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COVID-19 Impacts on Arkansas' Agricultural and Rural Economies

April 2020

John D. Anderson, Editor

Foreword

In response to the COVID-19 pandemic in 2020 and the unprecedented economic disruptions that it caused, faculty in the Agricultural Economics & Agribusiness Department (AEAB) at the University of Arkansas (UA) produced a series of regular economic updates for distribution by the UA Division of Agriculture, Cooperative Extension Service. These updates were originally posted to a COVID-19 resources page on the UA Division of Agriculture website (https://www.uaex.edu/life-skills-wellness/health/covid19/COVID-Economic_Impacts_in_Arkansas.aspx).

In order to preserve the information in these publications as well as to provide an easily referenced format for future research, outreach, and educational purposes, these publications are being reproduced as a series of AEAB Staff Papers. The table of contents on the following page individually lists each article compiled in this volume along with its original date of posting. The articles in this volume were all produced in the month of April 2020.

Table of Contents

Implications of COVID-19 for Arkansas' Row Crop Producers

Scott Stiles, Brad Watkins, C. Robert Stark, Jr., Alvaro Durand-Morat

April 13, 2020

The weather continues to be the main challenge for Arkansas' row crop producers. Planting is underway on a very limited basis. The USDA *Crop Progress* report of April 13 indicates that 8% of the rice, 15% of the corn, and 1% of the soybean acreage in the state has been planted relative to an average of 28%, 52%, and 9%, respectively, in the last five years.

Input and Output Markets

Input supplies for the current growing season appear to be intact, and input dealers feel comfortable about having sufficient inventories on hand for the 2020 growing season. Their main concern is the health of their employees within the next three months. Delays in services could arise with increased cases of employees succumbing to COVID-19. Health of truck drivers is also a concern, as trucks are a vital mode of transport for fertilizer, fuel, and other agricultural inputs. The agricultural input market is benefiting somewhat from closing of many food-service industries which has resulted in a freeing up of truck drivers for the input sector. However, delays in input transport can occur if large numbers of truck drivers become sick and must self-quarantine.

The impact of COVID-19 could also have an impact on input application during the growing season. Pesticide labels require applicators to use protective gear when applying pesticides. Shortages in personal protective equipment (PPE), particularly N95 respirators, could result in delays in pesticide application during the growing season.

Commodity Markets

Rice

Prices in the global rice market soared, with quotes for Thai long grain 5% at $560 per ton in the week of April 6, which represents an increase of $100/ton in the last two weeks. The measures to ban or curtail exports taken by large exporters such Vietnam, India, Cambodia, and Myanmar are the main reasons for such a run-up in global prices, since global supply and demand fundamentals indicate that plenty of rice is available to cover demand.

Rice prices in the U.S. remain strong, in line with global prices and the tight domestic market situation. The current projected stocks-to-use ratio of 12.7% would be the lowest since 2007/08. Year-to-date, new crop futures prices are up slightly (+1%) and closed at $12.07 the week of April 6.

Corn

Year to date, futures prices for corn are down 14%, but have stabilized in the week of April 6, closing at $3.42 per bushel. Corn cash market prices in Arkansas weakened in the first ten days of April, but stability returned immediately prior to the early market break for Easter, closing at $3.41 per bushel on Thursday, April 9.

USDA dropped their projection of corn use for ethanol production by 375 million bushels in April's *World Agricultural Supply and Demand Estimates* (*WASDE*). USDA reduced corn use for ethanol by around 7% to 5.05 billion bushels from 5.42 billion bushels estimated in March. To put this in perspective, we reported that the Renewable Fuels Association expects a decline in biofuel demand of 20 to 25% in the near term. With supply down fractionally and use declining, ending stocks were raised 200 million bushels to 2.092 billion.

On the bright side, China continues to buy U.S. corn. The USDA reported on April 3 that China bought 567,000 tons (22.3 million bushels) of corn, most of which is for delivery in the 2020/21 marketing year. Since early March, China has bought around 800,000 tons (31.5 million bushels) of the current U.S. corn crop.

Soybeans

Year to date, futures prices for soybeans are down 11%, and closed at $8.76 per bushel the week of April 6. Soybean cash market prices in Arkansas began the month with three straight days of losses totaling 37 cents per bushel before turning around and recovering 13 cents to an $8.58 statewide average on Thursday prior to Easter. USDA increased the domestic soybean meal use in April's *WASDE* report amid an expected reduction in available supplies of distillers dried grains (DDGs) resulting from lower ethanol production. Brazil and Argentina continue applying severe restrictions to cope with the COVID-19 pandemic, which are affecting all agricultural supply chains, including soybeans. However, USDA Foreign Agricultural Service (FAS) reports that Brazil exported 12 million tons (440.9 million bushels) of soybeans in March, most of which was destined for China.

Cotton

Year to date, December futures prices for cotton have declined by 25%. The decline was sharper in recent weeks, largely due to a slowdown of economic activity caused by the COVID-19 pandemic. Following the passage of financial relief legislation such as the Coronavirus Aid, Relief, and Economic Security (CARES) Act, U.S. equity markets as well as cotton futures are showing signs of stability in early April.

