

GMP Dashboard

Table M-1	JUN 2019	JUL 2019	2018-19 YTD	Var. from Last YTD
Western Canadian GHTS Performance (Days)				
Total Time in System	34.0	39.7	42.9	-6.3%
Average Days In Store – Country	19.0	21.8	25.4	-10.2%
Loaded Transit Time	5.7	6.5	6.6	8.8%
Average Days In Store – Terminal	9.3	11.4	10.9	-5.2%
Total Traffic ('000 tonnes)				
Primary Elevator Shipments	3,920.7	3,537.7	48,885.8	7.3%
Railway Shipments (all Western Canada traffic)	4,601.9	3,926.8	54,307.0	4.8%
Western Port Terminal Shipments	3,241.9	2,809.4	37,084.8	6.3%
Railway Performance				
Avg. Loads on Wheels (Cars)	9,647	8,758	11,710	5.3%
Total Western Port Car Cycle (days)	15.2	15.6	15.7	0.2%
Port Performance				
Western Port Unloads (Number of Cars)	32,077	30,920	397,212	6.6%
Vessel Time in Port (days)	9.2	6.8	10.3	2.9%

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

Overview

Railway grain shipments from Western Canada fell to 3.9 MMT in July 2019, down 14.7% from June's 4.6 MMT. Even so, this lifted the year-to-date tonnage to a record 54.3 MMT, a 4.8% gain. Relatively good operating conditions supported superior performance throughout the GHTS during the last quarter of the crop year. Port shipments for July totaled 2.8 MMT, a 13.3% decline from June volumes. The total crop-year shipments from western ports reached a record 37.1 MMT, a 6.3% increase from the previous crop year. Accompanying the decline in July shipments, is a 6.8-day average for the time vessels spent in port, down from a 9.2-day average in June. The 2018-19 crop-year average registered 10.3 days.

Highlights for July 2019 and Fourth Quarter 2018-19 CY

Traffic and Movement (page 2)

- Primary-elevator shipments were 48.9 MMT in the 2018-19 crop year, 7.3% more than last year.
- Total Western Canadian rail shipments (from all primary/process elevators and producer-car sites) in July fell 14.7% from June, to over 3.9 MMT. Despite winter's railway service issues, stronger shipments through much of the 2018-19 crop year helped lift total traffic volume by 4.8%, to a record 54.3 MMT.
- Crop-year-total shipments from Western Canadian ports totaled 37.1 MMT, up 6.3% from last year.

System Efficiency and Performance (page 4)

- Crop-year average weekly primary-elevator stocks decreased by 3.3% from last year. The average days-in-store was down 10.2%.
- Average weekly port-terminal stocks decreased 1.1% from the previous crop year, while average days-in-store fell by 5.2%.
- Railcar cycle times increased in July, with the preliminary average for Western Canadian movements rising to 15.6 days from 15.2 days in June. The average for the 2018-19 crop year rose by 0.2%, remaining effectively unchanged at 15.7 days.
- The 2018-19 crop-year average for vessel time in port is 10.3 days, a 2.9% increase from that observed in the previous crop year.
- Port-terminal out-of-car time climbed to 6.8% at Vancouver in July from 6.7% in June, and to 17.3% at Prince Rupert from 10.4%. At Thunder Bay the out-of-car time grew to 4.5% from 1.6% the previous month.

Commercial Relations (page 6)

- Average primary-elevation charges rose 0.1% over the course of the 2018-19 crop year.
- Both CN and CP increased their single-car freight rates in the 2018-19 crop year. Various rate increases and decreases ultimately elevated CN's rates on movements into Vancouver, Prince Rupert and Thunder Bay, which at the close of the crop year had risen by 13.4%, 11.8% and 18.8% respectively. CP's pricing actions followed an equally irregular pattern, with the carrier's single-car year-end rates into Vancouver having risen by 7.2%, while those into Thunder Bay rose by a more substantive 14.9%.
- Average terminal-elevation charges rose 0.1% during the crop year.

Infrastructure (page 6)

- The GHTS's country-elevator network posted a net increase of two facilities in the 2018-19 crop year, with the total inching up to 402 from 400. This was largely due to the licensing and delicensing of several smaller facilities. Hidden beneath these statistics, however, were six newly constructed loop-track facilities, two apiece being opened by G3 Canada Limited and Viterra Inc., along with one apiece by GrainsConnect Canada, and Paterson Grain. These additions, along with continued capacity expansion efforts, added another 342,300 tonnes of storage to the system, which reached a record 8.7 MMT.

Production and Supply

Statistics Canada's November survey for 2018 crop production in Western Canada stands at 71.1 MMT. While this represents a 1.2% decrease from the 2017 harvest, it still registers among the largest crops grown. This production estimate stands relatively consistent with the model-based estimate released by Statistics Canada in September.

