

# kcFED Ag BULLETIN

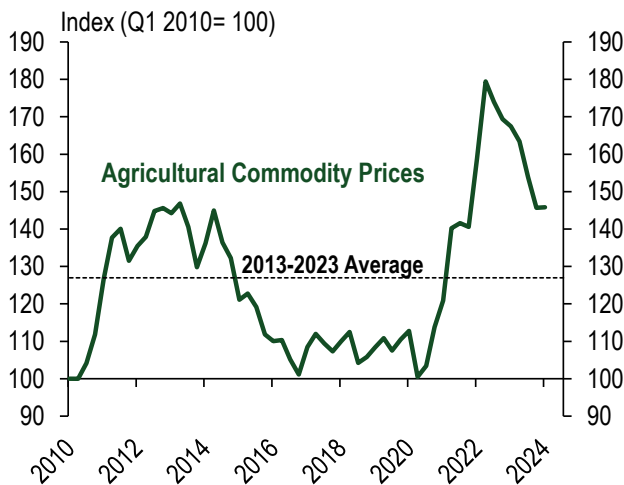
## Summary

**The U.S. farm economy remained steady in the first quarter despite a slight tightening in agricultural credit conditions and subdued commodity prices.** Agricultural prices were generally unchanged from the previous quarter, but remained about 15% lower than a year ago. The broad index of farm prices was boosted by a sharp jump in egg and poultry prices, attributed to growing impacts of avian flu. Cattle prices also remained strong. However, prices of many other key products were steady or lower alongside elevated inventories, including corn and soybeans. Opportunities for profits in the year ahead continued to appear limited for many producers, and farm finances showed signs of moderating. Demand for agricultural loans picked up even as financing costs remained elevated and farm loan delinquency rates at commercial banks increased slightly for the first time in over 3 years. Despite the recent tightening, financial stress in the sector remained modest and farm real estate values remained strong.

**U.S. agricultural prices were unchanged from the previous quarter, staying well below recent years but above the average of the past decade.**

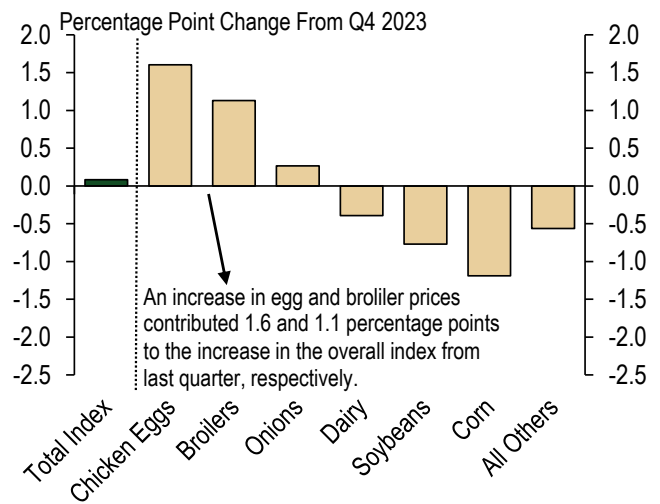
**Poultry and egg prices rose sharply and boosted the overall index while prices for corn, soybeans and dairy were lower.**

U.S. Agricultural Price Index<sup>1</sup>



Sources: USDA and staff calculations

Contribution to Price Index Change<sup>2</sup>



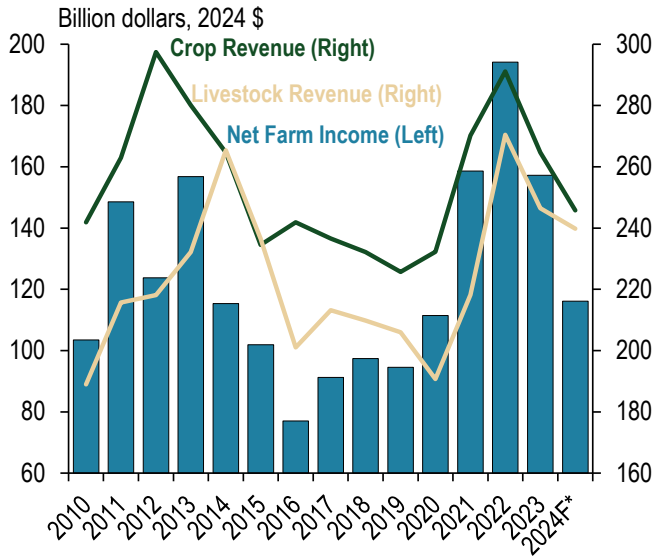
Sources: USDA and staff calculations

## Notes

1. Weighted based on share of total annual agricultural cash receipts attributed to each individual commodity. Individual commodities allocated account for 90% of total 2022 cash receipts.
2. Based on changes in weighted indices of individual commodities and corresponding contribution to the change in the sum of those individually weighted indices from the previous period. Above commodities accounted for 54% of total 2022 cash receipts [chicken eggs (4%), broilers (9%), onions (>1%), dairy (11%), soybeans (12%), and corn (17%)].

