

kcFED Ag BULLETIN

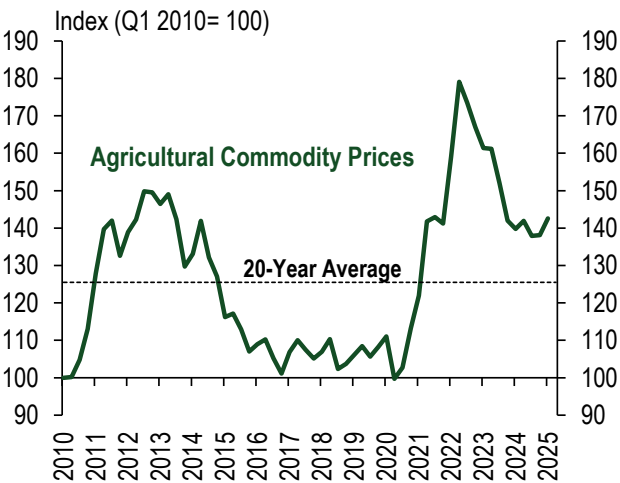
Summary

Conditions in the U.S. farm economy were tenuous through the first quarter of 2025 despite slightly higher agricultural commodity prices. Agricultural prices in the early months of the year were slightly higher than the previous quarter and the same time a year ago. Prices for cattle and other livestock products are expected to support revenues in 2025, but crop revenues are projected to decline for the third consecutive year. Despite increasing slightly in the early months of 2025, crop prices were relatively low and the outlook remained subdued alongside elevated inventories and strong global production. While domestic demand for farm products was steady, uncertainty surrounding trade in recent months also contributed to volatility in commodity markets and raised concerns about the prospects of international demand for U.S. agricultural exports. Farm financial stress remained limited and leverage in the sector was expected to be steady in 2025, but gradual tightening in agricultural credit conditions continued and farm loan delinquency rates increased slightly.

Average U.S. agricultural prices in the first quarter increased by more than 3% from the previous three months.

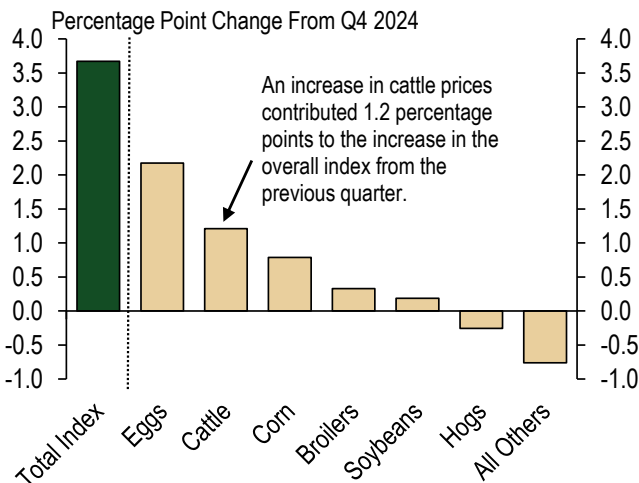
Livestock prices continued to support the price index and crop prices also increased in early 2025, but remained relatively low.

U.S. Agricultural Price Index¹



Sources: USDA and staff calculations

Contribution to Price Index Change²



Sources: USDA and staff calculations

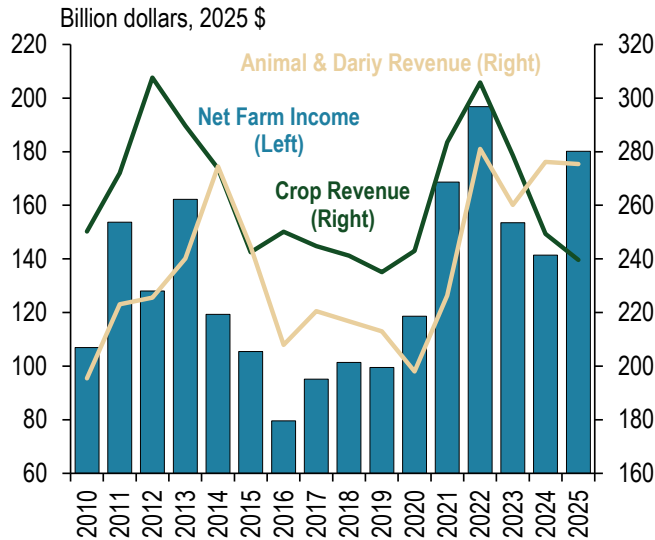
Notes

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 65% of total 2023 cash receipts [chicken eggs (4%), cattle (20%), corn (15%), broilers (10%), soybeans (10%), and hogs (5%)].

