

Agricultural Market Situation and Outlook

Microphone & camera off

Use Chat for questions

NDSU

EXTENSION

At the End

Q&A: Please use Chat

Feedback: 3 quick questions

<https://bit.ly/AgEconCOVID>

Current Economic Conditions and Industry Exposure

Bryon Parman

701-231-8248

Bryon.Parman@ndsu.edu



Weekly Initial Jobless Claims

1975 – Week Ending March 28th 2020

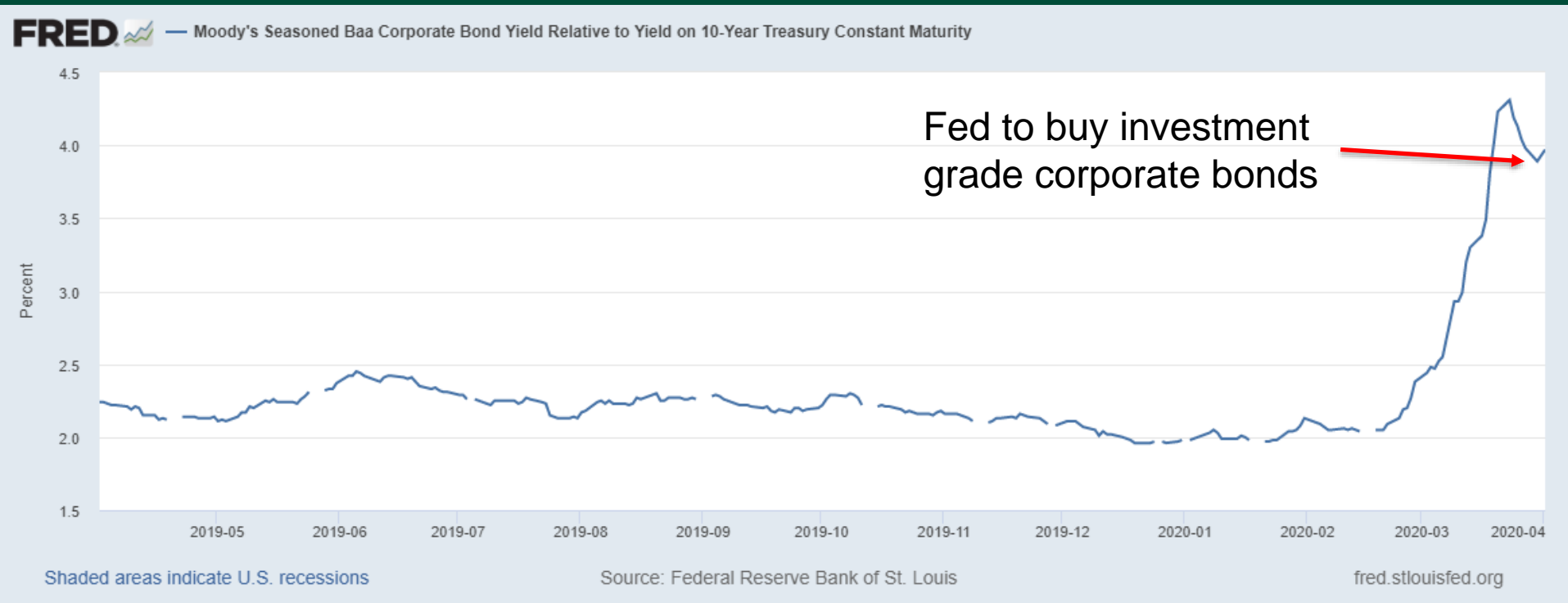


Unemployment increasing from 3.5% - Approximately 9.5% in a few weeks: (from about 5.8 million in mid-March to nearly 16 million as of last Saturday)

Key Federal Reserve Actions

- Rate Cuts
 - Fed cut rate for overnight borrowing to nearly 0%
- QE
 - Large-scale purchases of various bonds such as U.S. Treasuries and Mortgage-backed securities: Ensures longer-term consumer interest rates stay low
- Discount Window
 - Banks can now borrow for 90 days rather than just 1 day
- Term Asset-Backed Securities Loan Facility
 - Fed buys auto/credit card/ student loan and SBA loans to encourage lending in these areas
- Corporate Paper/Corporate Credit Actions
 - Ensuring very large businesses have access to cover expenses or losses

10 Year Treasury Note and Baa Corporate Bond Yield Spread

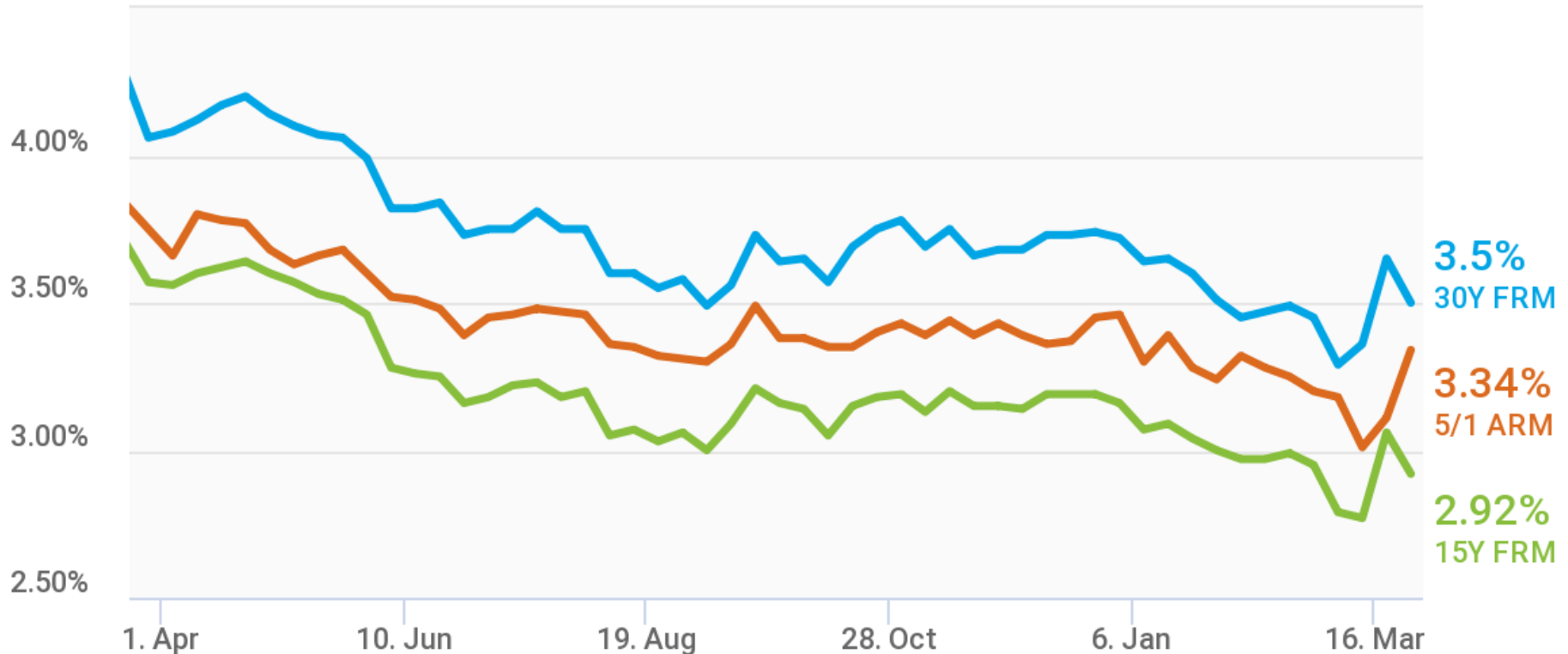


Mortgage/Interest Beginning to Decrease due to FED actions



Primary Mortgage Market Survey[®]

