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**

Percent Change from Previous Year

- **U.S.**
- **Nebraska**

-4 -2 0 2 4 6


**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

Source: BLS and Haver Analytics.
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

<table>
<thead>
<tr>
<th>Percent</th>
<th>Percentage Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm Income (Left Scale)</td>
<td>80</td>
</tr>
<tr>
<td>Corn Price (Left Scale)</td>
<td>60</td>
</tr>
<tr>
<td>Consumer Sentiment (Left Scale)</td>
<td>40</td>
</tr>
<tr>
<td>Fed Funds Rate (Right Scale)</td>
<td>20</td>
</tr>
</tbody>
</table>

Change from 2013–2018

<table>
<thead>
<tr>
<th>Percent</th>
<th>Percentage Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farm Income (Left Scale)</td>
<td>80</td>
</tr>
<tr>
<td>Corn Price (Left Scale)</td>
<td>60</td>
</tr>
<tr>
<td>Consumer Sentiment (Left Scale)</td>
<td>40</td>
</tr>
<tr>
<td>Fed Funds Rate (Right Scale)</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: U.S. Department of Agriculture (USDA), University of Michigan, Board of Governors of the Federal Reserve System, and Haver Analytics.
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.

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

![Chart showing the percentage of responses for severe, major, and minor repayment problems from 2010 to 2018.]

Source: Federal Reserve Bank of Kansas City.
Questions?

Nate Kauffman
Omaha Branch Executive and Economist
Federal Reserve Bank of Kansas City – Omaha Branch