U.S. Selected Exports, Trade and Transportation

Wheat, Corn, Grain Sorghum, Cotton and Soybean Complex

25th November 2022

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

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

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- **Outstanding Export Sales (Unshipped Balances) on the 18th of November 2022**
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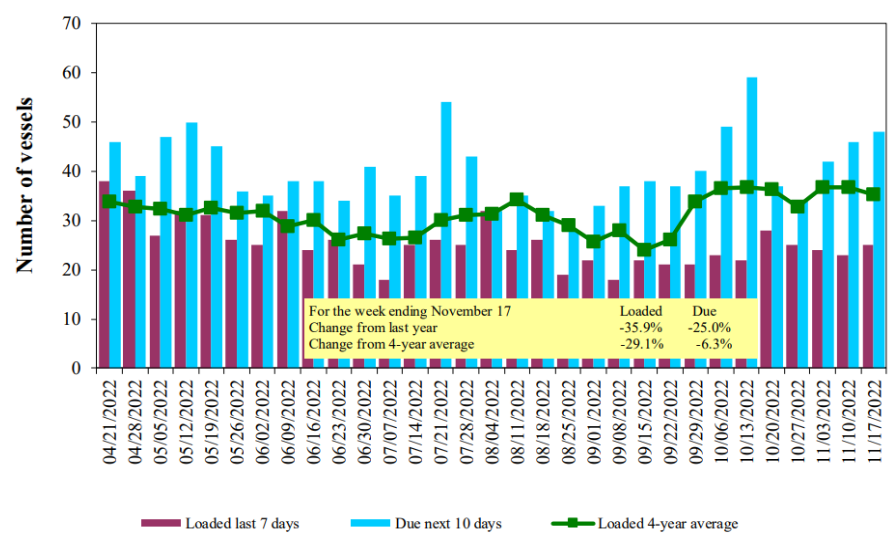
U.S. EXPORT ACTIVITY

Export Sales

- For the week ending the 10th of November, unshipped balances of wheat, corn, and soybeans for marketing year (MY) 2022/23 totaled 36.03 million metric tons (mmt), down 24% from the same time last year and up 5% from last week.
- Net corn export sales for MY 2022/23 were 1.170 mmt, up significantly from last week.
- Net soybean export sales were 3.030 mmt, up significantly from last week.
- Net weekly wheat export sales were 0.290 mmt, down 10% from last week.

Vessel Loadings

U.S. Gulf[1] vessel loading activity



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

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

For the week ending	HRW	SRW	HRS	SWW	DUR	All wheat	Corn	Soybeans	Total
	Wheat								
Export balances[1]									
11/10/2022	919	523	1,153	1,043	62	3,699	10,933	21,398	36,030
This week year ago	1,835	575	1,184	772	52	4,418	25,201	18,049	47,668
Cumulative exports-marketing year[2]									
2022/23 YTD	2,613	1,678	2,616	2,101	78	9,085	4,967	14,586	28,638
2021/22 YTD	3,500	1,449	2,519	1,710	77	9,255	7,779	16,490	33,525
YTD 2022/23 as % of 2021/22	75	116	104	123	101	98	64	88	85
Last 4 wks. as % of same period 2021/22	45	88	94	120	118	78	42	123	76
Total 2021/22	7,172	2,786	5,254	3,261	196	18,669	59,764	57,189	135,622
Total 2020/21	8,422	1,790	7,500	6,438	656	24,807	66,958	60,571	152,335

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

[2] Shipped export sales to date.

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

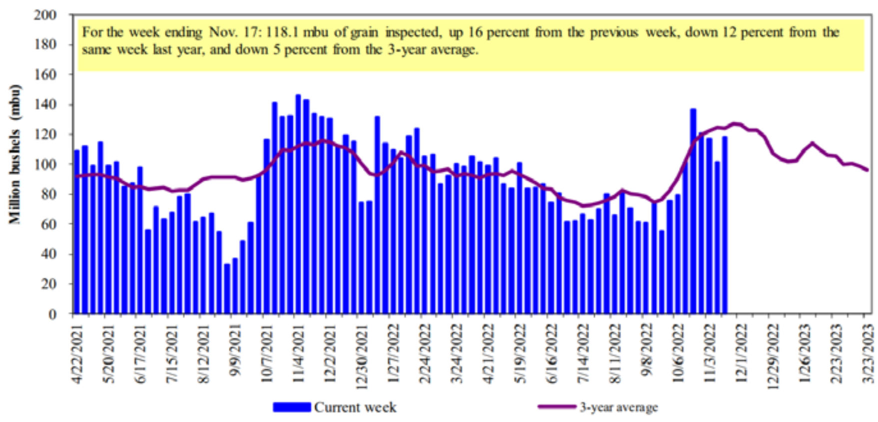
Weekly port region grain ocean vessel activity (number of vessels)

Date	Gulf In port	Gulf Loaded 7-days	Gulf Due next 10-days	Pacific Northwest In port
11/17/2022	37	25	48	18
11/10/2022	35	23	46	18
2021 range	(10…57)	(5...48)	(15...69)	(4…27)
2021 average	34	32	49	15

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

Export Inspections

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

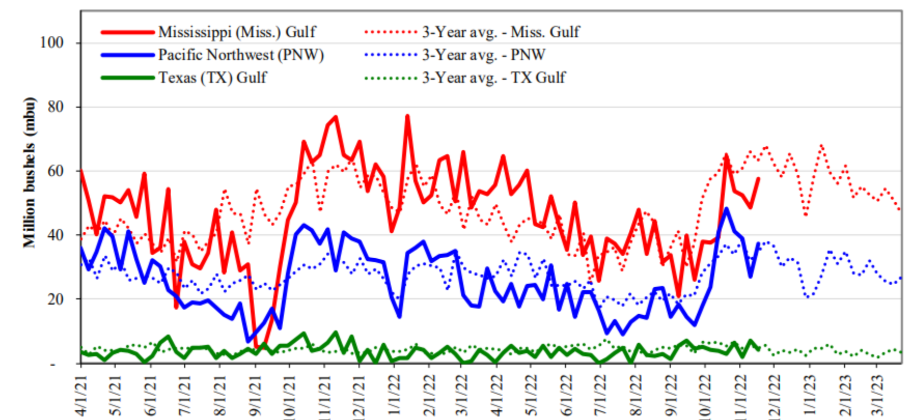


Note: 3-year average consists of 4-week running average.

Source: USDA, Federal Grain Inspection Service.

- For the week ending the 17th of November, 25 oceangoing grain vessels were loaded in the Gulf—36% fewer than the same period last year.
- Within the next 10 days (starting the 18th of November), 48 vessels were expected to be loaded—25% fewer than the same period last year.

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



Week ending 11/17/22 inspections (mbu):		Percent change	MS Gulf	TX	U.S. Gulf	PNW
MS Gulf:	57.5	Last wk:	up 19	down 42	up 11	up 37
PNW:	37.3	Last Year (same wk):	down 11	up 19	down 10	down 8
TX Gulf:	4.1	3-yr avg. (4-wk. mov. Avg):	down 8	down 25	down 9	up 7

Source: USDA, Federal Grain Inspection Service.

- As of the 17th of November, the rate for shipping a metric ton (mt) of grain from the U.S. Gulf to Japan was $58.00. This was 1% more than the previous week.
- The rate from the Pacific Northwest to Japan was $33.25 per mt, down 2% from the previous week.

GRAINS INSPECTED AND/OR WEIGHED FOR EXPORT

Week Ending the 17th of November 2022

GRAIN	11/17/2022 (WEEK ENDING)	11/10/2022 (WEEK ENDING)	11/18/2021 (WEEK ENDING)	PREVIOUS MARKET YEAR TO DATE	CURRENT MARKET YEAR TO DATE
BARLEY	0	147	96	1,708	9,839
CORN	495,395	535,416	826,140	5,479,500	7,827,218
FLAXSEED	0	100	100	200	124
MIXED	0	0	0	0	0
OATS	0	0	0	6,486	300
RYE	0	0	0	0	0
SORGHUM	53,665	3,087	238,986	274,692	753,689
SOYBEANS	2,329,082	1,964,181	2,516,355	17,128,301	19,141,214
SUNFLOWER	0	96	0	2,160	432
WHEAT	279,904	170,424	193,189	10,279,437	10,513,524
Total	3,158,046	2,673,451	3,774,866	33,172,484	38,246,340

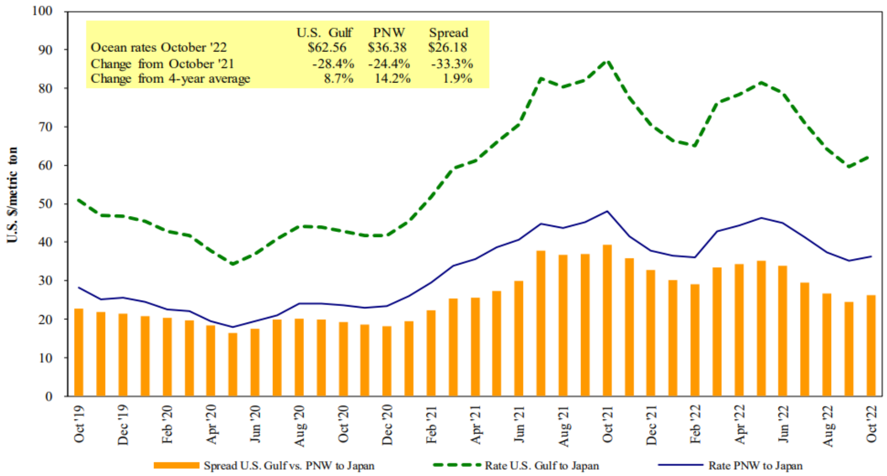
CROP MARKETING YEARS BEGIN JUNE 1st FOR WHEAT, RYE, OATS, BARLEY AND FLAXSEED, SEPTEMBER 1st FOR CORN, SORGHUM, SOYBEANS AND SUNFLOWER SEEDS. INCLUDES WATERWAY SHIPMENTS TO CANADA.

Source: https://www.ams.usda.gov/mnreports/wa_gr101.txt

Ocean Freight

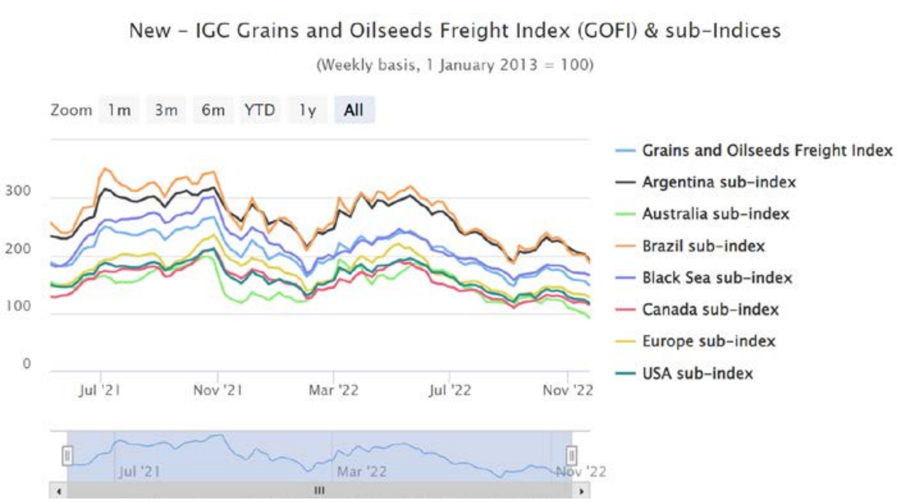
➢ Vessel Rates

Grain vessel rates, U.S. to Japan

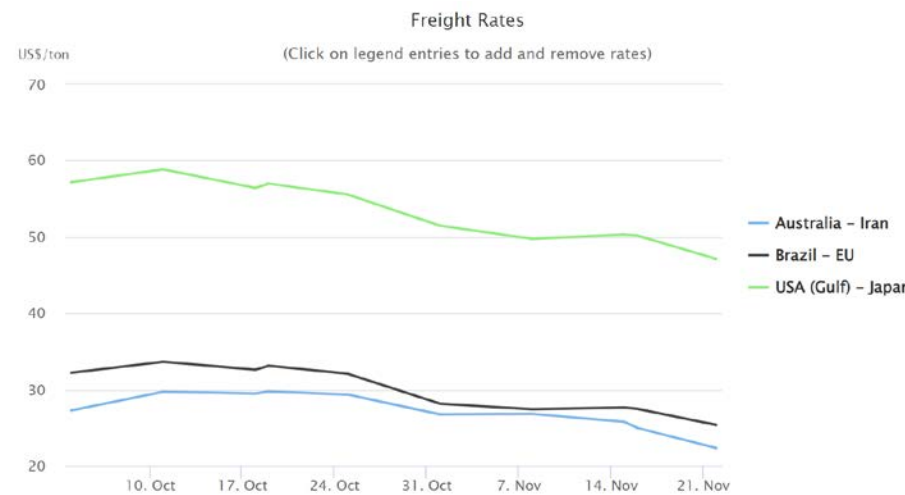


Note: PNW = Pacific Northwest.
Source: O'Neil Commodity Consulting.

