At the End

Q&A: Please use Chat

Feedback: 3 quick questions
https://bit.ly/AgEconCOVID
Unemployment, Mortgages, and Farmer Sentiment

Bryon Parman
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Bryon.Parman@ndsu.edu
<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>U-1 Persons unemployed 15 weeks or longer, as a percent of the civilian labor force</td>
<td>1.2</td>
<td>1.2</td>
<td>1.2</td>
<td>1.2</td>
</tr>
<tr>
<td>U-2 Job losers and persons who completed temporary jobs, as a percent of the civilian labor force</td>
<td>1.6</td>
<td>1.6</td>
<td>1.7</td>
<td>2.4</td>
</tr>
<tr>
<td><strong>U-3 Total unemployed, as a percent of the civilian labor force (official unemployment rate)</strong></td>
<td><strong>3.5</strong></td>
<td><strong>3.6</strong></td>
<td><strong>3.5</strong></td>
<td><strong>4.4</strong></td>
</tr>
<tr>
<td>U-4 Total unemployed plus discouraged workers, as a percent of the civilian labor force plus discouraged workers</td>
<td>3.7</td>
<td>3.8</td>
<td>3.8</td>
<td>4.7</td>
</tr>
<tr>
<td>U-5 Total unemployed, plus discouraged workers, plus all other persons marginally attached to the labor force, as a percent of the civilian labor force plus all persons marginally attached to the labor force</td>
<td>4.2</td>
<td>4.4</td>
<td>4.4</td>
<td>5.2</td>
</tr>
<tr>
<td>U-6 Total unemployed, plus all persons marginally attached to the labor force, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all persons marginally attached to the labor force</td>
<td>6.7</td>
<td>6.9</td>
<td>7</td>
<td>8.7</td>
</tr>
</tbody>
</table>
Job losses (BLS Data)

- Nonfarm payrolls lost 20.5 million jobs in April
  - This is the largest 1 month drop in employment in both percentage, and total number in history
- U-3 unemployment hit 14.7%
  - Up from 3.5% before COVID 19 crisis
  - Financial crisis was 10.8% during height
- U-6 Unemployment ("real unemployment")
  - 22.8%, up from about 8.7%
Weekly U.S. New Jobless Claims Since April 2019

U.S. Weekly Jobless Claims

- 2019-11-02: 3,307,000
- 2019-12-02: 6,867,000
- 2020-01-02: 6,615,000
- 2020-02-02: 5,237,000
- 2020-03-02: 4,442,000
- 2020-04-02: 3,846,000
- 2020-05-02: 3,169,000
Historic job loss figures reported for April
Total nonfarm payrolls, change from previous month, since 1939

Great Recession
April 2020: -20.5M

SOURCE: Bureau of Labor Statistics. 1939 is earliest data available from the BLS.

Labor Force

• What jobs will come back and how fast?
  – Opinions vary widely on how many businesses will wind up surviving
  – How long until new businesses replace those that did not survive

• What will happen to Hourly Earnings
  – Long term unemployment tends to depress wages
Weekly Borrower Forbearance Requests as % of Servicing Volume (#)

Source: Chart from Mortgage daily News, Jann Swanson, “Forbearance Problem Remains Huge, But the Pace is Slowing” 4 May 2020.
http://www.mortgagenewsdaily.com/05042020_covid_19_forbearance.asp
Forbearance Plans

• Some plans add the payments onto the end of the loan w/ interest
• Some plans have interest continue to accrue w/ a lump-sum payment due once the forbearance ends

• In total 3.5 Million borrowers (approximately 7%) have requested forbearance
Purdue University Ag. Barometer

Ag Economy Barometer

Index Value

Month & Year

Source: Purdue University Center for Commercial Agriculture, Producer Survey, April 2020
Indices of Current Conditions and Future Expectations

Index Value

Month & Year

Source: Purdue University Center for Commercial Agriculture, Producer Survey, April 2020
Preview of the May USDA – WASDE Report

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Crop Economist/Marketing Specialist
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701-715-3673 (c)
World Agricultural Supply and Demand Estimates (WASDE)

- May is the first month the USDA World Board provides forecasts for the new marketing year; 2020/21.
  - Corn and Soybean MY = Sept. 1 to Aug. 31
  - Wheat MY = Jun. 1 to May 31
- Will also update forecasts for 2019/20 usage (demand).
- Report will be released at 11:00 am CT on Tuesday, May 12, 2020.
## Pre-report Industry Estimates

### U.S. Ending Stocks

(Billion Bushels)

<table>
<thead>
<tr>
<th></th>
<th>2019/20 MY</th>
<th>2020/21 MY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Wheat</td>
<td>Corn</td>
</tr>
<tr>
<td>Average Estimate</td>
<td>0.969</td>
<td>2.224</td>
</tr>
<tr>
<td>Highest Estimate</td>
<td>1.041</td>
<td>2.457</td>
</tr>
<tr>
<td>Lowest Estimate</td>
<td>0.925</td>
<td>2.092</td>
</tr>
<tr>
<td>USDA – April Est.</td>
<td>0.970</td>
<td>2.092</td>
</tr>
</tbody>
</table>

