

Ag Equipment Intelligence

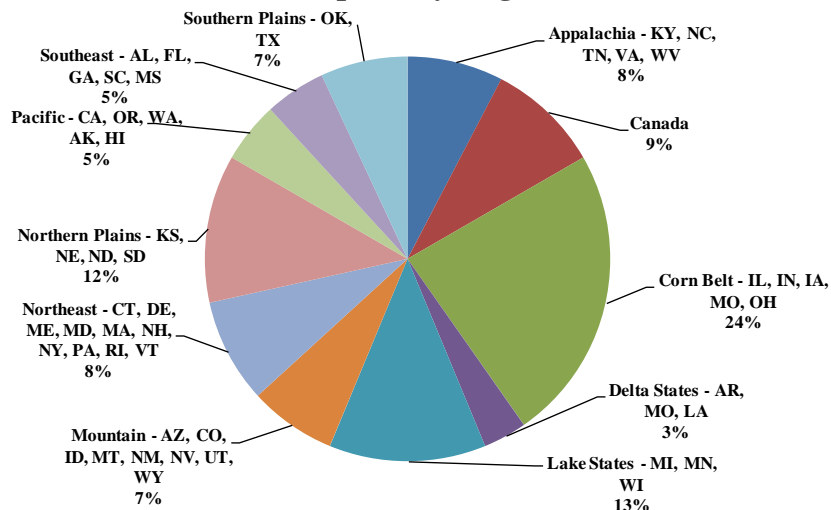
Dealer Trends and Business Outlook
September 2012

Monthly Ag Equipment Intelligence North American Dealer Survey

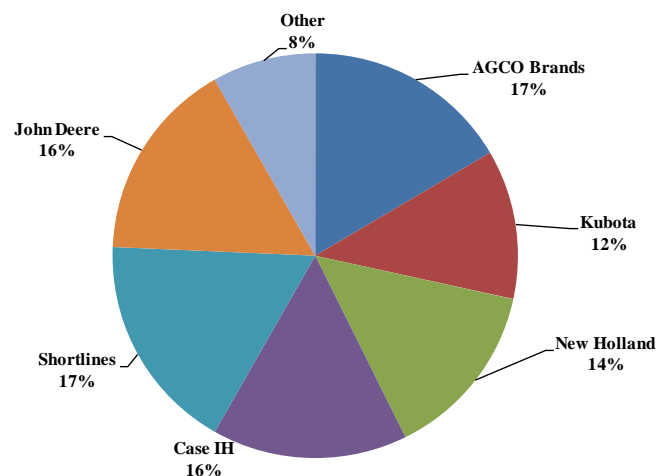
Background:

- 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 September survey had ~126 respondents representing combined annual revenues of roughly \$4.3 billion. Participants representing a broad cross section of geographies and brands are summarized in the charts below.
- It is important to note Challenger, Fendt, Massey Ferguson, and Valtra are included under AGCO while the “other” category includes manufacturers with relatively few respondents.

Participants by Region



Participants by Brand



Highlights / Summary Thoughts

- Industry Sales Growth of 4% in August**– Ag equipment dealers reported year-over-year sales grew 4% on average in August, flat from 4% in July. “Other” and Kubota saw sequential growth of 8% and 6% respectively, while Shortlines and New Holland declined 3% sequentially.
- 2012 Outlook Increased Slightly to 4% Growth** – For 2012, dealers slightly increased their sales forecast and expect 4% sales growth for the full year versus 3% in July. John Deere, Kubota, and “Other” dealers are the most optimistic this month while New Holland and Case IH dealers report the least optimistic outlook.
- Dealer Optimism Shows Meaningful Improvement** – Our Dealer Optimism Index, a measure of sentiment amongst dealers compared to the prior month, showed strong improvement to a net 10% of dealers reporting they have a more optimistic outlook now versus a net (19%) last month reporting they were less optimistic about the next year (28% are more optimistic; 54% same; 18% are less optimistic).
- Used Tractor Values Move Higher.** After several months of slightly softer used values, tractor values in August moved higher in both under 100 HP tractors and larger tractors over 100 HP as drought concerns appear to have abated to some degree.

Optimism/Sentiment vs. Last Month

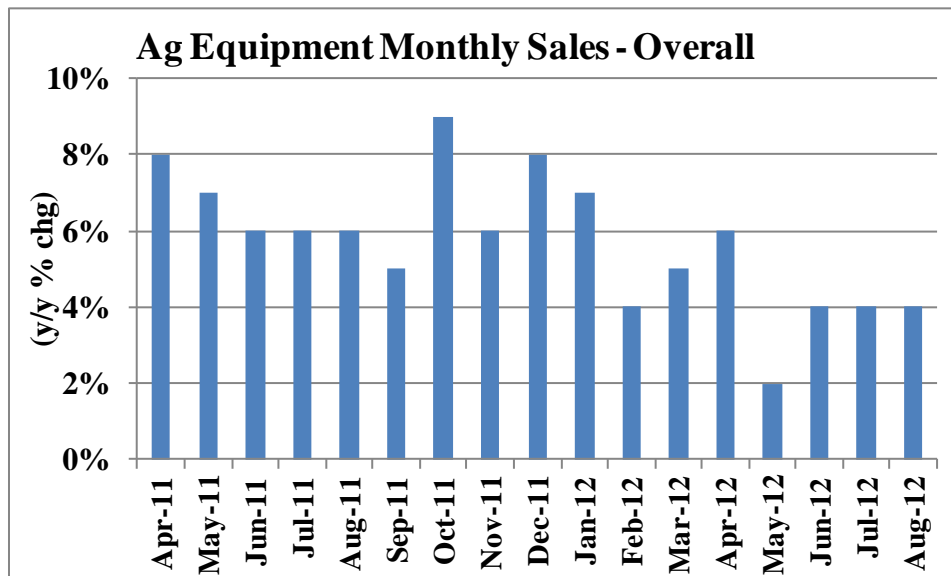
	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>
More Optimistic	33%	25%	31%	32%	30%	25%	36%	33%	30%	38%	29%	25%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

Monthly Sales Growth

- Ag equipment dealers reported year-over-year sales grew 4% on average in August, which has been stable since June. The biggest change this month was at “Other” dealers who saw sales climb from a (3%) decline to up 5%, followed by Kubota dealers who saw sales accelerate from -3% growth to 3% growth.
- John Deere dealers reported the highest average sales growth again at up 7%, down from 9% in July, while New Holland was the only dealer to report negative growth at -1% which presumably is due to its higher exposure to the livestock sector.
- A net 1% of participants categorized August results as “better-than-expected” (30% better-than-expected; 41% in-line with expectations; 29% worse-than-expected) which is a reversal from last month, where a net 14% reported “worse-than-expected” results.

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

Monthly Sales Growth Continued



Percent Positive / Negative Growth

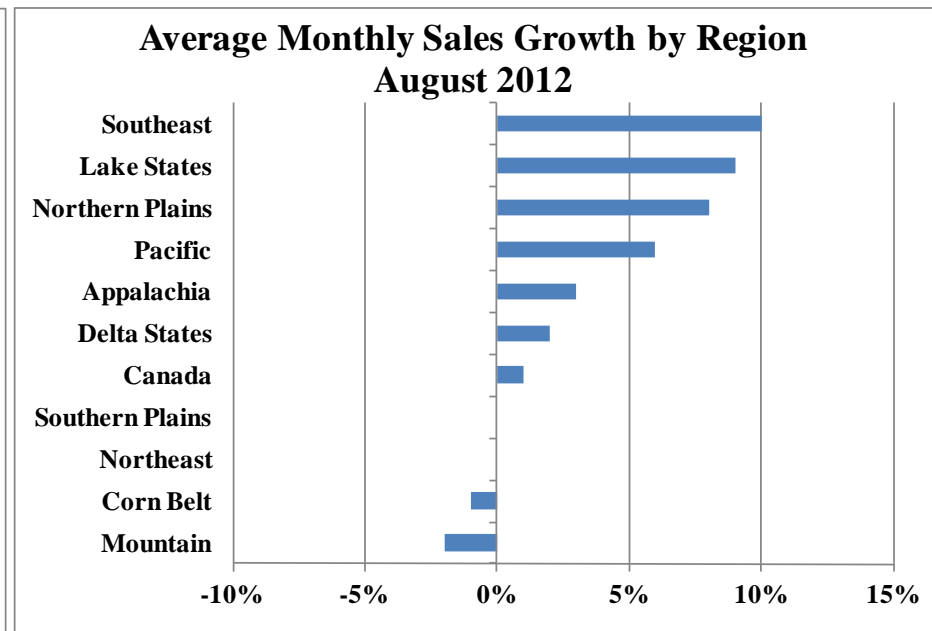
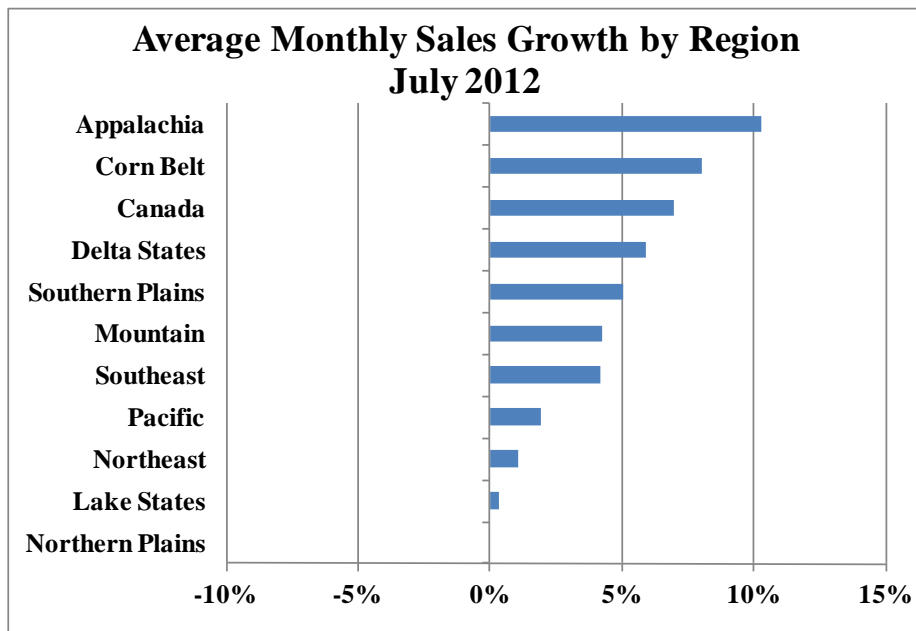
	<u>Apr-11</u>	<u>May-11</u>	<u>Jun-11</u>	<u>Jul-11</u>	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>
Positive Sales G	69%	60%	56%	66%	67%	61%	65%	65%	76%	57%	49%	60%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

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

Monthly Sales Growth by Region

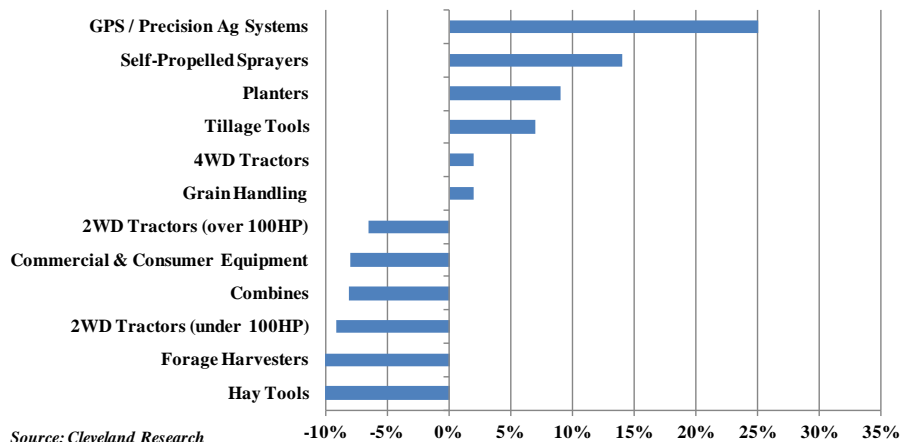
- Seven out of eleven regions showed positive average monthly sales growth in August, down from ten in July. The Southeast, Lake States, and Northern Plains head the list of best performing regions.
- On a sequential basis, the Lake States and the Northern Plains showed the most significant acceleration while the Corn Belt and Appalachia saw the most significant weakening this month.



