

# *The Feed - Summer/Fall 2017*



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*September 28, 2017*

## *Your Discussants Today*



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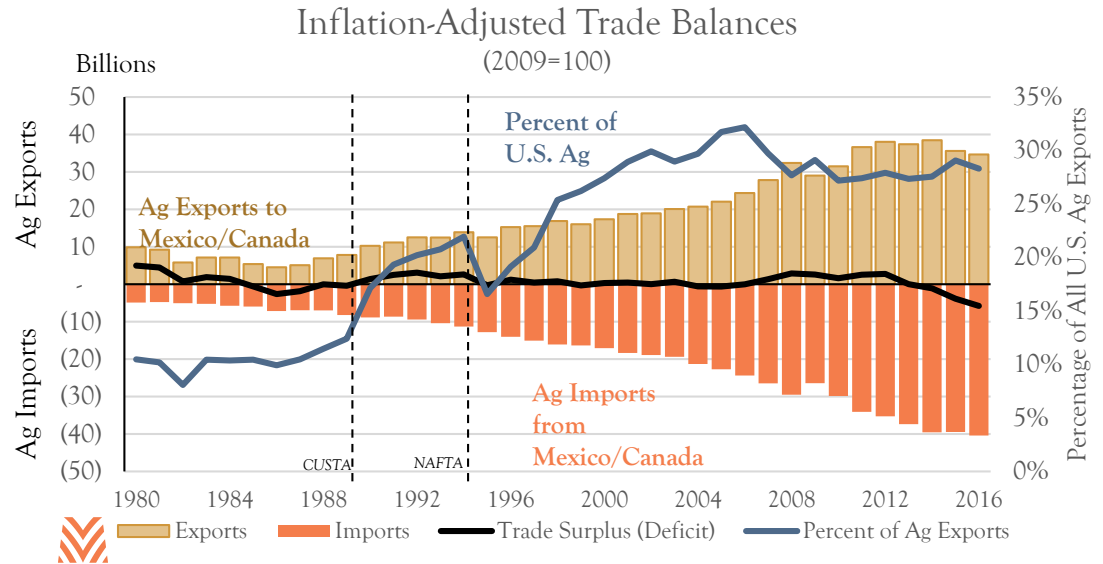
# *Agenda*



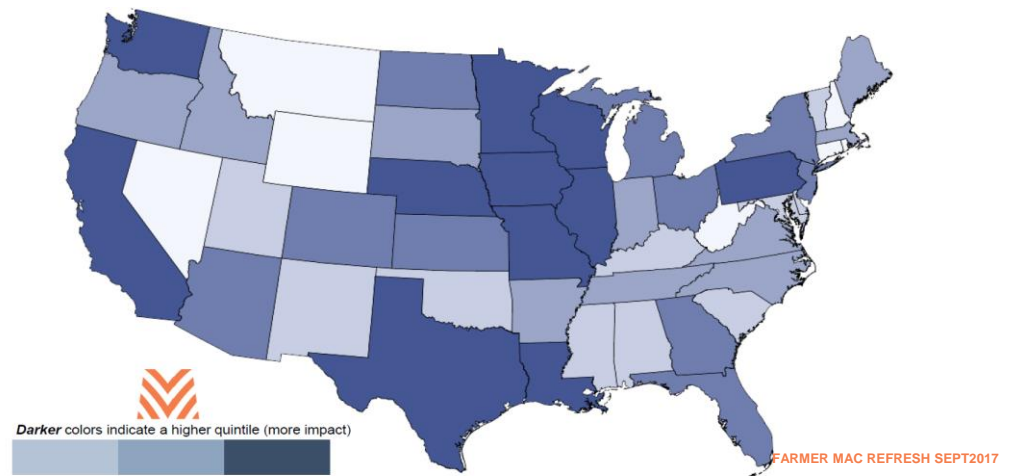
- *Highlights from the analysis*
- *Why they are important for producers and lenders alike*
- *Other news since the issue's release*
- *How you can access this and future editions*
- **Q&A**

