

Ag Equipment Intelligence

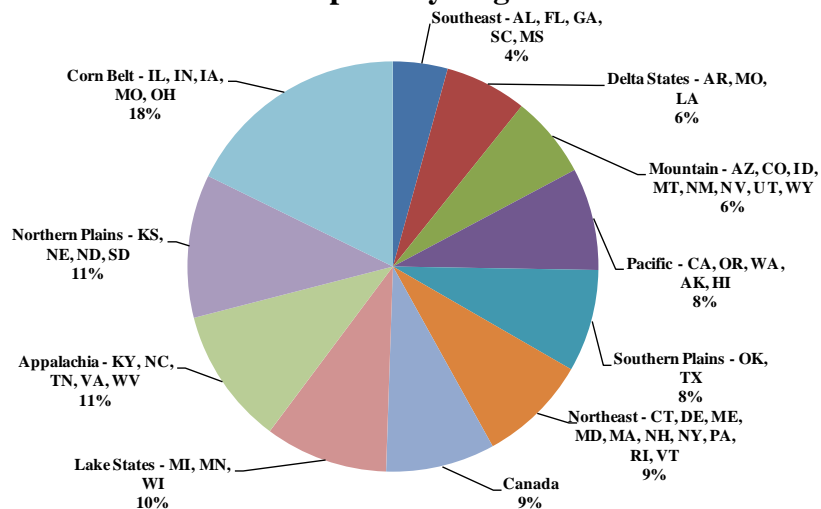
Dealer Trends and Business Outlook
July 2011

Ag Equipment Intelligence Monthly North American Dealer Survey

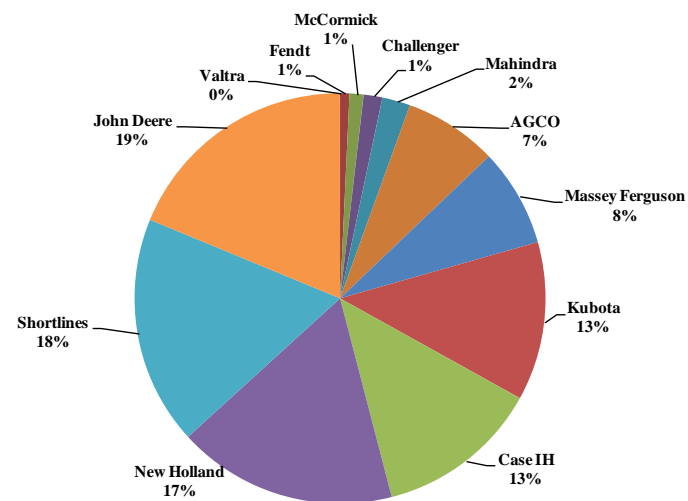
Background:

- We are pleased to announce the results of the third monthly 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 July survey had 189 respondents representing combined annual revenues of roughly \$6 billion. Participants representing a broad cross section of geographies and brands summarized in the charts below.
- It is important to note Challenger, Fendt, McCormick, and Mahindra are included in the AGCO numbers as each had relatively few respondents.

Participants by Region



Participants by Manufacturer



Highlights / Summary Thoughts

Monthly Highlights:

- **Sales Growth Remains Stable** – Ag equipment dealers report year-over-year sales growth of 6% on average in June vs. 7% growth in May.
- **2011 Outlook Maintained at 6% Sales Growth** – On average, dealers are forecasting full year sales growth of 6% in June, consistent with May's reading.
- **Equipment Availability Continues to be a Significant Concern** – Availability of equipment continues to be a significant impediment to growth this year. A slight positive however, is that 3 out of 4 major equipment categories saw shorter lead-times this month with Row Crop tractors about the same.
- **Dealer Optimism Index Improves** – Our Dealer Optimism Index is a measure of sentiment amongst dealers compared to the prior month. A net 6% of dealers report they have a more optimistic outlook versus last month (31% more optimistic; 44% same; 25% less optimistic) compared to a net 3% in May.

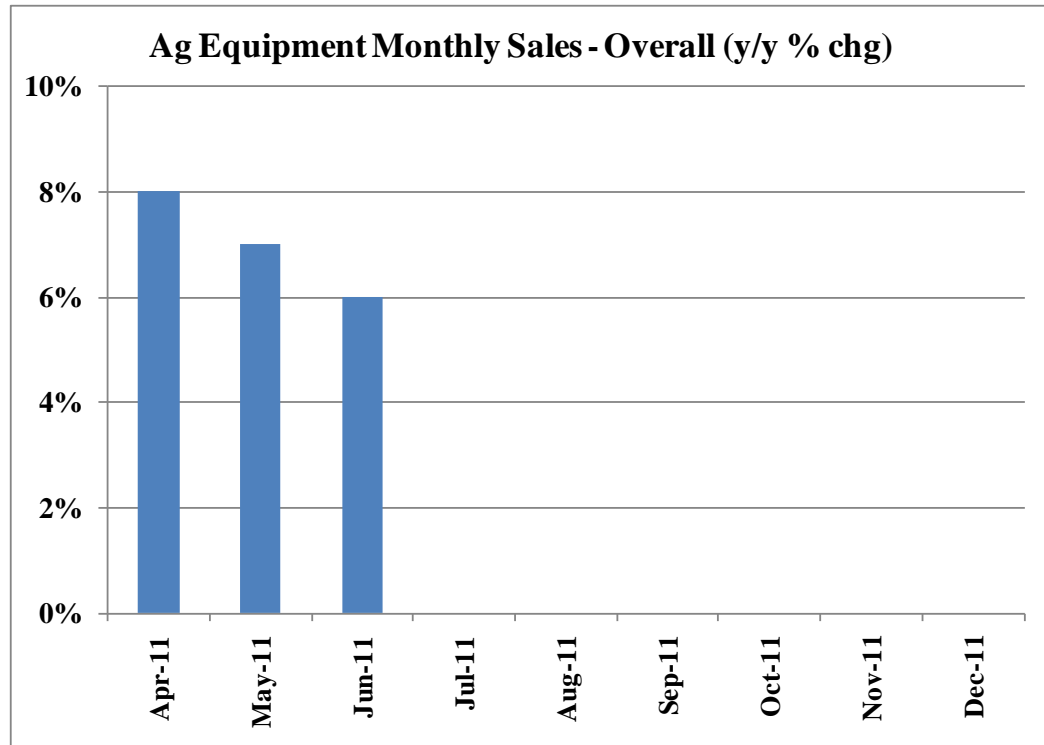
Optimism/Sentiment vs. Last Month			
	<u>Apr</u>	<u>May</u>	<u>Jun</u>
More Optimistic	33%	25%	31%
Same	54%	54%	44%
Less Optimistic	13%	21%	25%
Net % (More- Less)	21%	3%	6%

Monthly Sales Growth

- Ag equipment dealers reported year-over-year sales growth of 6% on average in June vs. 7% growth last month.
- AGCO dealers reported the highest average sales growth at up 11% while Mahindra dealers saw the weakest results in the month with sales down 1% on average.
- A net 1% of participants categorized June results as “better-than-expected” (27% better-than-expected; 48% in-line with expectations; 25% worse-than-expected) which compares to the prior month when a net 4% report sales were “worse-than-expected.”
- The Northeast region reported the highest average sales growth at up 13% while the southeast saw the worst results with sales flat on average.

Average Sales Growth			
(% chg v/v)	Apr-11	May-11	Jun-11
Overall	8%	7%	6%
By Brand	Apr-11	May-11	Jun-11
AGCO	12%	13%	11%
John Deere	8%	8%	7%
New Holland	8%	4%	5%
Case IH	5%	4%	3%
McCormick	n/a	2%	4%
Kubota	13%	5%	7%
Mahindra	n/a	-2%	-1%
Shortlines	n/a	-13%	3%
By Region	Apr-11	May-11	Jun-11
Appalachia	5%	-4%	1%
Canada	5%	8%	7%
Corn Belt	3%	6%	4%
Delta States	10%	4%	7%
Lake States	11%	16%	11%
Mountain	3%	8%	9%
Northeast	13%	12%	13%
Northern Plains	11%	3%	3%
Pacific	11%	10%	8%
Southeast	0%	17%	0%
Southern Plains	-1%	-5%	1%

Monthly Sales Growth Continued



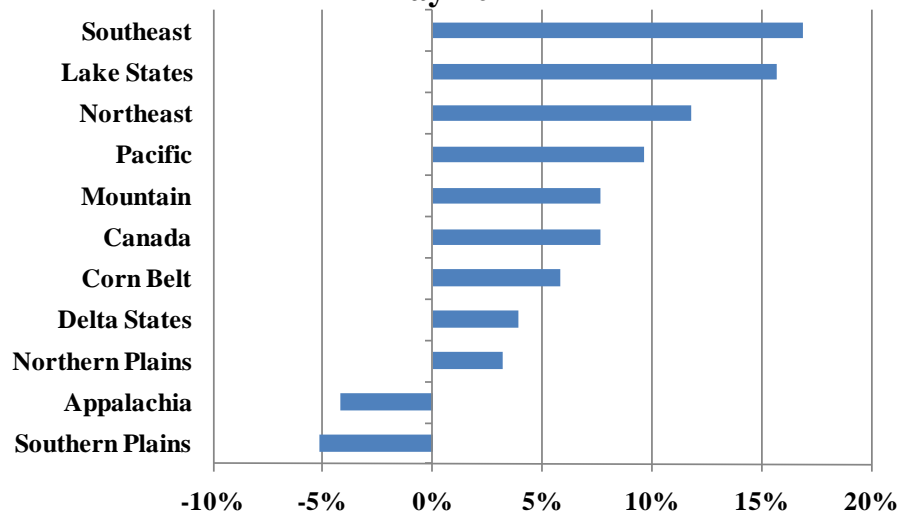
Percent Positive / Negative Growth			
	Apr	May	Jun
Positive Sales Growth	69%	60%	56%
Flat Sales	18%	14%	23%
Negative Sales Growth	14%	25%	21%
Net % (Positive - Negative)	55%	35%	35%

Results vs. Expectations			
	Apr	May	Jun
Better than expected	28%	26%	27%
In line with expectations	51%	44%	48%
Worse than expected	21%	30%	25%
Net % (Better - Worse)	7%	-4%	1%

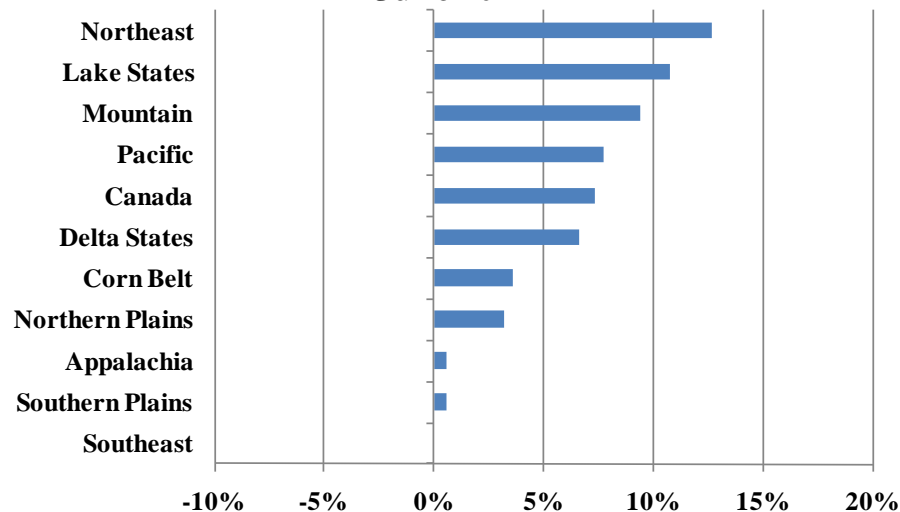
Monthly Sales Growth by Region

- Ten out of eleven regions showed positive average monthly sales growth in June, up from nine in May. Northeast (CT, DE, ME, MD, MA, NH, NY, PA, RI, VT), Lake States (MI, MN, WI), and Mountain (AZ, CO, ID, MT, NM, NV, UT, WY) head the list of best performing regions.
- On a sequential basis, the Southern Plains (OK, TX) and Appalachia (KY, NC, TN, VA, WV) regions showed modest improvement from May while Southeast (AL, FL, GA, SC, MS) showed the most significant sequential slowing.

