

Ag Equipment Intelligence

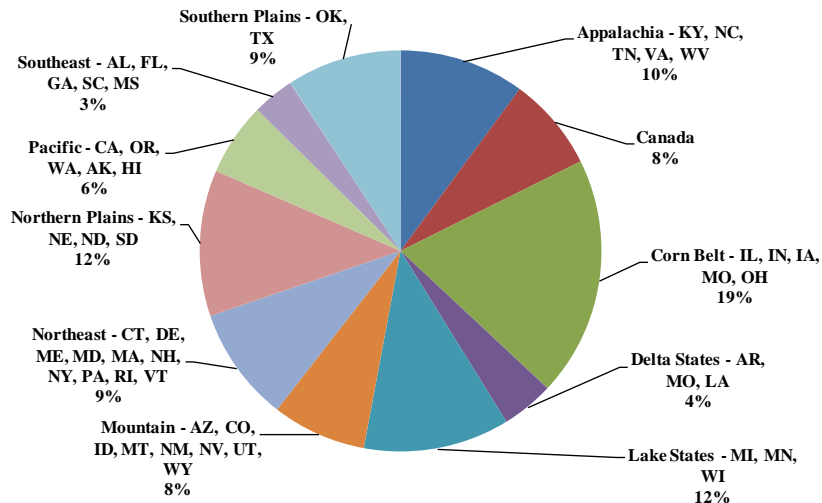
December 2012 Dealer Sentiments &
Business Conditions Update

Monthly Ag Equipment Intelligence North American Dealer Survey

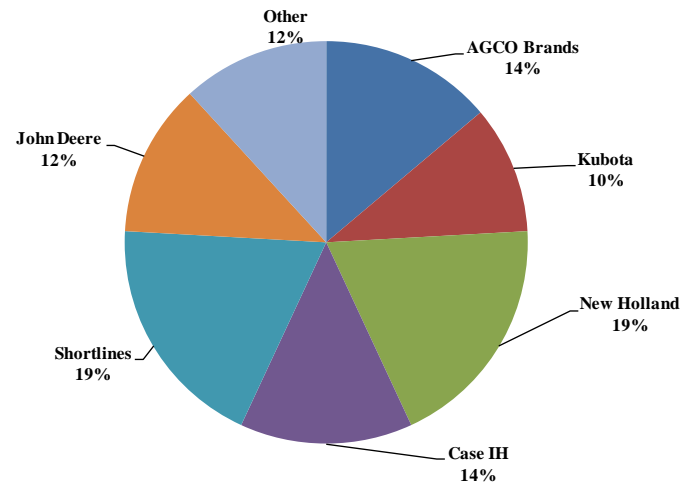
Background:

- We are pleased to announce the results of the December 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 December survey had ~119 respondents representing combined annual revenues of roughly \$3.6 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 Brand



Highlights / Summary Thoughts

- **Industry Sales Growth of 7% in November**– Ag equipment dealers reported year-over-year sales grew 7% on average in November, similar to last month. New Holland and AGCO saw sequential growth of 6% and 4% respectively, while Kubota declined 5%.
- **2013 Dealer Outlook higher at 4%**– John Deere dealers are the most optimistic, while “Other” dealers hold the weakest outlooks. The November 2013 outlook is up 2% sequentially from last month, when dealers expected 2% growth for 2013.
- **Dealer Optimism Increased Slightly**– Our Dealer Optimism Index, a measure of sentiment amongst dealers compared to the prior month, increased slightly in November, with 8% of dealers reporting they have a more optimistic outlook now versus a net 7% last month (28% are more optimistic; 52% same; 20% are less optimistic).

Optimism/Sentiment vs. Last Month

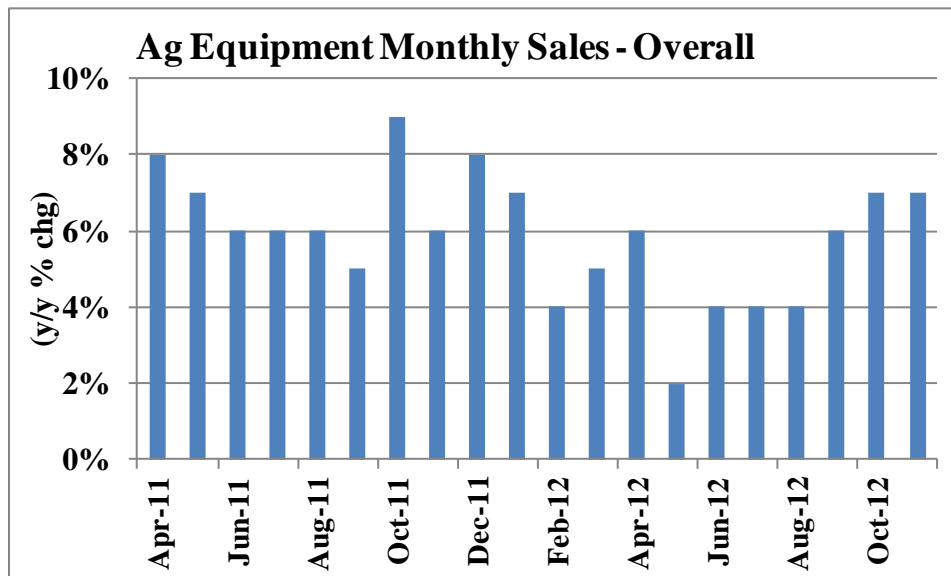
	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>
More Optimistic	33%	25%	31%	32%	30%	25%	36%	33%	30%	38%	29%	25%	22%	15%	14%	18%	28%	31%	27%	28%
Same	54%	54%	44%	49%	55%	58%	55%	55%	54%	53%	57%	59%	62%	61%	49%	44%	54%	54%	54%	52%
Less Optimistic	13%	21%	25%	20%	15%	17%	9%	12%	16%	10%	14%	17%	17%	24%	37%	38%	18%	15%	20%	20%
Net % (More- I	21%	3%	6%	12%	15%	8%	26%	21%	14%	29%	15%	8%	5%	-9%	-23%	-19%	10%	15%	7%	8%

Monthly Sales Growth

- Ag equipment dealers reported year-over-year sales grew 7% on average in November, similar to last month. New Holland and AGCO saw sequential growth of 6% and 4% respectively, while Kubota declined 5%.
- John Deere and AGCO dealers reported the highest average sales growth with each up 7%, while Kubota saw the worst growth with sales declining -2%.
- A net 18% of participants categorized November results as “better-than-expected” (35% better-than-expected; 48% in-line with expectations; 17% worse-than-expected), an improvement from 5% last month.

Average Dealer Sales Growth																				
(% chg v/y)	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12
Overall	8%	7%	6%	6%	6%	5%	9%	6%	8%	7%	4%	5%	6%	2%	4%	4%	4%	6%	7%	7%
By Brand	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12
AGCO	12%	13%	11%	9%	14%	12%	12%	10%	12%	6%	1%	2%	5%	2%	5%	1%	0%	4%	3%	7%
John Deere	8%	8%	7%	5%	5%	4%	10%	5%	5%	6%	4%	6%	9%	4%	9%	9%	7%	10%	10%	7%
New Holland	8%	4%	5%	7%	6%	7%	7%	6%	12%	5%	-2%	4%	3%	1%	0%	2%	-1%	5%	0%	6%
Case IH	5%	4%	3%	8%	7%	7%	8%	8%	11%	10%	4%	6%	3%	-2%	1%	1%	2%	3%	7%	8%
Kubota	13%	5%	7%	12%	7%	6%	7%	9%	10%	10%	4%	6%	5%	1%	6%	-3%	3%	-1%	3%	-2%
Shortlines	n/a	-13%	3%	5%	6%	2%	6%	2%	7%	2%	0%	2%	3%	6%	6%	6%	3%	5%	7%	5%
Other	n/a	n/a	n/a	2%	-3%	7%	6%	3%	11%	2%	-8%	2%	3%	1%	-1%	-3%	5%	0%	1%	3%

Monthly Sales Growth Continued



Percent Positive / Negative Growth

	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12
Positive Sales G	69%	60%	56%	66%	67%	61%	65%	65%	76%	57%	49%	60%	67%	55%	53%	49%	59%	58%	61%	70%
Flat Sales	18%	14%	23%	15%	16%	23%	20%	22%	11%	29%	30%	22%	19%	16%	26%	16%	15%	21%	17%	12%
Negative Sales C	14%	25%	21%	18%	18%	16%	15%	13%	13%	14%	20%	18%	14%	29%	21%	34%	27%	21%	22%	18%
Net % (Positive	55%	35%	35%	48%	49%	45%	50%	52%	63%	42%	29%	42%	52%	25%	31%	15%	32%	37%	39%	52%

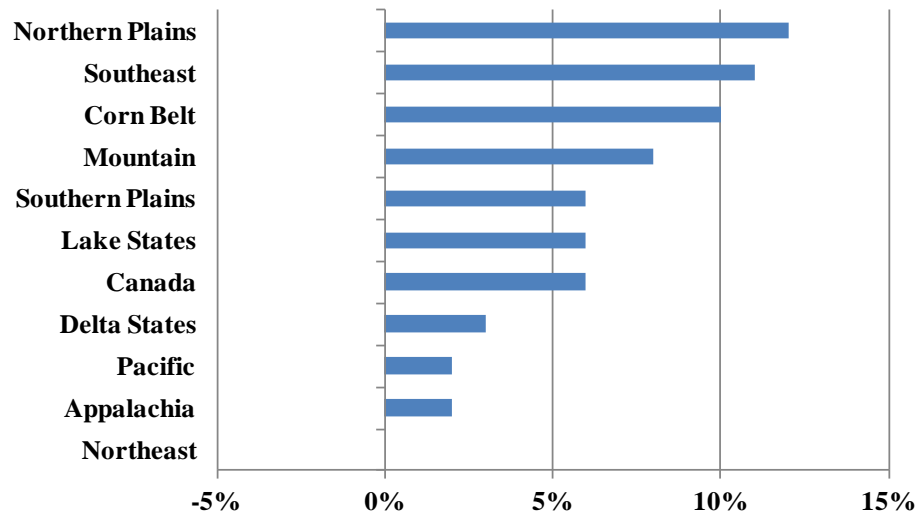
Results vs. Expectations

	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12
Better than expe	28%	26%	27%	27%	30%	29%	35%	32%	41%	28%	19%	20%	24%	22%	23%	21%	30%	25%	26%	35%
In line with expe	51%	44%	48%	54%	52%	56%	48%	54%	47%	56%	54%	66%	63%	52%	51%	44%	41%	56%	54%	48%
Worse than expe	21%	30%	25%	19%	18%	15%	17%	13%	12%	16%	26%	14%	14%	25%	26%	35%	29%	19%	20%	17%
Net % (Better -	7%	-4%	1%	8%	13%	14%	18%	19%	29%	12%	-7%	7%	10%	-3%	-3%	-14%	1%	6%	5%	18%

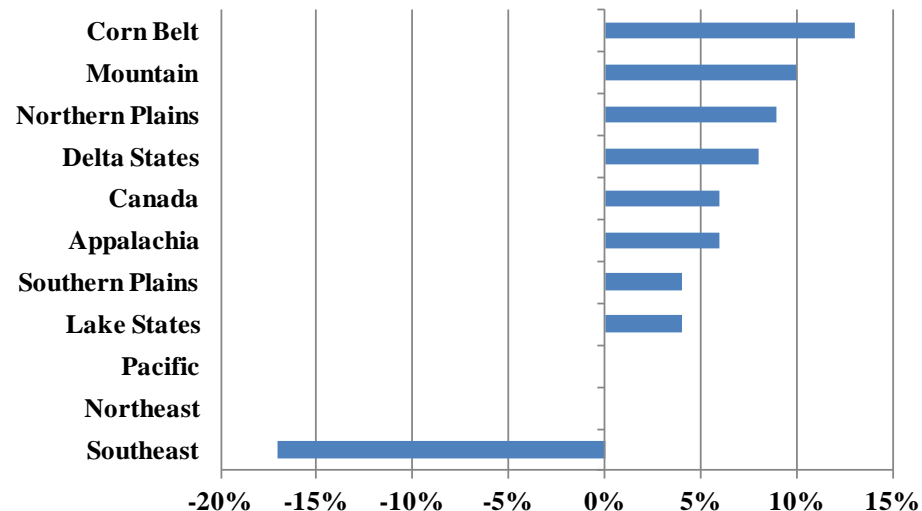
Monthly Sales Growth by Region

- Eight out of eleven regions showed positive average monthly sales growth in November, down from ten in October. The Corn Belt, Mountain, and Northern Plains regions were the top performers, while the Southeast saw a sharp decline. Note that the sample size of Southeast participants was small this month.
- On a sequential basis, the Delta States saw the most significant acceleration while the Southeast saw the most significant decline.

