

## GMP Dashboard

Table M-1	SEP 2018	OCT 2018	2018-19 YTD	Var. from Last YTD
<b>Western Canadian GHTS Performance (Days)</b>				
Total Time in System	41.0	42.0	42.9	-2.7%
Average Days In Store – Country	23.6	23.6	24.0	-8.7%
Loaded Transit Time	5.5	6.1	6.0	3.4%
Average Days In Store – Terminal	11.9	12.3	12.9	7.5%
<b>Total Traffic ('000 tonnes)</b>				
Primary Elevator Shipments	4,132.8	5,393.6	13,369.4	14.3%
Railway Shipments (all Western Canada traffic)	4,886.8	5,304.9	14,078.8	3.8%
Western Port Terminal Shipments	2,963.4	3,512.5	8,923.4	-3.3%
<b>Railway Performance</b>				
Avg. Loads on Wheels (Cars)	11,158	12,972	11,1880	6.3%
Total Western Port Car Cycle (days)	14.4	13.9	14.9	-0.8%
<b>Port Performance</b>				
Western Port Unloads (Number of Cars)	32,599	44,576	108,596	7.8%
Vessel Time in Port (days)	8.7	10.3	9.4	16.0%

*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.*

## Overview

Railway grain shipments from Western Canada rose to just over 5.3 MMT in October, up 8.6% from September's 4.9 MMT. Year-to-date tonnage showed a lesser 3.8% gain at 14.1 MMT. Although adverse conditions delayed the harvest in September and early October, a stretch of warm dry weather in the last half of October permitted producers to largely complete combining. Port shipments for October totaled 3.5 MMT, an 18.5% increase from September volumes with substantial increases at the Pacific Seaboard, a modest decline at Thunder Bay and the first shipment from the port of Churchill in three years. Year-to-date shipments from ports have declined by 3.3%. Accompanying the slowdown in shipments, is a 10.3-day average in the amount of time vessels spent in port in October, with the first quarter of the crop-year average measuring 9.4 days.

## Highlights for October 2018 and First Quarter 2018-19 CY

### Traffic and Movement (page 2)

- Primary-elevator shipments were 13.4 MMT in the first quarter of the 2018-19 crop year, 14.3% more than last year.
- Total Western Canadian rail shipments (from all primary/process elevators and producer-car sites) increased 8.6% from September, to just over 5.3 MMT. The stronger showing helped raise total shipments for the first quarter of the 2018-19 crop year by 3.8%, to a GMP record of 14.1 MMT.
- Crop year shipments from Western Canadian ports totaled 8.9 MMT, down 3.3% from last crop year.

### System Efficiency and Performance (page 4)

- Average weekly primary-elevator stocks decreased by 2.1% from last year. The average days-in-store was down 8.7%.
- Average weekly port-terminal stocks decreased 2.3% from the same period last year, while average days-in-store climbed 7.5%.
- Railcar cycle times fell for a second consecutive month in October, with the preliminary average for Western Canadian movements decreasing to 13.9 days from 16.6 days in August. The average for the first quarter also finished 0.8% lower, falling to 14.9 days from 15.1 days a year earlier.
- The first quarter average for vessel time in port is 9.4 days, a 16.0% increase from that observed in the previous crop year.
- Port-terminal out-of-car time fell to 8.7% at Vancouver in October from 17.5% in September, while climbing to 14.3% at Prince Rupert from 10.2%. At Thunder Bay the out-of-car time fell to 4.2% from 4.4% the previous month.

### Commercial Relations (page 6)

- Average primary-elevation charges rose 0.3% over the course of the first quarter of the crop year.
- Both CN and CP increased their single-car freight rates in the first quarter of the 2018-19 crop year. Successive CN increases in August, September and October lifted the rates on movements to the West Coast and Thunder Bay by 13.8%, and 23.4% respectively. In comparison, CP limited its beginning-of-the-crop-year increases to the Thunder Bay corridor but followed up with broader increases in October. By the close of the period these actions had raised the rates on traffic destined to Vancouver and Thunder Bay by almost 5.8% and 14.6% respectively.
- Average terminal-elevation charges rose 0.1% during the first quarter of the crop year.

### Infrastructure (page 6)

- The GHTS's country-elevator network posted a net decrease of eight facilities in the first quarter of the 2018-19 crop year, with the total falling to 392 from 400. This was largely due to the delicensing of several smaller facilities. Hidden beneath these statistics are four newly constructed loop-track facilities, two operated by G3 Canada, and one apiece by GrainsConnect and Viterra. These same facilities were chiefly responsible for adding another 119,100 tonnes of storage capacity to the system, which reached a record 8.4 MMT.

## Production and Supply

Statistics Canada's August 31st model-based estimate for 2018 crop production in Western Canada stands at 71.6 MMT, a 0.5% decrease from the 2017 harvest, but registering among the largest crops grown. This preliminary production estimate will be updated when the results of Statistics Canada's November survey of producers is complete.

