

AGRICULTURAL CONDITIONS IN THE NINTH DISTRICT

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FEDERAL RESERVE BANK
OF MINNEAPOLIS



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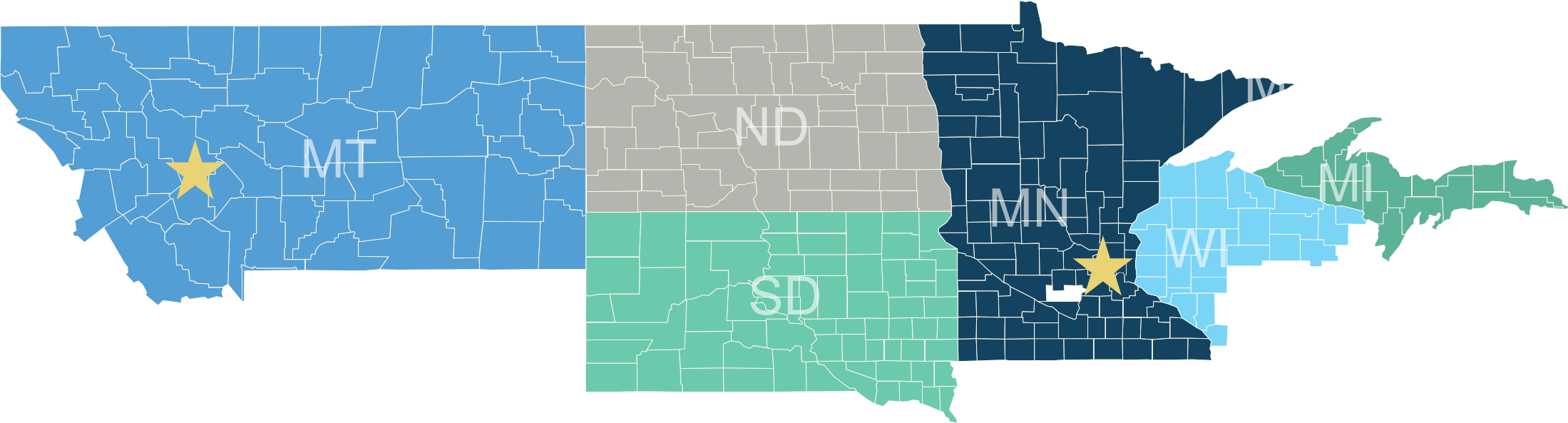
TODAY'S PRESENTATION

- MPLS Fed ag credit survey
- Survey results, Q3 2021
 - Farm finances holding up, despite drought and supply chain woes
 - Outlook moderate but optimistic
 - Land values surging
 - Drought impact mixed across region



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THE FED'S NINTH DISTRICT



OBSERVING AG, VIA BANKERS

- **Ninth District survey**
 - **Conducted quarterly (Jan., Apr., Jul., Oct.) looking backward and forward one quarter**
 - **Poll of member banks concentrated in ag**
 - **Not a random sample, but a panel of experts**
 - **October survey: 53 bankers**



SURVEY RESULTS

AGRICULTURE SECTOR HOLDING UP IN DROUGHT

- **Most lenders reporting rising incomes from last year**
- **Capital, household spending up more moderately**
- **Loan repayment steady, loan demand and renewals down**
- **Outlook for Q4 income remains positive on strong commodity prices**
 - **The most drought-stricken areas (MT, N.D.) and livestock producers the biggest exceptions**
- **Land values and rents increased briskly**



