

# AGRICULTURAL CONDITIONS IN THE NINTH DISTRICT

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OF MINNEAPOLIS

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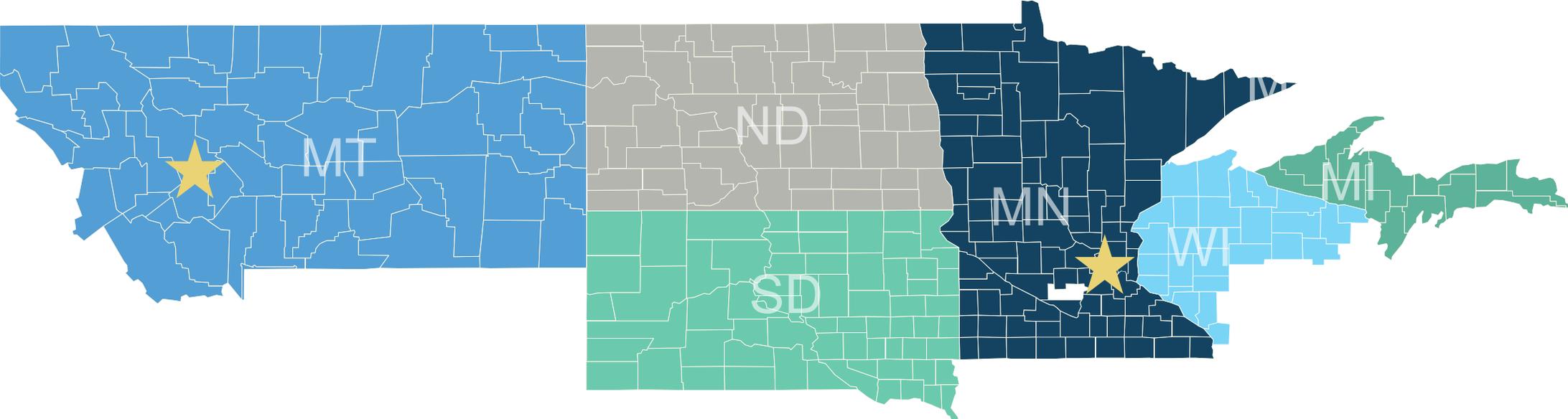
## TODAY'S PRESENTATION

- MPLS Fed ag credit survey
- Survey results, Q3 2022
  - Farm incomes continued to climb
  - Land values up further
  - Outlook generally positive



# FEDERAL RESERVE BANK OF MINNEAPOLIS

## 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: 49 bankers**



## **AGRICULTURE IN SOLID FINANCIAL CONDITION**

- **Incomes rose (except in drought areas), despite higher input costs**
- **Capital, household spending up as well**
- **Loan repayment up, loan demand down**
- **Land values and rents up sharply from a year ago**
- **Outlook for Q4 income remains positive**



# FARM INCOME

## FARM INCOME AND SPENDING UP

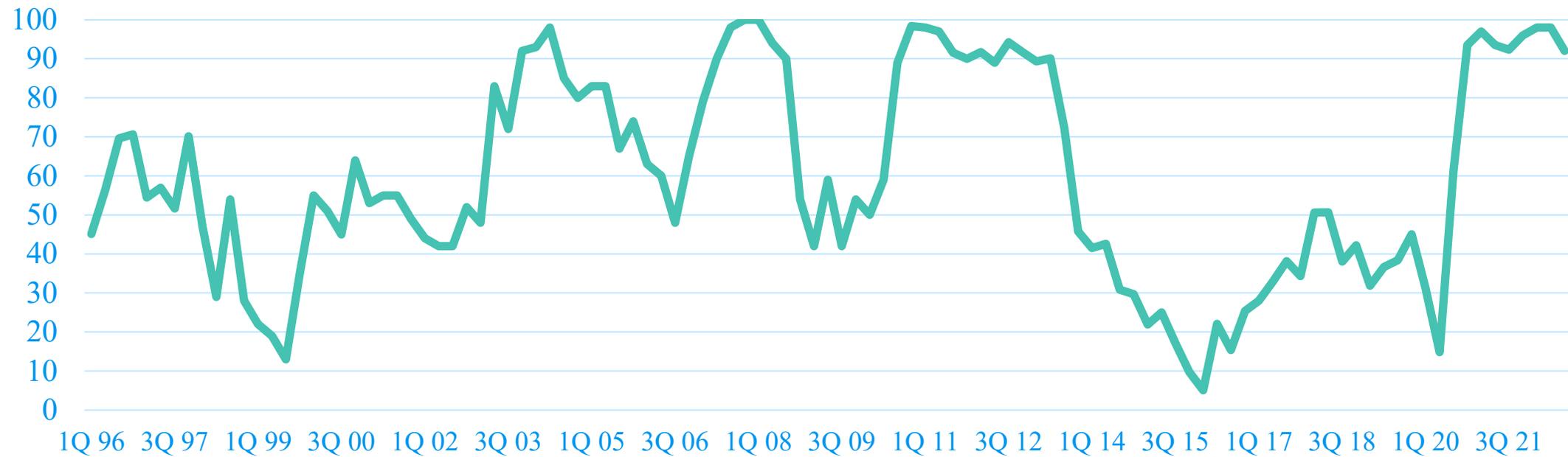
	Increased	Unchanged	Decreased
<b>Farm Income</b>	<b>73%</b>	<b>19%</b>	<b>8%</b>
<b>Household spending</b>	<b>56%</b>	<b>40%</b>	<b>4%</b>
<b>Capital spending</b>	<b>40%</b>	<b>42%</b>	<b>19%</b>



