

Macroeconomic Outlook

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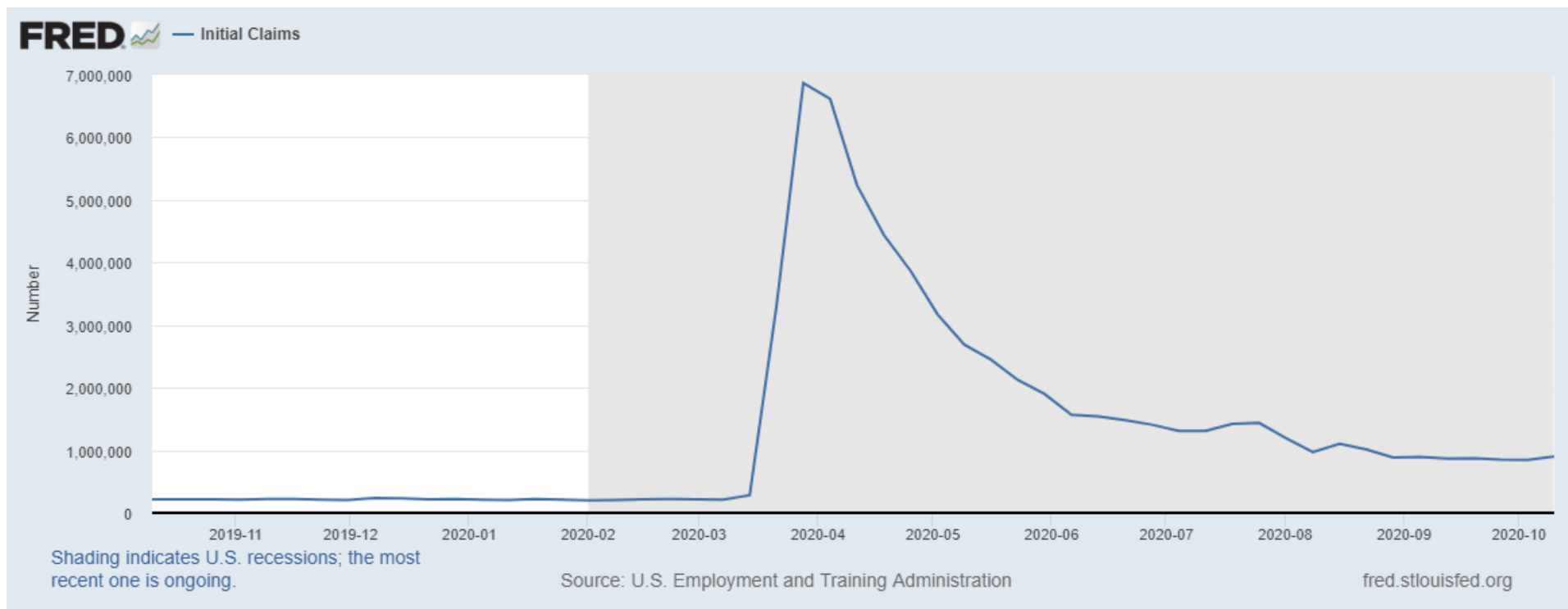
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EXTENSION AGRIBUSINESS

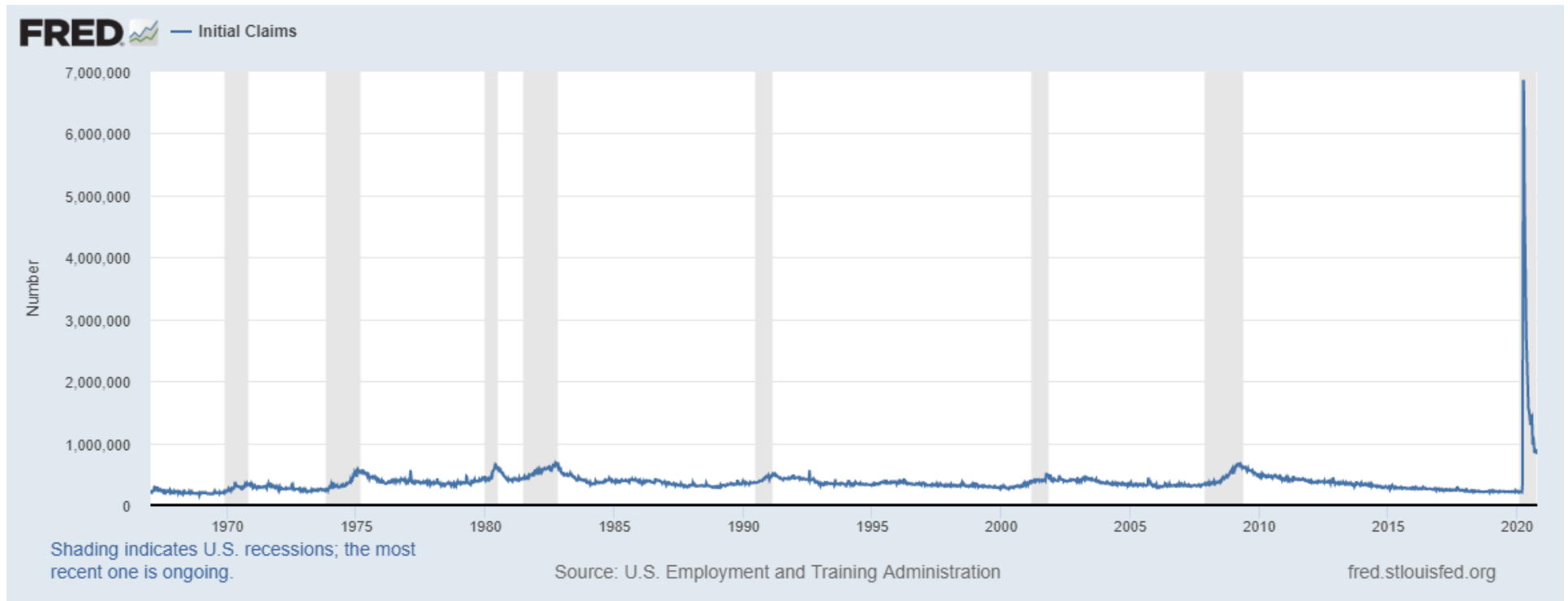
Unemployment One of the Biggest Stories of the COVID Pandemic