U.S. weekly average mortgage rates as of 03/26/2020

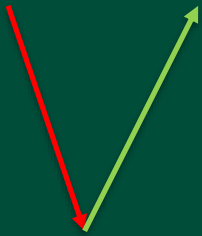


Income and Substitution

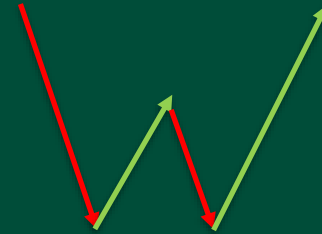
- Short – Intermediate shifts in food consumption as consumers substitute one product for another
 - An income shock such as high unemployment for some, and low consumer confidence for others, may lead to changes in spending habits
 - Individuals will look for calories at the lowest cost
 - Especially those who remain unemployed for a long period of time or lack confidence in a rapid recovery

Food	Price	Servings	Calories/serving	Protein	Calories Per Dollar
Flour	1.68	75	100	3	4,464
White Bread	0.78	20	130	4	3,333
Sugar	2.98	15	567	0	2,854
Rice	6.53	101	150	3	2,320
Plain Oats	7.89	113	150	5	2,148
Ramen	2.34	24	190	4	1,949
Angel Hair	1	8	200	7	1,600
White Pasta	1	8	200	7	1,600
Bread Crumbs	1.08	14	120	4	1,556
Peanut Butter	10.99	86	190	7	1,487
Whole Wheat Pasta	1	7	210	7	1,470
Pearled Barley	0.98	10	140	4	1,429
Cheez-its	5.49	45	150	3	1,230
Instant Rice	2.44	14	200	5	1,148
Pinto Beans (10lbs)	9.12	104	90	7	1,026
Whole Wheat Bread	1.48	20	70	3	946
Lentils	1.12	13	80	10	929
Olive Oil (Costco)	25.99	200	120	0	923
Whole Milk	2.59	16	146	8	902
Flour Large Taco Shells	2.38	10	210	5	882
Bagels	1.48	6	210	8	851
Large Heavy Whipping Cream	3.78	64	50	0	847
Eggs (Costco)	3.59	36	80	7	802
Frozen Breakfast Sausages	3.98	13	180	7	588
72/27 Ground Beef	12.7	16	350	17	439

The Shape of Recovery



1: The Rapid Recovery
(majority of businesses recover
w/employment and demand rapidly
returning)



2: A 2nd spike in COVID-19
Causing a double dip



3: The Slow Recovery
i.e. 2008 financial crisis



4: A short-run rapid GDP growth
Followed by a slow recovery to
Previous levels

CARES Act

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



CARES Act

Stimulus: \$1200/\$2400 \$500/child

Unemployment Benefits: extra \$600/week to July 31, can't double dip

Student Loans: waives 2 months payment, extends repayment to September 30

Retirement Accounts: 10% penalty for early withdrawal waived, can withdraw up to \$100K (coronavirus related requirement)

CARES Act

Small Business Loans

Retroactive to Feb 15 through June 30

Max amount lesser of 2.5 x average month payroll costs or \$10M

Gov't guarantee on 7(a) loans to 100% through Dec 31

Allowable uses: payroll, health care benefits, mortgage interest, rent, utility payments, interest on other debt obligations before Feb 15

Terms: 10-year max, 4% max

Waives: borrower and lender fees, banks get a reimbursement

\$349B appropriated

Normally SBA loans do not apply for agriculture, however, the CARES act specifically states all businesses qualify. Guidance forthcoming.

CARES Act

Forgiveness of Small Business Loans

Eight-week period after loan origination

Act in good faith

No collateral

Forgiveness will be prorated on percentage of employees reduced compared to 2019.

If rehire by June 30 will not be penalized

Payroll documentation required

Banks have 60 days to act

CARES Act

Income Tax Changes

Tax day July 15th

Charitable Contributions: deduct up to \$300 with documentation

NOL Carryback rules changed to 5 years

Business Loss Limitations removed for 2020

Increased limit on interest deductibility for large firms 30% to 50%

Defer payroll taxes deposits (incl SE tax)

Crop Market Situation & Outlook

Frayne Olson

Crop Economist/
Marketing Specialist

frayne.olson@ndsu.edu

701-231-7377 (o)

701-715-3673 (c)



USDA Prospective Plantings

Prospective Plantings (million acres)

	Corn	Soybean	All Wheat	Winter Wheat	Other Spring	Durum
Average Trade Estimate	94.10	85.00	45.00	30.80	12.70	1.50
Highest Trade Estimate	96.40	87.50	46.00	31.70	13.50	2.40
Lowest Trade Estimate	92.00	82.70	44.00	30.10	12.00	1.10
USDA 2020 Planting Intentions	96.99	83.51	44.66	30.78	12.59	1.29
USDA 2020 Outlook	94.00	85.00	45.00	N.A.	N.A.	N.A.
USDA 2019 Planted	89.70	76.10	45.16	31.16	12.66	1.34
USDA 2018 Planted	88.87	89.17	47.82	32.54	13.20	2.07

