

# An Assessment of the Effects of COVID19 on Missouri Agriculture

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Missouri Joint Committee on Agriculture Hearing

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# 2020 Outlook – Pre COVID19

- The assumed return to normal planting and growing weather in 2020, after last year's record large prevented plantings, increases projected area, yields and supplies and **lowers prices for corn and soybeans** in 2020/21
- In spite of increased pork exports to China in 2020, expansion in pork production **limits the increase in 2020 barrow and gilt prices**
- With production leveling off and resumed increases in exports, **prices for fed and feeder cattle increase** beginning in 2020
- **Net farm income increases** to \$99 billion in 2020, but **net cash income declines**

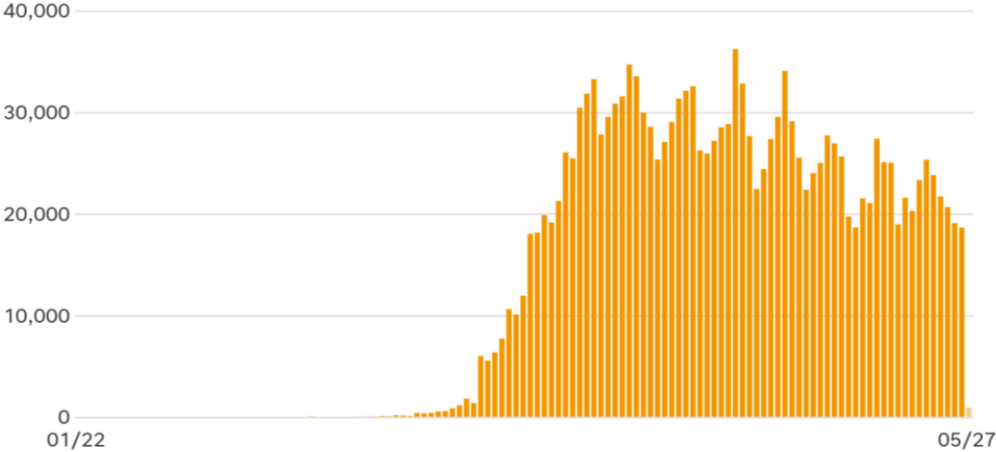


# Future Path of COVID19 Remains Unclear



**New confirmed coronavirus patients reported in the US by day**

**My discussion today hinges on current recovery continuing relative to US cases of COVID19**



Last updated: 5/27/20 at 8:32 AM

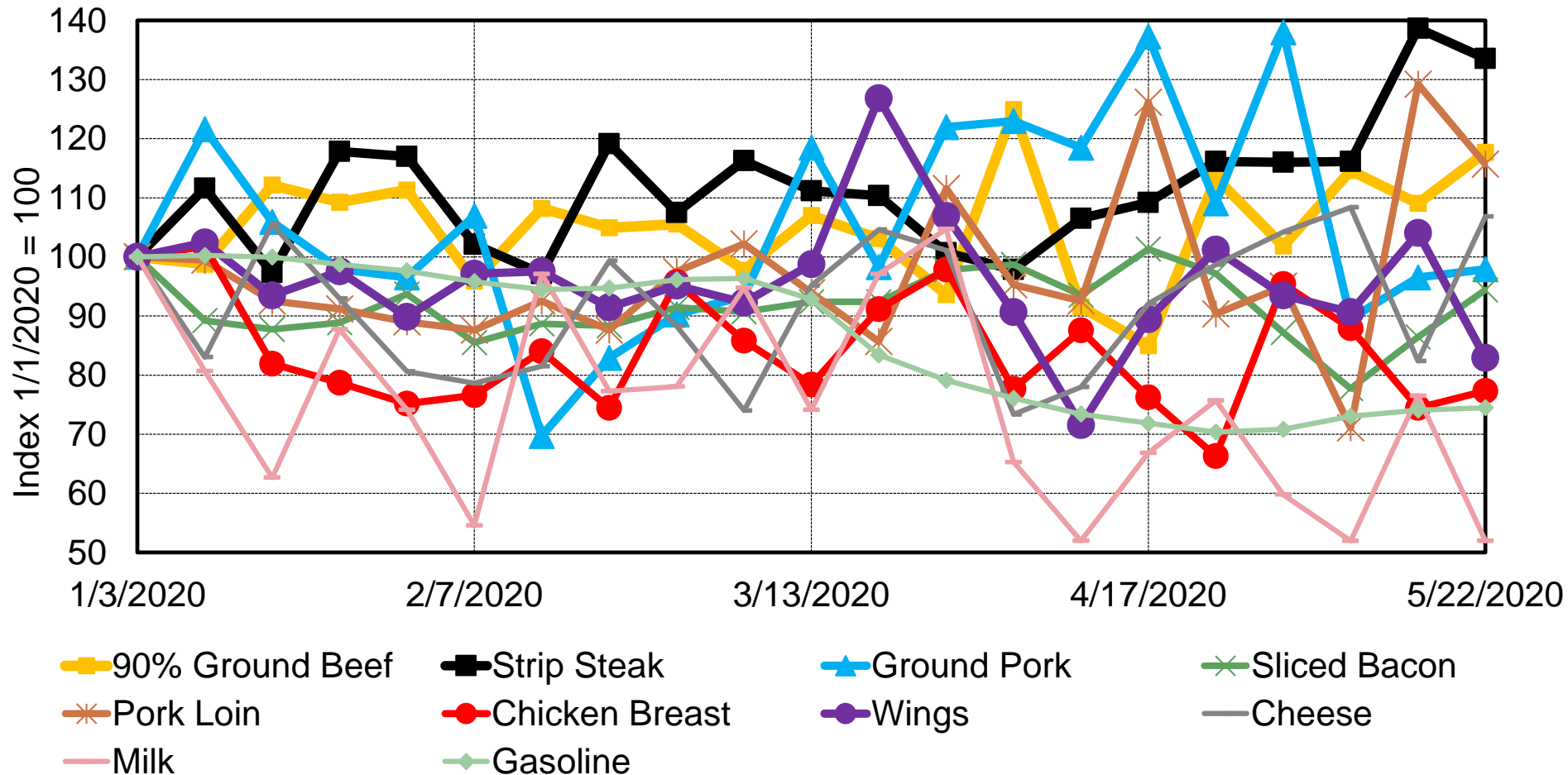
SOURCE Johns Hopkins University; WHO; CDC; USA TODAY

