

# AGRICULTURAL CONDITIONS IN THE NINTH DISTRICT

May 13, 2024

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FEDERAL RESERVE BANK  
OF MINNEAPOLIS

# DISCLAIMER

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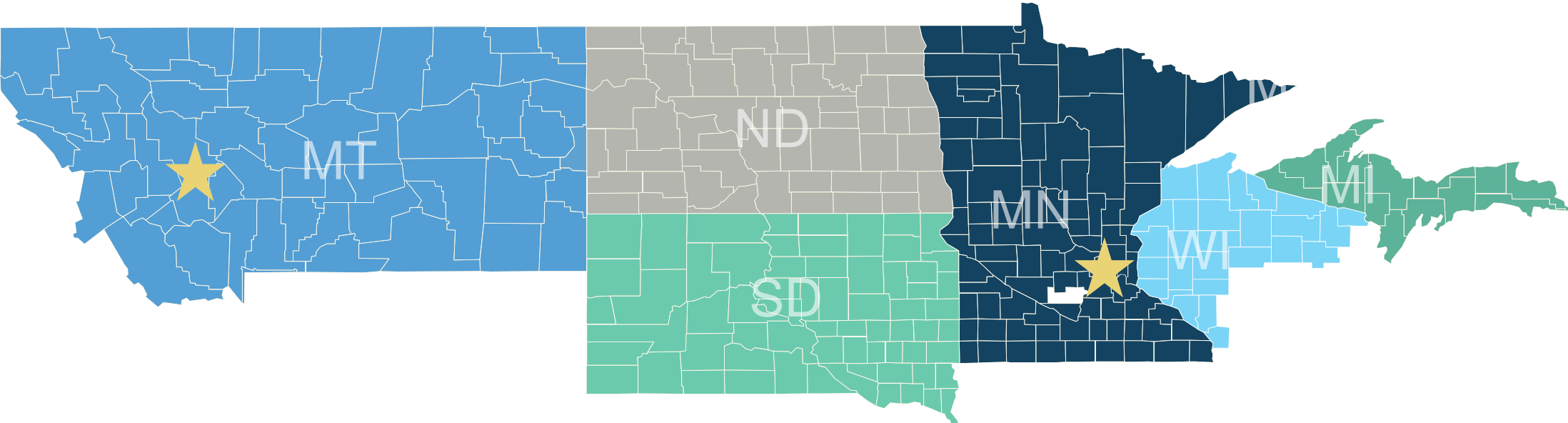
## TODAY'S PRESENTATION

- Agriculture in the Ninth District
- MPLS Fed ag credit survey
- Survey results, Q1 2024
  - Farm incomes decreased
  - Land values up
  - Near term outlook is pessimistic



