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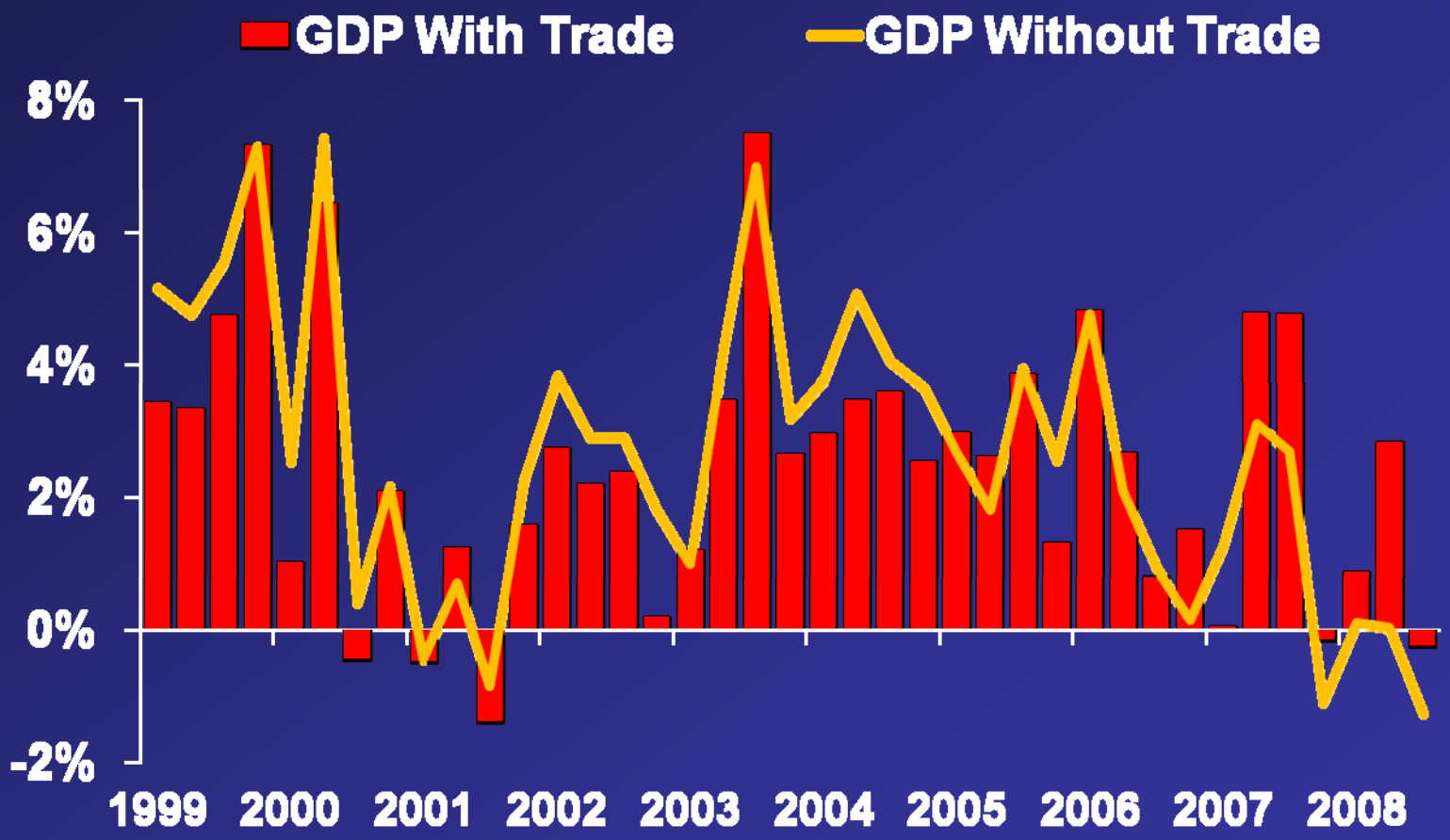
Real GDP Growth

