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Economic Update

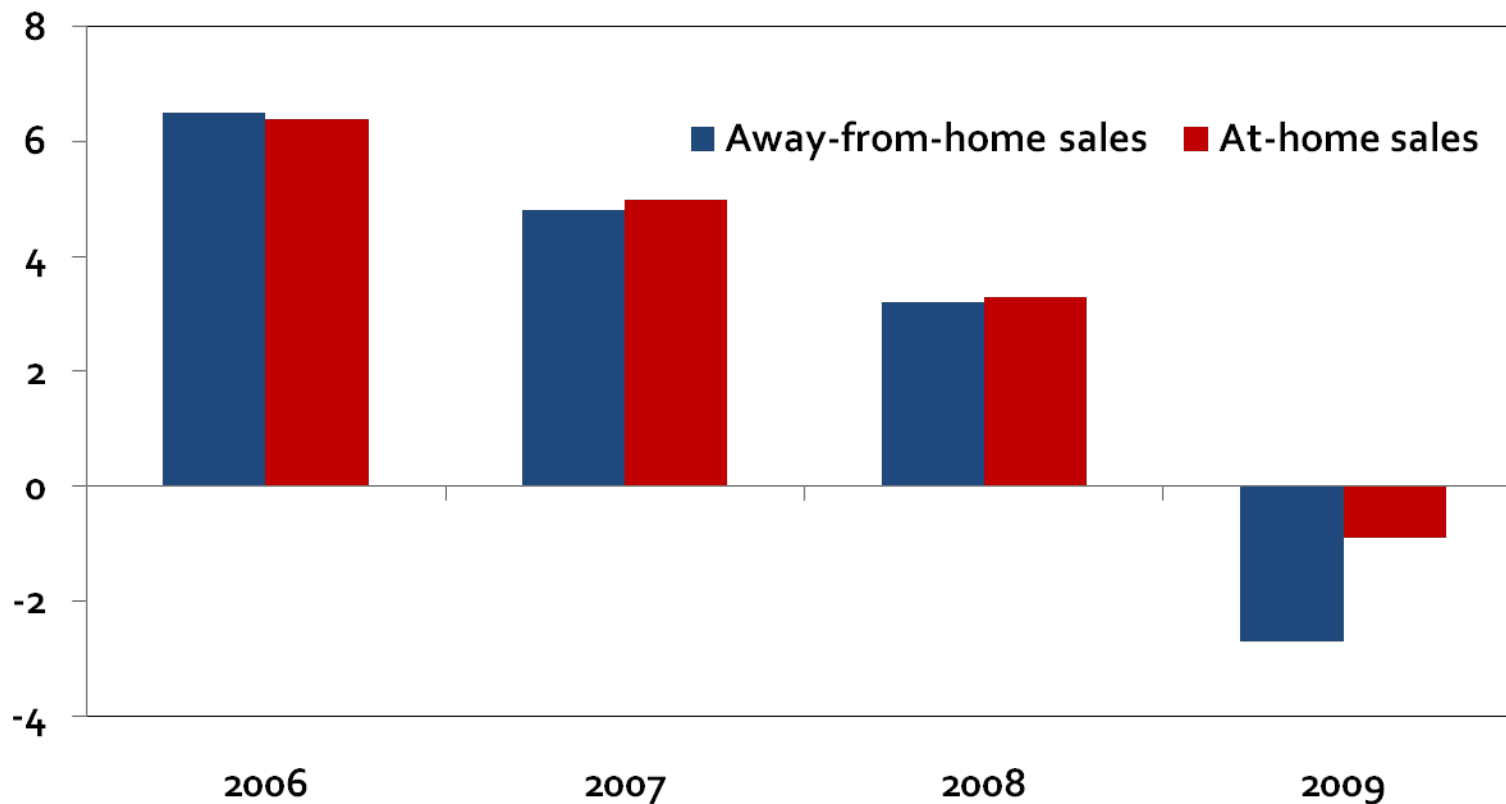


The views expressed are those of the author and do not necessarily reflect the opinions of the Federal Reserve Bank of Kansas City or the Federal Reserve System.

