

# Survey of Agricultural Credit Conditions

Federal Reserve Bank of Kansas City

September 30, 2001

Highlights from the third quarter survey<sup>1</sup>

- Gains in district farmland values remained steady in the third quarter of 2001. District cropland values edged up 0.6 % while district rangeland values rose 1.1%. Nebraska and Oklahoma posted solid gains in the quarter while gains in the Mountain states leveled off, hinting that nonfarm demand may have slowed with the national economy. Compared to the previous year, district cropland and rangeland values are up 4 and 5%, respectively.
- The district farm commodity price index dropped in the third quarter. Prices for wheat, soybeans, and livestock softened while corn prices rose. The index, however, remains above year-ago levels, and U.S. farm income is forecast higher than last year.
- Farm credit conditions revealed a few bright spots. Loan repayment rates rebounded during the quarter, and bankers reported fewer requests for loan renewals or extensions. In addition, bankers report ample funds available for farm loans and interest rates remain low. Demand for farm loans, however, was noticeably below the previous two years.
- Farm interest rates continued to descend in the third quarter. At the end of the quarter, interest rates on new farm loans averaged 8.61% for operating loans, 8.43% for feeder cattle loans, 8.45% for intermediate-term loans, and 7.96% for real estate loans. Since September, interest rates in national money markets have fallen.

Note: 276 bankers responded to the third quarter survey.

<sup>1</sup> Please refer questions to Kendall McDaniel, associate economist, at 816-881-2291 or kendall.l.mcdaniel@kc.frb.org.

## Farm Real Estate Values September 30, 2001 (Average value per acre by reporting banks)

	Nonirrigated	Irrigated	Rangeland
Kansas	\$653	\$1,093	\$388
Missouri	999	1,203	659
Nebraska	882	1,465	369
Oklahoma	535	777	384
Mountain states*	361	1,131	249
Tenth District	\$712	\$1,215	\$394
Percent change from:			
Last quarter+	0.62	0.57	1.12
Year ago+	4.01	4.06	5.15
Market high	-15.68	-15.65	-3.90
Market low	79.71	78.61	136.14

\* 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>1999</b>						
Jan.–Mar.	105	113	56	143	65.7	88.0
Apr.–June	107	107	71	127	66.5	89.9
July–Sept.	103	90	74	126	67.7	89.5
Oct.–Dec.	100	99	86	115	67.7	94.1
<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	102.6
<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

\* 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