

Ag Equipment Intelligence

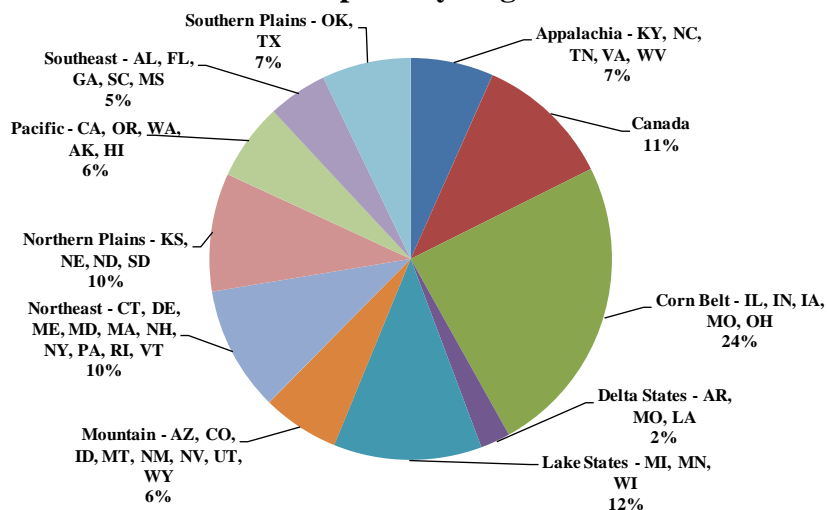
Dealer Trends and Business Outlook
July 2012

Monthly Ag Equipment Intelligence North American Dealer Survey

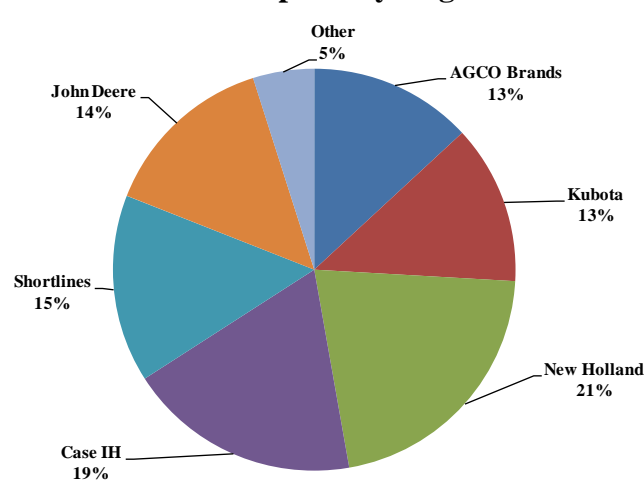
Background:

- We are pleased to announce the results of the July 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 ~211 respondents representing combined annual revenues of roughly \$6.5 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 Region



Highlights / Summary Thoughts

- Industry Sales Growth of 4% in June** – Ag equipment dealers reported year-over-year sales grew 4% on average in June, up from 2% in May. The majority of the sequential increase appears to be driven by market share leader John Deere and to a lesser extent Kubota dealers, as both saw a 5% acceleration in June sales. John Deere dealers reported the highest average sales growth at up 9% while “other” dealers saw the weakest results in the month with sales down 1% on average.
- 2012 Outlook Raised to 4% Growth** – For 2012, dealers slightly raised their sales forecast and expect 4% sales growth for the full year versus 3% in May. John Deere, Kubota, and AGCO dealers are the most optimistic this month while “other” and Case IH dealers report the least optimistic outlook.
- Dealer Optimism Remains Negative** – Our Dealer Optimism Index, a measure of sentiment amongst dealers compared to the prior month, declined to a net 23% of dealers reporting they have a less optimistic outlook now versus a net 9% last month (14% are more optimistic; 49% same; 37% are less optimistic).

Optimism/Sentiment vs. Last Month

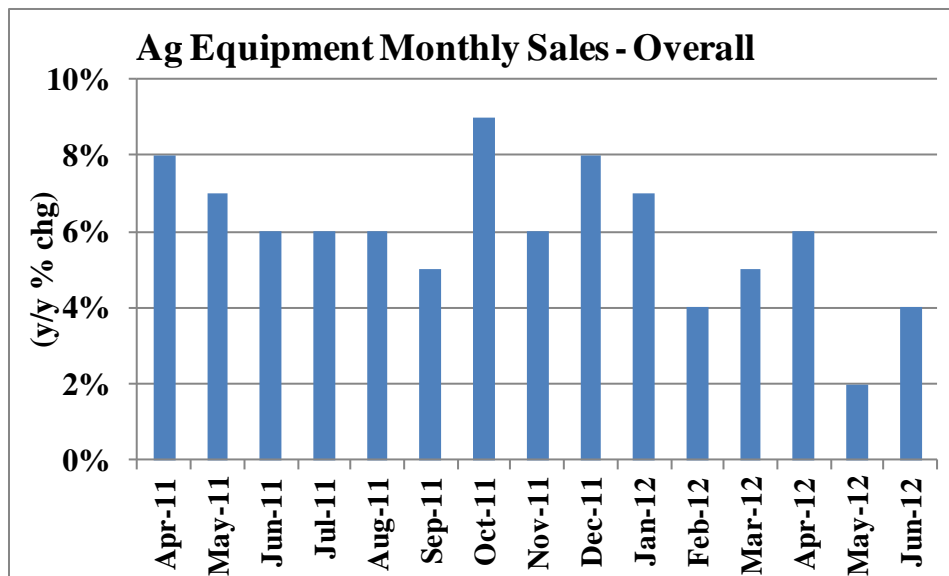
	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>
More Optimistic	33%	25%	31%	32%	30%	25%	36%	33%	30%	38%	29%	25%	22%	15%	14%
Same	54%	54%	44%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

Monthly Sales Growth

- Ag equipment dealers reported year-over-year sales grew 4% on average in June, up from 2% in May. John Deere and Kubota dealers both saw a 500bps acceleration in June sales.
- John Deere dealers reported the highest average sales growth at up 9% while “other” dealers saw the weakest results in the month with sales down 1% on average. This is likely attributed to the timing of deliveries as Deere has indicated it will ship a large number of tier 4 tractors in the 2Q.
- A net 3% of participants categorized May results as “worse-than-expected” (23% better-than-expected; 51% in-line with expectations; 26% worse-than-expected) which is consistent with last month.

Average Dealer 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>	<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>
Overall	8%	7%	6%	6%	6%	5%	9%	6%	8%	7%	4%	5%	6%	2%	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>	<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>
AGCO	12%	13%	11%	9%	14%	12%	12%	10%	12%	6%	1%	2%	5%	2%	5%
John Deere	8%	8%	7%	5%	5%	4%	10%	5%	5%	6%	4%	6%	9%	4%	9%
New Holland	8%	4%	5%	7%	6%	7%	7%	6%	12%	5%	-2%	4%	3%	1%	0%
Case IH	5%	4%	3%	8%	7%	7%	8%	8%	11%	10%	4%	6%	3%	-2%	1%
Kubota	13%	5%	7%	12%	7%	6%	7%	9%	10%	10%	4%	6%	5%	1%	6%
Shortlines	n/a	-13%	3%	5%	6%	2%	6%	2%	7%	2%	0%	2%	3%	6%	6%
Other	n/a	n/a	n/a	2%	-3%	7%	6%	3%	11%	2%	-8%	2%	3%	1%	-1%

Monthly Sales Growth Continued



Percent Positive / Negative Growth

	<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>
Positive Sales Growth	69%	60%	56%	66%	67%	61%	65%	65%	76%	57%	49%	60%	67%	55%	53%
Flat Sales	18%	14%	23%	15%	16%	23%	20%	22%	11%	29%	30%	22%	19%	16%	26%
Negative Sales Growth	14%	25%	21%	18%	18%	16%	15%	13%	13%	14%	20%	18%	14%	29%	21%
Net % (Positive - Negative)	55%	35%	35%	48%	49%	45%	50%	52%	63%	42%	29%	42%	52%	25%	31%

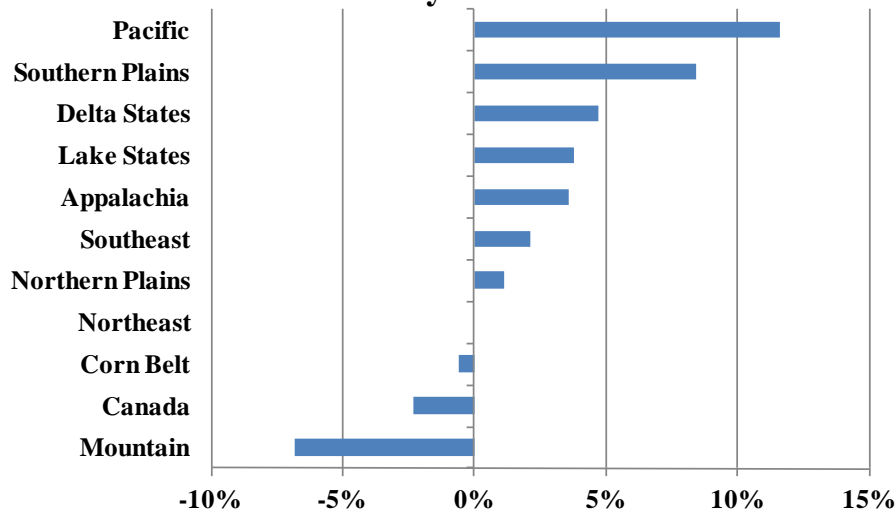
Results vs. Expectations

	<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>
Better than expected	28%	26%	27%	27%	30%	29%	35%	32%	41%	28%	19%	20%	24%	22%	23%
In line with expectations	51%	44%	48%	54%	52%	56%	48%	54%	47%	56%	54%	66%	63%	52%	51%
Worse than expected	21%	30%	25%	19%	18%	15%	17%	13%	12%	16%	26%	14%	14%	25%	26%
Net % (Better - Worse)	7%	-4%	1%	8%	13%	14%	18%	19%	29%	12%	-7%	7%	10%	-3%	-3%

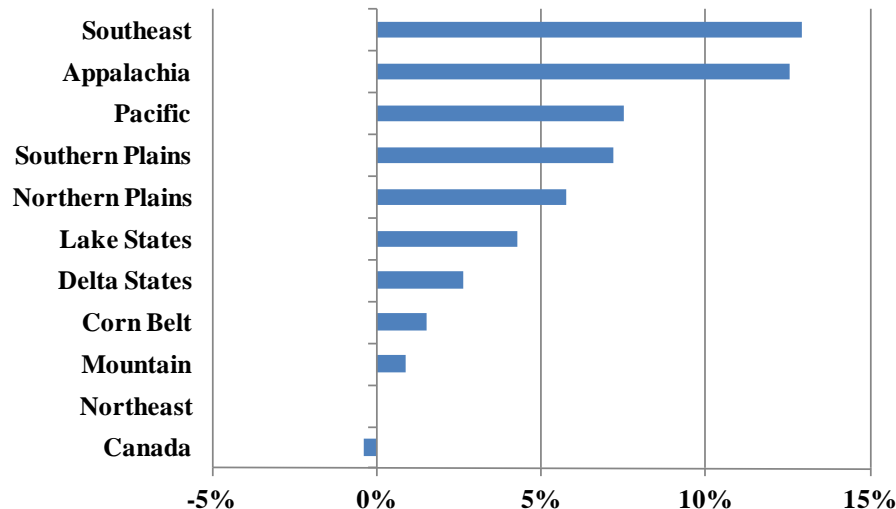
Monthly Sales Growth by Region

- Nine out of eleven regions showed positive average monthly sales growth in June, up from seven out of eleven in May. The Southeast, Appalachia, and Pacific head the list of best performing regions.
- On a sequential basis, the Southeast, Appalachia, and Mountain regions showed the most significant acceleration while the other regions were relatively stable.

