

Ag Equipment Intelligence

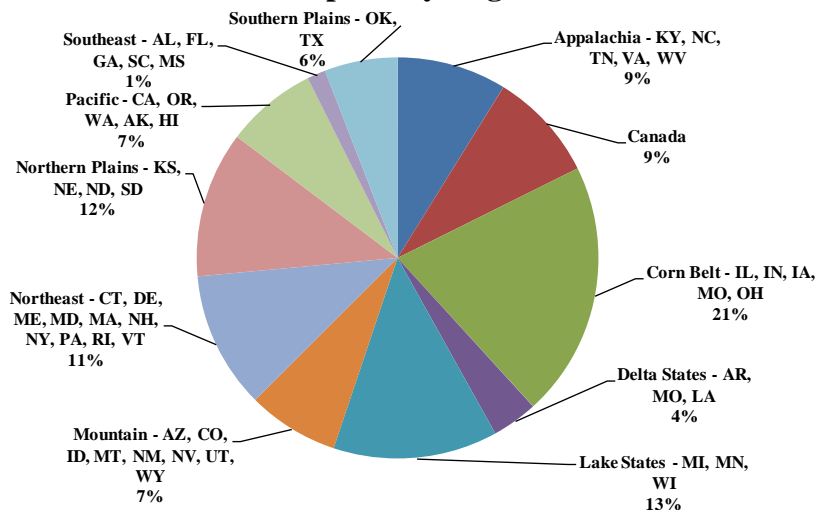
February 2013 Dealer Sentiments &
Business Conditions Update

Monthly Ag Equipment Intelligence North American Dealer Survey

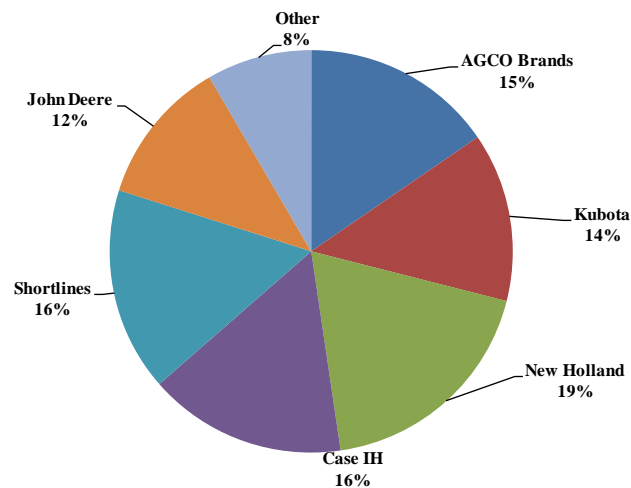
Background:

- We are pleased to announce the results of the February Ag Equipment Intelligence survey conducted in partnership with Cleveland Research Company. We hope this monthly survey will provide valuable and timely insight into industry trends and fundamentals.
- The February survey had ~137 respondents representing combined annual revenues of roughly \$3.9 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 5% in January**– Ag equipment dealers reported year-over-year sales grew 5% on average in January, down from 9% the prior month. Case IH saw the highest growth at 7%, while AGCO was the weakest and saw sales down -2%.
- **2013 Dealer Outlook higher at 4%** – John Deere, Kubota, and Shortlines dealers are the most optimistic, while New Holland and “Other” dealers hold the weakest outlooks. The 2013 outlook is up 2% sequentially from the prior month, when dealers expected 2% growth for 2013.
- **Dealer Optimism Increased**– Our Dealer Optimism Index, a measure of sentiment amongst dealers compared to the prior month, increased in January, with 19% of dealers reporting they have a more optimistic outlook now versus a net 10% last month (34% are more optimistic; 51% same; 15% are less optimistic).

