

DAIRY VETERINARY NEWSLETTER

May 2020

COVID-19

The coronavirus pandemic is currently a major factor in most people's lives. Health, including possibly life and death, personal finance, working life, and psychological state of mind are all affected. This is the most politicized disease I have ever experienced, the next closest having been the AIDS epidemic of the 1980's. A friend of mine said about 6 weeks ago that you can tell where most people get their news, and largely what their political affiliation is, especially if they are far to the "left" or "right" by what their opinion is regarding COVID-19. As always, the goal of this newsletter is to convey factual information with no intended bias.

The effects on the dairy industry are catastrophic and the specific factors are many. All of you have probably heard about and experienced most of them, but perhaps have not heard all of the details:

- Lost markets and revenue emerged quickly with the closing of all types of schools and restaurants. 50% of the U.S. food budget was spent on eating out before this outbreak.
- Decreased purchasing power of countries around the world that buy an important fraction of U.S. milk production in some form. This particularly includes Mexico and India. China buys far less U.S. milk now than in recent years; part of that was already in place due to the trade war. However, the "phase one" trade deal for increased milk purchases has been derailed by the coronavirus pandemic.
- Production, packaging and distribution of dairy products designed for schools and restaurants is largely unneeded. Most of these systems cannot be adjusted to grocery store type products. Technical requirements and costs are prohibitive. Even if they could be, the next factor remains:
- Of the lost revenue within the food industry from restaurant and school closures, only 30% has been recovered with increased sales through grocery stores. (This was reported by national radio and TV, but I can find no published numbers. For one grocery chain, these numbers do appear correct, though.)
- Some specialty manufacturers, such as for gourmet cheese, had the capability to change from production of large cheese wheels to many smaller pre-packaged wedges. However, they could not get the packaging supplies needed for large numbers of small volume products.
- Many food service establishments that have reopened are only operating at approximately 30% of normal revenue.
- According to a recent article in PolitiFact Wisconsin by E. Litke, milk prices in the store are up 9.5% from a year ago, while the on-farm milk price has decreased by 21%.

- In Utah, \$9.49/cwt was the lowest milk price paid so far, and milk prices are increasing now, but most projections are no higher than \$12.50/cwt for next month. (I never make any guarantees about future milk pricing, however. No one can say for sure what will happen even during the next month.)
- A Utah dairy producer I talked with dumped 40% of their farm's milk production during April. They were paid for 25% of their total milk that was discarded, but the remaining 15% was not paid for. Similar reports have come from Wisconsin and Idaho.
- No dairy veterinarian that I have talked with has worn a mask on farms. Many say that they attempt social distancing but have not really changed much of anything they do in their work life because of the coronavirus. (I welcome additional feedback on this from our readers.)
- Some dairy producers and veterinarians report that milkers and sometimes other farm employees wear a mask. The clear majority say that no one on the farm wears a mask unless they go into a town or city. However, immediately after returning, they don't wear a mask on the farm.
- Connecticut has become the 50th and last state to begin some phase of "reopening". Many states or parts of states began reopening between May 1 and May 11. The lag period to have some idea how much of an increase in COVID-19 cases will follow lasts 4 weeks, so we don't really know yet what the associated results will be.
- As of May 21, 2020, COVID-19 is reported as substantially increasing in 176 rural counties. The numbers, including per capita, are not nearly as bad as in large cities such as New York, Los Angeles, Chicago or Detroit. However, no one can be sure how severe these outbreaks may become.
- Every convention, conference, continuing education event, etc. that I know of is either cancelled, planning to be online, or considering one of those options for the rest of 2020. None are committed to face to face events for the rest of this year (more on some dairy CE events follows below).
- Hotel room occupancy is 20% to 30% in many areas (the average revenue per room is \$53), and the most recent TSA data shows a 95.3% reduction in air travel passengers as of April 20, 2020 compared to last April.
- As of now, despite discussions of how to resume, no professional, college, and school team sporting events are taking place. If and when they do, it may very well be with no fans and no concessions sales.
- Retired people have an important proportion of the wealth in the U.S. and often eat out. In Logan, UT much of the summer economy and restaurant business depends on retired "Summer Citizens" who travel here shortly after final exams end in early May and stay until mid-August. I read in the press here recently that 50% of the usual number were expected to come this year. While some may still come here to escape very hot weather further south, they usually frequent restaurants and theaters in large numbers, and that is not happening this summer.
- At this writing, most projections are for these many factors affecting the dairy industry to improve. There continues to be a major shortage of *validated* tests available for either the virus or presence of antibodies against COVID-19. Therefore, to what extent we have a second and subsequent waves of the outbreak and how severe they may be is impossible to predict.
- The good news is that demand for dairy products and dairy beef will not go away. The food business including grocery stores is a comparative bright spot in the economy relative to what many other

