Macroeconomic Outlook

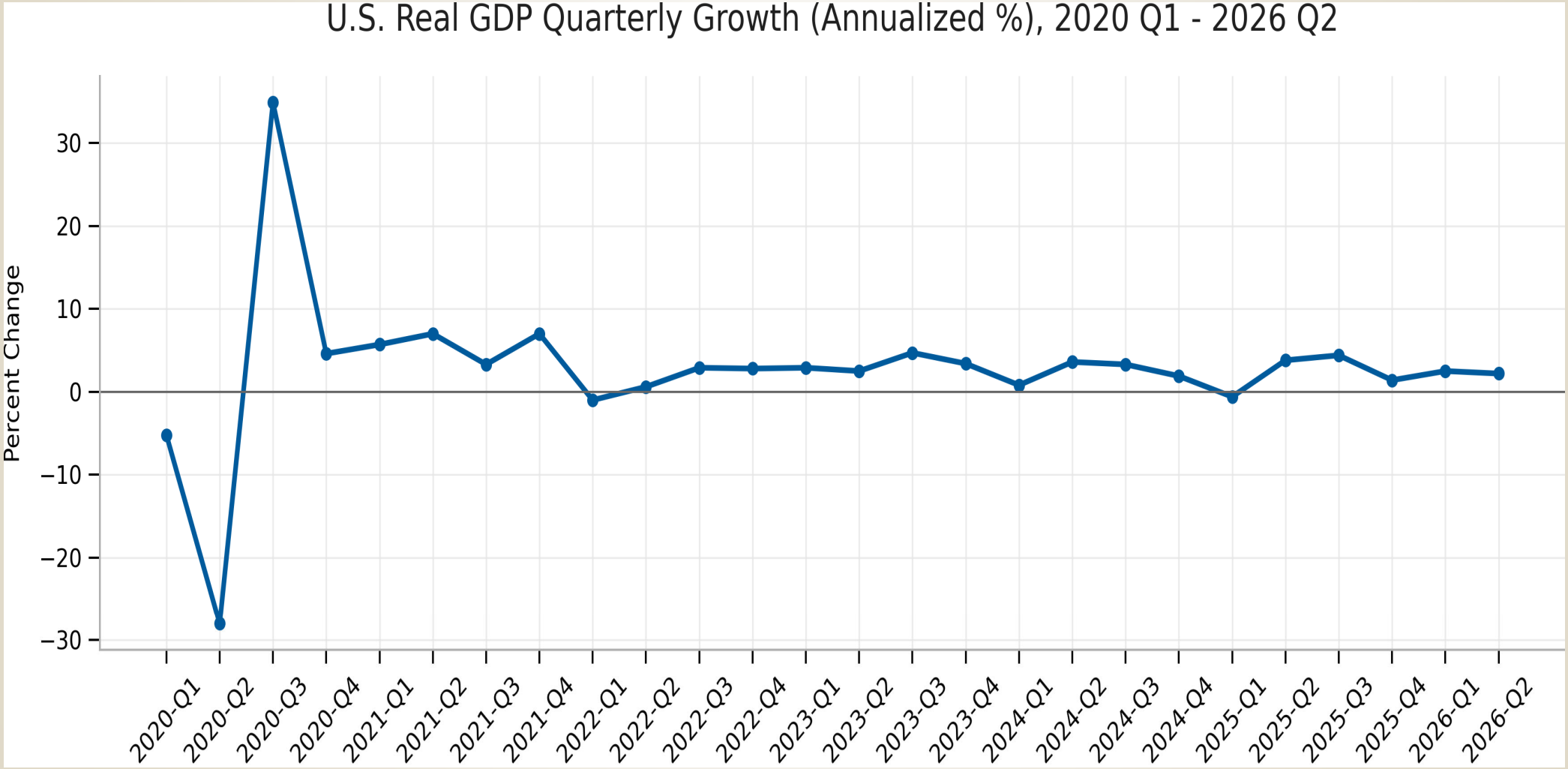
Bryon Parman
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NDSU | EXTENSION

U.S. Economic Activity



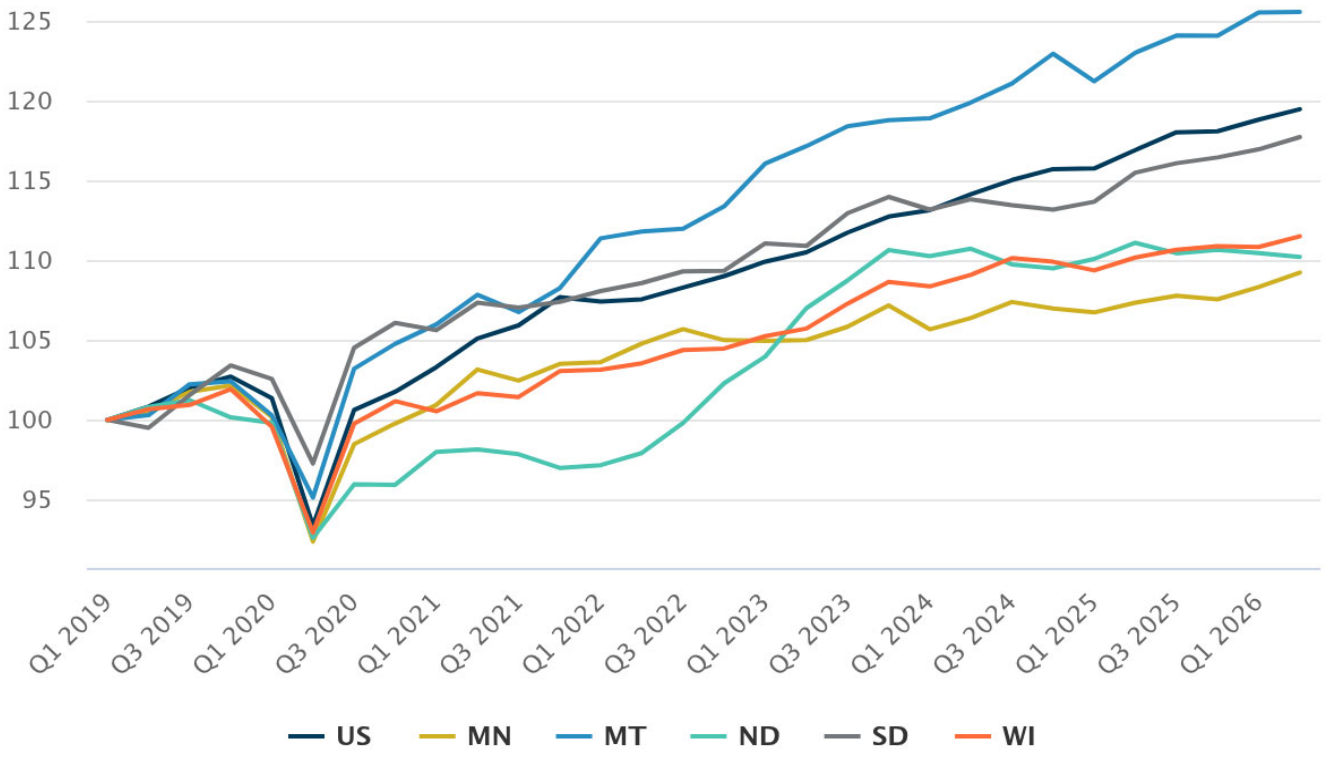
US Real GDP Growth has Remained Fairly Steady Since the 2020 Q3



Real GDP

Real GDP (gross domestic product) measures the value of goods and services produced by an economy with prices held constant. This indicator helps us understand the overall productivity, growth, and size of the economies in the Ninth District.

