Rural & Farm Finance
Policy Analysis Center
University of Missouri

RaFF's
EARLY WARNING SYSTEM
of Farm Financial Stress

RaFF's Leading Indicators of Farm Financial Stress: Spring 2026

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Referencing data published through early spring 2026, the indicators tracked in this policy brief help to understand the farm sector's financial position and identifying emerging farm economic stresses.

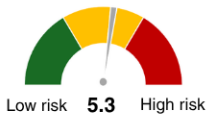
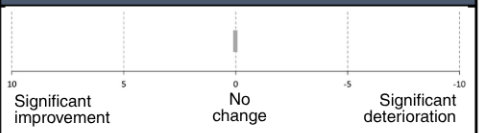
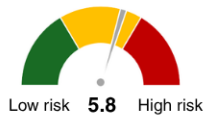
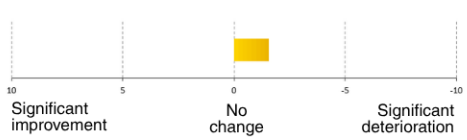
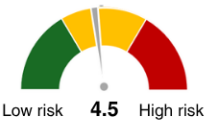
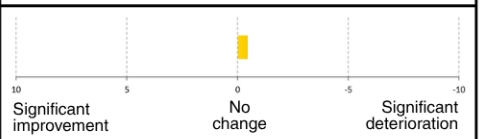
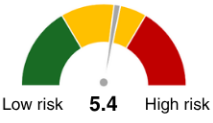
Grouped in four classes, the 15 indicators monitored in this brief evaluate the state of farmer and banker sentiment, farm income and balance sheet health, farm machinery market dynamics and credit quality. In cases where indicators suggest emerging stresses, the data can help inform responses and broader discussions about those conditions.

To interpret the indicators, RaFF engages an expert panel of economists who have market outlook, farm management or farm finance specialties.[1] On average, the panelists participating this spring perceived the farm economy overall and the four indicator classes to have moderate risk levels. Table 1 shows the farm machinery market and the farm income and balance sheet health classes ranked as the indicators with the highest risk levels. The credit quality class averaged the lowest risk level score.

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

The momentum measures in the table suggest panelists perceived nearly all indicator classes to have at least slightly deteriorating momentum. The panelists noted no change collectively in the underlying indicators for the farmer and banker sentiment class.

Table 1. Spring 2026 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) Farmland Value Index (Acres)		
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.

Table 2 shows little change in the average risk levels submitted in the winter 2026 panelist survey and the spring 2026 panelist survey. Average perceived risk declined slightly for farmer and banker sentiment, the farm machinery market, credit quality and the farm economy in aggregate. It increased for the farm income and balance sheet health.

Table 2. Current and Previous Quarter Risk Level Comparisons*



* Risk stated on a 1 to 10 scale where 1 means low risk and 10 means high risk.

Note, the momentum measure in Table 1 indicates perceptions panelists shared in spring 2026 about the extent to which indicators have changed in the most recent period with data reported compared with the prior period when data were updated. In contrast, the change in average risk ratings shown in Table 2 represent how the spring 2026 average risk levels reported in Table 1 compare with the winter 2026 risk levels. Both measures suggest small changes in underlying farm financial indicators, but only for the farm income and balance sheet health class did the momentum score and risk level change in the same direction.

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]

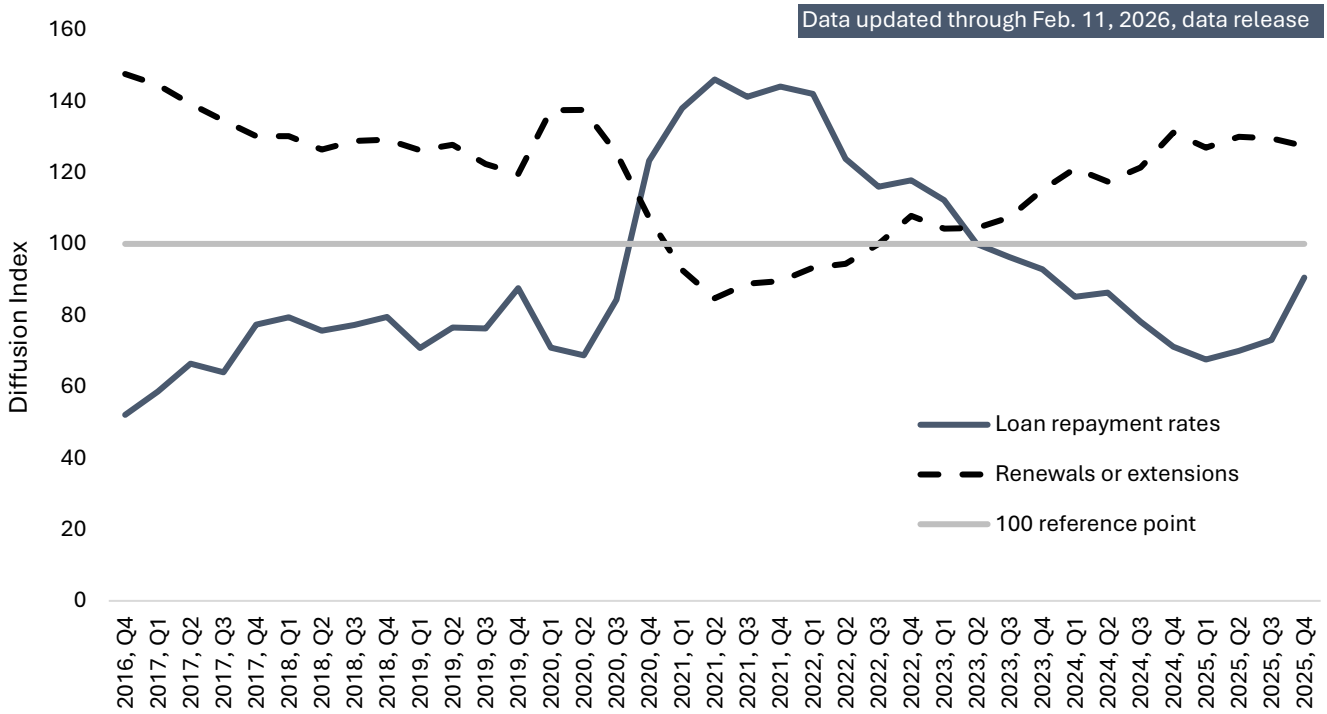
[2] Developing a more complete understanding of farm financial health requires approximating the share of farms facing financial difficulties or gauging whether certain farms, such as those owned by beginning operators, face greater financial stress than others. More disaggregated farm financial information 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.

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

Farmer & Banker Sentiment

Sentiment about farm loan repayment rates improved during the fourth quarter of 2025, according to lender responses recorded in the Federal Reserve Bank of Kansas City's quarterly agricultural credit conditions survey. The loan repayment index shown in Figure 1 increased to 91 in the fourth quarter of 2025 from 73 in the third quarter. Not since the fourth quarter of 2023 had the index exceeded 90 points. That said, during fourth-quarter 2025, the index still registered a value slightly lower than 100 — indicating some decline in repayment conditions. The loan renewals or extensions index declined slightly to 127 during the fourth quarter of 2025 compared with 130 in the third quarter. It being greater than 100, however, signals growth in loan renewals or extensions.