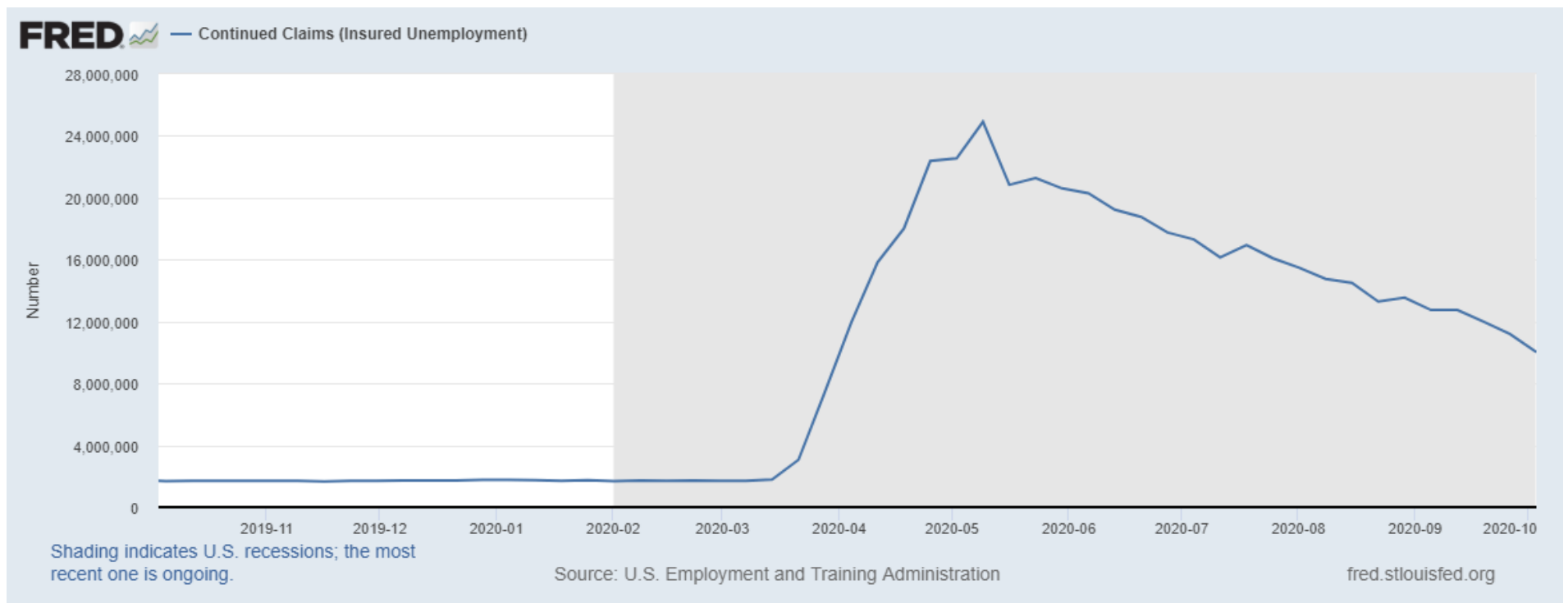
1 Year U.S. Initial Jobless Claims



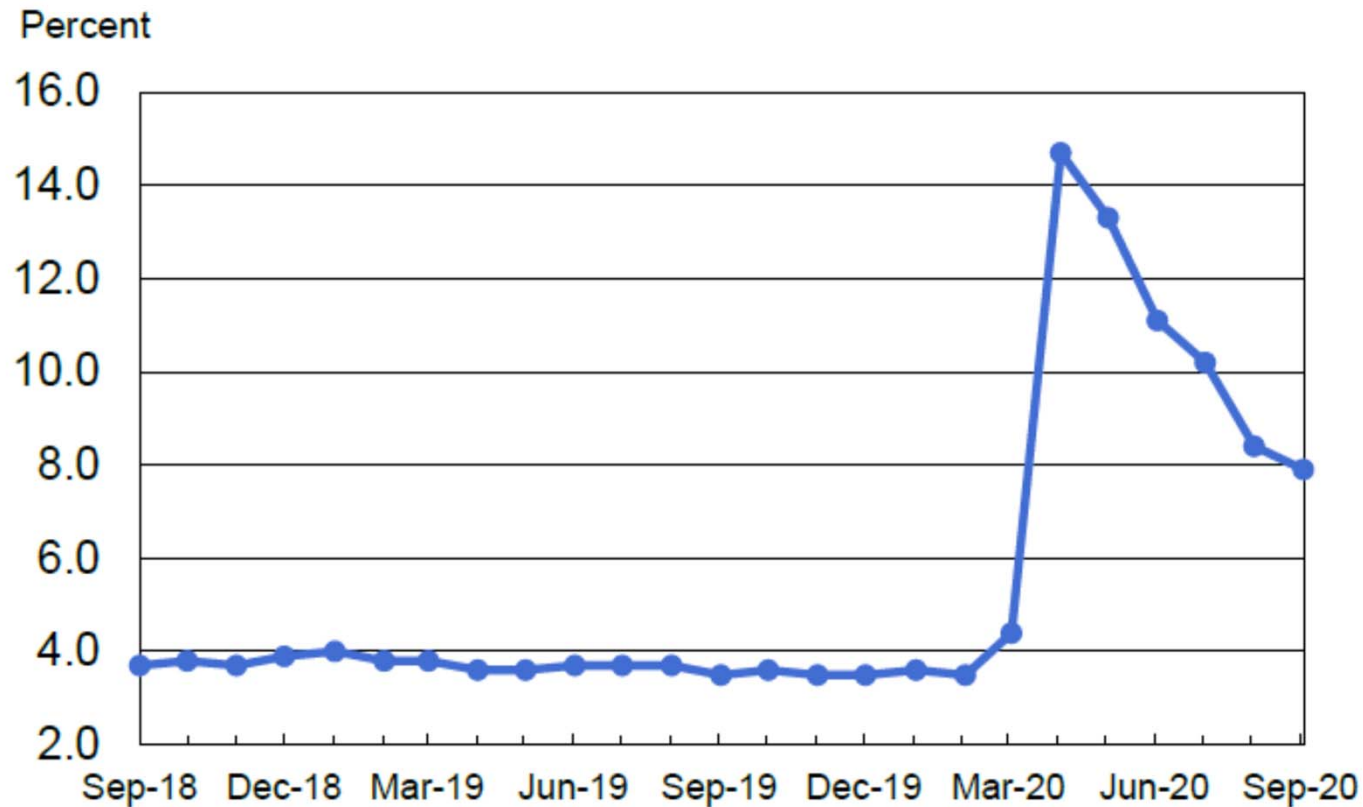
Historical U.S. Initial Jobless Claims



Continued Jobless Claims Persist

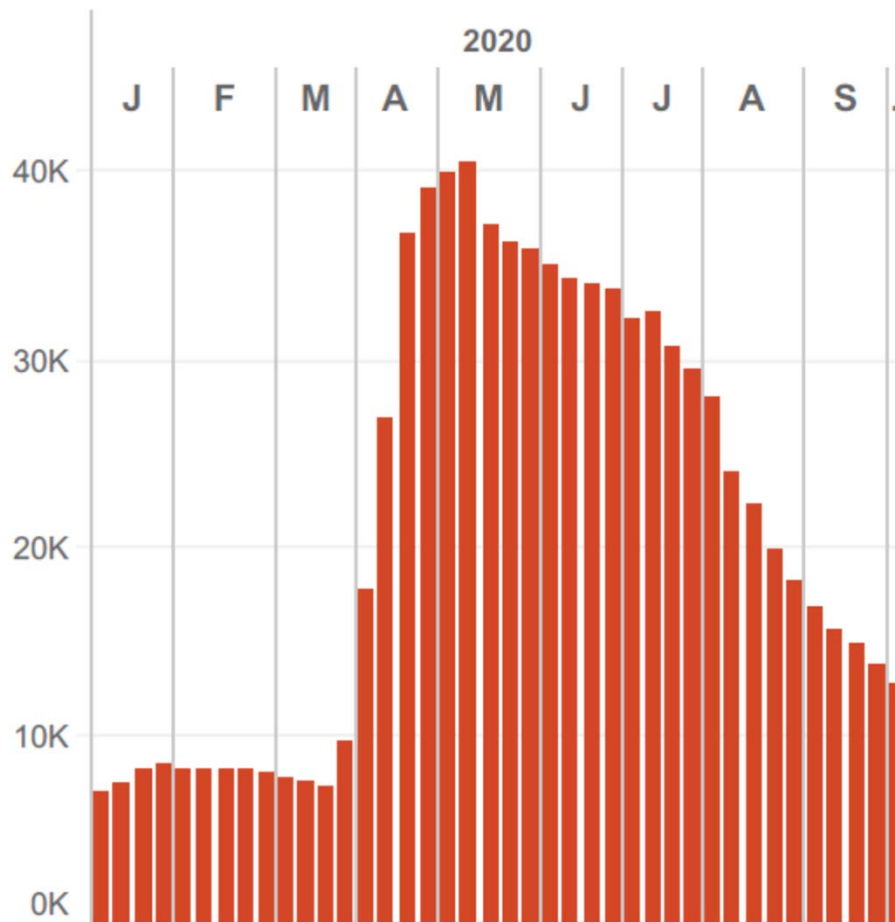


BLS Unemployment Rate October 2020

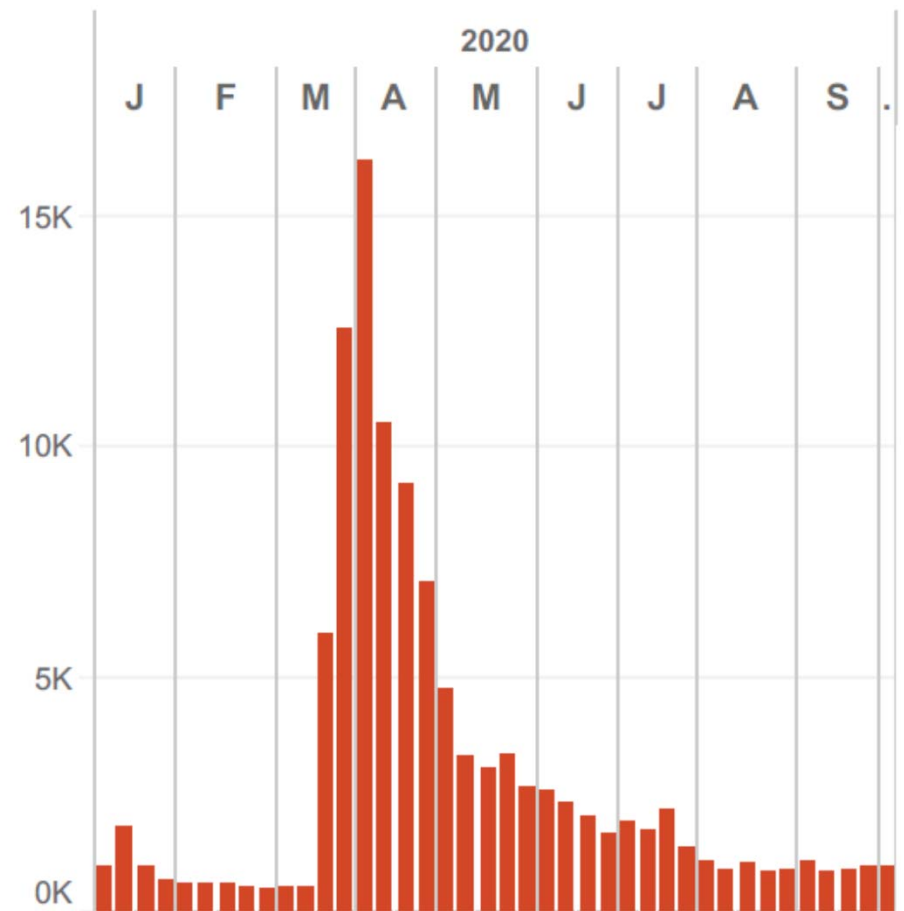


North Dakota Unemployment Situation

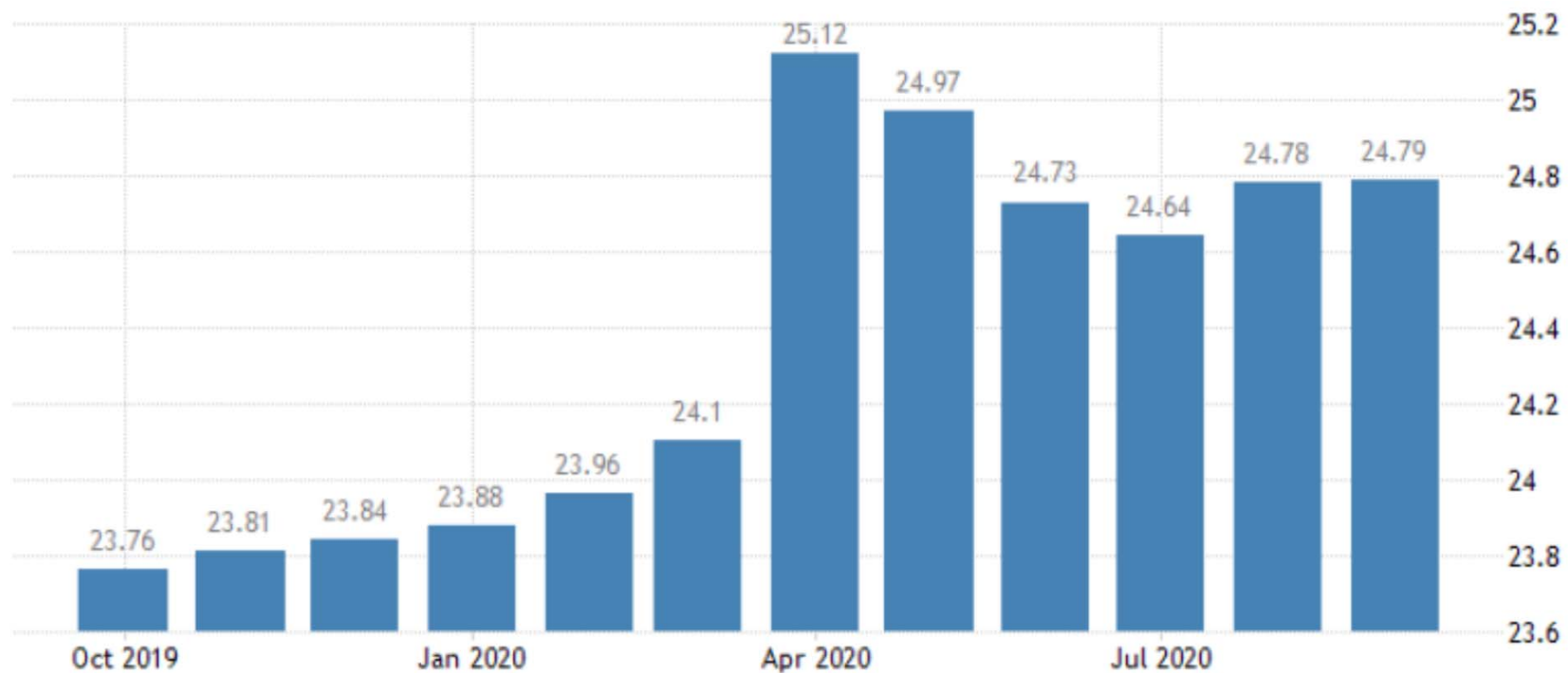
North Dakota Continuous Jobless Claims



North Dakota Weekly Initial Jobless Claims



Average U.S. Hourly Wages

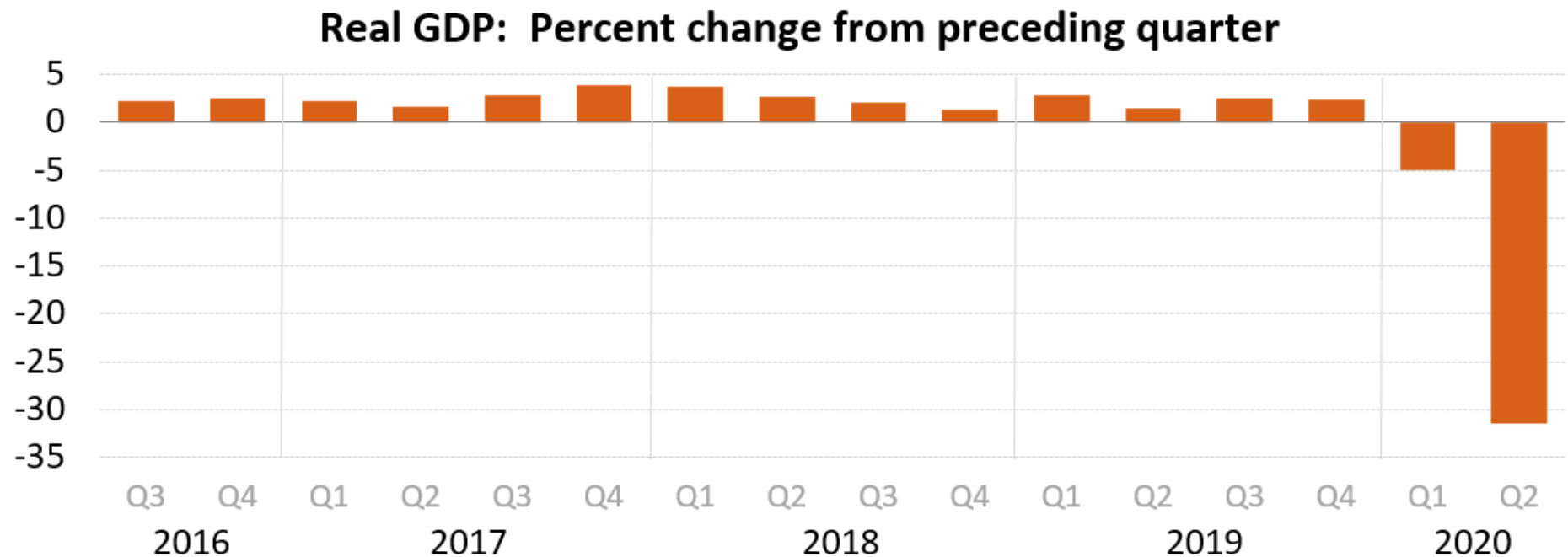


SOURCE: TRADINGECONOMICS.COM | U.S. BUREAU OF LABOR STATISTICS

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EXTENSION AGRIBUSINESS

GDP Decreased 32.8% in Q2 2020



U.S. Bureau of Economic Analysis

Seasonally adjusted at annual rates

