7th District Agriculture Products
(as % of U.S. total, 2017)

Source: USDA, National Agricultural Statistics Service
The FOMC consensus outlook has output growth rising above trend this year before easing.
Recent Monetary Policy Actions

- No additional asset purchases after November 2014, while continuing to reinvest assets as they mature.

- In October 2017 began to reinvest less than 100% of matured assets to gradually reduce balance sheet.

- In December of 2015 & 2016 and March, June & December of 2017, raised the targeted range of the Fed Funds Rate by 0.25% points each time.

- The FOMC will monitor economic conditions to tailor future actions to meet objectives of maximum employment and 2% inflation.
In December 2017, the FOMC raised the Fed Funds rate target to a range from 1.25% to 1.50%
The FOMC forecasts that the unemployment rate will be below the natural rate through 2020.

Sources: U.S. Bureau of Labor Statistics and Federal Open Market Committee
Food price changes still below core inflation (less food and energy)

(Consumer Price Index, percent change from year ago)

Source: U.S. Bureau of Labor Statistics
Oil prices plummeted and lower gas prices boosted consumer saving/spending (2010 $/barrel)

Sources: CME Group and U.S. Bureau of Labor Statistics
The FOMC anticipates that PCE inflation will be near the two percent target from 2018 forward.

Personal consumption expenditure - chain price index
percent change from a year earlier

Sources: Bureau of Economic Analysis and Federal Open Market Committee
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}

Source: Board of Governors of the Federal Reserve System
Value of agricultural exports rose in 2017, but expected to be about the same in 2018

Source: USDA, Economic Research Service

*USDA projection
More soybean acres harvested than corn in 2017
(million acres)

Source: USDA, National Agricultural Statistics Service
U.S. Corn and Soybean Production
(billion bushels)

Source: USDA, National Agricultural Statistics Service
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)

Real USDA Livestock Prices

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

Dairy exports and milk prices

* 2018 USDA forecast

Source: USDA, World Agricultural Outlook Board
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
Indexes of 7th District Farmland Values vs. Cash Rents
(Inflation Adjusted, 1981=100)

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

Source: Federal Reserve Bank of Chicago
Interest rates charged on new farm loans in the 7th Federal Reserve District

Source: Federal Reserve Bank of Chicago
Interest expenses as share of agricultural value of production

(% of total)

Source: USDA, Economic Research Service
Real net farm income edged up in 2017, but is expected to be down in 2018.

*USDA forecast

Source: USDA, Economic Research Service
2018 balance sheet forecast relatively unchanged from 2017

Overall debt forecast to fall 0.8% (inflation adjusted), with decreases in both real estate and non-real estate debt.

Value of farm sector assets forecast to decline by 0.2% (inflation adjusted), following a 8.2% decrease in farm sector inventories.

Farm equity to fall 0.1%.

F= Forecast. Values are adjusted using the chain-type GDP deflator, 2018=100