

U.S. and Nebraska Agricultural Update

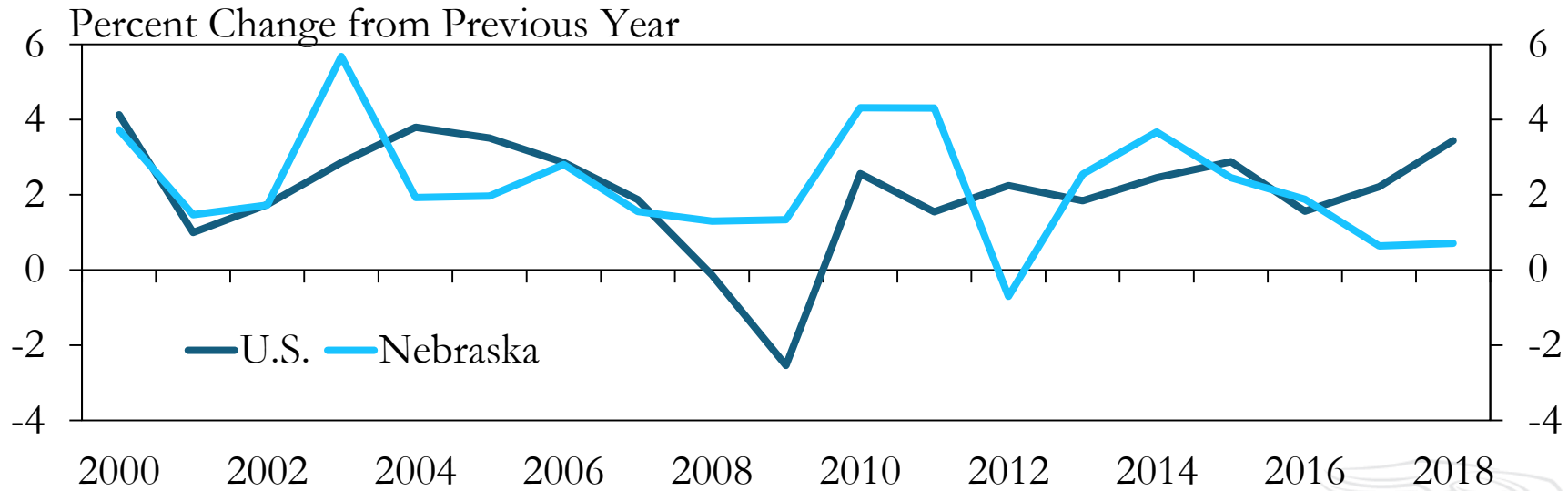
Nate Kauffman, Federal Reserve Bank of Kansas City

November 9, 2018



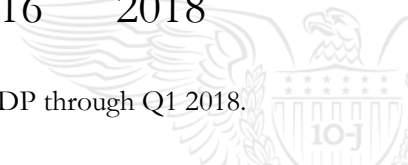
Economic growth in the U.S. has picked up and has also been positive, but slower, in Nebraska.

Real GDP Growth



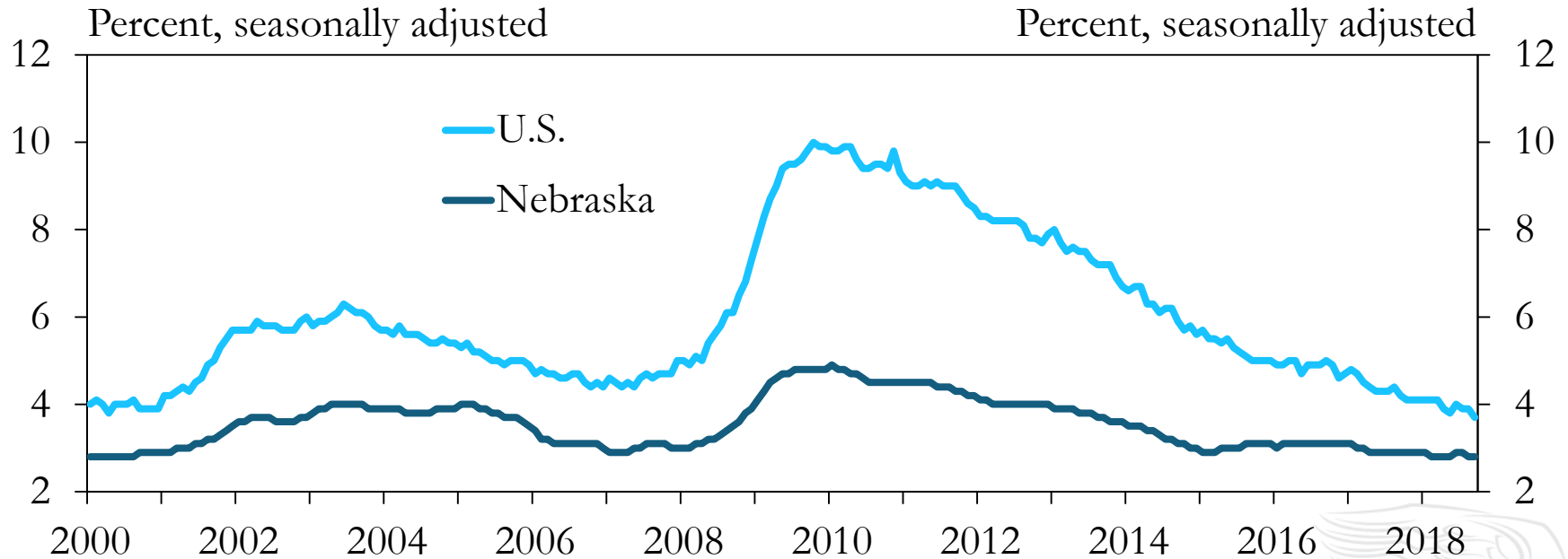
Note: 2018 U.S. GDP growth is based on total real GDP through Q3 2018. 2018 Nebraska GDP growth is based on total real GDP through Q1 2018.