➢ IGC Grains Freight Index –25th November 2022



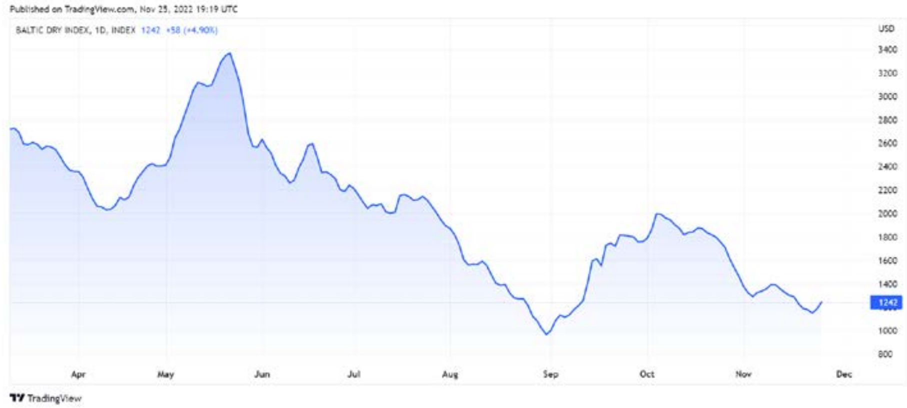
	22 Nov	Weekly Change	Annual Change	52 Week Low	52 Week High
IGC Grains and Oilseeds Freight Index	147	-10	-25 %	147	243
Argentina sub-Index	190	-14	-27 %	189	308
Australia sub-Index	91	-11	-23 %	91	193
Brazil sub-Index	186	-15	-24 %	186	321
Black Sea sub-Index	165	-4	-27 %	157	249
Canada sub-Index	114	-6	-29 %	109	190
Europe sub-Index	127	-6	-30 %	124	220
USA sub-Index	116	-8	-23 %	116	195



	22 Nov	Weekly Change	Annual Change	52 Week Low	52 Week High
Australia - Iran	$22	-3	-18 %	$22	$43
Brazil - EU	$25	-2	-30 %	$25	$48.8
USA (Gulf) - Japan	$47	-3	-20 %	$47	$76

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

- **Baltic Dry Freight Index – Daily = 1242**



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**

25 November 2022 Baltic Exchange - This report is produced by the Baltic Exchange - Source: www.balticexchange.com.

Capesize: The market ended the week on a high as the Atlantic region stepped up its activity and ignited other regions to also build in value. The Capesize 5TC now stands at $13,373. That is hardly an impressive level for this time of year - or in regards to the past 18 months - yet it has lifted +4,068 week on week. The stark difference in earnings between regions is evident as the Transpacific pays $13,518 to the Transatlantic C8 at $18,144, while the Ballaster C14 route lags at a paltry $9,080 even after several days of gains. The Pacific activity was largely stable in rates at the beginning of the week. But as the Atlantic continued to gain, the positive sentiment infected the Pacific region as a run up in West Australia to Qingdao C5 was seen by Friday. The C5 route now prices at $8.98, while the Brazil to China C3 was similarly affected and closed up at $19.006. The Capesize market is not anywhere near where Owners were expecting, or are happy with, but a rally like this is welcomed and sparks hope for a strong finish to the year.

Panamax: Some described the market in Asia as a bloodbath this week with values seeing extensive corrections. The Aussie/NoPac round trips were now traded at levels not seen since Q4 2020 as demand and confidence waned in the basin. Older and smaller units by the end of the week were conceding rates of sub $7,000 in order to fix for the shorter trips, which highlighted the fall out here. The Atlantic revitalised midweek on the back of some much-needed demand in the north of the arena. Transatlantic and fronthaul trips yielded improved rates. The East Coast South America early arrival window was affected somewhat by the fall out in the Pacific and doubled down on sentiment a little here too. But a number of US Gulf to Far East deals were heard concluded midweek at $21,500, with improving rates to come some felt. Period news included an 82,000-dwt delivery Japan agreeing $15,000 for approximately 17/19 months charter.

Ultramax/Supramax: A story of two halves during the week as positive momentum returned to the Asian arena with stronger levels of enquiry from Indonesia and later on in the week from the North Pacific. In contrast, the Atlantic overall lost ground with limited support from key areas such as the US Gulf and South America. Period activity included a 61,000-dwt open Kandla fixing one year at $12,500 for the first four months trading thereafter at 112 per cent of BSI. From the Atlantic, a 56,000-dwt open Spain was heard fixed for a trip via Morocco to India at $25,000. The US Gulf saw Supramax sizes now seeing in the low $20,000s for Transatlantic runs. From Asia, a 56,000-dwt

Ocean freight rates for selected shipments, week ending 11/19/2022

Export region	Import region	Grain types	Loading date	Volume loads (metric tons)	Freight rate (US$/metric ton)
U.S. Gulf	Japan	Heavy grain	Nov 1/10, 2022	50,000	79.25
U.S. Gulf	Japan	Heavy grain	Jul 20/30, 2022	50,000	81.50
U.S. Gulf	Japan	Heavy grain	Jun 1/10, 2022	50,000	89.65
U.S. Gulf	Japan	Heavy grain	May 1/20, 2022	50,000	78.90
U.S. Gulf	S. China	Corn	Aug 1/10, 2022	68,000	71.00
U.S. Gulf	Djibouti	Sorghum	Oct 5/15, 2022	13,920	94.08*
U.S. Gulf	Djibouti	Wheat	Nov 5/15, 2022	22,500	102.88*
U.S. Gulf	Honduras	Soybean Meal	Feb 18/28, 2022	7,820	57.15*
U.S. Gulf	S. Korea	Heavy grain	Jun 1/Jul, 2022	55,000	82.75
U.S. Gulf	Sudan	Sorghum	Mar 1/10, 2022	35,790	149.97*
PNW	Yemen	Wheat	Jul 10/20, 2022	27,000	169.50*
Brazil	N. China	Heavy grain	Mar 18/27, 2022	64,000	56.85
Argentina	Taiwan	Corn	May 1/Jun, 2022	65,000	85.00

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

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

Source: Maritime Research, Inc.

open Singapore fixed a trip via Indonesia redelivery China at $12,000. A 63,000-dwt open Singapore fixed a trip via Indonesia redelivery Vietnam at $13,250. The Indian Ocean saw limited activity. A 58,000-dwt fixed a trip from EC India redelivery China with iron ore at $8,000.

Handysize: With minimal activity across the Atlantic and Pacific this week, levels have continued to soften. The Continent and Black Sea have seen levels of enquiry reduce further. A 35,000-dwt was fixed from Rouen to West Africa at $15,750. In East Coast South America, larger sizes continued to take smaller stems and levels are softening with a 36,000-dwt rumoured to have been fixed for a trip from Recalada to Skaw-Passero Range at $23,000. In Asia, a 40,000-dwt open in Thailand was fixed for a trip via Western Australia to China at $10,500. There has been more activity from the NoPac region with a 38,000-dwt fixing from Japan via NoPac for a round voyage at $11,500 and a 33,000-dwt fixed from Astoria to Japan at $13,500. Period has been more active with a 38,000-dwt fixing basis delivery in China with December dates at 108% of the BHSI index.

➢ Baltic Dry Index Snaps Nine-day Losing Streak

23 November 2022 Rahul Paswan, Reuters - The Baltic Exchange's dry bulk sea freight index rose on Wednesday for the first time in ten sessions, helped by an uptick in capesize rates.

The overall index, which factors in rates for capesize, panamax and supramax shipping vessels carrying dry bulk commodities, added 35 points, or about 3%, to 1,184.

The capesize index added 127 points, or 11.6%, to hit its highest in a week at 1,219.

Average daily earnings for capesizes, which typically transport 150,000-tonne cargoes of coal and steel-making ingredient iron ore, increased $1,049 to $10,106.

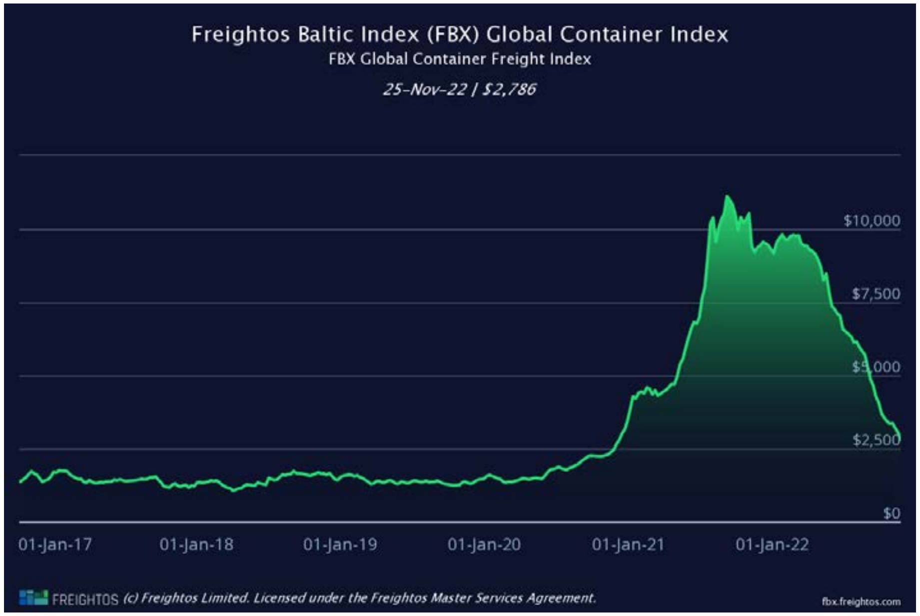
Meanwhile, Dalian iron ore futures extended their losses for a third straight session as worries over rising COVID-19 cases in top steelmaker China weighed on market sentiment.

The supramax index ended its 22-session losing streak and edged up 3 points to 1,163.

The panamax index dropped 32 points, or 2.1%, to an 11-week low at 1,464.

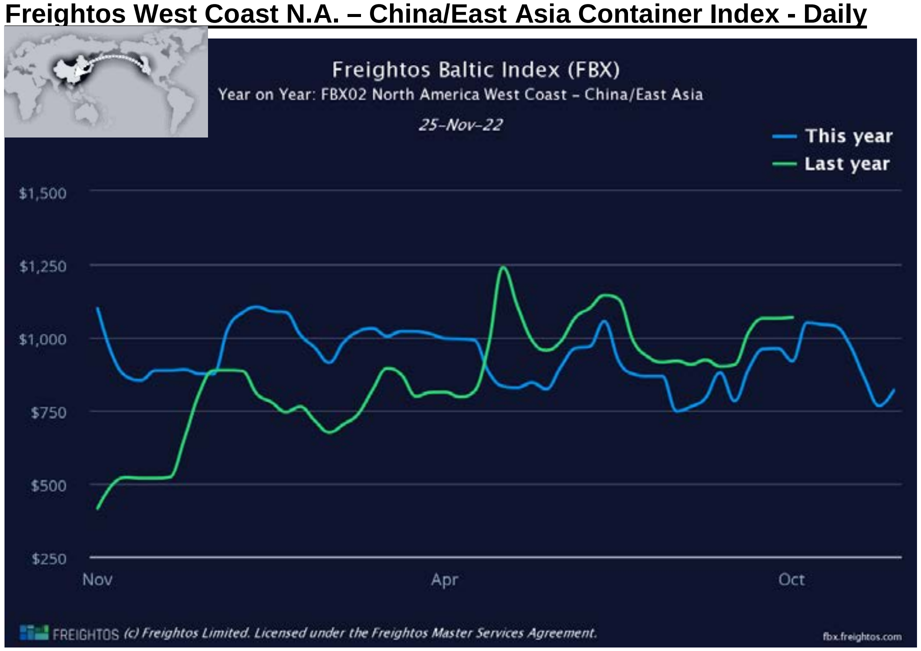
Average daily earnings for panamax vessels, which usually carry coal or grain cargoes of about 60,000 tonnes to 70,000 tonnes, decreased by $283 to $13,180.

- ## **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: httpsfbx.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.

- ## **What do crazy $500,000-per-day rates say about shipping demand?**

21 November 2022 Greg Miller, FreightWaves - Ocean shipping demand is traditionally measured in “ton-miles”: volumes multiplied by distance. So, here’s a paradox: Ton-miles for liquefied natural gas shipping have fallen in 2022, because most cargoes from the U.S. are being pulled to war-stricken Europe instead of going longer-haul to Asia. And yet, LNG shipping spot rates have skyrocketed to Guinness Book levels of up to $500,000 per day.

How is this possible?

This paradox was addressed at the Marine Money New York Ship Finance Forum on Thursday. The answer — which offers an important lesson on understanding demand in all shipping segments, from tankers to bulkers to container ships — is that it’s not all about ton-miles.

Ton-days not ton-miles

There are two reasons why LNG shipping spot rates have gone through the roof despite falling ton-miles: the effect of time or “ton-days” (volume multiplied by voyage time) and the effect commodity pricing on ship availability.

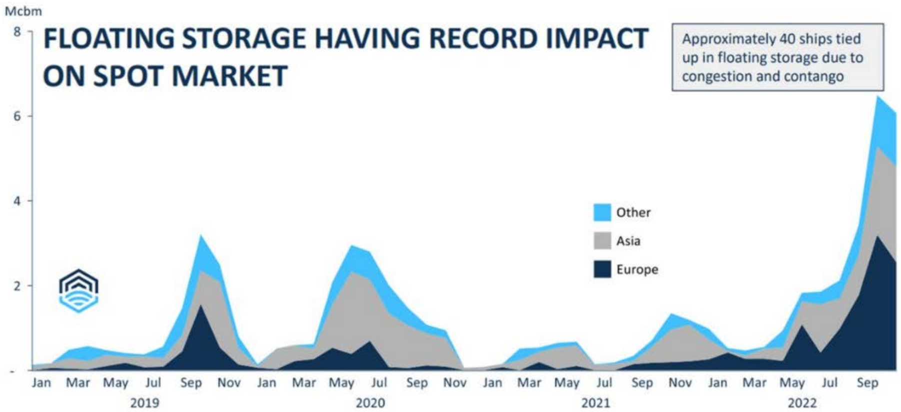
Jefferson Clarke, head of LNG commercial analytics at Poten & Partners, said at the Marine Money event, “When we forecast shipping supply-demand balances, it’s not actually just about ton-miles. While that’s an important element, we also focus on the impact of time.”

Brokerage BRS highlighted this issue in a dry bulk shipping report earlier this year. “For the uninitiated, freight demand is often perceived to be the absolute amount of cargo loaded and shipped. A shipping professional … knows that a shipment that traveled across half the globe is going to generate more demand for freight capacity [i.e., ton-miles].”

But “while ton-miles have been widely used in the shipping industry, one hidden flaw is that it doesn’t take into account waiting time,” wrote BRS. “Hence, it will be instructive to [reexamine] freight demand using ton-days.”

