

AGRICULTURAL CONDITIONS IN THE NINTH DISTRICT

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FEDERAL RESERVE BANK
OF MINNEAPOLIS

DISCLAIMER

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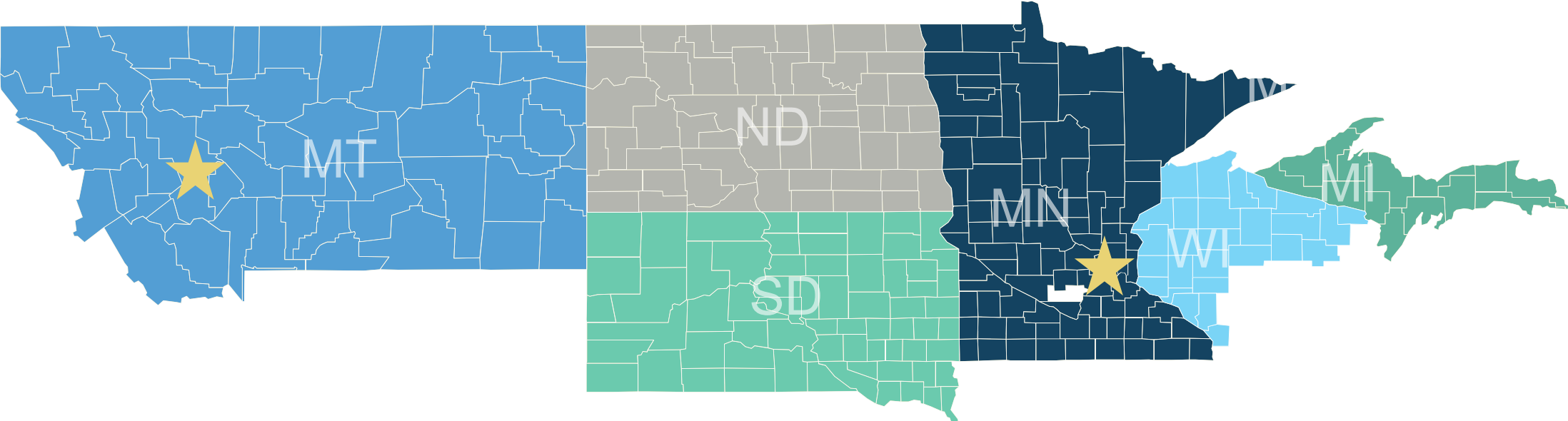
TODAY'S PRESENTATION

- Agriculture in the Ninth District
- MPLS Fed ag credit survey
- Survey results, Q1 2023
 - Farm incomes grew further
 - Land values up
 - Outlook is cautious to negative