industries are now experiencing. Dairy producers, veterinarians and others in the industry are among the most resilient and determined people I know.

How is the Pandemic Affecting Veterinary Practices?

A story by R. Nolen in the May 15, 2020 issue of JAVMA, "Survey finds declining practice revenue, move toward telemedicine", reported on survey results from "approximately" 315 veterinary hospitals. Presumably the data set focused on small animal hospitals, including those that are part of mixed practices. I have not found data specific for large animal or dairy practices. (See a link to a new survey for dairy veterinarians below.)

- Results are for the period April 9 - 13, 2020
- 4% of veterinary practices reported no revenue loss attributed to COVID-19
- 21% of veterinary practices reported 1% - 20% revenue loss
- 65% of veterinary practices reported 21% - 60% revenue loss
- 7% of veterinary practices reported 61% - 80% revenue loss
- 3% of veterinary practices reported > 80% revenue loss
- 62% of respondents planned to apply "for a loan from their bank or a local, state or federal agency."
- Approximately 75% of respondents said appointments had decreased between 20% and "over 40%"
- "Roughly 90% of practices had adopted curbside drop-off and were no longer allowing clients into the hospital" (This is the case for some public and private dairy veterinary labs and clinics I am familiar with; what is your clinic, lab or office doing?)

On May 21, 2020 this survey regarding pandemic impact on dairy veterinarians was posted:

COVID-19 Impact on Dairy Farms in the US - Your Input Is Needed! (*Searching for that title leads to the survey and links below as well*)

The link which leads to separate links for various members of the dairy industry including veterinarians is:

<https://dairy.ces.ncsu.edu/2020/05/covid-19-impact-on-dairy-farms-in-the-us-your-input-is-needed/>

Veterinary Continuing Education Conferences in 2020 Cancelled, Online or In Doubt

Canyonlands Veterinary Conference 2020 Cancelled

This excellent conference sponsored by the Utah Veterinary Medical Association that occurs in even numbered years has been cancelled. Whether it will be rescheduled in 2021, or not take place until 2022 is under consideration by the UVMA Board.

American Dairy Science Association Annual Meeting 2020 Cancelled (Virtual Alternative?)

ADSA has cancelled the annual meeting and is attempting to replace it with a "virtual event". There are no details about the latter yet. (Registration opened May 22, 2020.) More information can be found at:

<https://www.adsa.org/Meetings/COVID-19-Response>

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American Association of Bovine Practitioners Conference 2020 - to be determined

The AABP Conference plans are not finalized. The AABP plans to decide after June 30, 2020 on whether the conference is cancelled or what form it may take.

If there are other dairy industry and/or veterinary conferences or events that you know of that are being cancelled or converted to online, let me know and I will help disseminate that information.

I wish you and yours the best during this pandemic and all of the resultant challenges it poses. This is certainly a time that will be remembered. The vast majority of us will live through it, and recovery will take place. Nevertheless, some farms and other enterprises that represent multigenerational dreams will go out of business and I do not mean to trivialize that. Thanks for all you do to help feed the country and the world.

Please let us know your comments and suggestions for future topics. I can be reached at (435) 760-3731 (Cell), or David.Wilson@usu.edu.



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