Coupled with carry-forward stock of 9.8 MMT at the end of July 2018, 14.7% more than in 2017, the overall grain supply is estimated to be 80.9 MMT. The projected supply is 0.5% greater than that of the previous year and underpinned the record volumes handled by the GHTS throughout the crop year.

Table M-2:		2018	2017	Var. from Last Yr.
Production & Carry Over (000's tonnes)				
Western Canada Total Production		71,101.2	71,977.2	-1.2%
Western Canada On Farm & Primary Elevator Carry Forward Stock		9,834.6	8,574.0	14.7%
Total Grain Supply		80,935.8	80,551.2	0.5%

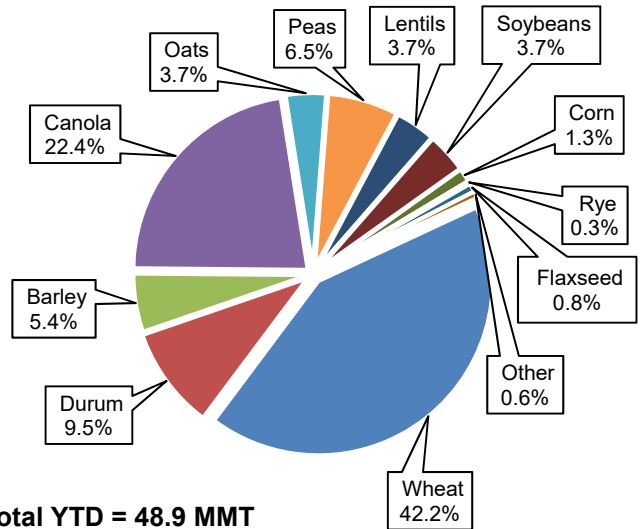
Traffic and Movement

As the crop year drew to an end, producer deliveries subsided, averaging just over 0.8 MMT per week in July. Average weekly primary-elevator stock levels also declined to 2.5 MMT, with ample space in elevators throughout the prairies.

Table M-3		JUL 2019	2018-19 YTD	Var. from Last YTD
Primary Elevator Shipments (000's tonnes)				
Manitoba		861.6	9,029.8	3.8%
Saskatchewan		1,645.3	25,868.1	15.6%
Alberta		993.9	13,605.3	-4.1%
British Columbia		36.9	382.6	29.3%
Total		3,537.7	48,885.8	7.3%
Western Canada Railway Traffic (000's tonnes)				
Shipments to Western Ports		3,095.7	42,676.4	8.7%
Shipments to Eastern Canada		239.5	3,724.5	20.3%
Shipments to US & Mexico		540.1	7,190.1	-16.8%
Shipments Western Domestic		51.4	716.0	-15.0%
Total		3,926.8	54,307.0	4.8%
Western Port Unloads (Number of Cars)				
Vancouver		18,502	253,593	4.6%
Prince Rupert		4,705	63,835	14.5%
Thunder Bay		7,713	79,784	7.1%
Total		30,920	397,212	6.6%

Table M-3		JUL 2019	2018-19 YTD	Var. from Last YTD
Terminal Elevator Shipments (000's tonnes)				
Vancouver		1,561.4	23,481.8	4.5%
Prince Rupert		426.2	5,993.6	17.1%
Churchill		0.0	26.9	n/a
Thunder Bay		821.8	7,582.5	4.1%
Total		2,809.4	37,084.8	6.3%

Primary Elevator Shipments by Commodity

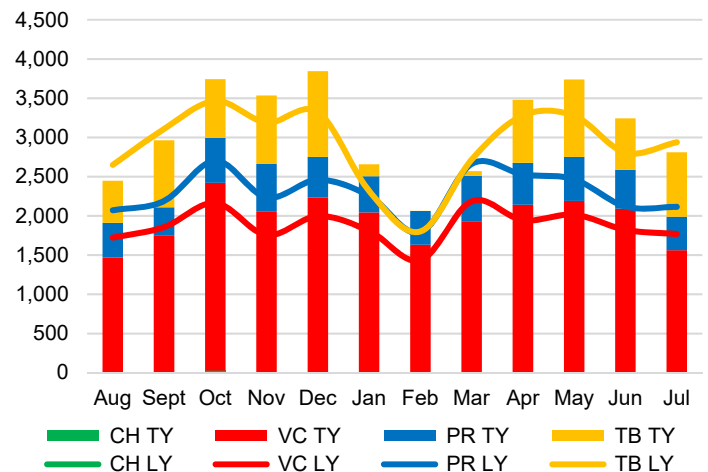


Total YTD = 48.9 MMT

GMP Data Table 2A-1

Grain shipments from primary elevators grew in the 2018-19 crop year, registering 7.3% more than the total for the previous year. Wheat, including durum, and canola continue to constitute the largest proportion of the movement at 74.1%. Movement of peas and lentils accounted for just 10.2% of the total as tariff and non-tariff trade barriers continue to challenge the marketing of these pulse crops.

