Grain Monitoring Program Report for: *May 2015*

Release Date: June 30, 2015

GMP Dashboard

	MAY 2015	MAY YTD	Var. from Last YTD
Western Canadian GHTS Performance (Days)			
Total Time in System	33.5	42.2	-0.2%
Average Days In Store – Country	20.5	25.6	-10.5%
Loaded Transit Time**	5.8	5.9	10.3%
Average Days In Store – Terminal	7.2	10.7	20.2%
Total Traffic ('000 tonnes)			
Primary Elevator Shipments	3,430.0	35,416.4	5.9%
Railway Shipments (all WC traffic)	4,182.5	41,607.9	n/a
Western Port Terminal Shipments	3,674.7	29,280.5	17.9%
Country Performance			
Primary Elevator Turnover Ratio*	1.7	4.9	-2.0%
Railway Performance			
Car Supply Performance (Weekly Average)			
Cars Ordered	n/a	n/a	n/a
Cars Committed	n/a	n/a	n/a
Cars Placed	n/a	n/a	n/a
Avg. Loads on Wheels	16,938	14,863	n/a
Total Western Port Car Cycle (days)**	13.5	13.5	1.9%
Port Performance			
Western Port Unloads (Number of Cars)			
Vancouver	18,358	182,890	10.7%
Prince Rupert	5,372	56,141	5.8%
Churchill	0	5,326	-15.4%
Thunder Bay	8,590	72,312	38.6%
Total	32,320	316,669	14.4%
Vessel Time in Port (days)	9.3	10.4	-30.7%

** Quarterly measure, to the end of Q3 (April)*

*** Note: Car-cycle and transit time values have been revised as a result of improved completeness in CN data.*

n/a denotes measures for which data has not been supplied or comparative data is unavailable

Highlights for May 2015

Production and Supply (page 2)

- Total Western Canadian production for 2014 was 61.2 MMT.
- While overall grain supply is 8.7% below the record set the previous year, it is the second largest seen under the GMP.

Traffic and Movement (page 2)

- Shipments from primary elevators were 35.4 MMT in the first ten months of the 2014-15 crop year, up 5.9% from last year.
- All rail shipments (including primary/process elevators & producer cars) to all destinations from Western Canada totalled 41.6 MMT to the end of May 2015.
- Shipments from Western Canadian ports totalled 29.3 MMT to the end of May, up 17.9% from last year

System Efficiency and Performance (page 4)

- Average weekly stocks in the country dropped 5.3% from last year, with the average days in store down 10.5%.
- Port terminal stocks were up 47.5% over the same period last year with average days in store up 20.2%.
- Railcar cycle times are averaging 13.5 days (13.3 days last year) to western ports and 23.1 days to eastern Canada.
- The average vessel time in port year to date is 10.4 days, 30.7% lower than in the same period last year.
- Port-terminal out-of-car time reached 19.9% in Vancouver, 7.3% in Prince Rupert and 18.6% at Thunder Bay.

Commercial Relations (page 6)

- Average primary elevation charges have increased 3.1% to the end of the third quarter.
- CN Rail single car rates increased 1.2% in the Vancouver and Prince Rupert corridors to the end of the third quarter.
- CP Rail increased single car rates 15.5% and 16.8% in the Vancouver and Thunder Bay corridors respectively (magnified by rate reductions made in the later part of the 2013-14 crop year).
- Average terminal elevation rates are up 1.7% to the end of the third quarter.

Commercial Developments (page 6)

- This month's report covers events in the month of May.

Infrastructure (page 7)

- There were no Infrastructure changes reported for the month of May.

Producer Cars (page 7)

- The number of producer car loading sites has declined by 9.2% thus far this crop year. All reductions were made by the two Class 1 rail carriers.
- Total producer cars scheduled, at 8,532 cars, is 41.0% lower than the number scheduled to the end of May in the 2013-14 record high crop year.

Periodic revisions and corrections to the data received by the Monitor may result in the restatement of previously calculated measurement values. Where such differences arise, the values presented here should be considered to supersede those found in previous reports.

Production and Supply

Although 2014 crop production was 19.8% lower than 2013's record, overall grain supply to be moved by the Western Canadian GHTS fell by only 8.7% due to the large carry forward stock. Statistics Canada made a small reduction (135,000 tonnes) in its estimate of durum and canola stock carried over on Saskatchewan farms at July 31, 2014.

