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Hurricane damage and the grain markets

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Abstract
As of September 8, several Louisiana port export elevators were beginning to handle grain and the basis (price difference vs. futures markets) was beginning to strengthen along the lower Mississippi River. A number of the elevators are north of New Orleans and were beyond the worst part of the storm. Reports on September 8 indicated the shipping capacity was up to about 50 to 63 percent of full capacity. After the large number of barges tied up in the Memphis area are moved down and unloaded, Iowa river elevators may begin loading out some grain. However, it appears likely that capacity will be somewhat restricted for at least another month, and possibly longer.

Disciplines
Agricultural and Resource Economics | Agricultural Economics

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Economics

Hurricane damage and the grain markets

by Bob Wisner, Department of Economics—Agriculture

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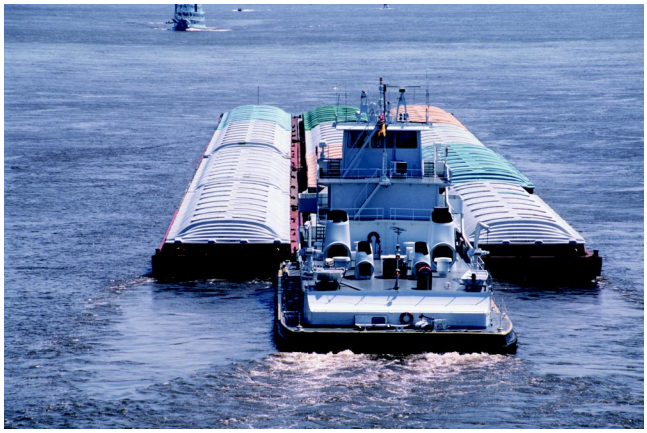
So far, we have not seen any reports of serious structural damage to elevators in the New Orleans area and there are no reports of sunken barges blocking the channel. Several vessels are moving into the area with supplies for the city and are restricting potential grain movement. Another factor restraining movement is the storm-related loss of navigation aids on the river that will restrict shipping to daylight hours only.

The New Orleans area ports in recent months were handling about 68 percent of the nation's corn exports, 80 percent of its soybean exports, and 27 percent of the U.S. wheat exports. Their annual shares of corn and soybean exports would be somewhat less because the Upper Mississippi River is closed to navigation during the winter. Other areas that can handle some additional volume include the Houston-Galveston ports, the Pacific Northwest, the South Atlantic, and the Great Lakes. Other exports go by rail to Mexico and Canada.



River shipping problems will complicate the job of moving grain out of the western Corn Belt. ***(Iowa State University)***

In this issue:

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River shipping problems will complicate the job of moving grain out of the western Corn Belt to free up storage space for the upcoming harvest, especially in central and northern Iowa. Part, but not all, of the lost export capacity can be offset by rerouting grain to the Pacific Northwest, Houston, the Great Lakes, and Atlantic ports.

Hurricane Katrina and soybean losses

Heavy rains from Katrina occurred some distance into Mississippi, eastern Louisiana, and parts of Alabama, as well as in western Tennessee and Kentucky.

If half of the unharvested soybean crop in the states of Louisiana, Mississippi, Alabama, Georgia, Florida, and South Carolina were lost, U.S. soybean production would be reduced by about 1.4 percent. That is assuming no increase or decrease in the soybean crop north of those states.

With the usual relationship between changes in supplies and changes in price, that would boost the season average price by about 3.5 percent. That in turn would translate into an expected rise of about 20 cents per bushel in the marketing year average Iowa soybean price. Losing half of the crop in that area would substantially exceed past experiences with this kind of storm.

Rain as far north as the eastern Corn Belt may have a slight positive effect on pod filling, but could have caused some damage in parts of Tennessee and Kentucky. These two states in the August crop report were forecast to produce 3.5 percent of U.S. production (98 million bushels).

Bob Wisner is a professor of economics with responsibilities in agriculture and extension.

Plant Diseases

Soybean cyst nematode will cause early senescence of soybeans

by Greg Tylka, Department of Plant Pathology

Soybean cyst nematode is a widespread and serious pest of soybeans in Iowa. But many fields that are infested with the pest go undiagnosed because the nematode often does not cause obvious aboveground symptoms, at least not until population densities become extremely high.

One fairly consistent, albeit somewhat indirect, symptom of SCN parasitism that is apparent at this time of the year is early senescence of the soybeans. In the mid-1990s, the Iowa State University SCN-resistant soybean variety trial program conducted variety trials on SCN-infested fields and nearby noninfested fields. The variety trials in both infested and noninfested fields were planted at a location on the same day, but the trial in the infested site invariably was harvested 7 to 10 days before the noninfested site, illustrating the effect of SCN on hastening maturation of the soybean crops.

The early senescence of soybean caused by SCN is illustrated in the diagram on page 179. The squares in the map in the diagram represent 3-foot by 3-foot (9 ft^2) square areas of the field. Three 1-inch diameter, 8-inch deep soil cores were taken from each square in May. The aerial photograph shows the sampled area on September 10. The map of egg population densities has an "M"-shaped pattern of higher egg counts that corresponds fairly well with the "M"-shaped pattern of maturing plants in the September 10 aerial photograph.

Growers and agronomists should consider checking for the presence of SCN in fields that have areas that mature earlier with no apparent reason. To check fields in the fall for the presences of SCN, soil samples should be collected and sent to a qualified laboratory for analysis. Soil samples should be comprised of well-mixed soil obtained from soil cores collected from 15 to 20 different locations within an area of 20 acres or so. Each core should be collected from a total depth of 6 to 8 inches. Large fields should be divided up into smaller areas from which a 15- to 20-core soil sample should be collected.