

***SPECIAL UPDATE: IMPACT OF COVID-19 ON AGRICULTURE***

# **FARM ECONOMIC UPDATE**

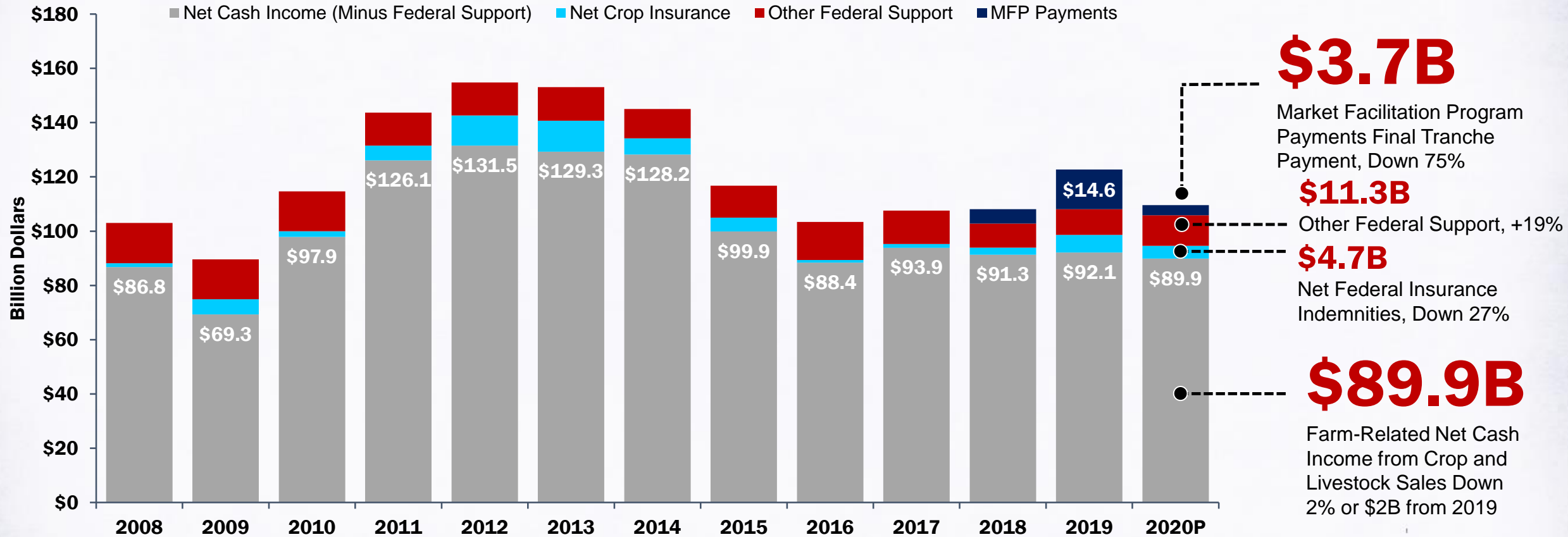
# 2020



***DR. JOHN NEWTON, @NEW10\_AgECON JNEWTON@FB.ORG***  
***CHIEF ECONOMIST, AMERICAN FARM BUREAU FEDERATION***

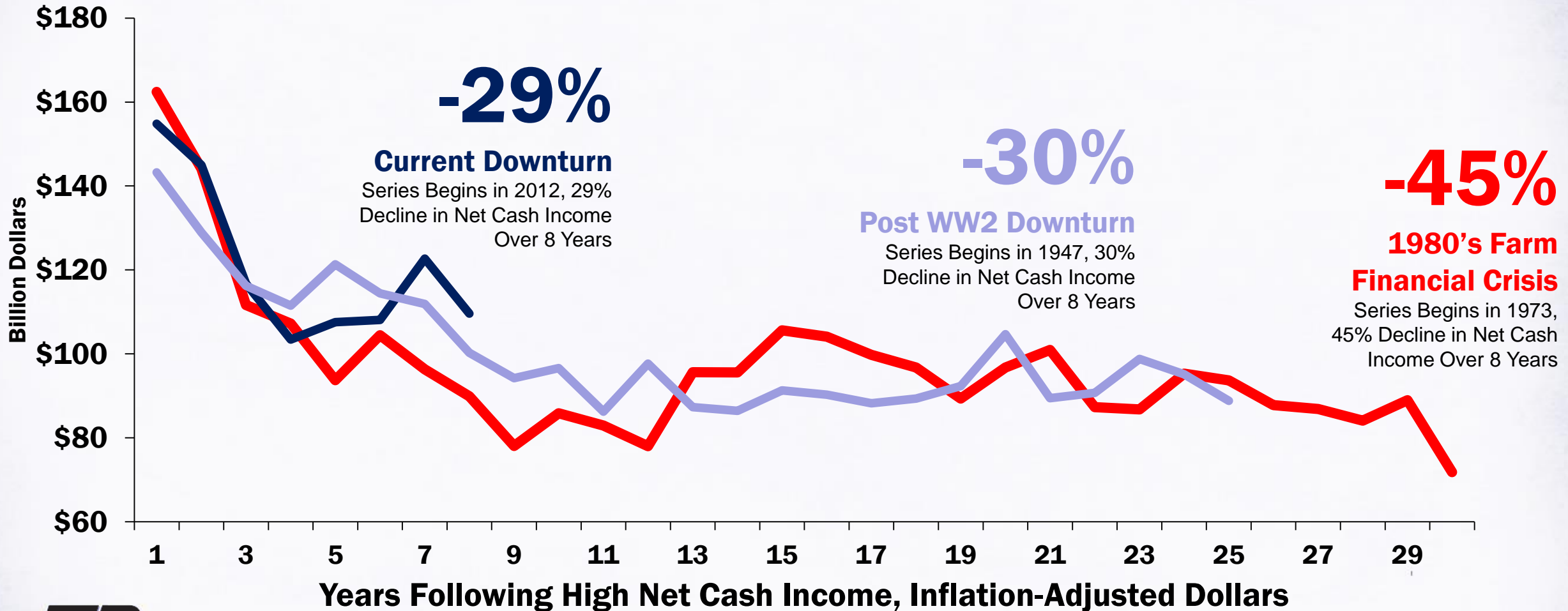
# Farm Income Has Fallen Sharply From the “Golden Age” of Farm Income (2011 to 2014)

U.S. Farm Sector Net Cash Income, 2020 inflation-Adjusted Dollars



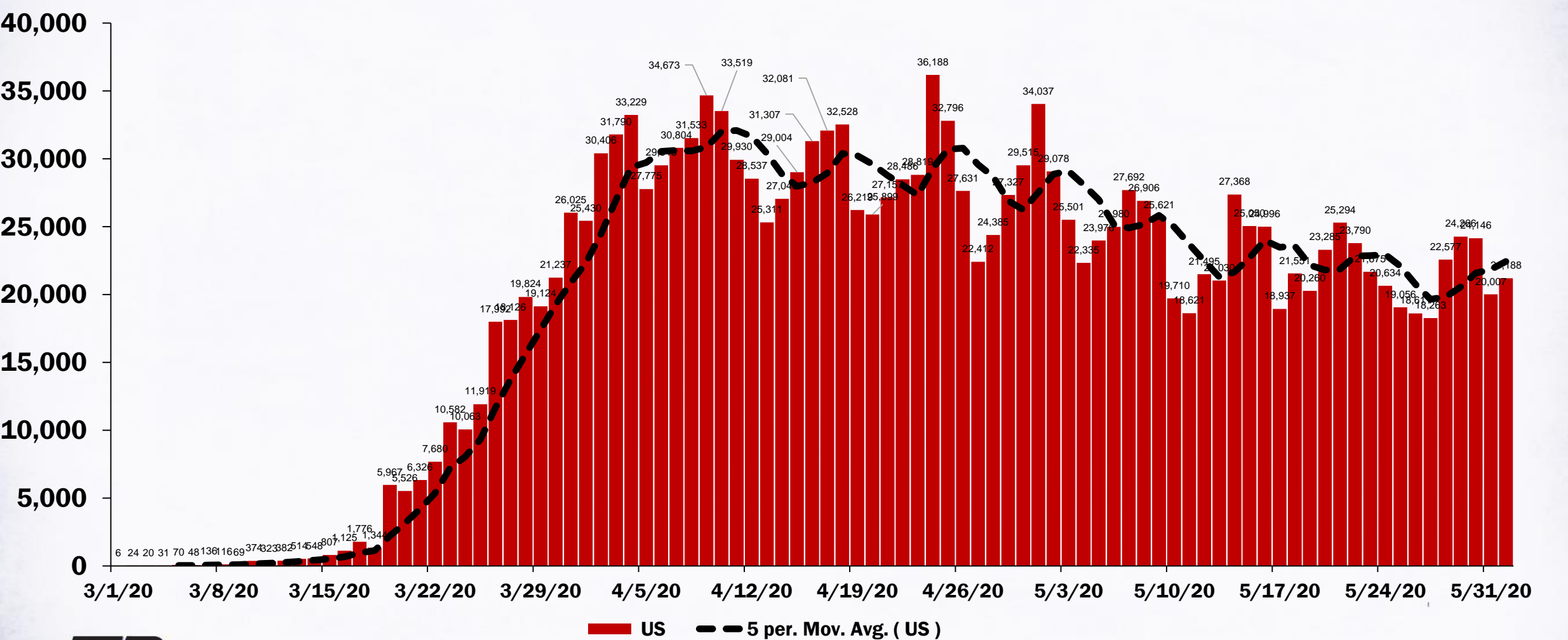
# We Were Already In The 8<sup>th</sup> Year of a Down Farm Economy

Duration Of Farm Economic Troughs



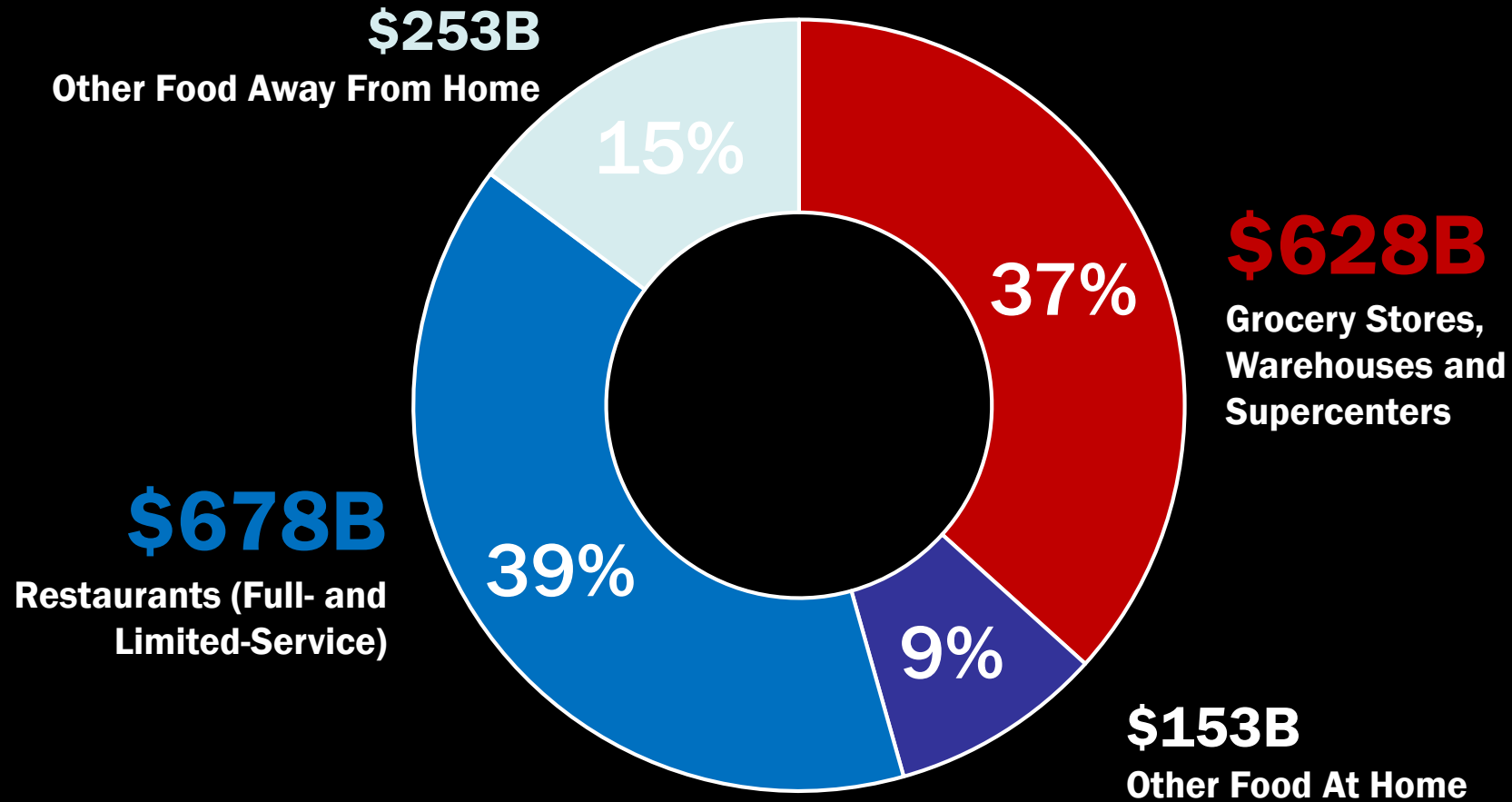
# Where Are We on the COVID-19 Curve?