SURVEY RESULTS

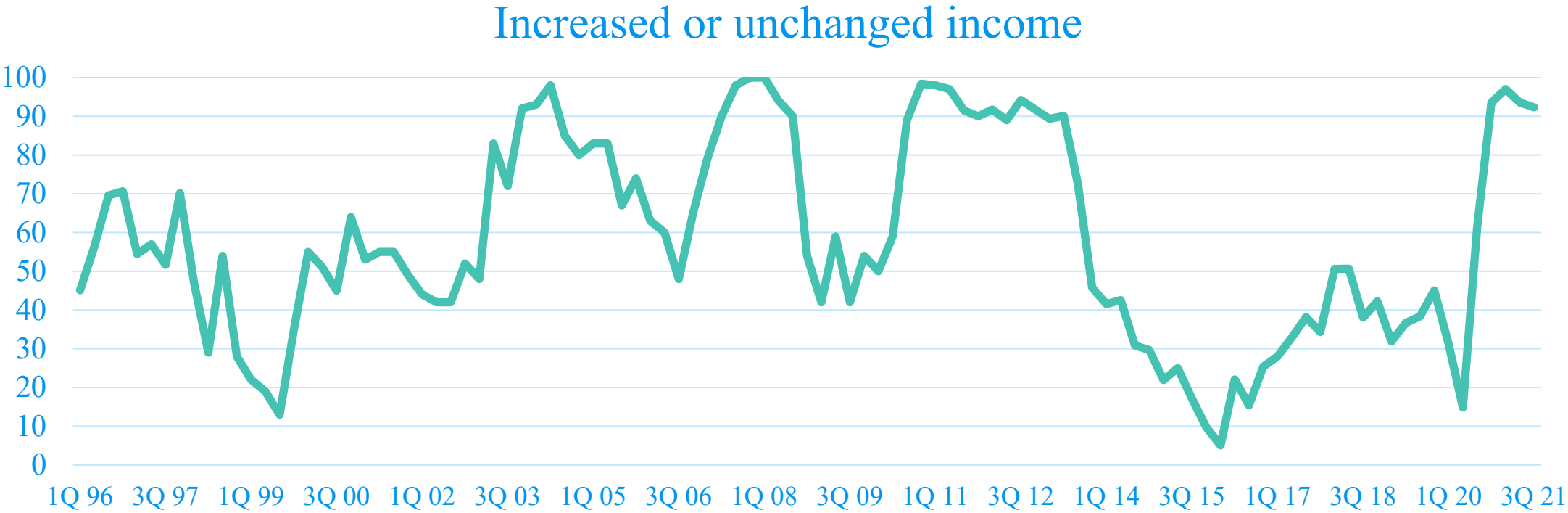
FARM INCOME AND SPENDING UP

	Increased	Unchanged	Decreased
Farm Income	71%	11%	8%
Household spending	46%	48%	6%
Capital spending	48%	42%	10%



SURVEY RESULTS

BIG BUMP IN FARM INCOME OVER THE LAST YEAR



SURVEY RESULTS

LOAN DEMAND/RENEWALS DOWN, REPAYMENT STEADY TO UP

	Increase	No changed	Decrease
Loan demand	17%	40%	43%
Repayment rates	45%	53%	2%
Renewals	8%	68%	25%



SURVEY RESULTS

LENDERS EXPECT INCREASED INCOME IN Q4

	Increase	No changed	Decrease
Farm Income	64%	23%	13%
Household Spending	49%	45%	6%
Capital Spending	58%	30%	11%