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



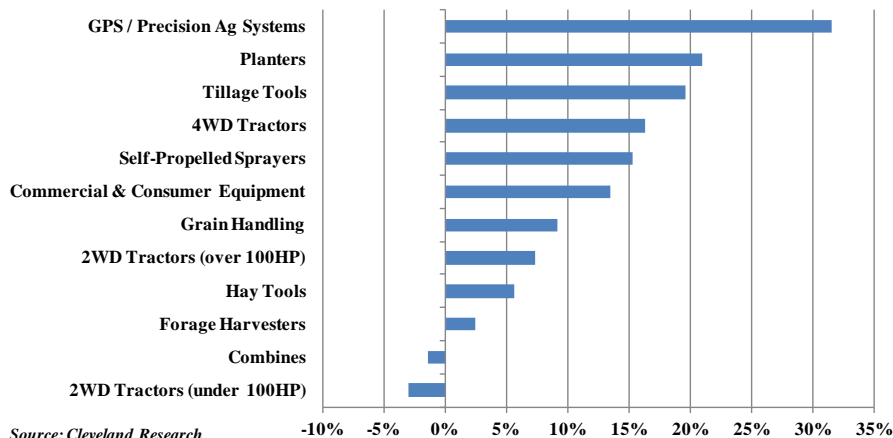
**Average Monthly Sales Growth by Region
June 2012**



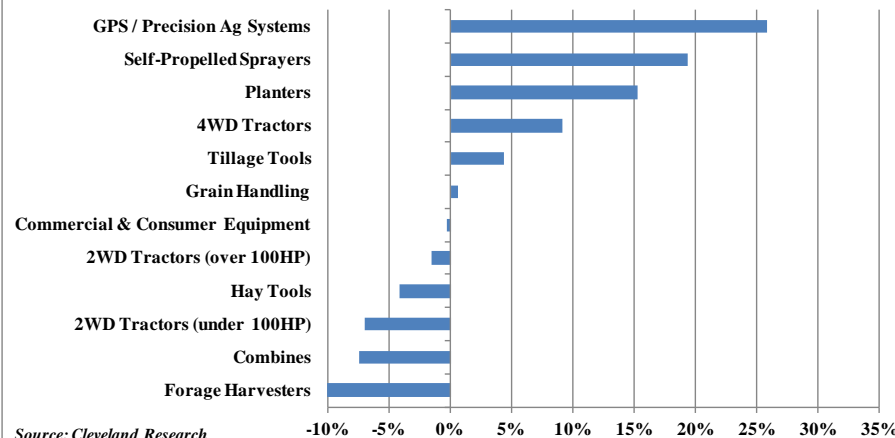
Equipment Category Sales Trends

- Six out of twelve product categories ranked in positive territory in June, down from ten out of twelve in May. GPS/ Precision ag systems, self-propelled sprayers, and planters head the list of top performing products while forage harvesters, combines and 2WD tractors (under 100HP) were ranked the weakest.
- On a sequential basis, tillage tools, commercial & consumer equipment, and forage harvesters declined the most significantly. Hay tools, 2WD tractors (over 100HP), and grain handling also declined modestly compared to last month. The remaining product categories were relatively consistent.

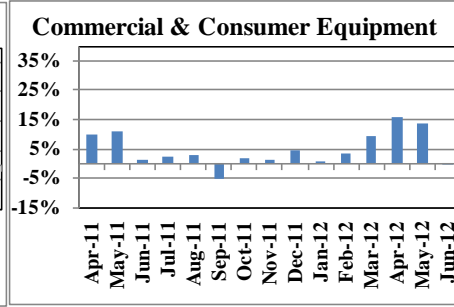
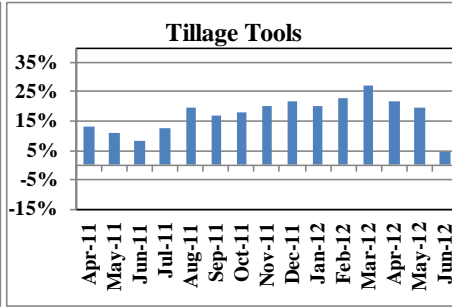
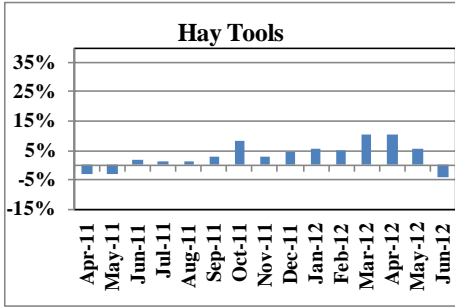
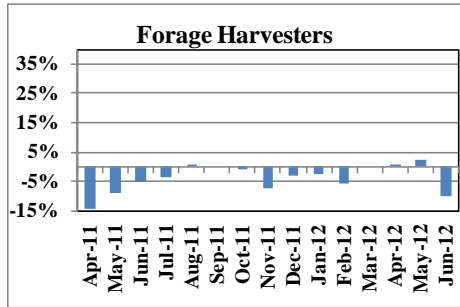
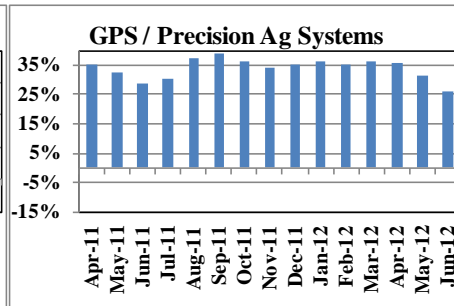
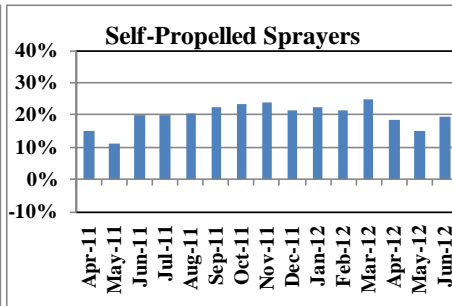
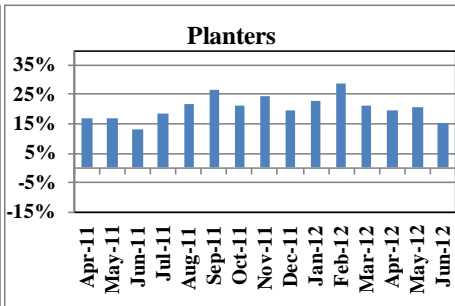
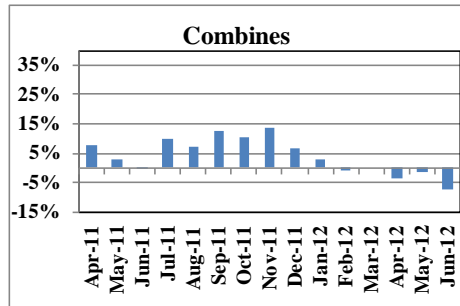
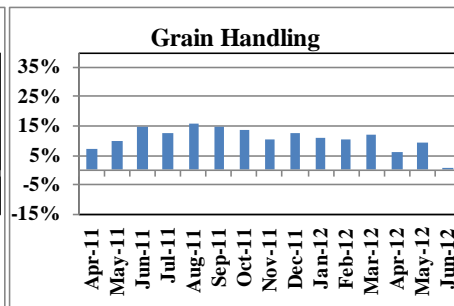
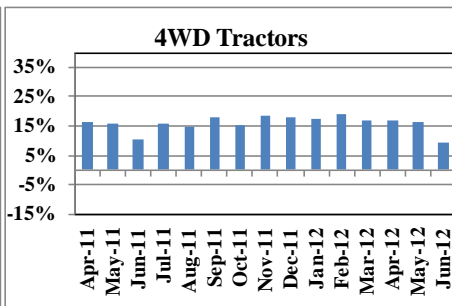
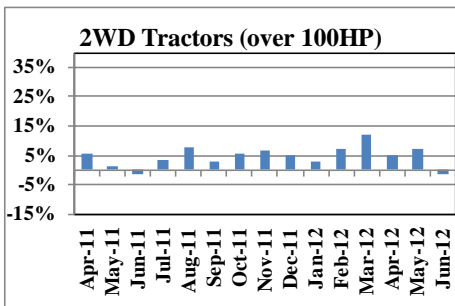
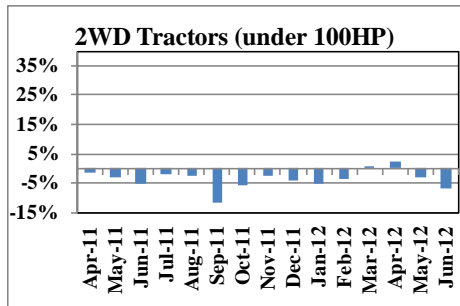
Product Category Ranking (Net % Strong - Weak)
May 2012



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



Equipment Category Sales Trends



Dealer Commentary on Monthly Sales

- *Sales are worse this month due to the lack of rain and drought conditions.*
- *It's so dry and hot and our sales have suffered.*
- *Sales are below our expectations because of the drought.*
- *We added two more stores and sales are better than expected.*
- *The drought has our sales down.*
- *Poor weather conditions are hurting sales.*
- *Demand is high due to profitability related to high commodity prices.*
- *Our sales are down on the back of drought conditions.*
- *Sales are up from strong commodity prices and we added another dealership.*
- *Sales are better than expected and we are seeing a big push to purchase new Tier 3 tractors before more costly Tier 4 tractors hit the market.*
- *Lack of rain has many guys with deals in hand but won't pull the trigger without a substantial rain event. Guys in our part of Iowa are standing on the edge of the cliff when it comes to the corn crop.*
- *Farmer's income is excellent and sales are above expectations.*
- *The low prices in the cotton market and dry weather conditions have pushed sales lower.*
- *Dry weather has hurt our sales.*
- *We are experiencing drought conditions and sales are below expectations.*
- *The drought has hurt crop conditions but sales are still in line with what we planned for.*
- *There has been no rain and it's extremely dry and sales are dry as well.*
- *Sales are in line with projections despite economic conditions.*
- *Sales are up, supported by our Tier 4 solution and better service than competitors.*

Order Growth

Overall Orders

- Incoming orders grew 1% on average in June, down from 2% in May.
- John Deere dealers saw highest average orders growth at 6%, while “other” dealers orders came in the lowest at down 4% on average for the month.

