

Ag Equipment Intelligence

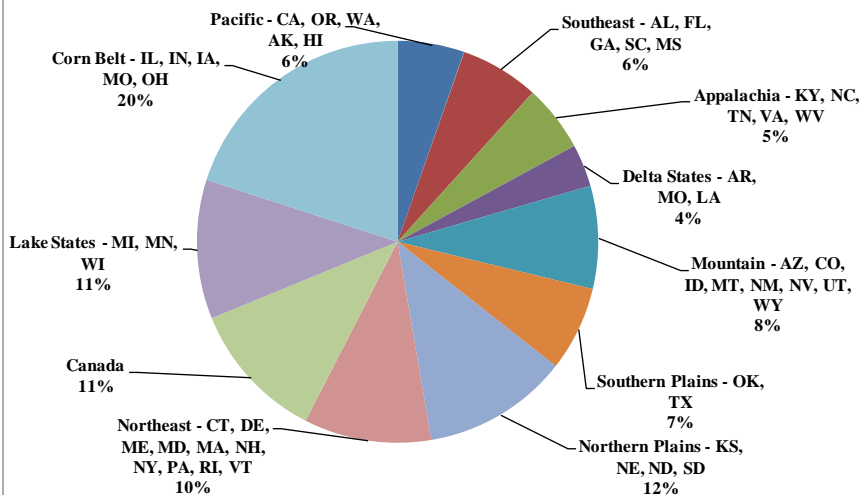
Dealer Trends and Business Outlook
March 2012

Monthly Ag Equipment Intelligence North American Dealer Survey

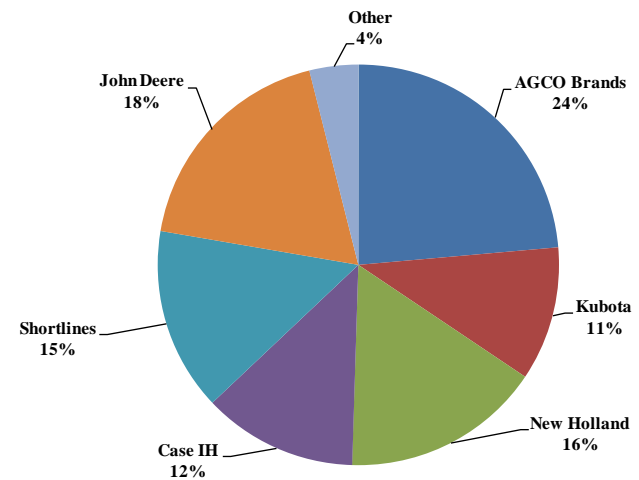
Background:

- We are pleased to announce the results of the February 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 January survey had ~205 respondents representing combined annual revenues of roughly \$6.7 billion. Participants representing a broad cross section of geographies and brands are summarized in the charts below.
- It is important to note Challenger, Fendt, Massey Ferguson, and Valtra are included under AGCO while the “other” category includes manufacturers with relatively few respondents.

Participants by Region



Participants by Manufacturer



Highlights / Summary Thoughts

- **Industry Sales Growth Moderates Again to 4% in February** – Ag equipment dealers reported year-over-year sales grew 4% on average in February, down from 7% in January. John Deere, Case IH, and Kubota reported the highest average sales growth at up 4%, while New Holland dealers saw the weakest results in the month with sales down 2% on average.
- **2012 Outlook Maintained at 5% Growth** – For 2012, dealers maintained their sales forecast and expect 5% sales growth for the full year. AGCO and John Deere dealers are the most optimistic reporting the highest full year growth outlook at 7% and 6%, respectively, while Case IH dealers report the least optimistic outlook at 2% on average.
- **Dealer Optimism Still High, but Moderates Slightly** – Our Dealer Optimism Index, a measure of sentiment amongst dealers compared to the prior month, moderated to a net 15% of dealers reporting they have a more optimistic outlook now versus 29% last month (29% are more optimistic; 57% same; 14% are less optimistic).

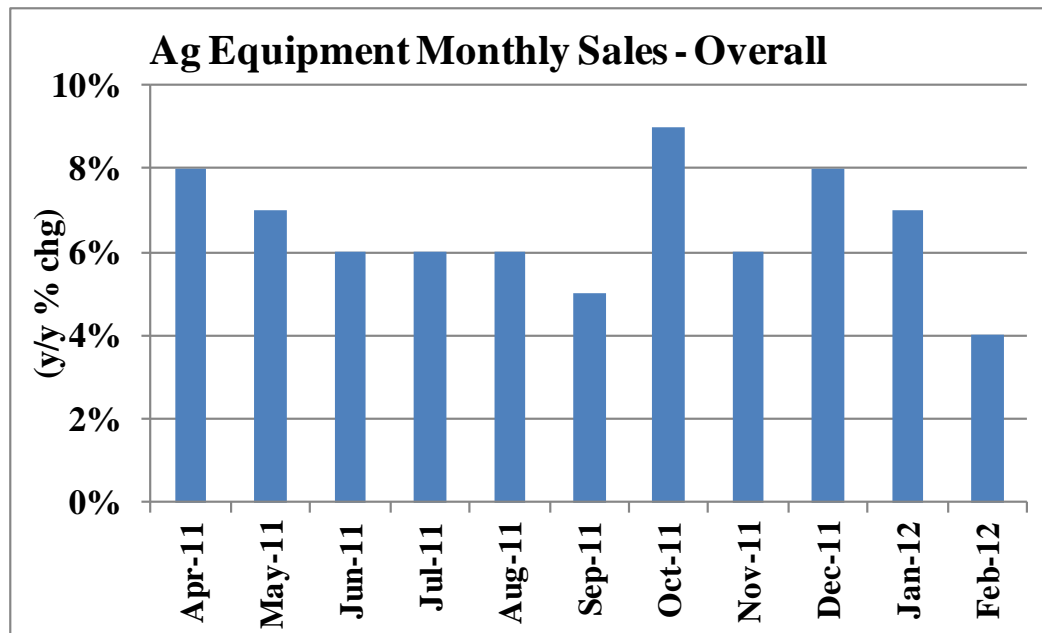
Optimism/Sentiment vs. Last Month											
	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>
More Optimistic	33%	25%	31%	32%	30%	25%	36%	33%	30%	38%	29%
Same	54%	54%	44%	49%	55%	58%	55%	55%	54%	53%	57%
Less Optimistic	13%	21%	25%	20%	15%	17%	9%	12%	16%	10%	14%
Net % (More- Less)	21%	3%	6%	12%	15%	8%	26%	21%	14%	29%	15%

Monthly Sales Growth

- Ag equipment dealers reported year-over-year sales grew 4% on average in February, down from 7% in January.
- John Deere, Case IH, and Kubota reported the highest average sales growth at up 4%, while New Holland dealers saw the weakest results in the month with sales down 2% on average.
- A net 7% of participants categorized February results as “worse-than-expected” (19% better-than-expected; 54% in-line with expectations; 26% worse-than-expected) which compares to the prior month when a net 12% report sales were “better-than-expected.”

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

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

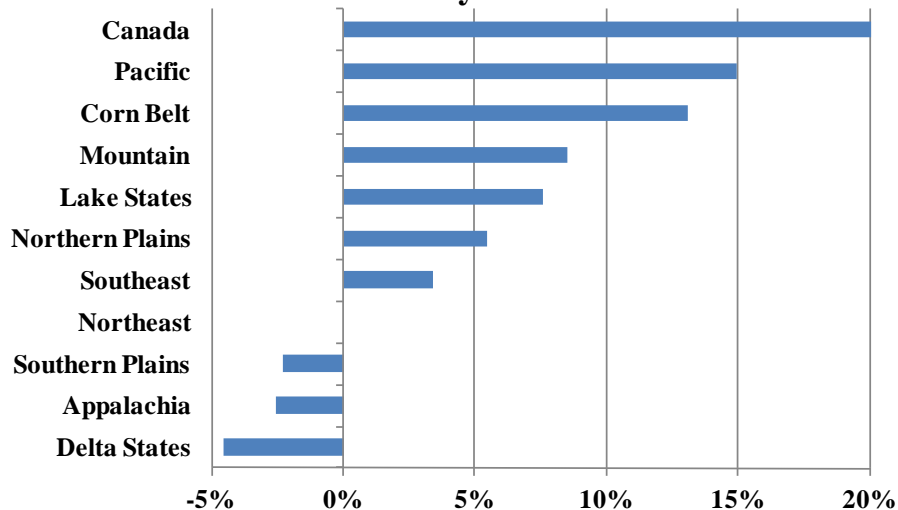
Results vs. Expectations											
	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12
Better than expected	28%	26%	27%	27%	30%	29%	35%	32%	41%	28%	19%
In line with expectations	51%	44%	48%	54%	52%	56%	48%	54%	47%	56%	54%
Worse than expected	21%	30%	25%	19%	18%	15%	17%	13%	12%	16%	26%
Net % (Better - Worse)	7%	-4%	1%	8%	13%	14%	18%	19%	29%	12%	-7%

Monthly Sales Growth by Region

- Seven out of eleven regions showed positive average monthly sales growth in February, consistent with January. The Southern Plains, Southeast, and Corn Belt regions head the list of best performing regions.
- On a sequential basis, the Southern Plains showed the most significant acceleration while the Canada showed the most significant decline.

