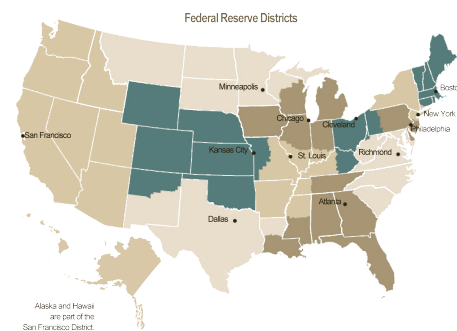


## Federal Reserve Beige Book Summary on the Ag Sector

The Beige Book is a Federal Reserve System publication covering 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 complements other forms of regional information gathering.



### National Summary

Most Federal Reserve Districts reported that economic activity increased modestly since December 2020, although conditions remained varied: two Districts reported little or no change in activity, while two others noted a decline. Reports on consumer spending were mixed. Some Districts noted declines in retail sales and demand for leisure and hospitality services, largely owing to the recent surge in COVID-19 cases and stricter containment measures. Most Districts reported an intensification of the ongoing shift from in-person shopping to online sales during the holiday season. Banking contacts saw little or no change in loan volumes, with some anticipating stronger demand from borrowers in coming months for new government-backed lending programs.

**Atlanta** - Alabama, Florida, and Georgia; 74 counties in the eastern two-thirds of Tennessee; 38 parishes of southern Louisiana; and 43 counties of southern Mississippi.

Agricultural conditions were mixed. While drought-free conditions prevailed in most of the District, some abnormally dry conditions were reported. Some counties in Alabama, Florida, Louisiana, and Tennessee were designated as natural disaster areas due to losses suffered from earlier hurricanes and storm damage. December production forecasts for Florida's orange and grapefruit crops were down from the previous report's forecasts and below last year's production. The USDA reported year-over-year prices paid to farmers in November were up for corn, cotton, and soybeans but down for rice, cattle, broilers and eggs while milk prices were unchanged. On a month-over-month basis, prices increased for corn, cotton, rice, soybeans, cattle, broilers, and milk but decreased for eggs.



**Chicago** - Iowa; 68 counties of northern Indiana; 50 counties of northern Illinois; 68 counties of southern Michigan; and 46 counties of southern Wisconsin.

Agricultural income for 2020 was better than contacts expected at the beginning of the year and at the onset of the pandemic. Contacts viewed government payments as an important reason many farms had profits. Corn and soybean prices continued to move higher over the reporting period, spurred by strong export demand. A larger than usual number of acres were planted with winter wheat, encouraged by higher prices for wheat and good fall weather. Dairy prices were volatile over the reporting period but ended close to where they started. Cattle prices were generally up, but hog prices moved down. Farmland values increased some. Ethanol producers continued to struggle, but some were helped by growing demand for byproducts such as carbon dioxide for dry ice.



**St. Louis** - Arkansas; 44 counties in southern Illinois; 24 counties in southern Indiana; 64 counties in western Kentucky; 39 counties in northern Mississippi; 71 counties in central and eastern Missouri; the city of St. Louis; and 21 counties in western Tennessee.

District agriculture conditions have remained relatively unchanged since the previous report. The percentage of winter wheat in the District rated fair or better, slightly increased from the end of October to the beginning of December. Wheat conditions are modestly worse than the same period one year ago.



**Minneapolis** - Minnesota, Montana, North Dakota, and South Dakota; the Upper Peninsula of Michigan; and 26 counties in northern Wisconsin.

Agricultural conditions improved modestly on strong harvests and recent increases in some commodity prices. However, contacts in the industry cautioned that much of the recent growth in farm incomes has been due to increased government aid rather than improved market conditions.



**Kansas City** - Colorado, Kansas, Nebraska, Oklahoma, and Wyoming; 43 counties in western Missouri; and 14 counties in northern New Mexico.

Conditions in the Tenth District agricultural economy and prospects for farm income improved modestly since the previous reporting period alongside further increases in crop prices. District contacts reported that direct government payments had provided robust support for farm incomes, and expected the sharp increase in crop prices during recent months to further improve profits. Since the previous period, crop prices increased moderately and were well above a year ago. In addition to higher prices, strong crop yields in some parts of the District boosted revenues further, particularly in Missouri. Profit opportunities for livestock producers in the District were more limited. Cattle prices were generally stable, but remained well below a year ago. Hog prices declined slightly over the period, but were slightly higher than a year ago.



**Dallas** - Texas; 26 parishes in northern Louisiana; and 18 counties in southern New Mexico.

Drought conditions intensified further, particularly in the western part of the District. Demand for agricultural products remained solid. Crop and cattle prices rose over the past six weeks, though cheese prices fell dramatically. Higher crop prices boosted sentiment, as current levels are profitable for many producers given normal yields.



**San Francisco** - Alaska, Arizona, California, Hawaii, Idaho, Nevada, Oregon, Utah, and Washington—plus American Samoa, Guam, and the Commonwealth of the Northern Mariana Islands

Agricultural activity increased slightly over the reporting period. Demand for agricultural products grown in California and the Pacific Northwest expanded both domestically and internationally, as exports benefitted from a depreciated dollar. Sales of wheat, fruit, raisins, and nuts to global markets picked up near year-end, with shipments of almonds reaching record highs according to a contact who provides transportation services for the agricultural sector. Inventories fell somewhat from the Federal Reserve Bank of San Francisco prior reporting period but remained high. Fires in California's Central Valley impacted production capacity for some farmers and livestock ranchers, but the total impact is yet to be determined.



### For more information:

To access the complete Federal Reserve Beige Book summary, see: [https://www.federalreserve.gov/monetarypolicy/files/BeigeBook\\_20210113.pdf](https://www.federalreserve.gov/monetarypolicy/files/BeigeBook_20210113.pdf).

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