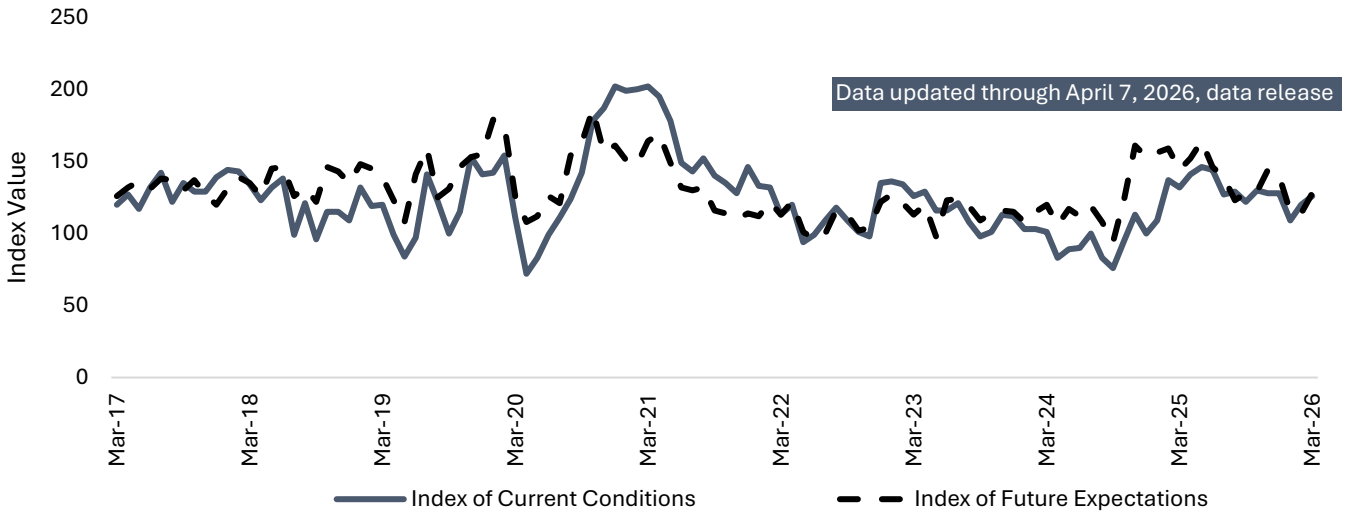
Figure 1. 10th Federal Reserve District Agricultural Credit Conditions



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. Values greater than 100 suggest an increase in activity, and those less than 100 suggest a decline in activity.

Farmer sentiment captured in the March 2026 iteration of the Purdue University-CME Group Ag Economy Barometer suggests stronger perceived current conditions and future expectations relative to earlier in the year. Figure 2 shows both index values rose from January 2026 to March 2026 — by 17 points for current conditions and 13 points for future expectations. Despite these improvements, both index values were not as high in March 2026 as they were in March 2025.

Figure 2. Farmer Sentiment about Current Conditions and Future Expectations

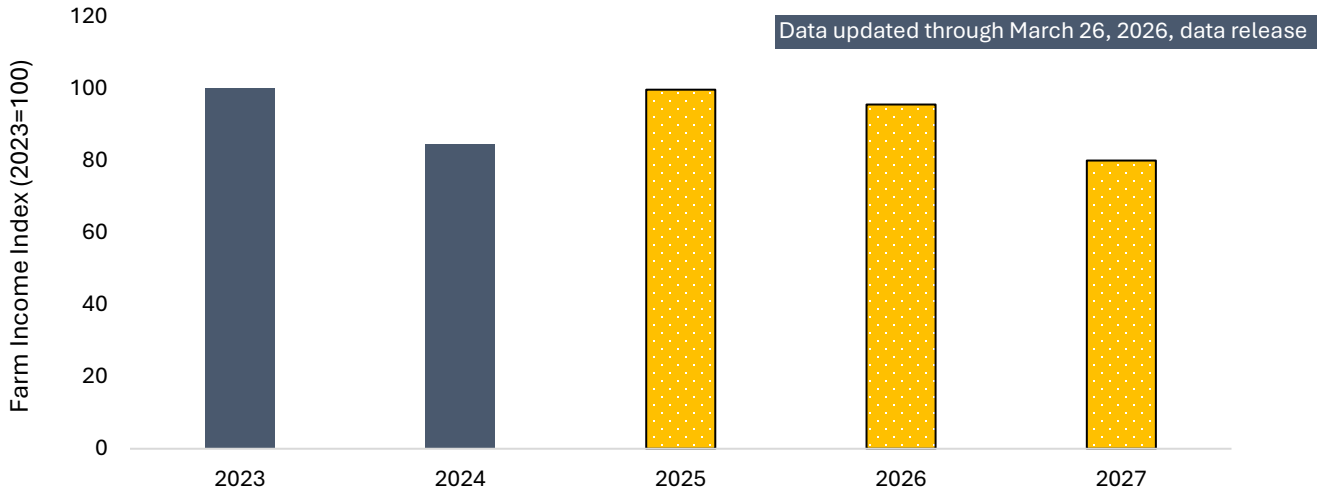


Source: Purdue University-CME Group Ag Economy Barometer (https://ag.purdue.edu/commercialag/ageconomybarometer/). Data updated in April 2026 with sentiment from March. Values greater than 100 suggest an increase in sentiment relative to the base period (i.e., October 2015 to March 2016), and those less than 100 suggest a decline in sentiment.

Farm Income & Balance Sheet Health

In its spring 2026 agricultural market outlook, the Food and Agricultural Policy Research Institute (FAPRI) at the University of Missouri projected real U.S. net farm income would decrease slightly from 2025 to 2026. Using farm income data reported in 2026 dollars, Figure 3 displays a net farm income index with 2023 net farm income as the base value. It shows comparable income values for 2023 and 2025. The 2026 projection is 96% of the 2023 value. The 80% index value for 2027 indicates a 20% decline in real U.S. farm income relative to 2023.

Figure 3. U.S. Net Farm Income Index Computed Using 2026 Dollars*^



* Shading with the gold pattern indicates datapoints are projections. Dark blue shading indicates historical data.
Source: Food and Agricultural Policy Research Institute (https://fapri.missouri.edu/our-publications/).

