

The Feed – Fall 2018



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Financial Research*

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September 27, 2018

Agenda

Highlights from
the analysis

Why they are
important for
producers and
lenders alike

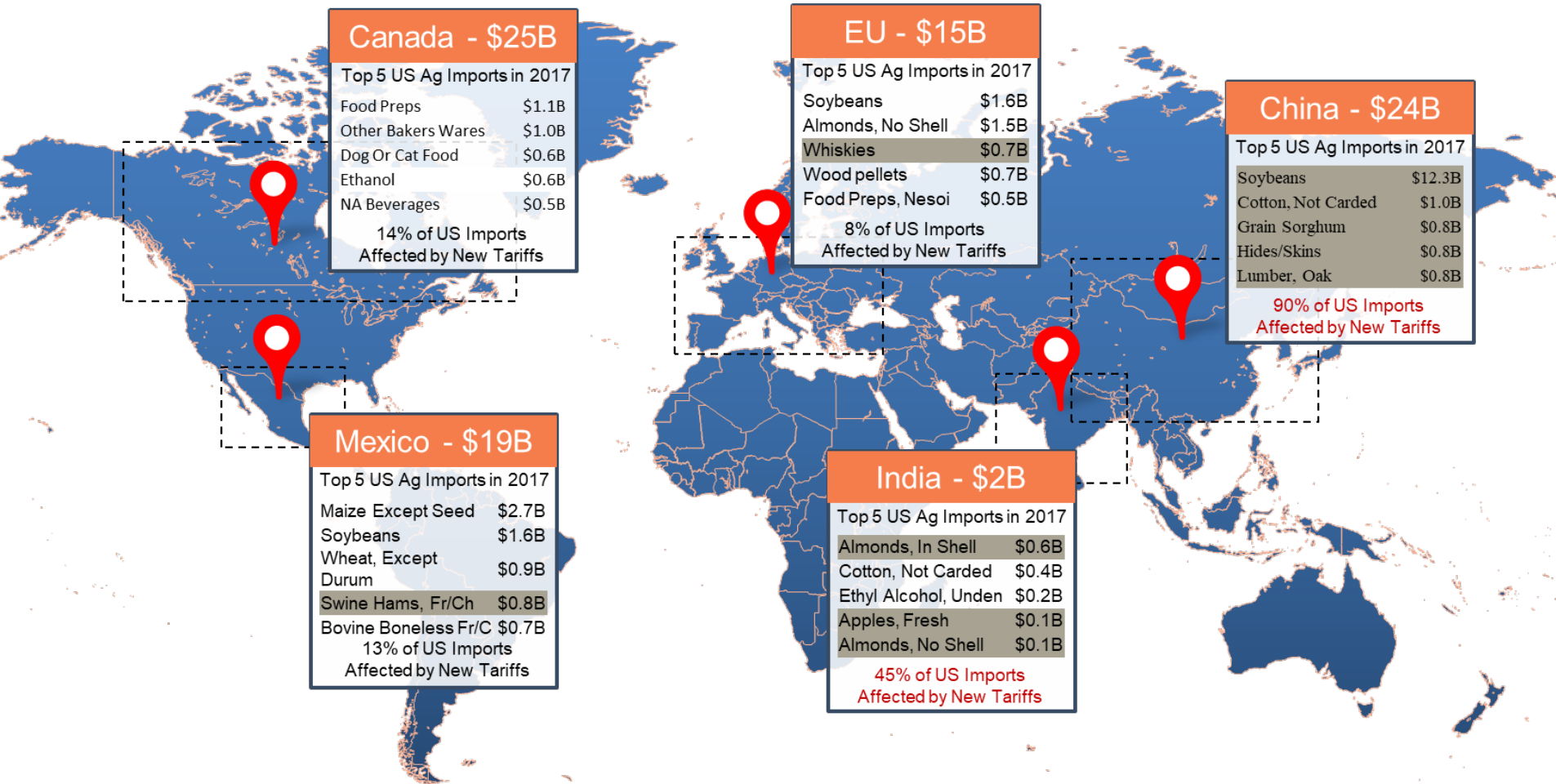
Other news and
factoids

How you can
access this and
future editions

Q&A

