

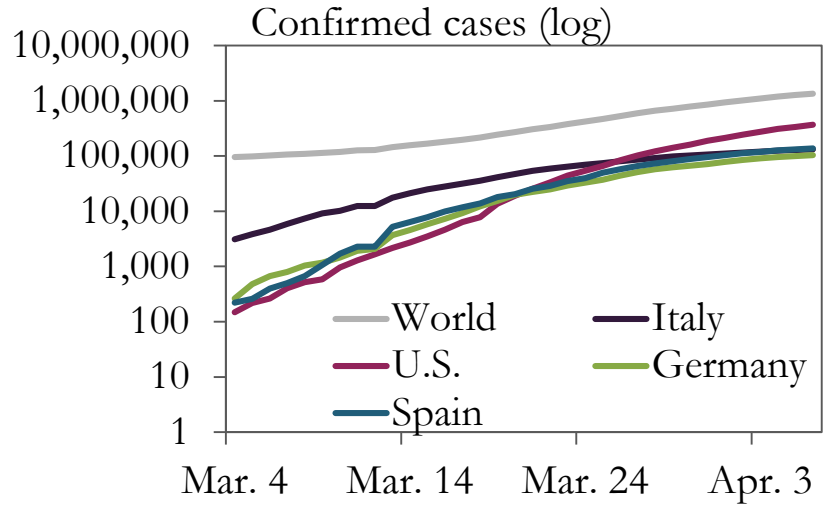
Economic Update

Nate Kauffman – Omaha Branch Executive
April 8, 2020

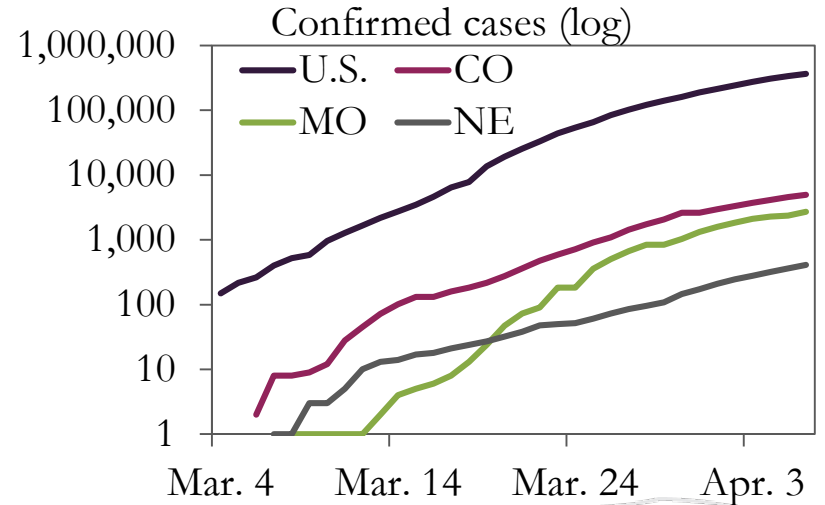


COVID-19 cases have continued to increase, but the pace may be slowing in some locations.