Optimism/Sentiment vs. Last Month

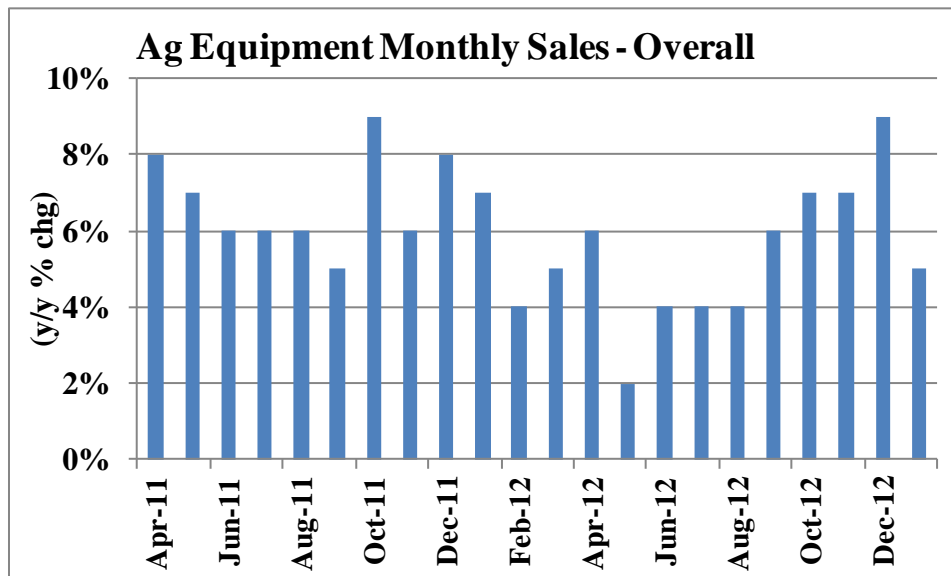
	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
More Optimistic	33%	25%	31%	32%	30%	25%	36%	33%	30%	38%	29%	25%	22%	15%	14%	18%	28%	31%	27%	28%	28%	34%
Same	54%	54%	44%	49%	55%	58%	55%	55%	54%	53%	57%	59%	62%	61%	49%	44%	54%	54%	54%	52%	55%	51%
Less Optimistic	13%	21%	25%	20%	15%	17%	9%	12%	16%	10%	14%	17%	17%	24%	37%	38%	18%	15%	20%	20%	18%	15%
Net % (More-1	21%	3%	6%	12%	15%	8%	26%	21%	14%	29%	15%	8%	5%	-9%	-23%	-19%	10%	15%	7%	8%	10%	19%

Monthly Sales Growth

- Ag equipment dealers reported year-over-year sales grew 5% on average in January, down from 9% the prior month.
- Case IH saw the highest growth at 7%, while AGCO was the weakest and saw sales down -2%.
- A net 5% of participants categorized January results as “better-than-expected” (23% better-than-expected; 59% in-line with expectations; 18% worse-than-expected), down from 25% last month.

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

Monthly Sales Growth Continued



Percent Positive / Negative Growth

	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
Positive Sales G	69%	60%	56%	66%	67%	61%	65%	65%	76%	57%	49%	60%	67%	55%	53%	49%	59%	58%	61%	70%	69%	48%
Flat Sales	18%	14%	23%	15%	16%	23%	20%	22%	11%	29%	30%	22%	19%	16%	26%	16%	15%	21%	17%	12%	14%	28%
Negative Sales C	14%	25%	21%	18%	18%	16%	15%	13%	13%	14%	20%	18%	14%	29%	21%	34%	27%	21%	22%	18%	17%	24%
Net % (Positive)	55%	35%	35%	48%	49%	45%	50%	52%	63%	42%	29%	42%	52%	25%	31%	15%	32%	37%	39%	52%	52%	25%