# FARM INCOME

## INCOME REMAINED VERY STRONG

Increased or unchanged income compared with a year ago



# CREDIT CONDITIONS

## LOAN DEMAND DOWN, REPAYMENT RATES UP, RENEWALS STEADY

	Increase	No changed	Decrease
<b>Loan demand</b>	<b>27%</b>	<b>29%</b>	<b>45%</b>
<b>Repayment rates</b>	<b>43%</b>	<b>53%</b>	<b>4%</b>
<b>Renewals</b>	<b>10%</b>	<b>78%</b>	<b>12%</b>



## MOST LENDERS EXPECT INCREASED INCOME IN Q4

	Increase	No changed	Decrease
<b>Farm Income</b>	<b>51%</b>	<b>31%</b>	<b>18%</b>
<b>Household Spending</b>	<b>47%</b>	<b>43%</b>	<b>10%</b>
<b>Capital Spending</b>	<b>43%</b>	<b>31%</b>	<b>27%</b>



# OUTLOOK

## MIXED OUTLOOK FOR LOAN DEMAND IN Q4

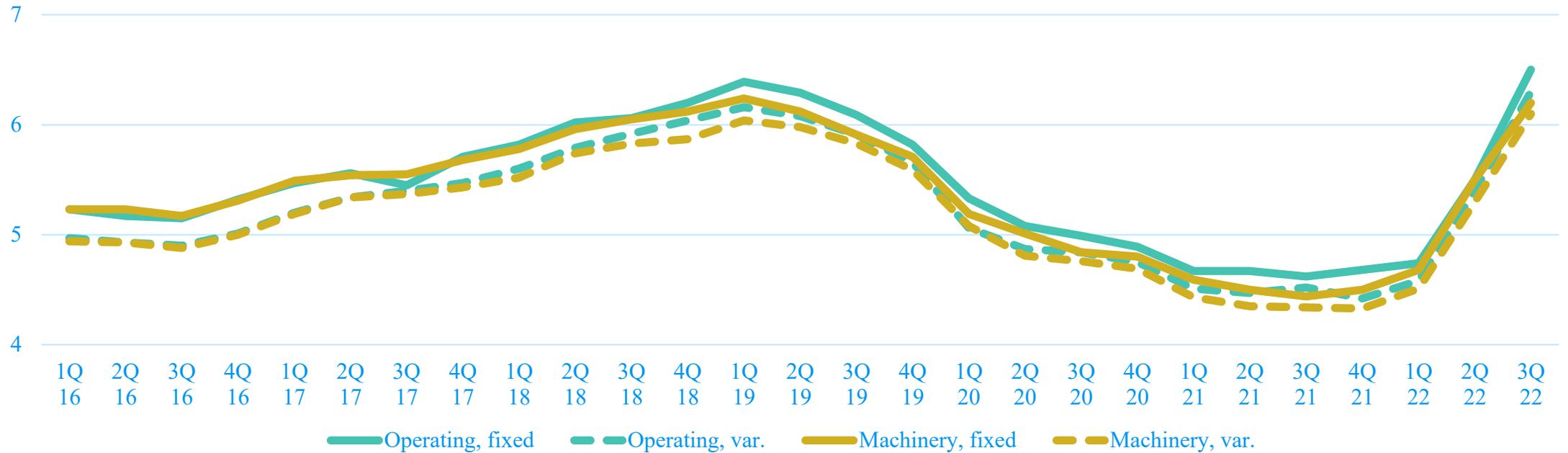
	Increase	No changed	Decrease
<b>Loan demand</b>	<b>35%</b>	<b>35%</b>	<b>31%</b>
<b>Repayment rates</b>	<b>41%</b>	<b>53%</b>	<b>6%</b>
<b>Renewals</b>	<b>12%</b>	<b>73%</b>	<b>14%</b>



