

# Agricultural Market Situation and Outlook

May 15, 2020

**WELCOME!**

**NDSU**

EXTENSION

# Unemployment, Consumer Prices, and Farm Bankruptcies

Bryon Parman

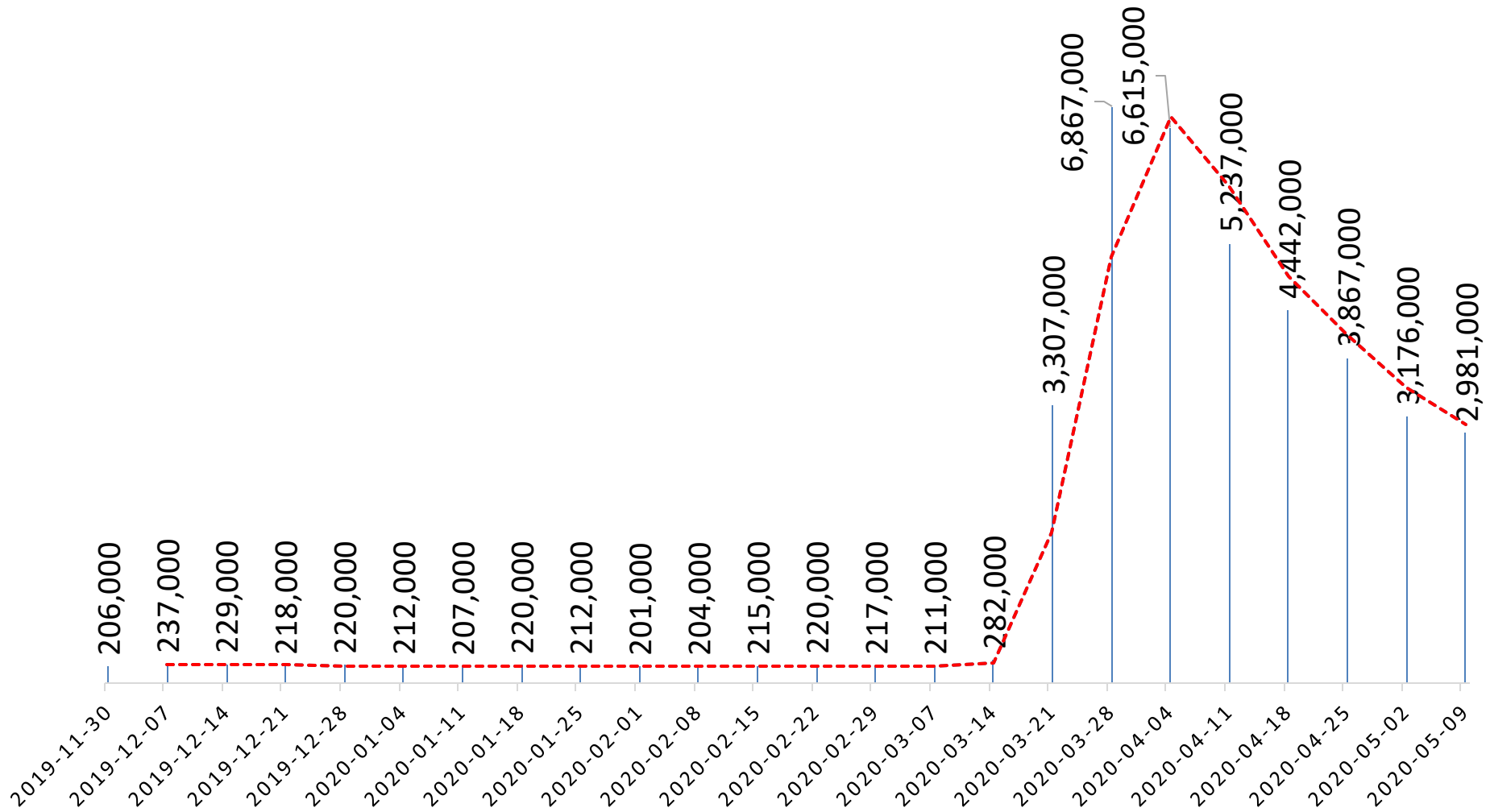
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# Weekly U.S. New Jobless During COVID-19

WEEKLY U.S. JOBLESS CLAIMS NOVEMBER 2019 - MAY 2020

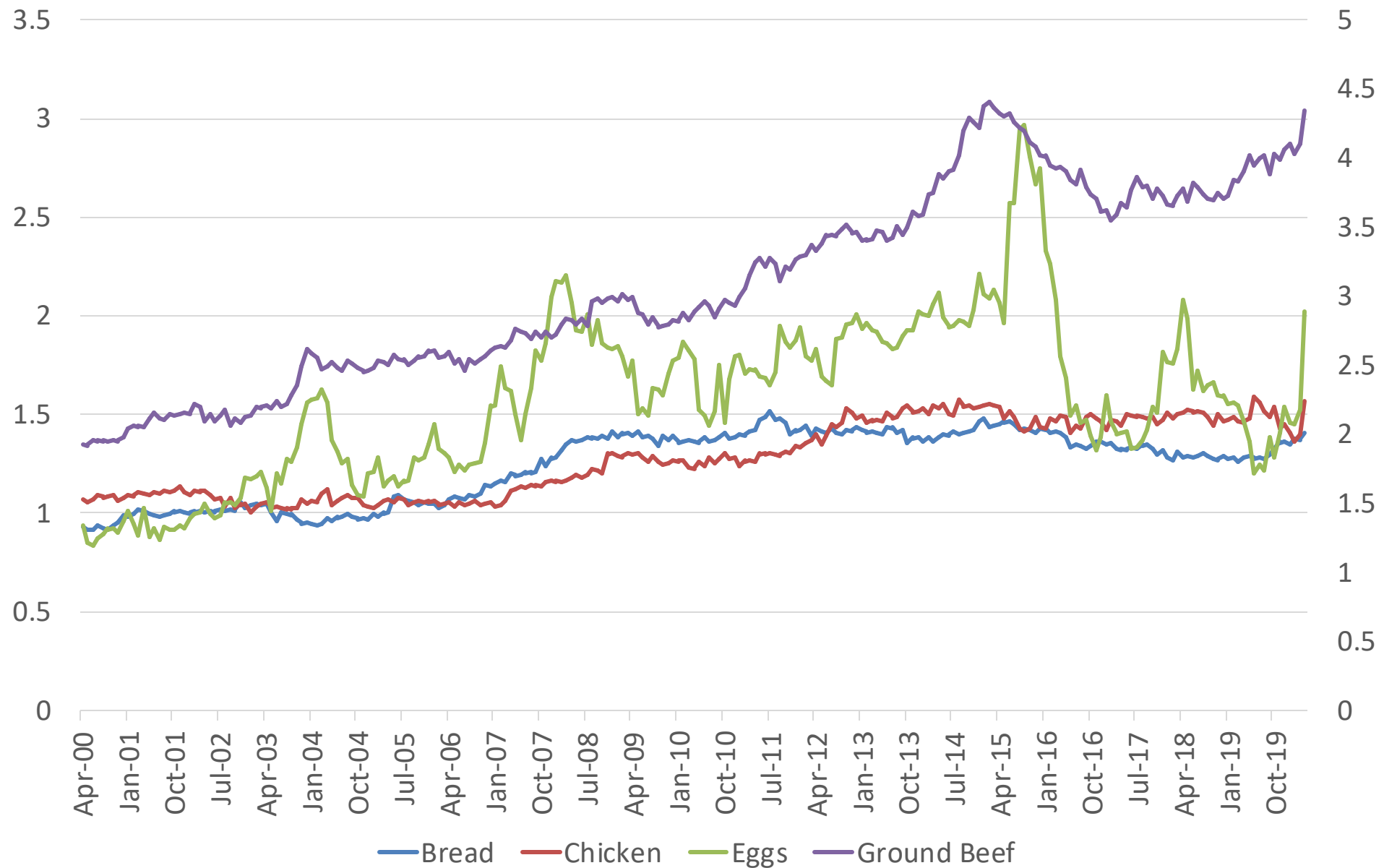


# BLS Seasonally Adjusted Unemployment

Duration	Seasonally adjusted					
	Apr. 2019	Dec. 2019	Jan. 2020	Feb. 2020	Mar. 2020	Apr. 2020
NUMBER OF UNEMPLOYED	Number of Unemployed in Thousands					
Less than 5 weeks	1,906	2,065	2,059	2,013	3,542	14,283
5 to 14 weeks	1,835	1,730	1,755	1,803	1,794	7,004
15 weeks and over	2,087	1,998	2,053	1,927	1,971	1,772
15 to 26 weeks	860	812	887	825	808	833
27 weeks and over	1,227	1,186	1,166	1,102	1,164	939
Average (mean) duration, in weeks	22.8	20.8	21.9	20.9	17.1	6.1
Median duration, in weeks	9.3	9.0	9.3	9.1	7.0	2.0