Source: BLS and Haver Analytics.



Labor markets throughout the state, as in the nation, have become very tight.

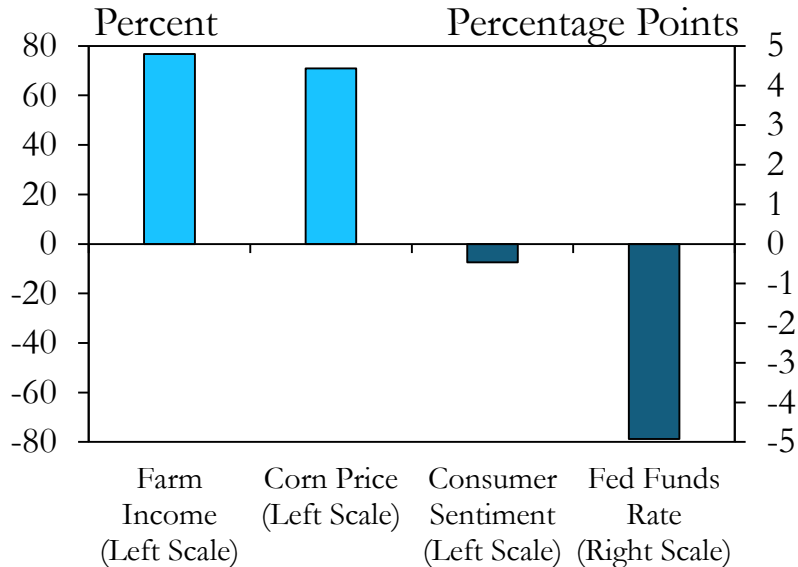
Unemployment Rate



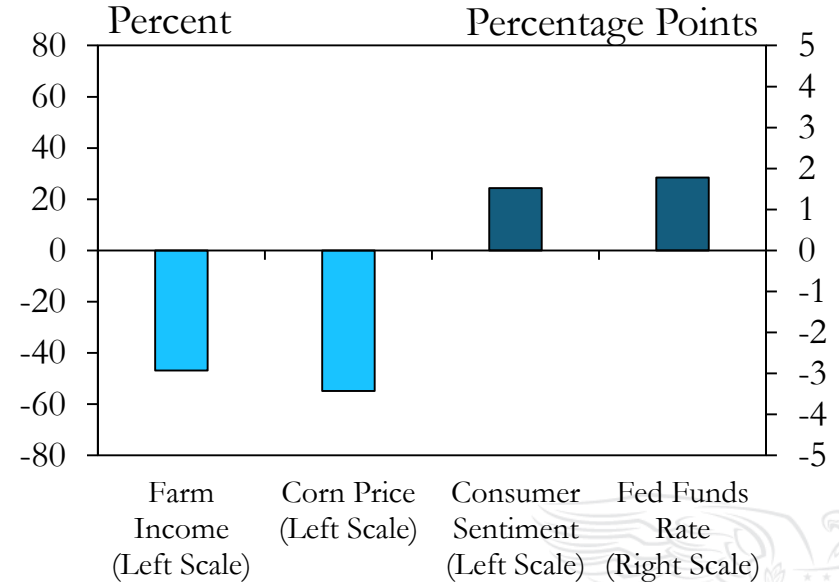
Notably, however, conditions in agriculture and the U.S. economy have traded places over the ten year expansion.

