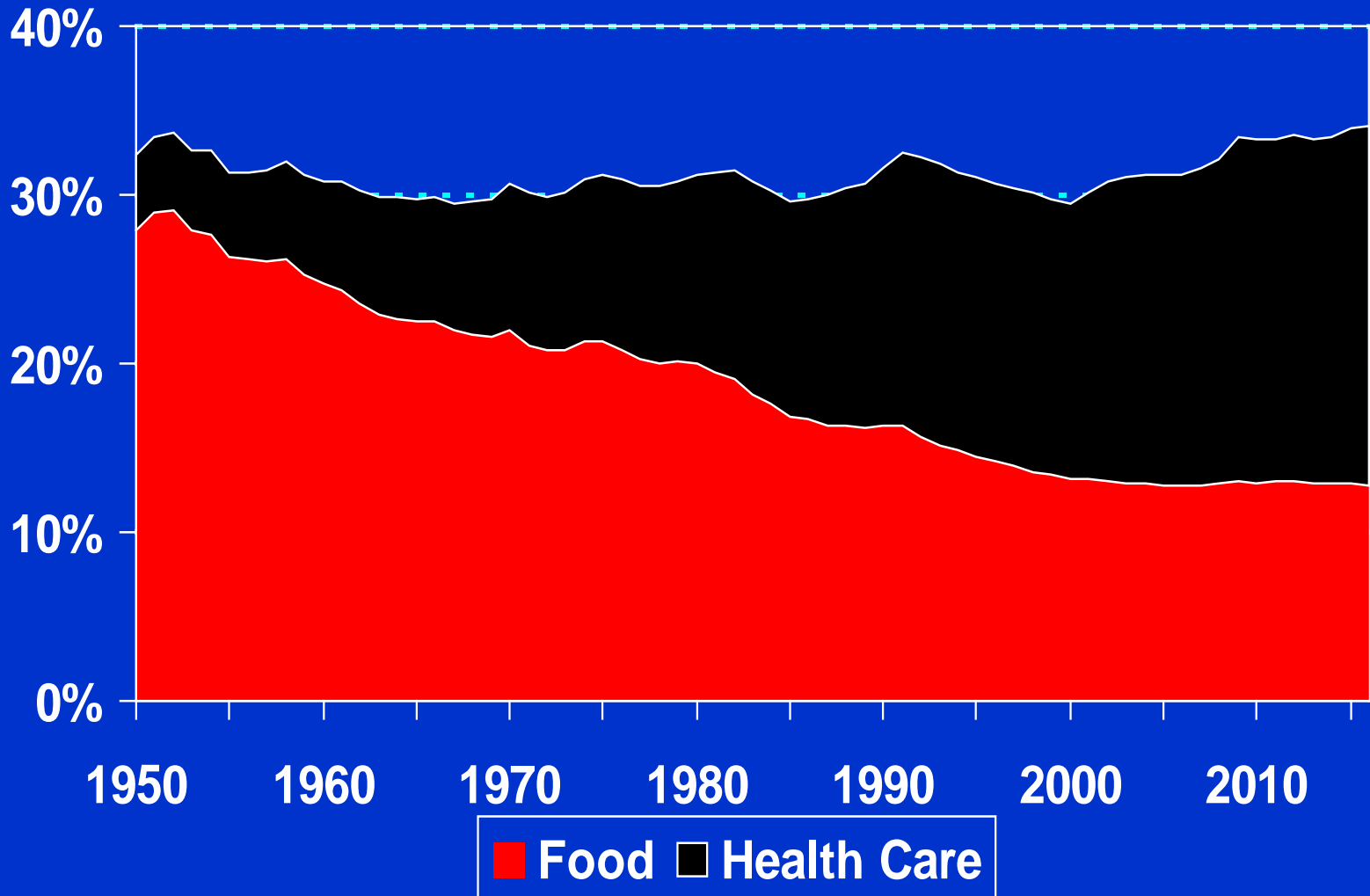

An Agricultural Update

May 22, 2018
Indianapolis, IN

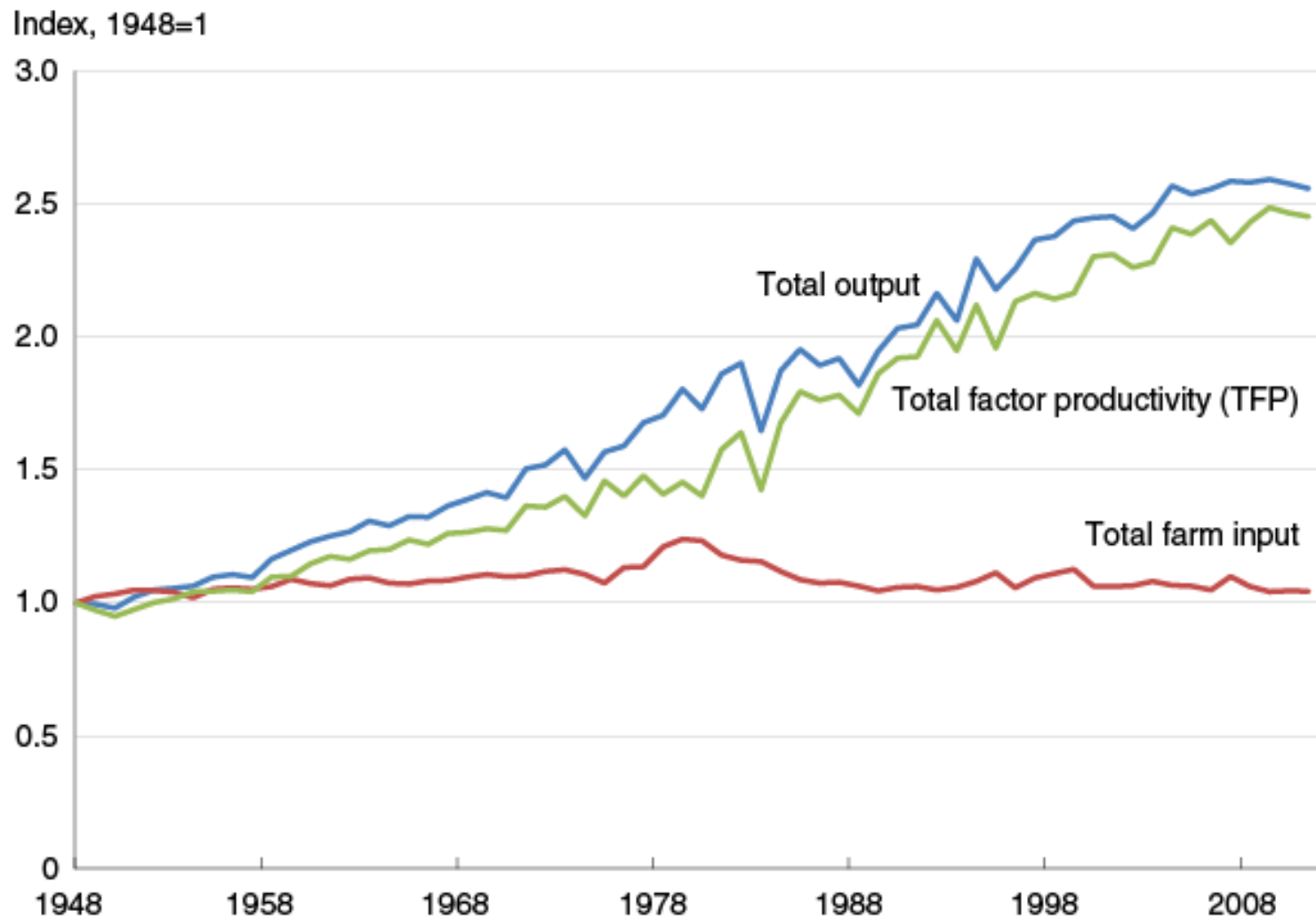
David Oppedahl
Senior Business Economist
312-322-6122
david.oppedahl@chi.frb.org

Personal consumption shares



Source: Bureau of Economic Analysis

U.S. agricultural productivity growth accounts for most of output growth between 1948 and 2011



Source: USDA, Economic Research Service.

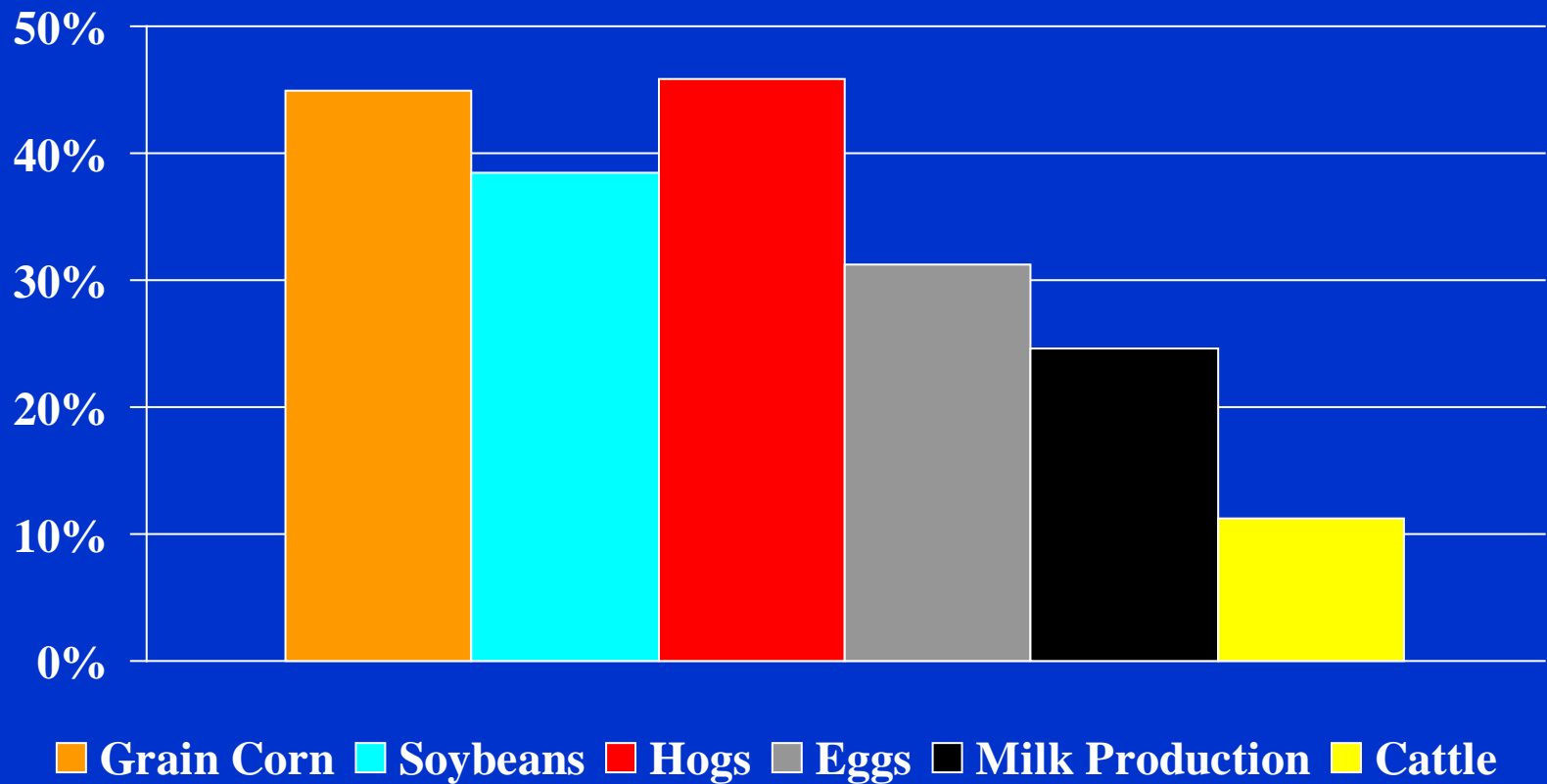
Total farm share of 17.2%

2014 Food dollar: Industry Group (nominal)



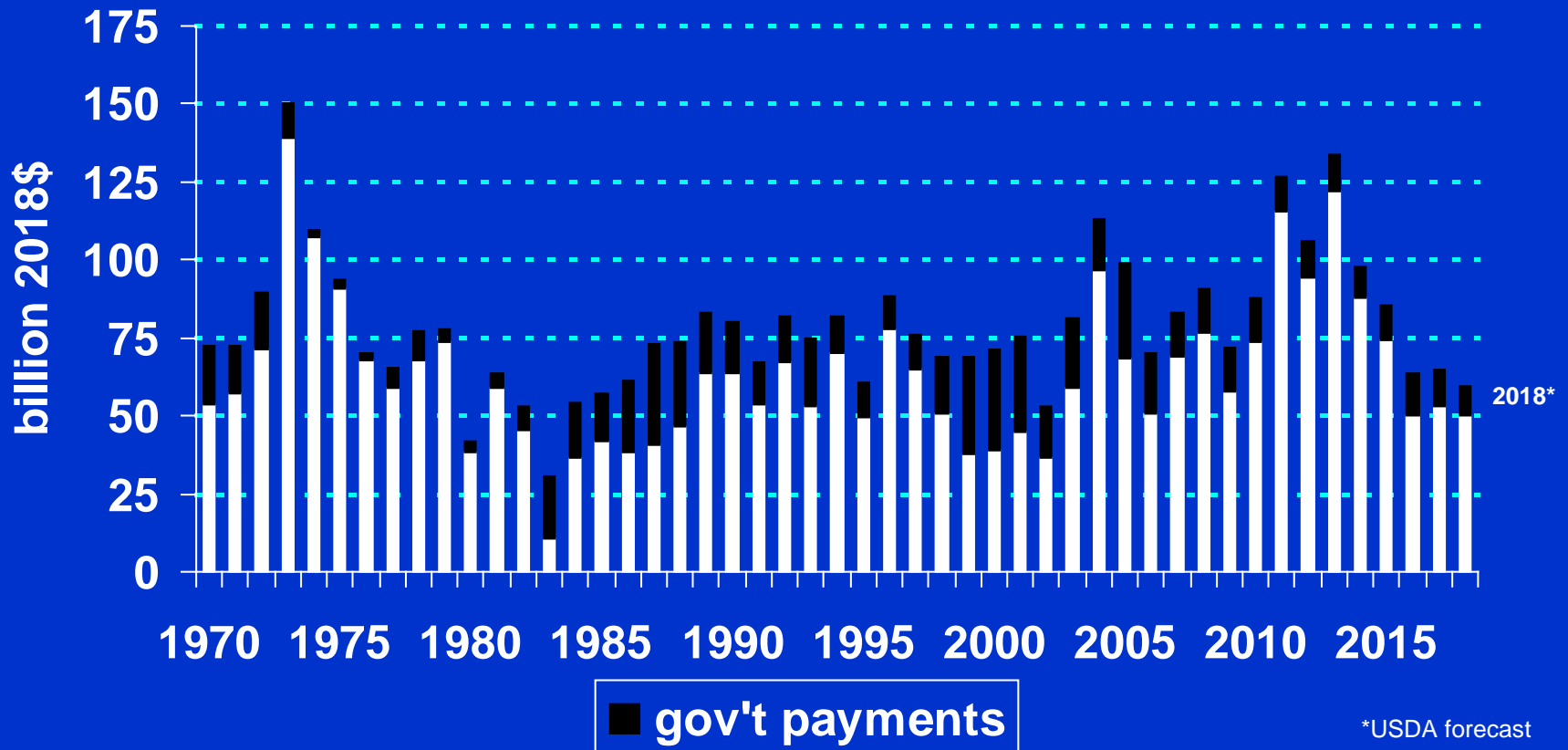
7th District Agriculture Products

(as % of U.S. total, 2017)