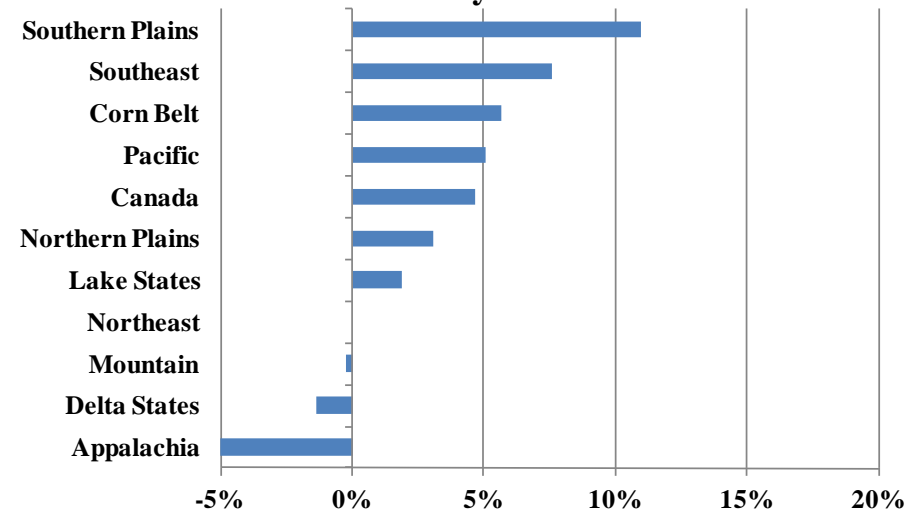
Average Monthly Sales Growth by Region

January 2012



Average Monthly Sales Growth by Region

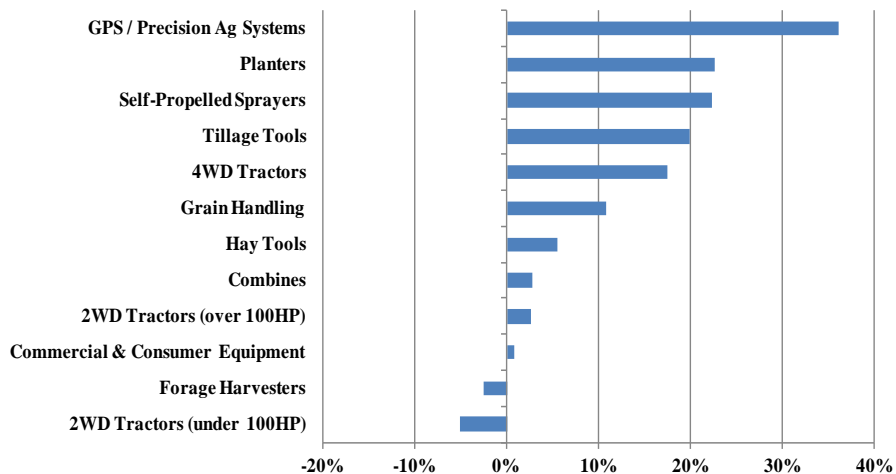
February 2012



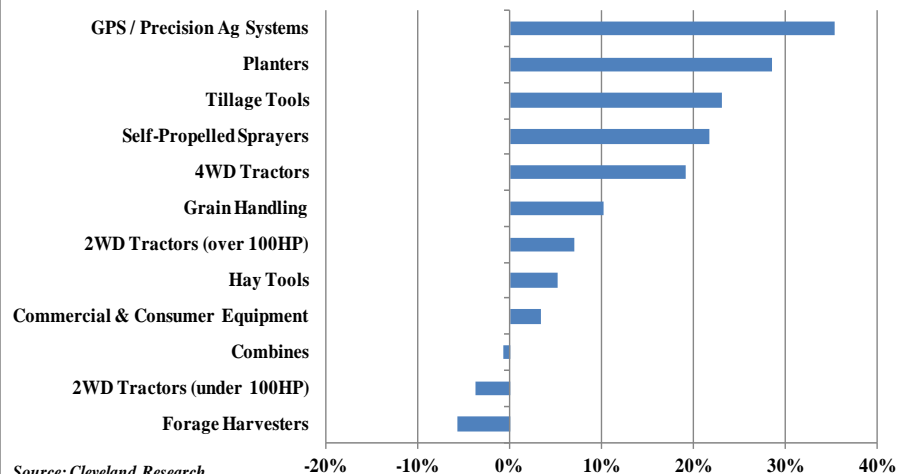
Equipment Category Sales Trends

- Nine out of twelve product categories ranked in positive territory in February, down from ten out of twelve in January. GPS/ Precision ag systems, planters, and tillage tools head the list of top performing products while forage harvesters, 2WD tractors (under 100HP), and combines ranked in negative territory.
- On a sequential basis, planters accelerated modestly while combines and forest harvesters declined slightly. The remaining product categories were relatively consistent.

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



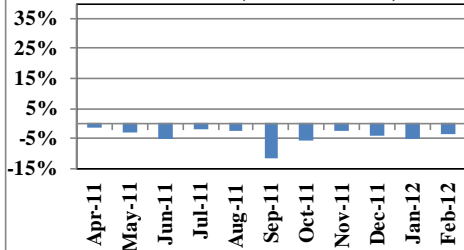
Product Category Ranking (Net % Strong - Weak)
February 2012



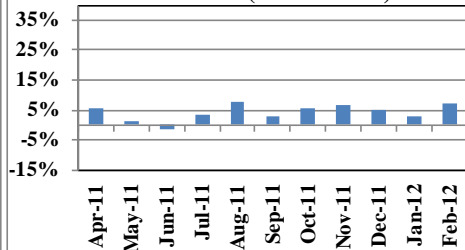
Source: Cleveland Research

Equipment Category Sales Trends

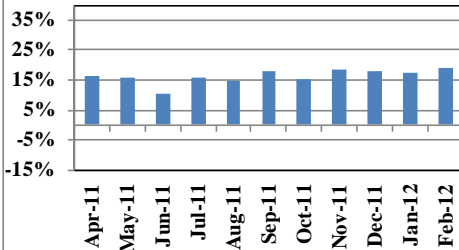
2WD Tractors (under 100HP)



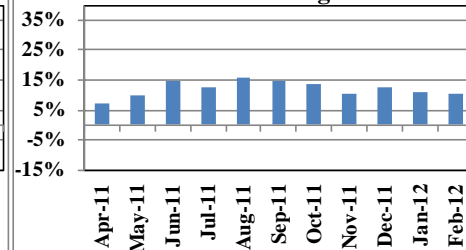
2WD Tractors (over 100HP)



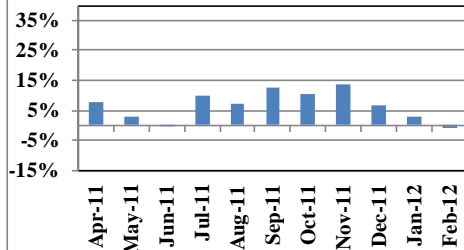
4WD Tractors



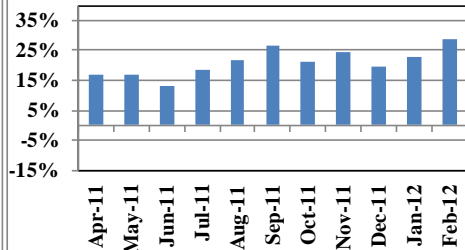
Grain Handling



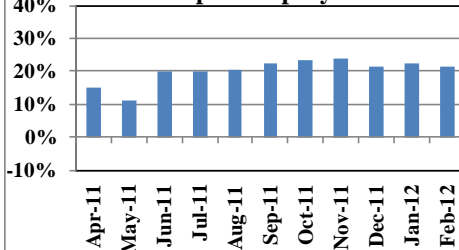
Combines



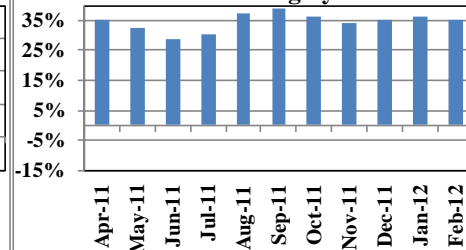
Planters



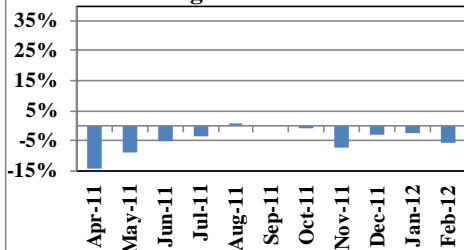
Self-Propelled Sprayers



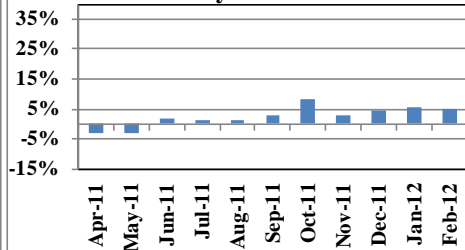
GPS / Precision Ag Systems



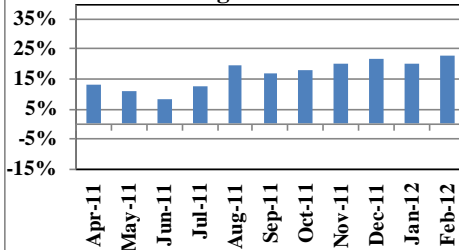
Forage Harvesters



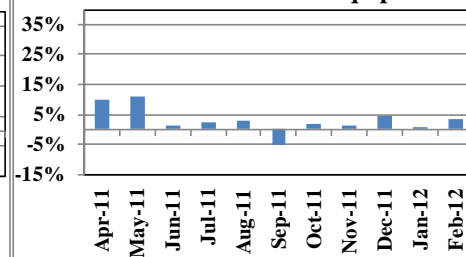
Hay Tools



Tillage Tools



Commercial & Consumer Equipment



Dealer Commentary on Monthly Sales

- *It's better because there is more money out there along with tax laws*
- *Worse than expected/Below Budget slow to come out of drought, also agco has terrible programs on overly expensive equipment compared to competition.*
- *Worse than expected/Below budget because of the drought in Texas*
- *Sales are worse than expected because of wet weather conditions and confusion on what type of rice to plant.*
- *It is worse than expected because of late equipment delivery*
- *Weather here has a lot to do with the positive sales. There are a lot of quotes out so I'm very optimistic*
- *I'll take our Tier IV system over the competitors. Customers increasingly dissatisfied with competitors multi-store level of service.*
- *Warmer than expected weather helped drive sales.*
- *Customers taking advantage of early season inventories. Customers are starting to understand that the days of having lots of inventory on dealer lots doesn't exist anymore. They will need to either pre-order or jump on the small amount of inventory dealers have quickly.*

Order Growth

Overall Orders

- Incoming orders grew 4% on average in February, down from 5% in January.
- John Deere dealers saw highest average orders growth at 4%, while New Holland, Case IH, Kubota dealers orders came in the lowest at 2% on average for the month.

New Combine Order Intentions

- A net 8% of dealers believe they will order fewer combines for 2012, an increase from the net 10% last month. Used inventory and manufacturer allocation remain key factors for the lower order expectations.

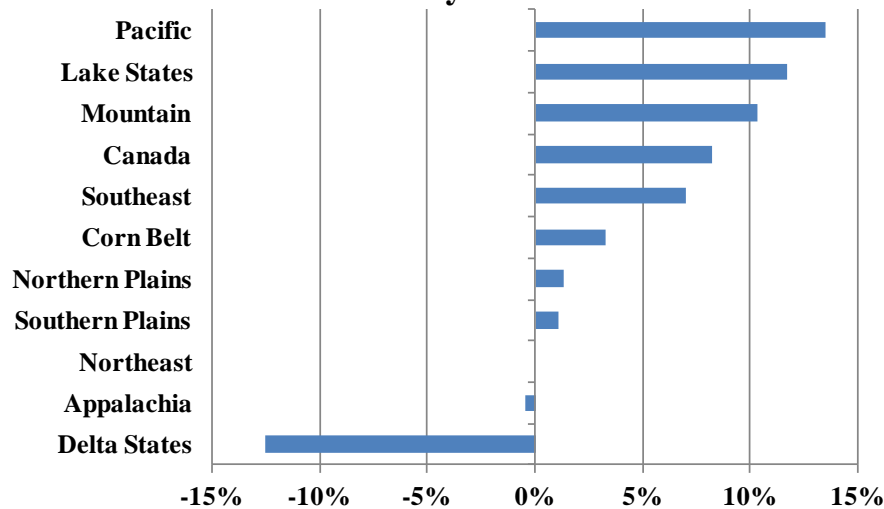
New Combine Order Intentions vs. Last Year							
	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>
More	22%	20%	21%	20%	11%	14%	15%
Same	47%	48%	48%	53%	60%	61%	63%
Less	31%	32%	31%	27%	29%	25%	22%
Net % (More- Less)	-10%	-12%	-10%	-7%	-18%	-10%	-8%

Average Orders Growth											
<u>(% chg y/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>
Overall	3%	3%	3%	5%	4%	4%	4%	4%	4%	5%	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>
AGCO	4%	8%	5%	10%	10%	5%	6%	8%	6%	8%	3%
John Deere	4%	2%	2%	5%	3%	4%	3%	3%	4%	5%	4%
New Holland	4%	2%	3%	5%	5%	5%	4%	3%	6%	3%	2%
Case IH	1%	3%	2%	4%	3%	3%	5%	4%	3%	4%	2%
Kubota	9%	1%	6%	6%	6%	4%	4%	6%	7%	10%	2%
Shortlines	n/a	-3%	2%	2%	4%	3%	1%	2%	4%	1%	3%
Other	n/a	n/a	n/a	1%	-2%	2%	4%	3%	11%	3%	3%

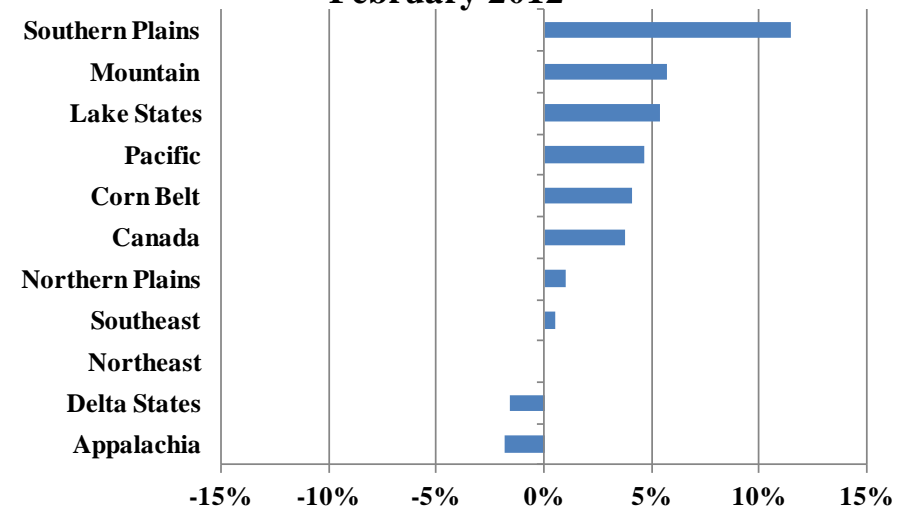
Order Growth by Region

- Eight out of eleven regions showed positive monthly orders growth in February, consistent with January. The Southern Plains, Mountain region, and Lake States head the list of best performing regions this month.
- On a sequential basis, the Delta States and Southern Plains showed the most significant improvement, while the Pacific region showed the most sequential slowdown in order growth.