Average Weekly Earnings BLS	Apr. 2019	Feb. 2020	Mar. 2020(P)	Apr. 2020(P)
Total private	\$956.66	\$981.09	\$977.65	\$1,026.34
Goods-producing	1,161.04	1,194.63	1,187.76	1,153.98
Mining and logging	1,559.84	1,583.23	1,569.34	1,508.07
Construction	1,200.70	1,230.48	1,225.00	1,186.16
Manufacturing	1,115.69	1,149.37	1,144.53	1,114.91
Durable goods	1,184.06	1,219.03	1,212.17	1,169.29
Nondurable goods	995.51	1,031.60	1,032.41	1,022.56
Private service-providing	918.08	938.56	936.01	1,001.33
Trade, transportation, and utilities	823.54	844.06	843.98	868.66
Wholesale trade	1,213.68	1,234.23	1,234.23	1,217.49
Retail trade	598.04	619.83	621.18	648.72
Transportation and warehousing	954.34	961.49	957.22	970.17
Utilities	1,736.79	1,811.35	1,801.13	1,843.73
Information	1,519.31	1,561.99	1,575.39	1,597.97
Financial activities	1,347.02	1,385.56	1,384.06	1,407.74
Professional and business services	1,210.17	1,242.20	1,244.01	1,278.42
Education and health services	907.17	923.49	919.56	919.75
Leisure and hospitality	426.06	434.73	408.01	435.60
Other services	800.37	820.16	806.67	882.28

# Price Index for Bread, Chicken, Eggs, and Ground Beef: BLS Data



# 12 Month Percentage Change For Selected Consumer Products

- Food + 3.5%
  - Food at home +4.1%
  - Food away from home +2.8%
- Gasoline -32%
- Energy -17.7%
- Apparel -5.7%
- Medical Care +5.8%
  - Trend started well before COVID-19

# Retail Numbers Today

- Clothing retail down 21.6% from a year ago and
- JC Penny Filing for bankruptcy today, or over the weekend, closing 180 – 200 stores out of 865 (employs 90,000)
- Pier one imports closing 450 of 942
- Macy's closing 28 stores



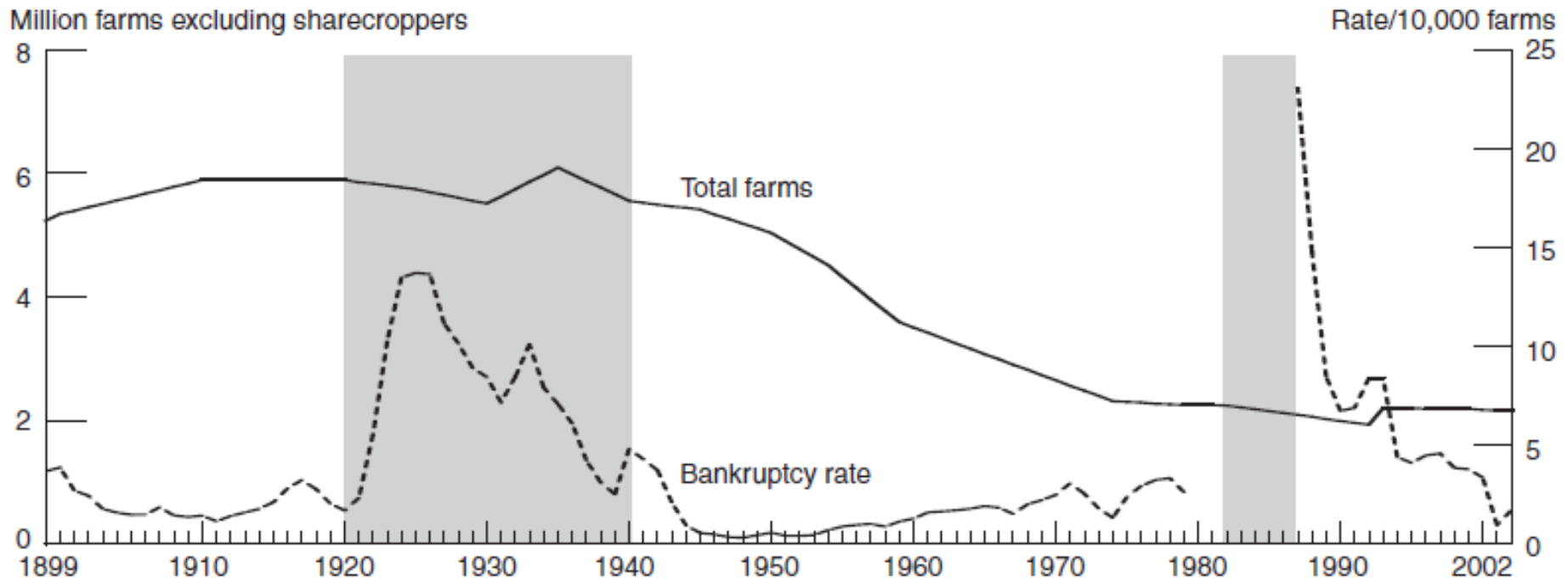
# Farm Bankruptcies

- 1920 – 1929: 51,863 farms filed
- 1925: Largest single year with 7,872
- 1987: 4,812 Individual Chapter 12 filings
  - (Does not include chapter 7,11,13 as no data exists for the 1980's)
- 1980's rate higher than the depression
  - Fewer farms

