



# FARM MACHINERY PRODUCTION ON THE RISE

**A**nnual U.S. Farm Machinery and Equipment Shipments were down 2.0% in January. However, shipments are rising and increasing commodity prices indicate business cycle rise in the coming quarters. Europe Agricultural and Forestry Machinery Production was also down in January. General recovery in Europe and abroad is expected to boost production in 2021.

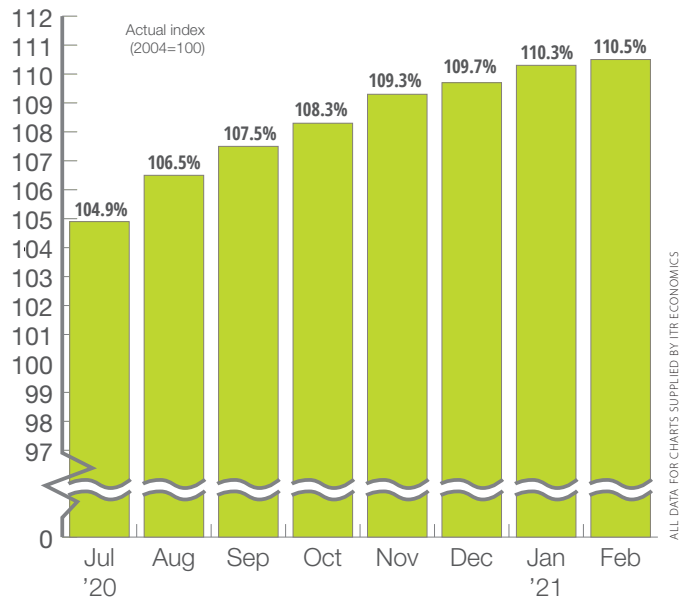
Construction machinery new orders are rising, but currently remain below the year-ago level. The quarterly trend is showing robust recovery, and there are indications firms will be able to spend on new equipment which may boost new orders this year. |



### U.S. Leading Indicator:

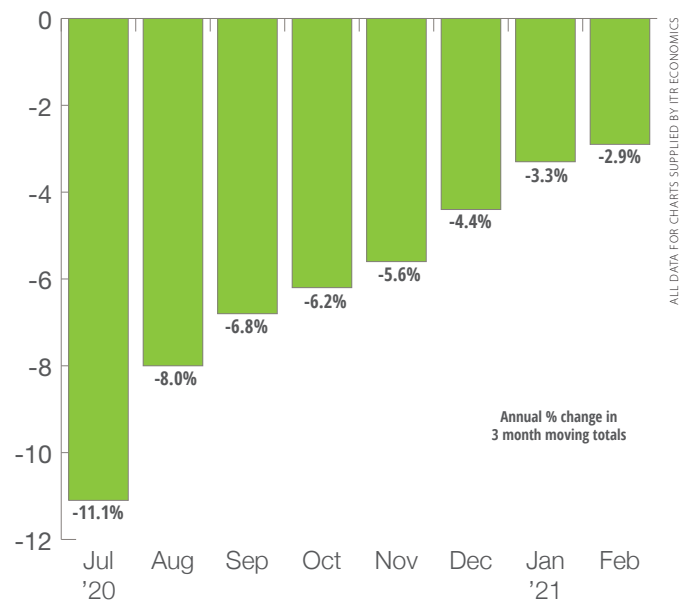
- The Conference Board's U.S. Leading Indicator rose in February.
- Rise in the Leading Indicator portends business cycle rise for the U.S. industrial sector throughout 2021.

**Editor's Note:** Please note that this chart has been modified on the Y-axis to show the trend more easily.



### U.S. Industrial Production:

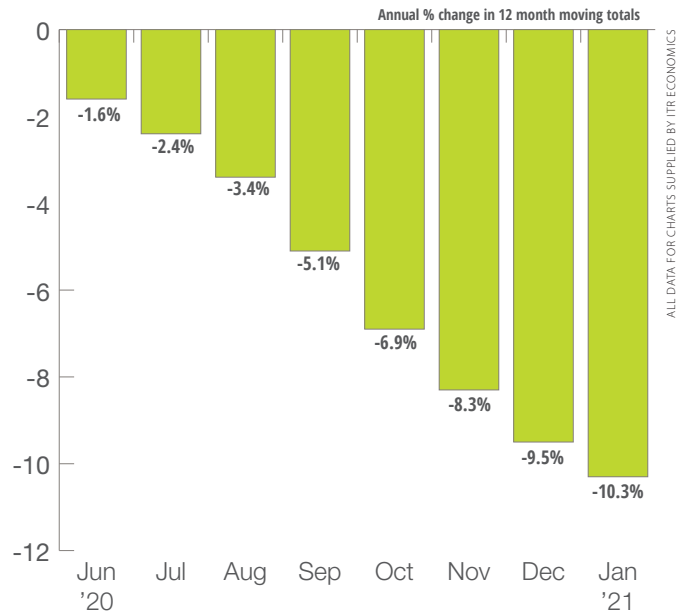
- Quarterly U.S. Industrial Production is rising but came in 2.9% lower compared to the same time period 1 year ago.
- Trends in the U.S. Business Confidence Index and the U.S. OECD Leading Indicator signal business cycle rise will continue in the coming months. The \$1.9 trillion American Rescue Plan may boost recovery.





