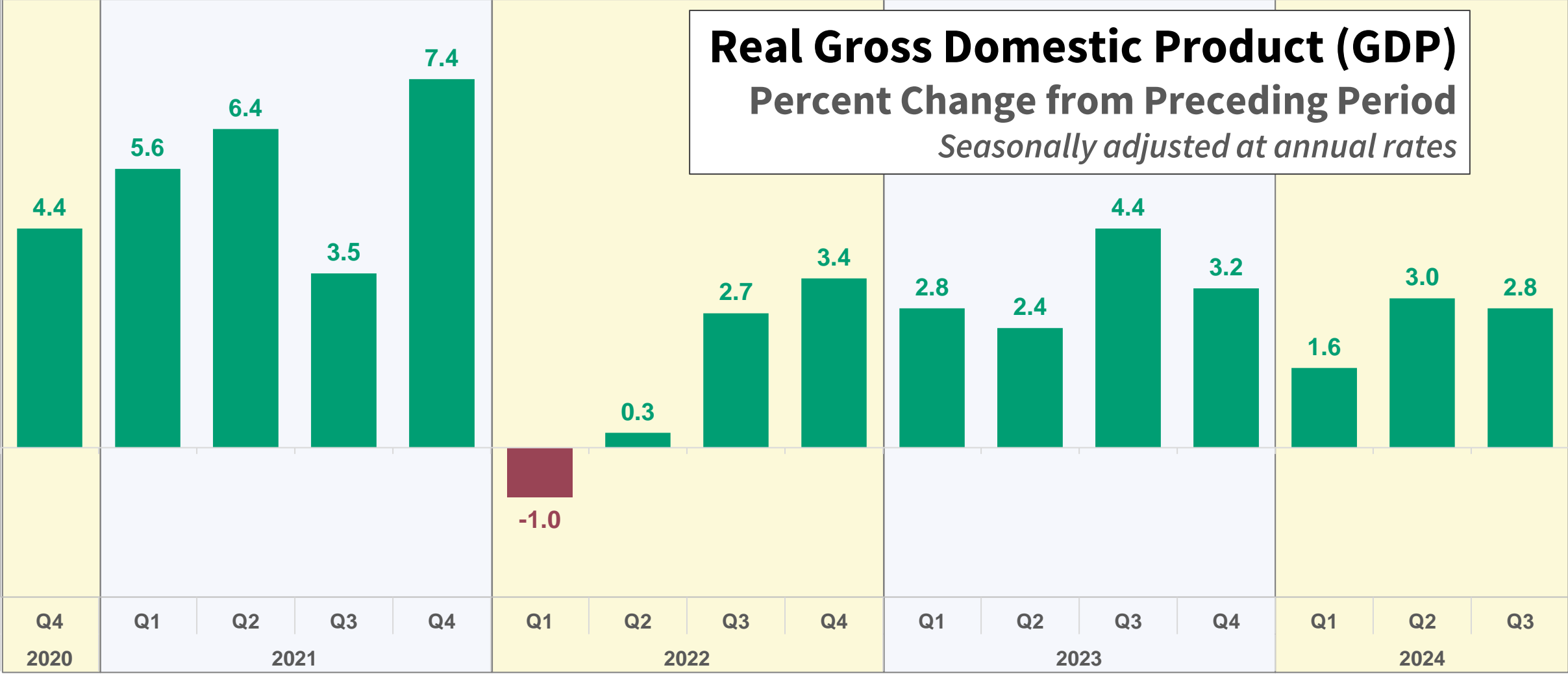


2024 Illinois Farm Economics Summit

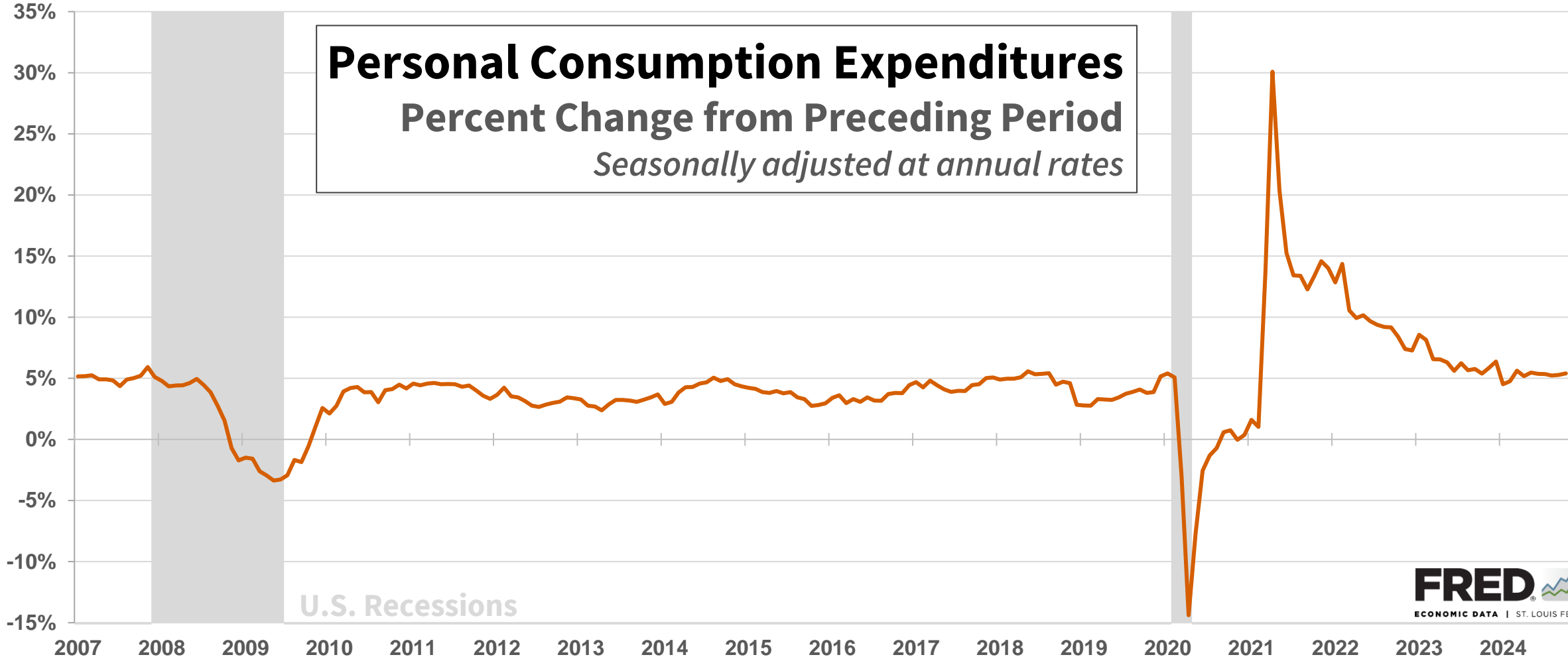
Macro and Farm Financial Update

Brad Zwilling & Gerald Mashange

US Real GDP increased at an annual rate of 2.8% in Q3 2024

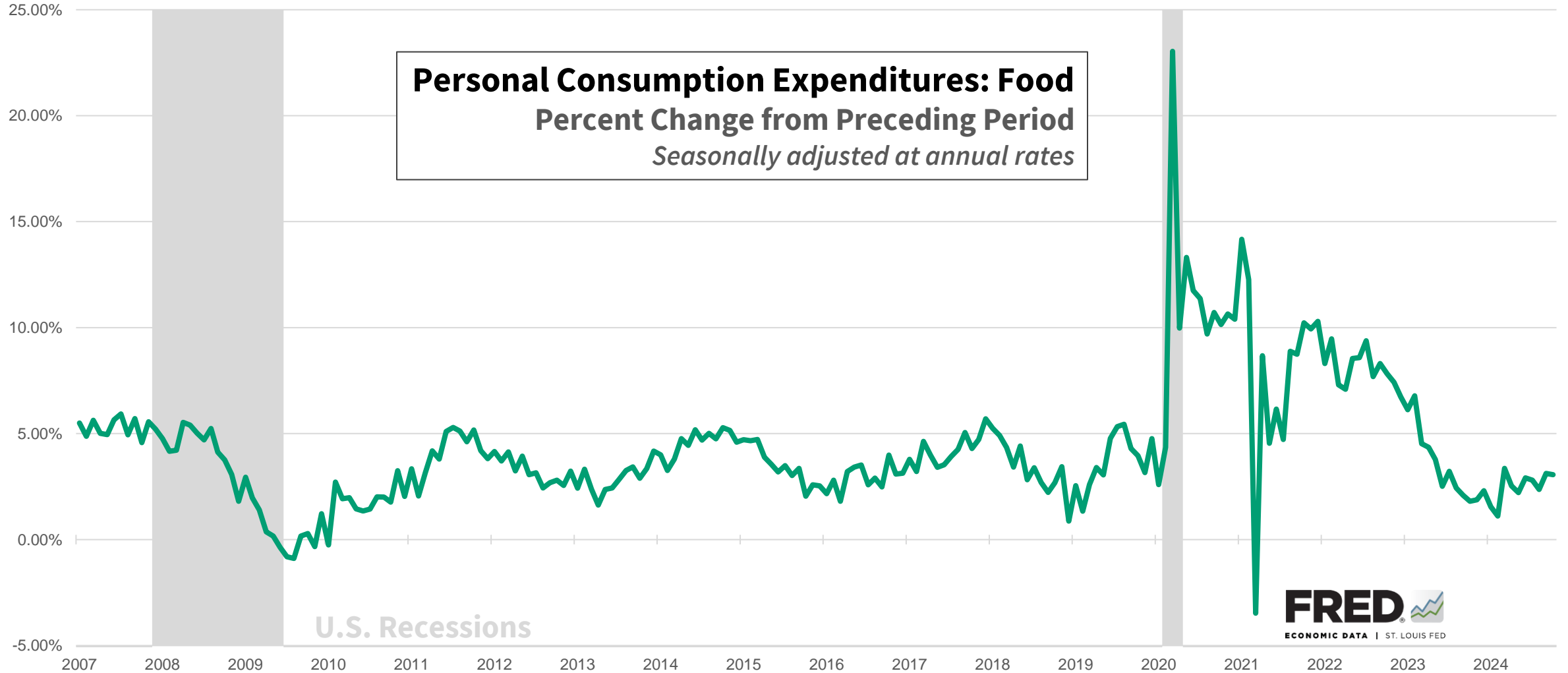


Personal consumption spending continues to be strong



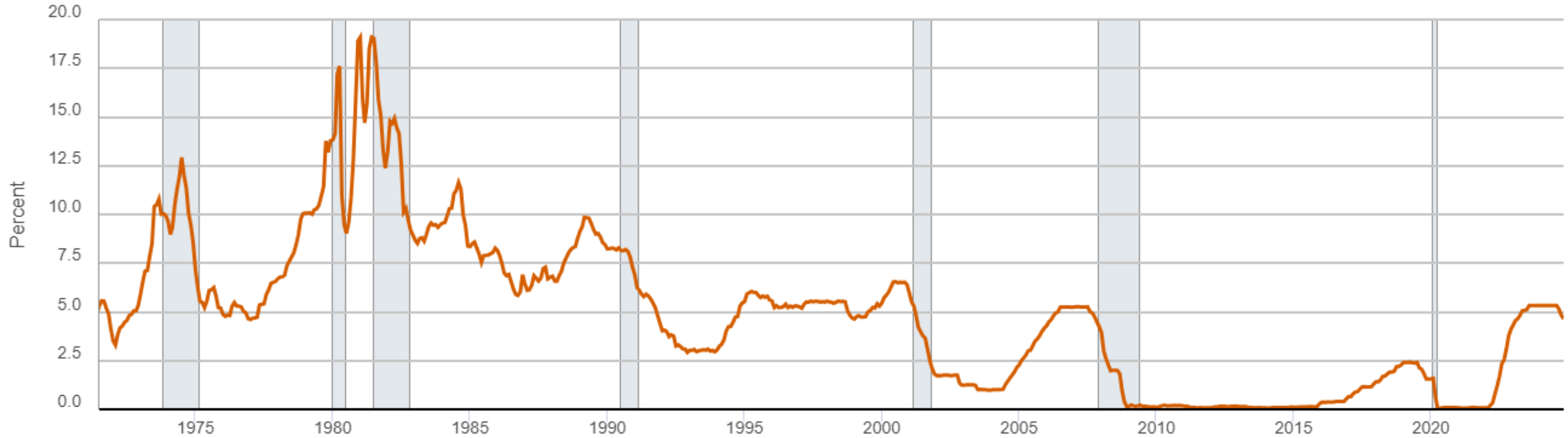
FRED
ECONOMIC DATA | ST. LOUIS FED

Personal consumption spending on food trended upwards in 2024



The Fed has begun cutting interest rates, but continues to fight inflation

