



BioPRYN lab hours:

The BioPRYN lab is now running tests during the day rather than at night. Samples received by noon will have results available by the end of the same day. There is a drop-off box located in the outside hall that we encourage you to use. You may call in advance and let us know you are coming. We continue to encourage our clients to call in their orders in advance to pick up product in the outside hall. It reduces human contact and we have found it increases order accuracy.

COVID Economics and the Future: The repercussions of this viral outbreak are hard to predict, but the one thing that is predictable is that the economy will take years to recover. I think there are lists of predictable metrics that will influence farmers.

- People are going to eat. This seems obvious but I think sometimes we forget this fact because food comes from stores. The big question is how protein and dairy products will be consumed with increased takeout and home preparation vs. a sit-down meal in a restaurant. The restaurant industry will suffer for years for several reasons. First restaurants need crowded nights. They only have a couple hours to be profitable. Now they must reduce the seating density and people can't wait at a crowded bar. Second, the component of the population, baby boomers, with the most disposable income and tendency to eat out are at the greatest risk of dying. Third, as parents return to work, prepared food that is consumed at home will be a bigger component of home eaten meals at the expense of eating out.
- Labor is going to be a huge issue. Unemployment is at the highest level since the 1930's now and economists predict it will still be 10% in two years. This will make the great recession look like the little recession. But this could be good for agriculture because finding good hired help has been an issue in all of agriculture, although....
- The governments' reaction to unemployment will be critical. Currently unemployed workers in some states are receiving \$50,000.00 a year in unemployment benefits, so if the handouts continue maybe fewer people will want to work. Will the government try to buy votes or encourage people to work?
- Corn market disaster. Gasoline consumption has dropped in half. This will come back some, but we probably have seen the highest consumption of ethanol ever. More businesses are finding that workers can be productive from home so there will be less going to work. The next president may accelerate the use of electric automobiles (think coal burning). Tesla profits and growth are funded by emission credits sold to gasoline vehicle producers. 40% of corn was used in ethanol, although 2/3 of this returned as distillers. Therefore, by weight, 10 to 15% of our corn crop was burned in vehicles. I think a 5% reduction by weight of the total corn crop due to decreased ethanol use is a good estimate.

Also, a large drop in distillers (protein source) will help demand for soybean and other protein meals. However, unless there is an unprecedented weather issue, cheap corn will keep other commodities low and benefit dairy farmers who purchase feed. We could precipitate another 80's land price crash, helping dairy farmers with land rents. Or government checks to corn producers based on bushels of corn produced will continue to support excess production and support land values. It would be nice to see CRP return at high levels and reduce overall crop production.

- Exports will weigh heavily on commodity prices, and the trade war with China will be the wild card. Currently, China is in a really big fight with Australia. As I write this China essentially banned barley imports from Australia. However, China has a lot of people to feed and political stability is a huge issue, which helps us. Conversely, when there are world crises, the dollar strengthens because it is still the safest currency on the planet and that makes our exports more expensive compared to Brazil, Argentina or the EU.
- Beef consumption is up and seafood consumption is way down. Seafood consumption is tied to the restaurant trade. This will continue and is an indication of the ease of cooking with hamburger. Unfortunately none of the price increases that consumers are paying for beef has made their way to the farmers producing the beef. With 80% of beef slaughter controlled by 4 packing companies this should come as no surprise. I can't envision how this will get resolved unless there is a resurgence in small packing plants. As our meat and dairy processing has become more centralized and efficient, we just learned it is very vulnerable to disruption. I don't envision our government spending the time to breakup the slaughter/meat packing consortium.
- An effective vaccine will be a game-changer, allowing a return to a semblance of what 2019 was except;
 - Government debt will be a huge hangover. The debt and its long-term repercussions will not leave.
 - Interest rates set by the Federal Reserve will affect the farming community. Low rates keep the government debt from consuming as much of the federal budget, but low rates increase risky business practices throughout the economy including agriculture.
 - Historically, governments printing money to sustain ever escalating government debt creates high inflation rates. Historically, high inflation is the only way that governments have reduced high debt loads. They pay off debt with inflated dollars. Inflation will occur, the question is when.

In summary, government reaction and consumer fear will have long term negative consequences to the economy as we know it. There will be some new opportunities for farmers, but crop farming looks like it will struggle for some years without some method to reduce production.

There is a Japanese beef breed called Akaushi that creates incredibly high-quality carcasses. While the average run on beef slaughter animals coming out of a feedlot is 5% grading prime, a producer in Texas featured in Drovers April magazine attains 30 to 35% carcasses grading prime with F1 crossbreds to Red Angus. This is achieved on a common feedlot finish feeding program of 130 to 170 days on feed. These results are unheard of. I know nothing about the availability of semen or about calving ease of any crossbreds, especially Holstein. A ranch has a brand called 'HeartBrand Beef' that markets the finished product and also buys back youngstock with a high percentage of Akaushi genes.