

farmdocDAILY LIVE | Coronavirus and Ag

The Impact of the Coronavirus Pandemic on Food Prices and Retail Food Sector



Scott Irwin



Jayson L. Lusk



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No Audio on computer

- Ensure computer audio is selected and check output device
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Housekeeping

- Handout available via GoToWebinar control panel
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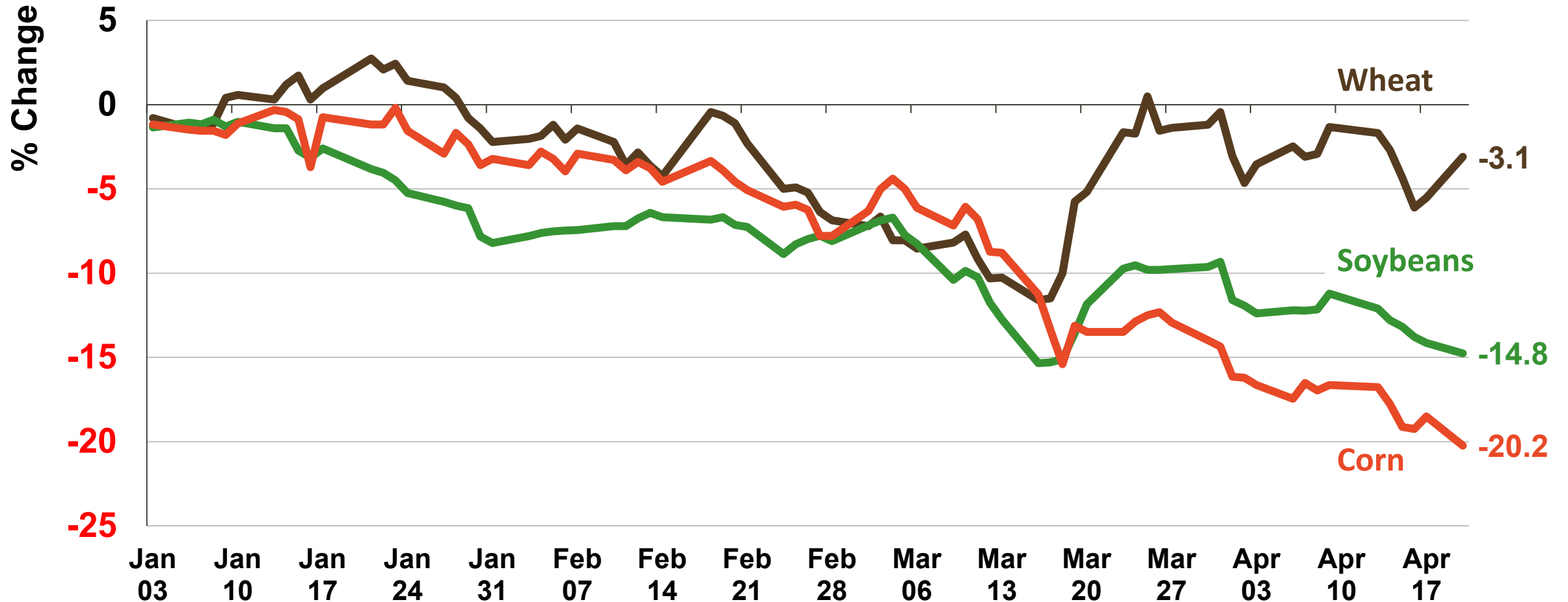
Scott H. Irwin

Laurence J. Norton Chair of Agricultural Marketing

farmdoc

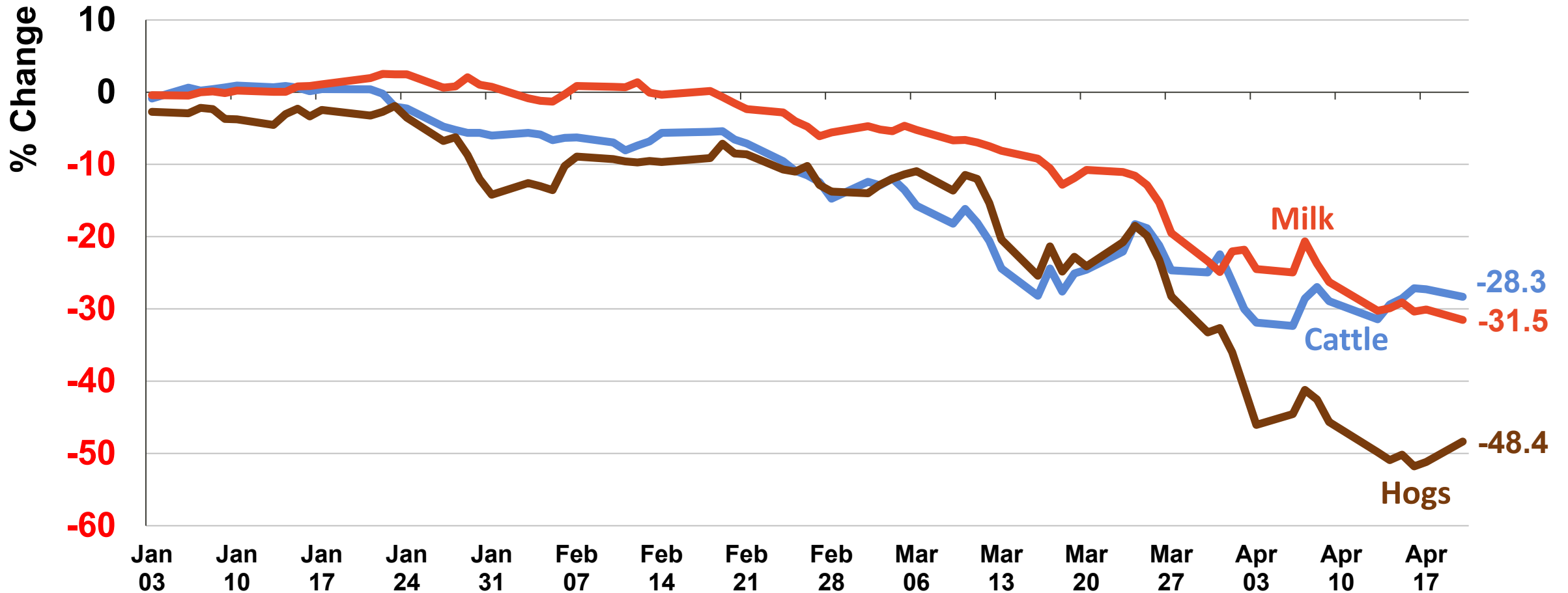
Change in Grain Futures Prices

Since the Beginning of 2020 (thru 04/20/2020)



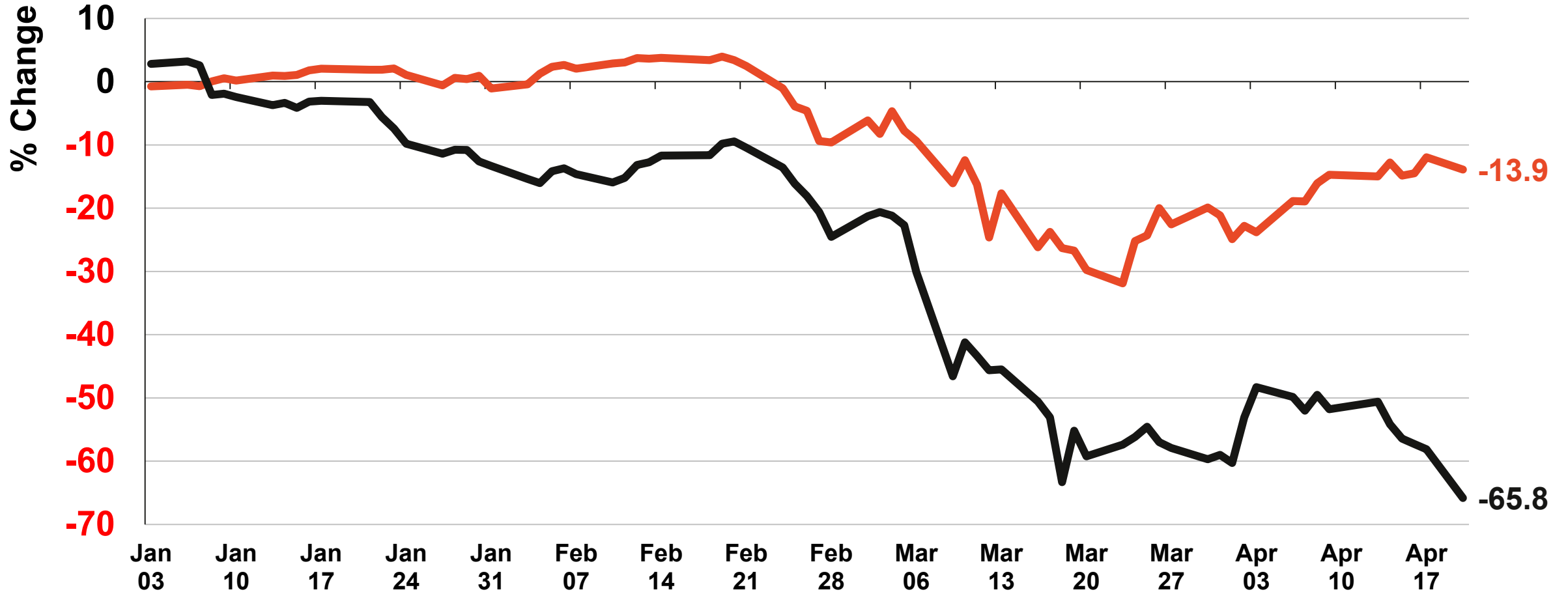
Change in Livestock Futures Prices

Since the Beginning of 2020 (thru 04/20/2020)