FRED  Federal Funds Effective Rate

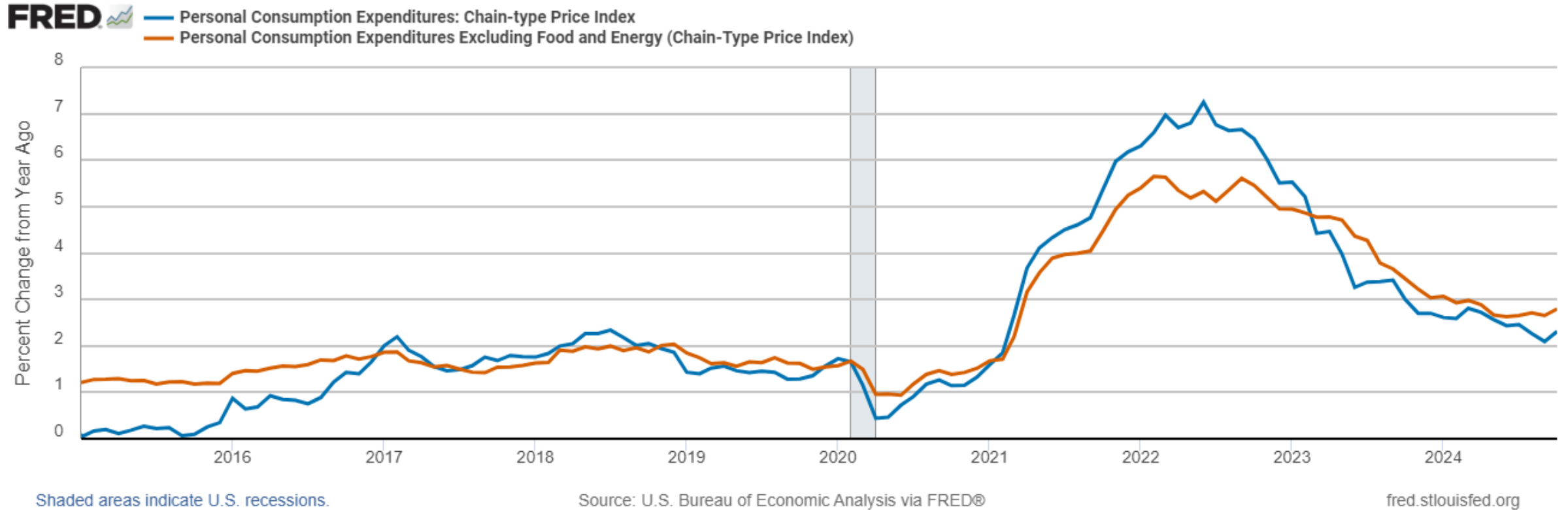


Shaded areas indicate U.S. recessions.

Source: Board of Governors of the Federal Reserve System (US) via FRED®

fred.stlouisfed.org

Higher interest rates result in a slowdown in spending, but it takes time for it to be felt in the economy



Expected inflation in the next 5 years is currently 2.35%

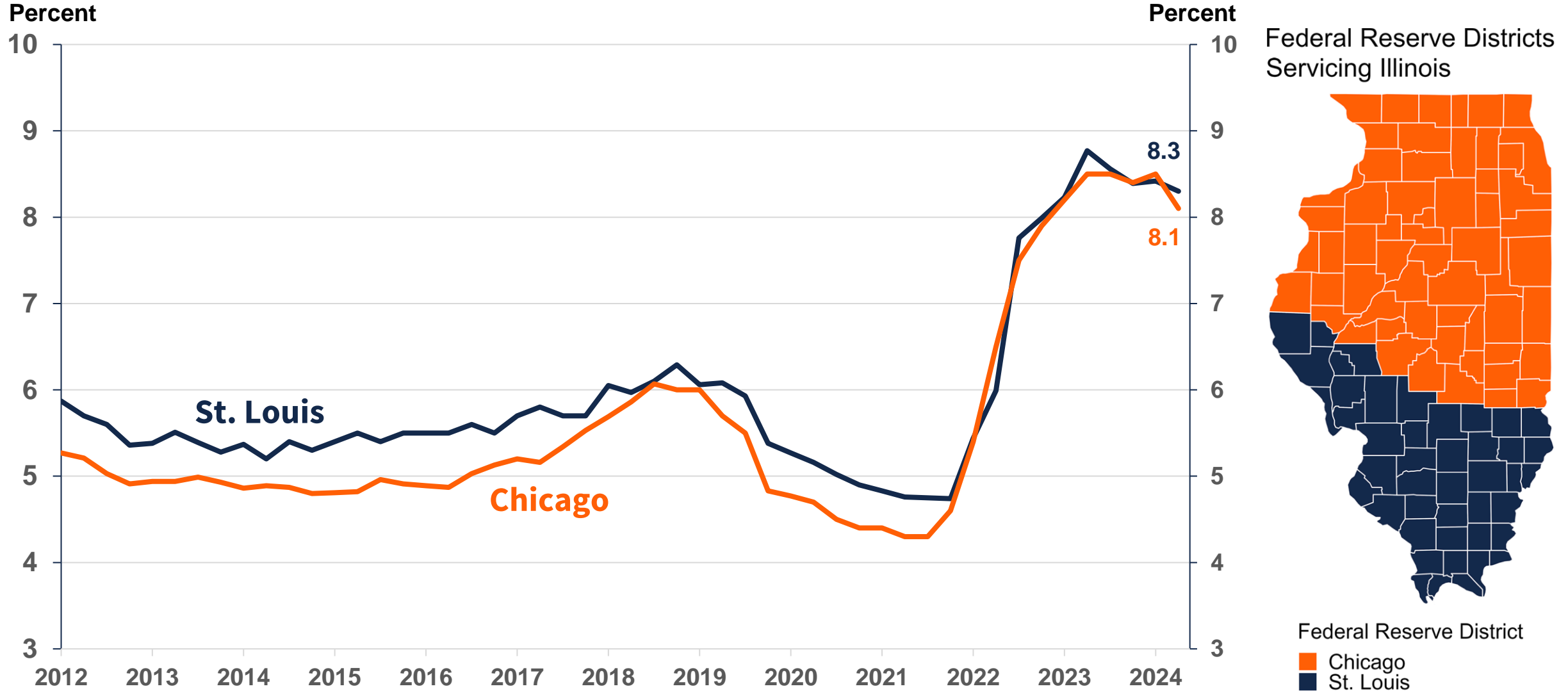


Shaded areas indicate U.S. recessions.

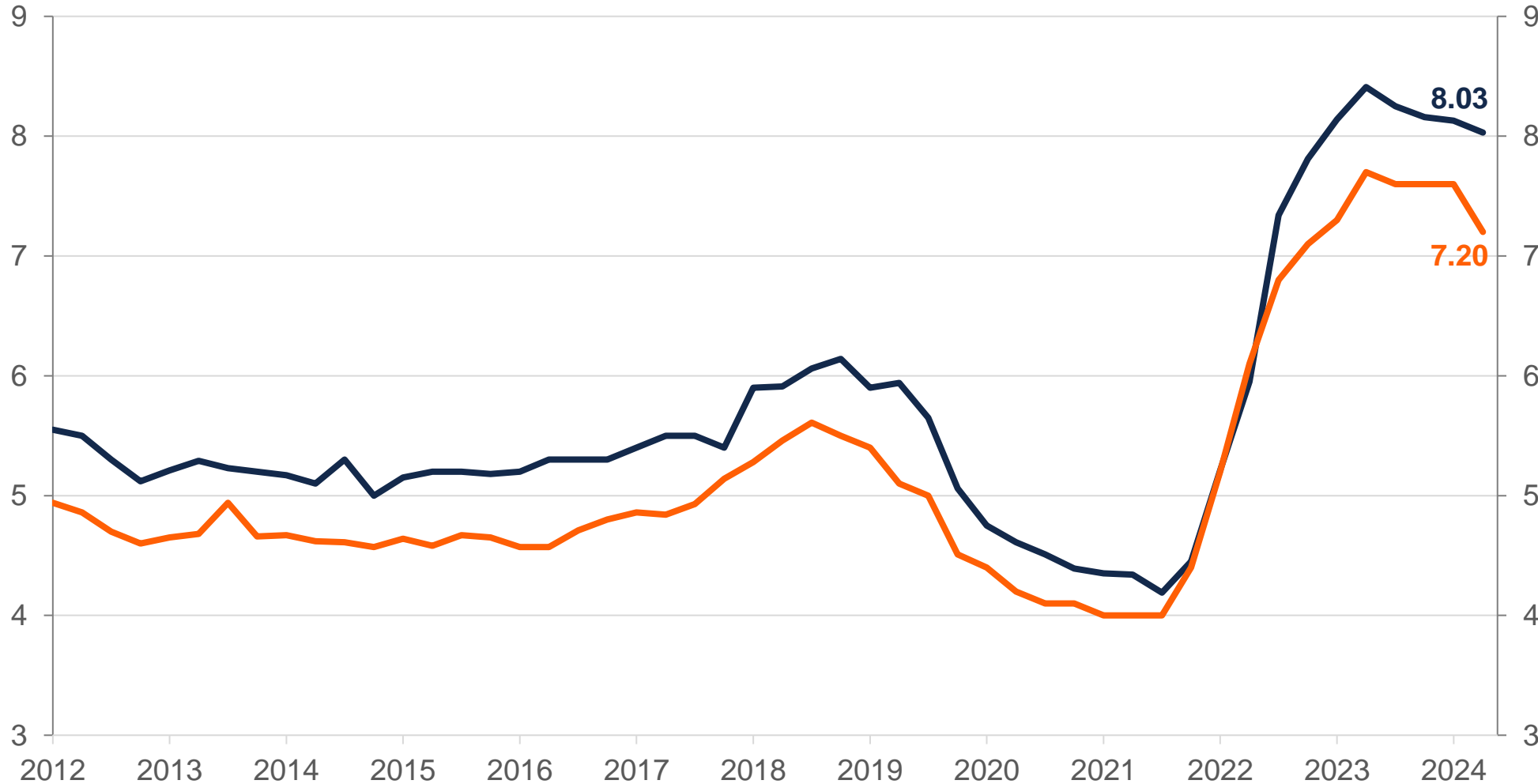
Source: Federal Reserve Bank of St. Louis via FRED®