The runup in rates for larger dry bulk ships in 2021 was heavily driven by Chinese port delays that boosted ton-days. Surging container-ship freight rates from Asia to the West Coast in late 2021 were partly driven by unloading delays in Los Angeles/Long Beach. The boom in very large crude carrier (VLCC) rates in spring 2020 was driven by floating storage, vastly extending the time between loading and discharge.

That same dynamic is now playing out in LNG shipping.



(Chart: Flex LNG Q3 2022 investor presentation)

Flex LNG (NYSE: FLNG) CEO Oystein Kalleklev said on a quarterly call last Tuesday, "There is a huge buildup of [LNG] ships tied up in floating storage, especially in Europe but also in other countries. As of today, we are at an all-time high level of around 40 ships being tied up in floating storage, which is taking out a lot of ships from the general freight market, which is making the freight market very tight."

Looming insurance ban on Russian crude

This same ton-days factor is expected to be a key positive crude-tanker spot rate driver when the EU and U.K. ban on shipping insurance for Russian crude exports comes into effect in two weeks.

Higher voyage distance — ton-miles — will be the largest factor, but not the only factor.

Wintertime Russian exports from northern ports are expected to be handled by smaller ice-class tankers that will be forced to conduct time-consuming ship-to-ship transfers with larger tankers, likely off the coast of Africa. Tankers loading Russian crude in the Black Sea could also face transit delays as insurance is vetted prior to passage through the Bosporus Strait.

Contango and ton-days

Spot shipping rates are driven by commodity prices in at least two ways. First, related to ton-days, if the forward commodity price is high enough versus the current price (known as contango) to induce floating storage. Second, if the arbitrage profits — the price difference between one region and another — are exceptionally high.

The contango in crude pricing caused the VLCC rate spike in spring 2020, increasing ton-days. LNG prices in Europe are in contango now.

Kalleklev said at the Marine Money forum, "Not only do we have all this congestion in Europe, but there is a glut of LNG coming into Europe, pushing prompt prices lower, meaning you get this big contango. Suddenly, there are two incentives for floating storage, congestion and contango, so rates have skyrocketed."

Commodity price effect on charter markets

The second commodity-price factor — arbitrage profits between regions — seems even more important to today's LNG spot rates, due to its effect on the long-term charter market.

In any spot shipping market, the rate depends on how many vessels are actually available for spot business. LNG ships available for short-term employment are now virtually nonexistent because they're all on long-term charters and those charterers are generally not subletting their vessels into the spot trade.

LNG commodity prices have hit record highs this year in the wake of the Ukraine-Russia war. At one point, natural gas in Europe was priced at the equivalent of $600 per barrel of oil, said Francisco Blanch, head of global commodities at Bank of America.

According to Clarke, "In the current environment, LNG [commodity] prices are more a determining factor on shipping demand."

Clarke explained: "Charterers are holding onto tonnage and not subletting their vessels out. They are more concerned about having access to tonnage. They're more focused on the [long] term market than the spot market. So, when we read these headlines of high [spot] rates, they're largely irrelevant, because there's very little liquidity."

In other words, LNG ship charterers can make more money by pocketing arbitrage profits moving their own cargoes than from briefly subletting their vessels to others. Because there are so few ships left for spot trading, LNG spot shipping rates have risen to $450,000 to $500,000 a day due to lack of tonnage — but very few vessel owners actually earn those rates.

"It's not really a market," said Kalleklev of the current spot LNG shipping business.

Parallel in container-ship leasing

This extreme emphasis on long-term charters does not occur in dry bulk and oil tanker trades, because ownership is highly fragmented, many owners keep a substantial portion of their fleets on spot even in boom times, and tankers are bulkers are largely in "tramp" trades (i.e., no fixed port pairs).

But there was a recent parallel in container-ship leasing.

In 2021 and the first half of 2022, container-ship owners chose to lease out tonnage on historically lucrative multiyear deals. Liners agreed to pay exceptionally high rates for extended durations. Virtually every ship available for lease was leased out.

As in LNG shipping, container-ship owners opted for long-term deals over short-term ones even though short-term rates were much higher, because a bird in the hand is worth more than two in the bush. Meanwhile, liners did not sublet the ships they chartered, because they could earn much more using the chartered ship to transport containerized cargo than they could from sublet income.

This severely limited container-ship tonnage available for short-term, multi-month charters, causing short-term leasing rates for a very small number of vessels to spike to $200,000 per day.

Add it all up and the takeaways are: For LNG shipping and container-ship leasing, focus on long-term rates, not the short-term rates that get the headlines, and for all shipping markets, think less about ton-miles and more about ton-days, which encompass not only voyage length but also loading and unloading delays.

CEREAL GRAINS

- **Wheat Export Shipments and Sales**

  Net sales of 511,800 metric tons (MT) for 2022/2023 primarily for Iraq (200,000 MT), the Philippines (58,000 MT), Mexico (52,500 MT, including decreases of 12,000 MT), Japan (49,900 MT), and Taiwan (43,200 MT, including decreases of 500 MT), were offset by reductions for Italy (2,500 MT).

  Exports of 138,400 MT were primarily to Venezuela (30,200 MT), Japan (29,000 MT), Taiwan (25,900 MT), Mexico (23,300 MT), and Honduras (11,000 MT).

- **Rice Export Shipments and Sales**

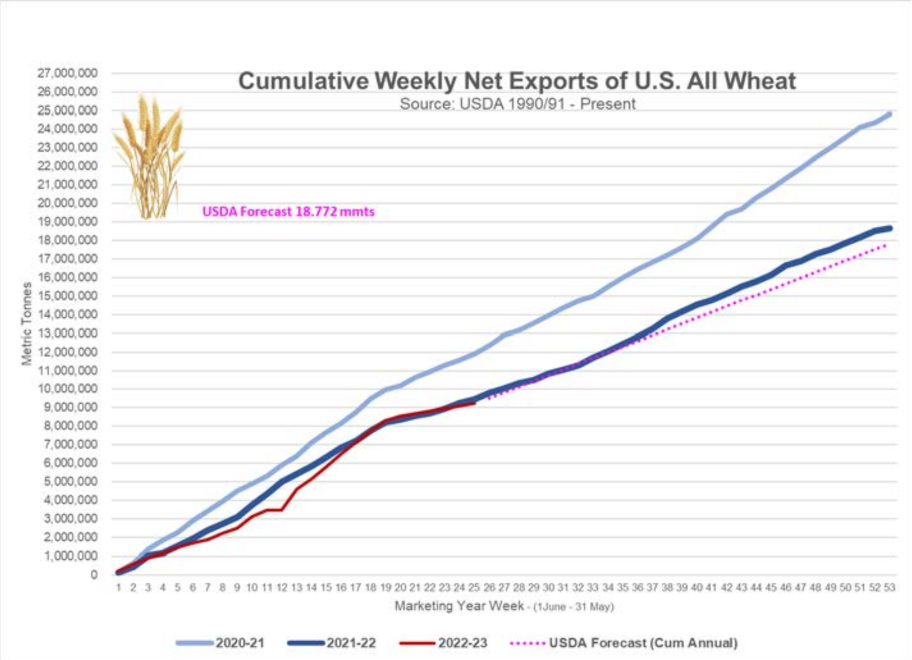
  Net sales of 87,100 MT for 2022/2023 were primarily for Nicaragua (25,000 MT), Honduras (20,000 MT), Japan (13,000 MT), Mexico (8,900 MT), and Haiti (7,000 MT, including decreases of 200 MT).

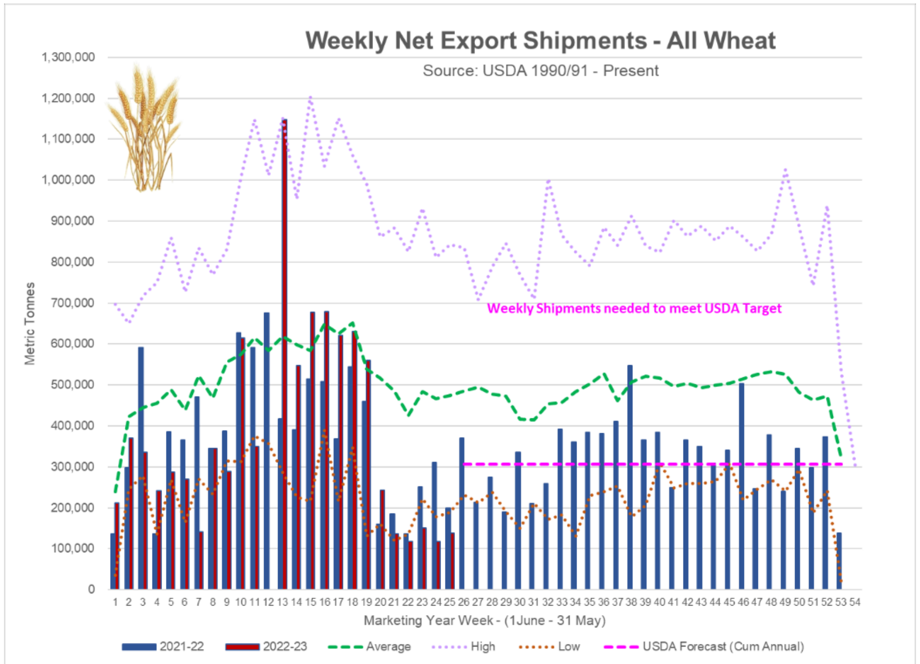
  Exports of 25,300 MT were primarily to Haiti (15,300 MT), Mexico (3,200 MT), Canada (2,800 MT), South Korea (2,800 MT), and Taiwan (700 MT).

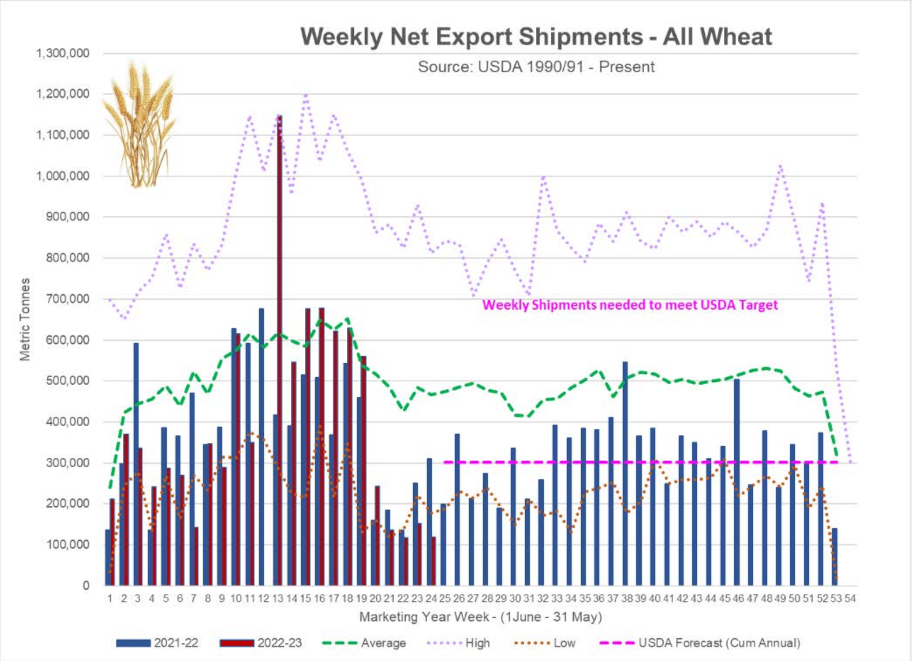
Top 10 importers[1] of all U.S. wheat

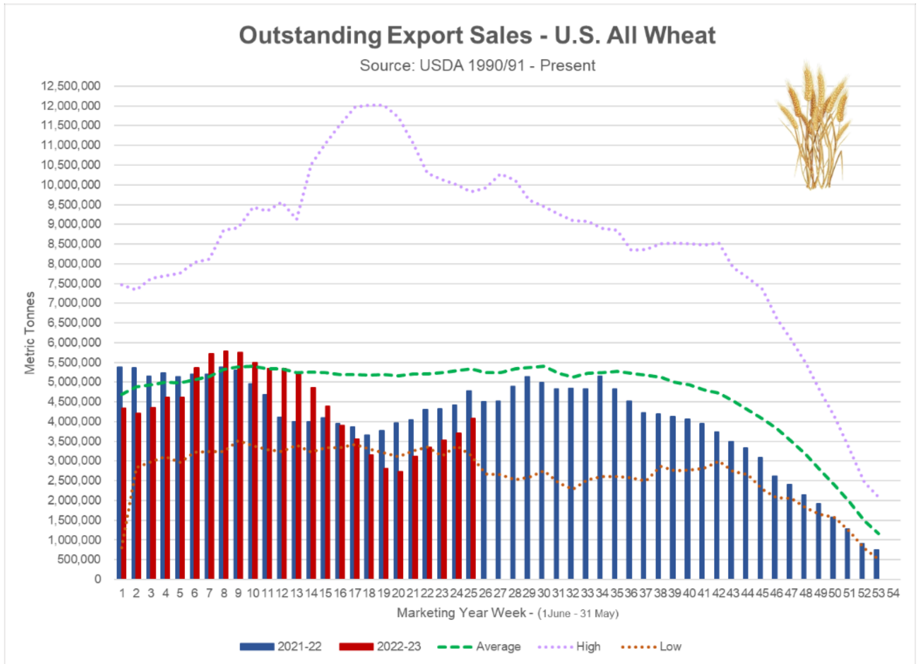
For the week ending 11/10/2022	Total Commitments[2] 2022/23 current MY	2021/22 last MY	% change current MY from last MY	Exports[3] 3-yr. avg. 2019-21
	- 1,000 mt -			- 1,000 mt -
Mexico	2,211	2,432	(9)	3,566
Philippines	1,623	2,100	(23)	2,985
Japan	1,373	1,423	(3)	2,453
China	616	848	(27)	1,537
Nigeria	605	1,463	(59)	1,528
Korea	881	818	8	1,459
Taiwan	457	549	(17)	1,106
Indonesia	299	67	345	711
Thailand	499	375	33	703
Colombia	406	400	1	621
Top 10 importers	**8,970**	**10,475**	(14)	**16,669**
Total U.S. wheat export sales	**12,784**	**13,673**	(6)	**22,763**
% of projected exports	61%	63%		
change from prior week[2]	**290**	**399**		
Top 10 importers' share of U.S. wheat export sales	70%	77%		73%
USDA forecast, November 2022	**21,117**	**21,798**	(3)	

[1] Based on USDA, Foreign Agricultural Service(FAS) marketing year ranking reports for 2020/21; Marketing year (MY) = Jun 1 - May 31.
[2] Cumulative exports (shipped) + outstanding sales (unshipped), FAS weekly export sales report, or export sales query. The total commitments change (net sales) from prior week could include revisions from the previous week's outstanding and/or accumulated sales.
[3] FAS marketing year final reports (carryover plus accumulated export); yr. = year; avg. = average.
Note: A red number in parentheses indicates a negative number.
Source: USDA, Foreign Agricultural Service.


