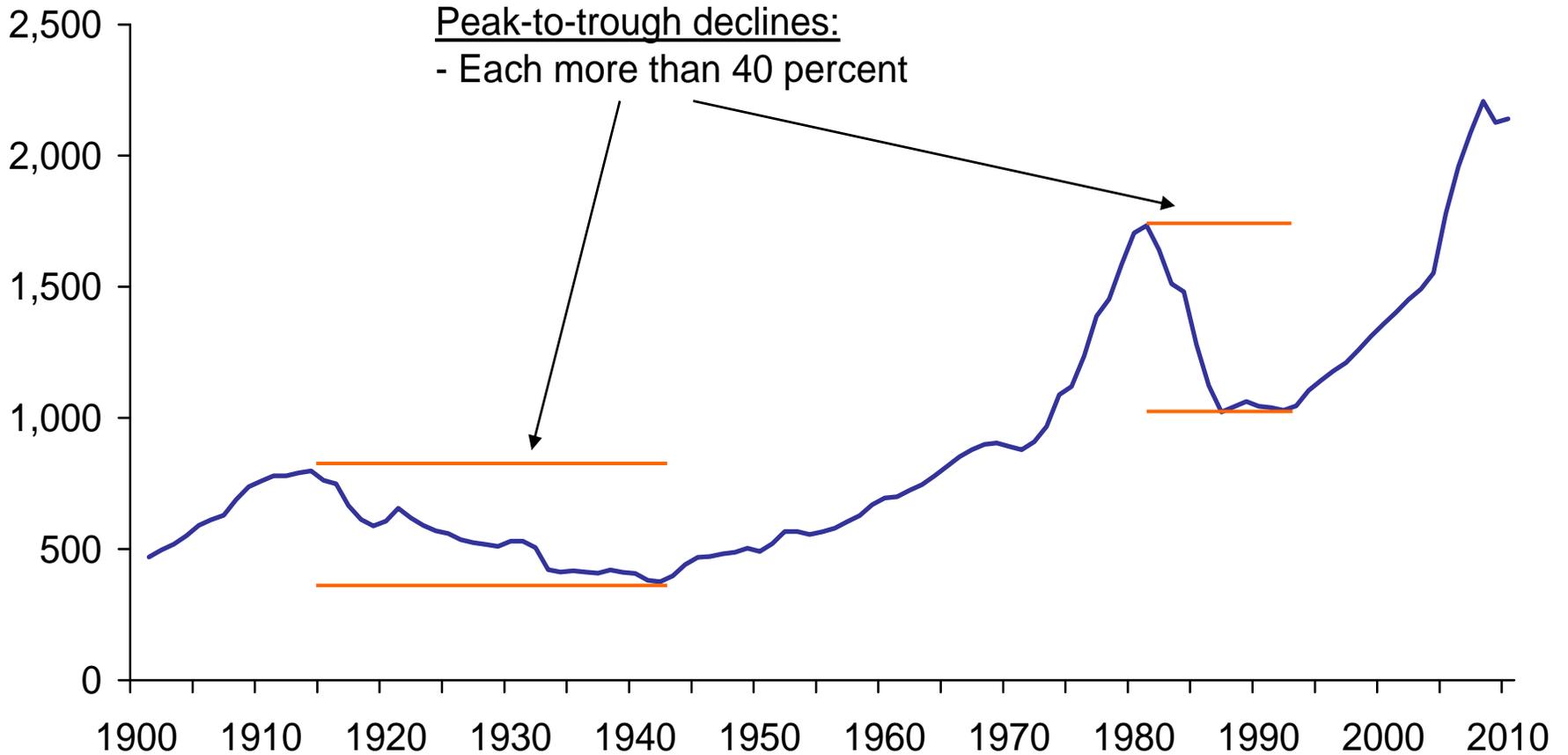


Emerging Risks

- Farmland Price Bubble
- U.S. Federal Debt /
Government Bond Bubble
- State and Municipal Budgets /
Muni Credit Risk

In 2010 dollars, present farmland values exceed the two price booms of the 20th century.