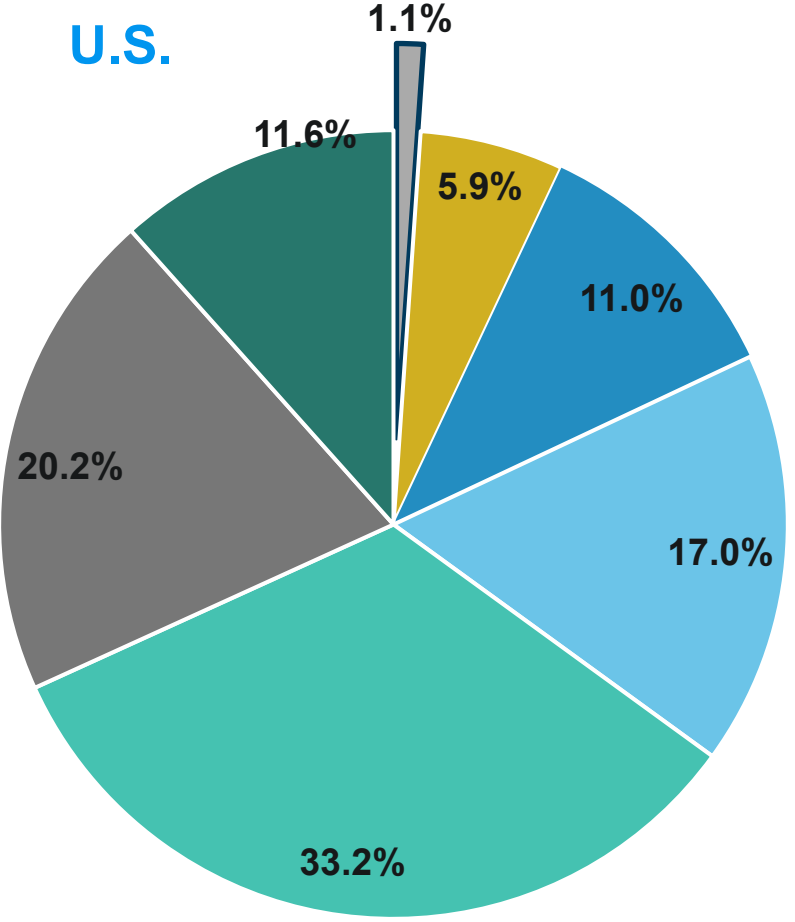


FEDERAL RESERVE BANK OF MINNEAPOLIS

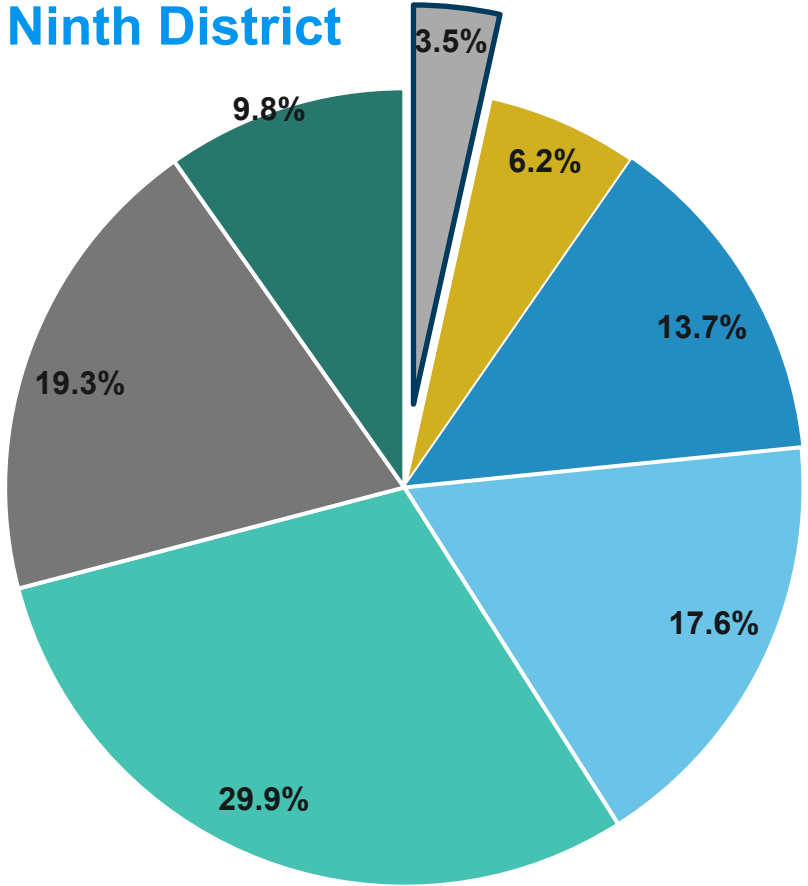
THE FED'S NINTH DISTRICT



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



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



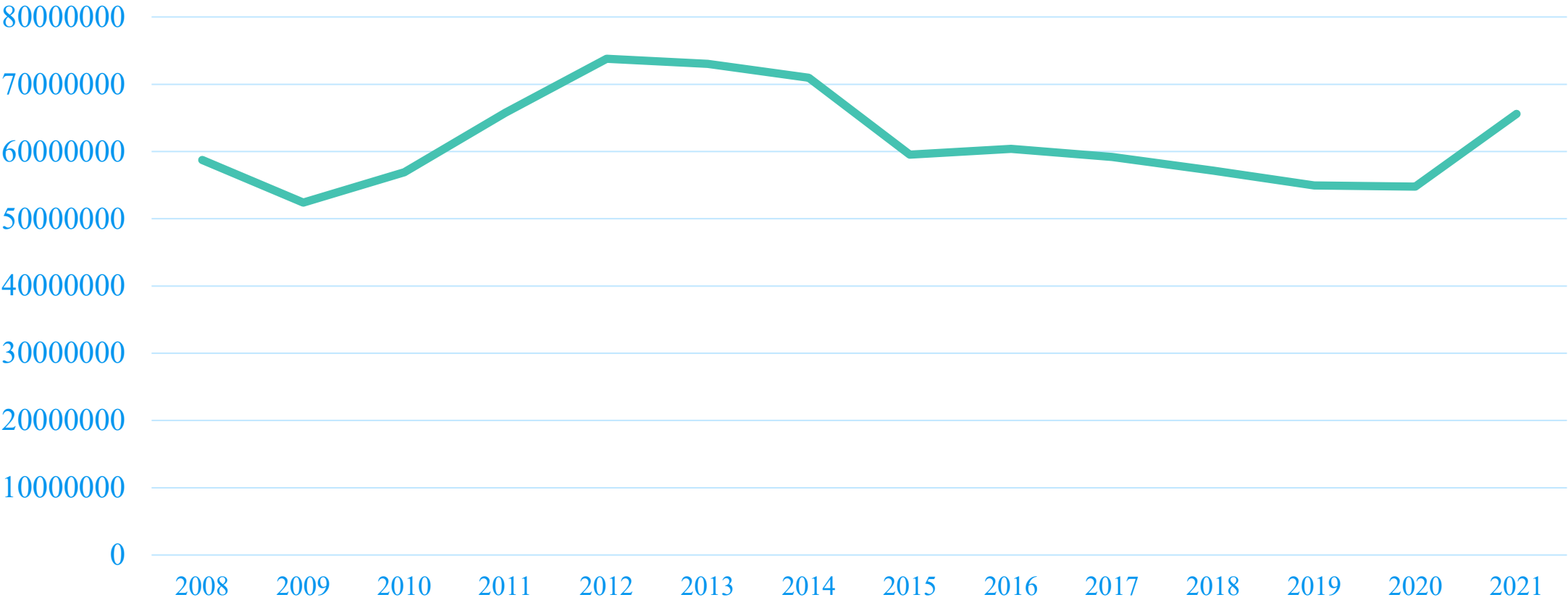
- Construction and Mining
- Trade, Transportation & Utilities