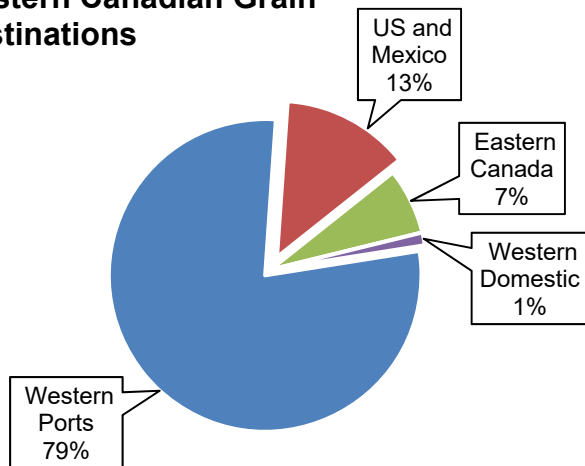
Terminal Elevator Shipments (000's tonnes)



GMP Data Table 2C-1

Bulk shipments out of the western ports grew in the 2018-19 crop year, registering a 6.3% increase on a year-over-year basis. Prince Rupert experienced growth of 17.1%, while Vancouver and Thunder Bay recorded more modest gains of 4.5% and 4.1% respectively.

Western Canadian Grain Destinations

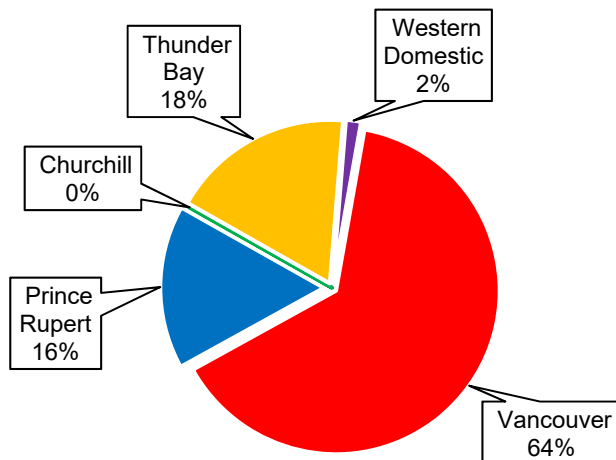


Total YTD = 54.3 MMT

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

Railway grain shipments from Western Canada totaled a record 54.3 MMT in the 2018-19 crop year, a 4.8% gain over that handled a year earlier. The majority, about 42.7 MMT, or 79%, was directed to Western Canadian ports in support of offshore sales; an 8.7% increase over what had been handled a year earlier. This was complemented by a 20.3% gain on movements into Eastern Canada, which reached over 3.7 MMT. Running counter to these gains were decreases in Western Domestic shipments, which fell by 15.0%, and a 16.8% decline in shipments to the US and Mexico.

Western Canadian Destined Hopper Car Traffic

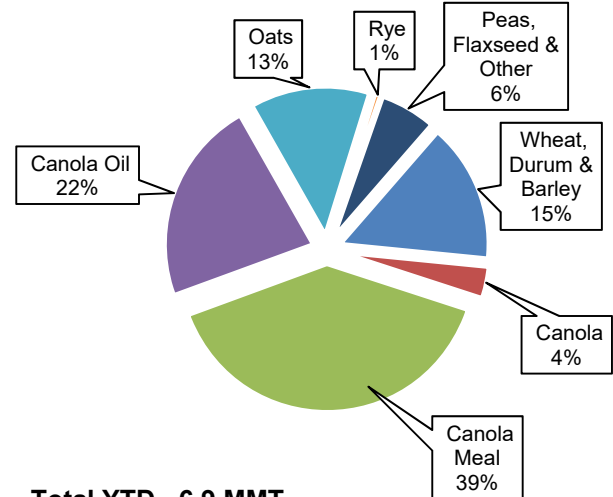


Total YTD - 41.4 MMT

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 2018-19 crop year this amounted to almost 41.4 MMT, up 8.5% over the previous crop year. 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. Hopper-car shipments to Vancouver increased by 8.5%. Prince Rupert and Thunder Bay posted gains of 18.9% and 3.4% respectively. Conversely, Western Canadian shipments fell by 19.2%.

