

## GMP Dashboard

Table M-1	SEP 2015	2015-16 YTD	Var. from Last YTD
<b>Western Canadian GHTS Performance (Days)</b>			
Total Time in System	40.7	39.1	8.5%
Average Days In Store – Country	22.7	22.5	8.7%
Loaded Transit Time	5.0	4.8	-13.4%
Average Days In Store – Terminal	13.0	12.4	19.2%
<b>Total Traffic ('000 tonnes)</b>			
Primary Elevator Shipments	4,582.0	7,785.7	5.9%
Railway Shipments (all Western Canada traffic)	4,586.4	8,458.5	-2.6%
Western Port Terminal Shipments	3,159.4	6,078.9	-10.1%
<b>Railway Performance</b>			
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 (Cars)	9,642	9,203	-21.5%
Total Western Port Car Cycle (days)**	14.1	13.6	7.9%
<b>Port Performance</b>			
Western Port Unloads (Number of Cars)			
Vancouver	23,627	40,865	21.0%
Prince Rupert	5,445	10,515	8.4%
Churchill	542	887	-76.2%
Thunder Bay	11,595	18,574	-8.5%
Total	41,209	70,841	5.0%
Vessel Time in Port (days)	7.6	7.4	-20.4%

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

- YTD refers to crop year to date (a crop year runs from Aug 1 – July 31)



## Highlights for September 2015

### Production and Supply (page 2)

- The preliminary estimate of total Western Canadian production for 2015 is 57.5 MMT, 2 MMT higher than the August estimate and in line with the 10-year average.
- With carry forward stock of 8.6 MMT, the estimated overall grain supply will be 66.2 MMT, ensuring healthy supplies to meet domestic and export demand in the coming year.

### Traffic and Movement (page 2)

- Primary elevator shipments were 7.8 MMT in the first two months of the 2015-16 crop year, 5.9% higher than last year.
- All rail shipments (including primary/process elevators & producer cars) to all destinations from Western Canada totalled 8.5 MMT to the end of September 2015.
- Crop year-to-date shipments from Western Canadian ports are 6.1 MMT, down 10.1% from the same period a year earlier.

### System Efficiency and Performance (page 4)

- Average weekly stocks in the country increased 6.7% from last year-to-date, while the average days in store increased 8.7%.
- Average port terminal stocks declined 1.2% from the same period last year, while average days in store rose 19.2%.
- Railcar cycle times averaged 13.6 days through September (12.6 days last year) to western ports; 24.2 days to eastern Canada; and 27.1 days to US destinations.
- The average vessel time in port in the 2015-16 crop year-to-date is 7.4 days, 20.4% lower than in the previous crop year.
- Port-terminal out-of-car time reached 13.5% in Vancouver, 1.1% in Prince Rupert and 1.6% at Thunder Bay.

### Commercial Relations (page 6)

- Average primary elevation charges are unchanged in the first two months of the crop year.
- CN decreased its single-car rates in the Vancouver and Prince Rupert corridors by 7.1% at the beginning of August 2015. The carrier's single-car rates into Thunder Bay and Churchill were reduced by a lesser 2.1% and 2.4% respectively.
- CP also decreased its single-car rates into Vancouver and Thunder Bay at the beginning of the 2015-16 crop year by 7.4% and 4.2% respectively.
- Neither railway made significant rate changes in September
- Average terminal elevation rates are unchanged.

### Commercial Developments (page 6)

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

### Infrastructure (page 7)

- No changes were reported in the country elevator infrastructure in the first two months of the 2015-16 crop year. A new shortline, the 35.2-mile long Northern Lights Rail was established in September. Two terminal elevators were delicensed at the beginning of the crop year: MobilEx Terminal Ltd. and Thunder Bay Terminals Ltd.

### Producer Cars (page 8)

- Total producer cars scheduled, at 1,296 cars, is 30.6% lower than the number scheduled in August and September 2014.

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

Statistics Canada's preliminary estimate of 2015 crop production in Western Canada is 57.5 MMT, 8.5% lower than 2014 production, 2 MMT higher than the August estimate, but virtually equal to the 10-year average production.

A reduction from the record carry forward in 2014, to a normal level of 8.6 MMT, brings the overall grain supply to an estimated 66.2 MMT, 14.2% less than that available the previous year.

Statistics Canada has also revised the production numbers for the previous two years. A total of 0.7 MMT and 1.5 MMT has been added to 2013 and 2014 production respectively. Although numerous crops were revised upwards, the greatest increase is registered for canola, up 1.4 MMT for the two years.

