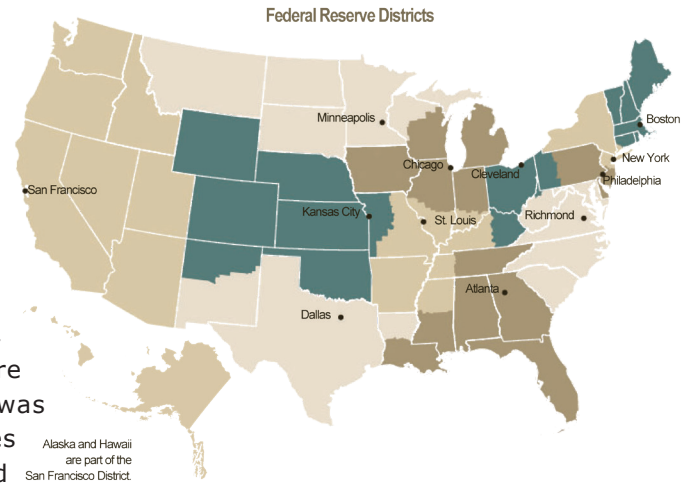


## Federal Reserve Beige Book: Summary on the Ag Sector

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

On balance, economic activity slowed since the previous report, with four Districts reporting modest growth, two indicating conditions were flat to slightly down, and six noting slight declines in activity. Retail sales, including autos, remained mixed; sales of discretionary items and durable goods, like furniture and appliances, declined, on average, as consumers showed more price sensitivity. Travel and tourism activity was generally healthy. Demand for transportation services was sluggish. Manufacturing activity was mixed, and manufacturers' outlooks weakened. Demand for business loans decreased slightly, particularly real estate loans. Consumer credit remained fairly healthy, but some banks noted a slight uptick in consumer delinquencies. *Agriculture conditions were steady to slightly up as farmers reported higher selling prices; yields were mixed.* Commercial real estate activity continued to slow; the office segment remained weak and multifamily activity softened. Several Districts noted a slight decrease in residential sales and higher inventories of available homes. The economic outlook for the next six to twelve months diminished 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.

Demand for agriculture rose slightly in recent weeks. Recent cattle herd liquidation constrained the supply of beef, driving prices up. Meanwhile, the supply of dairy was down as high beef prices led to an increase in dairy cows being slaughtered, resulting in higher dairy prices. Poultry farmers expressed growing optimism as stronger demand allowed some to turn a profit again after losing money amid low prices. Most row crops produced strong yields, but demand for cotton remained low.



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

Projected farm income in the District was little changed over the reporting period as both expenses and expected revenues moved lower. Despite widespread drought, there were reports of record yields across multiple states and crop types, including corn, soybeans, tomatoes, and wheat. One contact mentioned that early and dry spring planting contributed to better-than-expected crop yields. Corn and soybean prices dropped to their lowest levels in over two years, while wheat prices were flat. Costs were lower for key crop inputs, including fuel and fertilizer. Egg prices edged up, milk prices were flat, and butter prices were down. Cattle and hog prices both declined.



**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 improved slightly since our previous report. Yields for the District's primary commodity crops were at or moderately below 2022 levels. Despite this slight decline, total corn production in the District rose relative to last year. Rice production also rose, reaching levels over 33 percent higher than in 2022, while soybean production dipped slightly below 2021-22 levels and cotton production returned to 2021 levels. Commodity crop prices fell but remained at or above typical levels for the 2015-2020 period and stayed relatively stable throughout the reporting period. District contacts reported a mixed outlook but were generally less pessimistic than in previous reports. A Louisville contact attributed the moderate improvement in outlook to higher-than-expected yields and prices for crops such as corn and soybeans.



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

District agricultural conditions deteriorated slightly since the last report. Despite better-than-expected crop production, lenders responding to the Minneapolis Fed's third-quarter survey of agricultural credit conditions, conducted in October, reported lower farm incomes and capital spending over the period relative to a year earlier. Contacts expressed concern over the impact of rising interest costs as borrowing increases. District oil and gas drilling 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.

The agricultural economy and farm credit conditions in the District softened last month alongside a moderate decrease in agricultural commodity prices. Agricultural bankers reported borrower liquidity deteriorated slightly from strong levels, and loan repayment rates were slightly lower than a year ago. Farm income declined faster in areas with more intense drought and more corn and wheat production. Agricultural real estate values remained firm. Cattle prices remained strong, supporting credit conditions in other portions of the District. Contacts cited elevated production expenses and high financing costs as ongoing concerns.



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

Recent rainfall improved soil moisture over the past six weeks, though much of the District remained in drought. Crop production was substantially higher this year across the board—wheat, cotton, corn, sorghum, and soybeans—largely due to drought conditions being less severe than last year, particularly in the Texas panhandle. Cattle prices declined over the reporting period but remained elevated, and contacts noted a continued tight supply of cattle and resilient demand for beef amid high prices.



**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 were mixed. Across the District, crop yields were generally at or above historical averages, particularly for apples. Domestic demand from the food services and retail sectors was solid but showed some signs of easing in recent weeks, and exports for some products such as nuts rose. Producers commanded lower prices for products such as fish and nuts and expected apple prices to fall due to the strong harvest. Costs for fuel, packaging, labor, and equipment rose, while irrigation and international shipping costs declined. One contact in Utah cited notable reductions in the cost of feeding livestock as ample growth of grasses on grazing lands lowered demand and prices for hay.



### 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/beigebook202311.htm>.