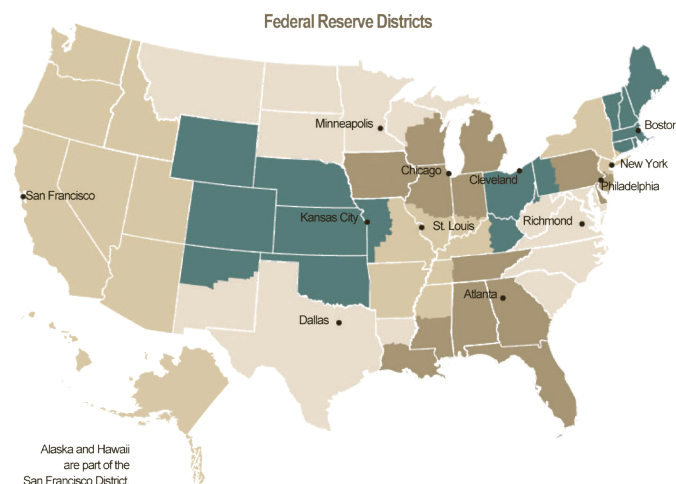


## Federal Reserve Beige Book: Summary on the Agricultural Sector

**T**he 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.



### National Summary

National economic activity accelerated to a moderate pace from late February to early April. Consumer spending strengthened. Reports on tourism were more upbeat, bolstered by a pickup in demand for leisure activities and travel which contacts attributed to spring break, an easing of pandemic-related restrictions, increased vaccinations, and recent stimulus payments among other factors. Agricultural conditions were mostly stable over the reporting period.

**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 remained mixed. Abnormally dry conditions persisted in some areas. On a month-over-month basis, the March production forecast for Florida's orange crop was down while the grapefruit production forecast was unchanged; both forecasts were below last year's production. The USDA reported year-over-year prices paid to farmers in February were up for corn, cotton, soybeans, broilers, and eggs but down for cattle and milk; rice was unchanged. On a month-over-month basis, prices increased for corn, cotton, rice, soybeans, cattle, broilers, and eggs, but decreased for milk.



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

Prospects for agriculture income in 2021 improved as many agricultural prices rose and more federal support was announced. Corn and soybean prices moved higher during the reporting period, while wheat prices lagged. Dry conditions in much of the District set the stage for a fast planting season, with some types of planting already having begun. Cattle, egg, hog, and dairy prices increased during late February and March. While higher feed costs hurt livestock producers, the outlook for profits was still good. Farm equipment sales continued to be strong, and farmland values again rose.



**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 agricultural conditions differed little from the previous reporting period. Row crop acres planted was relatively unchanged compared with the same period in 2020, although planting was up moderately in Kentucky, Tennessee, and Mississippi. Corn and rice were planted in lesser quantities compared with last year, while cotton and soybean acreage increased. A national agricultural lender contact indicated an optimistic outlook for the industry. They noted they are returning to operating at pre-pandemic levels and expect strong growth in 2021.



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

Agricultural conditions improved briskly heading into spring planting, as prices for many commodities continued to increase well above their recent levels. Despite some recovery in crude oil prices, drilling activity in the Bakken area increased only slightly compared with the previous report. Industry contacts said that maintenance and service activity on wells had increased, but oilfield employment was still down dramatically from its pre-pandemic level. Iron ore mines continued to operate at capacity since the previous report, while contacts in nonferrous mining reported steady to slightly increased demand.



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

Agricultural economic conditions in the Tenth District remained favorable, but prospects in the cattle industry were slightly weaker than for other major commodities. Contacts continued to report that strong crop prices were supporting a profitable outlook for most producers. However, the price of fertilizers used in crop production increased rapidly in March, and while many farmers likely had already purchased inputs for the 2021 growing season, a sustained increase in expenses could reduce profit margins going forward. In the livestock sector, hog prices increased sharply in March, while cattle prices remained stable and below pre-pandemic levels. In addition to weak price conditions, drought and higher feeding costs, cattle producers in the southern portion of the District also were adversely impacted by recent winter weather events.



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

Drought conditions eased somewhat in parts of the District but intensified in others. Row crop planting was underway with low soil moisture a concern. Crop prices remained largely profitable and some pushed higher over the reporting period, spurring optimism among producers. While the winter wheat crop did not suffer much damage from Winter Storm Uri, damage to other areas of Texas agriculture (citrus, livestock, and vegetables) is estimated to exceed \$600 million.



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

Conditions in the agriculture and resources sectors remained stable overall. Inclement weather negatively affected some crop yields, but sales of wheat, corn, raisins, nuts, fruit, and soybeans were generally steady. Inventories moved down but from relatively high levels earlier in the year. Growers reported seeing some tapering in demand from abroad on account of an appreciating dollar. Others noted ongoing negative effects of international supply chain disruptions, which were exacerbated by the temporary closure of the Suez Canal.

Contacts also mentioned continued concerns about COVID-related labor shortages. In California, producers highlighted low water availability as a risk to production. Demand for timber remained elevated, and higher oil prices and additional permit issuances bode well for drillers even though little activity was observed in terms of new oil wells over the reporting period.



**For more information:**

For more information on other sectors of the U.S. economy or to access the complete Federal Reserve Beige Book summary, see: [https://www.federalreserve.gov/monetarypolicy/files/BeigeBook\\_20210414.pdf](https://www.federalreserve.gov/monetarypolicy/files/BeigeBook_20210414.pdf).