

Europe: weaker sales of agricultural machinery expected in 2015

Notwithstanding recent downward trend, future industry expectations remain cautiously optimistic

Brussels, 10 June 2015 – Following the strong sales of agricultural machinery observed in Europe in recent years, demand in 2015 is expected to be weaker across most markets and product segments. During the first months of the year, demand dropped in nearly all European markets in comparison to last year, a trend that is estimated to continue until the end of the year. Only a cautious recovery is expected in certain markets for the coming months. Among the reasons for the lower demand, experts point at the cyclical nature of agricultural machinery markets and the low commodity prices at the moment.

Looking at the different countries in Europe the two biggest markets for agricultural machinery, **Germany and France**, both face a lower demand for agricultural machinery, with expectation of -9% and -11% respectively for 2015. A similar downward trend can be observed in most of the other agricultural machinery markets, with the exception of **Spain and Italy** where the situation is expected to remain comparatively stable.

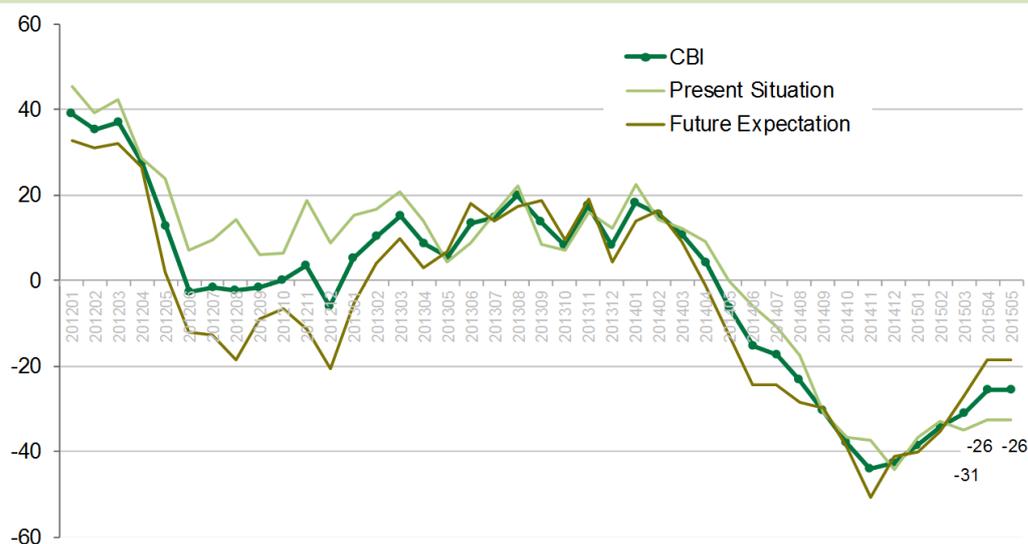
According to the estimations from the economic experts of the different national associations within CEMA, the lower demand is expected to extend to all different types of agricultural machinery:

- During Q1 of 2015, registrations of **tractors**, by far the highest volume product in agricultural machinery, were down by 16% in the CEMA countries in comparison to the same period in 2014. Overall, it is estimated that tractor registrations will fall by around 8% in total in 2015. Nearly all CEMA countries show lower demand (Belgium, France, Germany, UK and Turkey) or stable demand (Italy and the Netherlands). Only in Spain tractors sales are expected to show minimal growth.
- Demand for **combine harvesters** is expected to decrease by around 12% in 2015 with a particularly a big decrease in France and the UK. Only for the Turkish market a small increase is expected.
- The **forage harvesters** market is one of the few remaining stable markets, where differences are seen in the CEMA member countries. Several countries see stable demand, Germany and Belgium face a decrease while in France growth is expected for forage harvesters' sales.
- A relative small decline is expected for the market in **balers**. While some countries like Belgium, Italy and Spain expect a growth in this market, in Germany and particularly France a decline is foreseen.
- For **sprayers** a similar small decline is predicted by the CEMA economic experts of the national associations. This decline is mostly the result of a significant decrease in France and to a lesser decrease in the UK.
- Demand for **mowers** is expected to go down in 2015 in almost all countries; the only exception is the Netherlands where an increase is expected.

CEMA Barometer points towards a silver lining

Latest market developments are also reflected in the CEMA Business Barometer, a monthly survey that provides a regular overview of the business mood based on current business sentiment and the expected turnover in the next 6 months. Yet while the Barometer had been consistently declining throughout 2014 and remains in the negative, the results of 2015 have stabilized and re-bound, indicating that industry expectations for the future remain cautiously optimistic.

CEMA Business Climate Index (CBI)



Source: CEMA Business Barometer

Index = sum of 1) evaluation of the current business situation and 2) turnover expectation, scale from -100 to +100