

Strong commodity prices and improved financial conditions boost Ag Economy Barometer

April 6, 2021

WEST LAFAYETTE, Ind. and CHICAGO, April 6, 2021 /PRNewswire/ -- The [Purdue University/CME Group Ag Economy Barometer](#) rose 12 points in March to a reading of 177, marking the highest reading for the barometer since October 2020. The rise was attributed to producers' more optimistic view of the future. The *Index of Future Expectations* snapped a four-month decline, rising 16 points to a reading of 164 in March. The *Index of Current Conditions* tied with its previous all-time high, rising two points to a reading of 202. The *Ag Economy Barometer* is calculated each month from 400 U.S. agricultural producers' responses to a telephone survey. This month's survey was conducted from March 22-26, 2021.

"Even with a rebound in crop production in 2021, it looks like carryover supplies of corn and soybeans will remain tight, providing producers' confidence that crop prices will remain strong this year," said [James Mintert](#), the barometer's principal investigator and director of Purdue University's Center for Commercial Agriculture. "A rebound in the U.S. economy this summer combined with expectations for a smaller pork supply is also providing some optimism in the livestock sector."

In March, producers continued to be relatively optimistic about making farm machinery purchases and capital investments in their farming operations. The *Farm Capital Investment Index* held at a reading of 88, just 5 points below its all-time high of 93. Since March 2020, when farmers' confidence in the agricultural economy plummeted, the investment index has risen 63%.

Farmers' bullish views on farmland values, both in the coming year and in the next five years, continued in March. The *Short-Term Farmland Value Expectations Index* rose for the fourth month in a row, up 3-points to a reading of 148, and the *Long-Term Farmland Value Index*, matched its previous high set back in December, up 4-points to a reading of 157. Compared to the May 2020 low-point, producers' optimism toward long-term farmland values is up 22 percent.

Producers' perspective on their farms' financial position continues to improve, which appears to be fueling some of the short-term optimism about farmland values and capital investments. The *Farm Financial Performance Index* is based on responses to a question that asks producers, "As of today, do you expect your farm's financial performance to be better than, worse than, or about the same as last year?" In April 2020, the index hit an all-time low of 55; since that time, the index has seen a remarkable improvement, up 127% to a record high of 125 in March.

The topic that producers are not optimistic about relates to the on-going trade negotiations with China. The percentage of producers who expect the U.S. trade dispute with China to be resolved in a way that's beneficial to U.S. agriculture peaked at 81% in early 2020. Since that time, the percentage who felt that way has been in a free-fall, down just over 50 points to a reading of 31% in March. This attitude mirrors their thoughts on whether China will fulfill its Phase One trade agreement with the U.S. In October, 59 percent of producers said they expected China to fulfill its Phase One obligations; that fell to 40% in January, and to 35% in March.

In a follow-up to questions on previous barometer surveys regarding carbon sequestration, approximately 30 to 40% of farmers in our surveys, over the last three months, say they are aware of opportunities to receive payments for capturing carbon on their farms. Among the relatively small percentage of respondents who reported carbon sequestration payment rates that were offered, approximately 80% of those respondents said payment rates were \$20 or less per acre.

Read the full Ag Economy Barometer report at <https://purdue.ag/agbarometer>. 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, the Purdue Center for Commercial Agriculture provides a short video analysis of the barometer results, available at <https://purdue.ag/barometervideo>, and for even more information, check out the *Purdue Commercial AgCast* podcast. It includes a detailed breakdown of each month's barometer, in addition to a discussion of recent agricultural news that impacts farmers. Available now at <https://purdue.ag/agcast>.

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.

About CME Group

As the world's leading and most diverse derivatives marketplace, CME Group (www.cmegroup.com) enables clients to trade futures, options, cash and OTC markets, optimize portfolios, and analyze data – empowering market participants worldwide to efficiently manage risk and capture opportunities. CME Group exchanges offer the widest range of global benchmark products across all major asset classes based on [interest rates](#), [equity indexes](#), [foreign exchange](#), [energy](#), [agricultural products](#) and [metals](#). The company offers futures and options on futures trading through the [CME Globex](#)® platform, fixed income trading via BrokerTec and foreign exchange trading on the EBS platform. In addition, it operates one of the world's leading central counterparty clearing providers, CME Clearing. With a range of pre- and post-trade products and services underpinning the entire lifecycle of a trade, CME Group also offers optimization and reconciliation services through TriOptima, and trade processing services through Traiana.

CME Group, the Globe logo, CME, Chicago Mercantile Exchange, Globex, and E-mini are trademarks of Chicago Mercantile Exchange Inc. CBOT and Chicago Board of Trade are trademarks of Board of Trade of the City of Chicago, Inc. NYMEX, New York Mercantile Exchange and ClearPort are trademarks of New York Mercantile Exchange, Inc. COMEX is a trademark of Commodity Exchange, Inc. BrokerTec, EBS, TriOptima, and Traiana are trademarks of BrokerTec Europe LTD, EBS Group LTD, TriOptima AB, and Traiana, Inc., respectively. Dow Jones, Dow Jones Industrial Average, S&P 500, and S&P are service and/or trademarks of Dow Jones Trademark Holdings LLC, Standard & Poor's Financial Services LLC and S&P/Dow Jones

Indices LLC, as the case may be, and have been licensed for use by Chicago Mercantile Exchange Inc. All other trademarks are the property of their respective owners.

Writer: Kami Goodwin, 765-494-6999, kami@purdue.edu

Source: James Mintert, 765-494-7004, jmintert@purdue.edu

Related websites:

Purdue University Center for Commercial Agriculture: <http://purdue.edu/commercialag>

CME Group: <http://www.cmegroup.com/>

Photo Caption: Strong commodity prices and improved financial conditions boost Ag Economy Barometer. (Purdue/CME Group Ag Economy Barometer/James Mintert). <https://www.purdue.edu/uns/images/2021/march-barometerLO.jpg>

CME-G

 View original content: <http://www.prnewswire.com/news-releases/strong-commodity-prices-and-improved-financial-conditions-boost-ag-economy-barometer-301263012.html>

SOURCE CME Group

Aissa Good, Purdue University, 765-496-3884, aissa@purdue.edu, or Dana Schmidt, CME Group, 312-872-5443, dana.schmidt@cmegroup.com