

AGRICULTURAL CONDITIONS IN THE NINTH DISTRICT

May 16, 2025

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Regional Outreach Director



FEDERAL RESERVE BANK
OF MINNEAPOLIS

DISCLAIMER

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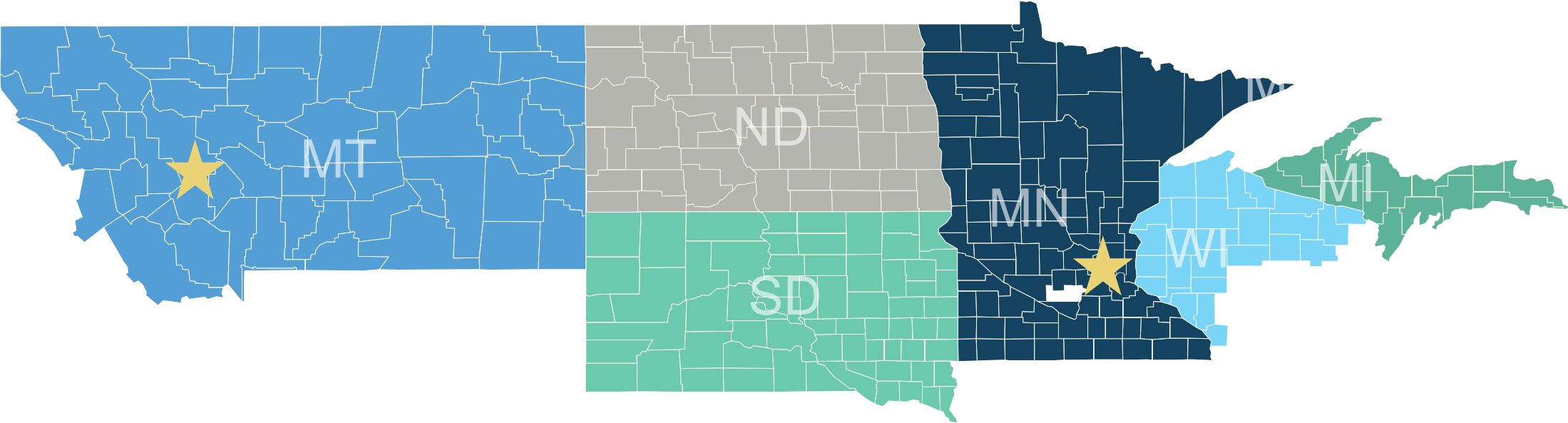
TODAY'S PRESENTATION

- Agriculture in the Ninth District
- MPLS Fed Ag Credit Survey
- Survey results, Q1 2025
 - Farm incomes decreased
 - Land values up, cash rents down
 - Spring outlook is pessimistic



