

# kcFED Ag BULLETIN

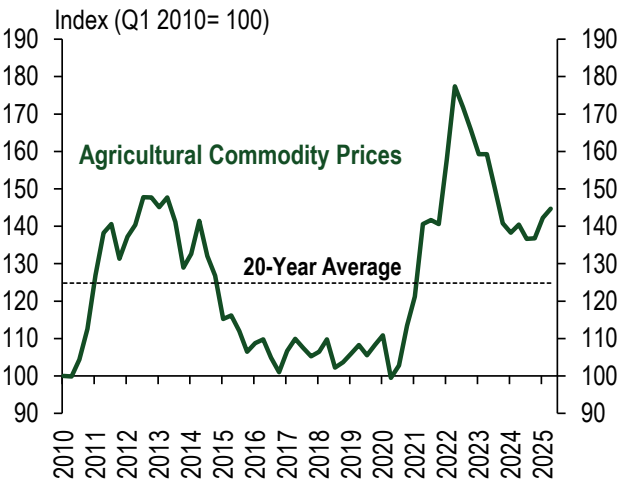
## Summary

**Disparities in the U.S. agricultural economy persisted in the second quarter of 2025 as the outlook for crop producers remained poor and was considerably stronger for livestock producers.** Agricultural prices increased modestly in the second quarter alongside continued strength in livestock markets and slightly higher crop prices. Despite increasing slightly through mid-year, crop prices remained low and declined further in early August. Soybean exports were particularly weak during the second quarter and in early August, expectations of record production pushed corn prices lower. Livestock prices remained firm and the outlook for cattle was exceptionally strong as inventories remained at historic lows. Despite favorable conditions for most major livestock and dairy products in 2025, limited crop margins have weakened farm income prospects. While agricultural credit conditions deteriorated gradually through the first half of the year, leverage in the sector remained low with support from strong farm real estate values and financial stress remained limited.

Average U.S. agricultural prices in the second quarter were about 2% higher than the beginning of the year.

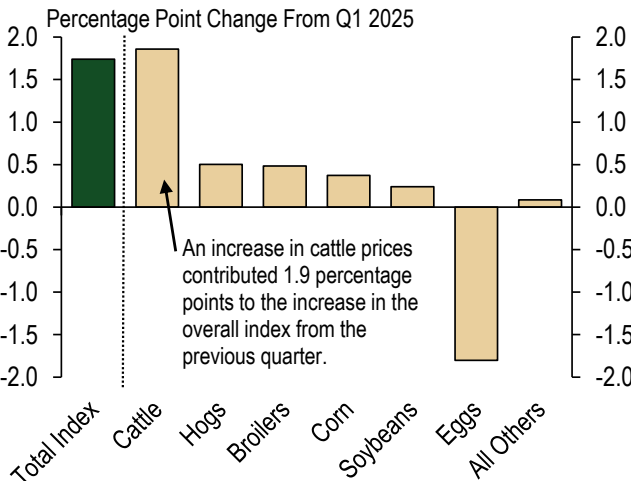
Cattle prices increased sharply and crop prices rose slightly during the quarter, but remained relatively low.

