DISCLAIMER

The views expressed here are the presenter's and not necessarily those of the Federal Reserve Bank of Minneapolis or the Federal Reserve System.
TODAY’S PRESENTATION

● Agriculture in the Ninth District
● MPLS Fed ag credit survey
● Survey results, Q1 2023
  • Farm incomes grew further
  • Land values up
  • Outlook is cautious to negative
OUTPUT BY INDUSTRY, 2022, U.S. & NINTH DISTRICT

Source: Bureau of Economic Analysis
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
  - April survey: 53 bankers
AGRICULTURE IN SOLID FINANCIAL CONDITION

• Incomes rose from a year ago
• Household spending up, CapEx flat
• Interest rates, loan repayment up, loan demand down
• Land values and rents up from a year ago
• Outlook for Q2 2023 somewhat uncertain
# Farm Income and Spending Up

<table>
<thead>
<tr>
<th></th>
<th>Increased</th>
<th>Unchanged</th>
<th>Decreased</th>
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</thead>
<tbody>
<tr>
<td>Farm Income</td>
<td>51%</td>
<td>34%</td>
<td>15%</td>
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<tr>
<td>Household spending</td>
<td>54%</td>
<td>40%</td>
<td>6%</td>
</tr>
<tr>
<td>Capital spending</td>
<td>29%</td>
<td>45%</td>
<td>25%</td>
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INCOME REMAINED STRONG

Increased or unchanged income compared with a year ago

FARM INCOME
## Credit Conditions

**Loan Demand Down, Repayment Rates Up, Renewals Steady**

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<tbody>
<tr>
<td>Loan demand</td>
<td>13%</td>
<td>42%</td>
<td>45%</td>
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<tr>
<td>Repayment rates</td>
<td>40%</td>
<td>57%</td>
<td>4%</td>
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<tr>
<td>Renewals</td>
<td>10%</td>
<td>69%</td>
<td>21%</td>
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LENDERS EXPECT FALLING INCOME IN Q2 2023

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<tbody>
<tr>
<td>Farm Income</td>
<td>19%</td>
<td>34%</td>
<td>47%</td>
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<tr>
<td>Household Spending</td>
<td>34%</td>
<td>55%</td>
<td>11%</td>
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<tr>
<td>Capital Spending</td>
<td>19%</td>
<td>43%</td>
<td>38%</td>
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</table>
### OUTLOOK FOR STEADY/INCREASED LOAN DEMAND IN Q2 2023

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</thead>
<tbody>
<tr>
<td>Loan demand</td>
<td>36%</td>
<td>43%</td>
<td>21%</td>
</tr>
<tr>
<td>Repayment rates</td>
<td>21%</td>
<td>68%</td>
<td>11%</td>
</tr>
<tr>
<td>Renewals</td>
<td>8%</td>
<td>87%</td>
<td>6%</td>
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</tbody>
</table>
AG INTEREST RATES UP SHARPLY FROM A YEAR AGO

Average interest rates on agricultural loans
LAND VALUES

LAND VALUES UP FROM LAST YEAR
AVERAGE CHANGE IN PRICE OF NONIRRIGATED FARMLAND, 2022Q1-2023Q1

Ninth District: 12%
CASH RENTS INCREASED TOO

AVERAGE CHANGE IN CASH RENTS FOR NONIRRIGATED FARMLAND, 2022Q1-2023Q1

Ninth District: 8%
WHAT IS YOUR TOP CONCERN FOR AGRICULTURAL PRODUCERS IN THIS YEAR?

- Commodity price volatility: 52%
- Rising interest rates: 27%
- Input cost and/or availability: 12%
- Weather and climate (including drought): 4%
- Other: 4%
- Regulatory changes: 2%

COMMODITY PRICES, RATES DOMINATE CONCERNS
THANK YOU!
QUESTIONS?