**Average Monthly Sales Growth by Region
October 2012**



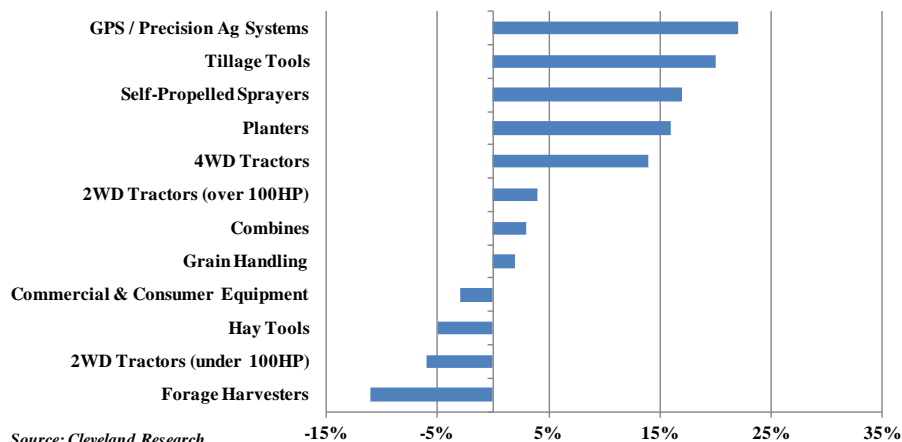
**Average Monthly Sales Growth by Region
November 2012**



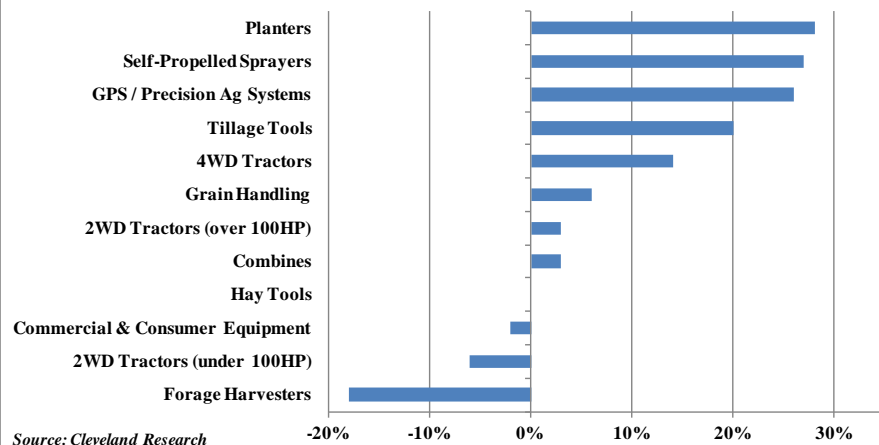
Equipment Category Sales Trends

- Eight out of twelve product categories ranked in positive territory in November, the same as last month. Planters, self-propelled sprayers, and GPS/precision ag systems head the list of top performing products while forage harvesters were ranked the weakest.
- On a sequential basis, planters saw the strongest improvement, while forage harvesters and 2WD tractors were the only categories to decline sequentially.

Product Category Ranking (Net % Strong - Weak)
October 2012

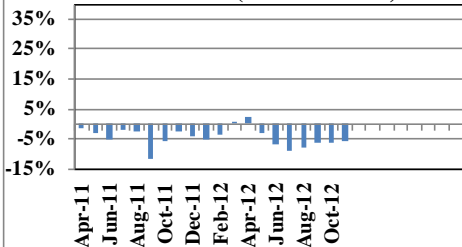


Product Category Ranking (Net % Strong - Weak)
November 2012

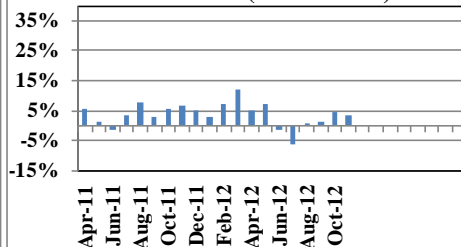


Equipment Category Sales Trends

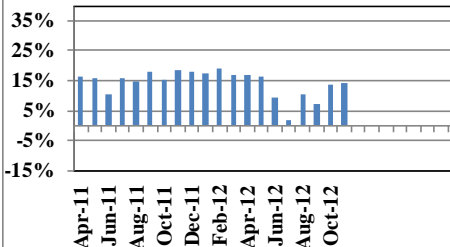
2WD Tractors (under 100HP)



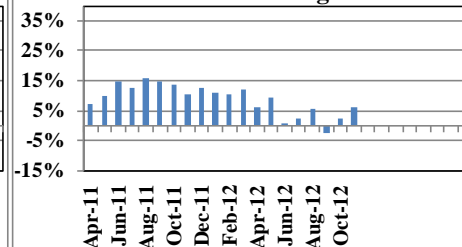
2WD Tractors (over 100HP)



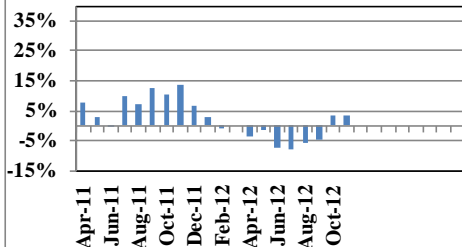
4WD Tractors



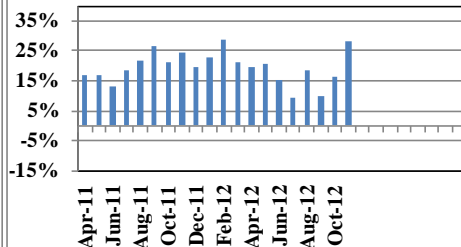
Grain Handling



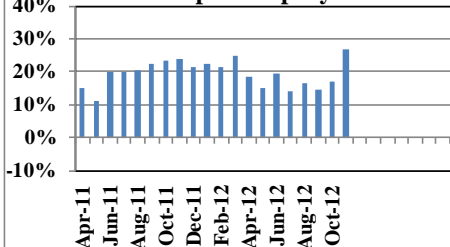
Combines



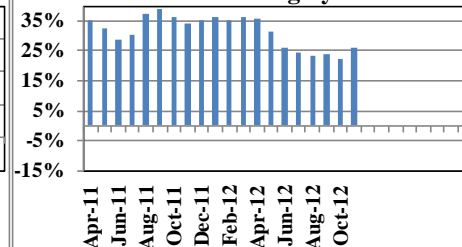
Planters



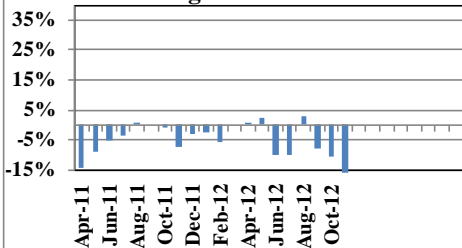
Self-Propelled Sprayers



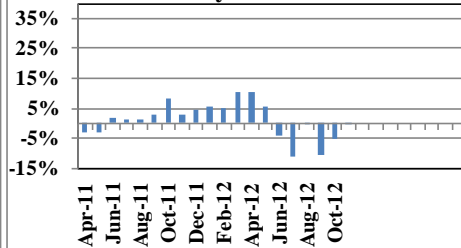
GPS / Precision Ag Systems



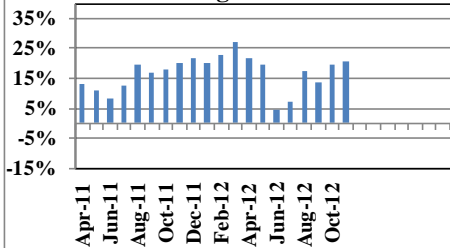
Forage Harvesters



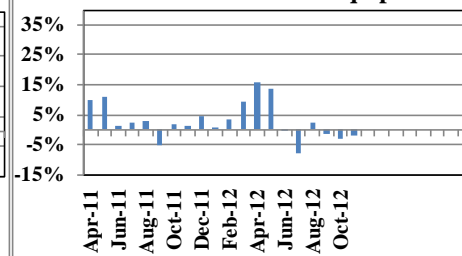
Hay Tools



Tillage Tools



Commercial & Consumer Equipment



Dealer Commentary on Monthly Sales

- *We see a good attitude now after the drought.*
- *Combine allocation was down and then at the end of the ordering periods we were allotted more machines. I expect this was due to drought in the middle states. We also now have a very confusing allocation for self-propelled sprayers. At this time we do not know 100% what our numbers will be.*
- *A lot of interest in Dec. for year end purchases has me encouraged.*
- *We were up 56% from 2011. Either we were really getting with it this year or we really stunk up the place last year.*
- *We're still seeing dry conditions for fall, outlook for water in irrigation storage very low, already on water rationing for spring. - Creates bleak outlook?*
- *In our area wind laid over corn and need equipment other than corn heads to help harvest.*
- *Better programs have helped us.*
- *Sales were down from last year for the month of November.*
- *Negative attitude toward the state of the US economy, especially the intended increases in taxes & the unwillingness of congress to cut spending. Lack of a farm bill is creating a lot of uncertainty.*
- *We are in a crop failure area, many are waiting on insurance settlements. Many growers are reducing work force due to no grain to be delivered this winter.*
- *We're seeing weak sales because of the elections and customers are holding back to see what happens with the economy*
- *Increased in our sales this month was a nice surprise.*
- *Trimble & CNH Parts & service need to get on the same page with respect to their representation of branded products, performance abilities & their representations.*
- *This month we saw a lot more sales than anticipated*
- *Salesmen are busy pricing. Customers are buying. Big question marks with the government and programs*

Order Growth

Overall Orders

- Incoming orders grew 2% on average in November, down from 4% in October.
- John Deere, Shortlines, and “Other” dealers saw highest average orders growth at 3%, while New Holland and Kubota dealers saw flat orders growth.

New Combine Order Intentions

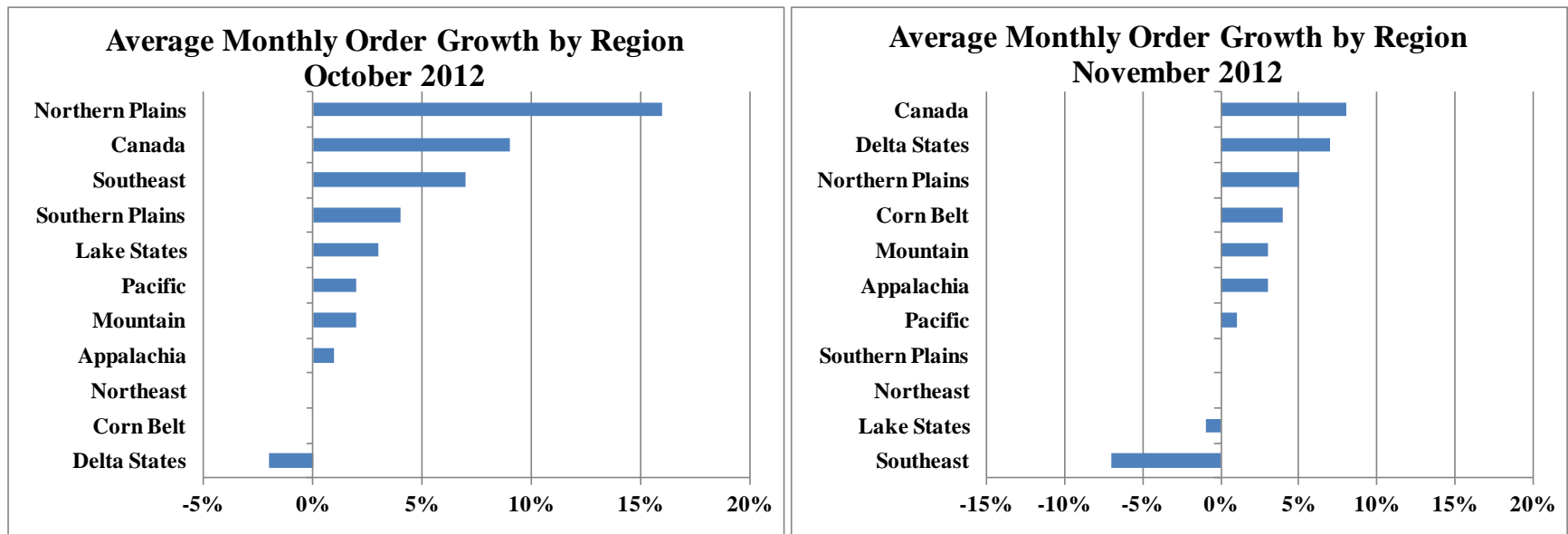
- A net 7% of dealers believe they will order fewer combines compared to last year, an improvement from the net 17% last month.

