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*Argentinian Chamber of Agrimachinery Manufacturers
Agrievolution Alliance
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AGAINST ALL ODDS: **The impact of the drought on the self-propelled** **agrimachinery market**

After 2022 was shaping up to be a historic record year, surpassing sales figures from 2017 (the best year), a significant trend change was noted starting in September in the sector of agricultural machinery. This phenomenon is explained by one of the worst droughts in the history of Argentina, which took place in between the last months of 2022 and the first months of 2023.

In these sense, we can take into account the level and evolution of patents of self-propelled machines, in order to analyse this complex situation. Until the third trimester of 2022, that year could be identified as a record year in sold units. However, two moments can be identified in the development of self-propelled machines market. The first stage is characterized by an intense increase period, from January to August. The second one, initialized in September, means a strong decrease process. This situation continues in the beginning of 2023.

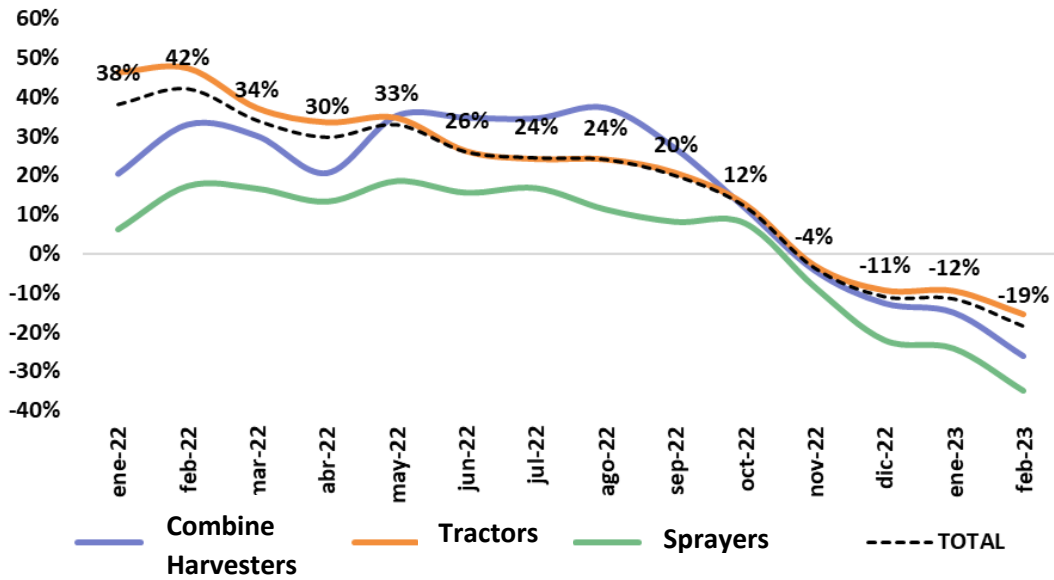
If we consider the patenting of Tractors, Combine Harvesters and Sprayers, the situation changed from a 23% of year-on-year increase in the first 8 months of 2022, to a 19% year-on-year decrease in the following 6 months. Here, we have an evidence of the change of course that September represented, because of the access to key inputs, the economic instability and the first effects of the drought.

Graphic 1: Year-on-year percentage variation – Self Propeller Machines Sales from January 2022 to February 2023.



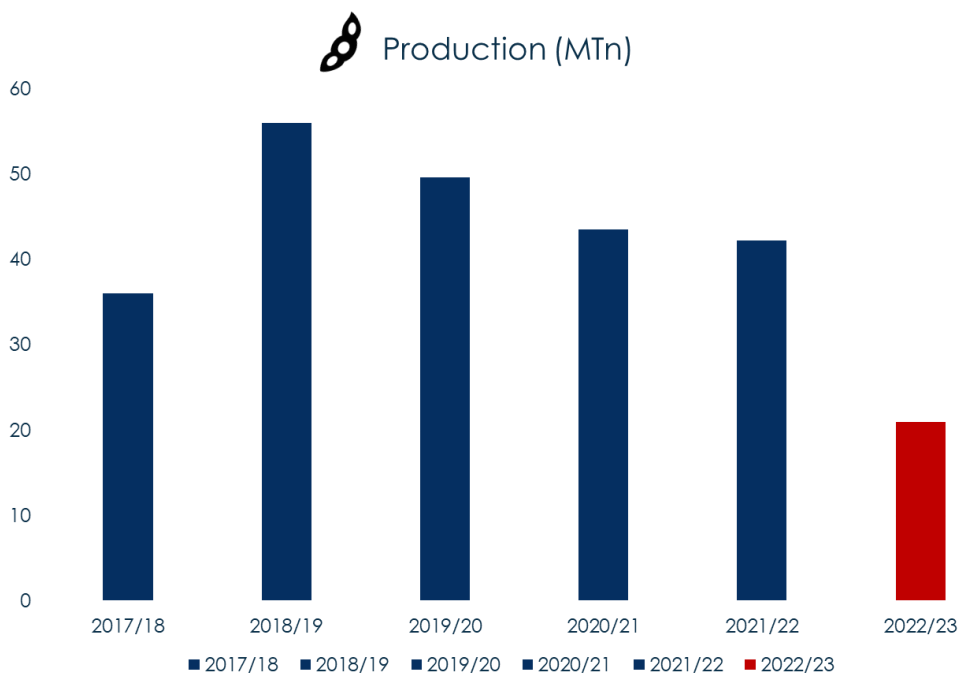
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In order to understand this situation, it's essential to take a look to the 2022-2023 campaign. In this sense, the drought seriously affected the performance of the three main crops in Argentina: Soy Bean, Wheat and Corn. In the following graphics, it's possible to illustrate the impact of the drought in crops production:

Graphic 2: 2022/23 Soy Bean campaign compared with last 5 years.

