

# Illinois Farm Economics Summit

## Macro and Farm Financial Update



**Gerald Mashange**  
Agricultural Economist  
University of Illinois



College of Agricultural,  
Consumer &  
Environmental Sciences

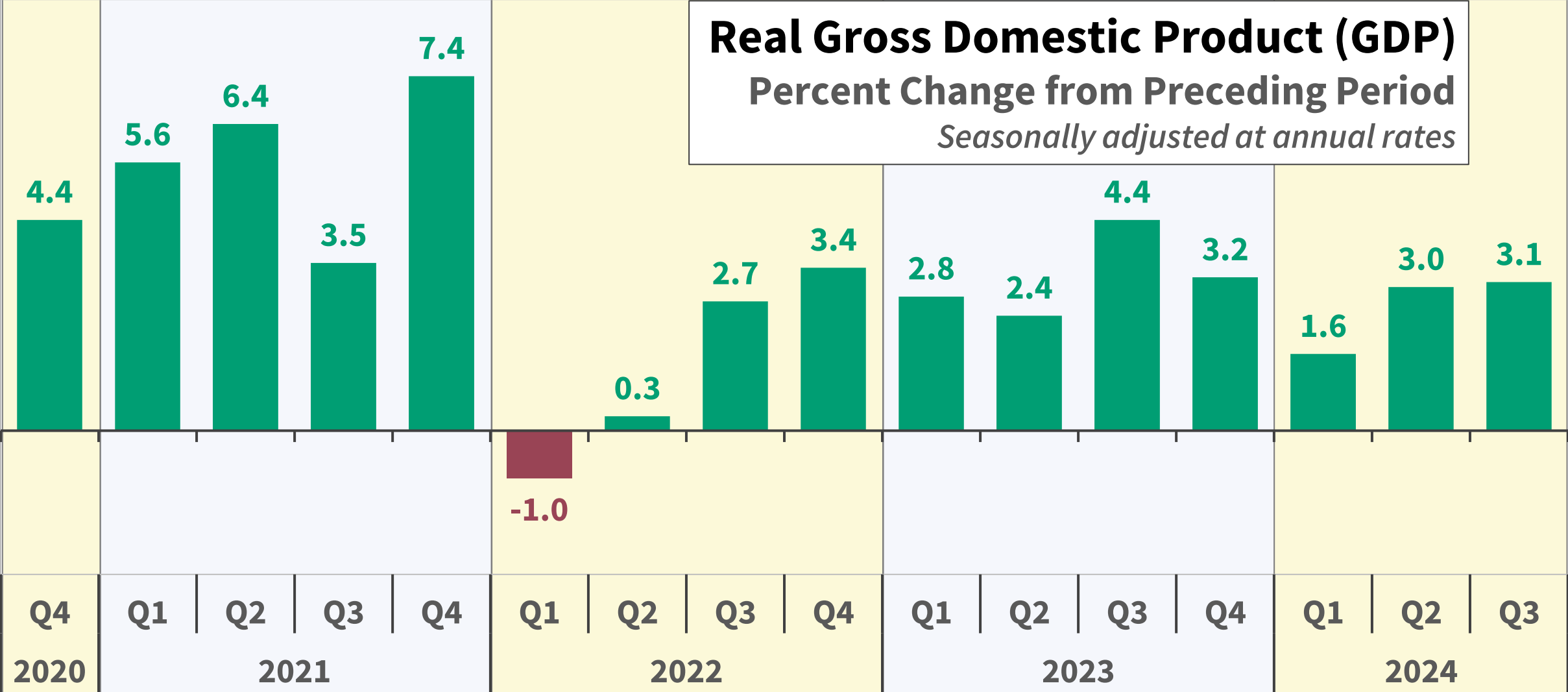
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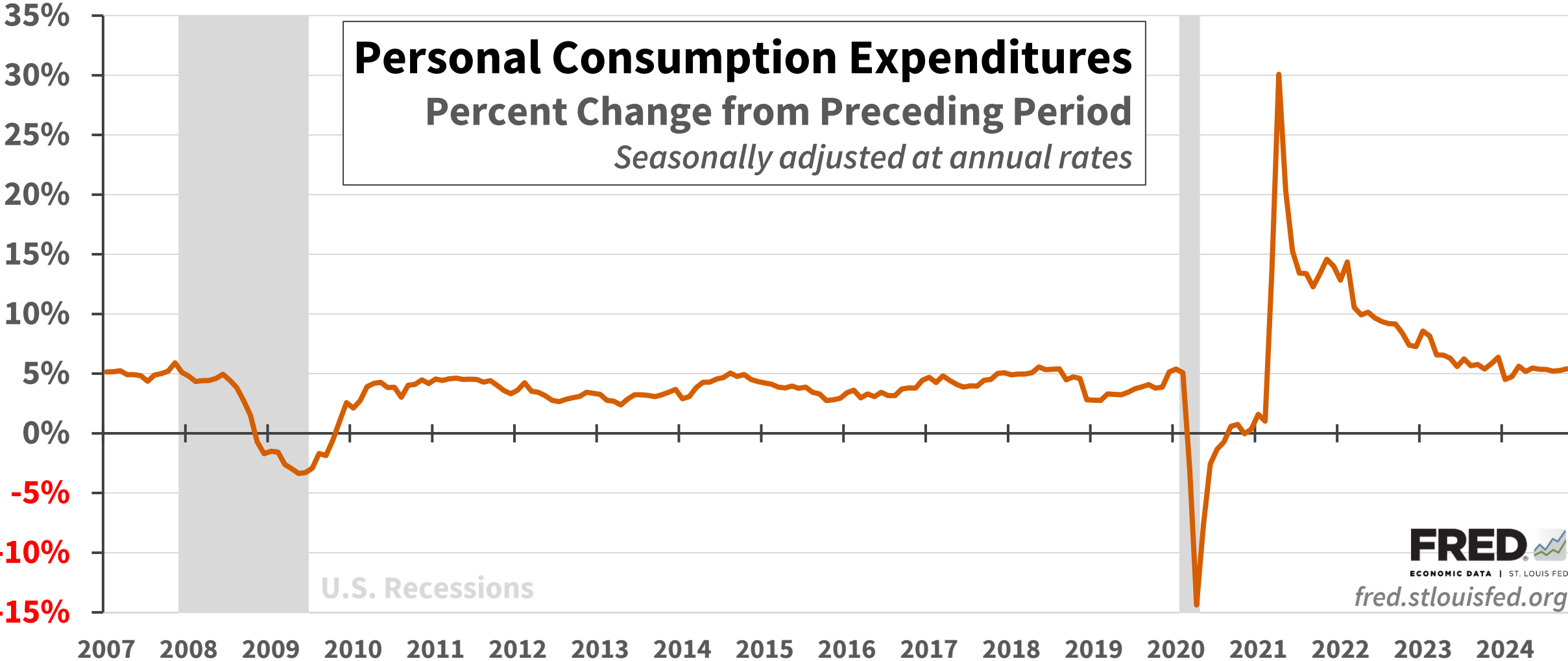
**Brad Zwilling**  
VP of Data Analysis  
Illinois FBFM

