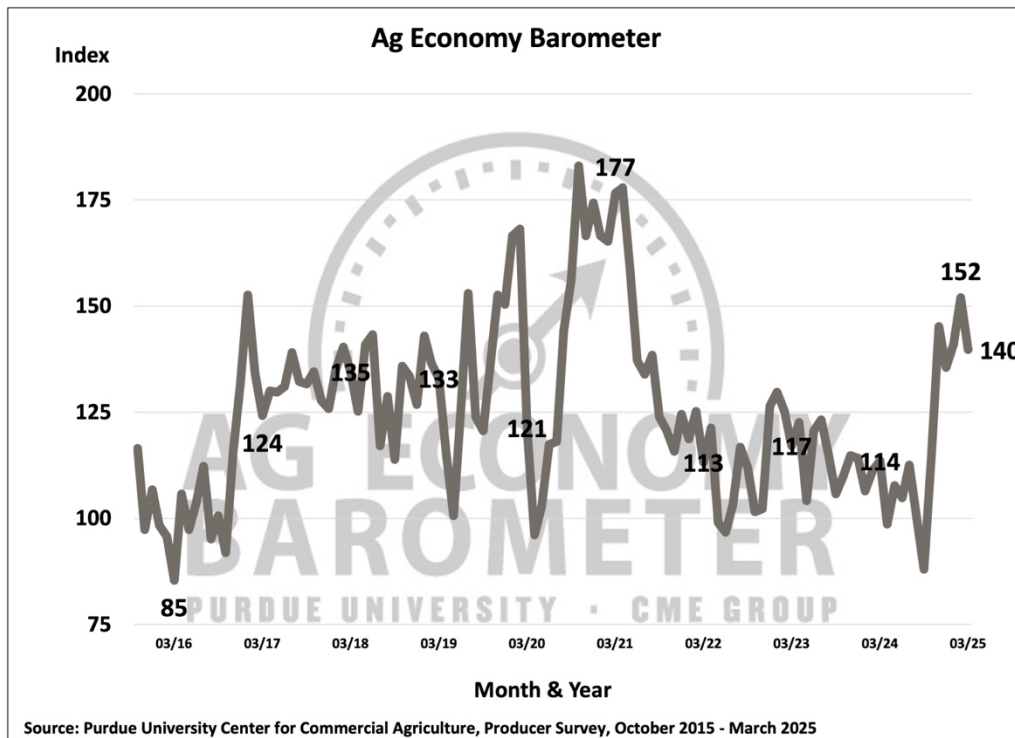




## Producer Sentiment Slips Due to Rising Policy Uncertainty

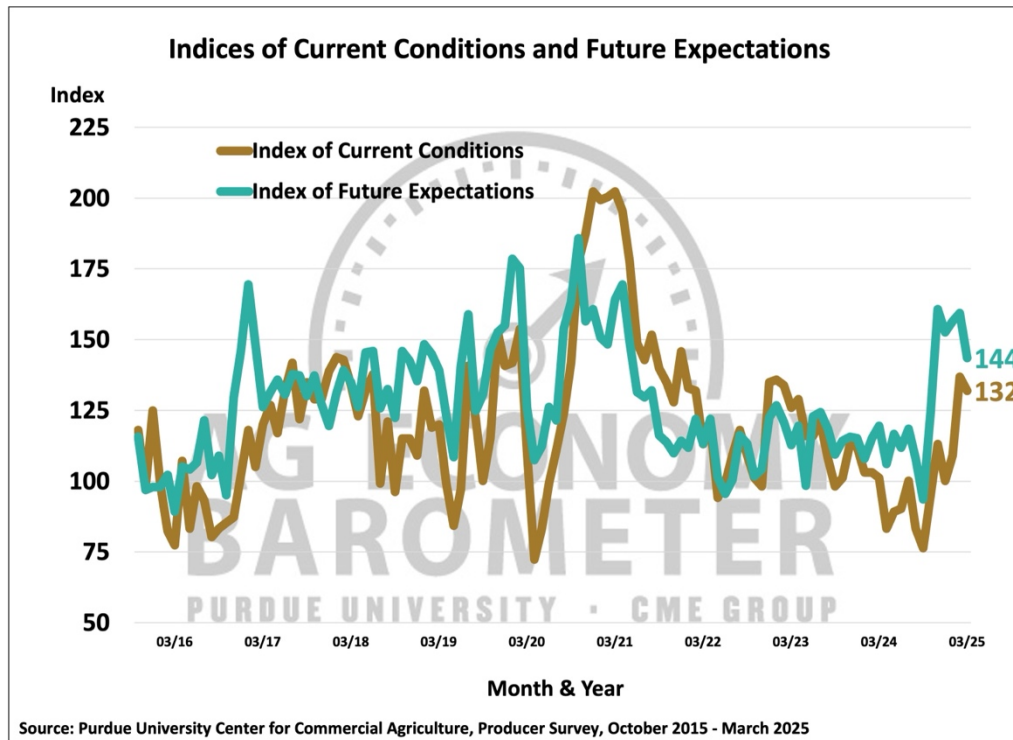
April 1, 2025 | Michael Langemeier and James Mintert, Purdue Center for Commercial Agriculture