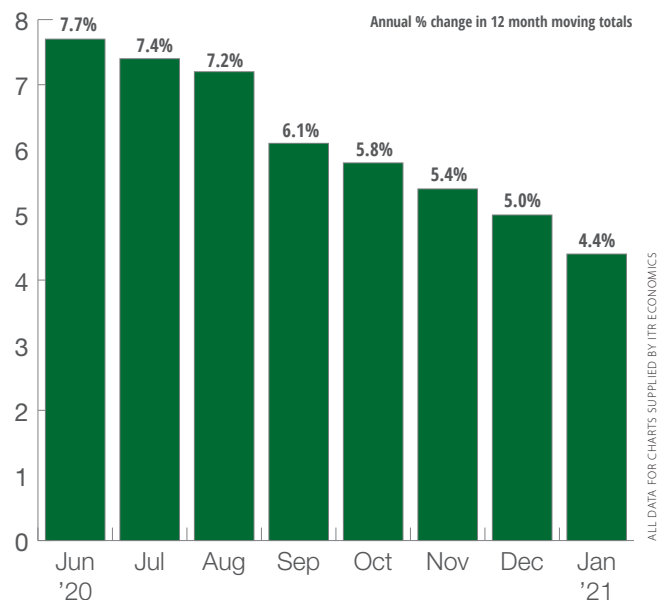
### U.S. Private Nonresidential New Construction:

- U.S. Private Nonresidential New Construction during the 3 months through January was down 10.3% compared to 1 year ago.
- Firms are likely to be hesitant to invest in nonresidential construction this year as post-pandemic consumer and workforce preferences are established.



### U.S. Total Public New Construction:

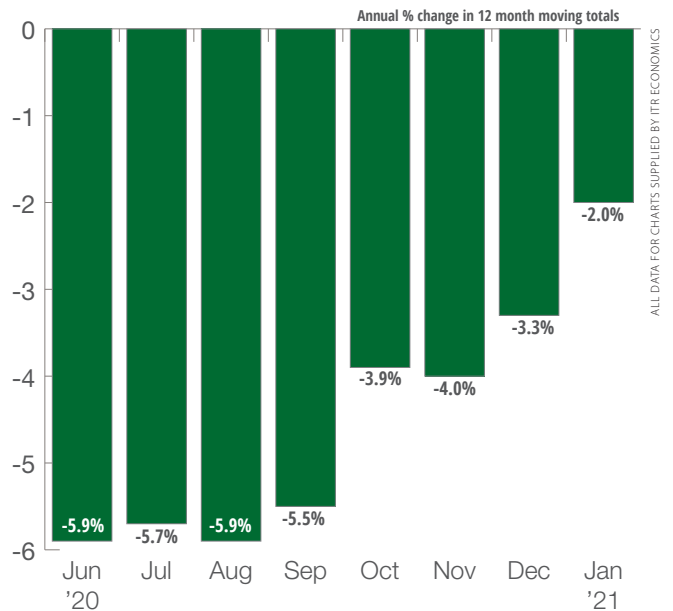
- Annual U.S. Total Public New Construction came in at \$351.3 billion in January and was up 4.4% compared to 1 year ago. Though annual Construction is rising, the pace of growth is slowing.
- Trends in U.S. State and Local Tax Revenue Current Tax Receipts suggest that Construction will generally decline through the coming quarters.





