Farmer Sentiment Weakens As Producer Confidence In The Future Wanes

September 2, 2025 | Michael Langemeier and James Mintert, Purdue Center for Commercial Agriculture

Farmer sentiment dipped again in August as the *Purdue University-CME Group Ag Economy Barometer Index* fell 10 points to 125. Producers were markedly less optimistic about the future in August as the *Index of Future Expectations* dropped 16 points to 123. This was the lowest reading for the future index since last September. Producers' perspective on current conditions changed little this month, with a *Current Conditions Index* reading of 129 versus 127 in July. Sentiment differed widely among producers depending on whether their farm is primarily a crop operation or a livestock operation. Responses from crop producers this month were much less optimistic than those from livestock producers, which indicates the disparity in profitability between crop and livestock enterprises. Beef cattle operations in particular are experiencing record profitability as the smallest cattle inventory since 1951 has pushed cattle prices to record levels. This stands in sharp contrast to returns for crop production which have weakened in 2025. The August barometer survey took place from August 11-15, 2025.

.

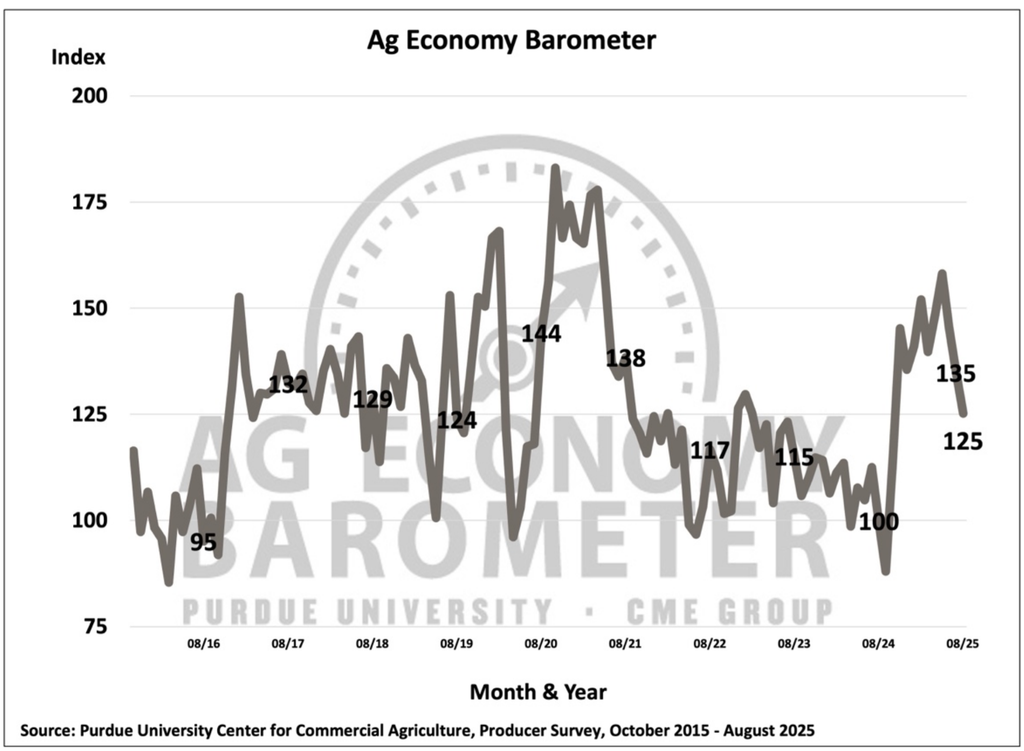

Figure 1. Purdue/CME Group Ag Economy Barometer, October 2015-August 2025.

