

farmdoc**DAILY** LIVE | Coronavirus and Ag  
**Coronavirus and The Pork Industry:  
Perspectives from The Maschhoffs**



**Dr. Bradley Wolter**



**Gary Schmitkey**



# Audio

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- Check that speakers are not muted or very low volume
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# Housekeeping

- Handout available via GoToWebinar control panel
- Webinar will be archived and available on farmdoc
- Submit questions during the webinar
- Please complete the survey after the webinar



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# Do you expect more large supply disruptions in the hog and beef industries? I expect...

- more plants will be slowed in the next three months
- processing disruptions to continue into the next year
- a return to more normal processing capabilities

# Gary Schnitkey





# Coronavirus Food Assistance Program (CFAP) Rules Announced

- Signup begins **May 26**  
goes to August 28
- \$250,000 per person  
or entity limit
- \$900,000 AGI eligibility test  
for average of 2016, 2018,  
and 2018 tax year

## Resources:

### **farmdoc Daily article:**

Coronavirus Food Assistance Program  
(CFAP) Rules Announced, May 22, 2020

### **farmdoc Webinar:**

7:00 am, Tuesday, May 26

**Updated Perspectives on the Pandemic  
and Policy Responses**

Register at <http://go.illinois.edu/FD>

# CFAP Payments - Crops

## Payment Rates (per bushel)

Crop	Rate
Corn	\$0.335
Soybeans	\$0.475
Sorghum	\$0.310

Based on the **LOWER** of:

- **50%** of 2019 production
- Unpriced inventory on January 15

## Corn Example

**200** bushels per acre of 2019 production  
(**100 bushels** max bushels for determining payment)

**140** bushels in inventory on Jan 15

## Payment will be based on 100 bushels

\$33.50 per acre (100 bushels x \$0.335)

## Two installment

\$26.80 (80% of \$33.50), guaranteed

\$6.70 (20% of \$33.50), made if funding exists



# CFAP Payments – Cattle, Hogs, Dairy

## Rates (per head)

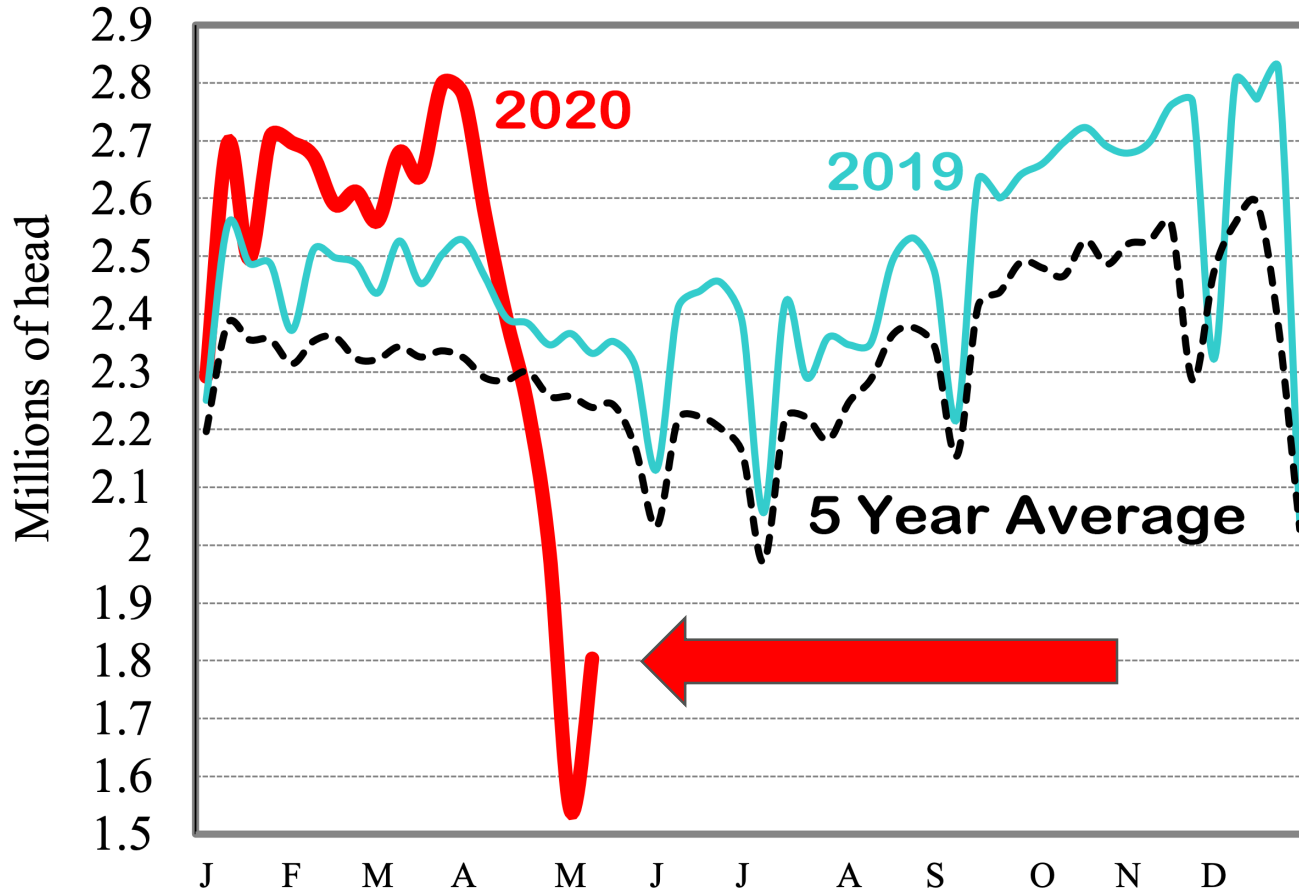
Item	Paid on sales between Jan 15 and April 14	Paid on highest inventory, April 16 to May 14
Slaughter cattle (breeding livestock)	\$92	\$33
Slaughter cattle (fed)	\$214	\$33
Feeder cattle (<600lbs)	\$102	\$33
Feeder cattle (>600lbs)	\$139	\$33
Pigs (< 120 pounds)	\$28	\$17
Hogs (> 120 pounds)	\$18	\$17

