



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

McLEAN, Va., Dec. 9, 2021 — 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 Sept. 30.

The U.S. economy remains resilient in the face of supply chain issues, labor constraints, and rising prices although growth slowed in the third quarter. The Federal Reserve has continued to hold interest rates steady despite growing concerns about inflation, which recently hit a 30-year high.

More costly inputs and supply chain problems are also affecting agricultural producers and marketers; major cost increases have occurred in energy, transportation, chemicals, and labor. Difficulties obtaining farm equipment and parts have added to the challenges facing farmers.

At present, economic growth is fueling demand for farm products here and abroad. Agricultural exports are expected to be robust, and China continues to be the largest market, driven by import needs and policy. Export demand across a range of commodities will likely remain strong in 2022, but higher input costs will reduce grain farm income.

Generally, livestock producer margins in 2021 have been favorable. Strong domestic and export demand, and limited production gains have helped lift livestock prices. Cow-calf producers in drought areas are under greater stress. Dairy margins have been well below average, with milk price gains falling far short of rising feed costs.

Higher crop profits, favorable farm financials, low borrowing rates, and strong farmer and investor demand are driving cropland values higher, especially in the Midwest. Farmland markets are stable to higher in the Pacific Northwest and California. Water availability has increasingly become a significant determinate of land use and valuation.

For the first nine months of 2021, the System reported strong financial results, with higher earnings and capital. (See the [latest financial indicator data](#).) Robust real estate mortgage lending continued to be the primary driver of loan growth. Portfolio loan quality remained very good, but challenges persist for certain sectors and geographic regions. Overall, System institutions are financially sound and well-positioned to meet the credit needs of agricultural producers and rural America.

Semiannual report on Office of Examination operations

In other business, the board received a [semiannual report \(PDF\)](#) on the accomplishments of the Office of Examination. During fiscal year 2021, FCA examiners conducted examinations or oversight activities at all 4 System funding banks, all associations, and 11 other entities.

Closed session

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

Notational votes

Since the Nov. 18 FCA board meeting, three notational votes have occurred. Notational votes are actions the FCA board takes between board meetings.

On Nov. 23, the board determined not to object to CoBank's proposed offering circular for the issuance of a class of preferred stock.

On Dec. 2, the board approved the request from River Valley AgCredit, ACA, to retire certain equities allocated to its member-borrowers.

On Dec. 7, the board approved the FCA 2022 compensation program.

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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.