

kcFED Ag BULLETIN

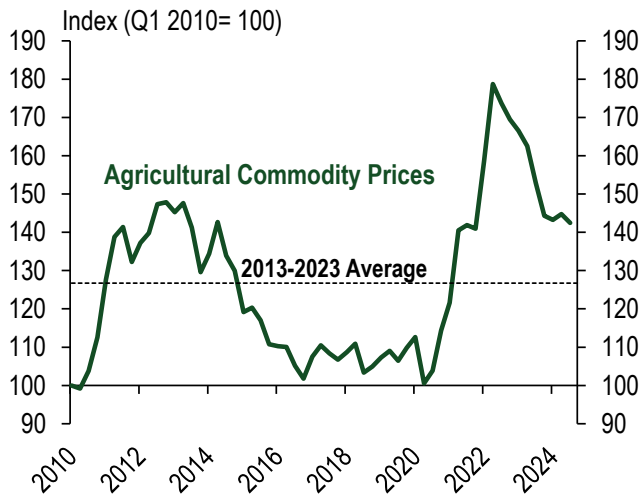
Summary

The outlook for the U.S. farm economy remained subdued through the third quarter alongside low crop prices. Agricultural prices were down slightly from the previous quarter but remained about 10% above the recent historical average. Strong prices in the cattle market and other animal industries have supported revenues in the sector, but prices for major row crops were considerably weaker. Domestic consumption of meat and dairy products was solid, and soybean crush increased from a year ago. However, a strong crop harvest and subdued export activity continued to put downward pressure on prices of major crops, keeping profit opportunities narrow. Farm financial stress remained limited, but conditions tightened in recent months alongside a slight increase in loan delinquency rates. Non-real estate loan demand has also increased as production expenses remained elevated and liquidity in the sector has declined. Despite gradual moderation in financial conditions throughout the year and interest rates at multi-decade highs, farm real estate values in most regions remained firm.

U.S. agricultural prices declined slightly in the third quarter and were about 7% lower than the same time a year ago.

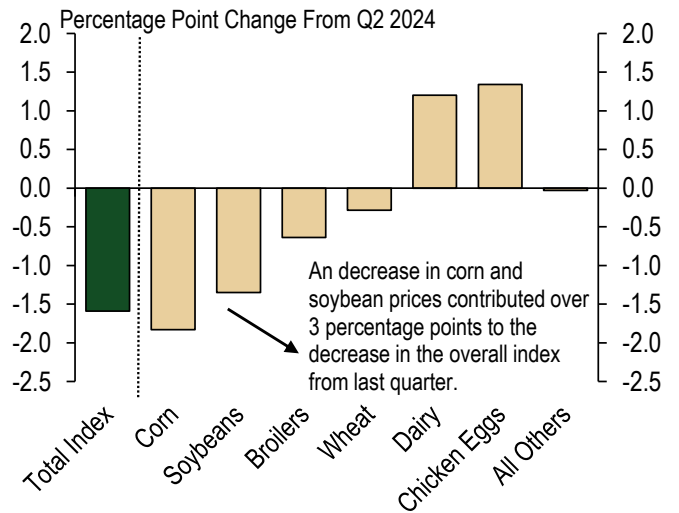
Lower crop prices were a drag on the overall price index during the quarter despite notably higher egg and dairy prices.

U.S. Agricultural Price Index¹



Sources: USDA and staff calculations

Contribution to Price Index Change²



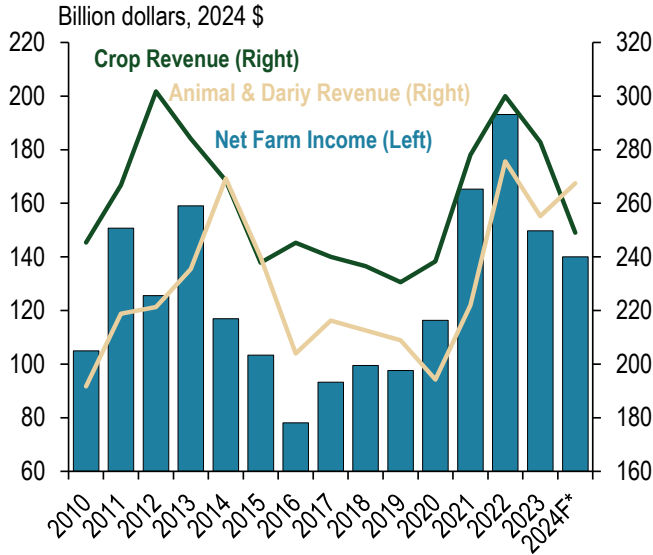
Sources: USDA and staff calculations

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 2023 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 approximately 50% of total 2023 cash receipts [corn (15%), soybeans (10%), broilers (10%), wheat (3%), chicken eggs (4%), and dairy (10%)].

