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The Impact of the Recession and Financial Crisis on Agricultural Credit and Rural Economies

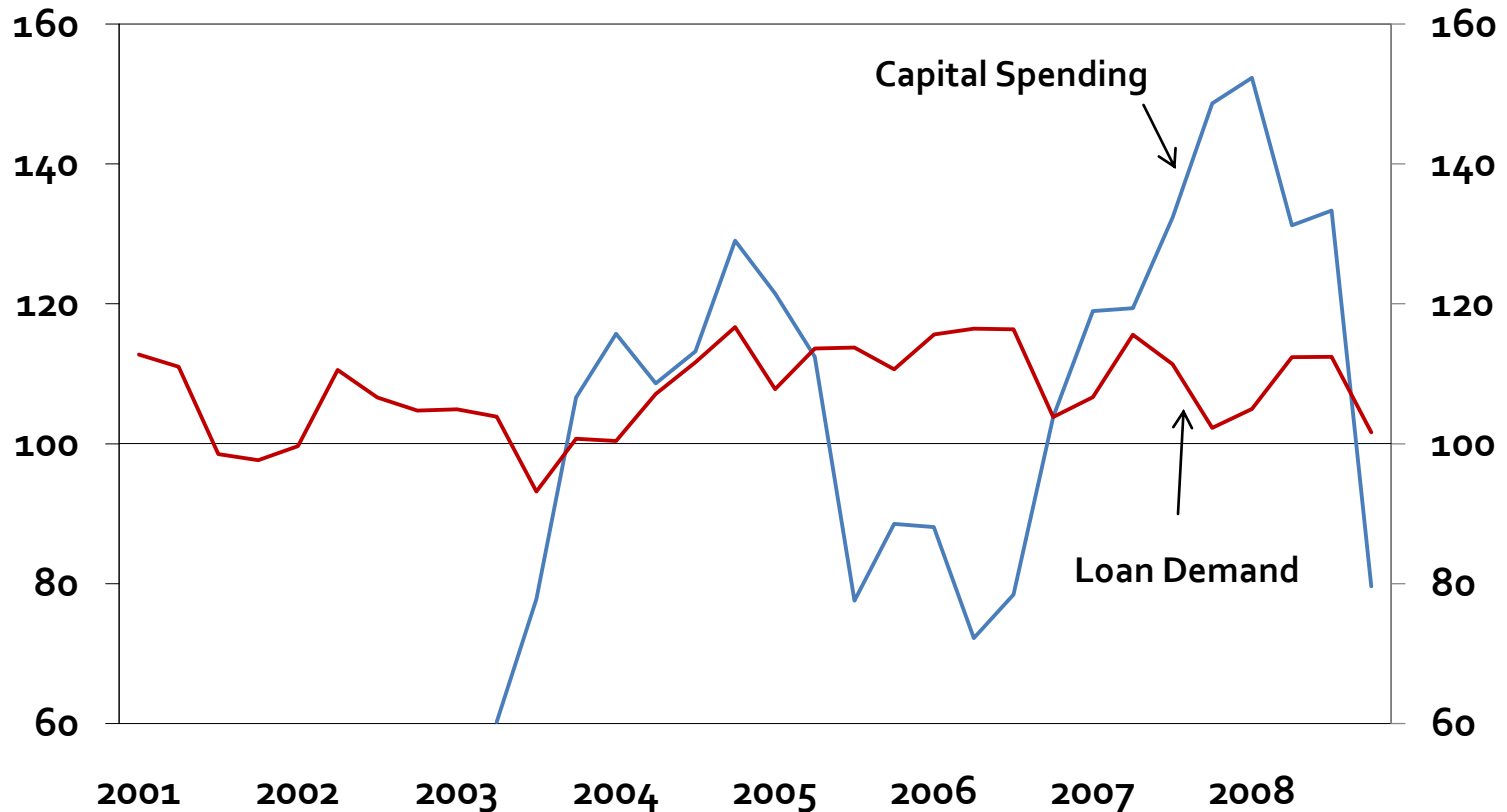


The views expressed are those of the author and do not necessarily reflect the opinions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.

Capital spending plans have fallen sharply with modest gains in operating loan demand.