fred.stlouisfed.org

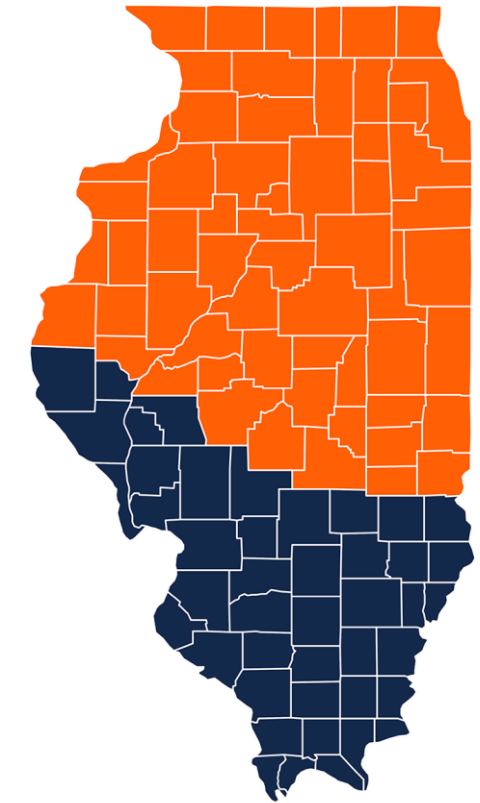
Fixed interest rates on operating loans



Fixed interest rates on farm real estate loans



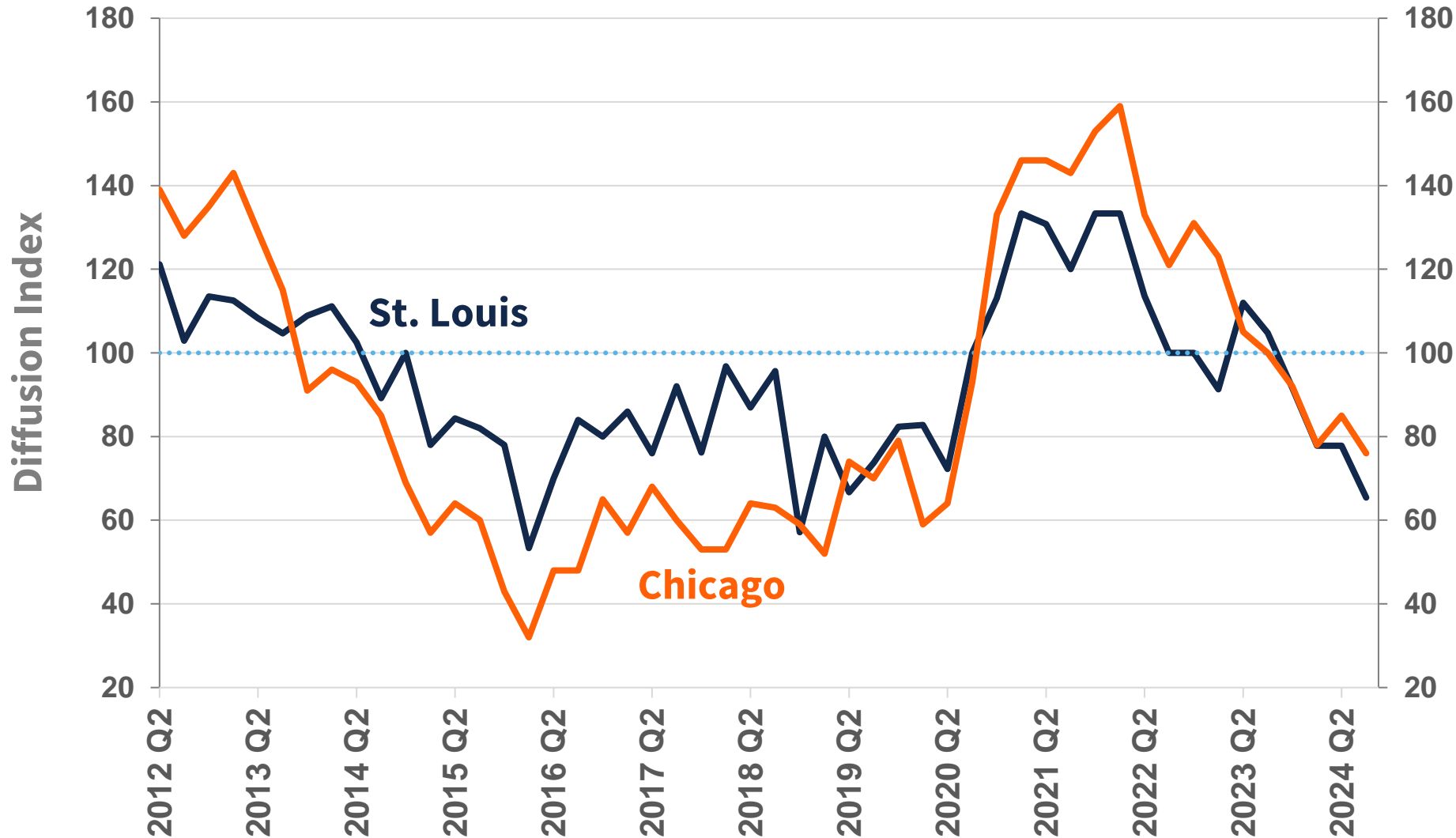
Federal Reserve Districts Servicing Illinois



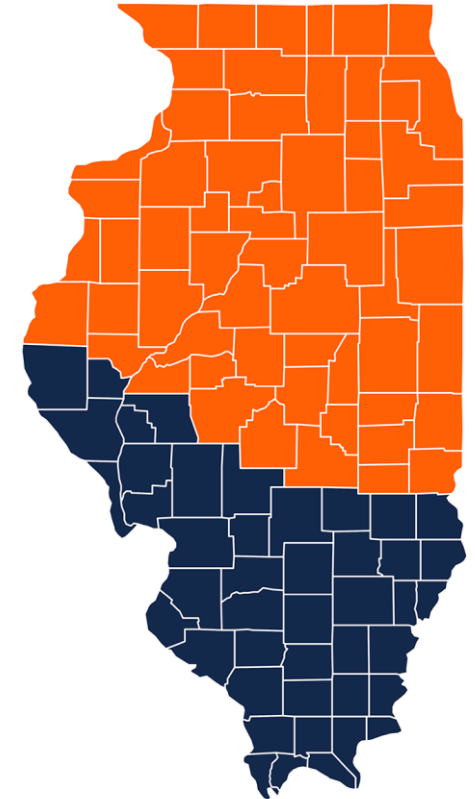
Federal Reserve District

- Chicago
- St. Louis

These higher interest rates are coinciding with softening farm incomes and repayment rates

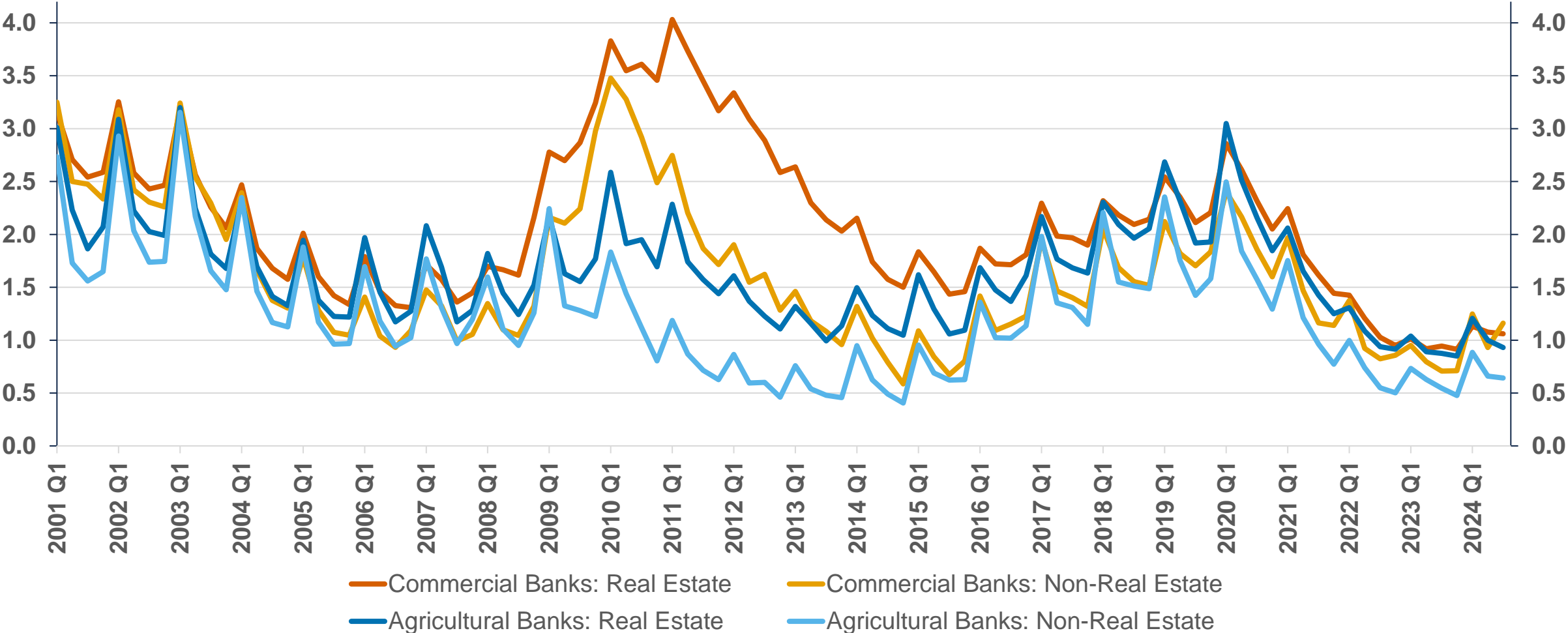


Federal Reserve Districts Servicing Illinois

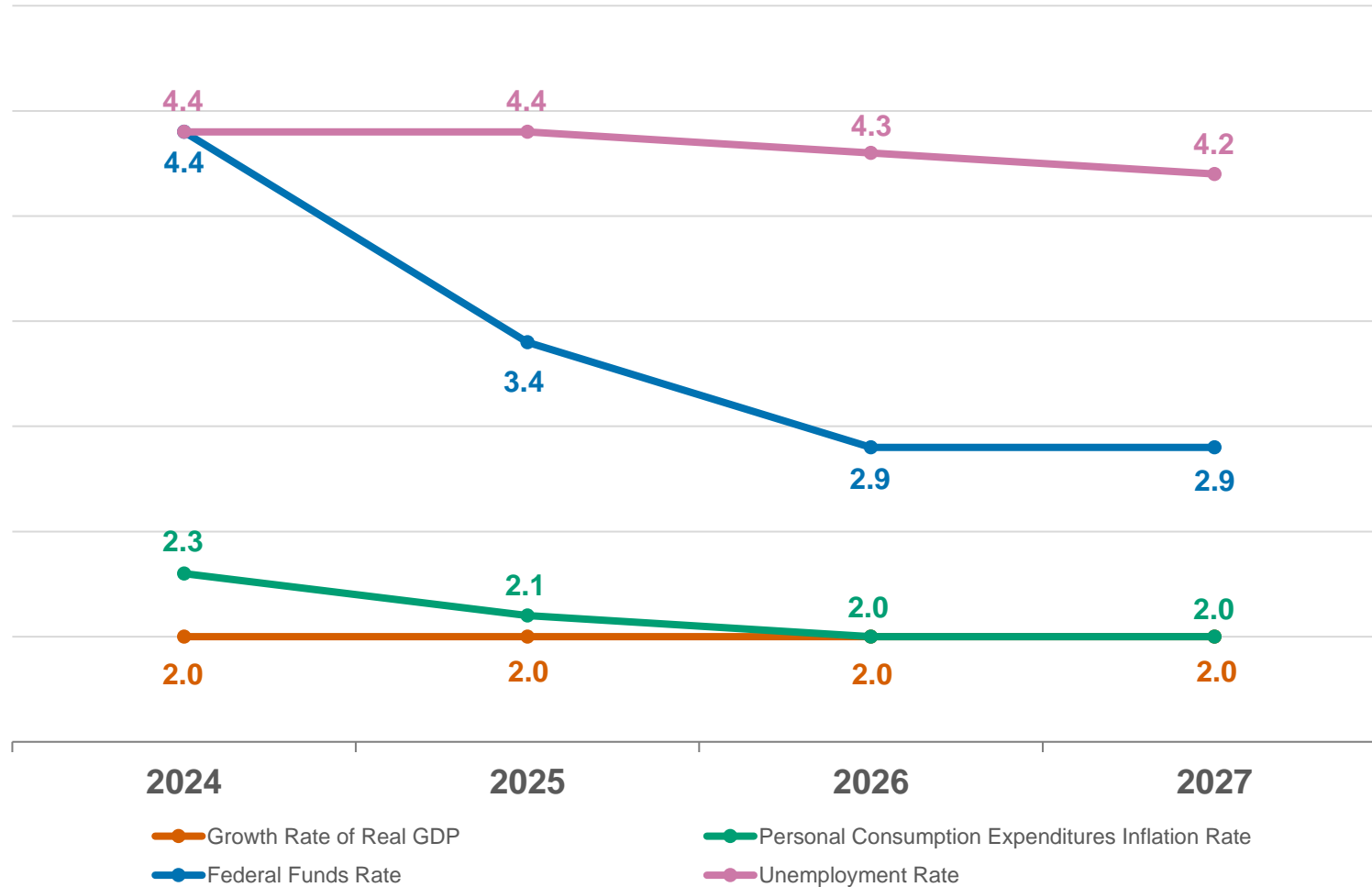


Federal Reserve District
Chicago
St. Louis

Farm Loan Delinquency Rates (Percent Share of Outstanding Agricultural Loans)