Average Monthly Order Growth by Region
January 2012



Average Monthly Order Growth by Region
February 2012



2012 Sales Outlook

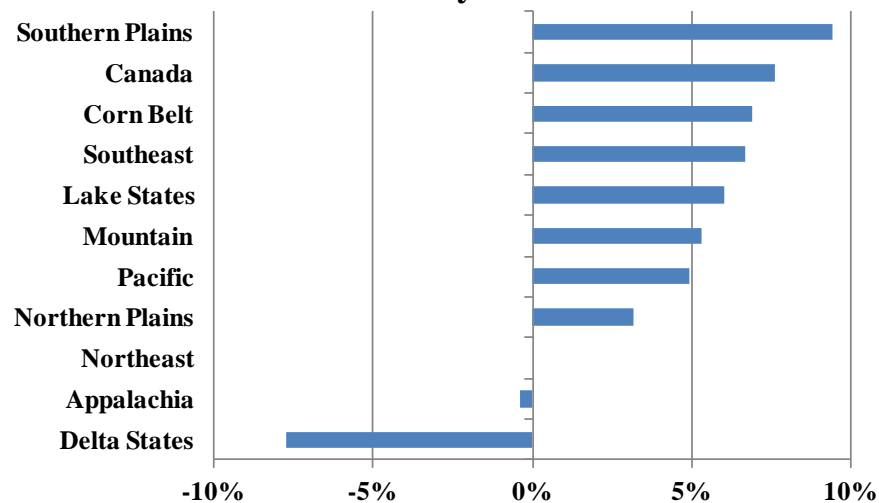
- For 2012, dealers maintained their sales forecast and expect 5% sales growth for the full year.
- AGCO and John Deere dealers are the most optimistic reporting the highest full year growth outlook at 7% and 6%, respectively, while Case IH dealers report the least optimistic outlook at 2% on average.

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

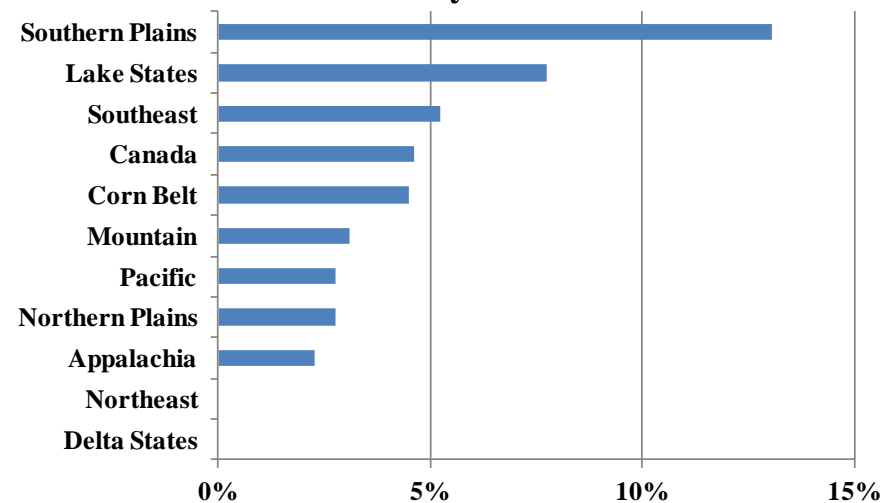
2012 Sales Outlook Continued

- Nine out of eleven regions are projecting a positive full year sales outlook in February, up from eight out of eleven regions in January. Dealers in the Southern Plains, Lake States and Southeast are the most optimistic while Delta States and Northeast region are forecasting sales to be flat in 2012.
- On a sequential basis, the Delta States showed the most improvement, while the Southern Plains showed modest sequential slowdown.

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



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

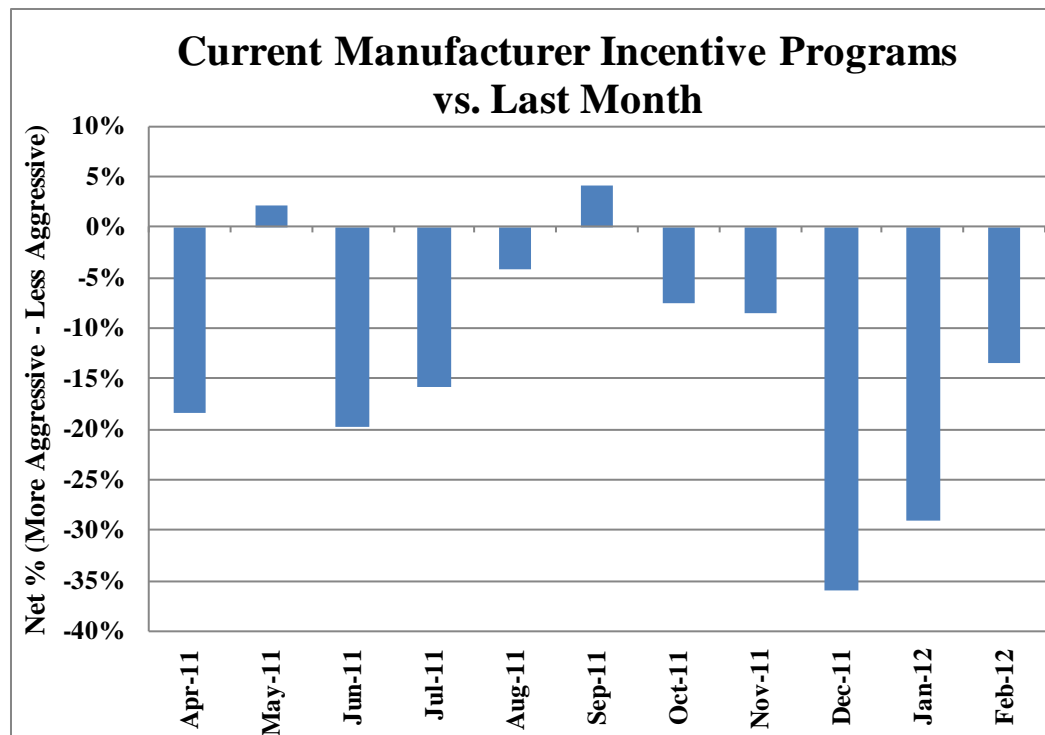


Dealer Commentary on 2012 Outlook

- *I'm less optimistic because we have products ordered and not delivered*
- *I'm more optimistic. Farmers feel better*
- *More people are calling and asking about tractors and equipment over last year.*
- *Usage of machines is wearing them out, and they will need to be updated.*
- *I'm less optimistic. The loss of "179" tax write off deduction as the main reason.*
- *I'm less optimistic because of volatility of commodity prices and inputs*
- *I'm more optimistic. We have better hires, expanding marketing, improved compensation programs*
- *I'm more optimistic because of the better weather pattern in Texas right now.*
- *Price of fuel is hurting everyone.*
- *I'm more optimistic. It's been a great start to 2012.*

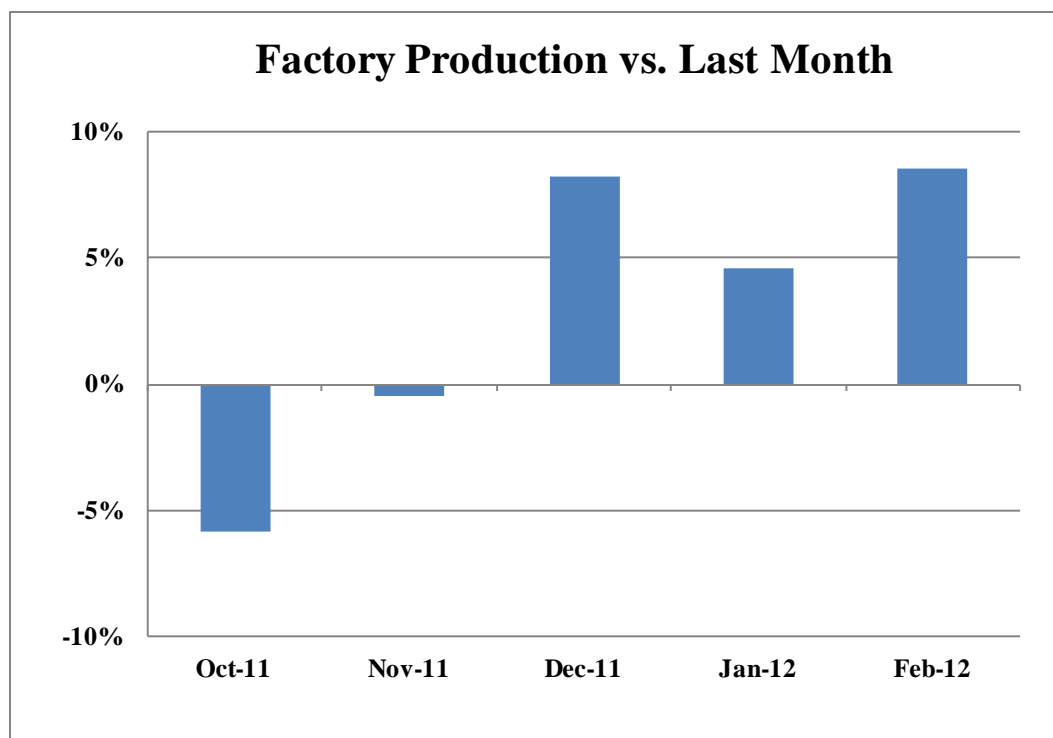
Current Manufacturer Incentive Programs

- A net 13% of dealers report that manufacturers are less aggressive with incentives in February (13% more aggressive; 60% same; 27% less aggressive) compared to a net 29% in January. This trend continues to appear to be attributed to the end of pre-sell programs and slightly higher interest rates.