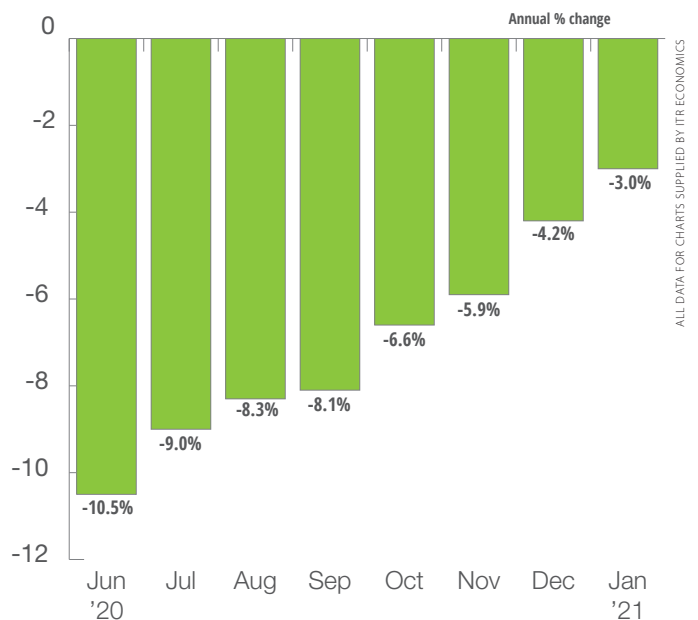
### U.S. Farm Machinery Production:

- Annual U.S. Farm Machinery and Equipment Shipments totaled \$23.1 billion in January, down 2.0% from 1 year ago. Annual Shipments are rising from a mid-2020 business cycle low.
- Business cycle rise in monthly U.S. Pesticides, Fertilizers, and Other Chemicals Shipments, as well as rising quarterly U.S. Soybeans Futures Prices, portends further business cycle rise for Shipments during the coming quarters.



### Europe Ag & Forestry Machinery Production:

- Annual Europe Agricultural and Forestry Machinery Production in January was down 3.0% from last year. Though trending below year-ago levels, annual Production is rising.
- General recovery in Europe and abroad will likely boost Production this year.

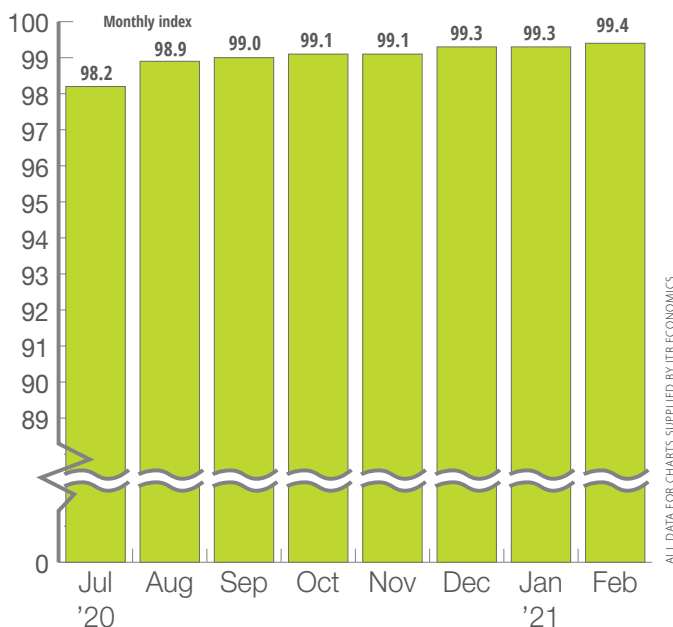




### Europe Leading Indicator:

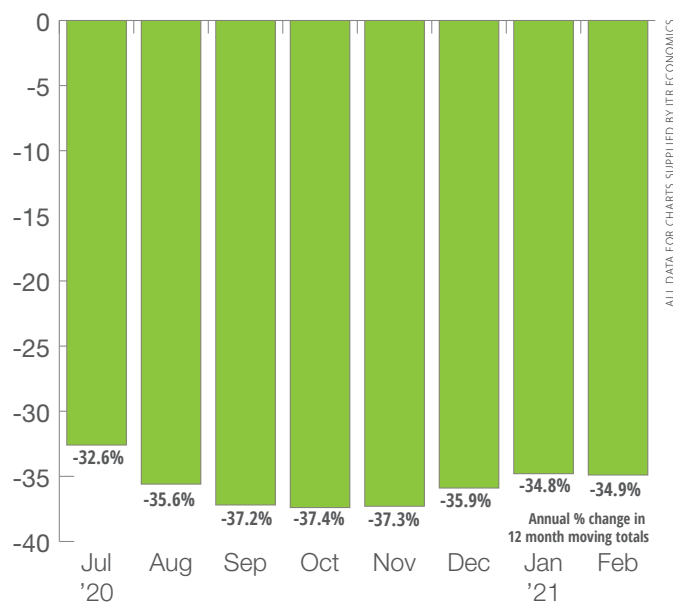
- The Europe Leading Indicator rose further in February, marking the 10th month of rise.
- Ongoing rise in the Leading Indicator suggests that activity in the European industrial sector will rise throughout 2021.

