AGRICULTURAL CONDITIONS IN THE NINTH DISTRICT

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FEDERAL RESERVE BANK OF MINNEAPOLIS

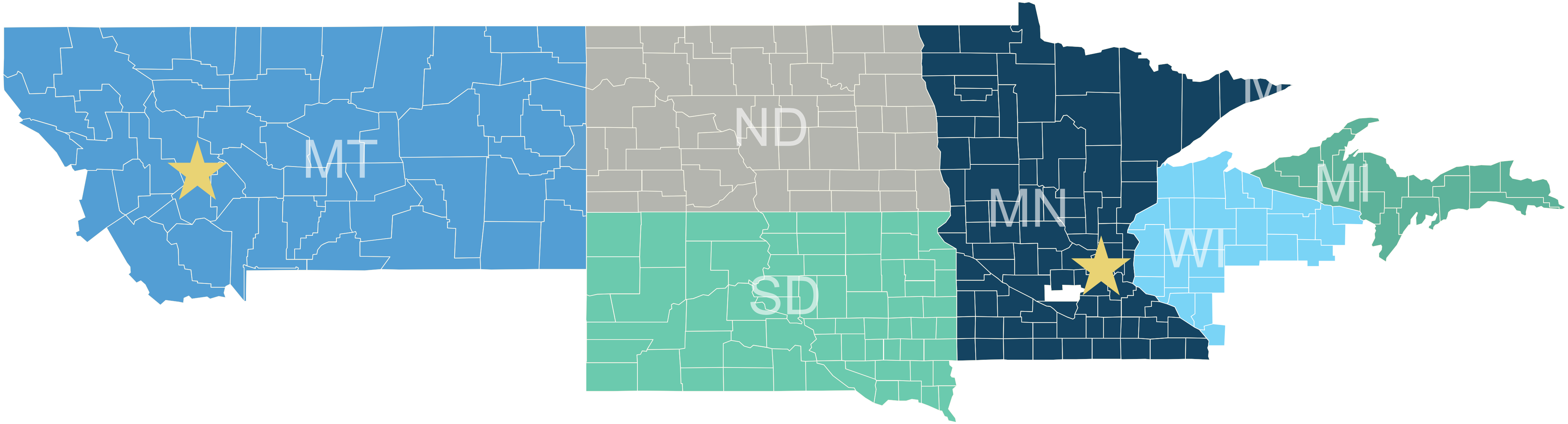
DISCLAIMER

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
- Ag Credit survey, Q3 2025
  - Farm incomes fell, credit quality weakened
  - Land values up, cash rents down
  - Outlook pessimistic
- Farm Labor

