

AGRICULTURAL CONDITIONS IN THE NINTH DISTRICT

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FEDERAL RESERVE BANK
OF MINNEAPOLIS

DISCLAIMER

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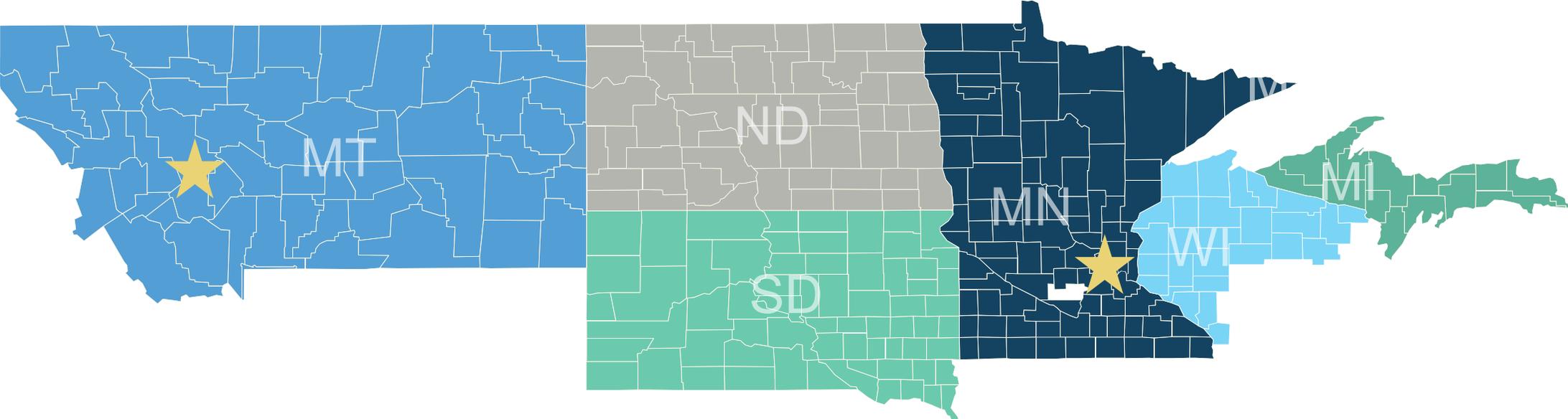
TODAY'S PRESENTATION

- Agriculture in the Ninth District
- MPLS Fed ag credit survey
- Survey results, Q3 2023
 - Farm incomes fell, finances stable
 - Land values up
 - Outlook for further drop in incomes

