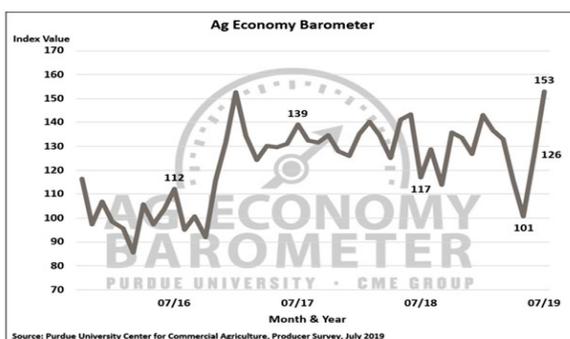


## Macro View: Jump in Agricultural Confidence

While consumer confidence has been waning, the abrupt increase in agricultural confidence caught the attention of the team at PCM. The Purdue University/CME Group Ag Economy Barometer reading was at 153 in July, an increase of 27 points from June, and an increase of 52 points from May (<https://purdue.ag/agbarometer>). The barometer is the result of a survey of 400 agricultural producers across the U.S. There is also a sub-index of the barometer that measures expectations of current conditions which drove much of the increase in the barometer. Also, producers are asked if now is a good or bad time to make large investments in farming operations. This question produces the Large Farm Investment Index. This measure was also up significantly in July (<https://purdue.ag/agbarometer>). The change in confidence is largely attributed to rising crop prices and USDA payments being announced.



## Taking Stock – Tariff Talk

Factset provides a very valuable data point in determining how often a particular topic is mentioned on a company's earnings calls and quarter over quarter or year over year changes on the data point. As of August 12th, 90% of companies have reported earnings for Q2 (Factset). Factset measured how many companies mentioned the word "tariff" on earnings calls as the August 12th, measuring 438 S&P 500 firms. 124 earnings calls in Q2 mentioned "tariff" versus 88 in Q1, approximately a 40% increase. The chart below compares Q1 and Q2 2019 for each sector. There was an increase in practically every sector. Information technology, health care, and financials showed the most pronounced change from the first quarter to the second. It is also worth noting that S&P 500 companies citing "tariffs" on earnings calls declined for three straight quarters until Q2 2019. Companies and exporters are beginning to feel the current and potential strain of the trade talks with China.

