

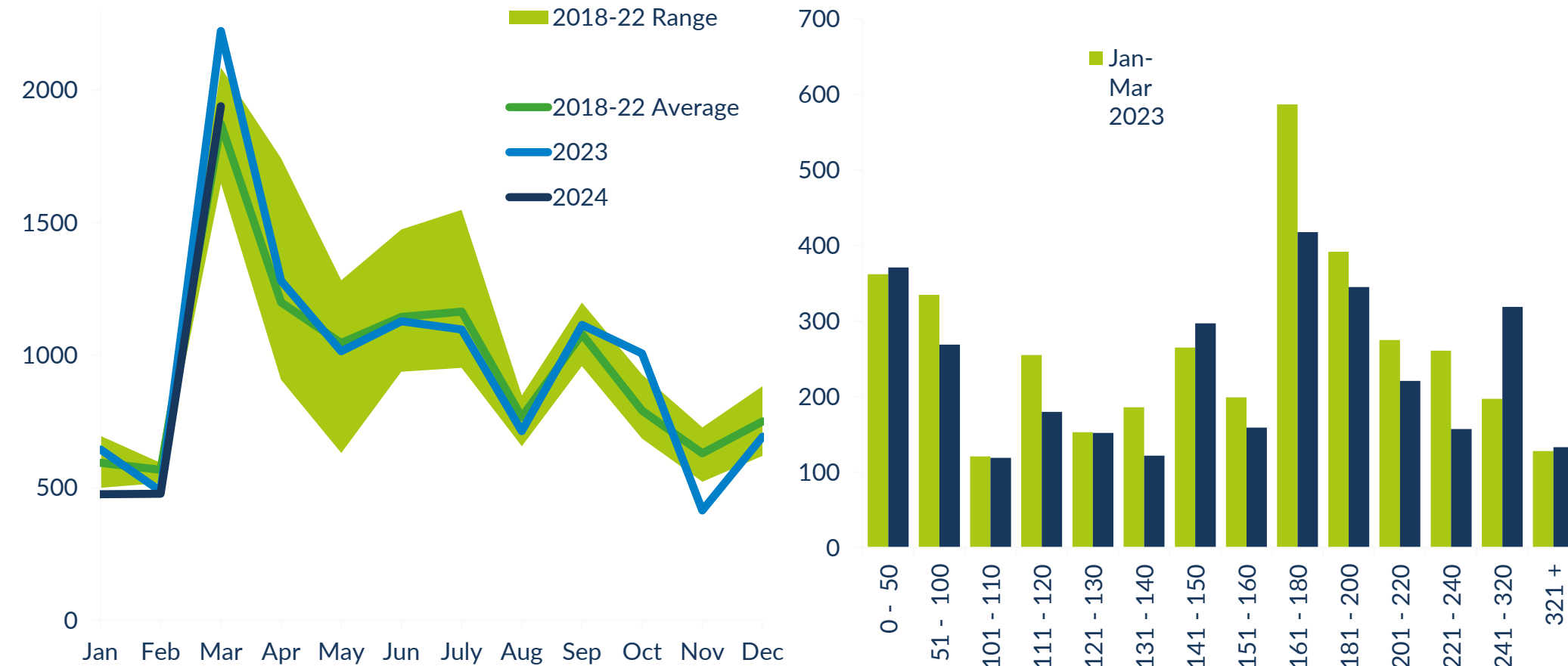


UK COUNTRY REPORT

Agrievolution Economic Committee

16 April 2024

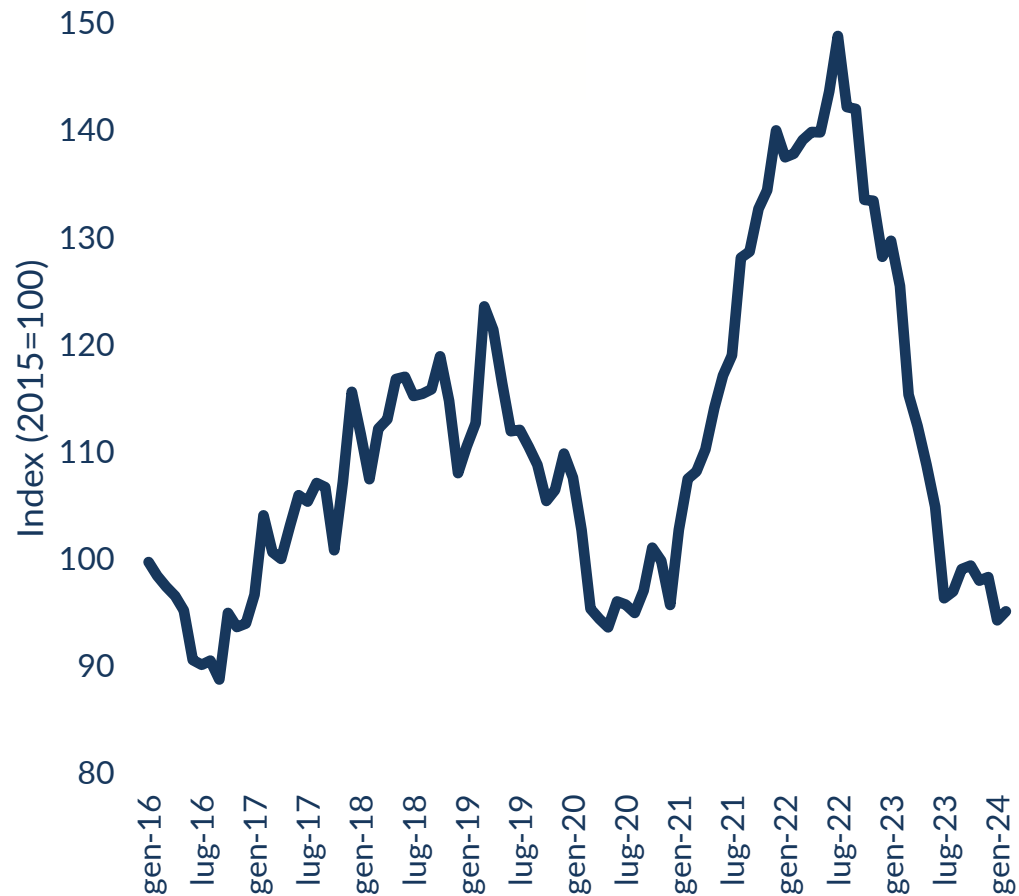
Tractor registrations started 2024 lower than 2023 but close to recent mean, with growth mainly for high powers



Left Chart: Monthly UK registrations of agricultural tractors (over 50hp)
 Source: AEA/DVLA
 Right Chart: UK registrations of agricultural tractors by power band
 Source: AEA/DVLA



Tractor orders have slowed since mid-2022 but not too low, but other types of machinery fallen further



Left Chart: Moving annual total of orders for agricultural tractors (indexed)

