



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

McLEAN, Va., June 14, 2018 — The Farm Credit Administration board today received a quarterly report on economic issues affecting agriculture, together with an update on the financial condition and performance of the Farm Credit System as of March 31, 2018.

The report discussed USDA's first price outlook for corn, soybeans, and wheat for the 2018 – 2019 marketing year and the implications for both the crop and protein sectors. For corn and soybean producers, prices are projected to strengthen, boosting profit margins. For livestock producers, profit margins are expected to decline as rising grain prices drive up feed costs and Southwest pasture conditions deteriorate because of severe drought.

Producers across the farm economy will face stress on cash flows from rising interest rates and higher fuel costs. Higher interest rates and declining cash rents will put downward pressure on farmland values.

In addition, uncertainties regarding agricultural trade policy and the Farm Bill will have a direct bearing on the farm economy.

For the first quarter of 2018, the Farm Credit System reported strong earnings, higher capital levels, and favorable portfolio credit quality. Overall, it is financially strong and remains safe and sound.

Semiannual report on Office of Examination operations

The board also received the semiannual report on Office of Examination operations. During the first six months of fiscal year 2018, FCA examiners conducted onsite activities at all 4 System funding banks, 45 associations, and 7 service entities.

Closed session

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

Notational Votes

Since the May 10 FCA board meeting, the following notational vote has occurred. Notational votes are actions taken by the FCA board between board meetings.

On May 23, the board concluded that no regulatory action currently in FCA's Unified Regulatory Agenda meets the definition of "significant regulatory action." As a result, FCA is not required to develop a regulatory plan for submission to the Office of Information and Regulatory Affairs.

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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. Members of the FCA board are Dallas P. Tonsager, board chairman and CEO; Jeffery S. Hall; and Glen R. Smith.

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