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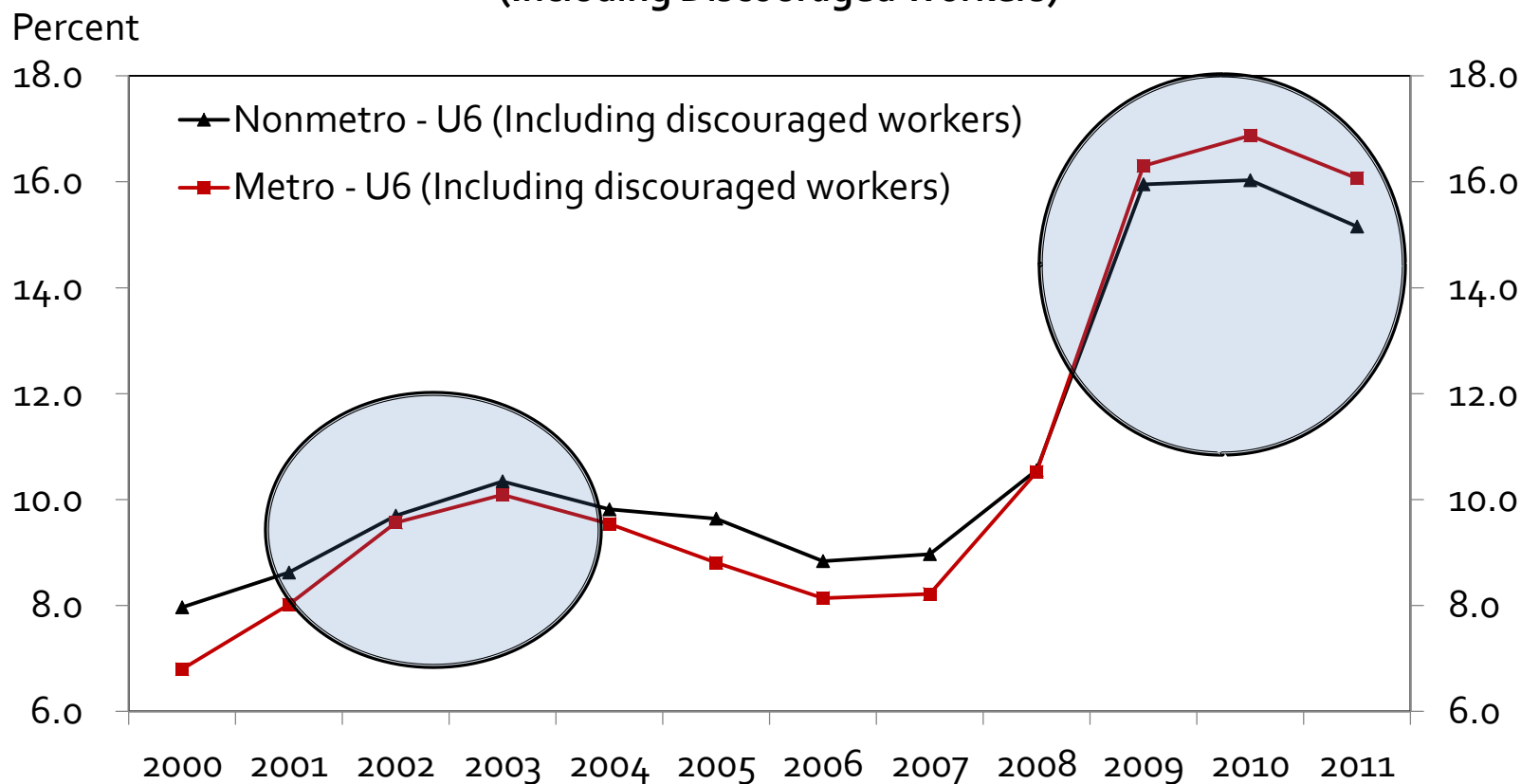
Farm Foundation Forum: U.S. Farmland Values: Boom or Bust?



The views expressed are those of the author and do not necessarily reflect the opinions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.

Rural economies hold up better in jobless recoveries.