Weaker expectations for the future led to a decline in farmer sentiment in March as the *Purdue University-CME Group Ag Economy Barometer* index fell 12 points to a reading of 140, down from 152 a month earlier. Farmers' view of the future was decidedly less optimistic in March than in February, as the *Index of Future Expectations* dipped to 144, which was 15 points lower than in February. A weaker *Current Conditions Index*, which dropped 5 points in March to 132, also contributed to the weakening in farmer sentiment. Falloffs in key crop prices since mid-February, combined with concerns about the future of agricultural trade and farm policy, were important factors behind the sentiment shift. Even with the decline in expectations for the future, farmers were still more optimistic about the future than the current situation, as the *Future Expectations Index* remained 12 points higher than the *Current Conditions Index*. The March barometer survey took place from March 10-14, 2025.



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

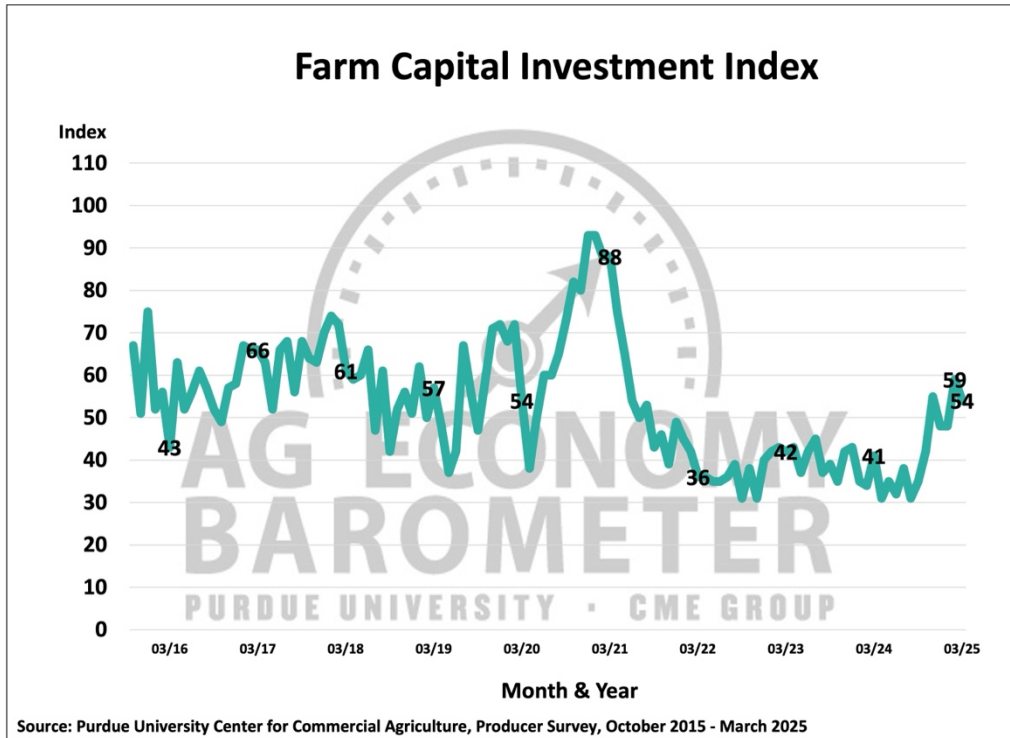




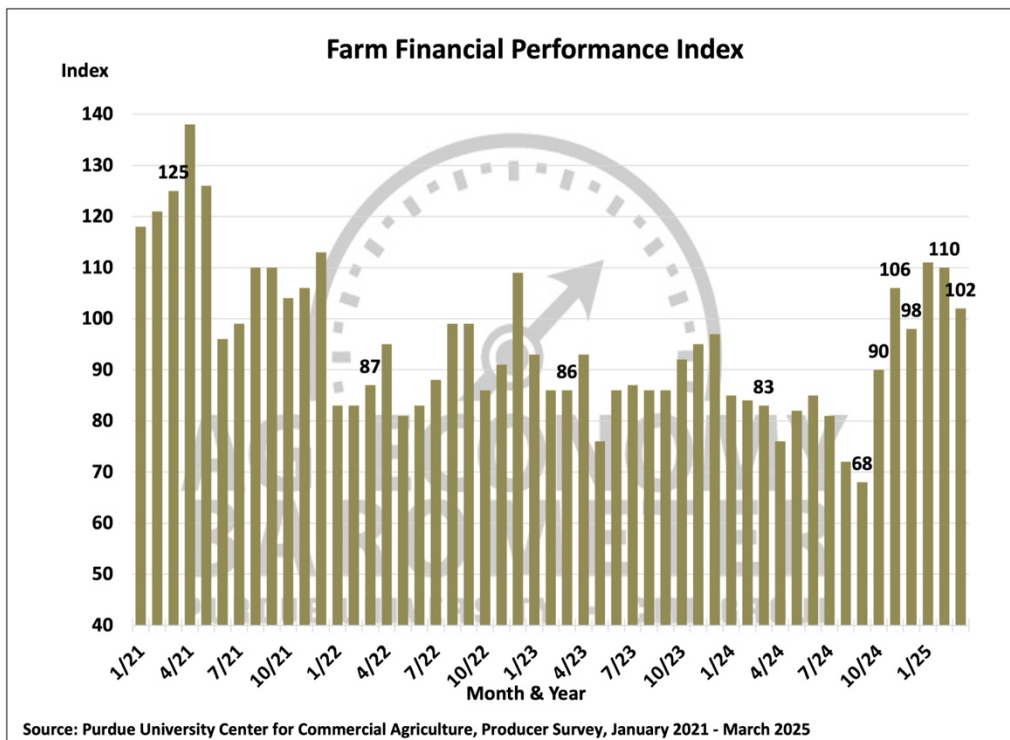
**Figure 2.** Indices of Current Conditions and Future Expectations, October 2015-March 2025.

Coinciding with the weakness in farmer sentiment, the *Farm Capital Investment Index* declined 5 points in March to 54. Despite this month's dip, March's investment index was still the second-highest reading recorded since June 2021. The *Farm Financial Performance Index* also fell in March, dropping 8 points to 102. At a measurement of just above 100, the performance index suggests producers, on average, still expect their farm's financial performance to slightly exceed the level from a year ago. The financial performance outlook was likely buttressed by expectations for strong financial performance among livestock operations, which helped offset weaker expectations for many crop farms.