*Production numbers will be updated in December based on Statistics Canada's November survey.*

Production & Carry Over (000's tonnes) Table M-2	2015 P	2014	Var. from Last Year
Western Canada Total Production	57,517.9	62,854.9	-8.5%
Western Canada On Farm & Primary Elevator Carry Forward Stock	8,637.6	14,236.0	-39.3%
<b>Total Grain Supply</b>	<b>66,155.5</b>	<b>77,090.9</b>	<b>-14.2%</b>

## Traffic and Movement

The pace of grain movement advanced during September as harvest progressed and producer deliveries increased. By month-end, grains, oilseeds and special crops shipments for the crop year-to-date were approaching levels seen the previous year.

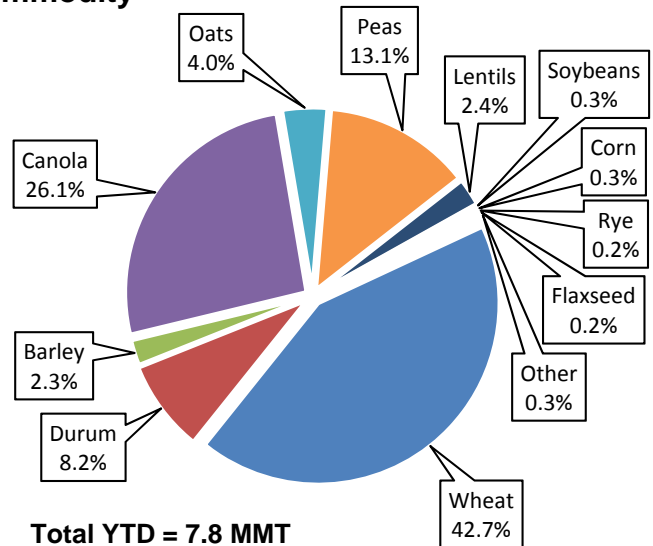
Sales programs remain strong supporting movement levels that are traditionally the highest during the fall shipping season. GHTS participants report relatively smooth operations thus far this crop year.

Table M-3	SEP 2015	2015-16 YTD	Var. from Last YTD
<b>Primary Elevator Shipments (000's tonnes)</b>			
Manitoba	842.4	1,405.7	34.9%
Saskatchewan	2,333.2	3,798.2	-0.3%
Alberta	1,357.1	2,504.4	3.2%
British Columbia	49.3	77.4	12.8%
<b>Total</b>	<b>4,582.0</b>	<b>7,785.7</b>	<b>5.9%</b>
<b>Western Canada Railway Traffic (000's tonnes)</b>			
Shipments to Western Ports	3,757.5	6,882.0	-1.6%
Shipments to Eastern Canada	217.9	368.0	23.2%
Shipments to US & Mexico	568.0	1,125.8	-12.6%
Shipments Western Domestic	43.0	82.6	-18.0%
<b>Total</b>	<b>4,586.4</b>	<b>8,458.5</b>	<b>-2.6%</b>

Table M-3 (Cont.)	SEP 2015	2015-16 YTD	Var. from Last YTD
<b>Western Port Unloads (Number of Cars)</b>			
Vancouver	23,627	40,865	21.0%
Prince Rupert	5,445	10,515	8.4%
Churchill	542	887	-76.2%
Thunder Bay	11,595	18,574	-8.5%
<b>Total</b>	<b>41,209</b>	<b>70,841</b>	<b>5.0%</b>
<b>Terminal Elevator Shipments (000's tonnes)</b>			
Vancouver	1,882.9	3,704.8	7.9%
Prince Rupert	363.8	827.3	-16.5%
Churchill	36.3	36.3	-89.2%
Thunder Bay	876.4	1,510.5	-24.6%
<b>Total</b>	<b>3,159.4</b>	<b>6,078.9</b>	<b>-10.1%</b>

As harvest progressed, strong country elevator shipments in September brought the year-to-date total to 7.8 million tonnes, rising 5.9% from the level seen in the first two months of the previous crop year. Shipments out of the four western ports had not caught up with the pace from the country and registered a 10.1% decline over the same period. Notwithstanding this decline, overall grain movement maintains a respectable pace as the harvest entered its final stage.

