SUMMER 2020

US RANKS 3RD ON GLOBAL FOOD SECURITY INDEX

The Economist Group, supported by Corteva, recently released the Global Food Security index, which uses public data to rank countries based upon their food security and infrastructure. For 2019, the United States ranks third on the list, following Singapore and Ireland. The index measures many aspects of food security, but three main areas examined include food affordability, food availability and food quality and safety.

Top Five Countries Based Upon Food Security Index

Rank	Country	Overall Score	Affordability	Availability	Quality & Safety
1st	Singapore	87.4	95.4	83.0	79.4
2nd	Ireland	84.0	90.5	76.8	87.7
3rd	United States	83.7	87.4	78.3	89.1
4th	Switzerland	83.1	83.8	84.3	78.2
Tied 5th	Finland	82.9	84.1	78.6	91.8
Tied 5th	Norway	82.9	81.9	81.0	90.5

Some of the strengths of the American food system include nutritional standards, access to financing for farmers, food safety, dietary diversity, proportion of population under the global poverty line, sufficiency of supply, protein quality, agricultural import tariffs, volatility of agricultural production and a lack of corruption. The only weakness listed was a lack of public expenditure on agricultural research and development.

Ranked first overall, Singapore was second both in affordability and availability and twenty-fifth in quality and safety. Singapore shares many of the strengths as the United States, with the only differences being a high gross domestic product per capita, a lack of political stability risk and micronutrient availability. There were no weaknesses listed for Singapore.

Ireland, ranked second overall, was third in affordability, eleventh in availability and seventh in quality and safety. Ireland also shared all of the above strengths with the United States and Singapore. The only weakness listed for Ireland, like the US, is the lack of public expenditure on agricultural research and development.

With the exception of agricultural research and development—which we wholeheartedly support and hope to see much more of in the future—the US rankings on the index provide a valuable measure of progress and should encourage members of the agricultural industry. By assessing our strengths and weaknesses, as well as those of other countries, we can see both our sources of pride and areas in which we have room to grow.

UNDERSTANDING GRAIN ELEVATOR BASIS

While the concept may be confusing, basis is an important tool that farmers can utilize to increase the success of grain marketing. By definition, basis is the difference between the price of a given commodity in a local market subtracted by the price of that commodity in the futures market.

Mathematically speaking, Basis = Cash Price – Futures Price at a specified point in time. The time period generally used for calculating basis is the closest delivery month of the futures contract. For example, if you want sell grain in April, the May futures price minus the local cash price would be used to calculate the basis.

UNDERSTANDING GRAIN ELEVATOR BASIS - CONTINUED

Many consider basis to be an indication of whether the market is willing to accept grain at that specific time. A small difference between cash and futures markets—or an improving basis—shows that the market is willing to accept grain. When the local price is higher than the futures price, the basis is considered positive and indicates low supply levels, usually several months after harvest when fewer cash grain sales occur.

A larger difference between local and futures markets indicates an ample supply level, so the markets are not as willing to accept grain at that point in time. When the local price is lower than the futures price, we see a negative basis, indicating a sufficient supply level and typically seen during harvest when farmers are making cash sales. During periods when the basis is wide, farmers should store their grain and avoid making cash sales in order to allow the basis to shrink and thus maximize potential profits.

Several factors may affect basis, one of which is transportation costs that, when combined with increasing fuel and labor costs, can lead to a widening basis. Another important factor is storage availability. If a large crop is harvested and elevators begin to run out of storage, the basis widens to discourage any more grain deliveries. By contrast, if harvest does not go as well as planned, we will generally see a narrowing basis to encourage cash sales at local elevators. Storage availability and costs do not affect futures prices, which explains why we see the changes in basis.

Supply and demand comprise another important factor that affect basis. As previously mentioned, low supply levels will lead to an improving basis to encourage local cash sales. Conversely, high supply levels will lead to a widening basis to indicate that markets are not as willing to accept cash grain sales at that time.

LEGALLY TERMINATING VERBAL LEASES

In the Mid-South, we regularly see agricultural leases negotiated in a verbal format rather than written. While verbal leases will hold up in a court of law, there are many discrepancies that may arise due to a lack of communication or a differing recollection from either party in the lease. Therefore, even if a verbal lease is enacted, it is prudent for both parties to write down the terms and conditions of the lease.

