

LIQUIDITY AND FARM LOAN INTEREST RATES AT RURAL BANKS

Charts and Tables

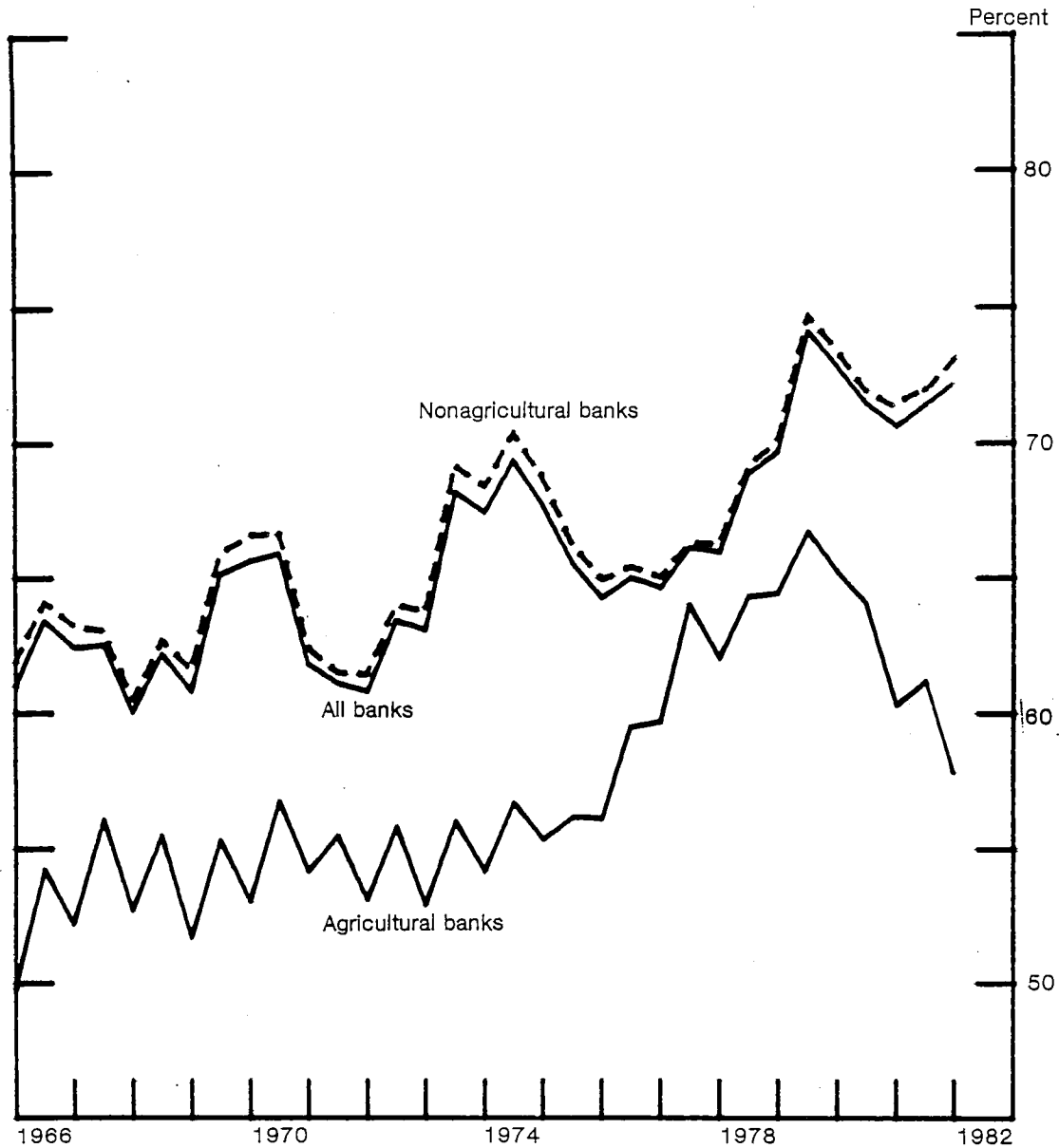
Presented to the National Agricultural Credit Committee
Washington, D.C.