# FEDERAL RESERVE BANK OF MINNEAPOLIS

## THE FED'S NINTH DISTRICT



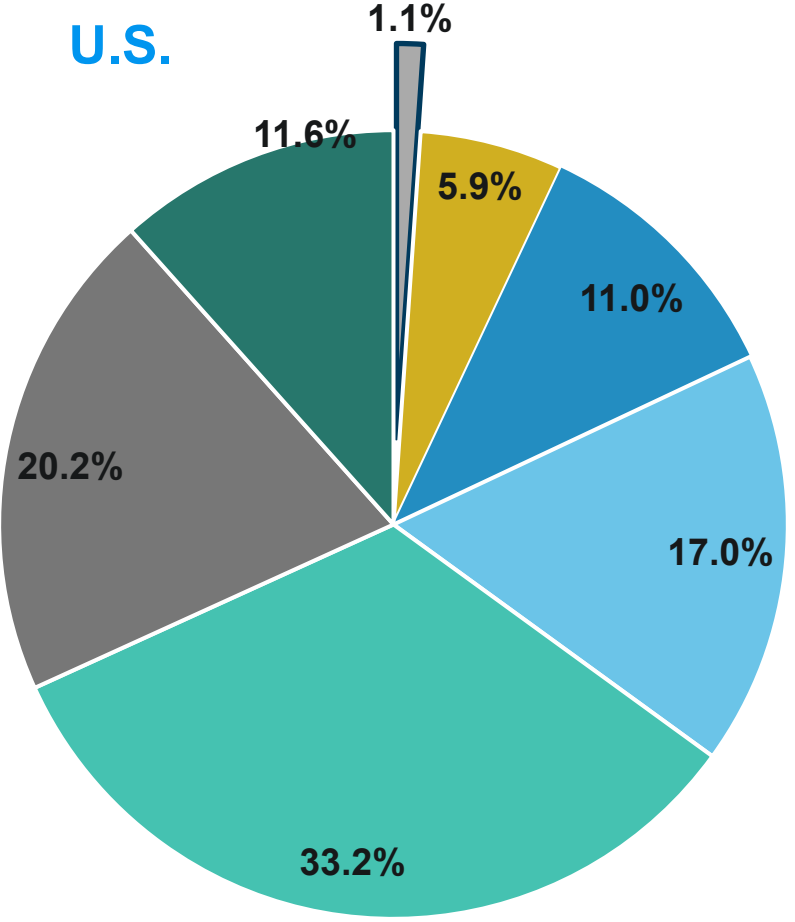
# UPCOMING EVENT: MAY 21

## Regional Economic Conditions: Construction Sector Outlook

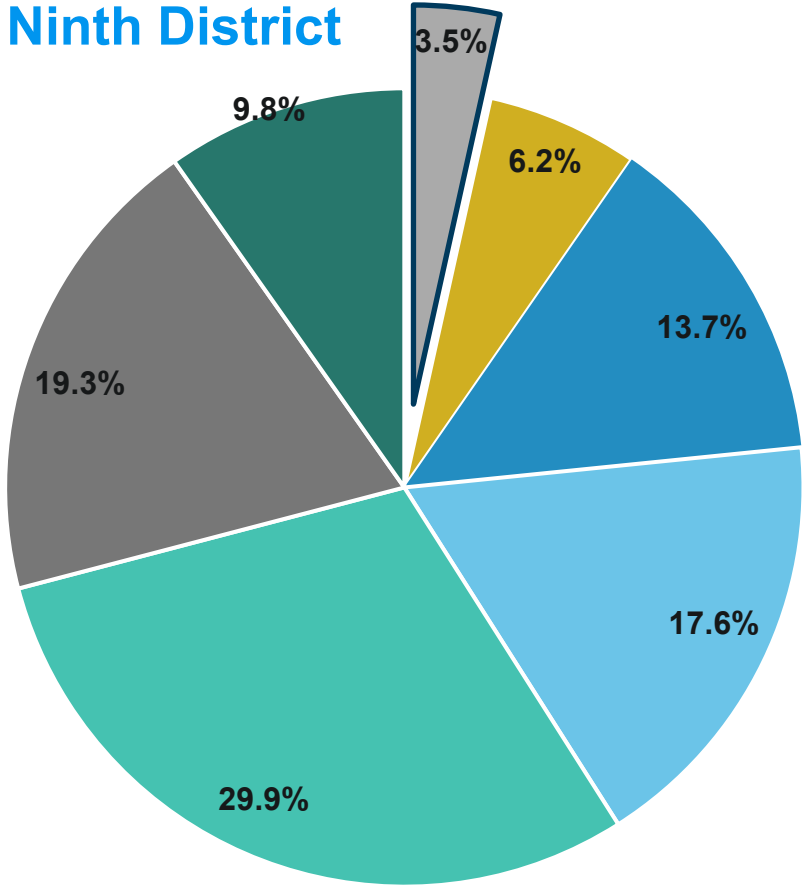
May 21, 2024 | 9:00 – 9:30 a.m. CT  
Virtual video event