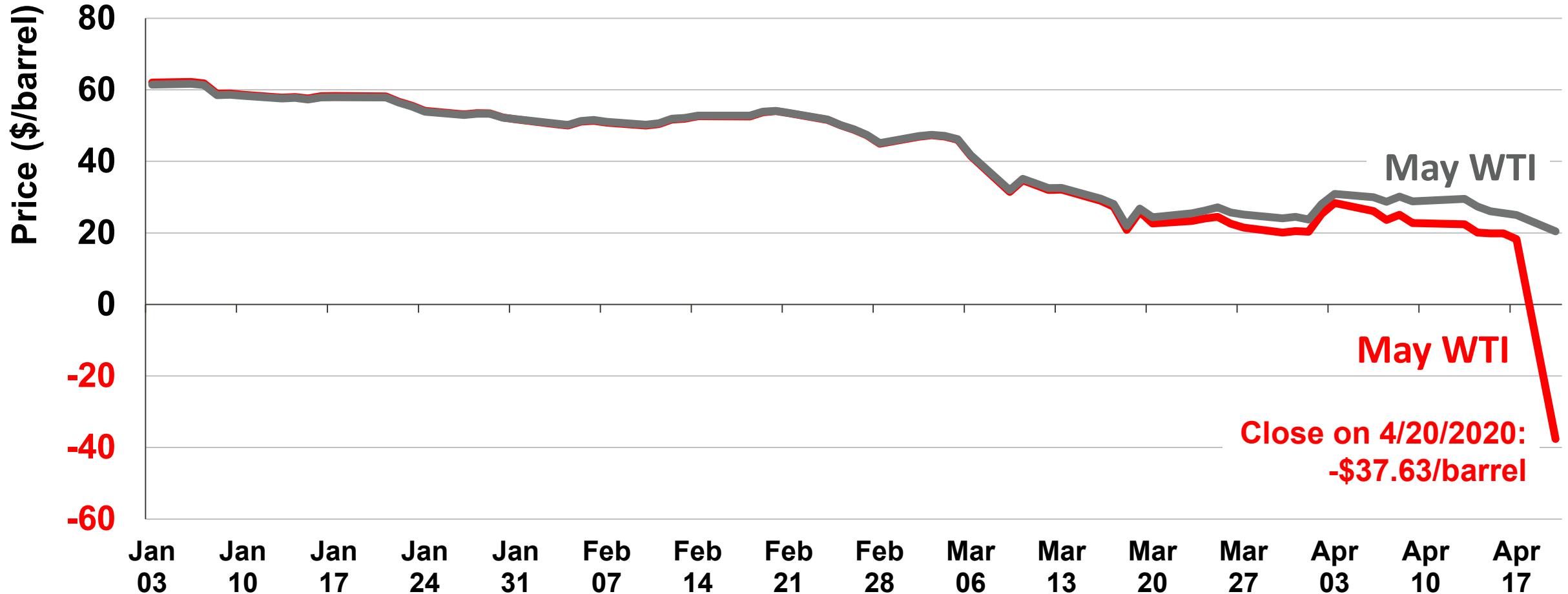
Change in Stock Market and Crude Oil Futures Prices

Since the Beginning of 2020 (thru 04/20/2020)



Price of May and June WTI Crude Oil Futures

Since the Beginning of 2020 (thru 04/20/2020)



In my local area, food items most frequently unavailable at grocery stores are:

- Meat
- Milk
- Eggs
- Fresh vegetables
- Bread

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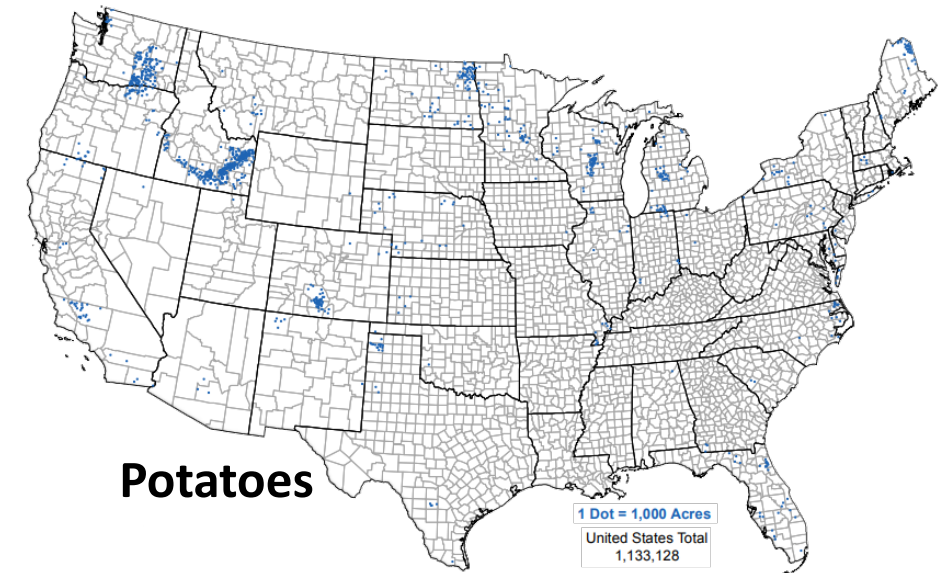
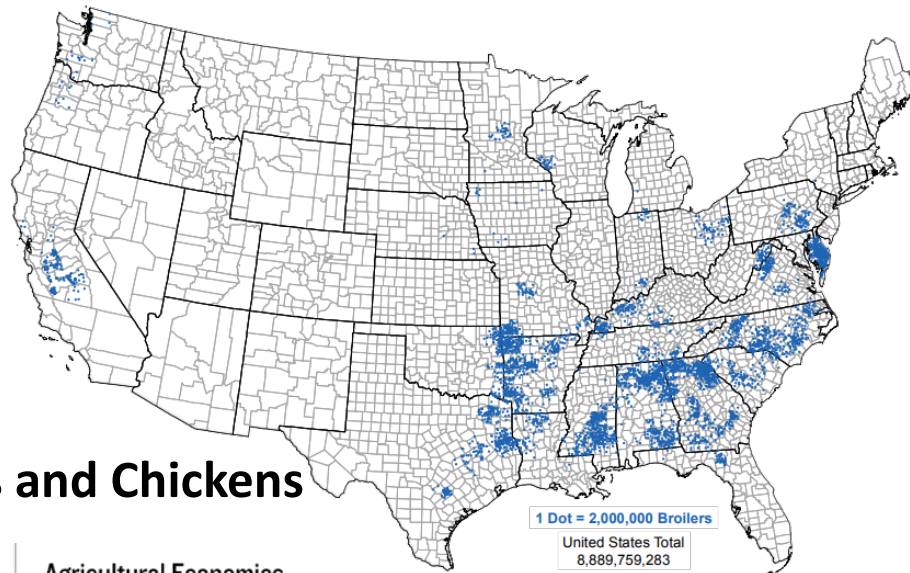
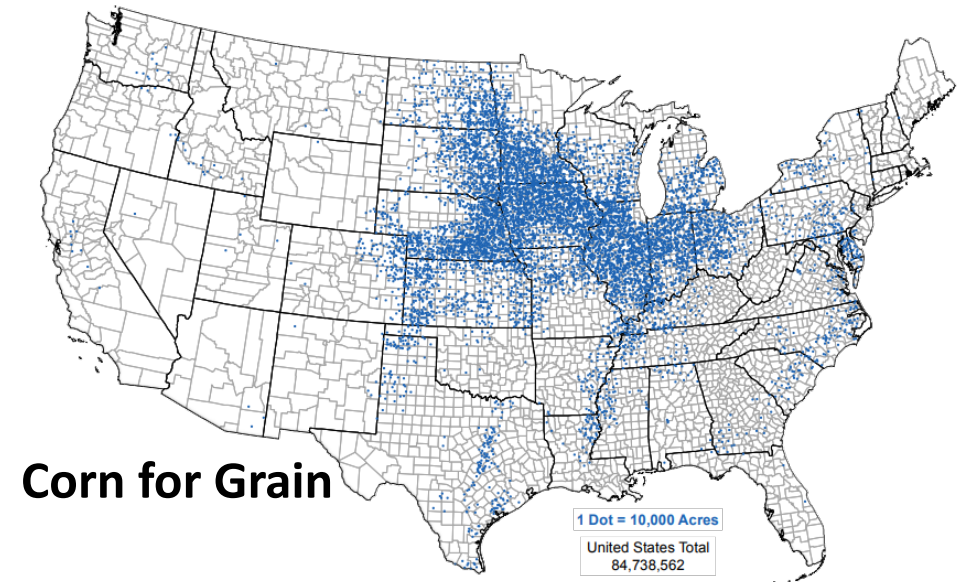
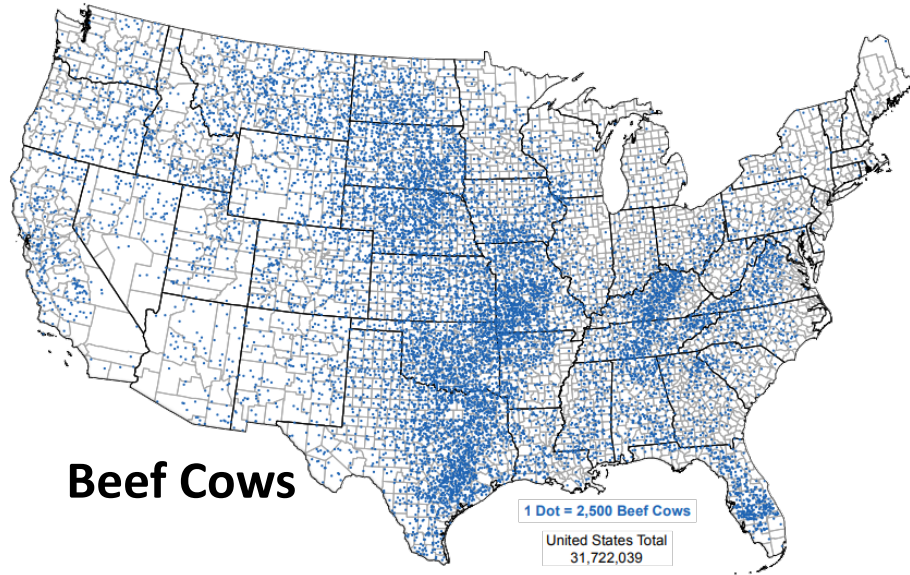
Distinguished Professor and Head
jlusk@purdue.edu
www.jaysonlusk.com
[@JaysonLusk](https://twitter.com/JaysonLusk)



An aerial photograph showing a long, winding line of cars and trucks at a drive-through food bank distribution center. The vehicles are parked in neat rows on a paved lot. In the background, there are several large white tents and more vehicles, including semi-trucks. A few people in high-visibility vests are visible walking between the lines of cars. The overall scene depicts a busy day of food distribution.

