

# Agricultural Market Situation and Outlook

**WELCOME!**

May 29, 2020

Use the Q&A tool  
to ask questions

After the webinar you'll be invited  
to complete a short survey

# Outline for a COVID-19 Crop Marketing Plan

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# Crop Marketing is a Challenge!

- Based upon what we know today, we are trying to predict the future.
- **No one** can consistently predict the future!
  - We are all “playing the odds”; what is most likely.
  - Farm managers, processors, elevators, exporters, importers,...
- Give yourself a break!
  - Time and effort can improve the odds of making better marketing decisions.

# Common Problems for Crop Marketing Plans

- Many farm managers use the “I’ll wing it” method of marketing.
- “Constraints” are often used to make sales:
  - On-farm storage limits
  - Cash flow requirements (loan or rent payments)
  - Income tax considerations
- Trying to “hit the high” in the market rather than making targeted sales.

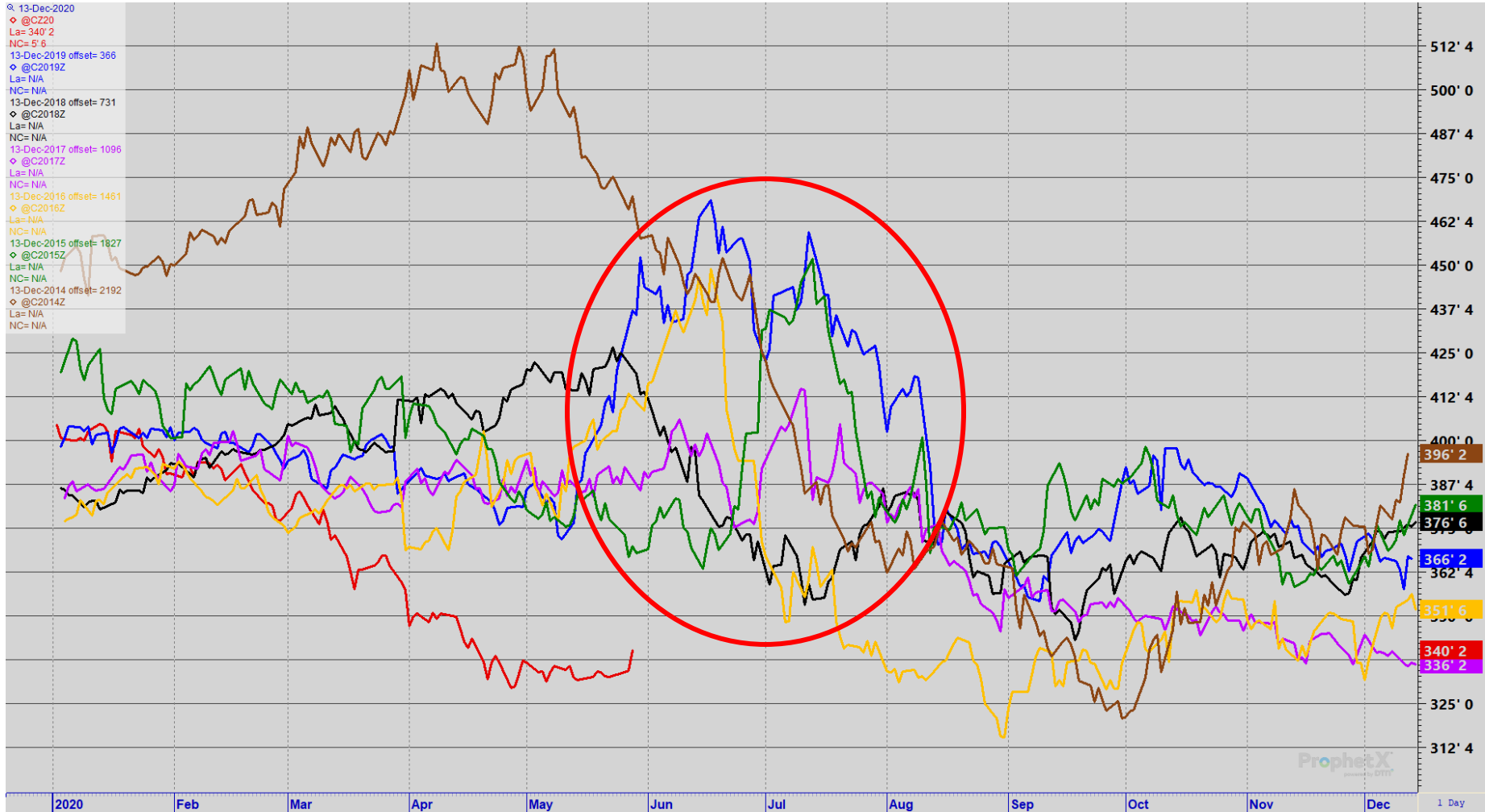
# Mechanics of a Marketing Plan

- **Set pricing objectives.**
- **Set timing objectives.**
- Choose the correct marketing tool.
- Monitor market conditions.
- Update or modify when needed.
- Implement!

# What Could Change Current Market Psychology?

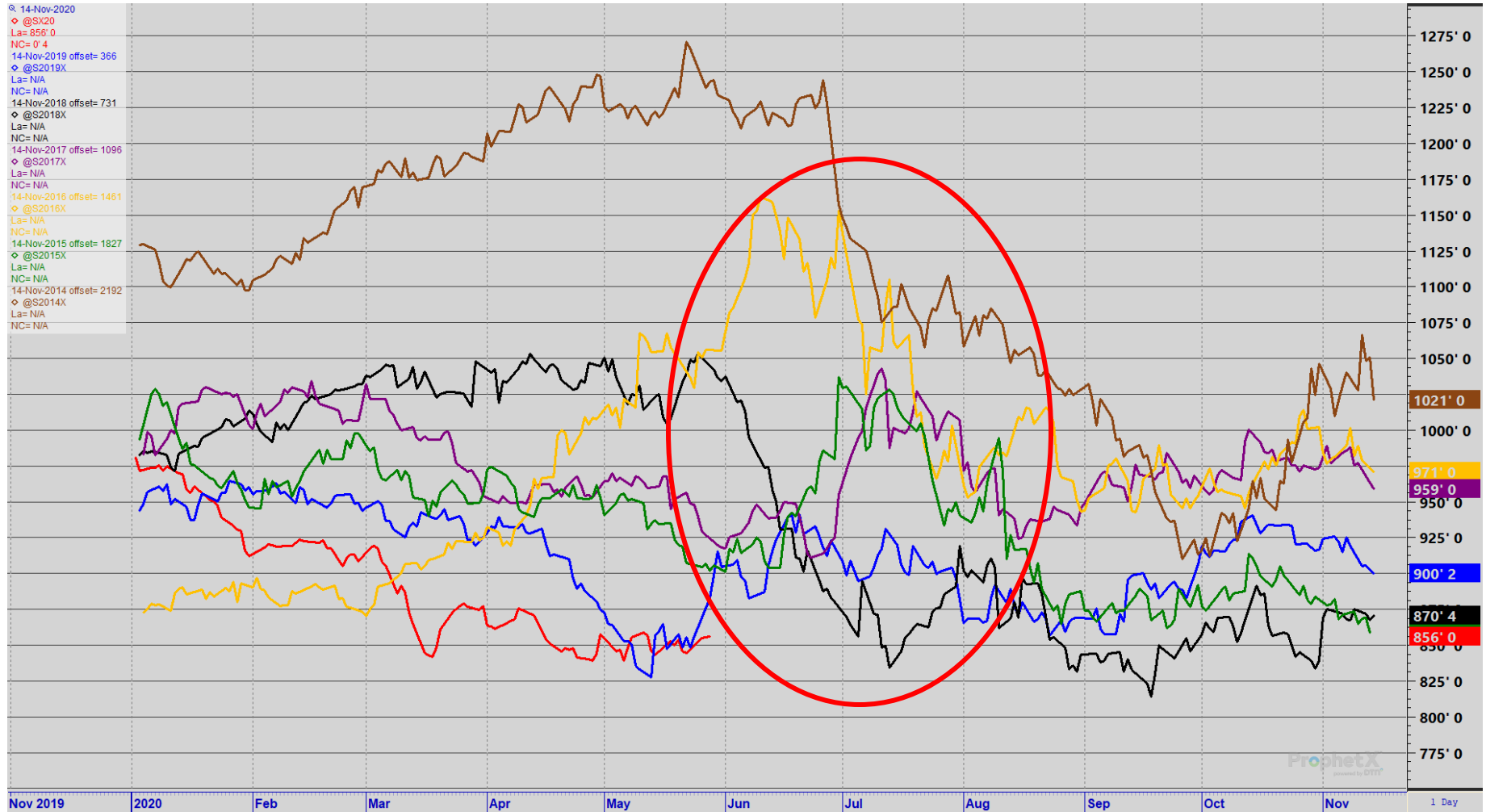
- Weather concerns impacting yields and quality:
  - Wheat – Winter wheat harvest progress in July
  - Corn – Pollination in July
  - Soybeans – Pod filling in August
  - Brazilian safrinha corn filling (May)
  - Black Sea winter wheat harvest (July)
- Ethanol production and consumption (weekly)
- Export sales (weekly):
  - U.S. – China Phase One Agreement
  - Economic recovery in Mexico, Japan, China and South Asia