**Average Monthly Sales Growth by Region
May 2011**



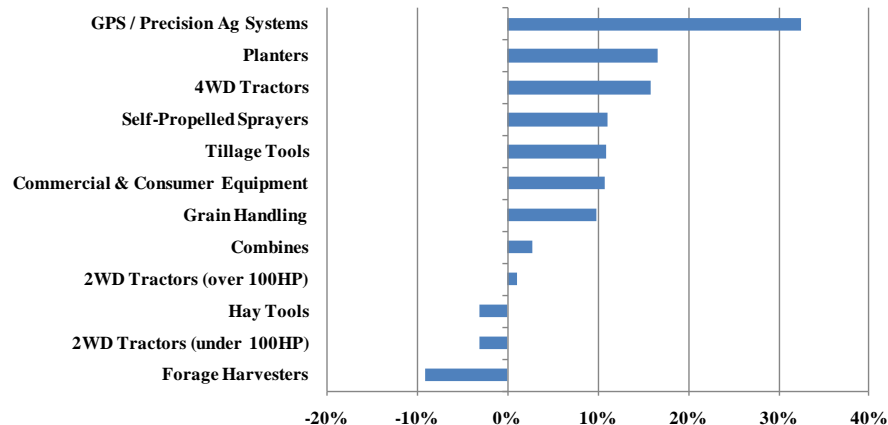
**Average Monthly Sales Growth by Region
June 2011**



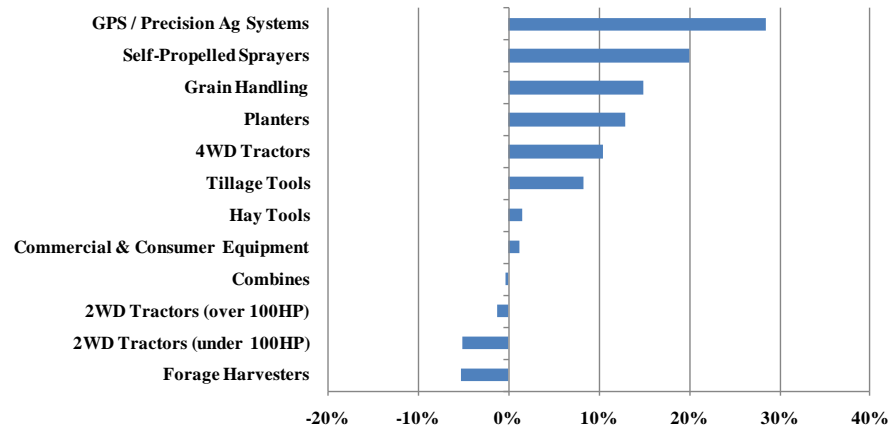
Equipment Category Sales Trends

- Eight out of twelve product categories ranked in positive territory in June, down from nine in May. GPS/Precision ag systems, self-propelled sprayers, grain handling, and planters head the list of top performing products while forage harvesters, 2WD tractors (over and under 100HP), and combines each ranked in negative territory.
- On a sequential basis, self-propelled sprayers showed the most improvement relative to May while commercial & consumer equipment showed the most significant sequential decline.

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



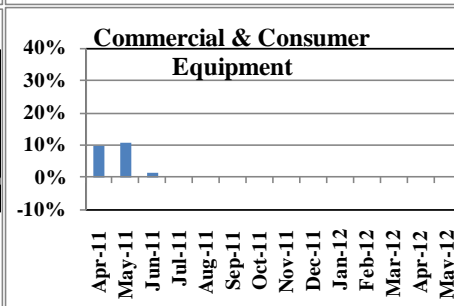
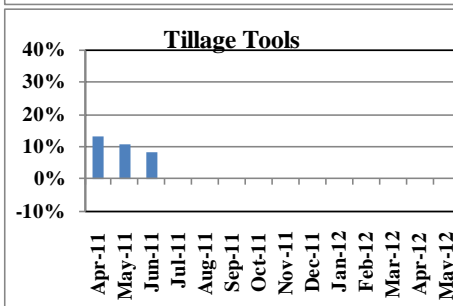
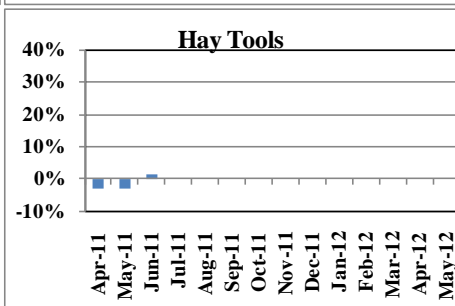
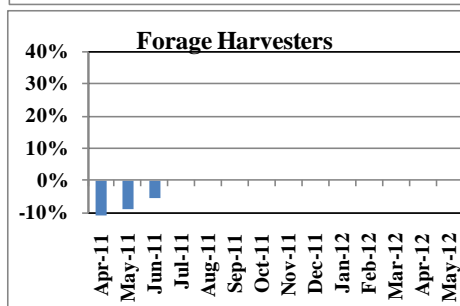
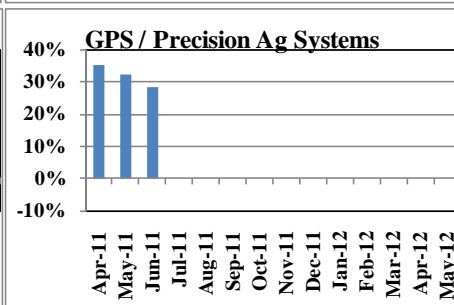
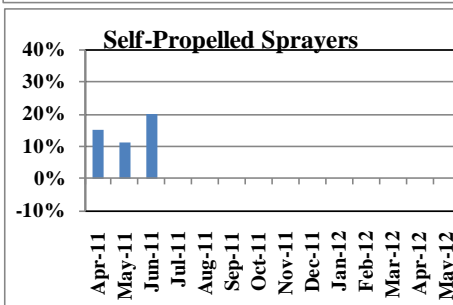
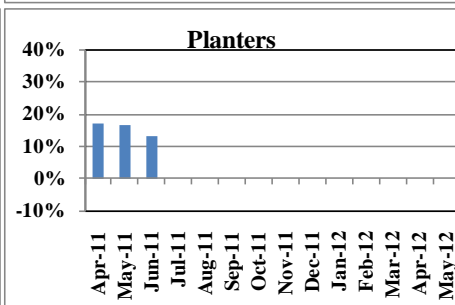
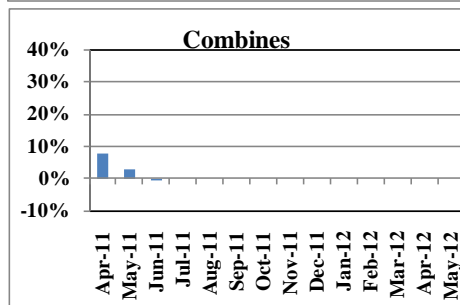
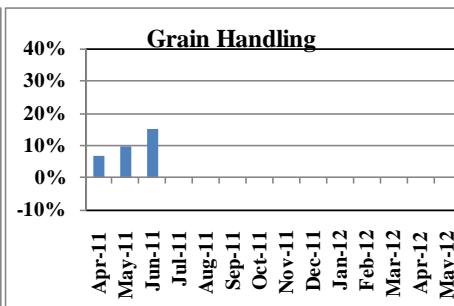
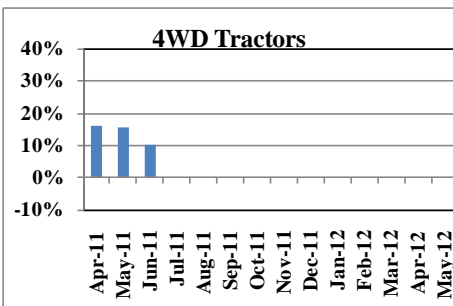
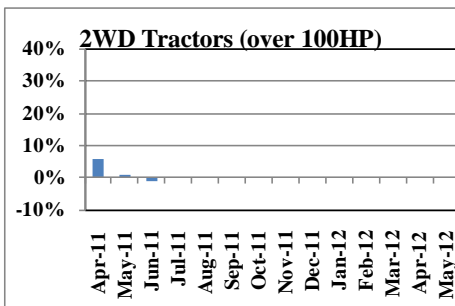
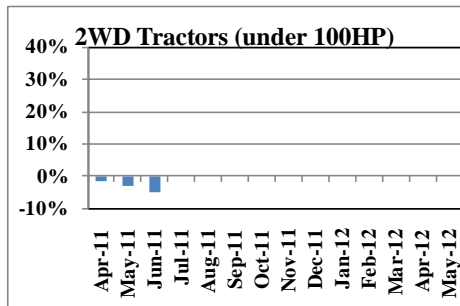
Product Category Ranking (Net % Strong - Weak)
June 2011



Dealer Commentary on June Sales

- *We had a record year last year, hard to have a record year every year especially with too much used equipment out there, customer concerns over fluctuating markets and inputs.*
- *We met our performance expectations as commodity prices are high and more combines coming in summer time frame than in 2010.*
- *Strong commodity pricing along with above expected water deliveries have given growers the opportunity to make some long delayed improvements in their fleets.*
- *Delayed spring planting set the season back.*
- *We didn't sell any orchard tractors and hay equipment sales were delayed this year because of the weather and lack of availability of equipment.*
- *The farm economy is better than planned due to aggressive advertising and rock bottom pricing wherein we took out what we used to pack onto the price for 0%.*
- *Weather and the overall economy caused us to miss our mark in June on a year over year basis.*

