



AGRIFOOD ECONOMY INDEX

DECEMBER 2024 SURVEY RESULTS



KEY TAKEAWAYS

- **A clear divide has emerged in the agrifood industry.** While upstream segments, including input manufacturers and distributors, express growing concerns about the industry's future, downstream segments remain optimistic about what lies ahead.
- **Input Distribution continues to face the strongest headwinds.** Input Distribution posted the lowest sentiment across all segments. Respondents not only see current conditions as unfavorable but also anticipate long-term struggles, signaling deep-seated concerns about the segment's trajectory.
- **Food Manufacturers are looking ahead with confidence,** yet their outlook on present industry conditions remains bleak. While they anticipate improvement, their current pessimism suggests significant challenges remain unresolved.
- **82% of Industry professionals are familiar with regenerative agriculture.** Additionally, 70% support its adoption, underscoring its growing importance across the value chain.



INTRODUCTION

The Agrifood Economy Index, developed by Purdue DIAL Ventures, is a strategic tool designed to measure economic sentiment across the agrifood industry. It gathers insights from key decision-makers across six core industry segments. Conducted quarterly, the survey tracks current conditions, future expectations, and investment outlooks, providing data to help industry leaders navigate market dynamics. The survey's five core questions assess financial sentiment over the short and long-term, sector-wide economic expectations, and investment climate. In its seventh iteration, conducted in December 2024, the index collected 225 responses from executives and key decision-makers across all segments of the value chain



THE CORE QUESTIONS

1. Would you say that your business today is financially better off, worse off, or about the same compared to a year ago?
2. Do you think that a year from now, your business will be better off financially, worse off, or just about the same as now?
3. Turning to the segment of the value chain you consider your business to be a part of, do you think that during the next twelve months, there will be good times financially, bad times, or just about the same as now?
4. Which would you say is more likely: the segment of the value chain you consider your business to be a part of during the next five years will have widespread good times, widespread bad times, or just about the same as now?
5. Thinking about large investments for your business (acquiring machinery, land, buildings, other companies, etc.), generally speaking, do you think now is a good time or a bad time to make such investments?

THE SIX AGRIFOOD SEGMENTS

- **Agricultural input manufacturing:** crop protection, fertilizer, crop seed, animal health, tractors and implement manufacturers.
- **Agricultural input distribution:** agricultural input wholesalers and retailers.
- **Agricultural production:** Farmers and Ranchers.
- **Agricultural products processing and handling:** grain elevators, trading companies, ethanol plants, feed mills, crushers, shippers, and packers.
- **Food manufacturing:** baked goods, dairy products, meat products, and other CPG companies.
- **Support services and Products:** financial companies such as banks and insurers, advising and consulting companies, logistics companies, research institutions, etc.

INDUSTRY INDEX

Figure 1 - Industry Overall Index Changes Over Time

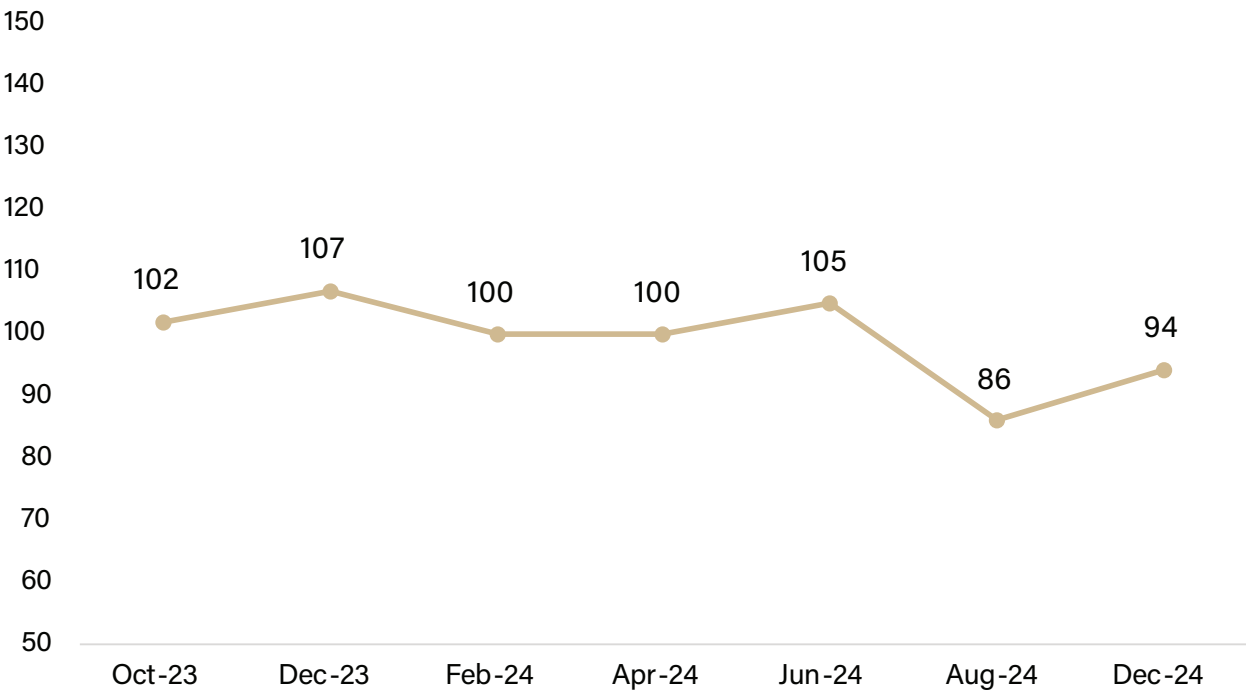


Figure 2 - Industry Current and Future Index Changes Over Time.

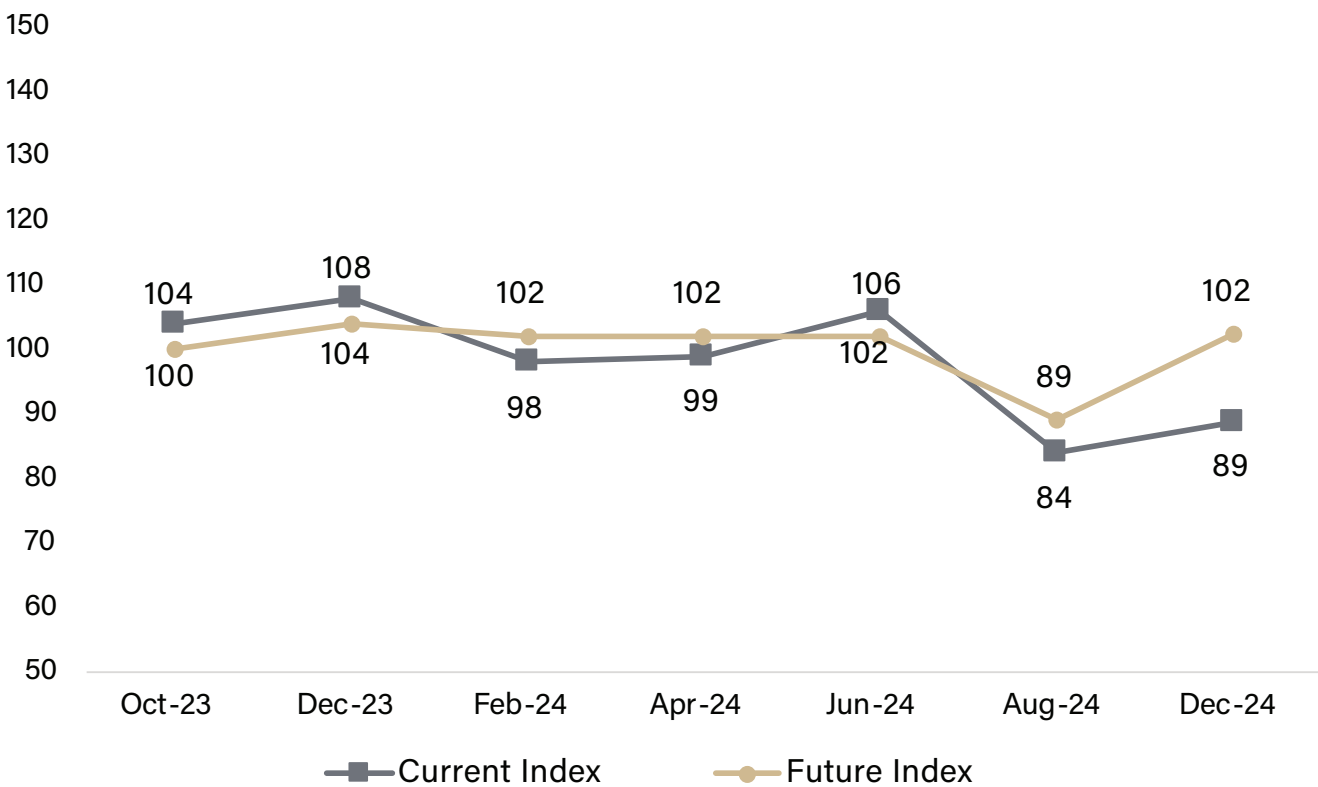


Figure 1 illustrates that the overall Industry Index rose to 94 in December 2024, recovering from August’s steep decline to 86. This increase indicates improving sentiment across the agrifood industry, reversing the earlier downturn driven by falling commodity prices and economic uncertainty. Figure 2 provides a breakdown of the index into Current and Future sentiment indices. Participant sentiment about future conditions tends to be more stable than sentiment about current conditions in our series, illustrating the impacts of short-term market fluctuations on participant sentiment. In December, the future sentiment index recovered from a pronounced negative sentiment of 89 in August 2024 to a slightly positive sentiment of 102 in December, returning to the levels observed in earlier surveys. Meanwhile, the current index sees an improvement from its lowest level recorded in August but remains significantly pessimistic at 89. This overall pessimistic view of current conditions drives the overall index to remain below the 100 level, indicating a prevailing negative sentiment for the industry.

