

Ag Equipment Intelligence

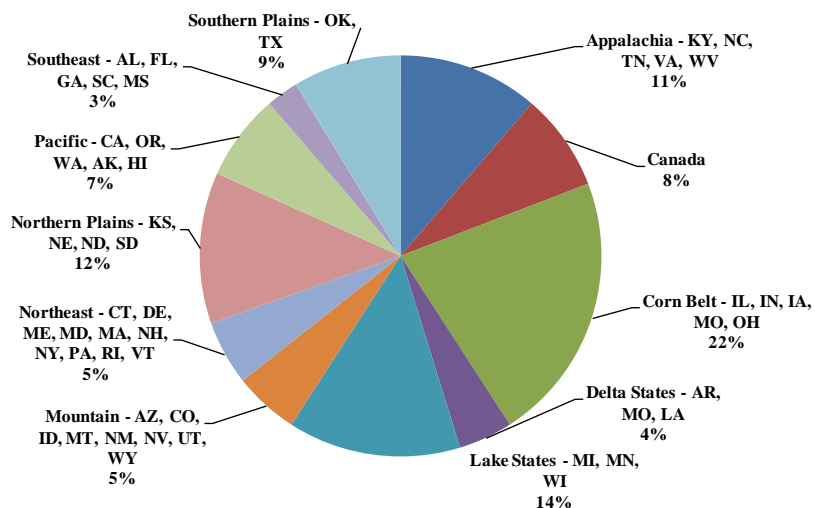
October 2012 Dealer Sentiments &
Business Conditions Update

Monthly Ag Equipment Intelligence North American Dealer Survey

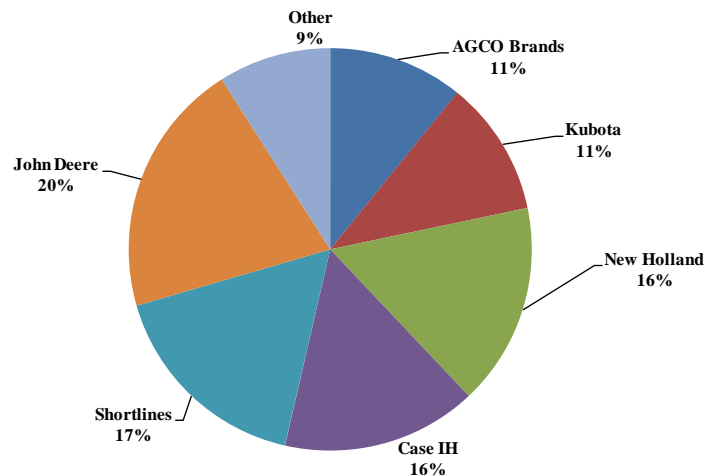
Background:

- We are pleased to announce the results of the September 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 October survey had ~116 respondents representing combined annual revenues of roughly \$4.0 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 Increases 6% in September**– Ag equipment dealers reported year-over-year sales grew 6% on average in September, up from 4% in August. New Holland and AGCO saw sequential growth of 6% and 4% respectively, while Kubota declined -4%, and “Other” declined -5%.
- Initial 2013 Dealer Outlook is 3% Growth** – Shortlines, AGCO, John Deere dealers are the most optimistic, while New Holland dealers hold the weakest outlook.
- Optimism Continues to Move Higher as Reports Increase of Better-Than-Expected Yields** – Our Dealer Optimism Index, a measure of sentiment amongst dealers compared to the prior month, showed improvement to a net 15% of dealers reporting they have a more optimistic outlook now versus a net 10% last month (31% are more optimistic; 54% same; 15% are less optimistic). Optimism has been improving since bottoming out in June.
- Used Equipment Values Have Stabilized** – After several months of softening values over the summer, we are now seeing used equipment values stabilize again and increase in some cases. Combines remain the key equipment category dealers continue to monitor closely.

Optimism/Sentiment vs. Last Month

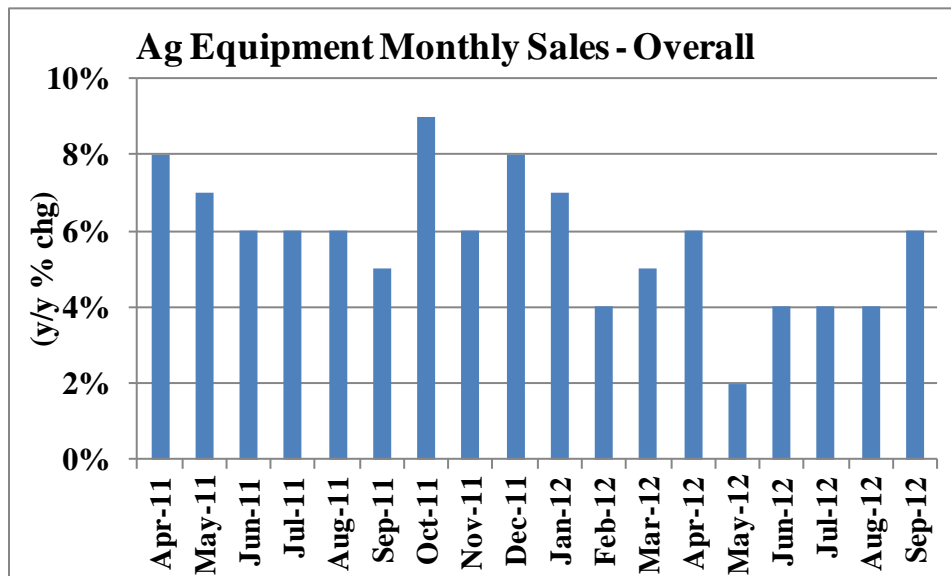
	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>
More Optimistic	33%	25%	31%	32%	30%	25%	36%	33%	30%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

Monthly Sales Growth

- Ag equipment dealers reported year-over-year sales grew 6% on average in September, which was up from 4% in August. The biggest change this month was at New Holland dealers, who saw sales climb from down -1% in August to up 5% in September.
- John Deere dealers reported the highest average sales growth again at up 10%, up from 7% in August, while Kubota was the only dealer to report negative growth at -1%.
- A net 6% of participants categorized September results as “better-than-expected” (25% better-than-expected; 56% in-line with expectations; 19% worse-than-expected) which is up from last month, where a net 1% reported “better-than-expected” results.

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

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
Positive Sales G	69%	60%	56%	66%	67%	61%	65%	65%	76%	57%	49%	60%	67%	55%	53%	49%	59%	58%
Flat Sales	18%	14%	23%	15%	16%	23%	20%	22%	11%	29%	30%	22%	19%	16%	26%	16%	15%	21%
Negative Sales C	14%	25%	21%	18%	18%	16%	15%	13%	13%	14%	20%	18%	14%	29%	21%	34%	27%	21%
Net % (Positive	55%	35%	35%	48%	49%	45%	50%	52%	63%	42%	29%	42%	52%	25%	31%	15%	32%	37%

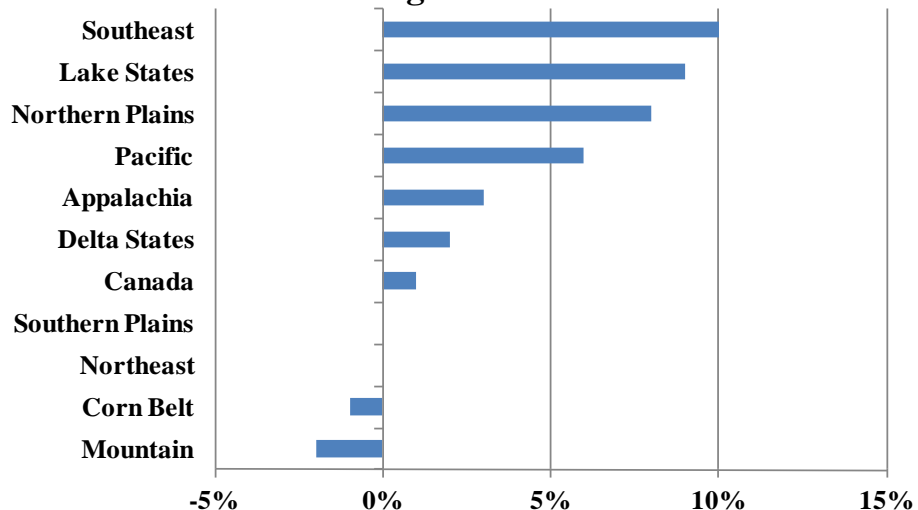
Results vs. Expectations

	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
Better than expe	28%	26%	27%	27%	30%	29%	35%	32%	41%	28%	19%	20%	24%	22%	23%	21%	30%	25%
In line with expe	51%	44%	48%	54%	52%	56%	48%	54%	47%	56%	54%	66%	63%	52%	51%	44%	41%	56%
Worse than expe	21%	30%	25%	19%	18%	15%	17%	13%	12%	16%	26%	14%	14%	25%	26%	35%	29%	19%
Net % (Better -	7%	-4%	1%	8%	13%	14%	18%	19%	29%	12%	-7%	7%	10%	-3%	-3%	-14%	1%	6%

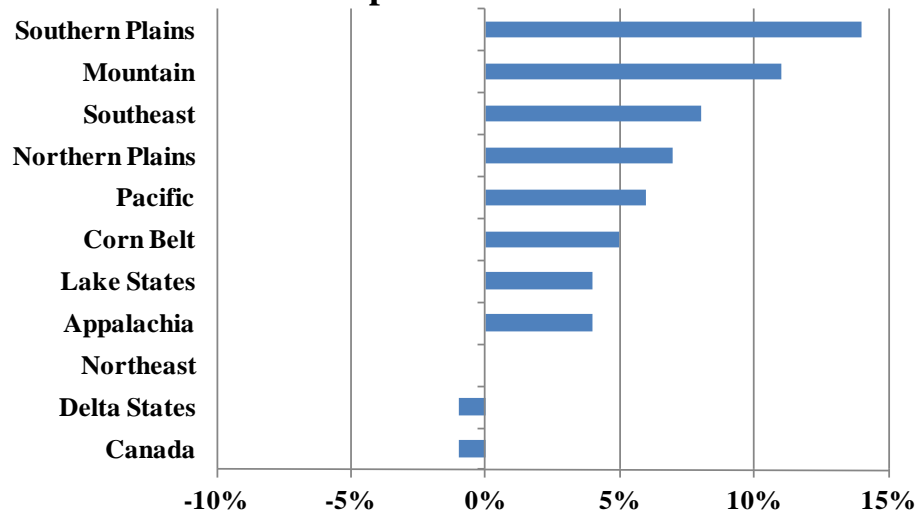
Monthly Sales Growth by Region

- Eight out of eleven regions showed positive average monthly sales growth in September, up from seven in August. The Southern Plains, Mountain, and Southeast regions were the top performers.
- On a sequential basis, the Southern Plains and Mountain regions showed the most significant acceleration while the Lake States saw the most significant decline this month.

