



Farmer Sentiment Rises As Current Conditions Improve on U.S. Farms

March 4, 2025 | Michael Langemeier and James Mintert, Purdue Center for Commercial Agriculture

Farmer sentiment improved in February as the *Purdue University-CME Group Ag Economy Barometer* climbed to 152, 11 points above a month earlier. An improvement in the current situation on U.S. farms was the primary driver behind the stronger sentiment among producers, as the *Current Conditions Index* reading of 137 was 28 points above January's reading. There was relatively little change in producers' assessment of future prospects as the *Future Expectations Index* rose just 3 points in February to 159. This month's rise in the *Current Conditions Index* capped a long climb from the doldrums of late summer and early fall 2024 when the index bottomed out at a reading of 76. A sharp crop price recovery in the last several months, which was augmented by expectations for receipt of disaster payments authorized by Congress, combined with strength in the U.S. livestock sector, contributed to producers' improved appraisal of conditions on their farms and in the U.S. agricultural sector. Despite the big improvement in the *Current Conditions Index*, the February *Future Expectations Index* was still 22 points higher than the current index, suggesting that farmers expect conditions to improve further. The February barometer survey took place from February 10-14, 2025.

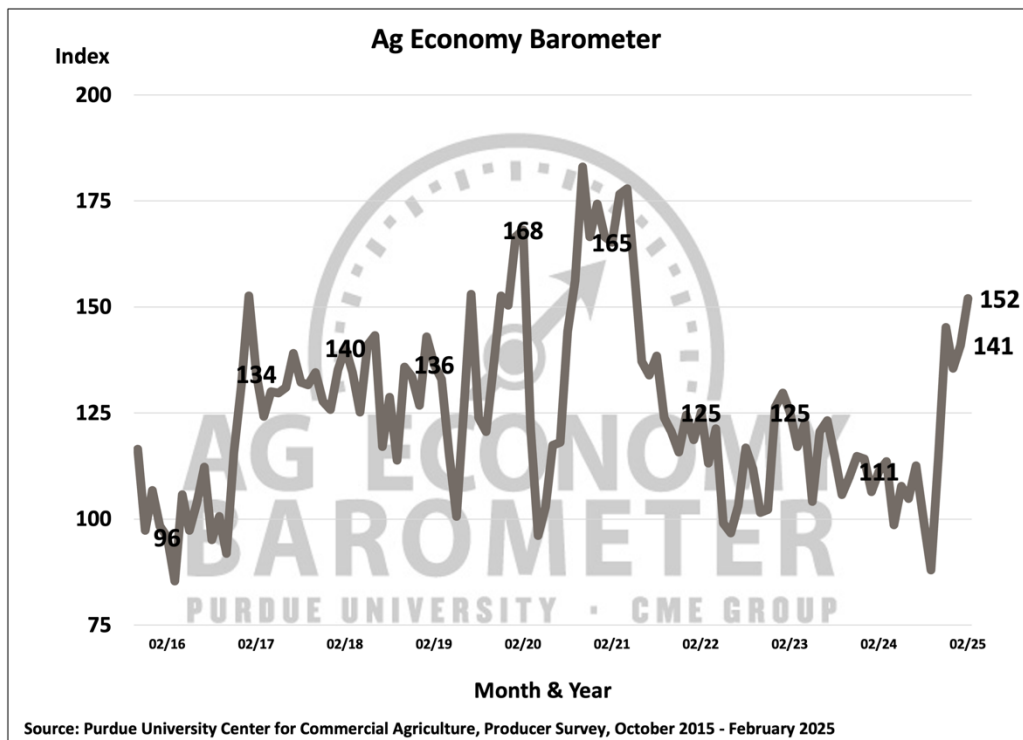


Figure 1. Purdue/CME Group Ag Economy Barometer, October 2015-February 2025.