# US Economy Nearly Halted As US Battles COVID19

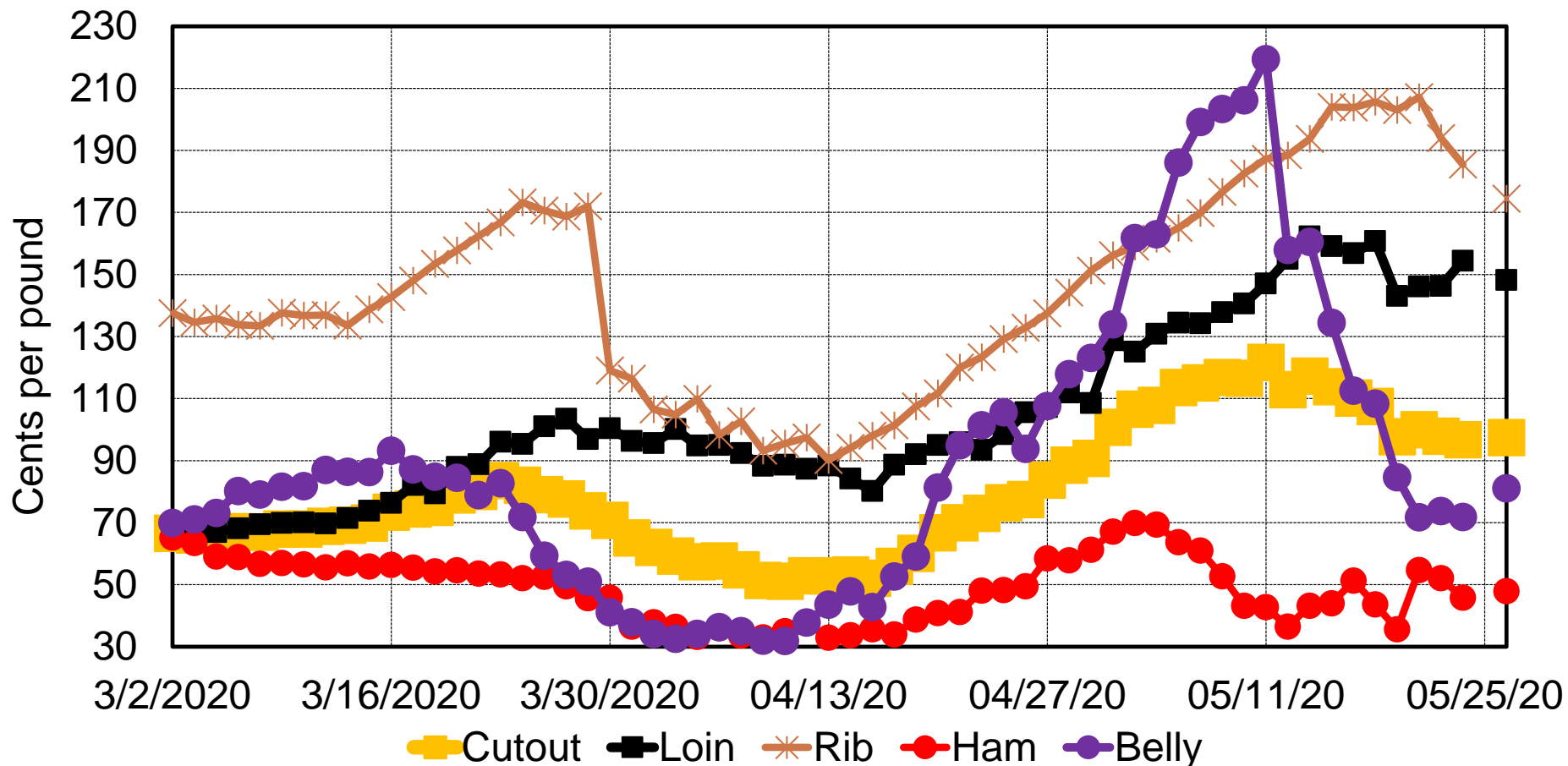
- Foodservice essentially shutdown for several weeks
- Miles traveled was abruptly curtailed
- Grocery store demand fueled by stockpiling
- COVID19 outbreaks in key agricultural market channels
  - ▣ Meat processing
  - ▣ Food distribution
- Real US GDP projected to fall by 7.3% in 2020



