

Ag Equipment Intelligence

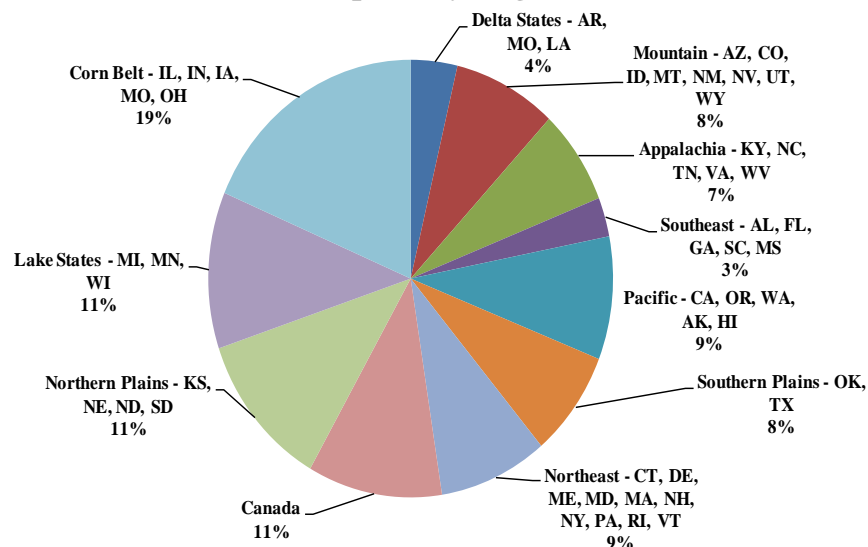
Dealer Trends and Business Outlook
December 2011

Monthly Ag Equipment Intelligence North American Dealer Survey

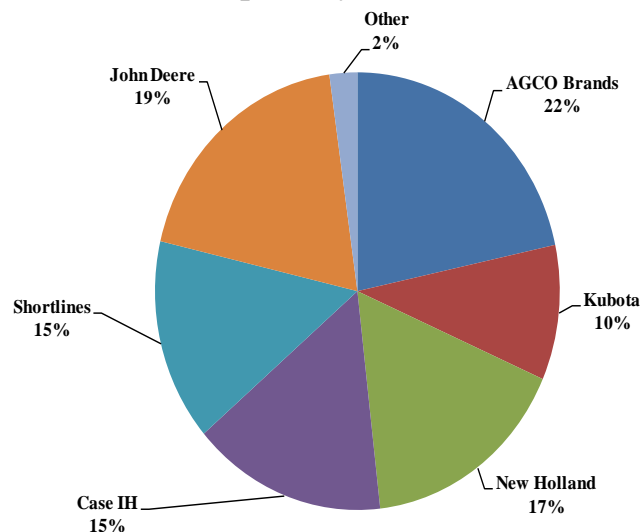
Background:

- We are pleased to announce the results of the November Ag Equipment Intelligence survey conducted in partnership with Cleveland Research Company. We hope this monthly survey will provide valuable and timely insight into industry trends and fundamentals.
- The November survey had ~245 respondents representing combined annual revenues of roughly \$7.8 billion. Participants representing a broad cross section of geographies and brands are summarized in the charts below.
- It is important to note Challenger, Fendt, Massey Ferguson, and Valtra are included under AGCO while the “other” category includes manufacturers with relatively few respondents.

Participants by Region



Participants by Manufacturer



Highlights / Summary Thoughts

Monthly Highlights:

- **Industry Sales Growth Moderates to 6% in November** – Ag equipment dealers reported year-over-year sales growth slowed to 6% on average in November, down from 9% in October. Deere dealers accounted for the majority of the slowdown as growth returned to prior months' trends at 5% in November from 10% in October.
- **2012 Outlook Unchanged Calling for 4% Growth** – Looking out to 2012, dealers maintained their forecast for 2012 on average and expect 4% sales growth for the full year, consistent with October.
- **Dealer Optimism also Moderates** – Our Dealer Optimism Index, a measure of sentiment amongst dealers compared to the prior month, moderated to a net 21% of dealers reporting they have a more optimistic outlook now versus 26% last month (33% are more optimistic; 55% same; 12% are less optimistic).

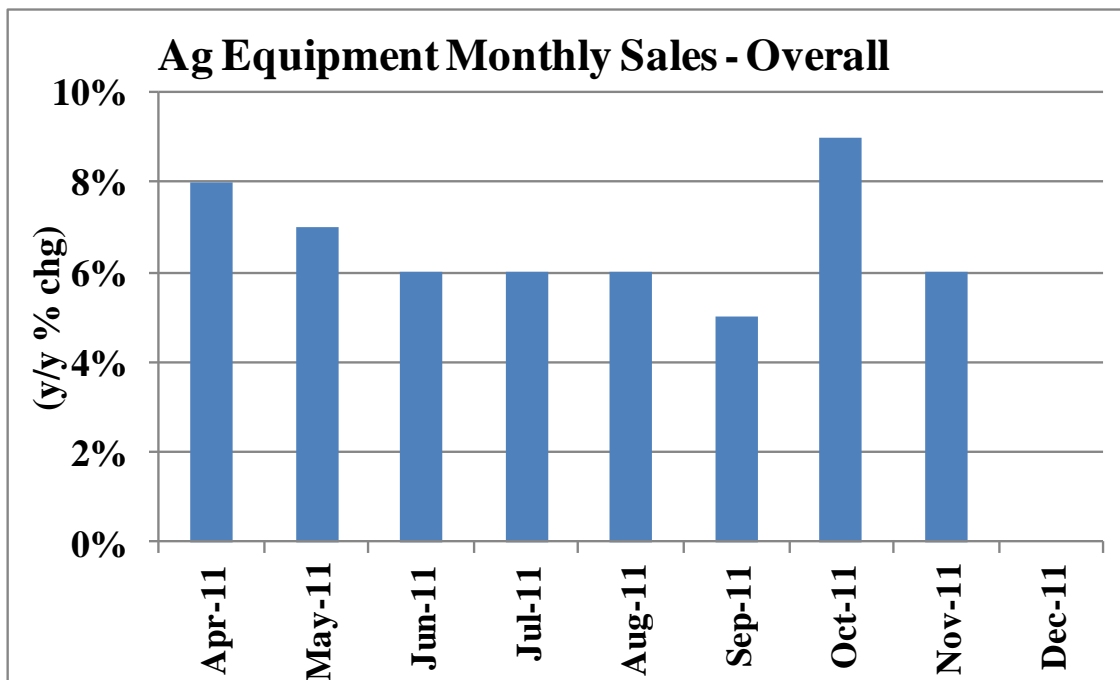
Optimism/Sentiment vs. Last Month								
	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>
More Optimistic	33%	25%	31%	32%	30%	25%	36%	33%
Same	54%	54%	44%	49%	55%	58%	55%	55%
Less Optimistic	13%	21%	25%	20%	15%	17%	9%	12%
Net % (More- Less)	21%	3%	6%	12%	15%	8%	26%	21%

Monthly Sales Growth

- Ag equipment dealers reported year-over-year sales growth slowed to 6% on average in November, down from 9% in October. Deere dealers returned to prior months' trends as growth slowed to 5% in November from 10% in October.
- AGCO dealers reported the highest average sales growth again at up 10% while Shortline dealers saw the weakest results in the month with sales up 2% on average.
- A net 19% of participants categorized November results as "better-than-expected" (32% better-than-expected; 54% in-line with expectations; 13% worse-than-expected) which compares to the prior month when a net 18% report sales were "better-than-expected."

Average Sales Growth								
(% chg y/y)	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>
Overall	8%	7%	6%	6%	6%	5%	9%	6%
<u>By Brand</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>
AGCO	12%	13%	11%	9%	14%	12%	12%	10%
John Deere	8%	8%	7%	5%	5%	4%	10%	5%
New Holland	8%	4%	5%	7%	6%	7%	7%	6%
Case IH	5%	4%	3%	8%	7%	7%	8%	8%
Kubota	13%	5%	7%	12%	7%	6%	7%	9%
Shortlines	n/a	-13%	3%	5%	6%	2%	6%	2%
Other	n/a	n/a	n/a	2%	-3%	7%	6%	3%

Monthly Sales Growth Continued



Results vs. Expectations

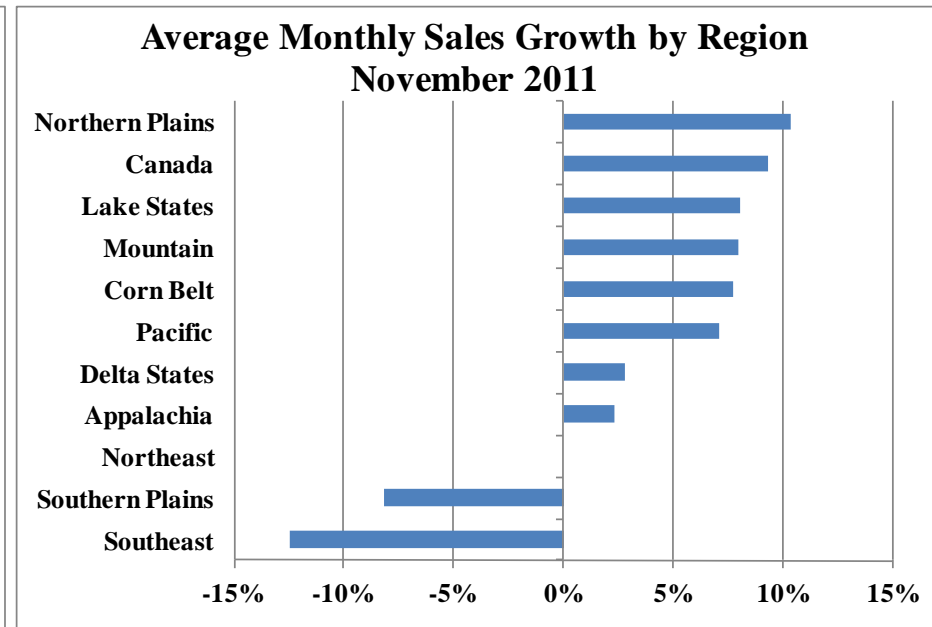
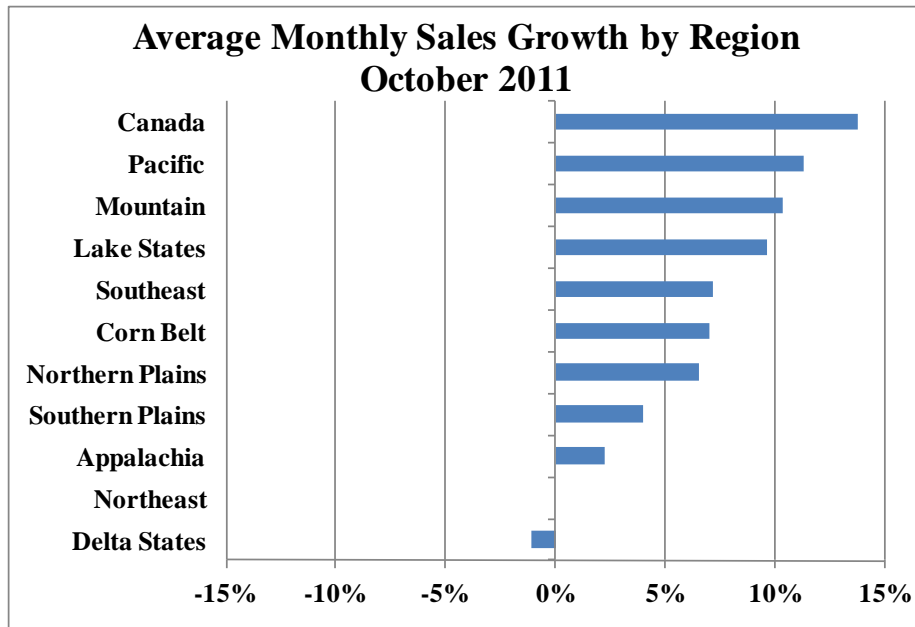
	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11
Better than expected	28%	26%	27%	27%	30%	29%	35%	32%
In line with expectations	51%	44%	48%	54%	52%	56%	48%	54%
Worse than expected	21%	30%	25%	19%	18%	15%	17%	13%
Net % (Better - Worse)	7%	-4%	1%	8%	13%	14%	18%	19%

Percent Positive / Negative Growth

	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11
Positive Sales Growth	69%	60%	56%	66%	67%	61%	65%	65%
Flat Sales	18%	14%	23%	15%	16%	23%	20%	22%
Negative Sales Growth	14%	25%	21%	18%	18%	16%	15%	13%
Net % (Positive - Negative)	55%	35%	35%	48%	49%	45%	50%	52%

Monthly Sales Growth by Region

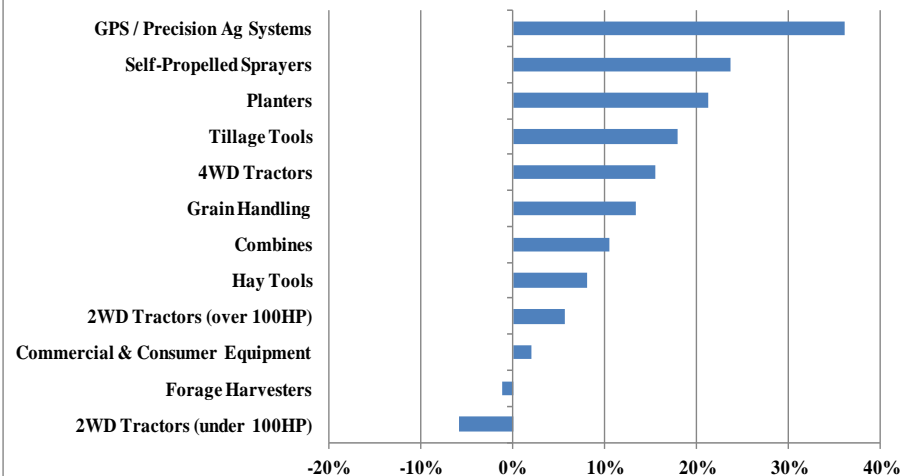
- Eight out of eleven regions showed positive average monthly sales growth in November, down from nine out of eleven in October. Northern Plains, Canada, Pacific, and the Lake States head the list of best performing regions.
- On a sequential basis, the Southeast and Southern Plains showed the most significant sequential slowing while the remaining regions were consistent.