New Combine Order Intentions vs. Last Year																
	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>
More	22%	20%	21%	20%	11%	14%	15%	14%	9%	10%	7%	6%	11%	6%	15%	21%
Same	47%	48%	48%	53%	60%	61%	63%	63%	64%	54%	69%	55%	58%	68%	52%	52%
Less	31%	32%	31%	27%	29%	25%	22%	24%	27%	37%	24%	39%	31%	26%	32%	28%
Net % (More- Less)	-10%	-12%	-10%	-7%	-18%	-10%	-8%	-10%	-17%	-27%	-18%	-33%	-19%	-20%	-17%	-7%

Average Orders Growth																				
(% chg v/y)	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12
Overall	3%	3%	3%	5%	4%	4%	4%	4%	4%	5%	4%	2%	4%	2%	1%	1%	3%	2%	4%	2%
By Brand	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12
AGCO	4%	8%	5%	10%	10%	5%	6%	8%	6%	8%	3%	3%	6%	6%	3%	0%	-1%	-1%	2%	1%
John Deere	4%	2%	2%	5%	3%	4%	3%	3%	4%	5%	4%	1%	8%	5%	6%	4%	6%	4%	5%	3%
New Holland	4%	2%	3%	5%	5%	5%	4%	3%	6%	3%	2%	2%	3%	2%	-3%	-2%	0%	0%	-1%	0%
Case IH	1%	3%	2%	4%	3%	3%	5%	4%	3%	4%	2%	0%	0%	-5%	-3%	-3%	1%	-2%	4%	2%
Kubota	9%	1%	6%	6%	6%	4%	4%	6%	7%	10%	2%	4%	2%	2%	2%	0%	1%	-1%	2%	0%
Shortlines	n/a	-3%	2%	2%	4%	3%	1%	2%	4%	1%	3%	5%	2%	5%	2%	1%	7%	0%	2%	3%
Other	n/a	n/a	n/a	1%	-2%	2%	4%	3%	11%	3%	3%	5%	3%	1%	-4%	1%	6%	1%	0%	3%

Order Growth by Region

- Seven out of eleven regions showed positive monthly orders growth in November, down from eight out of eleven in October. Canada was the top-performing region, while the Southeast came in weakest.
- On a sequential basis, the Delta States showed the most significant improvement, while the Southeast demonstrated the most significant slowdown in orders.



2013 Sales Outlook

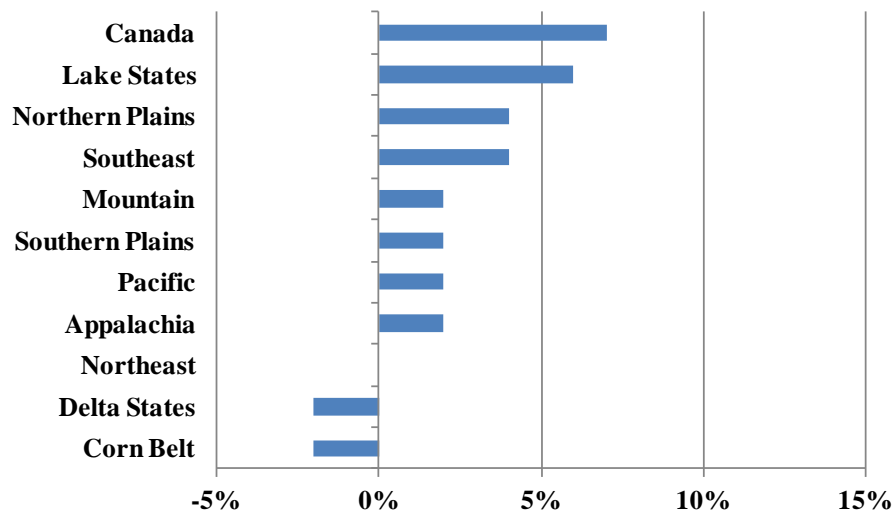
- For 2013, dealers are forecasting 4% sales growth. This is up from last month, when the outlook was at 2%.
- John Deere dealers are the most optimistic this month while “Other” dealers expect anticipate negative sales growth in 2013.

Dealer Outlook																
(% chg v/y)	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>
	2012 Outlook													2013		
Overall	5%	2%	4%	4%	3%	5%	5%	4%	6%	3%	4%	3%	4%	3%	2%	4%
<u>Bv Brand</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>
AGCO	9%	8%	9%	8%	4%	6%	7%	3%	8%	7%	6%	2%	3%	4%	4%	3%
John Deere	4%	1%	2%	3%	2%	6%	6%	4%	9%	5%	9%	7%	8%	4%	2%	6%
New Holland	5%	5%	5%	5%	4%	2%	3%	4%	3%	1%	1%	0%	2%	1%	0%	0%
Case IH	4%	3%	5%	4%	3%	3%	2%	3%	3%	-1%	-1%	-1%	0%	2%	2%	2%
Kubota	5%	7%	4%	4%	6%	4%	4%	3%	3%	4%	6%	-1%	4%	3%	2%	0%
Shortlines	3%	2%	1%	2%	2%	2%	3%	6%	4%	7%	5%	2%	3%	5%	0%	2%
Other	3%	4%	6%	4%	7%	5%	3%	4%	3%	5%	-2%	2%	4%	3%	3%	-2%

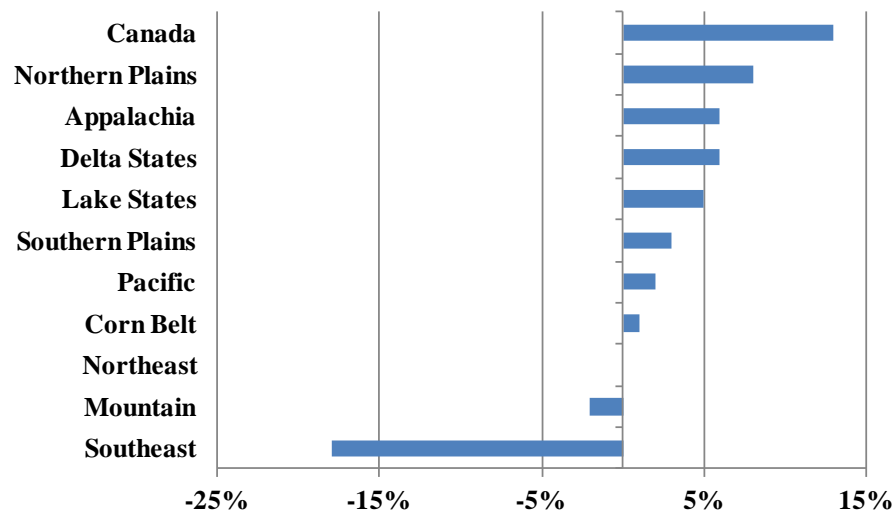
2013 Sales Outlook Continued

- Eight out of eleven regions are projecting a positive full year 2013 sales outlook in November. Canada remains most optimistic, while the Mountain and Southeast regions are expecting sales to decline in 2013.
- In October, Canada and the Lake States were the most optimistic, while the Delta States and Corn Belt had negative outlooks.

**Average Monthly Sales Outlook by Region
October 2012**



**Average Monthly Sales Outlook by Region
November 2012**

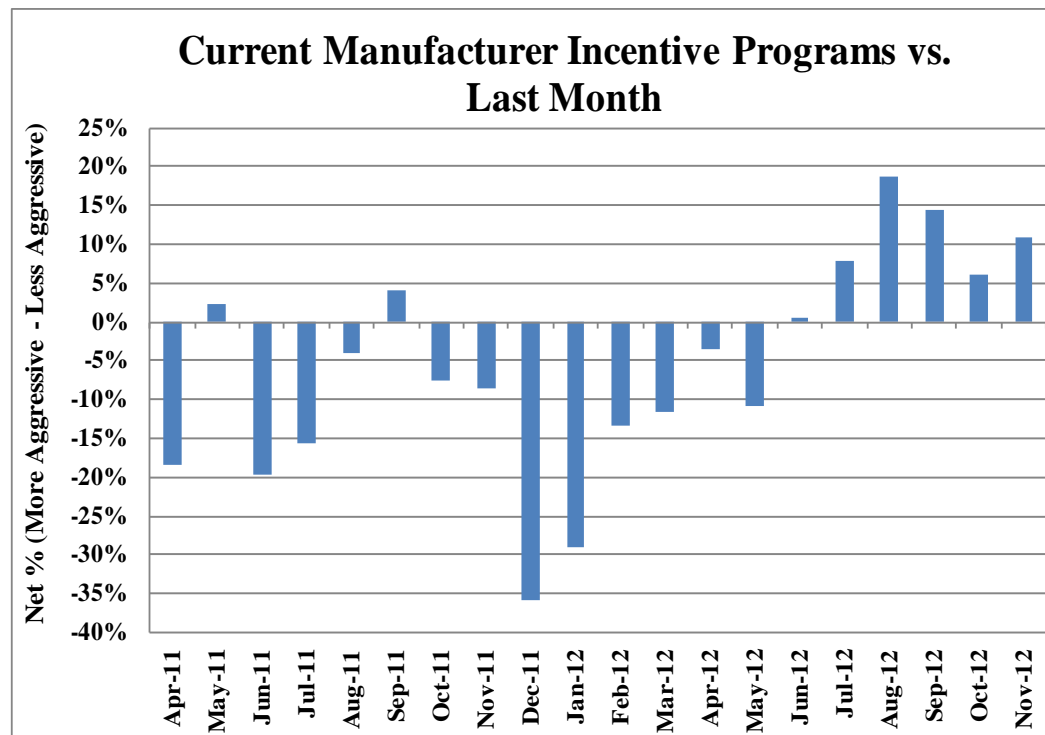


Dealer Commentary on 2013 Outlook

- *Incomes are excellent, we will just have to see what happens in Washington.*
- *A lot is riding on tax benefits & farm program.*
- *We're taking more control of sales people's accountability and goals.*
- *All hinging on the Section 179 Deduction. If that goes down dramatically, it will hinder sales.*
- *Loss of tax incentives, higher taxes are impacting my outlook.*
- *100 year record drought.*
- *I don't think the drought has taken full effect yet.*
- *Better crop returns than expected has me more optimistic.*
- *I have mixed emotions---think what the legislators do will make a big difference.*
- *We're seeing lots of pre-sells so I'm feeling better about next year.*
- *The loss of tax reasons to buy will hurt.*
- *Hope to avoid summer drought conditions and have new product offerings next year.*
- *Obama Care, Fiscal Cliff*
- *Total sales have increased during November indicating people are looking to do upgrades with their equipment.*
- *If we don't get some measurable moisture soon it will really start to hurt equipment sales going to next spring*
- *Election and the elimination of tax programs have me concerned!*
- *Milk prices in California make for a bleak situation in a big market.*
- *No relief in sight for the drought. We are in a cattle, hay area and the drought has killed our sales.*
- *There should be a good interest and good potential for the Row Trac Steiger.*
- *Our manufacturer is reducing our orders by 20%.*
- *Ag equipment will stay the same, but we'll see some changes in the residential lines.*

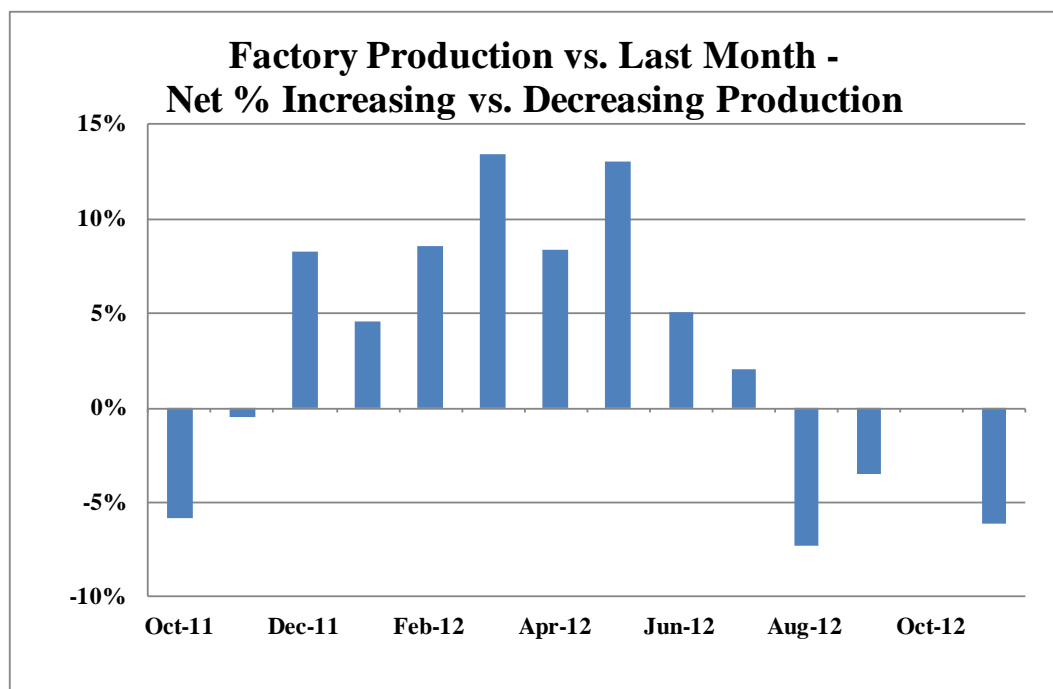
Current Manufacturer Incentive Programs

- A net 11% of dealers report that manufacturers are more aggressive with incentives in November (24% more aggressive; 64% same; 13% less aggressive) compared to a net 6% who reported manufacturers were more aggressive in October.