THE 6 SEGMENTS OF THE AGRIFOOD VALUE CHAIN

In the next section, we will analyze the indices for each individual segment of the value chain for the December 2024 survey



AGRICULTURAL INPUT MANUFACTURING

Figure 3 - Input Manufacturing Index Changes Over Time

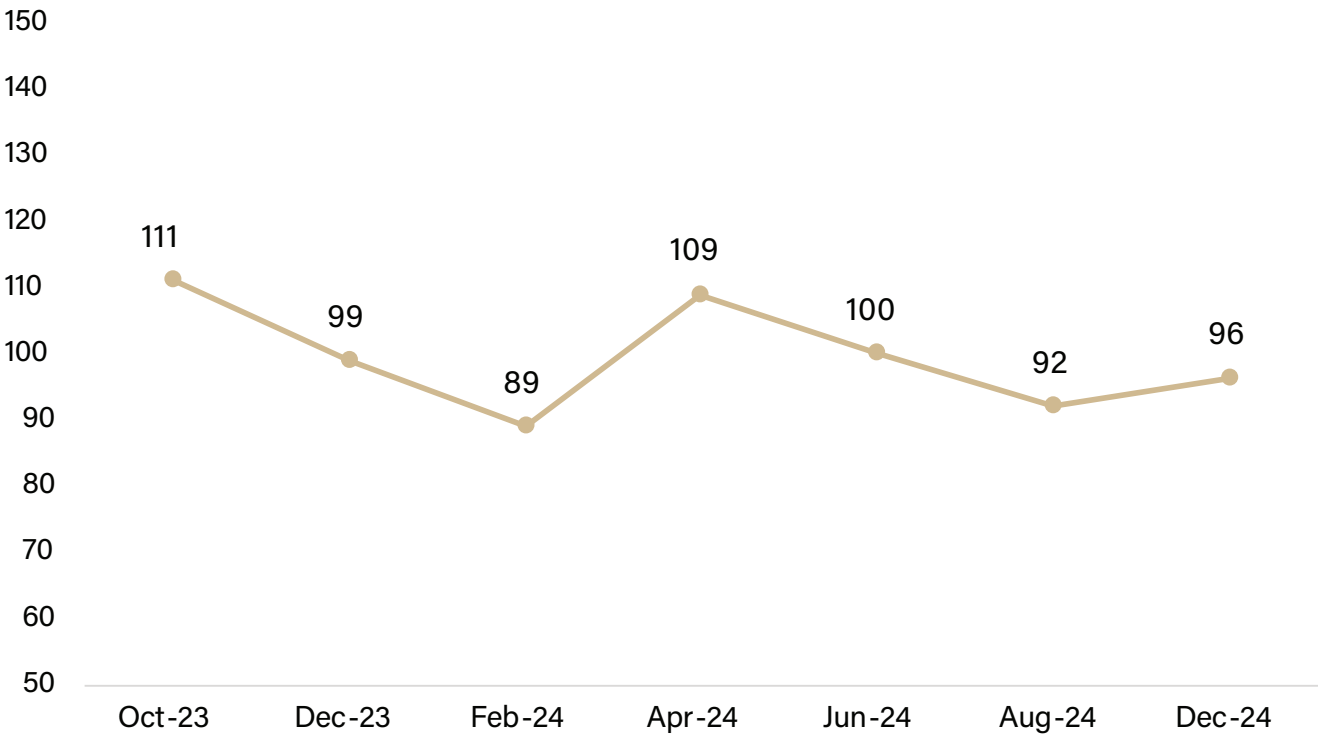
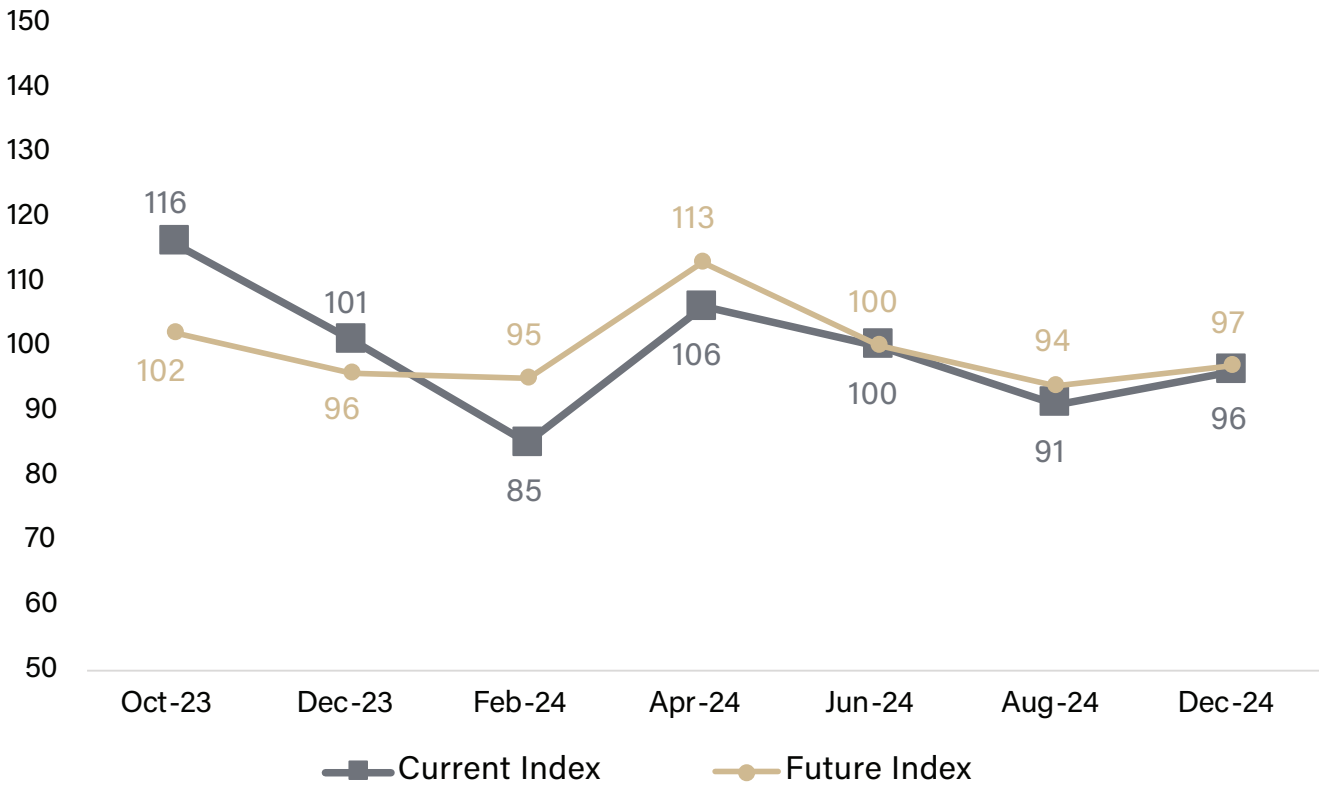


Figure 4 - Input Manufacturing Current and Future Indices Changes Over Time



The agricultural input manufacturing segment reported a modest index increase of 4 points in December (Figure 3), marking the second time in the past year that sentiment has improved; although the index overall remains pessimistic for the segment. The segment’s slight improvement in sentiment is driven by improvement in both the current and future indices (figure 4) although both only saw slight improvements and remain below the 100 threshold that would move from pessimistic to optimistic sentiment. The fact that input manufacturing has seen significant declines in sentiment since April, particularly in the future index, is likely driven by both commodity price outlooks for agriculture and the continued difficult regulatory environment for new chemistries and drugs.