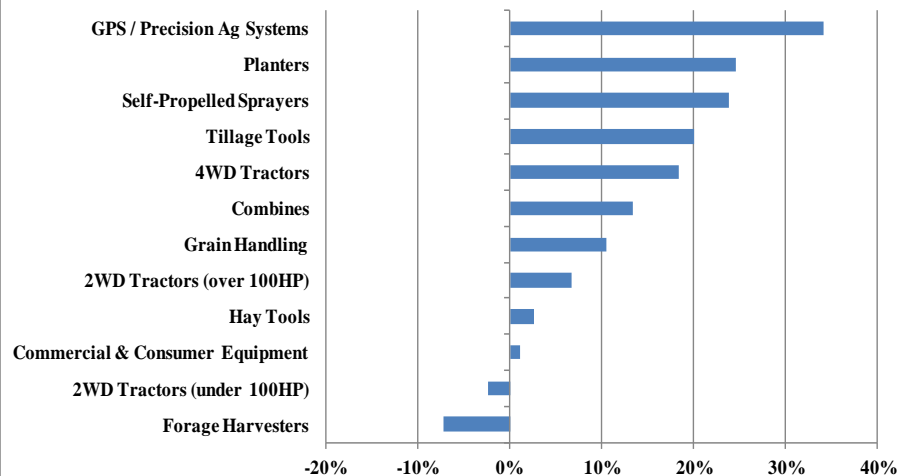
Equipment Category Sales Trends

- Ten out of twelve product categories ranked in positive territory in November, consistent with October. GPS/Precision ag systems, planters, and self-propelled sprayers head the list of top performing products while forage harvesters and 2WD tractors (under 100HP) ranked in negative territory.
- On a sequential basis, while forest harvesters and hay tools slowed modestly while the remaining product categories were relatively consistent.

Product Category Ranking (Net % Strong - Weak)
October 2011



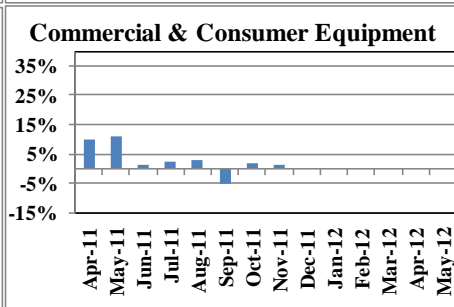
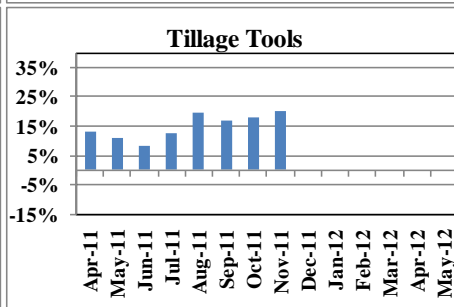
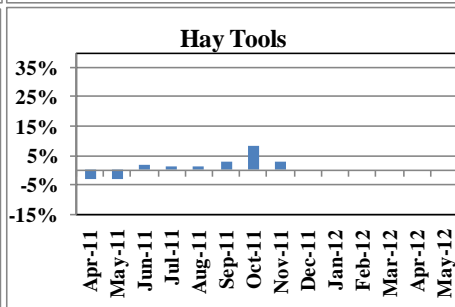
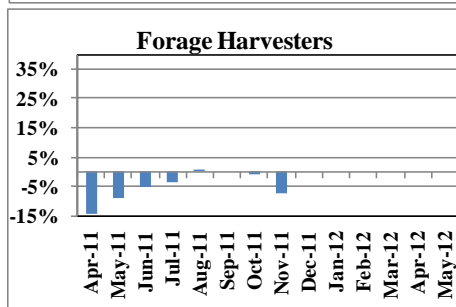
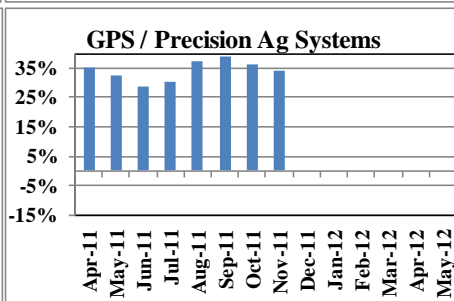
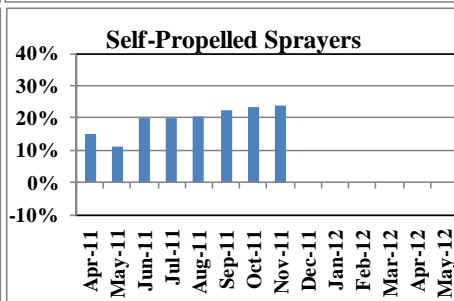
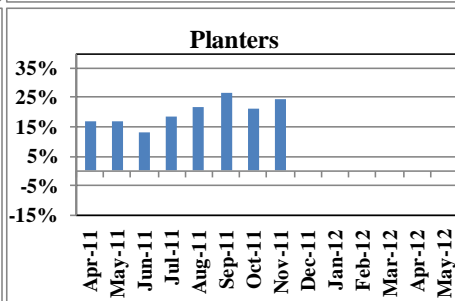
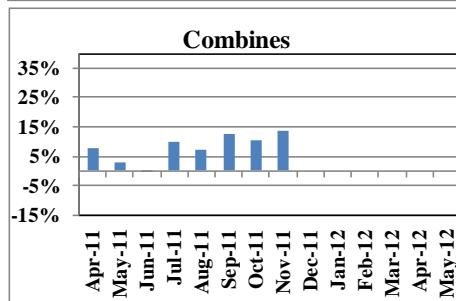
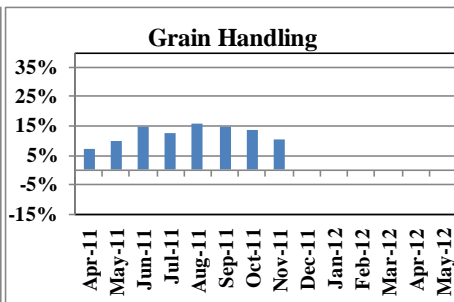
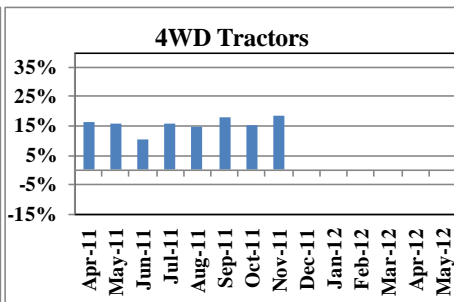
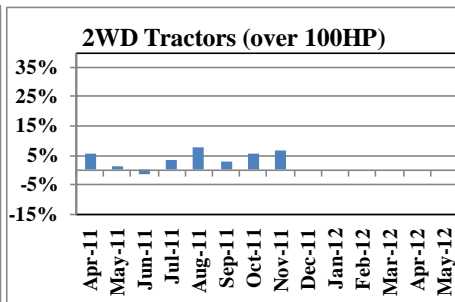
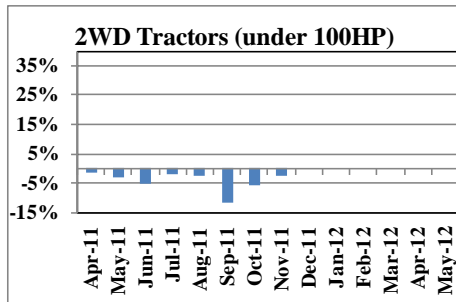
Product Category Ranking (Net % Strong - Weak)
November 2011



Dealer Commentary on November Sales

- *“It was worse because we cannot get equipment so I think customers are giving up trying to get equipment from John Deere also.”*
- *“Larger ag 4WD tractors are strong”*
- *“Large HP tractors are up significantly.”*
- *“Great crops good prices and very optimistic customers”*
- *“Cash crop prices and aggressive manufacture discounts are helping”*
- *“Higher commodity prices helped drive sales, but the beautiful fall weather kept many customers too busy to take care of equipment upgrades - something they are doing this month.”*
- *“Even though we had no crops, the insurance payments were outstanding. Most customers have been buying equipment to take advantage of section 179.”*
- *“Good crop yields and prices drove better than expected results.”*
- *“The lack of equipment to sell caused us to miss plan in the month.”*

Equipment Category Sales Trends



Order Growth

Overall Orders

- Incoming orders grew 4% on average in November, which has been stable for four months in a row.
- AGCO dealers saw order growth of up 8% while Shortlines dealer orders came in at the low end at 2% on average for the month.

New Combine Order Intentions

- A net 7% of dealers also believe they will order fewer combines for 2012. Used inventory and manufacturer remain key factors for the lower order expectations.

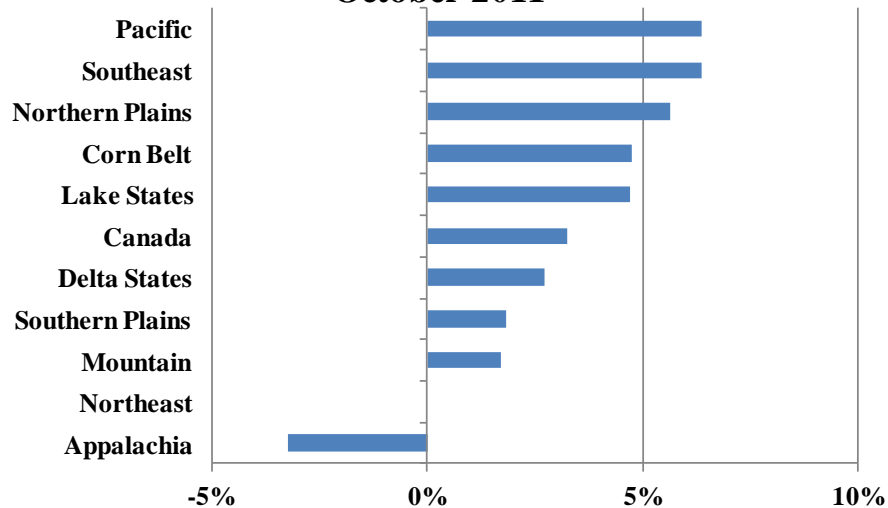
New Combine Order Intentions vs. Last Year				
	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>
More	22%	20%	21%	20%
Same	47%	48%	48%	53%
Less	31%	32%	31%	27%
Net % (More- Less)	-10%	-12%	-10%	-7%

Average Orders Growth								
(% chg y/y)	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>
Overall	3%	3%	3%	5%	4%	4%	4%	4%
<u>By Brand</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>
AGCO	4%	8%	5%	10%	10%	5%	6%	8%
John Deere	4%	2%	2%	5%	3%	4%	3%	3%
New Holland	4%	2%	3%	5%	5%	5%	4%	3%
Case IH	1%	3%	2%	4%	3%	3%	5%	4%
Kubota	9%	1%	6%	6%	6%	4%	4%	6%
Shortlines	n/a	-3%	2%	2%	4%	3%	1%	2%
Other	n/a	n/a	n/a	1%	-2%	2%	4%	3%

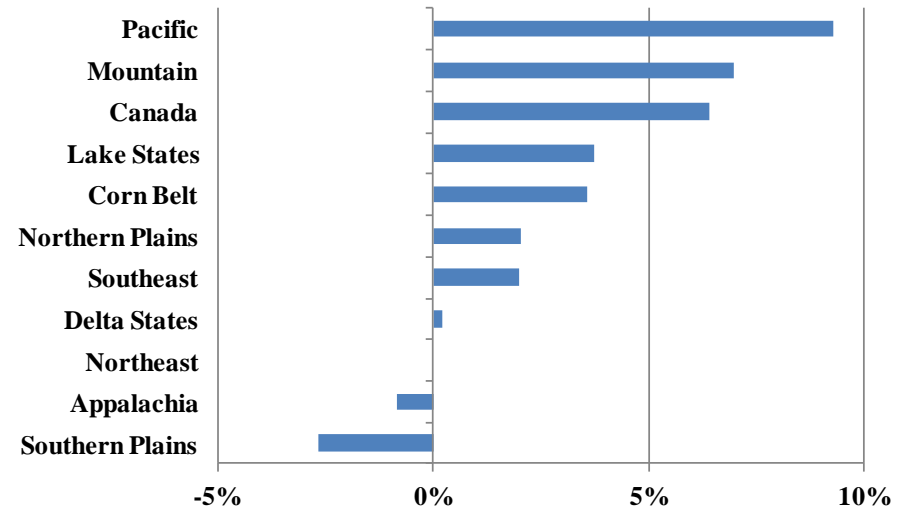
Order Growth by Region

- Eight out of eleven regions showed positive monthly orders growth in November, down from nine out of ten in October. The Pacific, Mountain, and Canada head the list of best performing regions this month.
- On a sequential basis, the Mountain region showed modest improvement from October, while the Southern Plains showed modest sequential slowdown in order growth.

