Rural & Farm Finance Policy Analysis Center
University of Missouri



Leading Indicators of Farm Financial Stress: Winter 2026

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The multiple leading indicators presented in this policy brief signal the farm sector's financial position based on data available through mid-December 2025. By viewing these indicators collectively, decision-makers can better monitor for emerging financial stress.

Closely tracking farm financial conditions prepares decision-makers for taking supportive actions as needed. This brief highlights four classes of farm financial indicators that summarize the farm economy's current state.

To interpret the indicators, RaFF engages an expert panel of economists who have market outlook, farm management or farm finance specialties. Table 1 shares their assessments about the risk these indicators suggest and their momentum — how much they have changed since the most recent period with data available.[1] Based on the indicator data, the panelists on average viewed the farm economy overall to have moderate risk and momentum that suggests slight deterioration. Additionally, compared with their assessments of indicator data available in fall 2025, they perceived the farm economy overall to have somewhat lower risk based on the recent indicator data reported in this brief.

Of the four indicator classes, the one for farm machinery market dynamics carried the highest level of risk, according to the panelists. The indicators in this class communicate the state of equipment sales and repayment performance on equipment loans. Panelists also perceived the

[1] For more about the panel, see this brief's "About the Indicators" section.

momentum of the farm machinery market indicators to have shown deterioration, though they noted some deterioration on average in other indicator classes as well. Panelists viewed the credit quality indicators to suggest lower risk than the risk reflected by indicators in other classes, but they also did think credit quality indicators had deteriorated.

By evaluating multiple indicators, this brief avoids a single indicator possibly misrepresenting the farm sector's overall financial position. That said, the selected indicators do not completely address financial performance differences by sector (e.g., row crops, specialty crops, beef cattle, dairy). Instead, they represent aggregate or average conditions.[2]

The following summary of individual indicators is provided by the brief's authors, not the expert panelists.

Farmer & Banker Sentiment

In the third quarter of 2025, lenders within the Federal Reserve Bank of Kansas City district continued to note borrowers having weak loan repayment rates, according to responses to the bank's quarterly agricultural credit conditions survey. However, the participating lenders on average felt slightly more optimistic about repayments rates in third-quarter 2025 than in second-quarter 2025 as the index improved slightly (i.e., from 70 to 73). The inverse relationship between repayment rates and loan renewals and extensions persisted. During third-quarter 2025, participating lenders reported somewhat high renewal and extension activity, but the index did not change from the second quarter to the third quarter (Figure 1).

In November, farmer sentiment showed signs of strengthening, according to survey responses submitted for the Purdue University-CME Group Ag Economy Barometer. Although the current conditions index declined by two points from October to November, the future expectations index rose by 15 points (Figure 2). The barometer coordinators attributed the elevated future optimism to news about a U.S.-China trade agreement and an improvement in crop prices.

Farm Income & Balance Sheet Health

The Food and Agricultural Policy Research Institute (FAPRI) at the University of Missouri released its latest projections in September 2025. They suggested farm income would grow in 2025 and exceed income reported in 2023 and 2024. Presented as an index, Figure 3 notes estimated farm income through 2027 as a share of the 2023 farm income level. The farm income values included

[2] Developing a more complete understanding of farm financial health requires approximating the share of farms facing financial difficulties or gauging whether certain farms, such as those owned by beginning operators, face greater financial stress than others. More disaggregated farm financial information is available from the USDA Economic Research Service farm income forecast, USDA Agricultural Resource Management Survey responses, RaFF state-level farm income outlooks and FINBIN from the University of Minnesota's Center for Farm Financial Management.

in this computation were stated in 2025 dollars. These projections indicate a decline in farm income from 2025 to 2026, but they were released before USDA announced in December 2025 that $12 billion in "bridge" payments would be distributed in early 2026.

Farm Income Glossary

net cash income
reflects difference between cash receipts and expenses

net farm income
equals net cash income plus the value of home consumption, change in inventories, capital replacement and implicit rent and expenses related to the farm operator's dwelling that are not reflected in cash transactions during the current year

Average net cash income estimates published by the USDA Economic Research Service offer a cash-based view of farm finances. The September 2025 forecast estimated the average U.S. farm business[3] would increase its net cash income by 9.2% between 2024 and 2025. (Note, the agency did not publish its planned December forecast due to delays associated with the government shutdown.) In 2025 dollars, Figure 4 shows the 10-year trend in net cash income for average farm businesses and those specializing in corn, specialty crop, hog or dairy production. Farms businesses specializing in hog production and those specializing in dairy production were forecast to earn 17.9% and 10.7%, respectively, more in net cash income in 2025 than 2024. The forecast shows a decline in net cash income for specialty crops farm businesses[4] and corn farm businesses on average — 1% decline and 14.8% decline, respectively. These data reinforce that poorer financial performance (i.e., current conditions for many crop producers) may not be evident in measures that summarize the farm economy overall.

By specialization, the representative farms project from The Agricultural and Food Policy Center (AFPC) at Texas A&M University simulates farm economic conditions using inputs from the FAPRI baseline forecast. It then groups the representative farms into categories based on projected financial position. The classifications[5] convey the chances that farms post a cash flow deficit and lose real net worth. "Good" suggests a less than 25% chance, "marginal" means a 25% to 50% chance, and "poor" indicates a greater than 50% chance. Presenting the estimates released in 2025, Figure 5 shows a majority of representative rice, cotton, feed grains and wheat farms were projected to have poor financial conditions in 2030. Dairy and cow-calf operations have surer financial footings.

[3] A farm business makes more than $350,000 in gross cash farm income or has an operator whose primary occupation is farming, according to the USDA Economic Research Service.
[4] The USDA Agricultural Marketing Service describes specialty crops as fruits and tree nuts; vegetables; culinary herbs and spices; medicinal herbs; horticultural products; Christmas trees; cut flowers; and nursery crops such as annual bedding plants, potted herbaceous perennials, trees, evergreens and shrubs.
[5] Classifications are based on negative ending cash (i.e., probability that the farm will have a cash flow deficit) and real net worth decline (i.e., probability that the farm will have a loss in real net worth relative to beginning net worth) probabilities.

From a balance sheet perspective, farm debt increased from 2024 to 2025, according to September 2025 forecast values released by the USDA Economic Research Service. The forecast posted total farm-sector debt at more than $591 billion in 2025. (Note, the agency did not publish its planned December 2025 forecast due to delays associated with the government shutdown.) Figure 6 shows the year-over-year changes in farm-sector liquidity and solvency ratios published in September. The debt-to-asset ratio ranged from 12.8% to 14.1% between 2016 and 2024. In the 2025 forecast, it was 13.4%; the 2015-to-2024 average was 13.3%.

The figure tracks two liquidity measures: current ratio and debt service ratio. The latest forecast suggests the current ratio increased from 2.14 in 2024 to 2.26 in 2025 and outperformed the 2015-to-2024 current ratio average of 1.91 — suggesting an increase in current assets relative to current liabilities. The debt service ratio also improved from 2024 to the 2025 forecast value — indicating farms would need to use a small proportion of their agricultural production value and government payments to repay debt. From 2024 to 2025, it moved from 0.27 to 0.25.

On the farm balance sheet, real estate represents a large share of farm assets, so its values affect farm financial stability. In its Rural Mainstreet Index, Creighton University captures farmland price perceptions held by CEOs from rural banks located within a 10-state region.[6] The farmland prices index has maintained a multiyear downward trend. Figure 7 shows it turned around somewhat in mid-2025. Then, the index value dropped in October but improved in November. Still, the 43.2 posted in November is less than 50, which would represent growth-neutral conditions. This indicates bankers continue to perceive relatively weak growth potential for land prices. Not since mid-2024 has the index exceeded 50 points.

