

DIRT

A QUARTERLY NEWSLETTER BY DAKOTA MAC

December 2023

ROLLER COASTER OF INTEREST RATES

Growing up in a small town in Nebraska, one of the highlights of the summer was the annual trip with my cousins to Kansas City to see a Royals baseball game and go to the Worlds of Fun Amusement Park. It was also a time to reunite with my cousins and show them how tough, macho, and mature I had become since the previous summer. Being ten years old and the youngest of the cousins, gaining an ounce of respect was always difficult, and showing any fear or weakness was always frowned upon.

Years ago, news didn't travel very fast at all, especially if you lived in rural Nebraska. There were no cell phones, and the internet was futuristic. I'm still not sure how we found out, but Worlds of Fun was opening the ferocious Orient Express as their newest roller coaster in 1980. It was promoted as the fastest, the most aggressive, loop-da-loop, make you sick ten times over, roller coaster EVER. Honestly, I still get a little sick to my stomach when I think about the moment I heard about the Orient and the impossible task of surviving it.

Well, that put up or shut up moment had arrived - the time had come to wait in the long line - back and forth, back and forth, through the carousel. Jump into the car, make sure my harness and seat belt are secured, check and recheck several times, close my eyes, and wait for the start. Tick...tick...tick...tick...up the first climb we went...tick...tick...tick...tick...are you kidding me, are we there yet? How high can this thing go? I think we are above the clouds!!! Tick...tick...tick...where is the chicken line???? HELP!!!

That ride up the roller coaster reminds me of the interest rates for loans and deposits we have witnessed since 2021. If you are tied to a variable rate for your operating or real estate loan, you probably felt like I did on the way up the Orient Express, wondering when we would hit the peak. If

BY JEFF WOLFGRAM
DAKOTA MAC MANAGER
& SENIOR VICE PRESIDENT



you are a saver and fortunate to have cash, congratulations because you have most likely seen the same increase in your deposit accounts.

What can be different about rollercoaster rides and interest rates is that after hitting the peak of the rollercoaster ride, you quickly plummet down. In the case of the Orient Express, I'm confident we broke the sound barrier on our descent. Time will tell, but most economists are forecasting higher rates for a longer period of time.

So, what does this mean for your operation? The good news is if you have cash, the return is significantly higher than you have witnessed in the past few years. The bad news is that your operating interest rate for this renewal, regardless of where you bank, will most likely be increasing.

Additionally, we continue to hear about more and more real estate loans tied to a variable rate for less than a five-year term that are starting to reset.

I included a five-year chart on the next page comparing long-term rates to Prime Rate. You can see the rapid ascension Prime Rate took, starting in 2022 when it went from 3.25% to 8.50%, where it currently sits. One year ago, the variable prime rate matched and then inverted.

At a recent conference, one of the keynote speakers remarked how important it is for Ag bankers and clients to "stay in your lane." Although this is very elementary, I think it is good advice during these volatile times. It isn't going to change that your interest rate for loans tied to variable rate won't increase; it simply means you should assess the situation, consider what options you have, and move

Continued on next page



forward accordingly. In other words, now is not the time to make rash decisions.

If you are tired of living on a variable rate for your Ag real estate business, let us help. Historically speaking, long-term rates are still attractive and may be less than your variable interest rate because of an inverted yield curve. The other thing in your favor, and this has to be managed properly, but there may be more equity in your land that would allow you to leverage it for additional borrowings. Reminder: stay in your lane, though!

At a minimum, now is the time to find out when your adjustable rate real estate loan will be resetting and what the index is.

Another takeaway from the conference came from the same economist who referenced a former banker in Nebraska who has since passed and a few philosophies on life and banking. They were as follows:

- Can I trust you?
- Do you know what you are talking about?
- Do you care about me?

So, as I focus on economics and rates in this DIRT, please continue to confide and work with people who meet these criteria. The questions are not only for clients but also for bankers. I believe we should work with families, operations, and companies where there is mutual trust, respect, and care.

Regardless of when this DIRT finds you, please understand our staff's gratitude for your patronage,

especially during the Thanksgiving and Christmas holidays. The first 30 years of Dakota MAC would not have been possible without your loyalty, trust, and belief in our people and services. We are humbled and honored to have your business.

In case you were wondering, I did survive the Orient Express but gained little respect or dignity from my cousins. For those who are the youngest of the cousins, you can probably relate.

Until the next DIRT.