Cattle and hog payments made on unpriced inventory

\$6.18 on total milk production in January, February, and March

# Hogs and pigs

## Actual Hog Slaughter



Source: May 21, 2020, National Daily Hog and Pig Summary  
<https://www.ams.usda.gov/mnreports/lstdhps.pdf>

Cash price of early weaned pigs, according to AMS on May 15:

**\$7.20 per head**

Composite cash and formula price

**\$15.20 per head**



# When will the hog industry get back to normal as far as meeting pork demand?

- In three months
- In one year
- In two years
- There is a permanent change to a new normal

# CORONAVIRUS AND THE PORK INDUSTRY: PERSPECTIVES FROM



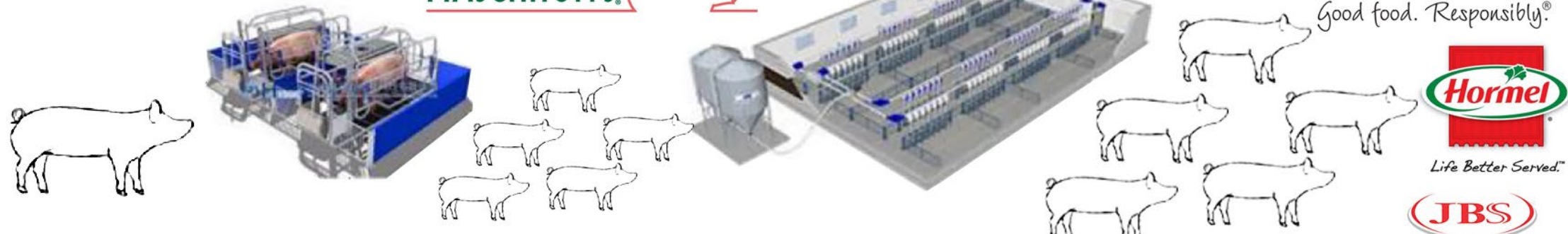
**Dr. Bradley Wolter**  
CEO & PRESIDENT