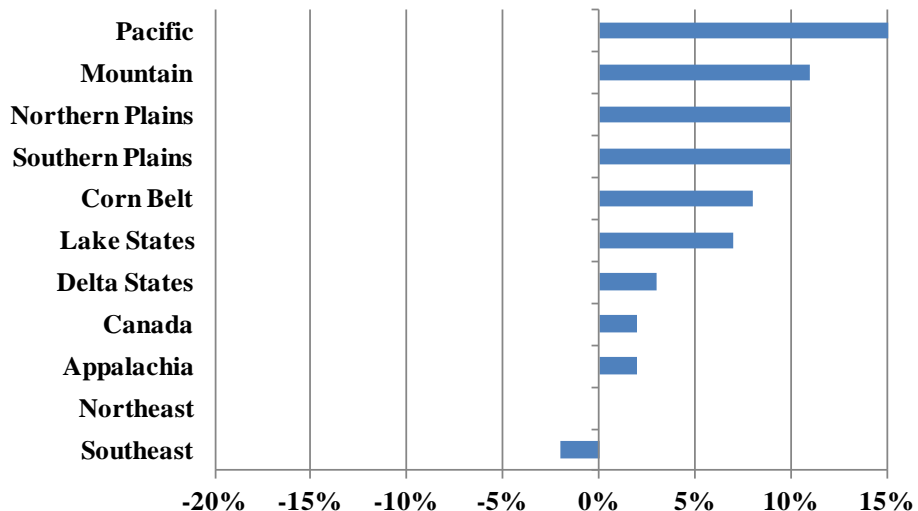
Results vs. Expectations

	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13
Better than expe	28%	26%	27%	27%	30%	29%	35%	32%	41%	28%	19%	20%	24%	22%	23%	21%	30%	25%	26%	35%	38%	23%
In line with expe	51%	44%	48%	54%	52%	56%	48%	54%	47%	56%	54%	66%	63%	52%	51%	44%	41%	56%	54%	48%	49%	59%
Worse than expe	21%	30%	25%	19%	18%	15%	17%	13%	12%	16%	26%	14%	14%	25%	26%	35%	29%	19%	20%	17%	13%	18%
Net % (Better -	7%	-4%	1%	8%	13%	14%	18%	19%	29%	12%	-7%	7%	10%	-3%	-3%	-14%	1%	6%	5%	18%	25%	5%

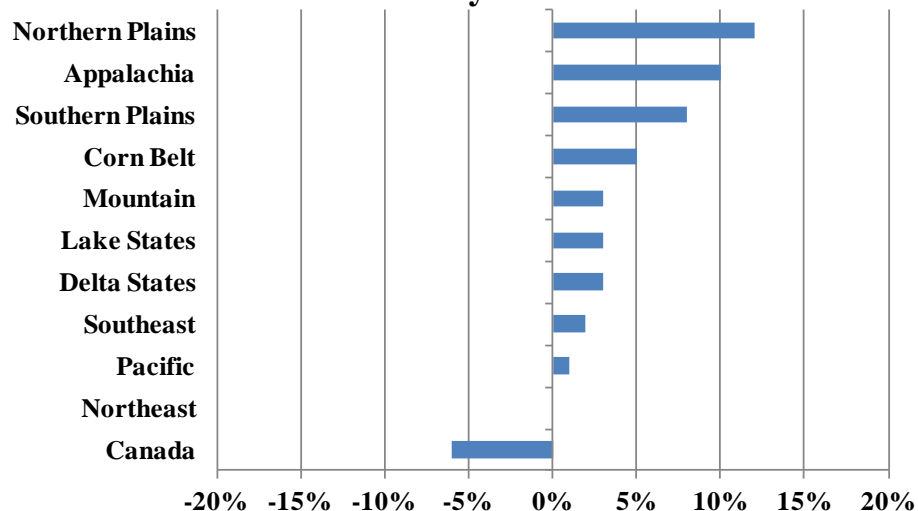
Monthly Sales Growth by Region

- Nine out of eleven regions showed positive average monthly sales growth in January, the same as in December. The Northern Plains saw the best performance, while Canada was the only region to decline.
- On a sequential basis, Appalachia saw the most significant acceleration, while the Pacific saw the most significant decline.

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



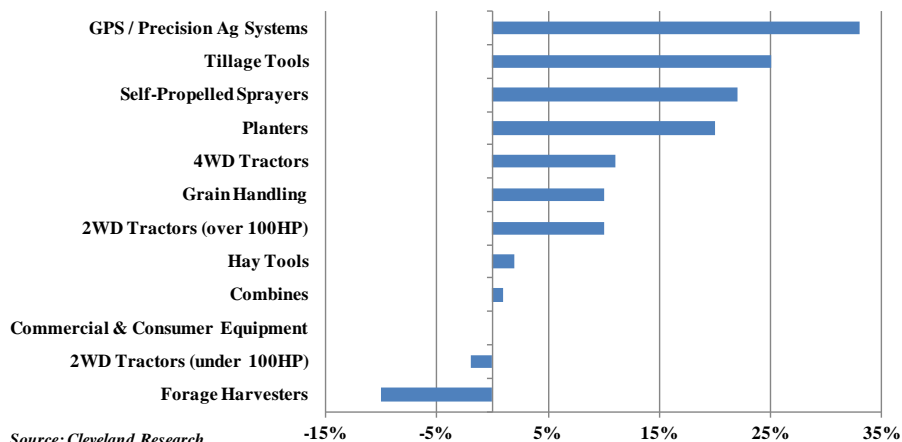
**Average Monthly Sales Growth by Region
January 2013**