# 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)**

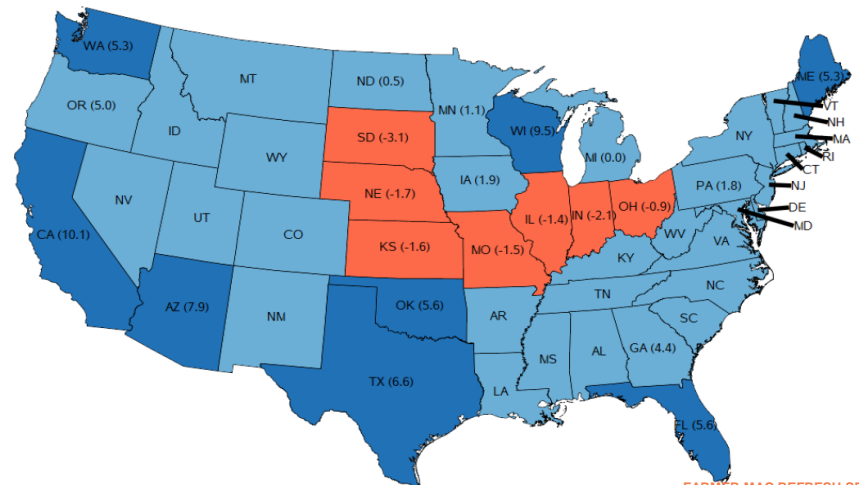
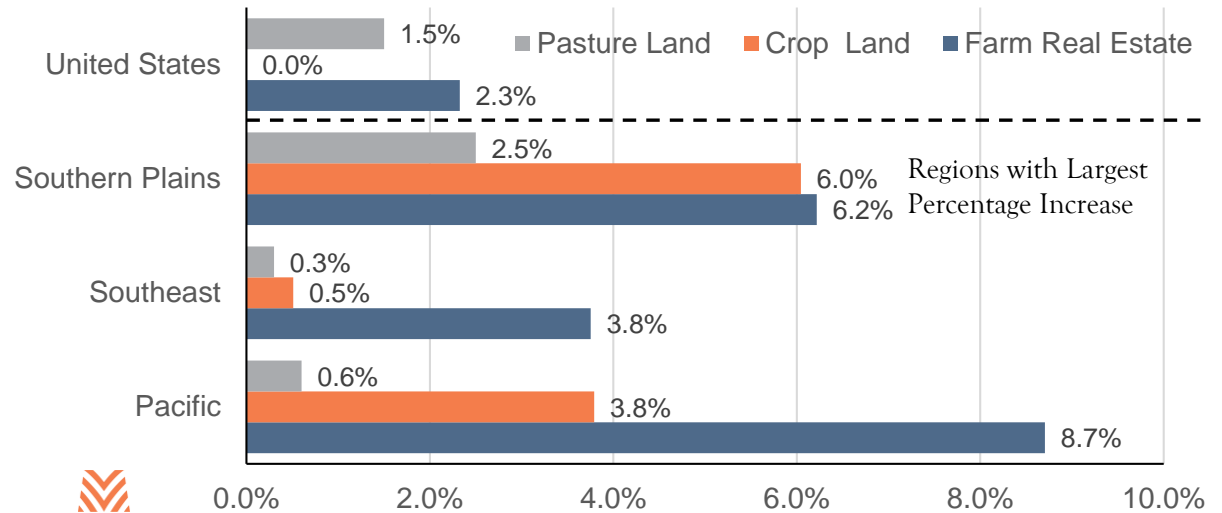