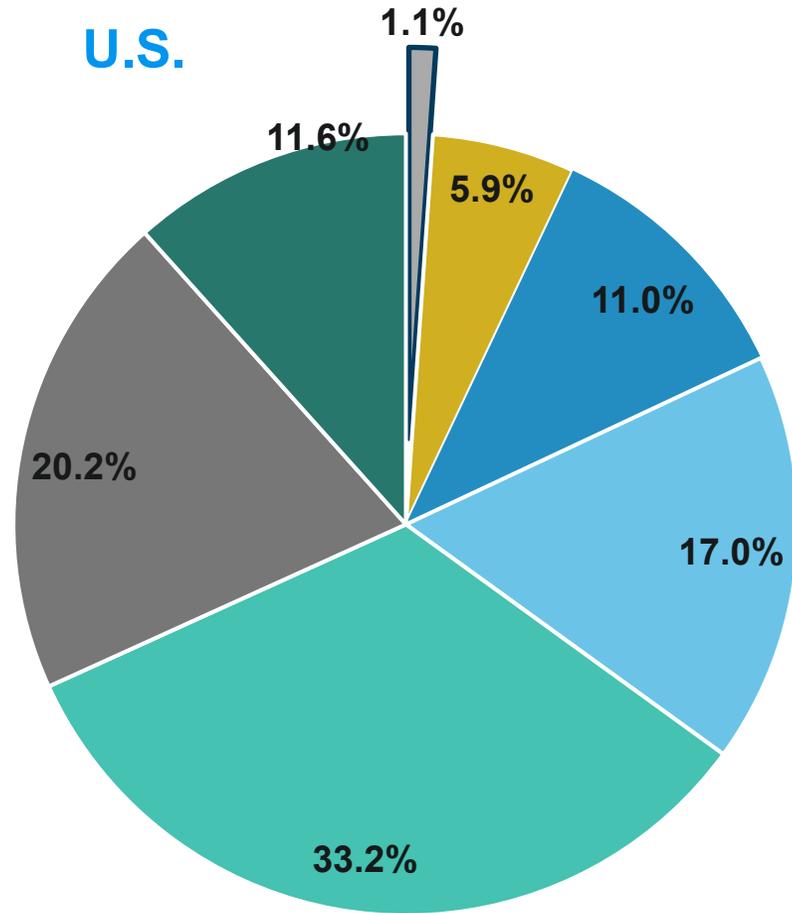


FEDERAL RESERVE BANK OF MINNEAPOLIS

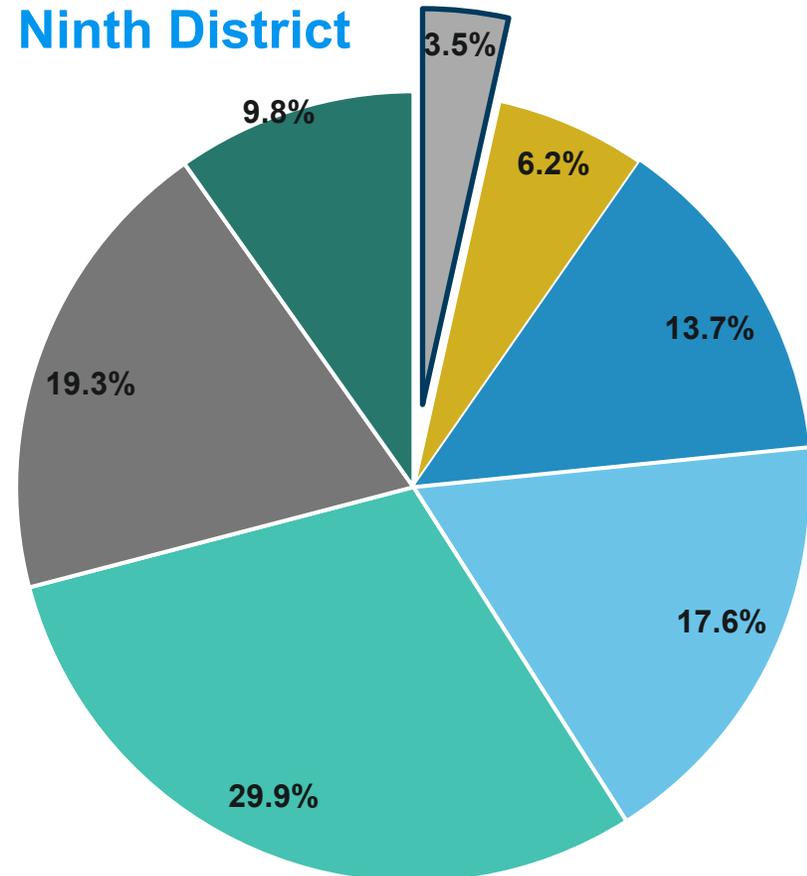
THE FED'S NINTH DISTRICT



OUTPUT BY INDUSTRY, 2022, U.S. & NINTH DISTRICT



- Agriculture, forestry, fishing, and hunting
- Manufacturing
- Services
- Government



- Construction and Mining
- Trade, Transportation & Utilities
- Finance, Insurance & Real Estate