As commercial and industrial activity in many parts of the world has come to a standstill, retail demand for clothing and textiles has contracted dramatically. As a result, garment manufacturers have seen a wave of order cancellations from major retailers and brands. Demand for cotton yarn has slowed sharply and spinners are delaying receipt of raw cotton shipments. In response to the rapid pace at which events unfolded during March, USDA's estimates of trade and consumption for the 2019/20 season were reduced significantly in its April *WASDE*. The U.S. export total was reduced 1.5 million bales to 15 million.

The collapse in December futures will likely be a consideration in planting decisions for Arkansas producers, although prices for alternative crops are also under pressure.

Others comments

The CARES Act appropriated $349 billion for the Paycheck Protection Program (PPP), a guaranteed loan program administered by the Small Business Administration (SBA). PPP provides small businesses with funds to pay up to 8 weeks of payroll costs including benefits. Funds can also be used to pay interest on mortgages, rent, and utilities. Republican congressional leaders are trying to come up with another $250 billion in PPP funding, but such a push was blocked by Democrats asking for funds to cover other needs as well.

Agricultural producers, farmers, and ranchers with 500 or fewer employees whose principal place of residence is in the United States are eligible for PPP. Eligibility requirements include (1) that the farm has 500 or fewer employees, or (2) that it fits within the revenue-based sized standard, which is on average annual receipts of $1 million. Farms can also be eligible under the "alternative size standard." Moreover, as long as other eligibility requirements are met, small agricultural cooperatives may receive PPP loans. Other forms of cooperatives may be eligible provided they comply with all other Loan Program Requirements. For more information, see PPP's Fact Sheet at https://home.treasury.gov/system/files/136/PPP%20--%20Overview.pdf

Agricultural businesses, other than an aquaculture enterprise, agricultural cooperative or nursery, are not eligible for assistance under SBA's the Economic Injury Disaster Loan program (EIDL). A coalition of farm groups and a bipartisan group of more than 80 House members from agricultural districts are lobbying SBA to make the 3% EIDL loans available to farms.

USDA is collecting proposals and ideas from all agricultural sectors to define how to allocate the $9.5 B provided in the CARES Act plus the additional $6 B in Commodity Credit Corporation (CCC) funding.

Beef, Pork, and Poultry Production

John Anderson

April 17, 2020

Meat and poultry production appear to be slowing markedly in response to COVID-19. The shutdown of various processing facilities, including a number of large-scale hog and cattle slaughter facilities, has been widely noted in the last couple of weeks. This is undoubtedly one factor in the reduction in production; however, it is not the only factor. Plants that have continued operations are implementing practices and procedures to reduce the likelihood of coronavirus spread among workers. Many of these interventions may have the effect of reducing the efficiency of operations. Finally, plants are almost certainly slowing down in response to reduced demand as the virtually complete shutdown in food service operations continues to impact the market.

Weekly beef and pork production have dropped sharply for the past two weeks. Figure 1a-1b shows weekly beef and pork production in million pounds for the period from 2017 through 2020 (year-to-date). Production for both species has dropped sharply for the past three weeks. This is especially true for beef. For the week ending April 18, preliminary data suggests that beef production was almost 20 percent lower than the prior year. Pork production for the same period was down 6 percent year-over-year. Even allowing for a bit of slowdown on the Monday following Easter these are substantial declines in production.