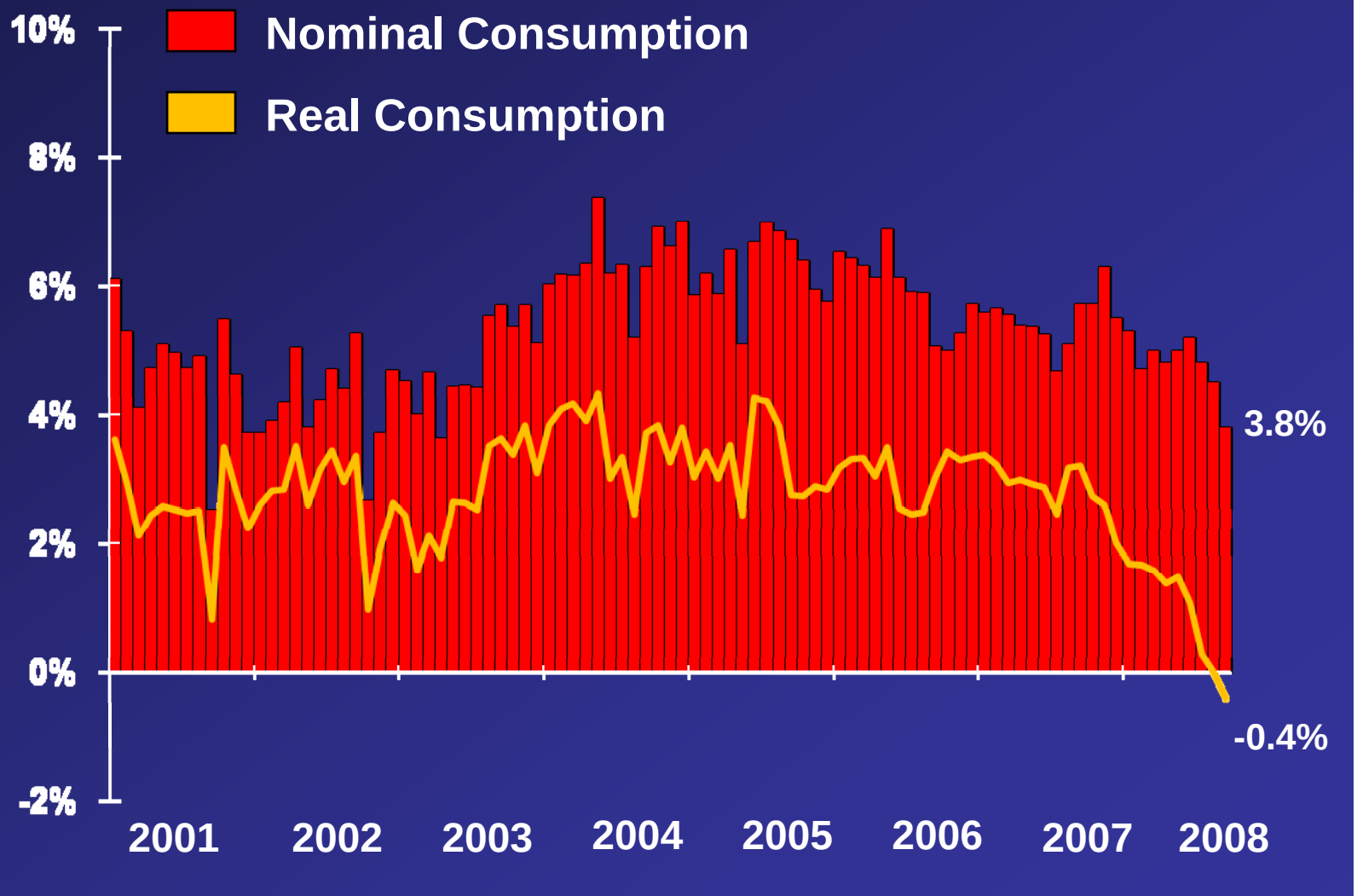
With and Without Trade Component



Source:
Bureau of
Economic Analysis

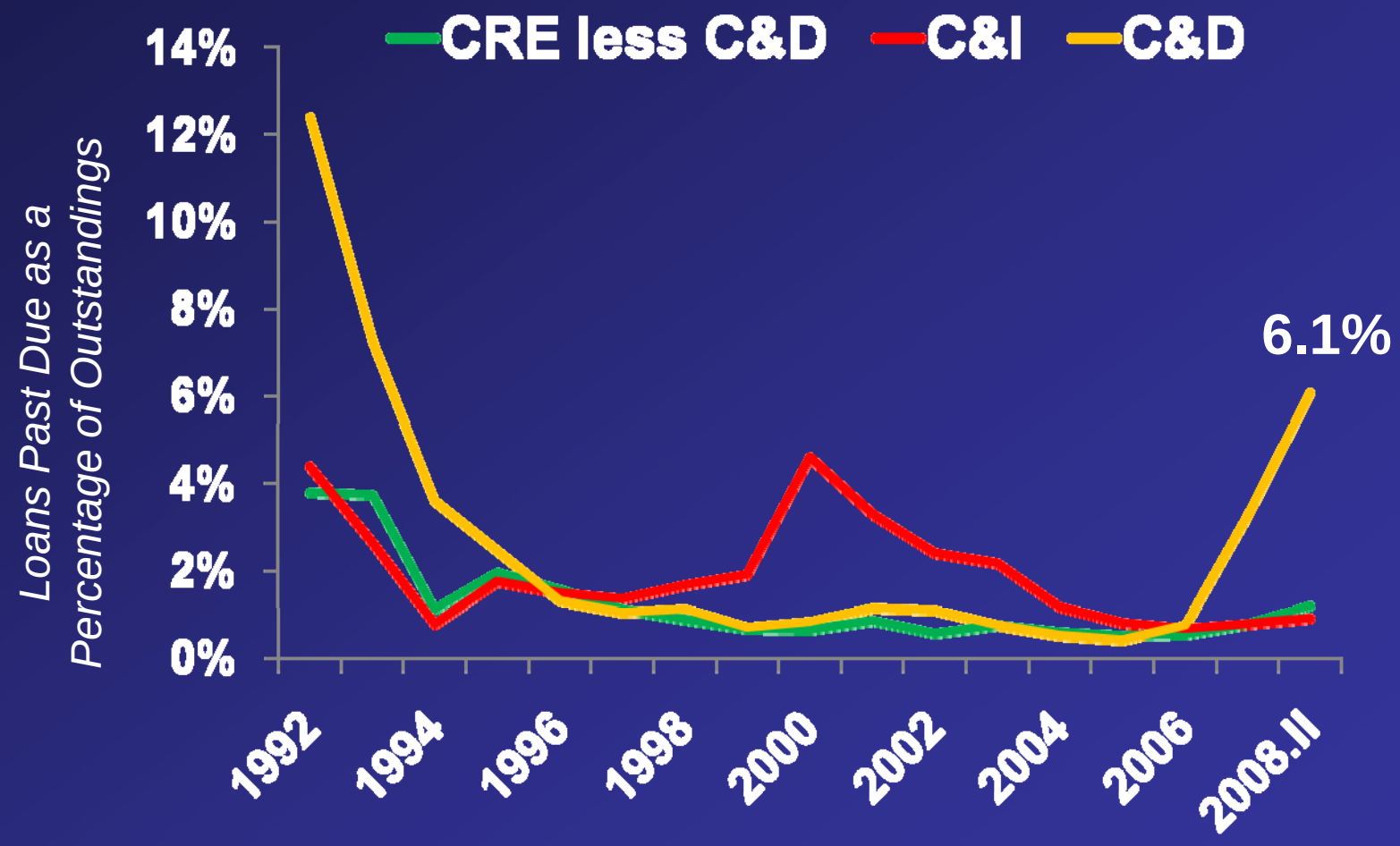
