

DEVELOPMENTS IN AGRICULTURAL FINANCE

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Presented at the meeting of the  
Newspaper Farm Editors of America  
Washington, D.C.

April 27, 1982

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## Farm income, equity, and financial conditions

Recently some media accounts of farm financial conditions have stated or implied that most farmers are in serious difficulty, equivalent to conditions in the Great Depression. A key statistic fostering this conclusion has been the USDA series "operators' net farm income" which, adjusted for inflation, has fallen to about the same level as in the latter years of the Depression. Knowledgeable analysts, however, are pointing out that this series is very misleading; that, in fact, financial conditions then and now differ greatly.

Two interrelated factors are primarily responsible for the misleading historical comparison provided by "operators' real net farm income." First, because farm businesses are mostly proprietorships, such income is a combined return to the labor, management, and investment of the proprietors. (In corporate business, the analogous "income" would be the sum of wages, salaries, and profits.) Second, over the past three decades the farming industry has greatly reduced its labor requirements. The number of farm operators is now about 36 percent of the Depression level. Most simply, therefore, if total operators' real net farm income is now equal to the depression level, then each operator's real farm income is, on average, 2.75 times the Depression level.

USDA data shown in Table 1 provide a more rigorous analysis of these considerations. The first column shows total real returns, including those of landlords, before the payment of interest. (The implicit price deflator for personal consumption expenditures was used to adjust for inflation.) The second column

shows how much of the total return could be regarded as having been earned by operators for their labor and management, if they had paid themselves at going rates for these services. The remainder--the return to assets before interest payments--in 1981 was over three times its level in 1940, the last year of the farm Depression. Even after interest payments, real profits (fifth column) were double the 1940 level.

Nevertheless, returns to farm assets and equity in 1980 and 1981 were much below their longer-term trend, to which farm land prices had been responding. Real wealth represented by farm assets had by early 1981 risen to over four times that of 1940. Thus, in contrast to the Depression, which was preceded by a full decade of low farm income and falling land prices, the last two years of low farm income were preceded by many years of higher income, rising land prices, and sizable increases in real wealth of farmers (Table 2).

Therefore, while most farmers are now experiencing cash flow problems and an eroding financial position, only a minority are financially threatened. Farmers in the latter group generally share one or more of the following characteristics: income below average during the last few years because of poor management or bad luck such as exposure to prolonged drought or specialization in livestock feeding; a debt/asset ratio substantially higher than the sector average of 17 percent, either because of relatively recent land purchases or capital expenditures or because debt was increased as a response to below-average income; or an average interest rate significantly higher than the sector average (10.3 percent in 1981, now probably approaching 11 percent) as a result of reliance upon short-term or variable-rate financing.

**Returns to farm production assets and equity  
(Billions of 1972 dollars)**

		Less:	Equals:	Less:	Equals:	Plus:	Equals:
	Returns to production assets, operators' labor, and management services	Returns imputed to operators' labor and management services	Residual income to production assets	Interest on production debt	Residual income to equity in production assets	Real capital gains on equity in production assets	Total return to equity in production assets
1940.....	16.7	11.9	4.8	1.3	3.5	-.5	3.0
1941.....	22.3	13.5	8.8	1.3	7.5	5.1	12.6
1942.....	29.8	16.6	13.2	1.1	12.1	10.0	22.1
1943.....	32.3	19.9	12.4	.9	11.4	7.5	19.0
1944.....	30.3	22.6	7.7	.8	6.8	6.5	13.3
1945.....	30.4	22.5	7.8	.8	7.1	5.9	13.0
1946.....	34.3	22.0	12.4	.7	11.6	2.4	14.0
1947.....	31.6	19.4	12.3	.7	11.5	-.6	10.9
1948.....	33.9	19.0	14.9	.8	14.1	1.8	15.9
1949.....	24.8	16.8	8.1	.9	7.2	1.9	9.1
1950.....	26.2	15.6	10.6	.9	9.7	13.9	23.6
1951.....	28.7	16.8	11.8	1.0	10.8	8.2	19.0
1952.....	26.5	16.6	9.9	1.1	8.8	-9.0	-.2
1953.....	22.5	15.8	6.7	1.1	5.6	-4.4	1.2
1954.....	21.5	14.8	6.7	1.1	5.6	-5.2	.4
1955.....	19.6	14.2	5.4	1.2	4.2	7.0	11.2
1956.....	19.3	13.7	5.6	1.2	4.4	8.6	13.0
1957.....	18.4	12.2	6.2	1.3	4.9	7.9	12.8
1958.....	21.3	12.0	9.3	1.4	7.9	15.4	23.3
1959.....	17.3	11.7	5.6	1.6	4.1	.6	4.7
1960.....	18.3	11.0	7.4	1.7	5.7	-.4	5.2
1961.....	19.1	10.5	8.7	1.8	6.9	8.4	15.3
1962.....	19.3	9.9	9.4	1.9	7.5	6.1	13.6
1963.....	19.1	9.7	9.4	2.1	7.3	6.4	13.7
1964.....	17.4	9.1	8.3	2.3	6.0	8.8	14.8
1965.....	20.7	8.4	12.3	2.5	9.9	14.0	23.8
1966.....	21.9	8.3	13.6	2.7	10.9	9.7	20.6
1967.....	19.5	8.6	10.9	2.9	8.0	6.9	14.9
1968.....	19.0	8.5	10.5	3.0	7.5	5.3	12.8
1969.....	20.7	8.5	12.2	3.1	9.1	1.5	10.6
1970.....	20.1	8.0	12.0	3.3	8.7	.9	9.6
1971.....	20.0	8.1	11.9	3.4	8.5	12.9	21.4
1972.....	24.8	8.0	16.8	3.6	13.2	27.6	40.9
1973.....	40.1	8.6	31.5	4.1	27.4	48.2	75.6
1974.....	30.1	8.2	21.9	4.9	17.0	1.2	18.2
1975.....	26.3	7.6	18.6	4.7	13.9	35.5	49.5
1976.....	20.8	7.1	13.7	5.0	8.7	46.2	54.9
1977.....	19.9	6.9	13.0	5.6	7.5	23.8	31.3
1978.....	25.4	6.9	18.5	6.3	12.2	51.7	64.0
1979.....	28.6	6.8	21.8	7.3	14.5	33.2	47.7
1980.....	20.3	6.0	14.3	8.2	6.1	5.6	11.7
1981.....	21.8	5.7	16.1	9.2	7.0	-7.7	-.8