Farm Machinery Market Dynamics

The machinery and equipment sales slump largely showed persistence in 2025. Through November 2025, Figure 8 shows monthly tractor and combine unit sales in 2025 were well below the monthly five-year averages, based on sales data published by the Association of Equipment Manufacturers. Comparing sales data from January to November 2024 and the same months in 2025, total farm tractor unit sales were nearly 10% lower in 2025, and self-propelled combine unit sales were 38.3% lower.

Rural bank CEOs responding to Creighton University's Rural Mainstreet Index also have observed weak farm equipment sales. The farm equipment sales index value in November was 15.1. A value less than 50 indicates less than growth-neutral conditions moving forward. Figure 9 highlights that not since spring 2023 has the index value bested 50 points. Values have not exceeded 25 points since mid-2024.

[6] The 10 states represented in the Rural Mainstreet Index are Colorado, Illinois, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota and Wyoming.

An alternative measure of the farm machinery market's health is the credit quality equipment companies report on customer purchases they finance. These metrics communicate borrowers' financial positions and how well the equipment sellers have been able to collect debt owed to them. Figure 10 shows total customer receivables for John Deere Capital Corporation declined slightly from 2024 to 2025. These receivables capture retail notes and financing leases. The share of those receivables that were past due was relatively flat from 2024 to 2025 at 1.1%. However, the share considered nonperforming increased from 0.8% in 2024 to 1.1% in 2025. These data originate from John Deere Capital Corporation's annual reports submitted to the U.S. Securities and Exchange Commission. The business' fiscal year closes in late October to early November.

CNH Industrial Capital, which makes Case IH- and New Holland-branded equipment, also extends financing to customers. According to Sept. 30 data, U.S. retail customer receivables increased from roughly $5 billion on Sept. 30, 2020, to $7.6 billion on Sept. 30, 2025. The past due share of customer receivables was 1.8% in the 2024 and 2025 data from September. During the period shown in Figure 11, the past due share of total receivables was lowest in 2021 at 0.6%.

Credit Quality

Measures of loan performance (e.g., delinquency and nonaccrual rates) suggest whether borrowers have repaid debt on time. Relative to other loans extended by commercial banks, farmland loans and agricultural loans have had low delinquency rates. Figure 12 shows that the delinquency rate for agricultural loans, which finance farm investments other than real estate, was flat from the second quarter to third quarter of 2025 at 1.3%. With respect to farmland loans, the delinquency rate averaged 1% in third-quarter 2025 — lower than levels recorded in the year's earlier two quarters.

The credit quality trend differed somewhat for Farm Credit institutions. From Sept. 30, 2024, to Sept. 30, 2025, nonperforming assets as a share of loans and other property owned increased from 0.79% to 1%. Figure 13 shows the nonperforming assets share was higher on Sept. 30, 2025, than on Sept. 30 in years since 2021. During the five-year period, the nonperforming assets share averaged 0.68%.

An insurance company, MetLife Inc. carries agricultural mortgage loans. Its portfolio included $18 billion in agricultural mortgage loans at amortized cost on Sept. 30, 2025 — a greater amount than the $16.8 billion average from the past 10 years but less than in 2023 and 2024. Figure 14 illustrates this trend and the reported credit quality of these loans. During the past 10 years, the share of past due and nonaccrual agricultural mortgage loans relative to total ag mortgages reached its highest level (3.7%) on Sept. 30, 2024. This metric declined to 2.9% on Sept. 30, 2025.

About the Indicators

The Leading Indicators of Farm Financial Stress initiative tracks 14 data-driven financial indicators organized in four classes to evaluate the farm sector's financial health. RaFF publishes leading indicators summary briefs on a quarterly basis. It released the fall 2025 brief in October 2025, and RaFF anticipates it will release the spring 2026 brief by April 2026.

The risk ratings and year-over-year change assessments shown in the summary table reflect data interpretations provided by an expert panel composed of public- and private-sector economists who have market outlook, farm management or farm finance specialties. Each quarter, as many as 21 participating economists review the underlying datasets and offer their individual input about the indicators' risk and trend for the farm sector on a 1-to-10 scale (i.e., risk level scale ranges from 1 = low risk to 10 = high risk; period-over-period change scale[7] ranges from 1 = significant deterioration to 10 = significant improvement). They provide ratings for each of the 14 indicators and the farm economy overall. Based on the average submitted ratings, Table 1 reports participating economists' composite view of the farm economy.

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[7] Scale has been adjusted to range from -10 to 10 to create the summary graphic shown in Table 1.

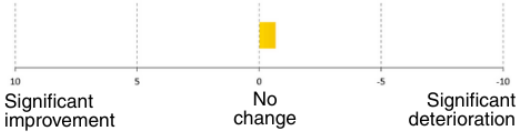
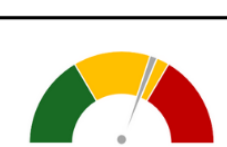
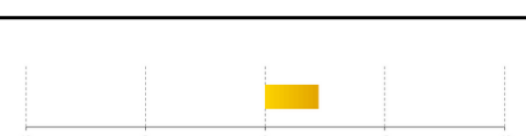
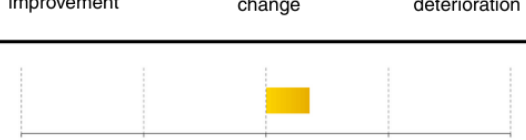
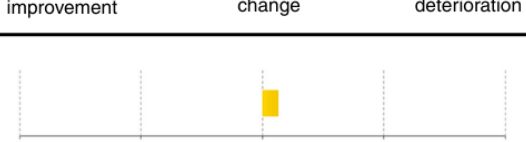
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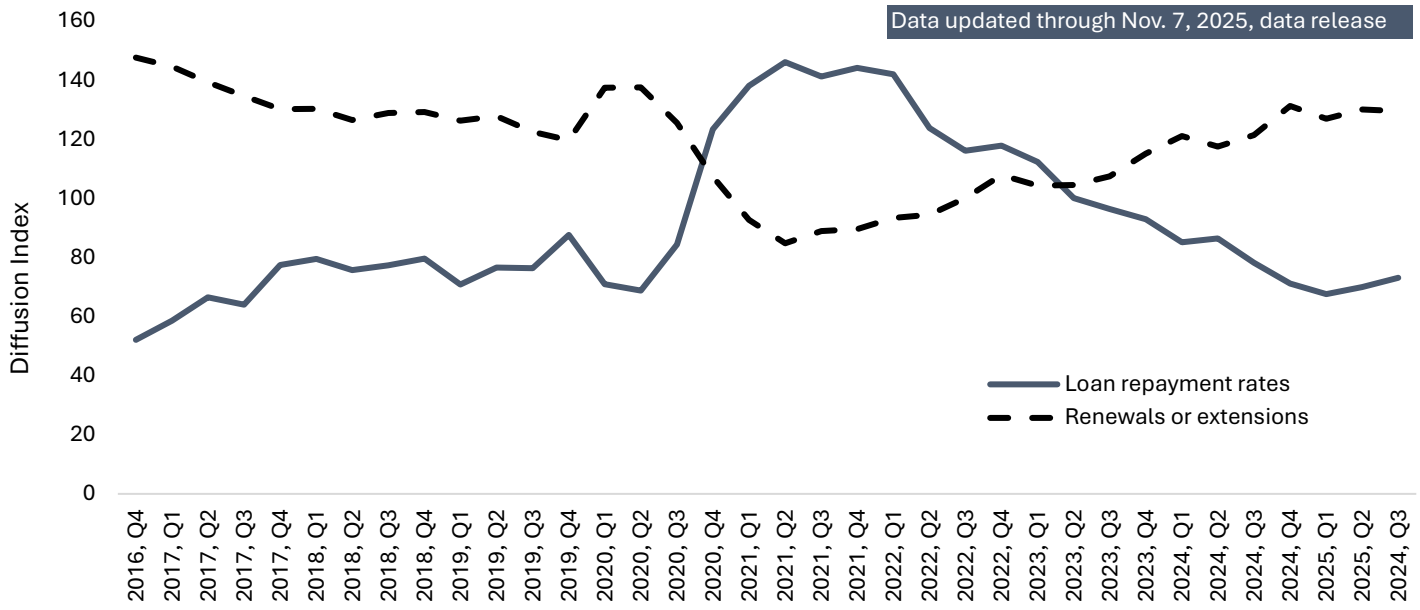
Tables & Figures

