Grain Monitoring Program Report for: May 2016

Release Date: June 30, 2016

GMP Dashboard

Table M-1	MAY 2016	2015-16 YTD	Var. from Last YTD
Western Canadian GHTS Performance (Days)			
Total Time in System	39.3	41.7	-1.2%
Average Days In Store – Country	24.2	26.2	2.3%
Loaded Transit Time	4.3	4.9	-17.3%
Average Days In Store – Terminal	10.8	10.6	-0.9%
Total Traffic ('000 tonnes)			
Primary Elevator Shipments	2,622.2	36,336.9	2.6%
Railway Shipments (all Western Canada traffic)	3,360.3	41,597.1	0.0%
Western Port Terminal Shipments	2,871.7	30,442.3	3.0%
Country Performance			
Primary Elevator Turnover Ratio*	1.5	5.0	2.0%
Railway Performance			
Avg. Loads on Wheels (Cars)	6,760	10,013	-26.4%
Total Western Port Car Cycle (days)	12.8	13.1	-4.5%
Port Performance			
Western Port Unloads (Number of Cars)			
Vancouver	16,916	199,587	9.1%
Prince Rupert	4,731	59,633	6.2%
Churchill	0	1,684	-68.4%
Thunder Bay	5,673	65,396	-9.6%
Total	27,320	326,300	3.0%
Vessel Time in Port (days)	5.8	8.2	-21.2%

- *Measures for order fulfillment have been removed as some data has not been supplied thereby comparative measures are not possible to calculate*
- *YTD refers to the crop year to date (extending from August 1 through July 31)*

** To the end of Q3 (April)*

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

May 2016 saw a softening of demand at port positions with fewer vessel arrivals. Port shipments fell 24.1% from May last year. Rail movements were also down by 19.7% from May 2015, largely due to weakened sales programs into all corridors. This slowdown was balanced with lower producer delivers during spring seeding.

Port shipments totaled 2.9 MMT in May, an 11.7% decline from the previous month. Notwithstanding the reduction in shipments, the average time vessels spent in port dropped to 5.8 days in May, the lowest level seen this crop year. So far this crop year, vessels are spending 21.2% less time in port than was the case last year, demonstrating a better match of the arriving grain to the demand.

Early seeding and relatively good rainfall and moisture levels across most of the prairie grain belt is providing producers and industry with an optimistic start for the 2016 growing season.

Highlights for May 2016

Traffic and Movement (page 2)

- Primary elevator shipments were 36.3 MMT crop year-to-date, 2.6% higher than last year.
- Total rail shipments (including primary/process elevators & producer cars) to all destinations from Western Canada reached 41.6 MMT, unchanged from that handled in the same ten-month period a year earlier.
- Crop year-to-date shipments from Western Canadian ports are 30.4 MMT, up 3.0% from the same period a year earlier.

System Efficiency and Performance (page 4)

- Average weekly stocks in the country increased 5.0% from last year-to-date, while the average days in store increased by 2.3%.
- Average weekly port terminal stocks decreased 8.3% from the same period last year, while average days in store fell 0.9%.
- Railcar cycle times averaged 13.1 days through May to western ports; 23.2 days to eastern Canada; and 26.5 days to US destinations.
- The average vessel time in port in the 2015-16 crop year-to-date is 8.2 days, 21.2% lower than in the previous crop year.
- Crop year-to-date port terminal out-of-car time eased to 17.1% in Vancouver, to 2.9% in Prince Rupert and to 1.8% in Thunder Bay.

Commercial Relations (page 6)

- Average primary elevation charges have declined 1.6% thus far this crop year.
- CN's single-car rates remained unchanged in May while CP applied increases of up to 5% midway through the month. On a year-to-date basis, however, the overall reduction posted by both carriers in the Vancouver and Thunder Bay corridors amounted to about 10% and 7% respectively.
- Average terminal elevation rates rose by 1.4% crop year-to-date.

Infrastructure (page 7)

- The number of country elevators rose by 3.5% in the first ten months of the 2015-16 crop year, to 383 from 370, owing to the licensing of several facilities. This had a corresponding 7.0% increase in licensed storage capacity, to over 7.8 MMT.
- CN transferred 35.2 miles of rail to a new shortline in September 2015. The third quarter also saw the addition of 1.5 miles of new track built to connect the Ceres Global Ag facility at Northgate SK to the BNSF in North Dakota.

Production and Supply

Statistics Canada's November survey of 2015 crop production in Western Canada is 63.4 MMT, 0.9% greater than 2014 production. The 2015 crop is the second highest on record.

A reduction from the record carry forward in 2014, to a typical level of 8.9 MMT, brings the overall grain supply to an estimated 72.4 MMT, 6.1% less than the previous year.