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THE FED'S NINTH DISTRICT

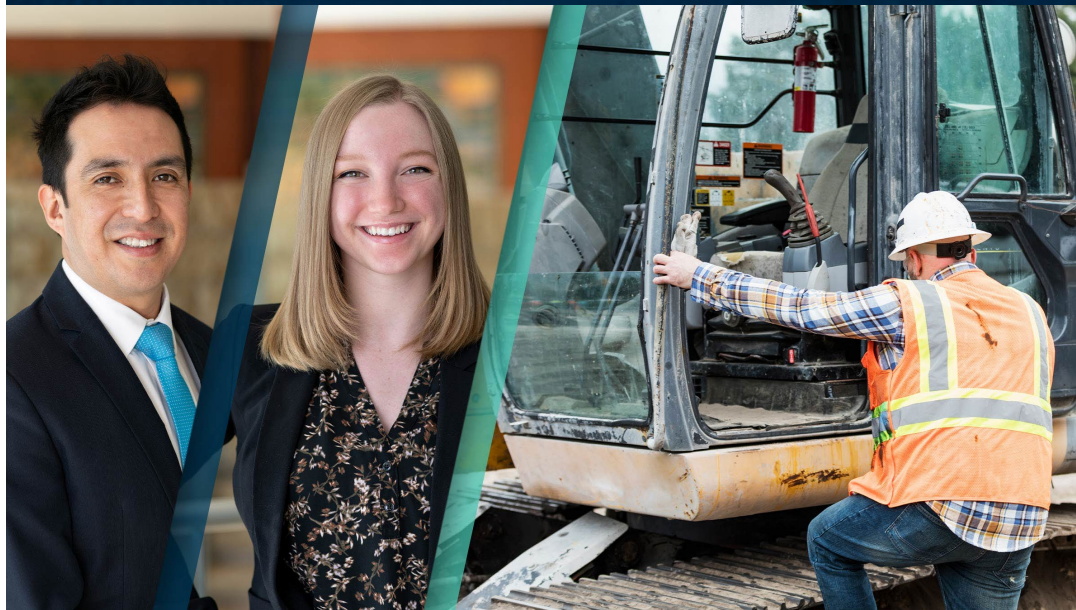


UPCOMING EVENT: MAY 28