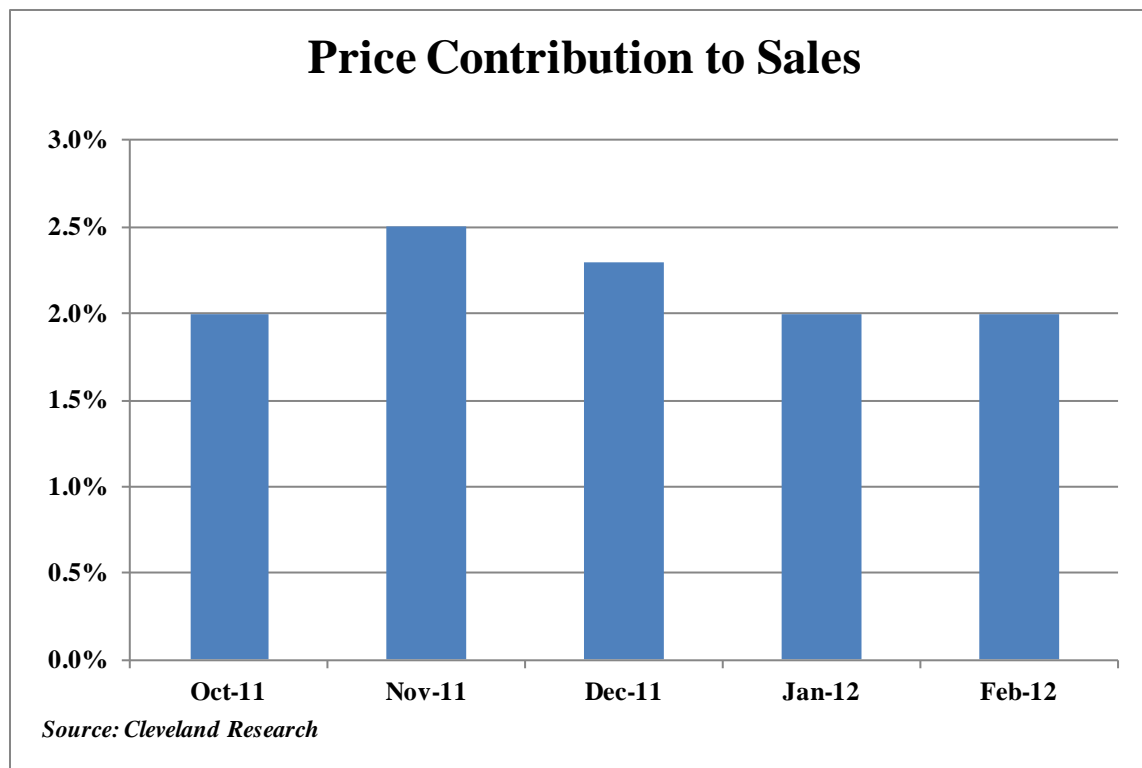
Factory Production

- Dealers report that factories appear to be keeping production relatively stable as a net 9% of dealers are reporting increasing production levels (18% increasing production; 73% no change in production; 9% decreasing production) compared to a net 5% last month.



Pricing Trends

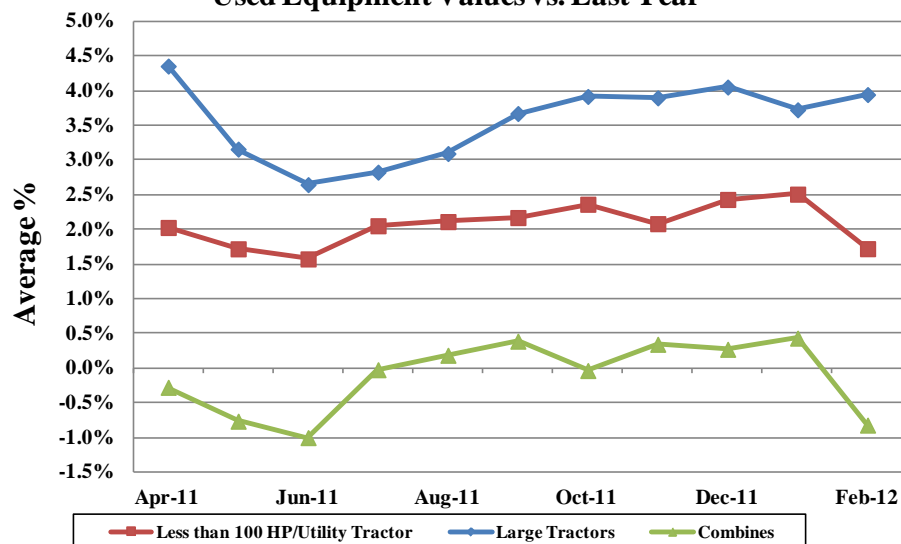
- Dealers report price contributed roughly ~2.0% to total February revenue, consistent with January.



Used Equipment Pricing

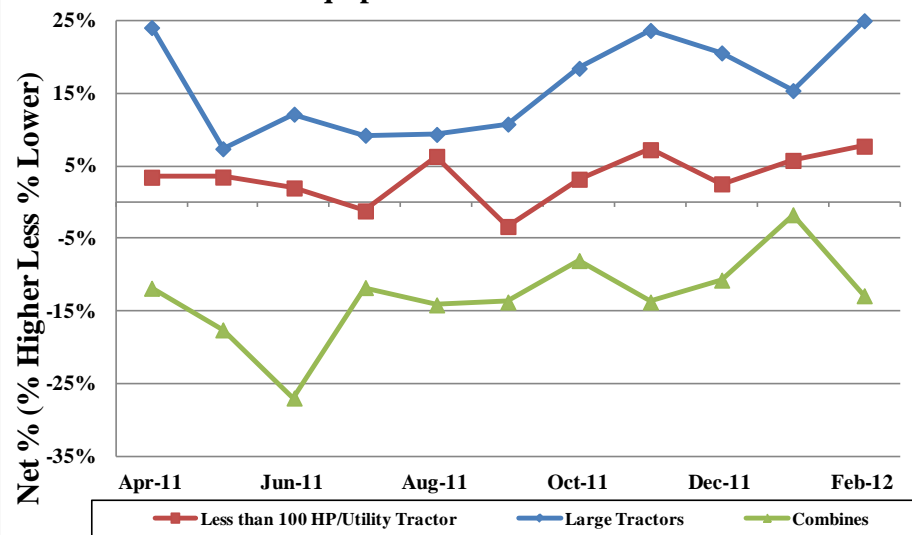
- By category, tractors over 100HP are up 3.9% year-over-year on average in February, up from 3.7% in January. Prices for used tractors under 100HP are up 1.7% in February, down from 2.5% in January. Used combine values are down (0.8%) in February, down from 0.4% last month.
- Relative to last month, a net 8% of dealers report higher values for under 100HP/utility tractors, up from a net 6% in January. For over 100HP tractors, a net 25% of dealers report higher values vs. last month, up from a net 15% in January. Finally, a net 13% 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

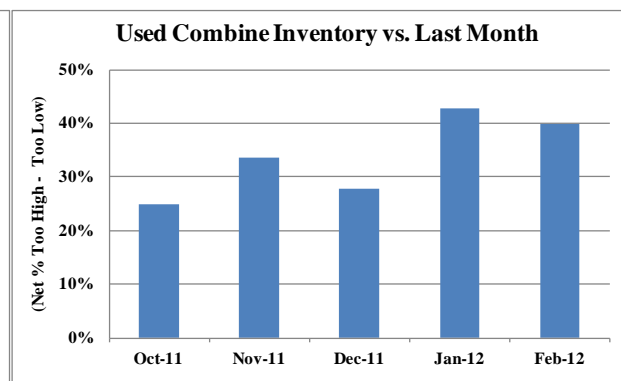
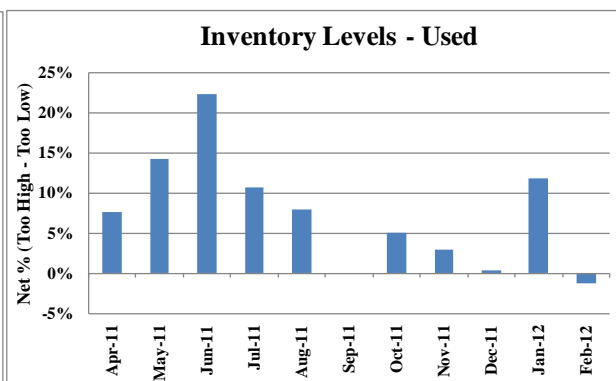
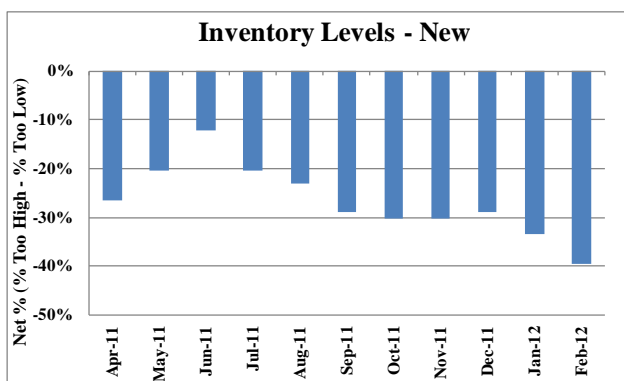
- New equipment inventory remains tight as a net 40% of dealers categorize their new inventory as “too low” (10% too high; 41% about right; 49% too low), up from a net 33% last month.

Used Equipment Inventory

- Used equipment inventory appears to have decreased, as a net 1% of dealers now categorize their used inventory levels as “too low” (26% too high; 47% about right; 27% too low) compared to a net 12% who reported used inventory as “too high” last month.

Used Combine Inventory

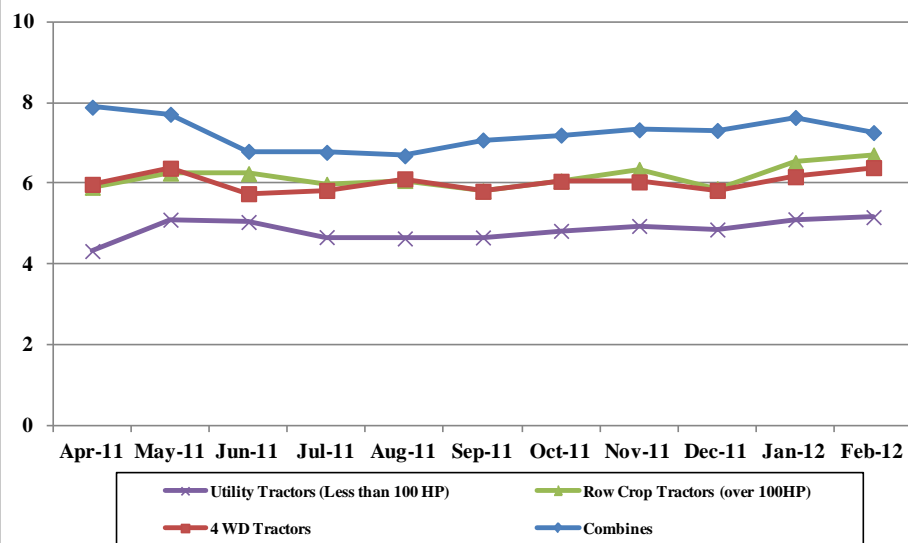
- Within the used equipment categories, a net 40% of dealers also reported used combine inventory levels are still “too high” (47% too high; 46% about right; 7% too low).



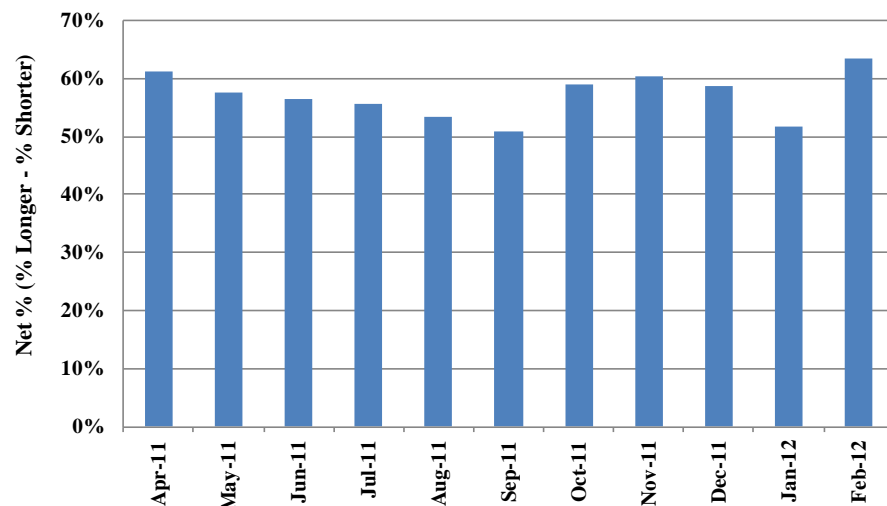
Equipment Availability

- Overall, a net 63% of dealers report longer factory lead-times compared to last month (64% longer; 35% same; 1% shorter), up from the net 52% in January. Lead-times appear to continue to be one of the primary concerns for dealers and continue to be a constraint on the growth outlook.
- A closer look at availability by product category shows three out of four core product categories we measure are seeing slightly longer lead times this month. On average combine lead times are 7.3 months; 4WD are 6.4 months; row crop tractor lead times are 6.7 months; and smaller tractors (<100 HP) lead times are 5.2 months.