Food sales decline, especially at restaurants.

U.S. Food Sales

Percent change from previous year



Source: USDA

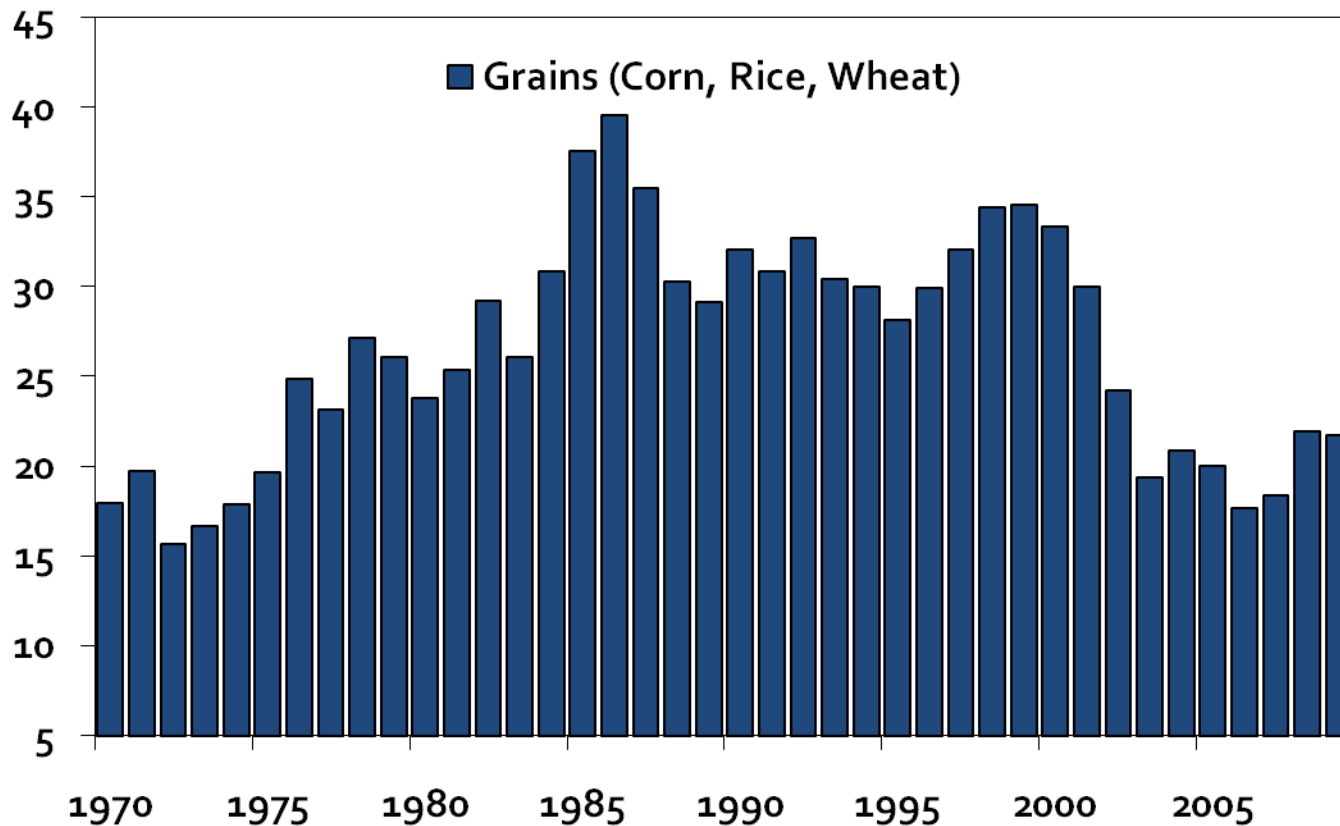
2009 data are year-to-date through August



Despite bumper crops, grain inventories remain low. What happens to prices if demand rebounds?