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


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


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


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

COARSE GRAINS

➢ Corn Export Shipments and Sales

Net sales of 1,850,300 MT for 2022/2023 primarily for Mexico (1,704,700 MT, including decreases of 83,400 MT), Saudi Arabia (49,800 MT, including 50,000 MT switched from unknown destinations and decreases of 200 MT), Guatemala (34,800 MT, including decreases of 300 MT), Honduras (19,200 MT, including decreases of 2,200 MT), and Canada (15,200 MT, including decreases of 2,800 MT), were offset by reductions for unknown destinations (21,600 MT). Total net sales of 628,100 MT for 2023/2024 were for Mexico.

Exports of 462,300 MT were primarily to Mexico (229,600 MT), China (70,700 MT), Saudi Arabia (49,800 MT), Honduras (34,700 MT), and Costa Rica (31,800 MT).

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

For the week ending 11/10/2022	Total commitments[2] 2022/23 current MY	2021/22 last MY	% change current MY from last MY	Exports[3] 3-yr. avg. 2019-21
	- 1,000 mt -			
Mexico	6974.4	9,095	(23)	15,227
China	3498	11,925	(71)	12,616
Japan	1447	2,843	(49)	10,273
Columbia	279	1,754	(84)	4,398
Korea	18	72	(76)	2,563
Top 5 importers	**12,216**	**25,690**	(52)	**45,077**
Total U.S. corn export sales	**15,899**	**32,980**	(52)	**56,665**
% of projected exports	29%	52%		
Change from prior week[2]	**1,170**	**905**		
Top 5 importers' share of U.S. corn export sales	77%	78%		80%
USDA forecast November 2022	**54,707**	**62,875**	(13)	
Corn use for ethanol USDA forecast, November 2022	**133,985**	**135,281**	(1)	

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

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

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

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

Source: USDA, Foreign Agricultural Service.

➢ Grain Sorghum Export Shipments and Sales

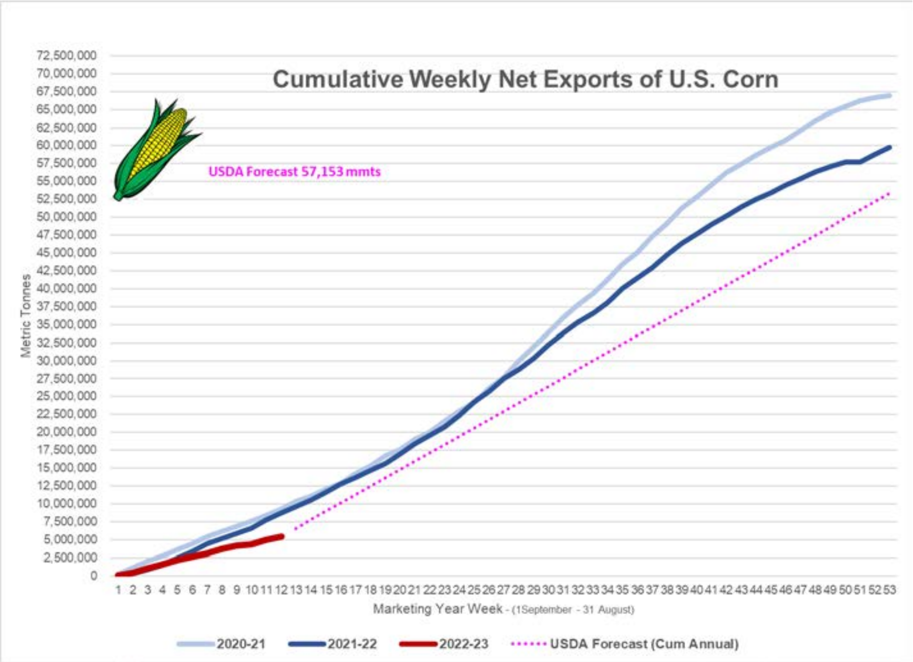
Net sales reductions of 2,100 MT for 2022/2023 resulting in increases for China (51,100 MT switched from unknown destinations), Mexico (200 MT), and South Korea (100 MT), were more than offset by reductions primarily for unknown destinations (53,000 MT).

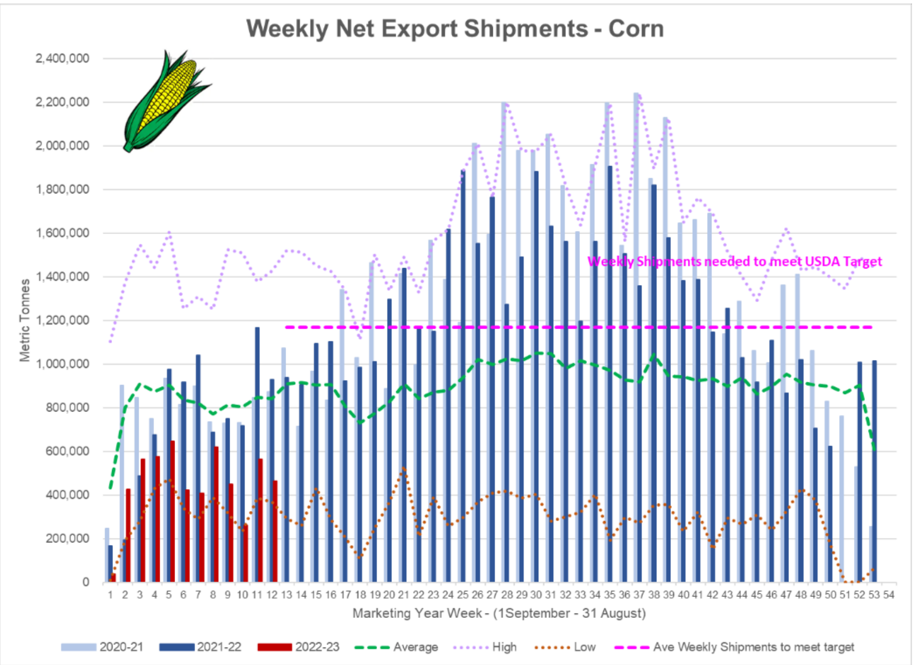
Exports of 52,000 MT were to China (51,100 MT) and Mexico (900 MT).

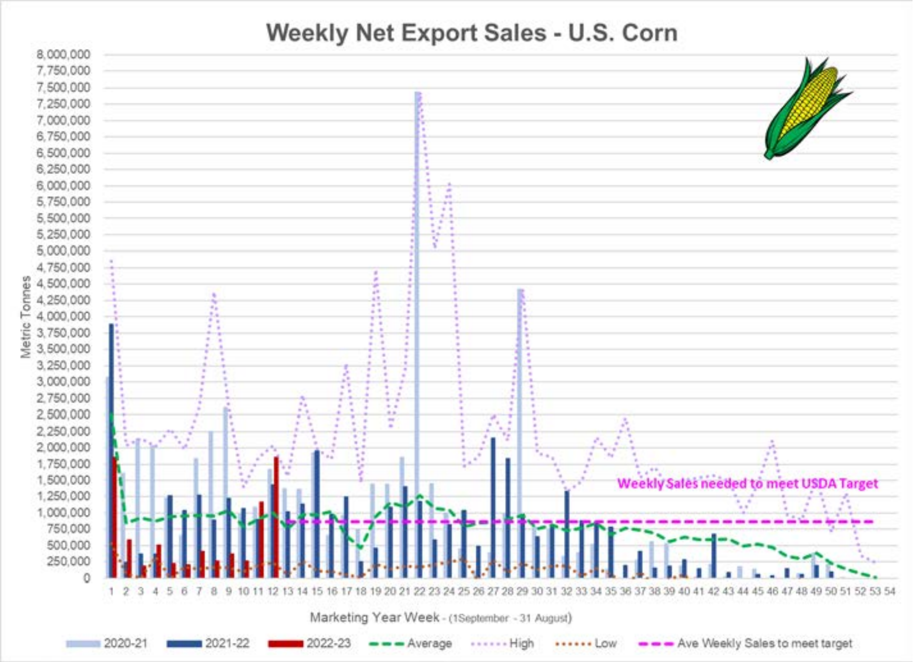
➢ Barley Export Shipments and Sales

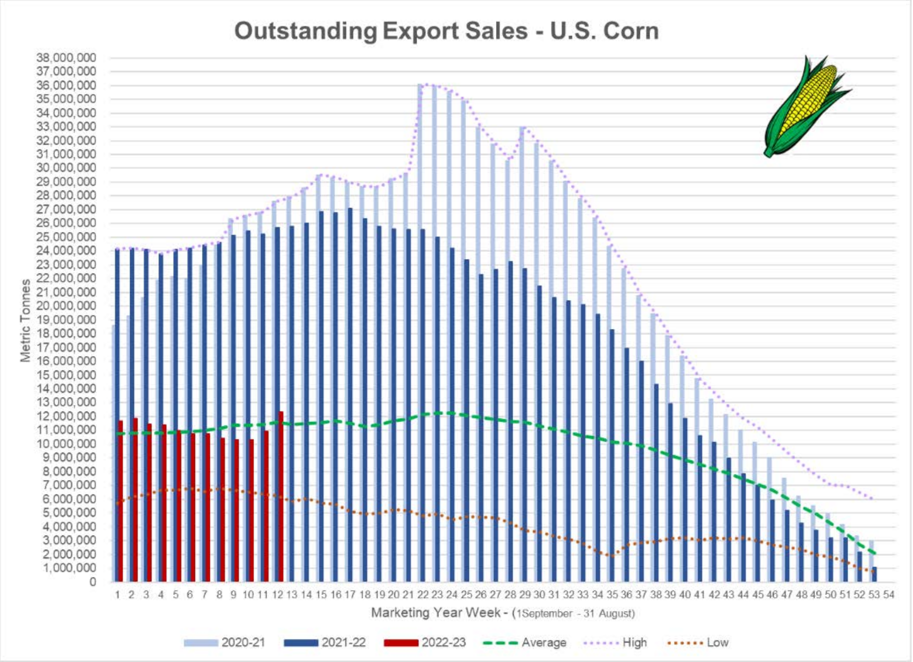
Total net sales reductions of 2,400 MT for 2022/2023 were for Japan.

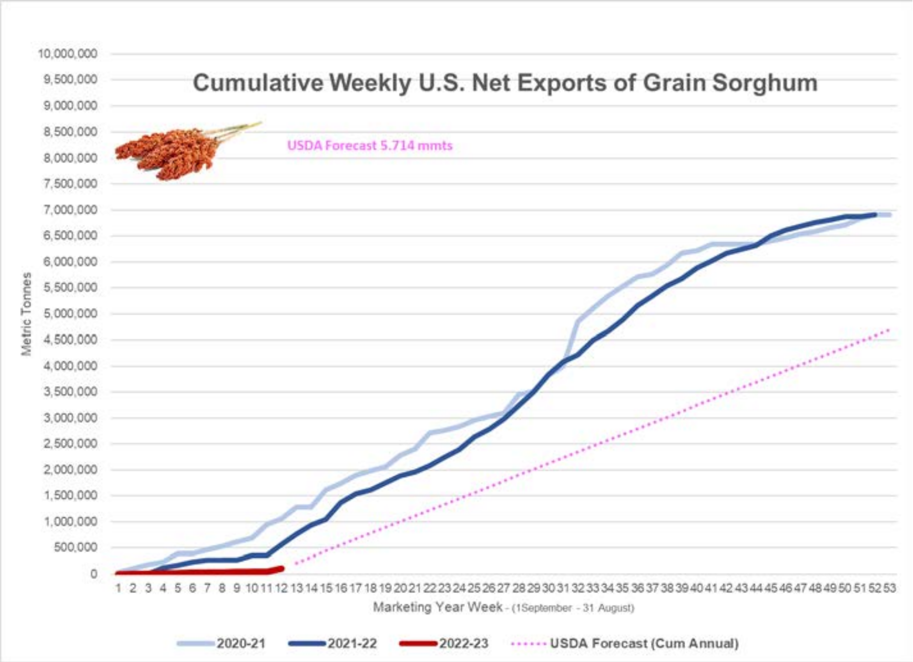
Exports of 300 MT were to South Korea.