*Progressive Farming. Family Style.*



# Maschhoff Family Foods System



**Smithfield**

Good food. Responsibly.®

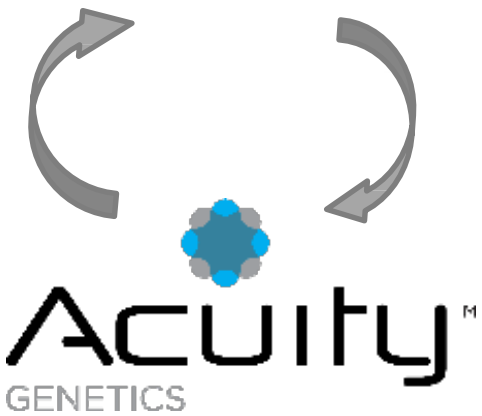


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## A Farm to Table Experience



# The Maschhoffs, LLC in Summary

**Headquartered in Carlyle, IL**

**Largest Network of Family-Owned Pig Farms in North America**

- Approx. 593 production sites and 407 family farm partners

**About 4 Million Market Pigs to 4 Customers**

**Decentralized Operations Span 7 States**

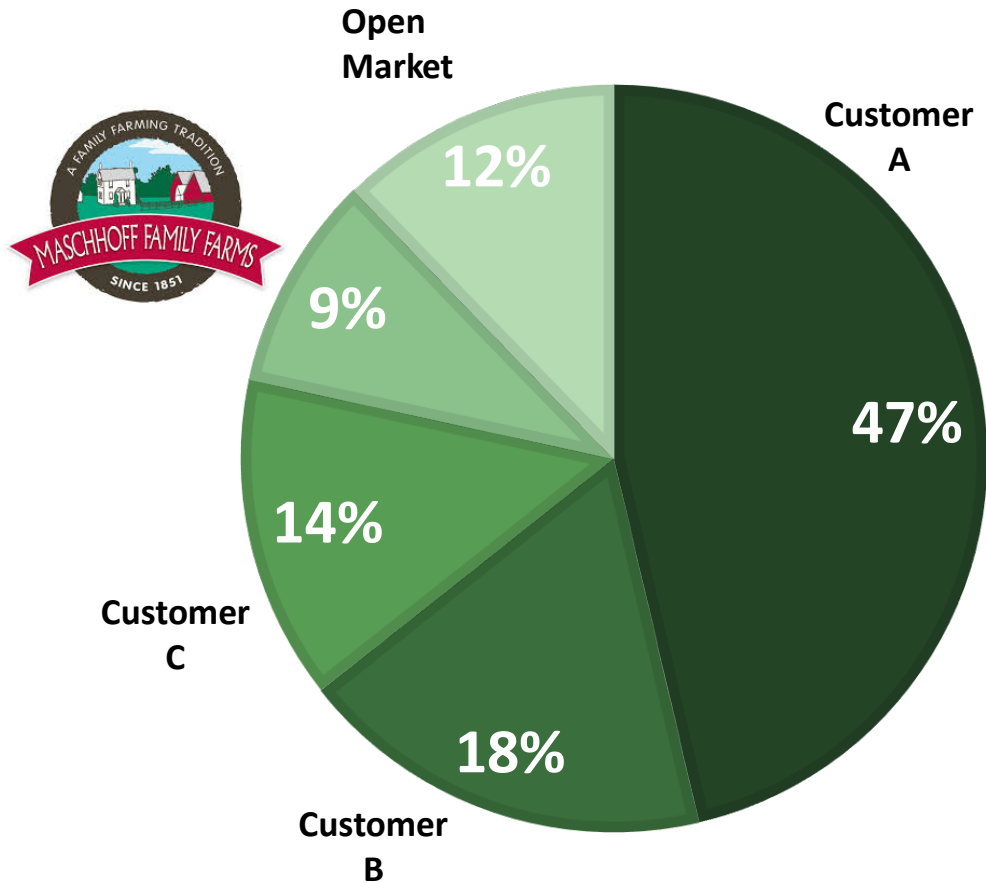
- About 1,100 employees
- 195,000 sows