Source: USDA FAS Global Agricultural Trading System Data



## 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

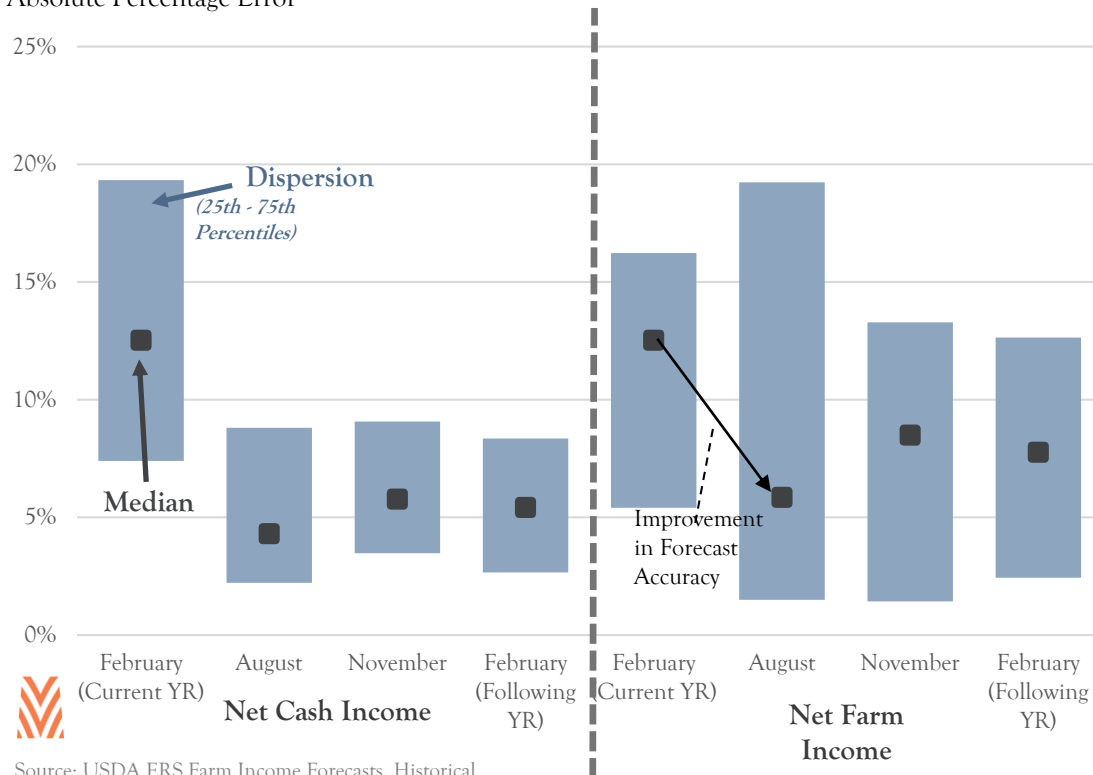


Percentage Change in Farm Real Estate Value, 2016-2017

- Declined up to 5%
- Increased up to 5%
- Increased more than 5%

## Highlight 3: USDA Projections

Absolute Percentage Error



Source: USDA ERS Farm Income Forecasts, Historical

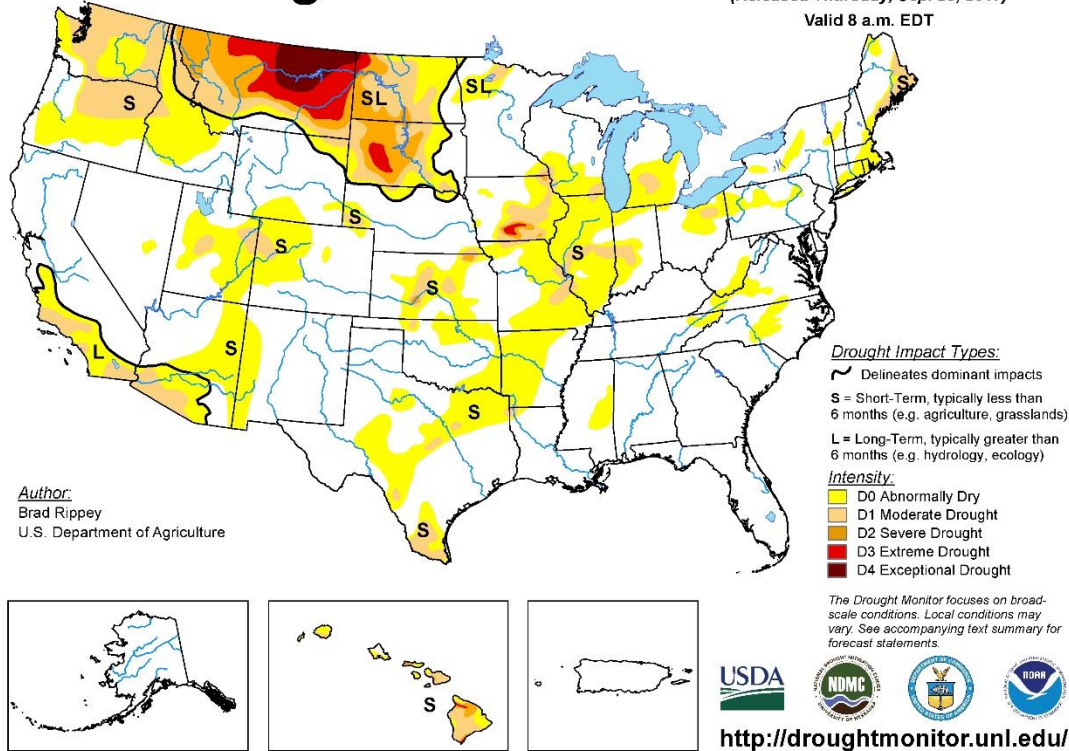
- **USDA projections do get “better” over time**
- **Net Cash Income forecasts improve more than Net Farm Income**
- **August release tends to offer the best look (i.e., the numbers are least likely to move after the August release)**
- **As predicted, USDA revised 2017 forecast up significantly in their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