- Finance, Insurance & Real Estate

Source: Bureau of Economic Analysis

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**
 - **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

FARM INCOME AND SPENDING UP

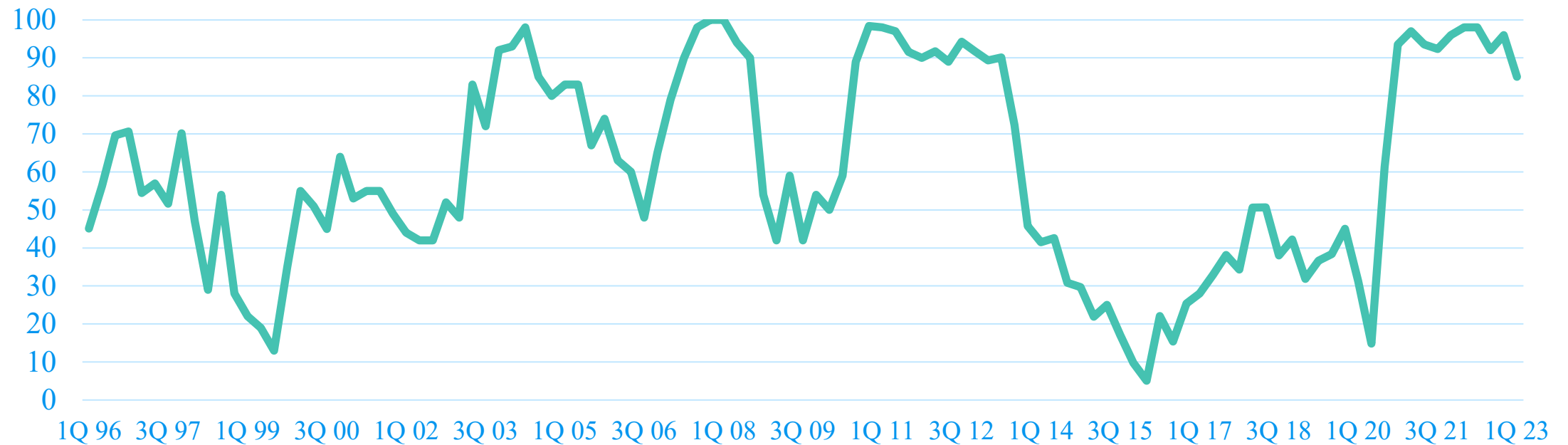
	Increased	Unchanged	Decreased
Farm Income	51%	34%	15%
Household spending	54%	40%	6%
Capital spending	29%	45%	25%