Strong revenues in the animal and dairy industries are expected to support farm sector income in 2024 while the outlook for crop revenues and profits remained weak.

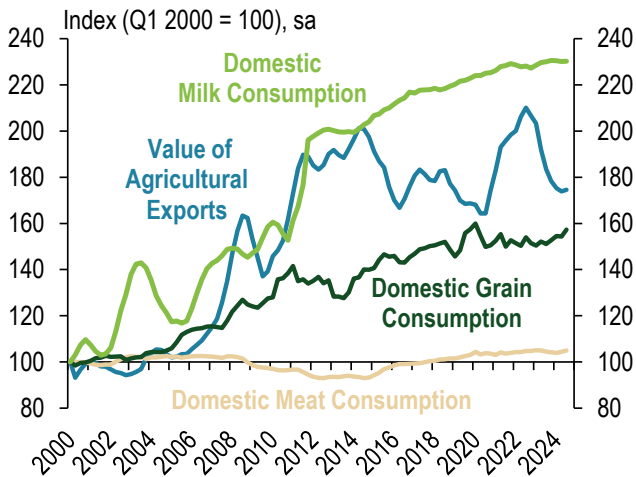
U.S. Farm Income and Revenue³



Source: USDA

Domestic consumption of grain, meat and dairy stayed firm while the value of exports remained subdued for many key products.

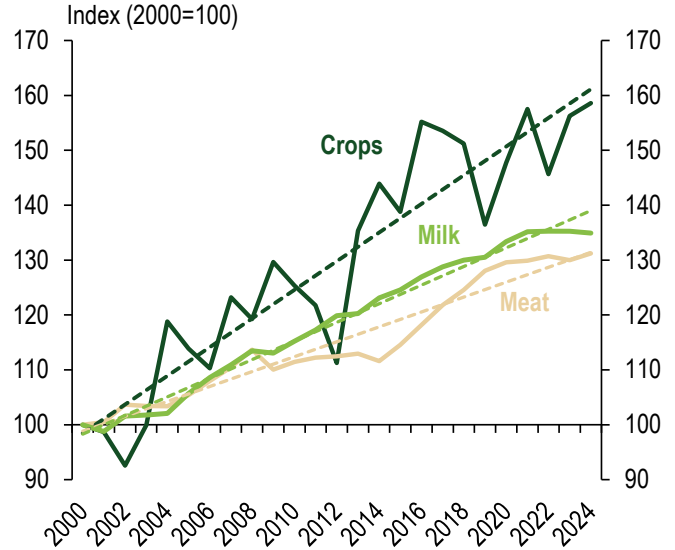
Demand for U.S. Agricultural Products⁵



Sources: USDA and staff calculations

Production of major row crops and meat has increased in 2024, while milk production declined modestly and remained well below the trend of recent decades.

U.S. Agricultural Production⁴



Sources: USDA and staff calculations

Farm financial stress remained limited, but delinquency rates and farm bankruptcy filings increased slightly alongside softer farm incomes.

U.S. Agricultural Credit Conditions

[Latest Quarter Denoted For Each]

	Latest	1- Year Prior
Farm Loan Delinquency Rate (%) [Q3 2024]	1.1	0.9
Chapter 12 Bankruptcy Filings in 12-month period ending [Q3 2024]	202	142
Ag Bank Loan-to-Deposit Ratio (%) [Q3 2024]	78.6	76.5
Interest Rates on Non-Real Estate Farm Loans [Q3 2024]	8.2	8.3
Farm Debt-to-Assets (%) [Annual - 2024]*	12.8	12.9
Farm Debt-to-Income Ratio [Annual- 2024]*	3.9	3.5

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 September 5, 2024