

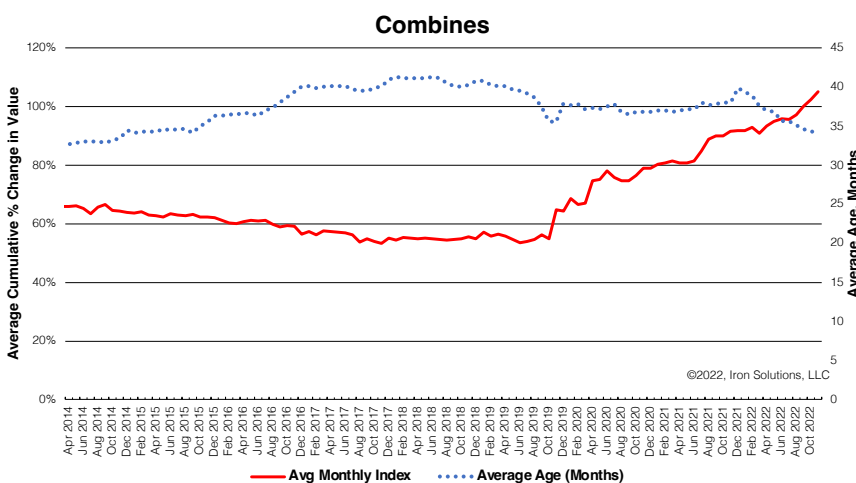
At Iron Solutions, we collect transaction data on thousands of pieces of equipment sold every day. This data comes from dealer and auction sales reports across North America, giving us insight into impactful indicators and trends in the ag equipment marketplace. Each month we chart some of this data, interpret what we find, and share it with you here in the Used Equipment Trends newsletter.



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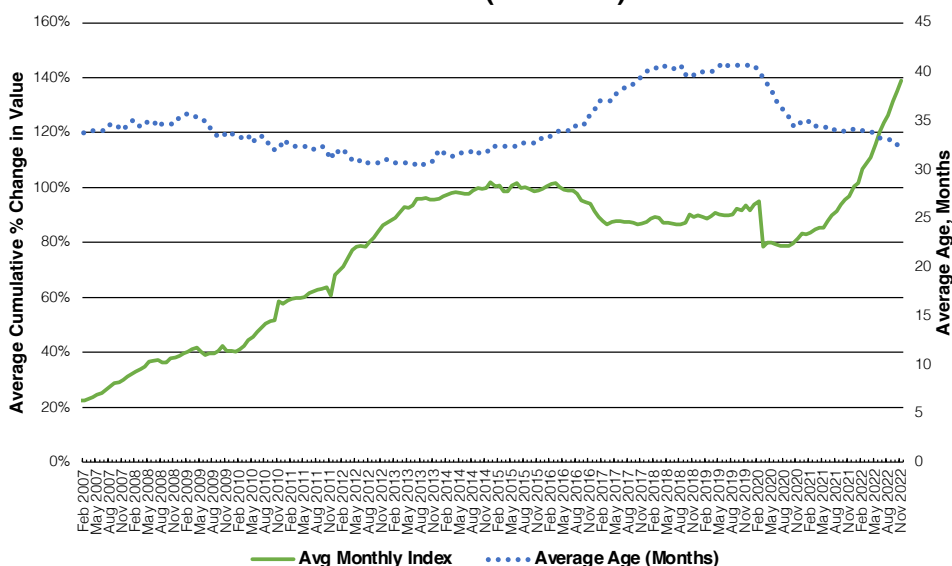
- As we enter the winter months many are expecting the index values, and the retail and auction values that comprise them, to fall. However, demand from farmers may keep them high as inventory constraints start to ease. The most recent [USDA Farm Sector Income Forecast](#), published on December 1st, 2022 estimates “net farm income would be at its highest level since 1973.” If realized, this record farm income may keep demand (and prices) high for new and used farm equipment in general.
- Some dealers are actually benefitting from constrained supply from OEM’s on large tractors. In this age of decreasing brand loyalty, we’ve heard reports of buyers switching brands simply because of the lack of inventory of their preferred make. An ag dealer based in Georgia explains how his dealership benefitted in this scenario. See this interview [here](#).
- Once again the index values across all categories are up. After the previous two months’ declines in the small tractors category, data from November has it again joining large tractors and combines in their upward trajectory.