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### U.S. Heavy-Duty Truck Production:

- Production was down 34.9% in February from 1 year ago. However, quarterly Production, down just 2.3% from 1 year ago, is indicating a strong recovery trend.
- Macroeconomic recovery and recovering quarterly U.S. Surface Trade With Canada and Mexico bode well for future demand for heavy trucks. However, the semiconductor shortage could hinder producers' ability to meet demand in the near term.

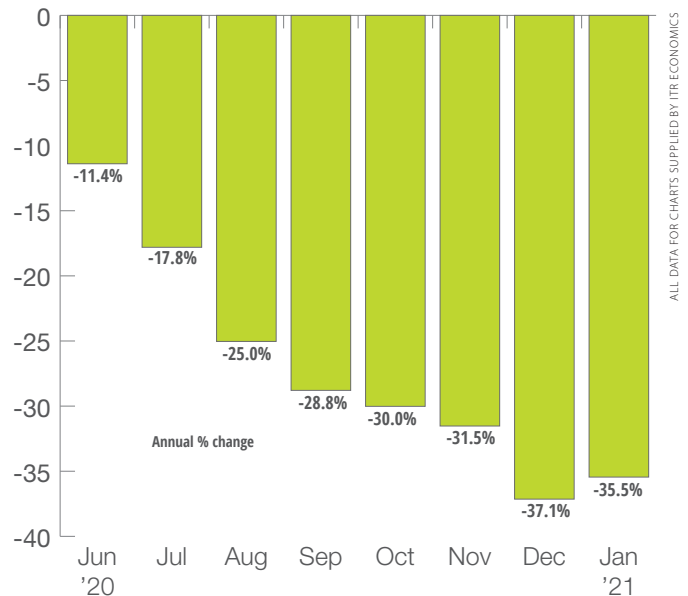






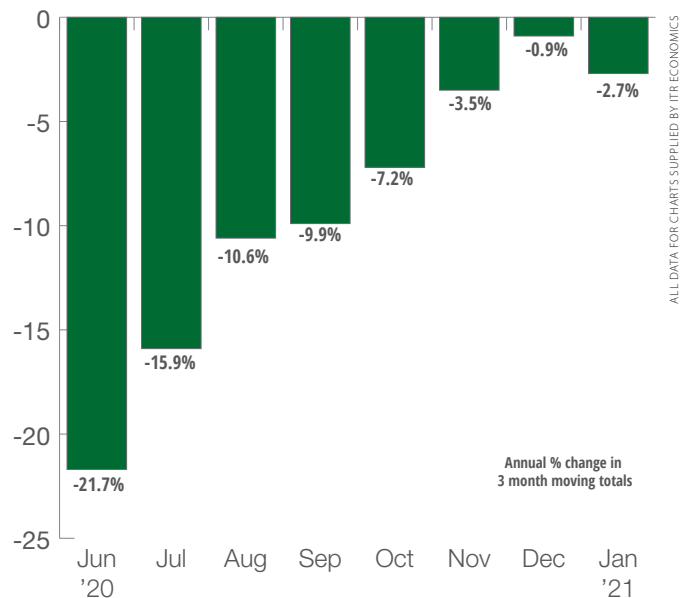
### China Diesel Bus Production:

- Annual China Large Diesel Bus Production totaled 20.6 thousand units in February, down 33.1% from 1 year ago. While still below year-ago levels, this was the second consecutive month of rise in annual Production.
- The ITR Checking Points™ system suggests that the tentative transition to business cycle rise will hold and that business cycle rise will persist in at least the near term.



### Germany Industrial Production:

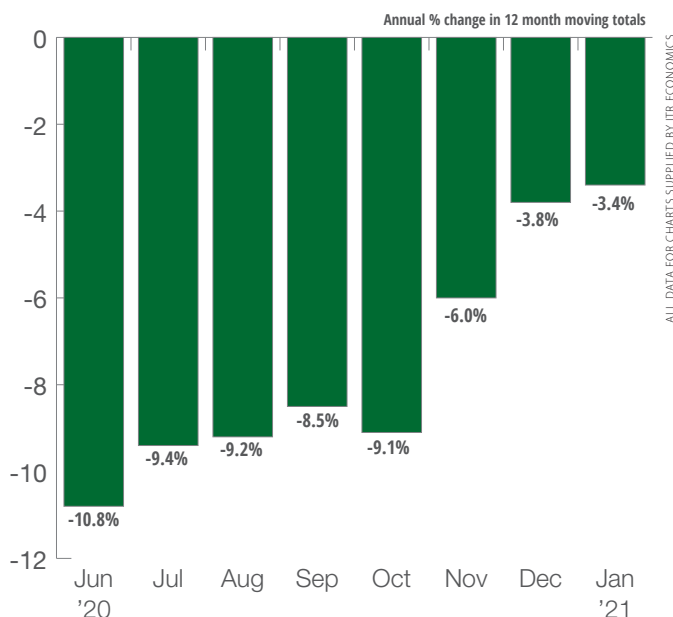
- Germany Industrial Production during the 3 months through January was down 2.7% compared to the same 3 months 1 year ago.
- This marks a tick-down in the quarterly rate-of-change, consistent with 3 consecutive months of decline in the quarterly Eurozone Composite Purchasing Managers Index monthly rate-of-change. These trends are likely representative of the impact of Germany's recent shutdowns.