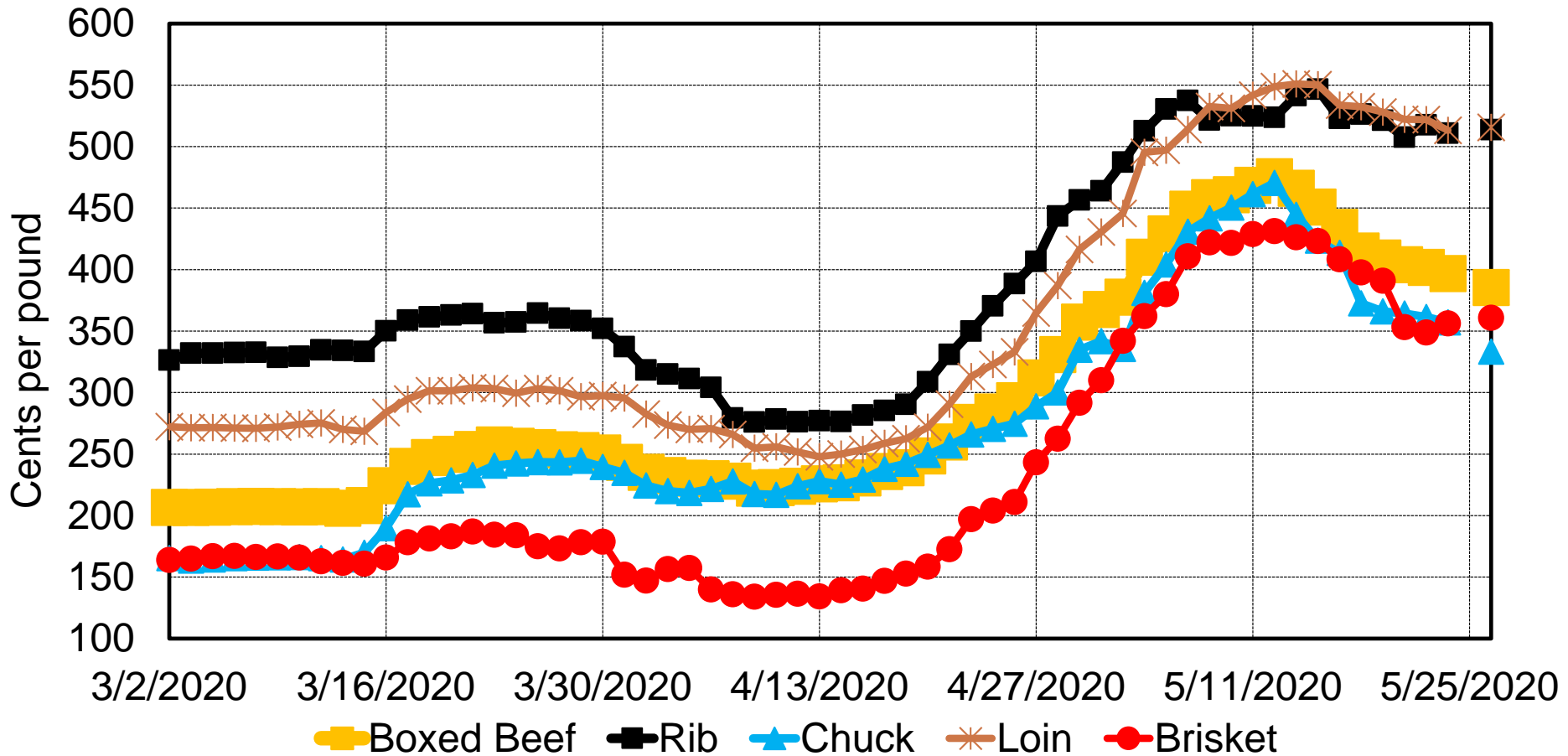
# Increased Volatility in Weekly Retail Prices