COMBINES

A composite view of all classes of combines shows an index value continuing a steady climb. The November index value, represented by the red line, reached 105.1%. This marks the fourth consecutive month of increase since July 2022 where the slightest decrease of 0.2% interrupted what would have otherwise been an upward trend over the last seven months. Dealers’ reporting activity is showing some increase in sales activity, likely influenced by seasonal demand and new inventory deliveries. The availability of new inventory is the catalyst for the trade cycle and sales of used equipment that follow, however this new inventory hasn’t moved the index line off of its upward march.

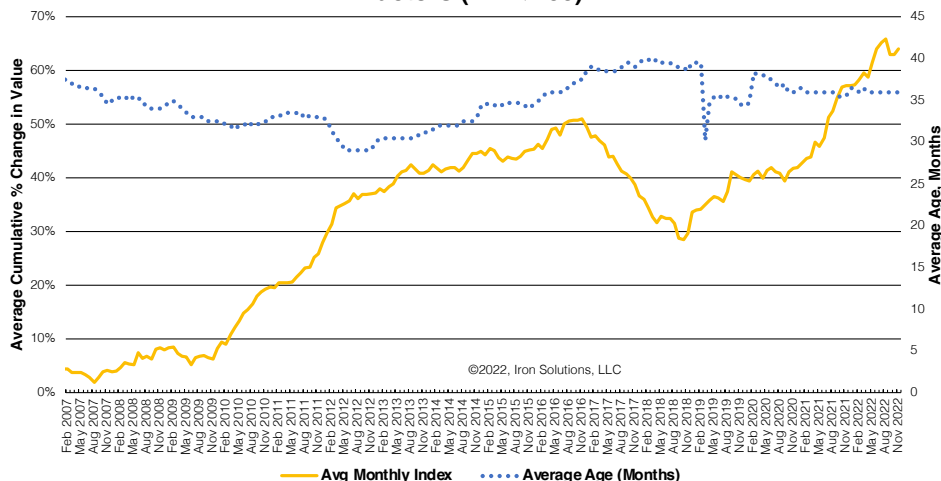
Tractors (HP ≥ 100)



TRACTORS (HP≥100)

The index value of large tractors, represented by the green line, continues its steep rise and is identical to the prior month. A rise of 3.8 percentage points in the November data matches the rise of the previous month. November's index value here is 42 points higher than the same period one year ago. This 42 point increase over twelve months makes the large tractor category's index value stand out when compared to the other two categories. Small Tractors are up 6.7 points and Combines are up 13.5 points over the last 12 months. The average age (dotted line) of used large tractors sold in November is unchanged at 32.5 months for the second month in a row.

Tractors (HP < 100)



TRACTORS (HP<100)

We witnessed two consecutive months of decline in the small tractors index value in September and October. We've heard reports from dealers of increased new supply in this category which likely influenced this downturn but November data reversed that downward momentum with an uptick of 1.5 percentage points, the largest jump since a 1.7 point increase in July 2022. Age is unchanged at 36.0 months, where it has remained for most of 2022 in this category.

+ Iron MonthlySM

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Notes on Methodology

The Iron Monthly Index is a value that represents the changes in the selling price of an average piece of equipment, after it has been adjusted for Age, Usage and Seasonality. To calculate the average adjusted selling price in a month, we determine what represents an average unit for that given month. We do this by identifying all the reported sales transactions for this type, make, model that are less than 5 years old reported to us in the past 12 months. From this data set we calculate the average age in months. We use Nov. 1 of the (model year - 1) as the born-on date for the calculation of age. Ex. if the unit is identified as a 2015 model, it was born on Nov. 1, 2014. Once the average age is calculated, we determine what the expected usage is for that age. The usage is the average usage that we publish in the Iron Guide for a unit of that age. Usage is typically measured in Engine Hours but for Combines it represents Separator hours. For each sold report identified, we adjust the reported sold price so that it is representative of the average unit sold in the current month.

Our proprietary predictive model tells us how much we need to adjust the reported sold value for each hour difference from the average usage as well as for each month of age if this unit differs from the average age. We also adjust for the month sold to account for seasonality. Once all the reports have had the reported sold price adjusted, the average is calculated and this becomes the Iron Index Monthly value for that type, make and model. Finally, we compare that value to the previous months' value and display the change in value as percentage difference.

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