

News Release

THE FEDERAL RESERVE BANK *of* KANSAS CITY
DENVER • OKLAHOMA CITY • OMAHA

One Memorial Drive • Kansas City, MO 64198 • Phone: 816.881.2683

For Immediate Release
August 14, 2009

Contact: Jennifer Clark
402-221-5560
jennifer.clark@kc.frb.org

AG CREDIT SURVEY FINDS FARM ECONOMY REMAINS SOLID, FARMLAND VALUES HOLD FIRM IN SECOND QUARTER

The Tenth District farm economy remained solid in the second quarter after softening from last year's boom, according to the Federal Reserve Bank of Kansas City's second quarter Survey of Agricultural Credit Conditions.

Farmland values held firm as farm incomes improved with higher commodity prices, according to 256 banks in the seven-state District. While the supply of farms for sale remained limited, the survey found that renewed interest from non-farm investors along with robust farmer demand helped support farmland values. Compared to last year, nonirrigated cropland values were flat, while irrigated cropland and ranchland values posted slight increases.

Survey respondents also reported that farm income prospects improved with the spring rebound in commodity prices. Income expectations, however, varied by region and agricultural sector. Bankers anticipated stronger incomes in corn and soybean producing states, and lower farm incomes in states where the wheat crop suffered from weather damage or with high concentrations of livestock operations.

Farm credit conditions changed little in the second quarter, and bankers expected conditions to improve somewhat in the next three months. District bankers indicated ample funds were available to satisfy a modest increase in loan demand, and they overwhelmingly reported no change in fundamental lending philosophies in response to the financial crisis.

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.

###