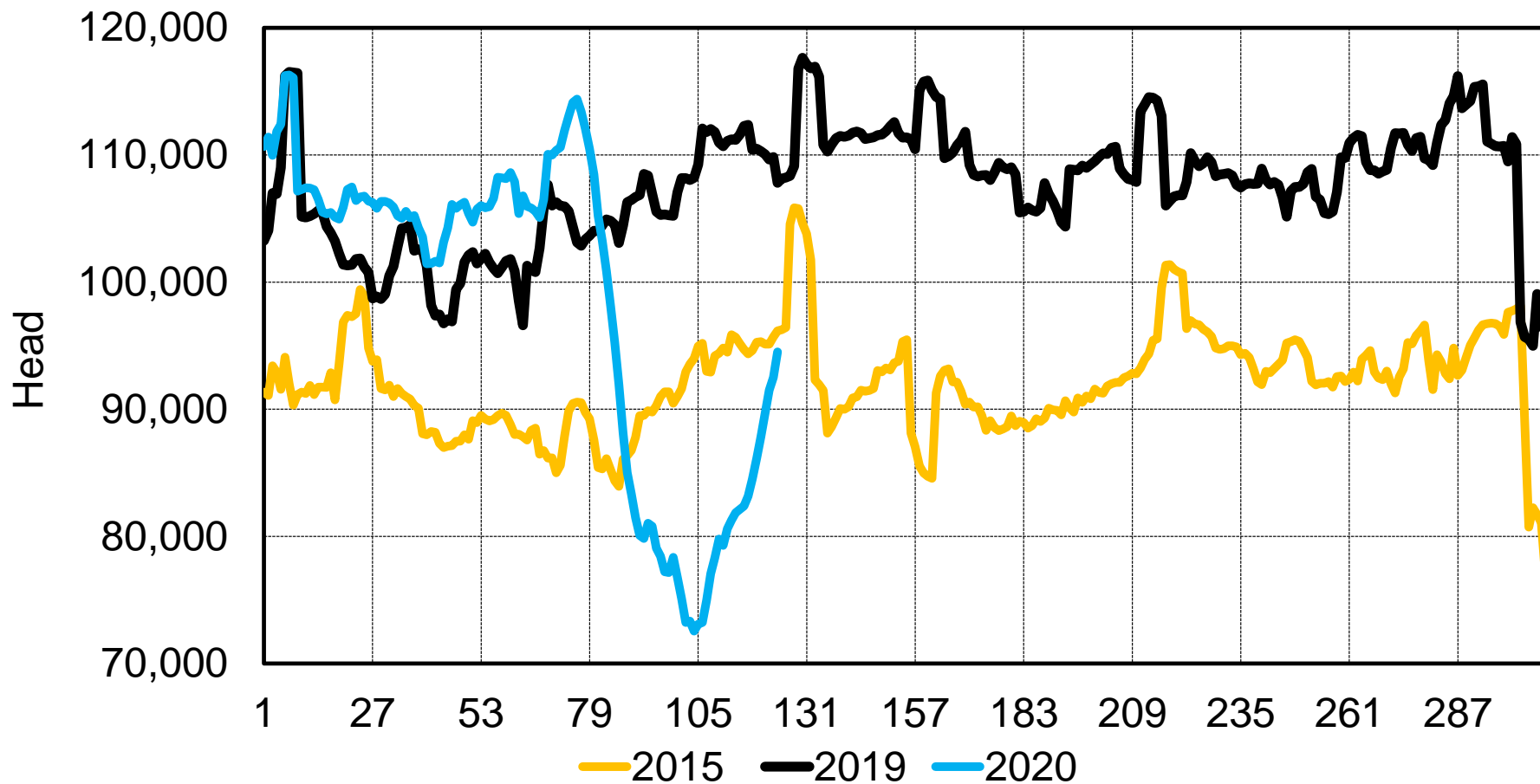
# Wholesale Pork Prices



# Wholesale Choice Boxed Beef Prices

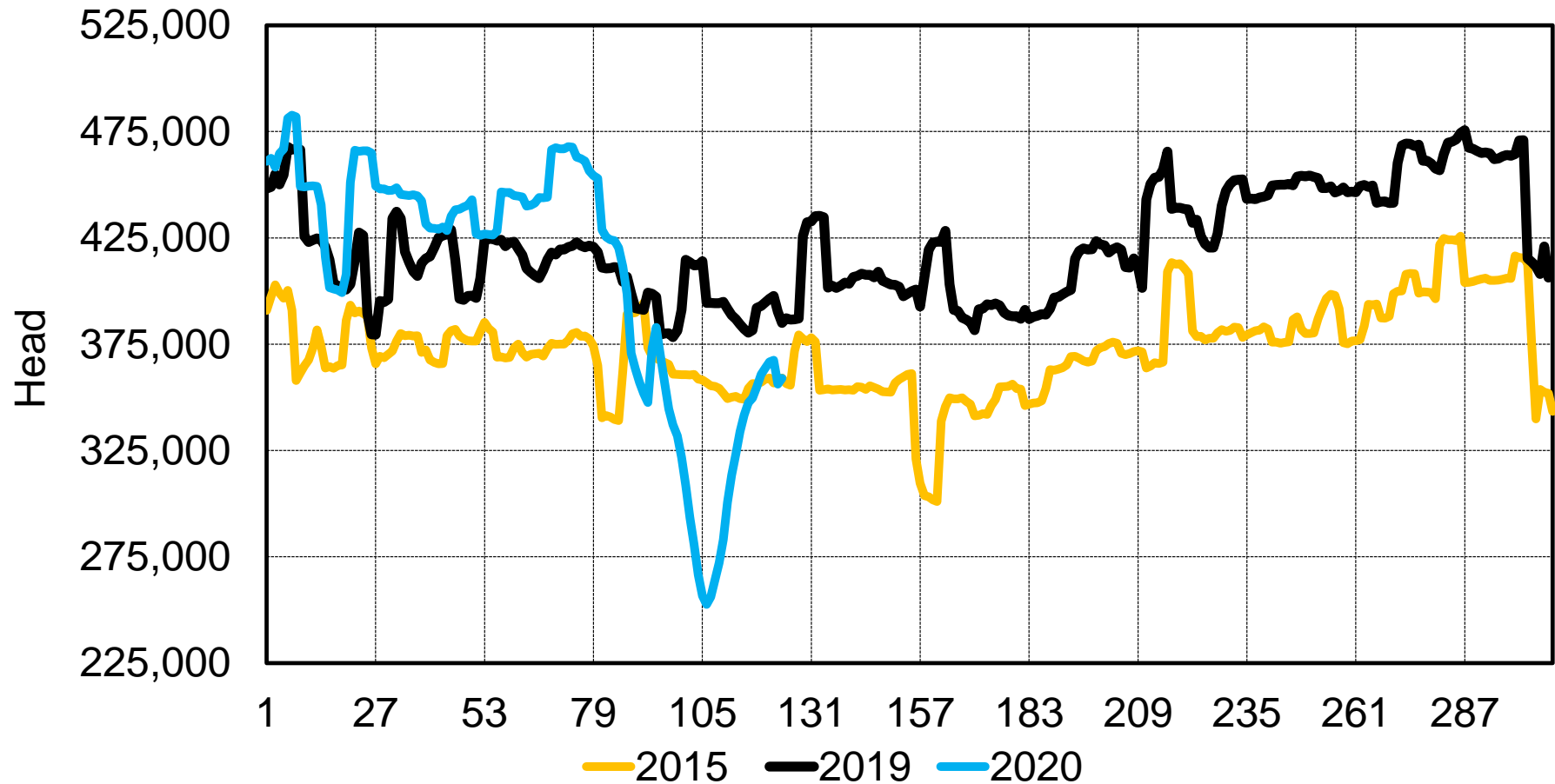


