

Update on Highly Pathogenic Avian Influenza

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Agenda

- ▶ Highly Pathogenic Avian Influenza (HPAI) – Timeline of Events
- ▶ Farm Credit System Industry Concentrations
- ▶ Current Conditions – Poultry and Dairy
- ▶ Economic Conditions and Impacts
- ▶ Identification, Mitigation, and Financial Support



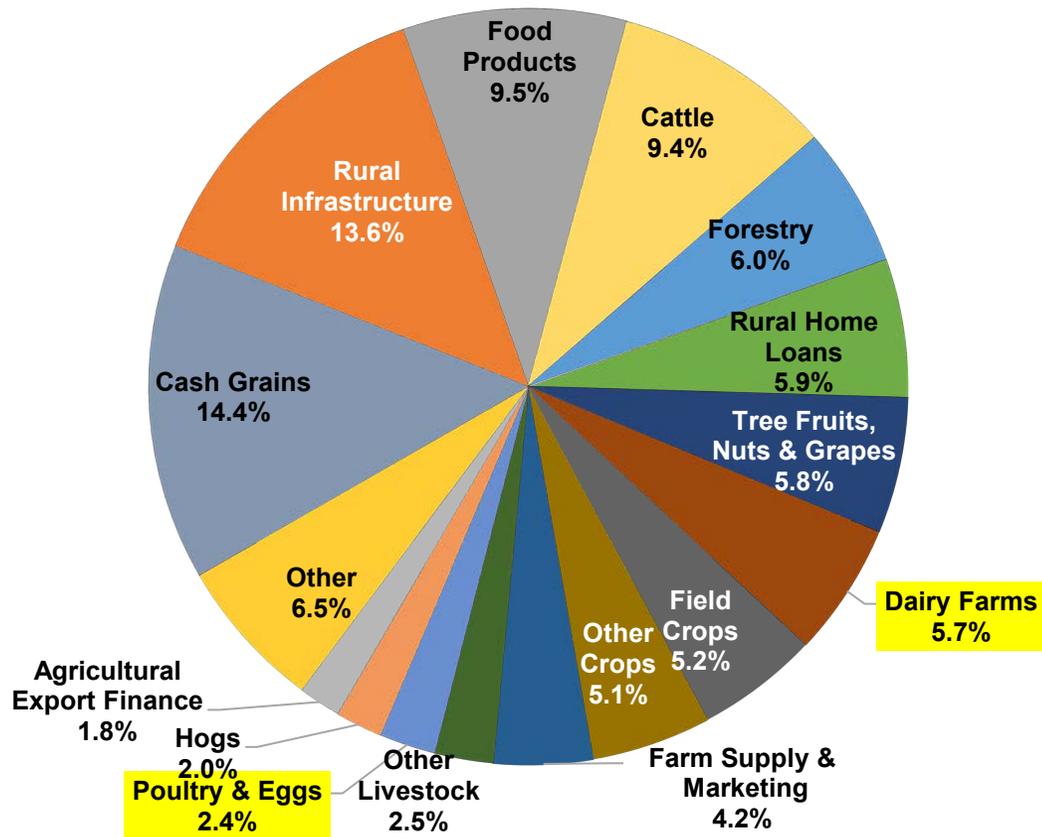
HPAI – Timeline of Events

- ▶ **2014/2015** – 232 cases were reported in the U.S. impacting 43 million layers and 7.3 million turkeys over an approximately 8-month timeframe
- ▶ **2020** – Confirmed in 12 U.S. turkey operations in North and South Carolina
- ▶ **2021**– Limited new cases reported in U.S. commercial poultry operations though continued to see confirmed cases in wild birds
- ▶ **2022** – Confirmed in various commercial poultry farms and first human infection in the U.S. reported (April)
- ▶ **2023** – Cases remain prevalent but significantly lower than 2022
- ▶ **2024 – Present** – Cases increased rapidly and confirmed in cattle, other animals, and humans