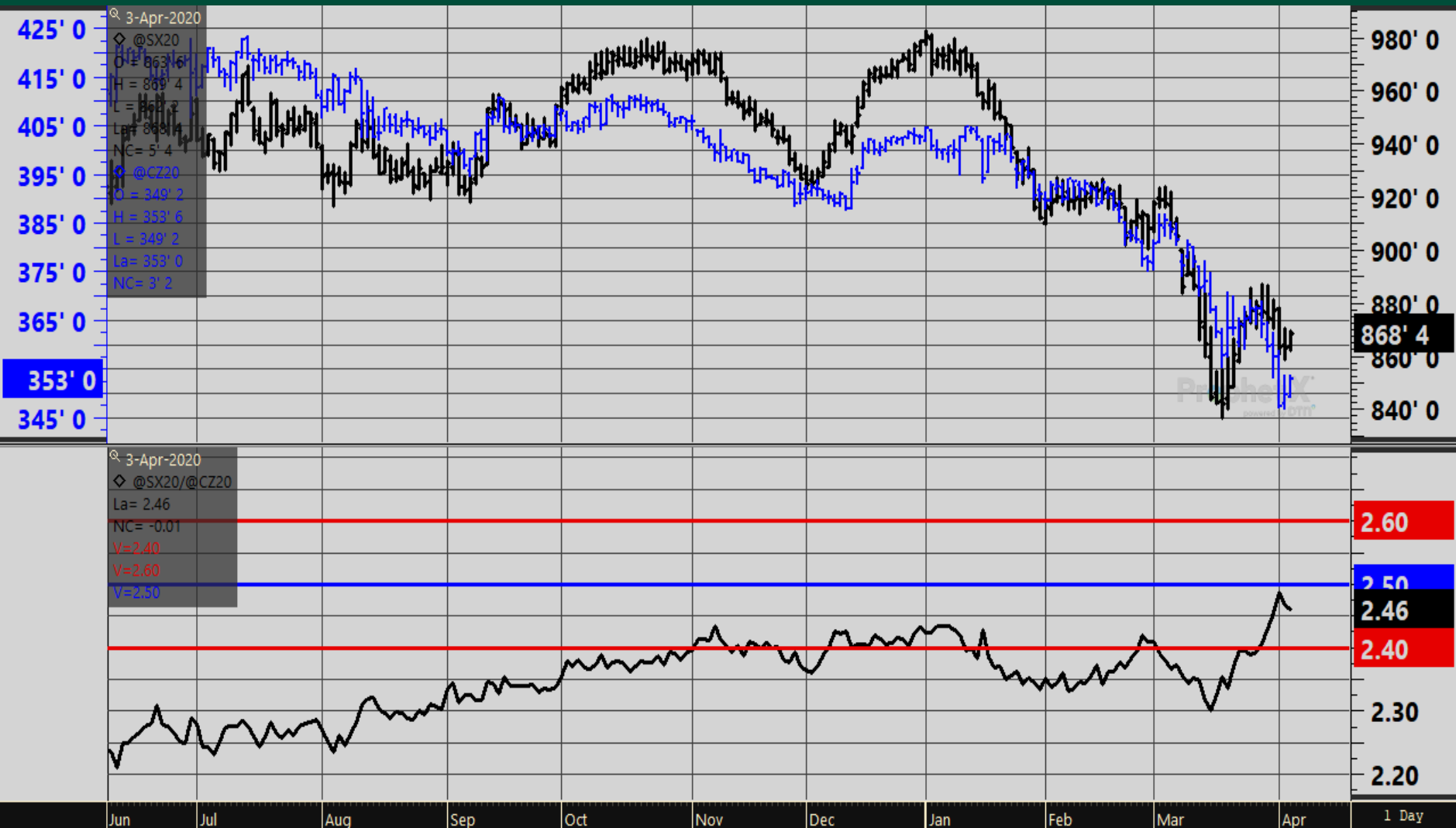
North Dakota Prospective Plantings

Crop	Actual Planted Acres (1,000 a.)		Prospective Planting (1,000 a.)
	2018	2019	2020
Corn	3,150	3,500	3,200
Oat	300	355	320
Barley	470	580	640
All Wheat	7,735	7,505	6,800
Winter	85	85	60
Durum	1,100	720	640
Spring	6,550	6,700	6,100
Canola	1,590	1,700	1,660
Soybean	6,900	5,600	6,600

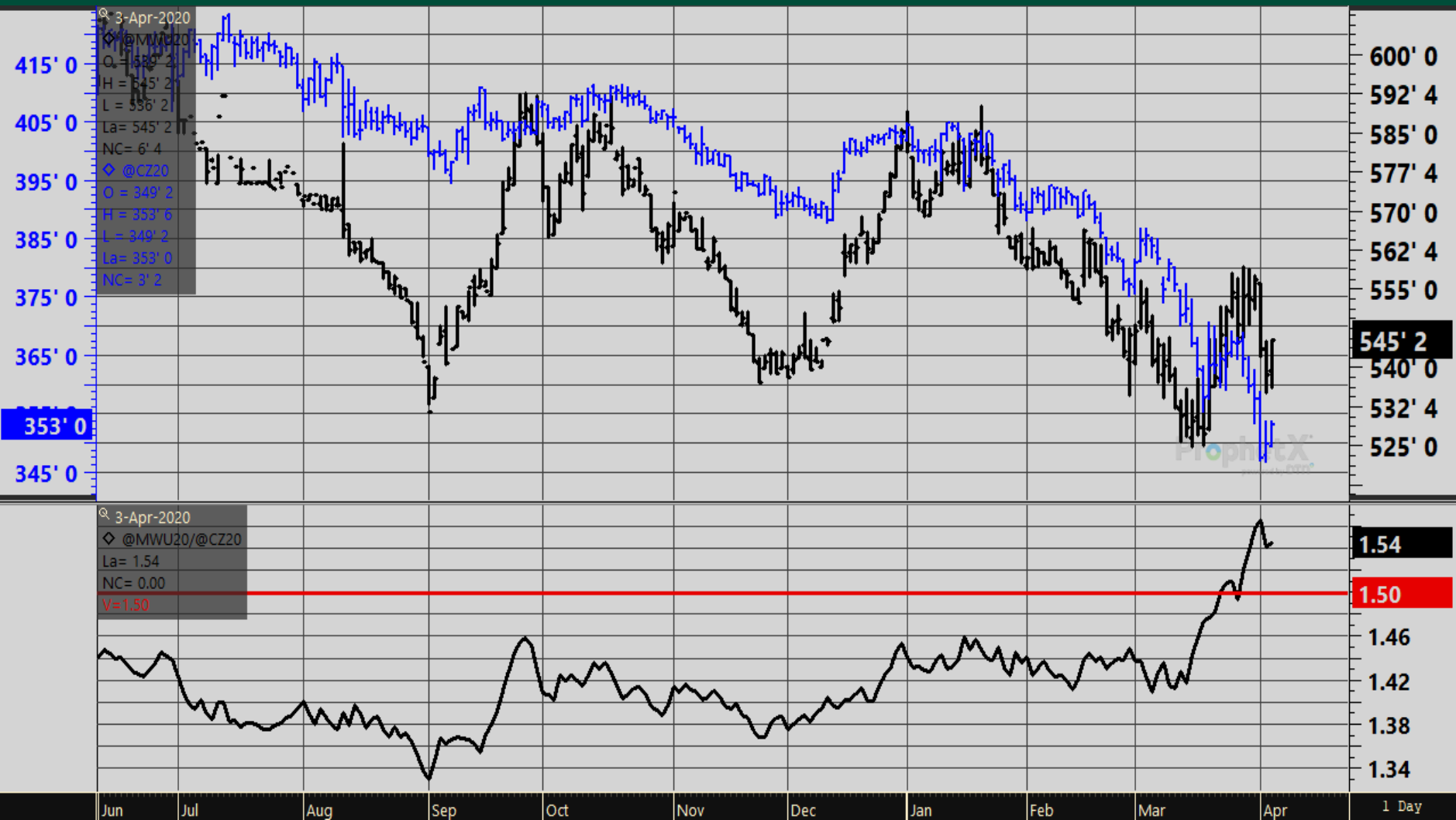
North Dakota Prospective Plantings

Crop	Actual Planted Acres (1,000 a.)		Prospective Planting (1,000 a.)
	2018	2019	2020
Sunflower-All	436	535	570
Oil	395	470	500
Non-Oil	41	65	70
Flax	165	275	190
Sugarbeet	202	212	214
Dry Bean	635	615	650
Chickpea	114	41	17
Lentil	185	95	85
Field Pea	375	425	325