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

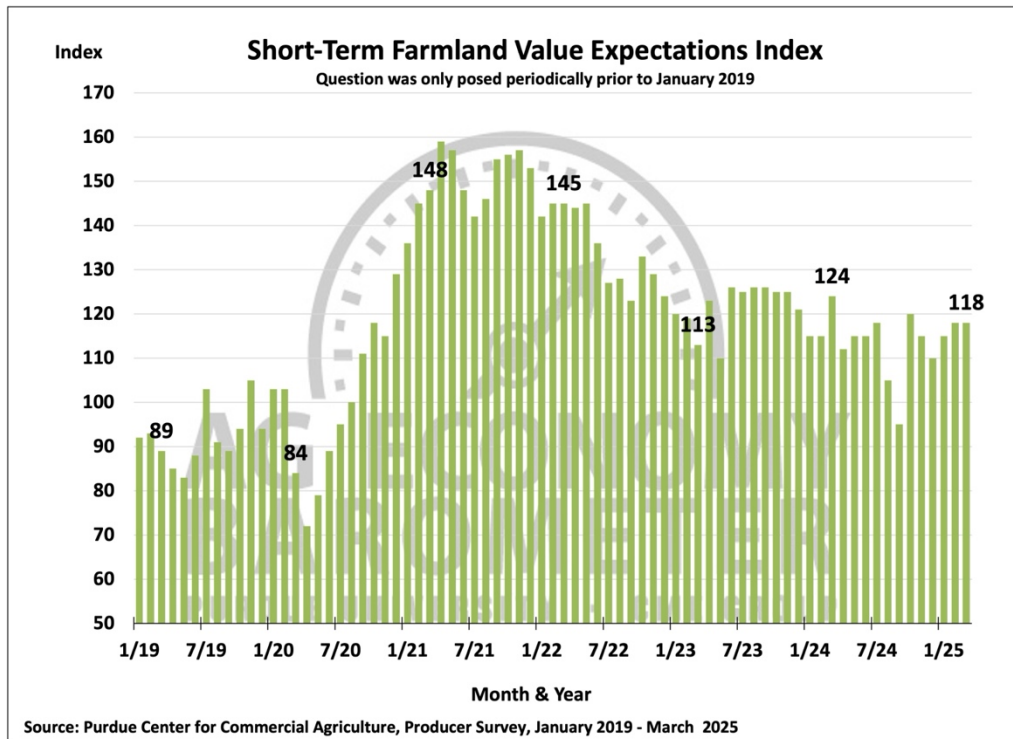


**Figure 4.** Farm Financial Performance Index, January 2021-March 2025.





The *Short-Term Farmland Value Expectations Index*, at a reading of 118 in March, was unchanged from a month earlier and just 6 points lower than a year ago. Except for late summer and early fall 2024, when pessimism reigned, the farmland index has fluctuated between 110 and 126 since early 2023, indicating that farmers remain cautiously optimistic that farmland values will hold steady or increase modestly in the year ahead.



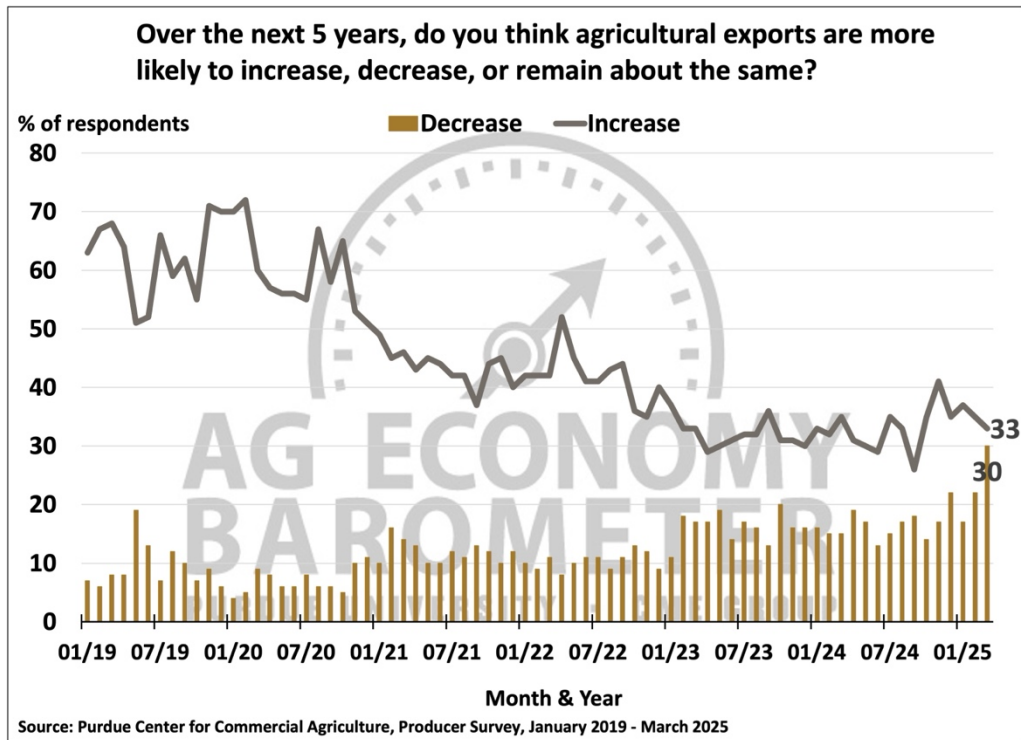
**Figure 5.** Short-Term Farmland Value Expectations Index, January 2019 - March 2025.