Daily Change In Infected COVID-19 Cases



# Americans Spent \$1.7 Trillion in 2018 on Food

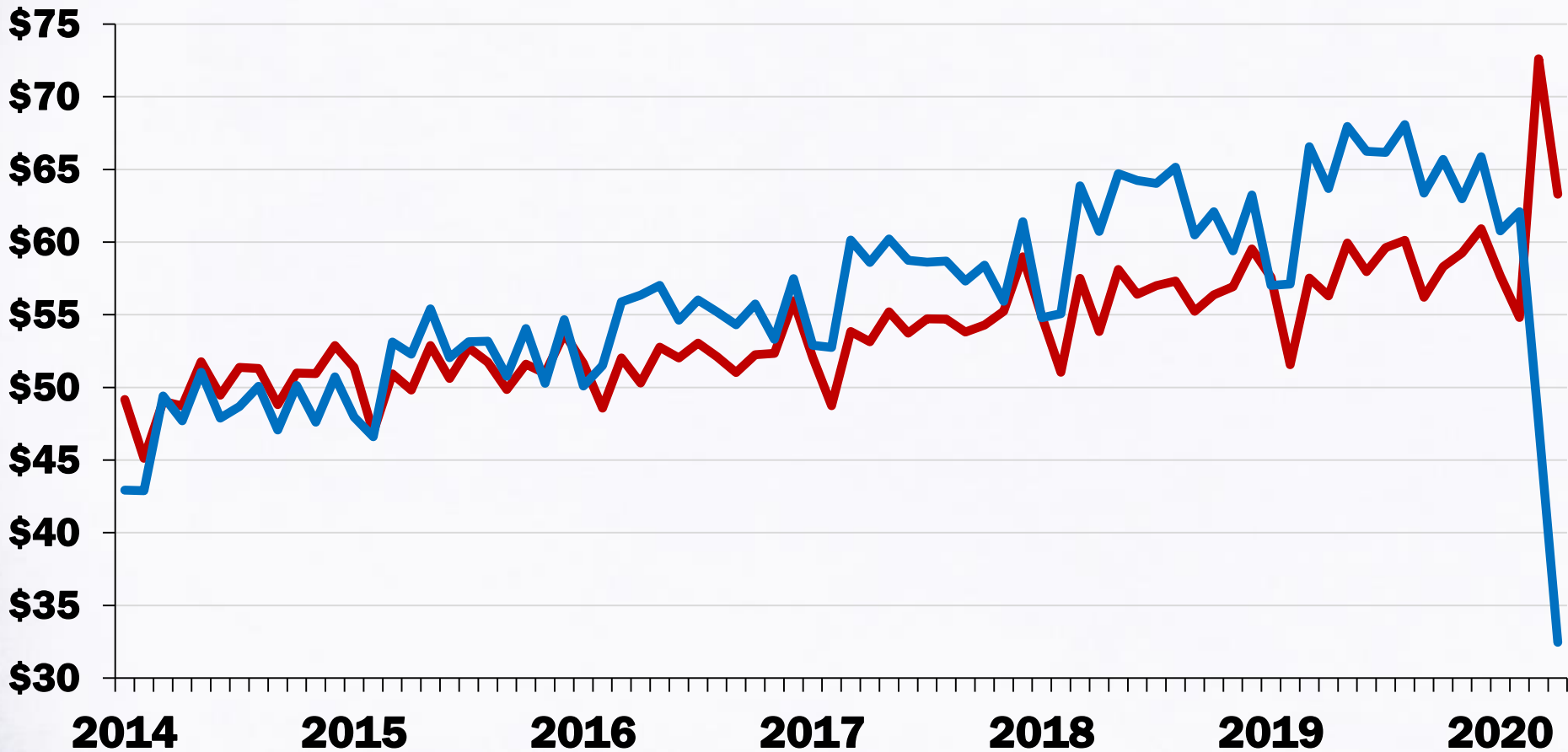
54% of Food Expenditures in 2018 Occurred Away From Home



Source: USDA ERS, Farm Bureau Calculations

# COVID-Related Changes in Expenditures in Grocery Stores and Food Service Disrupts Food Supply Chains

Billion Dollars



**\$63B**

**Grocery Stores,**  
+15% April 2020 Compared to  
February 2020

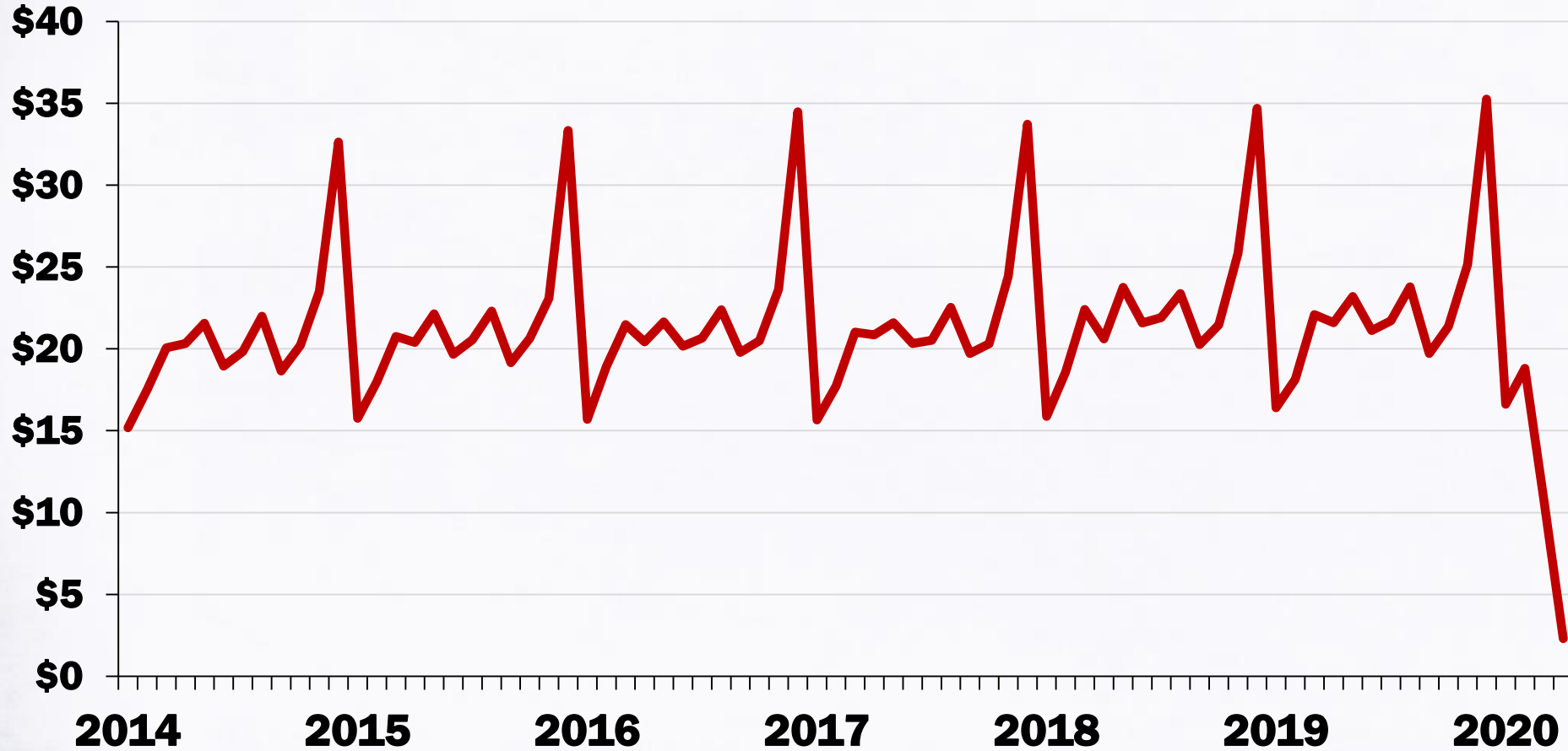
**\$32B**

**Food Service and  
Drinking,**  
-47% April 2020 Compared  
to February 2020



# In-Store Clothing Sales Have Plummeted

Billion Dollars

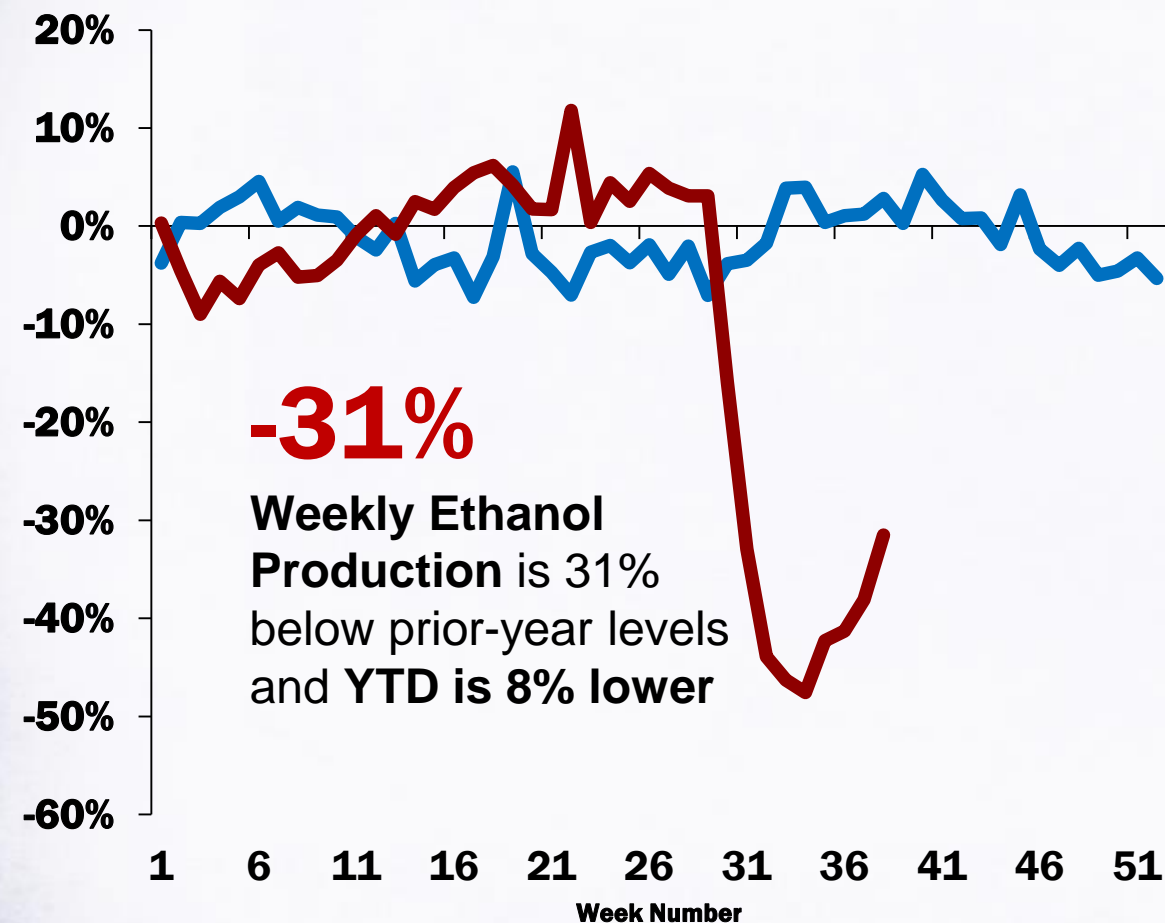


**\$2.3B**

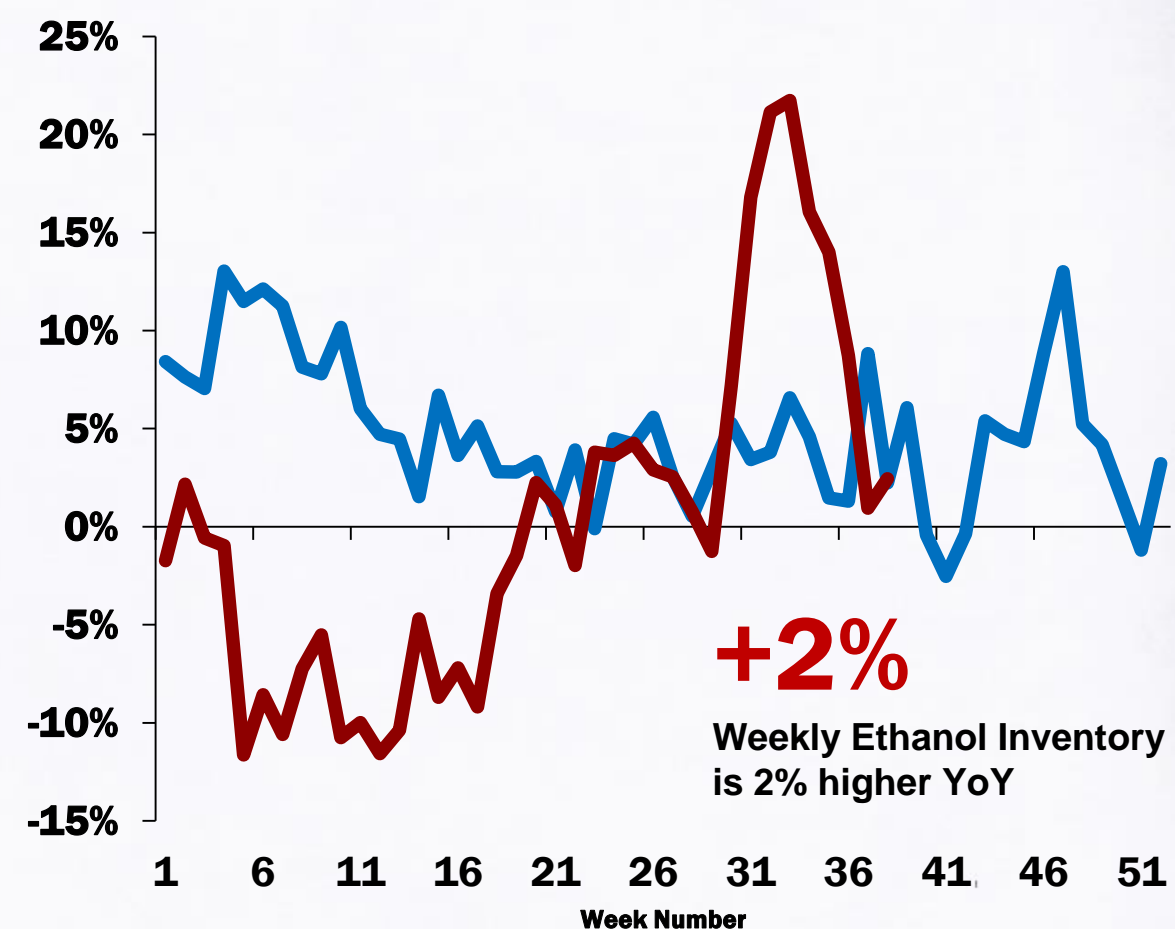
**In-Store Clothing Sales,**  
-88% April 2020 Compared to  
February 2020