Production & Carry Over (000's tonnes)	2014	2013	Var. from Last Year
Western Canada Total Production	61,235.9	76,340.2	-19.8%
Western Canada On Farm & Primary Elevator Carry Forward Stock	12,901.0	4,889.9	163.8%
Total Grain Supply	**74,136.9**	**81,230.1**	**-8.7%**

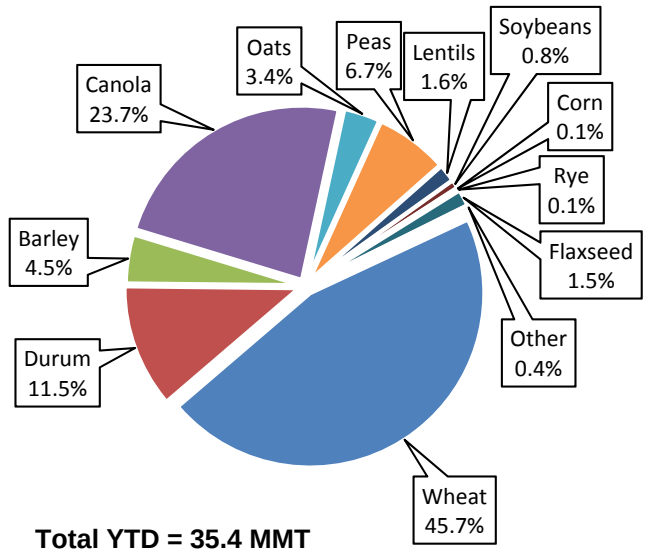
Traffic and Movement

The GHTS total movement has maintained record-setting levels in the first ten months of the crop year. Sales opportunities have remained strong translating into large shipping programs.

	MAY 2015	MAY YTD	Var. from Last YTD
Primary Elevator Shipments (000's tonnes)			
Manitoba	483.0	5094.0	-7.7%
Saskatchewan	1,662.8	17,606.0	8.9%
Alberta	1,263.0	12,337.4	7.6%
British Columbia	21.2	379.0	22.8%
Total	**3,430.0**	**35,416.4**	**5.9%**
Western Canada Railway Traffic (000's tonnes)			
Shipments to Western Ports	3,463.0	31,945.7	14.7%
Shipments to Eastern Canada	146.7	2,723.0	n/a
Shipments to US & Mexico	540.3	6,463.7	n/a
Shipments Western Domestic	32.5	475.6	n/a
Total	**4,182.5**	**41,607.9**	**n/a**
Western Port Unloads (Number of Cars)			
Vancouver	18,358	182,890	10.7%
Prince Rupert	5,372	56,141	5.8%
Churchill	0	5,326	-15.4%
Thunder Bay	8,590	72,312	38.6%
Total	**32,320**	**316,669**	**14.4%**
Terminal Elevator Shipments (000's tonnes)			
Vancouver	2120.0	16,890.1	15.2%
Prince Rupert	485.9	5,108.3	7.5%
Churchill	0.0	527.4	-17.1%
Thunder Bay	1,068.8	6,754.7	41.1%
Total	**3,674.7**	**29,280.5**	**17.9%**

The year-to-date total country elevator shipments are up 5.9% while shipments out of the four western ports are up 17.9%. While this likely reflects the impact of volume thresholds earlier in the crop year, strong sales programs from western ports have also contributed to this pattern.

Primary Elevator Shipments by Commodity



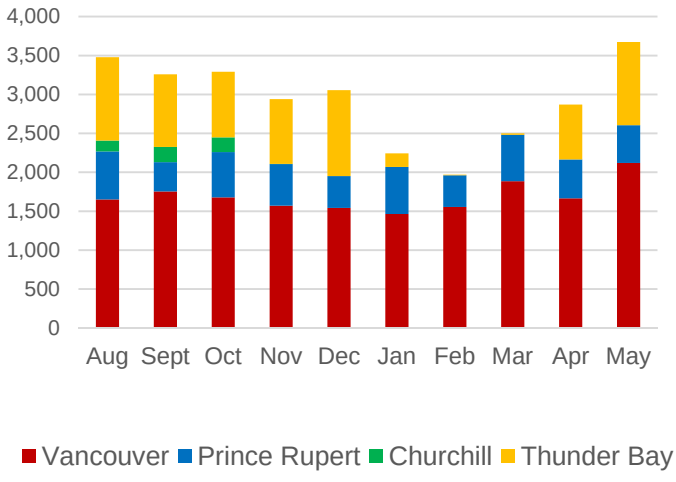
Total YTD = 35.4 MMT

GMP Data Table 2A-1

Wheat, including durum, continues to be the dominant commodity moved, although the proportion has fallen to 57.2%, from over 80% just 10 years ago.