**Average Monthly Order Growth by Region
October 2011**



**Average Monthly Order Growth by Region
November 2011**



2012 Sales Outlook

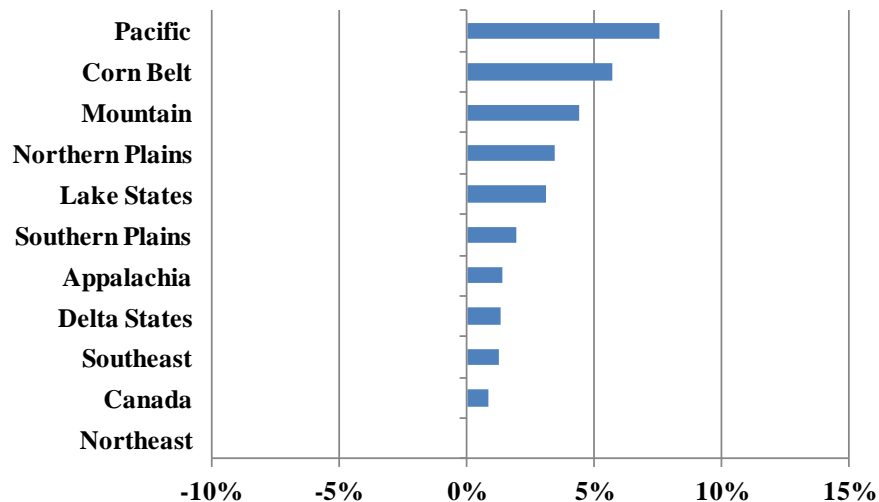
- Looking out to 2012, dealers maintained their forecast and expect 4% sales growth for the full year, consistent with October.
- Consistent with the above average order growth, it is not surprising that AGCO dealers are still the most optimistic reporting the highest full year growth outlook at 8% while Shortline dealers report the least optimistic outlook at 2% on average.

2012 Outlook				
(% chg y/y)	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>
Overall	5%	2%	4%	4%
<u>By Brand</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>
AGCO	9%	8%	9%	8%
John Deere	4%	1%	2%	3%
New Holland	5%	5%	5%	5%
Case IH	4%	3%	5%	4%
Kubota	5%	7%	4%	4%
Shortlines	3%	2%	1%	2%
Other	3%	4%	6%	4%

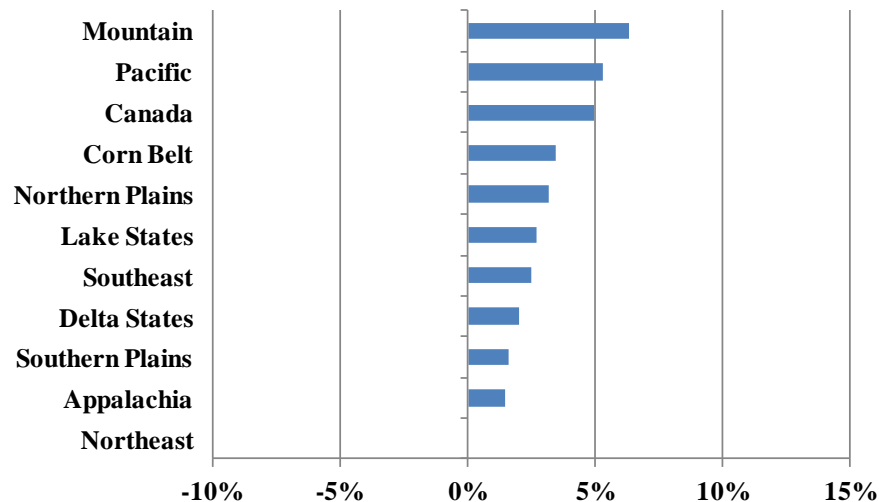
2012 Sales Outlook Continued

- Ten out of eleven regions are projecting a positive full year sales outlook in November, consistent with October. Dealers in the Mountain, Pacific, and Canada regions are the most optimistic while the Northeast region is forecasting sales to be flat in 2012.
- On a sequential basis, Canada is now projecting modestly more optimistic full year sales growth compared to October while dealers in the remaining regions have largely maintained their average outlook from last month.

**Average Monthly Sales Outlook by Region
October 2011**



**Average Monthly Sales Outlook by Region
November 2011**

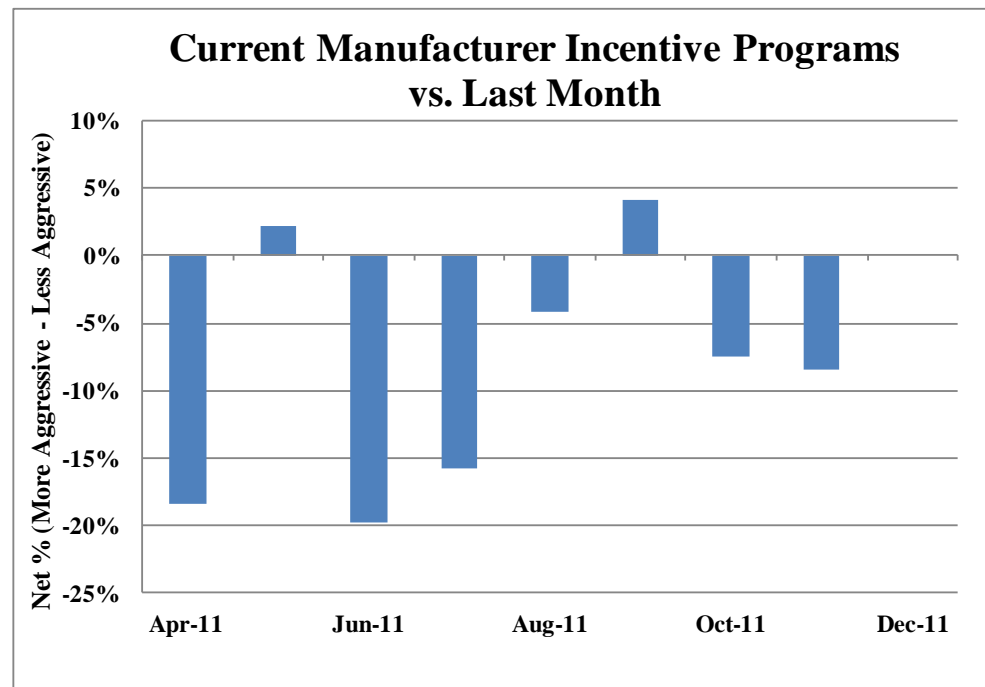


Dealer Commentary on 2012 Outlook

- *“I’m more optimistic. Sales which would normally have occurred in 2011 were delayed by harvest conditions. These sales will now take place in 2012 along with a regular sales volume for 2012.”*
- *“I’m more optimistic. The dairy farmer has a better price outlook for 2012.”*
- *“I’m more optimistic. Things are looking up and farmers are making good money”*
- *“I’m more optimistic. Strong sales & attitude”*
- *“Local ag economy is getting better. We have been in a severe depression last three years.”*
- *“A good portion of my customers are replacing equipment now “*
- *“It better be better than 2011 for Texas. Hopefully the drought does not continue long into 2012”*
- *“Too much rain in growing season is affecting crop quantity and quality”*
- *“I’m less optimistic. The poor performance of EU will spill over into North American economy”*

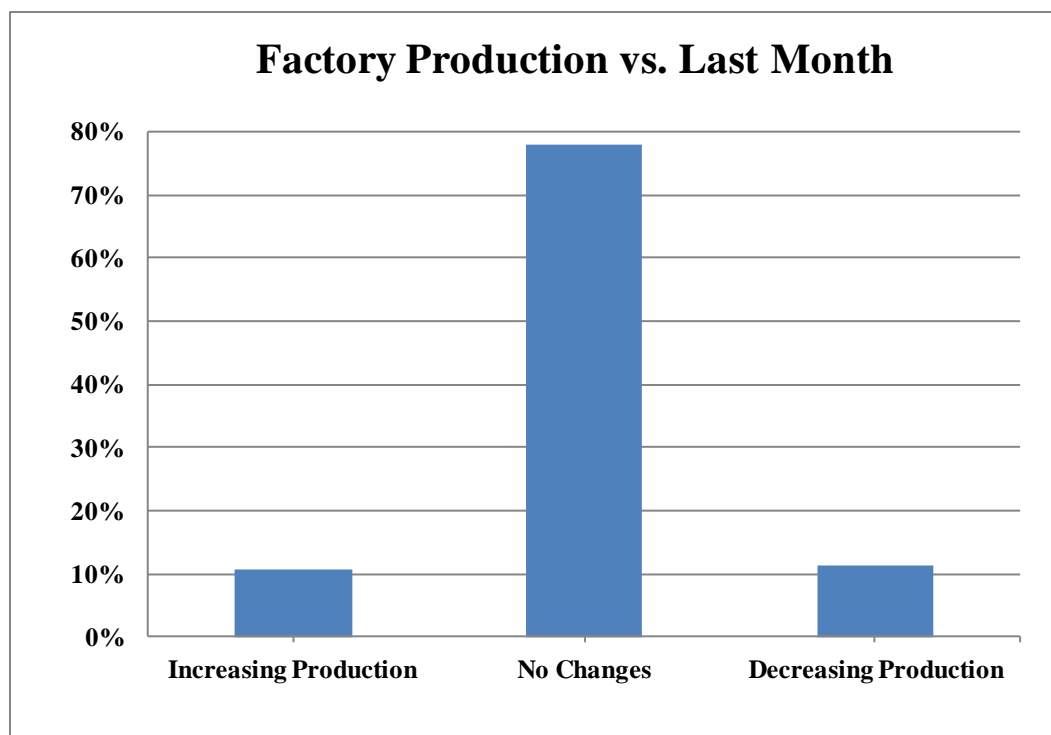
Current Manufacturer Incentive Programs

- A net 9% of dealers report that manufacturers are less aggressive with incentives in November (17% more aggressive; 58% same; 26% less aggressive) compared to a net 7% in October.



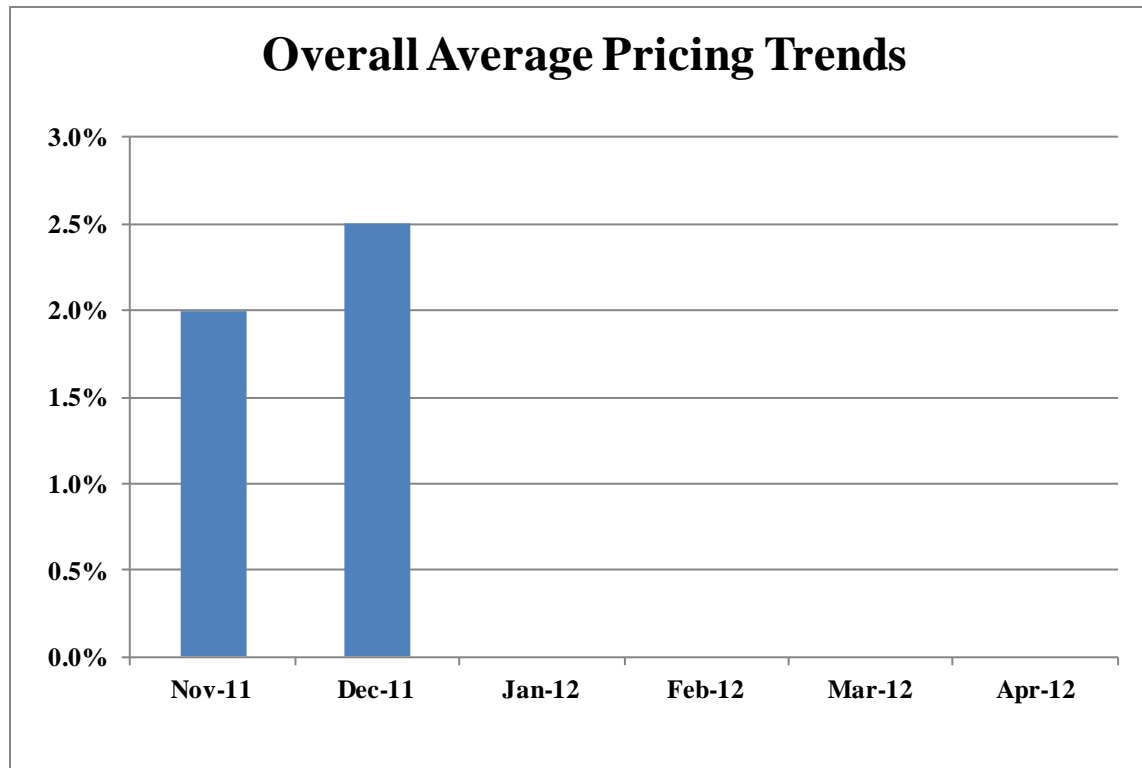
Factory Production

- Dealers report that factories are keeping production stable (11% increasing production; 78% no change in production; 11% decreasing production) compared to a net 6% last month who reported factories are decreasing production.



