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**COVID-19 Impacts on Arkansas’ Agricultural and Rural Economies**

**UPDATE: Implications of COVID-19 for Arkansas’ Row Crop Producers**

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**May 4, 2020**

The weather improved last week, giving farmers more time to do fieldwork, which resulted in larger gains in planting for all major field crops but especially for corn. The USDA *Crop Progress* report of May 4 indicates that 48% of the rice, 68% of the corn, 20% of the soybean, and 11% of the cotton acreage in the state has been planted relative to an average of 71%, 88%, 32%, and 21% respectively, in the last five years.

At this point, some processing demand reductions have been identified in the livestock sector to the point of producers disposing of excess animals. The past week saw more reports of rerouting, primarily livestock diversions to alternative locations due to workers with positive COVID-19 tests at processing plants. Adjustments of this type with associated increased costs eventually will reduce demand for both corn and soybean as feed inputs.

**Commodity Markets**

**Rice**

Prices in the global rice market remained stable last week, albeit at higher levels than before the COVID-19 outbreak. Thai and Viet long grain 5% were quoted at $535 and $470 per ton in the week of April 27. There have been few changes in the COVID-19-related policies implemented primarily by exporting countries that led to the increase in prices. Worth noting, though, is an increase in export activities from India, although not even close to their capacity under normal conditions.

Rice prices in the U.S. registered slight gains last week. Old crop prices (July contract) increased by 0.8%, and closed at $14.775 per hundredweight, while new crop futures prices (September contract) gained 0.5%, and closed at $11.925 the week of April 27. Year-to-date, new crop futures prices have decreased slightly from $12.03 at the end of the first week in January.

**Corn**

Arkansas corn cash market prices declined 8.5% in April, ending the month at $3.22 per bushel. Corn futures prices were down 0.6% last week and closed at $3.254 per bushel on May 1st. U.S. corn export sales totaled 66.7 million bushels for the most recent week reported (i.e., April 23 report), exceeding all trade guesses. Corn export shipments over the same period improved to 41.4 million bushels, 27% higher than the previous week.

**Soybeans**

Cash soybeans in Arkansas lost 4% or 35 cents/bushel in April, falling to $8.47 on the last trading day. The Arkansas 2020 crop-booking price declined to a lesser extent, possibly indicating a longer-term “wait-and-see” attitude toward the virus effects by industry. Soybeans futures prices were up 1.6% last week and closed at $8.550 per bushel the week of April 27. New crop soybean booking price fell 20 cents in April to an $8.47 ending price. U.S. soybean export sales improved to 39.6 million bushels for old crop beans in line with trade expectations. Export shipments were just under 21.0 million bushels, an improvement of 21% over the prior four-week average.

**Cotton**

A report on April 23 that China plans to buy roughly 4.6 million bales for strategic reserves has lent support to cotton prices. China is currently the second largest export market for U.S. cotton. Talk of a gradual reopening of the U.S. economy is also price supportive. Cotton futures traded this week to the highest levels seen since March 18th. The December 2020 contract finished 10.3% higher for the month of April at 58.92 cents per pound.

Cotton prices do, however, continue to face headwinds from the collapse in crude oil prices and the resulting price competitiveness of synthetic fibers. Global textile mills are still not running at pre-COVID-19 capacity. The recent announcement of cotton purchases by China may amount to nothing more than the movement of cotton inventories from one geographic location to another as consumer spending is expected to be conservative for the near future. Many U.S. textile mills plan to remain closed through early May. Some are gradually phasing in operations on a limited basis. Most production is currently centered on personal protective equipment for frontline workers and military supplies in response to the pandemic.

**Others comments**

The agriculture sector is still waiting for USDA to release rules and schedule signup for $16 billion in direct payments intended to compensate farmers for the impact of COVID-19. Lobbying efforts have focused on the exclusion of payment limits.

As the full U.S. Senate returns to Washington this week, the expectation centers on the potential for a new large coronavirus aid package and what it may include for the agricultural sector.

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