



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

McLEAN, Va., April 09, 2019 — At its monthly meeting today, the Farm Credit Administration board received a [quarterly report](#) on economic issues affecting agriculture, together with an update on the financial condition and performance of the Farm Credit System (System) as of Dec. 31, 2018.

Although general economic factors remain favorable, U.S. farmers face significant challenges in 2019. Retaliatory tariffs on U.S. products continue to adversely affect agriculture. Soybean exports were off \$4.5 billion in the fourth quarter of 2018 as China looked to other sources.

Soybean, corn, and wheat producers could again face weak to negative margins in 2019 because of large global supplies, weak pricing, and uncertain export demand. For the livestock, poultry, and dairy sectors, tight margins in 2018 are slowing production growth. The decline in production should boost product prices and strengthen producer returns in 2019. The beef and broiler markets are reasonably balanced, but production growth is strong in the pork sector because of an expected increase in exports.

Despite low or negative crop returns, farmland values have remained relatively stable. A key factor for this stability is that the volume of land continues to be relatively modest and balanced with demand in many land markets. In general, farmer and investor demand for high-quality land remains reasonably strong.

Overall, the System remained safe and financially sound in 2018. For the year, the System reported moderate loan growth, favorable earnings, and strong capital levels. Credit quality in the System's loan portfolio continued to be good, with nonperforming assets at 0.84 percent of loans and other property owned, compared with 0.78 percent at year-end 2017.

### **Auditor's report on FCS Building Association**

In other business, the FCA board received an auditor's report on the 2018 financial statements of the FCS Building Association. Cherry Bekaert LLP, an independent auditing firm, provided an unqualified opinion of the Building Association's financial statements for the years ended Dec. 31, 2018 and 2017.

According to the report, the Building Association's financial statements present fairly, in all material respects, the financial position of the FCS Building Association as of Dec. 31, 2018 and 2017, and the results of its operations and its cash flows for those years conformed with accounting principles generally accepted in the United States.

### **Closed sessions**

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

During a closed executive session, the board met with the Cherry Bekaert auditors to discuss the Building Association's audit in greater detail.

### **Action items**

On March 21 FCA entered into a Stipulation and Consent Order with the director of an agricultural credit association. The order removed the director from the board because of a violation of FCA's Standards of Conduct regulations.

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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 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](http://www.fca.gov).