AGRICULTURAL INPUT DISTRIBUTION

Figure 5 - Input Distribution Index Changes Over Time

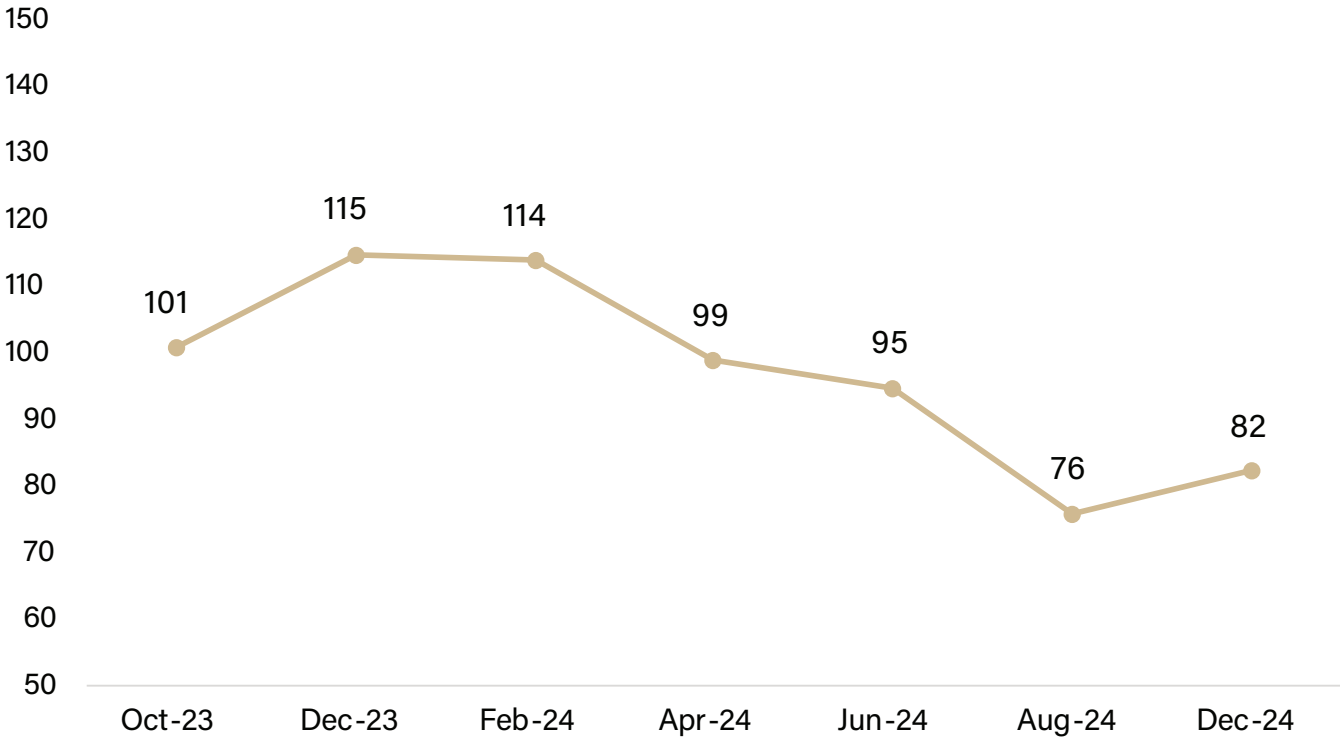
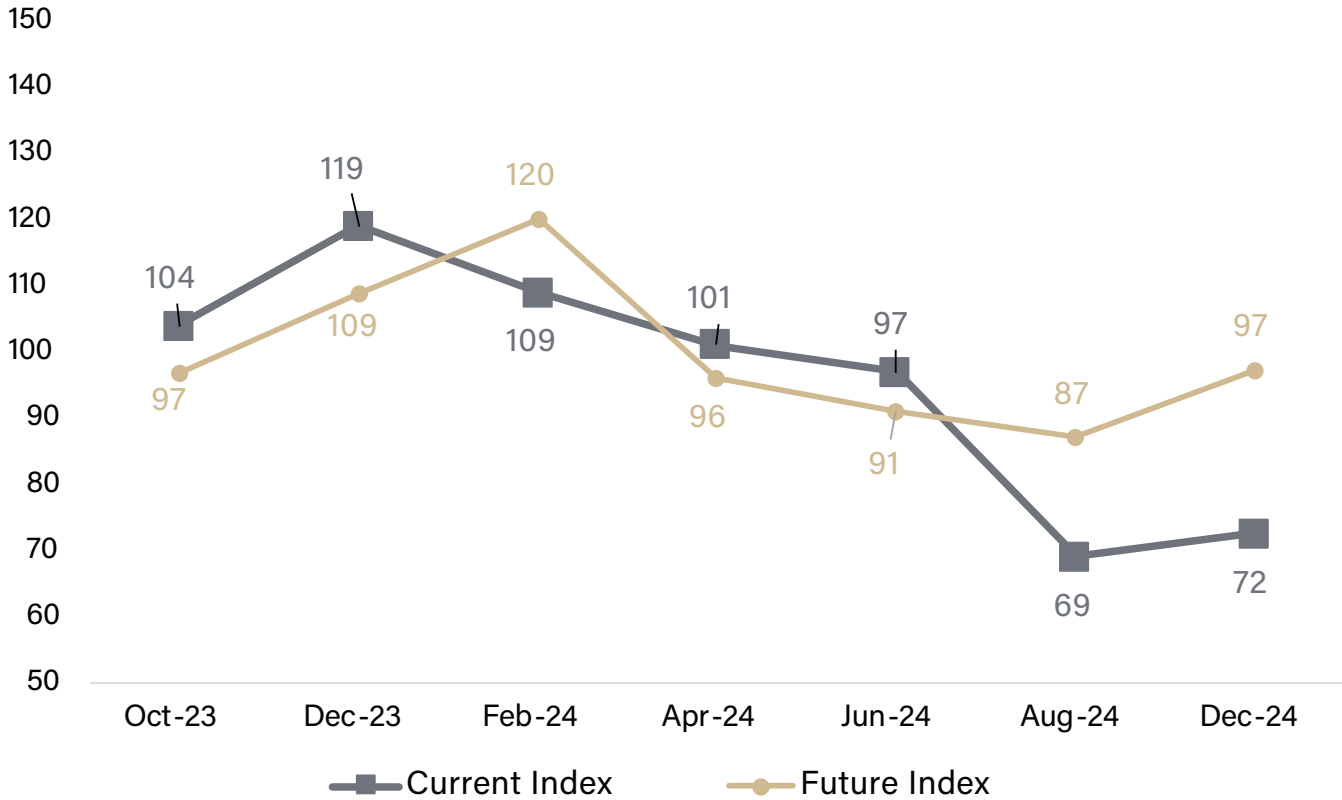


Figure 6 - Input Distribution Current and Future Indices Changes Over Time



Sentiment in the agricultural input distribution segment rose by 6 points in December, reflecting a slight improvement in outlook. Continued pessimism prevails for the segment, despite the slight improvement, with sentiment still well below its high from 1 year ago (Figure 5). The Current Index remains weak as distributors contend with supply chain pressures and market uncertainties. The Future Index, on the other hand, is beginning to show signs of optimism as 10 percent more participants indicated positive future outlooks driving the sentiment from its low of 87 in August to 97 in December. Until agricultural commodity prices improve, particularly the major row crop prices, it is unlikely that this segment will see sentiment turn significantly positive (Figure 6).