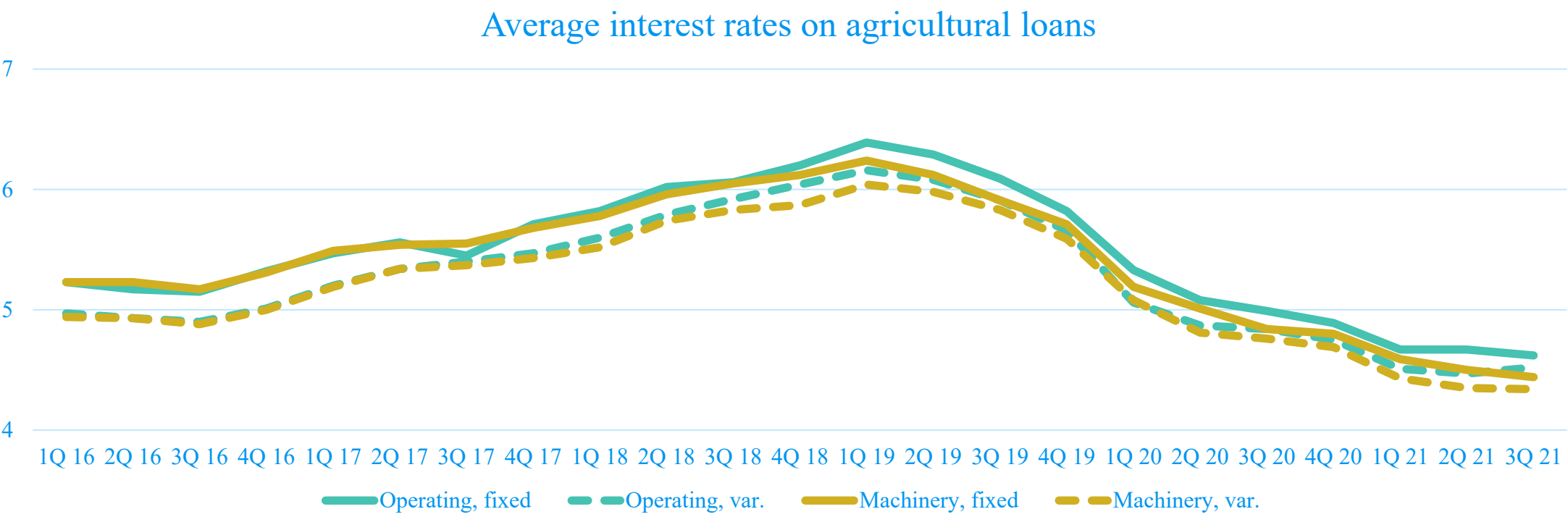


SURVEY RESULTS

Q4 OUTLOOK: SLIGHT BUMP IN LOAN DEMAND AND REPAYMENT, RENEWALS STEADY

	Increase	No changed	Decrease
Loan demand	38%	43%	19%
Repayment rates	38%	58%	4%
Renewals	19%	64%	17%

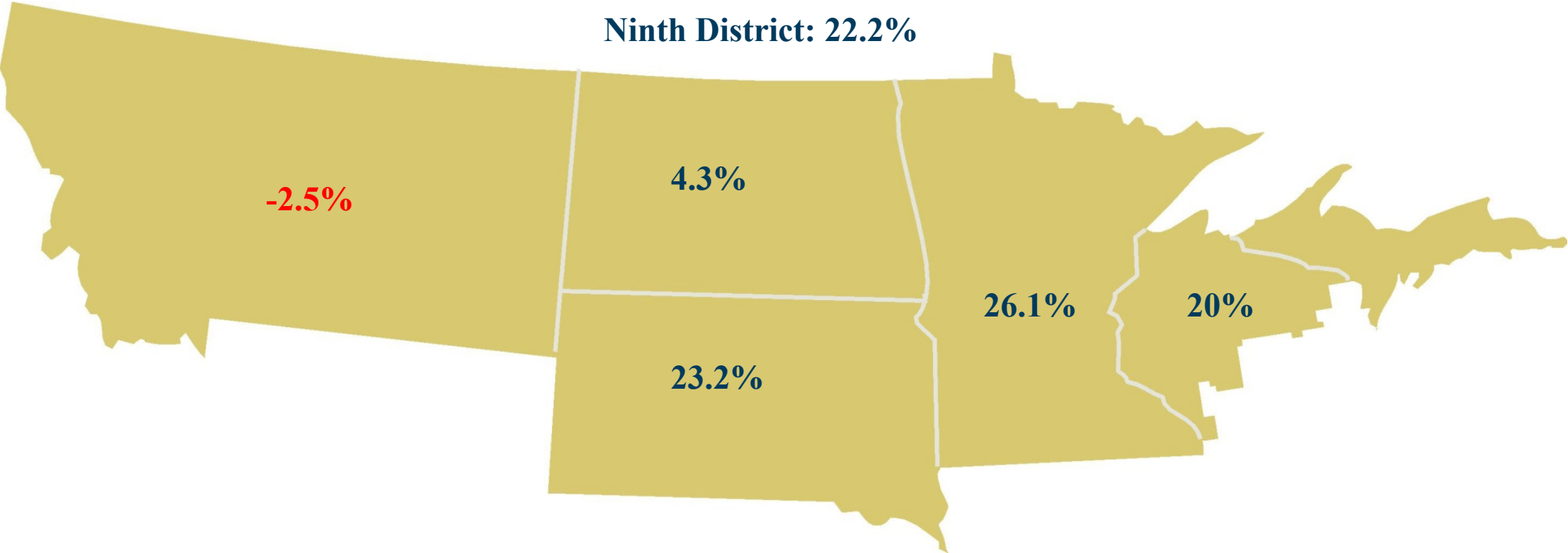
AG INTEREST RATES CONTINUE TO TREND DOWN