# Daily Cattle Slaughter, 6 day rolling average

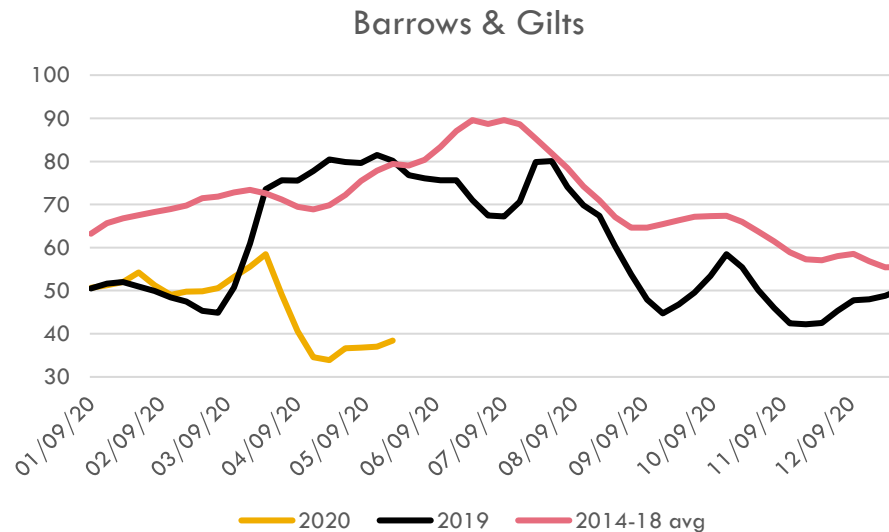
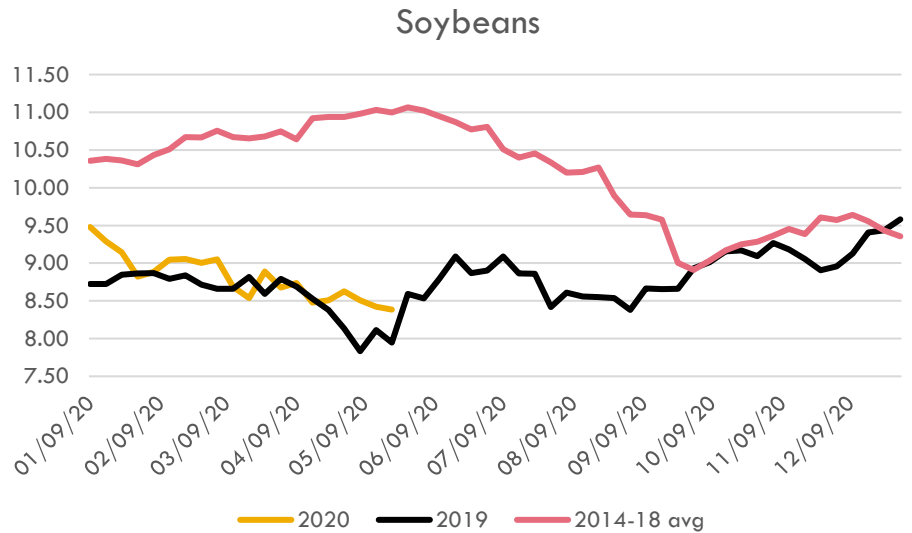
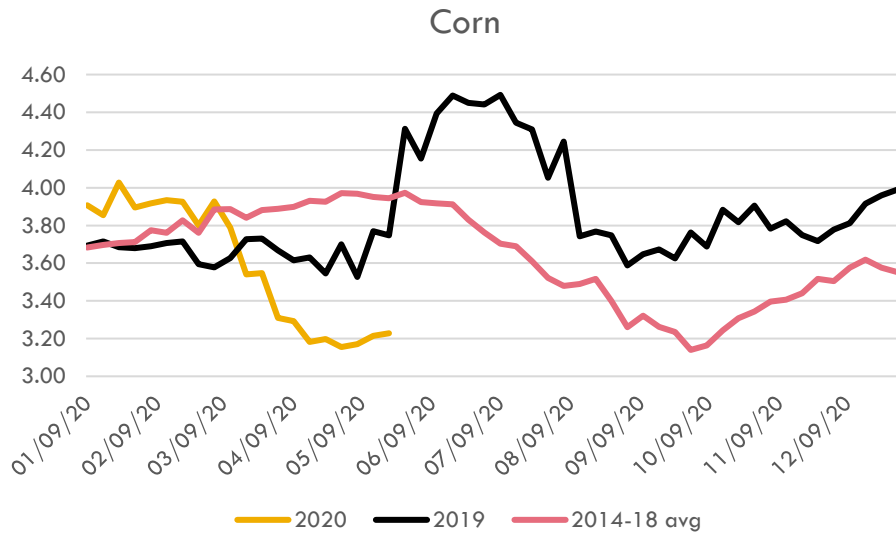