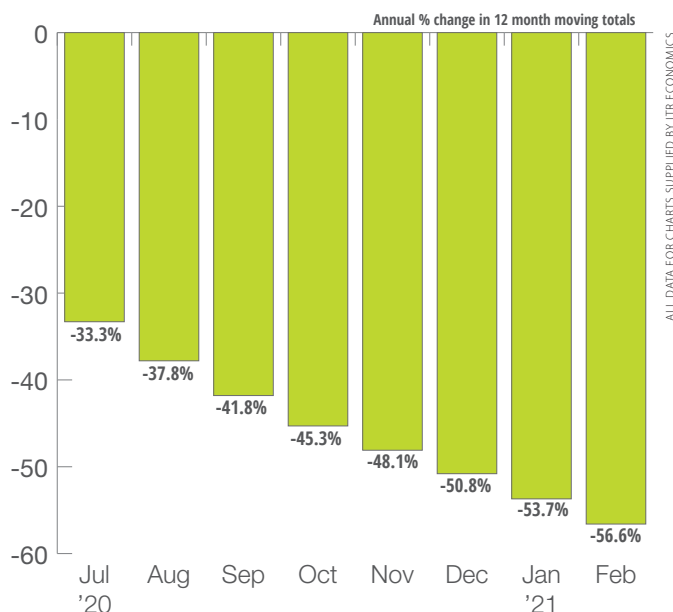
### U.S. Construction Machinery, New Orders:

- New Orders are rising but still below the year-ago level. The quarterly trend shows robust recovery, coming in 14.3% above the same period 1 year ago.
- Quarterly U.S. Domestic Corporate Cash Holdings were up 52.0% in the second quarter of 2020 (latest available data) compared to a year prior. This suggests firms will have the ability to spend on new construction and equipment, which may boost New Orders this year.



### North American Rotary Rig Count:

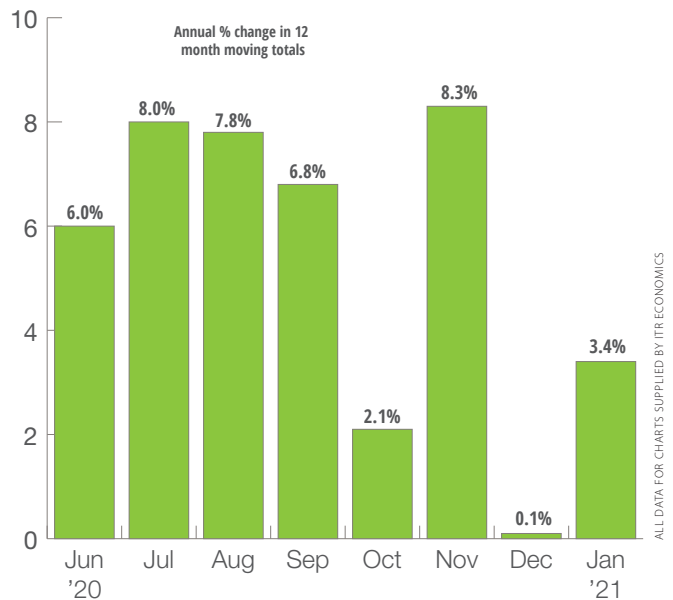
- The annual North American Rotary Rig Count averaged 461 in February, down 56.5% compared to 1 year ago.
- A deep freeze in the U.S. South did damage to a number of rigs and took others offline. Rising U.S. Crude Oil Spot Prices will likely incentivize investment in bringing rigs back online in the coming quarters.





### U.S. Defense Industry, New Orders:

- Annual U.S. Defense Capital Goods New Orders totaled \$157.8 billion in January, up 3.4% from 1 year ago.
- Defense spending often rises during times of uncertainty and declines during times of stability. Decline in the World Uncertainty Index suggests that that New Orders spending may be muted in the near term.



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