

COVID-19 Agricultural Market Impacts

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Agricultural Economics & Agribusiness

Major Impacts

Short Run


- Virtual overnight elimination of food service business
- Dramatic slowdown in economic activity
- Spike in unemployment
- Labor market disruptions

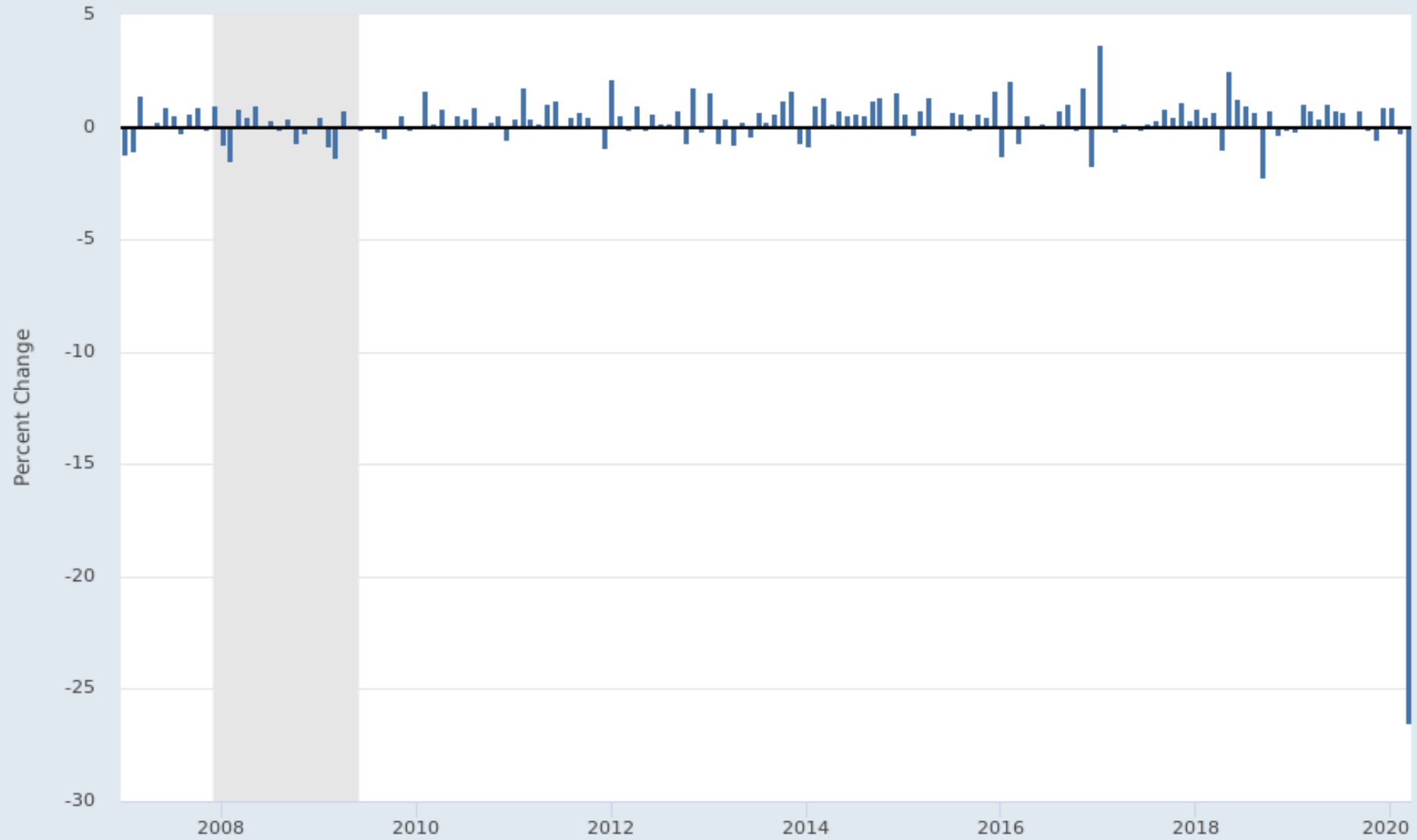
Long Run

- Significant lost income and depleted savings
- Heightened perception of risk among businesses and consumers
- Disruption of trade flows
- Lost productive capacity in some sectors

