

Update on Agricultural Conditions

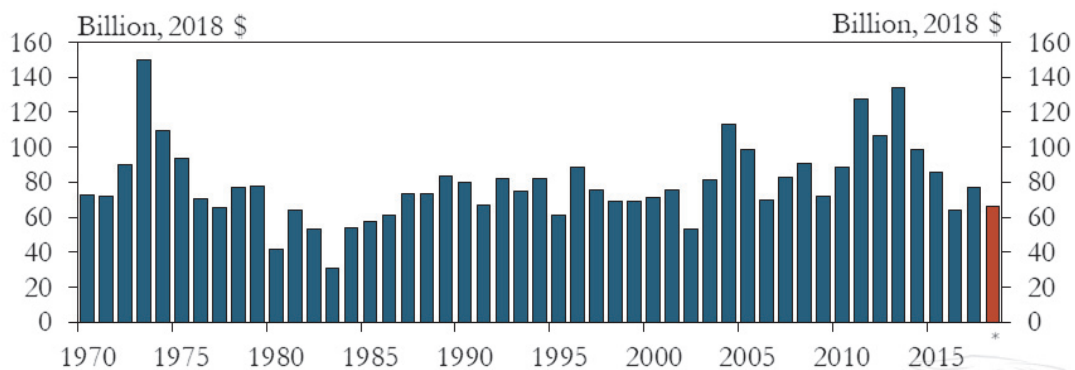
Nate Kauffman, Federal Reserve Bank of Kansas City

December 18, 2018



U.S. farm income is expected to remain low in 2018.

U.S. Net Farm Income

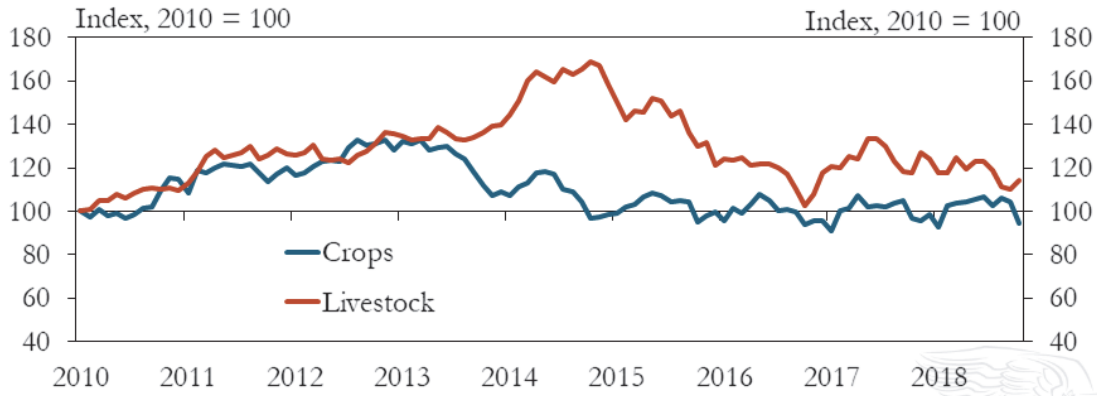


* 2018 Forecast
Source: USDA



Agricultural commodity prices have been flat over the past two years, and have declined in recent months.

U.S. Agricultural Prices

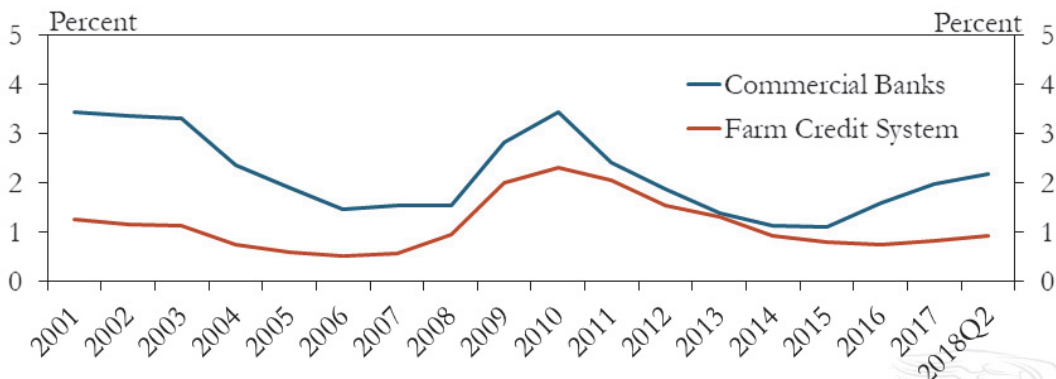


Source: USDA and Haver Analytics.