3rd Quarter GDP Projections

- Bank of America 27% Growth
 - Morgan Stanley 21.3%
 - HIS Markit 20.1%
 - S&P Global 22%
 - Atlanta Federal Reserve 20%
-
- Previous record of annualized GDP growth in 1 quarter was 16.7% in 1950

4th Quarter GDP Projections

- Bank of America 3%
- Wall Street Journal 3.8%
- New York Fed 4.8%
- Conference Board of Economic Forecast for U.S. 1.5%

Note:

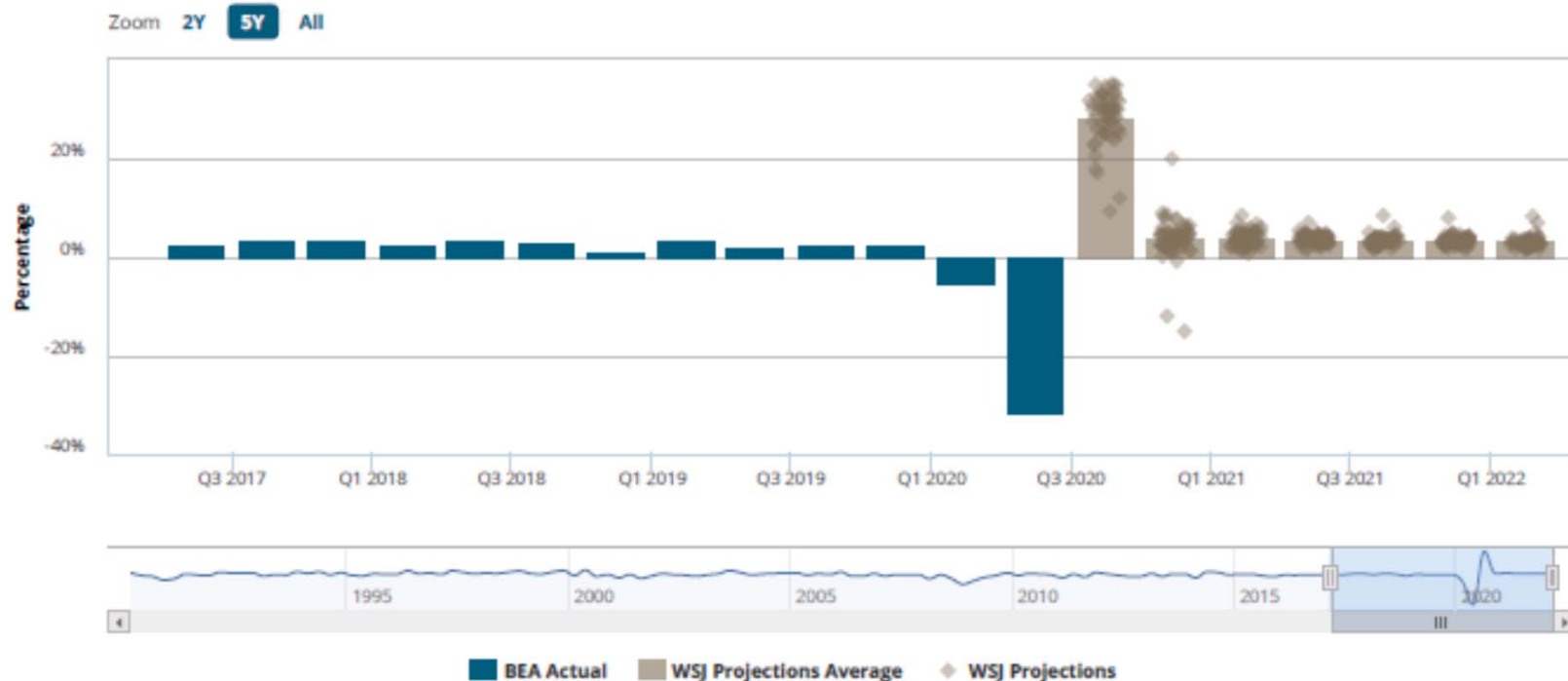
-Recession is defined as 2 consecutive quarters of negative growth (Q1 & Q2 of 2020 qualify).

- Recession ends after 2 consecutive quarters of $0\% \leq$ (Q3 & Q4 would qualify)

Wall Street Journal Economists GDP Projections to 2022

GDP Quarterly

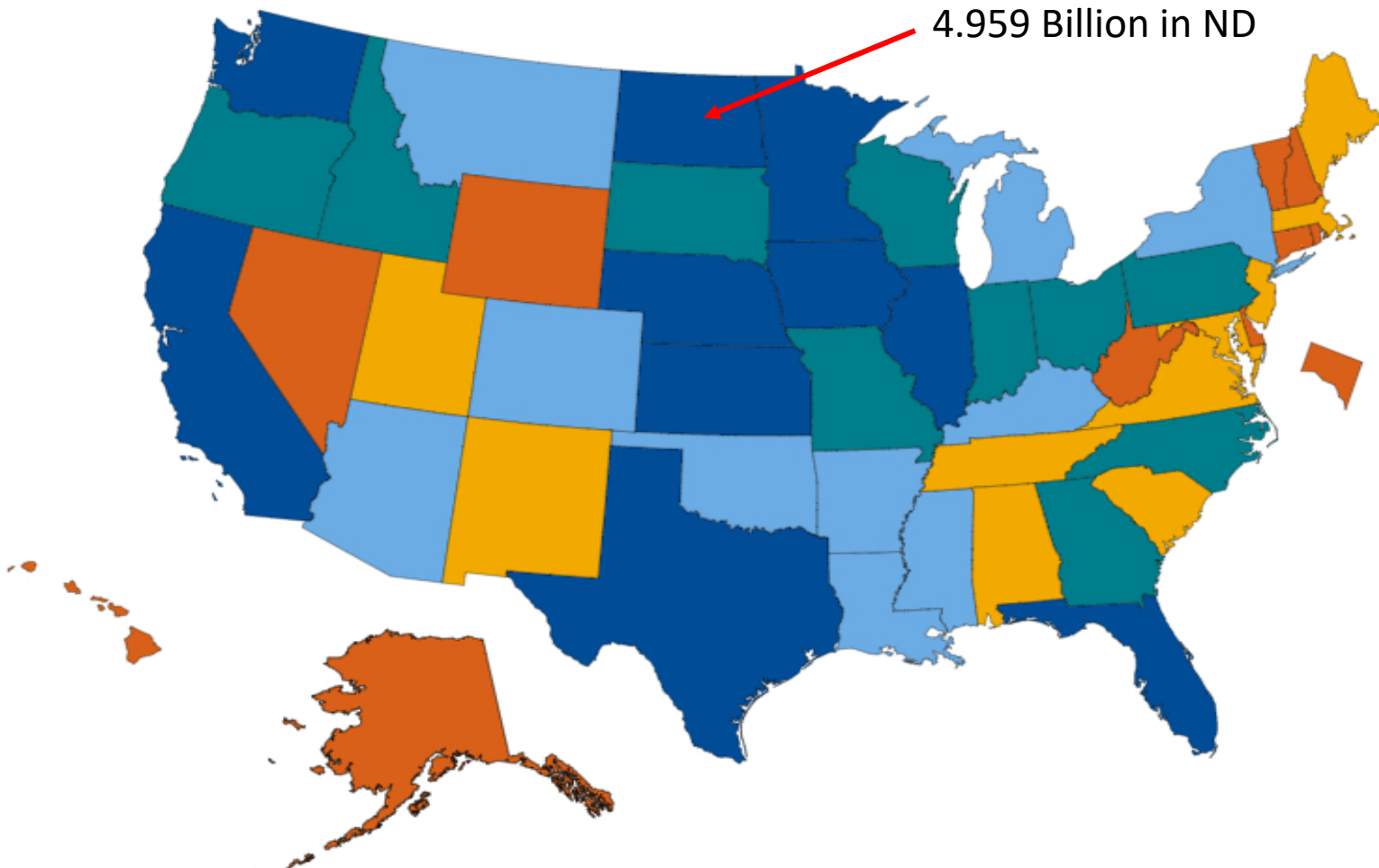
Actual gross domestic product annualized rates and projections by *Wall Street Journal* economists.