We are  
**PROGRESSIVE FARMING.  
FAMILY STYLE.**



# Diversified Portfolio of Customers



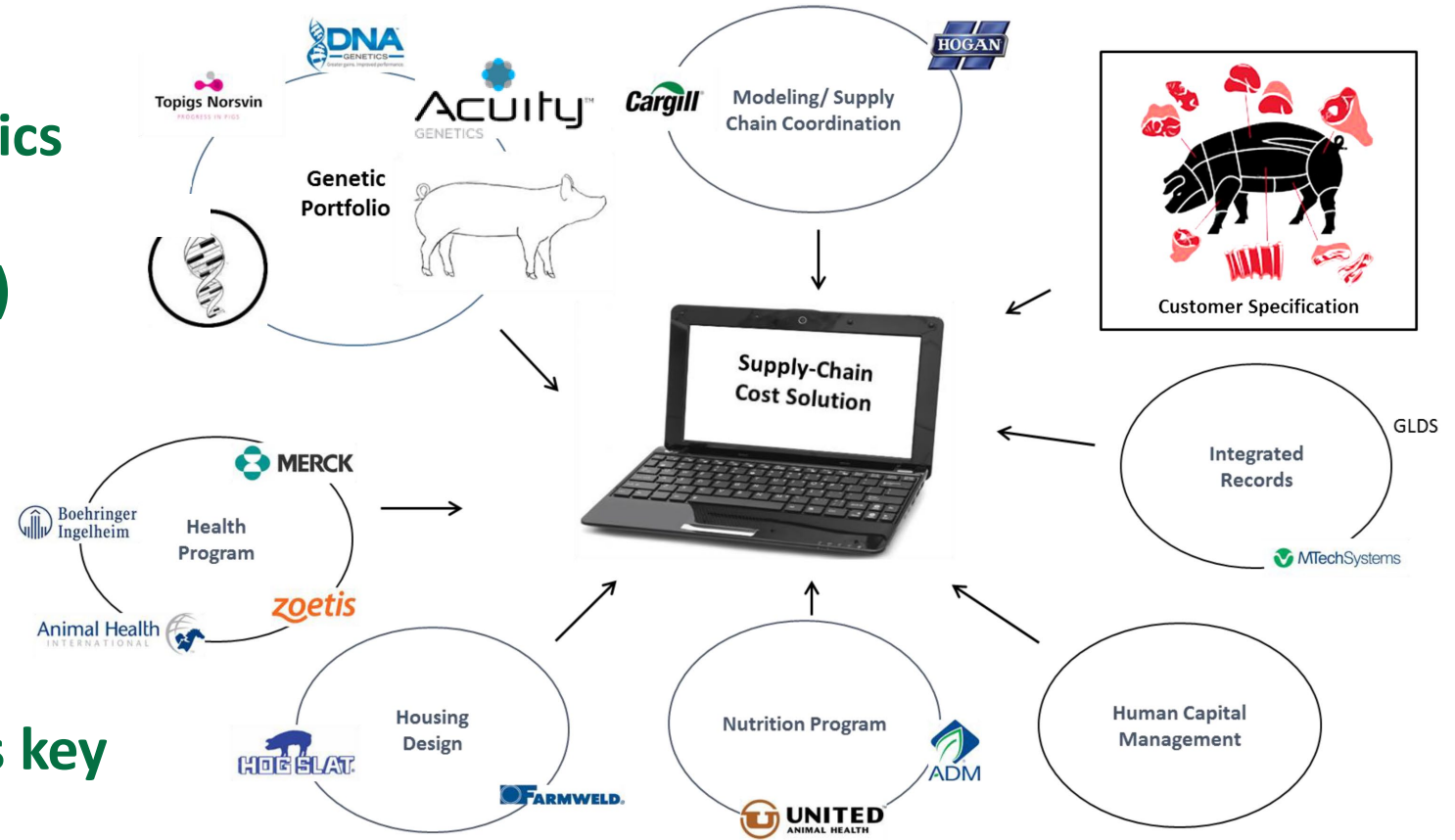
## Supply Chain Competency

- 24 hour/ 7 day available service center
- Electronic data flow between customers
- Audited industry supply standards: PQA & TQA
- Science-based animal care practice program
- Transparency throughout operations



# Integrated-Cost Solution Innovation

- Science-based R & D
- Biological-based marginal economics
- Multi-disciplined team (PhD & MS)
- Technology-based partnerships
- Applied implementation team
- Flawless execution of operations is key

