

MESSENGER-INQUIRER



University of Kentucky
College of Agriculture,
Food and Environment
Cooperative Extension Service



Farm Update

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AGRICULTURE & NATURAL RESOURCES
EDUCATION

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Dr. Grant Gardner, UK Extension Grain Marketing Specialist, prepared the following discussion pertaining to dry conditions and subsequent lower river levels. This is increasing cost to ship grain from our area, otherwise known as the term, basis. The full article in this month's corn and soybean newsletter is available on my website at <https://daviess.ca.uky.edu/anr>.

Dry weather has again caused Mississippi River levels to fall to near-record lows. When the Mississippi River levels are low, barge traffic slows causing barge freight prices to increase. Since local commodity basis is a function of transportation costs, higher barge freight rates cause the basis to widen at elevators bordering the Mississippi and tributary rivers. The year-to-year average of river barge freight rates indicates that we typically see small fluctuations in cost. However, in 2022, the river level at Memphis hit a historic low of -10.81 feet, nearly stopping all barge traffic and sending barge freight rates to a record high of nearly \$90/ton of grain. As of September 5th this year, the river level declines have caused barge rates to increase to \$30/ton. The September 12th river level at Memphis was -9.56 feet. Without sufficient rainfall in the near future, barge freight rates may increase similarly to last year, causing another situation in which commodity basis drops.

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As the river continues to drop, barge prices will continue to increase, causing the basis to widen. In this case, hedging producers will likely experience prices below their expected price, which could cause financial issues. Producers have a small number of options to manage basis risk. Hedging or HTA contracts are typically used to minimize price risks; however, they leave the producer susceptible to basis risk, which is usually more stable than commodity prices. However, lower river levels caused unpredictable basis patterns last year, and unfortunately, we are in a situation where the same events could occur again. If we continue to experience dry summers and river level decreases, Kentucky producers may need to rely on forward contracts at harvest, which lock in price and basis pre-delivery, or basis contracts, which lock basis before river levels decline. Compared to hedging, a pitfall of these contracts is that they limit the flexibility of when and where grain is delivered. If the basis falls in the short term, producers may want to utilize on or off-farm storage to suspend cash sales until the basis improves.

Tar Spot Confirmed

The plant disease diagnostic lab confirmed tar spot on corn for the first time ever from a sample collected in Daviess County last week. The corn is ready to harvest, and at this point in the season, no management is needed, and there should be no impact on yield. Yield losses due to tar spot can be variable, depending on the time of disease onset, weather conditions, and hybrid susceptibility. Losses can be minimal to none, and in severe cases, losses of 50 bushels per acre or more have been observed. Yield losses are a function of reduced ear weight, poor kernel fill, and vivipary (a condition in which the seed germinates while still on the cob). Stalk rot and lodging may increase when tar spot severity is high. Severe tar spot also reduces silage

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corn feed quality by reducing moisture, decreasing digestible components, and reducing energy.

No associated mycotoxins have been reported for this disease.

Community Needs Assessment Survey

The University of Kentucky Cooperative Extension Service in the Martin-Gatton College of Agriculture, Food and Environment is launching a comprehensive community assessment survey to identify and prioritize opportunities for targeted efforts to help communities thrive and shape the future of Kentucky's extension services. Programming areas in Cooperative Extension include agriculture and natural resources, family and consumer sciences, 4-H youth development, and horticulture in Daviess County.

The 2023 community assessment will collect insights from across the state. Community members will rate areas where they need practical education or assistance in agriculture and environment, youth development, community and economic development, and family/individual development.

The data will identify and guide state-level priorities and pinpoint specific county-level issues. We encourage everyone to participate in the 10-minute community needs assessment survey. Please visit <http://go.uky.edu/serveKY>, or call my office at 270 685 8480 to request a paper copy be sent to you.

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