Farm Income Glossary

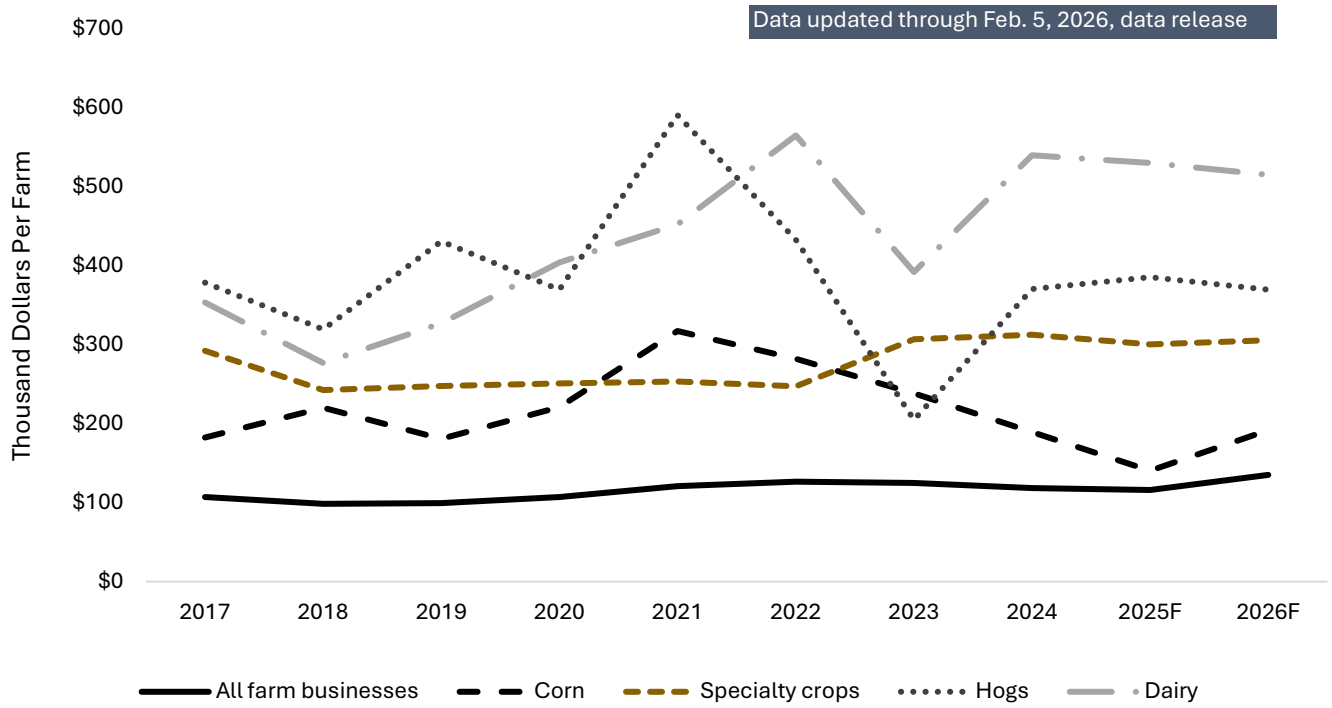
net cash income
reflects difference between cash receipts and expenses

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

The farm sector's cash position affects whether farms can stay current on paying obligations. As a cash-based farm financial measure, net cash farm income exclusively reflects cash receipts and expenses. Figure 4 highlights differences in net cash farm income by farm specialization using data from the USDA Economic Research Service. According to projections released in February 2026, net cash farm income for the average U.S. farm business[3] will increase by 16.5% from 2025 to 2026 after declining slightly (-2.2%) from 2024 to 2025. Of the four specialized farm types tracked in the chart, the projections point toward a net cash farm income contraction from 2025 to 2026 for hog and dairy farm businesses at -4.1% and -2.8%, respectively. On average, farm businesses specializing in corn production have a relatively large 36.6% projected increase in net cash income from 2025 to 2026. For farms specializing in specialty crops, the average net cash farm income growth is projected to increase slightly. As these data suggest, financial performance can vary greatly across farm specializations, so measures that summarize the farm economy overall may miss conditions experienced by certain farm types.

[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.

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



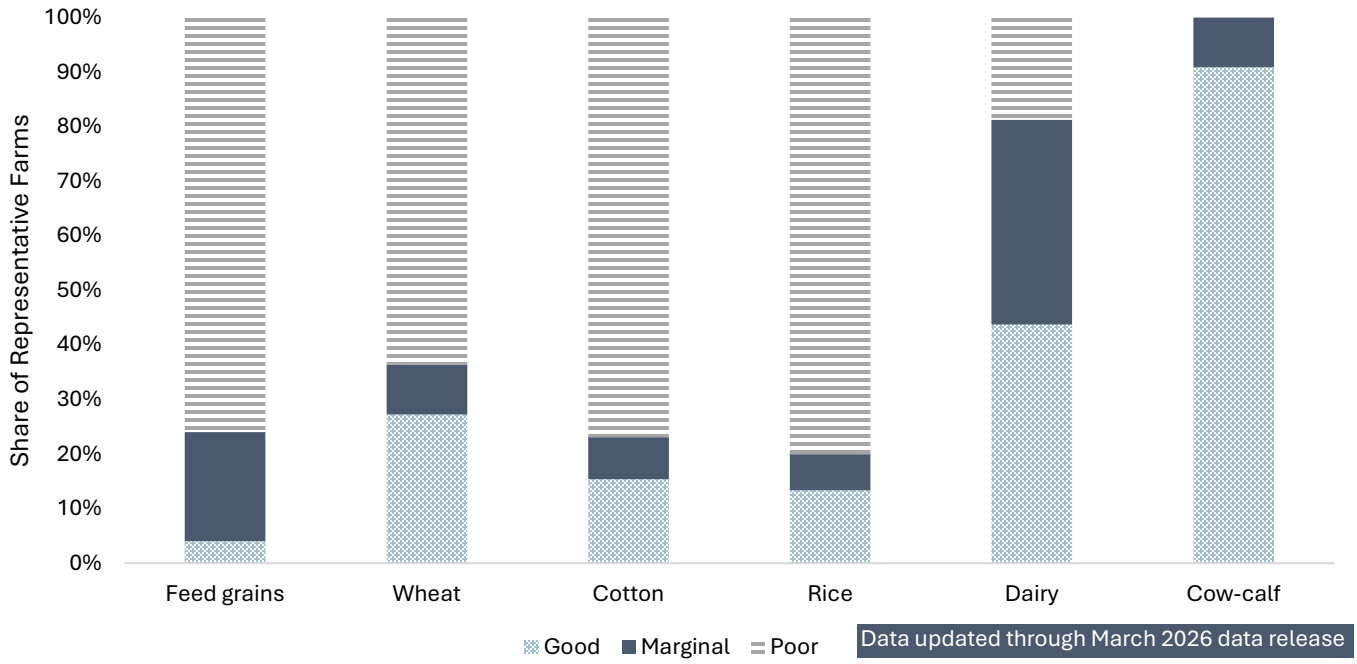
* Real dollars are 2026 dollars.

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

To further explore financial conditions by farm specialization, the Agricultural and Food Policy Center (AFPC) at Texas A&M University simulates farm financial conditions through its representative farms project. Using inputs from FAPRI's outlook, each representative farm fits in a category based on its overall financial position. The classifications[4] 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. Given the 2026 projections, the 2031 classifications suggest a majority of crop operations will have poor financial conditions. Figure 5 highlights livestock operations expect better conditions compared with crop farms. Roughly one in five representative dairy farms are projected to have poor financial conditions. The representative farms report identified only good or marginal conditions for cow-calf operations.

[4] Classifications are based on negative ending cash (i.e., cash flow deficit) and real net worth decline (i.e., loss in real net worth relative to beginning net worth) probabilities.