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



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



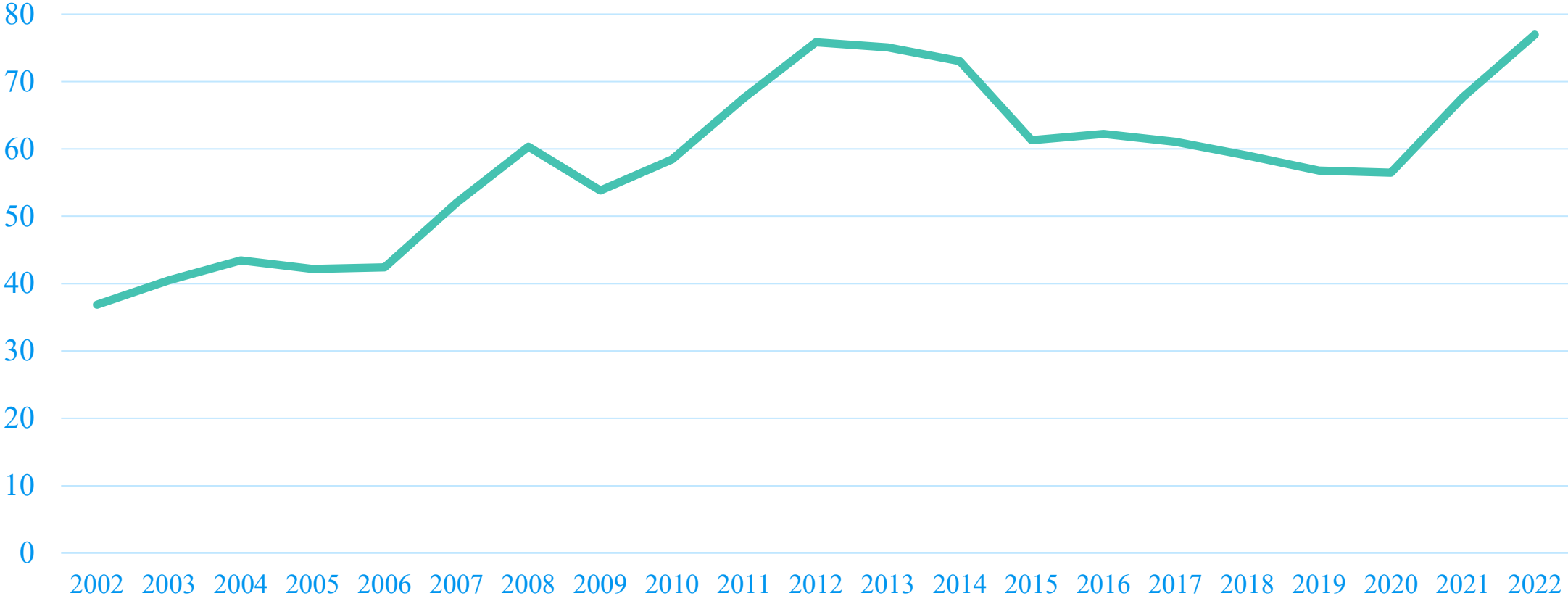
- Construction and Mining
- Trade, Transportation & Utilities
- Finance, Insurance & Real Estate

Source: Bureau of Economic Analysis

# CASH RECEIPTS

## Cash receipts from ag commodities, Ninth District states

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**
  - **April survey: 60 bankers**



## AGRICULTURE IN SOLID FINANCIAL CONDITION

- **Incomes decreased from a year ago**
- **CapEx also down, Household spending up,**
- **Interest rates moderated, loan demand increased, repayment rates ticked down,**
- **Land values and rents up from a year ago**
- **Outlook for Q2 2024 negative**



# FARM INCOME

## FARM INCOME AND SPENDING DOWN

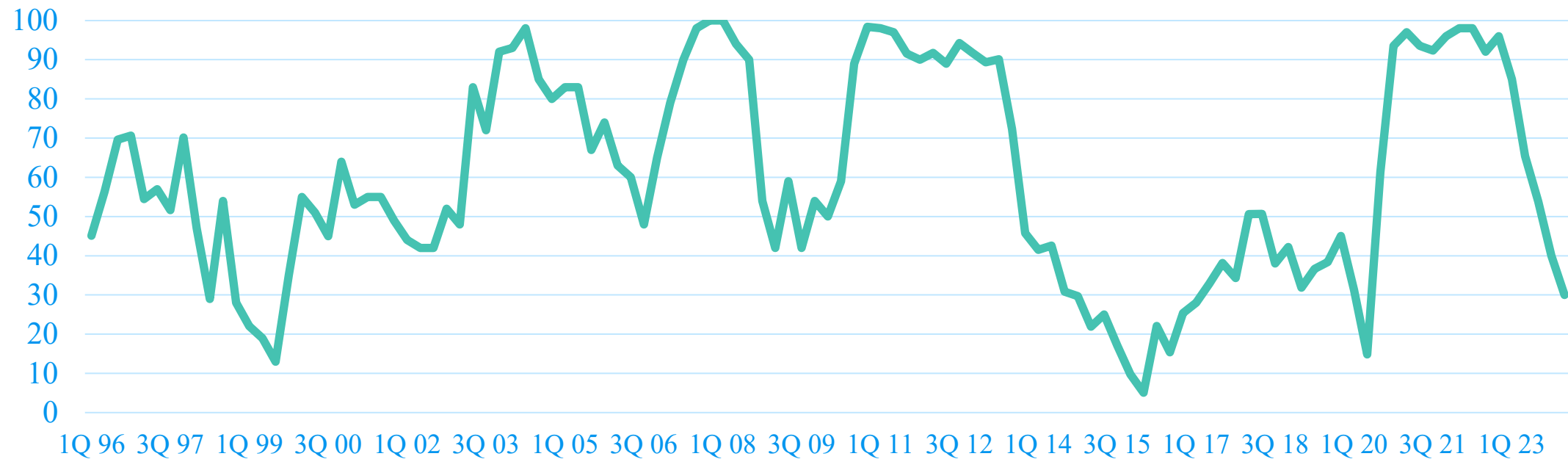
	Increased	Unchanged	Decreased
<b>Farm Income</b>	17%	13%	70%
<b>Household spending</b>	35%	48%	17%
<b>Capital spending</b>	15%	32%	53%