### Primary Elevator Shipments by Commodity

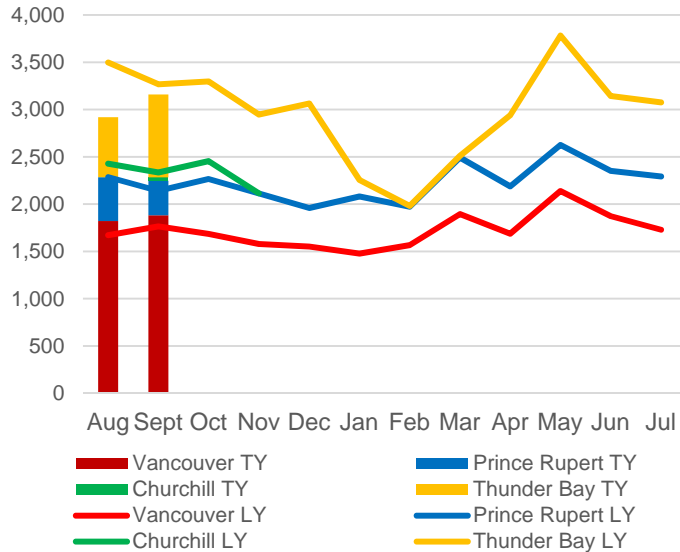


GMP Data Table 2A-1

Wheat, including durum, continues to be the dominant commodity moved, although down some 4% from last year, and the proportion falling to 50.9%.

Canola movements continue to increase in both the port and US corridors. The proportion of canola shipped has increased to 26.1%, up 24% from last year.

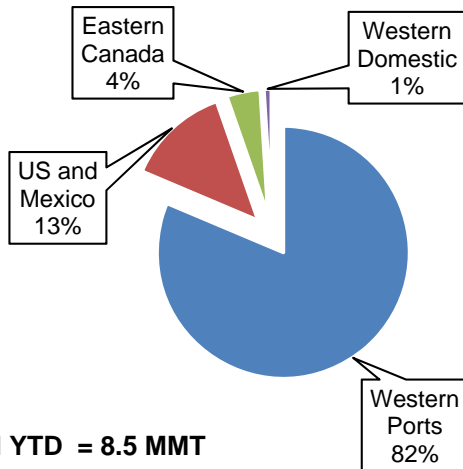
## Terminal Elevator Shipments (000's tonnes)



GMP Data Table 2C-1

The first vessel of the season departed the Port of Churchill in September carrying 36,300 tonnes of wheat. The balance of the port's shipping season will be filled in October and early November.

## Western Canadian Grain Destinations

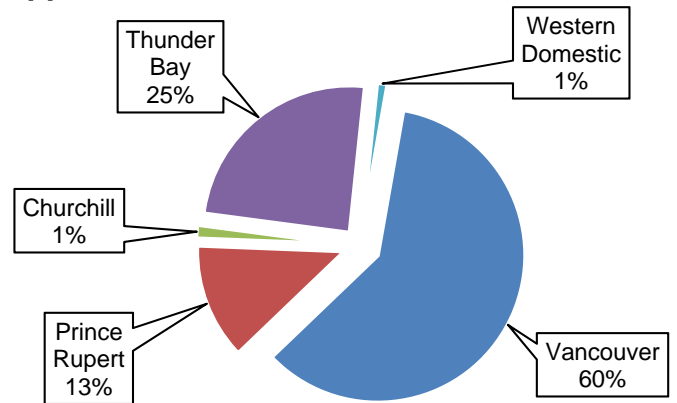


Total YTD = 8.5 MMT

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

The four ports in Western Canada constitute the primary destinations for prairie grain shipped by rail. Rail shipments into Vancouver rose by 11.0% in the first two months of the 2015-16 crop year, to just over 4.2 MMT. However, shipments into Prince Rupert, Thunder Bay and Churchill all declined substantially, producing an overall western-port reduction of 1.6%. In comparison, the total movement to Eastern Canada jumped by a more substantive 23.2%, to 368,000 tonnes. However, shipments into the United States and Mexico showed marked declines, falling by 12.5% and 16.2% respectively.

## Western Canadian Destined Hopper Car Traffic

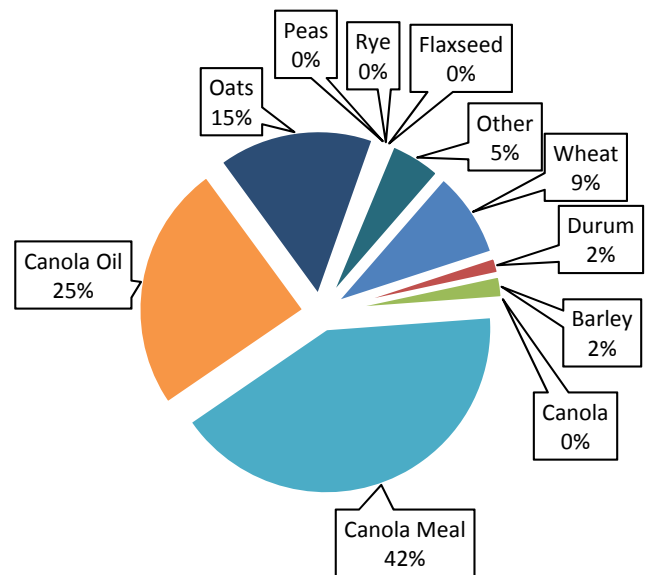


Total YTD - 6.8 MMT

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

Vancouver remains the dominant port for the exporting of 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 this west coast gateway.