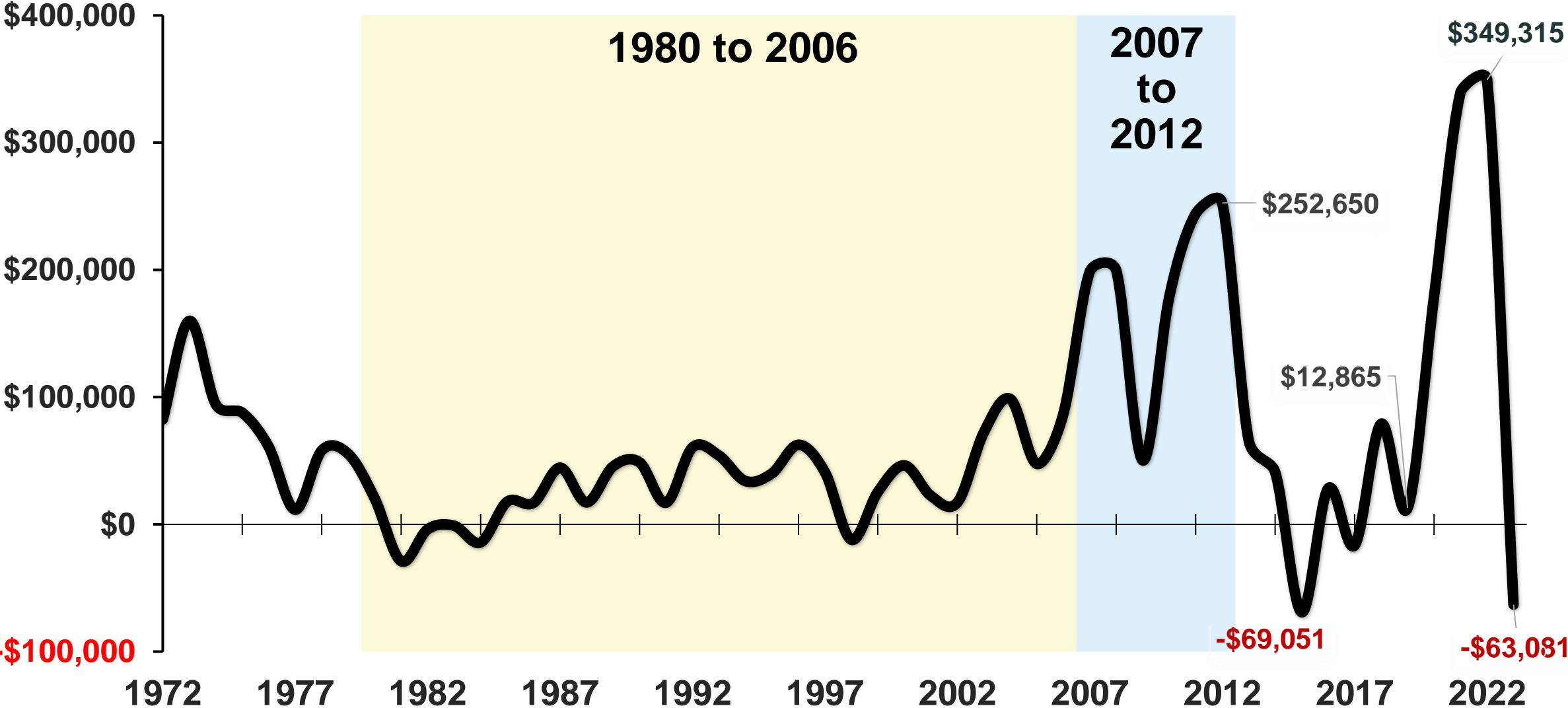
FOMC Outlook, Median Projection (Percent)



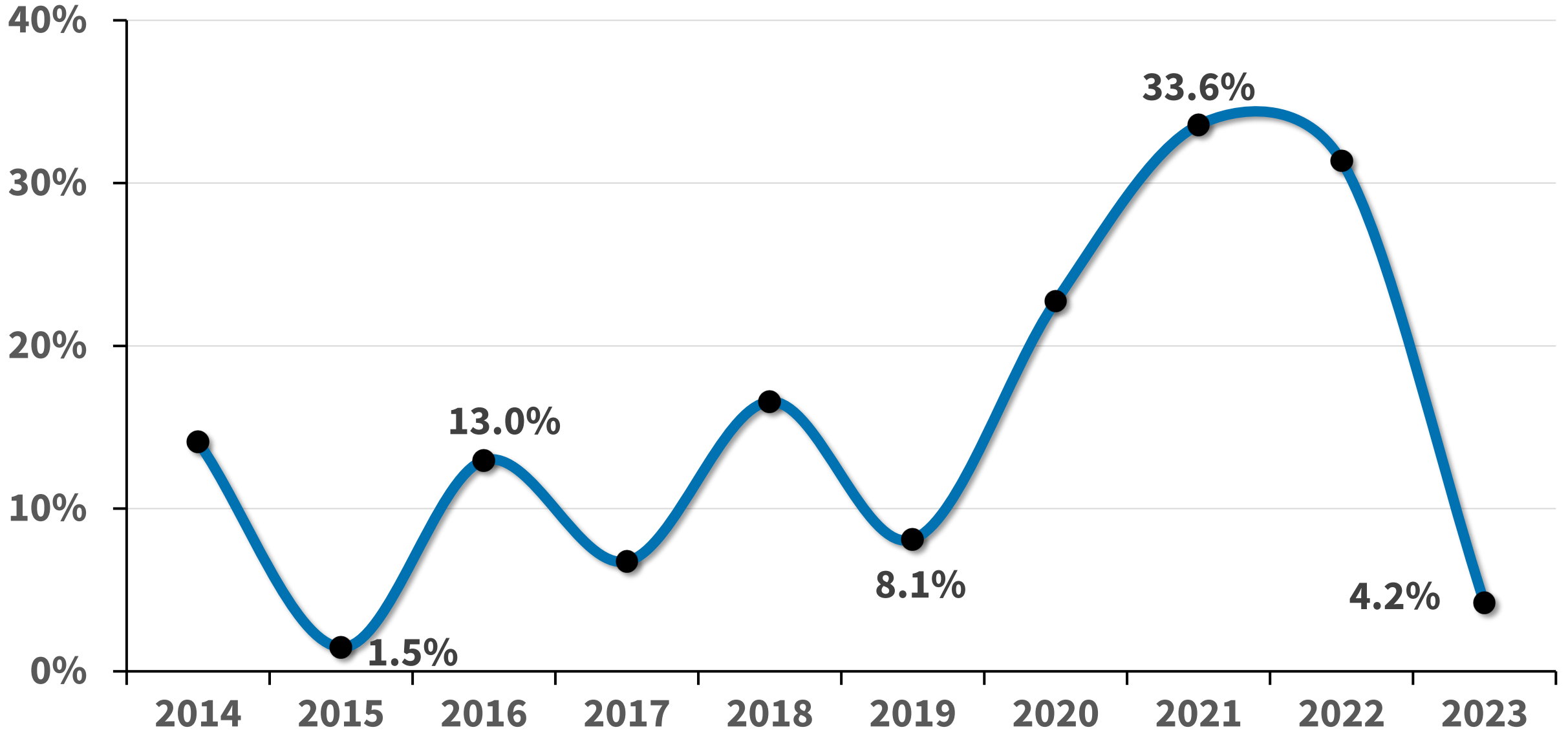
Financial Trends of Illinois Farms



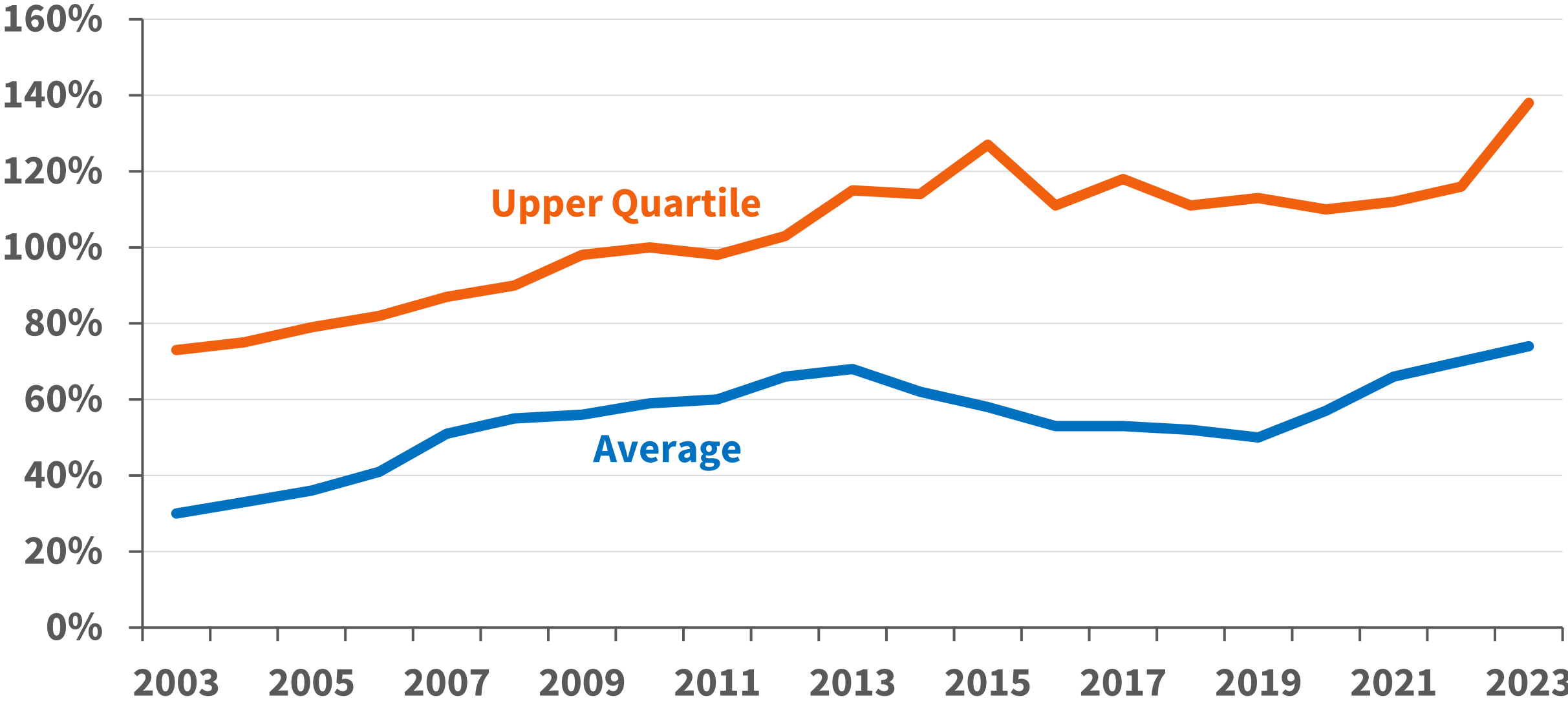
Operator's Share of Labor and Management Income Adjusted for Inflation