Pricing Trends

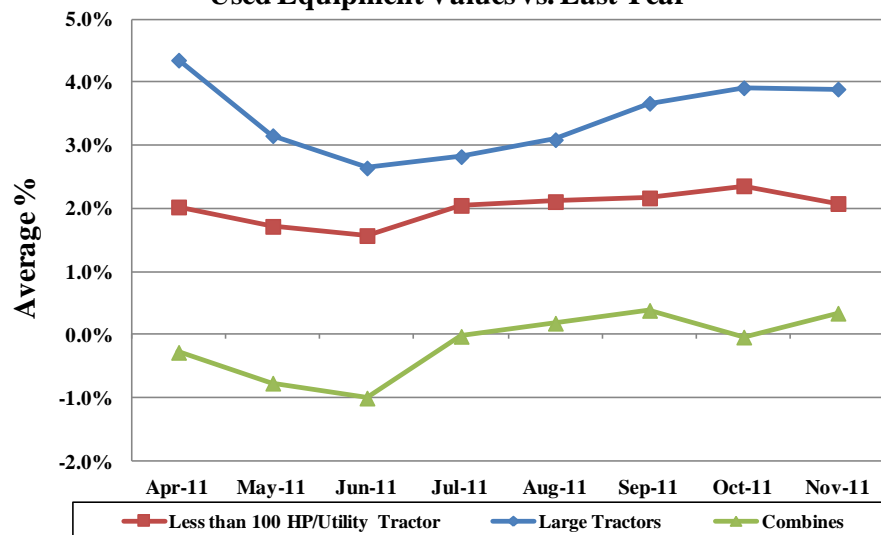
- Dealers report price is contributing roughly ~2.5% to total November revenue, up from ~2% from October.



Used Equipment Pricing

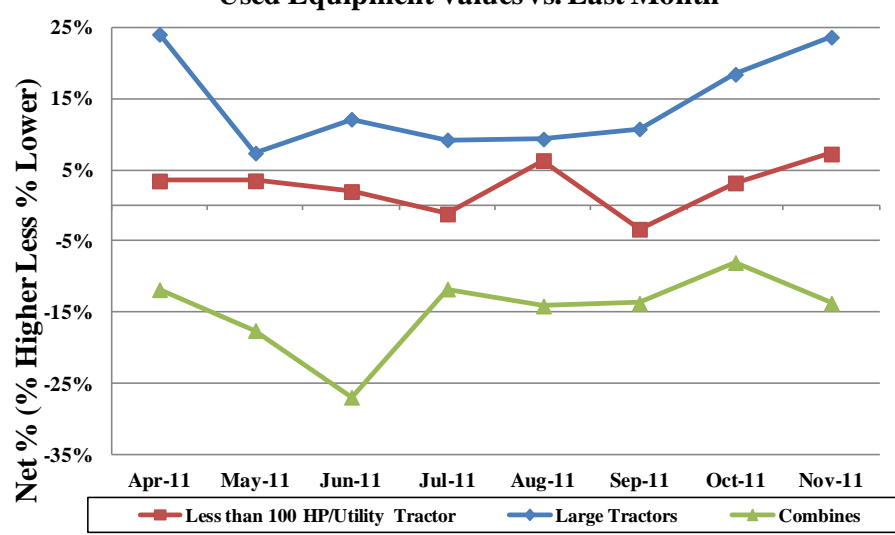
- By category, tractors over 100HP are up 3.9% year-over-year on average in November, consistent with October. Prices for used tractors under 100HP are up 2.1% in November, down slightly from 2.4% in October. Used combine values are up 0.3% in November versus flat last month.
- Relative to last month, a net 7% of dealers report higher values for under 100HP/utility tractors, up from a net 3% in October. For over 100HP tractors, a net 24% of dealers report higher values vs. last month, up from a net 18% in October. Finally, a net 14% of dealers report used combine values are lower than last month.

Used Equipment Values vs. Last Year



Source: Cleveland Research

Used Equipment Values vs. Last Month



Source: Cleveland Research

Inventory Levels

New Equipment Inventory

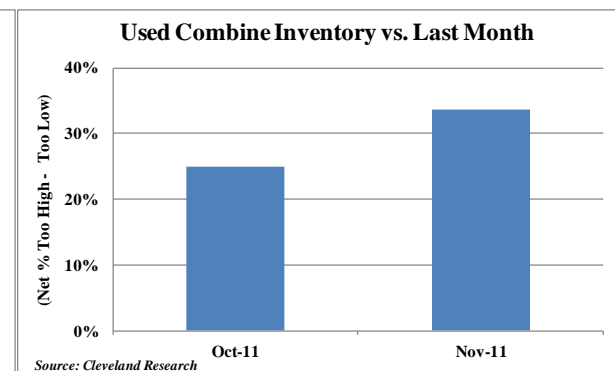
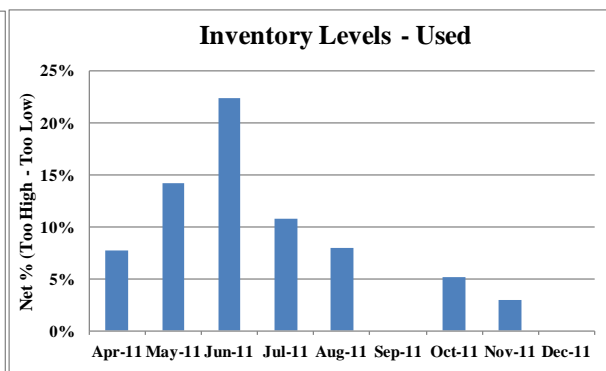
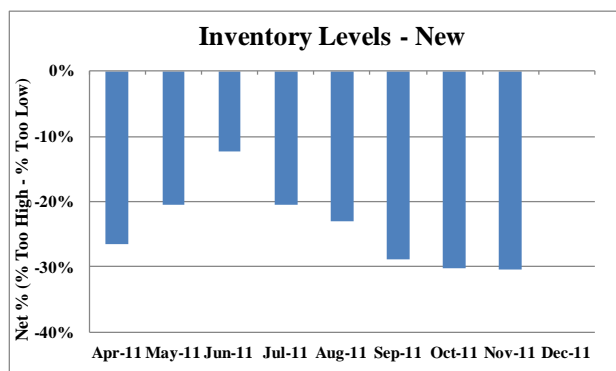
- New equipment inventory remains tight as a net 30% of dealers categorize their new inventory as “too low” (10% too high; 50% about right; 40% too low), consistent with last month last month.

Used Equipment Inventory

- Used equipment inventory appears to have decreased, as a net 3% of dealers now categorize their used inventory levels as “too high” (27% too high; 49% about right; 24% too low) compared to a net 5% last month.

Used Combine Inventory

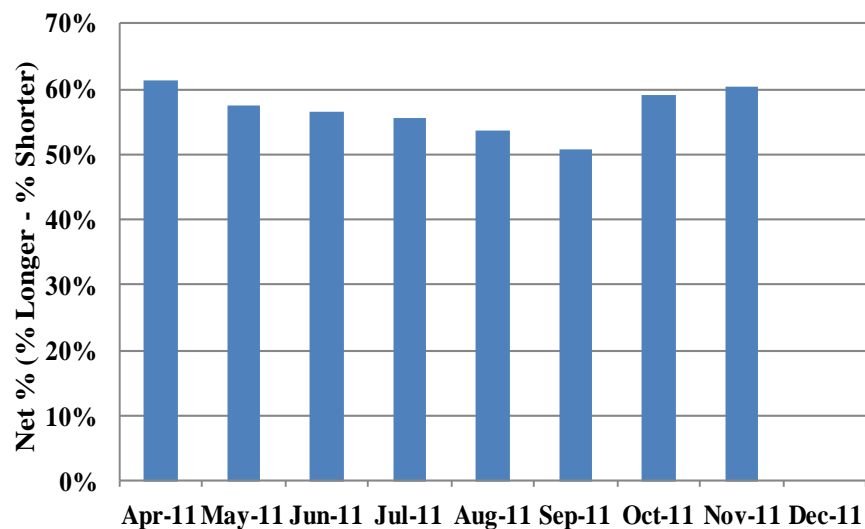
- Within the used equipment categories, a net 34% of dealers also reported used combine inventory levels are still “too high” (44% too high; 46% about right; 10% too low).



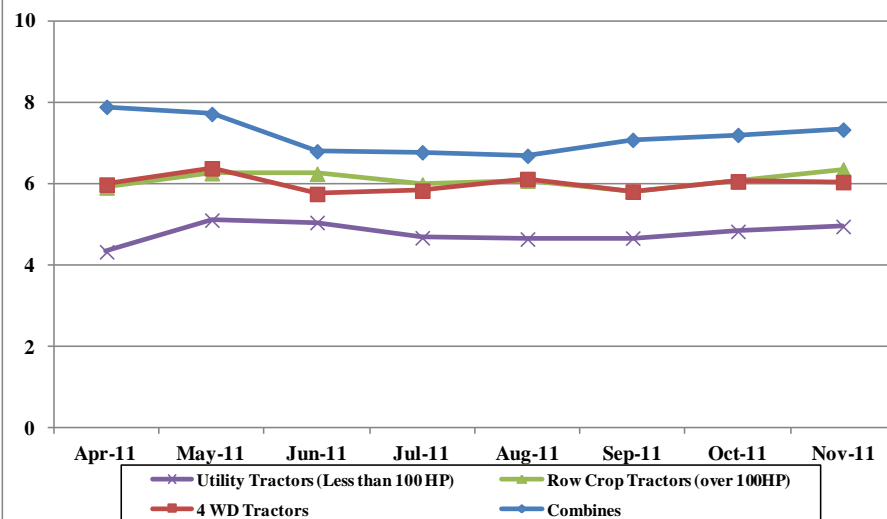
Equipment Availability

- Overall, a net 60% of dealers report longer factory lead-times compared to last month (64% longer; 33% same; 3% shorter), up slightly from the net 59% in October. Lead-times appear to continue to be one of the primary concerns for dealers and continue to be a constraint on the growth outlook.
- A closer look at availability by product category shows the four core product categories we measure are also seeing slightly longer lead times this month. On average combine lead times are 7.3 months; 4WD are 6.0 months; row crop tractor lead times are 6.4 months; and smaller tractors (<100 HP) lead times are 5.0 months.

Lead Times - Versus Prior Month



Lead Times By Product Category (Months)



Source: Cleveland Research

Dealer Commentary on Inventory Levels

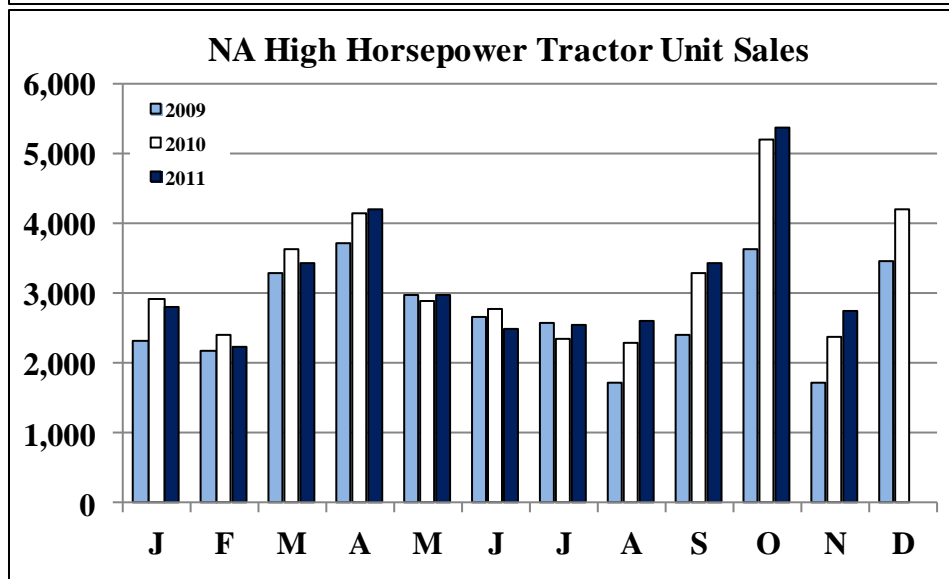
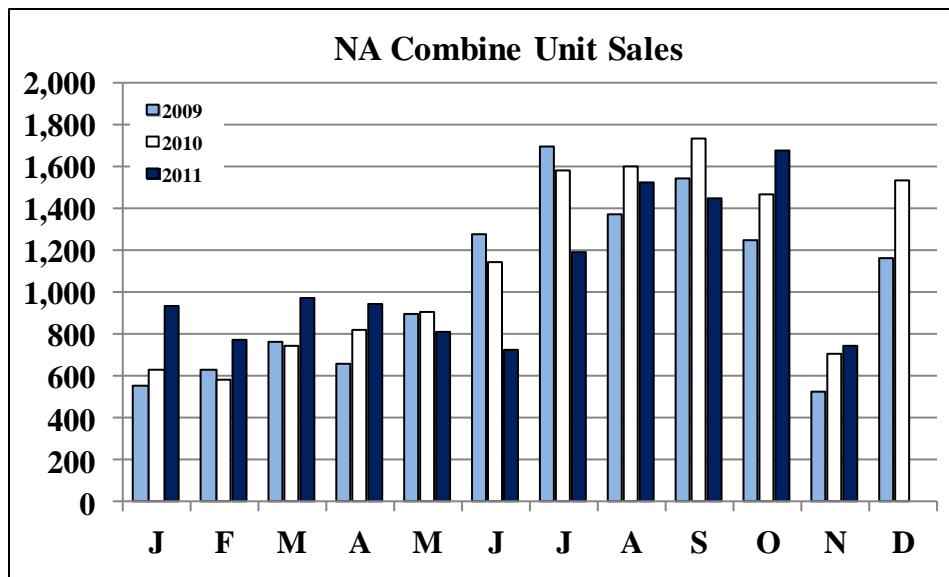
- *It's about right but there are not enough late model used 150+ hp tractors*
- *Used inventory is too high. Used combines are the big one.*
- *Used inventory is high. Combines & hay specifically.*
- *Used inventory is too high. Too many used round balers on the lot*
- *It's about right. Current inventory levels are fine, but we have a fair number of used combines coming into inventory as the new arrives. That is a little scary.*
- *Used inventory is too high. Newer combines on the used side are high.*
- *Used inventory is too high. It's overvalued.*
- *It's about right except combines*
- *It's about right. Reduction in cash flow so will have to sit on this inventory till spring*
- *Used inventory is too high. Due to huge increase in new sales, used is much higher, while not overly alarmed today, it needs to get in line*

