

Current Economic Conditions and Outlook

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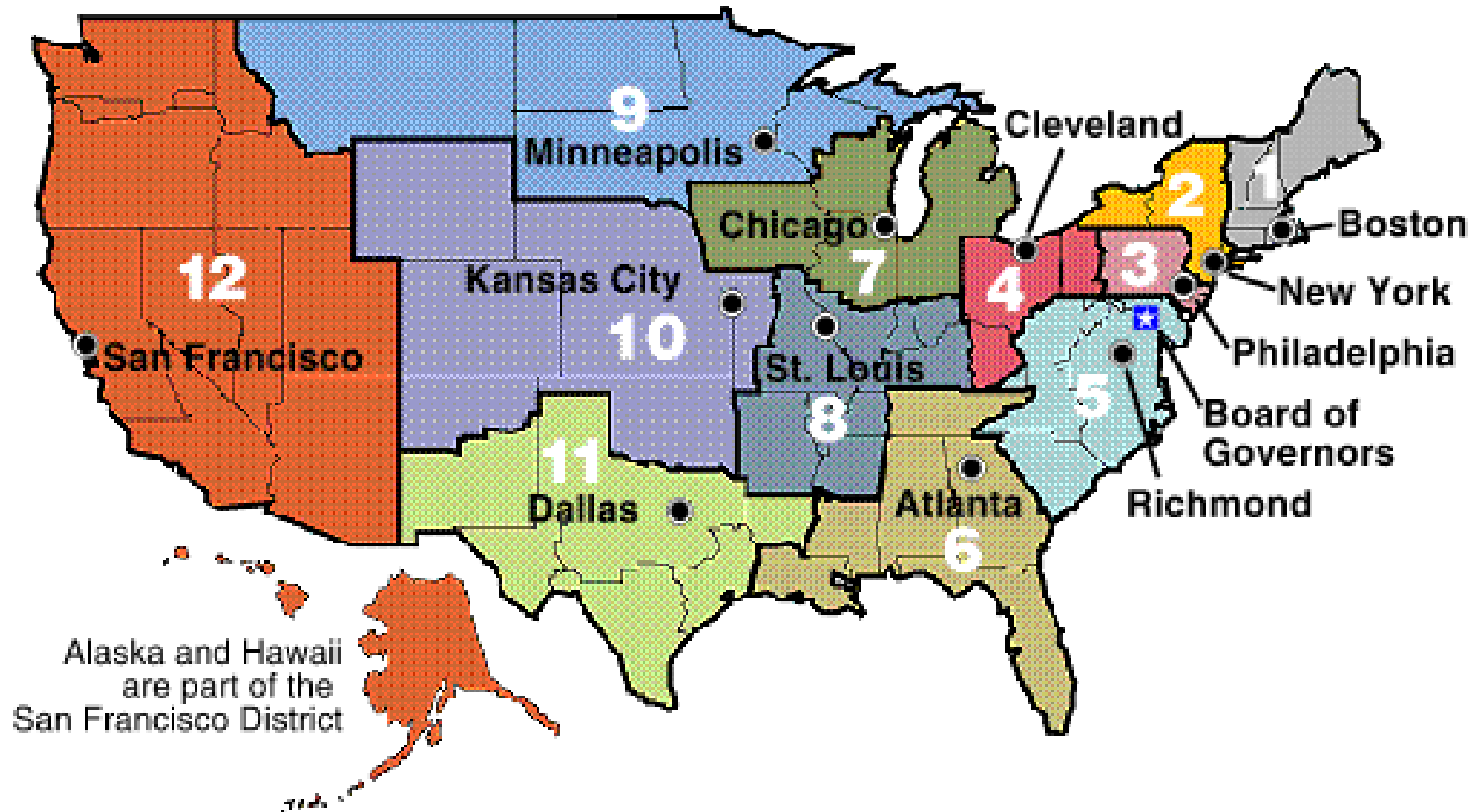
August 15, 2025



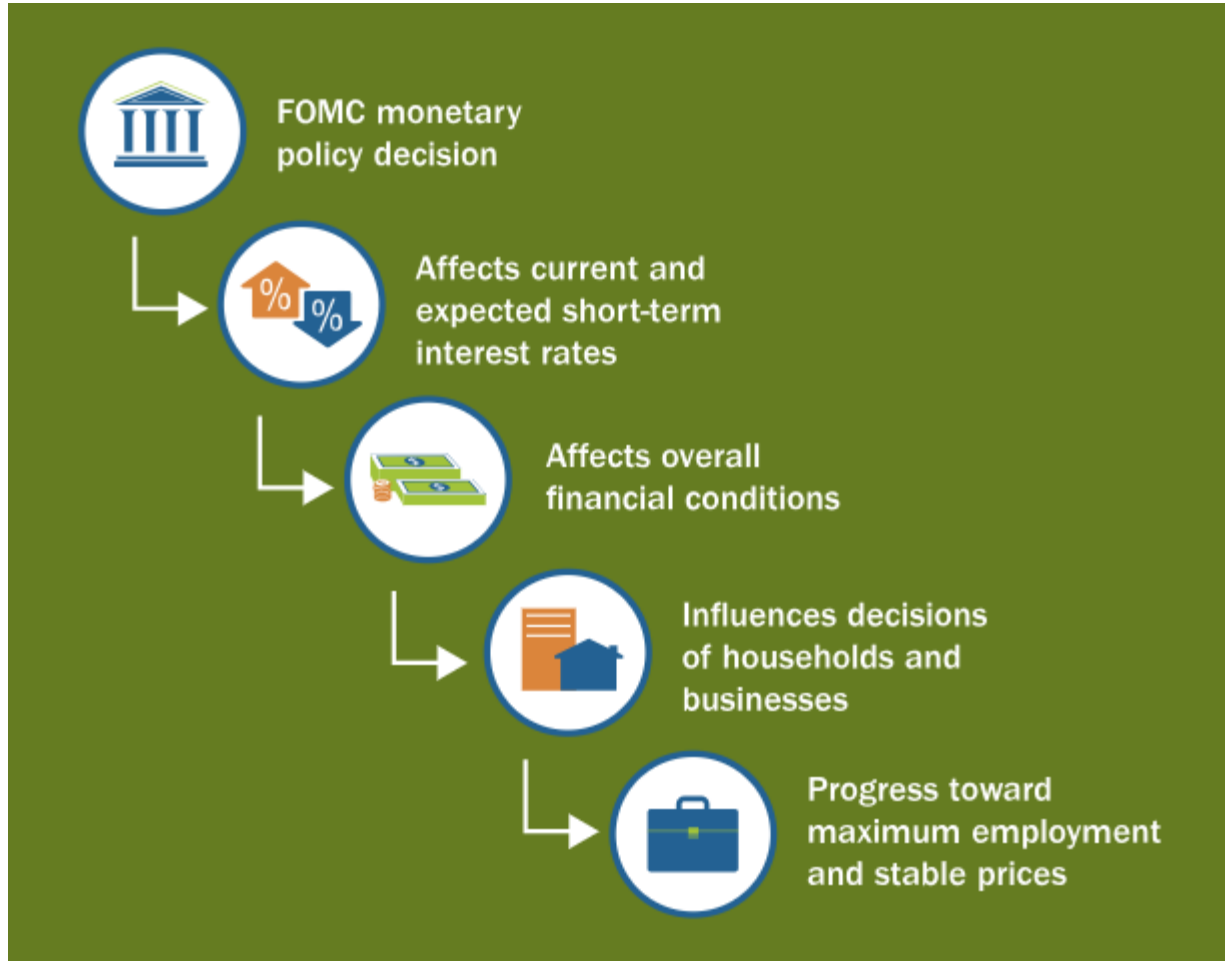
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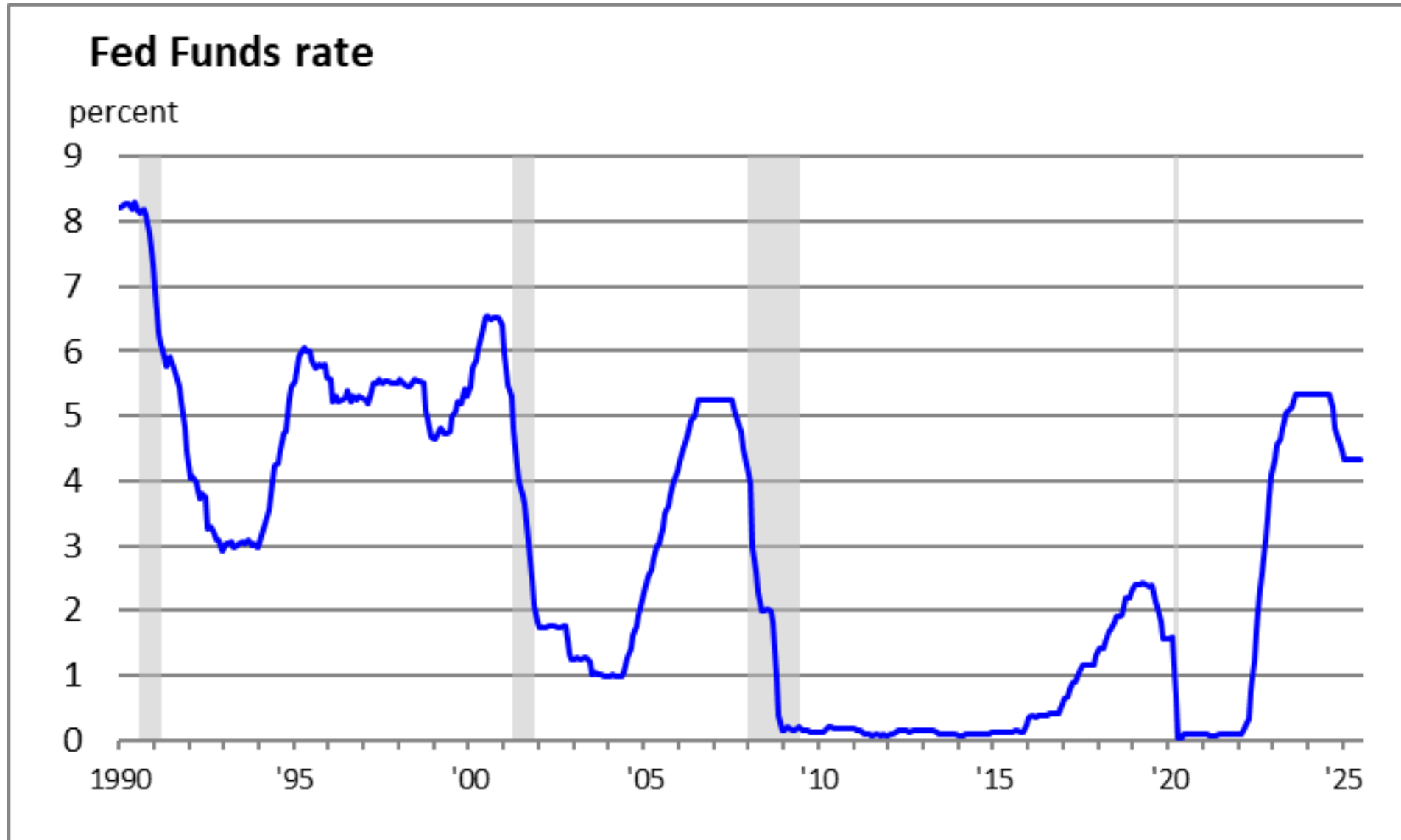