Beef, Pork, and Poultry

- **Erratic price behavior**
 - Panic buying
 - Lost food service trade
 - Processing plant bottlenecks
- **Capacity constraints in processing sector**
 - Reduced livestock slaughter/lower meat production
 - Low farm prices, high wholesale prices
 - Farm-level glut of market-ready animals with no viable outlet
- **Longer term, production affected by breeding stock decisions being made now**

FRED  ● Advance Retail Sales: Food Services and Drinking Places



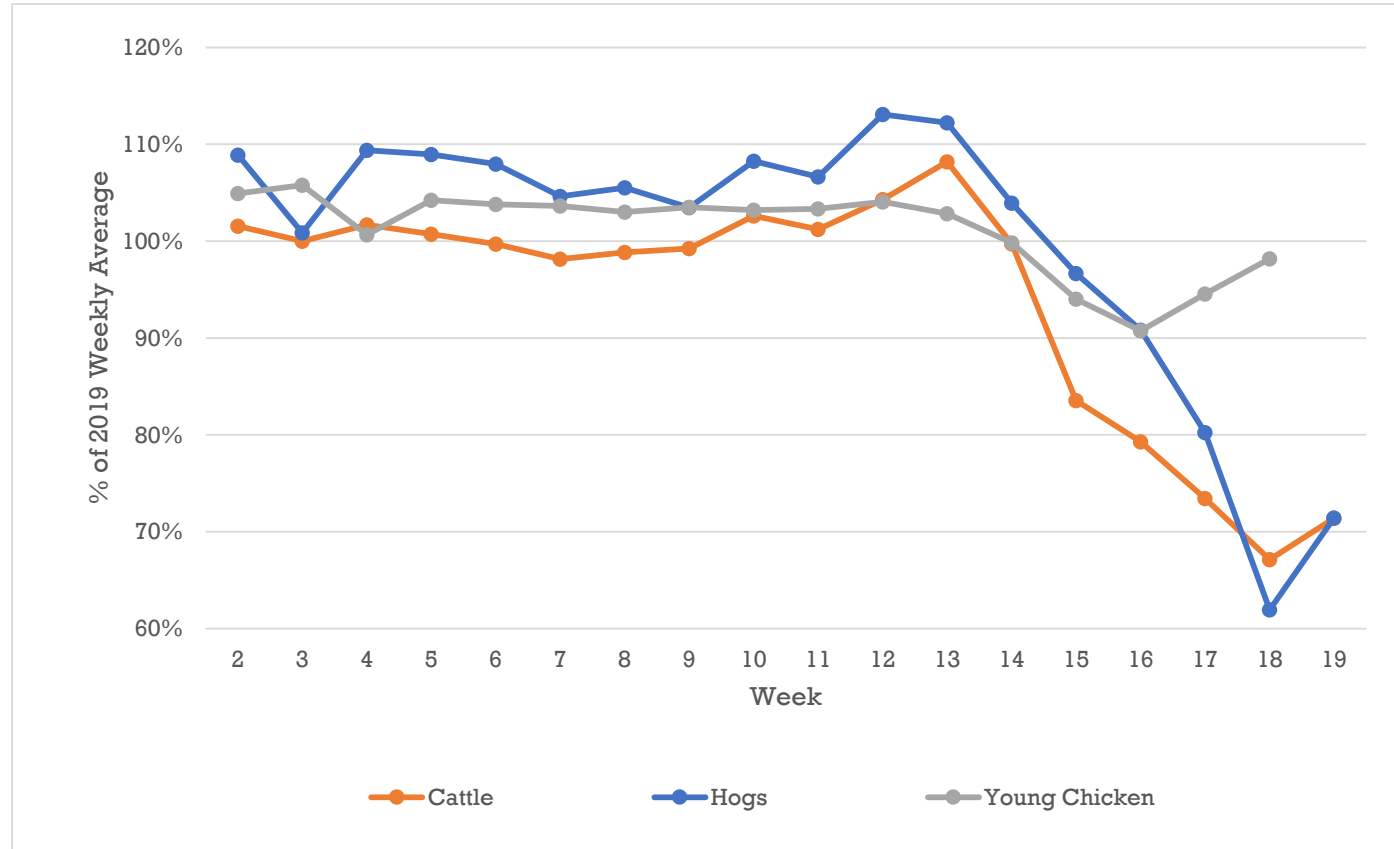
Shaded areas indicate U.S. recessions

Source: U.S. Census Bureau

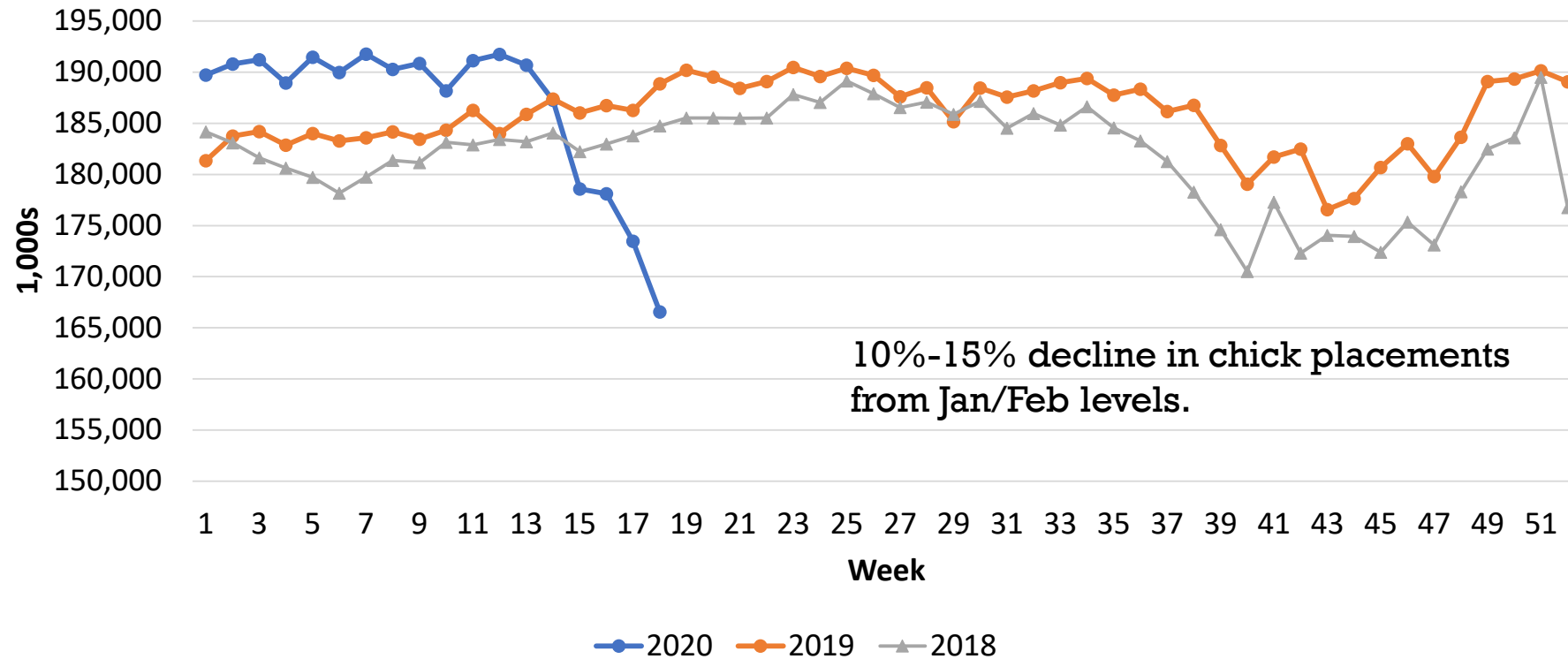
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Weekly Cattle, Hog, Broiler Slaughter

% of 2019 weekly average slaughter



Broiler Chick Placements



Data Source: USDA National Agricultural Statistics Service.

Major Row Crops

- Mixed experience based on major end user markets
- Corn, cotton: sharply lower demand due to energy market linkages and general economic slowdown
- Soybeans: also lower following corn, global trade concerns, livestock industry slowdown
- Rice and wheat: volatility due to general economic uncertainty, trade disruptions, consumer stockpiling, lost food service business
- Worker safety during the busy planting season is a major concern for farmers and is affecting how they are operating right now