Data Last Updated: October 12, 2020 10:03 AM

Agricultural GDP by State - 2012

United States, Gross domestic product (GDP) by state: Agriculture, forestry, fishing and hunting, 2012

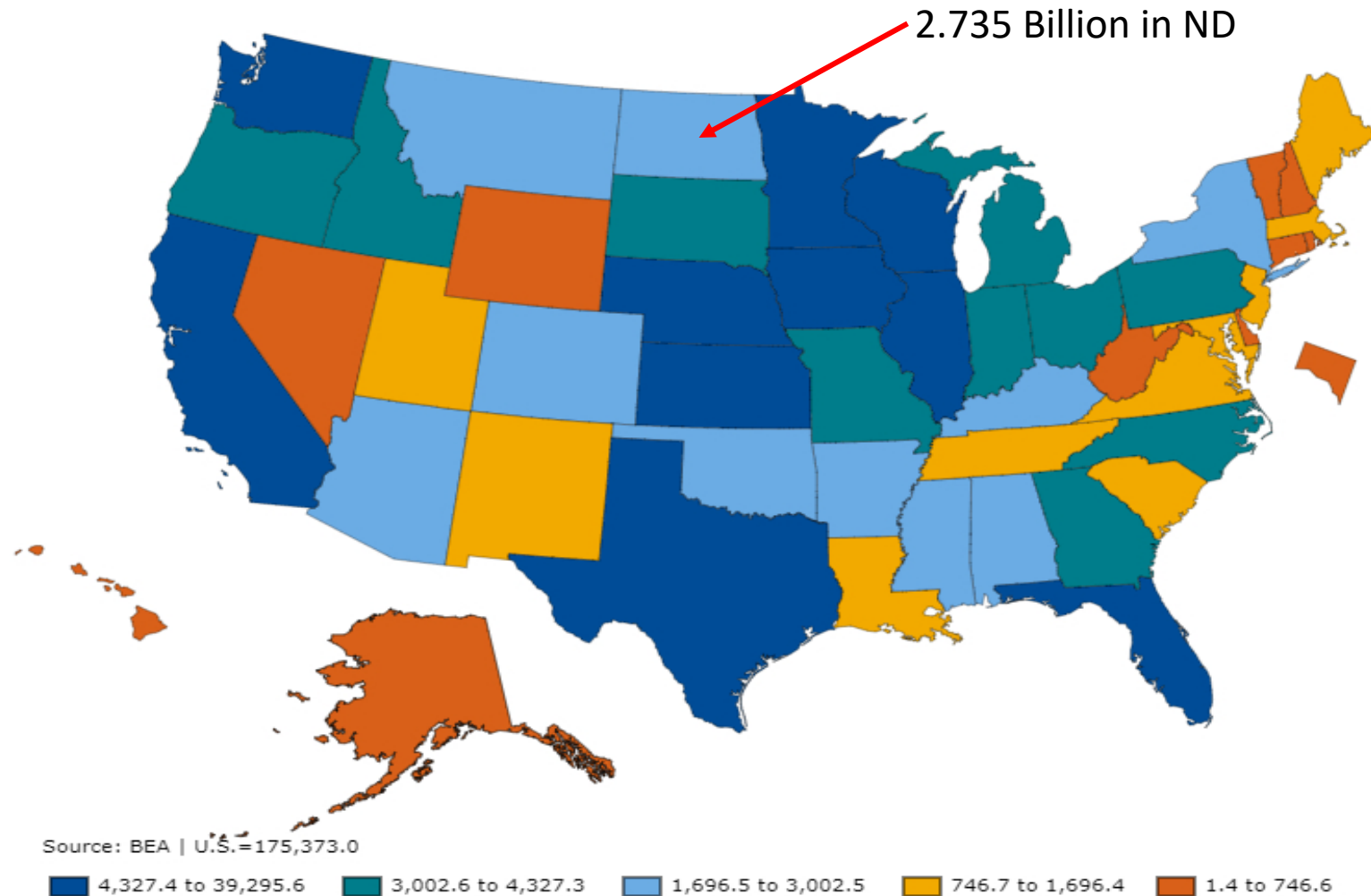


Source: BEA | U.S. = 179,573.0

4,945.9 to 34,377.2 3,286.2 to 4,945.8 1,802.3 to 3,286.1 562.5 to 1,802.2 0.4 to 562.4

Agricultural GDP by State - 2019

United States, Gross domestic product (GDP) by state: Agriculture, forestry, fishing and hunting, 2019



Consumer Asset Values

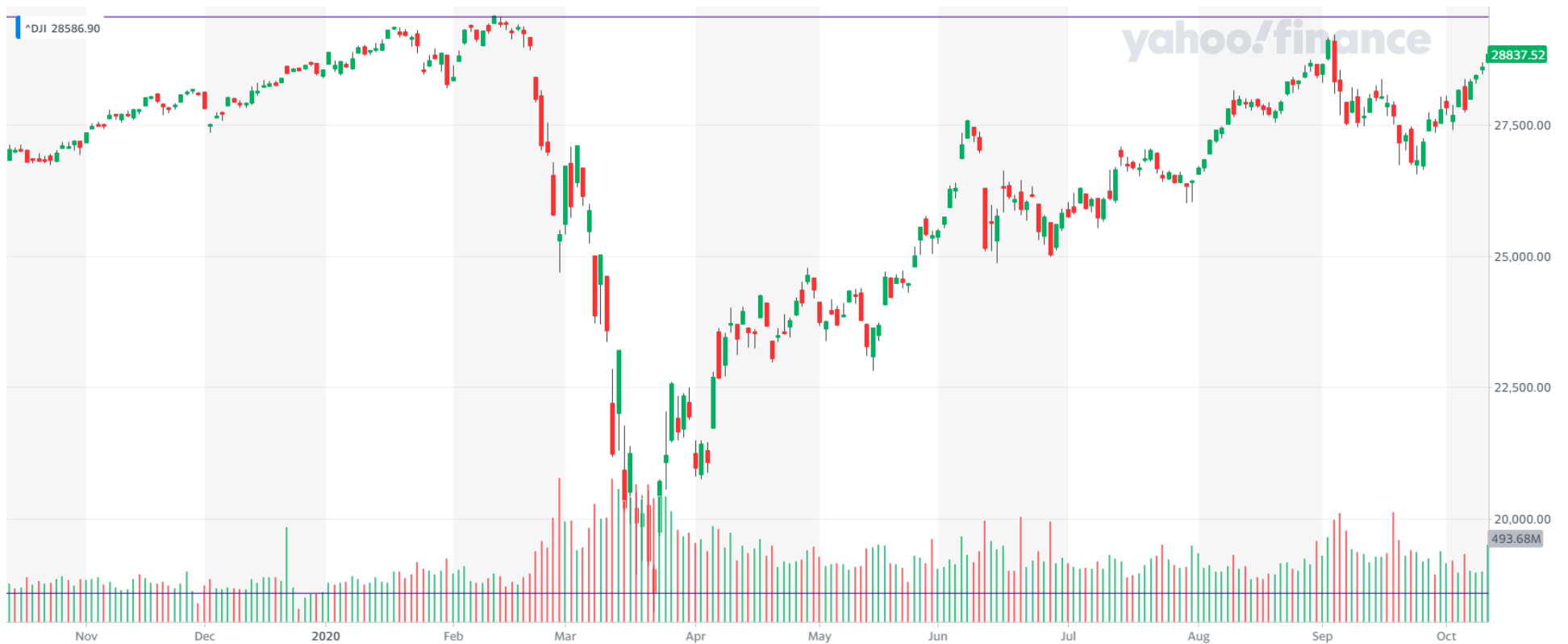
- For most consumers in the U.S., the largest assets they have includes
 - Their home
 - Their retirement portfolio
- Consumer sentiment heavily tied to stock/bond markets and home values
- Low interest rates hurt new bond investors but helps prop up large asset values such as homes or land

