

GMP Dashboard

Table M-1	JUN 2018	JUL 2018	2017-18 YTD	Var. from Last YTD
Western Canadian GHTS Performance (Days)				
Total Time in System	40.7	41.7	45.8	12.8%
Average Days In Store – Country	24.2	24.9	28.3	13.7%
Loaded Transit Time	5.5	6.1	6.0	15.3%
Average Days In Store – Terminal	11.0	10.7	11.5	9.5%
Total Traffic ('000 tonnes)				
Primary Elevator Shipments	3,415.8	3,570.5	45,549.4	-0.2%
Railway Shipments (all Western Canada traffic)	4,146.4	4,032.0	50,800.0	0.1%
Western Port Terminal Shipments	2,806.1	2,928.1	34,865.8	-5.3%
Railway Performance				
Avg. Loads on Wheels (Cars)	8,990	9,727	11,119	8.5%
Total Western Port Car Cycle (days)	15.3	15.9	15.6	11.0%
Port Performance				
Western Port Unloads (Number of Cars)	26,636	27,615	372,435	-6.8%
Vessel Time in Port (days)	7.1	7.4	10.0	-2.9%

- Order fulfilment measures have been removed from this table as comparative data is unavailable now.
 - YTD refers to the crop year to date (extending from August 1 through to July 31.)

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 fell to just over 4.0 MMT in July, the lowest volume since February. Nevertheless, larger Western Domestic, US and Mexican shipments helped lift total tonnage for the year by 0.1% to a GMP record of 50.8 MMT. Port shipments for July totaled 2.9 MMT, a 4.5% increase from June volumes with a slight decline at Vancouver and modest increase at both Prince Rupert and Thunder Bay. Year-to-date shipments from ports have declined by 5.3%. Accompanying the slowdown in shipments, is a 7.4-day average in the amount of time vessels spent in port in July, with the overall crop-year average measuring 10.0 days.

Highlights for July 2018 and Fourth Quarter 2017-18 CY

Traffic and Movement (page 2)

- Primary-elevator shipments were 45.5 MMT in the 2017-18 crop year, 0.2% less than last year.
- Total Western Canadian rail shipments (from all primary/process elevators and producer-car sites) decreased 2.8% from June, to just over 4.0 MMT. Despite this, a stronger fourth-quarter showing helped raise total shipments for the 2017-18 crop year by 0.1%, to a GMP record of 50.8 MMT.
- Crop year shipments from Western Canadian ports totaled 34.9 MMT, down 5.3% from last crop year.

System Efficiency and Performance (page 4)

- Average weekly primary-elevator stocks increased by 13.4% from last year. The average days-in-store was up 13.7%.
- Average weekly port-terminal stocks increased 5.1% from the same period last year, while average days-in-store climbed 9.5%.
- Railcar cycle times rose for a second consecutive month in July, with the preliminary average for Western Canadian movements increasing to 15.9 days from 15.3 days in June. The average for the crop year also finished 11.0% higher, rising to 15.6 days from 14.1 days a year earlier.
- The 2017-2018 average for vessel time in port is 10.0 days, a 2.9% decrease from that observed in the previous crop year.
- Port-terminal out-of-car time fell to 6.4% at Vancouver in July from 8.8% in June, while falling to 14.2% at Prince Rupert from 27.3%. At Thunder Bay the out-of-car time fell to 1.9% from 4.9% the previous month.

Commercial Relations (page 6)

- Average primary-elevation charges rose 0.4% over the course of the crop year.
- Both CN and CP reduced their single-car freight rates in the fourth quarter. For CN these actions resulted in net year-over-year reductions that ranged from 2.1% on movements to the West Coast to 10.7% on movements to Thunder Bay. Conversely, CP's pricing actions resulted net year-over-year increases that amounted to 10.5% and 5.0% respectively.
- Average terminal-elevation charges rose 0.1% during the crop year.

Infrastructure (page 7)

- The GHTS's country-elevator network posted a net increase of nine primary facilities in the 2017-18 crop year, with the total rising to 400 from 391. This was mostly due to the licensing of several newly built facilities. Continuing expansion efforts also resulted in the system's storage capacity increasing by another 148,500 tonnes, or 1.8%, to over 8.3 MMT.
- A net 3.8 route-miles of track was added to the railway network in Western Canada during the 2017-18 crop year. This resulted from the opening of CP's new Belle Plaine Subdivision in Saskatchewan earlier in the crop year along with CN's discontinuance of a 15.1-route-mile section of its Coronado Subdivision in Alberta in the fourth quarter.
- There were no changes to the GHTS's terminal-elevator network during the 2017-18 crop year.

Production and Supply

The estimate from Statistics Canada's November survey for 2017 crop production in Western Canada stands at 71.9 MMT.

