

# How Do Farms Stack Up Historically?

## Historical information for Southwest, South Central & Southeast Minnesota

The source of the green, yellow, and red credit risk rating is from "Weighing the Variables" by David M. Kohl. He considers the six (6) color coded factors below to be key indicators of financial credit quality.

Green	The farm business enjoys a competitive position
Early Yellow	The farm business has some early caution signs
Late Yellow	The farm business has some major caution signs
Red	The farm business could face some major obstacles



	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Current Ratio</b>											
Top 10 Percent	3.21	2.37	2.12	2.28	2.30	2.24	2.22	2.30	2.69	2.92	3.43
High 20 Percent	2.90	2.40	2.24	2.21	2.21	2.11	2.20	2.20	2.39	2.83	3.29
Average Farms	2.50	2.03	1.79	1.64	1.62	1.57	1.51	1.51	1.98	2.47	2.83
Low 20 Percent	1.48	1.60	1.23	1.23	1.19	1.12	1.07	1.07	1.23	1.75	1.76

<b>Farm Debt to Asset Ratio (Market)</b>											
Top 10 Percent	38%	39%	42%	38%	39%	40%	39%	40%	40%	41%	38%
High 20 Percent	40%	38%	40%	39%	40%	41%	39%	41%	41%	41%	40%
Average Farms	42%	40%	43%	45%	45%	45%	46%	46%	44%	44%	43%
Low 20 Percent	51%	46%	52%	54%	54%	53%	55%	54%	51%	51%	53%



<b>Rate of Return on Farm Assets - Rent/Lease Majority of Assets (Cost)</b>											
Top 10 Percent	17.9%	7.8%	12.5%	5.8%	5.8%	6.8%	5.9%	7.8%	12.3%	15.7%	14.4%
High 20 Percent	17.3%	7.4%	10.4%	5.2%	5.6%	6.3%	5.2%	7.2%	11.4%	15.1%	14.1%
Average Farms	13.7%	2.6%	3.7%	0.8%	1.4%	1.9%	1.0%	3.4%	7.8%	11.4%	10.7%
Low 20 Percent	1.0%	-6.2%	-5.5%	-5.2%	-4.0%	-3.8%	-4.0%	-3.4%	-1.7%	-0.4%	-1.7%

<b>Term Debt Coverage Ratio</b>											
Top 10 Percent	540%	236%	336%	197%	199%	215%	233%	273%	403%	574%	562%
High 20 Percent	491%	218%	297%	178%	190%	203%	208%	246%	375%	553%	529%
Average Farms	363%	102%	133%	77%	90%	102%	91%	148%	274%	389%	372%
Low 20 Percent	94%	67%	47%	-46%	-20%	-13%	-21%	3.0%	72.0%	109.0%	85.0%



<b>Operating Expense Ratio</b>											
Top 10 Percent	57.6%	73.2%	73.3%	73.8%	72.7%	72.8%	72.7%	73.3%	67.4%	62.6%	62.0%
High 20 Percent	59.9%	72.5%	73.8%	74.5%	73.8%	74.2%	74.7%	74.3%	68.4%	62.5%	63.4%
Average Farms	64.7%	81.4%	79.8%	84.6%	83.0%	82.3%	84.3%	79.4%	71.2%	66.6%	67.6%
Low 20 Percent	86.3%	99.9%	99.2%	99.6%	96.2%	96.6%	97.4%	95.3%	89.2%	87.9%	88.7%

<b>Interest Expense Ratio</b>											
Top 10 Percent	2.5%	2.9%	2.2%	3.0%	3.3%	3.2%	3.9%	3.4%	2.8%	2.0%	2.0%
High 20 Percent	2.7%	3.1%	2.4%	3.2%	3.5%	3.4%	3.9%	3.7%	3.1%	2.2%	2.2%
Average Farms	3.4%	3.9%	3.7%	4.2%	4.6%	4.8%	5.4%	5.2%	4.3%	3.1%	3.0%
Low 20 Percent	5.4%	4.5%	6.1%	4.7%	5.4%	6.1%	6.6%	7.8%	8.2%	5.1%	5.4%



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