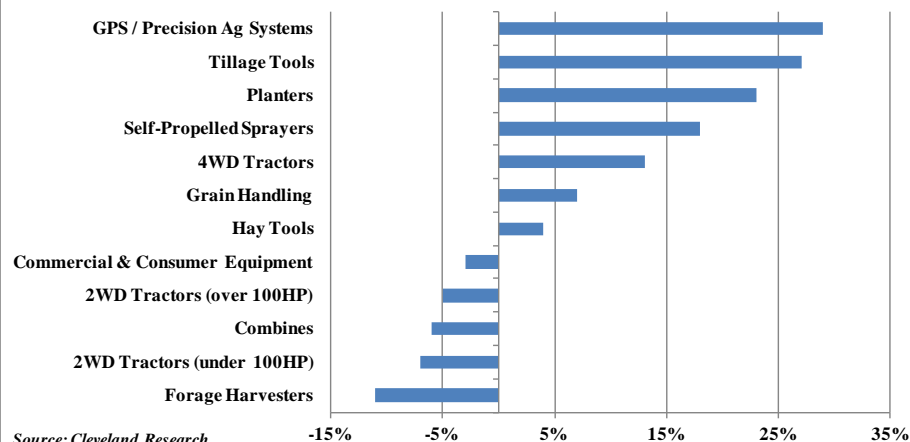
Equipment Category Sales Trends

- Seven out of twelve product categories ranked in positive territory in January, down from nine last month. GPS/precision ag systems were the best performing category, while forage harvesters saw the sharpest decline.
- On a sequential basis, planters saw the strongest improvement, while 2WD tractors over 100 HP saw the most significant sequential decline.

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

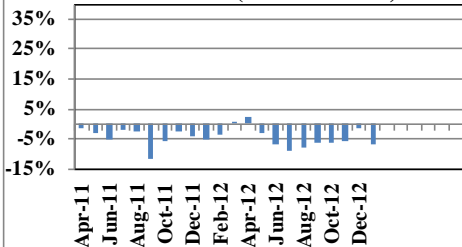


Product Category Ranking (Net % Strong - Weak)
January 2013

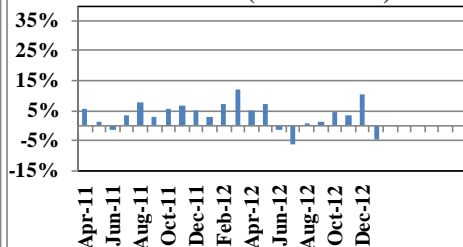


Equipment Category Sales Trends

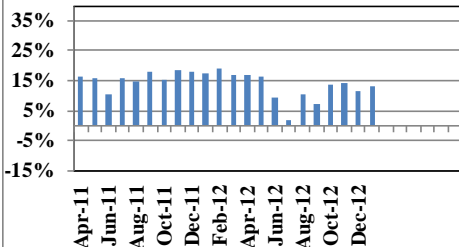
2WD Tractors (under 100HP)



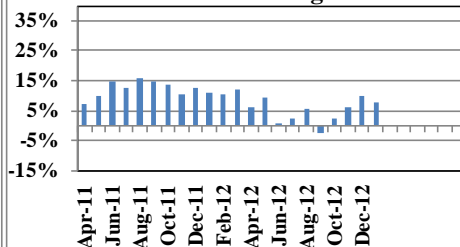
2WD Tractors (over 100HP)



