

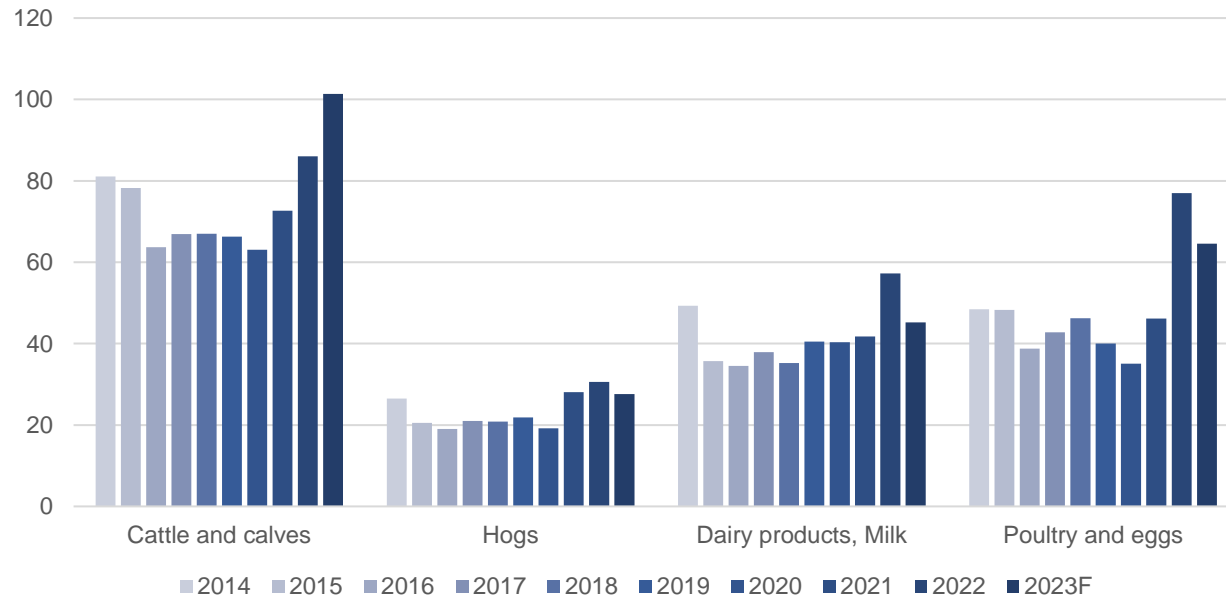


Association of Equipment Manufacturers

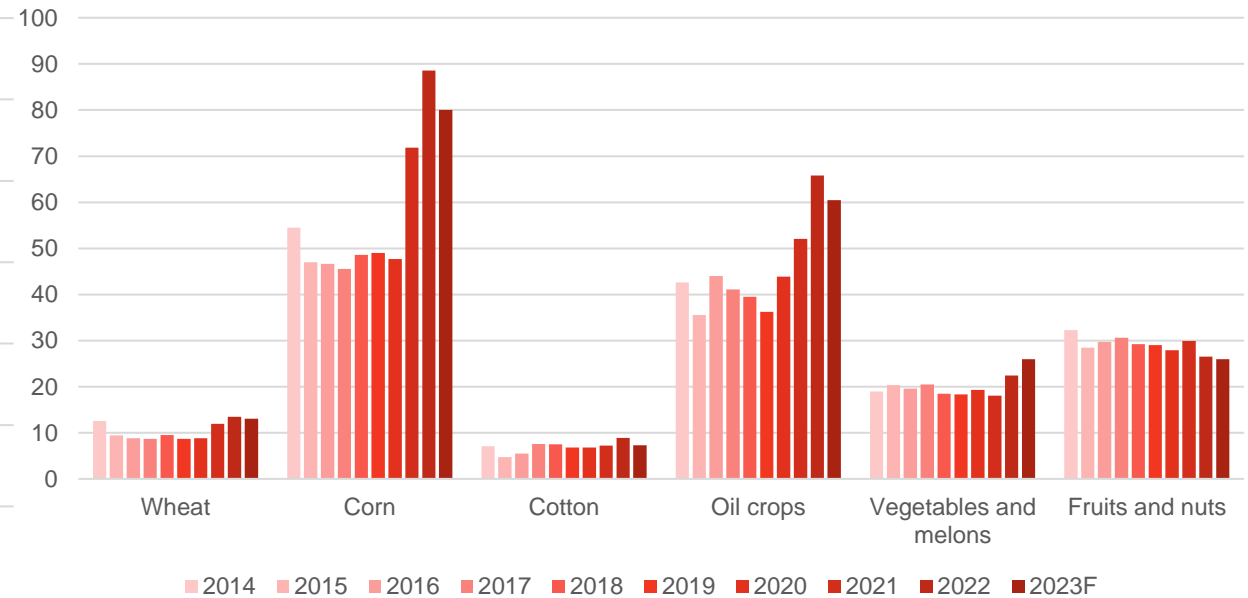
Agrievolution U.S. Market Update | 9 October 2023