Figure 5. Projected Financial Conditions for Representative Farms, 2026-2031



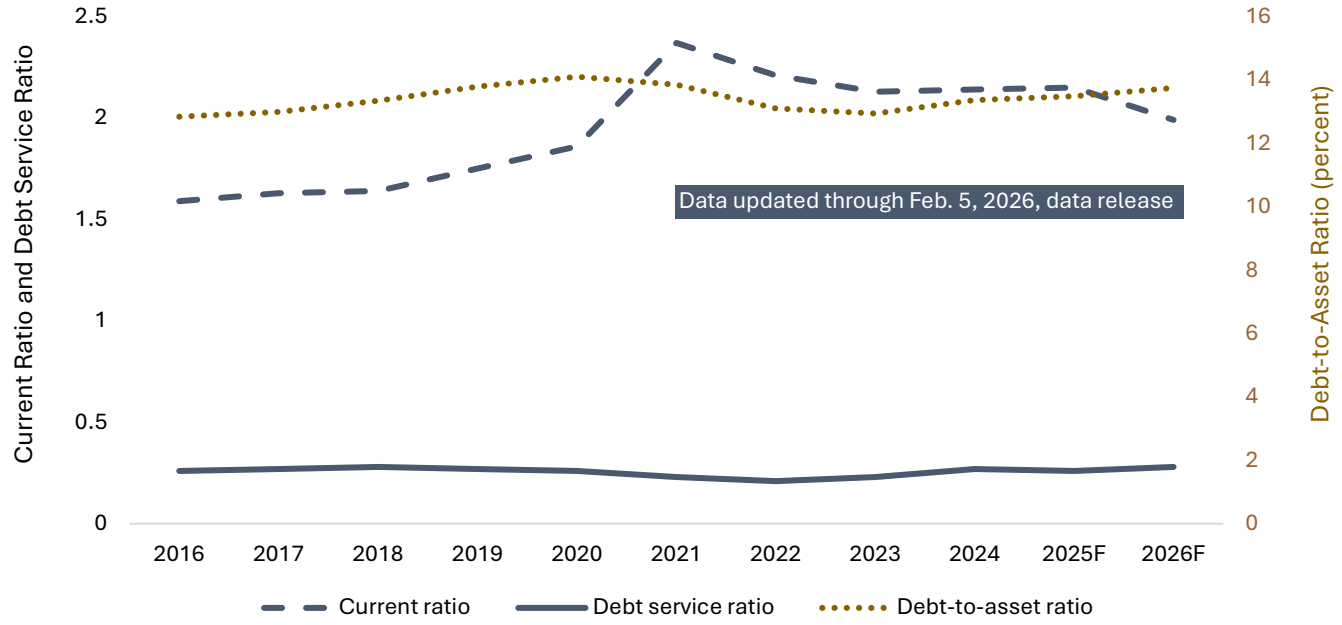
Source: The Agricultural and Food Policy Center at Texas A&M University (https://afpc.tamu.edu/research/publications).

The farm sector balance sheet provides additional perspective about farm finances. In its forecast released in February 2026, the USDA Economic Research Service noted that the U.S. farm sector's total debt load would increase by 5.2% in nominal terms and 3.2% in real terms between 2025 and 2026. The 2026 forecast puts farm-sector debt at nearly $624.7 billion.

Figure 6 presents three financial ratios that compare balance sheet line items and help with interpreting solvency and liquidity. In terms of solvency, the USDA Economic Research Service forecasts the farm sector's debt-to-asset ratio to reach 13.49 and 13.75 in 2025 and 2026, respectively. The ratio averaged 13.27 from 2015 to 2024 — suggesting solvency risk has increased marginally. That said, according to the Farm Financial Standards Council, the forecast debt-to-asset ratios still suggest strong solvency; values less than 30 indicate strength.

The other two ratios tracked in the figure — current ratio and debt service ratio — reflect liquidity. In the ERS forecast, they also both weaken from 2025 to 2026. The current ratio is forecast at 1.99 in 2026. It averaged 1.91 from 2015 to 2024. The debt service ratio changes from 0.26 in 2025 to 0.28 in 2026, based on the forecast. It averaged 0.25 from 2015 to 2024. This ratio measures the proportion of agricultural production value and government payments needed to repay debt, so an increase means more resources needed to cover debt.

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

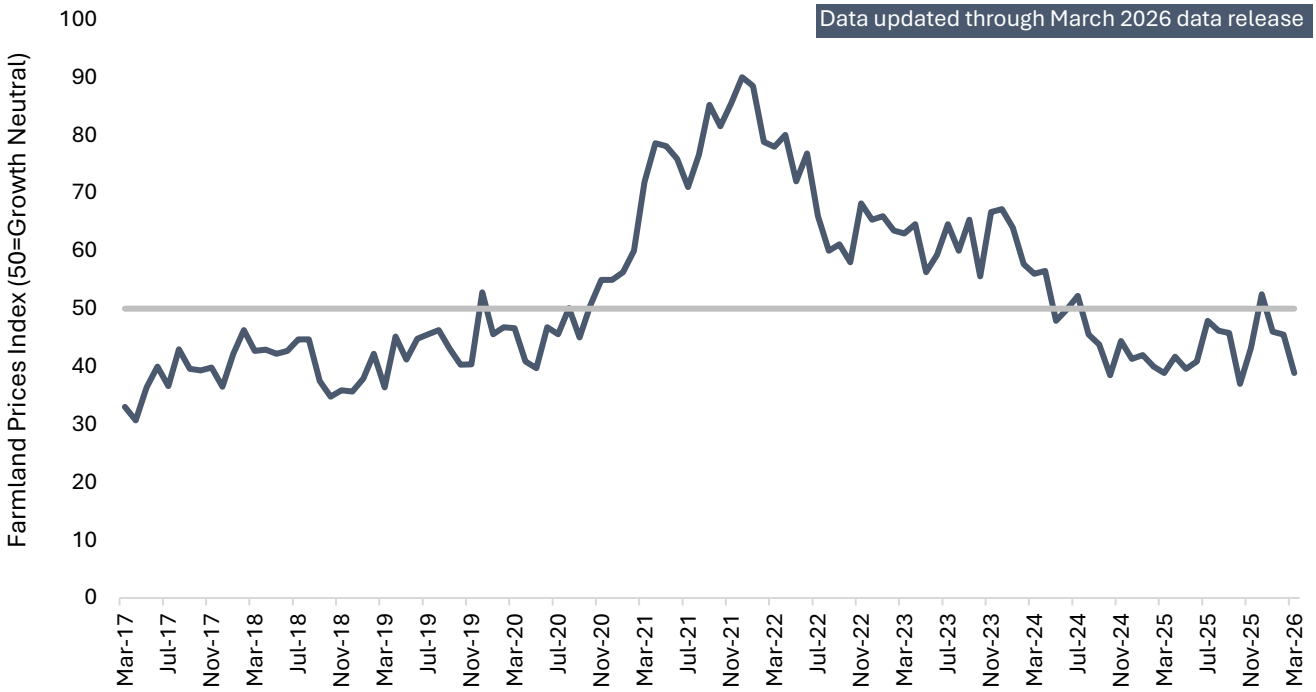


Source: USDA Economic Research Service (https://data.ers.usda.gov/reports.aspx?ID=4051).

Farm real estate greatly affects the balance sheet because farmland makes up a large share of farm assets. Two data sources offer insights into farmland markets. First, Creighton University's Rural Mainstreet Index reflects rural bank CEO and president perceptions about farmland prices.[5] The farmland prices index in December 2025 popped slightly above 50 — the growth-neutral index value — for the first time since mid-2024. During the first quarter of 2026, the farmland index dropped again. It reached 38.9 in March 2026. This suggests a decline in perceived values.

[5] CEOs and presidents participating in the Rural Mainstreet Index survey run community banks in 10 states: Colorado, Illinois, Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota and Wyoming.