## US Destined Grain by Commodity

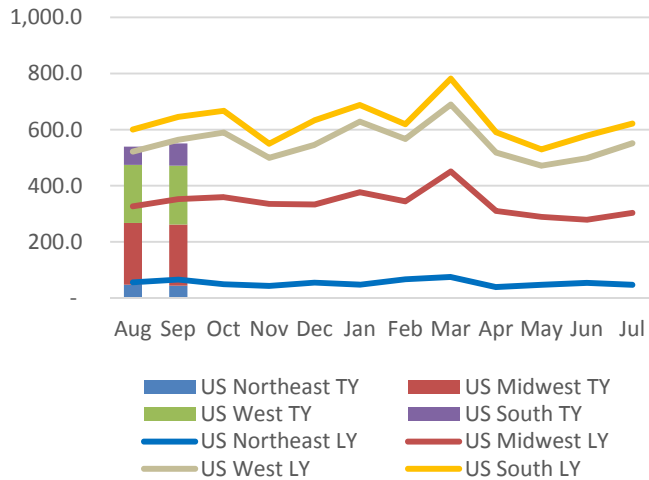


Total YTD - 1.1 MMT

GMP Data Table 2B-18

Canola and canola products (seed, oil and meal) dominate the movement to US destinations, constituting 66% of the overall movement thus far into the crop year.

## 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 57.8% being sourced from the province of Saskatchewan.

Rail traffic from Western Canada to Mexico totaled 35,800 tonnes in the first two months of the crop year, down 16.2% from the 42,700 tonnes in the same period a year earlier.

## System Efficiency and Performance

Table M-4	SEP 2015	2015-16 YTD	Var. from Last YTD
<b>Primary Elevator</b>			
Average Weekly Stocks (000's tonnes)	3,079.7	2,778.6	6.7%
Average Days in Store	22.7	22.5	8.7%
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
<b>Railway Operations (days)</b>			
Cycle Time to Western Ports	14.1	13.6	7.9%
Cycle Time to Eastern Ports	26.5	24.2	2.3%
Cycle Time to US	27.3	27.1	-14.5%
Loaded Transit to Western Ports	5.0	4.8	-13.4%
Loaded Transit to Eastern Ports	10.5	10.3	-14.7%
Loaded Transit to US	10.7	11.2	-21.9%
Traffic in 50-car+ blocks (Q4)	87.6%	84.2%	4.9%

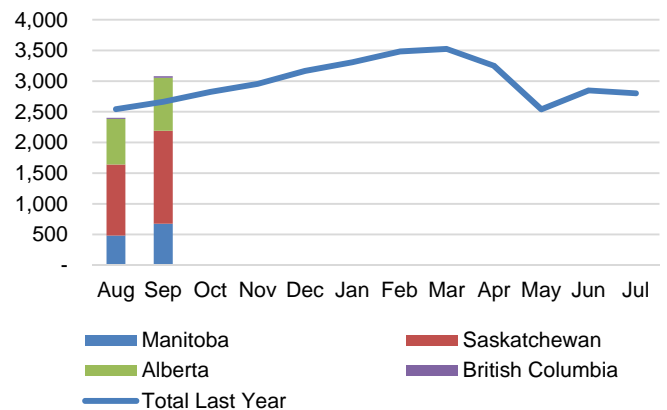
Table M-4 (Cont.)	SEP 2015	2015-16 YTD	Var. from Last YTD
<b>Western Canada Terminal Elevator</b>			
Average Weekly Stocks (000's tonnes)	1,193.6	1,166.8	-1.2%
Average Days in Store	13	12.4	19.2%
Port Unloads (hopper cars)	41,209	70,841	5.0%
Terminal Out of Car Time	9.7%	9.0%	-44.5%
<b>Western Canada Port Operations</b>			
Average Vessel Time in Port (days)	7.6	7.4	-20.4%

*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 increased during September as producers harvested and delivered the new crop. The weekly average was 3.1 MMT. Available delivery space in the country network remained good throughout the period. Country elevators utilized an estimated 73% of the working capacity of the network. By province, stocks ranged from 69% of working capacity in Saskatchewan to 98% in B.C. Manitoba and Alberta were both at 77%.

Year-to-date average days in store in the primary elevator system climbed 8.7% from last year, when aggressive shipping programs were continuing to drive increased volumes.