# Ethanol Demand Decline Led to Lower Production and Higher Inventory, Starting to Re-Balance

YoY Change in Ethanol Production



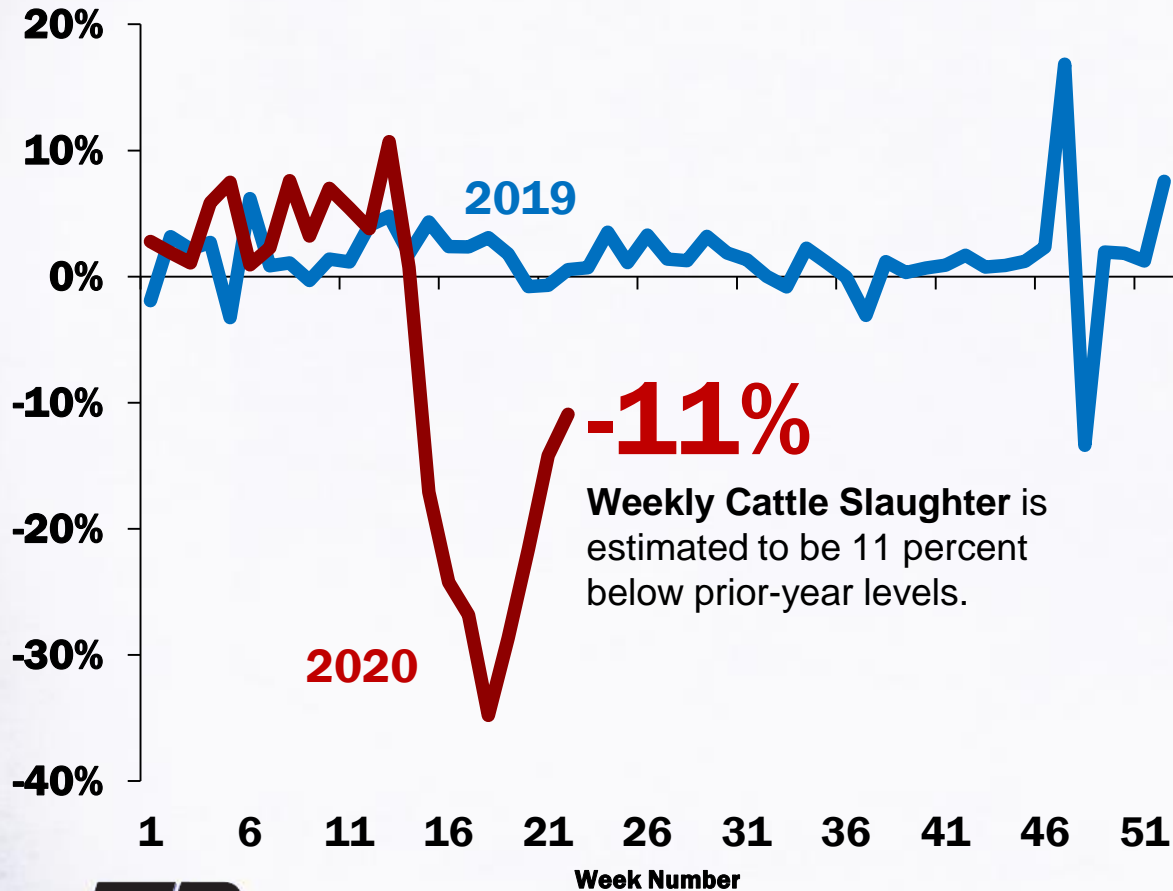
YoY Change in Ethanol Inventory



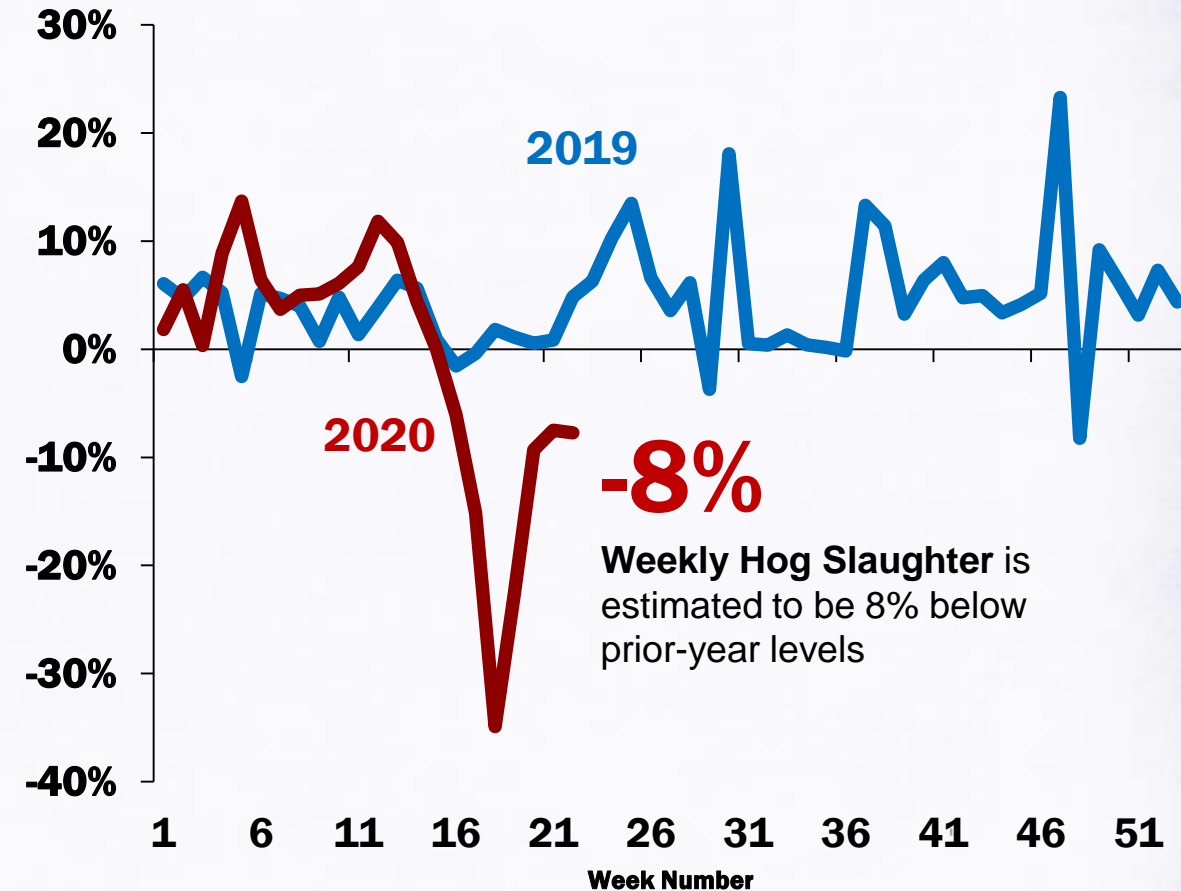


# Recovery in Cattle and Hog Processing Is Occurring, But May Not Reach Pre-COVID Capacity For Some Time

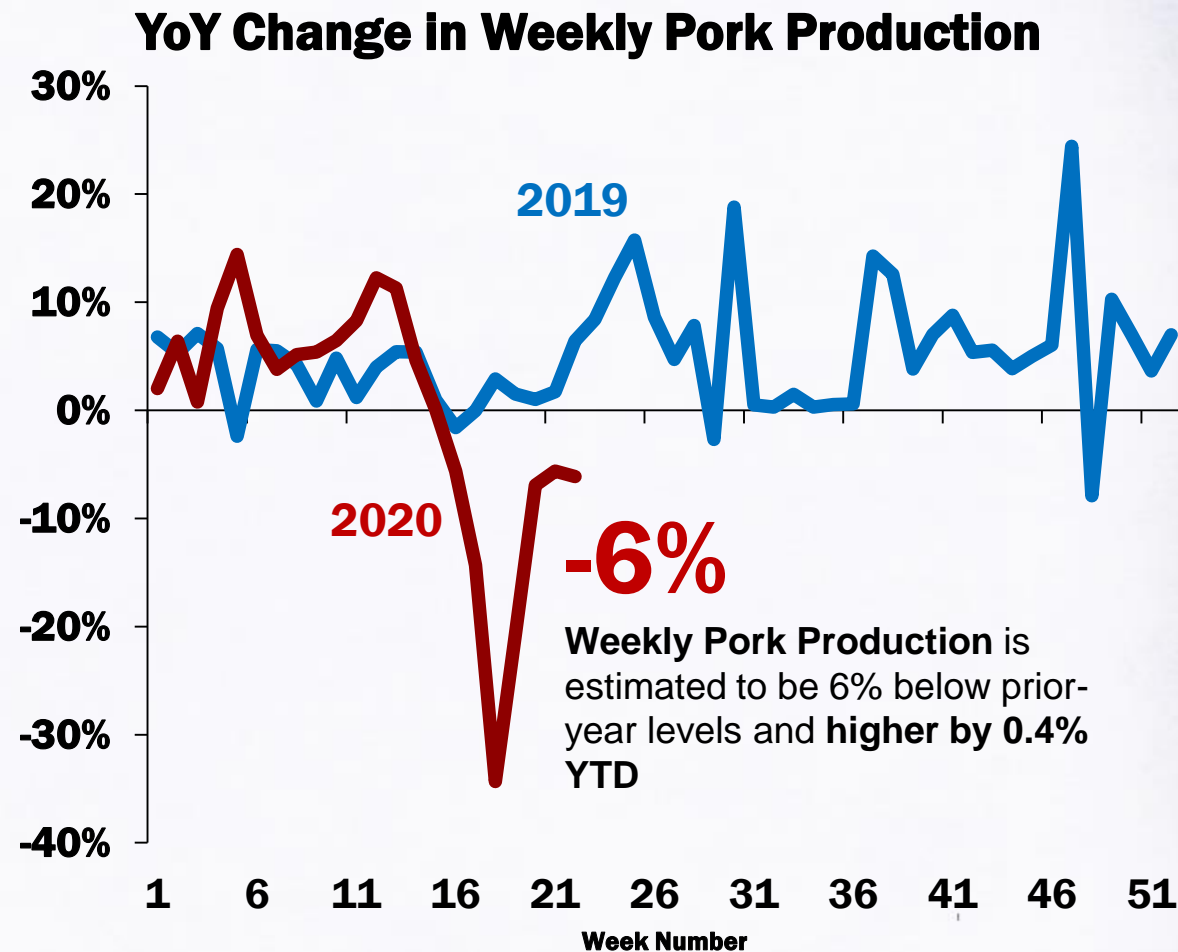
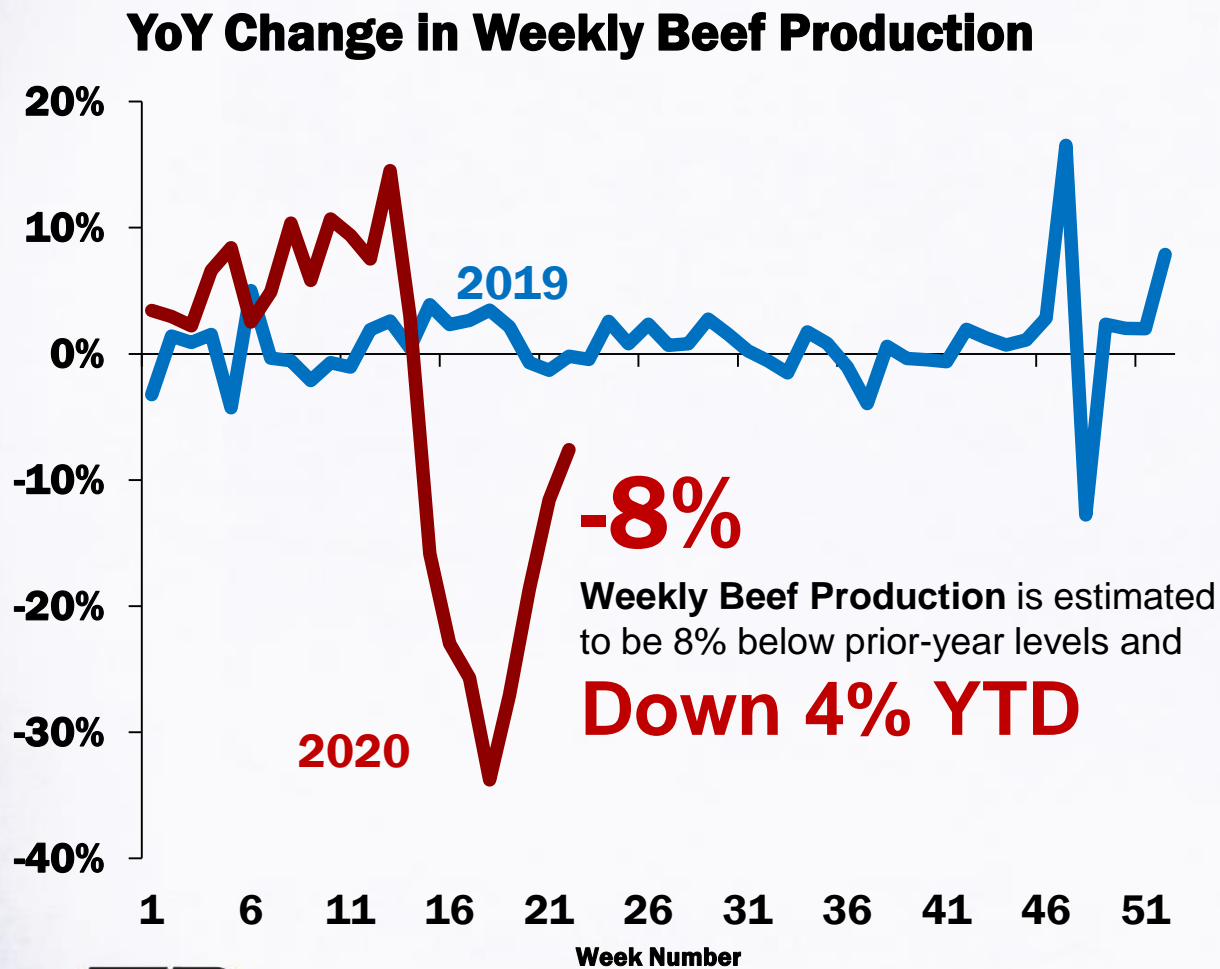
## YoY Change in Weekly Cattle Slaughter



