

Survey of Agricultural Credit Conditions

Federal Reserve Bank of Kansas City

September 30, 1999

Highlights from the third quarter survey

- Changes in average farmland values during the third quarter of 1999 were mixed. Ranchland values edged up 0.9 percent and cropland values held nearly steady. Compared to the year before, ranchland values were up 1.3 percent and cropland values were steady (Table 2).
- Average interest rates on farm loans increased 9 basis points during the third quarter. At the end of the quarter, interest rates for new loans averaged 9.07 percent on farm real estate loans, 9.62 percent on feeder cattle loans, 9.75 percent on operating loans, and 9.59 percent on intermediate loans (Table 3).
- Ample funds were available for farm lending. Though the average loan-deposit ratio among the banks edged up to almost 68 percent, less than a third of the respondents indicated their ratio was higher than desired. Nearly three-fourths of the bankers were actively seeking new farm loans.
- Problems in farm loan portfolios appeared to be easing. Repayment rates on farm loans continued to improve, after hitting bottom late last year, and requests for loan renewals or extensions declined.

NOTE: 316 agricultural bankers in the Kansas City Federal Reserve District responded to the third-quarter survey.

Table 2
Farm Real Estate Values
September 30, 1999
(Average value per acre by reporting banks)

	Nonirrigated	Irrigated	Ranchland
Kansas	\$612	\$950	\$340
Missouri	929	1,169	572
Nebraska	844	1,404	351
Oklahoma	505	754	350
Mountain states*	325	1,096	200
Tenth District	\$664	\$1,135	\$350
Percent change from:			
Last quarter+	0.17	-0.34	0.90
Year ago+	0.29	-0.06	1.26
Market high	-21.29	-21.19	-13.82
Market low	67.75	66.90	109.52

*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.

Table 3
Selected Measures of Credit Conditions
at Tenth District Agricultural Banks

	Loan demand (index)+	Fund avail- ability (index)+	Loan repayment rates (index)+	Average rate on operating loans (percent)	Average loan-deposit ratio* (percent)
1998					
Jan.-Mar.	120	108	93	9.93	65.9
Apr.-June	123	100	78	9.92	68.0
July-Sept.	112	99	58	9.84	68.4
Oct.-Dec.	107	108	55	9.55	66.9
1999					
Jan.-Mar.	105	113	56	9.50	65.7
Apr.-June	107	107	71	9.68	66.5
July-Sept.	103	90	74	9.75	67.7

*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.