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

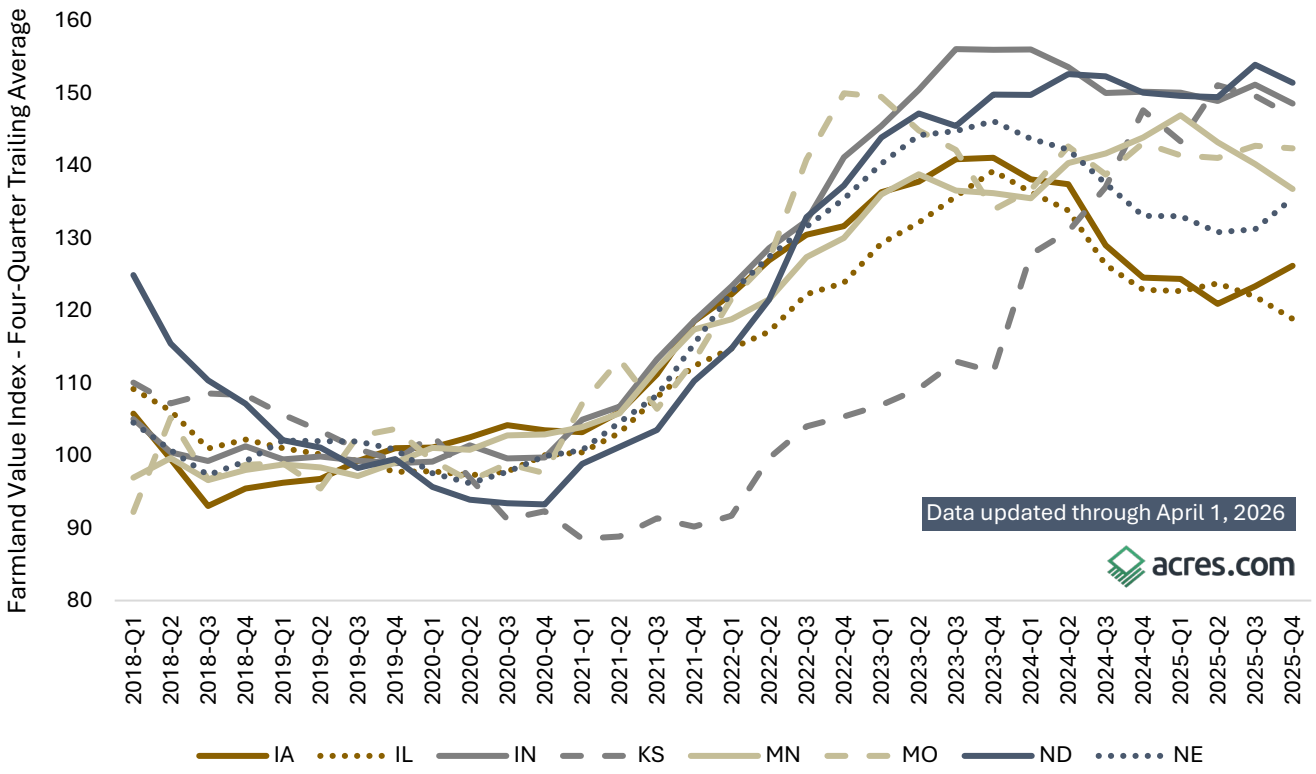


Source: Rural Mainstreet Index, Creighton University (https://www.creighton.edu/economicoutlook/mainstreeteconomy). Values greater than 50 suggest growth-positive conditions and less than 50 suggest growth-negative conditions. A 50-point value signals growth-neutral conditions.

As an alternative gauge of farmland market dynamics, the Acres Farmland Value Index expresses changes in farmland values based on transactions described in courthouse records and proprietary sales data. Figure 8 presents the four-quarter trailing farmland index from 2018 to 2025 for a subset of states — those for which RaFF produces biannual farm income outlook. A "100" index value would match the 2018-20 baseline, and values represent the extent to which median price per acre has changed compared with the baseline.

Between 2020 and 2023, index values largely followed similar upward trends across states, but they have been more disparate since mid-2023. Kansas was an exception as its quarterly index values largely lagged index values in other states through early 2024. In 2025, index values for North Dakota, Indiana, Missouri and Kansas changed little. Those for Minnesota and Illinois declined, and those for Iowa and Nebraska improved.

Figure 8. Acres Farmland Value Index, Four-Quarter Training Average by State



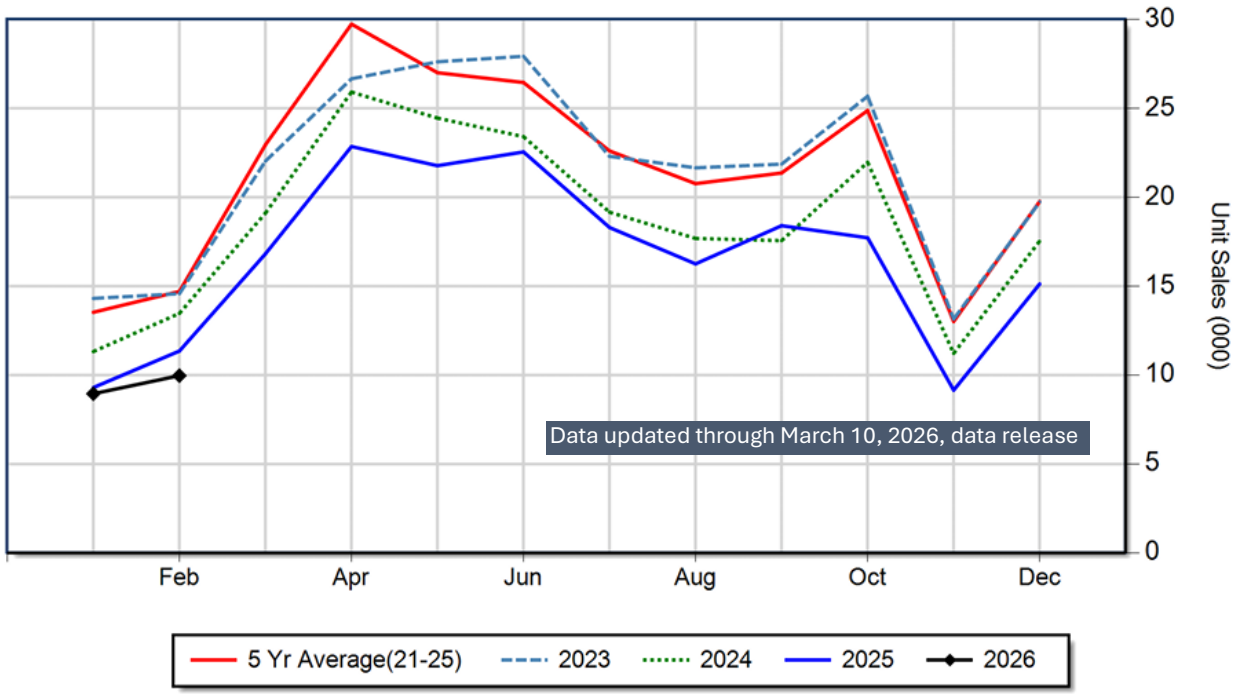
Source: Acres (https://www.acres.com/, https://landvalues.acres.com/) A 100-point value represents the 2018-20 baseline. The nondisclosure states with data shown (i.e., Kansas, Missouri) have limited transaction volume used to build the index.