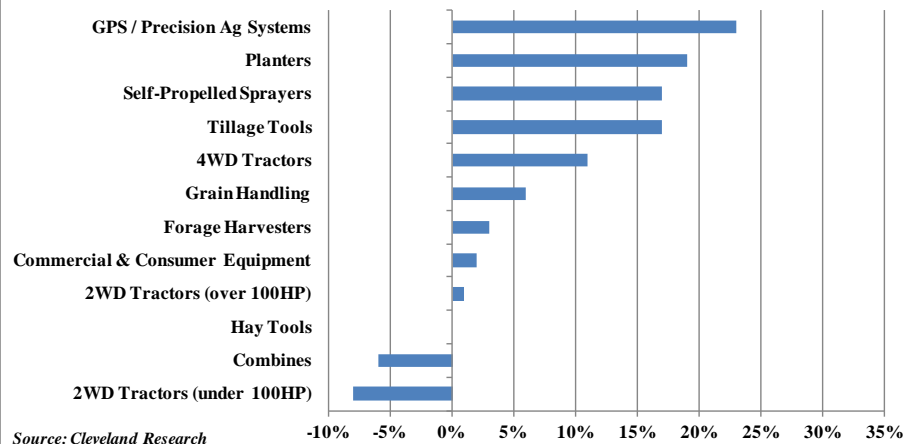
Equipment Category Sales Trends

- Nine out of twelve product categories ranked in positive territory in August, up from six last month. GPS/Precision ag systems, planters, and self-propelled sprayers continue to head the list of top performing products while combines and 2WD tractors (under 100HP) were ranked the weakest.
- On a sequential basis, hay tools and forage harvesters saw the strongest improvement, while GPS/Precision ag systems was the only category to decline.

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

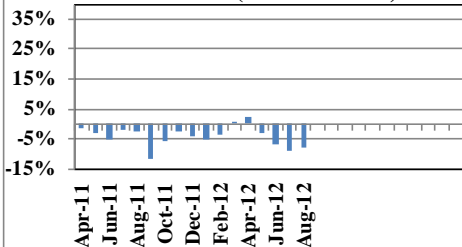


Product Category Ranking (Net % Strong - Weak)
August 2012

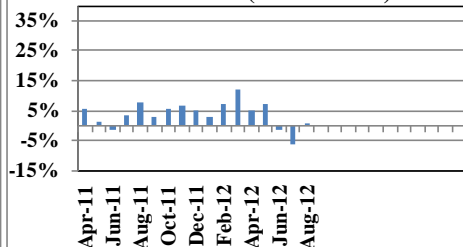


Equipment Category Sales Trends

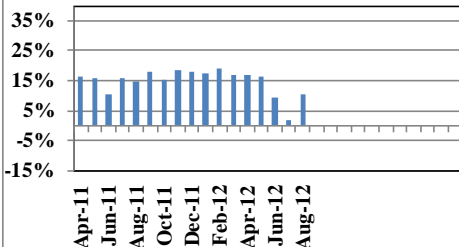
2WD Tractors (under 100HP)



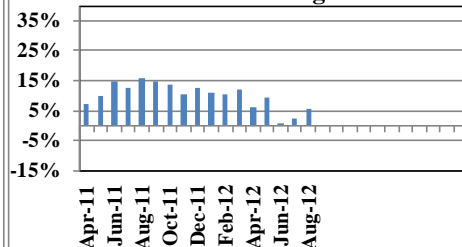
2WD Tractors (over 100HP)



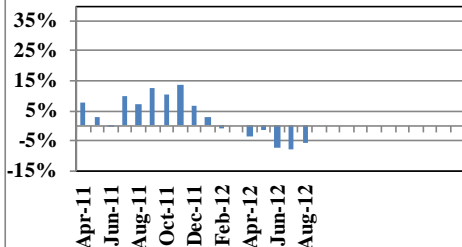
4WD Tractors



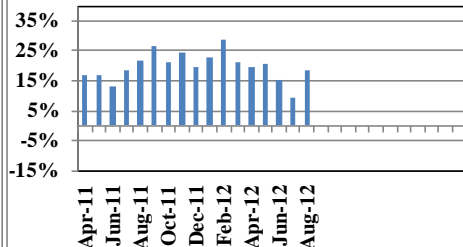
Grain Handling



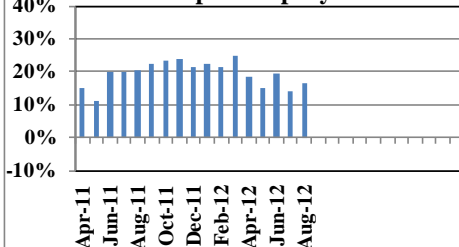
Combines



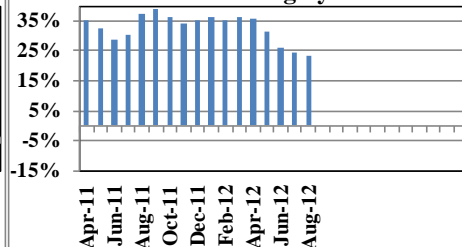
Planters



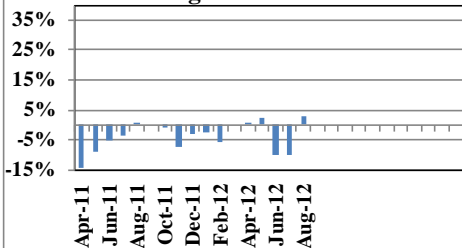
Self-Propelled Sprayers



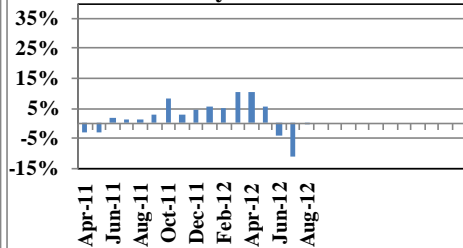
GPS / Precision Ag Systems



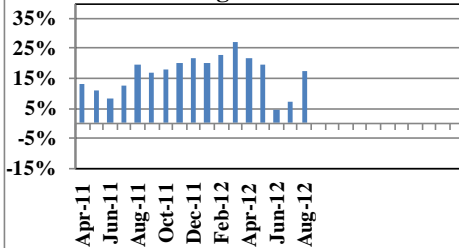
Forage Harvesters



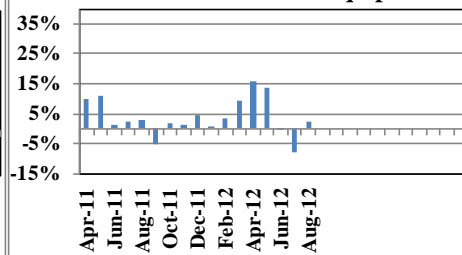
Hay Tools



Tillage Tools



Commercial & Consumer Equipment



Dealer Commentary on Monthly Sales

- *Prices are up and harvested yields are good*
- *Drought is still on everyone's mind here*
- *Exceptional drought impact*
- *Continued hot and dry weather are hurting us.*
- *Some European built products have been on order for almost 18 months, several which were converted from stock orders to retail orders seven months ago.*
- *Farmer demand is holding steady because of yields and sect 179 status*
- *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 at hand.*
- *Uncertain markets and effect of high corn prices*
- *We're having trouble getting product*
- *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 they normally have.*
- *Expect no major change. Crop insurance will be high and crop harvested will be high dollar per bu.*
- *I don't have many commitments for next year..... and don't expect many.*

Order Growth

Overall Orders

- Incoming orders grew 3% on average in August, up from 1% in July.
- Shortlines dealers saw highest average orders growth at 7%, while AGCO dealers orders growth came in the lowest at down 1% on average for the month.

New Combine Order Intentions

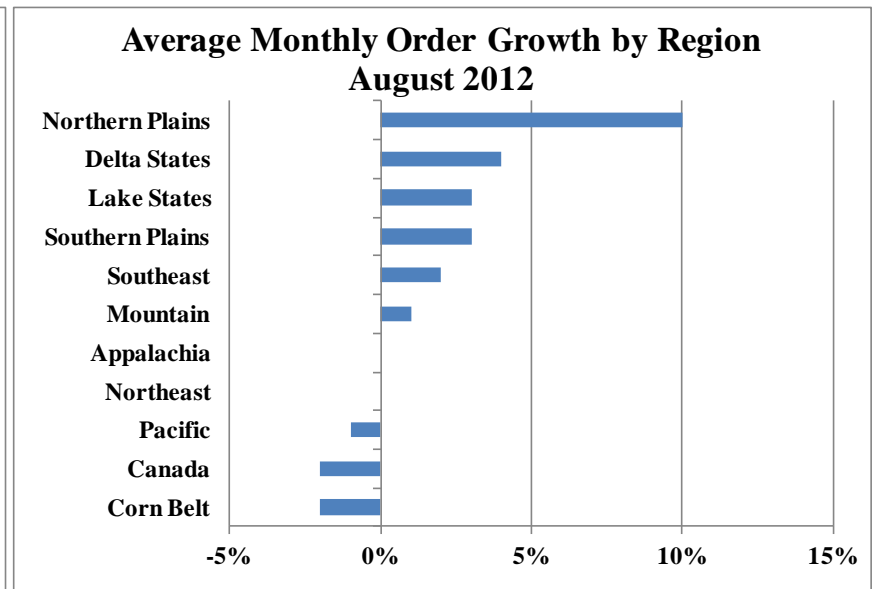
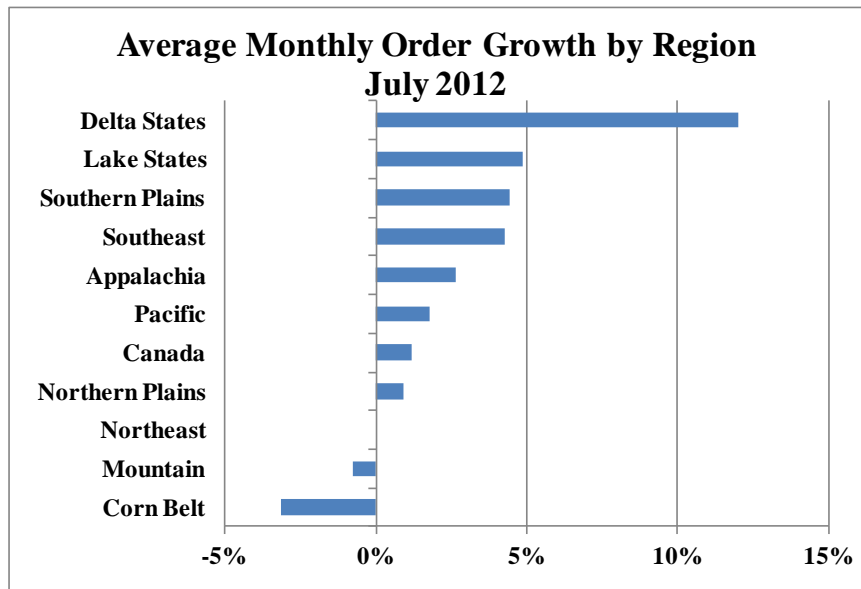
- A net 36% of dealers believe they will order fewer combines for 2012, a decrease from the net 33% last month.