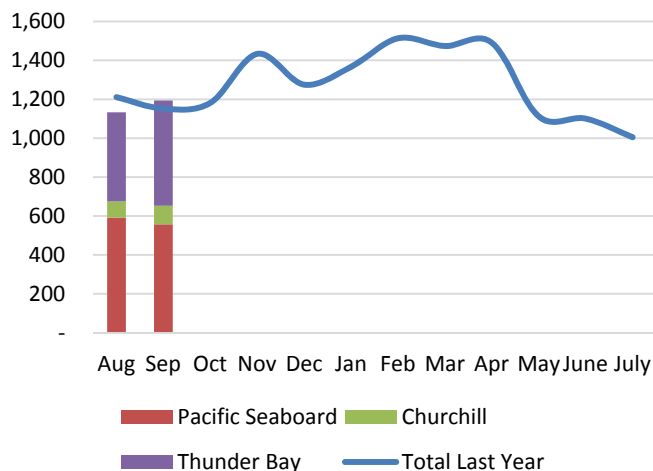
## Average Weekly Primary Elevator Stocks (000's tonnes)



GMP Data Table 5A-2

During the 2014-15 crop year, the average level of stock in primary elevators climbed steadily until March 2015, when it reached 3.5 MMT. Following that, it declined to a more manageable 2.8 MMT by the end of the crop year. The 2015-16 crop year started with a further decline to 2.4 MMT in August, but as the harvest progressed, producer deliveries picked up resulting in an the average in September exceeding 3.0 MMT, with a year-to-date average 6.7% higher than that achieved the previous crop year.

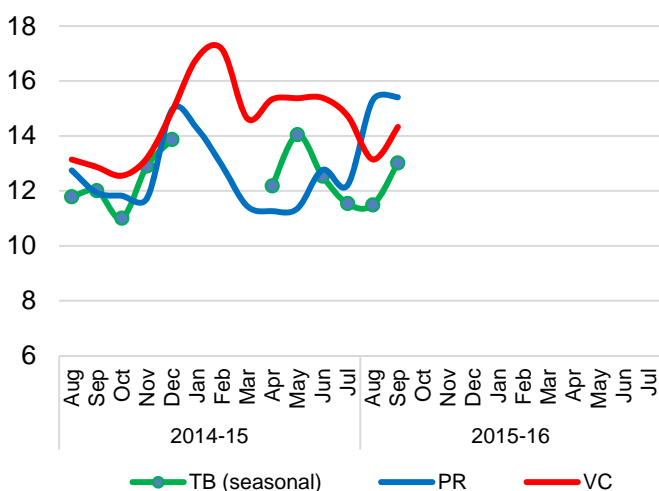
## Average Weekly Terminal Elevator Stocks (000's tonnes)



### GMP Data Table 5C-2

A similar pattern was observed regarding average stock levels at terminal elevators. Despite some fluctuation, during the 2014-15 crop year, stocks increased until they reached 1.5 MMT in aggregate from February through April. Following that, they declined to only 1.0 MMT by crop-year end in July. As the 2015-16 crop year got underway, average stock in terminal elevators increased again, registering 1.1 MMT during August and 1.2 MMT during September. Stock was building at Churchill in anticipation of the shipping season there. Overall stocks utilized 71% of the ports' working capacity during September.

## Railway Cycle Times to Western Ports (days)



### GMP Data Table 5B-1

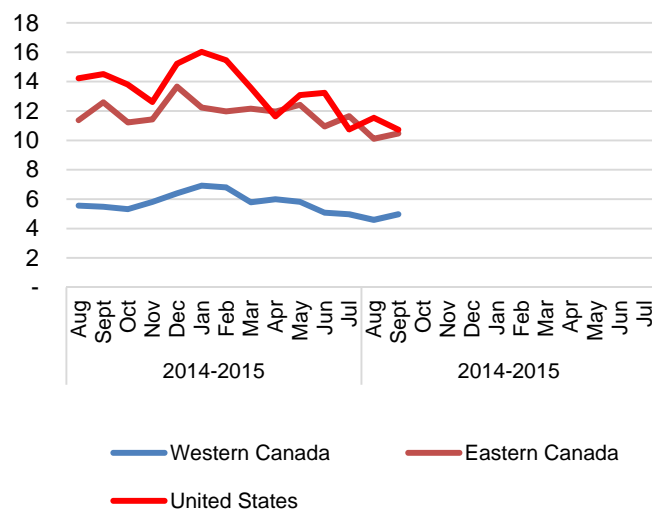
Railway car cycles to western Canadian ports averaged 13.6 days in the first two months of the 2015-16 crop year, an increase of 7.9% over the same period a year earlier. This was shaped by

increases in all corridor averages, although Prince Rupert saw the largest rise, with an increase of 23.7%. This was followed by increases of 5.6% for Vancouver; 3.4% for Churchill; and 0.6% for Thunder Bay. (Note: The Churchill average is not factored into that of Western Canada as a whole).