# FARM INCOME

## INCOME TRENDING DOWN OVER PAST YEAR

Increased or unchanged income compared with a year ago



# CREDIT CONDITIONS

## LOAN DEMAND AND RENEWALS UP, REPAYMENT RATES DOWN

	Increase	No changed	Decrease
<b>Loan demand</b>	<b>55%</b>	<b>28%</b>	<b>17%</b>
<b>Repayment rates</b>	<b>5%</b>	<b>68%</b>	<b>27%</b>
<b>Renewals</b>	<b>23%</b>	<b>75%</b>	<b>2%</b>



## LENDERS EXPECT INCOME, SPENDING DROP IN Q2 2024

	Increase	No changed	Decrease
<b>Farm Income</b>	<b>8%</b>	<b>17%</b>	<b>75%</b>
<b>Household Spending</b>	<b>22%</b>	<b>52%</b>	<b>27%</b>
<b>Capital Spending</b>	<b>8%</b>	<b>30%</b>	<b>62%</b>



# OUTLOOK

## OUTLOOK FOR STEADY/INCREASED LOAN DEMAND IN Q2 2023

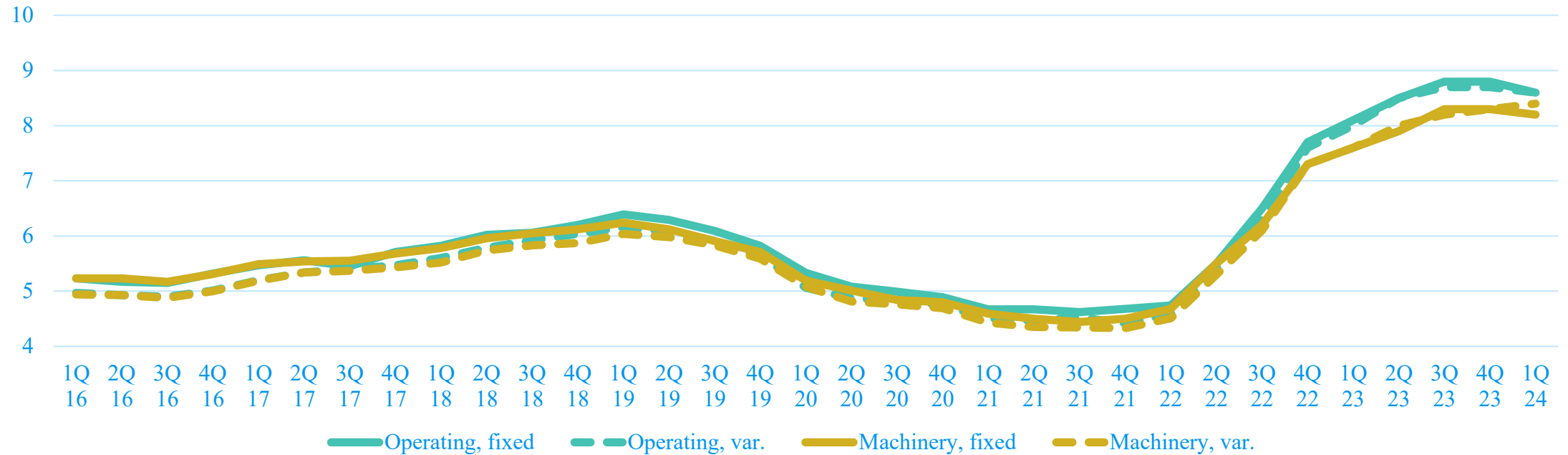
	Increase	No changed	Decrease
<b>Loan demand</b>	<b>36%</b>	<b>43%</b>	<b>21%</b>
<b>Repayment rates</b>	<b>21%</b>	<b>68%</b>	<b>11%</b>
<b>Renewals</b>	<b>8%</b>	<b>87%</b>	<b>6%</b>



