



The Western Canadian GHTS 2013-14 Update

August 2014



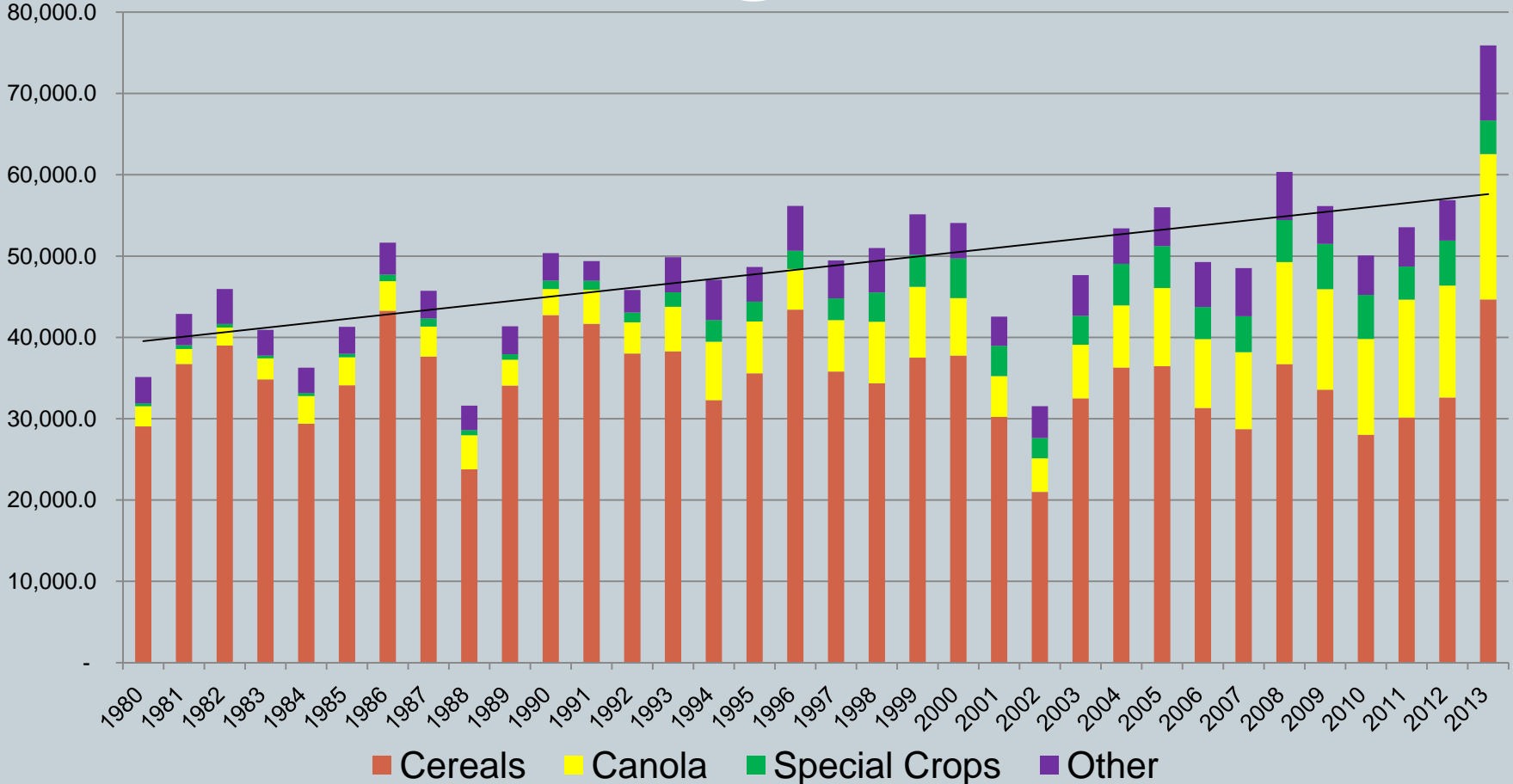
Overview

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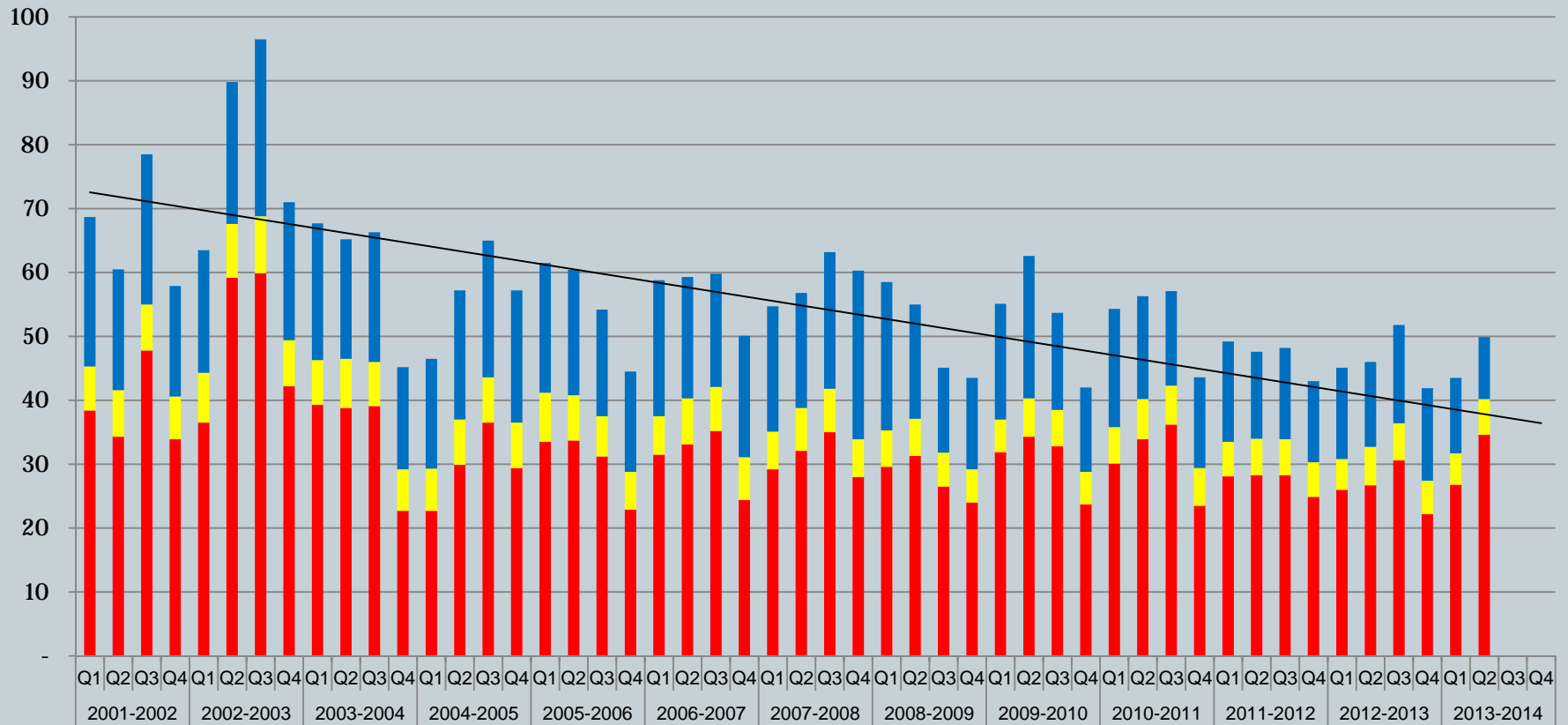
- Introduction
 - Performance Measures
- GHTS Performance This Year
 - 2013 Production
 - Grain Movement - Disruption
 - Response



Production – 1980 -2013 (Tonnes)



Time in the System (Days)