Source: Bureau of Economic Analysis

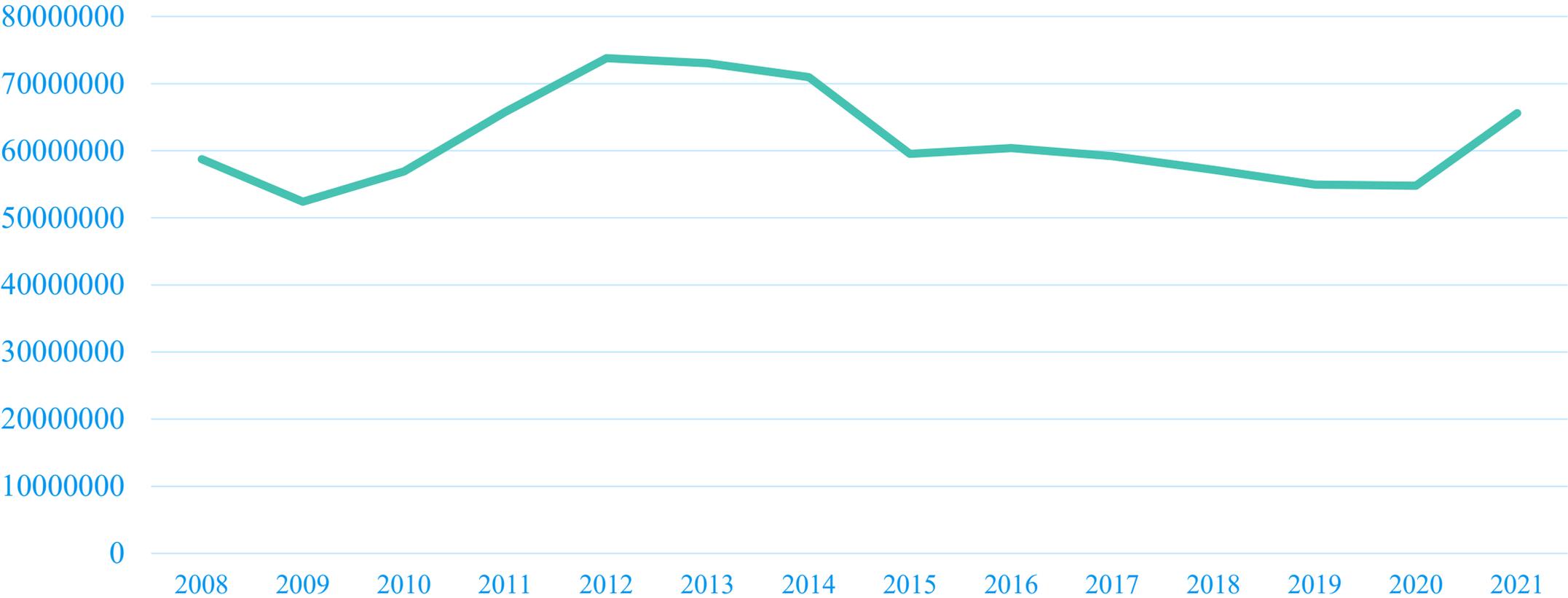


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CASH RECEIPTS

Cash receipts from ag commodities, Ninth District states

\$1,000 (2023)



Source: Economic Research Service, USDA



SURVEY RESULTS

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: 52 bankers**



AGRICULTURE IN STABLE FINANCIAL CONDITION DESPITE FALLING INCOMES

- **Incomes generally decreased from a year ago**
- **Capital spending also down, Household spending up**
- **Interest rates up further**
- **Loan demand and repayment rates steady**
- **Land values and rents up from a year ago**
- **Outlook for Q4 2023 somewhat negative**