Canola movements continue to increase in both the port and US corridors. The proportion of canola shipped has increased to 23.7% from 17% 10 years ago.

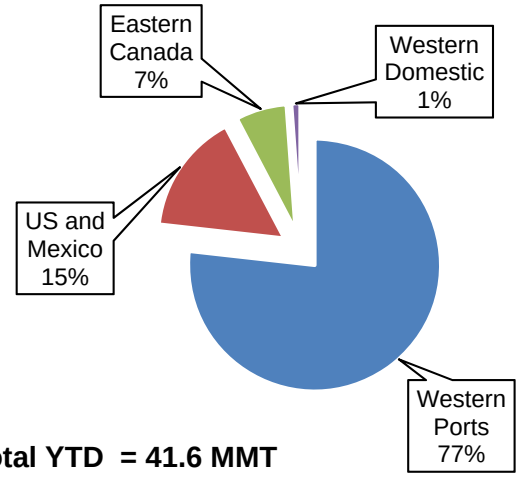
Terminal Elevator Shipments (000's tonnes)



GMP Data Table 2C-1

With Thunder Bay and the Seaway in operation, the overall level of terminal shipments continued to climb, surpassing 3.6 MMT during May.

Western Canadian Grain Destinations

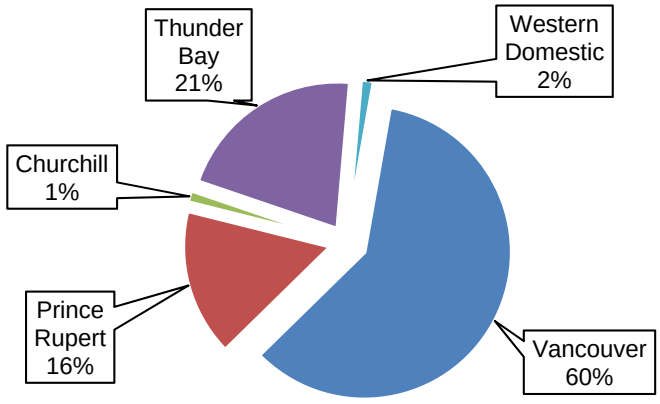


Total YTD = 41.6 MMT

GMP Data Tables 2B-1, 2B-8 & 2B-15

The primary unload destination of Western Canadian grain shipped by rail continues to be to the four western ports. The rail movement to Eastern Canadian ports seen in previous winters has decreased in the past three years, due in part to the recent focus on higher velocity movement, but also as a result of the change in marketing practices that came about at the end of the CWB single desk.

Western Canadian Destined Hopper Car Traffic

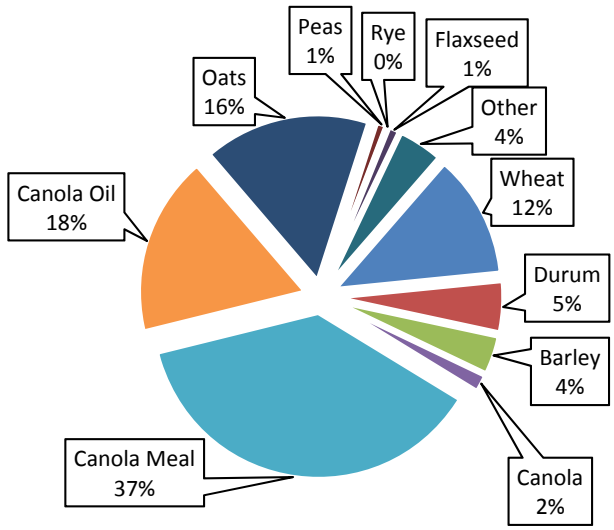


Total YTD - 31.5 MMT

GMP Data Tables 2B-3 to 2B-7

Vancouver continues in its role as the dominant port of export for western grain. A combination of year round operations, better logistical economics and the access to major markets for Canadian grain in the Asia Pacific region favour the west coast gateway.

US Destined Grain by Commodity

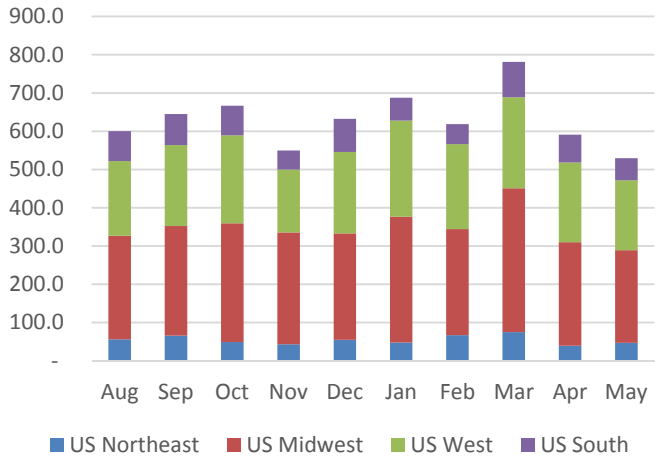


Total YTD - 6.3 MMT

GMP Data Table 2B-18

Canola and canola products (seed, oil and meal) dominate the movement to US destinations, constituting 57% of the overall movement this crop year to date.