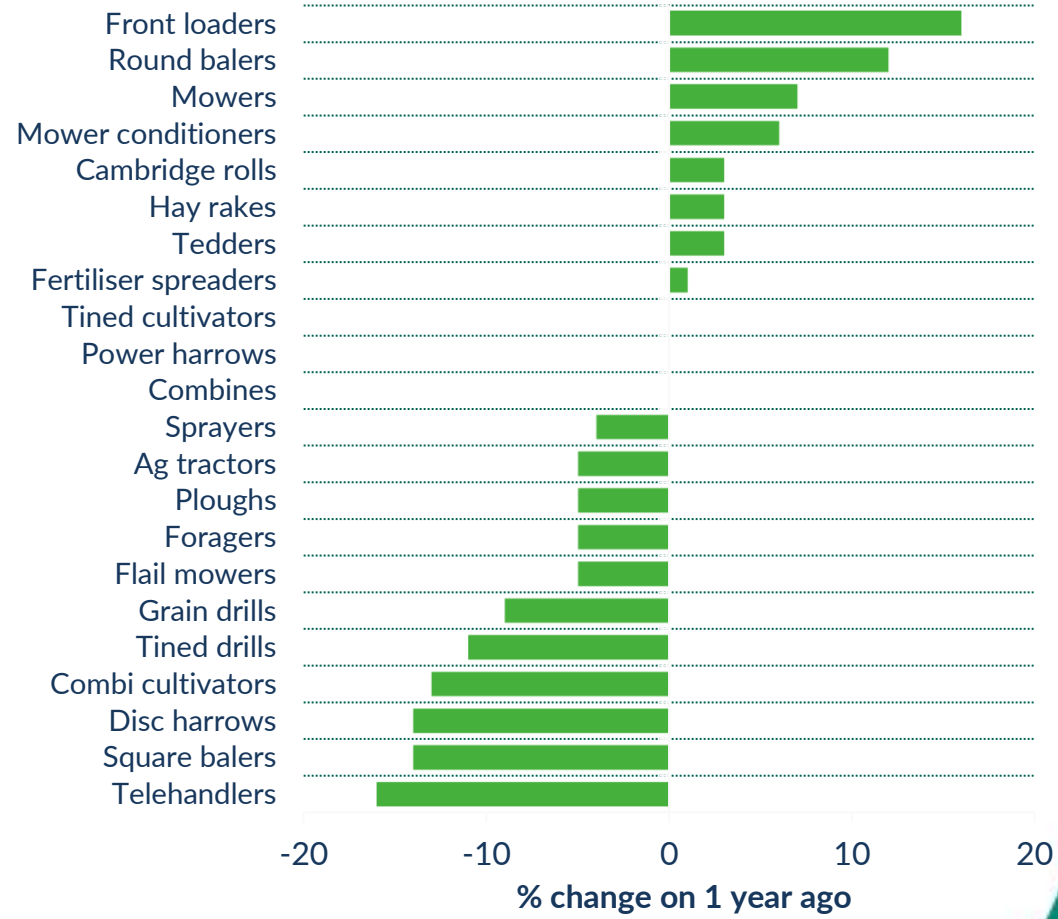
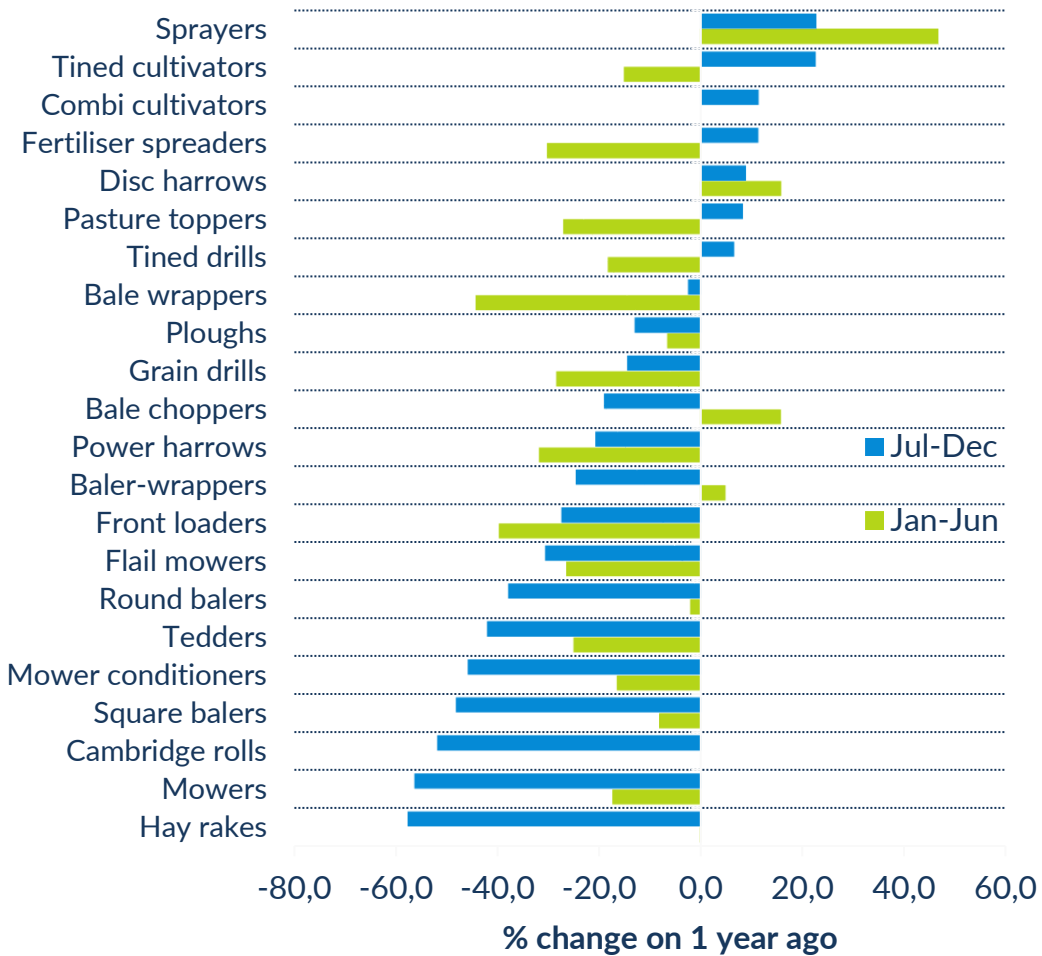
Source: AEA

Right Chart: Comparison of moving annual totals of value of completed sales and orders for non-mobile machinery

Source: AEA



Deliveries of most implement categories lower in 2023, especially H2, but market expected to stabilise in 2024



Left Chart: Annual change in deliveries of agricultural machinery 2023 v 2022

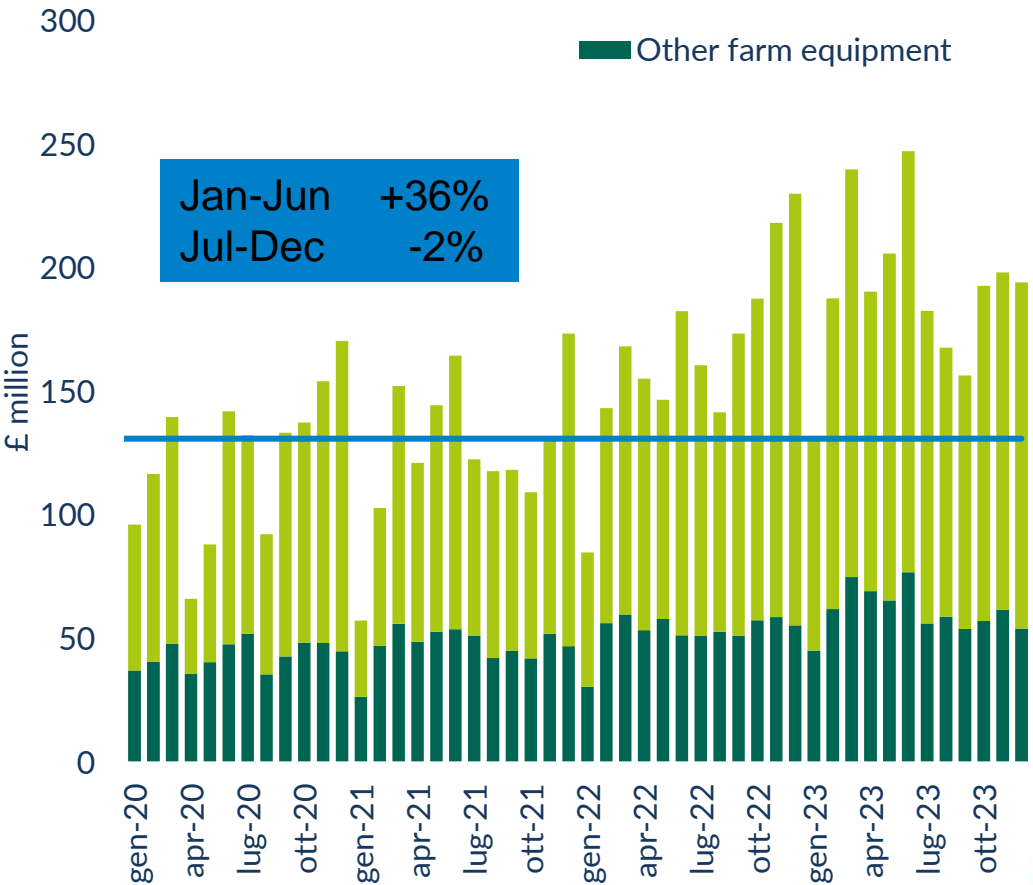
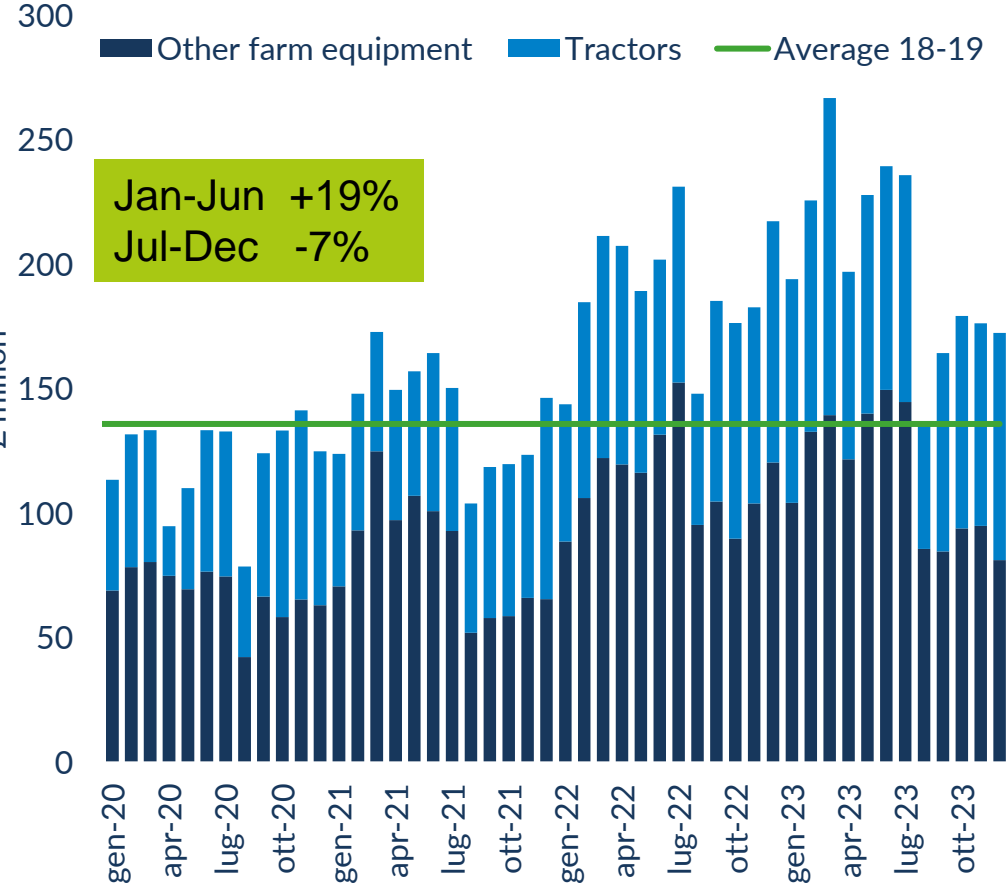
Source: AEA