AGRICULTURAL PRODUCTION

Figure 7 - Agricultural Production Index Changes Over Time

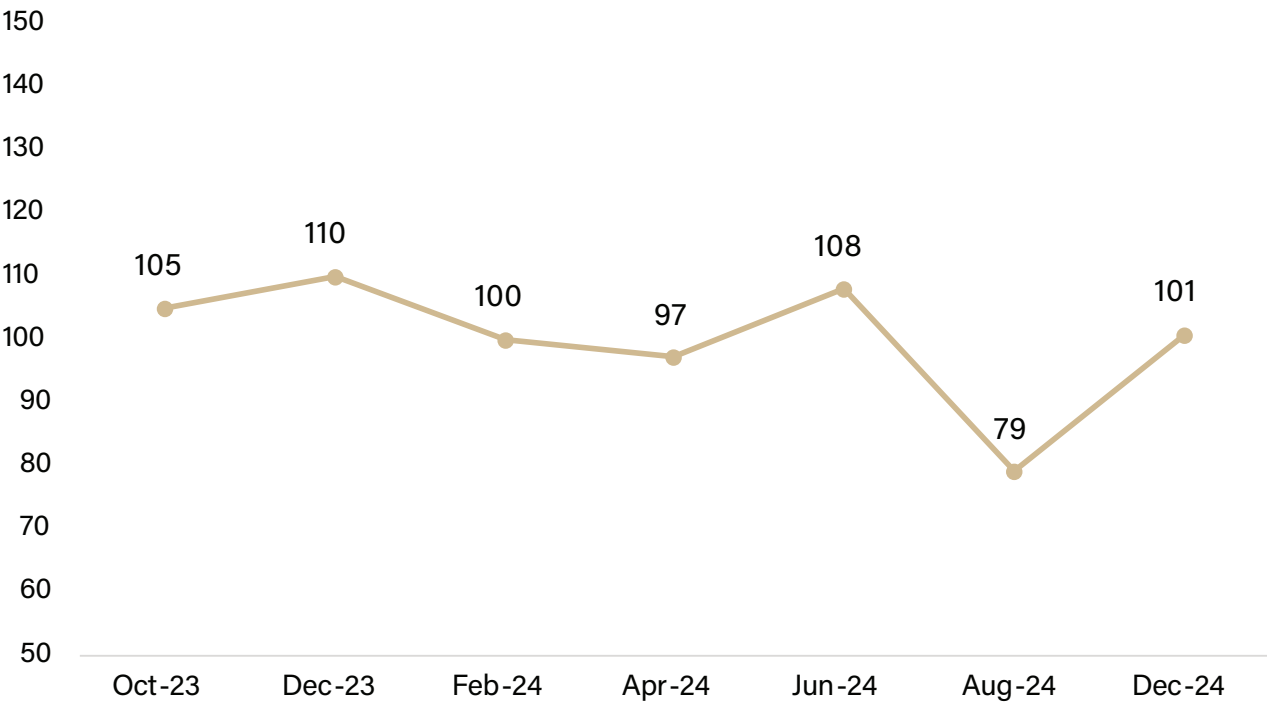
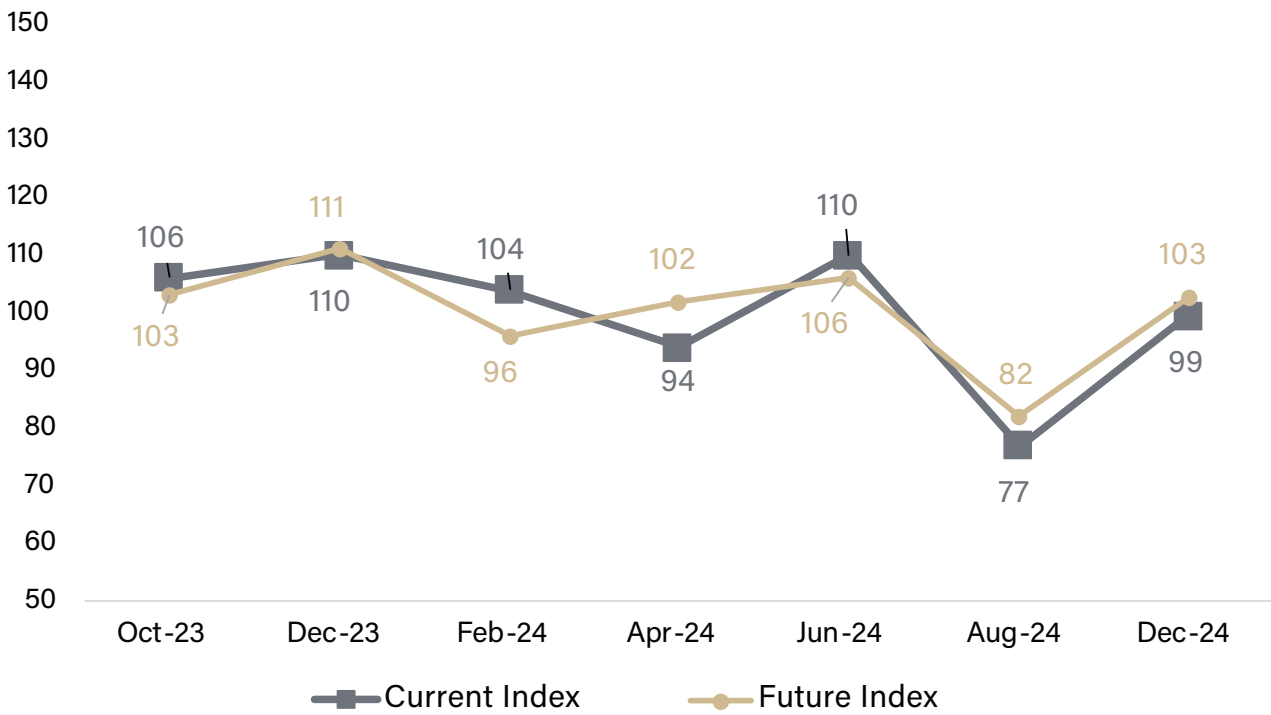


Figure 8 - Agricultural Production Current and Future Indices Changes Over Time



The agricultural production segment experienced the largest sentiment increase, jumping 22 points from August to December. This sharp recovery signals renewed optimism among producers, likely driven by stabilizing commodity prices and a clearer economic outlook post-election (Figure 7). Both the current and future index saw significant improvement relative to August’s sentiment (Figure 8). The significant jump in optimism for this segment seems counter to the pessimism seen in the input manufacturer and input distribution segments. In addition, current outlook for crop commodity prices remains low suggesting this segment may be finding optimism from other areas such as reduced regulation and/or increased direct support for agriculture from election outcomes. It will be interesting to see if these results hold as election outcomes turn to actual policy making.

AGRICULTURAL PRODUCT PROCESSING AND HANDLING

Figure 9 - Agricultural Products Processing and Handling Segment Index Changes Over Time

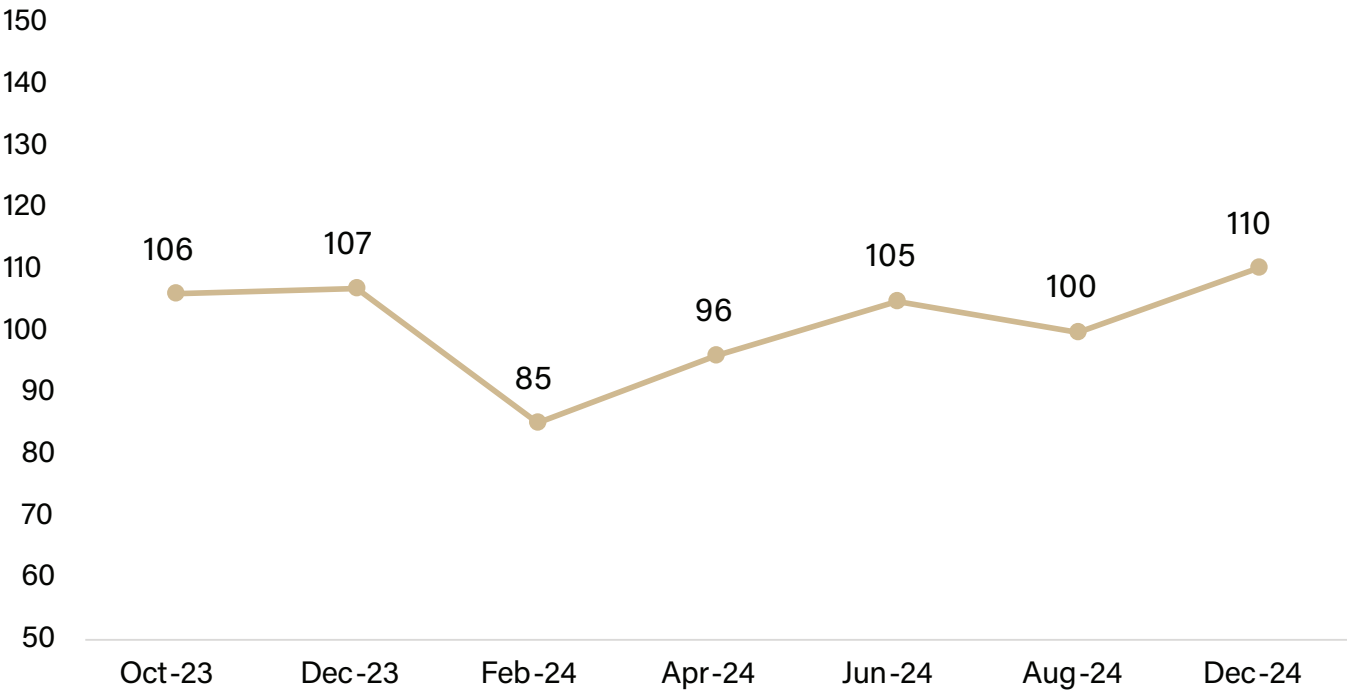
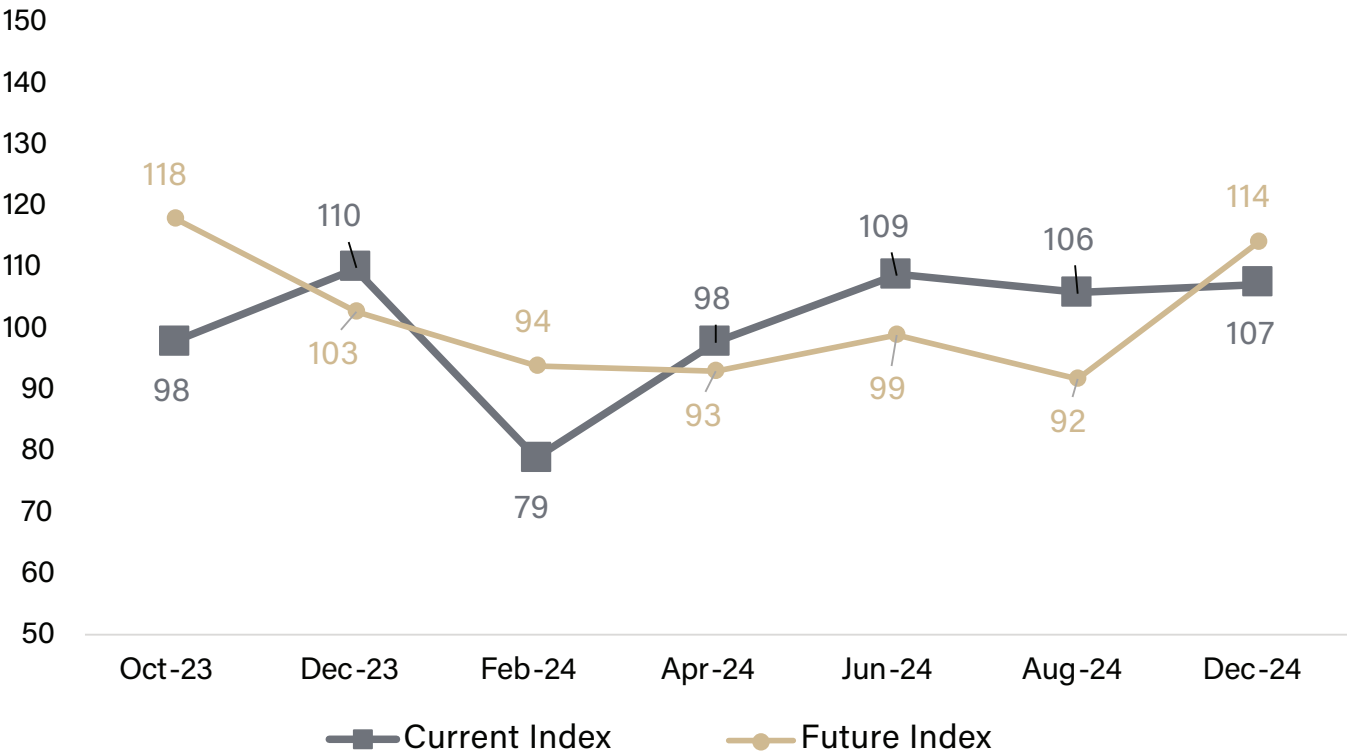