# INTEREST RATES

## AG INTEREST RATES HIGH BUT MODERATING

Average interest rates on agricultural loans

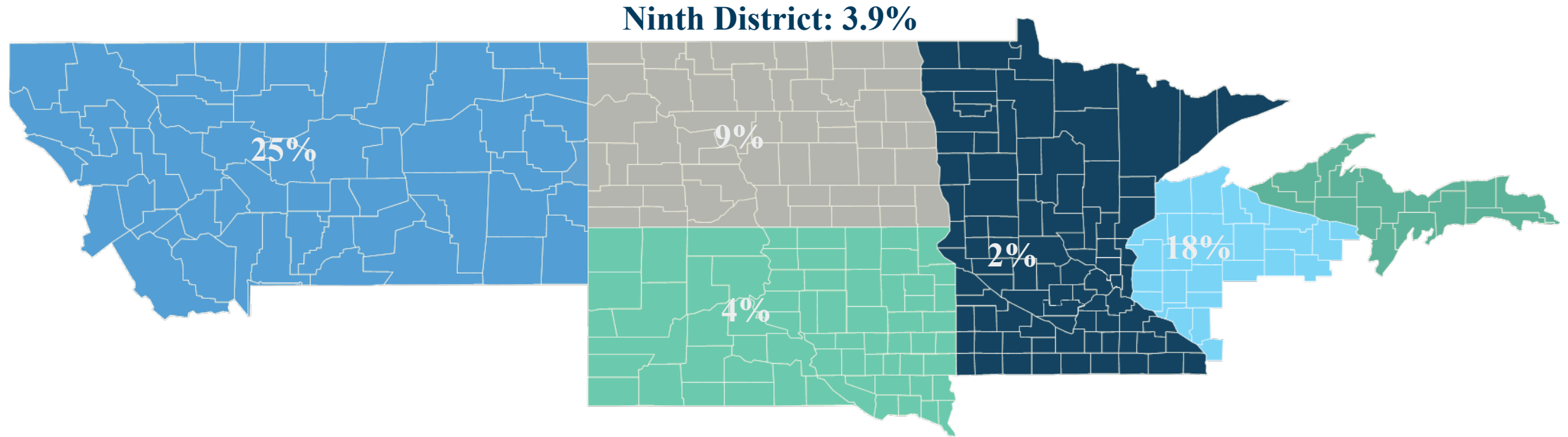




# LAND VALUES

## LAND VALUES UP FROM LAST YEAR

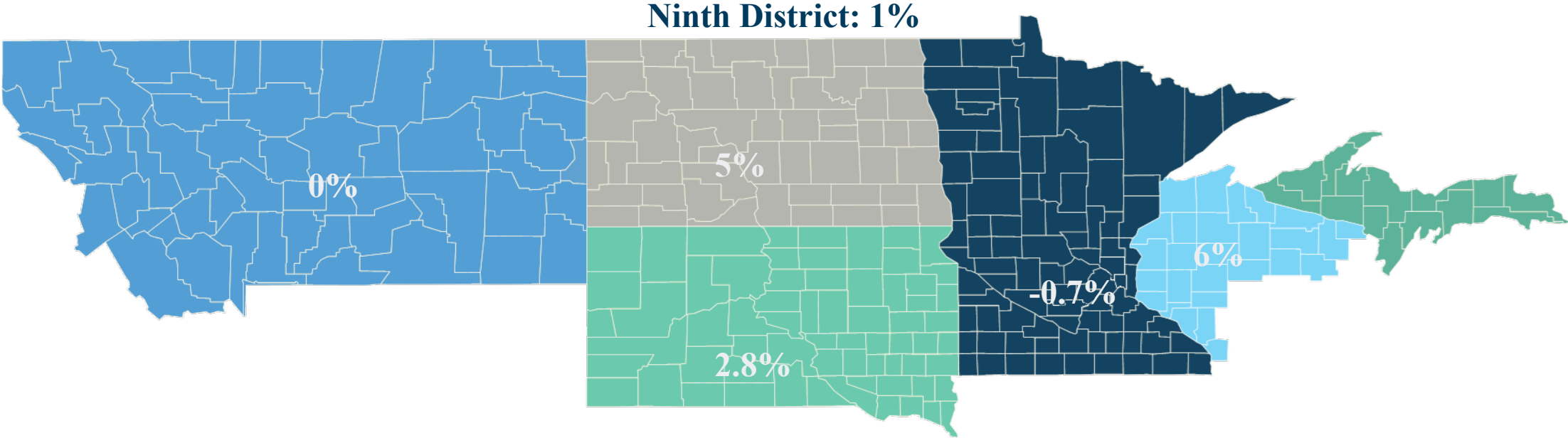
AVERAGE CHANGE IN PRICE OF NONIRRIGATED FARMLAND, 2023Q1-2024Q1



# CASH RENTS

## CASH RENTS INCREASED TOO

AVERAGE CHANGE IN CASH RENTS FOR NONIRRIGATED FARMLAND, 2023Q1-2024Q1





**THANK YOU!  
QUESTIONS?**