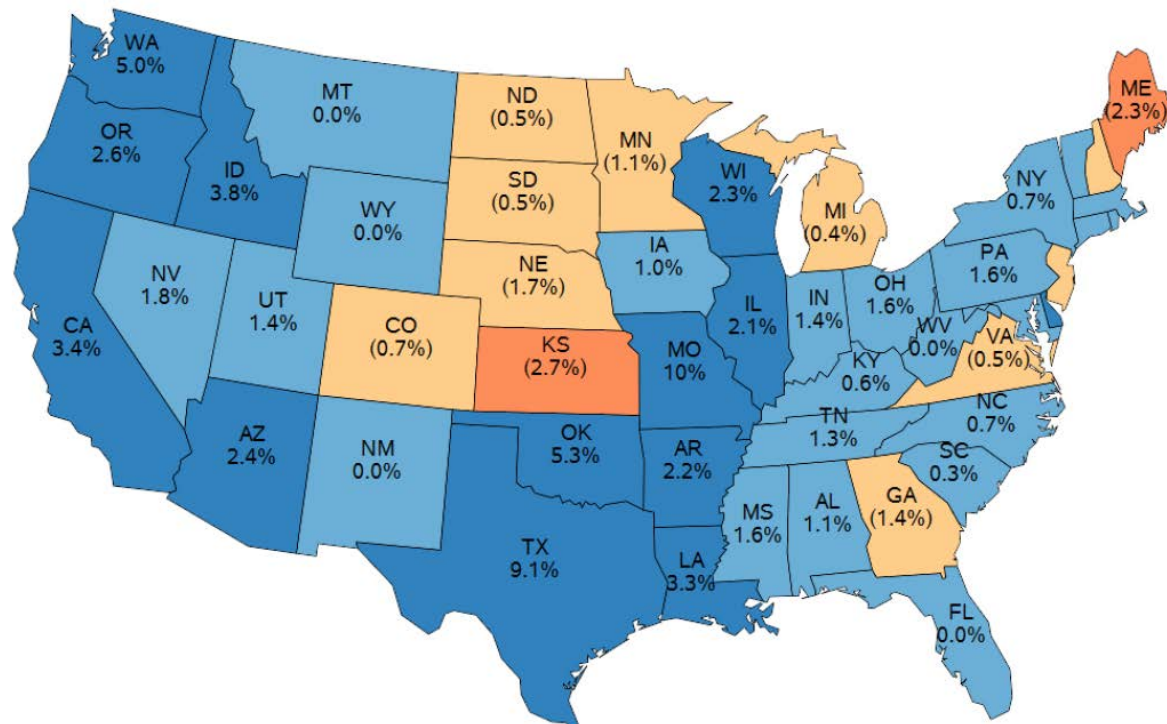


Highlight 1: Tariffs, Tariffs, Tariffs



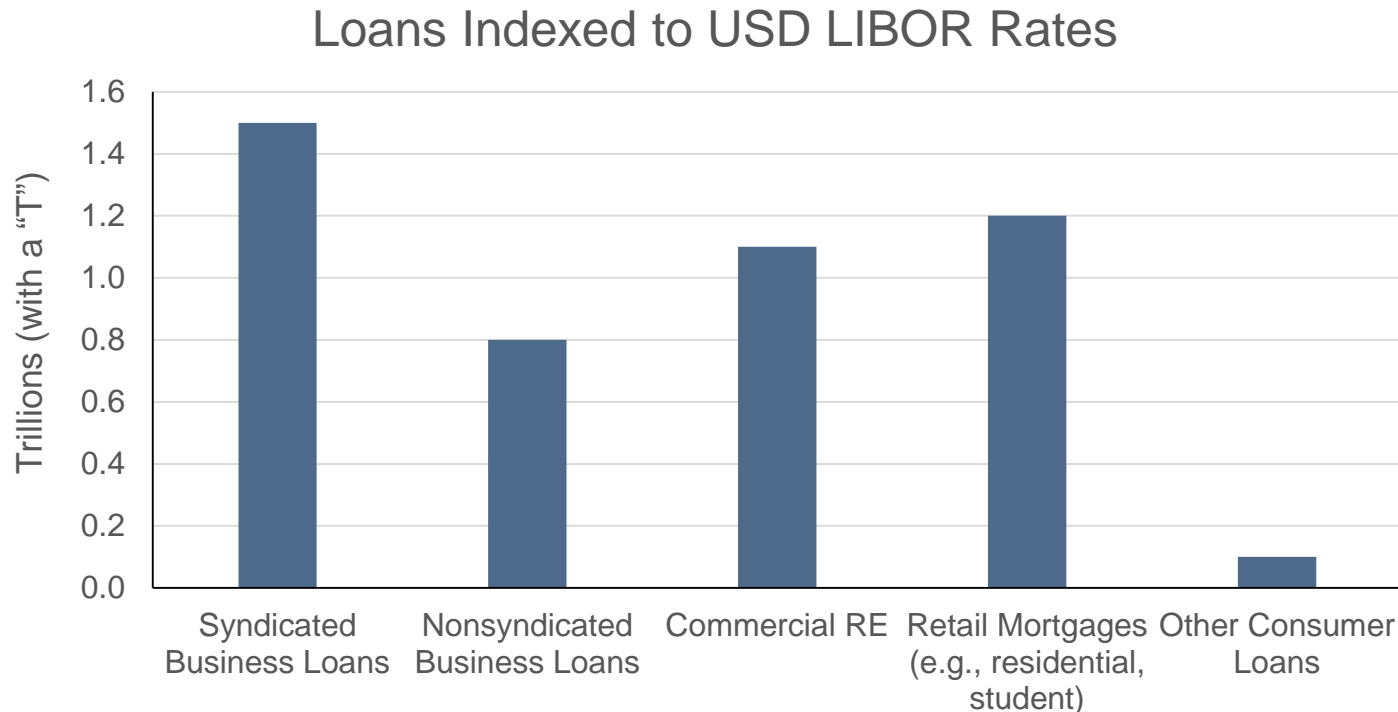
Highlight 2: Land Values Holding (Mostly)

- *USDA's annual land value survey shows cropland average up 0.98%, total farm real estate up 1.95% from June 2017 to June 2018*
- *Upper plains show decreases in average reported farm real estate values*



