FEDERAL RESERVE BANK OF KANSAS CITY | Third QUARTER 2026

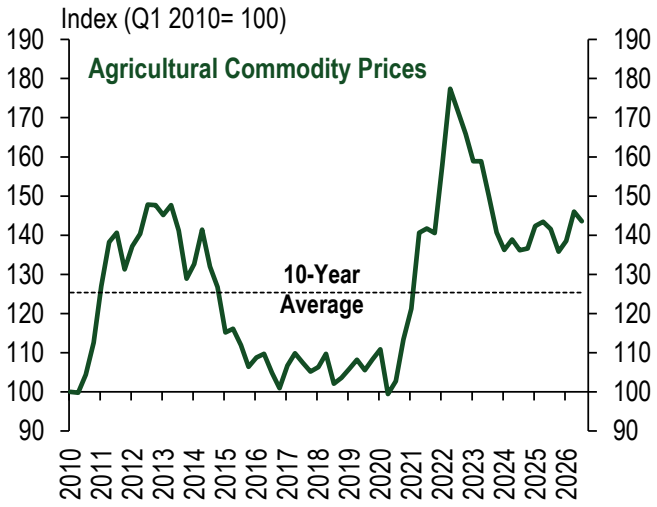
kcFED Ag Bulletin

Summary

The outlook for the U.S. agricultural economy remains challenged despite higher commodity prices. Agricultural prices declined slightly from the previous quarter, on average, from the previous quarter but remained at the highest level since 2023. Crop prices increased in August and September. However, markets remained volatile in recent months, and profit opportunities were limited. Steady demand for meat and dairy supported prices for protein commodities while substantially lower egg prices contributed to lower revenues for the broader livestock sector. Farm financial conditions have tightened gradually throughout the year, but delinquency rates remained low and growth in leverage has been modest with support from strong farm real estate values. Significantly higher fuel and fertilizer costs have been key concerns, but higher crop prices and the recently announced Harvest Fuel Relief program will likely mitigate additional margin compression and help keep financial stress moderate.

Average U.S. ag prices during the third quarter of 2026 decreased about 2% from the previous quarter but were 3% higher than the beginning of the year.

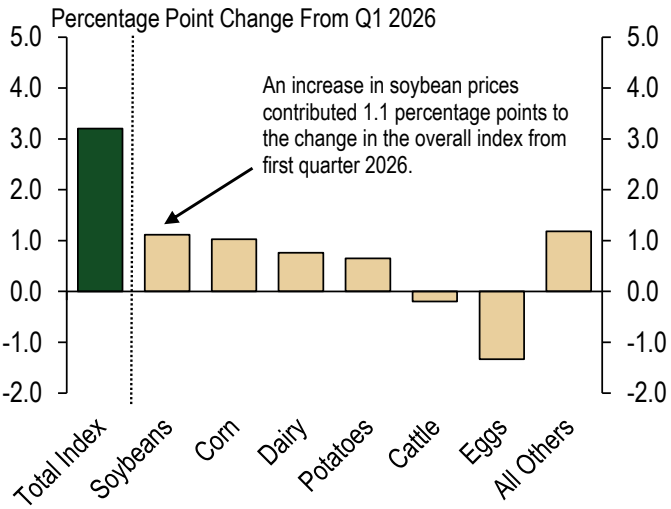
U.S. Agricultural Price Index[1]



Sources: USDA and Federal Reserve Bank of Kansas City staff calculations

Higher prices for key crops and dairy products contributed most to an increase in the overall index compared with earlier in 2026.

Contribution to Price Index Change[2]



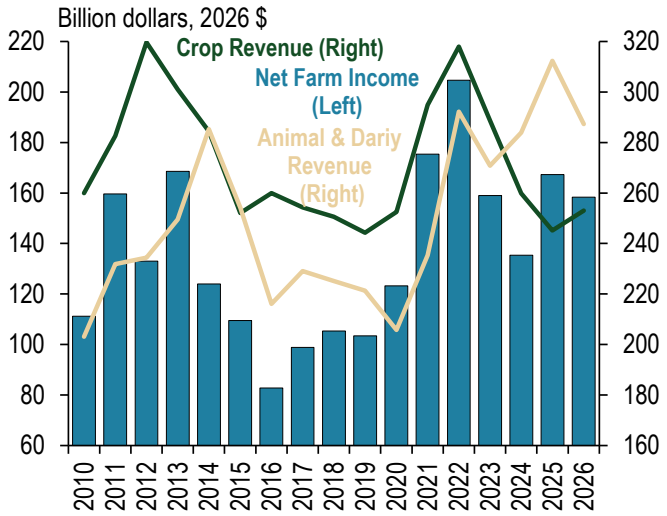
Sources: USDA and Federal Reserve Bank of Kansas City staff calculations

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 2025 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 64% of total 2024 cash receipts [soybeans (10%), corn (12%), dairy (10%), potatoes (1%), cattle (25%); eggs (6%)].