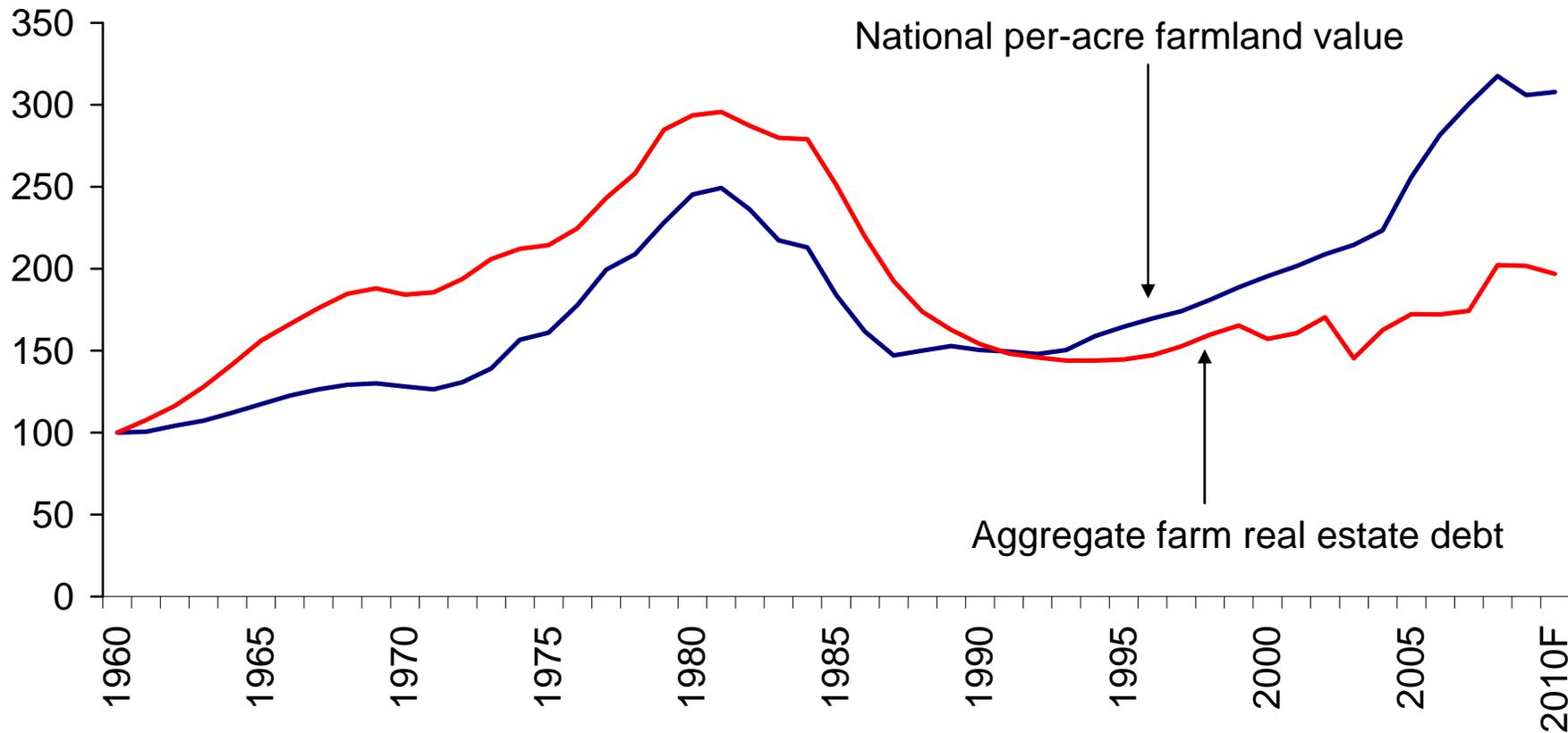
Farmland Value Per Acre
2010 dollars



Source: USDA National Agricultural Statistics Service. Data are as of January 1 each year. Nominal data that has been inflation-adjusted by the FDIC.

Unlike the 1970s, current increases in farmland values have outpaced increases in aggregate farm real estate debt.

Indexed inflation-adjusted values (1960=100)



Source: USDA, National Agricultural Statistics Service and Economic Research Service. Farmland values are as of January 1 each year. Farm real estate debt values are as of year-end each year except 2010 which is year-to-date as of 11-30-2010. Nominal data that has been inflation-adjusted by the FDIC.

