



Update on the Farm Credit System Funding Conditions



Recent Financial Headlines

“Swiss Central Bank Cuts Rate for Second Time, Underlining European Divergence”





Recent Financial Headlines

**“Fed Holds Rates Steady,
Projects One Cut This Year”**





Recent Financial Headlines



“Will Debt Sink the American Empire?”



Funding Update Topics



- Global Market
- Agency Debt Market
- Funding Corporation Activity
- Yields & Spreads on FCS Debt
- FCS Liquidity
- Potential Impacts from Military Conflicts



Global Market

- Federal Reserve
- E.C.B., Bank of England, Bank of Japan
- U.S. Treasury
- China
- Impact from ongoing military conflicts

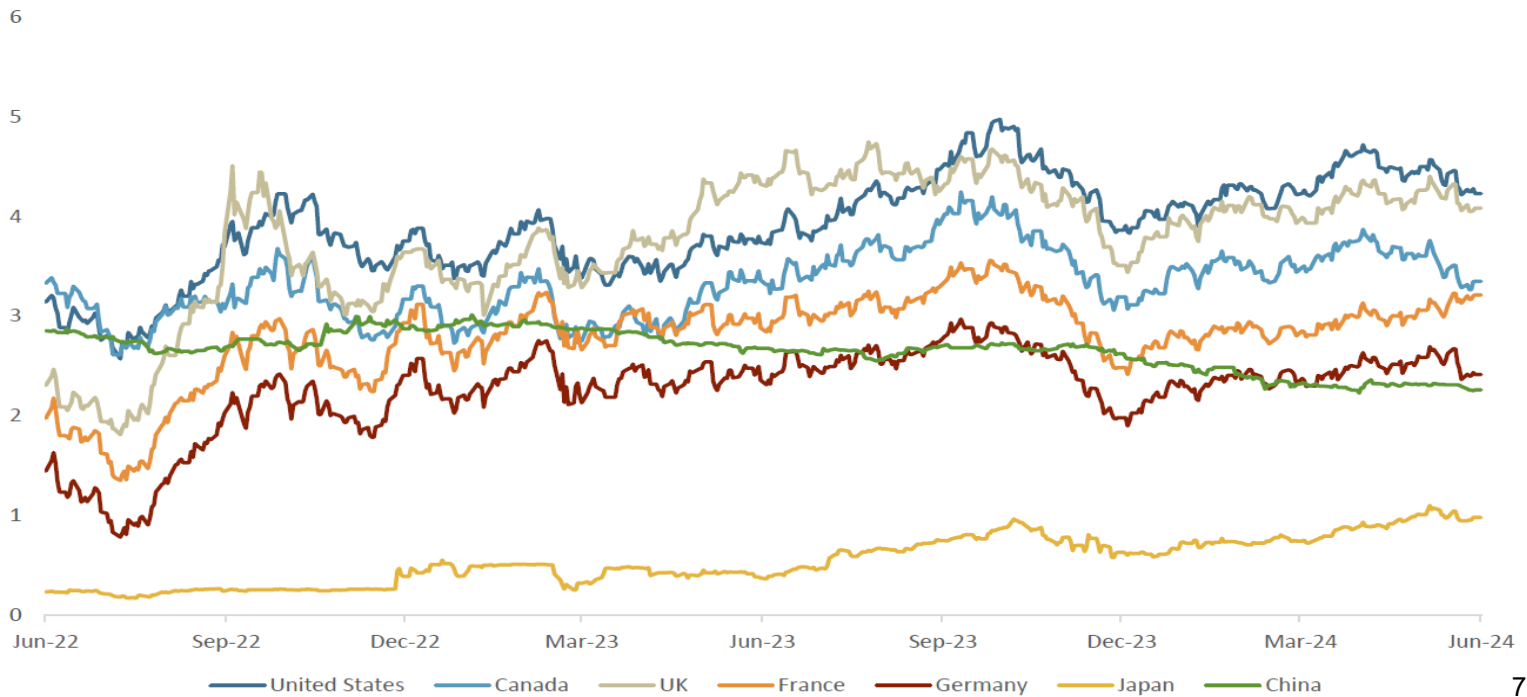




Global Yields At Inflection Point



10-Year Yields





Credit Rating Agencies - Outlook for the United States

- Standard & Poors – AA+
Outlook – *Stable*
- Moody's – Aaa
Outlook – *Negative*
- Fitch – AA+
Outlook – *Stable*