Global COVID-19 Cases

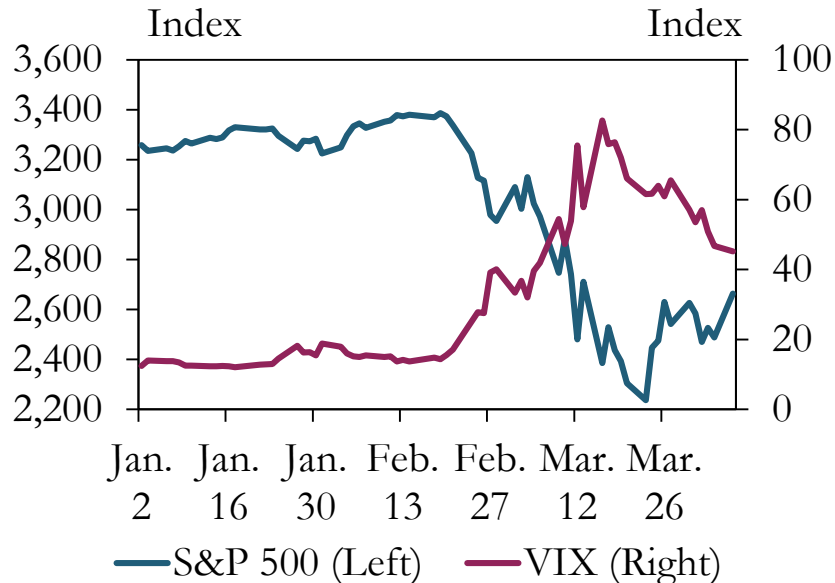


Regional COVID-19 Cases

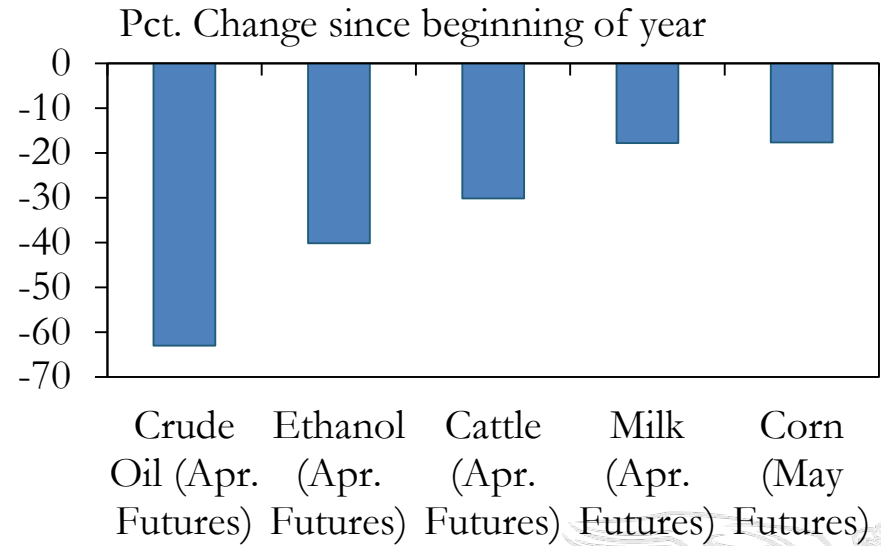


Equity markets are up slightly, but well below peak. Ag and energy prices remain weak.