U.S. farmers are concerned about the future of U.S. agricultural exports and trade policy. Since 2019, barometer surveys have included a question that asks producers about their expectations for U.S. agricultural exports over the next five years. Historically, exports have been an important source of demand for U.S. agricultural production, and strong exports have often been associated with strong farm incomes. In 2019 and 2020, producers were optimistic that exports would grow over the upcoming five years, but that optimism began to erode in 2021 and has continued to fall since that time. In March, producers' expectations for U.S. exports in the next five years reached an all-time low in barometer surveys, with the percentage of producers who expect to see exports fall (30%) nearly matching the percentage of producers who expect to see exports rise.



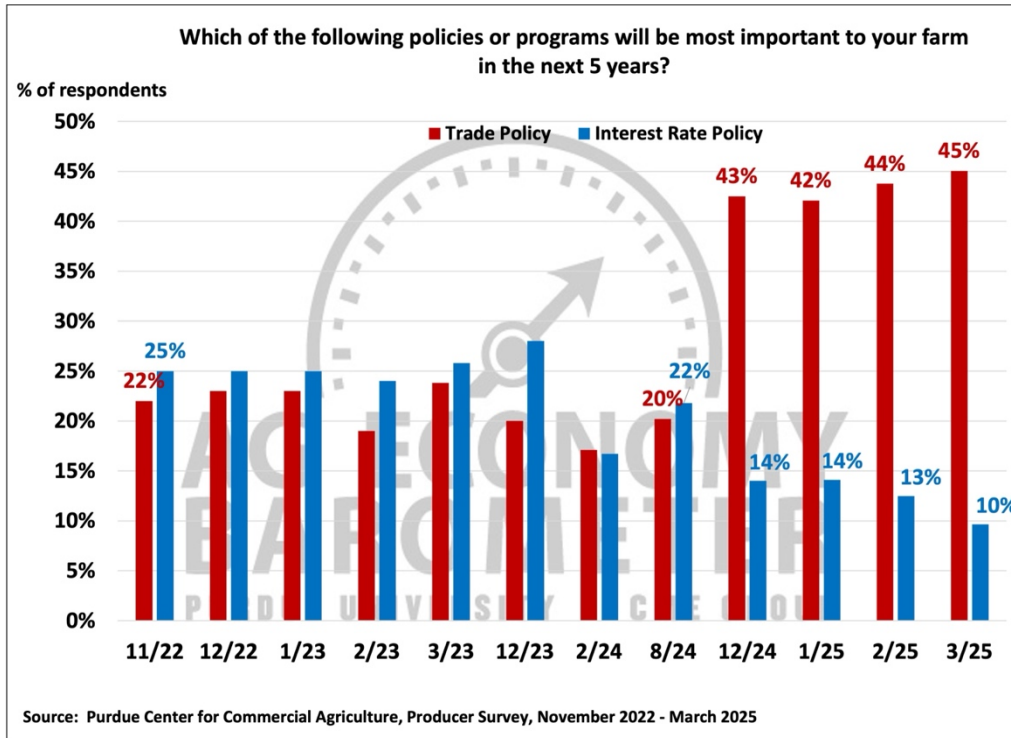


Since late 2022, barometer surveys have periodically included a question that asks respondents which policies or programs will be most important to their farm in the next five years. Prior to the November 2024 election, farmers in our surveys reported that they were more concerned about interest rate policy than trade policy. Since the November election, concern about trade policy has skyrocketed, with 43% of respondents, on average, citing it as the most important policy or program affecting their farm. That compares to an average of 13% of farmers since the election who pointed to interest rate policy as most important.