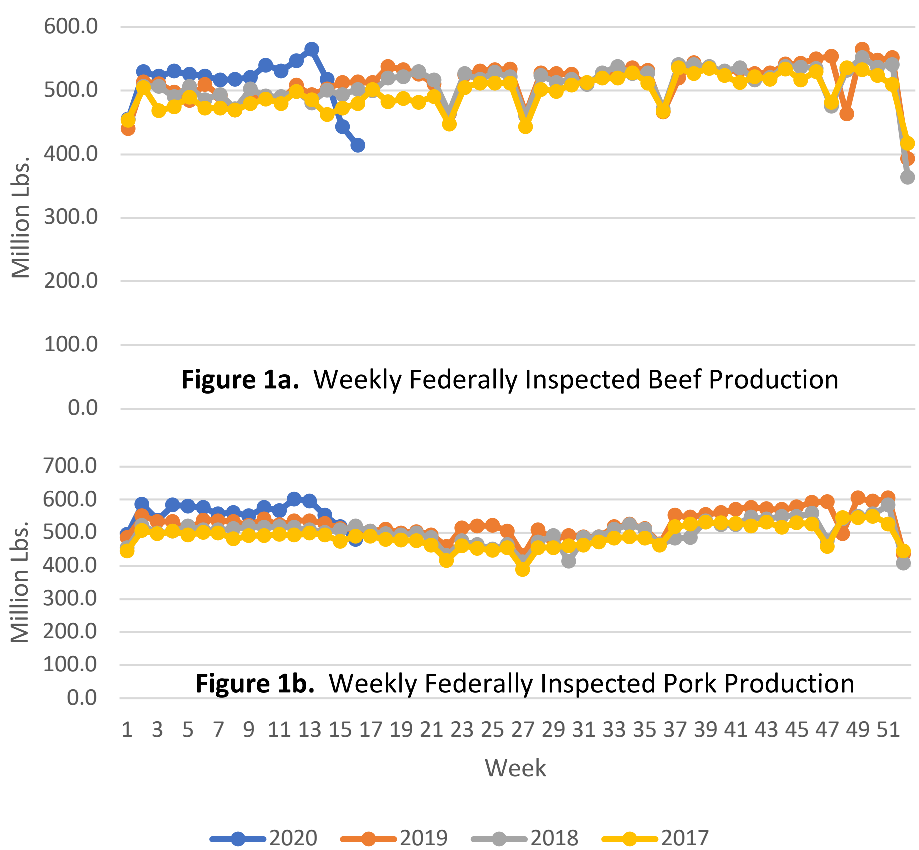


Figure 1a. Weekly Federally Inspected Beef Production

Figure 1b. Weekly Federally Inspected Pork Production

Data Source: USDA Agricultural Marketing Service through Livestock Marketing Information Center.

Broiler production data is reported with a one-week lag, but data through the week ending April 11 tells a similar story to beef and pork: production has been consistently lower for the past three weeks. The most recent week's data shows broiler production down by about 5 percent year-over-year.

Production is not just slowing at the processor level. USDA provides weekly data on broiler chicks placed for meat production. Figure 2 shows weekly chick placements through the week ending April 11.

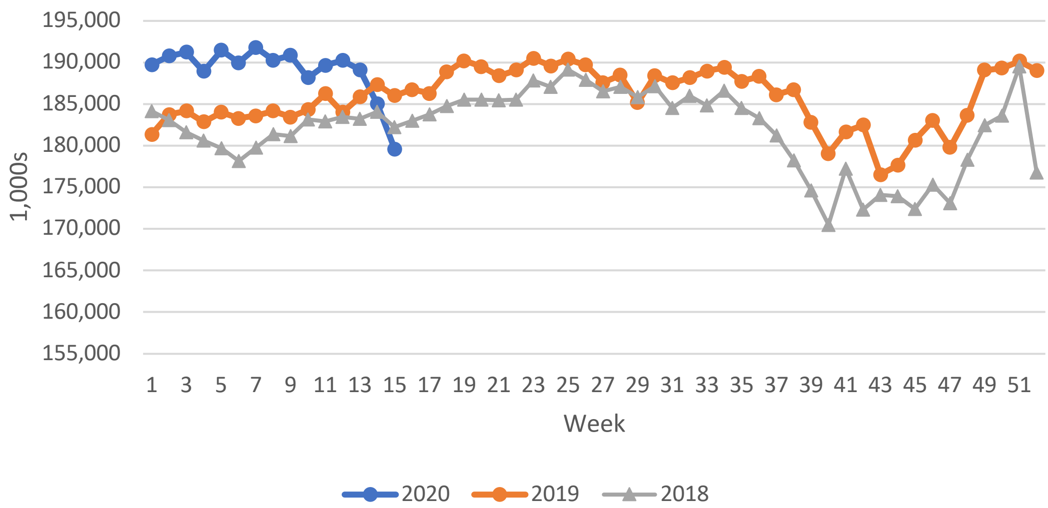


Figure 2. Weekly Broiler Chicks Placed for Meat Production

Data Source: USDA National Agricultural Statistics Service through Livestock Marketing Information Center.

Chick placements have fallen sharply in each of the last three weeks. Note that this is strongly counter-seasonal: chick placements are generally steadily increasing at this time of year. Last week's chick placements were about 3.5 percent below a year ago. Looking ahead, broiler egg sets suggest further declines in chick placements are on the horizon. Broiler egg sets in incubators for hatching last week were down by over 5 percent from the prior year.

Implications of COVID-19 for Arkansas' Row Crop Producers

Scott Stiles, Brad Watkins, C. Robert Stark, Jr., Alvaro Durand-Morat

April 20, 2020

The weather continues to be the main challenge for Arkansas' row crop producers, with great disparities in planting progress across the state. The USDA *Crop Progress* report of April 20 indicates that 23% of the rice, 37% of the corn, and 8% of the soybean acreage in the state have been planted relative to an average of 45%, 69%, and 15%, respectively, in the last five years.

Input and Output Markets

There is growing concern among producers about the health of on-farm workers. Most farms do not have sufficient manpower to withstand the loss of personnel becoming ill with COVID-19. This, along with difficulty acquiring H-2A workers, could affect the progress of operations during the current growing season.