Car cycles to Eastern Canada saw a modest 2.3% increase during this same period, with the average rising to 24.2 days from 23.7 days during the same period a year earlier. However, car cycles into the United States showed a 14.5% decline, falling to an average of 27.1 days from a 31.7-day average for the same two-month period in the previous crop year.

Year-to-date average time vessels are in port waiting and loading grain is 20.4% less than in the same period in 2014-15, reflecting effective coordination of grain stocks at port to vessel loading. September saw a modest increase in the average which grew to 7.6 days from the 7.1 days registered in August. The number of vessels in port at any time has been maintained at a good operational level over the first two months of this crop year.

## Average Loaded Transit Times (days)



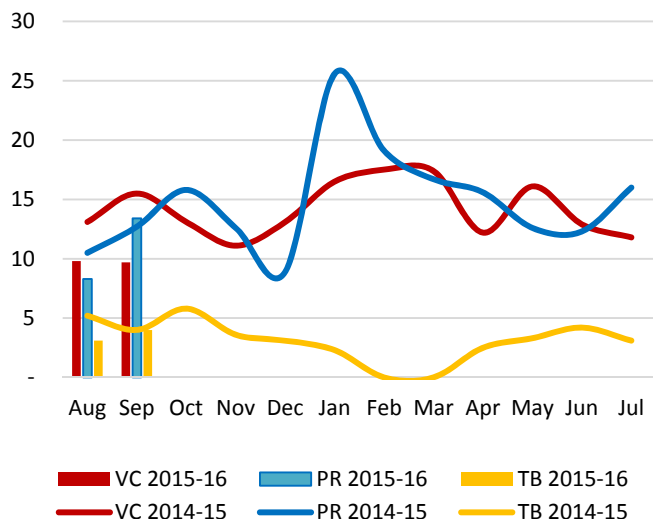
### GMP Data Tables 5B-4, 5B-8, 5B-12

Loaded transit time for traffic destined to Western Canadian ports averaged 4.8 days through the first two months of the crop year, down 13.4% from the 5.5-day average posted in the same period a year earlier. This was the product of sharp reductions in the Vancouver and Thunder Bay corridors.

The average Eastern Canadian transit time also moved lower during this period, declining by 14.7% to 10.3 days. The corresponding average for US-destined traffic amounted to 11.2 days, a decline of 21.9%. Longer distances to market are the chief drivers of these comparatively larger values.



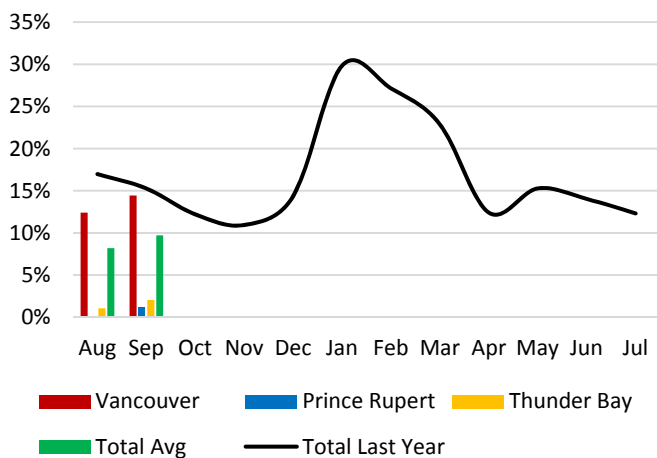
## Average Days in Port per Vessel



GMP Data Table 5D-1

During the 2014-15 crop year, the average time vessels spent in port at Vancouver and Prince Rupert fluctuated between ten and fifteen days, with some seasonal spiking above that level in the winter. In September of the 2015-16 crop year, the average time declined by 21% from September in the previous crop year. This improvement is reflective of the relatively smooth movement from country to port experienced over the past few months.

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



GMP Data Table 5C-5

The port terminal out of car time measure uses data collected from the terminal elevators representing the total number of hours the 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 percentage of time terminals are out of cars has been steadily improving from a high of 29.8% registered in January of 2015. For

September the total measure for all ports declined further, to 9.7% from 12.3% measured at the end of the 2014-15 crop year. September saw a small increase at Vancouver terminals, to 14.4% from 12.4% in August. Thunder Bay's September percentage increased to 2.1%, up from 1.1% in August. Prince Rupert registered minimal out of car time in August and September.

## 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, with the final quarter of the 2014-15 crop year being presented 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.

CN and CP both reduced their single-car rates at the beginning of the 2015-16 crop year. These ranged from as little as 2.1% on CN movements into Thunder Bay to as much as 7.4% on CP movements into Vancouver.

