A Look at the COVID-19 Pandemic’s Effects on the South Dakota Economy

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August 27, 2020
Disclaimer

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Elapsed Number of Days

• 169
• 167
• 166
COVID-19 Pandemic
South Dakotans have returned to frequenting retail and recreation establishments but not the work office.

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Google COVID-109 Community Mobility Report (Mon-Fri)
South Dakota - All


Note: The baseline is the median value, for the corresponding day of the week, during the 5-week period Jan 3–Feb 6, 2020.

The line data is the median value for all available counties in the selected geography. If the privacy threshold isn’t met (when somewhere isn’t busy enough to ensure anonymity) we don’t show a change for the day. As a result, you may encounter empty fields for certain places and dates.
Mobility tracking shows a much slower recovery in other areas, including California.


Note: The baseline is the median value, for the corresponding day of the week, during the 5-week period Jan 3–Feb 6, 2020. The line data is the median value for all available counties in the selected geography. If the privacy threshold isn’t met (when somewhere isn’t busy enough to ensure anonymity) we don’t show a change for the day. As a result, you may encounter empty fields for certain places and dates.
Retail and dining establishments have fared better in South Dakota than in other parts of the nation.
Business operators in South Dakota report less severe pandemic effects on their businesses.

South Dakota: Business Pulse: Pandemic Affect on Business: Little/None ...
South Dakota: Business Pulse: Pandemic Affect on Business: Moderate ...
South Dakota: Business Pulse: Pandemic Affect on Business: Large Neg...

New York: Business Pulse: Pandemic Affect on Business: Large Negative...
New York: Business Pulse: Pandemic Affect on Business: Moderate Neg...
New York: Business Pulse: Pandemic Affect on Business: Little/None (%)

Source: Census Bureau/Haver Analytics
U.S. Macro Economy
The COVID-19 pandemic recession is unparalleled since the Great Depression.

Source: Bureau of Economic Analysis (Haver Analytics); FDIC.
Although massively painful, economists predict this will be a short-lived recession.

Sources: Bureau of Economic Analysis (Haver Analytics); Blue Chip Forecasts (August 2020); FDIC.
Employment and Labor Markets
The U.S. lost 22.2 million jobs between February and April 2020, and has since regained 9.3 million jobs through July.
South Dakota lost 41.8 thousand jobs between February and April 2020, and has since regained 18.2 thousand jobs.
South Dakota labor sectors by share of total nonfarm employment.

Percent of Total Nonfarm Employment
2019 Average

- Government: 18.1%
- Education & Health Care: 16.7%
- Retail: 11.6%
- Leisure & Hospitality: 10.7%
- Manufacturing: 10.2%
- Professional: 7.5%
- FIRE: 6.6%
- Construction: 5.3%
- U.S.:
  - Government: 15.0%
  - Education & Health Care: 14.1%
  - Leisure & Hospitality: 8.5%

Source: Bureau of Labor Statistics (Haver Analytics).
Notes: Seasonally adjusted employment figures. Employment in the eight sectors shown on this slide account for between 86 percent of total nonfarm employment.
Labor sector mix – South Dakota metro and nonmetro areas.

Source: Bureau of Labor Statistics (Haver Analytics).
Notes: Non-seasonally adjusted employment figures. Employment in the eight shown sectors account for between 85 percent and 88 percent of total nonfarm employment in each geography.
The bulk of job losses in South Dakota have been concentrated in the leisure and hospitality sector.

Source: Bureau of Labor Statistics (Haver Analytics).
Notes: Seasonally adjusted employment figures.
Sioux Falls job losses are concentrated in the retail and leisure and hospitality sectors.

Source: Bureau of Labor Statistics (Haver Analytics).
Notes: Seasonally adjusted employment figures.
Rapid City job losses are concentrated in the leisure and hospitality sector.

Source: Burea of Labor Statistics (Haver Analytics).
Notes: Seasonally adjusted employment figures.
State and local government have both shed jobs, but vary in degree and type.
Manufacturing employment had been trending downward before the pandemic.
Putting leisure and hospitality employment declines of Rapid City and Sioux Falls into a national perspective.

Percent Change from One Year Ago

- SXF, -7.4%, #40
- SXF, -42.9%, #122
- RPC, -23.1%, #216
- RPC, -50%, #225

394 Metropolitan Areas Ranked Best to Worst

Source: Burea of Labor Statistics (Haver Analytics).
Note: Non-seasonally adjusted monthly employment figures.
Small rural community bankers report that conditions on Main Street are depressed but improving.
Agriculture
South Dakota agriculture is dominated by cattle, corn, and soybeans.