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



Sources: USDA and staff calculations

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



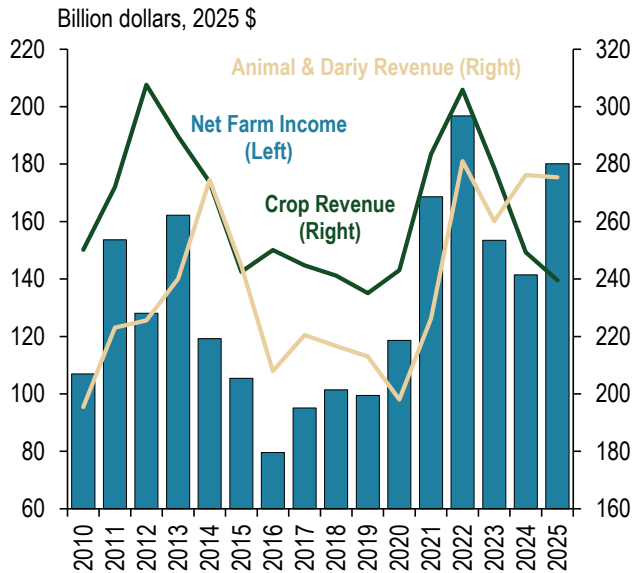
Sources: USDA and staff calculations

## 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 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 [cattle (20%), hogs (6%), turkeys (2%), broilers (10%), corn (17%) and soybeans (12%)].

**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 Revenue<sup>3</sup>

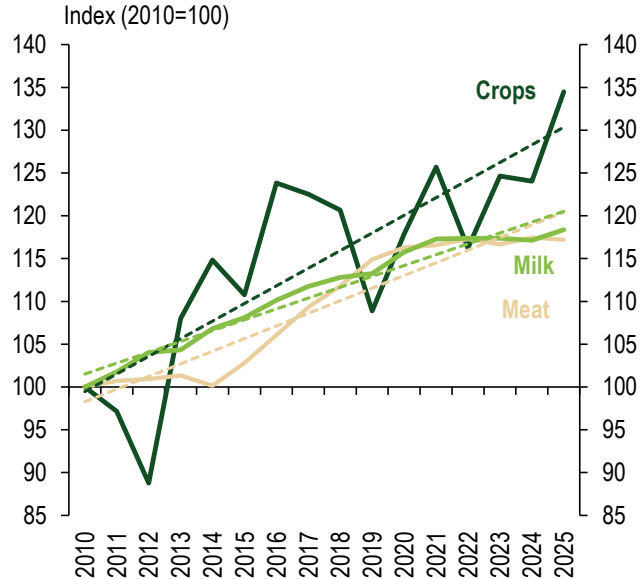


Source: USDA

**Agricultural export values remained subdued in the second quarter while domestic demand of meat, dairy and grains was solid.**

**Mid-year estimates projected record corn production alongside strong crop yields while milk production increased modestly.**

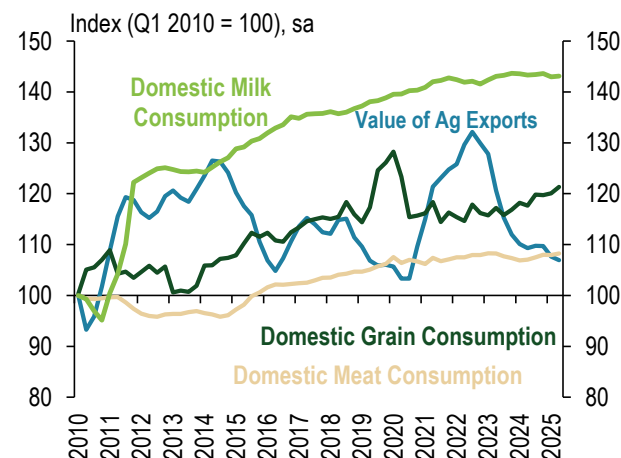
### U.S. Agricultural Production<sup>4</sup>



Sources: USDA and staff calculations

**Farm financial conditions deteriorated gradually through mid-year but leverage in the sector remained limited alongside resilient farm real estate values.**

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



Sources: USDA and staff calculations

### U.S. Agricultural Credit Conditions

[Latest Quarter Denoted For Each]

	Latest	1- Year Prior
Farm Loan Delinquency Rate (%) [Q2 2025]	1.3	1.0
Chapter 12 Bankruptcy Filings in 12-month period ending [Q2 2025]	282	181
Ag Bank Loan-to-Deposit Ratio (%) [Q2 2025]	78.7	78.6
Interest Rates on Non-Real Estate Farm Loans [Q2 2025]	7.3	8.3
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.