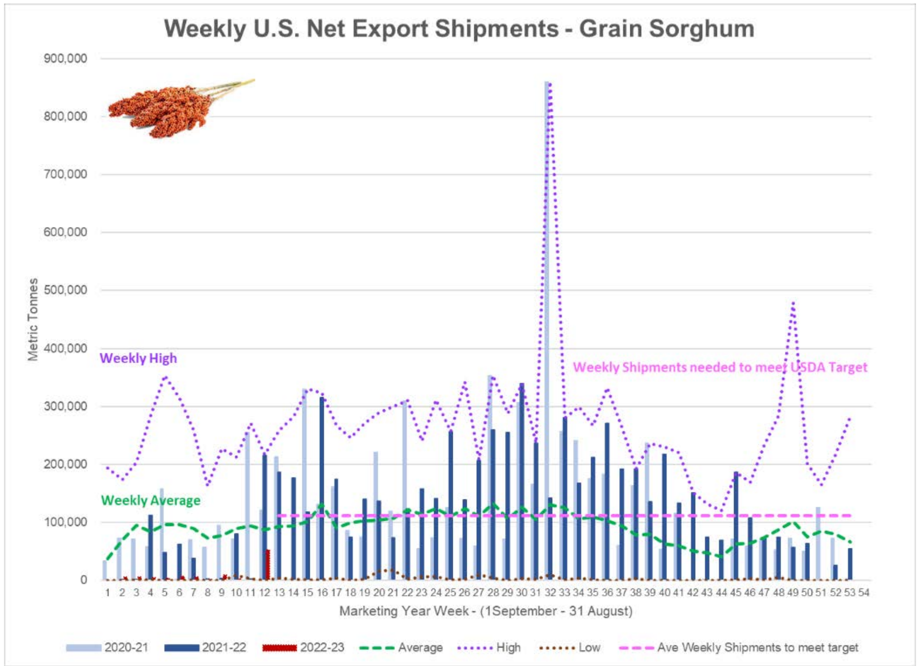

Cumulative Weekly Net Exports of U.S. Corn
USDA Forecast 57,153 mmts
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2020-21
2021-22
2022-23
USDA Forecast (Cum Annual)

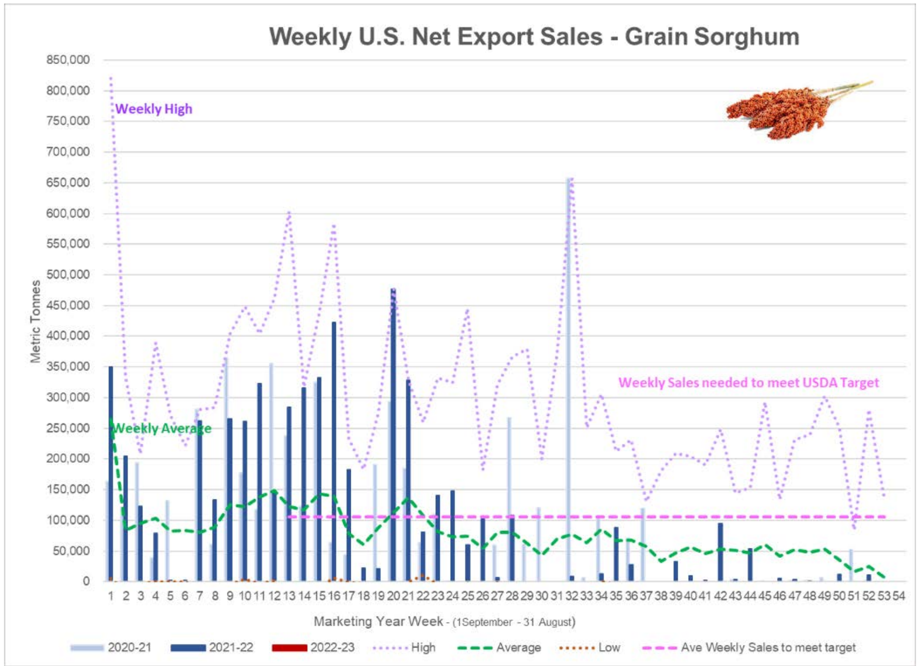

Weekly Net Export Shipments - Corn
Weekly Shipments needed to meet USDA Target
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2020-21
2021-22
2022-23
Average
High
Low
Ave Weekly Shipments to meet target

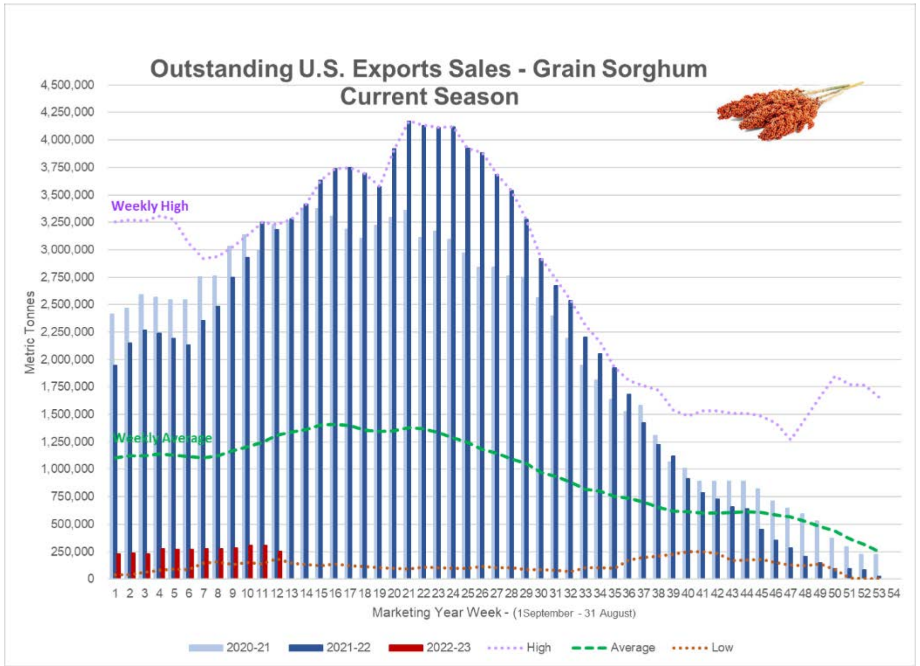

Weekly Net Export Sales - U.S. Corn
Weekly Sales needed to meet USDA Target
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2020-21
2021-22
2022-23
Average
High
Low
Ave Weekly Sales to meet target

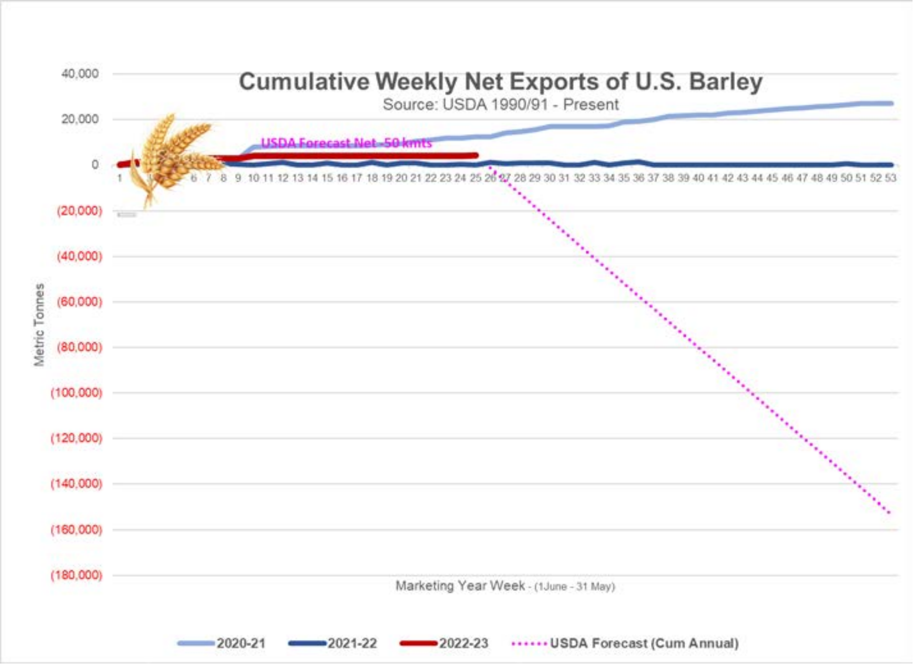

Outstanding Export Sales - U.S. Corn
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2020-21
2021-22
2022-23
Average
High
Low


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

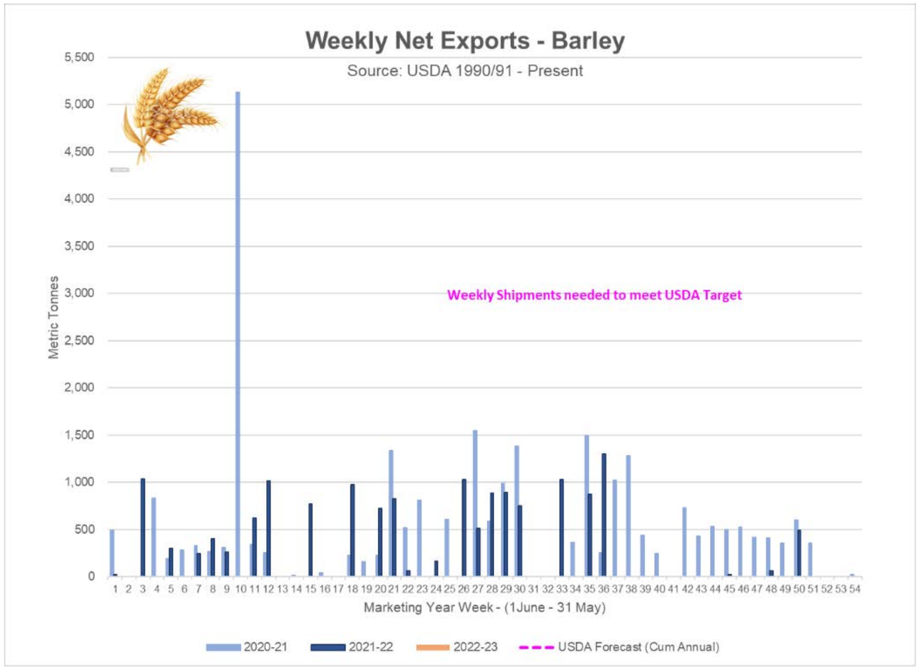

Weekly U.S. Net Export Shipments - Grain Sorghum
Weekly High
Weekly Average
Weekly Shipments needed to meet USDA Target
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2020-21
2021-22
2022-23
Average
High
Low
Ave Weekly Shipments to meet target


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

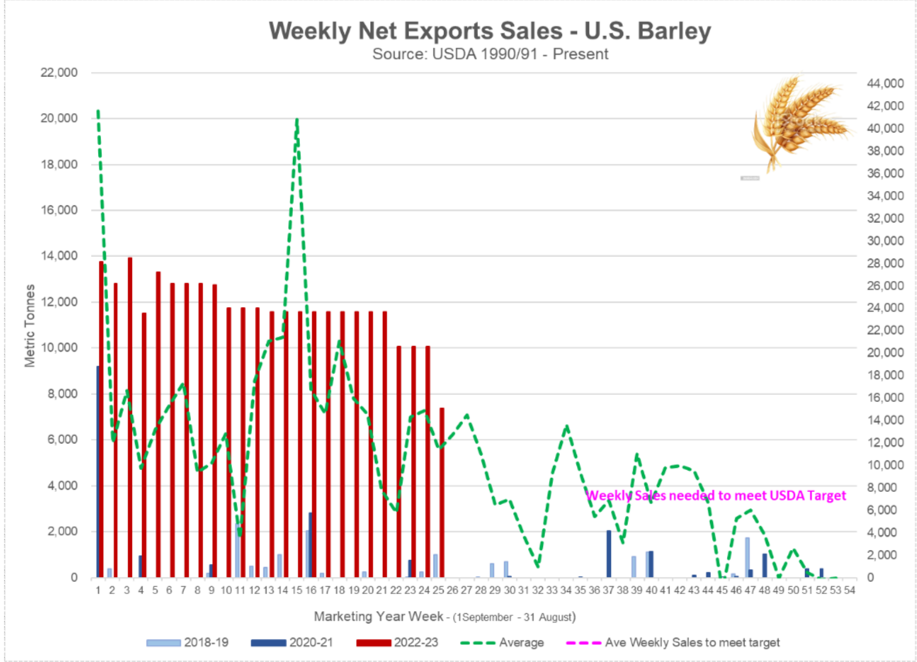

Outstanding U.S. Exports Sales - Grain Sorghum
Current Season
Weekly High
Weekly Average
Metric Tonnes
Marketing Year Week - (1September - 31 August)
2020-21
2021-22
2022-23
High
Average
Low



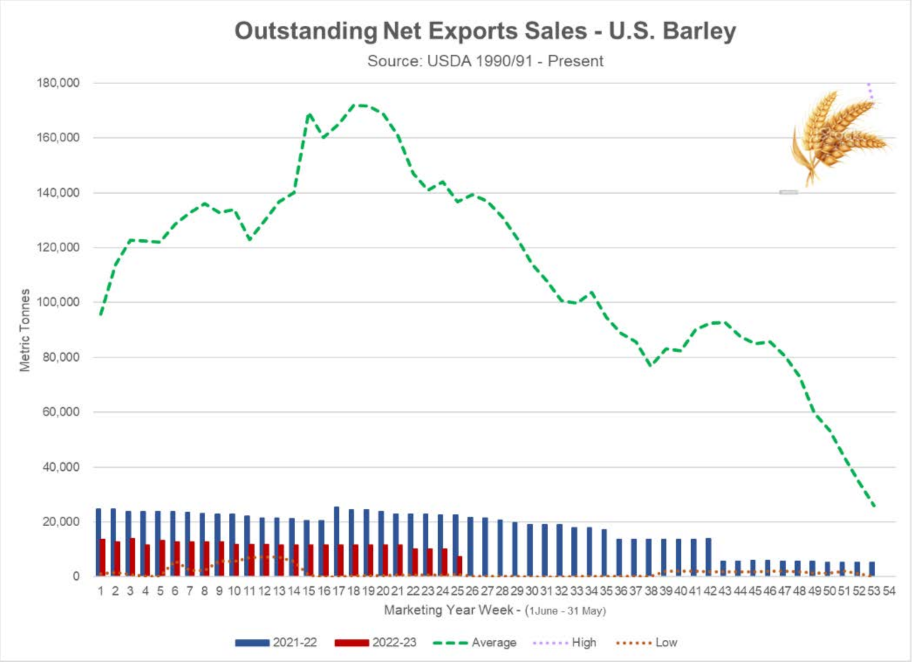
Cumulative Weekly Net Exports of U.S. Barley
Source: USDA 1990/91 - Present
USDA Forecast Net -50 kmts
Metric Tonnes
Marketing Year Week - (1June - 31 May)
2020-21
2021-22
2022-23
USDA Forecast (Cum Annual)



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



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



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

OILSEED COMPLEX

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

Soybeans:

Net sales of 690,100 MT for 2022/2023 primarily for China (715,200 MT, including 330,000 MT switched from unknown destinations and decreases of 20,300 MT), the Netherlands (177,500 MT, including 176,000 MT switched from unknown destinations and decreases of 5,000 MT), Mexico (119,400 MT, including 47,500 MT switched from unknown destinations and decreases of 12,800 MT), Vietnam (73,700 MT, including 66,000 MT switched from unknown destinations), and Germany (69,700 MT), were offset by reductions primarily for unknown destinations (563,300 MT). Total net sales of 10,000 MT for 2023/2024 were for Japan.