Coupled with carry-forward stock of 9.5 MMT at the end of July 2018, 10.7% more than in 2017, the overall grain supply is estimated to be 81.1 MMT. The projected supply is 0.7% greater than that of the previous year and will place continuous demands on the GHTS throughout the coming crop year.

Table M-2:	2018	2017	Var. from Last Yr.
<b>Production &amp; Carry Over (000's tonnes)</b>			
Western Canada Total Production – Preliminary*	71,641.1*	71,977.2	-0.5%
Western Canada On Farm & Primary Elevator Carry Forward Stock	9,494.6	8,574.0	10.7%
<b>Total Grain Supply</b>	<b>81,135.7*</b>	<b>80,551.2</b>	<b>0.7%</b>

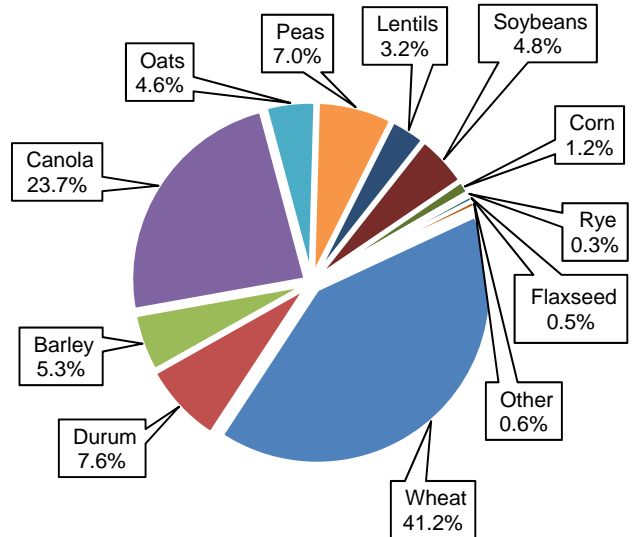
## Traffic and Movement

As the harvest finally wrapped up late in the month, October producer deliveries increased, averaging 1.15 MMT per week for the month. Average weekly primary-elevator stock levels built to 3.7 MMT, providing adequate supply throughout the first quarter of the 2018-19 shipping program.

Table M-3	OCT 2018	2018-19 YTD	Var. from Last YTD
<b>Primary Elevator Shipments (000's tonnes)</b>			
Manitoba	1,090.4	3,035.8	9.8%
Saskatchewan	2,935.8	7,163.1	31.3%
Alberta	1,316.4	3,065.1	-9.9%
British Columbia	51.0	105.4	40.9%
<b>Total</b>	<b>5,393.6</b>	<b>13,369.4</b>	<b>14.3%</b>
<b>Western Canada Railway Traffic (000's tonnes)</b>			
Shipments to Western Ports	4,270.8	11,221.9	4.9%
Shipments to Eastern Canada	323.1	817.0	29.2%
Shipments to US & Mexico	627.18	1,815.9	-11.7%
Shipments Western Domestic	83.9	224.0	28.8%
<b>Total</b>	<b>5,304.9</b>	<b>14,078.8</b>	<b>3.8%</b>
<b>Western Port Unloads (Number of Cars)</b>			
Vancouver	28,037	65,588	6.0%
Prince Rupert	6,481	16,034	21.1%
Thunder Bay	10,058	26,974	5.5%
<b>Total</b>	<b>44,576</b>	<b>108,596</b>	<b>7.8%</b>

Table M-3	OCT 2018	2018-19 YTD	Var. from Last YTD
<b>Terminal Elevator Shipments (000's tonnes)</b>			
Vancouver	2,164.3	5,378.6	-6.4%
Prince Rupert	571.9	1,376.1	12.9%
Churchill	26.9	26.9	n/a
Thunder Bay	749.4	2,141.8	-5.3%
<b>Total</b>	<b>3,512.5</b>	<b>8,923.4</b>	<b>-3.3%</b>

## Primary Elevator Shipments by Commodity

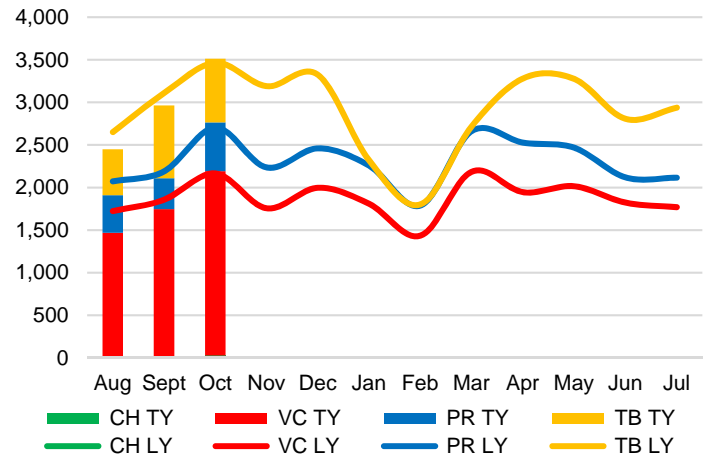


**Total YTD = 13.4 MMT**

GMP Data Table 2A-1

Grain shipments from primary elevators grew in the first quarter, registering 14.3% more than the crop-year-to-date total for the previous year. Wheat, including durum, and canola continue to constitute the largest proportion of the movement at 72.5%. Movement of peas and lentils rebounded to account for 10.2% of the total, from just 7.1% in July. Tariff and non-tariff trade barriers continue to challenge the marketing of these pulse crops.