Right Chart: Forecast annual change in deliveries of agricultural machinery, 2023-2024

Source: AEA



Both imports (left) and exports (right) of farm machinery slowing from summer onwards



Left Chart: Value of UK imports of farm machinery

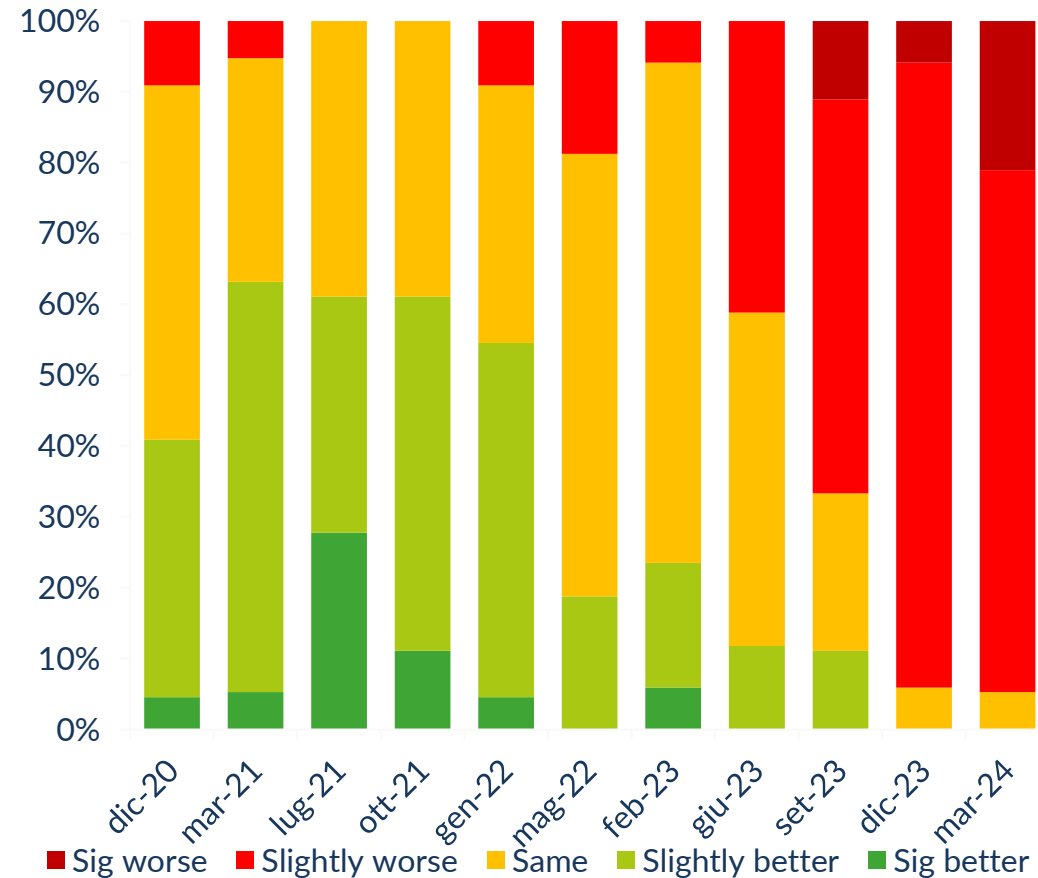
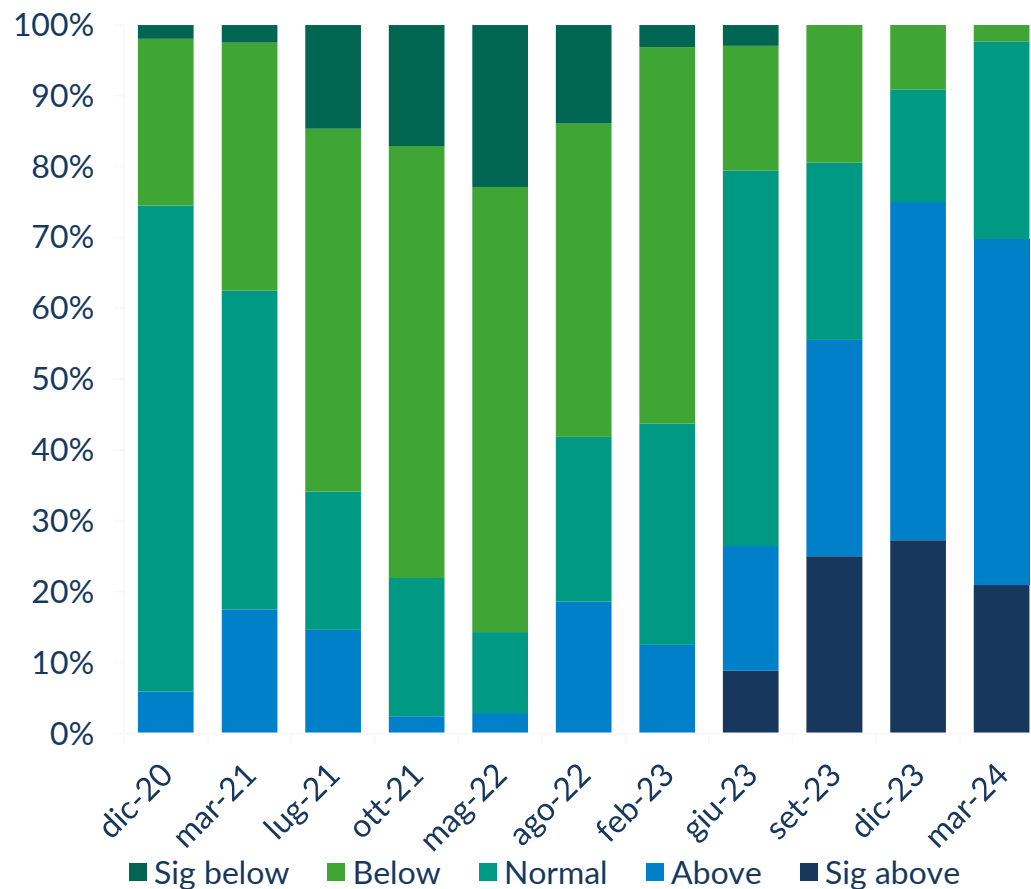
Source: Office for National Statistics

Right Chart: Value of UK exports of farm machinery

Source: Office for National Statistics



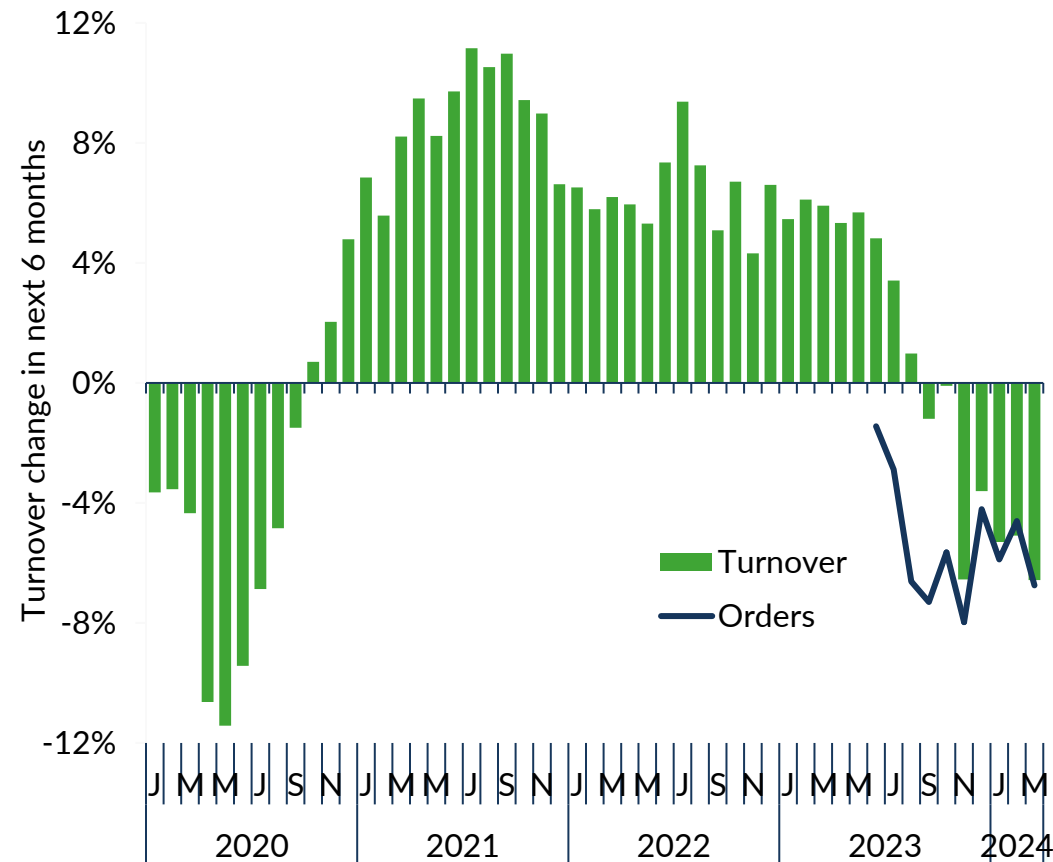
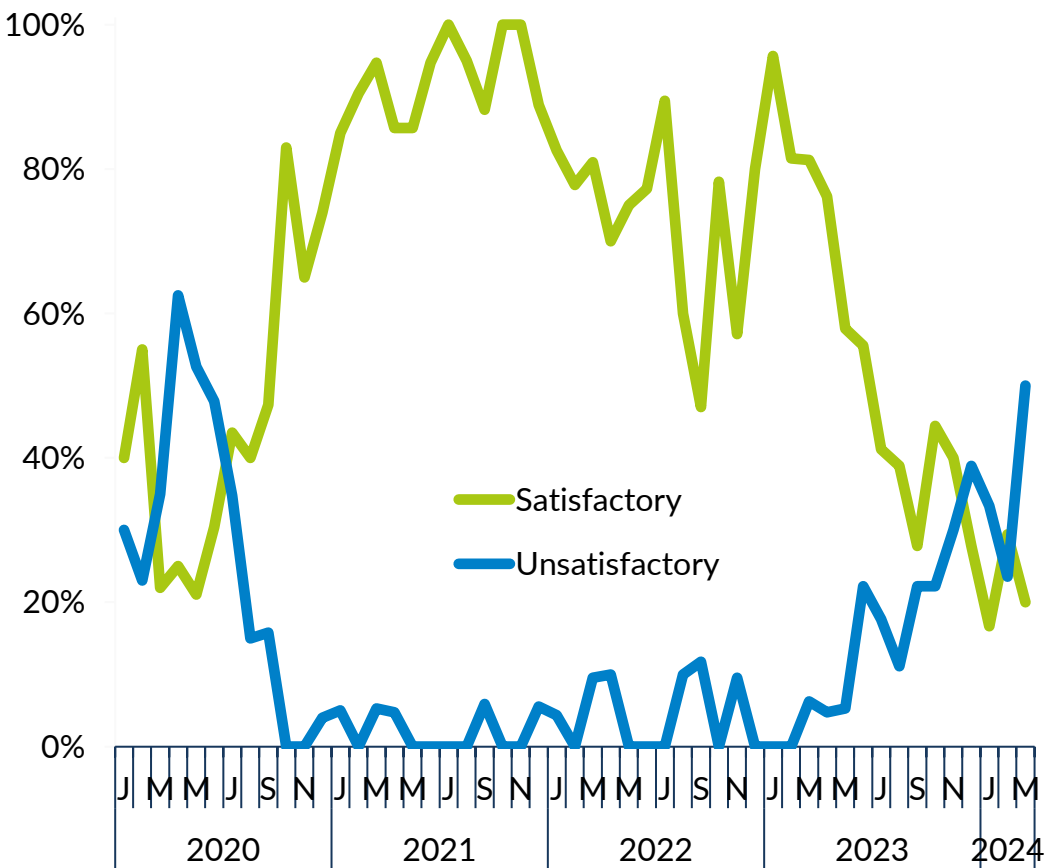
Stock levels have built up at dealers over last two years, leaving them less financially viable