Capital Spending and Farm Operating Loan Demand (Tenth Federal Reserve District)

Diffusion Index



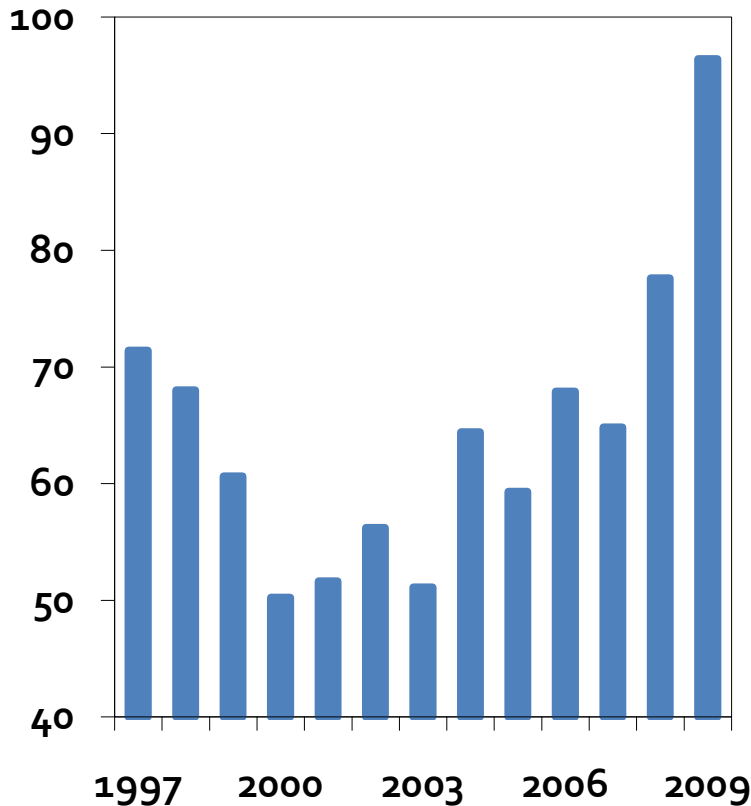
Source: Federal Reserve Bank of Kansas City



Non-real estate loans are rising due to an increase in average loan amounts.

Total Volume of Non-Real Estate Loans to Farmers – First Quarter

Billions of Dollars

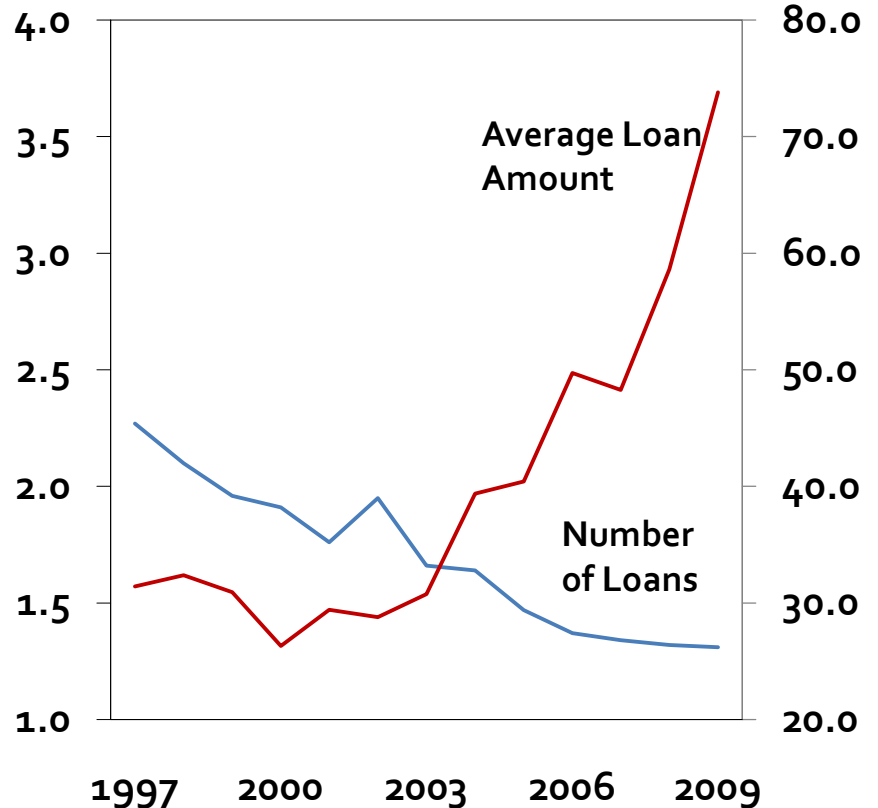


Source: Federal Reserve Agricultural Finance Databook

Non-Real Estate Loans to Farmers (Number and Average Amount)