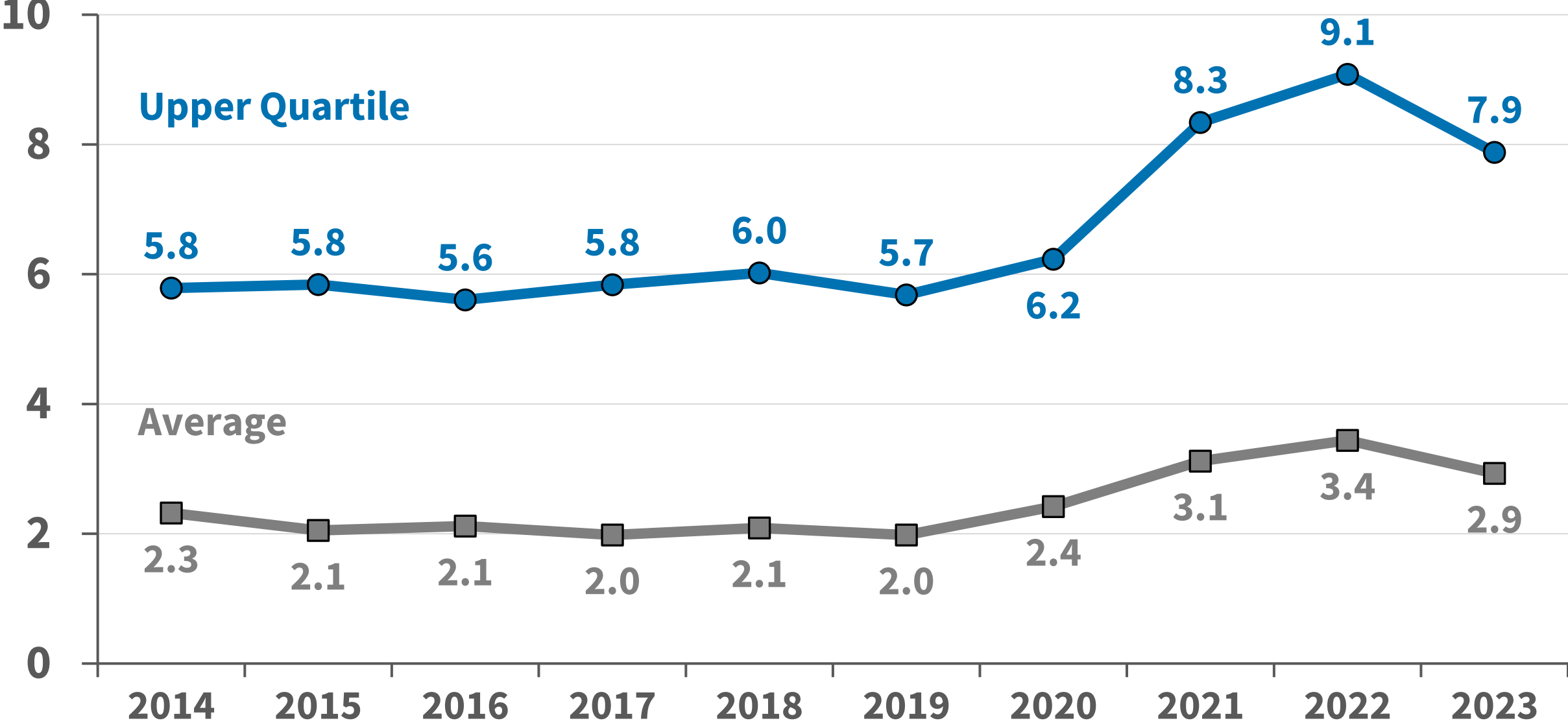
Farm Operating Income Ratio



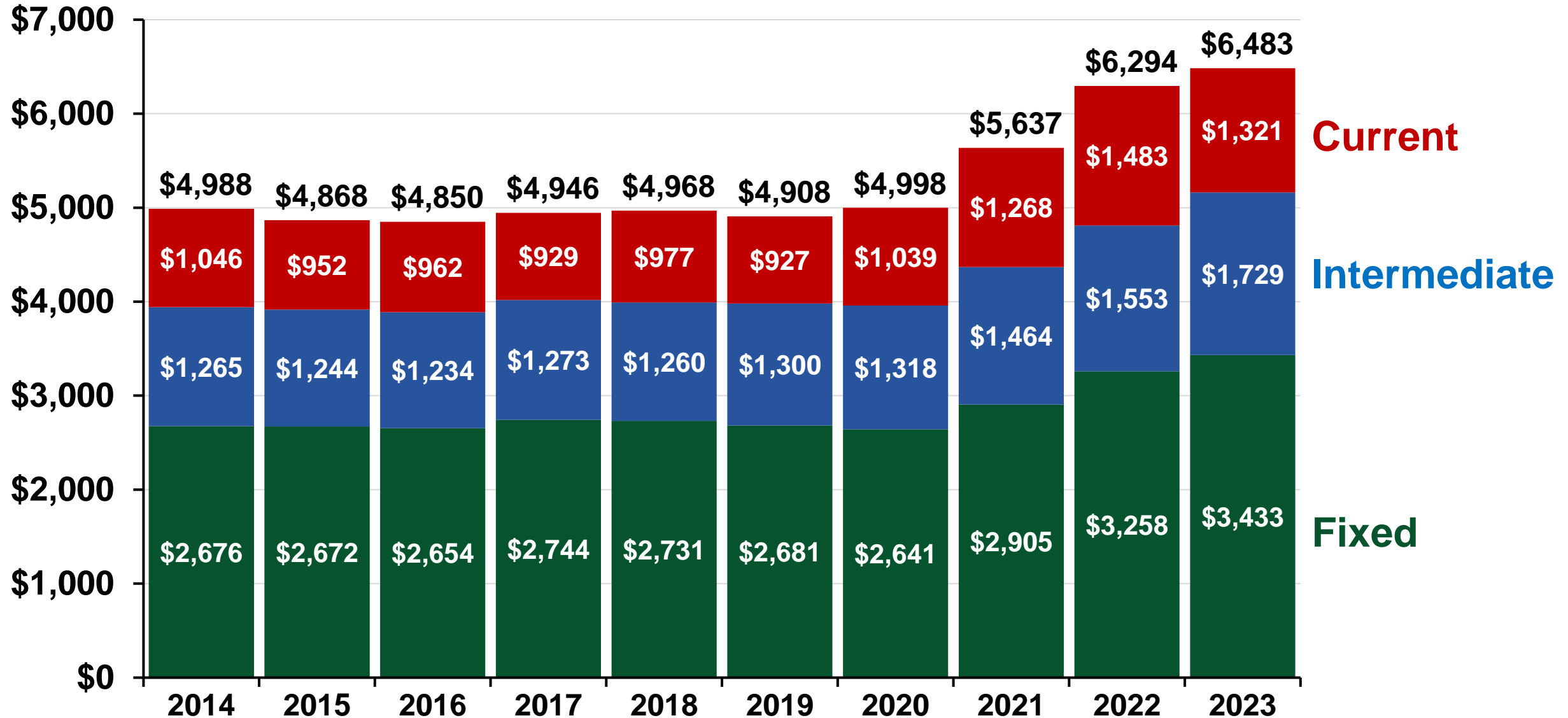
Working Capital To Gross Returns



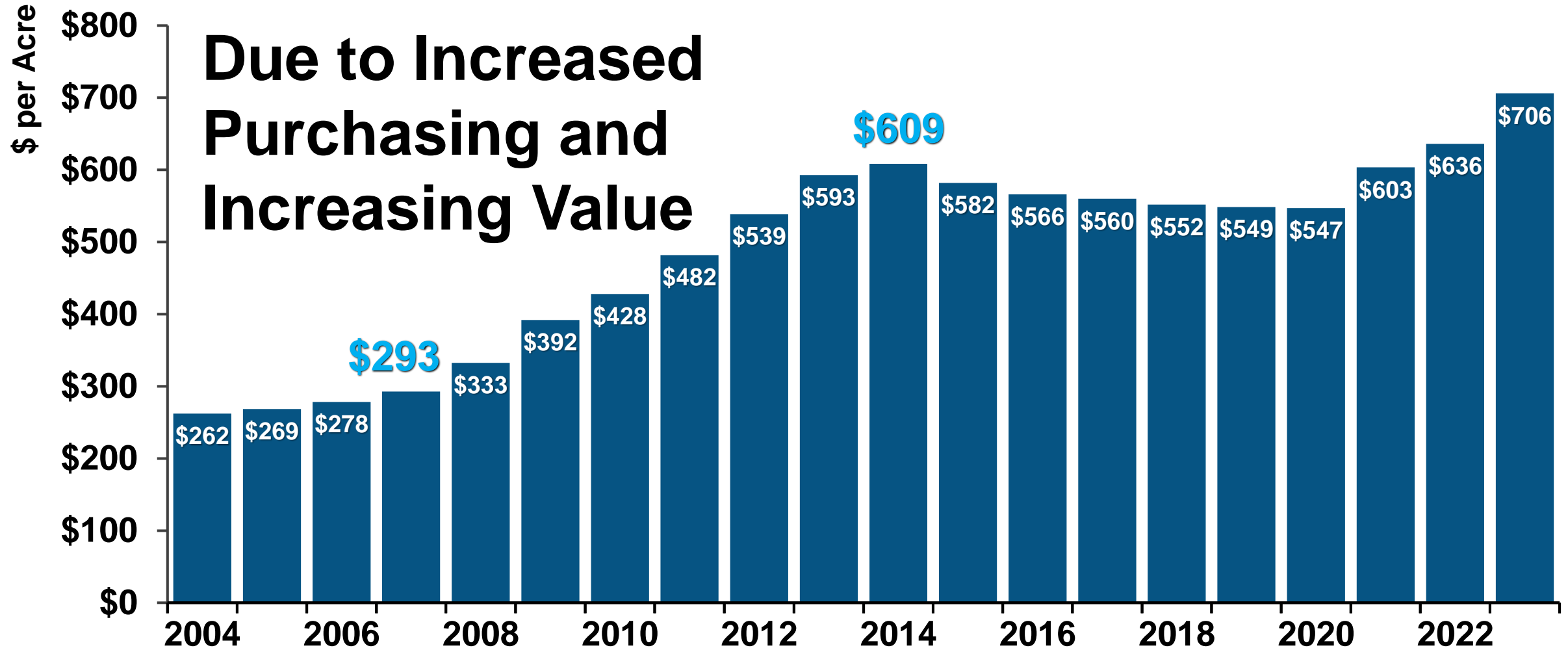
Current Ratio



Types of Assets per Acre



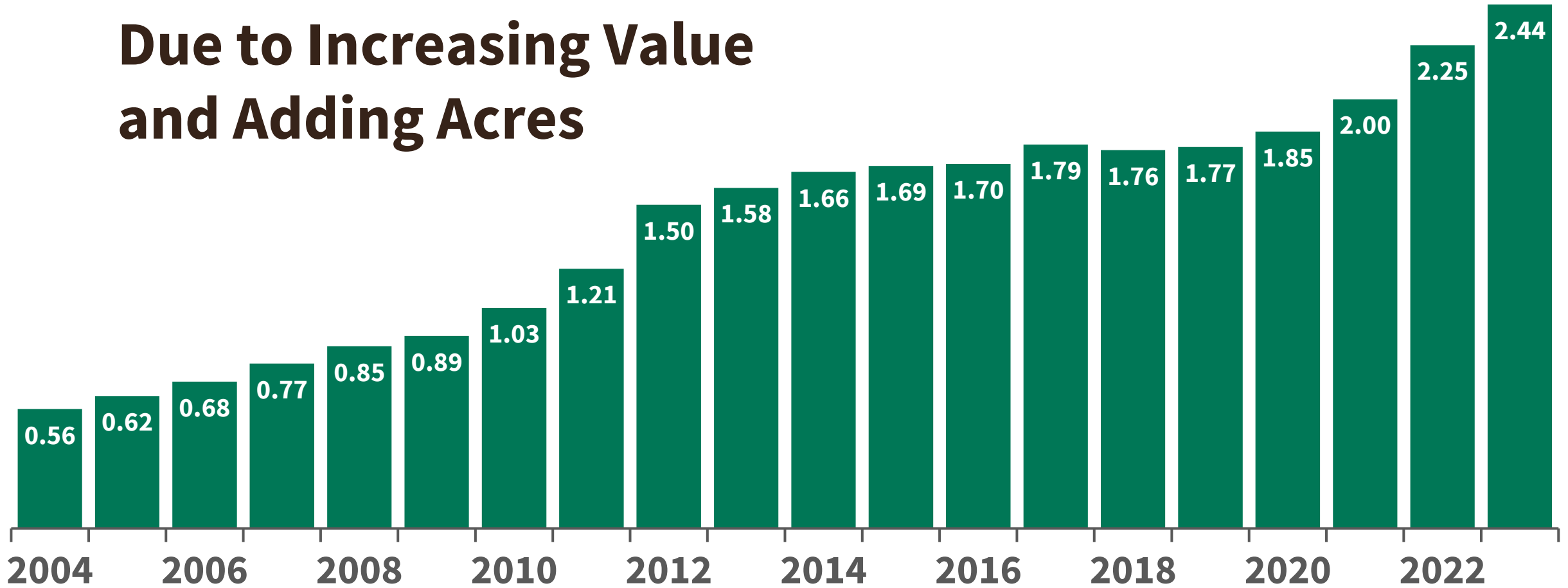
Average Machinery Values per Acre Doubled in 7 Years