# Review of Seasonal Price Patterns: Corn – Dec. CBOT

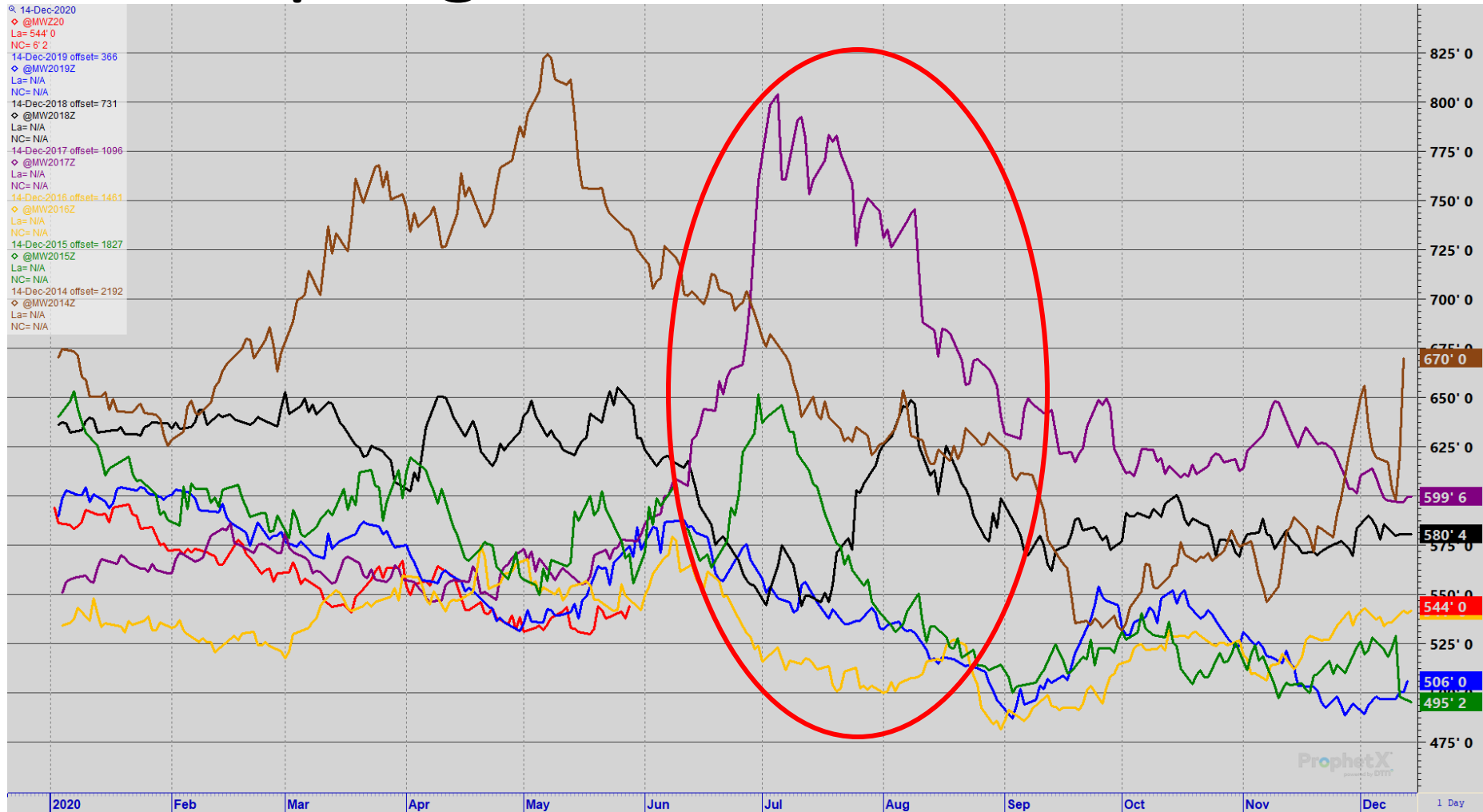




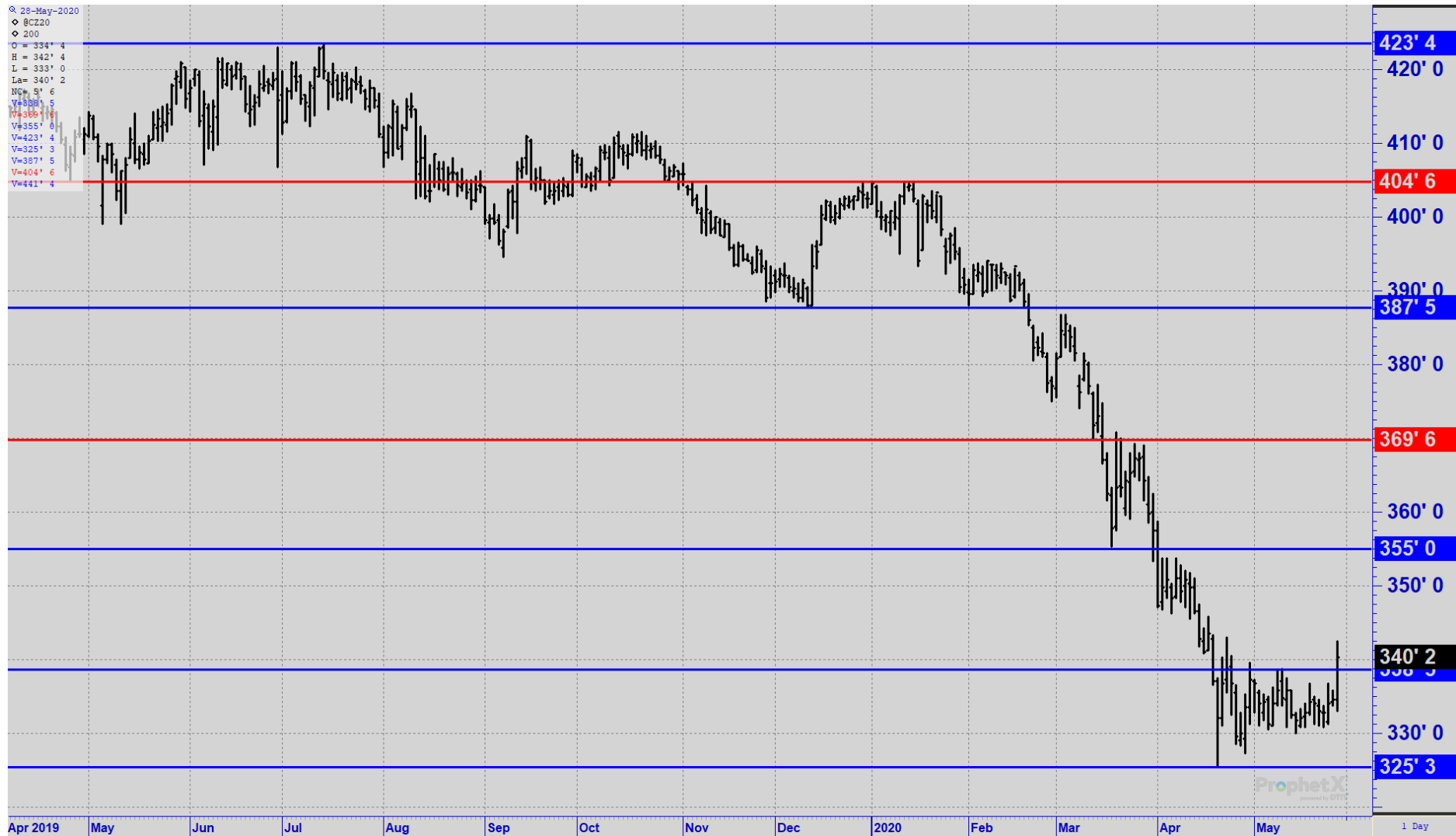
