



NEWS RELEASE

Quarterly Economic Outlook - Trade War Prospects Weigh Heavy On Rural US

Global Agricultural Commodity Glut, Trade Uncertainty, Broadband Funding Underscore Rural Issues

DENVER (March 28, 2018) — Despite the challenges, there are abundant opportunities for U.S. agriculture this year amid drought in South America and growing export prospects; however, those opportunities are at risk according to the latest Rural Economic Review from CoBank’s Knowledge Exchange Division.

“Optimism over global economic growth in 2018 remains high, but it is clear that downside risks to growth far outweigh the likelihood of upside surprises,” said Dan Kowalski, vice president of CoBank’s Knowledge Exchange Division. “We are looking at 4 percent global growth, the highest since 2011 - developed countries such as the U.S. are providing the global stimulus needed for that growth - but trade concerns now put that at risk.”

Key Findings

Talk of trade wars is complicating the U.S. economic outlook, but fiscal stimulus from tax cuts and increased government spending will boost U.S. growth over the next 18 months.

Persistent drought in Argentina could cut soybean output there by 20-30 percent. Global soybean stocks are at multi-year highs, but Argentina’s sharp production loss puts increased focus on the U.S. growing season.

Exporters of ethanol, pork, and specialty crops are suddenly faced with the possibility that tariffs could be imposed on their shipments to China.

This year will likely be viewed as an inflection point for battery storage due to a federal order that advances the role battery storage technology will play in shaping the future of the power and energy sector.

The \$1.3 trillion federal spending package, passed in late March, included \$600 million for the USDA to create a pilot program to support the buildout of rural broadband.

The full quarterly U.S. rural economic review, “Trade War Risks Loom over Agriculture” is available at CoBank.com. Each CoBank quarterly economic review provides updates and an outlook for the following topics/industries: Global and U.S. Economic Environment; U.S. Agricultural Markets; Grains, Biofuels and Farm Supply; Animal Protein; Dairy; Other Crops; Specialty Crops; Rural Infrastructure Industries.

About CoBank

CoBank is a \$129 billion cooperative bank serving vital industries across rural America. The bank provides loans, leases, export financing and other financial services to agribusinesses and rural power, water and communications providers in all 50 states. The bank also provides wholesale loans and other financial services to affiliated Farm Credit associations serving more than 70,000 farmers, ranchers and other rural borrowers in 23 states around the country.

CoBank is a member of the Farm Credit System, a nationwide network of banks and retail lending associations chartered to support the borrowing needs of U.S. agriculture, rural infrastructure and rural communities. Headquartered outside Denver, Colorado, CoBank serves customers from regional banking centers across the U.S. and also maintains an international representative office in Singapore.

For more information about CoBank, visit the bank's web site at www.cobank.com.

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