# Daily Hog Slaughter, 6 day rolling average

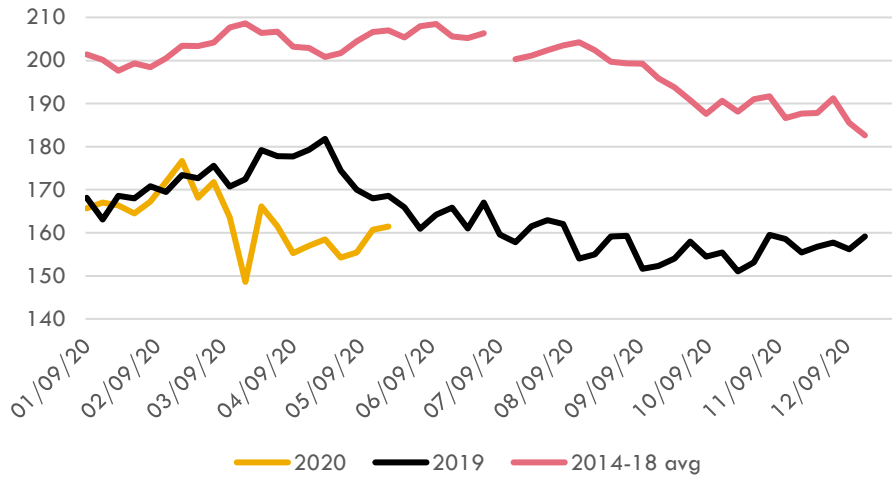


# Farm-Level Prices

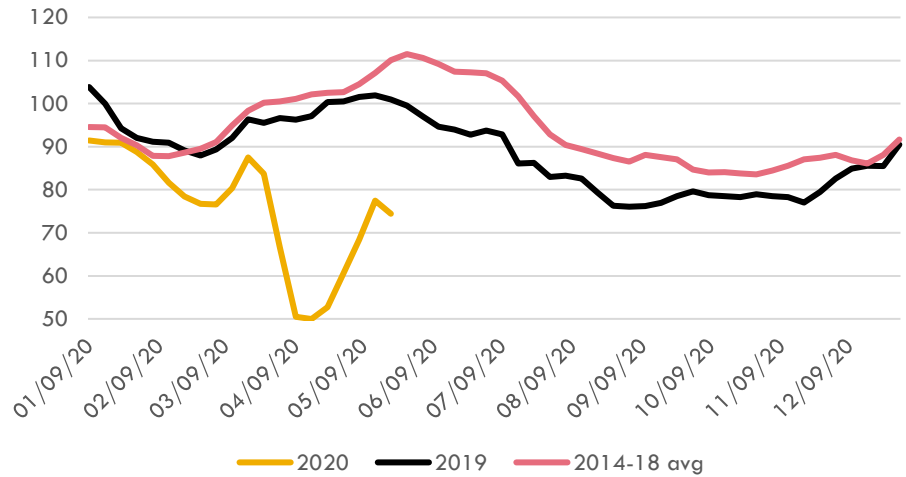


# Farm-Level Prices

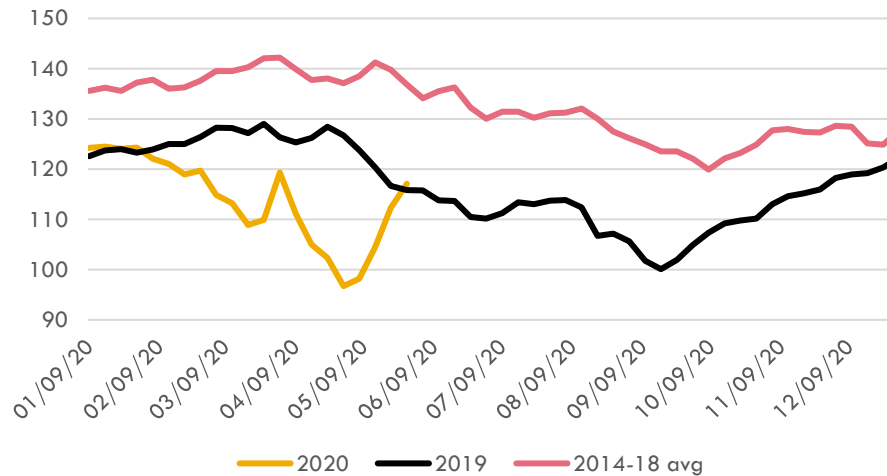
## Feeder Cattle



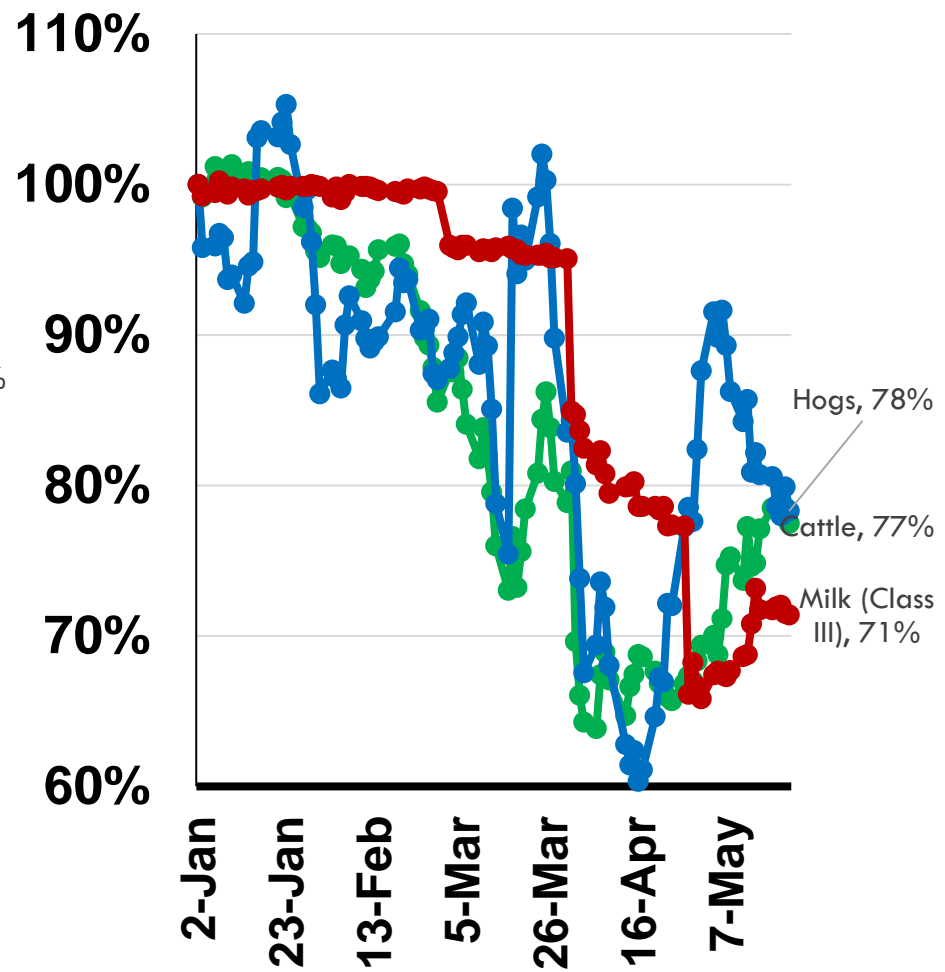
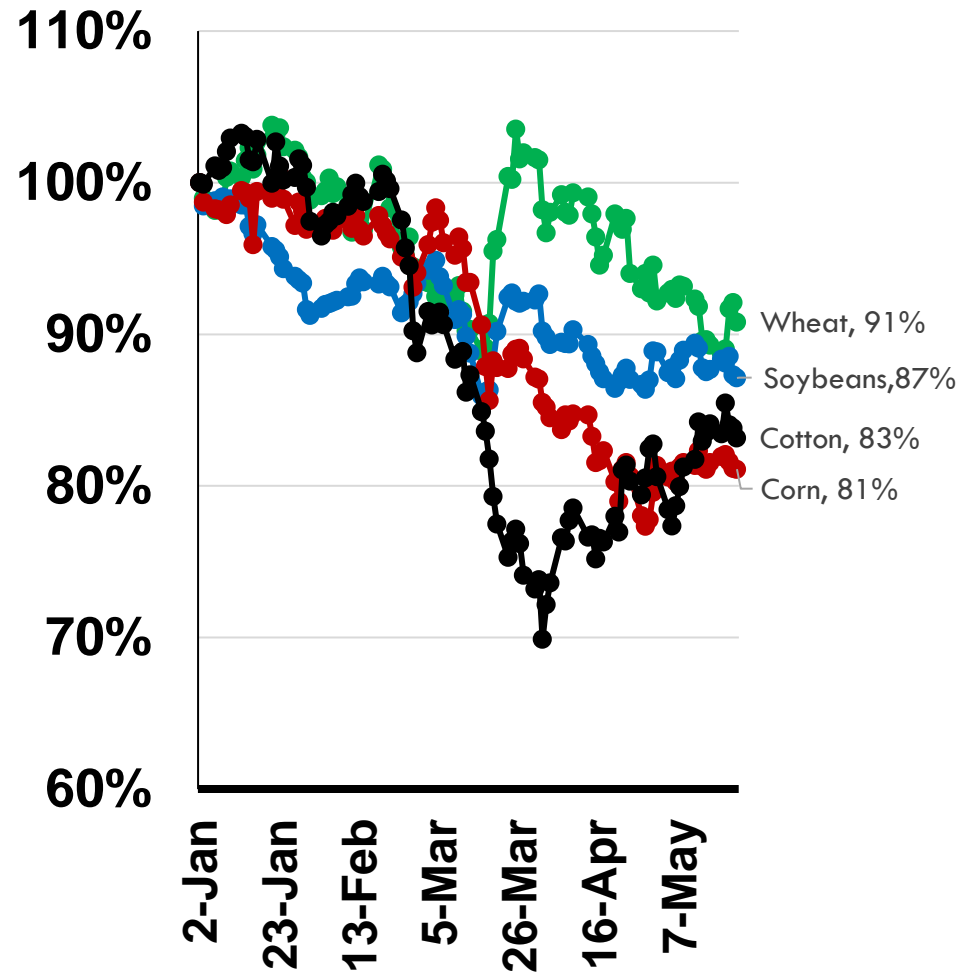
## Broilers