Soybean/Corn Ratio



Spring Wheat/Corn Ratio



Livestock Price Situation and Outlook

Tim Petry

Extension Livestock
Marketing Economist

Tim.Petry@ndsu.edu

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



JUN LV CAT & DJIA

LEM20 - Live Cattle - Daily OHLC Chart

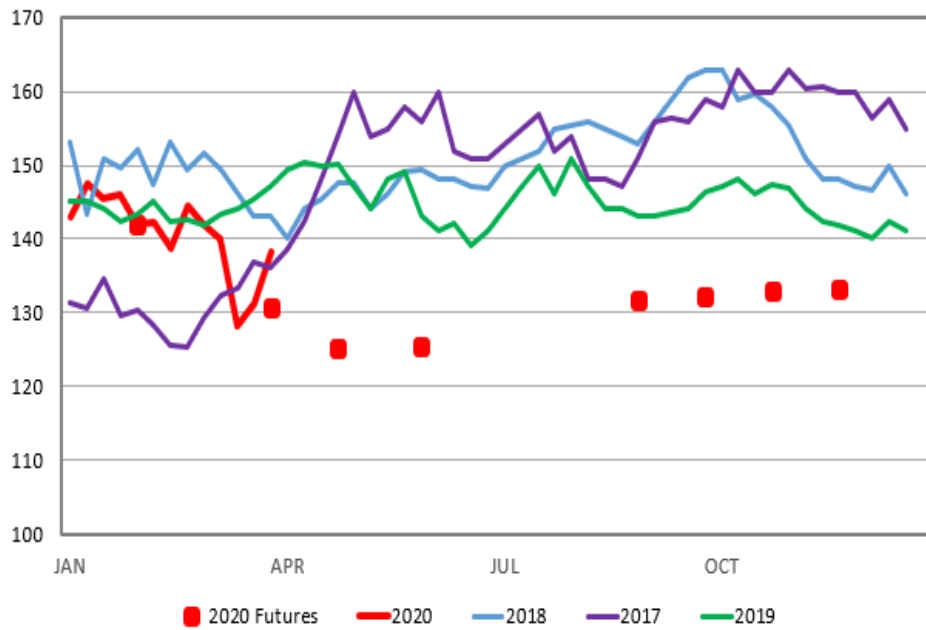


20 YEAR FEEDER CAT FUTURES

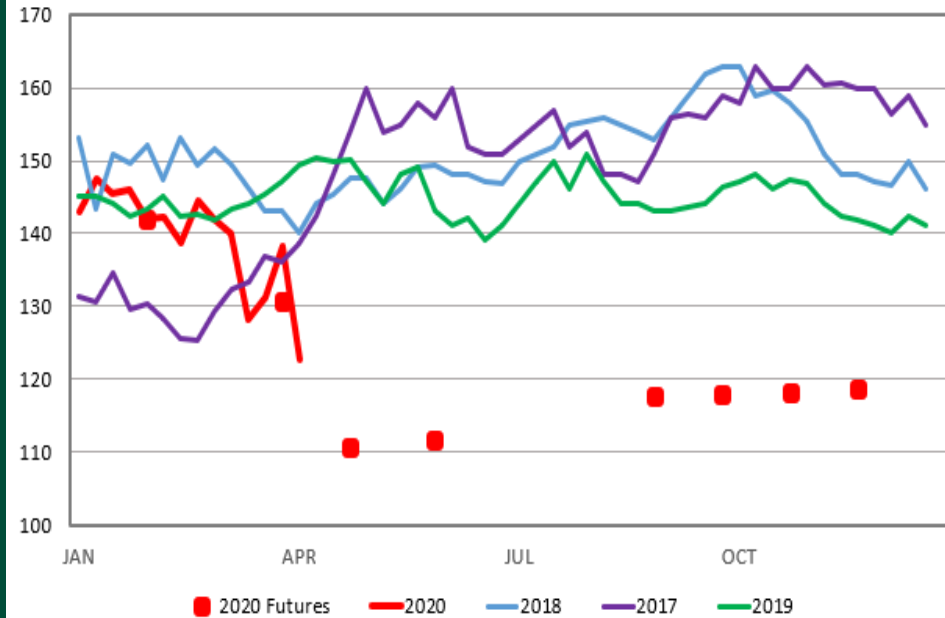
GF - Feeder Cattle - Monthly Nearest OHLC Chart



MED. & LRG. #1 FEEDER STEER PRICES 750-800 Pounds, N.D., Weekly



MED. & LRG. #1 FEEDER STEER PRICES 750-800 Pounds, N.D., Weekly





North Dakota Weekly Cattle Auction Summary
 AMS Livestock, Poultry, & Grain Market News
 North Dakota Dept of Ag Mrkt News

Fri Mar 27, 2020

Thu Apr 2, 2020

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>
9	422-433	427	176.00-179.00	177.35
11	461-473	466	179.00-181.00	179.92
37	514-543	533	165.00-175.00	170.17
110	558-593	576	161.00-171.50	167.59
173	603-645	630	159.25-168.00	164.26
117	651-698	668	143.50-160.75	152.23
610	702-749	726	134.00-150.50	143.19
284	760-799	778	126.00-143.50	138.26
352	806-845	828	124.75-141.50	130.12
265	852-887	873	116.50-133.00	126.19
88	917-949	931	114.00-119.00	116.46
187	955-978	963	117.75-122.00	120.22
53	1000	1000	122.00	122.00

