




November 1, 2016

Barometer: Producer sentiment falls as future optimism wanes

WEST LAFAYETTE, Ind. and CHICAGO, Nov. 1, 2016 /PRNewswire/ -- Producer sentiment about the agricultural economy fell in October as focus shifted to 2017 and optimism about the future declined, according to the November 1 reading of the [Purdue/CME Group Ag Economy Barometer](#).

 The Producer Sentiment Index fell 9 points in October as focus shifted to 2017 and optimism about the future declined. (Purdue University/CME Group Ag Economy Barometer/David Widmar)

The Barometer landed at 92, down nine points from September's 101 reading. The current reading is the second-lowest since data collection began a year ago, with only March's 85 coming in lower. The barometer is based on a monthly survey of 400 U.S. agricultural producers.

The drop was due in large part to the Index of Future Expectations, which fell from 109 in September to 95 in October, said [Jim Mintert](#), barometer principal investigator and director of Purdue's Center for Commercial Agriculture.

"The decline in producer sentiment recorded during October was primarily driven by an erosion in producers' perspective regarding the long-run health of the U.S. agricultural economy," he said. "Producers expressed strong pessimism about the agricultural economy's prospects in the next year."

Seventy-nine percent of respondents said that they expect bad times financially over the next 12 months—a jump of 11 percentage points since September. This is the highest share of respondents expressing pessimism since data collection began.

A factor in producer outlook on the future is price expectations, Mintert said. This month's survey included questions about expectations for movement in July 2017 Chicago Board of Trade (CBOT) futures prices for corn and soybeans.

Twenty-seven percent of respondents said they expect July 2017 CBOT corn futures prices below today's levels. Twenty-five percent said they expect July 2017 CBOT soybean futures prices below where they are today.

Many producers indicated they will make crop management changes in 2017 as a result of these expectations, including 46 percent who intend to lower fertilizer rates.

Also included in the October report is the quarterly Ag Thought Leaders Survey of 100 agribusiness executives, commodity association leaders, agricultural lenders and academics engaged in the agricultural sector. Overall, the thought leaders were more optimistic about crop prices than producers.

Read the full October report, including analysis of the Ag Thought Leaders Survey, at <http://purdue.edu/agbarometer>. The site also has additional resources and a form to sign up for monthly barometer email updates and quarterly webinars.

The next webinar is Nov. 3 at 1:30 p.m. (EDT). Mintert and [Michael Langemeier](#), Purdue professor of agricultural economics, will offer insights from the most recent surveys, including thought leaders, and discuss factors driving producer and thought-leader sentiment. Register at <https://ag.purdue.edu/commercialag/agconomybarometer/update/>.

The Ag Economy Barometer, Index of Current Conditions and Index of Future Expectations are now being reported 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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