University of Michigan Consumer Confidence Index



SOURCE: TRADINGECONOMICS.COM | UNIVERSITY OF MICHIGAN

1- Year Dow Jones Industrial Average



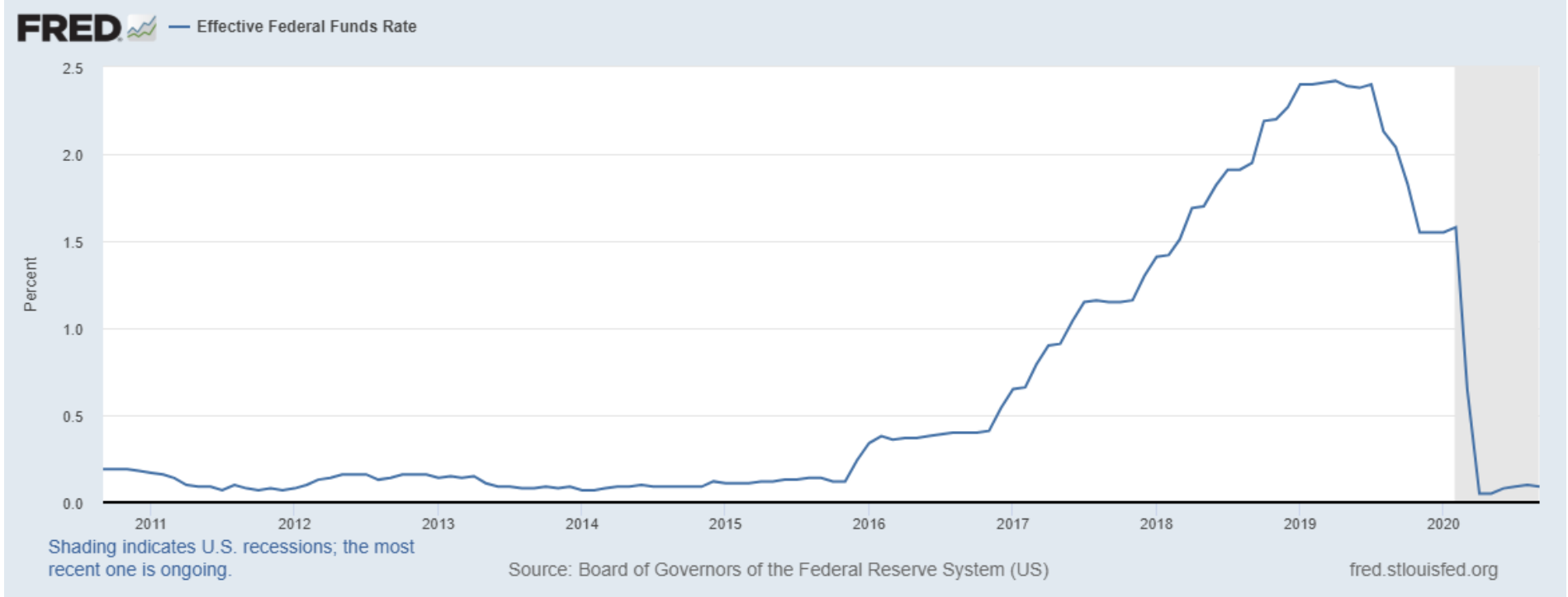
3-Year S&P 500 Index



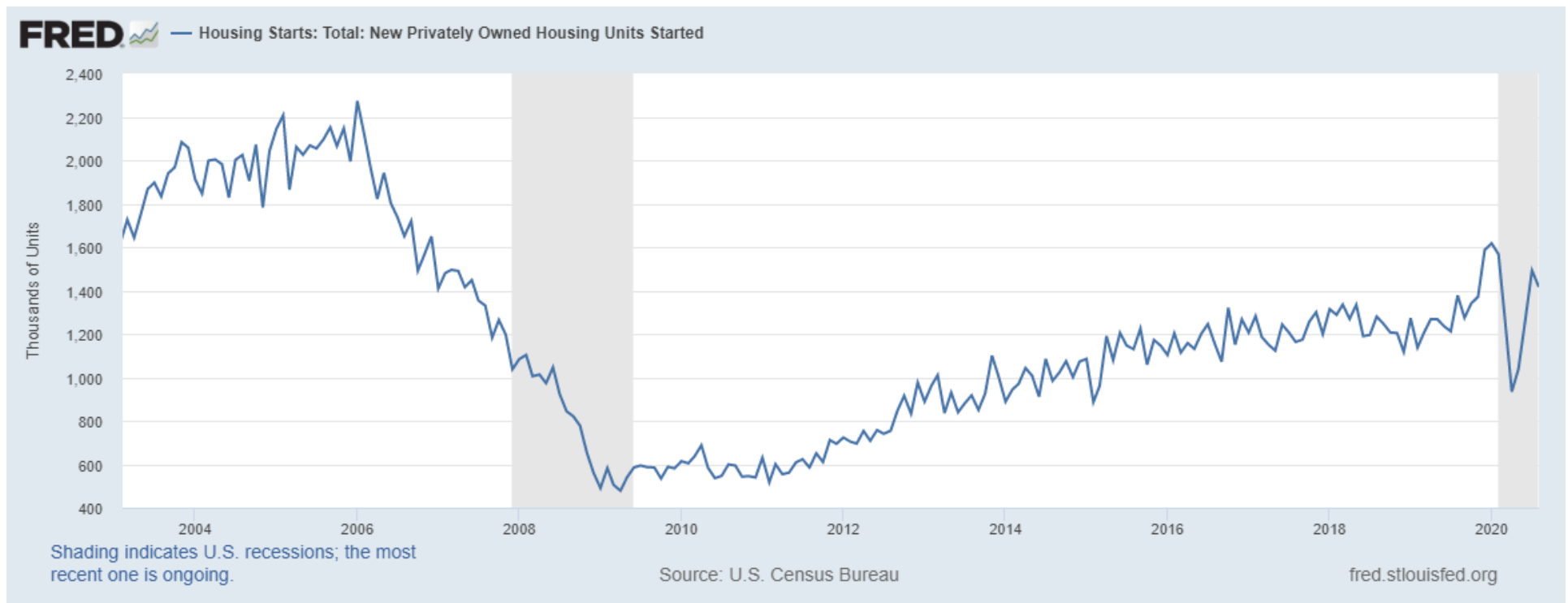
10 Year Treasury: Constant Maturity



Federal Funds Rate At or Near 0

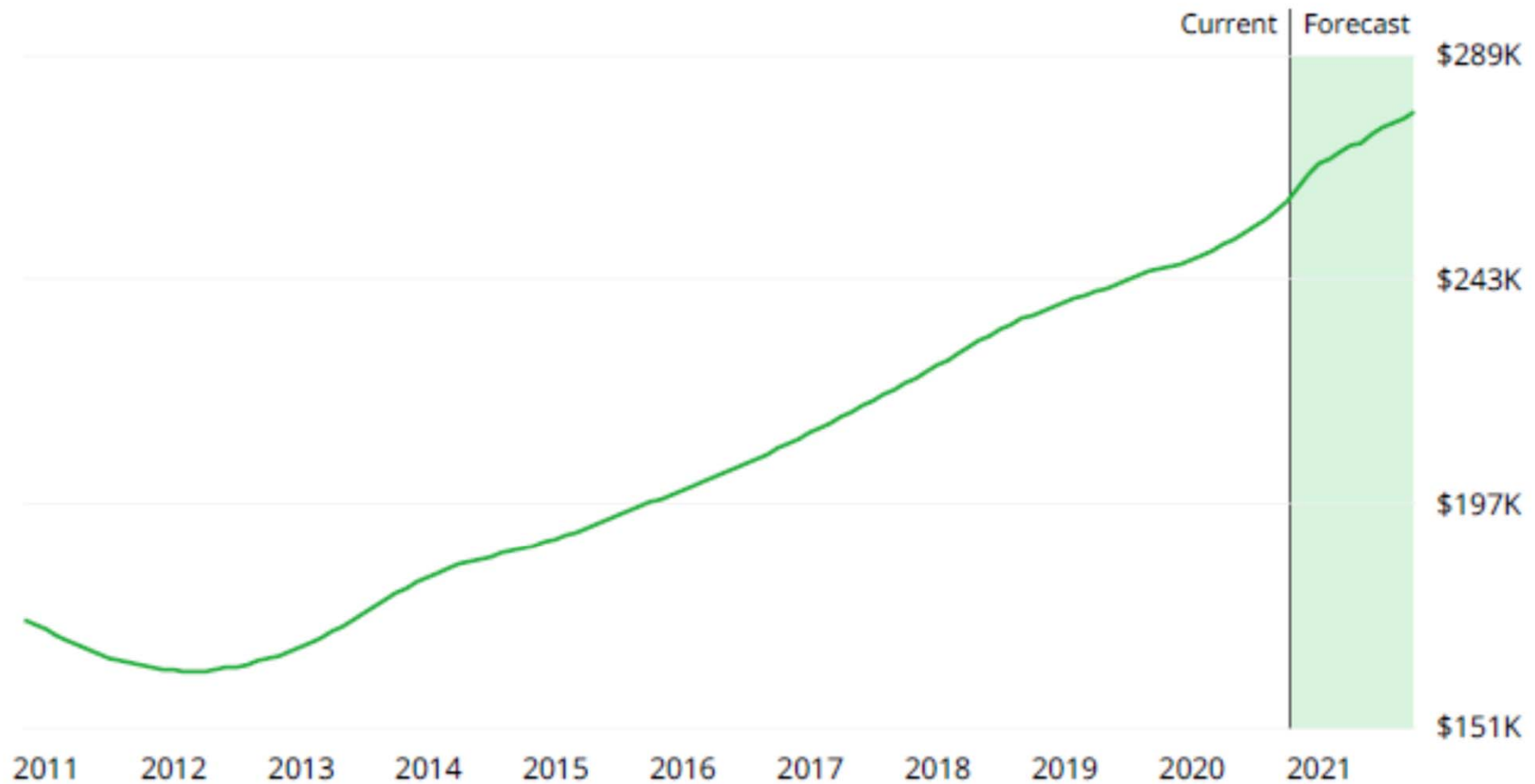


New Housing Starts – St. Louis FED



Zillow Home Price Forecasts

United States Home Prices & Home Values | Zillow



State and Federal Funding Impacts

- Local and State Governments facing lower tax revenues while dealing with greater spending on social safety nets
- Federal relief programs in the trillions of dollars adding to the growing federal debt and deficits