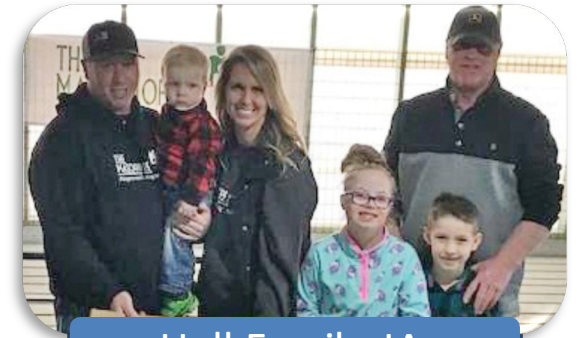
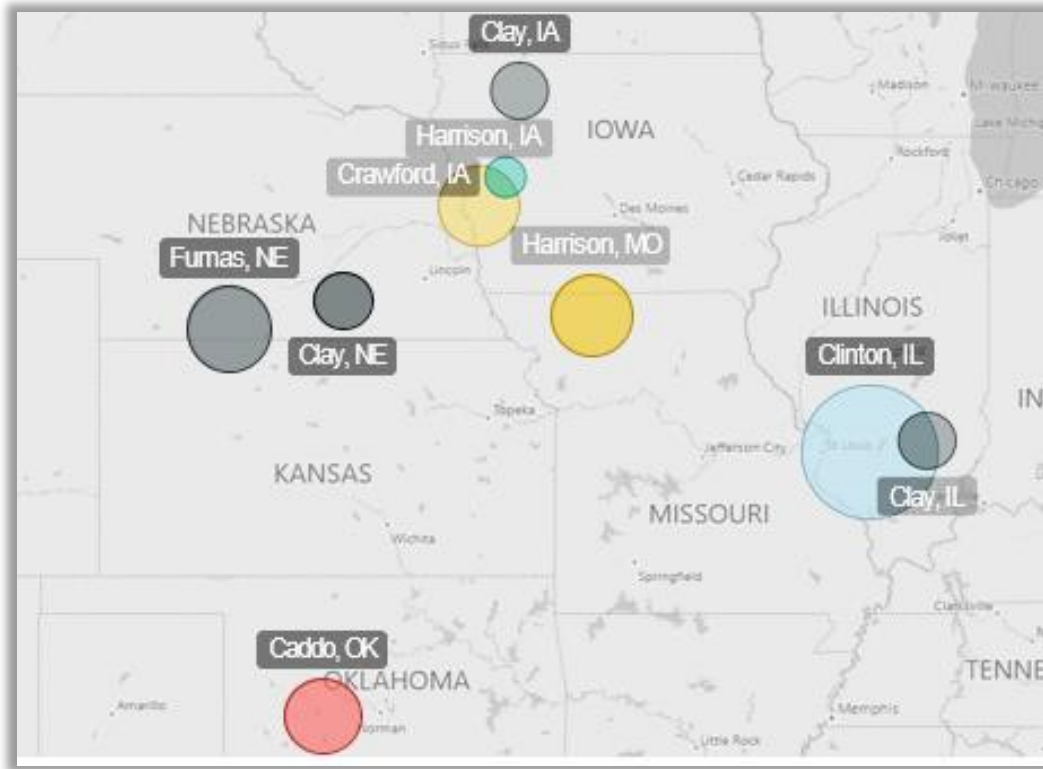