Metro and Nonmetro Unemployment Rates (Including Discouraged Workers)

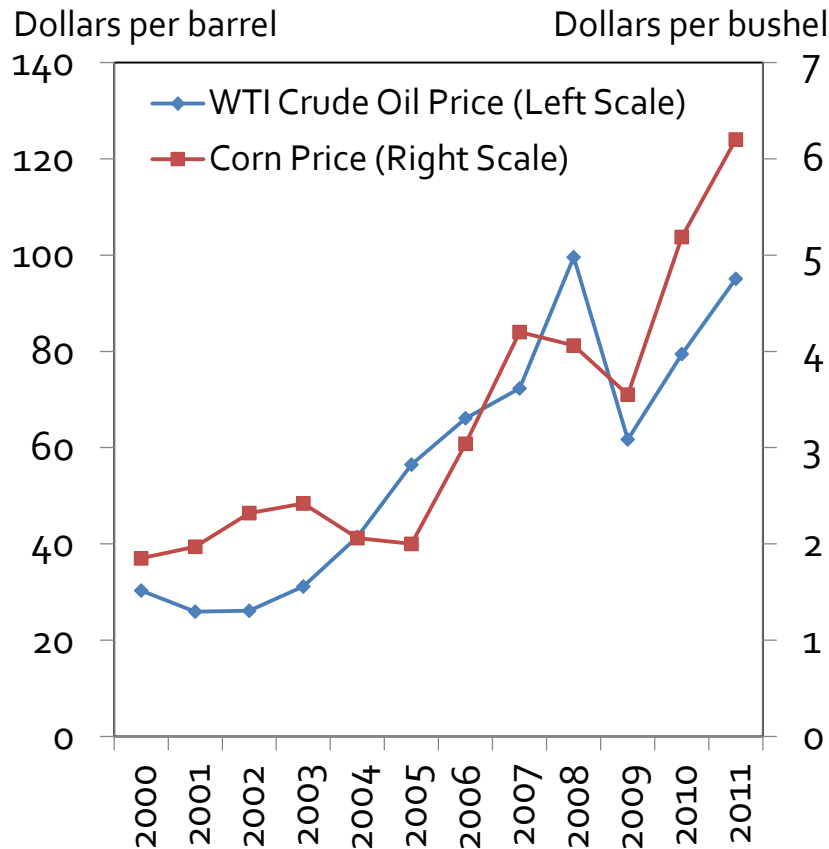


Source: USDA



Commodity markets are shaping rural economic gains.

U.S. Crude Oil and Corn Prices



Commodity-Dependent Economies Boom

Job Gains Since 2000

All non-metropolitan counties

Down 1%

Commodity-dependent counties

Up 4%

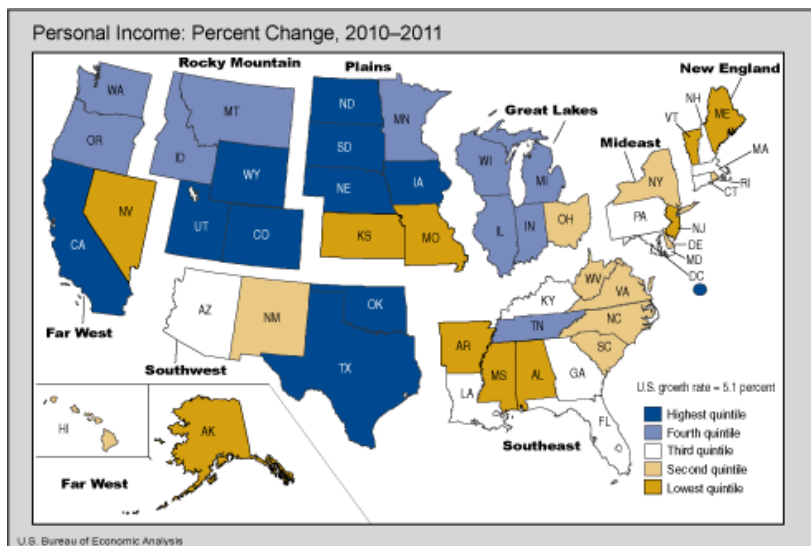
Note: Job gains based on USDA farming and mining dependent county definitions and BLS county employment.

Source: Commodity Research Bureau



Booming commodity markets are leading income gains.

