Unraveling the Results of the 2023 ABA-Farmer Mac Ag Lender Survey
Agenda

1. Introduction to Our Speakers
   *Experts on the line*

2. Introduction to the Survey
   *Quick level set*

3. Overview of Top Concerns
   *What’s on our respondents’ minds*

4. Three Themes
   *Big ideas throughout*

5. Q&A
   *Stump our panelists*
Meet Our Panelists

**Blaine Nelson**  
Senior Economist  
Farmer Mac

**Tyler Mondres**  
Senior Director, Research  
American Bankers Association

**Caleb Hopkins**  
Loan Production Officer  
First Dakota National Bank, Dakota Mac
About the Survey

Collaboration

Targeted Intelligence

Farm Economy

Lending Conditions

Thank you!
Top Concerns

- Interest rate volatility
- Lender competition
- Credit quality / ag loan deterioration
- Liquidity (e.g., working capital)
- Farm income levels
- Inflationary pressures (e.g., rising input...)

Source: ABA-Farmer Mac Agricultural Lenders Survey August 2023
Theme 1: Profits and Credit Holding in 2023 but Concern for ‘24
Profitability Slows, Still Not 2019/20 Levels

Overall Farm Profitability Decreased in 2023

Survey Results Line Up with USDA

Cash Income less Cash Expenses
(Net Cash Farm Income)
Credit Quality Expected to Normalize to Pre-Pandemic Levels Over Next 12 Months

Diffusion Index (100=No Change)

Delinquencies, Charge-Offs Widely Thought To Have Increased

Delinquencies, Charge-Offs Widely Thought To Have Decreased

Source: ABA-Farmer Mac Agricultural Lenders Survey August 2023
Ag Credit Quality Remains Strong

Noncurrent loan rate

Source: S&P Global, ABA analysis
Ag Credit Quality Remains Strong

Noncurrent ag loans as a share of total ag loans

Source: S&P Global, ABA analysis
Theme 2: Rate Volatility in Plain Sight
Higher Rates Expected to Hold or Advance

- **Widely Thought To Have Increased**
- **Widely Thought To Have Decreased**
- **Higher Rates Expected to Hold or Advance**

- **Short Term Interest Rates**
- **Long Term Interest Rates**

Diffusion Index (100=No Change)
Costs of Deposits Reach 15-Year High

Source: S&P Global, Federal Reserve, ABA analysis. ABA defines farm banks defined as any bank whose farm loan concentration was greater than or equal the unweighted industry average. Preliminary data for 2023Q3
Theme 3: Land Values, Loan Demand, & Competition, Oh MY
Land Values and Loan Sales Slow

Loan Demand Diffusion Index

- **Widely Thought To Have Increased**
- **Widely Thought To Have Decreased**

Source: ABA-Farmer Mac Agricultural Lenders Survey August 2023
Over 50% of respondents expect declines or no change to land values in 2024.

Source: ABA-Farmer Mac Agricultural Lenders Survey August 2023
Lenders Expect Loan Demand to Grow

Source: ABA-Farmer Mac Agricultural Lenders Survey August 2023
Lenders Report Tighter Lending Standards

*How have business practices changed in the last year:*

- Tightened underwriting standards
- Tightened loan terms
- Digitization/technology investments
- Implemented changes to product mix
- Eased loan terms
- Eased underwriting standards
- They have not changed

Source: ABA-Farmer Mac Agricultural Lenders Survey August 2023
To Learn More...

Read the Reports

Sign up to Participate in Next Year’s Survey (Aug 2024)
Q&A
Coming soon, the New Feed!

Welcome to the online home of The Feed, Farmer Mac’s expert perspective on agriculture that combines the most relevant research from trusted ag resources with the insightful commentary and analysis from our own team of experts into a single, reliable source.

- Brazil’s Bin-Busting Harvest Weighing on Commodity Prices
- Rising Food Prices Persist
- Infinite Almonds

- Fall Rains Ease Midwest Drought and Replenish Mississippi River

The Experts Behind The Feed