Indicators for Ag Economy and Broader U.S. Economy

Change from 2007–2013

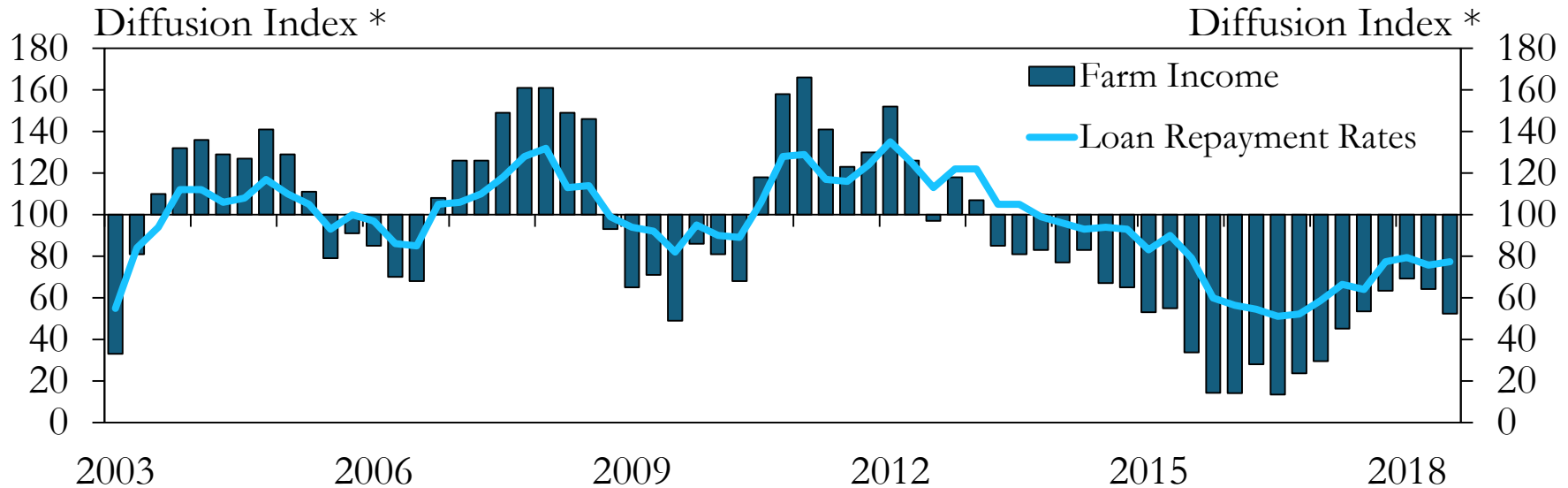


Change from 2013–2018



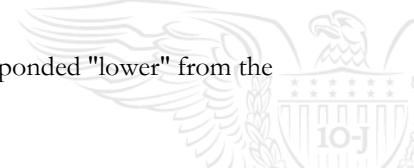
Farm income in Nebraska has continued to decline and producers' finances have deteriorated gradually.

Tenth District Farm Income and Credit Conditions



*Bankers responded to each item by indicating whether conditions during the current quarter were higher than, lower than or the same as in the year-earlier period. The index numbers are computed by subtracting the percentage of bankers who responded "lower" from the percentage who responded "higher" and adding 100.

