

Survey of Agricultural Credit Conditions

Federal Reserve Bank of Kansas City

September 30, 2000

Highlights from the second quarter survey.

- Gains in district farmland values averaged 1.1 percent during the third quarter of 2000, but the gains were not evenly shared. Dry conditions limited gains in Oklahoma and Nebraska cropland values, while Missouri and the Mountain states posted strong gains. Ranchland values continued to climb, approaching record levels in Kansas and Nebraska.
- The district index of farm commodity prices fell nearly 7 percent in the third quarter but remained above year-ago levels. Declining prices for corn, soybeans, hogs, and cattle more than offset a post-harvest rebound in winter wheat prices. Since the end of the third quarter, corn and cattle prices have recovered somewhat, but prices for hogs and soybeans remain weak.
- Farm credit conditions weakened in the third quarter. Despite big government payments to farmers, demand for farm loans edged down, loan repayment rates slowed, and loan renewals or extensions edged up. District bankers remain concerned that producers would have difficulty repaying farm loans without government aid.
- After rising for five straight quarters, farm interest rates held steady in the third quarter. At the end of the third quarter, average interest rates on new farm loans averaged 10.52 percent for operating loans, 10.36 percent for feeder cattle loans, 10.29 percent for intermediate-term loans, and 9.73 percent for real estate loans.

Note: 292 bankers responded to the third quarter survey.

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Farm Real Estate Values

September 30, 2000
(Average value per acre by reporting banks)

	Nonirrigated	Irrigated	Ranchland
Kansas	\$640	\$1,041	\$369
Missouri	957	1,161	636
Nebraska	862	1,420	359
Oklahoma	519	753	371
Mountain states*	349	1,122	220
Tenth District	\$687	\$1,172	\$375
Percent change from:			
Last quarter+	0.92	1.24	1.21
Year ago+	3.38	3.23	6.98
Market high	-18.65	-18.65	-7.57
Market low	73.38	72.28	124.70

* Colorado, New Mexico, and Wyoming combined.

+ Percentage changes are calculated using responses only from those banks reporting in both the past and the current quarter.

Source: Federal Reserve Bank of Kansas City

Selected Measures of Credit Conditions at Tenth District Agricultural Banks

	Loan demand (index)+	Loan Fund availability (index)+	Loan repayment rates (index)+	Average renewals or extensions (index)+	Loan-to-deposit ratio* (percent)	District farm commodity price index (1980=100)
1998						
Jan.-Mar.	120	108	93	109	65.9	94.3
Apr.-June	123	100	78	118	68.0	92.2
July-Sept.	112	99	58	136	68.4	78.7
Oct.-Dec.	107	108	55	138	66.9	80.7
1999						
Jan.-Mar.	105	113	56	143	65.7	86.0
Apr.-June	107	107	71	127	66.5	87.8
July-Sept.	103	90	74	126	67.7	87.0
Oct.-Dec.	100	99	86	115	67.7	91.2
2000						
Jan.-Mar.	107	95	92	108	67.1	97.9
Apr.-June	112	78	86	108	70.4	97.0
July-Sept.	103	85	84	112	70.8	90.3

* At end of period.

+ Bankers responded to each item by indicating whether conditions during the current quarter were higher than, lower than, or the same as in the year-earlier period. The index numbers are computed by subtracting the percent of bankers that responded "lower" from the percent that responded "higher" and adding 100.

Source: Federal Reserve Bank of Kansas City