World Grain Inventories

Stocks as percent of annual use



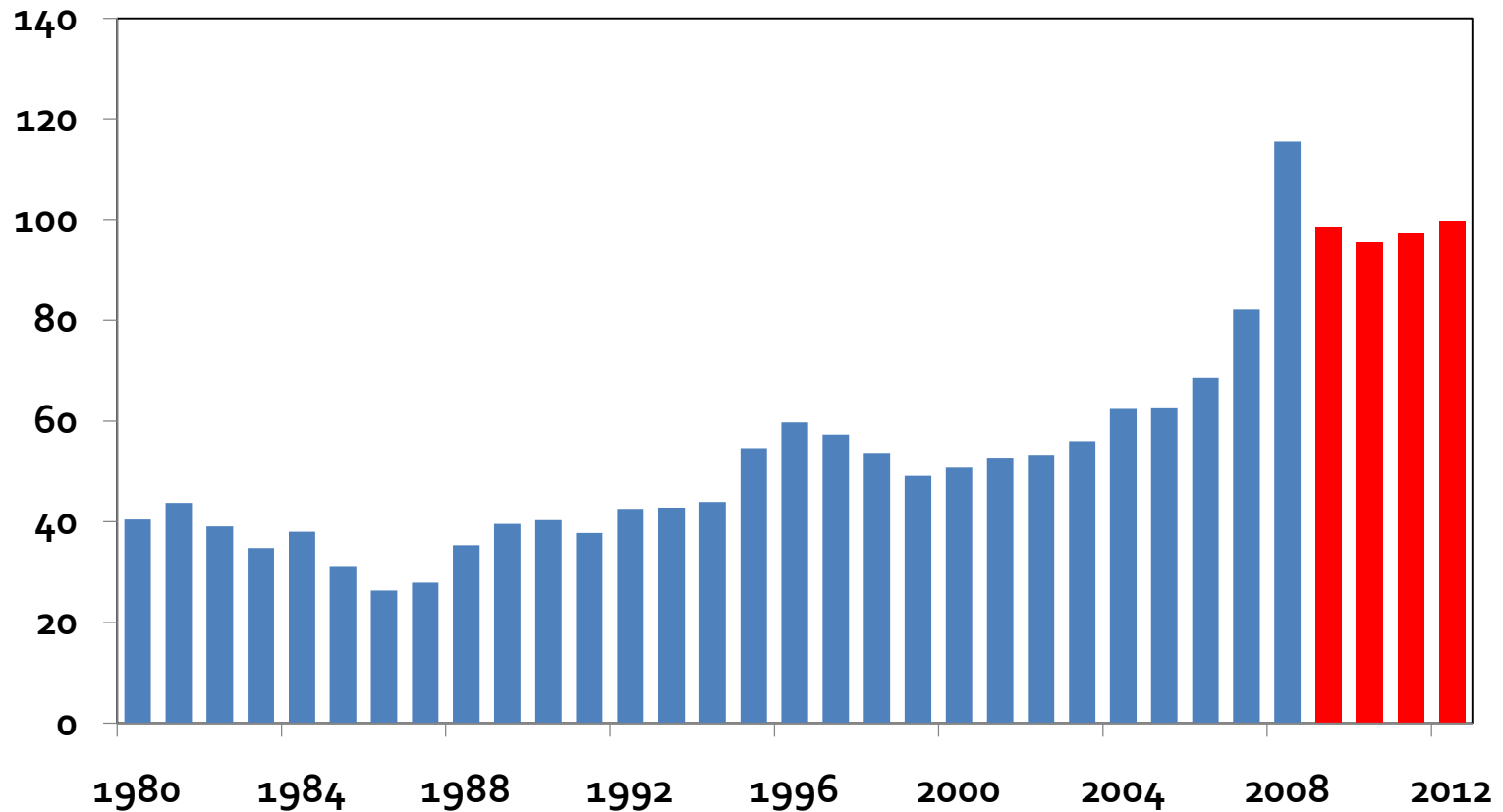
Source: USDA



Can exports underpin the ag economy?