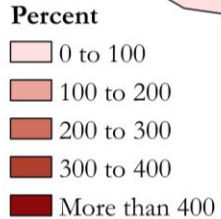
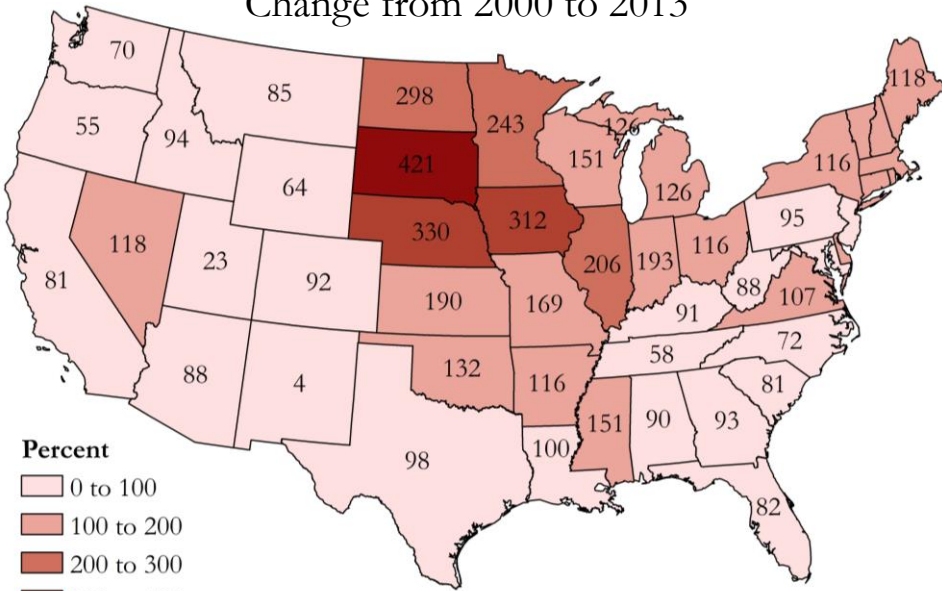
Source: Federal Reserve Bank of Kansas City.



Although farmland values have declined in some states, the decreases have been quite modest, a silver lining thus far.

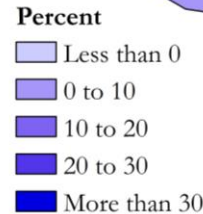
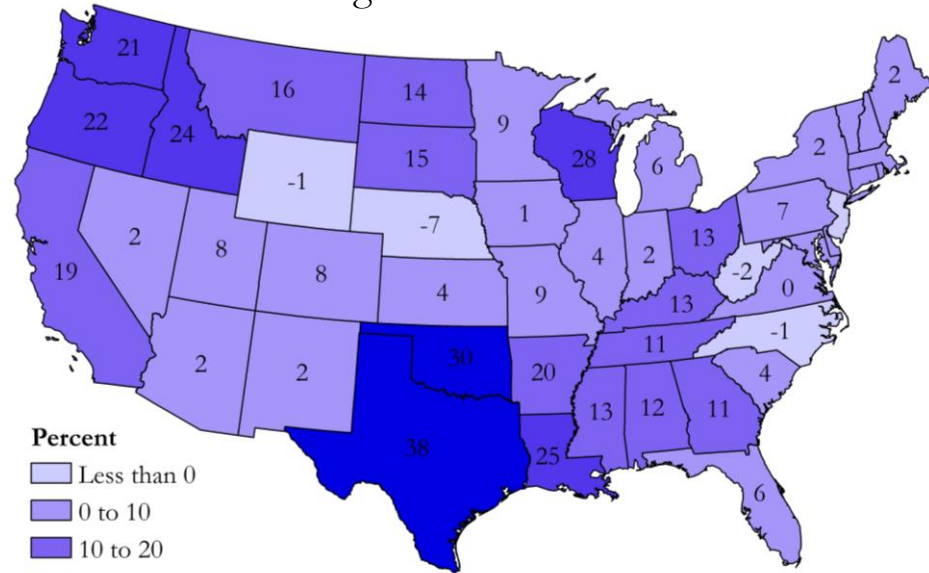
U.S. Farmland Values

