

News Release

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AG CREDIT SURVEY FINDS FARMLAND VALUES HOLD STEADY, FARM CREDIT CONDITIONS DETERIORATE IN THIRD QUARTER

Despite weaker farm incomes and credit conditions, Tenth District farmland values held steady in the third quarter, according to the Federal Reserve Bank of Kansas City's third quarter Survey of Agricultural Credit Conditions.

Since falling in the fourth quarter of 2008, farmland values overall appear to have reached a plateau in the seven-state District. Survey respondents reported a limited number of sales during the quarter, and a majority expected farmland values to hold steady over the next three months.

More District bankers reported weaker farm incomes due to sagging protein demand and a summer decline in crop prices. With shrinking margins, livestock producers have been cutting supplies by culling herds and consolidating feedlots. Bankers on average estimated that livestock incomes would decline roughly 10 percent below year-ago levels, and that annual crop incomes would decline roughly 15 percent below year-ago levels due to lower pre-harvest crop prices.

With lower incomes, farm credit conditions eroded during the third quarter. More bankers reported lower loan repayment rates and rise in loan renewals and extensions, trends bankers expect to continue through the end of the year. More bankers reported rising farm loan demand, and many indicated having ample funds for creditworthy borrowers.

The complete survey is available at www.KansasCityFed.org/agcrsurv/agcrmain.htm.

The Tenth Federal Reserve District encompasses Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico, and western Missouri.

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