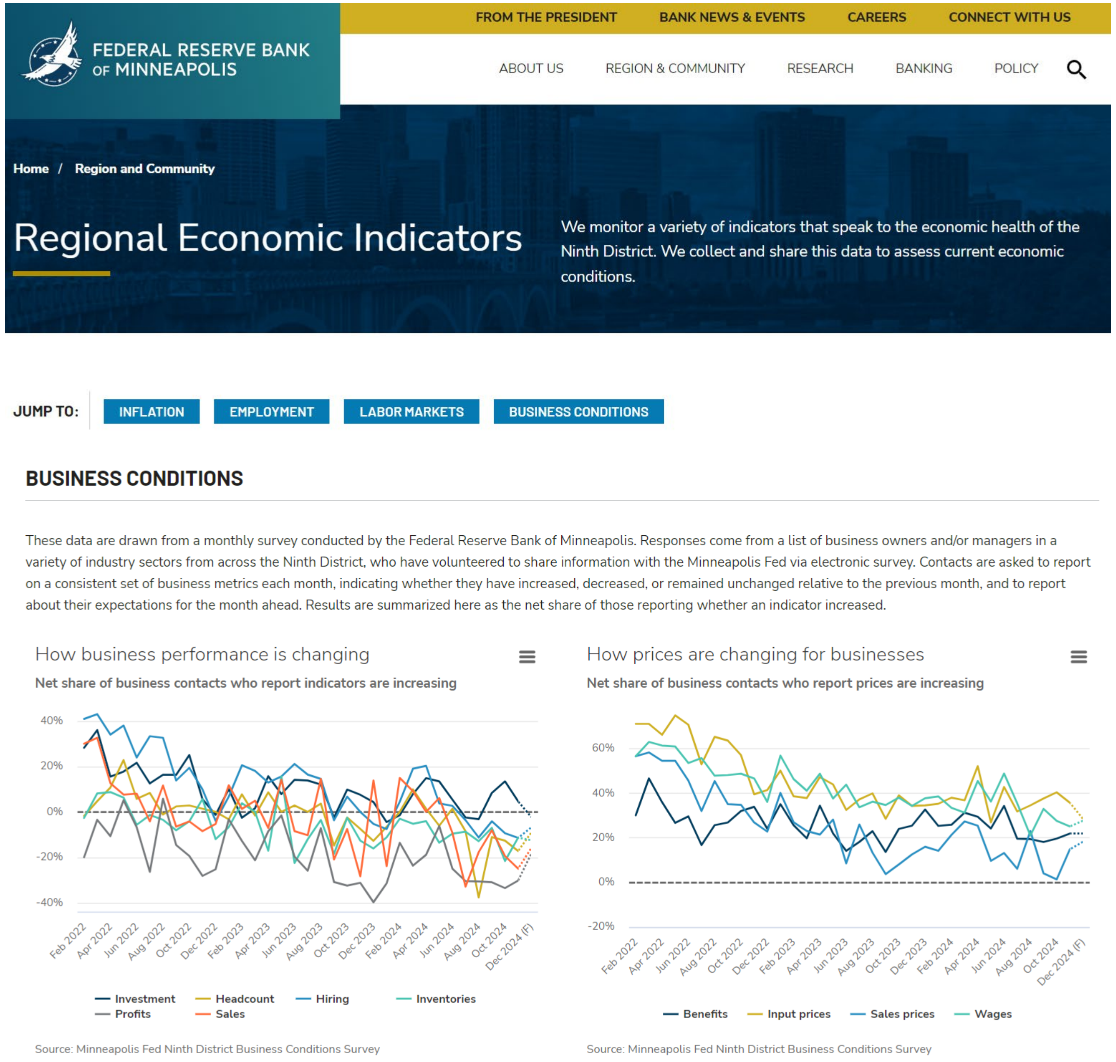
THE FED'S NINTH DISTRICT



UPCOMING EVENT: DECEMBER 12

MINNEAPOLIS FED BUSINESS PULSE SURVEY

- Monthly business conditions survey, three years running
- Tracks a variety of business indicators and prices, looking one month back and forward
- Results published on minneapolisfed.org

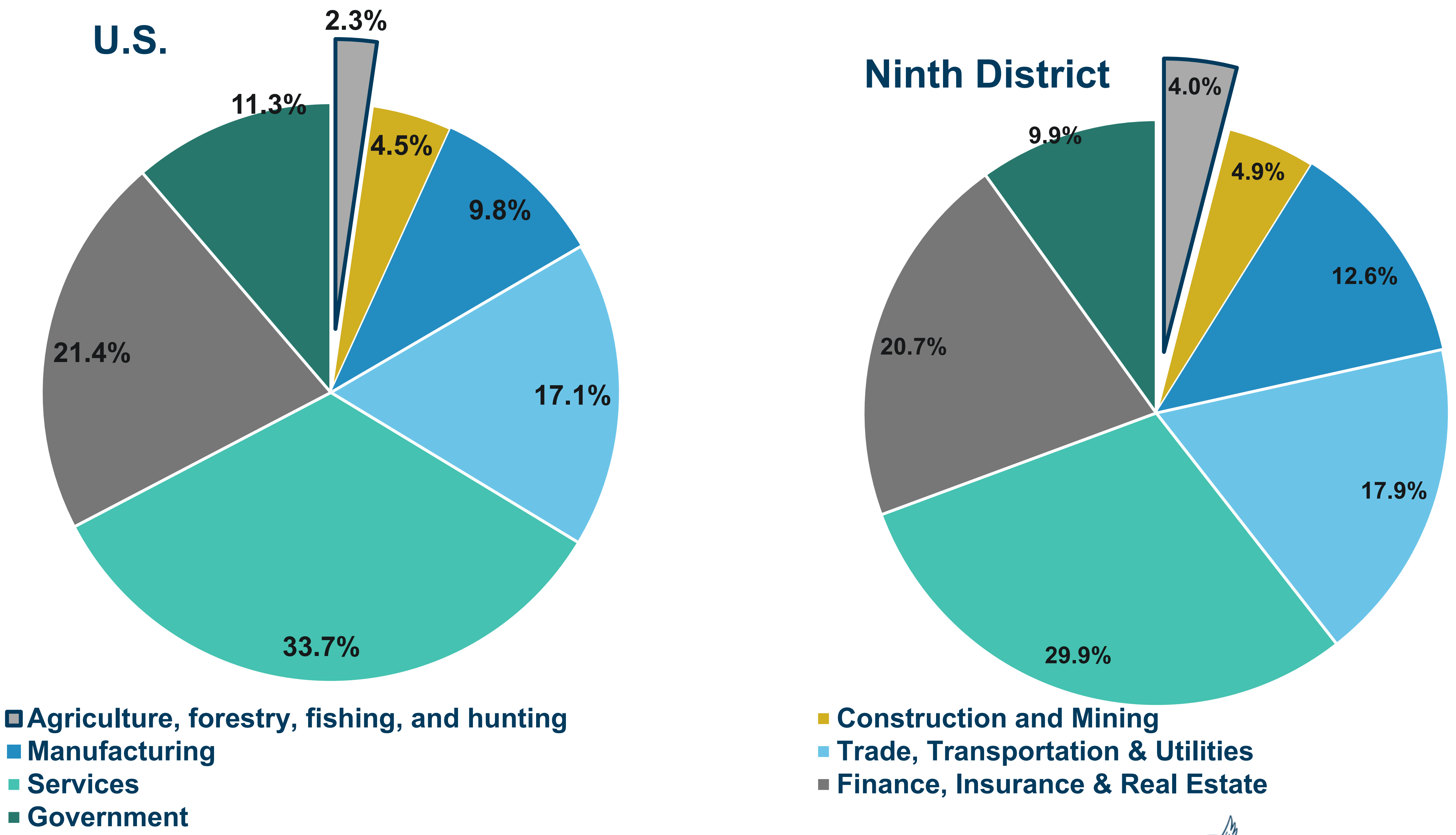


MINNEAPOLIS FED BUSINESS PULSE SURVEY

Scan to become a source:

- Highly-engaged business contacts representing all industries, firm sizes, and District states.
- Panelists opt-in, recruited via multiple channels (in-person events, partner orgs, subscribers, etc.)
- **<< Sign-up to participate!**

OUTPUT BY INDUSTRY, 2024, U.S. & NINTH DISTRICT



Source: Bureau of Economic Analysis

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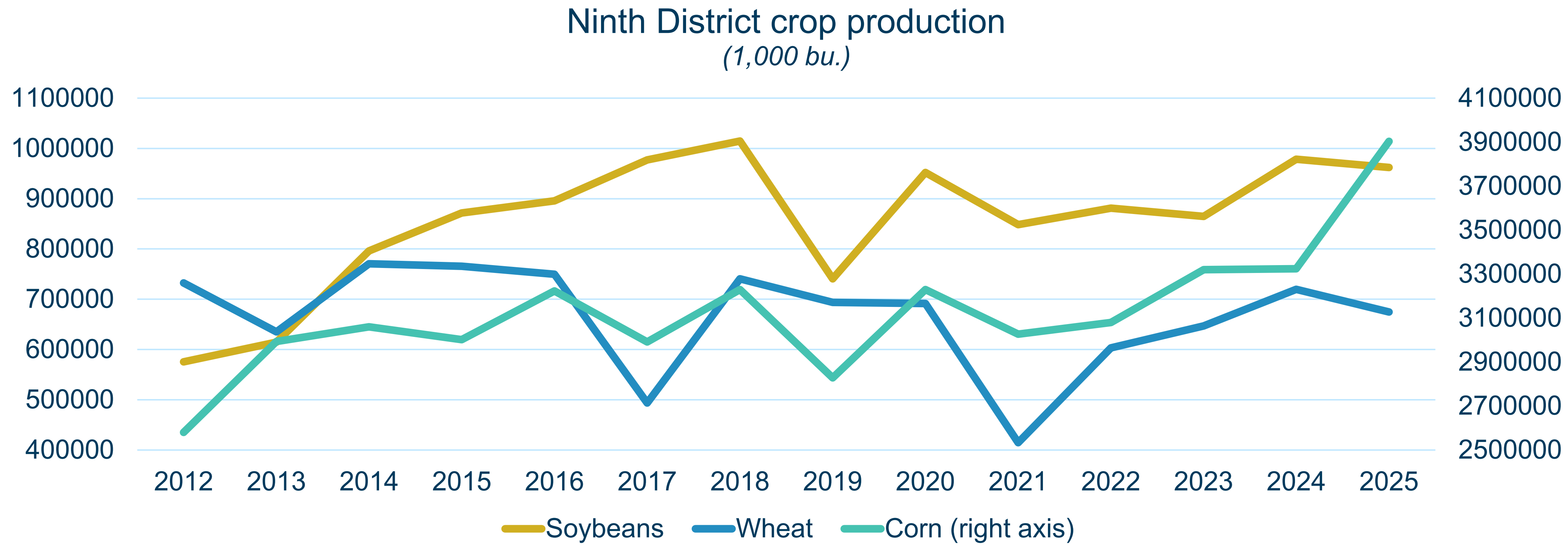
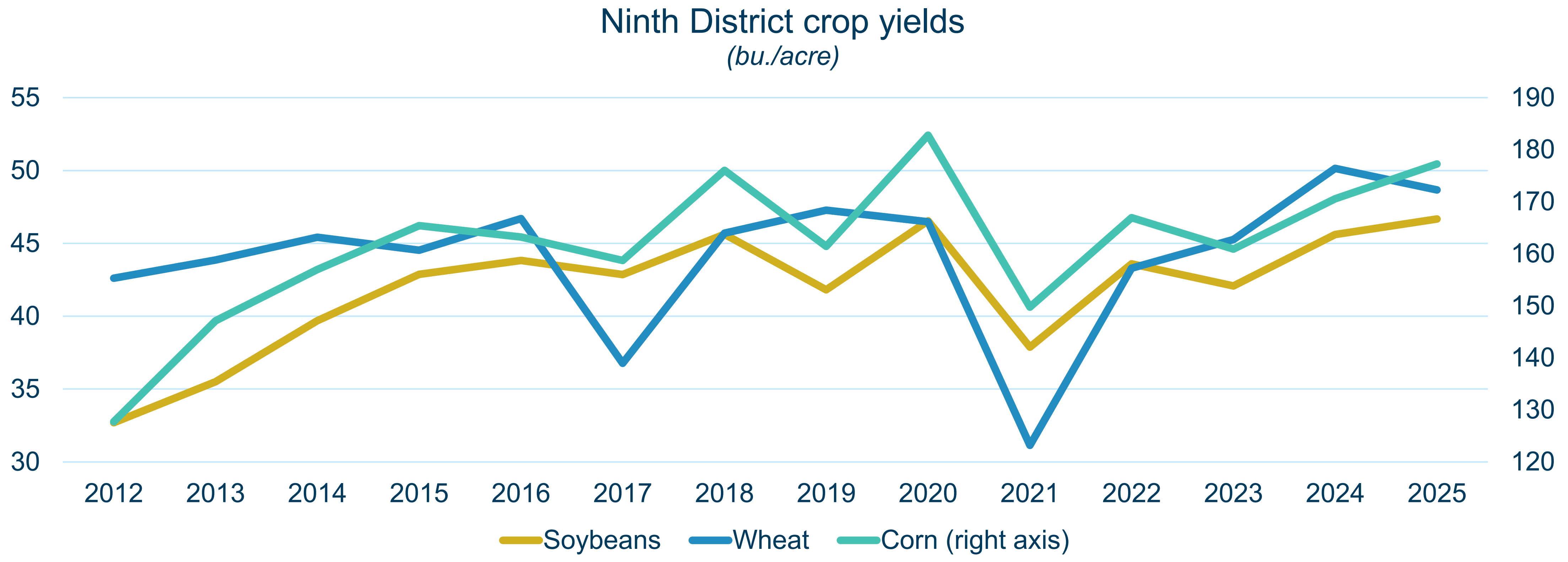
VERY STRONG CROP PRODUCTION IN 2025