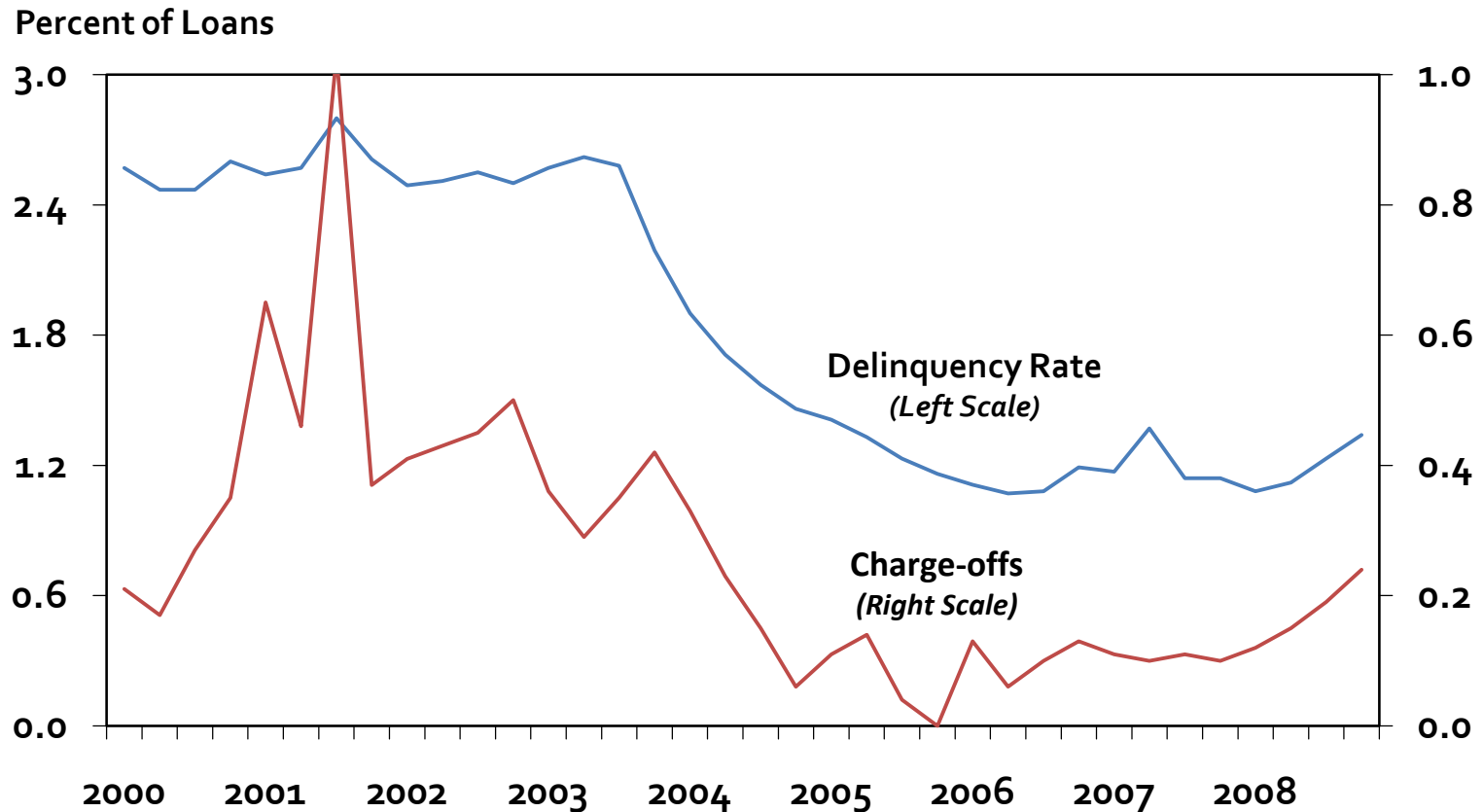
Millions of Loans

Thousands of Dollars



Risks on Agricultural Loans Edged Up in 2008.

