so much more environmentally friendly than trucking.

"The new reciprocal switching rule provides access to competition where there was none. And most importantly, we are allowing competition between carriers to be the driving force for better service, rather than heavy handed dictates by the Board. Indeed, the approach of the new rule furthers the transportation policy mandated by Congress in the Staggers Act—"to ensure the development . . .of effective competition among rail carriers" and to "minimize the need for Federal regulatory control."

"I hope that the Class I carriers will heed the call of this rule and not only improve their service levels but maintain them consistently over time. If they do, they will be fulfilling their critical obligations to both their customers and the public, while at the same time minimizing the need for the Board to enact even more far-reaching regulatory requirements."

Primus: STB Rule 'Likely to Have Far Less Benefit Than it Intends'

STB Member Robert Primus concurred with a separate expression.

"The final rule adopted today is unlikely to accomplish what the Board set out to do under the statute's authorization of reciprocal switching that is 'practicable and in the public interest,'" Primus wrote. "And, despite my urging, the Board is not taking action to improve access to the statute's other prong, addressing reciprocal switching that is 'necessary to provide competitive rail service' … I am voting for the final rule because something is better than nothing. But there is far less 'something' here than I had hoped there would be. This final rule relies on service performance standards, which the incumbent carrier must fail during a 12-week period before a petitioner can seek a reciprocal switching order. The NPRM requested comment as to whether the Board may consider performance data based on service provided under a contract. NPRM, 88 FR at 63909. In this way, the NPRM left open the possibility that a petitioner would already know, before taking any steps towards filing its petition (aside from requesting the data), that 12 weeks of data are available to demonstrate failure under one of the performance standards.

"The same is not true, however, with respect to the final rule. A large proportion of rail traffic moves under contract, and the final rule establishes that the Board will not prescribe a reciprocal switching agreement under part 1145 based on performance that occurs during the term of a contract … In other words, a customer receiving substandard service under a contract cannot seek relief under part 1145. A prospective petitioner would instead need to shift from transportation under a contract to transportation under a tariff and then receive 12 weeks of substandard service before it could seek relief. Changing from contract to tariff transportation is something that rail customers generally prefer to avoid, as tariff rates can be substantially higher than contract rates …

"A would-be petitioner under the final rule could incur this 'tariff premium' indefinitely; 11 weeks into the customer's payment of tariff rates, for example, the carrier's average performance for the period could move above the threshold before falling again. Depending on the magnitude of this blip in the data, the 12-week period could effectively begin again. Rather than incurring the costs of tariff transportation indefinitely—before knowing whether a reciprocal switching petition is even a possibility—I expect contract customers will simply avoid trying to use part 1145.

"Contrary to an assertion in the decision above, the final rule therefore does not provide most rail customers with a reasonably predictable and efficient path toward a prescription under section 11102(c). I also do not share the optimism reflected in the decision's expectation that part 1145 will be a significant step in incentivizing Class I railroads through competition to achieve and maintain higher service levels on an ongoing basis." — Robert Primus, STB Member

"The decision opines that, 'if the rule can achieve its objectives with respect to common carrier traffic, this would make it worthwhile.' As the decision acknowledges, however, only a small percentage of traffic moves in common carrier service. And part 1145 does not even apply to all common carrier traffic; the traffic must also be non-exempt, among other requirements. Because the decision 'clarifies that [the Board] will not rely on pre-revocation performance as the basis for a prescription of a reciprocal switching agreement under this rule," customers whose transportation is exempt will face obstacles similar to those of contract customers should they wish to seek reciprocal switching. Such a customer would need to obtain partial revocation of the exemption—litigation that may be costly and time-consuming in itself, given the Board's statement that 'parties would be allowed to present counterbalancing evidence to demonstrate why partial revocation would not be warranted'—before potentially usable performance data even begins to accrue. Similar to contract customers, a customer who litigates and wins a partial revocation would do so unaware of whether it would ever become eligible to file a petition attempting to obtain reciprocal switching.

