



Farm Debt Contracted

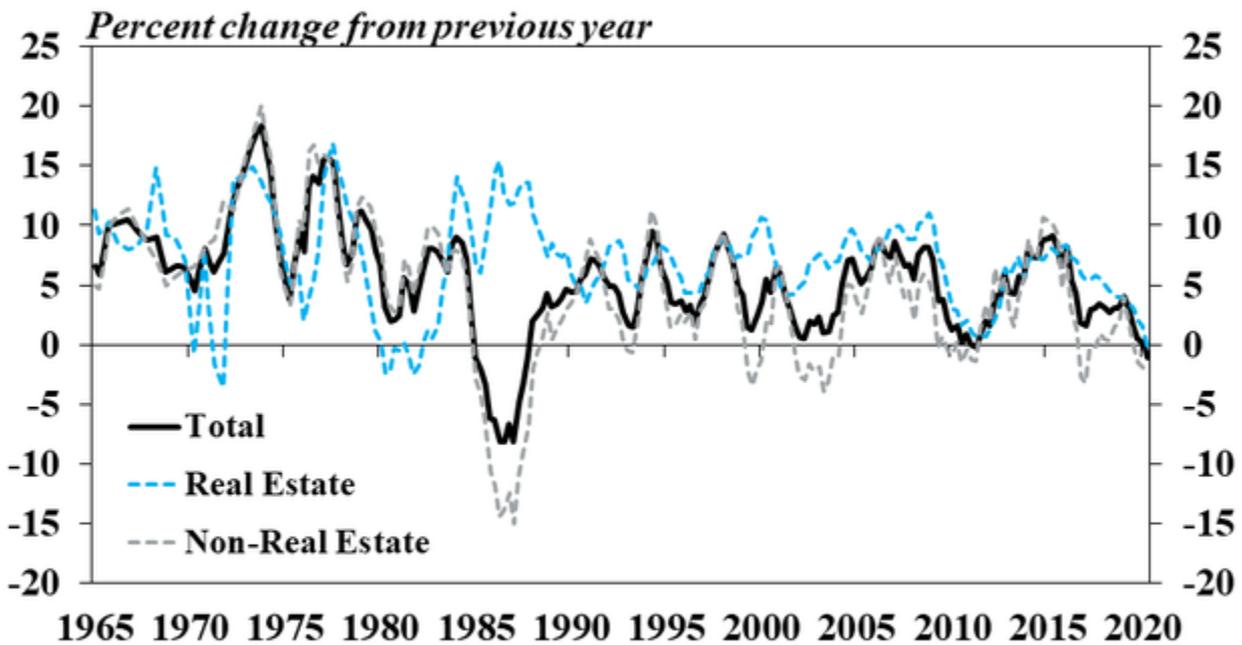
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Farm Loans Outstanding at Commercial Banks

Farm debt at commercial banks contracted in the second quarter of 2020 following a recent trend of **slower agricultural lending activity**. The 1% decrease in total outstanding loans was driven by a drop in both farm real estate and production loans. Farmland loans declined less than 1%, but it was the first decrease during any quarter in more than 35 years. Non-real estate loans declined by more than 2%, marking the fourth consecutive quarter of contraction.

Farm Loans Outstanding at Commercial Banks

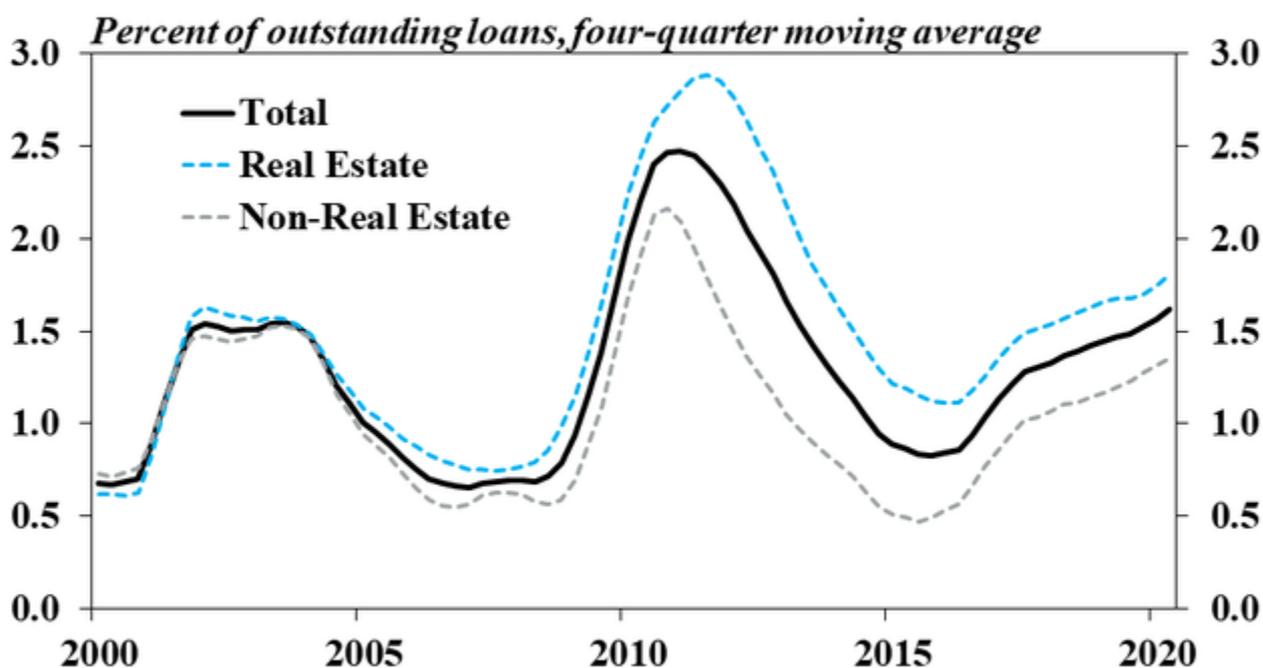


Note: Annual changes from September 30, 2019 to June 30, 2020 adjusted to account for changes due to exclusion of Rabobank, N.A. from commercial bank Call Report data as of September 30, 2019.
Source: Reports of Condition and Income- Federal Reserve Board of Governors.

Non-Performing Farm Loans at Commercial Banks

Alongside ongoing weaknesses in the agricultural economy and additional headwinds for many producers resulting from the pandemic, the share of non-performing agricultural loans continued to trend higher. Delinquency rates on farm loans remained manageable, but on a seasonally adjusted basis, have increased both annually and quarterly in every reporting period since the end of 2015. Compared to the second quarter of 2015, the volume of total non-performing farm loans was nearly 120% higher, while total debt outstanding at commercial banks grew by only 11%.

Non-Performing Farm Loans at Commercial Banks



Note: Includes loans past due 90 or more days still accruing and non-accruing loans.
Source: Reports of Condition and Income- Federal Reserve Board of Governors.

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Ty Kreitman is an associate economist in the Regional Affairs Department at the Omaha Branch of the Federal Reserve Bank of Kansas City. In this role, he primarily supports the Federal Reserve Bank of Kansas City and the Federal Reserve System efforts surrounding agricultural economics research, analysis and outreach. His responsibilities include co-authoring the *Tenth District Survey of Agricultural Credit Conditions* and *Agricultural Finance Updates*. Ty joined the Bank in 2015 as an assistant bank examiner in the Examinations & Inspections Department at the Omaha Branch and transferred to his current position in 2018. He holds a B.A. degree in Economics and Finance from the University of Nebraska-Lincoln and a M.A. degree in Financial Economics from Youngstown State University.