NA Farm Equipment Industry Retail Sales and Inventory

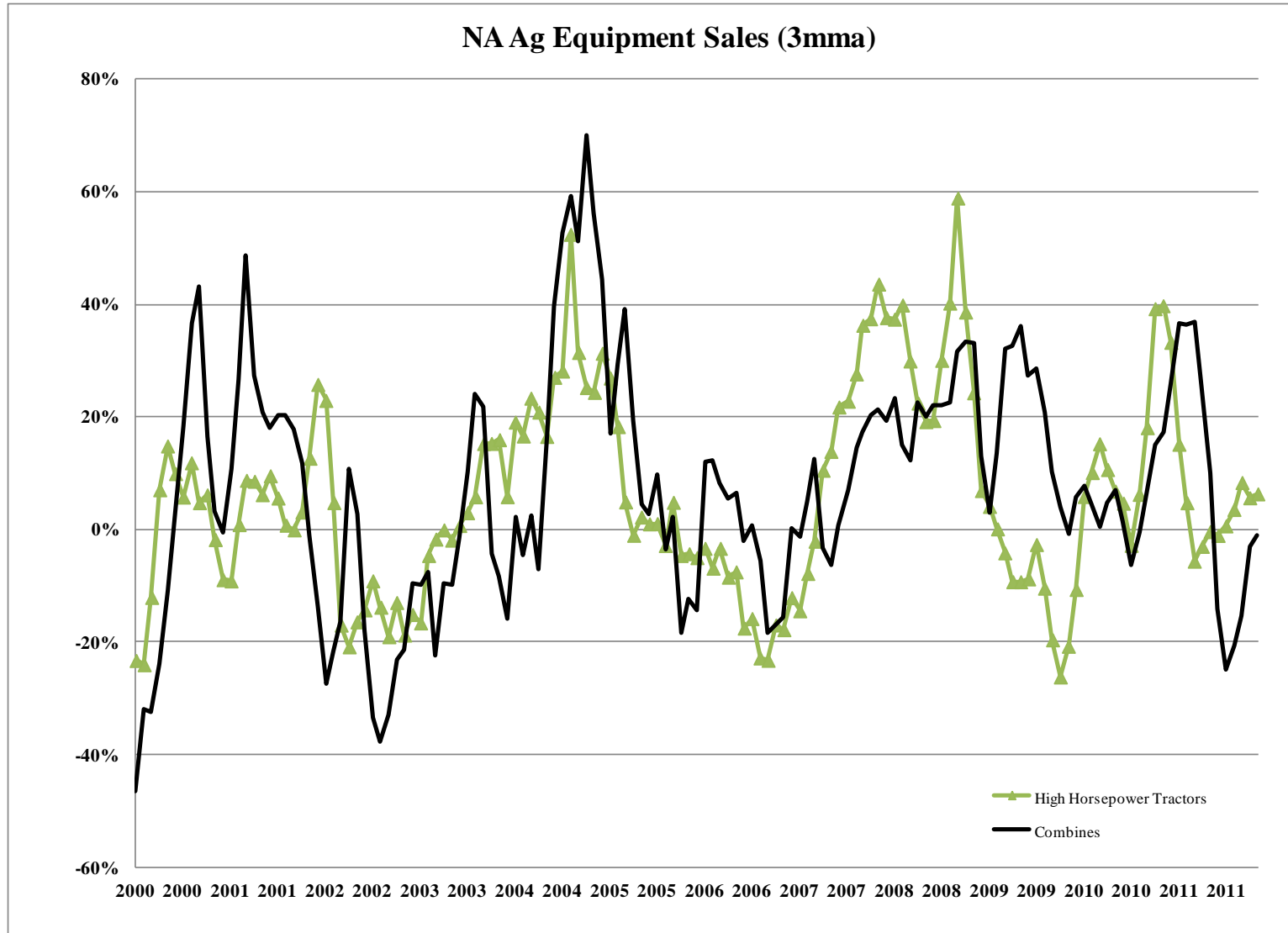
NORTH AMERICAN FARM EQUIPMENT RETAIL SALES														
Units								% change year-over-year						
	<u>< 40 HP</u>	<u>Utility</u>	<u>Row Crop</u>	<u>4-Wheel</u>	<u>Total Tractor</u>	<u>Memo: High hp</u>	<u>Combines</u>	<u><40HP</u>	<u>Util</u>	<u>RC</u>	<u>4-WD</u>	<u>Total</u>	<u>High hp</u>	<u>Comb</u>
Jan-10	3,687	3,181	2,606	327	9,801	2,933	633	(1%)	(8%)	31%	4%	3%	27%	14%
Feb-10	3,893	2,670	1,947	456	8,966	2,403	584	(8%)	(19%)	8%	19%	(8%)	10%	(8%)
Mar-10	8,018	4,253	2,930	707	15,908	3,637	746	15%	(11%)	5%	41%	6%	10%	(2%)
Apr-10	12,604	5,743	3,287	853	22,487	4,140	825	15%	(7%)	6%	40%	8%	11%	25%
May-10	13,019	5,769	2,441	461	21,690	2,902	910	9%	5%	(1%)	(10%)	6%	(3%)	1%
Jun-10	10,726	5,750	2,195	570	19,241	2,765	1,146	(8%)	(12%)	(1%)	31%	(8%)	4%	(10%)
Jul-10	8,635	5,122	1,896	435	16,088	2,331	1,576	(2%)	2%	(11%)	(3%)	(2%)	(10%)	(7%)
Aug-10	7,150	4,111	1,887	412	13,560	2,299	1,598	3%	7%	44%	3%	9%	34%	17%
Sep-10	7,564	4,340	2,644	653	15,201	3,297	1,731	(1%)	(12%)	43%	16%	1%	37%	12%
Oct-10	7,067	5,290	4,091	1,117	17,565	5,208	1,464	3%	10%	39%	62%	15%	43%	17%
Nov-10	4,973	3,373	1,981	394	10,721	2,375	704	12%	12%	39%	25%	17%	37%	33%
Dec-10	6,633	5,620	3,445	754	16,452	4,199	1,532	17%	21%	18%	39%	19%	21%	32%
Jan-11	3,705	3,493	2,296	507	10,001	2,803	935	0%	10%	(12%)	55%	2%	(4%)	48%
Feb-11	4,448	3,074	1,764	462	9,748	2,226	777	14%	15%	(9%)	1%	9%	(7%)	33%
Mar-11	8,894	4,973	2,816	624	17,307	3,440	973	11%	17%	(4%)	(12%)	9%	(5%)	30%
Apr-11	11,412	5,413	3,325	885	21,035	4,210	941	(9%)	(6%)	1%	4%	(6%)	2%	14%
May-11	12,601	5,133	2,403	588	20,725	2,991	815	(3%)	(11%)	(2%)	28%	(4%)	3%	(10%)
Jun-11	12,102	5,966	2,076	428	20,572	2,504	722	13%	4%	(5%)	(25%)	7%	(9%)	(37%)
Jul-11	7,702	4,728	2,098	457	14,985	2,555	1,188	(11%)	(8%)	11%	5%	(7%)	10%	(25%)
Aug-11	7,318	4,180	2,152	448	14,098	2,600	1,523	2%	2%	14%	9%	4%	13%	(5%)
Sep-11	7,843	4,570	2,735	700	15,848	3,435	1,446	4%	5%	3%	7%	4%	4%	(16%)
Oct-11	7,914	5,932	4,249	1,130	19,225	5,379	1,673	12%	12%	4%	1%	9%	3%	14%
Nov-11	4,952	3,430	2,274	482	11,138	2,756	742	(0%)	2%	15%	22%	4%	16%	5%
NORTH AMERICAN FARM EQUIPMENT INVENTORY														
Inventory (Units)								Inventory to 12-mo. Sales						
	<u>< 40 HP</u>	<u>Utility</u>	<u>Row Crop</u>	<u>4-Wheel</u>	<u>Total Tractor</u>	<u>Memo: High hp</u>	<u>Combines</u>	<u><40HP</u>	<u>Util</u>	<u>RC</u>	<u>4-WD</u>	<u>Total</u>	<u>High HP</u>	<u>Comb</u>
Dec-09	50,702	27,289	9,697	871	88,559	10,568	984	57%	49%	36%	15%	50%	32%	8%
Jan-10	51,307	27,106	8,936	1,016	88,365	9,952	1,096	57%	49%	32%	18%	49%	30%	9%
Feb-10	53,071	27,410	9,034	1,154	90,669	10,188	1,358	59%	50%	33%	20%	51%	30%	11%
Mar-10	54,430	27,854	8,570	1,151	92,005	9,721	1,387	60%	51%	31%	19%	51%	29%	11%
Apr-10	51,559	27,766	8,127	1,023	88,475	9,150	1,507	56%	51%	29%	16%	49%	27%	12%
May-10	47,800	26,701	8,013	1,149	83,663	9,162	1,932	51%	49%	29%	19%	46%	27%	15%
Jun-10	46,417	26,475	7,868	1,094	81,854	8,962	2,202	50%	49%	28%	17%	45%	26%	18%
Jul-10	46,618	26,538	8,361	1,407	82,924	9,768	2,546	51%	49%	30%	22%	46%	29%	21%
Aug-10	47,813	26,499	9,015	1,405	84,732	10,420	2,557	52%	49%	32%	22%	47%	30%	20%
Sep-10	48,820	25,850	8,944	1,504	85,118	10,448	2,207	53%	48%	31%	23%	47%	29%	17%
Oct-10	51,598	25,735	8,411	1,171	86,915	9,582	1,317	56%	48%	28%	17%	47%	26%	10%
Nov-10	55,248	26,251	8,420	1,354	91,273	9,774	1,714	59%	48%	27%	20%	49%	26%	13%
Dec-10	58,708	24,800	7,832	1,203	92,543	9,035	1,810	62%	45%	25%	17%	49%	23%	13%
Jan-11	60,357	25,451	7,219	1,125	94,152	8,344	1,735	64%	46%	23%	15%	50%	22%	13%
Feb-11	63,810	26,495	7,200	1,221	98,726	8,421	2,083	67%	47%	23%	17%	52%	22%	15%
Mar-11	65,267	27,435	7,716	1,213	101,631	8,929	2,128	68%	48%	25%	17%	53%	24%	15%
Apr-11	63,035	26,919	7,499	1,053	98,506	8,552	2,136	67%	48%	24%	14%	52%	22%	15%
May-11	58,905	26,579	6,951	1,122	93,557	8,073	1,826	63%	48%	23%	15%	50%	21%	13%
Jun-11	55,357	25,691	7,372	1,274	89,694	8,646	2,228	58%	46%	24%	18%	47%	23%	16%
Jul-11	55,120	25,713	7,971	1,594	90,398	9,565	2,715	58%	46%	26%	22%	48%	25%	20%
Aug-11	54,880	26,320	8,584	1,740	91,524	10,324	2,607	58%	47%	28%	24%	49%	27%	20%
Sep-11	53,873	26,448	9,073	1,806	91,200	10,879	2,666	57%	47%	29%	25%	48%	28%	20%
Oct-11	54,999	25,858	8,299	1,391	90,547	9,690	1,564	58%	46%	26%	19%	47%	25%	12%