# US Real GDP increased at an annual rate of 3.1% in Q3 2024

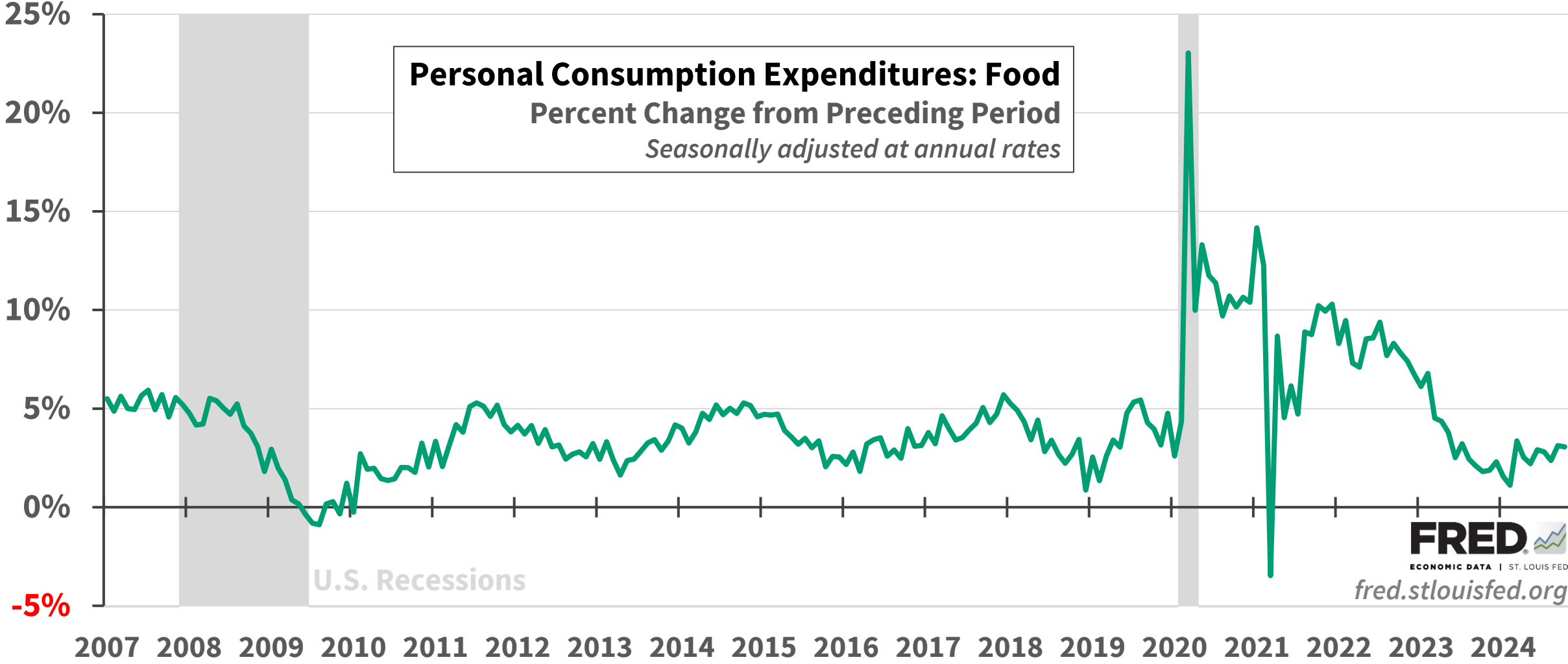




# Personal consumption spending continues to be strong



# Personal consumption spending on food trended upwards in 2024

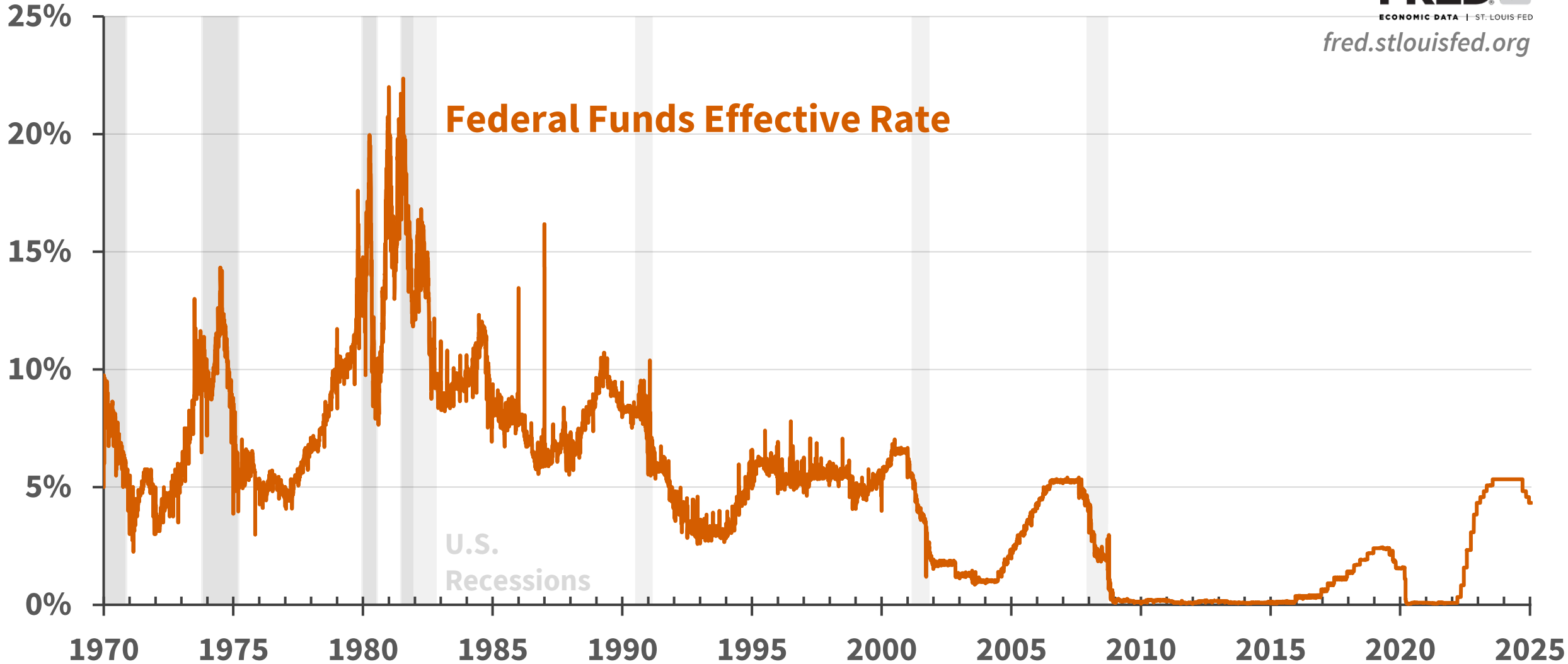


# The Fed has begun cutting interest rates, but continues to fight inflation

**FRED** 

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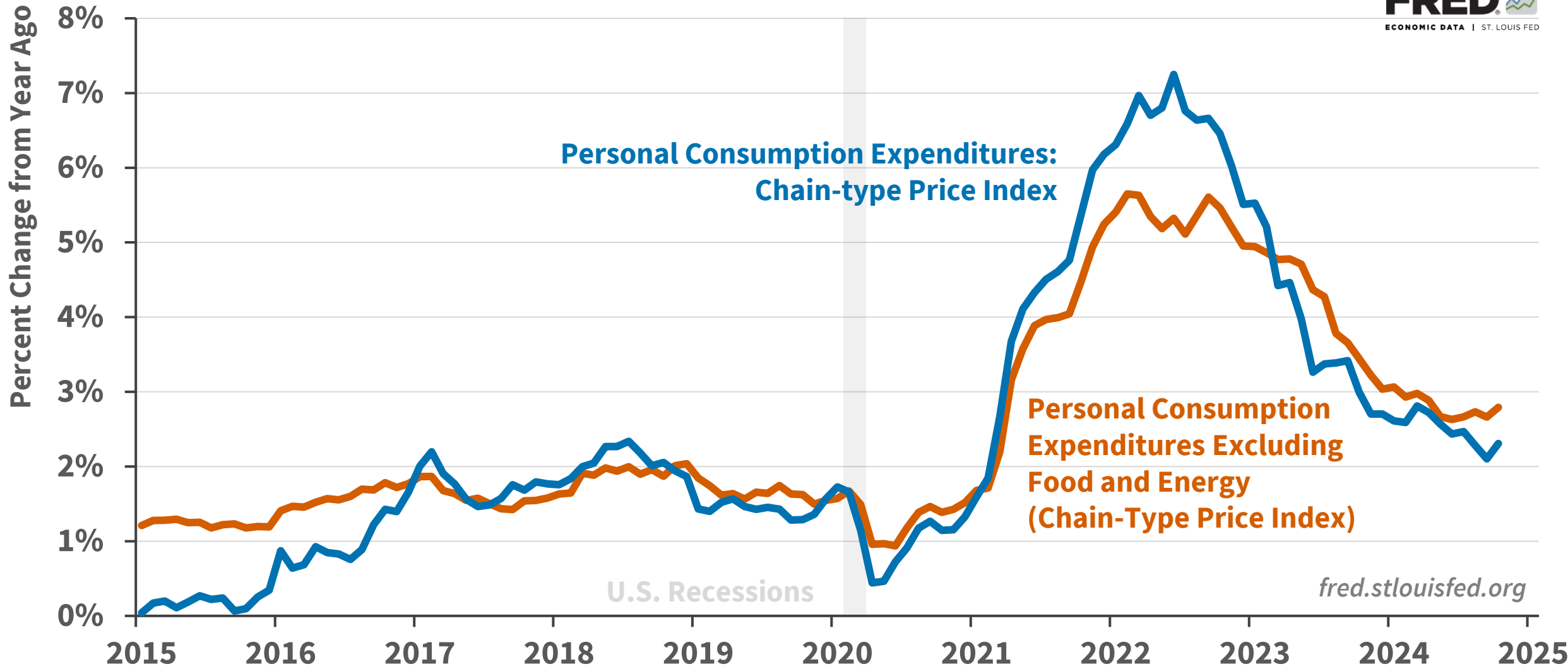


**Federal Funds Effective Rate**

U.S.  
Recessions

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

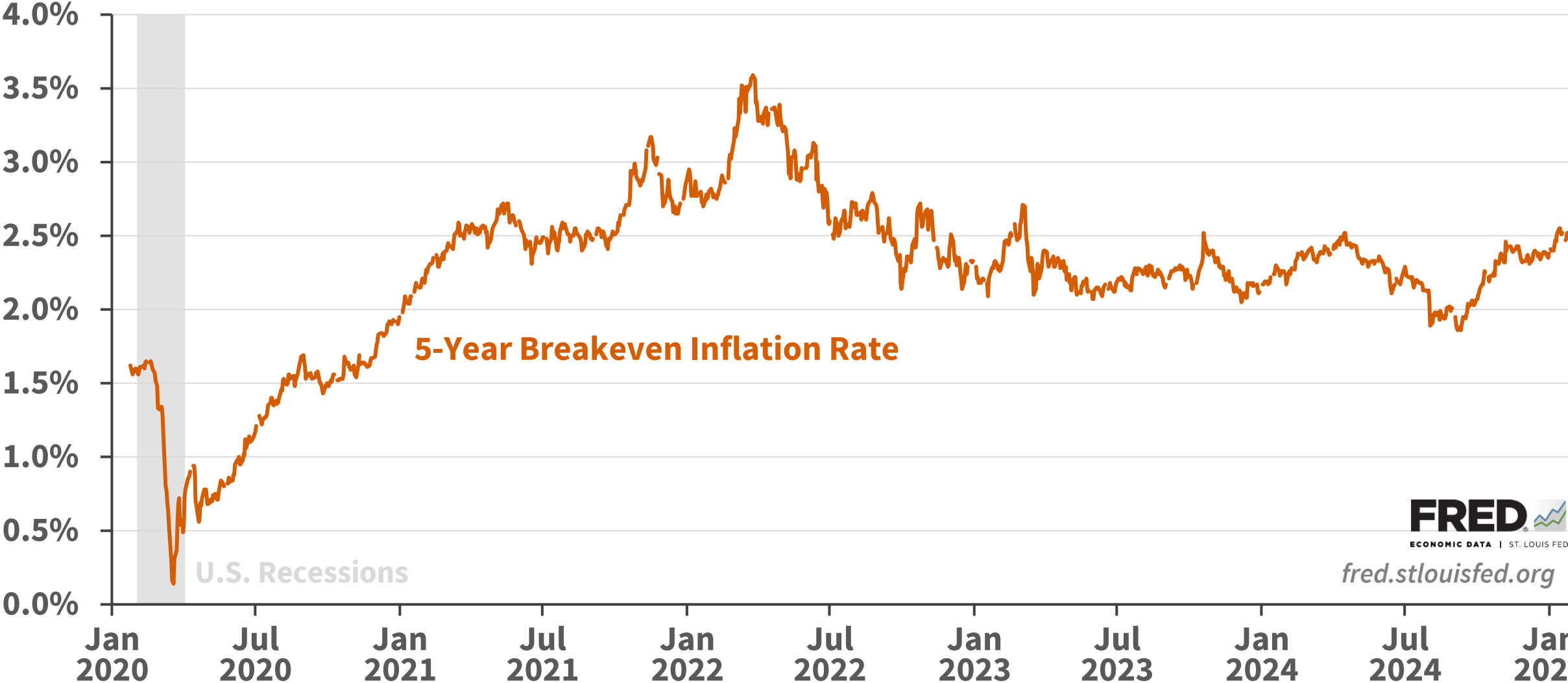
# Higher interest rates result in a slowdown in spending, but it takes time for it to be felt in the economy