Top 10 States in Personal Income Growth



Income gains led by mining, farming, and durable goods manufacturing

| State | Personal Income Growth 2010 to 2011 |
|------------------|-------------------------------------|
| (1) North Dakota | 8.1 |
| (2) Iowa | 6.8 |
| (3) Texas | 6.6 |
| (4) Oklahoma | 6.2 |
| (4) South Dakota | 6.2 |
| (6) Nebraska | 5.9 |
| (6) Wyoming | 5.9 |
| (8) Colorado | 5.7 |
| (9) California | 5.6 |
| (10) Utah | 5.5 |
| U.S. Average | 5.1 |

Source: Bureau of Economic Analysis



Rural mining economies are booming

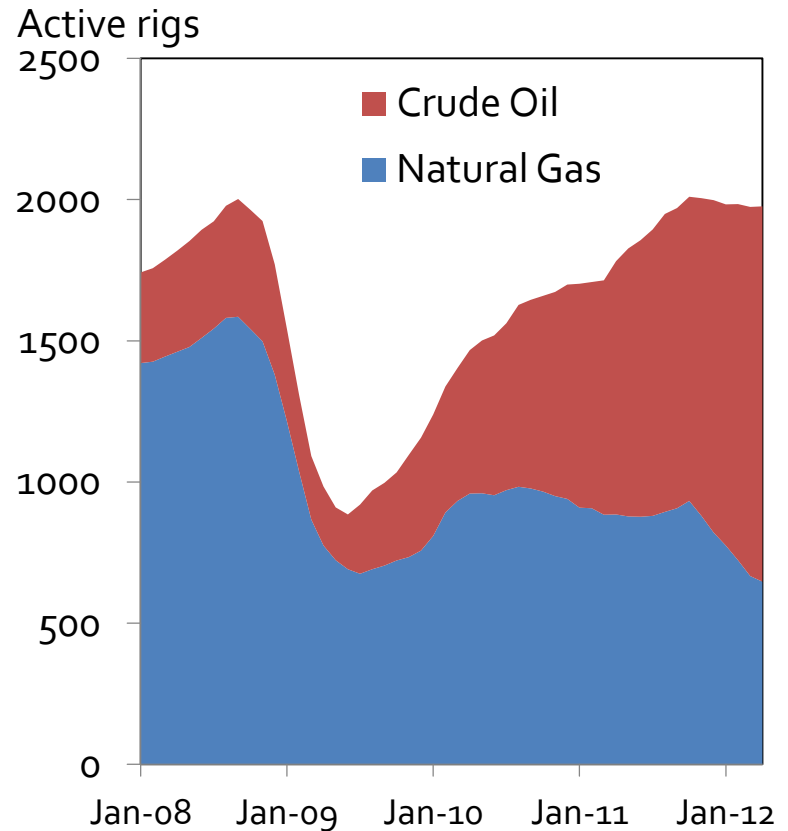


Rural mining employment

Up 8.4% in 2011

Up 20% since 2009

U.S. Drilling Rig Activity



Source: Baker Hughs



Rising farm incomes boost rural spending and *manufacturing*.