## YoY Change in Weekly Hog Slaughter

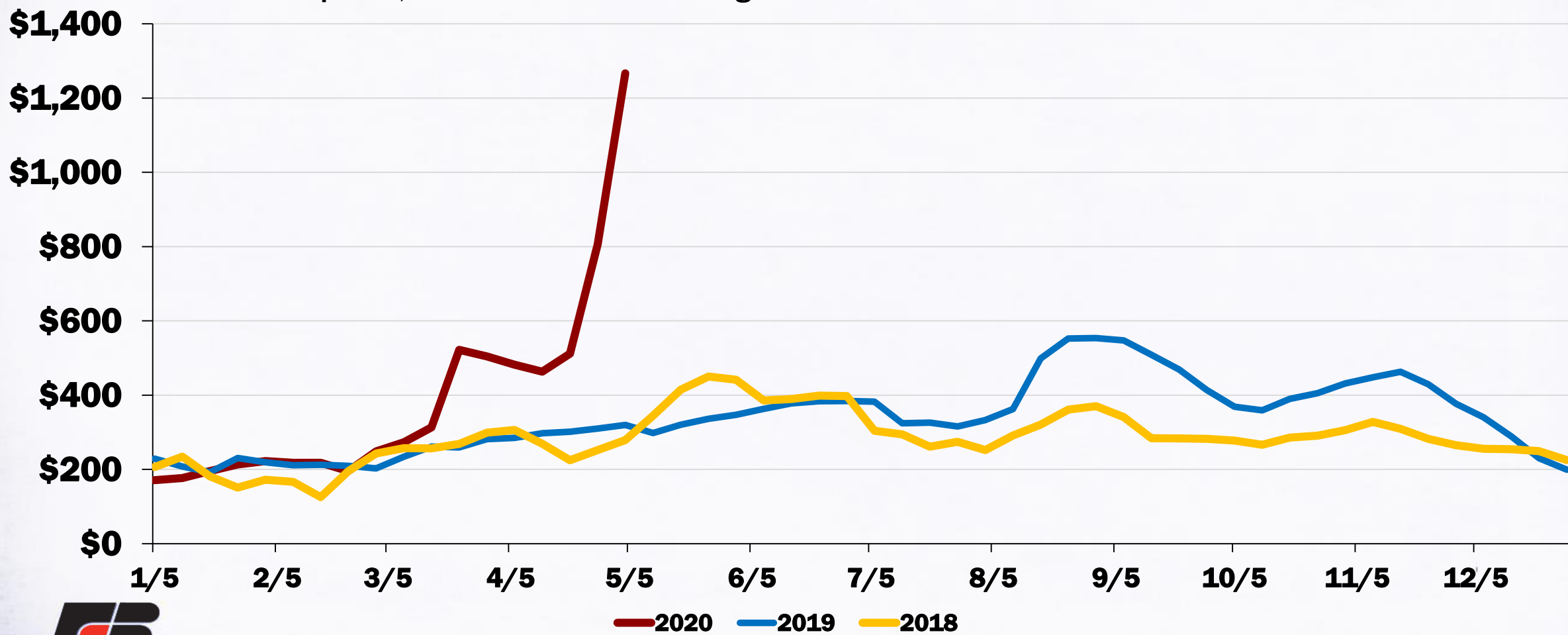


# Recovery in Beef and Pork Production Is Occurring, Year-to-Date Only Slight Below Prior-Year Levels for Beef



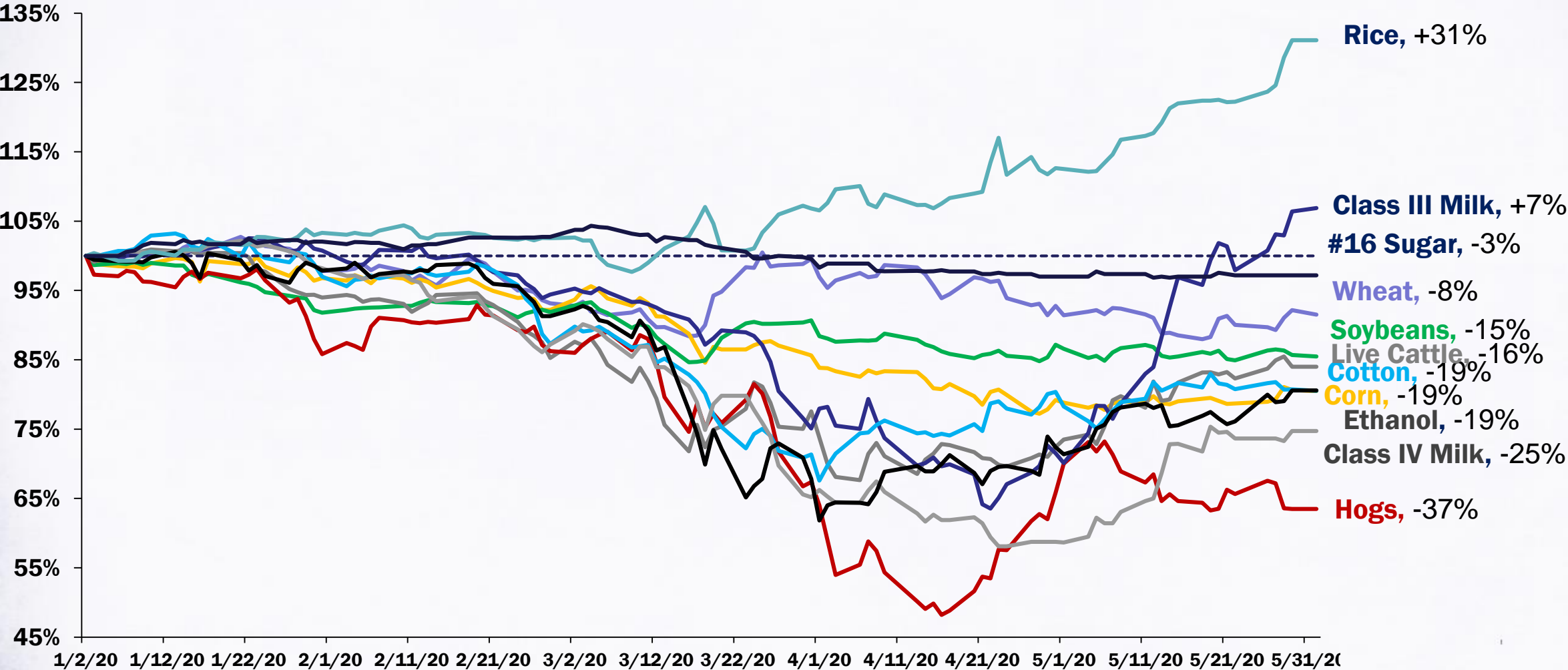
# “Packer Margin” Reached Record-High...But Add’l Packer Costs Include PPE and Lower Capacity

