

NC-1177 Agricultural and Rural Finance Markets in Transition 2011 Business Meeting Minutes

Federal Reserve Bank of Kansas City, Denver Branch, Denver, CO
October 3rd and 4th, 2011

Executive Committee: Brent Gloy, Nick Paulson, Ryan Larsen

The 2011 NC-1177 meetings were held October 3rd and 4th at the Denver Branch of the Federal Reserve Bank of Kansas City. A part of the meeting was held jointly with the National Agricultural Credit Committee (NACC). The NACC is comprised of agricultural lenders from throughout the U.S. The meeting allowed members of NC-1177 to interact with these representatives and better understand how the group's research intersects with the issues faced by agricultural and rural lenders. Several members made presentations of their NC-1177 research to NACC meeting. The joint component of the meeting included presentations on crop insurance, implications of Chinese Growth for U.S. agriculture, macro-economic updates, and farmland values. During the NC-1177 only meeting, members discussed the groups research projects and progress and presented completed and ongoing research. Presentations and sessions were organized in four sessions aligned with the following objectives:

- 1) Examine the impact of recent fluctuations in capital and commodity markets on the performance, management, and regulation of agricultural financial institutions.
 - a. "The Effects of Government Sponsored Enterprise (GSE) Status on the Pricing of Bonds Issued by the Federal Farm Credit Banks Funding Corporation (FFCB)". Yiwo Wang and Calum Turvey, Cornell University
 - b. "Farm Credit System Conditions and Financial Performance: A View From the Sidelines". Bruce Sherrick, University of Illinois
 - c. "How Resilient Would Farm Credit System Lending Associations be to an Agricultural Land Price Boom?" Mindy Mallory and Tianwei Zhang, University of Illinois
- 2) Evaluate the management strategies, capital needs, and policy impacting the financial performance and long-term sustainability of firms in the food and agribusiness sector.
 - a. "The Impact of the Financial Crisis on Agribusiness Firms' Performance". Sierra J. Enlow and Ani Katchova, University of Kentucky
 - b. "The Incidence of Farm Programs and the Value of Farm Assets". Todd Kuethe, Jennifer Ifft, and Mitch Morehart, Economic Research Service, USDA
 - c. "The Consequences of Eliminating Direct Payments" Barrett Kirwan, University of Illinois
- 3) Identify financial institutions and services that benefit agricultural producers and rural communities and expand agricultural markets, especially those producers

- that are beginning, young, from socially disadvantaged groups, and/or involved in producing specialty crops.
- a. "Farmers' Financing Constraints and Access to External Finance in a Post Crisis World: Evidence from New Farmers in Alabama." . Valentina Hartarska and Denis Nadolnyak, Auburn University
 - b. "Single Versus Multiple Banking Relationship Strategy Applied to Kansas Farms". Brady Brewer, Christine Wilson, and Allen Featherstone, Kansas State University
- 4) Investigate capital structure, financial performance, and investment strategies of firms producing renewable energy in context of long term climate change. Implications of these findings for agriculture and rural communities will be delineated.
- a. "The Effect of Government Payments and Ethanol Plant Location on Farm Land Values". Jaclyn Kropp and William Gable, Clemson University
 - b. "The Effect of Climate Change and Direct Government Payments on Farmland Valuation". Jin Xu and David Leatham, Texas A&M University

On October 3rd and 4th, following the research sessions and joint meetings with NACC, the NC-1177 annual business meeting was held. The following summarizes issues discussed among the members:

1. Update on Section Proposal by Nick Paulson:

Based on the discussion from the previous year, an attempt at establishing an AAFA finance section was pursued. There was a decent chance that board would look at application and possibly a chance of having track sessions at the annual meetings in Seattle.

2. Cal Turvey: Update on AFR

Overall, the journal is doing well. Submissions are up and Cal is working on SSEI status. The problem faced by editors is that high submission is a double edge sword, more submissions but more poorly submissions. Acceptance rate is high but rejection rate is increasing as well. Emerald publishing wants to add more editors to the board. We will also need to send in letters of support. One issue is that it is difficult to get online access. To remedy this lack of acces, we need to work with individual libraries to avoid having to purchase the whole bundle. Emerald Publishing is looking at sponsoring a global conference on finance to expand the reach of the journal. There is going to be a special issue on ARMS data, which Chuck Moss is coordinating. AFR is going to get 10,000 downloads this year.

3. Discussion on Global Finance Conference led by Cal Turvey:

The first conference could be held in Atlanta to ease travel issues. Possibly holding the meeting every couple of years. There may be some AAEA funds to help with the conference. To avoid any conflicts with the International conference next summer, perhaps hold first conference in 2013. Perhaps a 3-day conference in DC would serve the purpose. This conference would not be held in conjunction with industry organizations such as NACC. Could possibly strengthen the group. Separating from Fed would cause much more issues and work concerning conference preparation. No consensus was reached and further discussion is required.

4. Steve Hanson: Midterm Review

The midterm review is due this year. Brent needs annual report, impact statements from participants. It would also be helpful to think about major issues, linkages among participants, and also how we link with other organizations, funding needs to be documented, how are we disseminating the work. The project ends in 2014, if we want to renew we have to submit application in fall of 2013. Steve Hanson handles mid term review but Brent Gloy handles annual report. The mid term review and annual report is due by December 15th. Participants need to provide lists and then Brent will present overarching story.

5. 2012 Meeting Location

The executive committee will work with Jason Henderson and KCFRB for next years meeting location, but agreed that holding in conjunction with NACC was ideal.

6. Election of a new Secretary

Mindy Mallory (University of Illinois) was nominated and unanimously elected as the new Secretary of the Executive Committee for 2012. Nick Paulson and Ryan Larsen will serve as President and Vice-President, respectively.