

# 2021 Agricultural Outlook Forum -- Supply Chain Resilience Panel

Speakers: William (Bill) Even, National Pork Board; Robb Mackie, President & CEO American Bakers' Association; Geoff Cooper, Renewable Fuels Association

Moderator: Joseph Cooper, Senior Policy Advisor, Office of the Chief Economist, USDA

Session Organizer: Bruce McWilliams, Economist, Farm Production and Conservation Business Center, USDA

## Supply Chain Resilience Panel

- Overview: This panel will discuss the resilience of the food supply chain from the farm to wholesale distribution.
- Disruptions to be examined include not just the demand dislocations from the COVID-19 pandemic, but animal infections, and extreme weather events.
- Panel members are leaders and managers from the pork packing industry, the wheat milling and baking complex, and the ethanol production supply chain.

## **Supply Chain Resilience Panel -- order of presentation**

- **Topic 1 – Multiple Shocks to the Pork Industry**
  - **William (Bill) Even, an expert from the National Pork Board**
- **Topic 2 – The Food Grain Sector**
  - **Robb MacKie, the President & CEO of the American Bakers' Association**
- **Topic 3 – The U.S. Ethanol Industry's Response to COVID-19**
  - **Geoff Cooper, Renewable Fuels Association**
- **Potential bookend points by the moderator**
- **Q & A**

# Moderator summary points on supply chain disruption



# Impact of the COVID-19 Pandemic on S&D for Agriculture

## Impacts on demand

### Immediate

- Shift to retail grocery and at-home use
- Rise in unemployment and food assistance demands
- Lower gasoline demand

### Longer run

- Reduced global economic growth and lower demand for higher value products
- Higher value dollar and loss of export competitiveness

## Impacts on supply

### Immediate

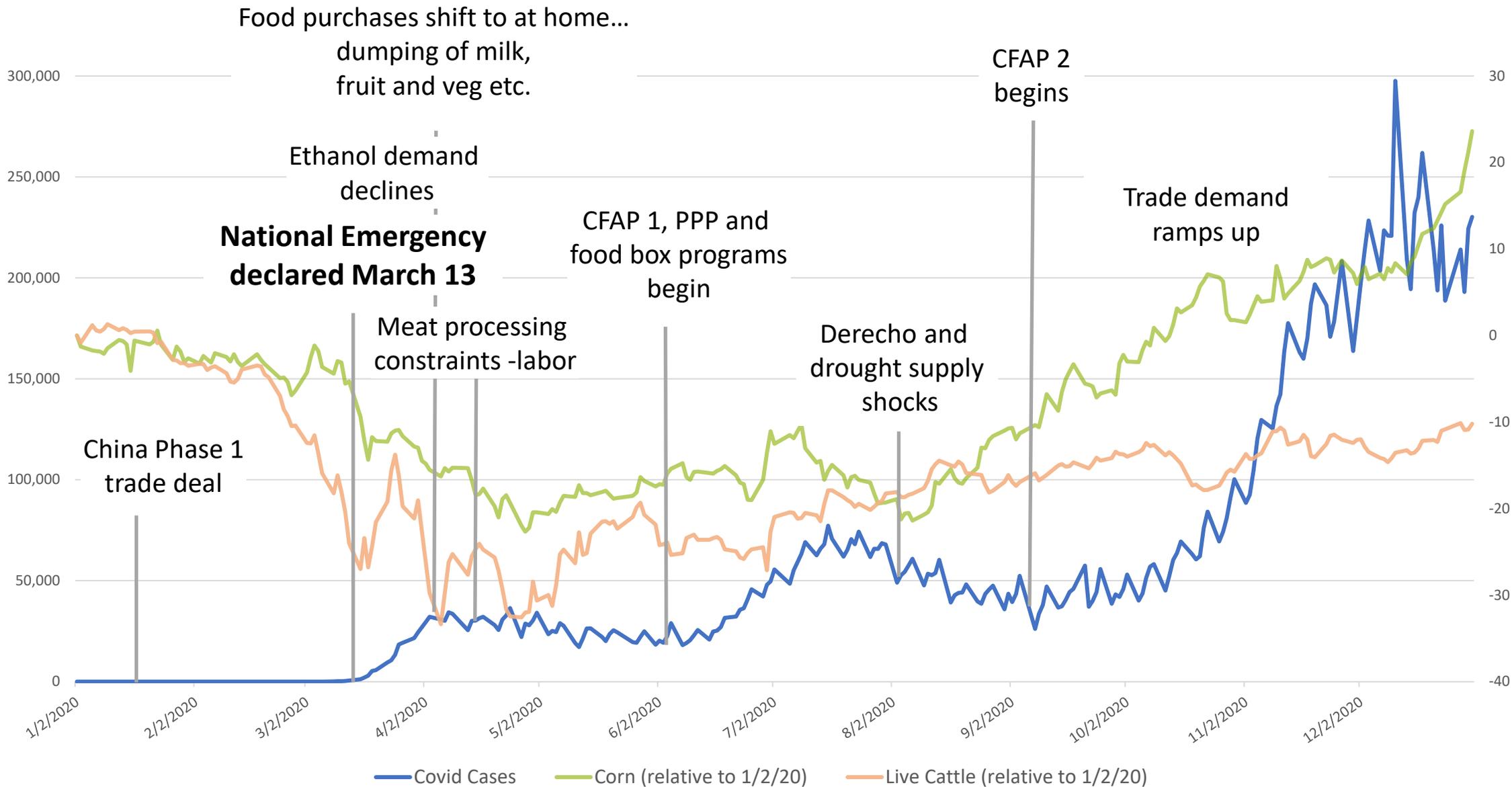
- Loss of marketing outlets
- Loss of slaughter and process capacity
- Restriction in labor supply
- Border restrictions
- Transportation issues