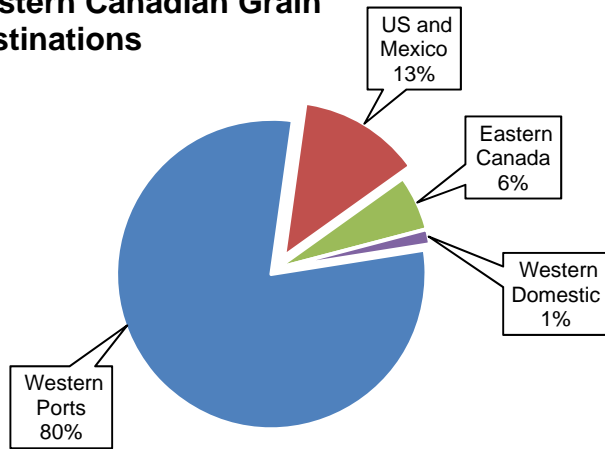
## Terminal Elevator Shipments (000's tonnes)



GMP Data Table 2C-1

Bulk shipments out of the western ports fell in the first quarter of the 2018-19 crop year, registering a 3.3% decrease on a year-over-year basis. Although Prince Rupert experienced an increase of nearly 13.0%, both Vancouver and Thunder Bay recorded declines of approximately 5.0 to 6.0%.

### Western Canadian Grain Destinations

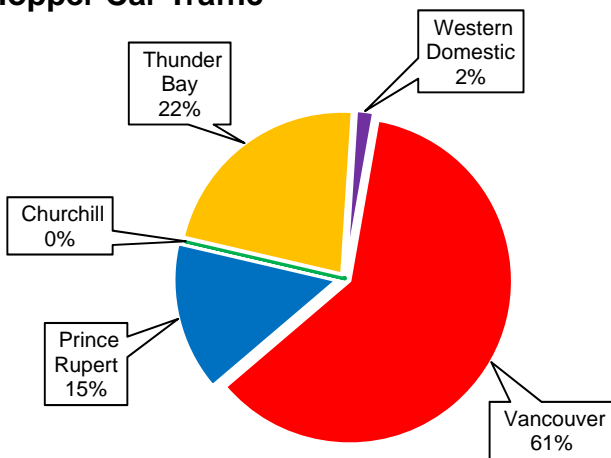


Total YTD = 14.1 MMT

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

Railway grain shipments from Western Canada totaled 14.1 MMT in the first three months of the 2018-19 crop year, a 3.8% gain over that handled in the same period a year earlier. The majority, about 11.2 MMT, or 80%, was directed to Western Canadian ports in support of offshore sales; a 4.9% increase over what had been handled a year earlier. Western domestic and Eastern Canadian shipments showed an even more substantive gain, rising by 28.8% and 29.2% respectively. These increases were marginally offset by an 11.7% decline in shipments to the US and Mexico.

### Western Canadian Destined Hopper Car Traffic



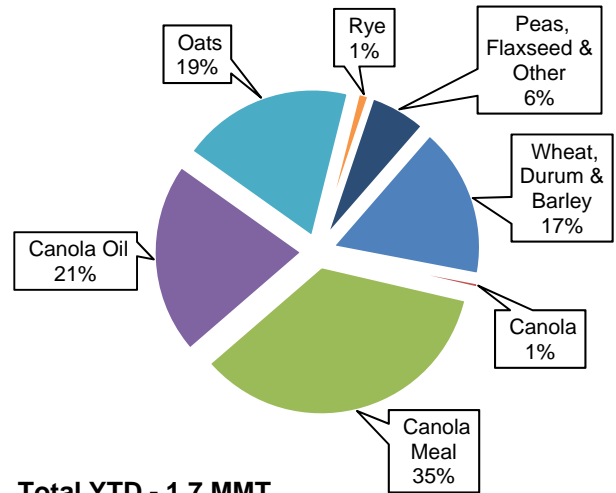
Total YTD - 10.9 MMT

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

Over 95% of the tonnage directed to destinations within Western

Canada moves in covered hopper cars. During the first quarter of the 2018-19 crop year this amounted to just over 10.9 MMT, up 4.3% from the same period a year earlier. On the receiving end, 61% of these hopper cars were destined to Vancouver, which remains the port of choice for exporting grain, given its ready access to Asia-Pacific markets, favourable logistical economics and year-round operations. Hopper-car shipments to Vancouver increased by 4.4% during this period. Prince Rupert and Western Domestic traffic posted more substantive gains, with increases of 18.0% and 32.6% respectively. Conversely, shipments to Thunder Bay fell by 4.9%.