The Farm Credit System and commercial banks dominate agriculture lending

Farm Real Estate Debt

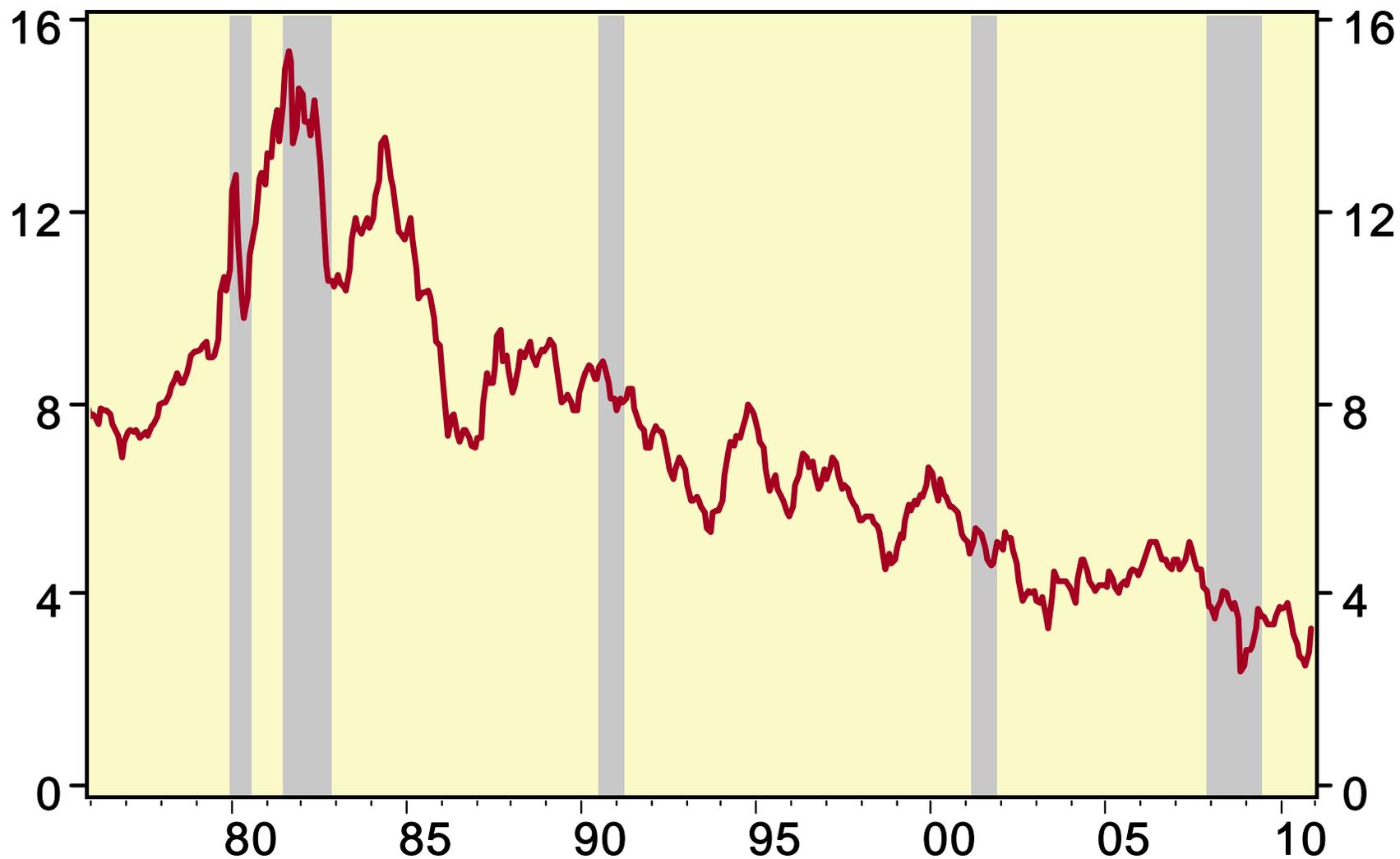
- Total: \$134.5B
 - Farm Credit System: \$58.4B, 43.4%
 - Commercial Banks: \$50.3B, 37.4%
 - Life Insurance Companies: \$14.2B, 10.6%
 - Individuals and Others: \$8.7B, 6.5%
 - Farm Service Agency: \$2.3B, 1.7%
 - Storage Facility Loans: \$.5B, 0.4%