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



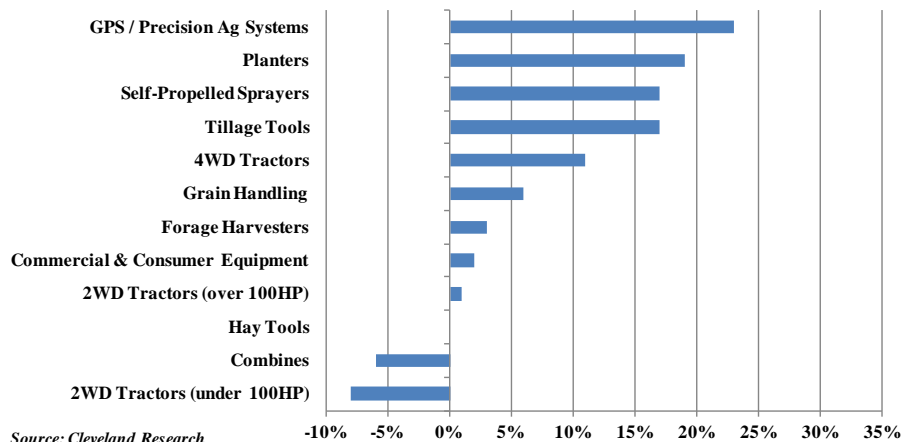
**Average Monthly Sales Growth by Region
September 2012**



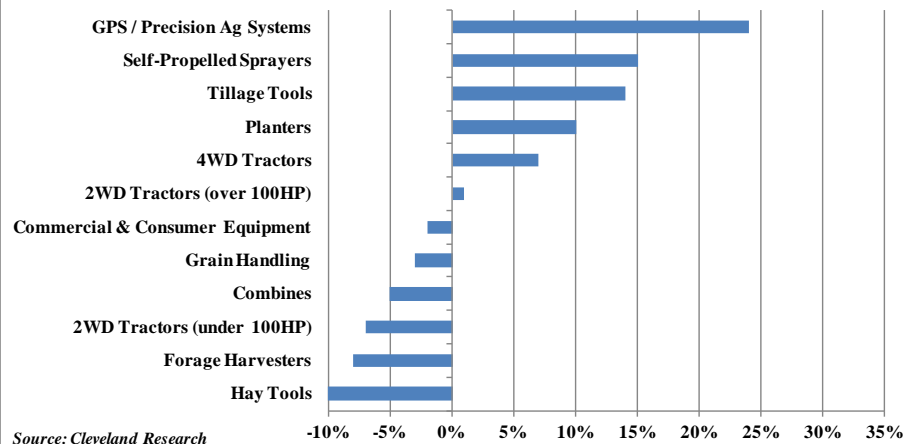
Equipment Category Sales Trends

- Six out of twelve product categories ranked in positive territory in September, down from nine last month. GPS/ Precision ag systems, self-propelled sprayers, and tillage tools head the list of top performing products while forage harvesters and hay tools were ranked the weakest.
- On a sequential basis, GPS/Precision ag systems, 2WD tractors (under 100HP), and combines were the only categories to improve, while hay tools and forage harvesters declined most sharply.

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

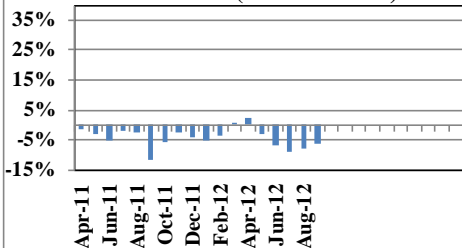


Product Category Ranking (Net % Strong - Weak)
September 2012

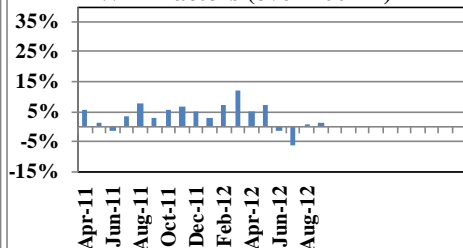


Equipment Category Sales Trends

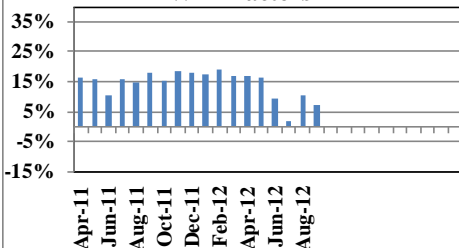
2WD Tractors (under 100HP)



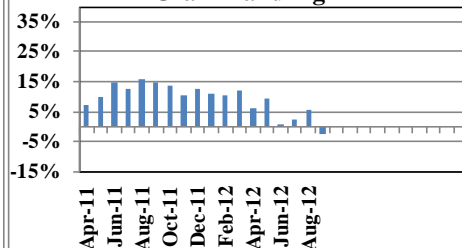
2WD Tractors (over 100HP)



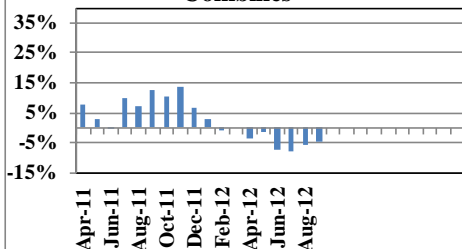
4WD Tractors



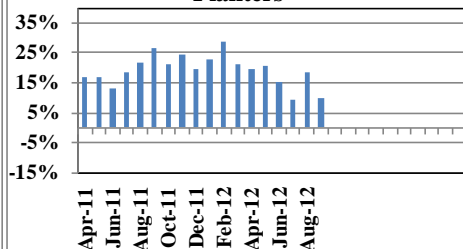
Grain Handling



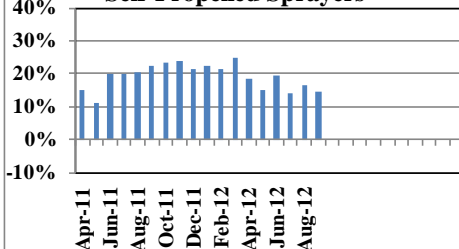
Combines



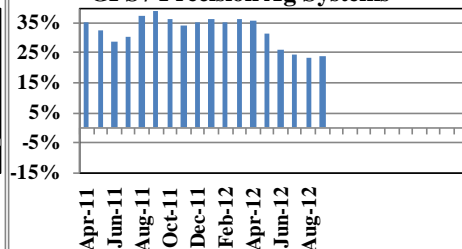
Planters



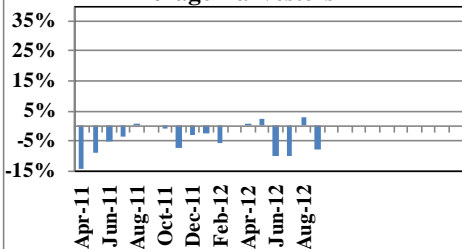
Self-Propelled Sprayers



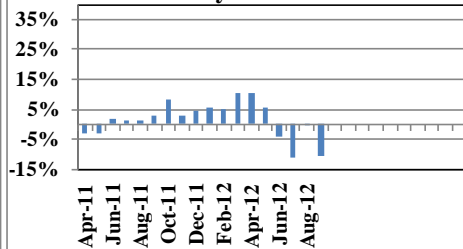
GPS / Precision Ag Systems



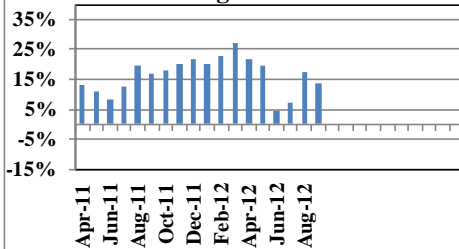
Forage Harvesters



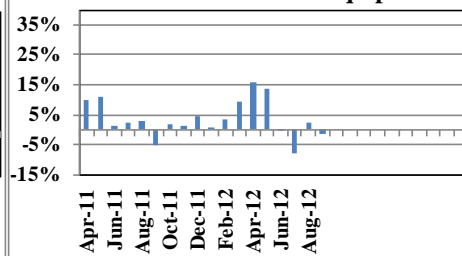
Hay Tools



Tillage Tools



Commercial & Consumer Equipment



Dealer Commentary on Monthly Sales

- *Farmer demand is holding steady because of yields and section 179.*
- *We had decent rain in our area and hay equipment sales went up significantly.*
- *We forecasted the increase so what we're seeing is expected.*
- *We're seeing fewer pre-sells this month.*
- *Concerns with drought and crop quality are at the top. Also growers' aren't ready to spend until cash is in hand.*
- *We're seeing a general slowing over last few months.*
- *The drought will increase our sales because we are significantly irrigated with the excess solar units and ideal temperatures during stress times.*
- *Those that have crop insurance will be in good shape, but there are quite a few who don't. These folks may be debt free but it will affect 2013 purchases. Our manufacturers act like the sky is the limit but we feel there will be a 2013 drop off as they won't have the carry over crops to sell that they normally have.*
- *I don't expect any major changes to my outlook. Crop insurance will be high and crop harvested will be a high dollar per bu.*
- *I don't have many commitments for next year.....and I don't expect many.*
- *Sales look flat, with feed prices and some short crop in this area affect our dairymen who are struggling.*
- *Primary grain operators said the yields were better than expected. We are looking at sales to be consistent with last year.*
- *Sales are up a little over last year and we should finish the year up a little, maybe 5%. It's still a little early to tell how presales are going to end up. The program is open, but we typically see guys placing orders after harvest, which is going on right now.*
- *We have been busy and sales are up around 5% across the board. About the half the guys here have the good and insurance which is 85% coverage, and those guys feel like they just won the lottery. The other half have insurance coverage around 70% and those guys will be fine, but they won't make tons of money this year.*
- *We got enough rain here and I had a farmer come in the other day and he had an average of 300 bushels per acre. Guys are doing really well in our area. Last year was our best year and we will do better this year.*

Order Growth

Overall Orders

- Incoming orders grew 2% on average in September, down from 3% in August.
- John Deere dealers saw highest average orders growth at 4%, while Case IH dealers' order growth came in the lowest at down -2% on average for the month.

New Combine Order Intentions

- A net 25% of dealers believe they will order fewer combines for 2012, an increase from the net 36% last month.