U.S. Recessions

fred.stlouisfed.org

# Expected inflation in the next 5 years is currently 2.52% (as of January 24, 2025)

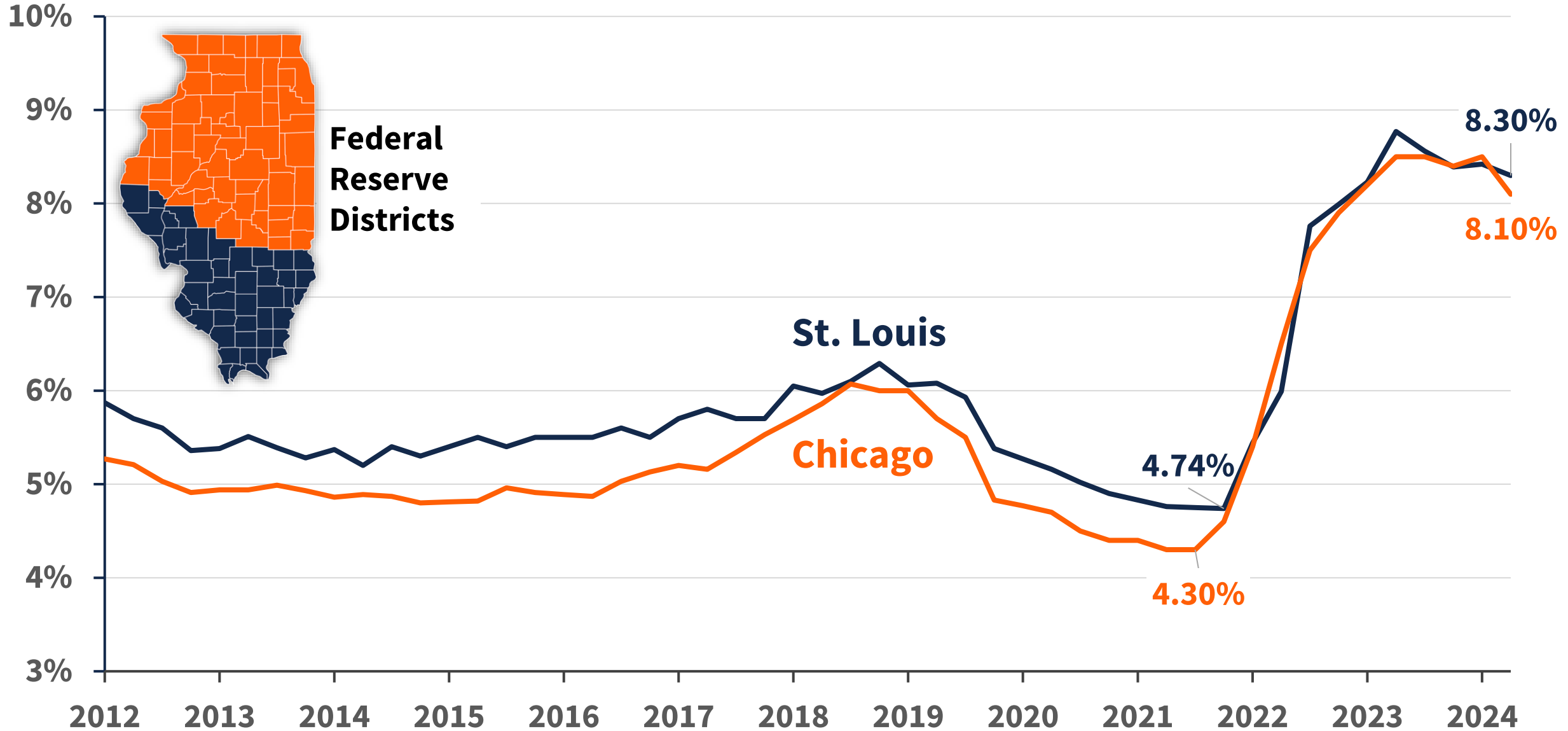


**FRED**  
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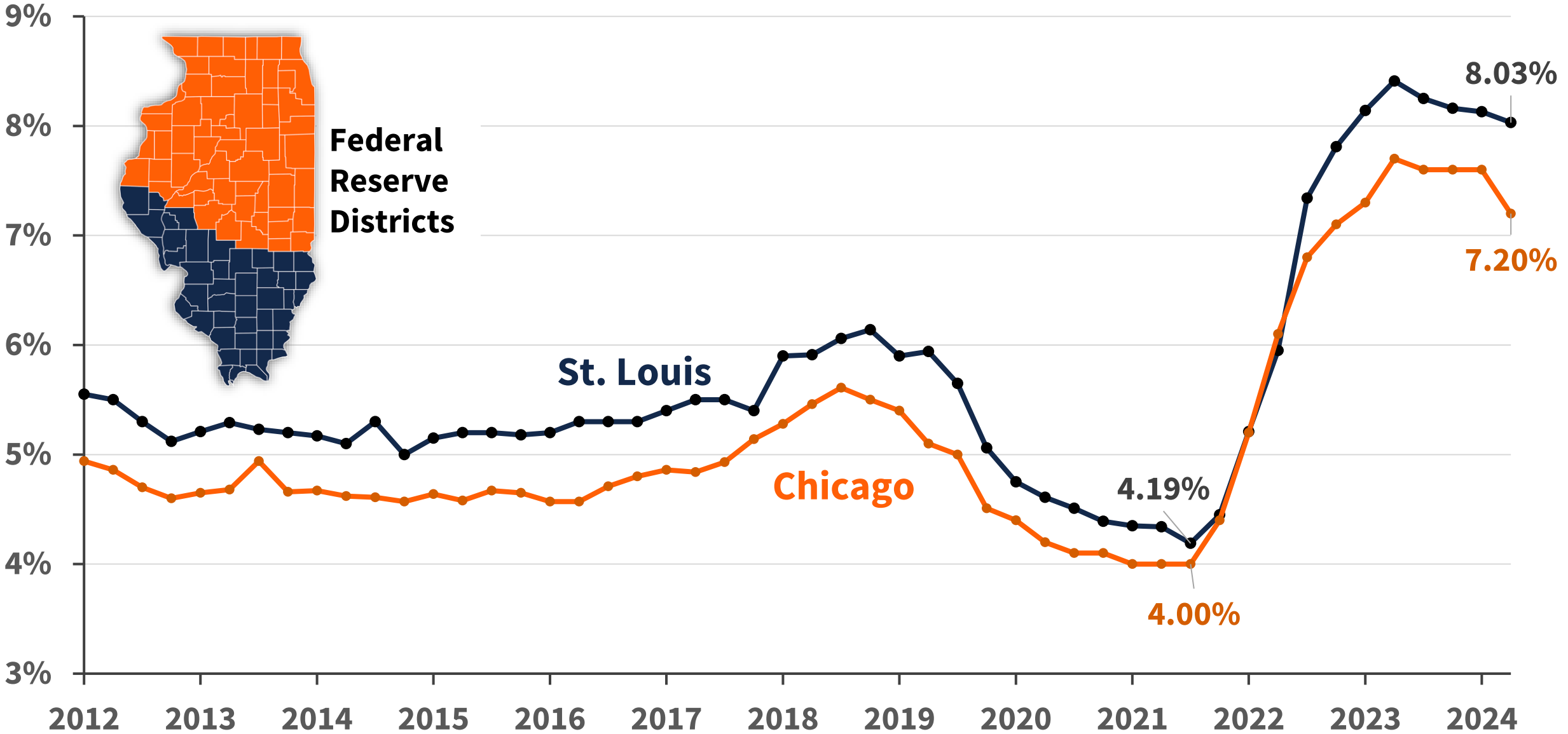
Source: Board of Governors of the Federal Reserve System (US) via FRED®

# Fixed interest rates on operating loans

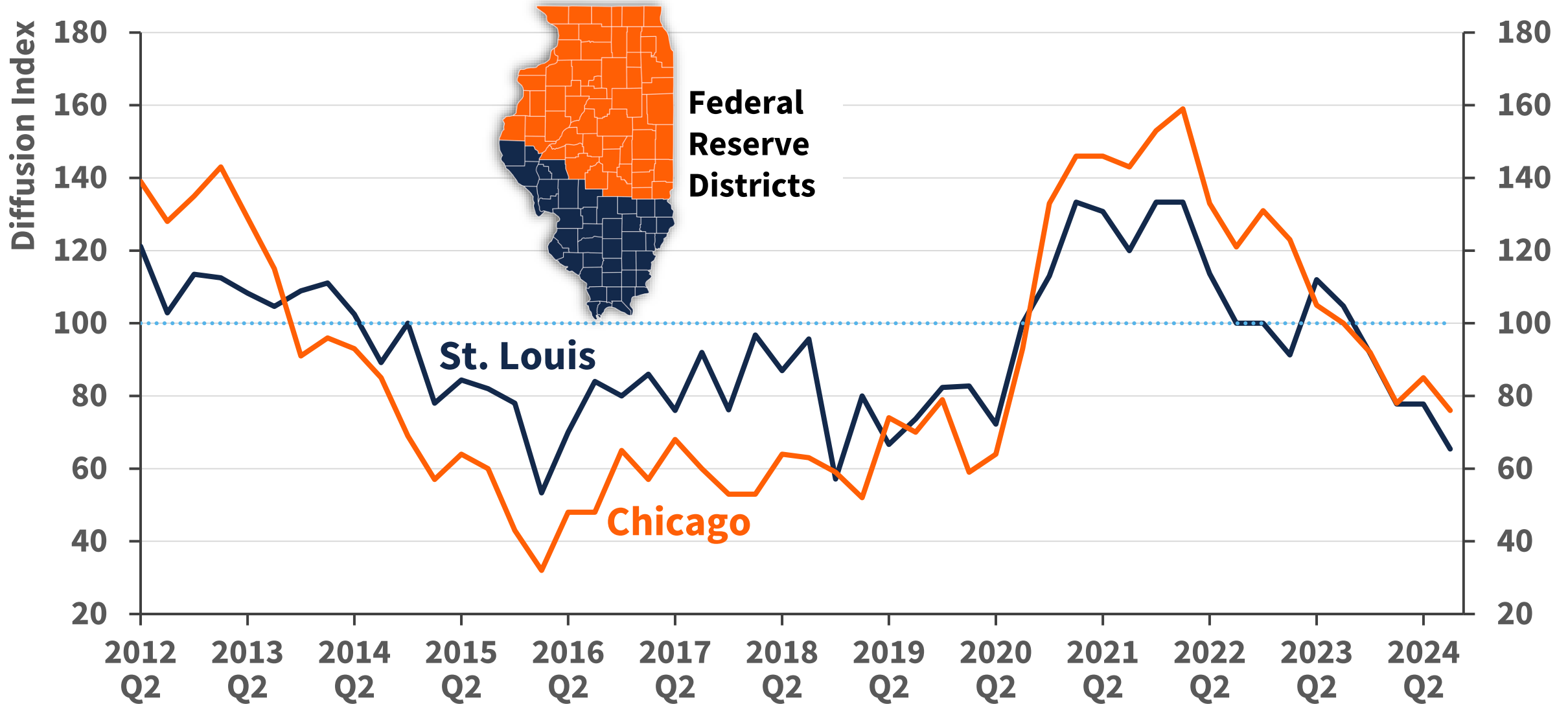




# Fixed interest rates on farm real estate loans



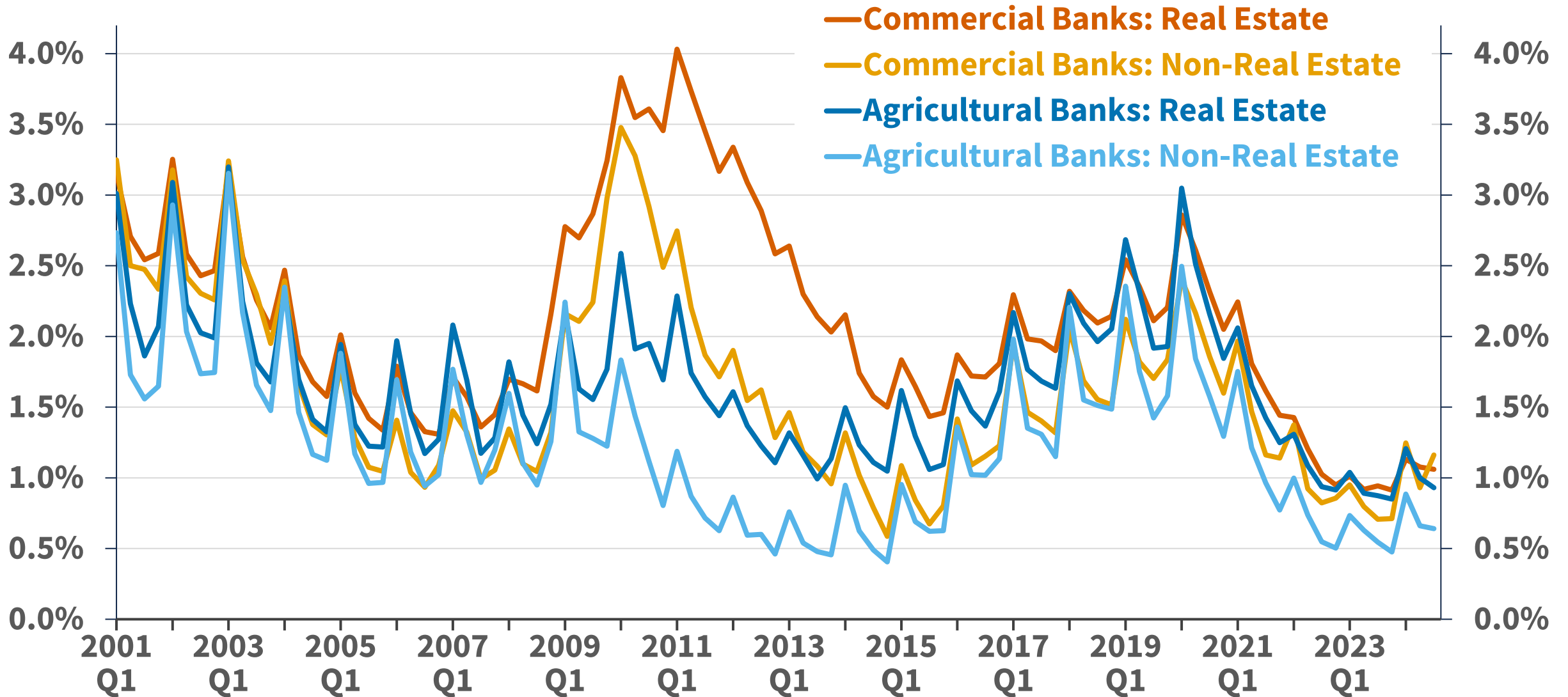
# These higher interest rates are coinciding with softening farm incomes and repayment rates



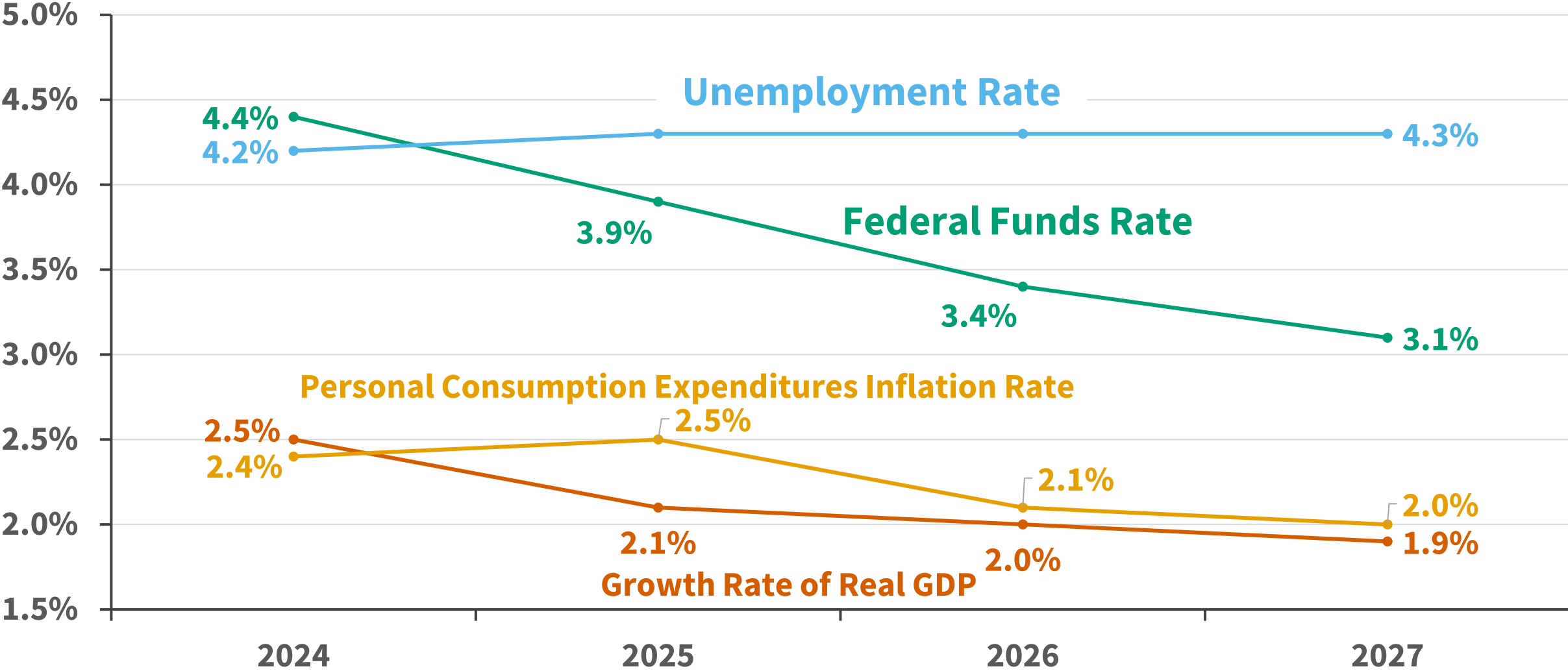
Source: Kansas City Federal Reserve Bank: District Surveys of Ag Credit Conditions