Lead Times By Product Category (Months)



Lead Times - Versus Prior Month



Dealer Commentary on Used Inventory Levels

- *We're too high on combines still.*
- *We're too high on used late model--large combines--still have too many*
- *Too low on used planters and under 150 hp tractors.*
- *We're about right. Good used tractors are low, planters and combines are moderately high.*
- *We're too high. The last 2 months we are receiving our combines in stock and that is pushing our inventory higher at this time and it is a weak period for combine sales. As we deliver the new combines we bring used to the store and this is pushing our used combine inventory higher.*
- *It's too low. I have 1 used tractor on my yard for sale.*
- *We're too high. Too many used combines but it is very early*
- *We're too high on used combines and corn heads*
- *It's about right. Used windrowers, great sales in new leads to higher used inventory*
- *About right but dealers have a high dollar invested in new paid dealer inventory.*

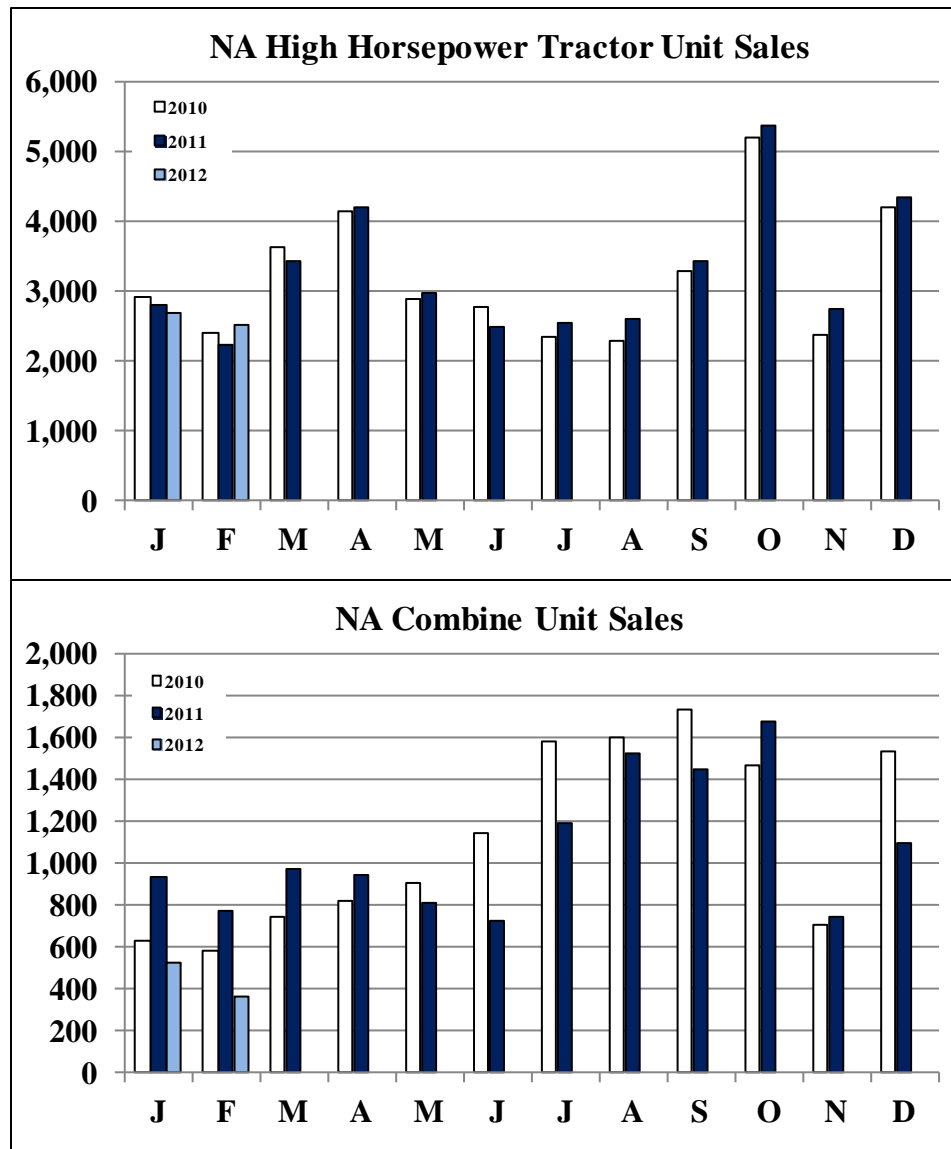
NA Farm Equipment Industry Retail Sales and Inventory

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-10	3,687	3,181	2,606	327	9,801	2,933	633	(1%)	(8%)	31%	4%	3%	27%	14%
Feb-10	3,893	2,670	1,947	456	8,966	2,403	584	(8%)	(19%)	8%	19%	(8%)	10%	(8%)
Mar-10	8,018	4,253	2,930	707	15,908	3,637	746	15%	(11%)	5%	41%	6%	10%	(2%)
Apr-10	12,604	5,743	3,287	853	22,487	4,140	825	15%	(7%)	6%	40%	8%	11%	25%
May-10	13,019	5,769	2,441	461	21,690	2,902	910	9%	5%	(1%)	(10%)	6%	(3%)	1%
Jun-10	10,726	5,750	2,195	570	19,241	2,765	1,146	(8%)	(12%)	(1%)	31%	(8%)	4%	(10%)
Jul-10	8,635	5,122	1,896	435	16,088	2,331	1,576	(2%)	2%	(11%)	(3%)	(2%)	(10%)	(7%)
Aug-10	7,150	4,111	1,887	412	13,560	2,299	1,598	3%	7%	44%	3%	9%	34%	17%
Sep-10	7,564	4,340	2,644	653	15,201	3,297	1,731	(1%)	(12%)	43%	16%	1%	37%	12%
Oct-10	7,067	5,290	4,091	1,117	17,565	5,208	1,464	3%	10%	39%	62%	15%	43%	17%
Nov-10	4,973	3,373	1,981	394	10,721	2,375	704	12%	12%	39%	25%	17%	37%	33%
Dec-10	6,633	5,620	3,445	754	16,452	4,199	1,532	17%	21%	18%	39%	19%	21%	32%
Jan-11	3,705	3,493	2,296	507	10,001	2,803	935	0%	10%	(12%)	55%	2%	(4%)	48%
Feb-11	4,448	3,074	1,764	462	9,748	2,226	777	14%	15%	(9%)	1%	9%	(7%)	33%
Mar-11	8,894	4,973	2,816	624	17,307	3,440	973	11%	17%	(4%)	(12%)	9%	(5%)	30%
Apr-11	11,412	5,413	3,325	885	21,035	4,210	941	(9%)	(6%)	1%	4%	(6%)	2%	14%
May-11	12,601	5,133	2,403	588	20,725	2,991	815	(3%)	(11%)	(2%)	28%	(4%)	3%	(10%)
Jun-11	12,102	5,966	2,076	428	20,572	2,504	722	13%	4%	(5%)	(25%)	7%	(9%)	(37%)
Jul-11	7,702	4,728	2,098	457	14,985	2,555	1,188	(11%)	(8%)	11%	5%	(7%)	10%	(25%)
Aug-11	7,318	4,180	2,152	448	14,098	2,600	1,523	2%	2%	14%	9%	4%	13%	(5%)
Sep-11	7,843	4,570	2,735	700	15,848	3,435	1,446	4%	5%	3%	7%	4%	4%	(16%)
Oct-11	7,914	5,932	4,249	1,130	19,225	5,379	1,673	12%	12%	4%	1%	9%	3%	14%
Nov-11	4,952	3,430	2,274	482	11,138	2,756	742	(0%)	2%	15%	22%	4%	16%	5%
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%)