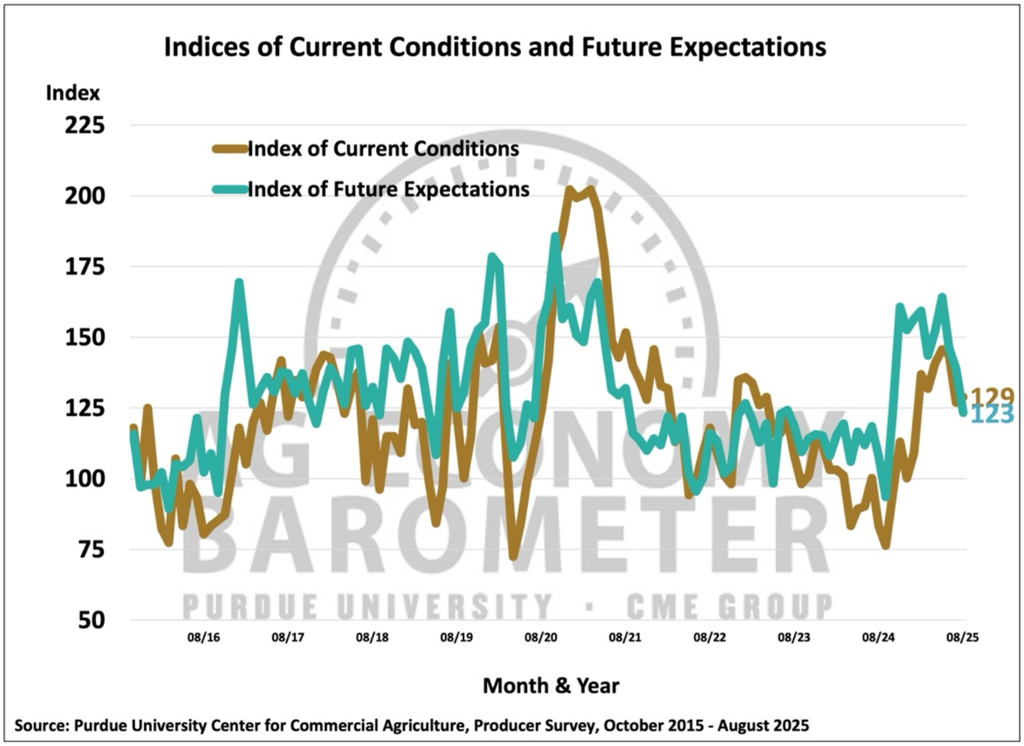

Figure 2. Indices of Current Conditions and Future Expectations, October 2015- August 2025.

Farmers again reported that they expect weak financial performance for their farms in the year ahead. The *Farm Financial Performance Index* remained below 100 for the second month in a row with a reading of 91, virtually unchanged from July's index value. Crop prices that are below many farms' total cost of production help explain why more farmers expect weaker incomes in the upcoming year than expect incomes to rise. The U.S. Department of Agriculture (USDA) released its August *Crop Production* and *World Agricultural Supply and Demand Estimates* during the week the August survey was conducted. The USDA forecasted a 2025/2026 season average corn price of $3.90 per bushel and a soybean price of $10.10 per bushel, both well below estimated breakeven levels for U.S. farmers. Despite the weak income outlook, the *Farm Capital Investment Index* improved to 61, 8 points higher than in July. Livestock producers this month had a notably more optimistic investment outlook than crop producers, which helped push the index higher.

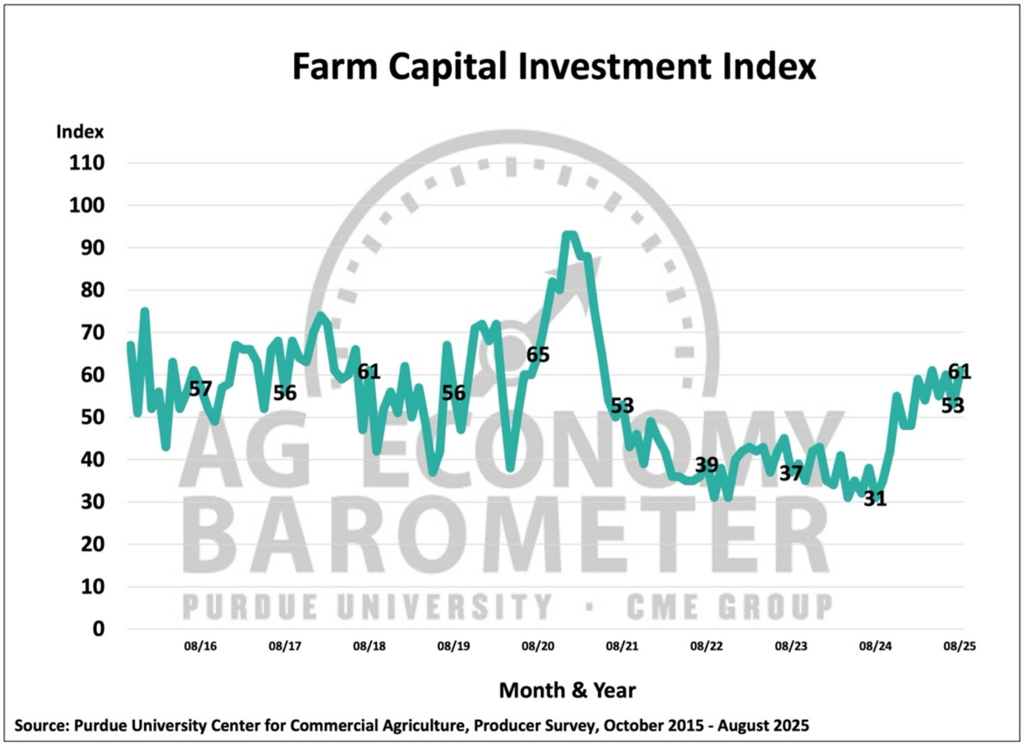

Figure 3. Farm Capital Investment Index, October 2015- August 2025.

