August 2026

Monthly Market Update

Industry Updates

General sentiment – *Producers sentiment improves, while liquidity pressures remain.*

Farmer sentiment improved modestly in July, according to the Purdue University/CME Group Ag Economy Barometer, driven primarily by stronger returns for Midwest producers. However, commodity prices for most Western producers remain persistently low and continue to pressure farm profitability. Producer confidence remains subdued, with fewer than 13% of surveyed farmers reporting they are better off financially than a year ago and only one in four expecting their operation to be in a better financial position a year from now. As a result, working capital reserves continue to erode for many operations, particularly in sectors facing multiple years of weak commodity prices, increasing reliance on borrowing and limiting financial flexibility.

Crop inputs

Crude oil prices were volatile.

Crude oil prices began under pressure in July as shipping activity through the Strait of Hormuz improved and the Organization of Petroleum Exporting Countries (OPEC+) increased production quotas. This trend reversed mid-month as renewed attacks on Iran by the U.S. led to a sharp fall in exports out of the Persian Gulf. Global inventories are depleting quickly, raising concern among many energy analysts that further supply disruptions could lead to a rapid rise in prices.

Nitrogen product prices soften.

Fertilizer markets were mixed during July, with nitrogen prices generally moving lower while phosphate and potash prices remained comparatively firm. U.S. retail nitrogen prices declined throughout the month as supply availability improved and spring applications ended. Despite the decline, prices for several nitrogen products remain notably higher than July 2025 levels. While phosphate and potash producers saw elevated raw material costs and transportation expenses, prices were steady on a more balanced global supply and demand environment.

Transportation costs increased.

Extended shipping routes due to the conflict in the Middle East along with persistently elevated fuel prices are increasing transportation costs. Bulk shipping markets are further supported by demand from iron ore and grain trade coupled with weather-related vessel delays. Surging container rates persisted through mid-July due to capacity constraints spurred by strong demand. Companies have pulled forward peak season container shipment volumes by about two months in response to evolving trade policy and geopolitical trends. Trucking rates held relatively flat during July, but may ease going forward as peak season volumes ease. However, rising insurance premiums, enforcement of non-domiciled Commercial Driver's License (CDL) and English Language Proficiency (ELP) regulations, and rising wages will continue to limit trucking capacity and maintain upward pressure on rates.

Almonds and pistachios – *Almond and pistachio markets are strong.*

Almond prices strengthened in July due to strong export demand depleting 2025 crop inventories and increased expectations the 2026 crop will come in at average levels. Demand from India remained particularly strong ahead of Diwali. Buyers in the Middle East have also been active despite higher freight costs and logistics challenges due to the conflict in Iran. June shipments increased 14% year over year and current-crop sales rose 48%, signaling that demand has remained resilient even with rising prices. Warm spring weather accelerated crop development and harvest is beginning roughly one to three weeks earlier than normal in many areas. Yields and quality may vary widely by orchard based on nutrition and input management. (Many growers reduced inputs due to rising costs and low prices earlier in the season.) There are reports of red leaf blotch infections, a disease that can cause severe foliage damage if left untreated, throughout the Central Valley.

Pistachio prices softened in mid-July following a historic rise that started in May 2026. The industry faces one of the smallest crops in recent years after spring heat and pollination issues led to significantly reduced yields and widespread blanks (empty shells). Anecdotal reports suggest the crop will come in between 600 to 800 million pounds, 50% below last year, though it is too early to be certain. While higher prices should offset some of the production losses, some orchards may decide not to harvest. The sharp production shortfall, declining inventories and strong global demand are leading some to believe prices could continue to rise for the new crop.

Visit our **almonds and pistachios webpage** for information on trade fundamentals and tariffs.

Apples – *Industry is cautiously optimistic for the 2026 crop.*

Apple prices were mixed in July, with gains in Red Delicious, Granny Smith, Fuji, Cosmic Crisp and Cripps Pink varieties partially offset by declines in Gala and Honeycrisp. Prices overall exceed previous expectations and the industry is cautiously optimistic heading into the 2026-27 marketing season. Anecdotal reports suggest the 2026 crop will come in smaller than the 2025 crop, which may be supportive of further price gains. July weather was favorable and crop quality appears good overall, though localized damage from hail occurred in several growing regions. Inventory levels of the 2025 crop are near average levels for this time of year. Reports of deteriorating internal quality for fruit in storage could further deplete supplies.

Cherry harvest is nearly wrapped up and anecdotal reports suggest total Northwest production will come in at about 15 million boxes, notably lower than the initial 18-million-box estimate. The crop came in about two weeks earlier than average and frost events in late March and early April contributed to its smaller size. Weather events in northern growing regions have reportedly led to production losses upwards of 50% as well as reduced quality. The smaller supply has led to an increase in prices late in the season. The 2026 pear crop is expected to come in near average levels and while some frost-related damage has been reported, fruit quality is favorable overall. The closure of Del Monte Foods' cannery in Yakima, WA in 2025 will continue to challenge the industry, particularly for the Bartlett variety.

Visit our **~~apples webpage~~** for information on trade fundamentals and tariffs.

Cattle – *Cattle herd expansion remains slow as markets adjust to border reopening.*

USDA's July Cattle Inventory report confirmed that the U.S. cattle herd remains historically tight, with inventory at 94.2 million head. While the report marked the first year-over-year increase (two tenths of a percent) in total cattle numbers since 2018, the overall market reaction was largely neutral. A record-low calf crop reinforced that meaningful herd expansion remains limited, suggesting cattle supplies will remain constrained in the near term. Cattle markets are expected to remain volatile as producers weigh expansion opportunities against elevated input costs and market uncertainty.

USDA announced beginning Aug. 24, the Douglas, Arizona, port of entry will reopen as part of a phased approach tied to Mexico's compliance with the Joint Action Plan addressing New World screwworm (NWS). Prior to the 2025 border closures, approximately 100,000 head of cattle crossed the U.S.-Mexico border monthly, making these imports an important source of feeder cattle for southern markets.

While the reopening represents a positive step toward normalizing cattle movements, the process is expected to be gradual. Import volumes may take many months to return to historical levels, and there is no guarantee the border will remain open. (Border access was opened and closed multiple times during 2025 in response to NWS concerns.) Processors in Arizona and other border states have emphasized that restoring cattle flows is critical to maintaining operations and supporting regional beef supply chains.

Cattle futures came under pressure following the border reopening announcement, as traders weighed the prospect of increased Mexican cattle imports against still-tight domestic supply fundamentals. Live and feeder cattle futures moved sharply lower after USDA outlined its phased reopening plan, overshadowing the previous session's gains.

Despite recent weakness in futures markets, local cash cattle prices remain exceptionally strong, reflecting continued demand for feeder cattle and limited supplies. Recent sales highlight the market's resilience, with 590-pound steers selling for $5.16 per pound and 500-pound steers bringing $5.83 per pound at a

South-Central Montana NHTC calf sale. Heifers were similarly strong. The Superior Livestock Sale saw 560-pound heifers selling for $4.86 per pound and 490-pound heifers bringing $5.43 per pound. (In contrast, there have been reports of weakening heifer prices in Idaho.) Recent video sales across the West have echoed overall strength, with weaned steer calves commonly sold for $2,700 to $2,800 per head. Bred heifers continue to command $3,900 to $4,100 per head, while quality young bred cows have sold for more than $4,500 per head.