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

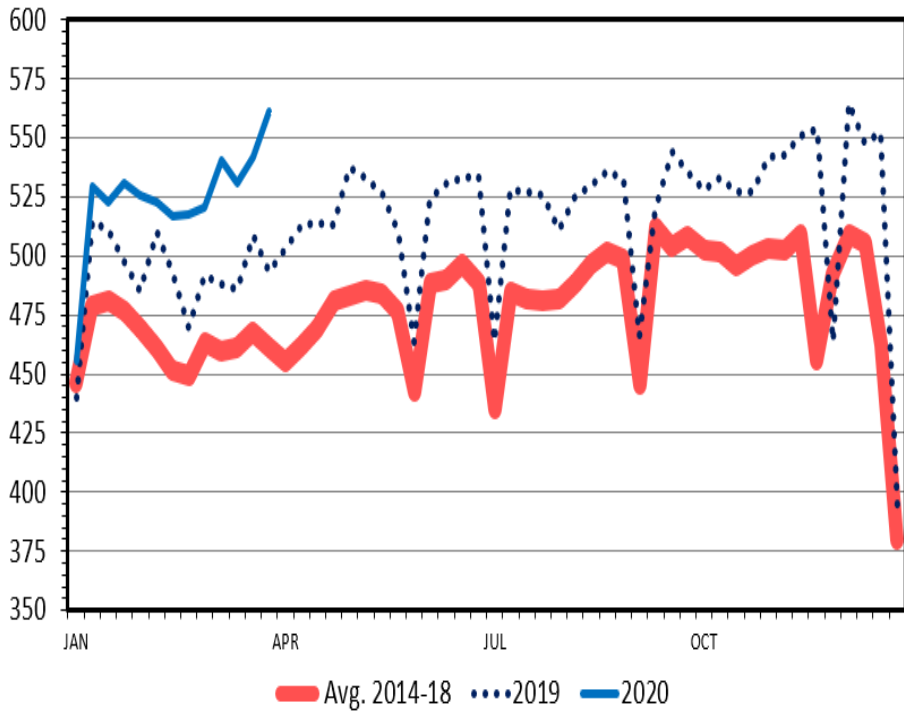
<u>Head</u>	<u>Wt Range</u>	<u>Avg Wt</u>	<u>Price Range</u>	<u>Avg Price</u>
12	367	367	182.50	182.50
38	407-418	410	170.00-177.00	174.75
9	479	479	168.50	168.50
5	509	509	157.50	157.50
190	551-597	578	146.50-159.00	154.05
113	630-645	635	135.00-141.00	135.59
402	650-695	677	132.00-144.00	138.45
241	702-724	717	124.00-137.00	127.98
75	708	708	140.25	140.25
37	761-766	764	119.75-132.00	122.78
292	807-831	815	113.75-114.00	113.82
94	969-970	969	97.00-105.50	102.97