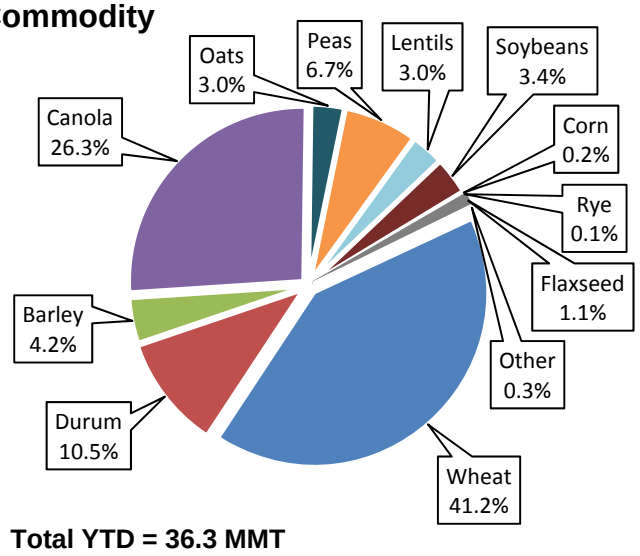
Production & Carry Over (000's tonnes) *Table M-2*	**2015**	**2014**	**Var. from Last Year**
Western Canada Total Production	63,425.7	62,854.9	0.9%
Western Canada On Farm & Primary Elevator Carry Forward Stock	8,947.6	14,196.0	-37.0%
Total Grain Supply	**72,373.3**	**77,050.9**	**-6.1%**

Traffic and Movement

Producer deliveries dipped during May, as farmers focused on seeding the 2016 crop. Overall year-to-date deliveries of grains, oilseeds and special crops have ensured ample supply to support the strong pace of country elevator, rail and terminal elevator shipments achieved thus far this crop year. GHTS participants report relatively smooth operations thus far in the crop year.

Table M-3	**MAY 2016**	**2015-16 YTD**	**Var. from Last YTD**
Primary Elevator Shipments (000's tonnes)			
Manitoba	435.3	6,183.3	21.4%
Saskatchewan	1,170.1	17,953.4	2.0%
Alberta	993.4	11,822.1	-4.2%
British Columbia	23.4	378.1	-20.0%
Total	**2,622.2**	**36,336.9**	**2.6%**
Western Canada Railway Traffic (000's tonnes)			
Shipments to Western Ports	2,745.0	32,673.0	2.3%
Shipments to Eastern Canada	109.6	2,530.6	-7.1%
Shipments to US & Mexico	464.0	5,927.4	-8.3%
Shipments Western Domestic	41.6	466.1	-2.0%
Total	**3,360.3**	**41,597.1**	**0.0%**
Western Port Unloads (Number of Cars)			
Vancouver	16,916	199,587	9.1%
Prince Rupert	4,731	59,633	6.2%
Churchill	0	1,684	-68.4%
Thunder Bay	5,673	65,396	-9.6%
Total	**27,320**	**326,300**	**3.0%**
Terminal Elevator Shipments (000's tonnes)			
Vancouver	1,659.3	18,572.4	9.2%
Prince Rupert	509.3	5,498.7	7.6%
Churchill	0	187.8	-64.4%
Thunder Bay	703.1	6,183.4	-10.3%
Total	**2,871.7**	**30,442.3**	**3.0%**

Primary Elevator Shipments by Commodity



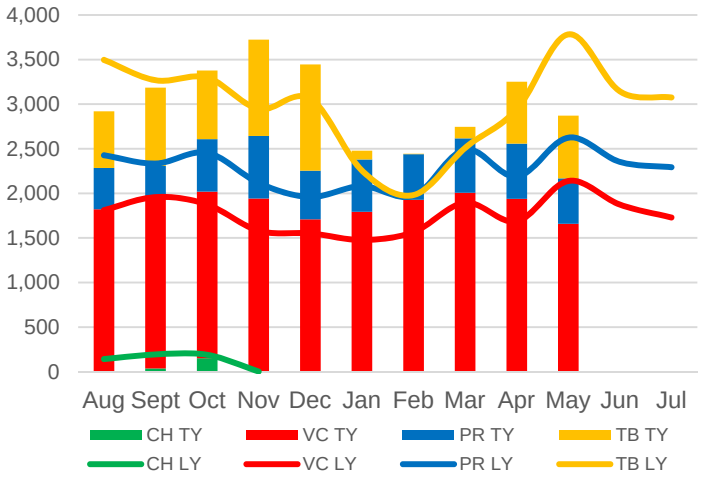
Total YTD = 36.3 MMT

GMP Data Table 2A-1

A modest reduction in demand led to less overall grain shipments from primary elevators during May, with year-to-date total at 36.3 million tonnes, 2.6% above the level seen to the end of May in the previous crop year. Shipments out of the four western ports, although reduced somewhat during May, still registered a 3.0% increase in the year-over-year period. Overall grain movement continues to maintain a respectable pace at the beginning of the last quarter of the crop year.