Farm Machinery Market Dynamics

Machinery and equipment unit sales continue to post relatively low levels. Published by the Association of Equipment Manufacturers, Figure 9 shows that approximately 5,000 fewer tractors and combines were sold in February 2026 relative to the five-year average (2021-25) for February. The 10,000 units sold put February 2026 behind sales in the same month during recent years.

Comparing February 2025 and February 2026, unit sales declined by close to 12% for two-wheel drive tractors, all farm tractors and self-propelled combines. However, four-wheel drive tractor unit sales improved by 11.3%. Based on year-to-date sales data for 2026, tractor unit sales through February trailed the sales volume recorded for January and February 2025, but self-propelled combine unit sales grew in 2026 relative to 2025.

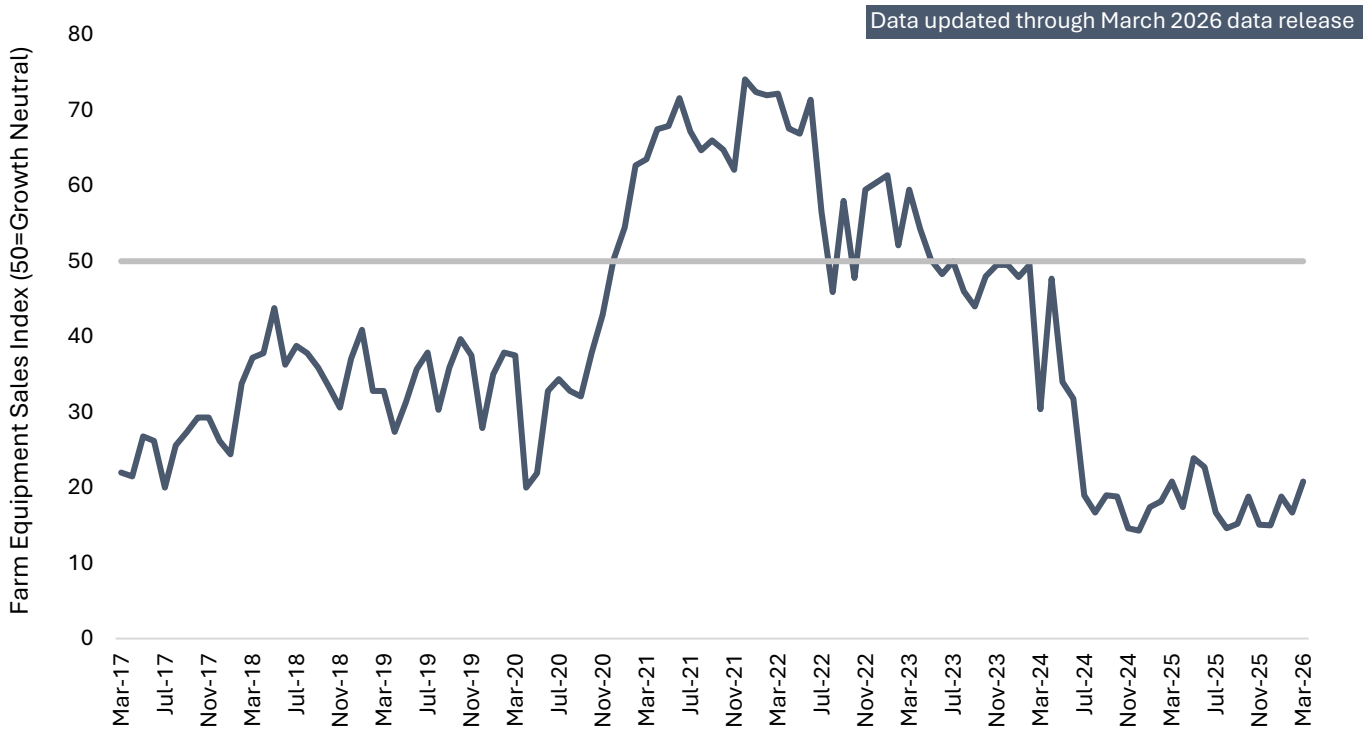
Figure 9. U.S. Retail Unit Sales of 2-4WD Tractors and Combines



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

The Creighton University Rural Mainstreet Index also publishes views that rural bank CEOs and presidents hold about farm equipment sales. Relative to late 2025, Figure 10 shows the farm equipment sales index value improved slightly during early 2026. It was 20.8 in March 2026. Not since June 2025 had the index value topped 20 points. Because a value less than 50 indicates less than growth-neutral conditions, the March index value suggests continued weaknesses in the farm equipment market.

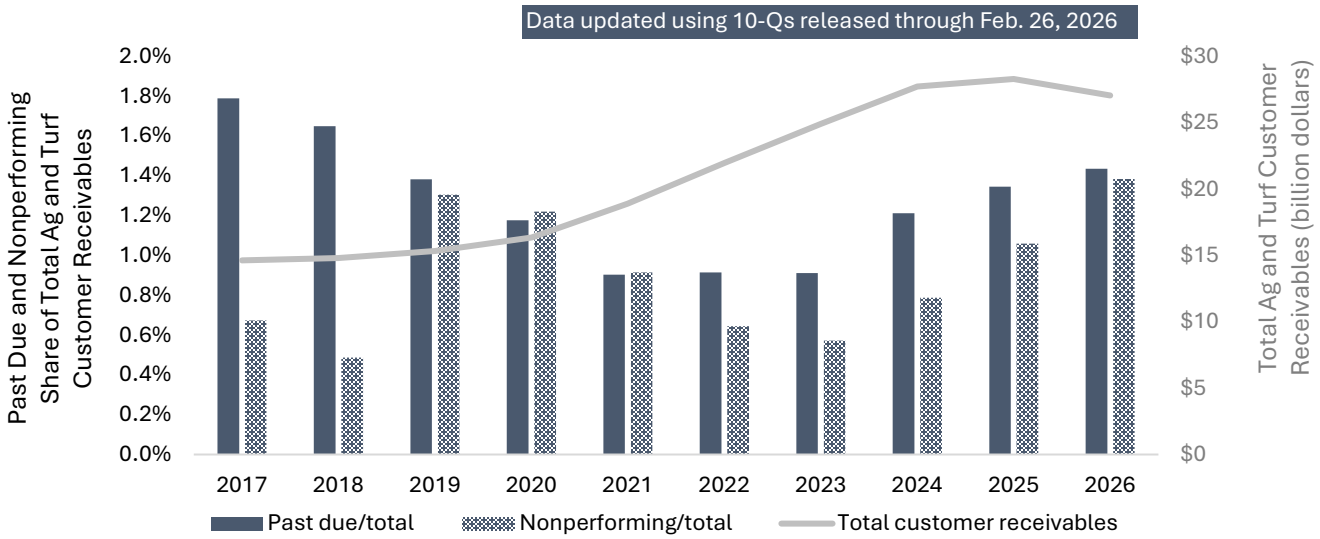
Figure 10. Monthly Farm Equipment Sales Assessment from Creighton University's Rural Mainstreet Index



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

In some cases, farm machinery companies finance customer purchases, and the credit quality of those loans provides additional information about borrowers' financial positions and the extent to which equipment sellers have collected on debt. John Deere Capital Corporation finances equipment purchases. Figure 11 illustrates it had a decline in total ag and turf receivables (i.e., retail notes and financing leases) in early 2026 compared with early 2025, according to quarterly reports submitted to the U.S. Securities and Exchange Commission. The early 2026 data also indicate that the shares of receivables classified as past due and nonperforming have continued to increase. The past due share was 1.4% in early 2026 compared with 1.3% in early 2025 and 0.9% in early 2021, 2022 and 2023. The nonperforming share also tallied 1.4% in early 2026 compared with 1.1% in early 2025 and 0.6% in early 2022 and 2023.