Cattle Live-to-Cutout Spread, Dollars Per Hundredweight

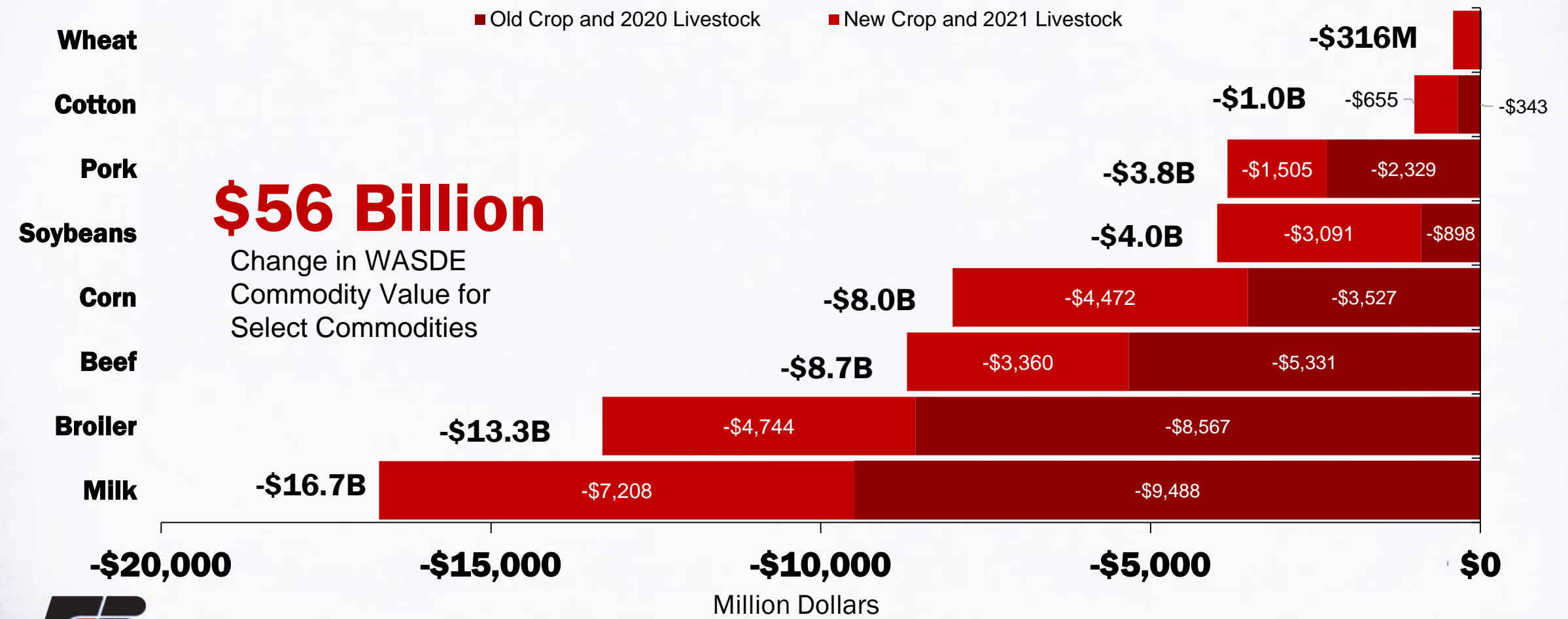


# Impact of COVID-19 on U.S. Commodity Futures Prices

Cumulative Percent Change in Price Since January

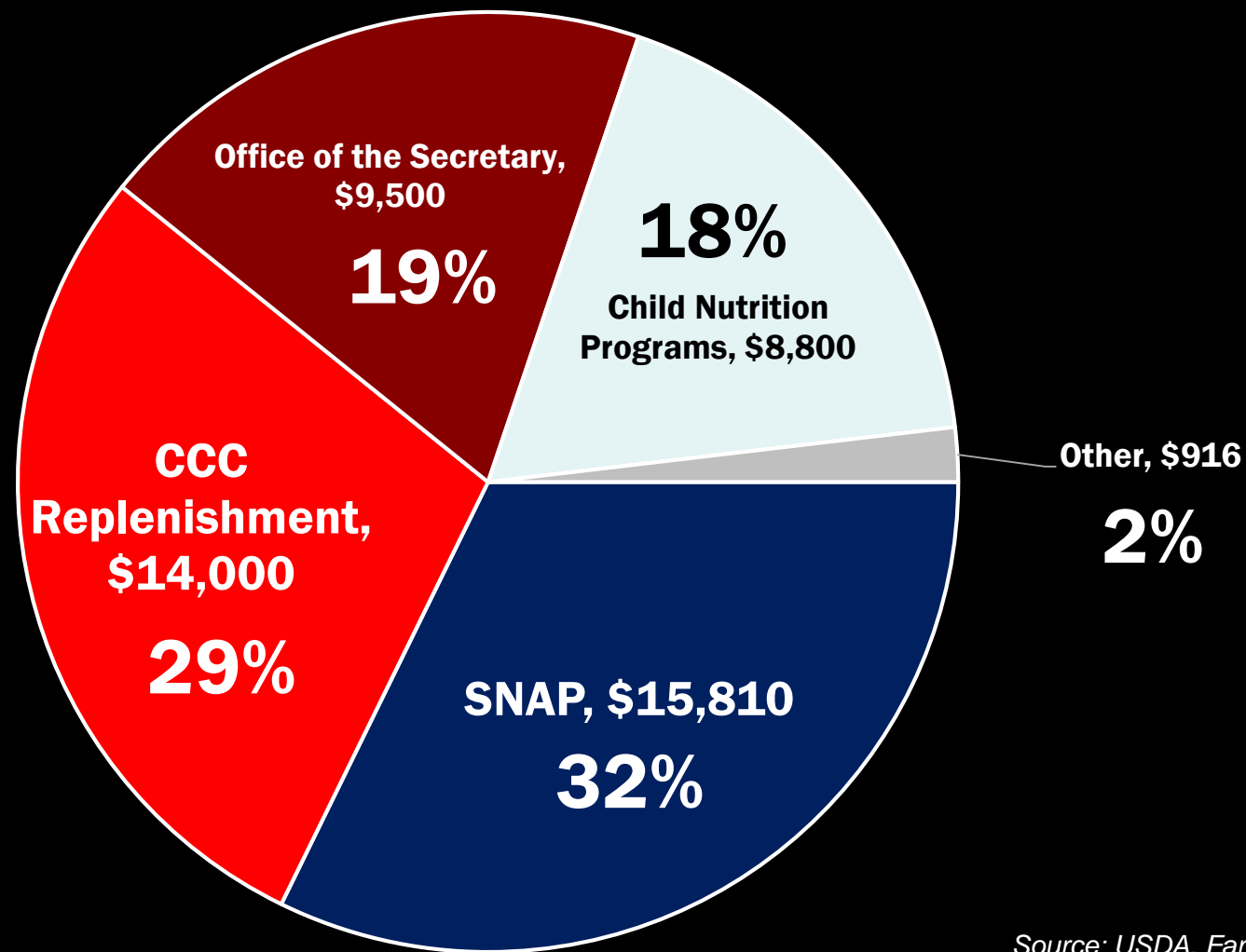


# USDA WASDE's Commodity Value Change, Before and After COVID-19



# Food and Agriculture Provisions of the CARES Rescue Package

Million Dollars

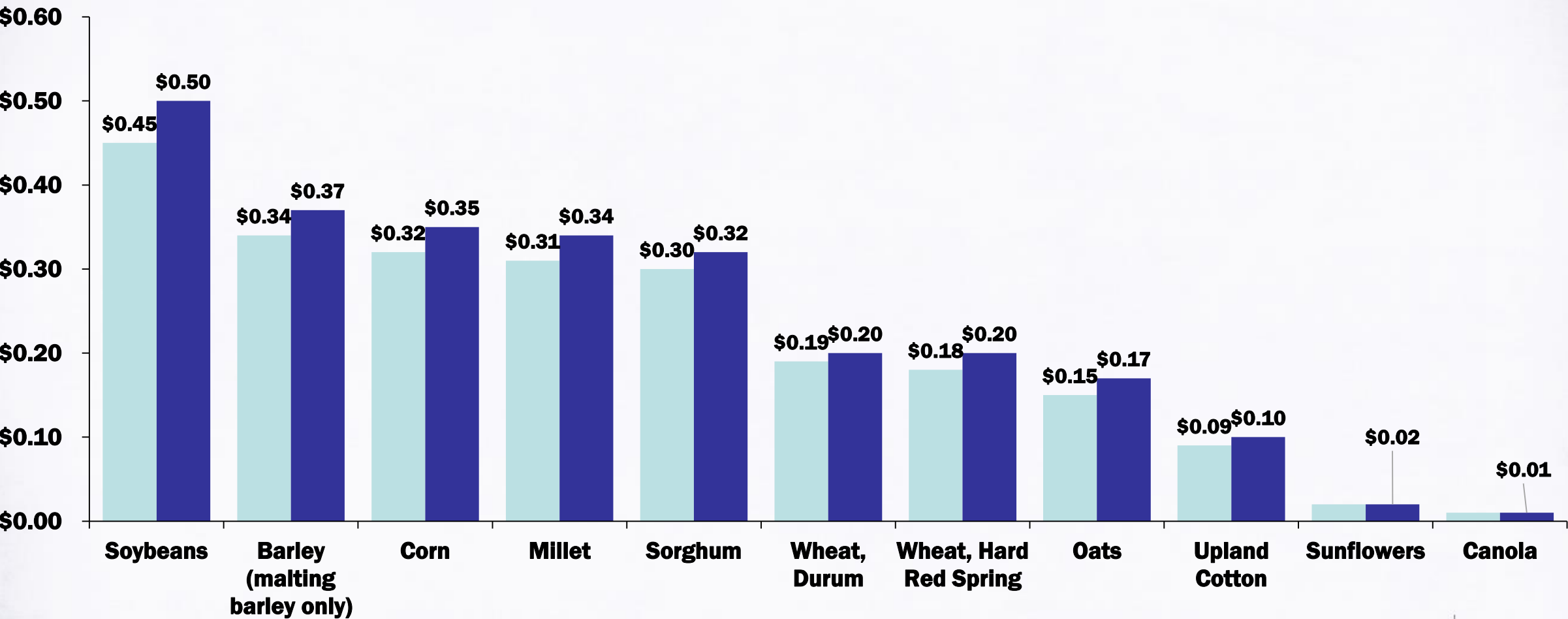


Source: USDA, Farm Bureau Calculations



# CFAP Direct Payments for Non-Specialty Crops

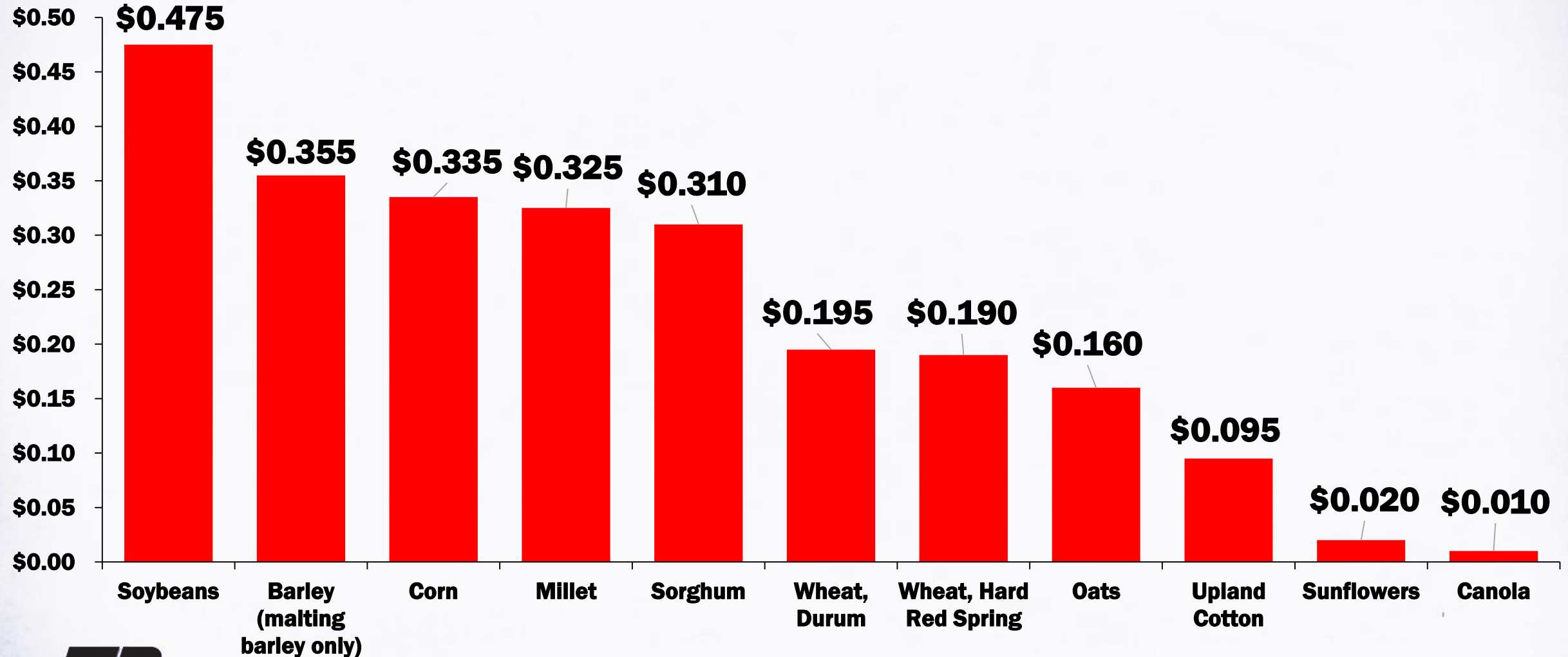
Dollars Per Bushel (all except Cotton, Canola and Sunflowers)



CARES Act Payment Rate CCC Payment Rate

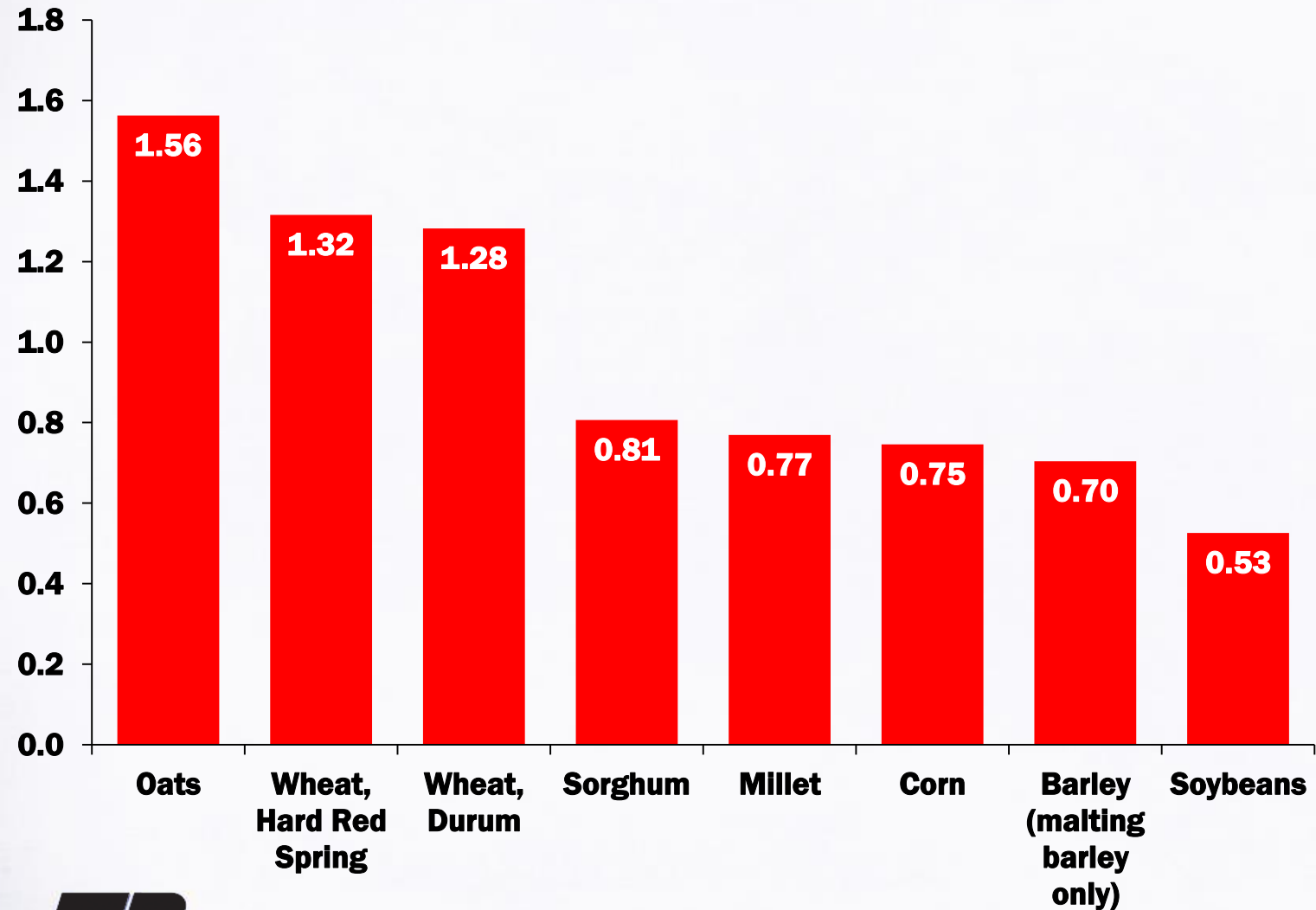
# “Blended” CFAP Direct Payments for Non-Specialty Crops

Dollars Per Bushel (all except Cotton, Canola and Sunflowers in Dollars per Pound)

