



Farmer Mac Refresh

Prices, Land Values, and Credit Conditions

Agenda



Agricultural markets

- Corn/Beans
- Livestock
- Financial Statement Impacts



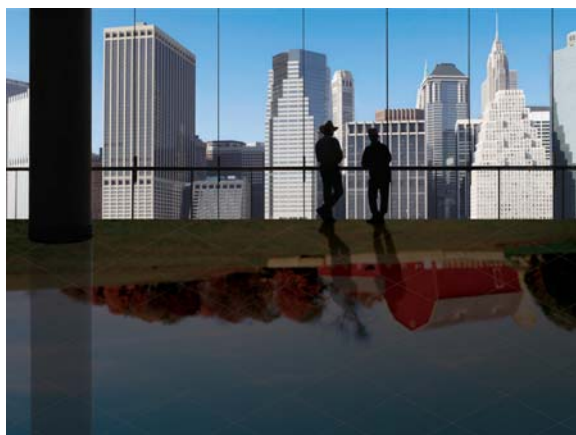
Land Values

- USDA Estimates
- Farmer Mac loans
- Recent Auctions in Iowa



Credit Conditions

- Federal Reserve Bank Survey Results
- Farmer Mac Credit Trends



Agricultural Markets

FARMER/MAC
Shining Your Lights

Agricultural Markets

- Corn price is down
 - Largely supply driven
 - Record yields are likely
 - Demand is still strong



FARMER/MAC
Shining Your Lights

Agricultural Markets

- Soybean price is down
 - Also largely supply driven
 - Record yields likely
 - Demand is actually up



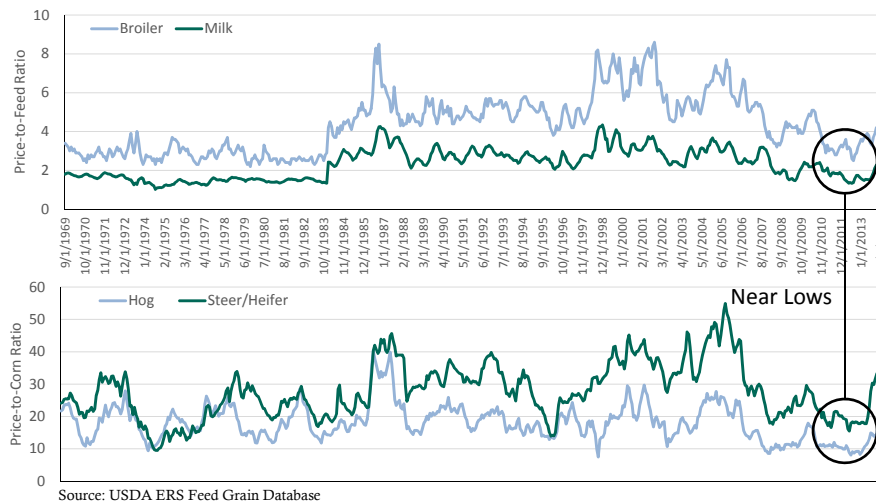
Agricultural Markets

- Protein prices up in long term
 - Also largely supply driven
 - Herds lowest since the 1950s
 - Demand is holding steady despite run-up in retail prices



Agricultural Markets

Feed-Price Ratios Indicate Strong Profitability



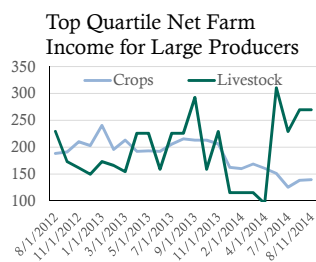
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Shocking Your Senses

Agricultural Markets

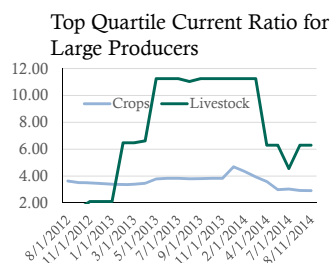
Income Statement Impacts

- Proformas should show:
 - » Lower grain operator incomes
 - » Stable to higher livestock operator incomes



Balance Sheet Impacts

- Current and Proformas should show:
 - » Lower grain inventory values
 - » Higher livestock inventory values
 - » Stable land values