Equipment Category Sales Trends



June Order Growth

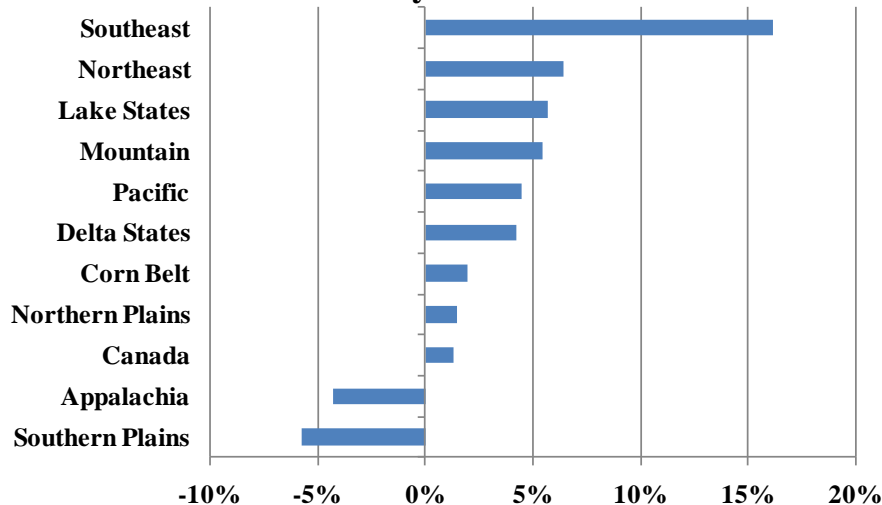
- Incoming orders grew a modest 3% on average in June, consistent with May and April's readings.
- Kubota dealers had the highest average orders growth at 6% while Mahindra dealers report the largest decline in orders at down (6%) on average for the month.
- The Northeast and Pacific saw the highest average orders growth at up 9% and 8%, respectively, while Appalachia, Southeast, and Southern Plains saw the weakest results with order growth flat on average.

Average Orders Growth			
(% chg v/v)	Apr-11	May-11	Jun-11
Overall	3%	3%	3%
By Brand	Apr-11	May-11	Jun-11
AGCO	4%	8%	5%
John Deere	4%	2%	2%
New Holland	4%	2%	3%
Case IH	1%	3%	2%
McCormick	n/a	2%	4%
Kubota	9%	1%	6%
Mahindra	n/a	-1%	-6%
Shortlines	n/a	-3%	2%
By Region	Apr-11	May-11	Jun-11
Appalachia	-1%	-4%	0%
Canada	4%	1%	7%
Corn Belt	3%	2%	1%
Delta States	3%	4%	3%
Lake States	7%	6%	2%
Mountain	-2%	5%	2%
Northeast	7%	6%	9%
Northern Plains	2%	1%	1%
Pacific	3%	4%	8%
Southeast	0%	16%	0%
Southern Plains	-3%	-6%	0%

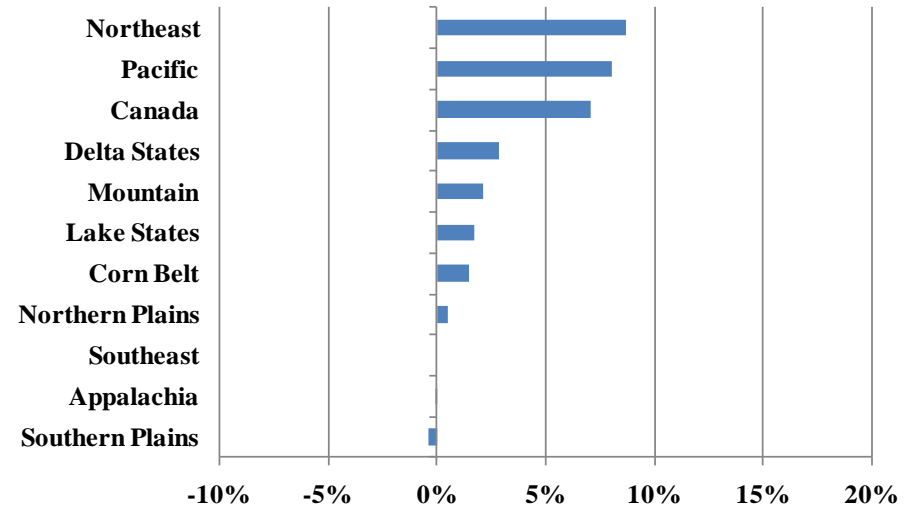
Order Growth by Region

- Eight out of eleven regions showed positive monthly orders growth in June compared to nine in May. Northeast (CT, DE, ME, MD, MA, NH, NY, PA, RI, VT), Pacific (CA, OR, WA, AK, HI), and Canada head the list of best performing regions.
- On a sequential basis, Canada and Southern Plains showed the most improvement from May while the Southeast (AL, FL, GA, SC) showed the most significant sequential slowing in order growth.

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



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



Dealer Commentary on June Orders

- *Planter and corn head orders are up.*
- *Combines and tractors over 90 hp are up.*
- *"Vertical tillage" such as Case RMX330 and Great Plains turbo-Till are above average.*
- *New planter orders are even, combines are down, and tractors are down.*
- *Planters and tillage equipment are up. Sprayers are a little slower right now compared to last year*
- *We are nowhere close to done farming in the south.*
- *Combines, Compact and midsized tractors are up.*
- *Large and small tractors, combines, commercial sprayers, compact utility tractors and homeowner lawn and garden are up.*
- *The 4WD market is significantly above previous years.*

2011 Sales Outlook

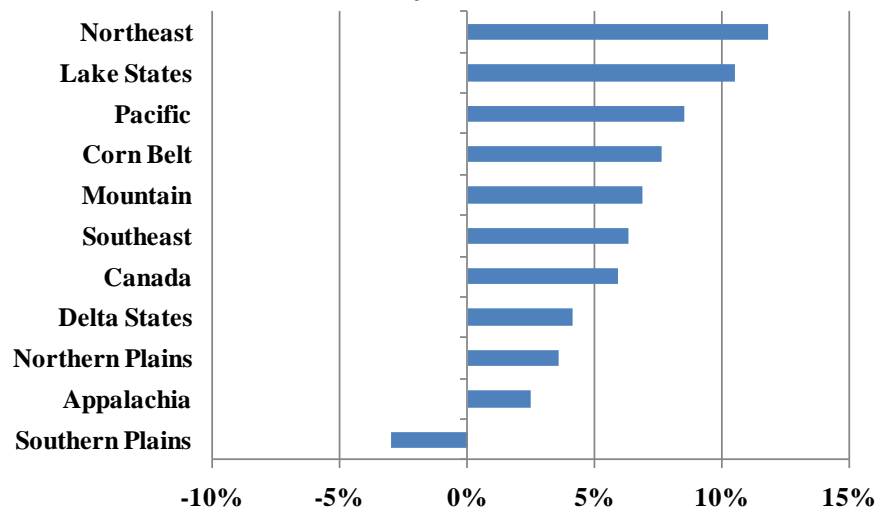
- On average, dealers maintain their full year sales growth forecast of 6%, consistent with May.
- AGCO and McCormick dealers reported the highest full year outlook at 12% and 10%, respectively, while Mahindra dealers report the largest decline at down 2% on average for the month.
- The Northeast and Lake States regions reported the highest average full year sales outlook at up 11% while the Southern Plains is the least optimistic with dealers forecasting a 6% decline on average.

2011 Outlook			
(% chg v/y)	Apr-11	May-11	Jun-11
Overall	7%	6%	6%
By Brand	Apr-11	May-11	Jun-11
AGCO	11%	10%	12%
John Deere	7%	7%	6%
New Holland	7%	7%	7%
Case IH	5%	3%	2%
McCormick	n/a	5%	10%
Kubota	8%	7%	8%
Mahindra	n/a	-3%	-2%
Shortlines	n/a	-13%	3%
By Region	Apr-11	May-11	Jun-11
Appalachia	4%	2%	-1%
Canada	5%	6%	8%
Corn Belt	5%	8%	6%
Delta States	7%	4%	7%
Lake States	10%	11%	11%
Mountain	6%	7%	7%
Northeast	12%	12%	11%
Northern Plains	9%	4%	3%
Pacific	9%	9%	9%
Southeast	6%	6%	0%
Southern Plains	-6%	-3%	-6%

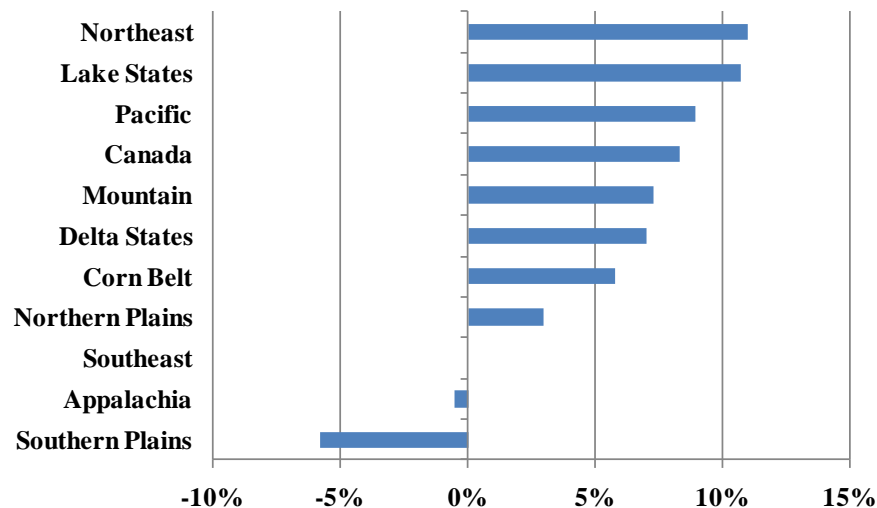
2011 Sales Outlook Continued

- Eight out of eleven regions are projecting a positive full year sales outlook in June, down from ten in May. Dealers in the Northeast (CT, DE, ME, MD, MA, NH, NY, PA, RI, VT), Lake States (MI, MN, WI), and Pacific regions (CA, OR, WA, AK, HI) are the most optimistic while the Southern Plains (OK, TX) and Appalachia (KY, NC, TN, VA, WV) regions are forecasting sales to decline in 2011.
- On a sequential basis, the Delta States and Canada are now projecting slightly more optimistic full year sales growth compared to May while dealers in the Southeast have lowered their average outlook modestly.