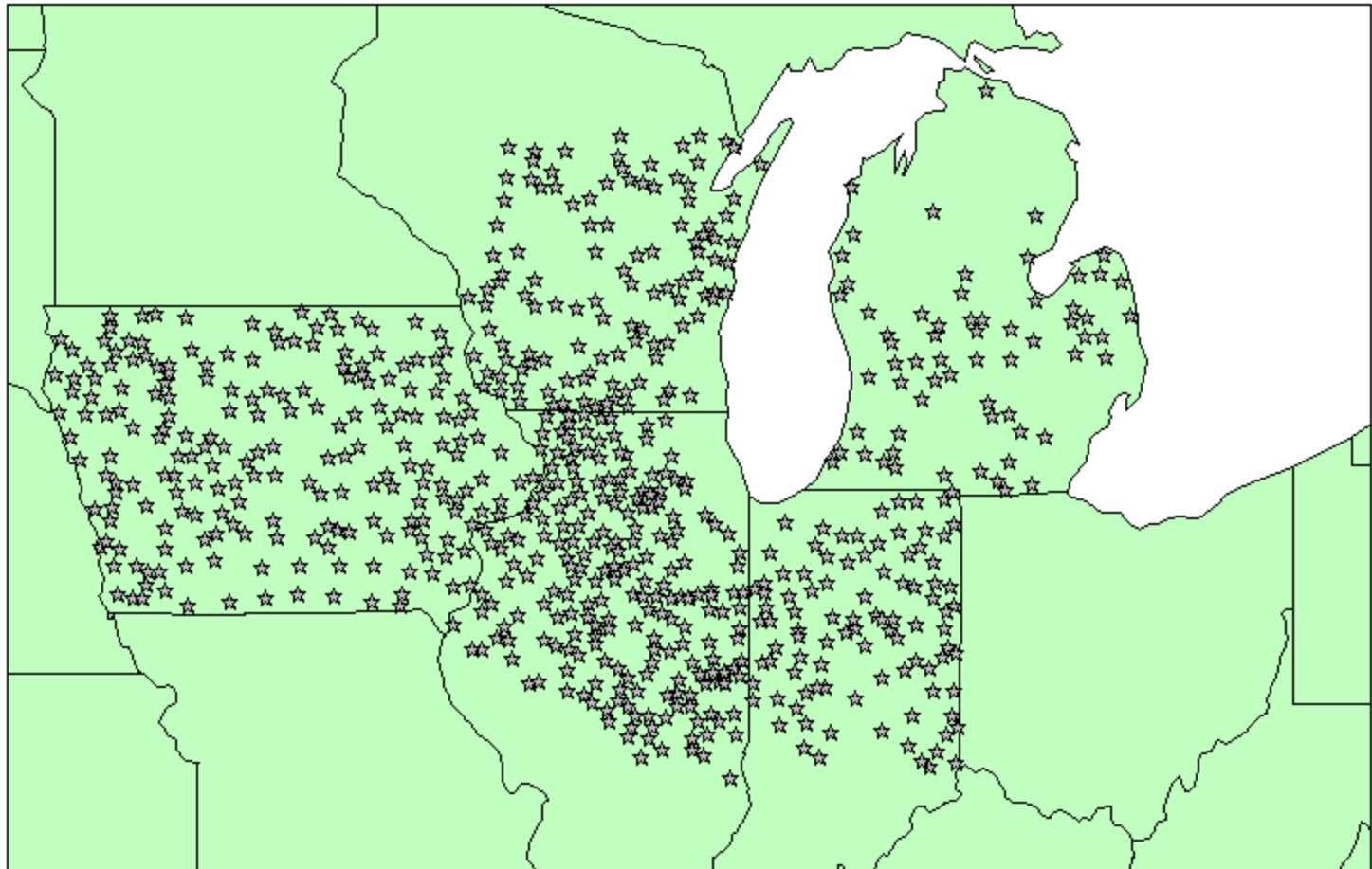
Source: Calculations based on data from USDA, National Agricultural Statistics Service

Real net farm income edged up in 2017, but is expected to be down in 2018

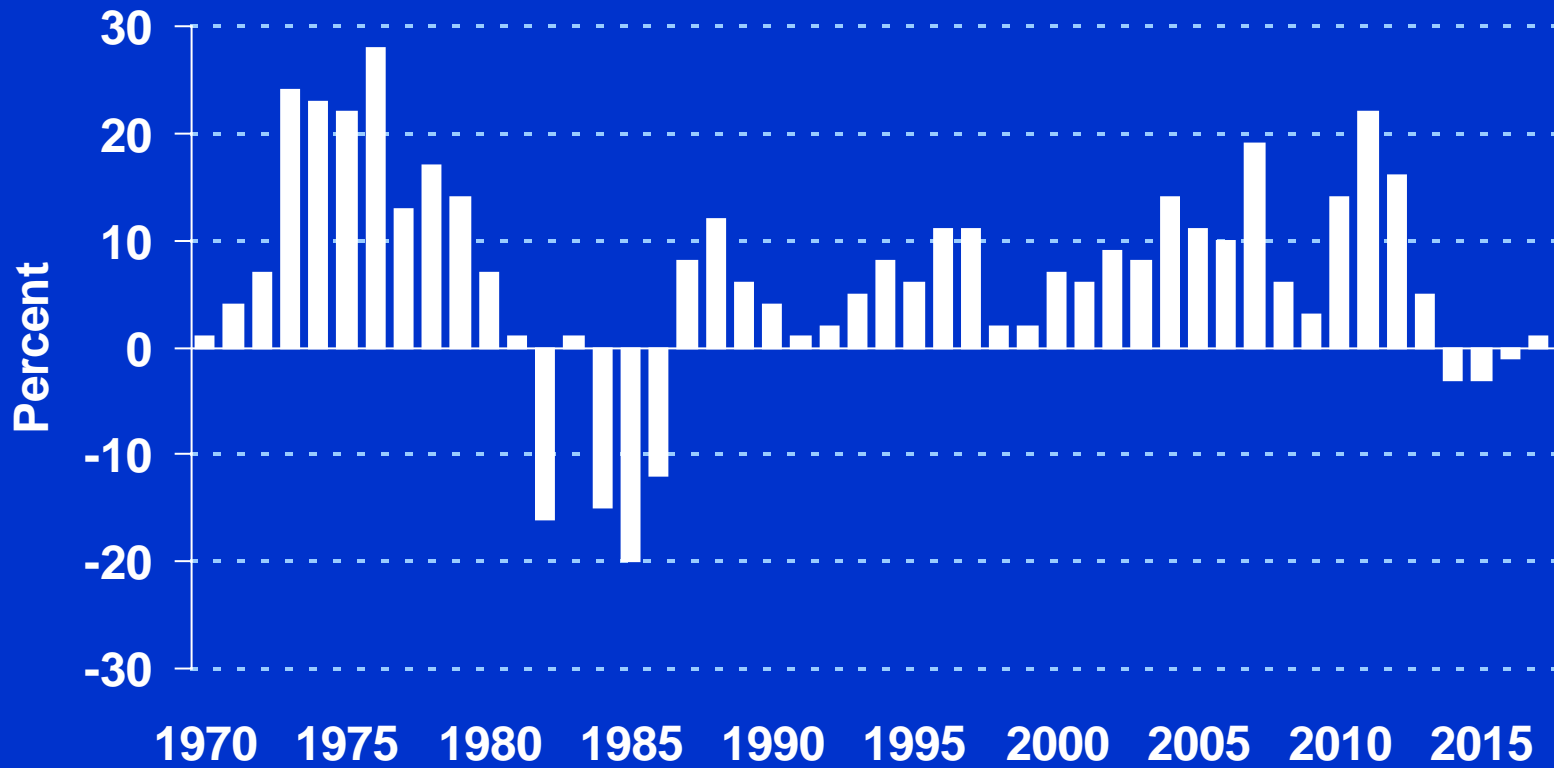


Source: USDA, Economic Research Service

Banks in 7th District Land Values and Credit Conditions Survey

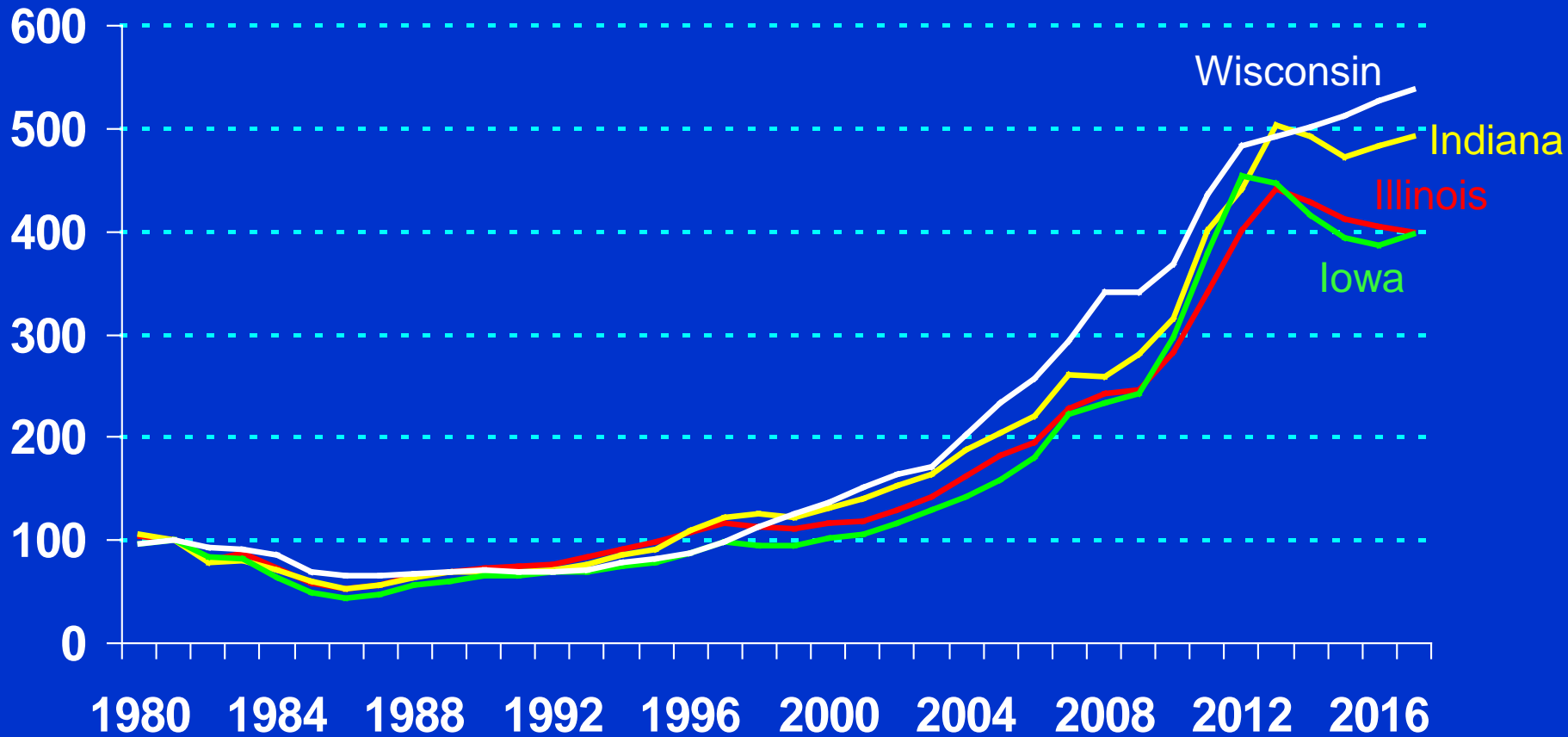


Annual change in farmland values in 7th Federal Reserve District



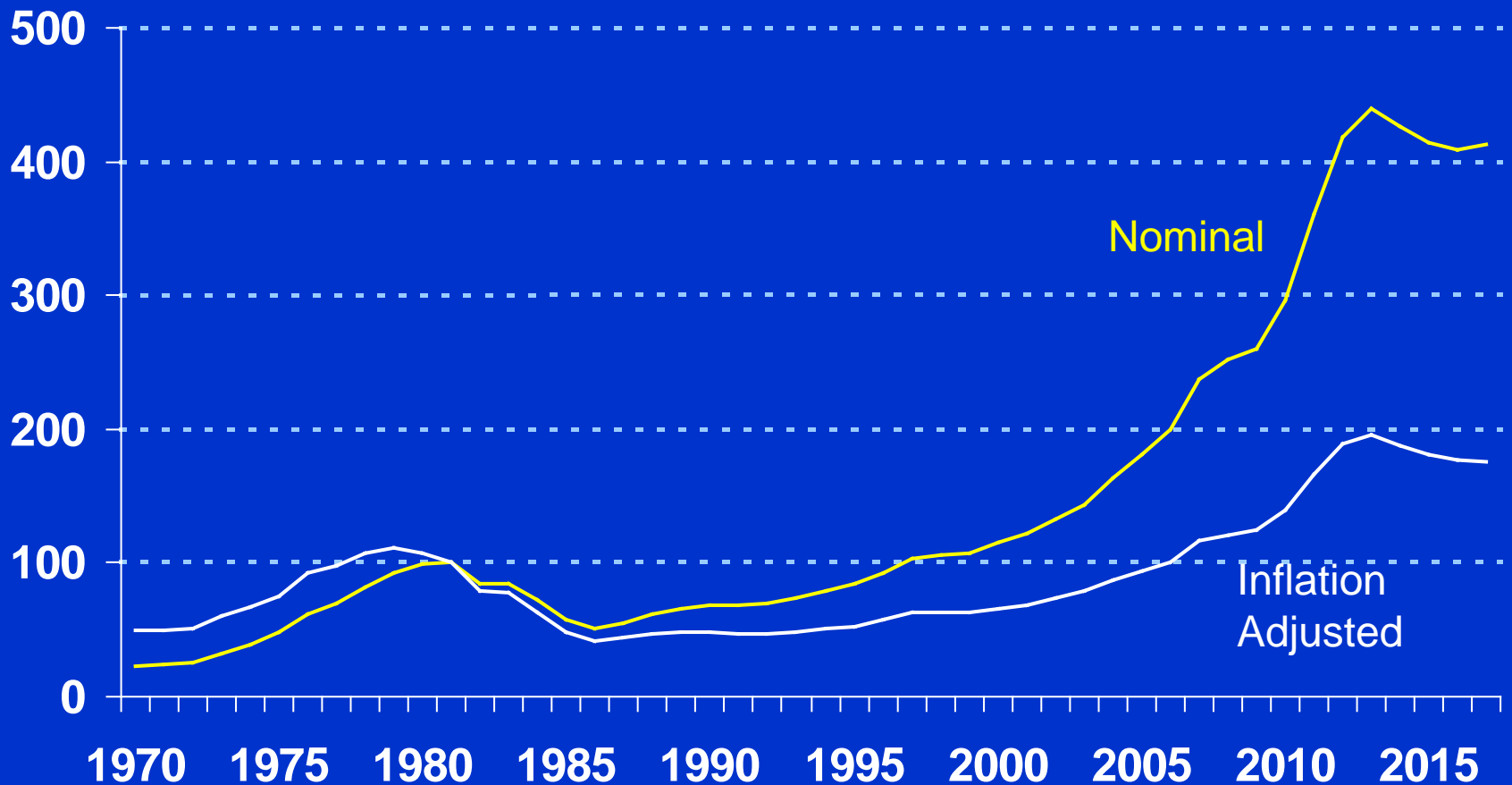
Source: Federal Reserve Bank of Chicago

Farmland Value Indexes for 7th District States (1981=100)



Source: Federal Reserve Bank of Chicago

Index of Seventh District farmland values (1981=100)