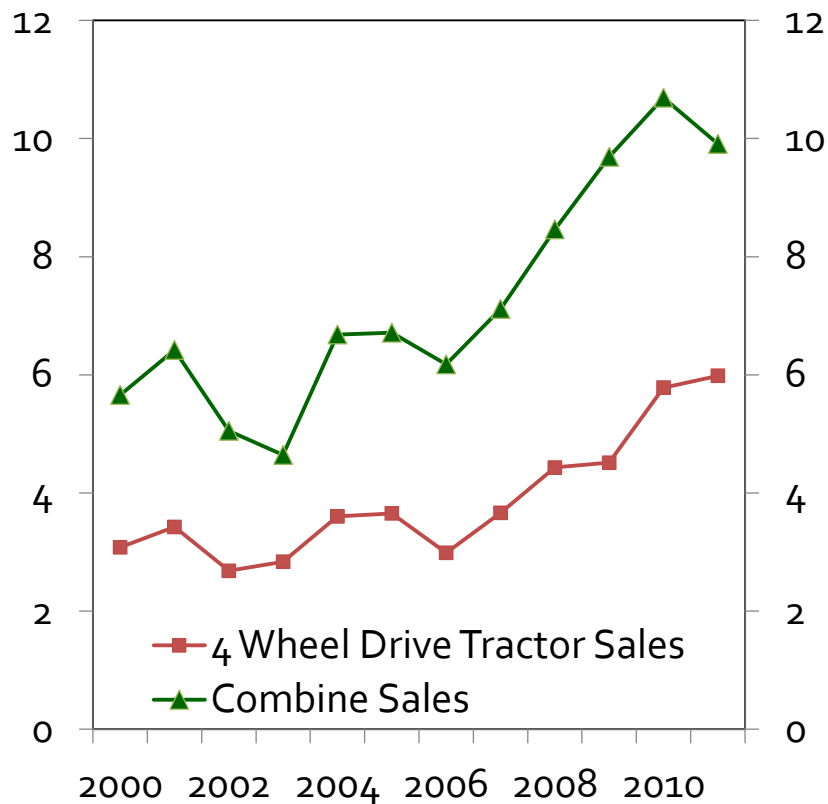
Rural manufacturing employment

Up 3.8% in 2011

Up 14% since 2009

U.S. Tractor and Combine Sales

Thousand units per month



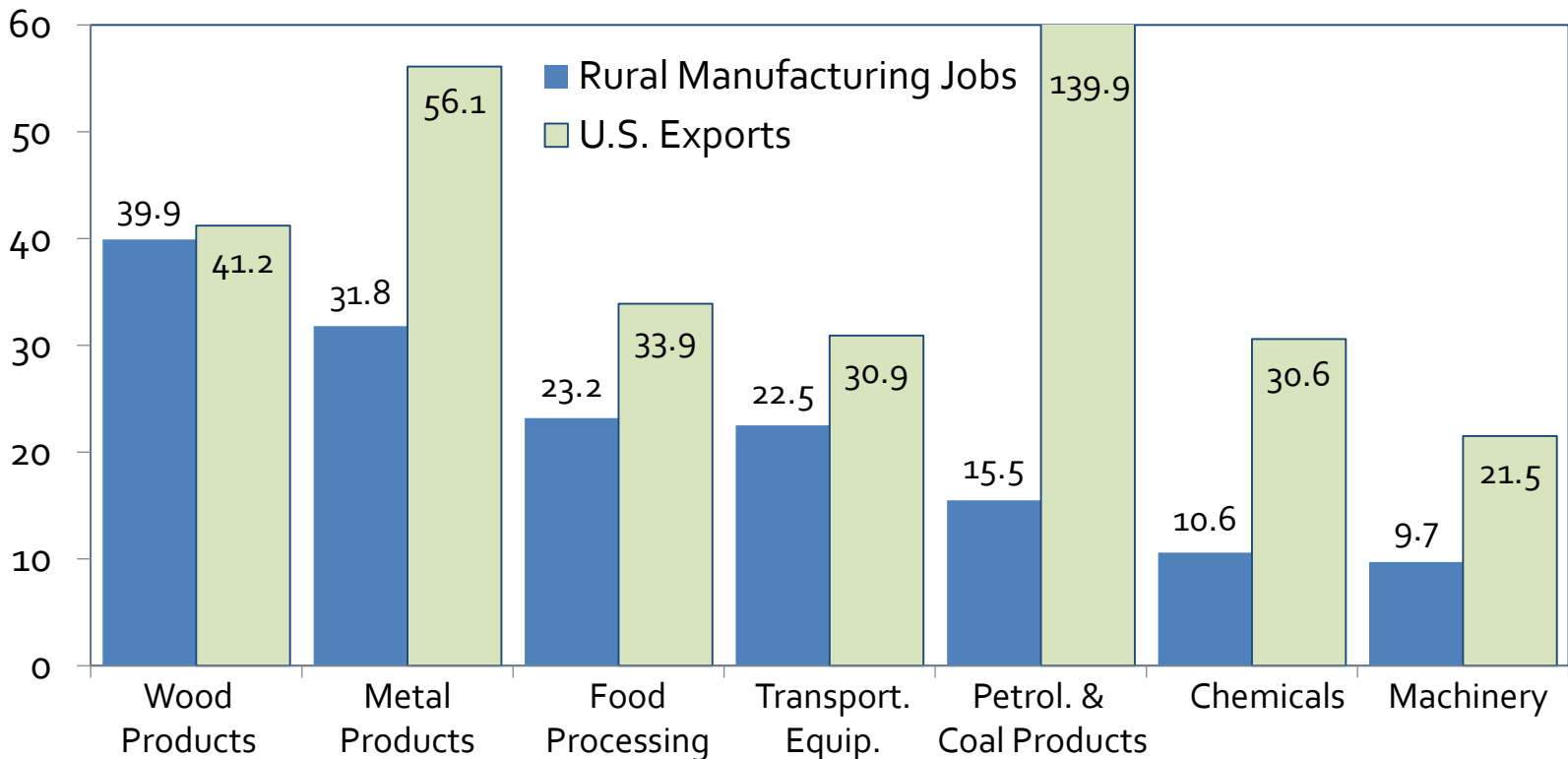
Source: Association of Equipment Manufacturers