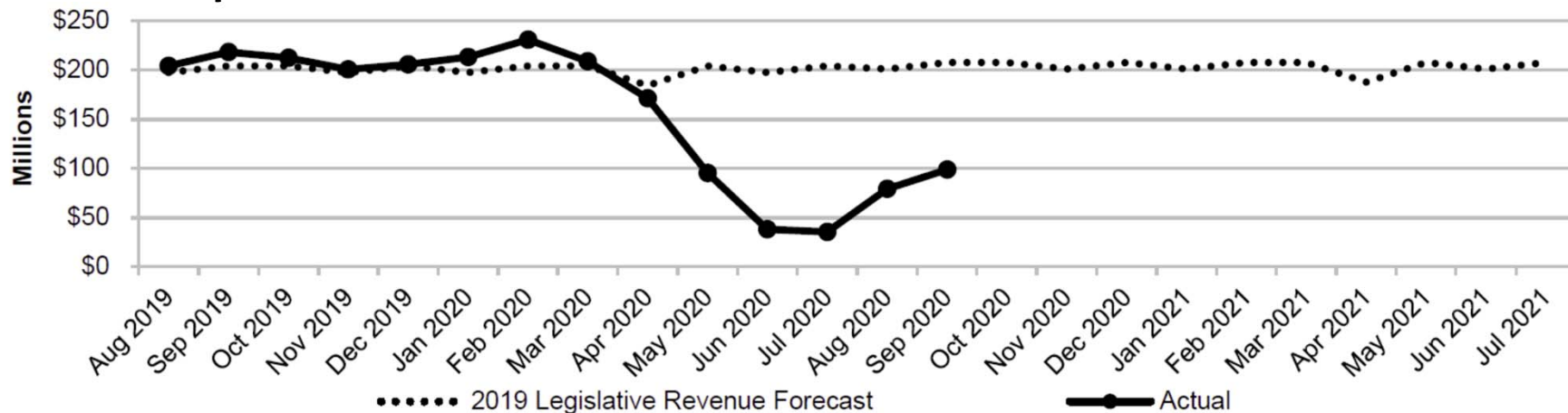


ND General Fund Tax Revenues

September Report

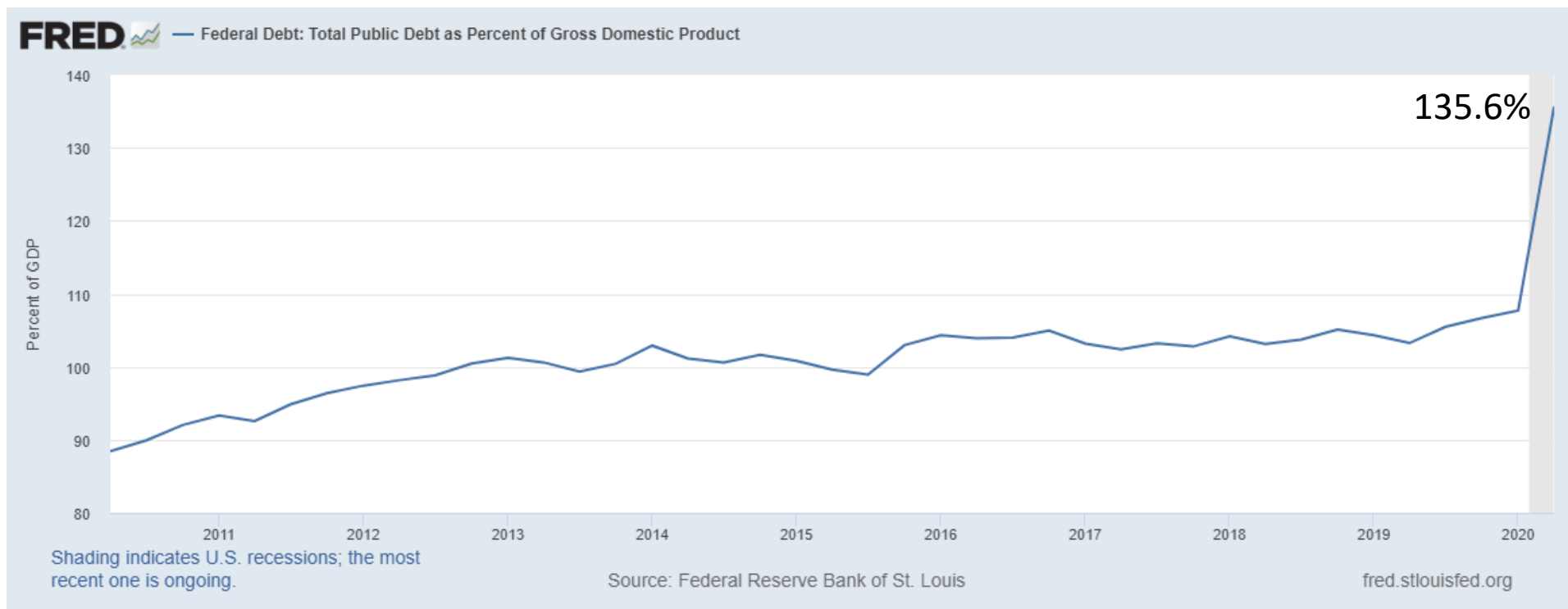
Amounts Shown in Millions								
	August 2020				Biennium to Date			
	Actual	Forecast	Variance		Actual	Forecast	Variance	
			Amount	Percent			Amount	Percent
Tax and fee revenues								
Sales and use taxes	\$67.64	\$90.68	(\$23.04)	(25%)	\$1,118.29	\$1,112.96	\$5.33	0%
Motor vehicle excise tax	11.95	11.92	0.03	0%	142.21	146.19	(3.98)	(3%)
Individual income tax	10.95	14.42	(3.47)	(24%)	487.51	470.32	17.19	4%
Corporate income tax	0.03	0.38	(0.35)	(92%)	92.39	66.25	26.14	39%
Oil and gas taxes	23.41	23.41	0.00	0%	374.02	374.02	0.00	0%
Coal conversion tax	1.59	1.64	(0.05)	(3%)	22.69	22.35	0.34	2%
Cigarette and tobacco tax	2.37	2.16	0.21	10%	29.98	28.71	1.27	4%
Wholesale liquor tax	0.82	0.78	0.04	5%	10.92	11.05	(0.13)	(1%)
Gaming tax	1.26	0.47	0.79	168%	14.40	4.41	9.99	227%
Insurance premium tax	0.00	0.00	0.00	N/A	52.90	42.26	10.64	25%
Departmental collections	1.12	2.33	(1.21)	(52%)	39.98	37.79	2.19	6%
Interest income	0.63	0.42	0.21	50%	12.20	4.09	8.11	198%
Mineral leasing fees	0.62	1.41	(0.79)	(56%)	24.59	22.72	1.87	8%
Total tax and fee revenues	\$122.39	\$150.02	(\$27.63)	(18%)	\$2,422.08	\$2,343.12	\$78.96	3%
Transfers and other sources								
Bank of North Dakota profits	\$0.00	\$0.00	\$0.00	N/A	\$70.00	\$70.00	\$0.00	0%
Mill and Elevator Association profits	0.00	0.00	0.00	N/A	5.42	6.70	(1.28)	(19%)
Lottery	0.00	0.00	0.00	N/A	4.10	6.12	(2.02)	(33%)
Gas tax administration	0.00	0.00	0.00	N/A	1.24	1.24	0.00	0%
Legacy fund	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A
Tax relief fund	0.00	0.00	0.00	N/A	8.60	8.60	0.00	0%
Strategic investment and improvements fund	0.00	0.00	0.00	N/A	764.40	764.40	0.00	0%
Research North Dakota fund	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A
Remaining transfers and other sources	0.00	0.00	0.00	N/A	1.06	0.00	1.06	N/A
Total transfers and other sources	\$0.00	\$0.00	\$0.00	N/A	\$854.82	\$857.06	(\$2.24)	0%
Total general fund revenues	\$122.39	\$150.02	(\$27.63)	(18%)	\$3,276.90	\$3,200.18	\$76.72	2%

Oil and Gas Tax Revenues September Report



Amounts Shown in Millions								
	September 2020				Biennium to Date			
	Actual	Forecast	Variance		Actual	Forecast	Variance	
			Amount	Percent			Amount	Percent
Three Affiliated Tribes	\$11.96	\$22.50	(\$10.54)	(47%)	\$243.56	\$304.49	(\$60.93)	(20%)
Legacy fund	26.13	55.60	(29.47)	(53%)	591.36	752.55	(161.19)	(21%)
North Dakota outdoor heritage fund	0.67	1.35	(0.68)	(50%)	8.17	8.85	(0.68)	(8%)
Abandoned well reclamation fund	0.34	0.68	(0.34)	(50%)	6.73	8.18	(1.45)	(18%)
Political subdivisions	29.33	43.30	(13.97)	(32%)	338.07	396.62	(58.55)	(15%)
Common schools trust fund	3.94	9.14	(5.20)	(57%)	91.83	123.67	(31.84)	(26%)
Foundation aid stabilization fund	3.94	9.14	(5.20)	(57%)	91.83	123.67	(31.84)	(26%)
Resources trust fund	8.08	18.73	(10.65)	(57%)	188.26	253.53	(65.27)	(26%)
Oil and gas research fund	0.29	0.12	0.17	142%	13.10	16.00	(2.90)	(18%)
State energy research center fund	0.00	0.00	0.00	N/A	5.00	5.00	0.00	0%
General fund	14.39	0.00	14.39	N/A	388.41	400.00	(11.59)	(3%)
Tax relief fund	0.00	0.00	0.00	N/A	200.00	200.00	0.00	0%
Budget stabilization fund	0.00	0.00	0.00	N/A	48.43	75.00	(26.57)	(35%)
Lignite research fund	0.00	0.00	0.00	N/A	0.00	10.00	(10.00)	(100%)
State disaster relief fund	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A
Municipal infrastructure fund	0.00	0.00	0.00	N/A	0.00	30.38	(30.38)	(100%)
Strategic investment and improvements fund	0.00	47.29	(47.29)	(100%)	0.00	105.04	(105.04)	(100%)
County and township infrastructure fund	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A
Airport infrastructure fund	0.00	0.00	0.00	N/A	0.00	0.00	0.00	N/A
Total oil and gas tax revenue allocations	\$99.07	\$207.85	(\$108.78)	(52%)	\$2,214.75	\$2,812.98	(\$598.23)	(21%)

Debt as a Percentage of GDP



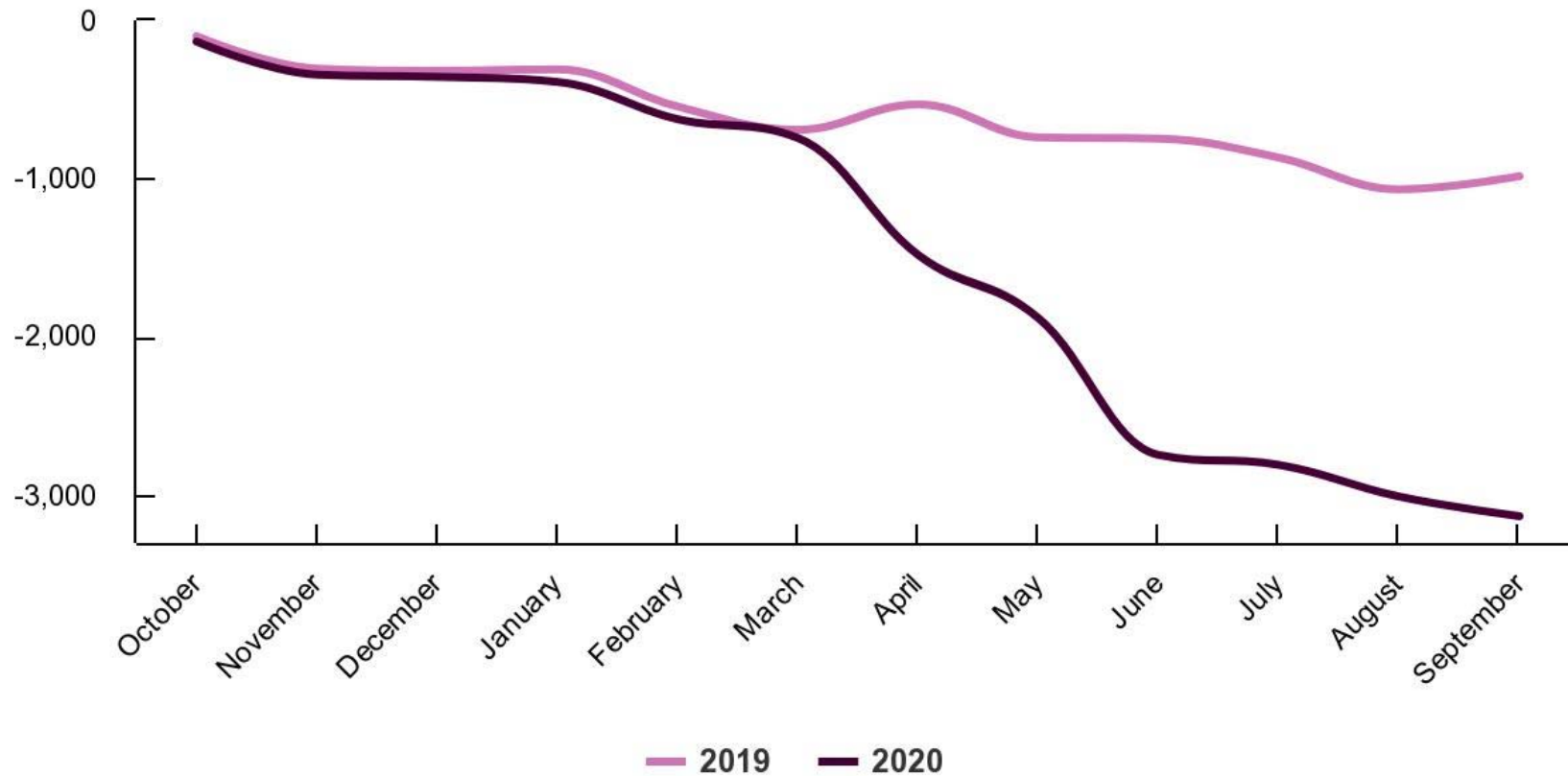
Interest on Govt. Debt as a Percentage of GDP