This production estimate is 0.9% less than the 2016 production and ranks as the third largest crop grown in Western Canadian history. While Statistics Canada may incorporate further revisions into future releases, this constitutes the final estimate focused on the 2017 crop.

Coupled with carry-forward stock of 8.6 MMT, 14.4% more than in 2016, the overall grain supply for the 2017-18 crop year is estimated to have been to be 80.5 MMT, 0.5% more than the previous crop year and the second largest next to the 2013-14 crop year.

Production & Carry Over (000's tonnes)	2017	2016	Var. from Last Year
Table M-2			
Western Canada Total Production	71,911.9	72,580.9	-0.9%
Western Canada On Farm & Primary Elevator Carry Forward Stock	8,630.0	7,543.9	14.4%
Total Grain Supply	80,541.9	80,124.8	0.5%

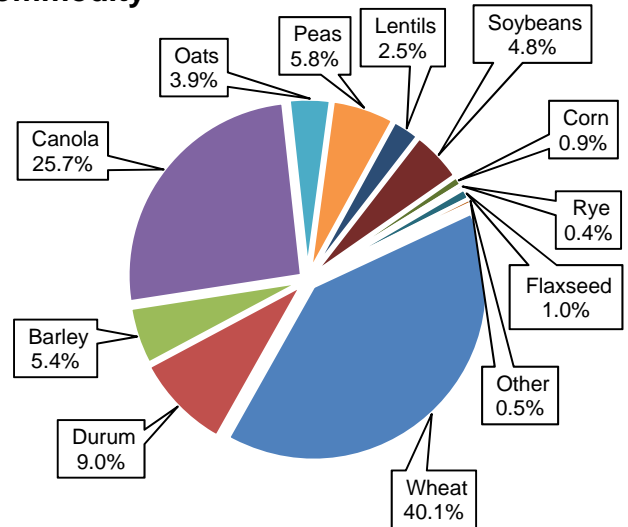
Traffic and Movement

As the growing season advanced, July producer deliveries declined, averaging just under 0.8 MMT per week for the month. Average weekly primary-elevator stock levels held at 3.0 MMT, continuing to provide adequate supply for the last month of the 2017-18 shipping programs.

Table M-3	JUL 2018	2017-18 YTD	Var. from Last YTD
Primary Elevator Shipments (000's tonnes)			
Manitoba	684.6	8,698.3	13.1%
Saskatchewan	1,923.9	22,373.8	-1.4%
Alberta	949.3	14,181.5	-4.8%
British Columbia	12.7	295.8	-19.4%
Total	3,570.5	45,549.4	-0.2%
Western Canada Railway Traffic (000's tonnes)			
Shipments to Western Ports	3,051.2	38,313.4	-3.4%
Shipments to Eastern Canada	174.2	3,039.5	-7.7%
Shipments to US & Mexico	743.8	8,604.6	20.0%
Shipments Western Domestic	62.9	842.4	36.8%
Total	4,032.0	50,800.0	0.1%
Western Port Unloads (Number of Cars)			
Vancouver	15,953	242,212	-2.4%
Prince Rupert	3,915	55,761	-17.1%
Thunder Bay	7,747	74,462	-11.5%
Total	27,615	372,435	-6.8%

Table M-3	JUL 2018	2017-18 YTD	Var. from Last YTD
Terminal Elevator Shipments (000's tonnes)			
Vancouver	1,759.2	22,468.3	-2.4%
Prince Rupert	346.5	5,116.7	-13.9%
Churchill	0.0	0.0	n/a
Thunder Bay	822.7	7,280.8	-7.7%
Total	2,928.1	34,865.8	-5.3%

Primary Elevator Shipments by Commodity

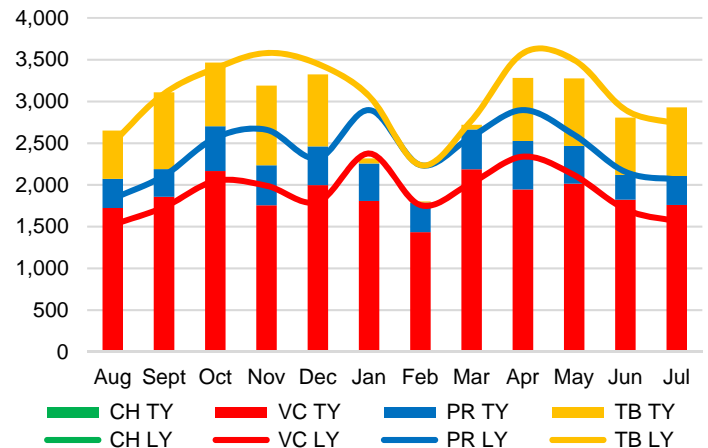


Total YTD = 45.5 MMT

GMP Data Table 2A-1

Grain shipments from primary elevators held steady through July contributing to movement that registered 0.2% less than the crop-year total for the previous year. Wheat, durum and canola continue to constitute the largest proportion of the movement at 74.8%. Movement of peas and lentils have fallen sharply, to 8.3% of total movements, compared to 11.8% a year earlier as both tariff and non-tariff trade barriers challenge the marketing of these pulse crops.