US Destined Grain by Commodity

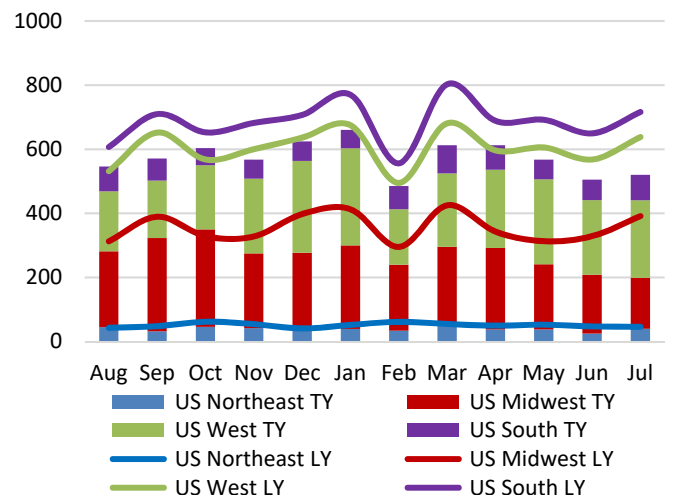


Total YTD - 6.9 MMT

GMP Data Table 2B-18

Total railway shipments into the US reached almost 6.9 MMT in the 2018-19 crop year, a reduction of 16.9% from that handled 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 throughout the first eight months of the crop year, before retreating to 2.5 MMT in July, with a twelve-month average of 3.5 MMT. Overall space in the country system was good. In July country stocks utilized 50% of the working capacity of the network. By province, stocks ranged from 47% in Alberta, to 51% and 53% in Saskatchewan and Manitoba respectively, and to 83% in British Columbia.

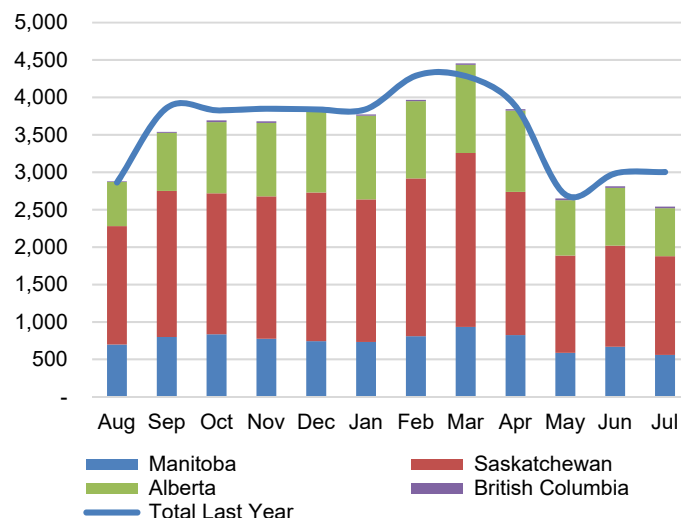
The average days-in-store in the primary-elevator system for the 2018-19 crop year decreased from last year, falling 10.2% to 25.4 days.

Table M-4	JUL 2019	2018-19 YTD	Var. from Last YTD
Primary Elevator			
Average Weekly Stocks (000's tonnes)	2,540.3	3,457.9	-3.3%
Average Days in Store	21.8	25.4	-10.2%
Railway Operations (days)			
Cycle Time to Western Ports	15.6	15.7	0.2%
Cycle Time to Eastern Canada	21.1	21.9	-9.4%
Cycle Time to US	24.5	26.1	-6.5%
Loaded Transit to Western Ports	6.5	6.6	8.8%
Loaded Transit to Eastern Canada	8.4	10.2	-7.2%
Loaded Transit to US	11.6	11.0	-7.9%
Rail Fleet in Grain Service	18,548	22,272	5.4%
Western Canada Terminal Elevator			
Average Weekly Stocks (000's tonnes)	1,030.6	1,183.0	-1.1%
Average Days in Store	11.4	10.9	-5.2%
Port Unloads (hopper cars)	30,920	397,212	6.6%
Terminal Out-of-Car Time	7.3%	11.5%	2.7%
Western Canada Port Operations			
Average Vessel Time in Port (days)	6.8	10.3	2.9%

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



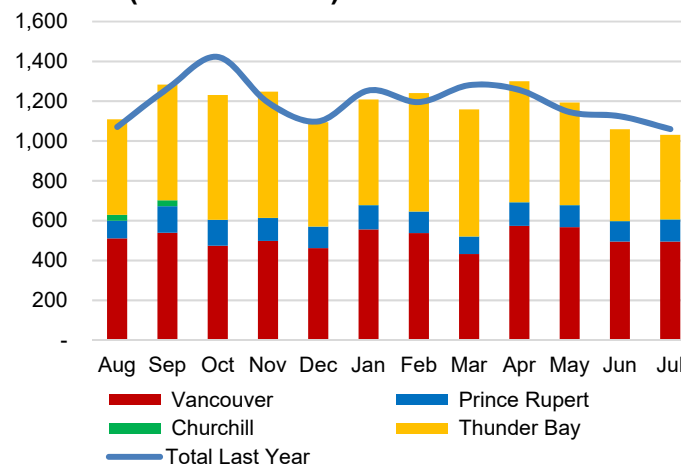
Average Weekly Primary Elevator Stocks (000's tonnes)



GMP Data Table 5A-2

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 4.5 MMT in March. By July, they were repeating the pattern of the previous year and had fallen to just over 2.5 MMT. Wheat, including durum, and canola, comprise 76% of the total stock. At 13% of the stock, barley, oats and peas made up much of the balance.