Table 1. Leading Indicators Summary

Indicators by Class	Risk	Momentum
Farmer and Banker Sentiment Credit Conditions (Kansas City Federal Reserve Bank) Ag Economy Barometer (Purdue-CME Group)		
Farm Income and Balance Sheet Health Net Farm Income (Food and Agricultural Policy Research Institute) Net Cash Farm Business Income (USDA Economic Research Service) Representative Farm Financial Conditions (Ag and Food Policy Center) Liquidity and Solvency Ratios (USDA Economic Research Service) Farmland Prices (Rural Mainstreet Index, Creighton University)		
Farm Machinery Market Dynamics Equipment Sales (Association of Equipment Manufacturers) Farm Equipment Sales (Rural Mainstreet Index, Creighton University) Ag and Turf Loan Performance (John Deere Capital) Receivables Performance (CNH Industrial Capital)		
Credit Quality Bank Loan Delinquencies (Federal Reserve Board of Governors) Nonperforming Assets (Farm Credit Administration) Ag Mortgage Credit Quality (MetLife)		
Farm Economy Overall		

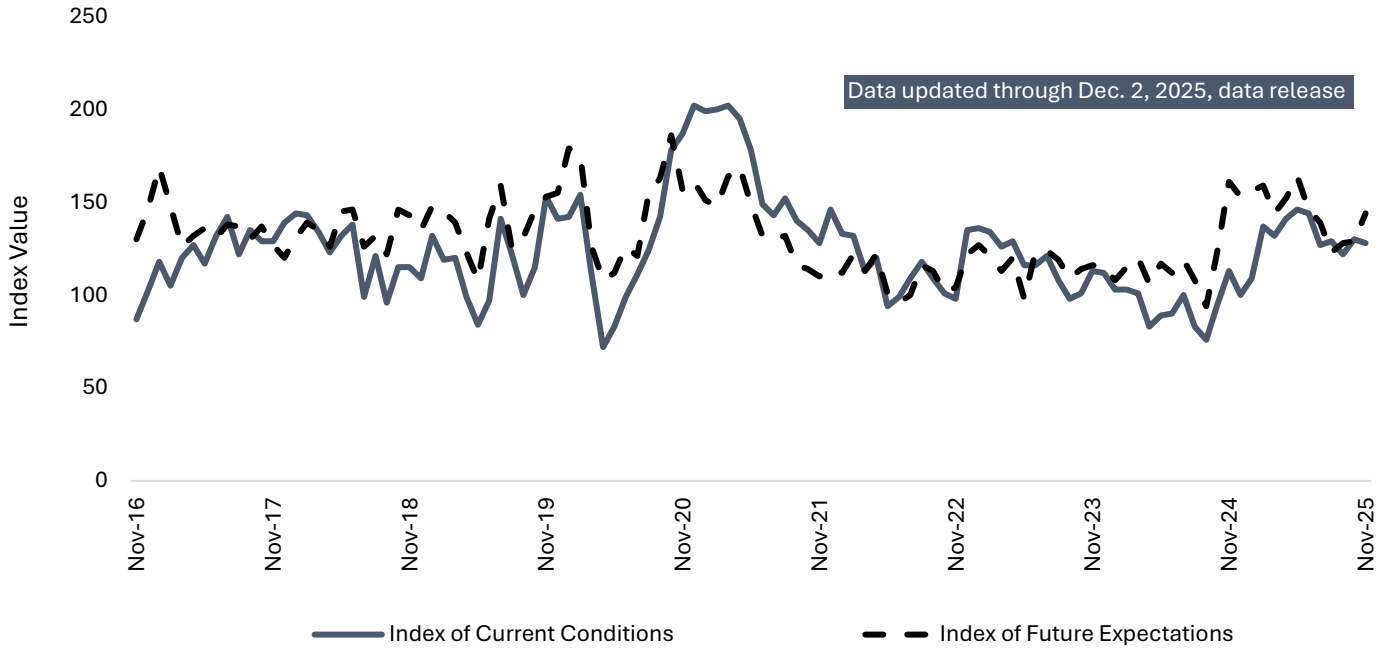
* Risk stated on a 1 to 10 scale where 1 means low risk and 10 means high risk.
** Momentum presented on a scale where -10 means significant deterioration and 10 means significant improvement. It measures change in data values since the prior period when data were updated. Note, some indicators are published on a monthly or quarterly basis. Others are updated less frequently.

Figure 1. 10th Federal Reserve District Agricultural Credit Conditions



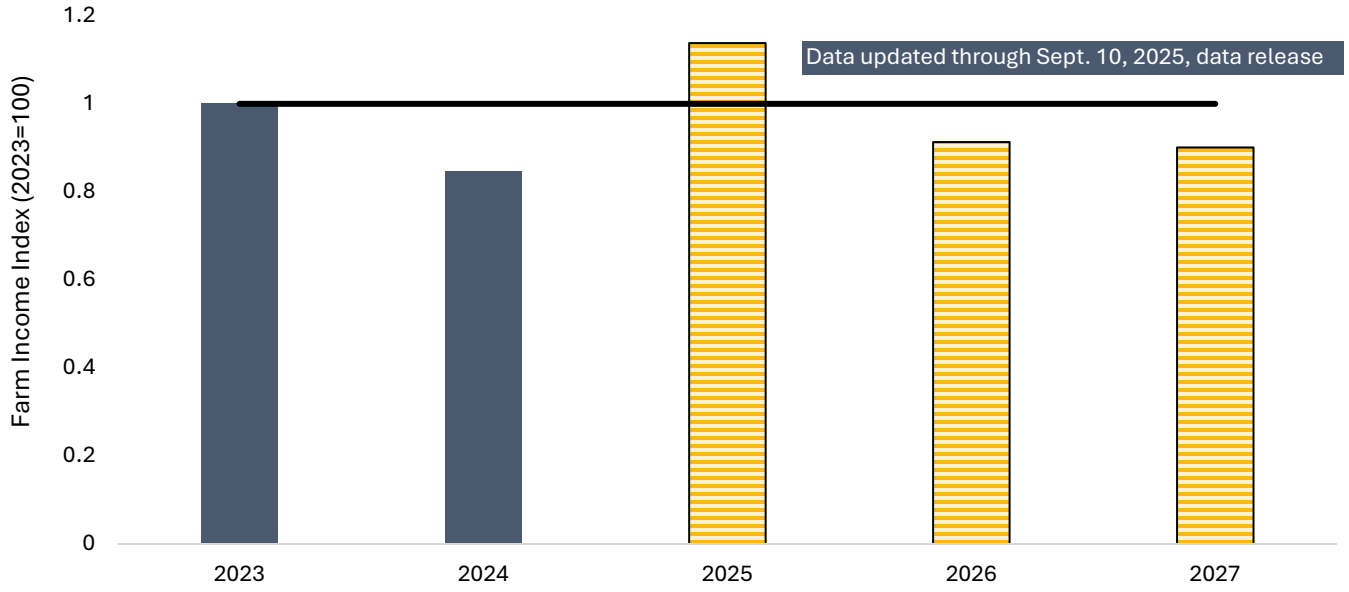
Source: Kansas City Federal Reserve Bank (https://www.kansascityfed.org/agriculture/ag-credit-survey/credit-conditions-tighten-gradually/). Diffusion index prepared by subtracting the share of respondents responding that conditions are lower than in the year-earlier period from the share responding that conditions are higher and adding 100. Therefore, values greater than 100 suggest an increase in activity, and those less than 100 suggest a decline in activity.