Rural manufacturing was spurred by stronger exports.

Rural Manufacturing Jobs and U.S. Exports by Industry

Percent change from 2009 to 2011

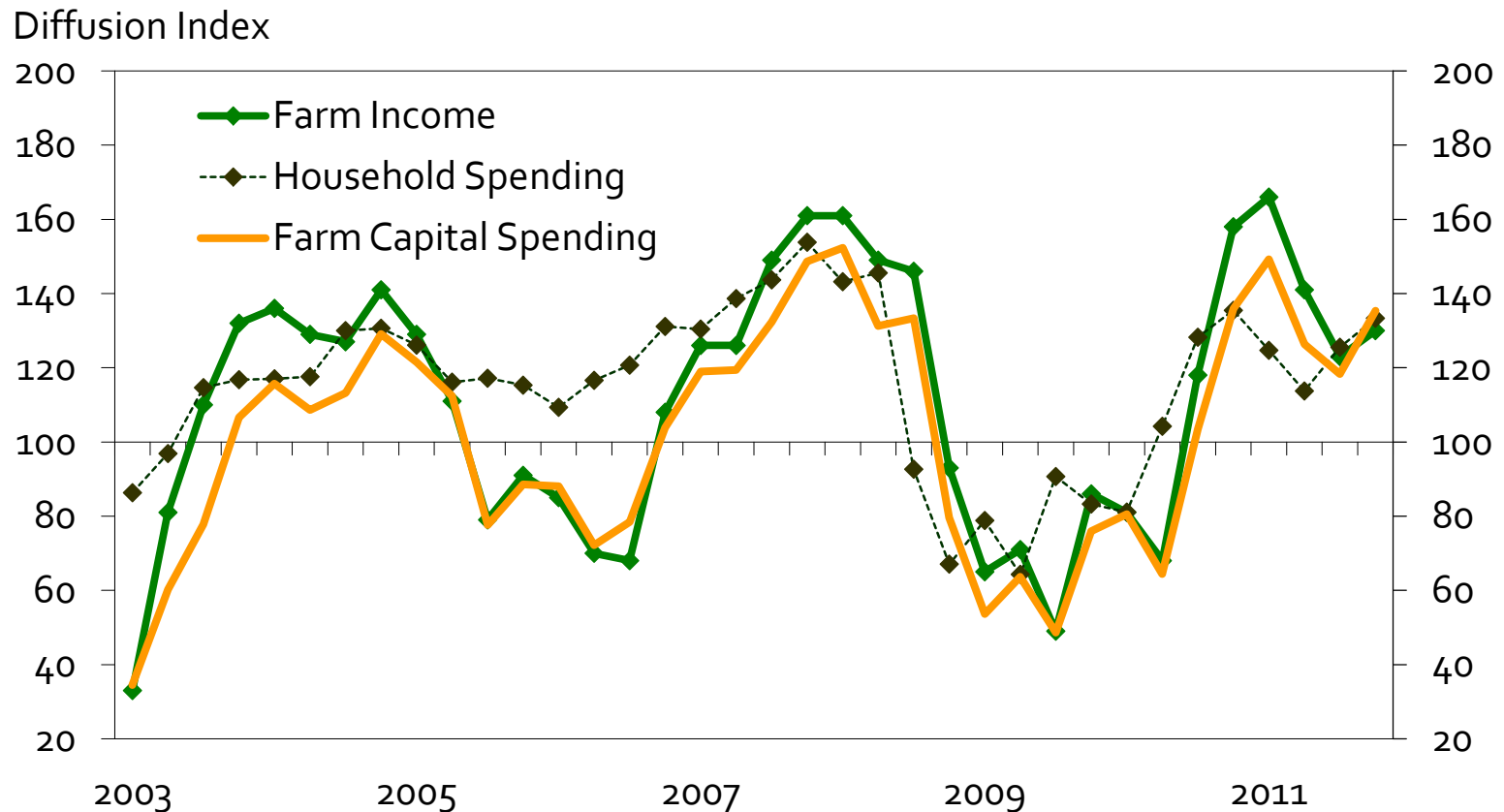


Calculations based on Census Bureau data and WisierTrade data



