

## Machinery, E&amp;C and Waste

## Used equipment values: weak in December, but still not 'cracking' yet

Industry Overview

## Keeping an eye on the used equipment market into 2024

Slowing inflation is a general theme for 2024. Where is this observed in Machinery? Used equipment. 2021-22 was defined by "tightness" (constrained supply + strong demand) - resulting in rising used values (leading to strong new equipment price increases in '22-23). Some "unwinding" occurred in '23 with rising supply resulting in moderating used values. The bear view is that used values are likely to "crack" (i.e. notably step lower) as rising production meets deteriorating demand – typically a leading indicator (Exhibits 1-4). We are surprised that recent used equipment data - still down on a YoY basis – yet not notably accelerating downward. While it is (way) too early to say used values are bottoming (not the case MoM), if used values find some footing in mid '24 – this likely suggests demand is still stable enough to absorb the higher equipment production rates. We are hosting a used equipment call this morning with Sandhills.

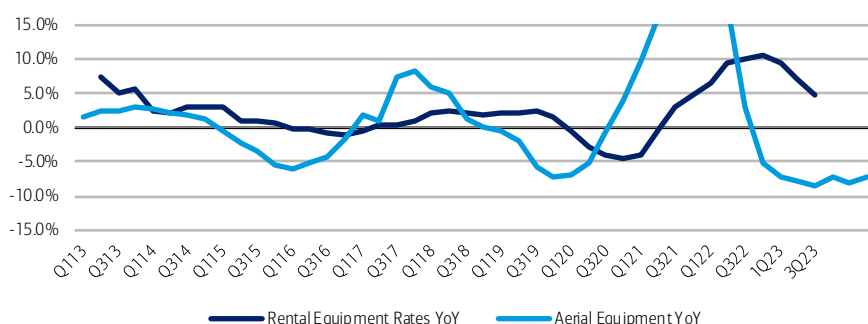
## December: auction still negative YoY but somewhat holds

RB Global released its monthly used equipment trends for December. Key highlights: i) auction values on a YoY basis remain in negative territory across almost all categories in the US – aeriels, construction (large, medium), transportation (vocational, truck tractors). ii) YoY declines are somewhat holding in aeriels (see below). There was incremental moderate pressure in construction (medium earthmoving), iii) We caution to say used values have stabilized or bottomed given some sequential bleeding lower (i.e., trucks). Simply put, used values continue to moderate yet not 'break lower' to the downside yet.

- **Truck tractors:** -21% YoY (vs -21% November, -19% October).
- **Aeriels:** -7% YoY (vs -8% November, -7% October, -9% September).
- **Large earthmoving:** -6% YoY (vs -6% November, -4% October, -3% Sept).

## Exhibit 1: Equipment Rental Rates vs Used equipment values (aeriels)

Used values moderated through most of 2023



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Equity  
Americas  
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Sept = September

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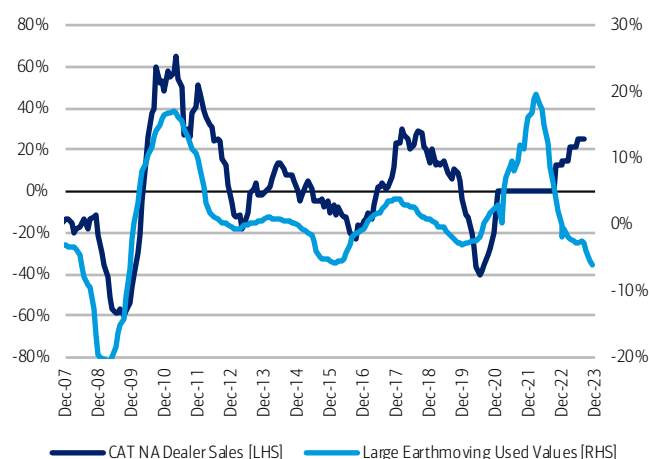
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**Exhibit 2: Earthmoving used values vs CAT Dealer Retail Sales**

Used values moderated through 2023 – not seeing that impact on retail

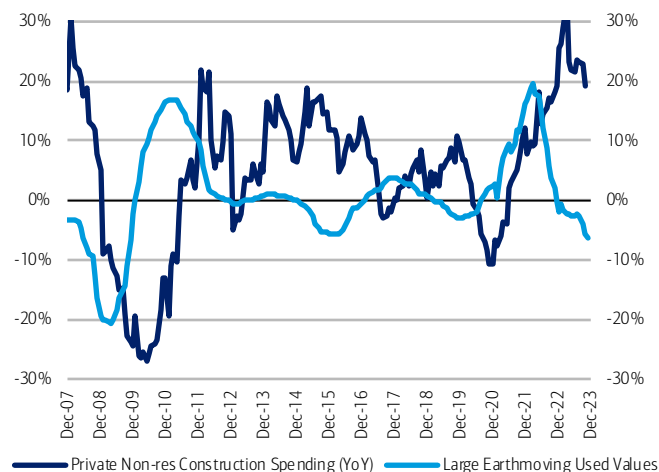


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**Exhibit 3: Private non-res spending vs used values YoY**

Used values for earthmoving moderating through 2023



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**Exhibit 4: Trucks: Tractor used values YoY**

Moderated over the last 12 months



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**Exhibit 5: Trucks: Vocational used values YoY**

Moderated over the last 12 months



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