



For Immediate Release
NR 20-17 (09-10-20)

Contact: Mike Stokke or Emily Yaghmour,
703-883-4056
Email: info-line@fca.gov

FCA board receives quarterly report on conditions in agriculture and the Farm Credit System

McLEAN, Va., Sept. 10, 2020 —At its monthly meeting today, the Farm Credit Administration board received a [quarterly report \(PDF\)](#) on economic issues affecting agriculture, together with an update on the financial condition and performance of the Farm Credit System (System) as of June 30, 2020.

The U.S. economy is recovering after its steep contraction in the spring. The nation's unemployment rate continued to improve in August but remained elevated at 8.4%. Consumer spending is slowly coming back, helped by stimulus payments and the reopening of local economies.

Grain markets in 2020 have been shaped by large supplies and low prices. Poor weather in parts of the Midwest and stronger than expected export demand have lifted corn and soybean markets recently. Crop returns could fall sharply next year if government assistance is significantly lower than it has been in recent years.

For the protein sector, the supply-chain disruptions from earlier in the year have waned, but large inventories and uncertain demand prospects continue to pressure prices. Despite stronger pork exports, the hog sector has been the most severely affected, with margins expected to be negative for the remainder of 2020. Weather is also a concern, especially for cattle producers. Pasture and range conditions have noticeably deteriorated because of intensifying drought, particularly in the West and Great Plains.

For the past several years, government payments have played an important role in the farm economy, accounting for a growing share of farm income. For 2020, roughly two-thirds of government payments have been from ad hoc and supplemental programs. While substantial ad hoc government payments are helping many producers in 2020, there is no guarantee they will receive the same level of support next year.

As of June 30, 2020, the System was safe and financially sound. Portfolio credit measures were mixed, but there are indications of a slight increase in portfolio stress. System earnings were strong and continued to support additional capital growth. System institutions remain well positioned to support the farm economy and rural America.

Closed session

During the closed session, the FCA board received a quarterly report from the Office of Examination.

Notational votes

Since the Aug. 13 FCA board meeting, the following notational votes have occurred. Notational votes are actions taken by the FCA board between board meetings.

On Aug. 17, the FCA board reissued policy statement 62, "[Equal Employment Opportunity and Diversity](#)." Other than minor technical edits, the statement is unchanged from the version that was issued last year. The agency reissues the statement annually to demonstrate its commitment to EEO and diversity principles.

On Aug. 17, the board approved a request by Compeer Financial, ACA, to purchase bonds issued by a health care center in rural Kentucky. The approval of the request is subject to conditions.

On Aug. 23, the FCA board approved the 2020 leave payout and restoration program to allow employees with projected use-or-lose annual leave at the end of this year to receive a payout for up to 80 hours of annual leave or their projected use-or-lose balance, whichever is less. Any remaining use-or-lose leave may be carried over into 2021. Many federal agencies are implementing similar programs to help better meet the needs of their employees and to manage the resource demands of the agencies.

On Aug. 26, the board approved a request by AgriBank, FCB, to redeem an amount not to exceed \$25,777,710 in Class F stock held by current members of ProPartners Financial, so long as the Class F stock is replaced with an amount equal to or greater than the amount being redeemed.

On Sept. 1, the FCA board approved a final rule allowing each Farm Credit System bank to disclose the financial information of its affiliated associations either in a footnote or a supplement to its Annual Report to Shareholders. The rule will be effective 30 days after publication in the Federal Register during which either body of Congress is in session.

On Sept. 3, the board approved the agency's fiscal year 2021 revised budget and its fiscal year 2022 proposed budget.

On Sept. 9, the FCA board approved the Fall 2020 Abstract of the Unified Agenda of Federal Regulatory and Deregulatory Actions and the Fall 2020 Regulatory Projects Plan.

###

The Farm Credit Administration is the safety and soundness regulator of the Farm Credit System. The System consists of two government-sponsored enterprises — a nationwide network of cooperative banks and associations established in 1916, and a secondary market entity known as the Federal Agricultural Mortgage Corporation (Farmer Mac), which was established in 1988. The System's borrower-owned banks and associations provide credit to farmers, ranchers, residents of rural communities, agricultural and rural utility cooperatives, and other eligible and creditworthy borrowers. Farmer Mac provides a secondary market for agricultural real estate loans, rural housing mortgage loans, and certain rural utility loans. FCA news releases are available on the web at www.fca.gov.