Exports of 2,432,600 MT were primarily to China (1,901,800 MT), the Netherlands (177,500 MT), Mexico (86,400 MT), Vietnam (75,900 MT), and Germany (69,700 MT).

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

Export for Own Account: For 2022/2023, the current exports for own account outstanding balance is 47,300 MT, all Canada.

Export Adjustments: Accumulated exports of soybeans to the Netherlands were adjusted down 69,740 MT for week ending November 10th. The correct destination for this shipment is German.

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

For the week ending 11/10/2022	Total commitments[2] 2022/23 current MY	2021/22 last MY	% change current MY from last MY	Exports[3] 3-yr. avg. 2019-21
				- 1,000 mt -
China	20,960	18,849	11	27,283
Mexico	2,794	2,334	20	4,929
Egypt	714	1,271	(44)	3,553
Japan	1,107	889	25	2,266
Indonesia	433	407	6	2,116
Top 5 importers	**26,008**	**23,750**	10	**40,147**
Total U.S. soybean export sales	**35,984**	**34,539**	4	**54,231**
% of projected exports	65%	59%		
change from prior week[2]	**3,030**	**1,316**		
Top 5 importers' share of U.S. soybean export sales	72%	69%		**74%**
USDA forecast, November 2022	**55,722**	**58,801**	(5)	

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

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

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

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

Source: USDA, Foreign Agricultural Service.

Soybean Oil:

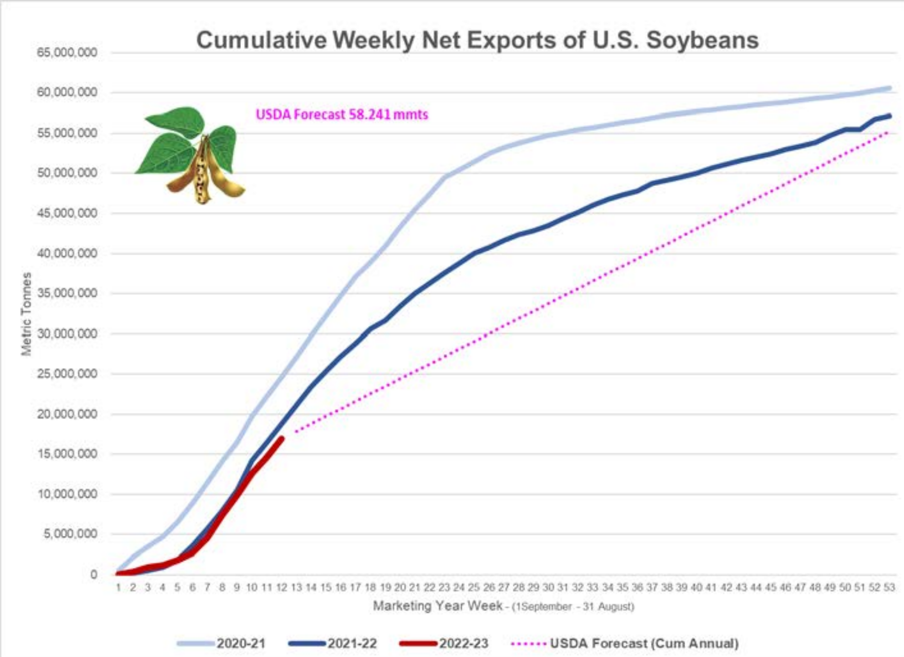
Net sales reductions of 100 MT for 2022/2023 resulting in increases for Mexico (1,000 MT), were more than offset by reductions for Canada (1,100 MT).

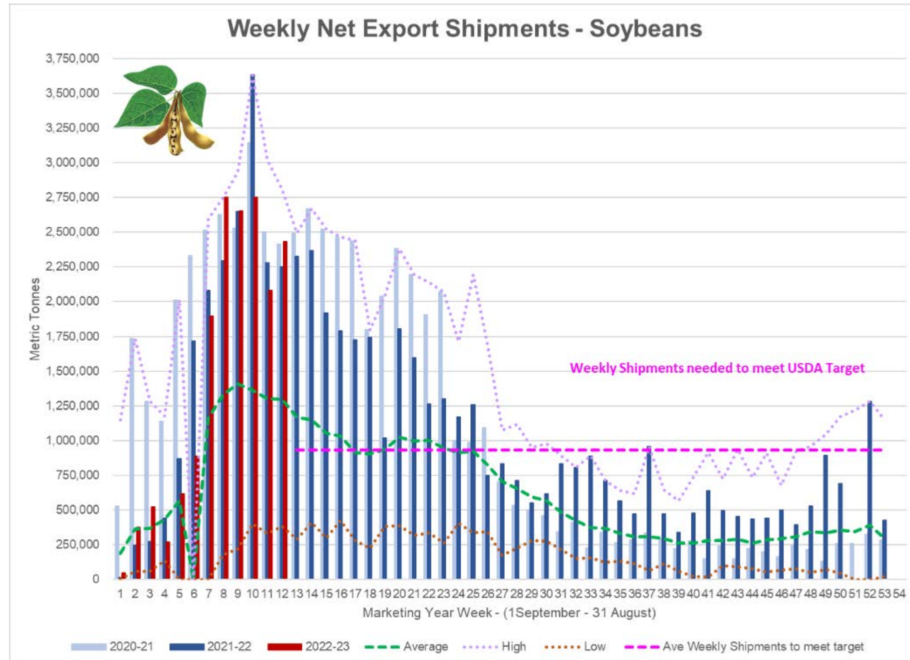
Exports of 1,000 MT were primarily to Canada (800 MT).

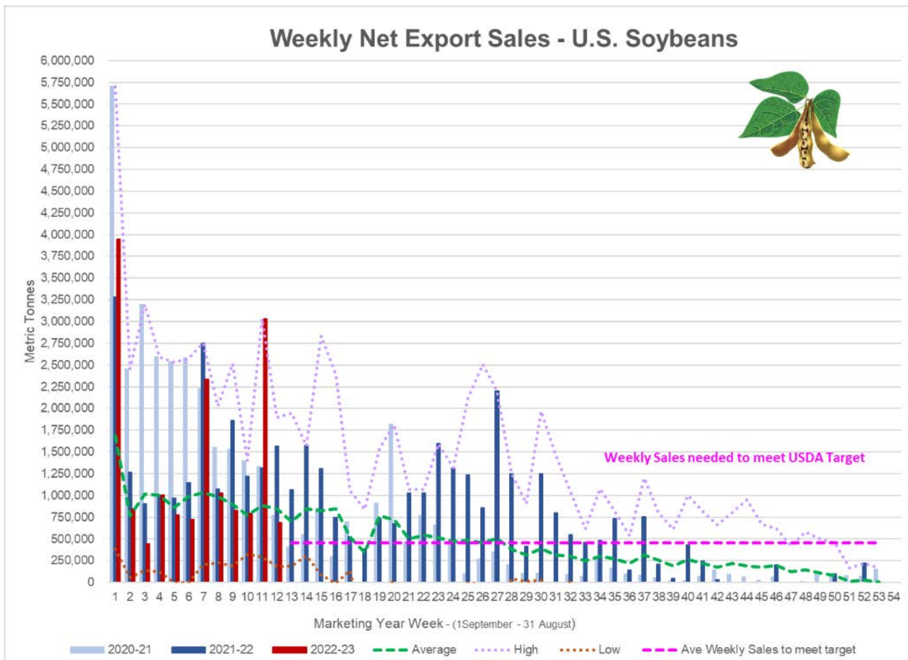
Soybean Cake and Meal:

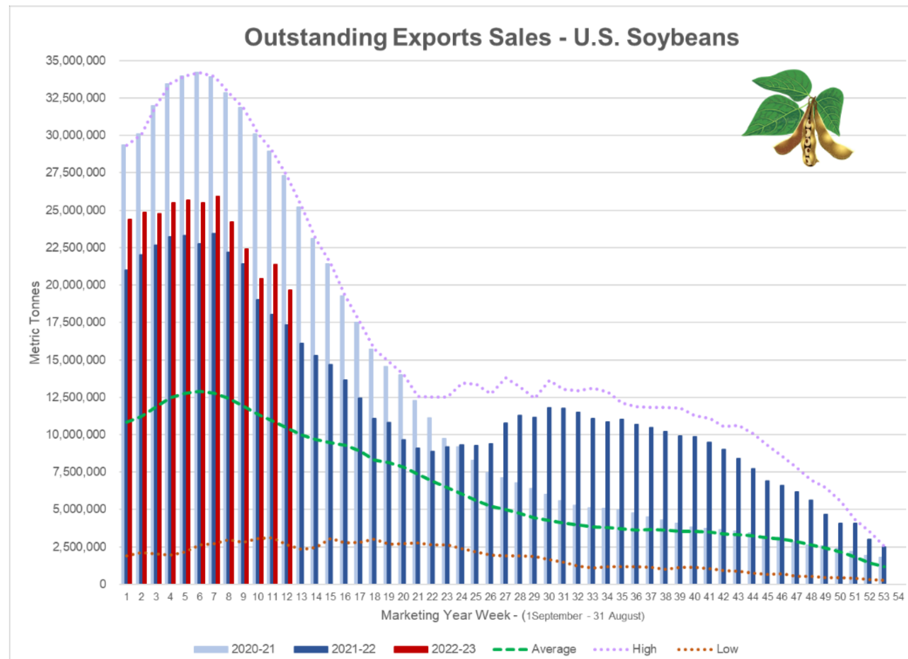
Net sales of 516,400 MT for 2022/2023 primarily for the Philippines (99,200 MT, including decreases of 100 MT), Ecuador (90,800 MT), Mexico (61,800 MT), Colombia (52,500 MT), and Chile (45,000 MT), were offset by reductions for Belgium (500 MT). Total net sales of 17,100 MT for 2023/2024 were for Canada.

Exports of 227,100 MT were primarily to the Philippines (50,800 MT), Guatemala (44,900 MT), Ecuador (39,800 MT), Canada (30,100 MT), and Venezuela (26,000 MT).


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


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


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


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

COTTON

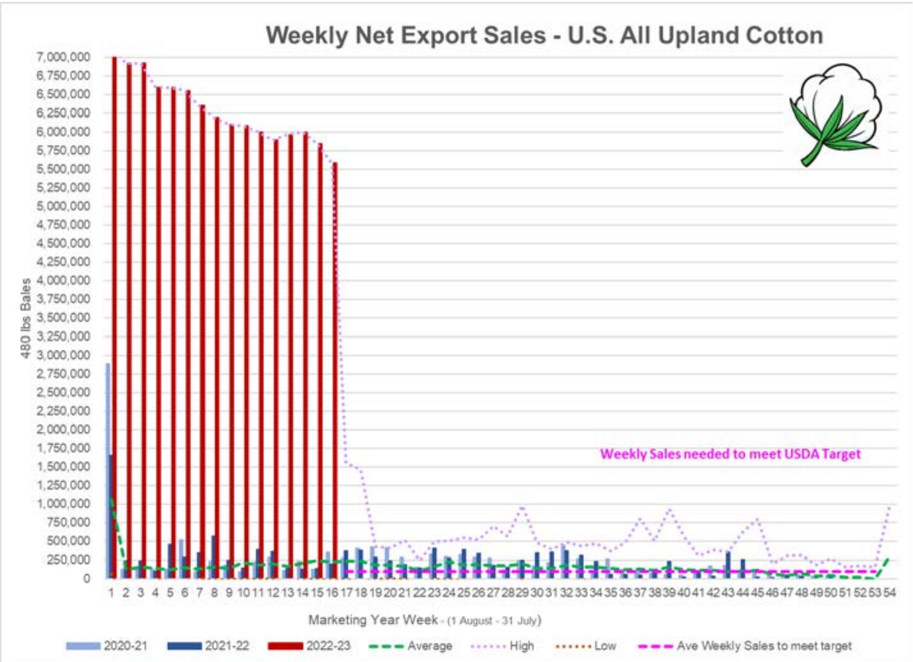
- **Cotton Export Shipments & Sales**

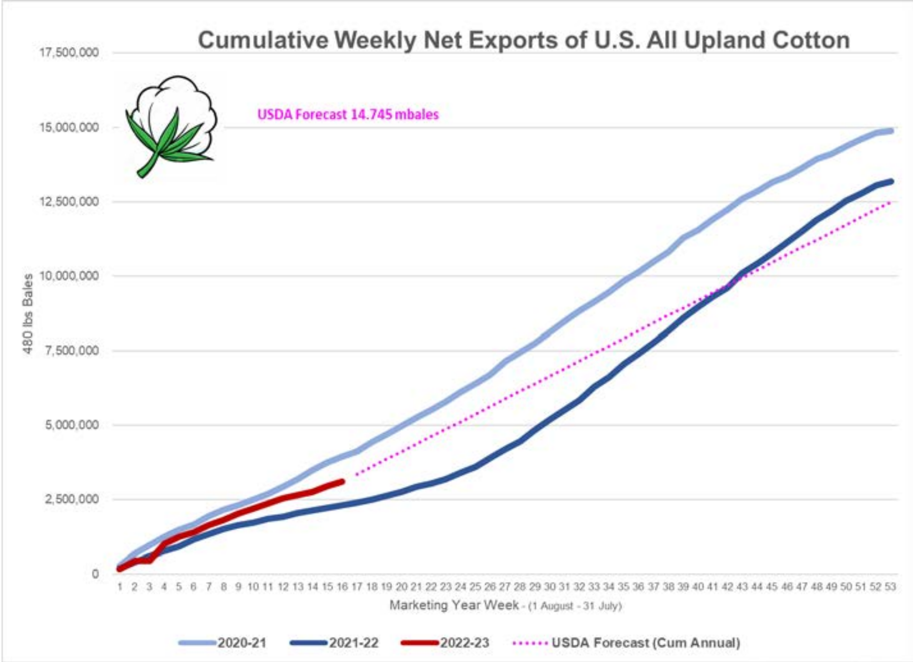
Net sales reductions of 116,400 RB for 2022/2023 resulting in increases for India (7,500 RB), Indonesia (2,600 RB), Turkey (1,200 RB, including decreases of 1,700 RB), Taiwan (1,100 RB), and Mexico (400 RB), were more than offset by reductions for China (109,500 RB), Pakistan (15,400 RB), El Salvador (4,500 RB), and Peru (400 RB). Net sales of 12,300 RB for 2023/2024 were reported for Turkey (11,000 RB) and Pakistan (1,300 RB). Exports of 143,700 RB were primarily to China (70,700 RB), Pakistan (24,200 RB), Turkey (15,600 RB), Mexico (10,500 RB), and Taiwan (6,400 RB). Net sales of Pima totaling 5,200 RB were reported for China (3,700 RB), Egypt (700 RB), Vietnam (400 RB), Indonesia (300 RB), and Japan (100 RB).

