

## Organic Grain Prices React to the Spread of the Coronavirus

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As COVID-19 spreads throughout the globe, strong demand for eggs, chicken and dairy is helping to diverge organic grain prices. While organic corn prices continue to slump, organic soybean and organic soybean meal prices remain elevated.

Organic corn imports are expected to rise during the current harvest season, according to The Jacobsen which should continue to weigh on organic corn prices. For the balance of 2020, The Jacobsen sees this divergence between organic soybean prices and organic corn prices continuing.

## Grain Imports Slow

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Approximately 70% of the organic soybeans and organic soybean meal that is consumed in the US is imported with nearly 90% coming from India. This compares to an average of 20% of total organic corn uses coming from imports. With the port of India closing until the 3<sup>rd</sup> week of April, prices of organic soybeans and organic soybean meal will likely experience tailwinds.

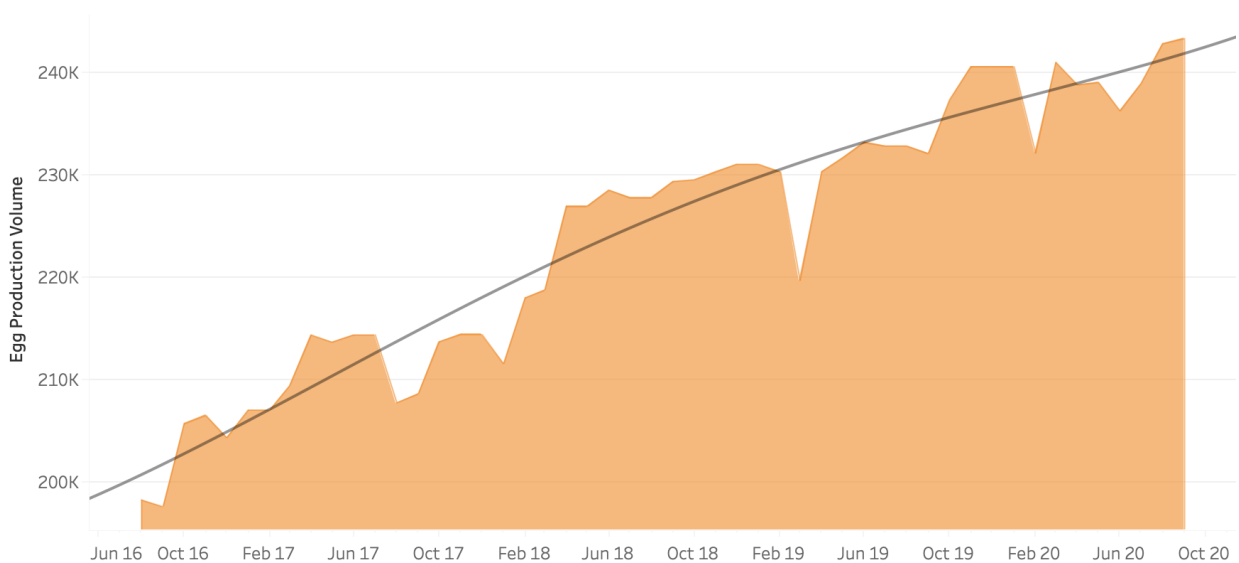
## Retail Organic Chicken and Egg Demand are Rising

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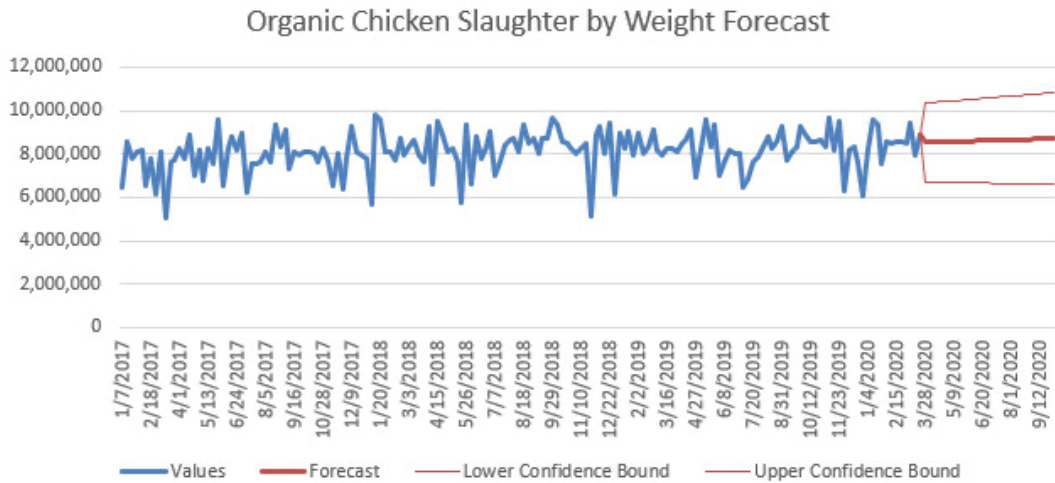
Shoppers during February and March hoarded meat that can be frozen with a concentration on chicken meat. Organic chicken has been swept up in this frenzy. Chicken producers are focused on increasing production but, they will need time.

Organic chicken head slaughter is on the rise according to Jacobsen. Organic chicken weight slaughtered increased in the 3<sup>rd</sup> week of March rising back up to nearly 9-million pounds. For the first quarter of 2020, total organic chicken weight slaughtered has increased 2% year over year.

Organic Egg Volume



What is interesting is that it appears that the number of heads slaughter is on the rise, but the average weight per bird is declining. This potentially means that producers are using some discretion in getting birds ready sooner rather than later. The average period to slaughter an organic bird ranges from 65-85 days. The Jacobsen forecasts that organic chicken weight slaughter will rise 3% year over year for the season-ending 9/30/20.



## Organic Soybean Price Forecast

During the 2018/2019 season, imports of organic soybeans dropped by nearly 100,000 metric tons and were replaced by a similar volume of organic soybean meal.

The decline in organic soybean imports into the U.S. reduces the number of organic soybeans available to crush. Organic soybean prices have hit multi-year highs and are likely to continue to remain buoyed as imports of organic soybeans to the U.S. continue to slow. The Jacobsen expects that organic soybean imports from India, the largest exporter of organic soybeans to the U.S., will decline by 40-50% during the 2019/2020 season due to a poor harvest and a shut-in due to the coronavirus.



The Jacobsen expects the stock-to-use ratio of organic soybean meal to decline substantially during the 2019/2020 season. Also, the U.S. harvest saw a decline in organic soybean production by approximately

22%. This puts the average price of organic soybeans for the harvest season up to \$20.75 per bushel, with prices likely topping out for organic feed grade soybeans at \$23 per bushel.

## Organic Corn Price Forecast

Imports of organic whole corn and organic cracked corn are expected to rise during the balance of the 2019/2020 season by approximately 8%, climbing to 16.2 million bushels.

With demand expected to remain unchanged year over year, the stock-to-use ratio is expected to climb, generating headwinds for organic corn prices. For the 2019/2020 season, The Jacobsen sees organic corn prices that are picked up at the farm in the Midwest averaging \$8.0, down from \$8.60 seen during the 2018/2019 harvest season.