Farm Credit System Exposures

LOAN PORTFOLIO BY MAJOR COMMODITY SEGMENT



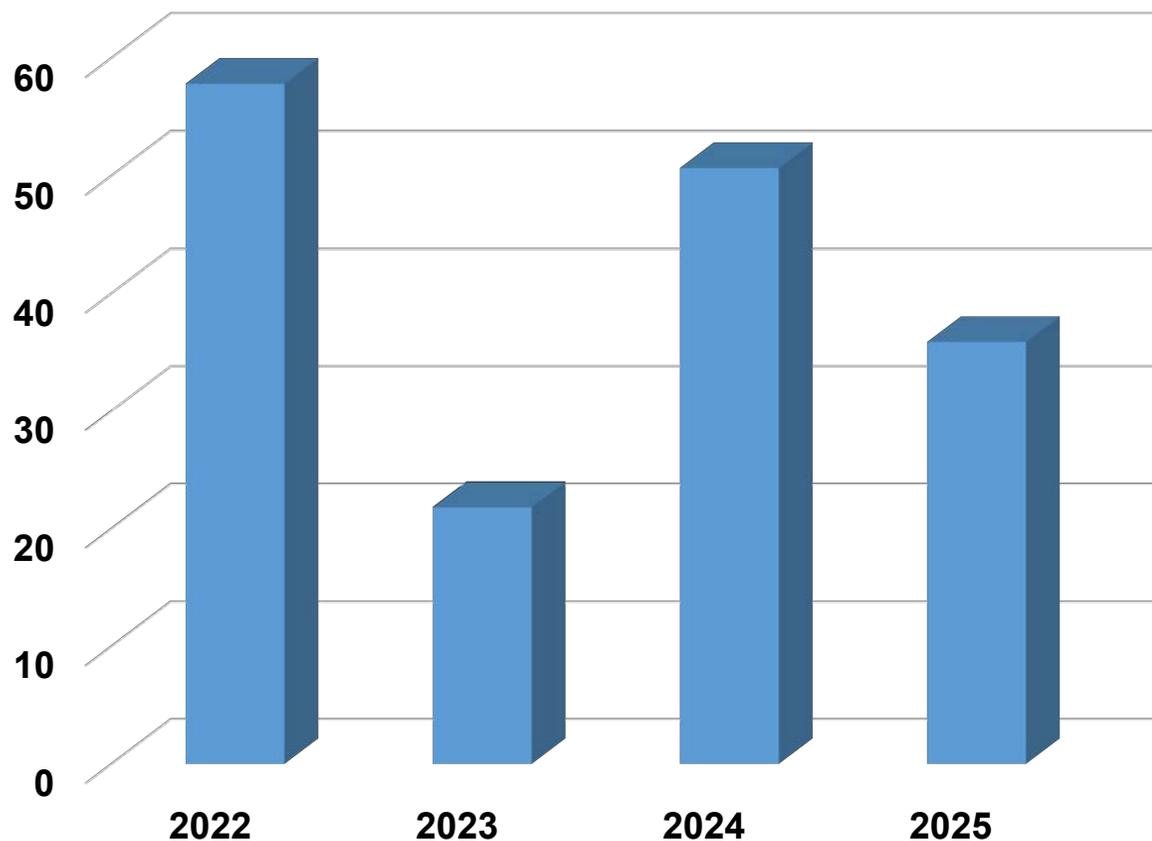
- ▶ HPAI has primarily impacted the poultry/eggs and dairy sectors.
- ▶ As of December 31, 2024, the Farm Credit System (System) exposure to these sectors represented 2.4% and 5.7% of the total System loan volume, respectively.

Source: Federal Farm Credit Banks Funding Corporation Information Statements (12/31/2024)



HPAI – Poultry

HPAI—TOTAL BIRDS AFFECTED (MILLIONS)



- ▶ Mortality is the primary impact, with a 90-100% mortality rate once contracted.
- ▶ Based on CDC/USDA reports, more than 166 million birds have been impacted from 2022 through February 28, 2025.