Higher crop revenues and government payments are excepted to keep net income in 2026 similar to last year, even as significantly lower egg prices have weighed on livestock sector revenues.

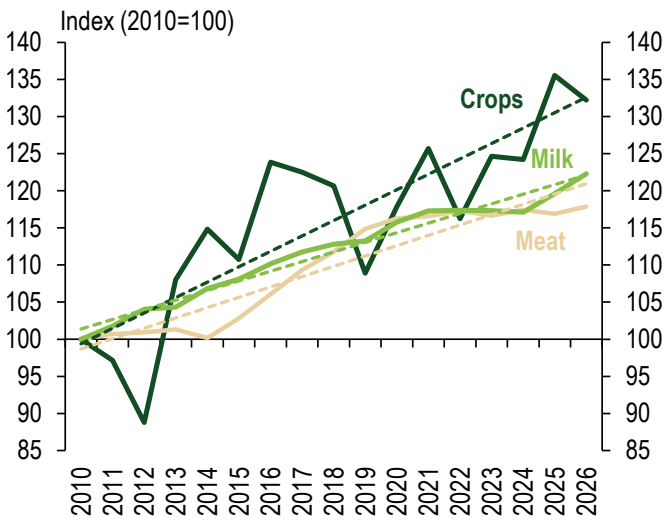
U.S. Farm Income and Revenue[3]



Sources: USDA and Federal Reserve Bank of Kansas City staff calculations

The outlook for milk production remained strong and meat production was expected to increase, but estimates of crop production pointed to a slight decline.

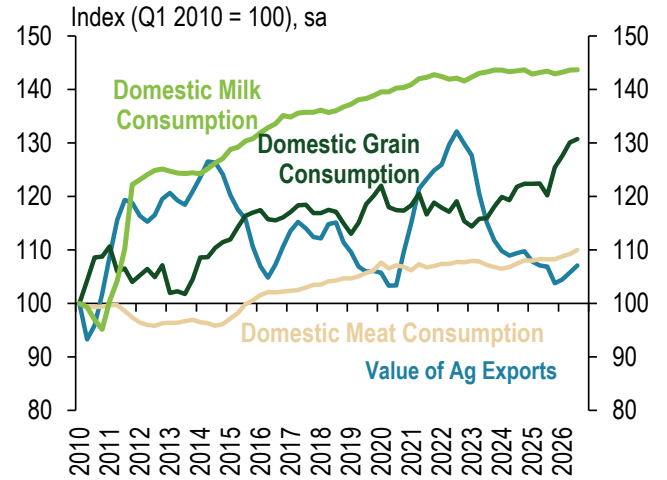
U.S. Agricultural Production[4]



Sources: USDA and Federal Reserve Bank of Kansas City staff calculations

Strong domestic consumption supported demand for farm products while agricultural exports increased slightly.

Demand for U.S. Agricultural Products[5]



Sources: USDA and Federal Reserve Bank of Kansas City

Key indicators of agricultural credit conditions showed signs of modest tightening, but overall financial stress appeared limited.

U.S. Agricultural Credit Conditions

[Latest Quarter Denoted For Each]

	Latest	1- Year Prior
Farm Loan Delinquency Rate (%) [Q3 2026]	**1.2**	**1.1**
Chapter 12 Bankruptcy Filings in 12-month period ending [Q3 2026]	**361**	**293**
Ag Bank Loan-to-Deposit Ratio (%) [Q3 2026]	**79.8**	**78.7**
Interest Rates on Non-Real Estate Farm Loans [Q3 2026]	**6.8**	**7.1**
Farm Debt-to-Assets (%) [Annual - 2026]*	**13.5**	**13.3**
Farm Debt-to-Income Ratio [Annual- 2026]*	**3.8**	**3.6**

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

Notes

3. Crop and Livestock Revenues are reported as cash receipts and accounted for 90% of total gross farm cash income in 2025. 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 icome and balance sheet figures published by the USDA as of September 3, 2026.