![Chart showing the breakdown of agricultural production in South Dakota, with cattle and calves at 2.7 billion dollars, corn at 2.3 billion dollars, soybeans at 1.9 billion dollars, hogs at 0.6 billion dollars, dairy products and milk at 0.5 billion dollars, and wheat at 0.4 billion dollars. The cumulative share of state receipts is shown, with cattle and calves at 29.9%, corn at 55.3%, soybeans at 76.4%, hogs at 82.8%, dairy products and milk at 87.9%, and wheat at 92.0%. Source: USDA.]
The human need for nourishment provides agriculture some natural downside protection.

Two additional points to consider:

- The demand recovery for ag could be stronger and sooner than in other sectors.
- International trade offers ag an outlet that does not exist for all hard-hit sectors.

Source: Quandl.
Note: Agriculture and energy prices are based on front-month futures prices. Airline and hotel prices are based on Dow Jones stock indexes. Malls is based on average stock price of two major mall REITs.
Hits to demand and mismatches and bottlenecks in the food delivery system caused ag commodity prices to decline.

School, restaurant, and other commercial food service closures reduced demand and created mismatches in the food delivery chain.

- Perishable milk and produce.
- Commercial packaging and labeling.

Efforts to control COVID-19 infections among meat processing plant workers create processing bottlenecks.

- At its worst period, beef and pork processing was down by more than 40 percent.
- April 28, 2020 Executive Order – processing has rebounded but is still below pre-pandemic levels and does not address the back-log that was created.
- Euthanizing animals has been minimal so far, but that could change.
The pandemic’s damage to farm revenues is expected to be large, but federal support will provide substantial relief.

### Net Farm Income

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Farm Income, Excluding Direct Government Payments</th>
<th>Direct Government Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>112.7</td>
<td>11.0</td>
</tr>
<tr>
<td>2014</td>
<td>82.5</td>
<td>9.8</td>
</tr>
<tr>
<td>2015</td>
<td>70.8</td>
<td>10.8</td>
</tr>
<tr>
<td>2016</td>
<td>49.3</td>
<td>13.0</td>
</tr>
<tr>
<td>2017</td>
<td>63.5</td>
<td>11.5</td>
</tr>
<tr>
<td>2018</td>
<td>70.1</td>
<td>13.7</td>
</tr>
<tr>
<td>2019F</td>
<td>69.9</td>
<td>23.7</td>
</tr>
<tr>
<td>2020F(1)</td>
<td>81.7</td>
<td>15.0</td>
</tr>
<tr>
<td>2020F(2)</td>
<td>57.8</td>
<td>32.8</td>
</tr>
<tr>
<td>2021F</td>
<td>62.8</td>
<td>16.6</td>
</tr>
</tbody>
</table>

Sources: USDA, Food and Agricultural Policy Research Institute, University of Missouri (FAPRI-MU).
Notes: F indicates forecast. USDA’s 2020 forecast (1) is as of February, 2020; FAPRI-MU’s 2020 forecast (2) is as of June, 2020.
South Dakota farmers have received nearly half a billion dollars in direct payments under the USDA CFAP.

### USDA Coronavirus Food Assistance Program

Direct Payments Approved

Updated August 24, 2020

<table>
<thead>
<tr>
<th>State</th>
<th>Non-specialty Crops</th>
<th>Specialty Crops</th>
<th>Livestock</th>
<th>Dairy</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Payments</td>
<td>Rank</td>
<td>Payments</td>
<td>Rank</td>
<td>Payments</td>
</tr>
<tr>
<td>Iowa</td>
<td>$415,289,416.00</td>
<td>1</td>
<td>$57,359.98</td>
<td>45</td>
<td>$454,484,859.10</td>
</tr>
<tr>
<td>Kansas</td>
<td>$102,906,549.20</td>
<td>8</td>
<td>$246,533.71</td>
<td>38</td>
<td>$314,711,014.30</td>
</tr>
<tr>
<td>Minnesota</td>
<td>$228,876,364.60</td>
<td>4</td>
<td>$411,418.04</td>
<td>32</td>
<td>$238,557,601.50</td>
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<tr>
<td>Missouri*</td>
<td>$95,729,961.41</td>
<td>9</td>
<td>$719,871.61</td>
<td>30</td>
<td>$246,570,190.80</td>
</tr>
<tr>
<td>Nebraska</td>
<td>$255,478,323.50</td>
<td>3</td>
<td>$762,495.26</td>
<td>28</td>
<td>$397,131,212.10</td>
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<tr>
<td>North Dakota</td>
<td>$114,895,781.30</td>
<td>7</td>
<td>$7,562,873.46</td>
<td>13</td>
<td>$125,459,030.40</td>
</tr>
<tr>
<td>South Dakota</td>
<td>$115,174,891.40</td>
<td>6</td>
<td>$725.00</td>
<td>51</td>
<td>$319,007,219.70</td>
</tr>
</tbody>
</table>