# Farm Loan Delinquency Rates

## (Percent Share of Outstanding Agricultural Loans)



# Federal Open Market Committee (FOMC) Outlook, Median Projection



Sources: Federal Reserve Bank of St. Louis; U.S. Federal Open Market Committee

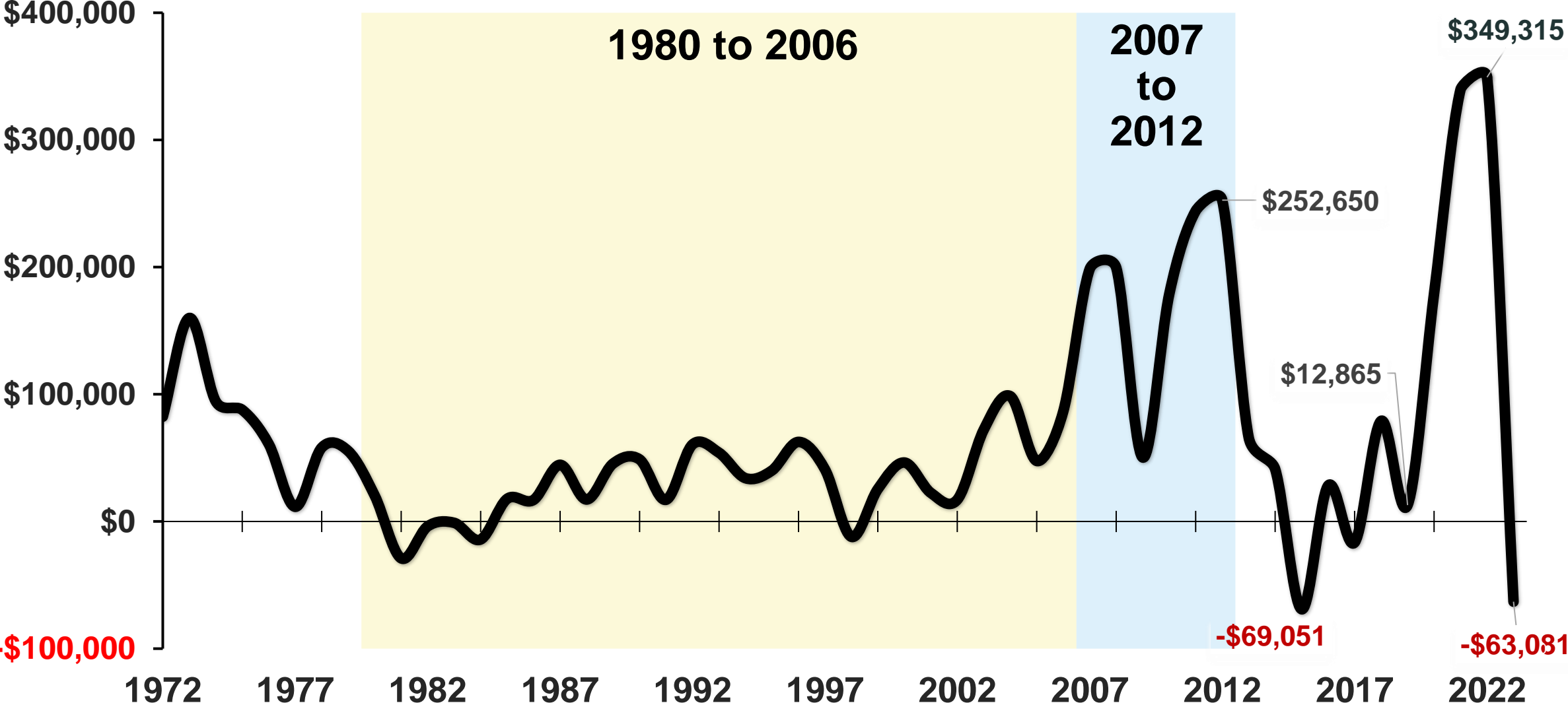


# Financial Trends of Illinois Farms

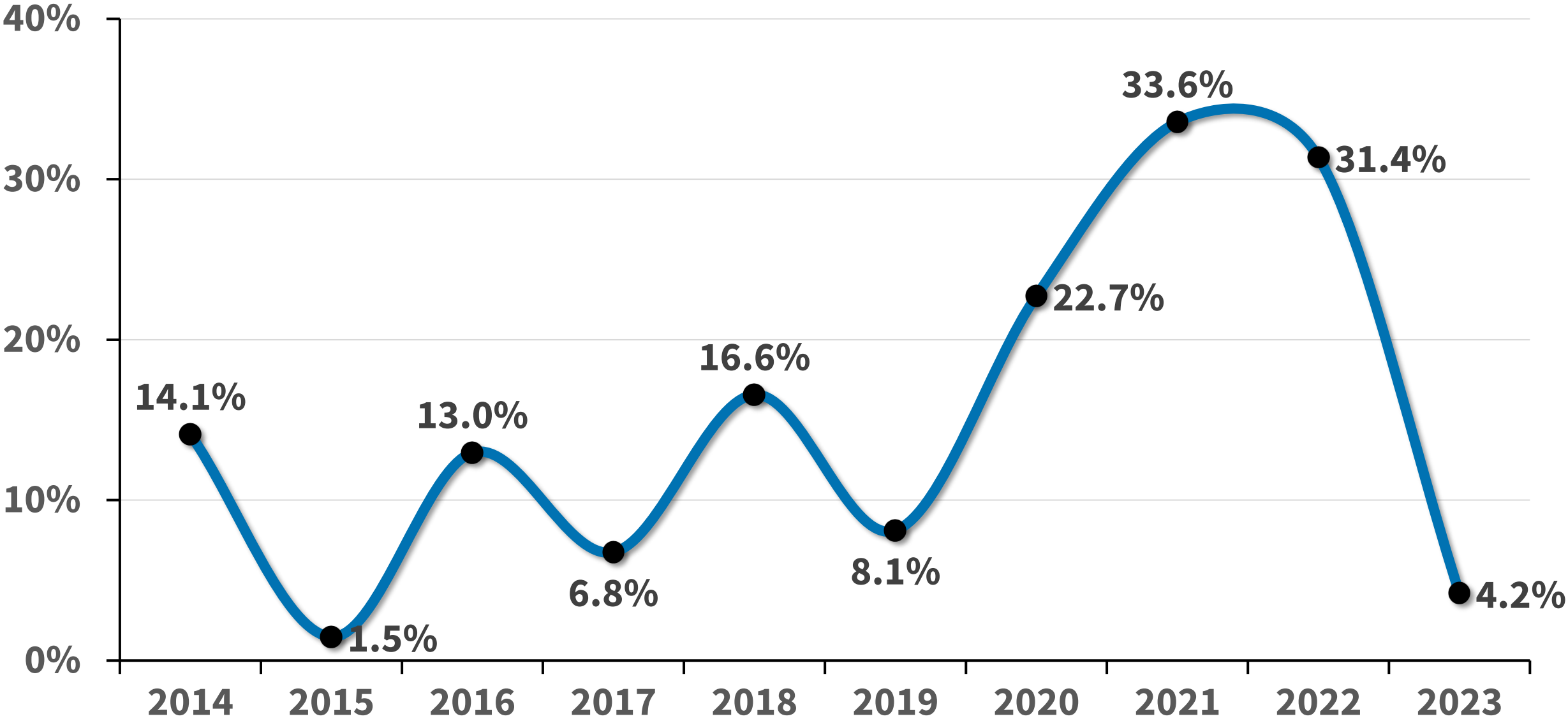




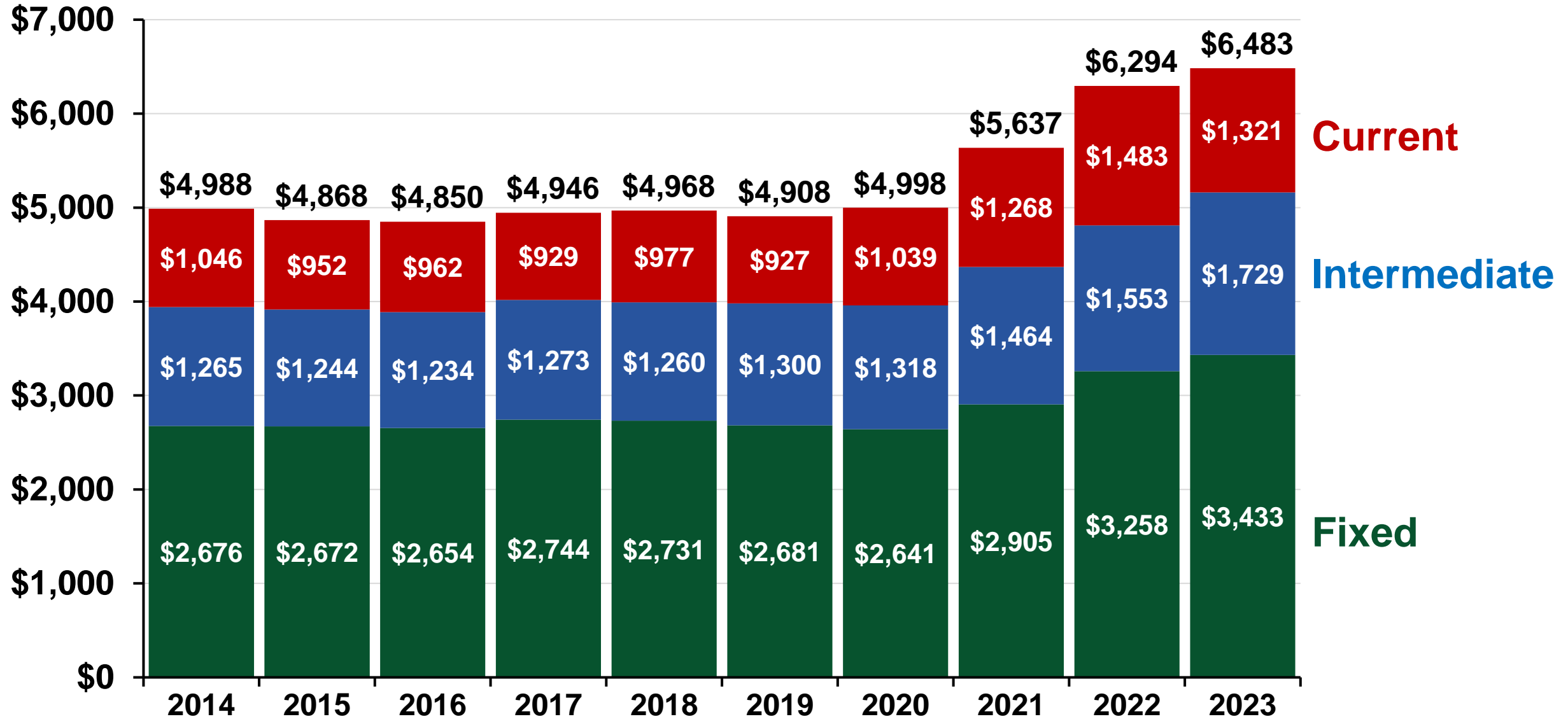
# Operator's Share of Labor and Management Income Adjusted for Inflation