U.S. Agricultural Exports

Billion dollars



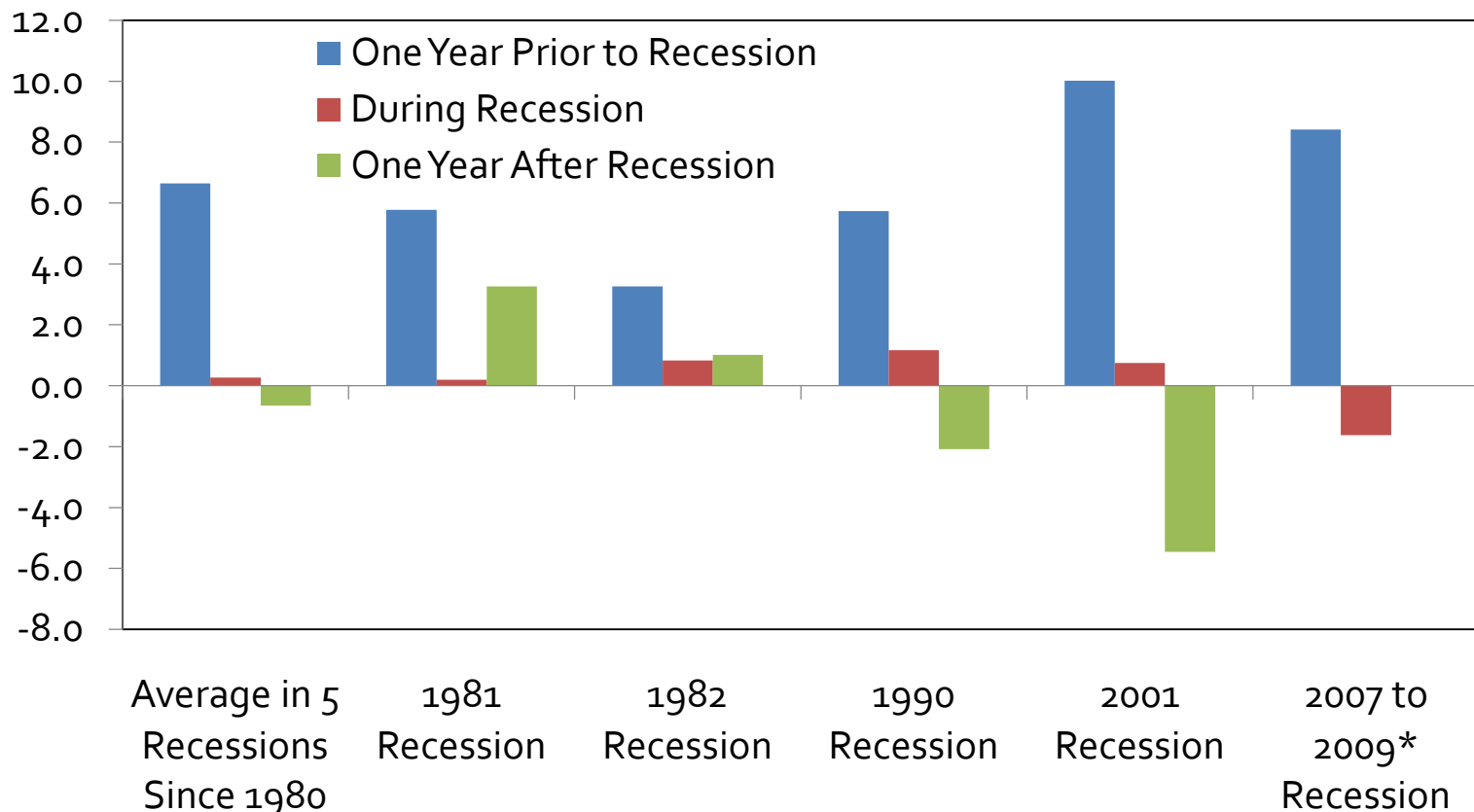
Source: USDA, fiscal years



In past jobless recoveries, protein expenditures have declined further.