March 15, 1982

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Chart 1

Average Loan/Deposit Ratios at Insured Commercial Banks
Semiannual



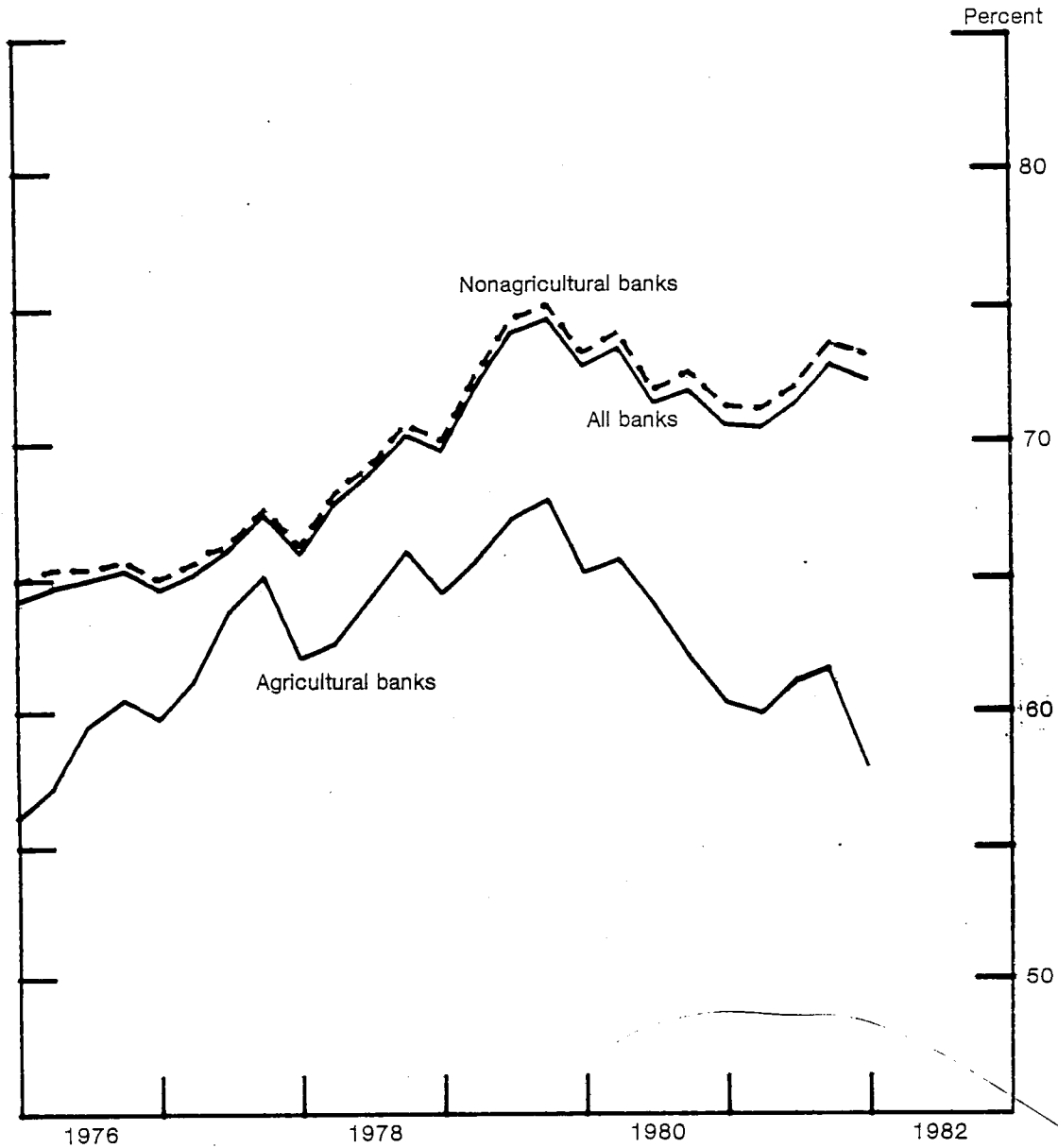
"Agricultural banks" are banks at which farm loans comprise 25 percent or more of total loans.

Last data plotted: December 31, 1981

Data for December 31, 1981, have been adjusted by excluding loans and deposits transferred from foreign offices into the new International Banking Facility accounts.

Chart 2

Average Loan/Deposit Ratios at Insured Commercial Banks
Quarterly



"Agricultural banks" are banks at which farm loans comprise 25 percent or more of total loans.

Last data plotted: December 31, 1981

Data for December 31, 1981, have been adjusted by excluding loans and deposits transferred from foreign offices into the new International Banking Facility accounts.

Chart 3

Average Loan/Deposit Ratios at Insured Commercial Banks
Semiannual



"Agricultural banks" are banks at which farm loans comprise 25 percent or more of total loans.

"Large banks" are banks with total assets of \$500 million or more.

Last data plotted: December 31, 1981

Data for December 31, 1981, have been adjusted by excluding loans and deposits transferred from foreign offices into the new International Banking Facility accounts.

Table 1

Average loan/deposit ratios at agricultural banks (percent)

Data for banks at which farm loans are 25 percent or more of total loans
(15 percent or more of total loans in states or areas marked *)