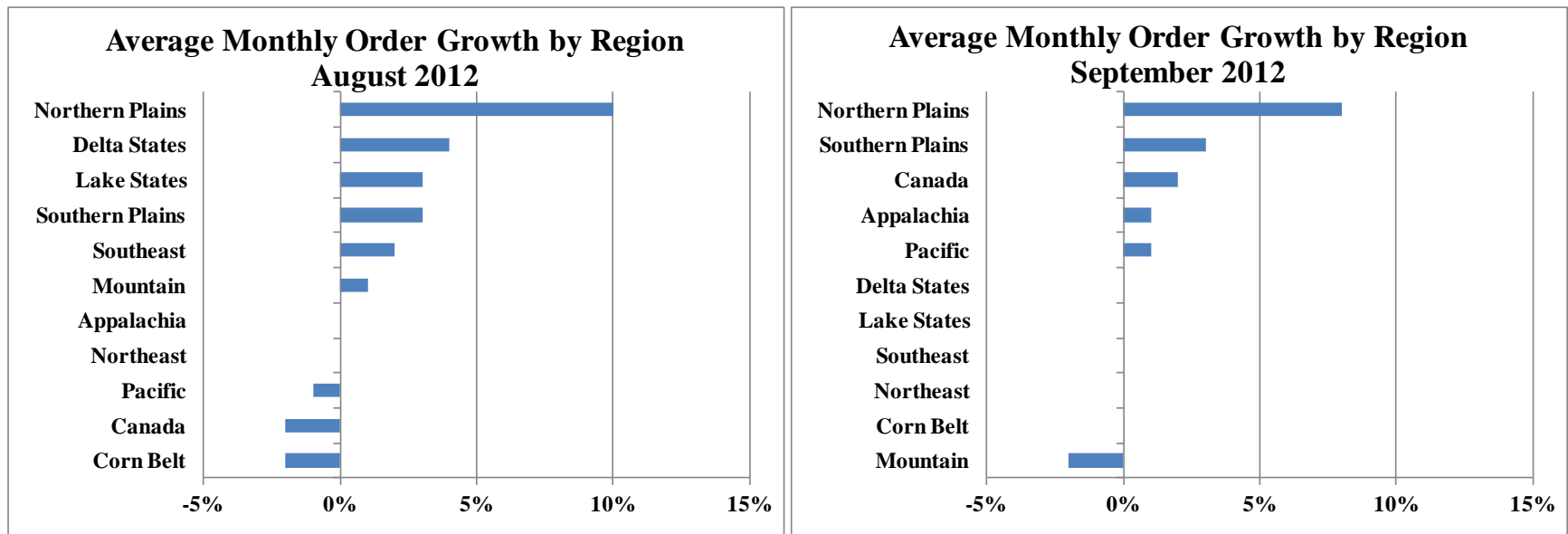
New Combine Order Intentions vs. Last Year														
	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>
More	22%	20%	21%	20%	11%	14%	15%	14%	9%	10%	7%	6%	4%	7%
Same	47%	48%	48%	53%	60%	61%	63%	63%	64%	54%	69%	55%	55%	61%
Less	31%	32%	31%	27%	29%	25%	22%	24%	27%	37%	24%	39%	41%	32%
Net % (More- Less)	-10%	-12%	-10%	-7%	-18%	-10%	-8%	-10%	-17%	-27%	-18%	-33%	-36%	-25%

Average Orders Growth

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

Order Growth by Region

- Five out of eleven regions showed positive monthly orders growth in September, down from six out of eleven in August. Northern Plains, Southern Plains, and Canada head the list of best performing regions this month.
- On a sequential basis, Canada showed the most significant improvement, while the Delta States demonstrated the most significant slowdown in order growth.



2013 Sales Outlook

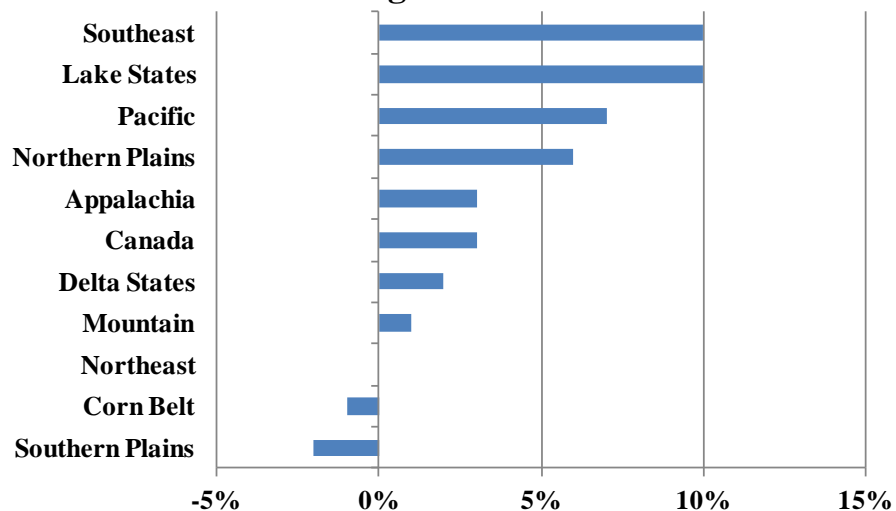
- For 2013, dealers' initial forecast is for 3% sales growth. In August, the 2012 outlook was at 4%.
- Shortlines, John Deere, and AGCO dealers are the most optimistic this month while New Holland dealers report the least optimistic outlook.

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>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>
	2012 Outlook													2013
Overall	5%	2%	4%	4%	3%	5%	5%	4%	6%	3%	4%	3%	4%	3%
<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>
AGCO	9%	8%	9%	8%	4%	6%	7%	3%	8%	7%	6%	2%	3%	4%
John Deere	4%	1%	2%	3%	2%	6%	6%	4%	9%	5%	9%	7%	8%	4%
New Holland	5%	5%	5%	5%	4%	2%	3%	4%	3%	1%	1%	0%	2%	1%
Case IH	4%	3%	5%	4%	3%	3%	2%	3%	3%	-1%	-1%	-1%	0%	2%
Kubota	5%	7%	4%	4%	6%	4%	4%	3%	3%	4%	6%	-1%	4%	3%
Shortlines	3%	2%	1%	2%	2%	2%	3%	6%	4%	7%	5%	2%	3%	5%
Other	3%	4%	6%	4%	7%	5%	3%	4%	3%	5%	-2%	2%	4%	3%

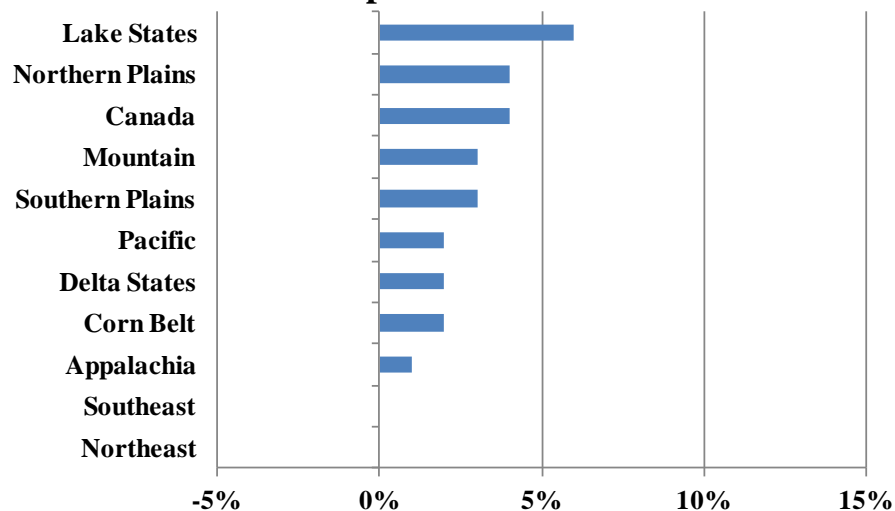
2013 Sales Outlook Continued

- Nine out of eleven regions are projecting a positive full year 2013 sales outlook in September. The Lake States have the most optimistic expectations for the year, while the Southeast and Northeast are expecting sales to be flat.
- In August, the Southeast and Lake States had the most optimistic expectations for 2012, while the Corn Belt and Southern Plains had negative 2012 outlooks.

