

Under 40HP Tractors a Positive Note in April

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U.S retail sales of farm tractors under 40 horsepower were up 7.8 percent in April 2016 compared to the same time period last year, with all other sizes of tractors as well as combines recording double-digit declines, according to AEM.

U.S. retail sales for 2WD tractors of 40-100 horsepower decreased 15.3 percent in April compared to last year, and for 2WD tractors over 100 horsepower dropped 16 percent. April 2016 sales of 4WD tractors dropped 10.4 percent, and combine sales declined 45.5 percent for April compared to the same time period last year.

"We certainly have seen some negative numbers and monthly fluctuations in some categories as markets remain uncertain," said Charlie O'Brien, AEM senior vice president.

"However, today's situation differs from earlier tight spots such as in the 1980s, when the capital structure of the ag market collapsed. Factors included a massive accumulation of farm debt in the 1970s, which coincided with an unfavorable economic climate and incredibly high interest rates, while at the same time, demand collapsed, bringing down prices," O'Brien said.

"Today, the drop in commodity prices may in the long run be more of a market adjustment with production temporarily outrunning demand," added O'Brien.

Source: Association of Equipment Manufacturers