



FOR IMMEDIATE RELEASE

RABOBANK FARM & RANCH SURVEY SHOWS FARM INCOME DOWN

NEW YORK (Oct. 2, 2009) – Less than 5 percent of farms saw an improvement in income this year, a drastic downturn compared to the same time last year when one in four farms saw better year over year income, according to Rabobank’s Farm & Ranch Survey.

“U.S. farmers and ranchers continue to take a consistently conservative position when anticipating future performance, irrespective of the recent market volatility,” said John Ryan, president and CEO for Rabo AgriFinance. “They understand the cyclical nature of the industry and can adjust their risk management strategy, purchasing decisions, and output to help weather this economic downturn.”

Agricultural Economy

Concern about the U.S. agricultural economy remains with 95 percent of those surveyed falling within the range of somewhat concerned (34 percent), very concerned (30 percent) to extremely concerned (31 percent). Moving forward, more farmers expect the economy to continue to worsen (54 percent).

Of those surveyed, 75 percent believe their answers regarding their outlook would be different if the general economy was better.

Business Conditions

Regardless of acreage, U.S. producers are more distressed regarding their income. Approximately 40 percent believe their income will be worse next year, when compared with previous surveys. However, 27 percent of respondents have some optimism that their income will improve.

Additionally, higher input costs continue to be the most frequently mentioned economic challenge facing U.S. farmers. Three in five farmers rank it the primary factor that has contributed most to the economic challenge they are confronted with. Additionally there is an increasing concern regarding reduced demand (55 percent) and weather conditions (57 percent).

Risk Management

Nearly all surveyed (94 percent) are concerned about price fluctuations. What seems somewhat positive is that the degree of concern has lessened – those extremely concerned dropped from 62 percent to 48 percent. To manage that concern, 45 percent have implemented or plan on investing in risk management or marketing strategies.

Expansion Plans

Hiring plans are relatively unchanged, with three-quarters of farms still expecting hiring levels to be the same as last year. However, farmers who are concerned with the economy will reduce their employee base.

Additionally, 66 percent of those surveyed have no plans to purchase farm equipment. However, farms in operation 40 years or more are planning to buy equipment compared to newer farms.

In terms of land purchases, nine in 10 plan to keep farms the same size. The only change in land seems to be a slight increase in those who plan to sell land – 5 percent vs. 2 percent in the survey earlier this year.

Methodology

The study was conducted to gauge farmers' confidence among target farming regions in the United States. An independent survey company conducted 455 computer-assisted telephone interviews in the first half of August 2009. Farmers who owned or operated a farm grossing \$250,000 or more in one of three U.S. census regions – the Midwest, Southern and Western United States – were targeted.

Note to editors: Regional information and further data is available at www.rabobankamerica.com/survey.

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