Congressional Budget Office 2019 vs 2020 Deficits

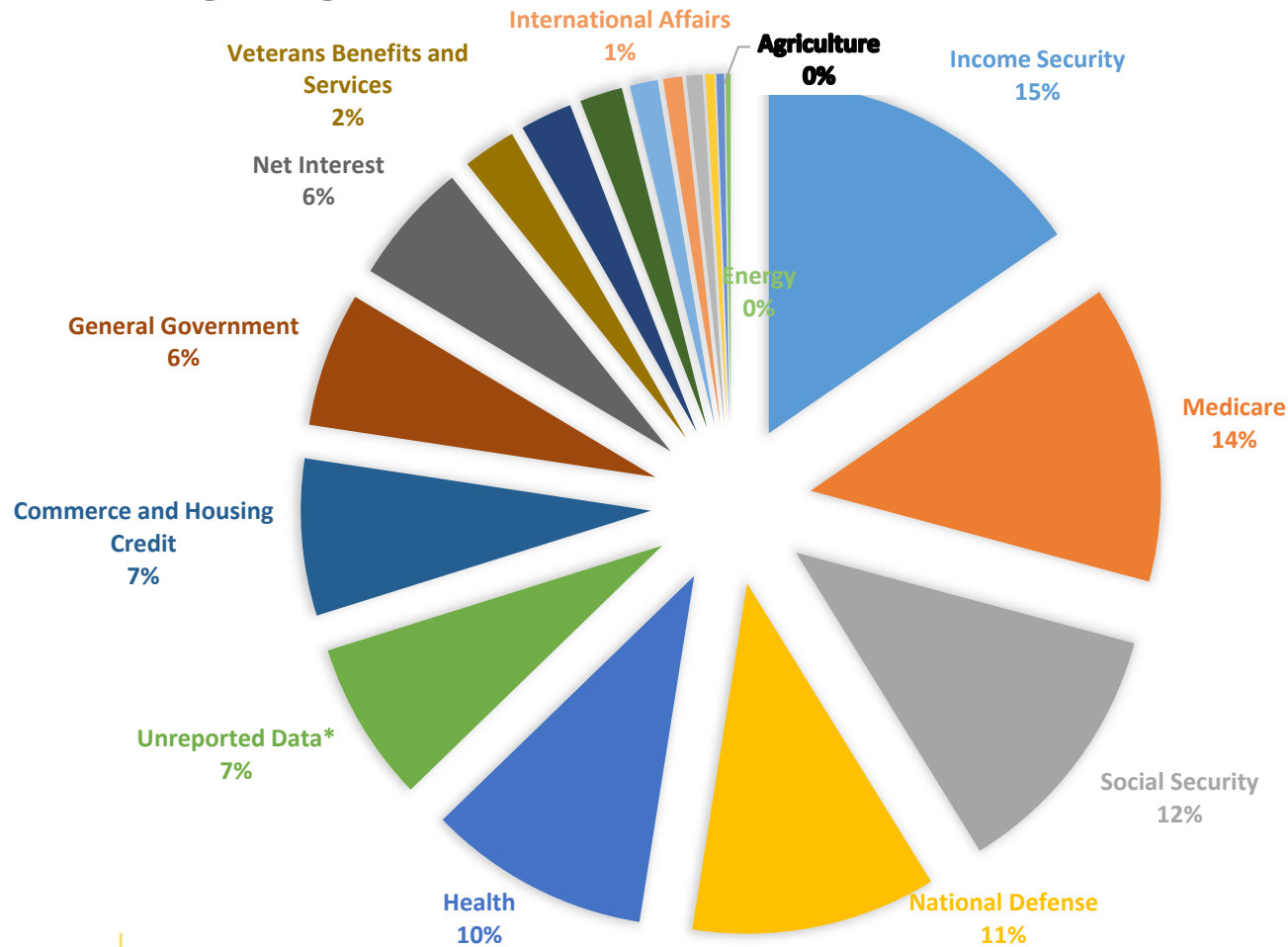
Monthly Cumulative Deficits Fiscal Years 2019 and 2020

Billions of Dollars



Sources: Congressional Budget Office; Department of the Treasury.
The value shown for September 2020 is CBO's estimate.

8.7 Trillion Dollars Spent as of Aug 31st 2020



Ag Department Funding

- 58.5% Farm Income Spatialization- 30.3 Billion
 - 53.1% Federal Crop/RMA
 - 37.5% CCC Fund
 - 7.4% FSA Salaries and Services
 - 1.2% Conservation and Services
- 41.5 % Agricultural Research and Services-12.6 Billion
 - 38% Processing and Research Marketing Sec. Ag.
 - 10.8% Plant/Animal Health Inspection
 - 10% ARS
 - 8.1% Working Capital Fund
 - 7.6% Research and Ed
 - 6.2% Buildings and facilities
 - **4.3% Extension Activities**
 - 2.7% Marketing Services
 - 1.6% NASS

PPP Subsidies by Industry: U.S. BEA

Line		Levels		Change from preceding quarter
		2020		2020
		Q1	Q2	Q2
1	Total Paycheck Protection Program Subsidies to Private Industries ¹	...	609.3	609.3
2	Agriculture, forestry, fishing, and hunting	...	10.2	10.2
3	Mining	...	5.9	5.9
4	Utilities	...	1.8	1.8
5	Construction \$\$\$	...	83.5	83.5
6	Manufacturing \$\$	...	69.8	69.8
7	Durable goods	...	22.3	22.3
8	Nondurable goods	...	47.5	47.5
9	Wholesale trade \$	...	35.8	35.8
10	Retail trade \$\$	...	52.1	52.1
11	Transportation and warehousing\$	...	22.0	22.0
12	Information	...	11.6	11.6
13	Finance and insurance	...	15.6	15.6
14	Real estate and rental and leasing \$	...	20.0	20.0
15	Professional, scientific, and technical services \$\$\$	...	84.1	84.1
16	Management of companies and enterprises	...	2.0	2.0
17	Administrative and waste management services\$	...	33.9	33.9
18	Educational services	...	5.6	5.6
19	Health care and social assistance \$\$	...	67.6	67.6
20	Arts, entertainment, and recreation	...	7.9	7.9
21	Accommodation and food services \$\$...	54.4	54.4
22	Other services, except government \$...	25.4	25.4

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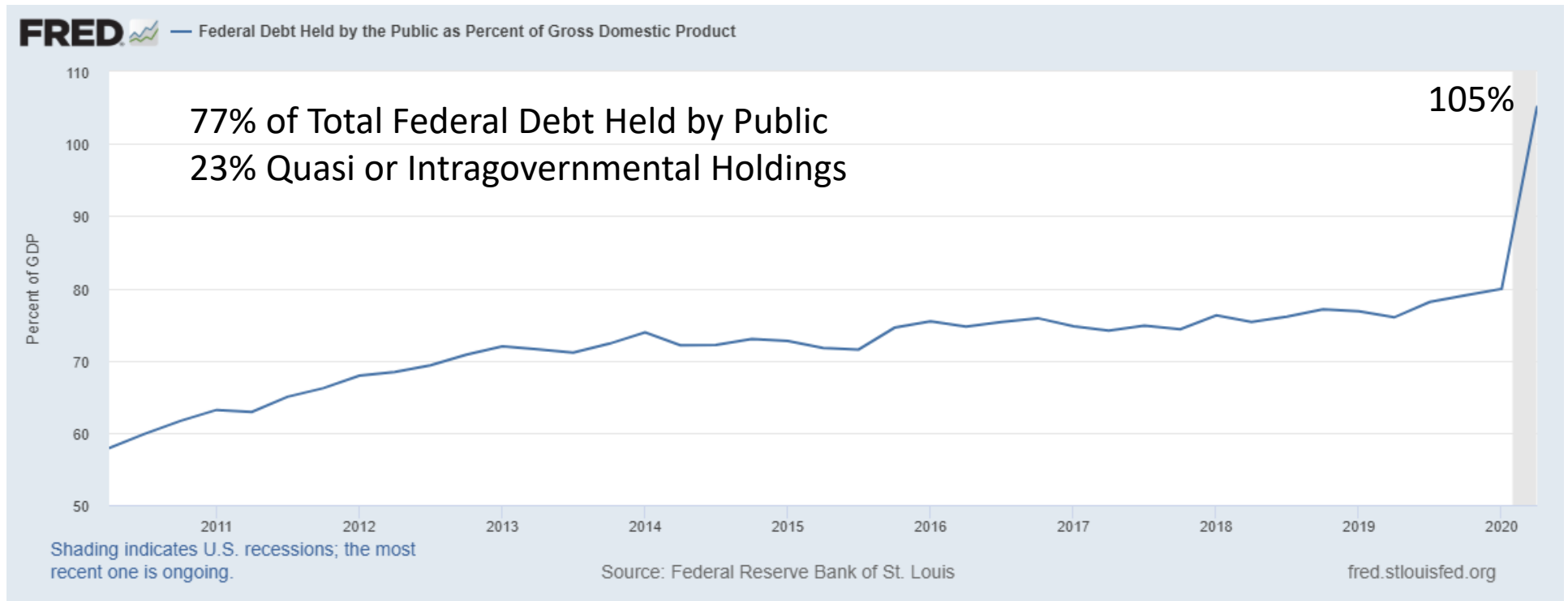
EXTENSION AGRIBUSINESS

80 Billion Plus \$\$\$

50-79 Billion \$\$

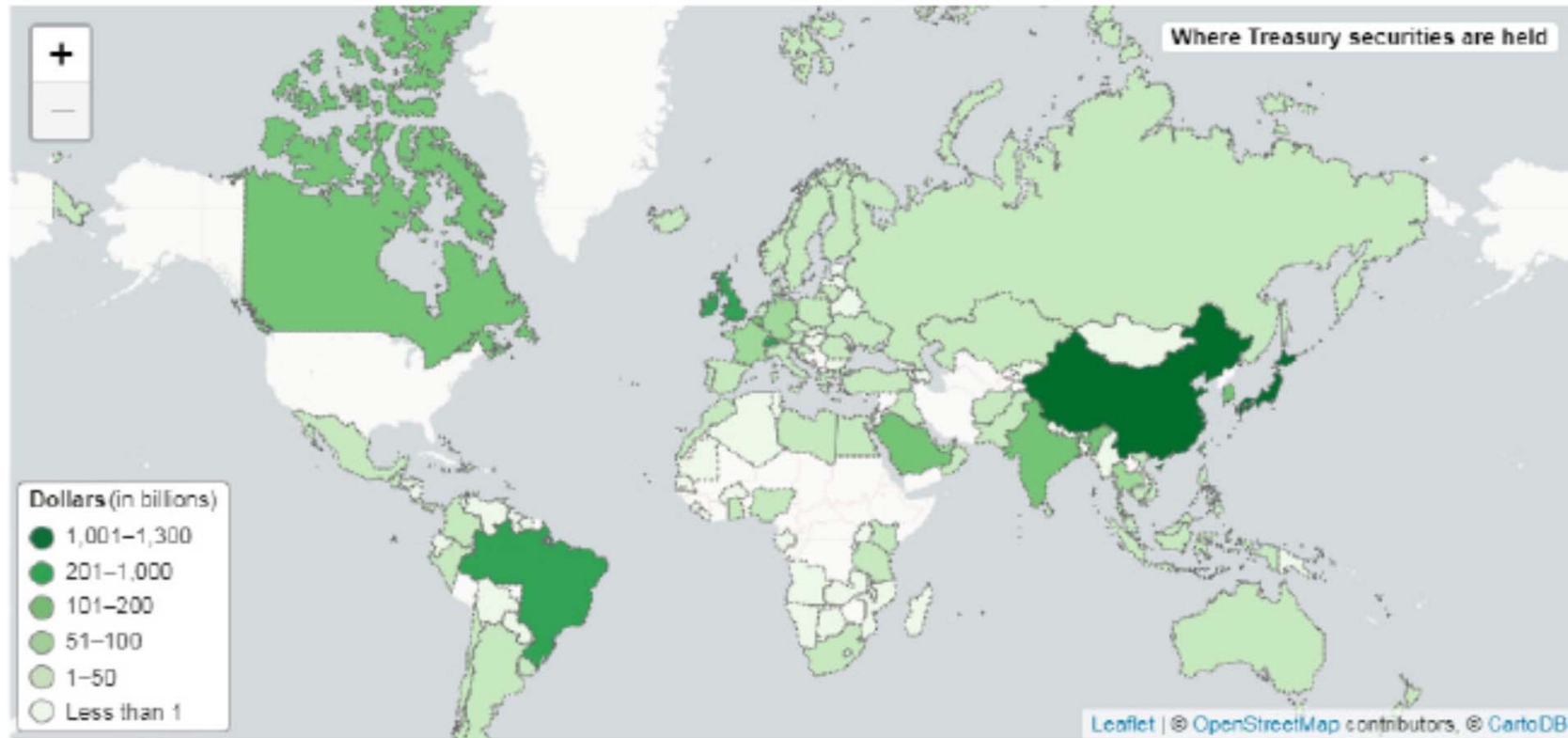
20-49 Billion \$

Who Owns Federal Debt?