Visit our **cattle webpage** for information on trade fundamentals and tariffs.

Dairy – *Dairy growth continues, but markets show signs of softening.*

The U.S. dairy sector continues to expand as producers add cows and increase milk production. Recent USDA cattle inventory and milk production underscore this trend. As of July 1, the U.S. dairy herd totaled 9.65 million head, up 2.1% from a year ago and nearing 30-year highs. The number of replacement heifers also increased to 3.6 million head, compared to 3.5 million head last year, indicating continued herd expansion ahead.

Across AgWest states, Arizona, Idaho, California, and Oregon all posted year-over-year growth in dairy cow numbers. Washington's dairy herd appears to be stabilizing, with losses limited to 2,000 head compared to a year ago. The state has reduced its dairy herd by approximately 20,000 head over the past 18 months.

Milk production growth is being driven by both larger herds and improvements in productivity. In the major dairy-producing states, June milk production reached 18.9 billion pounds, up 2.4% from last year, while milk production per cow increased by 7 pounds year over year. California was a notable exception, as June's extreme heat limited productivity gains and kept milk yields relatively flat compared to last year. Continued growth in milk supplies could pressure milk prices if production outpaces demand growth or if new processing capacity comes online more slowly than expected.

Despite a seasonal rebound in milk prices during the spring, dairy producers face increasing margin pressure as milk supplies continue to grow. The year began with an All-Milk price of $17.50 per cwt, resulting in Dairy Margin Coverage (DMC) payments for the first three months of 2026. Prices strengthened through May, peaking at $21.30 per cwt, before beginning to soften in June. July prices may again be low enough to trigger a DMC payment, signaling renewed pressure on producer profitability. Further price declines are expected during the second half of the year, which could continue to erode dairy margins.

Visit our **dairy webpage** for information on trade fundamentals and tariffs.

Forest products – *Housing market remains constrained by low affordability.*

Random Lengths' Composite Lumber Index increased 8.4% to $532 in July due to tight supply conditions. The housing market remains constrained due to low home buyer affordability. Spending on residential construction continued to fall for the third straight month in June. While listing prices are down 2.4% year over year on average across the country, mortgage rates surged in July as rising geopolitical tensions and inflation risk pushed long-term Treasury bond yields up. (Mortgage rates are closely correlated to long-term Treasury yields.) Harvard University's Joint Center for Housing Studies recently reported that remodeling permitting and retail spending on building products have flattened, and that this trend is likely to continue through mid-2027. Residential repair and improvements represent the largest demand driver for lumber in the U.S.

Log markets remained relatively stable in July, supported by steady mill demand and adequate inventories. The latest annual survey of loggers done by Timber Harvesting showed that 85% of loggers reported being impacted by mill closures, particularly among those for pulp and paper. Oregon's Board of Forestry approved a new Western Oregon State Forests Management Plan that places greater emphasis on habitat conservation, water quality, and climate resilience. When combined with the state's pending Habitat Conservation Plan, the changes are expected to reduce timber harvest volumes from Oregon state forests over time. In Washington, an expanded non-fish-bearing stream-buffer rule remains on track to take effect August 31 and could reduce harvestable timber volumes on some private timberlands. USDA announced $80 million in financing support aimed at expanding domestic timber production capacity and forest-product processing facilities, including projects in Oregon. Investment goals include expanding U.S. timber production, reducing wildfire risk and strengthening domestic sawmill infrastructure.

Visit our **forest products webpage** for information on trade fundamentals and tariffs.

Hay – *Western producers see price improvements, but water and weather remain the wild cards.*

New-crop hay prices have generally strengthened across the West in 2026, with demand increasing in drought-affected regions as ranchers secure forage supplies ahead of fall and winter. Hay prices have risen by $20 per ton across many Western markets, despite weaker milk prices and reduced export demand. Tight carryover inventories, multi-decade-low alfalfa acreage, frost damage and water restrictions have all contributed to stronger prices. Weather conditions will remain a key factor influencing hay as harvest progresses. Export demand remains pressured. Through the first of the year, U.S. hay exports were down 8.2% from the previous year, a concerning trend given that 2025 marked the lowest annual export volume in 16 years. Alfalfa exports declined in every month of 2026, with the largest year-over-year decline occurring in March (24.4%) and June (20.4%). Ongoing geopolitical disruptions in the Middle East, coupled with a relatively strong U.S. dollar, have reduced the competitiveness of U.S. hay in international markets and are weighing on export demand.

At the same time, domestic demand has become increasingly uneven. Record milk production has pressured milk prices, pushing Class III milk futures below $17 per cwt at times and leaving many dairies operating hand-to-mouth. In contrast, hay demand from cattle producers has largely increased given concerns about growing drought conditions.

Conditions by state:

- **Arizona** - Alfalfa prices for fair and good-quality hay have remained relatively steady. Hot weather during June and July created quality challenges in some production areas and could impact late-season supplies.
- **California** - Alfalfa prices in Central California have improved by $20 per ton over the past several months for both premium and fair-quality hay. In the Imperial Valley, fair-quality hay has seen the largest price gains, while premium and supreme grades have remained relatively unchanged. Softening milk prices have left many dairies cautiously purchasing hay, while brokers sourcing hay from neighboring states are struggling to compete with local demand. Supplies of high-quality alfalfa remain tight, and reduction of hay acreage and elevated production costs have also encouraged growers to seek higher prices.
- **Idaho** - Hay prices have strengthened significantly, with alfalfa values across most quality grades increasing roughly $40 per ton over the past 90 days. Frost damage and strong ranch demand have supported the market. As premiums for higher-quality hay have narrowed, some growers are prioritizing yield over quality by extending cutting intervals. Potential water curtailments remain a concern for the remainder of the growing season.
- **Montana** - Hay markets largely reflect local needs. Drought-stricken areas continue to command stronger prices due to limited availability, while growers in regions with access to imported hay from Canada and the Dakotas face greater competition. Many growers report that much of their crop is already committed, though final prices have not yet been established. Timely rainfall has improved pasture and rangeland conditions in many areas, helping prevent more severe forage shortages.
- **Oregon** – Drought conditions and wildfires have intensified in portions of Oregon, though harvest activity continues across much of the state. Eastern Oregon producers have largely completed first cutting. Demand for new-crop hay has been strong, with buyers already securing supplies directly from producers. Market participants continue to monitor drought impacts as the season progresses.
- **Washington** - Alfalfa prices in the Columbia Basin have increased modestly, rising approximately $10 per ton since spring. However, weaker export demand has caused Columbia Basin prices to lag behind neighboring states. Reduced dairy demand has also played a role, as Washington's dairy herd has contracted notably over the past two years. Timothy hay quality has been reported as average, while prices remain elevated near year-ago levels. Because timothy acreage expanded this season, producers believe the larger crop could create downward pressure on prices later in the year.

Visit our **hay webpage** for information on trade fundamentals and tariffs.

Lemons and oranges – *Mixed conditions for lemon and orange crops.*

Valencia harvest is progressing steadily, reaching about 40% by the end of July. Quality is strong, though marketing challenges have arisen due to larger-than-normal fruit sizing. Prices for larger fruit are down notably year over year. While export demand appears to have softened as Southern Hemisphere fruit hits international markets, domestic demand is holding steady and should strengthen as schools reopen. Seasonal imports from Chile and South Africa picked up in July with volumes so far similar to 2025 levels. USDA's final citrus forecast projects U.S. orange production, including tangerines and mandarins, will be up 8% year over year for the 2025/26 crop, with gains driven primarily by non-Valencia varieties in California. FDA updated the orange juice standard of identity for the first time in more than 60 years, lowering the minimum Brix requirement and allowing up to 15% mandarin or mandarin-hybrid juice in pasteurized orange juice. This change is expected to reduce reliance on imported juice. USDA announced plans to purchase $20 million of fresh oranges from domestic producers, the same level as 2025.

