

# Survey of Agricultural Credit Conditions

Federal Reserve Bank of Kansas City

March 31, 2002

Highlights from the first quarter survey.<sup>1</sup>

- District farmland values posted healthy gains in the first quarter of 2002. However, the rate of gain in 2002 was more modest than the pace set during the last three years. District farmland values rose 3 to 3.5% in 2002 versus a rate of 4 to 5% in 1998 through 2001. Farmland values in Missouri and the Mountain states have risen the fastest as nonfarm demand appears to be holding firm.
- The district farm commodity price index edged up in the first quarter, but it remains well below year ago levels. Soybean and livestock prices gained ground in the quarter while corn and wheat prices held steady. Since March, livestock prices fell, wheat and corn prices remained flat, and soybean prices turned sharply higher.
- Farm credit conditions deteriorated in the first quarter. Loan repayment rates slowed and renewals or extension moved up. Demand for new farm loans remained relatively low, suggesting that lenders and their farm borrowers continue to approach new farm debt cautiously.
- Farm interest rates edged down in the first quarter. At the end of the quarter, interest rates on new farm loans averaged 7.91% for operating loans, 7.70% for feeder cattle loans, 7.85% for intermediate-term loans, and 7.49% for real estate loans. Since March, interest rates in national money markets have remained steady.

Note: 284 bankers responded to the first quarter survey.

<sup>1</sup> Please refer questions to Nancy Novack, assistant economist, at 816-881-2423 or nancy.l.novack@kc.frb.org.

## Farm Real Estate Values March 31, 2002

	Nonirrigated	Irrigated	Ranchland
Percent change from last quarter+			
Tenth District	1.09	1.23	1.29
Kansas	1.09	0.70	1.32
Missouri	1.19	0.79	1.29
Nebraska	1.39	1.58	1.62
Oklahoma	0.36	1.27	1.04
Mountain states*	0.45	1.39	0.47
Percent change from last year+			
Tenth District	2.89	3.17	3.39
Kansas	2.58	2.98	2.12
Missouri	3.19	3.63	7.91
Nebraska	2.66	3.69	3.32
Oklahoma	2.40	0.40	1.76
Mountain states*	7.36	3.19	5.68

\* 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)
<b>2000</b>						
Jan.-Mar.	107	95	92	108	67.1	100.6
Apr.-June	112	78	86	108	70.4	99.5
July-Sept.	103	85	84	112	70.8	93.0
Oct.-Dec.	106	90	82	120	70.9	103.0
<b>2001</b>						
Jan.-Mar.	111	106	78	123	70.5	105.3
Apr.-June	111	100	76	120	70.4	102.7
July-Sept.	98	116	83	115	71.2	99.7
Oct.-Dec.	98	118	82	115	69.5	91.4
<b>2002</b>						
Jan.-Mar.	100	116	74	121	71.7	94.7

\* 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