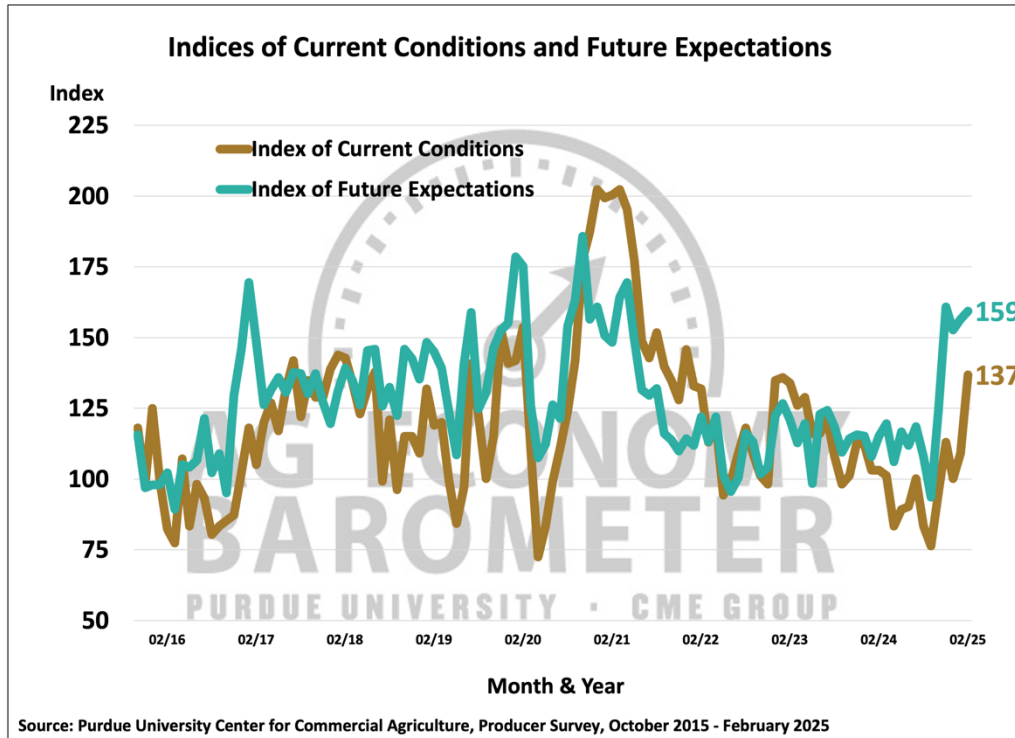


Figure 2. Indices of Current Conditions and Future Expectations, October 2015-February 2025.

The *Farm Capital Investment Index* jumped 11 points to 59 in February. This month's rise in the investment index pushed the index 4 points above November's reading, which was taken just after the fall election. The February index was also the most positive reading of the investment climate provided by farmers since May 2021. Interestingly, this month, it was a stronger appraisal of current conditions that helped push the index up instead of stronger expectations for the future. The *February Farm Financial Performance Index* reading of 110 was virtually unchanged from the prior month's value of 111. Although the index changed little compared to January, it still leaves the financial index up sharply compared to last fall when it dipped to a low of just 68.