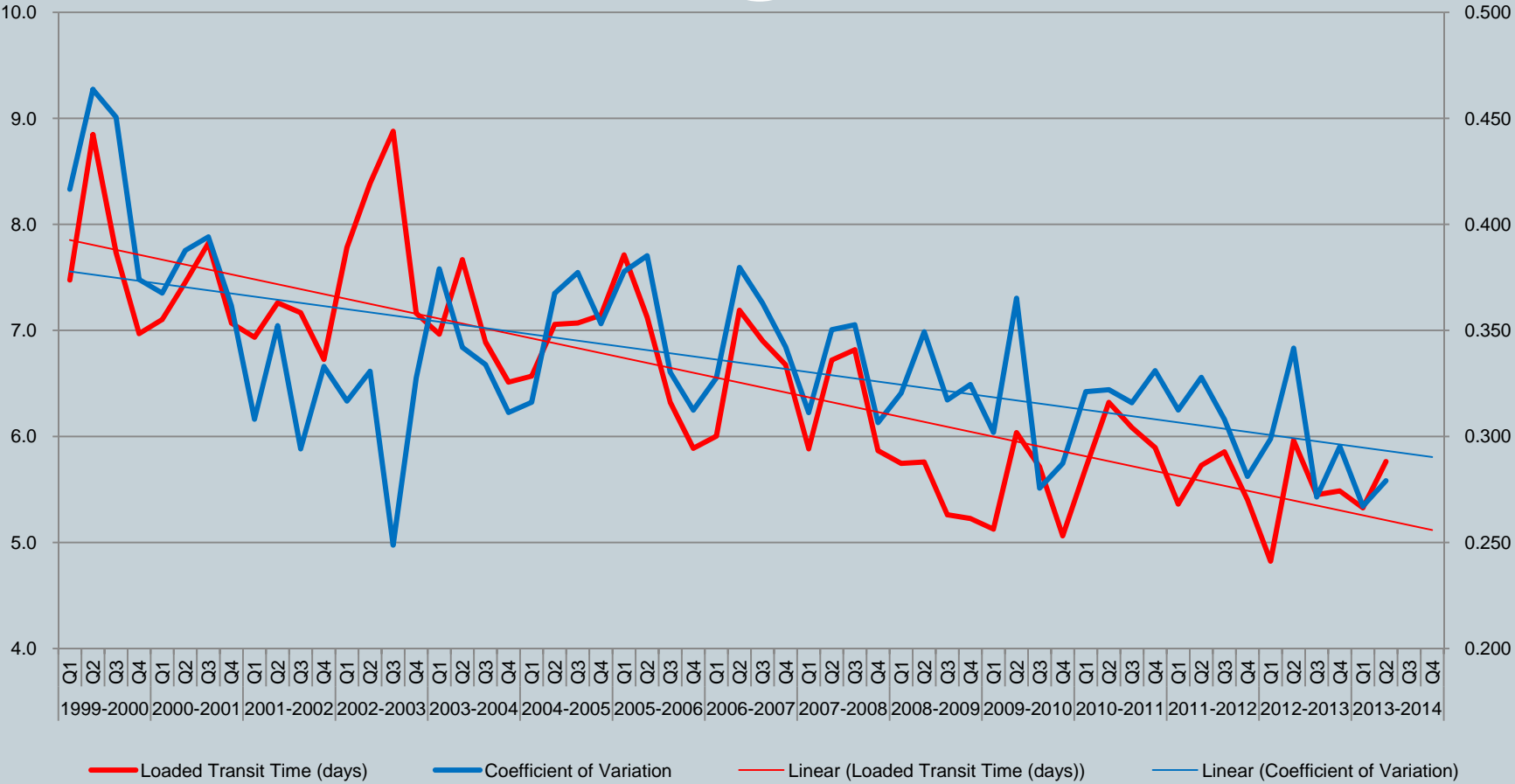
■ Country Elevator Storage

■ Railway Loaded Transit

■ Terminal Elevator Storage



Railway Loaded Transit



2013-14 Crop Year Performance



Quorum
Corporation

2013 Production and Logistics



June

- Late seeding, cool spring, slow development
- Expectation of an average crop
- Old crop year stocks depleted

July

- Good Moisture
- Relatively mild temperature
- Prolonged reproductive stage for most crops

August

- Ripening delayed as grains continue to fill
- Expectations of a bumper crop
- No early frost

September

- Good harvest conditions
- Recognition of a record level crop (Stats Canada projects 65 mmt)
- Grain co's signal enhanced forecasts to railways

October

- Harvest wraps up
- Railway movement starts well, then falls off by month end
- Logistics problems become apparent



Record Breaking Crop and Capacity Planning



- **Stats Canada September Estimate:**
 - 65 million tonnes in Western Canada
- **Railways and Shippers discuss capacity:**
 - railways plan for 5,000 – 5,500 cars/ week/ railway
 - Shippers stressed need for even larger loading programs due to record crop size
- **Stats Canada November Estimate (final):**
 - 75.9 million tonnes in Western Canada



Record crop to market



	2013	5 Yr Average	Var %
Production	75.9	55.4	+37%
Carry In	4.9	8.1	-39 %
Total Supply	80.8 mmt	63.5 mmt	+27%

Challenges ahead!

2013-14 Grain Movement



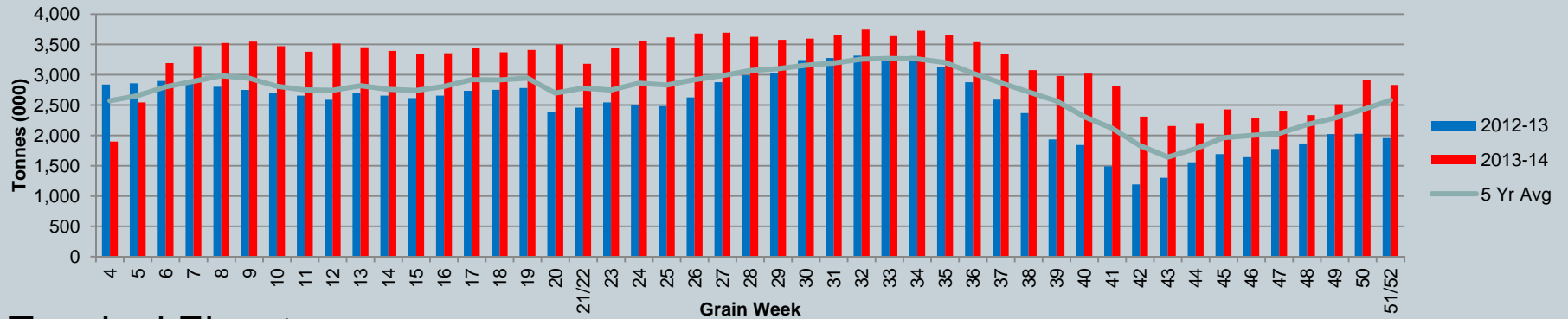
- **Started to become a problem in mid October**
 - Railway projections in September were for 5,000 car/ week
 - Assumption by grain companies was for consistent supply throughout crop year
 - Sales program built on that basis and with ongoing feedback from railways
- **Railways began falling short of the commitment levels stated in their weekly plans**
- **Situation worsened as winter descended**
 - Major constriction in supply to west coast ports