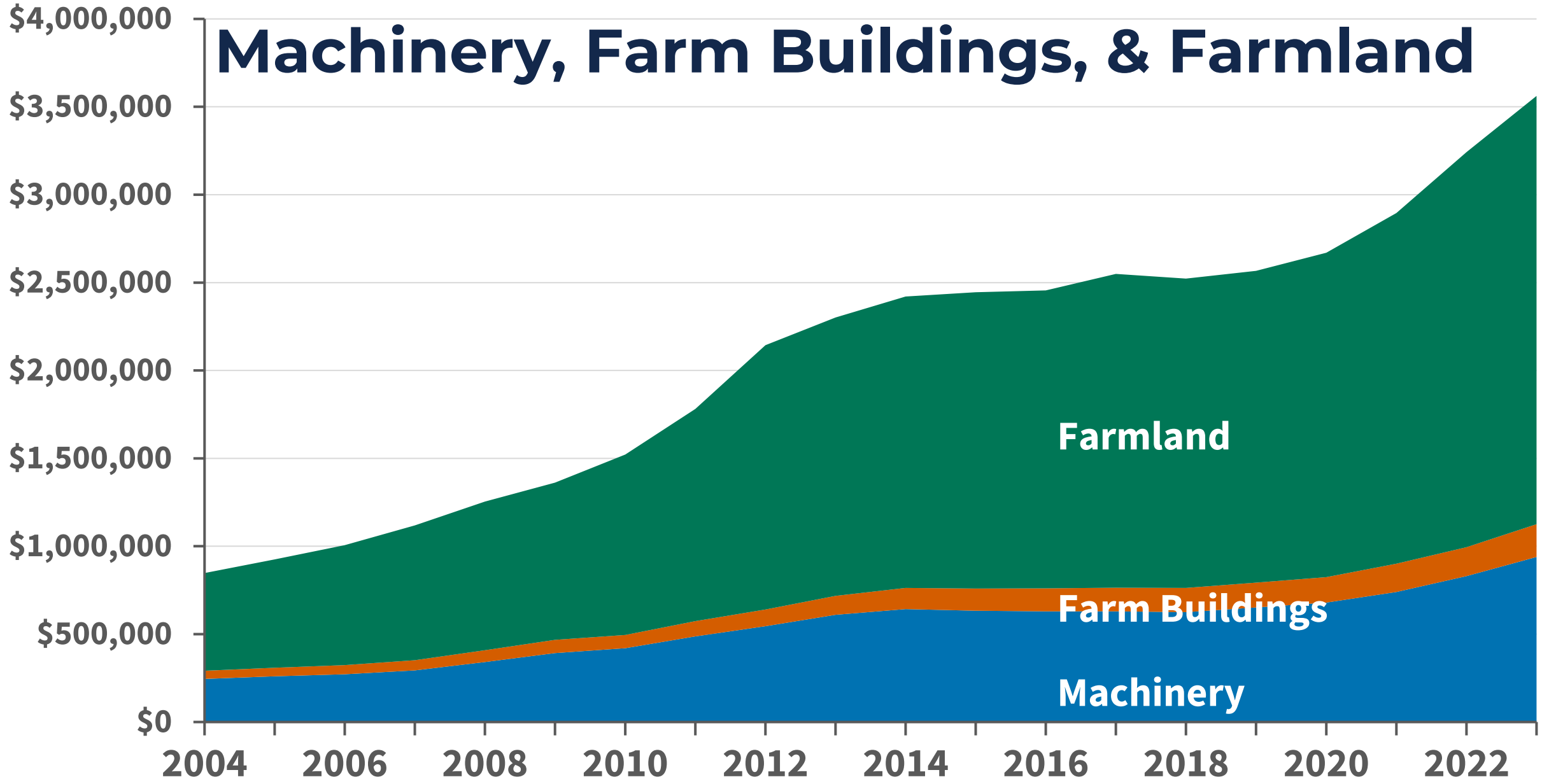
Average Value of Land Owned Increased

in Million Dollars

**Due to Increasing Value
and Adding Acres**

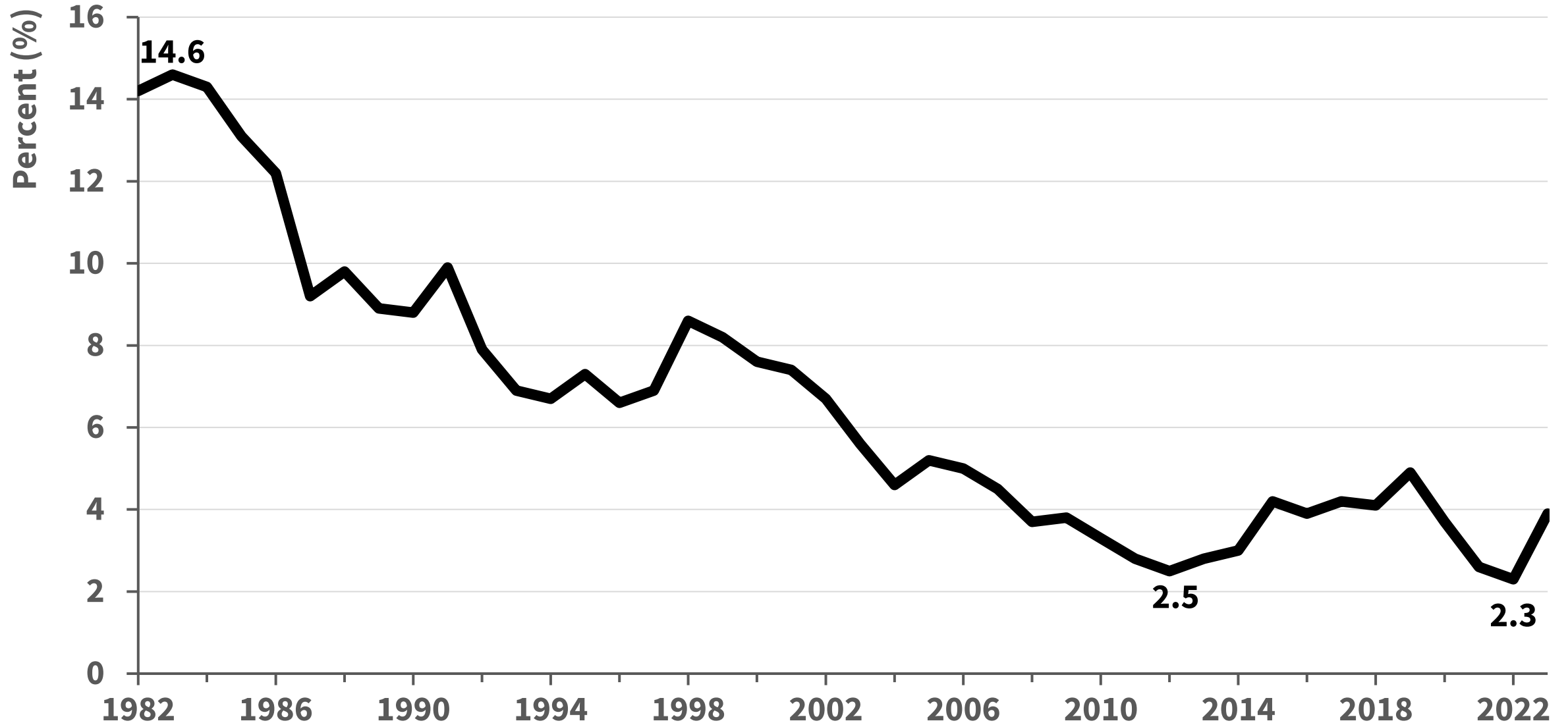


Machinery, Farm Buildings, & Farmland

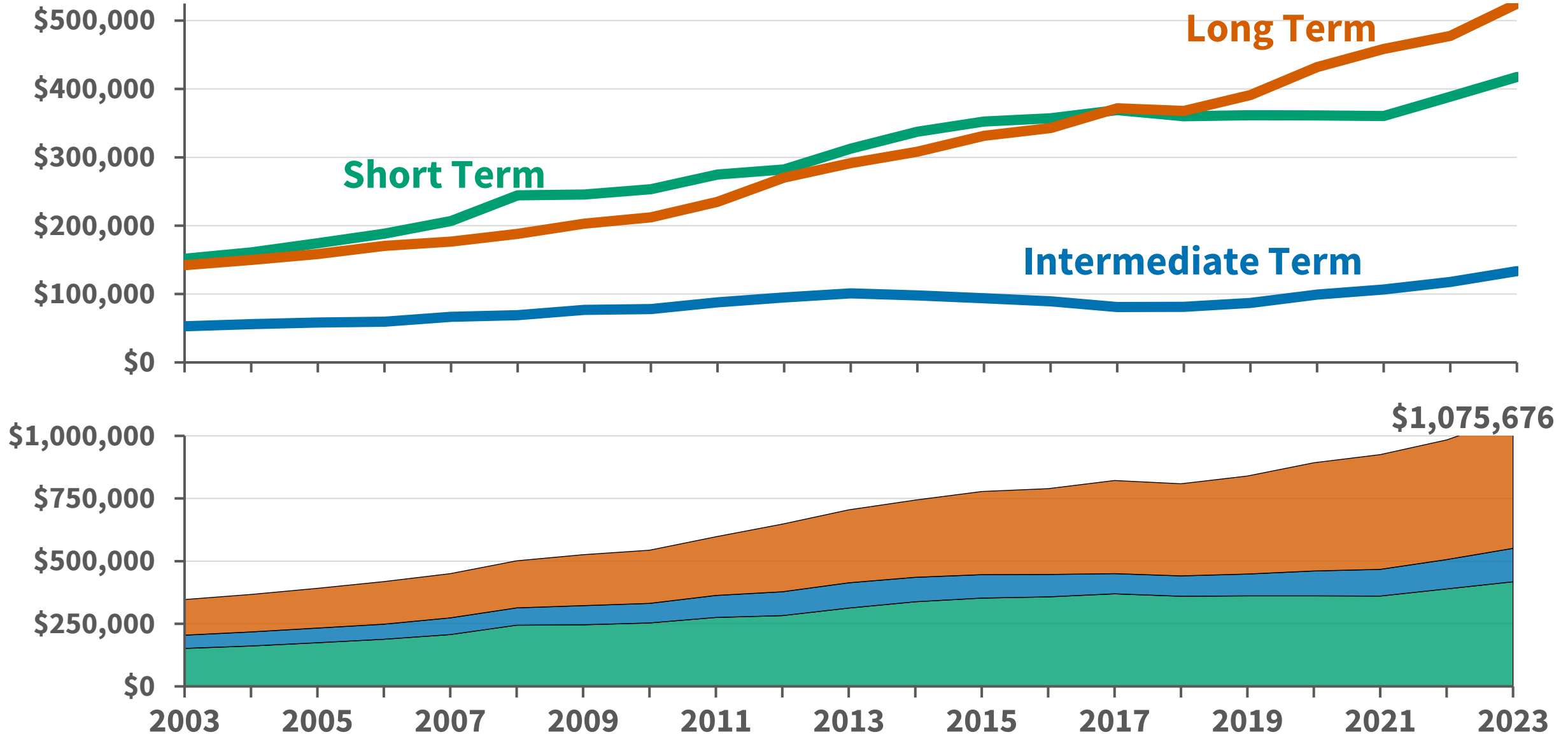


Source: Illinois FBFM

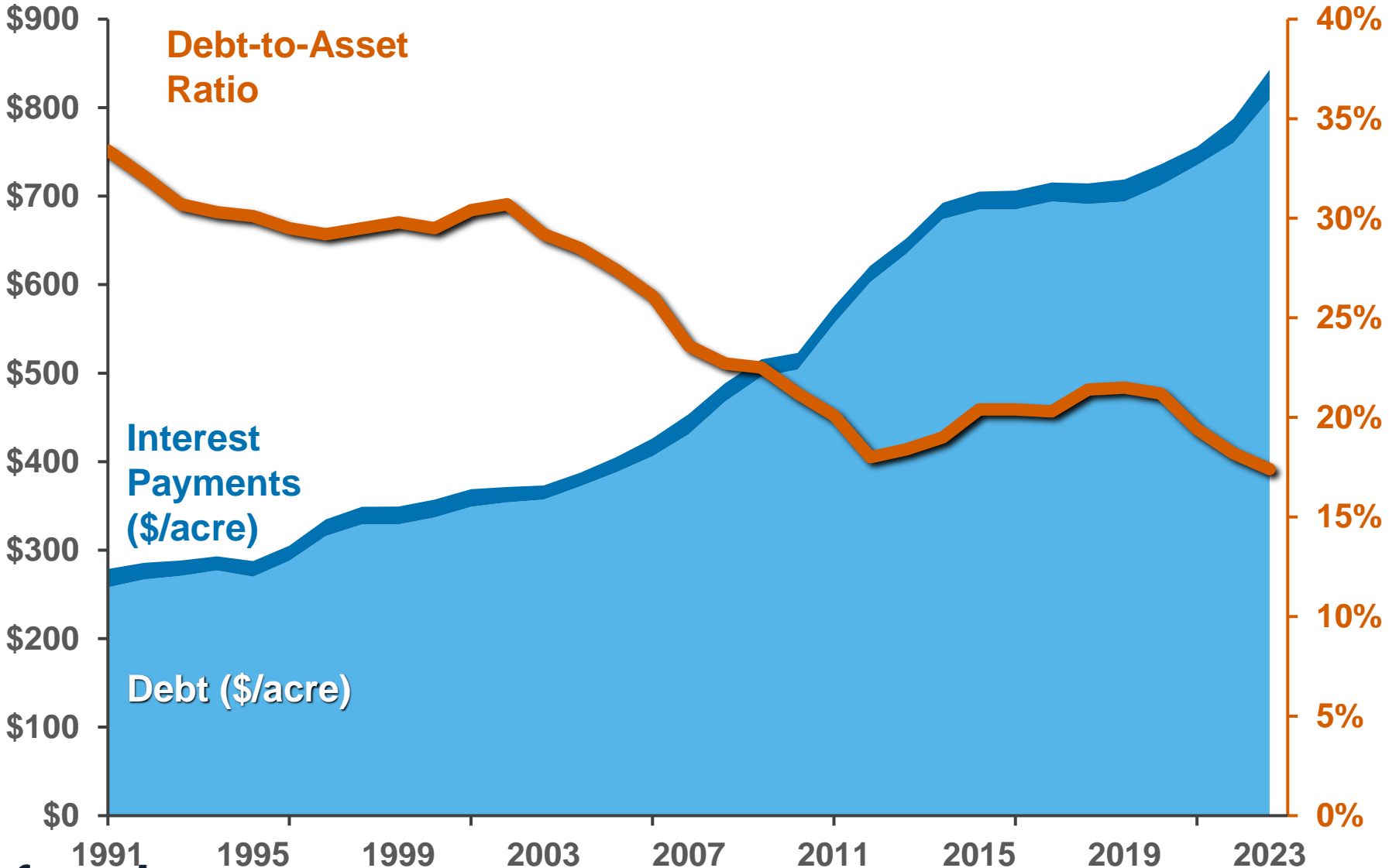
Farm Interest Paid as % of Gross Farm Returns