U.S. Farm Income: Cash Receipts

US Cash Receipts, Selected Animals/Products: 2014-2023F
\$ billion (nominal)



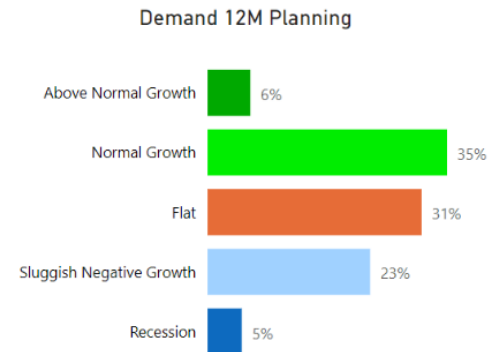
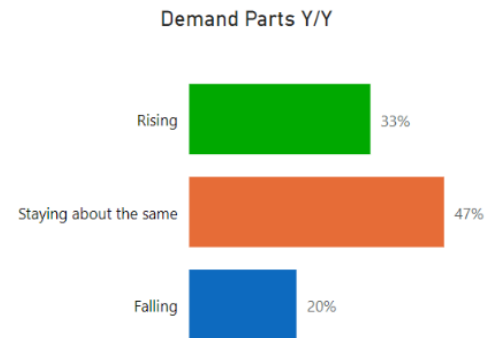
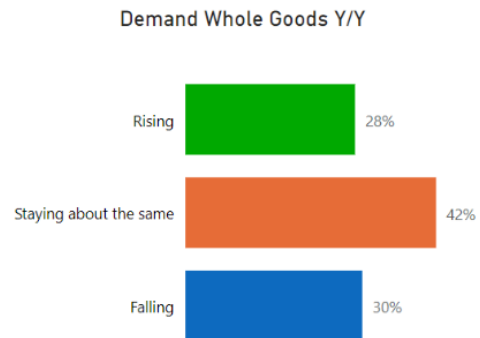
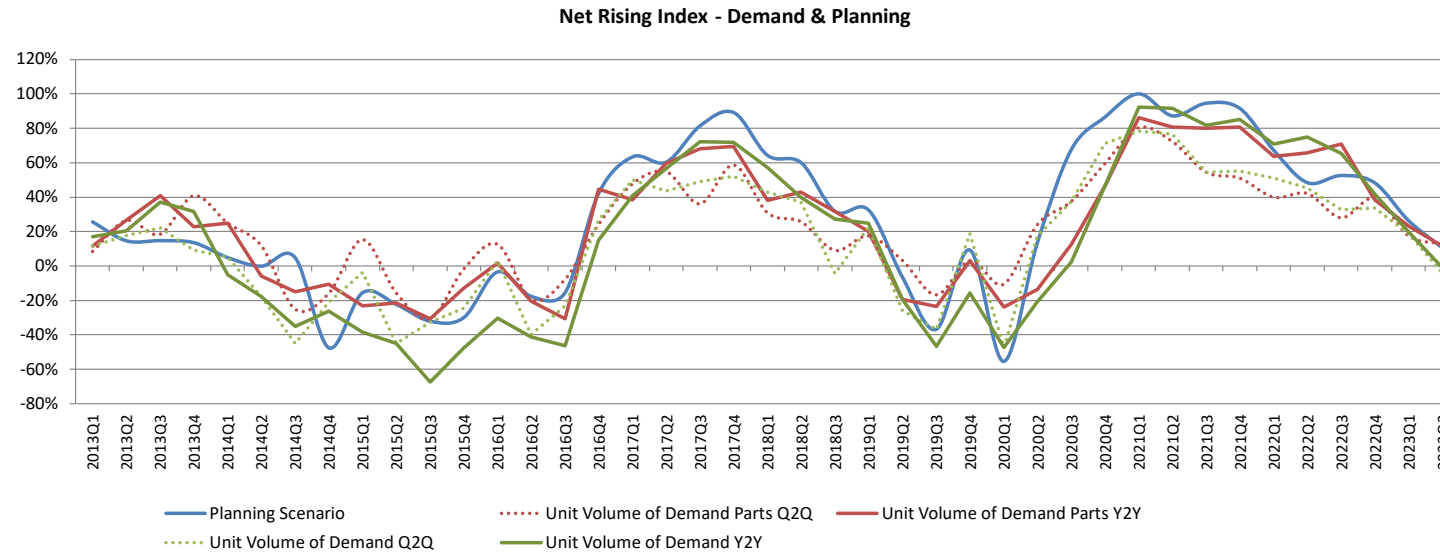
US Cash Receipts, Selected Crops: 2014-2023F
\$ billion (nominal)