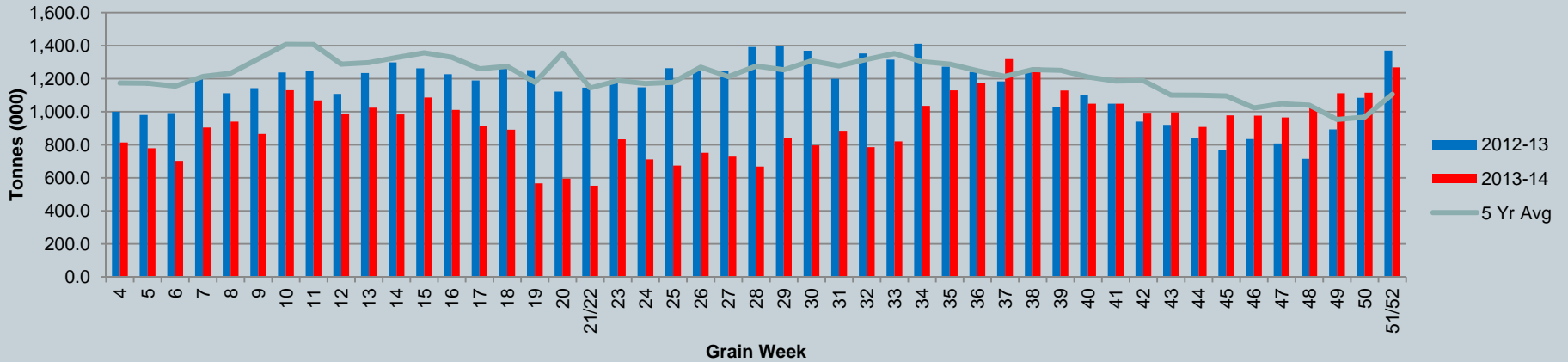
Stock Inventories



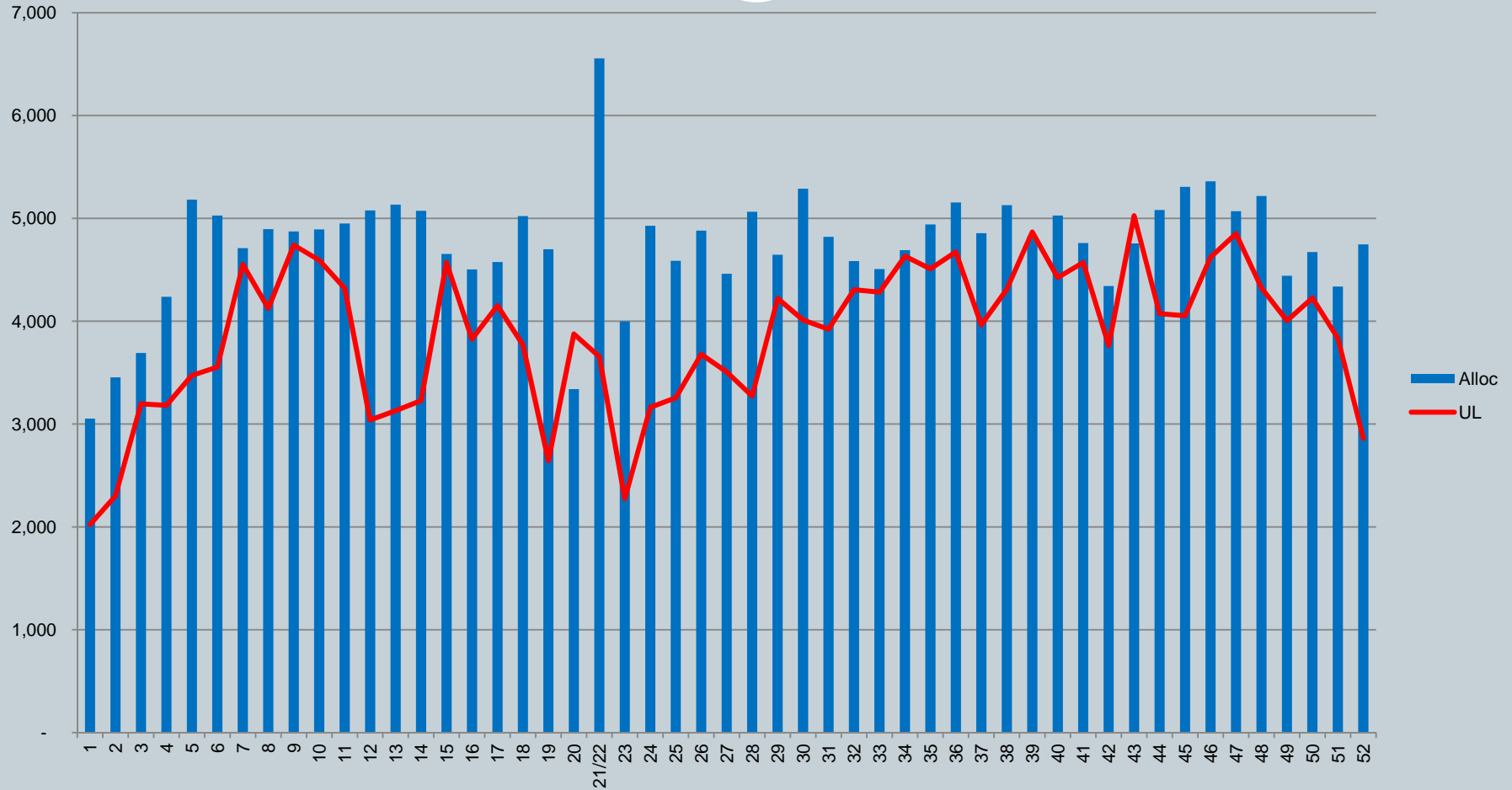
Primary Elevators