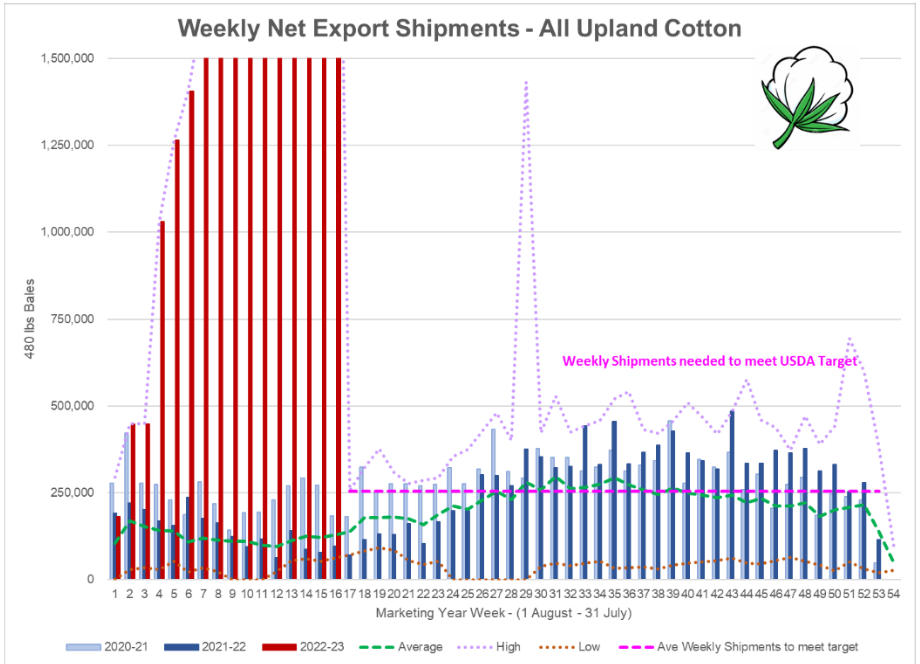
Exports of 3,300 RB were primarily to Egypt (900 RB), Peru (900 RB), Thailand (900 RB), and Djibouti (400 RB).

Optional Origin Sales: For 2022/2023, the current outstanding balance of 9,300 RB, all Malaysia.

Export for Own Account: For 2022/2023, new exports for own account totaling 25,500 RB were to Pakistan (17,600 RB) and China (7,900 RB). The current exports for own account outstanding balance of 99,100 RB are for China (55,200 RB), Vietnam (23,900 RB), Pakistan (18,100 RB), India (1,500 RB), and Indonesia (400 RB).

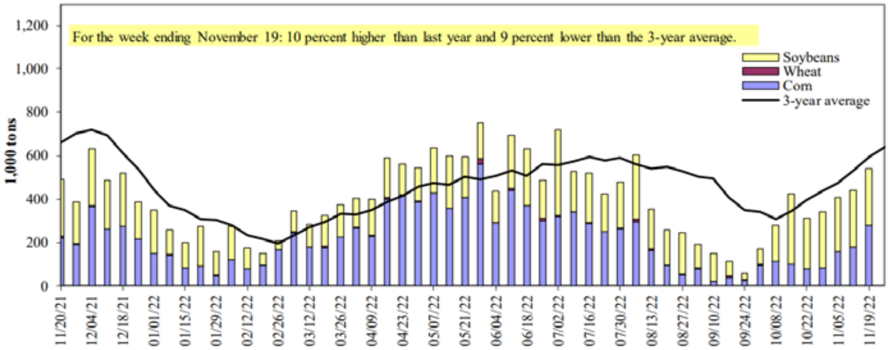






Barge Movements

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



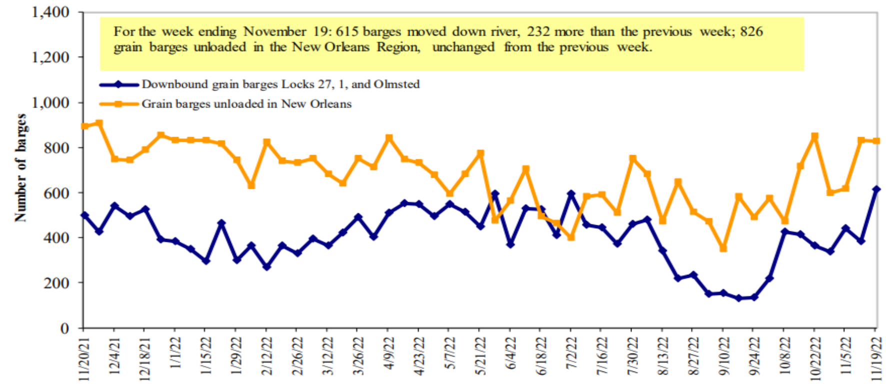
[1] The 3-year average is a 4-week moving average.

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

Source: U.S. Army Corps of Engineers.

For the week ending the 19th of November, barged grain movements totaled 840,794 tons. This was 42% more than the previous week and 3.2% more than the same period last year.

Grain barges for export in New Orleans region



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

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

For the week ending the 19th of November, 615 grain barges moved down river—232 more barges than last week. There were 826 grain barges unloaded in the New Orleans region, unchanged from last week.

Barge grain movements (1,000 tons)

For the week ending 11/19/2022	Corn	Wheat	Soybeans	Other	Total
Mississippi River					
Rock Island, IL (L15)	153	0	98	0	251
Winfield, MO (L25)	211	0	196	0	407
Alton, IL (L26)	226	0	216	0	442
Granite City, IL (L27)	279	0	262	0	541
Illinois River (La Grange)	85	0	75	0	160
Ohio River (Olmsted)	84	0	195	0	279
Arkansas River (L1)	1	0	20	0	21
Weekly total - 2022	365	0	476	0	841
Weekly total - 2021	349	10	456	0	814
2022 YTD[1]	14,944	1,499	11,910	227	28,580
2021 YTD[1]	21,438	1,529	9,099	245	32,310
2022 as % of 2021 YTD	70	98	131	93	88
Last 4 weeks as % of 2021[2]	74	0	91	345	83
Total 2021	23,516	1,634	11,325	297	36,772

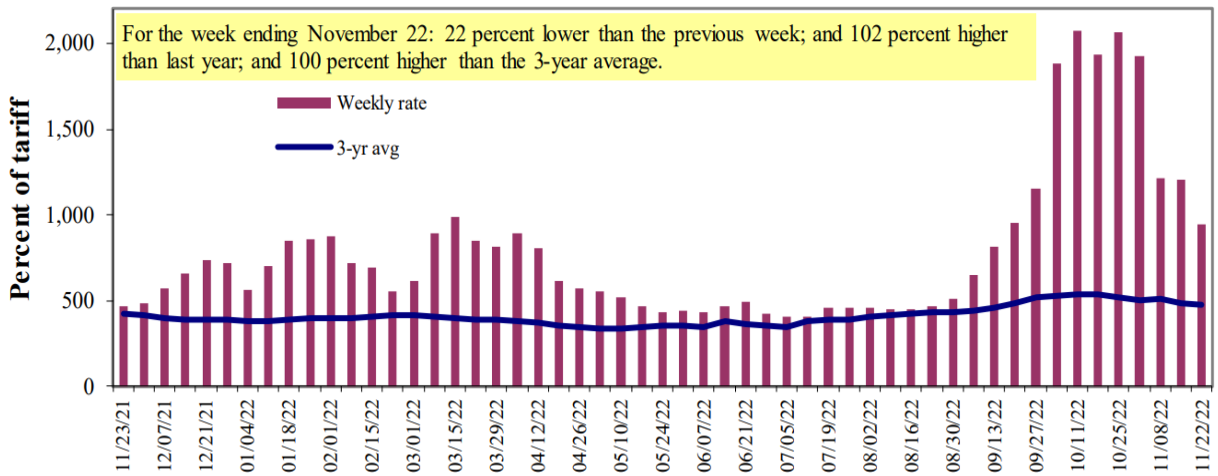
[1] Weekly total, YTD (year-to-date), and calendar year total include MI/27, OH/Olmsted, and AR/1; Other refers to oats, barley, sorghum, and rye. Total may not add exactly due to rounding.

[2] As a percent of same period in 2021.

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

Source: U.S. Army Corps of Engineers.

Illinois River barge freight rate[1,2]



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

Weekly barge freight rates: Southbound only

		Twin Cities	Mid-Mississippi	Lower Illinois River	St. Louis	Cincinnati	Lower Ohio	Cairo-Memphis
Rate[1]	11/22/2022	-	943	944	850	943	943	821
	11/15/2022	1000	1125	1206	1025	1106	1106	952
$/ton	11/22/2022	-	50.17	43.80	33.92	44.23	38.10	25.78
	11/15/2022	61.90	59.85	55.96	40.90	51.87	44.68	29.89
Current week % change from the same week:								
	Last year	-	103	102	128	111	111	147
	3-year avg. [2]	-	97	100	125	115	115	130
Rate[1]	December	-	-	931	804	871	871	756
	February	-	-	847	694	731	731	642

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

Benchmark Tariff Rate

Calculating barge rate per ton:

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

The 1976 benchmark rates per ton are provided in map.

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

➢ Current Barge Freight Rates

IL RIVER FREIGHT	11/23/2022	11/25/2022	
wk 11/20	900/950	950/1000	
wk 11/27	875/950	950/1000	
Dec	875/950	925/975	
Jan	900/950	925/975	
Feb	800/850	825/875	
Mar	725/800	750/800	
April	650/750	650/750	**UNC**
May	600/650	600/650	**UNC**
June	500/550	500/550	**UNC**
July	500/550	500/550	**UNC**

UPPER MISSISSIPPI ST PAUL/ SAVAGE	11/23/2022	11/25/2022	
wk 11/20	out	out	**UNC**
wk 11/27	out	out	**UNC**
Dec	out	out	**UNC**
Jan	out	out	**UNC**
Feb	out	out	**UNC**
Mar	out	out	**UNC**
April	700/750	700/750	**UNC**
May	650/700	650/700	**UNC**
June	650/700	650/700	**UNC**
July	550/600	550/600	**UNC**

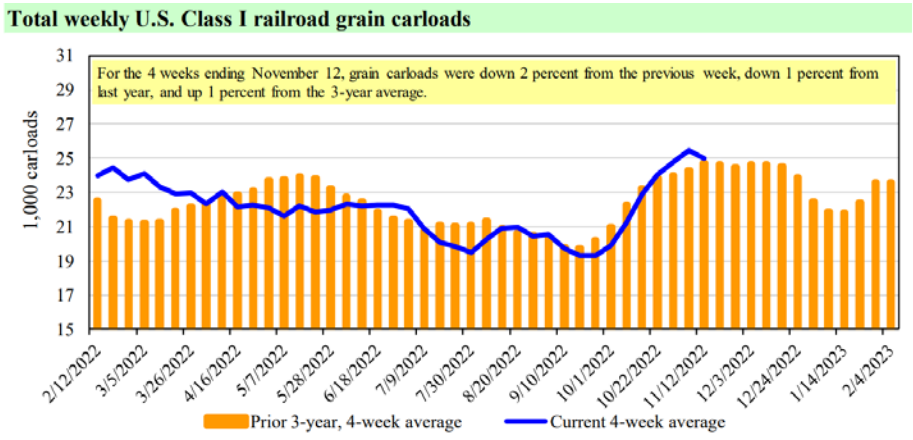
MID MISSISSIPPI McGregor	11/23/2022	11/25/2022	
wk 11/20	800/850	825/875	
wk 11/27	out	out	**UNC**
Dec	out	out	**UNC**
Jan	out	out	**UNC**
Feb	out	out	**UNC**
Mar	out	out	**UNC**
April	650/750	650/750	**UNC**
May	600/650	600/650	**UNC**
June	500/550	500/550	**UNC**
July	500/550	500/550	**UNC**

ST LOUIS BARGE FREIGHT 14'	11/23/2022	11/25/2022	
wk 11/20	800/850	850/900	
wk 11/27	775/825	850/900	
Dec	775/825	825/875	
Jan	750/850	800/900	
Feb	700/800	700/800	**UNC**
Mar	650/750	650/750	**UNC**
April	600/700	600/700	**UNC**
May	500/600	500/600	**UNC**
June	450/500	450/500	**UNC**
July	450/500	450/500	**UNC**

LOWER OHIO RIVER	11/23/2022	11/25/2022	
wk 11/20	875/950	900/950	
wk 11/27	850/925	900/950	
Dec	825/900	850/900	
Jan	800/850	825/875	
Feb	750/800	750/800	**UNC**
Mar	700/750	700/750	**UNC**
April	650/750	650/750	**UNC**
May	550/600	550/600	**UNC**
June	500/550	500/550	**UNC**
July	500/550	500/550	**UNC**

MEMPHIS CAIRO	11/23/2022	11/25/2022	
wk 11/20	750/800	775/825	
wk 11/27	725/775	775/825	
Dec	725/775	750/800	
Jan	700/750	700/750	**UNC**
Feb	650/700	650/700	**UNC**
Mar	600/650	600/650	**UNC**
April	550/600	550/600	**UNC**
May	450/550	450/550	**UNC**
June	400/450	400/450	**UNC**
July	400/450	400/450	**UNC**

RAIL MOVEMENTS



Source: Association of American Railroads.