### Longer run

- Price changes and spring planting
- Price changes and livestock&dairy mgt
- Trade agreements

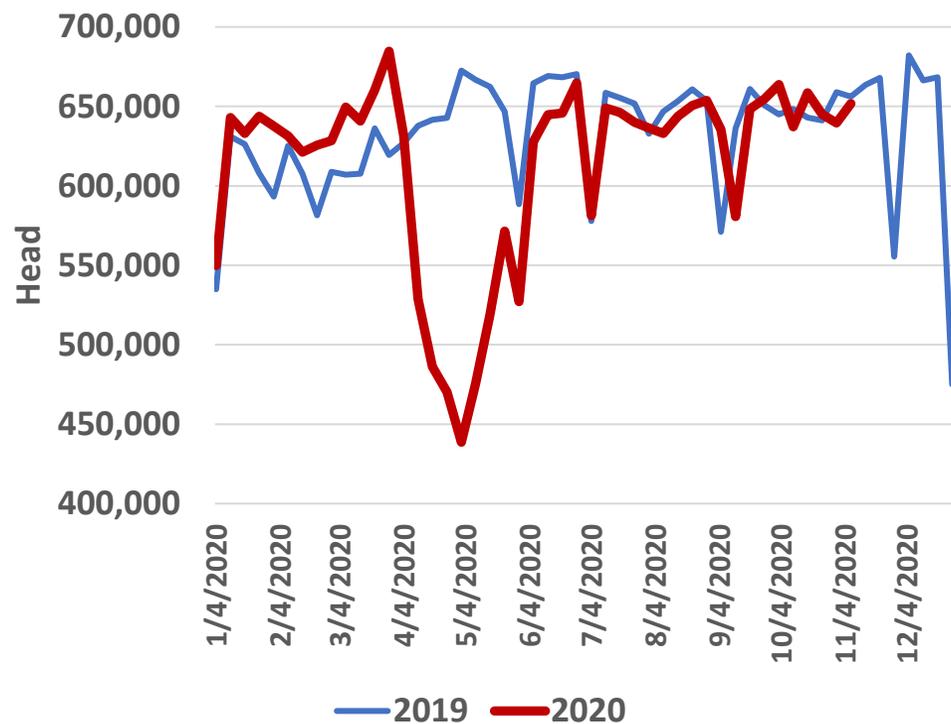


# COVID 19 and Agriculture, 2020

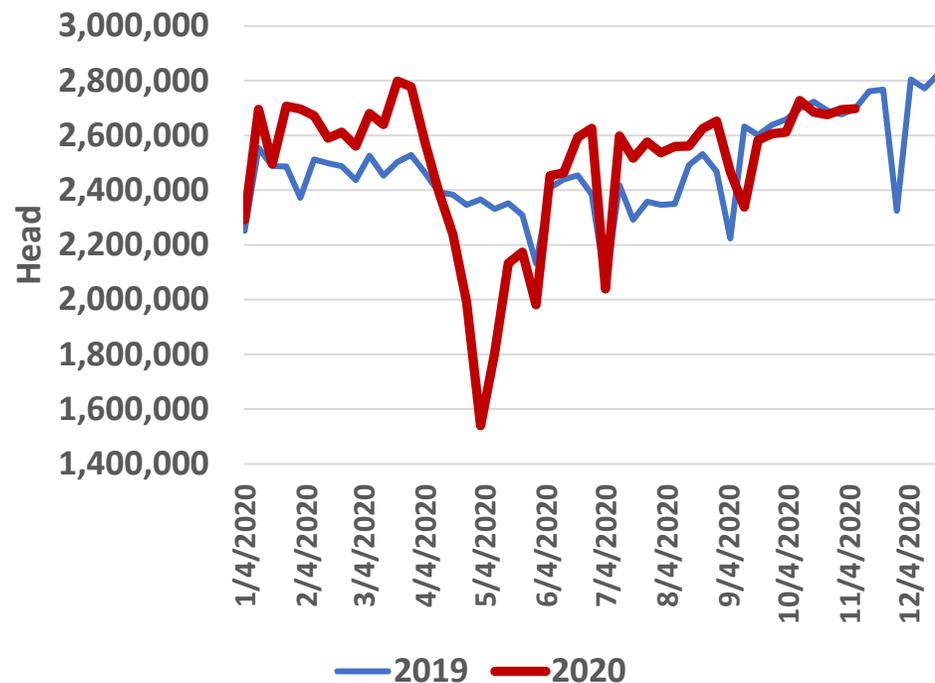


