

Survey of Agricultural Credit Conditions

Federal Reserve Bank of Kansas City

December 31, 1999

Highlights from the fourth quarter survey¹

- Farmland values edged up during the fourth quarter, strengthened by big government payments to farmers and improved profits in the livestock industry. Average values rose 0.6 percent for cropland and 1.6 percent for rangeland. Compared with the year before, irrigated cropland values were up 1.2 percent, nonirrigated cropland values 1.8 percent, and rangeland values 3.3 percent.
- Average interest rates on farm loans increased 13 basis points during the fourth quarter, the third consecutive quarterly increase. At the end of the quarter, interest rates on new loans averaged 9.20 percent on real estate loans, 9.72 percent on intermediate loans, 9.74 percent on feeder cattle loans, and 9.90 percent on operating loans.
- The survey results indicated further improvement in farm loan portfolios. Repayment rates on farm loans climbed for the fourth consecutive quarter, and requests for loan renewals or extensions declined further.
- District bankers expect incomes to diverge in 2000 for crop and livestock producers. More than half the bankers expect incomes for crop producers to be lower in 2000 than in 1999, and 4 in 10 bankers expect the decline to be at least 5 percent. In contrast, about three-fourths of the bankers expect incomes for livestock producers to increase in 2000, and half the bankers expect the increase to be at least 5 percent.

Note: 306 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, 1999

(Average value per acre by reporting banks)

	Nonirrigated	Irrigated	Rangeland
Kansas	\$619	\$984	\$353
Missouri	929	1,177	599
Nebraska	859	1,415	351
Oklahoma	502	733	355
Mountain states*	331	1,104	204
Tenth District	\$671	\$1,148	\$359
Percent change from:			
Last quarter+	0.64	0.65	1.62
Year ago+	1.23	1.82	3.25
Market high	-20.53	-20.28	-11.54
Market low	69.38	68.82	115.07

* 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-deposit ratio* (percent)
1998					
Jan.-Mar.	120	108	93	109	65.9
Apr.-June	123	100	78	118	68.0
July-Sept.	112	99	58	136	68.4
Oct.-Dec.	107	108	55	138	66.9
1999					
Jan.-Mar.	105	113	56	143	65.7
Apr.-June	107	107	71	127	66.5
July-Sept.	103	90	74	126	67.7
Oct.-Dec.	100	99	86	115	67.7

* 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