Stock Market Index & Volatility

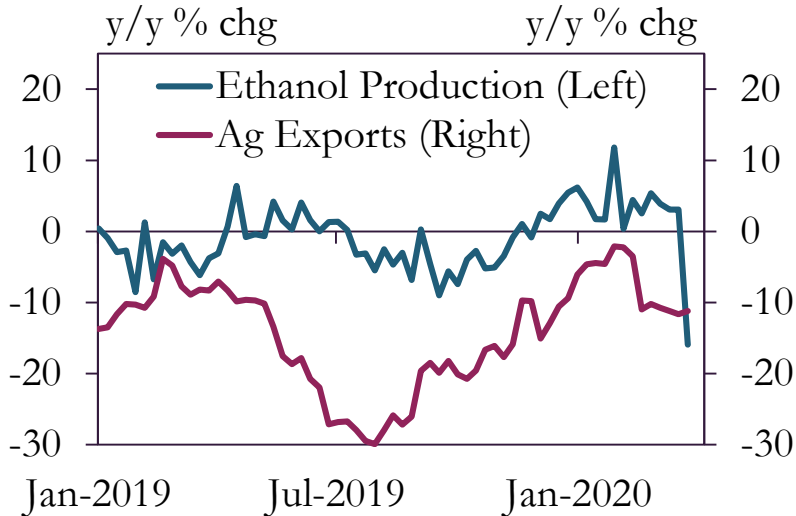


Commodity Prices

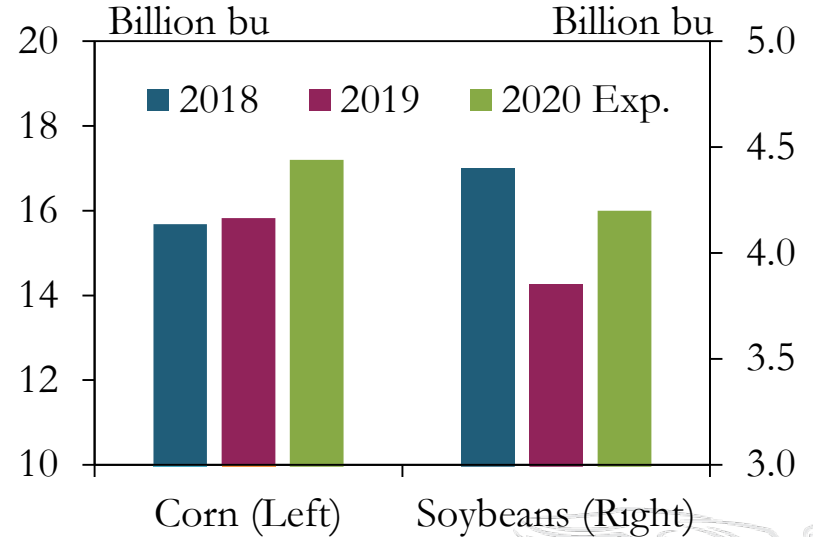


Demand and supply factors have both weighed on ag commodity prices.

U.S. Ethanol Production and Ag Exports

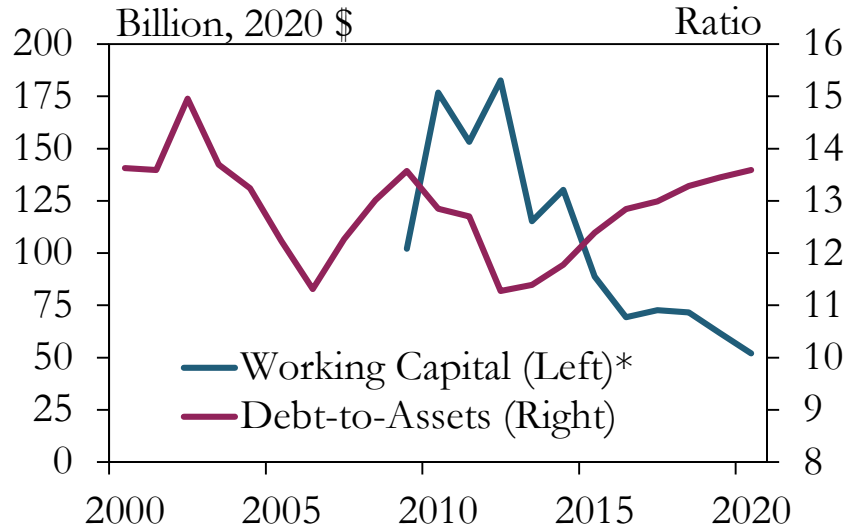


U.S. Corn & Soybean Production

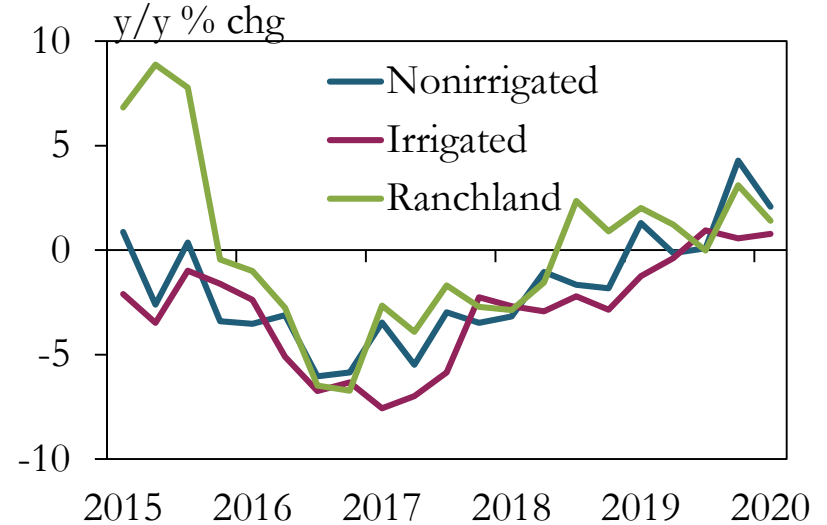


Even before COVID-19, an expectation of a further reduction in liquidity was a concern in ag finance.