# Cattle and hog slaughter decreased in April/May 2020 due to plant slowdowns or shutdowns

Weekly Federally Inspected Cattle Slaughter



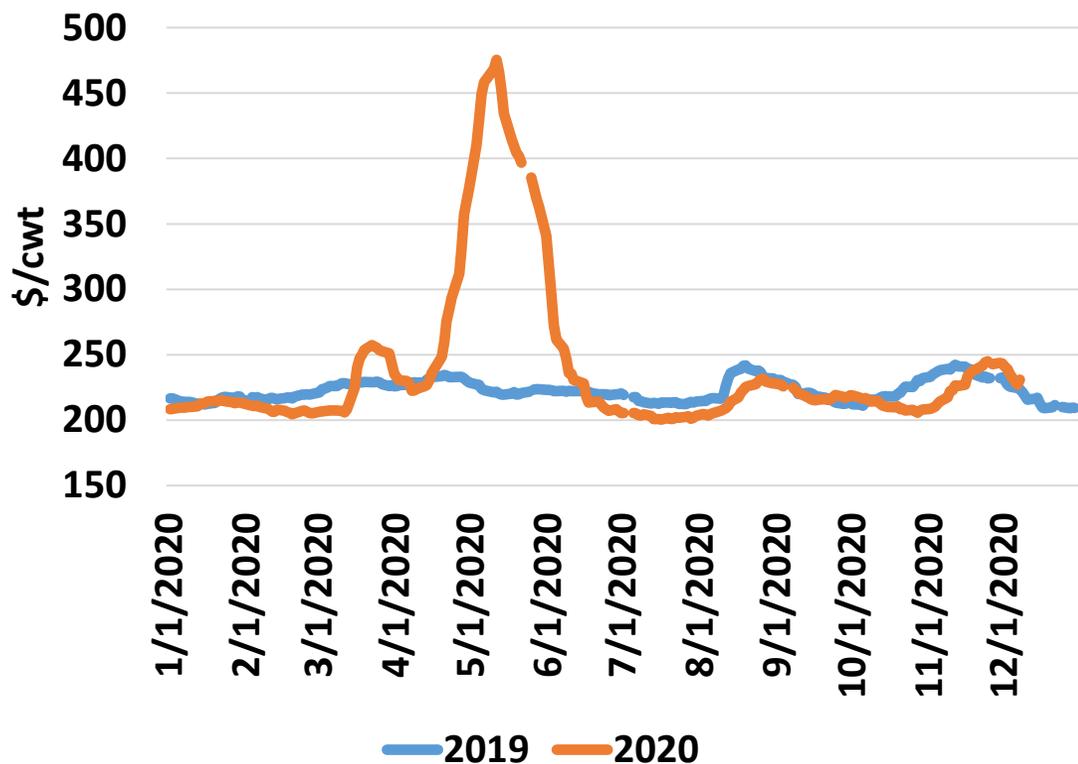
Weekly Federally Inspected Hog Slaughter