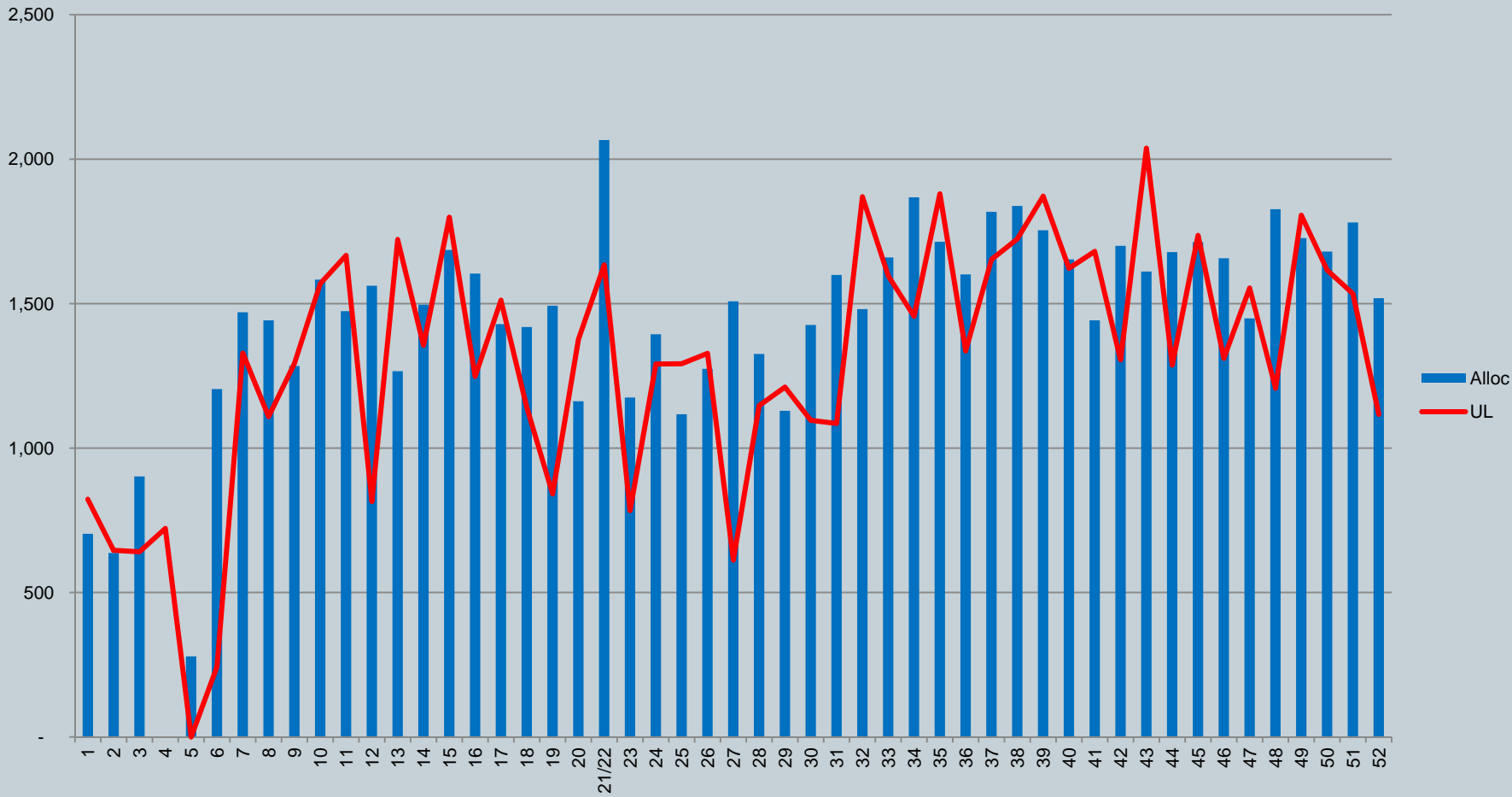
Terminal Elevators



Vancouver – Allocation vs. Unloads