**Early projections of U.S. net farm income point to softening in 2024 alongside lower livestock and crop revenues and elevated production expenses.**

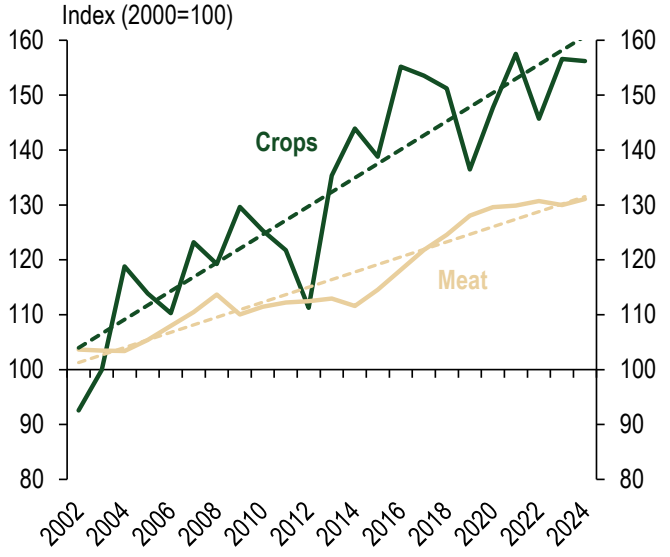
U.S. Farm Income and Revenue<sup>3</sup>



Source: USDA

**Pork and poultry are forecast to boost meat production in 2024 and crop production is expected to be similar to last year with a larger soybean crop offsetting less corn.**

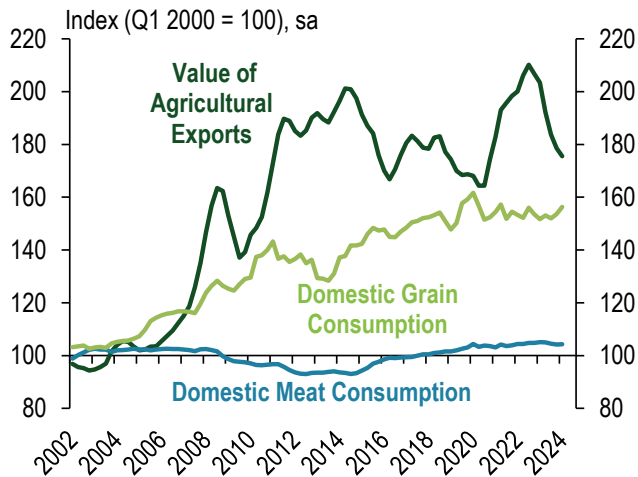
U.S. Crop and Meat Production<sup>4</sup>



Sources: USDA and staff calculations

**Exports of ag products continued to weaken, but domestic demand was firm alongside growth in corn use and soybean crushing activity.**

Demand for U.S. Agricultural Products<sup>5</sup>



Sources: USDA and staff calculations

**Farm loan interest rates were steady as financial conditions tightened slightly and delinquency rates rose modestly.**

U.S. Agricultural Credit Conditions

[Latest Quarter Denoted For Each]

	Latest	1- Year Prior
Farm Loan Delinquency Rate (%) [Q1 2024]	1.2	1.0
Chapter 12 Bankruptcy Filings in 12-month period ending [Q1 2024]	155	148
Ag Bank Loan-to-Deposit Ratio (%) [Q1 2024]	76.4	71.4
Interest Rates on Non-Real Estate Farm Loans [Q1 2024]	8.2	7.4
Farm Debt-to-Assets (%) [Annual - 2024]*	12.8	12.7
Farm Debt-to-Income Ratio [Annual- 2024]*	4.7	3.3

Sources: USDA, U.S. Courts, and Federal Reserve Board of Governors

**Notes**

3. Crop and Livestock Revenues are reported as cash receipts and accounted for 90% of total gross farm cash income in 2023. Other amounts of gross cash income are attributed to government direct farm payments and other farm-related income.

4. Crop Index includes all grains, oilseeds, fruits and vegetables are weighted by share of total U.S. production measured in million metric tons. Meat Index includes the aggregate live weight of cattle, hogs, and poultry processed at U.S. federally-inspected plants weighted by share of total domestic production measured in pounds.

5. Domestic grain consumption includes food, feed, and industrial use of corn, sorghum, barley, oats, and wheat and soybean crush.

\*Farm income and balance sheet figures published by the USDA as of February 7, 2024