Lemon harvest in coastal California is nearing the end and the crop reportedly has good quality with a larger-than-average size profile. Ventura County's 2025 annual crop report showed planted acres declined 5% to 15,247 acres, but production more than doubled. Import volumes, coupled with harvest in the Central Valley, may put downward pressure on prices. USDA forecasts lemon production will fall slightly in the 2025/26 season to 27.6 million boxes. Visit our **lemons and oranges webpage** for information on trade fundamentals and tariffs.

Potatoes *– Favorable crop conditions.*

Potato acreage is expected to decline modestly across the Western U.S. in 2026 as growers and processors adjust to softer market conditions.

Idaho's potato acreage is estimated by USDA to be down approximately 15,000 acres from 2025. The decline is largely attributed to fewer dehydrator processing contracts and reduced open-market table potato plantings following weaker prices over the past several years. Growing conditions were favorable through June, but persistent heat during July and early August has raised concerns about potential impacts on crop development.

Across Oregon and Washington, growing conditions have generally been favorable, although localized wildfire activity has affected some production areas. Oregon acreage remains relatively steady, but production is expected to edge lower due to reduced yields. In Washington, acreage is largely unchanged and crop conditions have been near ideal. Early-harvested potatoes are reported to be in excellent condition, with strong yields and large tuber sizes.

The Executive Director of the Washington State Potato Commission recently highlighted growing international competition as a challenge for U.S. exports. China, in particular, has emerged as a growing competitive threat. In 2015, the country launched its Potato Staple Food Strategy, an initiative designed to elevate potatoes from a regional crop to a key component of the national food system. Since then, China's potato production has expanded significantly, increasing 12.6% according to the Food and Agriculture Organization (FAO). As China's production and export capabilities continue to grow, U.S. potato exporters may face increasing competition in key global markets.

Visit our **potatoes webpage** for information on trade fundamentals and tariffs.

Wheat *– Harvest progresses as wheat prices trend higher.*

Wheat markets moved sharply higher during July as tightening U.S. production forecasts and escalating geopolitical tensions in the Black Sea region raised concerns. Chicago wheat futures climbed from a late-June low near $5.68/bu to recent highs approaching $7.10/bu, driven initially by lower U.S. acreage and yield expectations. Additional support came from renewed conflict between Russia and Ukraine, which has increased uncertainty around grain exports from the Black Sea. Russia and Ukraine are expected to account for nearly 30% of global wheat exports this marketing year, making disruptions to export infrastructure or shipping routes a key concern for world wheat supplies.

Pacific Northwest wheat harvest continues to advance, with early reports indicating generally favorable yields and quality despite localized weather challenges. More than 20% of the region's exportable wheat crop has been harvested, while much of the wheat destined for Gulf export channels has already been cut. Hard red winter wheat harvest is progressing steadily, and producers are reporting better-than-expected grain quality despite drought in parts of the production region. However, additional acreage abandonment is expected to be reflected in future estimates, and if realized, the hard red winter crop would be the smallest since 1957.

Soft white wheat harvest is also gaining momentum, particularly in lower-elevation and drier production areas, with winter wheat harvest estimated at approximately 18% complete. Meanwhile, the spring wheat crop has fully headed and is developing well, with harvest expected to ramp up in the coming weeks. USDA crop condition ratings improved recently, with winter wheat rated 66% good-to-excellent and spring wheat rated 61% good-to-excellent.

Across Washington, early yield reports have ranged from 80 to 100 bushels per acre, although some fields have experienced localized yield losses from freeze damage and drought stress. Oregon producers are reporting above-average yields, underscoring the importance of timely rainfall during key growth stages rather than total seasonal precipitation. Protein levels are expected to vary considerably across the region, with lower protein levels generally associated with stronger-than-expected yields. In Idaho, growers continue to evaluate the impact of spring freezes on grain quality and grain fill, while isolated hail events in northern areas may have caused localized crop damage.

Montana's durum wheat crop remains on track, supported by favorable subsoil moisture conditions. Approximately 70% of the crop has headed, and 2% has begun turning color. Recent hot, dry weather has accelerated maturity, with the first harvest activity expected within the next two weeks. While surface moisture conditions have deteriorated in some areas, precipitation received during June and early July has helped sustain crop development. USDA currently rates 57% of Montana's durum crop as good-to-excellent as producers monitor final grain fill and harvest prospects.

Visit our **wheat webpage** for information on trade fundamentals and tariffs.

Wine and wine grapes – *Wine grape crops are coming in smaller than average with good quality.*

The U.S. wine market remained under pressure in July as sales volumes declined across retail, wholesale, and Direct-to-Consumer (DtC) channels. Excess inventories and falling demand continue to weigh on the industry. Reports suggest major producers are reducing capacity, distributors are adjusting portfolios, and many wineries are prioritizing profitability, inventory management, customer retention, and production discipline over volume growth.

Wine grape crops across the West are developing early and appear to be smaller than average with generally good quality. Reports of disease pressures are minimal, though powdery mildew has impacted a number of growers in Southern Oregon. While harvest in Oregon and Washington is about a week or two early, parts of California are four to eight weeks ahead of schedule. An early harvest is not expected to have a material impact on the crop or markets. Demand for white varieties appears to be better than reds. While wildfire activity in Oregon and Washington is immense, it is located far enough from the primary growing regions that smoke taint risk remains relatively low in most areas. (Excessive smoke exposure to grapes can negatively impact flavor profile.) The Fire Insurance Protection – Smoke Index (FIPSI), a crop insurance program made available in the West in 2026, is already providing support to several growers experiencing a sufficient number of Smoke Events (the occurrence of heavy smoke density in a county during a 24-hour interval).

Visit our **wine and wine grapes webpage** for information on trade fundamentals and tariffs.

Economic headlines

Fed holds rates steady, but signals inflation concerns.

The Federal Reserve maintained interest rates at 3.50%–3.75% amidst a 9–3 vote split at the July 2026 meeting. Dissenters argued for a rate increase given inflation remains above the 2% target. The Fed provided little forward guidance, but noted economic activity is persisting at a solid pace while the labor force has seen some weakness.

Long term treasury yields are rising.

Yields on 10-year and 30-year Treasury bonds rose notably in July as inflation concerns, geopolitical uncertainty, and fiscal pressures weighed on investors. The ongoing war in Iran and broader shifts in global supply chains have increased inflation risks, while the Fed's decision to hold rates steady in August appeared at odds with its strong rhetoric on controlling prices. Rising federal deficits may also be contributing to higher long-term rates by increasing the supply of Treasury securities relative to investor demand.

