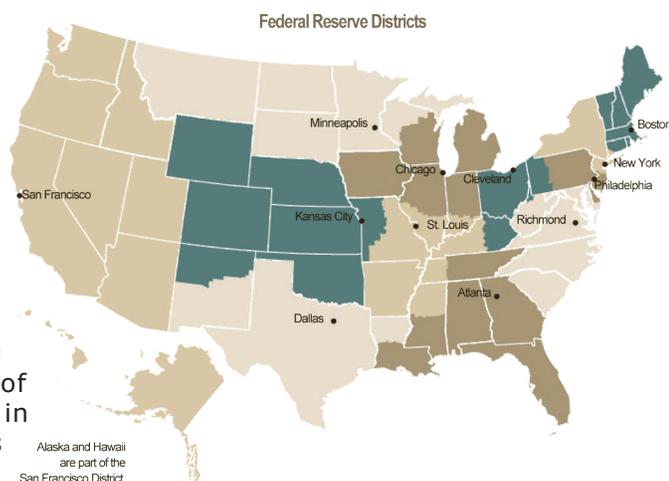


Federal Reserve Beige Book: Summary on the Agricultural Sector

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.

ECONOMIC ACTIVITY was little changed since the previous report, according to most of the twelve Federal Reserve Districts, though two Districts noted a modest decline and one reported modest growth. Overall consumer spending declined further, while higher-end retail spending remained resilient. Some retailers noted a negative impact on consumer purchases from the government shutdown, and auto dealers saw declines in EV sales following the expiration of the federal tax credit. Reports of travel and tourism activity reflected little change in recent weeks, with some contacts noting cautious discretionary spending among consumers. Manufacturing activity increased somewhat, according to most Districts, though tariffs and tariff uncertainty remained a headwind.



Revenues in the nonfinancial services sector were mostly flat to down, and reports of loan demand were mixed. Some Districts reported declines in residential construction, while others said it was unchanged, and home sales activity varied. A few Districts noted ongoing recovery in the office real estate market. Conditions in the **agriculture and energy sectors were largely stable, though some contacts cited challenges from the low-price environment for oil and for some crops.** Community organizations saw increased demand for food assistance, due in part to disruptions in SNAP benefits during the government shutdown. Outlooks were largely unchanged overall. Some contacts noted an increased risk of slower activity in coming months, while some optimism was noted among manufacturers

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

Net farm income prospects for the District increased slightly during the reporting period as crop prices increased. Corn and soybean harvesting went quickly across most of the District, though dry conditions hurt yields in some places. District corn and soybean production was strong despite some disease pressures, and crop quality varied widely. Applying fungicides helped avoid some crop losses but also boosted costs. Soybean prices increased with additional international buyers, including the return of purchases by China. Corn and wheat prices also rose. Cattle prices decreased amid increased volatility in cattle markets, and hog, milk, and egg prices were down as well. Contacts reported highly variable financial performances by farms, with some experiencing steep losses and others making modest profits. Many farmers were delaying capital expenditures due to tight margins. With farmland values holding steady, most farm operations should be able to cover higher expenses for the 2026 growing season.



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 remained strained but are slightly improved since the previous report. Recent low water levels in the Mississippi River have caused significant reductions in barge capacity and efficiency, resulting in further cost increases. A farmer in Mississippi reported that farmers are storing their crops and waiting for market movement to unload products, as supply is significantly above demand. Another farmer in Mississippi reported that conditions are starting to trend better, noting a slight increase in commodity demand.



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

Agricultural conditions remained weak despite strong crop harvests in the District. Farm incomes in the third quarter fell from a year earlier for almost 80 percent of ag lenders, according to a recent survey; 70 percent reported that farm capital spending decreased. Contacts were hopeful but uncertain that a China trade deal might boost demand for bountiful soybean inventories. District oil and gas exploration activity was unchanged since the last report.



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

The Tenth District agricultural economy remained subdued despite increases in crop prices during early November. Corn prices increased about five percent from mid-October while soybean and wheat prices increased over ten percent alongside optimism surrounding increased export activity in the coming months. The increase in prices could support revenues; however, profit opportunities are likely to remain narrow and continue weighing on farm finances in many portions of the region. Lenders reported a modest increase in ranchland values as strong cattle prices continued to support conditions in some areas of the District, and despite ongoing weakness among crop producers, cropland values remained steady.



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

Drought conditions worsened somewhat across the District, though the warm and dry weather was favorable for the cotton harvest. Overall row crop production this year was solid, with yields generally coming in above average. However, the low crop price environment is tough on farmers, many of whom will rely on farm safety net programs this year to help them get by. Beef demand remained resilient, though exports waned, and cattle prices declined over the reporting period. Wholesale turkey prices were up substantially from last year, but it's not clear how much this will impact retail prices for Thanksgiving, as many grocery stores lock in prices with wholesalers in advance and run holiday promotions and specials. Looking ahead, the farm outlook is challenged by dry soil conditions and sub-profitable crop 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 agriculture and resource-related sectors weakened somewhat. Demand for crops from domestic markets was largely stable. Demand for logs fell as mills that process logs into lumber cut back production. Demand for wine grapes fell both domestically and internationally, and weaker dairy markets in Asia and a generally strong dollar lowered hay exports. Production of commodity crops, such as grains, soybeans, and potatoes, exceeded demand, holding down prices received by growers. Generally cooler weather in California improved the quality of produce harvested. Costs for growers and producers continued to increase, including for labor, materials, and financing. Cattle prices fell slightly but remained above prices that processors received for beef products, creating some financial strain. One contact reported that seasonal labor shortages in Hawaii led growers to leave some crops unpicked.



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>.