

Adjustment of Price to Reflect Target Moisture

The report NASS average Barrel Prices are adjusted to the standard 38% moisture. The following formulas are used to adjust actual barrel prices:

TM = Target Moisture (e.g. 0.38)

AM= Observed Actual Moisture (e.g. 0.34)

AP= Actual Market Price

ADJP=Moisture Adjusted Price

$$ADJP = AP * \frac{(1 - TM)}{(1 - AM)}$$

Example:

TM=0.38

AM=0.349

AP=1.4612

$$ADJP = 1.4612 * \left(\frac{(1 - 0.380)}{(1 - 0.349)} \right) = 1.4612 * \left(\frac{0.620}{0.651} \right) = 1.4612 * 0.9524 = 1.3916$$