Personal Consumption Growth

Seasonally Adjusted Year-Over-Year Growth Rate



Source:
Bureau of
Economic Analysis

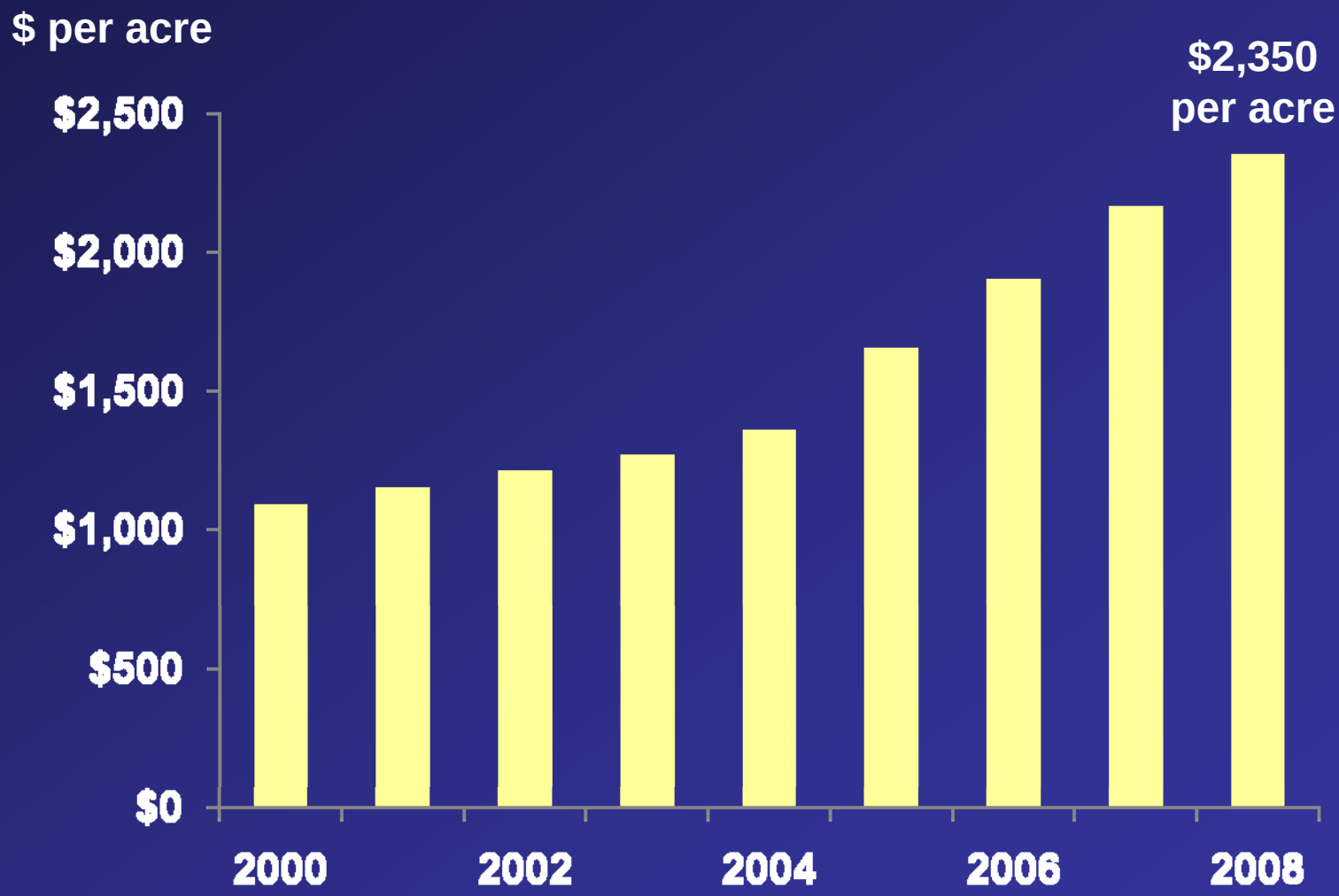