# Network of Families & Communities

**407 Production Partner Family Business's & 800 employees focused daily on pig care**



Six Family Farms, IL



Hall Family, IA

AGWSR Mat Club, IA



Craig Diekemper, IL



**Average Hourly Wage**





# Inside a Dynamic Global Industry

Global sow numbers growing

Coronavirus primary influence on global pork prices

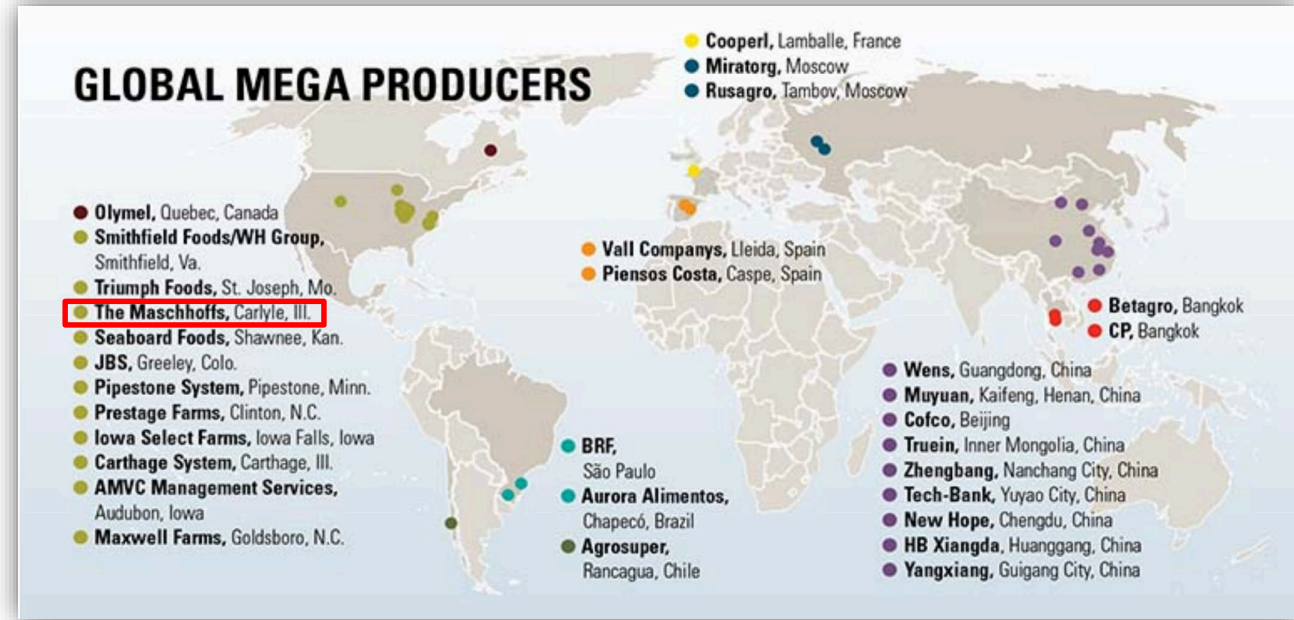
Tight US packing & processing labor supply

Large US hog supply is backed up

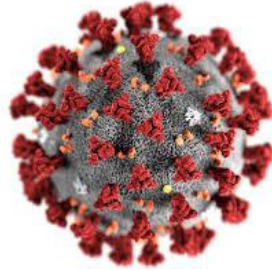
Finishing hog capacity in US remains tight