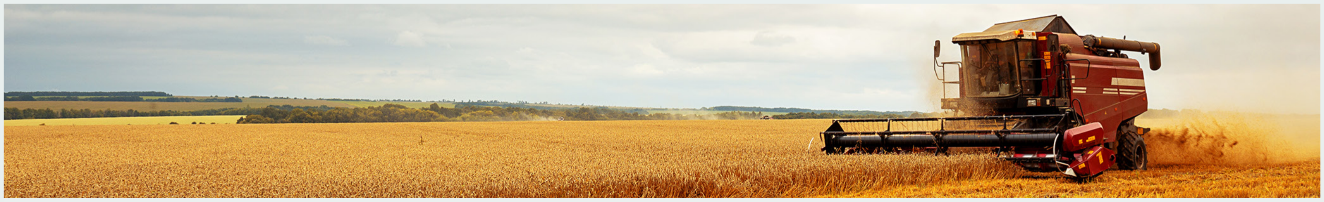
Economy expands, but rising trade deficits dampen growth.

The advanced estimate for Gross Domestic Product (GDP) came in at 1.5% in Q2 2026, a notable decline from 2.1% in Q1 2026. A surge in imports offset relative strength in consumer spending. Companies are frontloading imports ahead of typical seasonal demand trends to avoid potential tariffs.

Labor data is mixed.

While the labor market remains largely resilient, the labor force participation rate has fallen rapidly (see chart below). Statistical revisions to population data, an aging population, lower immigration levels, and moderate declines in prime-age workers are driving this trend.

Source: Bureau of Labor Statistics.



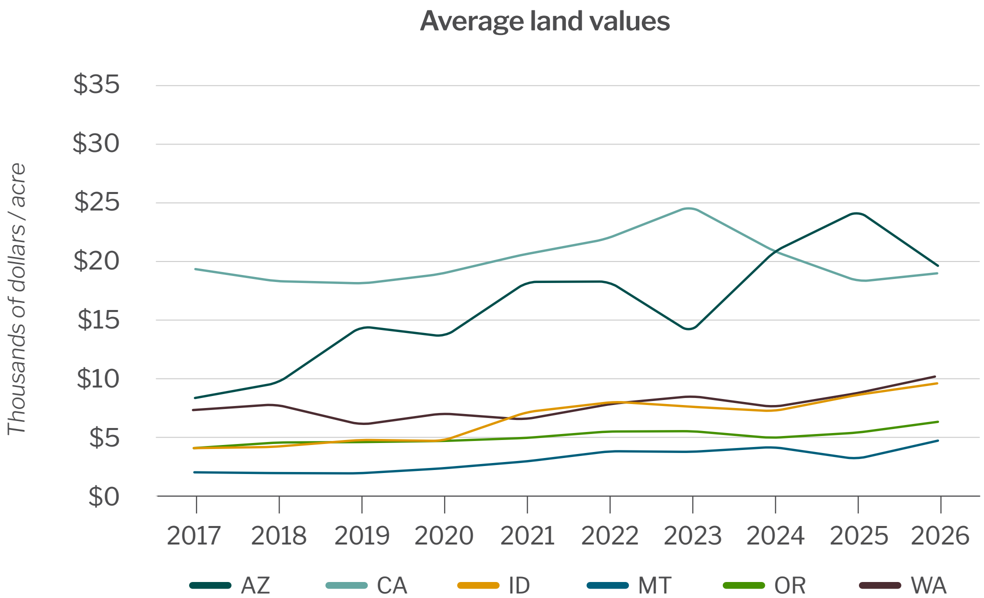
Land values report

Executive summary

Land values across AgWest Farm Credit's territory show mixed trends. While some regions report stable or slightly increasing values due to a limited supply of quality properties offered for sale, certain portions of AgWest's territory experienced land value decline for the following reasons:.

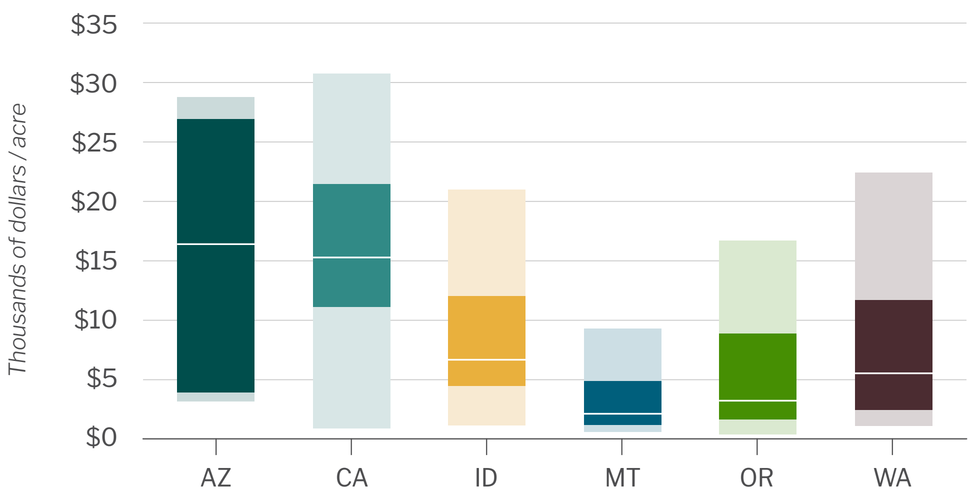
- **California** - Water supply constraints, combined with depressed prices for fruit and nut commodities—including table grapes, wine grapes, almonds and walnuts—resulted in value declines for agricultural properties in recent years. However, market data suggests that values may have bottomed out, supported by greater clarity on water supply outlook and strengthening tree nut pricing.
- **Washington** - Declining commodity prices have softened buyer demand across several permanent plantings, placing downward pressure on land values. As a result, many properties—particularly hops, uncontracted wine grapes, and apple orchards in central Washington—are experiencing extended marketing periods and weakening values.

Persistently elevated interest rates and tightening water regulations continue to soften demand for agricultural properties across the West. Even where values are increasing, they are increasing at a slower rate. Property inventories for sale are increasing in California and Arizona, but in general remain limited across the Northwest. Local operators, absentee operators, institutional investors and developers are active in the marketplace; however, development acquisitions have decreased primarily due to elevated financing costs and reduced returns. Some areas are reporting longer listing times and decreases in listing prices, though final sales prices indicate generally stable values.



Source: AgWest's proprietary sales database. Industrial, commercial, residential, and site sales excluded. Data in the box and whisker plot represents a 12-month rolling average. Data collection lags about six months and is subject to change. Recent changes in methodology have led to slight changes in values from the previous Land Values Report.

Average land values (box plot)



Source: AgWest's proprietary sales database. Industrial, commercial, residential, and site sales excluded. Data in the box and whisker plot represents a 12-month rolling average. Data collection lags about six months and is subject to change. Recent changes in methodology have led to slight changes in values from the previous Land Values Report.

Land value considerations

Interest rates - Relatively high interest rates are a frequently reported deterrent to land acquisition. More instances of creative financing, such as owner-carried notes, are reported.

Rural residential/recreational - Most rural residential and recreational markets continue to cool, largely due to elevated interest rates. Recreational buyers are becoming more selective, seeking properties with proven amenities. Longer listing times are becoming more common and prices appear to be stabilizing.

Availability - Inventories of agricultural land are low in much of AgWest's territory, which continues to bolster values despite elevated interest rates. A notable exception to this trend is in portions of California and Central Washington, where broker reports and AgWest's internal market data indicate supply is outpacing demand.

Farm income/commodity prices - The relationship between land values and commodity prices in recent years has been weak as many perceive land as a stable, long-term investment. However, this relationship is strengthening in areas such as central Washington and California's Central Valley as poor pricing in certain markets has impacted land values. Visit our Industry Insights webpage for industry-specific updates. Visit our **Industry Updates webpage** for industry specific updates.