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



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

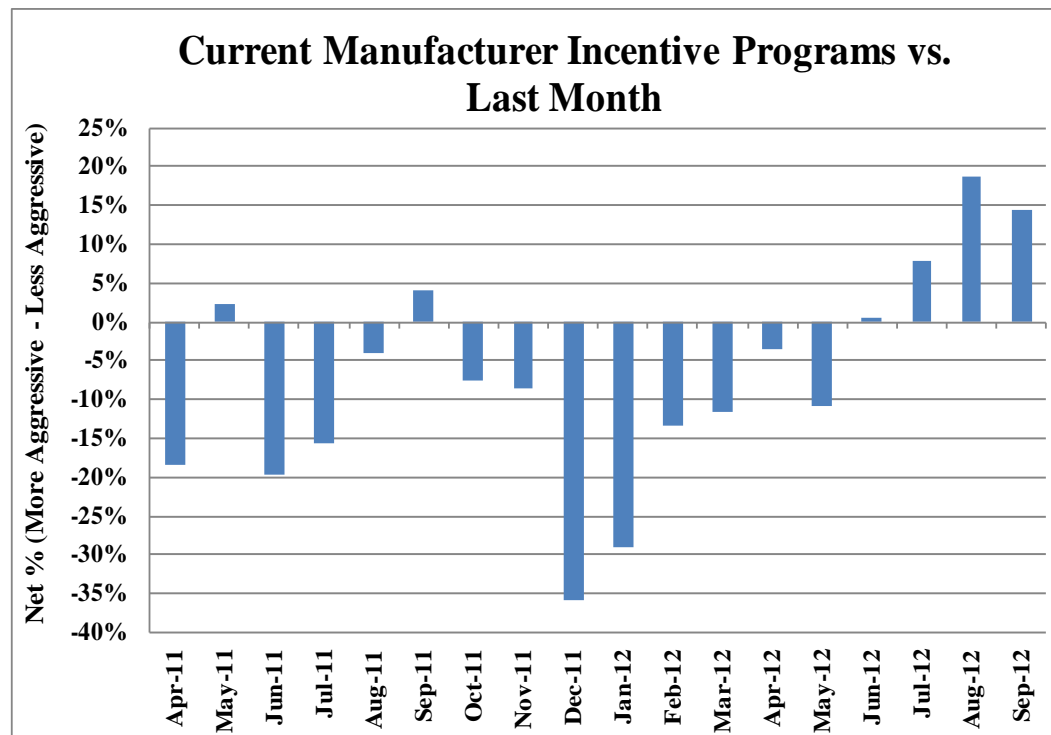


Dealer Commentary on 2013 Outlook

- *We did well on some presales but it's a little slow right now with guys out in the field, but we should be up over last year.*
- *It's hard to forecast the effects of the drought, next year will depend on weather conditions and commodity prices. I think guys are going to keep some grain on hand this year.*
- *Crop insurance will cover any yield shortfalls.*
- *Many customers (about 85% around here) have insurance. They have been talking to the insurance adjusters, and many are finding (if they are insured at 70% or above) that they may have a better year!*
- *I am less optimistic because of uncertain conditions for 2013.*
- *I feel that farmers will purchase somewhat less, but not significantly.*
- *The drought has had an impact on us and sales will be down 10% because of it.*
- *Farmers will buy less. We will be in a fight with the input guys for their cash.*
- *Looks like the insurance card will be played in many instances. It will be business as usual, maybe a little delayed from the insurance standpoint.*
- *The mindset has changed from updating for tax purposes to cautiously purchasing for near term needs.*
- *We should be about flat with 2012...the question is can we keep pace with the used equipment.*
- *We are in a highly concentrated dairy area. With feed prices moving up, margins are shrinking which could impact our yearend sales.*
- *We are seeing very active purchasing - high prices and crop insurance plus a great wheat crop will drive sales.*
- *Customers depending on crop insurance we expect to purchase significantly less equipment next year.*
- *Less equipment will be purchased. Livestock farmers in our area will be buying high priced feed instead.*
- *The drought will impact sales until farmers understand the tax implications. That is when it will be a challenge to get them taken care of because of short notice and low new equipment inventories.*
- *Demand for used farming equipment is definitely up. We had a tremendous increase over last year, about 85% increase.*
- *We see our new sales on target for the most part. Used sales we see slowing as the buyers are not on a yearly trade cycle thus this will back up the used sales if there are not attractive used programs put in place by the manufacturer. Ultimately this will affect new sales as the used backs up further. Used turn ratios in most product lines have been dropping on a rolling 12 month turn.*

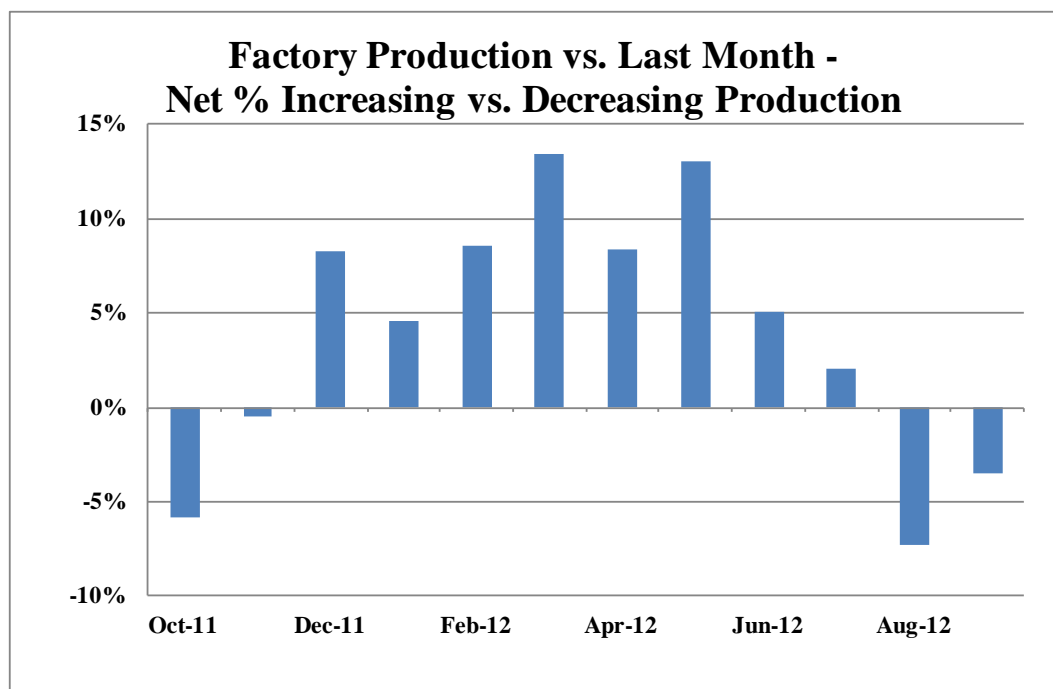
Current Manufacturer Incentive Programs

- A net 15% of dealers report that manufacturers are more aggressive with incentives in September (26% more aggressive; 62% same; 12% less aggressive) compared to a net 19% who reported manufacturers were more aggressive in August.



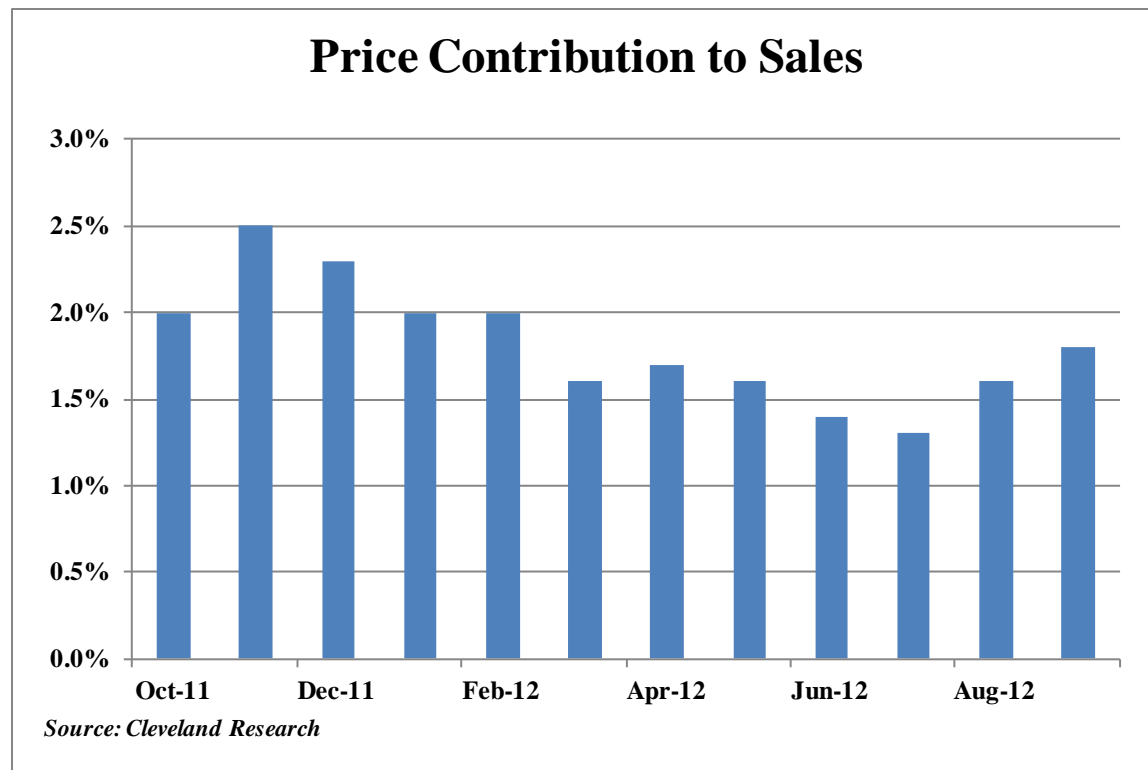
Factory Production

- Dealers report that factories appear to be decreasing production, as a net 3% of dealers are reporting decreasing production levels (4% increasing production; 88% no change in production; 8% decreasing production) compared to a net 7% decreasing production in August.



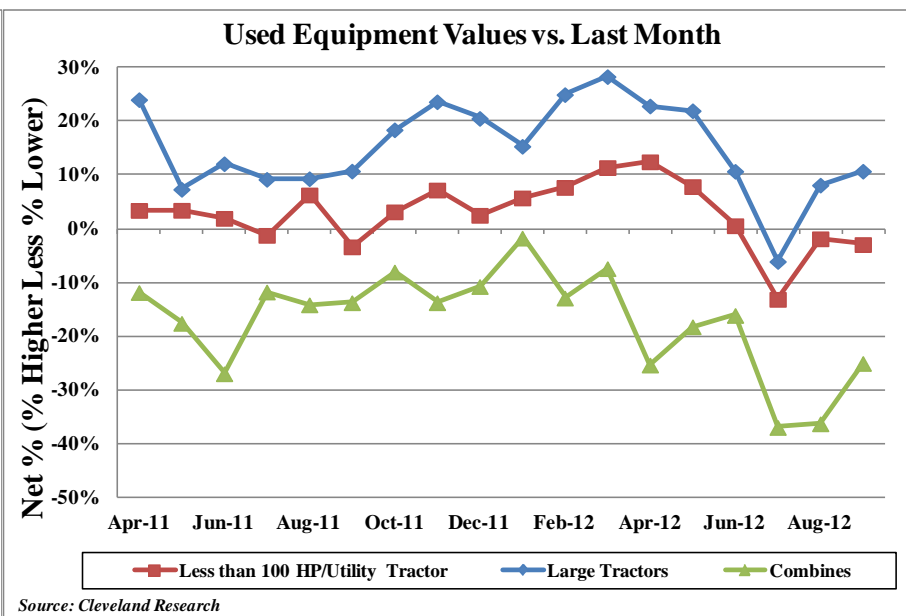
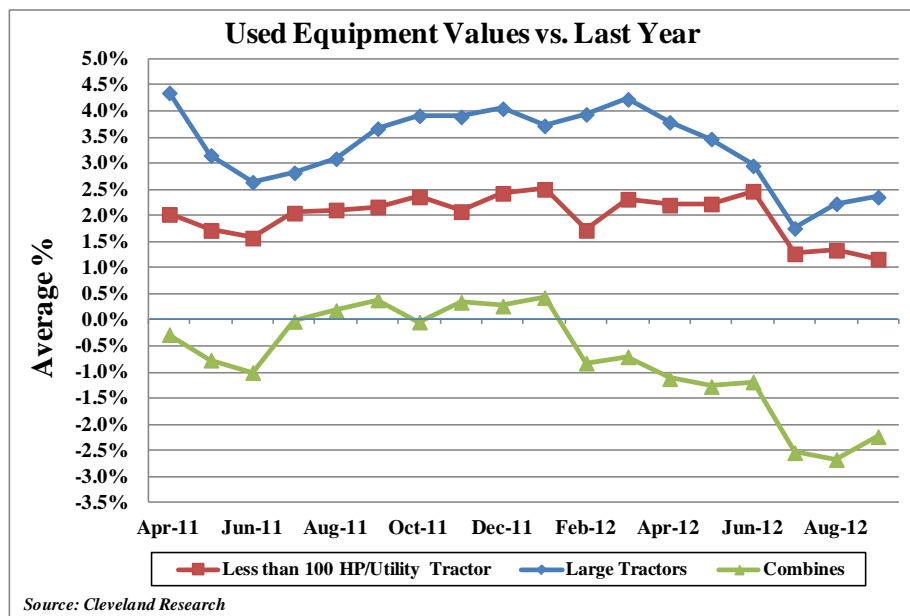
Pricing Trends

- Dealers report price contributed roughly ~1.8% to total September revenue, up slightly from 1.6% in August.