Change from 2000 to 2013



U.S. Farmland Values

Change from 2013 to 2018

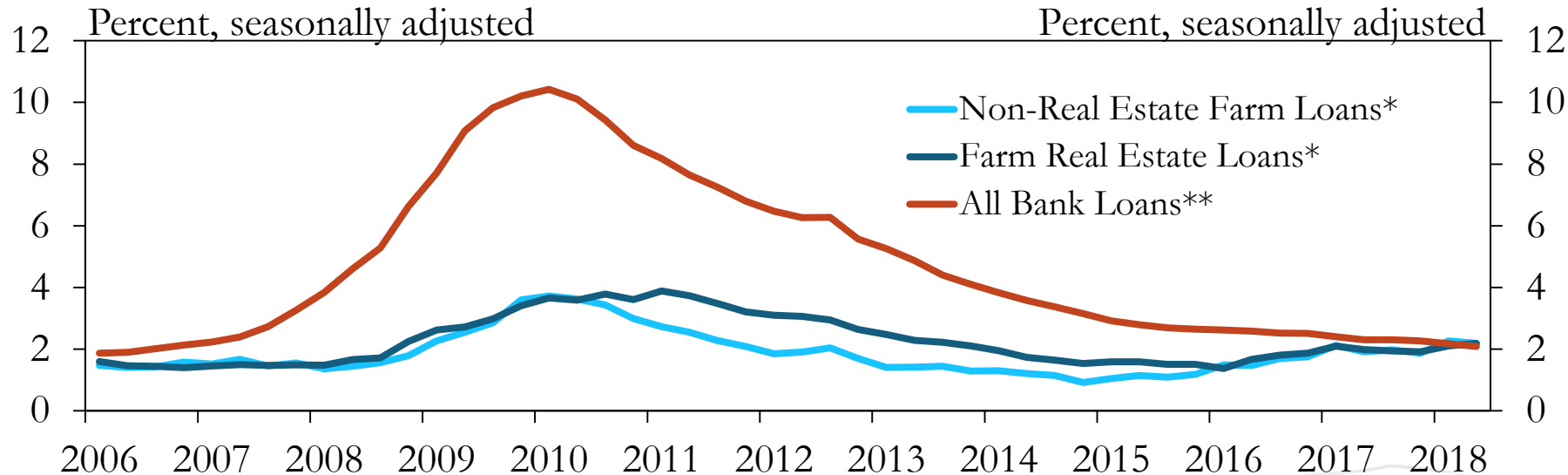


Source: USDA.



Farm loan delinquency rates have edged up steadily, but at a very gradual pace.

Delinquency Rates at Commercial Banks



* Includes the share of all past due, nonaccruing and net charge-off loans

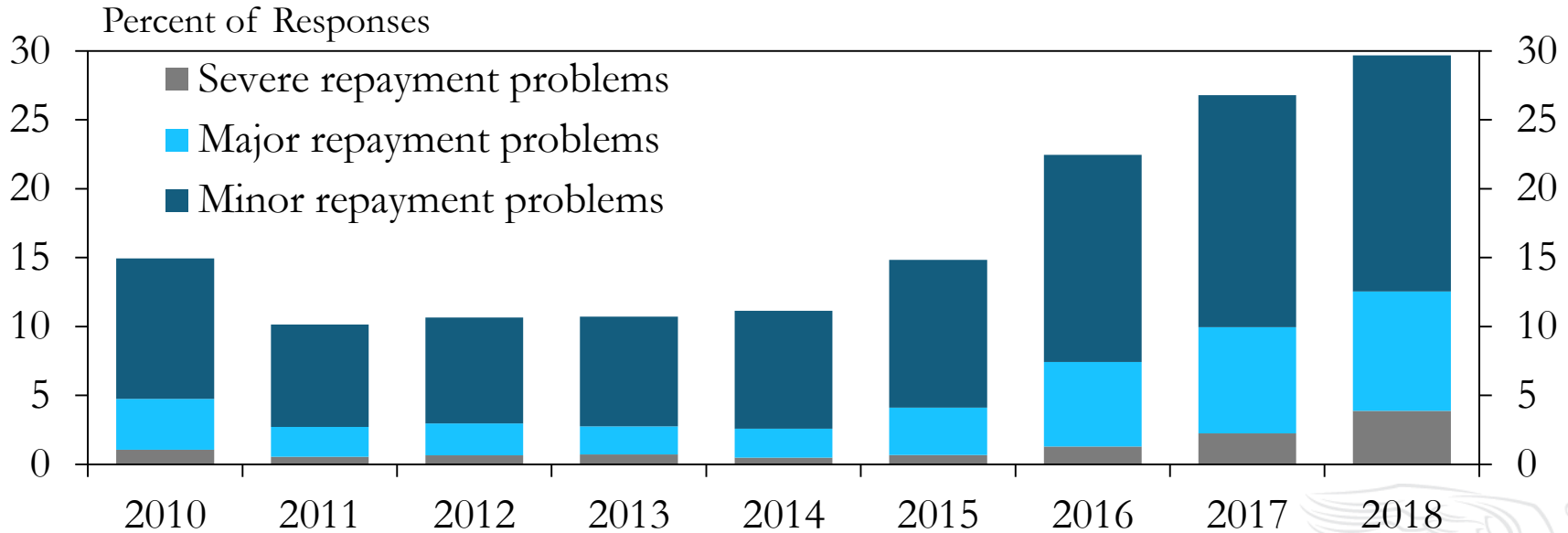
** All bank loans include all loans made at commercial banks

Sources: Agricultural Finance Databook, Tables B.2, B.3, B.4, B.5. and Board of Governors.



Still, loan repayment problems in the farm sector have continued to build.

KC Fed District Loan Repayment Problems



Questions?

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