Figure 2. Farmer Sentiment about Current Conditions and Future Expectations



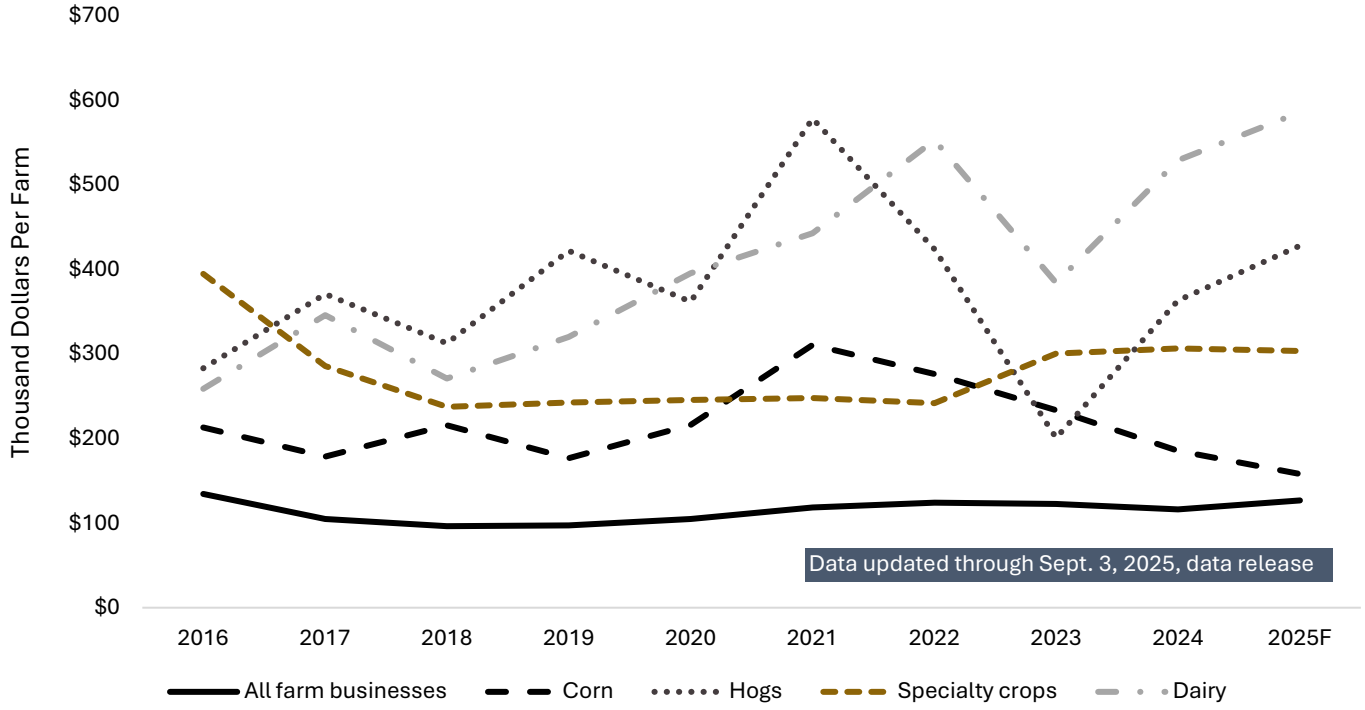
Source: Purdue University-CME Group Ag Economy Barometer (https://ag.purdue.edu/commercialag/ageconomybarometer/). Data updated in December 2025 with sentiment from November. Values greater than 100 suggest an increase in sentiment relative to the base period (i.e., October 2015 to March 2016), and those less than 100 suggest a decline in sentiment.

Figure 3. U.S. Net Farm Income Index Computed Using 2025 Dollars*^



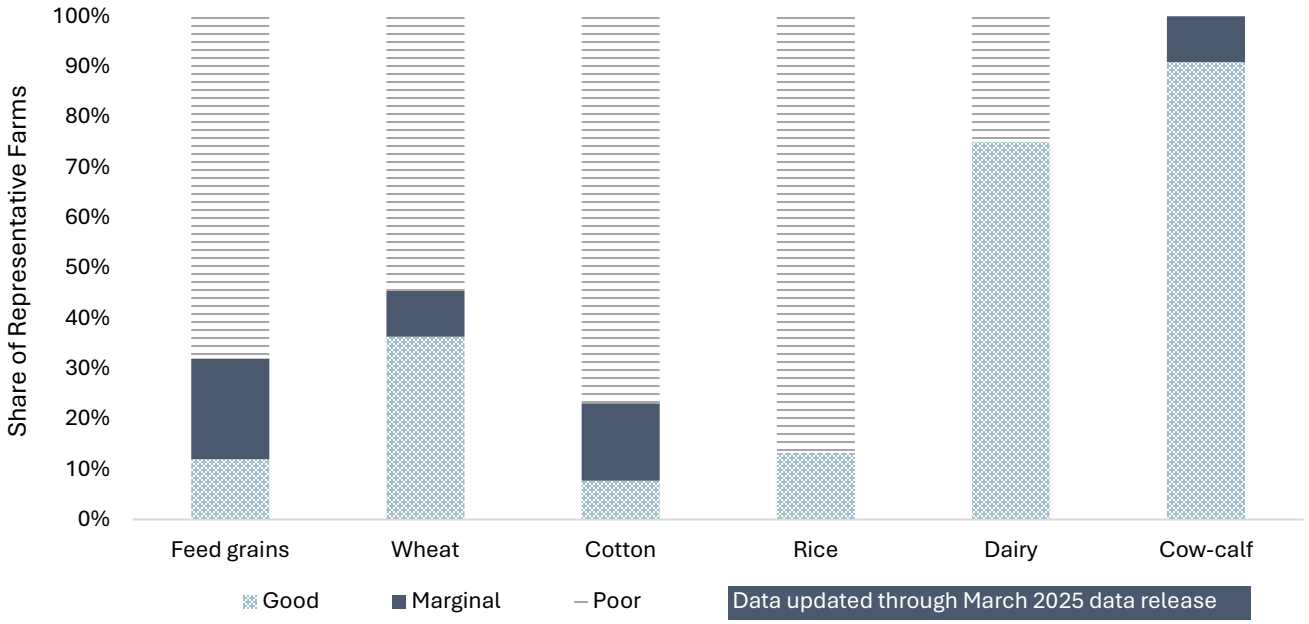
* Gold shading for 2025-27 indicates datapoints are projections. Dark blue shading indicates historical data.
Source: Food and Agricultural Policy Research Institute (https://fapri.missouri.edu/our-publications/).