FARM INCOME

FARM INCOME DOWN, SPENDING MIXED

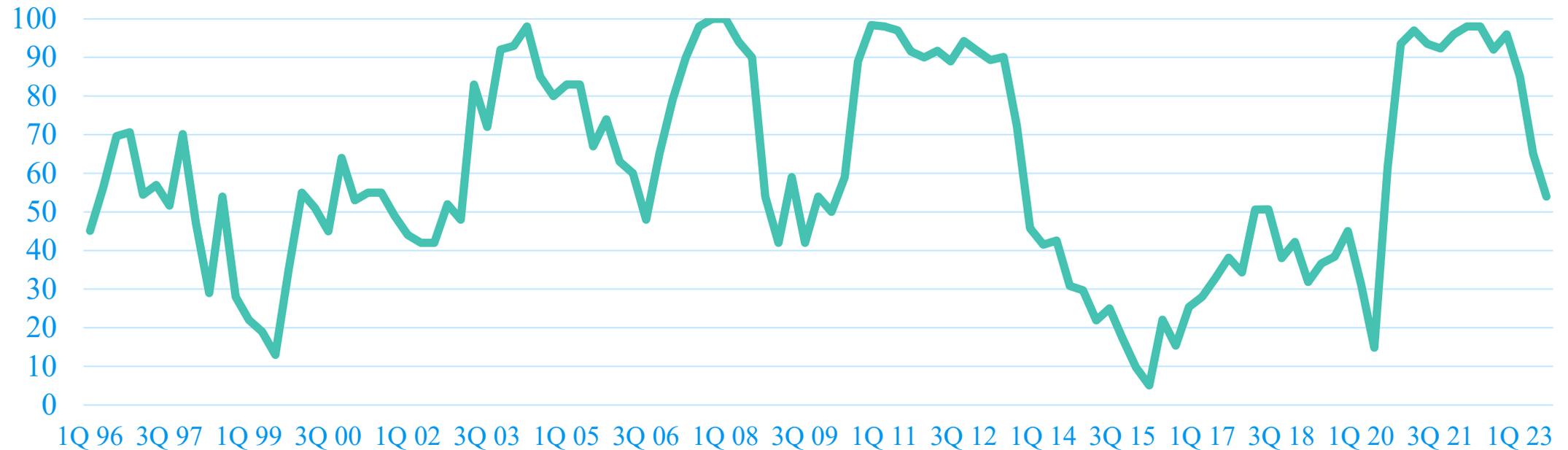
	Increased	Unchanged	Decreased
Farm Income	23%	31%	46%
Household spending	37%	52%	12%
Capital spending	21%	44%	35%



FARM INCOME

INCOME GROWTH NEAR HISTORICAL MEDIAN

Increased or unchanged income compared with a year ago



CREDIT CONDITIONS

LOAN DEMAND, REPAYMENT RATES, RENEWALS ALL STEADY

	Increase	No changed	Decrease
Loan demand	25%	52%	23%
Repayment rates	12%	83%	6%
Renewals	13%	83%	4%



LENDERS EXPECT FALLING INCOME IN Q4 2023

	Increase	No changed	Decrease
Farm Income	17%	23%	60%
Household Spending	23%	58%	19%
Capital Spending	17%	31%	52%