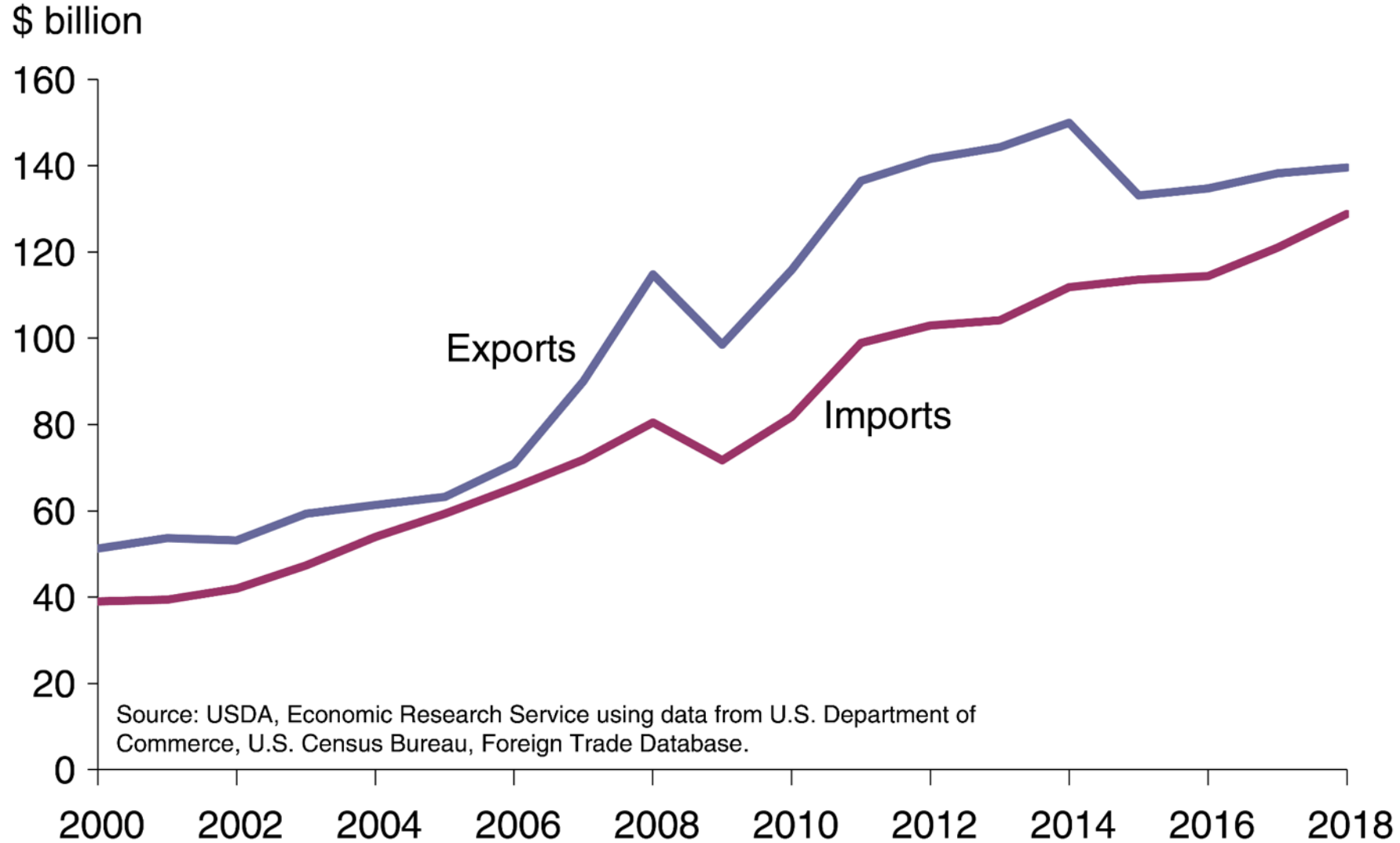
Do we have enough food?

Food production is location- and time-specific



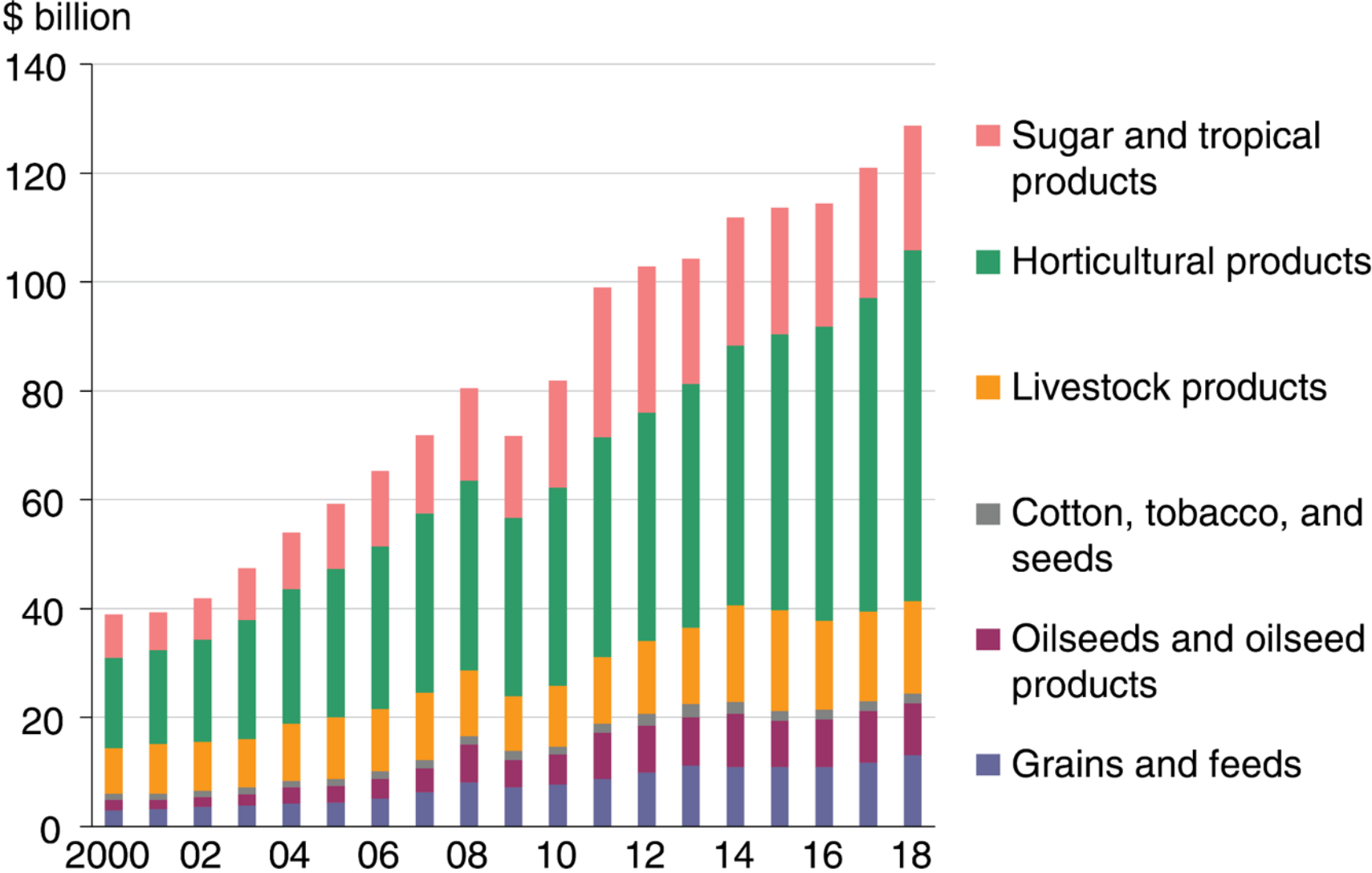
U.S. is a net exporter of agricultural products

U.S. agricultural trade, 2000-18



Food imports are product specific

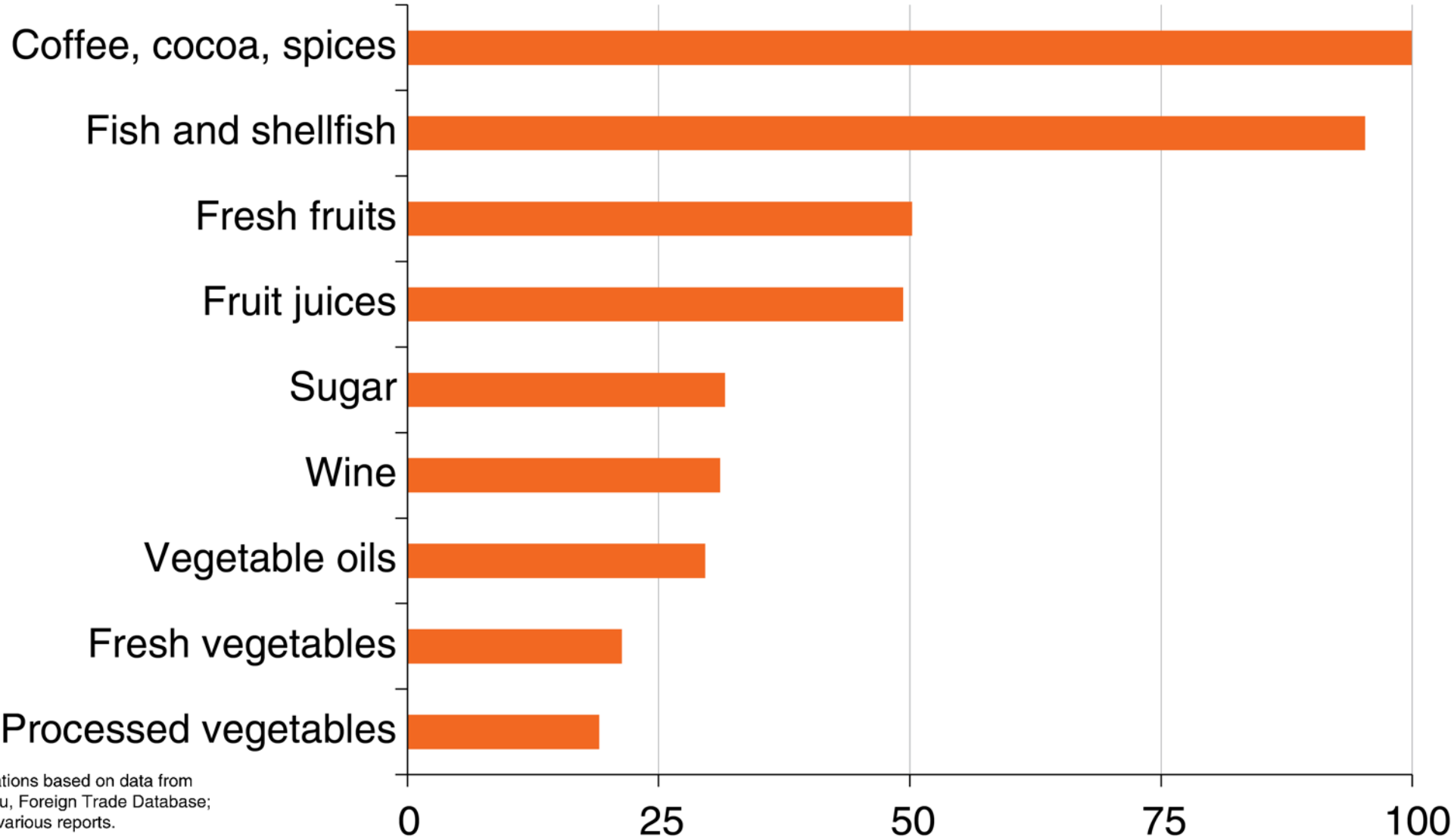
U.S. agricultural imports, 2000-18



Source: USDA, Economic Research Service using data from U.S. Department of Commerce, U.S. Census Bureau, Foreign Trade Database.

