

# News Release

THE FEDERAL RESERVE BANK *of* KANSAS CITY

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## **WILL THE REBOUND IN FARM FINANCIAL CONDITIONS CONTINUE? ARTICLE EXPLORES 2007 FARM SECTOR OUTLOOK**

As strong ethanol demand fuels a sharp rise in crop prices, rural America is cautiously optimistic. But the rural optimism is tinged with uncertainty, as explored in the article “Will the Rebound in Farm Financial Conditions Continue?” in the Federal Reserve Bank of Kansas City’s latest edition of the *Main Street Economist*.

Authors Jason Henderson, assistant vice president and Omaha Branch executive, and Maria Akers, assistant economist, explore how surging crop prices and ethanol demand have translated into higher crop revenues and soaring expectations for farm income in 2007. The bright outlook has intensified farmland value gains, bolstered the financial health of the farm sector, and strengthened farm balance sheets.

Confidence in the farm outlook for 2007, however, is uncertain. The authors explore how the rebound could quickly vanish with risks such as higher input costs, changing crop patterns, drought, changing farm policy, and lower prices caused by increased production.

The full text of the article is available at:

[www.KansasCityFed.org/RegionalAffairs/mainstreet/MainStMain.htm](http://www.KansasCityFed.org/RegionalAffairs/mainstreet/MainStMain.htm).

The Federal Reserve Bank of Kansas City and its branches in Denver, Oklahoma City and Omaha serve the Tenth Federal Reserve District: Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico and the western third of Missouri.

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