**KC Region Total**

<table>
<thead>
<tr>
<th>Payments</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,328,351,287.41</td>
<td>55%</td>
</tr>
<tr>
<td>$9,761,277.06</td>
<td>2%</td>
</tr>
<tr>
<td>$2,095,921,127.90</td>
<td>45%</td>
</tr>
<tr>
<td>$209,353,254.44</td>
<td>12%</td>
</tr>
<tr>
<td>$3,643,768,636.74</td>
<td>40%</td>
</tr>
</tbody>
</table>

**Pct of U.S. Total**

<table>
<thead>
<tr>
<th>Payments</th>
<th>Rank</th>
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</thead>
<tbody>
<tr>
<td>$2,424,527,822.02</td>
<td></td>
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<tr>
<td>$479,269,768.70</td>
<td></td>
</tr>
<tr>
<td>$4,607,350,438.68</td>
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<tr>
<td>$1,699,299,989.59</td>
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<tr>
<td>$9,210,448,018.99</td>
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</table>

*Missouri’s payment total does not match the sum of the four major commodity sectors as some aquaculture producers have received aid from the expanded CFAP program.
After being hit hard by the pandemic, the ethanol industry has rebounded, but its full recovery remains in question.
Uncertainty surrounding China meeting their trade commitments is rising but there is still some optimism.

Annual U.S. Ag Exports to China
Billions (Dollars)

Phase 1 Trade Commitments for 2020: $36.5 Billion

Source: USDA Foreign Agricultural Service.
Note: Dollar figures are nominal dollars.
Sales of new crop corn and soybeans have significantly outpaced levels experienced during the prior 5 years.

Source: USDA (Haver Analytics).
Note: Next marketing year sales as of week 49 for each year.
Reported agricultural loan delinquency ratios continue to rise, but remain on the low-side by historical comparison.

Median Agricultural Loan Delinquency Among Farm Banks

Shares of Farm Banks by Ag Loan Delinquency Buckets

Source: FDIC, farm banks, U.S. (left chart), South Dakota (right chart).
Notes. Data are second-quarter figures from 1986 through 2020. Farm banks are FDIC-insured institutions that have agricultural loans equal to or greater than 25 percent of total loans.
Farmland equity remains a substantial backstop against credit problems at farm banks.

No early indications that farmland values are falling.

Sources: USDA.
Notes: Figures are as of August 22, 2019, and represent annual average per-acre values of farm real estate in the U.S. through 2019. Farm real estate includes land and improvements.

Notes: Excepting W. I., which did not have reported data for 2019, the absence of a bar signifies no change for that period. Some states have had no change in farmland values.
Strong farmland values have helped keep farm bankruptcy filings low despite struggles in the agriculture sector.
Real Estate
The pandemic has added stress to CRE sectors that were already experiencing rising vacancies beforehand.
The pandemic has weakened rent growth, which was already slowing.
For now, renters have continued to make their payments.

Rent Payment Tracker: Full Month Results

**Data collected from between 11.1 - 11.5 million apartment units in April, May, and June**

<table>
<thead>
<tr>
<th>Month</th>
<th>6th*</th>
<th>13th</th>
<th>20th</th>
<th>27th</th>
<th>End of Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>April</td>
<td>97.7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019 May</td>
<td>96.6%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>96.0%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020 May</td>
<td>95.1%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>95.9%</td>
<td></td>
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</tr>
</tbody>
</table>

Percentage of Rent Payments Made

Week Ending: 6th*, 13th, 20th, 27th, End of Month

Source: National Multifamily Housing Council.
Residential housing remains strong.
Questions?