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Weak future outlook drives producer sentiment lower

WEST LAFAYETTE, Ind. and CHICAGO, Jan. 9, 2018 /PRNewswire/ -- Agricultural producers indicated they have reduced optimism heading into 2018, according to the December reading of the [Purdue University/CME Group Ag Economy Barometer](#).

The barometer fell to 126 in December, a two-point drop from November's 128 and the second straight month of declines in producers' sentiment toward the health of the agricultural economy. The barometer is based on a monthly survey of 400 agricultural producers from across the country.

The decline was driven by producers' thoughts on the future, as measured by the Index of Future Expectations - one of the barometer's two sub-indices. The Index of Future Expectations fell 7 points in December to 120. The index has fallen 15 points just since October.

"Two specific survey questions capture the recent erosion of producers' forward-looking sentiment," said [James Mintert](#), the barometer's principal investigator and director of Purdue University's [Center for Commercial Agriculture](#). "The share of producers expecting 'better' financial positions for their farms fell to just 20 percent in December, while the share expecting 'worse' financial positions climbed to 30 percent. Both of these responses are the least optimistic levels in more than a year."

A similar trend occurred with regard to the overall agricultural economy. Sixty-three percent of respondents said they expect "bad times" over the next 12 months.

One bright spot in the December report is the Index of Current Conditions, which jumped 10 points to 139. That reading was supported by subtle changes in producers' thoughts about large farm investments, Mintert said.

"When asked if now is a good time to buy large investment items, such as buildings or machinery, 32 percent of respondents said it was," he said. "That's marked improvement from the just 21 percent of respondents who thought the timing was right for large investments back in August 2017. The August reading was a survey low, while the December reading is the second-highest."

That said, 62 percent of respondents still believe that now is a bad time for large farm investments.

Read the full December Ag Economy Barometer report at <http://purdue.edu/agbarometer>. This month's report includes additional information about farmers' sentiments toward bringing a new generation into their farming operations.

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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Photo Caption: Sentiment among agricultural producers fell for the second straight month in December as the 2018 outlook for the agricultural economy continued to look bleak. (Purdue/CME Group Ag Economy Barometer/David Widmar)

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

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