Note: Data as of August 31, 2023. F = Forecast values.
Source: U.S. Department of Agriculture



Manufacturers report softening demand



Source: AEM Industry Conditions survey, Q2 2023



Industry consensus expects gains for most products

Consensus on Demand by Product		
	Last 12 Months	Next 12 Months
Components	↔	↔
Equipment for soil working, seeding, fertilizing, plant protections	↑	↑
Harvesting equipment	↔	↑
Irrigation & Sprayers	↓	↔
Lawn and Garden	↑	↑
Livestock equipment	↑	↔
Loaders/material handlers	↔/↑	↔
Other	↑	↑
Tractors	↑	↑
Trailers/Transportation equipment	↑	↑
↑=1-10% Increase; ↑↑=11%+ Increase; ↔=Stable; ↓=1-10% Decrease; ↓↓=11%+ Decrease Multiple symbols indicate conflicting consensus.		

Source: AEM Industry Conditions survey, Q2 2023



Ag Tractor and Combine: Declines for < 100 HP

AEM United States Ag Tractor and Combine Report August 2023

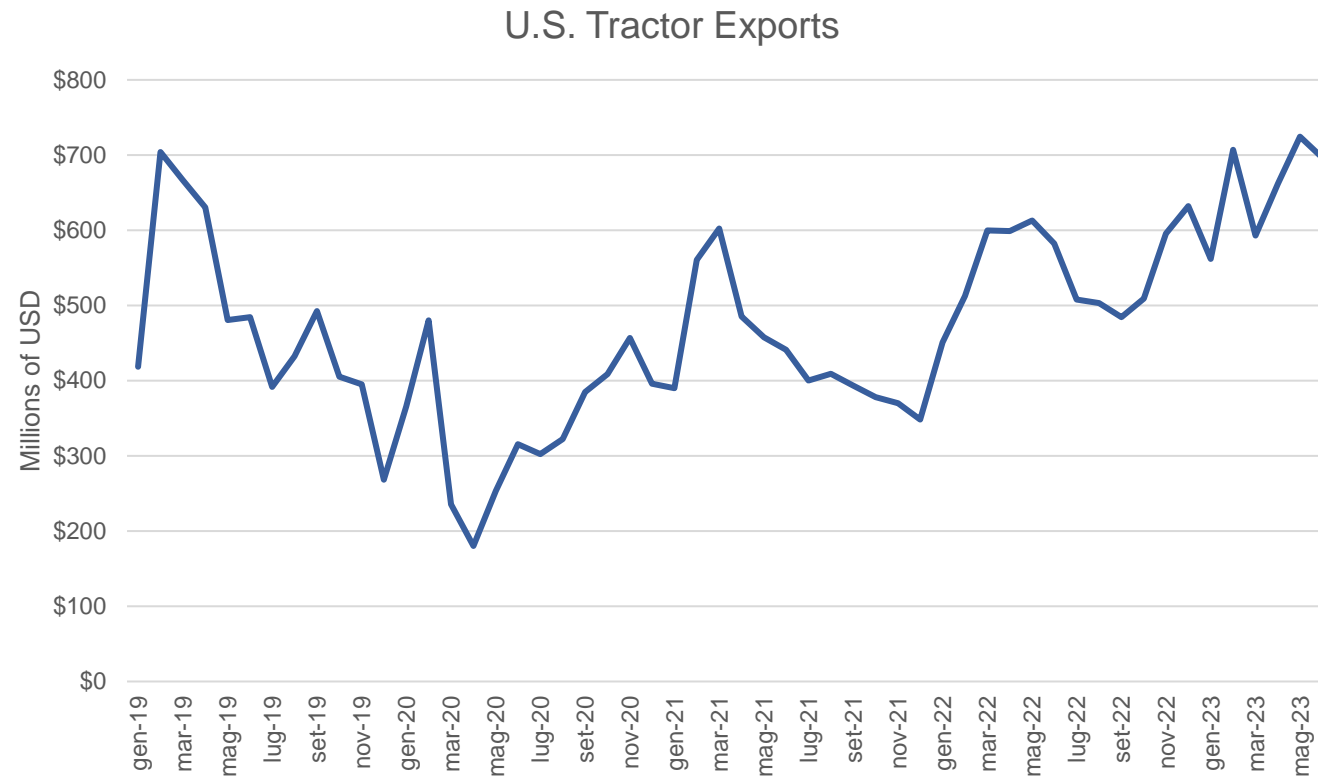
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	August			YTD - August			Beginning Inventory Aug 2023
	2023	2022	%Chg	2023	2022	%Chg	
2WD Farm Tractors							
< 40 HP	12,864	13,834	-7.0	112,468	127,214	-11.6	98,591
40 < 100 HP	5,608	5,861	-4.3	40,367	43,716	-7.7	39,036