FARM INCOME

INCOME REMAINED STRONG

Increased or unchanged income compared with a year ago



CREDIT CONDITIONS

LOAN DEMAND DOWN, REPAYMENT RATES UP, RENEWALS STEADY

	Increase	No changed	Decrease
Loan demand	13%	42%	45%
Repayment rates	40%	57%	4%
Renewals	10%	69%	21%



LENDERS EXPECT FALLING INCOME IN Q2 2023

	Increase	No changed	Decrease
Farm Income	19%	34%	47%
Household Spending	34%	55%	11%
Capital Spending	19%	43%	38%



OUTLOOK

OUTLOOK FOR STEADY/INCREASED LOAN DEMAND IN Q2 2023

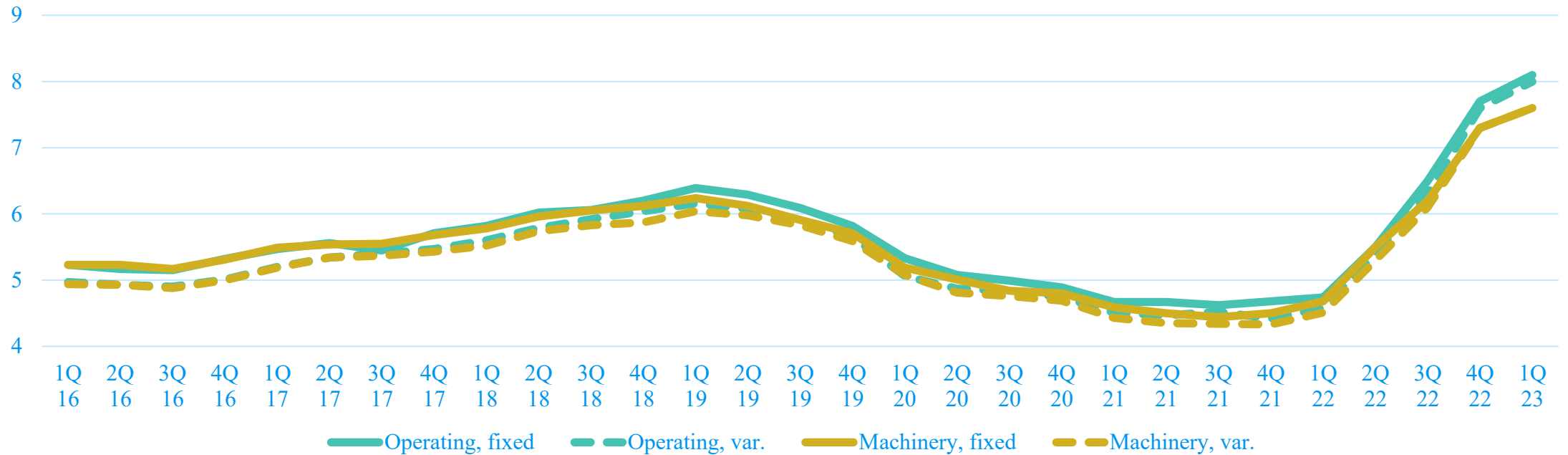
	Increase	No changed	Decrease
Loan demand	36%	43%	21%
Repayment rates	21%	68%	11%
Renewals	8%	87%	6%