Source: AEM, CRC Estimates

Annual Ag Equipment Industry Sales – 2009-2011

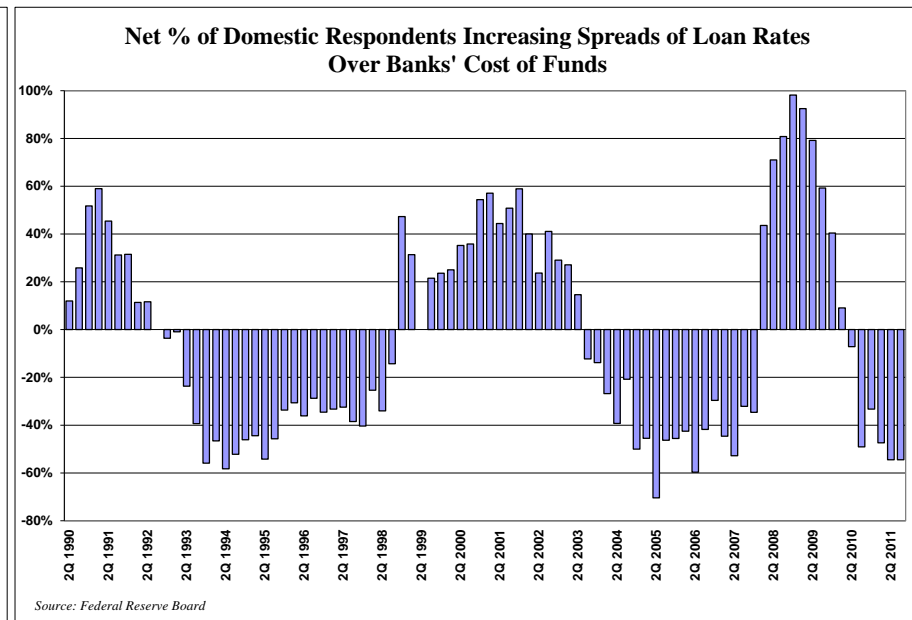
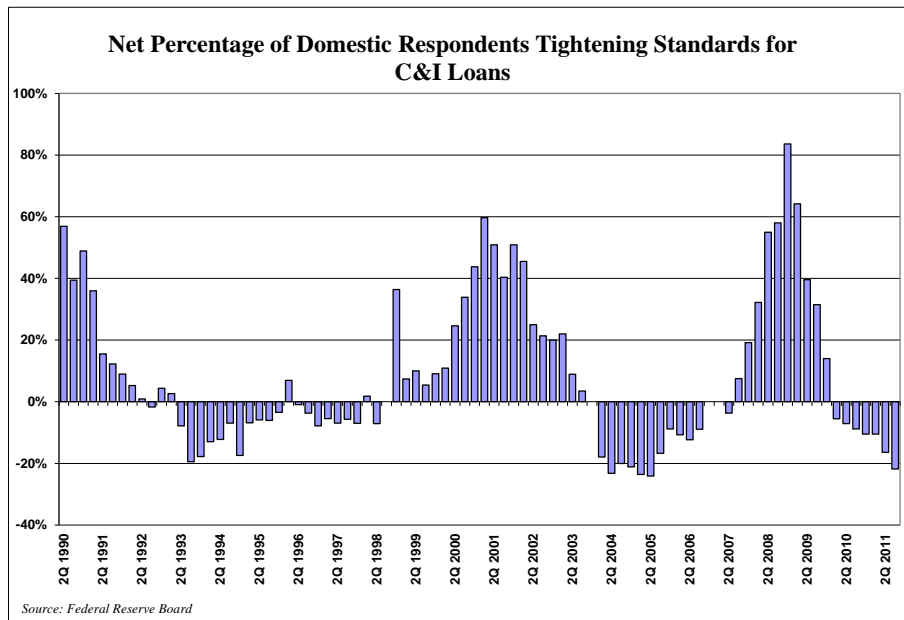


NA Ag Equipment Sales



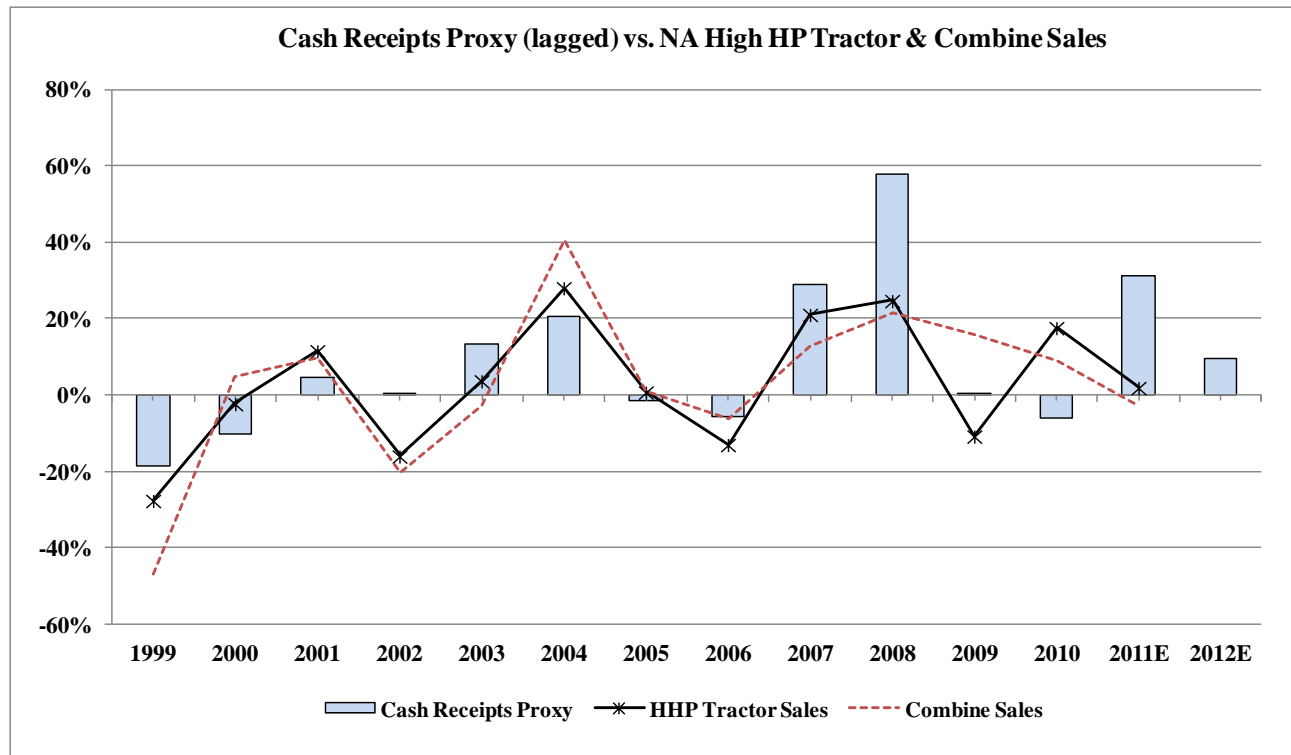
Credit – C&I Loan Demand Improves as Lending Standards Loosen

- The 3Q11 Senior Loan Officer survey saw the seventh consecutive loosening of loan standards which began in 1Q10 following a prolonged period of tightening. A net 22% of loan officers reported loosening credit standards in 3Q11 compared with a net 16% loosening in 2Q11.
- Bank rate spreads contracted again in 3Q11 with a net 55% of loan officers reporting lower lending spreads, unchanged from 2Q11.
- Along with the more favorable loan standards and cost of funds, a net 20% of loan officers reported stronger demand for commercial and industrial loans in 3Q11 down from the 27% reporting stronger demand in 2Q11 but marking the third consecutive quarter of improving demand.



Commodity Price Trends - Cash Receipts vs. Out Year Equipment Sales

- **The USDA's crop supply and demand update for the 2011/12 crop year this month shows another downward revision to prices for all three important crops - corn, soybeans, and wheat.** The lower price projections suggests lower expected cash receipts vs. last month's forecast, as depicted in our simplified cash receipts proxy below. The impact in dollars is a decrease of over \$6Bil following a \$3Bil reduced forecast last month. This is down to just over \$129Bil, or about a 9% increase from last year's level. Farmer cash receipts are highly correlated with out-year new equipment sales as shown below, so a less optimistic outlook for 2011/2012 cash receipts is a negative indicator for 2012 NA ag machinery demand.



Commodity Price Trends – Simplified Cash Receipts Proxy

USDA - World Agricultural Supply and Demand Estimates (bu millions)

CORN - DOMESTIC								CORN - INTERNATIONAL				
Year	Production	Domestic Use	Exports	Total Use	End Stocks	Stocks/Use	Avg Price	Year	Production	Total Use	End Stocks	Stocks/Use
2010/11	12,447	11,550	1,900	13,450	730	6.3%	\$5.10-\$5.40	2010/11	19,652	21,464	4,081	19.0%
2011/12								2011/12				
November	12,310	11,010	1,600	12,610	843	7.7%	\$6.20-\$7.20	November	21,507	23,101	3,943	17.1%
December	12,310	11,005	1,600	12,605	848	7.7%	\$5.90-\$6.90	December	21,843	23,191	4,159	17.9%
Revision to 2011/12:				Corn Spot Price:								
m/m chg	0	-5	0	-5	5	0.0%	(\$0.30)	m/m chg	336	90	216	0.9%
y/y chg	-137	-545	-300	-845	118	1.4%	\$1.15	y/y chg	2191	1727	78	-1.1%

SOYBEANS - DOMESTIC								SOYBEANS - INTERNATIONAL				
Year	Production	Domestic Use	Exports	Total Use	End Stocks	Stocks/Use	Avg Price	Year	Production	Total Use	End Stocks	Stocks/Use
2010/11	3,329	3,325	1,550	4,875	170	5.1%	\$11.40	2010/11	6,296	7,572	2,174	28.7%
2011/12								2011/12				
November	3,046	3,080	1,325	4,405	195	6.3%	\$11.60-\$13.60	November	6,468	7,836	2,140	27.3%
December	3,046	3,045	1,300	4,345	230	7.6%	\$10.70-\$12.70	December	6,479	7,811	2,141	27.4%
Revision to 2011/12:				Soybean Spot Price:								
m/m chg	0	-35	-25	-60	35	1.2%	(\$0.90)	m/m chg	11	-25	1	0.1%
y/y chg	-283	-280	-250	-530	60	2.4%	\$0.30	y/y chg	183	240	-33	-1.3%

WHEAT - DOMESTIC								WHEAT - INTERNATIONAL				
Year	Production	Domestic Use	Exports	Total Use	End Stocks	Stocks/Use	Avg Price	Year	Production	Total Use	End Stocks	Stocks/Use
2010/11	2,208	1,180	1,275	2,455	839	71.1%	\$5.65	2010/11	21,606	23,148	5,855	25.3%
2011/12								2011/12				
November	1,999	1,178	975	2,153	828	70.3%	\$7.05-\$7.75	November	23,107	23,690	6,616	27.9%
December	1,999	1,178	925	2,103	878	74.5%	\$7.05-\$7.55	December	23,316	23,814	6,783	28.5%
Revision to 2011/12:				Wheat Spot Price:								
m/m chg	0	0	-50	-50	50	4.2%	(\$0.10)	m/m chg	208	124	167	0.6%
y/y chg	-209	-2	-350	-352	39	3.4%	\$1.65	y/y chg	1710	666	928	3.2%

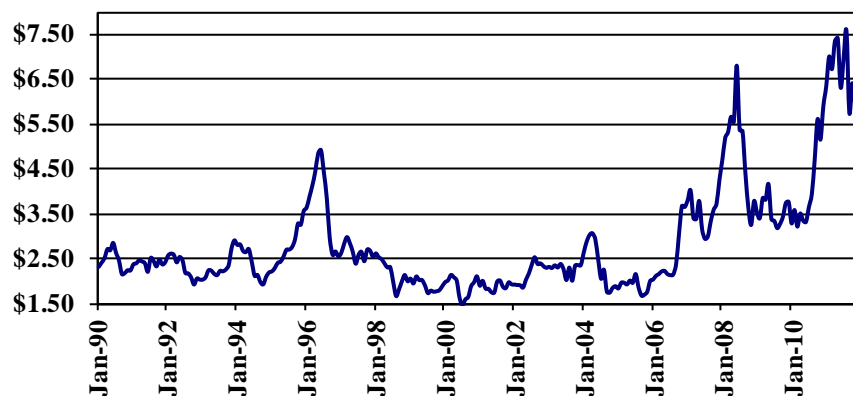
FARMER CROP RECEIPTS							Crop Cash Receipts*				
Production:			Avg Price:				Corn	Soybeans	Wheat	Total	y/y % Chg
Corn	Soybeans	Wheat	Corn	Soybeans	Wheat		Corn	Soybeans	Wheat	Total	y/y % Chg
2010/11	12,447	3,329	2,208	\$5.25	\$11.40	\$5.65	\$65,347	\$37,951	\$12,475	\$115,773	29%
2011/12											
November	12,310	3,046	1,999	\$6.70	\$12.60	\$7.40	\$82,477	\$38,380	\$14,793	\$135,649	15%
December	12,310	3,046	1,999	\$6.40	\$11.70	\$7.30	\$78,784	\$35,638	\$14,593	\$129,015	9%