Used Equipment Pricing

- By category, tractors over 100HP are now up 2.4% year-over-year on average, up from 2.2% last month. Prices for used tractors under 100HP are up 1.2% in September, down slightly from August. Used combine values are down -2.2% in September, up from -2.7% last month.
- Relative to last month, a net 3% of dealers report lower values for under 100HP/utility tractors, down slightly from August. For over 100HP tractors, a net 11% of dealers report higher values vs. last month. Finally, a net 25% of dealers report used combine values are lower than last month, up significantly from August.



Inventory Levels

New Equipment Inventory

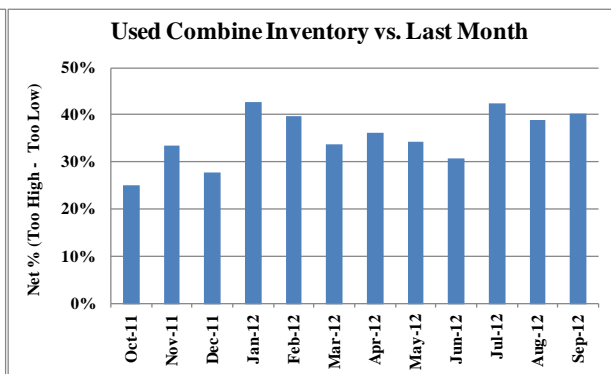
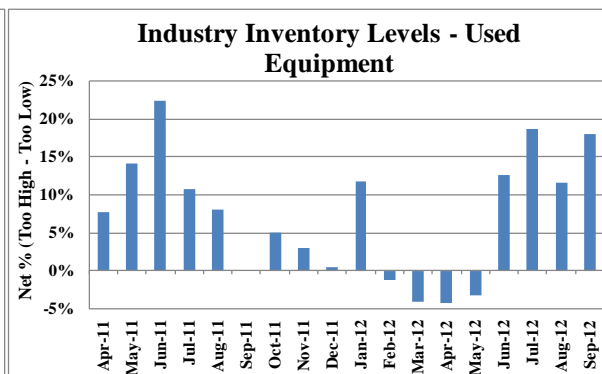
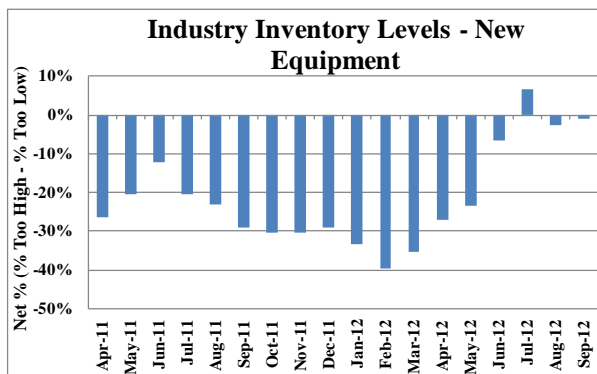
- A net 1% of dealers categorize their new inventory as “too low” (19% too high; 60% about right; 20% too low), up slightly from a net 2% that reported “too low” last month.

Used Equipment Inventory

- Used equipment inventory appears to have increased, as a net 18% of dealers now categorize their used inventory levels as “too high” (31% too high; 57% about right; 13% too low) compared to a net 12% who reported inventory as “too high” from last month.

Used Combine Inventory

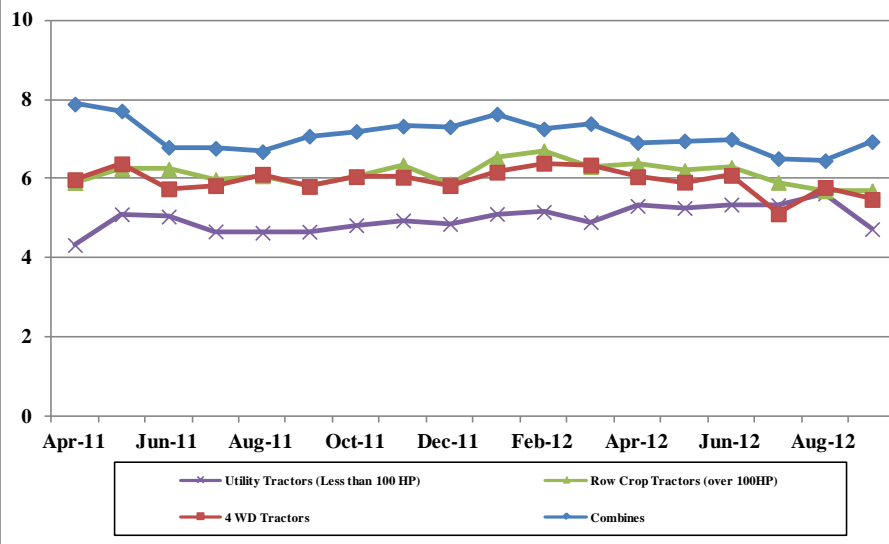
- Within the used equipment categories, a net 40% of dealers also reported used combine inventory levels are still “too high” (46% too high; 48% about right; 6% too low).



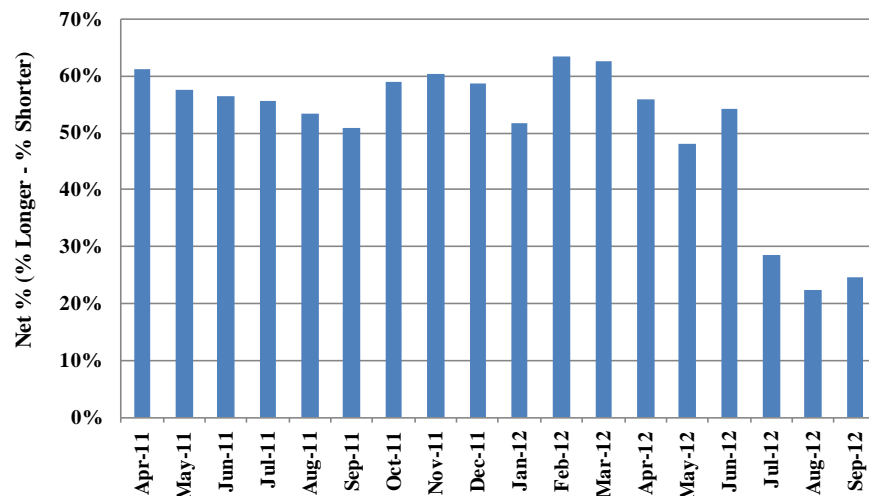
Equipment Availability

- Overall, a net 25% of dealers report longer factory lead-times compared to last month (35% longer; 54% same; 11% shorter), up from a net 22% last month.
- A closer look at availability by product category shows mixed trends in lead times this month. On average combine lead times are 6.9 months; 4WD are 5.5 months; row crop tractor lead times are 5.7 months; and smaller tractors (<100 HP) lead times are 4.7 months.

Lead Times By Product Category (Months)



Lead Times - Versus Prior Month



Dealer Commentary on Used Inventory Levels

- *Combine order boards are the exact same as the previous year, and sales are also running the same as last year. I am looking for a strong finish to the year.*
- *Combine order boards are running about the same as last year.*
- *Used 4WD tractors may be a little weaker, but it's still too early to tell.*
- *SP forage harvesters are scary high.*
- *Used tractors are very tight.*
- *Used combines are my biggest concern.*
- *We have too many used round balers.*
- *Combines are an issue today with all dealers in our area.*
- *Class 7 and 8 used combines concern me.*
- *Used tractors have really dropped off.*
- *Our overall inventory levels are probably in the "About Right" section with exception of combines and flex heads as with many dealers throughout the country.*
- *Market for older tractors and equipment is a concern.*
- *Used combines are concerning -- everything else is in good shape.*
- *We are having trouble obtaining inventory financing.*
- *We are receiving more tractor inventory units.*
- *We track the inventory turns by used equipment groups, with a goal of 3.75 annual turns. Our used inventory turn is higher than last year; however, we detect a weakening in the market, which may drive prices down. Used combines are piling up and other dealers are dumping them.*
- *We have too much money wrapped up in used tractors and they have they have been here too long.*
- *Our manufacturer cut production 20% and they pick and choose who to give orders to, they do not go by who ordered 1st.*

Dealer Commentary on Biggest Surprise in the Month

- *Hay tool sales were lower than expected.*
- *The presale activity was very strong.*
- *Farmers are moderately optimistic that their crops will have higher yields than previous estimates.*
- *Farmers are holding back even with tax problems looming for end of year*
- *More and more farmers are admitting that with the crop insurance and the high commodity prices, they may have a better revenue year than they would have had with a good yield. As one farmer put it-" this is only a curve in the road".*
- *Used combines were soft in July and I was surprised the amount of retails in August.*
- *Presales are happening and used combine sales strong.*
- *Sales came back at the end of August.*
- *It surprises me how much people will pull back spending when gas is\$ 4 a gallon and grass is not growing because there has been no rain in weeks.*
- *Customers are becoming more interested all the time on purchasing new and used as the harvest continues to move forward. They are calculating there insurance levels and their yields are now known so they can start to plan ahead again for 2012 fall and into 2013.*
- *The drop in 179 tax depreciation will affect farmer purchases more than anything we have seen for years if there is not a last minute deal to extend the program.*
- *The new Steiger Rowtrac could benefit our 4WD sales and market share, giving us a competitive unit now.*
- *We saw an increased interest in used combines, especially the later models.*
- *Crops are a little better than anyone thought they might be*
- *Farmer with irrigation report better yields than expected and even dry land some area yield better than expected but still pretty poor on dry land.*
- *Good customer attitudes based on stronger than expected crop yields.*

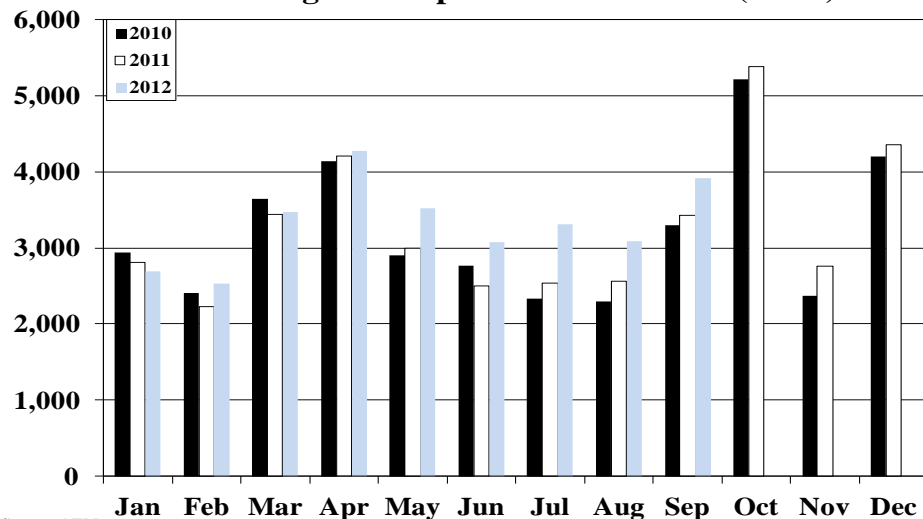
NA Farm Equipment Industry Retail Sales and Inventory