# Review of Seasonal Price Patterns: Soybean – Nov. CBOT



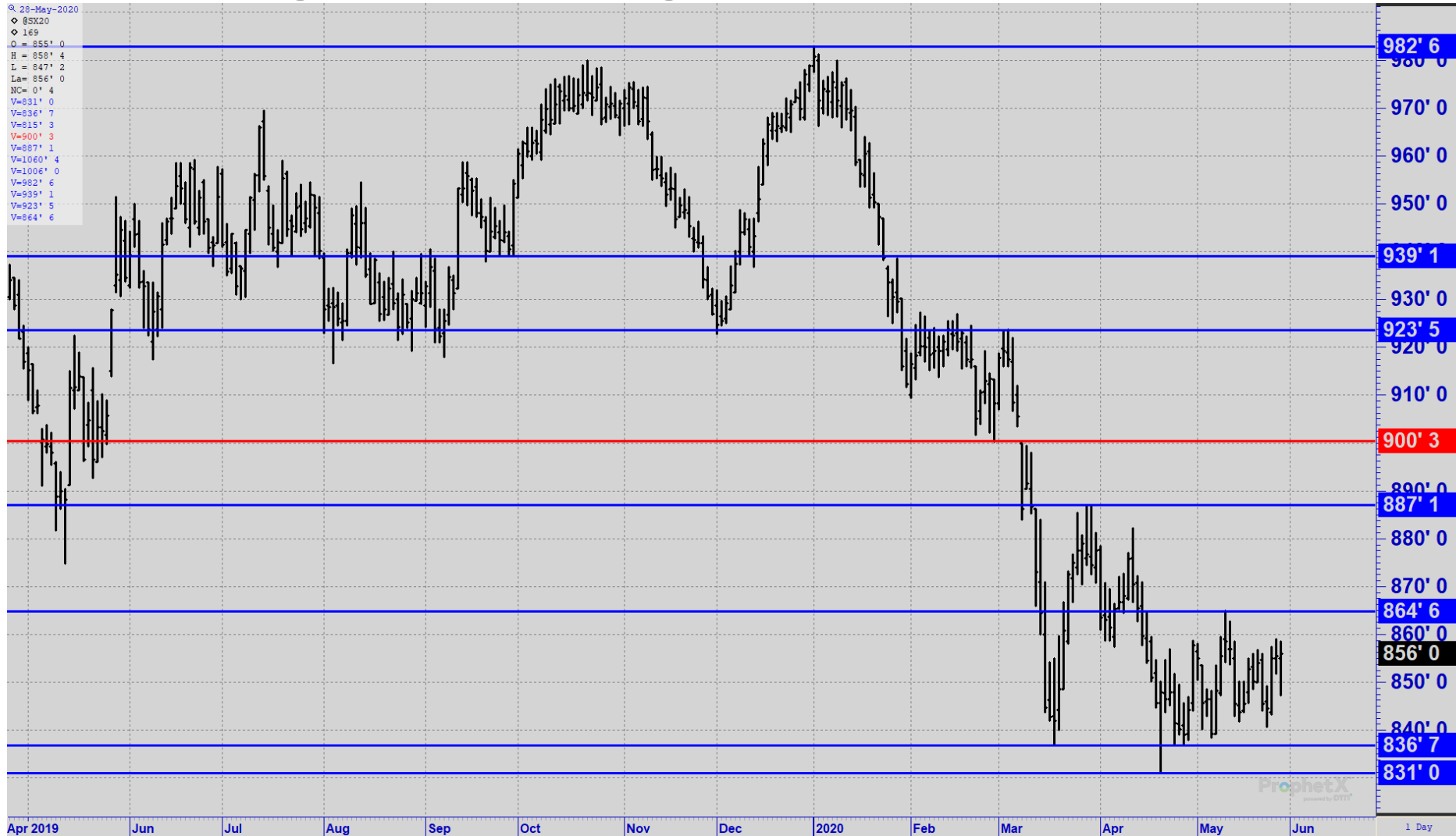
# Review of Seasonal Price Patterns: Spring Wheat – Dec. MGEX