Left Chart: Assessment of level of stocks of new equipment held by dealers
 Source: AEA Farm Equipment Barometer
 Right Chart: Assessment of financial viability of dealers relative to year earlier
 Source: AEA Farm Equipment Barometer



Industry sentiment taking a turn for the worse and most expecting a downturn in sales/turnover in 2024



Left Chart: Assessment of current business environment

Source: AEA Farm Equipment Barometer

Right Chart: Average expectation for annual change in UK turnover in coming 6 months

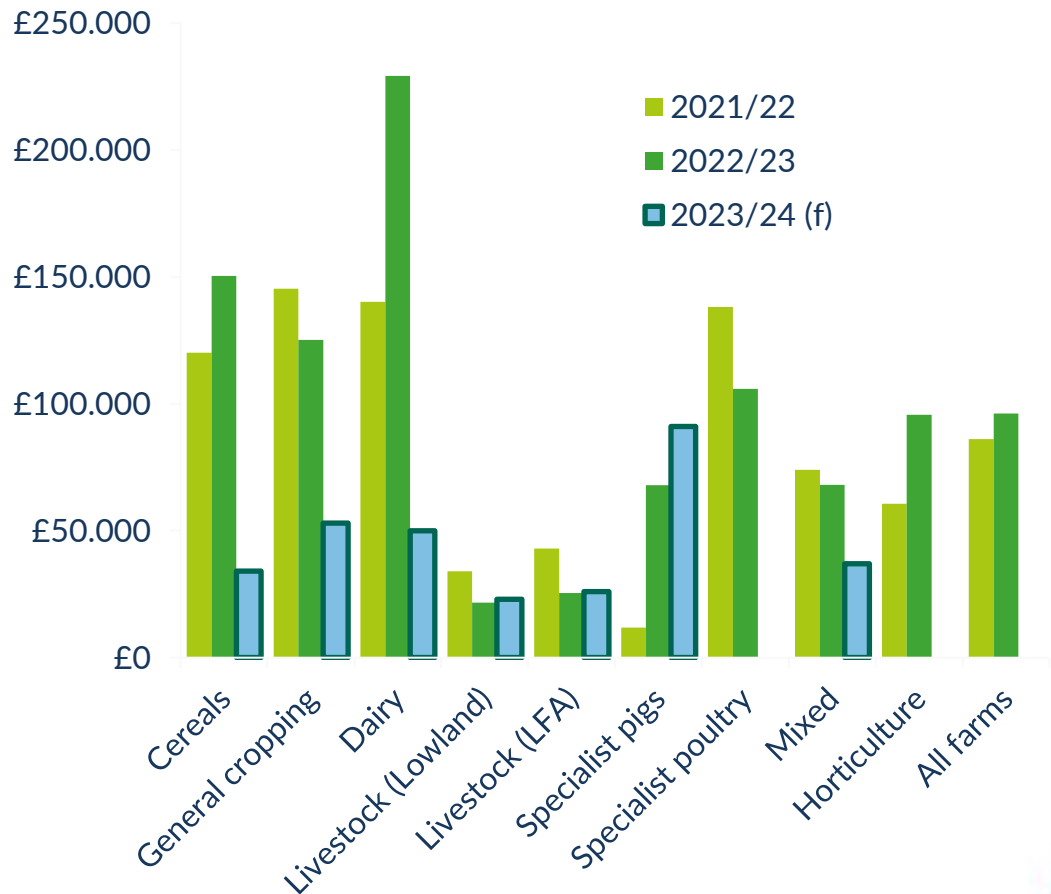
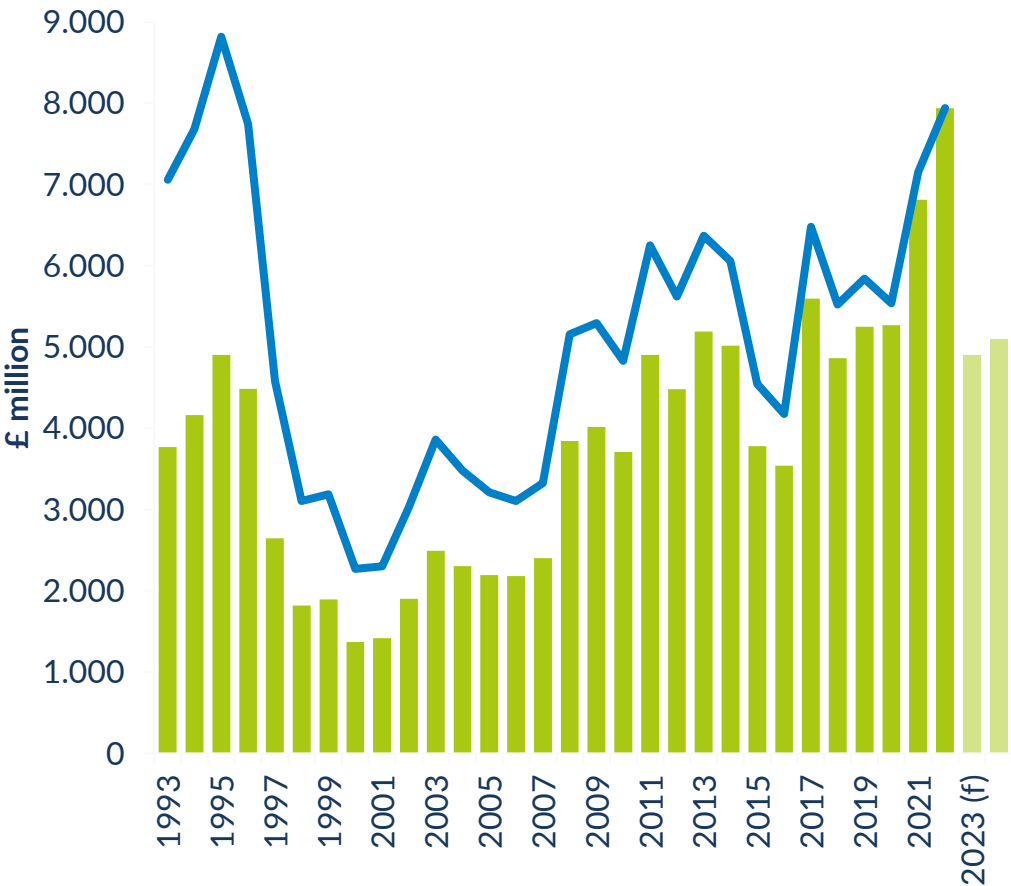
Source: AEA Farm Equipment Barometer



Key drivers of machinery market

- After two good years (2021/2022), UK farming is now in a more difficult period, due to lower prices, weather-hit production and reduced subsidies