Fancy

BEEF PRODUCTION

Federally Inspected, Weekly

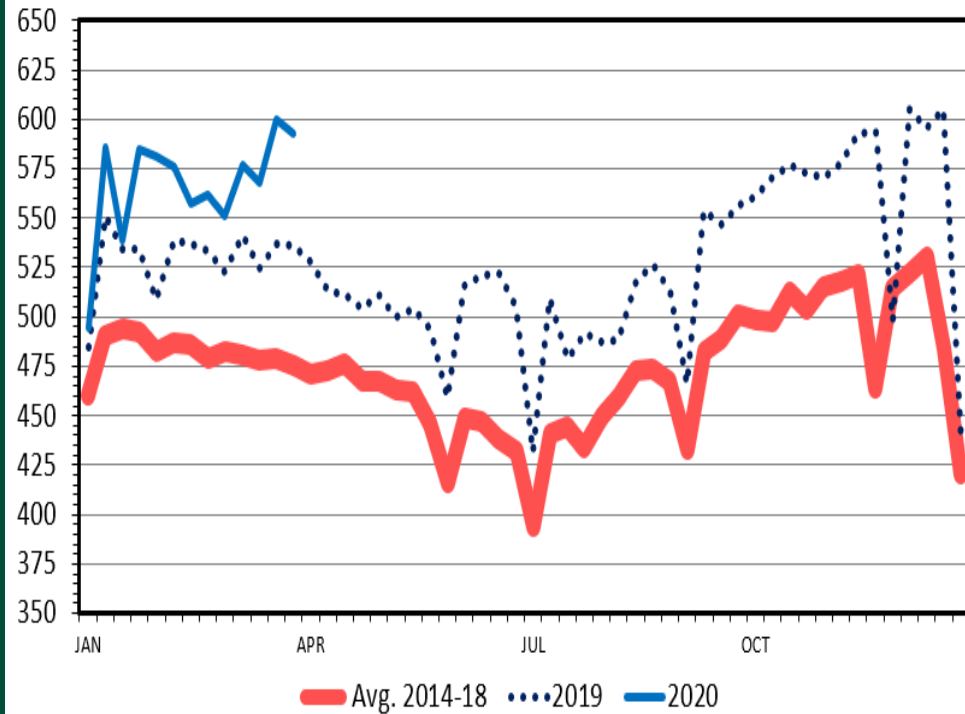
Mil. Pounds



PORK PRODUCTION

Federally Inspected, Weekly

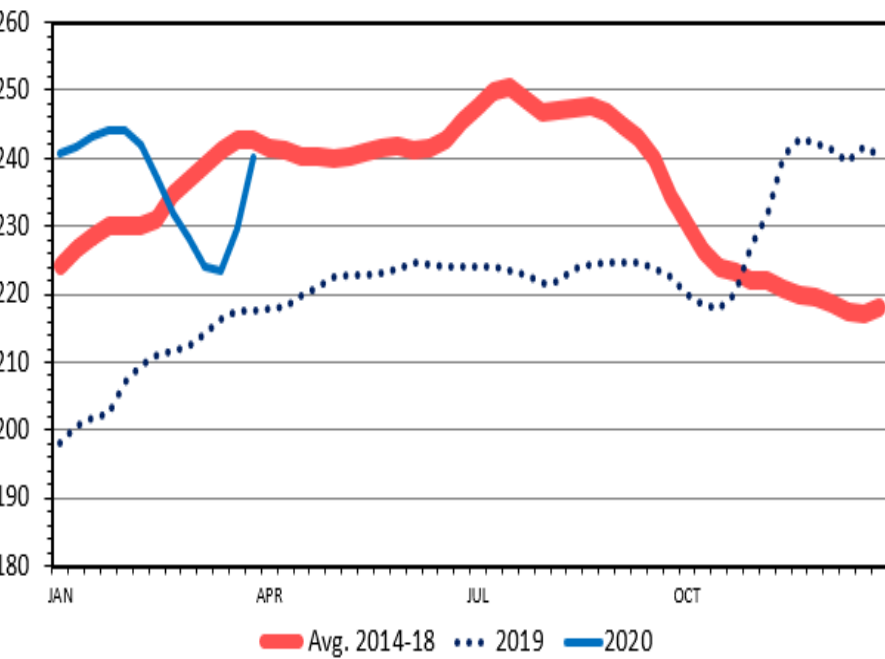
Mil. Pounds



WHOLESALE BONELESS BEEF PRICES

Fresh, 90% Lean, Weekly

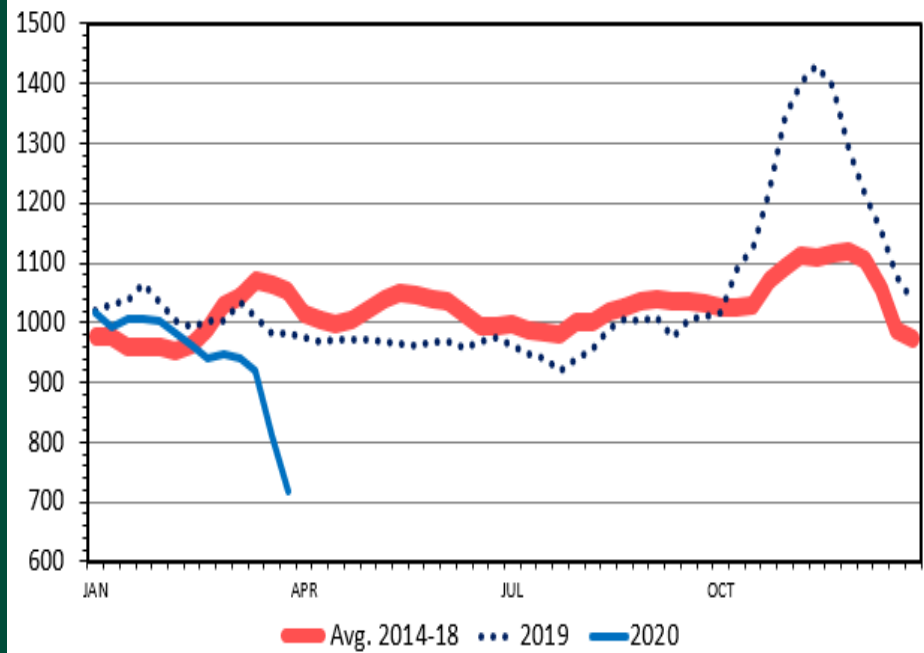
Cents Per Pound



WHOLESALE BEEF FULL TENDER PRICES

Musl-On, 5 Pounds and Up, Weekly

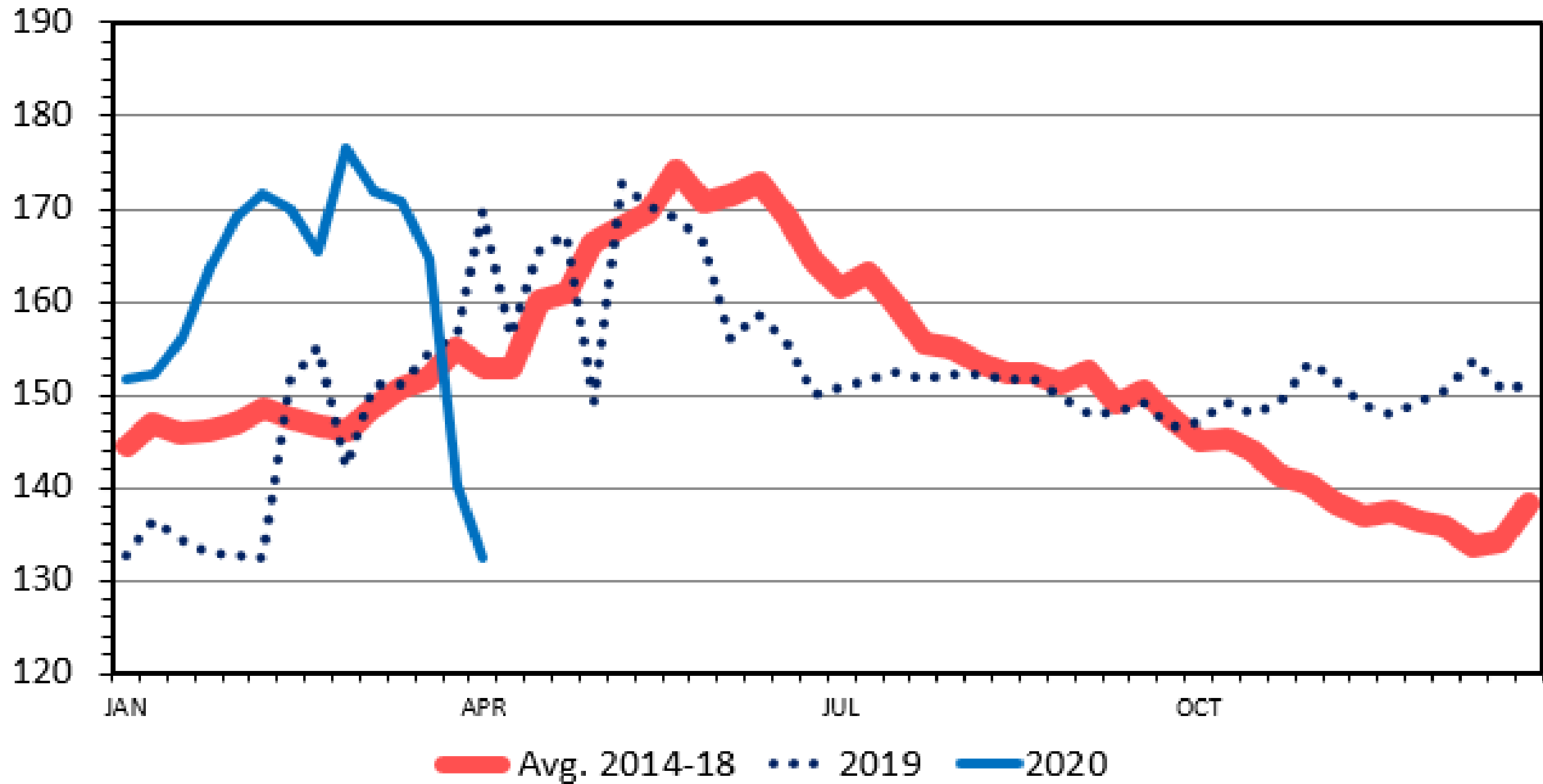
Cents Per Pound



SLAUGHTER LAMB PRICES

Wooled, Sioux Falls, Weekly

\$ Per Cwt.