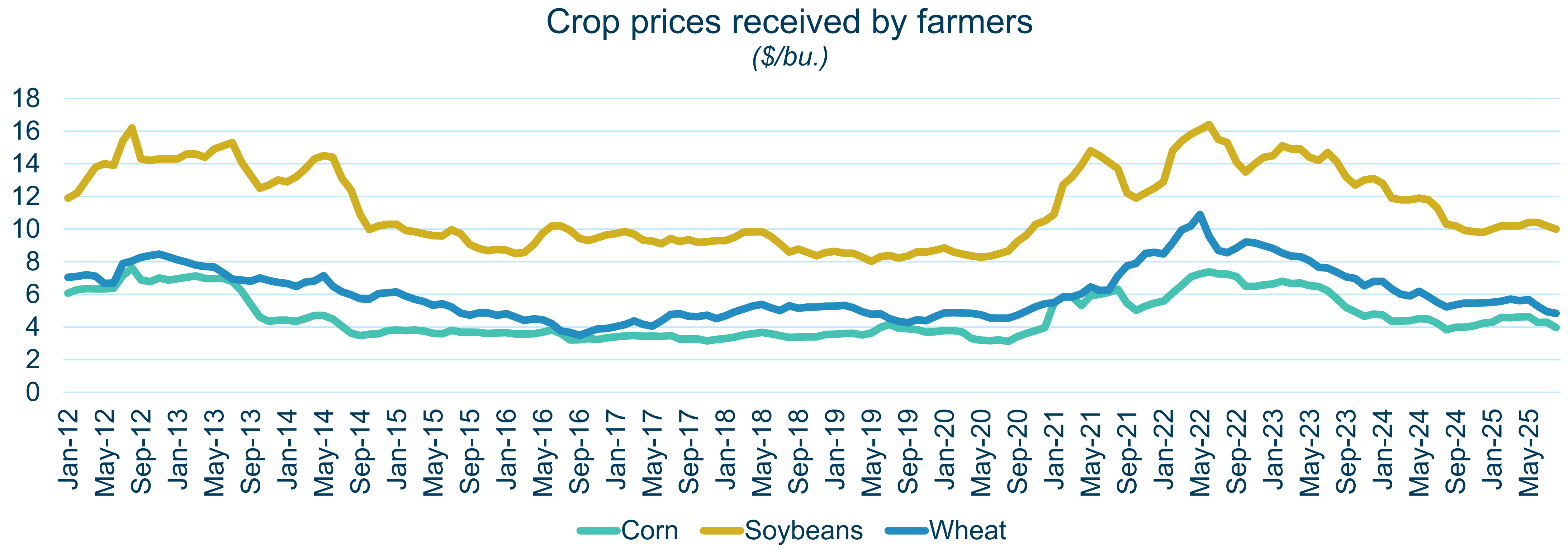
Source: USDA

CROP YIELDS AT OR NEAR RECORDS



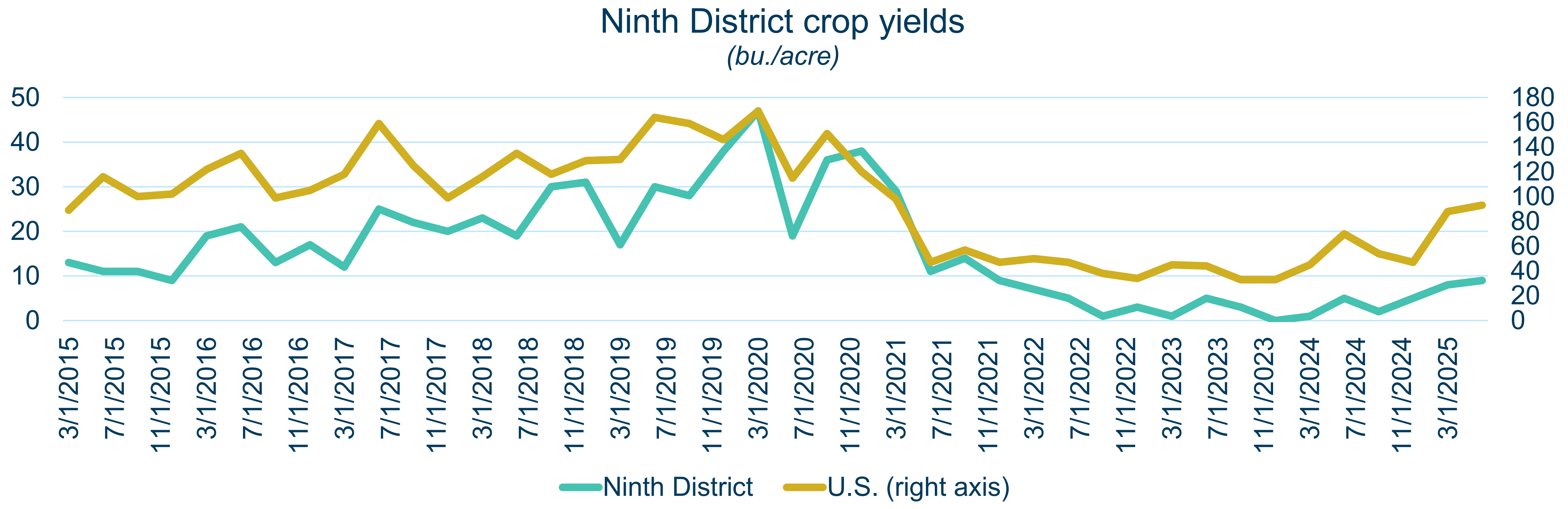
Source: USDA

BUT CROP PRICES IN A PROLONGED SLUMP…



Source: USDA

...AND BANKRUPTCY FILINGS ARE TICKING UP



Source: U.S. Courts

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: 47 bankers

