Farmer Sentiment Weakens On Cloudy Trade Outlook

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

Farmer sentiment weakened in June as the *Purdue University-CME Group Ag Economy Barometer* fell to 146, down from 158 a month earlier. The shift in farmer sentiment was primarily attributable to a change in producer expectations for the future as the *Index of Future Expectations* dipped 18 points to 146. At the same time, there was little change in the *Current Conditions Index,* which fell just 2 points to 144. Shifting perceptions regarding the agricultural export outlook appeared to be a key reason behind producers' weaker outlook, as fewer producers expressed optimism about future ag exports. Despite this month's declines, all three indices remained well above year-ago levels. The June barometer survey took place from June 9-13, 2025.

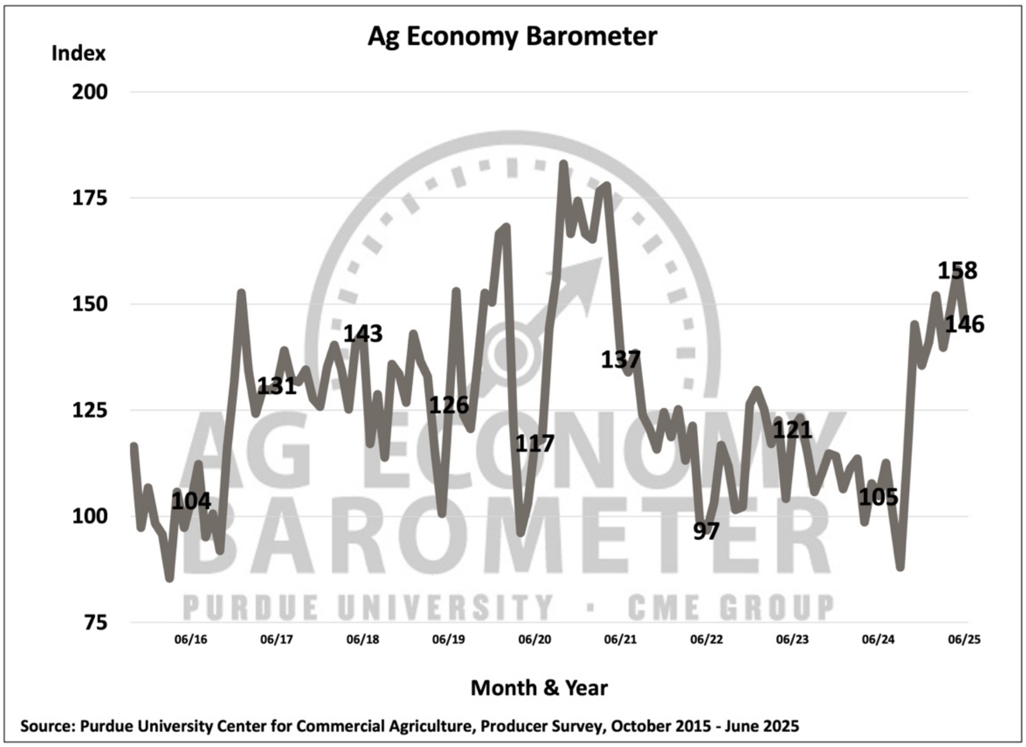

Figure 1. Purdue/CME Group Ag Economy Barometer, October 2015-June 2025.