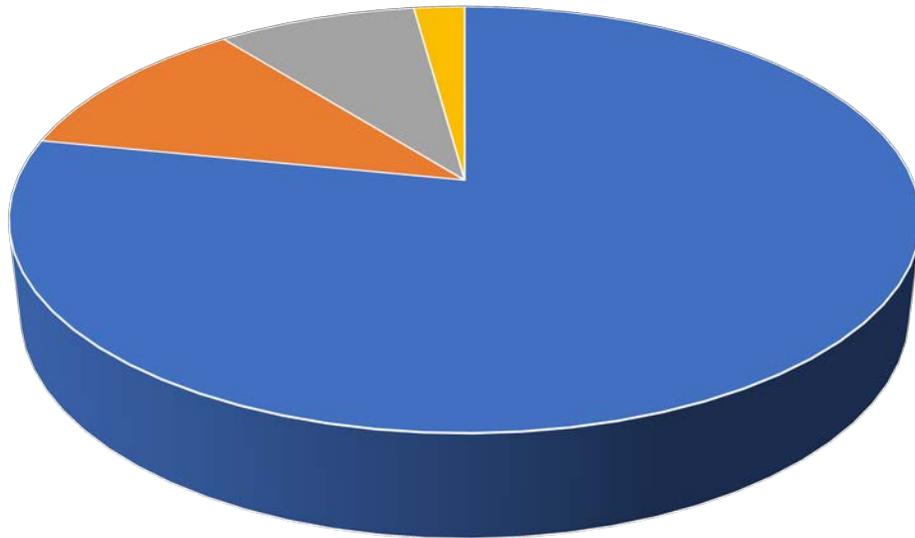
Source: U.S. Centers for Disease Control and Prevention (CDC)

2025 figure is YTD through February.



HPAI – Poultry

TOTAL AFFECTED BIRDS (February 2022 - February 2025)



- Commercial Eggs (Breeder/Layer/Pullets)