Monetary Policy and the Dual Mandate



- The Federal Open Market Committee (FOMC) sets the stance of monetary policy to influence short-term interest rates and overall financial conditions with the aim of attaining our goals of maximum employment and stable prices. This is done primarily through changes in the target federal funds rate.
- The Fed's dual mandate from the US Congress:
 - promoting maximum employment—which is the highest level of employment or lowest level of unemployment that the economy can sustain while achieving a stable inflation rate
 - promoting stable prices—for the goods and services we all purchase
- To encourage short-term interest rates to move close to the target range, the Fed uses various policy tools including these key ones:
 - interest on reserve balances
 - the overnight reverse repurchase facility rate
 - large-scale asset purchases (sometimes)
 - forward guidance to set public expectations about future Fed actions (sometimes)

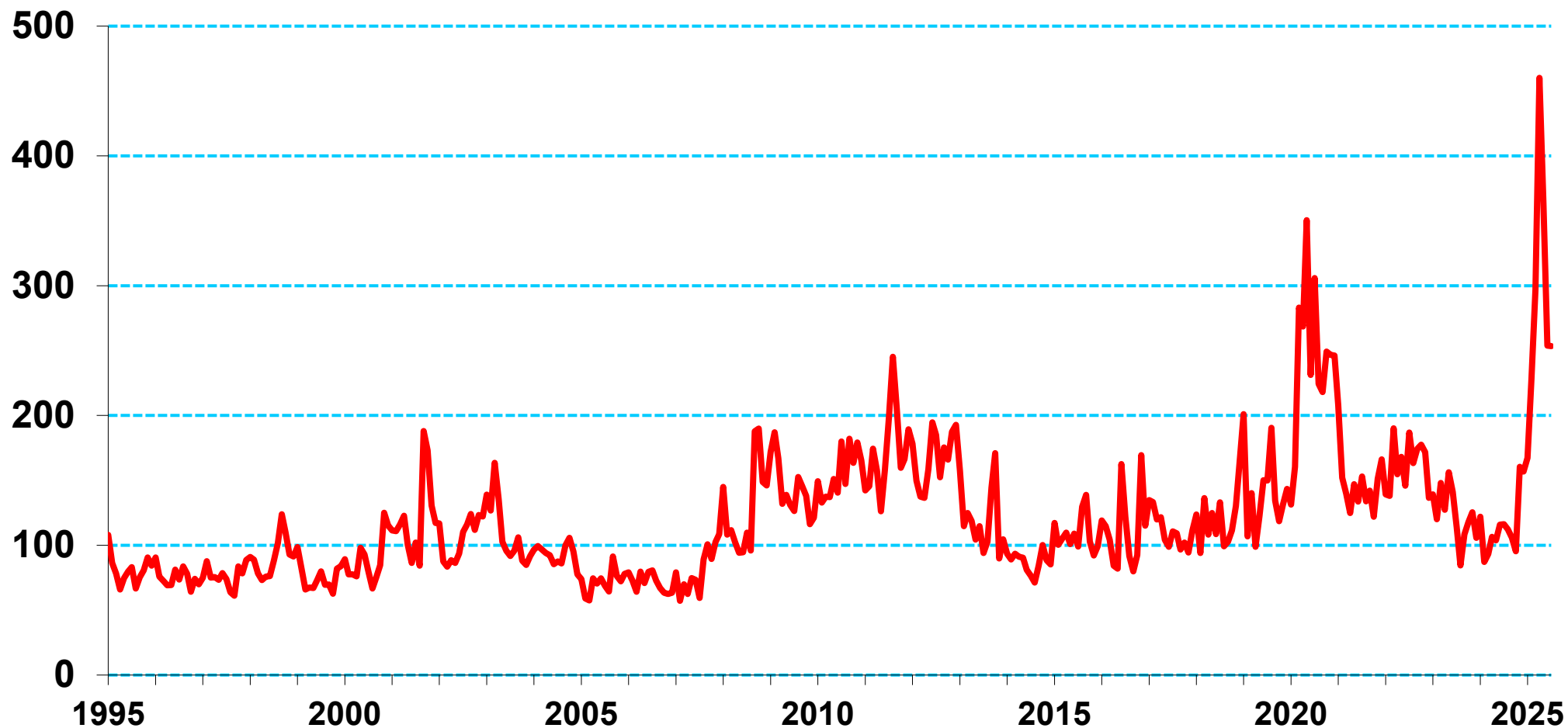
Fed Funds rate target steady in 2025



Source: Board of Governors of the Federal Reserve System

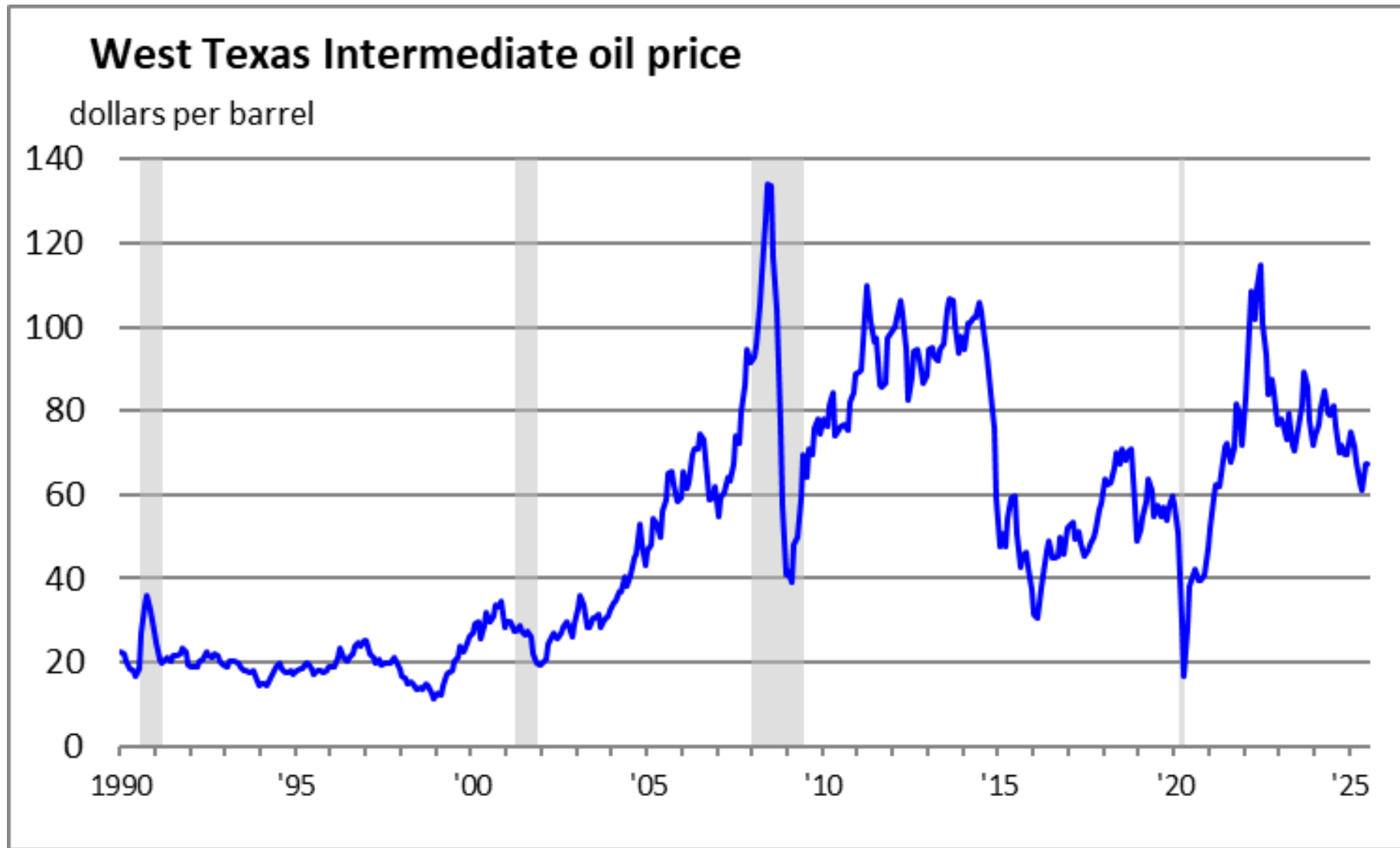
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Economic Policy Uncertainty Index spiked this year



