

AGRICULTURAL CONDITIONS IN THE NINTH DISTRICT

November 15, 2024

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Regional Outreach Director



FEDERAL RESERVE BANK
OF MINNEAPOLIS

DISCLAIMER

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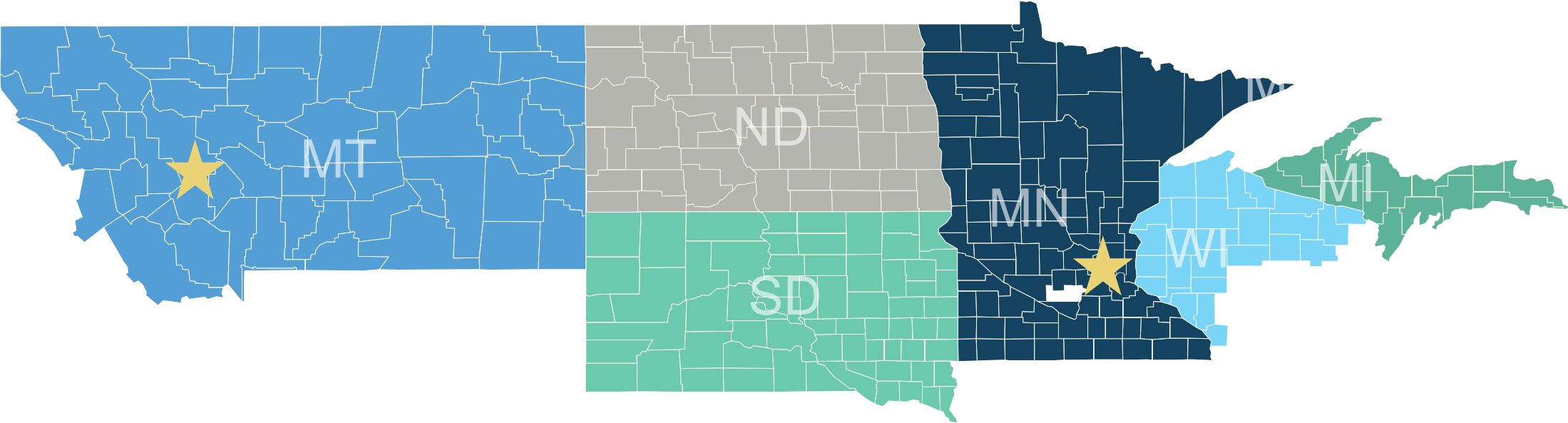
TODAY'S PRESENTATION

- Agriculture in the Ninth District
- MPLS Fed ag credit survey
- Survey results, Q3 2024
 - Farm incomes fell, credit quality weakened
 - Land values and cash rents up
 - Outlook pessimistic