Agency Debt Issuance

Billions of Dollars	2019	2020	2021	2022	2023
F.H.L.B.	\$2,740	\$1,975	\$1,467	\$2,462	\$2,576
FCS	364	421	415	387	281
Freddie Mac	558	465	22	138	146
Fannie Mae	572	370	96	115	236
Total	\$4,234	\$3,231	\$2,000	\$3,102	\$3,239

Source: Agency Websites



Agency Debt Outstanding



Billions of Dollars	2019	2020	2021	2022	2023
F.H.L.B.	\$1,026	\$ 747	\$653	\$ 1,182	\$1,202
FCS	294	322	353	391	416
Freddie Mac	273	286	182	179	172
Fannie Mae	182	290	202	139	128
Farmer Mac	19	22	23	25	27
Tenn. V.A.	22	21	21	20	21
Total	\$1,816	\$1,688	\$1,434	\$1,936	\$1,966

Source: Agency Websites



Funding Activity by FCS



Debt Outstanding (\$ millions)	Discount Notes	Designated Bonds	Fixed Rate Bonds		Floating Rate Bonds			Retail Bonds	Other ¹	Total
			Callable	Non-Callable	SOFR	PRIME	Other Indexes ²			
6/30/2024	13,650	9,700	129,585	106,756	134,476	12,155	14,515	9	426	421,271
12/31/2023	19,364	11,700	130,811	101,995	124,085	12,730	15,010	11	404	416,109
12/31/2022	27,717	12,700	124,924	95,259	99,548	12,975	17,581	17	417	391,138
12/31/2021	24,280	9,100	104,071	100,600	79,747	13,165	21,773	20	151	352,906
12/31/2020	23,524	3,100	79,822	90,084	56,595	11,995	57,153	42	148	322,464

¹ Includes Linked Deposits
² Includes LIBOR



Dealer Group

- 34 Dealer Group Members (June 1, 2024)
- 9 Leveraging Equality and Diversity (LEAD)

Dealers:

- Includes certified minority, women and disabled veteran firms
- Broad access to System issuance
- Support goal of further diversification in investor base





Selling Securities

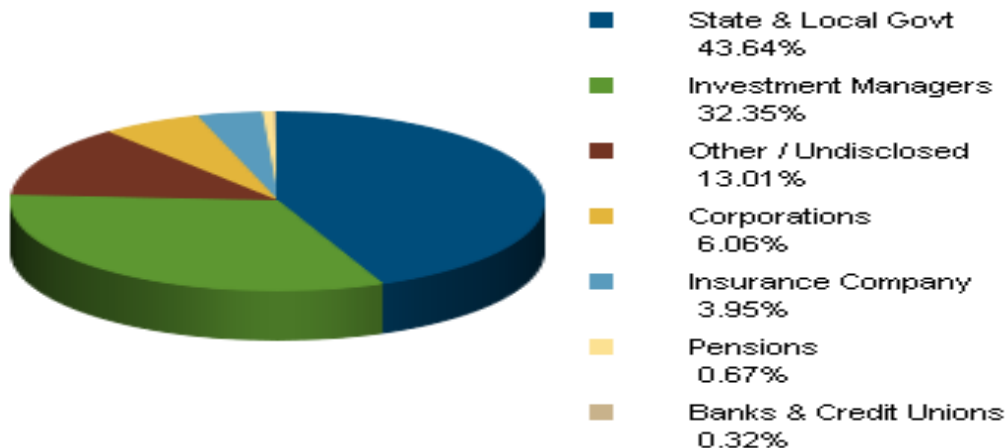
- Dutch Auction
 - Bullets
- Posted
 - Discount Notes
 - Floaters
- Auction/Negotiated
 - Callables
- Reverse Inquiry