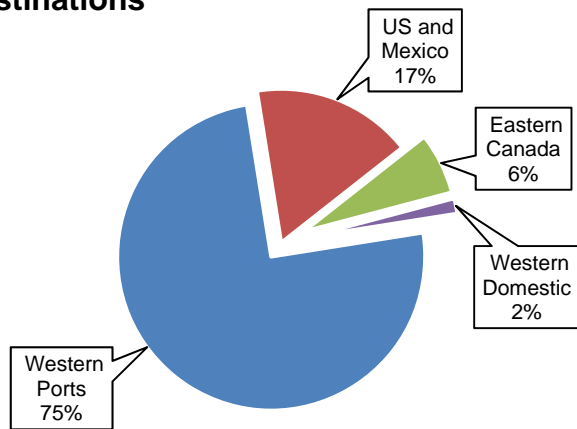
Terminal Elevator Shipments (000's tonnes)



GMP Data Table 2C-1

Bulk shipments out of the western ports fell in 2017-18 crop year, registering a 5.3% decrease on a year-over-year basis. The largest decline was seen at Prince Rupert which experienced a shortfall of nearly 14% followed by Thunder Bay which was down nearly 8% and Vancouver down 2.4%.

Western Canadian Grain Destinations

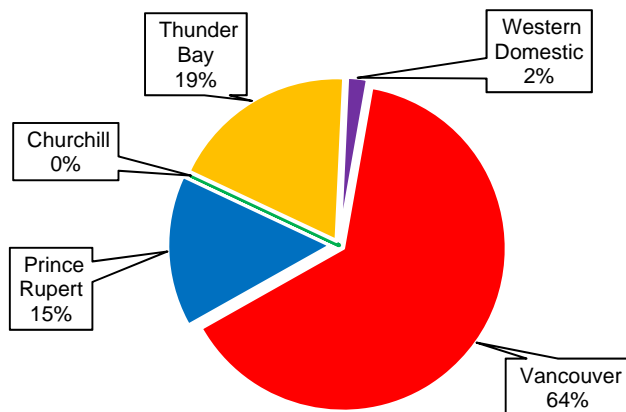


Total YTD = 50.8 MMT

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

Railway grain shipments from Western Canada totaled 50.8 MMT in the 2017-18 crop year, a 0.1% gain from the year previous. The majority, about 38.3 MMT, or 75%, was directed to Western Canadian ports in support of offshore sales. This marked a 3.4% decline from what had been handled a year earlier, largely because of shortfalls in railway performance in the September – April period. Shipments to Eastern Canada also declined, falling by a more substantive 7.7%. Running counter to these tonnage reductions were increases in: Western domestic shipments, up 36.8%; as well as US and Mexican shipments, which rose 20.0%.

Western Canadian Destined Hopper Car Traffic

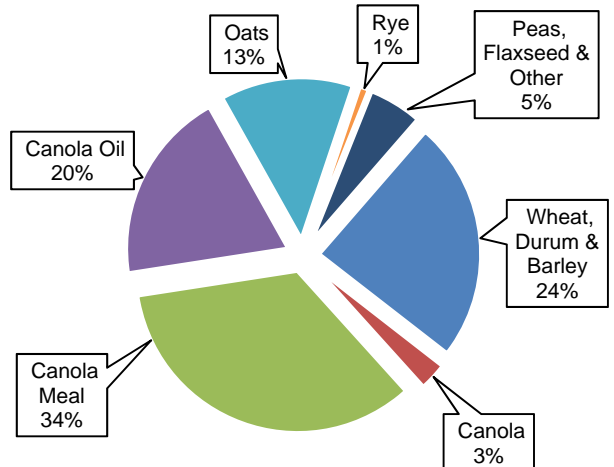


Total YTD - 37.2 MMT

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 2017-18 crop year this amounted to almost 37.2 MMT, down 3.8% from a year earlier. On the receiving end, 64% 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. Even so, hopper-car shipments through Vancouver during this period declined by 3.8%. Reductions were also recorded at Prince Rupert and Thunder Bay, which fell by 4.0% and 6.8% respectively. Conversely, Western Domestic shipments rose by 41.5%, or 22,500 tonnes.