- Commercial Turkey (Breeder/Meat/Poult)
- Commercial Broilers
- All Other

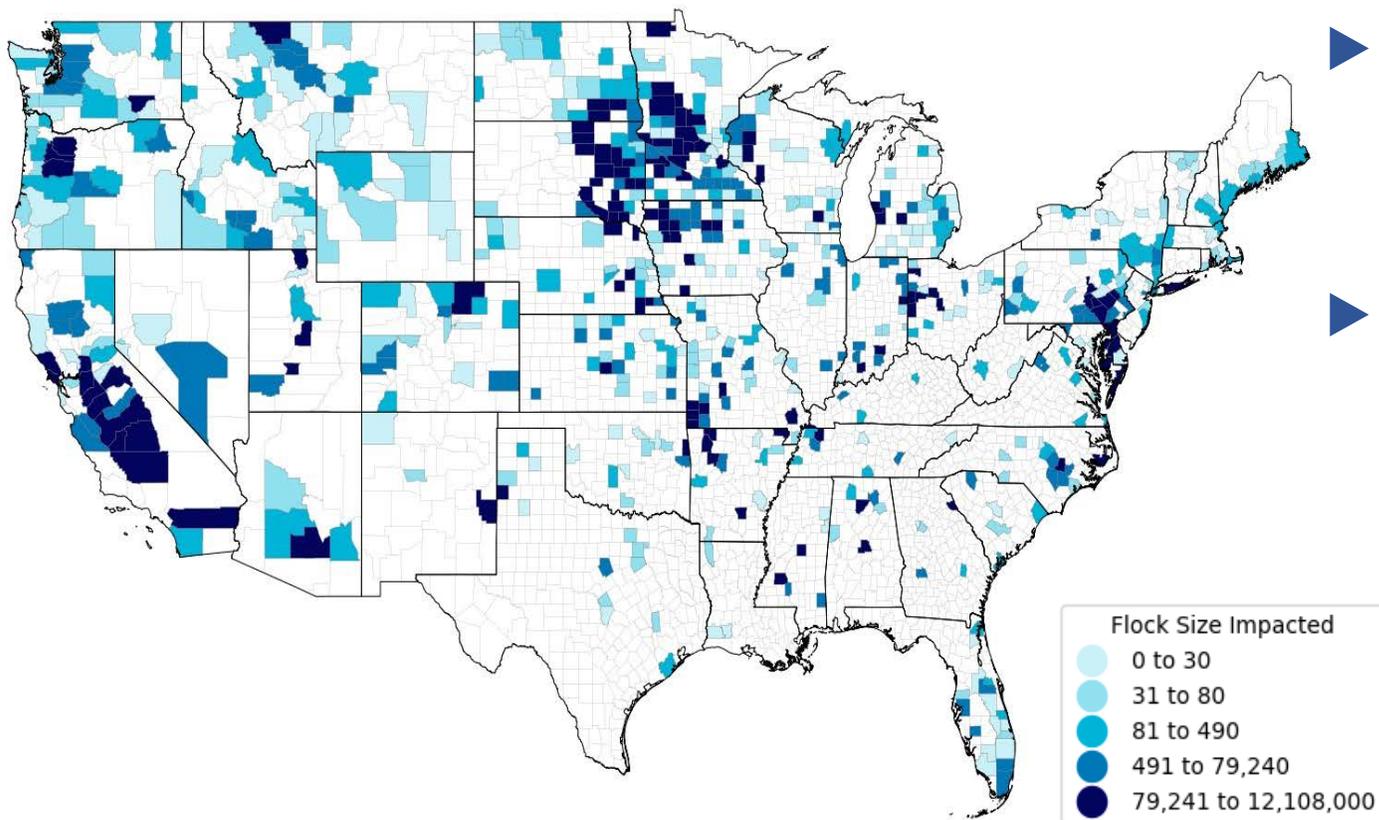
- ▶ HPAI has impacted all poultry segments.
- ▶ Impacted segments as share of total affected birds:
 - Egg layers – 78.2%
 - Broilers – 11.2%
 - Turkey – 8.4%
 - All other – 2.2%

