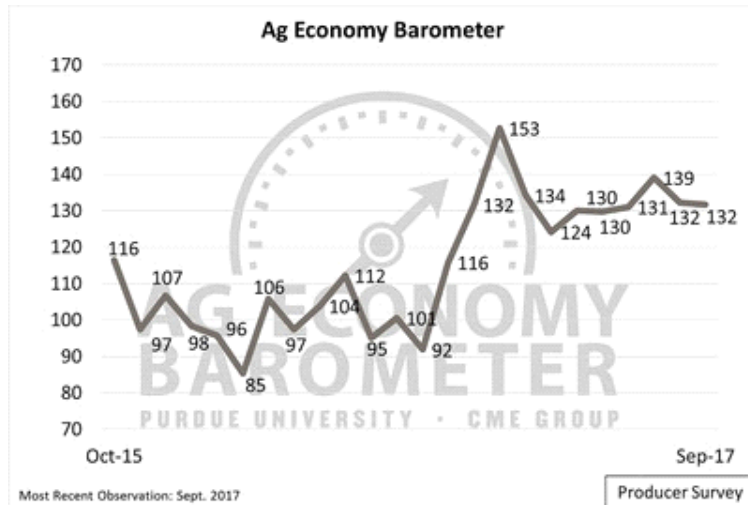


October 3, 2017

Producer optimism about the future wanes in September report

WEST LAFAYETTE, Ind. and CHICAGO, Oct. 3, 2017 /PRNewswire/ -- Producers' optimism about the future of the agricultural economy fell in September, according to the Index of Future Expectations, a sub-index of the [Purdue University/CME Group Ag Economy Barometer](#).



The overall barometer held steady from August to September with a reading of 132 as its two sub-indices - the Index of Future Expectations and the Index of Current Conditions - shifted in opposite directions. The Index of Future Expectations fell seven points to 130 in September, while the Index of Current Conditions climbed from 122 in August to 135 in September. The Ag Economy Barometer is based on a monthly survey of 400 U.S. agricultural producers.

"Although the decline in the Index of Future Expectations was modest, it could be an indication that some of the optimism that surfaced among producers in late 2016 and early 2017 is eroding," said [Jim Mintert](#), director of Purdue's Center for Commercial Agriculture and principal investigator for the barometer. "One of the drivers of the jump in producer sentiment after the 2016 U.S. presidential election was a sharp increase in expectations about the U.S. economy. But the last two times the barometer survey has posed questions about the overall economy, respondents were noticeably less optimistic."

For example, on the September survey, just 40 percent of the respondents said the U.S. economy was likely to expand, a decline of almost one-third from March when nearly 60 percent said they expected expansion.

Another topic on the September survey was trade agreements and negotiations, specifically the North American Free Trade Agreement, or NAFTA. The survey asked respondents whether NAFTA has been good or bad for the U.S. economy and, separately, for U.S. farmers and ranchers. In both cases, more producers than not reported that the agreement had been good. In the case of the U.S. economy, 52 percent of respondents said they thought NAFTA had been good. Fifty-nine percent reported that they thought the agreement had been good for U.S. farmers and ranchers.

In contrast, back in February, 93 percent of respondents said trade was important to the U.S. agricultural economy and 80 percent of producers said trade was important to their farms. The differences among the responses to the more general trade questions and those that focused specifically on NAFTA suggest there is some uncertainty among producers about the impact of NAFTA, Mintert said.

Moreover, Mintert said, just looking at the percentage of favorable responses regarding the impact of NAFTA might not tell the whole story.

"An unusually large percentage of survey participants - 24 percent in the case of the U.S. economy and 20 percent in the case of farmers and ranchers - opted not to answer these two questions," he said. "Although we can't say for sure why producers opted not to respond to these two questions, it might also reflect a relatively high degree of uncertainty regarding NAFTA's impact."

The full September report includes more information about producers' sentiment toward NAFTA, their expectations for the stock market in 12 months, and what they think might happen with the U.S. economy in the next year. Read the full report at <http://purdue.edu/agbarometer>.

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