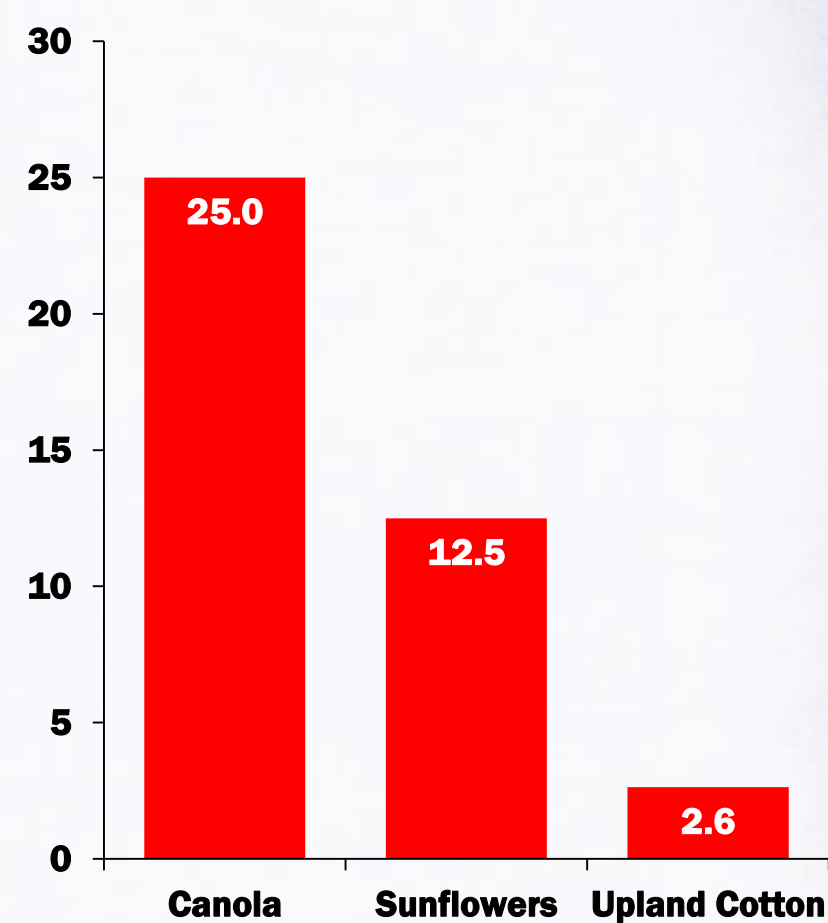


# Bushels or Pounds Needed to Reach \$250,000 Payment Cap

Million Bushels

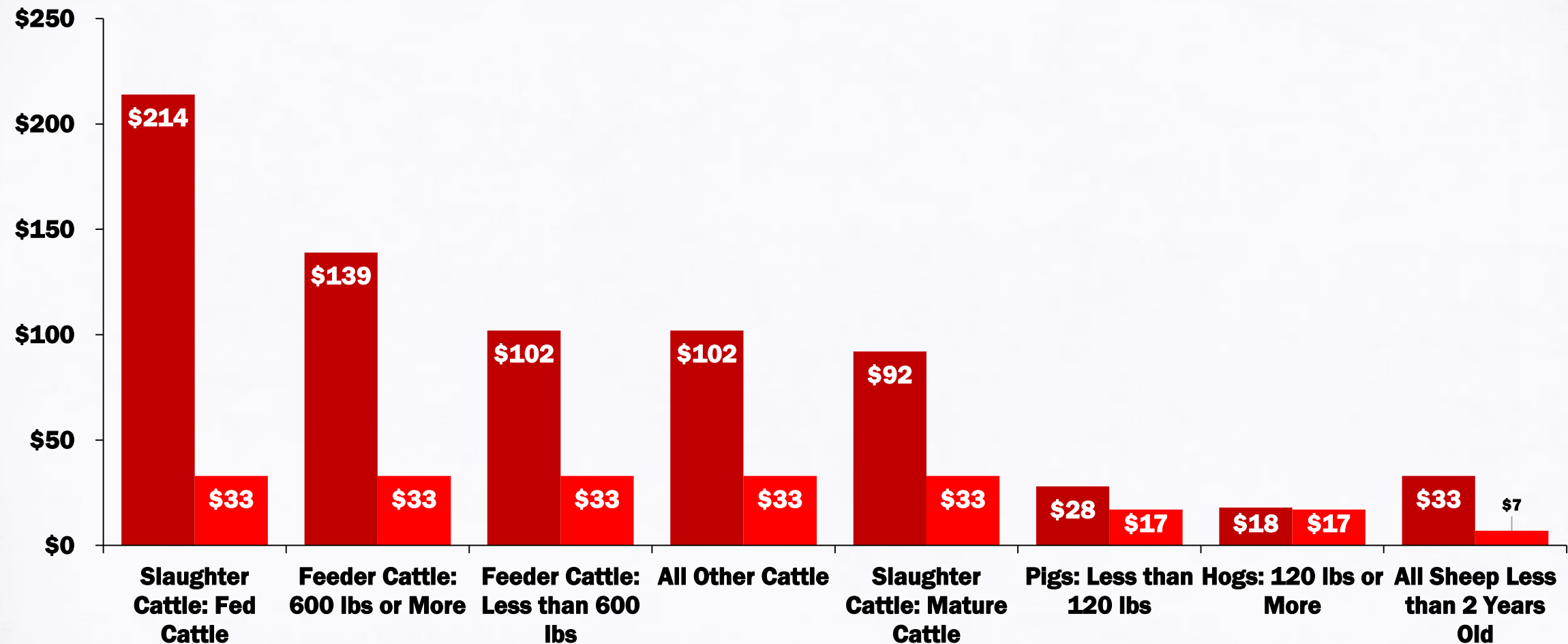


Million Pounds



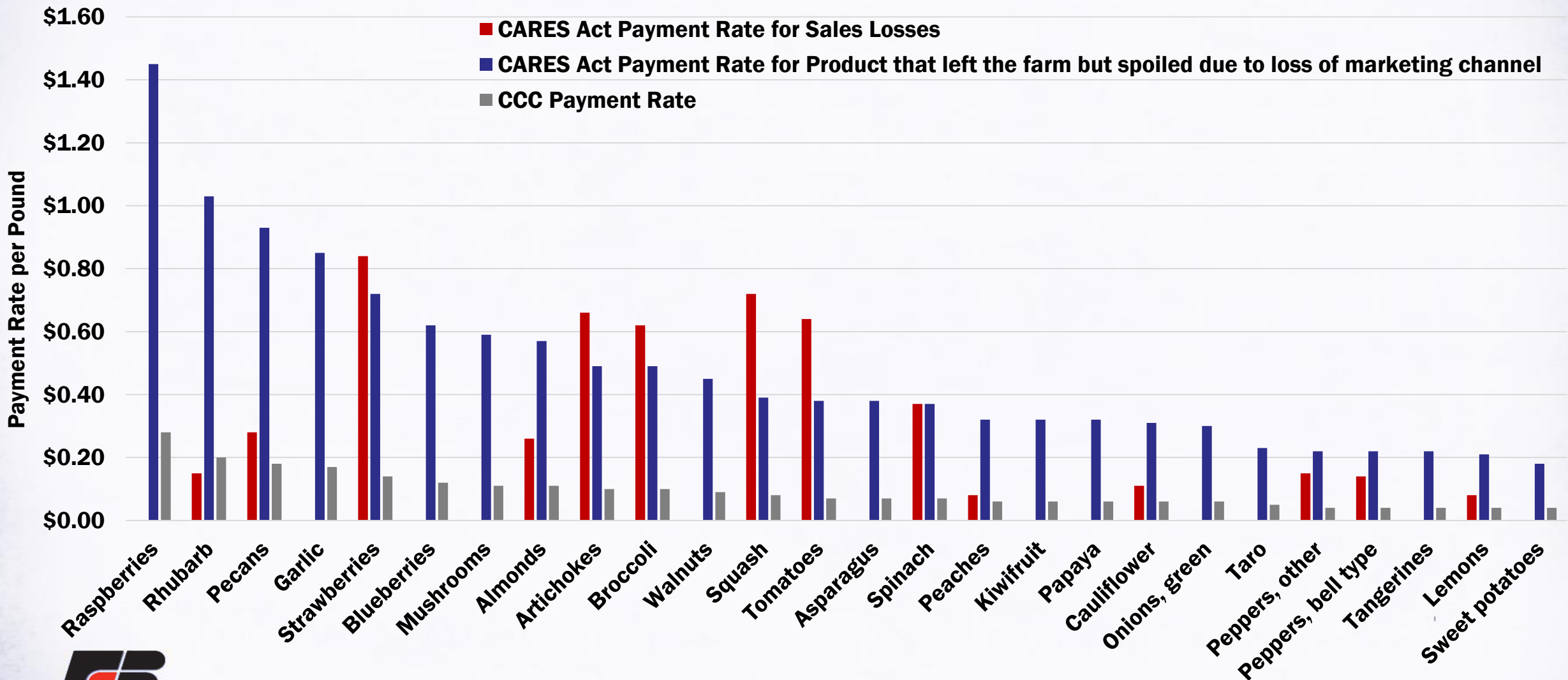
# CFAP Direct Payments for Specialty and Non-Specialty Livestock

Dollars Per Head



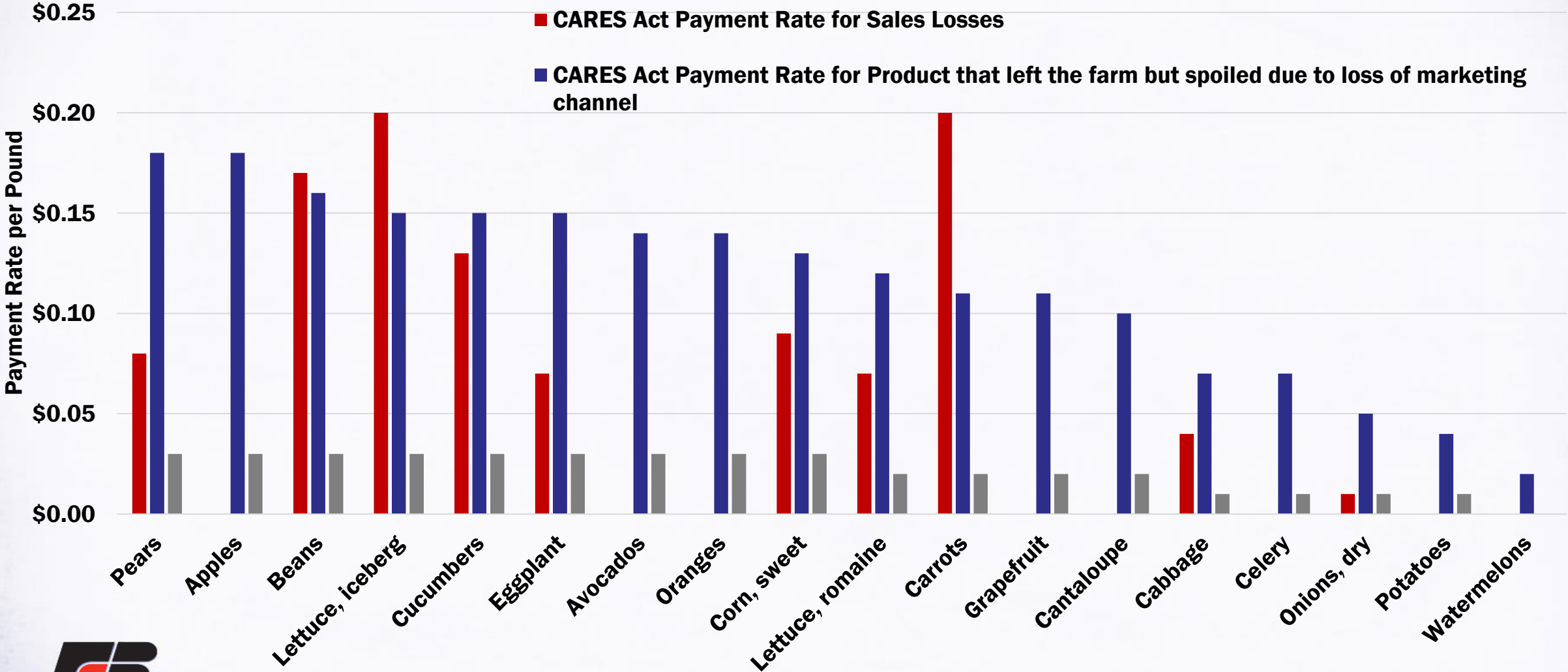
# CFAP Specialty Crop Payment Rate Based on Funding Source

Specialty crop CFAP payments listed by CARES Act Payment Rate for Product that left the farm but spoiled due to loss of marketing channel