Crop year-to date country shipments of wheat and durum are down 7.4% and 5.8% respectively from the same period the previous year. Countering that trend is a 13.6% increase in canola shipments and a near doubling and over three-fold increase in shipment of lentils and soybeans respectively.

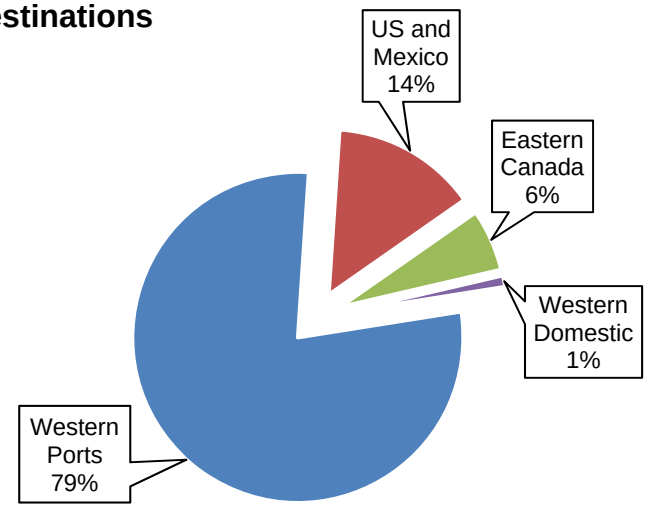
Terminal Elevator Shipments (000's tonnes)



GMP Data Table 2C-1

Shipments from the West Coast terminals in Vancouver and Prince Rupert weakened slightly in May, although year-to-date movement from those ports was still 8.8% higher than the same period last year.

Western Canadian Grain Destinations

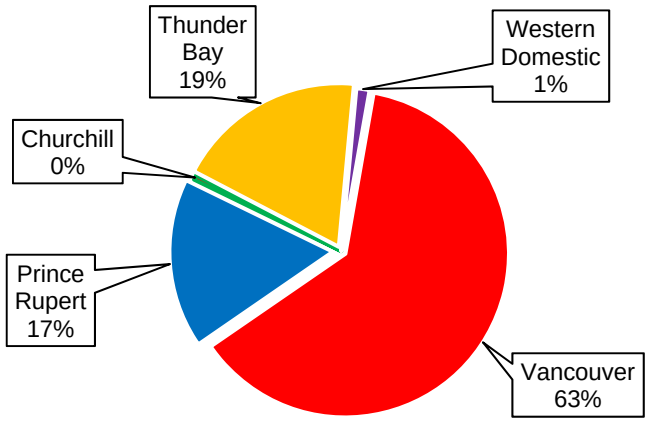


Total YTD = 41.6 MMT

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. Total rail shipments into Vancouver rose by 6.9% in the first ten months of the 2015-16 crop year, to 21.1 MMT. This was supported by a 5.3% increase in shipments into Prince Rupert, which totaled 5.4 MMT. Declines at Thunder Bay and Churchill limited the overall increase for western ports to 2.3%. In comparison, the total movement to Eastern Canada decreased by 7.1%, to 2.5 MMT. Shipments into the United States fell 9.4% while those to Mexico rose by 33.9% largely due to an increase in canary seed movement.

Western Canadian Destined Hopper Car Traffic

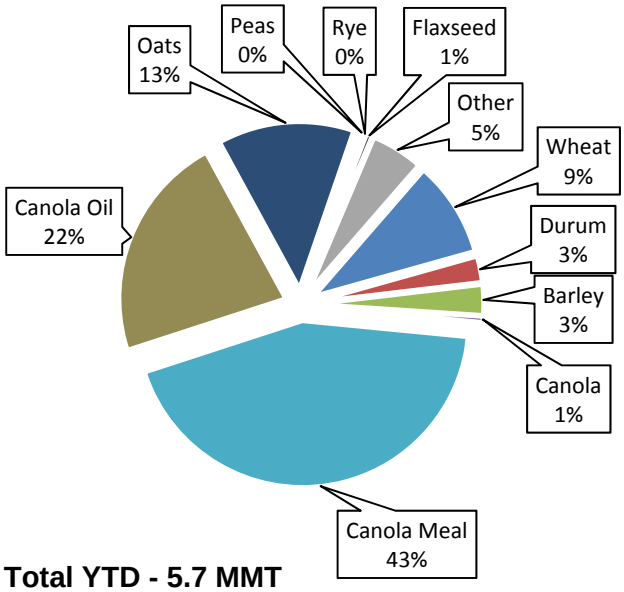


Total YTD - 32.0 MMT

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

Vancouver remains the leading 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