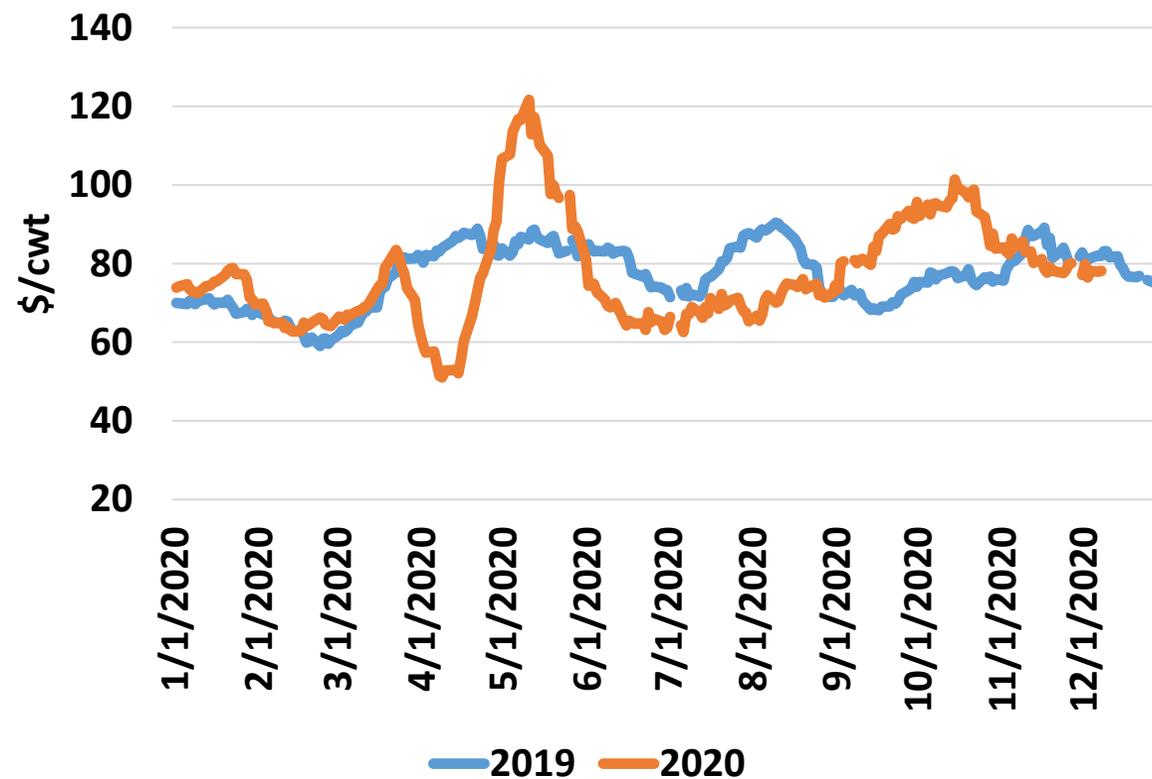
Source: USDA

# Wholesale beef and pork prices spiked earlier in 2020 at least in part due to supply disruptions

### Daily Choice Beef