



For Immediate Release

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

McLEAN, Va., April 11, 2024 — 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 Dec. 31, 2023.

Quarterly report on conditions in agriculture and the Farm Credit System

Interest rates remain high after recent inflation reports came in higher than expected, but rate cuts by the Federal Reserve are possible later in the year. Other measures of the economy are favorable, such as low and stable unemployment levels and economic growth.

Agricultural producers face tightening margins, with cash receipts expected to decline this year and high input costs likely to persist. Crop prices, especially corn, have declined from last year because of elevated supplies. Despite these challenges to the agricultural sector, producer sentiment has remained relatively stable. Margins for cattle producers are strong amid high cattle prices, with cow-calf producers capturing most of these gains.

Issues shaping risk in the livestock industry include recovery from the Texas wildfires and recent incidents of highly pathogenic avian influenza (bird flu) detected in dairy cattle. Another concern is the potential effect of California's Proposition 12 on the production costs of hog producers.

The System reported strong financial results, and loans continued to perform well in 2023. Loan growth slowed from the prior year, and portfolio credit risk remained low. At year-end 2023, nonperforming assets were 0.45% of loans outstanding and other property owned.

Full-year earnings were up compared to the prior year, but provisions for credit losses increased. Regulatory capital and liquidity levels remained sound and were well above required regulatory minimums. Overall, the System is well positioned to meet the funding and liquidity needs of U.S. farmers and ranchers in what is expected to be a more challenging operating environment.

Notational votes

Since the March 14 FCA board meeting, one notational vote has occurred. Notational votes are actions the FCA board takes between board meetings.

On April 4, the board voted to approve a System institution's proposed offering circular for issuance of preferred stock.

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The Farm Credit Administration is the regulator of the Farm Credit System. The System is the nation's oldest government-sponsored enterprise. It consists of a nationwide network of cooperative banks and associations, which was 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.