

News Release

THE FEDERAL RESERVE BANK *of* KANSAS CITY

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FOURTH QUARTER BRINGS BOOMING FARMLAND VALUES, SURVEY FINDS

Cropland values boomed in fourth quarter 2007, easily surpassing the previous highs posted in the last quarter, according to the Federal Reserve Bank of Kansas City's fourth quarter Survey of Agricultural Credit Conditions.

In the survey of 268 banks in the seven-state Tenth Federal Reserve District, both nonirrigated and irrigated cropland values surged at a record pace, rising 21 and 18 percent above year ago levels. Bankers also cited more farmland sales in 2007 than in the previous year. They noted more farmers were active in the land market, with fewer land purchases for recreational use in 2007. Those surveyed expected farmland values to rise further in 2008, especially in nonirrigated cropland.

A strong crop sector led to robust increases in the District's farm income index in the fourth quarter. Overall income gains, however, were tempered by declining livestock profits. Because of this, Nebraska posted stronger fourth quarter farm income gains, while Oklahoma pulled back from a recent high in the third quarter.

Year-end capital spending strengthened as higher incomes allowed agricultural operators to upgrade equipment and facilities. Farm credit conditions also improved further, with higher loan repayment rates and historically low requests for renewals and extensions.

A complete summary of the second quarter survey is available at www.KansasCityFed.org/agcrsurv/agcrmain.htm.

The Tenth Federal Reserve District encompasses Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

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