African Swine Fever remains a significant risk

UNCERTAINTY is the theme for the industry



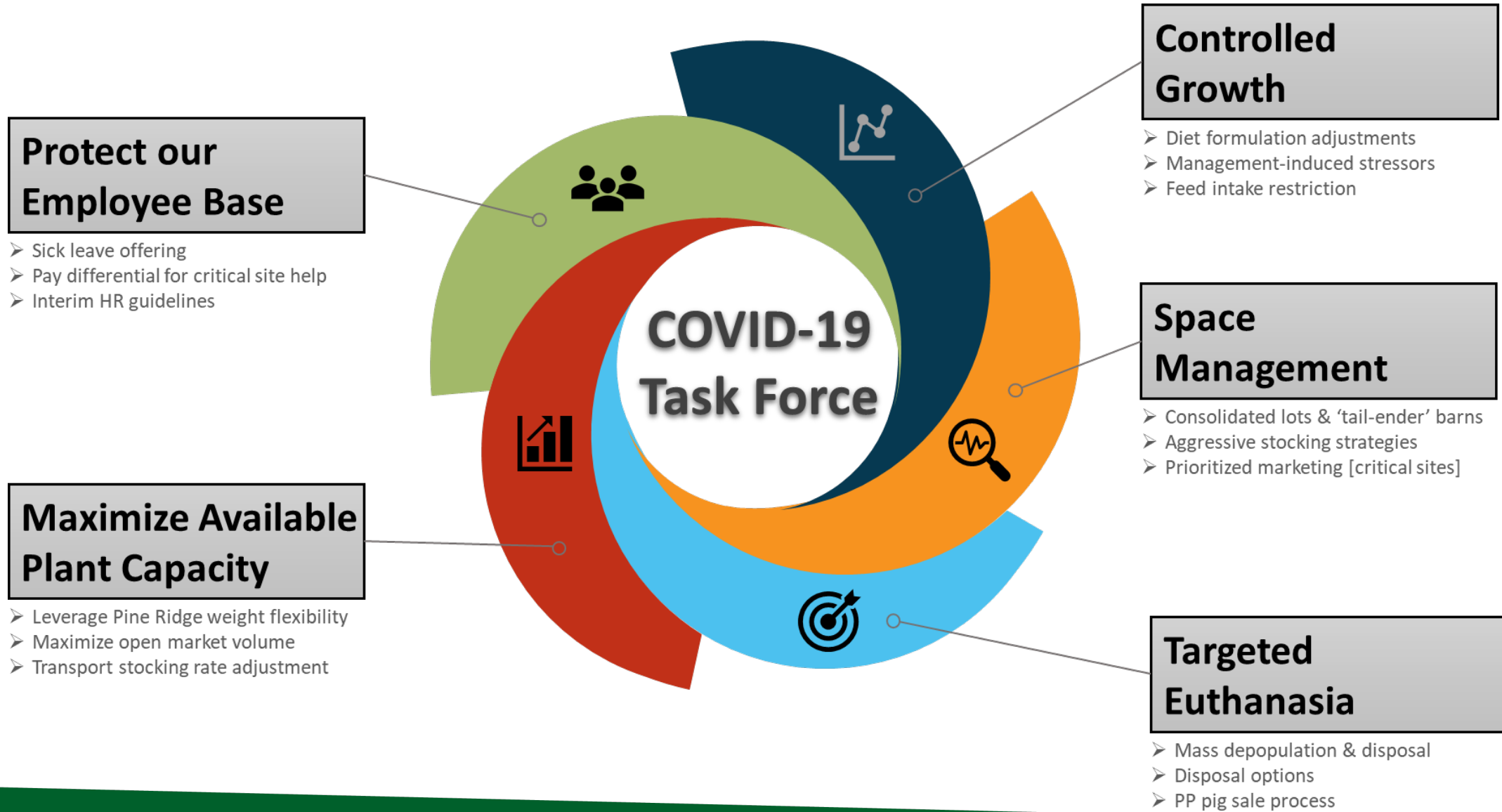
# Covid-19: Pandemic and Paradox



A Delicate Balance:  
"The food supply chain is breaking."



# The Maschhoffs COVID-19 Response





# Crisis Highlights Industry Risks

- Consumer Demand:** Reduced from both financial and supply chain factors
- Harvest Capacity:** COVID prevention tactics in plants reduce harvest capacity with 3M pig backlog
- Government:** Support limitations and size dependent programs reduce competitiveness of larger systems
- Environment:** Constraints on euthanized pig disposal must be managed responsibly
- Workforce:** A significantly reduced and unavailable supply of team members
- Capital:** Reduced financial liquidity strains farm-based supply chain

# Moving Forward with Optimism

- “Necessity is the mother of invention”  
Position the business for better resilience in an evolving market
- Retain and develop people talent  
for cost efficient, value-based business
- Understand and deliver what our customers expect from us  
in the “new normal”
- Continue to evaluate and manage risks  
within a biological-based supply chain
- Cultivate our passion for animal care...  
**it’s rewarding to wake up each day with this responsibility**



