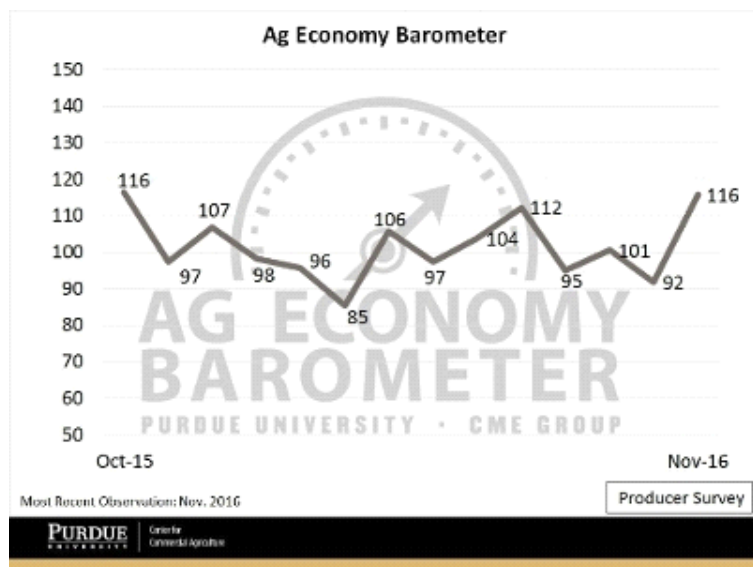


December 6, 2016

## Crop futures rally drives large increase in producer sentiment

WEST LAFAYETTE, Ind. and CHICAGO, Dec. 6, 2016 /PRNewswire/ -- Agricultural producer sentiment about the industry's economy improved substantially in November, in part because of soybean and corn futures price rallies, according to the December 6 report of the [Purdue/CME Group Ag Economy Barometer](#).



The barometer, which is based on a monthly survey of 400 U.S. agricultural producers, jumped to 116—the highest reading since October 2015, and up 24 points from the October 2016 reading of 92.

The shift was largely driven by the Index of Future Expectations, one of the barometer's components, which climbed to 130 in November, up from 95 in October. The Index of Current conditions increased only slightly, from 85 in October to 87 in November.

"Producer sentiment about the future climbed partly because of a significant rally in futures prices for corn and especially soybeans this fall," said [Jim Mintert](#), barometer principal investigator and director of Purdue's Center for Commercial Agriculture. "The rally included not just nearby futures contracts, but extended to prices for both the 2017 and, to a lesser extent, 2018 harvests."

Recent November 2017 soybean futures prices were as much as 13 percent higher than August lows. Despite record corn and soybean harvests this fall that were expected to cause prices to decline, strong export demand and uncertainty around the South American crop offered support in November.

It's important to note that the jump in producer sentiment had more to do with decreased pessimism about the future of the agricultural economy than it did with a notable shift toward a positive outlook, Mintert said.

Each month producers are asked about their expectations for the agricultural economy over the next five years. The share of respondents expecting "bad times financially" declined dramatically from 56 percent in October to 42 percent in November. However, the share of respondents expecting "good times financially" increased just 2 percent in the same period, from 35 to 37 percent.

"These responses suggest that producers as a whole are not necessarily more optimistic, but rather they are less pessimistic about the future than earlier in the year," Mintert said. "The shift in producer sentiment doesn't indicate a prosperous time in agriculture as more producers continue to expect bad times than good."

"One way to look at November's improvement is that it reveals a slightly more optimistic outlook regarding what could still be characterized as a difficult time for many agricultural producers."

Read the full November report at <http://purdue.edu/agbarometer>. The site offers additional resources, including past reports, charts and survey methodology, and a form to sign up for monthly barometer email updates and quarterly webinars.

The Ag Economy Barometer, Index of Current Conditions and Index of Future Expectations also 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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