Farm incomes hit record highs in 2021 & 2022 but lower in 2023 especially for arable/dairy farms



Left Chart: Actual and projected Total Income From Farming (i.e. net profit of UK agriculture)

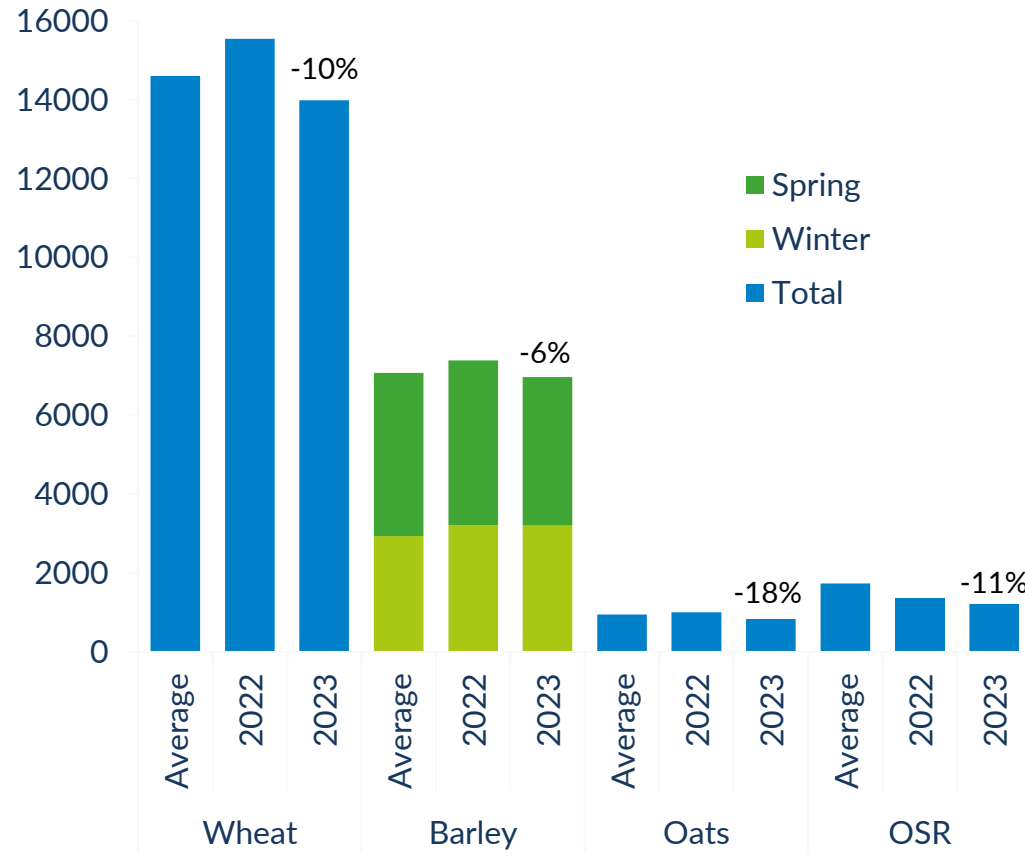
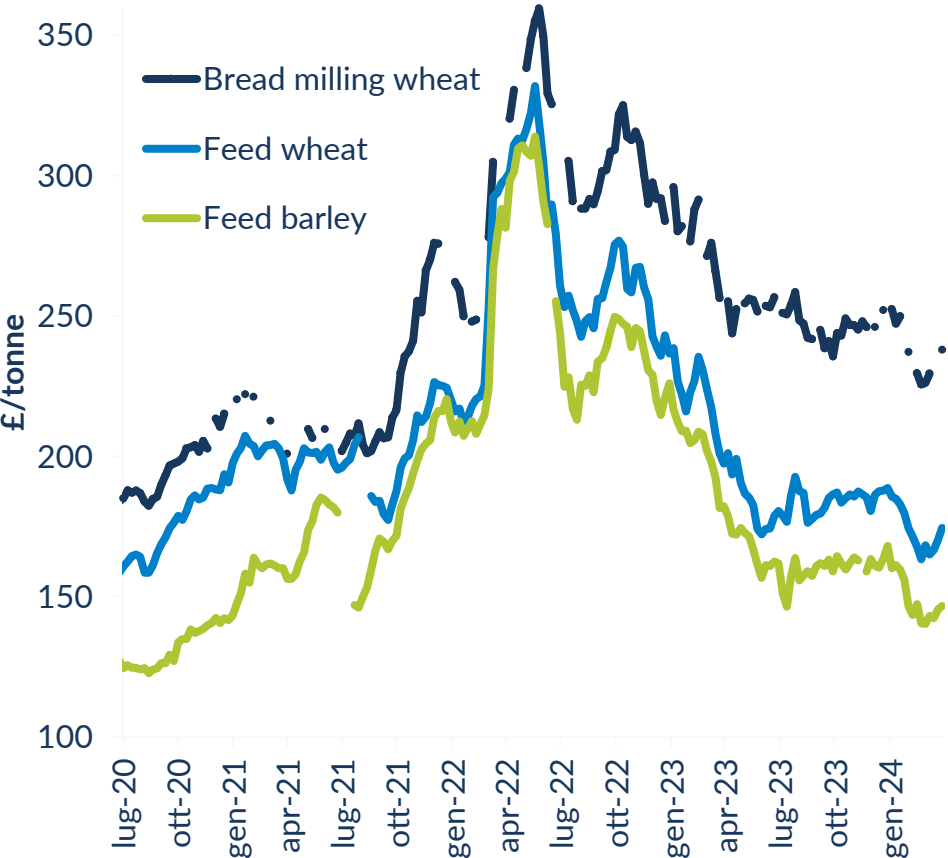
Source: DEFRA/Andersons

Right Chart: Average Farm Business Income on English farms by type

Source: DEFRA



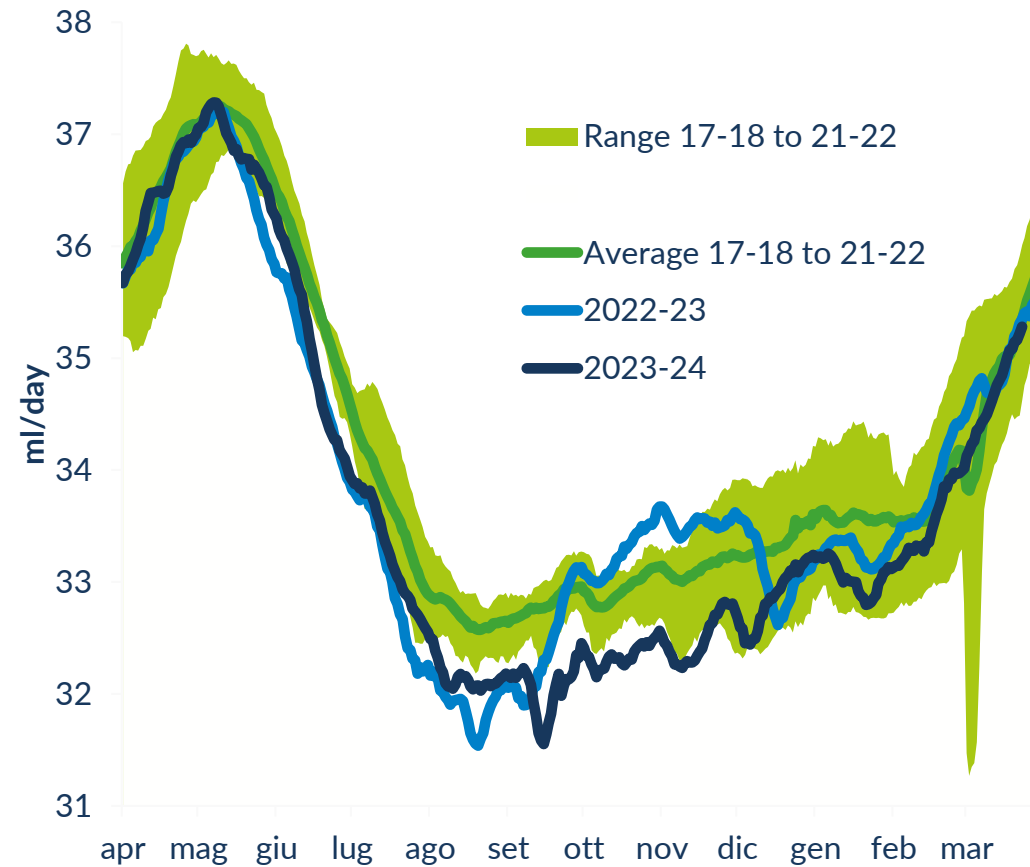
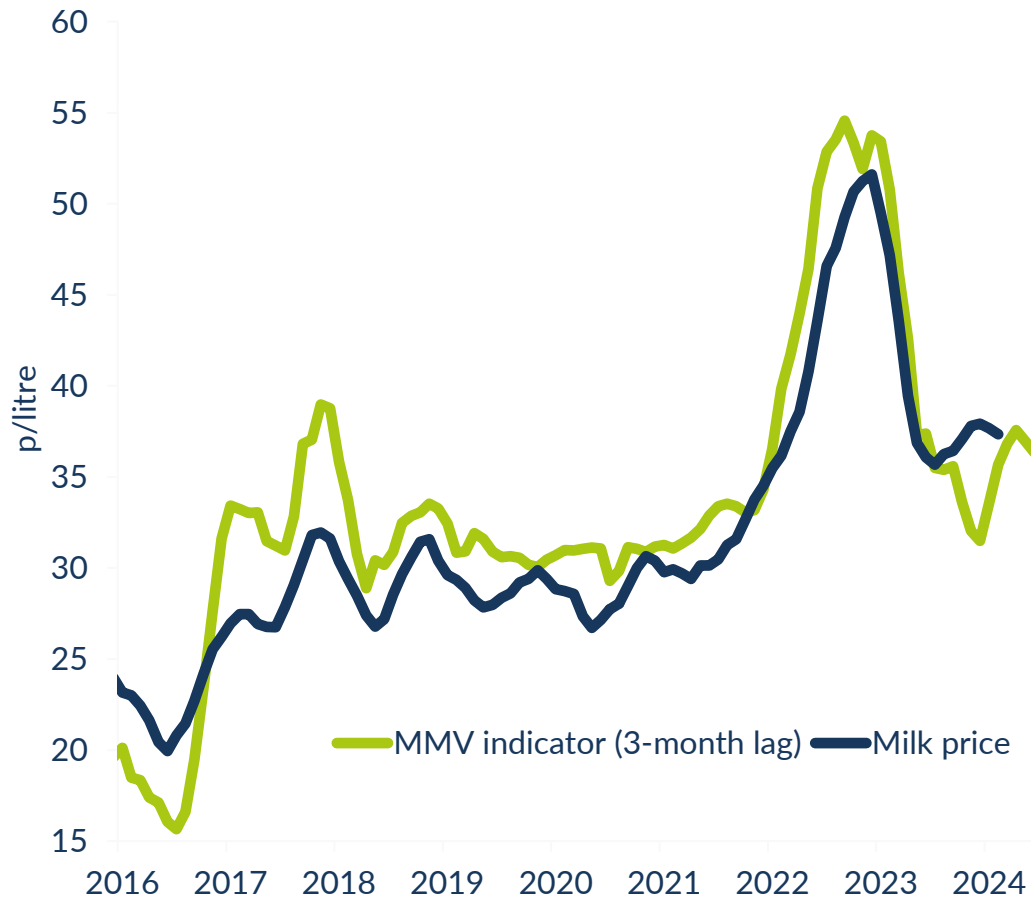
Feed grain prices recently lowest since 2020, despite smaller crops from harvest 2023 but quality premium up