Rising CRE Delinquencies*



Source: FDIC

** Loans 90 Days + Past Due and Non-accruals*

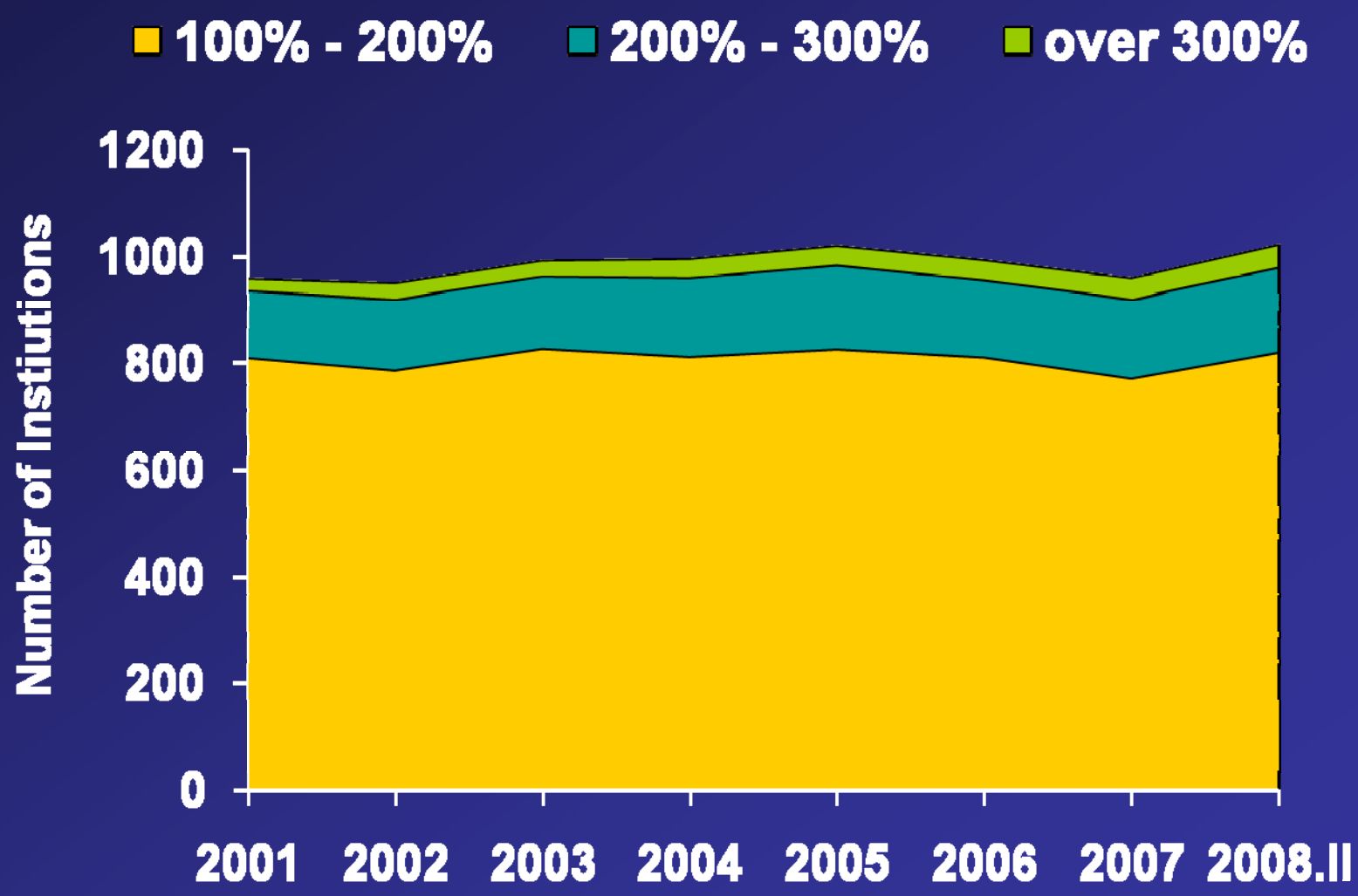
Farm Real Estate Value