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
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	4,952	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%
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%

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
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%

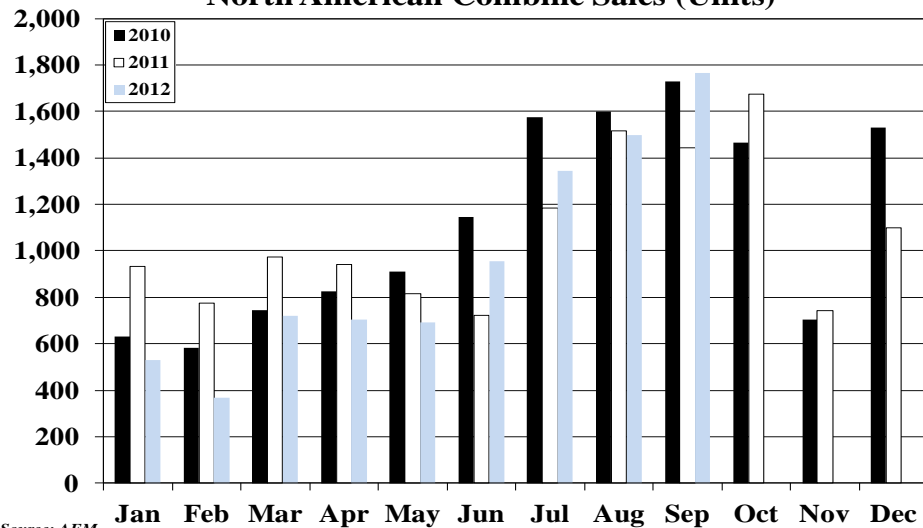
Annual Ag Equipment Industry Sales – 2010-2012

NA High-Horsepower Tractor Sales (Units)



Source: AEM

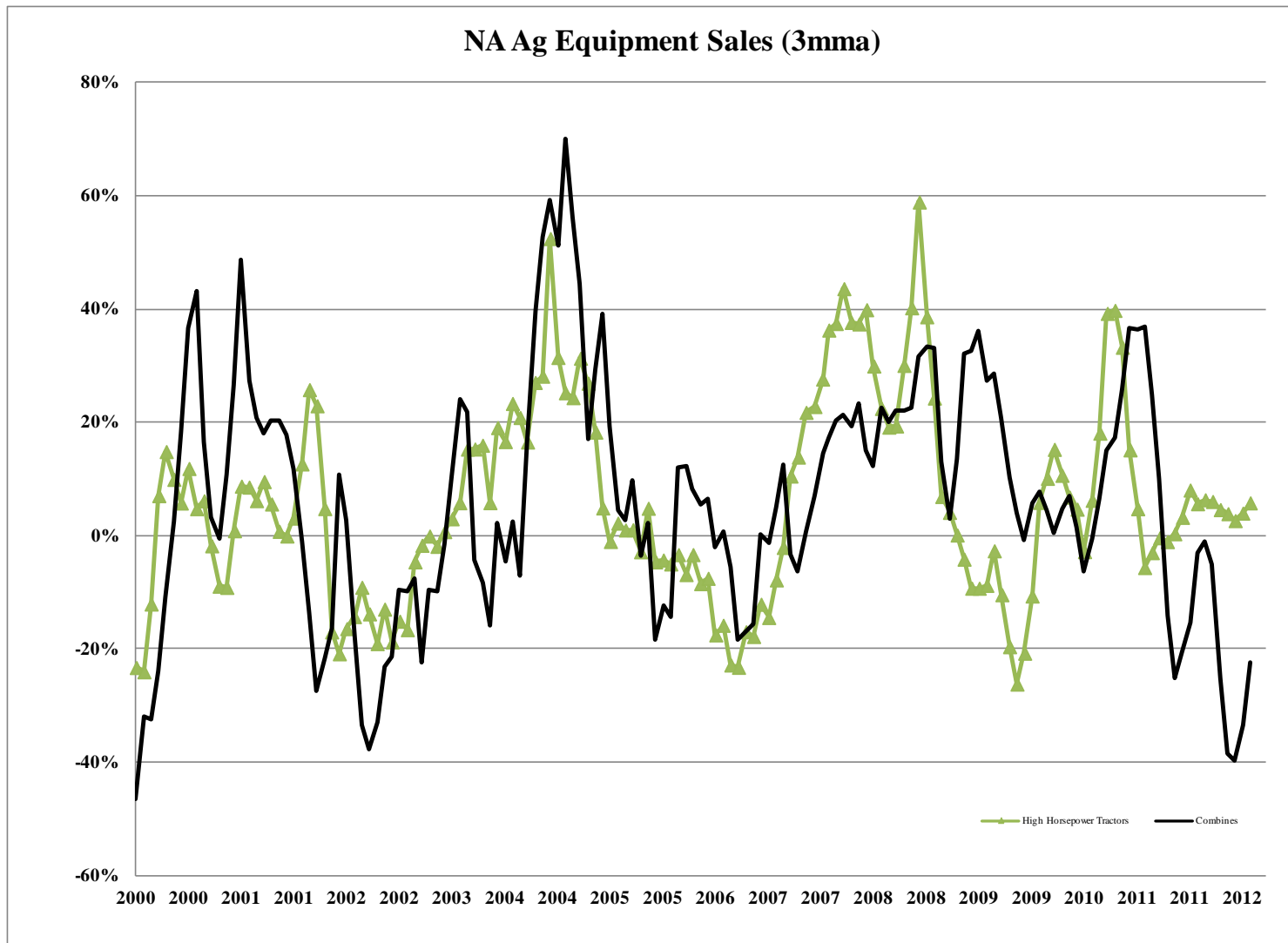
North American Combine Sales (Units)



Source: AEM

Source: AEM

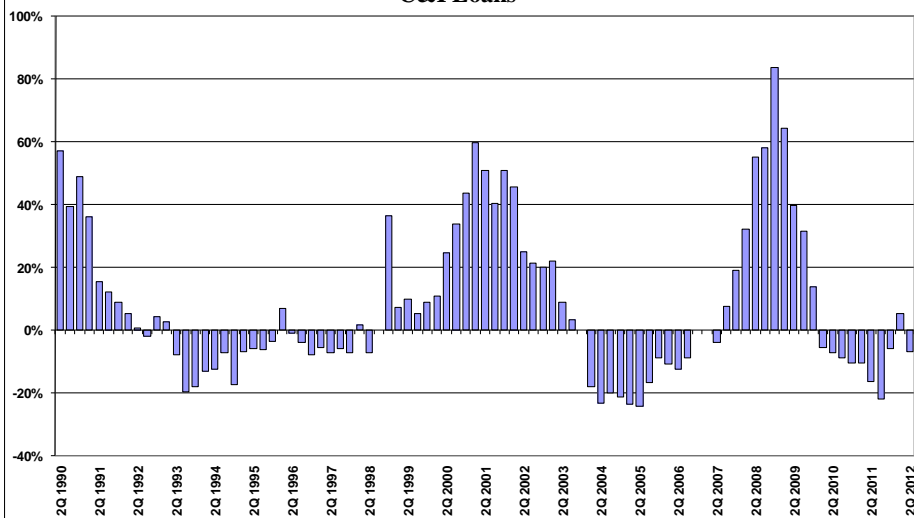
NA Ag Equipment Sales



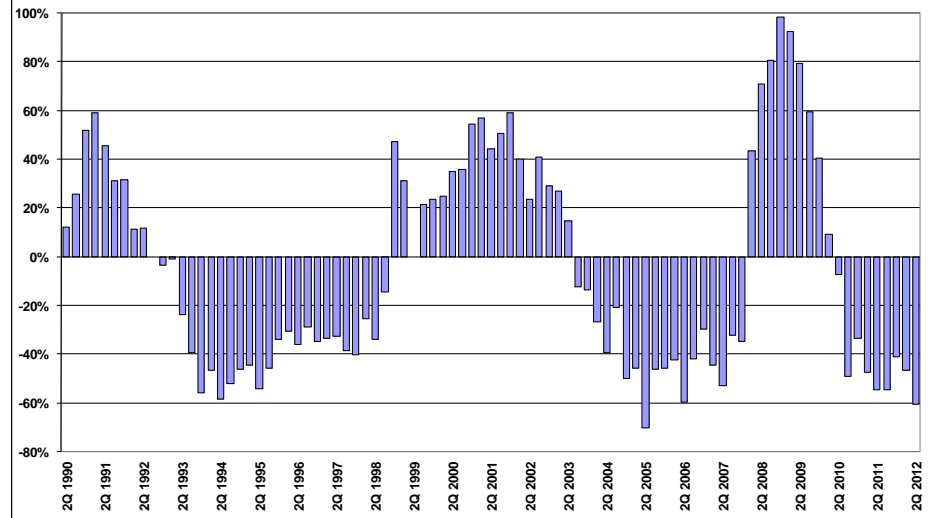
Credit – C&I Loan Demand Improves as Lending Standards Loosen