Highlight 3: LIBOR Sunset

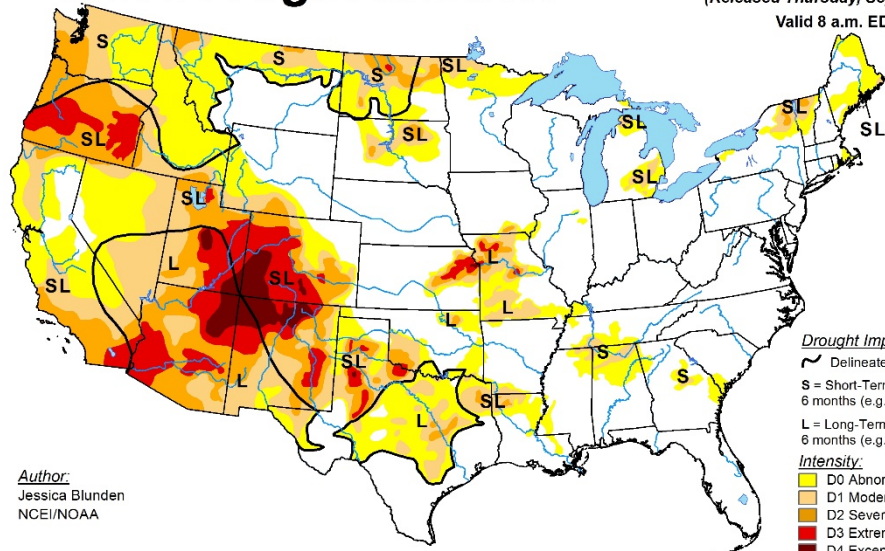
- *London Interbank Offered Rate is on its way out (banks no longer required to submit rates starting in 2021)*
- *Tons and tons and tons of financial instruments are priced to the index*
- *Most notes/mortgages/instruments contain an index switch clause; leading candidate right now is Secured Overnight Financing Rate (SOFR)*



