

Updated Charts and Tables

THE FARM CREDIT SITUATION AND THE STATUS OF AGRICULTURAL BANKS

Prepared for the  
National Agricultural Credit Committee  
Chicago, Illinois

September 15, 1986

Emanuel Melichar  
Senior Economist, Economic Activity Section  
Division of Research and Statistics  
Board of Governors of the Federal Reserve System  
Washington, D.C. 20551

This report updates many of the charts and tables in "The Farm Credit Situation and the Status of Agricultural Banks," first issued as a staff study in February 1986 and later updated for presentation to the Twin Cities Agricultural Issues Round Table on April 24, 1986. Numbering of the charts and tables herein is the same as in these earlier papers.

Table 3

## Annual percentage change in farm debt outstanding

Type of debt and lender group		1980	1981	1982	1983	1984	1985	Amount outstanding, billions of dollars, 12/31/85
1	Total debt.....	10	11	8	0	-2	-4	204.8
2	Commodity Credit Corp.....	-2	61	93	-30	-19	94	16.9
3	Total debt excluding CCC...	10	9	4	2	-1	-8	187.9
4	Banks.....	2	2	8	8	3	-6	46.9
5	Farm Credit System.....	17	16	5	0	-1	-13	59.3
6	Life insurance companies...	6	1	-2	-1	-2	-5	11.8
7	Farmers Home Adm.....	21	19	3	2	6	6	27.3
8	Individuals and others.....	8	6	2	-1	-7	-11	42.6
9	Real estate debt.....	12	10	4	3	-1	-6	105.6
10	Banks.....	1	-4	0	11	9	12	11.4
11	Federal Land Banks.....	21	21	9	2	1	-9	44.7
12	Life insurance companies...	6	1	-2	-1	-2	-5	11.8
13	Farmers Home Adm.....	8	13	4	7	5	4	10.6
14	Individuals and others.....	8	5	1	1	-7	-9	27.2
15	Non-real-estate debt.....	8	11	11	-3	-3	-2	99.2
16	Commodity Credit Corp.....	-2	61	93	-30	-19	94	16.9
17	N.r.e. debt excluding CCC..	8	8	4	1	-1	-11	82.2
18	Banks.....	2	4	10	8	1	-10	35.5
19	Production credit assns....	9	7	-3	-6	-7	-22	14.1
20	Fed. Int. Credit Banks.....	22	13	-5	-2	3	-39	.5
21	Farmers Home Adm.....	31	23	2	-1	7	7	16.8
22	Individuals and others.....	7	6	4	-3	-5	-15	15.4

Chart 2

### Delinquency and Charge-off Rates on Farm Production Loans Insured Commercial Banks

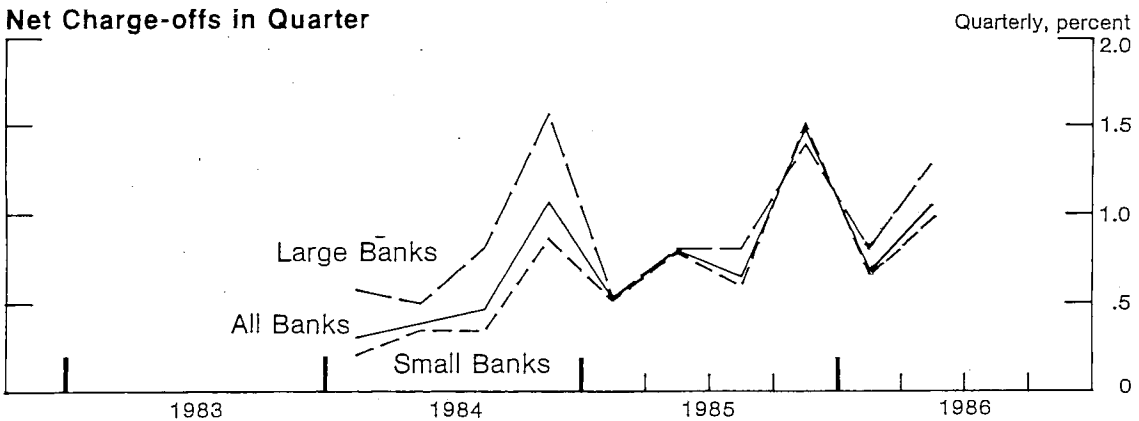
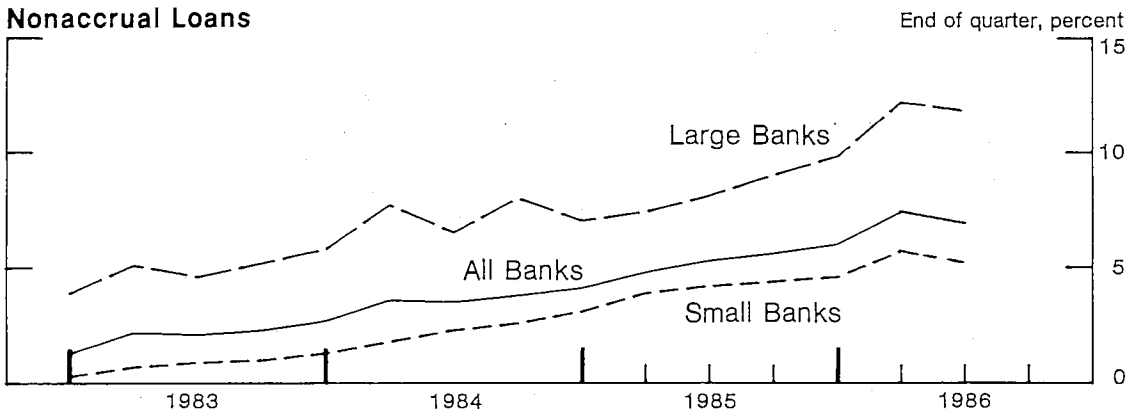
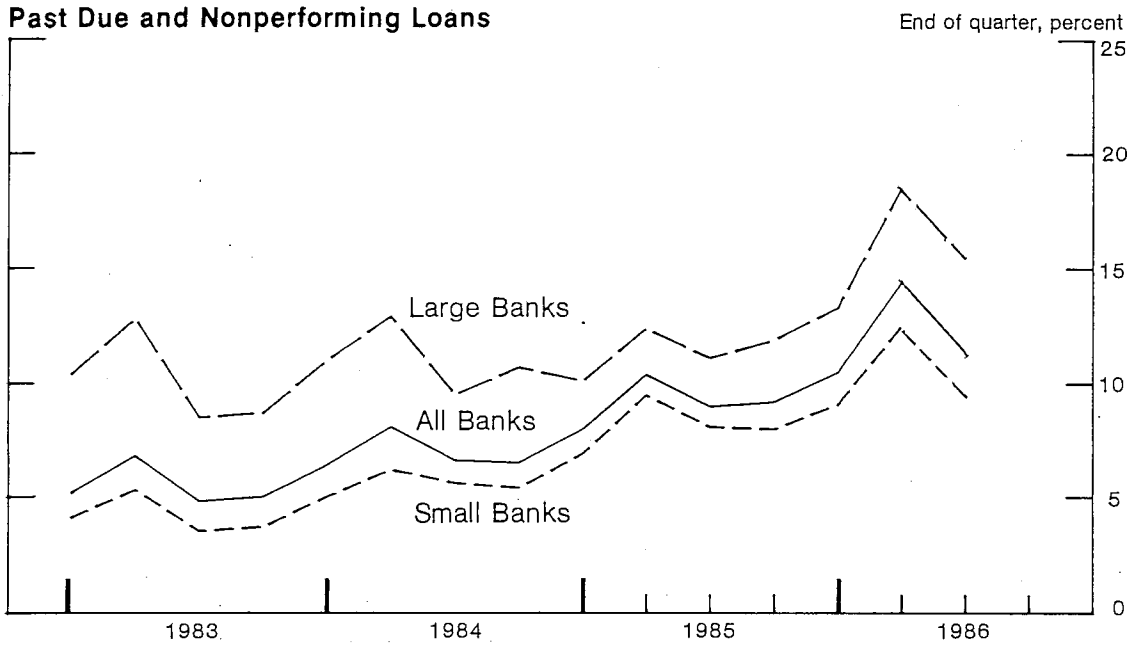


Table 4

Estimated delinquent farm production loans  
Insured commercial banks  
June 30

Class of delinquent loans	1983	1984	1985	1986
	<u>Billions of dollars</u>			
Total.....	1.9	2.6	3.4	3.6
Past due 30 to 89 days and still accruing.....	.5	.6	.7	.6
Nonperforming.....	1.4	2.0	2.7	3.0
Past due 90 days or more and still accruing.....	.5	.6	.7	.6
Nonaccrual.....	.8	1.4	2.1	2.4
	<u>As percentage of outstanding farm production loans</u>			
Total.....	4.7	6.5	8.6	10.5
Past due 30 to 89 days and still accruing.....	1.3	1.5	1.7	1.7
Nonperforming.....	3.4	5.0	6.9	8.8
Past due 90 days or more and still accruing.....	1.3	1.5	1.7	1.9
Nonaccrual.....	2.1	3.5	5.2	6.9
Addendum: Nonaccrual loans at--				
Large banks**.....	4.6	6.5	8.1	11.8
Other banks.....	.9	2.3	4.2	5.3

\*\* Large banks have total assets of \$300 million or more.

Data are estimates of national totals for farm non-real-estate loans. After 1984, estimates are based on reports from banks that hold about 92 percent of such loans. Earlier, only large banks that held about one-fourth of such loans reported nonaccrual and renegotiated farm loans; for other banks, estimates of delinquent farm loans are based on study of delinquent total loans at these banks.

Table 6

Net charge-offs of farm production loans  
Insured commercial banks

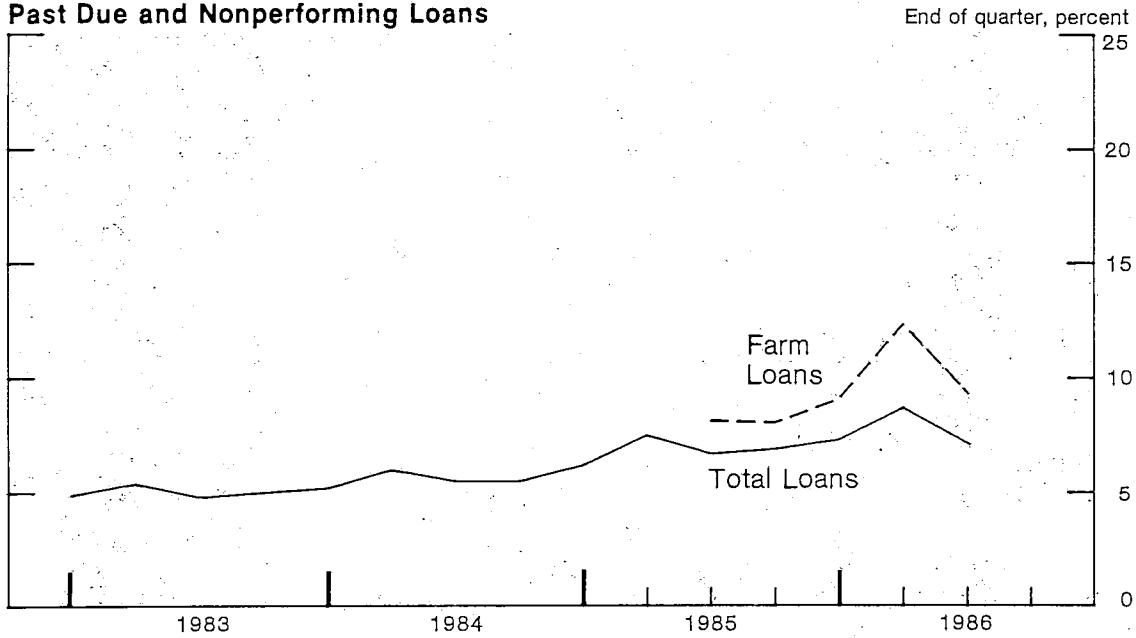
Period	Estimated amount, millions of dollars	As percentage of farm loans outstanding at end of period
<u>Annual</u>		
1984.....	900	2.2
1985.....	1300	3.7
<u>Quarterly</u>		
1984-Q1.....	120	.3
-Q2.....	160	.4
-Q3.....	195	.5
-Q4.....	425	1.0
1985-Q1.....	200	.5
-Q2.....	320	.8
-Q3.....	255	.6
-Q4.....	525	1.5
1986-Q1.....	235	.7
-Q2.....	355	1.0

Data are estimates of national charge-offs of farm non-real-estate loans, based on reports from banks that hold about 94 percent of the outstanding national volume of such loans. Additional uncertainty of the estimates arises because small banks report only charge-offs of "agricultural" loans as defined by each bank for its internal purposes. Banks first reported these data on the March 1984 Report of Income.

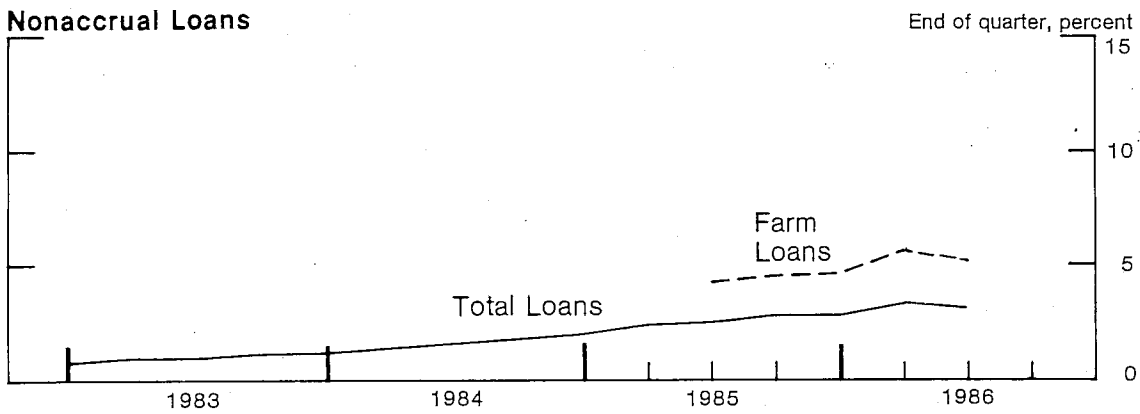
Chart 3

### Delinquency and Charge-off Rates on Loans at Agricultural Banks

#### Past Due and Nonperforming Loans



#### Nonaccrual Loans



#### Net Charge-offs in Quarter

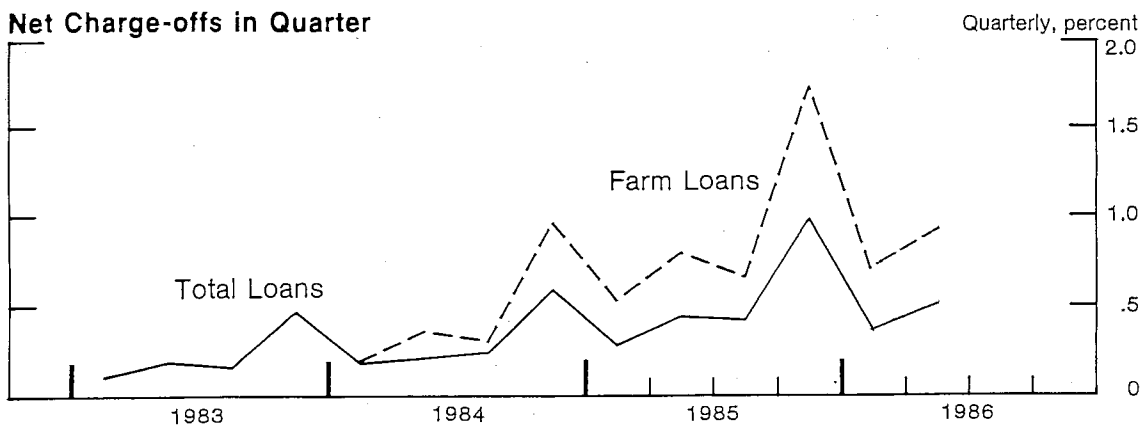


Table 7

Delinquent loans as a percentage of total loans outstanding  
Agricultural banks  
June 30

Type of delinquency	1983	1984	1985	1986
		<u>United States</u>		
Total.....	4.6	5.3	6.4	7.0
Past due 30 to 89 days and still accruing.....	2.0	2.1	2.2	2.2
Nonperforming.....	2.7	3.2	4.1	4.7
Past due 90 days or more and still accruing.....	1.6	1.6	1.6	1.6
Nonaccrual.....	1.0	1.6	2.5	3.1
		<u>Iowa</u>		
Total.....	4.1	5.2	6.7	7.2
Past due 30 to 89 days and still accruing.....	1.5	1.7	1.9	1.7
Nonperforming.....	2.6	3.4	4.8	5.5
Past due 90 days or more and still accruing.....	1.6	1.7	1.8	1.9
Nonaccrual.....	1.0	1.7	3.1	3.6

Agricultural banks are insured commercial banks at which the ratio of farm loans to total loans is above the unweighted average of such ratios at all insured commercial banks (16.21 percent on June 30, 1986). Farm loans were 35.2 percent of total loans at agricultural banks on June 30, 1986, and these banks held 58.6 percent of all farm loans in the banking system. Farm loans at all banks totaled \$46.4 billion, which was 3.3 percent of total loans at all banks.

Table 9

Net charge-offs as a percentage of total loans  
outstanding at end of period  
Agricultural banks

Area and year	First half	Full year
<u>United States</u>		
1980.....	.07	.32
1981.....	.09	.43
1982.....	.15	.69
1983.....	.30	.93
1984.....	.39	1.22
1985.....	.72	2.12
1986.....	.86	
<u>Iowa</u>		
1980.....		.31
1981.....		.34
1982.....		.67
1983.....		.92
1984.....		1.71
1985.....	1.31	3.49
1986.....	1.64	

Agricultural banks are defined in the note to Table 7.



Chart 4

**Number of Potentially Vulnerable Banks and Bank Failures**

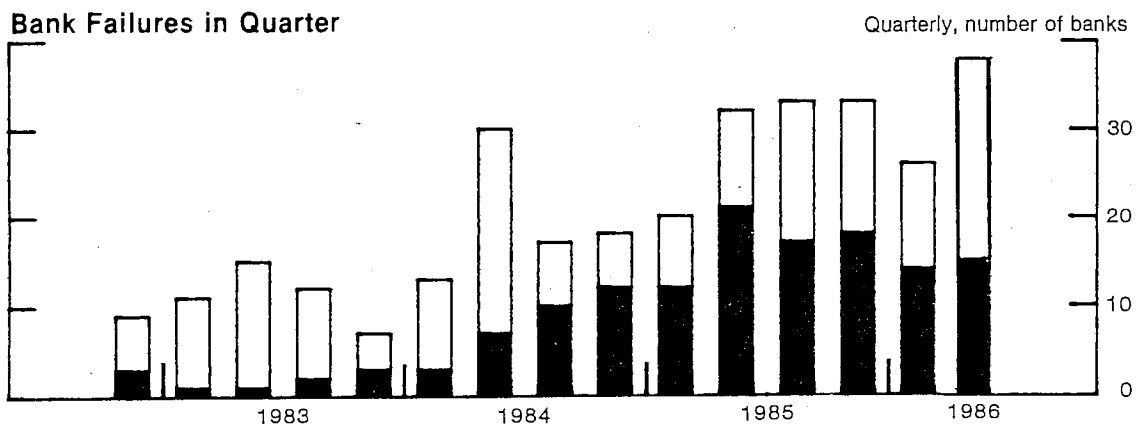
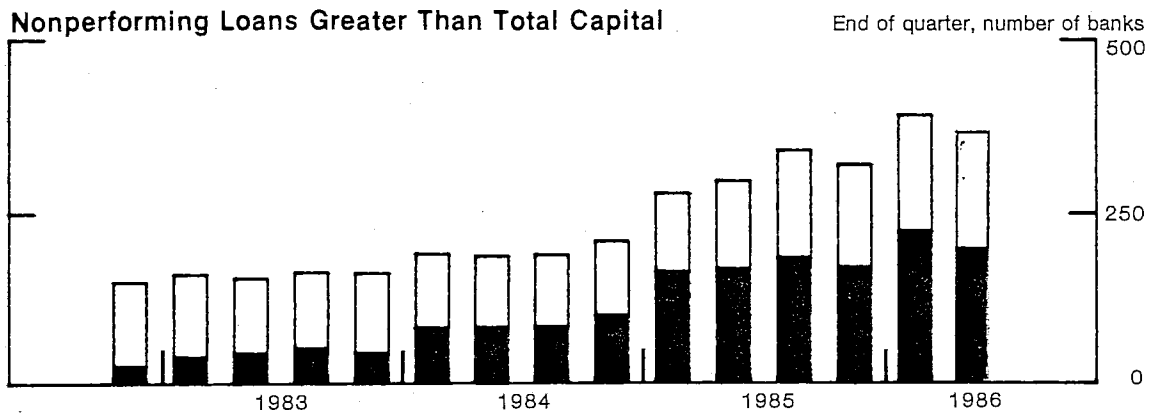
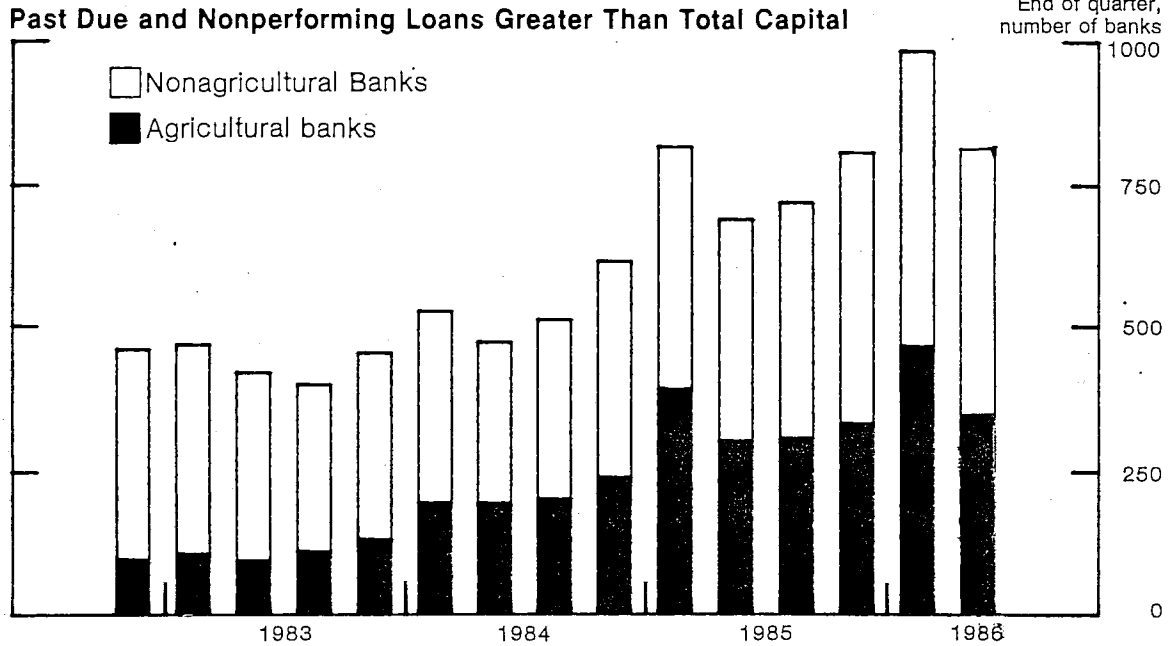


Table 12

## Agricultural bank failures and farm loans at failed commercial banks

Period	Number of bank failures			Farm loans at all failed banks	
	Total	Agricultural banks	Agricultural as percentage of total	Millions of dollars	As percentage of total loans
<u>Annual</u>					
1981.....	7	1	14	3	4
1982.....	35	11	31	49	3
1983.....	45	7	16	62	2
1984.....	78	32	41	199	10
1985.....	118	68	58	459	19
1986*.....	101	51	50	556	13
<u>Quarterly</u>					
1981-Q1...	3	1	33		
-Q2...	1	0	0		
-Q3...	1	0	0		
-Q4...	2	0	0		
1982-Q1...	5	2	40		
-Q2...	10	3	30		
-Q3...	11	3	27		
-Q4...	9	3	33		
1983-Q1...	11	1	9		
-Q2...	15	1	7		
-Q3...	12	2	17		
-Q4...	7	3	43		
1984-Q1...	13	3	23		
-Q2...	30	7	23		
-Q3...	17	10	59		
-Q4...	18	12	67		
1985-Q1...	20	12	60		
-Q2...	32	21	66		
-Q3...	33	17	52		
-Q4...	33	18	55		
1986-Q1...	26	14	54	84	10
-Q2...	38	15	39	162	14
-Q3*..	37	22	59	210	10

\* Data through September 10, 1986. Data for 1986 include three banks assisted to prevent closing. Agricultural banks are defined in the note to Table 7.

Table B-1

Average effective interest rate on non-real-estate farm loans  
made by commercial banks  
(percent)

Period	All banks	Large banks	Other banks
<u>Annual</u>			
1977.....	8.8	8.5	9.0
1978.....	9.6	10.2	9.4
1979.....	11.9	13.6	11.4
1980.....	15.2	16.2	15.0
1981.....	18.5	19.8	18.1
1982.....	16.7	16.1	17.0
1983.....	13.5	12.1	14.1
1984.....	14.1	13.1	14.4
1985.....	12.8	11.2	13.4
<u>Quarterly</u>			
1983-Q1.....	13.8	12.5	14.1
-Q2.....	13.2	12.0	13.9
-Q3.....	13.6	12.2	14.1
-Q4.....	13.6	11.8	14.2
1984-Q1.....	13.5	12.2	14.1
-Q2.....	14.2	13.3	14.5
-Q3.....	14.8	14.4	14.9
-Q4.....	14.2	13.4	14.4
1985-Q1.....	13.2	11.7	13.8
-Q2.....	13.0	11.5	13.6
-Q3.....	12.3	10.6	12.9
-Q4.....	12.3	10.6	13.1
1986-Q1.....	12.0	10.3	12.8
-Q2.....	11.5	9.7	12.0
-Q3.....	11.3p	9.3p	11.9p

Effective rates shown are estimates from the Federal Reserve survey of terms of bank lending to farmers.

In recent quarters, most "large banks" (survey strata 1 to 3) had over \$500 million in total assets, and most "other banks" (survey strata 4 to 6) had total assets below \$500 million.

Data shown for 1986-Q3 represent tabulations of about 95 percent of the reports expected.

Table B-2

Percentage distribution of non-real-estate farm loans made by banks,  
by effective interest rate

Effective interest rate (percent)	May														
	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	May 1985	Aug. 1985	Nov. 1985	Feb. 1986	May 1986
All loans.....	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Under 6.0.....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.0 to 6.9.....	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7.0 to 7.9.....	6	-	-	-	-	-	-	-	-	1	-	-	-	1	
8.0 to 8.9.....	43	35	4	-	-	-	-	-	-	6	-	3	1	8	6
9.0 to 9.9.....	40	48	14	-	1	-	1	-	5	12	5	9	16	5	12
10.0 to 10.9...	3	11	32	-	-	-	6	-	7	11	7	12	7	7	11
11.0 to 11.9...	1	6	22	-	-	-	7	1	11	33	11	13	13	21	33
12.0 to 12.9...	-	-	12	1	1	-	28	12	24	22	24	18	21	23	22
13.0 to 13.9...	-	-	10	4	1	-	31	26	31	13	31	36	33	31	13
14.0 to 14.9...	-	-	5	9	1	-	15	36	13	2	13	6	7	4	2
15.0 to 15.9...	-	-	1	7	10	2	10	21	7	-	7	1	1	-	-
16.0 to 16.9...	-	-	-	11	22	12	-	2	1	-	1	1	-	-	-
17.0 to 17.9...	-	-	-	35	19	45	1	-	-	-	-	-	-	-	-
18.0 to 18.9...	-	-	-	18	21	29	-	-	-	-	-	-	-	-	-
19.0 to 19.9...	-	-	-	9	10	9	-	-	1	-	1	-	-	-	-
20.0 to 20.9...	-	-	-	3	10	1	1	-	-	-	-	-	-	-	-
21.0 to 21.9...	-	-	-	1	4	-	-	-	-	-	-	-	-	-	-
22.0 to 22.9...	-	-	-	1	2	-	-	-	-	-	-	-	-	-	-
23.0 to 23.9...	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-
24.0 to 24.9...	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
25.0 and over..	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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.

Data are estimates from the Federal Reserve survey of terms of bank lending to farmers.