*Note: Cash receipts estimated as USDA production X USDA average price forecast

Source: USDA; Cleveland Research estimates

Commodity Price Trends – Corn, Soybean, Wheat, Cotton

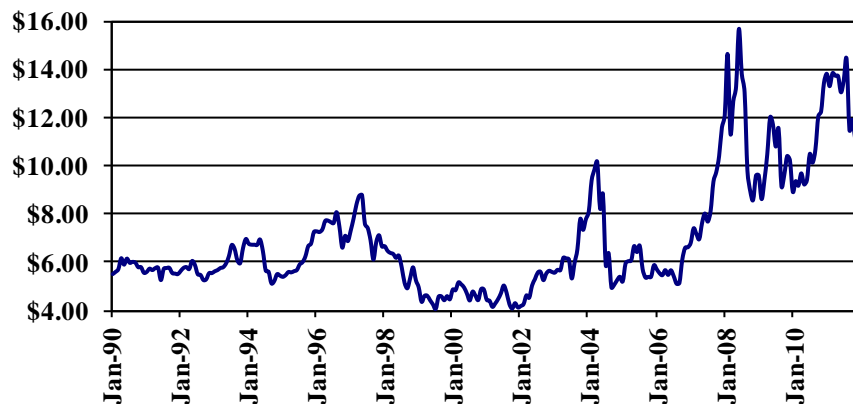
Corn Price Trends



Wheat Price Trends



Soybean Price Trends



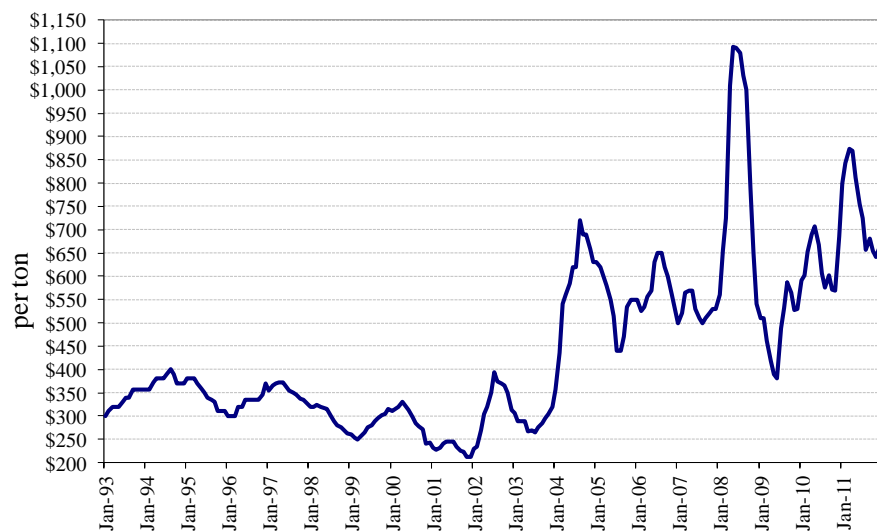
Cotton Price Trends



Commodity Price Trends – Steel

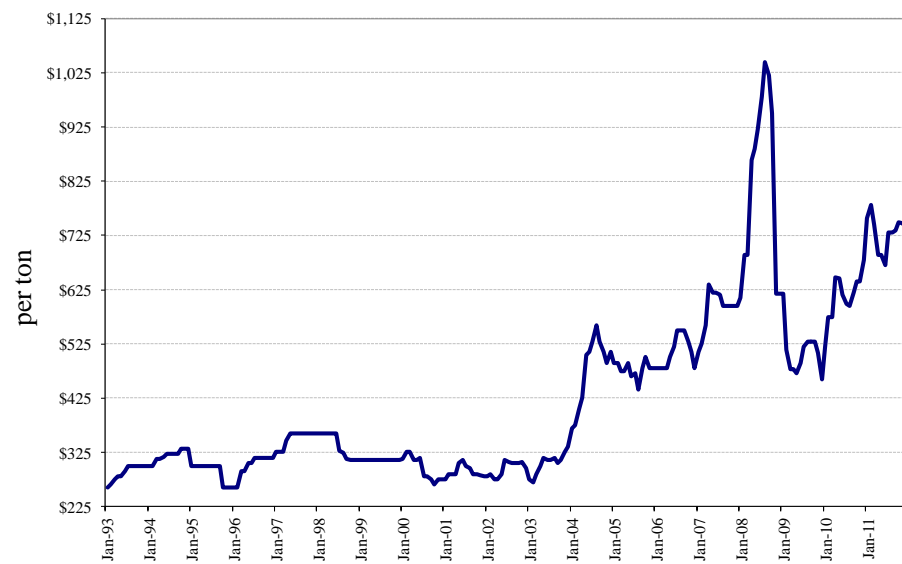
- The December steel distribution update a continuation of the positive steel order momentum detected during our November update. The December comp appears to holding at a solid +5%, which compared favorably to the previous flat-to-up-5% comp. The stronger demand data points appear to be primarily related to positive price speculation, inventory replenishment, and a slight improvement in buyer confidence.
- The mills continue to be aggressive in attempting to push through price increases, which have thus far gained partial acceptance in the market place. The listed price from the mills is currently at \$740 per ton for mid-January delivery. However, actual transactions appear to be taking place with the \$650-675 range as opposed to \$615-625 last month.

Domestic Hot Rolled Sheet Prices

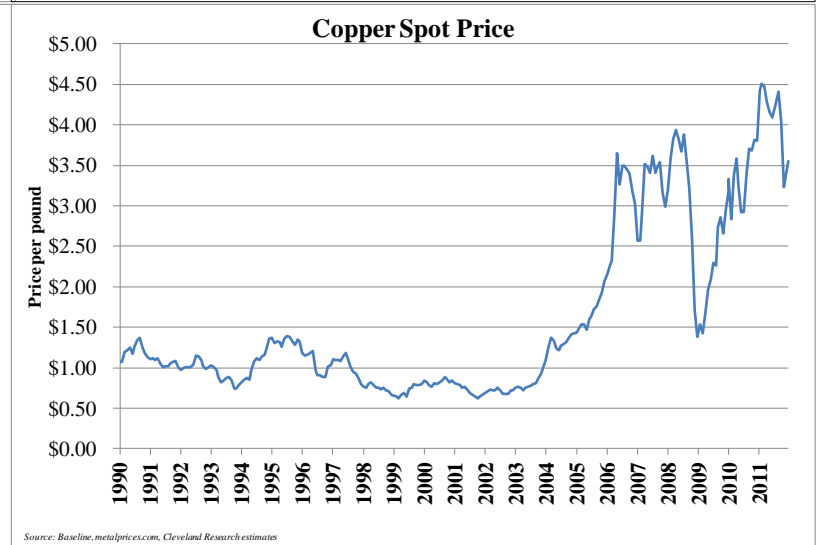
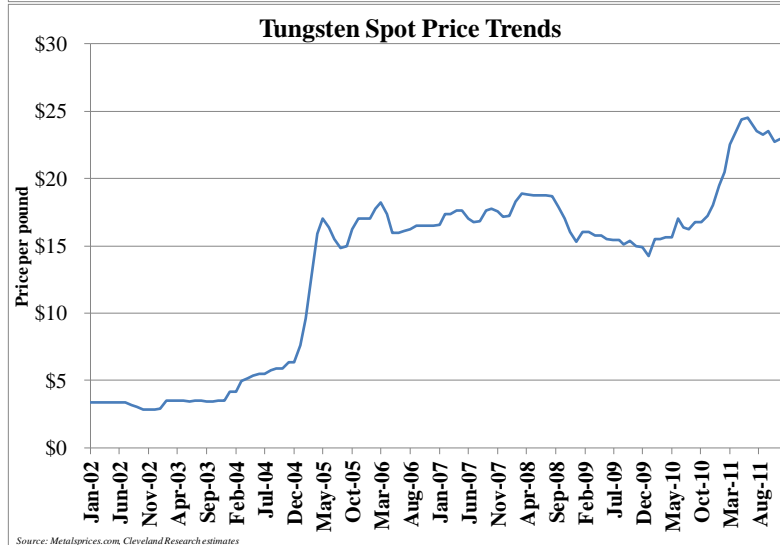
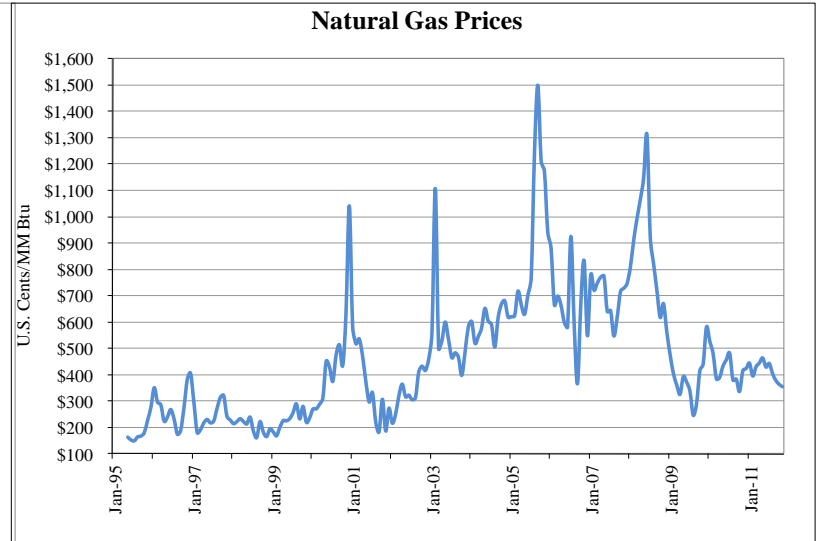
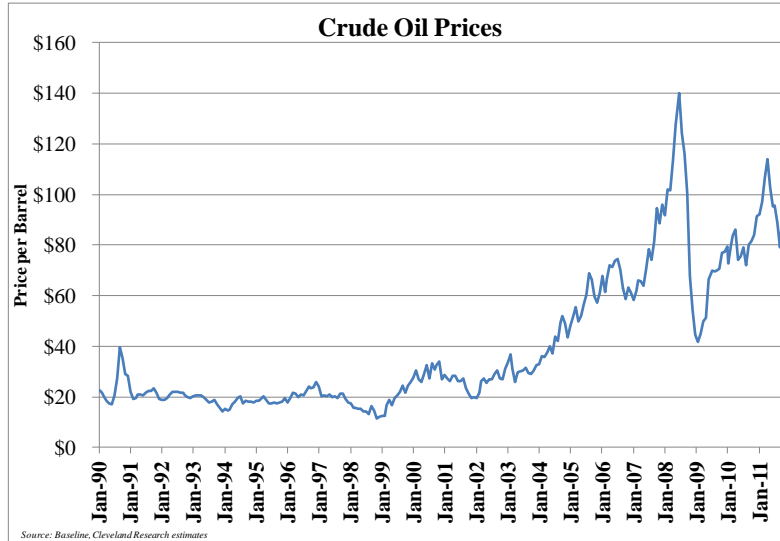


Source: Steel Business Briefing, CRC Estimates

Domestic Reinforcing Bar (Rebar) Prices



Commodity Price Trends – Cobalt, Tungsten, Oil, Natural Gas



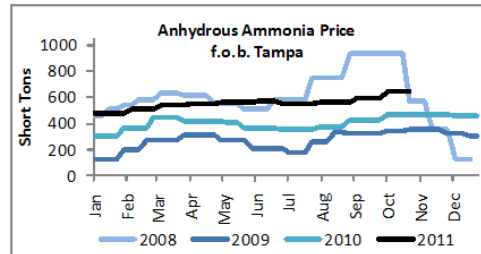
Commodity Trends – Long Run Supply and Demand Projections

CORN - DOMESTIC								
<u>Year</u>	<u>Production</u>	<u>Domestic Use</u>	<u>Use for Ethanol</u>	<u>Exports</u>	<u>Total Use</u>	<u>End Stocks</u>	<u>Stocks/Use</u>	<u>Avg Price</u>
2006/07	10,535	9,086	2,150	2,125	11,211	1,304	14.4%	\$3.04
2007/08	13,074	10,338	3,026	2,436	12,774	1,624	15.7%	\$4.20
2008/09	12,020	10,635	4,000	1,900	12,535	1,124	10.6%	\$4.40
2009/10	12,685	10,820	4,200	2,000	12,820	1,004	9.3%	\$4.00
2010/11	13,005	10,970	4,300	2,025	12,995	1,029	9.4%	\$3.90
2011/12	13,330	11,150	4,425	2,050	13,200	1,174	10.5%	\$3.80
2012/13	13,495	11,335	4,550	2,075	13,410	1,274	11.2%	\$3.70
2013/14	13,660	11,520	4,650	2,100	13,620	1,329	11.5%	\$3.65
2014/15	13,830	11,705	4,750	2,125	13,830	1,344	11.5%	\$3.70
2015/16	13,995	11,865	4,825	2,150	14,015	1,339	11.3%	\$3.75
2015/17	14,245	12,000	4,900	2,175	14,175	1,424	11.9%	\$3.75
2017/18	14,410	12,135	4,975	2,200	14,335	1,514	12.5%	\$3.75
2018/19	14,580	12,295	5,050	2,225	14,520	1,589	12.9%	\$3.75
2019/20	14,595	12,200	5,025	2,425	14,625	1,490	12.2%	\$3.65
10-yr Avg	13,915	11,718	4,745	2,155	13,873	1,351	11.5%	\$3.74