Index: Q1 2019 real GDP = 100



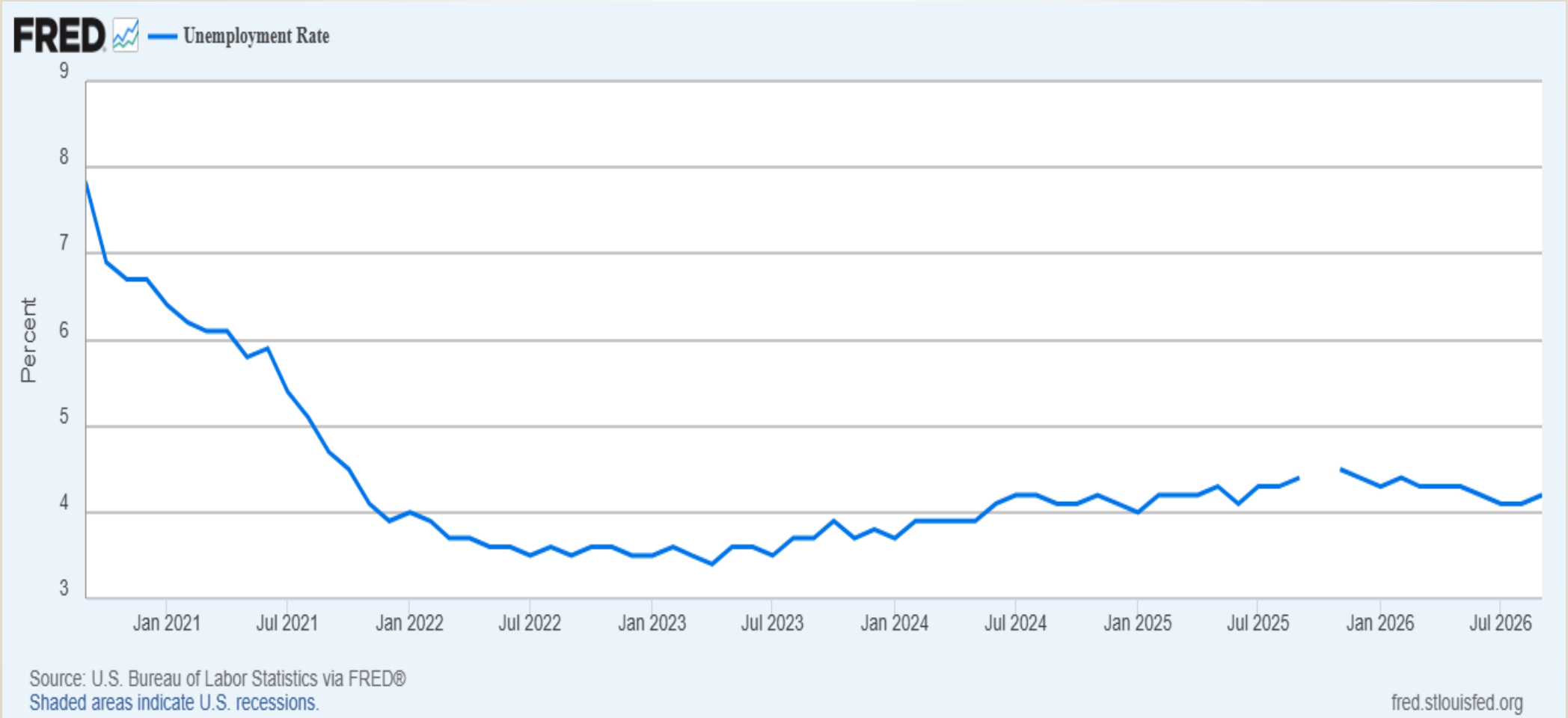
Source: Bureau of Economic Analysis

Note

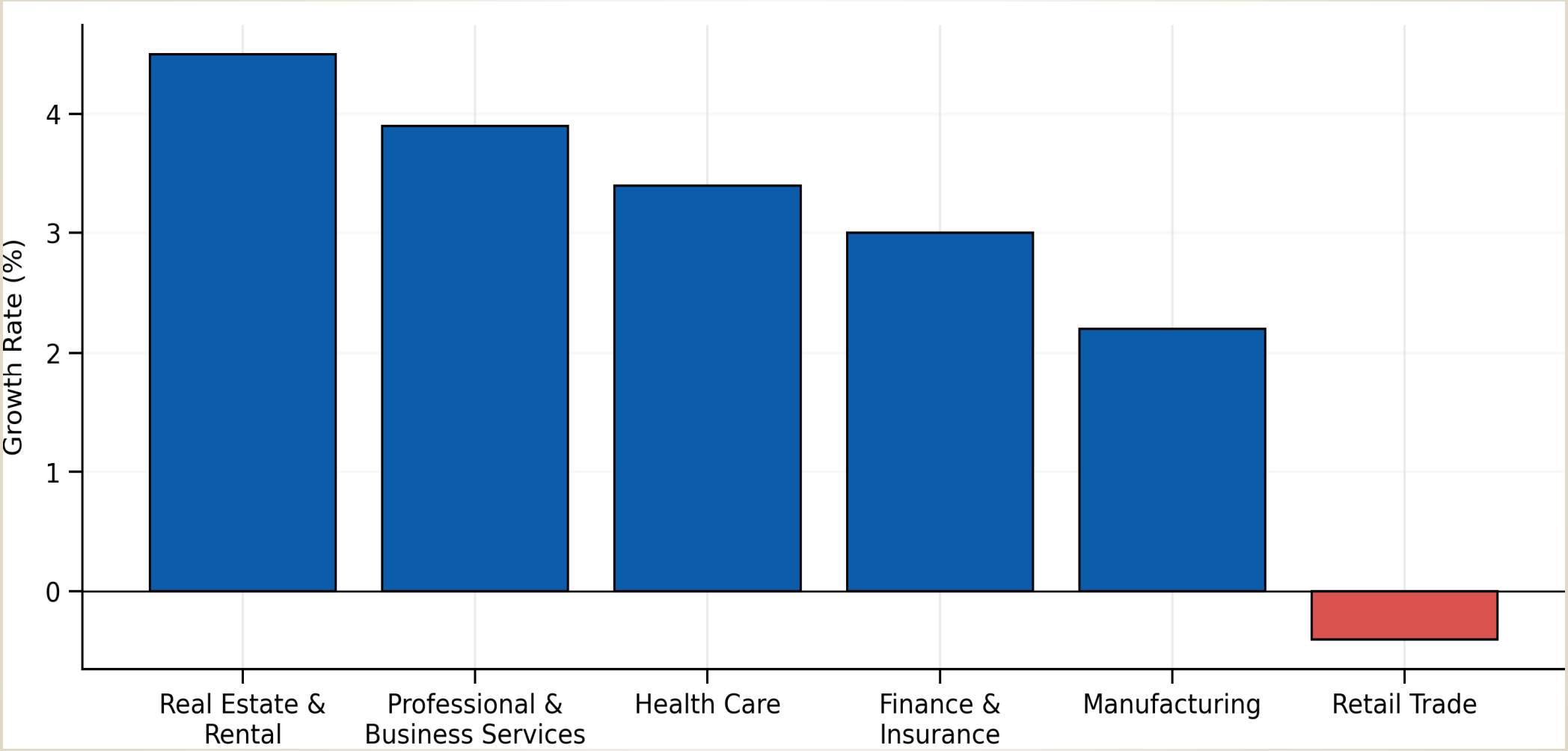
S&P 500 Over the Last 3 Years



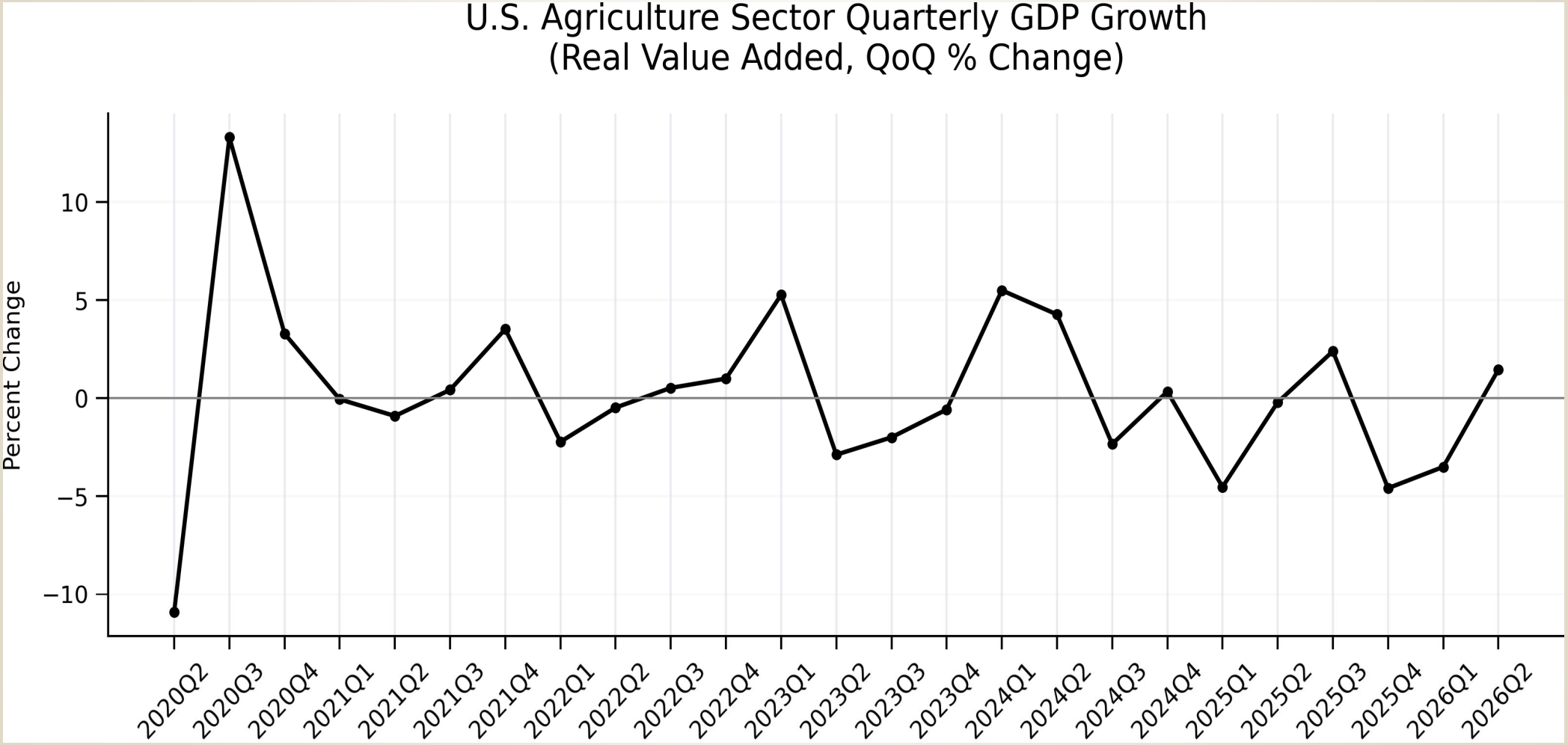
Unemployment Rate Remains Mostly Stable Through October 2026



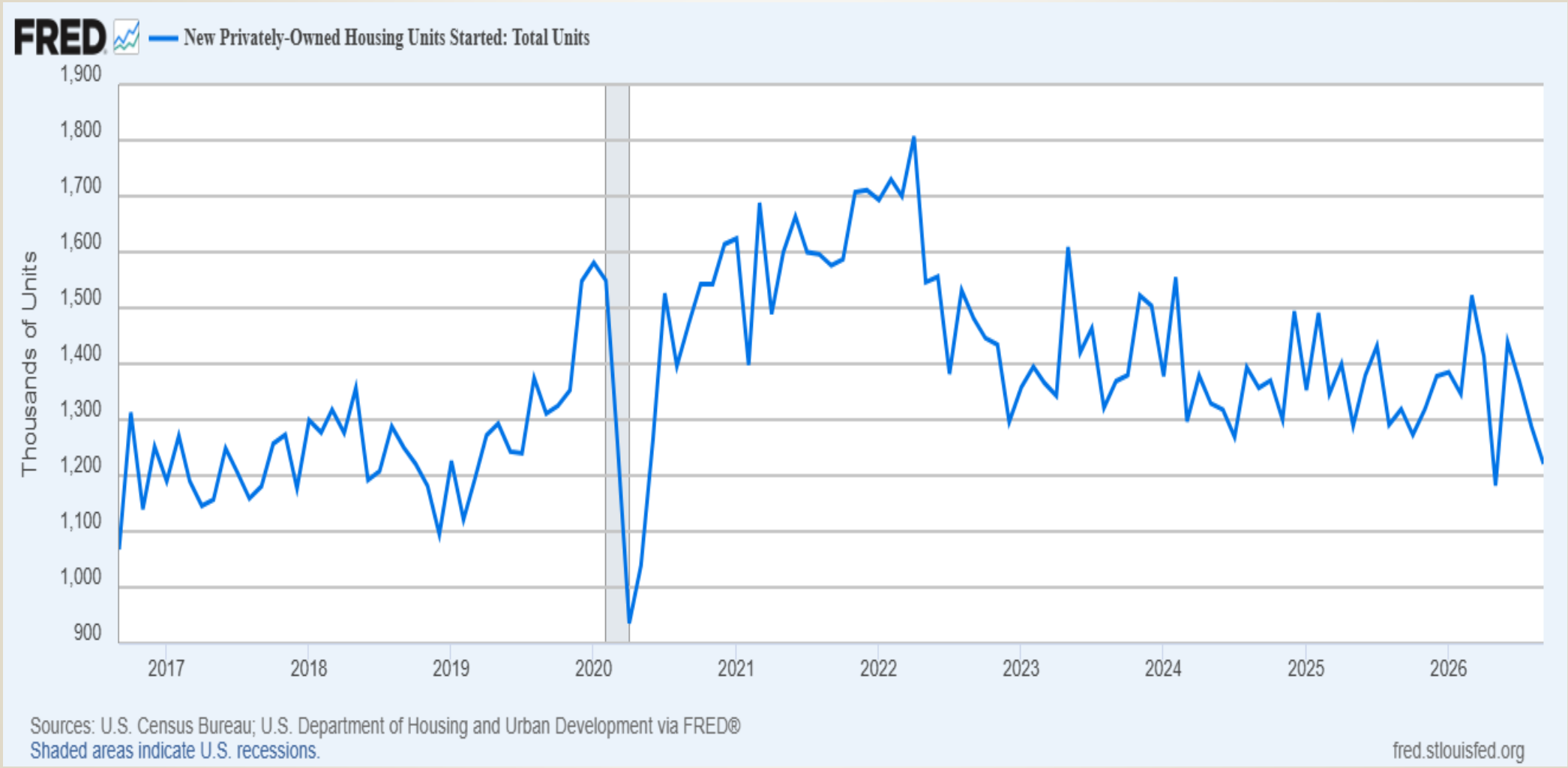
12-Month Growth in the 6 Largest U.S. Industries



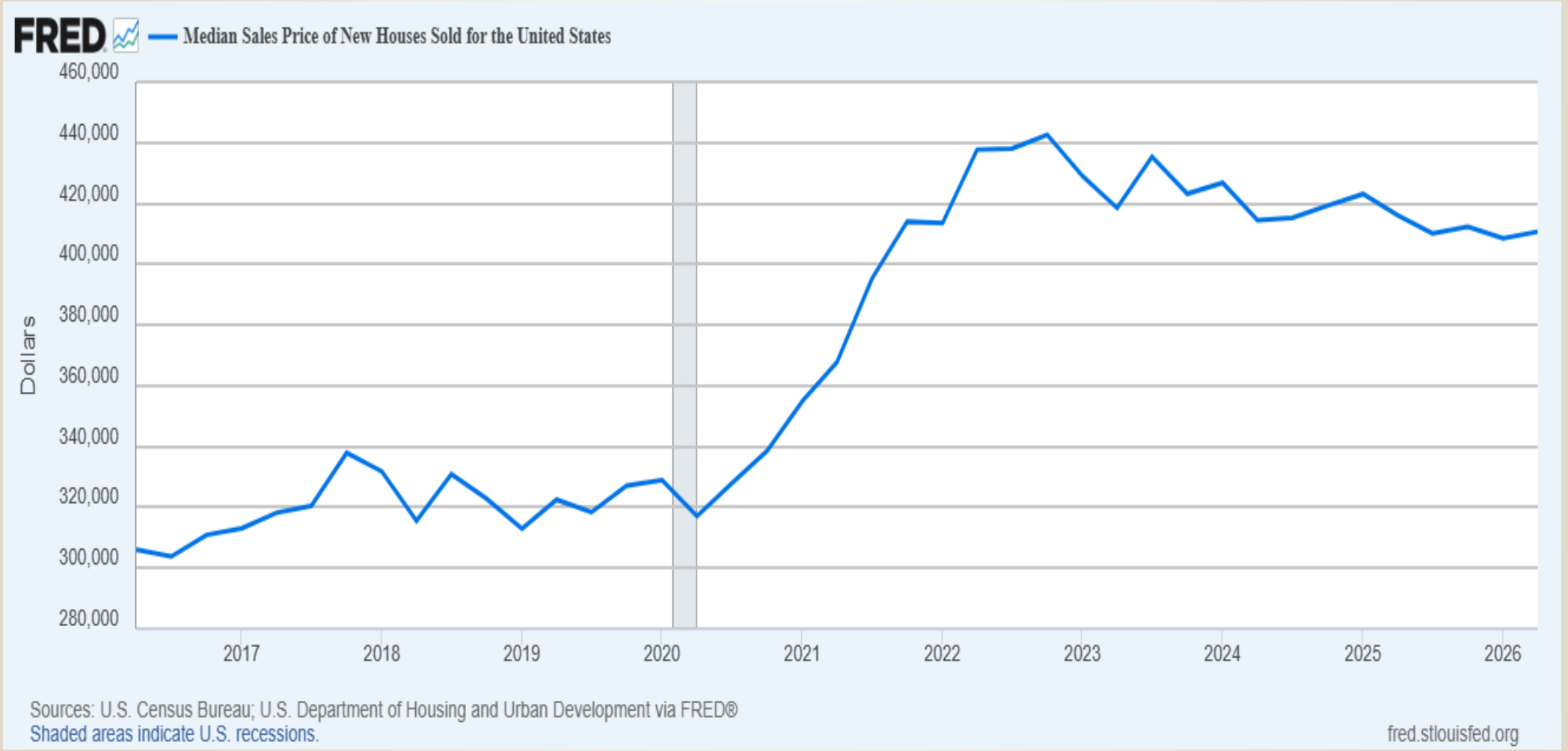
Quarterly GDP Growth in Ag. Shows the Seasonal Nature of Production