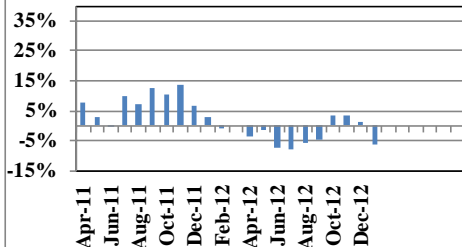
4WD Tractors



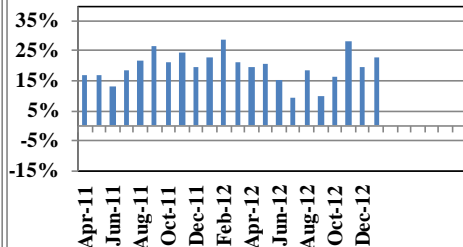
Grain Handling



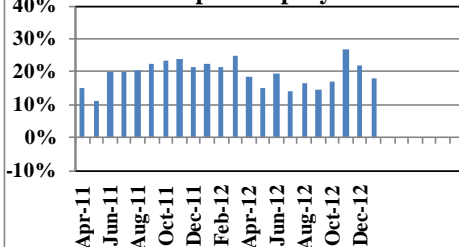
Combines



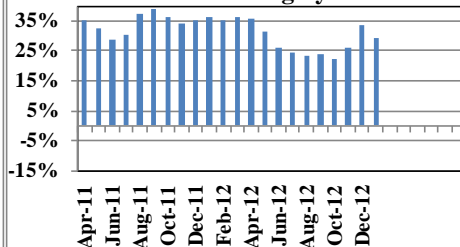
Planters



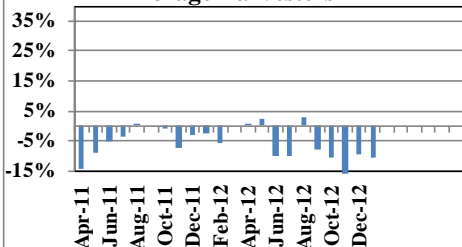
Self-Propelled Sprayers



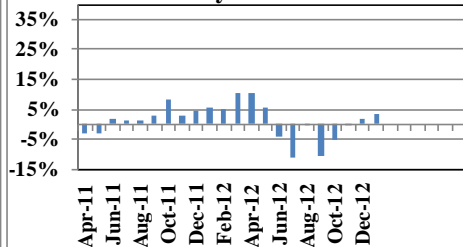
GPS / Precision Ag Systems



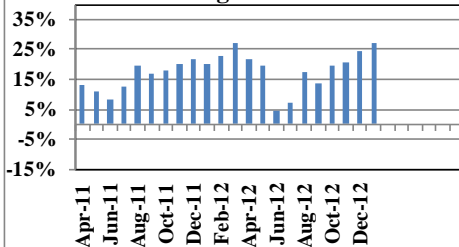
Forage Harvesters



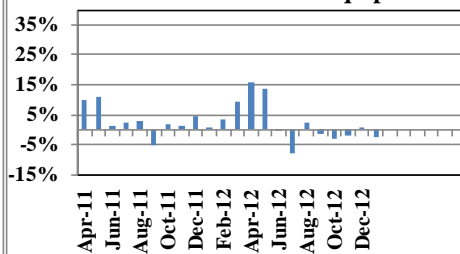
Hay Tools



Tillage Tools



Commercial & Consumer Equipment



Dealer Commentary on Monthly Sales

- *We think year end buying filled the pipeline*
- *We had weather that was extremely cold and icy, unlike last year*
- *Better than expected crop yields and strong prices. The potential loss of depreciation and other tax incentives spurred more buying.*
- *I have major concern on continuing drought.*
- *We had an extremely strong close to 2012 then everything died...*
- *We had more yearend tax buying than we projected.*
- *Light construction equipment was the big seller in January.*
- *Winter conditions never lead to much activity.*
- *We saw an unusually strong Jan for our area.*
- *New Holland, Kioti, and Yanmar all drank the same eggnog at Christmas-they all chopped their incentives drastically in January, when compared to 4th quarter 2012*
- *Sales have taken a slow down.*
- *The amount of shopping customers are doing it surprising. Normally Jan and Feb are the slowest months of the year. Not this year. Maybe crop insurance checks have come in the mail*
- *Sales have been slower than normal.*
- *We're seeing a holdback on new purchases.*
- *We saw robust planter sales considering we had a drought & are still low on moisture.*
- *NH rescheduled (6) H9880 bale wagons on order until the next build schedule. MF has not scheduled (2) of our 2170XD balers and (3) of the 1844S balers.*
- *If it's not ordered 6 to 8 months ahead your not going to get it. Dealers are not giving up stock orders even for retail*

Order Growth

Overall Orders

- Incoming orders grew 3% on average in January, down from 4% in December.
- John Deere and Shortlines saw the highest orders growth at 5%, while New Holland saw orders flat.