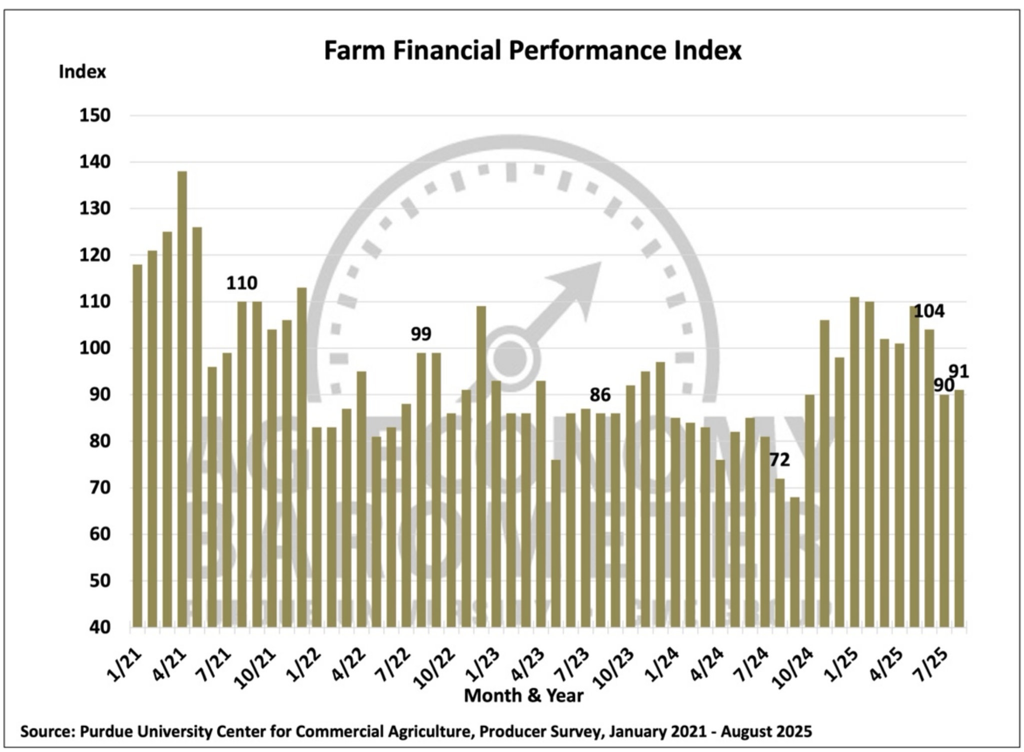

Figure 4. Farm Financial Performance Index, January 2021- August 2025.

Farmers' outlook for farmland values drifted lower in August compared to July. The *Short-Term Farmland Value Expectations Index* reading of 112 was 3 points lower than in July. August marked the third month in a row that the index declined. Despite the recent weakness in the farmland index, the index still stands above 100. This indicates that more farmers still look for values to rise in the upcoming year than think a decline in farmland values is likely. Helping to confirm that perspective is the three-fourths of crop producers in this month's survey who said they expect farmland cash rental rates in 2026 to remain unchanged from 2025. Only 12% of respondents said they expect rates to head lower in 2026.