Source: U.S. Centers for Disease Control and Prevention (CDC)



HPAI – Poultry

USDA Confirmed Cases by County through February 28, 2025



Source: USDA APHIS

- ▶ Confirmed cases in all 50 states.
- ▶ Iowa, Ohio, and California represented 48% of total affected birds.
- ▶ Iowa and Ohio are the #1 and #3 top egg producing states.



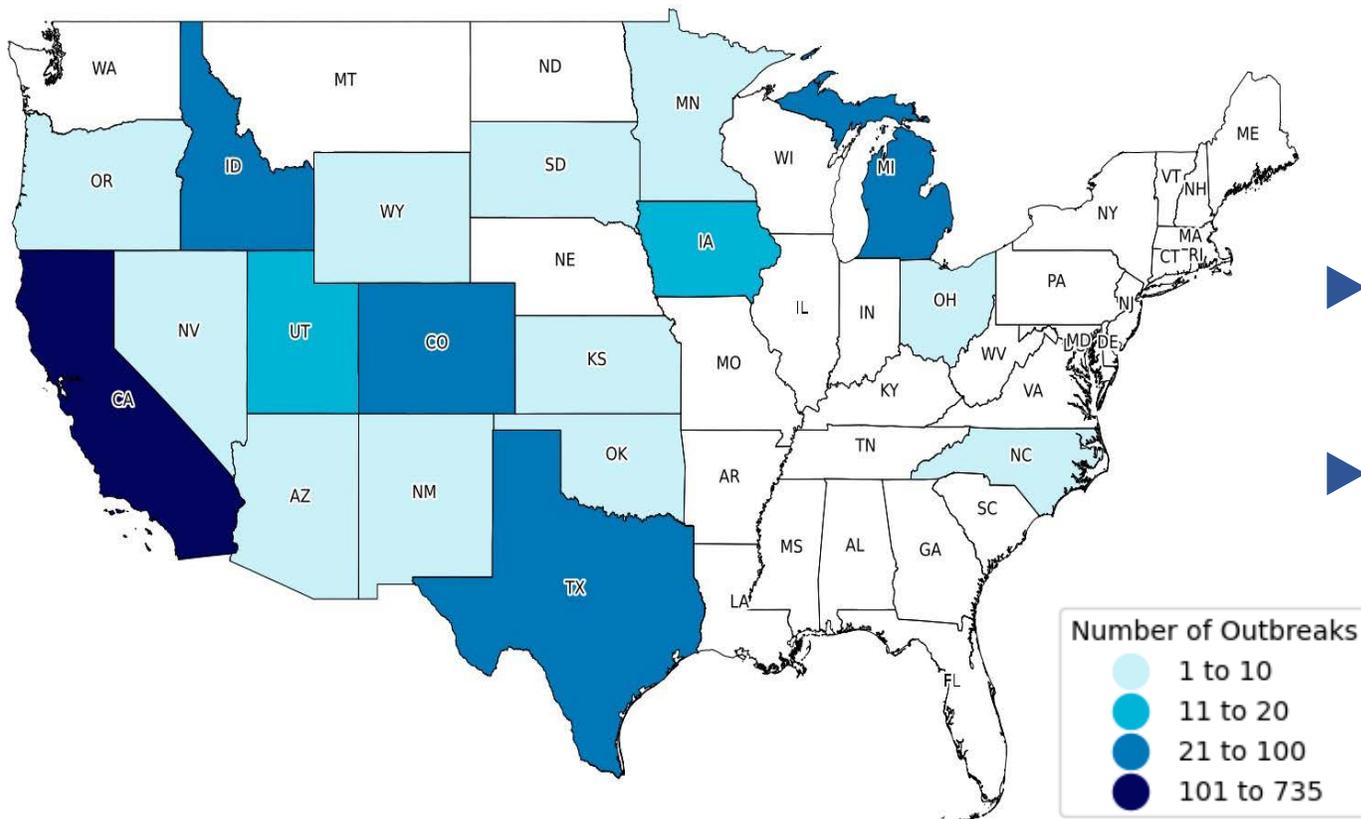
HPAI – Dairy

- ▶ Milk production is the primary impact.
 - Milk production declines of 15 – 25% are common.
 - Less than 10% of an infected herd may show symptoms.
 - Many sick cows recover in 10-21 days, but secondary infections are possible.
 - Mortality is typically low (less than 2%), but impacted dairies may increase culling due to permanent production and reproduction issues.
- ▶ According to the CDC, USDA, and FDA, pasteurized dairy products (milk, cheese, etc.) with viral remnants are safe for human consumption.
- ▶ HPAI cases in humans are predominantly tied to farm worker exposure in dairies because of daily interactions between humans and cows.