Source: Farmer Mac Internal Data

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Shocking Your Senses

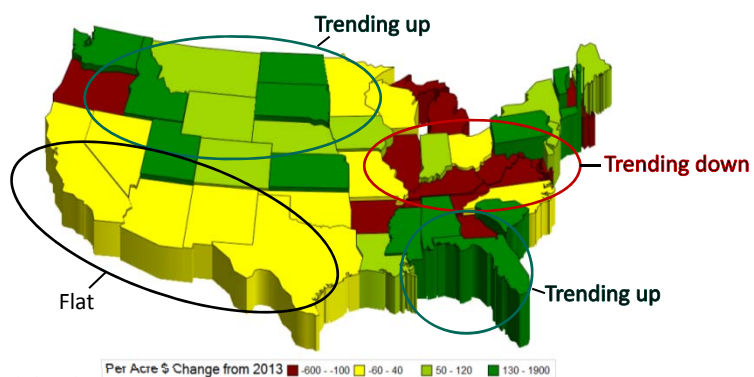


Land Values

FARMERMAC
Financing Your Future

Land Values

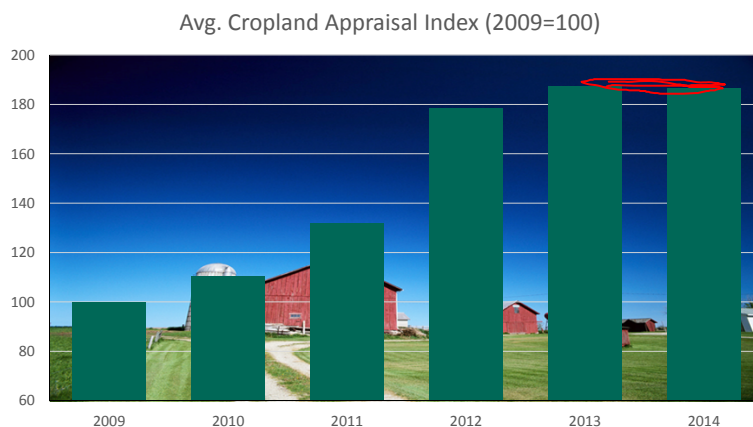
- USDA Report
 - Land values holding strong
 - Cropland up slightly (2.5% from original 2013 value)
 - Pastureland up more (8.3% from original 2013 value)



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Land Values

- Farmer Mac Loans
 - Also indicate stable land values

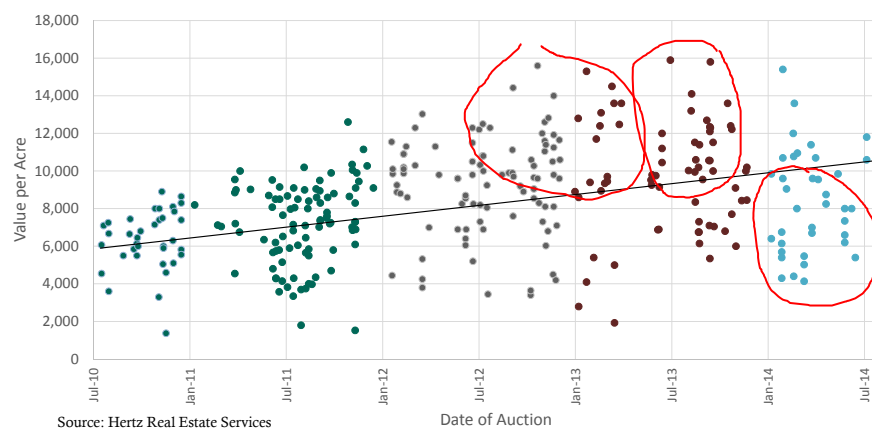


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 Financing Your Future

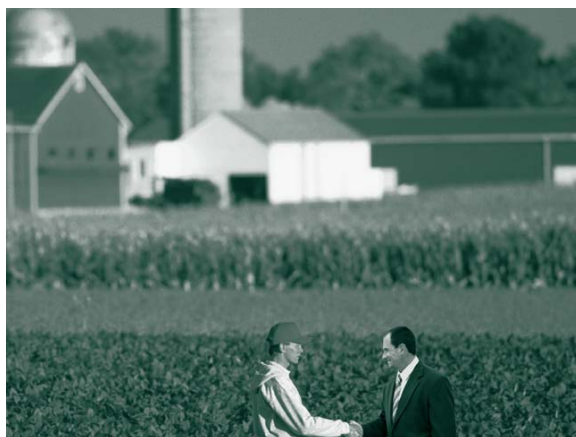
Land Values

- Iowa Farm Auctions
 - Same story – stable to slightly down
 - Hertz showing good participation in auctions



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 Financing Your Future

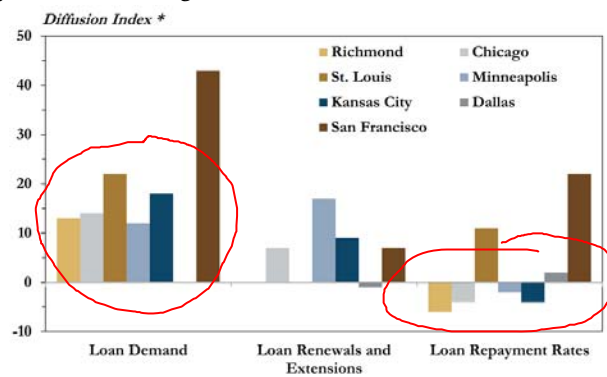


Credit Conditions

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Serving Rural America

Credit Conditions

- Bank Surveys
 - Most regions are upbeat about credit conditions
 - Prepayments are slowing down



*Diffusion Index is calculated by subtracting the percentage of respondents who indicated "lower" from the percentage of respondents who indicated "higher".
Source: Agricultural Finance Databook, Table C.1

Source: Kansas City Federal Reserve Bank Ag Finance Databook

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Credit Conditions

■ Farmer Mac Credit Conditions

- Prepayments slower
- Less refinancing
- Approval rates holding steady at 80%
- Working capital tighter
- Continued low overall leverage
- Compression on interest coverage

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Summary

Supply Not
Demand

Update
Proformas

Land Values
Steady

Credit
Conditions
Strong

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QUESTIONS?

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