Commodity Markets

Rice

Prices in the global rice market continue to increase but at a slower rate, and Thai long grain 5% is quoted at $572 per ton in the week of April 13, very close to the quotes of U.S. rice, and at least $100 above quotes from other competing Asian countries. Vietnam is allowing some exports to core markets (such as the Philippines and China), and plans to continue exporting with restrictions until there is more certainty about the impact of COVID-19. Myanmar is also restricting exports to 100,000 tons a month, whereas Cambodia instated an export ban that apparently excludes China. Logistical issues due to COVID-19 are constraining the export capacity of India despite having plenty of rice available after a successful main Kharif crop. Pakistan is also reporting logistical issues due to COVID-19 that are affecting its export capacity in the short run.

Rice prices in the U.S. remain strong. Cash paddy prices in Arkansas range from $14.25-$15.00 per hundredweight. New crop future prices increased slightly by 0.5%, and closed at $12.11 the week of April 13. Year-to-date, new crop future prices have increased slightly from $12.03 at the closing of the first week in January.

Corn

Corn futures prices were down 2% last week and closed at $3.32 per bushel on April 17. The corn cash market this past week attempted its second trend reversal since the initial mid-March decline period. Arkansas cash corn price bottomed on Wednesday at $3.27 per bushel before rising to a closing statewide average of $3.32 on Friday April 17.

According to the U.S. Energy Information Administration, ethanol production decreased by 45% from March 6 to April 10, 2020, which is the main driver of the significant drop in corn prices observed since early March.

Soybeans
Soybeans futures prices were down 2.8% last week and closed at $8.51 per bushel the week of April 17. Cash soybean prices were unable to build off the recovery seen midweek before Easter and declined each trading day of the past week to an $8.30 closing average on Friday, April 17.

Cotton
Cotton prices remain under pressure as USDA projects global cotton consumption to fall to a 6-year low and world ending stocks to reach 5-year highs. In its April supply and demand estimates, USDA expects the U.S. 2019/20 season-average farm price to be 59 cents per pound.

Cotton consumption is highly correlated to changes in gross domestic product. Over the past four weeks, applications in the U.S. for unemployment benefits have swelled to more than 22 million people. This likely translates into a massive drop in textile and apparel sales and a significant impact on the global textile sector overall.

Retailers are responding to rapid declines in consumer spending by reducing and canceling orders for textiles and apparel worldwide. Per USDA, cotton spinning in China fell by upwards of 90 percent during the height of the COVID-19 crisis in early March[1]. The extent and length of shutdowns of spinning mills in China, where COVID-19 arrived earlier, may provide a basis for extrapolating impacts in other major cotton spinning countries such as India, Bangladesh, and Vietnam, as disruptions in the textile supply chain follow the spread of the virus. Reductions in cotton consumption this month are spread across all consuming countries of note. In the current marketing year, Vietnam is the largest export market for U.S. cotton. Bangladesh is the 5th largest.

In making 2020 planting decisions, producers will seek guidance from the December '20 futures contract. The contract traded to a high of 73 cents in January only to collapse to a low of 50.18 cents the week of March 30. The current trading range for the December '20 contract is between 54 and 56 cents per pound.

Anecdotal evidence in recent weeks indicates that growers are still evaluating planting decisions and, in some instances, reducing cotton acreage. Prices for competing or alternative crops such as soybeans or corn are also at historically low levels. However, these crops may offer advantages in terms of lower production costs and less intensive management. Further reductions in 2020 cotton acres may lay the foundation for a modest price recovery later in the 2020/21 marketing year.

Others comments
The Department of Agriculture has announced a $19 billion program that combines direct payments to producers and $3 billion in commodity purchases for distribution through food banks and faith-based organizations.

According to John Hoeven, R-N.D., Senate Appropriations Subcommittee chair, the $16 billion in direct payments are weighed heavily toward the livestock industry, but some $3.9 billion will be targeted to row crop producers. Producers will receive a single payment based on losses in two periods: (1) from the beginning of the year to April 15, in which the compensation will equal 85%

[1] "Cotton: World Markets and Trade". (April 2020). USDA, Foreign Agricultural Service. Located at: https://www.fas.usda.gov/psdonline/circulars/cotton.pdf.

of the price loss experienced in that period, and (2) from April 15 through the end of September, in which the compensation will equal 30% of expected losses. Only commodities that experienced at least a 5% decrease in prices between the beginning of the year and mid-April will be eligible. Under this eligibility rule, rice is likely to be excluded from this program since futures prices had increased slightly by April 15 relative to early January 2020.

It is important to note that USDA officials have not confirmed the program details outlined by Senator Hoeven, but they did confirm that there would be payment limits of $125,000 per commodity with an overall limit of $250,000 per individual.

Cattle on Feed Report

John Anderson

April 24, 2020

USDA released the April *Cattle on Feed* report on Friday afternoon (April 24, 2020), and the impact of COVID-19 on the cattle industry was plainly evident in the new numbers. The inventory of cattle in feedlots as of April 1 was down a little more than 5 percent from the prior year. This is a significant change from the March 1 inventory figure, which was about even with the prior year. The decline in feedlot inventories is strongly counter-seasonal. Typically, on-feed inventories rise from March to April at feeder cattle coming out of winter grazing programs make their way into feedlots. This year, inventories fell sharply from March to April as aggressive marketing by feedlots during March combined with sharply lower placements of cattle into feedlots.

