



Tenth District Beige Book

March 04, 2026

Tenth District Summary for Beige Book.

Summary of Economic Activity

Economic conditions across the region increased slightly from the previous month, reflecting generally stable but cautious activity among firms and households. Labor conditions remained steady overall, with some firms utilizing technology and workflow improvements to raise productivity and ease operational constraints, rather than to reduce headcount. Prices have increased slightly, but many firms remain reluctant to raise prices further because customers have become more price sensitive and demand conditions remain soft. Several firms indicated earlier cost increases have already been incorporated into pricing, and they were not expecting significant changes over the next few months. Consumer spending was also mostly unchanged, but retailers observed a shift in purchasing patterns. One retailer reported weaker demand for lower-cost goods alongside steadier activity in mid-priced categories, while inventories edged lower as firms managed costs and exposure to price volatility. Business investment and production were largely flat. Energy activity increased modestly as higher oil and natural gas prices supported additional drilling activity in part of the Tenth District.

Labor market activity across the region was largely unchanged over the past month. Roughly a quarter of survey respondents identified labor supply as their top concern heading into 2026. Contacts attributed this to slower population growth and reduced migration into parts of the region, though domestic migration patterns remain uneven. In response, firms are increasingly investing in AI and other technologies to raise productivity. Most contacts described using these tools to improve workflow coordination and reduce operational bottlenecks, rather than replacing workers. Several noted that productivity gains are allowing employees to shift into higher-value, higher-wage roles, reflecting capital deepening in response to limited labor supply. Expectations for labor demand over the next six months continue to soften as labor substitution options increase.

Prices have increased slightly over the past month, according to reports from several firms across both the manufacturing and services sectors. Despite ongoing input cost pressures, many contacts expressed reluctance to raise prices further, citing price-sensitive customers and generally weaker demand conditions. Firms reported increases in certain expenses, particularly employee benefits and in selected raw materials, such as domestic metals. Even so, most firms indicated they have already incorporated prior cost increases into pricing over the past few months. As a result, additional price adjustments are expected to be limited in the near term.

Consumer spending in the Tenth District was flat from the previous month. Retailers and other firms reported steady overall spending, though the mix of purchases shifted. One retailer noted softer demand for lower-cost goods, which they viewed as a possible sign of strain among lower-income consumers. More activity was reported in mid-priced categories. Inventories declined slightly as firms managed input costs and reduced exposure to price volatility. Contacts generally expect spending to remain flat, though uncertainty about the sales volume has increased over the next three months.

Rural healthcare contacts across the Tenth District reported mixed financial conditions and noted expected risks over the next few months. Contacts reported that about half of rural hospitals were operating at a loss, with many distressed hospitals likely to close. In northern Missouri, five hospitals were reported as at-risk of closure, resulting in the potential loss of 1,000 jobs. Their reported financial challenges stemmed from low Medicaid reimbursement rates, growing uninsured populations, pharmacy reimbursement issues, and federal funding changes. Multiple contacts noted that they have encountered more disputes with manufacturers and restrictions through the 340B pharmacy benefit program, which has disrupted an important source of their revenue.

Both services and manufacturing contacts noted no change in production or sales over the past month. Contacts across the region reported that capital spending remained flat. Several firms indicated that investment decisions continue to be influenced by financial costs, valuations, and broader uncertainty. Anecdotally, one firm noted that early-cycle investments remain active, while later-stage projects are staying on the sidelines. Another contact reported they typically pay cash for all facility expansions; however, they took out a loan to preserve liquidity amid ongoing uncertainty. In manufacturing, several firms said backlogs have remained steady over the past two months and comparable to last year, but new orders have slowed slightly. Expectations of growth over the next six months have softened for both services and manufactures within the district.

The delivery of new multifamily housing units was expected to grow slightly faster than last year across the District on average. However, the growth in multifamily housing was expected to be mostly outside the largest metro areas. Contacts reported expectations for moderate growth in net operating incomes (NOI) over the coming year. Those expectations were strongest in segments such as healthcare, senior housing facilities, and the data center segments of industrial properties, and were weakest among office properties. The expectations for rising NOI were generally attributed to a favorable outlook for rent growth and were not driven by expected declines in operating costs.

Overall loan quality remains stable. Respondents expect some improvement in credit quality over the next six months, with tempered concern for the agricultural, consumer, and commercial real estate (CRE) loan portfolios. Total loan demand has risen slightly over the last two months, with stronger demand noted for agricultural and residential mortgage loans, while demand across other loan portfolios was viewed as stable. Although underwriting standards remain largely unchanged, some tightening in credit standards for agricultural loans continues. Respondents noted a moderate increase in deposit levels. Although a majority of respondents noted that actions by the federal banking agencies to reduce regulatory burden have not yet impacted their lending appetites, there is a growing sentiment that commercial and industrial, CRE, and consumer lending are more likely to expand as a result of ongoing regulatory relief efforts.

Tenth District oil and gas activity picked up modestly in recent weeks. The number of active oil rigs increased in Colorado and Wyoming as oil prices rose above the average breakeven of District firms, driven by rising geopolitical risks in Iran. Natural gas rig counts also rose in Oklahoma amid a spike in prices from cold winter weather. Looking ahead, contacts reported that liquified natural gas (LNG) export dynamics are likely to continue to support a slight increase in natural gas prices, but they also noted that emerging geopolitical risks carry both upside and downside risk to oil and gas prices and supply. Additionally, coal production in Wyoming moderated from earlier highs despite elevated prices.

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.

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