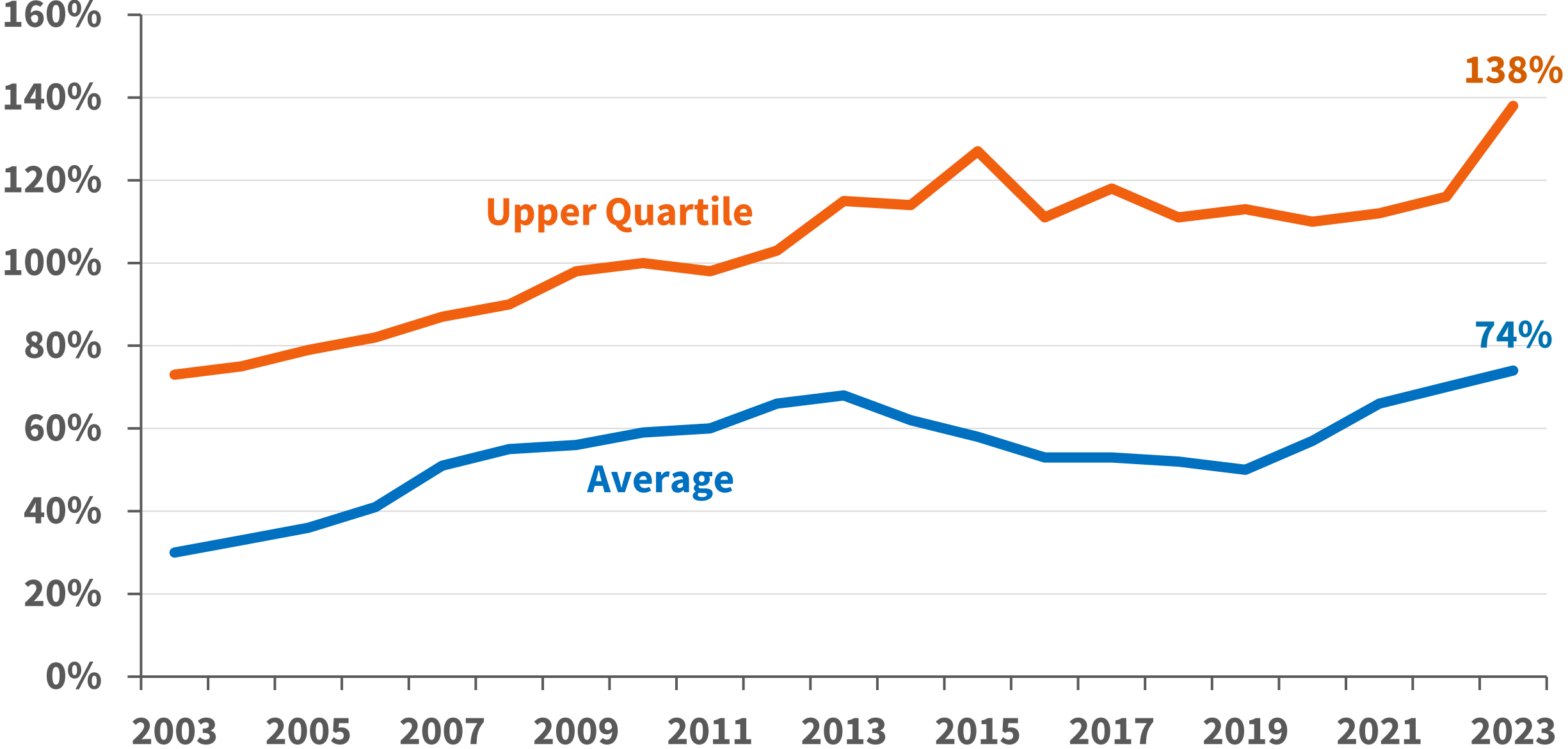
# Farm Operating Income Ratio



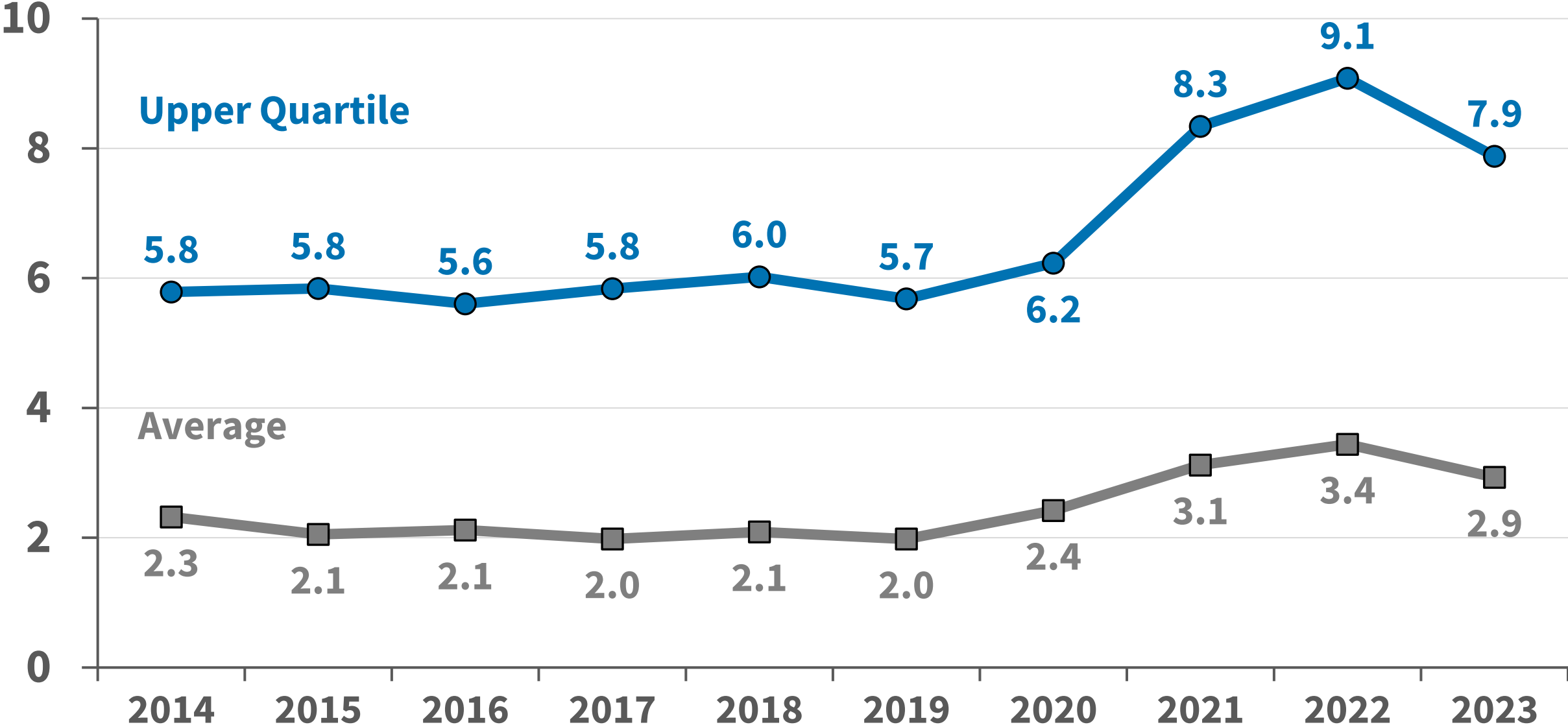
# Types of Assets per Acre



# Working Capital To Gross Returns



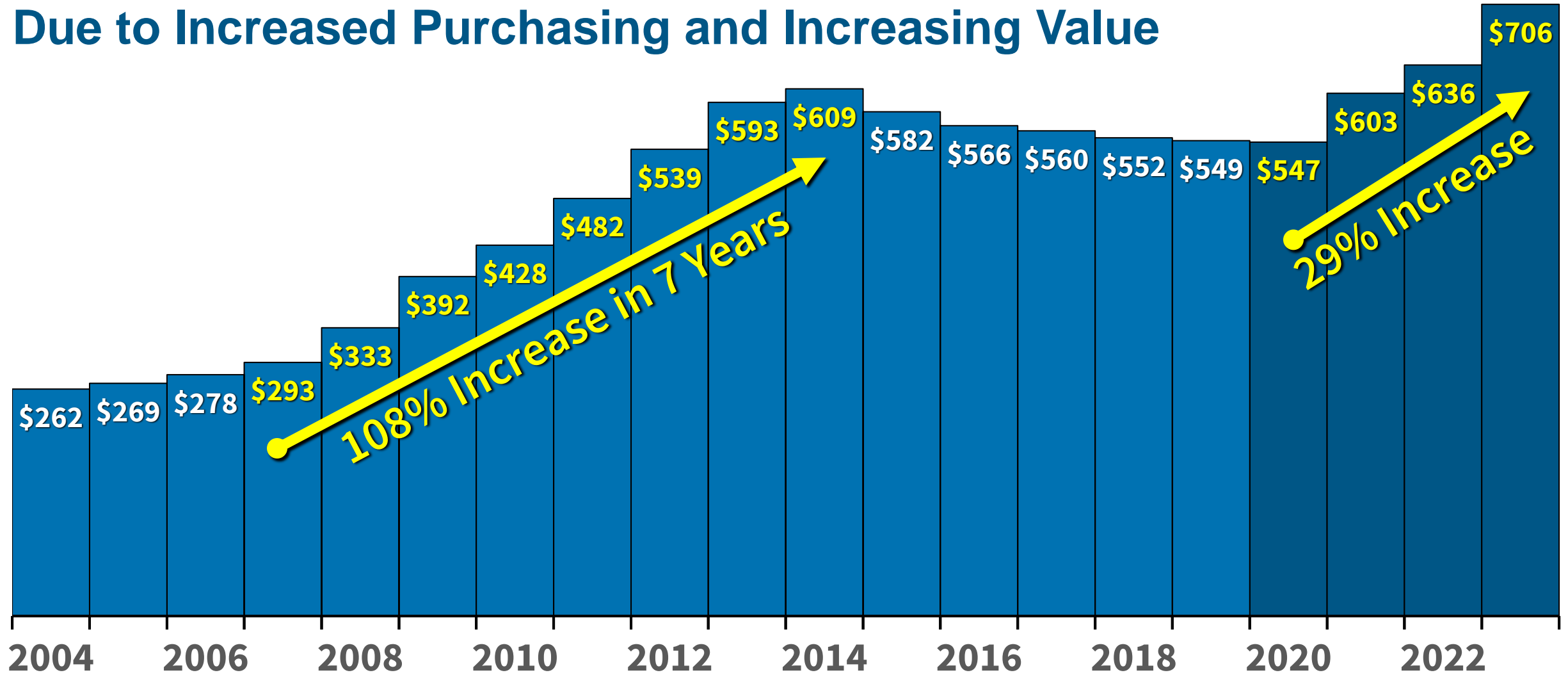
# Current Ratio





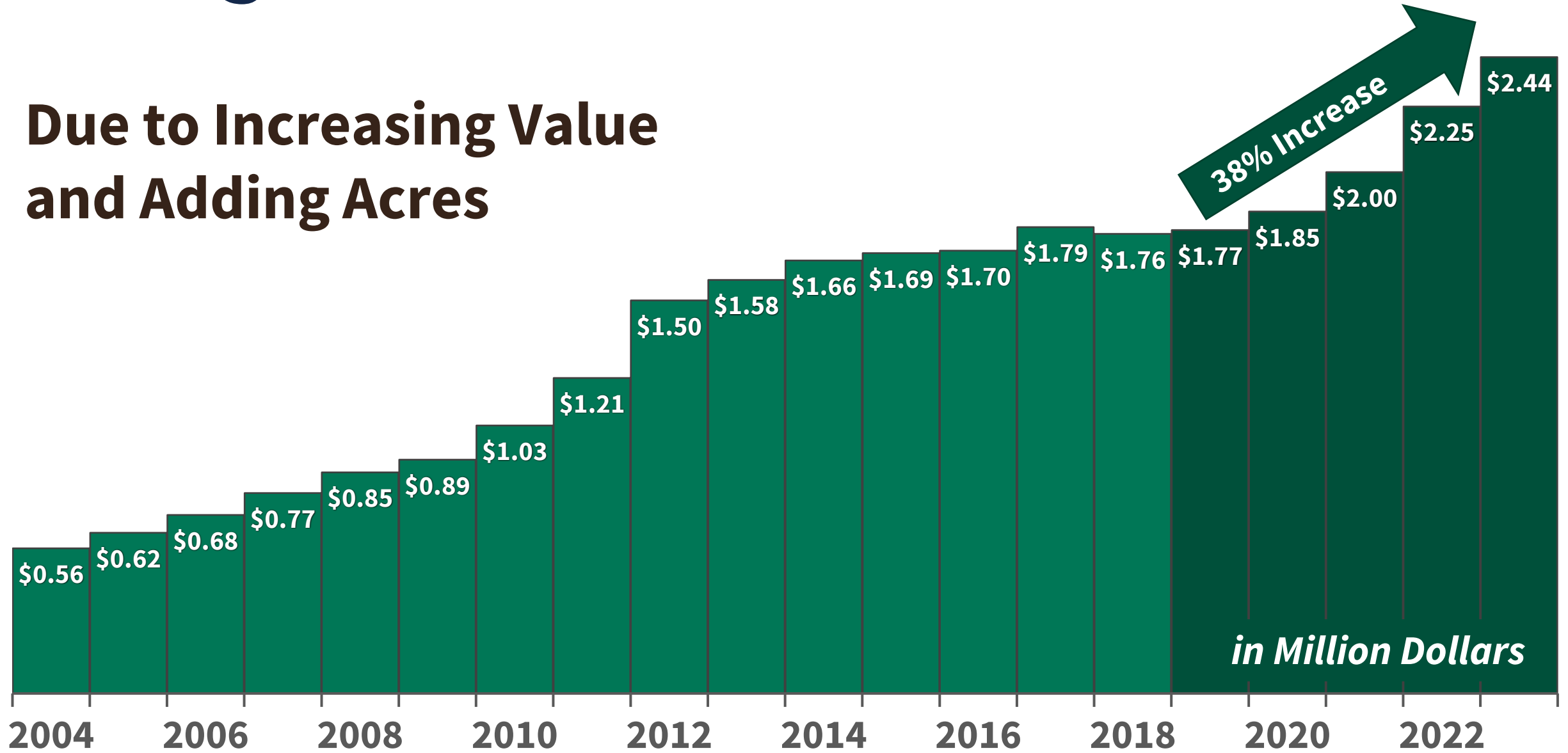
# Average Machinery Values on the Rise in dollars per acre