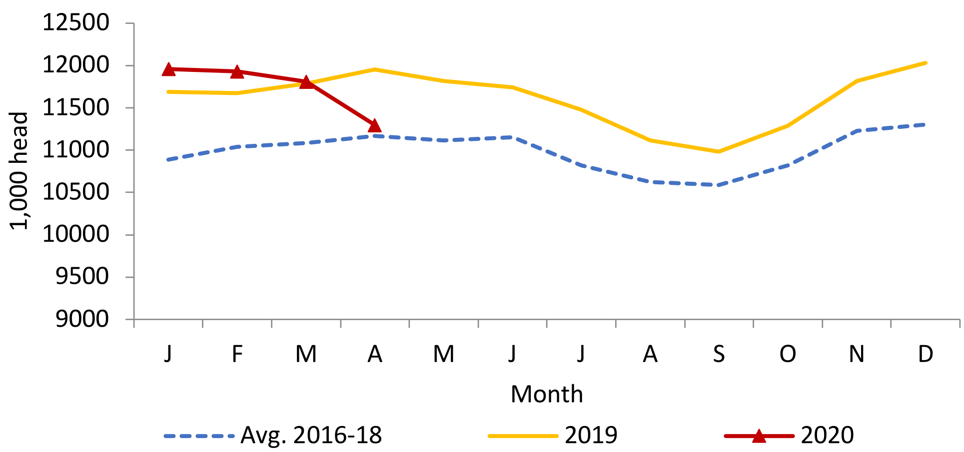


Figure 1. On-Feed Inventory in 1,000+ Head Capacity Feedlots
Data Source: USDA National Agricultural Statistics Service

March fed-cattle marketings were 13 percent higher than the prior year. This was the second highest marketing figure for March since this *COF* series began in 1996. The quick pace of marketings noted in the COF report confirms the fact that meat packers in March were operating at a very high capacity in an effort to match the surge in demand caused by panic buying.

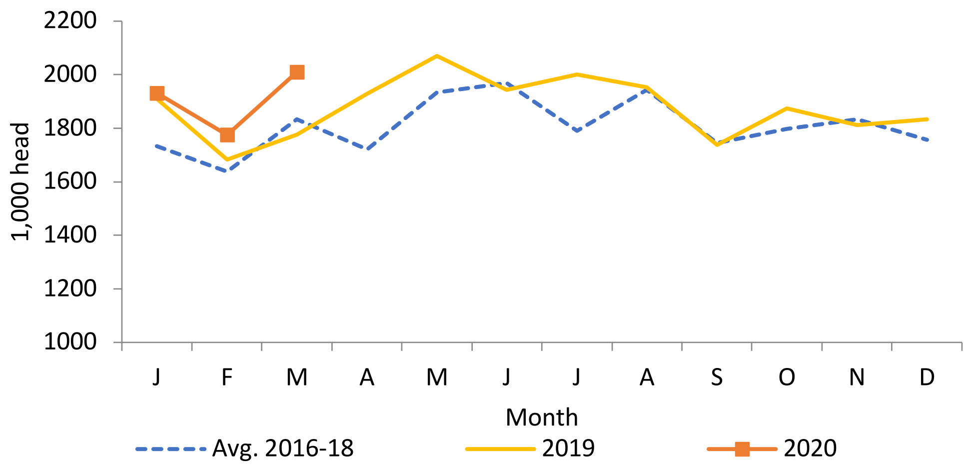


Figure 2. Monthly Marketings of Fed Cattle from 1,000+ Head Capacity Feedlots
Data Source: USDA National Agricultural Statistics Service

On the other hand, March placements of cattle into feedlots were down by 23 percent compared to 2019. This is the lowest March placements figure since this *COF* series began in 1996. It appears that many feeder cattle producers (both cow/calf and backgrounding operations) opted to hold onto their calves rather than sell them on the distressed March market. Also, cattle feeders may have decided to keep calves in less intensive backgrounding operations to delay their final marketing as fed cattle until later in the year in hopes of a general recovery in the market.