### US Destined Grain by Commodity

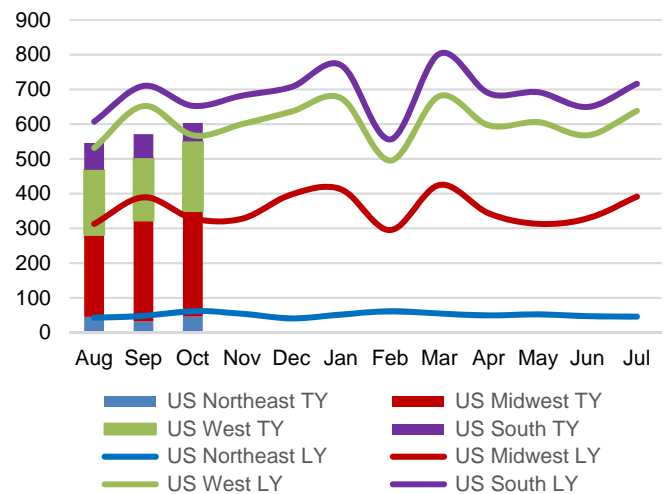


Total YTD - 1.7 MMT

GMP Data Table 2B-18

Total railway shipments into the US reached just over 1.7 MMT in the first three months of the 2018-19 crop year, a reduction of 12.7% from that handled in the same period a year earlier. Over 80% of these shipments are directed into the Midwestern and Western US, with canola and canola products dominating.

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



GMP Data Table 2B-18

## System Efficiency and Performance

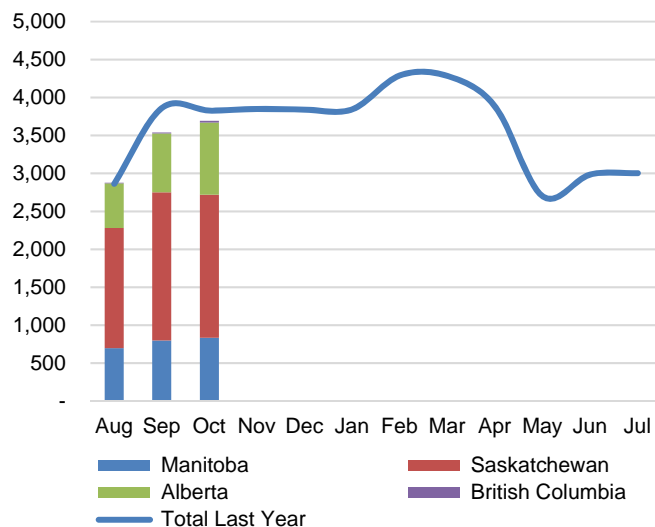
Average primary-elevator stocks grew steadily throughout the first quarter, climbing from 2.9 MMT in August to 3.7 MMT in October for a quarterly average of 3.4 MMT. Overall space in the country system was good. Country stocks utilized 68% of the working capacity of the network. By province, stocks ranged from 58% and 60% in British Columbia and Alberta respectively, to 69% in Saskatchewan and 75% in Manitoba.

The average days-in-store in the primary-elevator system for the first quarter held fairly steady at 24.0 days. While registering an 8.7% decline from the first quarter of the previous crop year, these values are consistent with those seen at the end of that crop year.

Table M-4	OCT 2018	2018-19 YTD	Var. from Last YTD
<b>Primary Elevator</b>			
Average Weekly Stocks (000's tonnes)	3,691.7	3,393.7	-2.1%
Average Days in Store	23.6	24.0	-8.7%
<b>Railway Operations (days)</b>			
Cycle Time to Western Ports	13.9	14.9	-0.8%
Cycle Time to Eastern Canada	18.6	20.7	-10.3%
Cycle Time to US	23.4	25.1	-2.8%
Table M-4	OCT 2018	2018-19 YTD	Var. from Last YTD
<b>Loaded Transit</b>			
Loaded Transit to Western Ports	6.1	6.0	3.4%
Loaded Transit to Eastern Canada	9.1	9.5	-14.3%
Loaded Transit to US	9.4	10.1	-3.1%
Rail Fleet in Grain Service	23,734	21,645	7.3%
<b>Western Canada Terminal Elevator</b>			
Average Weekly Stocks (000's tonnes)	1,230.9	1,209.4	-2.3%
Average Days in Store	12.3	12.9	7.5%
Port Unloads (hopper cars)	44,576	108,596	7.8%
Terminal Out-of-Car Time	8.3%	12.1%	31.6%
<b>Western Canada Port Operations</b>			
Average Vessel Time in Port (days)	10.3	9.4	16.0%