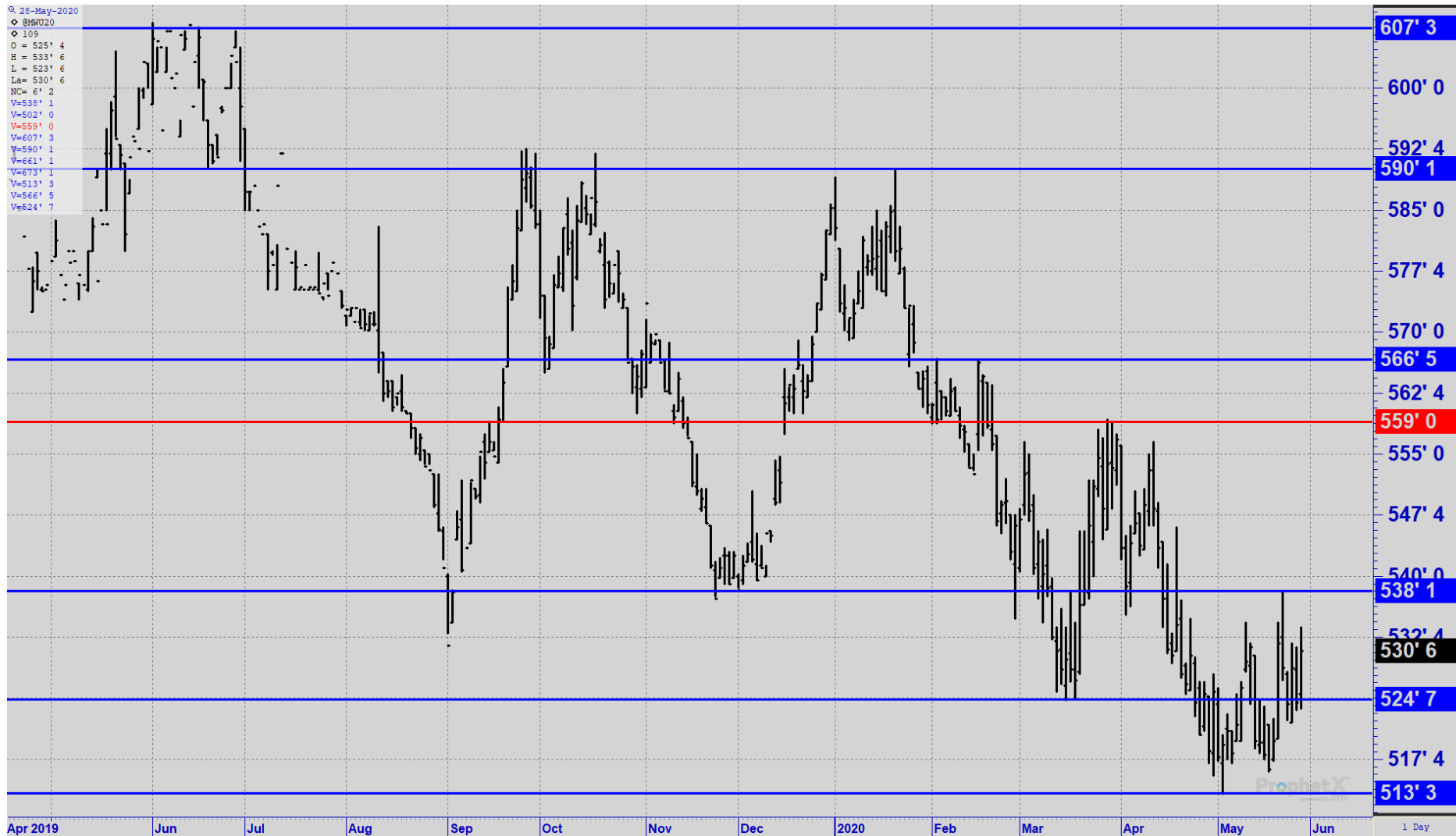
# Setting Price Targets: Corn – Dec. CBOT



# Setting Price Targets: SB – Nov. CBOT



# Setting Price Targets: HRS – Sep. MGEX



# Core Questions?

- What “new” development will occur in the markets to increase prices?
  - What will make buyers nervous enough to pay a higher price?
- What are the odds (probability) that this will happen?

# LIVESTOCK PRICE SITUATION AND OUTLOOK

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## USDA-NDFSA/NDSU EXTENSION CFAP Webinar June 4, 11 CDT

To register for the webinar, visit <https://www.ag.ndsu.edu/farmmanagement>.

A single CFAP payment will be made to livestock producers, but it is based on the sum of two distinct components:

- (1) a payment for livestock marketed between January 15, 2020, and April 15, 2020, and
- (2) a payment for the highest inventory of unpriced livestock between April 16, 2020, and May 14, 2020.

In both cases, the number of head are multiplied by the relevant payment rate in Table 2.

**Table 2. Payment Rates for Livestock.**

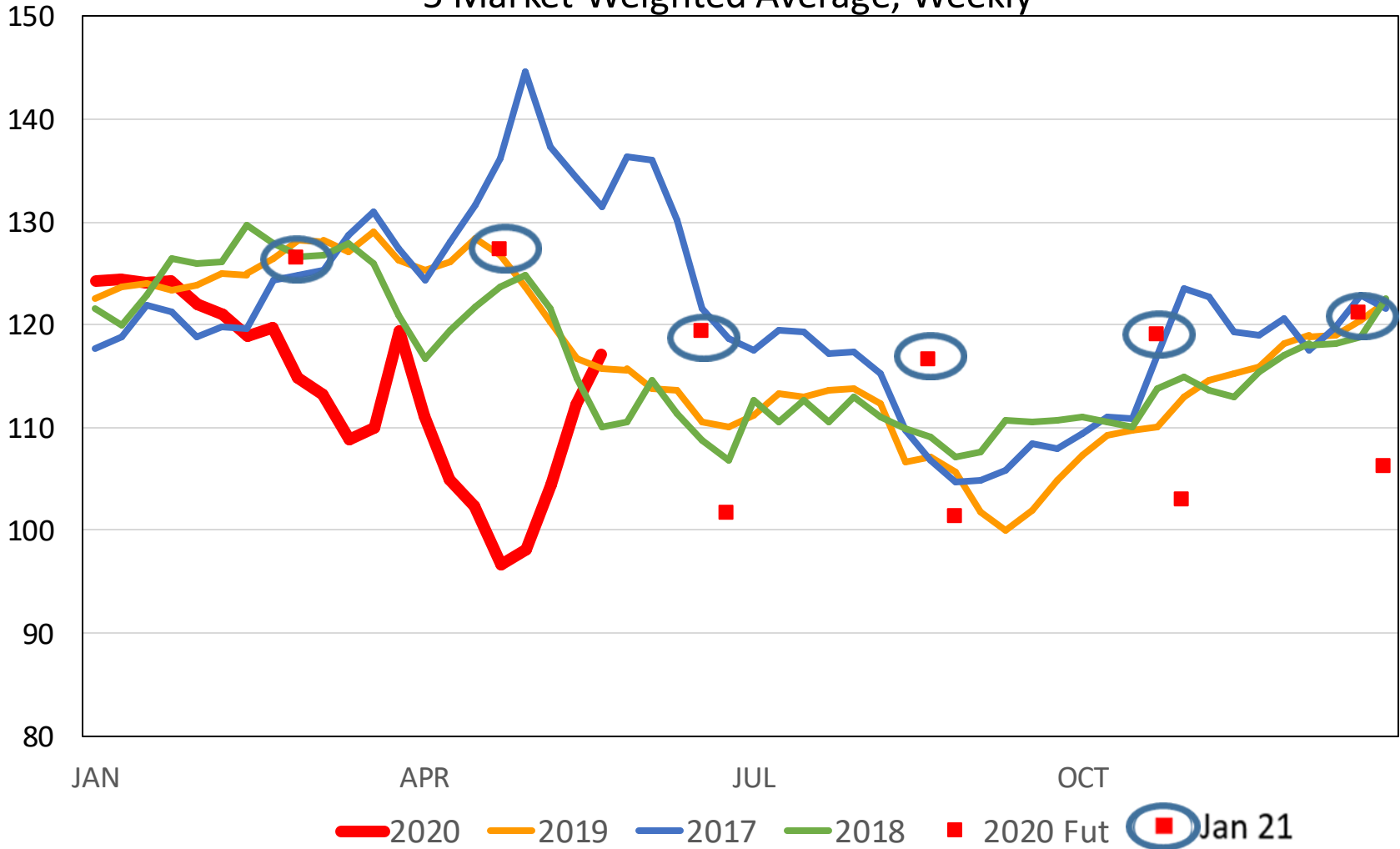
Commodity	Unit	CARES Act Payment Rate (\$/unit)	CCC Payment Rate (\$/unit)
Slaughter cattle—mature cattle	head	\$92	\$33
Slaughter cattle—fed cattle	head	\$214	\$33
Feeder cattle less than 600 pounds	head	\$102	\$33
Feeder cattle 600 pounds or more	head	\$139	\$33
All other cattle	head	\$102	\$33
Pigs	head	\$28	\$17
Hogs	head	\$18	\$17
Lambs and yearlings	head	\$33	\$7