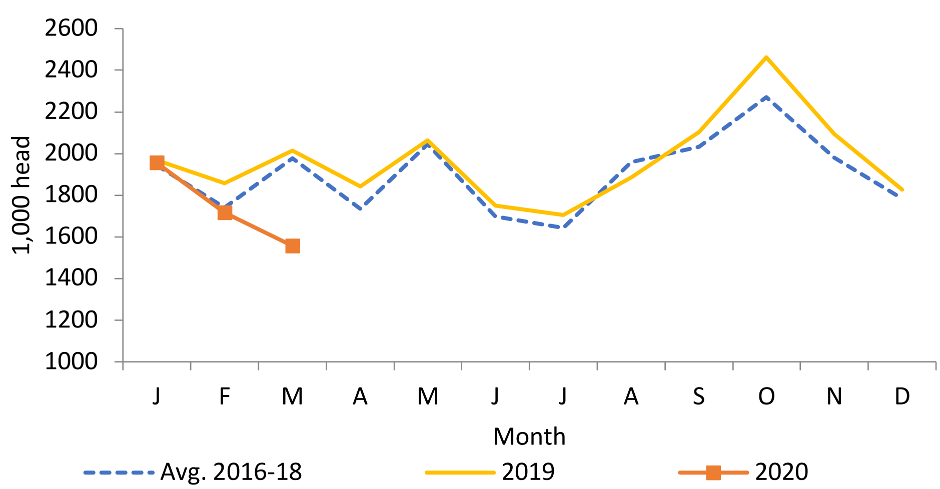


Figure 3. Monthly Placements of Cattle into 1,000+ Head Capacity Feedlots
Data Source: USDA National Agricultural Statistics Service

Looking ahead, the on-feed situation will likely change dramatically over the next month. The surge in marketings that occurred in March is clearly over. Marketings will be much lower in April as a result of plant closings and slowdowns in response to COVID-19. Weekly slaughter data already confirm this change. This week's federally inspected cattle slaughter is estimated at 469,000 head. This is 173,000 head fewer than were harvested in the same week a year ago (a drop of more than 25 percent). With such a dramatic reduction in throughput, inventories of market-ready cattle will rapidly increase. This will intensify negative pressure on cattle prices at all levels. Negotiated cash fed cattle prices fell below $100 per hundredweight this week for the first time since October 2016. Price recovery will depend on getting processing plants back to normal, consistent operation.

Implications of COVID-19 for Arkansas' Row Crop Producers

Scott Stiles, Brad Watkins, C. Robert Stark, Alvaro Durand-Morat

April 27, 2020

The weather continues delaying planting progress across the state. The USDA *Crop Progress* report of April 27 indicates that 33% of the rice, 48% of the corn, and 12% of the soybean acreage in the state has been planted relative to an average of 58%, 80%, and 22%, respectively, in the last five years.

Commodity Markets

Rice

Prices in the global rice market decreased last week from the peak a week before, and Thai and Viet long grain 5% were quoted at $537 and $470 per ton in the week of April 20. The government of Vietnam is fielding export licenses from the trade for up to 400,000 MT total per month. Officially, exports from Cambodia, Myanmar, and Pakistan are suspended due to COVID-19. Exports from India are severely limited due to the impact of COVID-19 measures on inland transportation services, and the accessibility of labor to manage loading and unloading of rice. New sales are been negotiated despite uncertainties on delivery dates.

U.S. rice exports continue without disruptions, and prices remain strong and driven by the short supply. Old 2019 crop prices (May contract) increased significantly by 14.6%, and closed at $16.610 per hundredweight, while new crop (September) future prices decreased by 2.1% and closed at $11.855 the week of April 20. Year-to-date, new crop future prices have decreased slightly from $12.03 at the closing of the first week in January.

Corn

The Arkansas No. 2 yellow corn cash market bounced up and down through the week within a 5 cent higher or lower range and closed at $3.26 on Friday April 24, a 6 cent decline from the previous Friday. Corn futures prices were down 1.9% last week and closed at $3.274 per bushel on April 24.

Soybeans

The Arkansas 2019 Crop Soybean cash market has fallen 50 cents per bushel since the last weekend break in March. The past week actually saw three straight days of price improvement before losing 7 cents on Friday and closing at a statewide average of $8.30, unchanged from the previous week closing average. Soybeans futures prices were down 1.1% last week and closed at $8.414 per bushel the week of April 20.

Last week the USDA reported export sales of 470,000 metric tons (17.27 million bushels) of soybeans for delivery to China during the 2019/2020 marketing year.

Cotton
The cotton market has been supported this week on positive export sales announcements. December 2020 cotton futures gained roughly 2 cents/lb. over the past week and currently trade just above 57 cents. This week, China announced plans to add about 10 million tons of soybeans (367.4 million bushels), 20 million tons of corn (787.4 million bushels), and 1 million tons of cotton (4.6 million bales) to its state reserves. The bulk of the crops would be imports, and mainly from the United States, as China works to fulfil its commitment under the Phase 1 trade deal signed in January.

Results from USDA's March *Prospective Plantings* may prove to be too high under current weather and market conditions. Producers continue to evaluate spring planting options. Competing crops such as corn reached the crop insurance Final Plant Date on April 25 (most counties in Arkansas).

The COVID-19 pandemic is slowing U.S. cotton export activity. The tone from textile mill buyers around the world is very cautious as they continued to delay or reschedule deliveries of raw cotton due to closures or reduced schedules associated with the COVID-19 virus. Some mills in U.S. plan to remain closed until early May; other mills are resuming operations on a limited basis as supported by product orders. Most production is currently centered on face masks, surgical gowns, and medical products.

Other comments
A coalition of Democratic and Republican House members are proposing to include an additional $50 billion in aid to farmers in the next COVID-19 economic relief bill to supplement the farm aid that was authorized in the CARES Act enacted in late March.