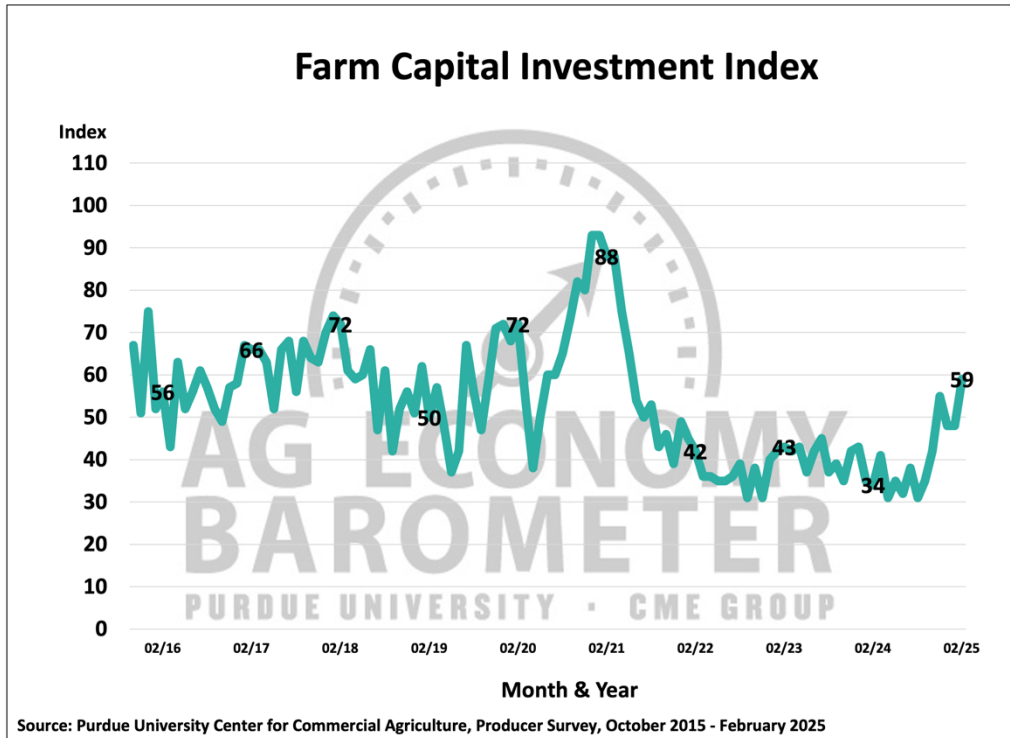


Figure 3. Farm Capital Investment Index, October 2015-February 2025.

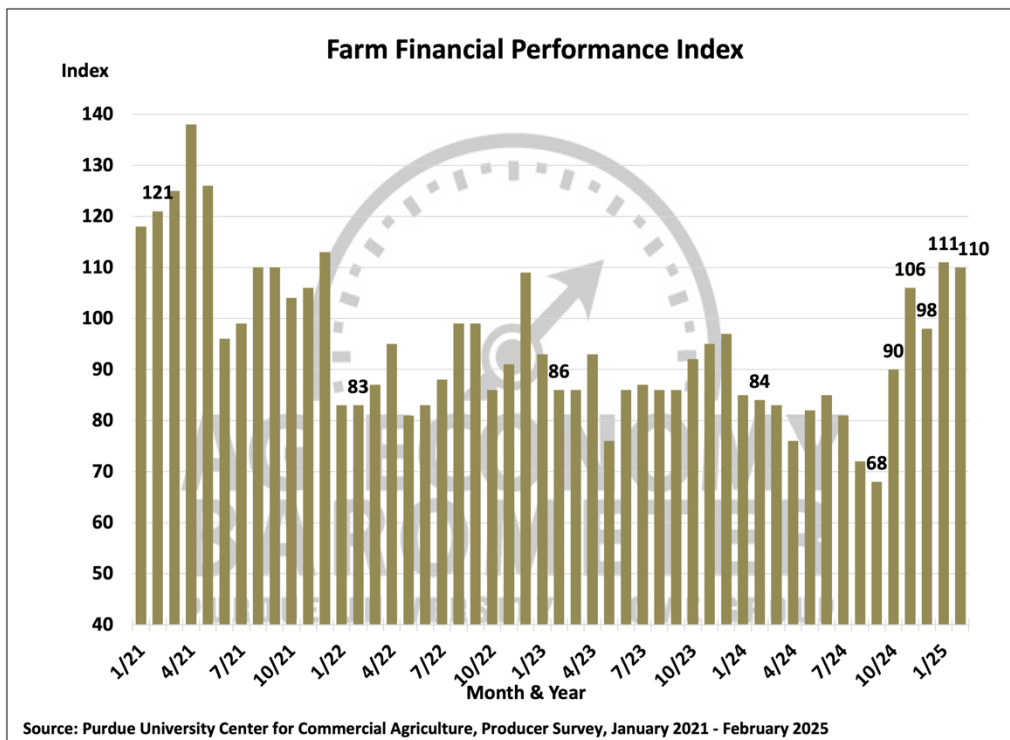


Figure 4. Farm Financial Performance Index, January 2021-February 2025.





The *Short-Term Farmland Value Expectations Index* rose modestly in February, reaching 118, which was 3 points higher than in January and 8 points above the December reading. This month's farmland index was also 3 points higher than a year ago and virtually equal to two years ago. When compared to the very positive readings received in the winters of 2021 and 2022, the index suggests producers are not as optimistic about farmland values in the year ahead as they were in earlier years, but they are noticeably more optimistic than in late summer and early fall 2024.