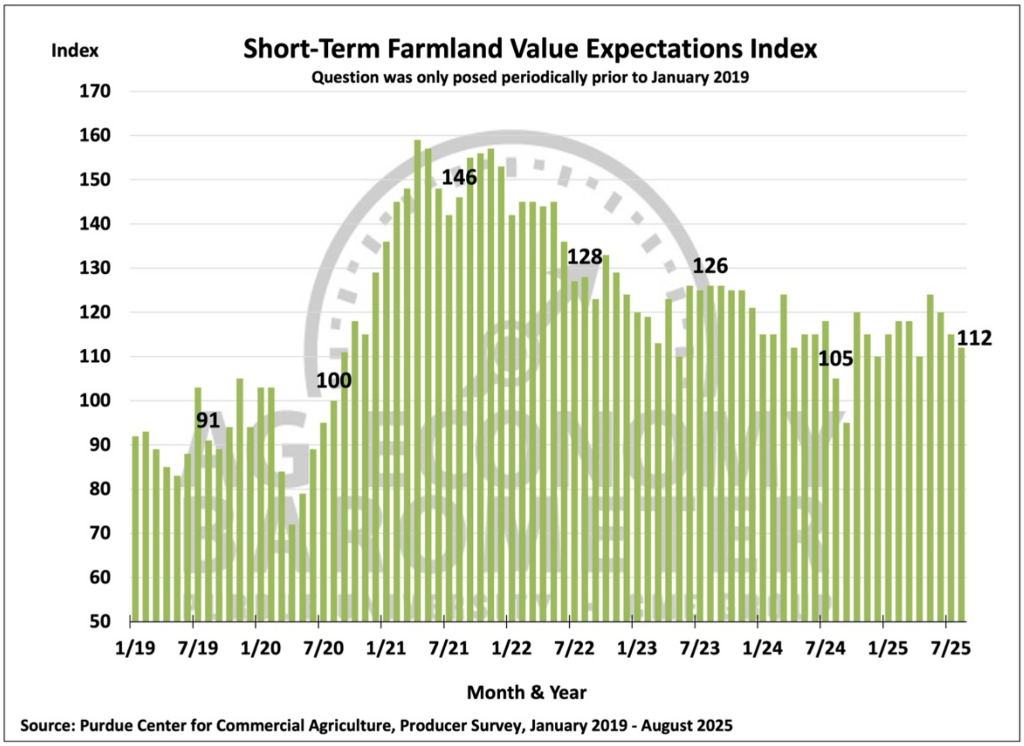

Figure 5. Short-Term Farmland Value Expectations Index, January 2019 - August 2025.

Every January, the Ag Economy Barometer survey includes questions about farmers' expectations regarding the size of their farm's operating loan for the upcoming year and the reasons for the change in operating loan size. The two questions provide insight into the level of financial stress among farms. Given concerns about weak farm income in 2025, the two questions about operating loans were added to the August barometer survey. Twenty-two percent of this month's respondents said they expect their 2026 operating loan to be larger than in 2025. This was up somewhat from January, when 18% of respondents said they expected their 2025 loan size to increase compared to 2024. In a follow-up question, farmers who said they expected their operating loan size to increase were asked for the reason behind the larger operating loan. Twenty-three percent of farmers in the August survey said it was because they expected to carry over unpaid operating debt from 2025 into 2026. The combination of more farms expecting their loan size to increase, with 23% of those farms expecting to carry over operating debt, suggests that financial stress among farms increased from January to August. Perhaps more importantly, financial stress appears to be noticeably higher than it was in January 2023, when just

5% of farms with larger operating loans attributed that to the need to carry over unpaid operating debt, or January 2024 when 17% of farms with large operating loans said it was because of the same reason.