"I disagree with the conclusion that aiming so low is worthwhile, given that the Board could have implemented the public interest prong without the deterrent effect I have described … And that is not to mention the fact that the Board is 'choosing to focus reciprocal switching reform on service issues at this time,' while deferring to some uncertain future date any action on the competitive rail service prong …

"Contrary to an assertion in the decision above, the final rule therefore does not provide most rail customers with a reasonably predictable and efficient path toward a prescription under section 11102(c). I also do not share the optimism reflected in the decision's expectation that part 1145 will be a significant step in incentivizing Class I railroads through competition to achieve and maintain higher service levels on an ongoing basis. Rather, the Board's action is likely to have far less benefit than it intends.

"This is a missed opportunity. Almost 13 years after the National Industrial Transportation League filed its petition for rulemaking with regard to reciprocal switching, the Board is adopting rules that do nothing with respect to the statute's competitive rail service prong and may not do very much under the public interest prong. We should do more, we should do better, and we should do it without letting another decade pass."

Wilner Commentary

Railway Age Capitol Hill Contributing Editor Frank N. Wilner, author of "Railroads & Economic Regulation" that details the history of railroad-shipper conflicts, said of the final rule:

"The significance is that following decades of dithering, regulators finalized a meaningful rule on competitive access. For the first time, observable rail service standards are established; captive shippers gain insight into their individualized service records; and the STB will collect on-time performance and first/last mile standardized data.

"The rule allows captive shippers demonstrating poor service reliability under three STB-established standards—on-time performance, transit time and first/last mile success in spotting and pulling cars—to petition the agency for access to a second, competing railroad through a physical interchange at any yard used to collect, classify and distribute freight cars. There is no maximum distance limiting the remedy.

"Thus, the trigger for relief is service failure and not rate abuse as many shippers also sought. The Board, however, has other rate methodologies benefiting shippers, including Final Offer Rate Review currently under judicial appeal.

"Especially notable is that the rule—forever contentious politically and among stakeholders—gained five-vote unanimity that speaks forcefully of this Board's collegial approach to economic regulation. There most assuredly was compromise at every intersection during drafting. It is a pragmatic approach creating space to do more in the future, should events warrant.

"And what a distinct and positive difference from not too awfully long ago when the New York Times reported how the agency had 'become entrapped in bitter internal battles and a source of great embarrassment to the White House, which watched the [regulators it nominated] bicker publicly.'"

Industry Response

The Association of American Railroads on April 30th released the following statement on the STB action: "While we review this lengthy and complex final rule, it is important to note that from the outset, railroads have been clear about the risks of expanded switching and the resulting slippery slope toward unjustified market intervention. In the proposed rule, the STB was prudent to reject previous proposals that amounted to open access. As we review the impacts of this new rule, it remains true that the well-functioning freight market will almost always achieve better outcomes than bureaucratic mandates. As such, railroads will continue to invest billions each year to enhance safety and service for the benefit of our vast mix of customers."

National Grain and Feed Association (NGFA) President and CEO Mike Seyfert commented: "NGFA is committed to continuing to work with the STB and railroads as much as possible to improve the performance and efficiency of the rail network. Throughout the rulemaking process, NGFA agreed with the Board that Class I railroads must have greater incentives to improve rail service to their customers and to make continued investments in crews and equipment. Data-sharing measures supported by NGFA included in the final reciprocal switching rule will serve to both inform and incentivize railroad performance. Principally, NGFA members urge STB to take other actions to achieve the service improvements the Board seeks to encourage, including finalizing the petition for rules that govern rail carriers' use of private railcars. This petition would establish financial incentives for efficiently using railcars owned or leased by shippers. Finalizing private railcar use regulations would build on the progress made by the Board's publication in January of final emergency service rules enabling the Board to order temporary relief in emergencies more quickly and effectively. We look forward to furthering our collaboration with the STB and fostering strong, cooperative partnerships with the rail carriers."

