

## Rising crop prices and USDA payment announcements lift farmer sentiment, despite uncertain economic environment

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WEST LAFAYETTE, Ind. and CHICAGO, July 2, 2019 /PRNewswire/ -- Ag producer sentiment rebounded in June as farmers' expressed a more optimistic outlook towards the future of the ag economy. The [Purdue University/CME Group Ag Economy Barometer](#), based on a mid-month survey of 400 agricultural producers across the U.S., increased to a reading of 126 in June, up 25 points from May.

Increases were also seen in both of the barometer's sub-indices. While the Index of Current Conditions only saw a modest increase, up 13 points from May, to a reading of 97, the Index of Future Expectations jumped 33 points, to a reading of 141 in June.

"This year farmers have faced an extremely wet planting season and uncertainty surrounding trade discussions, however, a crop price rally coupled with USDA's announcement of its 2019 MFP program and Congress' passage of the Disaster Aid Bill made farmers more optimistic," said [James Mintert](#), the barometer's principal investigator and director of Purdue University's Center for Commercial Agriculture. "While this combination provided a boost to a struggling ag economy, it remains a challenging economic environment for farmers."

In June, the prospect of large prevented plantings, along with concerns that delayed planting of corn and soybeans would impact yields, led USDA to forecast tighter supplies than previously expected. Supply concerns were a key factor behind a rally in corn and soybean prices that took place from mid-May to mid-June when the June barometer survey was conducted. For example, nearby CBOT corn futures prices were up 28 percent and nearby CBOT soybean futures prices were up 12 percent, both compared to their mid-May lows. The USDA also announced it would provide another round of MFP payments on planted acres of a large number of covered crops, including corn and soybeans.

In light of the announcement and the historic corn and soybean planting delays this spring, producers who planted corn or soybeans in 2018 were asked whether the MFP announcement affected their decision to take or not take a prevented planting payment this year. Ten percent of corn and soybean producers said the announcement did impact their prevented planting decision making and one out of five farmers within that group said they intended to plant more corn, while one out of ten farmers within that group said they intended to plant more soybeans, because of the MFP program.

One of the big question marks in the 2019 outlook is how many acres will be enrolled in Federal Crop Insurance's prevented planting program. Nearly one-third (32 percent) of corn/soybean farmers in the survey said they intended to take prevented planting payments on some of their corn acres and of those who intend to take a prevented planting payment, just over half (51 percent) said they intend to take prevented planting on more than 15 percent of their intended corn acreage.

Lastly, farmers were slightly more optimistic regarding the resolution and impact of the ongoing trade dispute with China. From March through May, the percentage of producers expecting a beneficial outcome to the trade dispute declined from 77 percent to 65 percent; yet, on the June survey, that percentage rose slightly to 69 percent. Farmers were also asked whether they believe the dispute will be resolved by September 1. In mid-June, 32 percent of producers expected it to be settled by early September, whereas just 20 percent expected the dispute to be settled by July 1 when this question was posed in mid-May.

Read the full June Ag Economy Barometer report at <https://purdue.ag/agbarometer>. This month's report includes more information about farmer sentiment regarding farmland values and large farm investments. The site also offers additional resources – such as past reports, charts and survey methodology – and a form to sign up for monthly barometer email updates and webinars. Each month, Dr. Mintert also provides a short video analysis of the barometer results, available at <https://purdue.ag/barometervideo>.

The Ag Economy Barometer, Index of Current Conditions and Index of Future Expectations are available on the Bloomberg Terminal under the following ticker symbols: AGECBARO, AGECCURC and AGECFTEX.

### About the Purdue University Center for Commercial Agriculture

The [Center for Commercial Agriculture](#) was founded in 2011 to provide professional development and educational programs for farmers. Housed within Purdue University's Department of Agricultural Economics, the center's faculty and staff develop and execute research and educational programs that address the different needs of managing in today's business environment.

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**Photo Caption:** Rising crop prices and USDA payment announcements lift farmer sentiment, despite uncertain economic environment. (Purdue/CME Group Ag Economy Barometer/James Mintert)

A publication-quality photo is available at <https://news.uns.purdue.edu/images/2019/june-barometer.jpg>

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