Highlight 4: Weather

U.S. Drought Monitor

September 18, 2018
(Released Thursday, Sep. 20, 2018)
Valid 8 a.m. EDT



Author:
Jessica Blunden
NCEI/NOAA

Drought Impact Types:

~ Delineates dominant impacts
S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

Intensity:

Yellow D0 Abnormally Dry
Orange D1 Moderate Drought
Red D2 Severe Drought
Dark Red D3 Extreme Drought
Black D4 Exceptional Drought

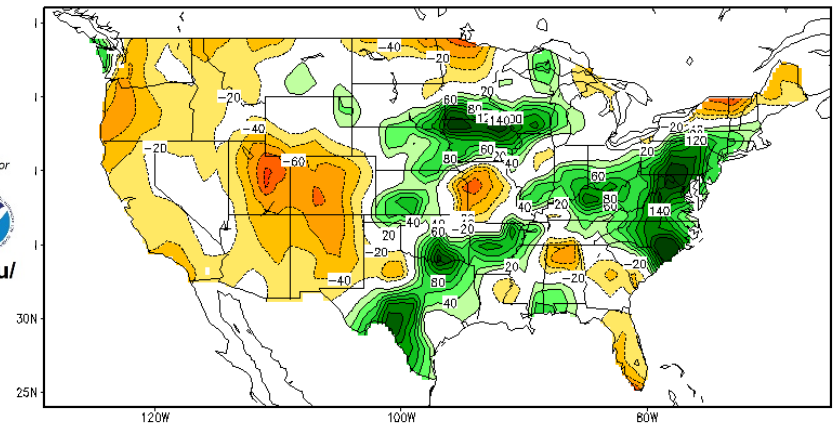
The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.



<http://droughtmonitor.unl.edu/>

- Drought persists in Southwest
- East coast very wet (Florence/summer storms)
- Southern plains helped by summer moisture

Calculated Soil Moisture Anomaly (mm) SEP 25, 2018



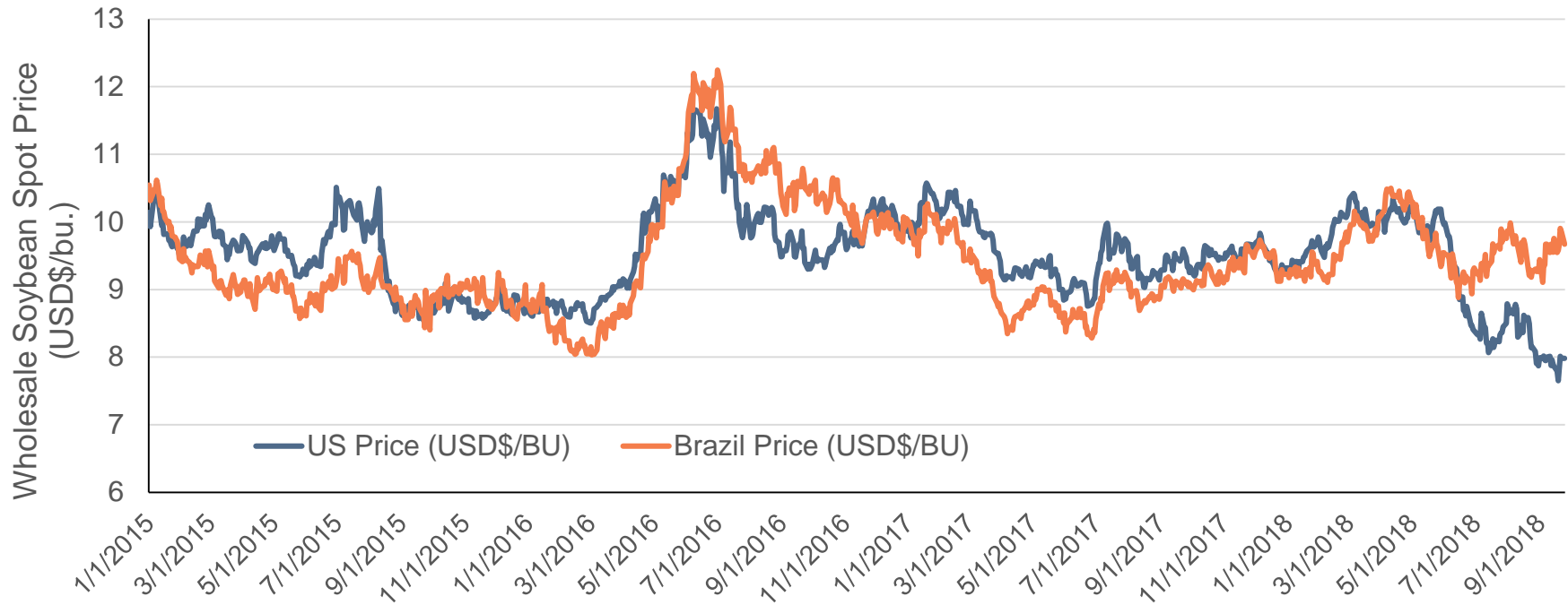
-160 -140 -120 -100 -80 -60 -40 -20 20 40 60 80 100 120 140 160