Food imports are product specific

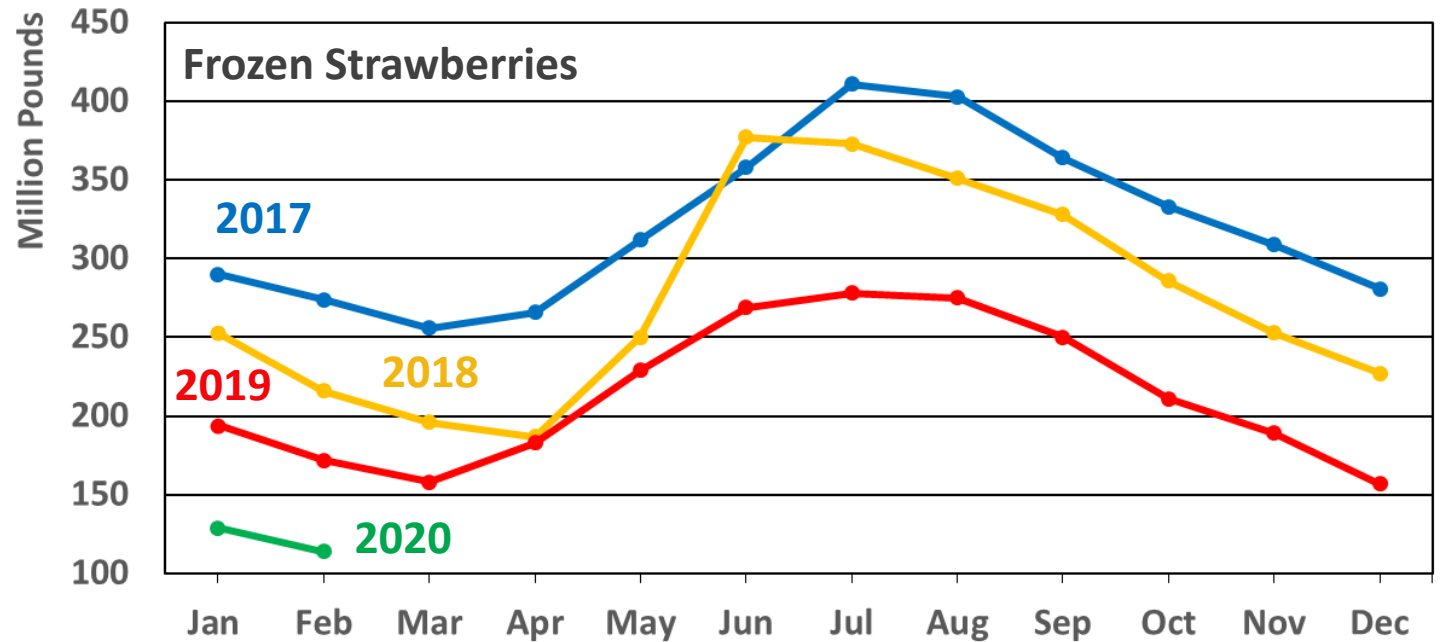
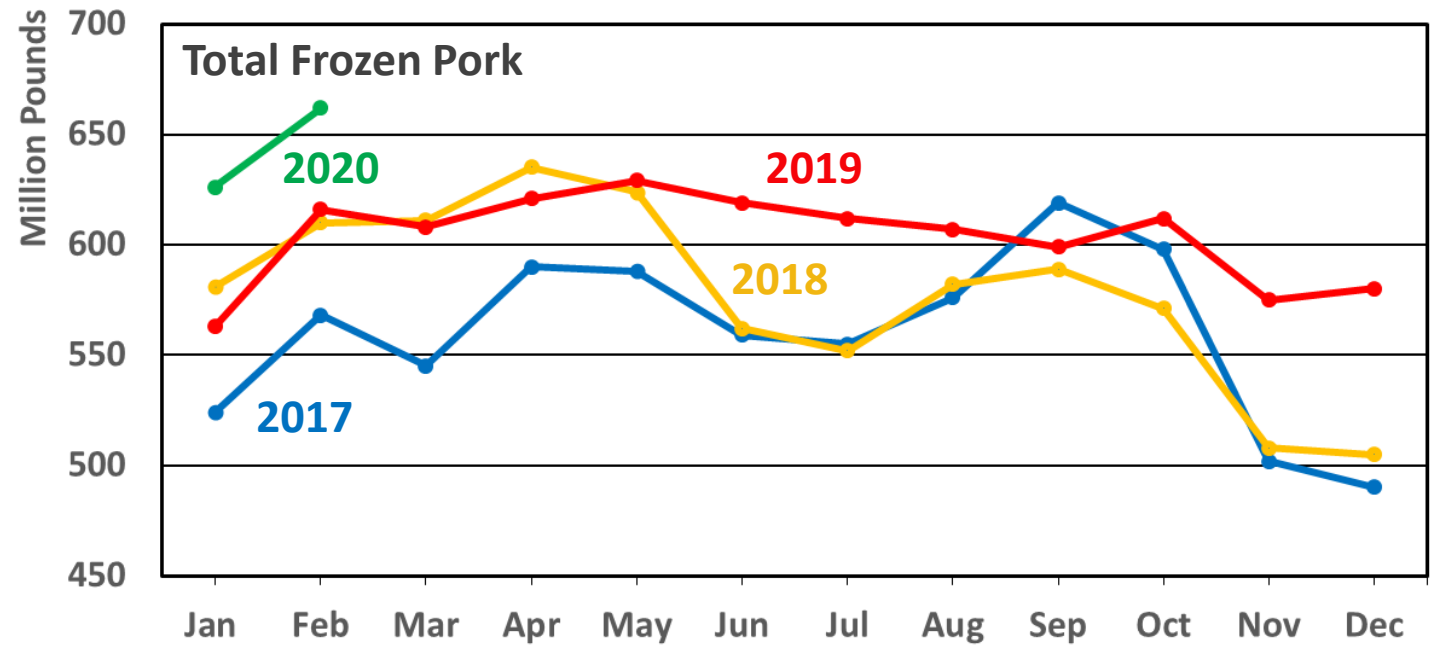
Import share of U.S. food consumption, 2011-13



Source: USDA, Economic Research Service calculations based on data from U.S. Department of Commerce, U.S. Census Bureau, Foreign Trade Database; and USDA, National Agricultural Statistics Service, various reports.

Commercial storage

United States Cold Storage Stocks 2017 – 2020
 USDA-NASS
 3-23-2020



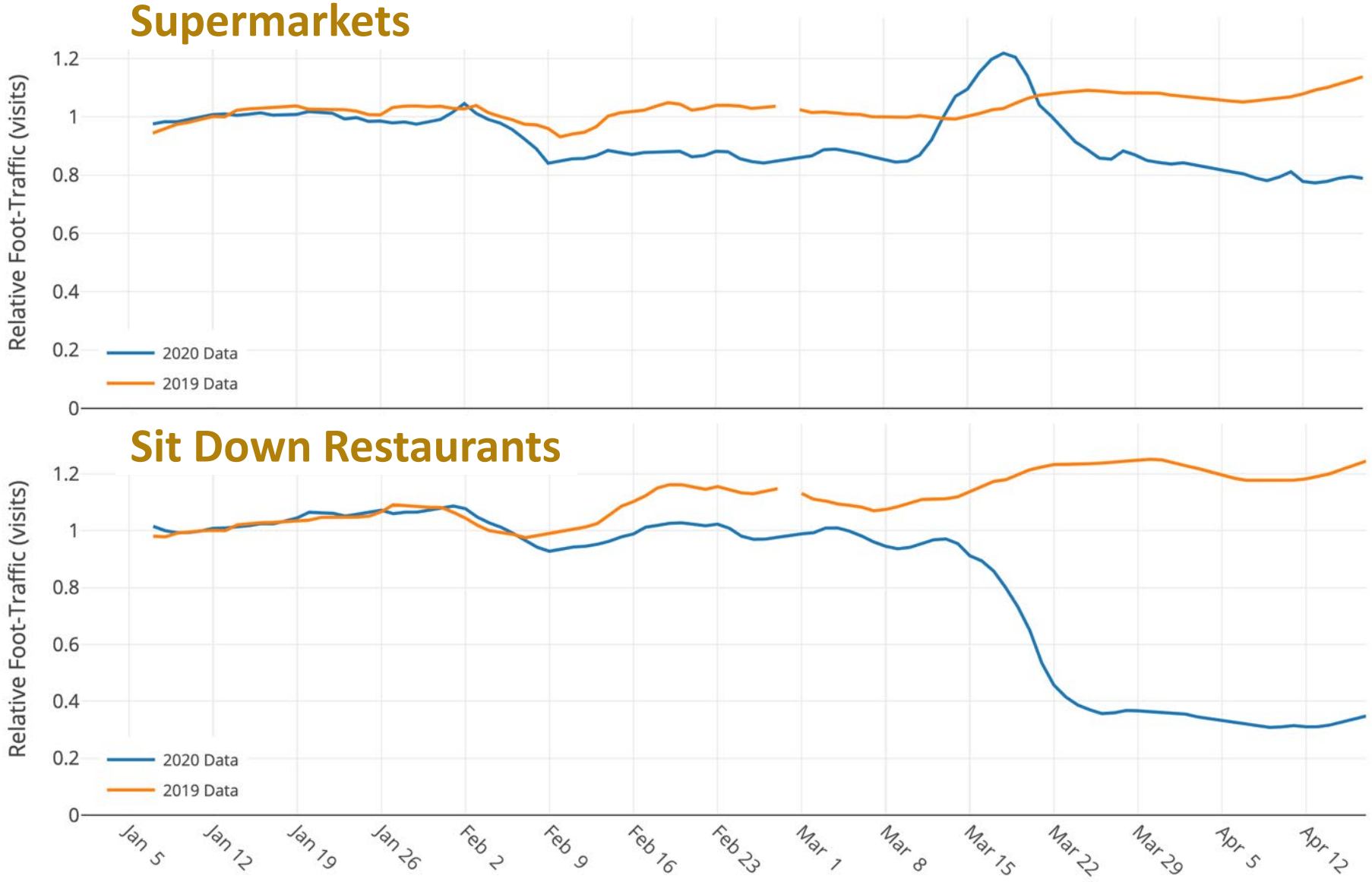
Source: https://www.nass.usda.gov/Surveys/Guide_to_NASS_Surveys/Cold_Storage/index.php#dataViz

Why the stock-outs?