Figure 10 - Agricultural Products Processing and Handling Current and Future Indices Changes Over Time



In December, the processing and handling sector achieved its highest sentiment index of 110, marking the strongest score ever for this sector. This ongoing upward trajectory since February 2024, with only a brief pause in August, indicates increasing optimism (Figure 9). Both the Current Index and Future Index remain above the baseline, reflecting the optimistic sentiment of processors. Current condition sentiment has been optimistic since June while the outlook for the future rebounded significantly from August to its second highest level on record (Figure 10). This optimism is perhaps influenced by lower commodity prices driving grain movement and improved margins in feed manufacturing.

FOOD MANUFACTURING

Figure 11 - Food Manufacturing Segment Index Changes Over Time

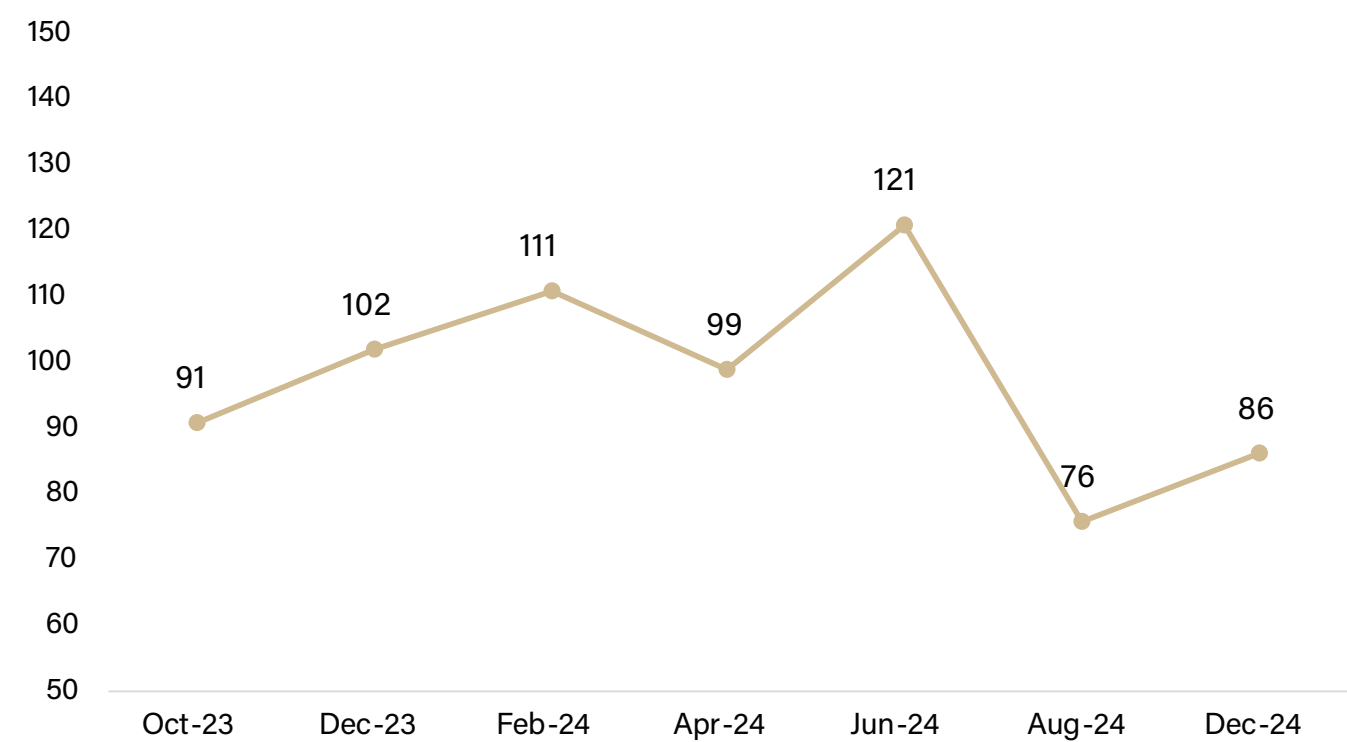
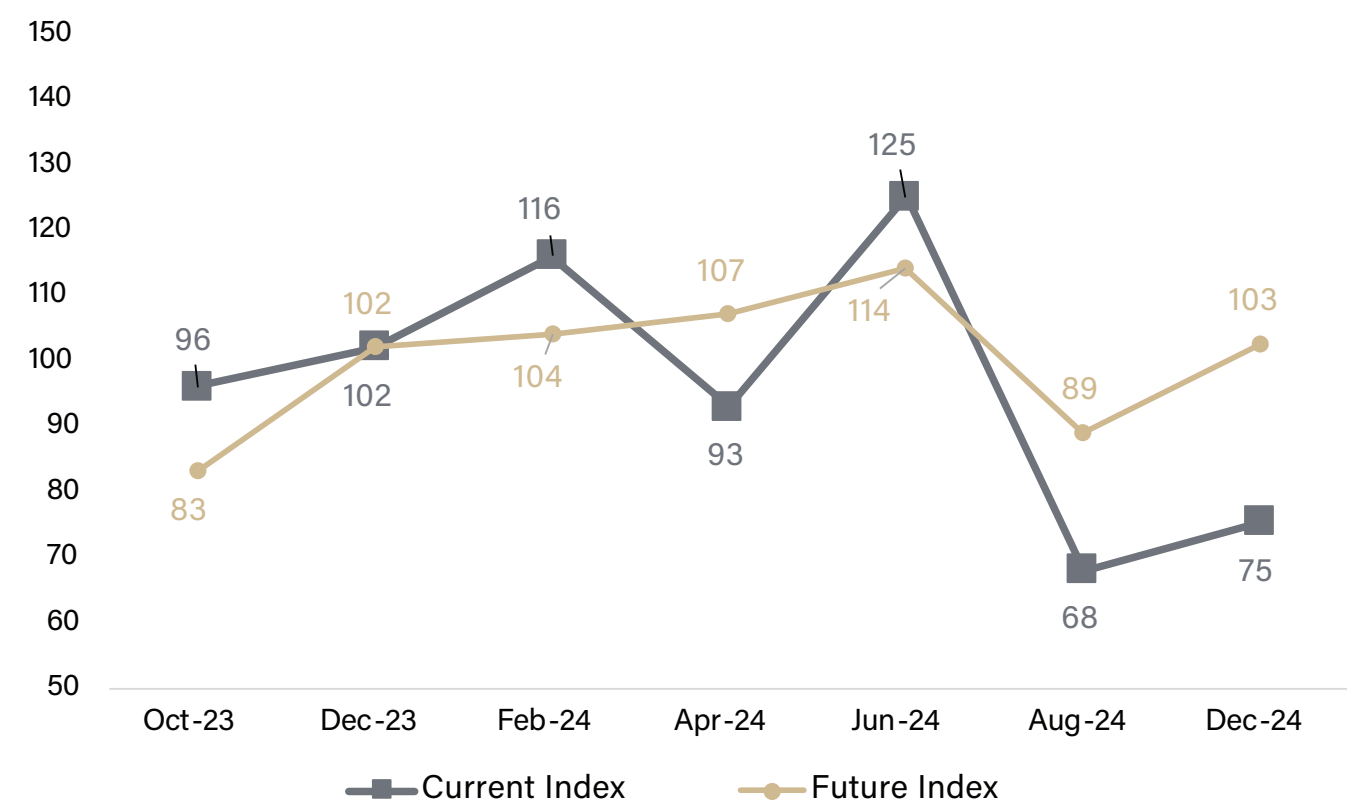


Figure 12 - Food Manufacturing Current and Future Indices Changes Over Time



Food manufacturing sentiment rose by 10 points in December, reaching 86, an improvement from August’s 76 but still the second-lowest index ever recorded for the segment. While the increase signals slightly more participants seeing optimism for the industry, the segment remains pessimistic about the industry’s direction (Figure 11). The Current Index is the major reason for the overall pessimism as with the index reflecting its second lowest level on record and a significant drop from the June 2024 high watermark. Participants views of the future rebounded in December to show an overall positive view of future conditions (Figure 12). The current environment around regulatory changes, consumer demand shifts, and inflation rate uncertainty all likely contribute to the current overall pessimistic view for the segment.