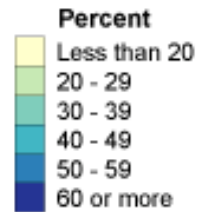
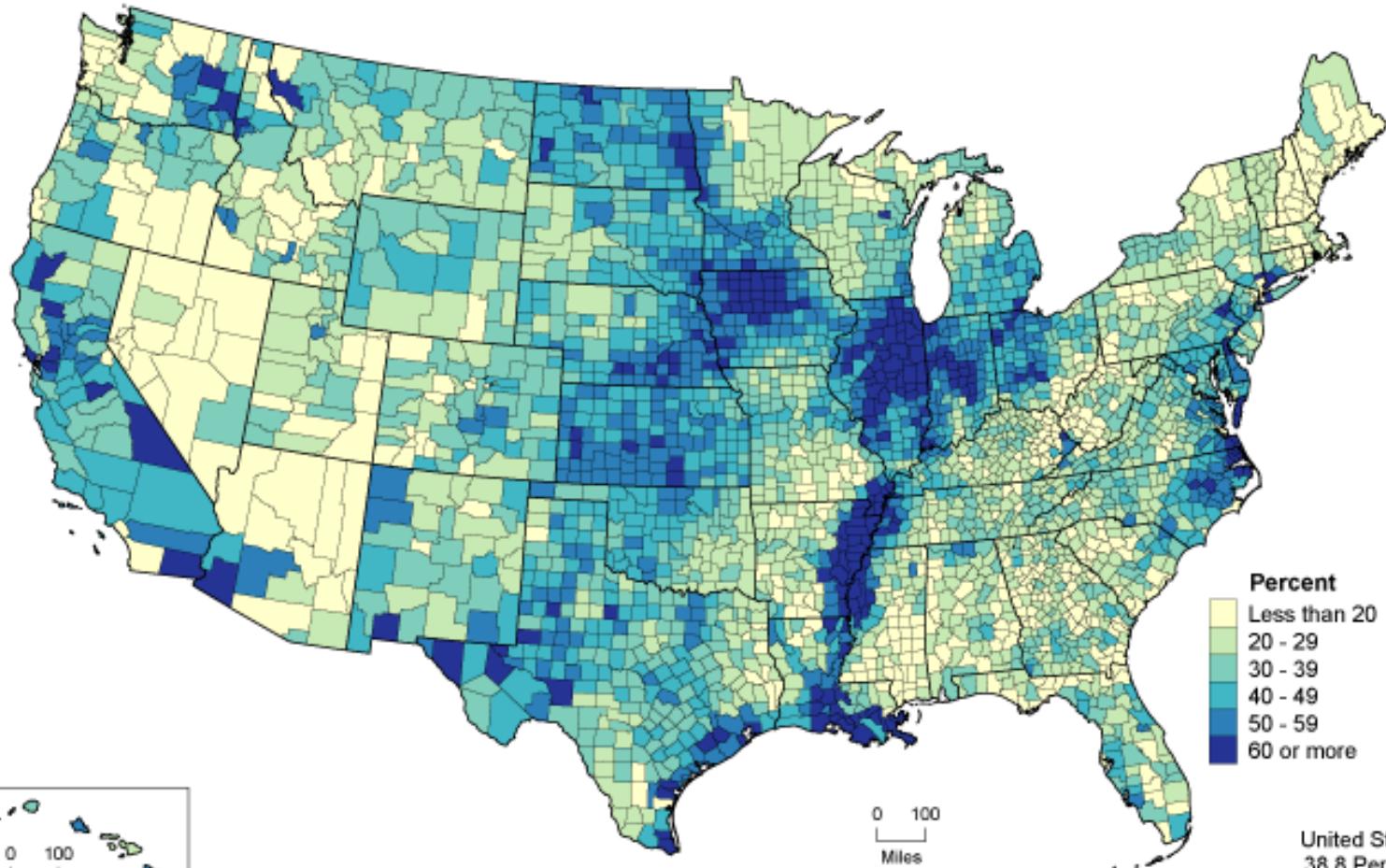


Source: Federal Reserve Bank of Chicago

0 200
Miles

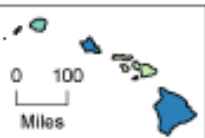


Percent of Land in Farms Rented or Leased: 2012



United States
38.8 Percent

0 100
Miles

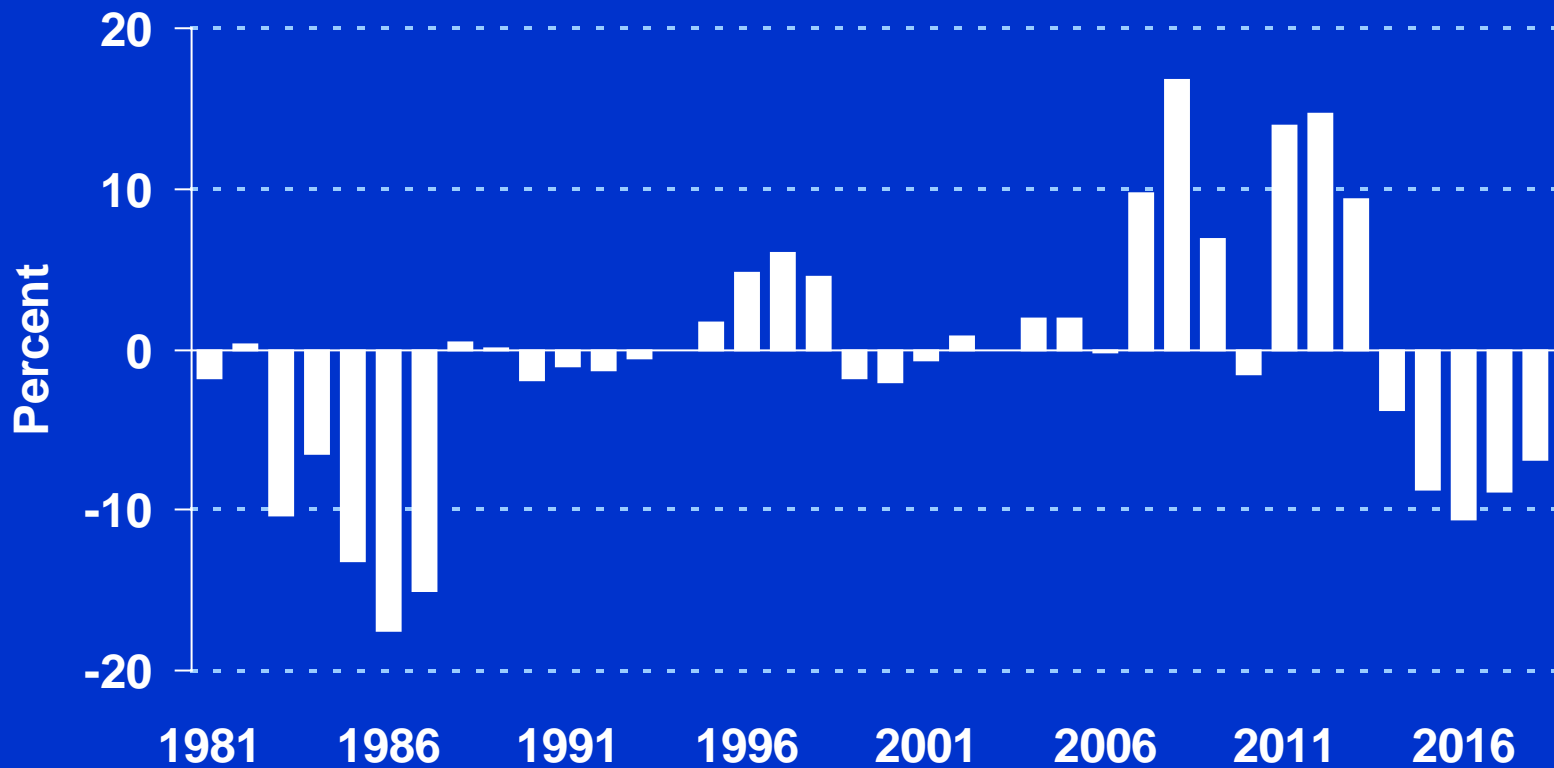


0 100
Miles

12-M116
U.S. Department of Agriculture, National Agricultural Statistics Service

2012 Census of Agriculture

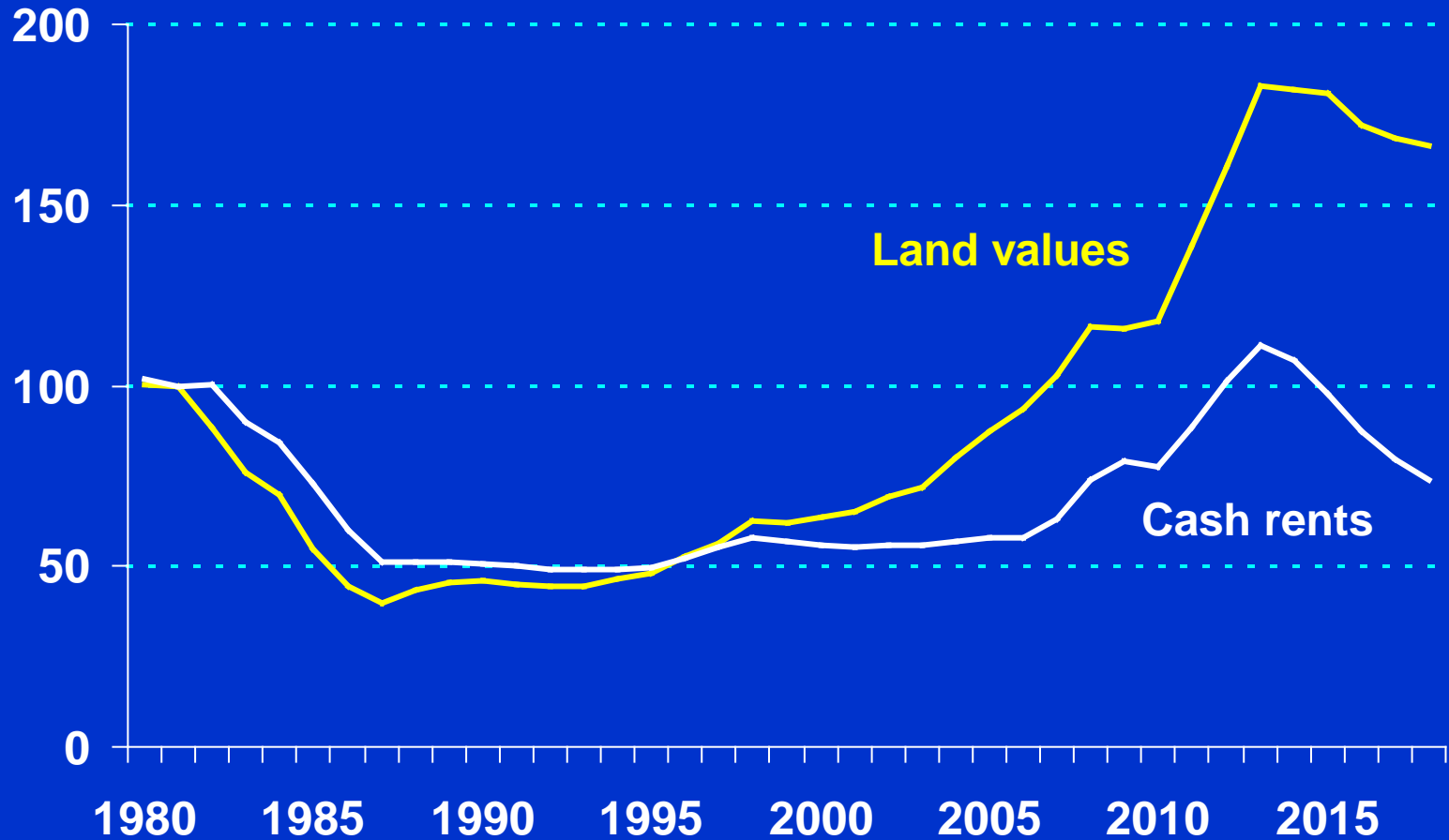
Annual change in real farmland cash rents in 7th Federal Reserve District



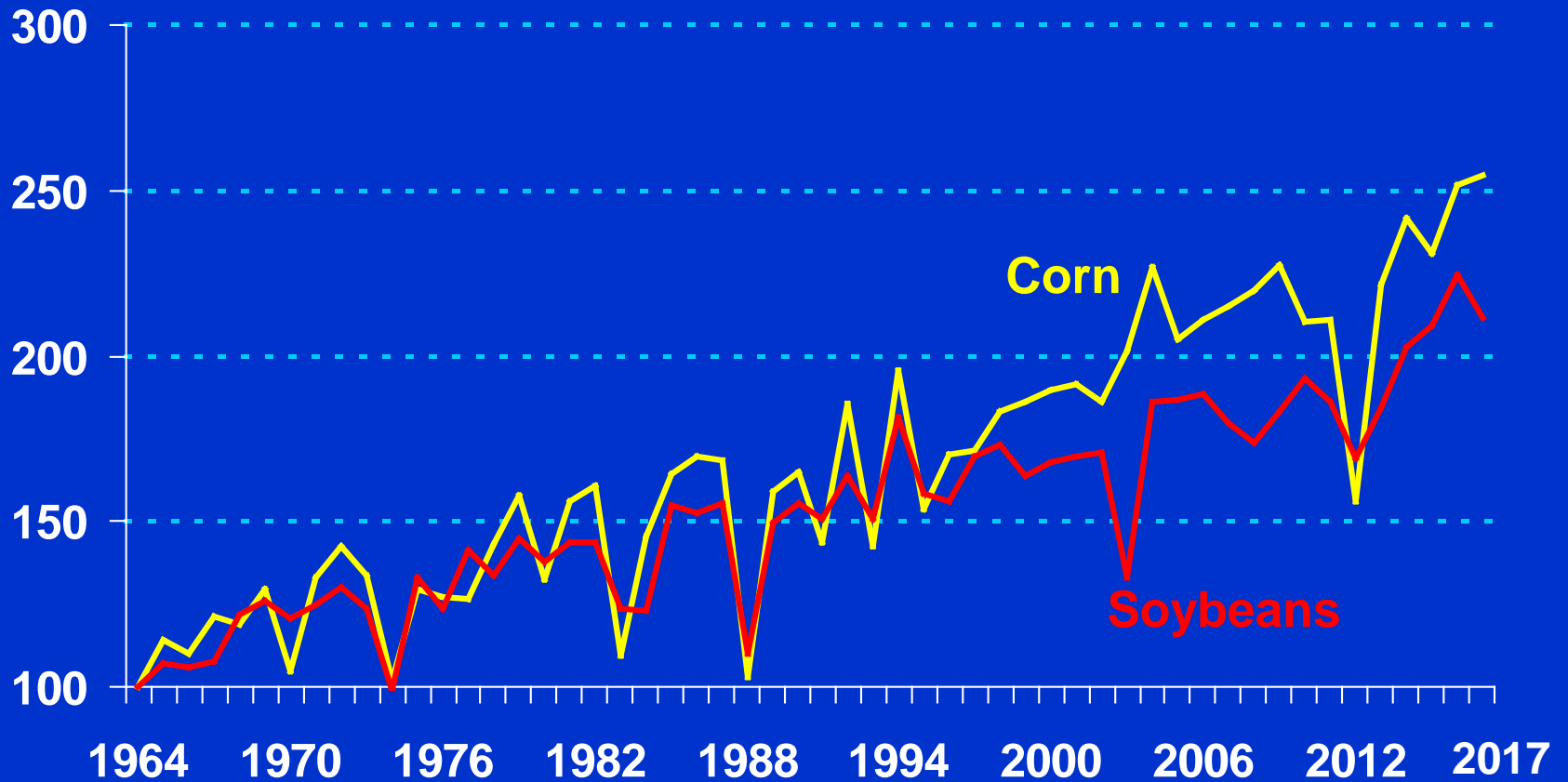
Source: Federal Reserve Bank of Chicago

Indexes of 7th District Farmland Values vs. Cash Rents

(Inflation Adjusted, 1981=100)