New Combine Order Intentions

- A net 18% of dealers believe they will order fewer combines for 2012, an increase from the net 27% last month. Used inventory and manufacturer allocation 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>	<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>
More	22%	20%	21%	20%	11%	14%	15%	14%	9%	10%	7%
Same	47%	48%	48%	53%	60%	61%	63%	63%	64%	54%	69%
Less	31%	32%	31%	27%	29%	25%	22%	24%	27%	37%	24%
Net % (More- Less)	-10%	-12%	-10%	-7%	-18%	-10%	-8%	-10%	-17%	-27%	-18%

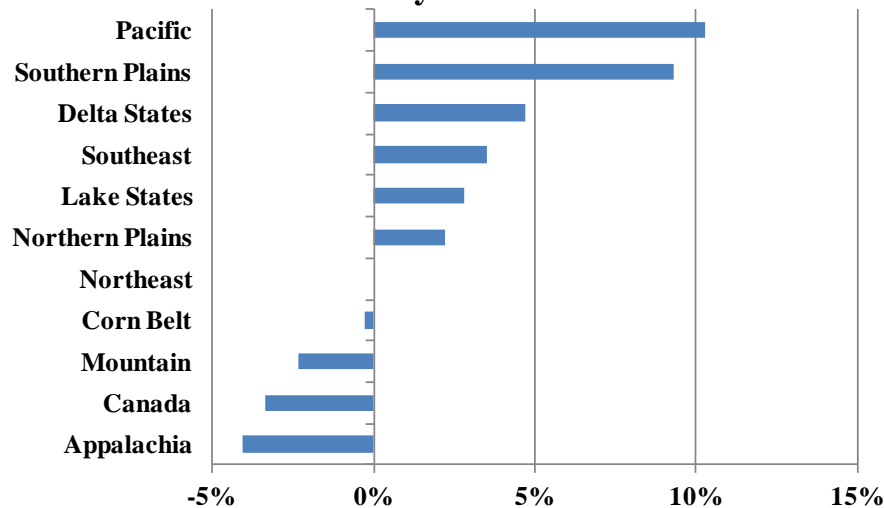
Average Orders Growth															
<u>(% chg v/y)</u>	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>
Overall	3%	3%	3%	5%	4%	4%	4%	4%	4%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

Order Growth by Region

- Seven out of eleven regions showed positive monthly orders growth in June, up from six out of eleven in May. Appalachia, Pacific, and Delta States head the list of best performing regions this month.
- On a sequential basis, the Appalachia region showed the most significant improvement, while the Southern Plains and Lake States showed modest sequential slowdown in order growth.

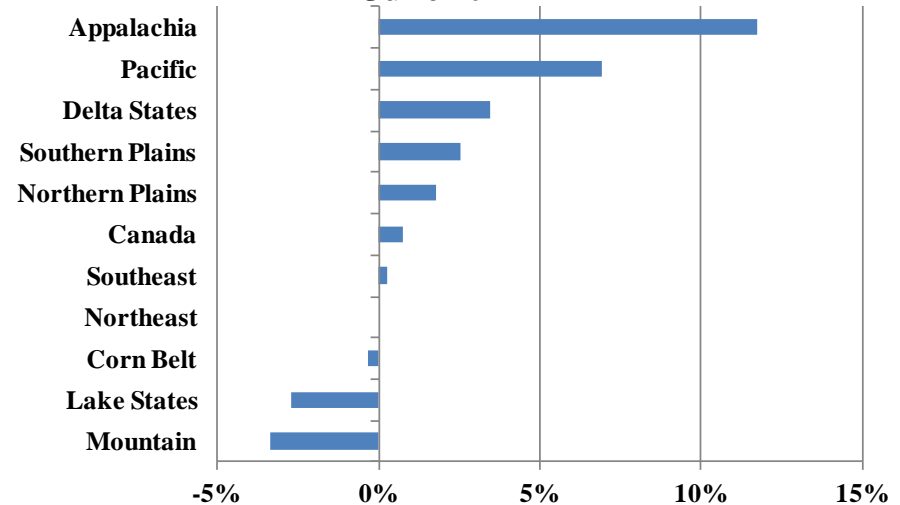
Average Monthly Order Growth by Region

May 2012



Average Monthly Order Growth by Region

June 2012



2012 Sales Outlook

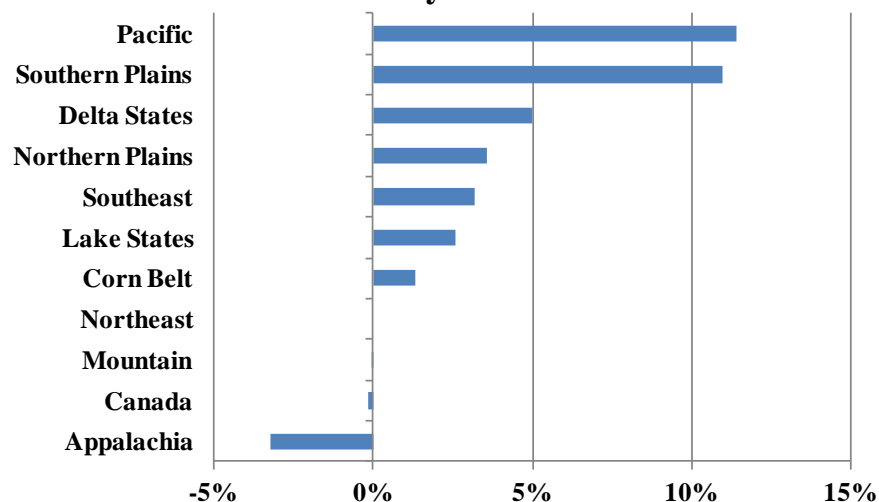
- For 2012, dealers slightly raised their sales forecast and expect 4% sales growth for the full year versus 3% in May.
- John Deere, Kubota, and AGCO dealers are the most optimistic this month while “other” and Case IH dealers report the least optimistic outlook. Surprisingly, despite the drought the Deere dealer outlook was the biggest sequential change this month going from 5% growth expectations to 9%.

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

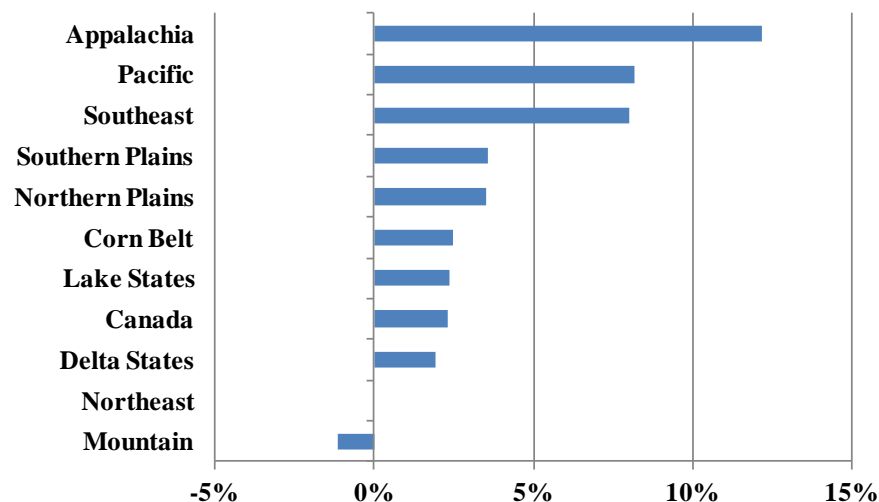
2012 Sales Outlook Continued

- Nine out of eleven regions are projecting a positive full year sales outlook in June, up from seven out of eleven in May. Dealers in Appalachia, Pacific, and Southeast are the most optimistic while the Mountain region is forecasting sales to be down in 2012.
- On a sequential basis, Appalachia showed the most significant improvement while the Southern Plains were moderately less optimistic. The remaining regions were relatively consistent.

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



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

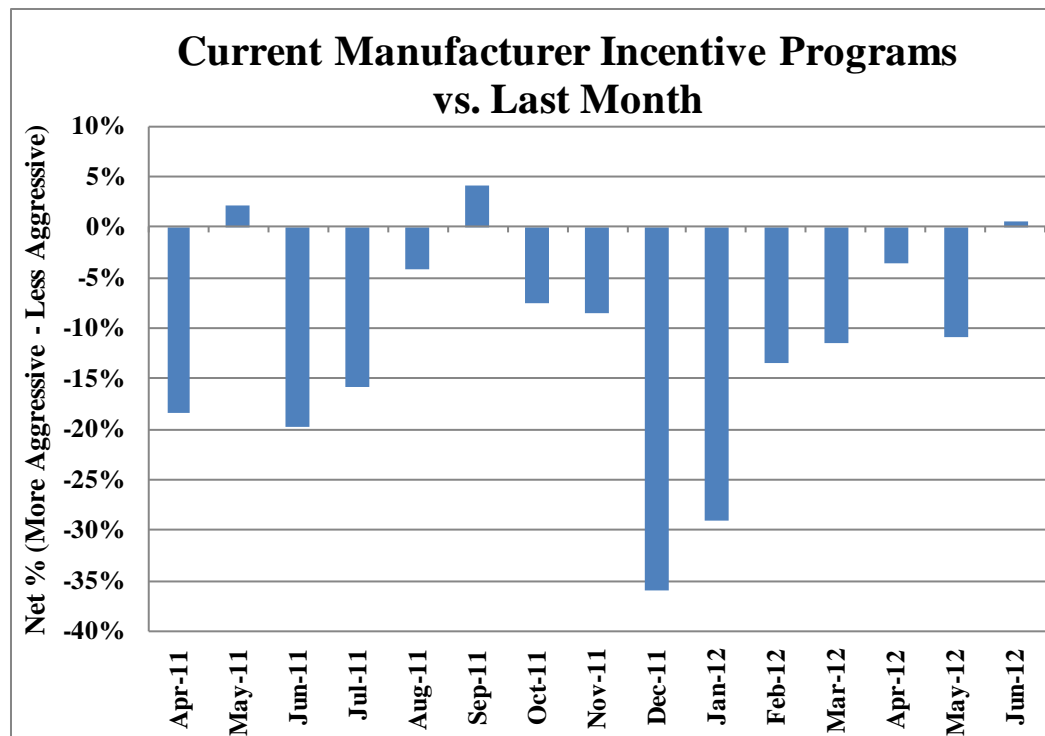


Dealer Commentary on 2012 Outlook

- *I am talking in terms of the whole market here not us specifically, but markets will likely be down and people are backing off from 10% growth expectations down to 3-4%. Overall I think people will be less optimistic. I can see all equipment categories dropping 3-5%, combines have already dropped 3-5%. I am telling my sales guys to take what you think a trade is going to be worth and drop it 10% and make the deal at that price.*
- *I think there are enough of the little guys, who could really struggle from the drought, that we could expect sales down.*
- *We are less optimistic based on the extremely dry conditions we are experiencing.*
- *We need rain badly to turn things around.*
- *Our immediate area needs rain and we are less optimistic in our outlook.*
- *Lack of rainfall is holding back purchases at the moment.*
- *We are in a major drought and are less confident in our outlook.*
- *Poor yields are likely going to have a negative impact on us.*
- *The bubble we have been in cannot last forever and it has us cautious about the future.*
- *The drought is probably going to hurt our sales.*
- *Drought conditions have depressed our outlook.*
- *Crops are poor and in need of substantial rain, we think sales are going to take a hit.*
- *We still have good crops so things are looking better for us.*
- *The drought in Corn Belt has us less optimistic.*
- *The crop is not looking good and that is going to hurt sales.*
- *Commodity prices keep going up and I am more optimistic.*
- *I think we are going to have a good crop in our area, and with commodity prices so high it should help.*
- *The drought is making it hard to have a positive outlook on sales.*
- *We are less optimistic based on Tier 4 pricing, the overall stagnant deteriorating economy and competition is stiffening.*