**Figure 6.** Agricultural Export Expectations Over Next 5 Years, January 2019 - March 2025.



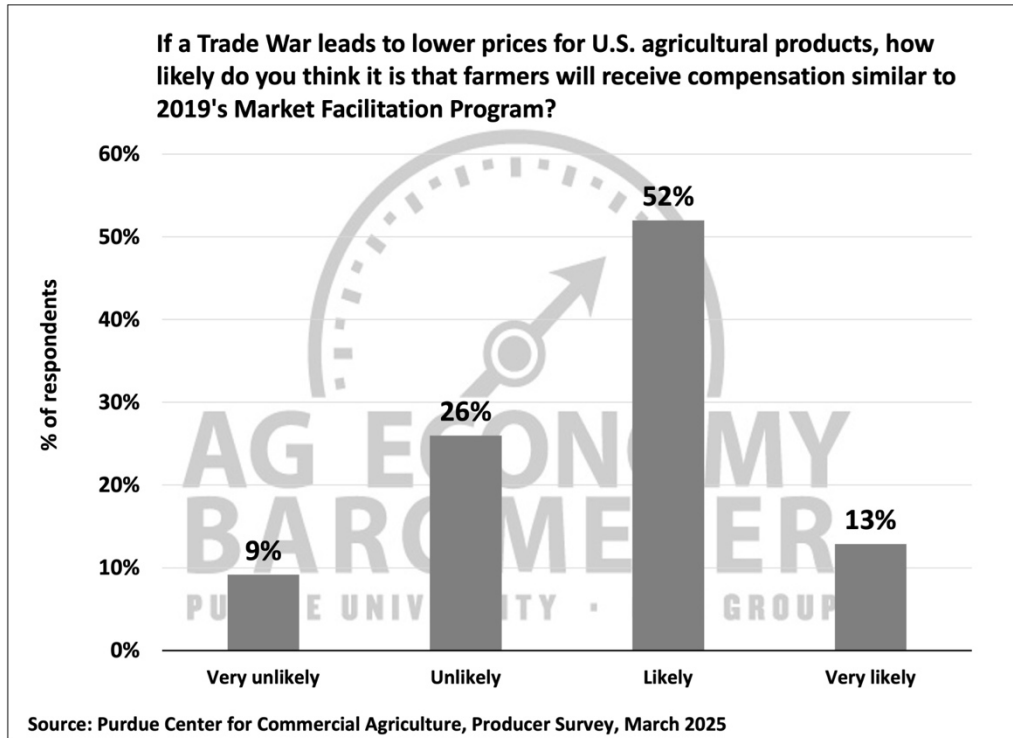


**Figure 7.** Most Important Policies or Programs in the Next 5 Years, November 2022 - March 2025.

Coinciding with concerns about trade policy and the impact on U.S. agricultural exports is the potential impact on farm income. The March survey included a question that asked farmers about their expectations regarding the likelihood that a program similar to 2019's Market Facilitation Program (MFP) would be available to compensate for lower output prices attributable to a trade war. Nearly two-thirds (65%) of respondents said they think a follow-up to 2019's MFP program would be either "likely" (52%) or "very likely" (13%). In a related policy question, 74% of farmers in March said that passage of a new farm bill this year was either "very important" (49%) or "important" (25%) to them.







**Figure 8.** Likelihood of a Market Facilitation Program If A Trade War Leads to Lower Prices for U.S. Agricultural Products, March 2025.

### Wrapping Up

Weaker expectations for the future were key in pushing farmer sentiment lower in March. Weakening current conditions, which were largely attributable to lower crop prices, also contributed to the sentiment decline. The decline in farmer sentiment coincided with a softer outlook on making large investments in their farm operations, while producers' outlook on farmland values in the year ahead was unchanged from a month earlier. Producers' outlook for the future of U.S. agricultural exports reached an all-time low in March, and farmers reported that they think trade policy will be the most important policy affecting their farms in the next five years. Finally, a large majority of U.S. farmers expect a program similar to 2019's MFP compensation program to be implemented in the event that a trade war leads to lower prices for agricultural products.