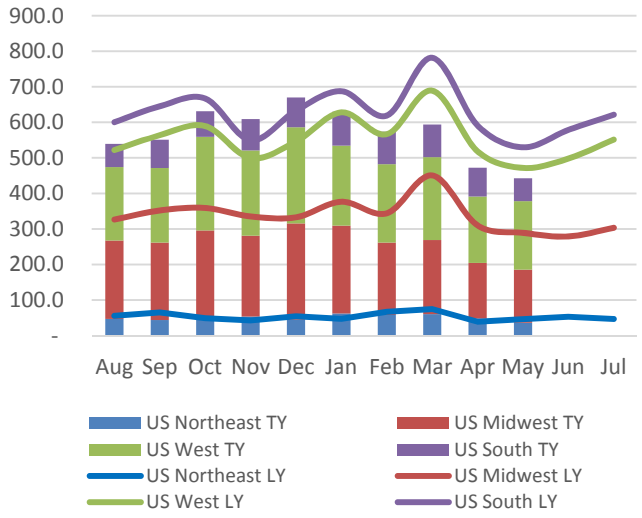


Total YTD - 5.7 MMT

GMP Data Table 2B-18

Shipments to the US totaled 5.7 MMT. Canola and canola products (seed, oil and meal) proved to be the most dominant commodities, constituting 66% of the overall volume.

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 58.7% being sourced from the province of Saskatchewan.

Rail traffic from Western Canada to Mexico totaled 215,700 tonnes in the first ten months of the crop year, up 33.9% from the 161,000 tonnes reported in the same period a year earlier.

System Efficiency and Performance

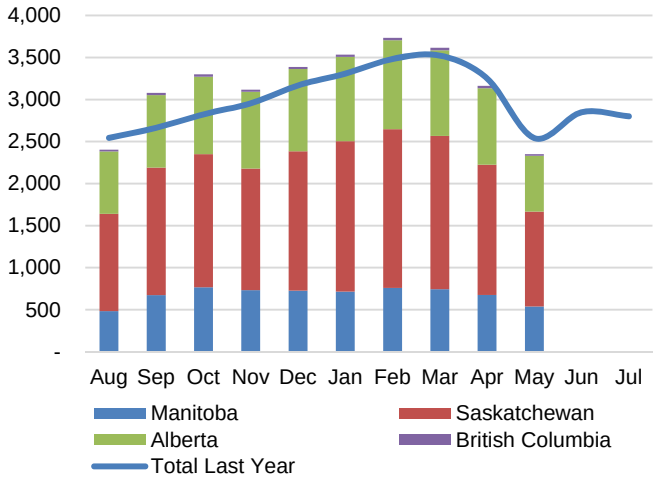
Primary elevator stocks saw a sharp decline during May as producers focused on seeding and paused deliveries into the commercial system. The weekly average was 2.4 MMT, down from 3.2 MMT in April. Available delivery space in the country network was good throughout the period. Country elevators utilized just over 50% of the working capacity of the network. By province, stocks ranged from 48% in Saskatchewan, to 56% and 57% in Manitoba and Alberta respectively and 71% in British Columbia.

Year-to-date average days in store in the primary elevator system is consistent with previous performance at just 2.3% above that experienced last year.

Table M-4	MAY 2016	2015-16 YTD	Var. from Last YTD
Primary Elevator			
Average Weekly Stocks (000's tonnes)	2,350.8	3,176.6	5.0%
Average Days in Store	24.2	26.2	2.3%
Railway Operations (days)			
Cycle Time to Western Ports	12.8	13.1	-4.5%
Cycle Time to Eastern Canada	26.6	23.2	-4.8%
Cycle Time to US	29.1	26.5	-14.2%
Loaded Transit to Western Ports	4.3	4.9	-17.3%
Loaded Transit to Eastern Canada	8.8	9.9	-18.5%
Loaded Transit to US	11.6	11.4	-18.7%
Traffic in 50-car+ blocks (Q3)	85.4%	85.4%	2.9%
Western Canada Terminal Elevator			
Average Weekly Stocks (000's tonnes)	1,159.9	1,212.1	-8.3%
Average Days in Store	10.8	10.6	-0.9%
Port Unloads (hopper cars)	27,320	326,300	3.0%
Terminal Out of Car Time	7.1%	11.5%	-36.5%
Western Canada Port Operations			
Average Vessel Time in Port (days)	5.8	8.2	-21.2%

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

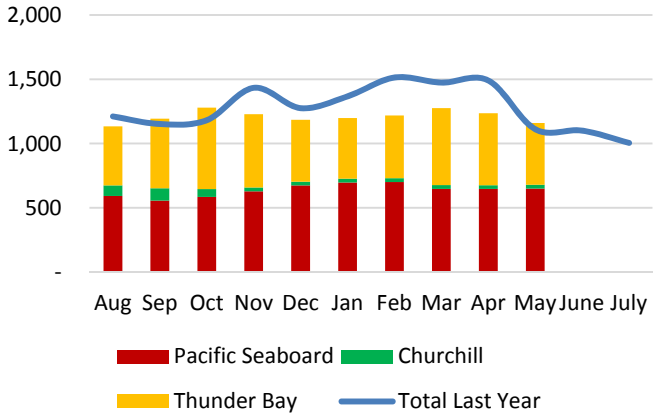
Average Weekly Primary Elevator Stocks (000's tonnes)



GMP Data Table 5A-2

Primary elevator stocks have declined significantly from their highest point in February to 2.4 MMT in May, as producers focused on seeding the 2016 crop and deliveries to elevators paused. The decline follows an annual pattern, yet the year-to-date average still remained 5.0% higher than that reported in the same period of the 2014-15 crop year.