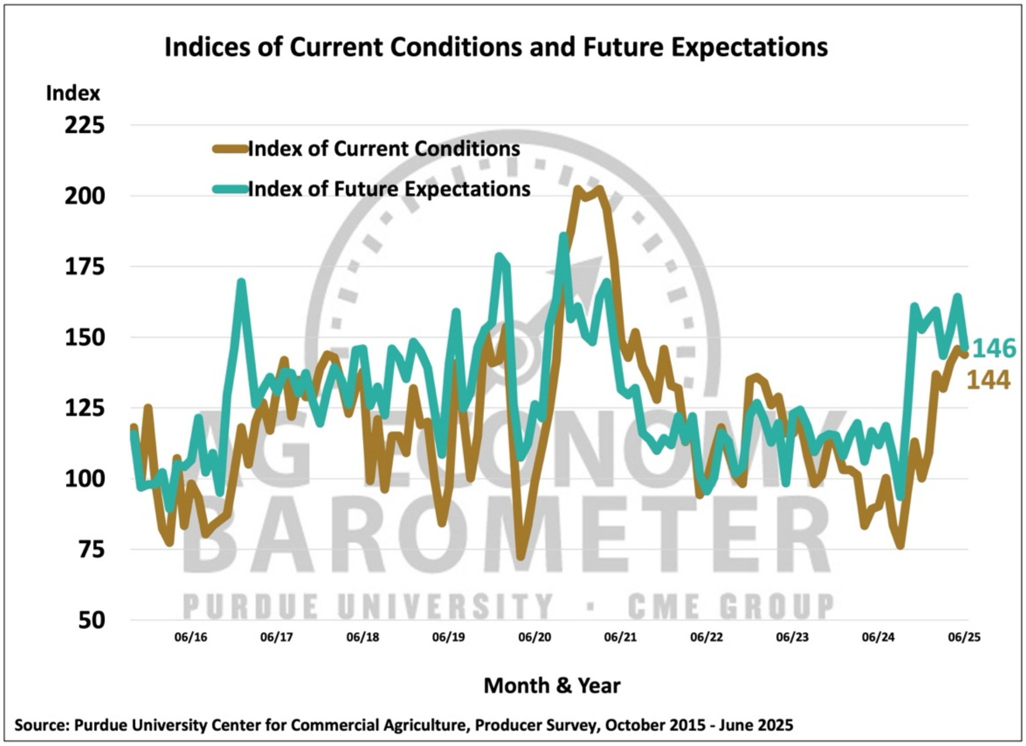

Figure 2. Indices of Current Conditions and Future Expectations, October 2015-June 2025.

Producers projected a somewhat weaker financial outlook for their farms in June than in May as the *Farm Financial Performance Index* fell 5 points to 104. This index has ranged from 101 to 111 since January. An index above 100 indicates U.S. farmers expect a stronger financial performance in 2025 than in 2024. Strong income prospects for the livestock sector, especially among beef producers, are helping support the farm income outlook. Despite the small decline in the financial condition index, the *Farm Capital Investment Index* improved to 60, 5 points higher than in May and nearly matching April's reading of 61. The investment index rose because the percentage of farmers who said it's a good time to invest climbed to 24% in June, up from 19% in May, while the percentage of respondents who said it's a bad time to invest did not change. Despite the investment index's improvement, it doesn't look like producers necessarily plan to follow through and invest in farm machinery. The percentage of producers who said they planned to reduce their farm machinery purchases this year compared to last year rose to 54% in June, up from 48% in May.

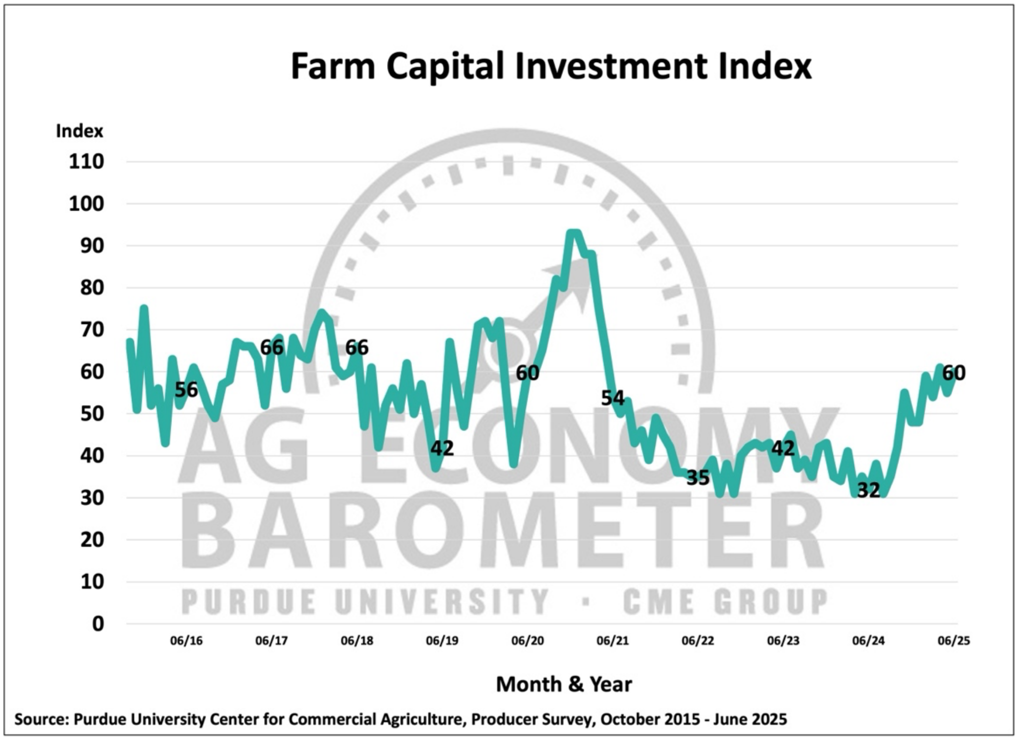

Figure 3. Farm Capital Investment Index, October 2015-June 2025.

