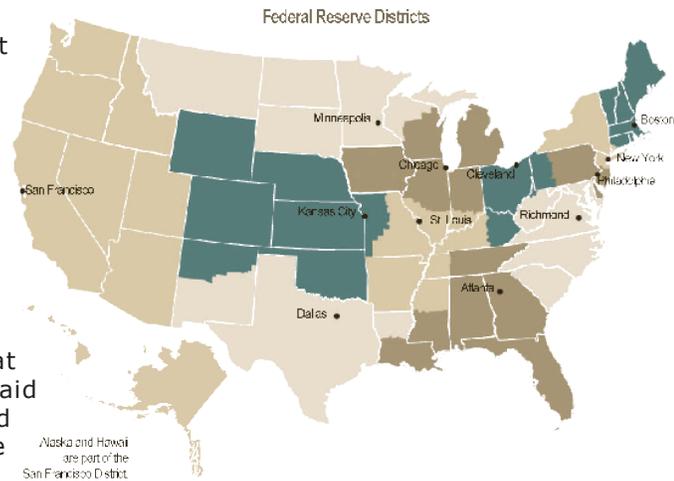


Federal Reserve Beige Book: Summary on the Agricultural Sector

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.

OVERALL ECONOMIC activity increased at a slight to moderate pace in seven of the twelve Federal Reserve Districts, while the number of Districts reporting flat or declining activity increased from four in the prior period to five in the current period. Although consumer spending increased slightly on balance, two Districts reported ongoing declines, and many noted that sales were dampened by economic uncertainty, increased price sensitivity, and lower-income consumers pulling back on spending. Districts impacted by winter storms said that retail traffic generally slowed, and one District said immigration enforcement activity negatively affected customer demand in urban areas. Auto sales were mostly down for Districts that reported on them, with many citing continuing affordability issues.

Manufacturing activity improved overall since the previous reporting period, with eight Districts reporting varying degrees of growth and two reporting declines. Manufacturing contacts in many Districts reported increases in new orders, and several cited boosts in demand from data centers and, relatedly, energy infrastructure. Transportation activity was mixed across Districts that reported on it, with three reporting contractions and two reporting modest growth. Overall, financial services activity was reported as stable to up, with commercial lending being the primary area of strength. For most Districts that reported on residential real estate and construction, sales and activity decreased slightly, with low inventories and affordability remaining key issues. Nonresidential construction activity was mixed across reporting Districts but increased slightly on net. **Among reporting Districts, agricultural conditions were mostly flat, and energy activity grew modestly on balance.** Overall, economic expectations were optimistic, with most Districts expecting slight to moderate growth in the coming months.



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

Contacts expected farm income for District producers in 2026 to be similar to 2025. High input prices, especially for fertilizers, continued to concern farmers. Crop prices increased a bit overall, as a decline in corn prices was offset by higher soybean and wheat prices. Farm income received a boost from trade-related government payments; nonetheless, some operators were selling crops from storage to cover bills and pay debts. Contacts expected increased government subsidies associated with the OBBBA to lead to an expansion of coverage and higher levels of participation in crop insurance. Livestock operations were generally under less financial pressure than crop farms. Dairy prices increased, and calves designated for beef production boosted the bottom line for many dairies. Cattle and hog prices were up, while egg prices declined. Slow sales of farm machinery left lots full at dealers. Commercial insurance costs have risen for farm supply and grain warehousing businesses.



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 unchanged since our previous report. An agribusiness contact in Arkansas reported that weather uncertainty and rising input costs were making it harder to secure crop loans, which could leave ground unplanted and reduce overall production. A major agriculture lender reported ongoing financial strain among rice farmers, with farm equipment auctions at record levels. Another banker reported that farmers were seeking higher credit lines due to income pressure. Nevertheless, most agriculture lenders



How Much Risk is Right for You?

observed only limited signs of forced liquidation of assets among farmers, indicating resilience in agribusiness despite hardship.

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

Agricultural conditions remained weak since the last report. According to a recent survey, two-thirds of ag lenders reported that farm incomes decreased in the fourth quarter of 2025 from a year earlier. Contacts reported that producers who were diversified into livestock were holding up better than those heavily concentrated in crops. A contact in the sugar beet segment said that the market was hampered by reduced sugar consumption and sugar import quotas that had not adjusted to demand.



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 farm economy remained uneven alongside continued weakness in the crop sector and strength in cattle markets. Profit opportunities for key crops in the region remained narrow despite a notable increase in soybean prices, in line with expectations that China may commit to additional imports. According to the latest lender survey, farm finances continued to weaken more quickly in areas most heavily dependent on crop revenues. Still, deterioration in loan repayment rates eased slightly, and farm real estate values remained strong through the end of 2025. Ranchland values throughout the District increased modestly from a year ago, alongside strength in the cattle sector. In contrast, cropland values were largely flat on average but increased slightly in some areas, particularly in cattle production areas.



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

Drought conditions worsened across the District, spurring increased concern among farmers and ranchers. Low crop prices continue to weigh heavily on producers, and there have been numerous reports that government assistance hasn't been enough to cover losses in this low-price environment. On the livestock side, cattle prices remained highly elevated, and drought concerns seem to be suppressing expansion of herds. The ban on Mexican cattle imports continues to negatively impact meatpackers, with some reducing operations. The dairy industry is being challenged by low wholesale milk prices. Contacts expressed widespread uncertainty about trade policy and forthcoming weather patterns.



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 remained stable, albeit at a subdued level. Weak international demand for agricultural products, including soybeans and corn, pushed down the prices received by producers despite a weakening dollar. This resulted in an oversupply that could not be absorbed by domestic markets, which were stable overall. While demand for fresh potatoes remained solid, contacts indicated that this segment faced a global overcapacity for potato processing, a situation which put downward pressure on prices. Demand for poultry and pork was reportedly very strong, and cattle prices remained elevated.



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>.