US Destined Grain by Commodity

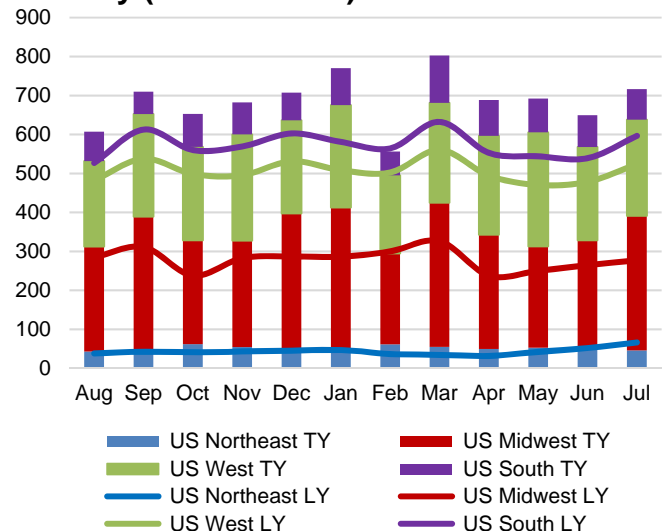


Total YTD - 8.2 MMT

GMP Data Table 2B-18

Total railway shipments into the US reached 8.2 MMT in the 2017-18 crop year, a gain of 19.6% over a year earlier. Over 80% of these shipments are directed into the US Midwest and West and are dominated by canola and canola products.

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



GMP Data Table 2B-18

System Efficiency and Performance

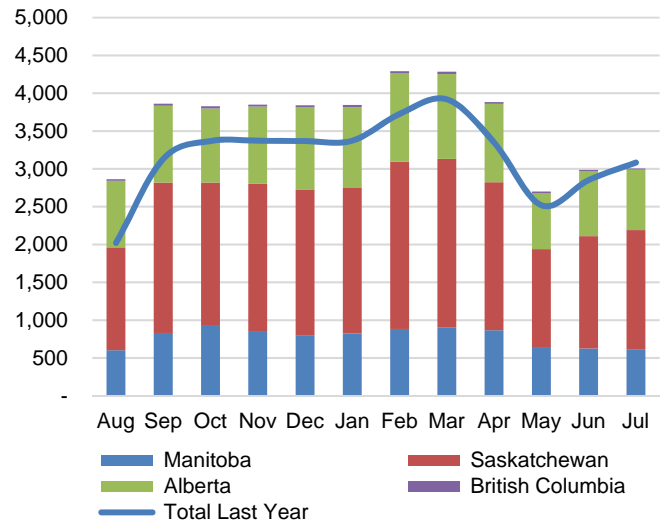
Primary elevator stocks were relatively high throughout much of the crop year peaking at 4.3 MMT in February and March. The last quarter saw a significant decline to 2.7 MMT in May before settling at 3.0 MMT in June and July. Overall space in the country system was good. Country stocks utilized 62% of the working capacity of the network. By province, stocks ranged from 51% of working capacity in British Columbia to 59% in Manitoba and 63% and 64% in Saskatchewan and Alberta respectively.

The average days-in-store in the primary-elevator system for the crop year increased substantially from last year, climbing by 13.7 to 28.3 days. The increase is a symptom of delays in the grain supply chain and challenges in rail transportation throughout much of the fall and winter, returning to normal levels in the fourth quarter.

Table M-4	JUL 2018	2017-18 YTD	Var. from Last YTD
Primary Elevator			
Average Weekly Stocks (000's tonnes)	3,003.1	3,575.0	13.4%
Average Days in Store	24.9	28.3	13.7%
Railway Operations (days)			
Cycle Time to Western Ports	15.9	15.6	11.0%
Cycle Time to Eastern Canada	24.8	24.0	15.2%
Cycle Time to US	24.8	27.9	12.4%
Table M-4	JUL 2018	2017-18 YTD	Var. from Last YTD
Loaded Transit to Western Ports	6.1	6.0	15.3%
Loaded Transit to Eastern Canada	11.7	10.9	23.8%
Loaded Transit to US	11.6	11.9	22.9%
Rail Fleet in Grain Service	18,985	21,132	3.4%
Western Canada Terminal Elevator			
Average Weekly Stocks (000's tonnes)	1,060.2	1,196.5	5.1%
Average Days in Store	10.7	11.5	9.5%
Port Unloads (hopper cars)	27,615	372,435	-6.8%
Terminal Out-of-Car Time	6.4%	11.2%	-7.4%
Western Canada Port Operations			
Average Vessel Time in Port (days)	7.4	10.0	-2.9%