Significant short-run disruptions in food markets

Industry Level Patterns



Asset fixity leads to farm surplus amidst retail stockouts



vs.

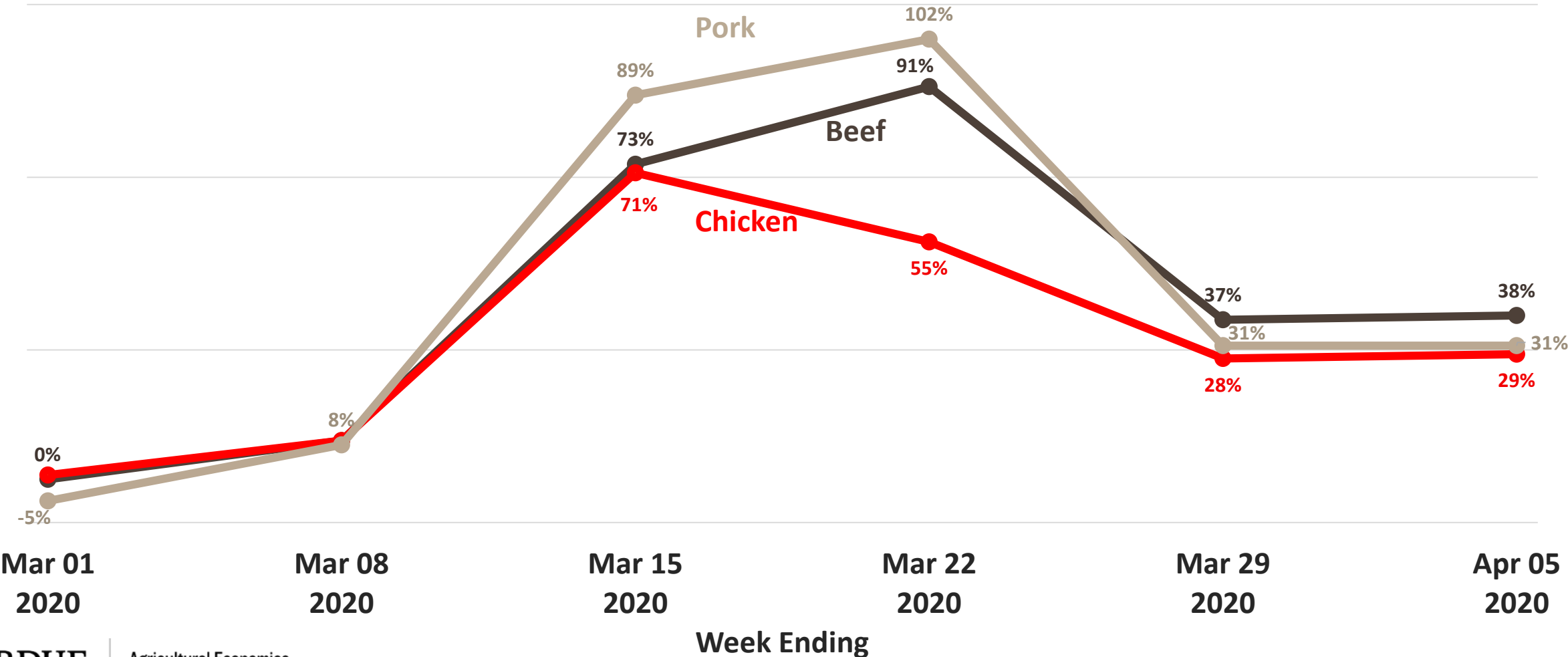


vs.