SURVEY RESULTS

LAND VALUES SURGING

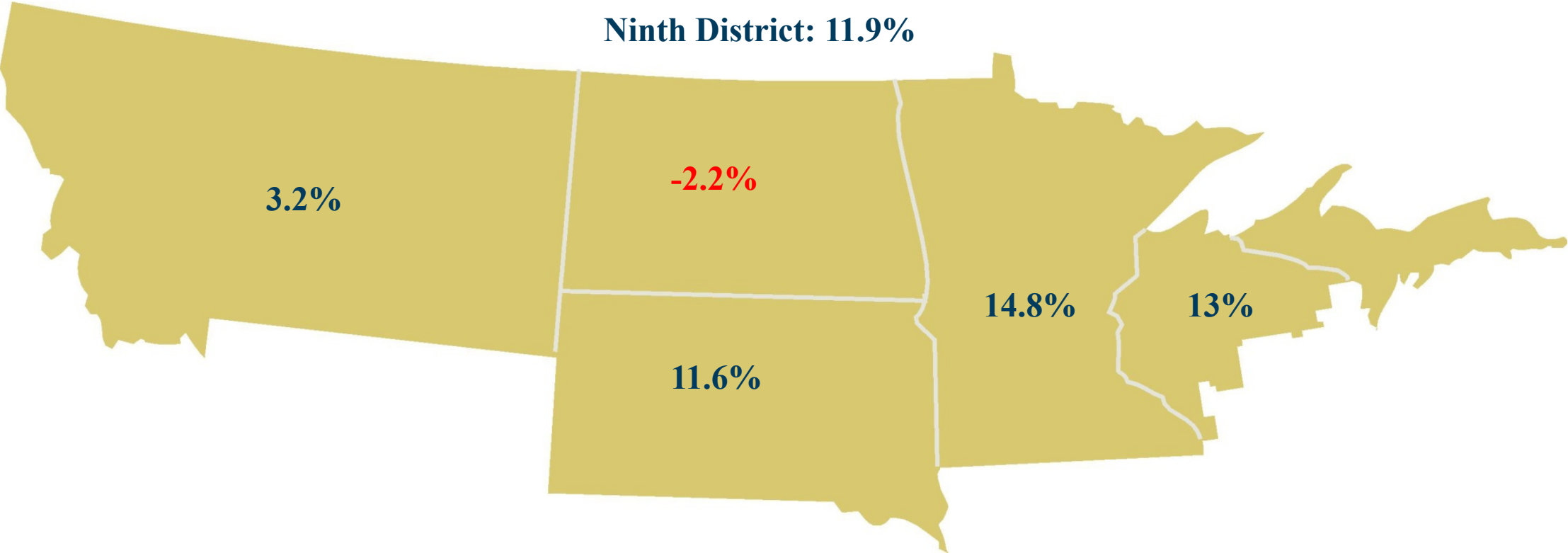
AVERAGE CHANGE IN PRICE OF NONIRRIGATED FARMLAND, 2020Q3-2021Q3



SURVEY RESULTS

CASH RENTS JUMPED TOO

AVERAGE CHANGE IN CASH RENTS FOR NONIRRIGATED FARMLAND, 2020Q1-2021Q1

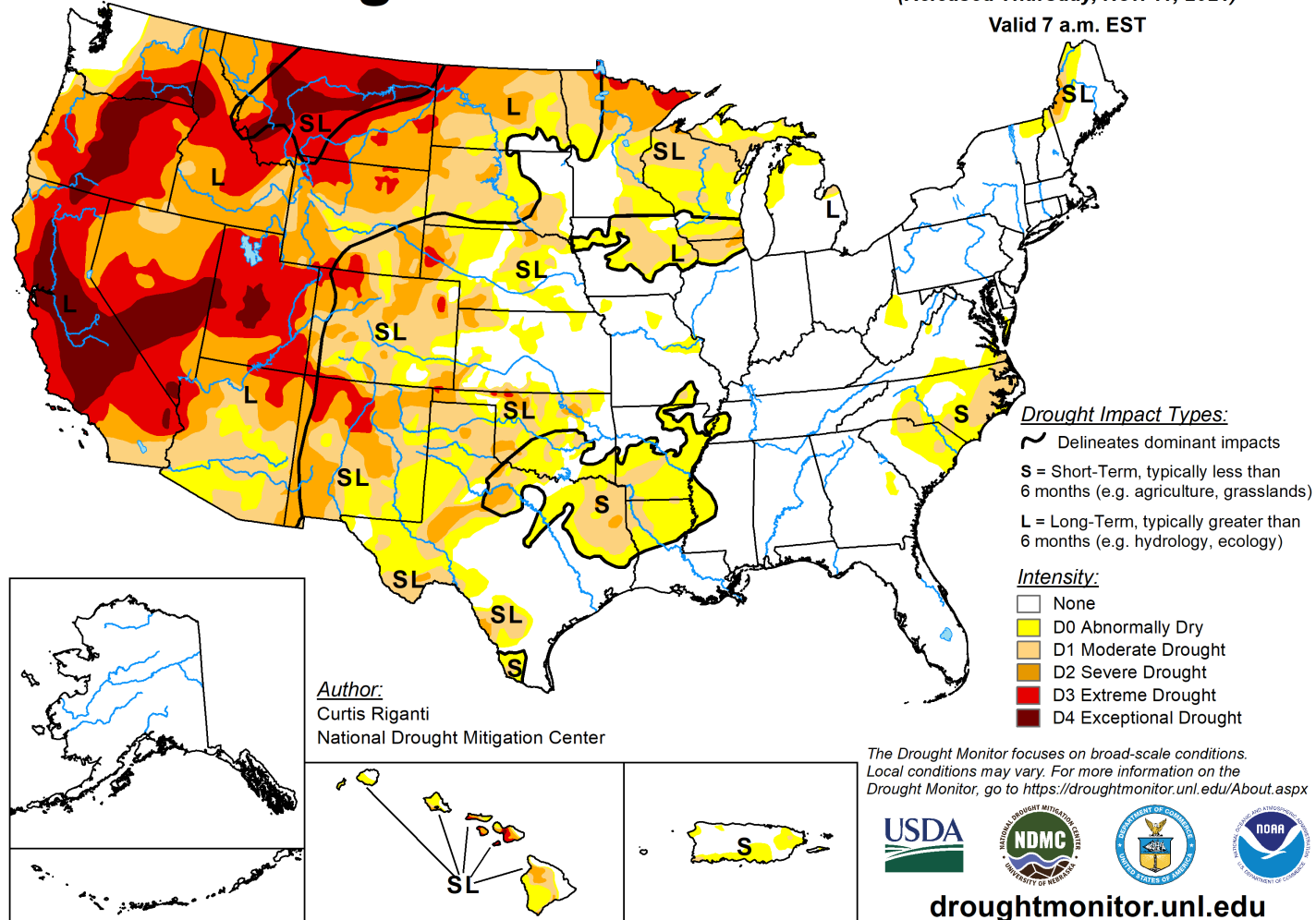


DROUGHT: WESTERN DISTRICT STILL EXTREME, TIMELY RAINS HELPED FURTHER EAST

U.S. Drought Monitor

November 9, 2021
(Released Thursday, Nov. 11, 2021)

Valid 7 a.m. EST



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DROUGHT IMPACTS

MOST LENDERS REPORT MODEST NEGATIVE IMPACT FROM DROUGHT

What has been the impact of drought on financial conditions of farm operations in your lending area?





TRACKING THE RECOVERY: FUTURE SURVEYS & WEBINARS

- Upcoming surveys
 - **Construction survey** in field Nov. 15-22
 - REC Update webinar – Friday, Dec. 3 @ 9:00am
 - **Hospitality & Tourism survey**
 - In field after Thanksgiving
 - **Manufacturing survey**
 - In field now, results in January





THANK YOU!
QUESTIONS?