Data Source: Economic Policy Uncertainty

Oil prices lowest since 2022 surge

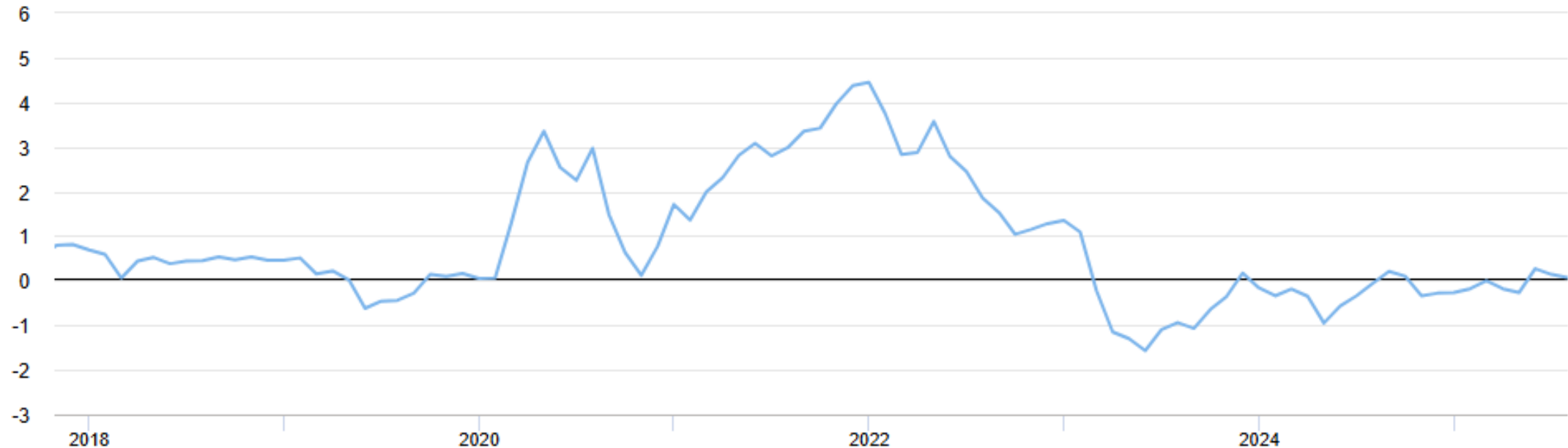


Source: Wall Street Journal

Supply chain pressures mostly below normal levels recently

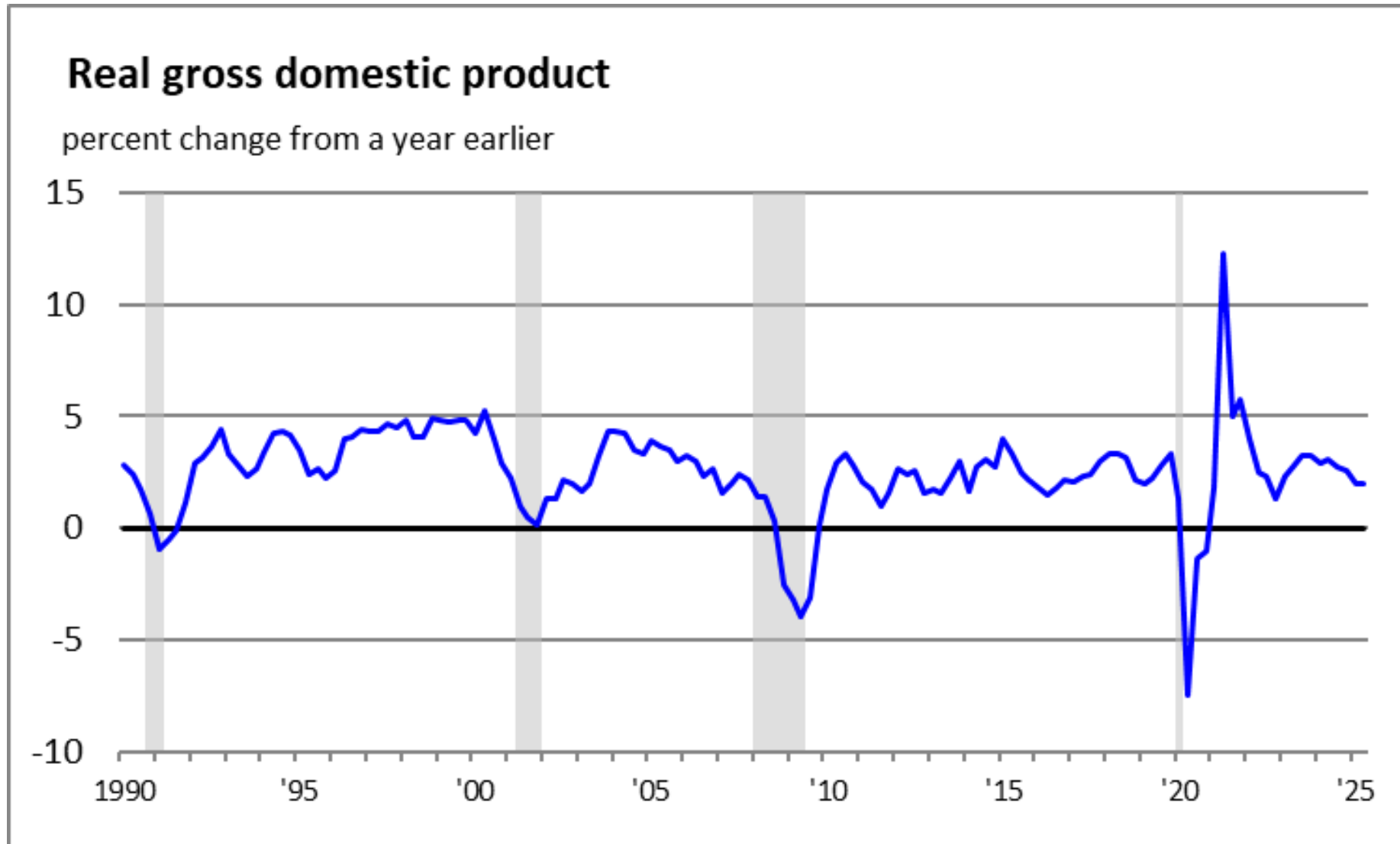
Global Supply Chain Pressure Index (GSCPI)

Standard deviations from average value



Sources: Bureau of Labor Statistics; Harper Petersen Holding GmbH; Baltic Exchange; IHS Markit; Institute for Supply Management; Haver Analytics; Refinitiv; New York Fed calculations

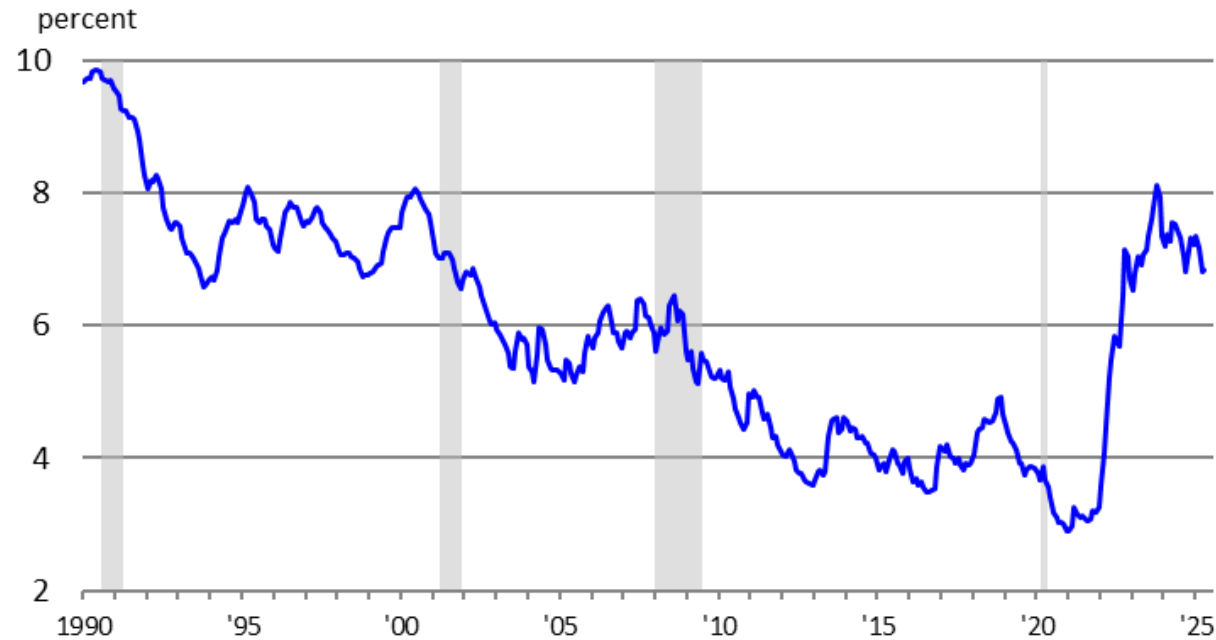
US economy growing close to trend over past year



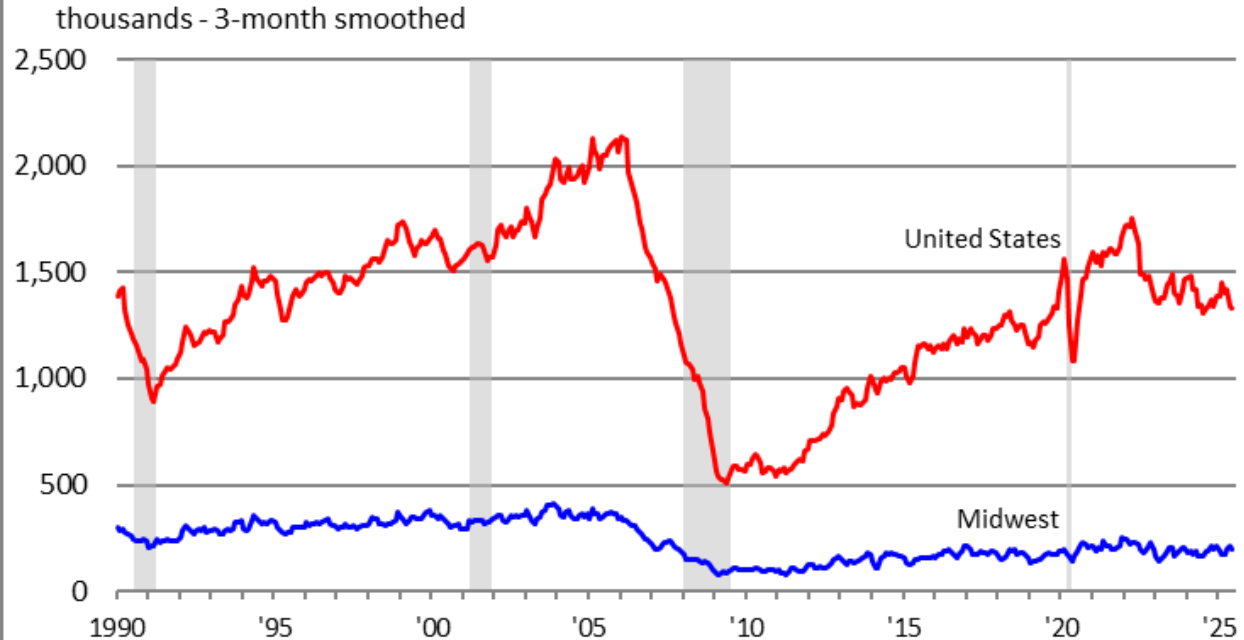
Source: Bureau of Economic Analysis

Mortgage rates lower yet home construction lagging lately

Mortgage rate - 30-year fixed



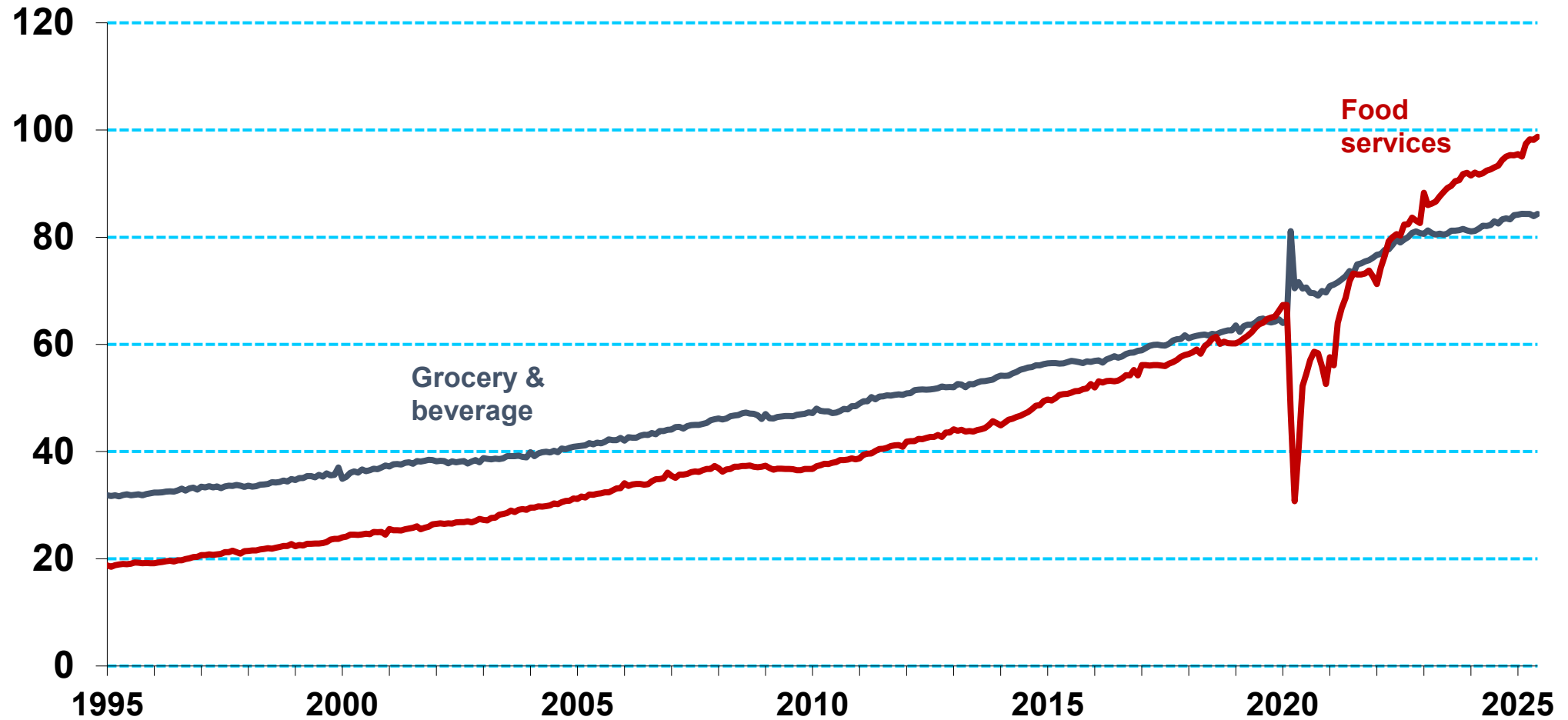
Housing starts



Source: Wall Street Journal and U.S. Census Bureau

Food services overtook grocery sales after Covid

(retail sales in billion \$)