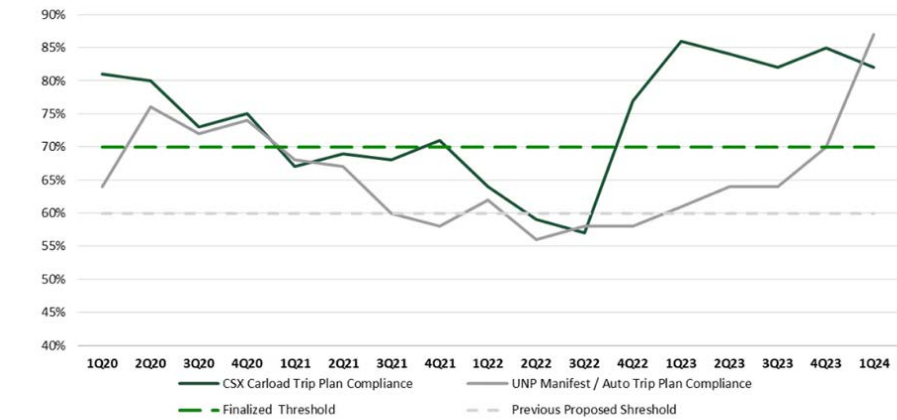
The American Chemistry Council (ACC), echoing STB Member Robert Primus, said the agency "missed an opportunity to address freight rail problems when it adopted a final rule on reciprocal switching … The STB's final rule allows shippers to seek reciprocal switching when their current railroad fails to meet specific service performance metrics. Unfortunately, the rule specifically excludes any rail traffic that is moved under contract, preventing the vast majority of rail customers from accessing competitive rail service. 'It's good to see that there is unanimous agreement at the STB that the status quo is not acceptable and freight rail reform is needed. Unfortunately, the Board's reciprocal switching rule is too narrow to help most shippers and does not address the heart of the matter: removing barriers to competition for all freight rail customers,' said ACC President and CEO Chris Jahn. 'It simply does not go far enough and do enough to incentivize the railroads to provide reliable and competitive service.' As Board Member Primus explained in his concurring statement, the rule is 'unlikely to accomplish what the Board set out to do' because the rule will not help most rail customers that receive substandard service. Despite calls by the White House through President Biden's Executive Order urging the STB to strengthen its reciprocal switching rules and to consider other rulemakings to strengthen competitive access, the STB failed to exercise its authority to provide reciprocal switching as a tool to promote rail-to-rail competition. When done properly and implemented broadly, reciprocal switching can help unlock market forces, which reduces the need for government intervention and helps head off rate and service issues. It can also open more service options and alleviate congestion in the rail network. Going forward, ACC urges Congress to clarify the Board's authority to apply this rule to contract traffic. And we urge the Board to advance proposals that would fulfill Congress' vision of reciprocal switching as a tool to promote more effective rail competition. As stated by Primus, 'We should do more, we should do better, and we should do it without letting another decade pass.'"

The American Short Line and Regional Railroad Association (ASLRRA) commented in its May 1 weekly newsletter: "ASLRRA does not expect this rule to have an appreciable impact on short line traffic, service or operations. The Association submitted comments on the rule in December when it was a proposed regulation."

TD Cowen Insight: 'Class I's Dodge a Bullet'

The STB issued a final rule on reciprocal switching, setting the stage for implementation of service-based recourse to rail shippers. The final rule has seen minor modifications to the service thresholds that trigger shipper eligibility for a switching petition, easing the eligibility criteria a bit in favor of shippers relative to the proposed rule. The updated rule is still considerably less onerous than the 2016 proposed rule, in our view. The rule comes following a ~6-month comment period after the rule was proposed in Sept 2023.