	Q4 2015	Index (1999=100)	% Change YTD
Avg. Primary Elevation	\$16.22	135.3	3.1%
Rail to Vancouver			
CN	\$52.08	141.3	9.5%
CP	\$53.95	145.2	22.3%
Rail to Pr. Rupert			
CN	\$52.09	124.9	9.5%
Rail to Thunder Bay			
CN	\$48.74	151.6	4.1%
CP	\$45.05	151.1	25.9%
Average Terminal Elevation	\$13.99	153.4	2.3%

*Note: Commercial rates are measured on a quarterly basis, the above refer to rates at the close of the 2014-15 crop years. Rail rates are as at Jul. 31, 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

**Glencore takes measures to reduce debt:** Switzerland-based mining and trading company, Glencore PLC, announced on 7 September 2015 that it was taking more substantive measures to reduce its US\$30 billion debt by about a third. In addition to the company's previous plans to issue more equity while suspending dividend payments through 2016, Glencore announced that it would also be seeking to raise US\$2 billion through the sale of company assets, including a minority interest in its agriculture assets. These include one of Canada's largest grain handlers: Viterra Inc. By the end of the month it was reported that Glencore was creating a separate legal entity for the assets involved, most of which were expected to be tied to its Viterra operations.

**Legumex Walker Inc. to sell primary assets:** On 14 September 2015, Legumex Walker Inc. announced that it would be selling its special crops division to US based The Scouler Company for C\$174.6 million, and winding up its remaining operations through a court-approved liquidation. The sale comes in the wake of the financial difficulties occasioned by the company's default on a US\$54.6-million loan in July and the subsequent decision to sell its pulse and special crops processing plants in August. Scouler is a 123-year-old grain company with about US\$6 billion in annual sales. It has 130 independent business units and employs more than 850 people involved in grain trading, handling and storage.

**Railways respond to bearish market signals:** Addressing investor conferences in Boston and Montreal, senior executives at both CN and CP told their audiences that the two railways were responding to a lower demand for rail services and the reduced prospects for the North American economy as a whole with adjustments to their companies' workforces, equipment fleets and capital spending plans. Described as short-term measures, these involved employee layoffs, putting more equipment into storage and deferring some capacity expansion projects.

**Port of Churchill begins shipping:** The loading on 9 September 2015, of a Kenyan-bound vessel with 36,000 tonnes of wheat marked the start of the Port of Churchill's shipping season, which came more than a month later than usual. Grain shipped through Churchill typically sees its first vessel loaded in early August. While some of the delay was initially attributed to the impact of a warmer summer on the railway line that connects the port to its grain-catchment area on the prairies, it appears that the grain supply and a reluctance of grain companies to use the port is more likely the reason for the shortfall. Total grain shipments are now expected to fall far short of an originally anticipated 500,000 tonnes.

## Infrastructure

The GMP monitors infrastructure changes on a quarterly basis with the exception of the railway car fleet.

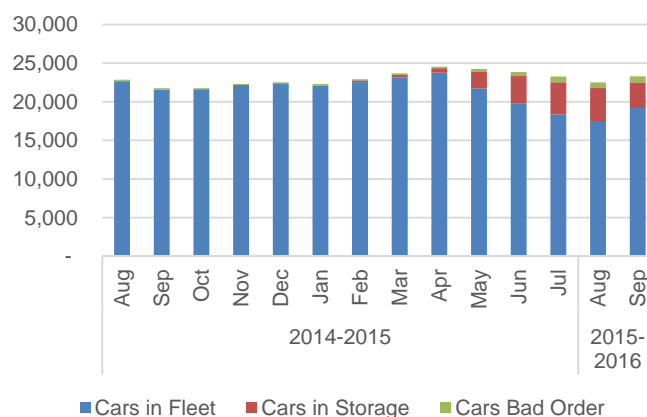
Table M-6	Q4 2014-15	Index (1999=100)	% Change YTD
<b>Country Elevator</b>			
Primary and Process Elevators (Count)	370	36.9	-0.3%
Storage Capacity (000's tonnes)	7,334.8	104.4	0.1%
<b>Railway</b>			
Route Miles - Major Carriers	14,835.4	100.1	-1.2%
Route Miles - Shortline Carriers	2,588.7	55.8	0.0%
<b>Route Miles - Total</b>	<b>17,424.1</b>	<b>89.5</b>	<b>-1.0%</b>
Average Weekly Hopper Car Fleet Size*	19,183	n/a	-22.2

Table M-6 (Cont.)	Q4 2014-15	Index (1999=100)	% Change YTD
<b>Terminal Elevator</b>			
Terminal Facilities (Count)	17	121.4	13.3%
Storage Capacity (000's tonnes)	2,423.9	94.8	0.9%

\* Hopper Car Fleet Size is as of September 2015.