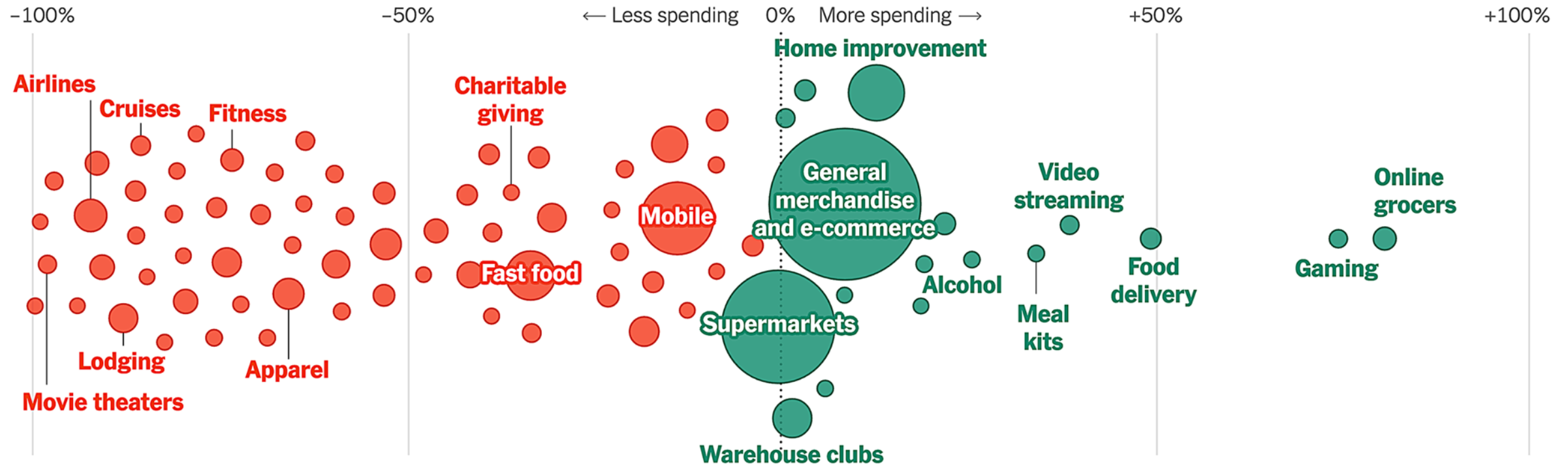


Grocery sales increased but are leveling off

Year-over-Year Change in Fresh Meat Grocery Sales

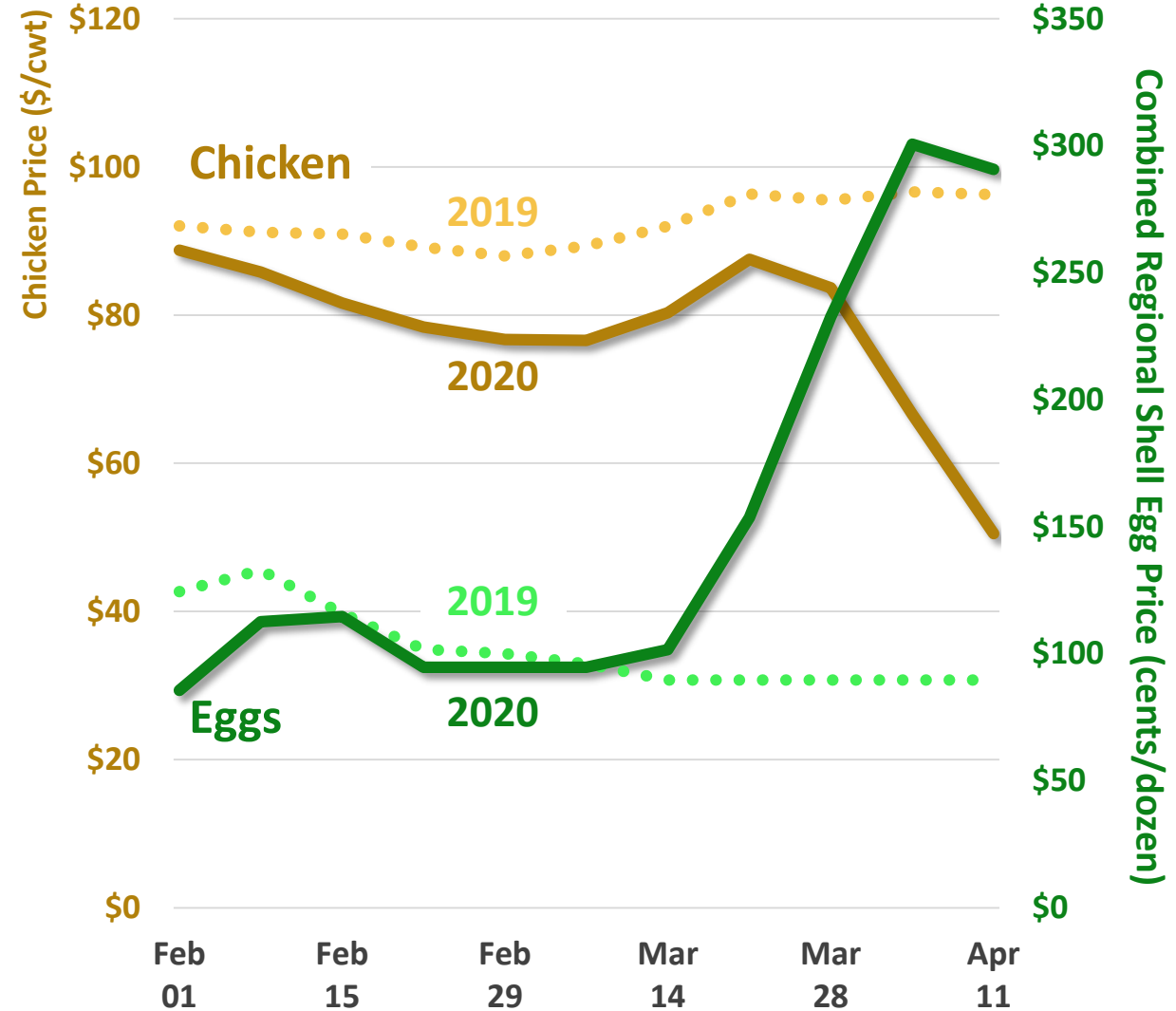
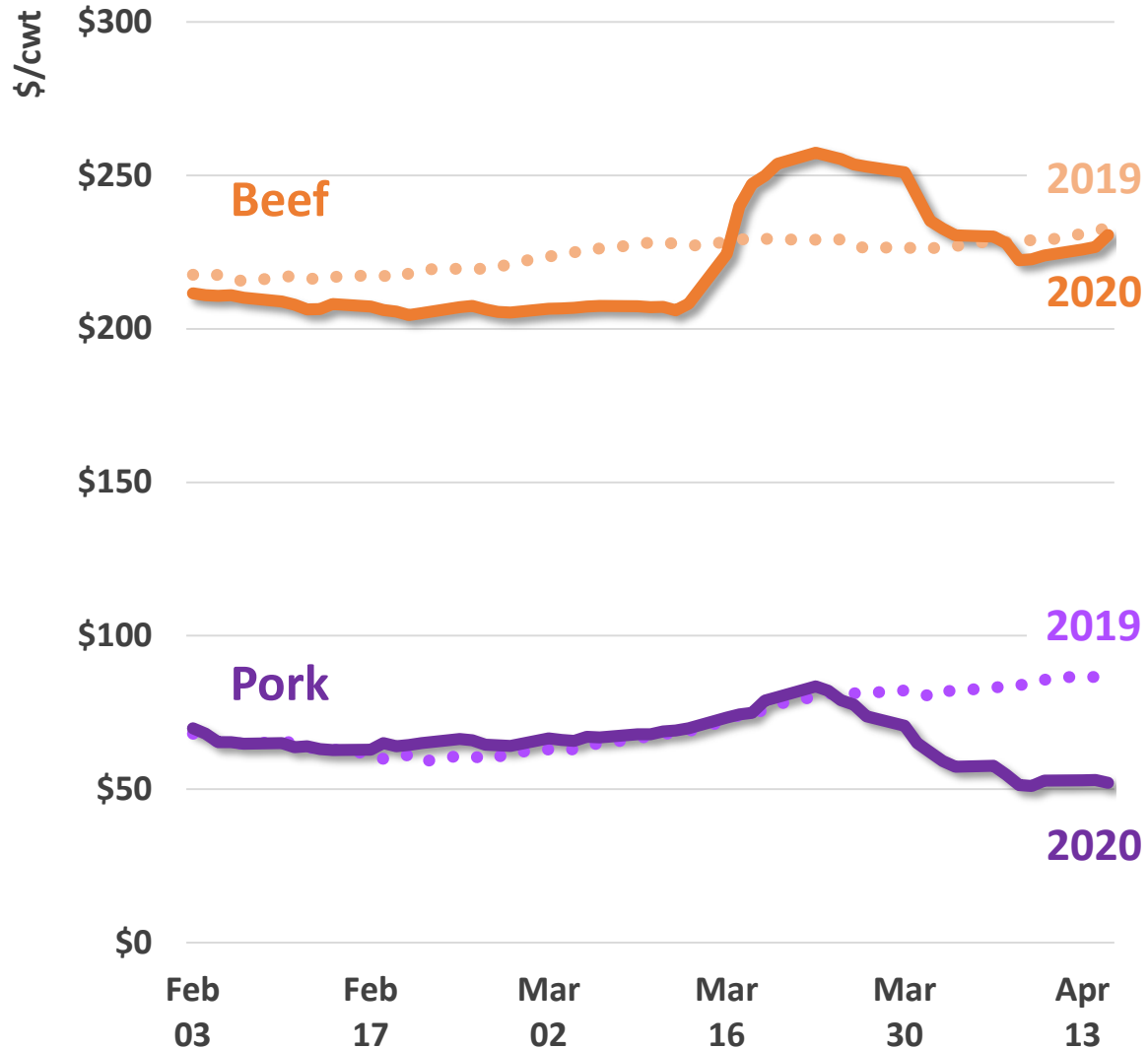


Heterogeneous spending impacts



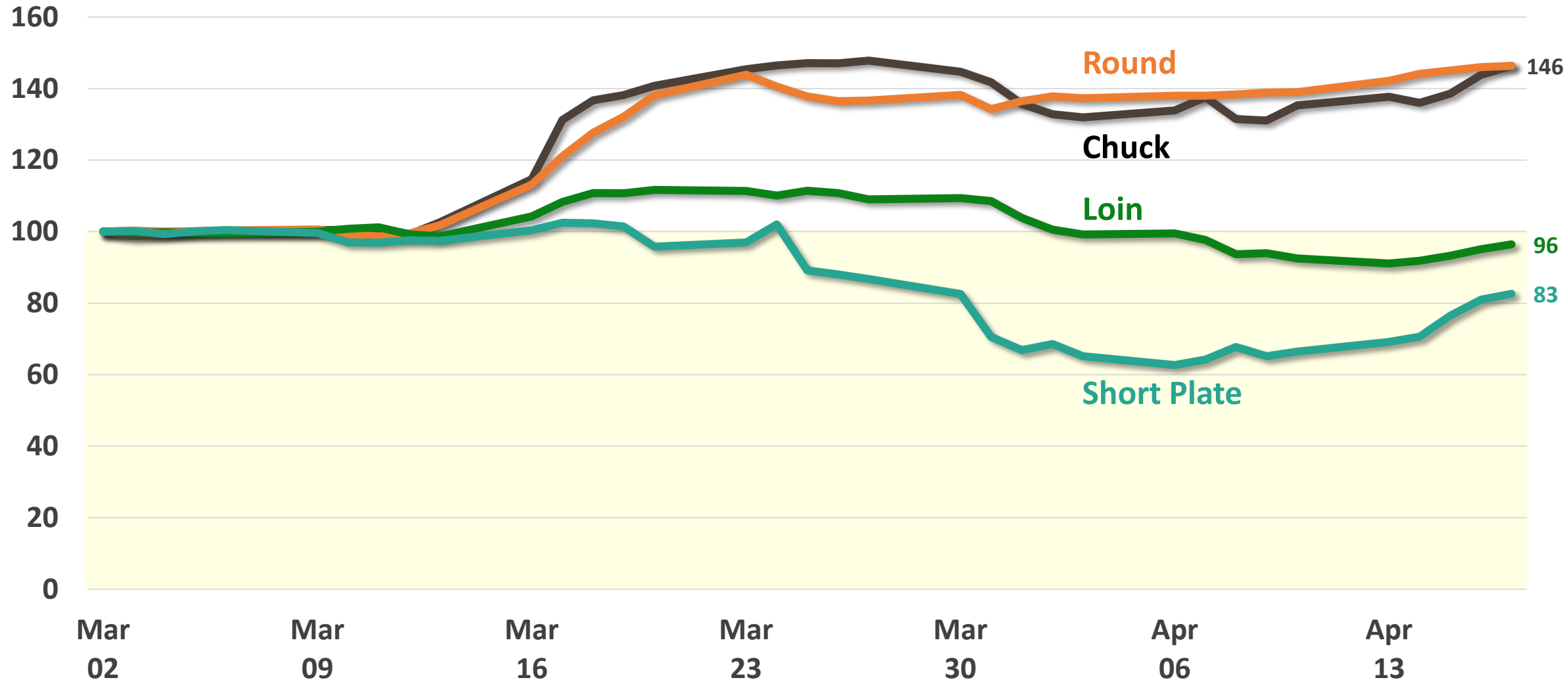
Change in spending from 2019 for the week ending April 1. Bubbles are sized by industry sales.

Food prices increased but are leveling off



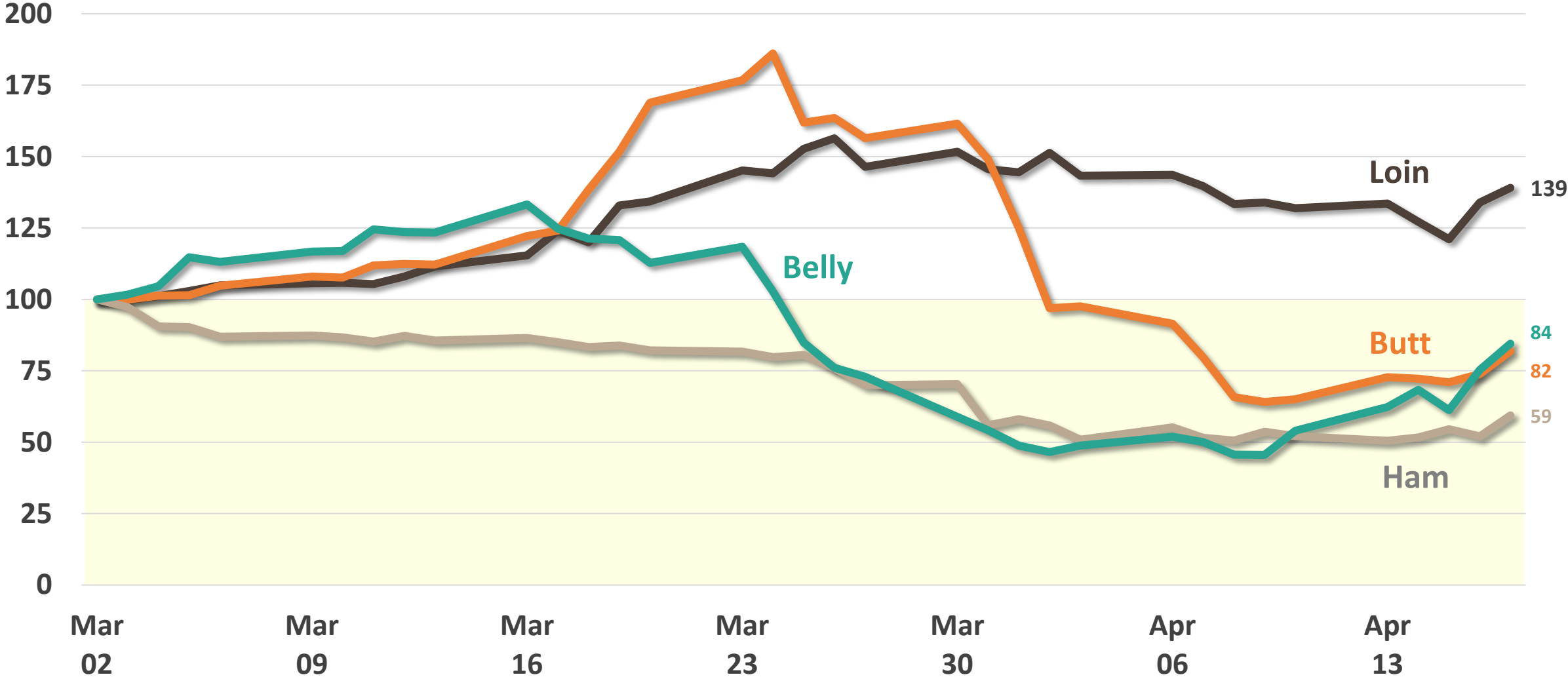
Price changes depend on exposure to FAFH