US Destined Grain by Destination Territory (000's tonnes)



GMP Data Table 2B-18

The majority of Western Canadian grain exported to the US continues to be moved to the US Midwest and West regions with 66% being sourced from the province of Saskatchewan, the remainder coming from Alberta and Manitoba.

Rail traffic from Western Canada to Mexico totaled 161,100 tonnes year to date.

System Efficiency and Performance

	MAY 2015	MAY YTD	Var. from Last YTD
Primary Elevator			
Average Weekly Stocks (000's tonnes)	2,541.5	3,026.6	-5.3%
Average Days in Store	20.5	25.6	-10.5%
Average Weekly Cars Ordered	n/a	n/a	n/a
Average Weekly Car Orders Cancelled	n/a	n/a	n/a
Average Weekly Cars Planned for Spotting	n/a	n/a	n/a
Average Weekly Cars Actually Spotted	n/a	n/a	n/a
Railway Operations (days)			
Cycle Time to Western Ports	13.5	13.5	1.9%
Cycle Time to Eastern Ports	21.9	23.1	n/a
Cycle Time to US	n/a	n/a	n/a
Loaded Transit to Western Ports	5.8	5.9	10.3%
Loaded Transit to Eastern Ports	13.0	11.9	n/a
Loaded Transit to US	n/a	n/a	n/a
Traffic in 50-car+ blocks (Q3)	85.8%	83.0%	4.8%
Western Canada Terminal Elevator			
Average Weekly Stocks (000's tonnes)	1,111.3	1,321.7	47.5%
Average Days in Store	7.2	10.7	20.2%
Port Unloads (hopper cars)	32,320	316,669	14.4%
Terminal Out of Car Time	15.3%	18.1%	n/a
Western Canada Port Operations			
Average Vessel Time in Port (days)	9.3	10.4	-30.7%

Note: *At the time of this publication, car order data (order fulfillment) was not complete from both railways and is therefore not included in this month's report.*

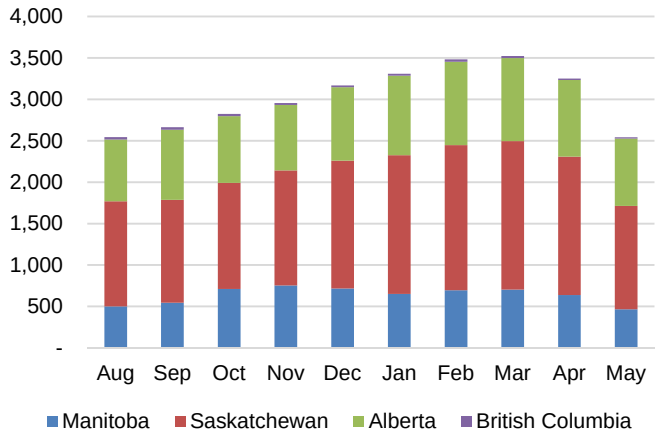
Primary elevator stocks continued to decline during May. The weekly average was 2.54 MMT, down over 700,000 tonnes from April as weekly deliveries declined while producers focused on seeding. Country elevators utilized an estimated 60% of the working capacity of the network. By province, stocks ranged from 53% of working capacity in Manitoba to 73% in Alberta. B.C. and Saskatchewan were at 54% and 57% respectively.

Year-to-date average days in store in the primary elevator system fell by 10.5% from last year, when elevator congestion continued to be widespread.

Railway car cycles to western Canadian ports consistently held in the 11-13 day range from April to November 2014 coincident with the enactment of grain volume thresholds under the Orders in Council. However, as normally seen in the winter period, car cycles peaked with an average of 16 days in January and February before beginning to decline, ultimately falling to 13.5 days in May.

Year-to-date average time vessels are spending in port waiting and loading grain is 30.7% less than that experienced in the same period in 2013-14. Although May saw a small increase in the average as it rose by half a day to 9.3 days from the 8.8 days registered in April, it remained a significant improvement from 17.2 days seen in March.