Farm loan delinquency rates have increased slightly.

Delinquency Rates on Farm Operating Loans

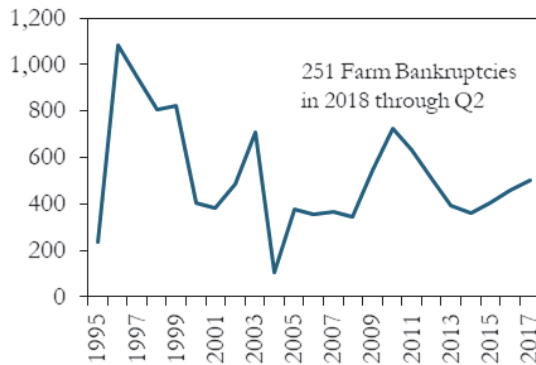


Sources: Federal Reserve Board of Governors and Farm Credit Administration.



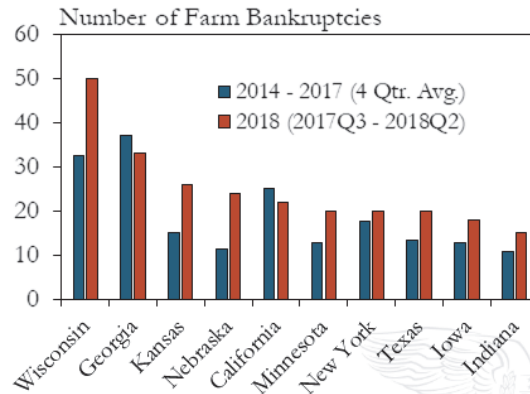
Farm bankruptcies have increased slightly over the past two years.

U.S. Farm Bankruptcies



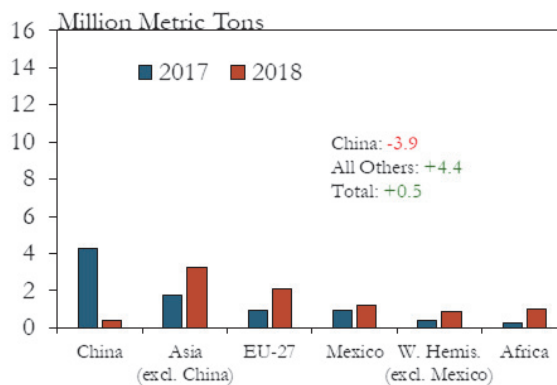
Source: United States Courts

States with the Most Farm Bankruptcies in Past 4 Quarters



A sharp drop in soybean exports to China has also adversely affected the outlook for U.S. agriculture.

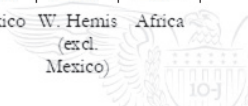
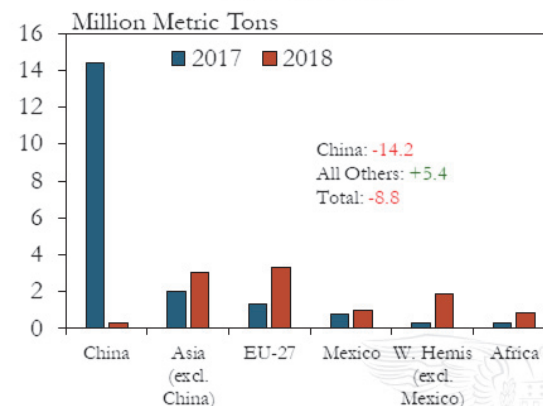
U.S. Soybean Exports, Q3



Source: USDA

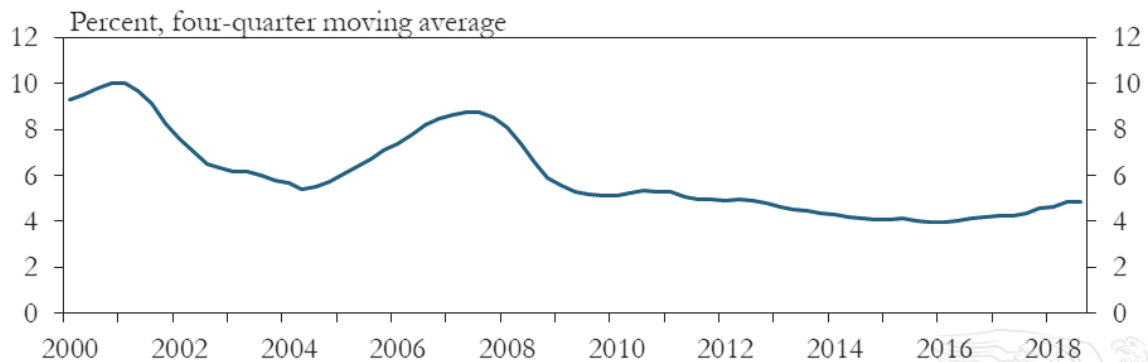
U.S. Soybean Exports, Q4

(through Dec. 6)



Interest rates on farm loans have increased modestly since 2015.