FARM FINANCIAL CONDITIONS WORSENING AMID FALLING INCOMES

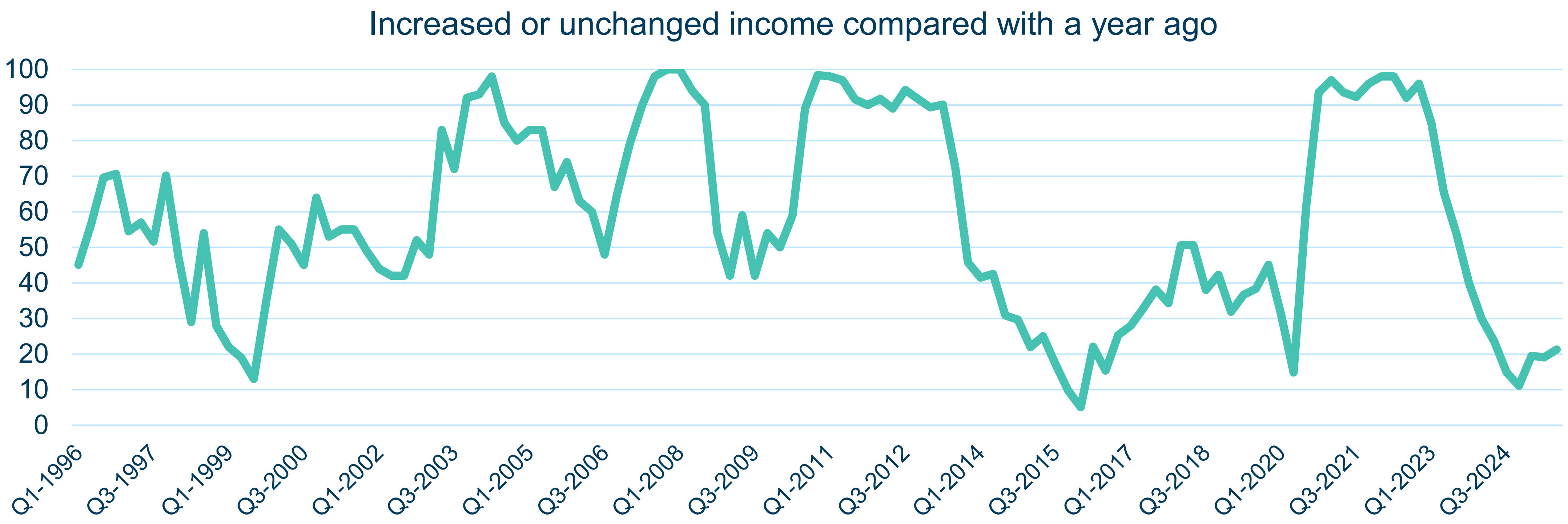
- **Incomes overwhelmingly decreased from a year ago**
- **Capital spending also down, Household spending flat**
- **Interest rates declined slightly**
- **Loan demand up and repayment rates down**
- **Land values up, rents down from a year ago**
- **Outlook for Q4 2025 negative**