Average Weekly Primary Elevator Stocks (000's tonnes)

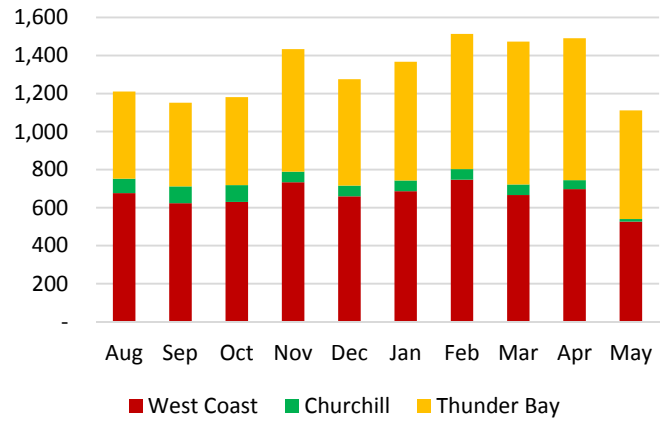


GMP Data Table 5A-2

Prior to May, average weekly primary elevator stock levels grew steadily throughout the current crop year. This is in contrast to the previous crop year when, from the beginning of week 7 (late September) to week 36 (early April), stocks in the country network were constantly near working capacity limits (95% or more). With the reduction of stock levels in April and May coinciding with seeding, the year-to-date average is now 5.3% less than in the previous crop year, representing a utilization rate of approximately 72% of the available working capacity, normal for this time of year.

Spring wheat, Tisdale SK area, June 28-15

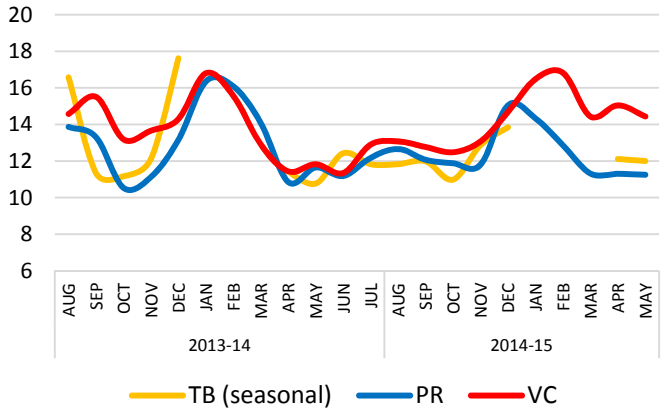
Average Weekly Terminal Elevator Stocks (000's tonnes)



GMP Data Table 5C-2

Terminal elevator stocks climbed measurably throughout most of the 2014-15 crop year. May saw an appreciable decline, when an average of just over 1.1 MMT in the western ports utilized approximately 66% of the estimated working capacity. As the shipping season progressed at Thunder Bay, terminal stocks in store at the port declined. By the end of May they had fallen significantly from the high level seen prior to the opening of navigation, registering just 417,000 tonnes, which utilized approximately 52% of working capacity.

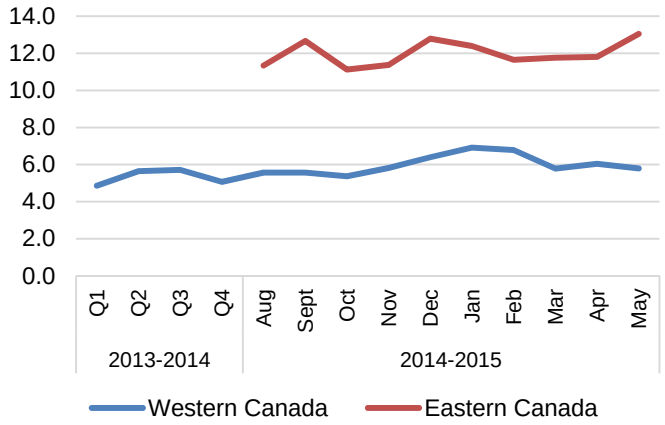
Railway Cycle Times to Western Ports (days)



GMP Data Table 5B-1

Despite seasonal fluctuations, the average car cycle in Western Canada has continued to decline since the beginning of the GMP. With the close of May, the year-to-date average for the 2014-15 crop year stood at 13.5 days, 1.9% above the 13.3-day average posted in the same period of the previous crop year. This was largely the product of an increase in the Vancouver corridor, which rose by 3.6%, to 14.2 days from 13.7 days. In comparison, the average in the Prince Rupert corridor fell by 3.0%, to 12.4 days from 12.8 days, and that of the Thunder Bay by 1.9%, to 12.7 days from 12.9 days. All three corridors posted progressive declines from their winter spikes, which began to rise in November 2014 and carried through to February 2015, before subsiding in March 2015. At their height, these spikes saw the monthly average for Vancouver rise to 16.8 days; Prince Rupert, 15.1 days; and Thunder Bay, 18.1 days.