U.S. Farm Sector Finances

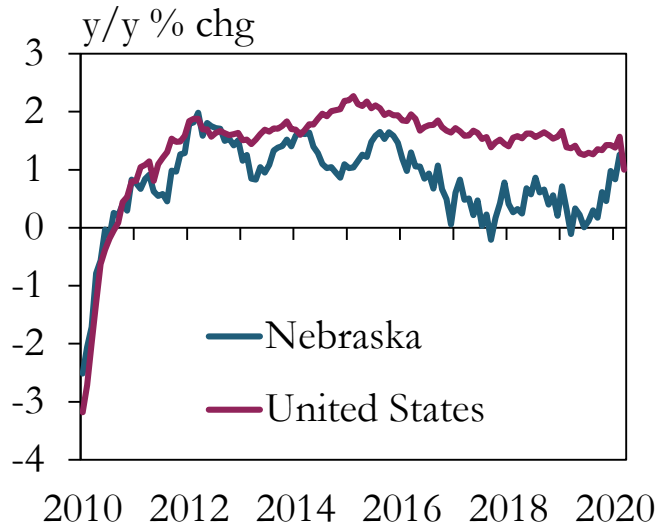


KC Fed District Farmland Values

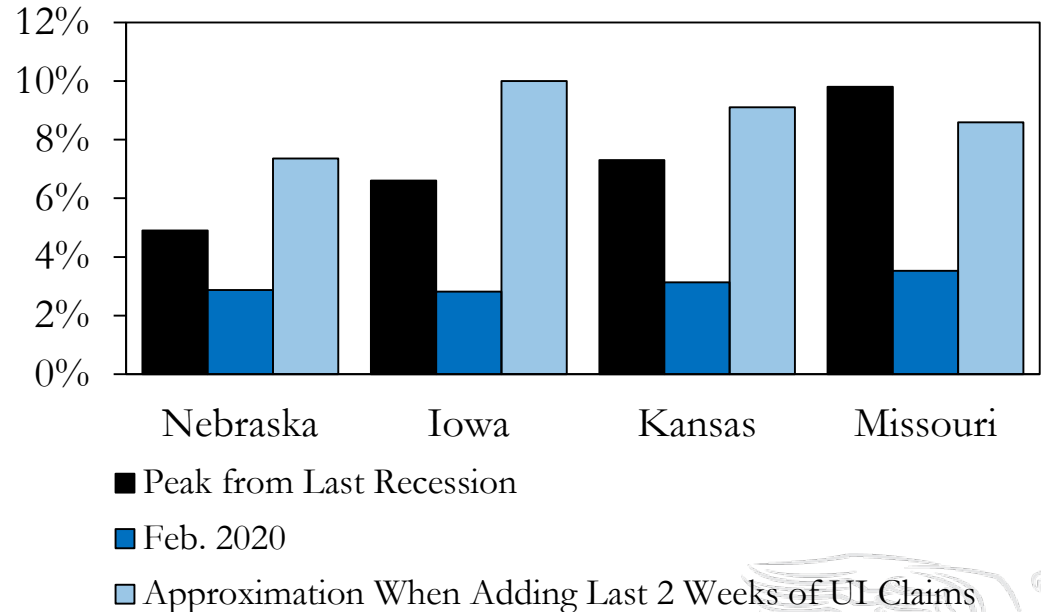


Prior to the crisis, job growth had been steady. But unemployment has spiked recently.

Job Growth

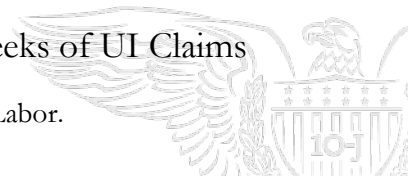


State Unemployment Rates



Sources: BLS, Department of Labor, Haver Analytics.

Sources: Calculations based on data from Department of Labor, BLS, and Haver Analytics.



A number of programs have been implemented in response to COVID-19.