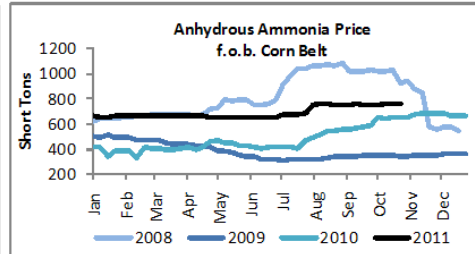
SOYBEANS - DOMESTIC							
<u>Year</u>	<u>Production</u>	<u>Domestic Use</u>	<u>Exports</u>	<u>Total Use</u>	<u>End Stocks</u>	<u>Stocks/Use</u>	<u>Avg Price</u>
2006/07	3,188	1,955	1,118	3,073	573	29.3%	\$9.00
2007/08	2,676	1,893	1,161	3,054	205	10.8%	\$10.10
2008/09	2,921	1,907	1,020	2,927	205	10.7%	\$9.85
2009/10	3,110	1,888	1,175	3,063	257	13.6%	\$8.85
2010/11	3,100	1,901	1,200	3,101	261	13.7%	\$8.75
2011/12	3,095	1,915	1,200	3,115	246	12.8%	\$8.75
2012/13	3,100	1,936	1,180	3,116	235	12.1%	\$8.70
2013/14	3,130	1,956	1,180	3,136	235	12.0%	\$8.60
2014/15	3,140	1,976	1,175	3,151	229	11.6%	\$8.70
2015/16	3,170	1,997	1,175	3,172	232	11.6%	\$8.75
2015/17	3,195	2,017	1,180	3,197	235	11.7%	\$8.75
2017/18	3,230	2,043	1,190	3,233	237	11.6%	\$8.75
2018/19	3,260	2,064	1,200	3,264	238	11.5%	\$8.80
2019/20	3,490	2,041	1,455	3,496	261	12.8%	\$9.20
10-yr Avg	3,191	1,985	1,214	3,198	241	12.1%	\$8.78

WHEAT - DOMESTIC							
<u>Year</u>	<u>Production</u>	<u>Domestic Use</u>	<u>Exports</u>	<u>Total Use</u>	<u>End Stocks</u>	<u>Stocks/Use</u>	<u>Avg Price</u>
2006/07	1,812	1,140	909	2,049	418	36.7%	\$4.35
2007/08	2,067	1,066	1,264	2,330	306	28.7%	\$6.48
2008/09	2,500	1,302	1,000	2,302	603	46.3%	\$6.85
2009/10	2,210	1,297	1,000	2,297	616	47.5%	\$5.75
2010/11	2,225	1,301	1,025	2,326	620	47.7%	\$5.60
2011/12	2,265	1,300	1,050	2,350	640	49.2%	\$5.50
2012/13	2,255	1,308	1,050	2,358	647	49.5%	\$5.35
2013/14	2,255	1,317	1,050	2,367	645	49.0%	\$5.30
2014/15	2,270	1,315	1,075	2,390	640	48.7%	\$5.40
2015/16	2,265	1,324	1,075	2,399	621	46.9%	\$5.45
2015/17	2,280	1,333	1,075	2,408	613	46.0%	\$5.45
2017/18	2,295	1,342	1,075	2,417	611	45.5%	\$5.45
2018/19	2,310	1,351	1,075	2,426	620	45.9%	\$5.45
2019/20	2,125	1,360	900	2,260	717	52.7%	\$4.75
10-yr Avg	2,255	1,325	1,045	2,370	637	48.1%	\$5.37

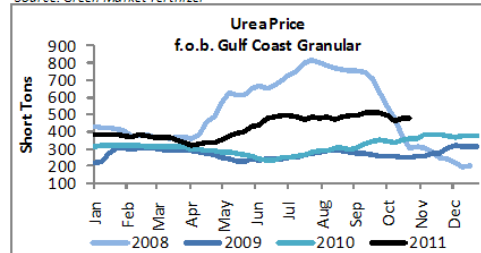
Other Input and Chemical Costs – 2008-2011



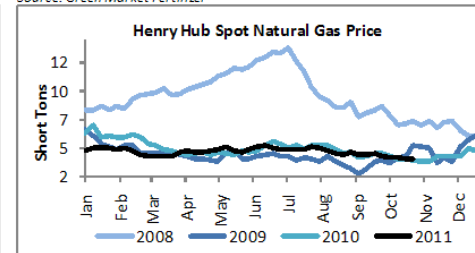
Source: Green Market Fertilizer



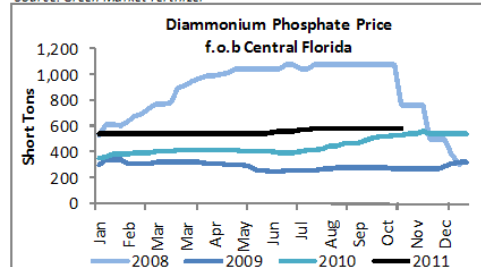
Source: Green Market Fertilizer



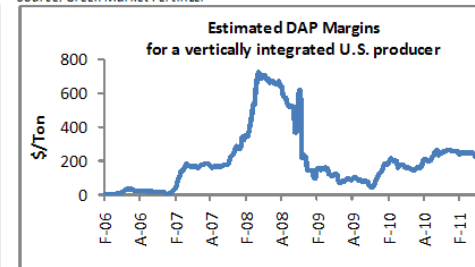
Source: Green Market Fertilizer



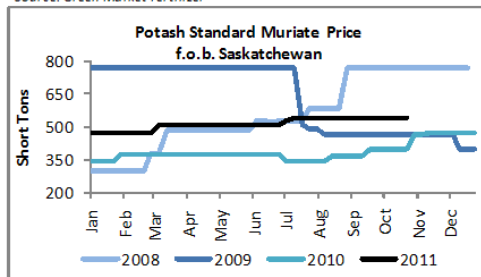
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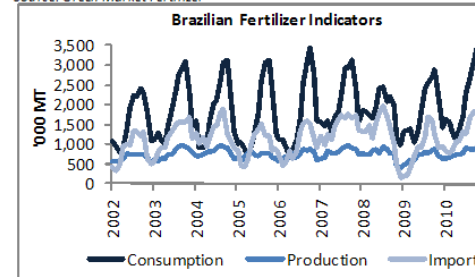
Source: Green Market Fertilizer



Source: Green Market Fertilizer

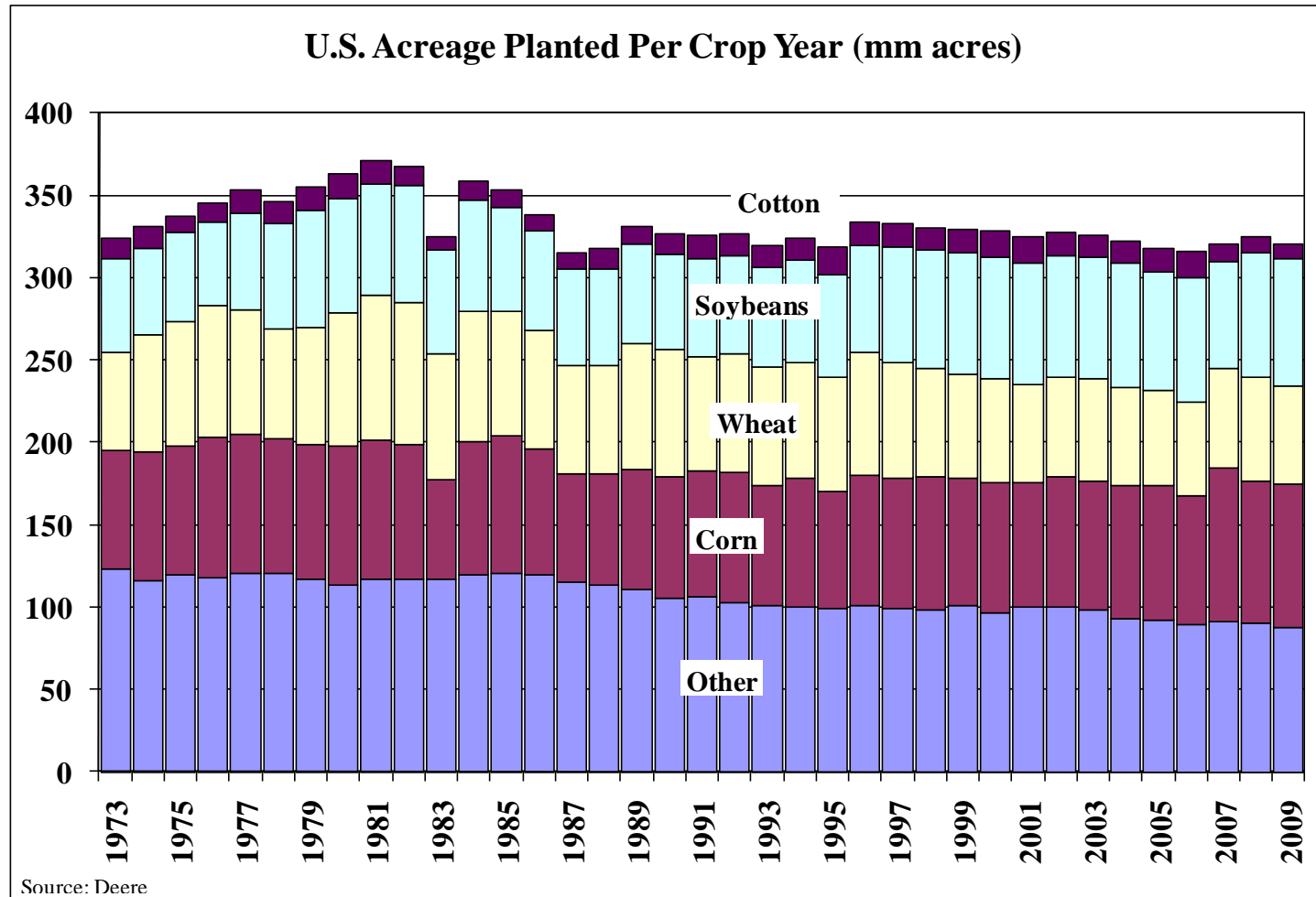


Source: Green Market Fertilizer



Source: ANDA

U.S. Acreage Planted Per Crop Year



US Farm Financial Data

U.S. Farm Financial Data (\$Bil)								
Year	Crop Receipts	Crop Rec % chg	Livestock Receipts	Gov't Payments	Total Receipts	Net Farm Cash Income	Total Assets	Debt to Asset Ratio
1972	25.5	-	35.6	4.0	65.1	22.8	339.9	17.1
1973	41.1	61%	45.8	2.6	89.5	35.6	418.5	16.0
1974	51.1	24%	41.3	0.5	92.9	34.4	449.2	16.6
1975	45.8	-10%	43.1	0.8	89.7	29.1	510.8	16.4
1976	49.0	7%	46.3	0.7	96.1	29.5	590.7	15.9
1977	48.6	-1%	47.6	1.8	98.1	27.4	651.5	16.6
1978	53.2	9%	59.2	3.0	115.4	32.7	777.7	15.9
1979	62.3	17%	69.2	1.4	132.9	32.6	914.7	16.1
1980	71.7	15%	68.0	1.3	141.0	33.2	1000.4	16.2
1981	72.5	1%	69.2	1.9	143.5	31.6	997.9	17.8
1982	72.3	0%	70.3	3.5	146.1	36.8	962.5	19.1
1983	67.2	-7%	69.6	9.3	146.1	37.0	959.3	19.4
1984	69.9	4%	72.9	8.4	151.2	36.0	897.8	21.0
1985	73.9	6%	70.1	7.7	151.7	45.6	775.9	22.2
1986	63.8	-14%	71.6	11.8	147.2	46.5	722.0	21.0
1987	65.8	3%	76.0	16.7	158.5	52.6	756.5	18.3
1988	71.6	9%	79.6	14.5	165.7	53.7	788.5	16.9
1989	76.9	7%	83.6	10.9	171.4	53.5	813.7	16.1
1990	80.2	4%	89.1	9.3	178.6	53.8	840.6	15.6
1991	82.2	3%	85.8	8.2	176.2	51.4	844.2	15.6
1992	85.7	4%	85.8	9.2	180.6	56.9	867.8	15.2
1993	87.8	2%	90.5	13.4	191.7	60.8	909.2	14.8
1994	93.1	6%	88.3	7.9	189.3	53.7	934.7	14.9
1995	101.0	8%	87.2	7.3	195.5	54.5	965.7	14.8
1996	106.5	5%	92.9	7.3	206.8	60.9	1002.9	14.8
1997	111.3	5%	96.5	7.5	215.3	60.9	1051.3	14.9
1998	102.2	-8%	94.2	12.4	208.8	57.7	1083.4	15.2
1999	92.1	-10%	95.7	21.5	209.3	57.9	1138.8	14.7
2000	92.5	0%	99.6	23.2	215.2	57.4	1203.2	13.6
2001	93.4	1%	106.7	22.4	222.5	62.2	1255.9	13.6
2002	100.7	8%	93.9	12.4	207.4	51.0	1259.7	14.1
2003	110.5	10%	105.7	16.5	232.0	72.3	1383.4	11.9
2004	114.5	4%	123.5	13.0	250.3	83.7	1588.0	11.5
2005	116.1	1%	124.9	24.4	265.2	86.8	1779.4	11.0
2006	122.3	5%	118.6	15.8	255.1	68.8	1923.6	10.6
2007	149.9	23%	138.6	11.9	296.7	78.2	2055.3	10.4
2008	183.1	22%	141.1	12.2	336.6	97.5	2005.5	11.9
2009	166.3	-9%	118.8	12.9	297.9	70.8	1943.7	12.8

Source: USDA, CRC estimates