Change in Wholesale Beef Primal Prices



Price changes depend on exposure to FAFH

Change in Wholesale **Pork** Primal Prices

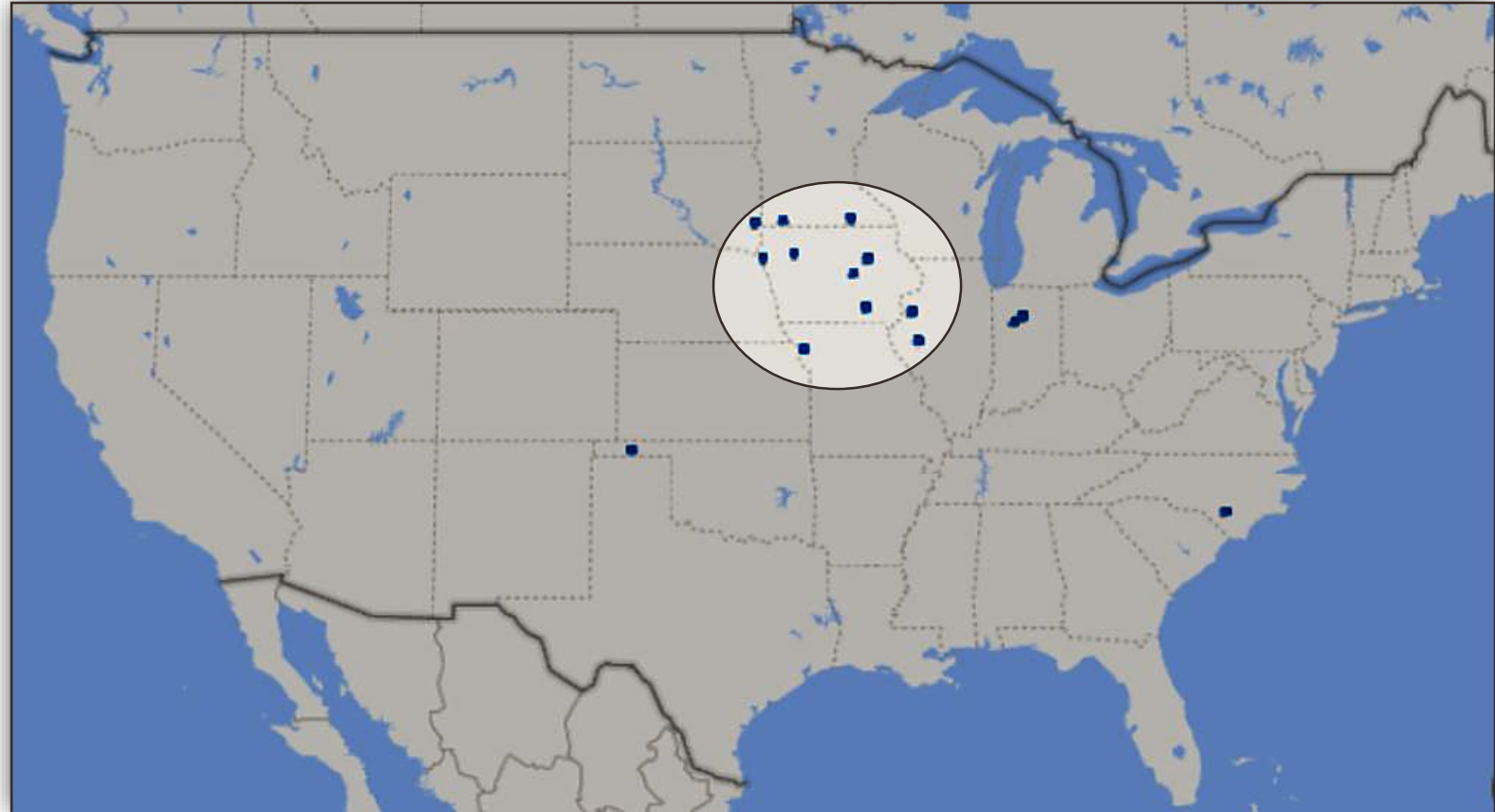


Where are the vulnerabilities?



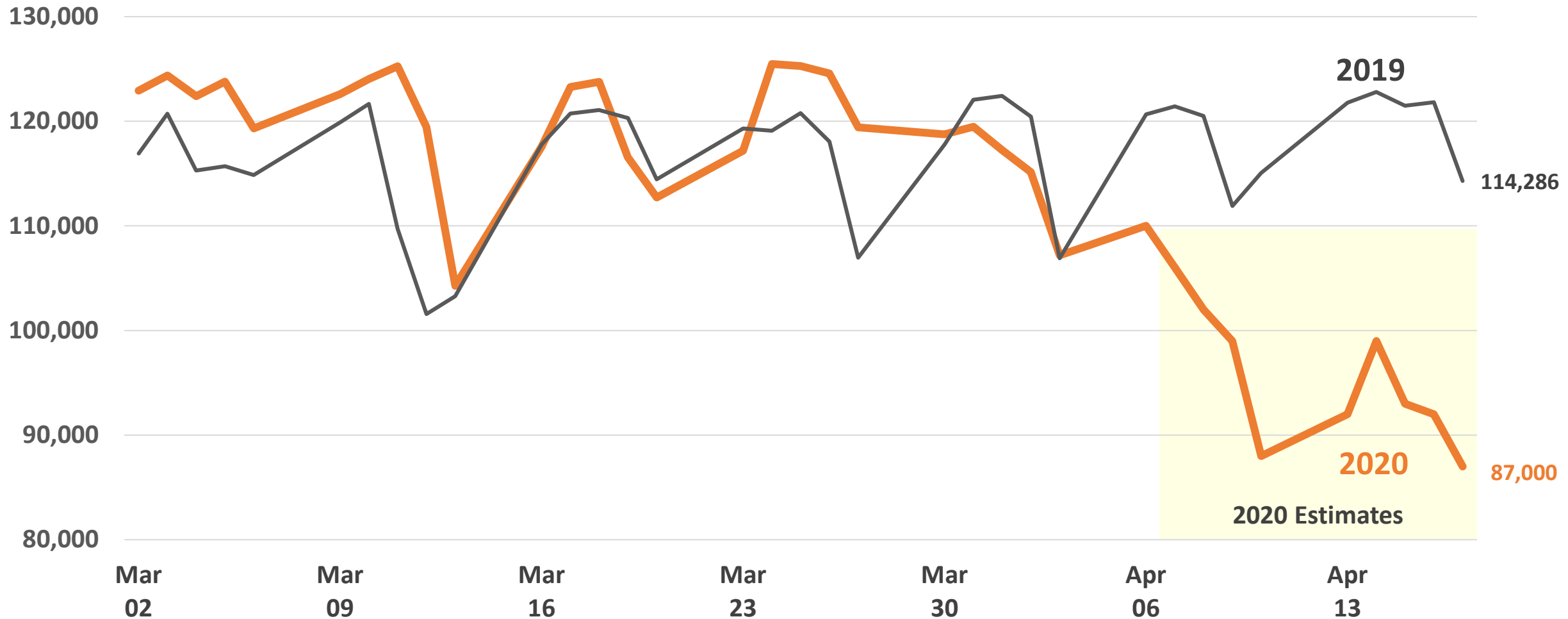
Meat packing is concentrated

- Plants with >1 million head/year capacity slaughtered over **56% of all cattle**
- 15 plants slaughtered **59% of all hogs**



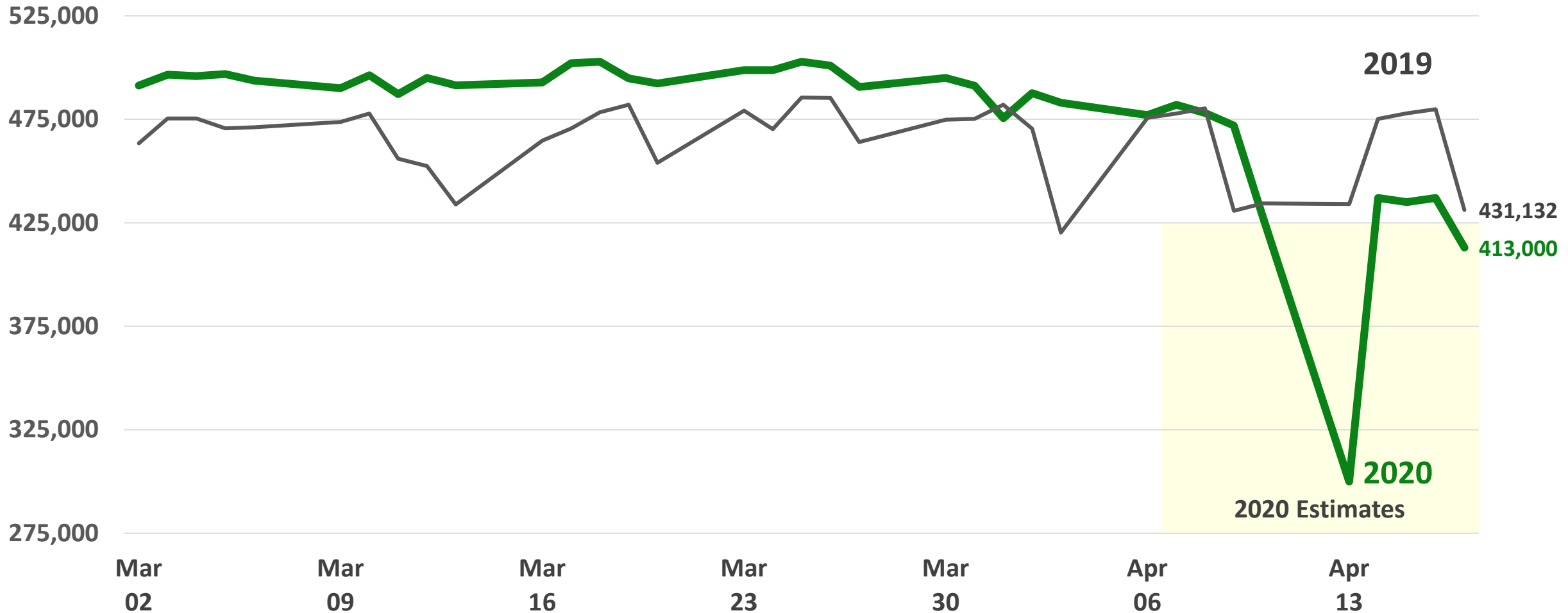
Beef processing has taken a hit

Daily Cattle Slaughter (weekdays; # head)



Pork to a lesser extent ...

