





The Economic Recovery's Impact on U.S. Agriculture

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The Rebound

The 2021 rebound fades to longer trend growth in 2022

		2019	2020	2021	2022
World		2.8	-3.5	5.5	4.2
China		6.0	2.3	8.1	5.6
U.S.		2.2	-3.4	5.1	2.5
Euro		1.3	-7.2	4.2	3.6

Source: International Monetary Fund (IMF) Economic Outlook, January 2021



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Short-Term Projection

Solid economic growth and low interest rates.

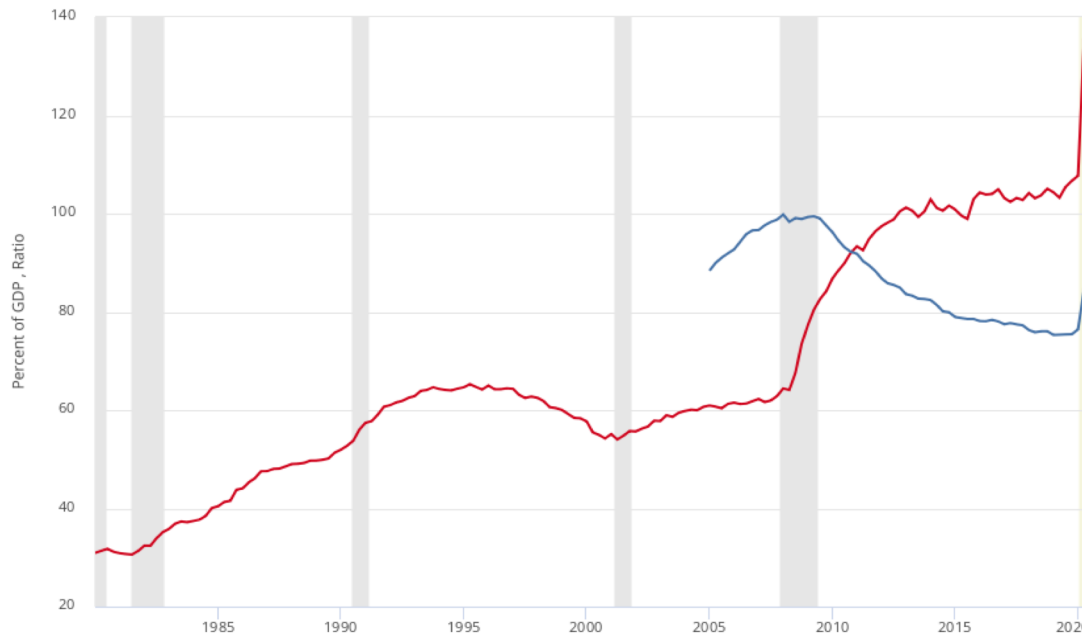
Low interest rates are usually good for agriculture.
(Farmers are asset rich, cash poor)

Low rates boost land (and home) values and make debt cheap.

The Longer-Term Risks

Personal and government debt is a risk to the recovery.

FRED  Federal Debt: Total Public Debt as Percent of Gross Domestic Product
Household Debt to GDP for United States



Sources: OMB; St. Louis Fed; IMF

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Federal gov't debt to GDP
128% - 2020:Q3

Household debt to GDP
80% - 2020:Q3

The Debt Conversation

What matters: debt levels or debt service payments?