US New Housing Starts



Median U.S. Home Prices Have Fallen Since Peaking Q3 2022

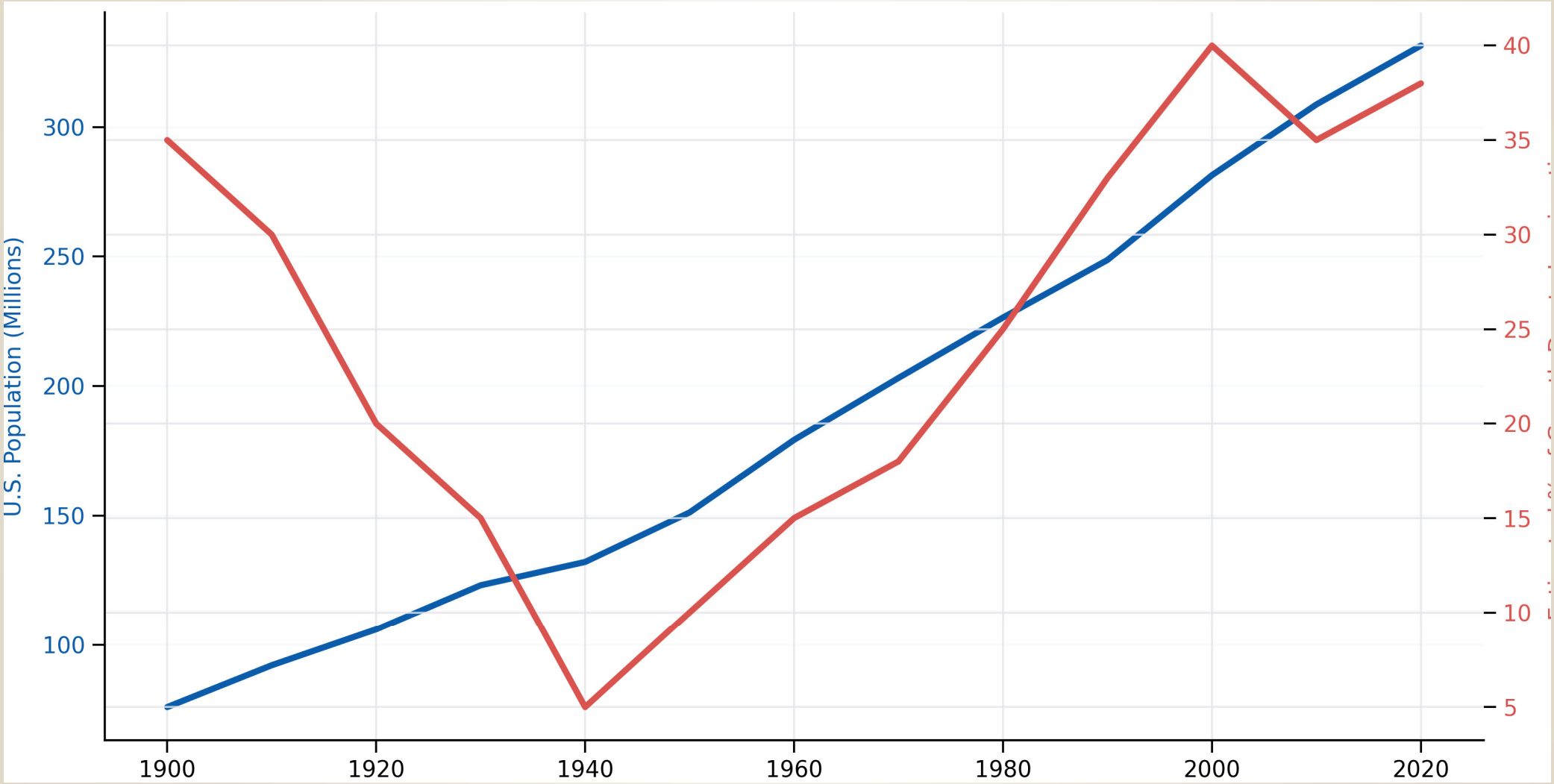


Median Home Price For North Dakota

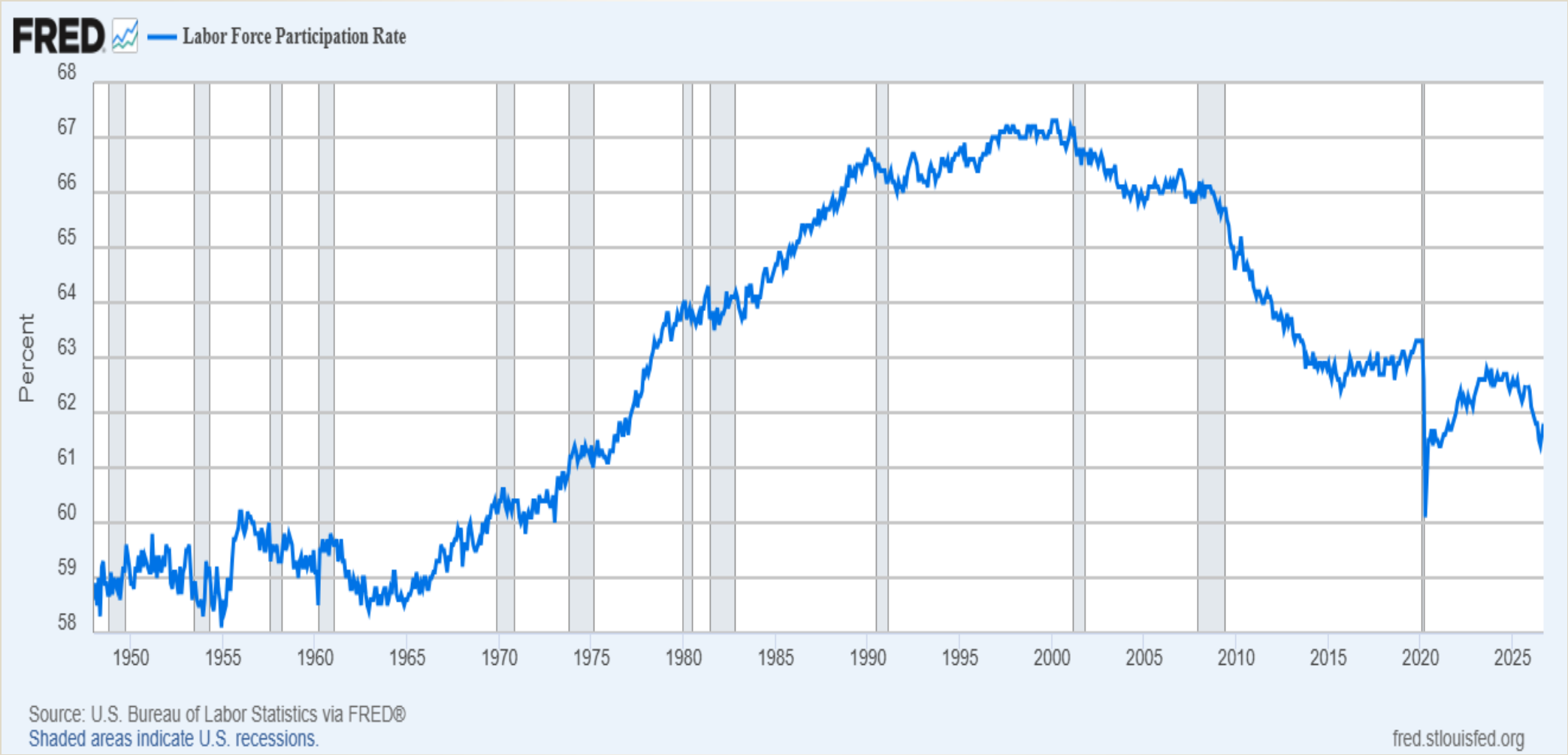



MACROECONOMIC
Labor and
Age Demographics

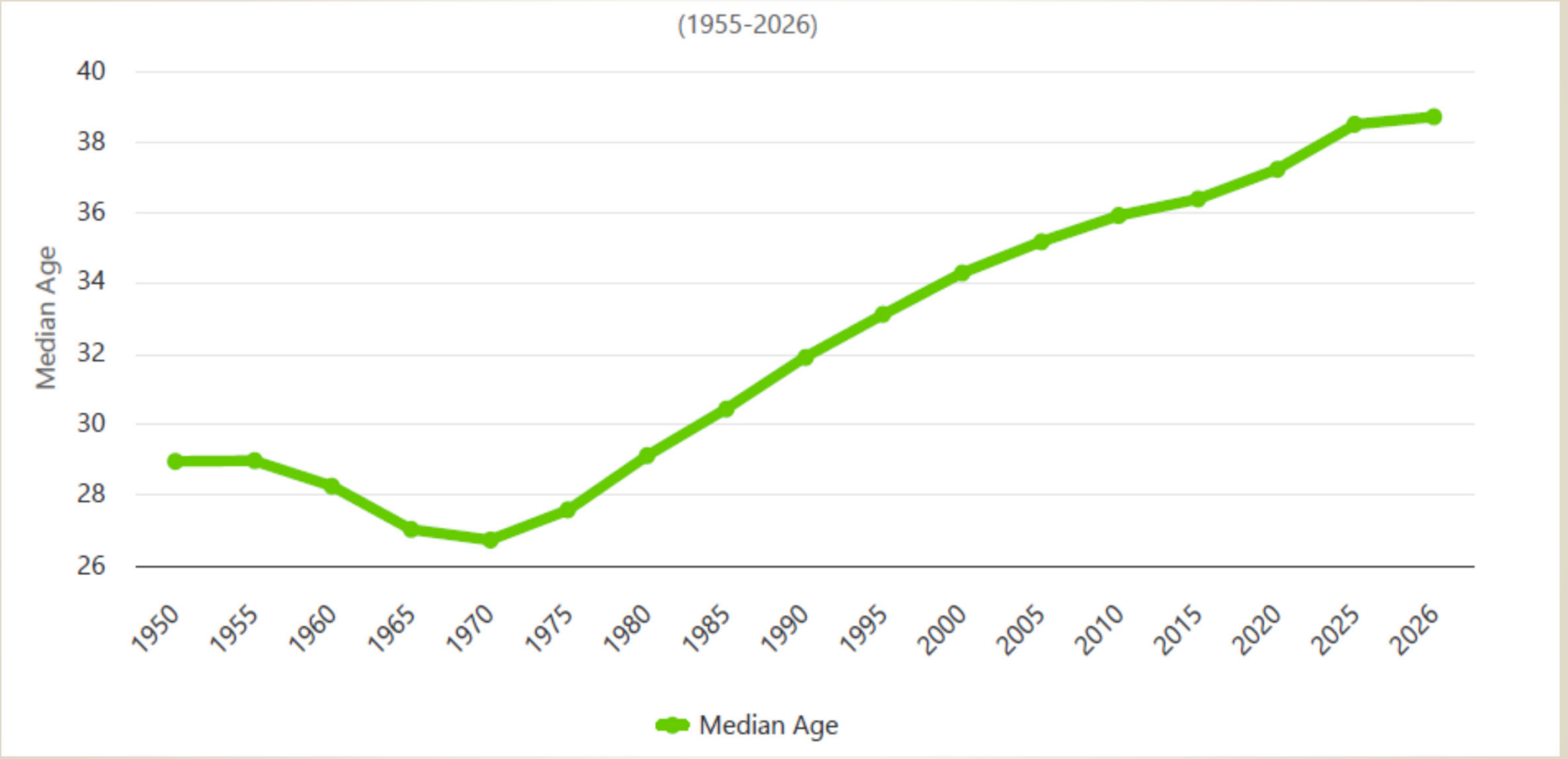
US Population and Percentage Growth and % Immigration



U.S. Labor Force Participation Rate



Median Age in the United States



Age Demographic Projections - 2100

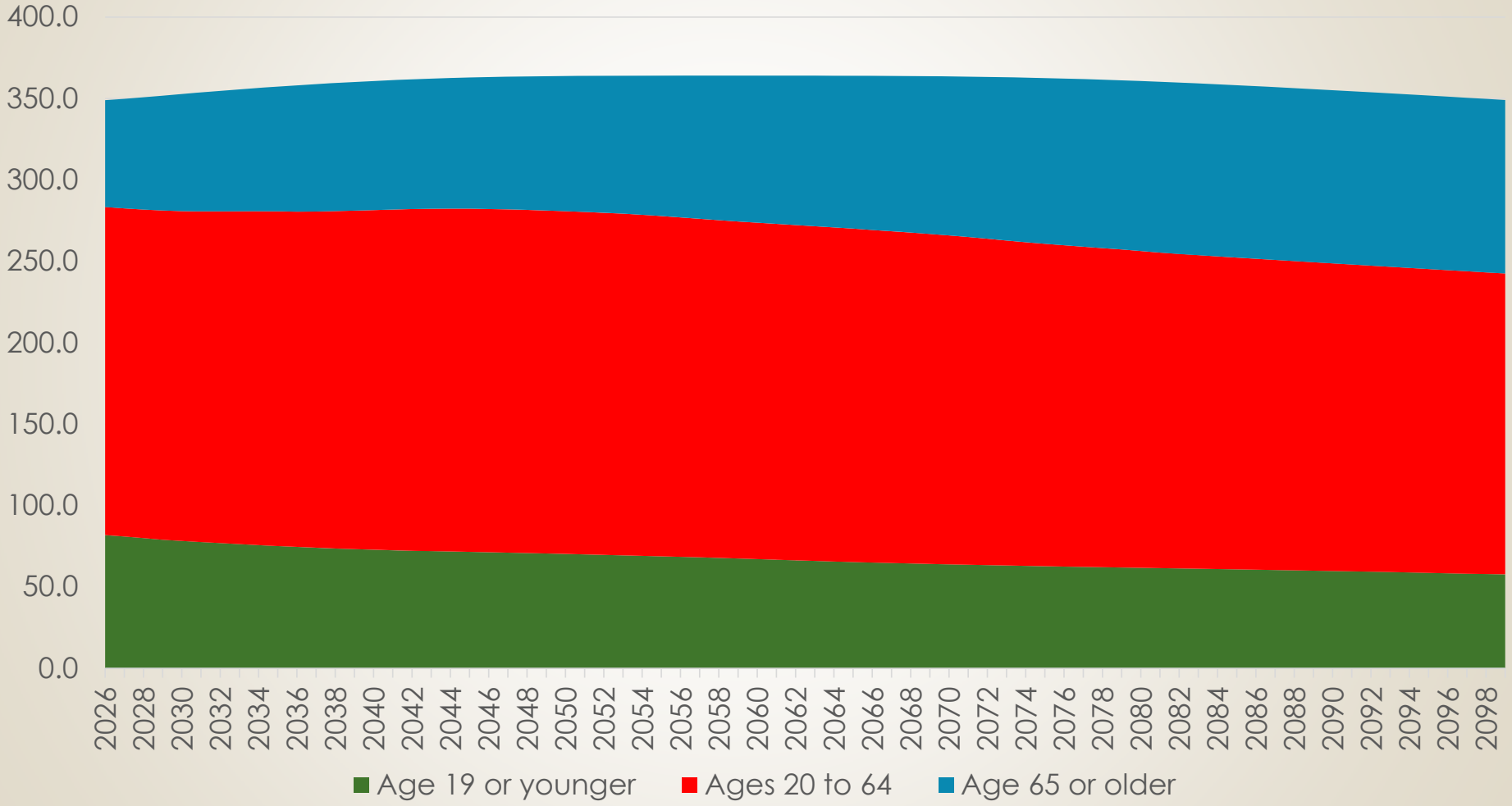
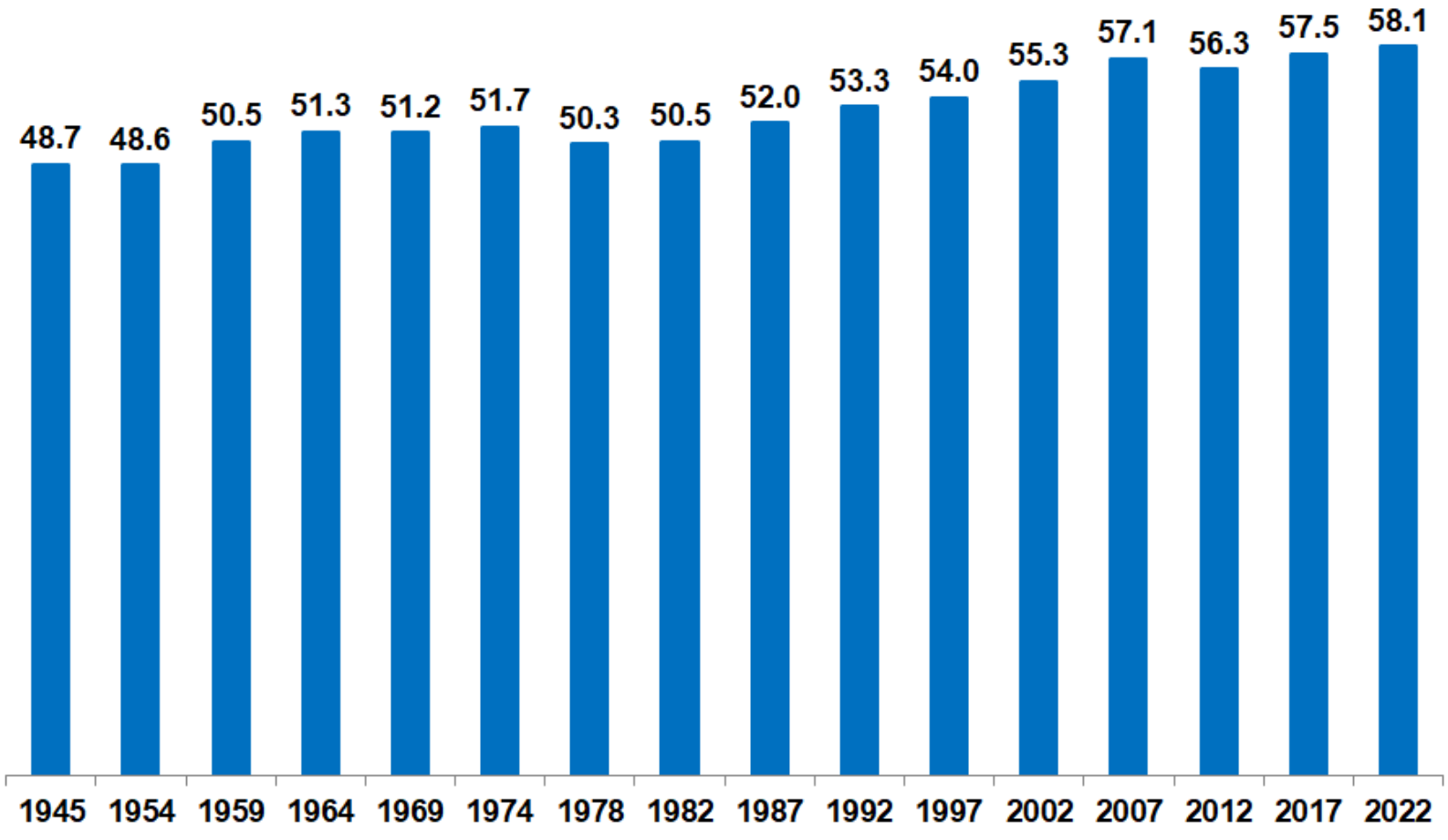
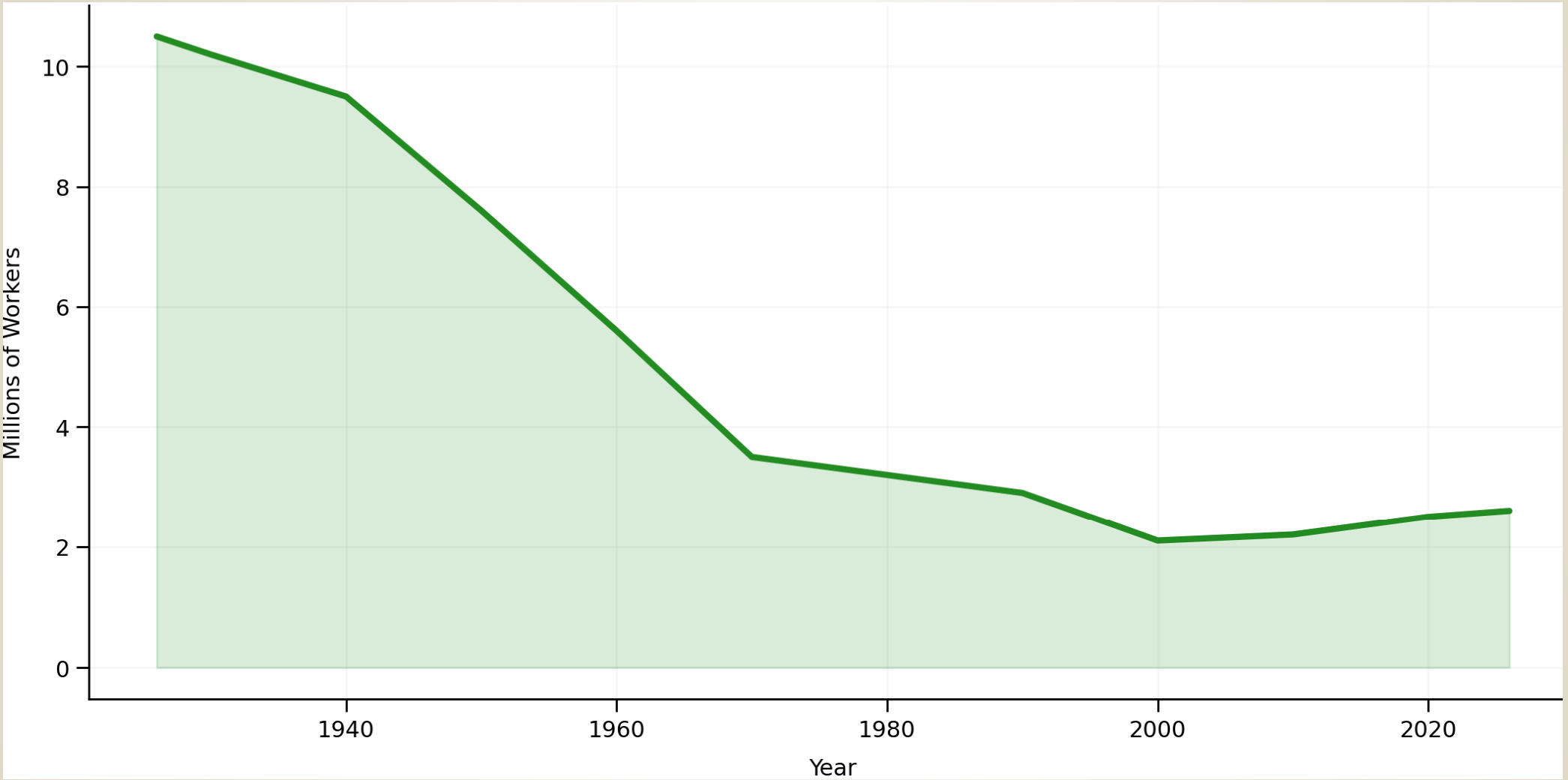


