

Theme Overview: Agricultural Market Response to COVID-19

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On March 13, 2020, the U.S. federal government declared a national emergency concerning the novel coronavirus disease (COVID-19). The rapid proliferation of COVID-19 at home and abroad and the subsequent shutdown of entire economic sectors led to unprecedented and simultaneous supply and demand shocks to the global food system and the broader economy. For example, U.S. unemployment rose in 2020, from very low levels not seen since the 1960s to the highest since the Great Depression. The International Monetary Fund revised its projection for the U.S. gross domestic product (GDP) in 2020 downward from a 2.0% annual increase in January to a 4.3% annual decrease in October. The COVID-19 pandemic in the United States and responses to it have affected food markets from multiple directions. Short-run impacts include reduced food-away-from-home (FAFH) consumption due to voluntary and mandated mobility restrictions, supply-chain disruptions for some commodities, shortages of some items at grocery stores, higher retail prices, and lower farm-gate prices. Medium-run impacts may include demand loss due to lower economic growth and shifts in consumer demand to food consumed at home not only due to mobility restrictions and consumer concerns over eating out but also due to income effects.

Articles in a previous *Choices* theme issue—[COVID-19 and the Agriculture Industry: Labor, Supply Chains, and Consumer Behavior](#)—focused on agricultural labor markets in the pandemic. As a follow-up, the set of articles in the current issue expands on the impacts of COVID-19 in the food sector by evaluating the main short-term impacts of the epidemic for key food and agricultural markets and discusses potential longer-term implications.

Seth Meyer and Patrick Westhoff provide a big-picture perspective by assessing changes in the outlook for farm income. They report that the pandemic sharply reduced the outlook for crop and livestock cash receipts but that record government payments through traditional

Articles in this Theme:

- [Estimates of Farm Income and the Outlook for Program Crops and Livestock, Pre- and Post-COVID-19](#)
Seth Meyer and Patrick Westhoff
- [Agricultural and food Policy Response to COVID-19](#)
Ashley Hungerford, Anne Effland, and Robert Johansson
- [Impact of COVID-19 and the Lockdowns on Labor-Intensive Produce Markets, with Implication for Hired Farm Labor](#)
Daniel Sumner
- [COVID-19 and the U.S. Dairy Supply Chain](#)
Christopher Wolf, Andrew Novakovic, and Mark Stephenson
- [The Impact of COVID-19 on United States Meat and Livestock Markets](#)
Joseph V. Balagtas and Joseph Cooper
- [Has COVID-19 Cause a Great Trade Collapse? An Initial Post Assessment](#)
Shawn Arita, Jason Grant, and Sharon Sydow
- [Consumer Food Buying during a Recession](#)
Jayson L. Lusk and Brandon R. McFadden

government programs as well as new, emergency programs helped to cushion the blow. Still, the COVID-19 pandemic coincided with a drop in estimated 2020 net farm income of more than \$7 billion.

Ashley Hungerford, Anne Effland, and Robert Johansson provide an overview of the major emergency actions taken to address food and agriculture needs during the pandemic. They focus primarily on the Coronavirus Food Assistance Program (CFAP), a direct payment program to producers administered by the U.S. Department of Agriculture, highlighting its uniquely broad scope.

Daniel A. Sumner summarizes the impact of the COVID-19 pandemic on the U.S. supply and demand situation and outlook for the fruit and vegetables that are typically shipped as fresh produce. A key takeaway is that shipment and price data do not support large differences in market conditions between 2020 and previous years, suggesting that U.S. fruit and vegetable markets adapted reasonably well to pandemic disruptions.

Christopher Wolf, Andrew Novakovic, and Mark Stephenson examine the dairy market disruptions and adjustments related to the COVID-19 pandemic. The mix of dairy products consumed at home relative to away from home resulted in shortages for some products and disposal of others. Dairy co-operatives instituted supply management programs to encourage cutting milk production. Existing and new government programs blunted the cash-flow impacts to farms and enhanced dairy product demand.

Joseph Balagtas and Joseph Cooper assess the COVID-19 related disruptions to meat and livestock markets in the United States. They provide a data-based description of the COVID-19 impact, including the shut-down of the food service sector, costs associated with packing plants' efforts to move product across supply chains, and meat-packing plant closings. The disruption

to food service combined with plant closings resulted in high meat prices and an increase in the spread between retail meat prices and farm livestock prices. However, packing plant capacity rebounded by summer and retail meat prices returned to within 10% of prepandemic levels.

Shawn Arita, Jason Grant, and Sharon Sydow conduct an early econometric examination of the impacts of COVID-19 on international trade. They find the pandemic reduced global agricultural trade by 4.2% in the second and third quarters of 2020. Agricultural trade was found to be significantly more stable than nonagricultural trade; however, the level of disruption varies substantially across commodities.

Jayson Lusk and Brandon McFadden examine consumer food buying during recessions by exploring data from the Consumer Expenditure Survey, shedding light on how consumer food spending patterns vary with income. They then look back to the Great Recession and review findings that illustrate how food buying changed during that historic economic downturn and its effects on food insecurity. Finally, they discuss how consumer food purchasing behavior under COVID-19 may differ from past recessions.

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