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>
More	22%	20%	21%	20%	11%	14%	15%	14%	9%	10%	7%	6%	4%
Same	47%	48%	48%	53%	60%	61%	63%	63%	64%	54%	69%	55%	55%
Less	31%	32%	31%	27%	29%	25%	22%	24%	27%	37%	24%	39%	41%
Net % (More- Less)	-10%	-12%	-10%	-7%	-18%	-10%	-8%	-10%	-17%	-27%	-18%	-33%	-36%

Average Orders Growth																	
(% chg v/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>
Overall	3%	3%	3%	5%	4%	4%	4%	4%	4%	5%	4%	2%	4%	2%	1%	1%	3%
By Brand	<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>
AGCO	4%	8%	5%	10%	10%	5%	6%	8%	6%	8%	3%	3%	6%	6%	3%	0%	-1%
John Deere	4%	2%	2%	5%	3%	4%	3%	3%	4%	5%	4%	1%	8%	5%	6%	4%	6%
New Holland	4%	2%	3%	5%	5%	5%	4%	3%	6%	3%	2%	2%	3%	2%	-3%	-2%	0%
Case IH	1%	3%	2%	4%	3%	3%	5%	4%	3%	4%	2%	0%	0%	-5%	-3%	-3%	1%
Kubota	9%	1%	6%	6%	6%	4%	4%	6%	7%	10%	2%	4%	2%	2%	2%	0%	1%
Shortlines	n/a	-3%	2%	2%	4%	3%	1%	2%	4%	1%	3%	5%	2%	5%	2%	1%	7%
Other	n/a	n/a	n/a	1%	-2%	2%	4%	3%	11%	3%	3%	5%	3%	1%	-4%	1%	6%

Order Growth by Region

- Six out of eleven regions showed positive monthly orders growth in August, down from eight out of eleven in July . Northern Plains, Delta States, Lake States and Southern Plains head the list of best performing regions this month.
- On a sequential basis, the Northern Plains region showed the most significant improvement, while the Delta States showed a sharp sequential slowdown in order growth.



2012 Sales Outlook

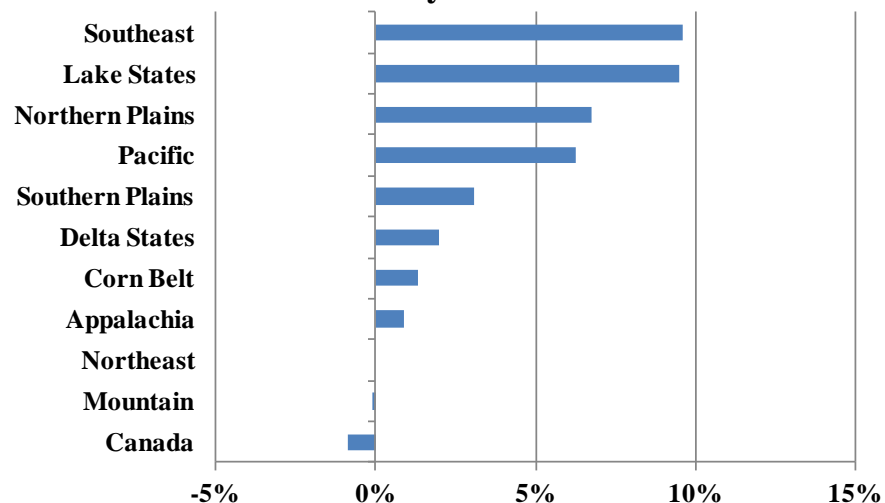
- For 2012, dealers slightly raised their sales forecast and expect 4% sales growth for the full year versus 3% in July as a result of the increased optimism.
- John Deere, Kubota, and “Other” dealers are the most optimistic this month while Case IH and New Holland dealers report the least optimistic outlook. Kubota had the biggest sequential change this month increasing from a negative 1% to 4% growth expectations.

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

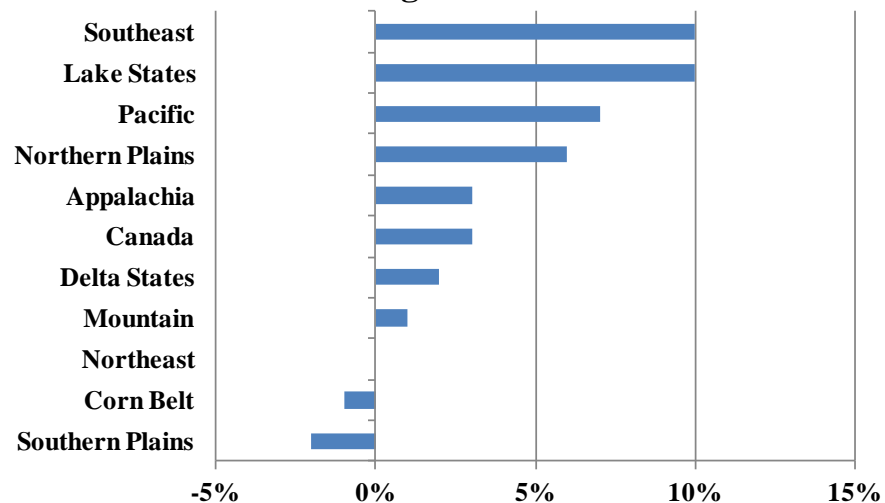
2012 Sales Outlook Continued

- Eight out of eleven regions are projecting a positive full year sales outlook in August, flat from July. Dealers in the Southeast, Lake States, and Pacific are the most optimistic while the Corn Belt and Southern Plains are forecasting sales to be down in 2012.
- On a sequential basis, Canada showed the most significant improvement while the Southern Plains was significantly less optimistic. The remaining regions were relatively consistent.

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



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

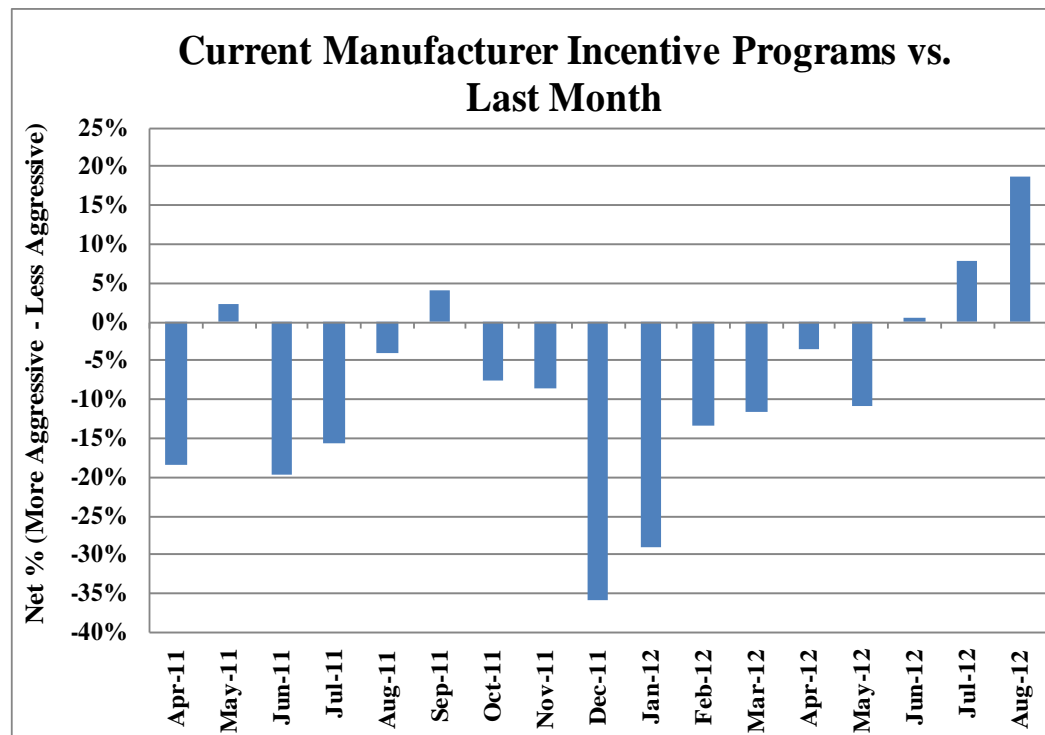


Drought Impact on 2013 Outlook

- *We should keep sales near last year's pace.*
- *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!*
- *Less because of uncertain conditions for 2103*
- *I feel that they will purchase somewhat less, but not significantly*
- *Drought has had an impact and sales will be down 10% because of it.*
- *Farmers will buy less. We will be in a fight with the input guys for this 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.*
- *Crop insurance will be enough for my customers to maintain their planned equipment purchases for next year. Only if we go into this winter dry and continue dry into spring that will change their plans.*
- *We are in a highly concentrated dairy area. With feed prices moving up, margins are shrinking which could impact our year end 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.*
- *It will impact sales until they 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 of target for the most part. Used sales we see slowing as the buyer 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 effect new sales as the used further backs up. Used turn ratio's in most product lines have been dropping on a rolling 12 month turn.*

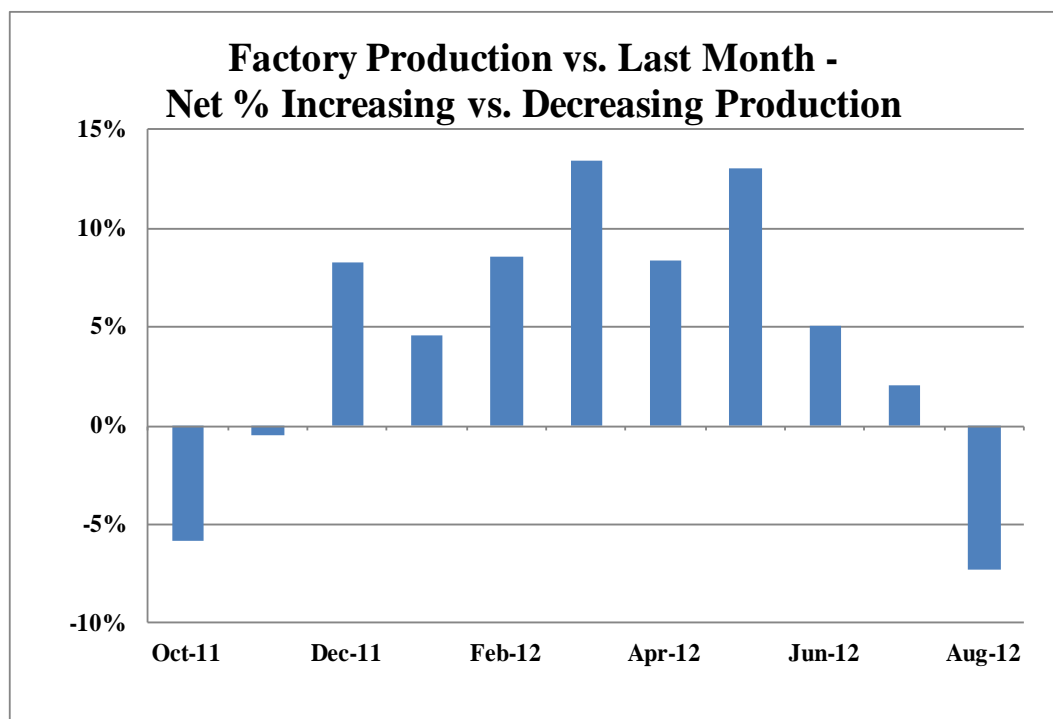
Current Manufacturer Incentive Programs

- A net 19% of dealers report that manufacturers are more aggressive with incentives in August (29% more aggressive; 61% same; 10% less aggressive) compared to a net 8% who reported manufacturers were more aggressive in July.