OUTLOOK

OUTLOOK FOR INCREASED LOAN DEMAND, REPAYMENT AND RENEWALS IN Q4 2023

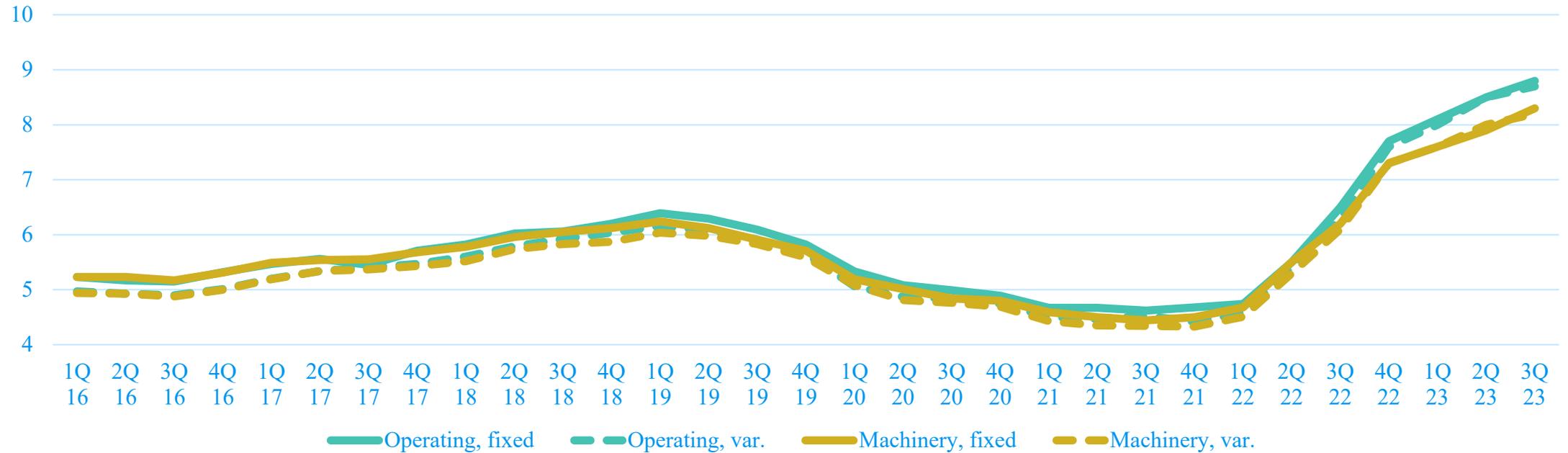
	Increase	No changed	Decrease
Loan demand	38%	33%	29%
Repayment rates	16%	71%	14%
Renewals	17%	77%	6%



INTEREST RATES

AG INTEREST RATES CONTINUED TO CLIMB

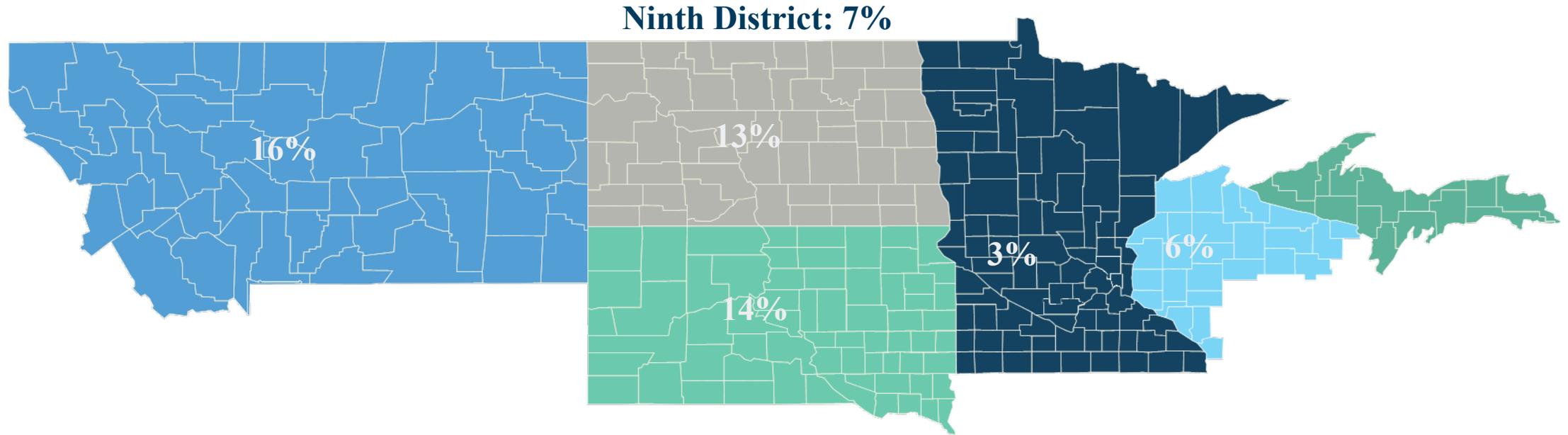
Average interest rates on agricultural loans