Average Total Debt – Illinois Grain Farms

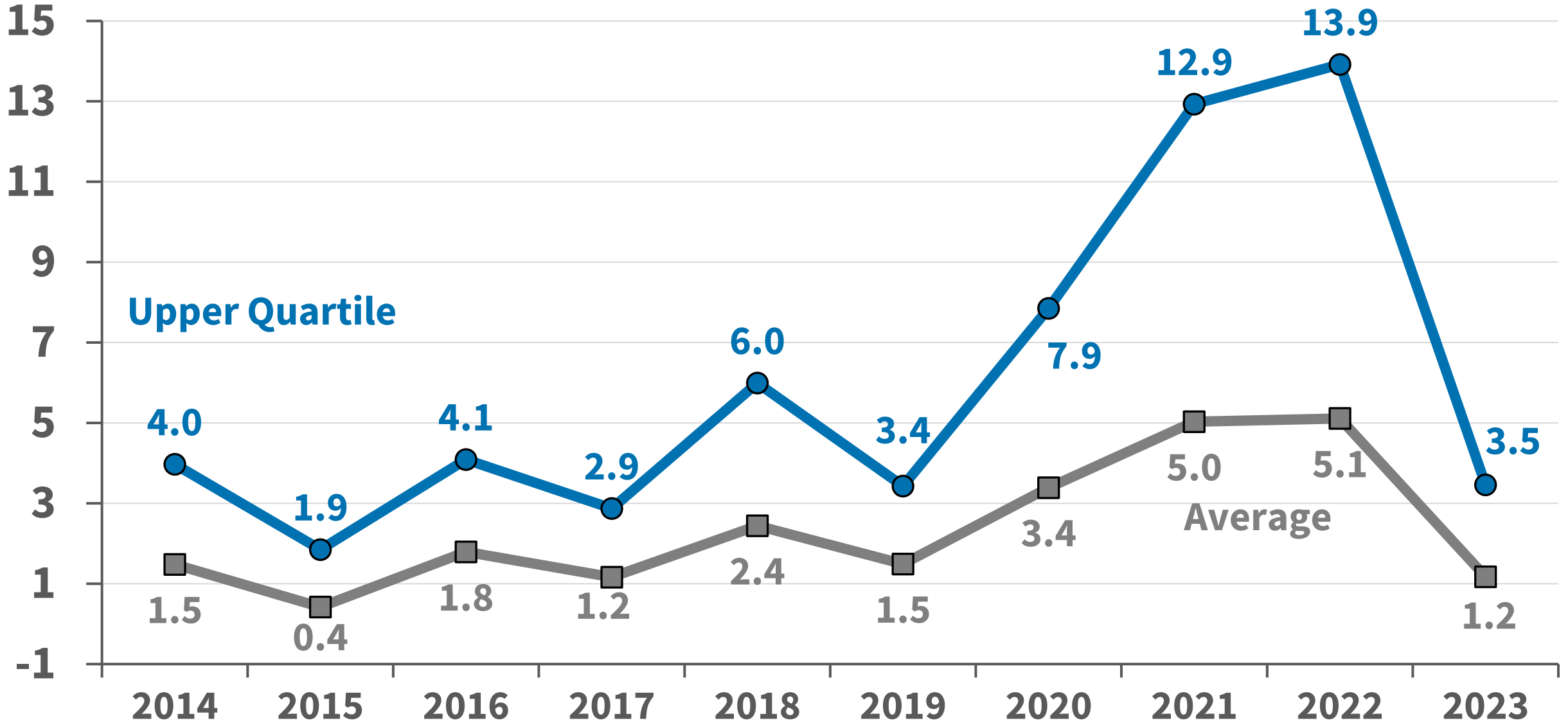


Grain Farms Enrolled in Illinois FBFM from 1991 to 2023 seeing falling Debt-to-Asset Ratios and Increasing Debt and Interest Payments per Tillable Acre

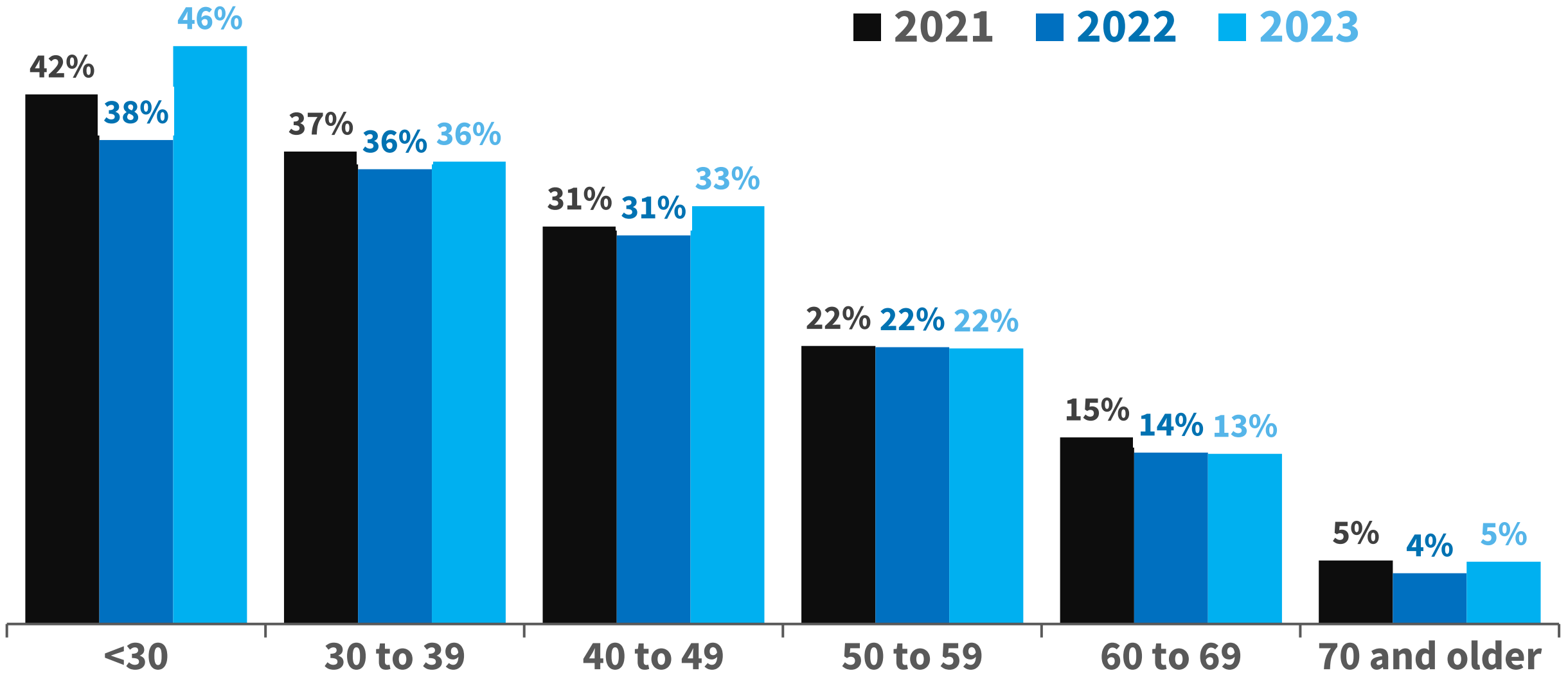


| Year | Debt-to-Asset Ratio | Per Tillable Acre | |
|------|---------------------|-------------------|------------------|
| | | Debt | Interest Expense |
| 1992 | 32% | \$267 | \$19 |
| 1993 | 31% | \$271 | \$17 |
| 1994 | 30% | \$277 | \$16 |
| 1995 | 30% | \$270 | \$18 |
| 1996 | 30% | \$288 | \$17 |
| 1997 | 29% | \$316 | \$19 |
| 1998 | 30% | \$329 | \$20 |
| 1999 | 30% | \$329 | \$20 |
| 2000 | 30% | \$337 | \$20 |
| 2001 | 30% | \$349 | \$20 |
| 2002 | 31% | \$354 | \$17 |
| 2003 | 29% | \$357 | \$16 |
| 2004 | 29% | \$372 | \$15 |
| 2005 | 27% | \$388 | \$17 |
| 2006 | 26% | \$406 | \$20 |
| 2007 | 24% | \$431 | \$23 |
| 2008 | 23% | \$468 | \$21 |
| 2009 | 23% | \$496 | \$20 |
| 2010 | 21% | \$504 | \$19 |
| 2011 | 20% | \$556 | \$19 |
| 2012 | 18% | \$603 | \$18 |
| 2013 | 18% | \$635 | \$17 |
| 2014 | 19% | \$674 | \$19 |
| 2015 | 20% | \$685 | \$20 |
| 2016 | 20% | \$685 | \$21 |
| 2017 | 20% | \$694 | \$22 |
| 2018 | 21% | \$691 | \$23 |
| 2019 | 22% | \$694 | \$25 |
| 2020 | 21% | \$712 | \$24 |
| 2021 | 19% | \$735 | \$21 |
| 2022 | 18% | \$760 | \$27 |
| 2023 | 17% | \$809 | \$34 |