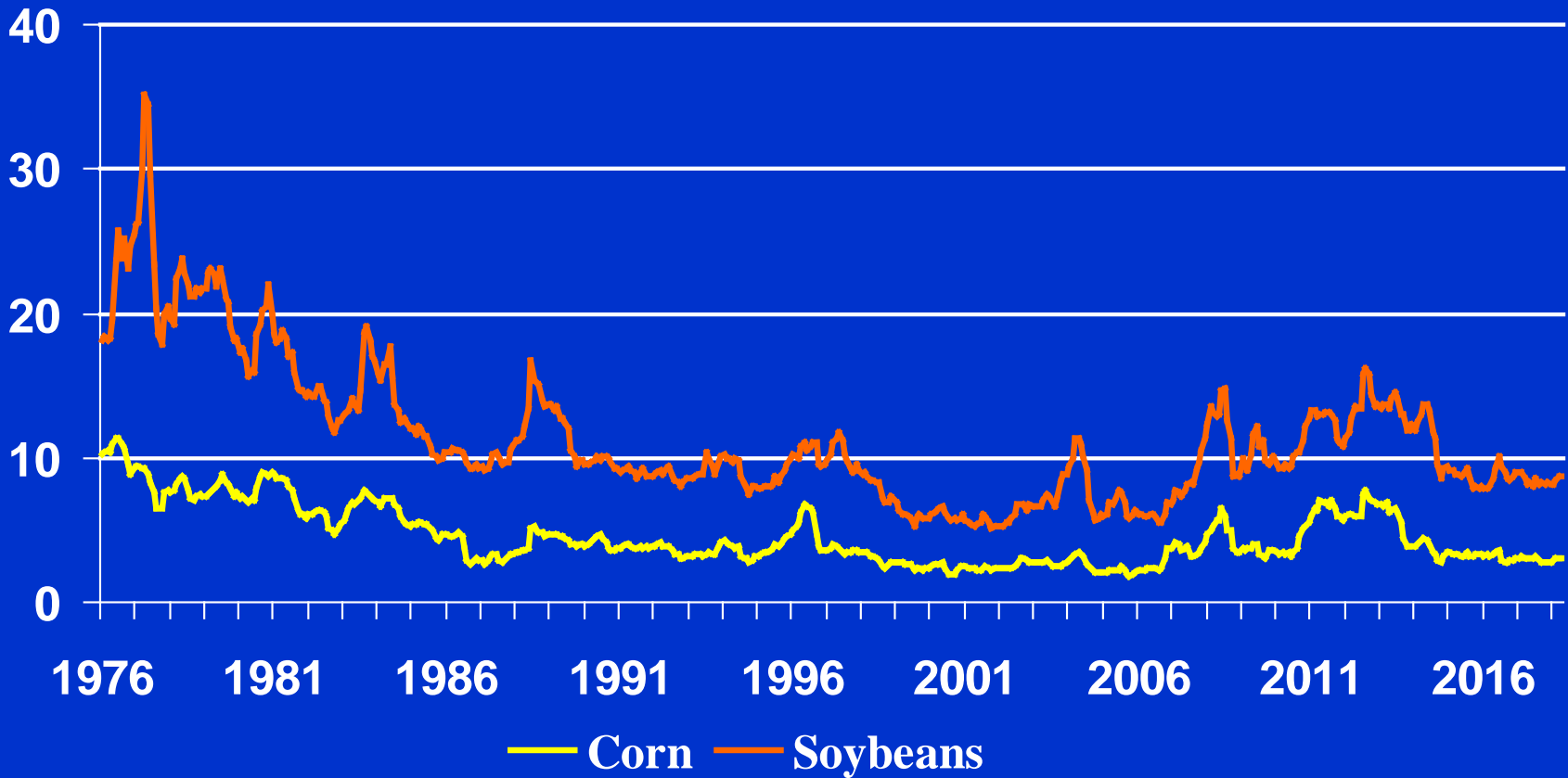
7th District Crop Yield Indexes (1964=100)



Source: USDA, National Agricultural Statistics Service

Real Cash Crop Prices

(\$/bushel for Central IL, adjusted by CPI-U for January 2010)

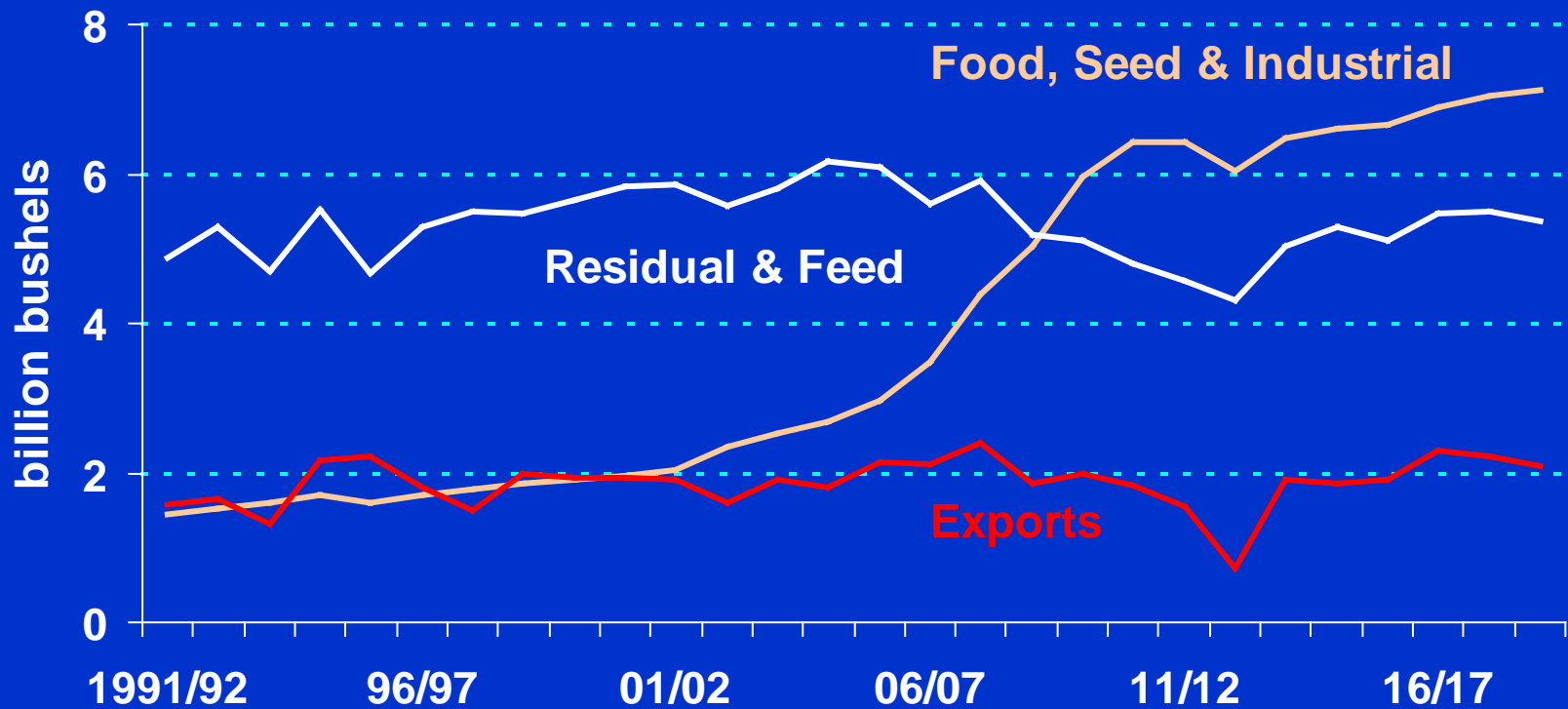


Corn production down from record in 2016/17



Source: USDA, National Agricultural Statistics Service

Growth in industrial demand (especially for ethanol production) surpassed feed demand for corn