As the USDA continues working on the regulations of the new direct payment to producers, pressure is mounting to exclude payment caps.

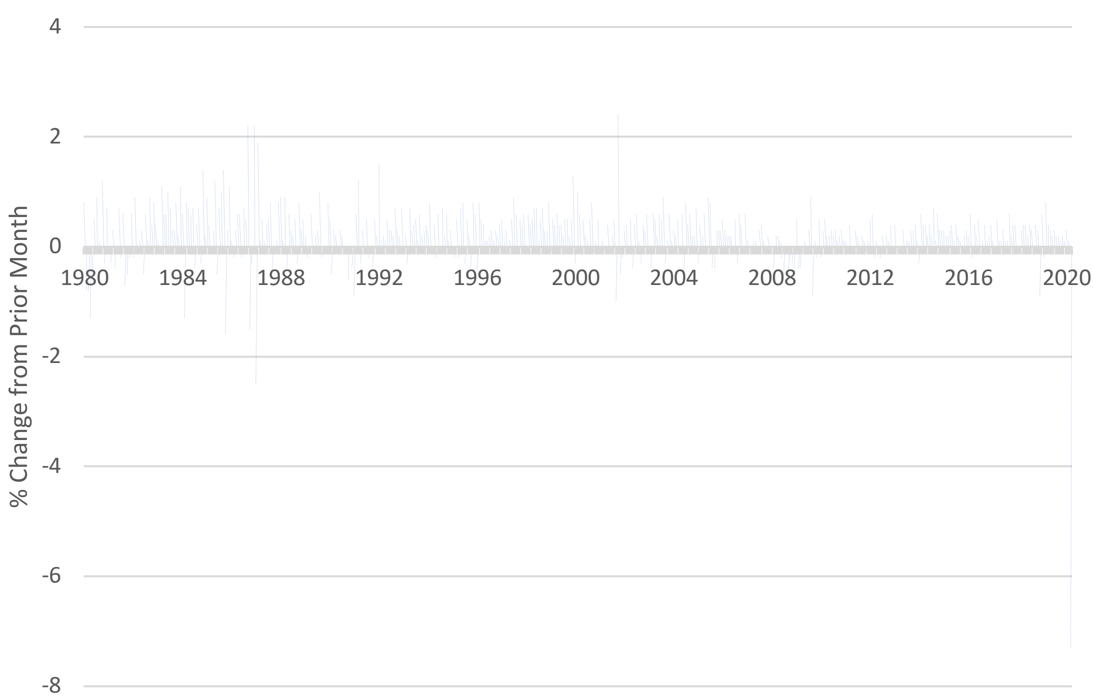
Personal Consumption Expenditures on Food and the Latest Restaurant Performance Index

John Anderson

April 30, 2020

On the last day of April, the Bureau of Economic Analysis, or BEA, in the U.S. Department of Commerce released their monthly update on personal income and outlays. Data cover March 2020 and so only capture the beginning of the COVID-19 shutdown as businesses ceased or slowed down operations and many states issued stay-at-home orders. Subsequent reports will reveal more about the impacts of this event, but the preliminary data already reveal some striking facts.

Consumer spending changed in some fairly dramatic ways in March as the scale of the COVID-19 event became apparent. In March, Real Personal Consumption Expenditures, or PCE, dropped by 7.3% from the prior month. That is a shocking month-to-month decline in PCE. As a point of reference, in the 2008-2009 financial crisis, the largest monthly drop in PCE was just under 1 percent in September 2009. In fact, the 7.3 percent decline in PCE is the largest monthly decline since the beginning of this data series in 1959. Figure 1 shows the month-to-month percentage change in PCE from January 1980 through the most recent month. The monthly decline in PCE posted last month is basically without precedent in the post-war era.