CSX and UNP Trip Plan Performance, Currently Running Well Above Increased Threshold



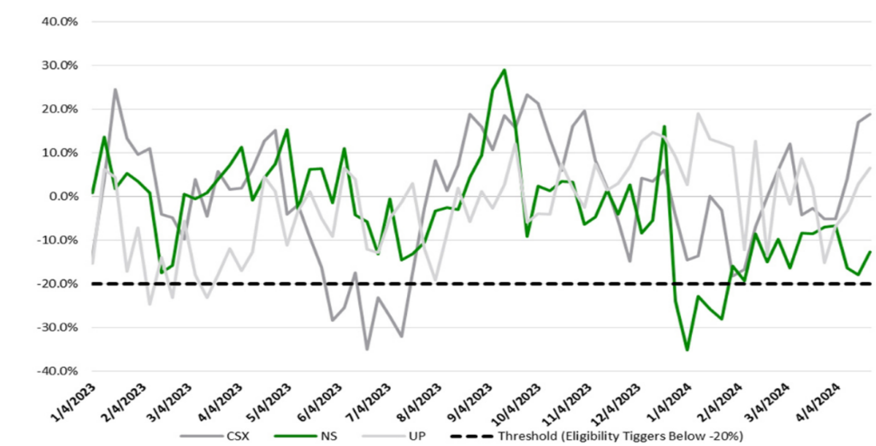
Source: Company reports, TD Cowen

Conditions For Switching Eligibility

Criterion	Metric	Description	Proposed Threshold	Final Threshold
Reliability	Original ETA	Proportion of shipments arriving within 24 hrs of original trip plan	<60% over 12 week period	<70% over 12 week period
Consistency	Transit Time	Time taken to deliver a shipment	Increases 20%-25% y/y over 12 week period	Increases 20% over 12 week period
Industry Spot and Pull	ISP Ratio	Success rate in performing local pickups/deliveries (FMLM) within specified service windows	<80% over 12 week period	<85% over 12 week period

Source: STB, TD Cowen

U.S. Class Is Transit Times Also Within Thresholds (Y/Y Change In 12-Week Rolling Avg Of Train Speed



Source: STB, TD Cowen

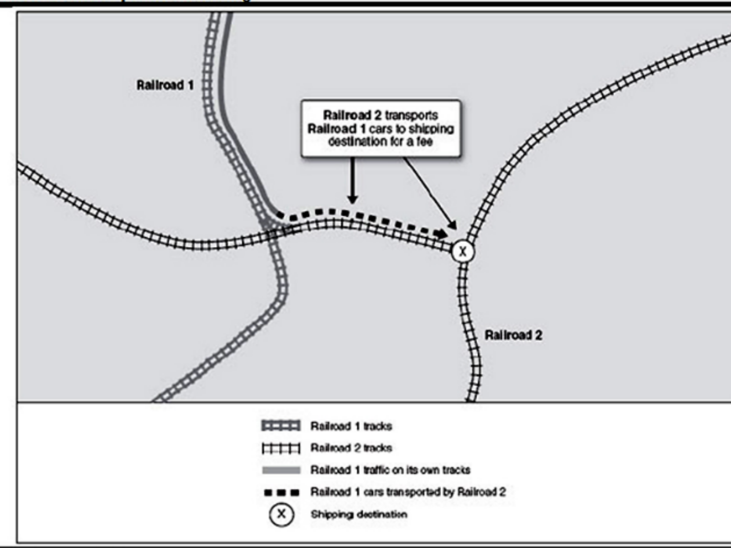
We reiterate our prior stated view that this iteration of reciprocal switching regulation appears far less burdensome than past ones. The STB notes in its ruling that the average network level on-time performance for U.S. Class I's (including BNSF) stood at 85% in 2019 and dropped to 67% at the height of COVID congestion.

The STB reports that on-time data for the last week of 2023 for the four U.S. Class I's was 80.1%, better than the 70% threshold specified. This lines up with TPC (Train Performance Calculator) data reported by the Class I's. While these are network averages and some shippers are likely to qualify for a petition, a broad range of shippers are unlikely to qualify for recourse at current service levels, in our view.

The STB settled on a 20% increase in transit time (or decrease in train speed) as a trigger for switching eligibility, picking the stricter of the thresholds the Board was contemplating in its proposed rule. The STB has also introduced a thre-year rule, allowing eligibility if transit time deteriorates 25% over a three-year period. Train speed change for the purposes of the rule is calculated on a y/y basis using a 12-week average. Data on train speed shows that U.S. Class I 12-week rolling average train speeds rarely fell below 20% on a y/y basis last year.