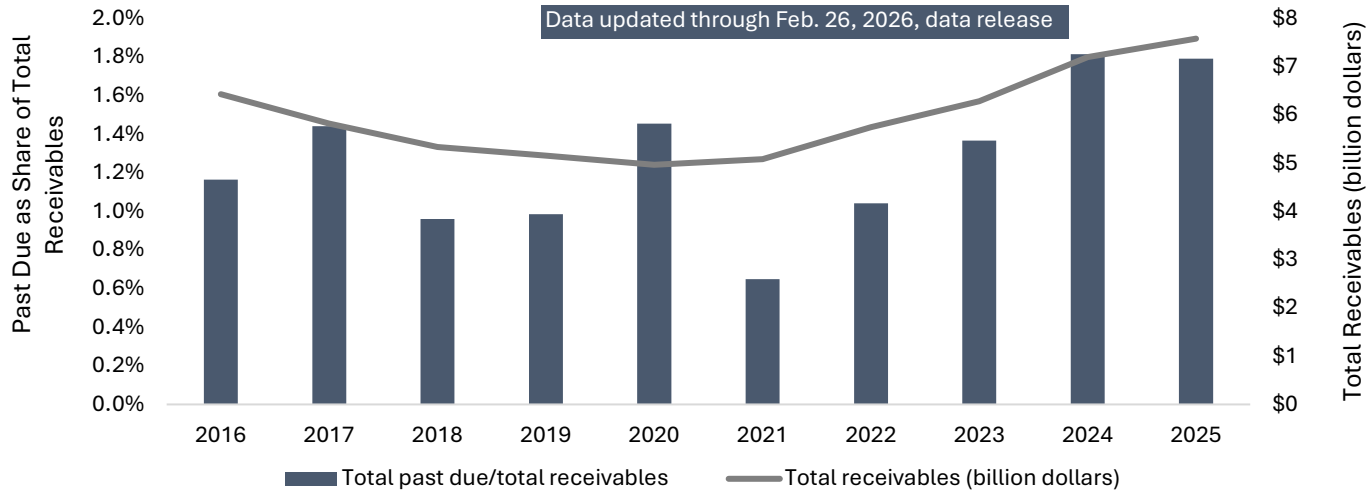
Figure 11. Credit Quality of John Deere Capital Corporation Agricultural and Turf Customer Receivables: Past Due and Nonperforming Receivables Relative to Total Receivables



Source: U.S. Securities and Exchange Commission (https://www.sec.gov/edgar/search/). Data reflect customer receivables (i.e., retail notes and financing leases) reported in late January or early February for the years noted.

CNH Industrial Capital offers financing to Case IH and New Holland customers. In its 2025 annual report filed with the U.S. Securities and Exchange Commission, the business listed total U.S. customer receivables at $7.6 billion — a slight increase from $7.5 billion in the prior year. Past due receivables as a share of the total increased to 2% on Dec. 31, 2025. Figure 12 highlights this share has elevated somewhat during the past five years. It was an estimated 0.7% on Dec. 31, 2021, and 1.7% on Dec. 31, 2024, before increasing to 2% in 2025.

Figure 12. Past Due Volumes as a Share of CNH Industrial Capital's Total U.S. Retail Customer Receivables and Total Retail Customer Receivables

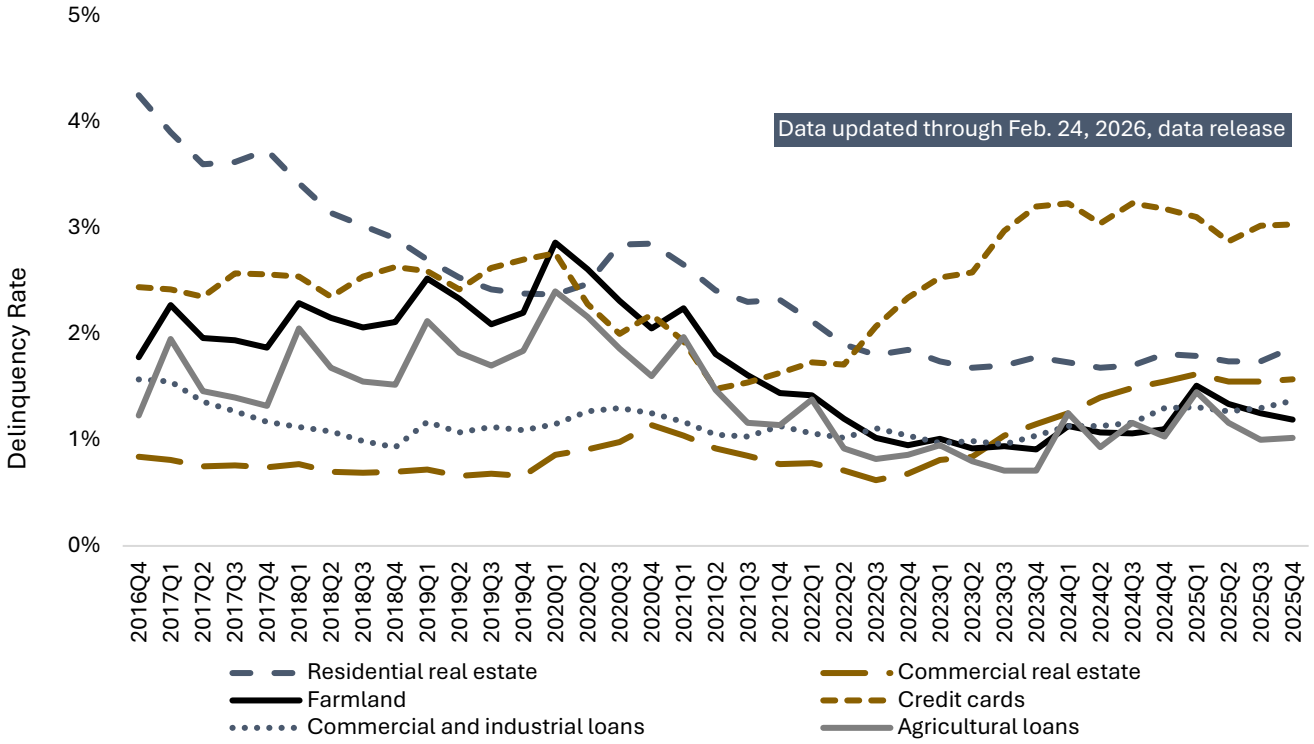


Source: U.S. Securities and Exchange Commission (https://www.sec.gov/edgar/search/). Data reflect Dec. 31 values for the years noted.