An important aspect of verbal leasing is the termination date enforced by state law. For written leases, the date of lease termination laid out in the lease agreement designates the end of the lease. In Arkansas, A.C.A. § 18-16-105 states a landowner must notify a tenant under an annual lease that the lease will be terminated at the end of the year by June 30 of the same year. The notice must be in writing and sent via certified mail to the tenant. If no notice of termination is given by this date, the tenant assumes that the lease will continue as is throughout the following year.

According to MS Code § 89-7-23 (2013), leases in Mississippi that do not expire at a fixed time require written notice to be given at least two months from the end of the year or lease term. Lease terms of a half year or quarter year must have at least one month's notice of termination, and lease terms lasting monthly or weekly must have one week's notice of termination.

In Missouri, MO Rev Stat § 441.050 states that an annual lease may be terminated if proper notice is given no fewer than 60 days from the end of the lease. For a month-to-month lease, at least 30 days' notice must be given. All forms of lease termination notice must be delivered in writing.

LEGALLY TERMINATING VERBAL LEASES - CONTINUED

For Tennessee, annual leases traditionally see a written notice at least six months before the end of the lease. However, there is no definite law in Tennessee that requires this action. It is important to establish a written lease to protect both the lessor and lessee from any potential disputes.

No matter where your farm is located, we highly recommend working with legal counsel to put your lease in writing to avoid miscommunication about terms and document if heirs or successors become involved during the lease term.

State	Traditional Verbal Lease Term	Traditional Verbal Lease Termination Notice Date
Arkansas	January 1 – December 31	June 30
Mississippi	January 1 – December 31	October 31
Missouri	January 1 – December 31	October 31
Tennessee	January 1 – December 31	June 30

LANDOWNER LIABILITY WHEN LEASING RECREATIONAL PROPERTY

During the summer months, many hunters seek to secure leases for recreational properties, primarily for deer and waterfowl seasons. However, recreational use goes beyond hunting to include activities such as fishing, swimming, boating, water sports, skiing, camping, picnicking, hiking, pleasure driving, nature study, bird watching and many others.

A large number of landowners, especially farmers, are trending towards supplemental incomes by leasing out their properties for the purposes of hunting, fishing and other interests. If you're planning to lease your property, you must be aware of the liability risks these activities pose and plan accordingly.

Most states have statutes in place to protect agricultural and rural landowners from liability when free access for recreation is given to the public, unless a landowner intentionally or recklessly does harm—but, when a property is leased with the requirement of money or other valuable consideration, most state laws generally do not protect a landowner from liability. In addition, the majority of general liability policies exclude hunting and recreation, leaving a landowner at risk if additional insurance is not purchased by the landowner, lessee or both.

Landowners who include hunting rights in an agricultural lease may unknowingly be at risk. A tenant could be running a hunting business on the landowner's farm and not only is the landowner not being compensated for those hunting rights but he or she could also be liable if an injury or death occurs.

There are two prime and easy ways for landowners to avoid unnecessary risk while still cashing in on multiple sources of income: 1) maintain adequate liability insurance and 2) enforce a comprehensive lease agreement with tenants.

Limiting your exposure to hunting and recreational liability is critical. Major accidents are rare, but don't lose the farm due to a lack of liability coverage. Obtaining adequate liability insurance is well worth the price you pay for the coverage in order to ensure you are protected. It is also crucial to have well-drafted lease agreements with any tenants who wish to lease properties for recreational use.

This information is provided by Stephen Crancer, Partner at White & Associates Insurance, owner of Liberty Hill Outfitters and Chris E. Brown, Attorney at Law with Walker & Knight. Contact Stephen stephen.crancer@whiteins.net and Chris chrisbrownlawyer@gmail.com for additional information regarding landowner liability.

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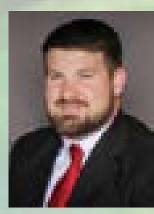

Houston M. Matthews
Certified General
Appraiser

AVAILABLE LAND INVESTMENTS

- **185 +/- Acres in Lonoke County, AR. (Available)**
- **255 +/- Acres in Phillips County, AR. (Pending Sale)**
- **766 +/- Acres in St. Francis County, AR. (Pending Sale)**
- **1,153 +/- Acres in Monroe County, AR. (Multiple Tracts Available)**
- **2,233 +/- Acres in St. Francis County, AR (Multiple Tracts Available)**

A large portion of sales occur on properties not listed or advertised on the open market. Contact us about these listed and additional land investments.

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