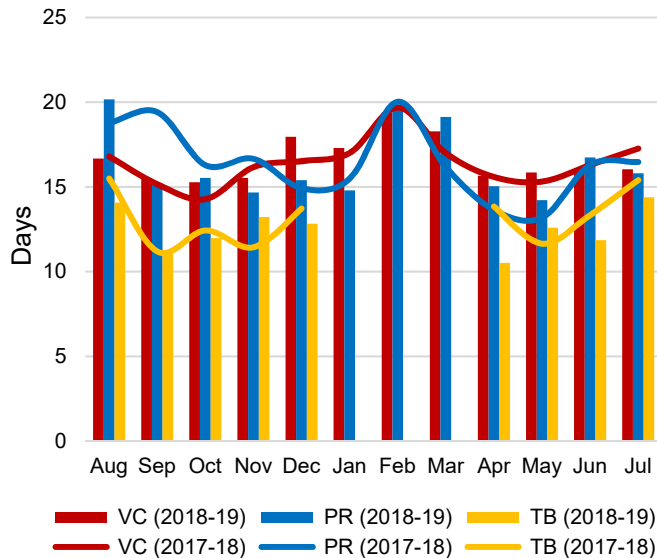
Average Weekly Terminal Elevator Stocks (000's tonnes)



GMP Data Table 5C-2

Overall terminal elevator stocks averaged 1.2 MMT in the 2018-19 crop year, 1.1% less than the previous crop year. In July, average stock levels at Vancouver held steady with that seen the previous month, while rising marginally at Prince Rupert. Thunder Bay average stock levels declined slightly as the crop year drew to an end. Pacific Seaboard stocks are now presented separately for Vancouver and Prince Rupert. Wheat, including durum, and canola, comprise over 80% of the total stock. In July, western ports utilized just 58% of their overall working capacity.

Railway Cycle Times to Western Ports (days)

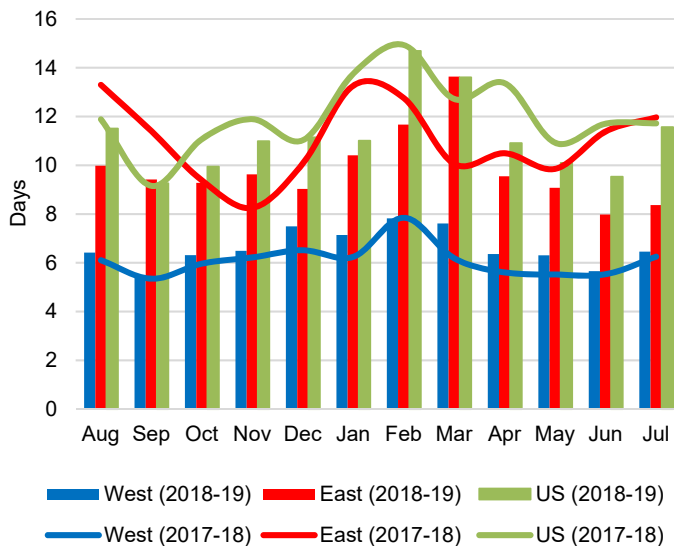


GMP Data Table 5B-1

Railway car cycles to Western Canadian ports averaged 15.7 days in the 2018-19 crop year, up slightly (0.2%) from that posted a year earlier. This result was primarily shaped by an increase in the Vancouver corridor, which rose by 1.4%. Cycle time reductions of 0.3% in the Prince Rupert corridor and 3.6% in the Thunder Bay corridor helped contain the overall rise.

Car cycles to Eastern Canada declined, falling by 9.4%, to an average of 21.9 days from 24.2 days a year earlier. Similarly, the car cycle for movements into the United States fell by 6.5%, to an average of 26.1 days from the 27.9-day average posted for the previous crop year.

Average Loaded Transit Times (days)