FARMER MAC REFRESH

Source: Drought Monitor, University of Nebraska-Lincoln; NOAA



Highlight 5: Oh, Soy



- ***Big soybean crop coming, harvest is happening quickly***
- ***Good demand, both foreign and domestic***
- ***Cash prices plummeted in August on expectations of big crop and a doubling-down of trade tensions with China***



Source: USDA, National Agricultural Statistics Service.

Other News

USDA MFP,
FPD, and
ATP

A Penny for
Your Corn

Farm Bill
Bust

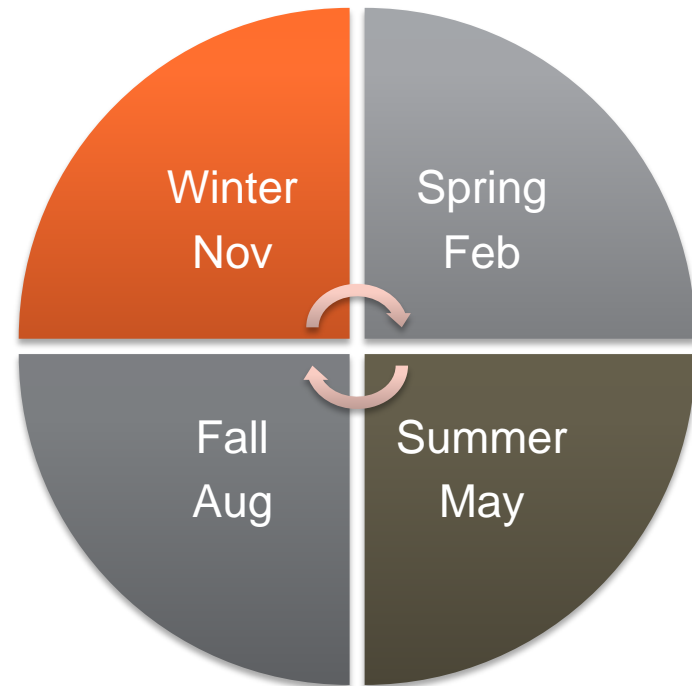
Eat More
Pork and
Dairy



Details on The Feed

- **Quarterly publication**
- **Focus on sectors and stories relevant to the season**
- **Available on the Farmer Mac website to download or subscribe**
(<https://www.farmermac.com/thefeed/>)
- **Subscribers automatically receive it via email**
- **Send comments and requests to thefeed@farmermac.com**

Publication Schedule





Questions?



FARMER  AC

Thank You!