Agricultural Market Situation and Outlook

WELCOME!

July 9, 2020
Use the Q&A tool to ask questions

After the webinar you’ll be invited to complete a short survey
Macro and Meat Production

Bryon Parman
Cell – 701-261-5919
Bryon.Parman@ndsu.edu
U.S. Positive COVID-19 Test Rate
Weekly Initial Jobless Claims, St. Louis Federal Reserve

Shaded areas indicate U.S. recessions.*

Source: U.S. Employment and Training Administration

fred.stlouisfed.org
U.S. Unemployment Rate
U.S. Continuous Jobless Claims

Shaded areas indicate U.S. recessions.*

Source: U.S. Employment and Training Administration

fred.stlouisfed.org
Increases in U.S. agricultural exports have remained limited, particularly with respect to China.
All meat packing plants have reopened, but the effects of COVID-19 in the supply chain could persist.

Meat Packing Plants Affected by COVID-19

Status as of 6/22/2020

- Positive COVID-19 cases, but never closed
- Closed for less than one week - subsequently reopened
- Closed for more than one week - subsequently reopened

Note: Includes beef, pork, and poultry plants that purchase animals for slaughter. Sources: Food & Environment Reporting Network, Drovers, Meat+Poultry, and various local news outlets.
Capacity utilization at meat plants increased, but remained slightly limited by modified operations.

U.S. Beef and Pork Plant Capacity Utilization

Percent of capacity, 5-day moving average

Sources: USDA, National Pork Board, and KC Fed Calculations.
Alongside reduced operations at packing plants, meat production continued to lag 2019 levels.

Daily Cattle and Hog Slaughter

y/y percent change, 5-day moving average
In addition to the packing plant disruptions, consumers have shifted their food purchases to retail outlets.

Foot Traffic at Supermarkets vs. Restaurants and Wholesale Meat Prices

<table>
<thead>
<tr>
<th>Ratio*</th>
<th>Index, Jan. 1 = 100</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019 Food Consumer Foot Traffic (left)</td>
<td></td>
</tr>
<tr>
<td>2020 Food Consumer Foot Traffic (left)</td>
<td></td>
</tr>
<tr>
<td>Boxed Beef Cutout Price: Choice/Select Avg. (right)</td>
<td></td>
</tr>
<tr>
<td>Pork Carcass Cutout Price (right)</td>
<td></td>
</tr>
</tbody>
</table>

NDSU EXTENSION AGRIBUSINESS
Preview of USDA Reports and Update on World Grain Prices

Frayne Olson
Crop Economist/ Marketing Specialist
frayne.olson@ndsu.edu
701-231-7377 (o)
701-715-3673 (c)
Report Background

• **World Agricultural Supply and Demand Estimates (WASDE)**
  • Monthly update of U.S. and global supply and demand forecasts for major crops and meat products.
    • Corn, Sorghum, Barley, Oats
    • Soybean, Soybean Oil, Soybean Meal
    • Wheat (all wheat and each sub-class)
    • Cotton (long grain, medium & short grain)
    • Rice
    • Sugar
Report Background

• **World Agricultural Supply and Demand Estimates (WASDE)**
  - Will include information from the June, 30 Acreage report for planted and harvested acres.

• **Production** – U.S. and state level average yield and total production forecasts.
  - Yield estimates are not expected to change from trendline.
    - August report is first farmer based survey of yields for corn and soybeans.
    - September report will add “objective” yield estimates.
    - Satellite imagery (NDVI) is used to cross check survey and objective yield estimates.
# Pre-Report Estimates: U.S. Average Yield and Total Production

## 2020-21 Yield and Total Production Estimates

<table>
<thead>
<tr>
<th></th>
<th>Corn</th>
<th>Soybean</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bushel/Acre</td>
<td>Production (bill. bu.)</td>
</tr>
<tr>
<td>Average Trade Estimate</td>
<td>178.5</td>
<td>15.036</td>
</tr>
<tr>
<td>Highest Trade Estimate</td>
<td>180.5</td>
<td>15.296</td>
</tr>
<tr>
<td>Lowest Trade Estimate</td>
<td>176.4</td>
<td>14.932</td>
</tr>
<tr>
<td>USDA June 11, 2020</td>
<td>178.5</td>
<td>15.996</td>
</tr>
<tr>
<td>USDA July 10, 2020</td>
<td>??</td>
<td>??</td>
</tr>
</tbody>
</table>
## Pre-Report Estimates: U.S. Ending Stocks – New Crop