End of month or date	U.S.	Corn Belt					Lake States				Plains				
		OH	IN	IL	IO	MO	MI*	WI	MN	ND	SD	NB	KS	OK	TX
1975--Dec....	56	58	54	50	57	52	66	60	58	57	60	59	56	54	52
1976--Mar....	57	60	54	50	59	54	65	60	60	54	61	61	58	54	52
--June...	59	62	56	52	60	56	67	62	61	60	60	64	60	56	57
--Sept...	61	62	57	53	60	57	69	62	60	62	60	67	63	57	58
--Dec....	60	60	56	54	62	56	68	62	60	62	62	66	62	57	54
1977--Mar....	61	62	58	56	63	58	68	65	60	60	64	68	63	58	55
--June...	64	66	61	57	66	61	71	67	64	65	67	72	64	58	59
--Sept...	65	67	64	60	68	62	71	68	64	64	66	73	65	59	61
--Dec....	62	65	61	59	66	58	68	66	62	60	65	66	62	59	56
1978--Mar....	63	68	63	60	66	60	69	68	64	57	64	66	63	59	55
--June...	64	68	64	61	66	62	70	70	65	61	67	66	64	59	60
--Sept...	66	68	67	63	67	64	72	71	67	64	68	69	65	60	62
--Dec....	64	67	65	64	67	62	71	70	65	61	68	65	64	61	60
1979--Mar....	66	68	66	65	69	64	72	71	68	62	70	66	65	61	58
--June...	67	69	67	64	70	66	72	72	70	68	73	69	65	60	59
--Sept...	68	69	68	63	70	67	72	72	71	71	74	72	65	60	60
--Dec....	65	69	66	62	69	63	70	70	69	67	70	69	63	59	56
1980--Mar....	66	69	66	62	70	64	69	71	71	65	72	71	63	59	55
--June...	64	67	64	60	67	63	67	69	68	64	67	68	61	57	56
--Sept...	62	65	64	58	63	60	66	68	64	62	65	67	59	55	56
--Dec....	60	64	62	56	61	59	64	67	61	59	64	65	58	55	54
1981--Mar....	60	64	62	55	60	60	63	67	62	57	63	65	58	55	54
--June...	61	66	63	57	62	61	64	67	64	59	62	67	59	55	54
--Sept...	62	65	64	57	61	61	65	68	63	58	63	68	58	56	56
--Dec....	58														
1981--Jan. 28	60	65	62	55	60	59	64	67	62	58	64	65	58	54	54
--Feb. 25	60	64	62	55	60	59	62	66	61	58	64	64	58	55	53
--Mar. 25	60	65	62	56	60	59	62	66	63	58	64	65	58	55	54
--Apr. 29	60	65	62	56	60	59	63	67	62	57	63	66	58	56	55
--May 27	61	65	62	56	61	60	63	67	63	57	63	66	58	56	55
--June 24	61	66	63	56	62	61	64	67	63	58	63	68	59	56	56
--July 29	62	66	64	57	62	61	65	67	64	59	64	69	58	55	55
--Aug. 26	61	66	64	57	62	61	64	67	62	58	64	69	58	56	55
--Sept. 30	61	65	63	56	61	60	64	67	62	57	63	68	58	56	56
--Oct. 28	61	64	62	55	61	60	63	67	61	57	62	69	58	57	56
--Nov. 25	59	63	61	54	59	58	63	66	59	55	61	66	57	56	56
--Dec. 30	58	64	60	53	58	57	61	65	59	55	62	64	56	57	55

Data are for insured commercial banks meeting the specified farm loan criterion on the date indicated (or, for 1981 monthly estimates, on 12/31/80). Monthly estimates shown are based on experience at banks that report deposits and total loans weekly.

Table 1 (continued)

Average loan deposit ratios at agricultural banks (percent)

Data for banks at which farm loans are 25 percent or more of total loans
(15 percent or more of total loans in states or areas marked *)

End of month or date	Mountain States					Southeast			Delta States			Appalachian			U.S.*
	NM	CO	WY	MT	ID*	FL*	GA*	AL*	MS*	LA*	AR*	TN*	KY*	VA*	
1975--Dec....	61	63	59	58	66	54	63	56	58	56	53	58	57	63	57
1976--Mar....	64	64	63	59	69	55	66	57	57	57	56	58	58	64	58
--June...	64	68	66	62	71	57	70	59	58	60	57	61	63	64	60
--Sept...	64	71	63	65	74	57	67	60	61	62	60	63	65	63	61
--Dec....	62	68	61	61	69	57	66	59	57	56	57	61	61	62	60
1977--Mar....	66	70	66	62	72	57	69	58	56	58	59	61	62	65	61
--June...	64	71	63	65	73	59	74	62	60	63	62	66	66	66	64
--Sept...	64	71	63	65	74	60	73	64	63	68	65	68	70	66	65
--Dec....	62	68	61	61	72	58	66	62	59	63	61	64	64	64	63
1978--Mar....	64	68	64	62	74	56	64	62	57	65	61	65	67	64	63
--June...	63	72	63	65	76	57	68	63	60	68	64	68	69	66	65
--Sept...	64	74	63	68	75	61	68	64	63	72	67	69	72	67	67
--Dec....	64	71	62	62	71	61	68	64	60	67	63	68	66	66	65
1979--Mar....	64	73	68	66	71	59	70	65	59	66	62	69	68	69	67
--June...	63	76	71	70	74	60	73	66	63	68	62	70	70	71	68
--Sept...	66	76	69	72	74	61	72	66	67	72	64	71	71	71	68
--Dec....	63	72	62	64	70	59	69	66	61	63	59	66	66	69	65
1980--Mar....	61	75	66	65	69	57	68	64	60	62	58	65	66	73	66
--June...	59	74	64	64	71	55	67	62	60	64	58	65	66	72	64
--Sept...	58	73	62	63	69	55	66	61	62	66	58	63	66	70	63
--Dec....	54	68	59	57	65	56	65	61	61	62	58	61	60	72	61
1981--Mar....	52	68	64	58	64	52	63	59	59	61	58	61	60	72	60
--June...	53	71	64	60	67	54	63	58	60	61	59	62	61	70	62
--Sept...	54	70	66	61	69	56	63	58	60	64	59	64	62	69	62
--Dec....															
1981--Jan. 28	54	70	61	57	65	56	65	61	61	63	59	62	--	72	--
--Feb. 25	53	69	60	58	65	56	64	60	60	63	59	61	--	72	--
--Mar. 25	53	70	61	59	65	55	63	59	60	62	59	61	--	71	--
--Apr. 29	54	71	61	59	64	57	63	57	59	62	59	61	--	71	--
--May 27	54	73	60	60	65	56	64	58	57	62	59	62	--	70	--
--June 24	54	75	61	60	66	58	65	58	59	63	59	63	--	70	--
--July 29	54	75	62	62	66	59	65	58	60	64	60	63	--	71	--
--Aug. 26	55	74	61	62	67	59	65	57	59	63	60	63	--	70	--
--Sept. 30	54	72	61	61	68	59	65	58	59	63	59	63	--	68	--
--Oct. 28	52	73	61	60	68	61	62	56	57	62	57	62	--	67	--
--Nov. 25	51	70	56	58	68	62	61	55	55	61	56	61	--	66	--
--Dec. 30	52	71	58	58	67	60	61	55	56	61	57	59	--	67	--