Jeff
 wolfgram@dakotamac.com
 (605)665-4990



Listen to Huskers athletics on Huskers Radio Network.
 Dakota MAC, a proud supporter of Huskers athletics.

FRAUD IS EVERYWHERE

With the rise of cybercrime, it's more important than ever to protect yourself from scammers and fraudsters. They prey on unsuspecting victims, gaining access to computers and personal information. These criminals use a variety of tactics, including phishing and scare tactics, to convince their victims to transfer or wire large sums of money. They are so convincing and tell the customer what to say, and because they are afraid, the customer does what they are told.

At Dakota MAC and First Dakota, we do everything we can to protect you and your money. We need to make sure we are talking to the right person, so we will ask questions to identify you. And if you are inquiring about withdrawing large amounts of cash or have a large check out of your normal pattern, we will ask additional questions. Don't be alarmed. We are doing our job to make sure your money and personal information is safe.

We want you to always be suspicious if someone contacts you unexpectedly online and asks for your personal information. It doesn't matter how legitimate the email, text, or website looks. Only open emails, respond to texts, voice mails, or calls from people or organizations you know, and even then, be cautious. If you think an email, text message, or pop-up box might be legitimate, verify it by going directly to the source before providing any information.

Digital Banking is a powerful way to manage your money and stay on top of fraud. You not only have immediate access to account information, the ability to move money between accounts, and the convenience of viewing images of checks you have written — you also have eStatements, Mobile Deposit, ability to shut off your debit card, and purchase alerts. All these features help you to keep track of your money.

Don't fall prey to fraud - stay vigilant and protect your accounts and personal information. We are doing everything we can to help in this fight!

CONGRATULATIONS!



We are proud to announce the promotion of Stephanie Siebrandt to Closing Manager. Stephanie joined our team in May 2018 as a Servicing and Special Projects Coordinator, and has since proven to be a valuable asset. With her exceptional expertise and management skills, Stephanie

will now oversee the day-to-day operations of DMAC loan closings, as well as continue with special projects. Her dedication and attention to detail will ensure that all closings are executed smoothly and efficiently.



Shane Pick has been promoted to Senior Closing Specialist. Shane has been an invaluable member of our team since June of 2015. In his role, he ensures loans are closed accurately, on time, and recorded correctly. With his promotion, Shane will take on additional leadership

responsibilities, bringing his expertise and commitment to even more clients.

Congratulations, Stephanie and Shane!

IRON COUNTRY[®]

EQUIPMENT FINANCING



We have equipment financing tailored to fit your needs. IronCountry Equipment Financing lets you finance new or used farm machinery and equipment with several fixed and variable terms.

Greater than \$75,000		\$25,000 - \$74,999	
3-year fixed	7.35%	3-year fixed	7.59%
4-year fixed	7.45%	4-year fixed	7.69%
5-year fixed	7.55%	5-year fixed	7.79%
6-year fixed	8.79%	6-year fixed	8.99%
7-year fixed	8.79%	7-year fixed	8.99%

Rates good through December 31, 2023.
Subject to change.

Proud to be serving you for 30 years.



225 Cedar Street
PO Box 156
Yankton, SD 57078

ADDRESS SERVICE REQUESTED

PRSR STD
US POSTAGE
PAID
YANKTON SD
57078
Permit No. 16

OUR LPO OFFICES

Columbus, Nebraska
2004 23rd Street
402-563-2326

Hastings, Nebraska
2837 W Highway 6, #201
402-463-4637

Ogallala, Nebraska
918 N Spruce Street, Suite #1
308-284-3260

Mitchell, South Dakota
500 E Norway Avenue
605-995-7916

Watertown, South Dakota
513 10th Street NW, Suite A
605-753-5880

Halbur, Iowa
207 E 6th Street
515-314-7066

OUR LPO TEAM



JIM PERSINGER
jpersinger@dakotamac.com
(308) 529-1991



NICK LUCHSINGER
nluchsinger@dakotamac.com
(402) 740-6445
@DMAC93Nick



BOYD MIGNERY
dmignery@dakotamac.com
(402) 841-1897



NICK RENNAU
nrennau@dakotamac.com
(308) 380-7564



COREY MAALAND
cmaaland@dakotamac.com
(605) 880-2585



NATHAN SPARKS
nsparks@dakotamac.com
(605) 770-1607



CALEB HOPKINS
chopkins@dakotamac.com
(515) 314-7066