# INTEREST RATES

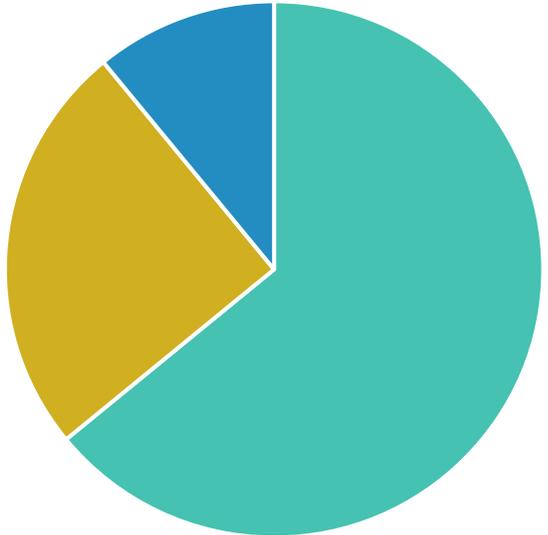
## AG INTEREST RATES UP SHARPLY SINCE SPRING

Average interest rates on agricultural loans



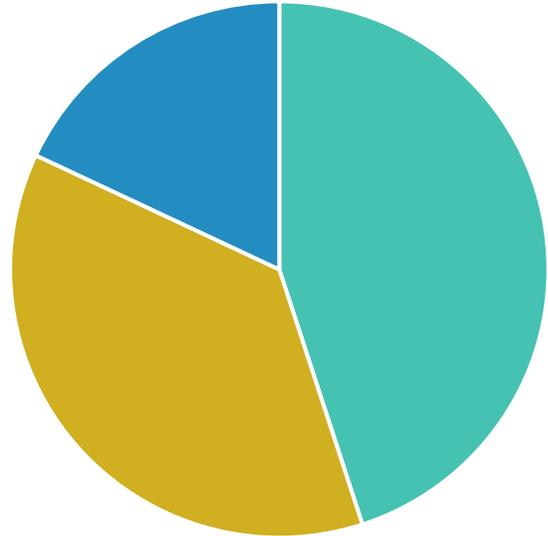
# PRODUCERS HOLDING CASH

**What changes occurred in farm borrower liquidity during the previous three months compared to the same months a year ago?**



■ Up ■ No Change ■ Down

**What changes do you expect in farm borrower liquidity during the next three months compared to the same months a year ago?**