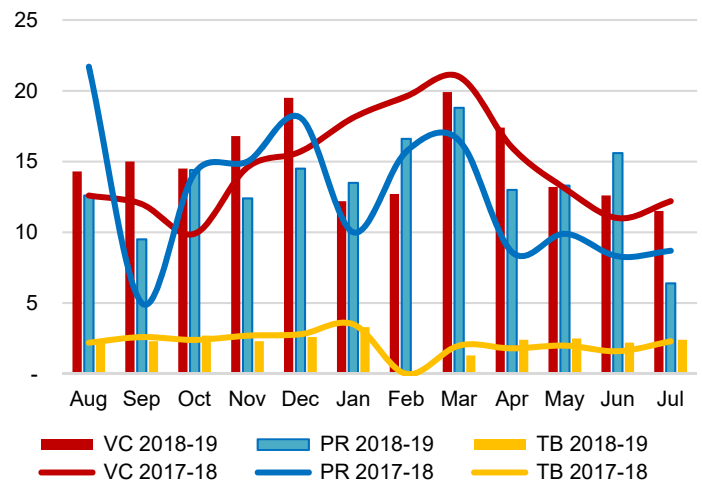


GMP Data Tables 5B-4, 5B-8, 5B-12

Loaded transit time for traffic destined to Western Canadian ports averaged 6.6 days in the 2018-19 crop year, up 8.8% from the 6.0-day average posted a year earlier. This was the result of upturns in all three corridors, with increases of 11.3% in the Vancouver corridor, 10.3% in the Thunder Bay corridor, accompanied by a marginal 0.1% gain in the Prince Rupert corridor.

The average loaded transit time associated with movements into Eastern Canada declined by 7.2%, to 10.2 days from 10.9 days the year previous. The corresponding average for US-bound traffic declined by a slightly greater 7.9%, to 11.0 days from the 12.0-day average posted a year earlier.

Average Days in Port per Vessel

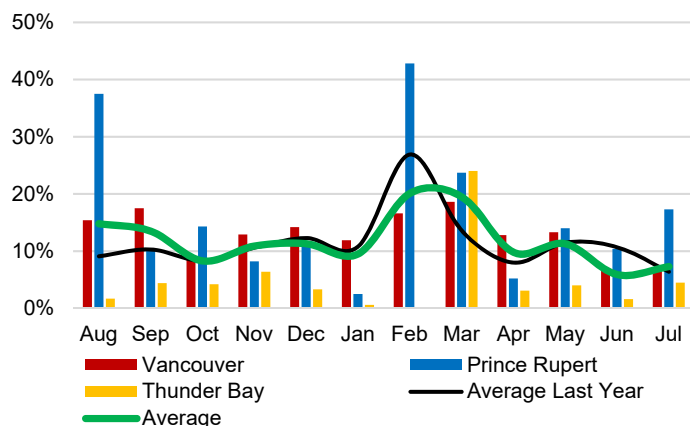


GMP Data Table 5D-1

In July, the overall average time vessels were in port waiting and loading grain fell to 6.8 days from 9.2 days the month before. The crop-year average is 10.3 days, 2.9% higher than that registered in the previous crop year. While Prince Rupert recorded an appreciable month-over-month decrease, Vancouver's decline was more modest, and Thunder Bay was up marginally. For the month of July, days in port stood at 11.6 for Vancouver, 6.4 for Prince Rupert and 2.4 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 grew to 7.3% in July from 5.9% in June. Terminal out-of-car time at Vancouver grew to 6.8% in July and to 17.3% and 4.5% at Prince Rupert and Thunder Bay respectively.

Commercial Relations

Table M-5 Rates: \$CDN per tonne	Q4 2018-19	Index (1999=100)	% Change YTD
Average Primary Elevation	16.23	135.3	0.1%
Rail to Vancouver			
CN	55.70	151.6	13.4%
CP	56.89	154.0	7.2%
Rail to Pr. Rupert			
CN	54.96	132.2	11.8%
Rail to Thunder Bay			
CN	53.75	166.9	18.8%
CP	48.64	162.2	14.9%
Average Terminal Elevation	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 fourth quarter of the 2018-19 crop year (as at 31 July 2019). 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 2018-19 crop year. CN advanced successive rate increases in August, September and October, which by the close of the first quarter had lifted the rates on movements to the West Coast and Thunder Bay by 13.8%, and 23.4% respectively. CN maintained these rates until midway through the third quarter, when it then applied an across-the-board reduction of 5.0%. These reductions were partially reversed in May 2019 with increases of 2.8% on

westbound rates, and 1.9% on Thunder Bay rates. The single-car rates into Vancouver were escalated by a further 1.5% in June 2019. With the close of the crop year, CN's rates into Vancouver, Prince Rupert and Thunder Bay had been elevated by 13.4%, 11.8% and 18.8% 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 first quarter these actions had effectively raised the rates on traffic destined to Vancouver and Thunder Bay by 5.8% and 14.7% respectively. These rates were maintained until the beginning of January 2019 when the carrier instituted escalations amounting to nearly 2.0%. In May 2019 the carrier applied reductions of 4.8% on its Vancouver rates along with a 3.9% cut on its Thunder Bay rates, both of which were largely reversed in July 2019 with increases of 4.5% and 2.2% respectively. At the close of the crop year CP's single car rates into Vancouver and Thunder Bay had been elevated by 7.2% and 14.9% respectively.