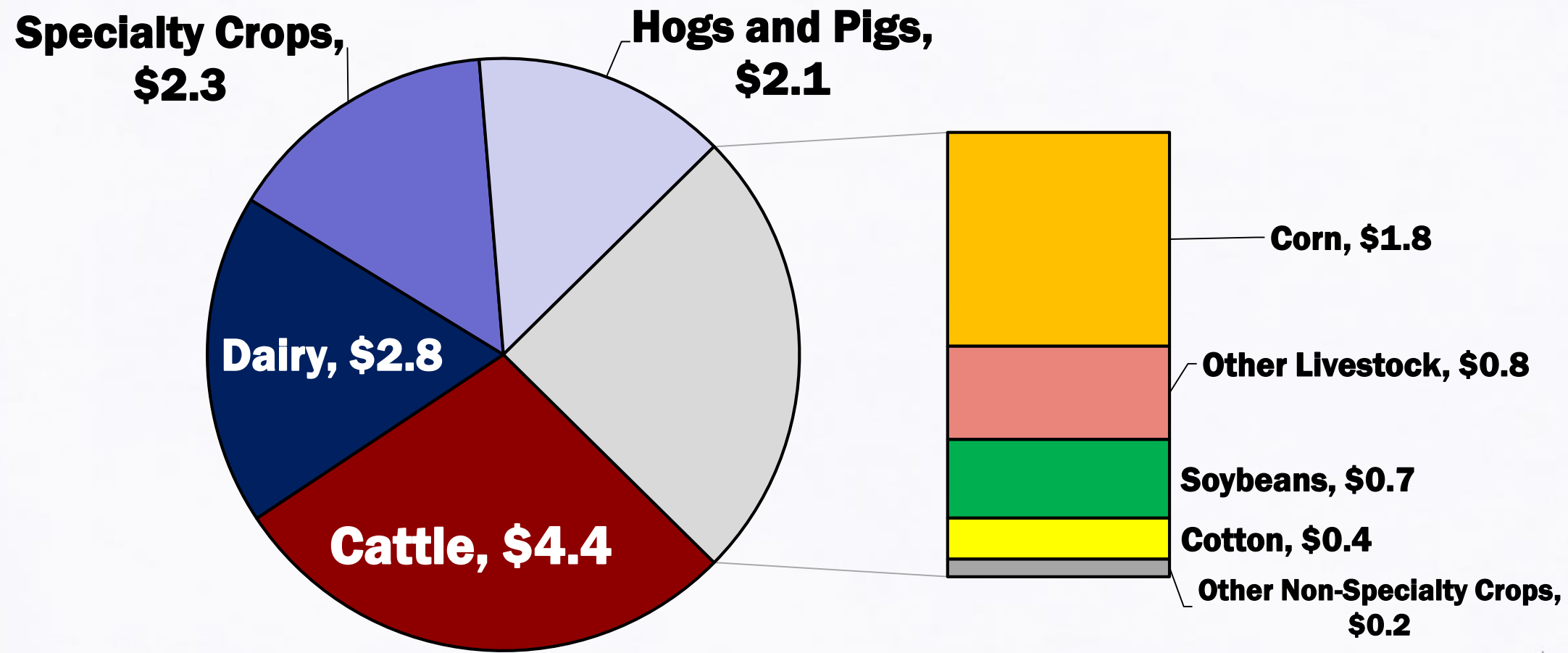
# CFAP Specialty Crop Payment Rate Based on Funding Source

Continued specialty crop CFAP payments listed by CARES Act Payment Rate for Product that left the farm but spoiled due to loss of marketing channel



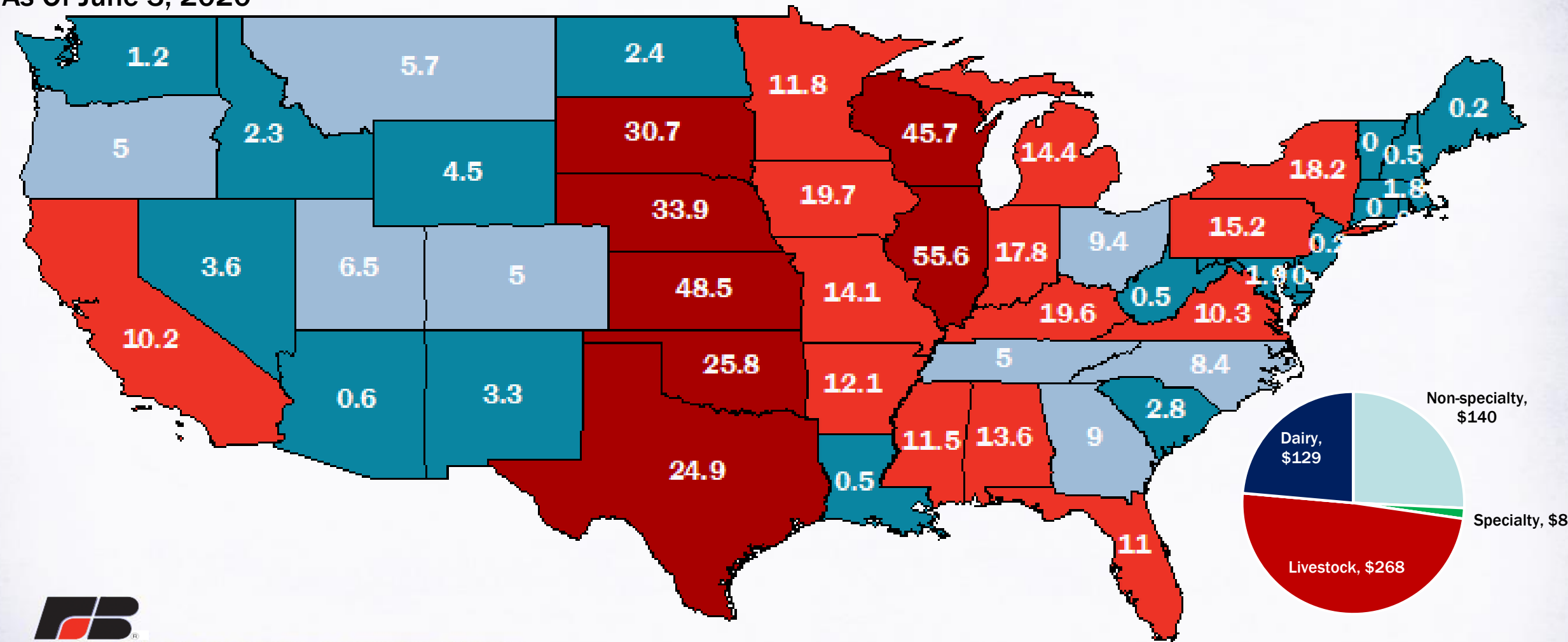


# CFAP Estimated Ceiling for Initial Tranche, 80% of Estimated Gross Payments (in billion \$)



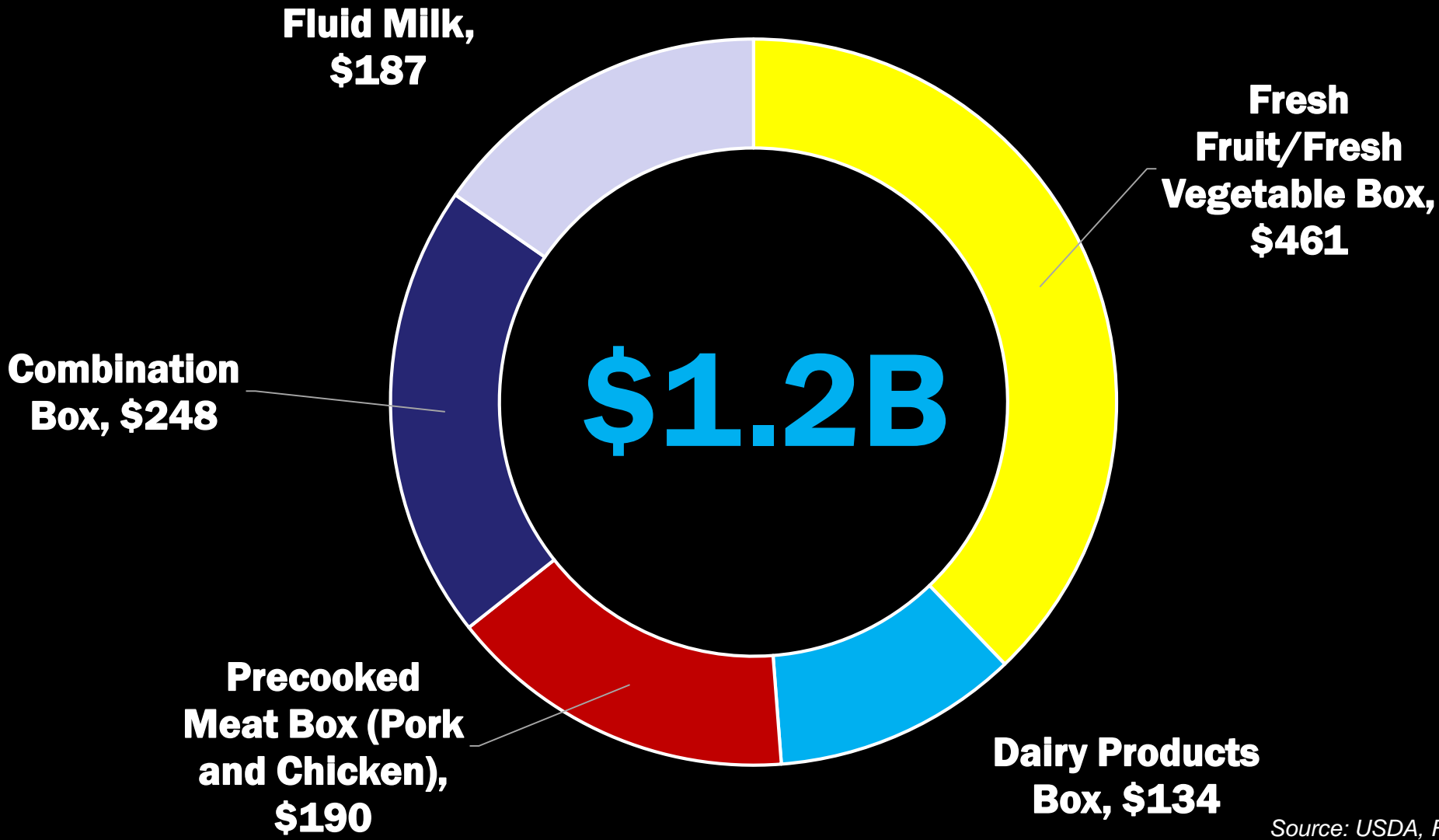
# \$545 Million in Coronavirus Food Assistance Program Direct Payments