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

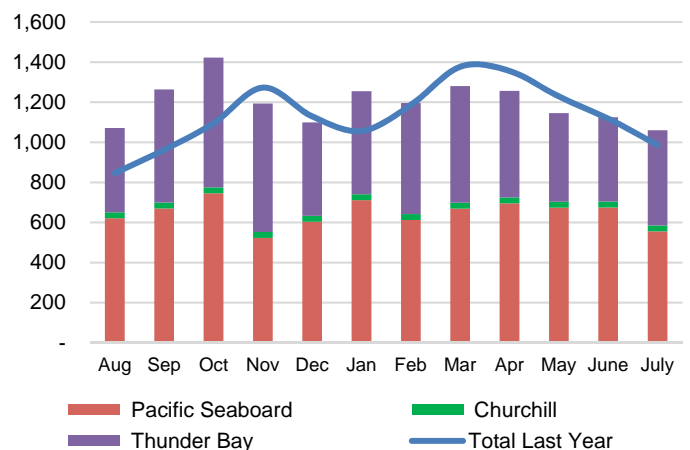
Average Weekly Primary Elevator Stocks (000's tonnes)



GMP Data Table 5A-2

Following a decline to 2.9 MMT in August, average country elevator stocks reversed direction and rose to 4.3 MMT in February and March. They remained high until the onset of seeding, dipping to 2.7 MMT in May. In June and July, they rebounded to 3.0 MMT, with the overall average weekly stock level for the crop year registering 3.6 MMT, a 13.4% increase from a year earlier. Wheat, including durum, and canola stock, comprise over 71% of the total stock. At 16% of the stock, barley, oats and peas made up much of the balance. Of the remaining commodities, soybeans, constituting 5% of primary elevator stock, is the most substantial.

Average Weekly Terminal Elevator Stocks (000's tonnes)

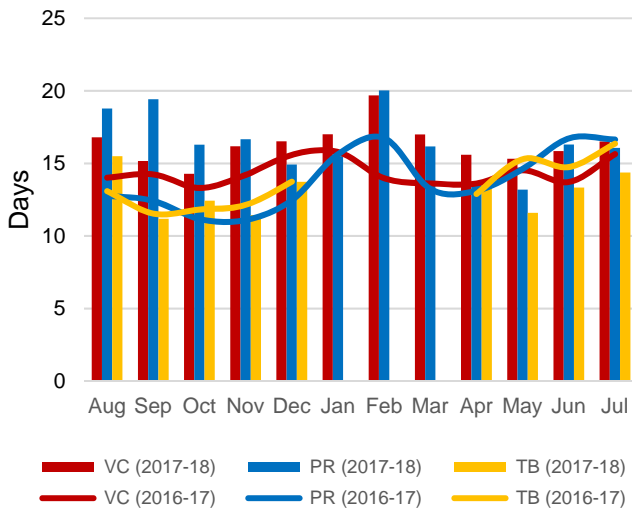


GMP Data Table 5C-2

Overall terminal elevator stocks averaged 1.1 MMT in July 6% lower than the level seen a month earlier. While stocks built modestly at Thunder Bay, they experienced a more significant decline at Pacific Coast ports. Wheat, including durum, and canola stock, comprises over 81% of the total stock. Abundant

vessel arrivals at all ports are providing a ready outlet for arriving grains. In July, western ports utilized 61% of their overall working capacity.

Railway Cycle Times to Western Ports (days)

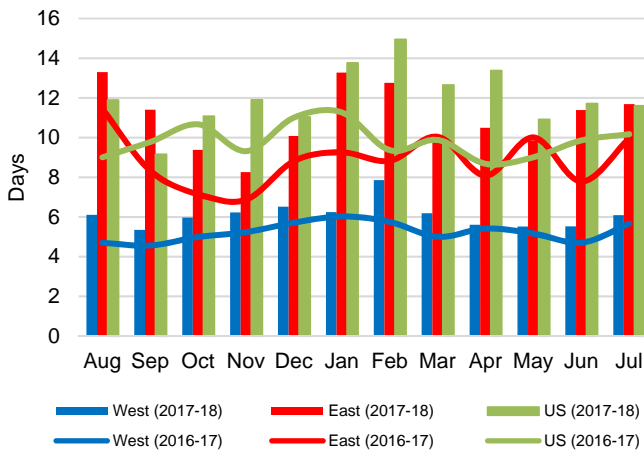


GMP Data Table 5B-1

Railway car cycles to Western Canadian ports averaged 15.6 days in the 2017-18 crop year, an increase of 11.0% over the 14.1-day average posted in the previous crop year. This result was primarily shaped by increases in the Prince Rupert and Vancouver corridors, which rose by 17.1% and 13.1% respectively. Movements in the Thunder Bay corridor posted a modest 3.1% decline.

Car cycles to Eastern Canada showed a slightly greater increase, rising by 15.2%, to an average of 24.0 days from 20.8 days a year earlier. Similarly, the car cycle for movements into the United States rose by 12.4%, to an average of 27.9 days from the 24.8-day average posted the previous crop year.