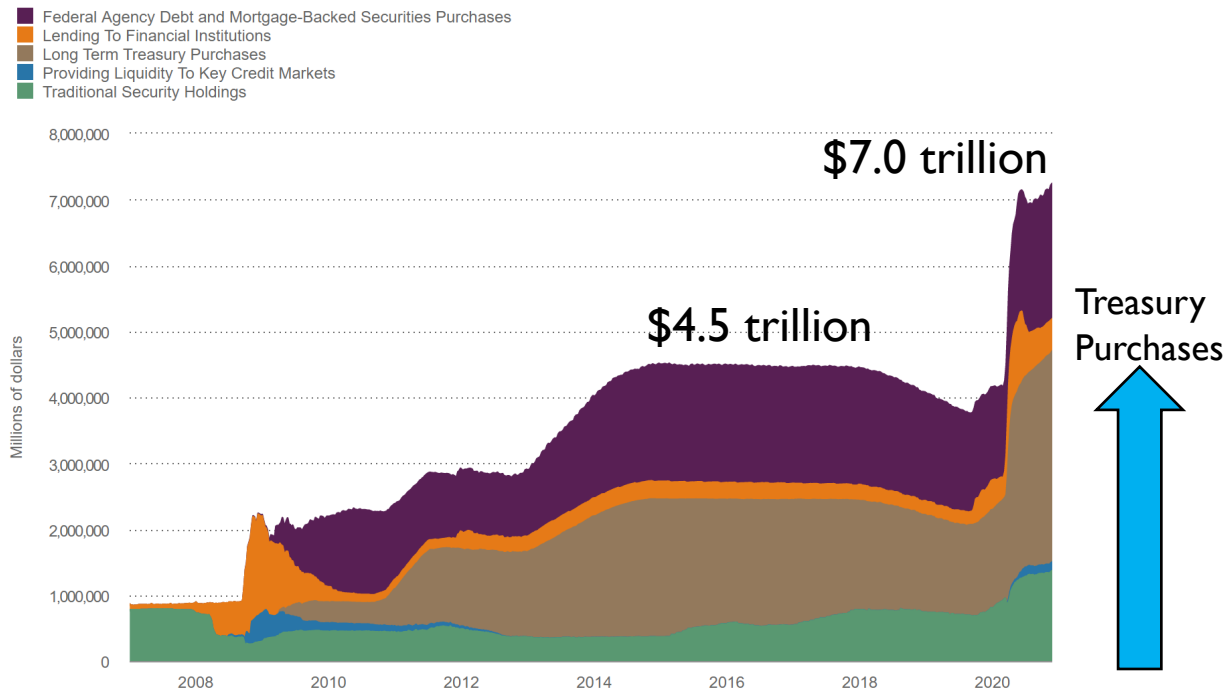
The Answer

Depends on Incomes and Interest Rates

The Recovery

The Federal Reserve projects low interest rates and recovery through 2023.