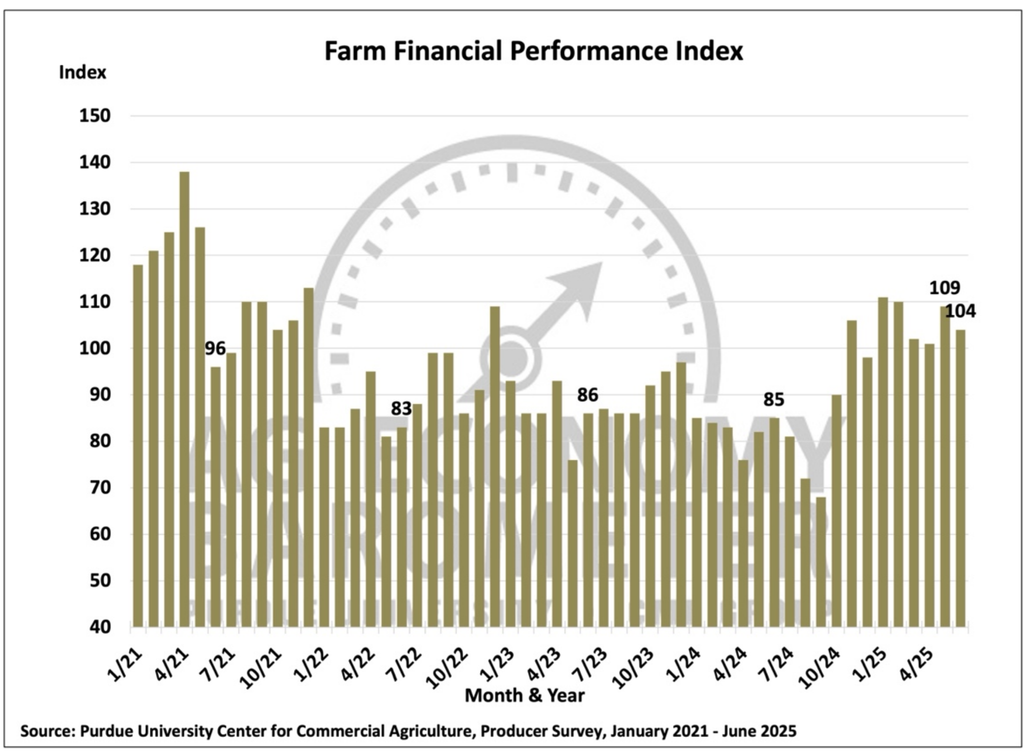

Figure 4. Farm Financial Performance Index, January 2021-June 2025.

Producers' outlook for farmland values in the year ahead drifted lower in June as the *Short-Term Farmland Value Expectations Index* fell 4 points to 120. The index of well above 100 signals that producers remain cautiously optimistic about farmland values. This month's change in the index came about primarily because the percentage of producers who expect values to rise fell from 37% to 32%. Meanwhile, the percentage of producers who expect values to hold steady increased from 50% to 56%.

