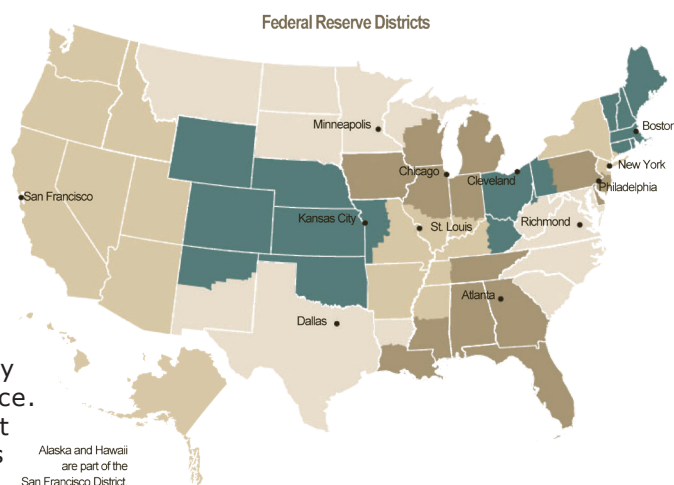


## Federal Reserve Beige Book: Summary on the Agricultural Sector

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

Overall economic activity rose slightly since mid-January. Six Districts reported no change, four reported modest or moderate growth, and two noted slight contractions. Consumer spending was lower on balance, with reports of solid demand for essential goods mixed with increased price sensitivity for discretionary items, particularly among lower-income shoppers. Unusual weather conditions in some regions over recent weeks weakened demand for leisure and hospitality services. Vehicle sales were modestly lower on balance. Manufacturing activity exhibited slight to modest increases across a majority of Districts. Contacts in manufacturing, ranging from petrochemical products to office equipment, expressed concerns over the potential impact of looming trade policy changes. Banking activity was slightly higher on balance among Districts that reported on it. Residential real estate markets were mixed, and reports pointed to ongoing inventory constraints. Construction activity declined modestly for both residential and nonresidential units. Some contacts in the sector also expressed nervousness around the impact of potential tariffs on the price of lumber and other materials. **Agricultural conditions deteriorated some among reporting Districts.** Overall expectations for economic activity over the coming months were slightly optimistic.



**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 for District crop producers in 2025 was expected to be similar to 2024, though livestock producers could fare better. Contacts noted higher-than-normal uncertainty given potential for federal policy shifts, especially regarding trade. Corn, soybean, and wheat prices increased during the reporting period, leading many farmers to sell stored crops at higher prices than were available during harvest. Major shipping challenges that farmers confronted in late 2024 were largely resolved, though there were still some train delays to Mexico. While input costs were stable for most products, prices for some fertilizers rose. Contacts noted an acceleration in the use of precision farming technologies, which can lower input costs and improve yields. Cattle, hog, and cheese prices rose, while milk prices declined. Egg prices hit record levels as avian influenza continued to reduce the number of laying hens. Contacts reported signs of greater financial stress among farm borrowers as delinquencies edged up but said that most problems could be resolved with modest loan restructuring. Financing for farm operations was seen as readily available.



**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.

Agriculture conditions have deteriorated since our previous report and remain historically weak. A contact in Memphis noted that the current agriculture market was in a worse spot than the same time last year, with low cash flows due to high input costs and low commodity prices. Contacts noted that tariffs, policy uncertainty, and lack of clarity regarding Farm Bill safety nets were negatively impacting the sector. Some farmers also reported having no expectation of profits in the 2025 crop year, and others have gone out of business. Bankers expressed concern about this sector, noting that they must be cautious; many have tightened their credit standards for agriculture lending. Farmers in



How Much Risk is Right for You?

Northwest Tennessee reported they would have to clean farms before planting could take place this year due to major flooding in the area.

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

District agricultural conditions were steady at weak levels. Some contacts expressed concern about the possibility of widespread drought conditions persisting into the growing season. A contact reported that turkey producers in the region were “in a good place” with respect to the impact of H5N1 avian influenza due to investments in bio security.



**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 improved slightly but remained relatively weak. Crop prices increased moderately in January, but profit opportunities were still narrow. Strong cattle prices continued to support profits among producers, however, low cattle inventories have been a challenge for beef processors. Contacts in several industries cited recent developments related to trade policy as a key concern, noting the potential for price volatility and uncertainty about the stability of current trade relationships. Those concerns about trade policy weighed on reported sentiment overall, but contacts noted the planned ad hoc assistance associated with the American Relief Act will provide broad support to the farm sector that could mitigate financial stress for some producers.



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

Drought conditions were largely contained to the southwest parts of the District, while most other areas had adequate soil moisture. Most crop prices remained at largely sub-profitable levels, though grain prices moved up over the reporting period. Corn prices rose to a value that is profitable for most Texas farmers, assuming the weather cooperates. Overall, most contacts expect favorable growing conditions this spring. Cattle prices rose further to record highs, driven by solid demand and ebbing supply. Egg prices have increased sharply as the outbreak of avian influenza continues to impact egg farms across the U.S.



**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 resource-related sectors weakened slightly, as in the prior reporting period. Domestic produce sales were solid, but overall exports of agricultural products were down, particularly sales to Asian markets. Yields remained high for permanent crops such as apples, though some contacts reported that weather-related issues reduced produce supply levels. Producers and growers continued to invest in automation to address labor shortfalls. Some contacts observed weaker financial conditions in the industry, citing examples of late contract payments and requests for loan modifications. Producers across the District expressed uncertainty about the impact of recent changes to immigration and trade policies on labor availability, international demand, input costs, and final retail prices.



**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>.