Source:
USDA

Farm Real Estate Concentration

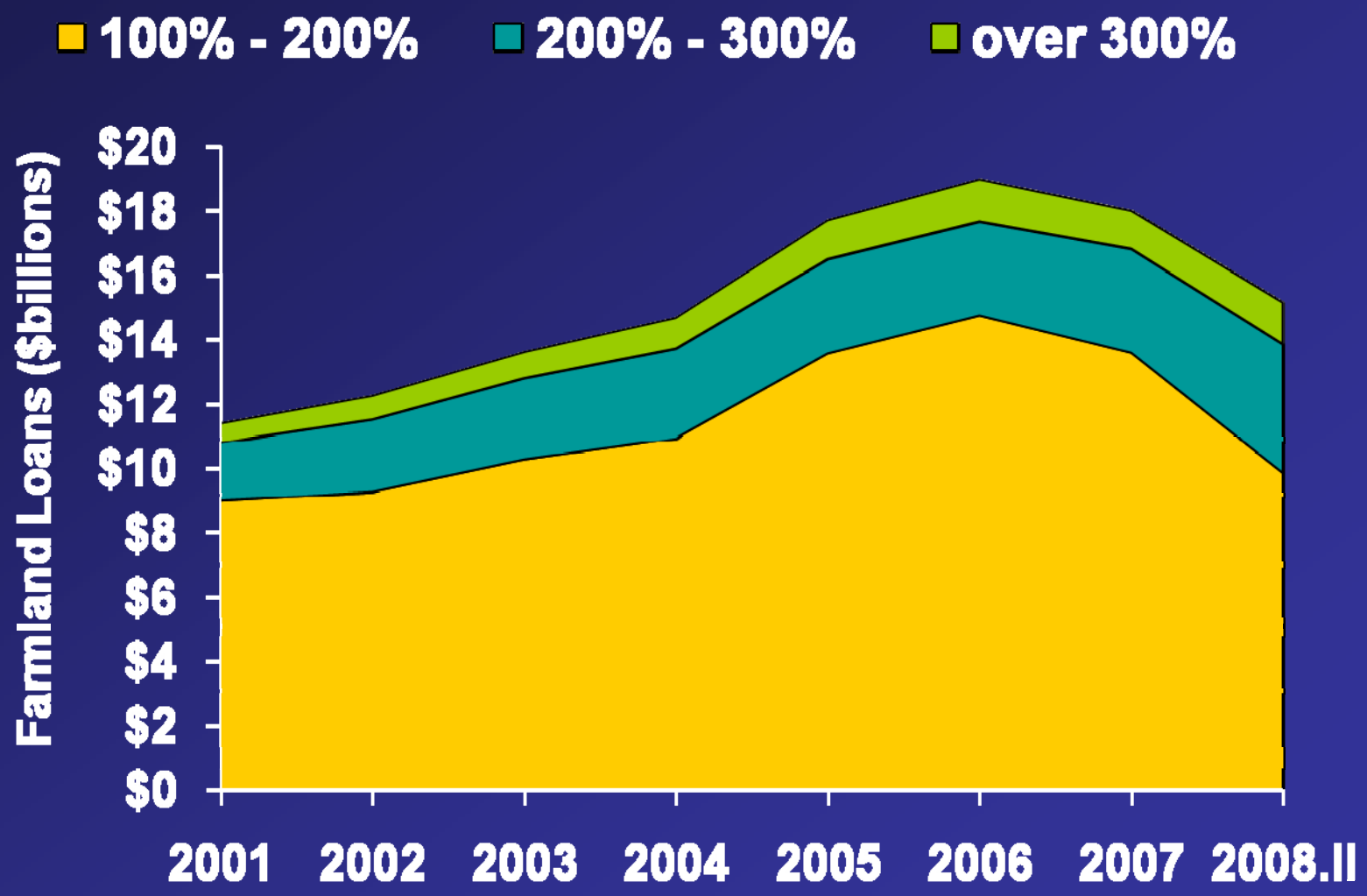
(Farmland Loans-to-Equity Capital)



Source: FDIC.