HPAI – Dairy

USDA Confirmed Cases by State through February 28, 2025



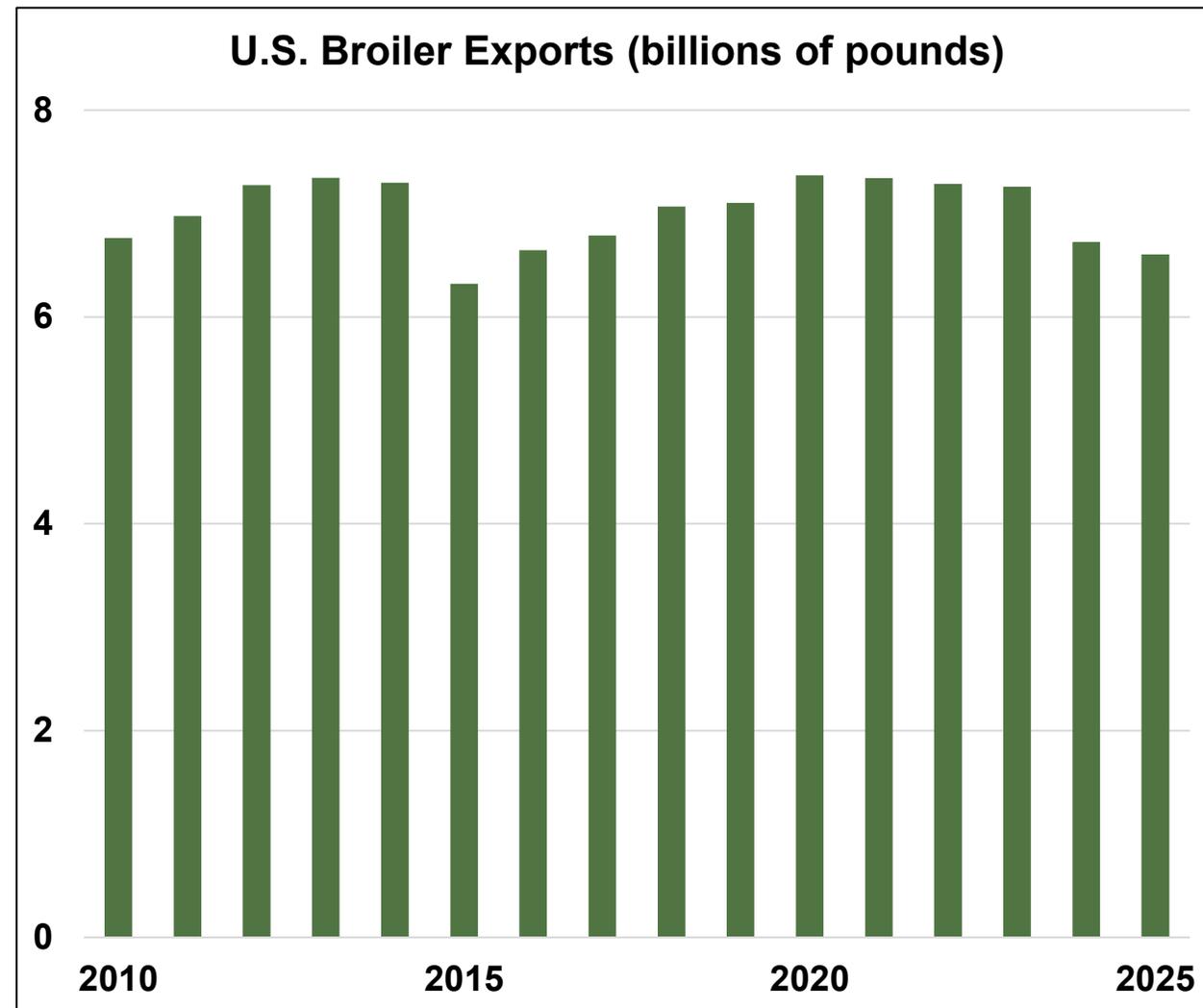
Source: USDA APHIS

- ▶ HPAI in dairy cattle confirmed in 17 states. First confirmed case reported in Texas on March 25, 2024.
- ▶ Since March 2024, 977 confirmed cases identified.
- ▶ 77% of confirmed cases were in California followed by Colorado (7%), Idaho (4%), and Michigan (3%).



Broiler market dependent on demand

- ▶ Broiler production topped 59 billion pounds, over 9 billion birds, in 2023.
- ▶ Consumption of chicken in U.S. rising since 2012.
- ▶ Broiler exports continuing to trend down and are subject to vaccination attempts.
- ▶ Chicken prices forecasted slightly up for 2025.