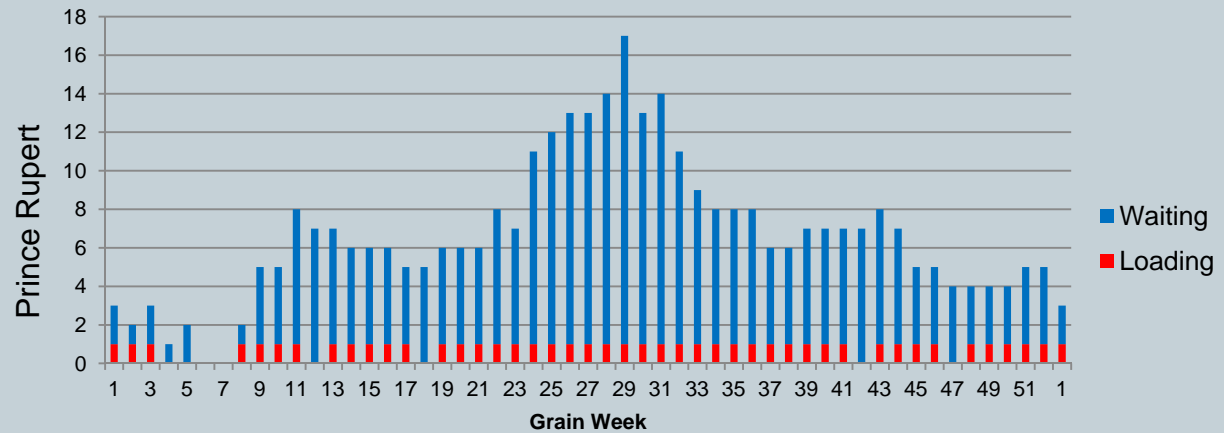
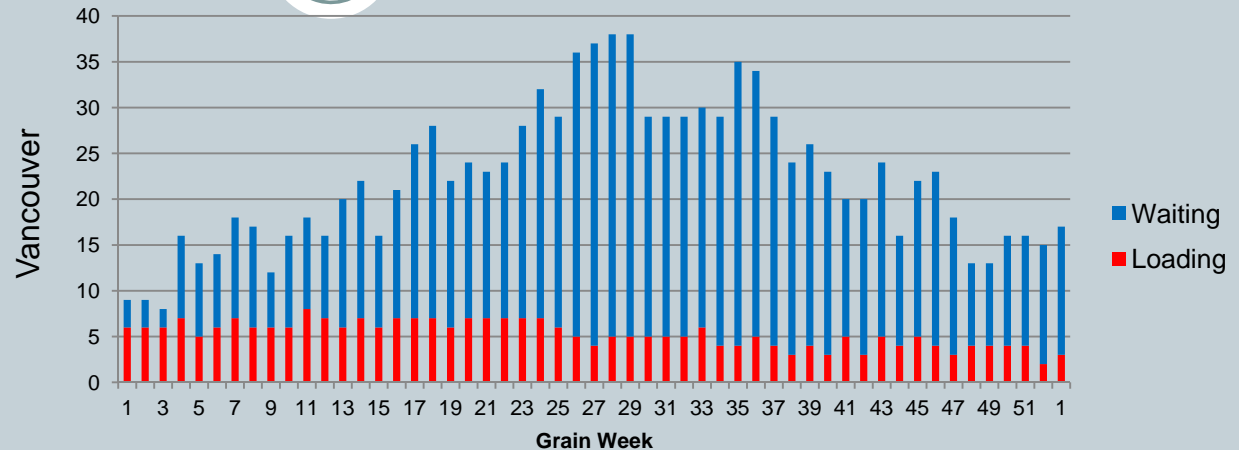
Prince Rupert – Allocation vs. Unloads



