

## KCA Updates Regarding COVID-19

The coronavirus disease (COVID-19) has presented numerous challenges throughout the world, and has made a tremendous impact over the past week here in the United States. The cattle and beef industries have not gone unaffected, and the situation is still changing rapidly. As with huge fluctuations in the financial markets, the cattle markets have followed the same trends, leaving cattle producers uncertain as what to do next.

There are positives. Domestic demand for beef will likely remain fairly steady. It gets complicated with so many restaurants, hotels, and schools shuttering for an unspecified amount of time. This is triggering a supply chain shift from institutional to the grocery sector as consumers withdraw from public life and choose to eat the majority of meals from their homes. Experts say this will help prevent the spread of the virus, but it comes with its own challenges to the supply chain.

With grocery demand beef skyrocketing over the weekend, we should expect to see boxed beef cutouts rising in addition to fat cattle trades improving. The hospitality and food service supply chain may see reduced demand, but those sector's procurement decisions are generally made weeks, if not months, in advance. The wholesale markets for the grocery sector should be expected to be squeezed of supply, warranting production shifts to satisfy the increased demand.

That is at least how supply and demand should work, but the cattle markets don't always function on traditional economic principles. The United States Department of Agriculture (USDA) must remain vigilant during this time to ensure independent producers are not again victimized by packer manipulation. In addition, USDA needs to remain committed to keeping inspectors working, beef packing plants operating, and limiting any disruptions for the supply chain.

From the cattle sector, the beef cartels have tremendous influence, but if the independent cattle producers and feeders band together, we can force negotiated trade improvement in the markets. Any improvement in true price discovery can improve margins, where every dollar is critical, and push hard on increasing negotiated cattle trades. Now is the time.

Congress needs to take steps to protect cattle producers. They need to push for programs to help producers offset losses as a result of COVID-19, including the implementation of a livestock indemnity program. Congress must also ensure USDA has access to emergency funds to properly staff and process claims, maintain inspection services, and provide critical oversight to cattle marketing and reporting.

Additionally, producers can begin to reevaluate their cattle marketing strategies, and plan beyond feedstuff capacities and size targets. Working with professional marketing services through your independent feedyards, managing feed inputs with

advice from nutrition experts, and managing calving timelines are all things that with minor improvements over time, can have a tremendous impact on all producer's operations.

Finally, all Americans should take steps to protect themselves, their families and their neighbors from contracting COVID-19. The government recommends limiting gatherings to less than ten people, regular and thorough washing of hands, avoiding restaurants and bars, and staying home and away from the public when sick. For up-to-date information on COVID-19, visit [www.cdc.gov](http://www.cdc.gov). For those that need help coping with the emotional distress, help is available by calling 800-273-TALK.