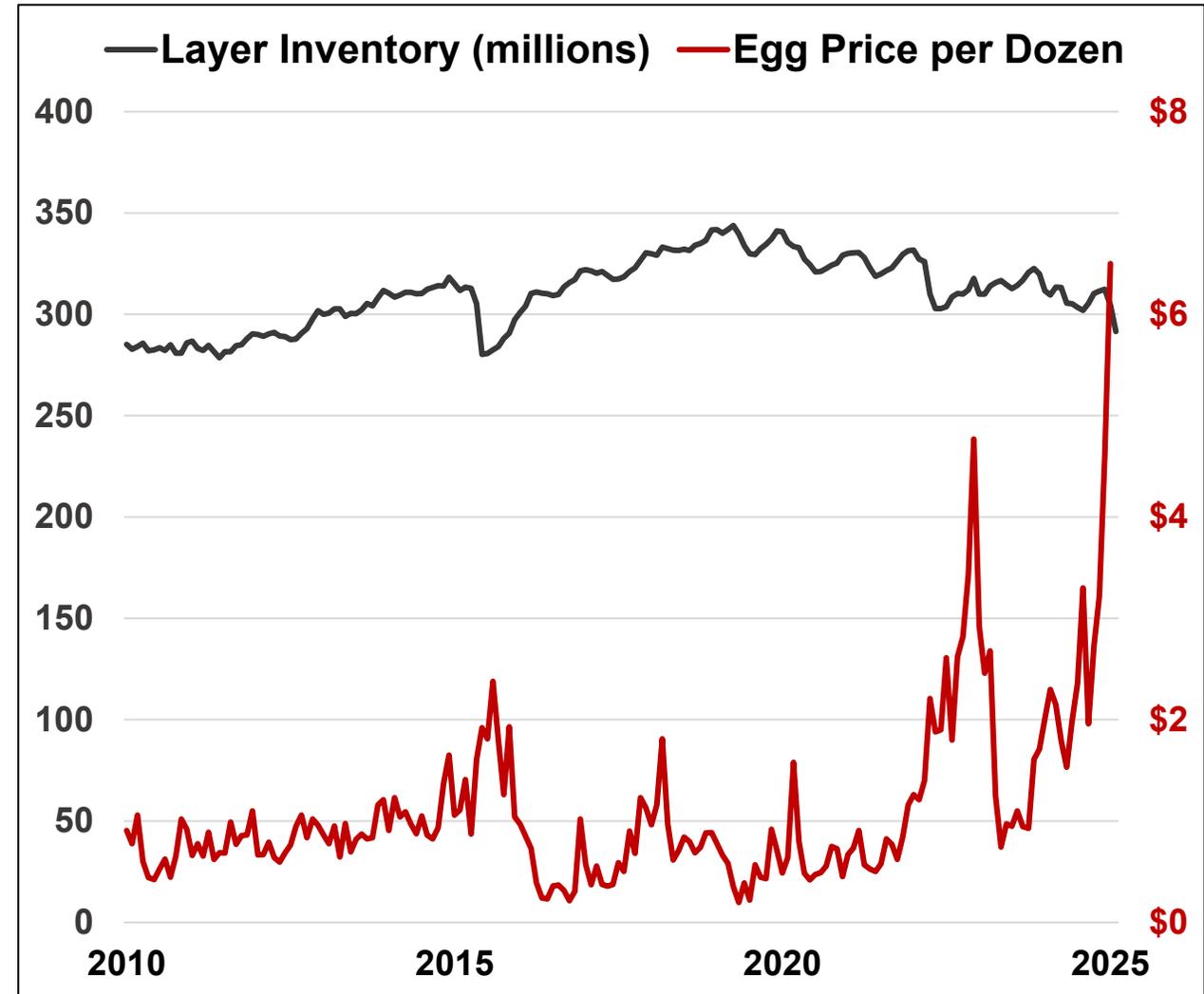
Source: USDA ERS

2025 data are projections.



Egg market taking largest impacts from HPAI

- ▶ Over 30 million layers lost to HPAI, about a 10% total loss.
- ▶ Strong demand for eggs with supply shock means higher prices and likely shortages.
- ▶ Egg prices hit record highs in January 2025 with restaurants coping by adding surcharges to menus.