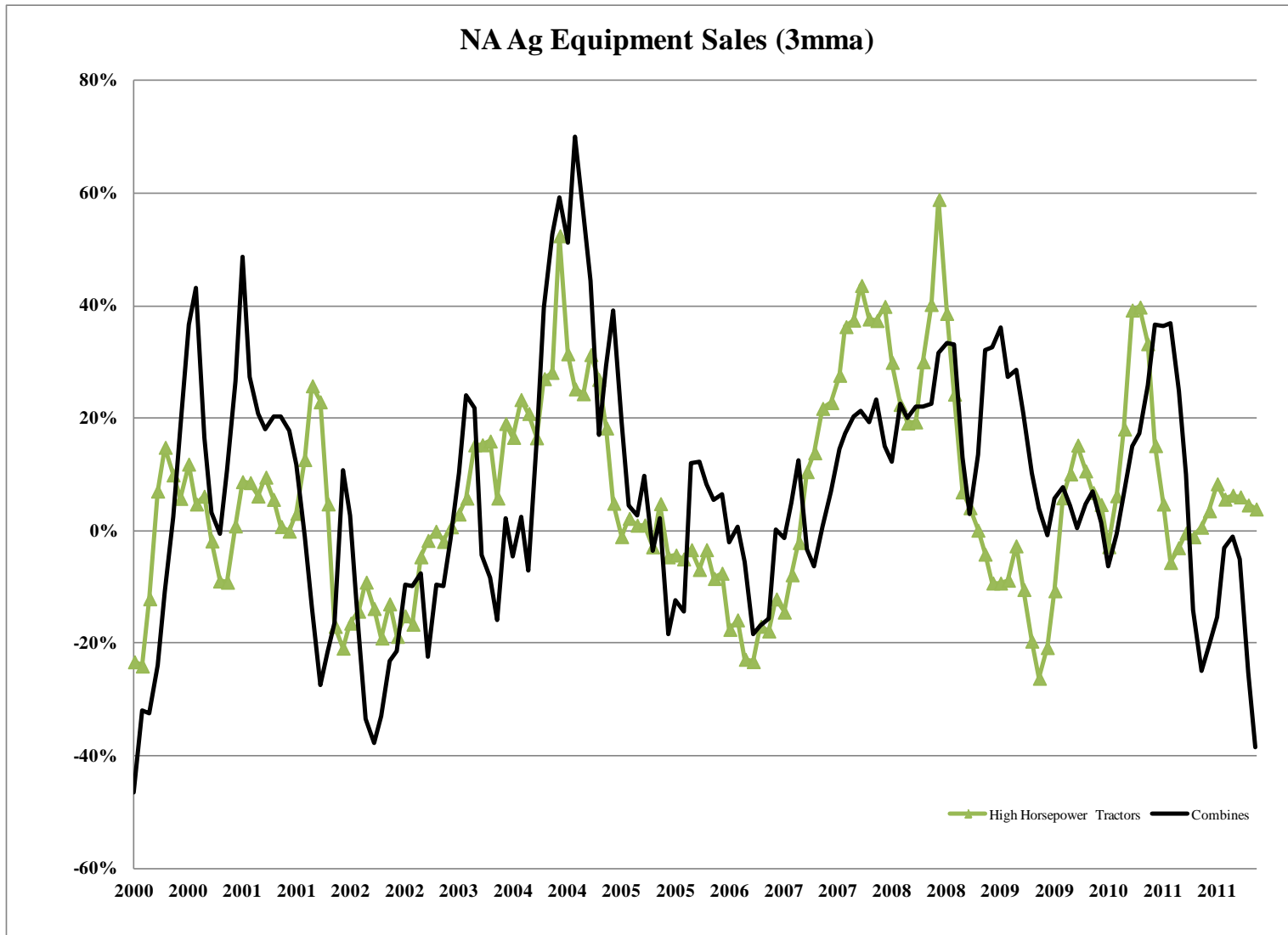
NORTH AMERICAN FARM EQUIPMENT INVENTORY														
	Inventory (Units)							Inventory to 12-mo. Sales						
	< 40 HP	Utility	Row Crop	4-Wheel	Total Tractor	Memo: High hp	Combines	<40HP	Util	RC	4-WD	Total	High HP	Comb
Dec-09	50,702	27,289	9,697	871	88,559	10,568	984	57%	49%	36%	15%	50%	32%	8%
Jan-10	51,307	27,106	8,936	1,016	88,365	9,952	1,096	57%	49%	32%	18%	49%	30%	9%
Feb-10	53,071	27,410	9,034	1,154	90,669	10,188	1,358	59%	50%	33%	20%	51%	30%	11%
Mar-10	54,430	27,854	8,570	1,151	92,005	9,721	1,387	60%	51%	31%	19%	51%	29%	11%
Apr-10	51,559	27,766	8,127	1,023	88,475	9,150	1,507	56%	51%	29%	16%	49%	27%	12%
May-10	47,800	26,701	8,013	1,149	83,663	9,162	1,932	51%	49%	29%	19%	46%	27%	15%
Jun-10	46,417	26,475	7,868	1,094	81,854	8,962	2,202	50%	49%	28%	17%	45%	26%	18%
Jul-10	46,618	26,538	8,361	1,407	82,924	9,768	2,546	51%	49%	30%	22%	46%	29%	21%
Aug-10	47,813	26,499	9,015	1,405	84,732	10,420	2,557	52%	49%	32%	22%	47%	30%	20%
Sep-10	48,820	25,850	8,944	1,504	85,118	10,448	2,207	53%	48%	31%	23%	47%	29%	17%
Oct-10	51,598	25,735	8,411	1,171	86,915	9,582	1,317	56%	48%	28%	17%	47%	26%	10%
Nov-10	55,248	26,251	8,420	1,354	91,273	9,774	1,714	59%	48%	27%	20%	49%	26%	13%
Dec-10	58,708	24,800	7,832	1,203	92,543	9,035	1,810	62%	45%	25%	17%	49%	23%	13%
Jan-11	60,357	25,451	7,219	1,125	94,152	8,344	1,735	64%	46%	23%	15%	50%	22%	13%
Feb-11	63,810	26,495	7,200	1,221	98,726	8,421	2,083	67%	47%	23%	17%	52%	22%	15%
Mar-11	65,267	27,435	7,716	1,213	101,631	8,929	2,128	68%	48%	25%	17%	53%	24%	15%
Apr-11	63,035	26,919	7,499	1,053	98,506	8,552	2,136	67%	48%	24%	14%	52%	22%	15%
May-11	58,905	26,579	6,951	1,122	93,557	8,073	1,826	63%	48%	23%	15%	50%	21%	13%
Jun-11	55,357	25,691	7,372	1,274	89,694	8,646	2,228	58%	46%	24%	18%	47%	23%	16%
Jul-11	55,120	25,713	7,971	1,594	90,398	9,565	2,715	58%	46%	26%	22%	48%	25%	20%
Aug-11	54,880	26,320	8,584	1,740	91,524	10,324	2,607	58%	47%	28%	24%	49%	27%	20%
Sep-11	53,873	26,448	9,073	1,806	91,200	10,879	2,666	57%	47%	29%	25%	48%	28%	20%
Oct-11	54,999	25,858	8,299	1,391	90,547	9,690	1,564	58%	46%	26%	19%	47%	25%	12%
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%

Source: AEM, CRC Estimates

Annual Ag Equipment Industry Sales – 2010-2012



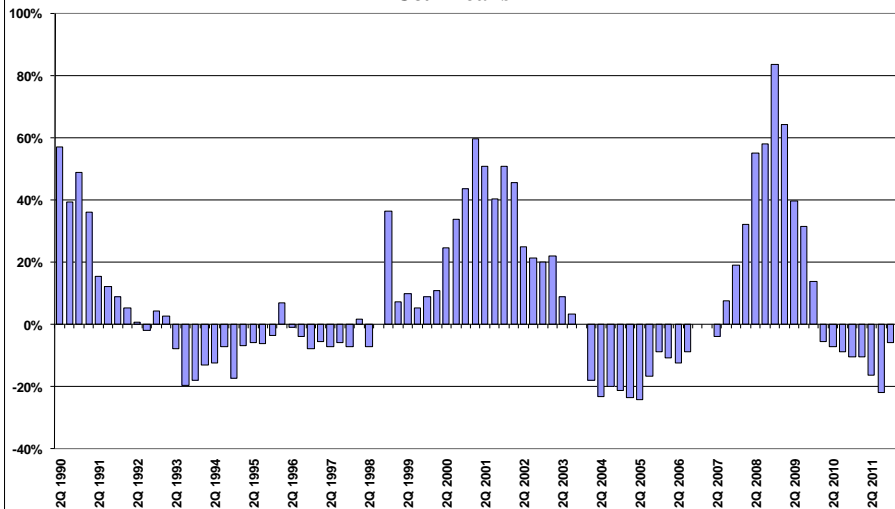
NA Ag Equipment Sales



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

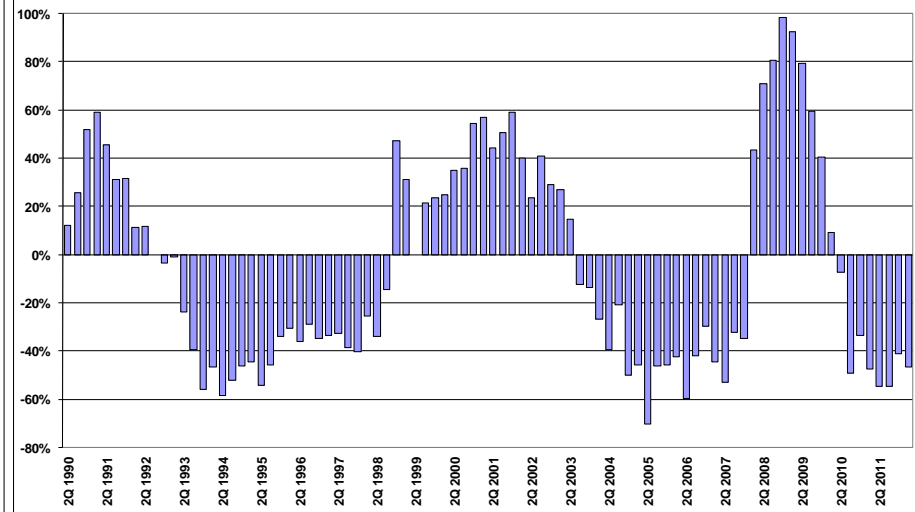
- The 1Q12 Senior Loan Officer survey saw a tightening of loan standards, a reversal from eight consecutive quarters of loosening. A net 5% of loan officers reported tightening credit standards in 1Q12 compared with a net 6% loosening in 4Q11.
- Bank rate spreads contracted again in 1Q12 with a net 46% 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

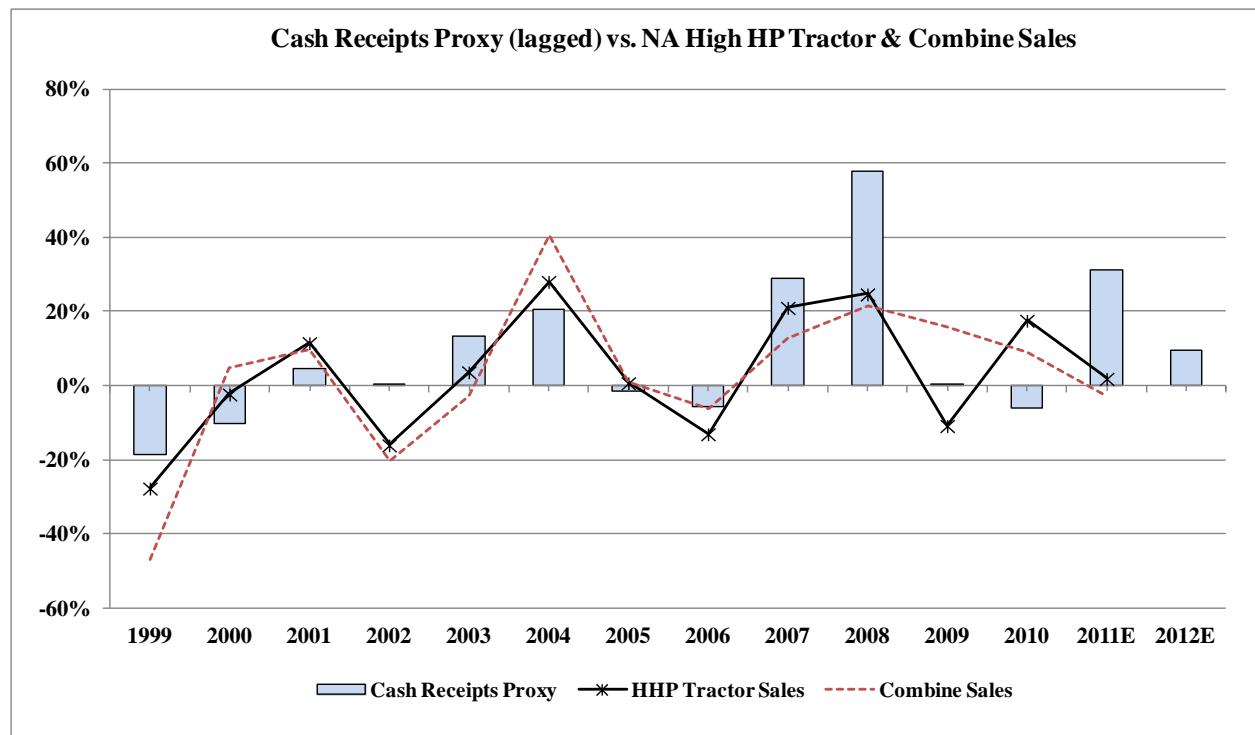
Net % of Domestic Respondents Increasing Spreads of Loan Rates Over Banks' Cost of Funds



Source: Federal Reserve Board

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

- **The USDA's crop supply and demand update for the 2011/12 crop year this month up slightly.** Price projections this month are up slightly from the prior months forecast, as our simplified cash receipts proxy below increases to just under \$128Bil, or about a 9% increase from last year's level. Farmer cash receipts are highly correlated with out-year new equipment sales as shown below, the outlook for 2011/2012 cash receipts is a positive indicator for 2012 NA ag machinery demand.