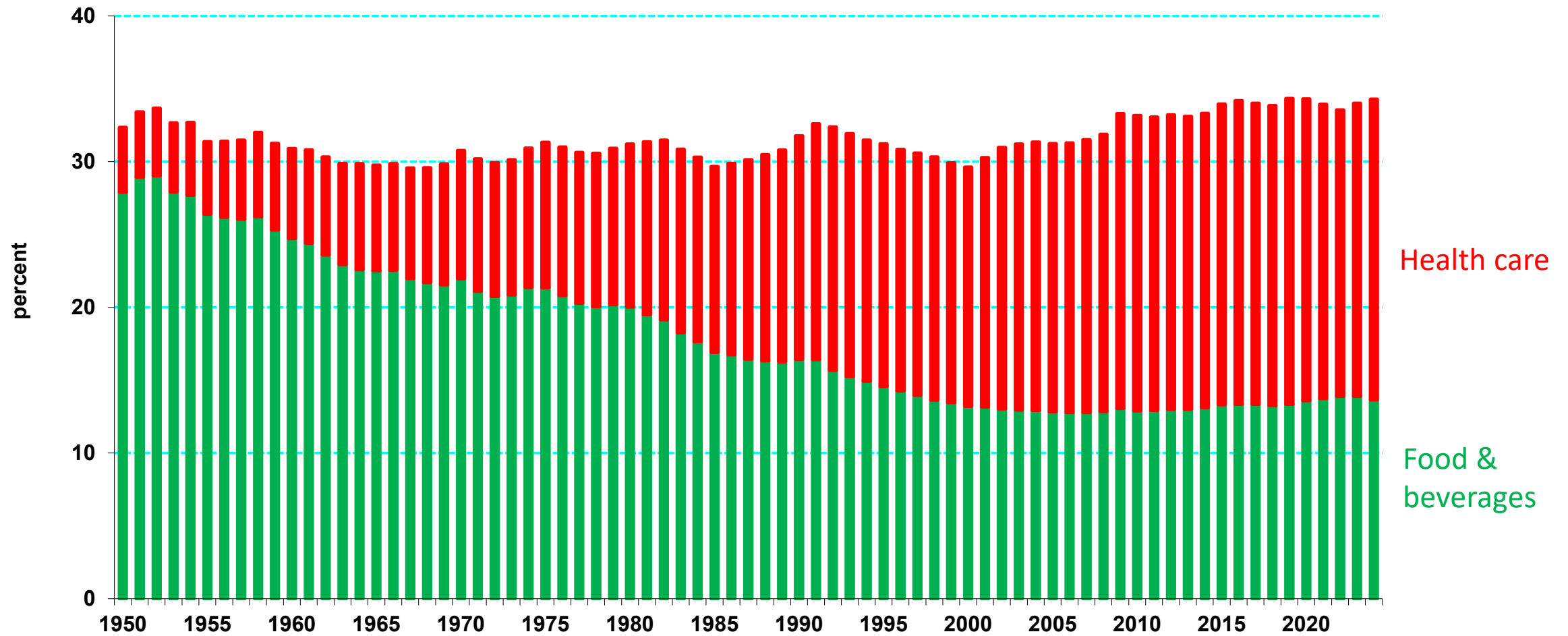


Data Sources: U.S. Census Bureau and Bureau of Economic Analysis

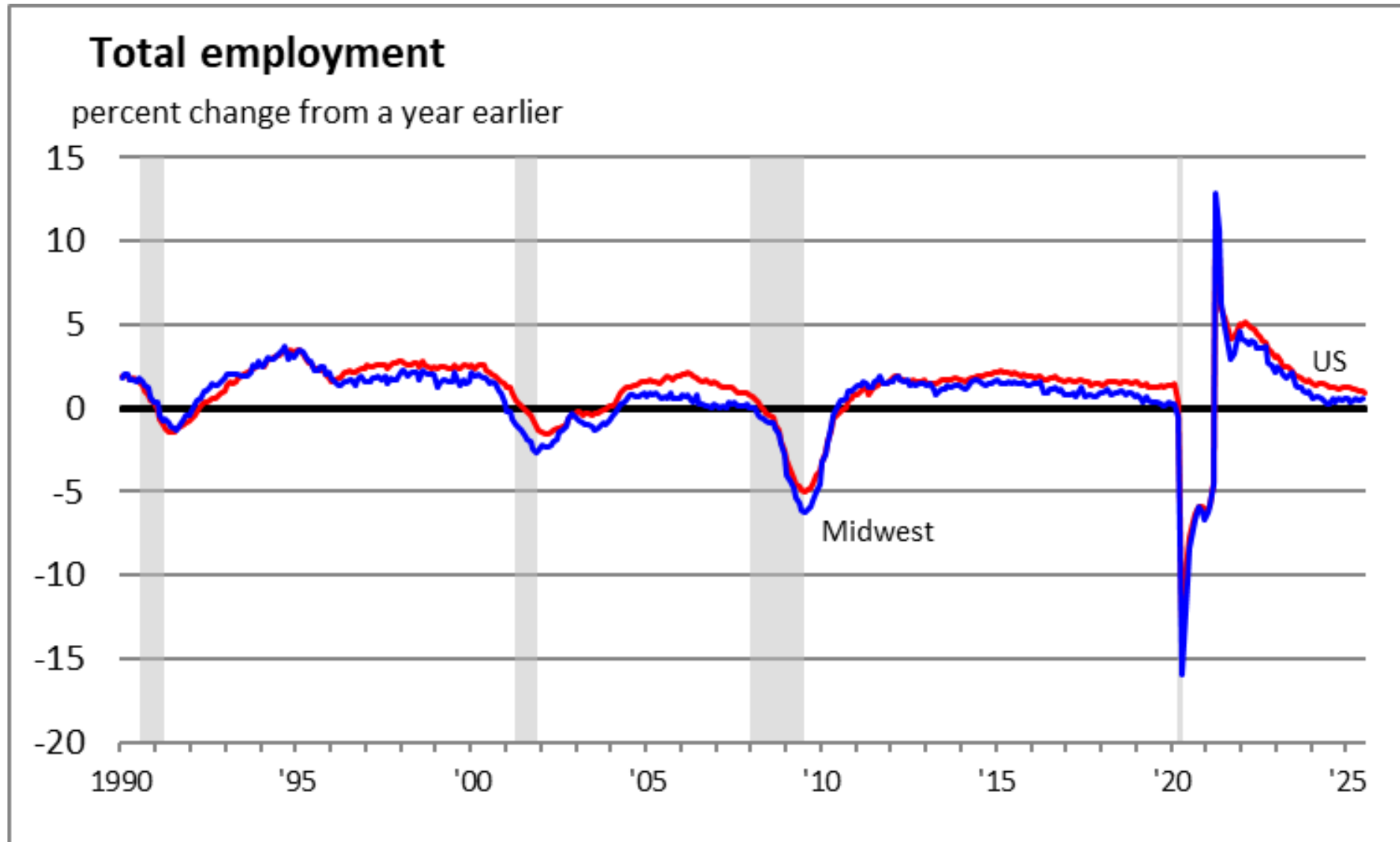
Food Dollar Shares for 2020



Share of Personal Consumption Expenditures spent on food & beverages vs. health care

