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For Immediate Release

The Machinery Pete Used Values Index Retreats

Philadelphia, PA (July 29, 2014) — In the Company's 2nd Quarter "Used Values Index," Greg Peterson reports that the used equipment market slipped from 1st Quarter, with the market also showing even greater divergence.

"The used equipment market is starting to show what I call 'duality' on a number of fronts," said Greg Peterson, Founder and Principal of Machinery Pete. "With dramatically lower row-crop commodity prices, we saw a further slide in values for the larger, late-model equipment for grain farmers ... especially combines, four-wheel-drive tractors and larger planters. However, hay and forage equipment values are holding steady or even increasing some thanks to the better economic conditions for livestock farmers. It's a more complex splintered market."

For the overall used machinery market, in the 2nd Quarter, the Company's 2nd Quarter Used Values Index dropped to the lowest level since the 3rd Quarter of 2007. The Company's Used Values Index has tracked value trends across 14 different equipment categories since 2001.

"The other big difference we're tracking is simply the auction market itself. Year-to-date 2014, there were 54% fewer auctions than 10 years ago," Peterson explains. "That means, fewer buying and fewer selling opportunities. Plus, there's a widening disparity in prices based upon the 'type of' auctions. The on-farm auctions are holding relatively strong while the dealer/wholesale auctions are softening with excess dealer inventories."

In many cases, the Company sees dealers in a "wait-and-see" mode, mostly in hopes of a recovering machinery market. But Peterson warns that, historically, waiting in a declining market has not been in dealers' best interests.

"Going back to 2007, both new and used equipment sales have been on a tear! But these very different market conditions are contributing to the slip in our index rating," Peterson said. "Dealers have a problem of way too much used inventory on late-model big iron. And the only way it's going to move is with lower prices. Timing is also weighing on farmers' minds as they wonder about the pending Section 179 tax rule changes, too."

The Company reports that the 3rd Quarter has been especially hard to gauge but also strongly indicative of how the year will end. Over the past six years, it's been up three times and down three times.

“Already, there are interesting developments,” Peterson said. “I’m starting to see a serious uptick in the number of farm retirement auctions scheduled in August. It’s a sign farmers are stepping down seeing lower prices and margins. We’ve been waiting for this shoe to drop, which could even further snowball the supply issues in the market.”

The next Used Values Index will be the 3rd Quarter report, released Oct. 13, 2014.

About Machinery Pete

Greg Peterson, widely known as "Machinery Pete," has been researching and tracking machinery auction prices since 1989. He serves as the multi-media equipment contributor for Farm Journal Media, and is the Founder and Principal of Machinery Pete, LLC. Machinery Pete’s price database of over 500,000 prices is sourced through first-hand data and a curated network of more than 950 auction firms. In addition to Peterson’s proprietary content for Farm Journal, the Company provides auction-data subscriptions, publishes the annual “Classic Tractor” and “Annual Auction” price guides, publishes the Quarterly Used Values Index report for the financial community, produces the weekly Machinery Pete TV program distributed on RFD-TV, produces farm equipment DVDs, plus provides custom consulting and appearances services.