Reciprocal Switching Primer

Exhibit 2. Illustration of Reciprocal Switching



Source: Government Accountability Office.

Frank N. Wilner provided *Railway Age* with the following background on reciprocal switching:

"Reciprocal Switching describes a practice by which a railroad with physical access to a shipper facility switches cars to or from that facility on behalf of a second railroad lacking physical access, with the second railroad paying a per-car fee for the switching. Reciprocal Switching can be voluntary, in that it is an arm's length agreement between two railroads, or it can be required by regulators as a remedy where the railroad with physical access is found to be abusing its market power by extracting unreasonable terms or rendering inadequate service.

“A 2015 congressionally funded study by the Transportation Research Board (Modernizing Freight Rail Regulation) characterized Reciprocal Switching as ‘allowing other railroads to market the host railroad’s terminal as if it were their own.’

“Reciprocal Switching should NOT be confused with Terminal Trackage Rights, the latter allowing the entry by one or more railroads (locomotives and crew) into the terminal area of a competing railroad from an unspecified ‘reasonable distance’ outside of the terminal.

“NOR should Terminal Trackage Rights be confused with ‘Overhead Trackage Rights,’ the latter allowing for main line track sharing following a derailment or flooding—or for commercial reasons. In instances of Overhead Trackage Rights, the tenant does not serve the host railroad’s customers. If the two cannot agree on compensation, the 1980 Staggers Rail Act authorized the former Interstate Commerce Commission (STB since Jan. 1, 1996) to impose a remedy of Reciprocal Switching to enhance competition at sole-served shipper facilities.

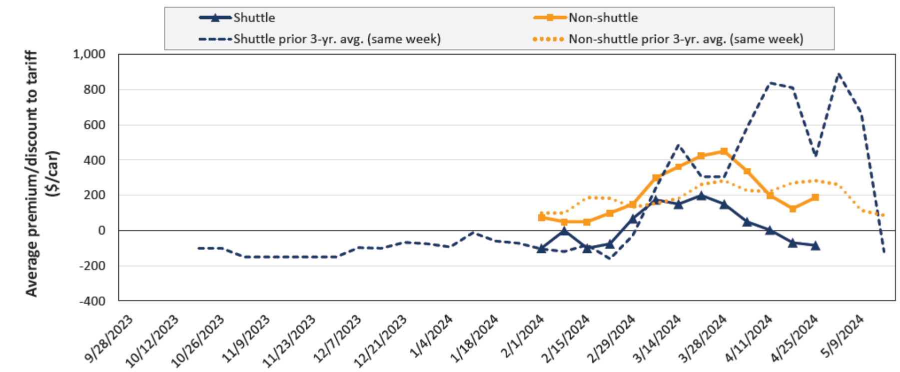
“By law, the remedy must be ‘practicable and in the public interest, or where such agreements are necessary to provide competitive rail service.’ The maximum distance to or from the shipper facility and a practical junction point with the second railroad was not defined by statute, although the National Industrial Transportation League has recommended up to 30 miles between a junction point and the shipper facility.”

➢ <u>Current Secondary Rail Car Market</u>

BN SHUTTLE	Bid/Ask/Last	Bid/Ask/Last	
Return Trip	- / -	0 / 150	
L/H May	-50 / 0	-50 / 50	
June	-125 / 0	-100 / 0	
June, July	-150 / -50	-100 / -25	
July	- / -75	-200 / -50	
F/H September	- / -125	- / -125	UNC
Oct, Nov, Dec	400 / -	400 / -	UNC
Jan, Feb, Mar	100 / -	100 / -	UNC

