

Economic Analysis and Education in Difficult Times: The Ukraine Conflict, Inflation, and Interest Rates

The Situation

Supply-chain issues caused by COVID-19 led to inflation in both input and output prices across the economy and in the agriculture sector. This situation was further exacerbated by Russia's invasion of Ukraine in February 2022, which led to much higher commodity prices including grains and oil, as well as fuel, fertilizer and agricultural chemicals increasing in price. Higher consumer prices led the Federal Reserve to begin raising interest rates in March 2022, to combat inflation, leading to higher lending costs for farmers, as well as raising the value of the U.S. dollar, which has a negative effect on agricultural exports. Despite high grain and livestock prices, the agricultural economy is vulnerable due to high input prices and rising interest rates. Real-time analysis and education is needed to help producers, lenders and other stakeholders understand the situation and help in making decisions.

What We Did

Following the outbreak of hostilities in Ukraine in late February, the department hosted a series of three webinars in early March (just 10 days after the invasion), to address the impact of the conflict on agricultural markets in Kansas. The series continued in April, May, June, July, and September with six additional webinars addressing timely issues. Antonina Broyaka, a visiting professor from Ukraine, who is now an extension associate at K-State, provided access to data and insight from Ukraine that was not available elsewhere. Other K-State faculty participated in looking at grain and livestock markets, interest rates, international trade, fuel and fertilizer prices, and movements in land prices. Antonina also presented at the annual Risk and Profit conference in August on this topic, with an in-person session and an online session.

Total live webinar attendance was 2,571 persons, with 1,341 attending the early-March series, and an additional 1,230 participants at the monthly webinars from April-September. There were also 4,457 views of the webinar recordings on YouTube with total viewing time of 991.1 hours. Live participants were from at least 57 countries, with 46 states, plus D.C., also represented.

Outcomes

Through these webinars, producers better understood the impacts of the Russian invasion of Ukraine on grain and livestock markets and adapted their strategies to fit the situation. They also gained a better understanding of the future outlook of input markets, particularly fuel and fertilizer, and can make better decisions regarding input purchase and usage. Lenders and crop insurance agents also understood the market effects and were better able to help clients navigate the markets, inflation and interest rates changes. Several companies reported viewing the sessions together, then discussing and planning their business response after those sessions.

The timely and ongoing nature of the monthly webinars allowed participants to obtain information from Ukraine's state statistical services regarding planting, crop progress, harvest, and movement of grain, which was not otherwise available to non-Ukrainian speakers or to those who did not have access to the statistical services. This allowed for participants to have information that other market players did not have access to as readily and therefore helped them make better, more informed decisions regarding their positions in the commodity and input markets.

Success Story

Programs were evaluated for impact. The webinars were rated on a five-point scale with 1 being "Not Valuable at All" and 5 equal to "Very Valuable", with the average score being 4.66 out of 5.0, among the highest rating of any program recently conducted by the agricultural economics department.

A small portion of the comments received from participants include:

- *Greatly appreciate the department putting this together so quickly. I think the department has done an exceptional job since COVID started trying to get timely information out as quickly as possible. These lunch hour webinars are very convenient and the depth and length has been very appropriate.*
- *Your tech is reliable and your programs are very valuable. The timely update to the Ukrainian situation and its impact on markets and input costs is very helpful and necessary.*
- *Antonina Broyaka's presentation is a thing of beauty; detailed, thorough, and engaging. Please continue to have her for regular updates.*
- *I don't give out 5's very often. This was one of the best webinars about Ukraine that I have attended!*
- *These sessions provide a really detailed and helpful status of the situation in Ukraine. The insight learned is great.*
- *I thoroughly enjoyed the presentations. Very timely with a world-wide impacting situation. The presentations did a great job of distilling down the huge topic into an easily understood manner! Well done!*
- *The insight gained will definitely help me to better keep up with how Ukraine's ag world is being affected and what the key things that I should be thinking about here in Kansas.*
- *I appreciated the timeliness of the conference to address the many factors affecting the agriculture community, and the world, with the horrific atrocity Putin and the Russian Federation has caused in Ukraine.*
- *Very dynamic and excellent presentations and ability to interpret the world context. I greatly appreciate you providing this very valuable information in a very timely manner.*

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