# ERS Farm Bankruptcy Cases

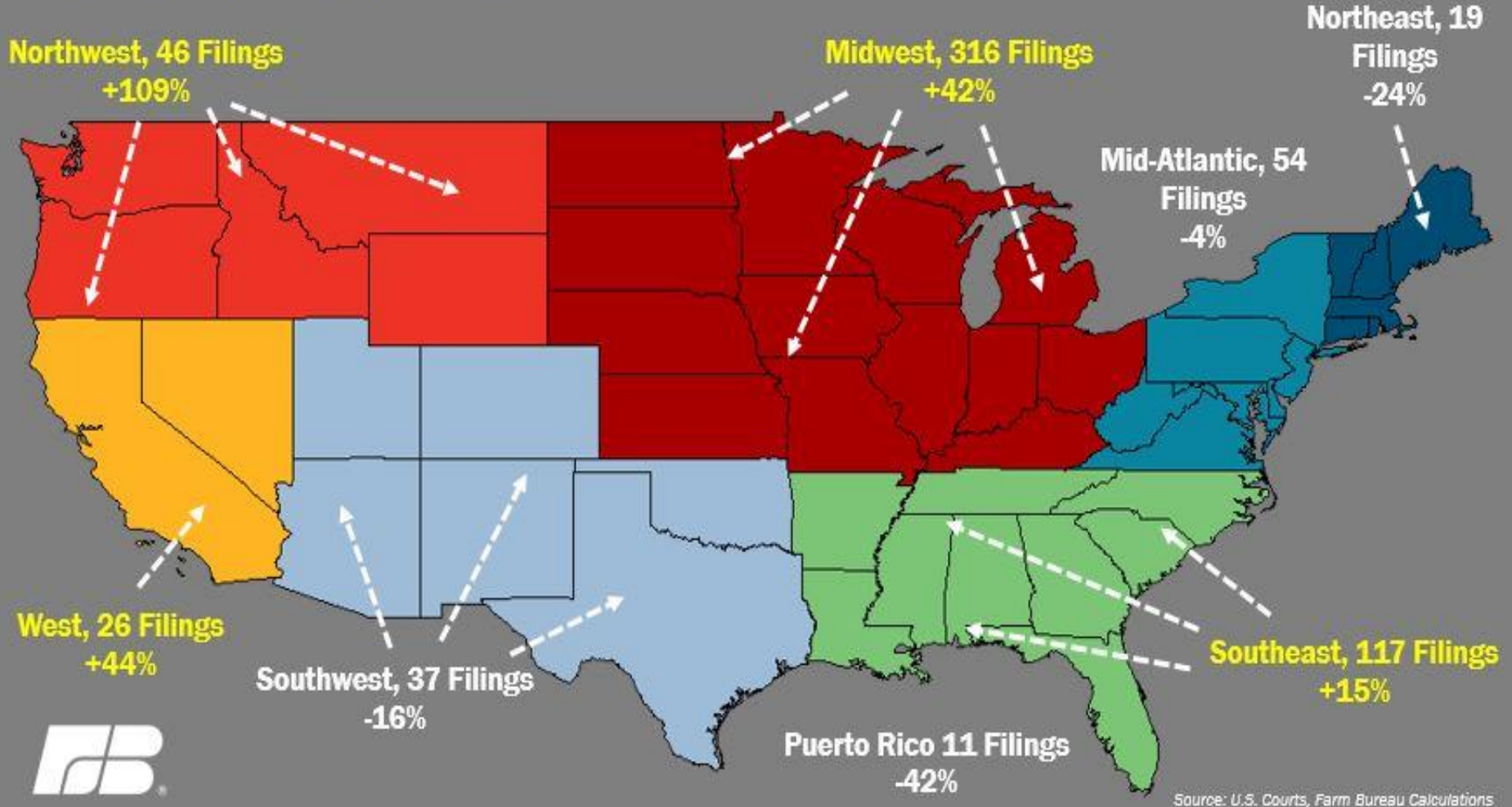
**Figure 3. Total farms (excluding sharecroppers) and farmer bankruptcy cases filed per 10,000 farms, 1889-2002**

*Farm-sector financial stress during the 1920's, 1930's, and 1980's led to higher bankruptcy rates but had little effect on farm numbers.*



Note: Shaded areas indicate general periods of farm financial stress. All applicable bankruptcy chapters were included for the 1889-1979 data. Data for 1987-2002 are for Chapter 12 only. Data for 1980-86 are not reported due to changes in the bankruptcy law. Sources (2, 4, 5, 6, 45, 46, 47, 50, 51, 52, and 55).

# Figure 3. Chapter 12 Farm Bankruptcies By Region, 627 Filings, U.S. +23% 12-Month Period Ending in March 2020



Map from U.S. Farm Bureau: "COVID-19 Will Likely Push Farm Bankruptcies Higher". Online at:

<https://www.fb.org/market-intel/covid-19-will-likely-push-farm-bankruptcies-higher>

# U.S. – China Phase One Trade Agreement Update

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# Political Tensions Rising

- “So I make a great trade deal and now I say this doesn't feel the same to me. The ink was barely dry and the plague came over. And it doesn't feel the same to me,” said President Trump
- “There are many things we could do. We could do things. We could cut off the whole relationship,” said President Trump.

# Political Tensions Rising

- “The president is concerned. He’s reviewing all his options. Obviously we’re very concerned about the impact of this virus on the economy, on American jobs, the health of the American public and the president is going to do everything to protect the economy and protect American workers,” said U.S. Treasury Secretary Steven Mnuchin

# Two Key Sections Impacting Agriculture

- Chapter 3 – Trade in Food and Agricultural Products.
  - Primary goal is to address and reduce non-tariff barriers to trade
    - Biotechnology
    - Sanitary and Phytosanitary regulations
    - Food Safety
- Chapter 6 – Expanding Trade

# Article 6.2 (b)

- For the category of agricultural goods identified in Annex 6.1, no less than \$12.5 billion above the corresponding 2017 baseline amount is purchased and imported into China from the United States in calendar year 2020, and no less than \$19.5 billion above the corresponding 2017 baseline amount is purchased and imported into China from the United States in calendar year 2021.



# USDA Analysis

- “The Agreement does not identify the 2017 baseline amount. The United States and China will use official Chinese and U.S. trade data to determine whether the purchase commitments by China have been met.”

# Recent Statements

- U.S. Trade Representative Robert Lighthizer, U.S. Treasury Secretary Steven Mnuchin and Chinese Vice Premire Liu He held a conference call on Thursday, May 7, 2020,
- “Both sides agreed that good progress is being made on creating the governmental infrastructures necessary to make the agreement a success,” said Lighthizer and Mnuchin.

# Recent Statements

- “They also agreed that in spite of the current global health emergency, both countries fully expect to meet their obligations under the agreement in a timely manner,” the statement said.
- A similar summary of the discussion was reported in China.

# Recent Statements

- “China has the ability to complete the \$40 billion purchases, but such purchases have to be based on a friendly atmosphere,” said Li Qiang, chief analyst with Shanghai JC Intelligence Co.

Bloomberg News – May 13, 2020

- “China will still implement the trade deal and chances are high that China will speed up purchases,” said Zhang Hua, vice general manager of COFCO International.