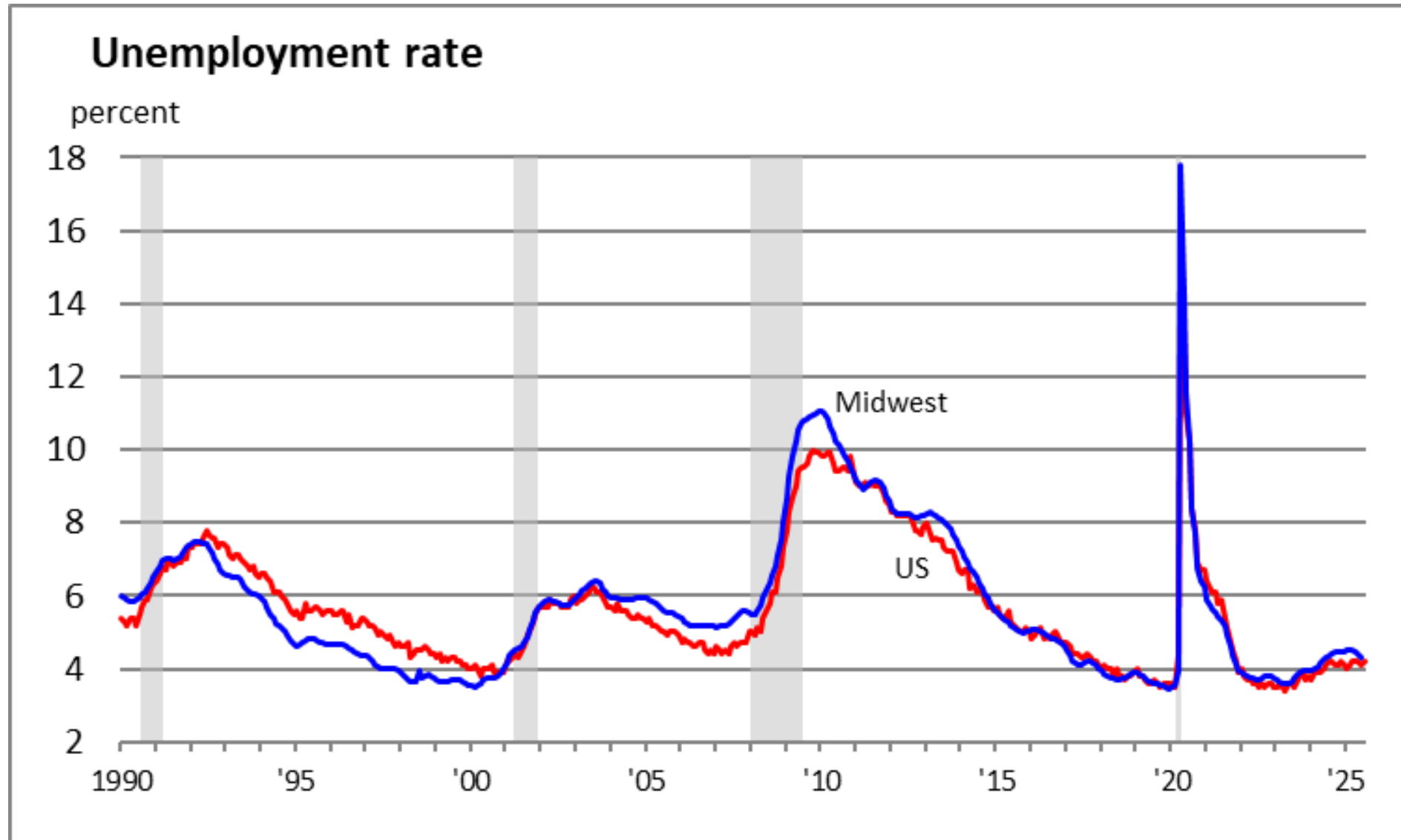


Employment slowing



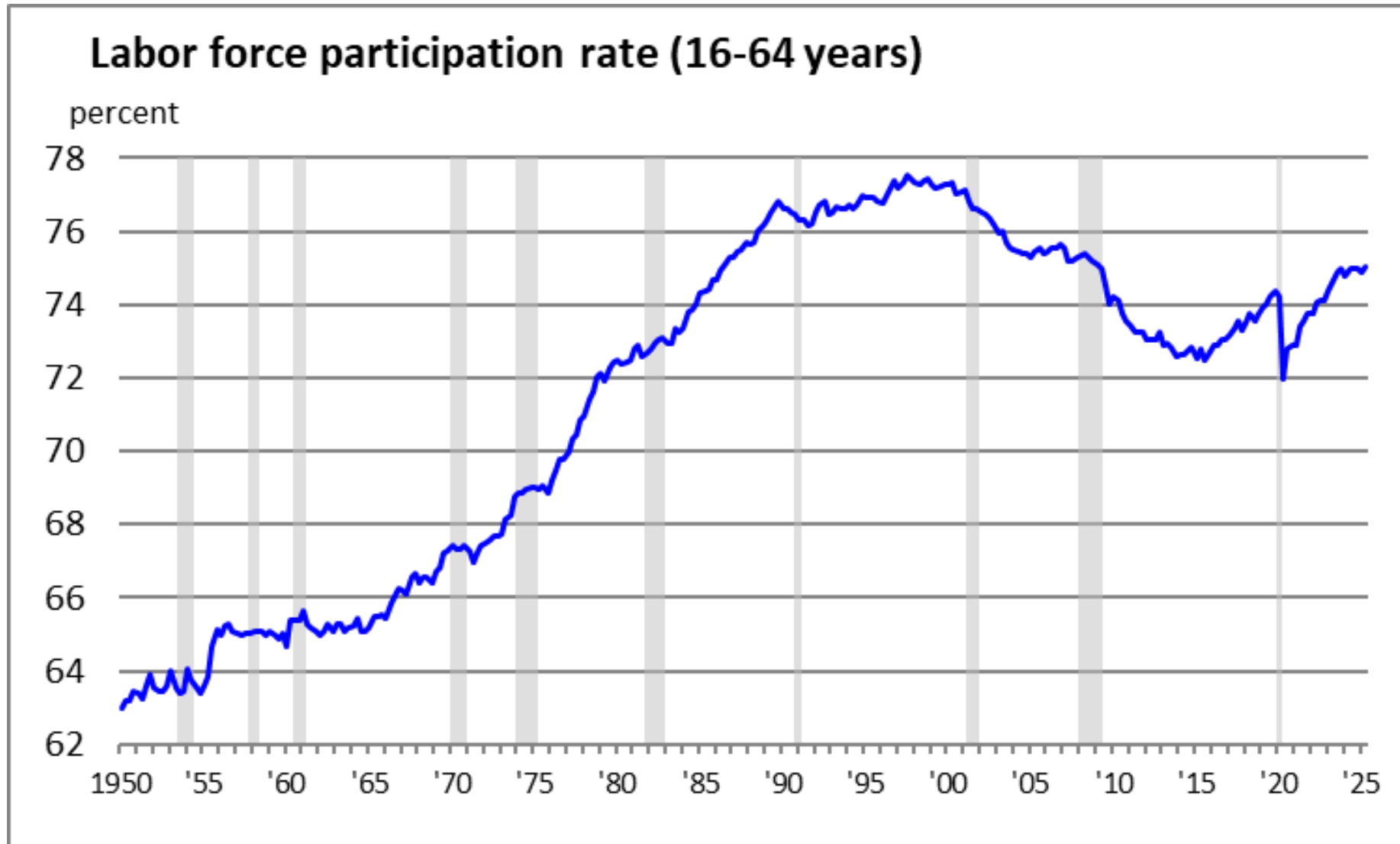
Source: U.S. Bureau of Labor Statistics

Rate of unemployment just above 4.0% for US



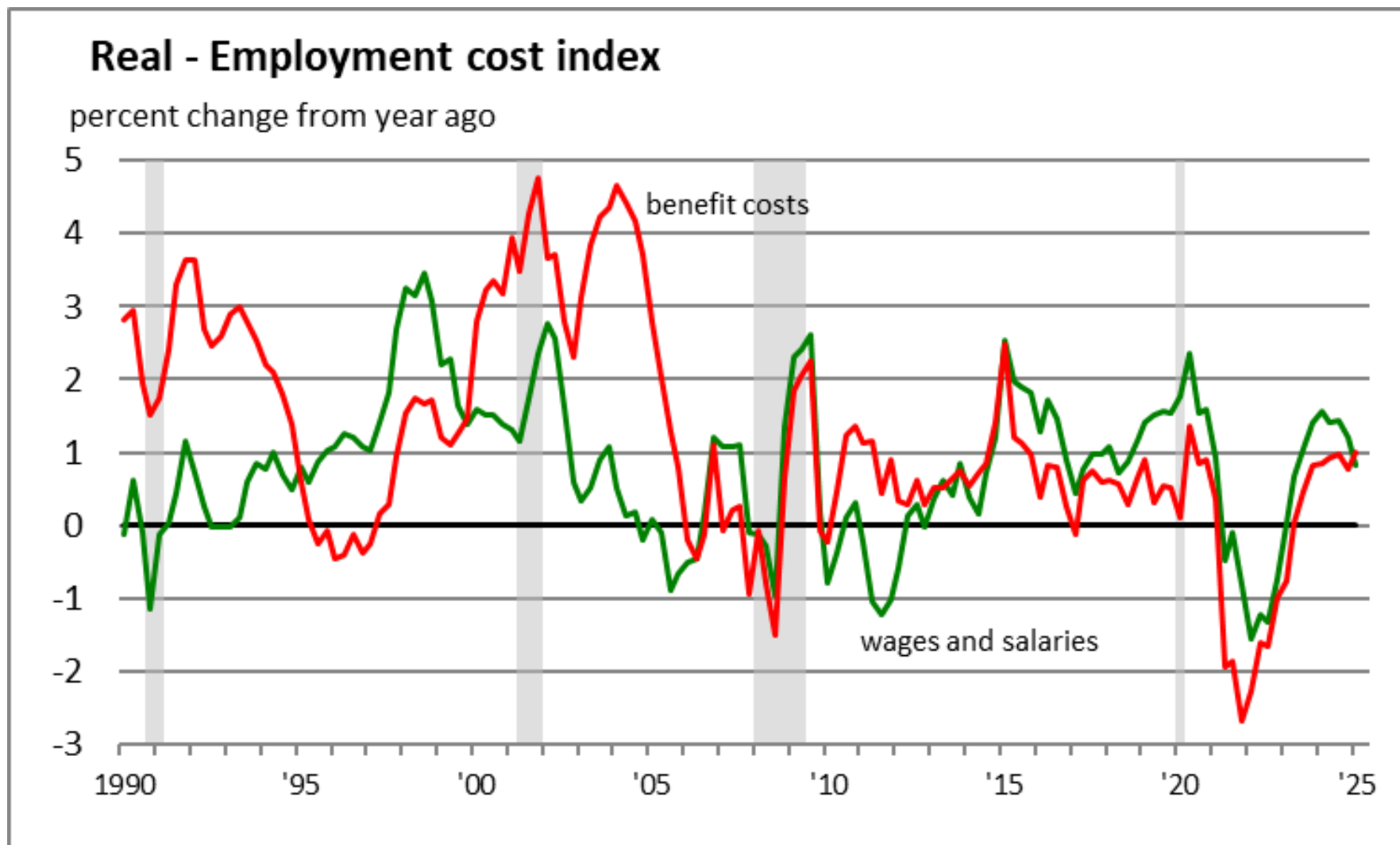
Source: U.S. Bureau of Labor Statistics

Prime age participation above pre-Covid levels to 75%



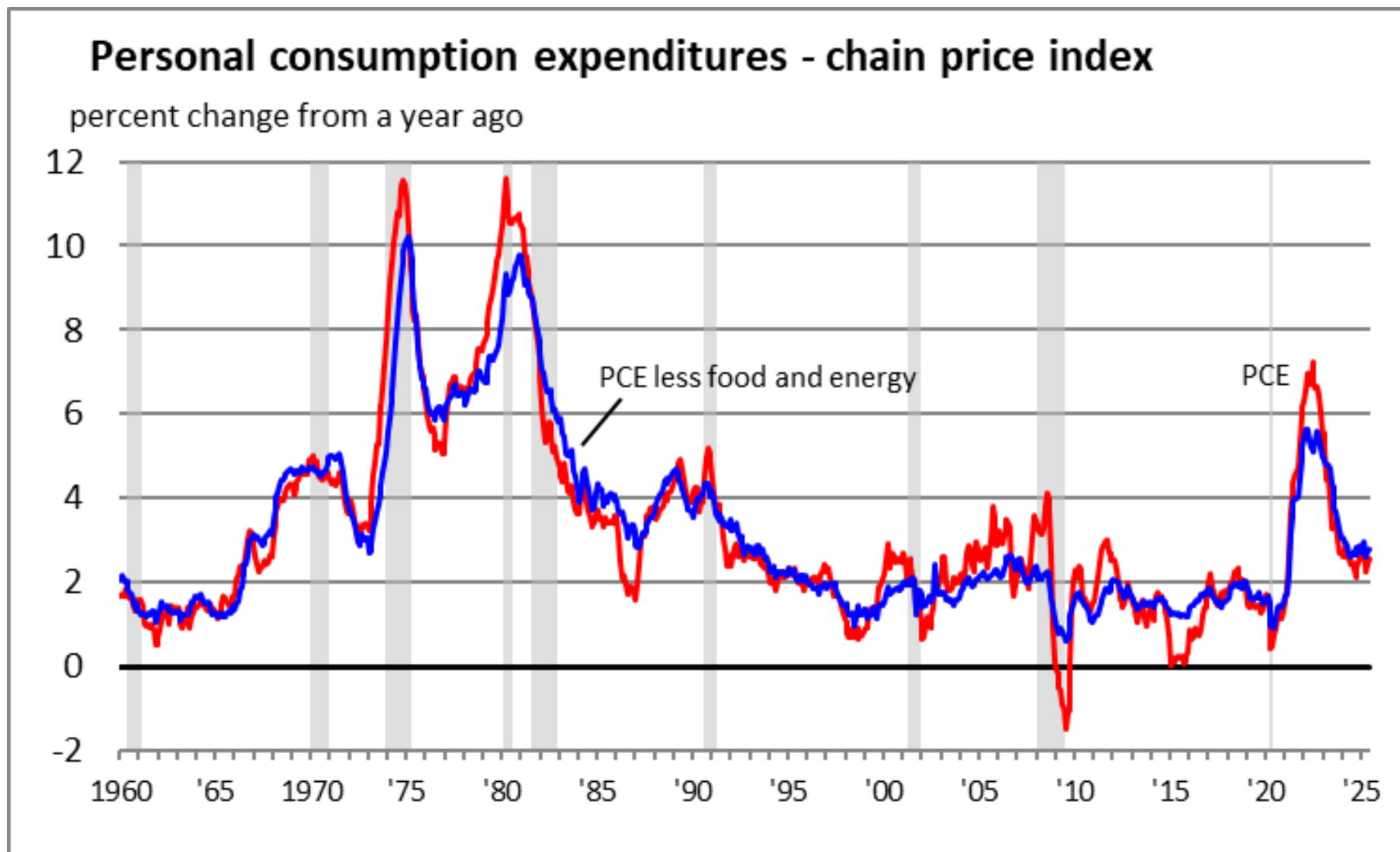
Source: U.S. Bureau of Labor Statistics