## Relative returns to equity in farm production assets

Year	Production assets, debt, and equity (billions of 1972 dollars)			Average interest rate on debt (percent)	Returns to equity as a percentage of equity		
	Assets	Debt	Equity		Income	Capital gains	Total
1940.....	125.5	27.0	98.5	4.9	3.6	-.5	3.0
1941.....	124.1	26.7	97.4	5.0	8.0	5.4	13.4
1942.....	130.3	24.6	105.7	5.0	12.0	10.0	22.0
1943.....	140.3	20.7	119.5	4.9	10.0	6.6	16.6
1944.....	149.4	17.6	131.8	5.0	5.3	5.1	10.4
1945.....	156.9	15.6	141.3	5.0	5.1	4.3	9.4
1946.....	161.9	14.6	147.3	5.0	8.2	1.7	9.9
1947.....	166.0	14.7	151.4	5.0	8.0	-.4	7.6
1948.....	167.1	14.8	152.3	5.1	9.4	1.2	10.7
1949.....	173.0	16.1	156.9	5.2	4.6	1.2	5.8
1950.....	174.1	17.0	157.1	5.1	6.3	9.0	15.3
1951.....	192.2	18.3	173.9	5.2	6.3	4.8	11.1
1952.....	205.5	20.4	185.2	5.3	4.8	-4.9	-.1
1953.....	197.3	21.1	176.1	5.3	3.2	-2.5	.7
1954.....	188.7	20.3	168.4	5.2	3.3	-3.1	.2
1955.....	193.0	21.5	171.5	5.2	2.5	4.1	6.6
1956.....	197.4	23.3	174.1	5.3	2.6	5.0	7.6
1957.....	204.7	23.8	180.9	5.3	2.7	4.4	7.2
1958.....	211.0	25.0	186.0	5.3	4.3	8.4	12.6
1959.....	228.7	27.4	201.3	5.4	2.0	.3	2.3
1960.....	228.7	29.9	198.8	5.5	2.9	-.2	2.6
1961.....	226.8	30.9	195.9	5.5	3.5	4.3	7.8
1962.....	234.4	33.0	201.4	5.6	3.8	3.1	6.8
1963.....	240.1	35.8	204.3	5.6	3.6	3.1	6.7
1964.....	246.2	39.1	207.1	5.6	2.9	4.3	7.2
1965.....	253.1	42.1	211.0	5.6	4.7	6.7	11.4
1966.....	267.4	45.9	221.6	5.7	5.0	4.5	9.5
1967.....	275.2	48.8	226.5	5.8	3.6	3.1	6.7
1968.....	281.9	51.0	230.9	5.9	3.3	2.4	5.7
1969.....	284.3	50.8	233.4	6.2	4.0	.7	4.7
1970.....	283.2	51.3	231.9	6.5	3.8	.4	4.2
1971.....	280.9	51.4	229.5	6.4	3.8	5.7	9.5
1972.....	291.9	53.5	238.4	6.3	5.7	11.8	17.5
1973.....	316.3	59.4	256.9	6.5	11.0	19.4	30.4
1974.....	357.7	66.4	291.3	7.7	6.2	.4	6.6
1975.....	342.4	62.5	280.0	7.4	5.2	13.2	18.4
1976.....	376.1	65.6	310.5	7.3	2.9	15.2	18.1
1977.....	414.0	70.5	343.5	7.5	2.2	7.1	9.4
1978.....	435.0	77.5	357.4	7.8	3.6	15.1	18.6
1979.....	480.1	81.8	398.3	8.7	3.8	8.7	12.5
1980.....	506.8	86.3	420.5	9.5	1.5	1.4	2.9
1981.....	502.1	87.2	414.9	10.3	1.7	-1.9	-.2

One Iowa banker recently estimated that only about 5 percent of farmers are in extreme financial difficulty. Many of these farmers have already borrowed under the disaster or economic emergency loan programs of the Farmers Home Administration, which is now reporting a high delinquency rate among these borrowers. Among other indications of the relative extent of severe problems, 4 percent of PCA loans were delinquent in January, up from 3 percent a year earlier, and 3.5 percent of FLB loans were delinquent. In March, representatives of life insurance companies reported that their foreclosure cases had increased but remained at a very low level.

Pressures to sell assets have nevertheless been sufficient, when combined with increased skepticism about farm income prospects, to produce widespread and sizable declines in farm real estate prices beginning last fall and continuing into the first quarter. Land price estimates provided by bankers participating in Reserve Bank surveys, shown in Table 3, are the best evidence now available. In the Dallas District, prices of some farmland have apparently been bolstered by income from gas and oil leases. A survey of land prices made by the USDA on April 1 is now being processed; if the national index shows a decline from the last survey made 14 months earlier, it would be the first since 1953.

Another recent paper, "Farm Sector Financial Experience," provides additional historical and analytical perspective. Originally presented at a seminar at the University of Maryland on November 6, 1981, it has been updated and revised as of March 31, 1982. The notes on its last page apply to Tables 1 and 2 in this report as well.

Table 3

## Percentage changes in farm real estate values

Average of changes reported by bankers participating in quarterly surveys of agricultural credit conditions and land values conducted by four Federal Reserve Banks

F. R. District and type of land	Change during quarter					Value as of April 1, 1982		
	1981		1982			Change from year earlier	Change from peak value and date of survey peak	
	Q1	Q2	Q3	Q4	Q1			
Richmond, farmland.....	-1	6	0	-5	na	na	na	
Chicago, farmland.....	2	1	1	-3	-4	-6	-7	10/81
Kansas City								
Nonirrigated cropland...	1	4	0	-6	-4	-7	-10	10/81
Irrigated cropland.....	2	5	-4	-4	-3	-7	-11	7/81
Ranchland.....	3	1	-1	0	-6	-6	-6	7/81
Dallas								
Dryland.....	8	-1	-2	5	3	5	*	*
Irrigated cropland.....	0	2	-2	4	-4	0	-4	1/82
Ranchland.....	14	5	-2	4	11	19	*	*

Data shown for 1982-Q2 are preliminary and may change as a result of additional returns and final editing.

na Results of the April 1982 survey are not yet available.

\* The peak value to date was reported in the April 1982 survey.