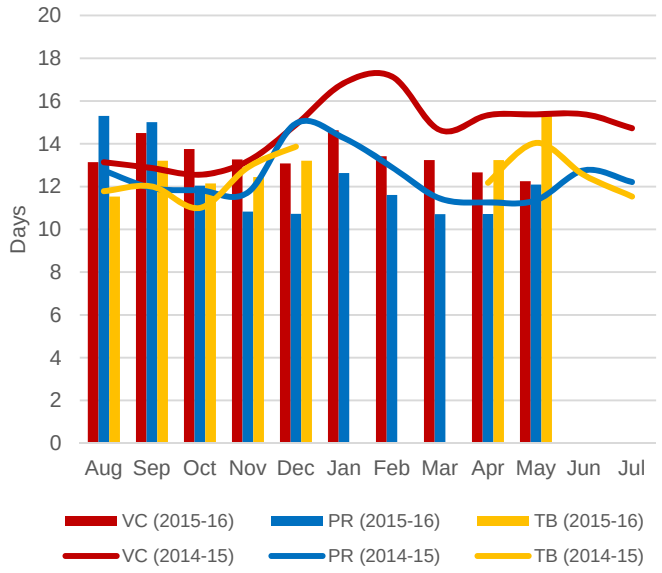
Average Weekly Terminal Elevator Stocks (000's tonnes)



GMP Data Table 5C-2

A similar pattern was observed regarding average stock levels at terminal elevators last crop year. The 2015-16 crop year has seen a much flatter pattern for overall terminal stocks. As the year got underway, average stocks increased, climbing from 1.1 MMT in August to 1.3 MMT in October. They pulled back somewhat to 1.2 MMT in November, and despite some fluctuations, have more or less held steady since then. In May they were utilizing 67% of the overall ports' working capacity.

Railway Cycle Times to Western Ports (days)

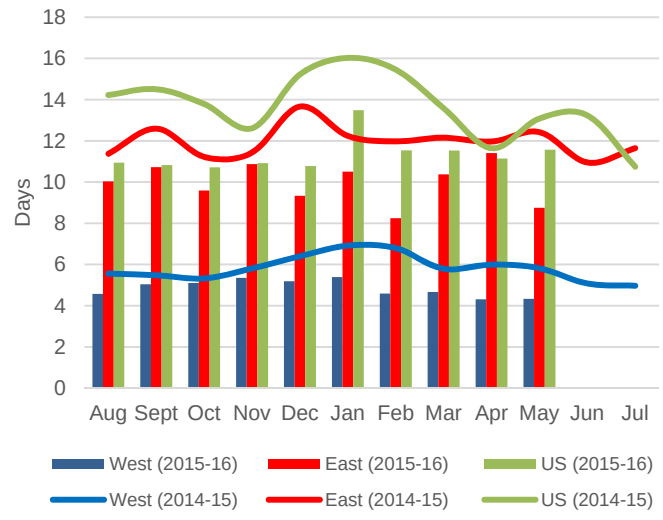


GMP Data Table 5B-1

Railway car cycles to Western Canadian ports averaged 13.1 days in the first ten months of the 2015-16 crop year, a decrease of 4.5% from the same period a year earlier. This was shaped by decreases in the Vancouver and Prince Rupert corridors, which fell by 7.2% and 2.8% respectively. A 2.3% increase in the Thunder Bay corridor partially countered these reductions. (Note: The Churchill average is not factored into that of Western Canada as a whole.)

Car cycles to Eastern Canada saw a decrease of 4.8% during this same period, with the average declining to 23.2 days from 24.4 days. Car cycles into the United States showed a 14.2% decline, falling to an average of 26.5 days from the 30.9-day average for the same period of the previous crop year.

Average Loaded Transit Times (days)

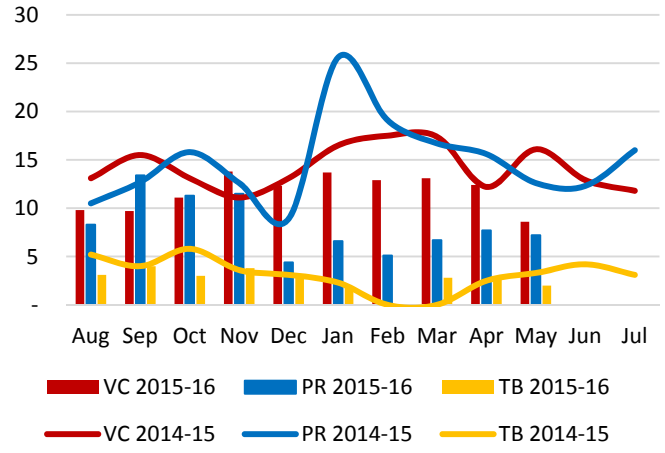


GMP Data Tables 5B-4, 5B-8, 5B-12

Loaded transit time for traffic destined to Western Canadian ports averaged 4.9 days through the first ten months of the crop year, down 17.3% from the 5.9-day average posted in the same period a year earlier. This reflected substantive reductions in all three corridors: Vancouver, 19.2%; Prince Rupert, 18.2%; and Thunder Bay, 10.5%.