100+ HP	2,133	1,984	7.5	16,930	15,731	7.6	10,927
Total 2WD Farm Tractors	20,605	21,679	-5.0	169,765	186,661	-9.1	148,554
4WD Farm Tractors	312	257	21.4	2,536	1,891	34.1	604
Total Farm Tractors	20,917	21,936	-4.6	172,301	188,552	-8.6	149,158
Self-Prop Combines	771	790	-2.4	4,799	3,642	31.8	1,662

Source: AEM Tractor and Combine Report



U.S. Tractor Exports



Source: U.S. Census Bureau: Economic Indicators Division USA Trade Online



Key Issues

Influencer	Issue	Impact
Macroeconomy	Inflation/Recession Risk Interest Rate Exchange Rate	<ul style="list-style-type: none">• Cost and risk pressure• Strengthened dollar hurts exports
Geopolitics & Global Trade	Russia-Ukraine (Grain Deal?) China's Economic Downturn Trade relations US-China: China relies less on US imports US-Mexico: Dispute over import ban on US corn	<ul style="list-style-type: none">• Increased risk and uncertainty in global markets
Climate/Weather	Drought affecting Mississippi River water level	<ul style="list-style-type: none">• Increased logistical and transportation risk & cost
Ag Economy	Farm Bill - US Bumper corn crop - Brazil	<ul style="list-style-type: none">• Increased uncertainty of delayed bill• Export competition and pressure on corn prices