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



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

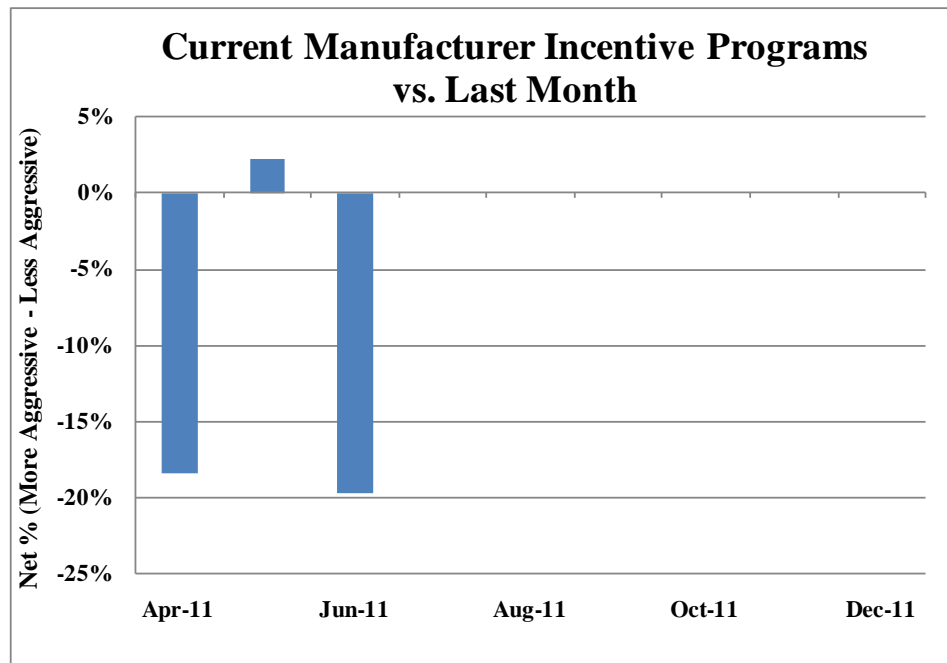


Dealer Commentary on 2011 Outlook

- *It finally dried up and the farmers got their crop put in.*
- *75% of our customers will be using crop insurance as of now. We are less optimistic for 2011 growth.*
- *We are more optimistic due to stronger than expected spring and early summer retails.*
- *Crops are growing well. We finally have gotten into a more normal weather pattern, crops are progressing, and prices remain high.*
- *The government and economy has us less optimistic long term.*
- *We are more optimistic as crops are starting to come and we are seeing less rain.*
- *The political climate has us less optimistic long term.*
- *The industry has to work through the large amount of late high dollar used equipment*
- *We had to plant the crop late but great hot weather is making the crop grow to be on schedule.*

Current Manufacturer Incentive Programs

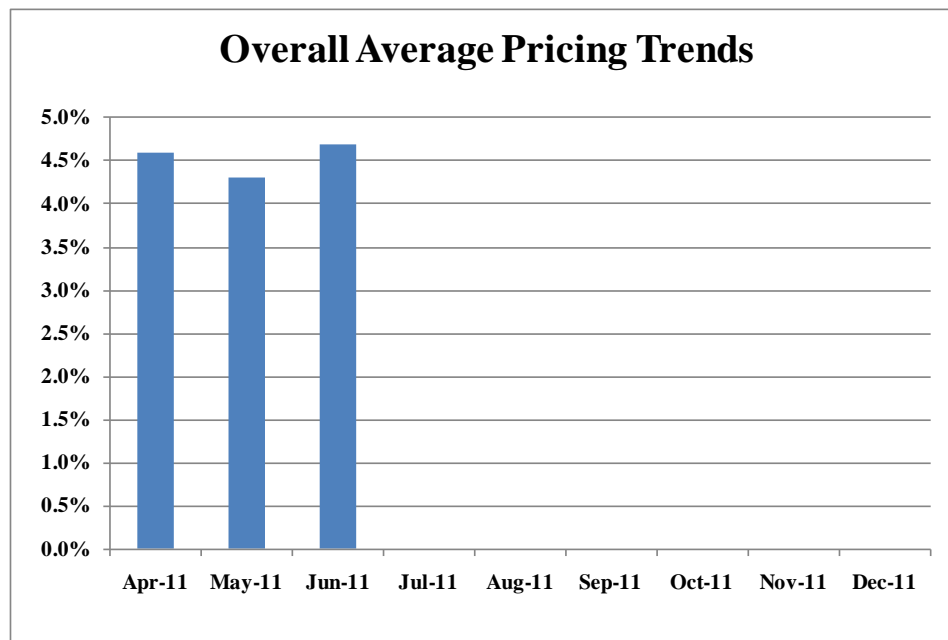
- A net 20% of dealers report that manufacturers are offering less incentives in June (11% more aggressive; 59% same vs. last month; 30% less aggressive) compared to May, when a net 2% reported more aggressive incentive programs.



New Equipment Pricing Environment

- Dealers report new equipment prices up an average of 4.7% year-over year which is slightly higher than our May and April surveys showing prices up an average of 4.3% - 4.6%.
- Dealers are noting price increases from nearly all suppliers with some implementing a second round of increases. Additionally, dealers are reporting fuel and steel surcharges from vendors.

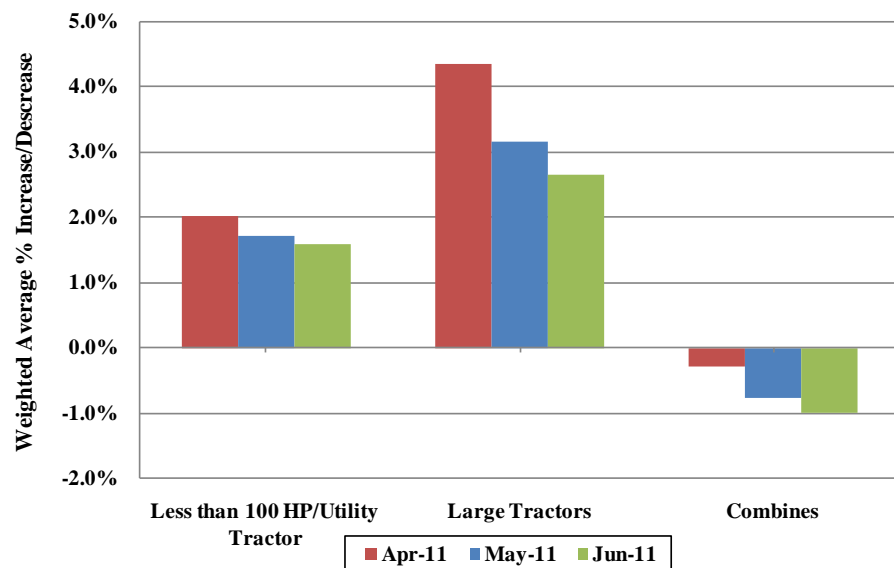
Average Pricing Trends			
(% chg y/y)	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>
Overall	4.6%	4.3%	4.7%
<u>By Brand</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>
AGCO	4.2%	3.8%	4.3%
John Deere	4.2%	4.1%	4.8%
New Holland	4.7%	4.5%	4.8%
Case IH	5.6%	4.6%	5.0%
McCormick	n/a	4.2%	4.2%
Kubota	3.8%	4.3%	4.0%
Mahindra	n/a	3.7%	3.0%
Shortlines	n/a	4.3%	4.7%



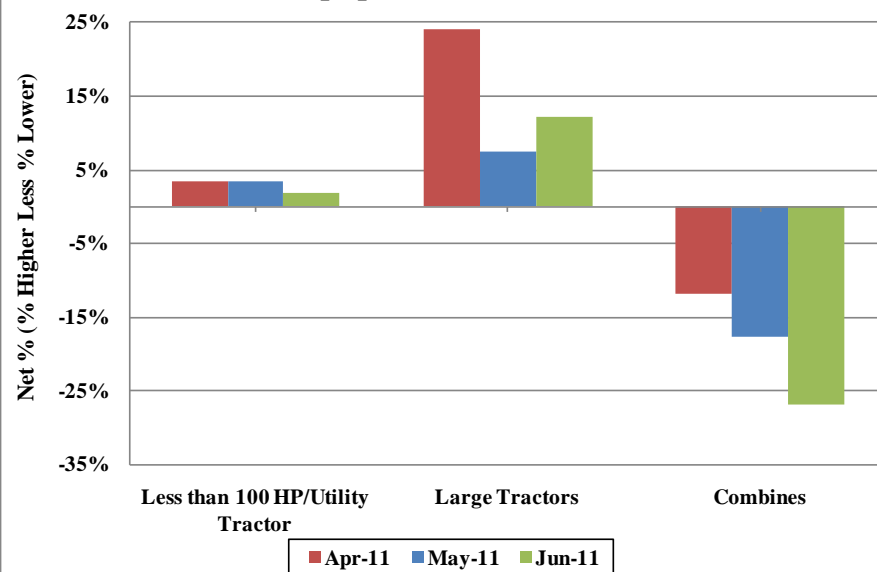
Used Equipment Pricing

- Dealers are reporting slightly softer used prices in July compared to our June survey. By category, tractors over 100HP are up 2.6% year-over-year on average in June versus 3.2% in May while prices for used tractors under 100HP are up slightly less, at ~2% in June, roughly consistent with May. Used combine values remain down slightly year-over-year on average vs. 2010.
- Sequentially, a net 2% of dealers report higher values for under 100HP/utility tractors (13% higher; 77% same; 11% lower), down from May's finding of a net 3%. For over 100HP tractors, a net 12% of dealers report higher values vs. last month (22% higher; 68% same; 10% lower), up from a net 7% in May. Finally, a negative net (27%) are reporting used combine values are lower vs. last month (9% higher; 56% same; 36% lower), down from a net (18%) in May. High used combine inventory continues to be a key factor.

Used Equipment Values vs. Last Year



Used Equipment Values vs. Last Month



Equipment Availability and Inventory Levels

Lead Times

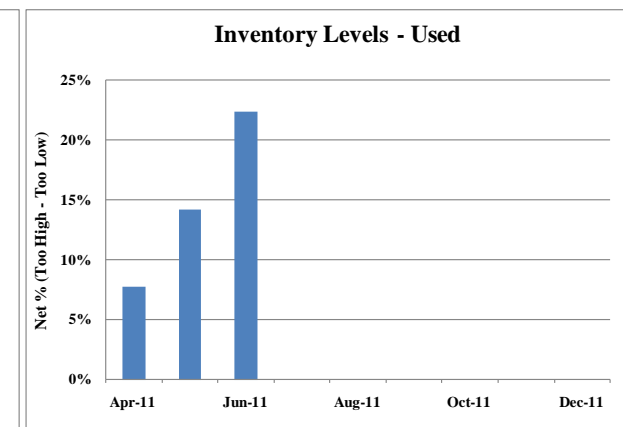
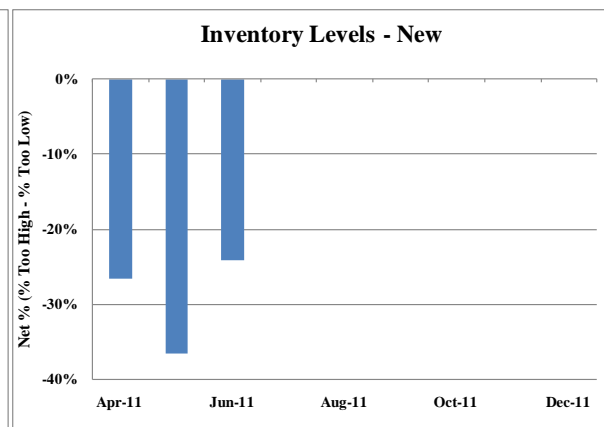
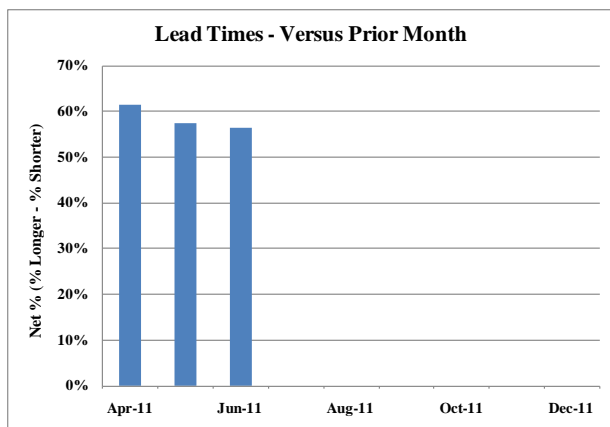
- Overall, a net 56% of dealers report longer factory lead-times compared to last month (59% longer; 38% same; 3% shorter), down from a net 57% in June. Lead-times continue to be one of the primary concerns for dealers and appear to still be constraining the full year growth outlook.