Left Chart: UK ex-farm prices for selected cereal products
 Source: AHDB Cereals & Oilseeds (Corn Returns)
 Right Chart: Projected UK production of grains and oilseeds
 Source: Defra, AHDB Cereals & Oilseeds



Milk prices ticked up since summer, as milk output has been lower than normal, though now catching up



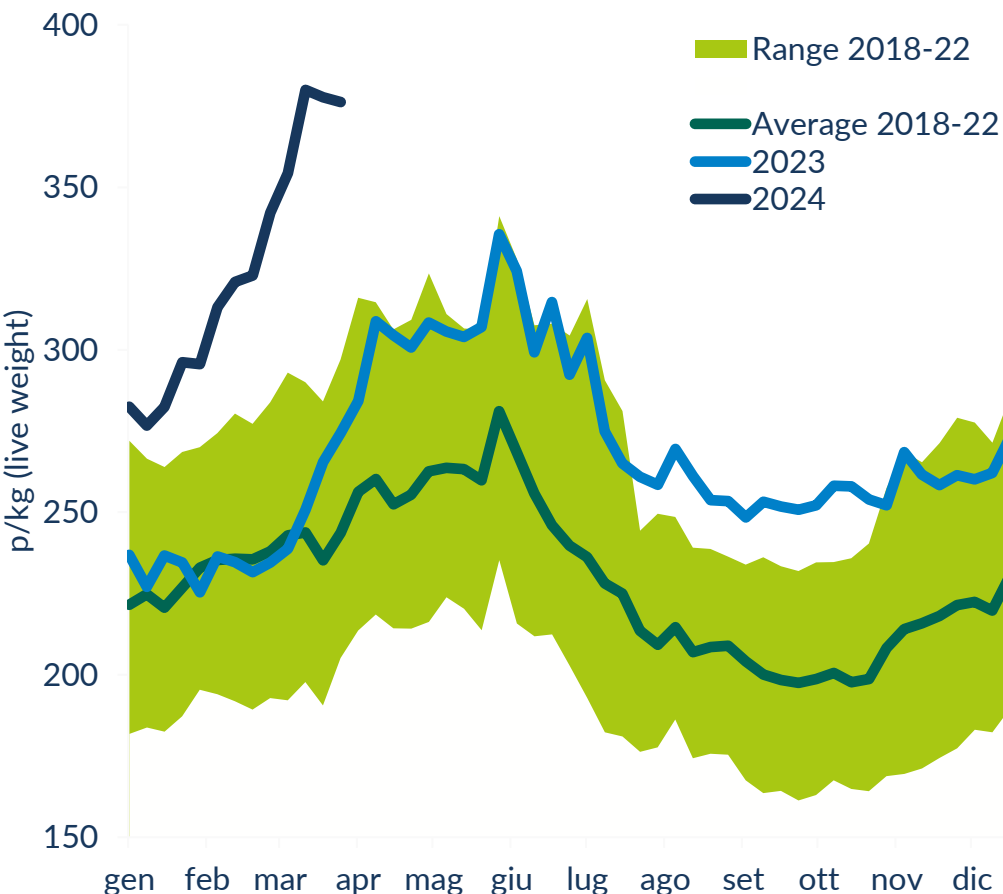
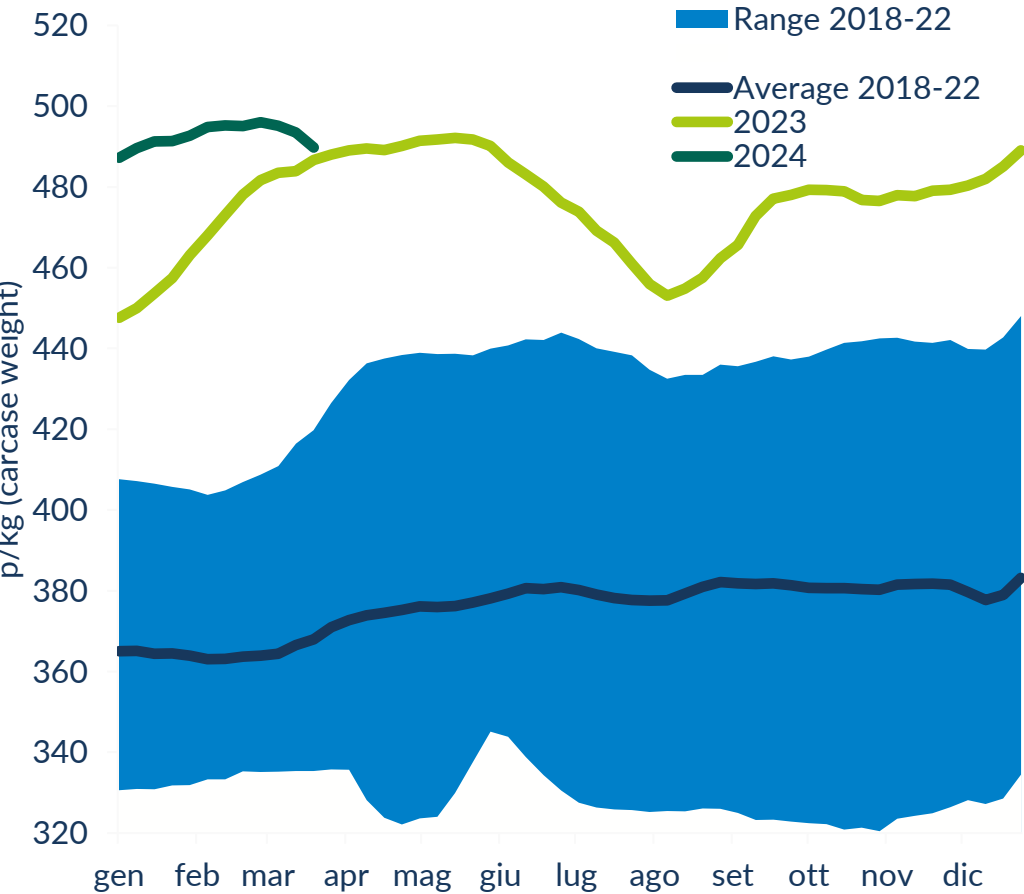
Left Chart: Average UK farmgate milk price (actual and projected) and Milk Market Value indicator

Source: DEFRA/AHDB Dairy

Right Chart: GB daily milk deliveries to dairies (rolling 7-day average)

Source: AHDB Dairy

Livestock prices remain close to record highs, with meat production consistently lower in 2023



Left Chart: Average GB price for prime cattle (deadweight/carcase price)

Source: AHDB Beef & Lamb

Right Chart: Average GB price for lambs (live weight)