Average Loaded Transit Times (days)

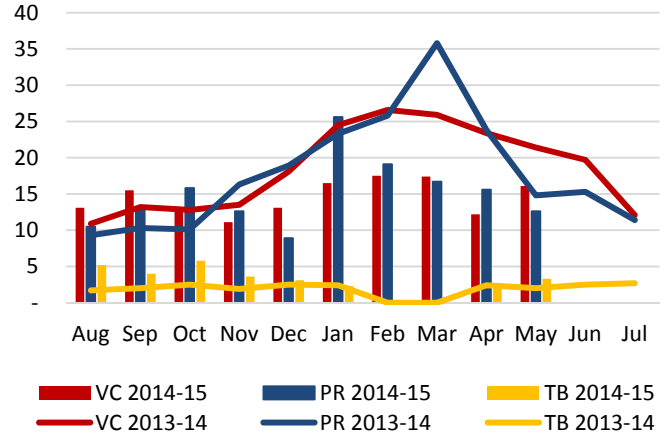


GMP Data Tables 5B-4, 5B-8

Loaded transit time for traffic destined to Western Canadian ports averaged 5.8 days for the first ten months of the crop year, up 10.3% from the 5.3-day average posted in the same period last crop year. The May average fell to 5.8 days from 6.0 days in April.

The measurement for Eastern Canadian car cycles and transit times declined slightly, with the year-to-date averages amounting to 23.1 days and 11.9 days respectively. Longer distances and smaller volumes are the chief drivers in larger values to eastern destinations.

Average Days in Port per Vessel

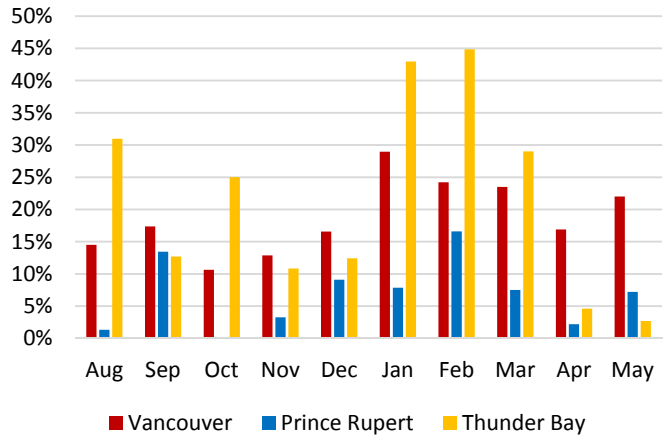


GMP Data Table 5D-1

Prior to the 2010-11 crop year, the average time vessels spent in port at Vancouver and Prince Rupert was between five and ten days. Despite seasonal fluctuations, a steady increase in this time has been recorded over the past four years. The high point last winter exceeded 26 days. There are a number of possible contributing factors that include having the right grain in position at port when the vessel is ready for loading to the unusually low cost of ocean freight being experienced presently.

As ocean freight rates have fallen to record low levels and the supply of vessel carrying capacity has increased in the past three years, it is likely that some of the increased time can be attributed to the approach taken in the management of vessel assets. There have also been several claims by terminal operators that the right grain has not been in position for the vessels waiting in port.

Port Terminal Out of Car Time (% of total operating hours)



GMP Data Table 5C-5

A new measure introduced this year gauges the time port terminals did not have cars to unload but had crews in place. The weekly measure uses data collected from the terminal elevators on the total number of hours the facilities are open and staffed (including evening and weekend overtime hours) and the corresponding number of hours that terminals have no rail cars available to unload. The measure is expressed as a percentage (hours without cars to the total number of hours working).

Year-to-date in Vancouver, the out of car time was 19.9%, at Prince Rupert 7.3% and at Thunder Bay it was 18.1%.

The month of May saw an increase at Vancouver terminals, to 22.0% from 16.9% in April. Thunder Bay's May percentage declined to 2.7% as the shipping season on the Seaway got fully underway.

Commercial Relations

A vast number of individual tariff rates exist for country and terminal elevation services and for rail freight. These rates are measured quarterly by the GMP and are presented for reference purposes this month.