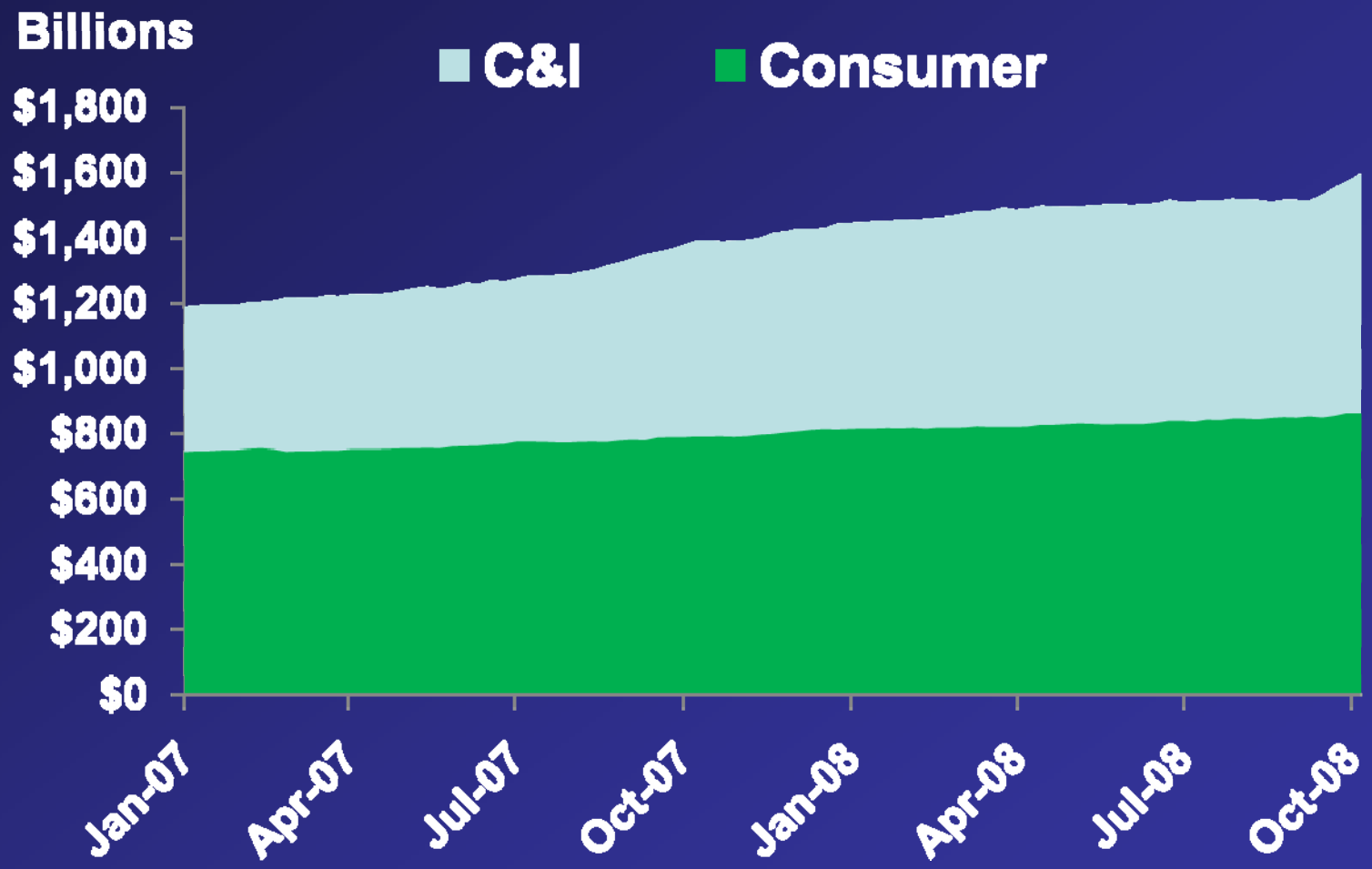
Risk Exposure to Farmland Is Minimal

(Farmland Loans-to-Equity Capital)



Source: FDIC.