Figure 4. Average Net Cash Farm Income, Real* Dollars, All Farm Businesses and Select Specializations



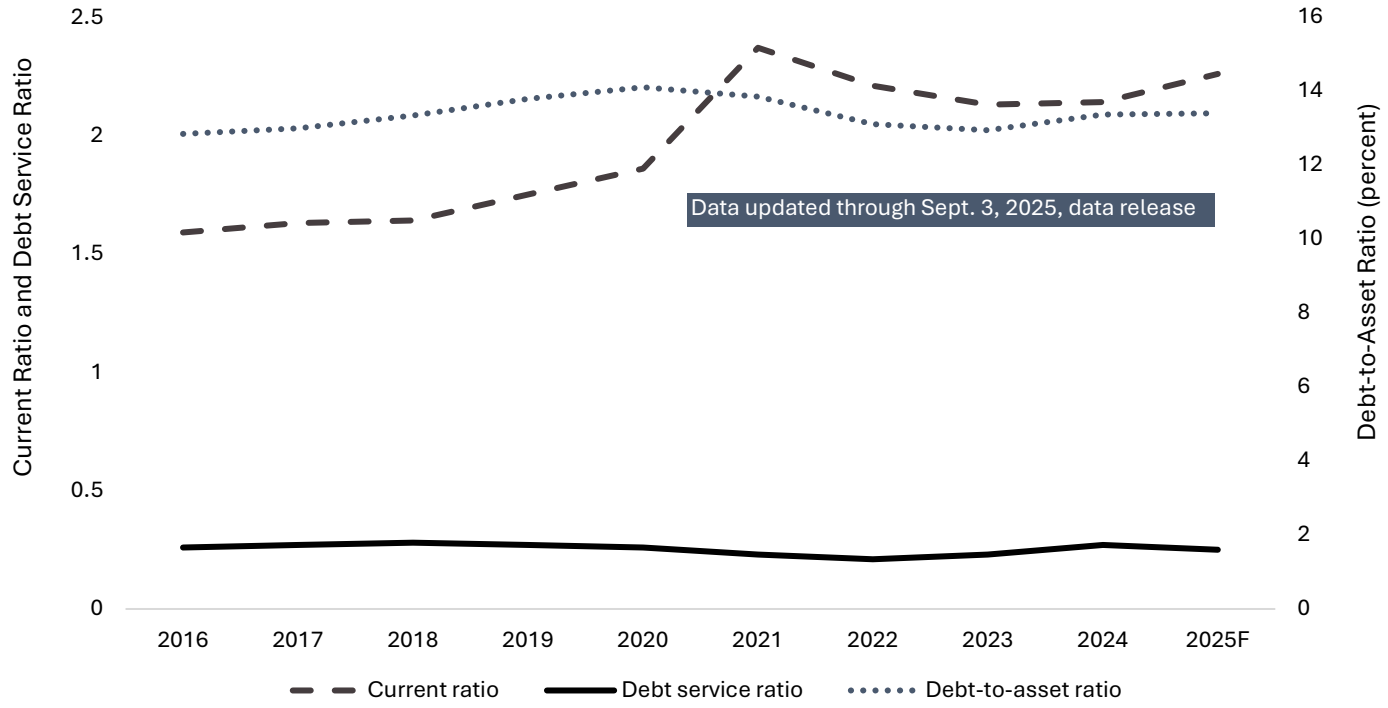
* Real dollars are 2025 dollars.
Source: USDA Economic Research Service (https://data.ers.usda.gov/reports.aspx?ID=4046).

Figure 5. Projected Change in Financial Conditions of Representative Farms, 2025 to 2030



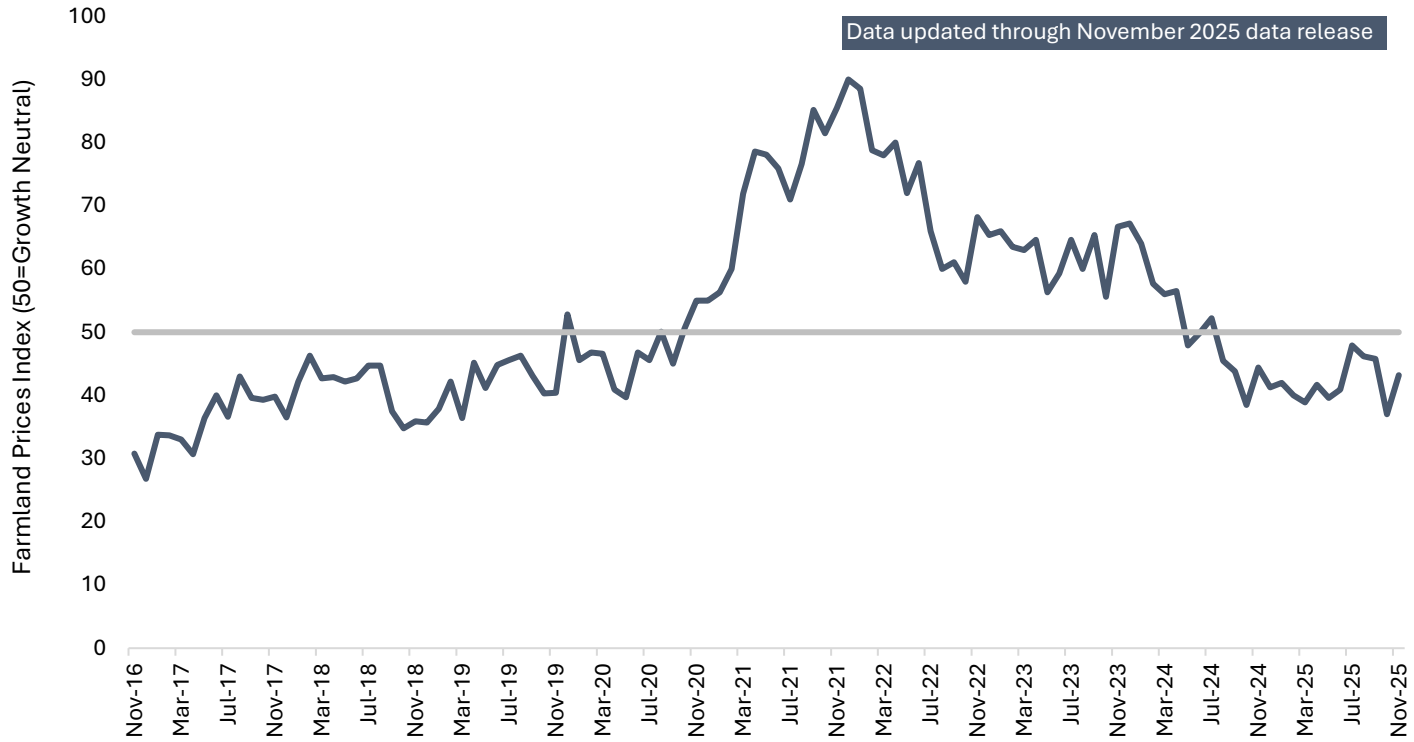
Source: The Agricultural and Food Policy Center at Texas A&M University (https://afpc.tamu.edu/research/publications).