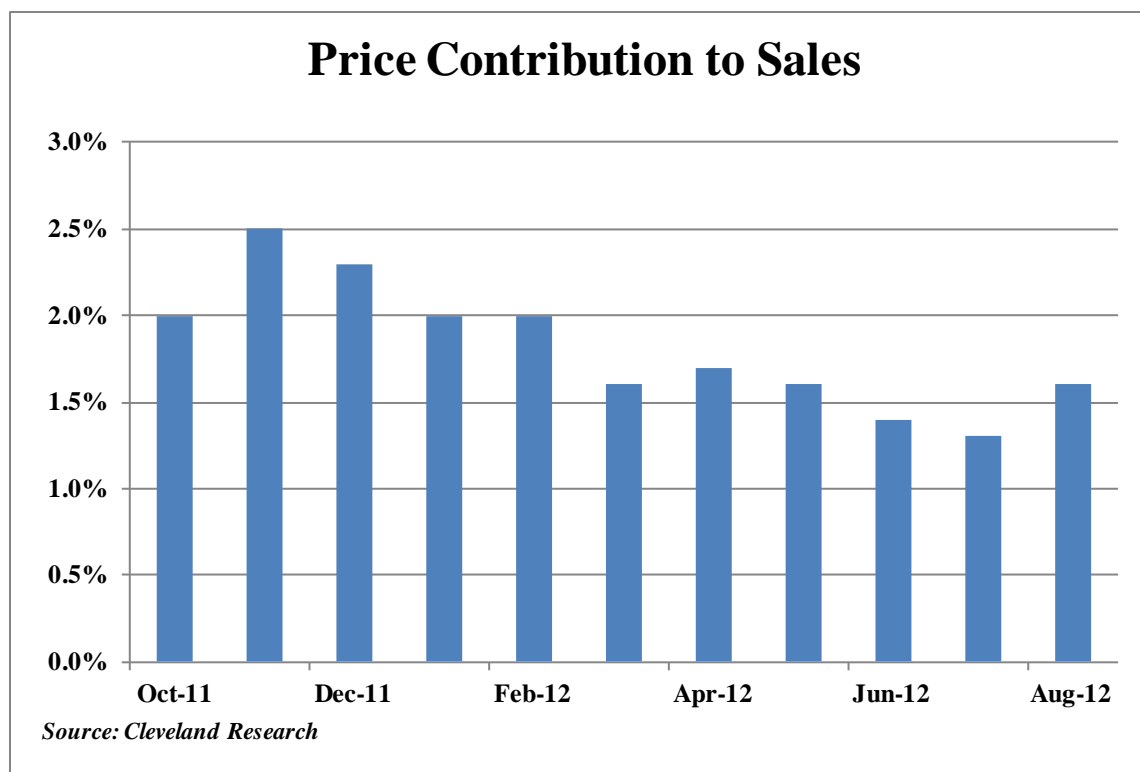
Factory Production

- Dealers report that factories appear to be decreasing production, as a net 7% of dealers are reporting decreasing production levels (7% increasing production; 78% no change in production; 15% decreasing production) compared to a net 2% increasing production in July.



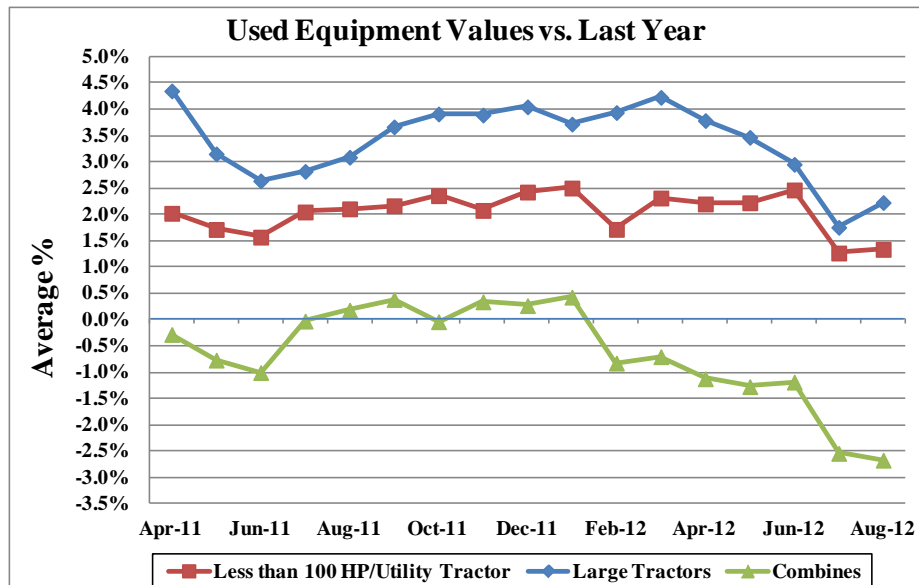
Pricing Trends

- Dealers report price contributed roughly ~1.6% to total August revenue, up slightly from 1.3% in July after declining three consecutive months.

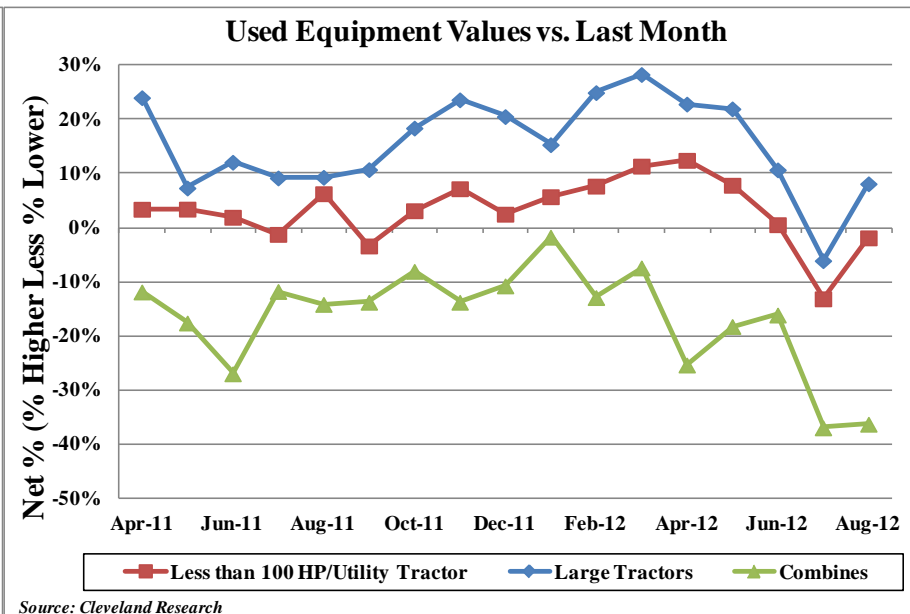


Used Equipment Pricing

- After seeing softer used values over the last several months during the height of the drought, August marked the first month seeing an increase in tractor values of both high and low HP. By category, tractors over 100HP are now up 2.2% year-over-year on average, up from 1.8% last month. Prices for used tractors under 100HP are up 1.3% in August, flat from July. Used combine values are down (2.7%) in August, down from (2.5%) last month.
- Relative to last month, a net 2% of dealers report lower values for under 100HP/utility tractors, up from a net 13% in July. For over 100HP tractors, a net 8% of dealers report higher values vs. last month, up from a net 6% reporting lower values in July. Finally, a negative net 36% of dealers report used combine values are lower than last month.



Source: Farm Equipment Magazine Survey



Inventory Levels

New Equipment Inventory

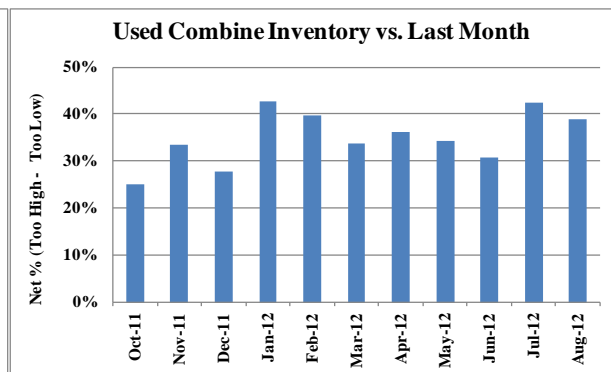
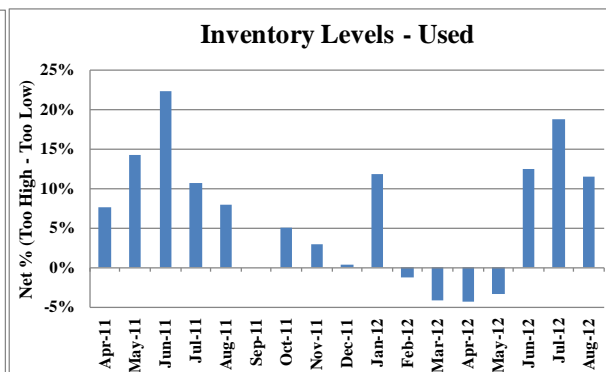
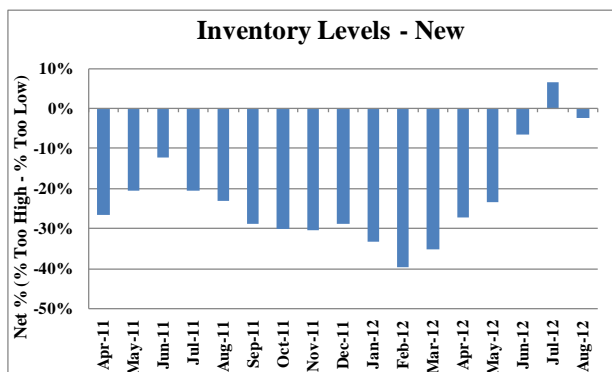
- New equipment inventory shows signs of tightening as a net 3% of dealers categorize their new inventory as “too low” (21% too high; 55% about right; 24% too low), down from a net 7% that reported “too high” last month.

Used Equipment Inventory

- Used equipment inventory appears to have decreased, as a net 12% of dealers now categorize their used inventory levels as “too high” (31% too high; 50% about right; 19% too low) compared to a net 19% who reported inventory as “too high” from last month.

