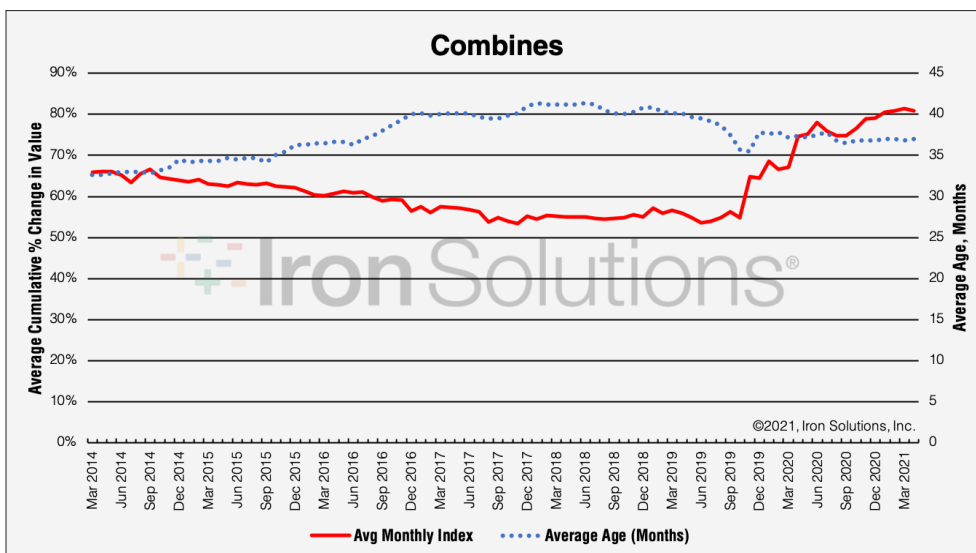# Iron Solutions®

MAY 2021

USED EQUIPMENT TRENDS

Photo Credit: John Deere

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.
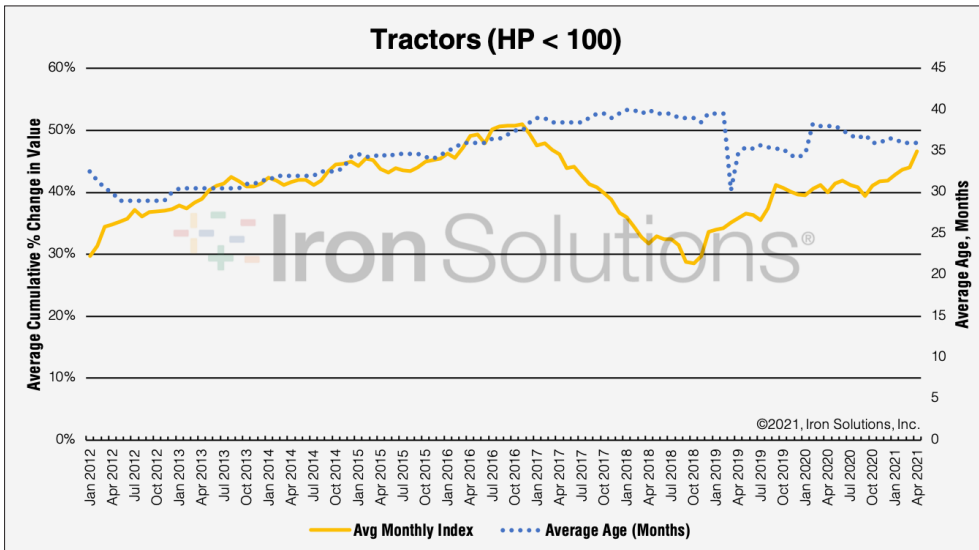
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This month's Used Equipment Trends report introduces a new format. We have changed the graphs in order to provide greater clarity around market trends.
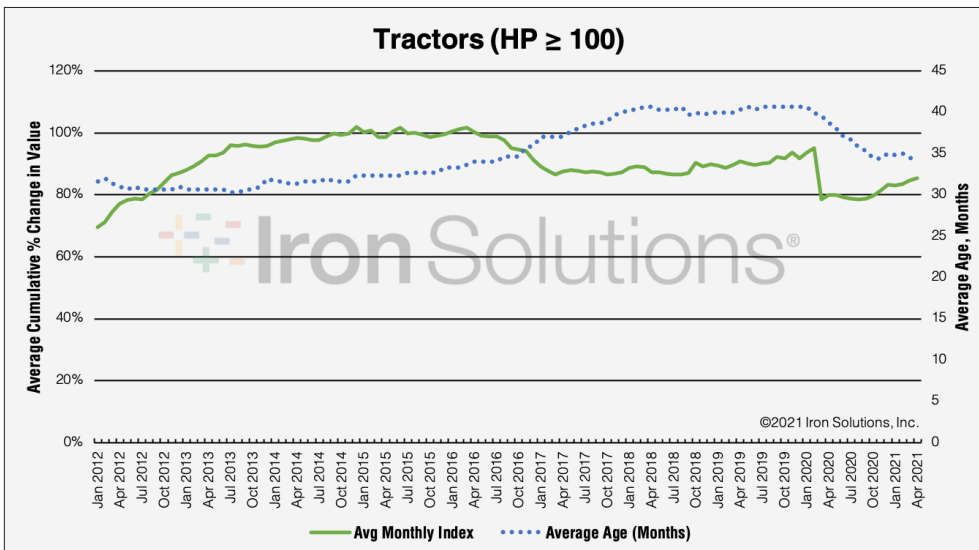
The graphs for Combines, Tractors greater than 100 HP, and Tractors less than 100 HP each show the average age in months of the equipment reported sold at retail on the right axis. On the left axis, we show the average cumulative percentage change in value for that type of equipment. The comparison of the two lines gives visibility as to whether actual prices are changing in the market or if prices only reflect a change in the characteristics of the group of machines sold.

Combine prices are clearly up since the end of 2020, although most recent reports seem to show a trend toward a slowing increase in value vs the prior month. Average age has been flat the last six months, but most recently the values have decreased slightly, which may indicate a softening market. Please note that the average values used to calculate the cumulative changes shown here are adjusted for seasonality.

Tractors (HP < 100)

Average Cumulative % Change in Value (left axis): 0%–60%
Average Age, Months (right axis): 0–45
X-axis: Jan 2012 – Apr 2021

Legend: — Avg Monthly Index   ····· Average Age (Months)

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For under 100 HP Tractors, prices have increased sharply since late 2020, in part explained by the younger age of machines sold. So while prices are up, at least part of that increase is explained by the younger age mix of machines sold. It's a strong market, but not as strong as it might appear. Overall, this class of tractor tends to be impacted by general economic conditions rather than Ag-specific ones.

Tractors (HP ≥ 100)

Average Cumulative % Change in Value (left axis): 0%–120%
Average Age, Months (right axis): 0–45
X-axis: Jan 2012 – Apr 2021

Legend: — Avg Monthly Index   ····· Average Age (Months)

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Tractors over 100 HP are also seeing increases in value but age is dropping, indicating strong demand for this type of machine. Note that these machines were particularly impacted by the uncertainty at the beginning of the pandemic.

For more detail on price trends by equipment class, ask about a subscription to IronMonthly, which breaks down price trends vs age of equipment sold for 12 classes of machines and multiple manufacturers.

LEARN MORE
1.855.282.8173
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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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