The average Eastern Canadian loaded transit time also moved lower during this period, declining by 18.5% to 9.9 days. The corresponding average for US-destined traffic amounted to 11.4 days, a decline of 18.7%.

Average Days in Port per Vessel

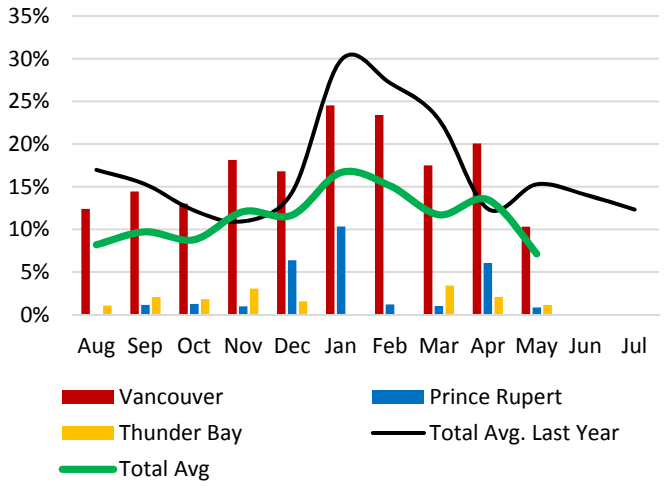


GMP Data Table 5D-1

Year-to-date average time vessels are in port waiting and loading grain is 21.2% less than in the same period in 2014-15, reflecting an improvement in the effective coordination of grain stocks at port to vessel loading. May saw the average decline to 5.8 days compared to the 8.5 days registered in April, largely due to shorter port dwelling time for vessels at Vancouver. The number of vessels in ports at any time has enabled good operations during the crop year thus far. It has been sufficient to facilitate vessel loading while not congesting the available anchorages.

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. Thunder Bay's average hovers in the three to five day range. In May of the 2015-16 crop year, the overall average time decreased by nearly 40% from the previous May, comprising 47% and 43% reductions at Vancouver and Prince Rupert respectively and a slightly lesser reduction of 39% at Thunder Bay. Overall, this reflects a continuation of the relatively smooth movement from country to port during the 2015-16 crop year.

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 percentage of time terminals are out of cars has continued a trend of improvement from its high of 29.8% in January of 2015. For this May, the total measure for all ports decreased to 7.1% from 13.5% last month. All port positions registered decreases from April levels, falling to 10.3% at Vancouver, to 0.8% at Prince Rupert and to 1.1% at Thunder Bay. The year-to-date value for Western Canada stands at 11.5%, down 36.5% from the same period last year.

Commercial Relations

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. In mid-November CN followed this with an across-the-board rate cut of $100 per car, which equated to an average reduction of roughly 2.3%. These reductions lasted until the beginning of January 2016, when they were effectively reversed, largely reinstating the rates in place at the end of the first quarter. The carrier initiated another round of selective reductions in April, which generally ranged from $100 to $300 per car, for movements in the Vancouver, Thunder Bay and Churchill corridors. This resulted in net rate decreases of up to 9.8% by the close of the third quarter. May brought no further changes to these rates. Similarly, CP's rates remained unchanged until December, when it initiated secondary reductions of 4.0% in the Vancouver corridor and 7.0% in the Thunder Bay corridor. April saw these rates cut still further, by 3% in the Vancouver corridor and 2% in the Thunder Bay corridor. Rate increases of up to 5% in mid-May tempered much of this, producing net decreases of about 10.5% in both corridors by the end of this ten-month period. All of these pricing actions were consistent with the 5.6% reduction in the VRCPI as determined by the CTA in April 2015.