Note: Industry estimates of USDA forecasts.
World Agricultural Supply and Demand Estimates (WASDE)

• 2020/21 Production Estimates:
  – Prospective Plantings Report for acreage.
    • Corn = 96.99 million acres (89.70 last year)
    • Soybean = 83.51 million acres (76.10 last year)
    • All Wheat = 44.66 million acres (45.16 last year)
  – Trend line yields adjusted for planting progress.
    • May 4, 2020 Crop Progress report
    • Corn = 51% (39% is five year average)
    • Soybean = 23% (11% five year average)
    • Spring Wheat = 6% (16% five year average)
World Agricultural Supply and Demand Estimates (WASDE)

• 2020/21 Usage (Demand) Estimates:
  – Based on statistical forecasting at both the national and world levels.
    • World supply/use is needed to forecast U.S. export levels.
  – Very complex process and difficult to do well.
    • Many private analytical firms use subjective forecasts for usage (increase/decrease from last year’s levels).
    • Export levels are most difficult to forecast accurately.
World Agricultural Supply and Demand Estimates (WASDE)

• 2019/20 Usage (Demand) Estimates:
  – Statistical forecasting updated with actual values, when available.
  – Examples:
    • Forecasted total export levels are revised based upon actual weekly export sales.
    • Forecasted total ethanol use for corn is revised based upon actual weekly ethanol production.
    • Forecasted total soybean crushing is revised based upon monthly survey of oilseed crushers.
What Am I Watching?

• 2020/21 Estimates:
  – Corn Usage:
    • Ethanol – Recovery in miles driven?
    • Feed – Adjustments to livestock inventories?
    • Exports – World production of meat?
  – Soybean Usage:
    • Exports – U.S. – China Phase One Agreement implementation and world production of meat?
  – Wheat Usage:
    • Exports – Will the U.S. be price competitive?
## Pre-report Industry Estimates

### 2019/20 South American Production
(Million Metric Tons)

<table>
<thead>
<tr>
<th></th>
<th>Argentina</th>
<th>Brazil</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Corn</td>
<td>Soybean</td>
</tr>
<tr>
<td><strong>Average Estimate</strong></td>
<td>49.54</td>
<td>51.36</td>
</tr>
<tr>
<td><strong>Highest Estimate</strong></td>
<td>50.00</td>
<td>52.50</td>
</tr>
<tr>
<td><strong>Lowest Estimate</strong></td>
<td>49.00</td>
<td>50.00</td>
</tr>
<tr>
<td><strong>USDA – April Est.</strong></td>
<td>50.00</td>
<td>52.00</td>
</tr>
<tr>
<td><strong>USDA – 2018/19</strong></td>
<td>51.00</td>
<td>55.30</td>
</tr>
<tr>
<td><strong>USDA – 2019/20 U.S. Production</strong></td>
<td>347.78</td>
<td>96.84</td>
</tr>
</tbody>
</table>

Note: Industry estimates of USDA forecasts.
Livestock Price Situation and Outlook

Tim Petry
Extension Livestock Marketing Economist
Tim.Petry@ndsu.edu
www.ndsu.edu/livestockeconomics
USDA sends proposed CFAP rule to OMB... USDA on Tuesday morning finally sent the proposed rule to implement the Coronavirus Food Assistance Program (CFAP) to the White House Office of Management and Budget (OMB). USDA Secretary Sonny Perdue previously said he wanted signup for the CFAP to take place early this month, with payments by the end of May to early June. OMB staffers have been working with USDA personnel on the rule, so it should not take as long as some traditional rulemaking proposal timelines—turnaround could be as soon as week’s end. A major question is whether USDA will scrap or raise pay cap levels for the program.

Perdue: Payment limits will be increased on CFAP payouts from initial expectations... As expected, USDA Secretary Sonny Perdue capitulated to a crescendo of complaints that the initial payment caps under the coming Coronavirus Food Assistance Program (CFAP) should be higher than initially suggested. Perdue made the comments in interview with Brownfield Ag News. “We’ve adjusted those payment limits and we’ll see those when the rules come out,” he said.

Hoeven said he sees synergy building around a push to boost USDA’s Commodity Credit Corporation funding program to $50 billion, at least to get through the coronavirus.

ALL BEEF PACKERS REOPEN BUT CARGILL-SCHUYLER NEB CLOSES

Perdue Issues Letters On Meat Packing Expectations

Trump Asks DOJ To Investigate Meat Packers

Talk surfaces of a "Fed Cattle Set Aside Program"
North Dakota Weekly Cattle Auction Summary

AMS Livestock, Poultry, & Grain Market News
North Dakota Dept of Ag Mrkt News

Fri May 8, 2020

**LIVESTOCK SUMMARY**

<table>
<thead>
<tr>
<th></th>
<th>Current Week</th>
<th>Last Reported 4/27/2020</th>
<th>Last Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Receipts:</td>
<td>1,625</td>
<td>7,564</td>
<td></td>
</tr>
<tr>
<td>Feeder Cattle:</td>
<td>1,625 (100.0%)</td>
<td>7,564 (100.0%)</td>
<td>0 (0.0%)</td>
</tr>
</tbody>
</table>

Compared to last week: Only 1 reported auction this week, too few offered to make a complete comparison. Demand moderate to good.