Regional Economic Conditions: Construction

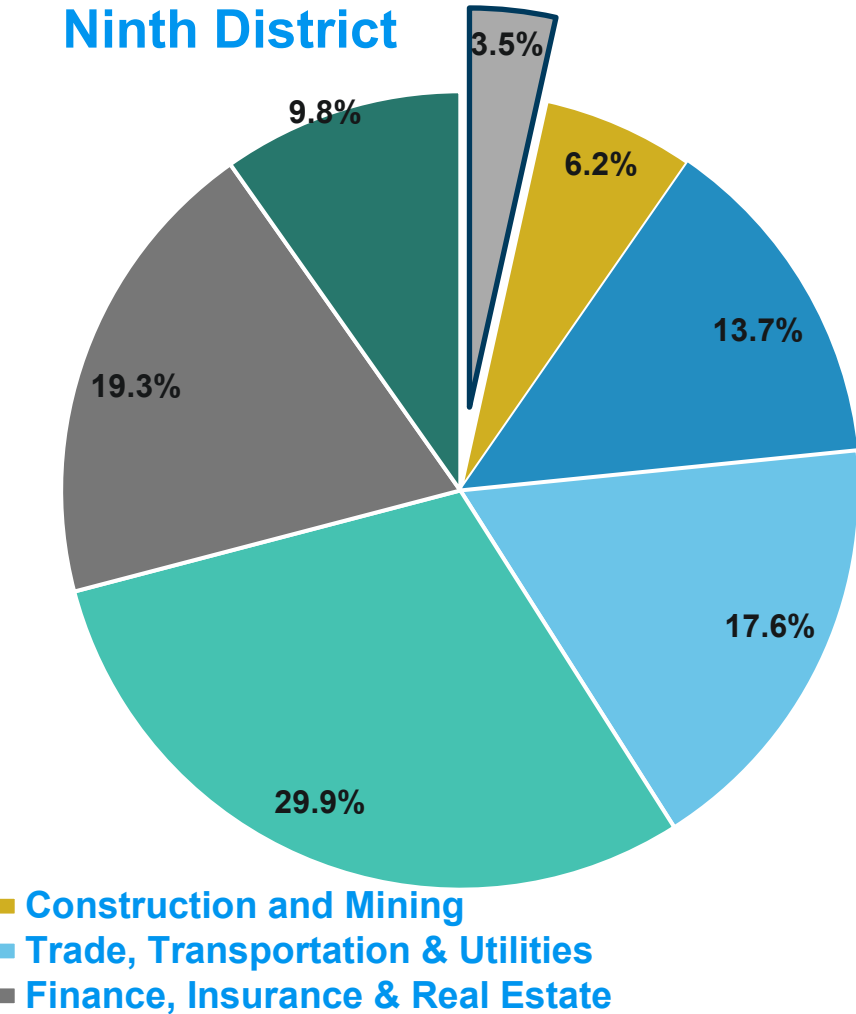
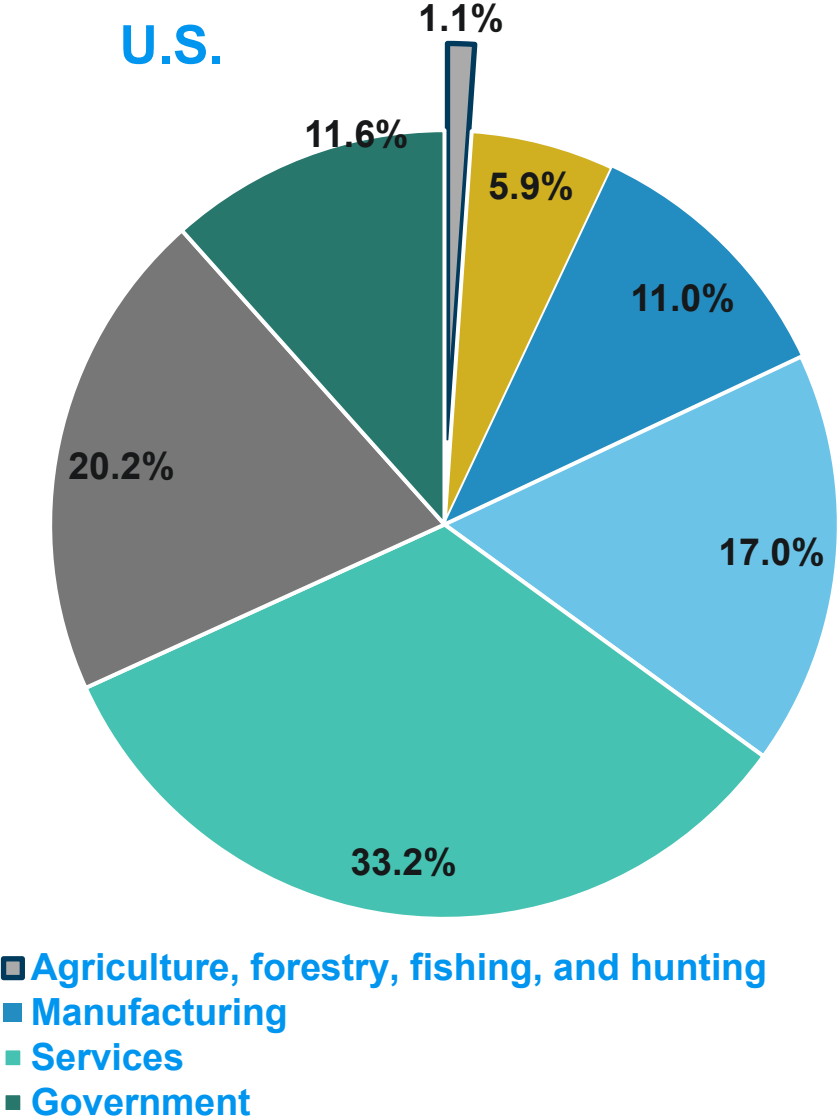
May 28, 2025 | 9:00 – 9:30 a.m. CT

