

Survey of Agricultural Credit Conditions

Federal Reserve Bank of Kansas City

December 31, 2001

Highlights from the fourth quarter survey.¹

- Gains in district farmland values moderated in the fourth quarter of 2001. Nonirrigated and irrigated cropland values edged up 0.4 % and 0.6% respectively while district rangeland values rose 0.7%. Slower gains may be attributed to more modest nonfarm demand during the economic slowdown as well as slower sales to farmers. Compared to a year ago, district cropland and rangeland values are up 3.5 and 5%, respectively.
- The district farm commodity price index dropped in the fourth quarter to its lowest level in over two years. Livestock prices weakened significantly in the quarter while crop prices were mostly steady. Nevertheless, cash crop and livestock receipts are expected to rise in 2002.
- Farm credit conditions stood firm in the fourth quarter. Loan repayment rates remained healthy with bankers reporting a slight uptick in requests for loan renewals or extensions. Very few bankers reported a shortage of funds available for new farm loans. However, demand for new farm loans has fallen steadily over the last year suggesting farmers are taking a cautious approach to new farm debt.
- Farm interest rates continued to fall in the fourth quarter. At the end of the quarter, interest rates on new farm loans averaged 8.05% for operating loans, 7.84% for feeder cattle loans, 8.19% for intermediate-term loans, and 7.55% for real estate loans. Since December, interest rates in national money markets have remained steady.

Note: 254 bankers responded to the fourth quarter survey.

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

Farm Real Estate Values December 31, 2001 (Average value per acre by reporting banks)

	Nonirrigated	Irrigated	Rangeland
Kansas	\$657	\$1,115	\$398
Missouri	1,002	1,334	702
Nebraska	844	1,444	348
Oklahoma	541	768	385
Mountain states*	346	1,059	196
Tenth District	\$700	\$1,209	\$390
Percent change from:			
Last quarter+	0.36	0.59	0.74
Year ago+	3.46	3.52	5.24
Market high	-17.05	-16.01	-4.99
Market low	76.80	77.86	133.46

* 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)
1999						
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
2000						
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
2001						
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

* 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