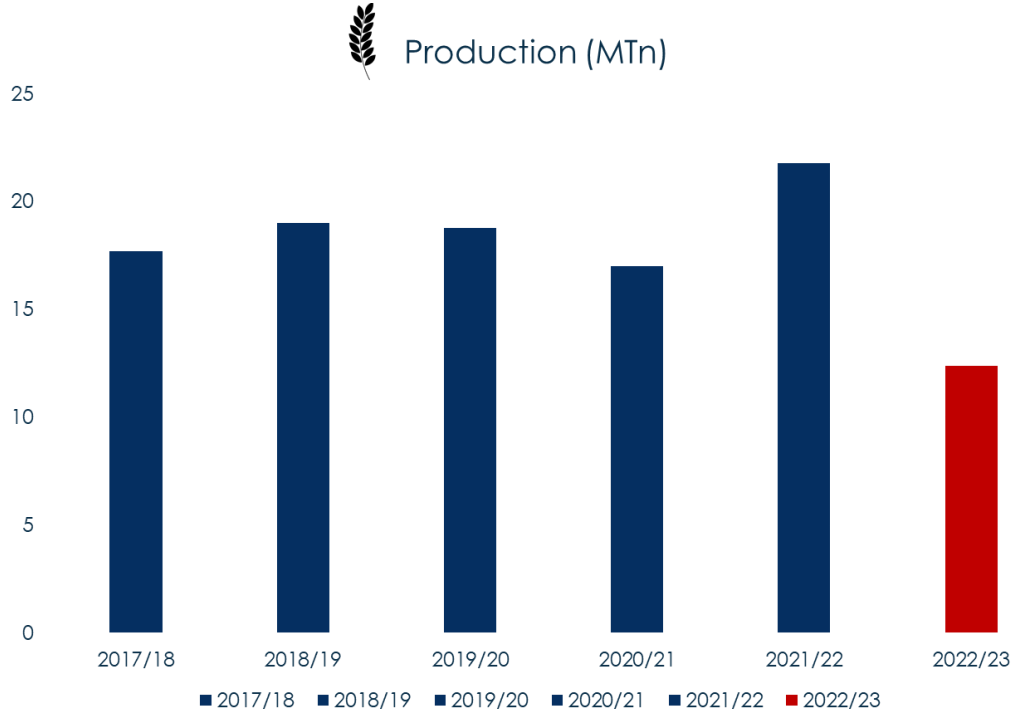




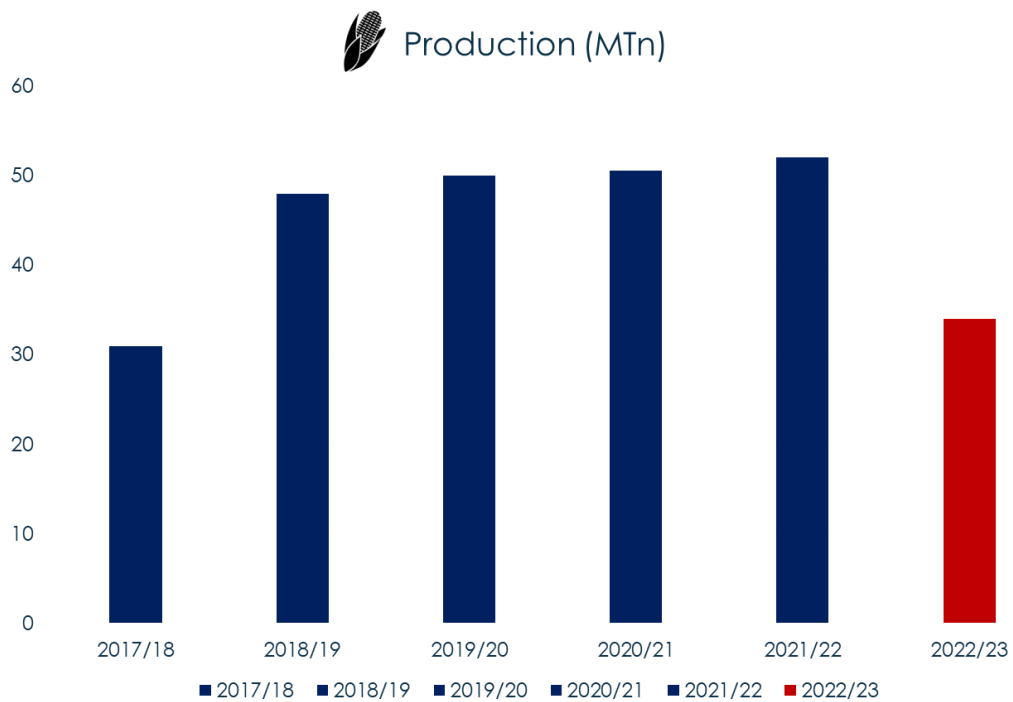
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Graphic 3: 2022/23 Wheat campaign compared with last 5 years.



Graphic 4: 2022/23 Corn campaign compared with last 5 years.





The data from the 2022/23 campaign clearly reflect the great drop in activity. In this context, the role of public banks was central to mitigate the effect of the drought, through financing at trade fairs. Mainly, during Expoagro 2023, in March, affordable rates promoted the sale of machinery in a negative context.

However, the actual situation of the agrimachinery industry, as well as the forecast for the following months, are really bad. The large drop in crops production negatively affected the country's macroeconomy. The sales and production of machinery has been paralyzed since mid-2023, due to the economic context and political uncertainty. We'll have to wait until the beginning of the next year to get an accurate diagnostic of this decrease of the activity.