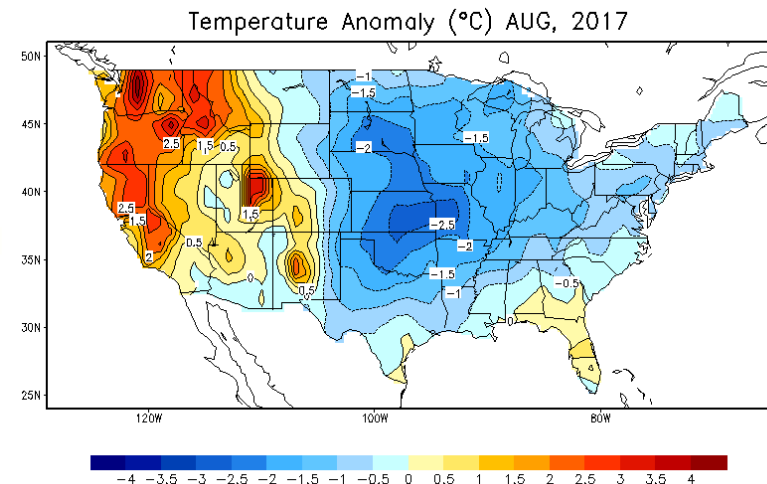
# Highlight 4: Weather

## U.S. Drought Monitor

September 26, 2017  
(Released Thursday, Sep. 28, 2017)  
Valid 8 a.m. EDT



- 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)