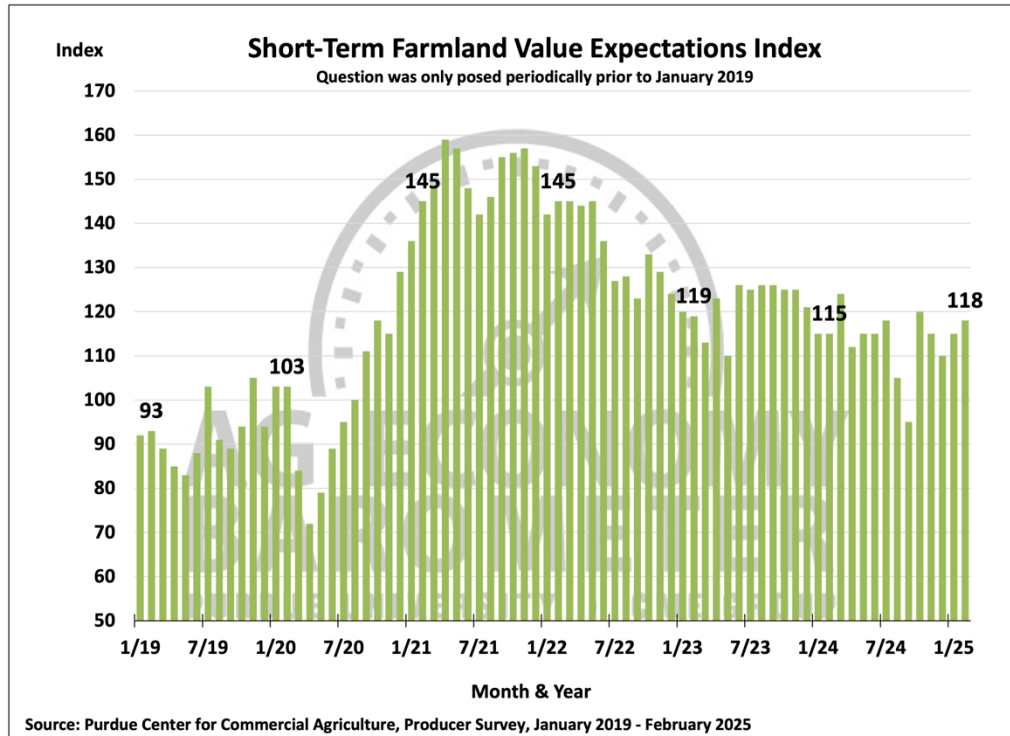


Figure 5. Short-Term Farmland Value Expectations Index, January 2019 - February 2025.

Each February since the barometer's inception, the survey has included a question that asks producers, "What is a reasonable annual growth rate expectation you have for your farm over the next 5 years?". This year, 50% of the respondents said they either have "no plans to grow" (37%) or "plan to exit or retire" (13%), which compares to 52% a year ago who reported having no plans to grow or plan to exit or retire. Since 2016, the percentage of respondents in these two categories has ranged from a low of 43% in 2016 to a high of 61% in 2022. The biggest shift among respondents in the 2025 survey compared to 2024 was a reduction in the percentage of producers in the slow growth category of less than 5% growth and, correspondingly, an increase in the percentage of producers who expect their farm operation to grow by 1) 10 to 15% and 2) more than 15% annually. This year, 19% of respondents chose one of these two high growth rate categories, more than double the 9% who chose one of the rapid growth rate categories in 2024.