Drought - As of mid-2026, drought conditions have returned to much of AgWest's territory, particularly in southern Idaho and southwestern Montana. Winter snowpack was quite light across the territory, leading to irrigation water supply concerns in many areas. Continued extreme drought in the Colorado River Basin creates uncertainty around long-term water supplies for agriculture in Arizona, while California enjoys more senior rights.

Arizona

- Agricultural cropland prices are stable in the greater Yuma area, while sales activity is slowing, largely due to elevated interest rates. Inventory is considered adequate for current demand. Farmers are not actively seeking land to purchase, but they may purchase neighboring parcels or those that fit well into their operation when offered for sale. Investor activity is slower than in recent years due to water supply concerns and elevated interest rates.
- Cropland values in southeast and central Arizona remain stable, with overall light market activity. Inventory is considered adequate for current demand. Demand and values are strongest in areas with secure water supply and/or high development potential. Agricultural land surrounding the Phoenix Metropolitan Area is often purchased by investors due to strong population growth and interest in renewable energy projects. Investor activity is stable, although long-term water supply issues and elevated interest rates create some concern.
- Drought and poor Colorado River conditions in recent years have led to sharply reduced Central Arizona Project (CAP) deliveries, increasing irrigation costs and creating more dependence upon groundwater.

- Declining groundwater levels and expanding groundwater regulations may exert some negative pressure on agricultural land values in rural Arizona, particularly in Cochise and Graham counties. However, current data indicates stable values.
- Sales activity for dairy properties is slow. Extended listing periods are a possible indication of a softening market. Limited recent data indicates that values and lease rates are stable.
- Most participants in the pecan industry expect the market for average to good quality orchards to remain stable; however, low pecan prices in 2023-'24, higher interest rates, and volatility in the California tree nut industry slowed sales activity. While pecan prices rebounded in 2025, the unknown sustainability of a long-term water supply is a concern. Limited listings indicate soft demand.
- Pistachio orchards are rarely offered for sale due to high profitability and ownership concentration in the industry, keeping pistachio orchard values relatively high, though the unknown sustainability of a long-term water supply is a concern.

California

- Access to water is the primary driver of agricultural land values in the southern San Joaquin Valley, with buyers preferring properties with access to multiple sources of water. Secondary drivers impacting land values include interest rates and commodity prices.
- The unfolding implementation of the Sustainable Groundwater Management Act (SGMA) and related pumping restrictions have led to decreases in underlying land value across much of the southern San Joaquin Valley, particularly in those areas which lack access to surface water deliveries and/or don't have a regulatory plan approved by the state. Court rulings and new analyses of sustainability plans have provided greater clarity around future water restrictions in recent months. This should help to reduce uncertainty for landowners and prospective buyers.
- Contributory values of permanent plantings such as almonds, table grapes and walnuts have declined across the Central Valley due to oversupply in recent years, although there is some indication that nut orchard values have stabilized as commodity prices have somewhat recovered. Contributory values among pistachio and citrus orchards remain relatively strong. Market participants appear to believe the bottom has been reached and are entering the market and making offers near listing prices.
- Demand for dairy facilities in the San Joaquin Valley is decreasing due to very thin margins. The buyer pool is limited and prefers newer, more efficient facilities that minimize costs. Less efficient facilities are typically redeveloped into feed cropland or used as heifer facilities after purchase.
- Listing times are stable to slightly increasing in the San Joaquin Valley as supply slightly outpaces demand, while listing times remain stable in the Sacramento Valley with balanced inventory.
- Land values in the Sacramento Valley have mostly stabilized following gains in tree nut prices over the last year. Cling peach orchard values are currently stable, although the recent bankruptcy of a large processor may reduce demand for fruit in the near future. Prune orchard values remain mostly stable. Rice ground values are stronger in areas where surface water supplies are more reliable.
- Premium wine grape vineyards on the Central Coast are seeing reduced demand and declining values due to a persistent lack of wine demand. Vineyards located in western Paso Robles show some resilience due to their storied heritage and being located outside of the Paso Robles Groundwater Basin; however, there is evidence of decline in this region as well.
- The supply of irrigated cropland capable of vegetable and strawberry production on the Central Coast is very limited and in high demand, particularly in the Santa Maria Valley, which benefits from high quality soils and a relatively stable long-term water supply.
- Rangeland values are stable. Properties are usually marketed directly to a well-known buyer/lessee pool and typically sell quickly, keeping values elevated.
- Imperial Valley land values are stable to slightly decreasing while rents are stable, albeit with downward pressure. Market activity is slower due to high interest rates, decreased commodity prices and trade disputes. This region has historically appealed to investors seeking water security, although this trend has dissipated in recent years, and local growers and operators now make up most of the market participation.

Idaho

- Agricultural land values in Idaho remain stable to slightly increasing when compared with previous years despite depressed prices among crops such as potatoes, onions, beets and other crops commonly grown in the area. Demand for good quality agricultural ground continues to exceed supply. Listing times are generally stable.
- The rural residential market is stable, with limited supply creating upward pressure on values and elevated interest rates creating downward pressure on values. Listing times are increasing as a result, but properties still sell in a reasonable timeframe.
- Activity in the recreational market has slowed and properties are seeing longer listing times. Prices in this sector are difficult to track as there is relatively little data, though the available data indicates stable values. Relatively high interest rates have pushed some prospective buyers out of the market, but demand is still evident.
- Despite previous agreements to avoid curtailments in 2024 and 2025, statewide drought and reduced runoff forced Idaho's Department of Water Resources to issue a curtailment order in May 2026 for groundwater rights in the Eastern Snake Plain Aquifer that are junior to Oct. 11, 1900 and not covered by an approved mitigation plan.
- Some irrigation companies have reduced delivery to users, and some indicate they will not have an adequate water supply to fill irrigation demands through the entire growing season.
- The Upper Snake River system is at 60% of capacity as of early June 2026 per USBR, which is below average. Surface water users may face a shortage of up to 181,600 acre-feet, forcing irrigation districts to focus on conservation once more. While these water supply concerns have the potential to adversely affect agricultural land values, the precise impact cannot be measured at this time.

Montana

- Agricultural land sales indicate values are generally stable to slightly increasing throughout the state, with higher quality production properties being limited in inventory.
- Good-quality agricultural land and cattle ranching properties continue to be in high demand. High beef prices are putting some cattle ranchers in a position to expand, supporting higher grazing land values, although there is some concern about increased operating costs due to drought. Currently, lower grain prices do not appear to have a measurable impact on land values. Limited supply has reduced overall activity. Demand for lower-quality agricultural properties has softened slightly, with longer listing times reported.
- Production agriculture still drives land values in many parts of the state, with many transactions taking place privately between landlords and tenants or between neighbors.
- Rural residential demand softened from the highs seen during COVID-19 but remains stable. However, high prices, limited inventory and elevated interest rates are precluding many would-be buyers, leading to reduced activity overall. Listing times are increasing.
- Recreational interest is strong, especially among those properties that offer amenities such as live water and fishing, direct access to public land, privacy, access to elk and bird populations, etc. Buyers are reportedly being more selective and seeking proven hunting ground, although the inventory of these properties is limited.
- Many large recreational ranch transactions are taking place off-market as demand remains extremely strong.
- A weak snowpack and warm winter of 2026 led to early runoff and anticipation of decreased summer streamflow, although large rainstorms in late May and early June mitigated drought concerns to some extent. There is some concern about water shortages during the latter part of the irrigation season.