- U. U.S. Class I railroads originated 23,932 grain carloads during the week ending the 12th of November. This was a 9% decrease from the previous week, 5% fewer than last year, and 6% fewer than the 3-year average.
- Average December shuttle secondary railcar bids/offers (per car) were $227 above tariff for the week ending the 17th of November. This was $523 less than last week and $284 lower than this week last year.

➢ US Freight rail strike could cost US economy $1 billion in first week

23 November 2022 Vanessa Yurkevich, CNN - A US freight rail strike could cost the US economy $1 billion in the first week of the strike, according to a new analysis from the Anderson Economic Group.

In the first three days alone, US workers and consumers could see potential losses of a quarter billion dollars as a transit strike involving rail is one of the most expensive and disruptive events that can happen to the economy.

“Economic impacts caused by a national railroad strike include lost wages for the industry’s workers and production slowdowns due to non-delivery of critical components in some vulnerable industries,” the report from Anderson Economic Group said.

Those industries could include ethanol, retail, and agriculture. The Retail Industry Leaders Association is calling on policy makers to intervene to “avoid a self-inflicted economic disaster.”

Freight trains and shipping containers are viewed in a Union Pacific Intermodal Terminal rail yard on November 21, 2022 in Los Angeles, California.

With a strike looming, railroad unions and management head back to negotiating table

“Calculations show a first-day impact of approximately $60 million, including $30.9 million for lost freight, $3.8 million for long-term passenger rail disruption and $25 million in lost railroad industry wages,” the analysis revealed. It does not include indirect effects or losses on other industries or income losses for rail company investors and managers.

Second and third day strike losses would increase to $91 billion per day because of lost agricultural goods and food spoilage.

The four rail unions who voted down the tentative agreement with US freight railroads have set a joint strike date of December 9 if they do not reach a deal on a new contract.

Congress could impose a contract on the four unions or extend the cooling off period to avert a nationwide strike, but rail companies and the unions have been far apart on the key sticking point – the absence of paid sick time.

The Anderson Economic Group is a consulting group specializing in public policy, business valuation, and market and industry analysis.

CNN’s Matt Egan contributed to this report.

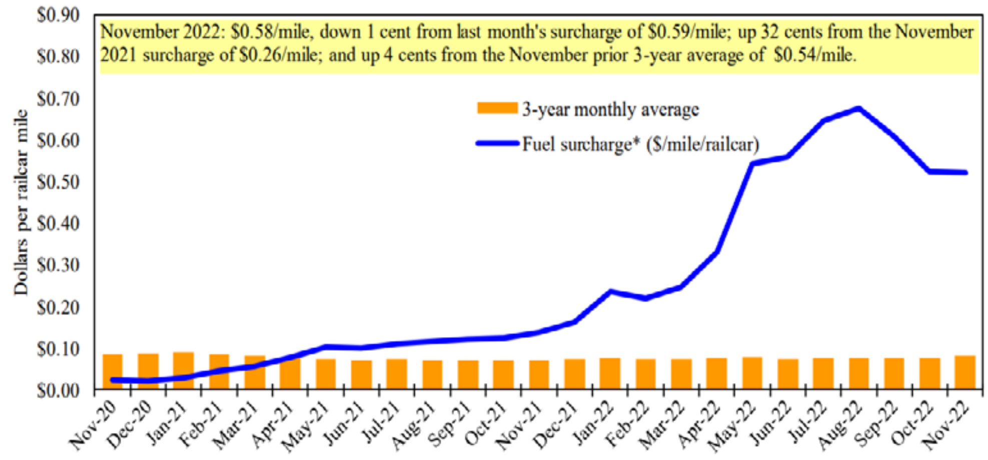
Current Secondary Rail Car Market

25 November 2022

BN SHUTTLE	Bid/Ask/Last	Bid/Ask/Last	
L/H November	100 / -	100 / -	UNC
F/H December	400 / -	400 / -	UNC
L/H December	100 / 500	100 / 500	UNC
January	500 / 1000	400 / 900	
Jan, Feb, Mar	200 / -	200 / 700	
March	0 / 300	0 / 300	UNC
April May 2023 (bid mex opt)	-150 / -50	-150 / -50	UNC
May, Jun, Jul	- / -150	- / -150	UNC

UP SHUTTLE	Bid/Ask/Last	Bid/Ask/Last	
Return trip	500 / 850	500 / -	
L/H November	500 / -	500 / -	UNC
F/H December	400 / -	500 / -	
December	300 / -	500 / -	
Jan, Feb, Mar	200 / 900	200 / 900	UNC
March	- / -	- / 700	
Apr, May (bid mex. opt.)	-50 / 200	-50 / 200	UNC

Railroad fuel surcharges, North American weighted average[1]



[1] Weighted by each Class I railroad's proportion of grain traffic for the prior year.
* Beginning January 2009, the Canadian Pacific fuel surcharge is computed by a monthly average of the bi-weekly fuel surcharge.
**CSX strike price changed from $2.00/gal. to $3.75/gal. starting January 1, 2015.
Sources: BNSF Railway, Canadian National Railway, CSX Transportation, Canadian Pacific Railway, Union Pacific Railroad, Kansas City Southern Railway, Norfolk Southern Corporation.

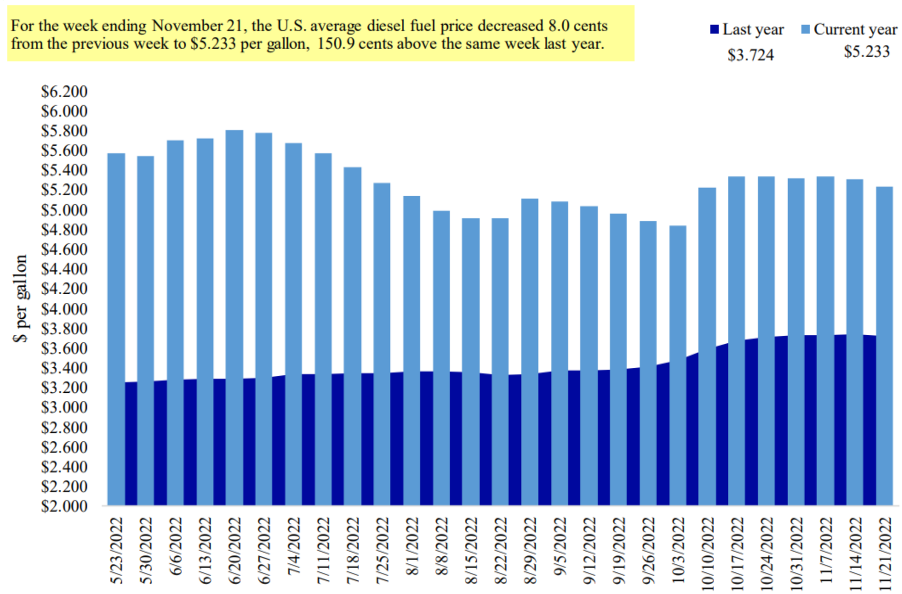
Railcar auction offerings[1] ($/car)[2]

For the week ending: 11/17/2022		Delivery period: Dec-22	Dec-21	Jan-23	Jan-22	Feb-23	Feb-22	Mar-23	Mar-22
BNSF[3]	COT grain units	no bids	0	0	0	0	0	0	0
	COT grain single-car	no bids	40	834	0	385	0	326	0
UP[4]	GCAS/Region 1	no offer	no offer	no offer	no offer	no offer	no offer	n/a	n/a
	GCAS/Region 2	no offer	no offer	no offer	no offer	no offer	no offer	n/a	n/a

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

DIESEL FUEL PRICES

Weekly diesel fuel prices, U.S. average



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

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

Retail on-highway diesel prices, week ending 11/21/2022 (U.S. $/gallon)

			Change from	
Region	**Location**	**Price**	**Week ago**	**Year ago**
I	East Coast	5.411	-0.063	1.721
	New England	5.963	-0.097	2.297
	Central Atlantic	5.941	-0.048	2.094
	Lower Atlantic	5.178	-0.064	1.583
II	Midwest	5.231	-0.090	1.614
III	Gulf Coast	4.782	-0.104	1.325
IV	Rocky Mountain	5.438	0.037	1.597
V	West Coast	5.744	-0.025	1.323
	West Coast less California	5.430	0.018	1.421
	California	6.105	-0.075	1.321
Total	United States	5.233	-0.080	1.509

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

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

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

➢ Benchmark diesel price down 8 cents; signs point to further declines

21 November 2022 John Kingston, FreightWaves - While the Department of Energy/Energy Information Administration average weekly retail price for diesel declined by a sizable but restrained 8 cents a gallon, there are other signs that the tremendous upward pressure on prices may be easing.

The EIA price released Monday, which serves as the benchmark for most fuel surcharges, was $5.233 a gallon, down from $5.313. It's still above the $5 level, and the price was below that marker as recently as late September and early October. So while the decline is a relief to truck drivers, it's still only down 10.8 cents a gallon from the recent high of $5.341, set on Oct. 24.

The 8-cent decline is the largest one-week downward move since an 8.2-cent drop Aug. 15.

But the pressure for further price declines is building, starting with the foundation for what ultimately gets posted at the pump: the price of ultra low sulfur diesel on the CME commodity exchange. It declined 2.08 cents Monday to settle at $3.4973 a gallon. That is the lowest settlement since Oct. 3.

That settlement is significant in several other ways. The current price is below several rolling averages, such as the average of ULSD since July 1 through Monday and from July 1 until that Oct. 3 recent low. When prices break under rolling averages, it is seen as a bearish sign.

With the decline Monday, the price of ULSD on CME has now dropped 11 of the prior 12 trading days, shedding just slightly more than 50 cents a gallon during that time.

A great deal of attention in the U.S. diesel market has been focused on the East Coast, where the DOE/EIA reported a New England average retail price of $5.963 a gallon Monday, a drop of 9.7 cents from the prior week. The price in the EIA-designated Central Atlantic region was down a little less, 4.7 cents a gallon, and at $5.941 a gallon, it's now just under the New England price.

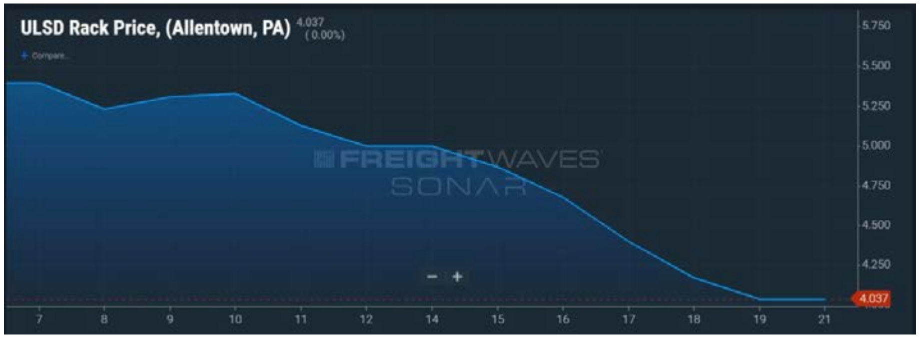
That the East Coast market was tight could be seen primarily in the spot market spread between physical diesel traded in New York Harbor for prompt delivery and the price of ULSD on CME. It got as high as $1.20 on Nov. 9 and 10, according to data from DTN Energy. By Monday, with an influx of diesel imports into the East Coast, that spread had fallen to 9.25 cents, according to DTN.

Energy economist Philip Verleger, in his widely read Monday report, declared that "Arbitrage Works." The ability to buy diesel elsewhere in the world and ship it to the U.S. East Coast at the region's elevated prices has led to numerous cargoes headed on that route.

"Ten days ago, something apparently went amiss," Verleger wrote. "Indeed, for four consecutive days, the difference between the cash and futures price was $1.20 per gallon." With that squeeze having run its course, broken in part by the influx of new supplies, the price of physical diesel in the spot market headed down, with wholesale prices declining as well.

Although retail prices can lag movements in futures prices by many days, that is not the case with wholesale prices. For example, the wholesale price of diesel in the

Allentown, Pennsylvania, area, based on SONAR data in the ULSDR.ABE series, stood Monday at $4.037 a gallon. On Nov. 3, it was $5.396.



Oil markets are declining in general because of a series of news developments that all point to lower levels of demand. The continuing lockdowns in China are often cited as a key bearish sentiment, as well as fears of a broader recession. There are reports that European refiners are now dealing with an excessive amount of crude, and physical spreads in the crude market are reflecting that.

But there are other indicators in the market that while oil is slumping in general, and the East Coast diesel squeeze might be easing, diesel remains the strongest part of the barrel. Its spread against Brent on the CME has risen about 10 cents a gallon in the past week.

There also is the issue of diesel inventories. While last week's EIA inventory report showed small but significant increases in some inventory numbers, the market is not signaling a big change in its perception of tight markets.

That can be seen in the 12-month spread on the ULSD market. When inventories are tight, the first month that trades on an exchange — in the case of ULSD, December — is higher than the next month and the month after that and so on, a structure known as backwardation.

If the backwardation is declining, it's a sign that the market believes inventories are growing. The 12-month backwardation Monday at about 67 cents was in the range of where it has been recently, signaling the market is not seeing a radical change in the tight inventory situation, except on the U.S. East Coast.