Monetary Policy Actions

- March 3: 50 bps emergency **rate cut**
- March 15: Fed Funds **rate cut** to zero, enhances currency swap lines, eliminates reserve requirements
- March 17: commercial paper **credit facility** and primary dealer **credit facility** created
- March 18: money market mutual fund **liquidity facility** created
- March 23: **asset purchases**, primary market and secondary market corporate **credit facilities**, term asset-backed securities **loan facility**
- April 6: announces small business **lending facility** via the Paycheck Protection Program

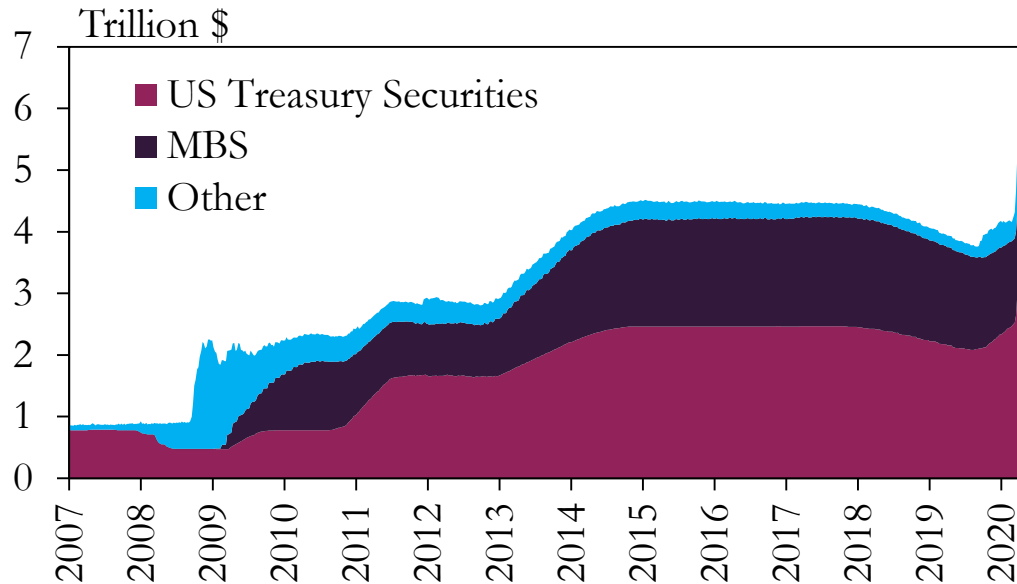
Fiscal Policy (CARES Act Provisions)

- Cash payments - \$1,200 to individuals and \$500 per child. (Phase outs apply.)
- Unemployment payments increased by \$600 per week
- Paycheck Protection Program (PPP) for businesses with 500 or fewer employees – offered through SBA
- Assistance to airlines
- Public health provisions
- Aid to state and local governments



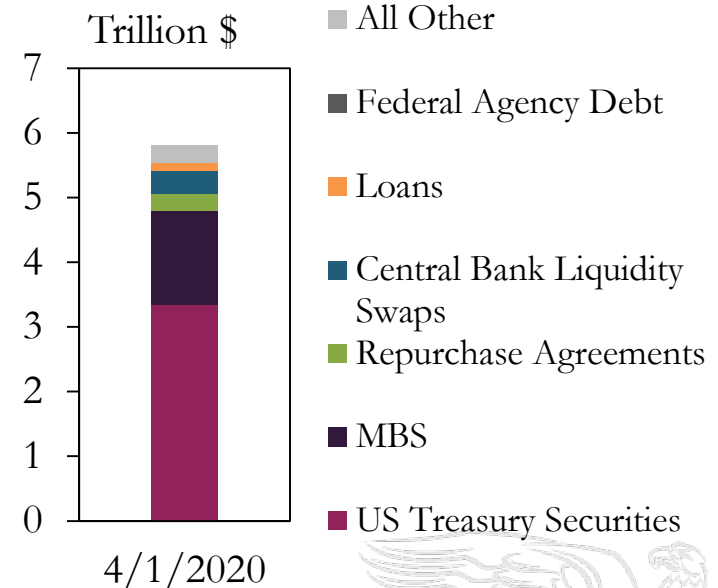
As a result of Fed actions, the balance sheet has begun to grow again.

Federal Reserve Balance Sheet



Source: Federal Reserve Bank of St. Louis.

Current Balance Sheet Allocations



Concluding Thoughts

- Much of the near-term economic outlook is dependent on the trajectory of COVID-19.
- The economic shock is likely to have some persistence, but uncertainty about timing is extremely high.
- No economic sector has been unaffected, but some more than others.
- Agriculture had been in a prolonged downturn prior to the crisis. The effects of COVID-19 are likely to pressure further.