Data are for insured commercial banks meeting the specified farm loan criterion on the date indicated (or, for 1981 monthly estimates, on 12/31/80). Monthly estimates shown are based on experience at banks that report deposits and total loans weekly.

Chart 4

Average Farm Loan Interest Rates at Rural Banks Compared with Prime Rate
Quarterly, First Day of Quarter

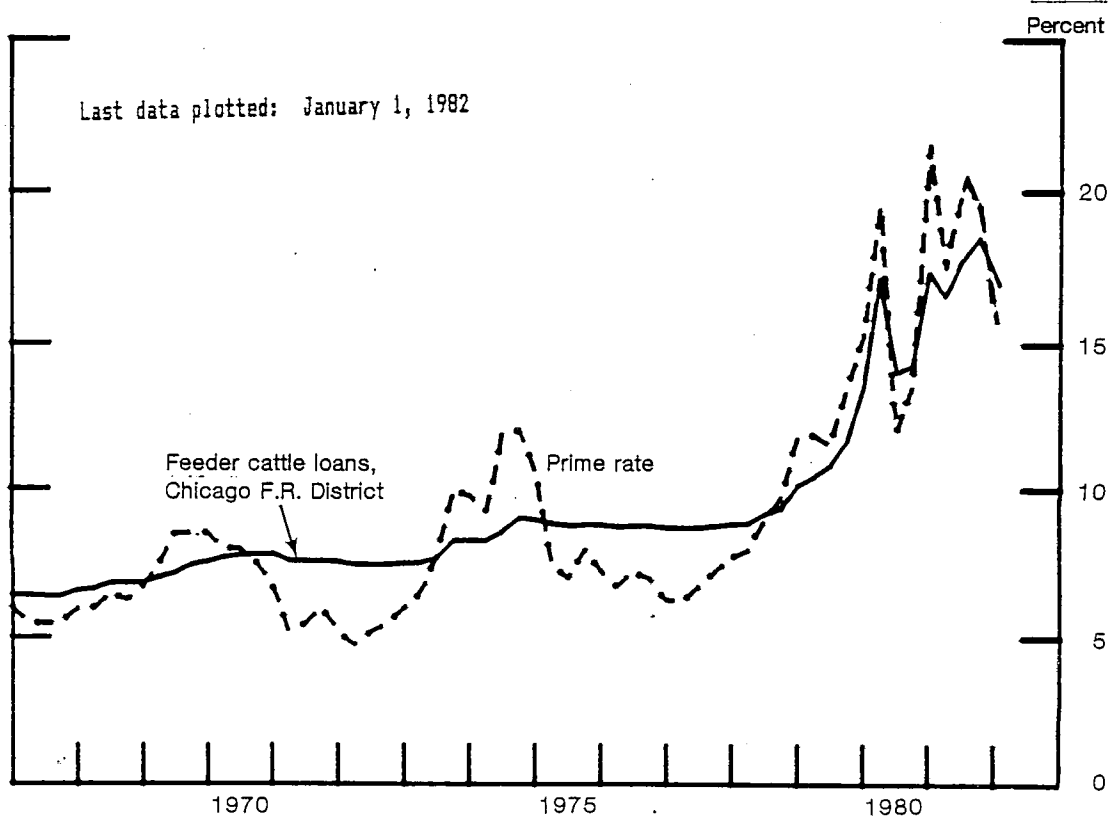
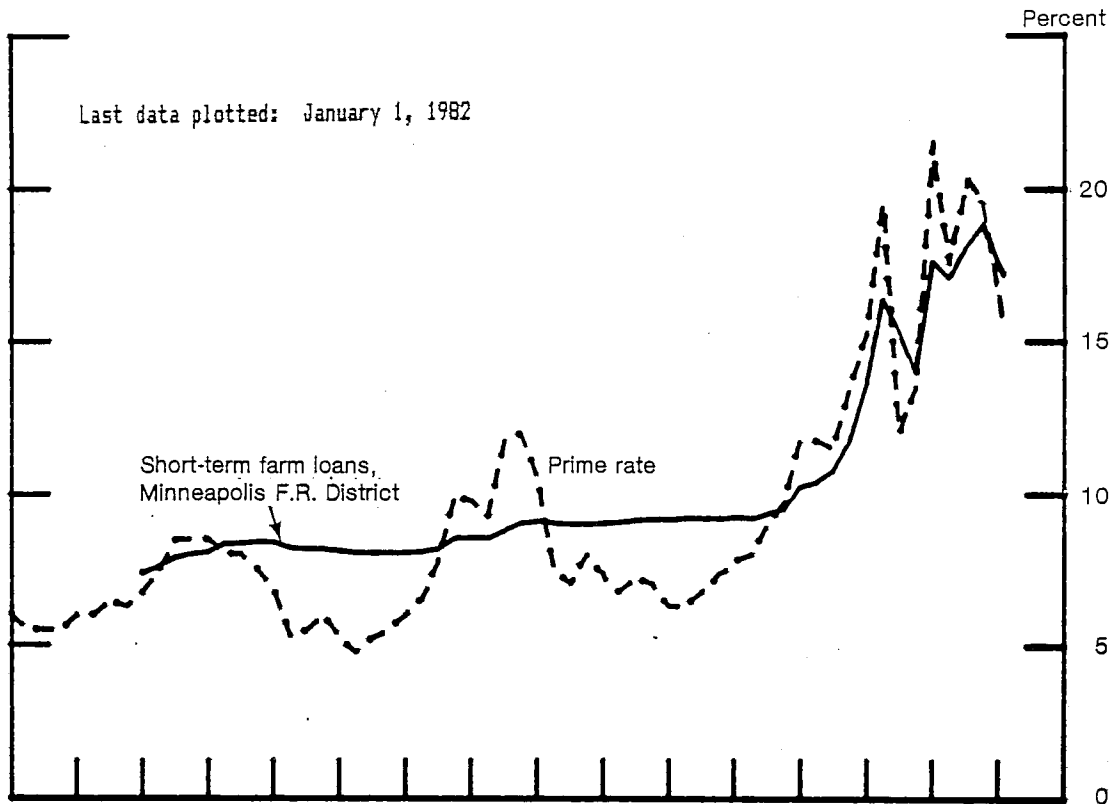