LAND VALUES

LAND VALUES UP FROM LAST YEAR

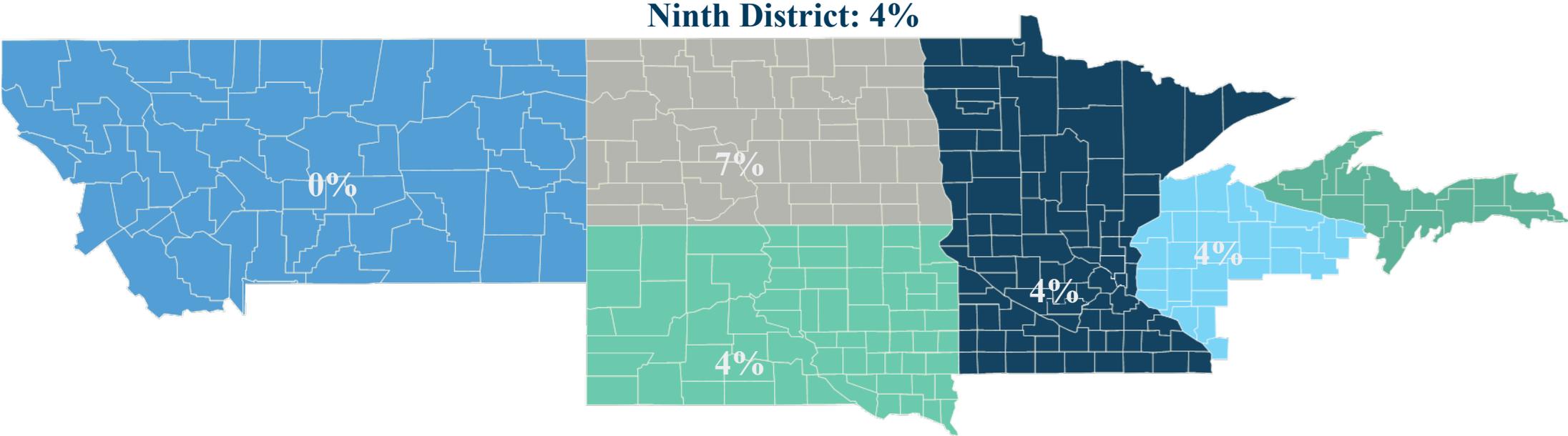
AVERAGE CHANGE IN PRICE OF NONIRRIGATED FARMLAND, 2022Q3-2023Q3



CASH RENTS

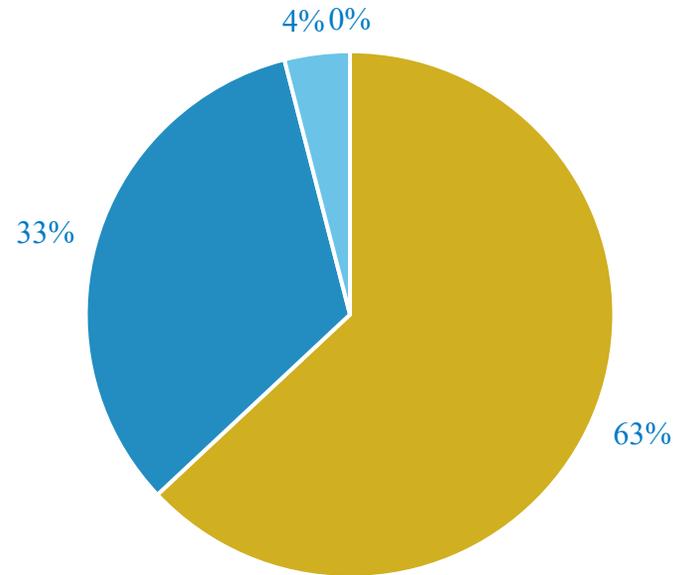
CASH RENTS INCREASED TOO

AVERAGE CHANGE IN CASH RENTS FOR NONIRRIGATED FARMLAND, 2022Q3-2023Q3



LABOR AVAILABILITY A SERIOUS CHALLENGE

AMONG AGRICULTURAL PRODUCERS IN YOUR LENDING AREA, HOW SEVERE IS THE CHALLENGE OF SECURING ADEQUATE FARM LABOR ?