INTEREST RATES

AG INTEREST RATES UP SHARPLY FROM A YEAR AGO

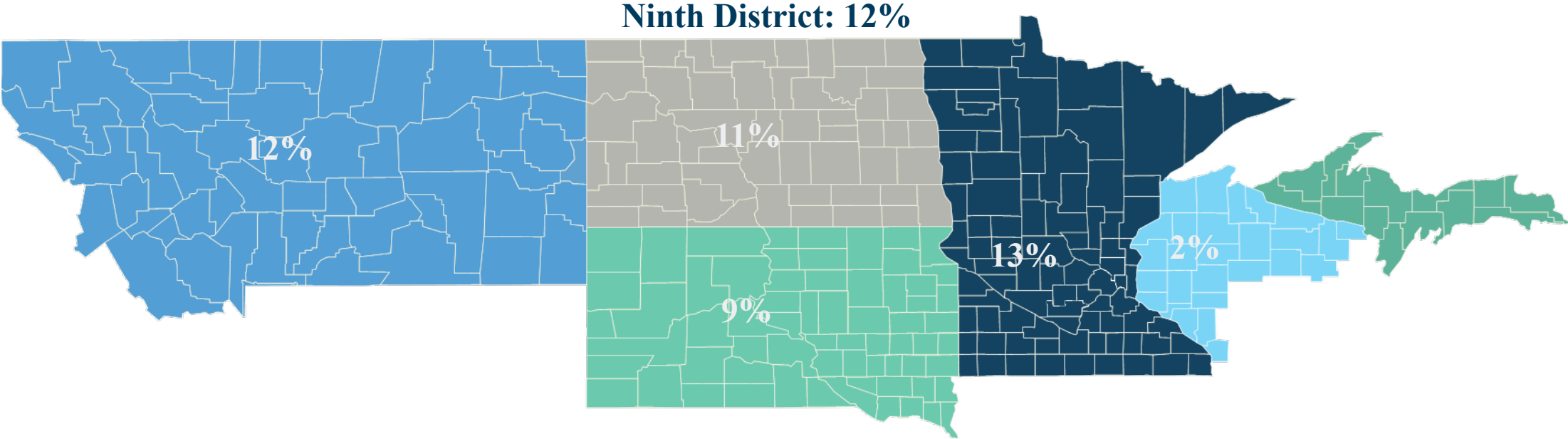
Average interest rates on agricultural loans