Table 2

Net purchases of federal funds* as a percentage of total banking resources
Insured commercial banks

End of month	All banks	Agricultural banks	Nonagricultural banks with total assets--	
			Under \$500 million	\$500 million and over
1976--March.....	2.3	-3.8	-2.3	6.6
June.....	2.6	-2.8	-1.3	6.3
September...	2.9	-3.1	-1.8	7.1
December....	2.4	-3.6	-2.6	6.8
1977--March.....	2.9	-3.5	-2.1	7.4
June.....	3.3	-2.1	-1.3	7.4
September...	3.6	-2.3	-1.3	7.9
December....	2.9	-4.1	-2.1	7.2
1978--March.....	3.9	-4.3	-1.4	8.5
June.....	3.9	-2.8	-.7	7.7
September...	4.2	-2.0	-.8	8.3
December....	3.4	-2.8	-1.1	6.8
1979--March.....	4.7	-2.5	-.5	8.9
June.....	4.6	-2.3	-.9	8.8
September...	4.1	-2.6	-2.0	8.5
December....	3.7	-3.6	-2.4	8.0
1980--March.....	3.7	-4.0	-2.1	7.9
June.....	4.1	-5.2	-2.7	9.2
September...	4.4	-5.9	-3.0	9.8
December....	4.1	-5.5	-2.5	8.8
1981--March.....	4.5	-6.0	-2.9	9.8
--June.....	4.5	-4.6	-1.9	9.1
--September...	4.6	-4.1	-1.2	8.6
--December....	4.3	-5.8	-2.1	8.8

* Includes net securities sold under agreements to repurchase.

Note: Negative data indicate net sales. On December 31, 1981, all insured commercial banks reported net purchases of \$72.6 billion, representing 4.3 percent of their resources, from other institutions. Agricultural banks reported net sales of \$5.4 billion, comprising 5.8 percent of their assets. Other small banks (assets under \$500 million) had net sales of \$11.8 billion, comprising 2.1 percent of their assets. Thus, contrary to statements often made by agricultural finance analysts, the net purchases of \$89.8 billion by large commercial banks, which provided 8.8 percent of their total resources, did not come primarily from smaller commercial banks but rather predominantly from other institutions.