Strong revenue for livestock products and a large increase in government payments is expected to mitigate weakness in crop revenues and boost net farm income in 2025.

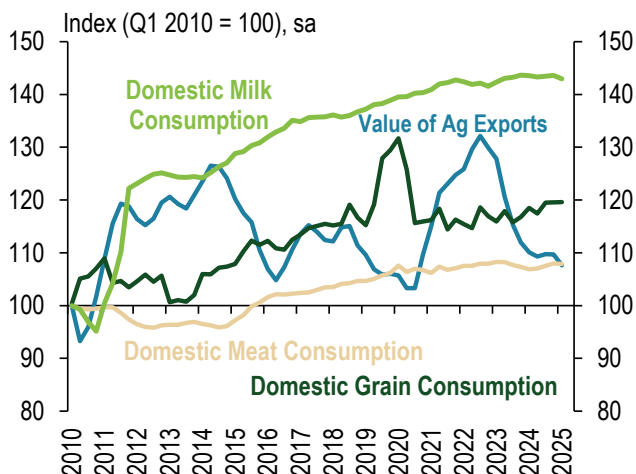
U.S. Farm Income and Revenue³



Source: USDA

Domestic consumption of farm products was firm in the first quarter, but further softening in agricultural export activity weighed on demand.

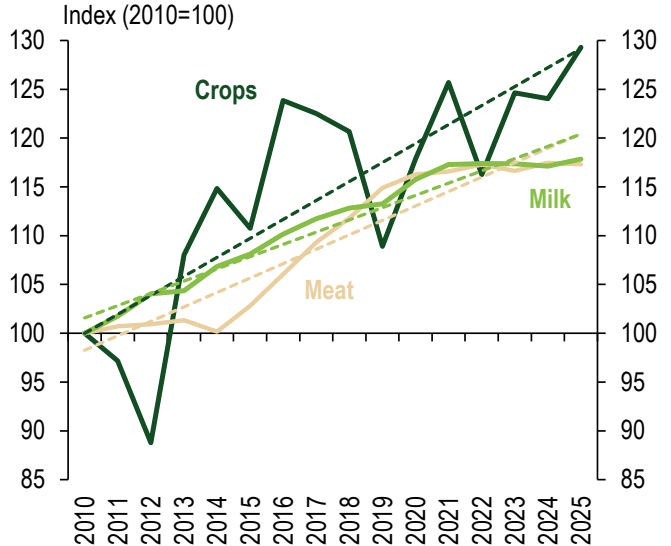
Demand for U.S. Agricultural Products⁵



Sources: USDA and staff calculations

Early forecasts of production in 2025 project a strong crop harvest, a modest rebound in milk and steady red meat and poultry.

U.S. Agricultural Production⁴



Sources: USDA and staff calculations

Leverage in the sector is forecast to remain stable, but gradual tightening in farm financial conditions continued in the first quarter.

U.S. Agricultural Credit Conditions

[Latest Quarter Denoted For Each]

	Latest	1- Year Prior
Farm Loan Delinquency Rate (%) [Q1 2025]	1.5	1.2
Chapter 12 Bankruptcy Filings in 12-month period ending [Q1 2025]	259	155
Ag Bank Loan-to-Deposit Ratio (%) [Q1 2025]	76.9	76.4
Interest Rates on Non-Real Estate Farm Loans [Q1 2025]	7.4	8.2
Farm Debt-to-Assets (%) [Annual - 2025]*	12.8	12.8
Farm Debt-to-Income Ratio [Annual- 2025]*	3.1	3.9

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 6, 2025.