Virtual video event



FEDERAL RESERVE BANK OF MINNEAPOLIS

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

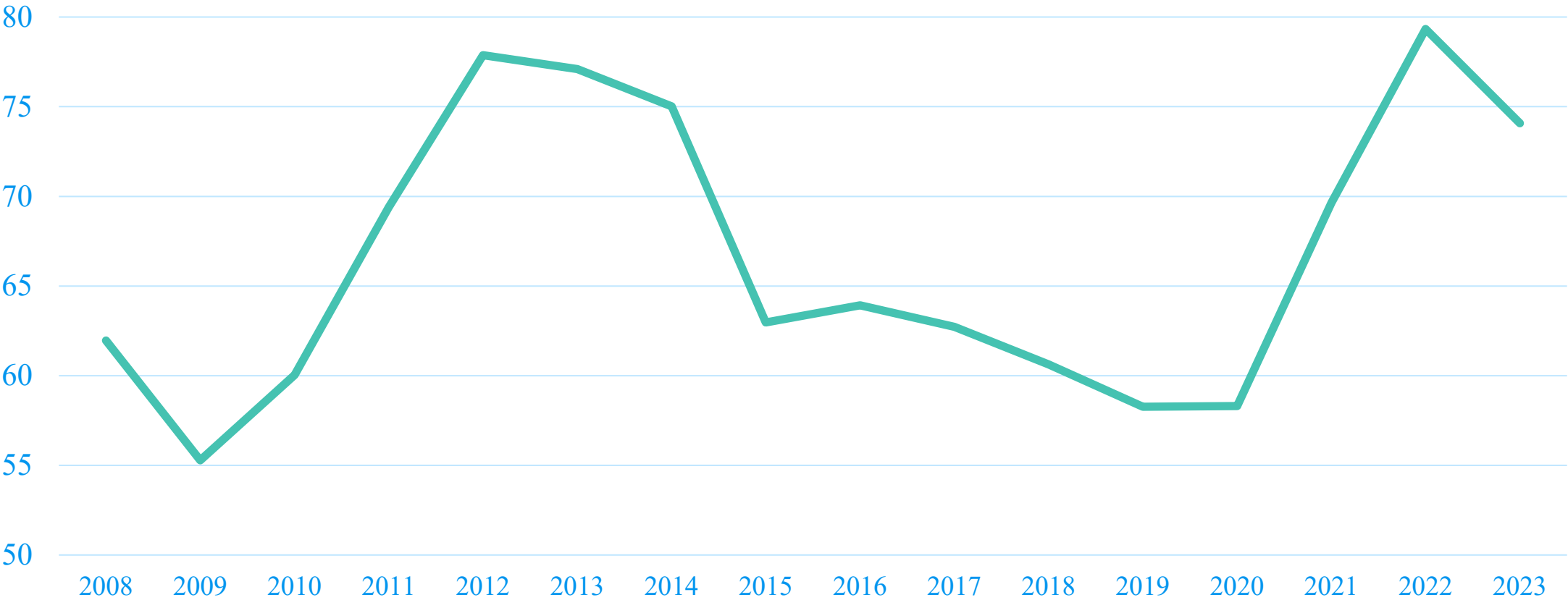


Source: Bureau of Economic Analysis

CASH RECEIPTS

Cash receipts from ag commodities, Ninth District states

Billions of dollars (2025)



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: 46 bankers**



FINANCIAL CONDITIONS IN AGRICULTURE CONTINUE WEAKENING

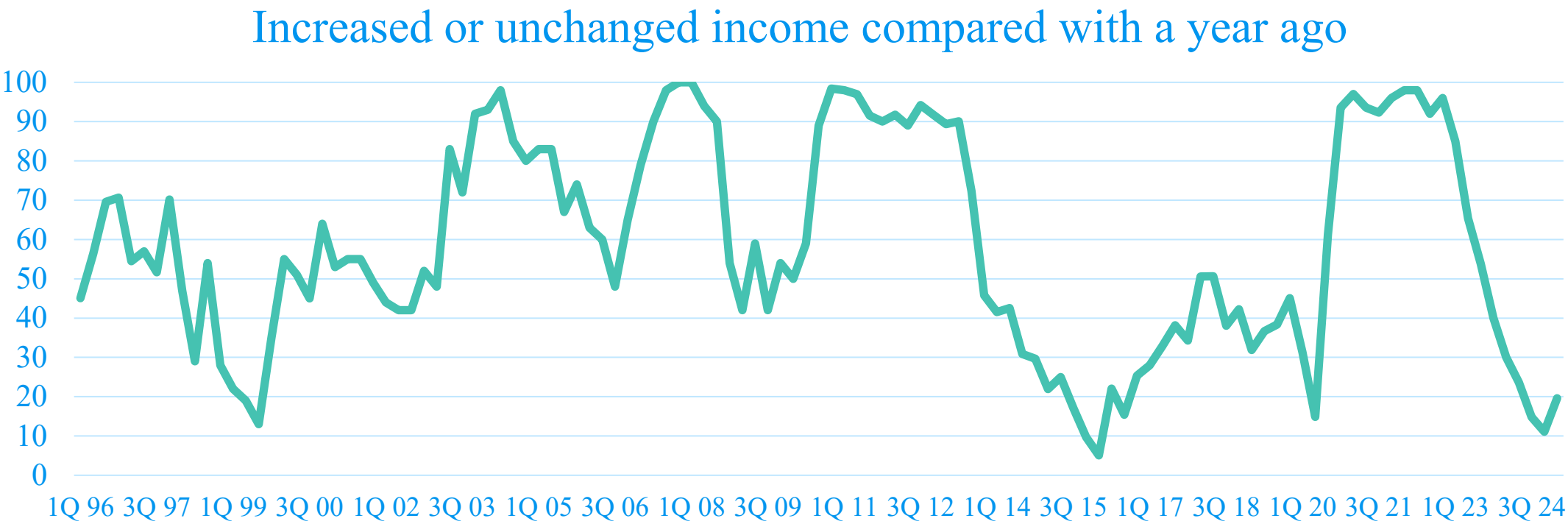
- **Incomes decreased from a year ago**
- **CapEx also down, Household spending up on balance**
- **Interest rates moderated, loan demand increased, repayment rates ticked down,**
- **Land values up from a year ago, cash rents down**
- **Outlook for Q2 2025 pessimistic**