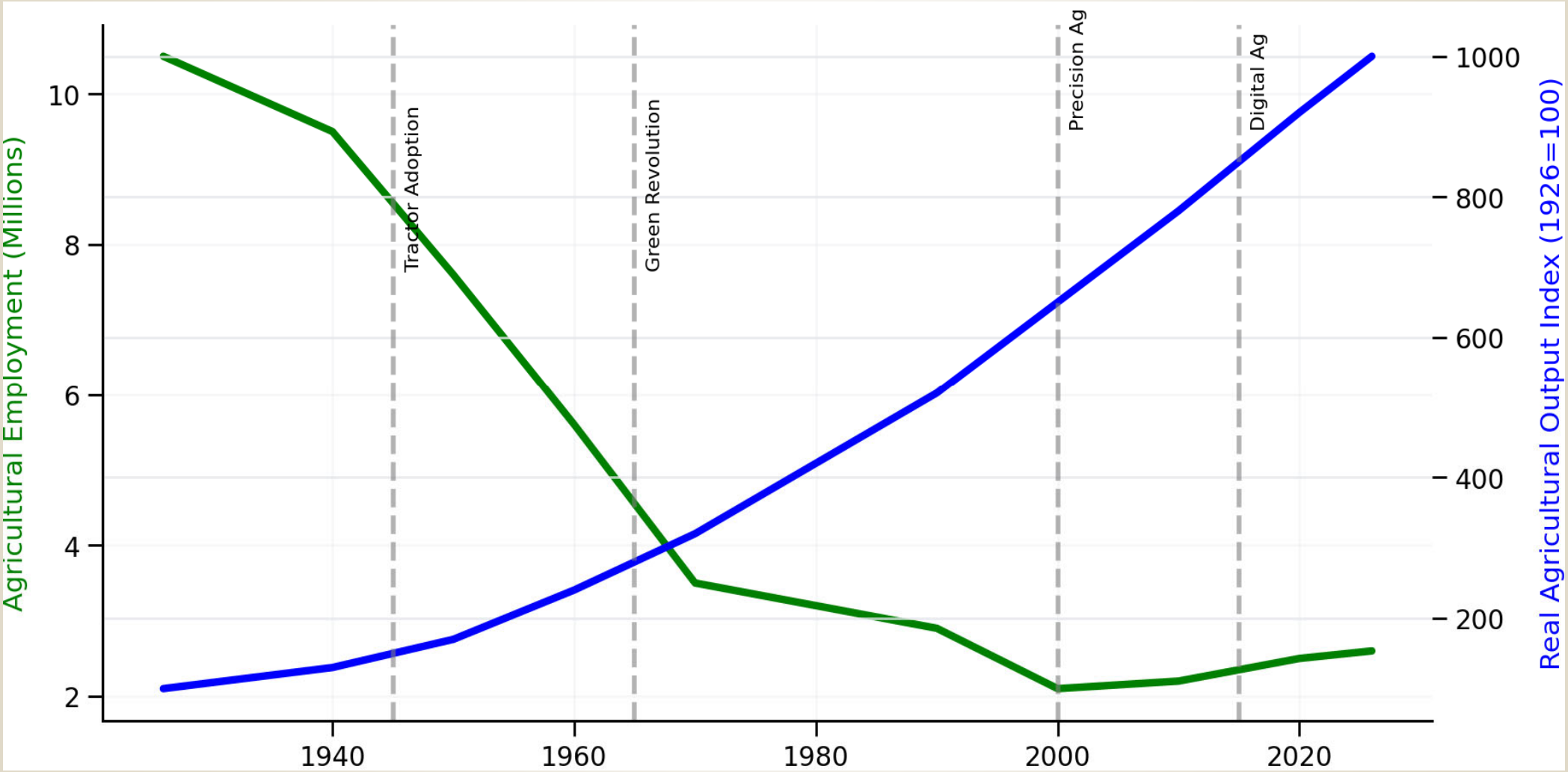
Figure 1. Average age of US farmers, 1945-2022



Number of Workers in U.S. Production Ag. Sector

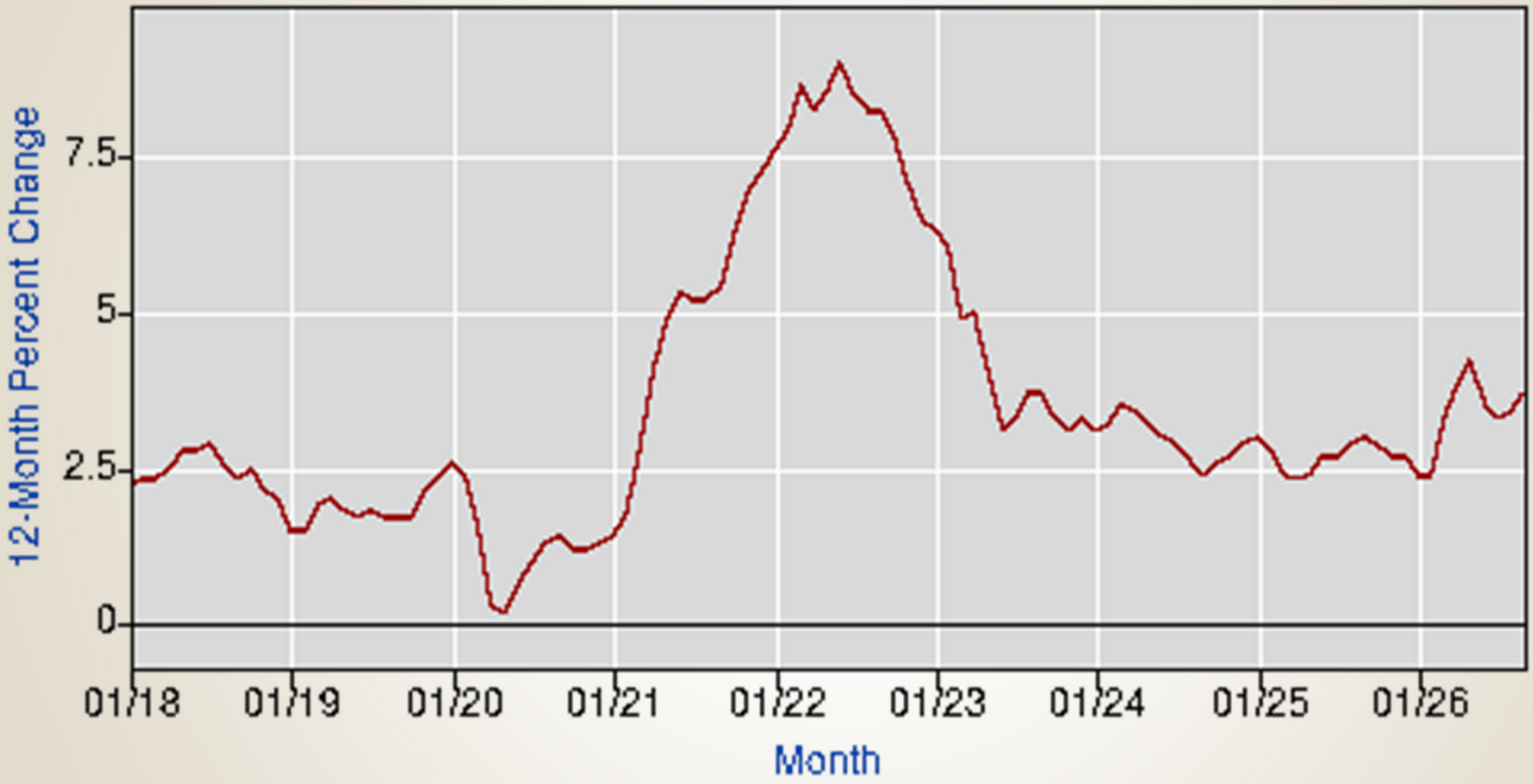


Fewer Workers – More Production in Ag.



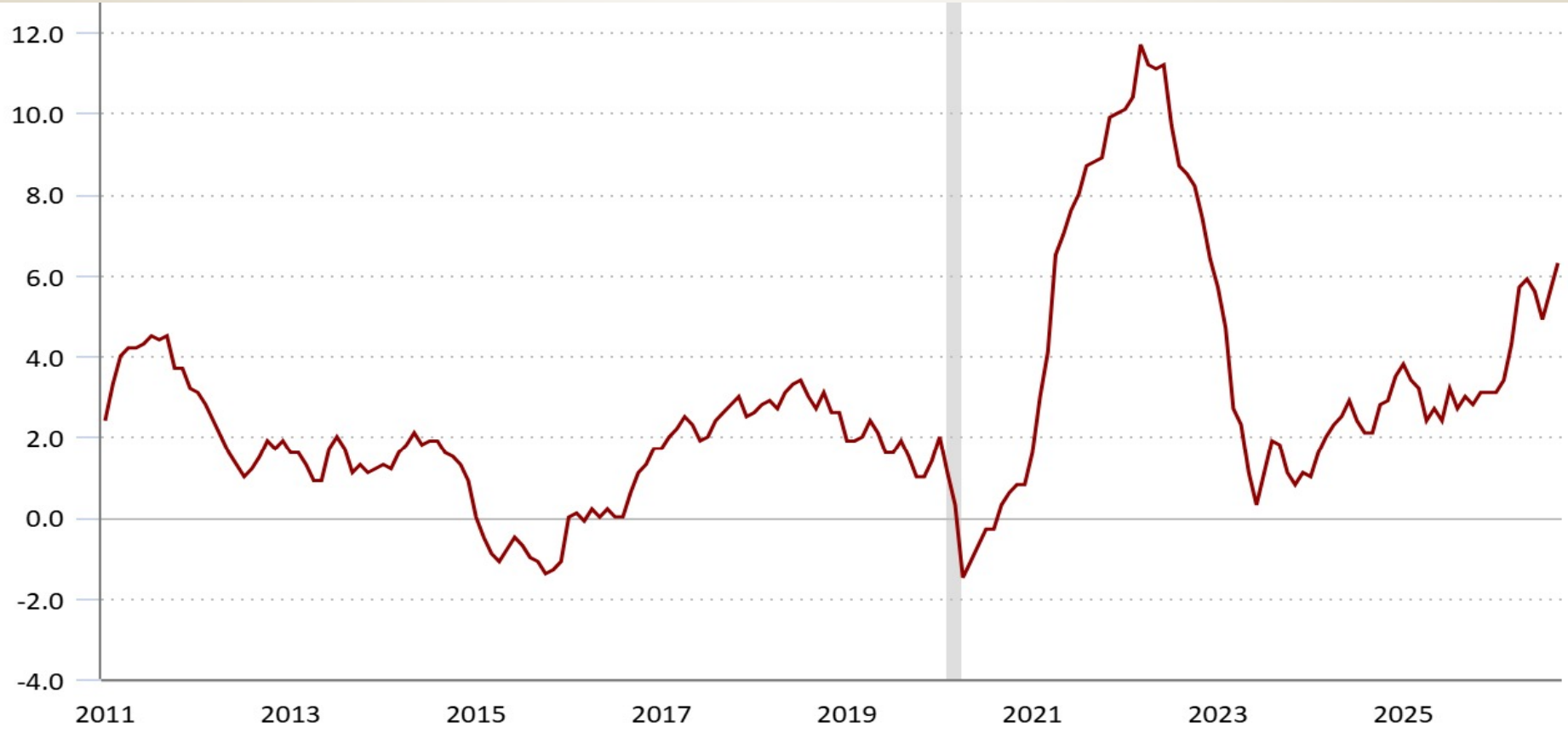

The Federal Reserve and Interest Rates
Monetary Policy, Inflation, and Economic Growth