Historical and current data from the quarterly surveys of agricultural credit conducted by five Federal Reserve Banks (Minneapolis and those listed above) are presented in section 340 of each issue of Statistical Release E.15, Board of Governors of the Federal Reserve System. A description of the coverage and procedures of these surveys appears on page 58 of this release. The mailing list for Statistical Release E.15, "Agricultural Finance Databook--Quarterly Series," is maintained by Publications Services, Federal Reserve Board, Washington, D.C. 20551. In addition, each of the five Federal Reserve Banks issue quarterly publications presenting survey results (some with greater detail) and commentary thereon, which are available from the Banks upon request.

## Trends in farm debt

Growth in farm debt slowed somewhat in 1980 and 1981. Poor farm income prospects led farmers to reduce capital expenditures that are often debt-financed, and higher interest rates discouraged borrowing in general. Nevertheless, the growth rate of institutional debt still remained in the double-digit range.

Growth rates of farm debt outstanding at the main farm lender groups differed substantially in recent years, again exhibiting a pattern that has become familiar over monetary and farm income cycles of the past two decades:

During periods when monetary policy actions are not particularly restrictive, commercial banks and life insurance companies have increased their farm lending at roughly the same pace as the Farm Credit System agencies (Federal land banks and Production Credit Associations), and thus maintained their market share of farm debt.

During periods of significant monetary restraint, expansion of loans at banks and life insurance companies has dropped sharply because of reduced availability of loanable funds and less competitive interest rates. The market share of FCS agencies has generally increased rapidly in such periods.

The trend in Commodity Credit Corporation loans has been inversely related to the relative level and direction of crop prices.

Loans at the Farmers Home Administration have increased as a result of droughts that made farmers eligible for disaster loans. In addition, during 1979-81, a large part of the loan expansion consisted of economic emergency loans under the program first established in August 1978, the latest renewal of which expires this year. The Administration at the present time is still refusing to disburse the final \$600 million in loans authorized by the Congress.



Table 4

FARM DEBT OUTSTANDING AT REPORTING LENDING INSTITUTIONS  
PERCENTAGE CHANGE FROM PREVIOUS YEAR

END OF QUARTER	TOTAL	REAL ESTATE DEBT					NON-REAL-ESTATE DEBT					
		TOTAL	INSURED COMMERCIAL BANKS	FEDERAL LAND BANKS	LIFE INSURANCE COMPANIES	FARMERS HOME ADMINIS- TRATION	TOTAL	INSURED COMMERCIAL BANKS	PRODUCTION CREDIT ASSOCIA- TIONS	FEDERAL INTERMEDI- ATE CREDIT BANKS	FARMERS HOME ADMINIS- TRATION	COMMODITY CREDIT CORPOR- ATION
1976-Q1...	*****	*****	*****	17.8	6.1	5.2	*****	*****	11.0	-0.9	58.2	*****
-Q2...	12.8	10.7	4.2	16.5	6.6	4.9	14.9	16.2	12.2	4.8	21.3	-7.5
-Q3...	*****	*****	*****	15.9	8.4	7.1	*****	*****	14.8	11.4	12.9	*****
-Q4...	14.3	12.4	7.8	15.7	10.0	10.3	16.0	15.3	13.5	5.3	8.6	182.8
1977-Q1...	15.4	14.0	14.2	15.8	12.2	8.8	16.8	15.8	13.2	1.2	12.8	198.7
-Q2...	17.3	15.3	15.7	16.0	16.3	9.2	19.1	15.7	14.5	5.6	24.9	684.9
-Q3...	18.6	15.8	17.0	16.1	18.1	8.1	21.2	14.8	14.2	3.0	31.9	1030.6
-Q4...	18.4	15.6	15.2	15.9	19.2	8.1	21.0	10.8	10.3	-0.1	44.8	343.7
1978-Q1...	17.5	15.2	13.3	15.0	20.6	9.1	19.7	7.4	6.7	-10.4	85.3	289.4
-Q2...	15.6	14.6	11.5	14.6	19.4	10.7	16.5	5.4	4.1	14.2	99.0	179.0
-Q3...	15.1	14.8	10.7	14.7	19.4	13.6	15.4	6.8	6.3	22.1	106.0	52.5
-Q4...	15.5	14.6	9.5	14.9	18.8	13.8	16.3	9.6	10.8	38.2	95.2	16.8
1979-Q1...	16.4	16.5	7.6	16.3	18.8	29.3	16.3	10.5	14.6	31.7	54.0	19.6
-Q2...	18.1	18.1	5.4	17.9	18.3	43.3	18.1	10.3	16.6	30.7	55.4	24.6
-Q3...	17.1	18.7	3.3	18.8	17.3	50.7	15.6	9.8	16.7	24.4	51.9	-4.7
-Q4...	17.3	19.2	1.0	20.5	16.1	52.9	15.6	10.0	21.1	30.4	53.7	-14.2
1980-Q1...	18.1	19.0	0.2	22.3	13.8	43.9	17.4	8.5	23.2	74.1	66.2	-11.2
-Q2...	15.0	17.7	-2.2	23.6	11.0	31.8	12.6	4.3	21.0	28.1	37.3	-8.9
-Q3...	12.6	15.8	-2.4	22.6	8.1	24.8	9.7	2.5	14.1	24.3	28.7	-1.0
-Q4...	11.1	15.1	-0.1	21.2	6.3	22.9	7.5	1.7	8.8	21.7	28.6	-3.0
1981-Q1...	11.3	13.2	-0.6	20.3	4.9	12.9	9.5	2.8	8.8	17.9	33.5	3.4
-Q2...	11.2	12.2	0.0	19.6	2.2	10.1	10.3	6.8	9.6	26.9	35.4	-27.8
-Q3...	12.8	12.6	-0.9	20.8	2.4	7.9	13.0	6.1	12.1	29.0	34.3	6.1
-Q4...	13.1	12.1	-3.1	21.2	1.0	5.8	14.0	4.1	7.2	14.9	30.3	73.1

## Farm debt experience in 1981

With farm debt reports for 1981 now in from all major institutional farm lender groups, total farm debt is estimated to have risen by \$20 billion, or 11.5 percent. As compared with the widely-circulated estimates that the USDA made at the time of its Outlook Conference in November, the major difference is that farmers increased their loans from the Commodity Credit Corporation much more than had been anticipated, and evidently used a significant proportion of the proceeds to repay loans from banks and PCAs, both of which experienced seasonal repayments much larger than normal. This development continued into the first two months of 1982. By the end of February, CCC loans to farmers may have risen to about \$11 billion, while PCA loans had dropped to only 4 percent above a year earlier.

