Your Discussants Today

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Agenda

- Highlights from the analysis
- Why they are important for producers and lenders alike
- Other news since the issue’s release
- How you can access this and future editions
- Q&A
Highlight 1: NAFTA and US Agriculture

• Since signing NAFTA in 1994, ag trade between US, Canada, and Mexico more than tripled

• NAFTA partners account for roughly 30% of the value of all ag exports

• Ag exports to NAFTA partners come from many states and many production types

• Only recently has there been an ag trade deficit

• Negotiations progressing (slowly)
Highlight 2: Land Values

- USDA data puts average, per acre land values up 2.3% nationally
- No change in cropland; increase driven by pasture and building values
- Some regions reporting better conditions (Pacific states in particular)
- Heart of Corn Belt still showing modest declines
- Mostly backed up by other surveys and indices (mostly…)

Source: USDA June Area Land Value Survey
Highlight 3: USDA Projections

- **USDA projections do get “better” over time**
- **Net Cash Income forecasts improve more than Net Farm Income**
- **August release tends to offer the best look** (i.e., the numbers are least likely to move after the August release)
- **As predicted, USDA revised 2017 forecast up significantly in their recent August release**

Source: USDA ERS Farm Income Forecasts, Historical
Highlight 4: Weather

- Some drought persists in upper Midwest and in Montana
- Cooler temperatures in the Central Plains and Midwest
- Major weather events impacting ag (hurricanes and wildfires)

Source: Drought Monitor, University of Nebraska-Lincoln; NOAA
Highlight 5: Farm Machinery Investment

- **Farm machinery is an important investment decision with many factors to consider**
- **Tax deductions are beneficial, but productivity and resale value are primary drivers of “good” investments**
- **Investing cash in machinery may have consequences to working capital down the line**

Source: Internal Calculations
Other News

Interest Rates?

Demand Strong at Home and Abroad

2018 Crop Size and Quality

Party in the Protein Sector
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/)
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Thank You!