This year’s record fall harvest has strained grain storage capacity, particularly in the Plains and Western Corn Belt regions. As a result of this year’s crop surpluses, interior basis levels for corn and wheat across the U.S. have reached multiyear lows, offering elevators the opportunity to profit on basis appreciation on company-owned grain. The futures markets currently offer substantial carries for SRW wheat, HRW wheat and corn, encouraging farmers and grain elevators to store grain – especially wheat – well into 2017. Greater reliance on ground piles will cost farmers and elevators through higher shrinkage from spoiled grain while elevators will also face additional blending costs. USDA’s forecast for the highest wheat and corn ending stocks total since the 1987-88 marketing year suggests storage tightness could persist through 2017. The decline in coal and crude oil shipments in the U.S. has greatly increased rail and barge capacity, allowing sufficient transportation to move this year’s record harvests. The shortfall in South America’s corn and soybean crops this summer sent robust export demand to the U.S., which is expected to continue into early 2017 when South America’s new-crop soybean harvest commences. Bids/offers for railcars in the secondary market surged this summer on panic buying in anticipation of the record fall harvest in the U.S. and the smaller South American harvest. With transportation now more than sufficient to handle the expanded grain and oilseed supplies in the U.S., bid/offer rates in the secondary market have softened in recent months despite heightened export demand. With rising demand for storage amid cheap basis and softening transportation rates, commercial grain elevators expect to pencil in a substantial improvement in profit over last year.