In addition to the CCC, loans increased rapidly only at the Federal Land Banks and Farmers Home Administration, both of which were lending at relatively favorable interest rates and with long-term repayment plans. Market shares of outstanding debt fell at both banks and PCAs, and new lending by life insurance companies was barely enough to keep their outstanding volume from declining.

Table 5

## Outstanding farm debt, January 1, 1982

	Outstanding debt (billions of dollars)		Change during 1981			
	Revised estimate	Change from Outlook estimate	Billions of dollars		Percentage distribution	
			dollars	Percent	1981	1982
Total debt.....	194.7	.2	20.1	11.5	100.0	100.0
Individuals and others.....	43.5	-	2.8	6.9	23.3	22.3
Reporting institutions.....	151.2	.2	17.3	12.9	76.7	77.7
Banks.....	41.4	-.4	1.1	2.6	23.1	21.3
Farm Credit System.....	66.0	-1.3	9.2	16.2	32.5	33.9
Life insurance companies.....	13.1	-.3	.1	1.0	7.4	6.7
Farmers Home Administration.....	23.2	.3	3.7	19.1	11.2	11.9
Commodity Credit Corporation.....	7.6	1.9	3.2	73.1	2.5	3.9
Real estate debt.....	102.4	-1.0	10.4	11.2	100.0	100.0
Individuals and others.....	28.5	-	1.8	6.8	29.0	27.8
Reporting institutions.....	73.9	-1.0	8.5	13.1	71.0	72.2
Banks.....	8.5	-.1	-.2	-2.9	9.5	8.3
Federal Land Banks.....	43.6	-.2	7.6	21.2	39.1	42.6
Life insurance companies.....	13.1	-.3	.1	1.0	14.0	12.8
Farmers Home Administration.....	8.7	-.4	1.0	13.3	8.4	8.5
Non-real-estate debt.....	92.3	1.2	9.8	11.8	100.0	100.0
Individuals and others.....	15.0	-	1.0	7.1	17.0	16.3
Reporting institutions.....	77.3	1.2	8.8	12.8	83.0	83.7
Banks.....	32.9	-.2	1.3	4.1	38.2	35.6
Production Credit Associations.....	21.5	-1.0	1.5	7.3	24.3	23.3
Federal Intermediate Credit Banks...	.9	-.1	.1	15.1	1.0	1.0
Farmers Home Administration.....	14.5	.7	2.7	22.9	14.2	15.7
Commodity Credit Corporation.....	7.6	1.9	3.2	73.1	5.3	8.2

Data shown are for farm debt as defined in Tables 3 and 5 of Agricultural Finance Outlook, AFO-22, ERS, USDA, December 1981. Revisions are based on reports from lending institutions available as of March 15, 1982. Debt owed to "individuals and others" was not re-estimated. Compiled by Wilson Kaiser, USDA, and Emanuel Melichar, Federal Reserve Board.

## Liquidity, deposit, and loan experience of agricultural banks

Agricultural banks (farm loans equal to 25 percent or more of total loans) constitute nearly one-third of all banks but have only 7 percent of total assets. Data for the banking system as a whole is thus dominated by experience at nonagricultural banks. Experience at agricultural banks has often differed.

### Liquidity--historical experience and current position (Chart 1)

Agricultural banks were little affected during monetary restraint in 1969-70 and 1973-74, when bankers were expressing concern about loss of deposits to money-market instruments.

Liquidity pressures on agricultural banks increased sharply during a period of general monetary ease in 1976-77. Reduced farm income curtailed deposit inflows while farm loan expansion continued.

The liquidity squeeze was sharply reversed in 1980 as loan growth stopped while deposit growth continued.

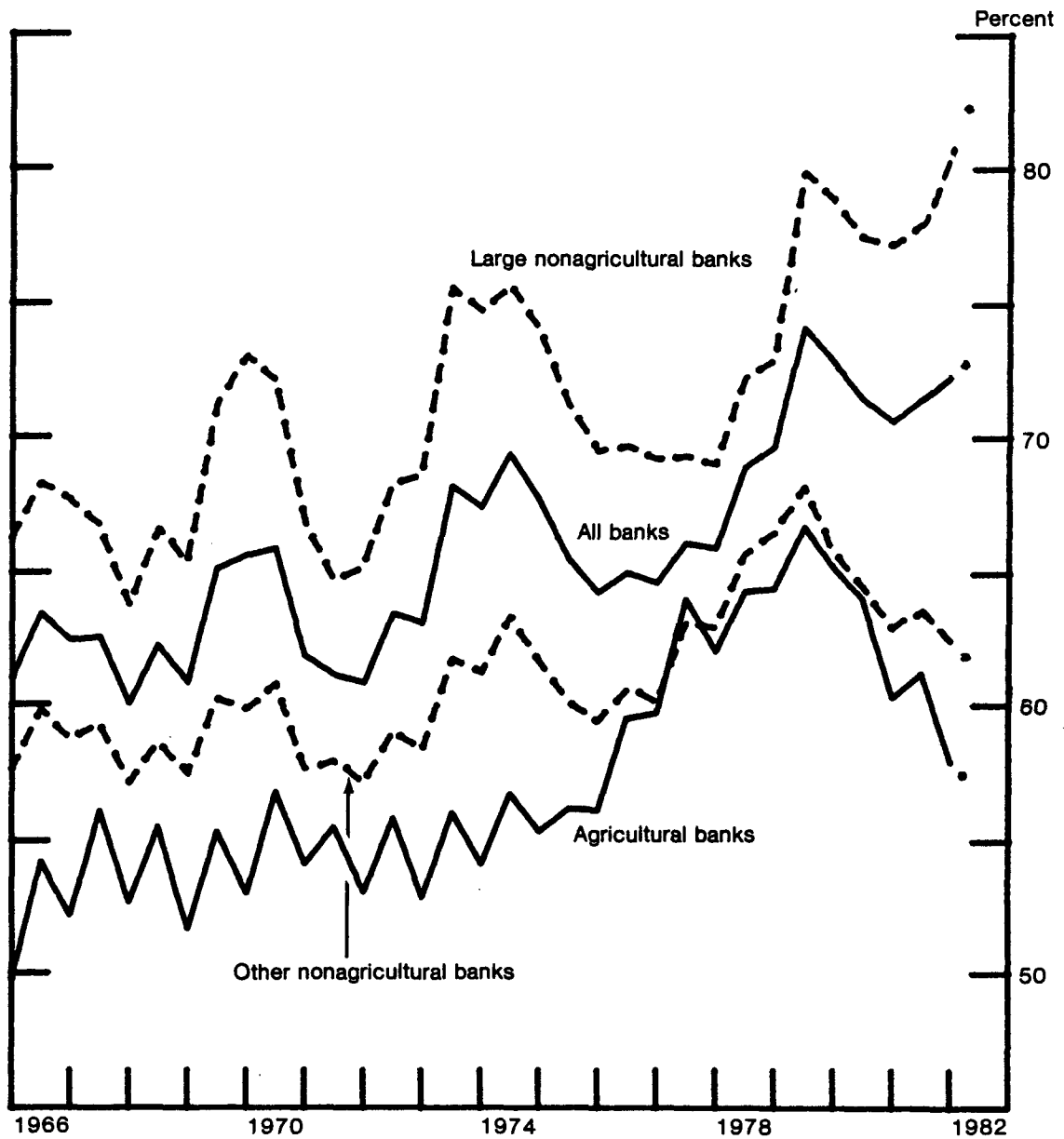
During 1981, loan/deposit ratios at agricultural banks fell further, whereas they rose at large banks.

Preliminary estimates indicate that the average loan/deposit ratio at agricultural banks remained at 58 percent during the first quarter, somewhat below the year-earlier level of 60 percent and much lower than the preceding peak of 68 percent in September 1979. In sharp contrast, large banks remained under considerable liquidity pressure.

Although average loan/deposit ratios at agricultural banks vary considerably from state to state, they have declined since 1979 in every state with a significant number of such banks (Table 6).

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.

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

Last data plotted: Lines, December 31, 1981; Points, March 31, 1982.

Points plotted for March 31, 1982 are rough preliminary estimates based on experience at banks that report deposits and total loans weekly.

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

## Average loan/deposit ratios at agricultural banks (percent)

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	64	60	53	57	57	61	65	60	55	61	62	56	57	53
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
1982--Jan. 27	58	64	61	53	58	57	62	65	59	55	62	62	55	56	53
--Feb. 24	58	64	61	52	57	57	61	64	60	54	62	62	56	55	53
--Mar. 31	58	63	60	53	58	58	60	64	61	54	62	62	56	55	52

Data are for insured commercial banks at which farm loans were 25 percent or more of total loans (15 percent or more of total loans in states or areas marked by \*) on the date indicated (or, for monthly estimates, on 12/31/80). Monthly estimates shown are based on experience at banks that report deposits and total loans weekly.

## Average loan deposit ratios at agricultural banks (percent)

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....	53	68	60	58	69	55	59	55	58	60	57	60	56	66	59
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	--
1982--Jan. 27	53	70	59	58	69	59	62	55	56	61	57	59	--	67	--
--Feb. 24	52	70	60	58	69	58	62	56	55	61	57	59	--	66	--
--Mar. 31	51	69	60	58	70	58	61	55	55	60	57	58	--	66	--

Data are for insured commercial banks at which farm loans were 25 percent or more of total loans (15 percent or more of total loans in states or areas marked by \*) on the date indicated (or, for monthly estimates, on 12/31/80). Monthly estimates shown are based on experience at banks that report deposits and total loans weekly.

## Recent deposit and loan experience at agricultural banks

Since 1979, current estimates of loan and deposit experience at agricultural banks have been made as frequently as weekly during the primary agricultural production season. Beginning in 1981, this program was continued throughout the year. Month-end results showing cumulative growth in deposits and loans since the beginning of each year are shown in Table 7.

Time and savings deposits have been rising rapidly at agricultural banks even though some individual depositors have undoubtedly shifted money into money-market mutual funds.

Both time and savings deposits and total deposits have recently been rising more rapidly at agricultural banks than at other banks.

Growth in total loans at agricultural banks has lagged behind the pace of deposit growth. At year-end, net sales of Federal funds averaged 5.8 percent of total resources of these banks, about double the typical level in the late 1970s. Agricultural banks are thus in a position to increase their loan volume significantly when local loan demand improves.



Table 7

Percentage changes in deposits and loans at agricultural banks  
from beginning of year to date shown

Last Wednesday of month	Time and savings deposits				Total deposits				Total loans			
	1979	1980	1981	1982	1979	1980	1981	1982	1979	1980	1981	1982
January...	1	2	6	3	-3	-3	0	0	-1	-1	0	-1
February..	2	3	8	4	-2	-2	0	1	0	0	0	0
March.....	3	4	10	7	-3	-2	0	3	1	0	0	2
April.....	4	6	11		-1	-2	2		3	-1	2	
May.....	5	7	12		0	-1	2		6	-1	4	
June.....	6	7	13		0	-1	2		6	-1	4	
July.....	7	9	14		1	0	2		7	-1	5	
August....	8	9	15		1	1	3		7	-1	5	
September.	*	11	16		*	2	4		*	-1	6	
October...	*	12	18		*	5	5		*	0	6	
November..	*	*	20		*	*	7		*	*	5	
December..	*	*	20		*	*	9		*	*	6	

\* No estimate was made.

Data shown are estimates for insured commercial banks at which farm loans were 25 percent or more of total loans at the beginning of the year (for 1982 estimates, at the beginning of 1981). Estimates are based on experience at banks that report deposits and total loans weekly. Time and savings deposits include ATS and NOW accounts as well as all certificates of deposit.

## Farm loan interest rates

Prior to 1979, farm loan interest rates at rural banks were relatively stable during cyclical movements in money-market rates and many other loan rates such as the prime rate at large banks (Chart 2). It is evident that rural banks set farm loan rates on the basis of their internal cost of funds rather than on the basis of returns available on nonlocal loans or money-market investments.

After the six-month money-market certificates of deposit were introduced, rural depositors shifted a large proportion of their deposits into such certificates as money-market rates of interest rose during 1979-81. Table 8 indicates that these certificates represented about 30 percent of total resources of agricultural banks in mid-1981, a much larger proportion than at other banks. In addition, large certificates of deposit, which also bear money-market rates, reached 7 percent of total resources (Table 9). Banks were also paying market-related rates on small-saver (30-month) certificates, which are not separately itemized on bank call reports. The volume of these certificates probably increased significantly in the fall of 1981, when their maximum permitted yields were especially attractive relative to those on other certificates and on money-market mutual funds.

Because of the large proportion of loanable funds whose cost now fluctuates with changes in money-market rates of interest, farm loan rates at rural banks necessarily began to reflect such movements, as illustrated in Chart 2.

Chart 2

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

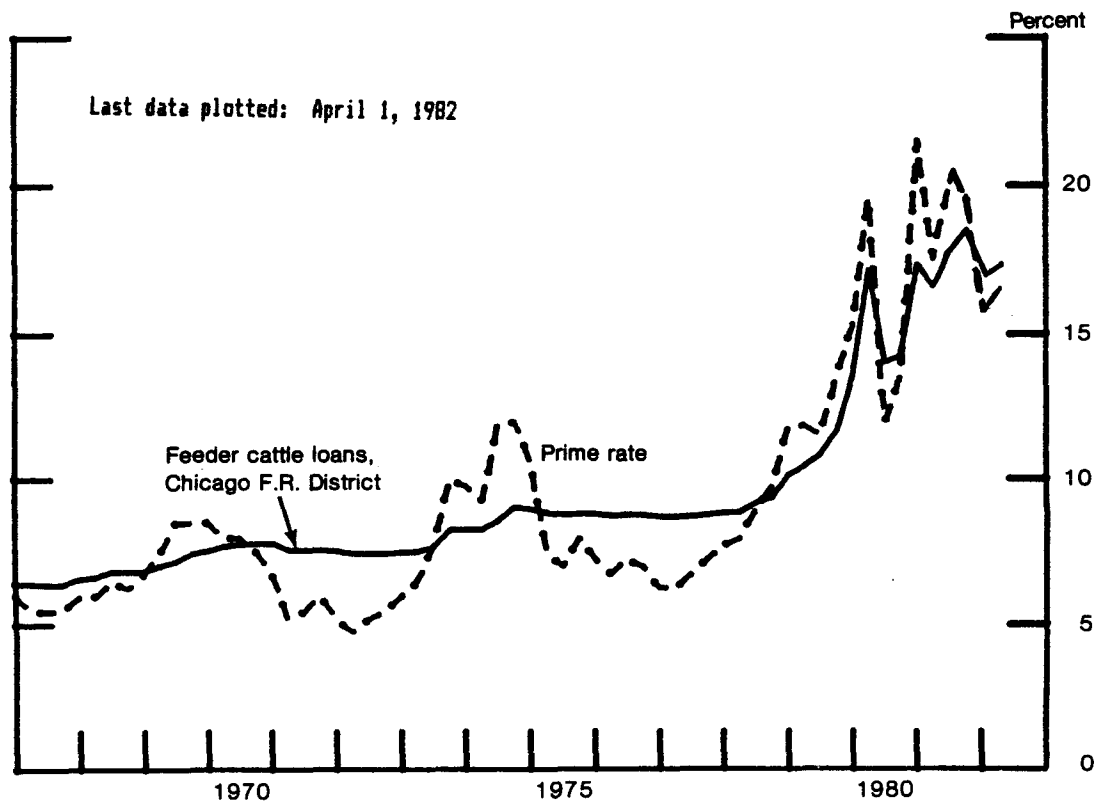
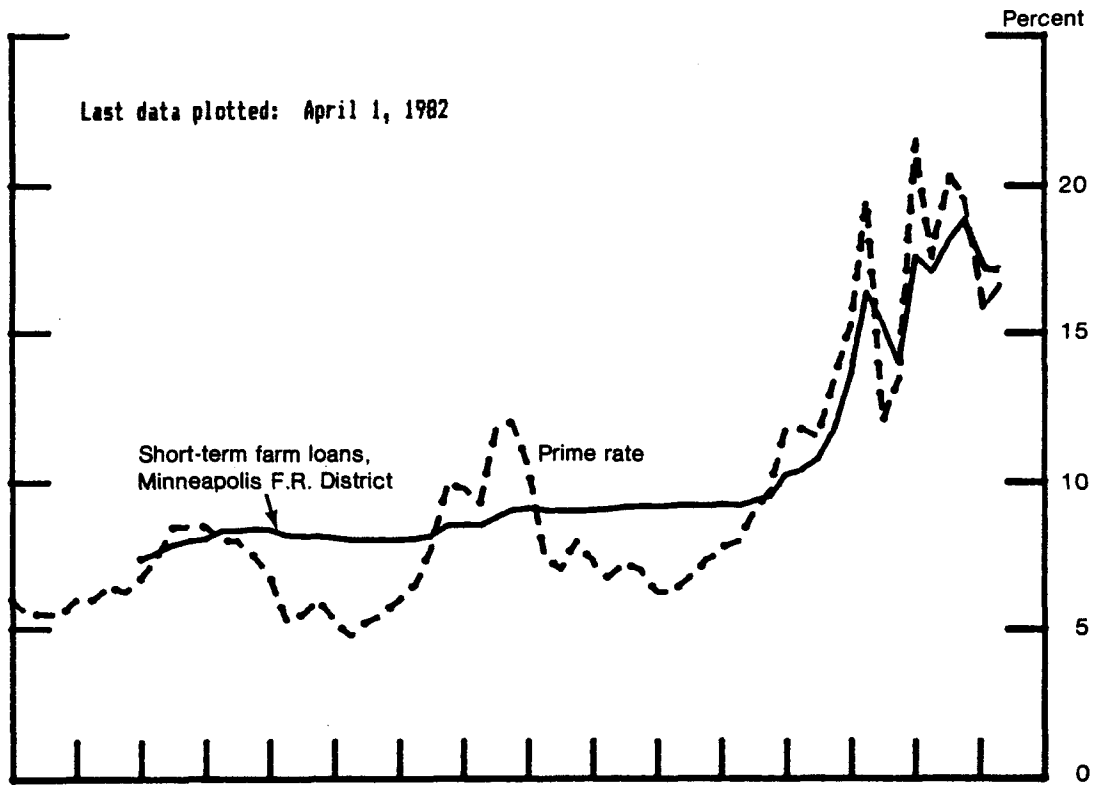


Table 8

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 9.

Table 9

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.

### Farm loan interest rates at large and small banks

Since 1977, the Federal Reserve System has conducted a quarterly survey of interest rates and other terms of individual farm and business loans made at a national sample of banks.

The upper panel of Chart 3 indicates that farm loan rates on average have not fluctuated as much as the prime rate at large banks. The lower panel, however, shows that at large banks the movement and level of the average farm loan rate has corresponded quite closely to that of the prime rate at these banks. At smaller banks, the average farm loan rate in 1979 began to reflect the new variability in the internal cost of loanable funds at these banks, but that cost changed more slowly than the large-bank prime rate.

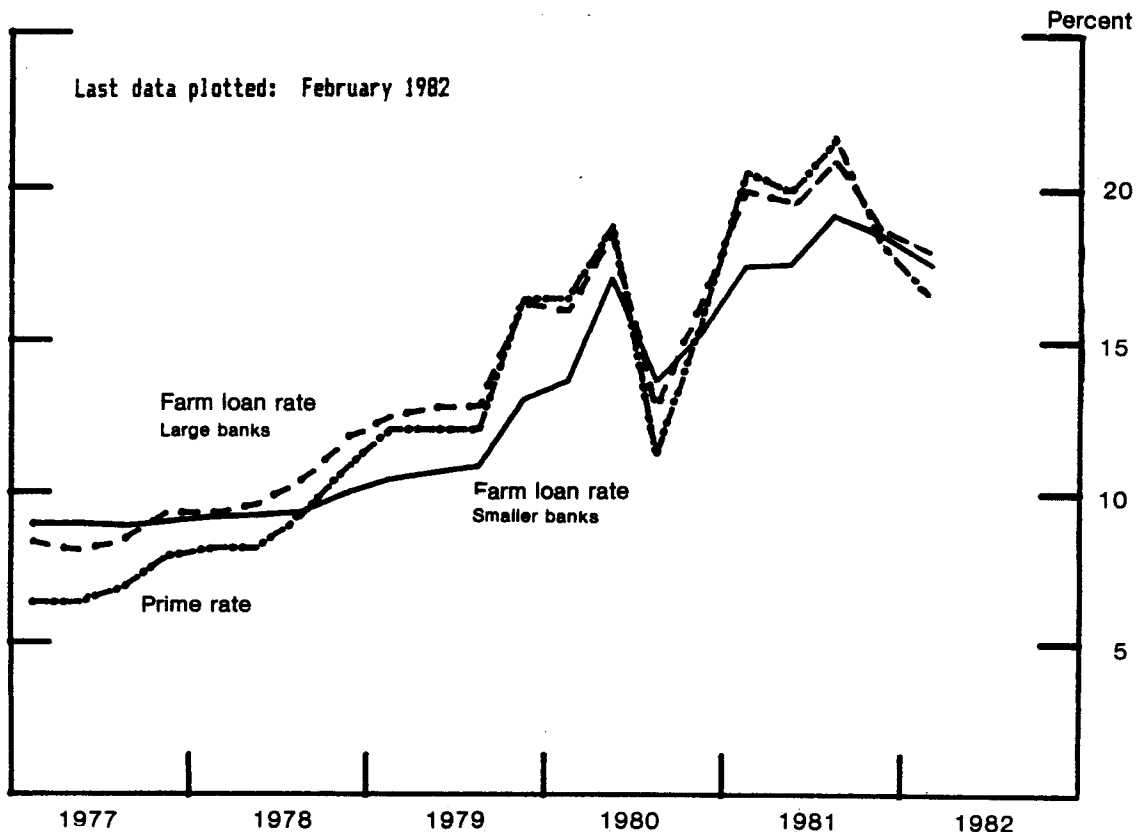
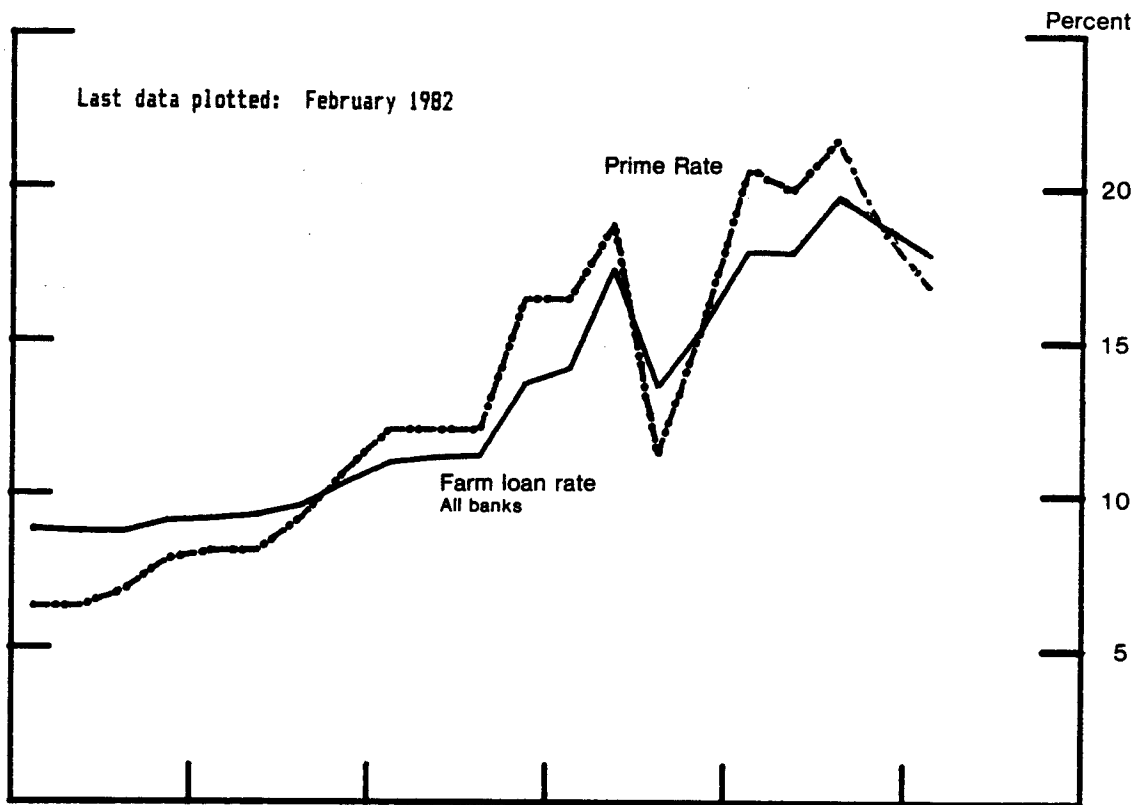
Tables 10 and 11 show the distribution of farm loans by interest rate annually since 1977 and quarterly since February 1981. Table 10 indicates that most farm borrowers from banks are paying about the same interest rate on loans obtained early this year as they did in 1981. For a significant minority that paid rates over 20 percent in 1981, however, the cost of credit has been markedly reduced in 1982. Table 11 shows that most of these borrowers that paid extremely high rates in 1981 were customers of large banks. These borrowers are primarily farmers with large operations and farmers in statewide-branching states.

In February 1982, most farm borrowers from large banks were paying rates ranging from 17 to 19 percent, while rates for most borrowers at smaller banks ranged from 16 to 18 percent.

Table 12 shows that as of April 1, farm loan rates at the rural banks surveyed by Reserve Banks still centered around 17 percent. Table 12 also indicates that, as compared with last spring, average farm loan rates are (1) significantly lower at large banks, (2) about the same at smaller banks, and (3) significantly higher at PCAs and Federal land banks. However, rates at PCAs have stopped rising, and increases at FLBs have slowed greatly.

Chart 3

**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" correspond roughly to banks with over \$500 million in total assets as of September 1981.

Table 10

Percentage distribution of non-real-estate farm loans  
made by banks, by effective interest rate<sup>1,2</sup>

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)<sup>2</sup> 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 <sup>3</sup> ....	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 \$500 million in total assets as of September 1981.



Table 11

Percentage distribution of non-real-estate farm loans made by large and other banks, by effective interest rate<sup>1,2</sup>

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
<b>Large banks<sup>3</sup></b>											
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	-	-
<b>Other banks<sup>3</sup></b>											
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	3	6	5	13	10	3
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 10.

Table 12

## Average interest rates on business and farm borrowings (percent)

Date	Effective rates on bank loans, U.S., first week of second month of quarter					Prime rate, large banks	Stated nominal rates, first day of quarter								Farm Credit System	
	Business loans		Non-real-estate farm loans				Average of most common farm loan rates at banks surveyed quarterly in specified F.R. Districts						Production credit assns.	Federal land banks		
	Prime rate, large banks	Average, all banks	Large banks	Other banks	All banks		Feeder cattle loans			Other operating loans						
							Chicago City	Kansas City	Dallas	Chicago City	Minne- apolis	Kansas City	Dallas			
1977-01	6.35	7.6	8.3	8.9	8.8	6.25	8.7	8.8	9.3	8.8	9.1	8.9	9.3	8.2	8.5	
-02	6.35	7.6	8.1	8.9	8.7	6.25	8.7	8.8	9.3	8.8	9.2	9.0	9.2	8.1	8.4	
-03	6.86	7.9	8.4	8.9	8.7	6.75	8.7	8.8	9.3	8.8	9.2	9.0	9.2	7.9	8.3	
-04	7.90	8.6	9.1	9.0	9.1	7.25	8.8	8.9	9.3	8.9	9.2	9.0	9.3	8.0	8.3	
1978-01	8.16	8.9	9.3	9.1	9.2	7.75	8.8	8.9	9.4	8.9	9.2	9.0	9.4	8.4	8.2	
-02	8.16	9.1	9.6	9.2	9.3	8.00	8.9	8.9	9.4	9.0	9.2	9.1	9.4	8.7	8.3	
-03	9.20	10.0	10.4	9.3	9.6	9.00	9.1	9.1	9.5	9.2	9.4	9.2	9.5	9.0	8.3	
-04	10.78	11.4	11.7	10.0	10.4	9.75	9.4	9.3	9.7	9.5	9.5	9.4	9.7	9.2	8.4	
1979-01	12.09	12.2	12.5	10.4	11.0	11.75	10.1	9.9	10.1	10.2	10.2	9.9	10.1	10.0	8.7	
-02	12.09	12.3	12.8	10.7	11.2	11.75	10.5	10.2	10.2	10.5	10.4	10.3	10.2	10.6	9.0	
-03	12.09	12.3	12.9	10.9	11.3	11.50	10.8	10.4	10.3	10.9	10.8	11.1	10.3	10.9	9.3	
-04	16.39	15.8	16.2	13.1	13.6	13.50	11.7	11.5	11.4	11.7	11.8	11.6	11.3	11.0	9.3	
1980-01	16.39	15.7	16.0	13.7	14.1	15.25	13.5	13.0	13.1	13.6	13.6	13.1	13.0	12.1	9.8	
-02	18.81	17.8	18.5	17.1	17.4	19.50	17.1	16.5	16.2	17.1	16.4	16.5	15.8	13.7	10.6	
-03	11.30	11.6	12.8	13.7	13.5	12.00	14.0	14.0	13.2	14.0	15.3	14.1	13.2	13.3	10.6	
-04	15.56	15.6	16.3	15.3	15.5	13.50	14.3	14.0	13.3	14.3	14.0	14.1	13.3	12.0	10.3	
1981-01	20.56	19.8	19.9	17.5	17.9	21.50	17.3	16.9	18.6	17.4	17.6	17.1	18.4	12.9	10.6	
-02	19.90	19.9	19.5	17.5	17.9	17.50	16.5	16.3	17.6	16.5	17.0	16.3	17.4	14.2	10.9	
-03	21.55	21.0	20.8	19.1	19.6	20.00	17.7	17.4	19.2	17.8	18.0	17.4	19.0	15.1	11.4	
-04	18.54	17.4	18.9	18.7	18.8	19.50	18.6	18.1	19.7	18.6	18.9	18.1	19.4	15.8	11.7	
1982-01	16.64	17.1	18.0	17.5	17.7	15.75	16.9	16.6	17.3	17.0	17.2	16.6	17.5	15.3	12.1	
-02						16.50	17.3	16.9	17.6	17.3	17.1	16.9	17.4		12.2	

Notes: Effective prime rate is calculated by assuming a loan maturity of six months with all interest paid at maturity.

Effective loan rates are a dollar-weighted average of effective rates on loans of \$1,000 or more made in the week indicated. Additional data from this quarterly survey of bank lending are published in Statistical Releases E.2 (Survey of Terms of Bank Lending) and E.15 (Agricultural Finance Databook--Quarterly Series), Federal Reserve Board, Washington, D.C. 20551. "Large banks" (survey strata 1-3) correspond roughly to banks with over \$500 million in total assets in 1981.

The types of banks included in quarterly agricultural credit conditions surveys conducted by Federal Reserve Banks varies among F.R. Districts, and so the rates shown are not strictly comparable. See page 58 of the Databook cited above.

Farm Credit System rates are unweighted averages of quoted rates, not adjusted for required stock purchases and loan fees.