Charge-offs and Delinquency Rates on Agricultural Loans

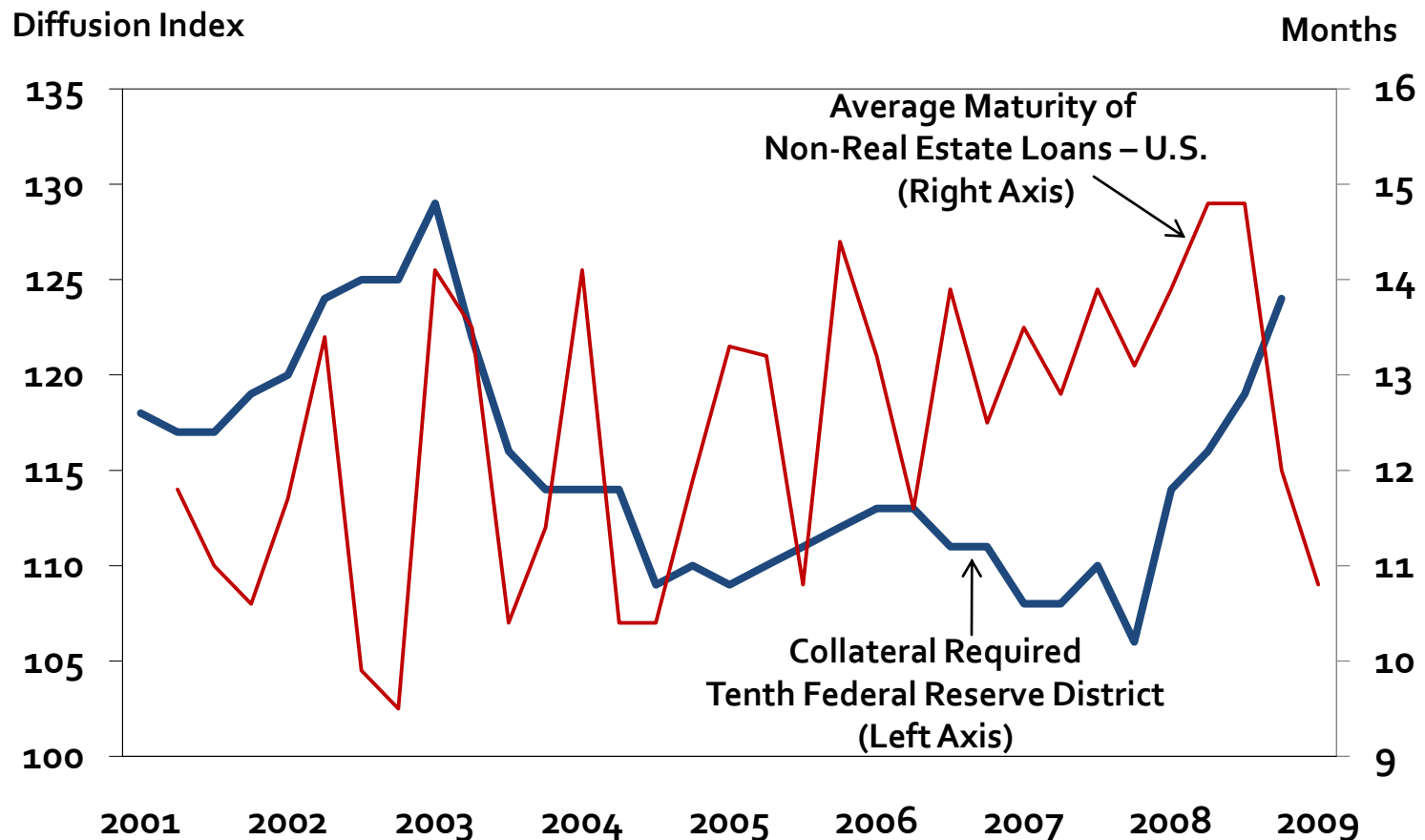


Source: Board of Governors of the Federal Reserve System



Collateral requirements have tightened and loan maturities have fallen.