The GMP consolidates these rates into averages for presentation purposes. Increases or decreases are presented based on an index with the base year (August 1, 1999) equal to 100.

The year-to-date increase in single car rates for CP seen below, is magnified by reductions that the carrier incorporated in the later part of the 2013-14 crop year.

Rates: $CDN per tonne	Q3 2015	Index (1999=100)	% Change YTD
Avg. Primary Elevation	$16.22	135.3	3.1%
Rail to Vancouver			
CN	$48.13	130.6	1.2%
CP	$51.05	137.1	15.5%
Rail to Pr. Rupert			
CN	$48.13	115.5	1.2%
Rail to Thunder Bay			
CN	$46.80	145.6	0.0%
CP	$41.66	140.1	16.8%
Average Terminal Elevation	$13.91	152.5	1.7%

Note: *Rail rates are as at Apr. 30, 2015 and reflect the average weighted single car rate. They do not include multi-car incentives ($4/tonne for 50 + car blocks and $8/tonne for 100 + car blocks).*

Commercial Developments

SRY / CUPE agreement ends lockout: Locked out since January 1, 2015, 126 unionized employees of Southern Railway (SRY) and members of CUPE local 7000, ratified a tentative agreement and returned to work on May 1 2015. The dispute has severely impacted the flow of traffic through the SRY serviced grain transload operators located on those lines (Parish and Heimbecker and Western Transloading) as well as feed mill operations in the Fraser Valley. While SRY initially began using management crews to provide partial service, after approximately a month service has eroded to a bare minimum. For these transloaders, the impact of the loss of rail service was exacerbated by two separate labour actions taken by truckers in the lower mainland through this same period.

Sale of West Central Road and Rail approved by Shareholders: The April 14th announcement of West Central Road and Rail (WCRR) was approved by the company's shareholders on May 28th at a meeting in Eston SK. WCRR's 1,900 shareholders will receive between $310 and $340 per share.

CN spending $2.7 billion capital investments in 2015: CN announced its 2015 capital budget for 2015 for improved rail infrastructure, maintenance, equipment and technology. The investments are directed at expanding capacity and improving network safety.

CN will spend $1.4 billion on track maintenance, bridges, and branch line upgrades; $800 million on yard improvements, intermodal terminals, transload and distribution centers and information technology related to growth and productivity initiatives; $500 million on equipment and rolling stock, including 90 new locomotives.

Richardson targets U.S. acquisitions: Richardson International, one of Canada's largest grain handlers, revealed that it was seeking to expand its operations in the United States, chiefly the northern plains and other wheat-growing areas. Although speculation centred on possible acquisition targets – including Andersons Inc., Bartlett and Company, and The Scoular Company – there was no indication that the company had actually entered into discussions with either of these firms. Rather, the plan was placed within a broader growth initiative, and one that might easily encompass moves into Latin America, Australia or Eastern Europe.

AGT planning additional expansions: Following on the heels of its pending acquisition of West Central Road and Rail, AGT Food and Ingredients Inc. announced that it would be expanding its facility in Minot, North Dakota. The announcement also signaled a change in corporate direction, and a deferring of its previously cited plans to expand capacity in Western Canada.

Infrastructure

The GHTS infrastructure underwent significant rationalization in the 1990's and early 2000's. Since that time the pace of change has largely abated. The GMP monitors infrastructure changes on a quarterly basis. The data presented this month is for reference purposes.

	Q3 2014-15	Index (1999=100)	% Change YTD
Country Elevator			
Primary and Process Elevators (Count)	370	36.9	-0.3%
Storage Capacity (000's tonnes)	7,334.8	104.4	0.0%
Railway			
Route Miles - Major Carriers	15,011.5	101.2	0.0%
Route Miles - Shortline Carriers	2,588.7	55.8	0.0%
Route Miles - Total	**17,600.2**	**90.4**	**0.0%**
Average Weekly Hopper Car Fleet Size	22,330	n/a	0.0%
Terminal Elevator			
Terminal Facilities (Count)	17	121.4	13.3%
Storage Capacity (000's tonnes)	2,423.9	94.8	0.9%

There were modest changes in the GHTS infrastructure in the first nine months of the 2014-15 crop year.

The total number of country elevators declined by one to 370, after seeing 16 facilities de-licenced last crop year. Two newly licensed terminal elevators were added to the network at the end of the second quarter, both located in Thunder Bay. The number of railway hopper cars in the fleet has rebounded to the level seen at the beginning of this crop year, typical for the spring grain movement.