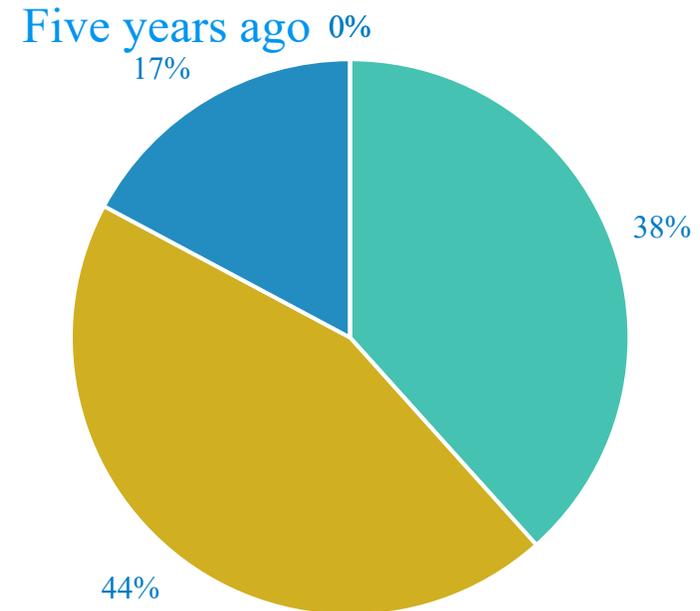
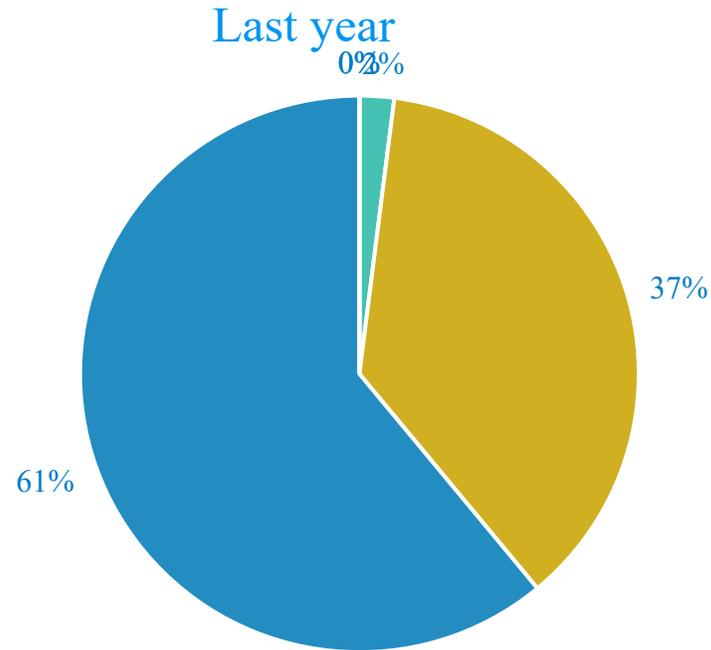


- The most important challenge facing producers
- A serious challenge, but not the most important
- A minor challenge
- Not a challenge at all



LABOR AVAILABILITY

HOW WOULD YOU COMPARE THE AVAILABILITY OF FARM LABOR IN YOUR LENDING AREA THIS YEAR VS...?



■ Much worse ■ A little worse ■ About the same ■ A little better ■ Much better





**THANK YOU!
QUESTIONS?**