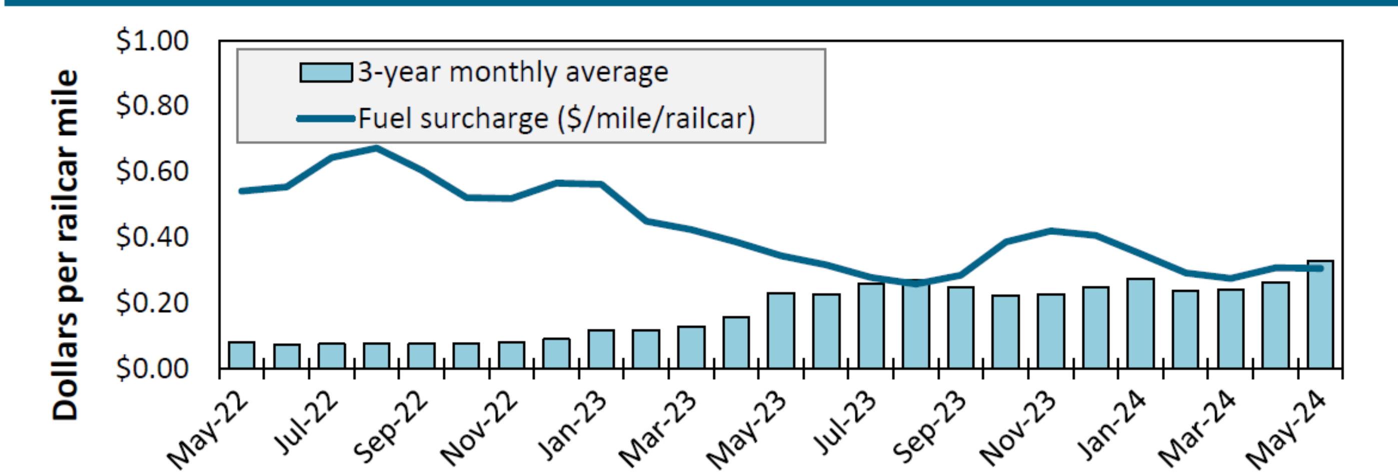
UP SHUTTLE	Bid/Ask/Last	Bid/Ask/Last	
Return trip	-250 / 0	-250 / -	
F/H May	- / 0	- / 0	UNC
L/H May	- / -	- / 0	
June, July	- / 0	- / 0	UNC
August	- / 0	- / 0	UNC
Oct, Nov, Dec	0 / 500	0 / 500	UNC

Figure 5. Secondary market bids/offers for railcars to be delivered in May 2024



Note: Non-shuttle bids include unit-train and single-car bids. n/a = not available; avg. = average; yr. = year; BNSF = BNSF Railway
Source: USDA, Agricultural Marketing Service analysis of data from Tradewest Brokerage Company and the Malsam Company.

Figure 8. Railroad fuel surcharges, North American weighted average



May 2024: $0.31/mile, unchanged from last month's surcharge of $0.31/mile; down 4 cents from the May 2023 surcharge of $0.35/mile; and down 2 cents from the May prior 3-year average of $0.33/mile.

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

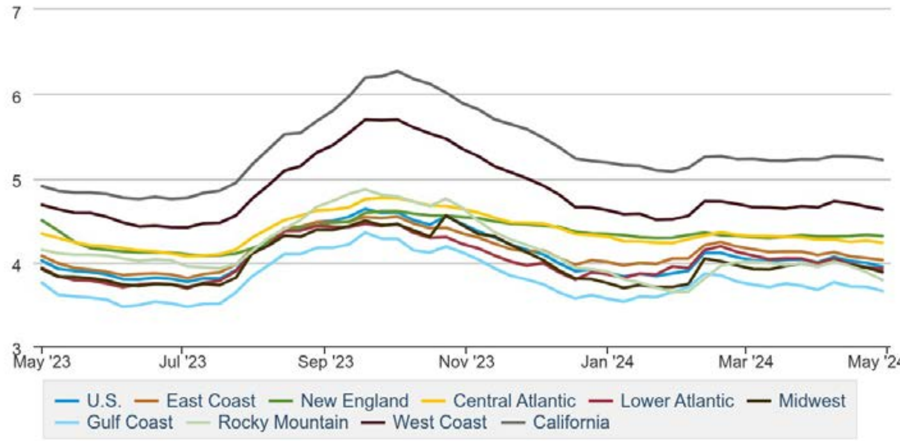
DIESEL FUEL PRICES

Table 11. Retail on-highway diesel prices, week ending 4/29/2024 (U.S. $/gallon)