New Equipment Inventory

- Given the extended lead-times for new equipment it is no surprise that a net 24% of dealers still categorize their new inventory as “too low” (38% too high; 0% about right; 62% too low), although this is down from a net 37% last month.

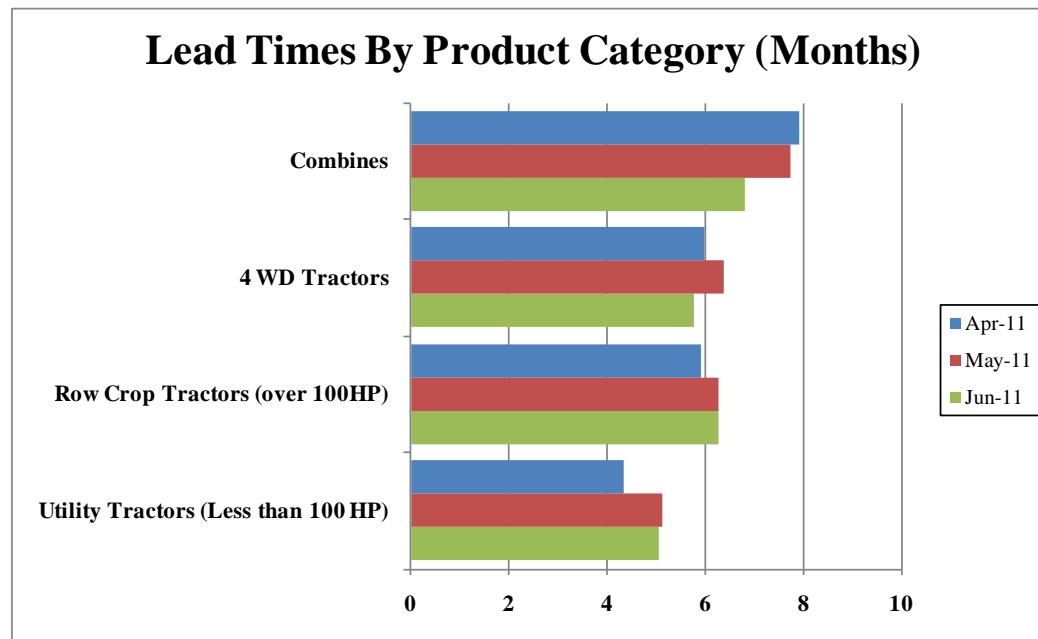
Used Equipment Inventory

- By contrast, a net 23% of dealers categorize their used inventory levels as “too high” (40% too high; 43% about right; 17% too low) compared to a net 14% last month suggesting a worsening trend in used inventory. Within this, large equipment appears to be the primary concern as dealers frequently mentioned combines as having the most significant overhang.



Equipment Availability By Product Type

- A closer look at availability by product category shows average combine lead times at nearly 7 months, about a month shorter than what was reported last month. 4WD tractor lead times have also shortened while row crop tractor lead times are roughly consistent with June's reading at ~6 months. Smaller tractors (<100 HP) are also consistent sequentially as lead times are 5 months in June.



Dealer Commentary on Inventory Levels

- *We can't get the equipment we need and have too much of what we don't.*
- *We are currently seeing a trend of slowly increasing new inventory - sales on certain tillage products and large ag tractors seems to be slowing and inventory is building.*
- *Our inventory is in the wrong units. With JD's ordering system, we are too small to be able to stock any hay equipment and most of our farmers are not willing to pre-order equipment. They want to get "just one more year" out of their balers and mower conditioners. Consequently we don't have enough inventory to cover our needs for hay equipment and we have too much inventory in orchard tractors that just haven't started to sell yet.*
- *We have too much old and not enough new and the pipeline is very empty.*
- *We are concerned about high priced tractors. We could use more used tractors under 100 hp. We don't have buyers for higher priced used equipment.*
- *We are concerned about the availability of new equipment for short lead time sales.*
- *Tractor inventory from New Holland will be in a crunch situation within a few months.*

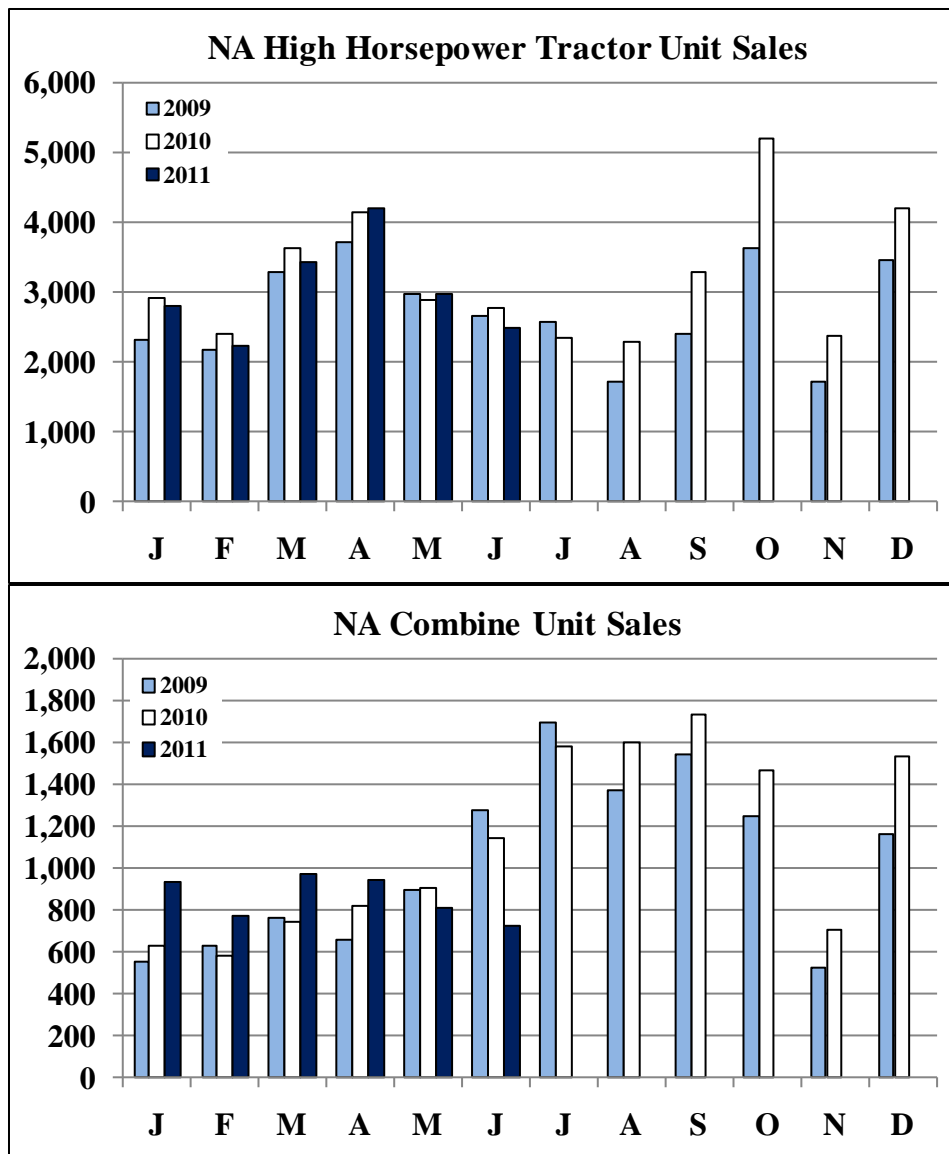
NA Farm Equipment Industry Retail Sales and Inventory

NORTH AMERICAN FARM EQUIPMENT INVENTORY														
Inventory (Units)								Inventory to 12-mo. Sales						
					Total	Memo:								
	< 40 HP	Utility	Row Crop	4-Wheel	Tractor	High hp	Combines	<40HP	Util	RC	4-WD	Total	High HP	Comb
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	63%	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	68%	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%

