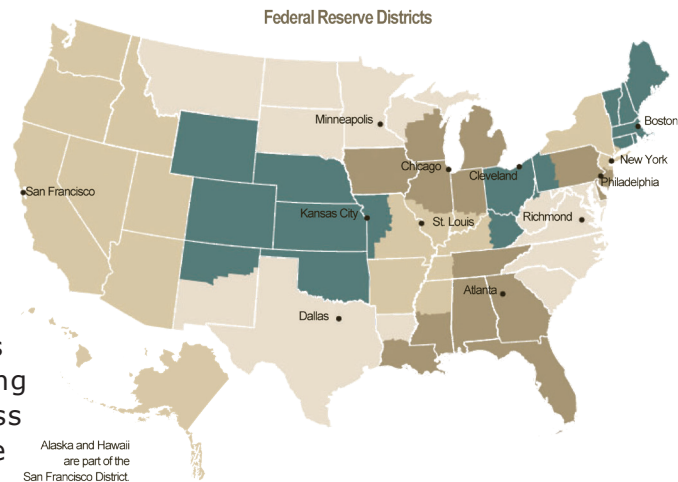


Federal Reserve Beige Book: Summary on the Ag Sector

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

Overall economic activity expanded slightly, on balance, since late February. Ten out of twelve Districts experienced either slight or modest economic growth—up from eight in the previous report, while the other two reported no changes in activity. Consumer spending barely increased overall, but reports were quite mixed across Districts and spending categories. Several reports mentioned weakness in discretionary spending, as consumers' price sensitivity remained elevated. Auto spending was buoyed notably in some Districts by improved inventories and dealer incentives, but sales remained sluggish in other Districts. Tourism activity increased modestly, on average, but reports varied widely. Manufacturing activity declined slightly, as only three Districts reported growth in that sector. Contacts reported slight increases in nonfinancial services activity, on average, and bank lending was roughly flat overall. Residential construction increased a little, on average, and home sales strengthened in most Districts. In contrast, nonresidential construction was flat, and commercial real estate leasing fell slightly. The economic outlook among contacts was cautiously optimistic, on balance.



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 2024 farm income were little changed overall for crop and livestock producers with contacts continuing to expect incomes in 2024 to fall below 2023 levels. Field work in preparation for planting was well ahead of the usual pace, given warmer-than-usual temperatures. Precipitation across the District improved water levels, though some areas remained in drought. Corn and soybean prices increased slightly amid expectations that farmers would plant fewer of these crops than earlier anticipated. Wheat prices were generally lower. Egg prices fell, most dairy prices were down, and hog prices were higher. Cattle prices rose, despite a decline toward the end of the period, after news of an avian flu outbreak in cattle raised concerns that beef demand would weaken.



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 agriculture conditions have remained unchanged since our previous report. Total acres planted as of the end of March are about the same as this time last year. However, contacts in Arkansas said they're closely watching weather over the next few weeks; if conditions remain wet, that will limit future plantings and may force producers to plant later than is ideal. The distribution of crops is expected to shift: The number of acres of corn planted decreased, especially in Arkansas and Mississippi, while plantings of cotton, rice, and soy increased. For corn and



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cotton, this marks a return to 2022 acreage. Several District contacts reported feeling price pressures due to higher travel costs of bringing in H2A visa labor. Contacts also noted difficulties accessing farming equipment due to high costs and delays, particularly for repairs.

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

District agricultural conditions were stable at low levels. Contacts expected decreased farm incomes in the region for the 2024 growing season. Warm weather along with widespread mild drought conditions led to a mixed outlook heading into spring planting. 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 continued to moderate through the end of March. Agricultural bankers reported a mild deterioration in farm borrower liquidity and a gradual softening in farm loan repayment rates. Crop prices were subdued, and some contacts reported slightly higher instances of carryover debt than a year ago. Cattle prices remained strong, however, and provided ongoing support to the sector. Elevated production expenses and high financing costs remained ongoing concerns for all types of operations. Drought was also cited as an issue in some areas of the region. Farm real estate values increased at a slower pace compared to recent months, but valuations were strong despite the moderation in the farm economy.



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

Drought conditions remained prevalent in West Texas and southern New Mexico, while the rest of the District received ample rainfall over the reporting period. Texas experienced the largest wildfire in state history, burning over a million acres in the Texas Panhandle in late February and early March. Several thousand cattle were lost, and the fire destroyed infrastructure and pastures used for grazing. An illness recently identified as avian influenza has been afflicting chickens and dairy cows in the Texas Panhandle, leading to lower milk production. The extent of the impact to dairy product supply, if any, is unknown at this point, but contacts noted that there is not a food safety issue. More cotton acres are expected this year as prices are relatively strong compared with corn and sorghum prices, which are at three-year lows. Contacts were optimistic about crop production prospects this year. On the livestock side, cattle prices pushed to record highs and beef demand has held up well.



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, similar to the previous reporting period. Logging activity rose slightly on account of stronger domestic demand and more limited supply from international producers of lumber and plywood. Seafood stocks and yield crops, such as those of nuts and apples, remained high and exceeded domestic demand, leading producers to export excess supply. Retail and food service demand for agricultural products was flat to down. Transportation and packaging costs were stable to down, and growers noted that recent rainfall, while providing much-needed water for crops, caused flooding and damage. One contact in the Pacific Northwest noted that more growers have utilized temporary foreign worker programs to address domestic labor shortages in hiring for this year's harvest season.



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>.