



Agricultural Finance Update

Slowdown in Farm Economy Continues

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Agricultural credit conditions continued to decline amid a broader slowdown in the farm economy. Results from Federal Reserve System Agricultural Credit Surveys showed that farm income and loan repayment rates weakened further in the third quarter.

Persistently high production expenses and lower prices for key commodity crops have weighed on farm incomes and made it more difficult for farm borrowers to repay loans. Growth in farm real estate values continued to moderate, but average interest rates on farm loans decreased.

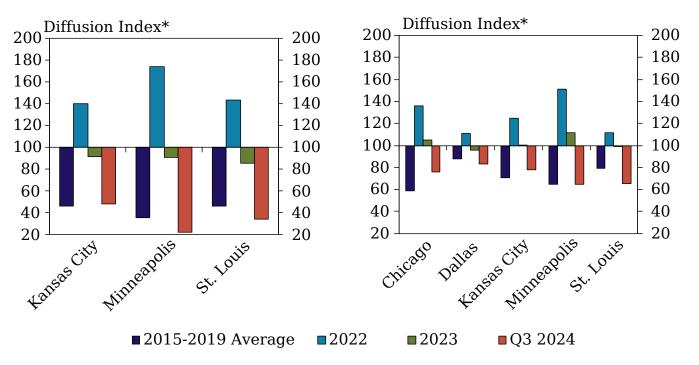
Third Quarter Federal Reserve District Ag Credit Surveys

Farm income and credit conditions weakened slightly in the third quarter. Both income and farm loan repayment rates declined at a faster pace in all reporting districts compared to a year ago (Chart 1). Alongside sharp declines in crop prices, financial conditions fell at the fastest pace in the Minneapolis and St. Louis regions. Declines were more muted in Chicago, Dallas, and Kansas City regions, which could be due to larger contributions from livestock production in those areas.

Chart 1: Farm Income and Loan Repayment Rates



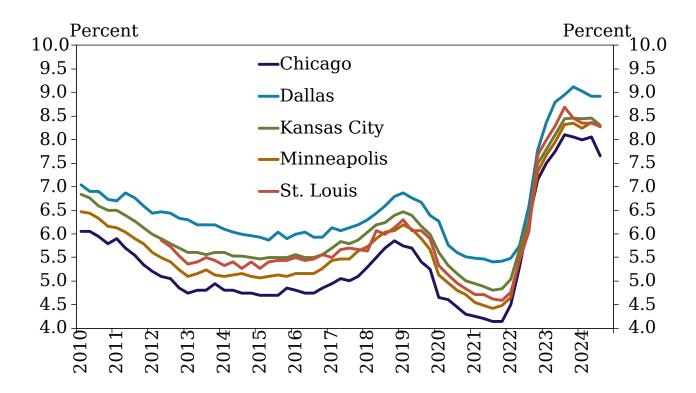
Farm Loan Repayment Rates



^{*}Bankers responded by indicating whether conditions during the current quarter was higher than, lower ther index numbers are computed by subtracting the percentage of bankers who responded "lower" from the percentage of dding adding adding

Farm loan interest rates declined slightly alongside recent reductions in benchmark rates. The Federal Open Market Committee lowered the target range for the federal funds rate by 50 basis points in mid-September and interest rates on farm loans across all Districts declined by about 14 basis points, on average during the survey period in the second half of the month (Chart 2). In the Chicago region, interest rates fell by 40 basis points, the largest decline since the first quarter of 2020.

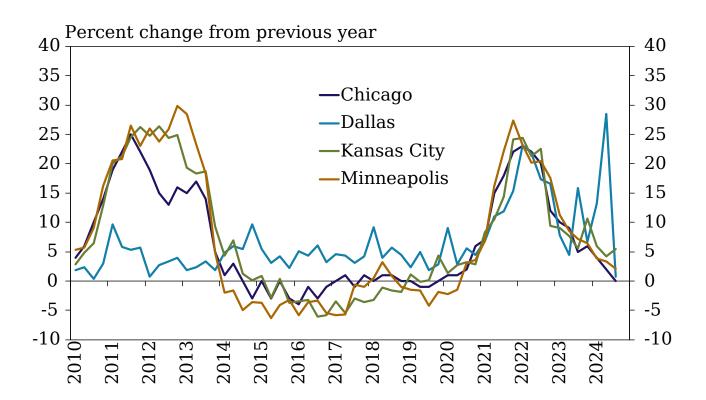
Chart 2Average Farm Loan Interest Rates*



^{*}Average fixed rates on agricultural loans-ofpdratypes intermediate and real estate Sources Federal Reserve District Surveys of Agricultural Credit Conditions

Farm real estate values remained resilient despite headwinds from lower crop prices and higher interest rates, but growth continued to slow. Although annual growth in nonirrigated cropland values in the Kansas City region grew at a slightly faster pace compared with the previous quarter, values in other regions grew at a slower pace (Chart 3). Most notably, valuations in the Chicago region were unchanged from the previous year for the first time since 2019.

Chart 3 Nonirrigate Gropland Values



SourcesFederal Reserve District Surveys of Agricultural Credit Conditions

Federal Reserve Ag Credit Surveys Historical Data Federal Reserve Ag Credit Surveys Tables About the Federal Reserve Ag Credit Surveys

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Cortney Cowley serves as Oklahoma City Branch Executive and Assistant Vice President for the Federal Reserve Bank of Kansas City. Cowley joined the Bank in 2015 as an economist and was promoted to senior economist in 2021. In 2025, Cowley began her role as Branch Executive. As Oklahoma City Branch Executive, Cowley is the Bank's lead officer and economist in Oklahoma. She recruits and works closely with the Oklahoma City Branch Board of Directors and is responsible for briefing Kansas City Fed President Jeff Schmid, a member of the Federal Open Market Committee, on economic trends in the state. She also serves as a special advisor on agriculture to Governor Miki Bowman at the Federal Reserve Board of Governors. Cowley's team conducts research and surveys on key regional issues such as energy, manufacturing and migration. Cowley holds a Ph.D. in Agricultural Economics from Oklahoma State University, as well as a master's degree in Civil Engineering from Colorado State University and a bachelor's degree in Biosystems Engineering from Oklahoma State University, where she was named a Harry S. Truman Scholar. She is a member of the Economic Club of Oklahoma City, Downtown Club of Oklahoma City, the Agricultural and Applied Economics Association and serves as an economic advisor on the campaign cabinet of the United Way of Central Oklahoma. Cowley, along with her husband and seven-year-old twins, lives on a small farm northwest of Oklahoma City.



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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.