



For Immediate Release

NR 24-08 (06-13-24)

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

McLEAN, Va., June 13, 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 March 31, 2024.

Quarterly report on conditions in agriculture and the Farm Credit System

Strong labor markets and consumer spending continued to propel the U.S. economy in the first quarter of 2024. However, employment and personal consumption data show that these factors are returning to more typical levels. U.S. consumers are becoming more selective, pulling back on goods purchases and discretionary spending that have characterized the past several years. The current economic outlook is for slow growth through 2024.

Most inflation measures indicate a slow slide toward 2%. Rising shelter costs continue to make up more than half of all inflation, with mixed evidence about the potential for future declines. Current supportive economic conditions and the slow progress toward reaching baseline inflation have led the Federal Reserve to adopt a wait-and-see approach for future rate declines.

The agricultural economy is facing a second year of falling cash receipts and elevated expenses. While select livestock markets have seen strong or improving prices and margins in 2024, many cash grain producers are facing losses because of high breakeven prices. Internationally, continued demand for horticultural and livestock products and challenging weather conditions for global crop producers may improve U.S. export opportunities. However, continued geopolitical uncertainty and detections of highly pathogenic avian influenza in livestock add some risk. Farmland values have shown little to no growth in nominal terms in the first quarter.

The System reported solid financial results for the first quarter of 2024. Loan growth was modest, with seasonal factors largely driving demand. The loan portfolio continued to perform well, with nonperforming assets at a low 0.56% of loans outstanding and other property owned. However, we anticipate a more challenging operating environment for both borrowers and System institutions, which may adversely affect System credit quality going forward.

Quarterly net income increased 15.9% from a year ago because of higher net interest income and lower allowance provisions. Capital and liquidity levels remained sound and

were well above regulatory minimums. Overall, System institutions remain well-positioned to meet borrower funding and liquidity needs.

Semiannual report on Office of Examination operations

The FCA board also received the [semiannual report \(PDF\)](#) on Office of Examination operations. For the first half of fiscal year 2024, the Office of Examination performed its risk supervision and examination objectives as planned. FCA examiners conducted on-site examination and oversight activities at 3 funding banks, 35 associations, and 6 other entities.

Notational votes

Since the April 11 FCA board meeting, three notational votes have occurred. Notational votes are actions the FCA board takes between board meetings.

On May 10, the board approved the Spring 2024 Abstract Update of the Unified Agenda of Federal Regulatory and Deregulatory Actions, and approved the Spring 2024 Regulatory Projects Plan.

The information in the abstract will be included in the official Unified Agenda, which is published semiannually at reginfo.gov. The regulatory projects plan describes the regulatory projects scheduled for the next 12 to 24 months. The Office of Management and Budget's Office of Information and Regulatory Affairs approved the plan, which is posted on the agency's [Regulatory projects plan webpage](#).

The FCA board also concluded that no regulatory action listed in FCA's Spring 2024 Abstract of the Unified Agenda of Federal Regulatory and Deregulatory Actions met the definition of a "significant regulatory action."

On May 23, the board voted to approve amendments to the Farm Credit Administration [Board Policy Statement 64](#) — Rules for the Transaction of Business of the Farm Credit Administration Board.

On June 10, the board voted to approve a delegation of authority to the director of the Office of Regulatory Policy to approve certain regulatory capital-related requests from System institutions. The delegation is subject to certain conditions.

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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.