Commercial Developments

Ilta Grain seeks bankruptcy protection: On 11 July 2019 the Canadian Grain Commission (CGC) suspended the licences of Ilta Grain, a special-crops dealer headquartered in Surrey, British Columbia, after the company filed for creditor protection. The company, which operates several processing facilities in Manitoba and Saskatchewan – including two newly constructed loop-track facilities at Belle Plaine and Saskatoon – indicated that the move was necessary in order to restructure operations and secure additional financing. Under creditor protection, Ilta remains in control of its property and business, but is now under the supervision of PricewaterhouseCoopers, which was appointed as monitor by the province's Supreme Court. Ilta indicated that trade restrictions in India, China and other countries, which reduced special crop prices, played a significant role in undermining its financial position. Ilta reportedly owed almost \$150 million to its creditors, including over 200 producers who had delivered grain to their facilities.

Ceres Global Ag to acquire Delmar Commodities: On 15 July 2019 Minneapolis-based Ceres Global Ag Corp. announced that it had exercised its option to acquire all outstanding shares of Winkler-based Delmar Commodities, Ltd. Ceres operates a 73,700-tonne grain-handling facility at Northgate, Saskatchewan, along with several other logistics centres in Eastern Canada and the United States. The company also has interests in a variety of other companies, including a 25% share in Stewart Southern Railway, a Saskatchewan-based shortline. Delmar Commodities is a grain merchandiser and processor with operations at several facilities located in Manitoba. The acquisition, which is subject to the finalization of a formal purchase agreement, was expected to close on or about 1 August 2019.

Great Western Railway expands commercial activity: Earlier in 2019, Saskatchewan-based Great Western Railway (GWR) reached an agreement to formally acquire all outstanding shares in the Fife Lake Railway (FLR), a connecting 60-mile shortline that has largely been maintained and operated by the GWR since the FLR's formation in 2005. The acquisition follows other significant

changes in the carrier's business activities, including: the formation of an affiliated grain dealer, Great Western Commodities; and the purchase of 150 hopper cars formerly belonging to the Saskatchewan Grain Car Corporation.

Grain shipments to Churchill resume: The first grain train in almost four years arrived at the port of Churchill in late July 2019. The Arctic Gateway Group – a consortium of northern Manitoba First Nations and local governments, Toronto-based Fairfax Financial Holdings, and Regina-based AGT Foods and Ingredients – bought the port along with the railway that serves it in August 2018. Since then, the new entity has been working to restore the infrastructure and resume commercial activity. While details on the expected scope of this activity remains scant, the company indicated that it will be targeting durum, wheat, canola, lentil and pea crops from Manitoba and Saskatchewan for shipment to Europe, North Africa and the Middle East.

Infrastructure

Apart from the railways' car fleet, GMP measures relating to infrastructure are reported on a quarterly basis. The 2018-19 crop year saw few changes to the GHTS's physical infrastructure, with all tied to the country and terminal elevator networks.

The 2018-19 crop year saw the closure of 18 country elevators. However, these were countered by the addition of 20 newly licensed facilities, which boosted the active network to 402 elevators from 400. More noteworthy was the fact that six of these were newly constructed loop-track facilities, two apiece operated by G3 Canada Limited and Viterra Inc., and one apiece by GrainsConnect Canada and Paterson Grain. Much of this was responsible for adding another 342,300 tonnes of storage capacity to the system, which reached a record 8.7 MMT.

Table M-6	Q4 2018-19	Index (1999=100)	% Change YTD
Country Elevator			
Primary and Process Elevators (Count)	402	40.0	0.5%
Storage Capacity (000's tonnes)	8,654.0	123.2	4.1%
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*	25,742	n/a	7.4%
Terminal Elevator			
Terminal Facilities (Count)	17	121.4	6.2%
Storage Capacity (000's tonnes)	2,542.5	99.4	2.3%

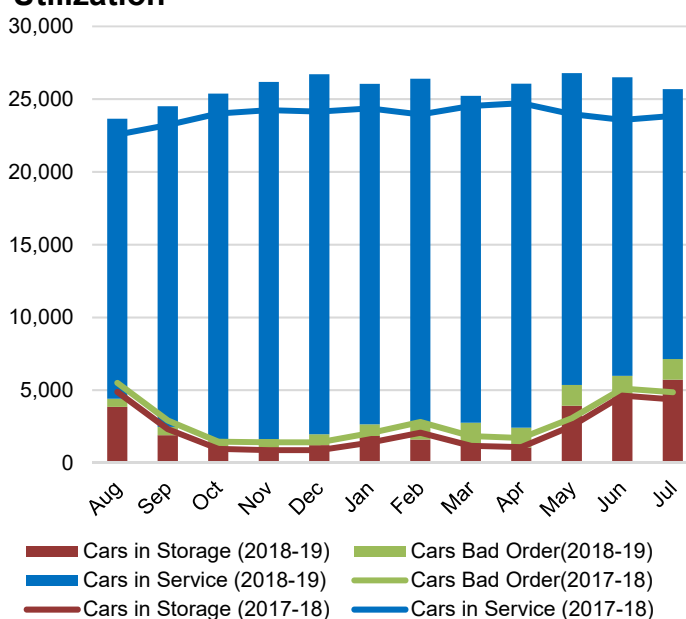
* Hopper Car Fleet Size represents all cars in all statuses for the full 2018-19 crop year.

