

19 January, 2017 – Laramie, WY

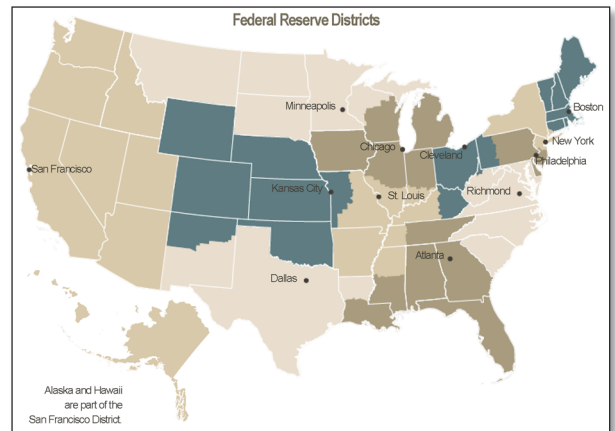
Federal Reserve Beige Book Summary on the Ag Sector in Western States

The Beige Book is a Federal Reserve System publication about current economic conditions across the 12 Federal Reserve Districts. It characterizes regional economic conditions and prospects based on a variety of mostly qualitative information, gathered directly from District sources.

Because this information is collected from a wide range of business and community contacts through a variety of formal and informal methods, the Beige Book can complement other forms of regional information gathering.

Minneapolis District

District agricultural conditions remained weak, with bountiful harvests offset by low commodity prices. Some District logging operations were reducing production in response to low timber prices. Activity in the energy sector was up slightly. Regulators approved an environmental permit for a large wind power development in South Dakota. District oil and gas drilling as of late-December was roughly unchanged from a month earlier; however, reports indicated that multiple firms were hiring oilfield service crews.



Kansas City District

Farm income expectations weakened slightly as most agricultural commodity prices remained lower than a year ago. In the livestock sector, cattle prices declined from the previous year due to growing inventories, and hog prices also remained lower than year-ago levels. In the crop sector, large corn and wheat inventories kept prices subdued, but strong yields in some areas helped to offset losses from low prices. However, strong export demand boosted soybean prices moderately from a year ago. With the exception of soybeans, livestock and crop prices remained below the cost of production for some producers. District contacts reported weaker loan repayment rates than the previous year as farm income and cash flow continued to tighten. Weaker farm income and credit conditions also continued to pressure farmland values downward modestly.

San Francisco District

Activity in the agriculture sector was mixed over the reporting period. Demand for timber products remained strong. Harvests of cherries and apples grew at a moderate pace. Profit margins in the dairy industry improved somewhat. However, contacts noted that dairy producers' investment in equipment was sluggish and focused on replacing aging machinery. Dollar appreciation slowed beef exports, and profitability remains a concern for many producers. Contacts reported that some farmers in California took land out of production due to drought conditions and labor shortages.

The Beige Book summary was prepared at the Federal Reserve Bank of Boston based on information collected on or before January 9, 2017. The document summarizes comments received from contacts outside the Federal Reserve System and is not a commentary on the views of Federal Reserve officials.

For information about the Agricultural Sector in other Federal Reserve Districts or to access the complete Federal Reserve Beige Book summary, see: https://www.federalreserve.gov/monetarypolicy/beigebook/files/Beigebook_20170118.pdf.