

News Release

THE FEDERAL RESERVE BANK *of* KANSAS CITY
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CROPLAND VALUES HOLDING STEADY ACCORDING TO AGRICULTURAL CREDIT SURVEY

Farmland values in the seven-state Tenth District Federal Reserve District generally held steady in the fourth quarter of 2014 despite further declines in farm income, according to the Federal Reserve Bank of Kansas City's quarterly Survey of Agricultural Credit Conditions. Most bankers surveyed, however, said they expect cropland values to fall in 2015 alongside reduced expectations for farm income.

Although farmland values remained relatively stable, farm income continued to weaken across most of the Tenth District. Overall, more than half of survey respondents reported lower incomes in the fourth quarter than a year ago. While overall farm income continued to soften, livestock producers have experienced record profits. Profit margins remained particularly strong for cow/calf operators due to low feed costs and persistently high feeder cattle prices, which have been supported by reduced U.S. cattle inventories.

Demand for operating loans to pay for crop inputs is expected to remain elevated, and some bankers expressed concern that loan repayment rates might deteriorate if weak profit margins persist.

The survey is available at www.kansascityfed.org/research/indicatorsdata/agcredit/index.cfm.

As the regional headquarters of the nation's central bank, the Federal Reserve Bank of Kansas City and its branches in Denver, Oklahoma City and Omaha serve the seven states of the Tenth Federal Reserve District: Colorado, Kansas, Nebraska, Oklahoma, Wyoming, northern New Mexico and western Missouri.

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Audio Clip of Economist Nathan Kauffman on the Survey Results: <http://bcove.me/bi5hdex>