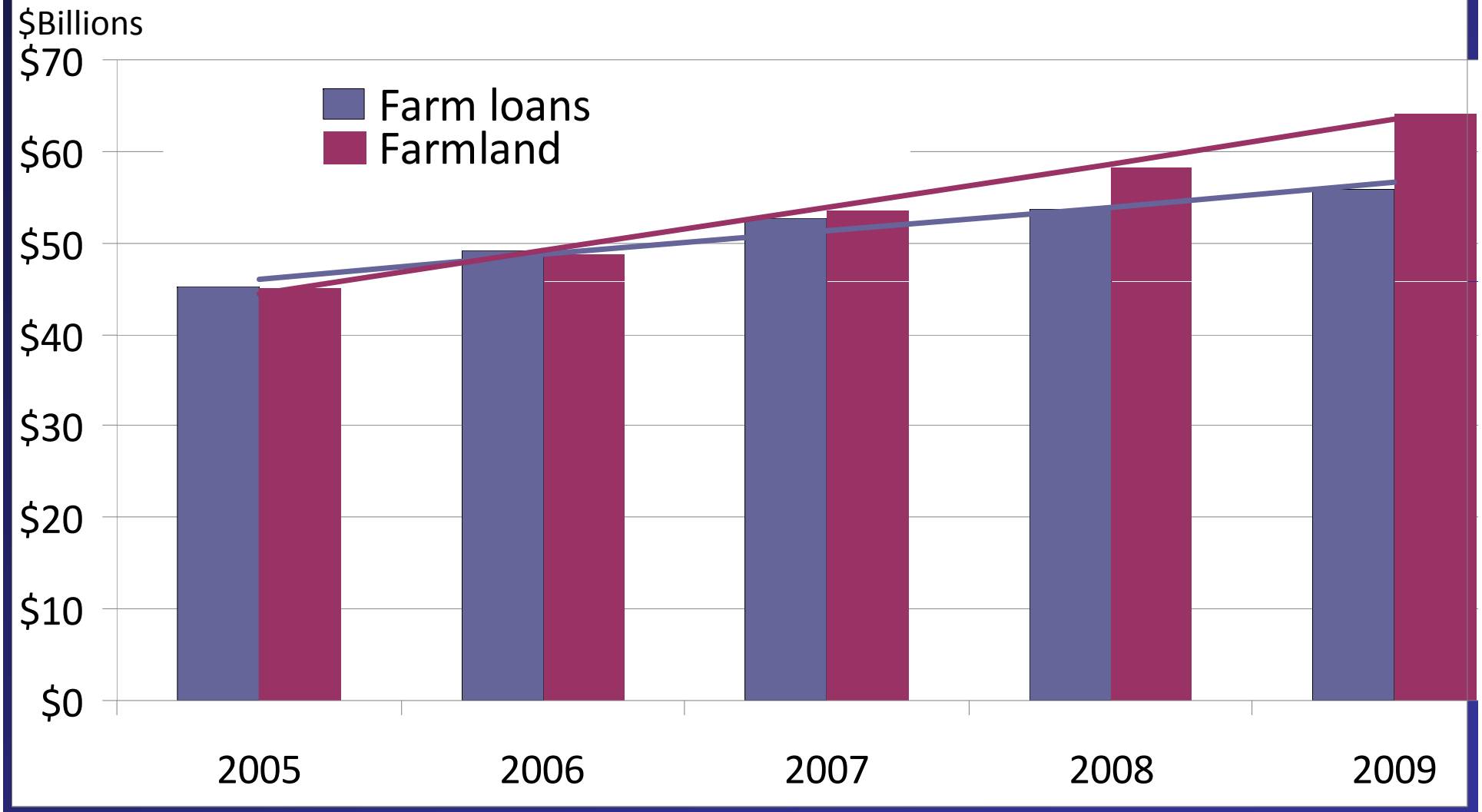
Bank Lending Continues to Grow



Source:
Federal Reserve

Bank Loans to Farmers

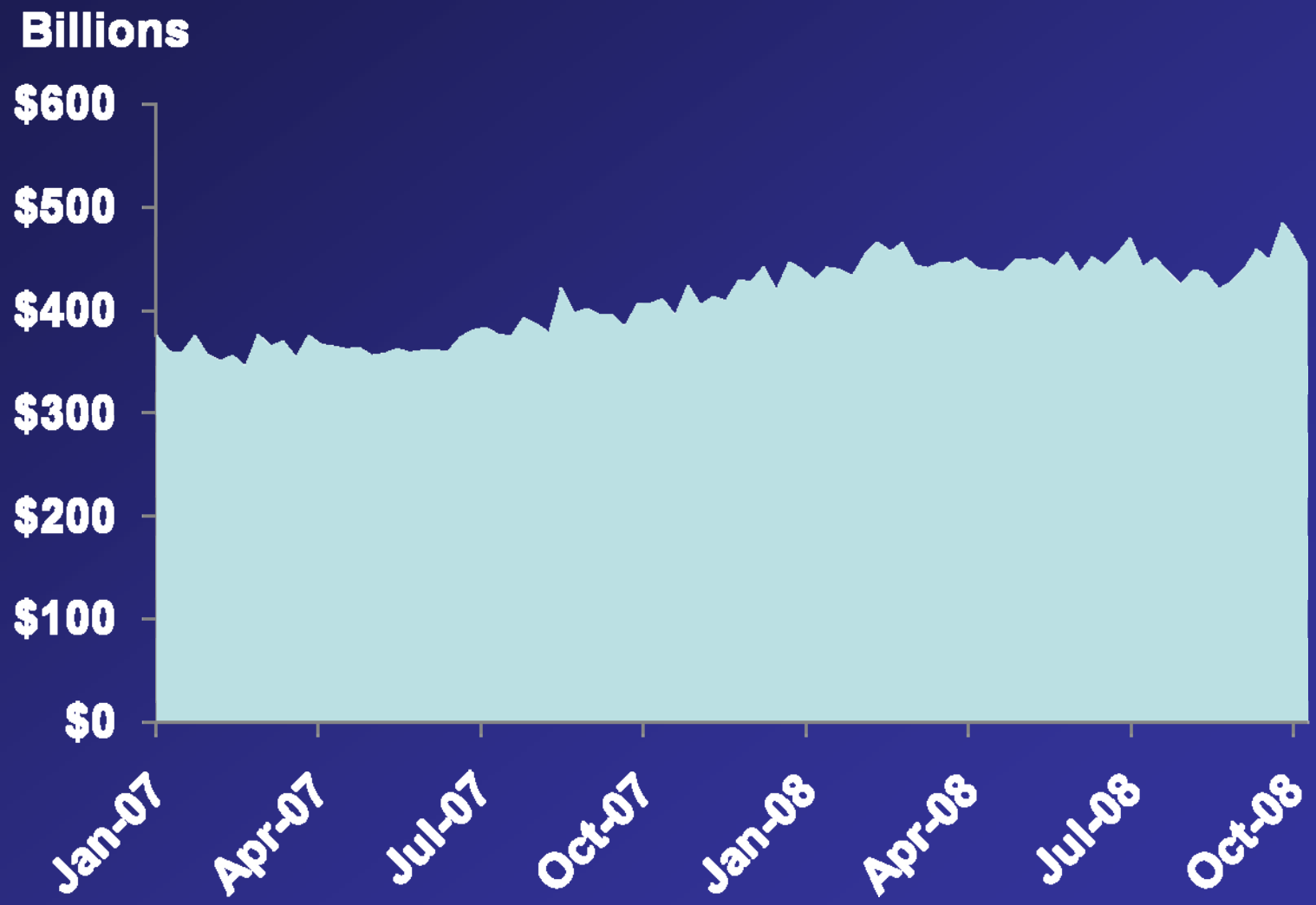
For All FDIC Institutions at End of First Quarter of Each Year



Source: FDIC Call Report Data

Inter-Bank Lending Continues

Outstanding Inter-Bank Loans



Source:
Federal Reserve

What are the “Big Credit” Issues

- Without a doubt the recession has impacted Agribusiness. Export markets are tighter and domestic consumption in many sectors of Agriculture is down.
- Money is more expensive to rent.
- “Stroke of the Pen” risk is more prevalent than ever.

How are the “Big Credit” Conditions Affecting Agriculture Credit

- Disconnect between the cost of money and availability of money to borrower. Lenders are lending!
- Borrowers are going to pay more for their credit needs.
- It is times like these when relationship are built, not destroyed. This is not the time for climbing out on a limb.