Who Owns Federal Debt

In which countries are the most Treasury securities held?



Who Owns Federal Debt?

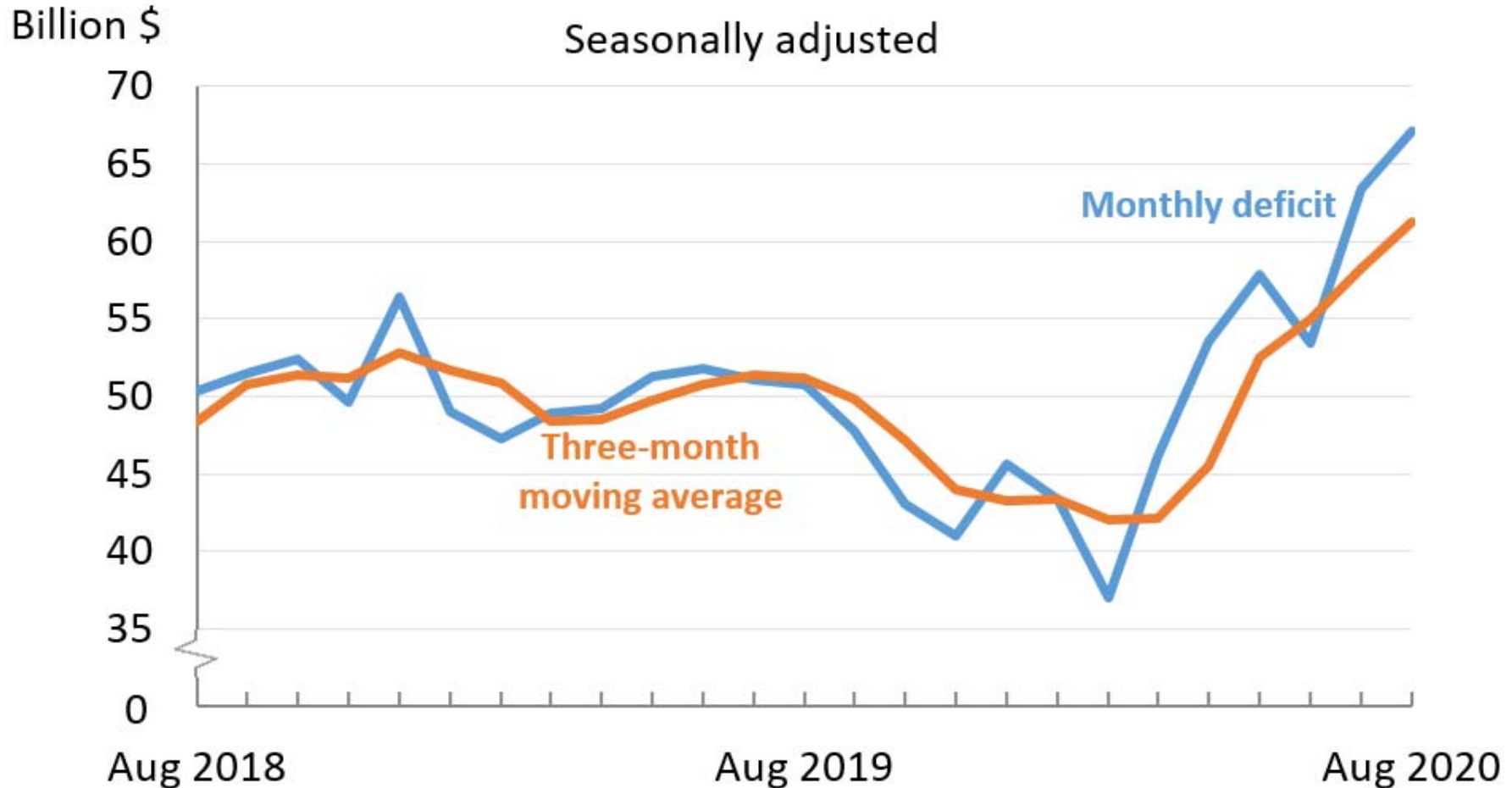
- Foreign: \$6.81 trillion (in July 2020, Japan owned \$1.29 trillion and China owned \$1.07 trillion of U.S. debt, which is more than a third of foreign holdings)³
- Federal Reserve and government: \$10.16 trillion (June 2020)
- Mutual funds: \$2.5 trillion
- State and local governments, including their pension funds: \$1.14 trillion
- Private pension funds: \$819 billion
- Insurance companies: \$244 billion
- U.S. savings bonds: \$150 billion (June 2020)
- Other holders such as individuals, government-sponsored enterprises, brokers and dealers, banks, bank personal trusts and estates, corporate and non-corporate businesses, and other investors: \$1.79 trillion

Consequences of Increasing National Debt

- Risk of Government Default
 - More and more tax revenues spent on debt
- Forced Coupon Increases on New Corporate Debt
 - If T-Bill/Bond Coupon increases, Corporate Debt Likely to Increase
- Higher borrowing costs for consumers
- Loss of investment in private debt
- Hyper inflation

U.S Trade Deficit

Goods and Services Trade Deficit

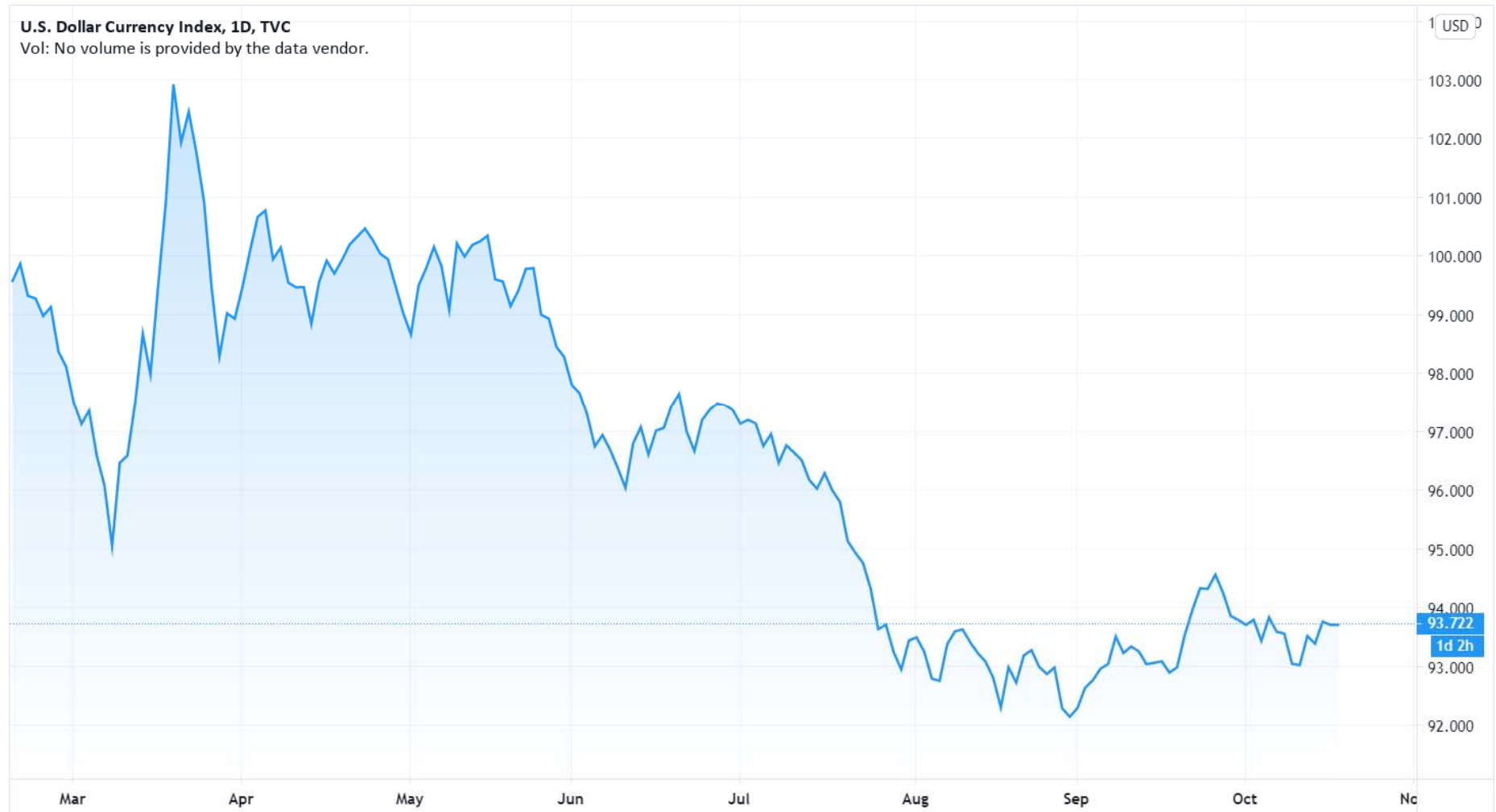


U.S. Bureau of Economic Analysis
U.S. Census Bureau

U.S. International Trade in Goods and Services
October 6, 2020

Dollar Index Declines over 2nd and 3rd Quarter's of 2020

Published on TradingView.com, October 18, 2020 21:41:51 UTC
TVC:DX, D 93.722 0.000 (0%) O:93.722 H:93.722 L:93.722 C:93.722



Concluding Comments

- Forced shutdowns across the U.S. resulted in record unemployment rates
 - Job losses and continued unemployment persists though not nearly as great as the early months of 2020
- There has been a sharp economic rebound and the initial recession is likely over
 - Though it may take years before what was lost will be recovered
- Low interest rates and a lack of options for alternative investment have helped support home values and the equity markets
- Government debt at the federal level has grown dramatically
 - Assistance programs for individuals, businesses, states and health facilities (among others) were deemed necessary to help mitigate the recession

Concluding Comments Cont.

- Agricultural assistance, though large by historical standards, makes up a very small portion of the current spending
- Though not a crisis yet, an ever increasing debt does have consequences
 - Crowding out private investment
 - More tax dollars devoted to servicing the debt
 - Possible inflation