**Source: Coronavirus Food Assistance Program Final Rule** (<https://www.farmers.gov/sites/default/files/documents/CFAP%20Final%20Rule.pdf>)



# SLAUGHTER STEER PRICES

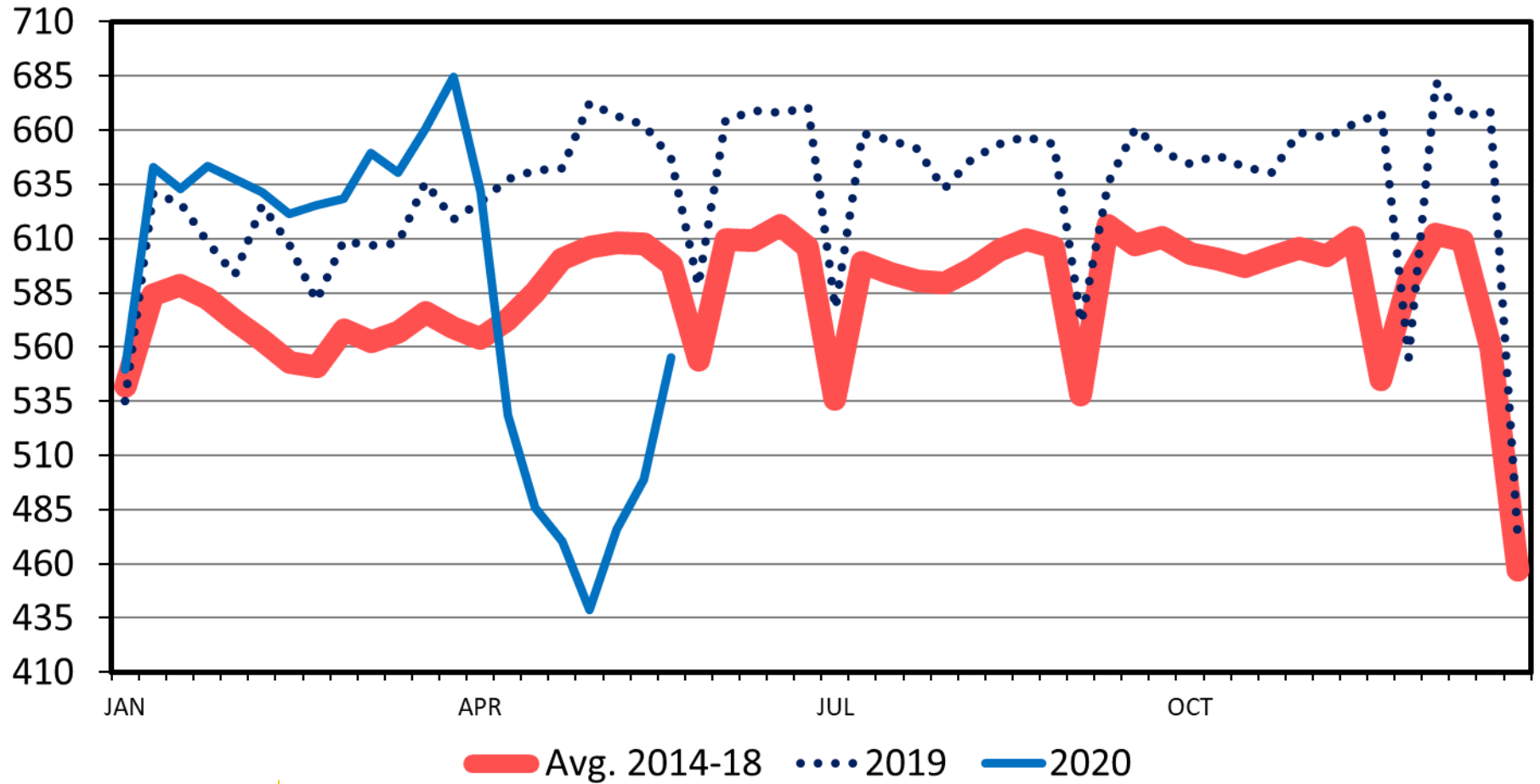
5 Market Weighted Average, Weekly



# CATTLE SLAUGHTER

## Federally Inspected, Weekly

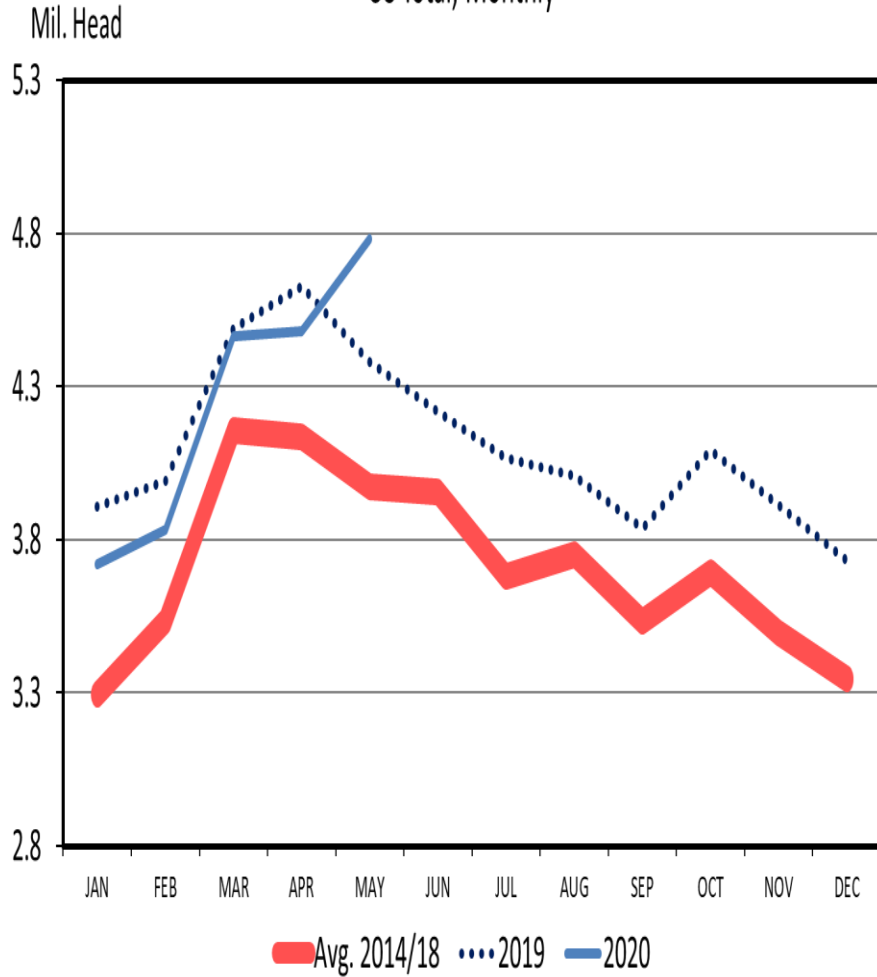
Thou. Head



— Avg. 2014-18    ···· 2019    — 2020

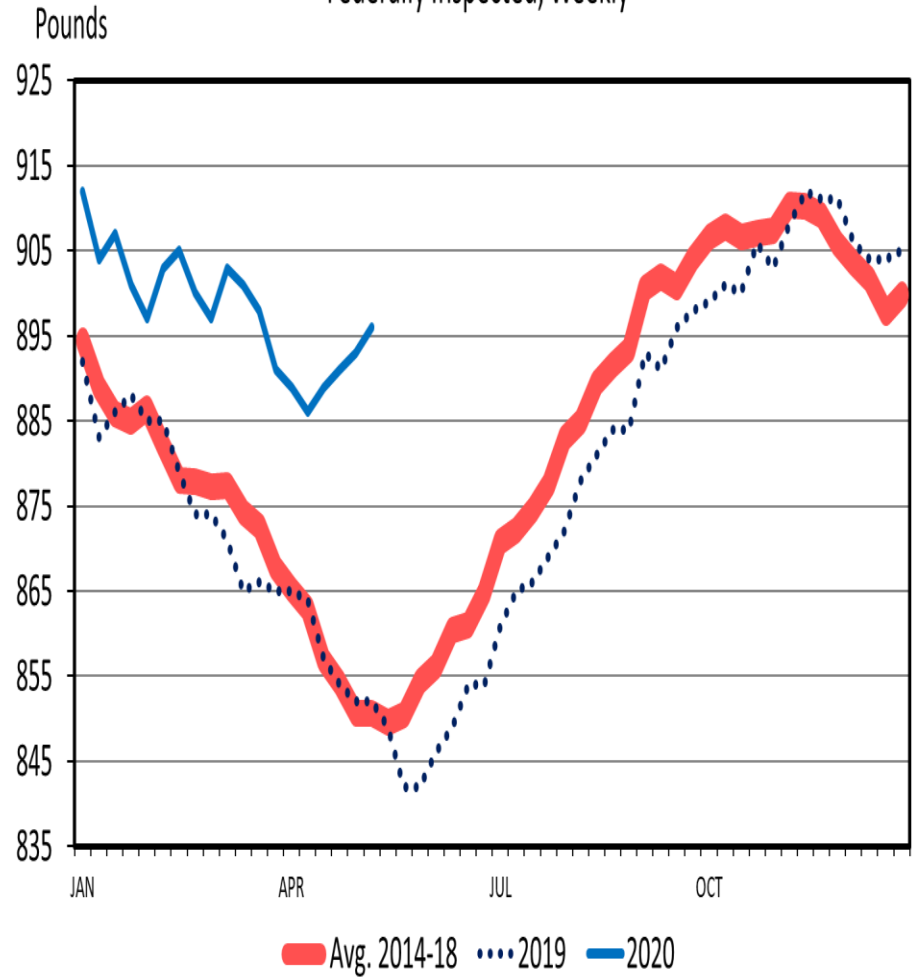
## CATTLE ON FEED OVER 120 DAYS

US Total, Monthly



