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Purdue, CME Group to take monthly 'barometer' of confidence in agricultural economy

WEST LAFAYETTE, Ind. and CHICAGO, May 3, 2016 /PRNewswire/ -- Purdue University's [Center for Commercial Agriculture](#) and the derivatives marketplace [CME Group](#) are partnering to produce the Purdue/CME Group Ag Economy Barometer, a monthly nationwide measure of the health of the U.S. agricultural economy.

The introduction of this new economic indicator underscores the importance of the agricultural economy and its participants - food producers and agribusinesses - to the overall U.S. and global economies, Purdue and CME Group said Tuesday (May 3) in announcing the partnership.

"Agriculture is a critical component of the global economy and has been the cornerstone of CME Group's business for nearly 170 years," said CME Group Executive Chairman and President [Terry Duffy](#). "By providing financial tools to help producers and agribusiness participants manage the risks they face, they are better able to focus on what they do best - feeding the world. We believe this collaboration with Purdue University to create the Purdue/CME Group Ag Economy Barometer will provide an essential resource for monitoring the health of the food industry and vital insight into the global economy."

"Purdue's College of Agriculture has a long tradition of pushing us toward better food security, safety and sustainability with their cutting-edge research," said Purdue President [Mitch Daniels](#). "We can imagine no better partner than CME Group to help us analyze and report the real-time economic health of U.S. agriculture, on which literally every citizen and the rest of the economy depends."

Each month, the Ag Economy Barometer will provide a sense of the agricultural economy's health with an index value. Results to calculate the index are obtained through a survey of 400 large agricultural producers on economic sentiment. In addition, Purdue will bring its research and agricultural economics expertise to measure producers' expectations of key farm economy drivers such as farm profitability; farmland prices; capital expenditures; row crop, livestock and dairy prices; and seasonal drivers such as seed, fertilizer and feed ingredient prices.

The barometer provides a value for each month that is relative to the base period, which is the winter and spring months of 2015 and 2016, explained [Jim Mintert](#), director of Purdue's Center for Commercial Agriculture, professor of agricultural economics and principal investigator for the barometer. A score of 100 would mean that the sentiment is unchanged from the base period values. Higher than 100 means sentiment improved from that period, whereas lower values would indicate sentiment declined.

Quarterly, the index will be accompanied by a webinar and in-depth thought-leader survey. The 100 agricultural thought leaders surveyed include agricultural lenders, business professionals, academics, consultants and commodity association representatives. This survey is separate from the results of the producer survey but serves as a supplement to the barometer.

"The barometer is the only ongoing monthly measure of the health of the agricultural economy," Mintert said. "Also unique is that the index is calculated based on producer sentiments about both current conditions and future expectations."

April survey results

The agricultural sentiment of U.S. producers increased to 106 in April 2016, which was an improvement in producer sentiment compared to the base period of October 2015 through March 2016. The increase was driven in part by strengthening corn, soybean and wheat prices. After months of trending lower, and a sharp drop in corn prices following the USDA's March Prospective Plantings report, crop prices moved up during April. In addition, general weather conditions across the Plains and Midwest were favorable for crop development and planting and likely contributed to the improved sentiment.

"While the most recent data show an uptick in producers' sentiment, it is important to keep the situation in perspective," said [David Widmar](#), senior research associate for the Center for Commercial Agriculture and lead researcher on the Ag Economy Barometer. "Overall, the general agricultural outlook is still difficult. A strong majority of respondents, from both the producer and quarterly Agricultural Thought Leaders survey, reported expectations of the next twelve months being 'bad times' financially across the agricultural sector."

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 the 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 and its exchanges based in Chicago, New York and London. CME Group also operates one of the world's leading central counterparty clearing providers through CME Clearing and CME Clearing Europe, which offer clearing and settlement services across asset classes for exchange-traded and over-the-counter derivatives. CME Group's products and services ensure that businesses around the world can effectively manage risk and achieve growth.

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