SUPPORT SERVICES AND PRODUCTS

Figure 13 - Support Services and Products Segment Index Changes Over Time

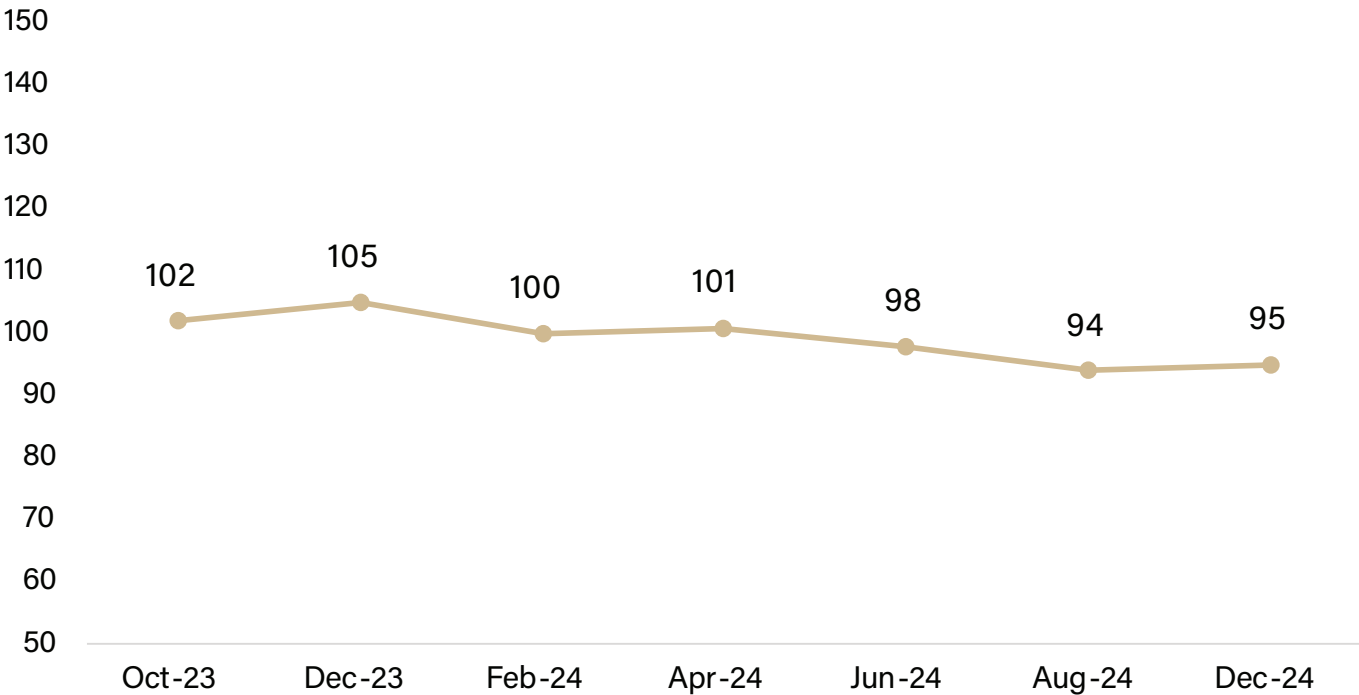
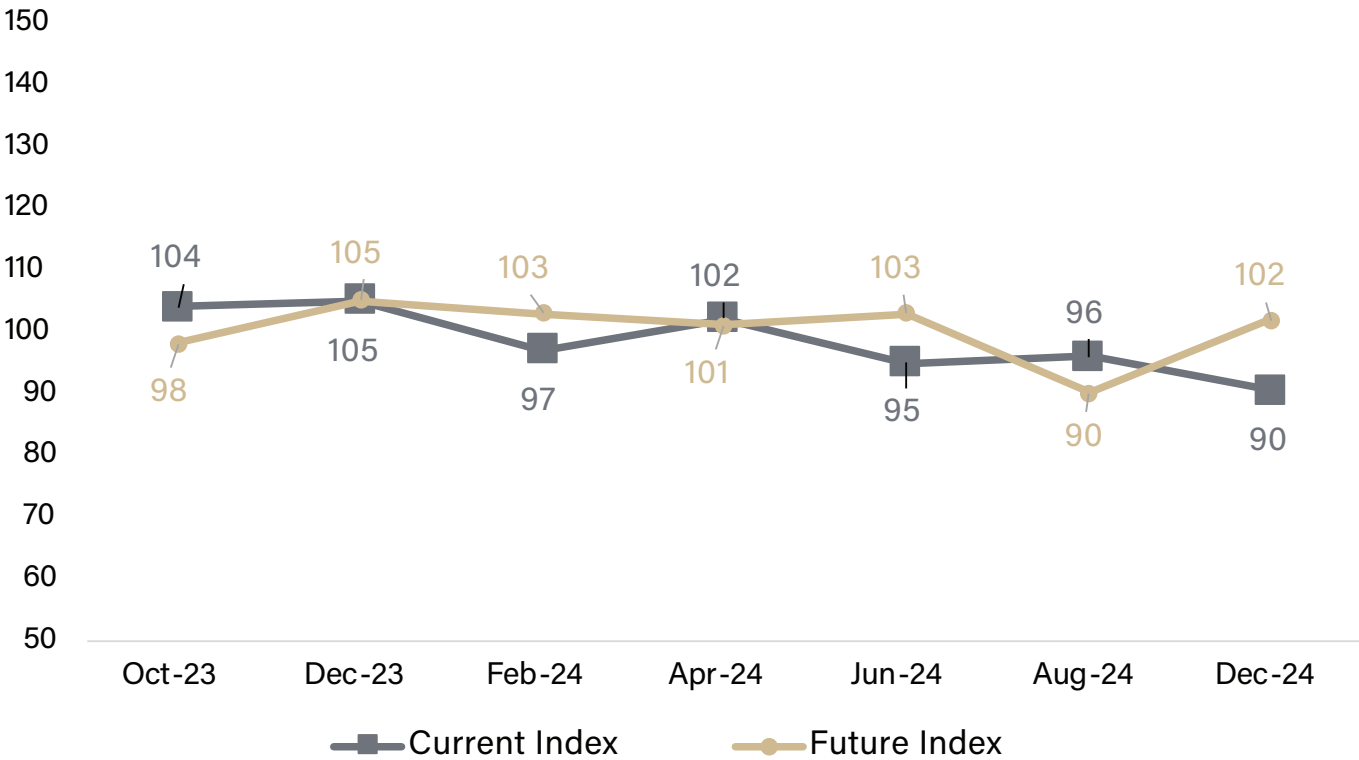


Figure 14 - Support Services and Products Current and Future Indices Changes Over Time



The support services and products segment recorded an index of 95 in December continuing the gradual decline into a more pessimistic view over the past year (Figure 13). The current index has been the primary driver of increasing pessimism while the current sentiment for the future rebounded to a slightly optimistic view from the negative future sentiment observed in August of 2024 (Figure 14). While this segment has remained relatively stable, uncertainty around potential tax changes, government incentives, retaliatory tariffs, and the US Dollar value continues to weigh on the sentiment; particularly for the near-term outlook.

THEMATIC QUESTIONS

INTRODUCTION

In December 2024, researchers added five thematic questions to the Agrifood Economy Index survey to explore industry perspectives on Regenerative Agriculture. These questions examined familiarity with the concept, support for its adoption, key attributes of regenerative practices, and opinions on funding responsibility. The findings provide valuable insights into how agrifood industry professionals perceive regenerative agriculture and the factors that will shape its future adoption.

KEY INSIGHTS

Most Industry professionals are familiar with regenerative agriculture. 82% of respondents reported being moderately familiar, very familiar, or extremely familiar with the term.

Support for regenerative agriculture is strong. 70% of respondents expressed support for its adoption on U.S. farms.

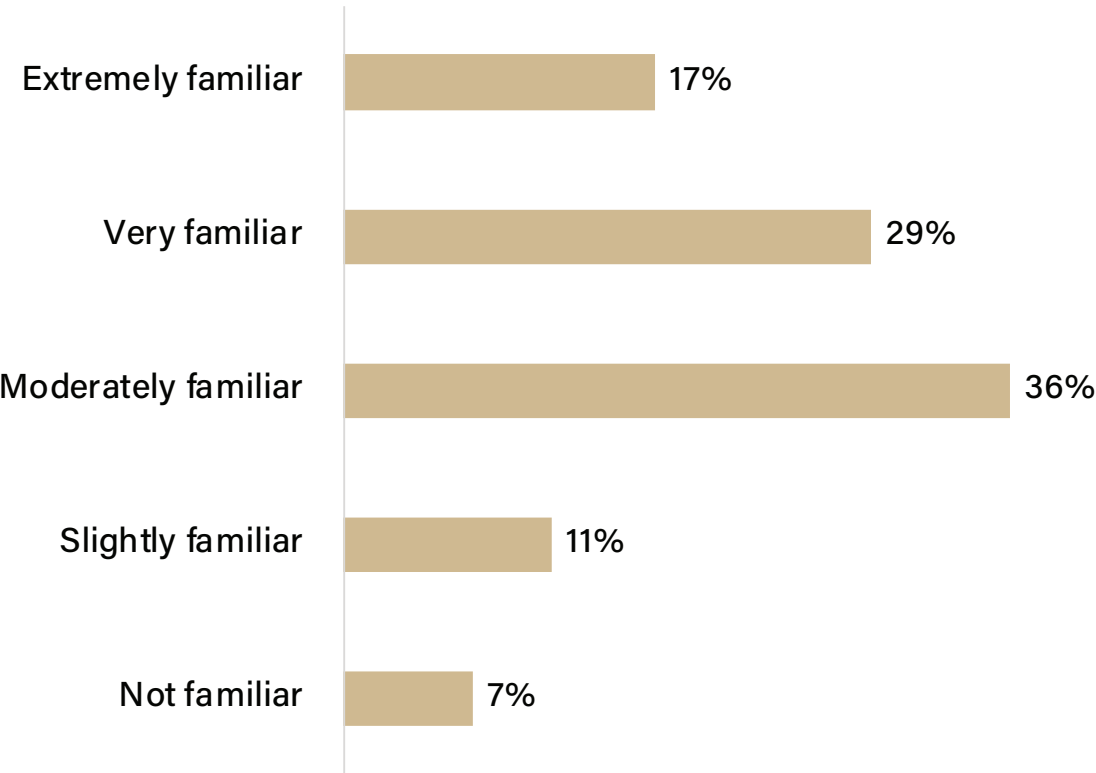
Soil, health, and practices are the top three words associated with regenerative agriculture. These responses highlight a focus on soil management and holistic farming approaches.