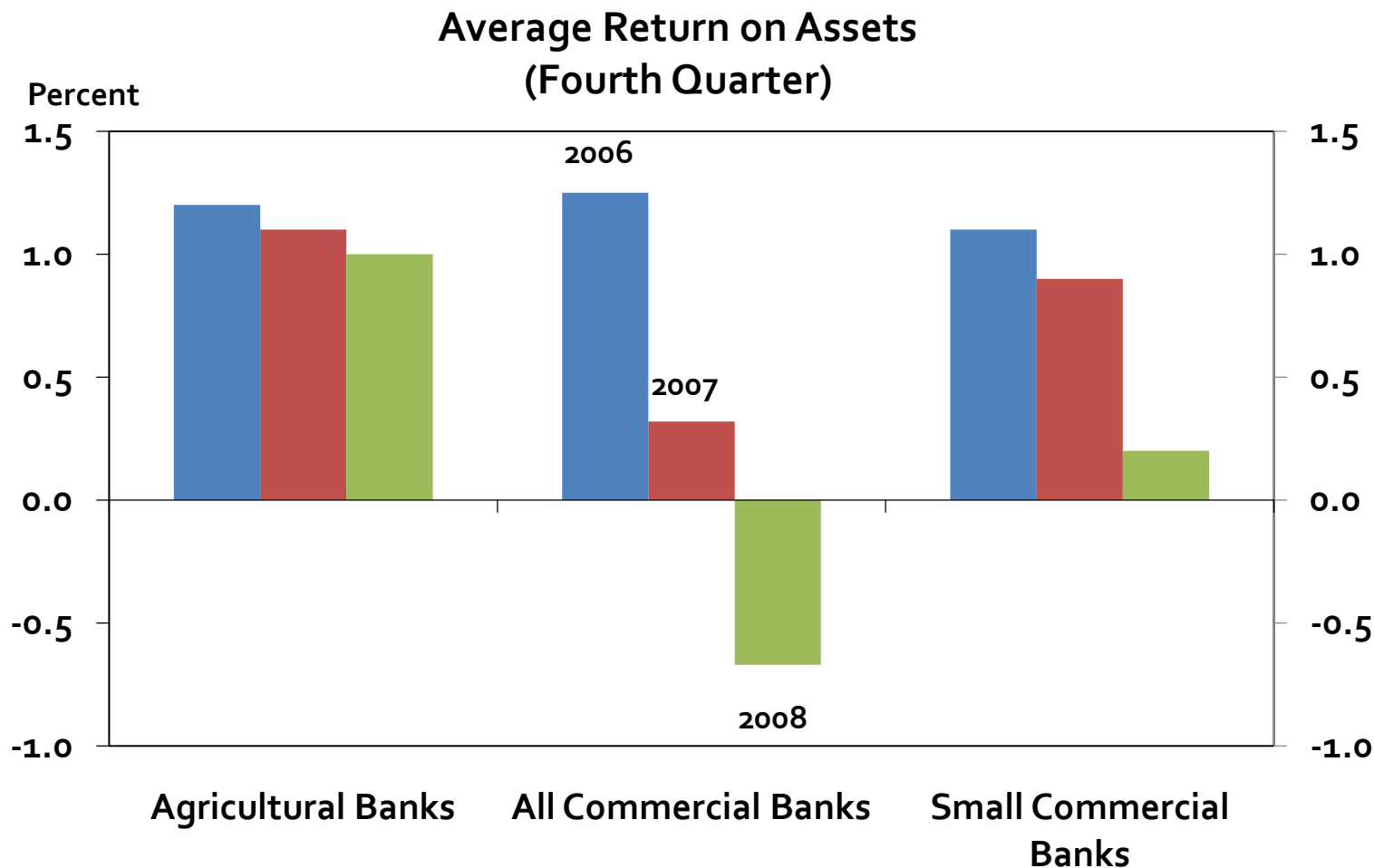
Collateral Requirements and Loan Maturity on Non-Real Estate Loans



Source: Federal Reserve Bank of Kansas City and Agricultural Finance Databook



Agricultural bank returns are still strong.