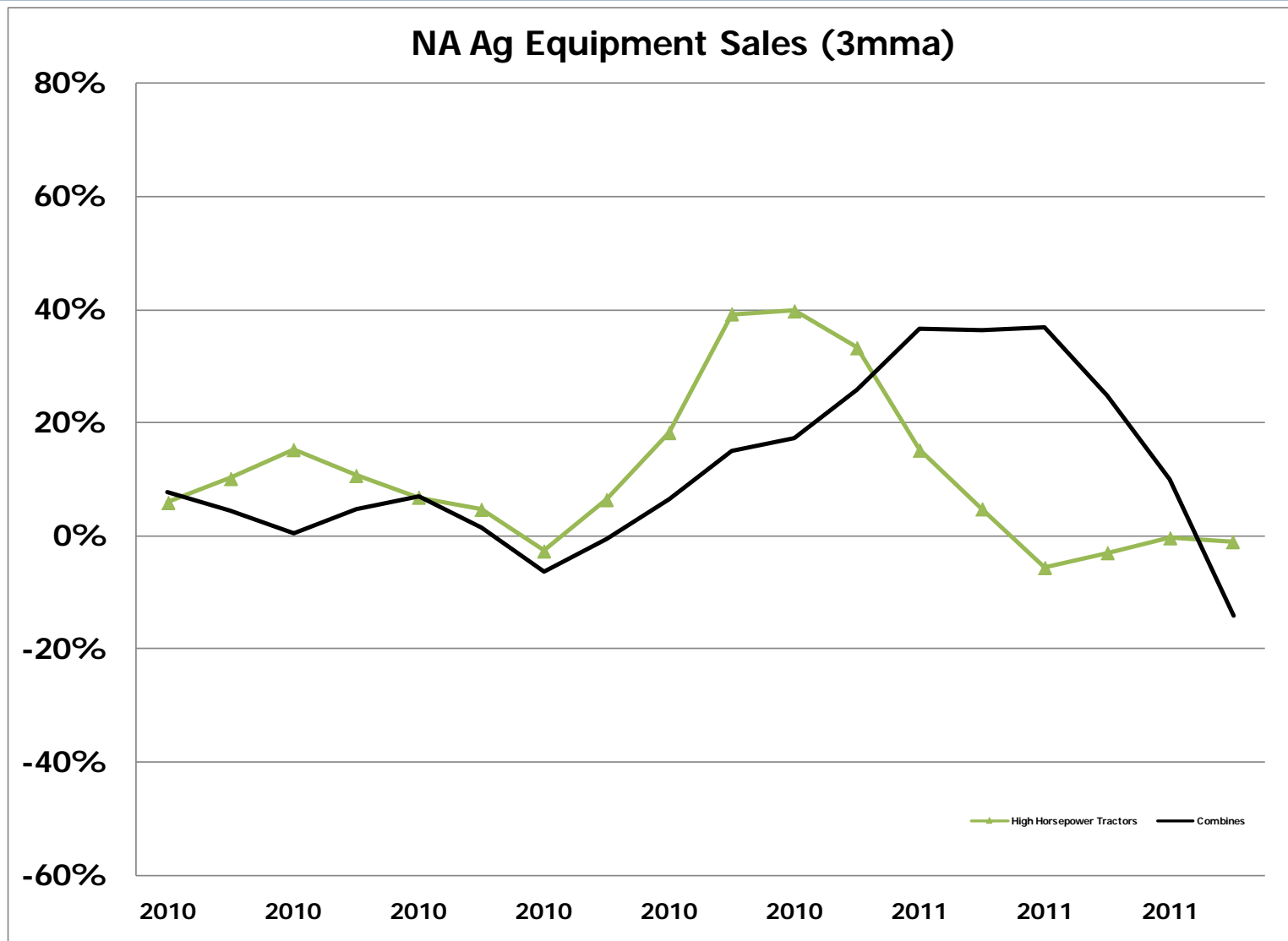
NORTH AMERICAN FARM EQUIPMENT RETAIL SALES														
Units								% change year-over-year						
	< 40 HP	Utility	Row Crop	4-Wheel	Total Tractor	Memo: High hp	Combines	<40HP	Util	RC	4-WD	Total	High hp	Comb
Jan-10	3,687	3,181	2,606	327	9,801	2,933	633	(1%)	(8%)	31%	4%	3%	27%	14%
Feb-10	3,893	2,670	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	8,508	5,162	1,903	438	16,011	2,341	1,579	(3%)	3%	(11%)	(2%)	(2%)	(9%)	(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%)

Source: AEM, CRC Estimates

Annual Ag Equipment Industry Sales – 2009-2011

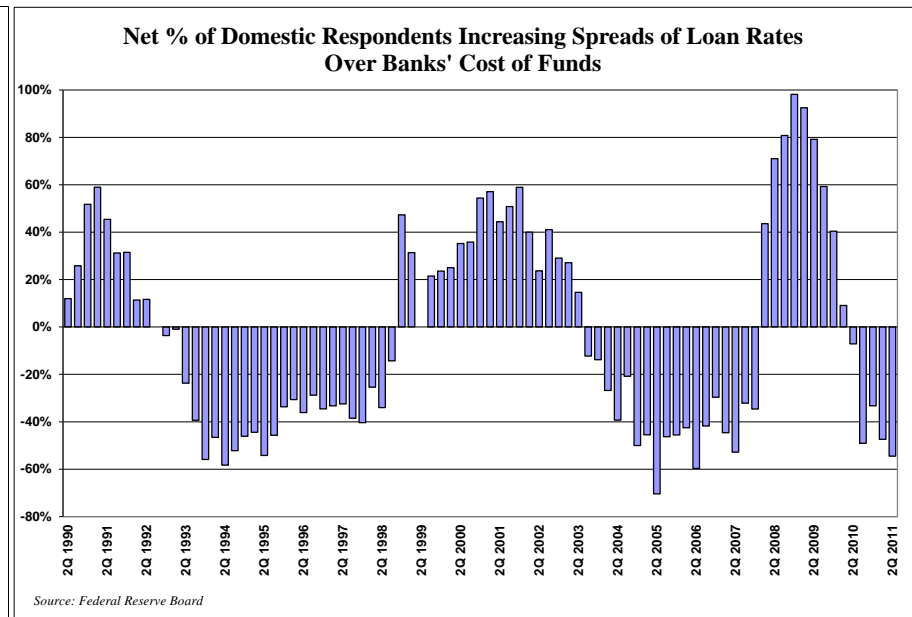
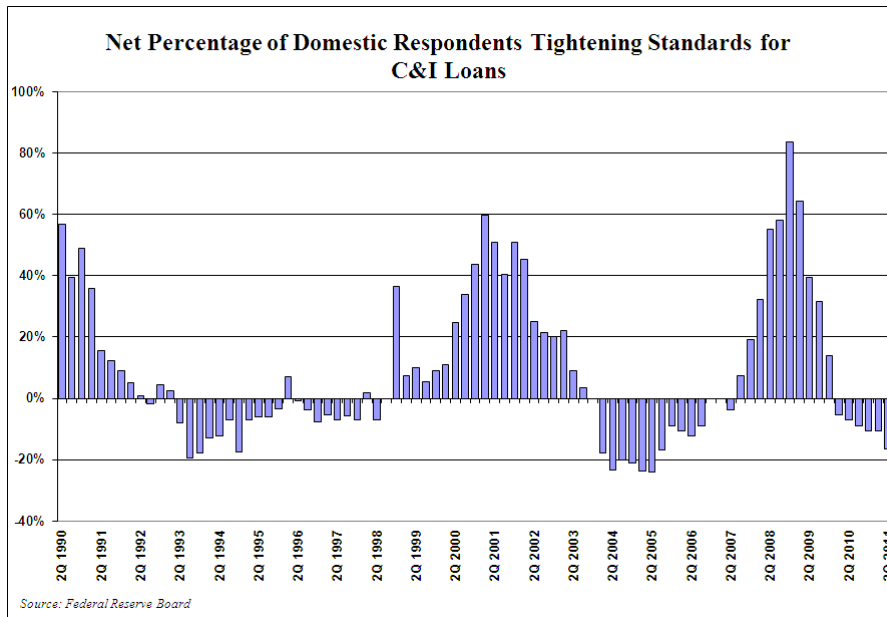


NA Ag Equipment Sales



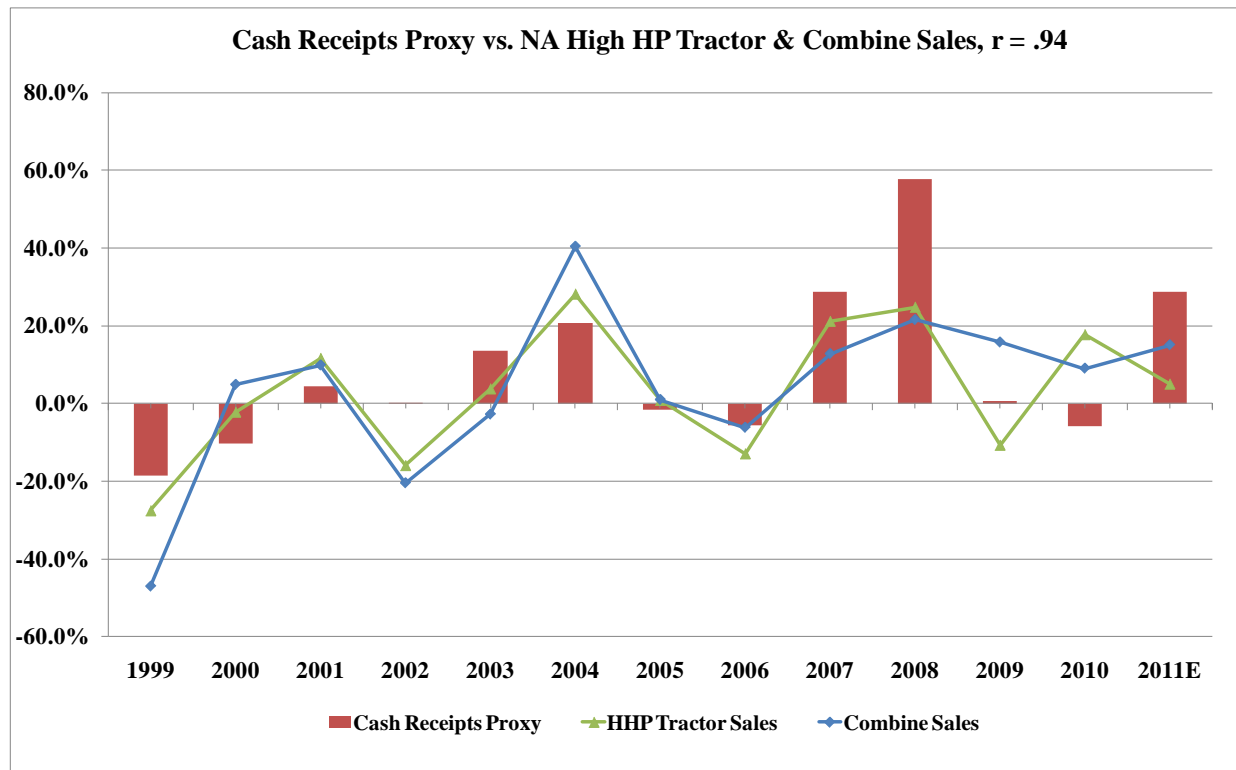
Credit – C&I Loan Demand Improves as Lending Standards Loosen

- The 2Q11 Senior Loan Officer survey saw the sixth consecutive quarter of loosening loan standards which began in 1Q10 following a prolonged period of tightening. A net 16% of loan officers reported loosening credit standards in 2Q11 compared with a net 11% loosening in 1Q11.
- Bank rate spreads contracted again in 2Q11 with a net 55% of loan officers reported lower lending spreads, up from a net 47% of loan officers reported lower spreads in 1Q11.
- Along with the more favorable loan standards and cost of funds, a net 27% of loan officers reported stronger demand for commercial and industrial loans in 2Q11 marking the second consecutive month of better 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 a downward revision to prices for the most important crops, corn, soybeans, and wheat. This suggests moderately lower expected cash receipts vs. last month, as depicted in our simplified cash receipts proxy on the following slide. The impact to our simplified farmer crop cash receipt proxy is a reduction of \$9Bil, to just over \$138Bil, or about 17% above last year's level. This follows last year's record level of cash receipts with our proxy showing a 29% increase for the 10/11 crop year. Farmer cash receipts are highly correlated with new equipment sales as shown below, so the less optimistic outlook is a negative indicator for 2012 NA ag machinery demand.



