



For Immediate Release
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Contact: Emily Yaghmour and Andy Rezendes,
703-883-4056
Email: info-line@fca.gov

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

McLEAN, Va., Dec. 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 Sept. 30, 2024.

Quarterly report on conditions in agriculture and the Farm Credit System

The U.S. economy has continued to show modest growth through 2024, as gains in productivity support real wage growth and boost consumer spending. As the year draws to a close, the Federal Reserve's preferred inflation measures have plateaued modestly above the 2% target level. Labor markets have finally returned to baseline levels, alleviating the tight conditions of the past several years. There are early indicators of reductions in the growth of housing costs, which are responsible for more than half of current inflation.

For agriculture, a sharp divergence in returns for crop and livestock sectors has become apparent as producers enter 2025. Cash grain farmers are seeing low returns, with average incomes down sharply this year. In contrast, cattle and dairy farms are forecast to see strong income as lower feed costs benefit producers across the livestock sector. Specialty commodity producers continue to be exposed to fast-growing costs such as labor and interest on farm debt.

Farmland values in most regions have been flat in real terms this year. Early indicators find increasing softness in farmland markets, as values decline for low-quality land and the number of transactions falls. Premiums for metro-adjacent farmland have risen, raising exposure to any potential decline in the general economy.

The System reported solid financial results through the first nine months of 2024. Loan growth continued at a modest pace, slightly ahead of the same period a year ago. Portfolio credit quality remained favorable although nonperforming assets as a percentage of loans outstanding, and other property owned increased to 0.79%, up from 0.53% as of Sept. 30, 2023.

Year-to-date earnings through September were \$5.9 billion, up 7.3% compared to a year ago. Total capital equaled \$79.1 billion, up 9.4% year over year, with strong earnings

supporting continued capital growth. Overall, the System remains financially sound and is well positioned to meet the funding and liquidity needs of U.S. farmers and ranchers.

Semiannual report on Office of Examination operations

In other news, the FCA board received the [semiannual report \(PDF\)](#) on Office of Examination operations. For fiscal year 2024, the Office of Examination completed the objectives and strategies identified in its operating plan, including those associated with risk supervision and examination. FCA examiners conducted on-site examination and oversight activities at all funding banks, 52 associations, and 6 other entities.

Notational votes

Since the Nov. 14 FCA board meeting, two notational votes have occurred. Notational votes are actions the FCA board takes between board meetings.

On Nov. 21, the board approved the oversight and examination plan of the Office of Secondary Market Oversight for fiscal year 2025.

On Nov. 27, the board approved the FCA 2025 compensation program.

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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.