Source: Board of Governors of the Federal Reserve and FDIC

Agricultural banks are banks with agricultural loans accounting for 14% or more of their loan portfolio.

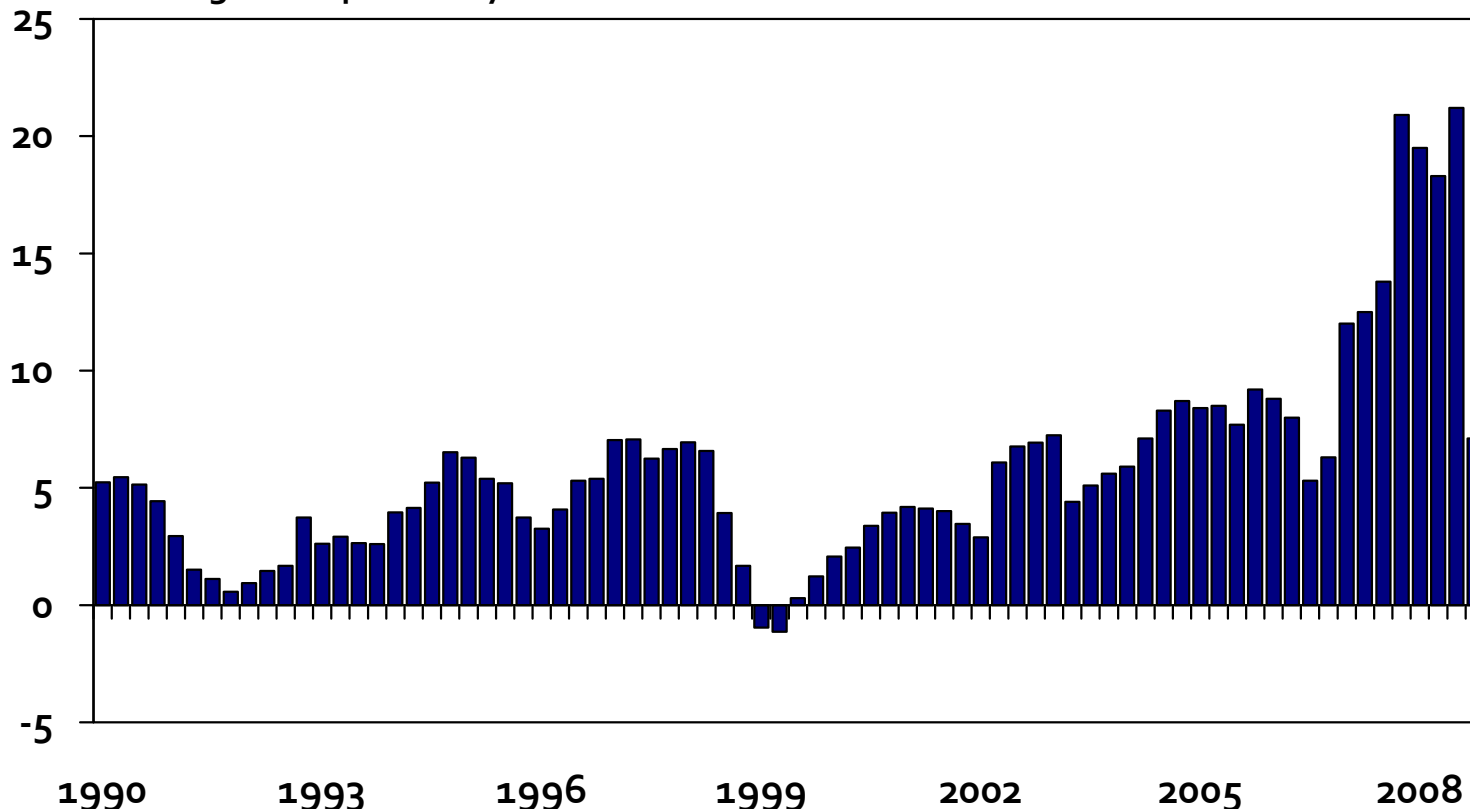
Small commercial banks are banks with less than \$500 million in assets



Farmland values contracted in the fourth quarter, but remain above year ago levels.