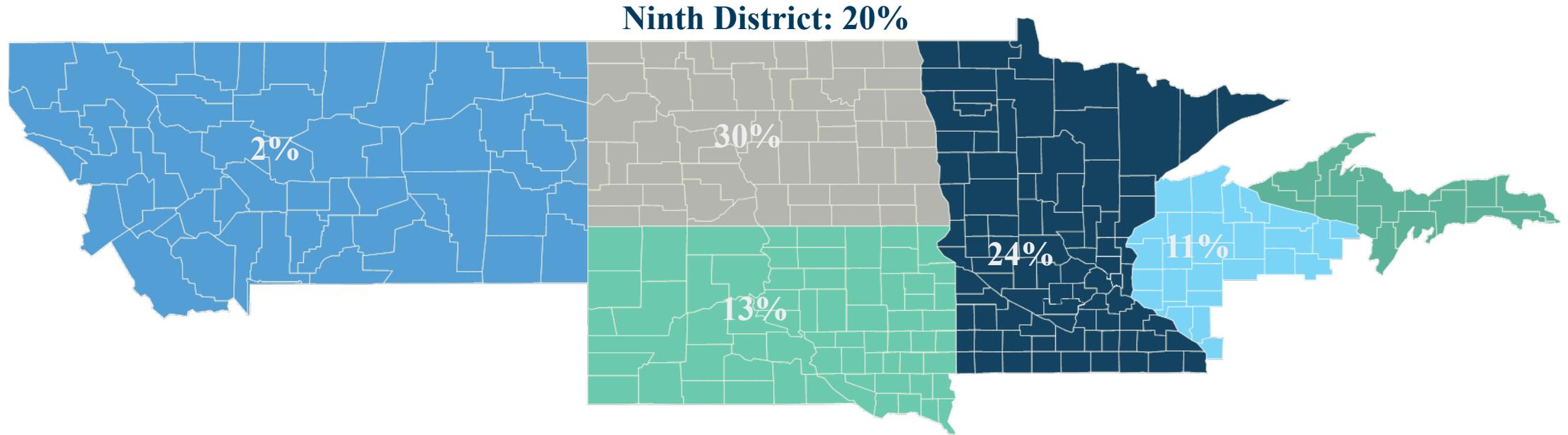


■ Up ■ No Change ■ Down

# LAND VALUES

## LAND VALUES UP FROM LAST YEAR

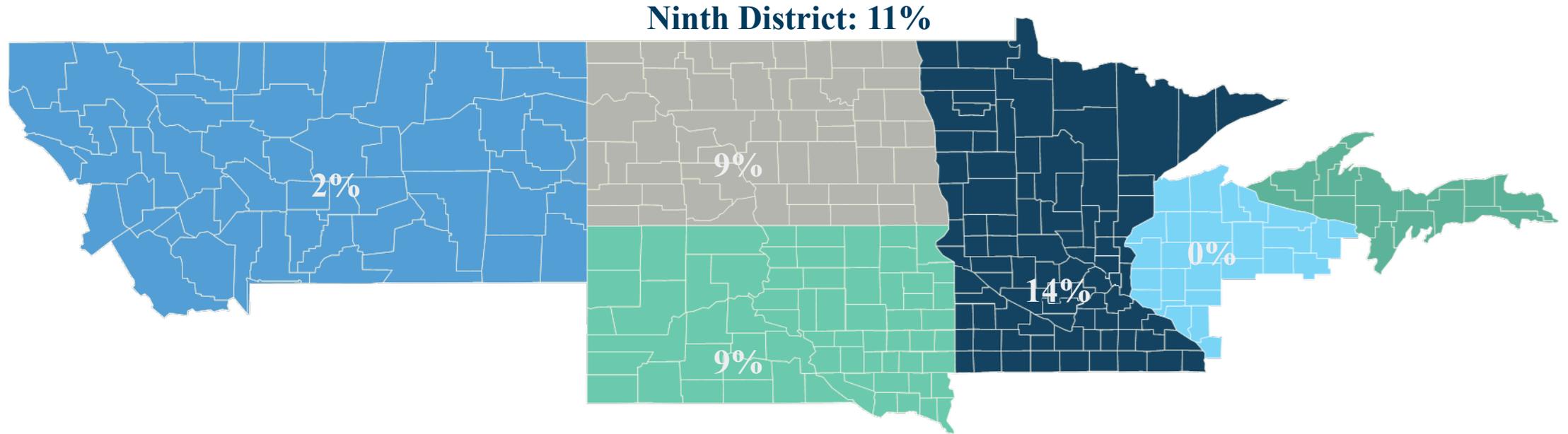
AVERAGE CHANGE IN PRICE OF NONIRRIGATED FARMLAND, 2021Q3-2022Q3



# CASH RENTS

## CASH RENTS INCREASED TOO

AVERAGE CHANGE IN CASH RENTS FOR NONIRRIGATED FARMLAND, 2021Q3-2022Q3



## CONDITIONS AND OUTLOOK VARY ACROSS REGION

“Farmers are knowing that input expenses will remain high for the coming year and will retain some cash for that— Minn.

“Good prices, dry conditions, higher interest rates.” — S.D.

“Good crops and higher commodity prices is putting more cash in the farmers’ pockets.” — N.D.

“Farm income is decreasing due to lower commodity prices and higher expenses. Demand for additional operating loans was very high these past 3 months.” — N.D.

“Crops are fair to above average, but finding machinery and a harvest workforce will make it tougher to get the crop that is there.” — N.D.





**THANK YOU!**  
**QUESTIONS?**