FEDERAL RESERVE BANK OF MINNEAPOLIS

THE FED'S NINTH DISTRICT



UPCOMING EVENT: DECEMBER 3

Regional Economic Conditions: Construction Sector Outlook

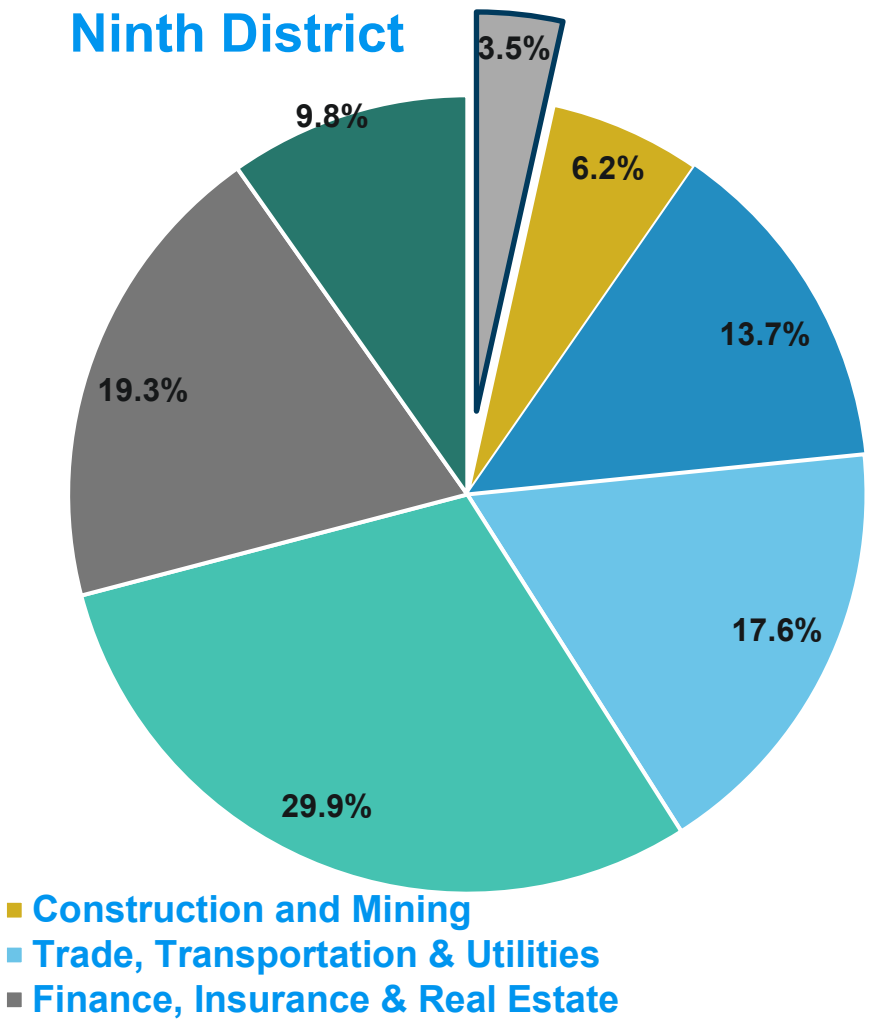
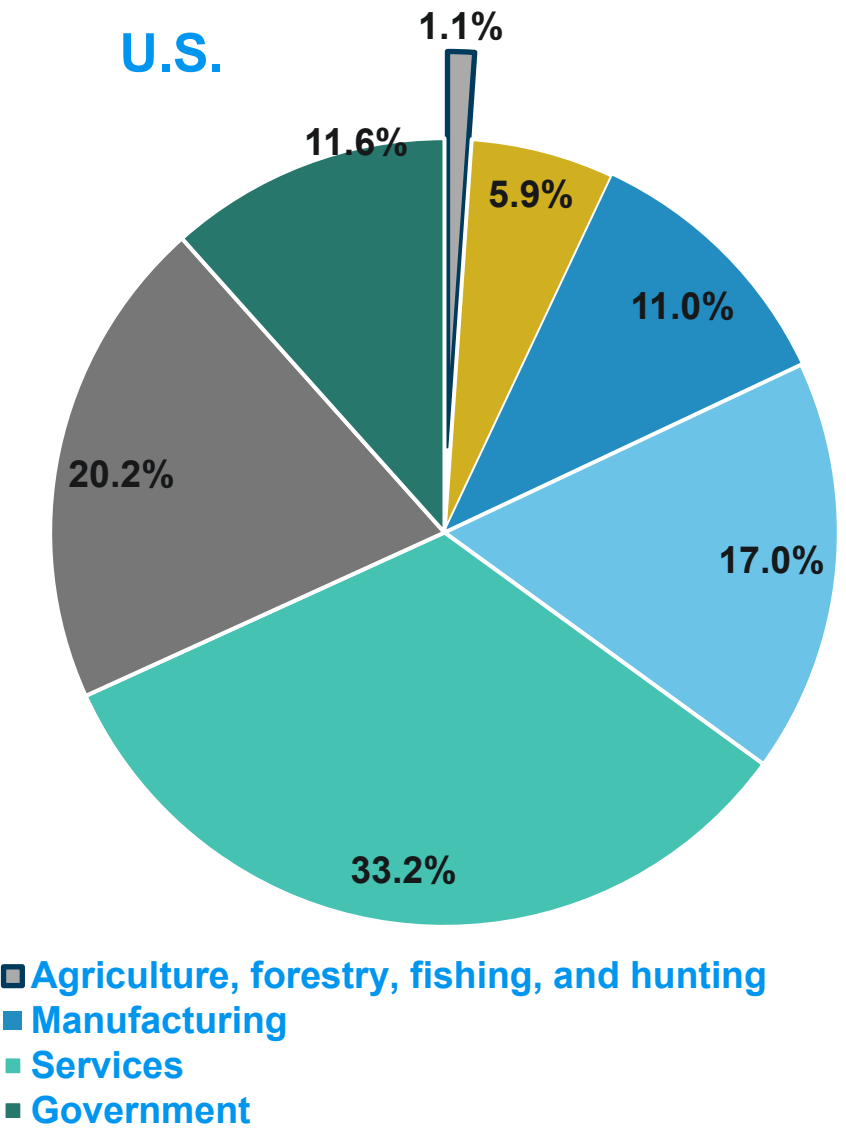
December 3, 2024 | 9:00 – 9:30 a.m. CT