Vessel Lineups to Aug. 7 (number of vessels in port)



- West coast vessel lineups peaked in Feb. (38 at VC, 17 at PR)
- Coordination of product to vessel (pipeline) was sub-optimal compounding extended waiting and loading times.
- Vessel lineup is now approaching a normal level.



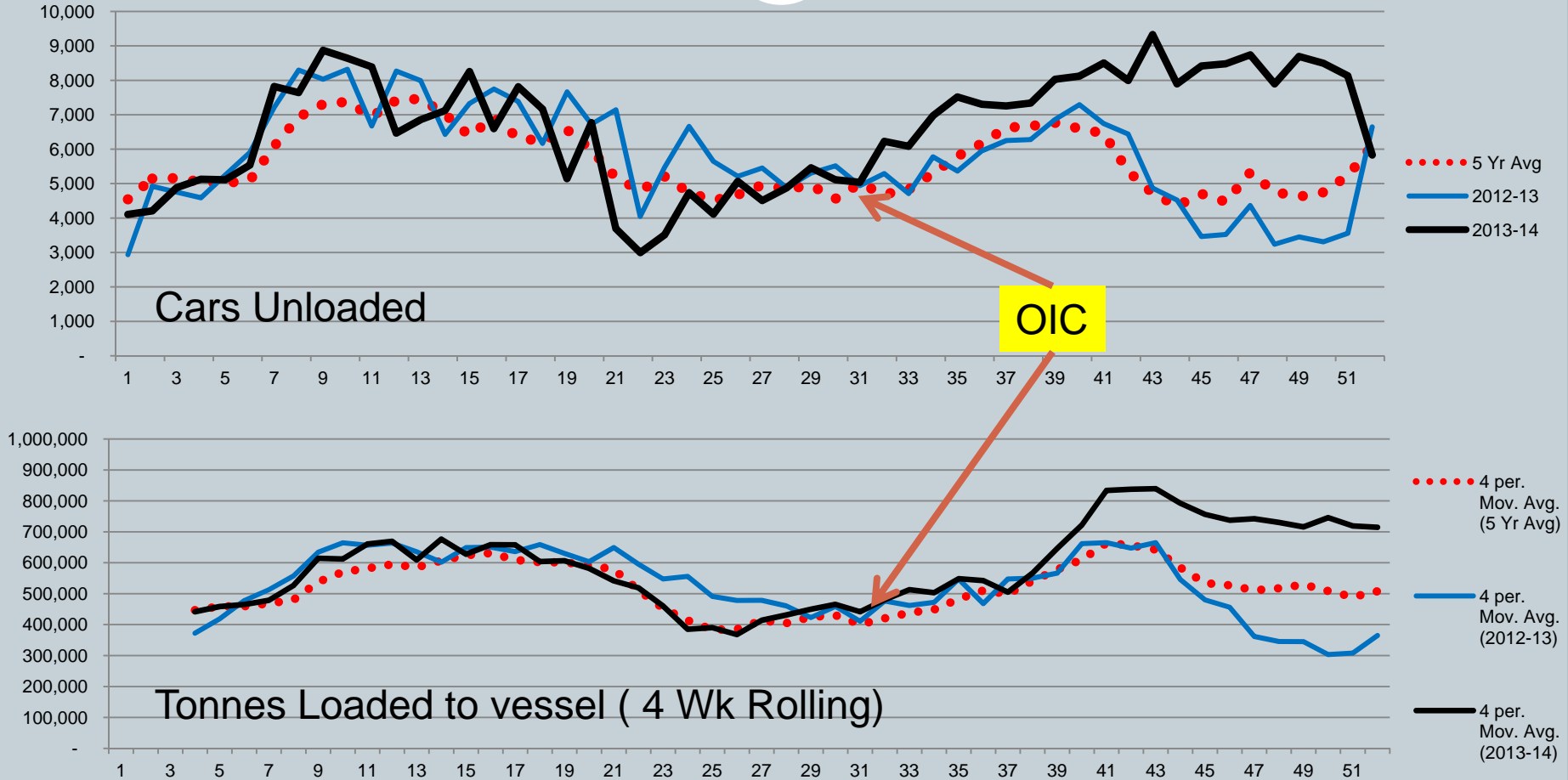
Government Response



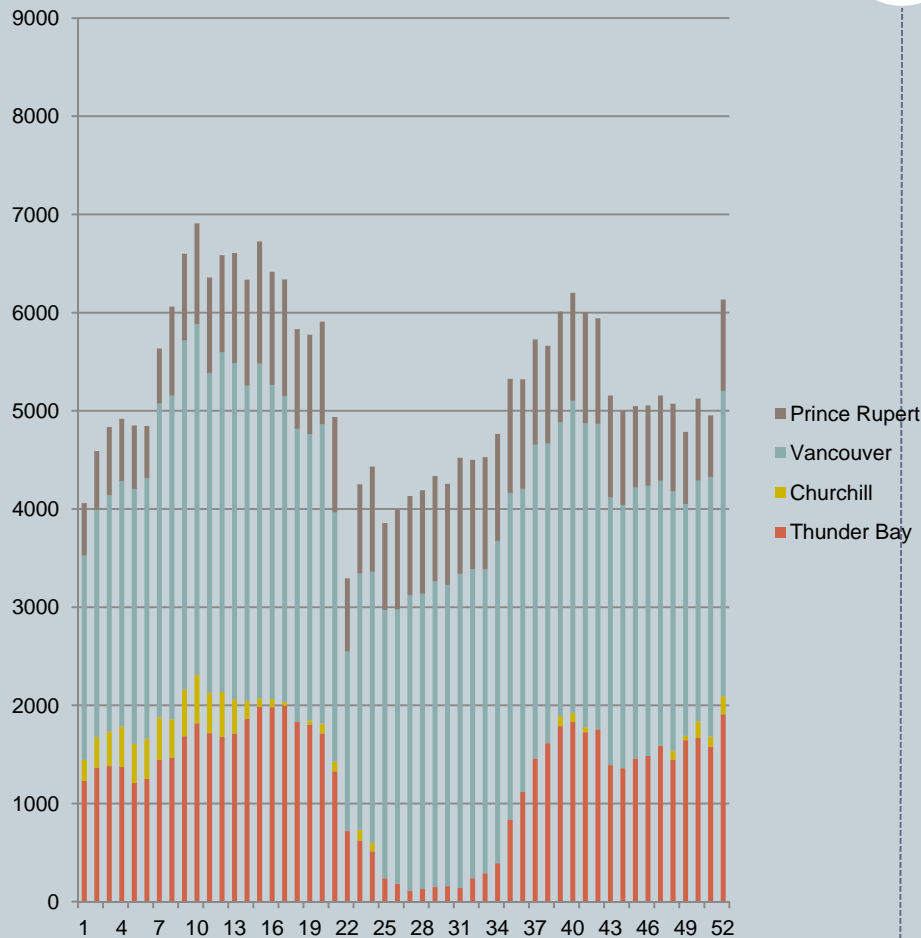
- Order in Council March 7th
 - Railways required to load one million tonnes per week
- Bill C30 *Fair Rail for Grain Farmers Act*
 - Extends government's ability to set volume thresholds