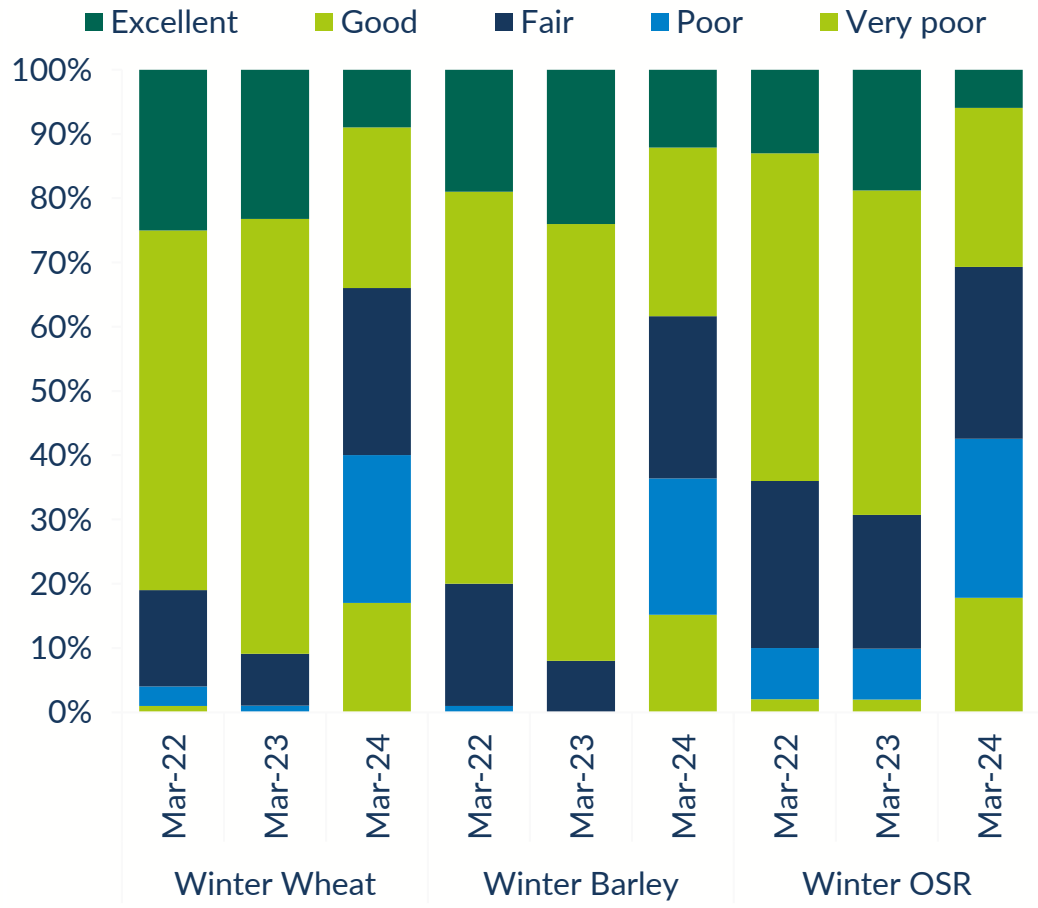
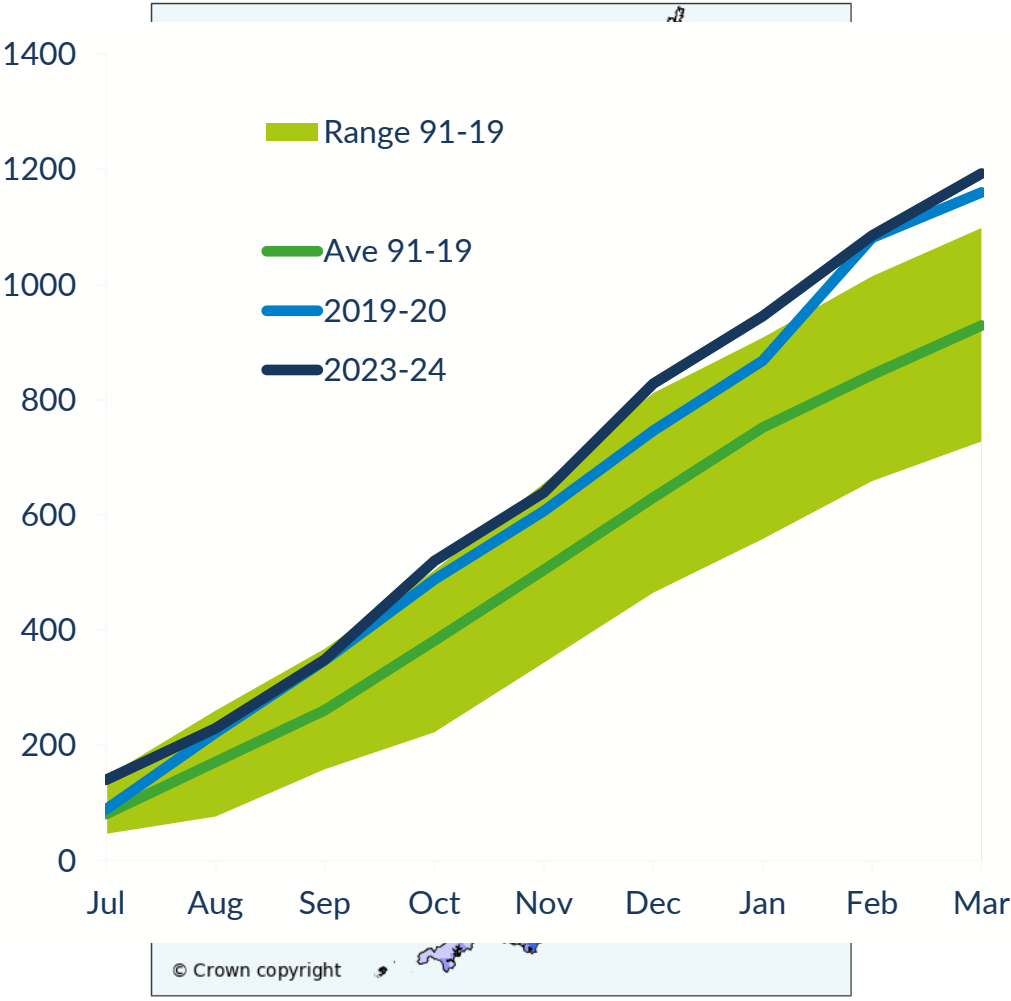
Source: AHDB Beef & Lamb



Key drivers of machinery market

- After two good years (2021/2022), UK farming is now in a more difficult period, due to lower prices, weather-hit production and reduced subsidies
- Very wet weather since last summer likely to mean crop production is even lower this year, meaning another tough year ahead for our customers

Wet conditions in 2023 leading to concerns about crops, pushing prices for 2024 crop above 2023 crop



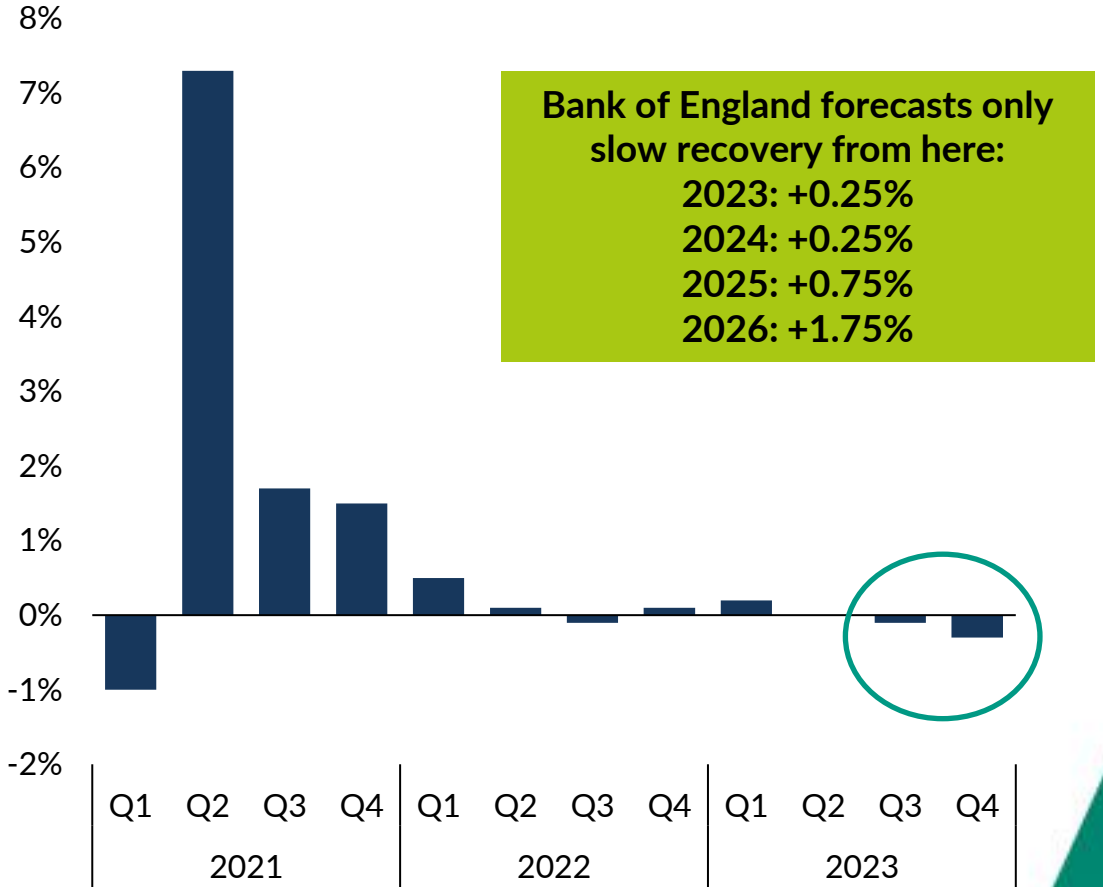
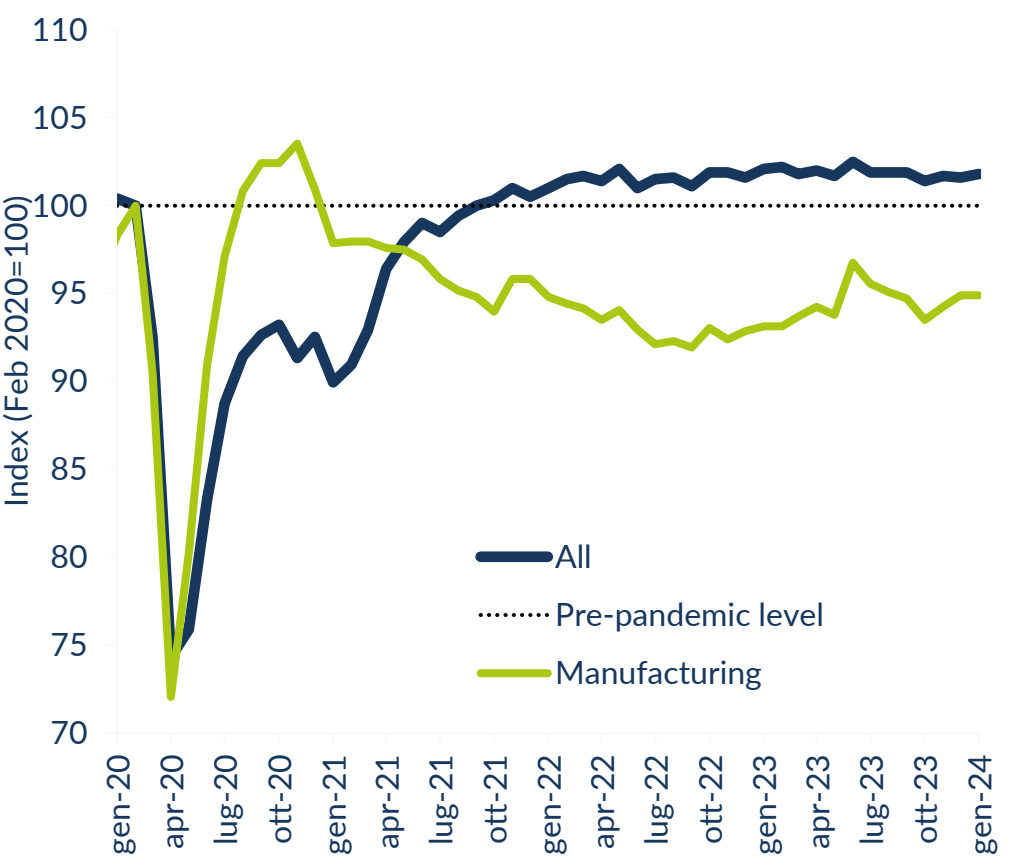
Left Chart: Cumulative UK rainfall – July to March
 Source: Met Office
 Right Chart: Condition of UK winter arable crops, as at end of March
 Source: AHDB Cereals & Oilseeds