FARM INCOME AND CAPITAL SPENDING DOWN

	Increased	Unchanged	Decreased
Farm Income	11%	9%	80%
Household spending	24%	59%	17%
Capital spending	11%	20%	70%

INCOME DOWN OVER PAST TWO YEARS



CREDIT CONDITIONS

LOAN DEMAND AND RENEWALS UP, REPAYMENT RATES DOWN

	Increase	No changed	Decrease
Loan demand	64%	29%	7%
Repayment rates	4%	43%	52%
Renewals	33%	61%	7%



LENDERS EXPECT INCOME, SPENDING DROP IN Q2 2025

	Increase	No changed	Decrease
Farm Income	7%	24%	70%
Household Spending	28%	43%	28%
Capital Spending	11%	22%	67%



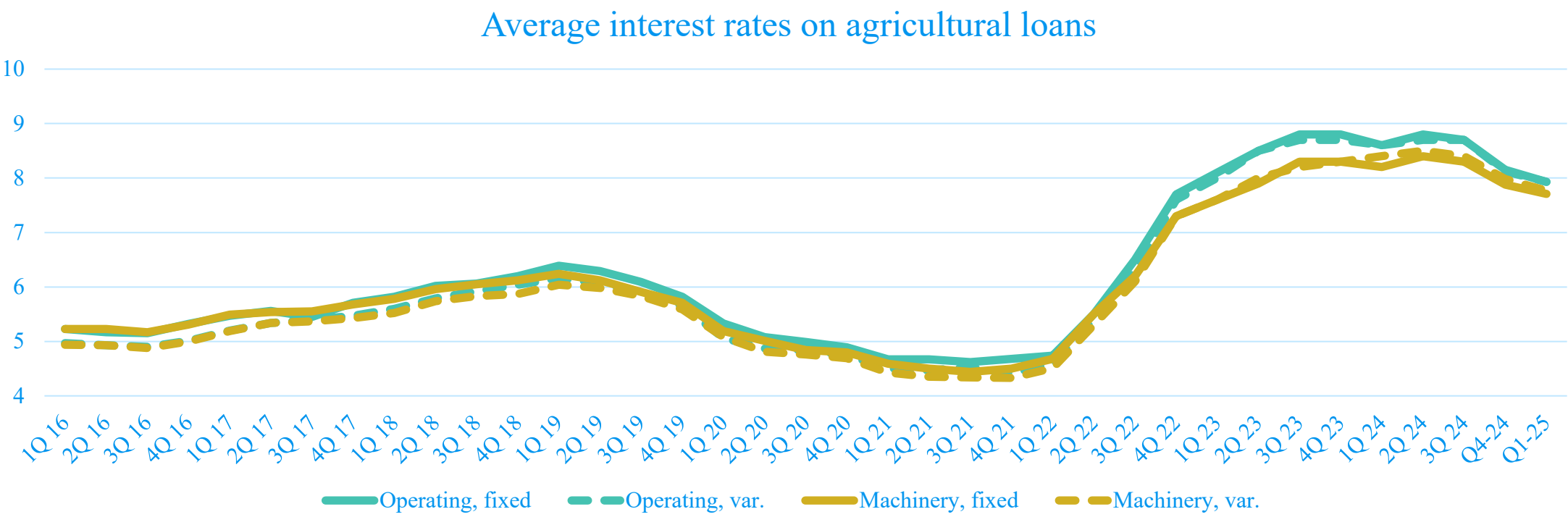
OUTLOOK FOR STRONGLY INCREASED LOAN DEMAND IN Q2 2025

	Increase	No changed	Decrease
Loan demand	67%	26%	7%
Repayment rates	4%	30%	65%
Renewals	37%	61%	2%