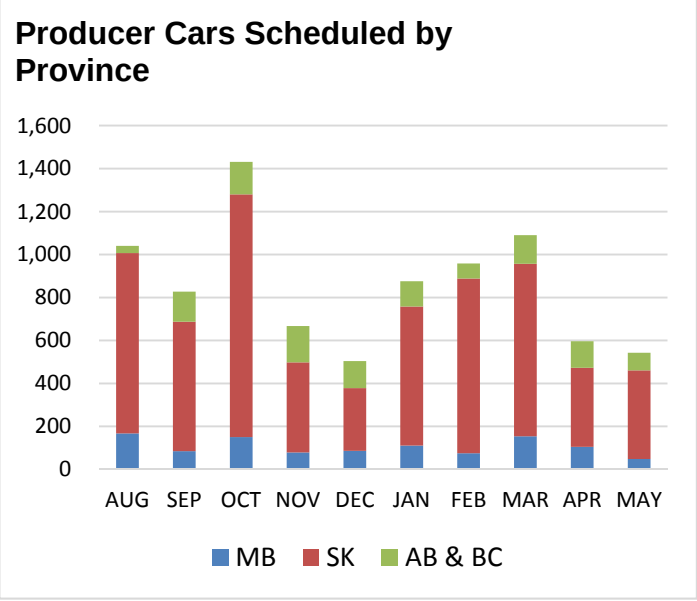
Producer Cars

The primary producer impact measure in the GMP is the Producer Netback. The Netback and accompanying Export Basis are calculated on an annual basis and will be included in the Annual Report. The GMP also monitors elements of producer car infrastructure and movement.

Producer Car Loading Sites	Q3 2014-15	Index (1999=100)	% Change YTD
Class 1 Carriers	179	27.8	-15.2%
Shortline Carriers	135	207.7	0.0%
All Carriers	**314**	**44.3**	**-9.2%**

Class 1 carriers eliminated another 17 producer car loading sites during the third quarter, bringing the total decline in the crop year to 32 (CN 23, CP 9). Loading sites were eliminated in conjunction with the closure and removal of some branch lines, such as CP's Gainsborough and Gravelbourg lines. The total number of available producer car loading locations now stands at 314. In August of 1999 there were 709 producer loading sites in Western Canada.

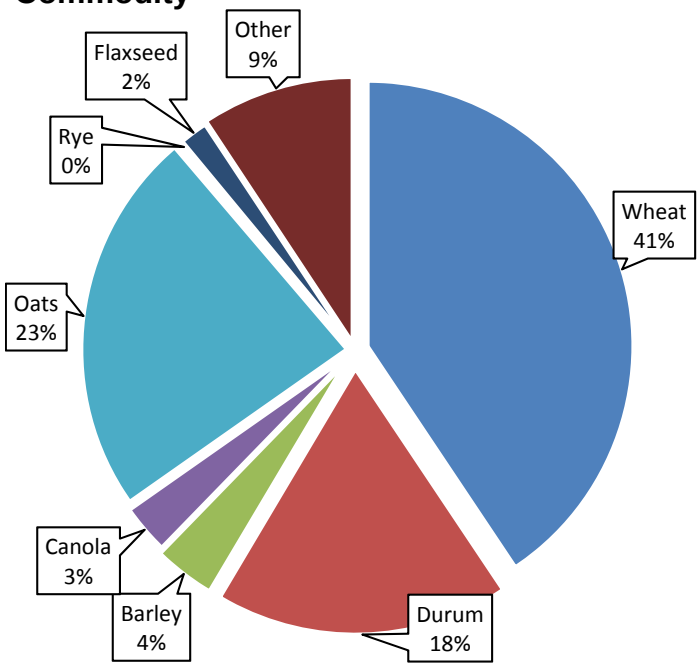
Producer Cars Scheduled	MAY 2015	MAY YTD	Var. from Last YTD
Manitoba	48	1,060	-23.7%
Saskatchewan	413	6,327	-39.5%
Alberta & B.C.	82	1,145	-56.0%
Total	**543**	**8,532**	**-41.0%**



GMP Data Table 6B-2

In the past, producer car shipments were primarily wheat, durum and oats. Since the elimination of the single desk, greater volumes of canola and special crops are moving via this mode.

Producer Cars Scheduled by Commodity



GMP Data Table 6B-2

Wheat, Northwestern Saskatchewan, June 28 - 15

This report provides a summary of the data developed under the Grain Monitoring Program. Detailed monthly Data Tables can be found in Excel format on Quorum's website at: www.grainmonitor.ca

Quorum welcomes questions and comments on the reports and data. Please contact us at the address below by either phone or email.

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