No alterations to the railway network were noted during 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 saw the addition of one new facility in the 2018-19 crop year, with the opening of the 57,600-tonne Fibreco Export terminal in North Vancouver. This increased the system's total number of licensed terminal facilities to 17, with 2.5 MMT of associated storage capacity.

During times of heavy demand for grain hopper cars, most 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 December with strong shipping demand before starting to pull back in January. By July, the average had declined to 18,548 cars, with an overall 2018-19 crop-year average car fleet in service of 22,272. This is similarly in number to July 2018, while the percentage of the overall fleet is somewhat less at 72%. The balance of the fleet, comprising 28% of the rail cars, was in storage or repair status (bad order), moderately higher than 20% in July 2018, the end of the 2017-18 crop year.

Railway Grain Fleet Size and Utilization



GMP Data Table 3B-2



Producer Cars

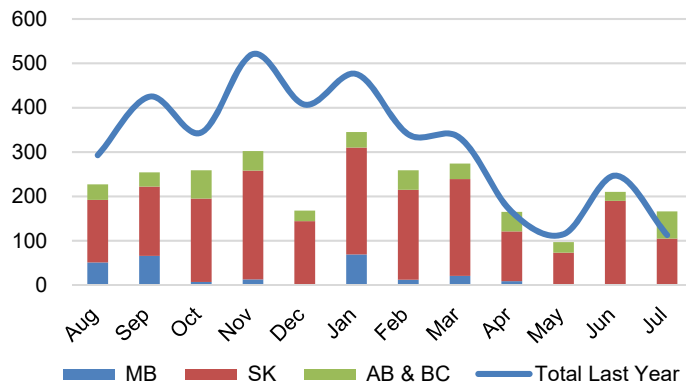
No change was registered in the number of producer-car loading sites in the 2018-19 crop year. The total number of available producer-car loading locations at the end of the crop year stands at 272.

Table M-7 Producer Car Loading Sites	Q4 2018-19	Index (1999=100)	% Change YTD
Class 1 Carriers	142	22.2	0.0%
Shortline Carriers	130	200.0	0.0%
All Carriers	272	38.3	0.0%

Table M-8 Producer Cars Scheduled	Q4 2018-19	2018-19 YTD	Var. from Last YTD
Manitoba	3	253	-49.3%
Saskatchewan	365	2,011	-28.9%
Alberta & B.C.	105	462	2.2%
Total	473	2,726	-27.8%

Producer cars scheduled this year to date are down 27.8% from the previous year. The 2018-19 crop year saw a reduction in producer-car applications received by the Canadian Grain Commission.

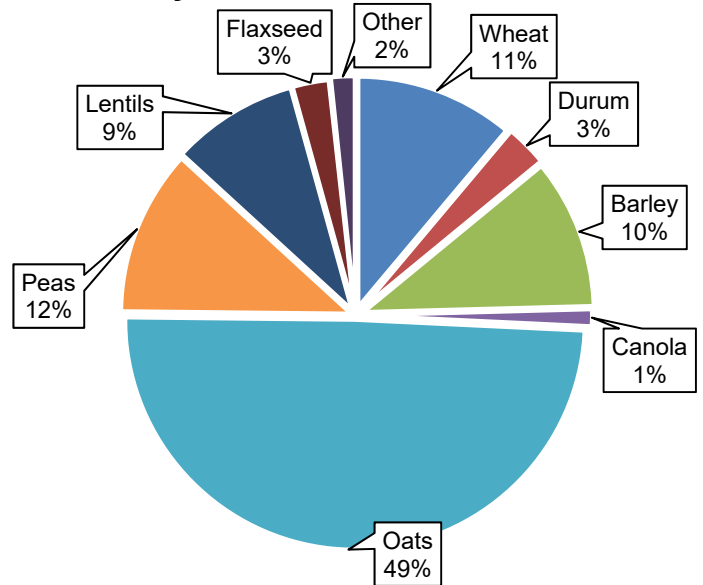
Producer Cars Scheduled by Province



GMP Data Table 6B-2

The proportion of producer-car shipments devoted to oats has grown substantially as a decrease has been registered in the number of cars carrying other cereal crops. Shipments throughout the 2018-19 crop year continue to reflect this trend, with oats shipments comprising 49% of the total, while wheat, durum and barley combined comprise only 24%. Special crops such as peas and lentils contributed another 21% 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

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