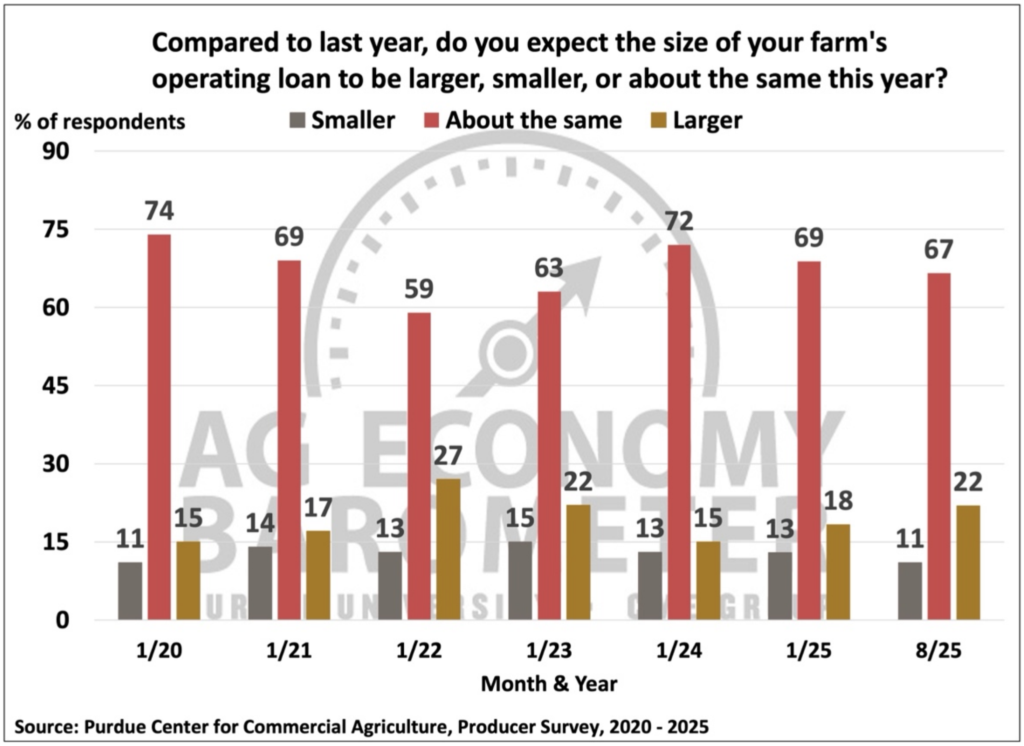

Figure 6. Farmer's Operating Loan Expectations, 2020-2025.

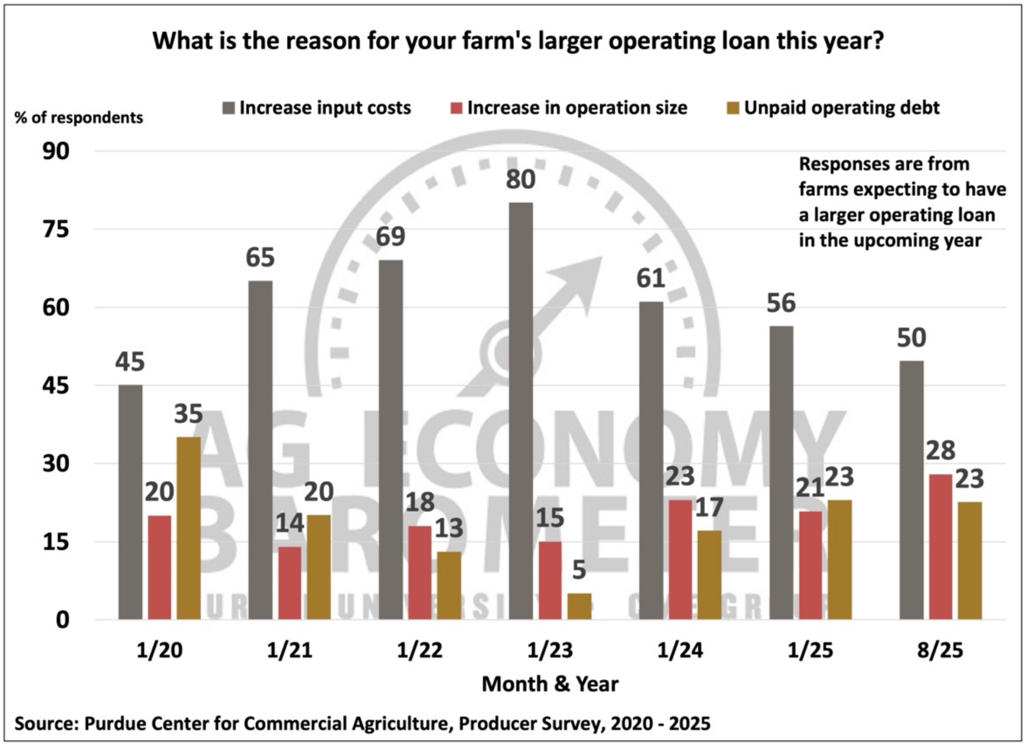

Figure 7. Reasons for Increasing Farm Operating Loan Size, 2020-2025.

Wrapping Up

A weaker perspective about the future helped push farmer sentiment down in August as the *Ag Economy Barometer Index* declined 10 points to 125. Crop producers were markedly less optimistic about both current conditions and expectations for the future than livestock producers. On average, U.S. farmers expect their farms' financial performance for the upcoming year to be lower than a year earlier. Although the *Short-Term Farmland Value Expectations Index* weakened again in August, more farmers continue to expect values to rise than expect farmland values to weaken. Helping to support the outlook for farmland values is the 75% of crop producers who look for farmland cash rental rates to stay about the same in 2026 as in 2025. Finally, 23% of farmers who expect to increase their operating debt in 2026 cite the need to carry over unpaid operating debt from one year to the next as the reason for the increase. This could be an early signal of an increase in the incidence of farm financial stress in production agriculture.