Wages and salaries & benefits rising faster than inflation

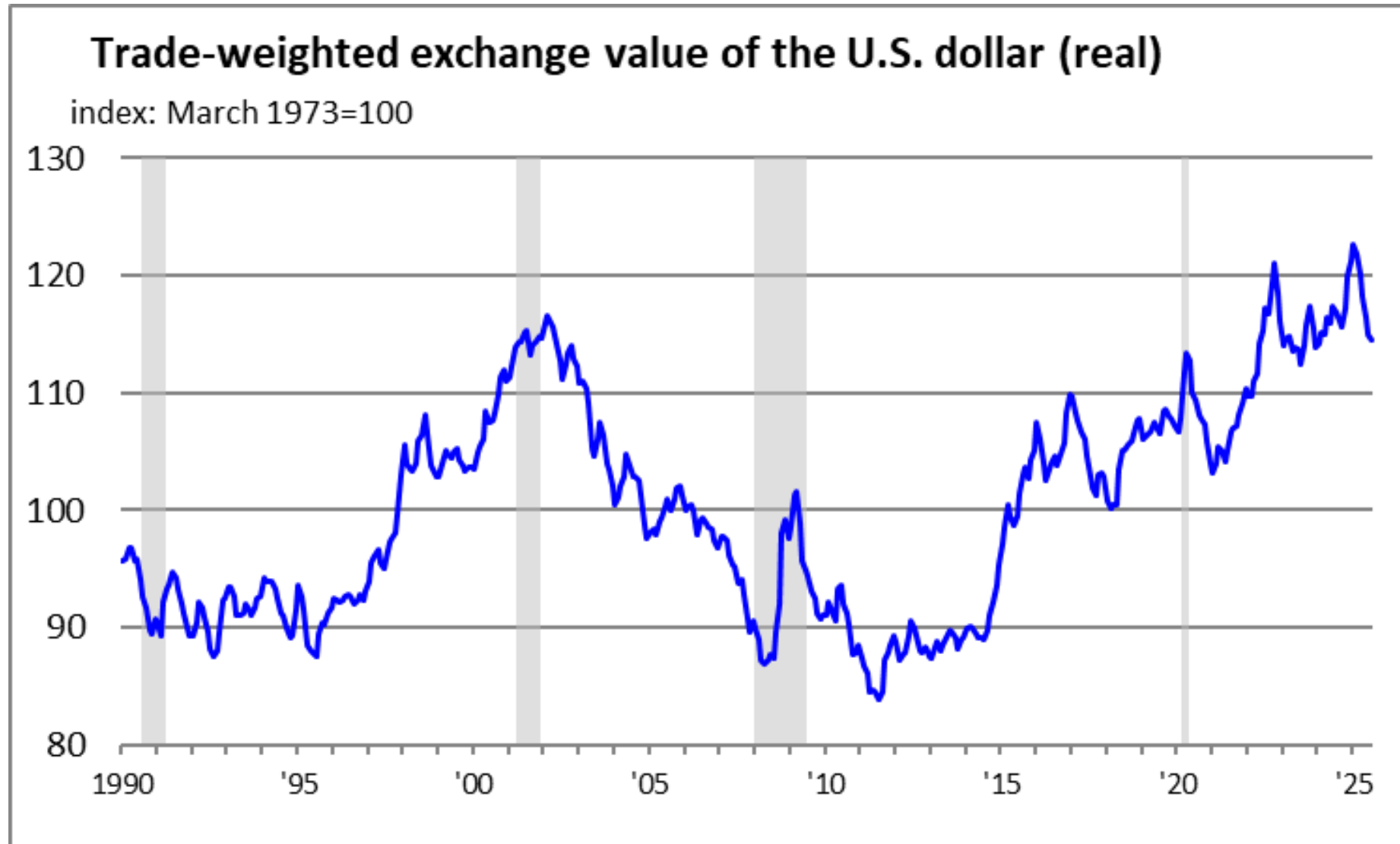


Source: U.S. Department of Labor

Inflation on the way down again after edging up

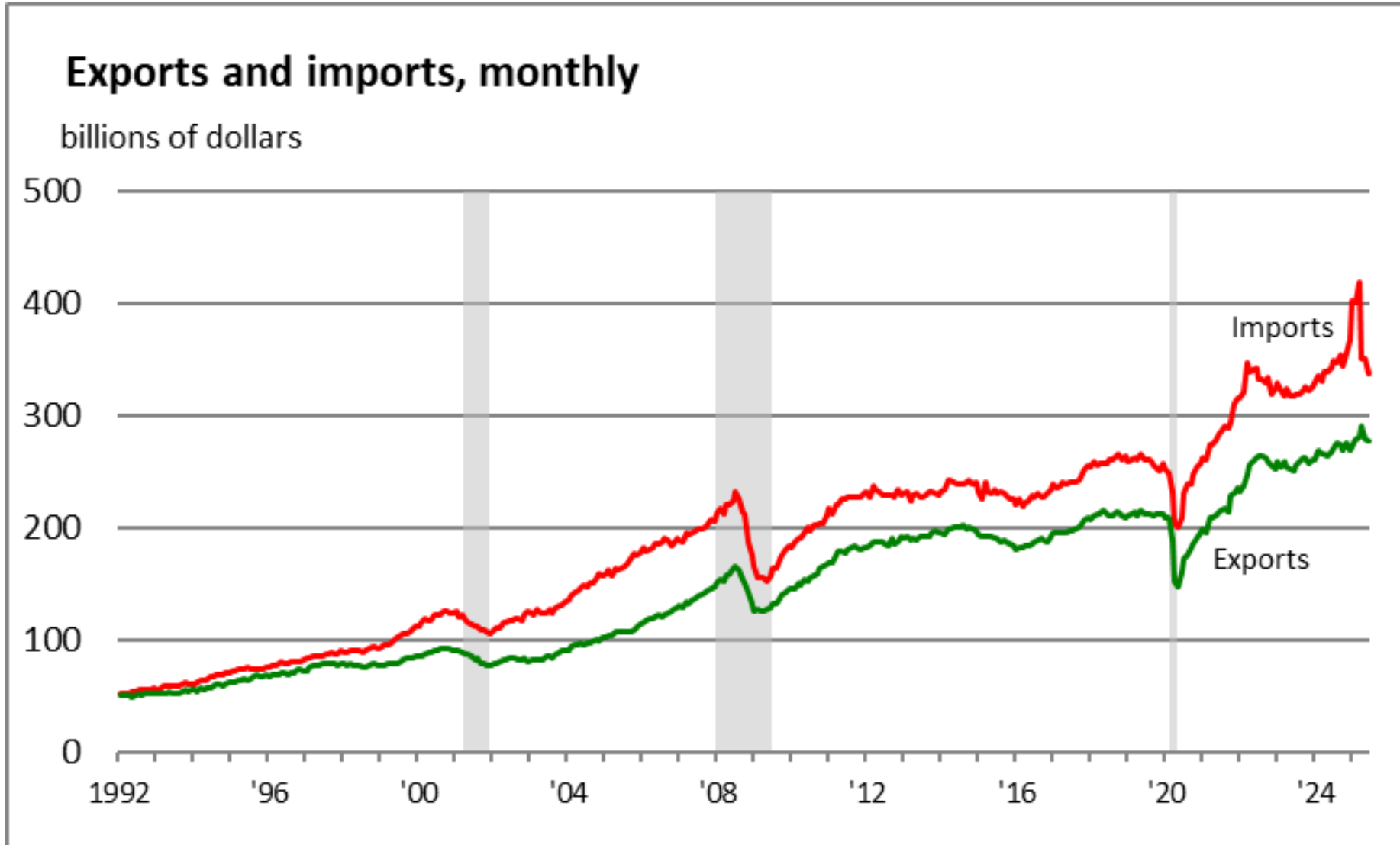


Lower value of the dollar aids exports



Source: Board of Governors of the Federal Reserve System

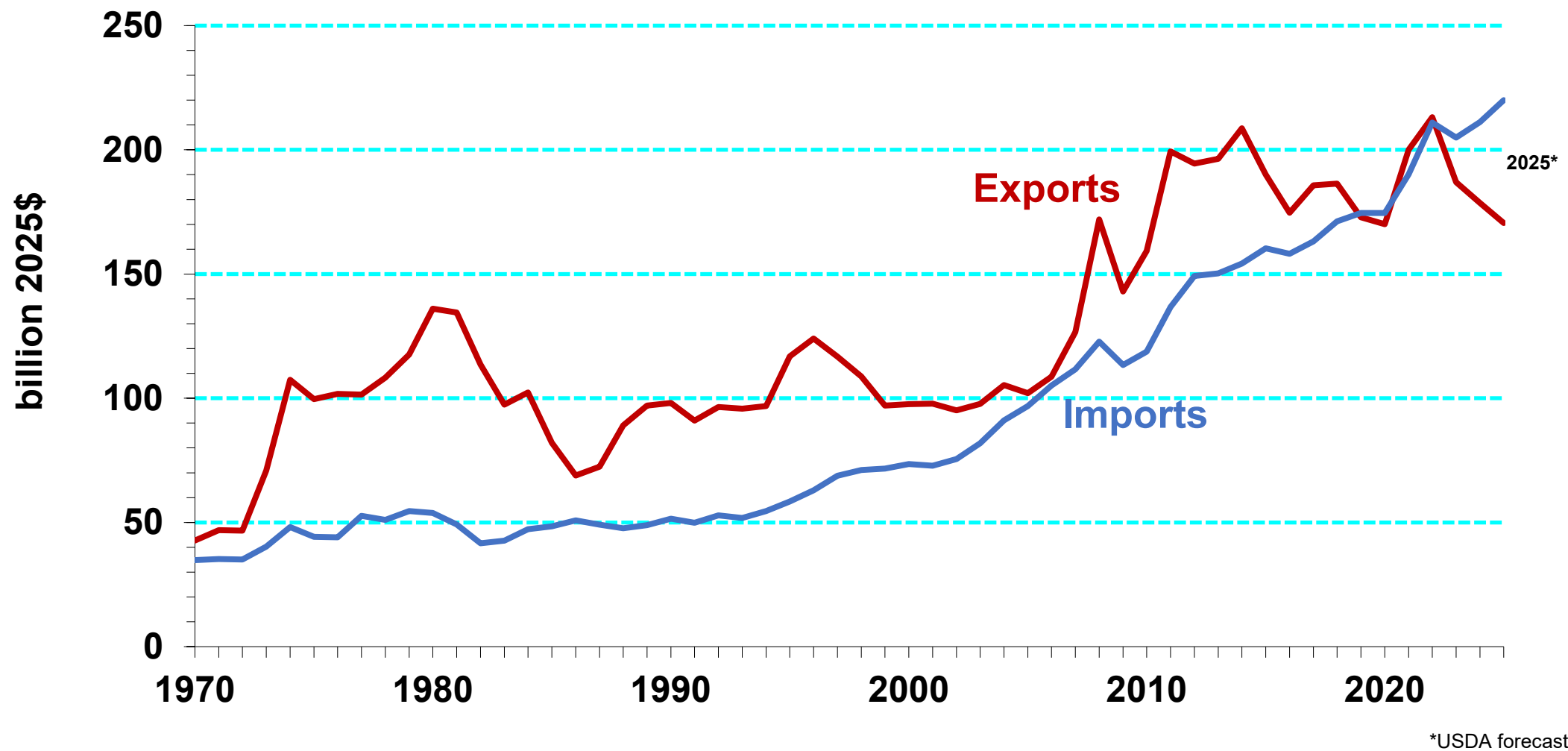
Imports rose and then fell more than exports