Table M-5 **Rates: $CDN per tonne**	**Q3 2015-16**	**Index (1999=100)**	**% Change YTD**
Avg. Primary Elevation	$16.22	135.2	0.0%
Rail to Vancouver			
CN	$47.06	127.5	-9.8%
CP	$46.45	125.1	-13.8%
Rail to Pr. Rupert			
CN	$48.21	115.5	-7.5%
Rail to Thunder Bay			
CN	$46.36	144.6	-4.6%
CP	$39.33	131.9	-12.7%
Average Terminal Elevation	$14.13	154.9	1.0%

Note: *Commercial rates are measured on a quarterly basis, the above refer to rates at the close of the third quarter of the 2015-16 crop years. Rail rates are as at April 30, 2016, 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

CTA announces comprehensive regulatory review:
On 26 May 2016 the Canadian Transportation Agency announced a full review of all regulations administered by the Agency. The review aims to have modernized regulations implemented by 2018. Broad engagement with interested Canadians, including stakeholders in the transportation industry, shippers, as well as consumer and disability-rights organizations is expected to be undertaken. Ultimately, the initiative will strive to ensure that the obligations of the transportation industry are clear, predictable, and relevant to a range of existing and emerging business practices; that the demands associated with compliance are only as high as necessary to achieve the regulations' purposes; and that they facilitate the efficient and effective identification and correction of issues in instances of non-compliance.

Project permit issued to build G3 terminal in Vancouver:
On 30 May 2016 the Vancouver Fraser Port Authority issued a project permit to G3 Terminal Vancouver Limited Partnership (G3 Global Holdings and Western Stevedoring Company Limited) to build G3 Terminal Vancouver on federal lands managed by the port authority. The facility is to be located on the north shore of Burrard Inlet at Lynnterm West Gate, currently operated by Western Stevedoring. The approval is subject to 74 permit conditions which must be met in order to ensure that there are no significant adverse environmental effects, including impacts to the surrounding community, stakeholders and aboriginal groups. G3 Terminal Vancouver's design includes a rail loop capable of accommodating three trains of up to 150 cars each, 48 concrete storage silos, a grain-cleaning facility and ship-loading systems that include three articulated booms capable of loading post-Panamax sized vessels. Annual throughput is estimated to be eight million metric tonnes.

Infrastructure

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

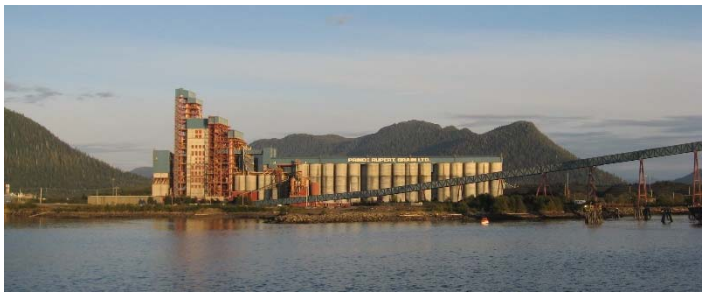
A number of changes to the GHTS's infrastructure were reported in the first ten months of the 2015-16 crop year. The total number of country elevators rose by 3.5%, to 383 from 370. Much of this was tied to the licensing of several facilities acquired by AGT Food and

Ingredients in its recent purchase of Mobil Grain as well as West Central Road and Rail. These additions served to also raise the GHTS's licensed storage capacity by 7.0%, to over 7.8 MMT. Equally significant changes were also posted against the rail infrastructure, with the establishment of Northern Lights Rail resulting in the transfer of 35.2 miles of CN infrastructure to the new shortline in September 2015. This was supplemented by an additional 1.5 miles of new track built to connect the Ceres Global Ag facility at Northgate SK to the BNSF, but was more than offset by the discontinuance of 137.5 route-miles of track in the second quarter. The crop year began with the delicensing of two terminal elevators at Thunder Bay (Thunder Bay Terminals and MobilEx) as well as an expected temporary 10,000-tonne reduction in the licensed storage capacity of the Richardson International terminal in Vancouver, which produced net declines of 11.8% in the GHTS's terminal elevators and 1.3% in its storage capacity.

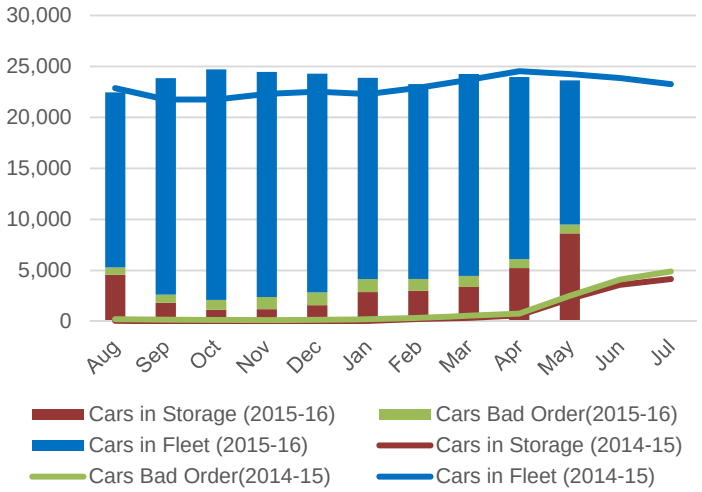
Table M-6	Q3 2015-16	Index (1999=100)	% Change YTD
Country Elevator			
Primary and Process Elevators (Count)	383	38.1	3.5%
Storage Capacity (000's tonnes)	7,844.6	111.6	7.0%
Railway			
Route Miles - Major Carriers	14,664.2	98.9	-1.2%
Route Miles - Shortline Carriers	2,623.9	56.5	1.4%
Route Miles - Total	**17,288.1**	**88.8**	**-0.8%**
Average Weekly Total Hopper Car Fleet Size*	23,624	n/a	4.4%
Terminal Elevator			
Terminal Facilities (Count)	15	107.1	-11.8%
Storage Capacity (000's tonnes)	2,393.2	93.6	-1.3%