**Dr. Bradley Wolter**  
CEO & PRESIDENT  
[BRADLEY.WOLTER@PIGSRUS.NET](mailto:BRADLEY.WOLTER@PIGSRUS.NET)





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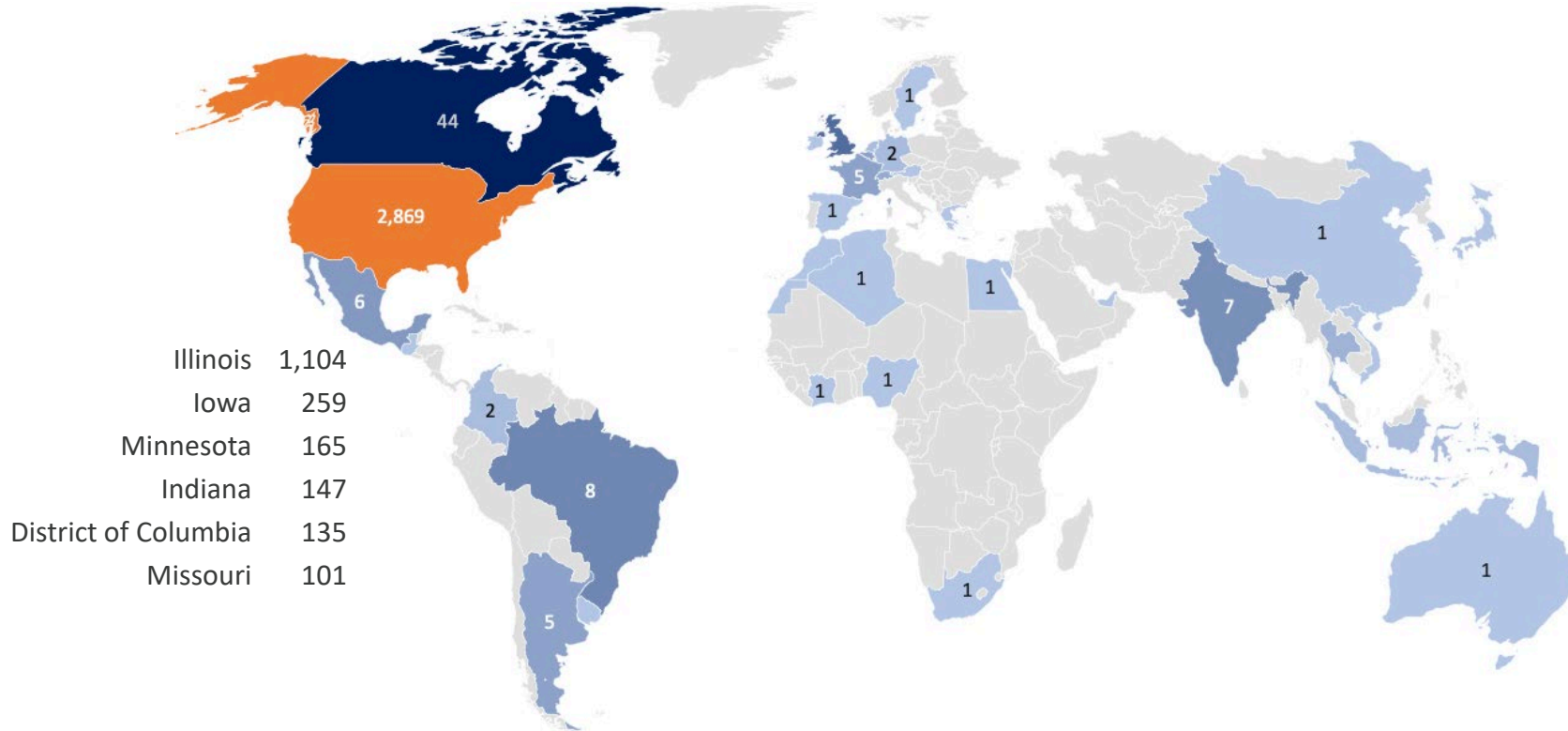
2,997 Total Registrations from 37 Countries

20 Webinars in the series

- Started March 20, 2020
- Ended May 22, 2020

26 Presenters

- 10 from farmdoc Team
- 16 invited presenters



7,005+ attendees

Farmdoc	Number of Webinars
Nick Paulson	7
Gary Schnitkey	7
Jonathan Coppess	5
Scott Irwin	4
Todd Hubbs	4
Bob Rhea	2
Dale Lattz	2

# Upcoming Webinars

**Register at <http://go.Illinois.edu/FD>**

**May 26, 2020 Tuesday from 7 to 8am CT**

## **Updated Perspectives on the Pandemic and Policy Responses**

Gary Schnitkey, Nick Paulson and Jonathan Coppess from the farmdoc team will provide updates on the most recent issues in the wake of the coronavirus pandemic, including the state-of-play on various policies for assistance in response. The discussion will include potential impacts on commodities markets from the fallout around biofuels production, livestock feed demand and exports, as well as a review of current legislative and USDA policies and the potential impacts.

**May 29, 2020 Friday from 9 to 10am CT**

## **Summary of 2019 FBFM Income & Expense Estimates for Illinois Farms**

The 2019 growing season was a challenge for Illinois farmers. This webinar will focus on the financial results for 2019 from data from the Illinois Farm Business Farm Management (FBFM) Association. Attendees will learn about 2019 farm income and returns, cost of production and how the challenges of 2019 affected the financial position of Illinois farmers.



# Thank You for joining us!

## Please submit your questions



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