*Car order and order fulfillment data is not complete from both railways and will not be reported until further notice.*

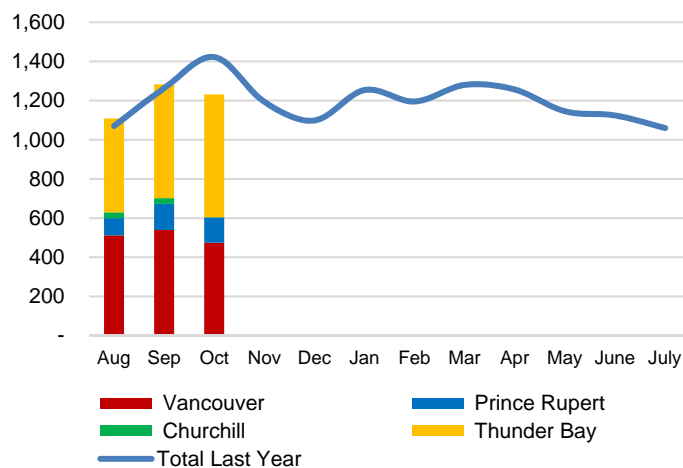
## Average Weekly Primary Elevator Stocks (000's tonnes)



GMP Data Table 5A-2

Primary elevator stocks ended the last crop year averaging 3.0 MMT in store. In August, they pulled back slightly to average 2.9 MMT before reversing direction and rising to average 3.7 MMT by October. Wheat, including durum, and canola, comprise 69% of the total stock. At 19% of the stock, barley, oats and peas made up much of the balance.

## Average Weekly Terminal Elevator Stocks (000's tonnes)

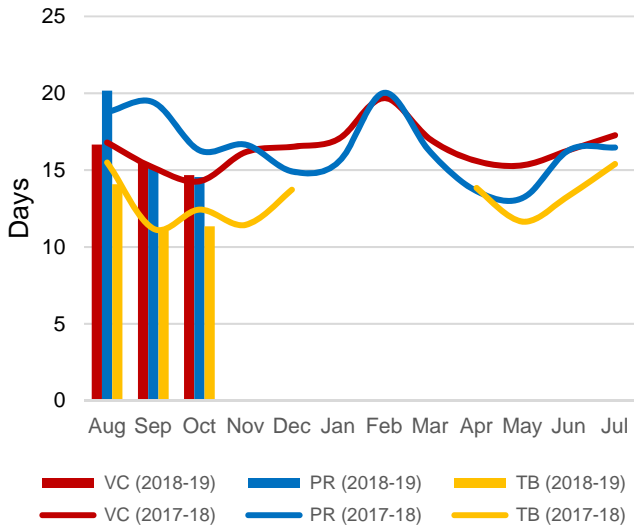


GMP Data Table 5C-2

Overall terminal elevator stocks averaged 1.2 MMT in the first quarter of the crop year, 2.3% less than the previous crop year. In October, stock levels declined at Vancouver, while staying more-or-less constant at Prince Rupert. Thunder Bay stock built modestly during the month. Churchill stock fell as the first grain vessel in three years presented itself at the port. Pacific Seaboard stocks are now presented separately for Vancouver and Prince Rupert. Wheat, including durum, and canola,

comprise over 78% of the total stock. In October, western ports utilized only 71% of their overall working capacity.

### Railway Cycle Times to Western Ports (days)

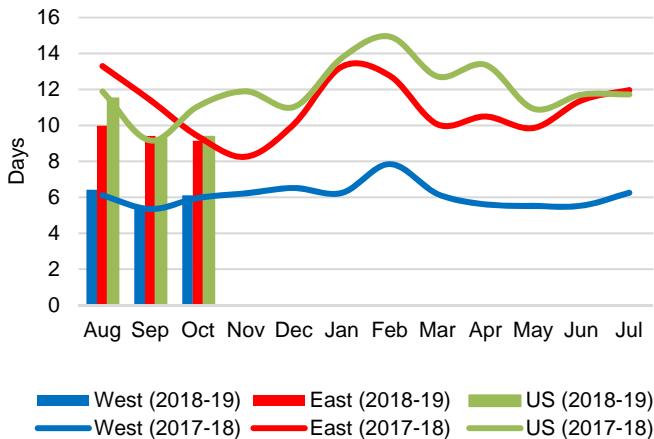


GMP Data Table 5B-1

Railway car cycles to Western Canadian ports averaged 14.9 days in the first three months of the 2018-19 crop year, down 0.8% from the 15.1-day average posted in the first quarter of the previous crop year. This result was primarily shaped by reductions in the Prince Rupert and Thunder Bay corridors, which fell by 7.5% and 3.8% respectively. Movements in the Vancouver corridor posted a 1.6% increase.