<table>
<thead>
<tr>
<th></th>
<th>All Wheat</th>
<th>Corn</th>
<th>Soybean</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average Trade Estimate</strong></td>
<td>0.948 bill. bu.</td>
<td>2.683 bill. bu.</td>
<td>0.416 bill. bu.</td>
</tr>
<tr>
<td><strong>Highest Trade Estimate</strong></td>
<td>1.006 bill. bu.</td>
<td>3.010 bill. bu.</td>
<td>0.572 bill. bu.</td>
</tr>
<tr>
<td><strong>Lowest Trade Estimate</strong></td>
<td>0.825 bill. bu.</td>
<td>2.400 bill. bu.</td>
<td>0.355 bill. bu.</td>
</tr>
<tr>
<td><strong>USDA June 11, 2020</strong></td>
<td>0.925 bill. bu.</td>
<td>3.323 bill. bu.</td>
<td>0.395 bill. bu.</td>
</tr>
<tr>
<td><strong>USDA July 10, 2020</strong></td>
<td>??</td>
<td>??</td>
<td>??</td>
</tr>
</tbody>
</table>
Pre-Report Estimates: U.S. Ending Stocks – Old Crop

U.S. 2019-20 Ending Stocks (billion bushels) – Old Crop

<table>
<thead>
<tr>
<th></th>
<th>All Wheat</th>
<th>Corn</th>
<th>Soybean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Trade Estimate</td>
<td>N.A.</td>
<td>2.277 bill. bu.</td>
<td>0.584 bill. bu.</td>
</tr>
<tr>
<td>Highest Trade Estimate</td>
<td>N.A.</td>
<td>2.403 bill. bu.</td>
<td>0.635 bill. bu.</td>
</tr>
<tr>
<td>Lowest Trade Estimate</td>
<td>N.A.</td>
<td>2.166 bill. bu.</td>
<td>0.560 bill. bu.</td>
</tr>
<tr>
<td>USDA June 11, 2020</td>
<td>0.983 bill. bu.</td>
<td>2.103 bill. bu.</td>
<td>0.585 bill. bu.</td>
</tr>
<tr>
<td>USDA July 10, 2020</td>
<td>1.044 bill. bu.</td>
<td>??</td>
<td>??</td>
</tr>
</tbody>
</table>
# Current Export Prices - Soybeans

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>U.S. PNW</td>
<td>371.75</td>
<td>10.12</td>
<td>23.00</td>
<td>0.63</td>
<td>394.75</td>
<td>10.74</td>
</tr>
<tr>
<td>U.S. Gulf</td>
<td>360.75</td>
<td>9.82</td>
<td>47.25</td>
<td>1.29</td>
<td>408.00</td>
<td>11.10</td>
</tr>
<tr>
<td>Brazil</td>
<td>370.50</td>
<td>10.08</td>
<td>32.25</td>
<td>0.88</td>
<td>402.75</td>
<td>10.96</td>
</tr>
<tr>
<td>Argentina</td>
<td>356.50</td>
<td>9.70</td>
<td>39.50</td>
<td>1.08</td>
<td>401.00</td>
<td>10.78</td>
</tr>
</tbody>
</table>

FOB = Free On Board (outbound price); Freight to North Asia; CFR = Cost and Freight (inbound price)  
Insurance costs not included
Historical Export Prices – Soybean
(09-28-17 to 07-08-20)
## Current Export Prices - Corn

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. PNW</td>
<td>181.00</td>
<td>4.60</td>
<td>23.00</td>
<td>0.58</td>
<td>204.00</td>
<td>5.18</td>
</tr>
<tr>
<td>U.S. Gulf</td>
<td>169.75</td>
<td>4.31</td>
<td>47.25</td>
<td>1.20</td>
<td>217.00</td>
<td>5.51</td>
</tr>
<tr>
<td>Brazil</td>
<td>165.00</td>
<td>4.19</td>
<td>32.25</td>
<td>0.82</td>
<td>197.25</td>
<td>5.01</td>
</tr>
<tr>
<td>Ukraine</td>
<td>185.00</td>
<td>4.70</td>
<td>28.75</td>
<td>0.73</td>
<td>213.75</td>
<td>5.43</td>
</tr>
</tbody>
</table>

FOB = Free On Board (outbound price); Freight to North Asia; CFR = Cost and Freight (inbound price)
Insurance costs not included
Historical Export Prices – Corn
(09-28-17 to 07-08-20)
### Current Export Prices - Wheat