Commodity Price Trends – Simplified Cash Receipts Proxy

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

<u>CORN - DOMESTIC</u>								<u>CORN - INTERNATIONAL</u>				
<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>	<u>Year</u>	<u>Production</u>	<u>Total Use</u>	<u>End Stocks</u>	<u>Stocks/Use</u>
2010/11	12,447	11,550	1,900	13,450	730	6.3%	\$5.10-\$5.40	2010/11	19,652	21,464	4,081	19.0%
2011/12								2011/12				
February	12,358	11,005	1,700	12,705	801	7.3%	\$5.80-\$6.60	February	21,660	23,151	4,134	17.9%
March	12,358	11,005	1,700	12,705	801	7.3%	\$5.90-\$6.50	March	21,694	23,225	4,101	17.7%
Revision to 2011/12:								Corn Spot Price: \$6.35				
m/m chg	0	0	0	0	0	0.0%	\$0.00	m/m chg	33	75	-32	-0.2%
y/y chg	-89	-545	-200	-745	71	1.0%	\$0.95	y/y chg	2042	1762	20	-1.4%

<u>SOYBEANS - DOMESTIC</u>								<u>SOYBEANS - INTERNATIONAL</u>				
<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>	<u>Year</u>	<u>Production</u>	<u>Total Use</u>	<u>End Stocks</u>	<u>Stocks/Use</u>
2010/11	3,329	3,325	1,550	4,875	170	5.1%	\$11.40	2010/11	6,296	7,572	2,174	28.7%
2011/12								2011/12				
February	3,056	3,011	1,275	4,286	275	9.1%	\$11.10-\$12.30	February	6,183	7,746	1,940	25.0%
March	3,056	3,011	1,275	4,286	275	9.1%	\$11.40-\$12.60	March	5,948	7,630	1,830	24.0%
Revision to 2011/12:								Soybean Spot Price: \$13.63				
m/m chg	0	0	0	0	0	0.0%	\$0.30	m/m chg	-235	-116	-110	-1.1%
y/y chg	-273	-314	-275	-589	105	4.0%	\$0.60	y/y chg	-348	58	-345	-4.7%

<u>WHEAT - DOMESTIC</u>								<u>WHEAT - INTERNATIONAL</u>				
<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>	<u>Year</u>	<u>Production</u>	<u>Total Use</u>	<u>End Stocks</u>	<u>Stocks/Use</u>
2010/11	2,208	1,180	1,275	2,455	839	71.1%	\$5.65	2010/11	21,606	23,148	5,855	25.3%
2011/12								2011/12				
February	1,999	1,162	975	2,137	845	72.7%	\$7.15-\$7.45	February	23,459	23,841	6,985	29.3%
March	1,999	1,157	1,000	2,157	825	71.3%	\$7.15-\$7.45	March	23,501	23,973	6,876	28.7%
Revision to 2011/12:								Wheat Spot Price: \$6.78				
m/m chg	0	-5	25	20	-20	-1.4%	\$0.00	m/m chg	42	132	-109	-0.6%
y/y chg	-209	-23	-275	-298	-14	0.2%	\$1.65	y/y chg	1895	825	1020	3.4%

FARMER CROP RECEIPTS

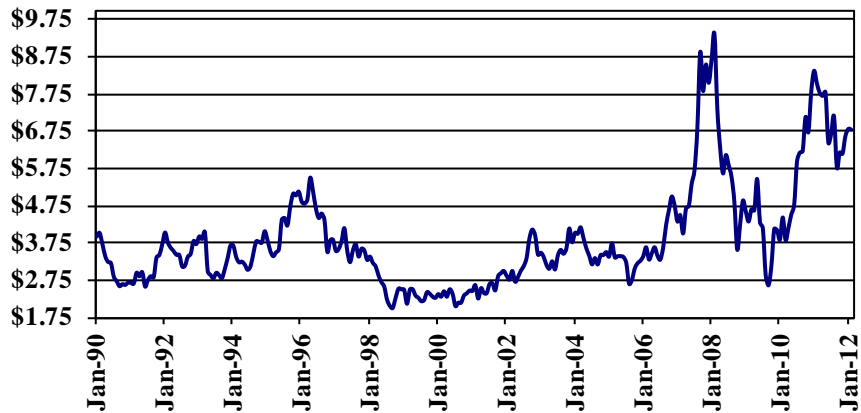
<u>Production:</u>				<u>Avg Price:</u>			<u>Crop Cash Receipts*</u>				
	<u>Corn</u>	<u>Soybeans</u>	<u>Wheat</u>	<u>Corn</u>	<u>Soybeans</u>	<u>Wheat</u>	<u>Corn</u>	<u>Soybeans</u>	<u>Wheat</u>	<u>Total</u>	<u>y/y % Chg</u>
2010/11	12,447	3,329	2,208	\$5.25	\$11.40	\$5.65	\$65,347	\$37,951	\$12,475	\$115,773	29%
2011/12											
February	12,358	3,056	1,999	\$6.20	\$11.70	\$7.30	\$76,620	\$35,755	\$14,593	\$126,968	8%
March	12,358	3,056	1,999	\$6.20	\$12.00	\$7.30	\$76,620	\$36,672	\$14,593	\$127,884	9%

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

Source: USDA; Cleveland Research estimates

Commodity Price Trends – Corn, Soybean, Wheat, Cotton

Wheat Price Trends



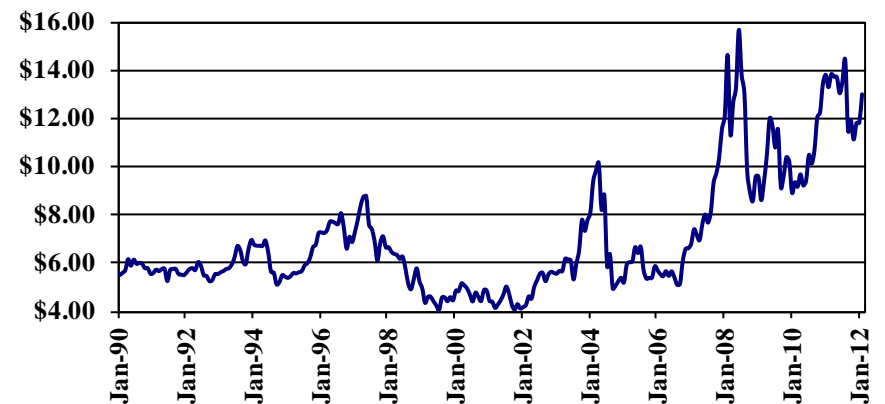
Corn Price Trends



Cotton Price Trends



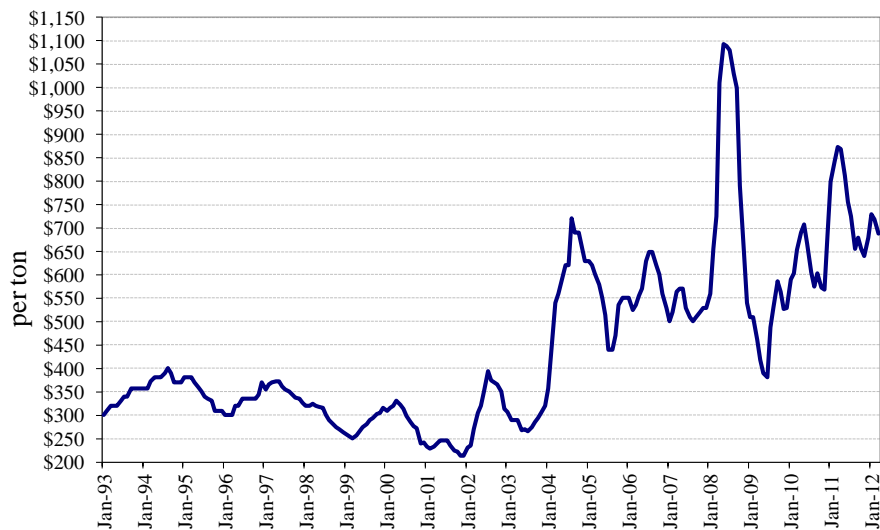
Soybean Price Trends



Commodity Price Trends – Steel

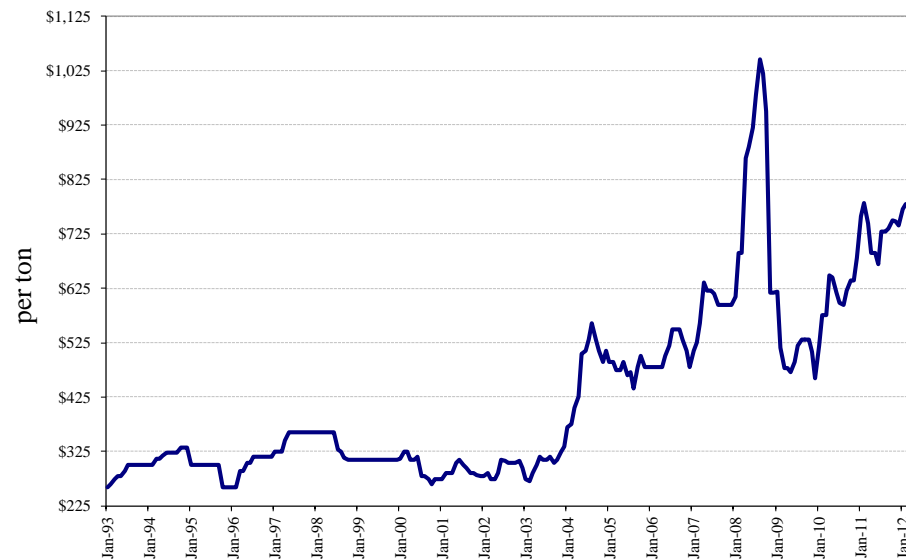
- March steel distribution orders held steady with February order rates, as we estimate the March order rate to be holding at +5% y-y. Orders remain softer than the robust start seen in January as a number of large volume orders “sit on the sidelines” until a true price floor is identified. Early indications suggest strong early April/May bookings so far.
- Carbon sheet prices have dipped over the past month, dropping to a listed quote between \$680-690 per ton from \$740 per ton. The mills have recently stopped offering discounts from these latest listed quotes (offers as low as \$650 per ton for large volume orders), and there is growing support from the mills on a \$30-50 per ton price increase to raise the baseline carbon steel price to \$700+ per ton.

