

# News Release

THE FEDERAL RESERVE BANK *of* KANSAS CITY

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## **SURVEY FINDS FARM CREDIT CONDITIONS MAY HAVE PEAKED**

District bankers report that robust gains in farm income, capital spending and farmland values are expected to slow, according to the Federal Reserve Bank of Kansas City's first quarter Survey of Agricultural Credit Conditions.

In the survey of 269 banks in the seven-state Tenth Federal Reserve District, bankers reported robust farm incomes in the first quarter, but fewer expected farmers to earn higher incomes in coming months with rising input costs and losses among livestock producers. Farmland values continued to boom in the first quarter, with District cropland values remaining roughly 20 percent above year ago levels.

Credit conditions remained healthy, but bankers expected the improvements in credit conditions to slow going forward. The amount of funds available for loans rose, however, due to a combination of high repayment rates, fewer extensions and renewals, and slow loan demand that has freed up additional funds. While farm interest rates dropped, collateral requirements rose sharply.

In response to special questions on the financial conditions of grain elevators, bankers noted that the Farm Credit System has more direct exposure to grain elevator financing. Sixty percent of respondents indicated local elevators were receiving funding from the Farm Credit System, and almost a third of bankers reported funding local grain elevators. Reports of grain elevators in financial stress were concentrated in the wheat-growing regions of the District, but tended to be heavily localized.

A complete summary of the first quarter survey is available at  
[www.KansasCityFed.org/agcrsurv/agcrmain.htm](http://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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