## STEER DRESSED WEIGHT

Federally Inspected, Weekly





	Current Week	Last Reported 5/18/2020	Last Year
Total Receipts:	1,195	3,172	

**STEERS - Medium and Large 1 (Per Cwt / Actual Wt)**

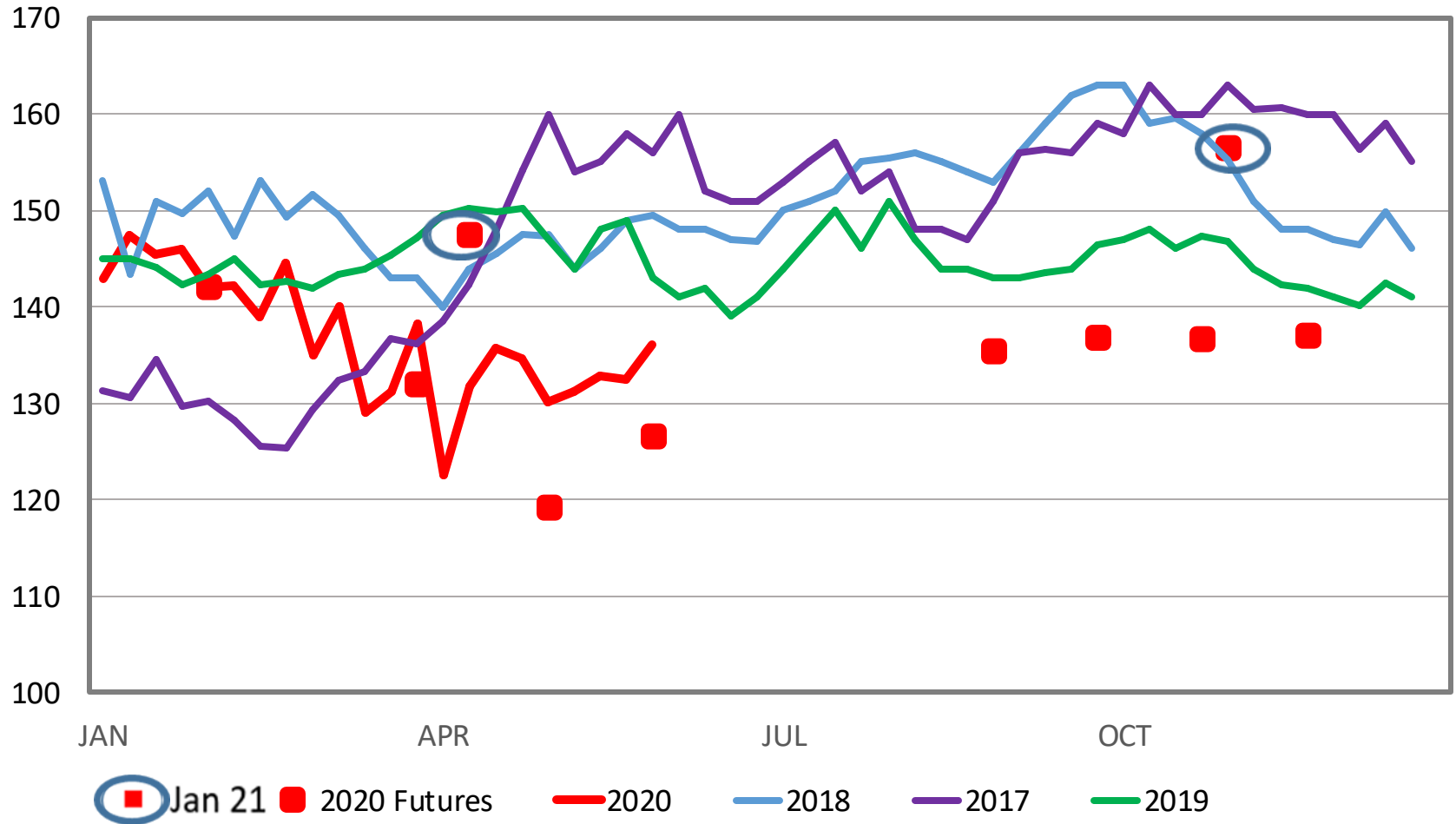
<u>Head</u>	<u>Wt Range</u>	<u>Avg Wt</u>	<u>Price Range</u>	<u>Avg Price</u>
6	517	517	174.00	174.00
12	600-606	603	143.00-153.00	147.98
110	701-716	714	144.00-152.00	150.71
81	787-788	787	135.00-136.25	136.10
74	827-832	831	134.00-136.25	135.98
10	867	867	128.50	128.50
8	966	966	117.00	117.00