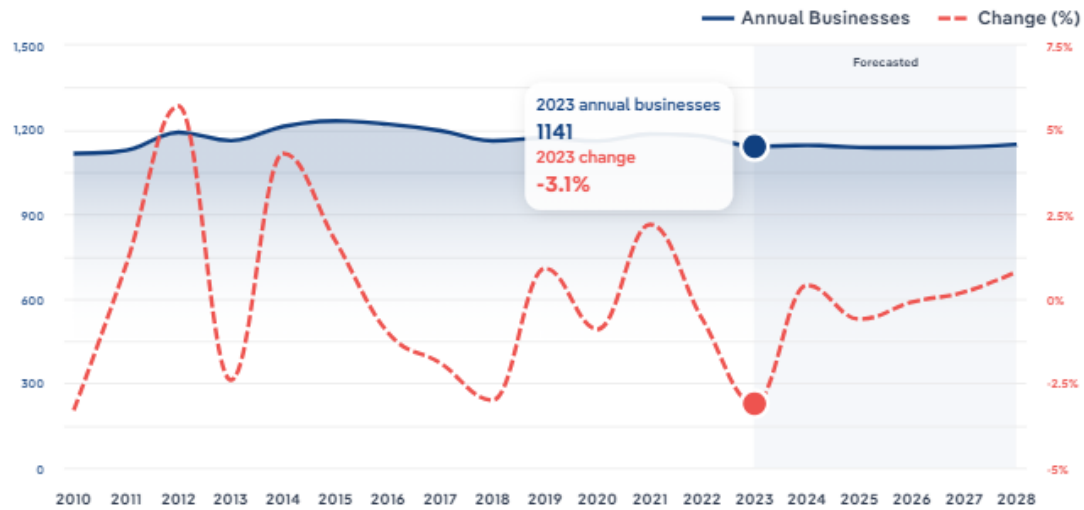


Number of Businesses and Employees

Tractors & Agricultural Machinery Manufacturing in the US

Businesses

Total number of businesses and annual change from 2010–2028. Includes 5-year outlook.

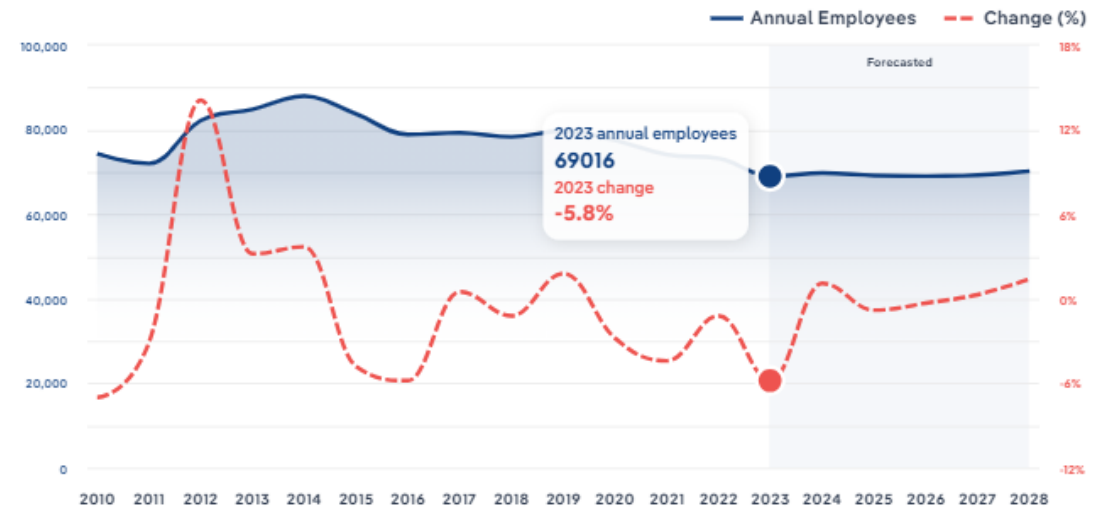


Source: IBISWorld

Tractors & Agricultural Machinery Manufacturing in the US

Employees

Total number of employees and annual change from 2010–2028. Includes 5-year outlook.



Source: IBISWorld



Conclusions & Summary

- Net farm income expected to decrease slightly YOY
- AEM member organizations expect generally softening demand in the next year
- Tractor sales data shows signs of weakness especially with smaller tractors
- Tractor exports have gained as global trade and demand recovers post-pandemic
- Other key drivers worth watching include macroeconomic conditions, geopolitics, and climate