Due to Increased Purchasing and Increasing Value

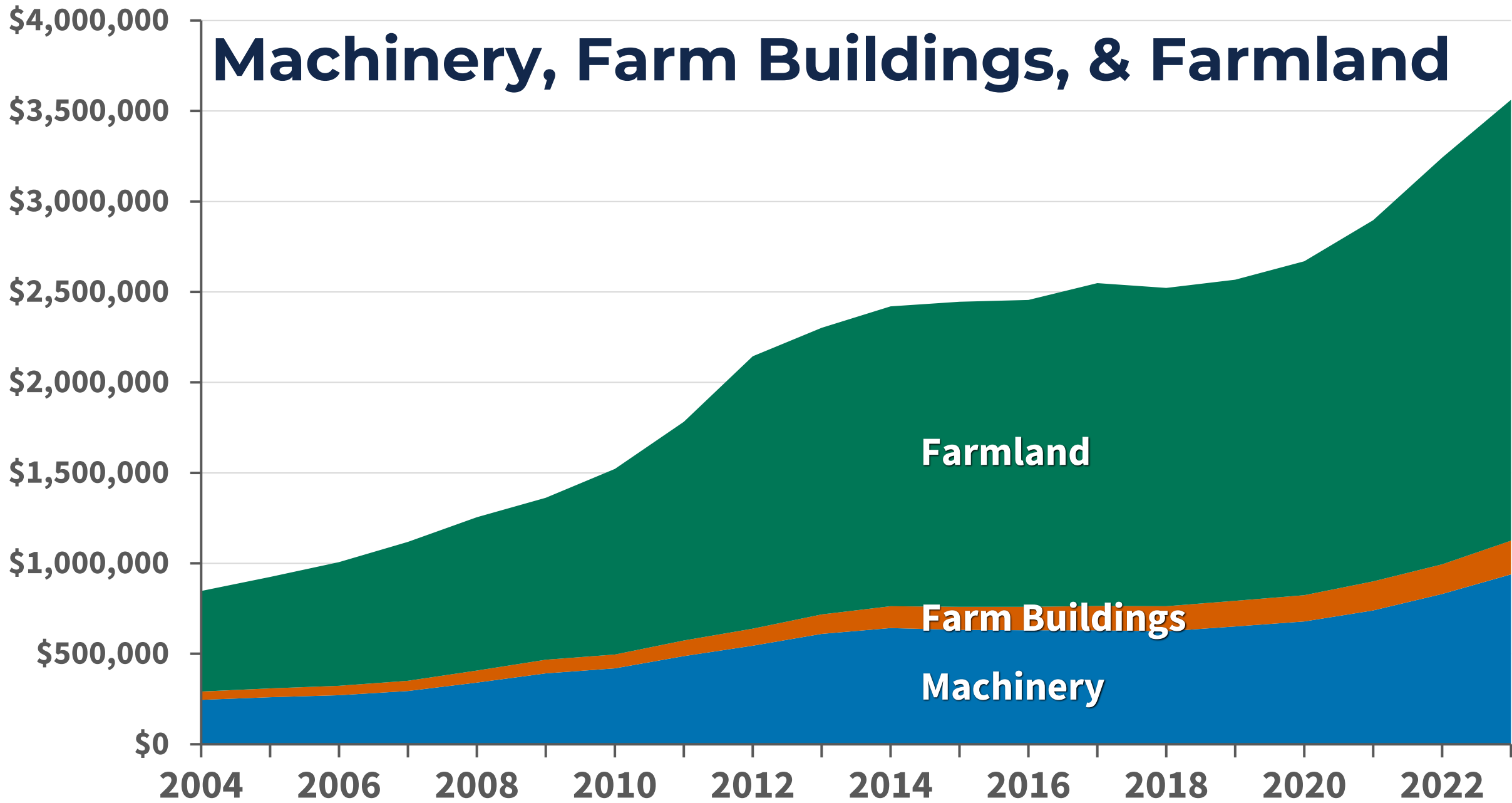


# Average Value of Land Owned Increased

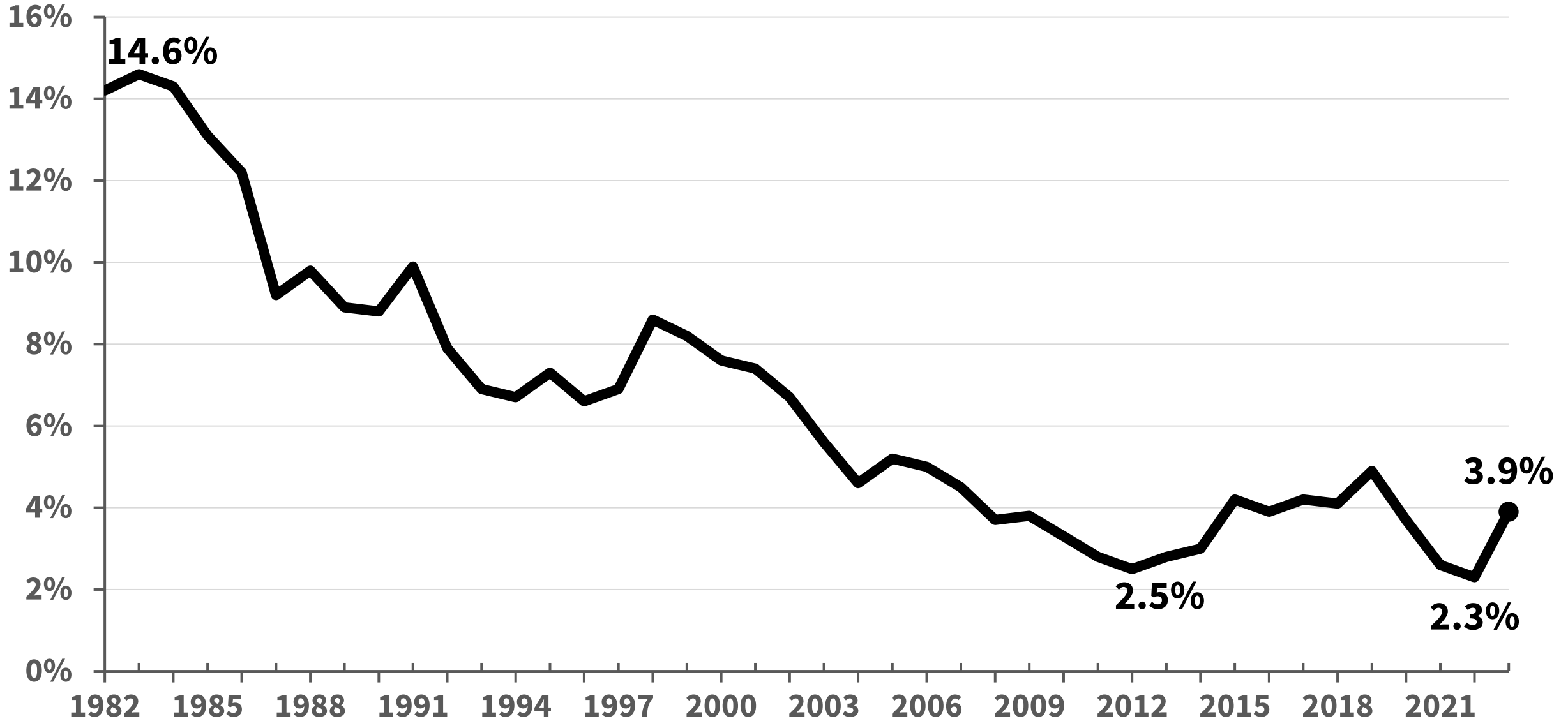
Due to Increasing Value  
and Adding Acres



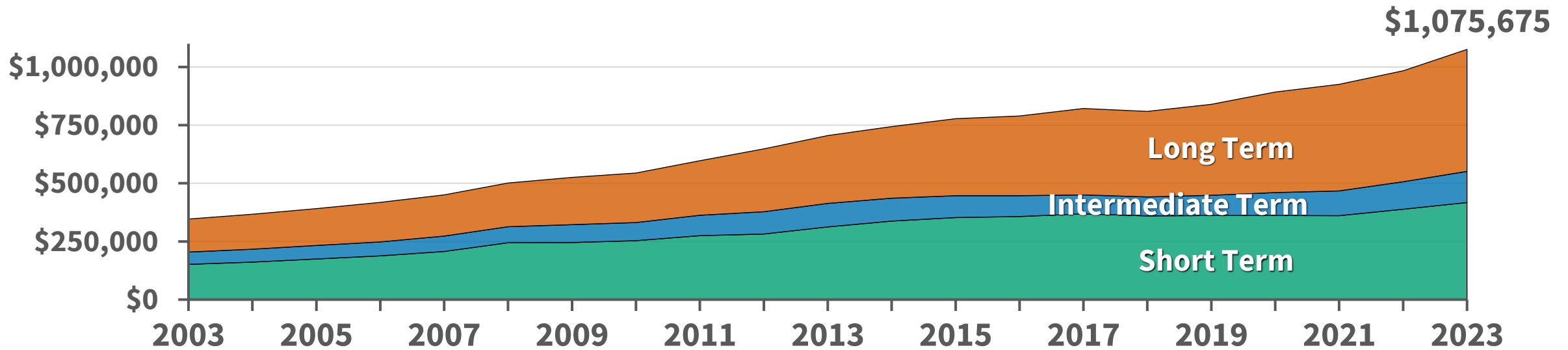
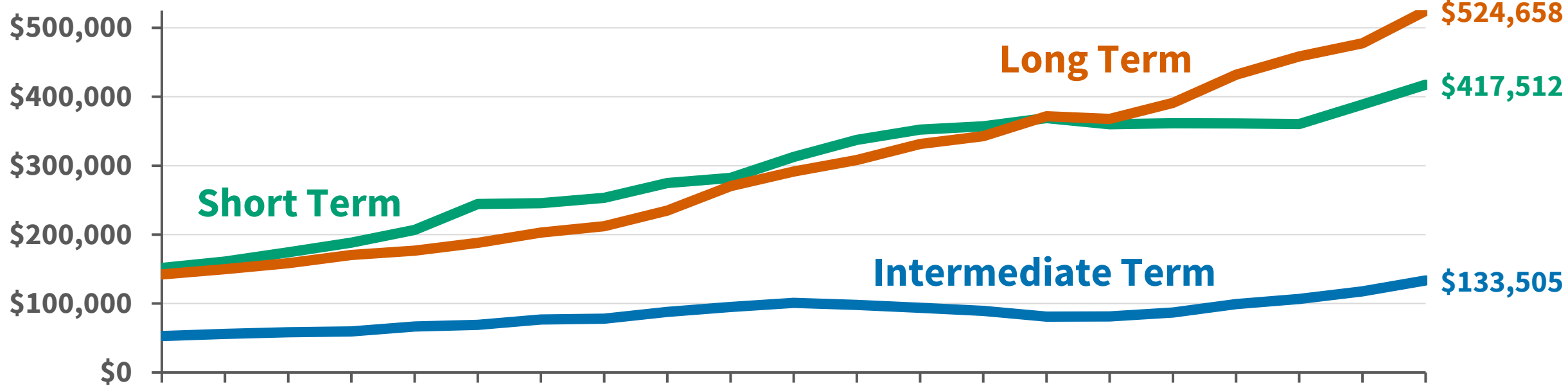
# Machinery, Farm Buildings, & Farmland



