





In=en)

Farm Financial Stress in a Changing Economic Environment: Simulating Credit Risk with New Imputed ARMS Data on Farm Debt

 Burns, Christopher (/search?f1=author&as=1&sf=title&so=a&rm=&m1=e&p1=Burns%2C%20Christopher&In=en); Tulman, Sarah (/searc...
 2015



Download

(https://ageconsearch.umn.edu/record/205295/files/Farm%20Financial%20Stress_AAEA_final.pdf)



Formats



Add to Basket (/yourbaskets/add?recid=205295)

Files

Abstract

Current USDA forecasts indicate that US farms are entering a period of lower net farm income, following historical highs in 2012 and 2013. A sustained period of lower net farm income may lead to lower farmland values as returns to farmland decline, raising questions about whether specific sectors of the U.S. farm economy will become financially stressed in this environment. Using USDA's 2013 Agricultural Resource Management Survey data (ARMS) with new imputed farm debt data we assess financial stress for both borrowers and lenders under scenarios of lower net farm income and land values. To accomplish this, we use both financial ratio analysis and a synthetic credit rating model. We then examine scenarios of a 25% drop in net farm income, and a 35% drop in land values. Our results suggest that the overall financial health of the U.S. farm economy is relatively strong, however some sectors remain vulnerable. We find that a drop of 35% in farmland values will negatively impact specific sectors, including: peanut, tobacco, and poultry farms; highly leveraged farms, farms with gross sales over 1 million dollars, and farmers who rent a majority of their farmland.

Details

Title	Farm Financial Stress in a Changing Economic Environment: Simulating Credit Risk with New Imputed ARMS Data on Farm Debt
Keywords	financial stress (https://ageconsearch.umn.edu/search?f1=keyword&as=1&sf=title&so=a&rm=&m1=p&p1=financial%20stress&In=en); farmland values (https://ageconsearch.umn.edu/search?f1=keyword&as=1&sf=title&so=a&rm=&m1=p&p1=farmland%20values&In=en); net farm income (https://ageconsearch.umn.edu/search?f1=keyword&as=1&sf=title&so=a&rm=&m1=p&p1=net%20farm%20income&In=en)
Author(s)	Burns, Christopher (/search?f1=author&as=1&sf=title&so=a&rm=&m1=e&p1=Burns%2C%20Christopher&In=en) Tulman, Sarah (/search?f1=author&as=1&sf=title&so=a&rm=&m1=e&p1=Tulman%2C%20Sarah&In=en) Harris, J. Michael (/search?f1=author&as=1&sf=title&so=a&rm=&m1=e&p1=Harris%2C%20J.%20Michael&In=en)
Subject(s)	Agricultural Finance (https://ageconsearch.umn.edu/search?f1=subject&as=1&sf=title&so=a&rm=&m1=p&p1=Agricultural%20Finance&In=en) Risk and Uncertainty (https://ageconsearch.umn.edu/search?f1=subject&as=1&sf=title&so=a&rm=&m1=p&p1=Risk%20and%20Uncertainty&In=en)
Issue Date	2015

Publication Type	Conference Paper/ Presentation
DOI and Other Identifiers	10.22004/ag.econ.205295 (http://dx.doi.org/10.22004/ag.econ.205295)
Record Identifier	https://ageconsearch.umn.edu/record/205295
PURL Identifier	http://purl.umn.edu/205295
Language	English
Total Pages	37
JEL Codes	Q14 Q15 D14
Series Statement	Paper 6453
Record Appears in	Agricultural and Applied Economics Association (AAEA) (/collection/11?ln=en) > Agricultural and Applied Economics Association (AAEA) Conferences (/collection/22?ln=en) > 2015 AAEA & WAEA Joint Annual Meeting, July 26-28, San Francisco, California (/collection/330?ln=en)

PDF ^

Statistics ^

▼ Downloads

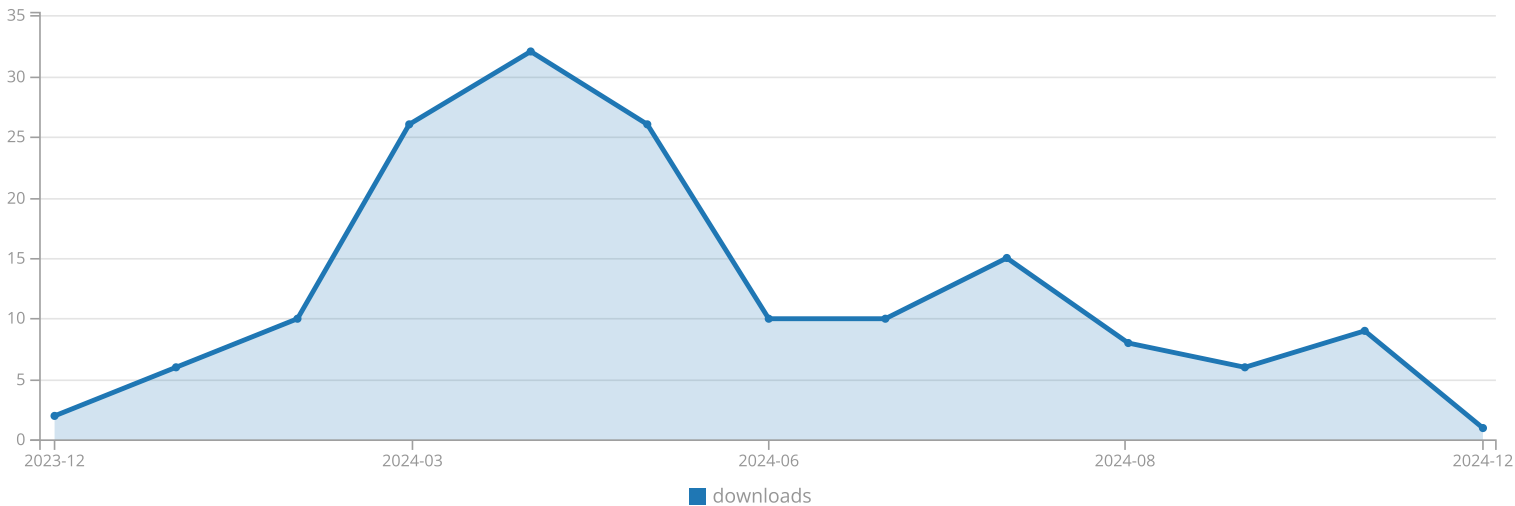
from 2023-12-19

to 2024-12-19

By Months ▼

Update

Export



[Download Full History \(/tindstats/bibdoc_downloads_dl?recid=205295&download=csv\)](/tindstats/bibdoc_downloads_dl?recid=205295&download=csv)