Figure 6. U.S. Farm-Sector Liquidity and Solvency Ratios



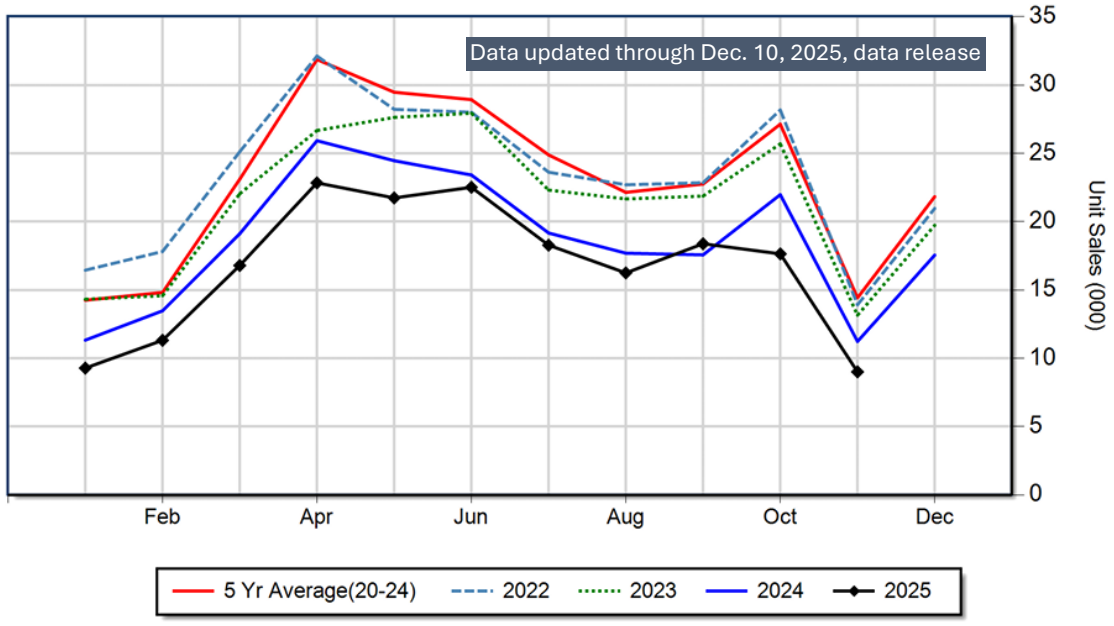
Source: USDA Economic Research Service (https://data.ers.usda.gov/reports.aspx?ID=4051).

Figure 7. Monthly Farmland Prices Assessment from Creighton University's Rural Mainstreet Index



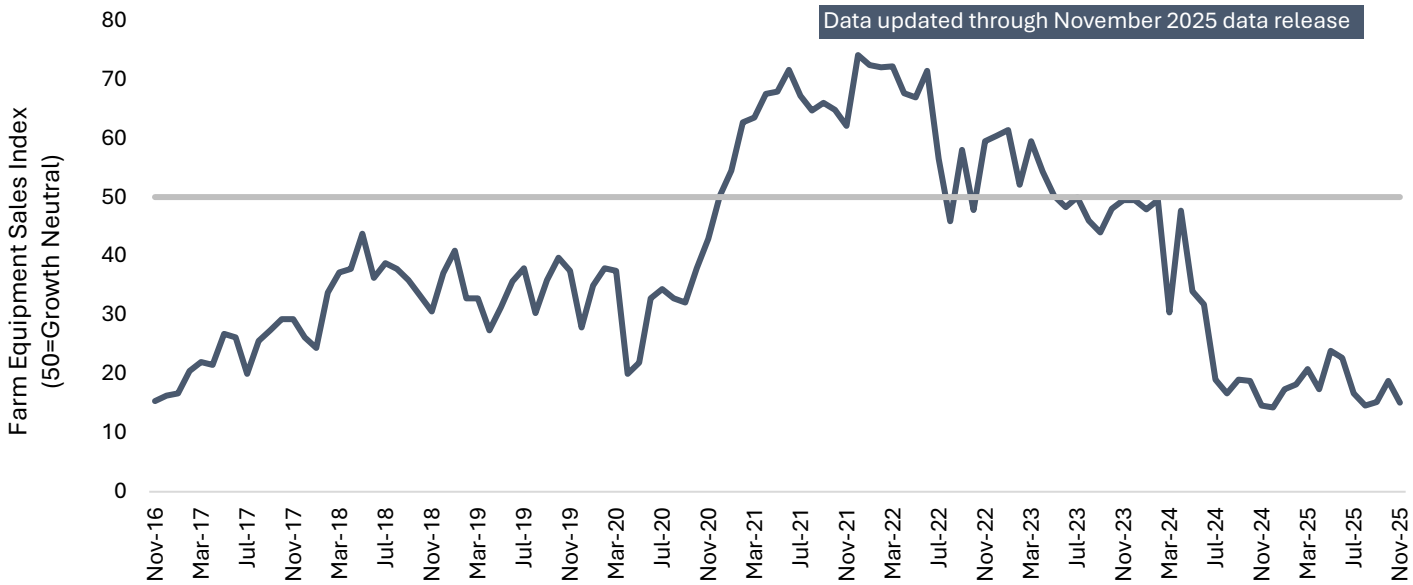
Source: Rural Mainstreet Index, Creighton University (https://www.creighton.edu/economicoutlook/mainstreeteconomy). A 50-point value signals growth-neutral conditions. Values greater than 50 suggest growth-positive conditions, and those less than 50 suggest growth-negative conditions.

Figure 8. U.S. Retail Unit Sales of 2-4WD Tractors and Combines



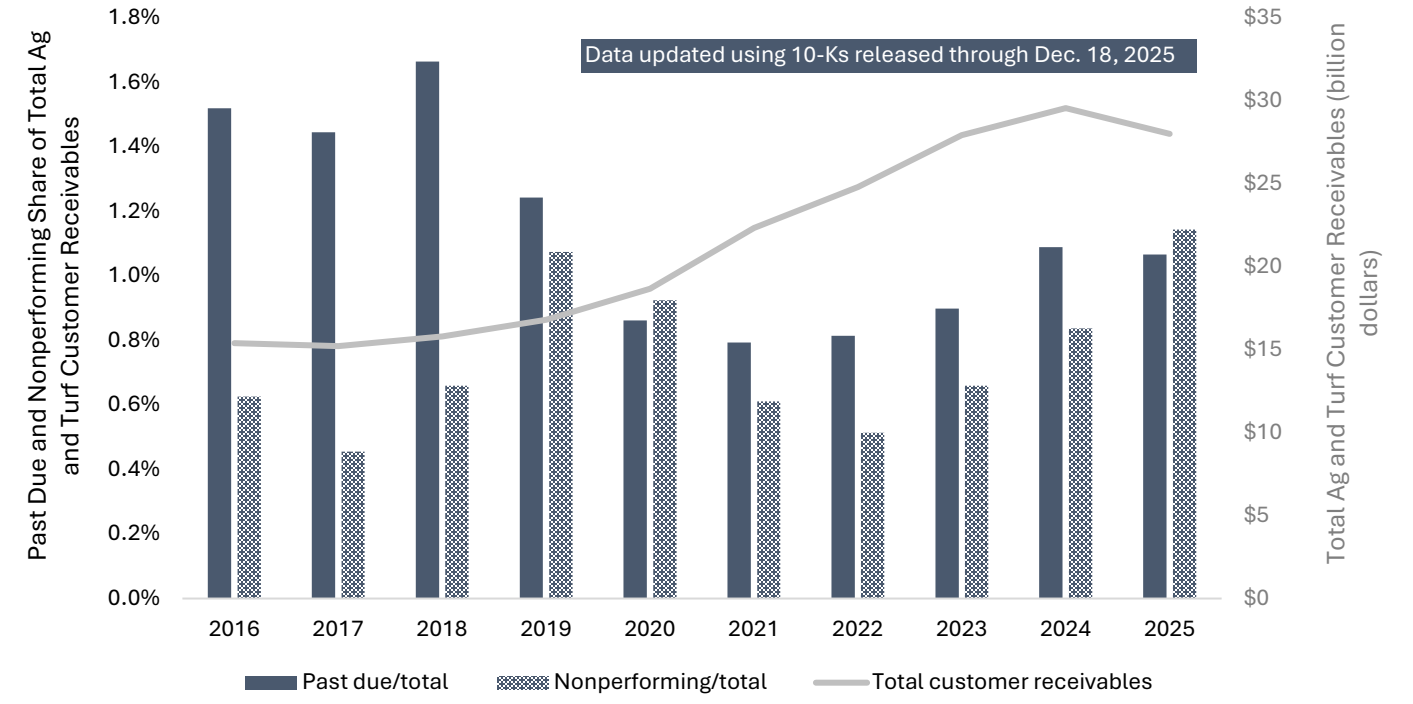
Source: Association of Equipment Manufacturers (https://www.aem.org/market-share-statistics/us-ag-tractor-and-combine-reports).