Table 3

Time certificates of deposit of \$100,000 or more
as a percentage of total banking resources
Insured commercial banks

End of month	All banks	Agricultural banks	Nonagricultural banks with total assets--	
			Under \$500 million	\$500 million and over
1976--March.....	13.0	4.5	9.7	16.7
June.....	12.4	4.5	9.1	16.0
September...	11.9	4.5	9.2	14.8
December....	11.3	4.5	8.5	14.2
1977--March.....	10.8	4.5	8.4	13.5
June.....	10.7	4.5	8.1	13.3
September...	11.2	4.7	8.4	13.9
December....	11.9	4.5	8.7	15.0
1978--March.....	12.8	4.7	9.5	16.1
June.....	13.0	4.8	9.4	16.3
September...	13.4	5.0	9.8	16.7
December....	14.0	5.1	10.1	17.3
1979--March.....	14.1	5.3	11.1	17.0
June.....	12.8	5.3	11.0	14.7
September...	13.2	5.5	10.9	15.4
December....	13.3	5.6	11.0	15.4
1980--March.....	13.7	6.0	11.5	15.8
June.....	13.1	6.1	11.0	15.0
September...	13.7	6.2	11.0	16.1
December....	15.4	6.5	11.6	18.4
1981--March.....	15.4	6.9	12.1	18.2
--June.....	15.9	6.9	12.0	18.9
--September...	16.7	7.1	12.6	20.0
--December....	16.7	7.3	12.4	20.0

Note: In addition to the large certificates of deposit shown above, on December 31, 1981, agricultural banks held other time deposits of \$100,000 or more equal to \$556 million, or 0.6 percent of their total resources.

Table 4

Money-market certificates of deposit as a percentage of total banking resources
Insured commercial banks

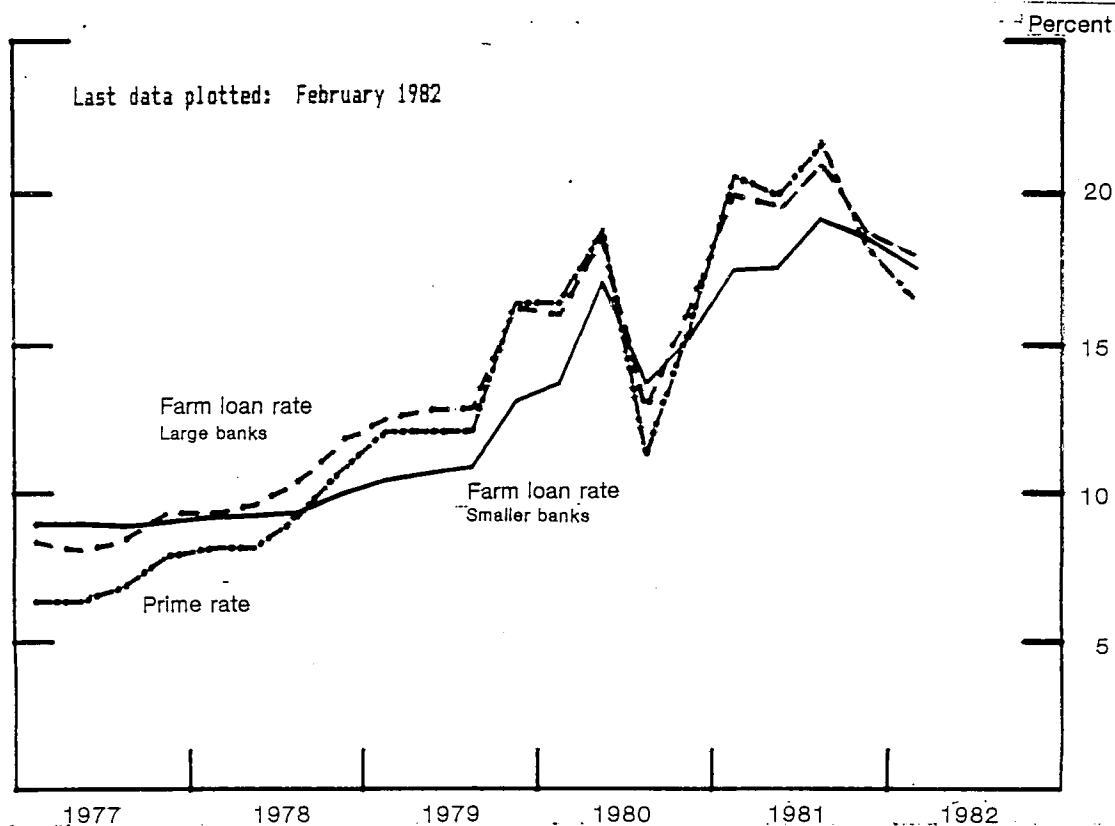
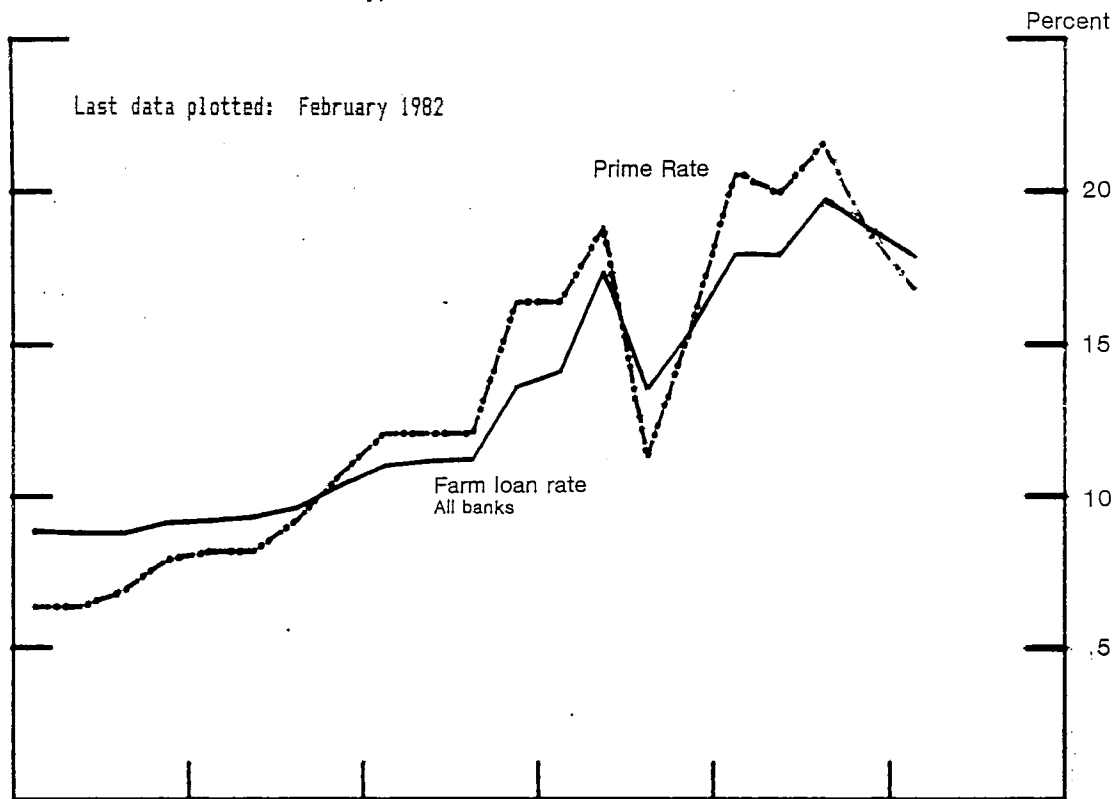
End of month	All banks	Agricultural banks	Nonagricultural banks with total assets--	
			Under \$500 million	\$500 million and over
1978--December....	1.7	2.4	2.5	1.2
1979--March.....	3.3	5.7	4.7	2.1
June.....	4.5	8.5	6.5	2.8
September...	5.7	11.4	8.4	3.5
December....	7.6	14.9	11.2	4.7
1980--March.....	10.2	21.7	15.1	6.2
June.....	10.7	22.5	15.6	6.6
September...	10.3	21.8	15.0	6.4
December....	11.7	24.2	17.2	7.3
1981--March.....	13.0	27.2	18.9	8.1
--June.....	13.5	29.1	19.9	8.4
--September...	14.2	30.2	21.0	8.8
--December....	13.0	27.6	19.4	8.2