## Fed Cattle



# Futures Prices Down and More Volatile (nearby futures, 2/2/2020 = 100)



# Overview - Coronavirus Food Assistance Program

- ❑ The Coronavirus Food Assistance Program (CFAP) provides direct relief to producers due to COVID19
- ❑ Up to \$16 billion in total funding from various federal sources (CARES Act, CCC, etc.)
- ❑ Eligible commodities must have either:
  - ❑ Suffered a five percent-or-greater price decline
  - ❑ Experienced market supply chain disruptions due to COVID19 and face additional significant marketing costs
- ❑ *This is our current understanding of the CFAP program and is subject to change depending on FSA implementation*
- ❑ **Current Missouri Estimate - \$500 to \$700 Million**



# CFAP Livestock Payments

## Two components (can do both):

- CARES Act: Number of livestock sold x payment rate/head (*Jan. 15 to April 15, 2020*)
- CCC: Highest inventory of livestock x payment rate/head (*April 16 and May 14, 2020*)

Livestock	Eligible Livestock	Unit of Measure	CARES Act Payment Rate	CCC Payment Rate
<b>Cattle*</b>	Feeder Cattle: Less than 600 Pounds	Head	\$102.00	\$33.00
	Feeder Cattle: 600 Pounds or More	Head	\$139.00	\$33.00
	Slaughter Cattle: Fed Cattle	Head	\$214.00	\$33.00
	Slaughter Cattle: Mature Cattle	Head	\$92.00	\$33.00
	All Other Cattle	Head	\$102.00	\$33.00
<b>Hogs and Pigs</b>	Pigs: Less than 120 Pounds	Head	\$28.00	\$17.00
	Hogs: 120 Pounds or More	Head	\$18.00	\$17.00
<b>Lambs and Yearlings</b>	All Sheep Less than 2 Years Old	Head	\$33.00	\$7.00

\* Cattle definition does not include dairy cattle, except dairy beef raised for finishing



# Non-Specialty Crop Payments

- Payment will be made based on **50 percent** of a producer's 2019 total production or the 2019 inventory as of January 15, 2020, whichever is smaller, multiplied by 50 percent of the commodity's applicable payment