FARM INCOME DOWN, SPENDING MIXED

	Increased	Unchanged	Decreased
Farm Income	9%	13%	79%
Household spending	23%	51%	26%
Capital spending	6%	23%	70%

FARM INCOME

INCOME DOWN OVER PAST TWO YEARS



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CREDIT CONDITIONS

LOAN DEMAND AND RENEWALS UP, REPAYMENT RATES STEADY

	Increase	No changed	Decrease
Loan demand	43%	40%	17%
Repayment rates	2%	49%	49%
Renewals	47%	51%	2%

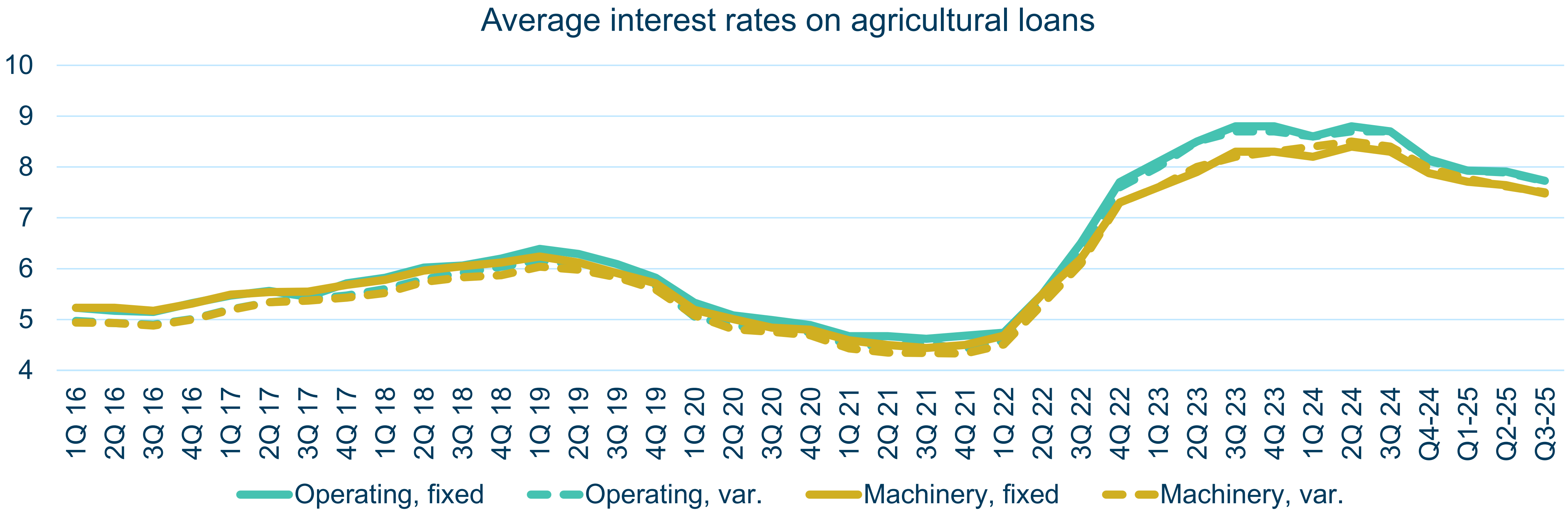
LENDERS SEE FALLING INCOME, SPENDING IN Q4 2025

	Increase	No changed	Decrease
Farm Income	11%	6%	83%
Household Spending	23%	38%	38%
Capital Spending	11%	15%	74%

OUTLOOK FOR INCREASED LOAN DEMAND AND RENEWALS, DECREASED REPAYMENT RATES IN Q4 2025

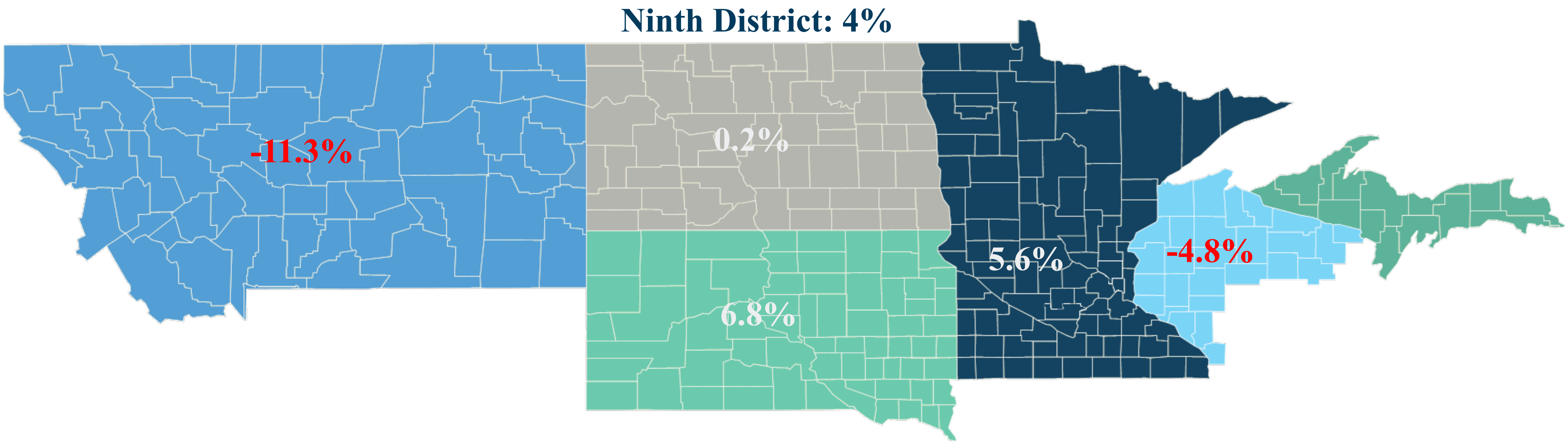
	Increase	No changed	Decrease
Loan demand	57%	30%	13%
Repayment rates	4%	34%	62%
Renewals	59%	39%	2%