- 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

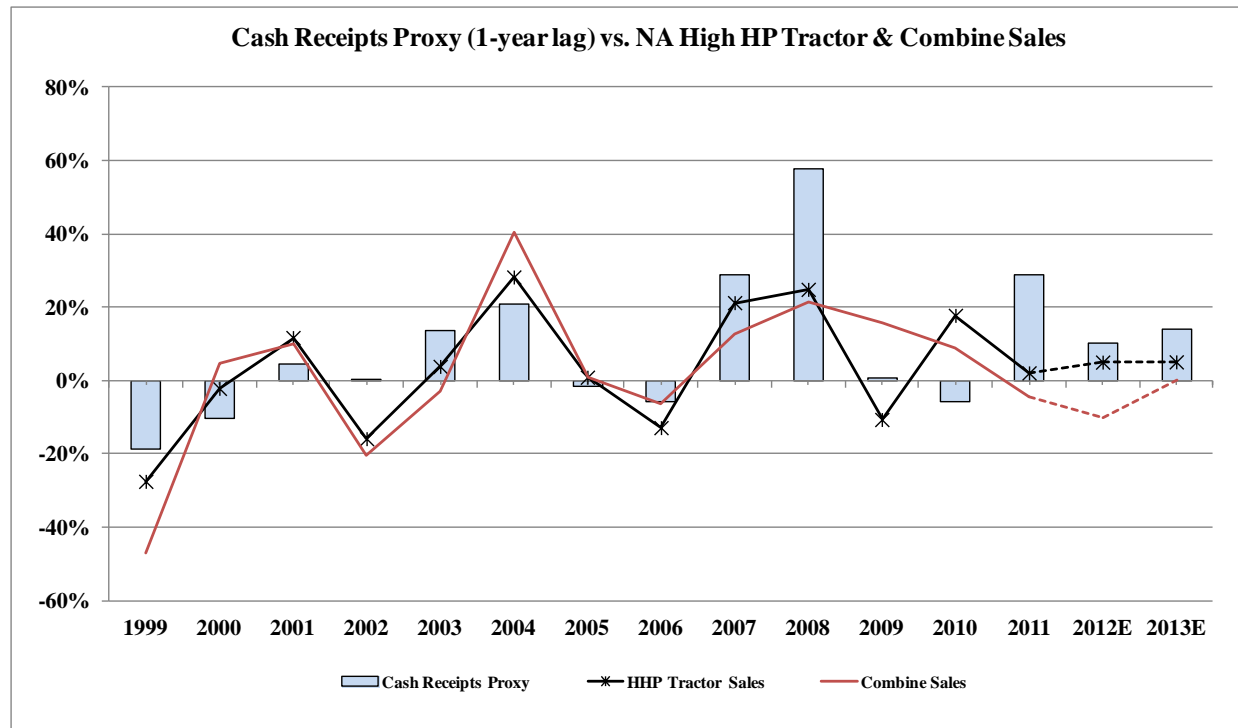


Net % of Domestic Respondents Increasing Spreads of Loan Rates Over Banks' Cost of Funds



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

The USDA's October 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.



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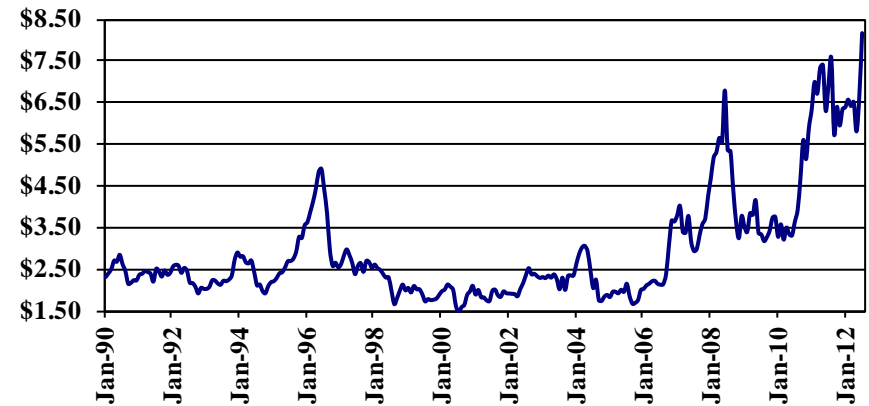
*Note: Cash receipts estimated as USDA production X USDA average price forecast

Commodity Price Trends – Corn, Soybean, Wheat, Cotton

Wheat Price Trends



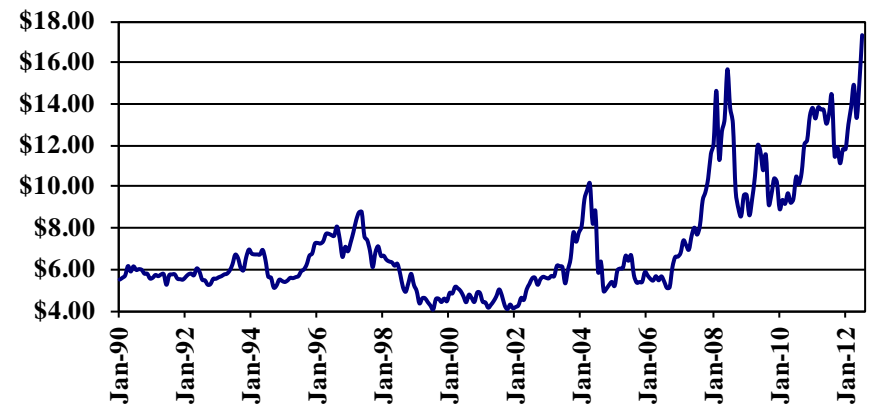
Corn Price Trends



Cotton Price Trends

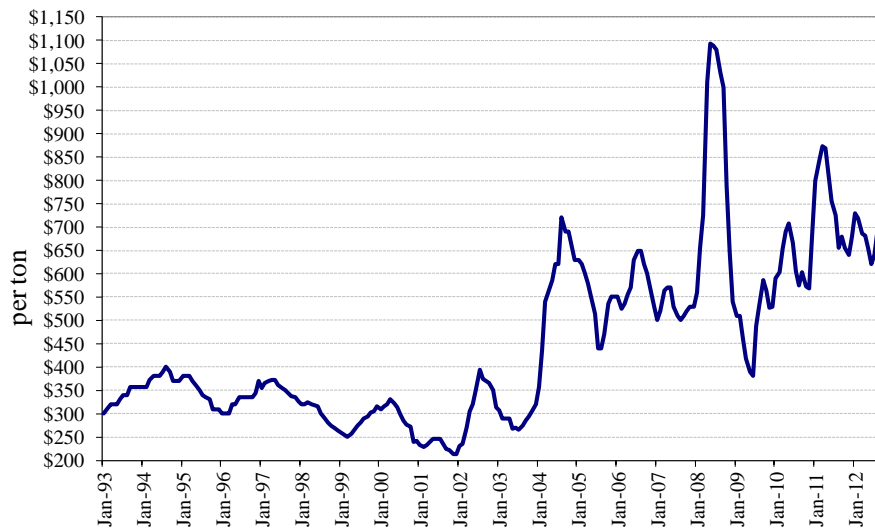


Soybean Price Trends



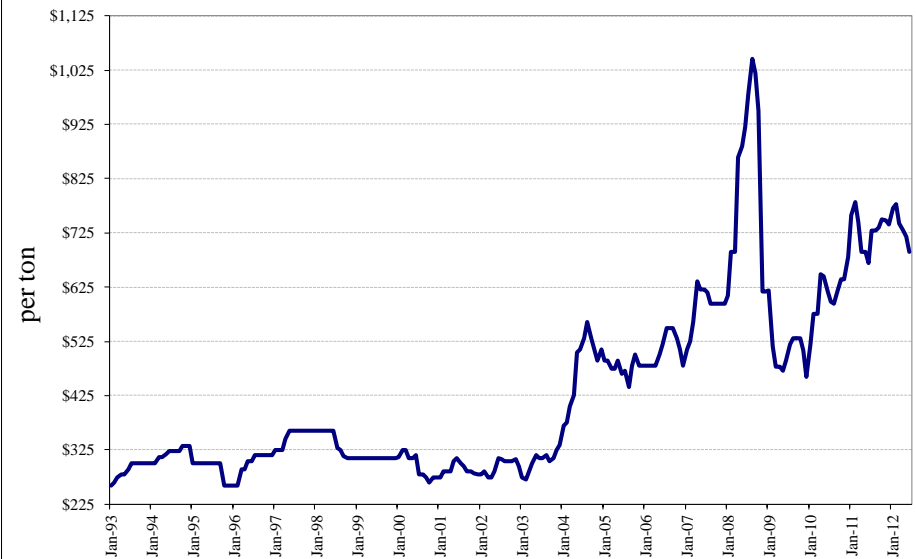
Commodity Price Trends – Steel

Domestic Hot Rolled Sheet Prices

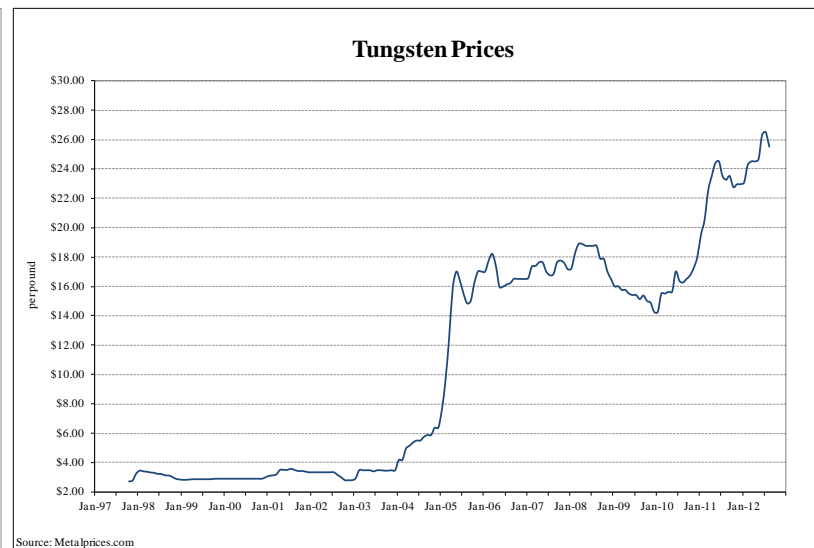
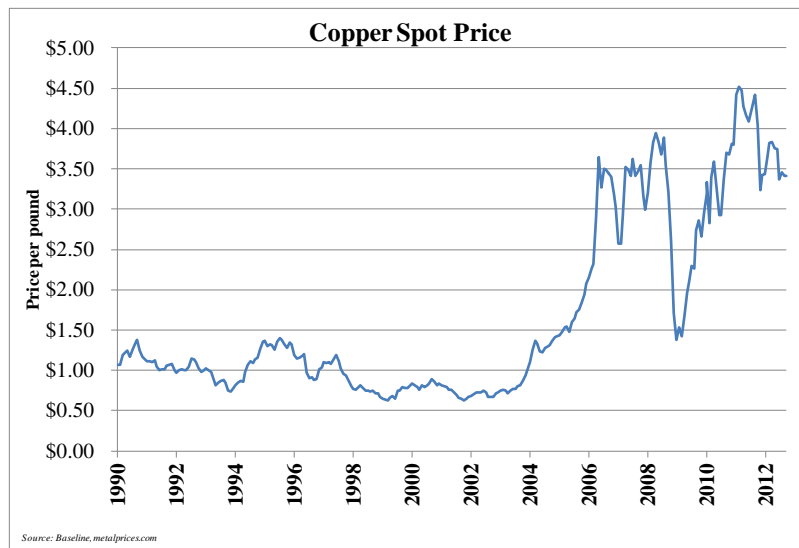
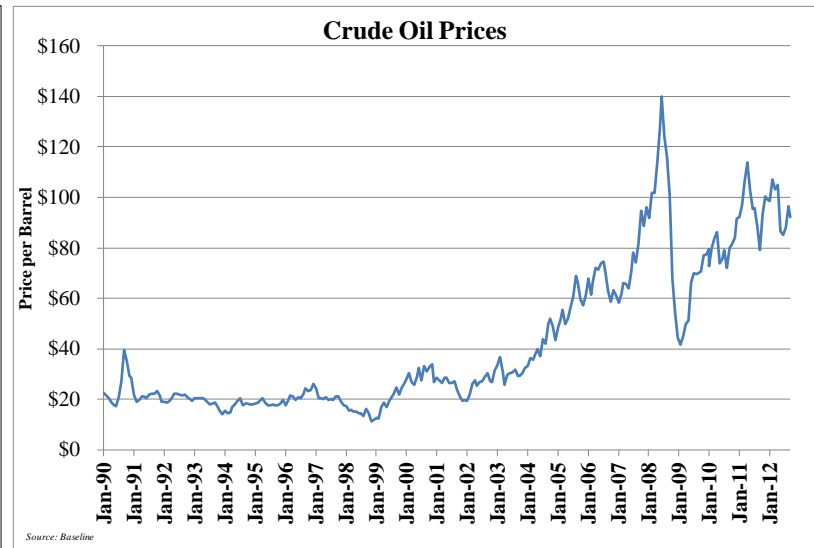
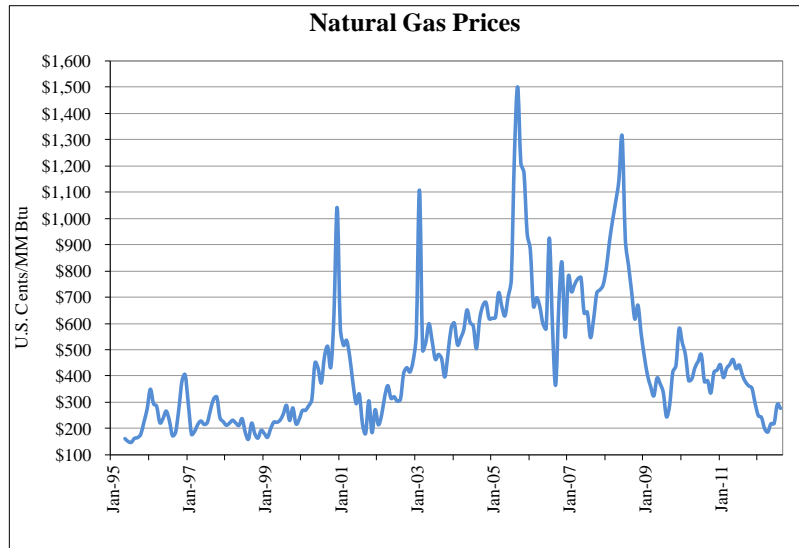