** Hopper Car Fleet Size represents all cars in all statuses for the month of May 2016.*

Prior to February 2015, nearly all of the reported car fleet was in service. As traffic volumes began to slow, railways began the process of moving cars into storage and by August, the lowest volume to that point, over 23% of the fleet was stored or in a repair status. As volumes grew in the current crop year, so did the average number of cars in active grain service. Due to a tapering off in demand, there were just 14,124 cars in active service during May, representing 60% of the overall fleet. The number of rail cars in storage or repair status (bad order) has grown to 37%.



Total Railway Fleet Size and Utilization



GMP Data Table 3B-2

Producer Cars

With the start of operations for Northern Lights Rail in Saskatchewan, two producer car loading sites were added to the Shortline Carrier total in the first quarter of the 2015-16 crop year. The total number of available producer car loading locations now stands at 316.

Table M-7 **Producer Car Loading Sites**	Q3 2015-16	Index (1999=100)	% Change YTD
Class 1 Carriers	179	27.8	0.0%
Shortline Carriers	137	210.8	1.5%
All Carriers	**316**	**44.6**	**0.6%**

Producer Cars Scheduled by Province

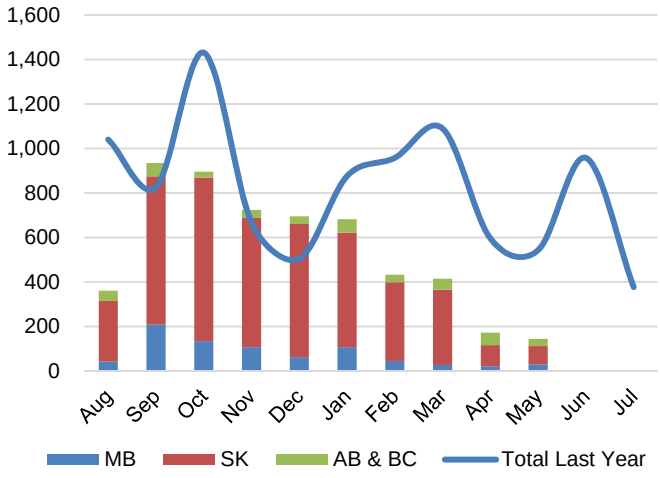


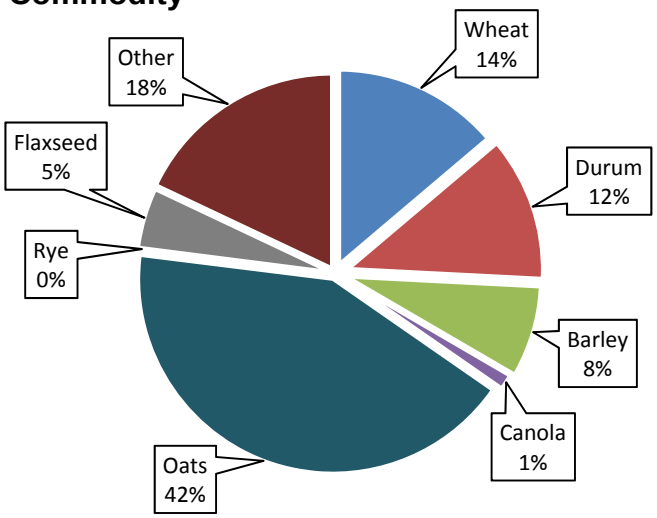
Table M-8 **Producer Cars Scheduled**	MAY 2016	2015-16 YTD	Var. from Last YTD
Manitoba	30	783	-26.`%
Saskatchewan	82	4,239	-33.0%
Alberta & B.C.	32	435	-62.0%
Total	**144**	**5,457**	**-36.0%**

GMP Data Table 6B-2

Producer car shipments have evolved from primarily being wheat, durum and oats to including significant numbers of cars carrying special crops and canola. Shipments to the end of May follow this pattern, comprising 68%, with the balance consisting mainly of special crops.

Producer cars scheduled were significantly lower to the end of May in the 2015-16 crop year, down 36.0%, from the previous year. Although the average number of weekly applications has been less than the previous year, the 2014-15 numbers were also inflated due to the large volume of backlogged orders awaiting scheduling at the beginning of that crop year.

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 the address above by either phone or email