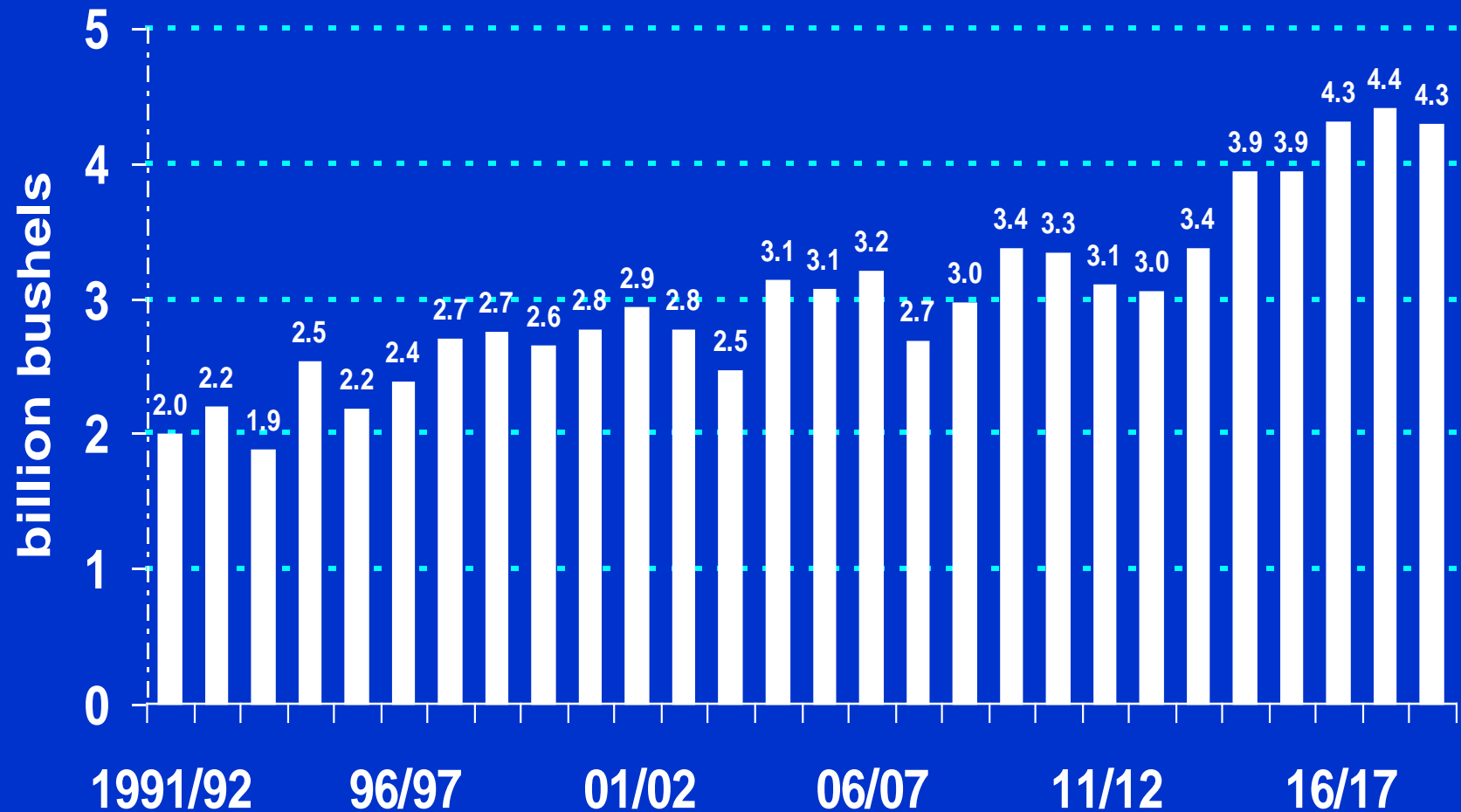


Corn prices expected to be higher in 2018/19 as stocks tighten

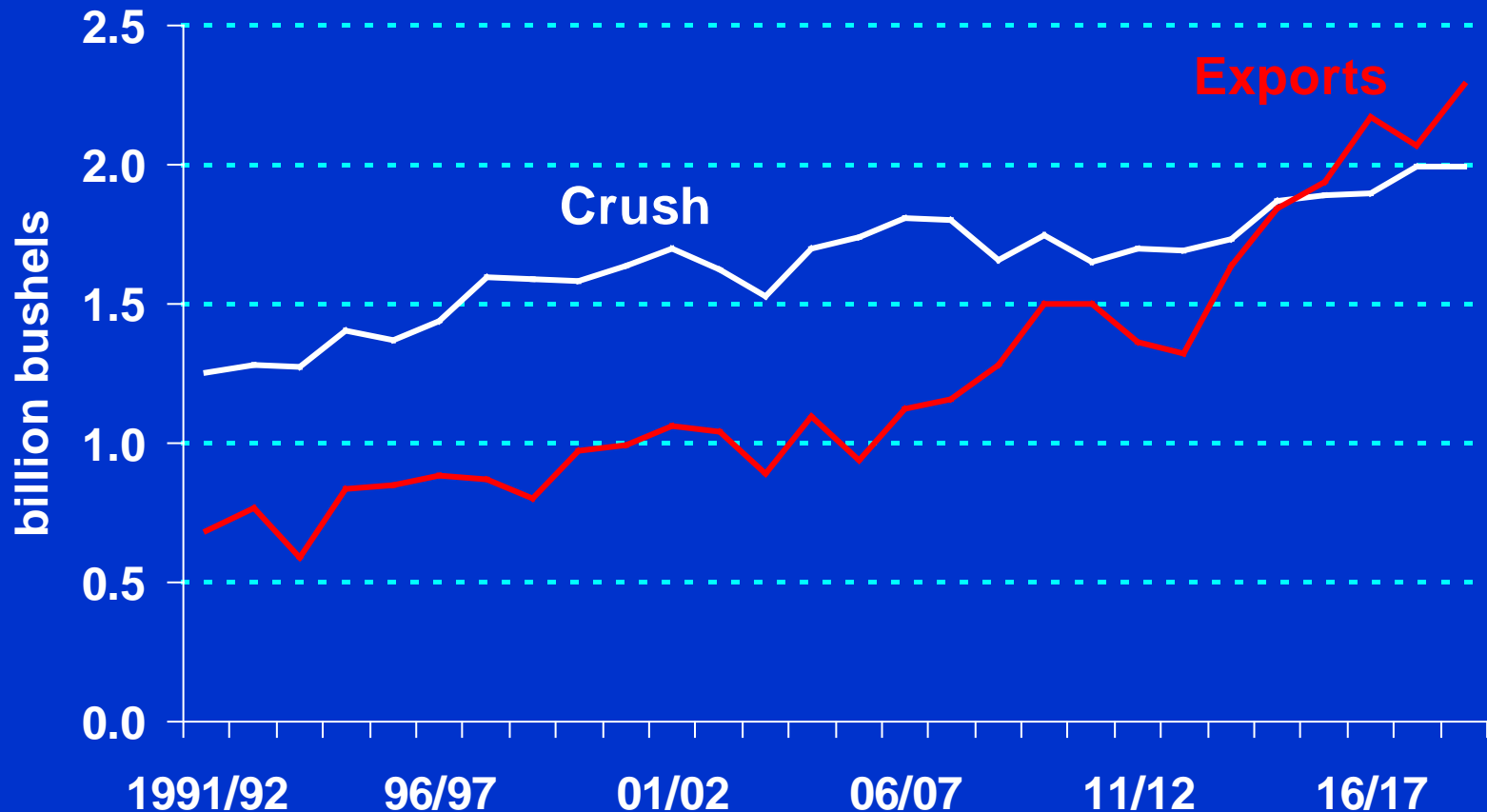


Source: USDA, World Agricultural Outlook Board

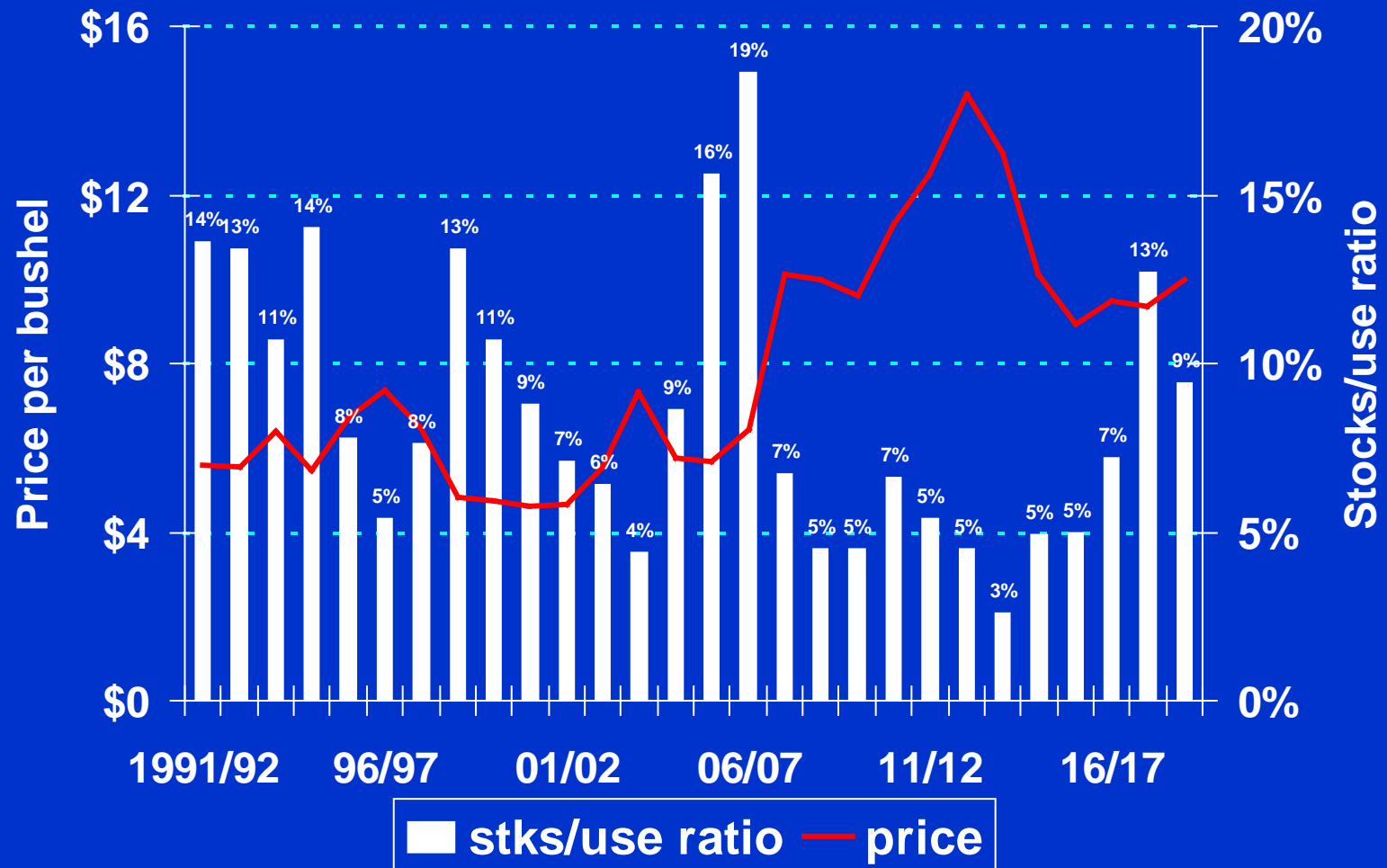
Soybean production expected to be down from records of two previous years



Soybean exports expected to be up, while crushing projections are flat

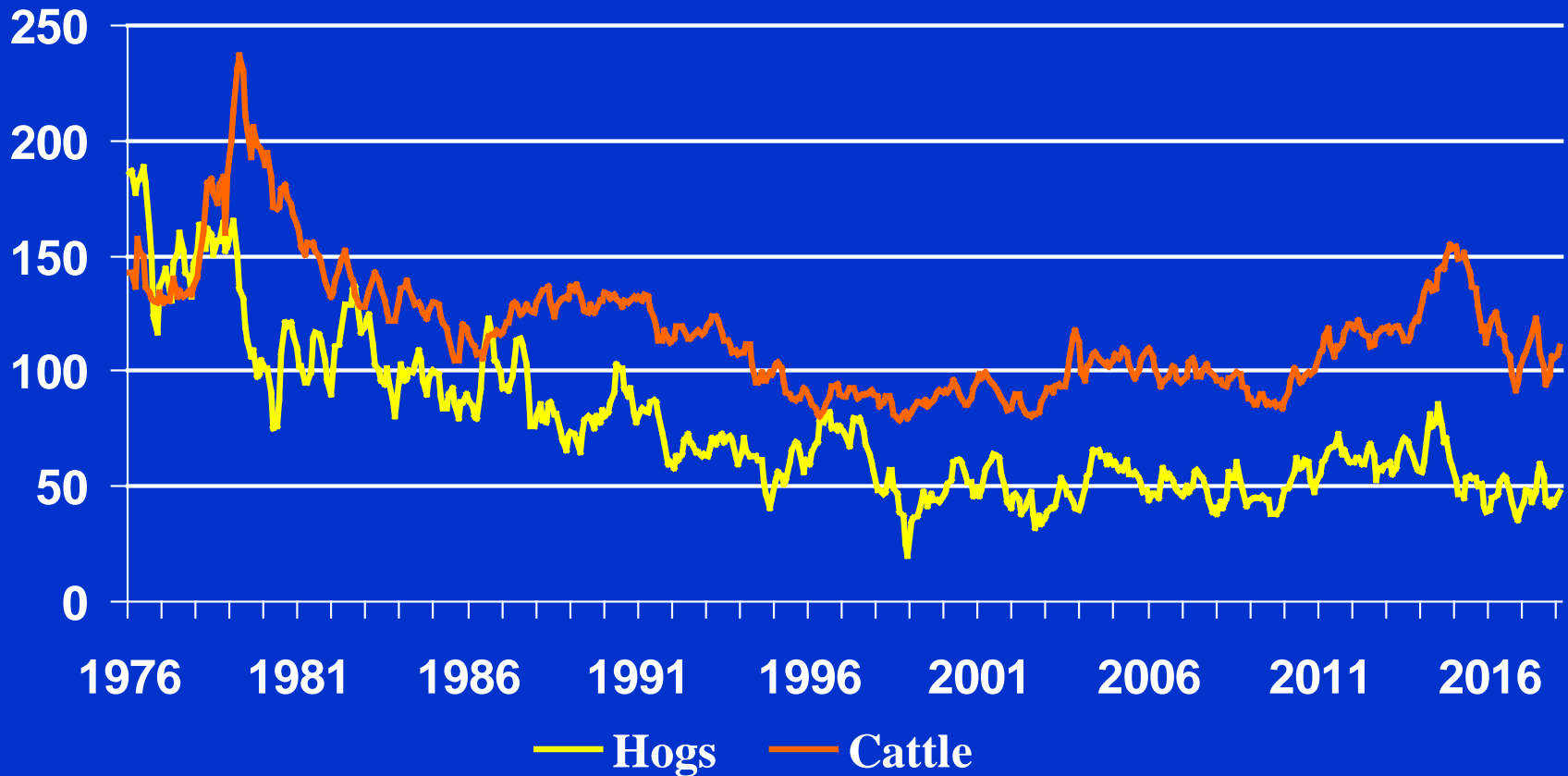


Soybean prices expected to rise as stocks dip in 2018/19



Real USDA Livestock Prices

(\$/hundredweight, adjusted by CPI-U for January 2010)

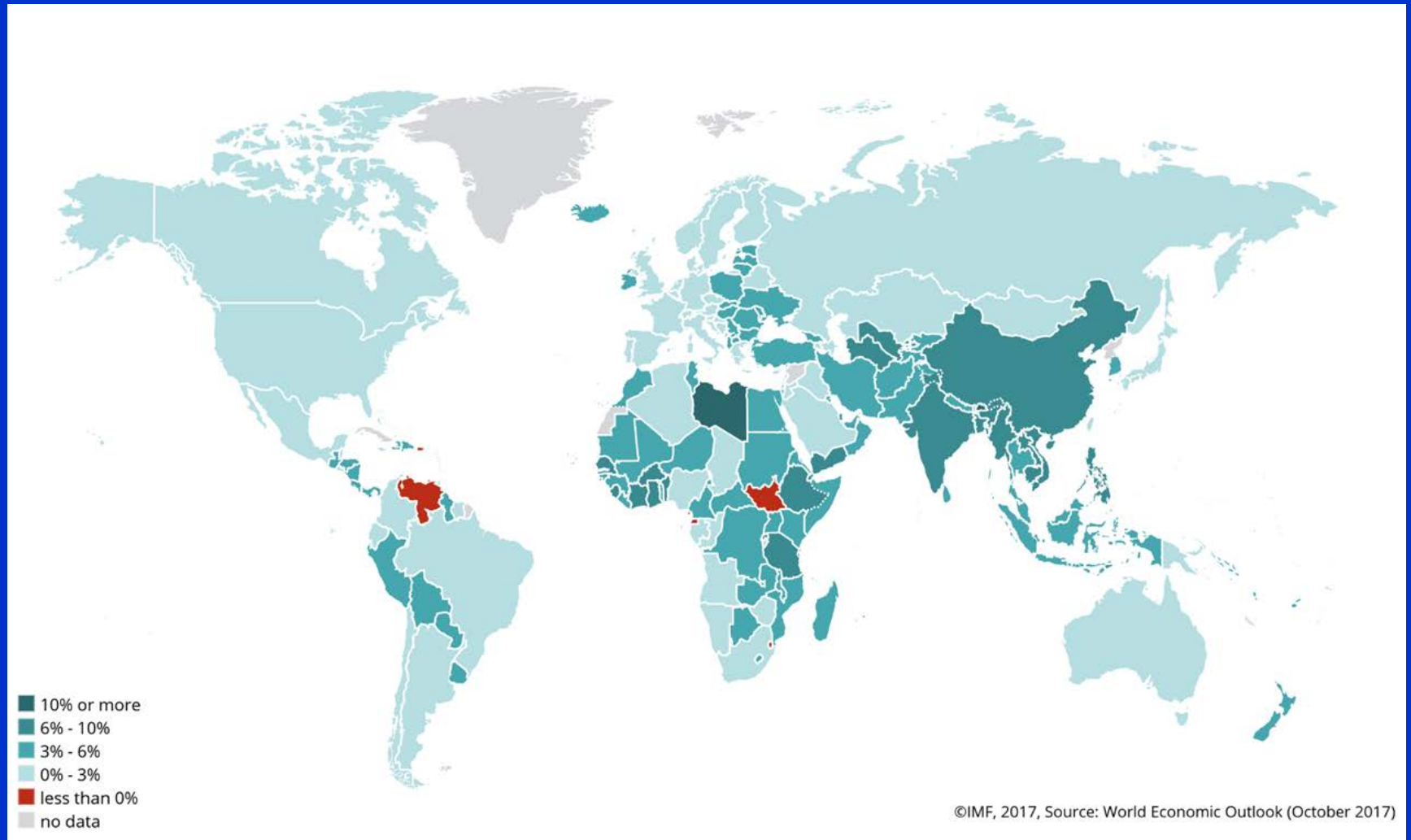


Dairy exports and milk prices



* 2018 USDA forecast

IMF real GDP growth forecast for 2018



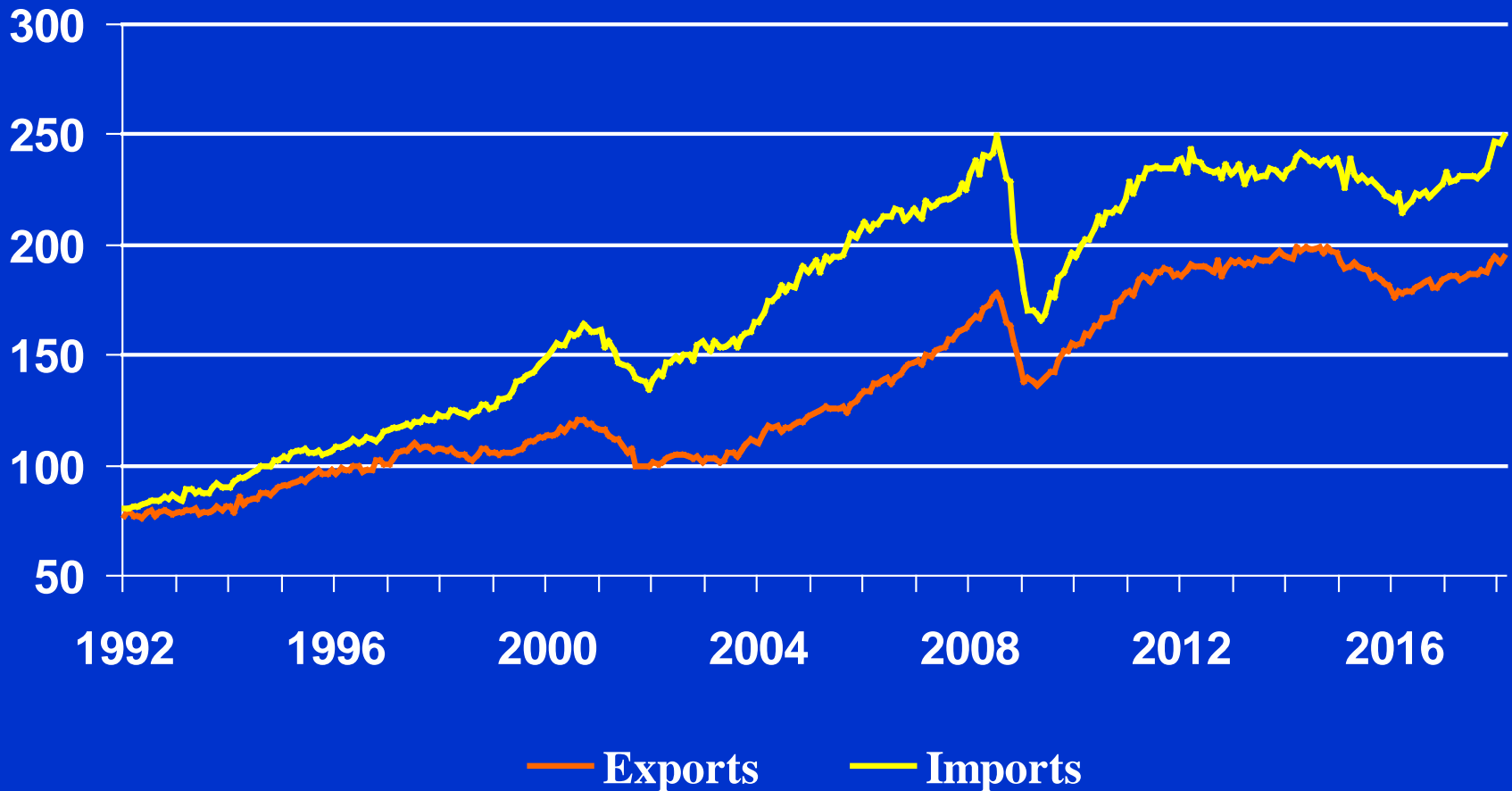
The dollar's exchange value has dipped since the start of 2017, boosting exports