Virtual video event



FEDERAL RESERVE BANK OF MINNEAPOLIS

OUTPUT BY INDUSTRY, 2023, U.S. & NINTH DISTRICT

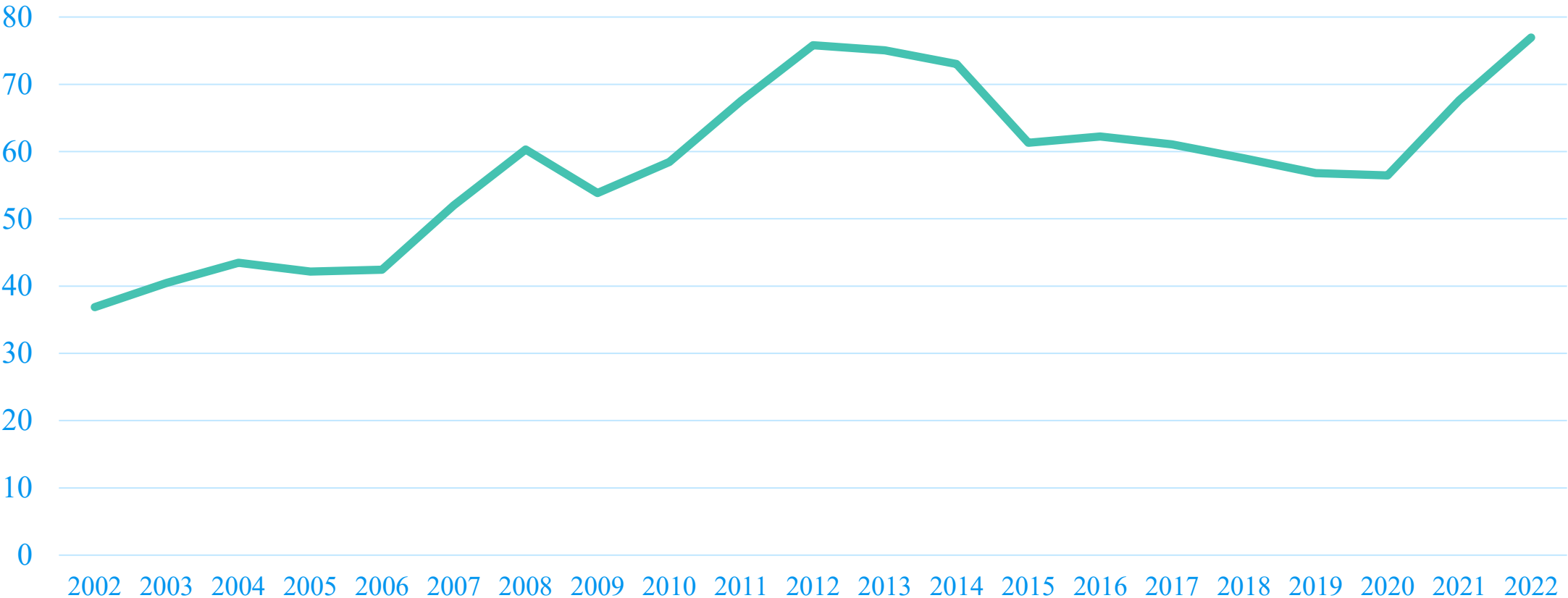


Source: Bureau of Economic Analysis

CASH RECEIPTS

Cash receipts from ag commodities, Ninth District states

Billions of dollars (2024)



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: 54 bankers**



AGRICULTURE IN STABLE FINANCIAL CONDITION DESPITE FALLING INCOMES

- Incomes overwhelmingly decreased from a year ago