Car cycles to Eastern Canada showed a greater decrease, falling by 10.3%, to an average of 20.7 days from 23.1 days a year earlier. Similarly, the car cycle for movements into the United States fell by 2.8%, to an average of 25.1 days from the 25.8-day average posted in the first quarter of the previous crop year.

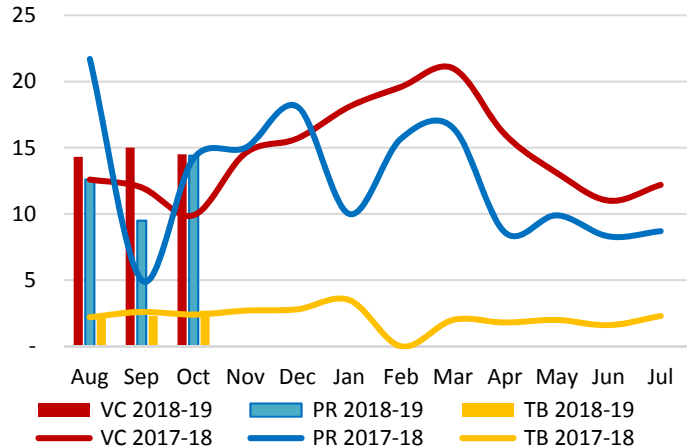
### Average Loaded Transit Times (days)



GMP Data Tables 5B-4, 5B-8, 5B-12

Loaded transit time for traffic destined to Western Canadian ports averaged 6.0 days in the first quarter of the 2018-19 crop year, up 3.4% from the 5.8-day average posted in the period a year earlier. This was primarily the result of increases in the Thunder Bay and Vancouver corridors, which rose by 14.1% and 5.0% respectively. Running counter to these was the average in the Prince Rupert corridor, which fell by 13.5%. The average loaded transit time for movements into Eastern Canada also decreased, falling by 14.3%, to 9.5 days from 11.1 days the year previous. The corresponding average for US-destined traffic declined by a lesser 3.1%, to 10.1 days from the 10.4-day average posted twelve months earlier.

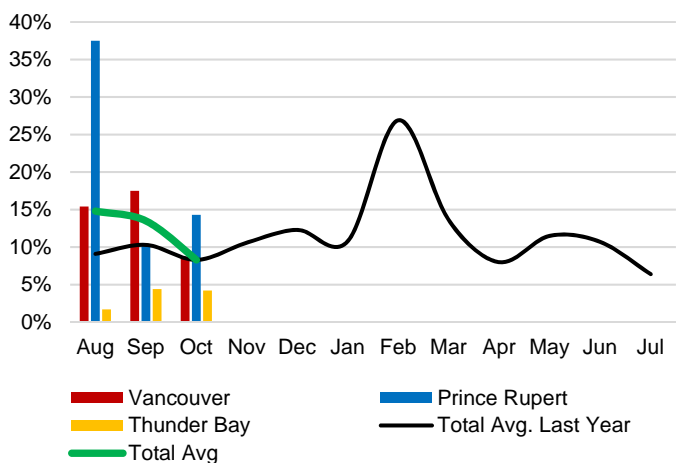
### Average Days in Port per Vessel



GMP Data Table 5D-1

In October, the overall average time vessels were in port waiting and loading grain grew to 10.3 days from 8.7 days the month before. The crop-year average stands at 9.4 days, 16.0% higher than that registered in the previous crop year. While Vancouver registered a modest month-over-month decrease, the other ports were all up. For the month of October, days in port stood at 14.5 for Vancouver, 14.4 for Prince Rupert and 2.7 for Thunder Bay.

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



GMP Data Table 5C-5

The port terminal out-of-car time measure represents the total number of hours terminal elevator facilities are open and staffed (including 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).

The aggregate measure for all ports declined to 8.3% in October from 13.5% in September. Terminal out-of-car time at Vancouver fell to 8.7% in October and to 4.2% at Thunder Bay while rising to 14.3% at Prince Rupert.

## Commercial Relations

<b>Table M-5</b> Rates: \$CDN per tonne	<b>Q1</b> <b>2018-19</b>	<b>Index</b> <b>(1999=100)</b>	<b>% Change</b> <b>YTD</b>
<b>Avg. Primary Elevation</b>	16.27	135.6	0.3%
<b>Rail to Vancouver</b>			
<b>CN</b>	56.10	152.9	13.8%
<b>CP</b>	56.16	152.1	5.8%
<b>Rail to Pr. Rupert</b>			
<b>CN</b>	56.10	135.1	13.8%
<b>Rail to Thunder Bay</b>			
<b>CN</b>	55.54	172.4	23.4%
<b>CP</b>	48.54	161.9	14.6%
<b>Average Terminal Elevation</b>	14.38	157.7	0.1%

*Note: Commercial rates are measured on a quarterly basis, the above table refers to rates at the close of the first quarter of the 2018-19 crop year (as at 31 October 2018). Railway freight rates reflect average published single-car rates, and do not include multi-car incentives (\$4/tonne for 50+ car blocks and \$8/tonne for 100+ car blocks).*

Both CN and CP increased their single-car freight rates in the first quarter of the 2018-19 crop year. CN advanced successive rate increases in August, September and October, which by the close of the first quarter had effectively lifted the rates on movements to the West Coast and Thunder Bay by 14%, and 23% respectively. In comparison, CP limited its beginning-of-the-crop-year increases to the Thunder Bay corridor but followed up with broader increases in October. At the end of the period these actions had effectively raised the rates on traffic destined to Vancouver and Thunder Bay by almost 6% and 15% respectively.