New Combine Order Intentions

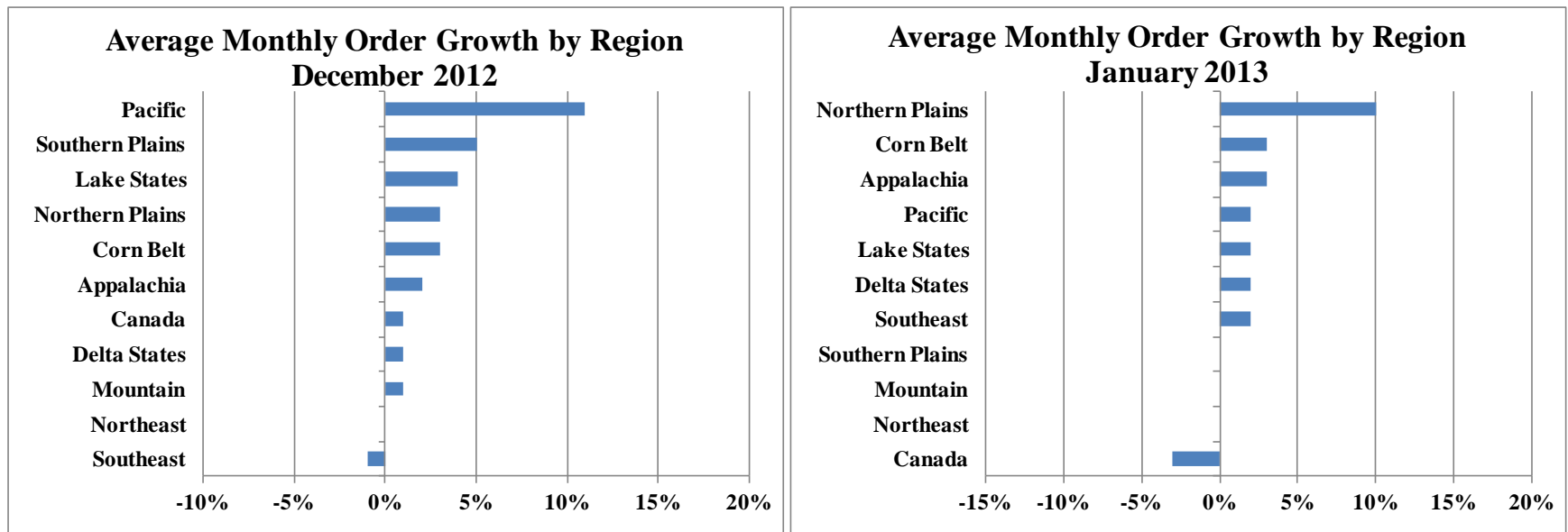
- A net 2% of dealers believe they will order fewer combines compared to last year vs. 7% last month. This is the highest reading on combine orders since we started the survey.

New Combine Order Intentions vs. Last Year																		
	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>
More	22%	20%	21%	20%	11%	14%	15%	14%	9%	10%	7%	6%	11%	6%	15%	21%	20%	20%
Same	47%	48%	48%	53%	60%	61%	63%	63%	64%	54%	69%	55%	58%	68%	52%	52%	54%	59%
Less	31%	32%	31%	27%	29%	25%	22%	24%	27%	37%	24%	39%	31%	26%	32%	28%	26%	21%
Net % (More- Less)	-10%	-12%	-10%	-7%	-18%	-10%	-8%	-10%	-17%	-27%	-18%	-33%	-19%	-20%	-17%	-7%	-7%	-2%

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

Order Growth by Region

- Seven out of eleven regions showed positive monthly orders growth in January, down from nine out of eleven in December. The Northern Plains was the top-performing region, while the Canada was the only region to see decline.
- On a sequential basis, the Northern Plains showed the most significant improvement, while the Pacific demonstrated the most significant slowdown in orders.



2013 Sales Outlook

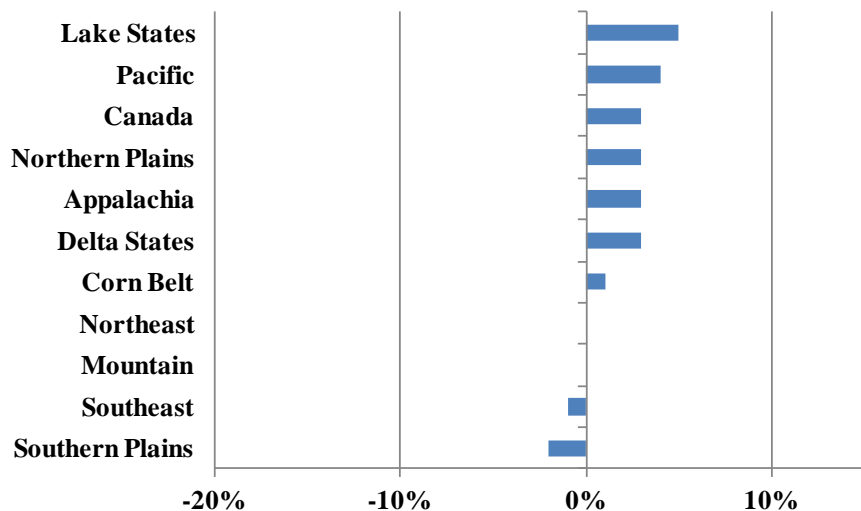
- For 2013, dealers are forecasting 4% sales growth. This is up from last month, when the outlook was at 2%.
- John Deere, Kubota, and Shortlines dealers are the most optimistic this month, while New Holland and “Other” dealers anticipate growth of only 1% in 2013.