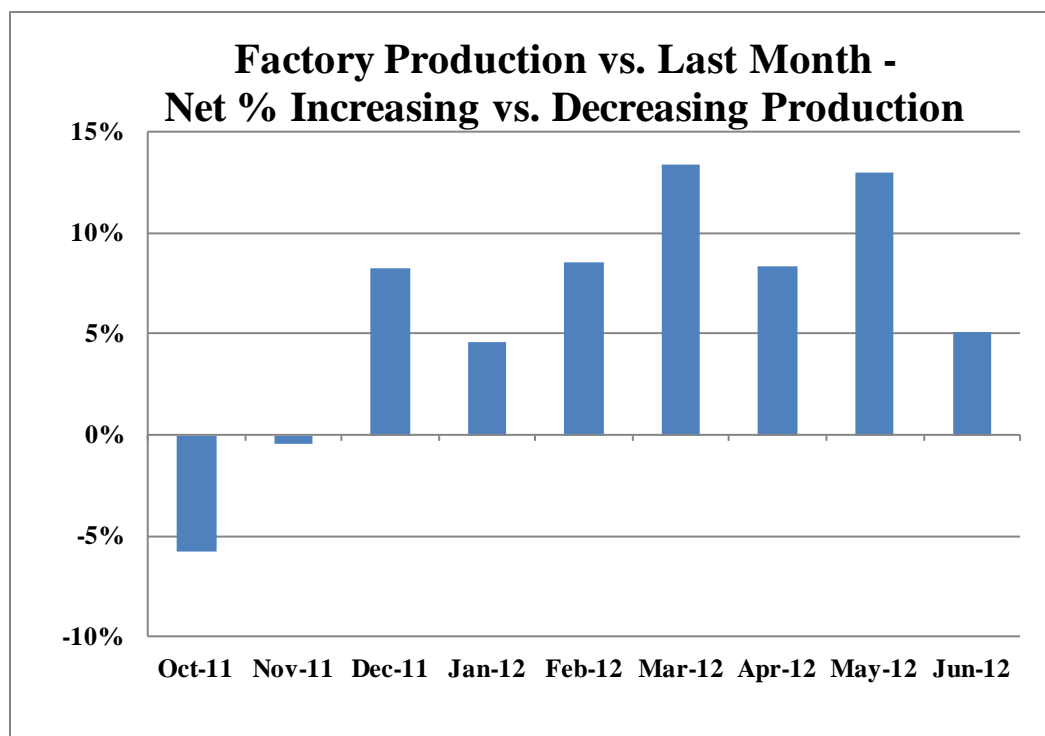
Current Manufacturer Incentive Programs

- A net 1% of dealers report that manufacturers are more aggressive with incentives in June (15% more aggressive; 70% same; 15% less aggressive) compared to a net 11% who reported manufacturers were less aggressive in May. This trend continues to appear to be attributed to the end of pre-sell programs and slightly higher interest rates.



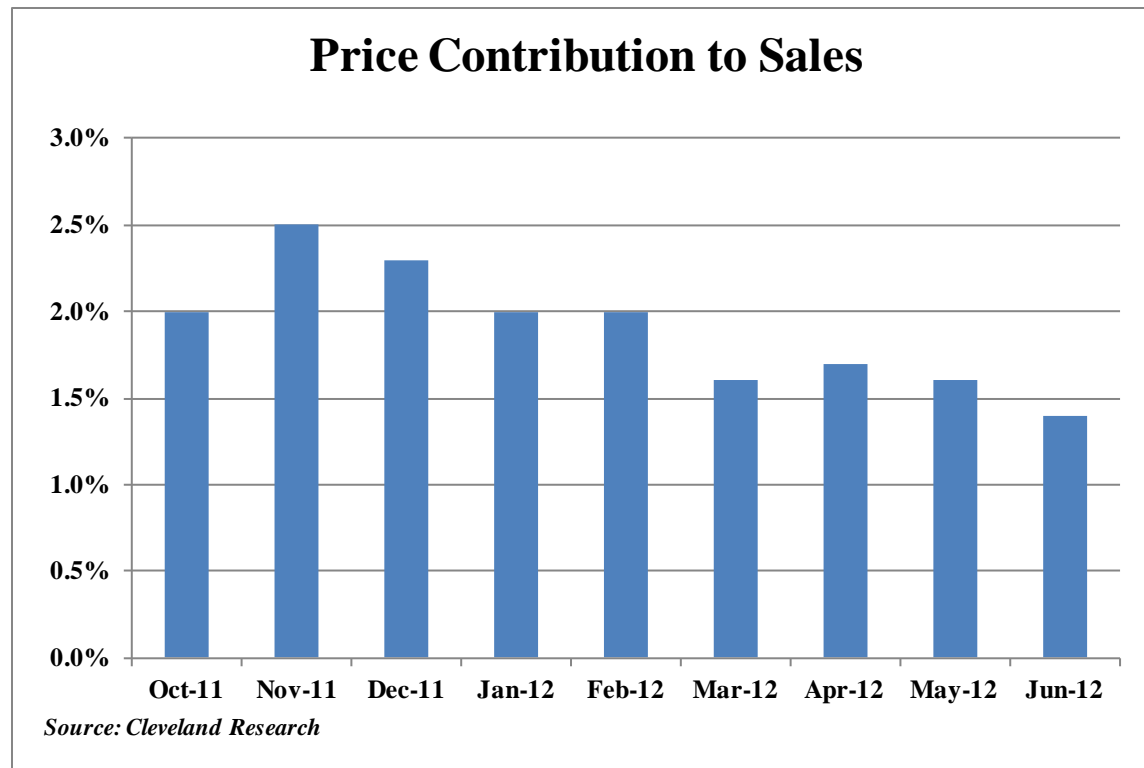
Factory Production

- Dealers report that factories appear to be slowly increasing production, albeit at a slower pace, as a net 5% of dealers are reporting increasing production levels (12% increasing production; 81% no change in production; 7% decreasing production) compared to a net 13% in May.



Pricing Trends

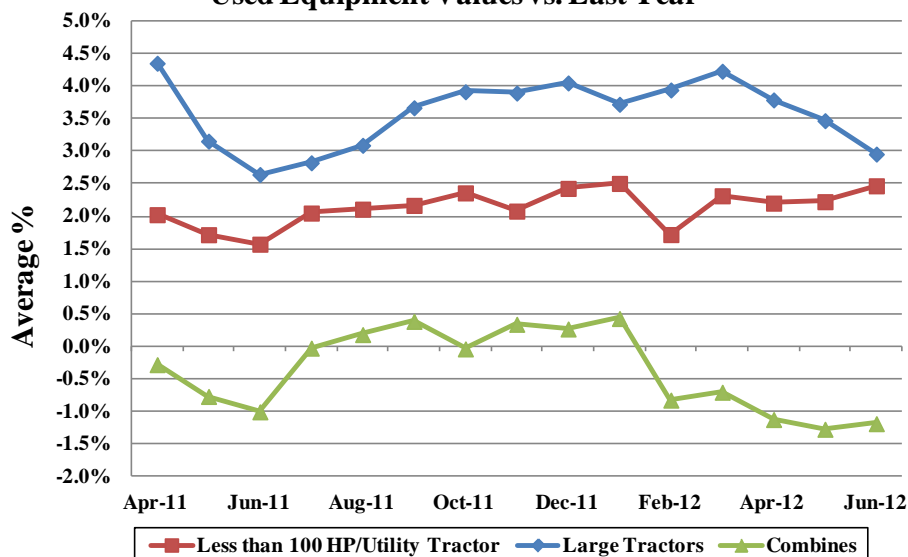
- Dealers report price contributed roughly ~1.4% to total June revenue, slightly down from 1.6% in May.



Used Equipment Pricing

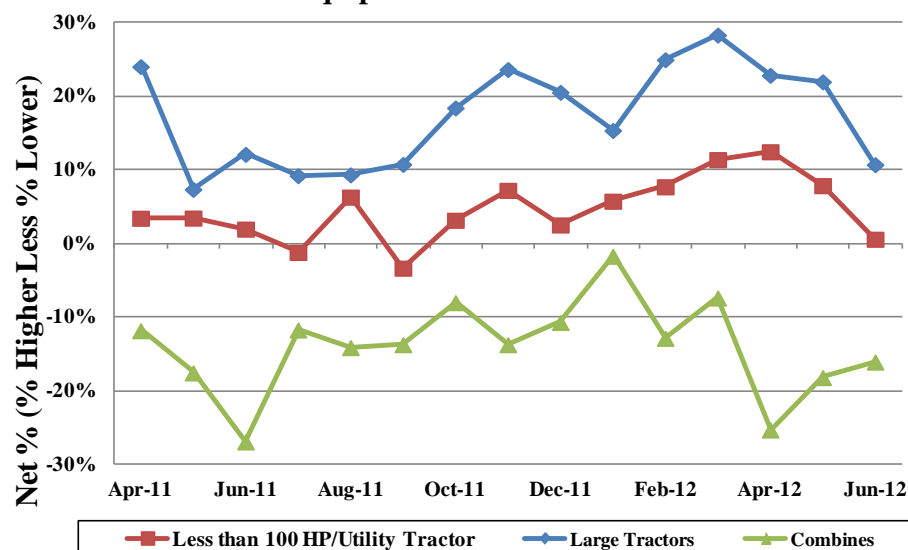
- By category, tractors over 100HP are up 3.0% year-over-year on average in June, down from 3.5% in May. Prices for used tractors under 100HP are up 2.5% in June, up slightly from 2.2% in May. Used combine values are down (1.2%) in June, up from (1.3%) last month.
- Relative to last month, a net 1% of dealers report higher values for under 100HP/utility tractors, down from a net 8% in May. For over 100HP tractors, a net 11% of dealers report higher values vs. last month, down from a net 22% in May. Finally, a net 16% 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