# Farm Interest Paid as % of Gross Farm Returns

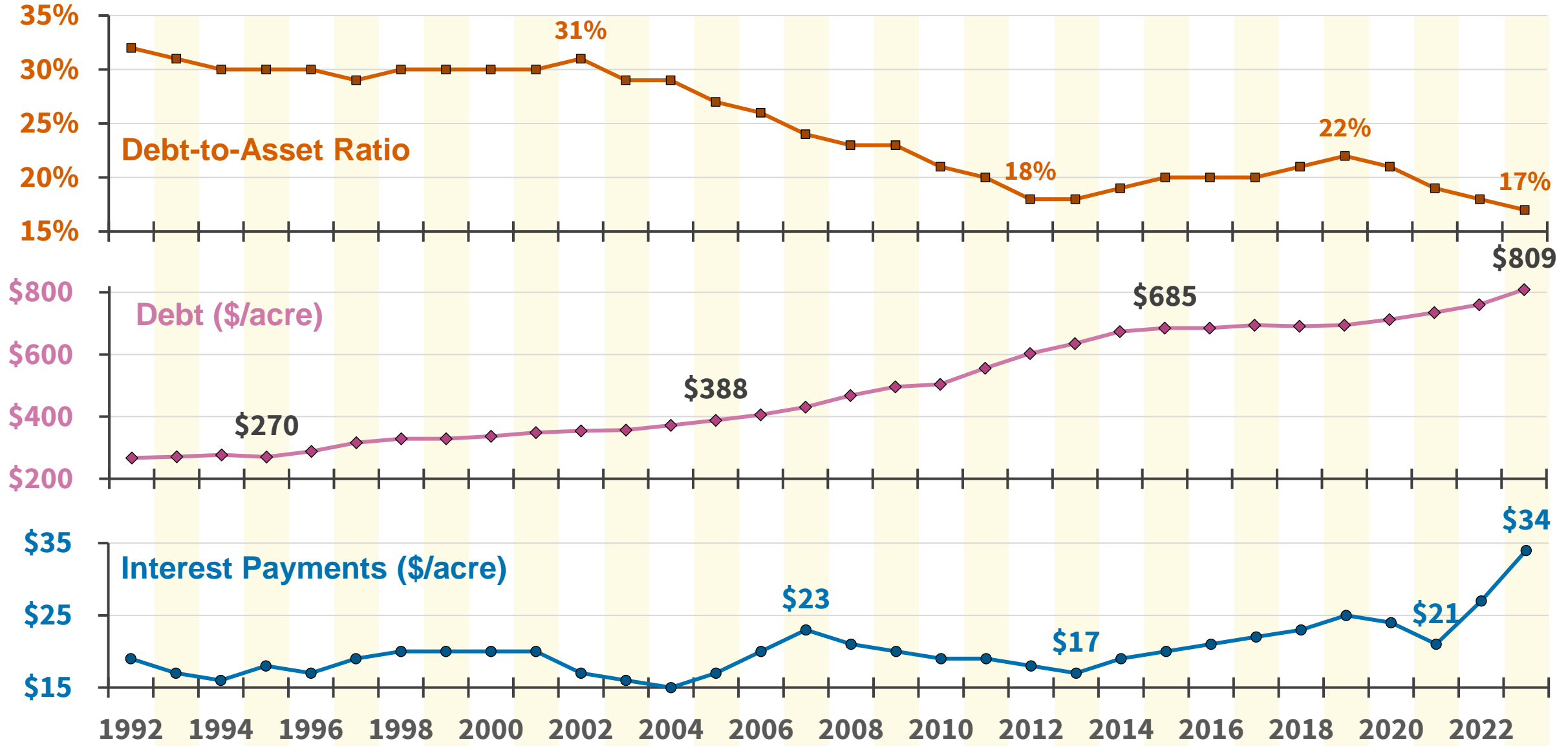


# Average Total Debt – Illinois Grain Farms



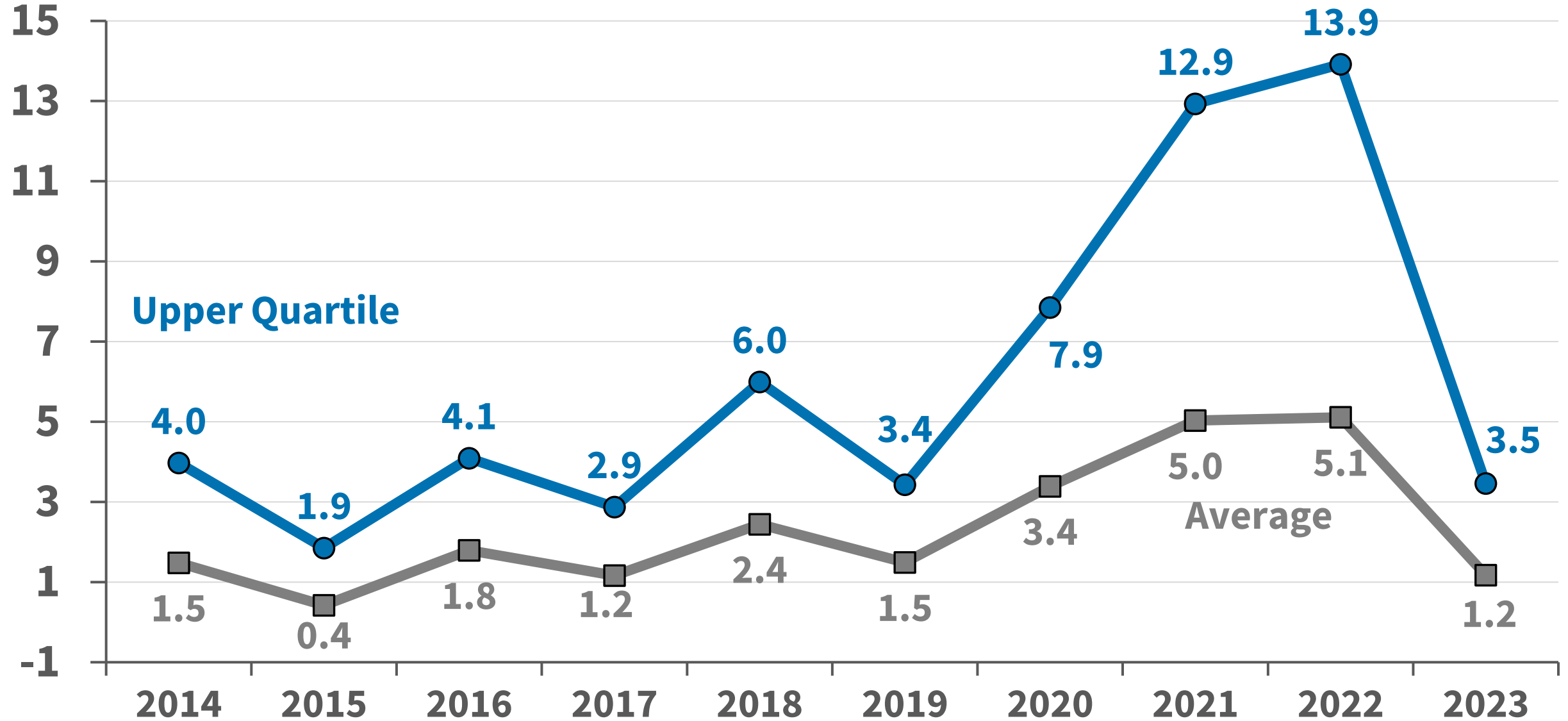


# Grain Farms Enrolled in Illinois FBFM from 1991 to 2023 seeing falling Debt-to-Asset Ratios and Increasing Debt and Interest Payments per Tillable Acre