Used Combine Inventory

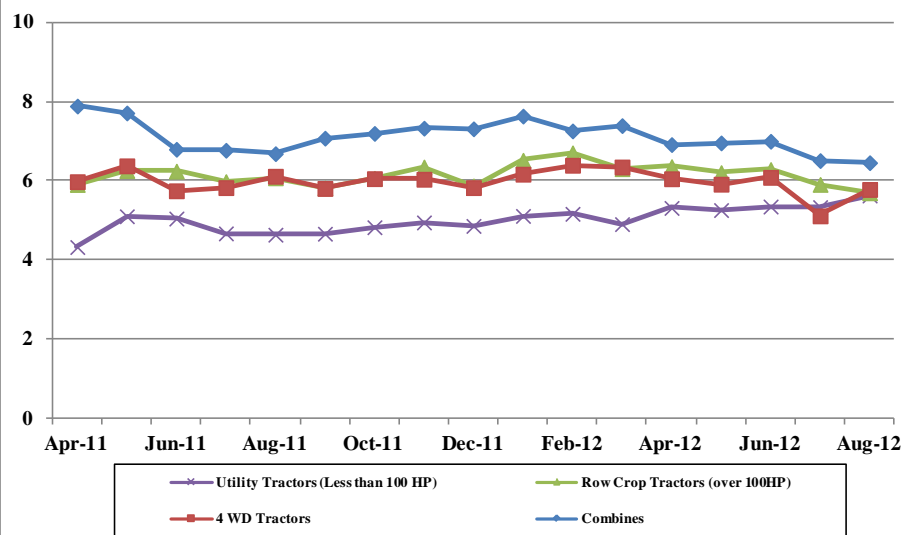
- Within the used equipment categories, a net 39% of dealers also reported used combine inventory levels are still “too high” (42% too high; 55% about right; 3% too low).



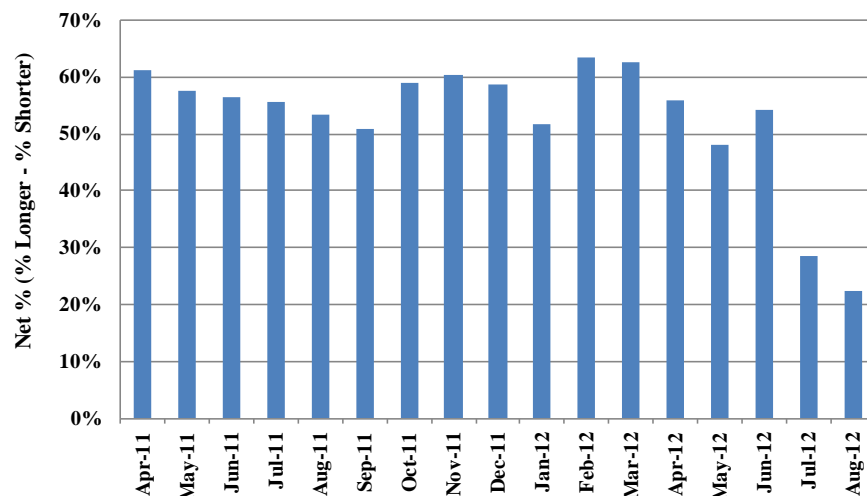
Equipment Availability

- Overall, a net 22% of dealers report longer factory lead-times compared to last month (35% longer; 53% same; 12% shorter), down from a net 29% last month. This is the first time we've observed two consecutive months where the net percent of respondents reporting longer lead times has been under 30%.
- A closer look at availability by product category shows mixed trends in lead times this month. On average combine lead times are 6.5 months; 4WD are 5.8 months; row crop tractor lead times are 5.7 months; and smaller tractors (<100 HP) lead times are 5.6 months.

Lead Times By Product Category (Months)



Lead Times - Versus Prior Month



Dealer Commentary on Used Inventory Levels

- *Farmers are keeping their equipment longer.*
- *SP Forage harvesters are scary*
- *Used tractors are very tight*
- *Still too many combines*
- *Used combines are my biggest concern*
- *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 to combines and flex heads as with many dealers throughout the country.*
- *We're heavy on used combines*
- *Market for older tractors and equipment is a concern.*
- *Used combines are concerning -- everything else is in good shape*
- *Obtaining inventory financing for it.*
- *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 in the used tractors we have they have been here too long.*
- *Deere's delivery system has not been good since about August 1st so we have a large number of 2012 new combines that will not be delivered in time for this year's harvest. They have work to do in restoring customer and dealer confidence*

Dealer Commentary on Biggest Surprise in the Month

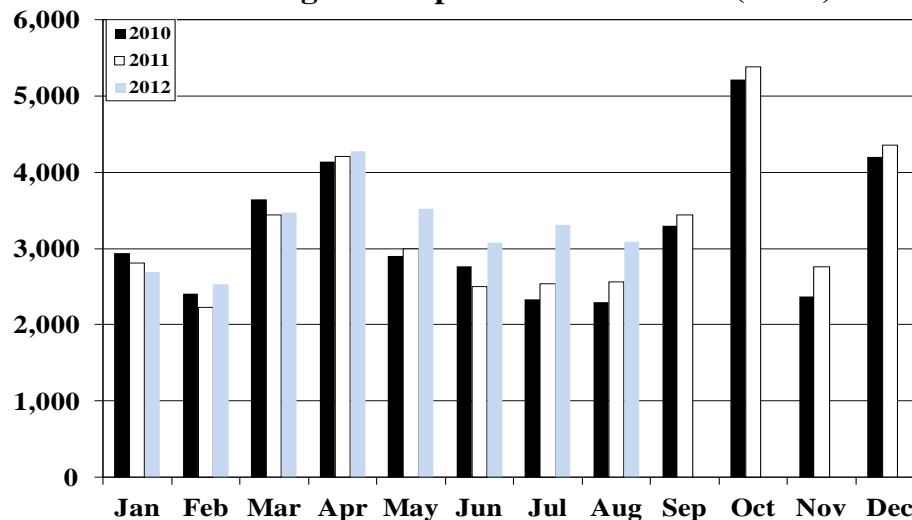
- *Reality has set in on how bad the draught will be for many of our customers. It will take them and us a couple of years to recover.*
- *How many farmers felt discouraged from the drought. They were not very optimistic about the near future.*
- *The drought went from severe to exceptional and floor traffic slowed to a crawl. Business activity was like one would expect in February!*
- *Anytime it's that hot and dry for that long it's going to impact sales.*
- *A slight move up in hay equipment sales.*
- *How the farmers where trying to farm in such dry conditions, they have are our backbone.*
- *Hay tool sales were lower than expected.*
- *The pre sell activity was very strong.*
- *Farmers are moderately optimistic that their crops will have higher yields than previous estimates.*
- *Farmers 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, soft in July was surprised the amount of retails in August.*
- *Presells 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 bucks a gallon and grass is not growing because there has been no rain in weeks*
- *Compact tractor sales were stronger than anticipated. Used hay equipment was also very strong.*
- *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.*

NA Farm Equipment Industry Retail Sales and Inventory

NORTH AMERICAN FARM EQUIPMENT RETAIL SALES														
	Units							% change year-over-year						
	< 40 HP	Utility	Row Crop	4-Wheel	Total Tractor	Memo: High hp	Combines	<40HP	Util	RC	4-WD	Total	High hp	Comb
Jan-11	3,705	3,493	2,296	507	10,001	2,803	935	0%	10%	(12%)	55%	2%	(4%)	48%
Feb-11	4,448	3,074	1,764	462	9,748	2,226	777	14%	15%	(9%)	1%	9%	(7%)	33%
Mar-11	8,894	4,973	2,816	624	17,307	3,440	973	11%	17%	(4%)	(12%)	9%	(5%)	30%
Apr-11	11,412	5,413	3,325	885	21,035	4,210	941	(9%)	(6%)	1%	4%	(6%)	2%	14%
May-11	12,601	5,133	2,403	588	20,725	2,991	815	(3%)	(11%)	(2%)	28%	(4%)	3%	(10%)
Jun-11	12,102	5,966	2,076	428	20,572	2,504	722	13%	4%	(5%)	(25%)	7%	(9%)	(37%)
Jul-11	7,687	4,717	2,074	457	14,935	2,531	1,185	(11%)	(8%)	9%	5%	(7%)	9%	(25%)
Aug-11	7,336	4,186	2,131	434	14,087	2,565	1,516	3%	2%	13%	5%	4%	12%	(5%)
Sep-11	7,843	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%
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%)
NORTH AMERICAN FARM EQUIPMENT INVENTORY														
	Inventory (Units)							Inventory to 12-mo. Sales						
	< 40 HP	Utility	Row Crop	4-Wheel	Total Tractor	Memo: High hp	Combines	<40HP	Util	RC	4-WD	Total	High HP	Comb
Dec-10	58,708	24,800	7,832	1,203	92,543	9,035	1,810	62%	45%	25%	17%	49%	23%	13%
Jan-11	60,357	25,451	7,219	1,125	94,152	8,344	1,735	64%	46%	23%	15%	50%	22%	13%
Feb-11	63,810	26,495	7,200	1,221	98,726	8,421	2,083	67%	47%	23%	17%	52%	22%	15%
Mar-11	65,267	27,435	7,716	1,213	101,631	8,929	2,128	68%	48%	25%	17%	53%	24%	15%
Apr-11	63,035	26,919	7,499	1,053	98,506	8,552	2,136	67%	48%	24%	14%	52%	22%	15%
May-11	58,905	26,579	6,951	1,122	93,557	8,073	1,826	63%	48%	23%	15%	50%	21%	13%
Jun-11	55,357	25,691	7,372	1,274	89,694	8,646	2,228	58%	46%	24%	18%	47%	23%	16%
Jul-11	55,120	25,713	7,971	1,594	90,398	9,565	2,715	58%	46%	26%	22%	48%	25%	20%
Aug-11	54,880	26,320	8,584	1,740	91,524	10,324	2,607	58%	47%	28%	24%	49%	27%	20%
Sep-11	53,873	26,448	9,073	1,806	91,200	10,879	2,666	57%	47%	29%	25%	48%	28%	20%
Oct-11	54,999	25,858	8,299	1,391	90,547	9,690	1,564	58%	46%	27%	19%	47%	25%	12%
Nov-11	57,959	27,430	8,466	1,241	95,096	9,707	1,545	61%	49%	27%	17%	50%	25%	12%
Dec-11	59,746	26,551	7,666	1,035	94,998	8,701	1,250	62%	47%	24%	14%	49%	22%	10%
Jan-12	61,967	27,298	7,277	1,222	97,764	8,499	1,338	64%	48%	23%	17%	51%	22%	11%
Feb-12	65,727	28,689	7,763	1,360	103,539	9,123	1,676	68%	50%	24%	19%	54%	23%	14%
Mar-12	68,756	29,144	8,199	1,518	107,617	9,717	1,955	72%	51%	26%	21%	56%	25%	17%
Apr-12	66,562	28,743	8,241	1,472	105,018	9,713	1,961	68%	50%	26%	20%	54%	25%	17%
May-12	65,188	28,322	8,930	1,659	104,099	10,589	2,258	66%	48%	27%	22%	53%	26%	20%
Jun-12	62,380	27,773	9,395	1,665	101,213	11,060	2,476	63%	47%	28%	22%	51%	27%	21%
Jul-12	61,495	28,135	10,351	1,950	101,931	12,301	2,791	61%	48%	31%	26%	51%	30%	24%

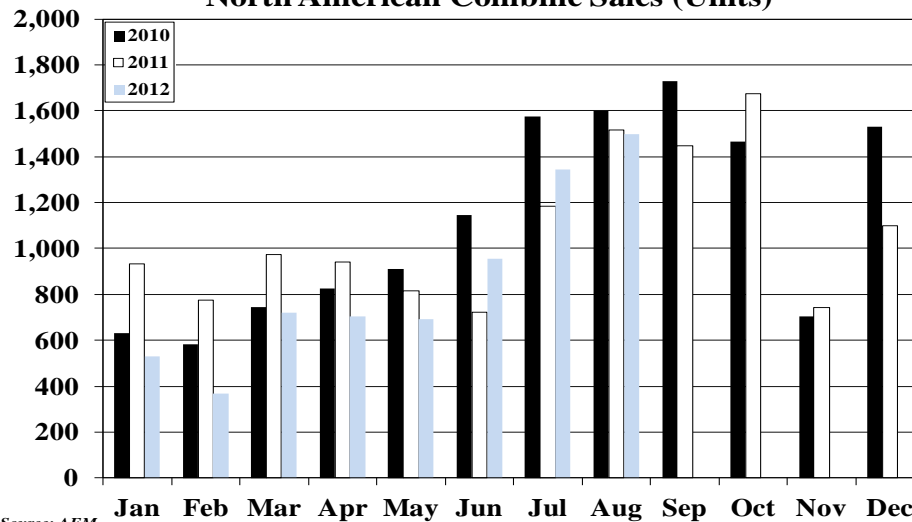
Annual Ag Equipment Industry Sales – 2010-2012