As Of June 3, 2020



# FARMERS TO FAMILIES FOOD BOX PROGRAM

Million Dollars



Source: USDA, Farm Bureau Calculations

# Chapter 12 Farm Bankruptcies By Region, 627 Filings, U.S. +23%

12-Month Period Ending in March 2020

**Northwest, 46 Filings**

**+109%**

**Midwest, 316 Filings**

**+42%**

**Northeast, 19 Filings**

**-24%**

**Mid-Atlantic, 54 Filings**

**-4%**

**West, 26 Filings**

**+44%**

**Southwest, 37 Filings**

**-16%**

**Southeast, 117 Filings**

**+15%**

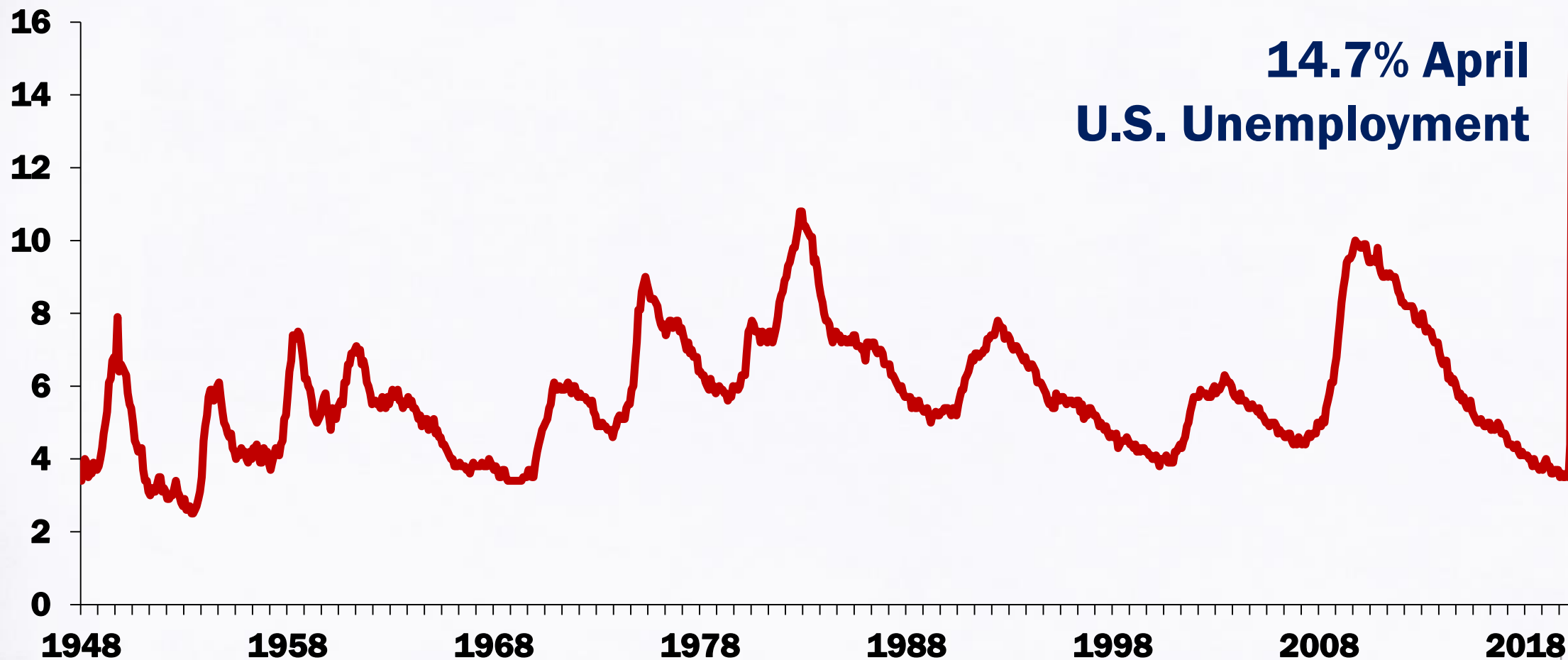
**Puerto Rico 11 Filings**

**-42%**

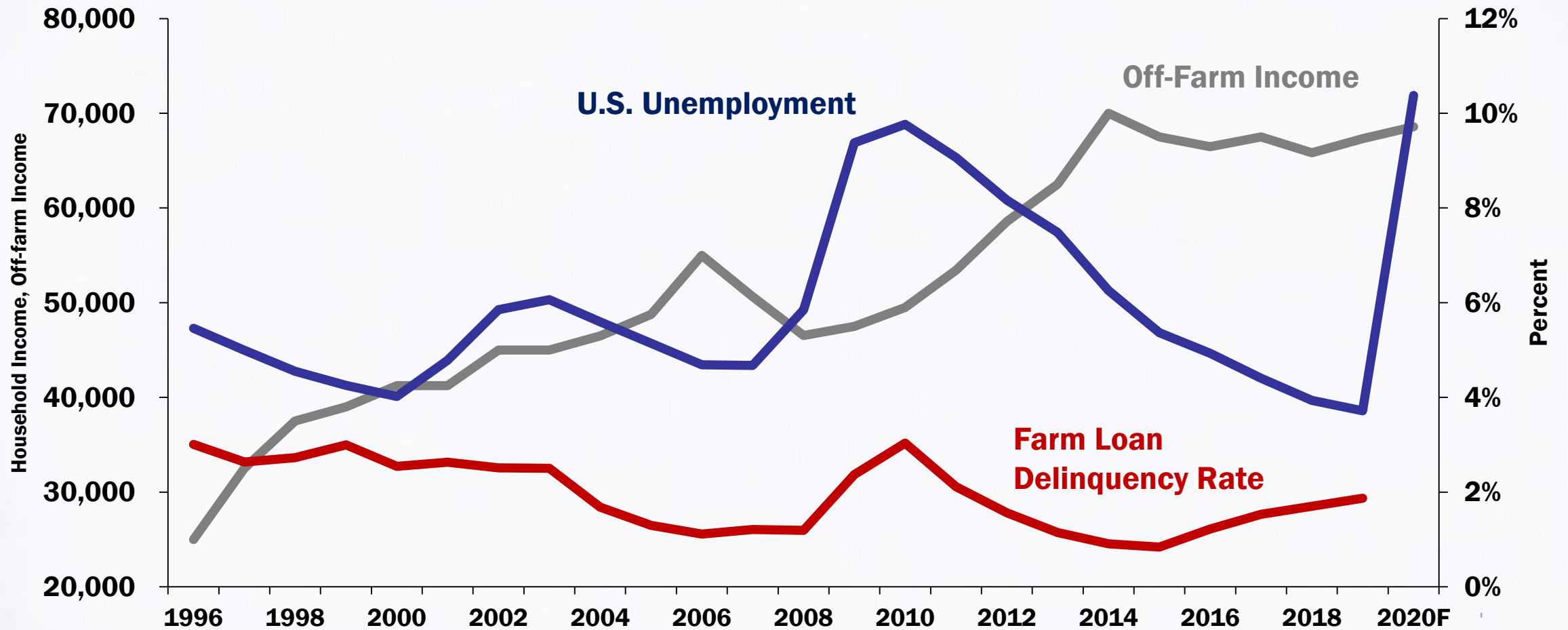


Source: U.S. Courts, Farm Bureau Calculations

# U.S. Unemployment Now At Depression-Era Levels

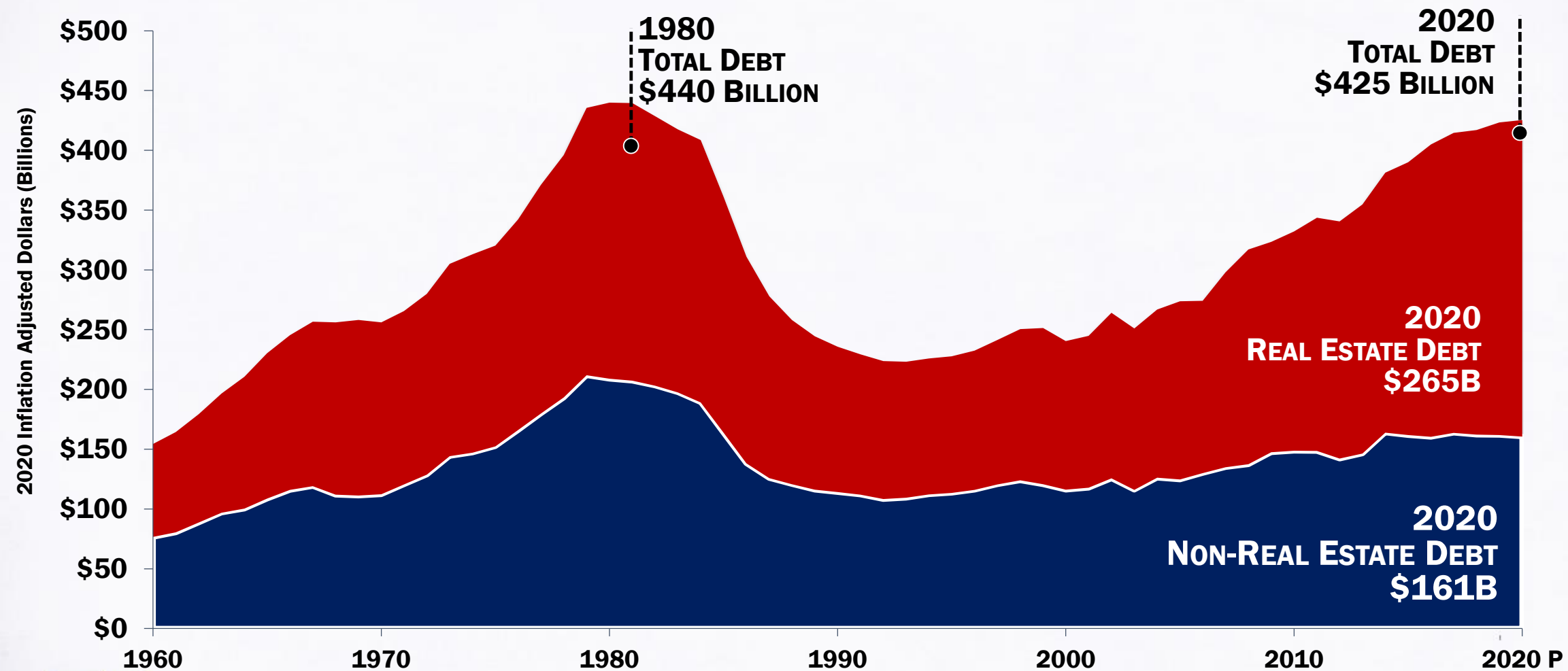


# U.S. Unemployment, Off-Farm Income and Loan Delinquency



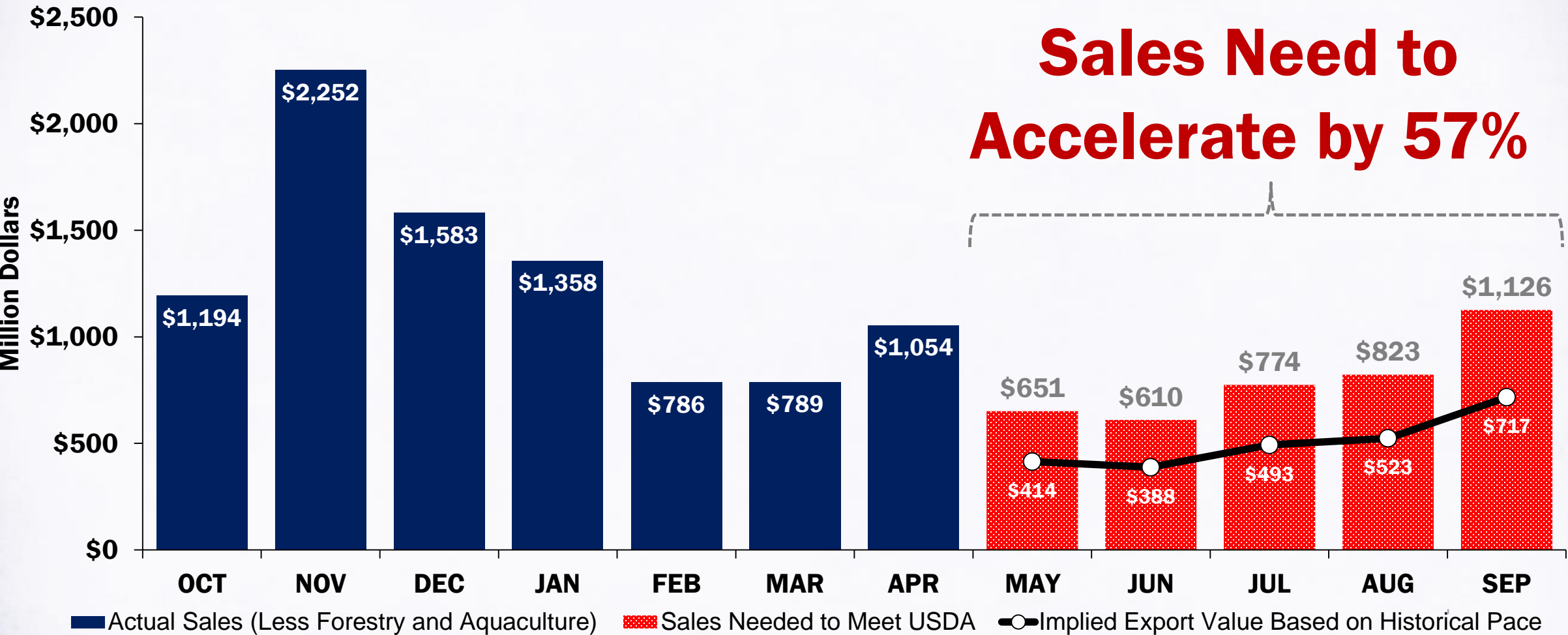


# Total Farm Debt at \$425B & Real Estate Debt Rose to A Record-High \$265B, +\$3B, in Inflation-Adjusted Dollars



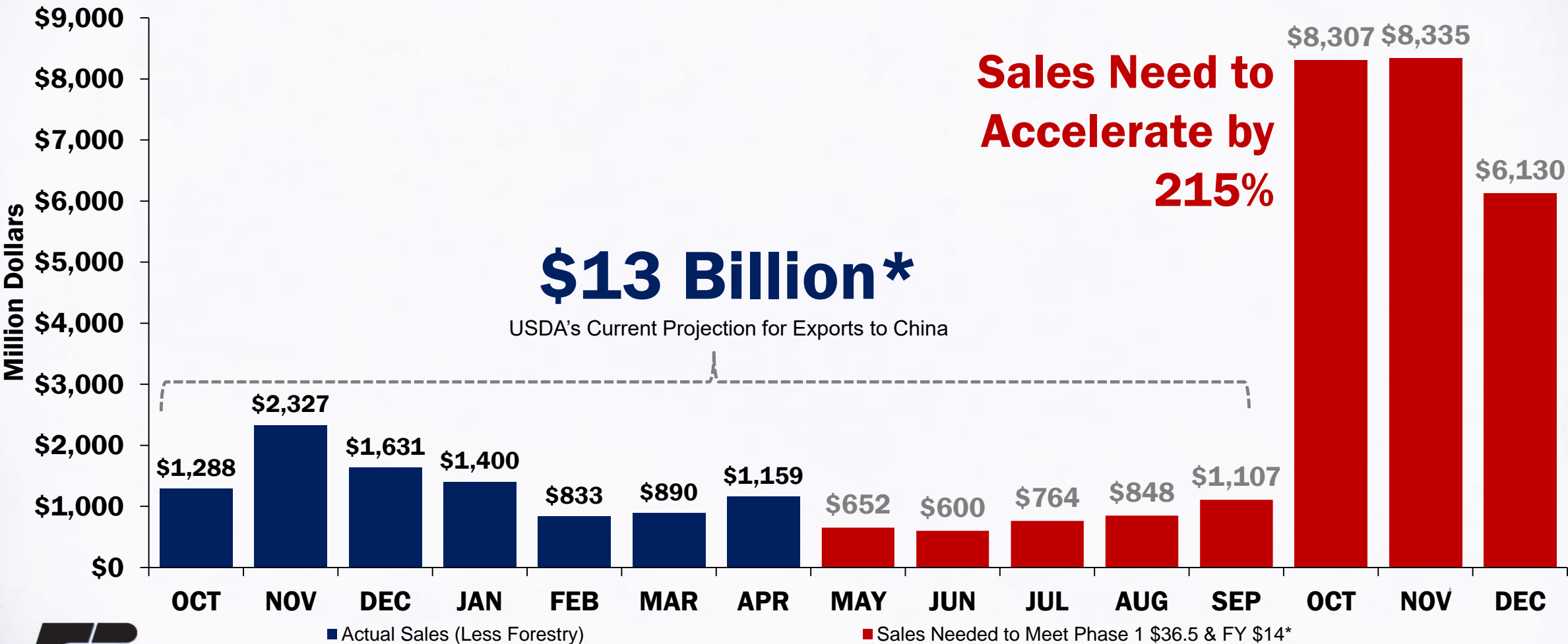
# China Phase 1: Sales Pace Needed to Reach \$13 Billion

Actual Sales to China, Implied Export Value Based on Historical Pace, and Sales Needed to Meet USDA Forecast



# Ag Sales Pace Needed to Reach \$36.5 Billion Phase 1\*

Actual Sales to China, Implied Export Value Based on Historical Pace, and Sales Needed to Meet USDA Forecast and Phase 1 Commitment





AMERICAN FARM BUREAU FEDERATION®

**MarketIntel**

For the Latest  
Agricultural Market Intelligence

[www.fb.org/marketintel](http://www.fb.org/marketintel)