News Release

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For Immediate Release
NR 25-15 (12-11-25)

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

McLEAN, Va., Dec. 11, 2025 — At its monthly meeting today, the Farm Credit Administration (FCA) board received a quarterly report (PDF) on economic conditions affecting agriculture and an update on the financial condition and performance of the Farm Credit System (System) as of September 30, 2025.

Economic conditions affecting agriculture

Despite a turbulent year with tariffs and trade, the U.S. economy is expected to end 2025 on relatively stable footing. Real GDP growth hovered just above 2% during the first two quarters of the year, and data gaps from the government shutdown this fall have delayed the third quarter estimate. Inflation dipped in mid-2025 but remains above the Federal Reserve's 2% target. The unemployment rate rose to 4.4% in September—the highest since 2021 but still historically low.

The Federal Reserve has implemented three small rate cuts since September, signaling a cautious approach to balancing inflation and employment risks. Labor force participation remains below pre-pandemic levels, contributing to wage pressures and continued uncertainty in the labor market. National policymakers have emphasized a data-dependent approach going into 2026.

Tariff revenues have surged in 2025, while corporate profits have declined, suggesting that firms may be absorbing cost increases more so than passing them on to consumers. Input prices remain elevated, particularly in the services sector, and manufacturing job losses have persisted for five consecutive months.

In agriculture, producers face a mixed outlook. Bumper crops have created marketing challenges amid a fluid trade environment and storage shortages. Grain and soybean producers continue to experience margin compression from low commodity prices and rising fertilizer costs. Meanwhile, strong prices and attractive feed costs are boosting profitability for livestock producers.

President Donald Trump and Secretary of Agriculture Brooke Rollins announced this week that additional government support of $12 billion will compensate producers for tariff-related price impacts and elevated input costs. Traditional farm bill program payments for

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crop price and revenue losses in 2025 will not be delivered until fall 2026. Although liquidity and solvency positions remain relatively strong in the farm sector, continued low or negative profitability for grain producers could erode financial resilience heading into the 2026 loan renewal season.

Condition and performance of the Farm Credit System

The System reported solid financial results through the first nine months of 2025. Loan growth continued at a modest pace, slightly behind the same period a year ago. Overall portfolio loan quality remained sound, but nonaccrual loans and allowance provisions continued to trend higher. This was due in part to credit deterioration affecting certain borrowers in limited stressed production and agribusiness sectors. Nonperforming assets as a percentage of loans outstanding and other property owned increased 1.00% as of Sept. 30, up from 0.79% a year ago.

Year-to-date earnings through September were $6.0 billion. Total capital equaled $84.3 billion, up 6.2% year over year, with stable 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

During the meeting, the FCA board also received a semiannual report (PDF) on Office of Examination operations. For fiscal year 2025, 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, 50 associations, and six other entities.

Notational votes

Since the Nov. 13 FCA board meeting, three notational votes have occurred. Notational votes are actions the FCA board takes between board meetings.

On Nov. 18, the board approved the FCS Building Association's FY 2026 budget request.

On Nov. 24, the board authorized the Chief Financial Officer to reallocate funds to the Office of Information Technology for information technology modernizations.

On Dec. 10, the board approved the FCA 2026 compensation program.

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