Oregon

- Despite low commodity prices, agricultural land values are generally stable due to a limited supply of high-quality cropland. Lower quality agricultural properties show some evidence of softening prices and increasing listing times.
- Although demand continues to be strong for most property types, particularly from large operators, buyers are generally careful to ensure properties fit well into their existing operations. Investor and out-of-area buyer interest has declined slightly from the previous two years across most of the state.
- Sales activity has picked up slightly for vineyards in the Willamette Valley. Sellers are largely made up of distressed businesses, owners looking to retire and private equity firms looking to offload holdings. Transaction values are down as there are more sellers than buyers.

- Demand for rural residential properties varies depending on location. A lack of inventory is generally keeping supply below demand, propping up values. However, prices have leveled off from previous highs due to persistently elevated interest rates. Longer listing times are common. There is limited activity in the recreational market, but available data indicates strong demand.
- The number of large (5,000+ acres) timberland transactions across the Pacific Northwest has been limited the past 12 months. Log prices are stable to trending upward, and demand remains strong for high quality timber assets. Buyers are primarily local operators and investment organizations. Overall, values are perceived as stagnant to slightly increasing, but at a slower rate compared to prior years. There continues to be an active market for smaller woodland investment tracts at stable pricing.
- Drought conditions and irrigation water supply concerns re-emerged across the state in 2026. Precipitation from October 2025 through June 2026 ranged from approximately 79% to 108% of long-term averages. However, April 1 snowpack—typically the seasonal peak—was significantly below normal statewide, ranging from as low as 2% in the Blue Mountains to approximately 67% in the Coastal Range.
- Some localized areas around Burns, Redmond and Klamath Falls are experiencing irrigation water issues due to historic drought and declining water table issues, alongside other environmental concerns.
- Catastrophic wildfires in multiple areas of Oregon during 2024 and currently in 2026 have resulted in widespread operational challenges over the next several years for affected producers and will likely impact availability of grass/pasture leases.

Washington

- Irrigated and dry cropland values are holding stable throughout the state, although weak commodity markets are exerting some downward pressure. Many permanent planting properties, particularly hops, wine grape vineyards and apple orchards in central Washington, are seeing longer listing times and significant declines in contributory values.
- Demand for orchards has softened as supply has increased in the market area. Orchards with long-term inefficiencies and out-of-date varietals are experiencing the largest decreases in values.
- Rental rates are beginning to soften in some areas, and land values may follow if commodity prices remain depressed.
- In areas where a recreational market exists, few sales have occurred and extended listing times are common. Properties with proven amenities set the high end of the range. The buyer pool is reduced due to elevated interest rates and other affordability challenges.
- The rural residential market still shows strong values due to limited supply of desirable properties, although the buyer pool has decreased and listing times have increased.
- The number of large (5,000+ acres) timberland transactions across the Pacific Northwest has been limited the past 12 months. Log prices are stable to trending upward, and demand remains strong for high quality timber assets. Buyers are primarily local operators and investment organizations. Overall, values are perceived as stagnant to slightly increasing, but at a slower rate compared to prior years. There continues to be an active market for smaller woodland investment tracts at stable pricing.

Share your feedback! **Click Here** to complete a two-minute survey about this Snapshot.

About AgWest Farm Credit Appraisal Services

AgWest appraisers provide appraisal services on rural properties throughout the West. The Appraisal Services team continually researches sales and tracks market data throughout Arizona, California, Idaho, Montana, Oregon and Washington. They compile the market data and analyze it using a central database.

This report provides a high-level look at trends and market characteristics and does not provide details about specific areas or land types. The report should not be used to identify the value of a specific property. This information is limited only to an analysis of trends in identified land values within the geographic area served by AgWest Farm Credit.

Learn More

For more information or to share your thoughts and opinions, contact **CustomerFeedback@agwestfc.com**.

To receive email notifications about western and global agricultural and economic perspectives, trends, programs, events, webinars and articles, visit **www.AgWestFC.com/subscribe.**

Spotlight: Water as an input

Water has often been viewed as a fixed asset that came with the farm. Across much of the West, that assumption is changing. Drought, regulation, population growth and competing demands are making water supplies less predictable and more actively managed. Producers are placing greater emphasis on water access, reliability and long-term availability when making business decisions. Several trends worth noting include:

Increasing regulation - Water access across the West is increasingly shaped by regulation rather than weather alone. Examples include California's Sustainable Groundwater Management Act (SGMA) pumping limits, reporting requirements and fees, and expanding groundwater oversight through new management areas and withdrawal restrictions in Arizona, Oregon and Washington.

Water rights are becoming more valuable - As water becomes scarcer, the value of secure water rights is rising. Idaho and Washington continue to rely heavily on priority-based systems that favor senior rights holders during shortages, while ongoing adjudications and legal disputes across the region are clarifying who can use water and when.

Competition is expanding - Agriculture is facing growing competition for water from cities, environmental needs, tribes, industry, and energy users. From Colorado River negotiations to data center growth in Oregon and fish-flow requirements in Washington, more stakeholders are competing for limited supplies. This means future water availability will depend not only on drought conditions, but also on policy decisions and competing economic priorities.

Water scarcity is increasingly influencing farm economics. Producers are investing in irrigation efficiency and water infrastructure, placing greater emphasis on securing reliable water supplies. Some are modifying their crop mix towards higher value items. In many areas, water rights have become a significant driver of land values, making water availability, regulatory risk and long-term access critical factors in evaluating farm profitability and viability. Across the West, water is evolving from a fixed resource into a managed production input.

For more information, see our latest **Quarterly Drought and Water Update**.

Drought and water update

Drought monitor

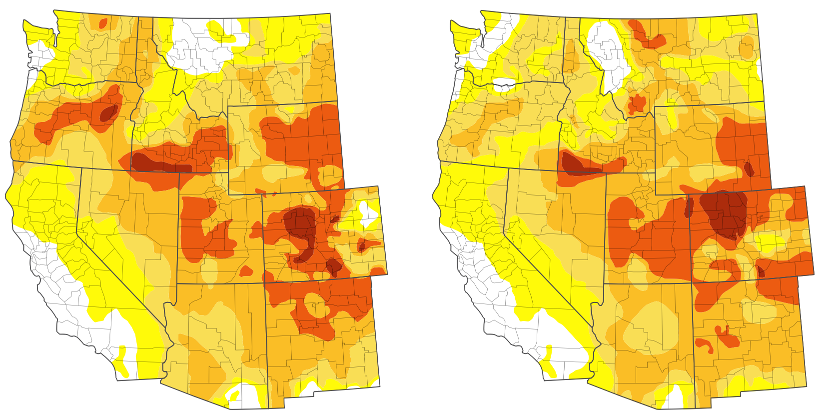
Drought conditions worsened across the West, largely due to warmer-than-normal temperatures. Extreme drought conditions have expanded in eastern Oregon, southern Idaho and Utah, while other states advanced from D0 and D1 conditions to D2 and D3 (see map below). For the latest on weather, see AgWest's **Weekly Weather Updates with Eric Snodgrass**.

- D0 Abnormally dry
- D1 Moderate drought
- D2 Severe drought
- D3 Extreme drought
- D4 Exceptional drought
- None

Source: U.S. Drought Monitor, University of Nebraska.