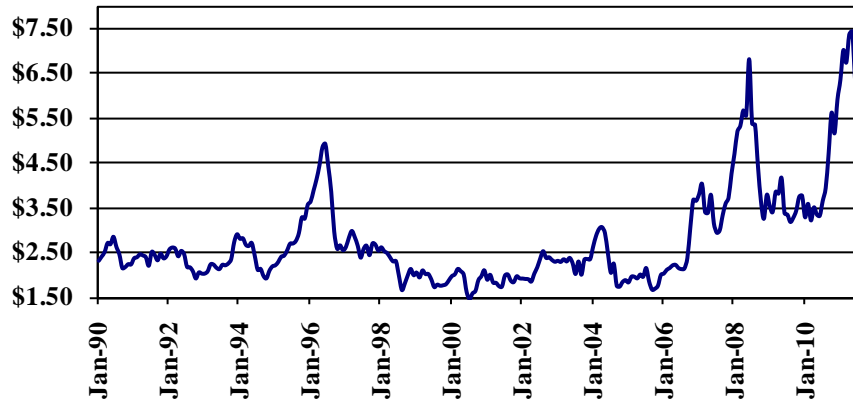
Commodity Price Trends – Simplified Cash Receipts Proxy

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					
May	13,505	11,555	1,800	13,355	900	7.8%	\$5.50-\$6.50	May	20,656	22,333	4,184	18.7%	
June	13,200	11,455	1,800	13,255	695	6.1%	\$6.00-\$7.00	June	20,900	22,864	3,710	16.2%	
July	13,470	11,600	1,900	13,500	870	7.5%	\$5.50-\$6.50	July	20,875	22,950	3,684	16.1%	
Revision to 2011/12:								Corn Spot Price: \$7.24					
m/m chg	270	145	100	245	175	1.4%	(\$0.50)	m/m chg	-25	86	-26	-0.2%	
y/y chg	1,023	50	0	50	140	1.2%	\$0.75	y/y chg	1223	1487	-397	-3.0%	
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					
May	3,285	3,310	1,540	4,850	160	4.8%	\$12.00-\$14.00	May	6,389	7,882	2,112	26.8%	
June	3,285	3,290	1,520	4,810	190	5.8%	\$13.00-\$15.00	June	6,371	7,901	2,073	26.2%	
July	3,225	3,264	1,495	4,759	175	5.4%	\$12.00-\$14.00	July	6,382	7,881	2,101	26.7%	
Revision to 2011/12:								Soybean Spot Price: \$13.85					
m/m chg	-60	-26	-25	-51	-15	-0.4%	(\$1.00)	m/m chg	11	-20	28	0.4%	
y/y chg	-104	-61	-55	-116	5	0.2%	\$1.60	y/y chg	85	310	-73	-2.1%	
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					
May	2,043	1,240	1,050	2,290	702	56.6%	\$6.80-\$8.20	May	22,558	23,396	5,958	25.5%	
June	2,058	1,240	1,050	2,290	687	55.4%	\$7.00-\$8.40	June	22,352	23,275	6,083	26.1%	
July	2,106	1,247	1,150	2,397	670	53.7%	\$6.60-\$8.00	July	22,233	23,379	6,024	25.8%	
Revision to 2011/12:								Wheat Spot Price: \$6.82					
m/m chg	48	7	100	107	-17	-1.7%	(\$0.40)	m/m chg	-119	104	-60	-0.4%	
y/y chg	-102	67	-125	-58	-169	-17.4%	\$1.65	y/y chg	627	231	168	0.5%	
FARMER CROP RECEIPTS													
Production:			Avg Price:			Crop Cash Receipts*							
	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													
May	13,505	3,285	2,043	\$6.00	\$13.00	\$7.50	\$81,030	\$42,705	\$15,323	\$139,058	18%		
June	13,200	3,285	2,058	\$6.50	\$14.00	\$7.70	\$85,800	\$45,990	\$15,847	\$147,637	25%		
July	13,470	3,225	2,106	\$6.00	\$13.00	\$7.30	\$80,820	\$41,925	\$15,374	\$138,119	17%		
*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



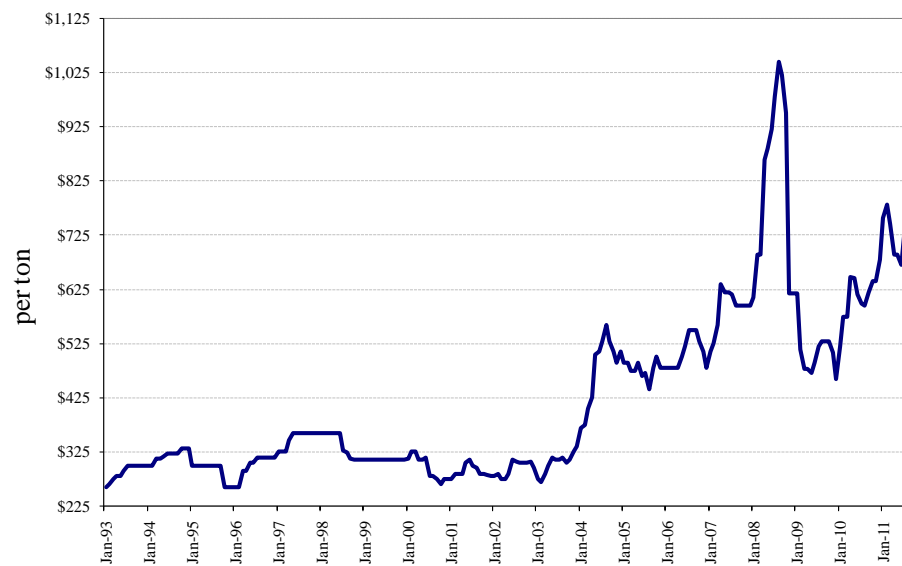
Cotton Price Trends



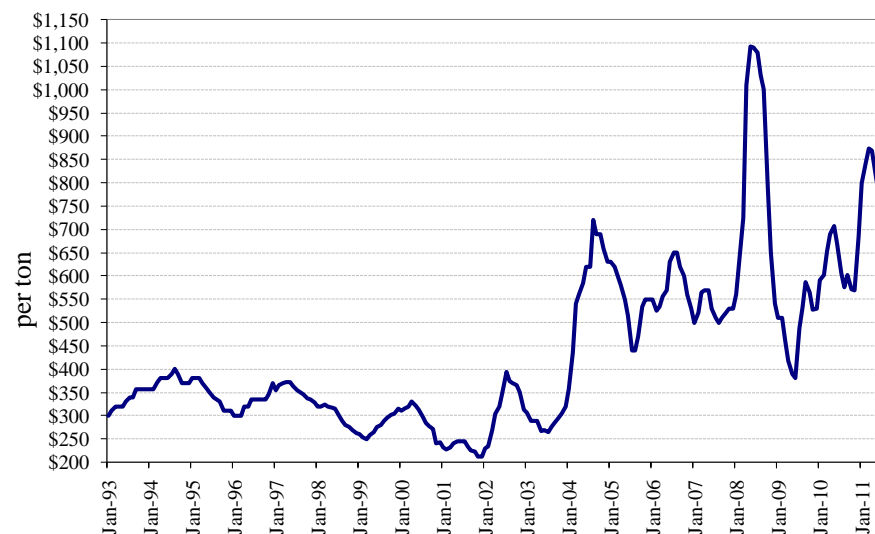
Commodity Price Trends – Steel

- Carbon sheet demand slightly deteriorated in June, which a continuation of the moderate demand weakness we saw in May. Some of the weakness is associated with seasonal factors that are usual to this time of the year, but distribution customers are also placing smaller-than-usual orders and keeping inventory extremely lean in an uncertain pricing environment. The June comp is holding in the 8-10% growth range, which is in line with what we were seeing over the past three months.
- Carbon steel pricing has fallen in the June/early July timeframe after the mills found little support for their price increase attempt 30-45 days ago. Prices climbed to the \$760-780 per ton range for a short period before falling to the \$700-720 mark for most orders. New domestic supply and incoming imports coming into the market are threatening to push prices below \$700 per ton, but we believe that there is support at the \$660 per ton level given the high input cost per ton of the incoming domestic supply.
- The following charts show the long term price trends for both hot rolled sheet and rebar prices.