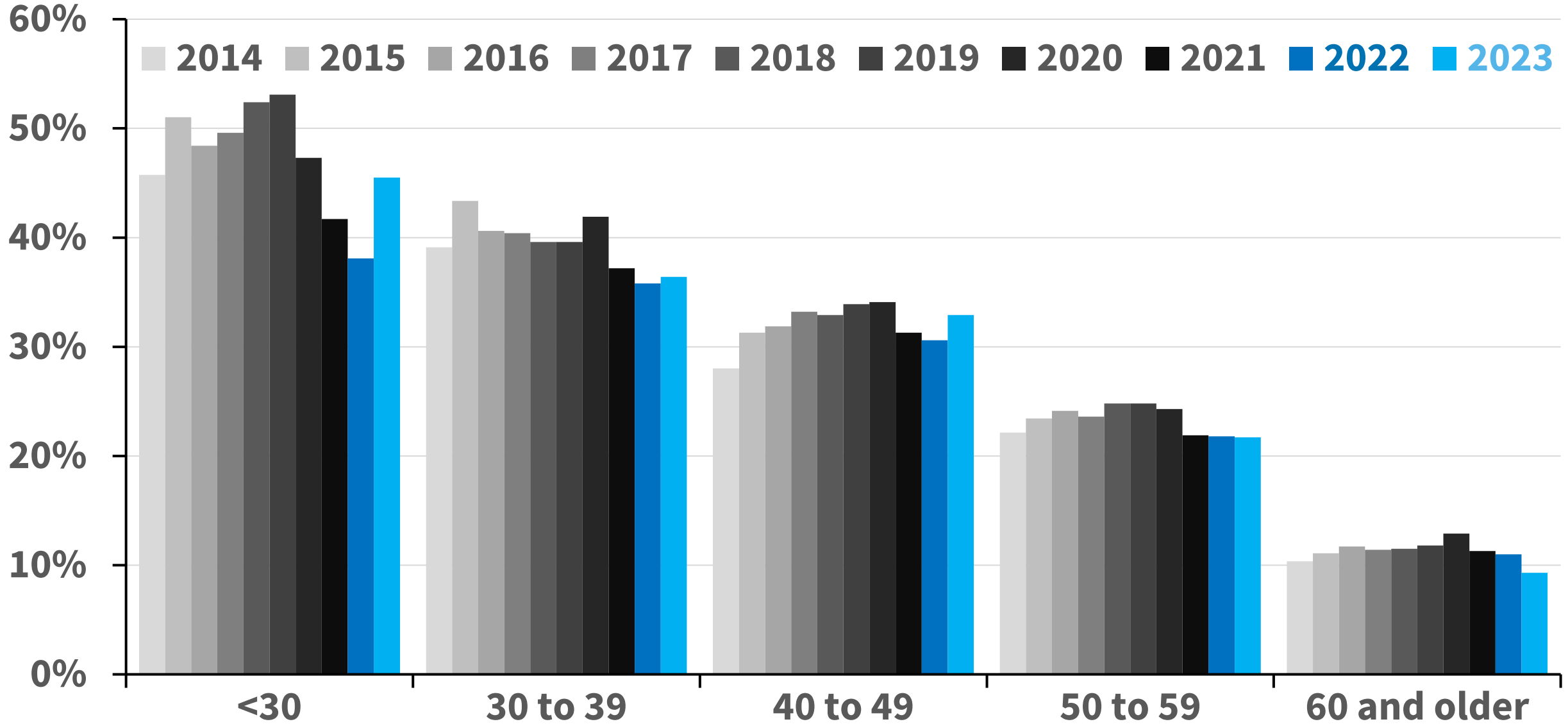
Term Debt Ratio



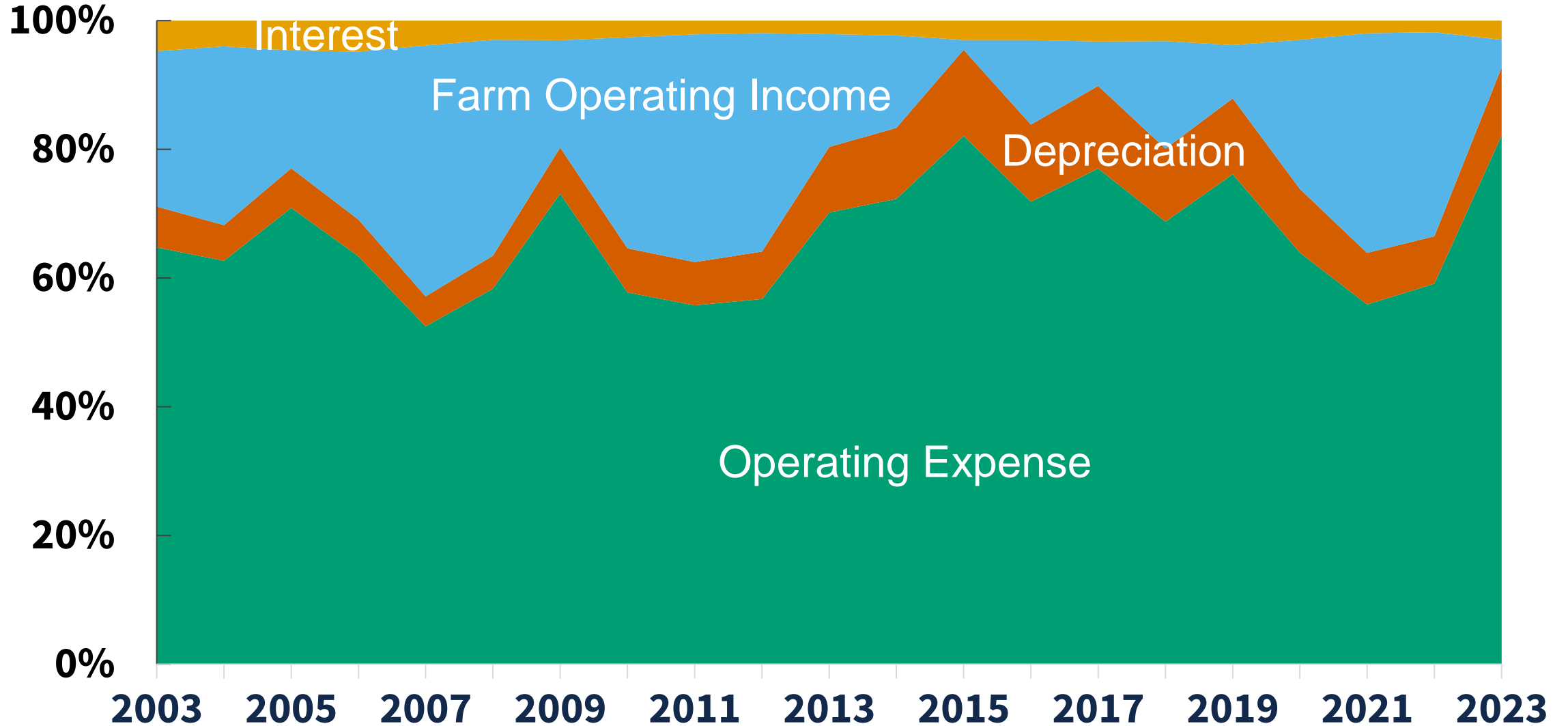
Debt to Asset Ratio for Grain Farms by Age



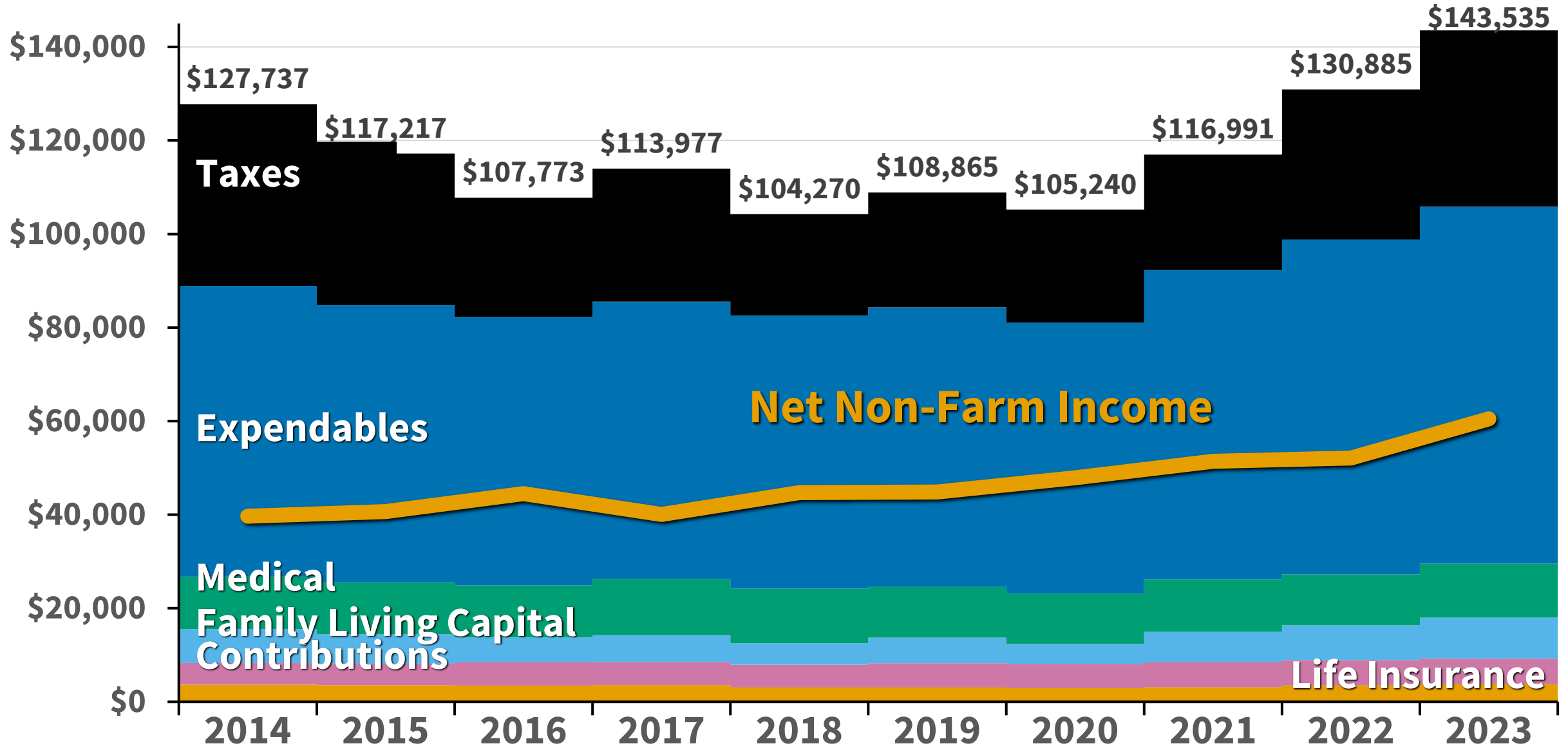
Debt to Asset Ratio for Grain Farms by Age



Financial Efficiency Ratios

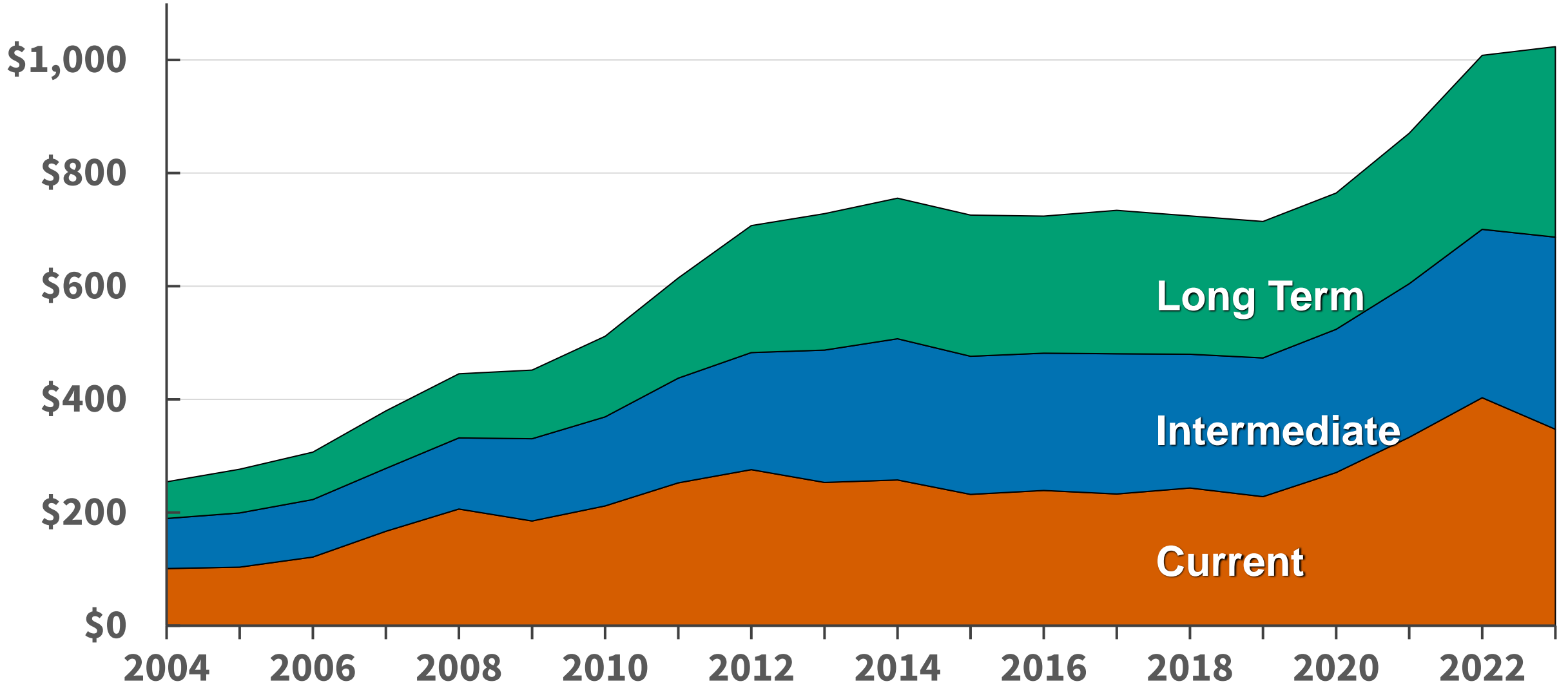


2023 Family Living ALL – Total with Taxes



Estimated Deferred Tax by Asset Type

in Thousand Dollars



2024 Illinois Farm Economics Summit

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Higher interest rates result in a slowdown in spending, but it takes time for it to be felt in the economy