Farm Production Debt

- Total: \$110.8B
 - Commercial Banks: \$57.0, 51.5%
 - Farm Credit System: \$39.9B, 36.0%
 - Individuals and Others: \$11.1B, 10.0%
 - Farm Service Agency: \$2.8B, 2.5%

10-Year Treasury Note Yield at Constant Maturity

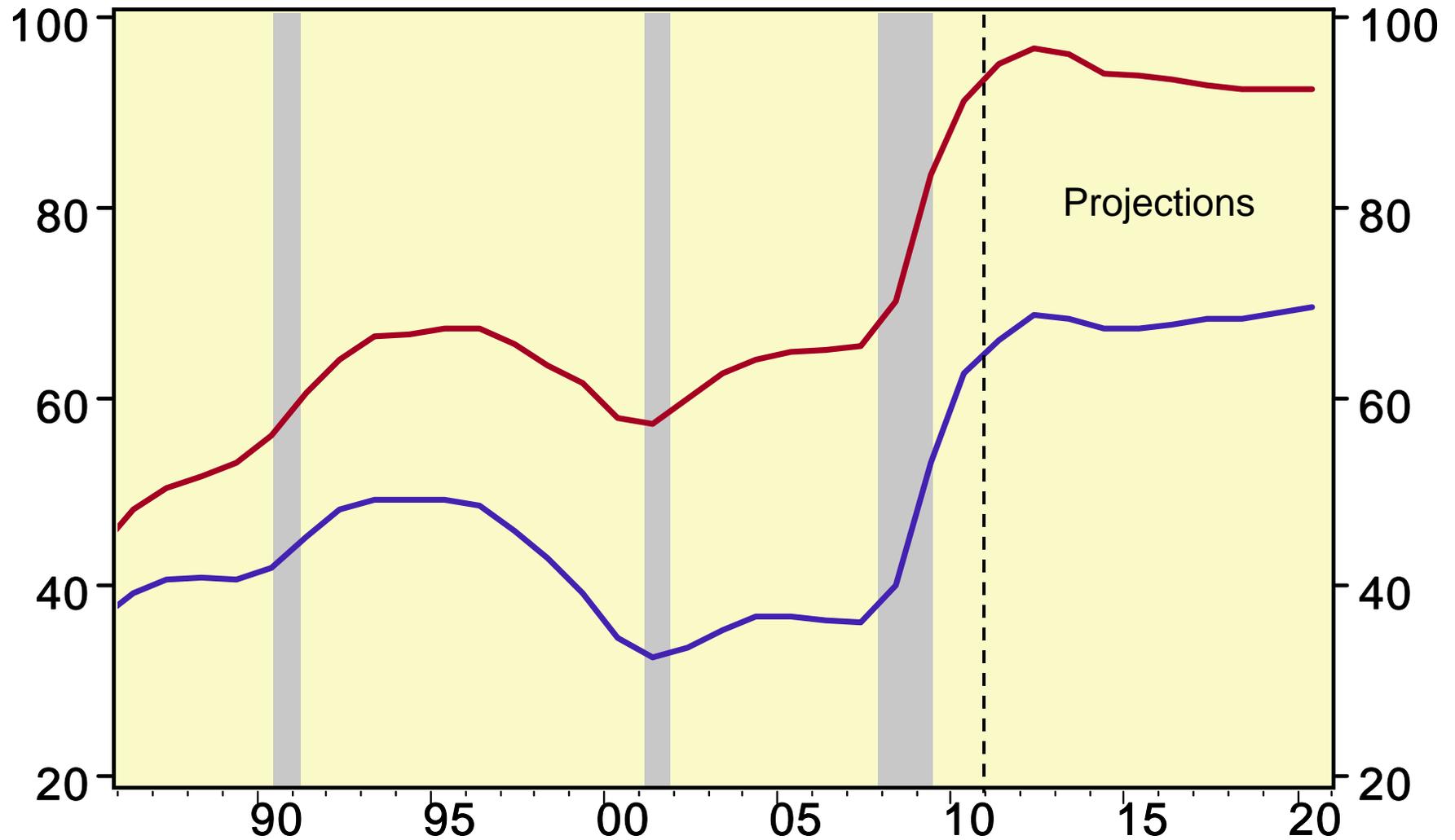
% p.a.