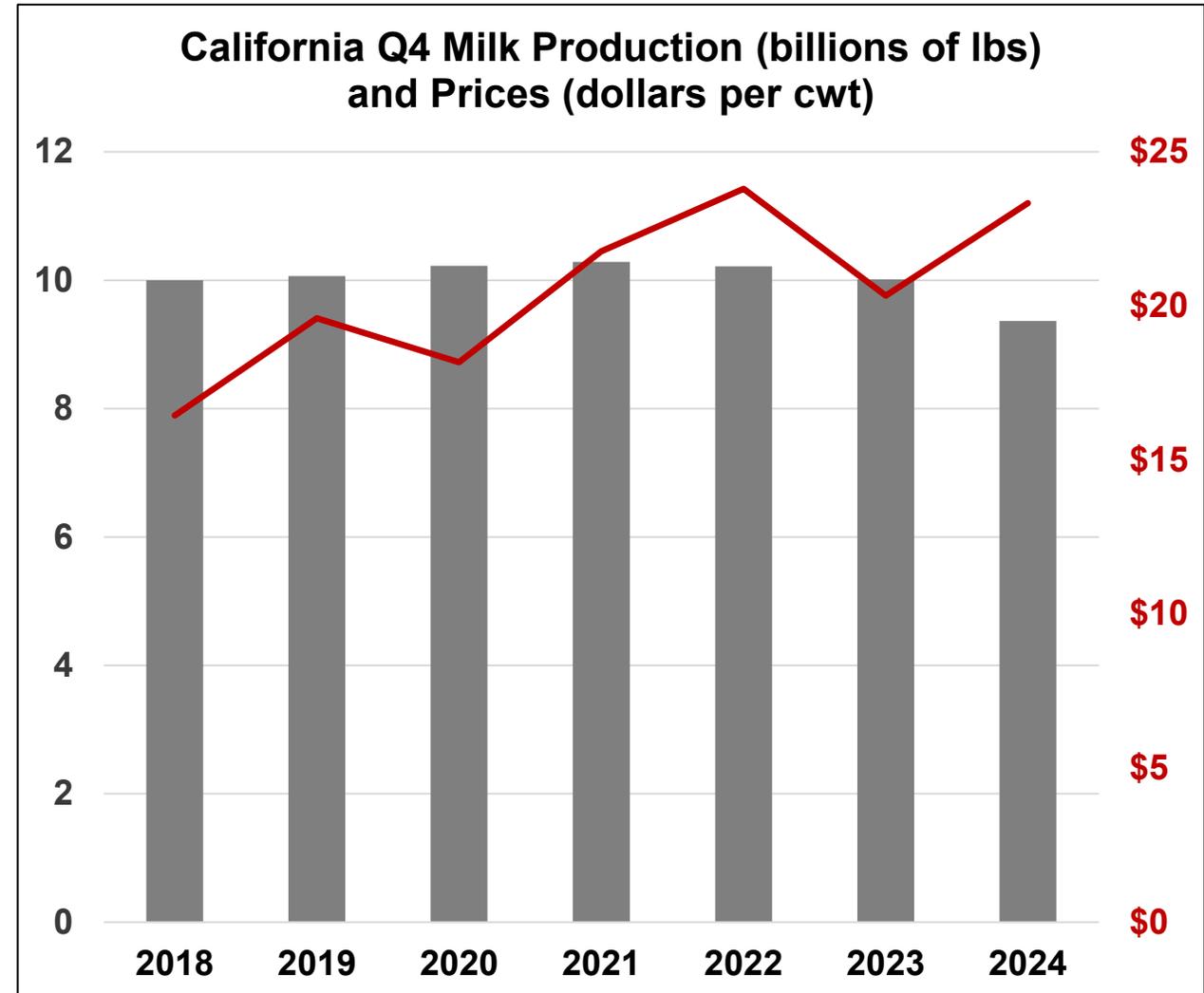


Source: USDA NASS



Dairy markets and HPAI

- ▶ California Q4 2024 milk production was 8.3% lower than Q4 2022.
- ▶ Cases in CA are slowing down, but 2025 milk production dependent on new cases and lasting effects of infection.
- ▶ National milk prices rose late 2024 but are coming down slightly to start 2025.



Source: USDA NASS



Response and assistance available to producers

- ▶ Action and prevention
 - Biosecurity measures
 - Personal protective equipment (PPE) use
 - National Milk Testing Strategy
- ▶ Indemnity payments are available from USDA to help offset losses.
 - Losses from flock depopulation are eligible for payments.
 - USDA updated the rule for eligibility for poultry indemnity payments to include mandatory biosecurity audits.
 - Milk losses are covered under USDA's Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish (ELAP) program.
 - Other assistance available for testing, PPE, and milk disposal costs.



Questions?