(Real Broad Trade-Weighted Exchange Value of the US\$)
{March 1973=100}

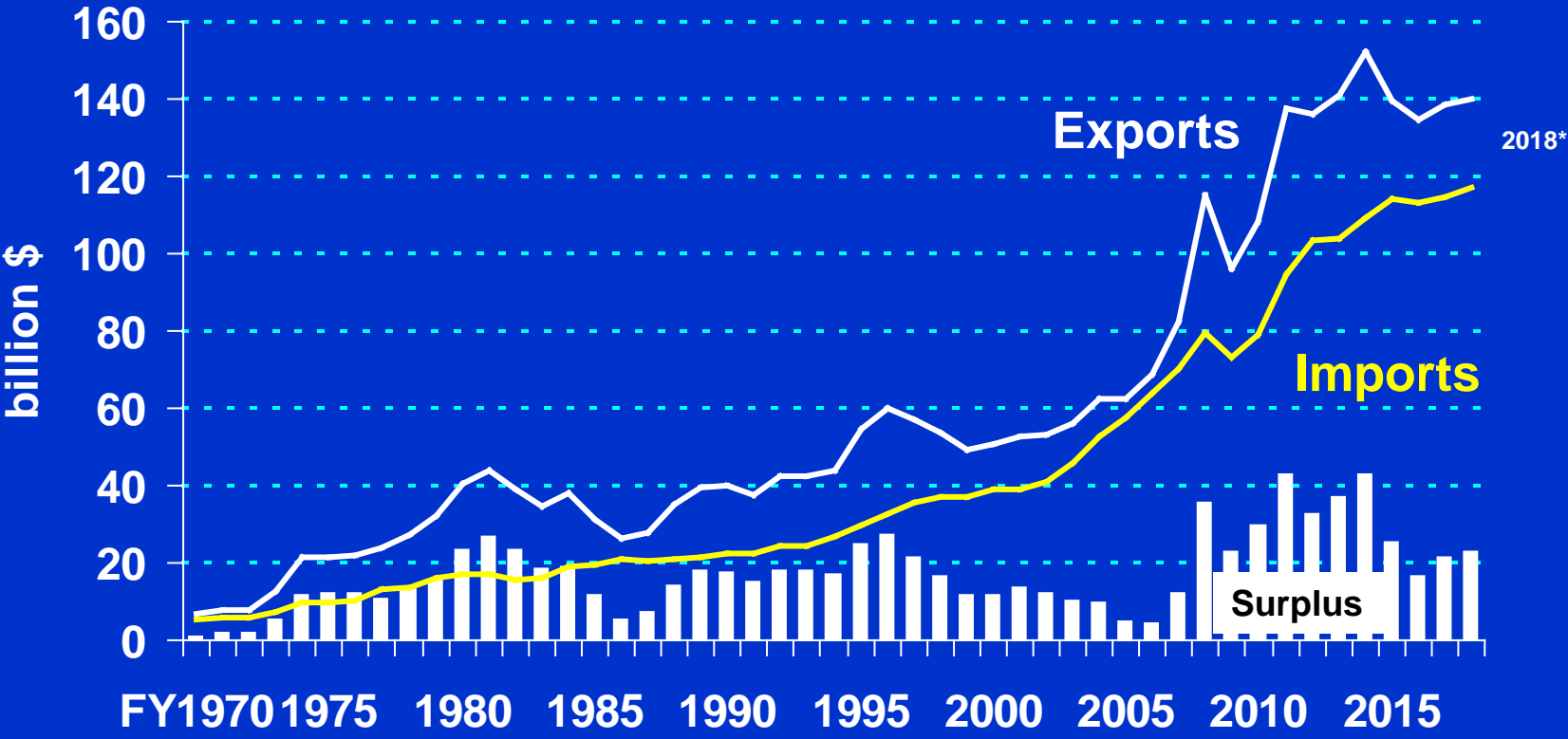


Real U.S. exports rising again, but more slowly than imports

(billions of 2015 dollars, SA)

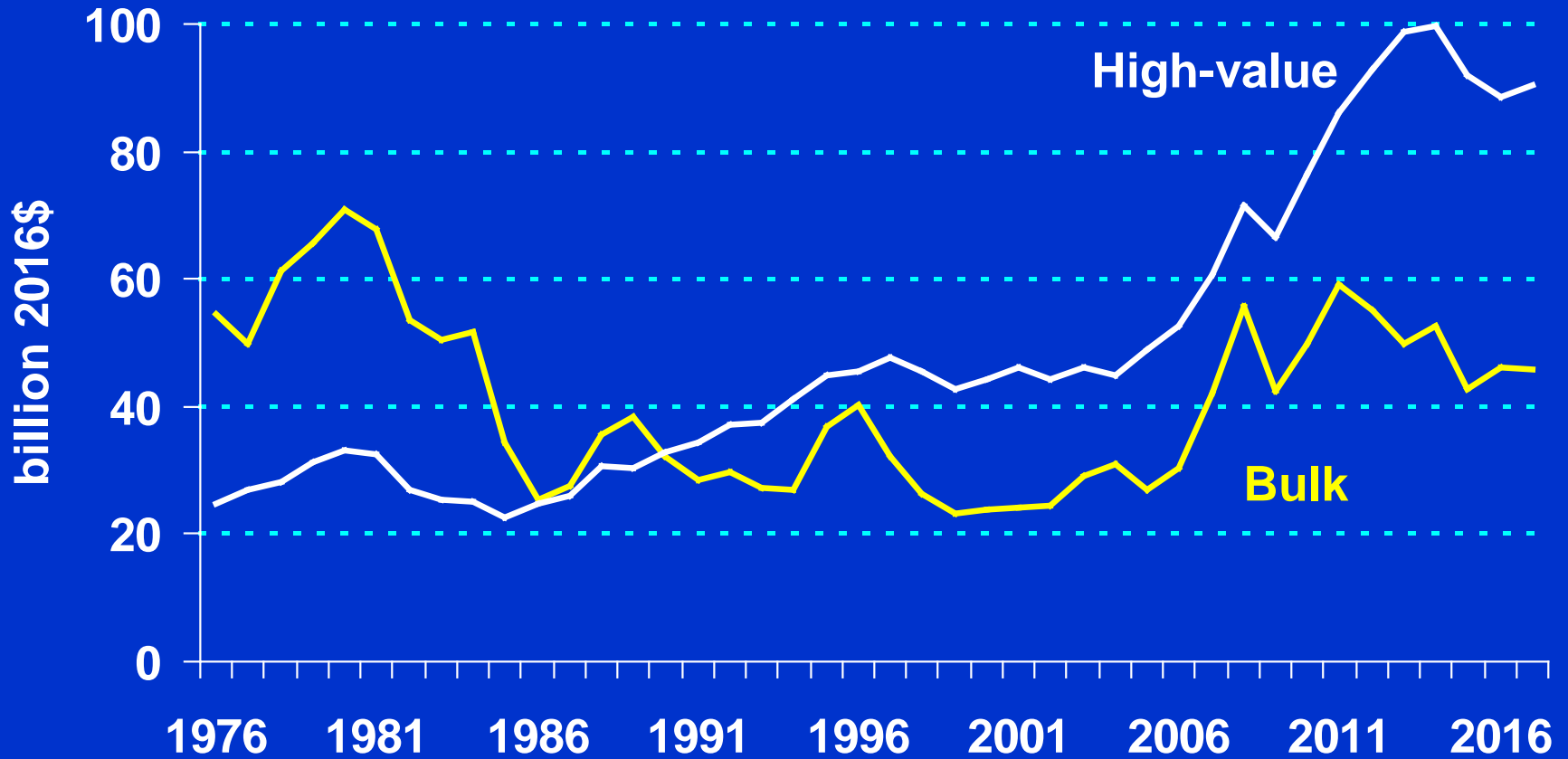


Value of agricultural exports rose in 2017, but expected to be about the same in 2018

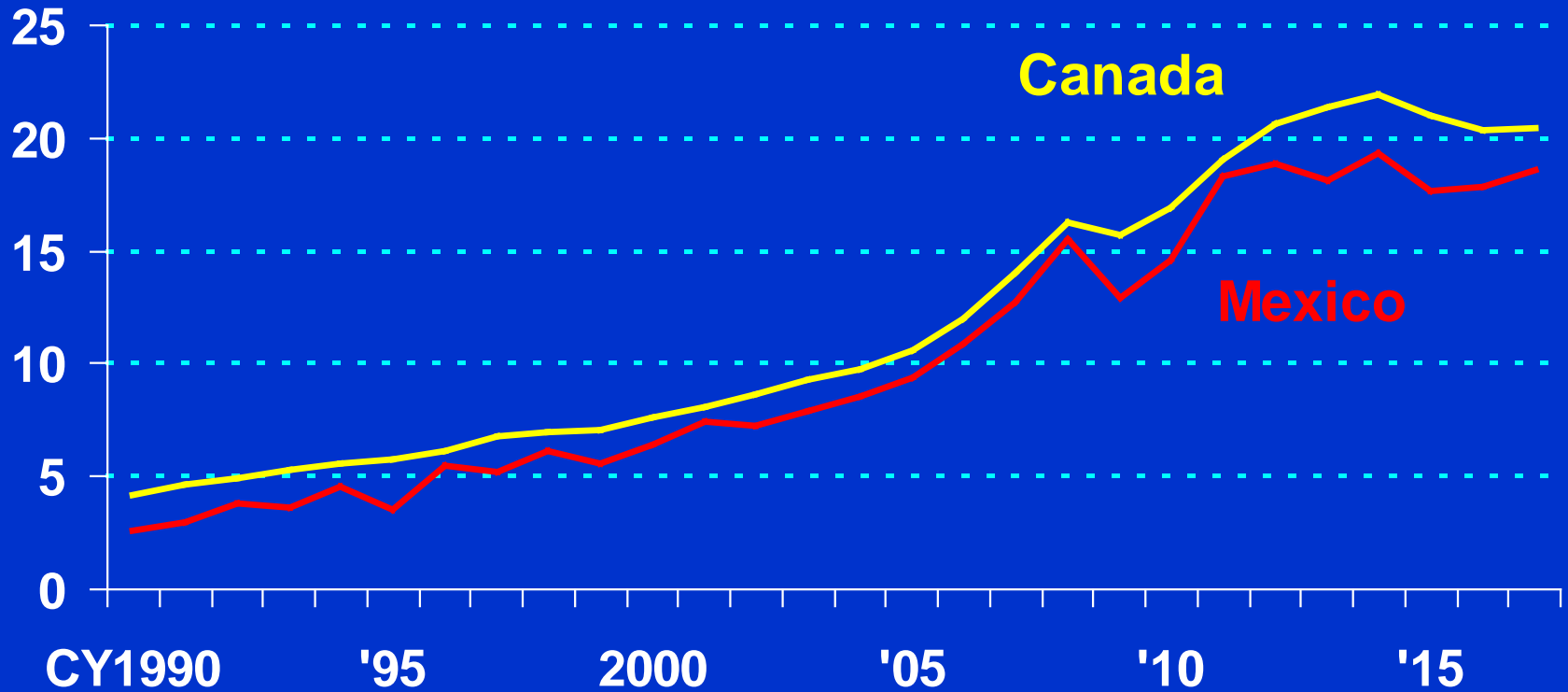


*USDA projection

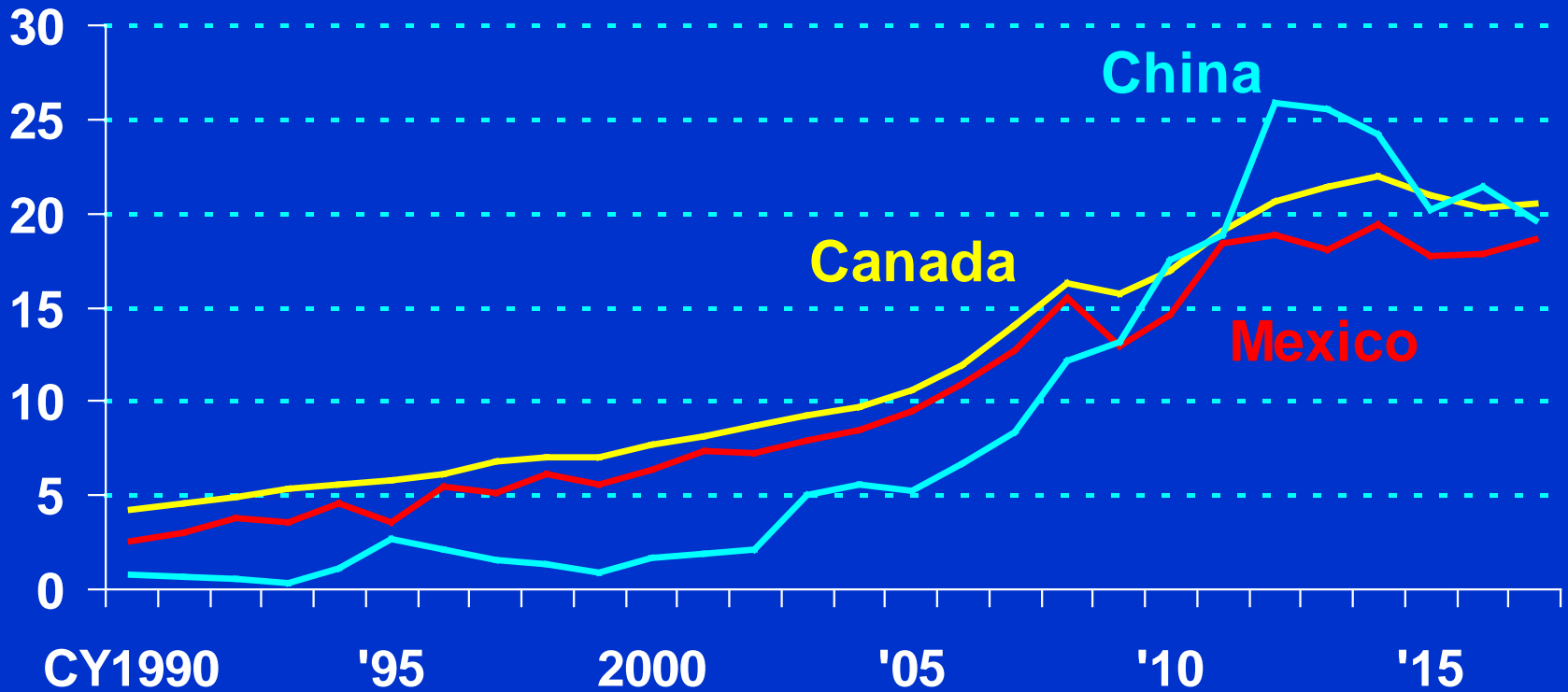
High-value agricultural exports outpaced more variable bulk exports, but both slowed



Growth in agricultural exports to NAFTA partners (billion \$)



But agricultural exports to China caught up
(billion \$)