**HEIFERS - Medium and Large 1 (Per Cwt / Actual Wt)**

<u>Head</u>	<u>Wt Range</u>	<u>Avg Wt</u>	<u>Price Range</u>	<u>Avg Price</u>	
9	331	331	161.00	161.00	
10	461	461	152.00	152.00	
53	585-597	595	133.50-145.00	142.65	
8	601	601	137.00	137.00	
77	673	673	141.00	141.00	
135	716-735	725	131.50-134.50	133.92	
15	760	760	129.00	129.00	Replacement
15	828	828	127.00	127.00	Replacement
13	878	878	107.50	107.50	
16	959	959	103.75	103.75	

# MED. & LRG. #1 FEEDER STEER PRICES

750-800 Pounds, N.D., Weekly



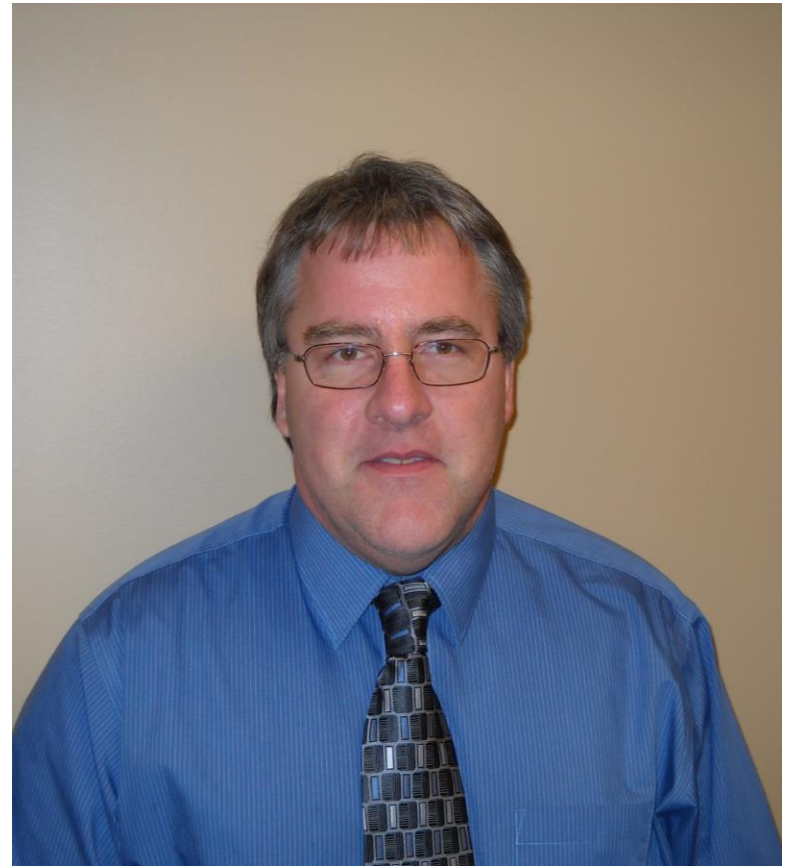
# Payroll Protection Program (PPP) Loan Forgiveness Updates

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# How will employment decisions affect my PPP loan forgiveness?

- Those who have taken PPP loans under the CARES Act face an eight-week deadline to use the full amount of the PPP proceeds in order to obtain full loan forgiveness.

# If an employee is laid off, offered re-hire, and declines the offer, does that affect my PPP loan forgiveness?

NO. Rules exclude laid-off employees from the CARES Act's loan forgiveness reduction calculation who fit the following criteria:

- the borrower offered to rehire the employee for the same salary/wages and same number of hours;
- the borrower must have made a good faith, written offer of rehire;
- the offer was rejected by the employee;
- the borrower has maintained records documenting the offer and the employee's rejection; and
- the borrower informed the applicable state unemployment insurance office of the rejected offer of reemployment within 30 days of the employee's rejection.



# If an employee resigns, does that count against PPP loan forgiveness?

- NO. Employee reductions caused by voluntary employee resignation do not reduce the borrower's loan forgiveness.

# If I have to terminate an employee for cause, does that count against PPP loan forgiveness?

- NO. The PPP Loan Forgiveness Application and IFR clarify that employee reductions caused by terminating employees for cause do not reduce the borrower's loan forgiveness.

If an employee goes out on an unpaid leave—at the employee's request—does that count against PPP loan forgiveness?

- PROBABLY NOT. While the PPP Loan Forgiveness application and IFR do not explicitly address unpaid leave, the guidance clarifies that employee reductions caused by an employee voluntarily requesting and receiving a reduction of their hours do not reduce the borrower's loan forgiveness. Borrowers are not be penalized for changes in employee headcount that are the result of employee actions and requests.

# Takeaways

- The SBA and Treasury are not interested in forcing employment relationships that are not desired by both parties. They take a common-sense, reasonable approach to employee reductions that further the goals of the PPP.
- Documentation Very Important!