Source: Federal Reserve Board /Haver Analytics

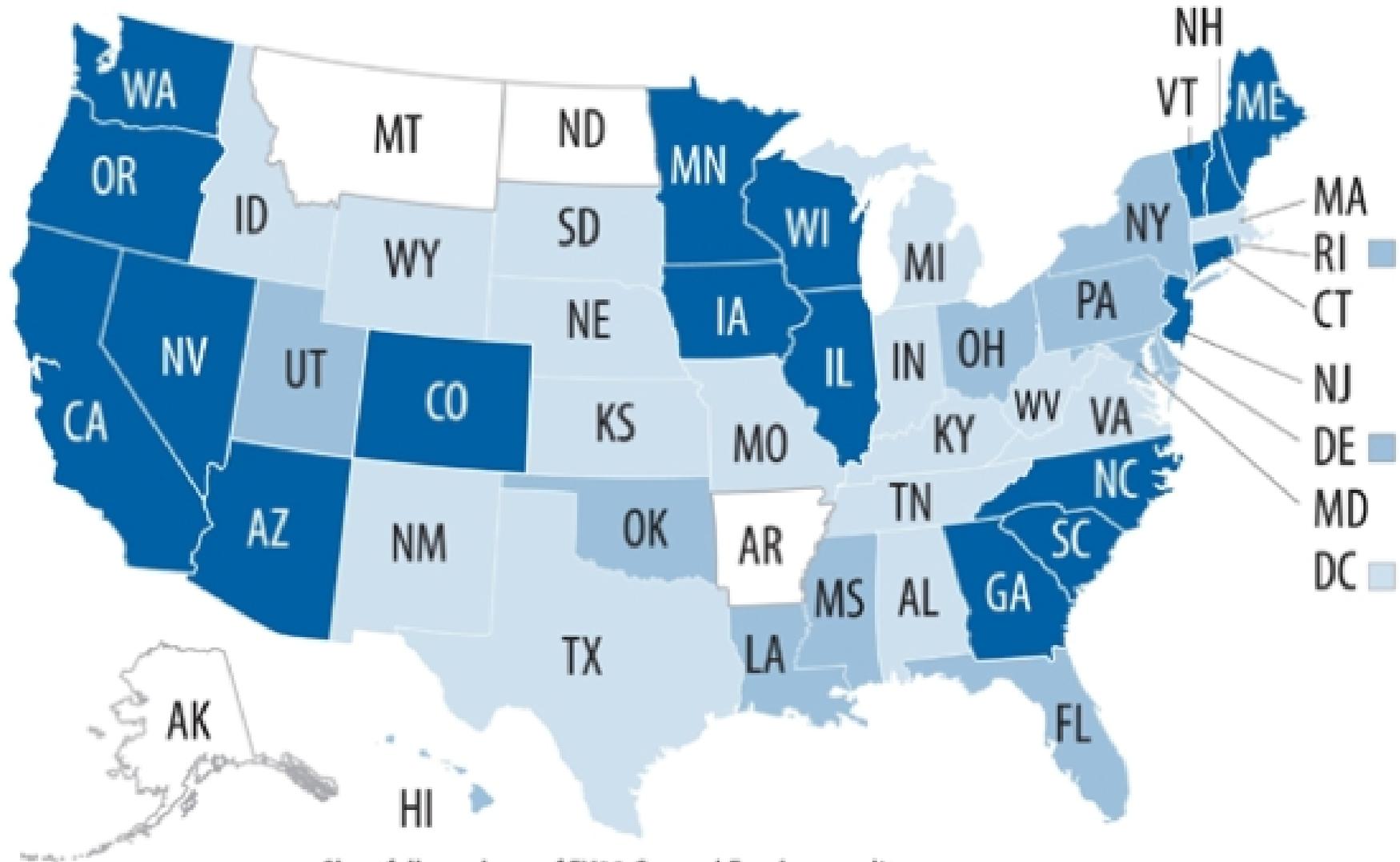
Gross Federal Debt as a Percentage of GDP

Debt Held by the Public



Sources: CBO /Haver

46 States Have Faced Budget Shortfalls in FY 11



Shortfalls as share of FY11 General Fund expenditures.



Source: CBPP survey.

Municipal Bond Exchange-Traded Fund (i-Shares MUB).



Source: Bloomberg