Source: U.S. Census Bureau

Value of US agricultural exports and imports

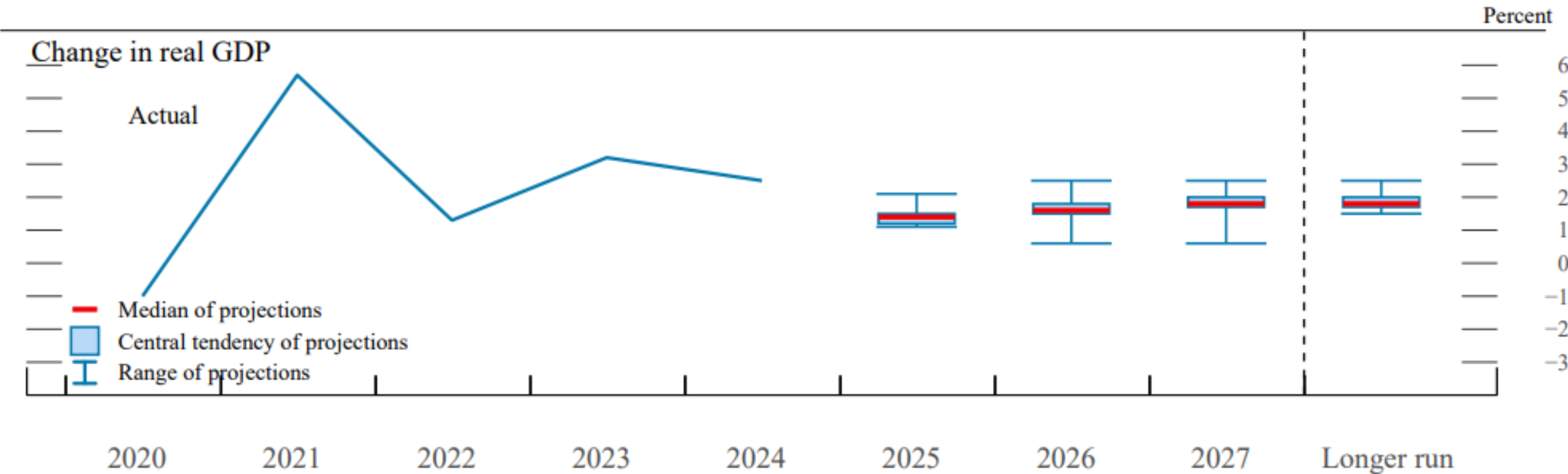
(Fiscal Year, adjusted for inflation)



Source: USDA, Economic Research Service

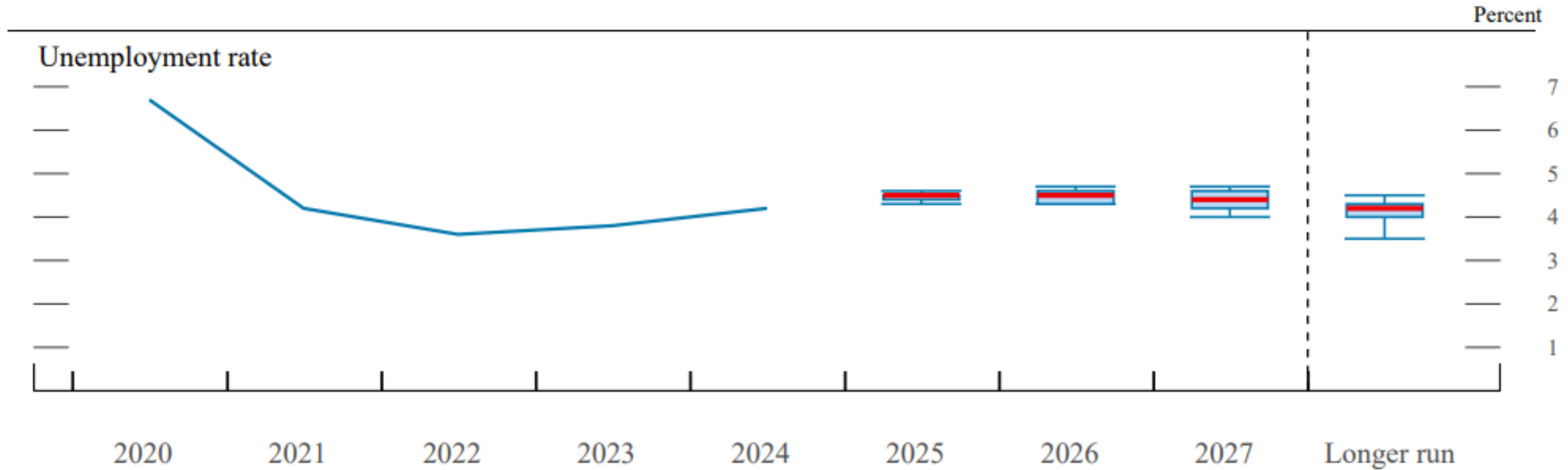
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Real GDP growth just below trend in 2025

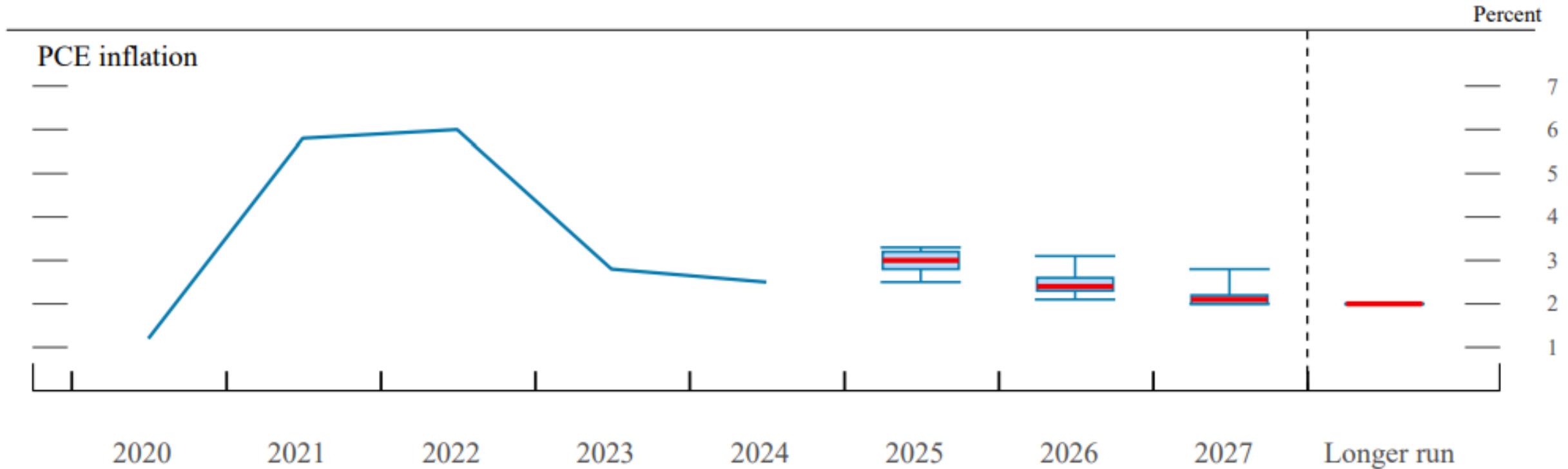


Source: Federal Open Market Committee, June 2025 SEP

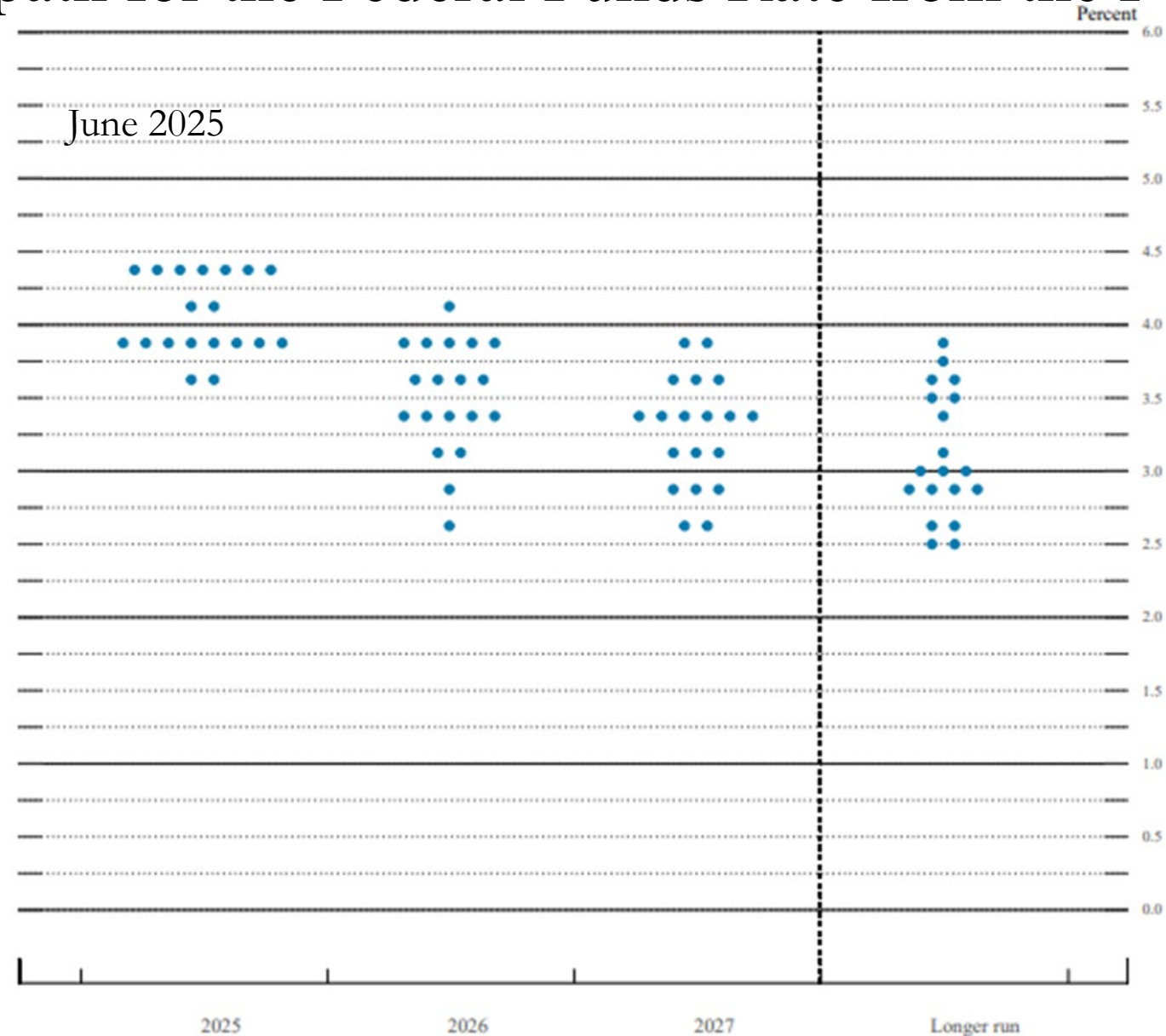
Unemployment expected to move a bit higher