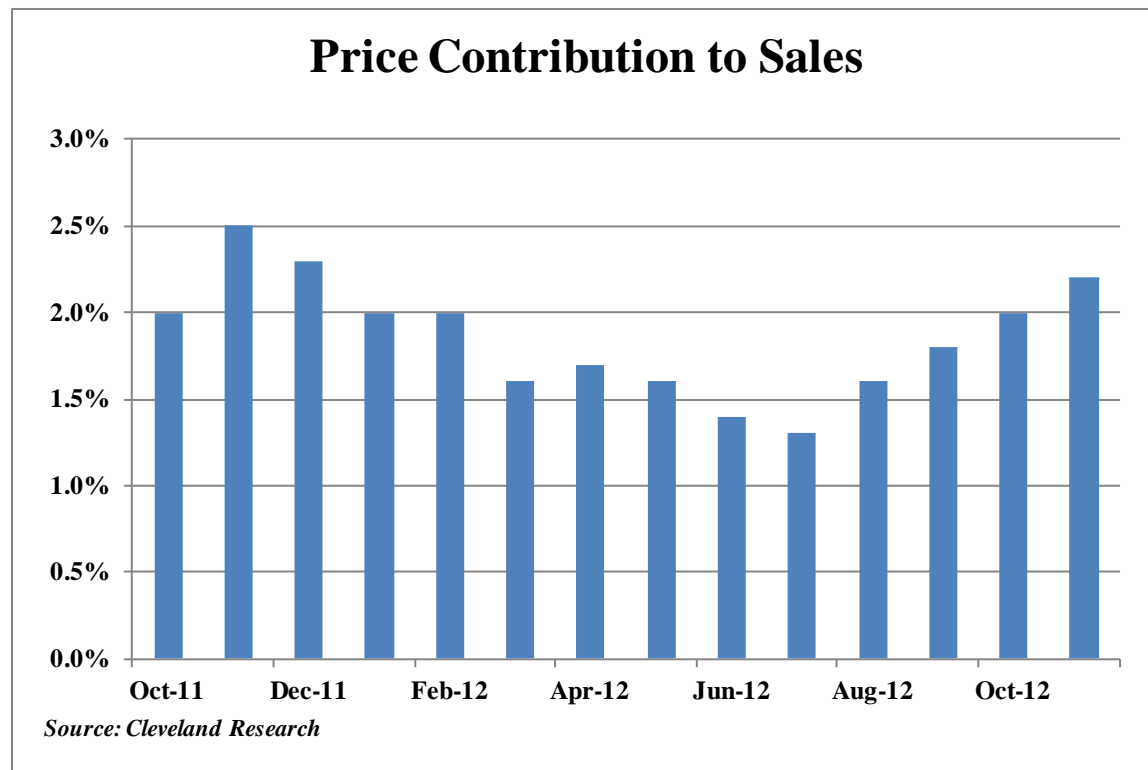
Factory Production

- Dealers report that factory production declined, as a net 6% of dealers are reporting decreasing production levels (4% increasing production; 85% no change in production; 11% decreasing production) compared to flat production in October.



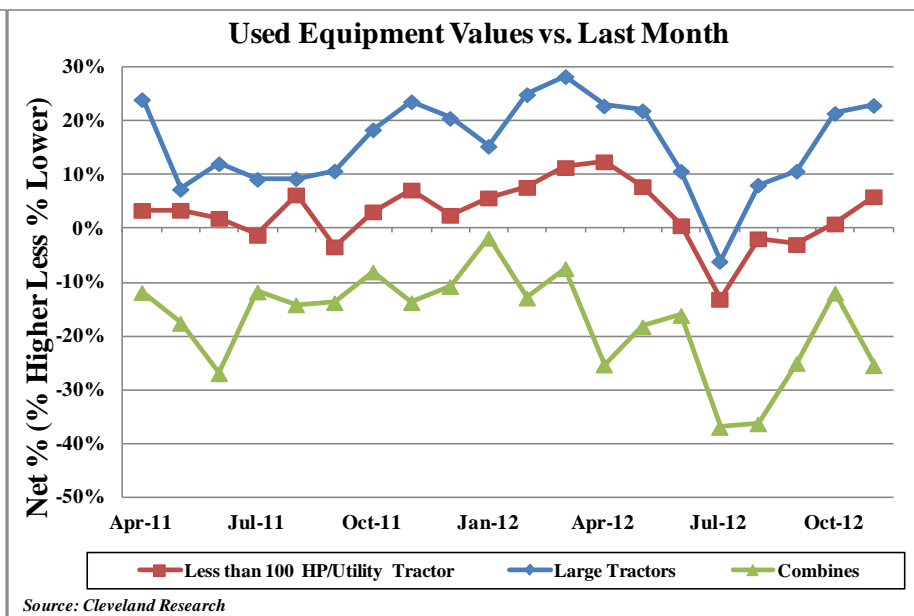
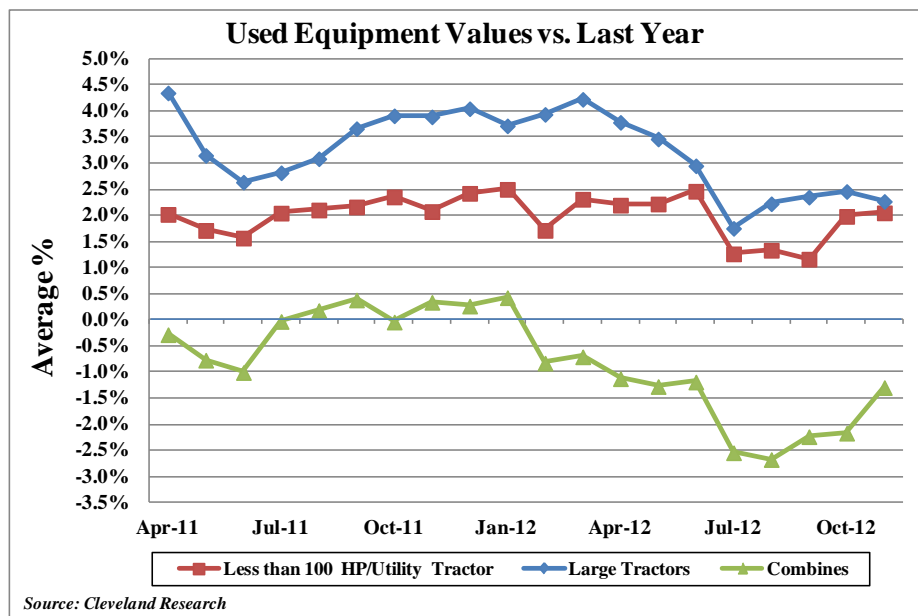
Pricing Trends

- Dealers report price contributed roughly ~2.2% to total November revenue, up slightly from 2.0% in October. Pricing as a contribution to sales has been steadily improving since July as drought conditions began abating.



Used Equipment Pricing

- By category, tractors over 100HP are now up 2.3% year-over-year on average, down from 2.5% last month. Prices for used tractors under 100HP are up 2.1% in November, up from 2.0% in October. Used combine values are down -1.3%, up from down -2.2% last month.
- Relative to last month, a net 6% of dealers report higher values for under 100HP/utility tractors. For over 100HP tractors, a net 23% of dealers report higher values vs. last month. Finally, a net 25% of dealers report used combine values are lower than last month.



Inventory Levels

New Equipment Inventory

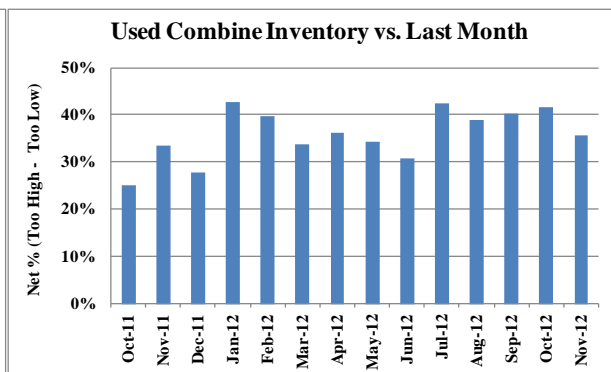
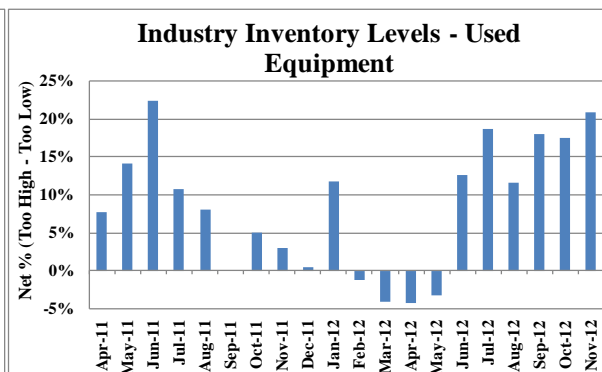
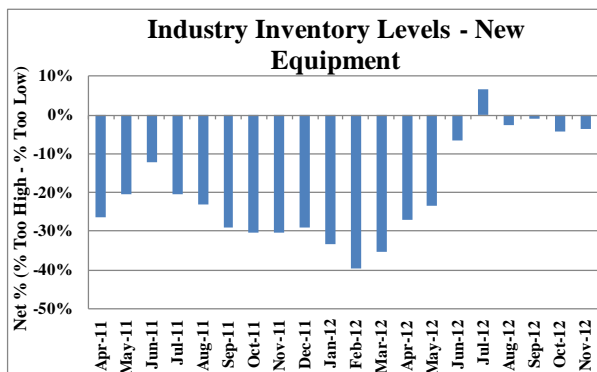
- A net 4% of dealers categorize their new inventory as “too low” (20% too high; 56% about right; 24% too low), similar to last month.

Used Equipment Inventory

- Used equipment inventory remains high as a net 21% of dealers categorize their used inventory levels as “too high” (32% too high; 56% about right; 11% too low), slightly higher than last month.

Used Combine Inventory

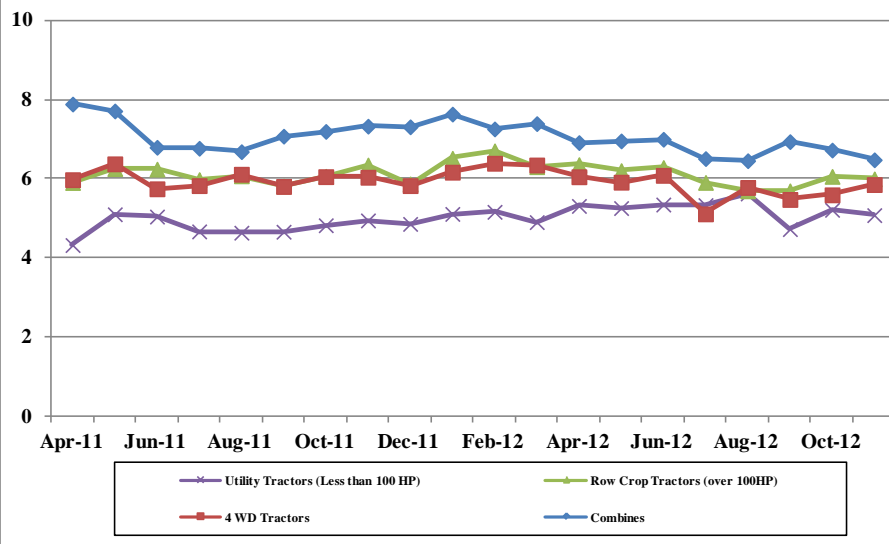
- Within the used equipment categories, a net 36% of dealers also reported used combine inventory levels are still “too high” (42% too high; 51% about right; 7% too low).



