



October 2, 2018

Ag Barometer drops to lowest level in two years as farm financial conditions worsen

WEST LAFAYETTE, Ind. and CHICAGO, Oct. 2, 2018 /PRNewswire/ -- Agricultural producer sentiment dropped to its lowest level since October 2016 as producers expressed concern over worsening farm financial conditions, according to the latest [Purdue University/CME Group Ag Economy Barometer](#) reading. The September barometer reading was 114, down 15 points since August. The barometer is based on a monthly survey of 400 agricultural producers from across the country.

Large declines were also seen in the barometer's two sub-indices, the Index of Future Expectations, which fell 10 points and the Index of Current Conditions, which fell 25 points, both compared to their respective August readings.

"The barometer readings have been unusually volatile over the past few months," said [James Mintert](#), the barometer's principal investigator and director of Purdue University's Center for Commercial Agriculture. "Concerns about the ongoing impact of trade conflicts, and especially China's tariffs on imports of U.S. ag products, continue to reverberate throughout the U.S. agricultural sector."

Producers indicated that financial conditions on their farms deteriorated significantly as 2018 unfolded and their expectations for the future also weakened. In September, 54 percent of farmers surveyed said their farm's financial condition was worse than a year earlier, up from 38 percent who felt that way in June. The September survey also indicated that 33 percent of producers expect their farm's financial condition to be worse a year from now, up 15 points compared to responses received to the same question in June.

Trade conflicts and tariffs continue to be a source of angst among U.S. farmers. When asked whether they expect trade conflicts to lower their farm's net income, more than 70 percent of producers surveyed said they expect lower income in 2018 because of trade disruptions with a large majority of respondents saying they expect an income decline of more than 10 percent.

The negative outlook was particularly noticeable when producers were asked whether now is a good time to make large investments in farm machinery and buildings for their farming operation and on next year's farmland cash rental rates. In September, 78 percent of respondents said it was a bad time to make large investments and just 20 percent said it was a good time to invest, the lowest combined reading on large farm investments since the barometer launched in October 2015. Farmers also indicated that worsening farm financial conditions could weigh on farmland cash rental rates in 2019 as nearly two-thirds of farmers surveyed said they expect to see lower cash rental rates for farmland next year.

Read the full September Ag Economy Barometer report at <http://purdue.edu/agbarometer>. This month's report includes producer's responses to questions about whether the trade conflict is influencing their soybean storage plans and their expectations for farmland values. Additional September barometer analysis can also be found in a video from Center for Commercial Agriculture Director James Mintert at <https://youtu.be/t0d4Y0OXtao>.

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.

About CME Group

As the world's leading and most diverse derivatives marketplace, CME Group (www.cmegroup.com) is where the world comes to manage risk. CME Group exchanges offer the widest range of global benchmark products across all major asset classes, including futures and options based on [interest rates](#), [equity indexes](#), [foreign exchange](#), [energy](#), [agricultural products](#) and [metals](#). Around the world, CME Group brings buyers and sellers together through its [CME Globex®](#) electronic trading platform. CME Group also operates one of the world's leading central counterparty clearing providers through [CME Clearing](#), which offers clearing and settlement services across asset classes for exchange-traded and over-the-counter derivatives. CME Group products and services ensure that businesses around the world can effectively manage risk and achieve growth.

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. 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.

Related website:

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

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

A publication-quality photo is available at <https://news.uns.purdue.edu/images/2018/september-barometer.jpg>

CME-G

 View original content: <http://www.prnewswire.com/news-releases/ag-barometer-drops-to-lowest-level-in-two-years-as-farm-financial-conditions-worsen-300722583.html>

SOURCE CME Group

News Provided by Acquire Media