BLS Consumer Price Index



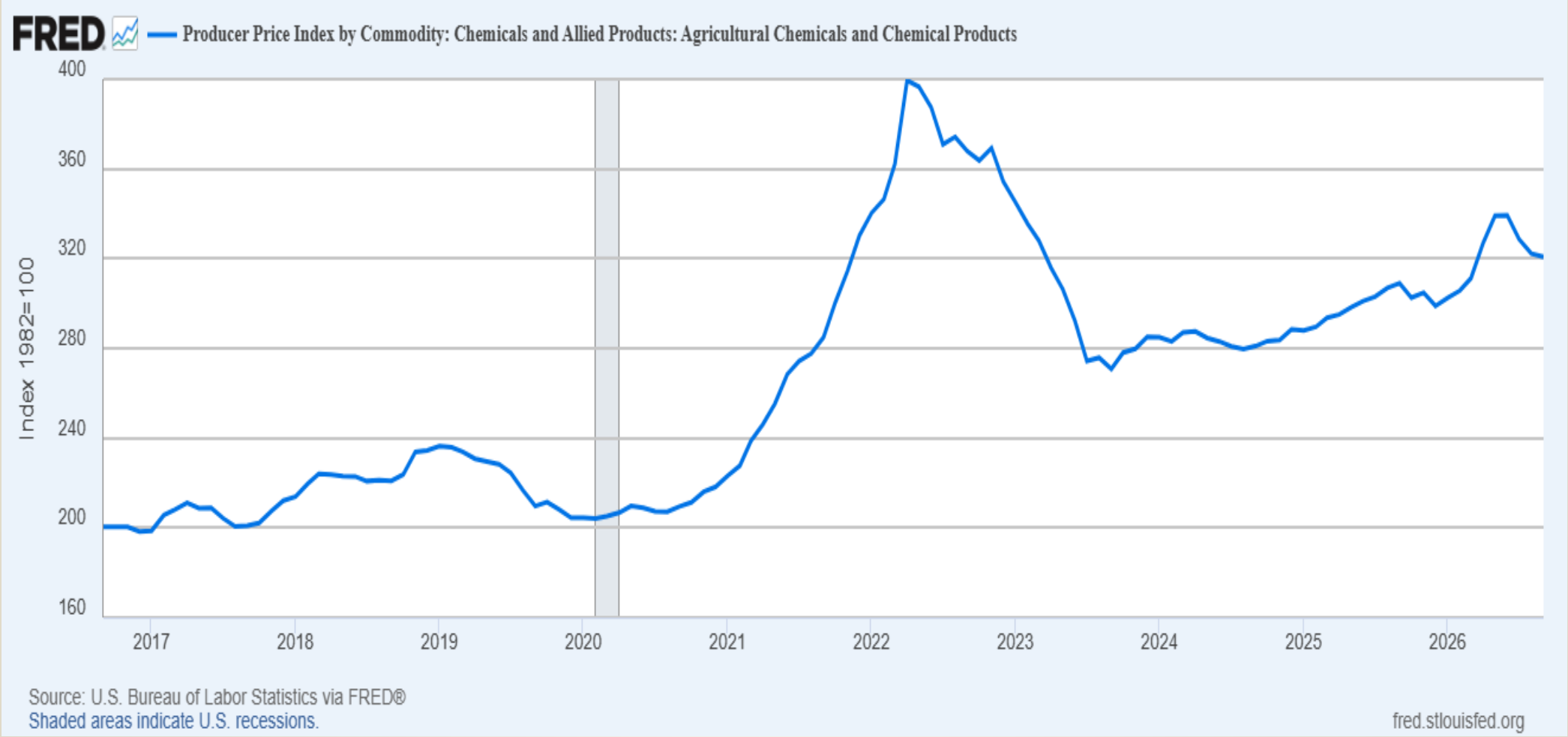
CPI for September came in at 3.7%. Slightly higher than market expectations.

Producer Price Index from BLS

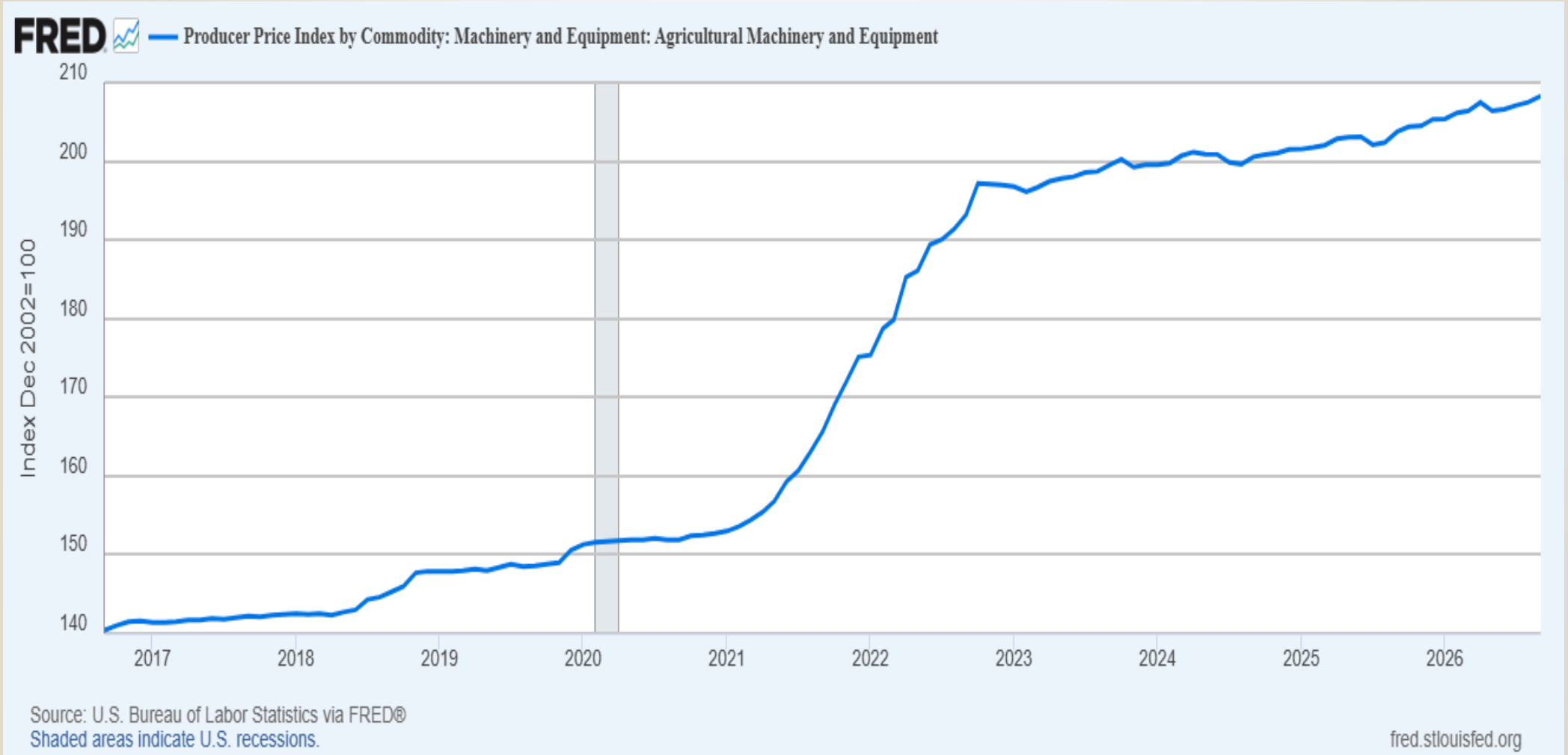


Source: U.S. Bureau of Labor Statistics.

PPI for Ag. Chemicals



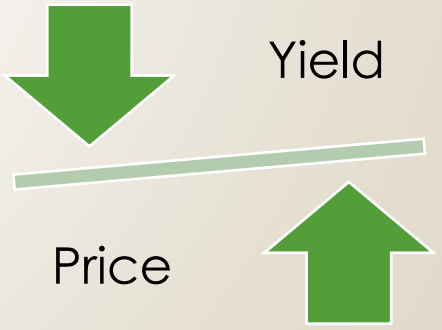
PPI for Agricultural Equipment



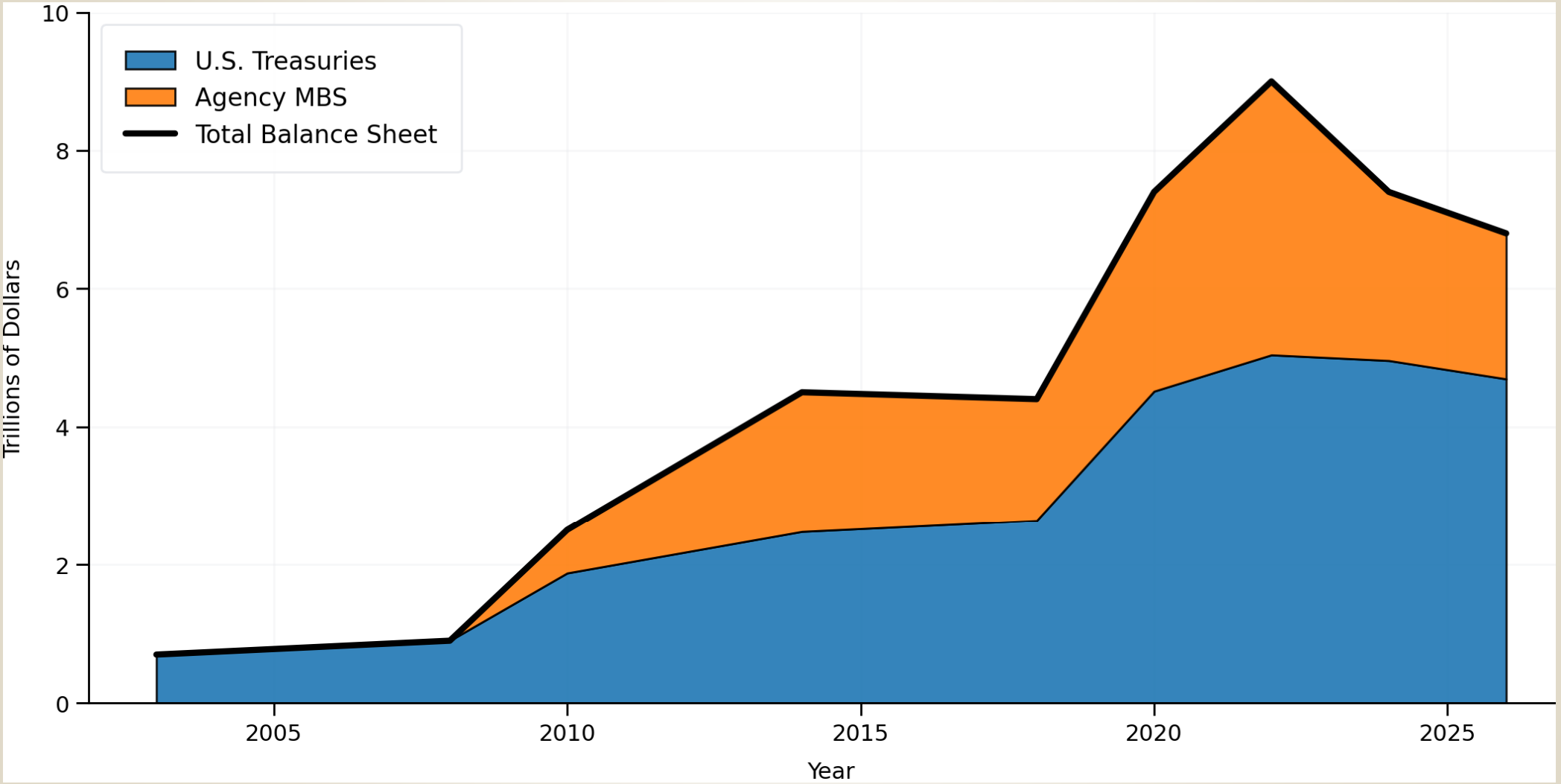
Federal Reserve Balance Sheets

- **When the Fed buys Treasuries and Agency Mortgage-Backed Securities**
  - **Bonds are removed from the market as the Fed is a very large single buyer**
  - **Demand for Bonds Increases**
  - **Price increase for bonds → Yields fall → Interest rates fall**

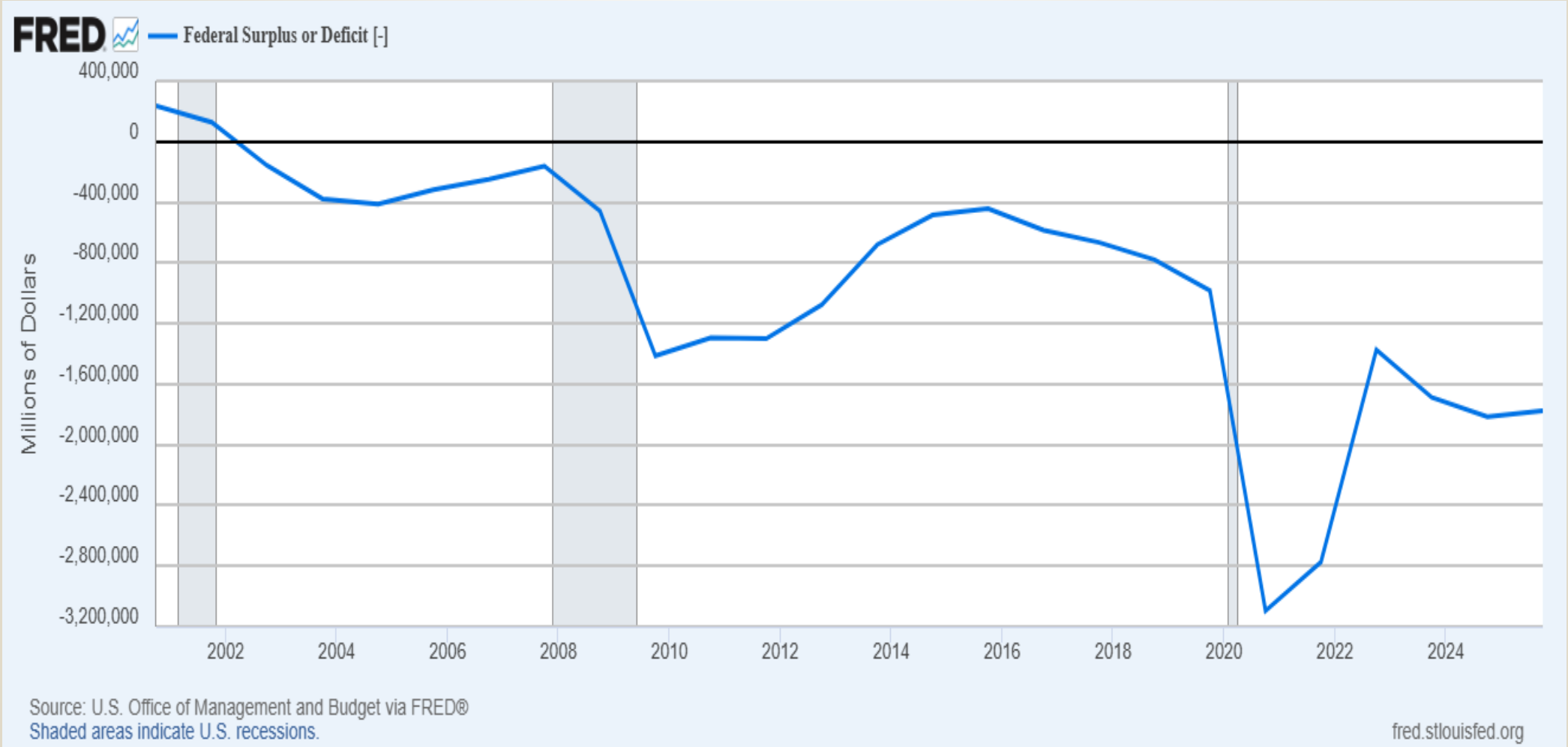
- **When the Fed sells Treasuries and MBS (or lets them roll off)**
  - **Private Investors must buy up the Feds former holdings**
  - **Bond prices fall as supply starts outpacing private demand**
  - **When bond prices fall → Yields go up → Interest rates rise**