August 4, 2026

May 5, 2026



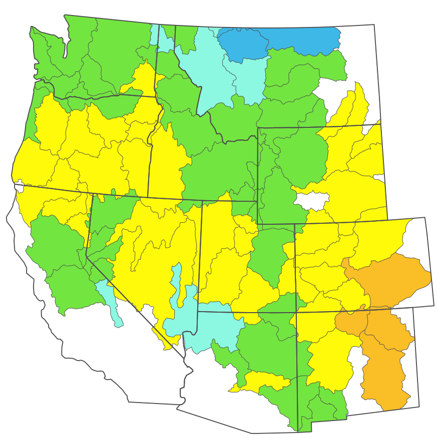
Description: The U.S. Drought Monitor provides a comprehensive look at drought conditions across the U.S., categorizing areas by intensity (no drought to Exceptional Drought). This tool helps agriculture producers understand water availability and make informed decisions about crop management.

Year-to-date precipitation

The West transitioned from a dry spring and low mountain snowpack to a wet, cool June. Despite improved precipitation in some basins, water availability remains a concern across much of the region especially as triple digit temperatures were experienced in July.

- >150%
- 130% - 149%
- 110% - 129%
- 90% - 109%
- 70% - 89%
- 50% - 69%
- <50%
- No basin value

Source: Natural Resources Conservation Service. NWCC Interactive Map. Data as of August 4, 2026.



Description: The NWCC Year-to-Date Precipitation Map provides a detailed overview of precipitation levels across the U.S., comparing current data to a historical average. Similar to the Drought Monitor, this tool helps agriculture producers understand water availability and make informed decisions about crop management.

Reservoirs with low water levels

Reservoir levels have decreased throughout much of the West. Several reservoirs in Idaho and Oregon remain notably below average. Lake Powell and Lake Mead remain at historically low levels. California and Washington are the exceptions with most of their reservoirs at or above historical averages.

Reservoirs with water levels below 80% of their historical average

Location / Region	Reservoir	Percent of average level	Percent of previous year
California	Pine Flat	57%	86%
Colorado River Basin	Lake Mead	45%	88%
	Lake Powell	33%	72%
Idaho	American Falls	22%	84%
	Anderson Ranch	75%	98%
	Arrowrock	33%	70%
	Cascade	74%	94%
	Grassy Lake	47%	7%
	Island Park	44%	95%
	Lake Lowell	77%	102%
	Little Wood	58%	148%
	Mann Creek	26%	51%
	Palisades	26%	40%
	Reservoir A	47%	121%
	Ririe	65%	76%
	Soldiers Meadow	55%	121%
Oregon	Agate	40%	37%
	Beulah	70%	65%
	Crescent	28%	58%
	Emigrant	38%	38%
	Fish Lake	21%	18%
	Fourmile	14%	24%
	Hyatt	66%	48%
	McKay	69%	78%
	Ochoco	60%	64%
	Owyhee	62%	43%
	Prineville	53%	50%
	Phillips	17%	16%
	Thief Valley	0%	0%
	Unity	38%	44%
	Warm Springs	54%	32%
	Wickiup	68%	66%
Washington	Cle Elum	62%	110%
	Kechelus	67%	156%

Source: Bureau of Reclamation: Reservoir Storage. California Department of Water Resources. Arizona Department of Water Resources. Data as of August 4, 2026.

Description: Reservoirs are an important source of water for agriculture producers throughout the West. This section identifies those with water levels at or below 80% of their historical average for the given period. Reservoirs at or above 80% of their historical average water levels are not included in this list.

Updates impacting water access

Arizona

Reservoir conditions remain critically low, with Lake Mead and Lake Powell at just 27% and 23% of capacity, respectively, raising concerns for agricultural water supplies and hydropower generation if water levels continue to decline. Drought concerns remain elevated as declining reservoir storage and ongoing water shortages continue to pressure agricultural water supplies. Nearly 90% of Arizona is currently classified as being in Moderate Drought (D1) or worse, although overall drought intensity has remained relatively stable over the past three months. June 2026 was Arizona's seventh-hottest June on record. While localized storms delivered above-average rainfall to Sierra Vista, Tucson and Green Valley, these events provided only limited relief to broader water supply concerns.

Uncertainty surrounding the Colorado River's long-term management continues to grow as seven states face an October 1 deadline to reach a formal operating agreement. After multiple failed attempts to negotiate, Upper Basin states (Colorado, New Mexico, Utah, and Wyoming) and Lower Basin states (Arizona, California, and Nevada) remain divided over how future water shortages should be allocated. In the meantime, federal officials appear willing to advance a temporary proposal from the Lower Basin states, which includes a combined 3.02 million acre-feet reduction in water use. Under the proposal, California would reduce consumption by 12%, Arizona by 31%, and Nevada by 38% until 2028. While many stakeholders hope the interim plan will prevent protracted legal battles, the potential for litigation remains.

The urgency of negotiations has increased as Colorado River water supplies continue to deteriorate. Conditions have been exacerbated by historically poor snowpack in the Rocky Mountain headwaters, limiting runoff into the system. The Colorado River supplies water to more than 35 million people and supports a regional agricultural sector that accounts for roughly 70% of total river water consumption. Future water allocation decisions will influence irrigation availability, crop production and water costs throughout the western United States.

California

California drought conditions have remained relatively stable the past three months. Late-season precipitation boosted reservoir storage and increased surface water allocations. The State Water Project allocation was raised from 30% to 45% following stronger-than-expected runoff and reservoir recharge. Federal water supplies also increased modestly, as the U.S. Bureau of Reclamation raised Central Valley Project allocations for South-of-Delta contractors from 20% to 25%.

Despite improved surface water supplies, groundwater management remains a major challenge. The State Water Resources Control Board continues advancing an interim groundwater management plan for the Tule Subbasin in southern Tulare County after determining local efforts failed to meet Sustainable Groundwater Management Act (SGMA) requirements. The basin remains on probation and could face significant pumping restrictions, particularly in areas experiencing severe subsidence or lacking access to surface water. Groundwater pumping fees were upheld for portions of southern Tulare County, reinforcing the state's use of regulatory and financial tools to bring overdrafted basins into compliance. The newly formed Tule East Groundwater Sustainability Agency has yet to implement pumping restrictions in areas where excessive groundwater withdrawals have contributed to damage along the Friant-Kern Canal corridor. Meanwhile, Kings County groundwater agencies have agreed to pursue a unified Groundwater Sustainability Plan to satisfy state requirements and avoid further intervention.

The cost of water compliance continues to rise for producers. The Yolo Subbasin Groundwater Agency approved new groundwater sustainability fees to fund management activities, while the Paso Robles Area Groundwater Authority adopted a groundwater pumping fee of $22.90 per acre-foot of consumptive use. These actions reflect the growing financial burden associated with achieving long-term groundwater sustainability.

Adding to water management concerns, Sacramento County recently declared a local emergency related to the spread of invasive golden mussels, which can clog water infrastructure, damage irrigation systems, and disrupt reservoir operations.

Overall, improved surface water supplies have strengthened California's near-term water outlook, but groundwater regulation, infrastructure development, rising compliance costs, invasive species threats, and Colorado River negotiations remain key issues for the state's agricultural sector.