- Capital spending also down, Household spending flat
- Interest rates declined slightly
- Loan demand up and repayment rates down
- Land values and rents up from a year ago
- Outlook for Q4 2024 negative

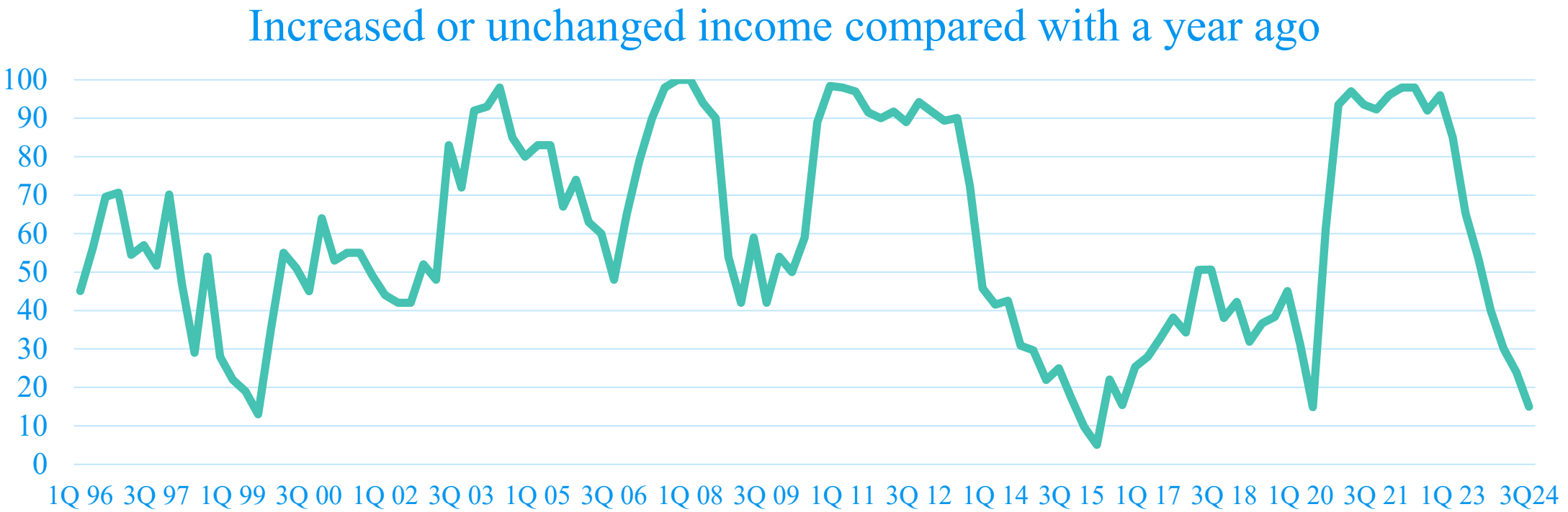


FARM INCOME DOWN, SPENDING MIXED

| | Increased | Unchanged | Decreased |
|--------------------|-----------|-----------|-----------|
| Farm Income | 7% | 7% | 85% |
| Household spending | 28% | 48% | 24% |
| Capital spending | 11% | 22% | 67% |