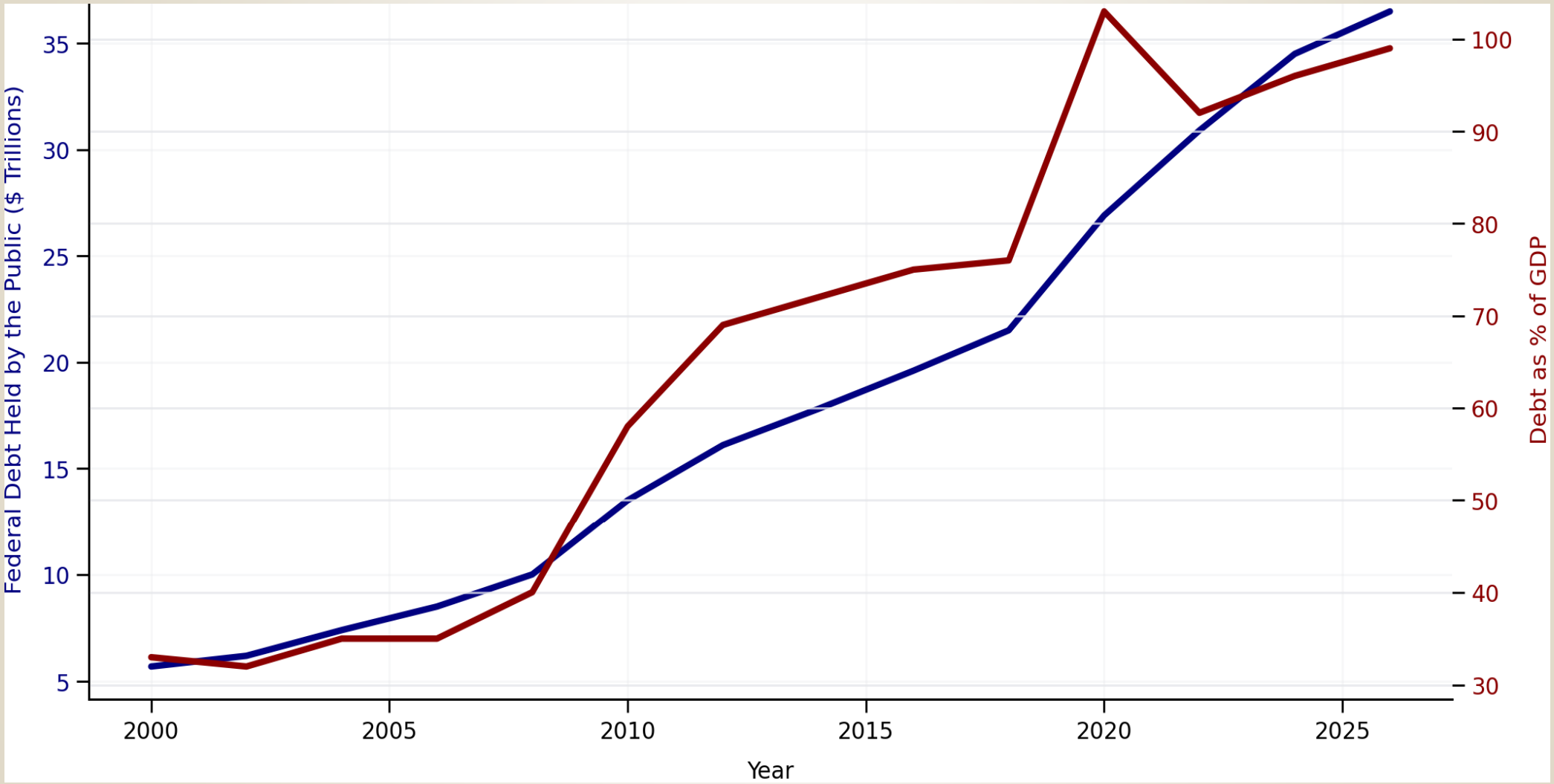
Federal Reserve Balance Sheet Since 2005



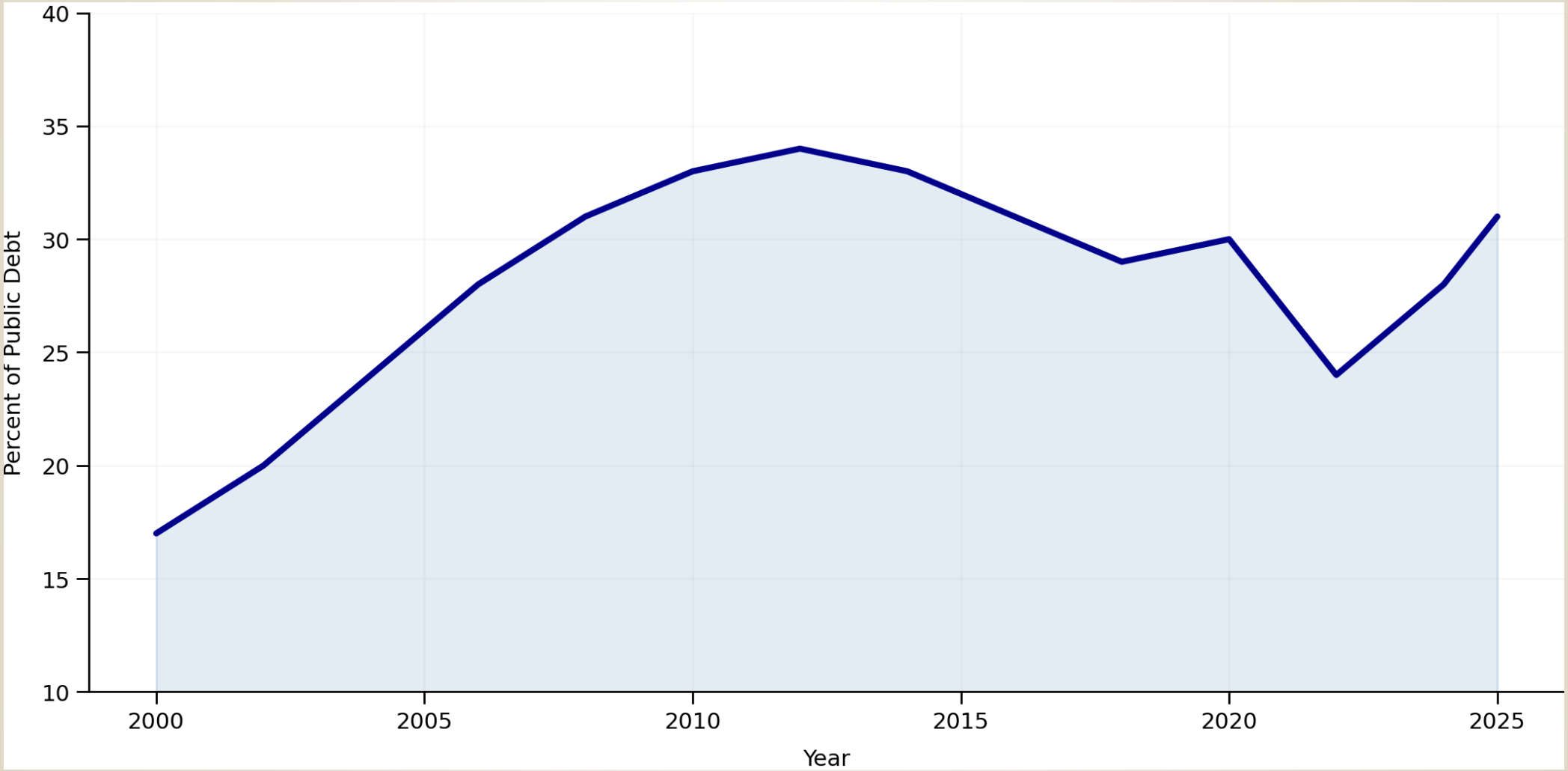
Yearly Federal Budget Deficit or Surplus



Federal Debt & Debt to GDP Ratio



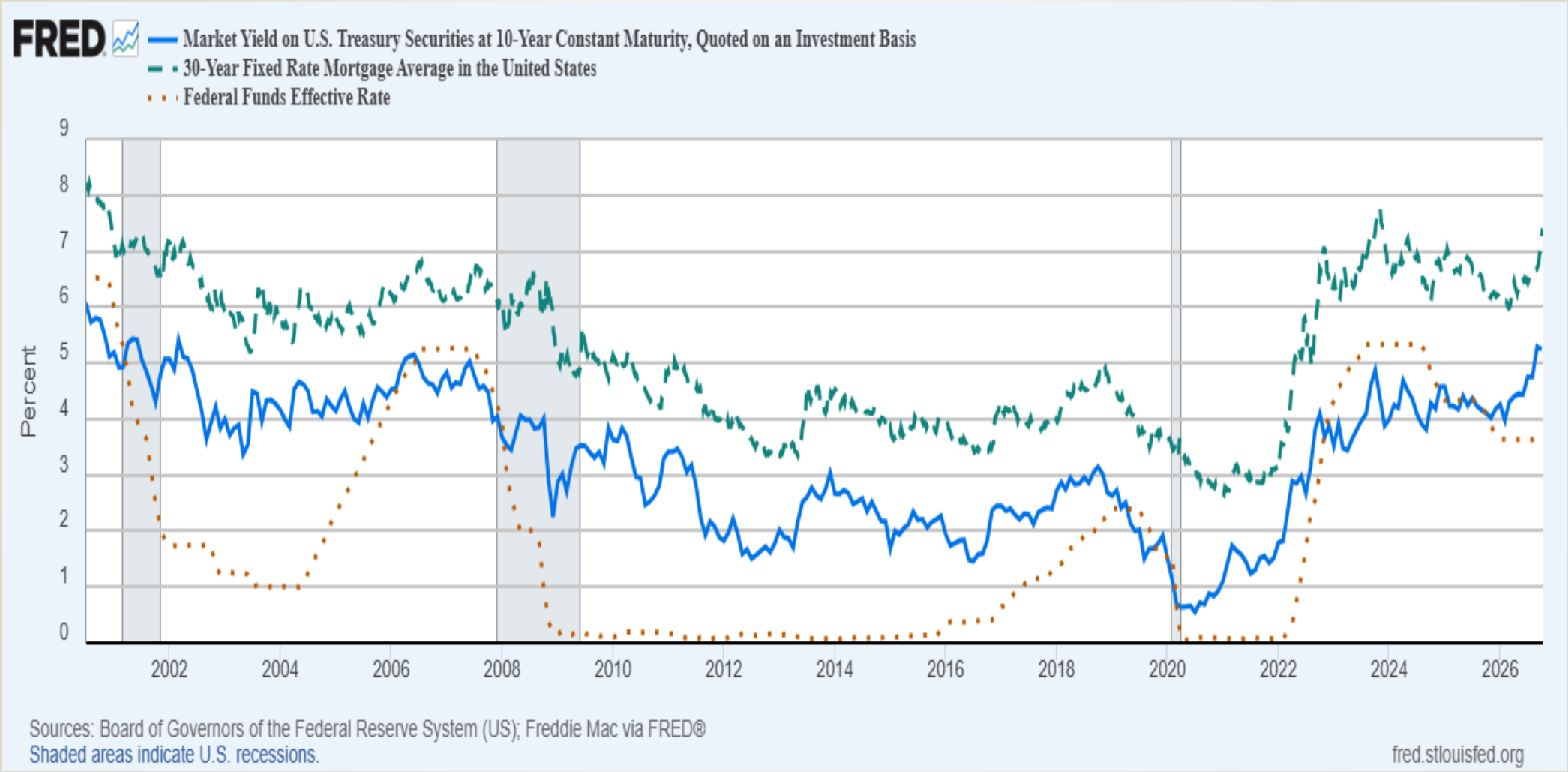
Percentage of U.S. Debt Held by Foreign Entities



Foreign Nations Holding US Debt 2020 vs. 2026

Rank	2020*	Holdings ($B)	2026 (Aug)	Holdings ($B)
1	Japan	~1,280	Japan	1,068
2	China	~1,070	United Kingdom	1,010
3	United Kingdom	~430	China	591
4	Ireland	~316	Belgium	491
5	Luxembourg	~310	Canada	465
6	Belgium	~290	Cayman Islands	463

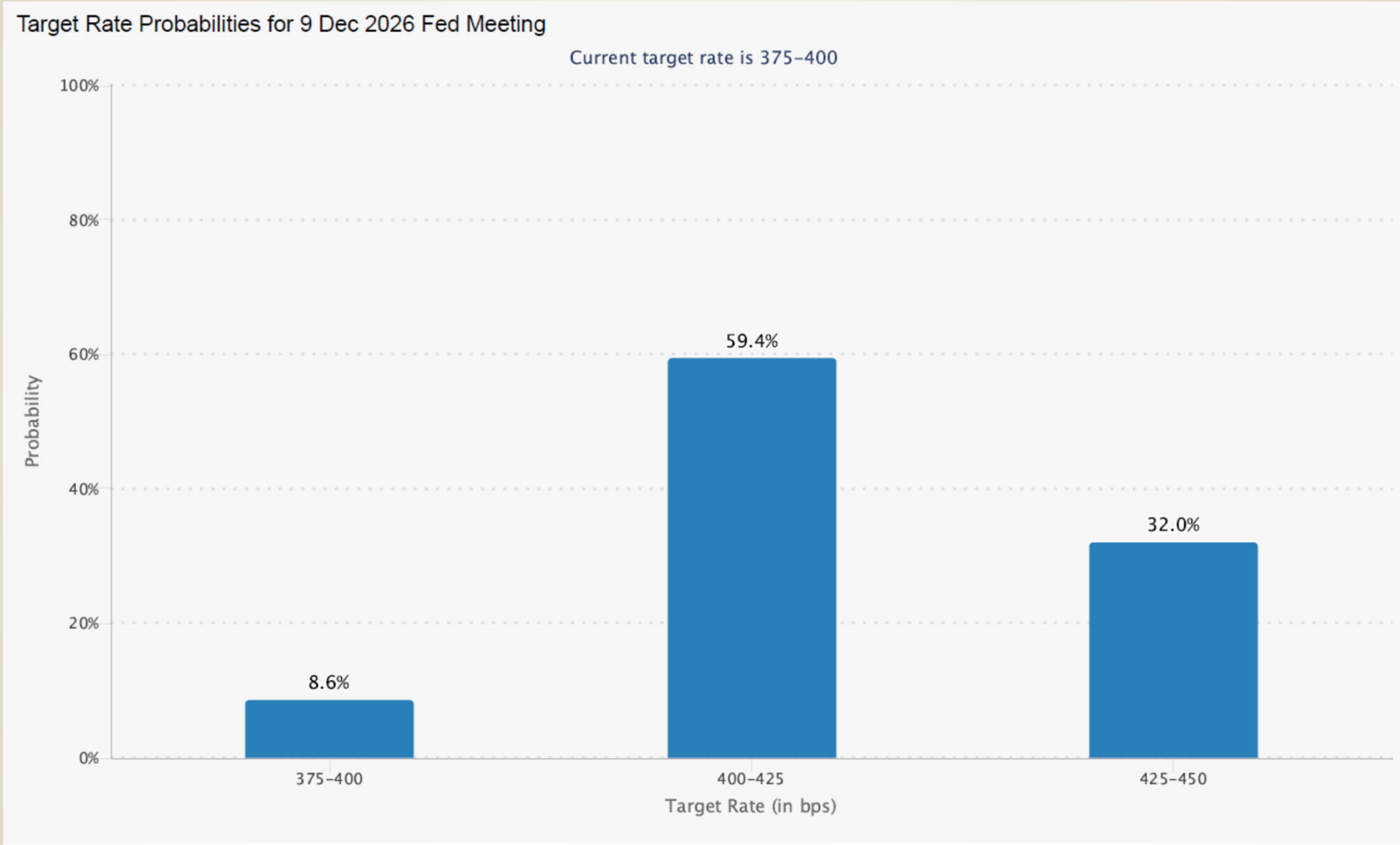
30 Year FRM vs. 10-year Treasury Yield vs. Federal Funds Rate