LAND VALUES

LAND VALUES UP FROM LAST YEAR

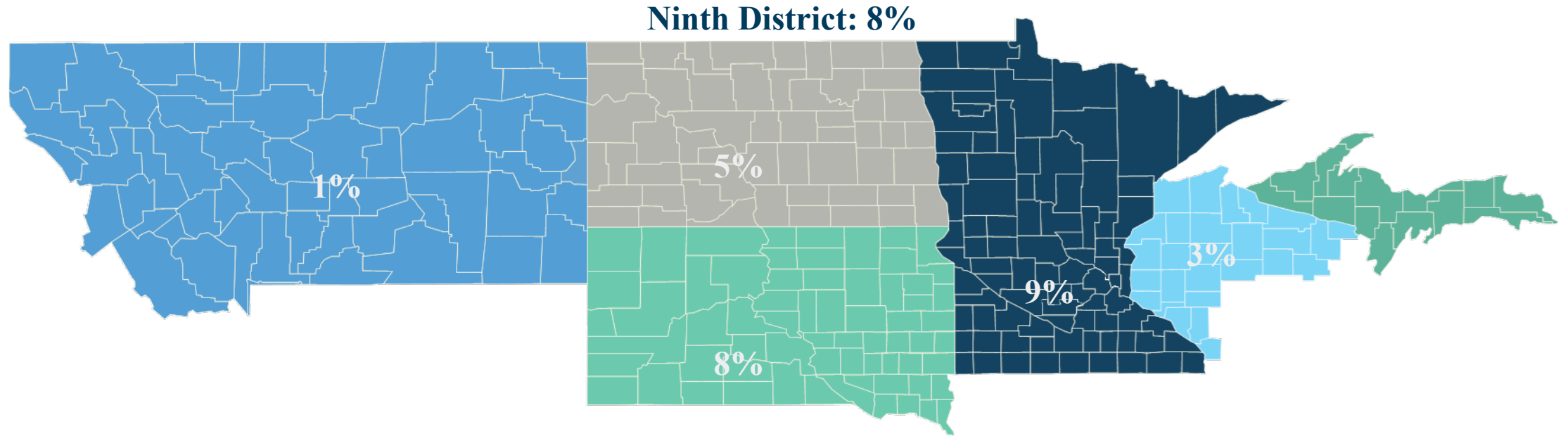
AVERAGE CHANGE IN PRICE OF NONIRRIGATED FARMLAND, 2022Q1-2023Q1



CASH RENTS

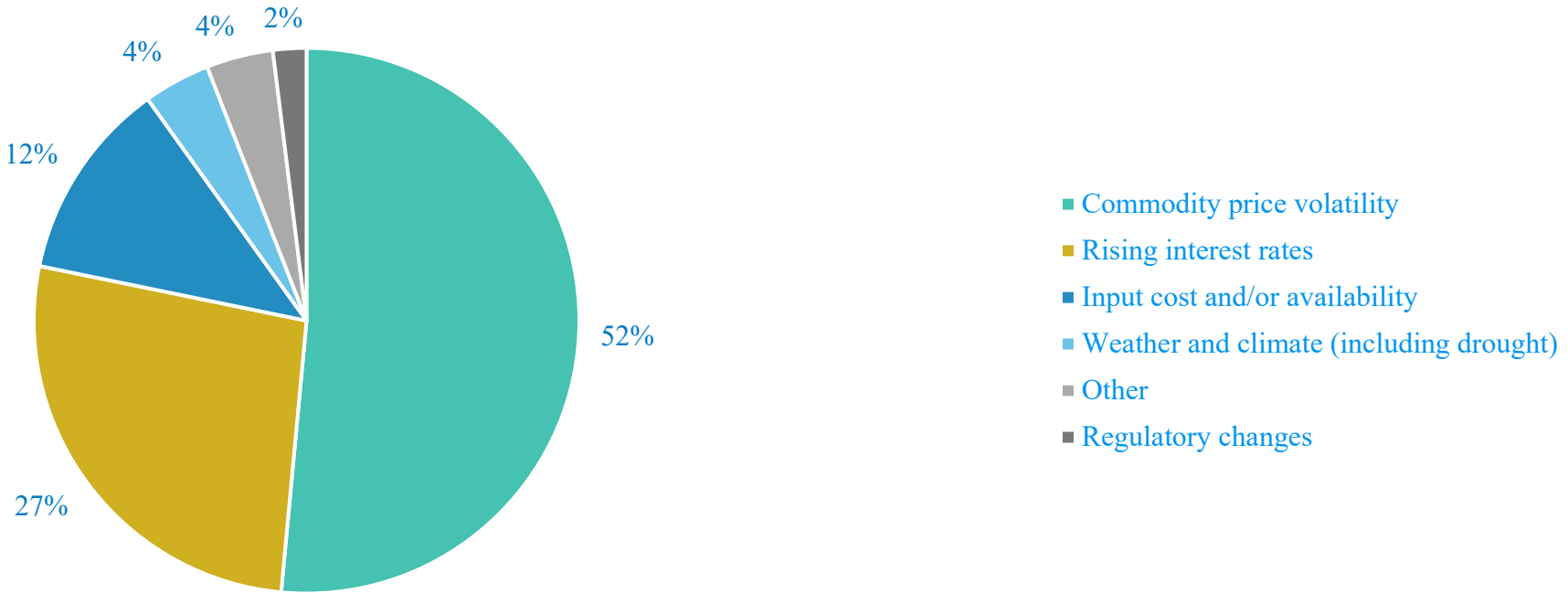
CASH RENTS INCREASED TOO

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



COMMODITY PRICES, RATES DOMINATE CONCERNS

WHAT IS YOUR TOP CONCERN FOR AGRICULTURAL PRODUCERS IN THIS YEAR?





**THANK YOU!
QUESTIONS?**