INCOME SHARPLY DOWN OVER PAST 18 MONTHS



CREDIT CONDITIONS

LOAN DEMAND AND RENEWALS UP, REPAYMENT RATES STEADY

| | Increase | No changed | Decrease |
|-----------------|----------|------------|----------|
| Loan demand | 48% | 31% | 20% |
| Repayment rates | 2% | 61% | 37% |
| Renewals | 35% | 65% | 0% |



LENDERS SEE FALLING INCOME, SPENDING IN Q4 2024

| | Increase | No changed | Decrease |
|--------------------|----------|------------|----------|
| Farm Income | 6% | 11% | 83% |
| Household Spending | 26% | 31% | 43% |
| Capital Spending | 9% | 20% | 70% |

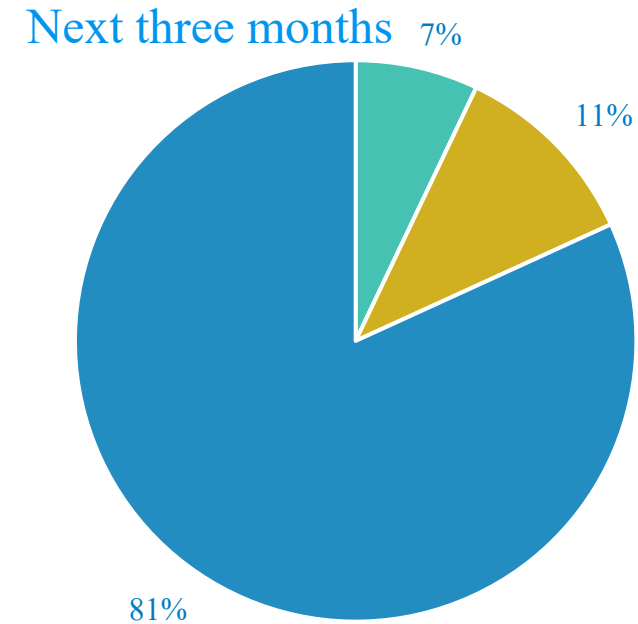
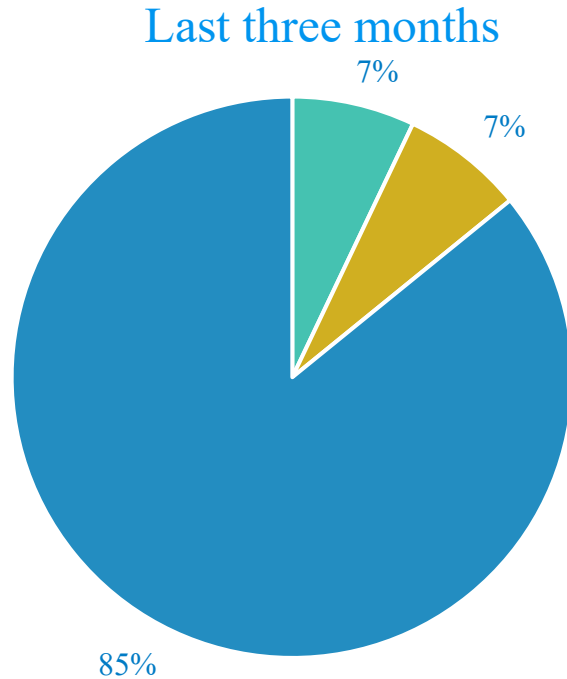
OUTLOOK FOR INCREASED LOAN DEMAND AND RENEWALS, DECREASED REPAYMENT RATES IN Q4 2024

| | Increase | No changed | Decrease |
|-----------------|----------|------------|----------|
| Loan demand | 61% | 20% | 19% |
| Repayment rates | 7% | 35% | 57% |
| Renewals | 41% | 57% | 2% |



LIQUIDITY

WHAT CHANGES OCCURRED IN FARM BORROWER LIQUIDITY COMPARED TO THE SAME MONTHS A YEAR AGO...?