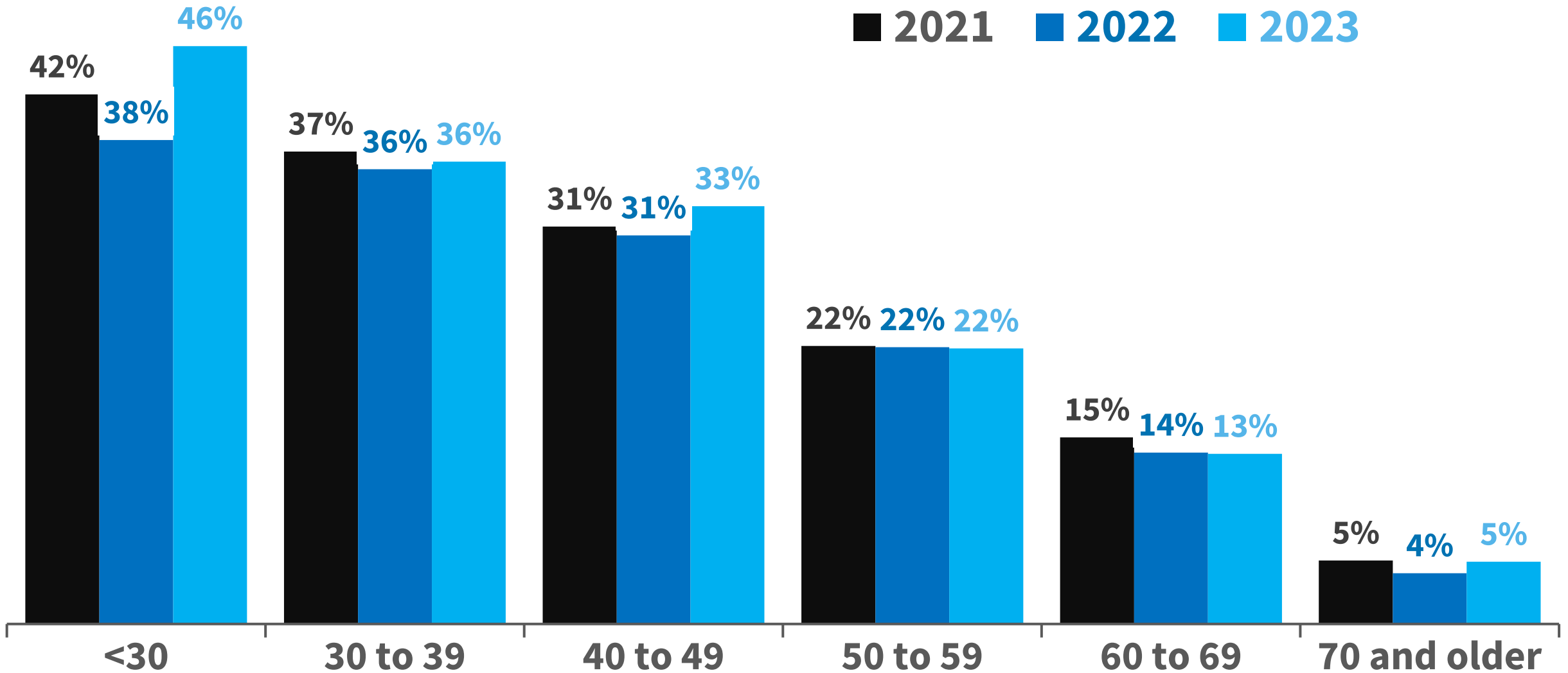


Source: Illinois FBFM

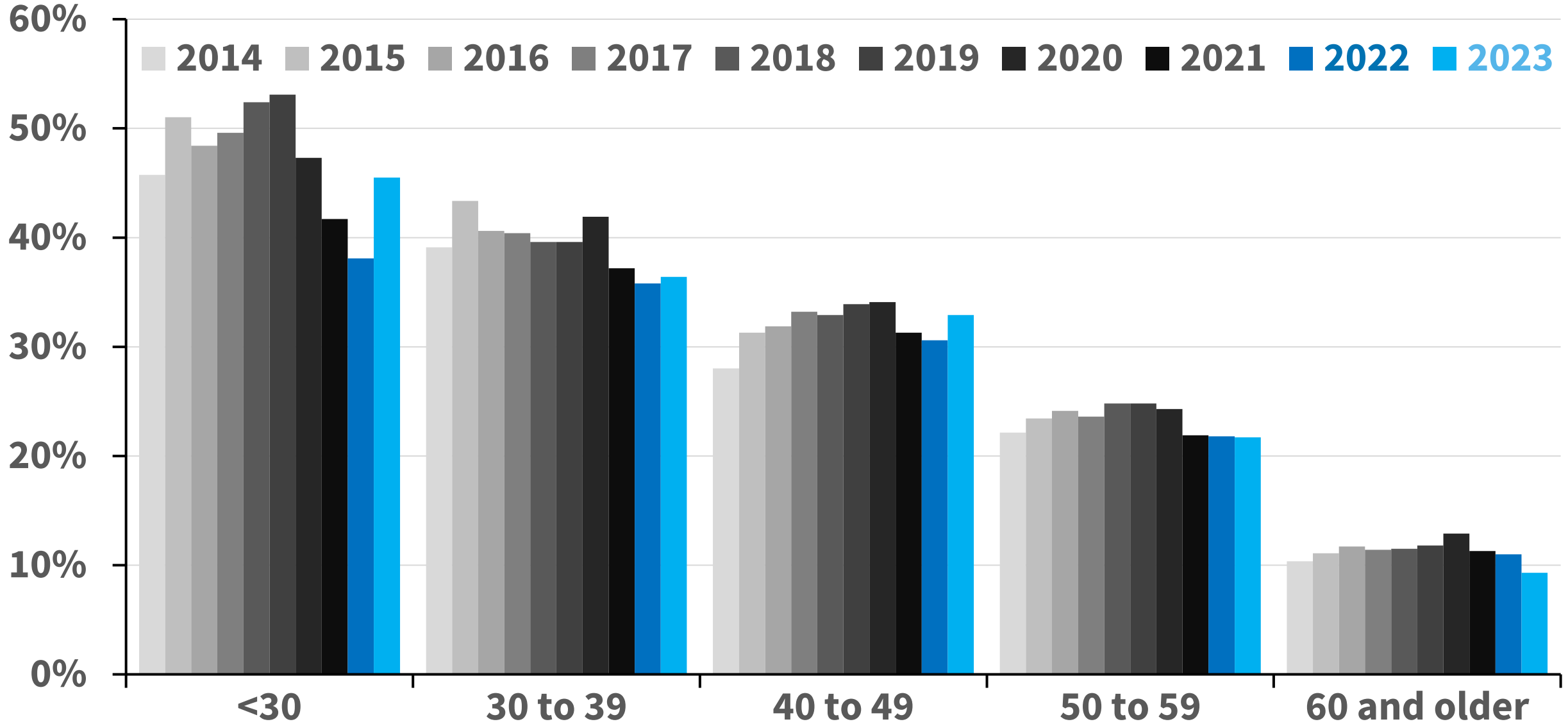
# Term Debt Ratio



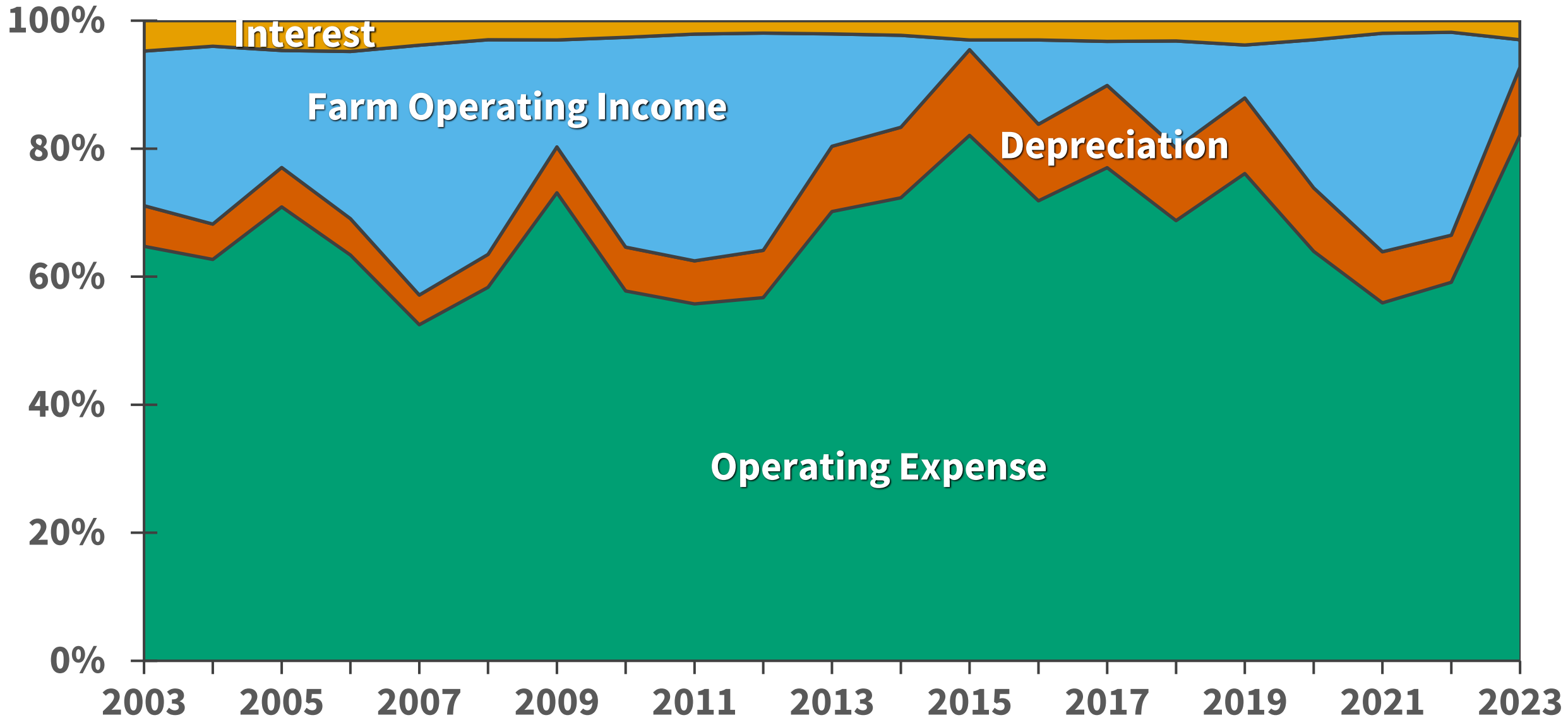
# Debt to Asset Ratio for Grain Farms by Age



# Debt to Asset Ratio for Grain Farms by Age

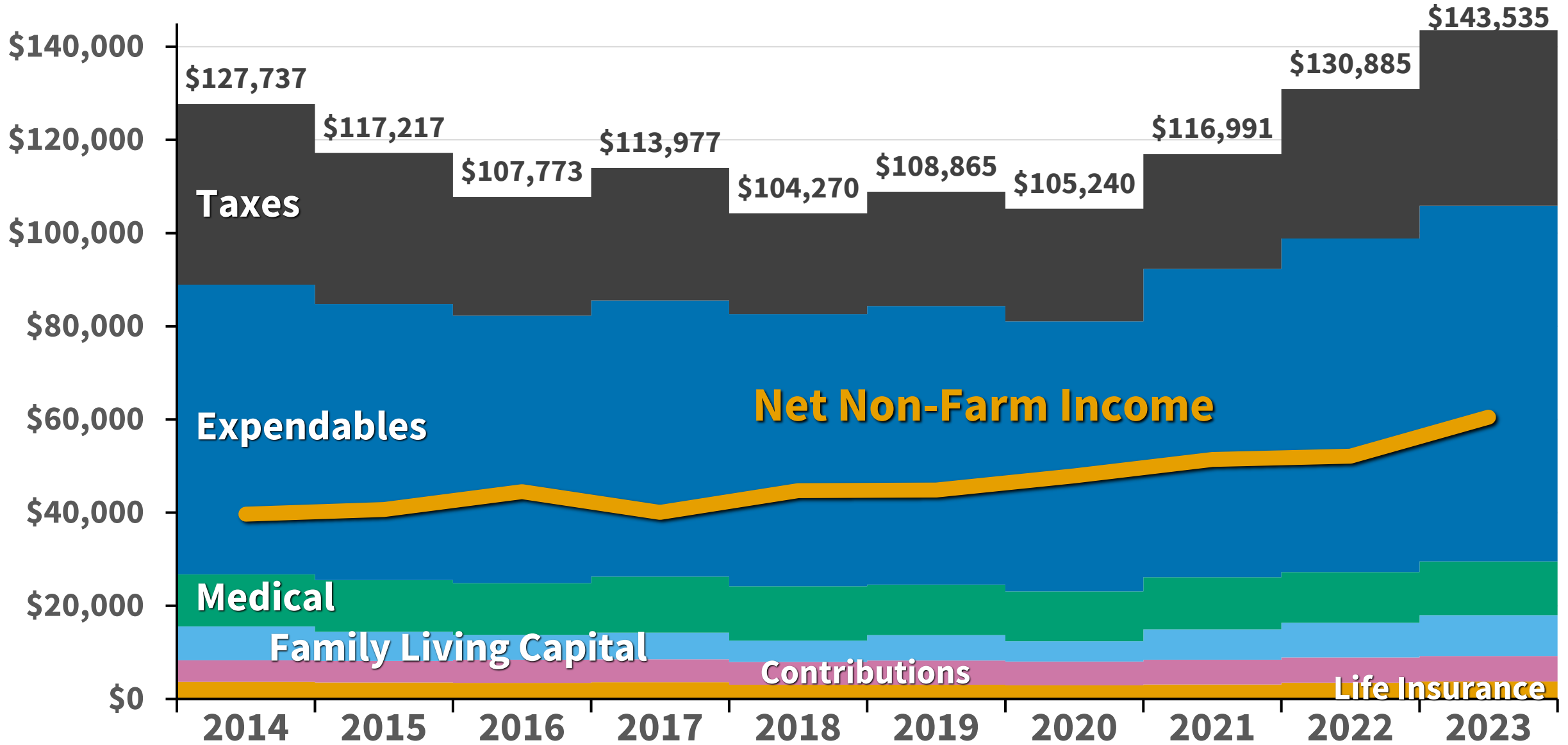


# Financial Efficiency Ratios



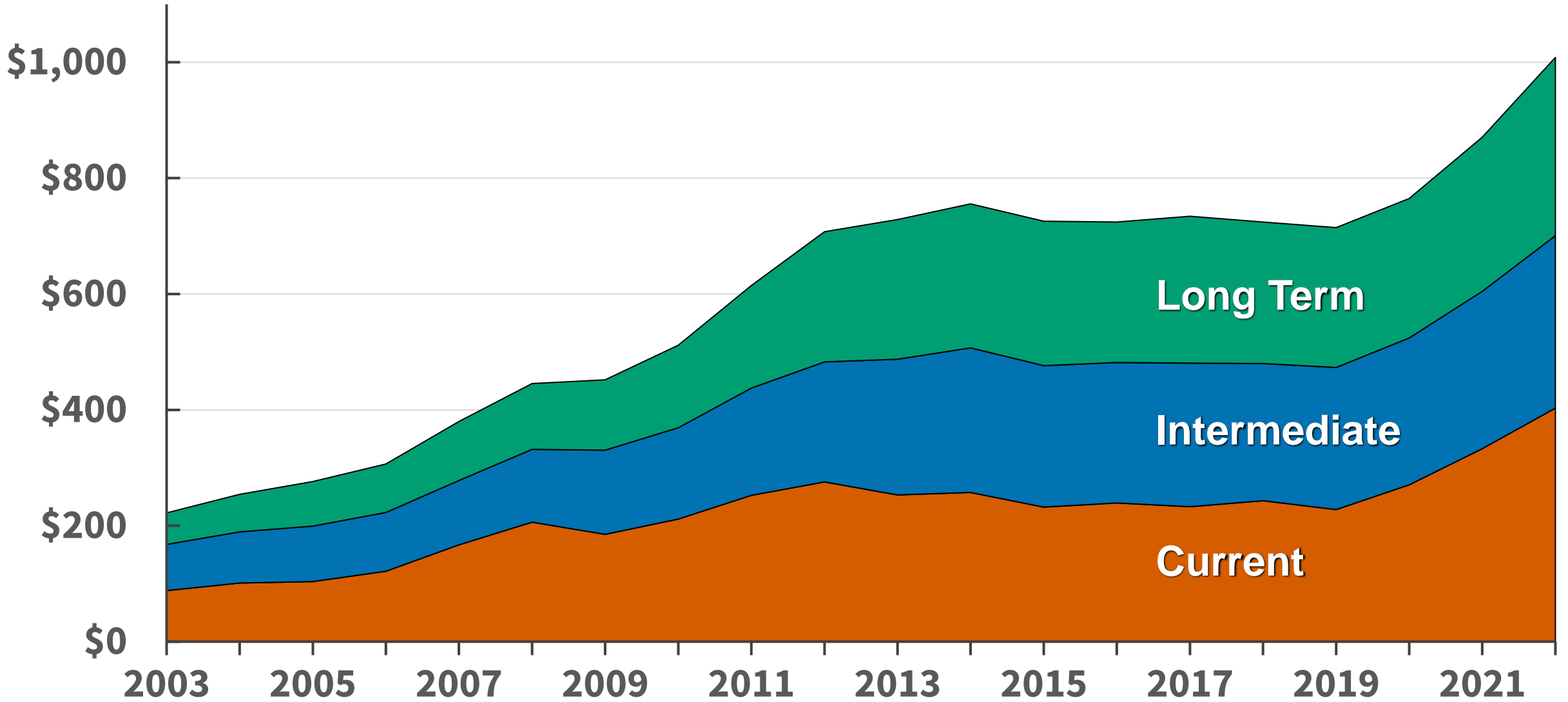


# 2023 Family Living ALL – Total with Taxes



# Estimated Deferred Tax by Asset Type

*in Thousand Dollars*



# Upcoming Webinars

## PCM 2025 Webinar Series

**Tuesday, Feb 4, 2025**

**What Is PCM? Driving Profitability Through Conservation and Data**  
*by Greg Goodwin*

Introduction to Precision Conservation Management's (PCM) approach to combining data analysis and technical support to optimize farm profitability while improving environmental outcomes.

Register at <https://go.illinois.edu/PCM2025>

## Next IFES Webinar

**Thursday, Feb 6, 2025**

**Alternative Ag Insurance Products**  
*by Brittney Goodrich*

Overview of specialty federal crop insurance options including rainfall index, whole farm revenue, and livestock protection programs.

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