Ag-Energy Situation and Outlook

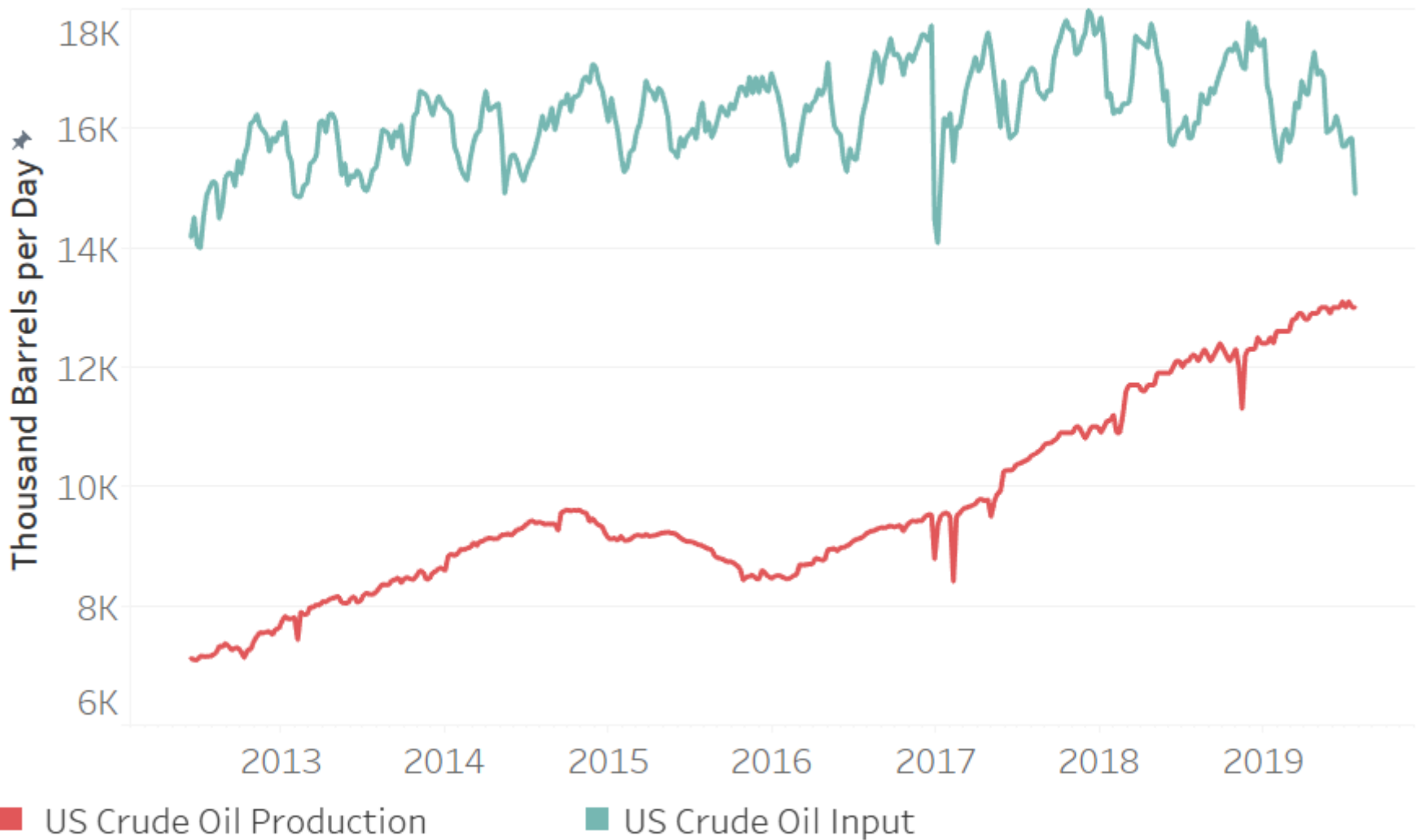
David Ripplinger
Bioproducts/Bioenergy
Economics Specialist
david.ripplinger@ndsu.edu



Situation

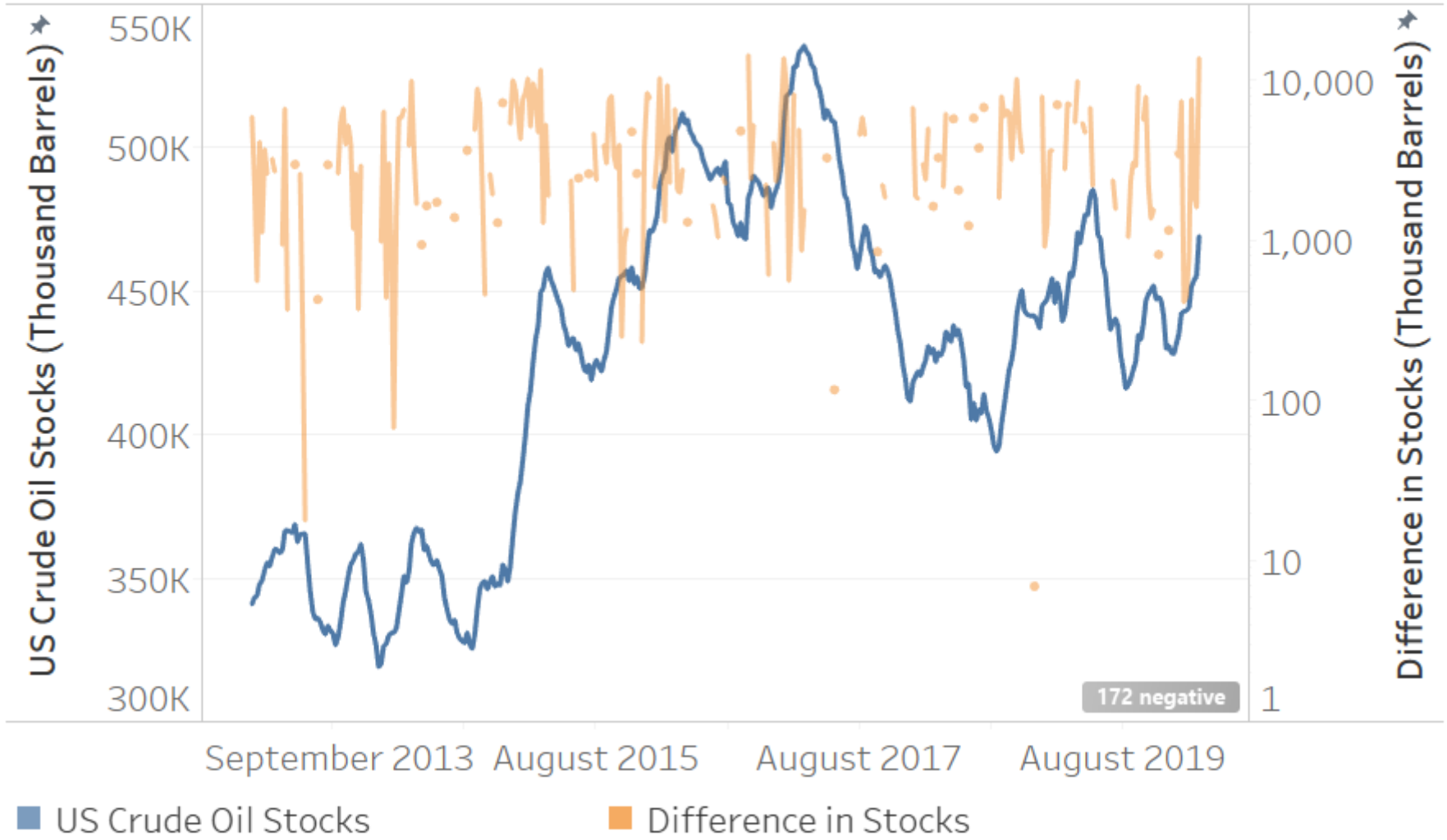
- Rapid, large decline in US gasoline and ethanol use
- Slower decline in gas and ethanol production
- No change in US oil production
- Dramatic increase in stocks