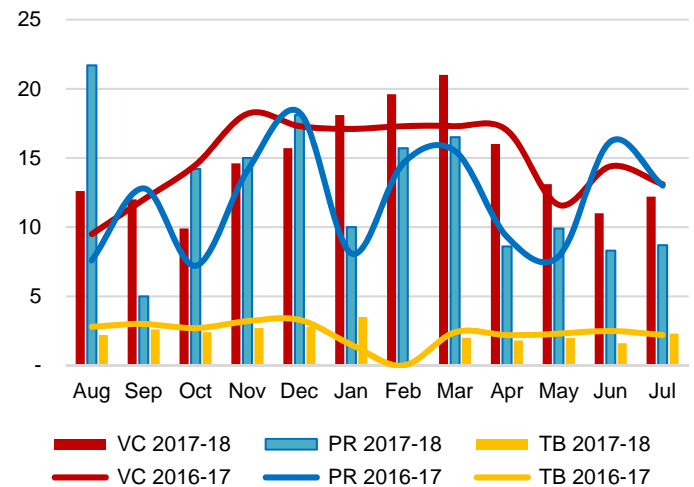
Average Loaded Transit Times (days)



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 2017-18 crop year, up 15.3% from the 5.2-day average of a year earlier. This was primarily the result of increases in the Prince Rupert and Vancouver corridors, which rose by 24.5% and 16.7% respectively. The Thunder Bay-corridor experienced a more modest increase of 1.6%. The average loaded transit time for movements into Eastern Canada also increased sharply, rising by 23.8%, to 10.9 days from 8.8 days the year previous. The corresponding average for US-destined traffic rose by 22.9%, to 11.9 days from the 9.7-day average posted twelve months earlier.

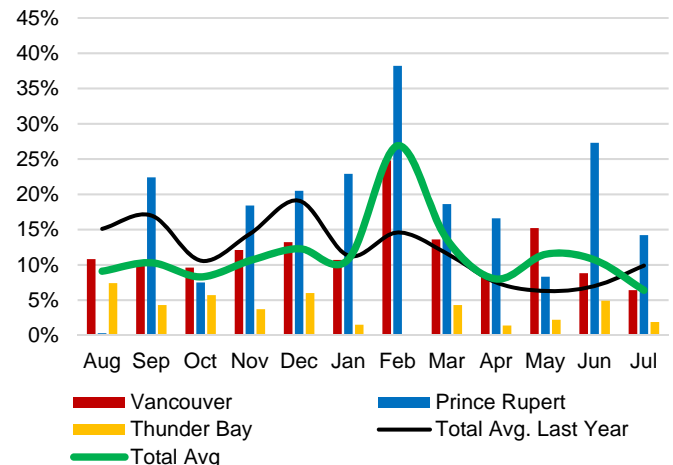
Average Days in Port per Vessel



GMP Data Table 5D-1

In July, the overall average time vessels were in port waiting and loading grain fell to 7.4 days from a crop-year high of 19.4 days in March. The crop-year average stands at 10.0 days, just 2.9% less than that registered in the previous crop year. All three western ports posted modest increases in July. For the month of July days in port stood at 12.2 for Vancouver, 8.7 for Prince Rupert and 2.3 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).

Notwithstanding some fluctuation, the percentage of time terminals are out of cars has charted a trend of improvement from its high of 29.8% in January of 2015. The aggregate measure for all ports declined to 6.4% in July from 10.7% in June. Terminal out-of-car time at Vancouver fell to 6.4% in July, to 1.9% at Thunder Bay and to 14.2% at Prince Rupert.

Commercial Relations

<i>Table M-5</i> Rates: \$CDN per tonne	Q4 2017-18	Index (1999=100)	% Change YTD
Avg. Primary Elevation	16.21	135.1	0.4%
Rail to Vancouver			
CN	49.31	133.7	-2.2%
CP	53.06	143.7	10.5%
Rail to Pr. Rupert			
CN	49.31	118.2	-2.1%
Rail to Thunder Bay			
CN	45.01	140.5	-10.7%
CP	42.35	141.1	5.0%
Average Terminal Elevation	14.36	157.5	0.1%

Note: Commercial rates are measured on a quarterly basis, the above table refers to rates at the close of the fourth quarter of the 2017-18 crop year (as at 31 July 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 reduced their single-car freight rates in the fourth quarter. This marked the end of a six-month lull where neither carrier had changed their rates after escalating them in the first quarter. CN advanced two successive rate reductions, with cuts of about 4% on movements to the West Coast and 13% on those to Thunder Bay in May, followed by additional cuts amounting to 6% and 4% respectively in June. By the close of July, CN had posted net reductions of 2.1% on its westbound rates into Vancouver and Prince Rupert, and 10.7% on its rates into Thunder Bay. In comparison, CP advanced reductions in May of about 1% and 9% on traffic destined to Vancouver and Thunder Bay respectively. These actions produced net year-over-year rate escalations on westbound and eastbound CP movements of 10.5% and 5.0% respectively.