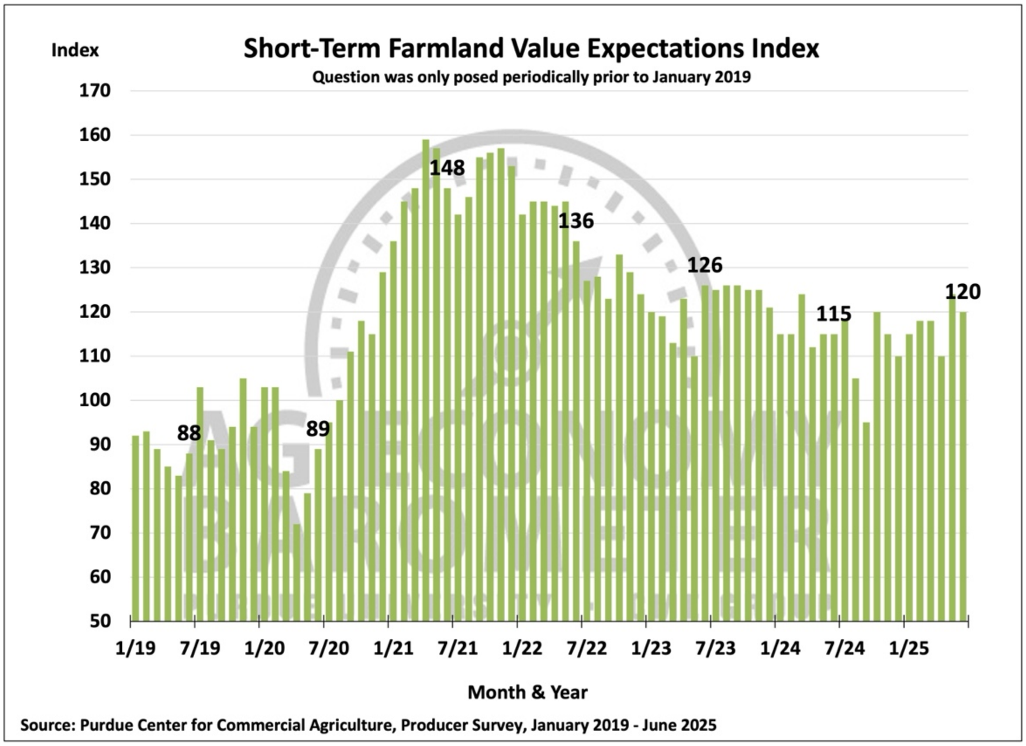

Figure 5. Short-Term Farmland Value Expectations Index, January 2019 - June 2025.

Once again, shifting producer expectations for ag exports appear to be a key reason for the shift in farmer sentiment. In June, 41% of producers said they expect agricultural exports to increase over the next 5 years, down from 52% who felt that way in May. Meanwhile, the percentage of respondents who expect exports to decline rose to 16%, compared to 12% a month earlier. Although that reading was more negative than in May, it was still more optimistic than in March, when 30% of respondents said they expected exports to decline. The June survey again included a question that asked producers for their perspective on free trade. Similar to the May survey's results, just 31% of farmers in June said they strongly agreed with the statement that "Free trade benefits agriculture and most other American industries." Compared to 5 years ago, this marks a shift in producers' perspective on trade. When this question was posed throughout fall 2020, nearly half (49%) of respondents said they strongly agreed that free trade was beneficial.

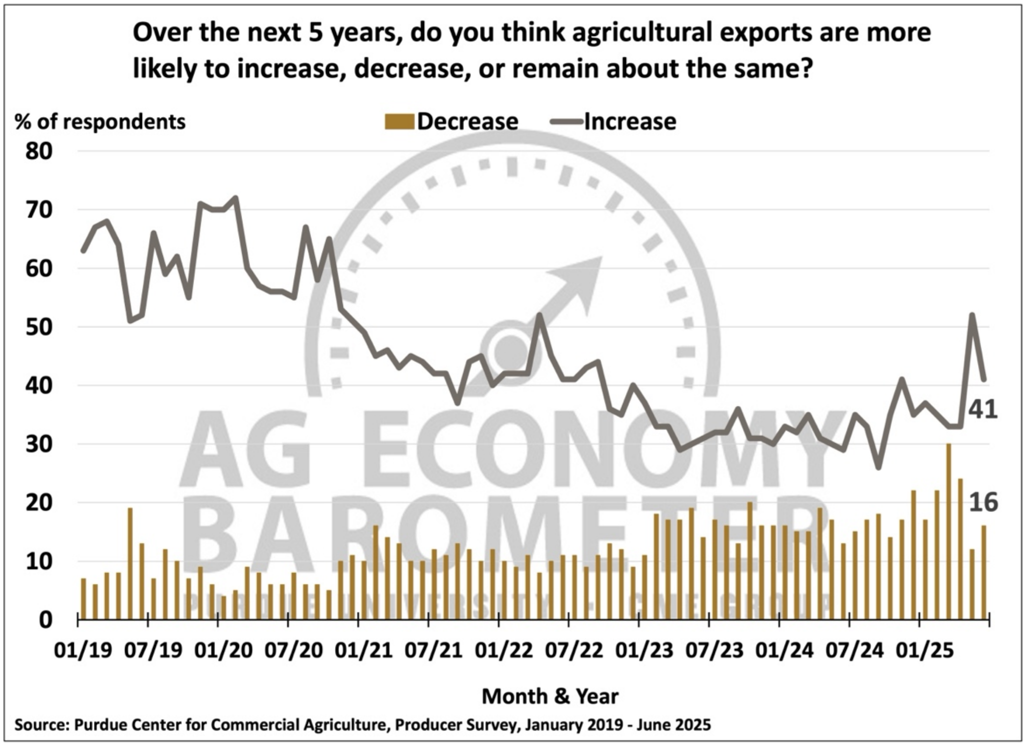

Figure 6. U.S. Agricultural Exports Expectations Over the Next 5 Years, January 2019-June 2025.