Daily Hog Slaughter (weekdays; # head)

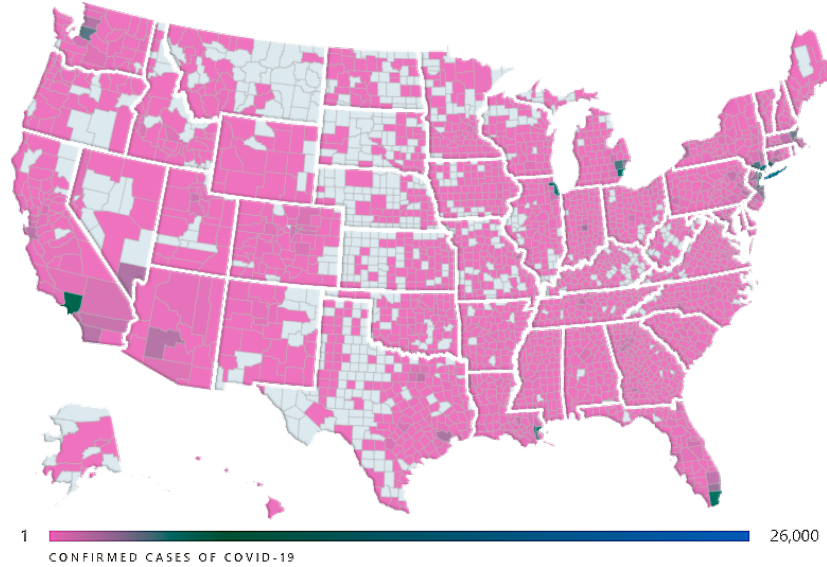


What's ahead? (sheer speculation)

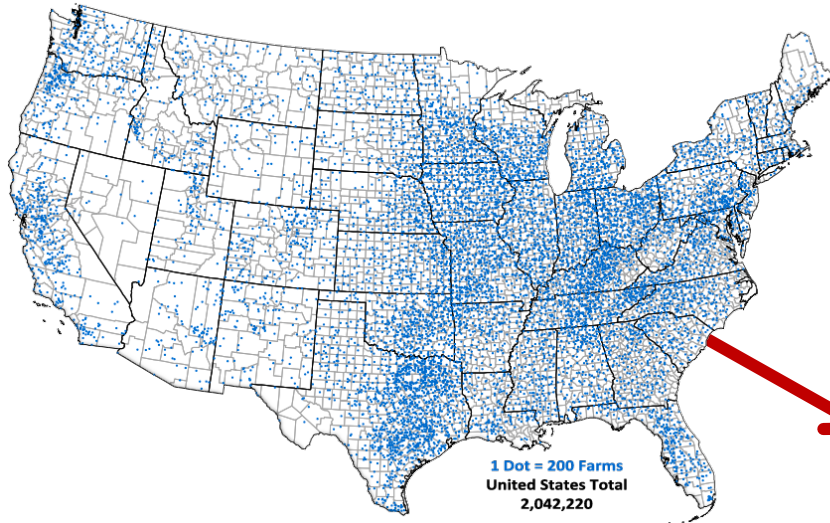
- Ambiguous retail price trends
- Recession will affect food purchases and food security
- Accelerated trend to e-grocery
- More food at home will by-pass the store
- Smaller groceries focused on fresh items
- Labor saving automation
- More ghost kitchens
- Rising interest in local food, direct farm delivery

Food and farm vulnerability index

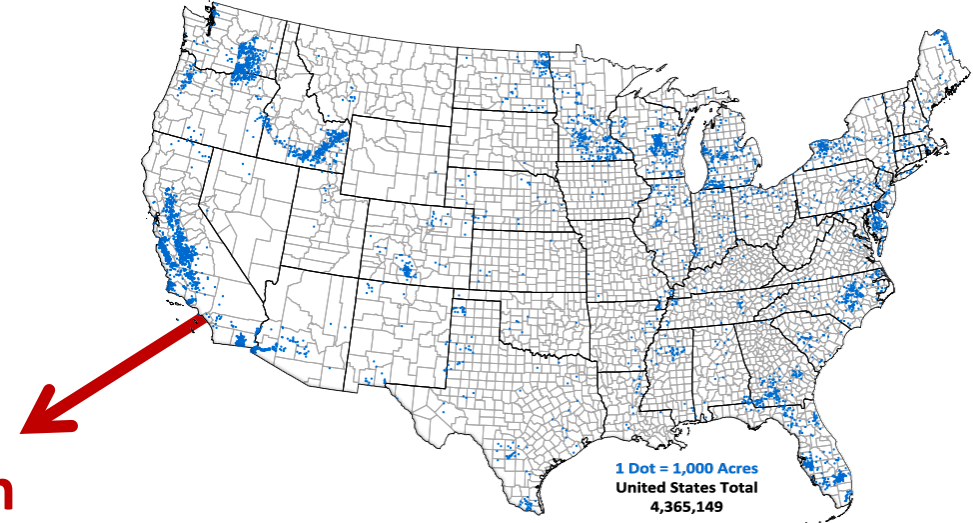
Confirmed
COVID
Cases



Number of Farms



Vegetable Production



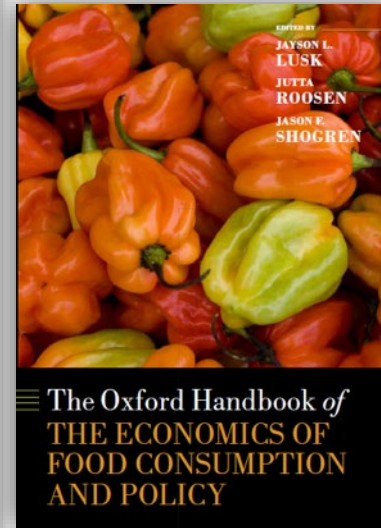
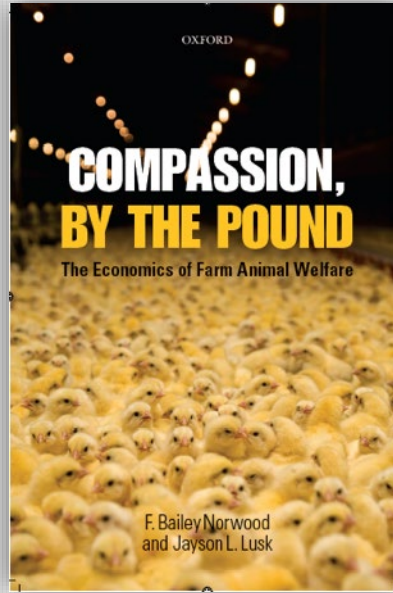
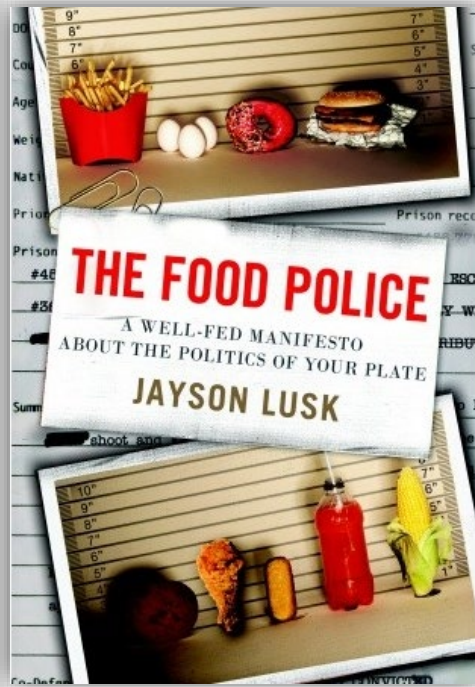
Share of
Vegetable Production
at Risk

HOW SCIENCE AND TECHNOLOGY
ARE SERVING UP SUPER FOODS
TO SAVE THE WORLD



Unnaturally Delicious

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Upcoming Webinars

An Update on Policy and Political Outlook for Coronavirus Pandemic Relief

11:00 to 11:45am CT, Friday April 24th

Less than a month ago, Congress enacted the CARES Act to provide \$2 trillion in relief for the wide range of challenges from the Coronavirus pandemic. Questions remain about implementation, the outlook for additional relief and a general perspective on the political and policy discussions at the federal level for the food and agricultural sector.

Nick Paulson and Joe Glauber on Ag Trade

11:00 to 11:45am CT, Tuesday April 28th

U.S. agricultural trade policy, China's push to reconfigure international supply chain lines, the entrance of Brazil and Ukraine into the commodity export markets, and the coronavirus pandemic have all disrupted the once relatively stable U.S. corn and soybean export markets. University of Illinois Agricultural Economist Nick Paulson and IFPRI's Joe Glauber will explore the policies and fundamentals behind the changes and probe the future impact.

Thank You for joining us!

Please submit your questions



The screenshot shows the farmdoc website interface. At the top, there's a navigation bar with 'ILLINOIS EXTENSION farmdocDAILY Farm Policy News'. Below that, the 'farmdoc DECISION OUTREACH CENTRAL' logo is visible. The main content area is titled 'Coronavirus and Ag'. A 'Submit Questions' button is prominently displayed. Below this, there's a section for 'farmdoc daily live: Coronavirus and Ag' with a 'View All' link and a 'Register For Series' link. The page features a grid of webinar recordings, each with a title, date, and 'Watch Video'/'Download Slides' buttons. The recordings include topics like 'Setting the Stage', 'Lessons from Infectious Disease and Livestock', 'Financial Perspectives on Agriculture and Coronavirus', 'Global Transportation and Cash Flow Considerations', 'Outlook and Farm Policy Moving Forward', 'Acreage Decisions 2020', 'Impacts of Covid-19 on Agricultural Assets and Lending Markets', 'Scott Irwin and Jeff Bunting on Crop Supply Logistics this Spring', 'Rural Economy Stimulus: CARES and PPP Funding', 'Getting the 2020 Crop Planted', 'The Impact of the Coronavirus Pandemic on Food Prices and Retail Food Sector', and 'An Update on Policy and Political Outlook for Coronavirus Pandemic Relief'.

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