AG INTEREST RATES TREND DOWN BUT ELEVATED



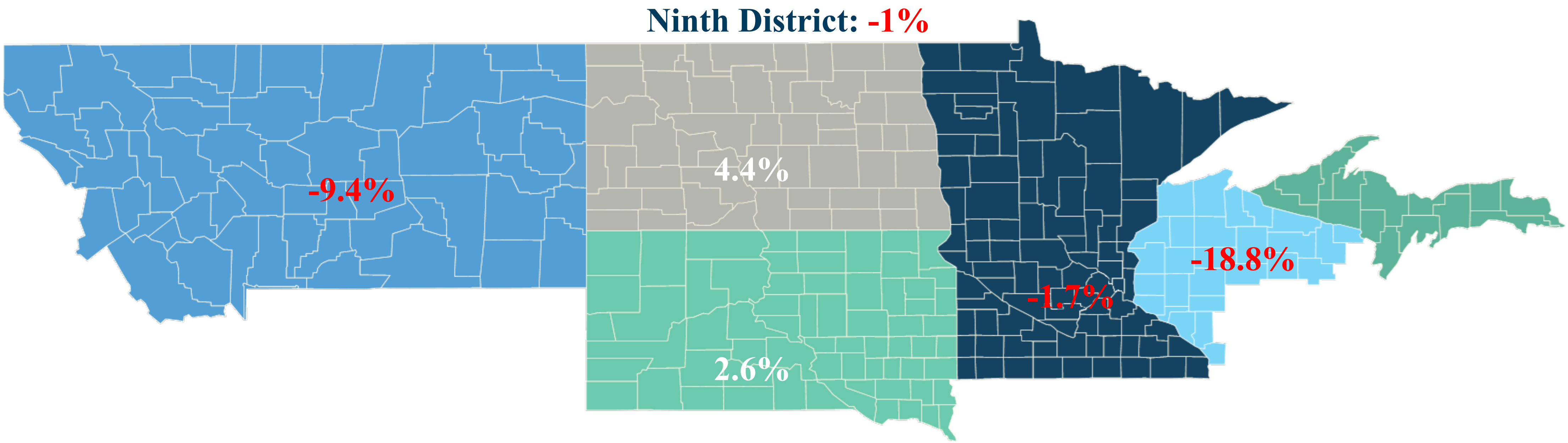
LAND VALUES UP FROM LAST YEAR

AVERAGE CHANGE IN PRICE OF NONIRRIGATED FARMLAND, 2024Q3-2025Q3



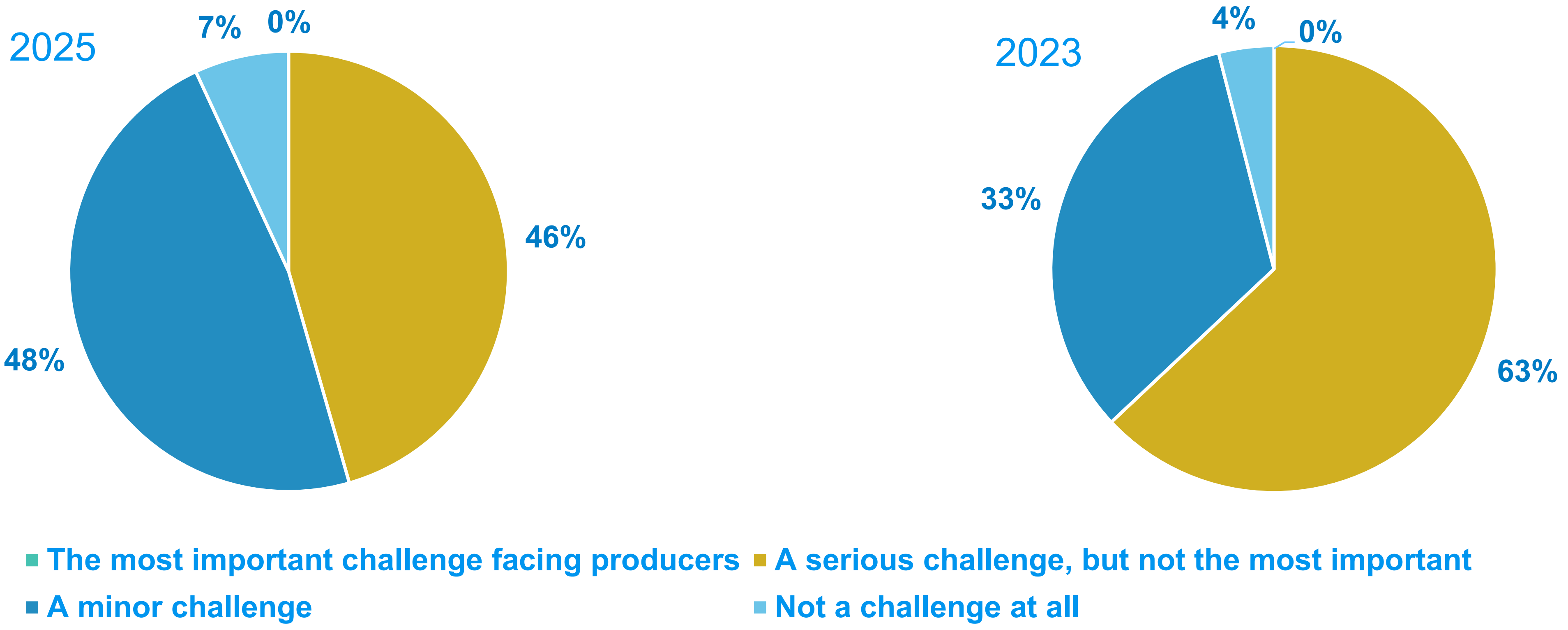
BUT CASH RENTS DECREASED