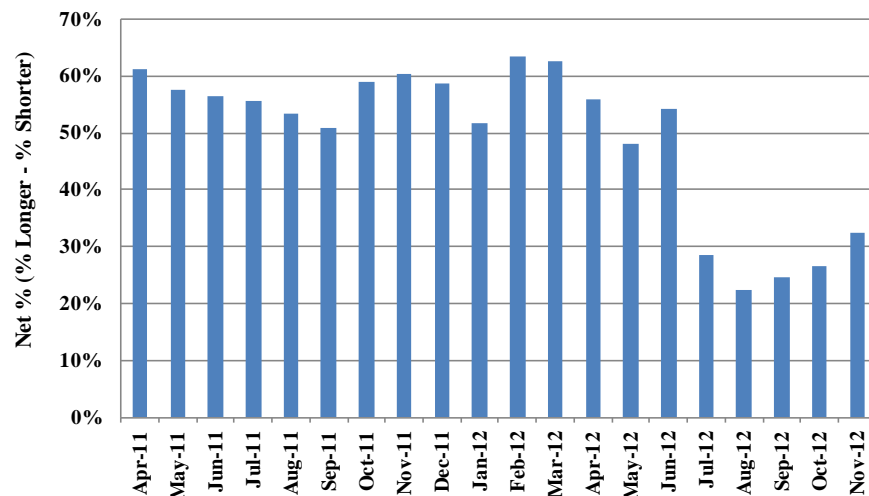
Equipment Availability

- Overall, a net 32% of dealers report longer factory lead-times compared to last month (41% longer; 50% same; 9% shorter), up from a net 27% last month.
- A closer look at availability by product category shows mixed trends in lead times this month. On average combine lead times are 6.5 months; 4WD are 5.9 months; row crop tractor lead times are 6.0 months; and smaller tractors (<100 HP) lead times are 5.1 months.

Lead Times By Product Category (Months)



Lead Times - Versus Prior Month



Dealer Commentary on Used Inventory Levels

- *No doubt used 4WD inventory is beginning to build and has us worried that the same thing is starting to happen with them as with what happened to combines. Especially the largest sizes IE 9630/9560R and 9870 STS combines. Lead time is about the same for 4WD as Row Crop tractors due to high quantities we order. I left out combines as we currently can not order any and our 2013 allocation has been filled (and then some).*
- *Used combines, and planters continue to be a concern.*
- *We're trying to trade equipment that is too big for our used market*
- *Used combines are still the issue for us.*
- *Hay machinery market is flat--little interest*
- *Combines for us have way more used inventory than we would like*
- *Too high in just a few categories. Those being high are 4WD tractors, combines, and self-propelled sprayers.*
- *Surplus supply putting downward pressure on resale pricing*
- *Older equipment has no market available*
- *There is still a good market for used tractors if the price is right*
- *But getting better, hay equipment and four wheel drive tractors.*
- *High Horsepower Forage Harvesters.*
- *My biggest concern is mainly with combines*
- *Even though I didn't want too I traded in some older used combines to move some new equipment that was coming due.*

Dealer Commentary on Biggest Surprise in the Month

- *We had good harvest-some better than expected---and commodity prices good so thought there would be buying at end of year and have not seen that happening yet*
- *Excavator sales were up.*
- *More pricing than expected.*
- *The comeback of equipment pricing was a surprise as we still are really in a drought if you look at average rainfall.*
- *Better crop returns and good harvest conditions putting a smile on customer faces.*
- *SURPRIZED THAT MKT IS HOLDING STRONG*
- *Not a whole lot, for the most part everything went about as expected*
- *Sales Volume up substantially*
- *Pre-sells were really strong*
- *Weather was a surprise.*
- *Many farmers still seem to waiting to make buying decisions on larger equipment even with strong commodity -pricing and manufacturer's programs.*
- *Lack of agricultural year end business*
- *RIVER BEING THAT LOW AND A CHANCE IT WILL SHUT DOWN*
- *I was expecting the see the El Nino replace the La Nina and the drought winding down.*

NA Farm Equipment Industry Retail Sales and Inventory

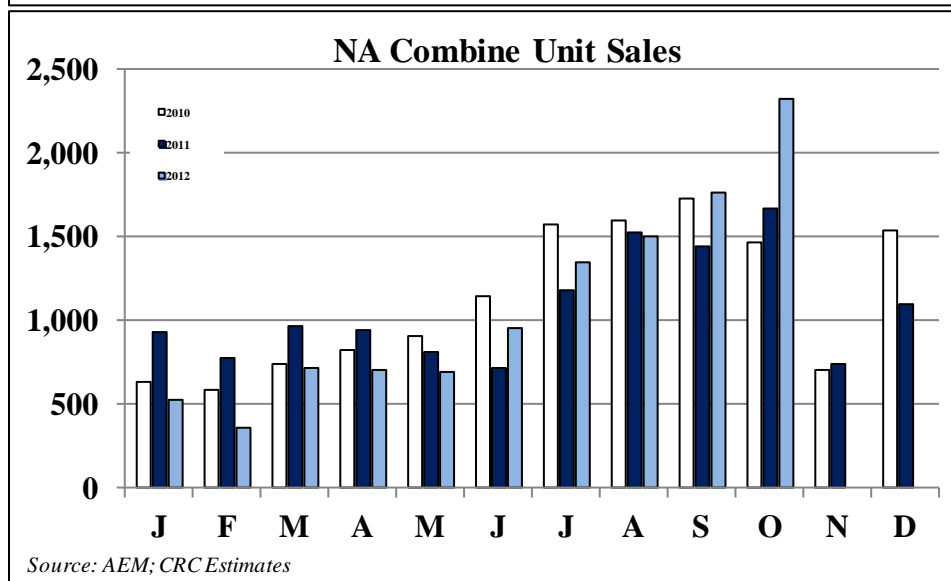
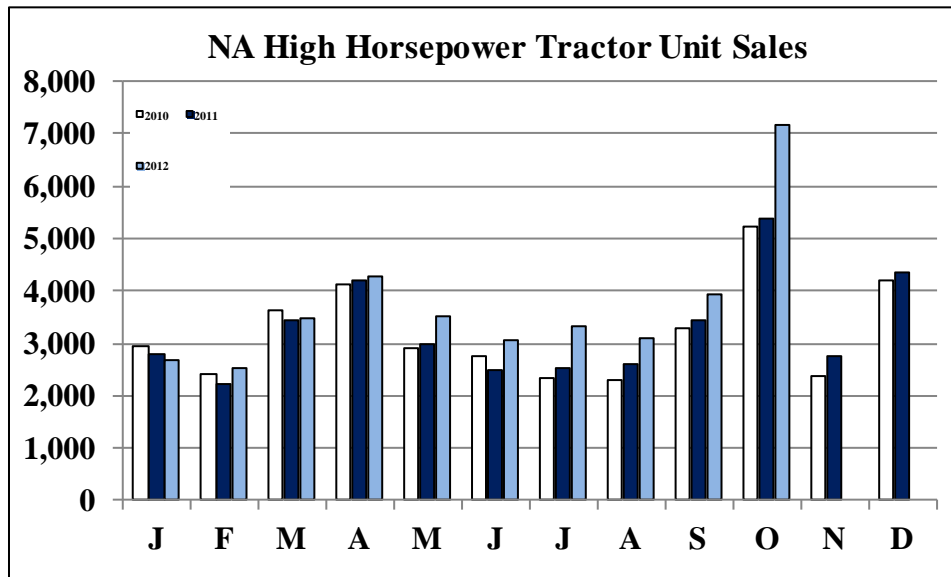
NORTH AMERICAN FARM EQUIPMENT RETAIL SALES

	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-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	7,687	4,717	2,074	457	14,935	2,531	1,185	(11%)	(8%)	9%	5%	(7%)	9%	(25%)
Aug-11	7,336	4,186	2,131	434	14,087	2,565	1,516	3%	2%	13%	5%	4%	12%	(5%)
Sep-11	7,903	4,562	2,727	699	15,891	3,426	1,443	4%	5%	3%	7%	5%	4%	(17%)
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	4,925	3,400	2,259	481	11,065	2,740	742	(1%)	1%	14%	22%	3%	15%	5%
Dec-11	7,273	6,156	3,697	662	17,788	4,359	1,101	10%	10%	7%	(12%)	8%	4%	(28%)
Jan-12	3,901	3,698	2,335	359	10,293	2,694	528	5%	6%	2%	(29%)	3%	(4%)	(44%)
Feb-12	4,360	3,547	2,046	488	10,441	2,534	367	(2%)	15%	16%	6%	7%	14%	(53%)
Mar-12	8,627	4,586	2,722	745	16,680	3,467	720	(3%)	(8%)	(3%)	19%	(4%)	1%	(26%)
Apr-12	13,393	6,050	3,382	887	23,712	4,269	706	17%	12%	2%	0%	13%	1%	(25%)
May-12	13,562	5,984	2,911	611	23,068	3,522	691	8%	17%	21%	4%	11%	18%	(15%)
Jun-12	12,503	6,118	2,571	502	21,694	3,073	954	3%	3%	24%	17%	5%	23%	32%
Jul-12	8,635	4,854	2,763	552	16,804	3,315	1,346	12%	3%	33%	21%	13%	31%	14%
Aug-12	8,153	4,516	2,497	588	15,754	3,085	1,497	11%	8%	17%	35%	12%	20%	(1%)
Sep-12	7,975	4,541	3,141	778	16,435	3,919	1,764	1%	(0%)	15%	11%	3%	14%	22%
Oct-12	9,885	6,908	5,660	1,499	23,952	7,159	2,321	25%	16%	33%	33%	25%	33%	39%
Nov-12	5,158	4,005	2,492	632	12,287	3,124	722	5%	18%	10%	31%	11%	14%	(3%)