Cutout



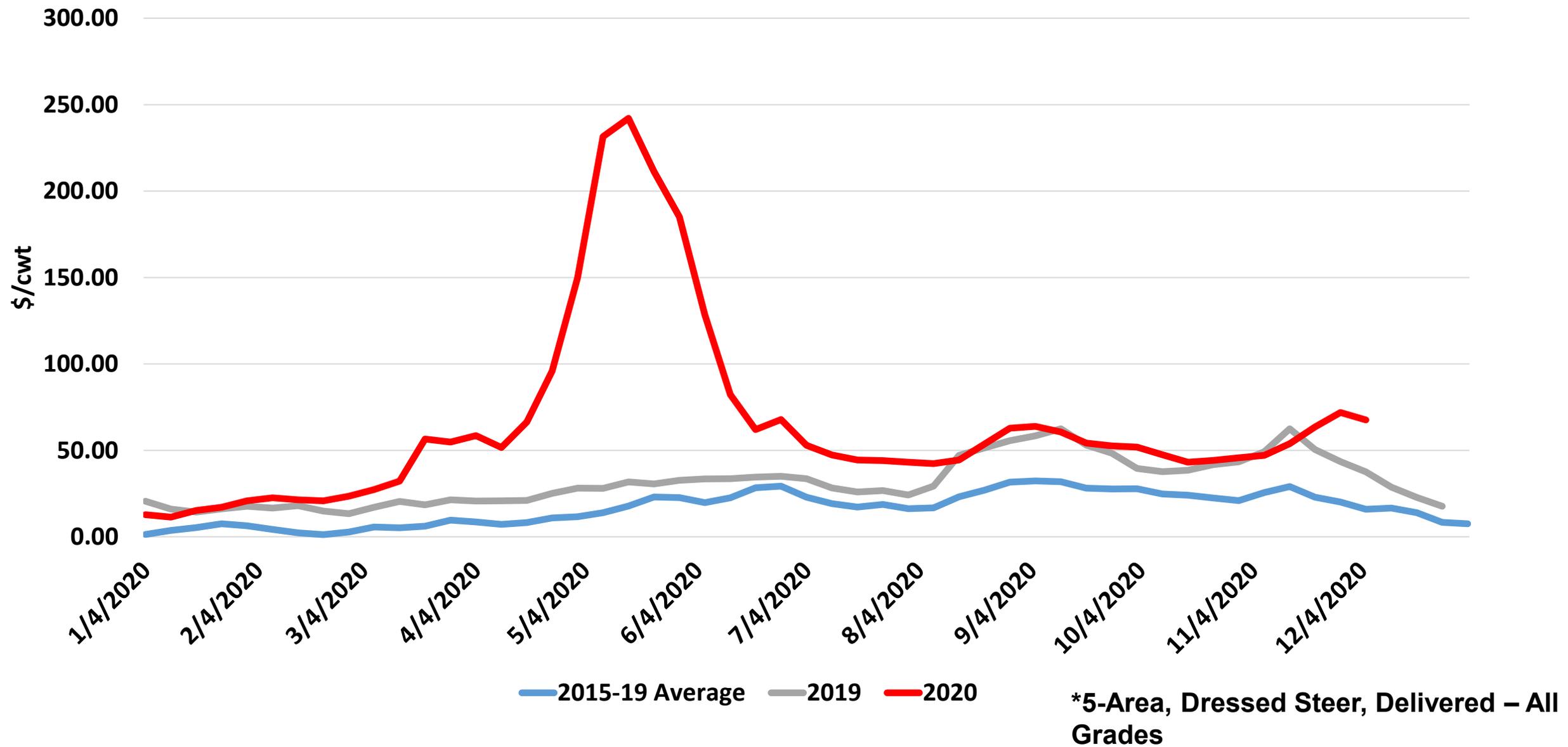
### Daily Pork Cutout Value



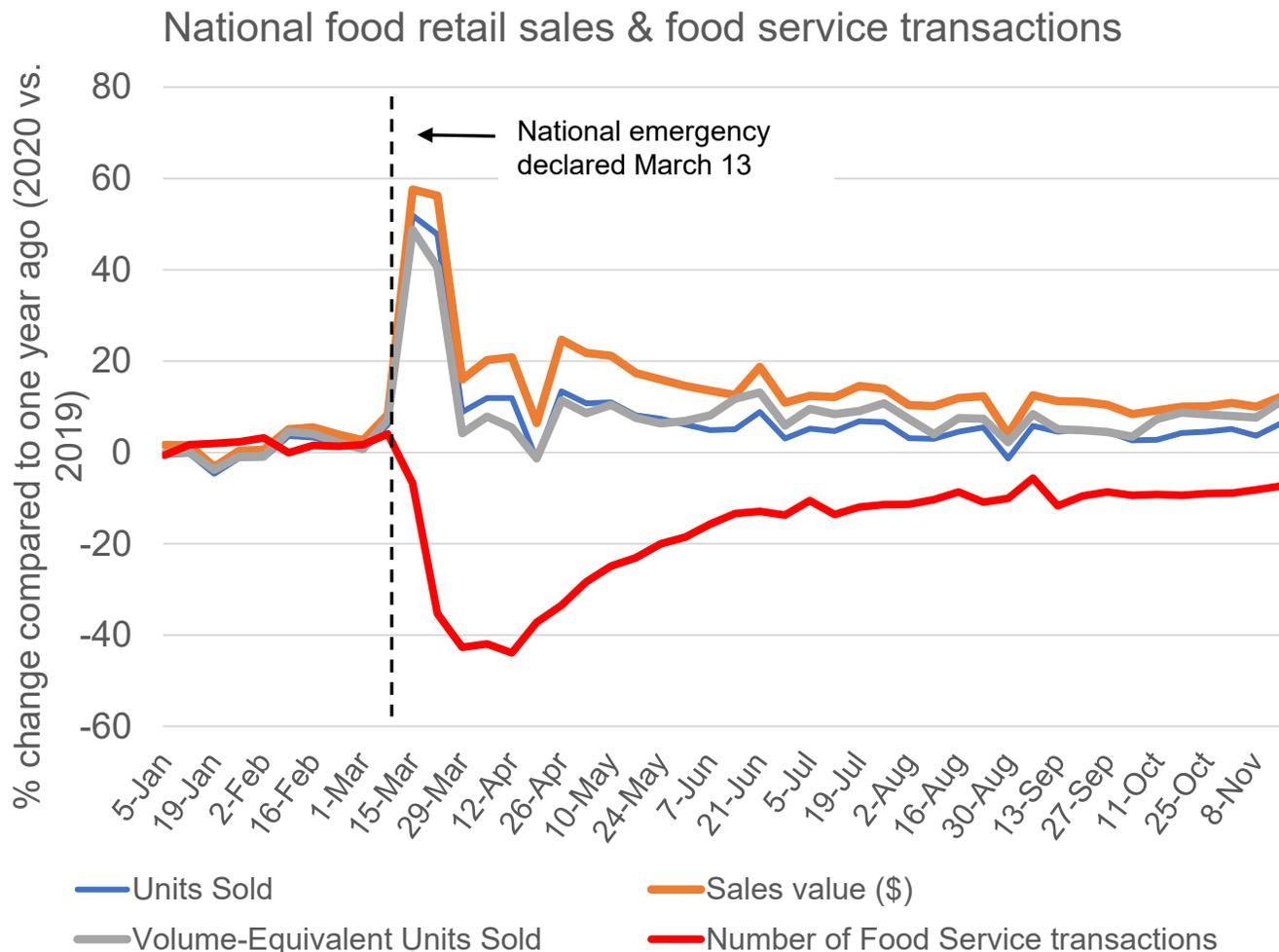
Source: USDA

In the spring and summer wholesale prices for beef and pork were higher compared to prior year, indicating supply constraints at that time. Volatility has fallen since then, suggesting we have turned the corner.