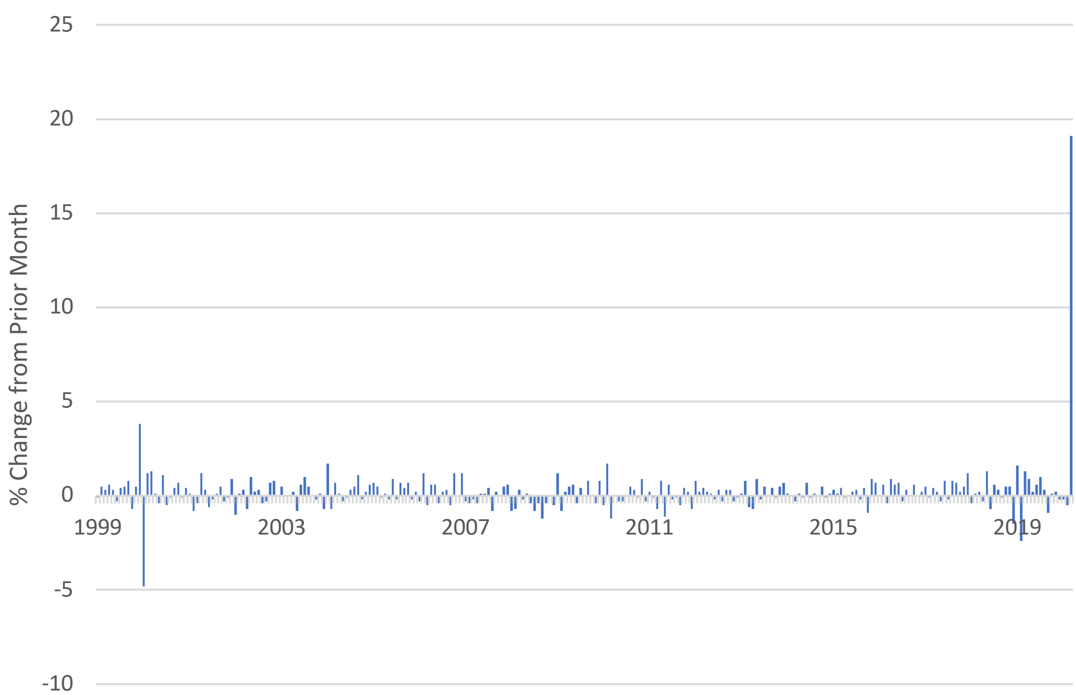


Data Source: U.S. Department of Commerce, Bureau of Economic Analysis

Figure 1. Real Personal Consumption Expenditures: Percentage Change from Prior Month

Not all categories of spending were down, however. Spending on food was sharply higher in March: up over 19 percent compared to the prior month. A bit of explanation of that data is in order. The category 'Food' in the monthly PCE data includes only food purchased for consumption at home – basically, grocery and convenience store purchases of food. Meals purchased at restaurants are classified as 'Food Services' and are aggregated into a general 'Services' category in the monthly data. BEA does provide an annual breakdown of expenditures into narrower product categories. This more granular presentation of the data separates 'Food at Home' and 'Food Away from Home,' allowing a comparison of the two. That comparison is not available in the monthly data.

Figure 2 shows the month-to-month percentage change in the 'Food' product category of PCE from January 1999 through the most recent month.



Data Source: U.S. Department of Commerce, Bureau of Economic Analysis
Note: Food consists of food and beverages purchased for off-premises consumption; food services, which include purchased meals and beverages, are not classified as food.

Figure 2. Real Personal Consumption Expenditures on Food: Percentage Change from Prior Month

The choice of 1999 as the beginning point for this data series was not arbitrary. The only surge in PCE on food even remotely comparable to the most recent month was in December 1999, which – as readers of a certain age will recall – coincided with a wave of food stockpiling associated with the Y2K scare. In that month, PCE on food increased by 4.8 percent, month-to-month. Two differences between the COVID-19 shutdowns and the Y2K event are readily apparent. First, the Y2K event was anticipated many months in advance. Consumers had ample opportunity to gradually build up supplies of non-perishable food items over a longer period of time than was possible in the current round of panic buying. Second, and more significantly, food service did not shut down in December 1999. In the COVID-19 shutdown, consumers were essentially forced to shift almost the entirety of their food purchases to grocery retail. The surge in PCE for food illustrates how significant, and disruptive, that shift was.

As noted, the purchase of food away from home is embedded in the 'Services' category of the monthly PCE data. Obviously, other services were curtailed in the COVID-19 shutdown as well. Many service-providing businesses (e.g., hair salons) were closed outright in most jurisdictions of the country. Others (e.g., auto mechanics) stayed opened but almost certainly saw sharp declines in their activity as consumers stayed home, either by choice or as a result of stay-at-home orders. The upshot of all this is that spending on services fell sharply in March. As a broad category, PCE on services declined by 9.5 percent – as with the previous categories, the is the largest decline in the data series.

While we can't yet tease out what happened specifically with restaurant spending, we do know that it fell sharply. The National Restaurant Association publishes a monthly Restaurant Performance Index (RPI) based on a survey of restaurants around the nation. The RPI for March was also released on April 30, and was – not surprisingly – disastrous. The RPI is an index assessing the current situation as well as near-term expectations as assessed by restaurant operators. A value of 100 is neutral; values above 100 connote industry expansion; values below 100 connote industry contraction. The RPI for March stood at 95: the lowest level on record and a sharp swing from February's positive value of 101.9. For a point of reference, the RPI's previous low point was in the midst of the last financial crisis in 2009, when it fell to around 96.5. Looking ahead, restaurant operators are not optimistic for a quick recovery. In the National Restaurant Association's survey, almost three-quarters of respondents expected year-over-year sales to still be down six months from now.

Already, the COVID-19 shutdown has had an unprecedented impact on consumer spending: this, despite the fact that the event was not fully underway until well into the latter half of the month. April data will reflect a national economy that was largely on lockdown for the entire month and so will almost certainly show further significant declines in total PCE and spending on services. Spending on food will likely also fall sharply month-over-month as surge in panic buying had passed and aggressive shelter-in-place orders took hold in many markets. The April data will help to show the depth of the hole that has been dug but will reveal little, if anything, about prospects for recovery. That will have to wait until May and beyond.