Figure 9. Monthly Farm Equipment Sales Assessment from Creighton University's Rural Mainstreet Index



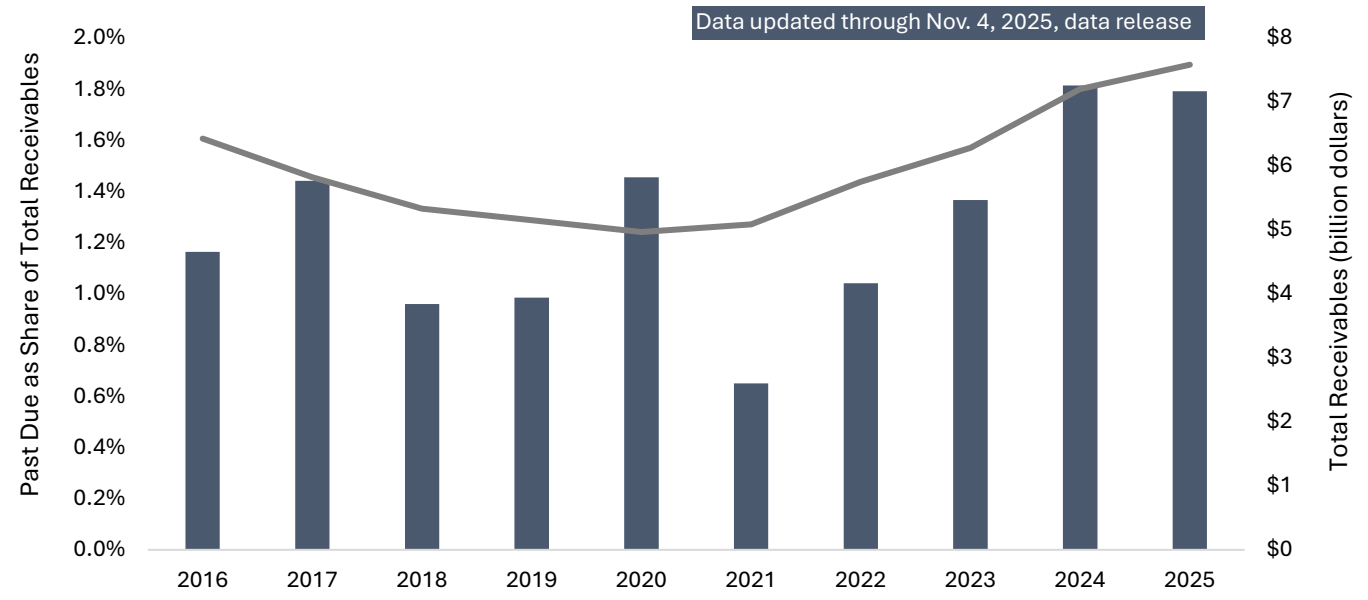
Source: Rural Mainstreet Index, Creighton University (https://www.creighton.edu/economicoutlook/mainstreeteconomy). A 50-point value signals growth-neutral conditions. Values greater than 50 suggest growth-positive conditions, and those less than 50 suggest growth-negative conditions.

Figure 10. Credit Quality of John Deere Capital Corporation Agricultural and Turf Customer Receivables: Past Due and Nonperforming Receivables Relative to Total Receivables



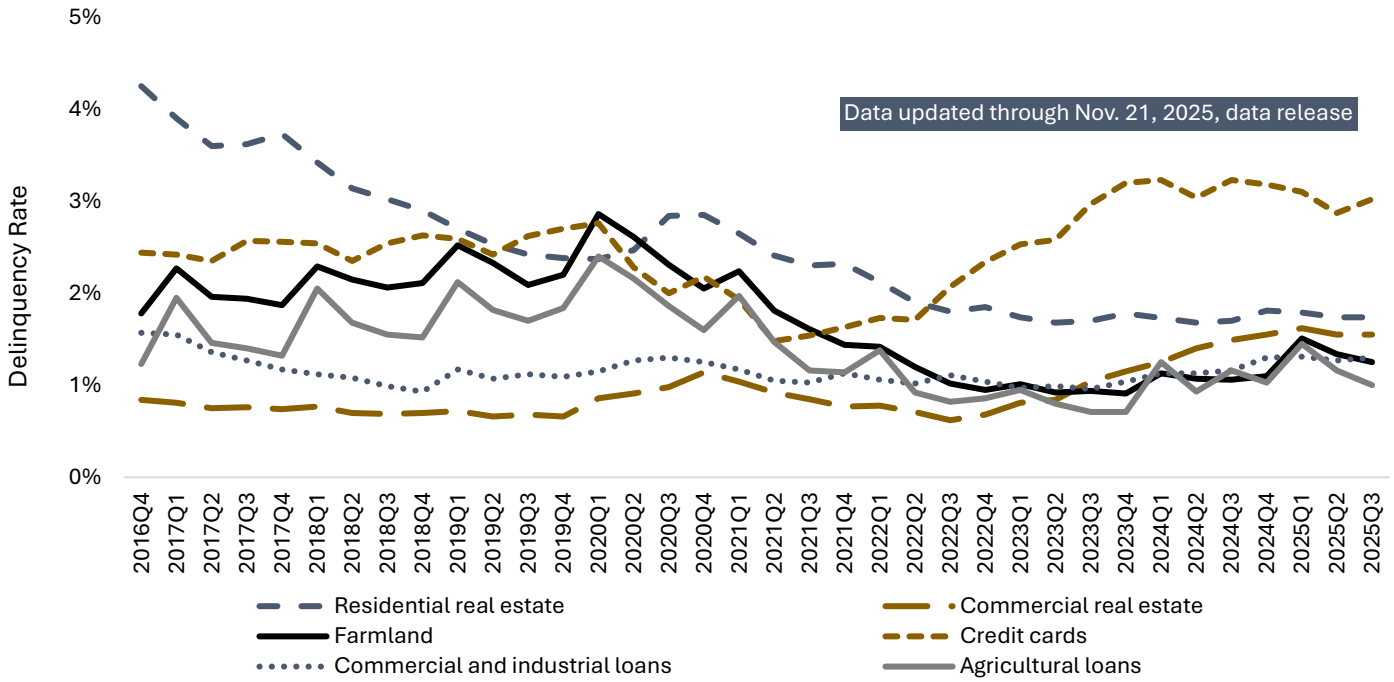
Source: U.S. Securities and Exchange Commission (https://www.sec.gov/edgar/search/). Data reflect customer receivables reported in late October or early November for the years noted.