Note: Money-market certificates do not include "small-saver" certificates with a minimum maturity of 30 months, which were introduced in 1979 and are not itemized in bank reports of condition. Nor do they include large certificates of deposit, shown in Table 3.

Chart 5

Average Effective Farm Loan Interest Rates at Commercial Banks Compared with Effective Business Loan Prime Rate at Major Banks

Quarterly, First Week of Second Month of Quarter



Effective prime rate was computed by assuming a loan maturity of six months (approximate average maturity of farm loans), with all interest paid at maturity.
"Large banks" (survey strata 1-3) correspond roughly to banks with over \$450 million in total assets in 1980.

Table 5

Percentage distribution of non-real-estate farm loans
made by banks, by effective interest rate^{1,2}

Effective interest rate (percent)	Feb. 1977	Feb. 1978	Feb 1979	Feb. 1980	Feb. 1981	Feb. 1982	Feb. 1981	May 1981	Aug. 1981	Nov. 1981	Feb. 1982
All loans.....	100	100	100	100	100	100	100	100	100	100	100
Under 7.0.....	1	-	-	-	-	-	-	-	-	-	-
7.0 to 7.9.....	8	1	-	-	-	-	-	-	-	-	-
8.0 to 8.9.....	46	38	4	1	-	-	-	-	-	-	-
9.0 to 9.9.....	41	50	17	1	-	-	-	-	-	-	-
10.0 to 10.9.....	3	9	35	2	-	-	-	-	-	-	-
11.0 to 11.9.....	-	1	19	2	-	-	-	-	-	-	-
12.0 to 12.9.....	-	-	12	7	1	-	1	-	1	-	-
13.0 to 13.9.....	-	-	6	29	3	-	2	-	-	-	-
14.0 to 14.9.....	-	-	6	31	4	2	4	1	1	-	2
15.0 to 15.9.....	-	-	-	10	9	6	9	10	2	2	6
16.0 to 16.9.....	-	-	-	10	21	13	20	22	5	5	13
17.0 to 17.9.....	-	-	-	4	18	39	18	19	14	20	39
18.0 to 18.9.....	-	-	-	2	16	27	16	21	16	31	27
19.0 to 19.9.....	-	-	-	-	7	10	7	10	28	23	10
20.0 to 20.9.....	-	-	-	-	8	3	8	10	11	13	3
21.0 to 21.9.....	-	-	-	-	7	-	7	4	7	5	-
22.0 to 22.9.....	-	-	-	-	3	-	3	2	6	1	-
23.0 to 23.9.....	-	-	-	-	2	-	2	1	3	-	-
24.0 to 24.9.....	-	-	-	-	-	-	1	-	3	-	-
25.0 and over....	-	-	-	-	-	-	-	-	3	-	-

Addendum: Average effective interest rate (percent)² at---

All banks.....	8.8	9.2	11.0	14.1	17.9	17.7	17.9	17.9	19.6	18.8	17.7
Large banks ³	8.3	9.3	12.5	16.0	19.9	18.0	19.9	19.5	20.8	18.9	18.0
Other banks.....	8.9	9.1	10.4	13.7	17.5	17.5	17.5	17.5	19.1	18.7	17.5

Source: Federal Reserve Quarterly Survey of Terms of Bank Lending to Farmers.

