

COVID-19 Update

April 17, 2020



COVID-19 ECONOMIC IMPACT STUDY

A study released on April 14 estimates cattle industry losses as a result of the COVID-19 pandemic will reach \$13.6 billion. The study was conducted by a team of industry-leading agricultural economists led by Derrell Peel at Oklahoma State University, to assist USDA in determining how best to allocate CARES Act relief funds to cattle producers.

The study shows cow-calf producers will see the largest impact, with COVID-19-related losses totaling an estimated \$3.7 billion, or \$111.91 per head for each mature breeding animal in the United States. Without offsetting relief payments, those losses could increase by \$135.24 per mature breeding animal, for an additional impact totaling \$4.45 billion in the coming years. The stocker/backgrounder segment losses were estimated at \$159.98 per head, for a total economic impact of \$2.5 billion in 2020, while feeding sector losses were estimated at \$3.0 billion or \$205.96 per head.

The study was commissioned by NCBA and conducted by a team of industry-leading agricultural economists led by Derrell Peel at Oklahoma State University, to assist USDA in determining how best to allocate CARES Act relief funds to cattle producers. Other contributors on the study include: Dustin Aherin, Rabobank; Randy Blach, CattleFax; Kenneth Burdine, University of Kentucky; Don Close, Rabobank; Amy Hagerman, Oklahoma State University; Josh Maples, Mississippi State University; James Robb, Livestock Marketing Information Center; and Glynn Tonsor, Kansas State University.

[View the executive summary here.](#)

[View the full economic assessment here.](#)

PAYCHECK PROTECTION PROGRAM

SDCA also encourages cattlemen and women to consider other federal assistance programs such as the Paycheck Protection Program (PPP) and Governor Noem's Small Business Relief Fund. You have probably heard that the PPP funding allocated in the CARES Act has been depleted this week, but we believe additional funding will be forthcoming as Congress continues work on the next economic relief package. For more details on PPP and the Governor's relief fund, visit the Governor's Office of Economic Development website at www.sdreadytowork.com/covid-19.

COVID-19 AND THE CATTLE MARKETS

SDCA took action this week on two items to address the market imbalance brought on by COVID-19. On Wednesday, the SDCA Board voted to support a letter calling for a minimum of 30% of packer purchases to be negotiated rather than formula-based purchases. This mandate would be incorporated into the Livestock Mandatory Reporting (LMR) program, which is scheduled to be renewed this fall. SDCA believes this action is in alignment with member-set policy aimed at improving price discovery through increasing negotiated trade in the live cattle markets.

Additionally, SDCA signed on to a multi-state letter asking the US Department of Justice to investigate the two recent "Black Swan" events that have detrimentally impacted live cattle markets in the past several months. Starting with the packing plant fire last fall in Holcomb, Kansas and continuing with the more recent COVID-19 related market disruption, we have joined with 19 other state cattlemen's groups to urge the DOJ to investigate beef pricing margins related to these two recent extreme market shifts.