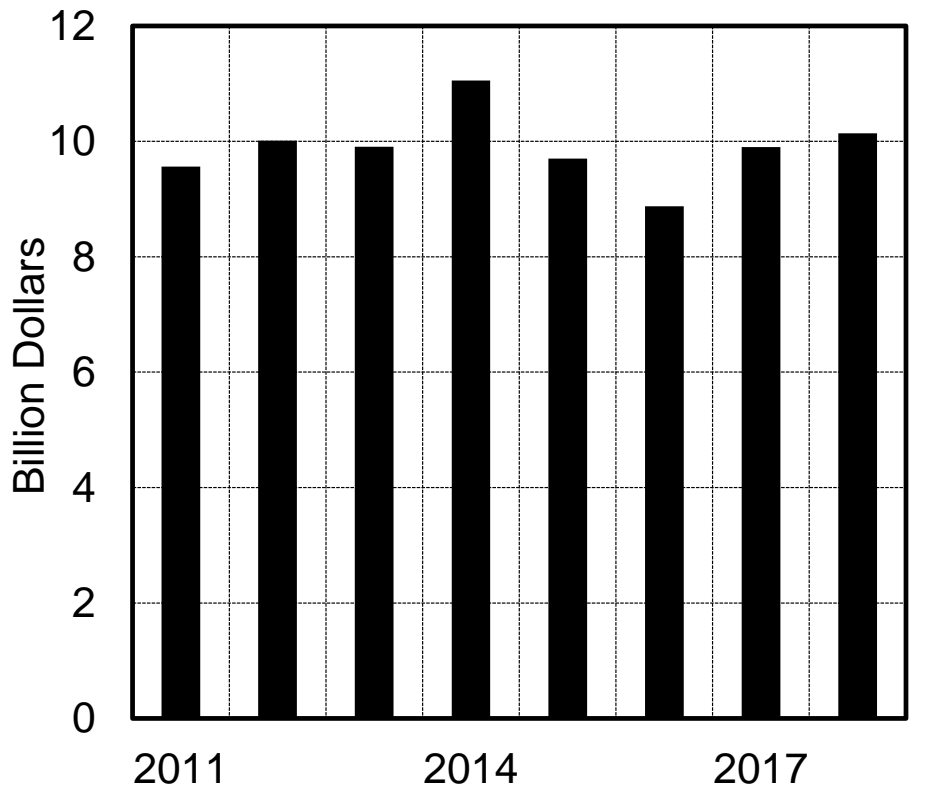
Commodity	Unit of Measure	CARES Act Payment Rate	CCC Payment Rate
Barley (malting barley only)	bushel	\$0.34	\$0.37
Canola	pound	\$0.01	\$0.01
Corn	bushel	\$0.32	\$0.35
Upland Cotton	pound	\$0.09	\$0.10
Millet	bushel	\$0.31	\$0.34
Oats	bushel	\$0.15	\$0.17
Sorghum	bushel	\$0.30	\$0.32
Soybeans	bushel	\$0.45	\$0.50
Sunflowers	pound	\$0.02	\$0.02
Wheat, Durum	bushel	\$0.19	\$0.20
Wheat, Hard Red Spring	bushel	\$0.18	\$0.20

Crops intended for **grazing** are not eligible



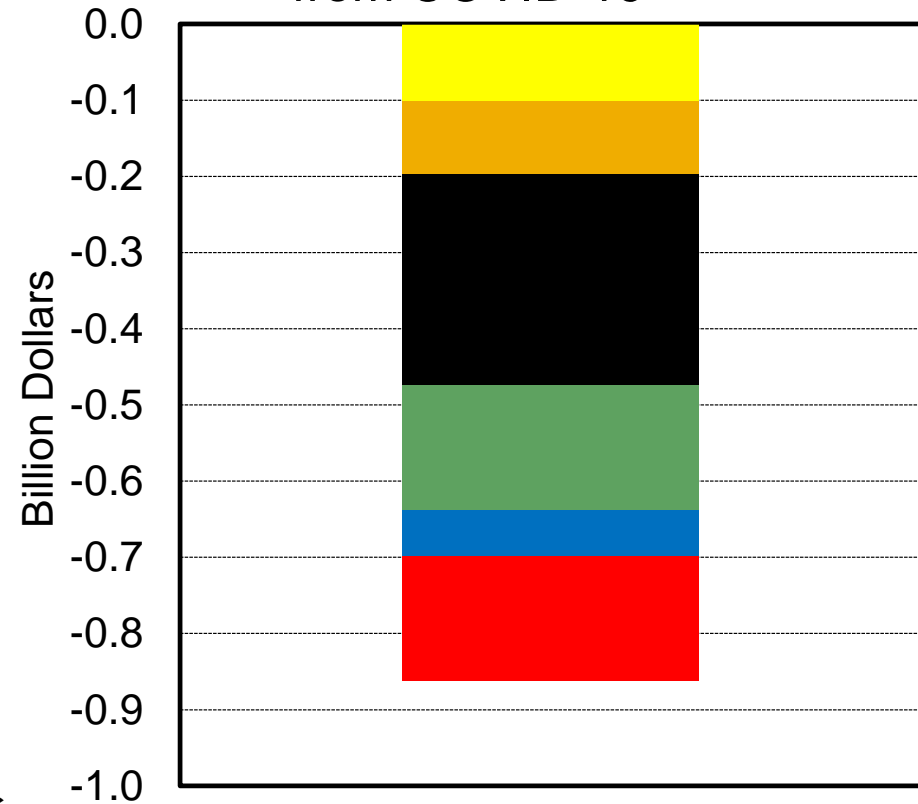
# Missouri Farm Cash Receipts Decline With COVID19, 5/28/2020 Estimate

## Missouri Cash Receipts



**Corn, Soybeans, Cattle, Hogs and Chickens**  
**79% of total cash receipts**

## Loss in Missouri Cash Receipts from COVID-19



■ Corn      ■ Soybeans      ■ Cattle  
■ Hogs      ■ Chickens      ■ All Other





## GOAL 1:

GROW MISSOURI'S AGRICULTURAL AND NATURAL RESOURCE ECONOMY BY COLLABORATING WITH STAKEHOLDERS TO CREATE NEW, SCIENCE-BASED BUSINESS PIPELINES.

## Show-Me-State Food, Beverage & Forest Products Manufacturing Initiative

Expand Missouri's traditional agricultural commodities

Invest in new Missouri-grown commodities

Create new value-added products and processes

**SHOW-ME-STATE  
FOOD, BEVERAGE & FOREST  
PRODUCTS MANUFACTURING  
INITIATIVE** *Report to the Governor*



# Questions

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Weekly Livestock Update, Brownfield Ag News

<https://brownfieldagnews.com/brownfield-livestock-market-updates/>



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