 - Extends Prairie Provinces' inter-switching rights to 160 kms for all commodities (previously 30 kms)
 - Strengthens accountability between shippers and railways and strengthens farmers' contracts with grain companies
 - Allows shipper compensation for expenses incurred due to railways' failure to meet level of service obligations under the *Canada Transportation Act*



Performance this year

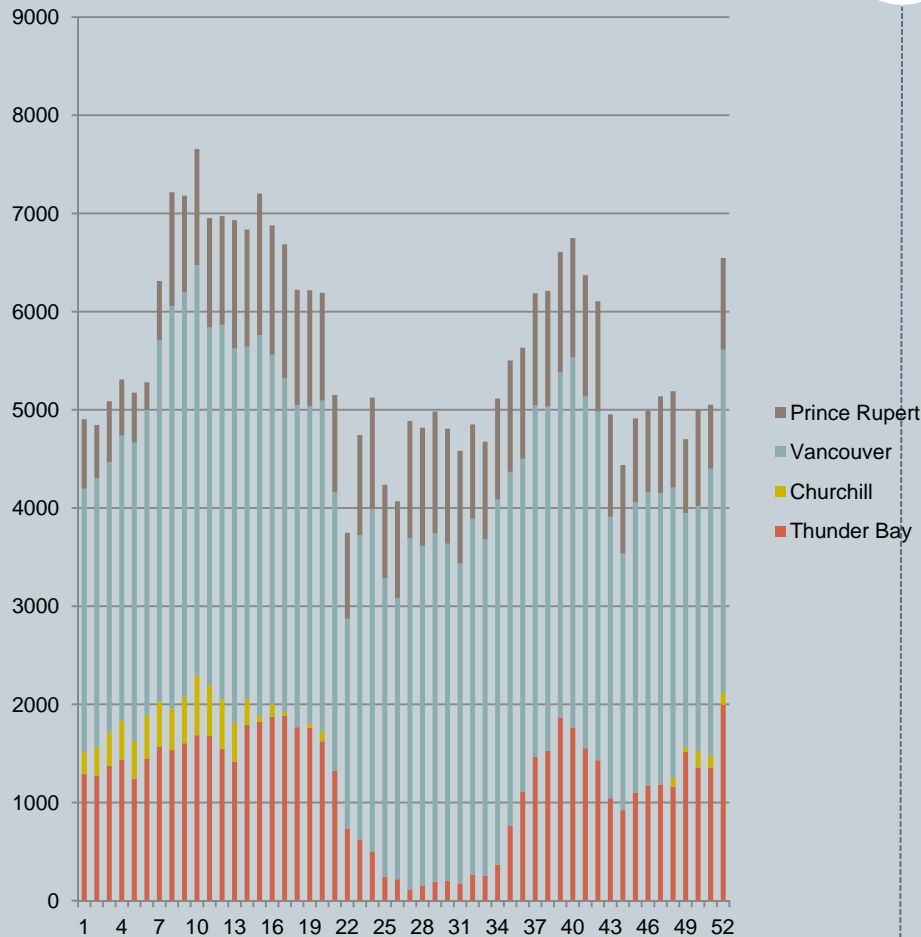


Weekly Port Unloads - 10 year average



- Unloads are indicative of the railway volumes to port
- Winter weather inevitably impacts the capacity and capability of railways as shown in the drop in volumes