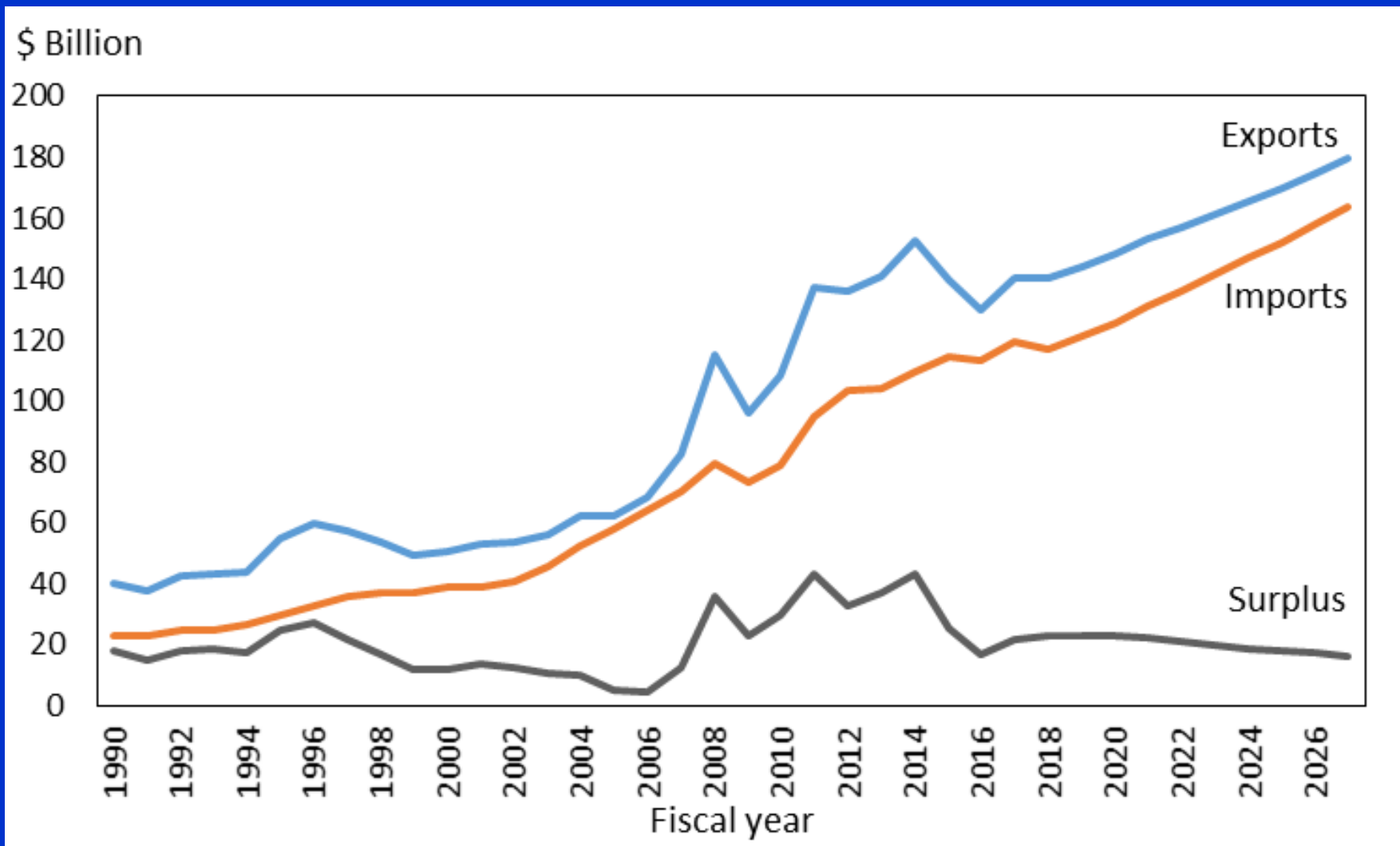


Agricultural exports by regional states

(2016 in million \$)

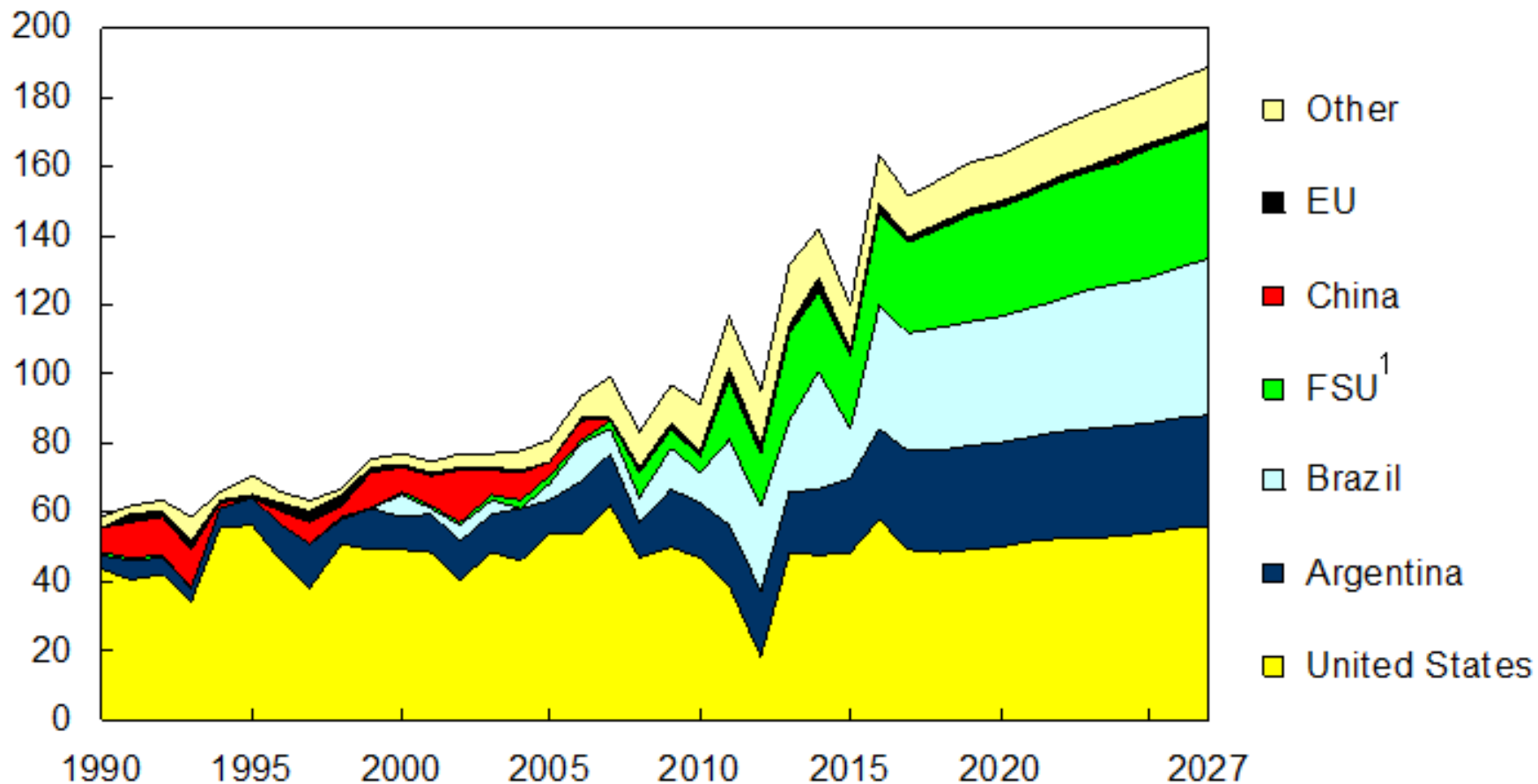
	U.S.	Iowa	Illinois	Indiana	Michigan	Wisc.
Total (rank)	134,242	10,608 (#2)	8,345 (#3)	4,604 (#7)	2,044 (#20)	2,898 (#18)
Soybeans	22,819	3,113 (#2)	3,205 (#1)	1,706 (#4)	564 (#13)	532 (#14)
Corn	9,890	1,747 (#1)	1,558 (#2)	678 (#5)	229 (#13)	282 (#10)
Pork	5,936	1,999 (#1)	382 (#4)	319 (#5)	97 (#12)	31 (#18)
Dairy	4,703	113 (#12)	43 (#23)	91 (#14)	223 (#7)	683 (#2)

U.S. agricultural trade value forecast to 2027



Global corn exports

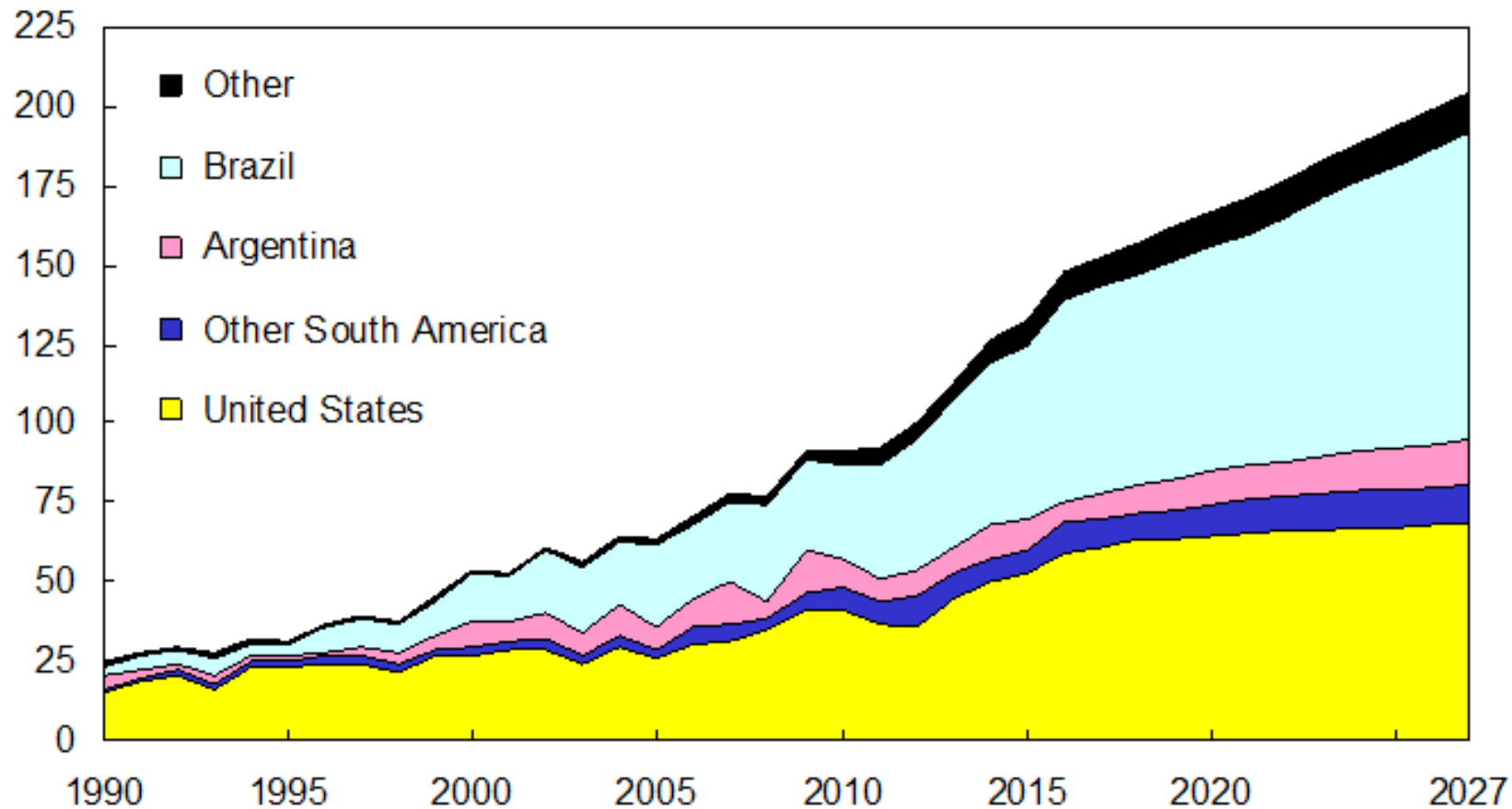
Million metric tons



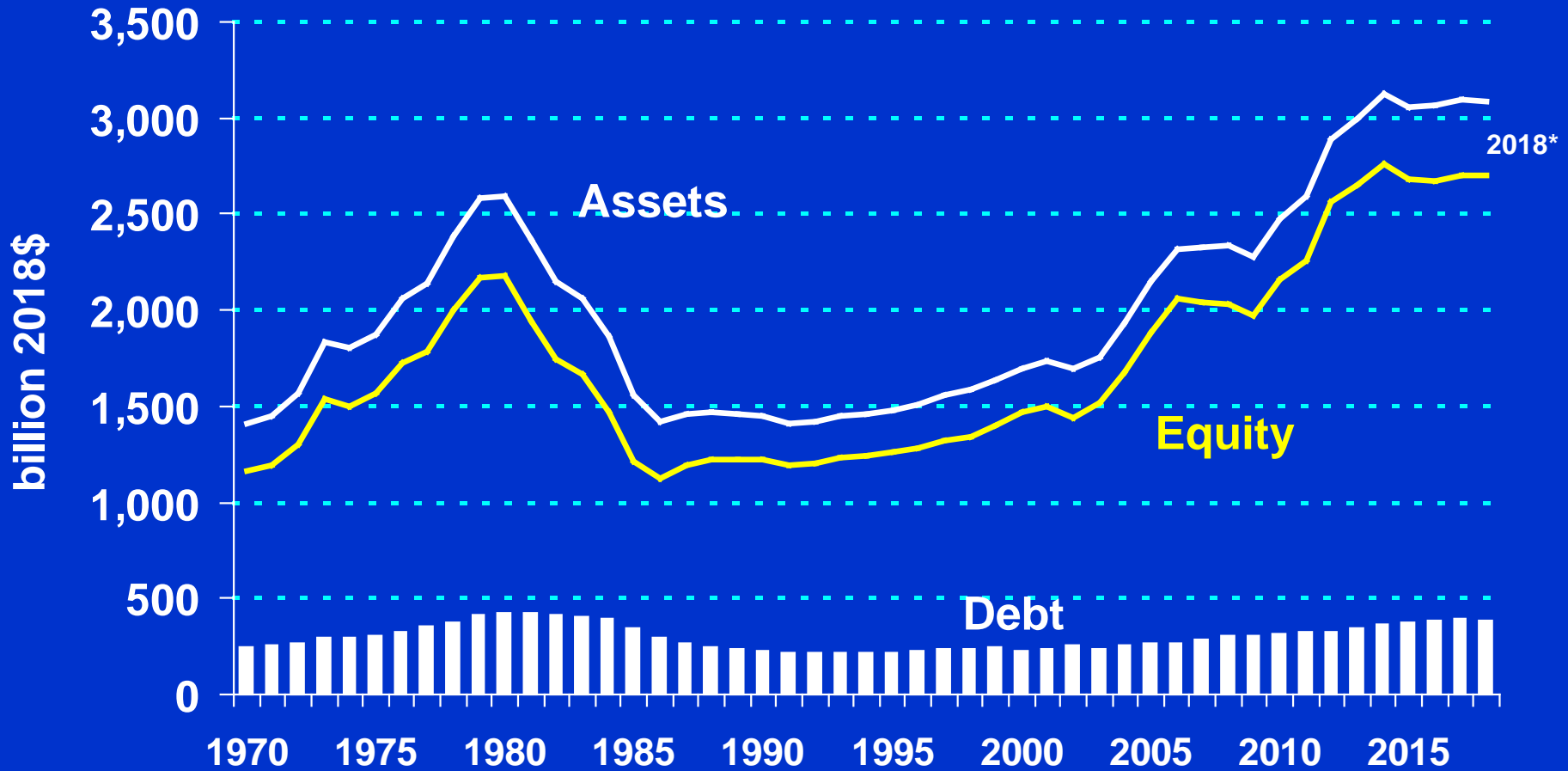
¹ Former Soviet Union.