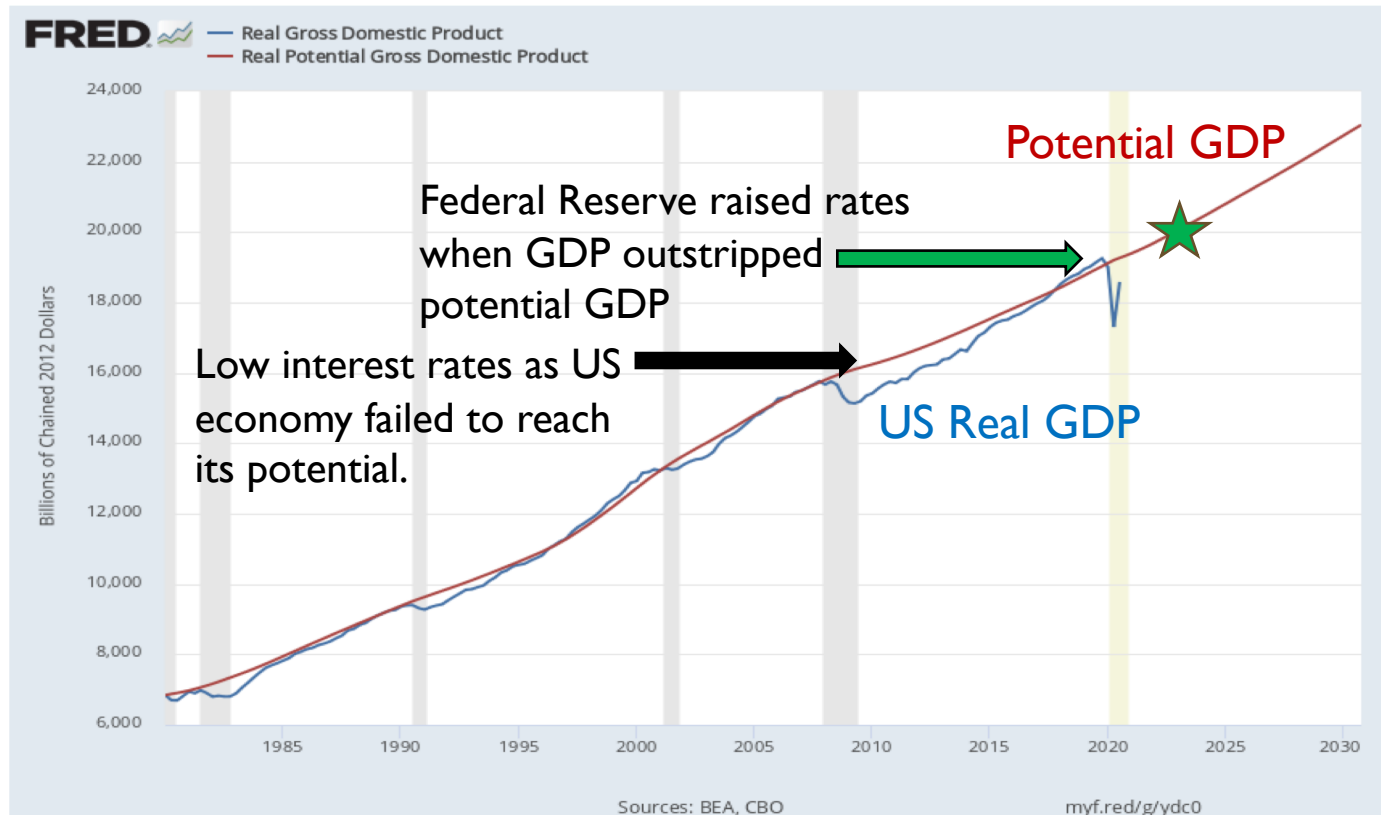
Federal Reserve Balance Sheet



Source: Federal Reserve Bank of Cleveland calculations based on data from Federal Reserve Board and Haver Analytics.

Inflation

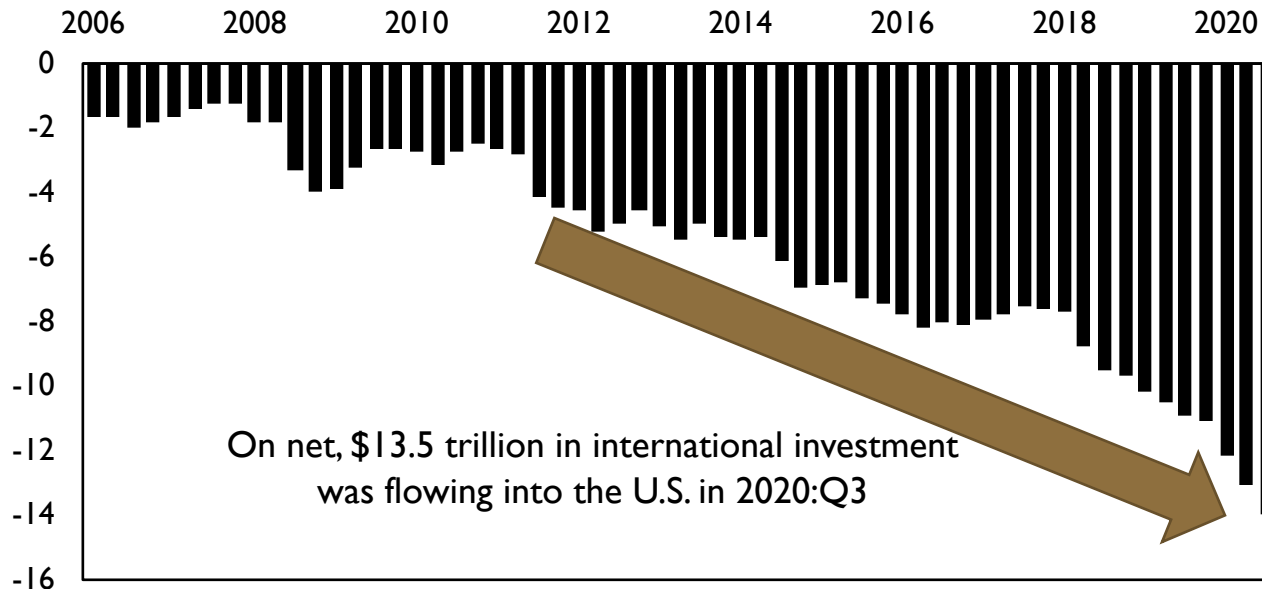
Inflation emerges when US GDP outstrips its potential GDP Growth



Why is the Stock Market Surging?

The U.S. is the financial world's safe haven.

U.S. Net International Investment Position
(Trillions of U.S. dollars)



Source: Bureau of Economic Analysis

FUNDAMENTAL QUESTIONS:

WILL THE U.S. LEVERAGE THE FARM?

TOUGH CHOICES:
NEED STIMULUS TO SPUR GROWTH,
BUT
IT INCREASES DEBT BURDEN.



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