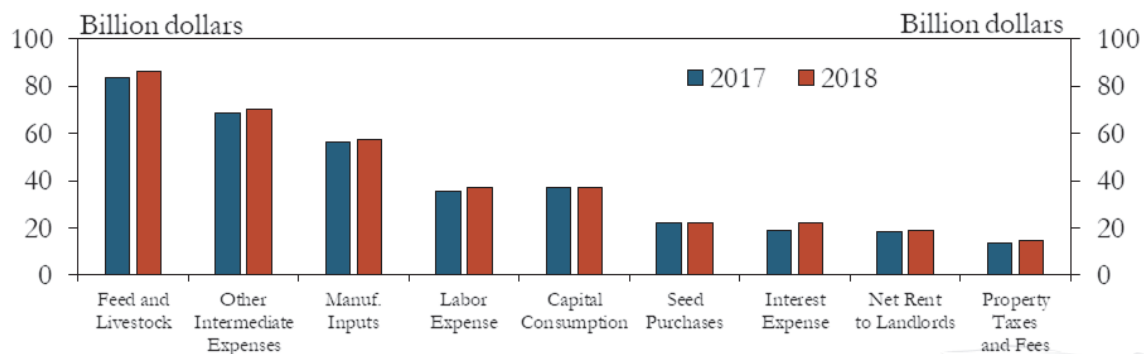
Average Interest Rates on Farm Operating Loans



Source: Federal Reserve Bank of Kansas City, Agricultural Finance Databook.

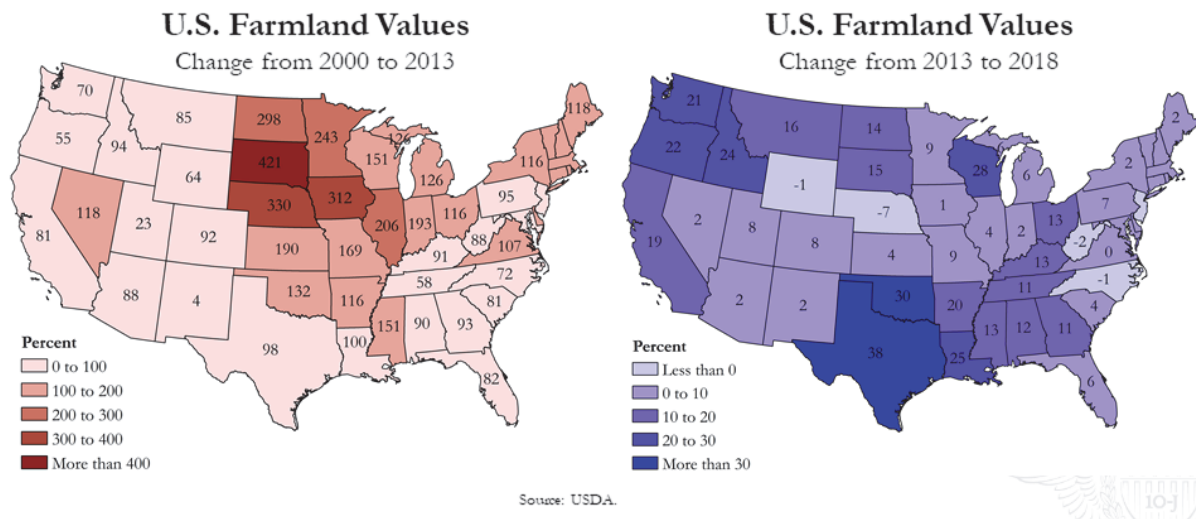
Interest expenses have increased, but account for only a small portion of total expenses in the farm sector.

U.S. Farm Expenses by Component



Note: Farm expense estimate for 2017; forecast for 2018.
Source: USDA and staff calculations.

Although farmland values have declined in some states, the decreases have been quite modest.



Questions?

FEDERAL RESERVE BANK OF KANSAS CITY – OMAHA BRANCH

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