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

<table>
<thead>
<tr>
<th>Head</th>
<th>Wt Range</th>
<th>Avg Wt</th>
<th>Price Range</th>
<th>Avg Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>374</td>
<td>374</td>
<td>190.00</td>
<td>190.00</td>
</tr>
<tr>
<td>20</td>
<td>469-493</td>
<td>475</td>
<td>179.00-179.50</td>
<td>179.37</td>
</tr>
<tr>
<td>15</td>
<td>510-521</td>
<td>517</td>
<td>165.00-172.00</td>
<td>170.24</td>
</tr>
<tr>
<td>19</td>
<td>567-583</td>
<td>570</td>
<td>156.00-161.50</td>
<td>160.61</td>
</tr>
<tr>
<td>80</td>
<td>606-635</td>
<td>624</td>
<td>148.50-155.00</td>
<td>151.46</td>
</tr>
<tr>
<td>59</td>
<td>656-697</td>
<td>686</td>
<td>133.00-143.50</td>
<td>140.41</td>
</tr>
<tr>
<td>119</td>
<td>708-747</td>
<td>723</td>
<td>137.50-143.00</td>
<td>141.32</td>
</tr>
<tr>
<td>109</td>
<td>758-792</td>
<td>770</td>
<td>125.00-134.75</td>
<td>131.15</td>
</tr>
<tr>
<td>6</td>
<td>816</td>
<td>816</td>
<td>126.00</td>
<td>126.00</td>
</tr>
<tr>
<td>48</td>
<td>875-878</td>
<td>875</td>
<td>111.00-117.00</td>
<td>116.37</td>
</tr>
<tr>
<td>9</td>
<td>902-925</td>
<td>917</td>
<td>112.75-115.00</td>
<td>113.49</td>
</tr>
</tbody>
</table>
MED. & LRG. #1 FEEDER STEER PRICES
750-800 Pounds, N.D., Weekly

Jan 2021
Current Livestock Risk Protection Coverage

Feeder cattle and fed cattle not offered on Wed and Thurs due to limit up Live Cattle and Feeder Cattle futures

Lamb LRP not offered since Mar 30 due to insufficient price reporting

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. [www.ag.ndsu.edu/livestockextension/intersectionwebinars]

Registration is required.

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, 2020, In depth perspective of Drop credit, hide and offal
IRS and PPP Updates

Ron Haugen
Extension Farm Management Specialist
701-231-8103
ronald.haugen@ndsu.edu
Payroll Protection Program
Updates

• Treasury Department says businesses have until May 14th to pay back PPP loans if they had other adequate sources of liquidity

• Of the $310B 2nd allocation, $175B has been used for approximately 2.2M loans
Payroll Protection Program
Taxation

• IRS Notice 2020-32
• If you received a PPP loan the IRS says:
  – on the unforgiven part (loan) there is deductibility of expenses paid from proceeds
  – on the forgiven part there is no deductibility of expenses paid from proceeds
• The CARES Act has stated the loan forgiveness amount was not taxable (typically it would be)
• Talk of Congress reversing the IRS decision
Payroll Deferral

• All businesses eligible, defer Mar 27 to year end
• Employer part of social security taxes can be deferred. 6.2% soc sec, not 1.45% Medicare tax
• Self-employed: 50% of SECA tax can be deferred
• 50% deferred to Dec 31, 2021 and 50% deferred to Dec 31, 2022
• PPP loans forgiven that were used for payroll are not eligible for payroll tax deferral after the date of forgiveness, any amount deferred before the forgiveness date will continue to be deferred
Ag-Energy
Situation and Outlook

David Ripplinger
Bioproducts/Bioenergy Economics Specialist
david.ripplinger@ndsu.edu
Situation

- Increased gas and ethanol use
- Coal Creek Station scheduled for closure
- Spiritwood Station to be converted to natural gas
- Crude stocks building
- More than a third of ND wells shut-in
### SD Ethanol Prices

<table>
<thead>
<tr>
<th></th>
<th>5/7/20</th>
<th>4/9/20</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corn</td>
<td>2.49-2.80</td>
<td>2.65-2.90</td>
<td>-6%</td>
</tr>
<tr>
<td>Ethanol</td>
<td>.78</td>
<td>.68</td>
<td>+15%</td>
</tr>
<tr>
<td>Distillers Grains</td>
<td>167.50</td>
<td>195</td>
<td>-14%</td>
</tr>
<tr>
<td>Simple Crush(/bu)</td>
<td>.96</td>
<td>.74</td>
<td></td>
</tr>
</tbody>
</table>
Total Working Storage:
76 MMBBLS

May 1st 63.4 MMBBLS
+27.0 MMBBLS

March 13th 36.3 MMBBLS
Q&A: Please use Chat

Feedback: 3 quick questions
https://bit.ly/AgEconCOVID

Recording & More Info:
www.ag.ndsu.edu/extension/economics
www.ag.ndsu.edu/alerts/coronavirus