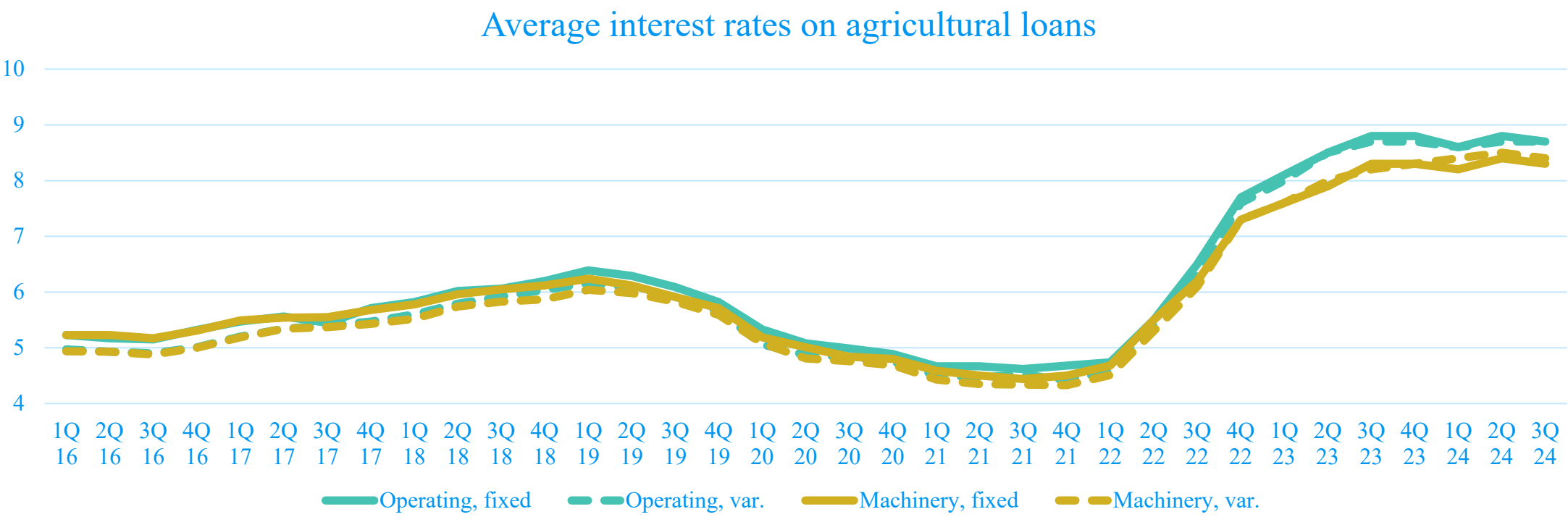


■ Up ■ Same ■ Down



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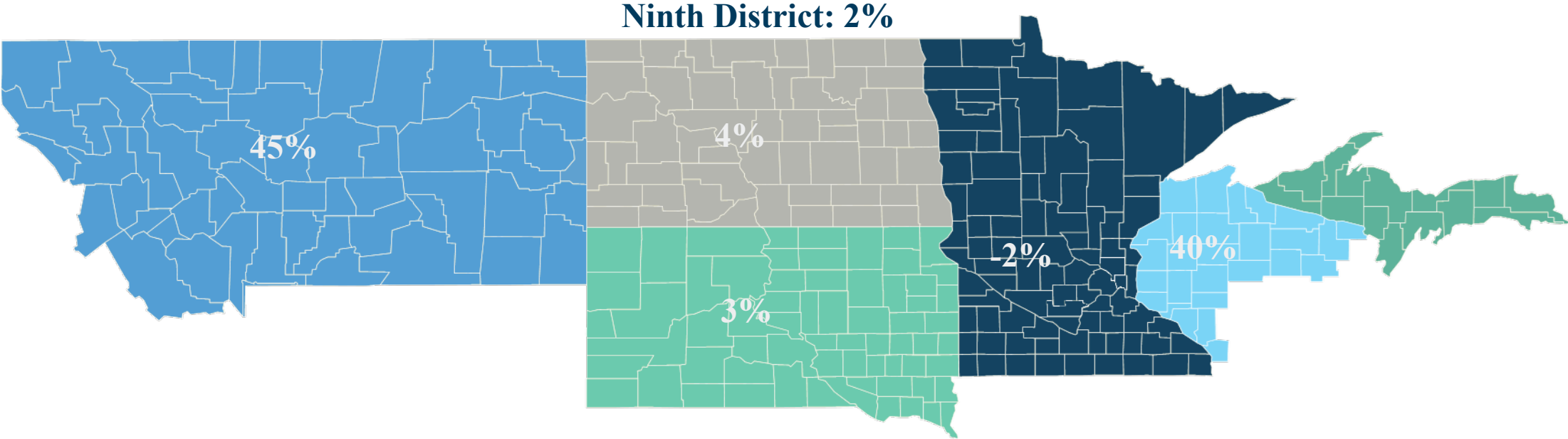
AG INTEREST RATES TICKED DOWN BUT REMAIN HIGH



LAND VALUES

LAND VALUES UP FROM LAST YEAR