Global soybean exports

Million metric tons

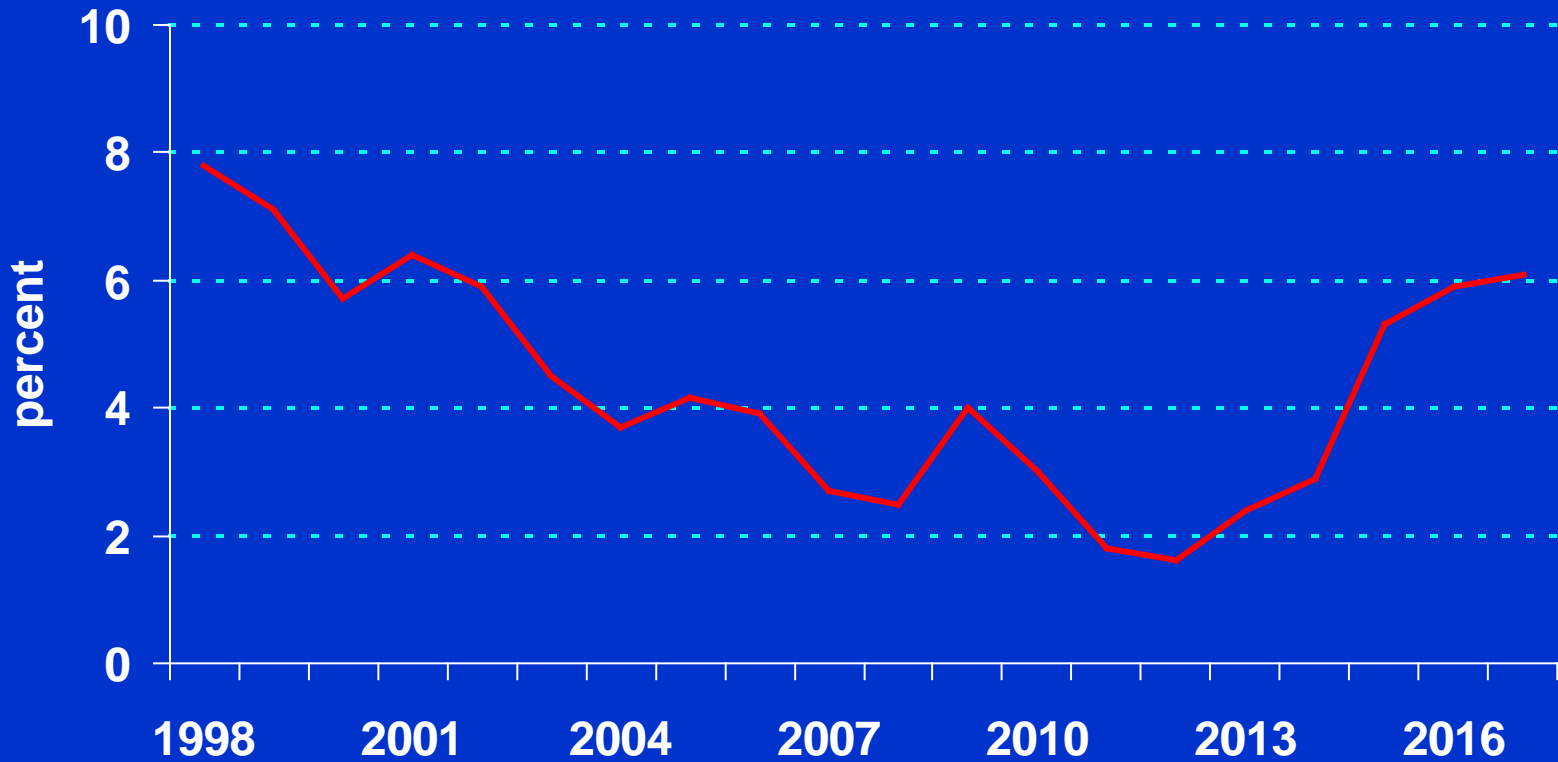


Real farm sector assets and equity still at levels above prior peak



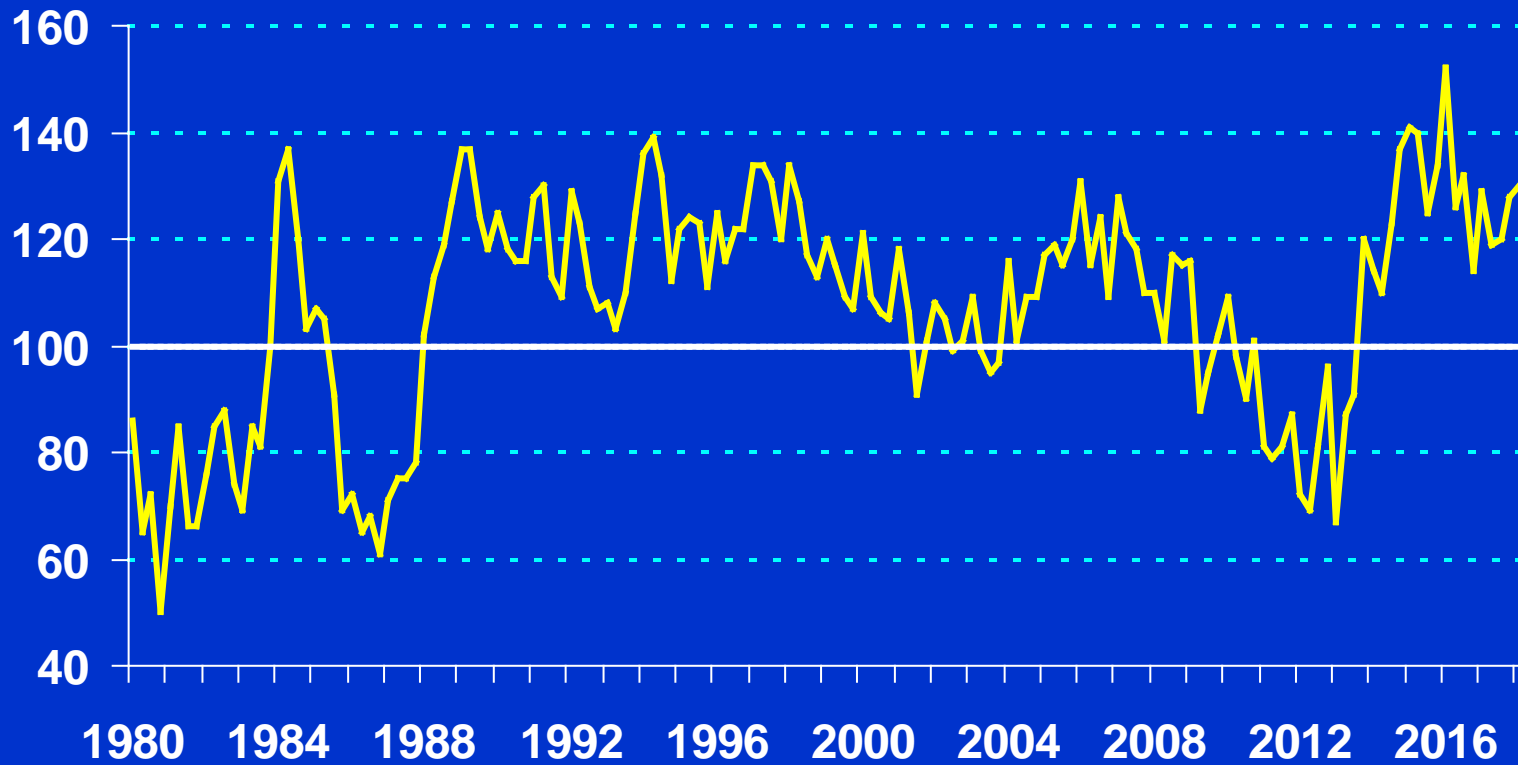
*USDA forecast

Farm loan volume with “major” or “severe” repayment problems in 7th Federal Reserve District (fourth quarter of year)



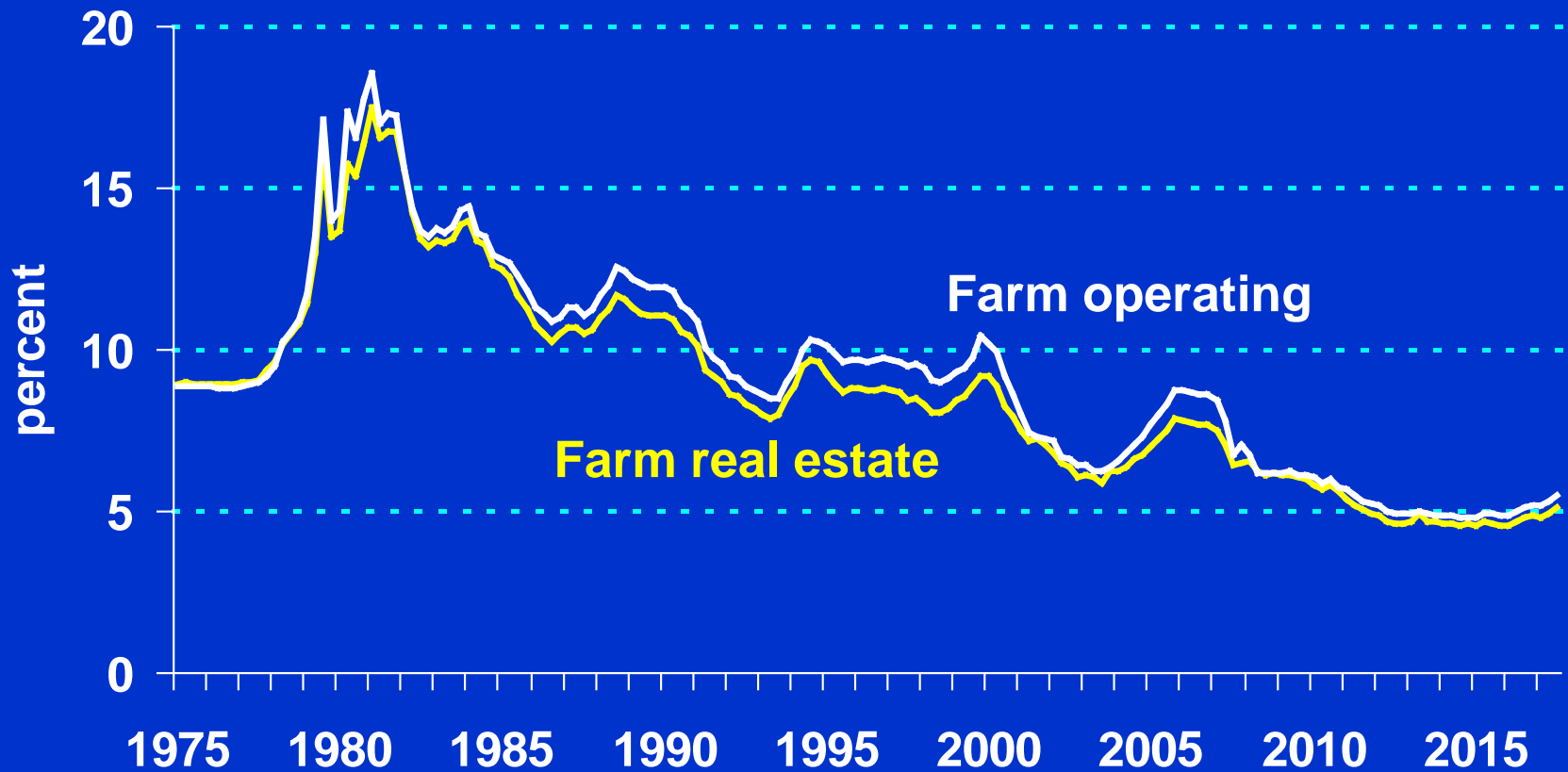
Source: Federal Reserve Bank of Chicago

Index of agricultural loan demand for the 7th Federal Reserve District *(excluding real estate)*



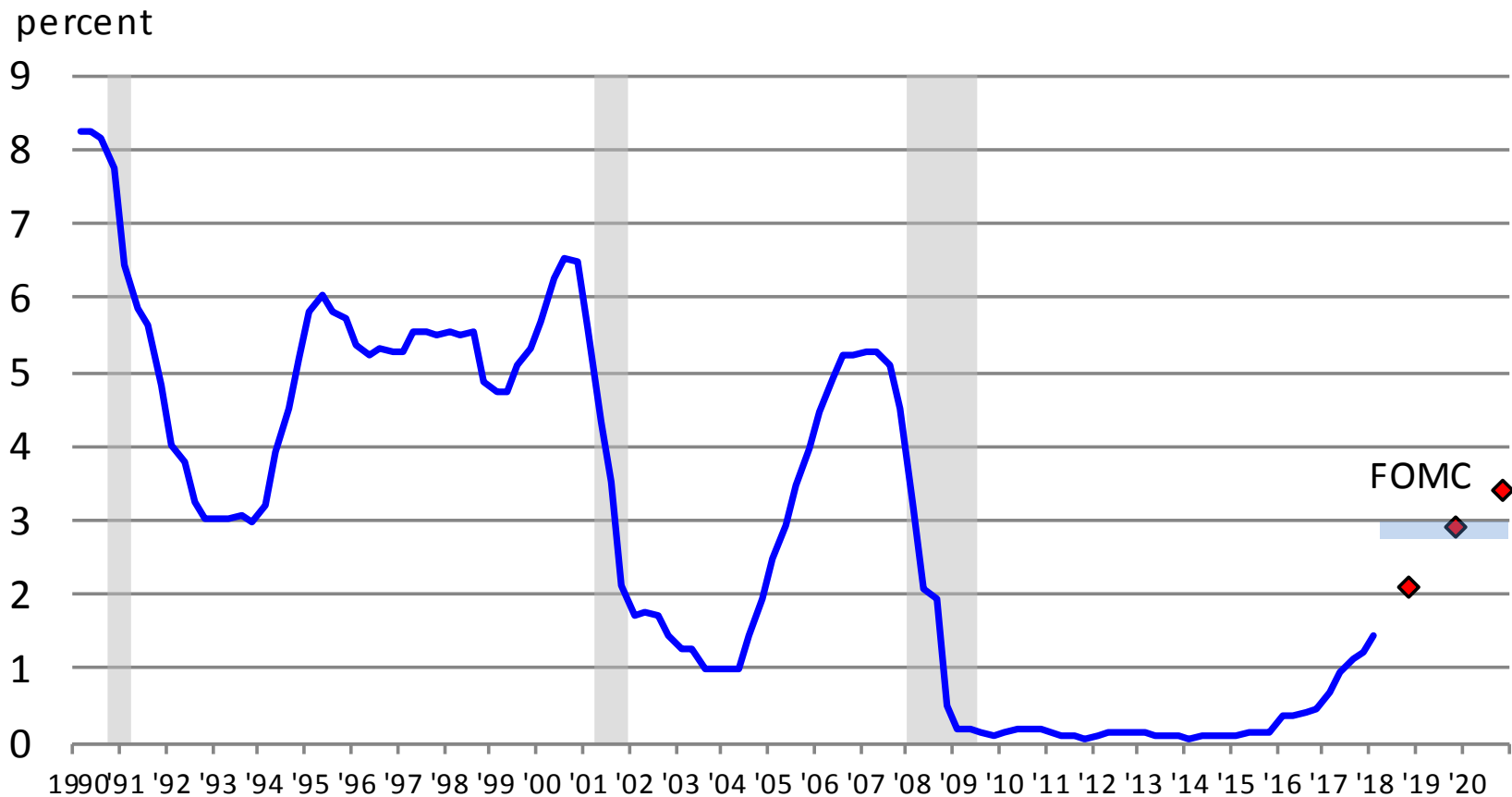
Source: Federal Reserve Bank of Chicago

Interest rates charged on new farm loans in the 7th Federal Reserve District



The Federal Funds Rate is anticipated to be near the neutral rate by the end of 2019

Target Federal Funds Rate



www.chicagofed.org