Profitability is a top priority. Among seven attributes of regenerative agriculture, maintaining profitability for farmers ranked the highest in importance (2.56 on a scale of 1 to 7).

Consumers should bear the cost of regenerative agriculture. 33% of respondents identified consumers as the primary funding source. Additionally, 15% of respondents independently wrote in “all groups” under the “Other” category, making it the third most common response despite not being a pre-selected option.

FAMILIARITY WITH THE TERM 'REGENERATIVE AGRICULTURE'

Figure 15– Industry Leaders Familiarity With The Term 'Regenerative Agriculture'

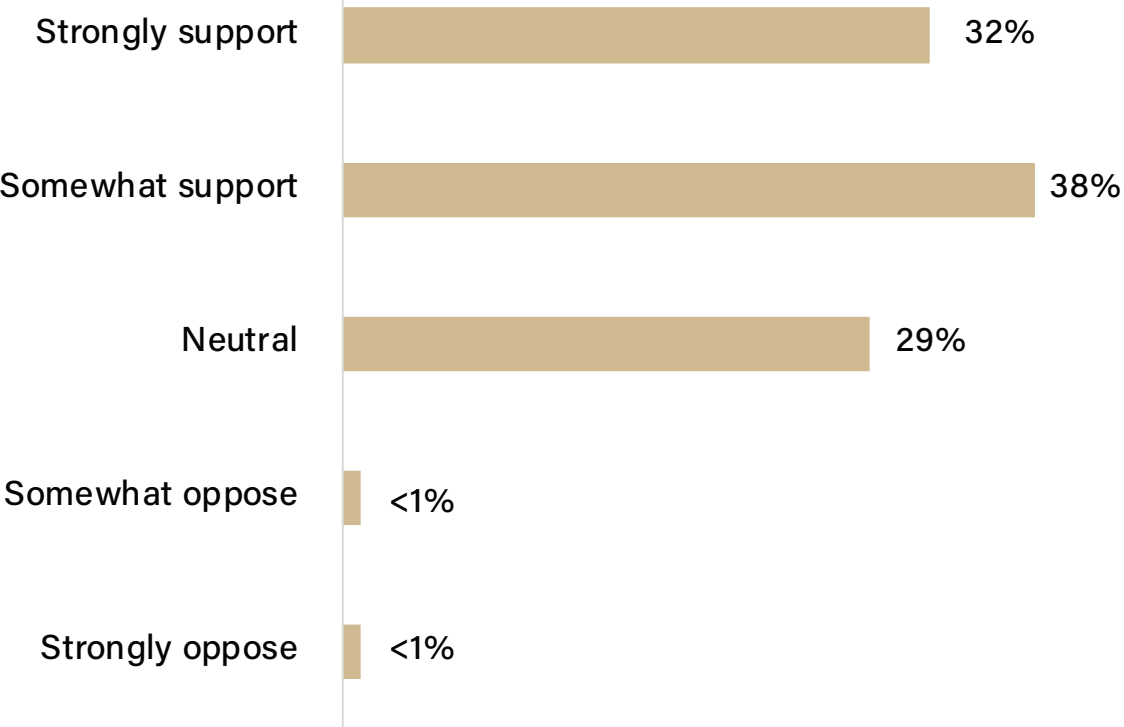


A significant majority, 82% of respondents, reported being at least moderately familiar with the term regenerative agriculture, with 46% identifying as very or extremely familiar (Figure 15). This level of awareness indicates that the concept is not a novelty among industry professionals. Although there is no universally accepted definition of this concept, the findings reveal that individuals engaged in the production of food, fuel, and fiber are familiar with regenerative agriculture, comprehending both its essence and foundational principles across all segments of the industry.



AGRIFOOD PROFESSIONALS SUPPORT FOR REGENERATIVE AGRICULTURE ADOPTION

Figure 17 – Industry Leaders Support for Regenerative Agriculture Adoption

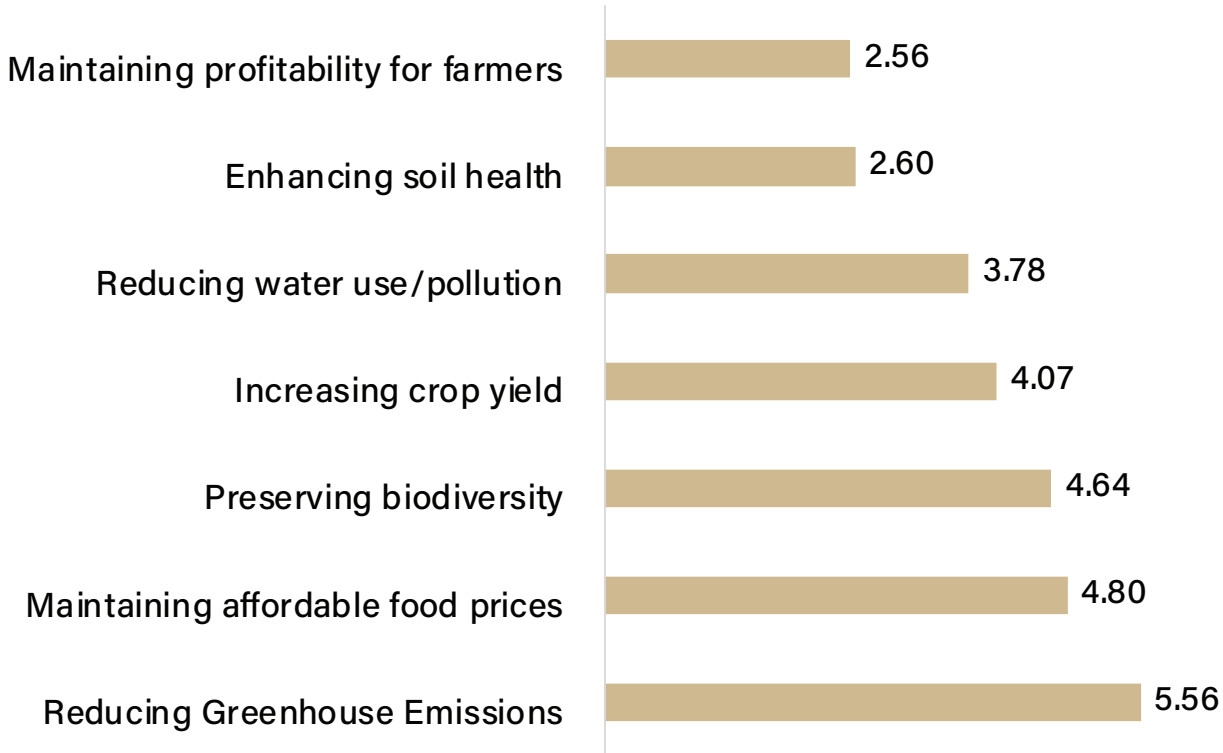


Industry sentiment toward regenerative agriculture is largely positive, with 70% of respondents expressing support for its adoption on U.S. farms. While this majority indicates a favorable outlook, the remaining 30% signals that some level of skepticism or concern still exists (Figure 17). These concerns may stem from uncertainties surrounding the economic feasibility of regenerative practices, their impact on productivity, or the challenges of implementation at scale. Despite this, the overall support highlights a strong foundation for continued investment in regenerative initiatives, provided that economic and operational barriers are addressed.



