

Survey of Agricultural Credit Conditions

Federal Reserve Bank of Kansas City

June 30, 2001

Highlights from the second quarter survey¹

- Gains in district farmland values were more modest than in previous quarters. In the second quarter of 2001, district irrigated and nonirrigated cropland values rose 0.93 and 0.85 percent, respectively, while ranchland values edged up 0.57 percent. Despite slower gains for the quarter, district farmland values posted solid gains over a year ago.
- The district farm commodity price index slipped in the second quarter. Prices for wheat, corn, and slaughter cattle fell, while soybean and hogs prices rose. Since June, corn prices have edged up while prices for wheat, soybeans, and livestock have softened.
- Farm credit conditions showed some signs of weakness in the second quarter of 2001. Loan renewals or extensions were well above year ago levels and loan repayment rates continued to slow. District bankers, however, reported no significant repayment problems in their farm loan portfolios, and the demand for new farm loans remains healthy.
- Farm interest rates continued to fall in the second quarter. At the end of the quarter, interest rates on new farm loans averaged 9.11 percent for operating loans, 8.98 percent for feeder cattle loans, 8.97 percent for intermediate-term loans, and 8.45 percent for real estate loans. Since June, interest rates in national money markets have declined further.

Note: 270 bankers responded to the second 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 June 30, 2001 (Average value per acre by reporting banks)

| | Nonirrigated | Irrigated | Ranchland |
|----------------------|--------------|-----------|-----------|
| Kansas | \$643 | \$1,110 | \$387 |
| Missouri | 993 | 1,180 | 625 |
| Nebraska | 879 | 1,442 | 361 |
| Oklahoma | 534 | 735 | 384 |
| Mountain states* | 360 | 1,135 | 225 |
| Tenth District | \$694 | \$1,188 | \$382 |
| Percent change from: | | | |
| Last quarter+ | .93 | .85 | .57 |
| Year ago+ | 4.12 | 4.48 | 5.18 |
| Market high | -17.80 | -17.48 | -6.79 |
| Market low | 75.19 | 74.75 | 129.04 |

* 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 | 102.6 |
| 2001 | | | | | | |
| Jan.-Mar. | 111 | 106 | 78 | 123 | 70.5 | 105.3 |
| Apr.-June | 111 | 100 | 76 | 120 | 70.4 | 102.7 |

* 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