US Crude Oil Production and Use



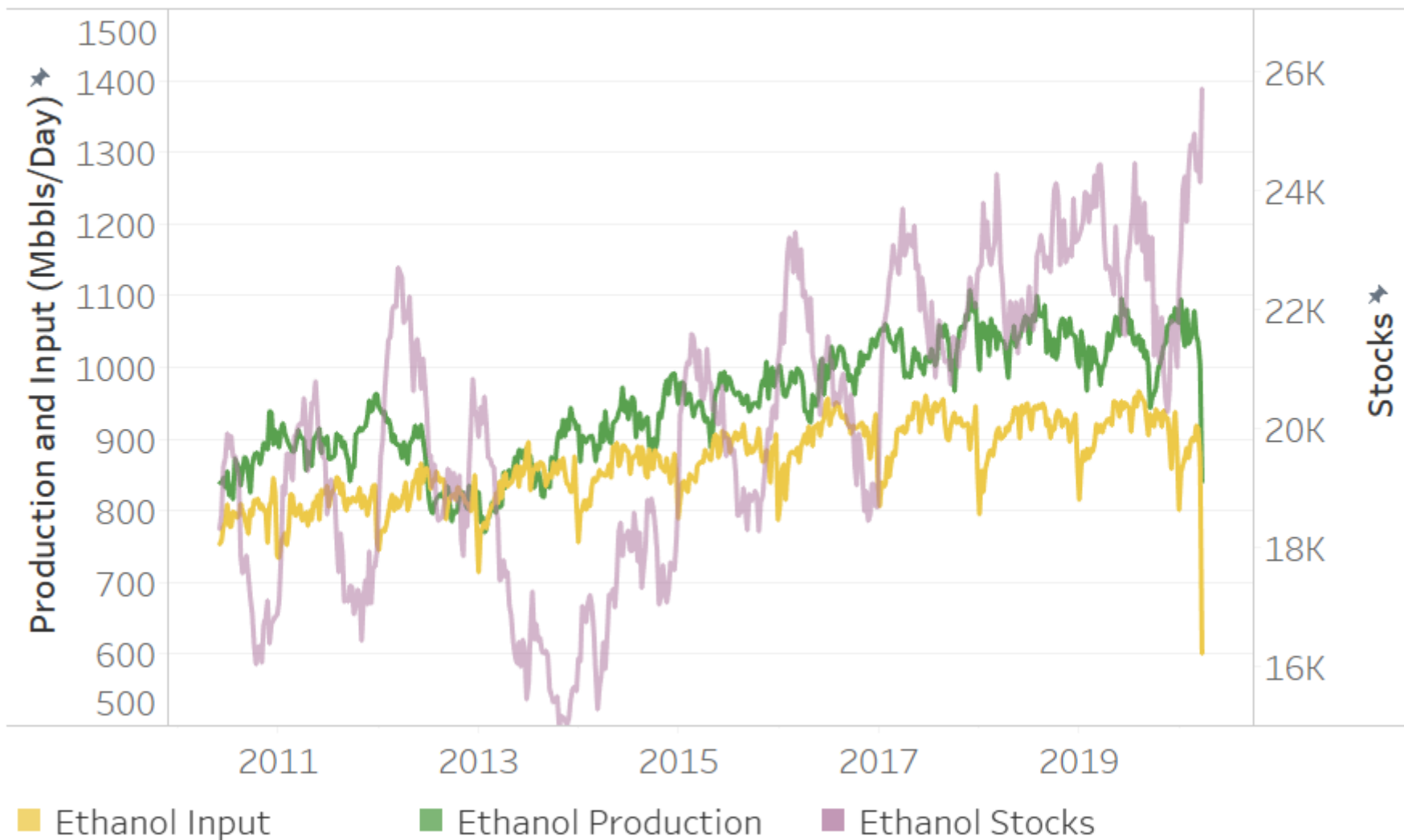
Source: EIA

US Crude Oil Stocks



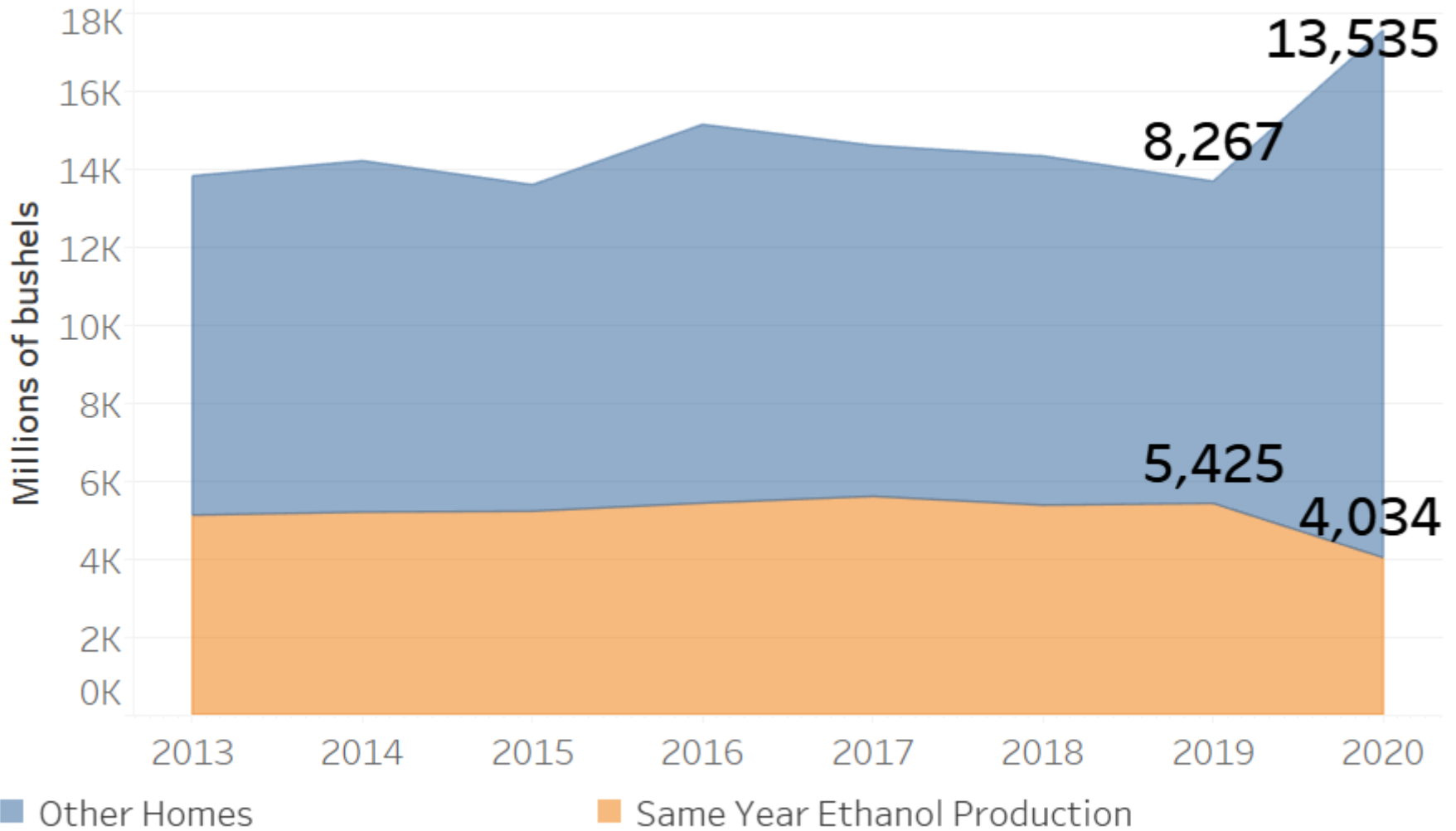
Source: EIA, NDSU Extension Calculations

US Ethanol Production, Use, and Stocks



Source: EIA

US Corn Production & Ethanol Use



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