NA High-Horsepower Tractor Sales (Units)



Source: AEM

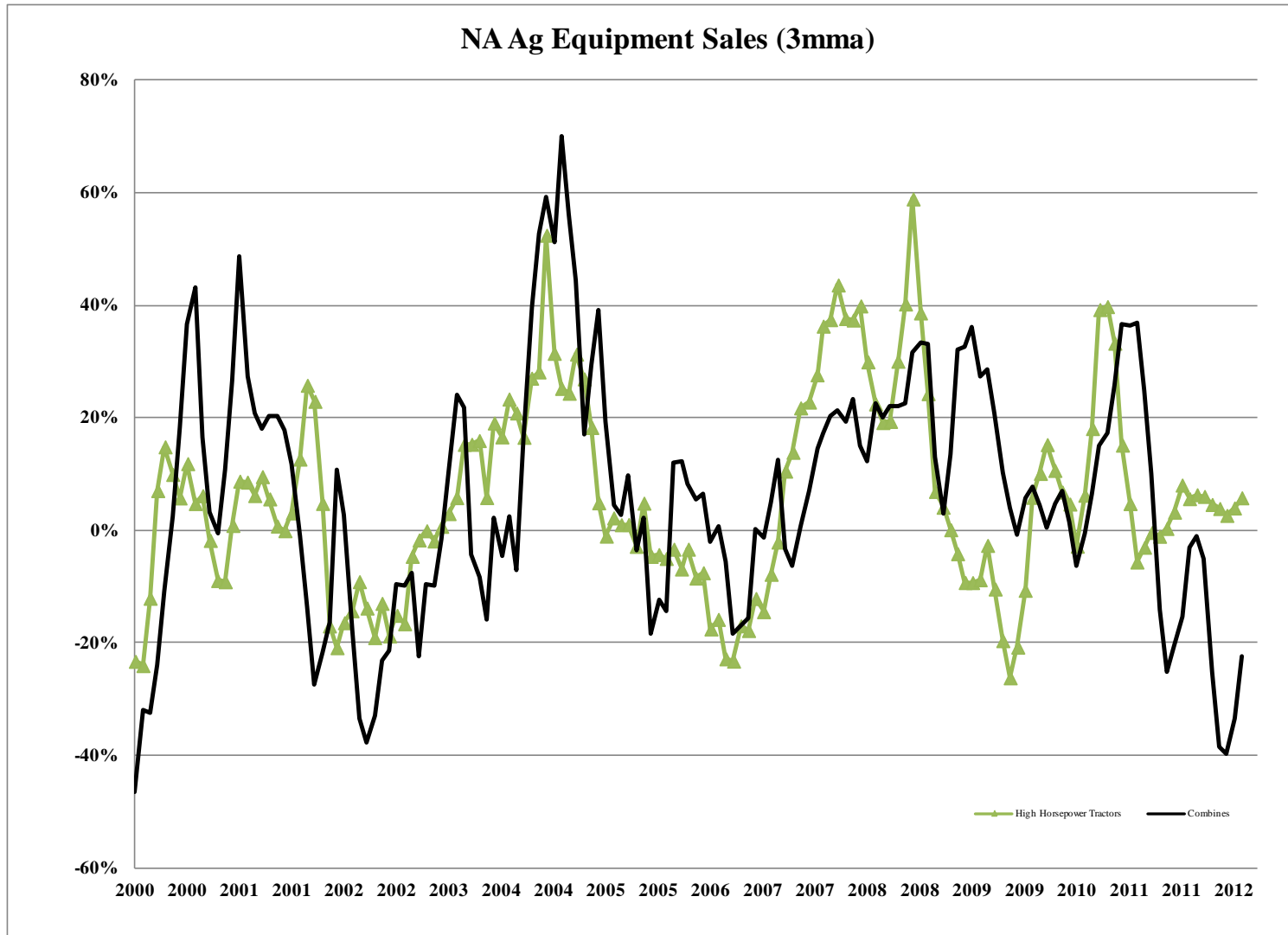
North American Combine Sales (Units)



Source: AEM

Source: AEM

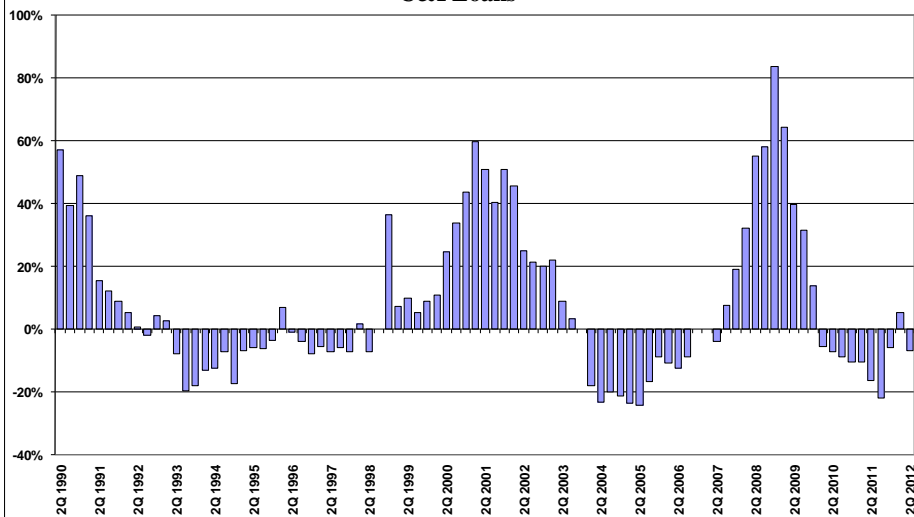
NA Ag Equipment Sales



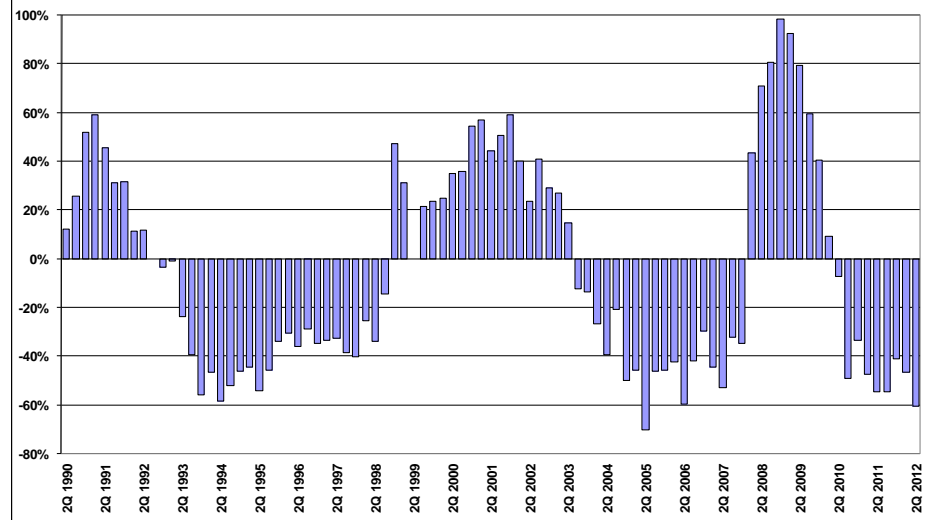
Credit – C&I Loan Demand Improves as Lending Standards Loosen

- 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

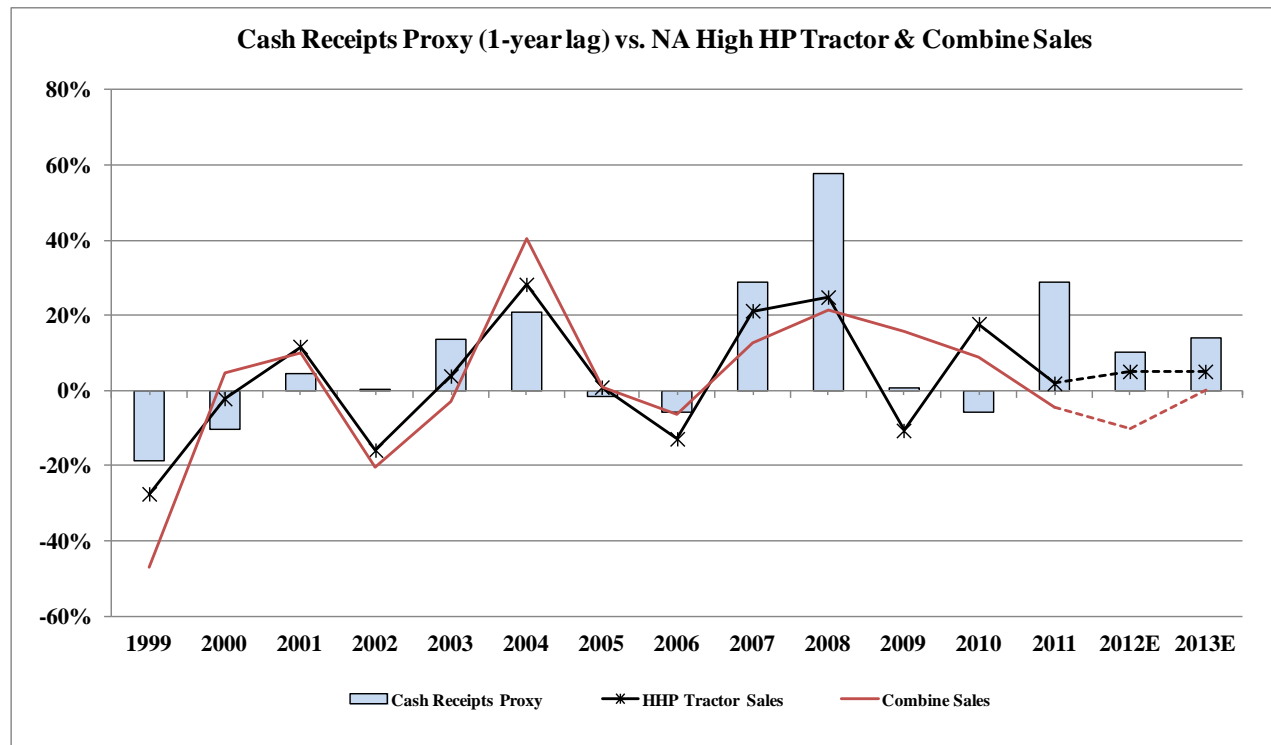


Net % of Domestic Respondents Increasing Spreads of Loan Rates Over Banks' Cost of Funds