Idaho

Drought conditions remain a significant concern across Idaho as producers enter the peak irrigation season. The state experienced its second-warmest winter on record, resulting in record-low snowpack and snow water equivalent levels on

April 1. Earlier-than-normal snowmelt accelerated runoff and required reservoir operators to release water weeks ahead of the typical schedule, reducing late-season water supplies when demand is highest. As a result, irrigation shortages are emerging across several basins, particularly along the Snake River system.

Water availability concerns are now translating into significant delivery reductions for irrigators, with Twin Falls Canal Co. reducing water deliveries by 33.3%. North Side Canal Co. and American Falls Reservoir District No. 2 are also each implementing 20% cuts; Minidoka Irrigation District is reducing deliveries by 15%; and Milner Irrigation District is reducing deliveries by 12%. Compounding these challenges, the Upper Snake River storage is at 29% of capacity and the Idaho Department of Water Resources recently issued a notice regarding potential curtailments under trust water rights as declining Snake River flows threaten minimum flow requirements established under the Swan Falls Agreement. These trust water rights were granted after the agreement and are subject to maintaining minimum flows for hydropower generation, highlighting the growing competition for limited water supplies among agricultural, municipal, and energy users.

Montana

Drought conditions remained a significant concern across Montana, although scattered precipitation brought brief relief to localized areas. The north-central portion of the state received two significant rainfall events in late May and again in late June. The Golden Triangle area received approximately four inches of rain in late May over a several day period, followed by approximately two more inches of rain over another several day period. This significantly eased drought concerns in north-central Montana. As a result, irrigation water concerns have eased in this area for the time being, although persistent heat through the end of July is drying the area out quickly. While north-central Montana received considerable rain, other areas of the state remain dry. Drought conditions have been driven by a combination of below-normal snowpack, early snowmelt, and persistent moisture deficits. Water supply forecasts indicate below-average streamflows and continued concerns over reservoir storage in several basins, particularly as irrigation demand peaks during the summer growing season.

Montana is now facing its sixth consecutive year of abnormally dry spring and summer conditions, increasing concerns about irrigation supplies, streamflows, forage production, and late-season water availability. Snow at elevations below 6,500 feet melted roughly one month earlier than normal, accelerating runoff and reducing the amount of water available later in the summer.

Adding to these challenges, eastern Montana experienced an intense July heatwave that pushed temperatures to record or near-record levels. Glendive, Billings, and Miles City each reached over 110°F on July 12. Temperatures of this magnitude are relatively rare in Montana. The area has remained very hot and windy through the end of July, further complicating drought conditions. The Tongue River is at 67% of its normal flow for this time of year and other rivers in the area are at nearly the same flow level. The combination of prolonged drought and extreme heat accelerated crop water demand, stressed rangelands, and heightened wildfire concerns across many parts of the state. Montana has seen more than 120 new wildfires start in the past few weeks, primarily within the western half of the state.

Water shortages are increasingly affecting agricultural operations across the state. For the second consecutive year, producers served by the Camas Canal Unit of the Flathead Indian Irrigation District received very limited irrigation water allocations. The district relies on water stored in Little Bitterroot Lake and Hubbart Reservoir in Flathead County, where ongoing drought conditions have constrained available supplies. Reduced water deliveries have heightened concerns for hay, grain, and livestock producers dependent on irrigation during the peak growing season. Many producers have already adjusted irrigation schedules, reduced planted acreage, or relied more heavily on supplemental feed as forage production prospects have deteriorated in some regions.

Beyond immediate water supply concerns, access to and management of water resources continues to be a prominent issue across the state. Ongoing disputes over water access in the Crazy Mountains region underscore the increasing value of water throughout Montana as supplies become more constrained. As drought conditions persist and competition for limited water resources intensifies, balancing agricultural, municipal, recreational, and environmental water demands is becoming increasingly challenging.

With many areas entering August carrying significant moisture deficits, water availability is expected to remain a key risk factor for Montana agriculture through the remainder of the growing season and into 2027. Producers will be closely monitoring late-summer precipitation, reservoir levels, and rangeland conditions.

Oregon

Drought conditions continued to worsen across Oregon during July as exceptionally low snowpack and persistent warmth further strained water supplies. As of Aug. 6, 88% of the state is currently experiencing moderate drought (D1) or worse, while 57% is classified as being in severe drought (D2) or greater. Drought impacts are widespread, with 21 of Oregon's 36 counties operating under drought declarations.

Water availability is a growing concern entering the second half of the irrigation season. Water year-to-date streamflows are running below to well below normal across most major river basins, with some of the largest deficits occurring in southwestern and eastern Oregon. Conditions deteriorated further between May and June as the limited snowpack that remained in the mountains melted rapidly and was not replenished by spring precipitation. Forecasts for June through September suggest streamflows across much of Oregon will rank among the lowest 15% of the historical record, increasing the likelihood that some rivers and streams could approach or fall below historic lows by late summer.

The state's water challenges stem largely from one of the lowest snowfall years on record. By June 1, snowpack had completely melted from all monitored snow stations, marking the earliest statewide melt-out in more than a decade and occurring more than a month earlier than normal in both the Cascade and Blue Mountain ranges. Mountain snowpack levels fell to near 40-year lows in many locations. Persistent above-normal temperatures from November through May caused much of the winter's precipitation to fall as rain rather than snow, even at higher elevations. The lack of mountain snow storage has reduced summer water availability, increased pressure on reservoirs and streamflows, and heightened wildfire concerns across the state.

Reservoir storage levels reflect these ongoing challenges. Of Oregon's 46 monitored water basins, 36 are currently below 80% of water storage capacity, leaving many regions vulnerable to additional stress if hot and dry weather persists through August and September.

While portions of central, eastern, and northwestern Oregon received precipitation during the latter half of July, much of the benefit was offset by above-normal temperatures that accelerated evaporation and increased crop water demand. Looking ahead, forecasts call for continued above-normal temperatures and below-normal precipitation across much of the state through early August. Wildfires have impacted more than 2 million acres in central and eastern Oregon and remain an ongoing concern.

Washington

Washington's water supply outlook has deteriorated significantly following an exceptionally low snowpack and rapid spring snowmelt. Record-low winter snowpack levels across much of the state led to widespread early melt-out conditions during April and May, with many monitoring stations recording their earliest snow disappearance dates on record. As a result, water supply forecasts are trending below normal to well below normal, with several basins projected to experience streamflows near historic lows, raising concerns about water availability throughout the summer irrigation season.

As of June 1, statewide snow water equivalent (SWE) averaged just 17% of normal, with all major basins except the Spokane Basin reporting below-average snowpack conditions. While peak runoff temporarily supported reservoir recharge and streamflow levels during late spring, the limited snowpack has now largely melted, leaving water supplies increasingly dependent on summer precipitation. Additional rainfall will be critical to maintaining streamflows and limiting further declines in reservoir storage through the remainder of the growing season.

Drought conditions have continued to intensify across the state. As of August 6, 63% of Washington was classified as being in moderate drought (D1) or worse, an increase of 20% over the past three months. Conditions have worsened across eastern and central Washington, while drought has also expanded into portions of the Olympic Peninsula. The combination of hot, dry conditions, limited moisture and high winds has fueled several significant fires across central and eastern Washington, which have burned more than 450,000 acres and led to the evacuation of over 60,000 people.

Looking ahead, climate forecasts call for above-normal temperatures and below-normal precipitation during the next three months. Without substantial rainfall, water supplies are expected to remain strained, increasing pressure on agricultural producers, municipal water systems, and natural ecosystems across much of the state.