News Release
THE FEDERAL RESERVE BANK of KANSAS CITY
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For Immediate Release
April 25, 2016

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FARM LENDING ACTIVITY REMAINS ROBUST

Farm income remained suppressed in the first quarter of 2016, keeping farm lending activity high, according to the Federal Reserve's Agricultural Finance Databook.

Although non-real estate farm loan volumes declined modestly from a year ago, the number of loans originated increased slightly and the volume of loans remained near record highs. Large loans used to finance operating expenses remained the primary driver of demand for non-real estate loans.

Returns at agricultural banks generally remained strong, but delinquency rates on farm loans ticked up and loan repayment rates dipped, as persistently weak profit margins in the farm sector continued to intensify the challenge of maintaining adequate cash flow.

Though farmland values have remained relatively strong, a poor outlook for cash flow could continue to pressure a larger share of farm borrowers in the coming year, particularly those most highly leveraged.

The Agricultural Finance Databook is a quarterly compilation of national and regional agricultural finance data. The report is available at www.kansascityfed.org/research/indicatorsdata/agfinancedatabook.

As the regional headquarters of the nation's central bank, the Federal Reserve Bank of Kansas City and its branches 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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