U.S. Per Capita Expenditures on Beef, Pork, Poultry, and Milk Products

Percent change



Calculations based on Bureau of Economic Analysis data

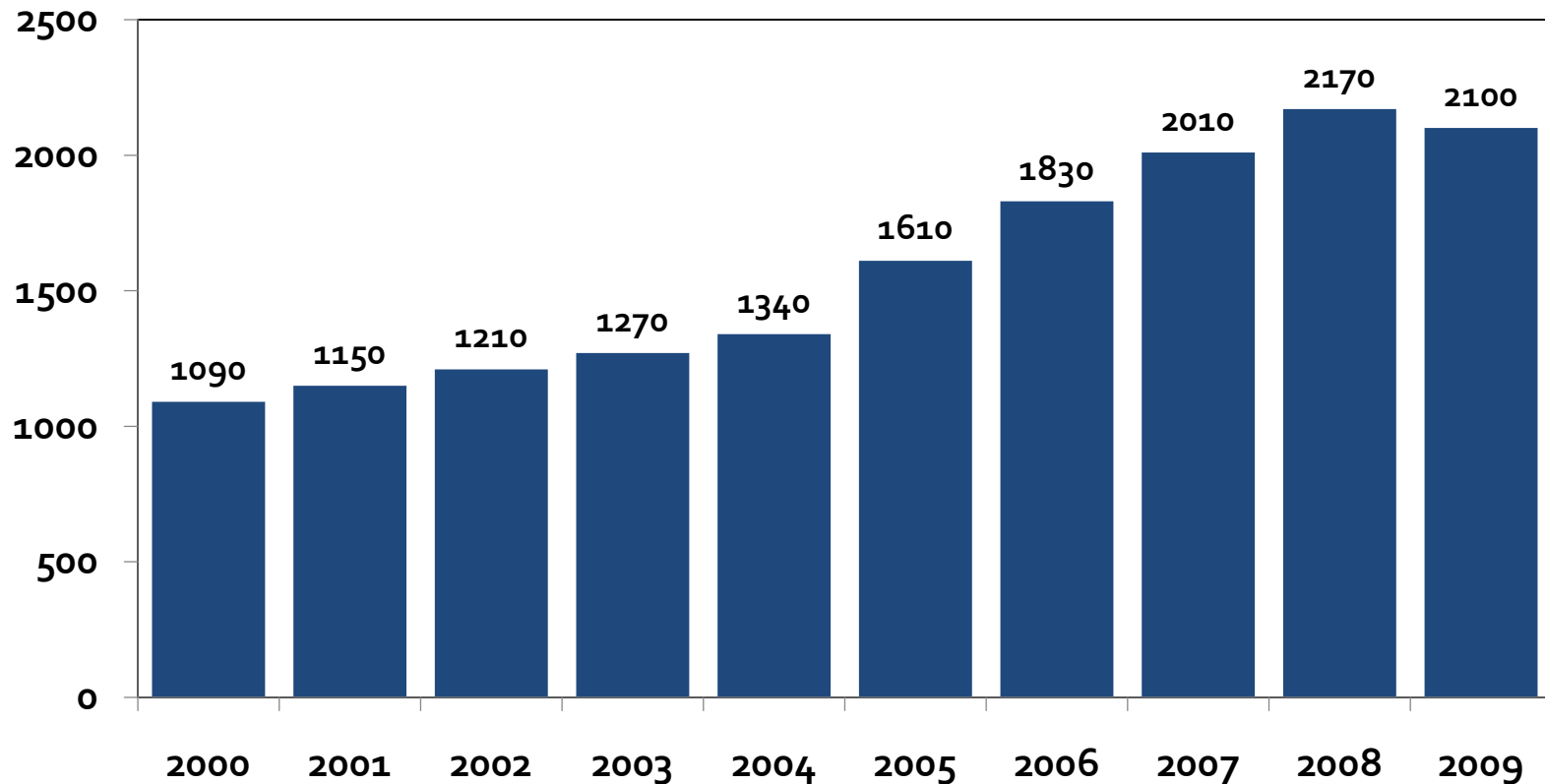
* The National Bureau of Economic Research indicates the recession started in Dec. 2007. At the time of publication, the end of the recession has yet to be specified.



After topping in 2009, what direction will farmland values follow?

Cropland Values in Federal Reserve Districts

Dollars per acre



Source: USDA



Conclusion

- **The recovery is underway, but risks remain.**
- **The strength in consumer demand will determine the path of the recovery.**
- **Where will agricultural demand emerge from – the U.S. or foreign countries?**



For More Information

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