Figure 11. Past Due Volumes as a Share of CNH Industrial Capital's Total U.S. Retail Customer Receivables and Total Retail Customer Receivables*



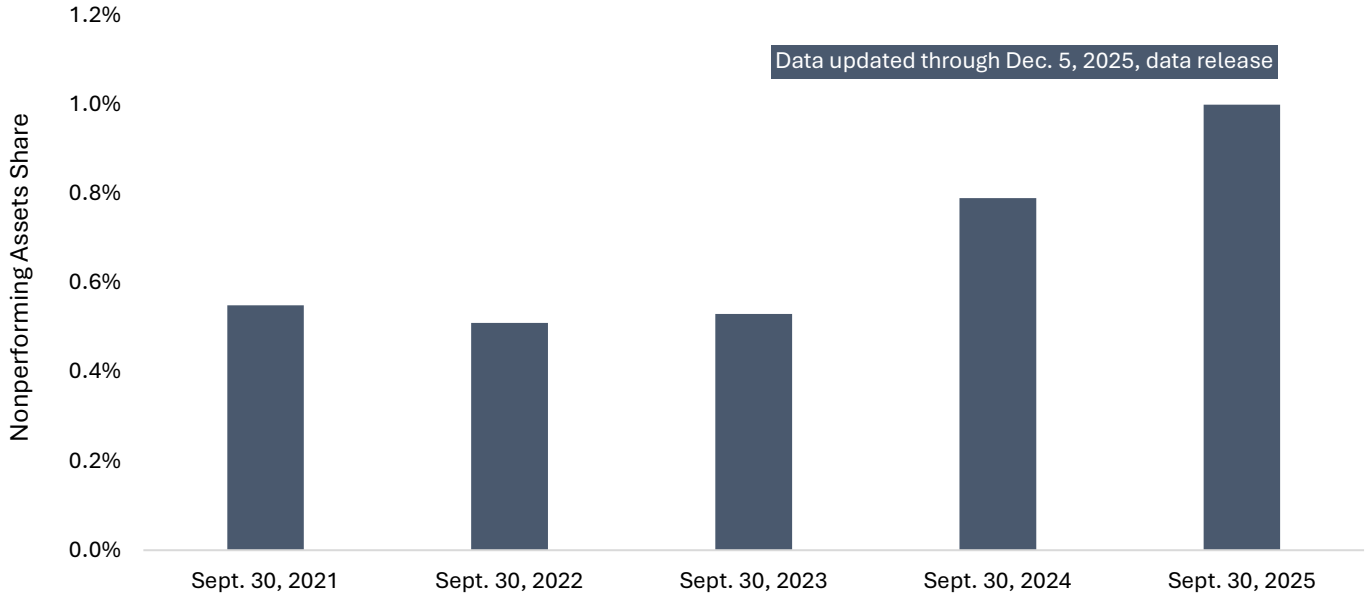
Source: U.S. Securities and Exchange Commission (https://www.sec.gov/edgar/search/). Data reflect Sept. 30 values for the years noted.

Figure 12. Loan Delinquency Rates* as a Share of Loan Volume by Loan Type



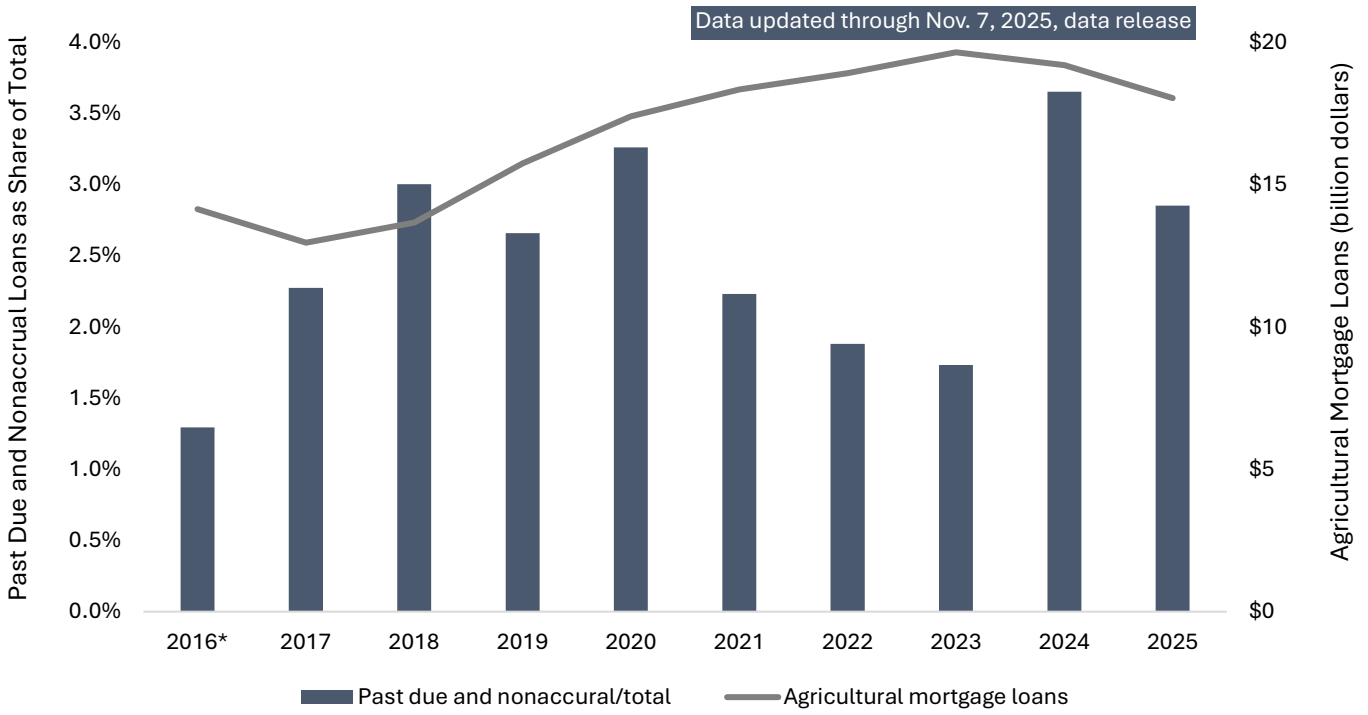
* Delinquency rates capture data for loans 30 days or more past due and still accruing interest and nonaccrual loans. They are not seasonally adjusted.
Source: Board of Governors of the Federal Reserve System (https://www.federalreserve.gov/releases/chargeoff/delallsa.htm).

Figure 13. Nonperforming Assets as Share of Loans and Other Property Owned*



* Nonperforming assets prior to Jan. 1, 2023, included accruing restructured loans and accrued interest
Source: Farm Credit Administration (fca.gov/bank-oversight/major-financial-indicators).

Figure 14. Credit Quality of MetLife Agricultural Mortgage Loans



* No category shown for past due and still accruing interest in 2016. Data reflect Sept. 30 values for the years noted. Agricultural mortgage loans are net values carried at amortized cost.
Source: U.S. Securities and Exchange Commission (https://www.sec.gov/edgar/search/).