The Single Biggest Threat to Agricultural Credit

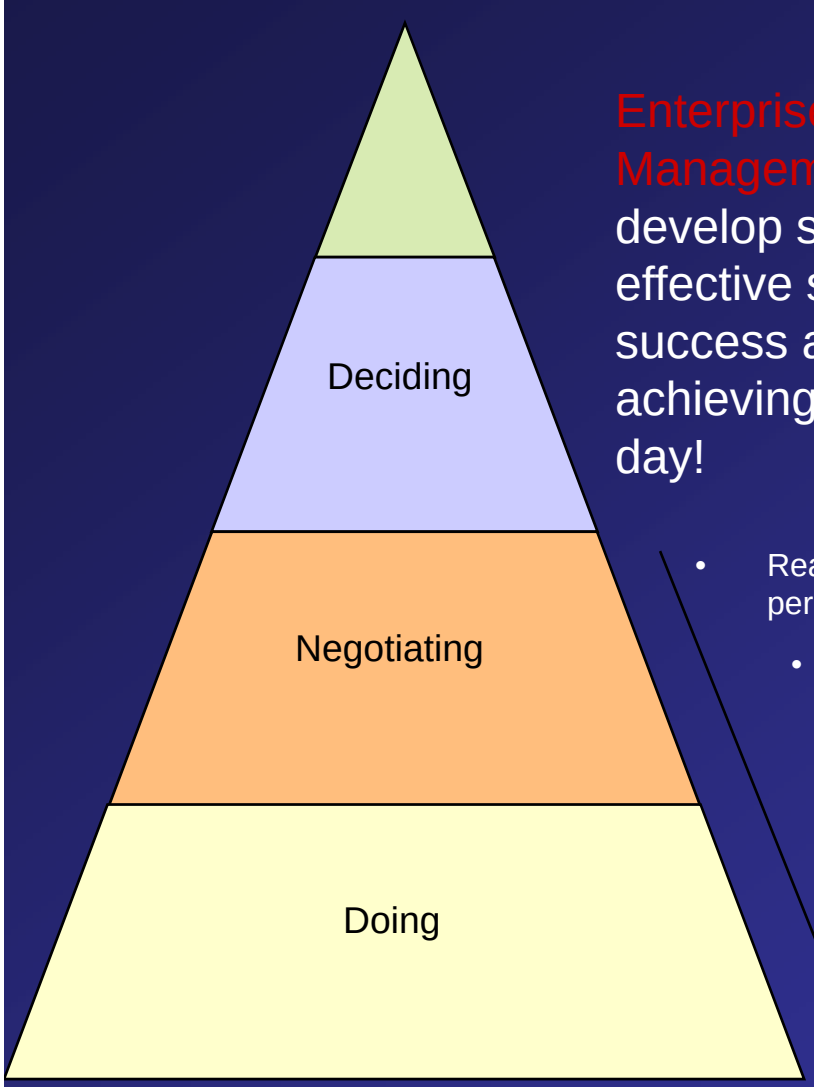
Pick one

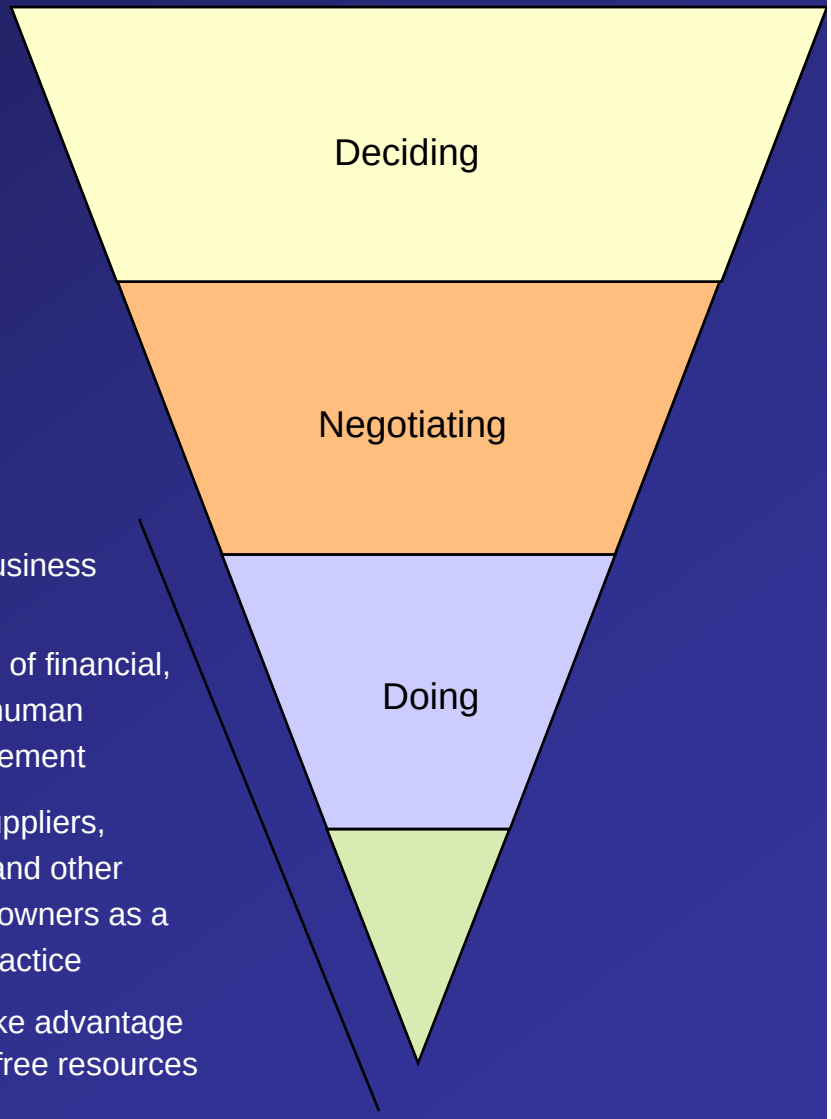
- ✓ Outside Influences
  - ✓ Government Intervention in Ag and Banking
  - ✓ Well Funded Animal Welfare Advocates
  - ✓ Well Funded Environmental Advocates

The Great Disconnect

- ✓ In the early 80's we were collateral lenders – If you had the equity we had the money.
- ✓ In the early 90's we were cash flow lenders – If you showed you could repay the loan we had the money
- ✓ Today we are more balanced – Show me you can repay the loan but don't forget we need some collateral to make this work

Educate Yourself in the Things That Matter



Enterprise Management: Lean to develop simple but effective strategies for success and work on achieving them every day!

- Read a daily general business periodical
  - Study the basics of financial, marketing and human resource management
    - Talk to Suppliers, Bankers and other business owners as a regular practice
      - Take advantage of free resources