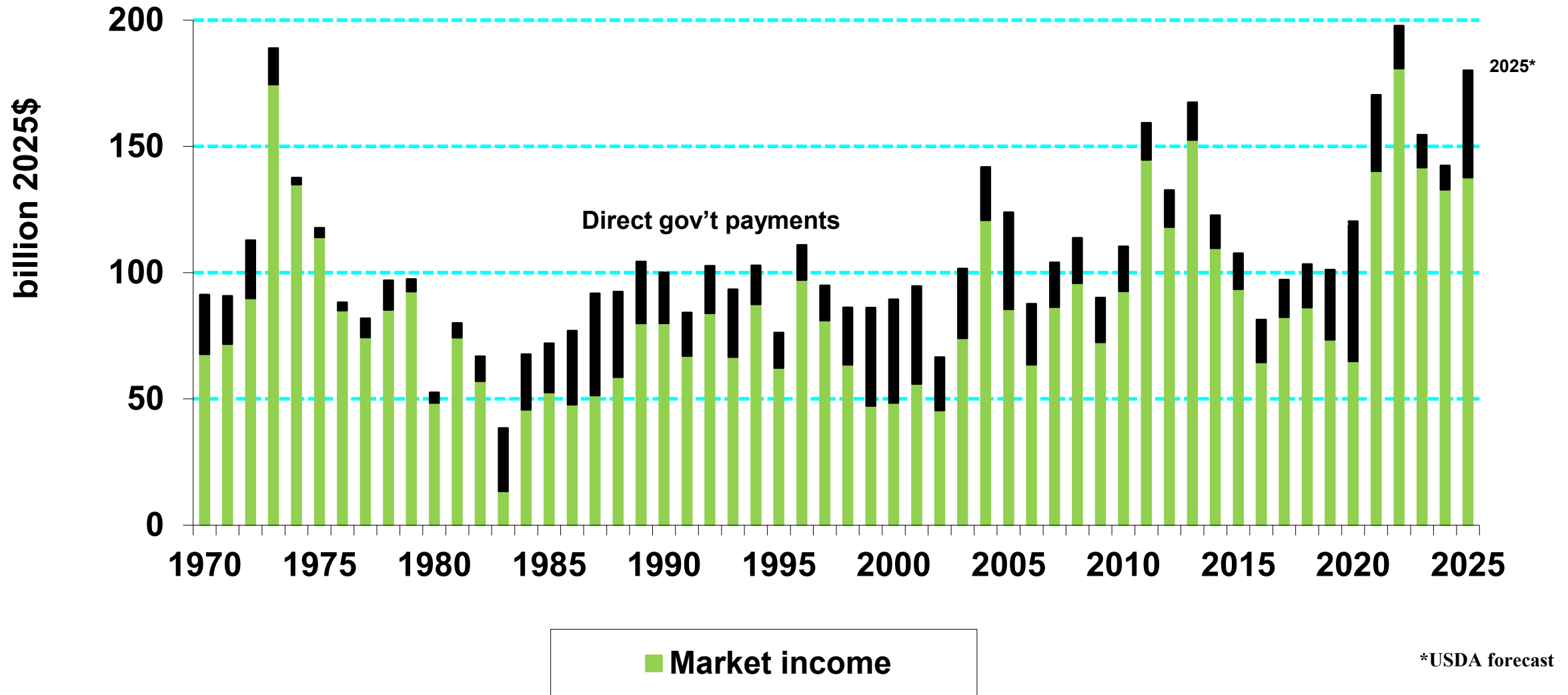
Inflation moved down steadily but hit a bump in 2025,
approaching 2% target in 2026



Updated path for the Federal Funds Rate from the FOMC

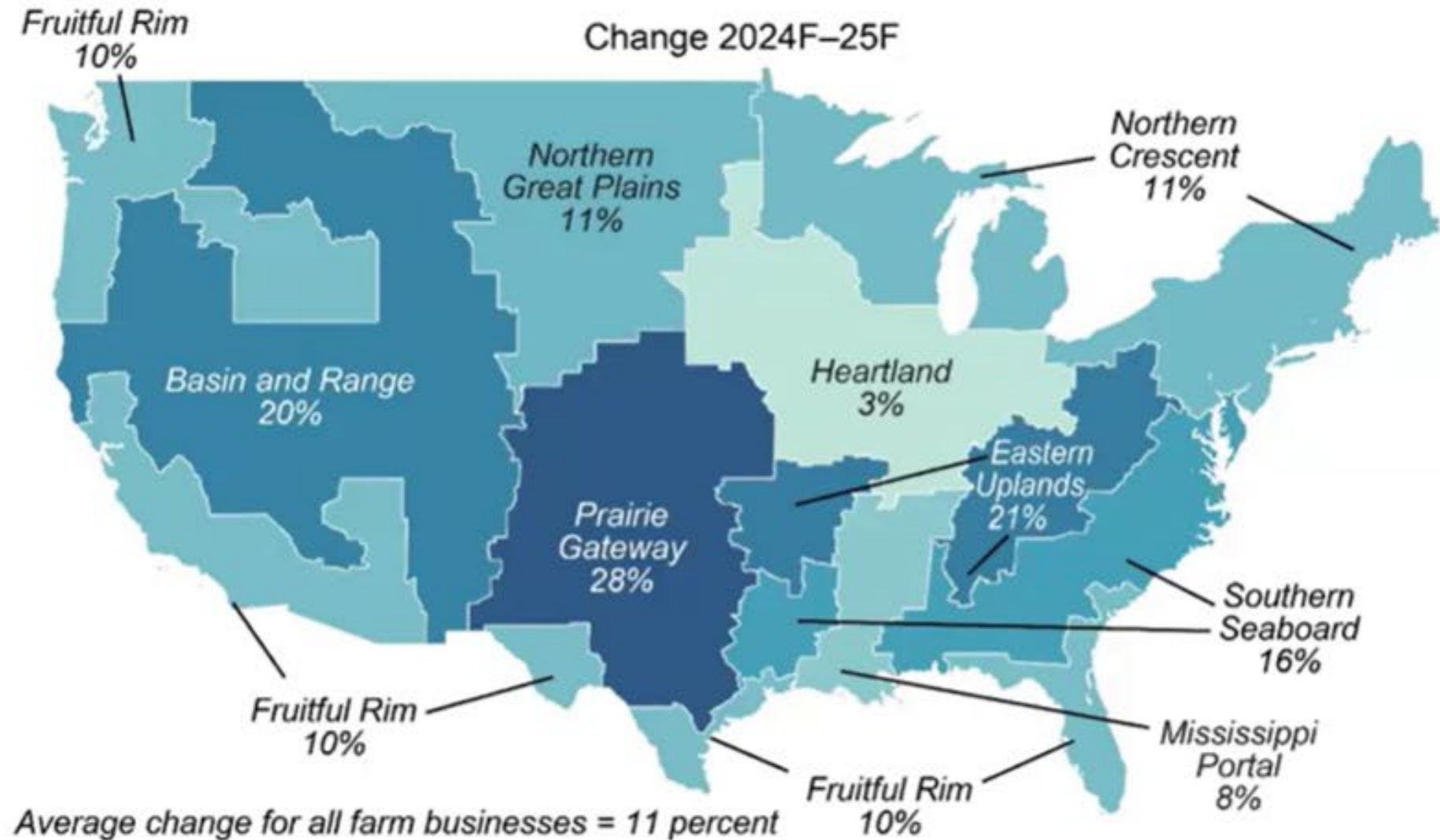


Real net farm income down in 2024 but up in 2025



Source: USDA, Economic Research Service

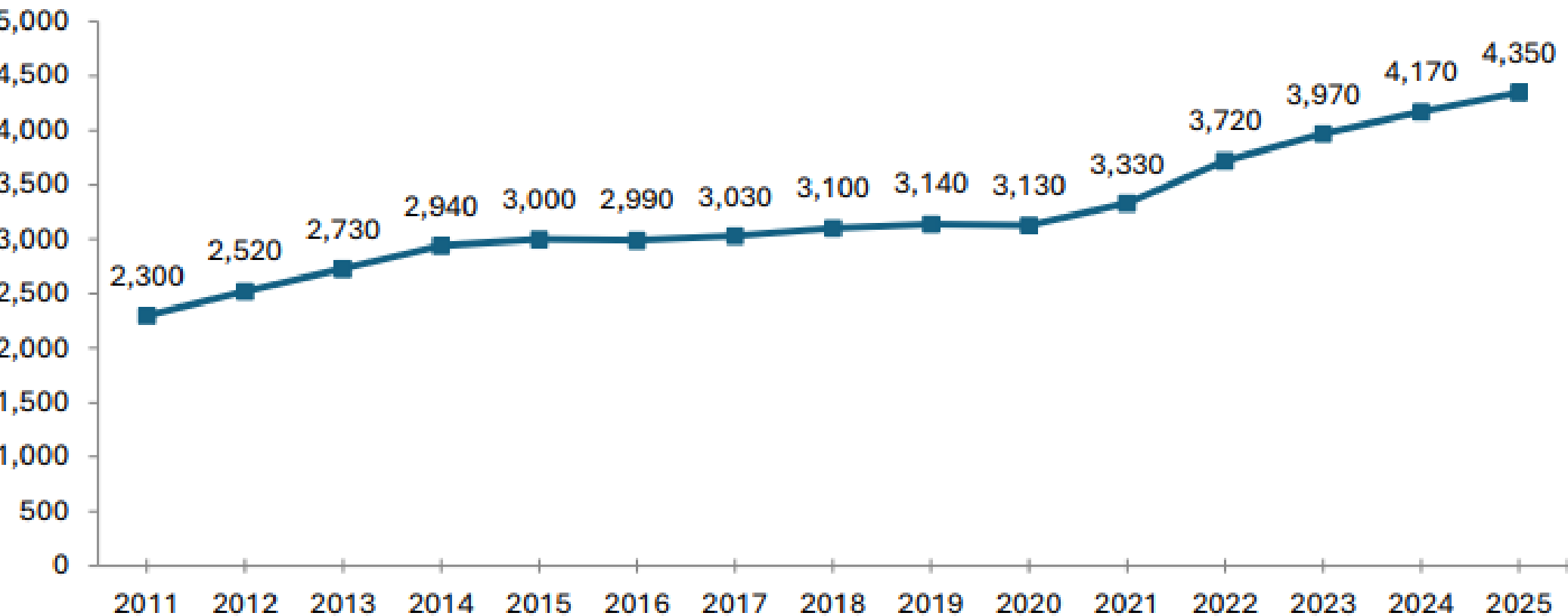
Farm business income expected to be up in 2025



Source: USDA, Economic Research Service

Average Farm Real Estate Value – United States: 2011-2025

Dollars per acre



USDA - NASS
August 1, 2025

Questions?

