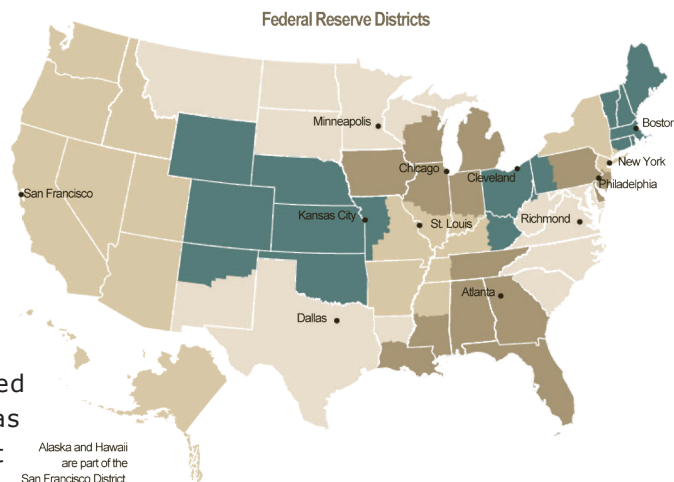


## Federal Reserve Beige Book: Summary on the Ag Sector

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.

### National Summary

Economic activity maintained a slight to modest pace of growth in a majority of Districts this reporting cycle. However, while seven Districts reported some level of increase in activity, five noted flat or declining activity—three more than in the prior reporting period. Wages continued to grow at a modest to moderate pace in most Districts, while prices were generally reported to have risen modestly. Household spending was little changed this period according to most District banks. Auto sales varied across Districts this cycle, but some Districts noted that sales were lower due in part to a cyberattack on dealerships and high interest rates. Most Districts saw soft demand for consumer and business loans. Reports on residential and commercial real estate markets varied, but most banks reported only slight changes, if any, in recent weeks. Travel and tourism grew steadily and was on par with seasonal expectations. **Agricultural conditions varied in tandem with sporadic droughts across the nation.** Districts also reported widely disparate trends in manufacturing activity ranging from brisk downturn to moderate growth. Retail restocking spurred slight growth in transportation activity. Meanwhile, tight capacity in ocean shipping led to a surge in spot rates. Expectations for the future of the economy were for slower growth over the next six months due to uncertainty around the upcoming election, domestic policy, geopolitical conflict, and inflation.



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

Farm income expectations for the District waned in late May and June as key crop prices declined. Contacts indicated that farmers were slow to sell crops from storage and were holding back on selling ahead from their anticipated fall harvest, in part because of low prices. Although recent flooding covered some acres, corn and soybean planting recovered from earlier weather-related challenges across much of the District, and overall crop conditions were off to a better start than in recent years. Corn, soybean, and wheat prices were lower, with a strong wheat harvest already underway. A contact noted that an early wheat harvest would free up fields for second crop soybeans sooner than usual, allowing the soybeans to mature for longer. Milk and egg prices were higher, while hog prices faltered. Cattle prices were flat at a high level.



**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.

Overall agriculture conditions have remained stable since our previous report. The share of major District crops of soy, rice, corn, and cotton rated fair or better declined slightly in every state except Tennessee, where the share remained the same. Despite extreme high heat, soil conditions have improved relative to the drought conditions observed last growing season. District contacts reported that rains earlier in the year have helped protect against high temperatures, but high temperatures remain a concern. Contacts in



agriculture equipment and services stated that the slowdown in transactions relative to their peak in 2021–2022 has continued.

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

District agricultural conditions weakened since the last report. Lenders responding to an agricultural credit conditions survey overwhelmingly reported decreased farm incomes in the second quarter of 2024 relative to a year earlier, with expectations for further declines in the coming three months. Poultry producers were concerned about an avian influenza outbreak in the region. While ample precipitation was welcomed in some areas previously affected by drought, other areas were experiencing catastrophic flooding or delayed planting due to excess moisture. District oil and gas exploration activity was unchanged since the previous report.



**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 subdued alongside weak crop prices. The latest planting estimates and favorable growing conditions suggested corn and soybean production could be strong, factors that are likely to weigh on prices. Grain stocks from last year also remained elevated within District states and across the U.S., putting additional downward pressure on prices and reducing revenue opportunities. Cattle prices remained strong and continued to support favorable profit opportunities for cow/calf producers. Contacts throughout the region reported some deterioration in financial conditions for farm borrowers that was more pronounced in areas more heavily reliant on crop revenues and less concentrated in cattle production. In addition, elevated production costs, interest expenses and farm household expenditures remained primary concerns for many agricultural lenders.



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

Crop and pasture conditions broadly improved with sufficient rainfall in most areas, particularly early in the reporting period. Livestock conditions were strong with little to no supplemental feeding needed thanks to ample availability of grazing and hay, while cattle prices continued to strengthen. Expected row crop production is promising, with moisture conditions much more favorable than last year. However, crop prices have fallen to levels below the cost of production for many producers, even with average 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

Activity in the agriculture and resource-related sectors decreased slightly. Crop yields and past harvest inventories of tree fruit, tree nuts, and seafood remained high, reducing prices to below the cost of production for apples, grapes, raisins, walnuts, almonds, and frozen salmon. Domestic demand from food services and the retail sector was stable but generally soft, and demand from abroad remained solid. Packaging and transportation costs reportedly decreased somewhat, and water availability was largely stable. Weaker domestic and foreign demand for harvested timber led landowners to reduce production in recent weeks.



**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/publications/beige-book-default.htm>.