Discount Notes

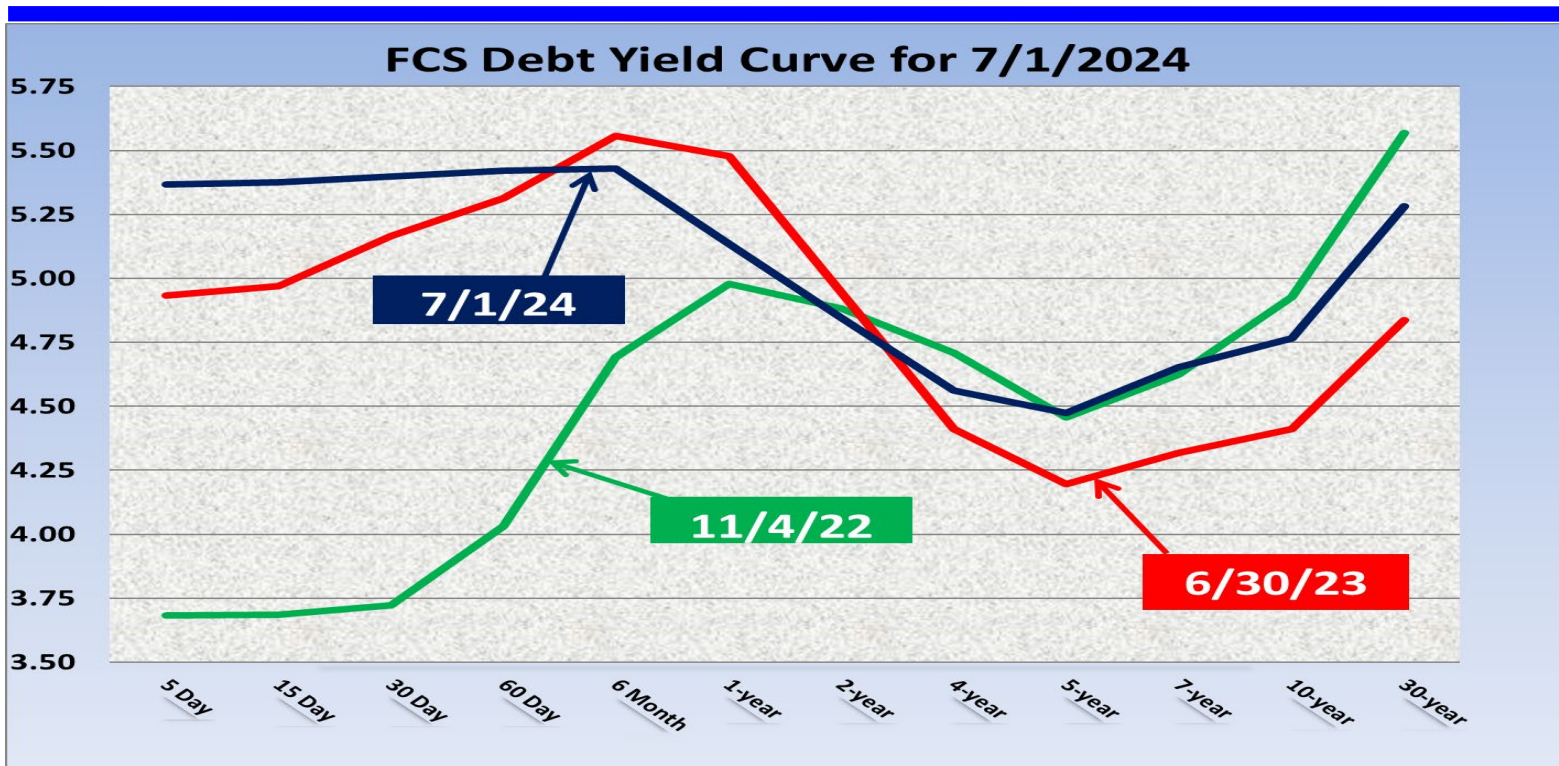
INVESTOR DISTRIBUTION*



Source: FFCBFC Website: June '23 – July '24



FCS Debt Yield Curve Inverts

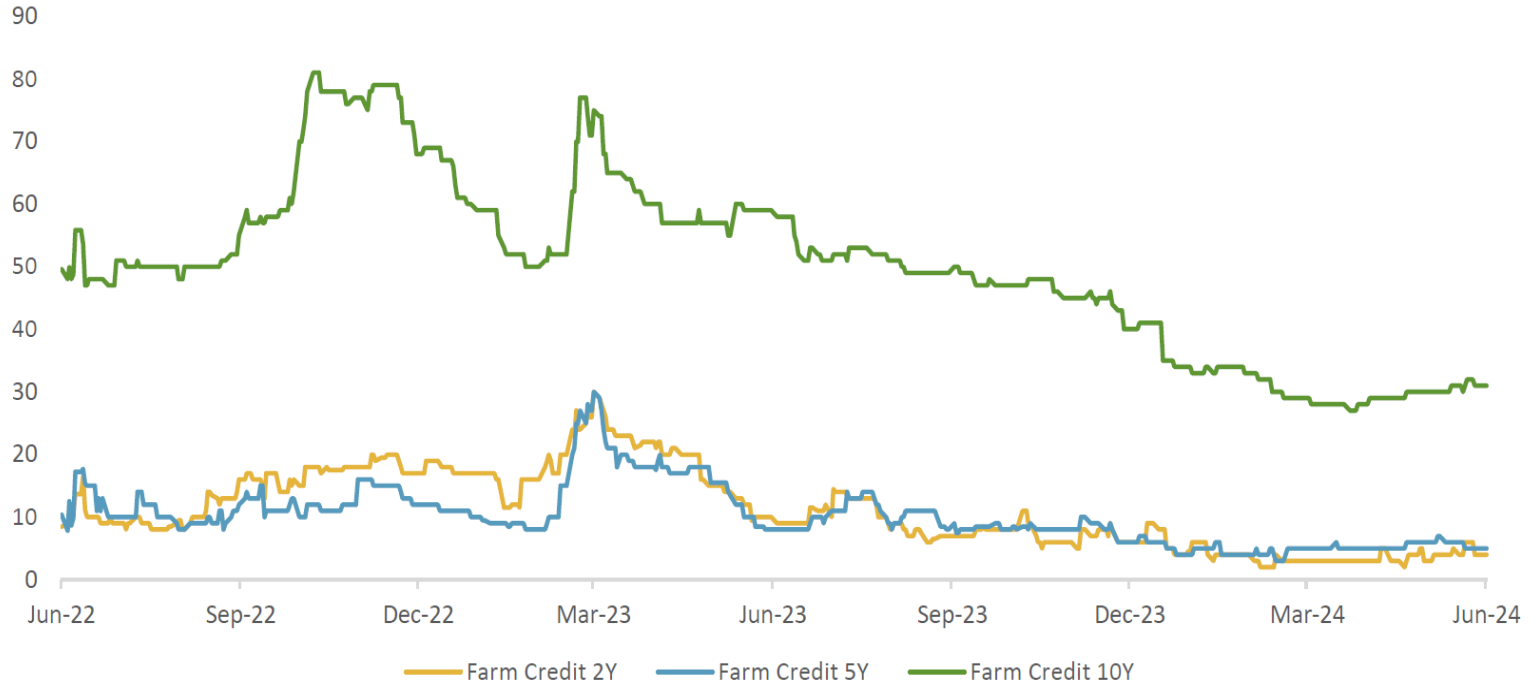




Decreased Risk Premiums



Farm Credit Spreads





Liquidity Scare

- Aggressive Increase in Fed Funds Target Rate
- Prolonged Inverted Yield Curve
- Fixed Rate Investment Portfolios “Paper Losses”
- Sizeable Commercial Bank Failures (SVB, Signature Bank, First Republic)
- Federal Reserve’s Bank Term Funding Program





Days of Liquidity

- As of 3/31/24 System = 176(165) days:
 - AgFirst = 198(183) days, AgriBank = 165(135) days, FCB of TX = 190(172) days, CoBank = 178(178) days
- As of 12/31/23 System = 183(168) days:
 - AgFirst = 219(197) days, AgriBank = 161(129) days, FCB of TX = 200(177) days, CoBank = 196(193) days





Ongoing Military Conflicts

- Global Issue
- Potential Economic Shocks
- Long Term Impacts





Summary

- Overall Strong Demand for FCS Debt, Varies by Type
- Prolonged FCS Debt Yield Curve Inversion
- FCS Risk Premiums Have Fallen
- Solid Secondary Liquidity though Adversely Impacted
- Ongoing Military Conflicts