Non-irrigated Cropland Value Gains (Tenth Federal Reserve District)

Percent change from previous year*



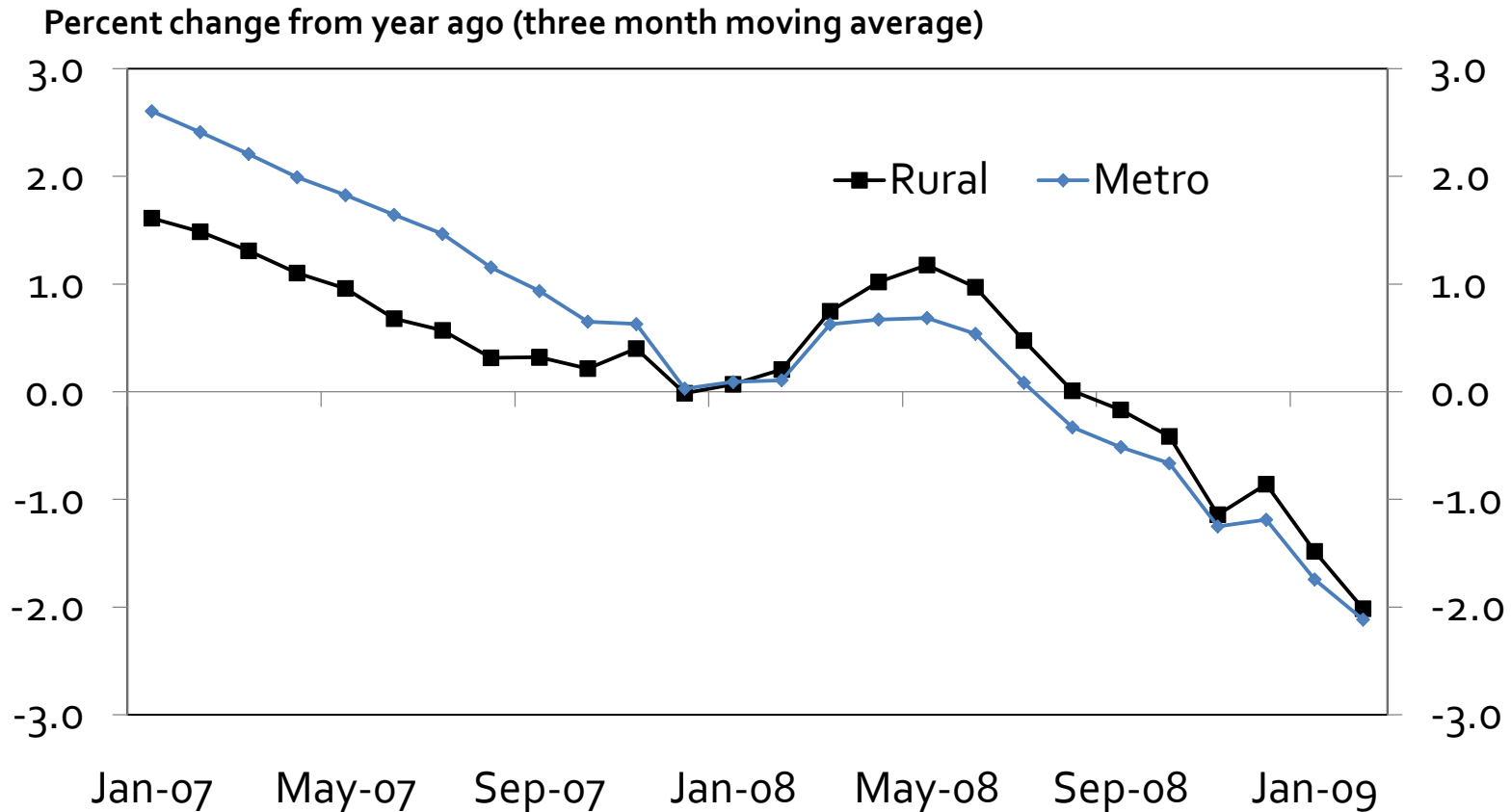
Source: Federal Reserve Bank of Kansas City

* Percent changes are calculated using responses only from those banks reporting in both previous and current time periods.



The recession has leeches into Rural America.

