

THERE ARE FEARS THE US FACES A CORONAVIRUS-DRIVEN MEAT SHORTAGE

But analysts say there's actually plenty to go around: 'We have the meat'

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Fears have grown in recent weeks that the US will face a meat shortage in the coming months as coronavirus batters the ability of meat processors to meet demand.

Analysts, however, told Markets Insider that the US does not face a shortage in meat or cattle per se, but rather a shortage in workers due to COVID-19 restrictions.

They spoke to Markets Insider after Tyson Foods, which produces about 20% of beef, pork and chicken in the US, said it would lower beef prices to help consumers struggling with the rising price of meat during the pandemic, CNN reported.

Gary Mickelson, the company's senior director of public relations, told CNN: "We're doing this because we want to help keep beef on family tables across our nation, especially as our beef plants return from reduced levels

of production."

The issue, the analysts said, isn't a lack of supply, but rather a problem with how to get that supply to stores.

Adam Kantrovich, associate professor at Clemson College of Agribusiness said: "If you were to look at the beginning of the supply chain, at the farm level, "we have the meat."

"It is just unable to be processed at the same levels it was at the beginning of the year," he added that there are "enough animals on farms" to meet consumer demand just not enough workers.

This will be welcome news for millions of Americans who have been grappling with higher beef prices at grocers.

Tyson Foods was forced to temporarily close some of its meat

plants in April and May due to coronavirus outbreaks.

At least at least 4,585 cases of COVID-19 and 18 deaths have been linked to Tyson Foods, according to a BI analysis.

Markets Insider spoke to agricultural analysts who have shared their views on the fate of the meat industry going forward, noting that like many sectors, coronavirus will likely accelerate changes in the industry that we already happening.

Here are the top trends that will emerge in the industry, according to analysts:

A move to plant-based meat substitutes

Arpon Ray, principal and chief operating officer at Coefficient Capital, told Markets Insider: "The shortage of traditional meat options on grocery store shelves



presents a unique opportunity to accelerate the adoption of meat alternatives like Beyond and Impossible.”

Ray added: “Furthermore, with supply chain disruption causing meat prices to increase, the price gap to plant-based protein alternatives has narrowed, which we expect to further drive first-time sales.”

Dr. Madhav Durbha, group vice president of industry strategy at LLamasoft, said the alternative meat products, such as Beyond Meat will grow.

“Recently about \$3.6 billion in market size, this segment of the market is expected to grow by 17% through 2021.”

Meat companies may begin to use AI in their supply chains

Kevin Beasley, chief investment

officer at VAI, said: “By incorporating analytics and AI, meat companies will be able to ensure essential products are available in the right place at the right time and proactively identify breaks in the existing supply chain.”

“To prepare for increased demand, meat processors and companies must utilize their enterprise resource planning (ERP) and its inventory management solution.”

“These tools can predict when shortages are possible and notify if material prices are surging or gaps in the supply chain are imminent and they can also proactively inform up or downstream partners in the supply chain, leading to fewer ripple effects during uncertain times.”

A change in what’s actually available

Dr Durbha said: “With the slowing down in economy and rising unemployment, even at home consumption is shifting to less expensive forms of meat with consumers trading down from rib-eye to strip steak. The broader economy condition is driving a shift in mix as well.”

Industry consolidation

Dr Trey Malone assistant professor at Michigan State University’s Department of Agricultural, Food and Resource, Economics, said: “For some time, the stock markets have responded somewhat erratically to the current state of the US economy, however I would expect further consolidation in the agricultural and food system.

“This consolidation could benefit larger publicly traded agribusiness firms,” he added.