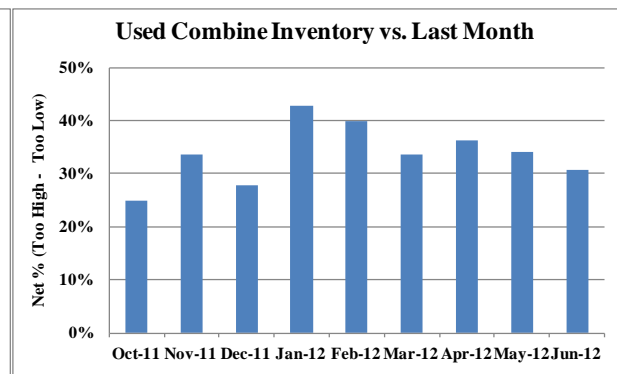
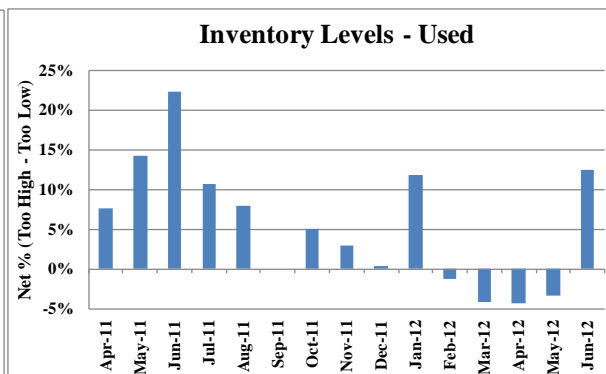
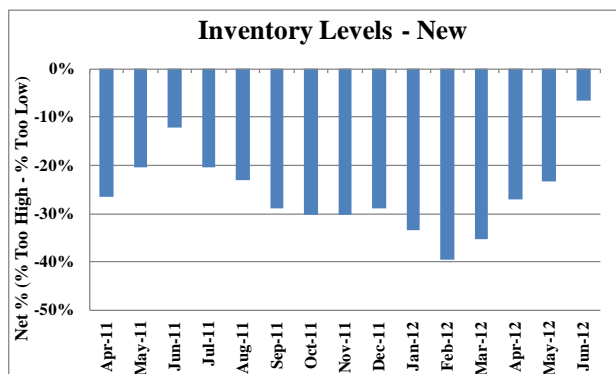
- New equipment inventory remains tight as a net 7% of dealers categorize their new inventory as “too low” (22% too high; 49% about right; 29% too low), down from a net 23% last month.

Used Equipment Inventory

- Used equipment inventory appears to have increased, as a net 13% of dealers now categorize their used inventory levels as “too high” (33% too high; 47% about right; 20% too low) compared to a net 3% who reported inventory as “too low” from last month.

Used Combine Inventory

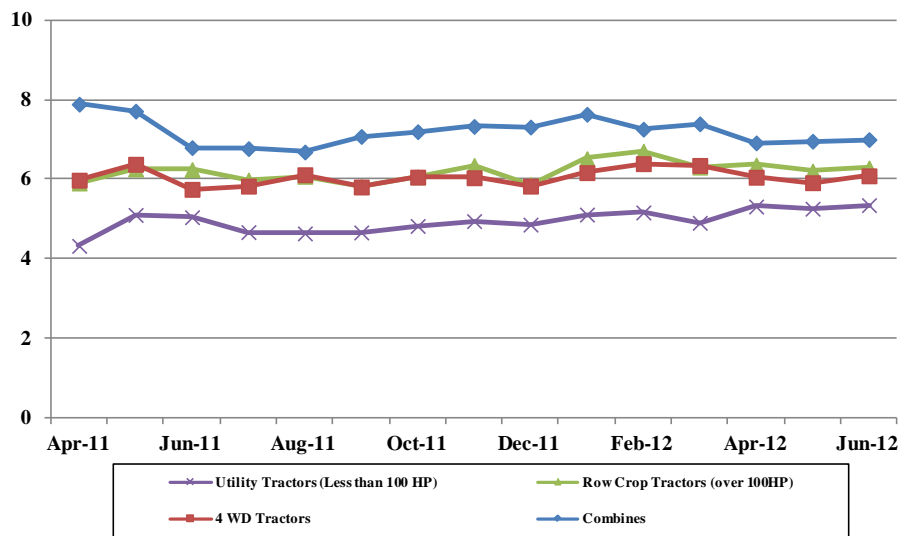
- Within the used equipment categories, a net 31% of dealers also reported used combine inventory levels are still “too high” (40% too high; 50% about right; 10% too low).



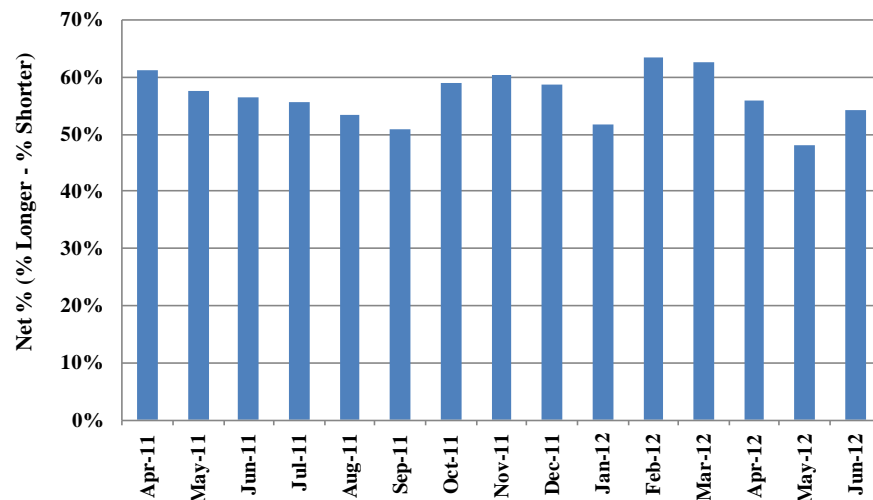
Equipment Availability

- Overall, a net 54% of dealers report longer factory lead-times compared to last month (59% longer; 36% same; 5% shorter), up from a net 48% last month.
- A closer look at availability by product category shows relatively stable lead time trends this month. On average combine lead times are 7 months; 4WD are 6.1 months; row crop tractor lead times are 6.3 months; and smaller tractors (<100 HP) lead times are 5.4 months.

Lead Times By Product Category (Months)



Lead Times - Versus Prior Month



Dealer Commentary on Used Inventory Levels

- *We have too many used combines and 4WD tractors.*
- *Our inventory of used combines and 4 wheel drive tractors is too large.*
- *We have a lot of used combines.*
- *We could use some newer good used tractors.*
- *We are seeing a rapid decrease in the inventory value of used combines and it concerns me.*
- *Our inventory of used combines is high.*
- *We have too many used Round Balers.*
- *We have a shortage on higher HP 4 wheel drive tractors*
- *We have too many hay tools.*
- *Weather concerns are holding back purchases of used equipment and could push inventories up.*
- *Market for older units is down.....there is no demand.*
- *There is not a market for used hay equipment.*
- *We need used tractors with 200hp.*
- *There are not enough of the higher 150+ HP tractors, we really need to buy some more.*
- *There are too many used combines out there.*
- *We are going to order the same number of combines this year and we already have planters, sprayers and most tractors on order presold for next year.*
- *We are going to order less combines this year because crop prospects for this fall have dropped.*
- *New combine sales are strong and we will be ordering more this year.*
- *There is no rain and we expect to order fewer combines next year as sales could be weaker.*

Dealer Commentary on Biggest Surprise in the Month

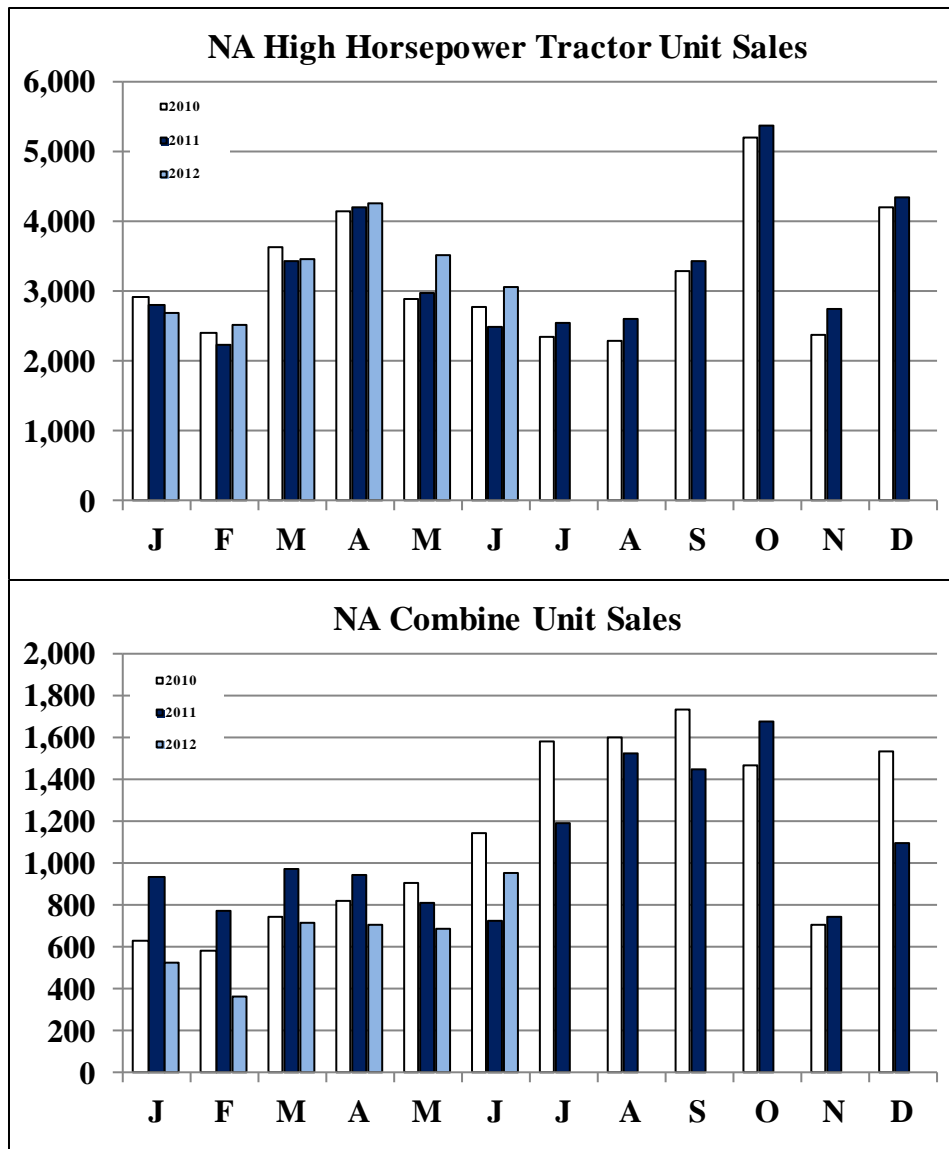
- *Tier 4 combines are up 5% or more over last year's Tier 3.*
- *We have some product supply problems and that isn't helping us.*
- *This store will see a decline in sales because of the weather and we expect Deere will start to see some push back because of pricing.*
- *We would be more optimistic but we are running out of Tier 3 inventory.*
- *Weather is a major concern for us.*
- *Dry, hot weather is affecting purchases.*
- *John Deere FarmSight's capabilities get me more optimistic.*
- *We sell Case IH and CNH seems to favor New Holland.*
- *We haven't seen anything from the manufacturer.*
- *The dry weather will affect the rest of the selling year. Late purchases may be hard to meet if equipment inventories stay tight.*
- *The Introduction of our new T4 series tractor could help sales.*
- *Dry conditions are paralyzing farmer's desire to buy anything.*
- *Massey Ferguson tractors are now built in Jackson, MN.*
- *Gehl has introduced new model Skid Steer Track and Articulating Wheel Loaders.*
- *We have seen some large price increases.*
- *Company incentives for both new and used are getting more aggressive to push customers into taking deals even in drought stricken areas.*
- *We have some leasing programs. The potential loss of Section 179 Depreciation in 2013 eliminates the ability to expense \$250,000 of machinery purchases and won't help farmers.*