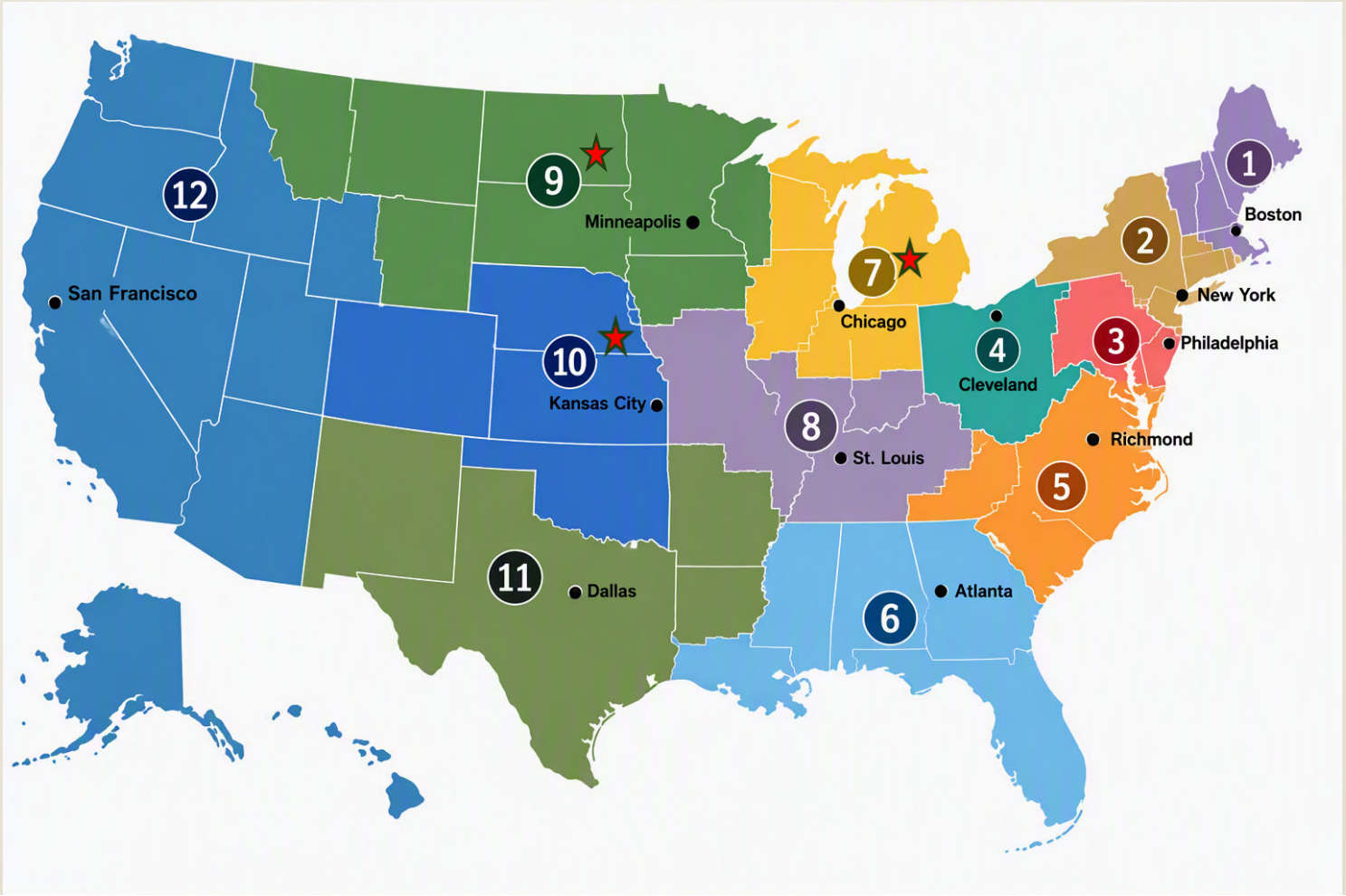
9th District Ag. Interest Rates

Agricultural interest rates from the Federal Reserve Bank of Minneapolis' quarterly Ag Credit Survey

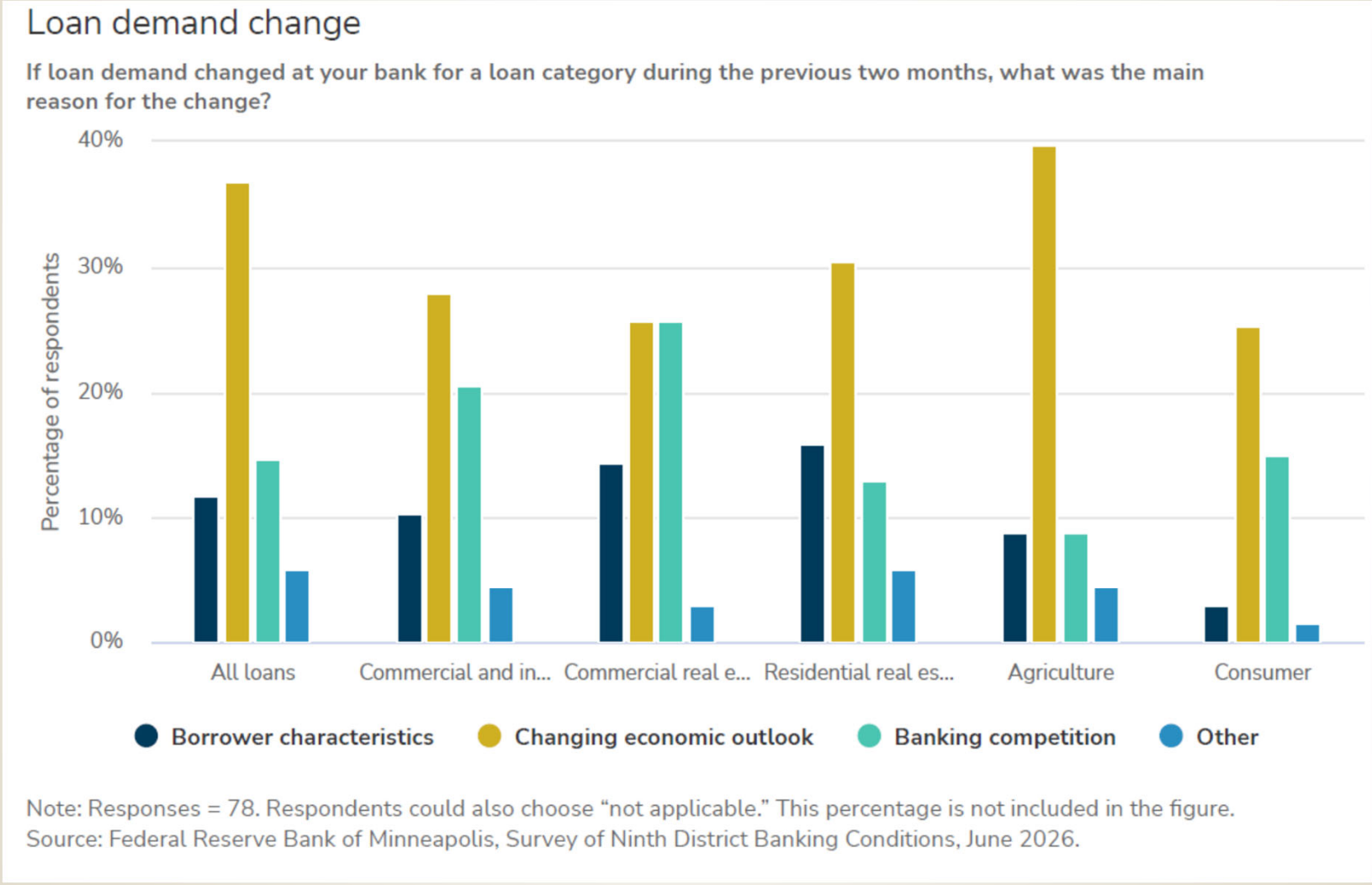
		Operating		Machinery		Real estate	
		Fixed	Var.	Fixed	Var.	Fixed	Var.
Q3-23	October	8.8	8.7	8.3	8.2	7.9	7.9
Q4-23	January	8.8	8.7	8.3	8.3	8.0	8.0
Q1-24	April	8.6	8.6	8.2	8.4	7.9	8.0
Q2-24	July	8.8	8.7	8.4	8.5	8.0	8.1
Q3-24	October	8.7	8.7	8.3	8.4	7.8	8.0
Q4-24	January	8.2	8.1	7.9	8.0	7.6	7.6
Q1-25	April	7.9	7.9	7.7	7.8	7.4	7.4
Q2-25	July	7.9	7.9	7.6	7.6	7.3	7.3
Q3-25	Oct	7.7	7.7	7.5	7.5	7.1	7.0
Q4 – 25	January	7.4	7.3	7.2	7.1	6.9	6.8
Q1-26	April	7.4	7.3	7.2	7.2	6.8	6.8


Target Rate Probabilities for 9 Dec 2026 Fed Meeting
Current target rate is 375-400
100%
80%
60%
40%
20%
0%
Probability
8.6%
59.4%
32.0%
375-400
400-425
425-450
Target Rate (in bps)

Lender Notes From the 7th, 9th, and 10th Districts



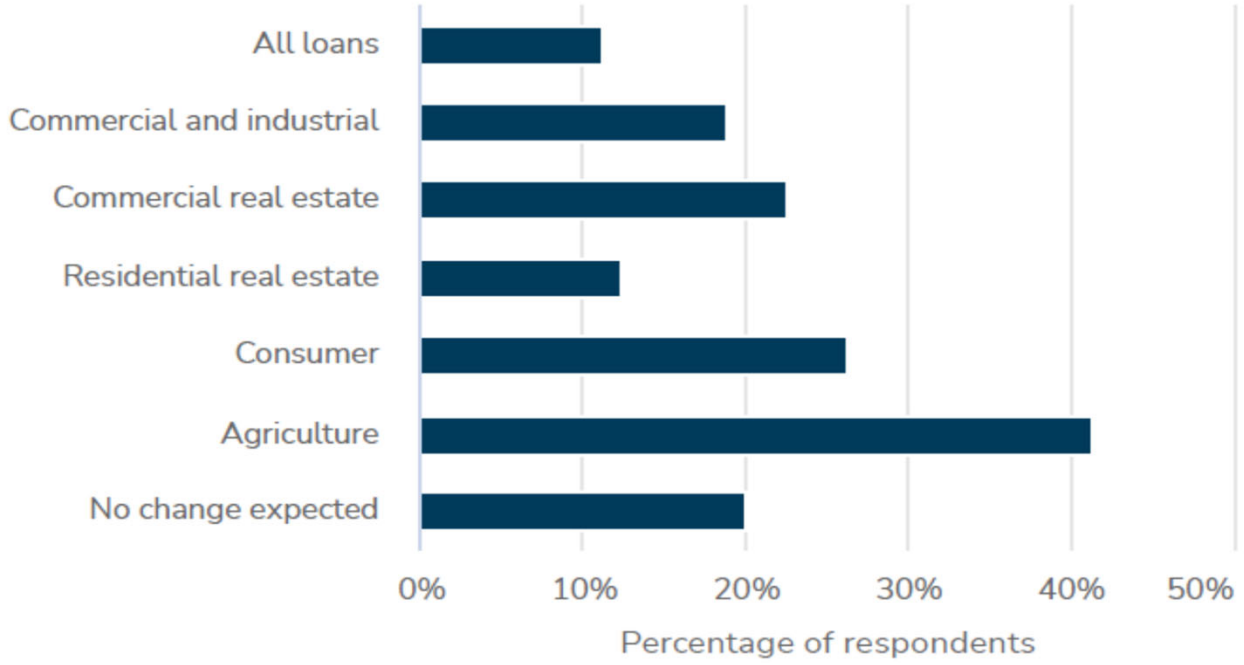
9th Federal Reserve District



9th Federal Reserve District

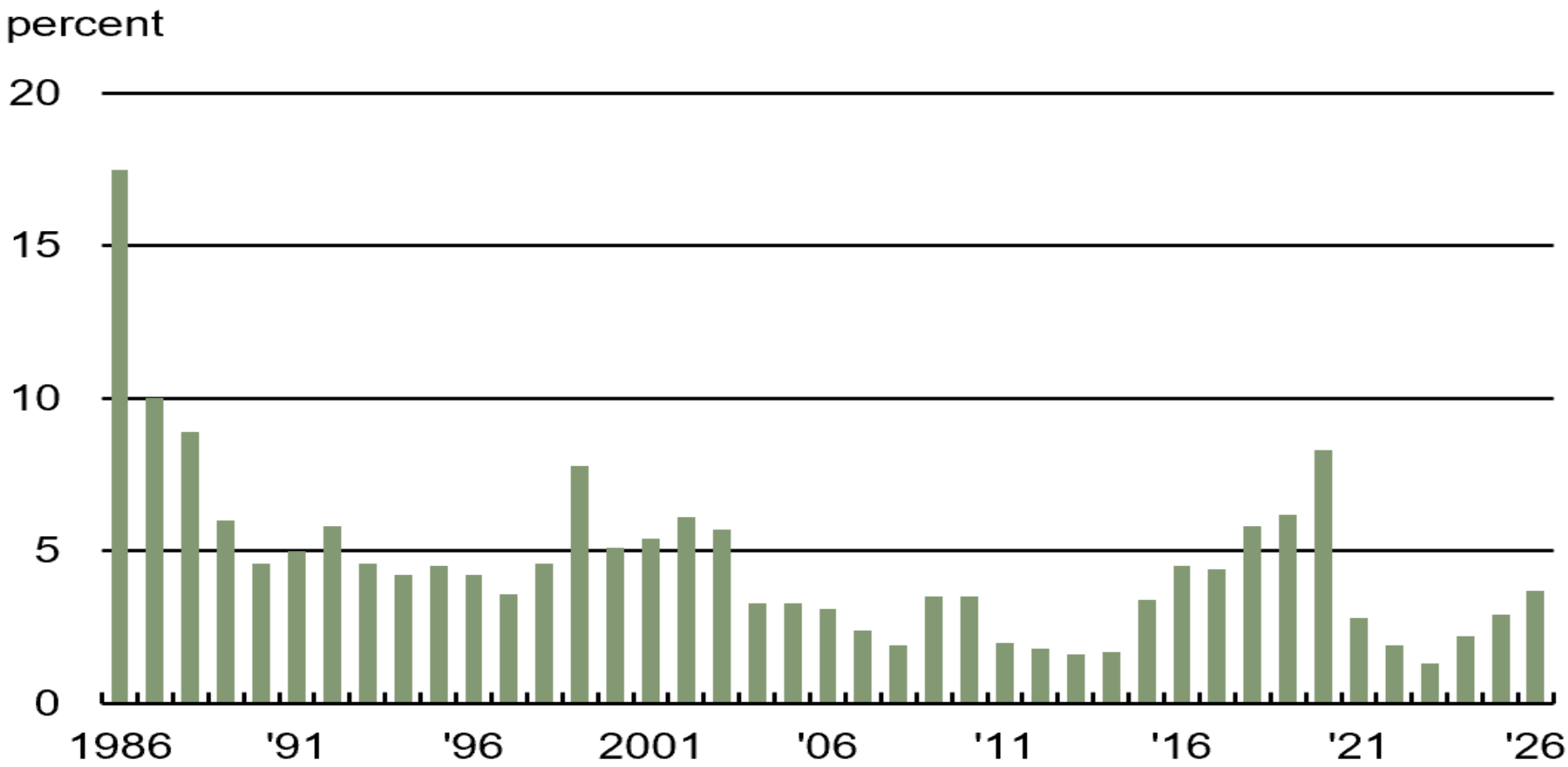
Expected loan quality change

If you expect loan quality to change during the next 12 months, in which loan categories do you expect the change to be concentrated?