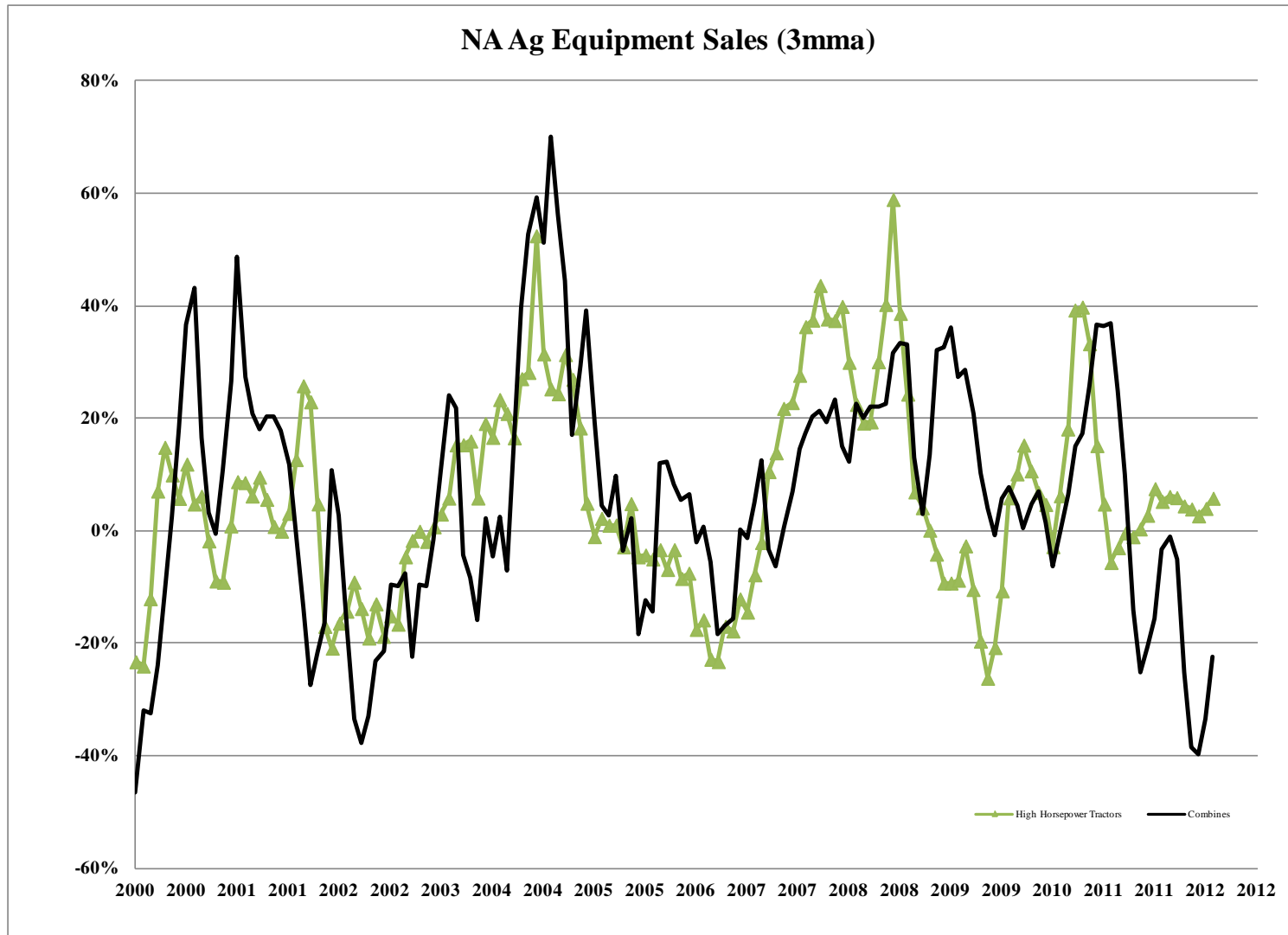
NORTH AMERICAN FARM EQUIPMENT INVENTORY

	Inventory (Units)							Inventory to 12-mo. Sales						
	< 40 HP	Utility	Row Crop	4-Wheel	Total Tractor	Memo: High hp	Combines	<40HP	Util	RC	4-WD	Total	High HP	Comb
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%	27%	19%	47%	25%	12%
Nov-11	57,959	27,430	8,466	1,241	95,096	9,707	1,545	61%	49%	27%	17%	50%	25%	12%
Dec-11	59,746	26,551	7,666	1,035	94,998	8,701	1,250	62%	47%	24%	14%	49%	22%	10%
Jan-12	61,967	27,298	7,277	1,222	97,764	8,499	1,338	64%	48%	23%	17%	51%	22%	11%
Feb-12	65,727	28,689	7,763	1,360	103,539	9,123	1,676	68%	50%	24%	19%	54%	23%	14%
Mar-12	68,756	29,144	8,199	1,518	107,617	9,717	1,955	72%	51%	26%	21%	56%	25%	17%
Apr-12	66,562	28,743	8,241	1,472	105,018	9,713	1,961	68%	50%	26%	20%	54%	25%	17%
May-12	65,188	28,322	8,930	1,659	104,099	10,589	2,258	66%	48%	27%	22%	53%	26%	20%
Jun-12	62,380	27,773	9,395	1,665	101,213	11,060	2,476	63%	47%	28%	22%	51%	27%	21%
Jul-12	61,495	28,135	10,351	1,950	101,931	12,301	2,791	61%	48%	31%	26%	51%	30%	24%
Aug-12	61,108	28,892	11,307	2,248	103,555	13,555	3,008	60%	49%	33%	29%	51%	32%	26%
Sep-12	62,319	29,587	11,580	2,398	105,884	13,978	2,870	62%	50%	33%	31%	52%	33%	24%
Oct-12	61,918	29,266	10,573	1,931	103,688	12,504	1,662	60%	48%	29%	24%	50%	28%	13%

Annual Ag Equipment Industry Sales – 2010-2012



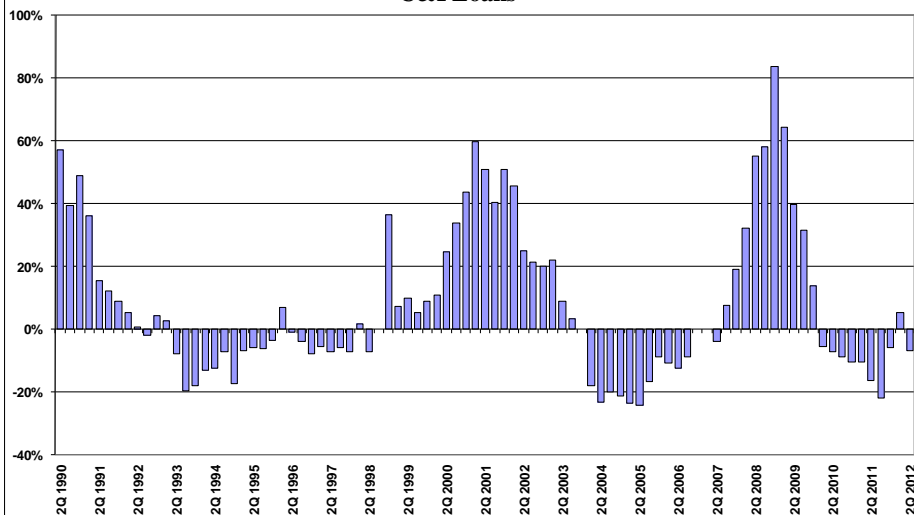
NA Ag Equipment Sales



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

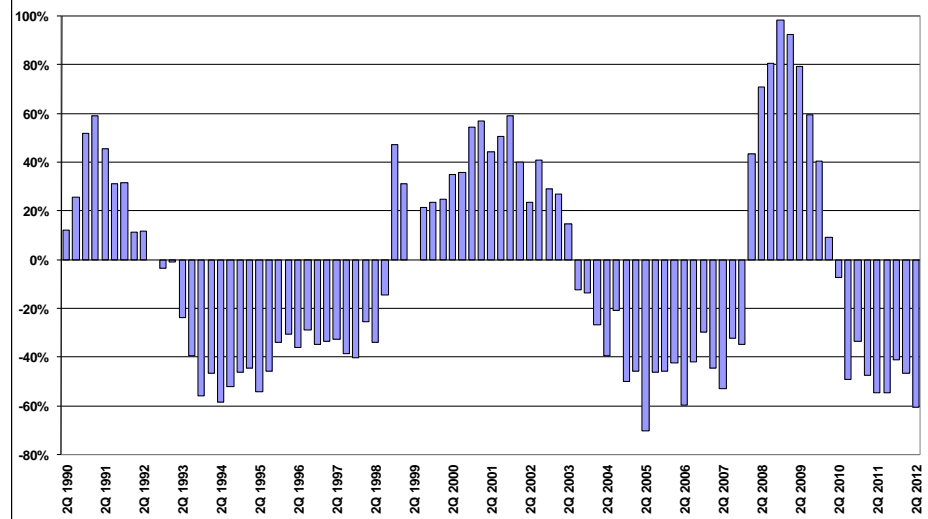
- The 2Q12 Senior Loan Officer survey saw loan standards improve, a reversal after standards tightened in 4Q and 1Q. A net 7% of loan officers reported loosening credit standards in 2Q12 compared with a net 5% who reported tightening in 1Q12.
- Bank rate spreads contracted again in 2Q12 with a net 60% of loan officers reporting lower lending spreads, up from a net 46% in 1Q12.
- Demand for commercial and industrial loans improved in 2Q as a net 31% of loan officers reported stronger demand for commercial and industrial loans, up from the 20% reporting stronger demand in 1Q12.

Net Percentage of Domestic Respondents Tightening Standards for C&I Loans



Source: Federal Reserve Board

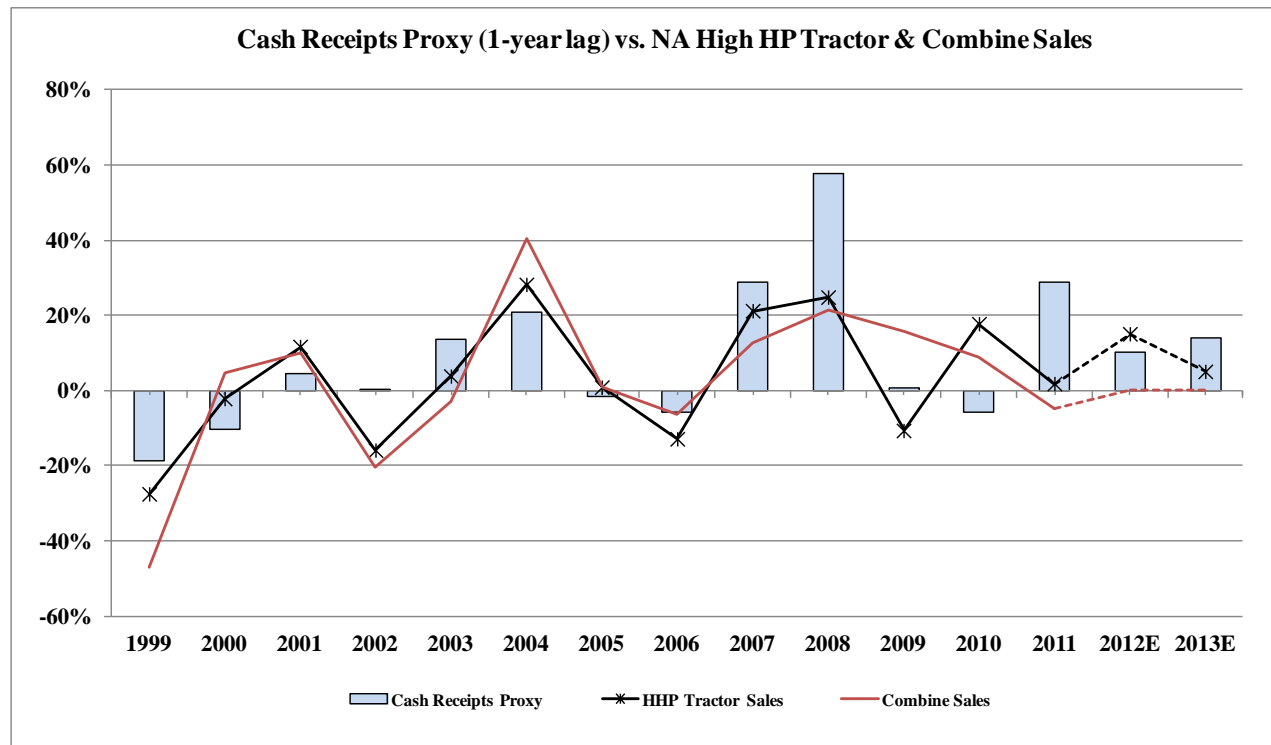
Net % of Domestic Respondents Increasing Spreads of Loan Rates Over Banks' Cost of Funds



Source: Federal Reserve Board

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

The USDA's November crop supply and demand forecast for the 2012/13 crop year shows no change in our simplified cash receipts proxy. The updated price projections for the 2012/2013 crop year drive no net change in our simplified cash receipts proxy as the slight upward production revisions in soybeans compared to last month is offset by slightly lower prices. As a result, our simplified cash receipts proxy remains just over \$145Bil, or about 14% above last year's levels. Farmer cash receipts are highly correlated with out-year new equipment sales as shown below, so the initial outlook for 2012/2013 cash receipts is a cautious indicator for 2013 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	11,220	1,835	13,055	1,128	10.1%	\$5.18	2010/11	20,194	22,192	3,766	17.0%
2011/12	12,358	11,005	1,650	12,655	851	7.7%	\$5.95-\$6.25	2011/12	22,010	23,171	4,235	18.3%
2012/13								2012/13				
November	10,725	10,017	1,150	11,167	647	6.5%	\$6.95-\$8.25	November	22,333	23,596	3,998	16.9%
December	10,725	10,017	1,150	11,167	647	6.5%	\$6.80-\$8.00	December	22,702	23,939	3,984	16.6%
Revision to 2011/12:								Corn Spot Price: \$7.61				
m/m chg	0	0	0	0	0	0.0%	(\$0.20)	m/m chg	370	343	-15	-0.3%
y/y chg	-1,633	-988	-500	-1,488	-204	-1.3%	\$1.30	y/y chg	692	768	-251	-1.6%
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	3,280	1,501	4,781	215	6.6%	\$11.30	2010/11	6,397	7,457	2,361	31.7%
2011/12	3,056	3,111	1,335	4,446	175	5.6%	\$12.30	2011/12	5,629	7,536	1,785	23.7%
2012/13												
November	2,971	3,021	1,345	4,366	140	4.6%	\$13.90-\$15.90	November	6,861	7,915	2,066	26.1%
December	2,971	3,031	1,345	4,376	130	4.3%	\$13.55-\$15.55	December	6,866	7,913	2,072	26.2%
Revision to 2011/12:								Soybean Spot Price: \$15.16				
m/m chg	0	10	0	10	-10	-0.3%	(\$0.35)	m/m chg	4	-2	7	0.1%
y/y chg	-85	-80	10	-70	-45	-1.3%	\$2.20	y/y chg	1237	378	287	2.5%
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	2,207	1,128	1,289	2,417	862	76.4%	\$5.70	2010/11	21,718	22,919	6,385	27.9%
2011/12	1,999	1,199	1,055	2,254	728	60.7%	\$7.25	2011/12	23,506	24,369	6,458	26.5%
2012/13												
November	2,269	1,338	1,100	2,438	704	52.6%	\$7.75-\$8.45	November	21,666	23,469	5,696	24.3%
December	2,269	1,338	1,050	2,388	754	56.4%	\$7.70-\$8.30	December	21,802	23,424	5,748	24.5%
Revision to 2011/12:								Wheat Spot Price: \$8.34				
m/m chg	0	0	-50	-50	50	3.7%	(\$0.10)	m/m chg	136	-44	51	0.3%
y/y chg	270	139	-5	134	26	-4.4%	\$0.75	y/y chg	-1705	-944	-710	-2.0%
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	2,207	\$5.25	\$11.40	\$5.65	\$65,347	\$37,951	\$12,470	\$115,767	29%	
2011/12	12,358	3,056	1,999	\$6.10	\$12.35	\$7.25	\$75,384	\$37,742	\$14,493	\$127,618	10%	
2012/13												
June	14,790	3,205	2,234	\$4.60	\$13.00	\$6.15	\$68,034	\$41,665	\$13,739	\$123,438	-3%	
July	12,970	3,050	2,224	\$5.90	\$14.00	\$6.80	\$76,523	\$42,700	\$15,123	\$134,346	5%	
August	10,779	2,692	2,268	\$8.20	\$16.00	\$8.30	\$88,388	\$43,072	\$18,824	\$150,284	18%	
September	10,727	2,634	2,268	\$7.90	\$16.00	\$8.10	\$84,743	\$42,144	\$18,371	\$145,258	14%	
October	10,706	2,860	2,269	\$7.80	\$15.25	\$8.10	\$83,507	\$43,615	\$18,379	\$145,501	14%	
November	10,725	2,971	2,269	\$7.60	\$14.90	\$8.10	\$81,510	\$44,268	\$18,379	\$144,157	13%	
December	10,725	2,971	2,269	\$7.40	\$14.55	\$8.00	\$79,365	\$43,228	\$18,152	\$140,745	10%	
*Note: Cash receipts estimated as USDA production X USDA average price forecast												