Commercial Developments

Bill C-49 receives Royal Assent: Bill C-49, the Transportation Modernization Act, received Royal Assent on 23 May 2018. The Bill, which amends the Canada Transportation Act alongside other Acts respecting transportation in Canada, advanced several key reforms. These included provisions that had long been sought by grain shippers and farmers, among them: the ability to have reciprocal penalties and dispute resolution included in service-

level agreements; the definitional strengthening of the “adequate and suitable” level of service railways must provide to shippers; the addition of soybeans to the list of commodities shielded under the Maximum Revenue Entitlement; and the publication of new railway and supply chain performance metrics. Many within the grain industry maintained that these changes would spur improvements in Canada’s rail transportation system, others voiced that its real impact would be revealed with time.

Railways order new hopper cars: Within 24 hours of Bill C-49 receiving Royal Assent, CN stated that it was placing an order for 1,000 new high-cube grain hoppers slated for delivery over the next two years. This was followed less than two weeks later by CP’s announcement that it had also placed an order for 1,000 new cars for this year under a plan that would see the acquisition of 5,900 new hoppers over the next four years, which would enable the carrier to completely remove all low-capacity hoppers (including those owned by the Government of Canada) from its fleet. Both carriers indicated that their investments were made possible by changes to the Maximum Revenue Entitlement formula made under Bill C-49.

Wheat exports to Japan resume: The Western Canadian grain industry welcomed the late-July announcement by Japan that it would resume importing wheat from Canada after lifting an embargo imposed a month earlier. The embargo initiated by Canada’s second largest wheat buyer followed the discovery of a handful of genetically modified wheat plants, which is not authorized to be grown commercially in any country, in a ditch alongside an access road in southern Alberta. This action was mirrored by South Korea, which had also suspended Canadian wheat imports but resumed trade eight days later. Follow-up testing by the Canadian Food Inspection Agency concluded that the rogue wheat plants were isolated to one location and found no evidence that any unapproved product had entered the grain supply chain.

CP settles labour problems: Canadian shippers breathed a collective sigh of relief after it was announced by CP on 30 May 2018 that it had reached a tentative four-year agreement with its train crews to end a strike that had begun less than 24 hours earlier. Although the agreement reached between the Calgary-based railway and the Teamsters Canada Rail Conference, which represents approximately 3,000 company employees, was only ratified in late July, full operations were restored the next day. A potential strike by some 360 members of the International Brotherhood of Electrical Workers was also avoided with a last-minute agreement between the parties, and the subsequent ratification of a three-year contract.

Infrastructure

Apart from the railways’ car fleet, GMP measures relating to infrastructure are reported on a quarterly basis. The 2017-18 crop year brought modest changes to the GHTS’s physical infrastructure, much of which was concentrated in the second quarter.

The fourth-quarter licensing of a Hensall-Cooperative facility at Rignold, Manitoba, lifted the active facility count to 400 from 391 a year earlier. Changes in licensed storage capacity resulted in another 148,500 tonnes being added to the system as well, although fourth-quarter reductions shaved 5,700 tonnes off the 8.3-MMT record set in the third quarter.

The railway network also witnessed its first significant physical expansion under the GMP following CP's opening of its 18.9-route-mile Belle Plaine Subdivision to service a newly established potash mine situated near Bethune, Saskatchewan. However, this increase was largely offset in the fourth quarter by CN's discontinuance of a 15.1-route-mile section of its Coronado Subdivision in Northern Alberta. This produced a net gain of just 3.8 miles for the year, leaving the Western Canadian railway network largely unchanged at 17,279.9 route-miles, with just under 85% of it operated by CN and CP.

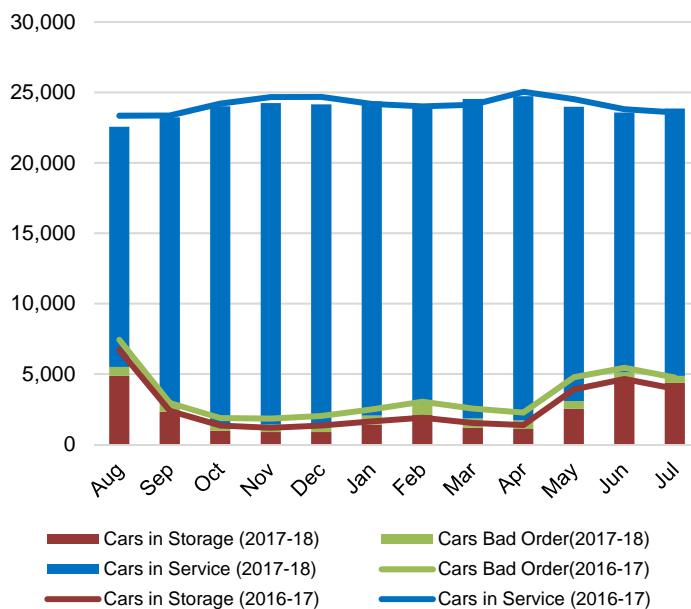
The terminal elevator network remained unaltered throughout the 2017-18 crop year, with 16 facilities having a combined 2.5 MMT in associated storage capacity.