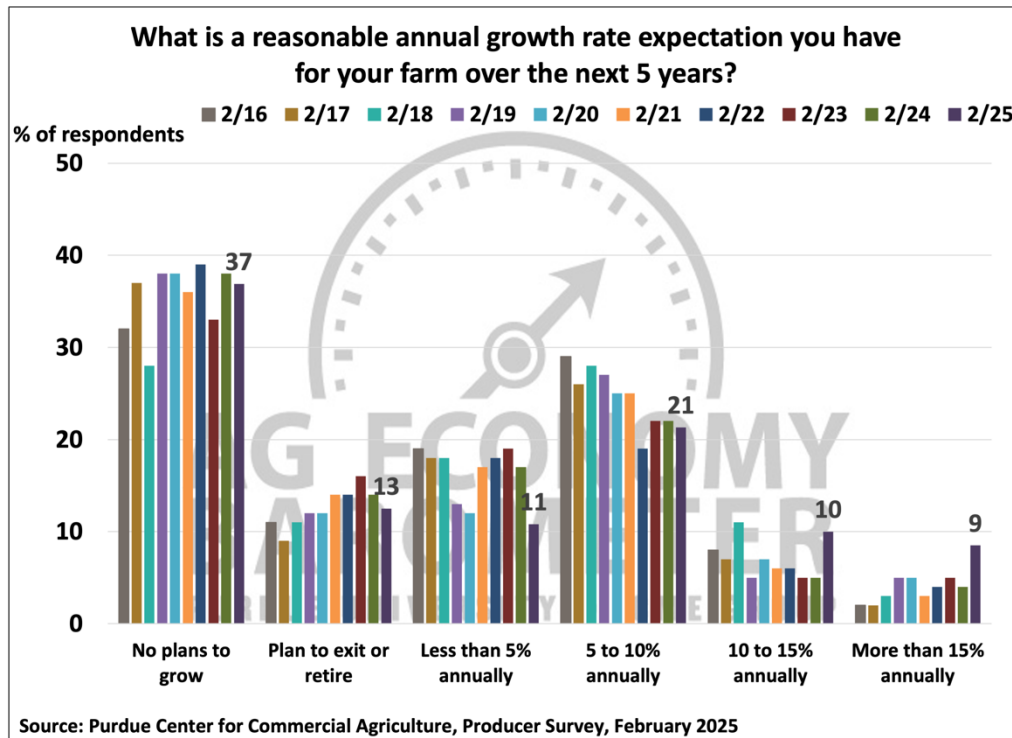


Figure 6. Farm Growth Rate Expectations, February 2016-February 2025.

Policies affecting agriculture are on the minds of U.S. farmers. Sixty-two percent of respondents to this month's survey said that passing a new Farm Bill in 2025 is either important (25% of respondents) or very important (47% of respondents). In a follow-up question, producers were asked which policies or programs will be most important to their farm in the next 5 years. The top choice by February's respondents was "Trade Policy" (44% of respondents), followed by "Crop Insurance Program" (18% of respondents). U.S. farmers' concerns about trade policy was also evident when they were asked about the likelihood of a "Trade War" that results in a significant decrease in U.S. agricultural exports. Forty-eight percent of farmers in this month's survey said they think a "Trade War" is either "likely" (29% of respondents) or "very likely" (19% of respondents).