Domestic Hot Rolled Sheet Prices

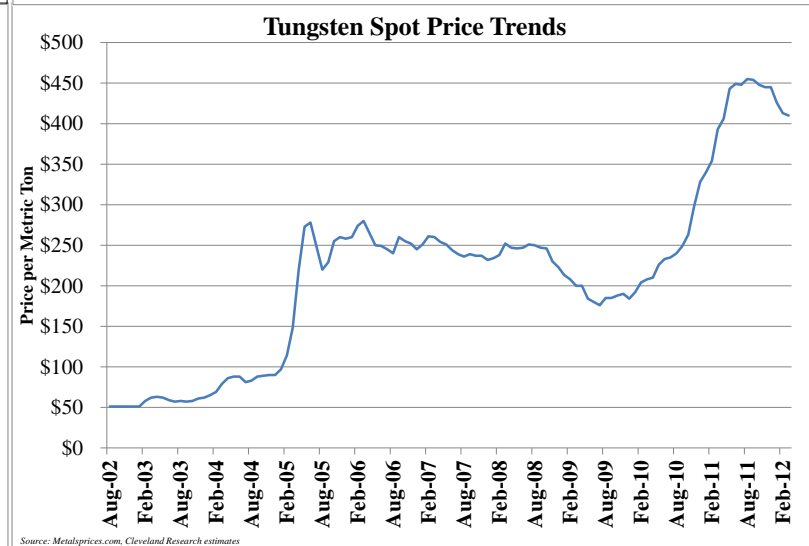
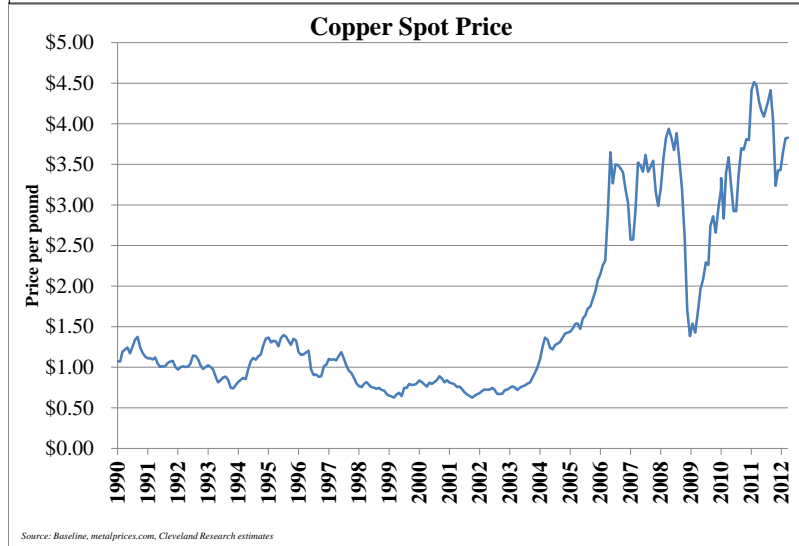
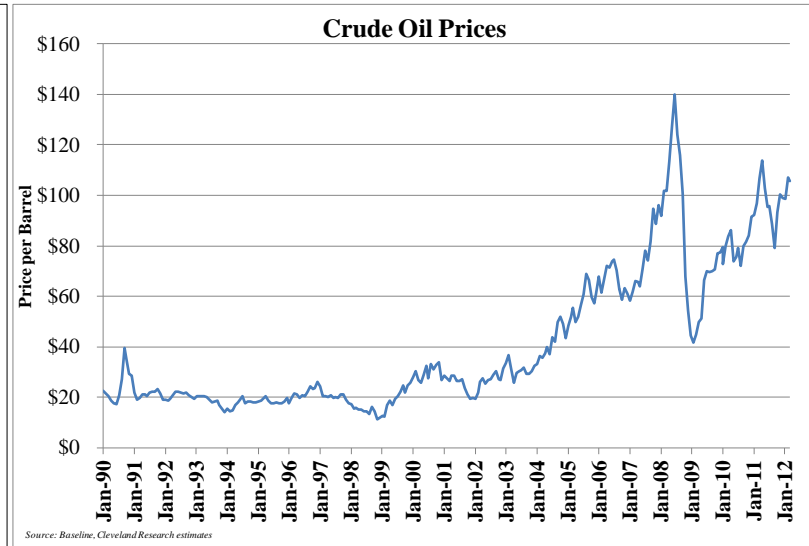
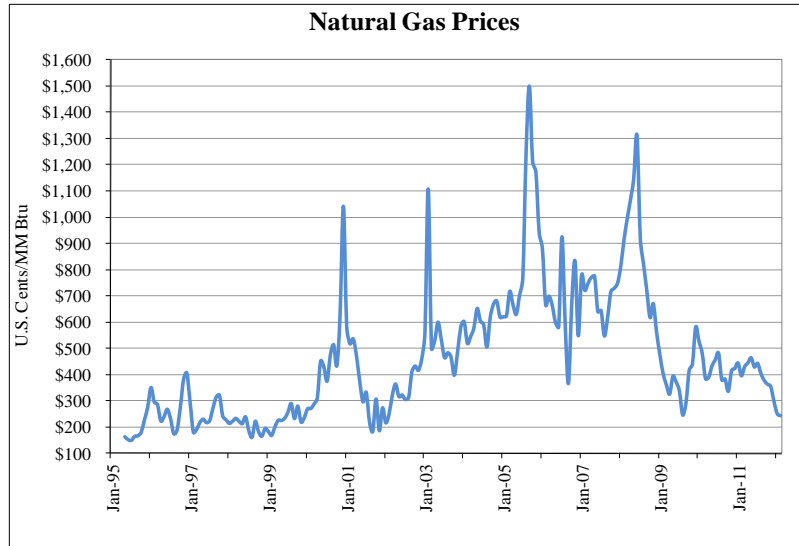


Source: Steel Business Briefing, CRC Estimates

Domestic Reinforcing Bar (Rebar) Prices



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



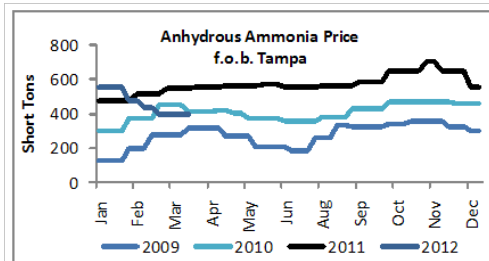
Commodity Trends – Long Run Supply and Demand Projections

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

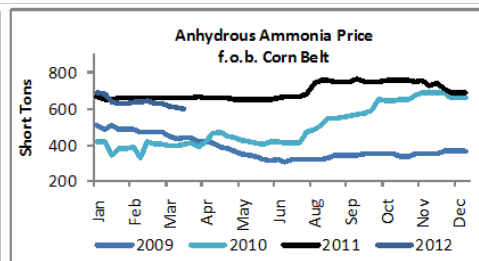
SOYBEANS - DOMESTIC							
<u>Year</u>	<u>Production</u>	<u>Domestic Use</u>	<u>Exports</u>	<u>Total Use</u>	<u>End Stocks</u>	<u>Stocks/Use</u>	<u>Avg Price</u>
2006/07	3,188	1,955	1,118	3,073	573	29.3%	\$9.00
2007/08	2,676	1,893	1,161	3,054	205	10.8%	\$10.10
2008/09	2,921	1,907	1,020	2,927	205	10.7%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

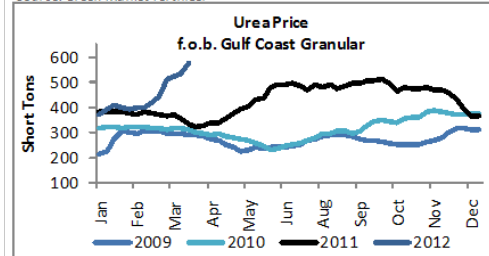
Other Input and Chemical Costs – 2009-2012



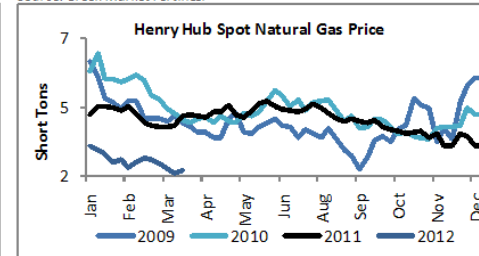
Source: Green Market Fertilizer



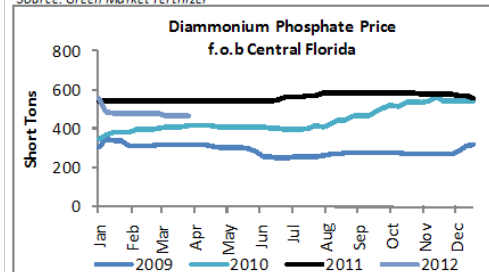
Source: Green Market Fertilizer



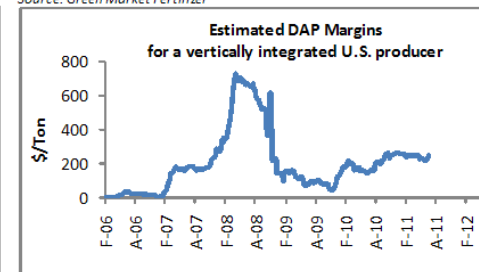
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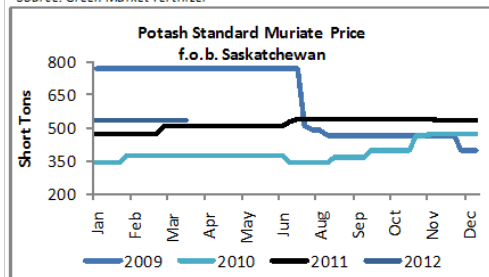
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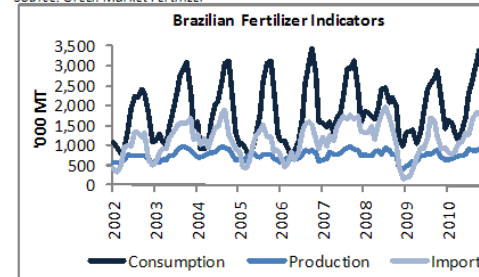
Source: Green Market Fertilizer



Source: Green Market Fertilizer

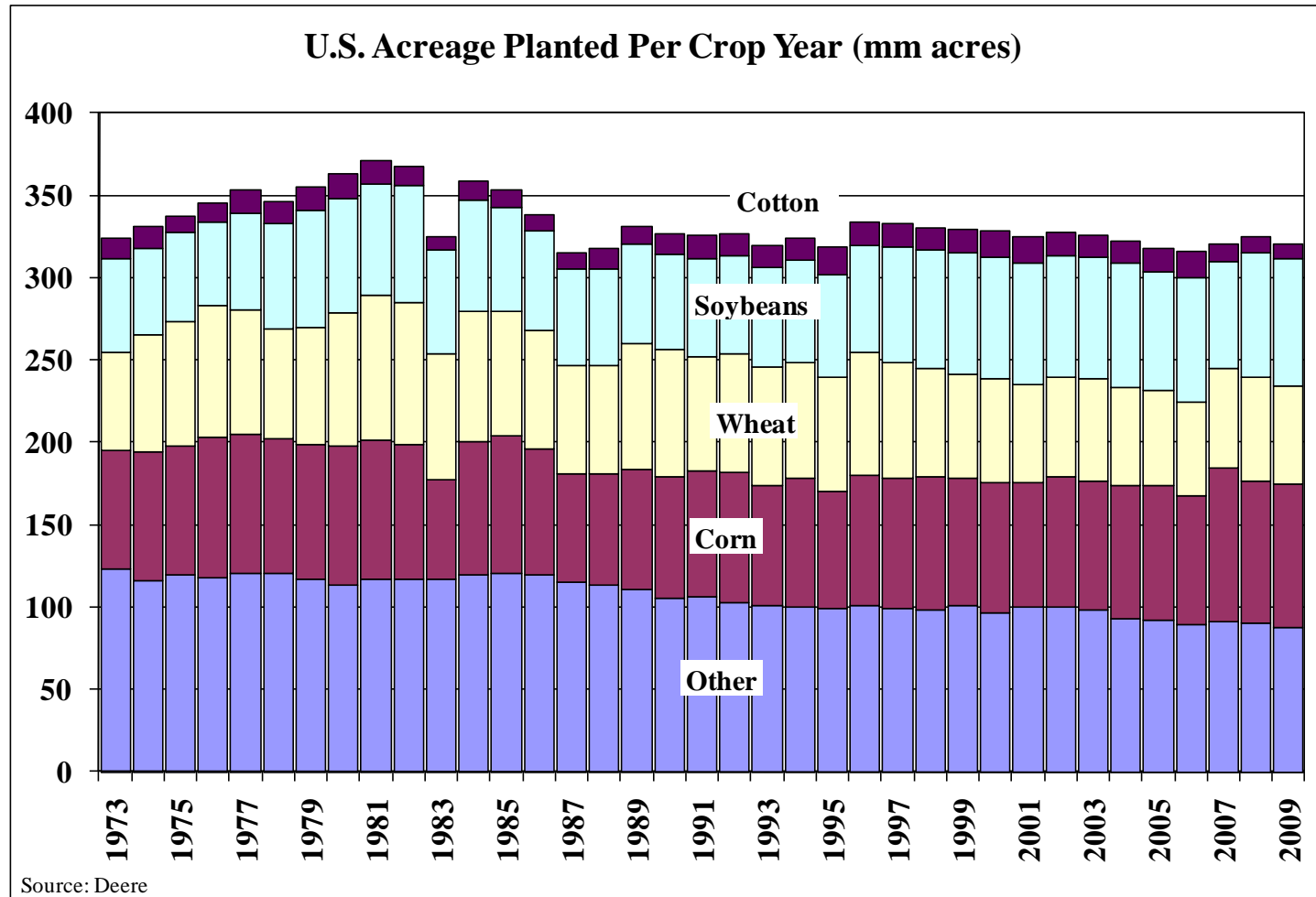


Source: Green Market Fertilizer



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