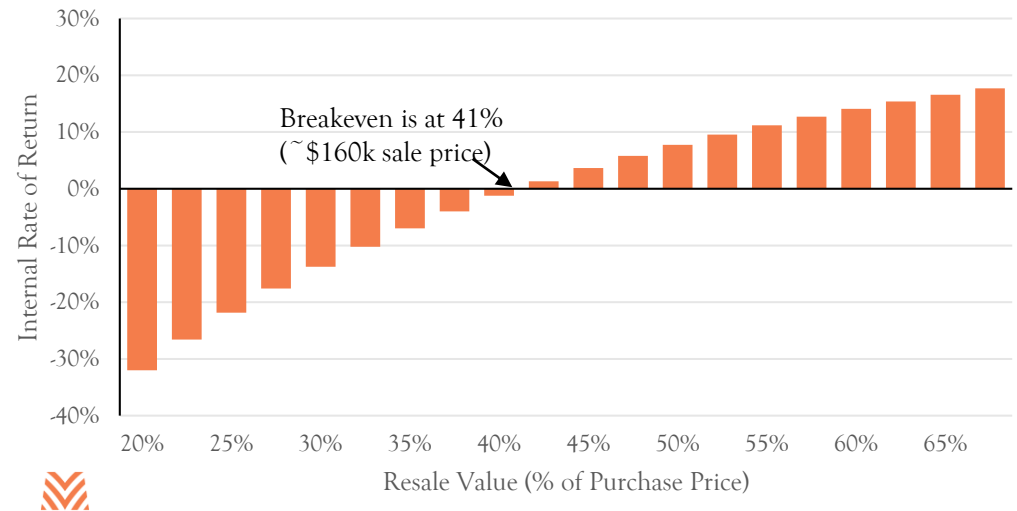
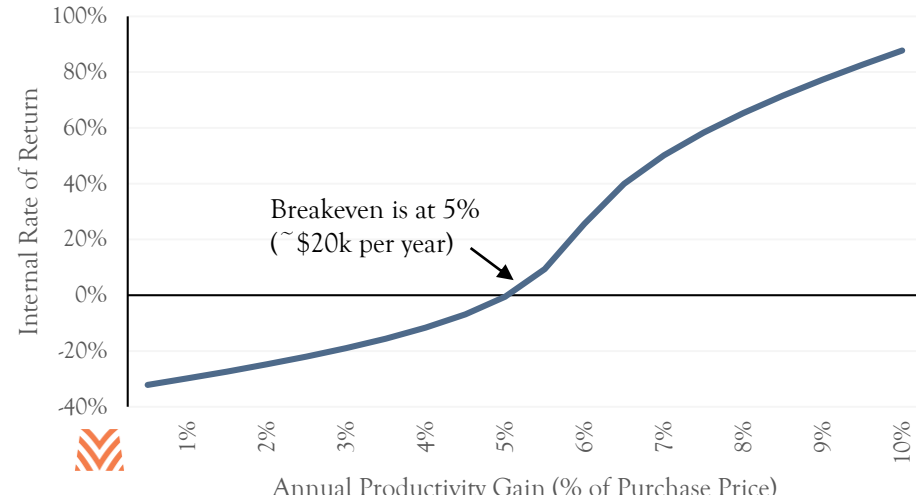


Source: Drought Monitor, University of Nebraska-Lincoln; NOAA



## 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

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## *Other News*

Interest Rates?

2018 Crop Size  
and Quality

Demand Strong  
at Home and  
Abroad

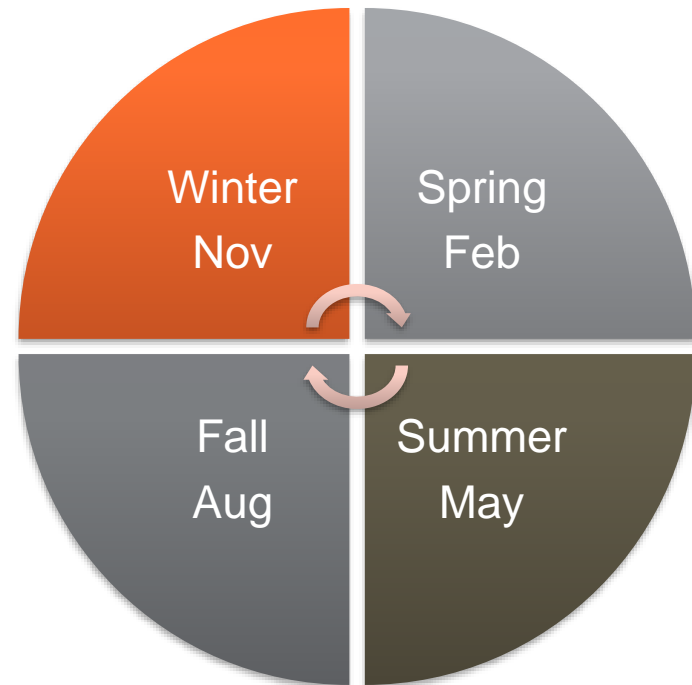
Party in the  
Protein Sector



## *Details on The Feed*

- **Quarterly publication**
- **Focus on sectors and stories relevant to the season**
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- **Send comments and requests to [thefeed@farmermac.com](mailto:thefeed@farmermac.com)**

### **Publication Schedule**





# *Questions?*



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*Thank You!*