Rural and Metro Employment Growth



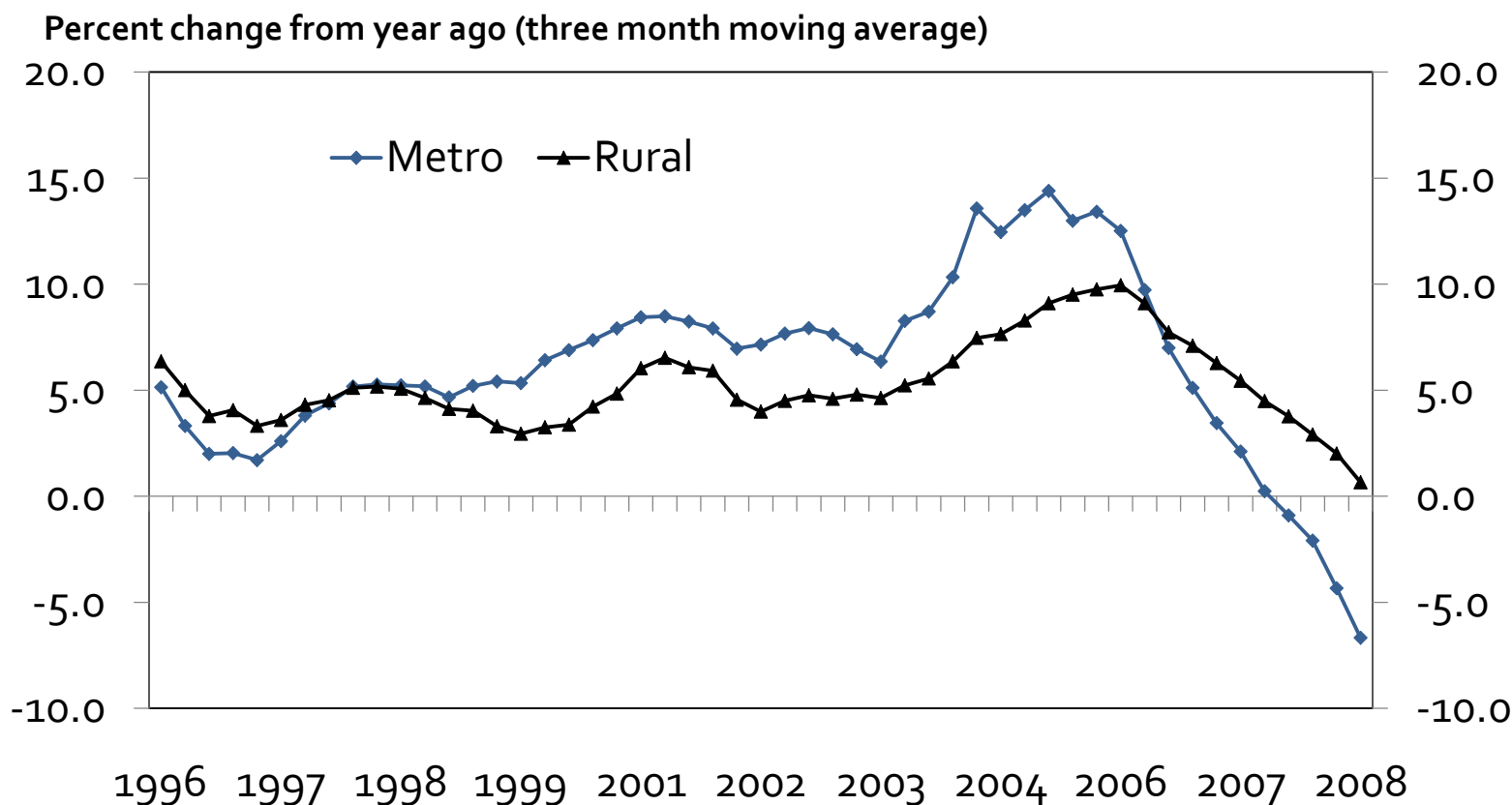
Source: Bureau of Labor Statistics.

Note: Rural is defined as total employment in all nonmetropolitan counties.



Rural housing prices are holding steady.

Rural and Metro Housing Price Growth



Source: Federal Housing Finance Authority