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

The USDA's September crop supply and demand forecast for the 2012/13 crop year shows a slight negative revision in our simplified cash receipts proxy. The updated projections for the 2012/2013 crop year shows a modest decrease in our simplified cash receipts proxy as a slight negative price revision in corn and wheat compared to last month resulted in lower total cash receipts. Our simplified cash receipts proxy now stands at just over \$145Bil, or about 14% above last year's levels compared to 18% last quarter. 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				
August	10,779	9,925	1,300	11,225	650	6.5%	\$7.50-\$8.90	August	22,646	23,996	4,206	17.5%
September	10,727	10,000	1,250	11,250	733	7.3%	\$7.20-\$8.60	September	22,384	23,727	4,146	17.5%
Revision to 2011/12:								Corn Spot Price: \$8.24				
m/m chg	-52	75	-50	25	83	0.8%	(\$0.30)	m/m chg	-262	-269	-59	-0.1%
y/y chg	-1,631	-1,005	-400	-1,405	-118	-0.4%	\$1.80	y/y chg	374	556	-89	-0.8%

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												
August	2,692	2,742	1,110	3,852	115	4.2%	\$15.00-\$17.00	August	6,878	7,809	1,846	23.6%
September	2,634	2,670	1,055	3,725	115	4.3%	\$15.00-\$17.00	September	6,850	7,818	1,836	23.5%
Revision to 2011/12:								Soybean Spot Price: \$16.70				
m/m chg	-58	-72	-55	-127	0	0.1%	\$0.00	m/m chg	-28	10	-10	-0.2%
y/y chg	-422	-441	-280	-721	-60	-1.3%	\$3.65	y/y chg	1221	283	51	-0.2%

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												
August	2,268	1,243	1,200	2,443	698	56.2%	\$7.60-\$9.00	August	22,086	23,862	5,812	24.4%
September	2,268	1,243	1,200	2,443	698	56.2%	\$7.50-\$8.70	September	21,936	23,767	5,795	24.4%
Revision to 2011/12:								Wheat Spot Price: \$8.87				
m/m chg	0	0	0	0	0	0.0%	(\$0.20)	m/m chg	-150	-95	-17	0.0%
y/y chg	269	44	145	189	-30	-4.6%	\$0.85	y/y chg	-1571	-602	-663	-2.1%

FARMER CROP RECEIPTS							CROP CASH RECEIPTS*				
	Production:			Avg Price:							
	Corn	Soybeans	Wheat	Corn	Soybeans	Wheat	Corn	Soybeans	Wheat	Total	y/y % Chg
2010/11	12,447	3,329	2,207	\$5.25	\$11.40	\$5.65	\$65,347	\$37,951	\$12,470	\$115,767	29%
2011/12	12,358	3,056	1,999	\$6.10	\$12.35	\$7.25	\$75,384	\$37,742	\$14,493	\$127,618	10%
2012/13											
June	14,790	3,205	2,234	\$4.60	\$13.00	\$6.15	\$68,034	\$41,665	\$13,739	\$123,438	-3%
July	12,970	3,050	2,224	\$5.90	\$14.00	\$6.80	\$76,523	\$42,700	\$15,123	\$134,346	5%
August	10,779	2,692	2,268	\$8.20	\$16.00	\$8.30	\$88,388	\$43,072	\$18,824	\$150,284	18%
September	10,727	2,634	2,268	\$7.90	\$16.00	\$8.10	\$84,743	\$42,144	\$18,371	\$145,258	14%

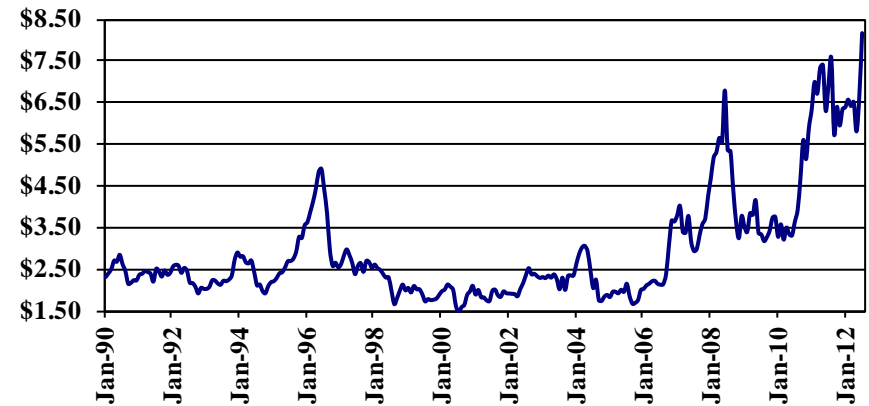
*Note: Cash receipts estimated as USDA production X USDA average price forecast