Source: Steel Business Briefing, CRC Estimates

Domestic Reinforcing Bar (Rebar) Prices



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



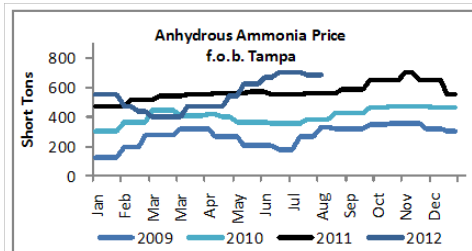
Commodity Trends – Long Run Supply and Demand Projections

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

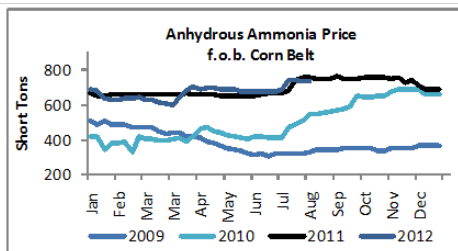
SOYBEANS - DOMESTIC							
<u>Year</u>	<u>Production</u>	<u>Domestic Use</u>	<u>Exports</u>	<u>Total Use</u>	<u>End Stocks</u>	<u>Stocks/Use</u>	<u>Avg Price</u>
2007/08	2,676	1,893	1,161	3,054	205	6.7%	\$10.10
2008/09	2,967	1,763	1,283	3,046	138	4.5%	\$9.97
2009/10	3,359	1,860	1,501	3,361	151	4.5%	\$9.59
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

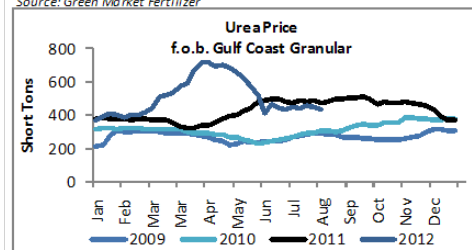
Other Input and Chemical Costs – 2009-2012



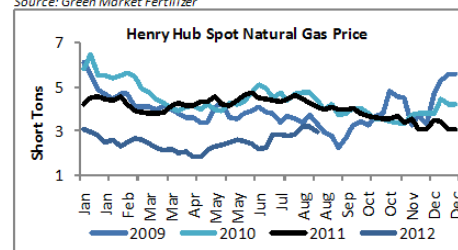
Source: Green Market Fertilizer



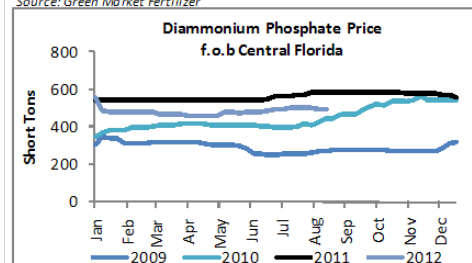
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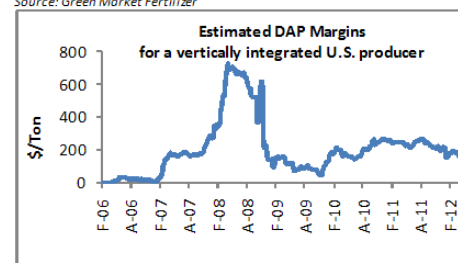
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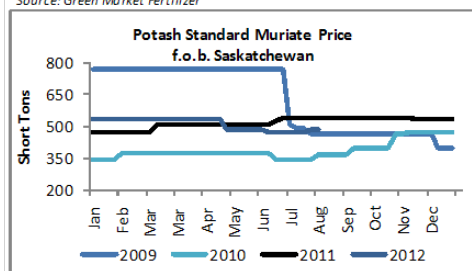
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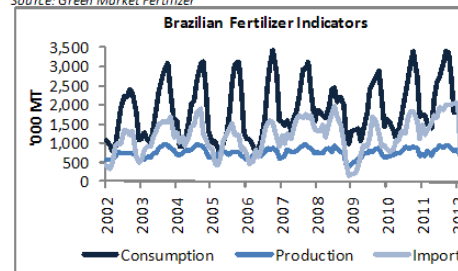
Source: Green Market Fertilizer



Source: Green Market Fertilizer

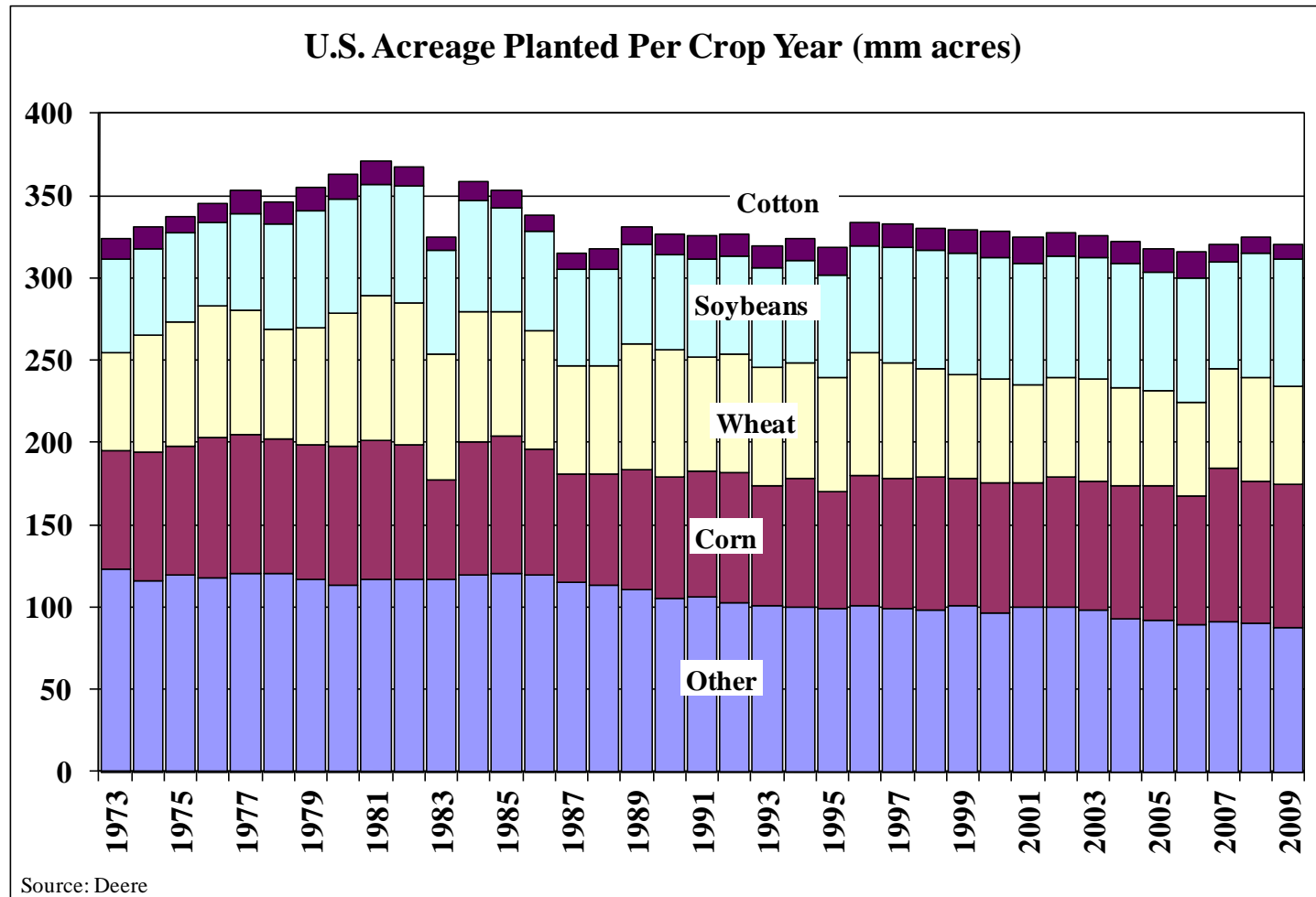


Source: Green Market Fertilizer



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