# News Release

Farm Credit Administration
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## FCA board receives update on Farm Credit System funding conditions

McLEAN, Va., Jan. 8, 2025 — At its monthly meeting today, the Farm Credit Administration board received an update on funding conditions for the Farm Credit System (System).

As reported in the briefing (PDF), the System had $448.3 billion in debt outstanding as of Dec. 31, 2024, a 7.9% increase from year-end 2023. Since Jan. 1, 2020, System debt outstanding has increased 52.7%. The System's share of the nearly $2 trillion debt market for government-sponsored enterprises increased to 22% as of Nov. 30, 2024.

The System's total debt issuance increased 6.4% to $298.5 billion for 2024, compared with $281 billion for 2023. Despite this increase, issuance activity remained somewhat muted compared with issuances in the several years preceding 2023 because of significantly higher interest rates and a historically prolonged inverted yield curve.

The briefing also covered the following topics:

- The System's cost of debt, risk premiums, and various aspects of its debt portfolio, including composition, maturities, issuance activities, and strategies
- The System's investment holdings (contingency funding) in terms of days of liquidity, composition, and adequacy to provide a sufficient funding source in lieu of Systemwide debt issuances
- Federal Reserve and other central bank actions, geopolitical factors, and their impact on funding conditions in 2024 and potential impact in 2025

As a result of the overall increase in interest rates throughout much of 2024, as well as the longest-lasting inverted yield curve on record, the System's funding costs continued to increase. Opportunities to exercise economically favorable call options on its callable debt outstanding remained limited, and the System's ability to issue certain debt instruments experienced periodic constraints as investors gauged the risk of ongoing volatility in capital markets.

Both the increase in interest rates and the prolonged inverted yield curve continued to negatively affect the System's net interest spread, as well as the market value of its

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investment portfolio. However, risk premiums for System debt securities decreased in large measure, particularly for longer-term maturities. This reduction in risk premiums reflects investor confidence in the continued strength of the System's financial condition and performance.

**Notational votes**

Since the Dec. 12 FCA board meeting, four notational votes have occurred. Notational votes are actions the FCA board takes between board meetings.

On Dec 13, the board approved the FCA FY 2026 proposed budget and authorized the chief financial officer to reallocate funds within the FY 2025 budget.

On Dec. 14, the board approved a personnel action.

On Dec. 27, the board approved a 60-day extension of the comment period for the proposed rule on internal control over financial reporting. The deadline to comment is March 31, 2025. The proposed rule would revise FCA regulations 12 CFR Sec. 620.3 and Sec. 630.5 (d) (2).

On Dec. 30, the board voted to move the Jan. 9 FCA board meeting to Jan. 8, 2025.

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