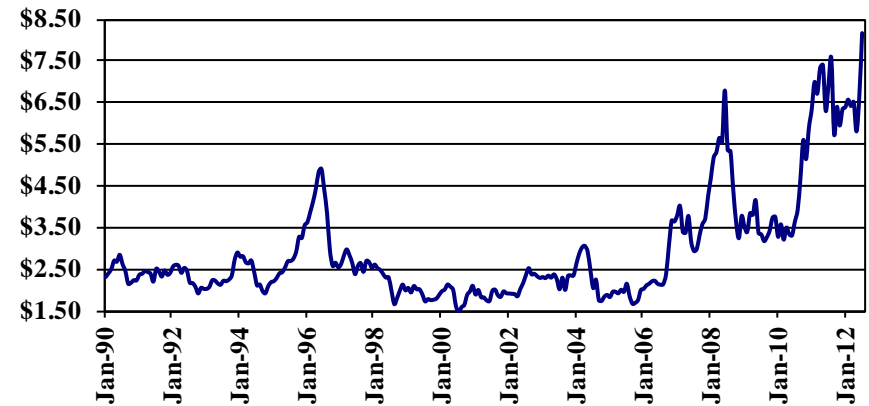
Source: USDA; Cleveland Research estimates

Commodity Price Trends – Corn, Soybean, Wheat, Cotton

Wheat Price Trends



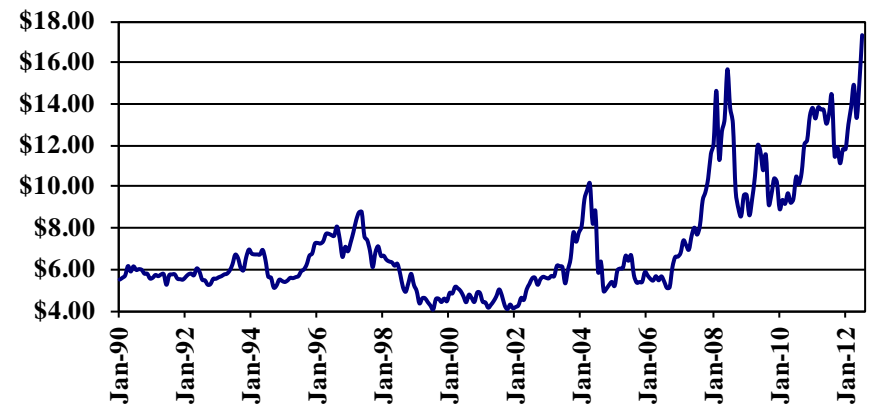
Corn Price Trends



Cotton Price Trends

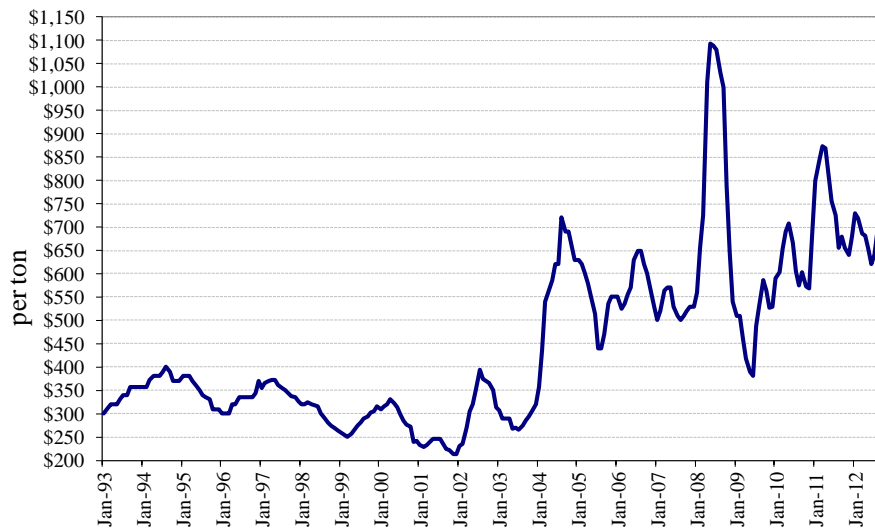


Soybean Price Trends



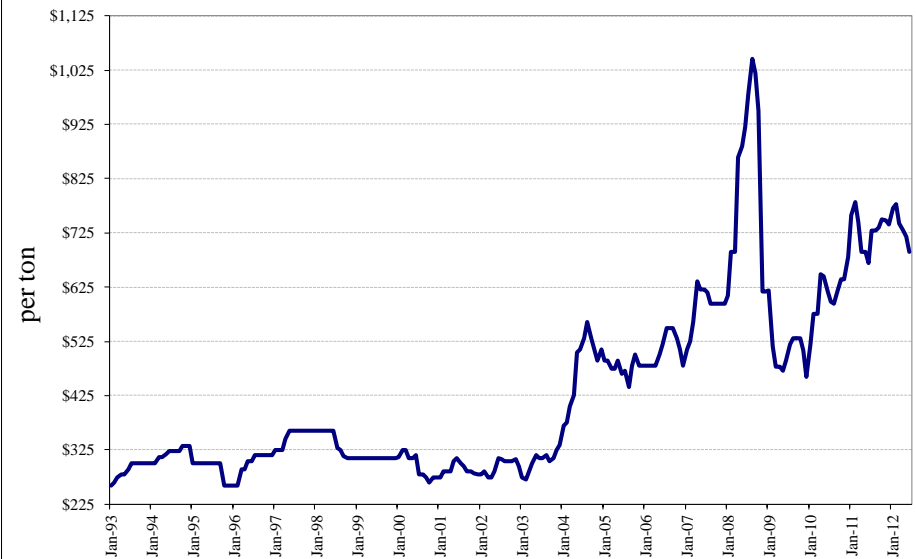
Commodity Price Trends – Steel

Domestic Hot Rolled Sheet Prices

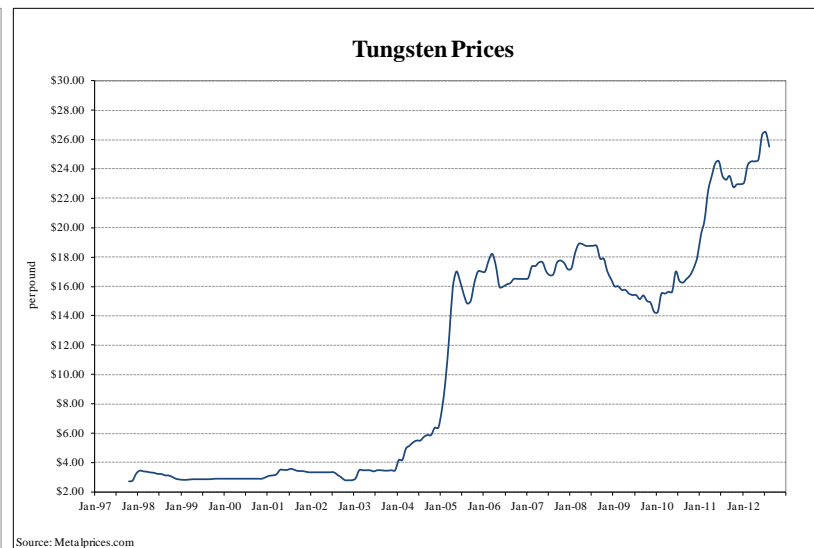
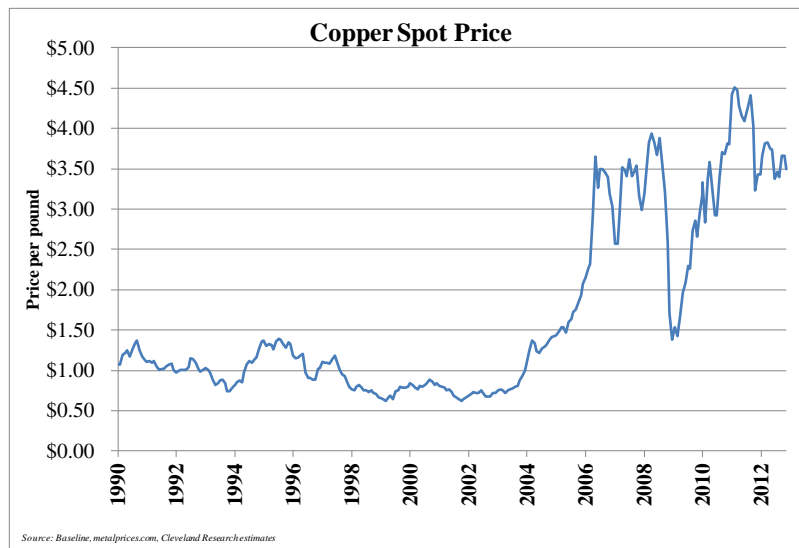
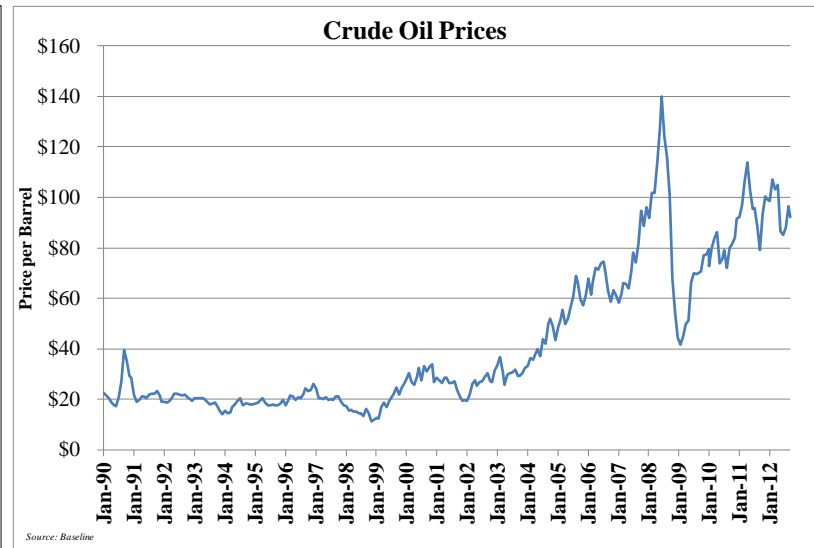
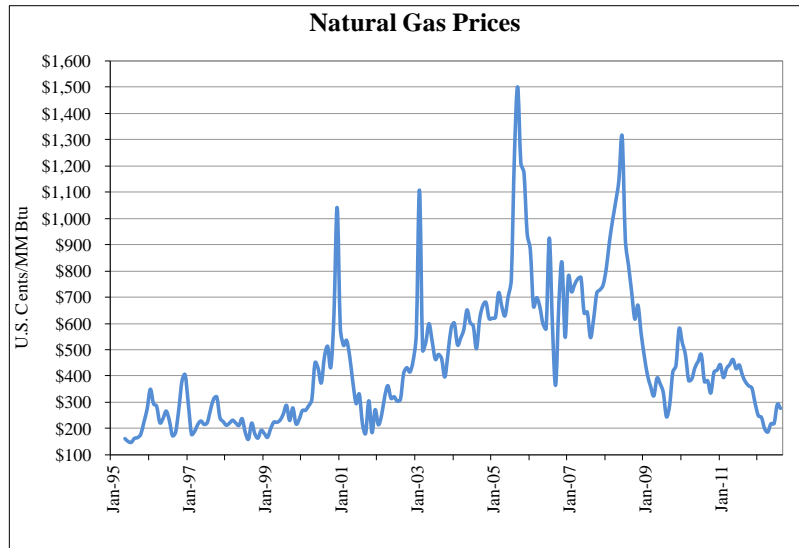