NA Farm Equipment Industry Retail Sales and Inventory

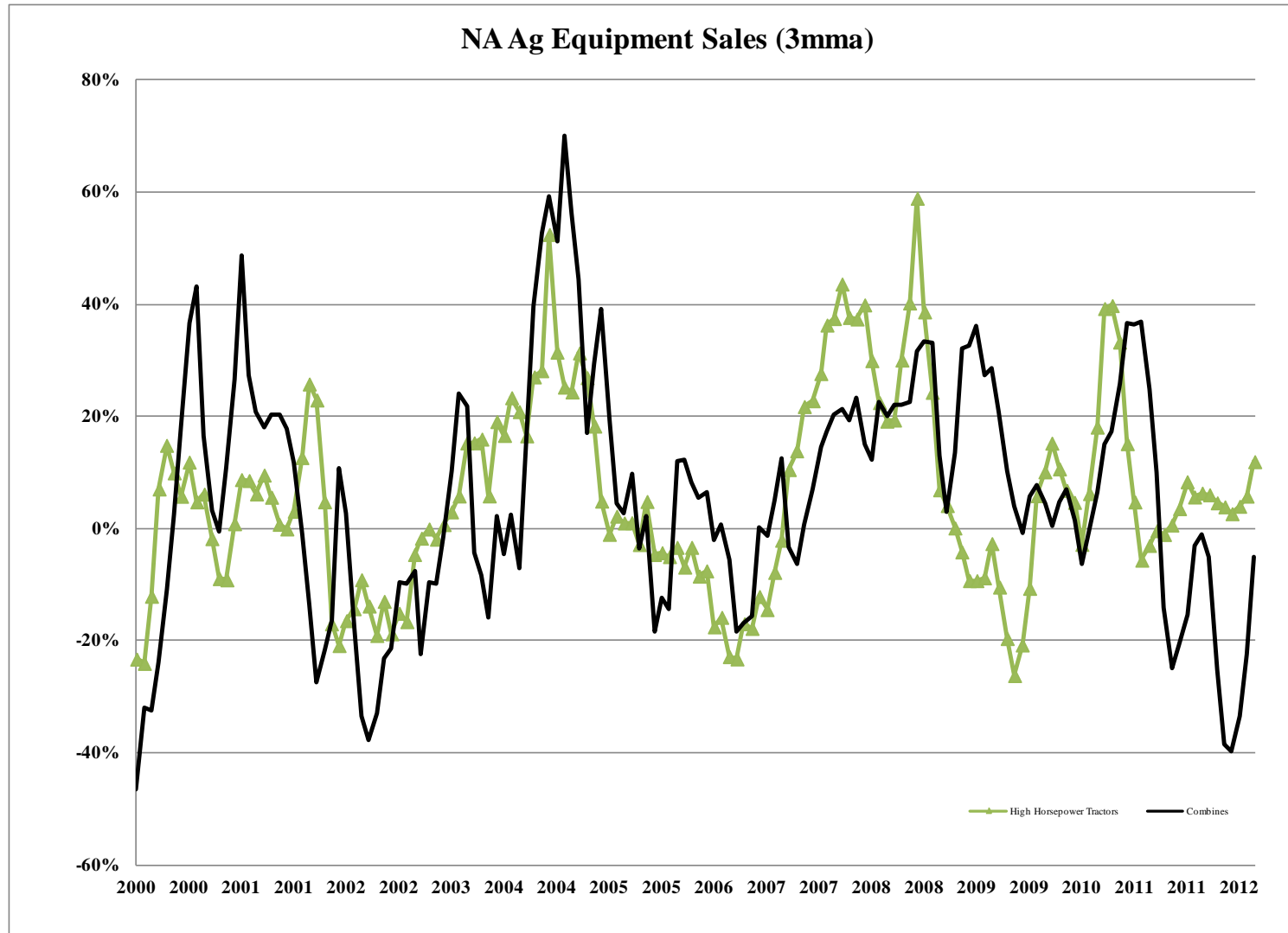
NORTH AMERICAN FARM EQUIPMENT RETAIL SALES														
	Units							% change year-over-year						
	<u>< 40 HP</u>	<u>Utility</u>	<u>Row Crop</u>	<u>4-Wheel</u>	<u>Total Tractor</u>	<u>Memo: High hp</u>	<u>Combines</u>	<u><40HP</u>	<u>Util</u>	<u>RC</u>	<u>4-WD</u>	<u>Total</u>	<u>High hp</u>	<u>Comb</u>
Jan-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%
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%

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-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%
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%

Annual Ag Equipment Industry Sales – 2010-2012



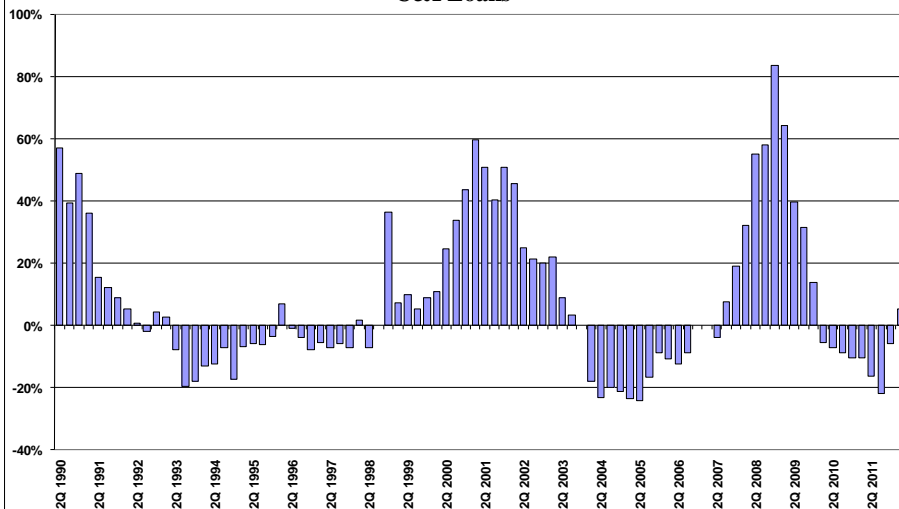
NA Ag Equipment Sales



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

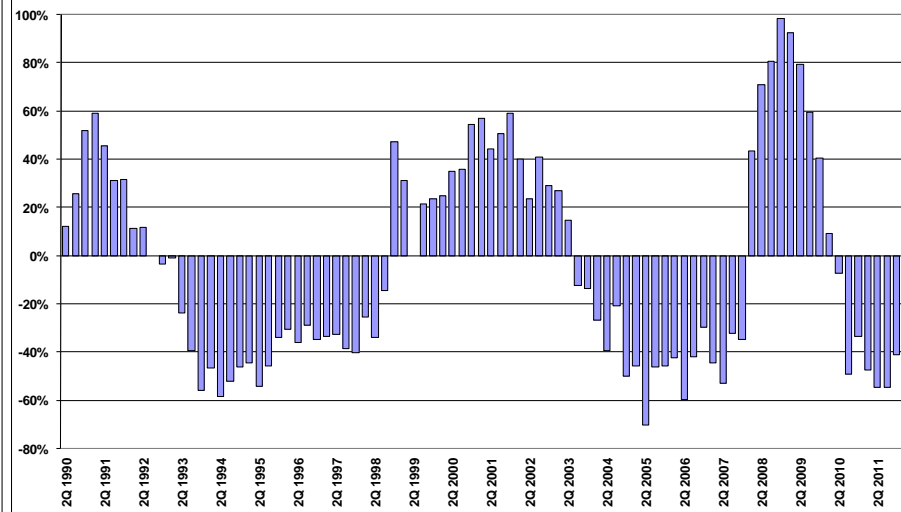
- The 1Q12 Senior Loan Officer survey saw a tightening of loan standards, a reversal from eight consecutive quarters of loosening. A net 5% of loan officers reported tightening credit standards in 1Q12 compared with a net 6% loosening in 4Q11.
- Bank rate spreads contracted again in 1Q12 with a net 46% of loan officers reporting lower lending spreads, up from a net 41% in 4Q11.
- Demand for commercial and industrial loans improved in 1Q as a net 20% of loan officers reported stronger demand for commercial and industrial loans in 1Q12, up from the 19% reporting weaker demand in 4Q11.

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



Source: Federal Reserve Board

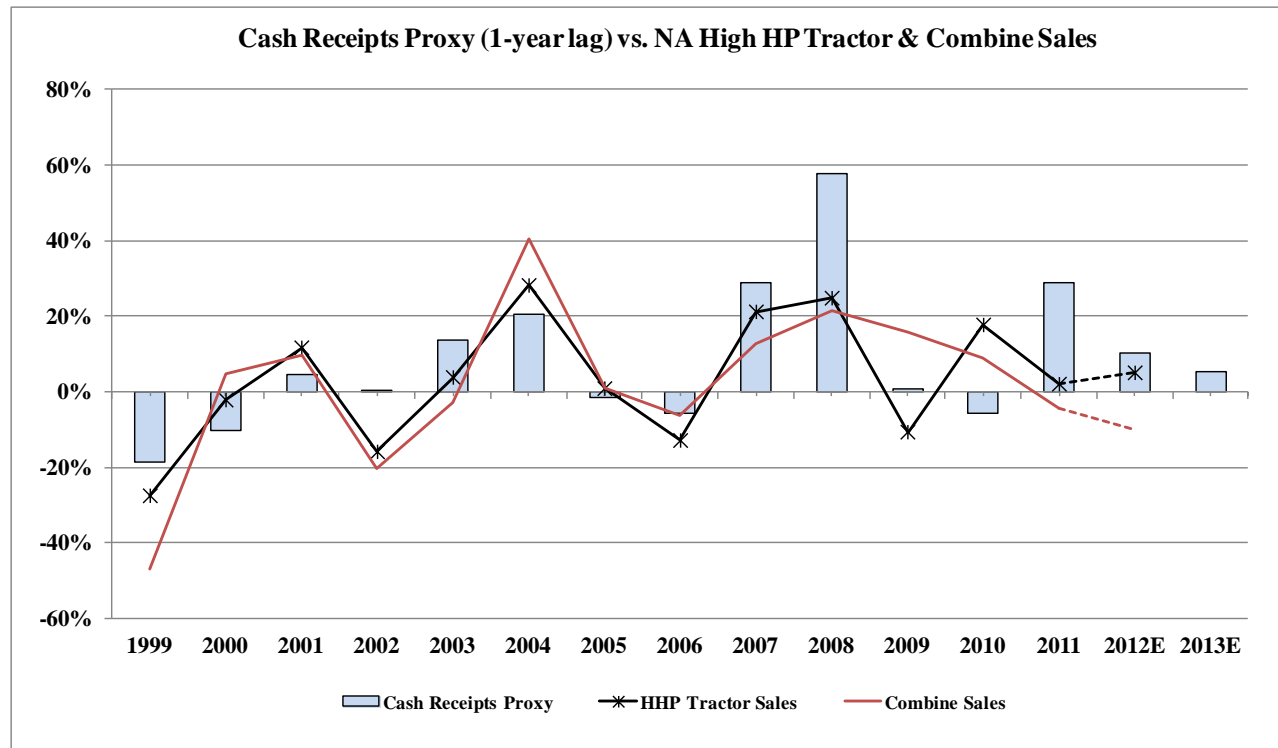
Net % of Domestic Respondents Increasing Spreads of Loan Rates Over Banks' Cost of Funds