# Biofuel Situation

David Ripplinger

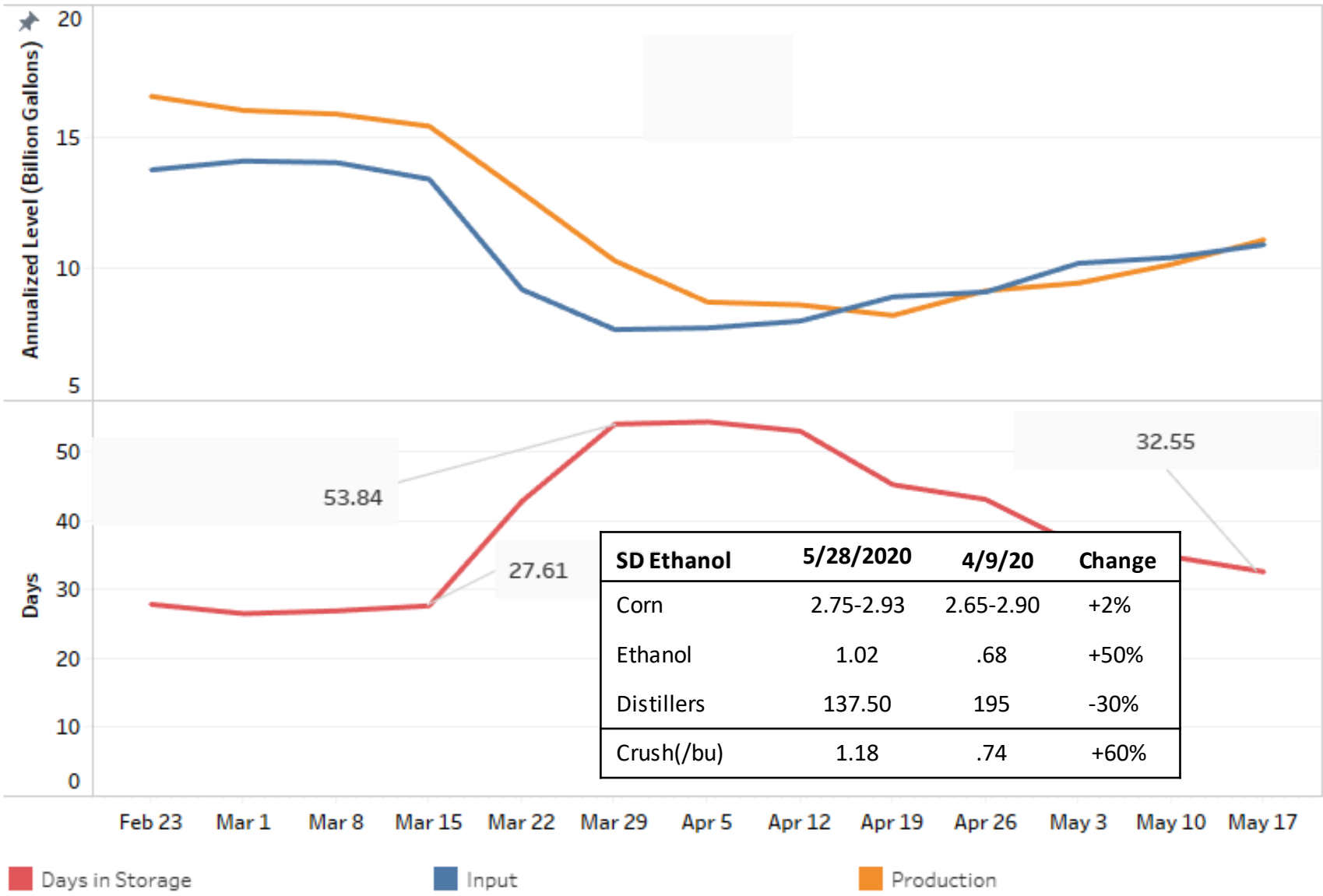
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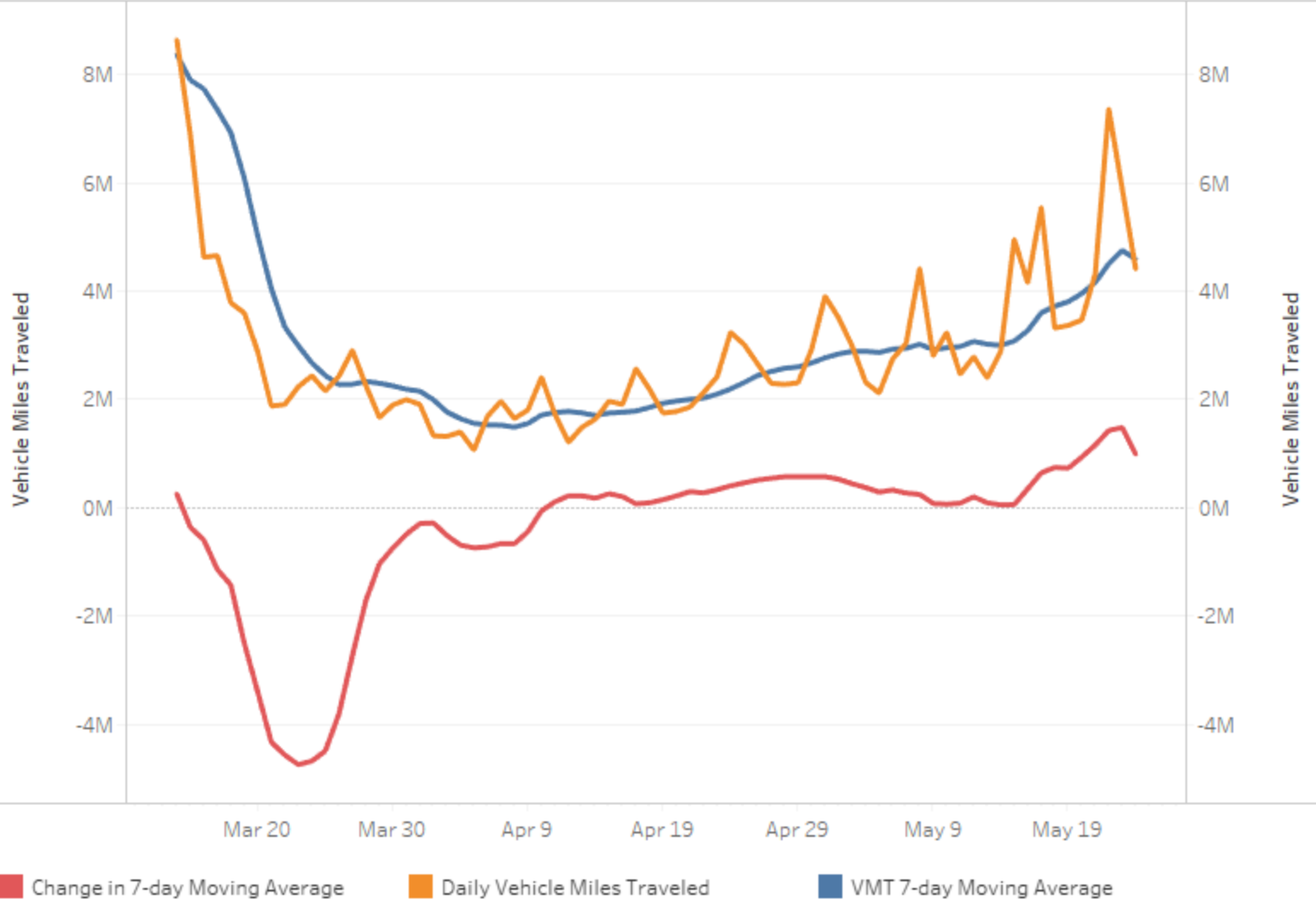
[david.ripplinger@ndsu.edu](mailto:david.ripplinger@ndsu.edu)



# US Ethanol Production, Input, and Days in Storage



# Cass County North Dakota Vehicle Miles Traveled



# CFAP Webinar

Hosted by NDSU Extension and the USDA/Farm Service Agency

11 am Thursday, June 4

- General program and automation
- Specialty and value loss crops
- Nonspecialty crops and wool
- Livestock and dairy
- Payment limitation and compliance

[ag.ndsu.edu/farmmanagement](http://ag.ndsu.edu/farmmanagement)

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After the webinar you'll be invited  
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Recording and Additional Information

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