AVERAGE CHANGE IN CASH RENTS FOR NONIRRIGATED FARMLAND, 2024Q3-2025Q3

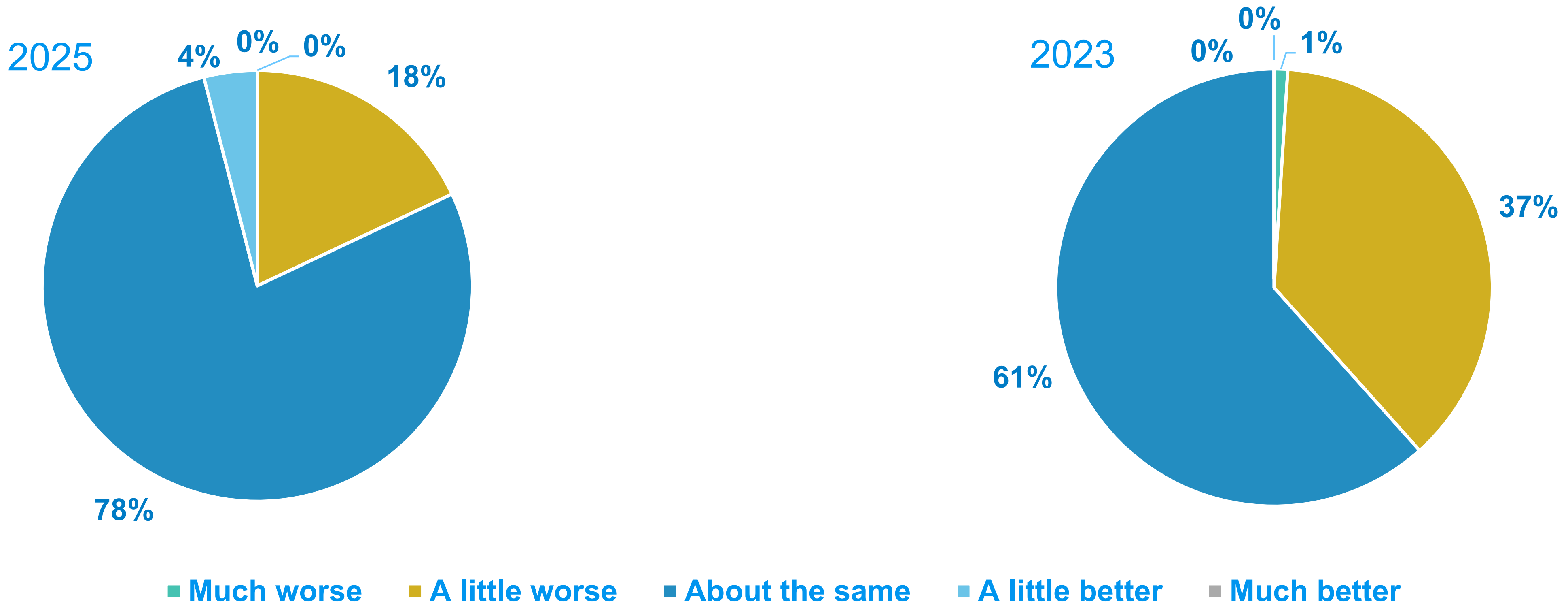


LABOR AVAILABILITY A SERIOUS CHALLENGE

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



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



THANK YOU!
QUESTIONS?

SCAN TO BECOME A SOURCE: