Financial stress as seen through farm bankruptcy and loan delinquency rate data

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The views expressed are those of the authors and should not be attributed to the Economic Research Service or USDA
Stressor

Consumption Smoothing

Asset Restructuring

Delinquencies/Debt Restructuring

Bankruptcy

Exit (Involuntary)

Exit (Voluntary)

Return to Financial Stability (or to an earlier step)
Data

• FDIC, Consolidated Reports of Condition and Income (call reports)
  – Available at: https://www5.fdic.gov/sdi/download_large_list_outside.asp
  – Used by regulatory agencies to monitor the condition, performance, and risk profile of institutions and of the industry.

• U.S. Bankruptcy Courts, Table F-2 (Three Months) Bankruptcy Filings, (2001-2016).
  – Available at: http://www.uscourts.gov/statistics-reports/caseload-statistics-data-tables?tn=F-2&pn=All&t=All&m%5Bvalue%5D%5Bmonth%5D=&y%5Bvalue%5D%5Byear%5D=&Apply

• Unemployment data: FRED (St Louis Fed)
Loan Delinquencies and Nonaccrual Loans

• “Real estate” agricultural loans include all loans secured by farmland.

Source: FDIC

Note: Includes 30-days and 90-days delinquent and nonaccrual loans
Loan Delinquencies and Unemployment

- Unemployment led increase in national ag delinquencies

Source: FDIC and FRED
Delinquency and Bankruptcy

Source: FDIC and U.S. Bankruptcy Courts
Agricultural Loan Volume: Non-Real Estate Loans

- Both circle size and color represent portfolio size in 2Q 2016
- Largest circles: national/multinational bank HQs (example: Wells Fargo in Sioux Falls, SD)

Source: FDIC, Q2 2016
Percent Delinquent (color): Non-Real Estate Loans

- Circle color: Delinquency rate, Circle size: portfolio size.
- Many of the highest delinquency rates found in smaller, less diversified portfolios

Source: FDIC, Q2 2016
Agricultural Loan Volume: Real Estate Loans

• Both circle size and color represent portfolio size in 2Q 2016
• Largest circles: national/multinational bank HQs (example: Wells Fargo in Sioux Falls, SD)

Source: FDIC, Q2 2016
Percent Delinquent (color): Real Estate Loans

- Outliers drown out mapped variation. Delinquency rates of ≥ 20% only represent 0.4% of loan volume.

Source: FDIC, Q2 2016
Percent Delinquent (color): Real Estate Loans

- Without outliers (defined as > 20%)

Source: FDIC, Q2 2016
Total Agricultural Loan Volume

- Both circle size and color represent portfolio size in 2Q 2016
- Largest circles: national/multinational bank HQs (example: Wells Fargo in Sioux Falls, SD)

Source: FDIC, Q2 2016
Because of real estate-backed delinquencies, outliers drown out mapped variation.

Source: FDIC, Q2 2016
Percent Delinquent (color): Total Ag Loans

- Without outliers (defined as > 20%)

Source: FDIC, Q2 2016
Delinquency and Bankruptcy: Wisconsin

Source: FDIC and U.S. Bankruptcy Courts
Delinquency and Bankruptcy: Illinois

Source: FDIC and U.S. Bankruptcy Courts
Delinquency and Bankruptcy: California

Source: FDIC and U.S. Bankruptcy Courts
Questions?

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