

2018 OUTLOOK

GOOD --- BAD ????

and

WHO KNOWS WHAT









CONGRESS AND THE PRESIDENT

TAXES DONE FOR BETTER OR WORSE

MEDICAL CONTINUES FIGHT

FOREIGN RELATIONS ---- WAR??

IMMIGRATION LOTS OF TALK

SOCIAL SECURITY BE CAREFUL OF SPEAKER OF THE HOUSE

INFRASTRUCTURE LOTS OF NEED BUT NO MONEY (SEE TAXES)

U.S. ECONOMIC INDICATORS

US ECONOMIC INDICATORS

	PRIME INTEREST AVG	PRODUCER PRICE INDEX	CONSUMER CORE PRICE INDEX	Industrial Production %CHG	MILLIONS AUTOS	AUTOS %CHG	National RETAIL SALES %CHG	US GDP	US Gross Output	Billions
11	3.25%	6.00%	3.10%	4%	12.7	9%	7%	1.60%	6%	27,500
12	3.25%	1.90%	2.10%	3%	14.4	13%	5%	2.30%	4%	28,700
13	3.25%	1.20%	1.50%	4%	15.5	8%	4%	2.20%	3%	29,600
14	3.25%	1.90%	1.60%	4%	16.4	6%	3%	2.40%	4%	30,900
15	3.25%	-1.10%	1.10%	1%	17.5	7%	2%	2.50%	2%	31,400
16	3.80%	-1.00%	2.50%	0%	17.6	1%	4%	1.60%	4%	32,800
17	4.10%	2.70%	1.90%	2%	17.1	-3%	4%	2.20%	4%	34,000
18	4.90%	2.30%	2.00%	2%	16.4	-4%	4%	2.50%	4%	35,500
19	5.30%	2.70%	2.20%	2%	16.5	1%	4%	2.50%	4%	37,000

INTEREST RATES

MORE THAN 1 % BUT LESS THAN 2.5%

**MORE INFLATION MAYBE MORE THAN
2%**

Potential for Problems

STAY ALERT

There are potential alternatives to current expansion.

The new tax law could put pressure on prices.

Shortages of labor and material typically lead to prices increases.

Price increases quickly lead to inflation!

UNITED STATES CONSTRUCTION ACTIVITY

TOTAL HOUSE		SINGLE		MULTI		Nonresidential		Street, Highway, Bridge		
						Inflation adjusted		Inflation adjusted		
PERMITS	% chg	FAMILY	% chg	FAMILY	% chg	MILLIONS \$	% chg	MILLIONS \$	% chg	
12	829,658		520,425		309,233		207,060		52,838	
13	990,552	19%	617,401	19%	373,151	21%	239,940	16%	62,426	18%
14	1,045,993	6%	634,309	3%	411,684	10%	269,610	12%	65,550	5%
15	1,163,582	11%	695,743	10%	467,839	14%	276,020	2%	68,784	5%
16	1,225,667	5%	750,640	8%	475,027	2%	277,635	1%	74,395	8%
17	1,268,666	4%	815,965	9%	452,701	-5%	298,525	8%	77,107	4%
18	1,324,170	4%	887,190	9%	436,980	-3%	322,848	8%	80,253	4%
19	1,380,728	4%	967,175	9%	413,553	-5%	343,125	6%	83,008	3%

Actual Data through November 2017

U.S. FIRST IN THE DIRT

	CRAWLER	%	WHEEL	%	HEX	%	MOTOR	%	ARTIC	%	RIGID	%
	TRACTOR	CHG	LOADERS	CHG	8 ton+	CHG	GRADER	CHG	TRUCKS	CHG	TRUCKS	CHG
10	3,984	24%	7,761	29%	6,595	47%	1,981	21%	726	49%	325	12%
11	6,704	68%	11,434	47%	10,738	63%	2,400	21%	1,371	89%	476	46%
12	7,925	18%	13,039	14%	16,126	50%	2,876	20%	2,055	50%	438	-8%
13	7,693	-3%	13,034	0%	18,309	14%	2,392	-17%	1,978	-4%	388	-11%
14	9,438	23%	15,443	18%	19,902	9%	2,736	14%	2,902	47%	284	-27%
15	9,097	-4%	15,244	-1%	19,969	0%	2,693	-2%	3,156	9%	303	7%
16	7,623	-16%	13,349	-12%	18,393	-8%	2,171	-19%	2,367	-25%	243	-20%
17	8,206	8%	13,839	4%	20,212	10%	2,073	-5%	2,245	-5%	289	19%
18	8,201	0%	14,470	5%	20,603	2%	2,140	3%	2,385	6%	246	-15%
19	8,756	7%	14,954	3%	20,862	1%	2,301	8%	2,539	6%	316	28%



CONSTRUCTION MACHINERY

Demand for all types of construction related machinery is strong and will remain strong through the year.

Mining activity is beginning to pick up throughout the world.

It appears as if the oil market has stabilised for the near term taking a lot of used machinery off the market.

Coal activity will remain weak however the outlook for wind power is questionable.

Net used machine prices are high and are going to stay high.

THE AGRICULTURE MARKET

TYPICALLY THE AG CYCLE IS 7 YEARS LONG

WE ARE IN YEAR THREE OF THE CYCLE

**SMALL TRACTORS DO WELL FOR THE HOME OWNER
WEEKEND FARMER**

**LARGE USED TRACTORS AND COMBINES WILL CONTINUE TO
DECLINE IN PRICE**

OVERSTOCKED DEALERS

BY YEAR-END MOST DEALER'S WILL DISCOVER THEY HAVE TOO MUCH INVENTORY

DEALERS ARE BUYING IN ANTICIPATION OF THE TRUMP TRILLION DOLLAR INFRASTRUCTURE PROGRAM.

OVERSTOCK WILL CONSIST OF RENTAL MACHINES, USED MACHINES AND NEW MACHINES.

The first half of 2019 will begin the decline in used machinery prices.

ECONOMIC GROWTH IN THE YEAR AHEAD

NOT EVERY REGION OF THE COUNTRY WILL PROSPER

**THE BIGGEST AMOUNT OF GROWTH THIS YEAR WILL BE IN
MAJOR METROPOLITAN AREAS.**

LOBBYING WILL EXERT MORE INFLUENCE ON CONGRESS

**THERE WILL BE SIGNIFICANT FRICTION BETWEEN CONGRESS
AND THE WHITE HOUSE**

**CYBER SECURITY AND CYBER ATTACKS WILL CONTINUE TO
GROW**

NORTH KOREA WILL CAUSE PROBLEMS