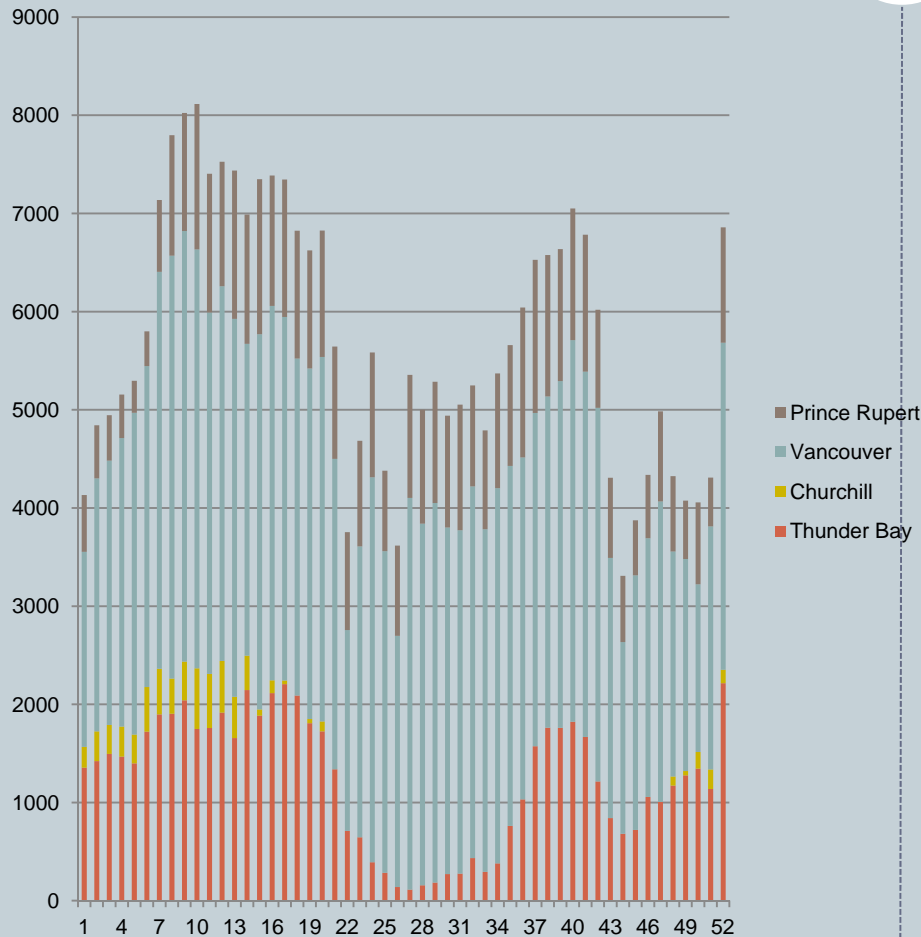
Weekly Port Unloads - 5 Yr Average



- Autumn and Spring volumes show the peak period of the year.
- Late spring typically will reflect a drop as seeding begins and road ban are placed by provinces and municipalities



Weekly Port Unloads - 3 yr Average



- The three graphs show a gradual increase in overall volumes as railways have increased capacity
- The impact of winter operations continues to affect volumes in the December – March period

Summary of Unloads to Western Canadian Ports

(Preliminary to week 52, 2013-14 CY)

<u>Total Cars</u>	<u>Vancouver</u>	<u>Prince Rupert</u>	<u>West Coast</u>	<u>Thunder Bay</u>	<u>Churchill</u>	<u>Total</u>
5 Yr Avg	177,367	54,883	232,249	63,994	6,781	303,025
2012-13	173,872	56,889	230,761	64,529	5,514	300,804
2013-14	198,841	66,004	264,845	73,507	6,523	344,875
Var % to 5 Yr Avg	12%	20%	14%	15%	-4%	14%
Var % to Last Year	14%	16%	15%	14%	18%	15%
<u>Total Tonnes</u>						
5 Yr Avg	15,178,867	4,951,924	20,130,791	5,614,319	553,593	26,298,703
2012-13	14,955,997	4,914,911	19,870,908	5,686,085	484,178	26,041,171
2013-14	17,608,107	5,985,975	23,594,083	6,693,208	586,794	30,874,084
Var % to 5 Yr Avg	16%	21%	17%	19%	6%	17%
Var % to Last Year	18%	22%	19%	18%	21%	19%
<u>Total Tonnes/ Car</u>						
5 Yr Avg	85.58	91.84	87.04	87.73	81.63	87.06
2012-13	86.02	88.99	86.74	88.12	87.81	87.05
2013-14	88.55	92.25	89.46	91.06	89.96	89.81
Var % to 5 Yr Avg	3%	0%	3%	4%	10%	3%
Var % to Last Year	3%	4%	3%	3%	2%	3%

•Crop year total reflects a record volume!



Going Forward?



- **Impacts of record western Canadian crop**
 - Strong demands will continue to be placed on the GHTS in the 2014/15 crop year due to the large carry forward stock
- **Enhancements to the GMP announced Feb. 3rd:**
 - Monthly Reporting
 - Railway order fulfillment data
 - Fleet size
 - Port terminal unload performance
 - Greater granularity (weekly data)





Thank You

Reports Available

Website: www.grainmonitor.ca