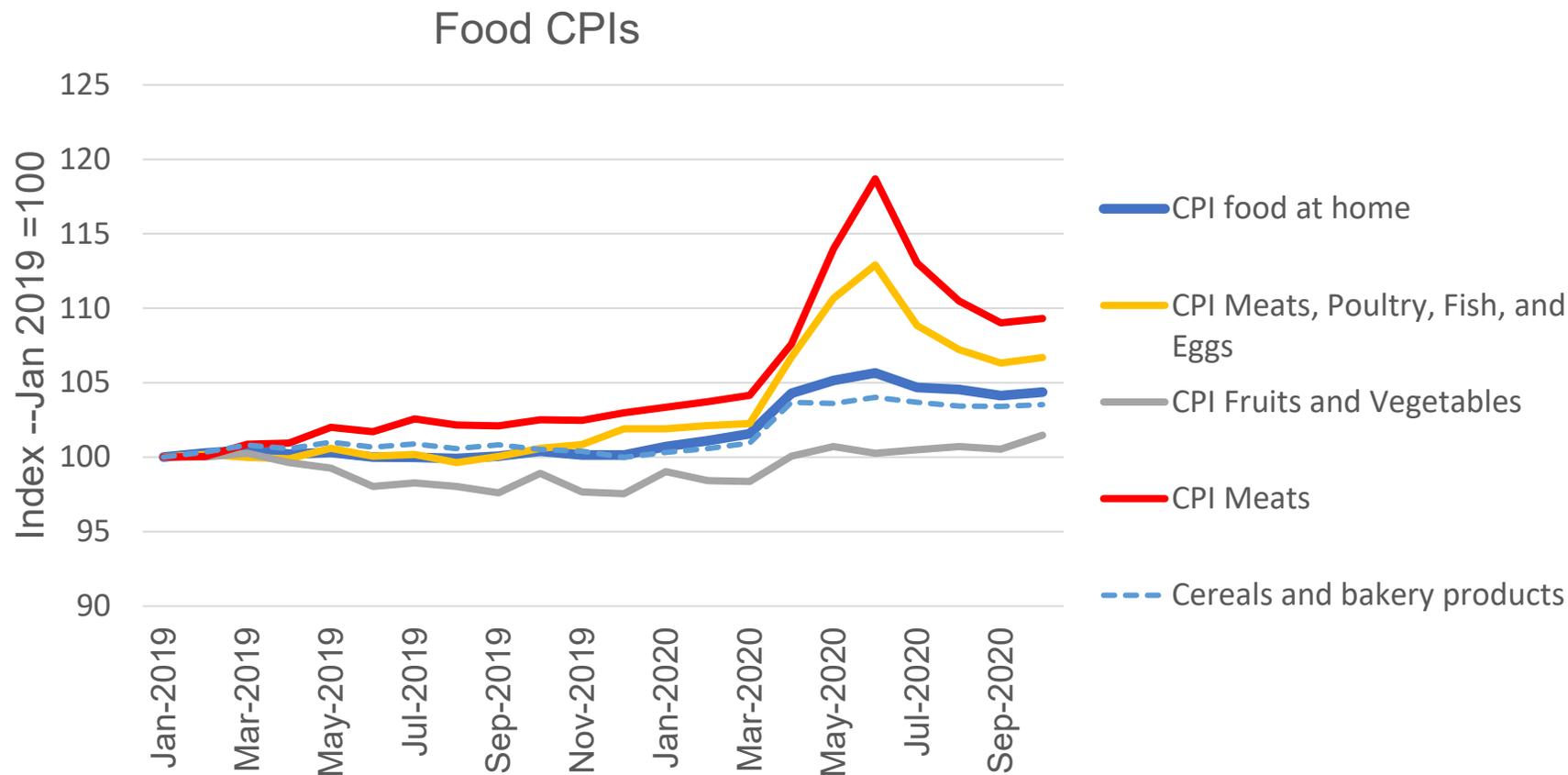
### Spread Between Comprehensive Boxed Beef Price and Dressed Steer Price\*



# Shift in consumption -- Food retail sales higher this year after consumers turn away from Food Away from Home



# COVID-19: Food CPIs up sharply from March to June 2020, but slowing or decreasing thereafter



**Q & A session (20 minutes)...**