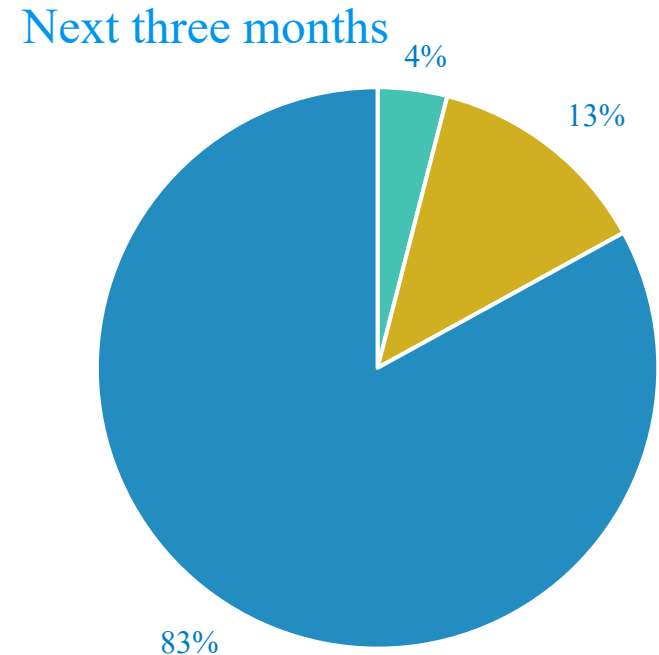
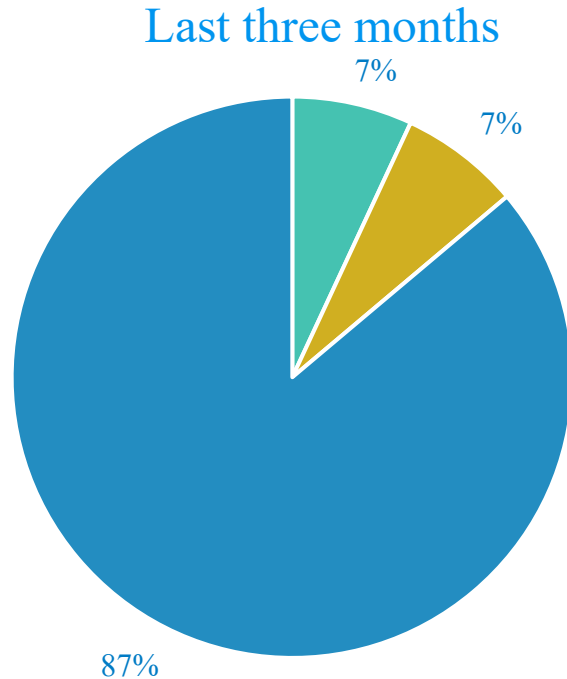
INTEREST RATES

