

News Release

Farm Credit Administration
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FCA Board Receives Report on Profit Outlook for 2016 Corn, Soybean, and Wheat Crops

McLEAN, Va., Oct. 13, 2016 — At its monthly meeting today, the Farm Credit Administration board received a report from staff on the profit outlook for the 2016 corn, soybean, and wheat crops.

Based on USDA price forecasts and university estimates of production costs, the profit outlook in 2016 is negative for corn and wheat and is near the break-even point for soybeans. Large supplies are pushing down farm prices for corn and wheat, while soybean prices are expected to be near last year's average because of a less bearish global stock situation.

For the farmer's bottom line, a modest reduction in production costs is offsetting some of the price-depressing effects of record or near-record crop yields. Still, many producers will need to make adjustments during this period by controlling their input costs, selling crops when pricing opportunities arise, and cutting household living expenses.

Farm program payments will supplement 2016 crop returns, particularly for corn and wheat. For crops harvested in 2017, however, government support is scheduled to decline under Agriculture Risk Coverage, the primary farm program for corn, soybeans, and wheat. Payments made under this program are based on revenue guarantees that track the recent downtrend in annual farm prices.

Farm Credit System institutions have significant loan concentrations in cash grains, including corn, soybeans, and wheat. Many of these institutions are located in the Midwest.

Following this report, staff also answered questions about the effects of Hurricane Matthew on agricultural producers.

Notational Votes

Since the Sept. 8 FCA board meeting, three notational votes have occurred. Notational votes are actions taken by the FCA board between board meetings.

- On Sept. 13, the board granted preliminary approval of the proposed plan of merger of Farm Credit of Southwest Kansas, ACA, and its wholly owned subsidiaries with and into American AgCredit, ACA, and its wholly owned subsidiaries. The board's approval is subject to certain conditions.
- On Sept. 29, the board approved the FY 2017 Revised Budget and the FY 2018 Proposed Budget for the agency.
- On Oct. 4, the board approved the appointment of Jerome Fowlkes to the position of director of the Office of Agency Services.

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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) that 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. Members of the FCA board are Kenneth A. Spearman, board chairman and CEO; Dallas P. Tonsager; and Jeffery S. Hall.

Note: FCA news releases are available on the web at www.fca.gov.