Modest changes to the GHTS's infrastructure were reported in the first two months of the 2015-16 crop year. As concerns the total number of country elevators, this remained unchanged at 370. However, the establishment of the newly created Northern Lights Rail resulted in 35.2 miles of CN infrastructure being transferred to the shortline in September. In addition, two terminal elevators at Thunder Bay were delicensed: Thunder Bay Terminals and MobilEx (both of which were officially licensed at the end of the second quarter of the 2014-15 crop year).

## Total Railway Fleet Size and Utilization



### GMP Data Table 3B-2

Prior to February 2015, nearly all of the reported car fleet was in service. The proportion of fleet that is either stored or listed as bad order (requiring repair) has grown since that time with the active rail fleet in September 2015 being reduced by 22% from the previous September. The average number of cars in service was 19,183 in September, representing 82.3% of the overall fleet.



## Producer Cars

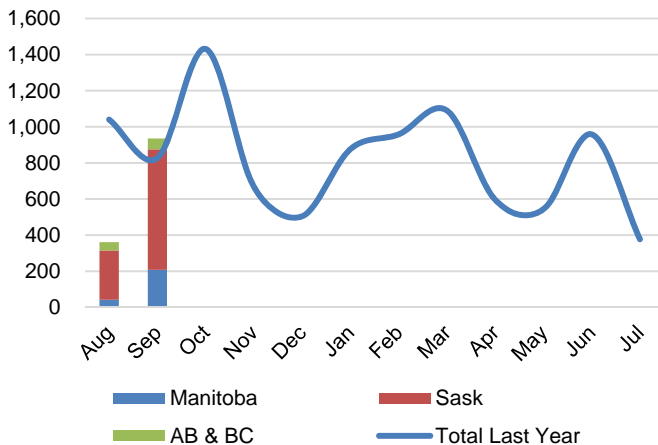
The primary producer impact measure in the GMP is the Producer Netback. The Netback and accompanying Export Basis are calculated on an annual basis and will be included in the Annual Report. The GMP also monitors elements of producer car infrastructure and movement.

Producer Car Loading Sites	Q4 2014-15	Index (1999=100)	% Change YTD
Class 1 Carriers	179	27.8	-15.2%
Shortline Carriers	135	207.7	0.0%
<b>All Carriers</b>	<b>314</b>	<b>44.3</b>	<b>-9.2%</b>

Although the GMP measurement of producer car loading sites is done on a quarterly basis (next update at October 2015), we can report that there were no changes in the number or configuration of sites during the first two months of the 2015-16 crop year. 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	SEP 2015	2015-16 YTD	Var. from Last YTD
Manitoba	208	250	-0.8%
Saskatchewan	667	940	-34.8%
Alberta & B.C.	60	106	-38.7%
<b>Total</b>	<b>935</b>	<b>1,296</b>	<b>-30.6%</b>

### Producer Cars Scheduled by Province



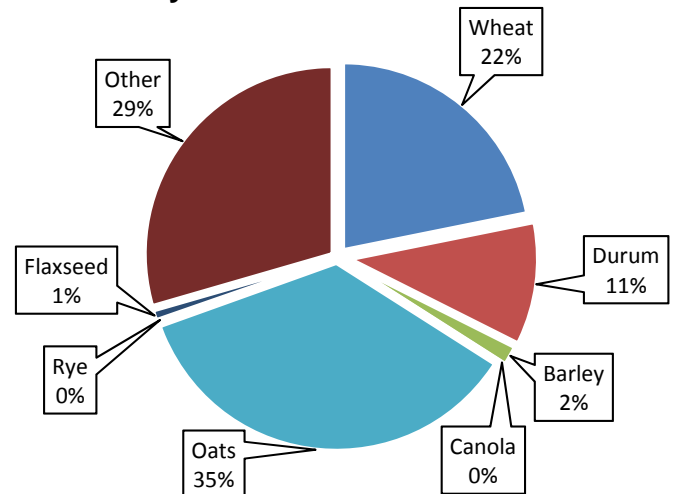
GMP Data Table 6B-2

Producer car shipments have evolved from primarily being wheat, durum and oats to including significant numbers a cars of special crops and canola. While shipments in the first two months of the crop year follow this pattern, comprising nearly 70%, the balance consists mainly of special crops.

The frequency and degree of farmers' applications for producer cars has undergone a noteworthy evolution in recent years. From the single desk era, to the open market, to the challenges of the 2013-14 crop year, application levels varied significantly. Applications during the current crop year are largely focused on movement from shortline railways.

Producer car orders were significantly lower in August and September 2015, down 30.6%, from the previous year as a consequence of the large volume of backlogged orders awaiting scheduling at the beginning of the 2014-2015 crop year.

### Producer Cars Scheduled by Commodity



GMP Data Table 6B-2

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 the address below by either phone or email.

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