Domestic Reinforcing Bar (Rebar) Prices

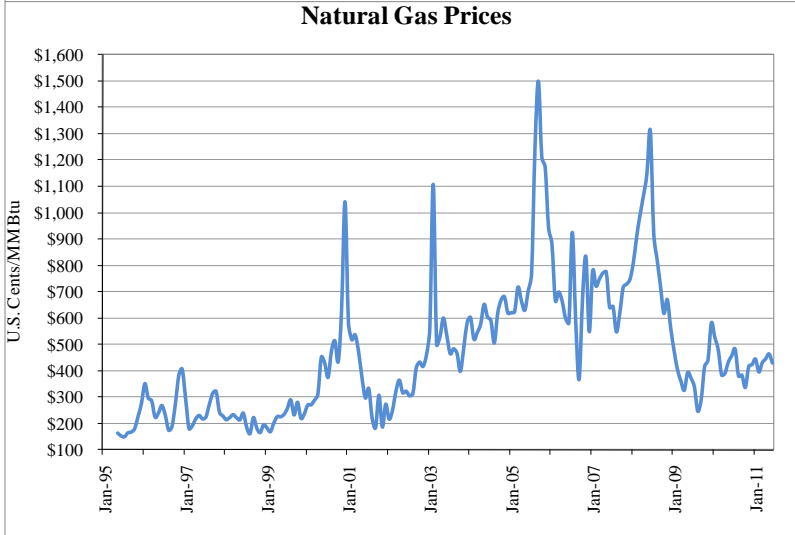
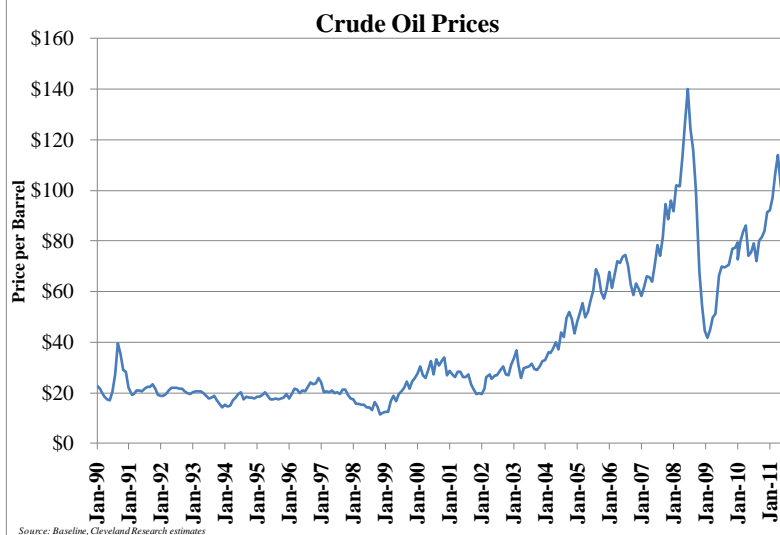
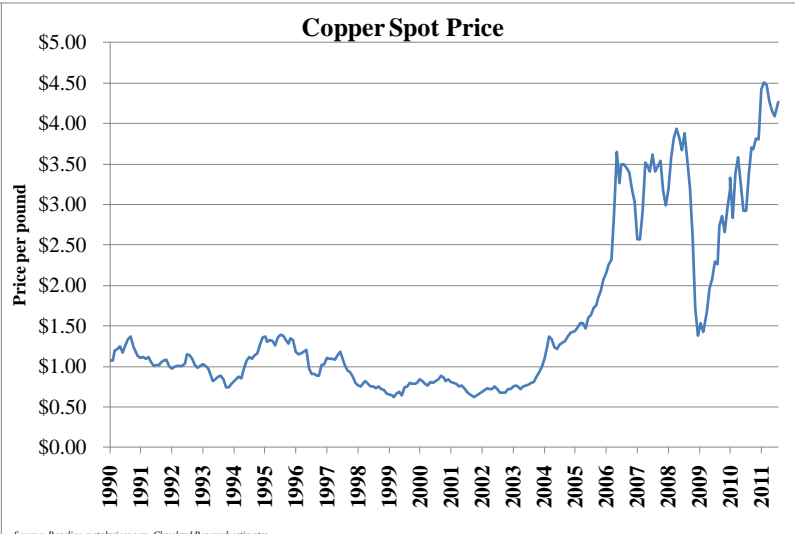
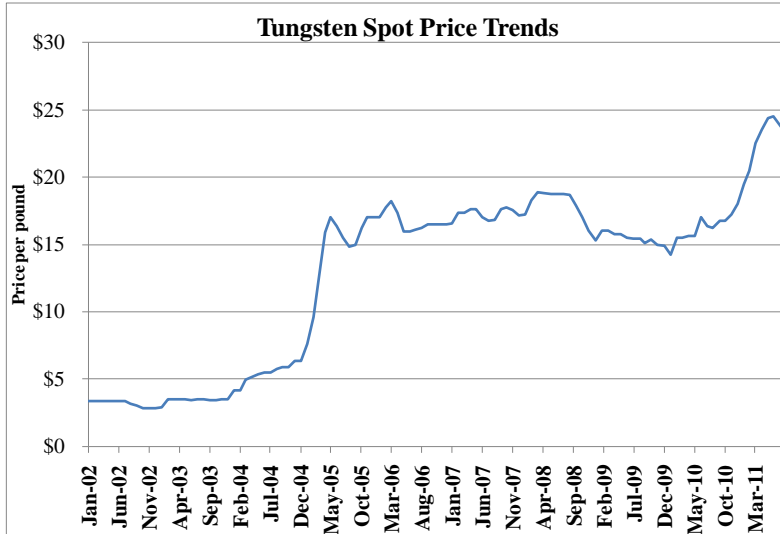


Domestic Hot Rolled Sheet Prices



Source: Steel Business Briefing, CRC Estimates

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



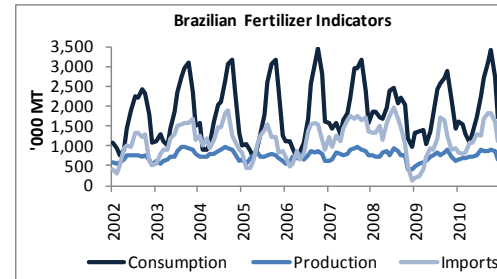
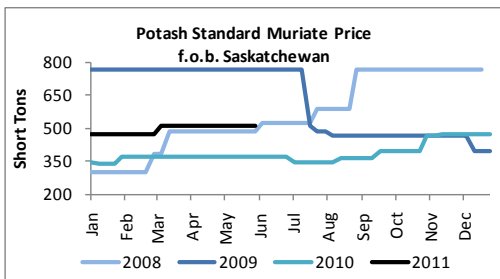
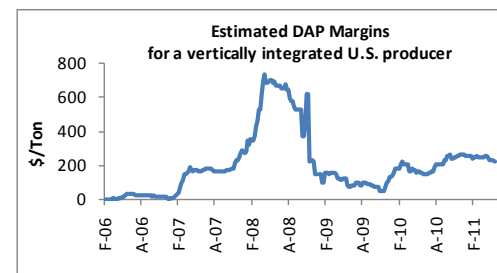
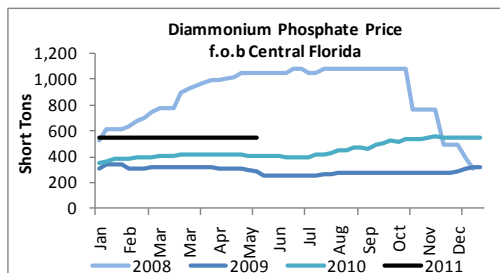
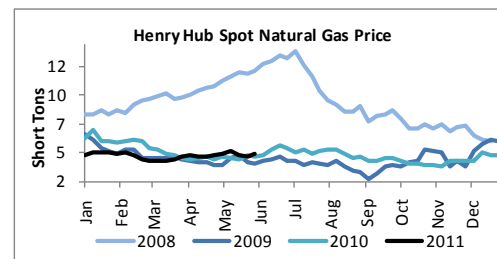
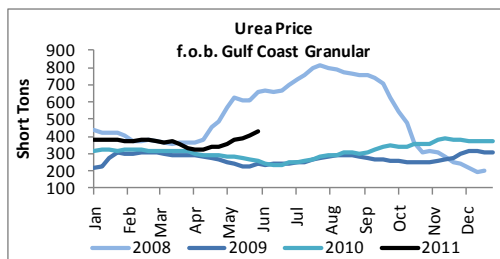
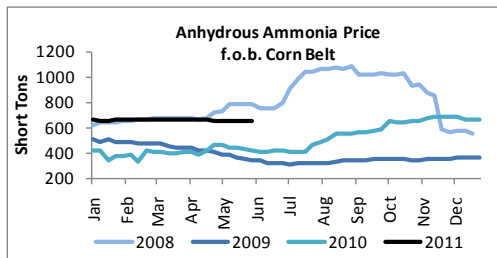
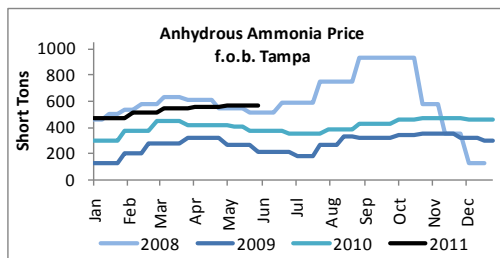
Commodity Trends – Long Run Supply and Demand Projections

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

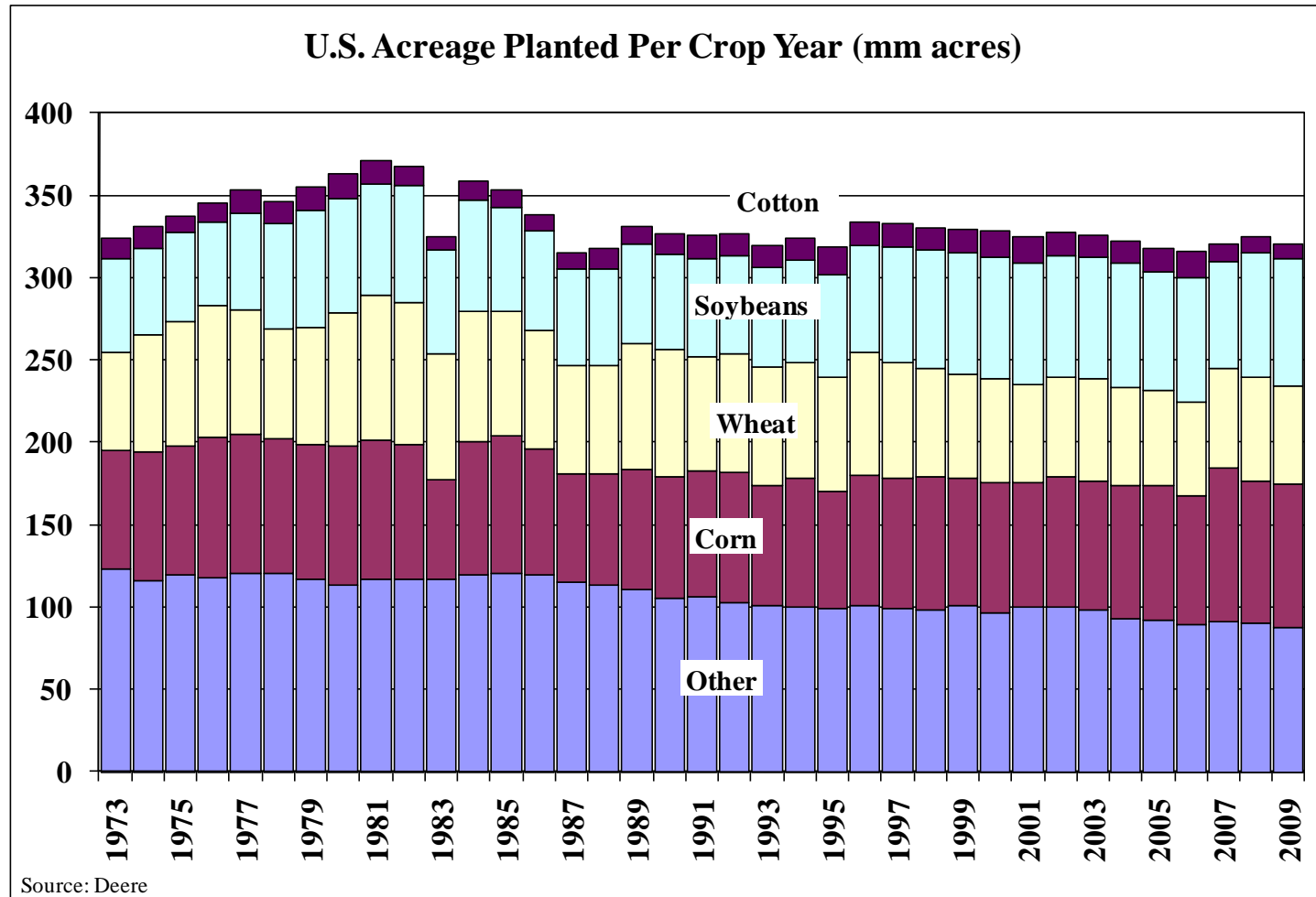
SOYBEANS - DOMESTIC							
<u>Year</u>	<u>Production</u>	<u>Domestic Use</u>	<u>Exports</u>	<u>Total Use</u>	<u>End Stocks</u>	<u>Stocks/Use</u>	<u>Avg Price</u>
2006/07	3,188	1,955	1,118	3,073	573	29.3%	\$9.00
2007/08	2,676	1,893	1,161	3,054	205	10.8%	\$10.10
2008/09	2,921	1,907	1,020	2,927	205	10.7%	\$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

Farm Input Costs – 2008-2011



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