PERCEPTIONS OF ATTRIBUTE IMPORTANCE FOR REGENERATIVE AGRICULTURE

Figure 18– Industry Leaders Perceptions of Attribute Importance for Regenerative Agriculture
(1 – Most Important, 7– Least Important)

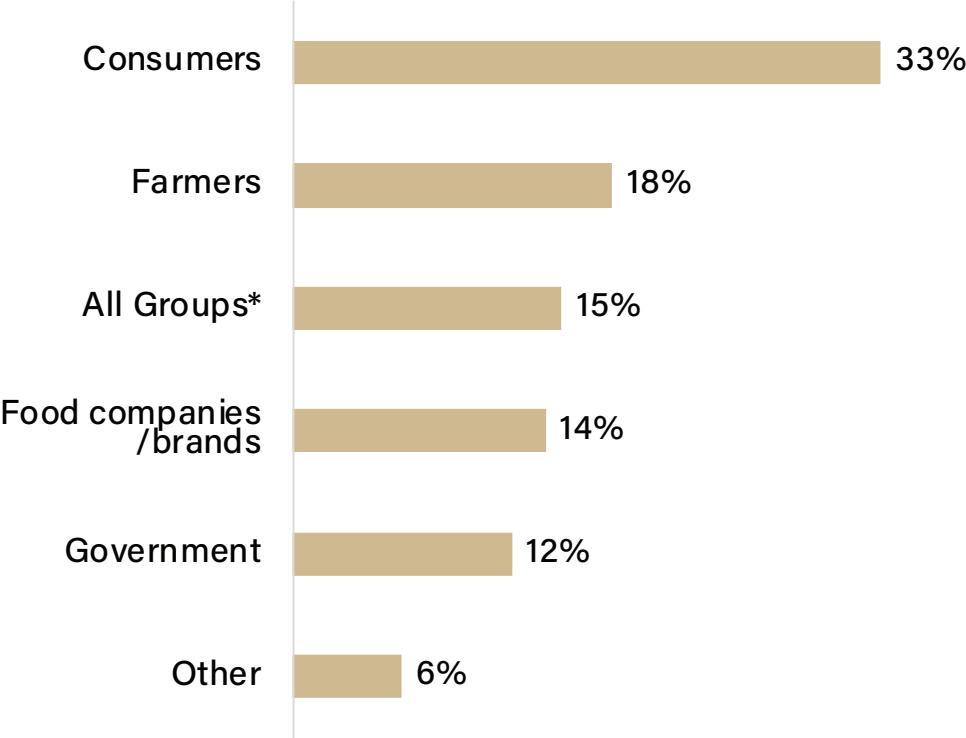


When asked to rank regenerative agriculture attributes by importance, maintaining profitability for farmers received the highest score, averaging 2.56 on a seven-point scale (with 1 being most important). Coupling that with the attribute enhancing soil health, which scored 2.60, we can conclude that the industry recognizes that regenerative agriculture must align technical aspects with financial viability to be successfully adopted. Other attributes, such as water use/pollution reduction and increasing crop yield, are critical considerations, but the prioritization of profitability suggests that widespread implementation of regenerative practices will depend on their ability to deliver economic benefits alongside environmental gains (Figure 18).



WHO SHOULD FUND REGENERATIVE AGRICULTURE

Figure 19– Industry Leaders Response to ‘Who Should Fund Regenerative Agricultural Methods in the U.S.?’



*Respondents were not provided with the "All Groups" option initially. Instead, this was noted under the 'Others' category, which was shown separately due to its significant representation.

Opinions on funding responsibility for regenerative agriculture were diverse, with consumers being the most frequently selected group at 33%. This suggests an expectation that market demand should drive financial support for these practices. However, a notable finding emerged in the other category, where 15% of respondents wrote in the same response "all groups" should share the costs of regenerative agriculture. Despite not being a predefined option, this became the third most commonly reported answer, highlighting a belief that the financial burden should be shared across consumers, businesses, and government entities (Figure 19). This perspective suggests that a collaborative funding approach may be the most realistic path forward for scaling regenerative agriculture across the industry.



WHO ANSWERED (WRAP UP)

Figure 20 – Agrifood Economy Index Respondent's Job Role

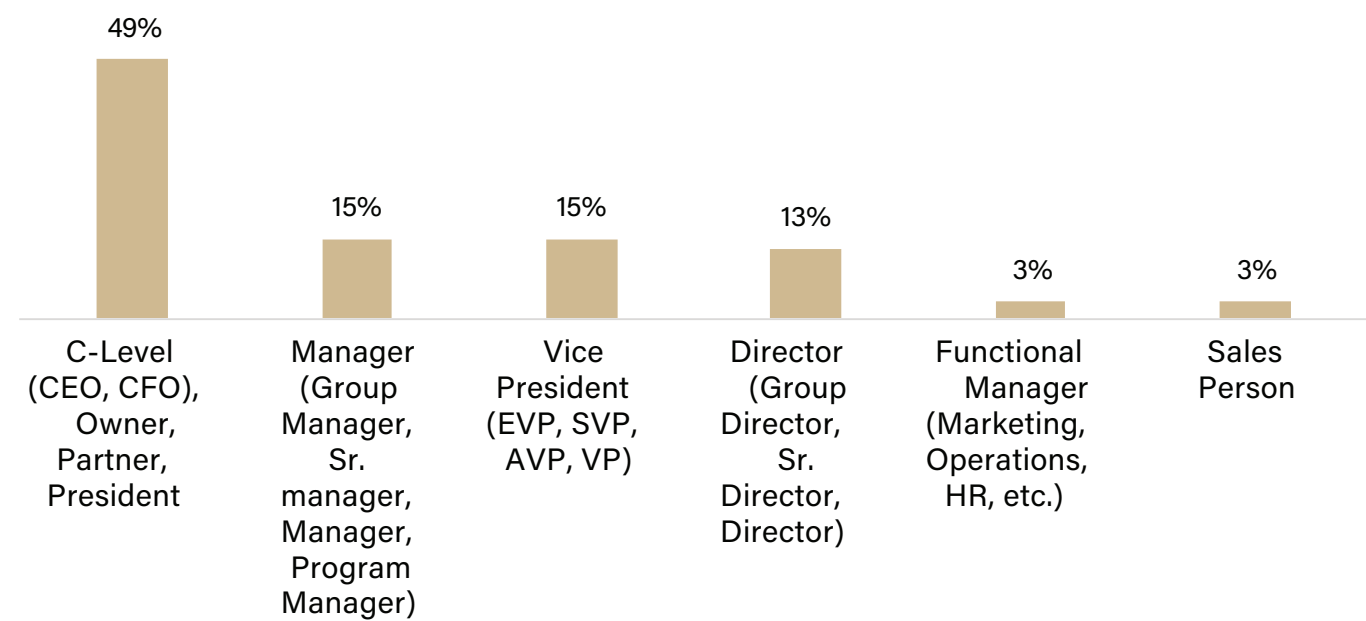
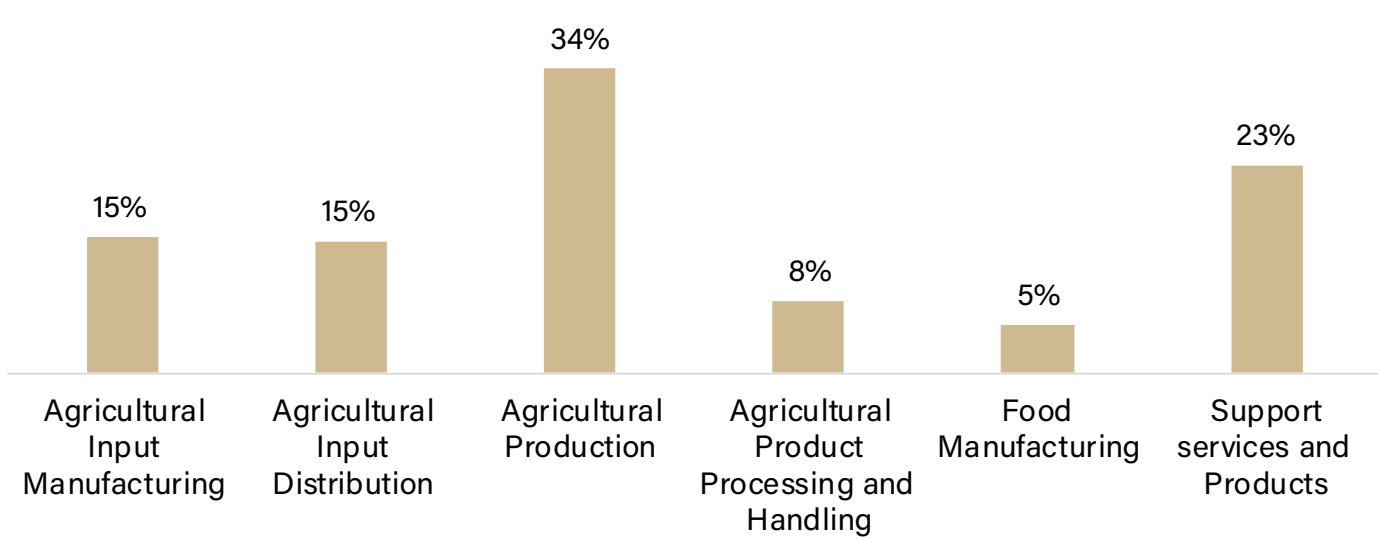


Figure 21 – Percentage of Respondents per Segment of The Agrifood Industry



These insights are drawn from 225 respondents representing 22 states and all six segments (Figure 21) of the agrifood value chain, with 65% holding C-level or senior leadership positions (Figure 20). The breadth of participation underscores the relevance of regenerative agriculture across the agrifood industry and highlights the perspectives of decision-makers shaping its future. While optimism for regenerative practices is evident, the industry’s focus remains on ensuring these methods are both economically and operationally sustainable.

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