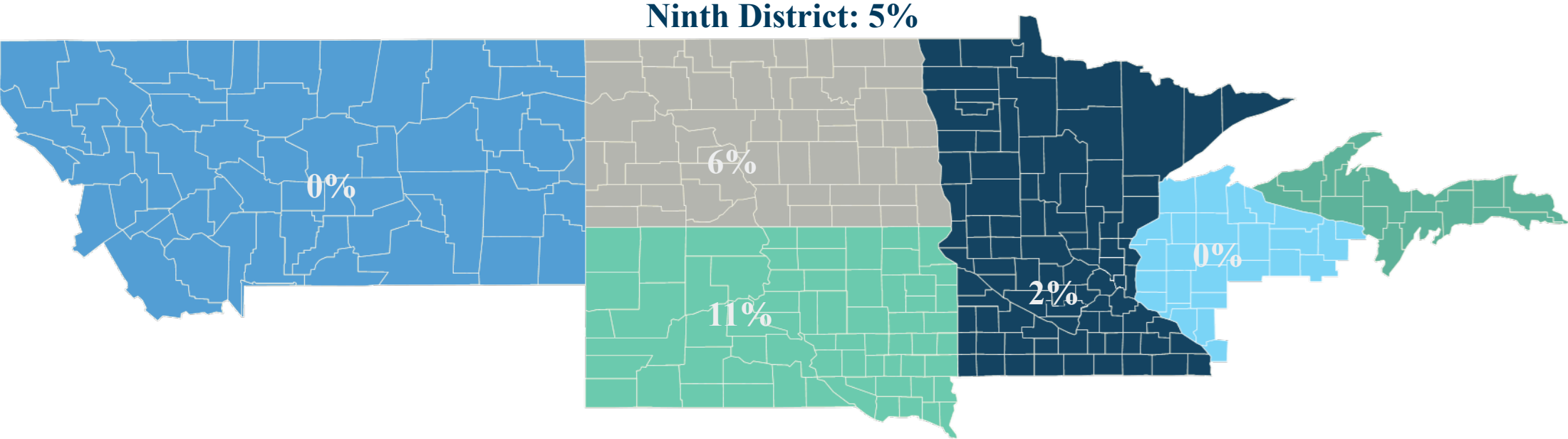
AVERAGE CHANGE IN PRICE OF NONIRRIGATED FARMLAND, 2023Q3-2024Q3



CASH RENTS

CASH RENTS INCREASED TOO

AVERAGE CHANGE IN CASH RENTS FOR NONIRRIGATED FARMLAND, 2023Q3-2024Q3





THANK YOU!
QUESTIONS?