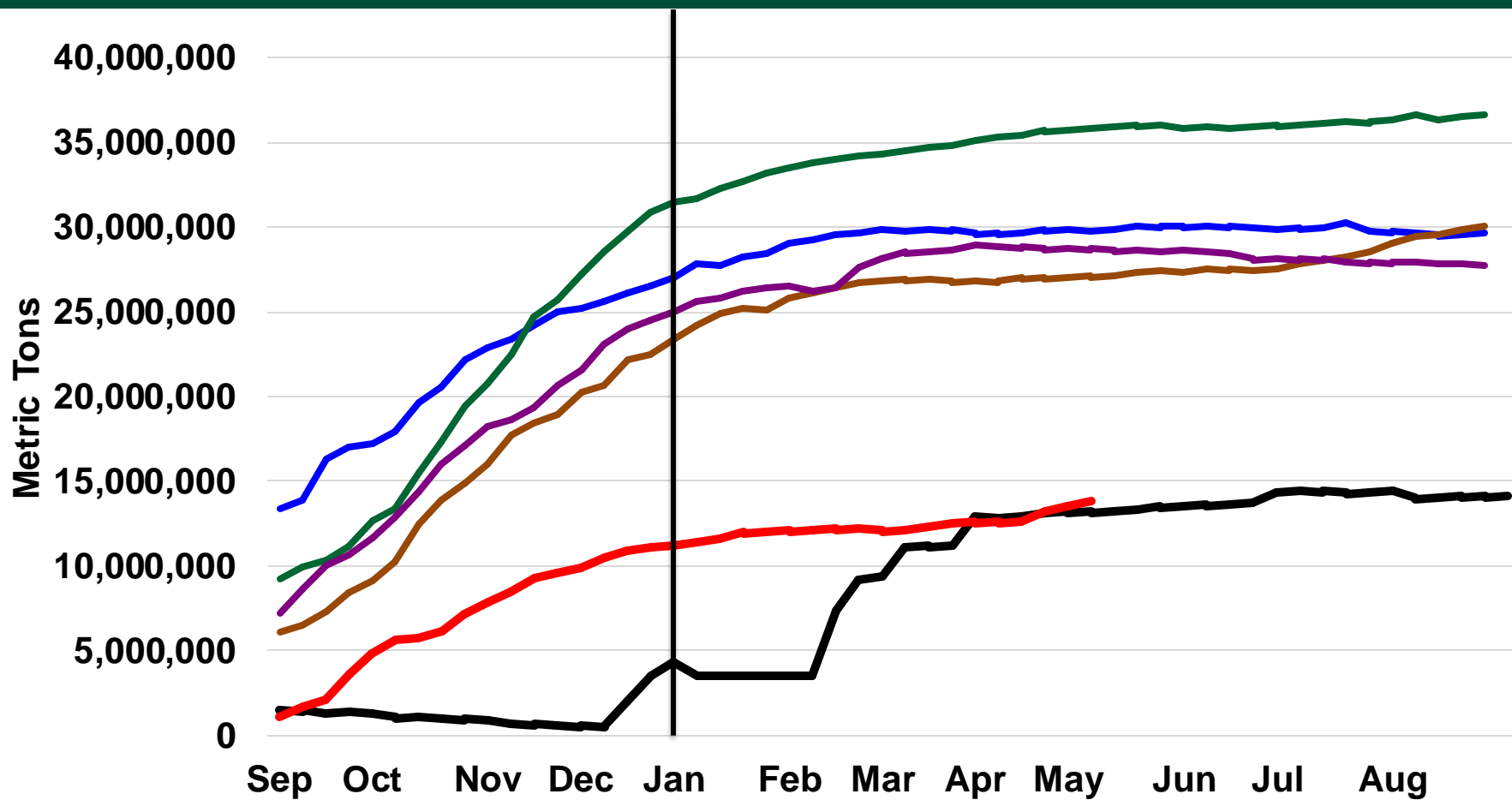
Bloomberg News – May 14, 2020

# Value of U.S. Ag Exports to China (Billion U.S. Dollars)

Year	Total of All Ag Items in Phase One Agreement*	Soybeans	% SB	Cereals	Fish, Crustaceans & Aquatic Invertebrates
2015	21.499	10.489	48.8%	2.466	1.008
2016	22.802	14.203	62.3%	1.295	0.949
<b>2017</b>	<b>20.927</b>	<b>12.225</b>	<b>58.4%</b>	<b>1.348</b>	<b>1.236</b>
2018	10.442	3.119	29.9%	0.689	1.065
2019	14.810	7.989	53.9%	0.305	0.861
<b>2020 January - March</b>	<b>3.081</b>	<b>1.028</b>	<b>33.3%</b>	<b>0.117</b>	<b>0.137</b>

\* 217 four digit Harmonized System (HS) Codes. Does not include HS Code 290543, 290544 and 380910 – essential oils, finishing agents and dye carriers

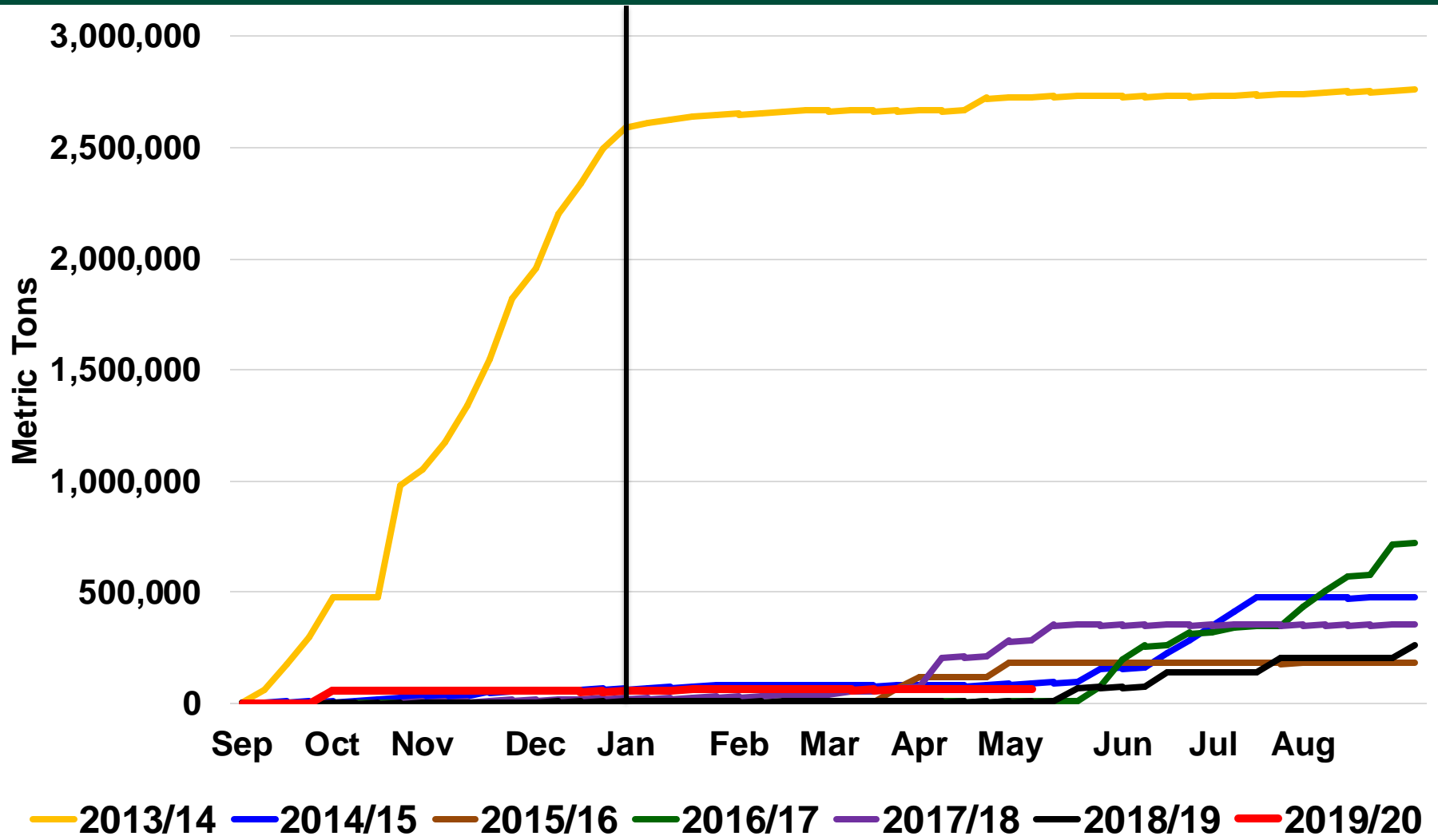
# Weekly U.S. Soybean Total Commitments by China (09/01/2014 – 05/07/2020)



