No industry has escaped the COVID-19 pandemic crisis unaffected, and agriculture is no exception. As the initial impact of the coronavirus lockdowns has given way to a more sustained reality, businesses are taking the time to review this changed landscape and determine what changes need to be ready for what lies ahead. Though the exact timeline of the recovery and reopening remains uncertain, the financial outlook for U.S. farmers is optimistic, thanks not only to measures put in place but also to the support of our communities and the resilience and ingenuity of our farmers.

The lockdown measures that went into place in March affected every industry and every household, but the disruption to the agricultural and food industries was felt by everyone. The temporary breakdown in the supply chain meant empty grocery store shelves, while the closure of restaurants and related food services contributed to farmers having to dispose of milk and other perishable products, having lost their regular customers. As the crisis continued, these immediate problems were compounded by labor shortages, localized outbreaks, trade restrictions, declines in biofuel demands, and more. According to an analysis from **BCG**, the hardest hit sector of the agriculture industry—fertilizer production—lost 31 percent of its value in the wake of the pandemic, although other indicators for measuring the economic impact, such as **farm bankruptcies**, have come in better than expected.

In response to the crisis, the federal government has passed a wide range of relief measures to help small businesses and farmers weather the storm. In addition to the Payroll Protection Program (PPP) and related grants and tax credits for businesses, several relief programs focus on farms and related agricultural businesses. The **Coronavirus Food Assistance Program** (CFAP), administered by the USDA, aims to remedy declines in commodity prices since the epidemic. (Currently applications are being accepted through August 28, 2020.) Specific additional programs are meant to acknowledge supply chain disruptions, including adjustments for dumped milk and the **Farmers to Families food box distribution program**. The latter program gathers food that would have gone to restaurants and other food service businesses and redistributes them to food banks and other nonprofits to help those in need. (As of this writing, Congress is negotiating an additional round of relief measures, which could extend assistance through the fall.)

The extent of COVID-19's impact has made looking ahead more difficult, but several trends have emerged over the past few months that paint a surprisingly positive picture for the years ahead. Even before COVID-19, industry analysts had been predicting a cyclical upswing that would lead to growth across many sectors of the farming and agricultural industry, and that positive outlook has persisted during the pandemic. What's more, they see this recovery as occurring quickly—a true bounce back—and followed by years of sustainable growth. To look at one specific example, the USDA forecasts that the red meat and poultry industry will not only recover from its current difficulties but also hit a record $107 billion in 2021.

Why is this? When the lockdown began, agriculture commodity prices had already been down about 50 percent from their 2013 peak, and this dip also meant that farmers were delaying investments in such big-ticket items as new equipment and other upgrades. The pandemic has only temporarily delayed this pent-up demand, and as the recovery improves, the boost in equipment sales will translate into increased productivity and output.

Although the recovery outlook is good news, that's not to say that the industry will remain unchanged. Adjusting to life under COVID has meant that all Americans have had to change their daily habits—right down to what they eat and where they get their food—and many of these changes may persist post-recovery. Most noticeably, restaurant closures have tilted the balance of food sales directly toward consumers and households, and this trend may continue, especially if the restaurant industry is slower to recover. Related to this are longer-term shifts in household dietary preferences. Family tastes have been shifting toward a wider range of fruits, vegetables, and meats than the staples they've preferred over previous decades. These "sophisticated" foods typically command a higher margin, a promising sign for farms' financial health. Those same consumers also continue to demonstrate a willingness to pay a premium for sustainably and safely grown food.

The COVID pandemic has also necessitated new safety measures, training requirements, and other protections for workers, which will likely persist in some form. One outcome of this change will be an accelerating shift toward "digital agriculture"—the adoption and use of more advanced technology in farming. Social distancing requirements may be adding urgency to the use of new technologies, but their benefits are widespread and will be felt for years to come.

The agriculture industry has experienced its share of challenges as it adjusts to the changes brought about by the COVID-19 pandemic. But the signs of recovery are already starting to appear. As we look to the future, the financial outlook for our farms looks poised for growth.