Region	Location	Price	Change from Week ago	Change from Year ago
I	East Coast	4.025	-0.022	-0.048
	New England	4.309	-0.017	-0.187
	Central Atlantic	4.234	-0.021	-0.104
	Lower Atlantic	3.919	-0.022	-0.012
II	Midwest	3.882	-0.053	-0.035
III	Gulf Coast	3.657	-0.050	-0.097
IV	Rocky Mountain	3.787	-0.096	-0.359
V	West Coast	4.625	-0.036	-0.056
	West Coast less California	4.110	-0.044	-0.379
	California	5.216	-0.028	0.313
Total	United States	3.947	-0.045	-0.071

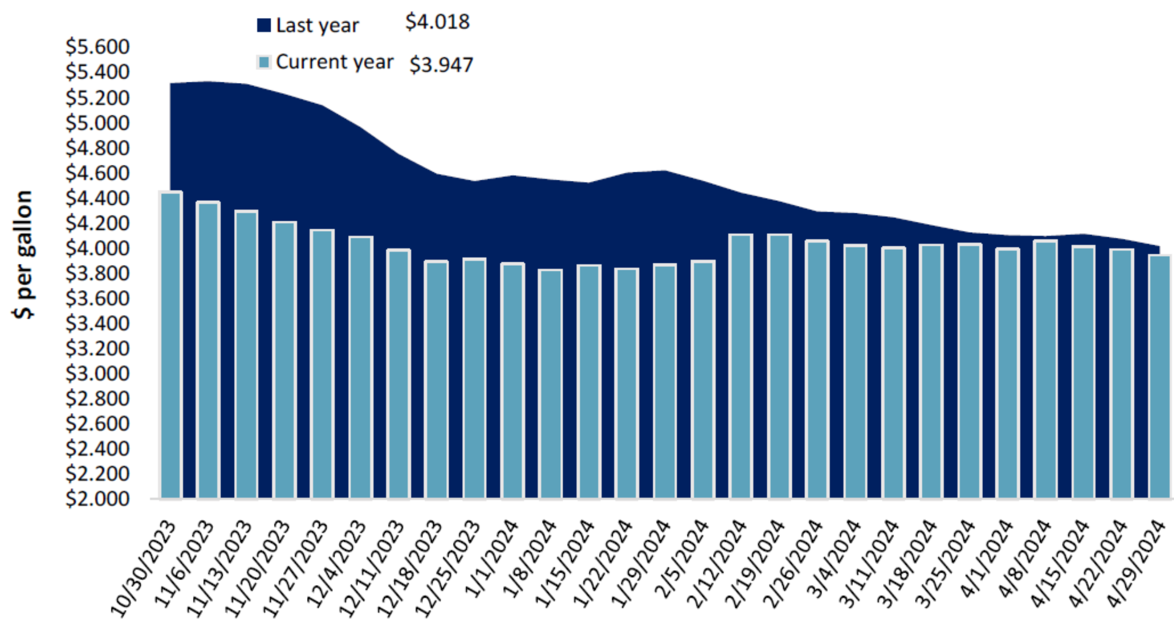
Note: Diesel fuel prices include all taxes. Prices represent an average of all types of diesel fuel. On June 13, 2022, the Energy Information Administration implemented a new methodology to estimate weekly on-highway diesel fuel prices.
Source: U.S. Department of Energy, Energy Information Administration.

On-Highway Diesel Fuel Prices



For the week ending the 29th of April, the U.S. average diesel fuel price decreased 4.5 cents from the previous week to $3.947 per gallon, 7.1 cents below the same week last year.

Figure 14. Weekly diesel fuel prices, U.S. average



Note: On June 13, 2022, the Energy Information Administration implemented a new methodology to estimate weekly on-highway
Source: U.S. Department of Energy, Energy Information Administration.