Farm incomes quickly translate into capital spending.

Farm Income, Debt Repayment and Farm Capital Spending (Tenth Federal Reserve District)



Source: Federal Reserve Bank of Kansas City

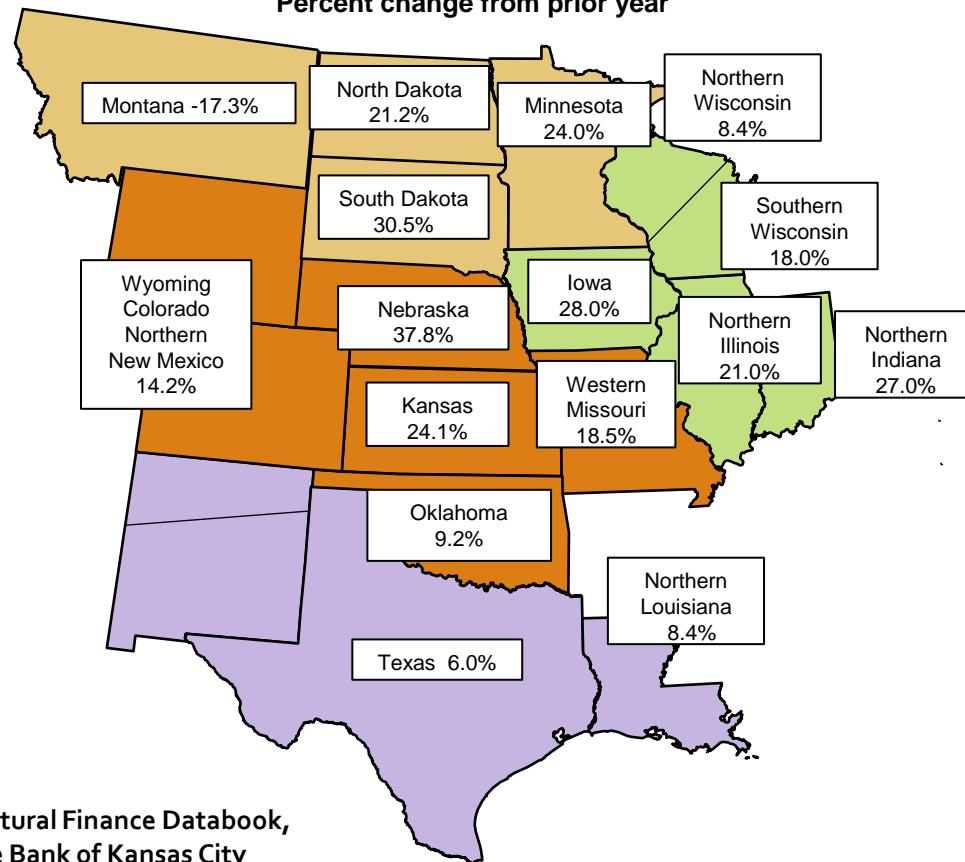


Farmland values are booming.