To learn more about farmers' perspective on the U.S.'s trade policies, the four most recent barometer surveys have asked producers about the impact they expect from the imposition of tariffs on their farm's income. The two most recent surveys confirm that producers remain worried about tariffs' impact on farm income, but they also indicate that the percentage of producers who expect a negative or very negative impact has declined since March and April. Combining responses from the March and April surveys and comparing them to combined responses from the May and June surveys helps illustrate the shift. In March and April, 56% of respondents said they expected the U.S.'s tariff policy to negatively impact their farm's income, while in May and June that percentage dipped to 45% of respondents. At the same time, 23% of respondents in March and April said they expected tariffs to have either a positive or very positive impact on their farm's income, compared to 27% who felt that way in May and June.

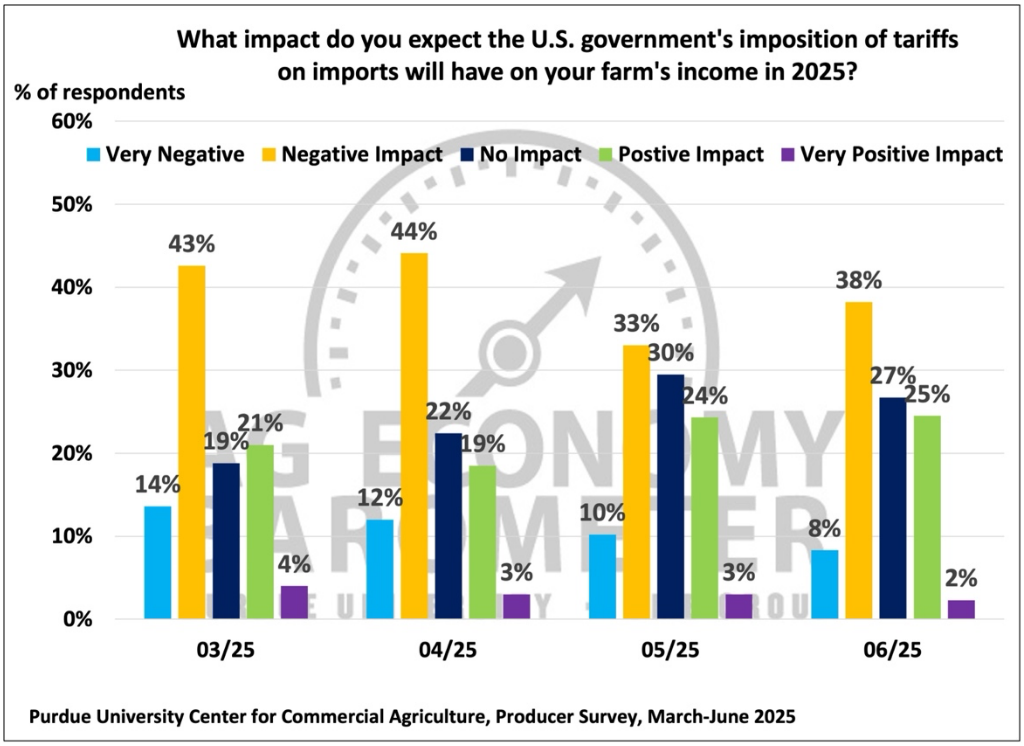

Figure 7. Expected Impact on Farm Income in 2025 from U.S.'s Imposition of Tariffs on Imports.

Wrapping Up

Agricultural producer sentiment weakened in May primarily because producers' expectations for the future weakened. A less optimistic view regarding U.S. agriculture's future export prospects appeared to be the biggest driver behind the shift in sentiment. Farmers remain concerned that the U.S.'s tariff policies could negatively impact their farms' income, but fewer producers in May and June said that they expected a negative or very negative impact on income than when tariff policies were the focus of attention in March and April.