

# News Release

THE FEDERAL RESERVE BANK *of* KANSAS CITY  
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## **NATIONAL AGRICULTURAL FINANCE CONDITIONS IMPROVE ACCORDING TO FEDERAL RESERVE AGRICULTURAL FINANCE DATABOOK**

Agricultural finance conditions improved with rising farm incomes at the end of 2010, according to the Federal Reserve System's Agricultural Finance Databook.

Stronger farm incomes allowed farmers to pay off debts, which trimmed loan delinquencies and lifted profits at agricultural banks. Agricultural banks continued to outperform their banking peers as both the return on assets and equity rose for the third straight quarter, exceeding the returns at other small banks.

Farmland values surged with stronger incomes, spurring a modest rise in farm real estate loan volumes. During the past year, farmland values rose more than 10 percent in the Corn Belt and Great Plains regions, with the strongest gains for good-quality farmland. With bigger farm real estate loan volumes, total farm debt outstanding rose modestly at commercial banks.

Robust farm incomes had more mixed effects on non-real estate loan volumes. With higher incomes, crop producers curtailed short-term operating loan demand, limiting the volume of operating loans at commercial banks. Yet, larger profits prompted many crop producers to expand their capital purchases, lifting intermediate-term loan volumes for farm machinery and equipment. Loan volumes also rose for the livestock sector as high feed and feeder cattle prices boosted average loan amounts.

The Agricultural Finance Databook is a quarterly compilation of national and regional agricultural finance data. The Federal Reserve Bank of Kansas City assumed responsibility for the Agricultural Finance Databook, also known as the E.15 statistical release, from the Board of Governors in October 2010. A summary publication now accompanies the data.

The complete release is available at:

<http://www.kansascityfed.org/research/indicatorsdata/agfinance>.

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

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