1/ Percentage distribution of the total dollar amount of non-real-estate farm loans of \$1,000 or more made by insured commercial banks during the week covered by the survey, which is the first full business week of the month specified.

2/ The approximate compounded annual interest rate on each loan is calculated from survey data on the stated rate and other terms of the loan. In computing the average of these estimated effective rates, each loan is weighted by its dollar amount.

3/ "Large banks" are banks in survey strata 1-3, corresponding approximately to banks with over \$400 million in total assets as of September 1980.

Table 6

Percentage distribution of non-real-estate farm loans made by large and other banks, by effective interest rate^{1,2}

Effective interest rate (percent)	Feb. 1977	Feb. 1978	Feb. 1979	Feb. 1980	Feb. 1981	Feb. 1982	Feb. 1981	May 1981	Aug. 1981	Nov. 1981	Feb. 1982
<u>Large banks³</u>											
All loans.....	100	100	100	100	100	100	100	100	100	100	100
Under 7.0.....	7	-	-	-	-	-	-	-	-	-	-
7.0 to 7.9.....	24	1	-	-	-	-	-	-	-	-	-
8.0 to 8.9.....	55	34	-	-	-	-	-	-	-	-	-
9.0 to 9.9.....	11	41	2	-	-	-	-	-	-	-	-
10.0 to 10.9.....	2	20	19	-	-	-	-	-	-	-	-
11.0 to 11.9.....	-	4	12	-	-	-	-	-	-	-	-
12.0 to 12.9.....	-	-	28	4	1	-	1	-	-	-	-
13.0 to 13.9.....	-	-	17	8	-	-	-	-	-	-	-
14.0 to 14.9.....	-	-	20	14	2	-	2	1	-	-	-
15.0 to 15.9.....	-	-	2	18	10	7	10	11	3	7	7
16.0 to 16.9.....	-	-	-	32	8	8	8	10	3	4	8
17.0 to 17.9.....	-	-	-	15	9	37	9	5	18	16	37
18.0 to 18.9.....	-	-	-	8	4	30	4	4	7	27	30
19.0 to 19.9.....	-	-	-	1	6	17	6	9	13	14	17
20.0 to 20.9.....	-	-	-	-	20	1	20	34	6	20	1
21.0 to 21.9.....	-	-	-	-	19	-	19	17	10	10	-
22.0 to 22.9.....	-	-	-	-	10	-	10	6	14	-	-
23.0 to 23.9.....	-	-	-	-	10	-	10	2	9	-	-
24.0 to 24.9.....	-	-	-	-	3	-	3	-	9	-	-
25.0 and over....	-	-	-	-	-	-	-	-	7	-	-
<u>Other banks³</u>											
All loans.....	100	100	100	100	100	100	100	100	100	100	100
Under 7.0.....	-	-	-	-	-	-	-	-	-	-	-
7.0 to 7.9.....	3	-	-	-	-	-	-	-	-	-	-
8.0 to 8.9.....	43	38	5	2	-	-	-	-	-	-	-
9.0 to 9.9.....	49	56	23	1	-	-	-	1	-	-	-
10.0 to 10.9.....	4	5	41	3	-	-	-	-	-	-	-
11.0 to 11.9.....	-	-	22	3	-	-	-	-	-	-	-
12.0 to 12.9.....	-	-	6	8	1	-	1	1	1	-	-
13.0 to 13.9.....	-	-	2	33	3	-	3	1	-	-	-
14.0 to 14.9.....	-	-	1	35	5	3	5	1	1	-	3
15.0 to 15.9.....	-	-	-	8	9	6	9	9	2	1	6
16.0 to 16.9.....	-	-	-	5	23	16	23	24	6	6	16
17.0 to 17.9.....	-	-	-	2	20	40	20	22	13	21	40
18.0 to 18.9.....	-	-	-	-	18	26	18	24	19	32	26
19.0 to 19.9.....	-	-	-	-	7	6	7	11	34	25	6
20.0 to 20.9.....	-	-	-	-	6	4	6	5	13	10	4
21.0 to 21.9.....	-	-	-	-	5	-	5	1	6	4	-
22.0 to 22.9.....	-	-	-	-	2	-	2	1	3	1	-
23.0 to 23.9.....	-	-	-	-	1	-	1	-	1	-	-
24.0 to 24.9.....	-	-	-	-	-	-	-	-	-	-	-
25.0 and over....	-	-	-	-	-	-	-	-	-	-	-

See notes to Table 5.