Credit Quality

Data about loan performance (e.g., delinquency and nonaccrual rates) communicate whether borrowers face financial stress to the extent they get behind on loan repayment. Of the loans extended by commercial banks, farmland and agricultural loans continue to have relatively low delinquency rates. Figure 13 shows average delinquency rates by loan type and quarter. Between the third and fourth quarters of 2025, average agricultural loan delinquency rates essentially had no change. For farmland loans, the share designated as delinquent declined slightly from 1.3% to 1.2%, and agricultural loan delinquency rates were flat at 1%. Comparing fourth quarter data from 2024 and 2025, farmland loan delinquency rates increased slightly on average from 1.1% to 1.2%. Ag loan delinquency rates averaged no change.

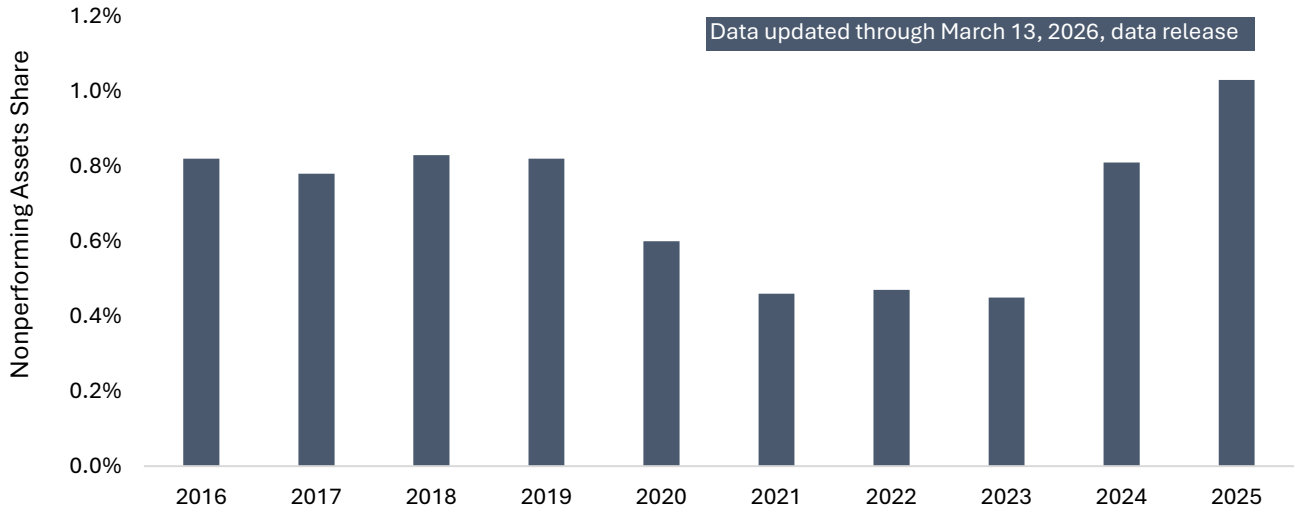
Figure 13. Loan Delinquency Rates* as a Share of Loan Volume by Loan Type



* 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).

Year-end credit quality indicators reported by Farm Credit have continued to deteriorate. Figure 14 follows nonperforming assets as a share of loans and other property owned from 2016 to 2025. After posting relatively flat levels near 0.8% from 2016 to 2019, the nonperforming assets share improved from 2020 to 2023. It then elevated in a stair-step fashion through 2025 — from 0.45% in 2023 to 1.03% in 2025. The 10-year average was 0.71%.

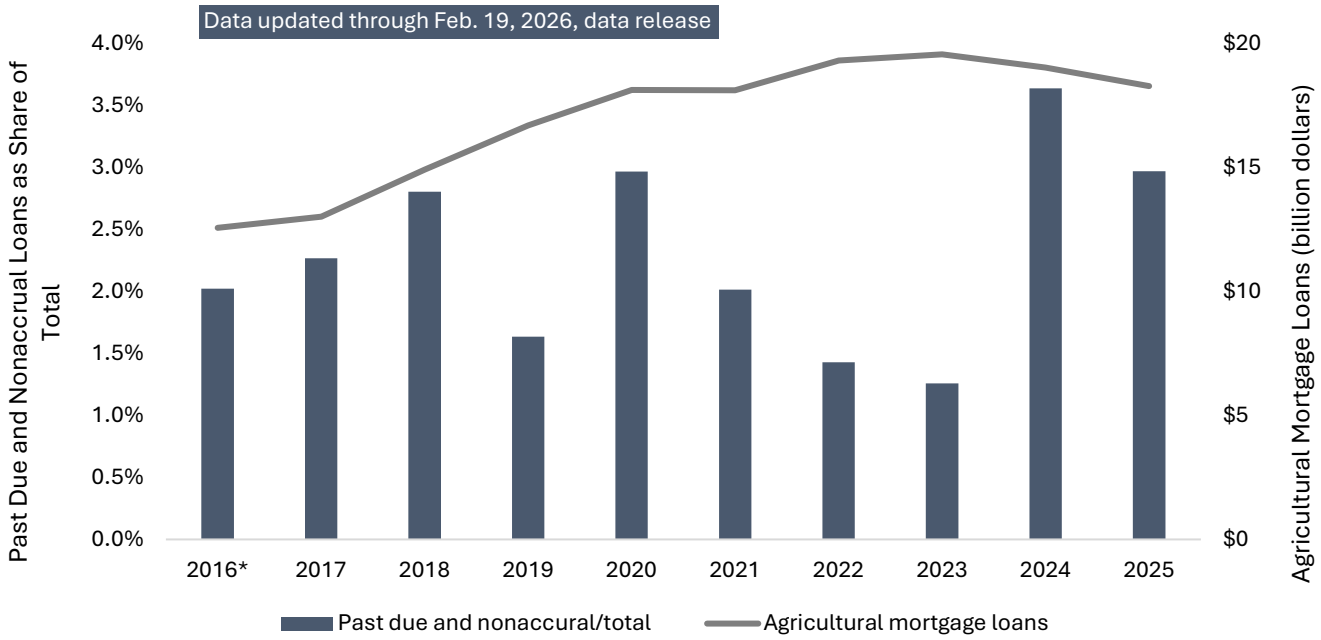
Figure 14. Nonperforming Assets as Share of Loans and Other Property Owned



Source: Farm Credit Administration (fca.gov/bank-oversight/major-financial-indicators)

The MetLife Inc. loan portfolio includes agricultural mortgages. On Dec. 31,2025, the business held $18.3 billion in ag mortgages on an amortized cost basis — a slight decline relative to year-end volumes reported in 2022, 2023 and 2024 as Figure 15 shows. Of these ag mortgages, 3% had credit quality concerns in 2025 as they were past due, past due and still accruing interest or nonaccrual. This metric marks a slight improvement compared with Dec. 31, 2024, when 3.6% of the MetLife Inc. ag mortgages were past due, past due and still accruing interest or nonaccrual.

Figure 15. Credit Quality of MetLife Agricultural Mortgage Loans



* No category shown for past due and still accruing interest in 2016. Data reflect Dec. 31 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/).

About the Indicators

The Leading Indicators of Farm Financial Stress initiative tracks 15 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 winter 2026 brief in January 2026, and RaFF anticipates it will release the summer 2026 brief in July 2026.

The risk ratings and year-over-year change assessments shown in Table 1 reflect data interpretations provided by an expert panel of public- and private-sector economists who have market outlook, farm management or farm finance specialties. Each quarter, as many as 22 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[6] ranges from 1 = significant deterioration to 10 = significant improvement). They provide ratings for each indicators class and the farm economy overall. Table 1 reports the economists' collective view of the farm economy.

Contact Information

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