— 2014/15 — 2015/16 — 2016/17 — 2017/18 — 2018/19 — 2019/20

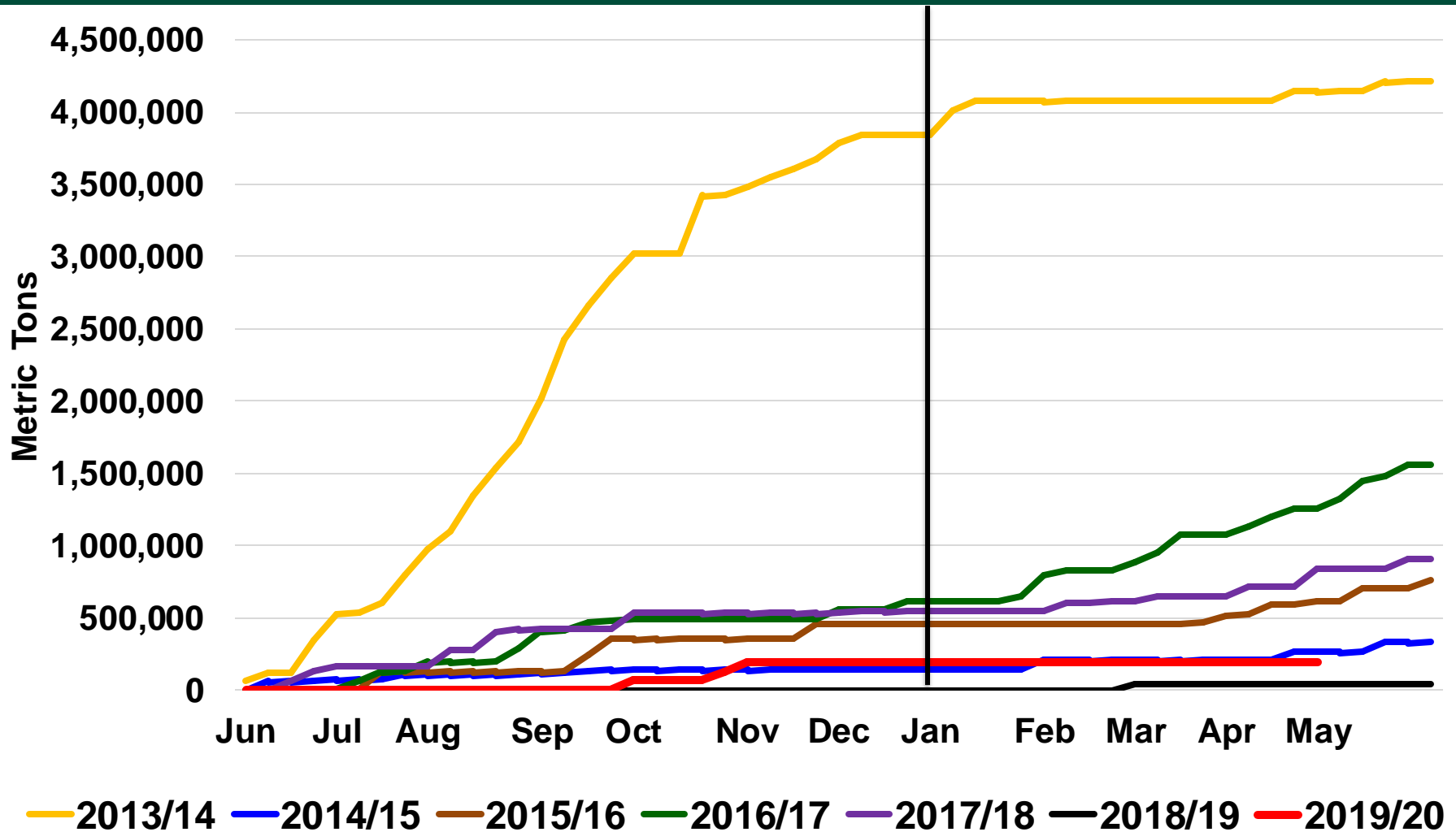
# Weekly U.S. Corn Total Commitments by China

(09/01/2013 – 05/07/2020)



# Weekly U.S. Wheat Total Commitments by China

(09/01/2013 – 05/07/2020)





# Livestock Price Situation and Outlook

Tim Petry

Extension Livestock  
Marketing Economist

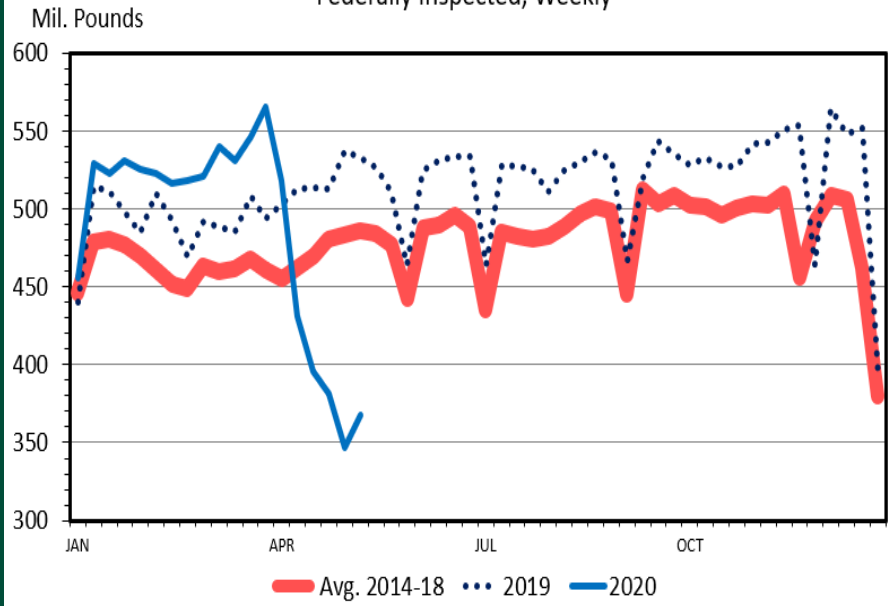
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[www.ndsu.edu/  
livestockeconomics](http://www.ndsu.edu/livestockeconomics)