Commodity Price Trends – Corn, Soybean, Wheat, Cotton

Wheat Price Trends



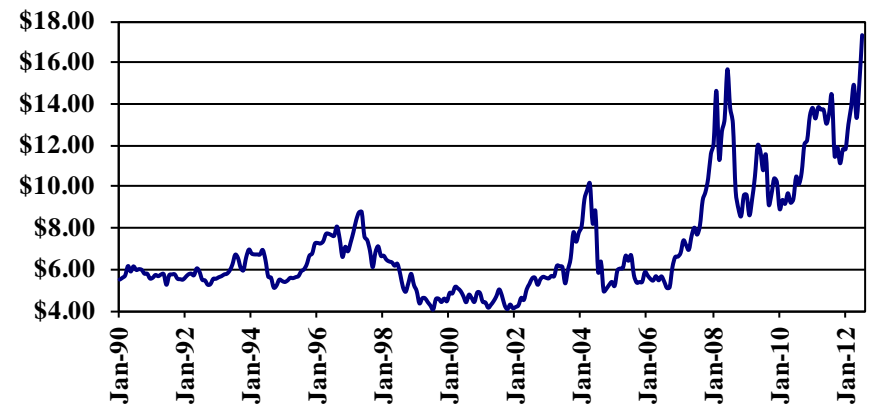
Corn Price Trends



Cotton Price Trends

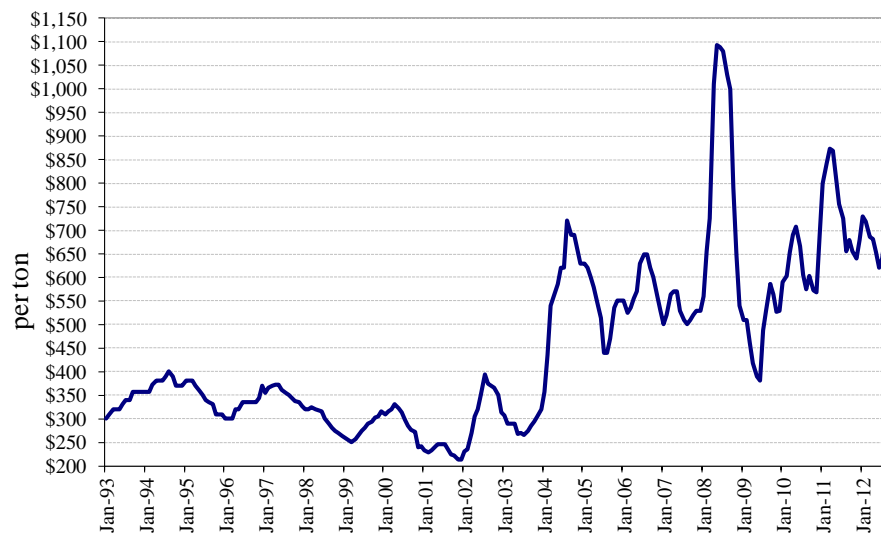


Soybean Price Trends



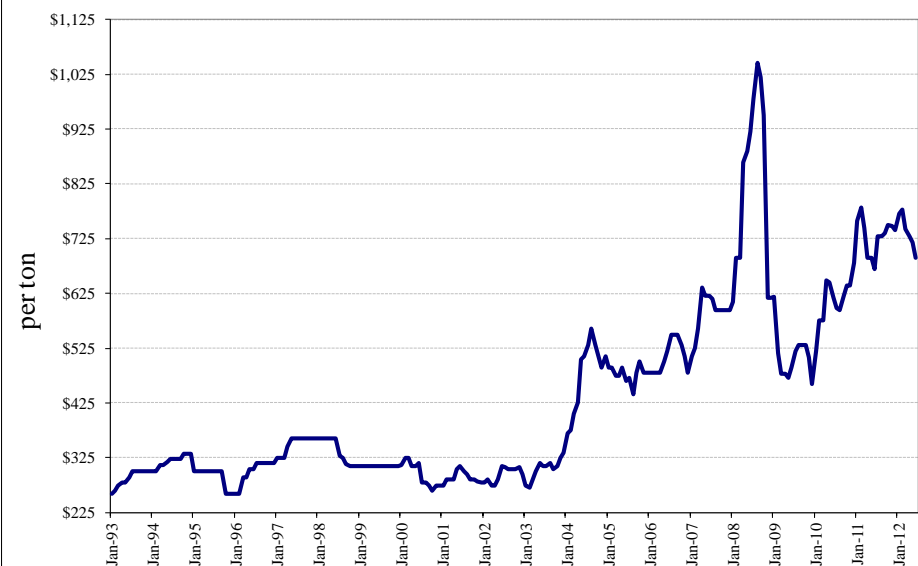
Commodity Price Trends – Steel

Domestic Hot Rolled Sheet Prices



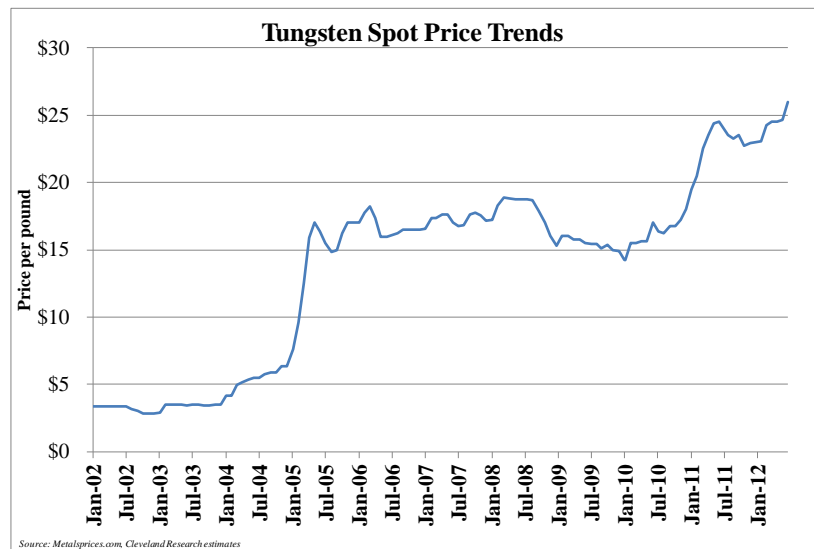
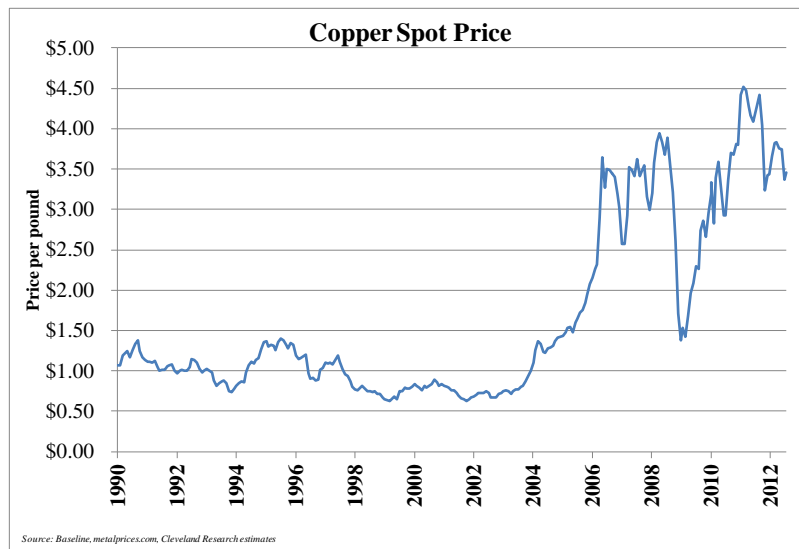
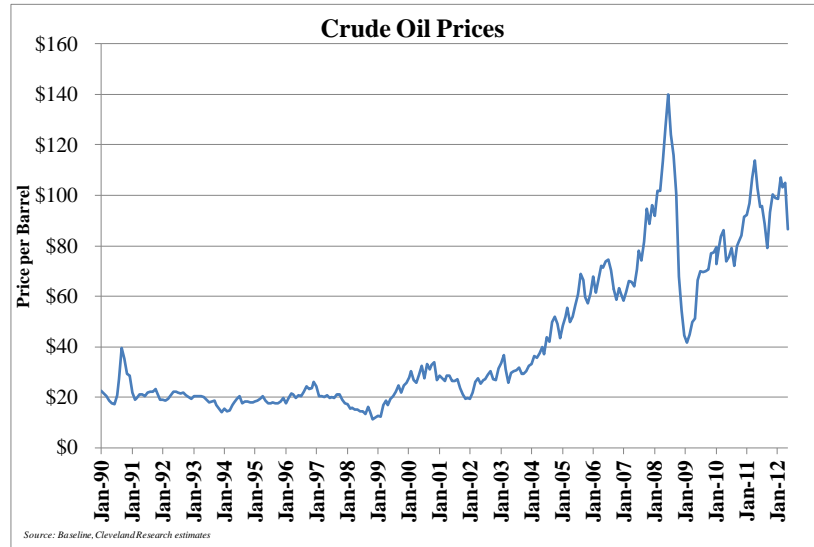
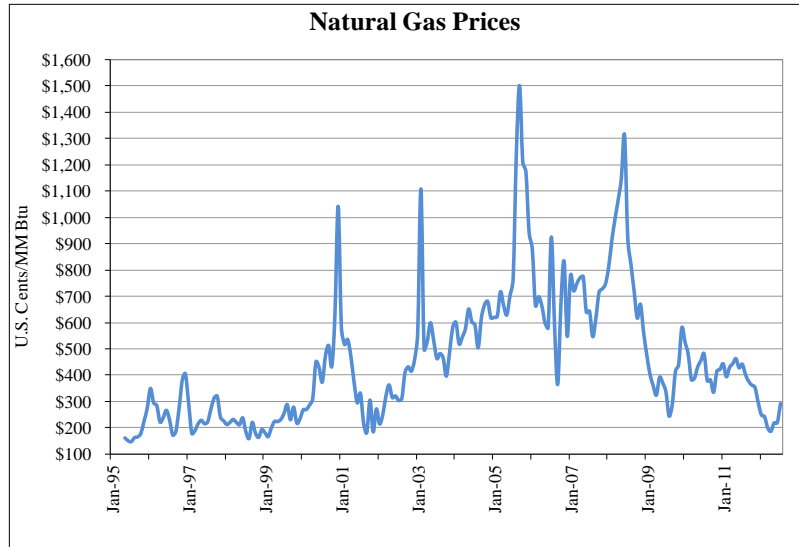
Source: Steel Business Briefing, CRC Estimates

Domestic Reinforcing Bar (Rebar) Prices



Source: Steel Business Briefing; Energy Information, Baseline

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



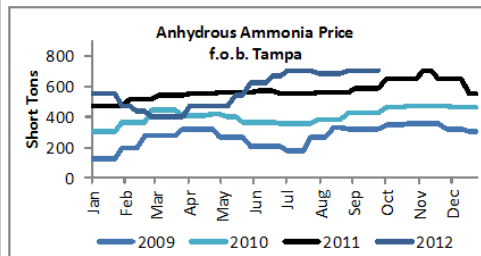
Commodity Trends – Long Run Supply and Demand Projections

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

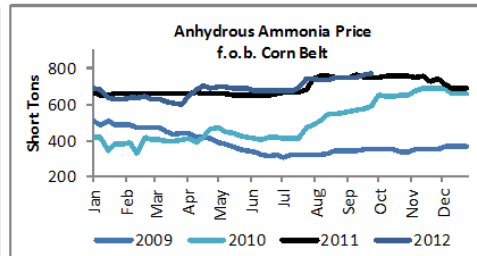
SOYBEANS - DOMESTIC							
<u>Year</u>	<u>Production</u>	<u>Domestic Use</u>	<u>Exports</u>	<u>Total Use</u>	<u>End Stocks</u>	<u>Stocks/Use</u>	<u>Avg Price</u>
2007/08	2,676	1,893	1,161	3,054	205	6.7%	\$10.10
2008/09	2,967	1,763	1,283	3,046	138	4.5%	\$9.97
2009/10	3,359	1,860	1,501	3,361	151	4.5%	\$9.59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

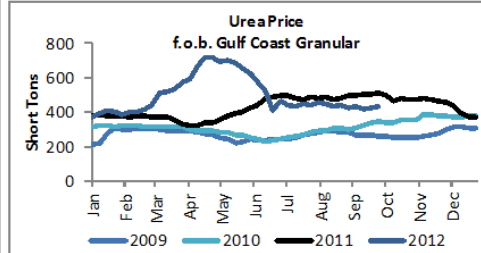
Other Input and Chemical Costs – 2009-2012



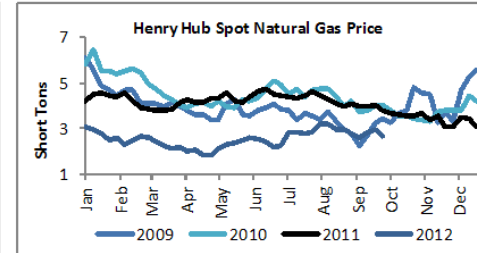
Source: Green Market Fertilizer



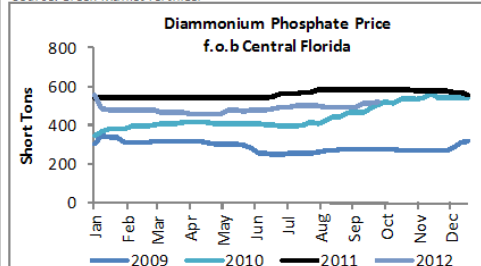
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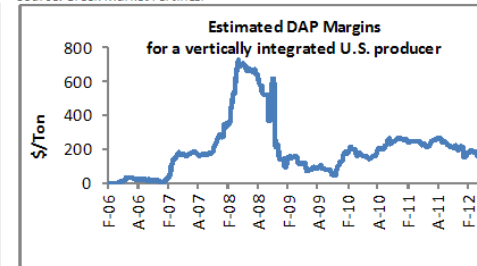
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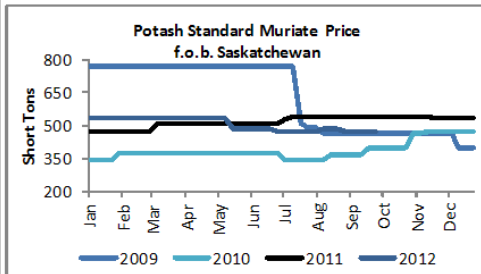
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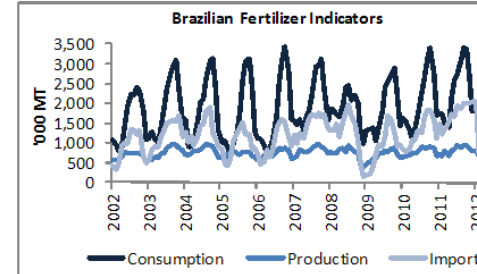
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Source: Green Market Fertilizer

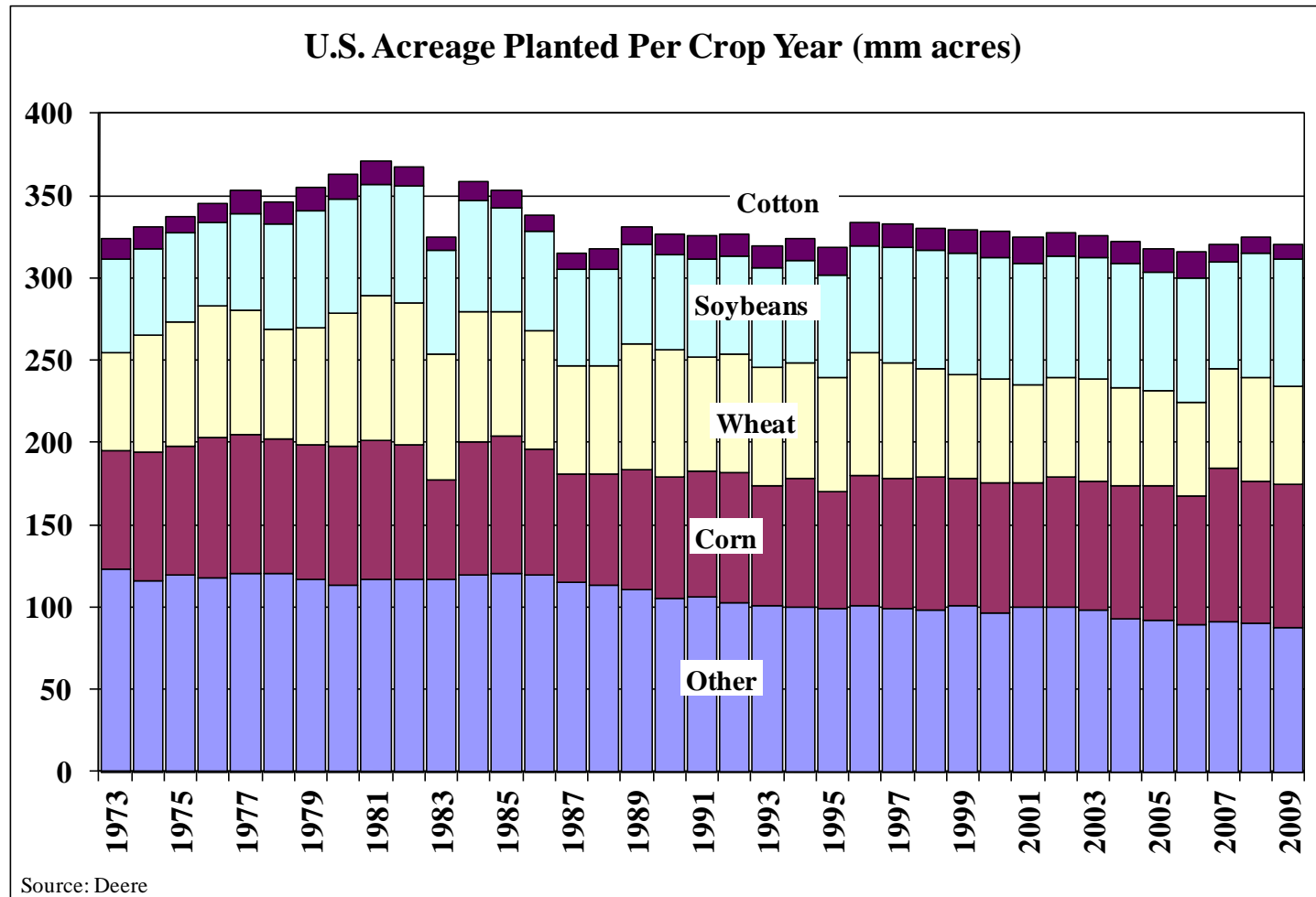


Source: Green Market Fertilizer



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