

Coronavirus will constrain U.S. meat supply despite Trump order -Tyson

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By Tom Polansek

May 4 (Reuters) - The coronavirus crisis will continue to idle U.S. meat plants and slow production, Tyson Foods Inc said on Monday, signaling more disruptions to the U.S. food supply after U.S. President Donald Trump ordered facilities to stay open.

Tyson reported lower-than-expected earnings and revenue for the quarter ended on March 28, before processors shut massive slaughterhouses as the respiratory illness spread among workers. Shares fell more than 8% as Tyson also said meat sales will fall in the second half of the year because the outbreak has reduced restaurant demand.

Trump last week deemed meatpacking plants "critical infrastructure" that must stay open, in an executive order to protect the nation's food supply.

"There have been some shortages in some specific categories," Chief Executive Noel White told analysts on a conference call.

Tyson is working with government officials to resume operations at a massive beef plant it closed in Dakota City, Nebraska, White said. The company over the weekend was receiving results for COVID-19 tests it performed on employees of another shuttered beef plant in Pasco, Washington, he said.

Tyson also temporarily closed Iowa pork plants in Waterloo and Perry, and said on Friday it would re-open a pork plant in Logansport, Indiana. When plants reopen, it is unknown how employees many will immediately return to work amid fears about the virus. One worker at Tyson's Waterloo facility told Reuters he planned to take three weeks of vacation time to stay away.

The country's capacity to slaughter hogs has dropped by about 50% from before the pandemic, Tyson President Dean Banks told analysts. The company consolidated its product offerings to help keep supplies flowing to consumers, he added later on a call with reporters.

Retail demand for Tyson's meat has increased 30-40% as consumers stay home, but the company said sales will decline in the second half of the year because of lost foodservice and restaurant business.

Costco Wholesale Corp and Kroger Co have limited meat purchases.

Tyson warned prior to Trump's order that millions of pounds of beef, pork and chicken would vanish from U.S. grocery stores because of plant shutdowns. Its chairman said the U.S. "food supply chain is breaking" as farmers began euthanizing pigs because they lost markets for them.

Sales rose 4.3% to \$10.89 billion, in the second quarter ended March 28. Analysts had expected revenue of \$10.96 billion, according to IBES data from Refinitiv.

Excluding items, the company earned 77 cents per share, missing estimates of a profit \$1.04 per share.