Source: Federal Reserve Board

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

- **The USDA's July crop supply and demand forecast for the 2012/13 crop year shows a positive revision in our simplified cash receipts proxy.** Surprisingly, the updated price projections for the 2012/2013 crop year shows a net benefit in our simplified cash receipts proxy as the positive price changes in all three key crops compared to last month more than offsets lower production forecasts due to the US drought. This drives our simplified cash receipts proxy to just over \$134Bil, or about a 5% increase yr/yr. 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				
May	14,790	11,875	1,900	13,775	1,881	15.8%	\$4.20-\$5.00	May	22,444	24,384	4,116	16.9%
June	14,790	11,875	1,900	13,775	1,881	15.8%	\$4.20-\$5.00	June	22,607	24,477	4,250	17.4%
July	12,970	11,120	1,600	12,720	1,183	10.6%	\$5.40-\$6.40	July	22,667	24,332	4,096	16.8%
Revision to 2011/12:								Corn Spot Price: \$8.12				
m/m chg	-1,820	-755	-300	-1,055	-698	-5.2%	\$1.30	m/m chg	60	-146	-154	-0.5%
y/y chg	612	115	-50	65	332	2.9%	(\$0.20)	y/y chg	657	1,161	-139	-1.4%

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												
May	3,205	3,285	1,505	4,790	145	4.4%	\$12.00-\$14.00	May	6,768	7,962	1,989	25.0%
June	3,205	3,255	1,485	4,740	140	4.3%	\$12.00-\$14.00	June	6,753	7,965	2,011	25.2%
July	3,050	3,105	1,370	4,475	130	4.2%	\$13.00-\$15.00	July	6,766	7,934	1,915	24.1%
Revision to 2011/12:								Soybean Spot Price: \$17.07				
m/m chg	-155	-150	-115	-265	-10	-0.1%	\$1.00	m/m chg	13	-31	-96	-1.1%
y/y chg	-6	-6	35	29	-45	-1.4%	\$1.65	y/y chg	1137	398	130	0.4%

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												
May	2,245	1,248	1,150	2,398	735	58.9%	\$5.50-\$6.70	May	22,651	23,975	6,177	25.8%
June	2,234	1,238	1,150	2,388	694	56.1%	\$5.50-\$6.80	June	22,460	23,816	6,131	25.7%
July	2,224	1,223	1,200	2,423	664	54.3%	\$6.20-\$7.40	July	22,222	23,765	6,040	25.4%
Revision to 2011/12:								Wheat Spot Price: \$8.68				
m/m chg	-10	-15	50	35	-30	-1.8%	\$0.65	m/m chg	-237	-51	-91	-0.3%
y/y chg	225	24	145	169	-64	-6.4%	(\$0.45)	y/y chg	-1284	-604	-418	-1.1%

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												
May	14,790	3,205	2,245	\$4.60	\$13.00	\$6.10	\$68,034	\$41,665	\$13,695	\$123,394	-3%	
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%	