Non-irrigated Cropland Values

Fourth Quarter 2011

Percent change from prior year

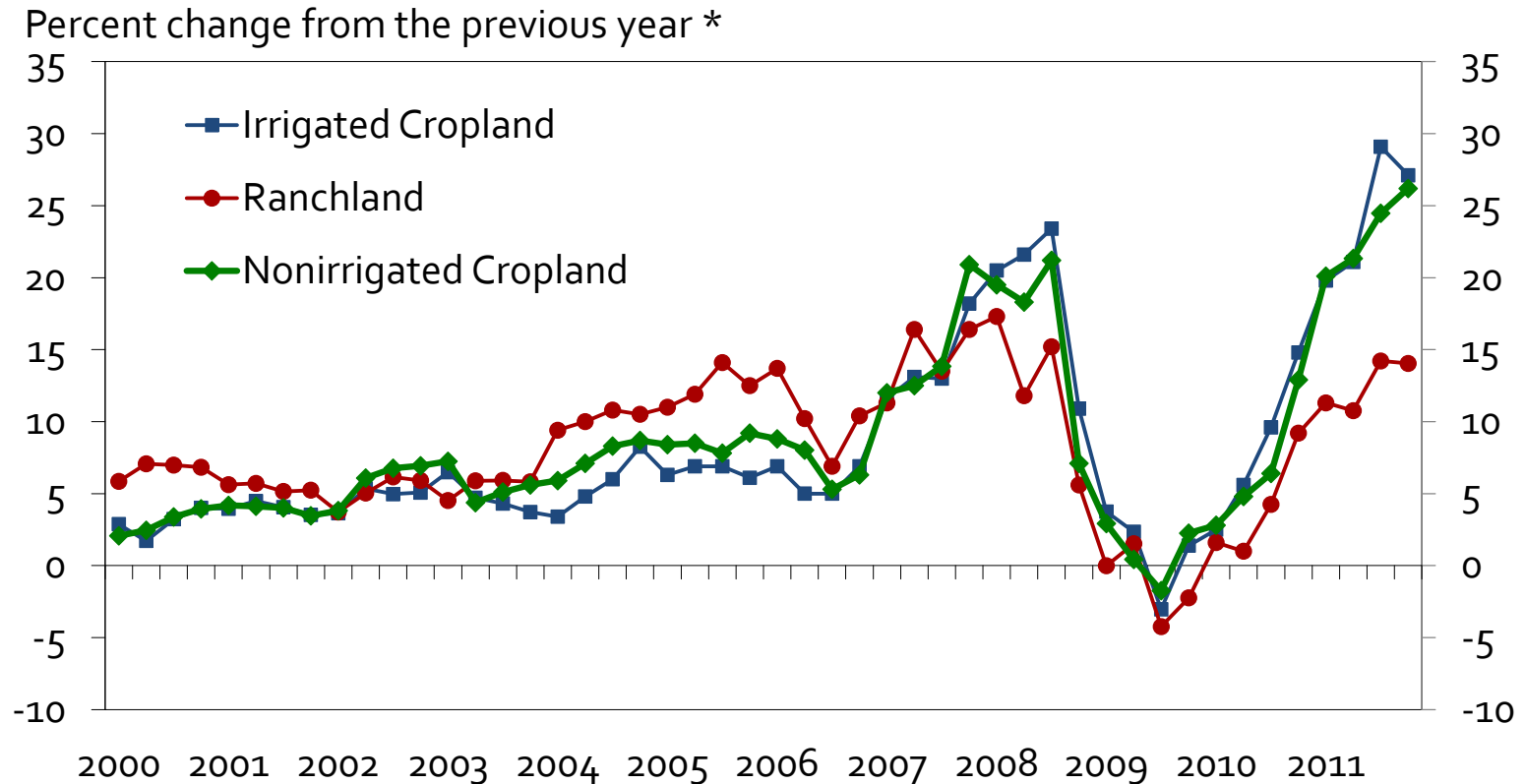


Source: Agricultural Finance Databook,
Federal Reserve Bank of Kansas City



Strong gains across all types of land.

Tenth District Farmland Value Gains



*Percent changes are calculated using responses only from those banks reporting in both the past and the current quarter.
Source: Federal Reserve Bank of Kansas City



Conclusions

- Agriculture is a key cornerstone of the rural economy.
- Booming commodity markets drive many economic engines in rural America.
- Rural communities, however, are not immune to the challenges of the broader economy.
- The longer term question is:

How can rural communities turn a commodity boom into sustainable economic growth?