CBOT:ZCU2020, D 324'6 ▲ +1'4 (+0.46%) O:323'2 H:324'6 L:323'0 C:324'6



September 20 Corn Futures

Specialty Crops

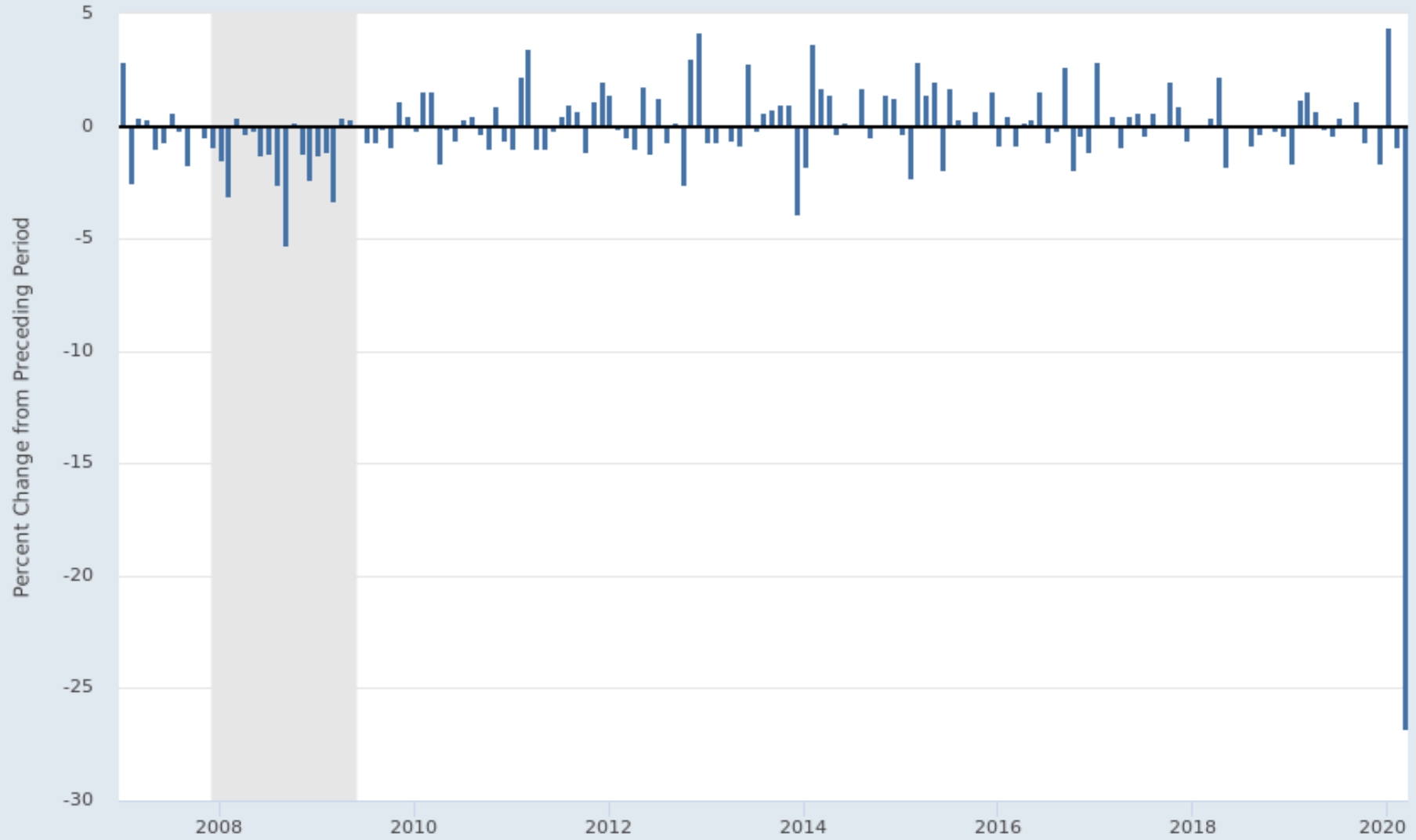
- Surge in demand from panic buying but also negative effects from lost food service
- Loss of institutional business major blow to many local producers (farm-to-school)
- Major concerns over labor availability and worker health/safety

Forestry and Wood Products

- Major supply chain disruptions from widespread shutdowns
- Temporary loss of capacity due to mill, manufacturing shutdowns; shutdowns/slowdowns also compounded seasonal weather effects
- Longer term issues are particularly negative for this sector
 - housing and related sectors

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● Advance Retail Sales: Furniture and Home Furnishings Stores



Shaded areas indicate U.S. recessions

Source: U.S. Census Bureau

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