Source: Steel Business Briefing, CRC Estimates

Domestic Reinforcing Bar (Rebar) Prices



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



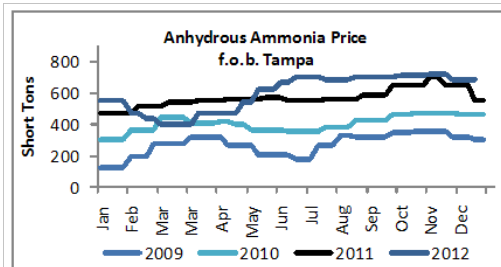
Commodity Trends – Long Run Supply and Demand Projections

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>
2007/08	13,074	10,338	3,026	2,436	12,774	1,624	12.7%	\$4.20
2008/09	12,101	10,207	3,677	1,858	12,065	1,674	13.9%	\$4.06
2009/10	13,110	11,097	4,568	1,987	13,084	1,708	13.1%	\$3.55
2010/11	12,540	11,480	4,800	1,950	13,430	827	6.2%	\$5.20
2011/12	13,755	11,465	4,875	2,000	13,465	1,127	8.4%	\$4.80
2012/13	13,840	11,620	4,925	2,025	13,645	1,332	9.8%	\$4.30
2013/14	13,925	11,780	4,975	2,050	13,830	1,437	10.4%	\$4.10
2014/15	14,010	11,935	5,025	2,075	14,010	1,447	10.3%	\$4.10
2015/16	14,180	12,095	5,075	2,100	14,195	1,442	10.2%	\$4.10
2015/17	14,345	12,305	5,175	2,150	14,455	1,342	9.3%	\$4.15
2017/18	14,600	12,490	5,300	2,200	14,690	1,262	8.6%	\$4.20
2018/19	14,855	12,650	5,400	2,250	14,900	1,227	8.2%	\$4.25
2019/20	15,110	12,805	5,475	2,300	15,105	1,242	8.2%	\$4.25
2020/21	15,280	12,940	5,525	2,350	15,290	1,242	8.1%	\$4.25
10-yr Avg	14,390	12,209	5,175	2,150	14,359	1,310	9.1%	\$4.25

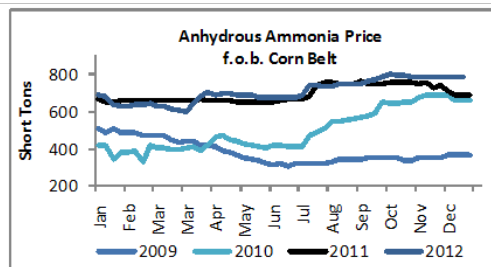
SOYBEANS - DOMESTIC							
<u>Year</u>	<u>Production</u>	<u>Domestic Use</u>	<u>Exports</u>	<u>Total Use</u>	<u>End Stocks</u>	<u>Stocks/Use</u>	<u>Avg Price</u>
2007/08	2,676	1,893	1,161	3,054	205	6.7%	\$10.10
2008/09	2,967	1,763	1,283	3,046	138	4.5%	\$9.97
2009/10	3,359	1,860	1,501	3,361	151	4.5%	\$9.59
2010/11	3,375	1,782	1,570	3,352	185	5.5%	\$11.45
2011/12	3,355	1,785	1,575	3,360	190	5.7%	\$11.20
2012/13	3,395	1,795	1,605	3,400	195	5.7%	\$10.55
2013/14	3,445	1,821	1,635	3,456	194	5.6%	\$10.25
2014/15	3,505	1,842	1,670	3,512	197	5.6%	\$10.20
2015/16	3,540	1,863	1,685	3,548	199	5.6%	\$10.25
2015/17	3,590	1,898	1,705	3,603	196	5.4%	\$10.25
2017/18	3,625	1,919	1,715	3,634	197	5.4%	\$10.30
2018/19	3,660	1,939	1,730	3,669	198	5.4%	\$10.30
2019/20	3,695	1,959	1,745	3,704	199	5.4%	\$10.35
2020/21	3,735	1,980	1,765	3,745	200	5.3%	\$10.35
10-yr Avg	3,555	1,880	1,683	3,563	197	5.5%	\$10.40

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>
2007/08	2,067	1,066	1,264	2,330	306	13.1%	\$6.48
2008/09	2,499	1,260	1,015	2,275	657	28.9%	\$6.78
2009/10	2,218	1,137	881	2,018	976	48.4%	\$4.87
2010/11	2,208	1,196	1,250	2,446	848	34.7%	\$5.50
2011/12	2,125	1,215	1,150	2,365	718	30.4%	\$6.50
2012/13	2,085	1,207	1,000	2,207	706	32.0%	\$5.90
2013/14	2,045	1,215	900	2,115	746	35.3%	\$5.55
2014/15	2,020	1,222	900	2,122	759	35.8%	\$5.45
2015/16	2,000	1,231	900	2,131	743	34.9%	\$5.45
2015/17	1,995	1,240	900	2,140	718	33.6%	\$5.50
2017/18	2,005	1,249	900	2,149	694	32.3%	\$5.50
2018/19	2,020	1,257	900	2,157	682	31.6%	\$5.55
2019/20	2,020	1,266	900	2,166	661	30.5%	\$5.55
2020/21	2,030	1,275	900	2,175	646	29.7%	\$5.60
10-yr Avg	2,035	1,238	935	2,173	707	57.1%	\$5.66

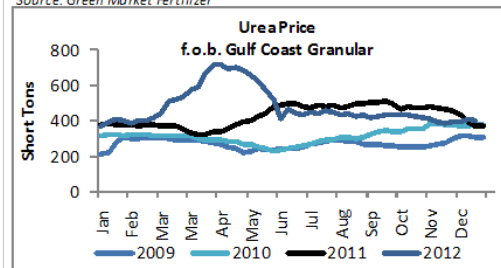
Other Input and Chemical Costs – 2009-2012



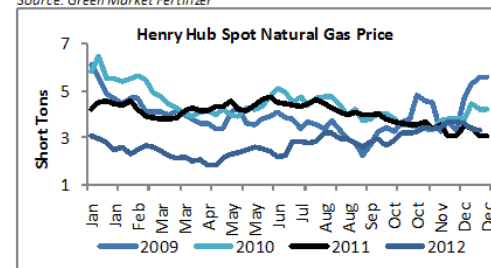
Source: Green Market Fertilizer



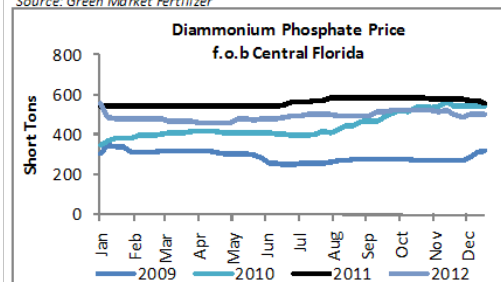
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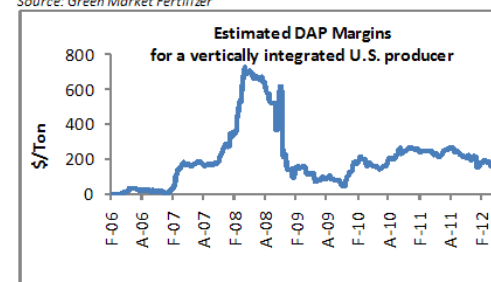
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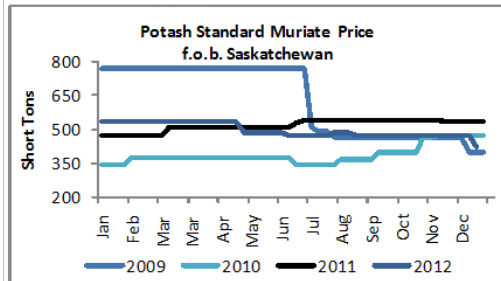
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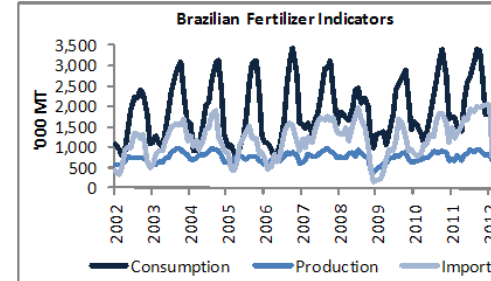
Source: Green Market Fertilizer



Source: Green Market Fertilizer

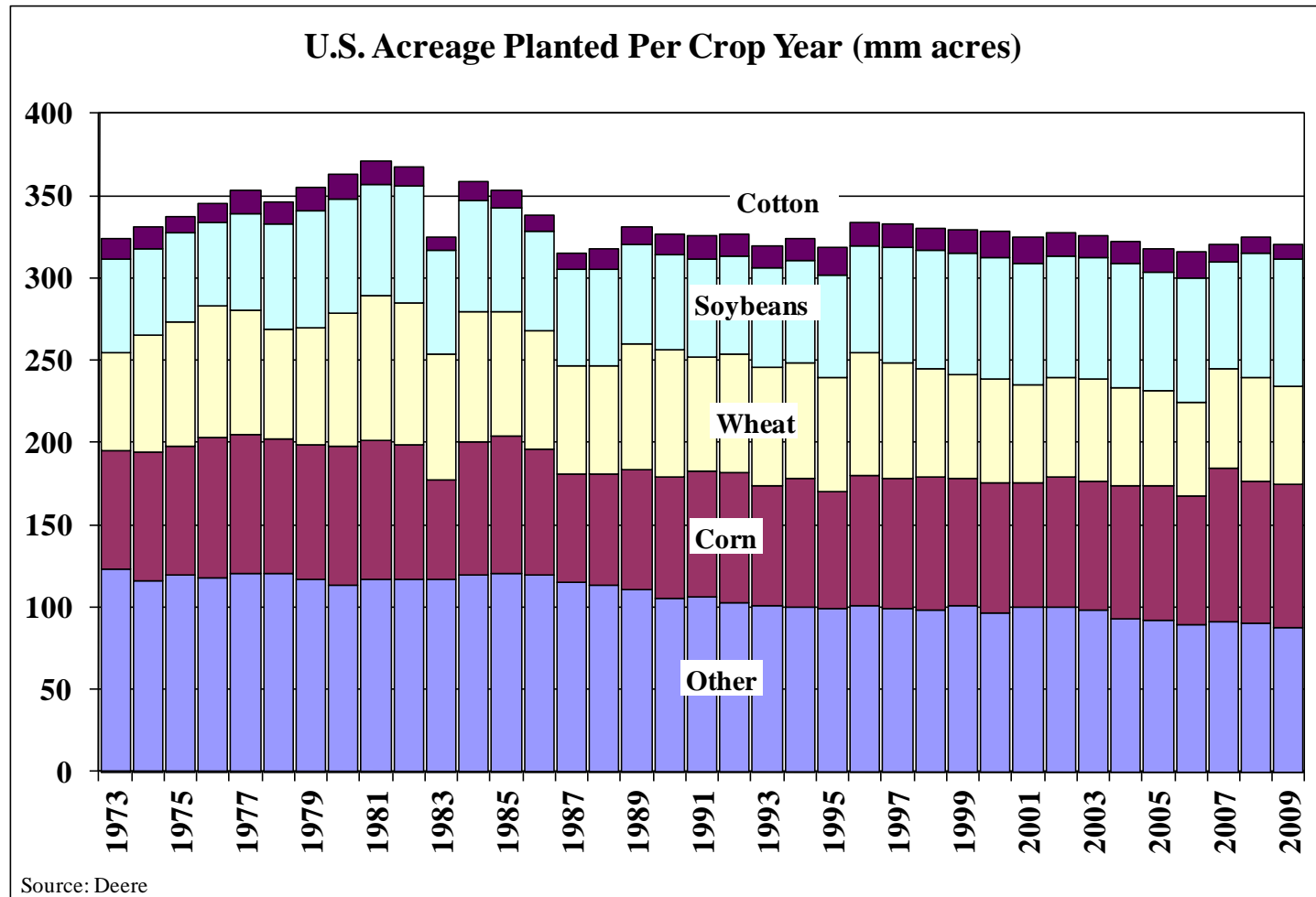


Source: Green Market Fertilizer



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