



For Immediate Release

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

McLEAN, Va., Sept. 12, 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 June 30, 2024.

Quarterly report on conditions in agriculture and the Farm Credit System

The latest consumer price index data indicate a slowdown in inflation, which has dropped below 3% for the first time since 2021. As the job market shows signs of softening, the Federal Reserve is widely expected to start cutting interest rates this month. Longer-term interest rates have already begun falling in recent weeks.

Favorable weather has improved conditions for corn and soybeans this summer, boosting expectations for high yields this fall. Strong production and large stocks of corn and soybeans have put downward pressure on prices, with corn and soybean futures prices falling more than 30% in the past 18 months. About half of the price decline occurred in the past few months.

Tree nut producers have seen weak prices going back even further. With the increase of bearing acres, production of almonds and pistachios has grown, which has led to the steady decrease in prices for nearly a decade. Recent data suggest that producers are reducing their plantings in response to the low prices.

While crop producers struggle with lower prices, livestock producers are benefiting from lower feed costs. Lower feed prices, coupled with higher product prices, have led to improved profitability in 2024, particularly for cattle, hog, and chicken producers.

Strong financial positions from high incomes in 2021 and 2022 have provided a cushion for farmers as they head into a more challenging business environment. However, weak crop margins are set to further erode farm sector income this year; gains in livestock profitability will only partially offset reductions to farm sector income.

The System reported solid financial results for the period ended June 30. Portfolio growth was modest in the first half of 2024, with loan volume increasing 2.1%. Loan quality remained favorable despite slightly higher credit risk measures.

Year-to-date earnings through June were \$3.9 billion, up 11.9% from the same period last year. Strong earnings growth also helped support capital growth. As of June 30, total capital equaled \$76.8 billion, up 8.0% year over year. Overall, the System continues to be

financially sound and is well positioned to meet the funding and liquidity needs of U.S. farmers and ranchers.

Notational votes

Since the Aug. 8 FCA board meeting, four notational votes have occurred. Notational votes are actions the FCA board takes between board meetings.

On Aug. 12, the board voted to approve the agency's FY 2025 revised budget. In another vote, the board authorized the Office of the Chief Financial Officer to reallocate funds within the agency's budget.

Also on Aug. 12, the board voted to give preliminary approval of the proposed plan of merger of Heritage Land Bank, ACA, and its wholly owned subsidiaries (Heritage Land Bank, FLCA, and Heritage Production Credit, PCA), with and into Texas Farm Credit Services and its wholly owned subsidiaries (Texas Farm Credit Services, FLCA, and Texas Farm Credit Services, PCA). The board's preliminary approval is subject to certain conditions.

On Aug. 19, the board approved an advance notice of proposed rulemaking seeking public input on how FCA should amend aspects of its similar entity lending regulations.

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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.