Table M-6	Q4 2017-18	Index (1999=100)	% Change YTD
Country Elevator			
Primary and Process Elevators (Count)	400	39.8	2.3%
Storage Capacity (000's tonnes)	8,311.7	118.3	1.8%
Railway			
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*	23,956	n/a	-0.0%
Terminal Elevator			
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 2017-18 crop year.

During times of heavy demand for grain hopper cars, nearly all of the grain hopper car fleet is placed in service. As traffic volumes slowed in the later months of the 2016-17 crop year, railways began the process of moving cars into storage. In July 2018, a weekly average of 18,832 cars, representing 80% of the fleet was in active service. The cars in service peaked at an average of 23,013 in April of the current year. The overall-average car fleet in service during the 2017-18 crop year was 21,132 cars, encompassing 88% of the overall feet. 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

In the first quarter of the 2017-18 crop year, CP de-listed a total of 17 producer car loading sites. This was comprised of two sites in Manitoba, six in Alberta and nine in Saskatchewan. The total number of available producer car loading locations has held steady since then and at the end of the fourth quarter stands at 272.

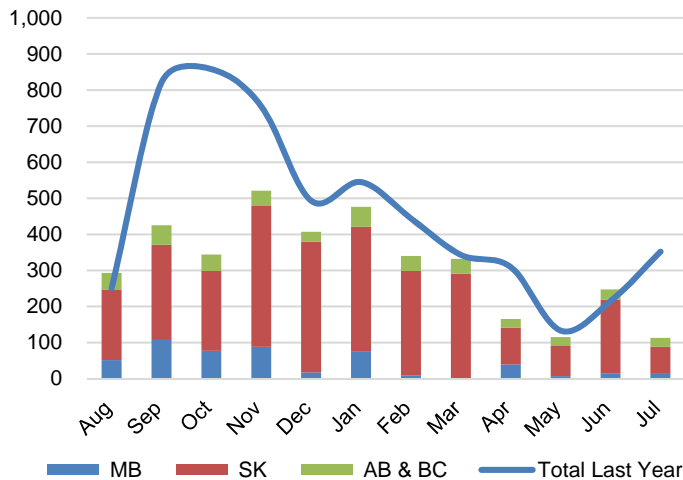
Table M-7 Producer Car Loading Sites	Q4 2017-18	Index (1999=100)	% Change YTD
Class 1 Carriers	142	22.0	-11.3%
Shortline Carriers	130	200.0	0.0%
All Carriers	272	38.3	-6.2%

Table M-8 Producer Cars Scheduled	Q4 2017-18	2017-18 YTD	Var. from Last YTD
Manitoba	35	499	-29.4%
Saskatchewan	364	2,827	-34.8%
Alberta & B.C.	76	452	-5.4%
Total	475	3,778	-31.5%

Producer cars scheduled this year to date are down 31.5% from the previous year. The 2017-18 crop year saw a reduction in producer-car applications received by the Canadian Grain Commission.



Producer Cars Scheduled by Province

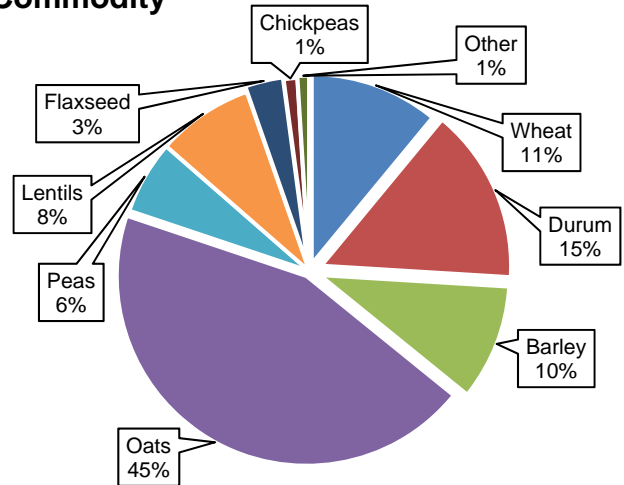


GMP Data Table 6B-2

Producer car shipments have shifted from primarily being wheat, durum, and oats to encompass a significant increase in the number of cars carrying special crops. Shipments throughout the 2017-18

crop year continue to reflect this trend, with the traditional commodities comprising only 71% of the total. Special crops such as peas, lentils and chickpeas contributed 15% of the total volume.

Producer Cars Scheduled by Commodity



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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

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