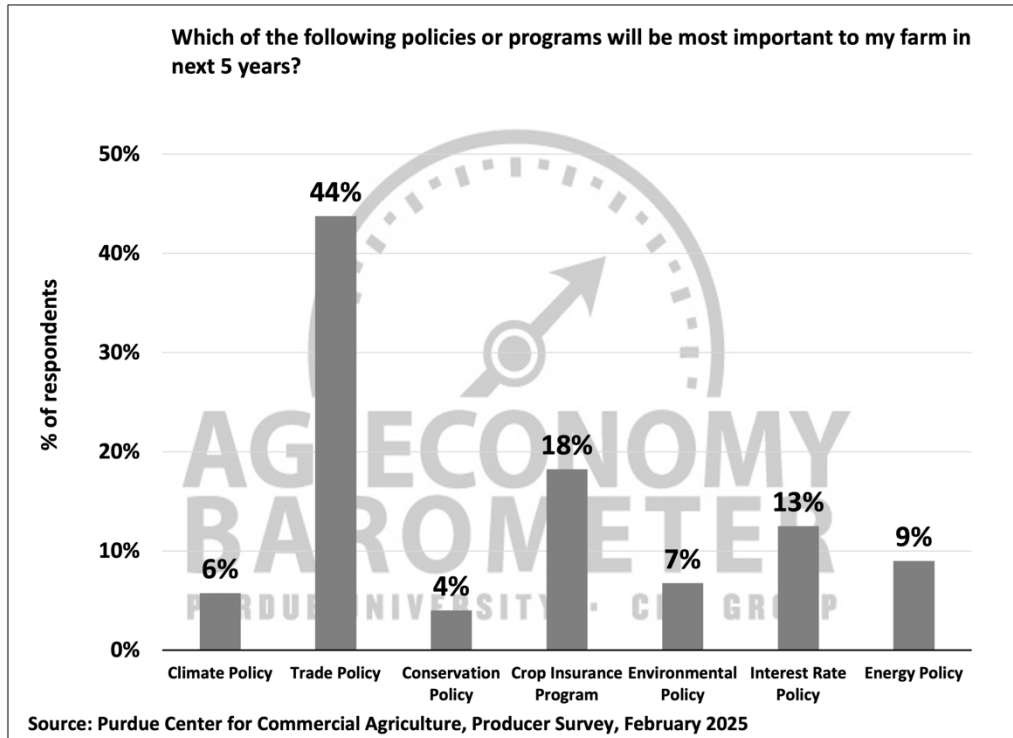


Figure 7. Most Important Policies or Programs in the Next 5 Years, February 2025.

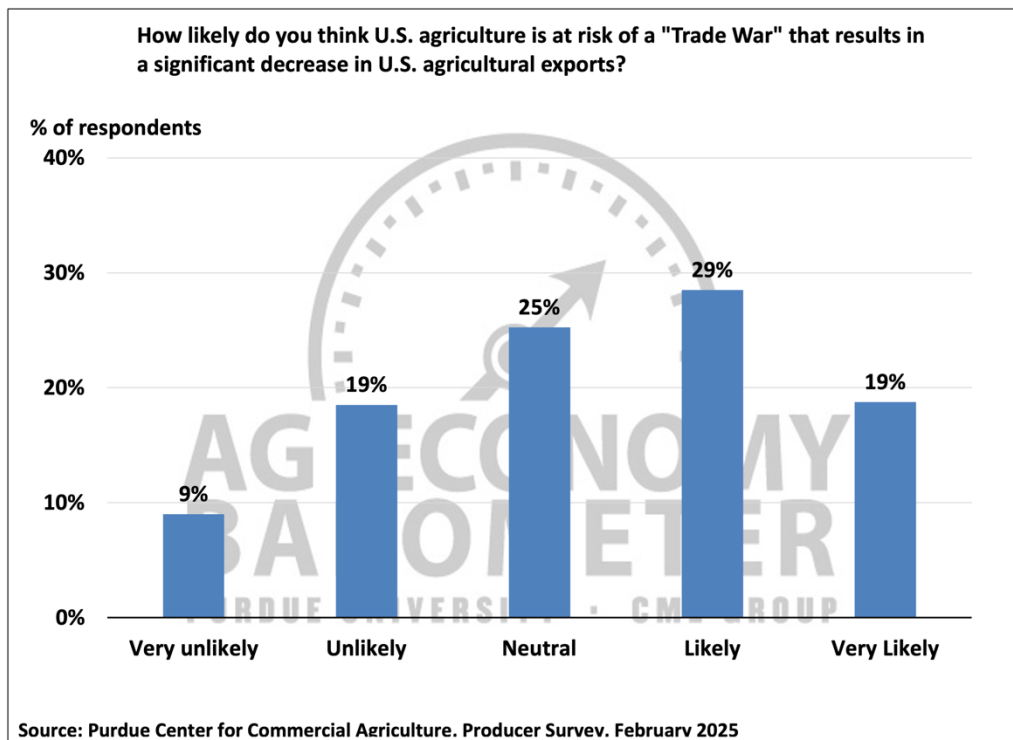


Figure 8. Likelihood of a Trade War That Decreases U.S. Agricultural Exports, February 2025.





Wrapping Up

Farmer sentiment rose again in February, with a big improvement in farmers' appraisal of current conditions on their farms providing the impetus for stronger sentiment. Strengthening crop prices, positive returns in the livestock sector and expectations for receipt of disaster payments from USDA all combined to make the current situation on U.S. farms better. The shift in sentiment regarding the current situation on their farms also appeared to encourage more producers to say this is a good time to make large investments in their farm operation. Looking at the *Future Expectations Index*, it's clear that producers remain optimistic about the future, although they are concerned about the possible passage of a new Farm Bill in 2025 as well as the likelihood of a trade war breaking out that would adversely affect U.S. agricultural exports.