Note: Responses = 80. Respondents could select multiple answers.
Source: Federal Reserve Bank of Minneapolis, Survey of Ninth District Banking Conditions, June 2026.

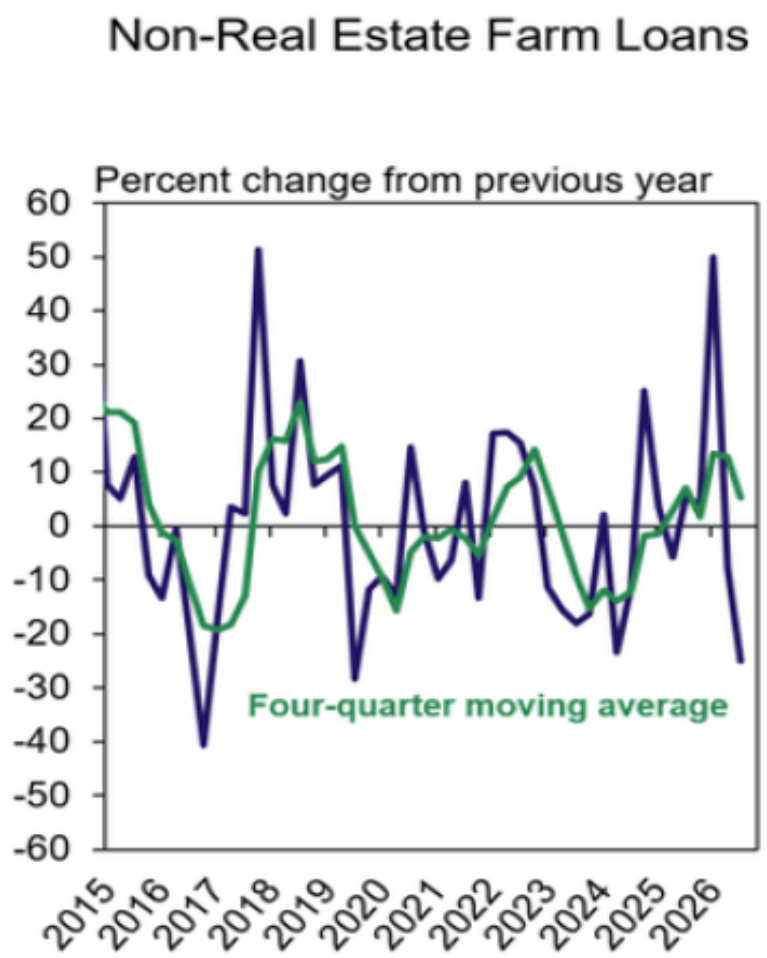
Chicago (7th District) Percentage of Farm Bank Loan Portfolio with Major or Severe Repayment Problems

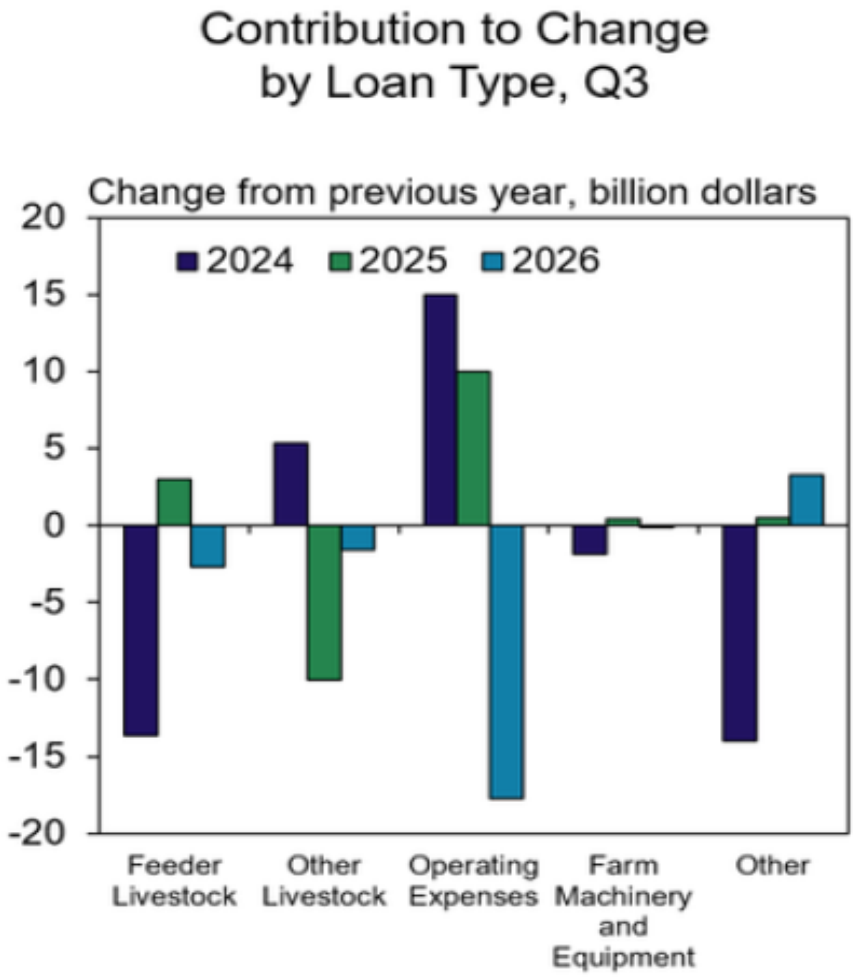


Chicago Federal Reserve District Indexes and Interest Rates

	Latest period	Prior period	Year ago
	2026:Q2	2026:Q1	2025:Q2
Indexes[a]			
Loan demand	111	141	121
Funds availability	90	90	90
Loan repayment rates	73	63	71
Loan renewals and extensions	124	136	135
Average loan-to-deposit ratio[b]	80.7	79.8	78.1
Interest rates on farm loans[c]			
Operating loans	7.12	7.08	7.63
Feeder cattle loans	7.14	7.12	7.69
Real estate loans	6.79	6.74	7.02

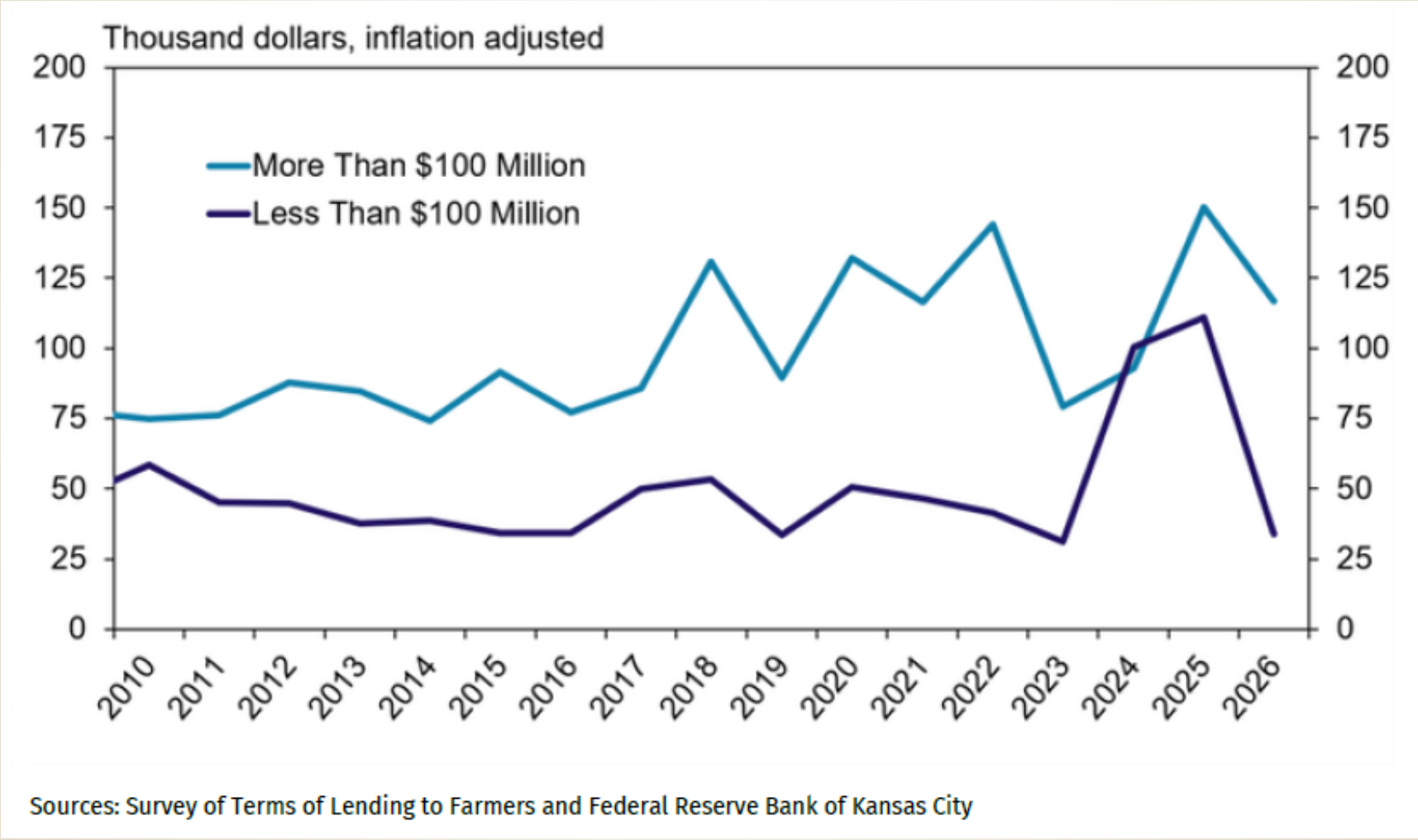
Kansas City Federal Reserve Surveys





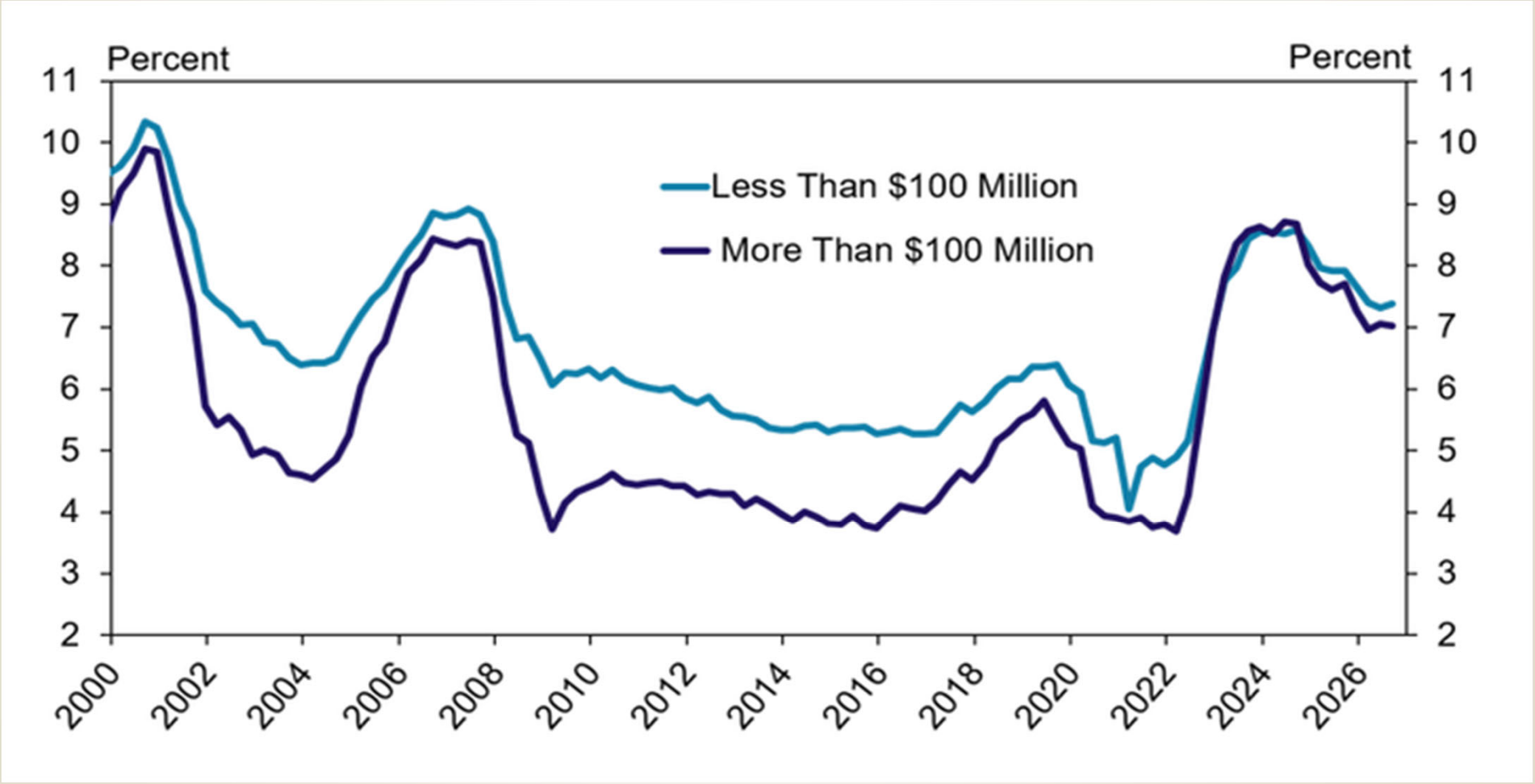
Sources: Survey of Terms of Lending to Farmers and Federal Reserve Bank of Kansas City

Average Size of Farm Operating Loans by Loan Portfolio



Sources: Survey of Terms of Lending to Farmers and Federal Reserve Bank of Kansas City

Average Interest Rate on Non-Real Estate Farm Loans by Portfolio Size



Thank You!



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