## Commercial Developments

**Railways publish Grain Plans:** Under recently enacted amendments to the Canada Transportation Act, both CN and CP were required to submit detailed annual plans for the movement of grain. The first of these were issued at the beginning of August 2018. In general, both carriers highlighted the investments that they were making in additional infrastructure, equipment and personnel to enhance network capacity. Despite this goal, the carriers' projected offering proved virtually identical to what had been advanced a year earlier, with each pledging to spot about 5,500 cars per week through the fall and 4,000 per week during the winter. More importantly, with demand tempered by weather induced harvesting delays, shippers reported only sporadic

problems with the level of service they had received in the first quarter.

**Hudson Bay Railway sold:** On 31 August 2018 the federal government announced that a deal for the purchase of the Hudson Bay Railway had been concluded. Ownership of the railway, which had been put up for sale by OmniTRAX in late 2015, switched to the Arctic Gateway Group, a consortium of First Nations and private sector interests. With \$117 million in financial assistance from the Western Diversification Program, repairs to the line were slated to begin almost immediately, with the full restoration of service expected before year's end. Although significant repair work remained, by the close of the first quarter the line to Churchill had been made passable.

**Redetermination of the 2018-19 VRCPI:** In accordance with recently enacted amendments to the Canada Transportation Act, the Canadian Transportation Agency moved to redetermine the Volume-Related Composite Price Index (VRCPI) to be applied in calculating CN and CP's maximum revenue entitlement for the 2018-19 crop year. Among other things, this redetermination was intended to establish a distinct VRCPI for both CN and CP rather than the single value used previously, thereby recognizing the unique investments made by each carrier. This resulted in increases of 2.1% for CN and 5.7% for CP.

## Infrastructure

Apart from the railways' car fleet, GMP measures relating to infrastructure are reported on a quarterly basis. The first quarter of the 2018-19 crop year saw limited changes to the GHTS's physical infrastructure, all of which related to the country elevator network.

The first quarter saw the closure of 13 smaller country elevators. However, these were partially offset by the addition of five newly licensed facilities, which reduced the active network to 392 elevators from 400. More noteworthy was the fact that four of these were newly constructed loop-track facilities, two operated by G3 Canada Limited, and one apiece by GrainsConnect Canada and Viterra Inc. Much of this was responsible for adding another 119,100 tonnes of storage capacity to the system, which reached a record 8.4 MMT.

No alterations to the railway network were noted during the first quarter of the 2018-19 crop year, which remained unchanged at 17,279.9 route-miles, with just under 85% of it operated by CN and CP.

The terminal elevator network also remained unaltered throughout the first quarter, with 16 facilities having a combined 2.5 MMT in associated storage capacity.

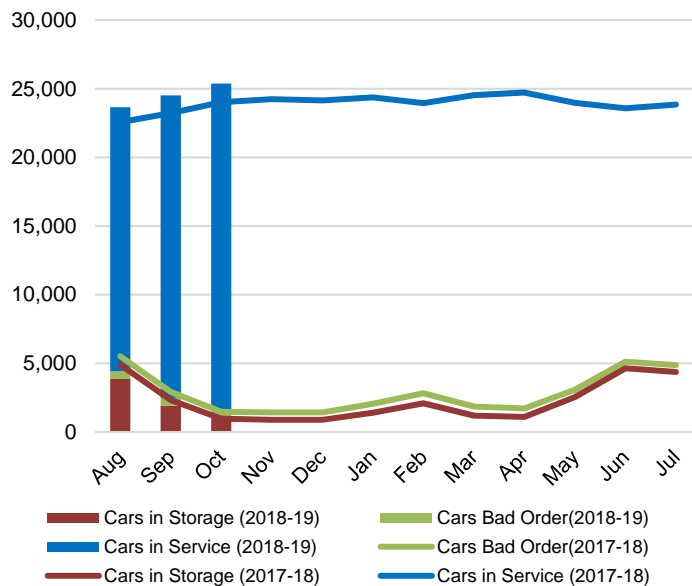
Table M-6	Q1 2018-19	Index (1999=100)	% Change YTD
<b>Country Elevator</b>			
Primary and Process Elevators (Count)	392	39.0	-2.0%
Storage Capacity (000's tonnes)	8,430.8	120.0	1.4%
<b>Railway</b>			
Route Miles - Major Carriers	14,610.3	98.5	0.0%
Route Miles - Shortline Carriers	2,669.6	57.5	0.0%
Route Miles - Total	17,279.9	88.8	0.0%
Average Weekly Total Hopper Car Fleet Size*	24,511	n/a	4.9%
<b>Terminal Elevator</b>			
Terminal Facilities (Count)	16	114.3	0.0%
Storage Capacity (000's tonnes)	2,485.0	97.2	0.0%

\* Hopper Car Fleet Size represents all cars in all statuses for the first quarter of the 2018-19 crop year.

