

Navigating Toward a New Normal

Advice for cow-calf and agribusiness owners as they adapt after America reopens.

by Kindra Gordon, field editor

“I’m ready for life to get back to normal.” That’s a sentiment being expressed more and more after months of social distancing and business shutdowns to minimize spread of the COVID-19 disease.

But even as plans for reopening America emerge, most experts caution that it’s going to be a “new” normal. The record-high unemployment levels, beef and ethanol processing plant closures, and accelerated consumer behaviors toward online and carry-out commerce are all strong indicators that returning to “business as usual” is unlikely.

As the cow-calf and agribusiness sectors prepare to adjust to the changing future, here’s a round-up of advice from industry leaders.

Cow-calf outlook

Flexibility will be key for cow-calf producers as they look toward the

fall calf market, suggests Oklahoma State University ag economist Derrell Peel. During a mid-April webinar broadcast by Brownfield, Peel cautioned about summer marketing of calves saying, “We don’t know if we are at the bottom, so don’t be in a hurry to do things.”

Rather, he indicated hope that the market turns around by the fourth quarter of the year, and said, “If we can get back to year-ago levels on average of \$1.15 to \$1.20 per pound would be good. But that’s also going to hinge on the broader U.S. and global economy and trade.”

Market analyst Corbitt Wall and Scott Brown with the University of Missouri’s College of Agriculture, Food and Natural Resources also shared advice for cow-calf producers during the webinar.

Wall advised, “Secure your pasture to hold cattle for a period of time

next fall. I think [the market] will bounce back fairly fast. Packers showed last summer with the Tyson fire they can get back up fairly fast ... but I would be prepared to hold cattle as long as you can.”

Brown anticipates volatility will continue and said, “Closed [processing] plants are a concern, because at the end of the day we need processed cattle.”

In spite of that, Brown said, “There are still reasons to be optimistic as we look toward year-end. I agree more positive times are coming, but the timeline is uncertain.”

He adds, “A lot hinges on how fast recovery is. After the stay-at-home orders are lifted and restaurants reopen, a lot of folks will be ready to get out and enjoy a steak dinner in a restaurant.”

For now, Brown encourages producers to be talking to



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their lender to ensure a strong relationship and review loan terms and timelines.

He also advises producers, “The things you have direct control over are what you need to pay attention to. Cutting costs where you can is very practical these next couple months to help yourself.”

Adapting agribusiness

For the agribusiness sector, a shift toward online ordering is already occurring as a result of the coronavirus pandemic. Henry Holloway, owner of The Mill farm supply stores at seven locations across Maryland, reported that e-commerce increased 20% for their stores during the first two weeks in April, and he said, “We’ve got to do better at it.”

Holloway shared remarks about the coronavirus’ affect on ag retail during a Farm Country Forum webinar in mid-April. During the program, Amy Asmus, owner of Asmus Farm Supply which has six store locations in Iowa and Minnesota, indicated that she and her staff are also re-evaluating what’s possible for their store.

They are accommodating customers with online shopping as well as options for pick-up or delivery.

Asmus added, “We are looking outside the box ... this is pulling us out of our comfort zone. We are finding new tools we didn’t know we had. And, as with any difficulty, we believe we will come out of this more knowledgeable. Ag is resilient and we will be stronger, faster and better.”

Looking ahead, Brady Sidwell, founder of Oklahoma-based agricultural marketing firm Sidwell Strategies, anticipates, “Order and pick-up will become a mainstay in food — and for feed and ag retail.” To accommodate this, he advises agribusinesses adapt to direct consumer marketing.

He also predicts a resurgence of demand for products that are local and made in America — including local beef brands emerging, and says, “With more people eating at home and buying food in bulk to freeze, now is the time.” Sidwell shared his remarks during a mid-April webinar hosted by Boehringer Ingelheim.

Regarding the larger American agriculture economy, Sidwell encourages producers to put risk

management strategies in place, and stated, “You don’t want to be holding cattle unprotected.”

As a result of current supply challenges, Sidwell anticipates some governments and companies will likely buy more buffer stocks of ag commodities. That may help supplies, as well as support some pricing in the coming months.

Having formerly lived in China for 10 years shortly after the SARS virus outbreak there, Sidwell anticipates it will take a while for America’s new normal to arrive. He anticipates health cards and temperature screenings could become a normal part of life here — just as they were in China when he lived there. He describes these checkpoints being similar to walking through a metal detector at the airport. He says, “If it helps us get back to work, that’s OK.”

Sidwell concludes, “This thing [the pandemic] is going to have a long tail to it, and I think we will have a second wave [next winter]. Hopefully, we’ll be more prepared. The good news is people are still going to have to eat. The questions are where and how.” 