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. HRW Gulf – 11.0%</td>
<td>213.00</td>
<td>5.80</td>
<td>47.25</td>
<td>1.29</td>
<td>260.25</td>
<td>7.08</td>
</tr>
<tr>
<td>Russian – 11.5%</td>
<td>194.50</td>
<td>5.29</td>
<td>28.75</td>
<td>0.78</td>
<td>223.25</td>
<td>6.08</td>
</tr>
<tr>
<td>Ukraine – 11.5%</td>
<td>192.50</td>
<td>5.24</td>
<td>28.75</td>
<td>0.78</td>
<td>221.25</td>
<td>6.02</td>
</tr>
<tr>
<td>Argentina – 12.0%</td>
<td>231.00</td>
<td>6.29</td>
<td>39.50</td>
<td>1.08</td>
<td>270.50</td>
<td>7.36</td>
</tr>
<tr>
<td>Australia – APW 10.5%</td>
<td>252.00</td>
<td>6.86</td>
<td>17.00</td>
<td>0.46</td>
<td>269.00</td>
<td>7.32</td>
</tr>
</tbody>
</table>

FOB = Free On Board (outbound price); Freight to North Asia; CFR = Cost and Freight (inbound price). Insurance costs not included.
Historical Export Prices – Wheat
(09-28-17 to 07-08-20)

- Wheat FOB US Gulf HRW 11.0% $/bu
- Wheat FOB Russia 11.5% $/bu
- Wheat FOB Ukraine 11.5% $/bu
- Wheat FOB Argentina 12.0% $/bu
- Wheat FOB W AUS APW 10.5% $/bu

$/Bu.
USDA – WASDE and Production Report Released at 11:00 am CT Friday, July 10
LIVESTOCK PRICE SITUATION AND OUTLOOK

Tim Petry
Extension Livestock Marketing Economist

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www.ndsu.edu/livestockeconomics
BOXED BEEF CUTOUT VALUE
Choice 600-900 Lbs., Carcass, Negotiated, Weekly

$ Per Cwt.

Jan
Apr
JUL
Oct

Avg. 2014-18
2019
2020
TOTAL U.S. EXPORTS OF BEEF MUSCLE CUTS

Weekly

1000 MT

1/7/17  7/8/17  1/6/18  7/7/18  1/5/19  7/6/19  1/4/20

NDSU
EXTENSION AGRIBUSINESS
IT RAINED!!!

Total Rainfall (inch) (2020-06-25 – 2020-07-08)

Source: North Dakota Agricultural Weather Network (NDAWN)
https://ndawn.ndsu.nodak.edu
Copyright © North Dakota State University
Cumulative % area (% Change from previous week)

**U.S. Drought Monitor**

**North Dakota**

**June 30, 2020**
(Released Thursday, Jul. 2, 2020)
Valid 8 a.m. EDT

- **DO**: 17% (+2%)
- **D1**: 53% (0%)
- **D2**: 1% (+1%)
- **None**: 29% (-2%)

**July 7, 2020**
(Released Thursday, Jul. 9, 2020)
Valid 8 a.m. EDT

- **DO**: 53% (+18%)
- **D1**: 18% (-35%)
- **None**: 29% (0%)
- **D2**: 0% (-1%)

**FSA Eligibility**
- D2 for at least eight **consecutive** weeks during the grazing period
- D3 at any time during the grazing period
- D3 for at least four (nonconsecutive) weeks during the grazing period
- D4 at any time during the grazing period
- D4 for at least four (nonconsecutive) weeks during the grazing period
GETTING BACK TO NORMAL?

SPAM® Museum

The SPAM Museum will reopen July 6th! Please check the hours below for the SPAM Gift Shop and our new hours.
Ag-Energy
Situation and Outlook

David Ripplinger
Bioproducts/Bioenergy Economics Specialist
daavid.ripplinger@ndsu.edu
### SD Ethanol Prices

<table>
<thead>
<tr>
<th></th>
<th>June 26&lt;sup&gt;th&lt;/sup&gt;</th>
<th>July 9&lt;sup&gt;th&lt;/sup&gt;</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn</td>
<td>2.75-2.94</td>
<td>2.96-3.12</td>
<td>+7%</td>
</tr>
<tr>
<td>Ethanol</td>
<td>1.13</td>
<td>1.17</td>
<td>+3%</td>
</tr>
<tr>
<td>Distillers Grains</td>
<td>123</td>
<td>142</td>
<td>+15%</td>
</tr>
<tr>
<td>Simple Crush(/bu)</td>
<td>1.36</td>
<td>1.44</td>
<td>+6%</td>
</tr>
</tbody>
</table>
87.3% of last year

14.0 Billion Gallons (annualized) – July 3\(^{rd}\) +70%

Low 8.2 Billion Gallons (annualized) – April 24\(^{th}\)
1.42 billion gallons less production than expected March through June.

~500 million bushels of corn

About ND’s annual production
Agricultural Market and Situation Outlook Webinars to continue

Every other Thursday at 12.30 pm for the rest of the summer –

July 23rd
August 6th
August 20th
September 3rd
Use the Q&A tool to ask questions

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

Recording and Additional Information
www.ag.ndsu.edu/extension/economics
www.ag.ndsu.edu/alerts/coronavirus