During times of heavy demand for grain hopper cars, nearly all of the hopper-car fleet is placed in service. It is normal practice for railways to move cars into storage as traffic volumes decrease in the latter months of the crop year. This was the case in the 2017-18 crop year as in July 2018, a weekly average of 18,927 cars, representing 80% of the fleet was in active service. Cars in service grew from August through October as the new-crop shipping demand emerged. The average in October was 23,734 cars, with an overall-average car fleet in service during the first quarter of the 2018-19 crop year of 21,645 cars, encompassing 88% of the fleet. The balance of the fleet, comprising 12% of the rail cars, was in storage or repair status (bad order), substantially less than 20% in July 2018.



## Railway Grain Fleet Size and Utilization



GMP Data Table 3B-2

## Producer Cars

No change was registered in the number of producer-car loading sites in the first quarter of the 2018-19 crop year. The total number of available producer-car loading locations at the end of the first quarter stands at 272.

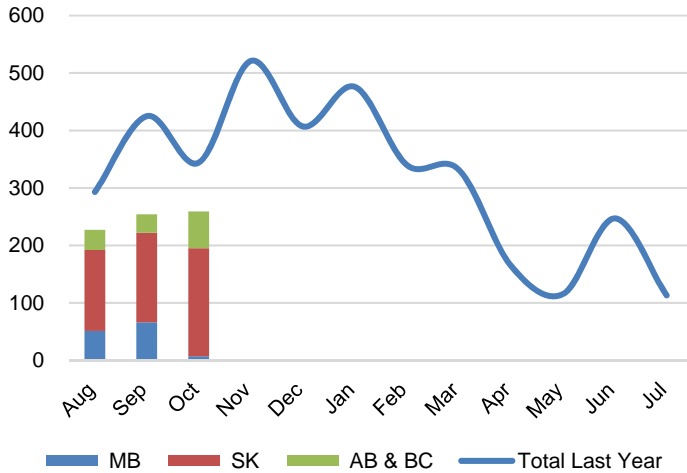
Table M-7	Q1 2018-19	Index (1999=100)	% Change YTD
Producer Car Loading Sites			
Class 1 Carriers	142	22.2	0.0%
Shortline Carriers	130	200.0	0.0%
<b>All Carriers</b>	<b>272</b>	<b>38.3</b>	<b>0.0%</b>

Table M-8	Q1 2018-19	2018-19 YTD	Var. from Last YTD
Producer Cars Scheduled			
Manitoba	124	124	-47.2%
Saskatchewan	485	485	-28.8%
Alberta & B.C.	131	131	-10.3%
<b>Total</b>	<b>740</b>	<b>740</b>	<b>-30.3%</b>

Producer cars scheduled this year to date are down 30.3% from the previous year. To date, the 2018-19 crop year has seen a reduction in producer-car applications received by the Canadian Grain Commission.



## Producer Cars Scheduled by Province

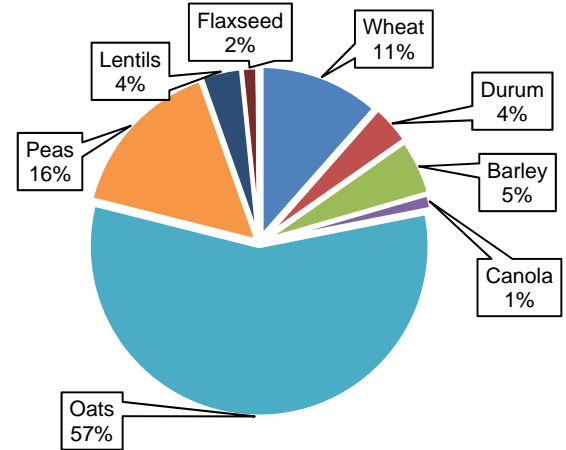


GMP Data Table 6B-2

The proportion of producer-car shipments devoted to oats has continued to grow as a decrease has been registered in the number of cars carrying other cereal crops. Shipments throughout the first quarter of the 2018-19 crop year continue to reflect this

trend, with oats shipments comprising 57% of the total, while wheat, durum and barley combined comprise only 20%. Special crops such as peas, lentils and chickpeas contributed another 20% of the total volume.

## Producer Cars Scheduled by Commodity



GMP Data Table 6B-2



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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](http://www.grainmonitor.ca)

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