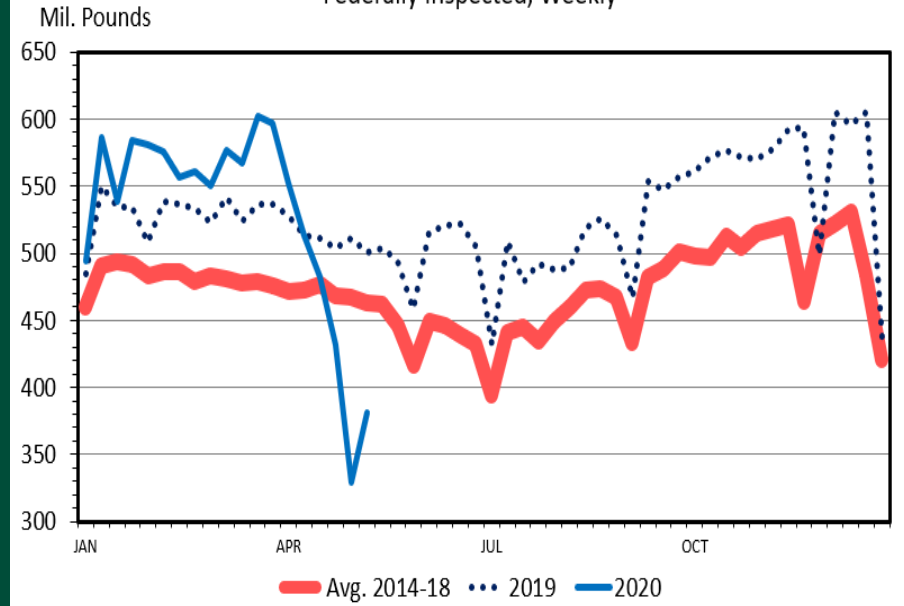
### BEEF PRODUCTION

Federally Inspected, Weekly



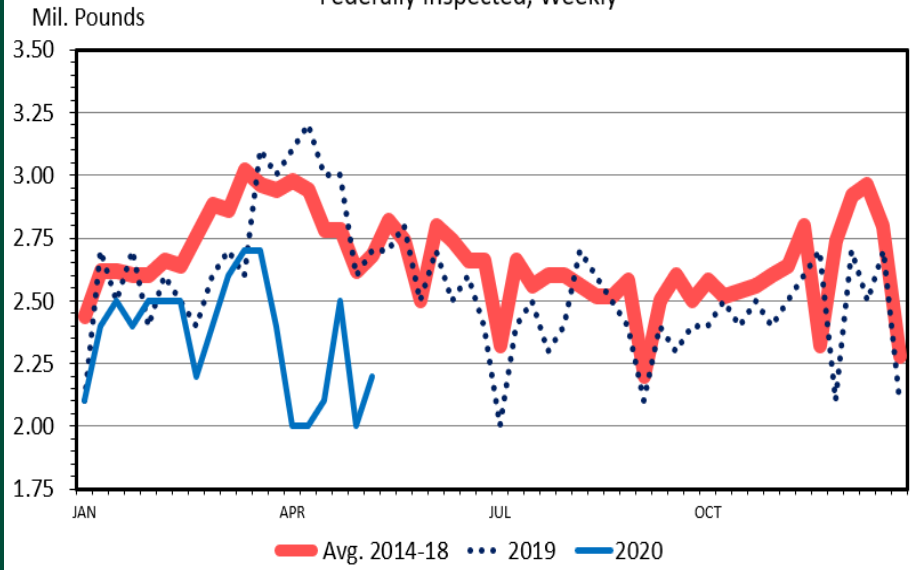
### PORK PRODUCTION

Federally Inspected, Weekly



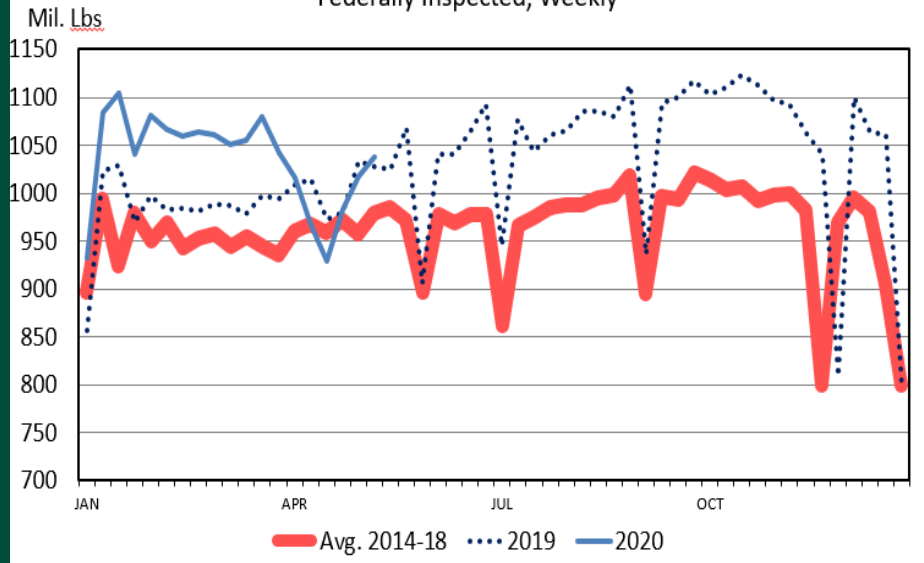
### LAMB AND MUTTON PRODUCTION

Federally Inspected, Weekly



### BROILER PRODUCTION

Federally Inspected, Weekly





United States  
Department of  
Agriculture

OFFICE OF THE CHIEF ECONOMIST

# World Agricultural Supply and Demand Estimates

## U.S Meat Production and Prices

APR 9, 2020

May 12, 2020

	2020 Forecast		2020 Forecast	
	Pounds	Change From 2019	Pounds	Change From 2019
<b>Production</b>				
Beef	27.45	1.1	25.76	-5.1
Pork	29.04	5.1	27.44	-7.3
Broilers	45.16	2.8	43.78	-3
Turkey	5.91	1.5	5.83	0
<b>Total meat</b>	<b>108.3</b>	<b>2.9</b>	<b>103.57</b>	<b>-1.6</b>
<b>Prices</b>				
	<i>Dollars/cwt.</i>		<i>Dollars/cwt.</i>	
Steers	111.08	-4.9	104.08	-10.9
Hogs	40.13	-16.3	43.13	-10
	<i>Cents/lb.</i>		<i>Cents/lb.</i>	
Broilers	73.90	-16.6	71.40	-19.4
Turkey	103.4	16	104.6	17.3

record high



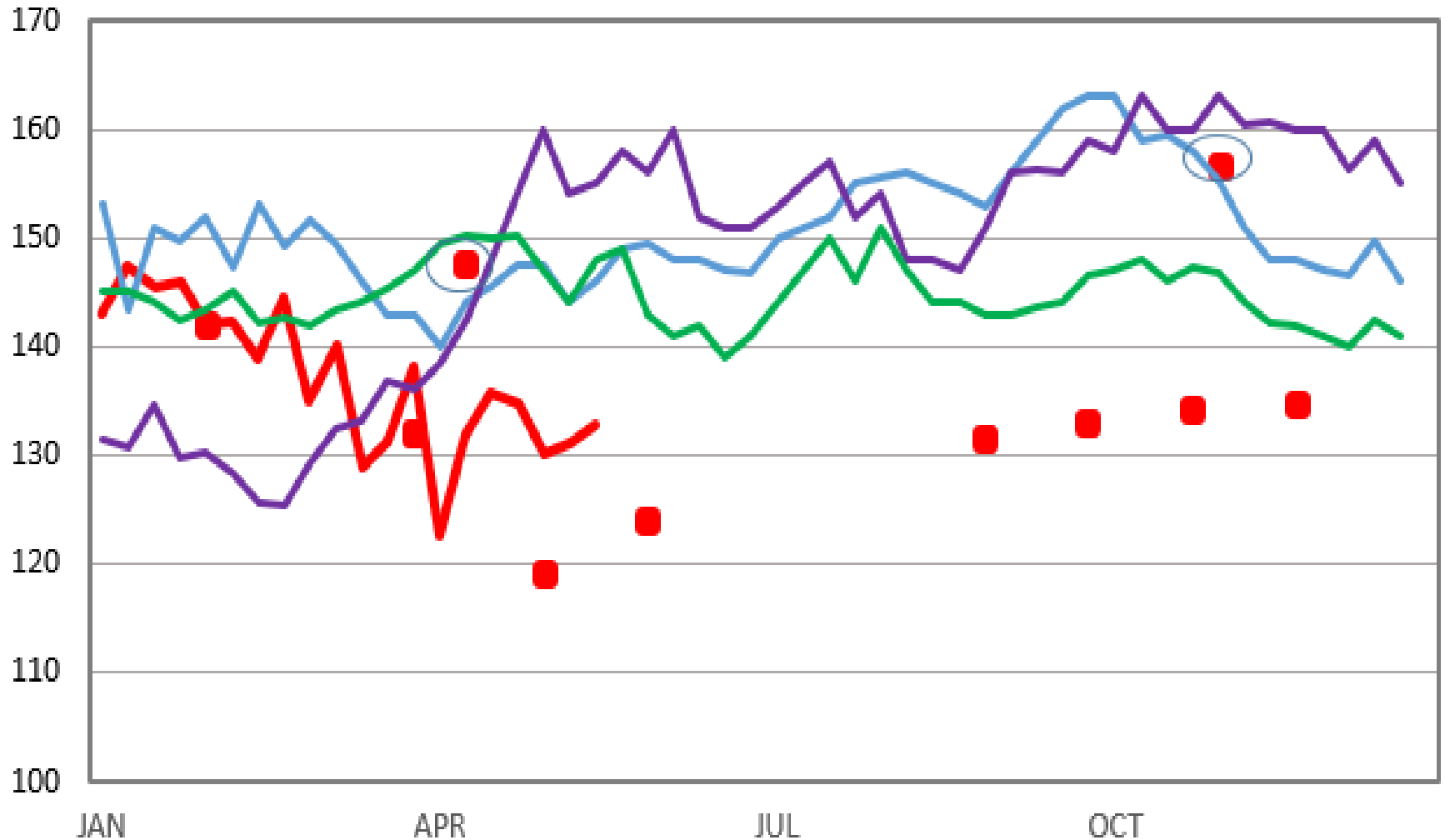
	Current Week	Last Reported	Last Year
Feeder Cattle:	6,319(100.0%)	1,625(100.0%)	0(0.0%)

**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>
7	424	424	174.00	174.00
8	457-495	471	180.00-186.00	183.64
31	519-543	536	171.00-177.00	173.20
122	550-595	568	158.00-170.50	164.36
34	611-628	617	148.00-154.00	151.62
265	653-698	679	136.00-150.25	143.66
330	704-748	729	133.50-146.25	138.90
48	753-799	765	127.50-134.50	132.83
312	800-836	819	124.00-131.00	128.64
349	852-899	881	118.75-147.75	124.91
87	903-944	908	103.00-118.50	116.00
268	959-990	981	102.00-111.00	109.75

# MED. & LRG. #1 FEEDER STEER PRICES

750-800 Pounds, N.D., Weekly



○ Jan 21   ■ 2020 Futures   — 2020   — 2018   — 2017   — 2019



**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>		
19	413-441	427	144.00-153.00	149.00		
40	481-493	488	140.00-152.00	145.47		
83	516-541	532	132.00-145.00	141.42		
169	554-598	579	127.50-144.50	138.30		
241	606-648	626	125.00-142.00	135.30		
365	653-699	684	117.00-134.25	127.74		
10	666	666	134.00	134.00	Replacement	
230	701-743	723	117.75-129.00	123.20		
28	714	714	124.00	124.00	Replacement	
336	752-798	772	110.00-124.00	117.33		
135	760-796	783	122.50-137.00	130.69	Replacement	<b>\$1072</b>
186	800-840	822	106.00-115.75	112.95		
171	804-844	824	113.00-123.50	121.06	Replacement	<b>\$1018</b>
21	859	859	112.50	112.50	Replacement	
91	900-931	910	106.50-110.00	109.03		
78	948	948	114.00	114.00	Replacement	<b>\$1081</b>

# The Intersection of the Cattle and Beef Industries Webinar Series

Cattle producers, consumers and decision makers will have an opportunity to learn more about the current issues in the cattle and beef industries through the **Intersection of the Cattle and Beef Industry** webinar series. North Dakota State University Extension is co-hosting the series with Texas A & M Agrilife Extension and West Virginia University.

