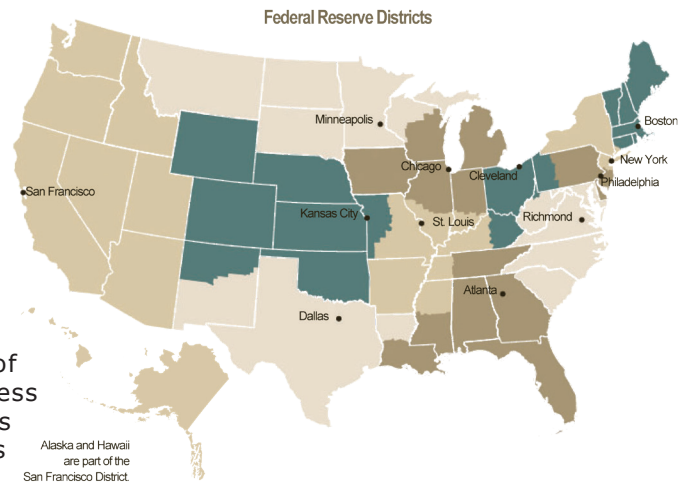


Federal Reserve Beige Book: Summary on the Ag Sector

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 was little changed since the previous report, but uncertainty around international trade policy was pervasive across reports. Just five Districts saw slight growth, three Districts noted activity was relatively unchanged, and the remaining four Districts reported slight to modest declines. Non-auto consumer spending was lower overall; however, most Districts saw moderate to robust sales of vehicles and of some nondurables, generally attributed to a rush to purchase ahead of tariff-related price increases. Both leisure and business travel were down, on balance, and several Districts noted a decline in international visitors. Home sales rose somewhat, and many Districts continued to note low inventory levels. Commercial real estate (CRE) activity expanded slightly as multifamily propped up the industrial and office sectors. Loan demand was flat to modestly higher, on net. Several Districts saw a deterioration in demand for non-financial services. Transportation activity expanded modestly, on balance. Manufacturing was mixed, but two-thirds of Districts said activity was little changed or had declined. The energy sector experienced modest growth. **Agricultural conditions were fairly stable across multiple Districts.** Cuts to federal grants and subsidies along with declines in philanthropic donations caused gaps in services provided by many community organizations. The outlook in several Districts worsened considerably as economic uncertainty, particularly surrounding tariffs, rose.



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 2025 were largely unchanged, though there was greater uncertainty due to trade policy announcements. Contacts expressed concerns about potentially losing export markets but also mentioned that greater purchases of agricultural products could be a way for some countries to lower trade deficits with the US. Corn, soybean, and wheat prices decreased. Fieldwork was underway to prepare for planting, though abundant moisture slowed preparations in the eastern part of the District. Contacts expected slightly more corn acres to be planted instead of soybeans given relatively favorable price movements for corn and a perception of greater export exposure for soybeans. While input prices for farmers rose some, vendors had cut financing rates to incentivize sales, in some cases down to 0 percent. Cattle prices increased, while egg, dairy and hog prices decreased. Contacts reported that livestock operations were in better financial shape than crop operations. There were limited sales of new farm machinery.



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 been unchanged since our previous report. Wet soil conditions combined with significant rainfall has delayed planting, and in some areas, flooding will require replanting of crops. A farmer in Arkansas reported not being able to sleep for three days due to the disruptions caused by the flooding. While operating incomes for row-crop farms are expected to be negative in 2025, government supports are expected to offset losses. The outlook for meat and poultry producers is more favorable due to low feed prices and stable demand, particularly for home consumption. Contacts reported elevated levels of uncertainty regarding the economic outlook and trade policy but have not made any significant changes to their operations.



How Much Risk is Right for You?

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

District agricultural conditions remained weak heading into planting season. Grain producers continued to struggle due to low commodity prices, while cattle operations were stronger. Industry sources were concerned about widespread drought conditions because, as one contact noted, “liquidity on balance sheets is gone and another bad year would be very difficult to survive for most farmers.”



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

Economic conditions in the Tenth District farm economy weakened early in April. Prices for several key commodities declined alongside increased uncertainty surrounding export prospects. Profit opportunities for crop producers remained limited. In the latest survey of agricultural credit conditions, lenders reported gradual deterioration in farm loan repayment rates and notable increases in carryover debt and loan restructuring compared to a year ago. Credit conditions weakened comparatively more in portions of the District most heavily concentrated in crop production while strong cattle prices supported farm finances in other areas. Production costs, elevated living expenses, and further declines in working capital were cited as key concerns, with some contacts noting that more highly leveraged borrowers were selling longer-term assets to improve liquidity.



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

Drought conditions persisted in parts of the district, though widespread rainfall was received late in the reporting period and provided much-needed moisture. Some extreme weather was seen, from wind and dust storms in the Texas panhandle to flooding along the coast. Grain prices moved down. Cattle and beef prices continued to trend up over most of the reporting period, with beef prices rising to new highs, though cattle prices faltered somewhat in early April. Drought conditions are a hurdle for ranchers looking to expand their herds. Looking ahead, contacts expressed some concern for agricultural exports due to tariff impacts.



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 remained mostly unchanged. Retail demand for agricultural products was solid overall. Contacts raised concerns that changes in trade policy could reduce demand for agricultural exports, particularly fruits and nuts. Crop yields were solid, and early indications for this growing season were good. Labor availability was largely sufficient to meet demand, though contacts worried about future availability constraints from changes in immigration policy. Production costs remained elevated due to weather-related disruptions and high input costs. At the same time, prices that growers received for many agricultural commodities, such as corn, wheat, and hay, were reportedly low. Contacts held back on planned capital investments, citing high costs and uncertainty about future 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>.