AG INTEREST DOWN FURTHER BUT REMAIN HIGH



LIQUIDITY

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



■ Up ■ Same ■ Down

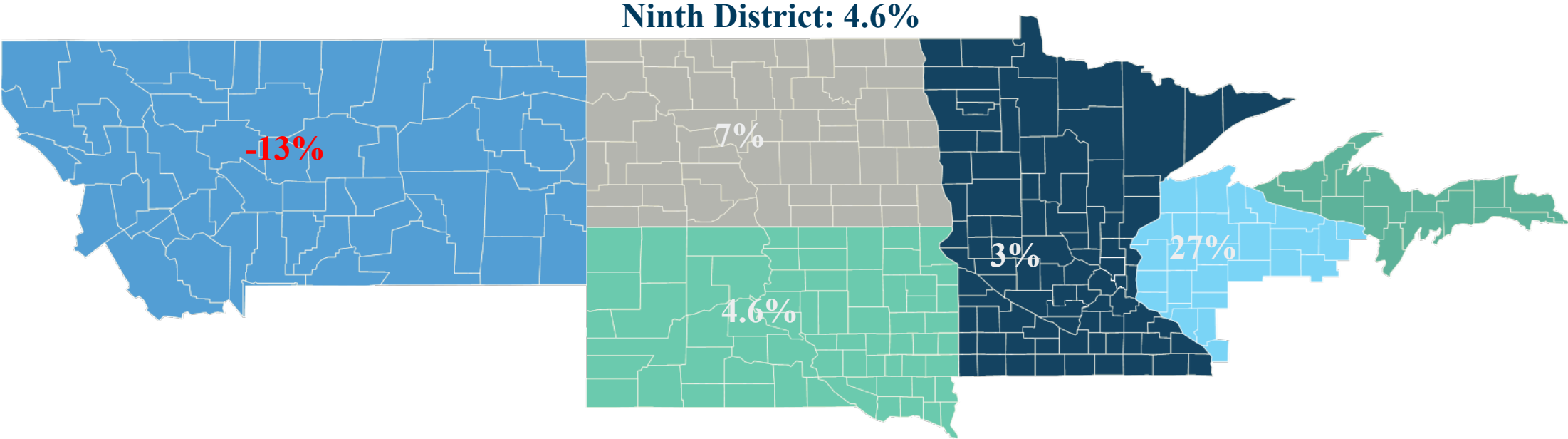


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LAND VALUES

LAND VALUES UP FROM LAST YEAR

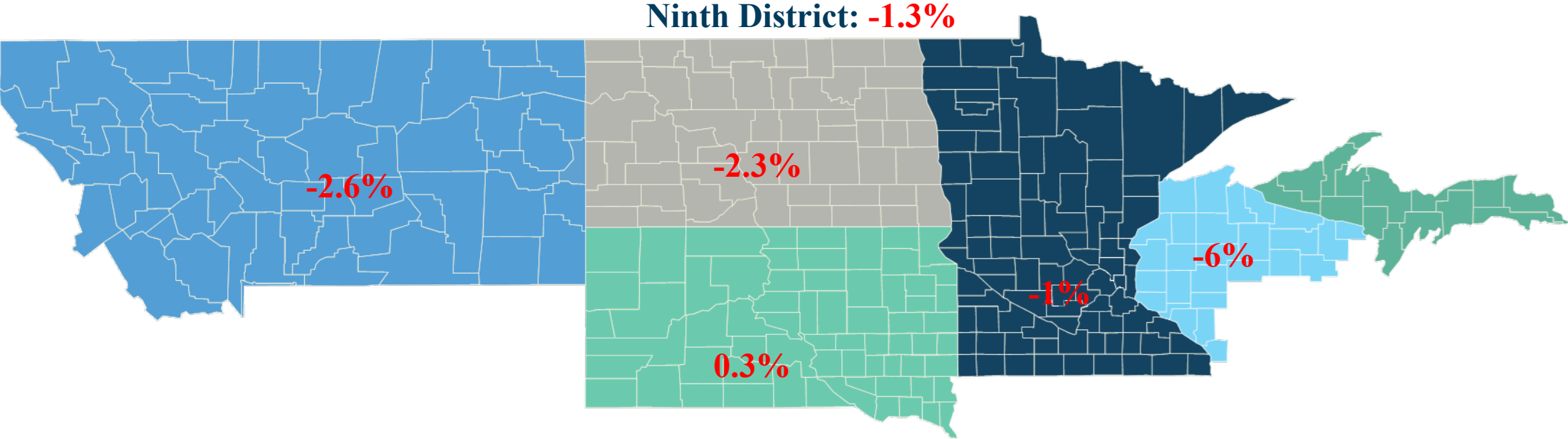
AVERAGE CHANGE IN PRICE OF NONIRRIGATED FARMLAND, 2024Q1-2025Q1



CASH RENTS

BUT CASH RENTS DECREASED

AVERAGE CHANGE IN CASH RENTS FOR NONIRRIGATED FARMLAND, 2024Q1-2025Q1





THANK YOU!
QUESTIONS?