The first two-hour webinar in the "Intersection of the Cattle and Beef Industries" series will be held May 7 at 7 p.m. CDT.

**Registration is required.**

[www.ag.ndsu.edu/livestockextension/intersectionwebinars](http://www.ag.ndsu.edu/livestockextension/intersectionwebinars)

## Webinar Schedule

- May 7, 2020, Overview of MCOOL, Imports and Exports, Packer Profits, Local Meats, Protein Industry Euthanasia, and Beef Check Off
- May 12, 2020, In depth perspective of MCOOL, Imports and Exports
- May 14, 2020, In depth perspective of Packer Profits
- May 19, 2020, In depth perspective: Will we be euthanizing cattle like hogs and poultry?
- May 21, 2020, In depth perspective of Local meats: Challenges and Opportunities
- May 26, 2020, In depth perspective of The Beef Checkoff
- May 28, 2020, In-depth perspective of how cattle are priced: a discussion about price and value discovery, and the futures market
- June 2, 2020, Virtual Packing Plant Tour
- June 4, 2020, In depth perspective of Ground beef, heavy carcasses and imports
- June 9, 2020, In depth perspective of Domestic and International supply and demand
- June 11, 2020, In depth perspective of Historical Overview of the Beef Industry from the Jungle to Today
- June 16, 2020, In depth perspective of Changes in how beef is supplied to grocery stores and restaurants
- June 18, 2020, In depth perspective of Steer and Heifer Complex
- June 23, 2020, In depth perspective of Cow and Bull Complex
- June 25, In depth perspective of Drop credit, hide and offal



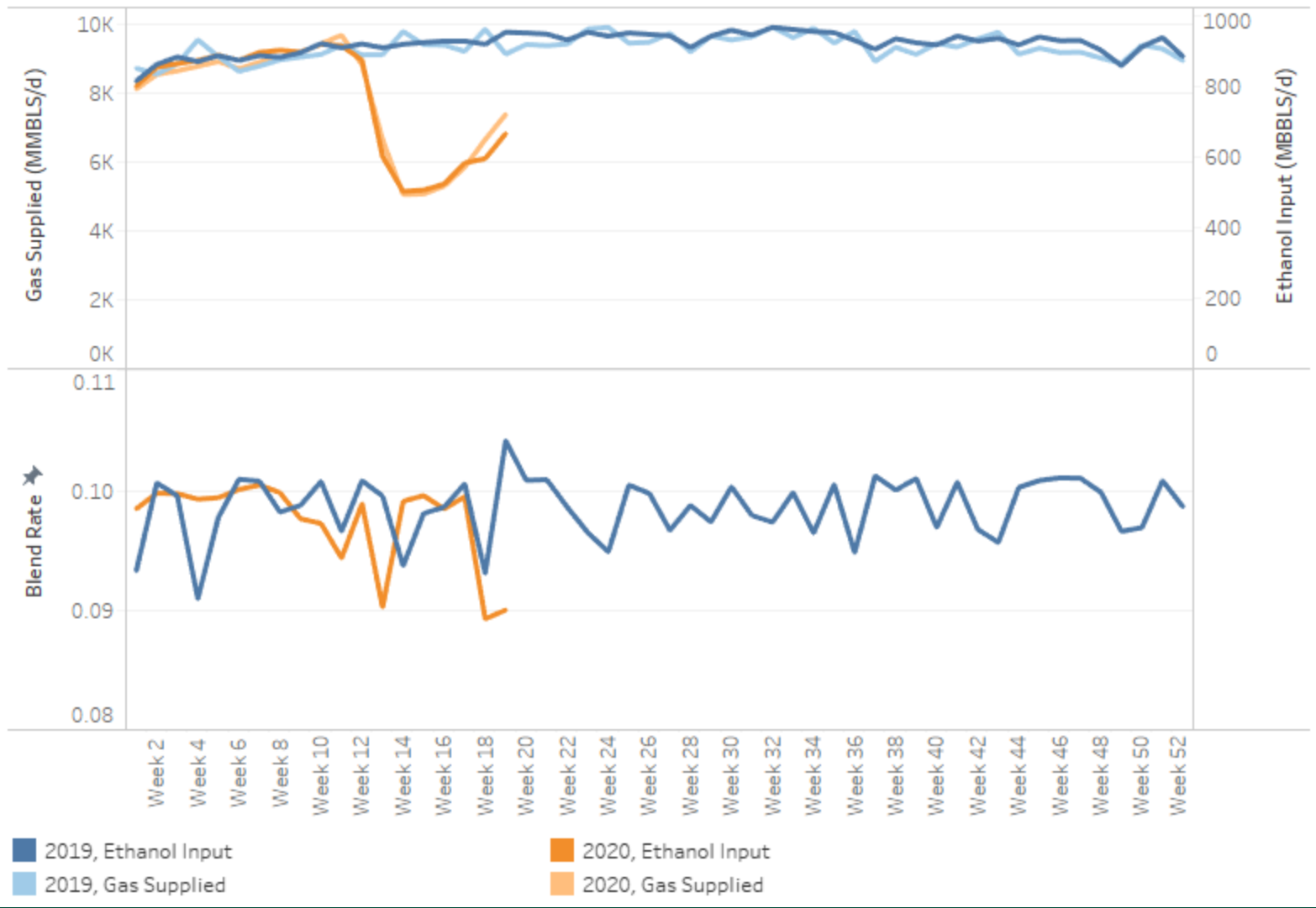
# Ag-Energy Situation and Outlook

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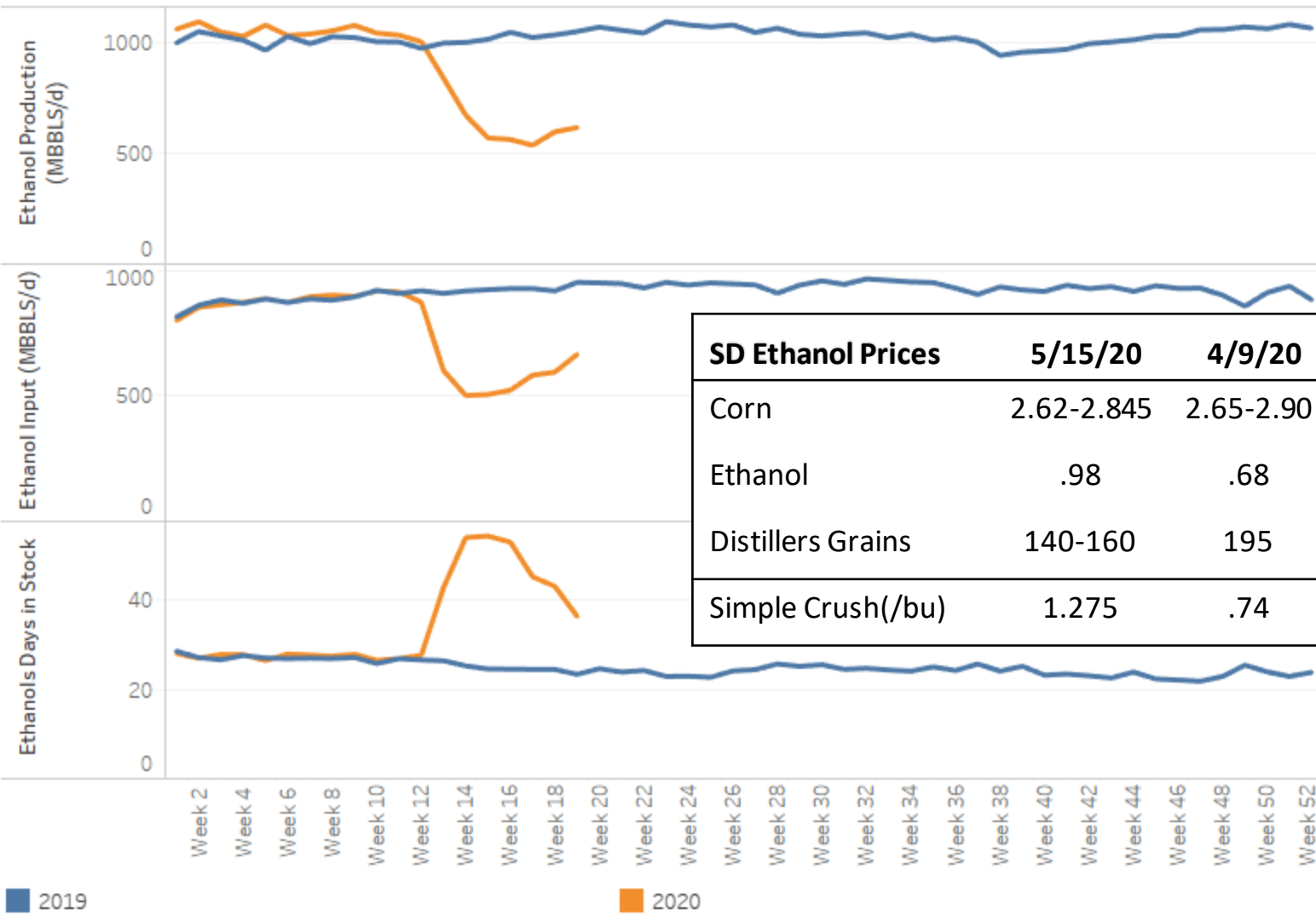
# US Gas and Ethanol Consumption



Data: EIA

Calculation: NDSU Extension

# Ethanol, Products, Use, and Stocks

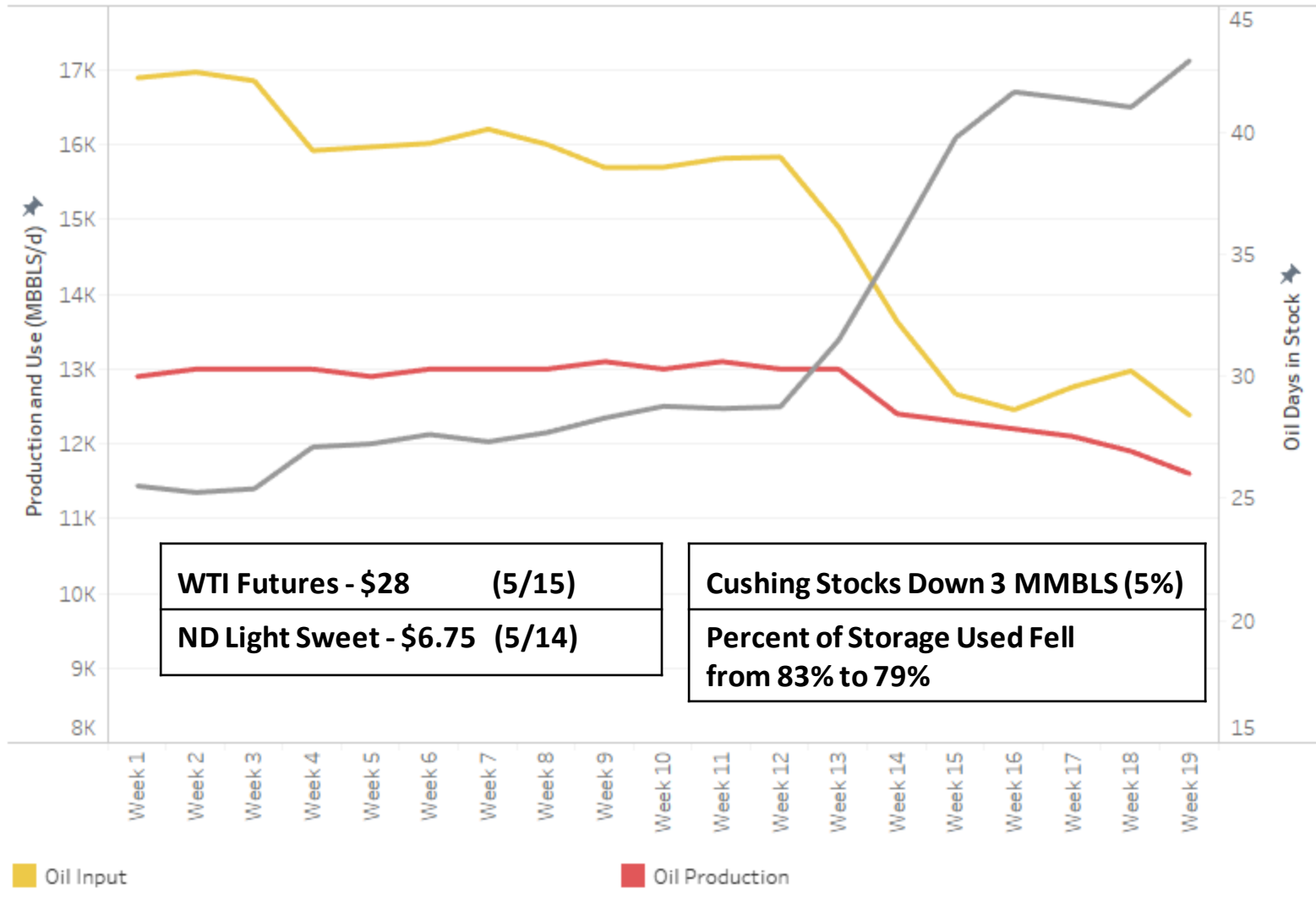


SD Ethanol Prices	5/15/20	4/9/20	Change
Corn	2.62-2.845	2.65-2.90	-1.5%
Ethanol	.98	.68	+44%
Distillers Grains	140-160	195	-23%
Simple Crush(/bu)	1.275	.74	

Data: EIA

Calculation: NDSU Extension

# US Crude Oil Production, Use, and Stocks



Data: EIA, Flint Hills Resources, CME

Calculation: NDSU Extension

# WASDE/STEO

May WASDE reduced corn use for ethanol from 5,025 to 4,950 million bushels.

DOE's Short Term Energy Outlook (STEO) optimistic on gasoline, ethanol, and crude production and use

<b>(mmbbls/d)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
US Crude Production	12.23	11.69	10.9
US Crude Input	16.56	14.85	16.33
US Ethanol Production	1.03	.97	.97
US Ethanol Use	.948	.815	.893
US Gasoline Use	9.27	8.26	8.84

# Policy

Continued discussion over request to waive RFS for 2020

HEROES Act - \$.45/gallon of biofuel produced from January to May 1 (50% of difference between 2019 and 2020 production)

Higher Blend Infrastructure Investment Program/USDA - \$100 million

**Q&A:** Please use Chat

**Feedback:** 3 quick questions

<https://bit.ly/AgEconCOVID>

**Recording & More Info:**

[www.ag.ndsu.edu/extension/economics](http://www.ag.ndsu.edu/extension/economics)

[www.ag.ndsu.edu/alerts/coronavirus](http://www.ag.ndsu.edu/alerts/coronavirus)