*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



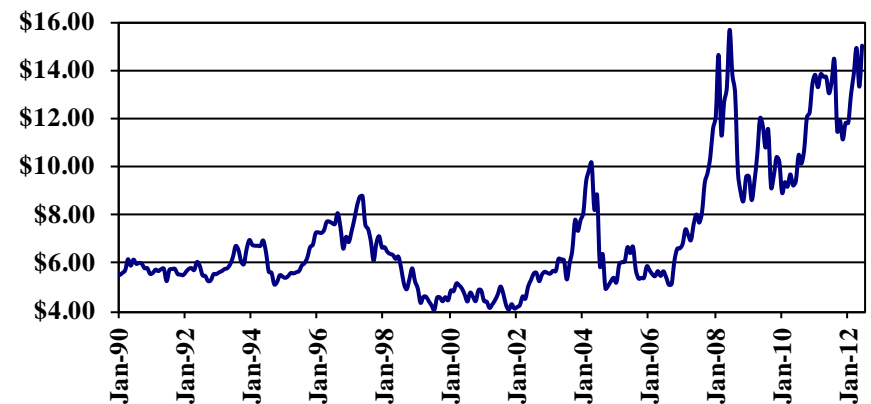
Corn Price Trends



Cotton Price Trends

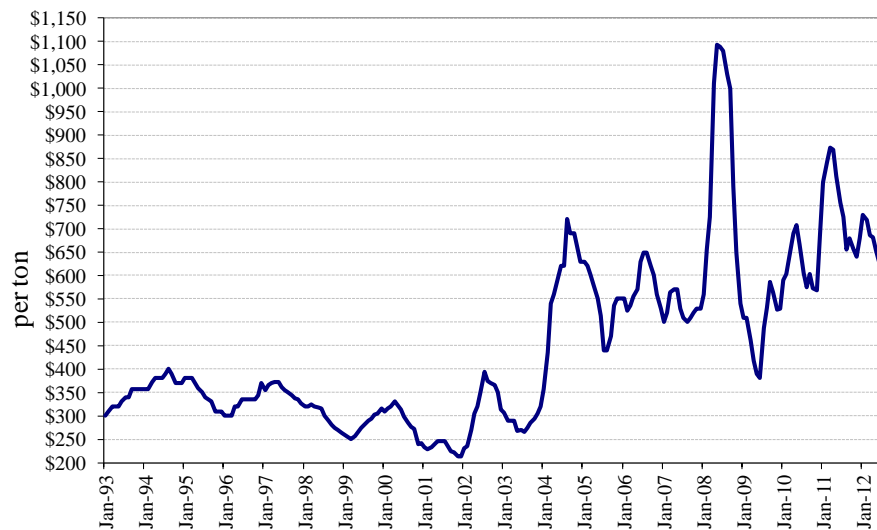


Soybean Price Trends



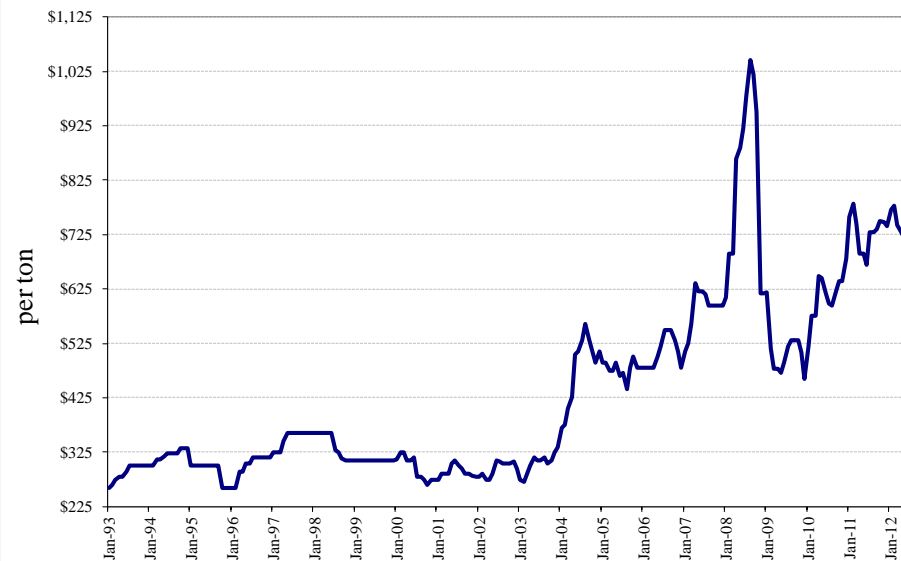
Commodity Price Trends – Steel

Domestic Hot Rolled Sheet Prices

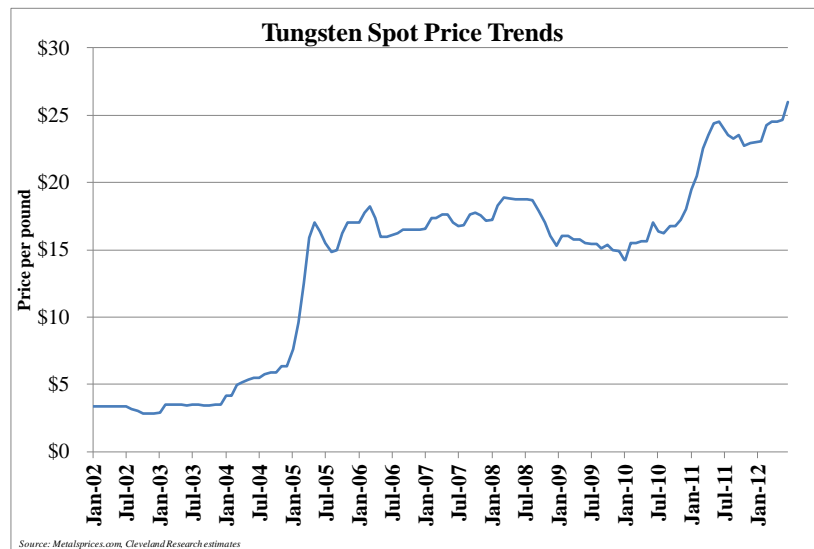
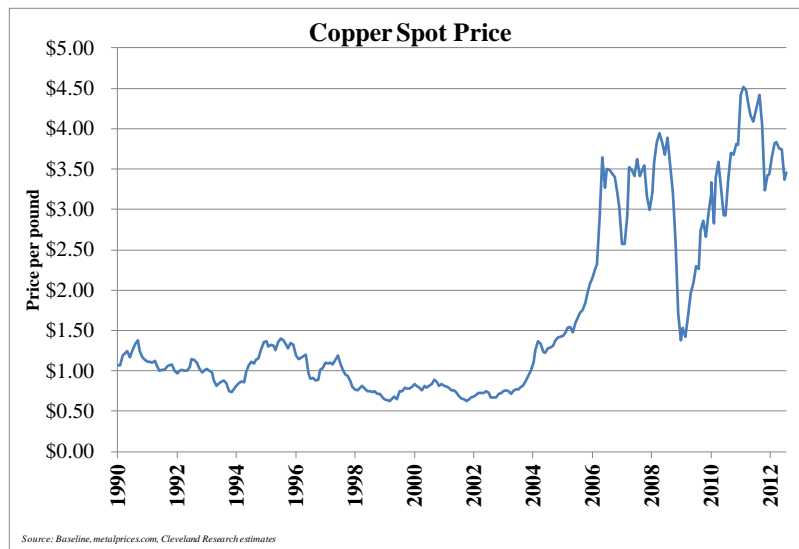
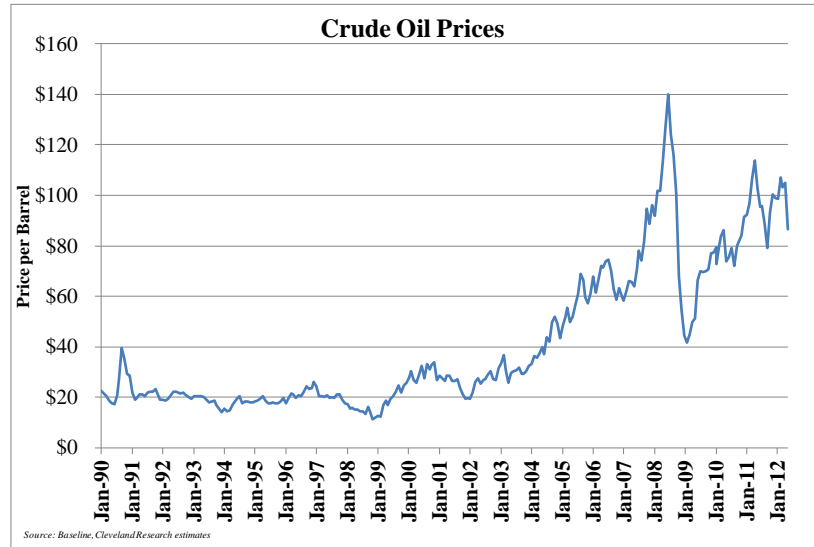
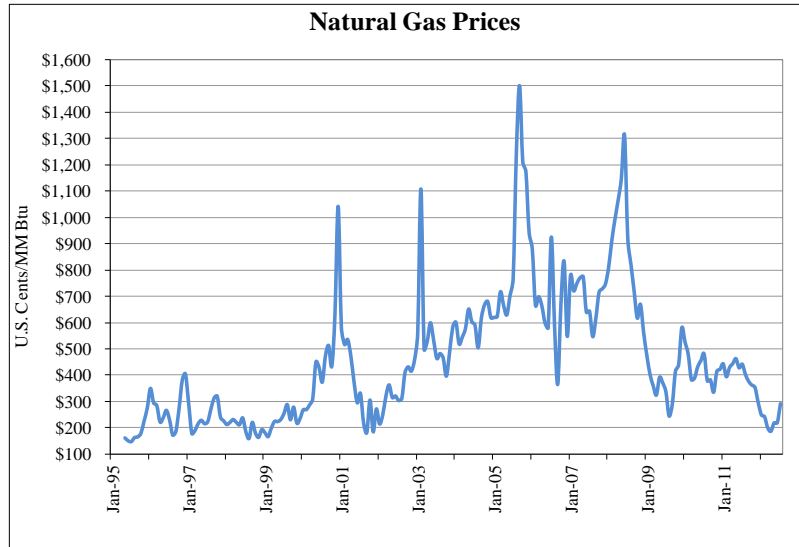


Source: Steel Business Briefing, CRC Estimates

Domestic Reinforcing Bar (Rebar) Prices



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



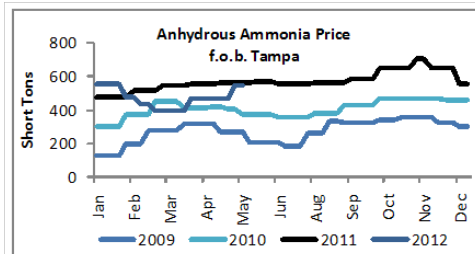
Commodity Trends – Long Run Supply and Demand Projections

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>
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

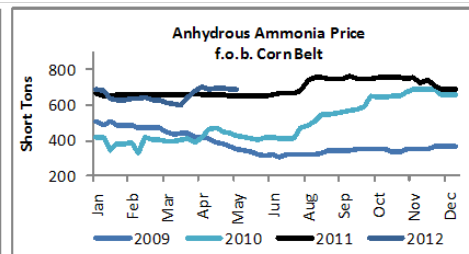
SOYBEANS - DOMESTIC							
<u>Year</u>	<u>Production</u>	<u>Domestic Use</u>	<u>Exports</u>	<u>Total Use</u>	<u>End Stocks</u>	<u>Stocks/Use</u>	<u>Avg Price</u>
2006/07	3,188	1,955	1,118	3,073	573	29.3%	\$9.00
2007/08	2,676	1,893	1,161	3,054	205	10.8%	\$10.10
2008/09	2,921	1,907	1,020	2,927	205	10.7%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

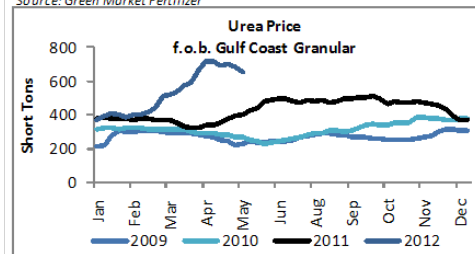
Other Input and Chemical Costs – 2009-2012



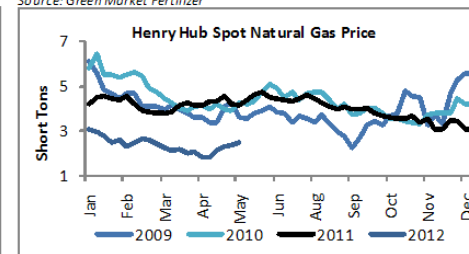
Source: Green Market Fertilizer



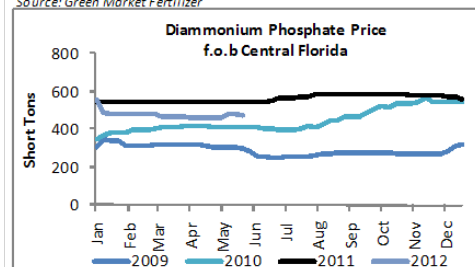
Source: Green Market Fertilizer



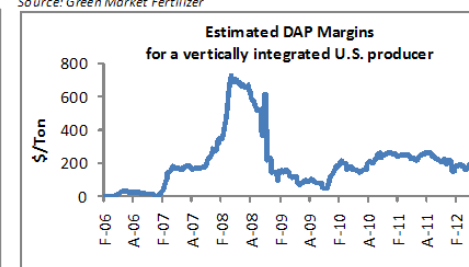
Source: Green Market Fertilizer



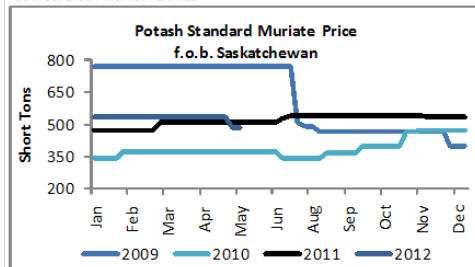
Source: Green Market Fertilizer



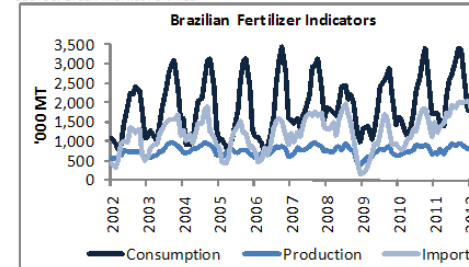
Source: Green Market Fertilizer



Source: Green Market Fertilizer

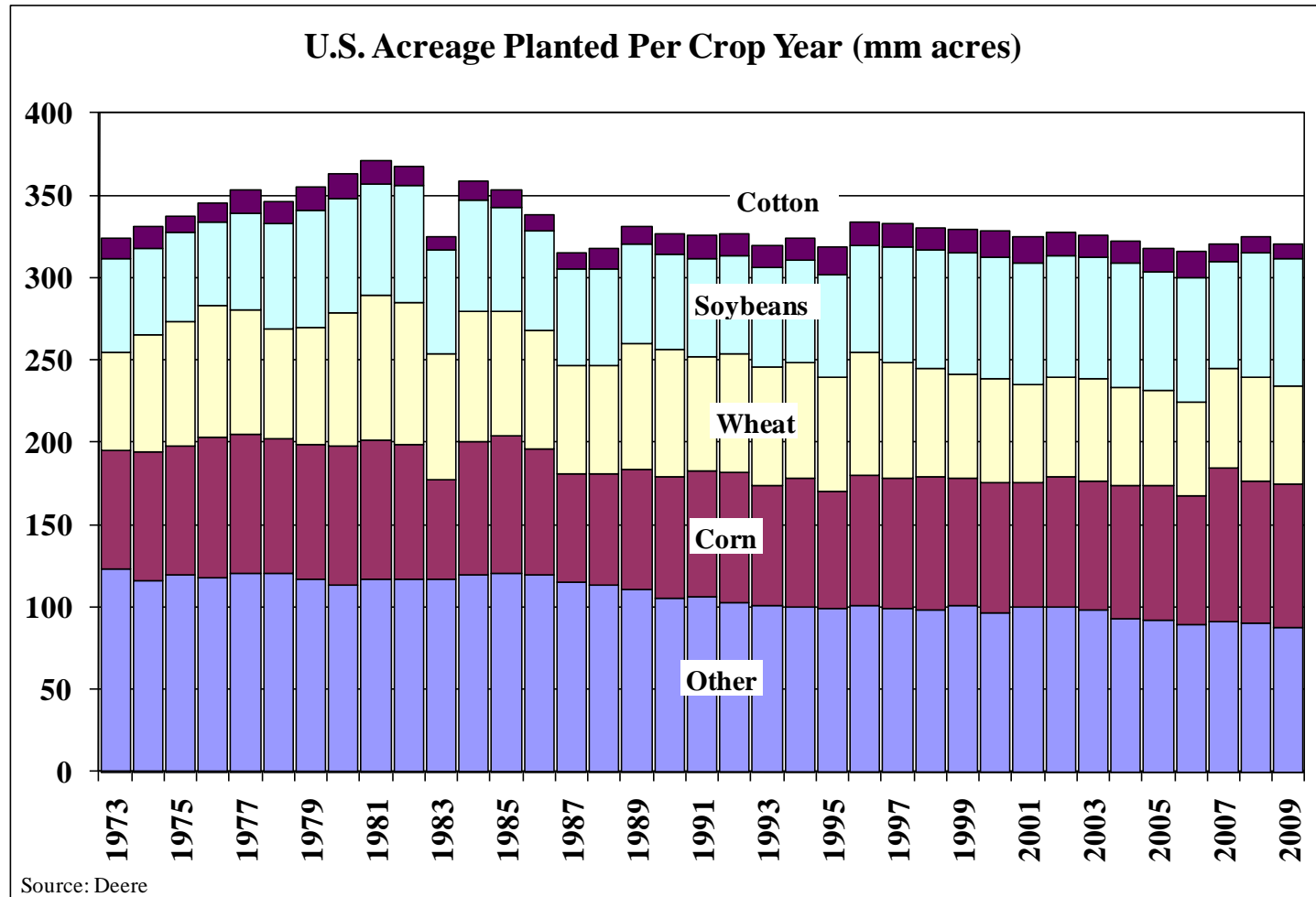


Source: Green Market Fertilizer



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