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

McLEAN, Va., Sept. 8, 2022 — 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.

The U.S. economy continues to face economic risks. Labor markets remain tight, which is fueling wage growth and in turn inflation. This raises concerns that interest rates will have to rise to the point of increasing unemployment to bring inflation back down. Rising interest rates can also strengthen the dollar, making American agricultural exports less competitive in foreign markets.

High and volatile energy prices also add uncertainty to the economy and farm input prices. Volatility will likely persist because of the shutdown of the Nord Stream pipeline in Europe and planned oil supply cuts. Since natural gas is a major component of nitrogen fertilizer, farm input costs will be a significant issue for producers going into 2023.

Drought conditions in many areas of the country are creating major challenges for affected producers. In particular, drought in the Colorado River basin is both an immediate and a long-term problem for irrigation-dependent producers in that area.

The System also provides funding to rural infrastructure, including electricity cooperatives. The proliferation of electric vehicles and recent federal policy changes present opportunities and risks for System borrowers and lenders that are distinct from the opportunities and risks associated with agriculture.

Through the first six months of 2022, the System reported favorable financial results, including continued asset growth and increased earnings. Credit risk in the loan portfolio remained low, and System institutions were strongly capitalized. Overall, the System remains financially sound and is well positioned to meet the funding and liquidity needs of U.S. farmers and ranchers.

Board approves abstract for the Fall 2022 Unified Agenda submission

In other business, the FCA board approved two documents: the preamble and Fall 2022 Abstract of the Unified Agenda of Federal Regulatory and Deregulatory Actions, and the Fall 2022 Regulatory Plan.

The information in the abstract will be used in the official Unified Regulatory Agenda, which is published semiannually on the internet at reginfo.gov. The regulatory plan describes the regulatory projects scheduled for the next 12 to 24 months. The plan is posted on the agency's [Regulatory projects plan webpage](#) after it has been approved by the Office of Management and Budget.

Closed session

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

Notational votes

Since the Aug. 11 FCA board meeting, five notational votes have occurred. Notational votes are actions the FCA board takes between board meetings.

On Aug. 15, the FCA board voted to give preliminary approval for the proposed plan of merger of Farm Credit of Western Oklahoma, ACA, and its wholly owned subsidiaries, Farm Credit of Western Oklahoma, FLCA, and Farm Credit of Western Oklahoma, PCA, with and into Farm Credit of Enid, ACA, and its wholly owned subsidiaries. The board's preliminary approval is subject to certain conditions.

On Aug. 19, the board approved the FY 2022 fourth quarter leave buyback program.

On Aug. 23, the board approved an FY 2022 budget reallocation for information technology needs.

On Aug. 25, the board approved the request by a System institution to redeem certain stock.

On Aug. 29, the 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.

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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.