Key drivers of machinery market

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- Very wet weather since last summer likely to mean crop production is even lower this year, meaning another tough year ahead for our customers
- Political uncertainty ahead of General Election, due this year, and likely change of government meaning businesses less likely to invest
- Weak economy also slowing sales, even though inflation has come down

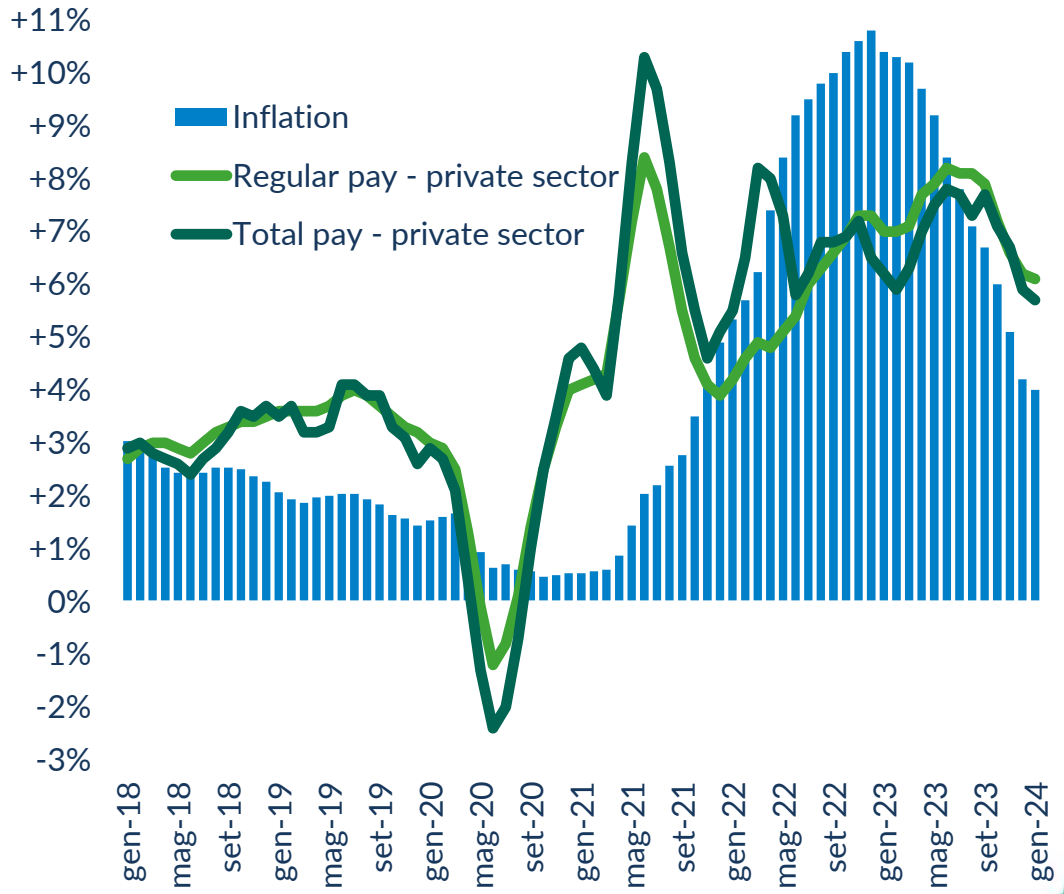
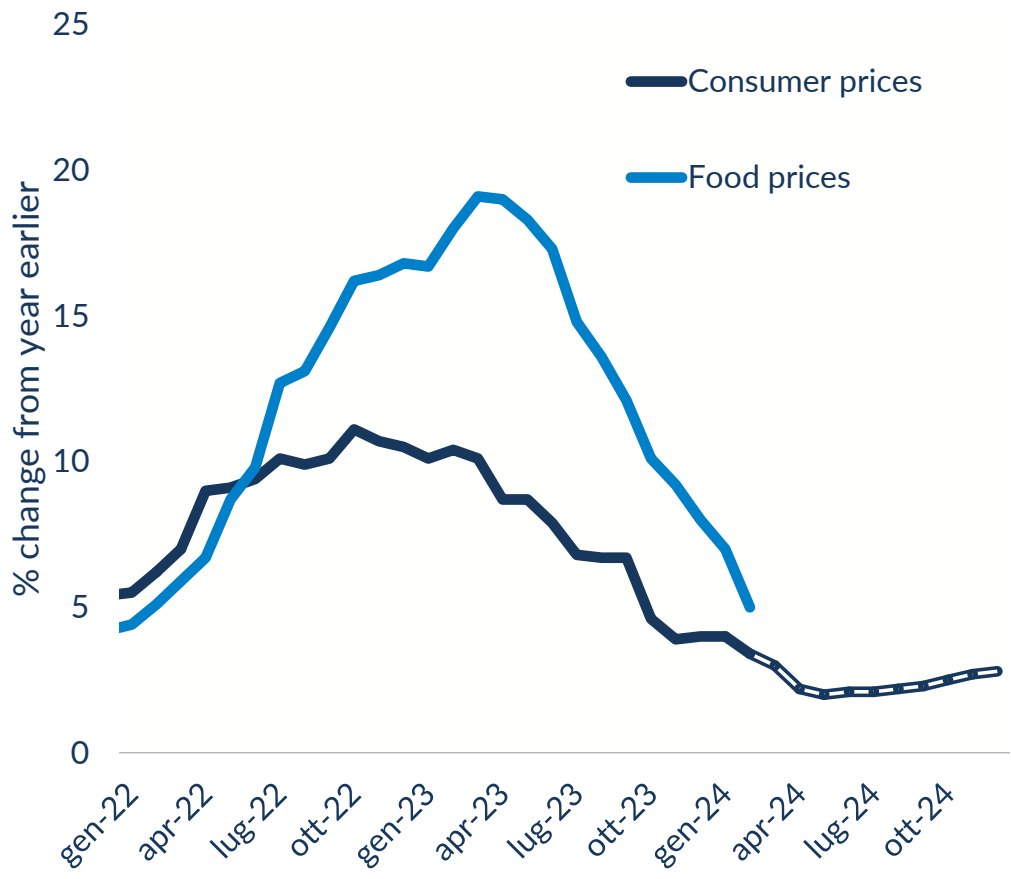
UK economy entered recession in second half of last year, but big picture is still one of stagnation



Left Chart: UK monthly GDP - whole economy & manufacturing
 Source: Office for National Statistics
 Right Chart: Quarter on quarter change in UK GDP
 Source: Office for National Statistics



Inflation subsiding but might start rising again later in the year, influenced by rising wages in tight labour market



Left Chart: UK monthly Consumer Price inflation rates

Source: Office for National Statistics

Right Chart: Annual growth in average weekly earnings in the UK private sector

Source: Office for National Statistics





THANK YOU FOR YOUR ATTENTION

Any questions?