Dealer Outlook																		
(% chg v/v)	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>
	2012 Outlook													2013				
Overall	5%	2%	4%	4%	3%	5%	5%	4%	6%	3%	4%	3%	4%	3%	2%	4%	2%	4%
By Brand	<u>Aug-11</u>	<u>Sep-11</u>	<u>Oct-11</u>	<u>Nov-11</u>	<u>Dec-11</u>	<u>Jan-12</u>	<u>Feb-12</u>	<u>Mar-12</u>	<u>Apr-12</u>	<u>May-12</u>	<u>Jun-12</u>	<u>Jul-12</u>	<u>Aug-12</u>	<u>Sep-12</u>	<u>Oct-12</u>	<u>Nov-12</u>	<u>Dec-12</u>	<u>Jan-13</u>
AGCO	9%	8%	9%	8%	4%	6%	7%	3%	8%	7%	6%	2%	3%	4%	4%	3%	3%	2%
John Deere	4%	1%	2%	3%	2%	6%	6%	4%	9%	5%	9%	7%	8%	4%	2%	6%	3%	4%
New Holland	5%	5%	5%	5%	4%	2%	3%	4%	3%	1%	1%	0%	2%	1%	0%	0%	-1%	1%
Case IH	4%	3%	5%	4%	3%	3%	2%	3%	3%	-1%	-1%	-1%	0%	2%	2%	2%	-1%	3%
Kubota	5%	7%	4%	4%	6%	4%	4%	3%	3%	4%	6%	-1%	4%	3%	2%	0%	0%	4%
Shortlines	3%	2%	1%	2%	2%	2%	3%	6%	4%	7%	5%	2%	3%	5%	0%	2%	0%	4%
Other	3%	4%	6%	4%	7%	5%	3%	4%	3%	5%	-2%	2%	4%	3%	3%	-2%	2%	1%

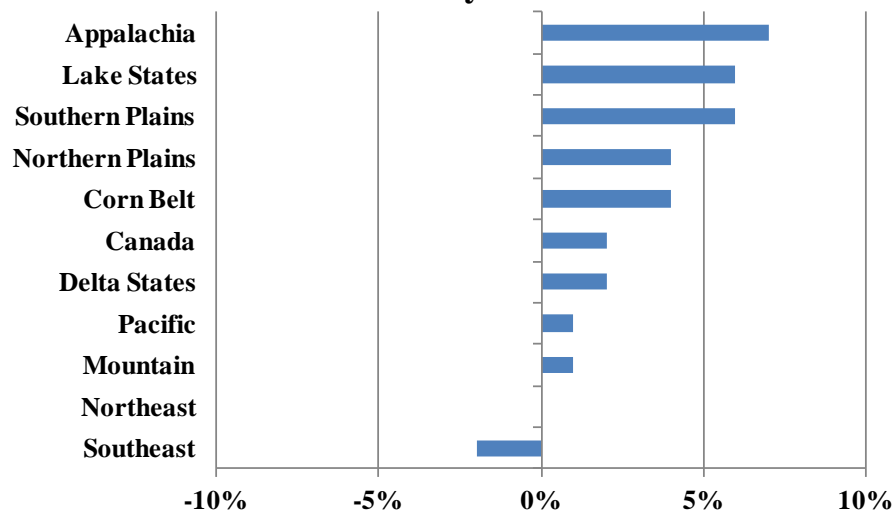
2013 Sales Outlook Continued

- Nine out of eleven regions are projecting a positive full year 2013 sales outlook in January, up from seven last month. Appalachia is the most optimistic, while the Southeast is expecting sales to decline in 2013.
- In December, the Lake States were the most optimistic, while the Southeast and Southern Plains were expecting sales to decline in 2013.

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



**Average Monthly Sales Outlook by Region
January 2013**

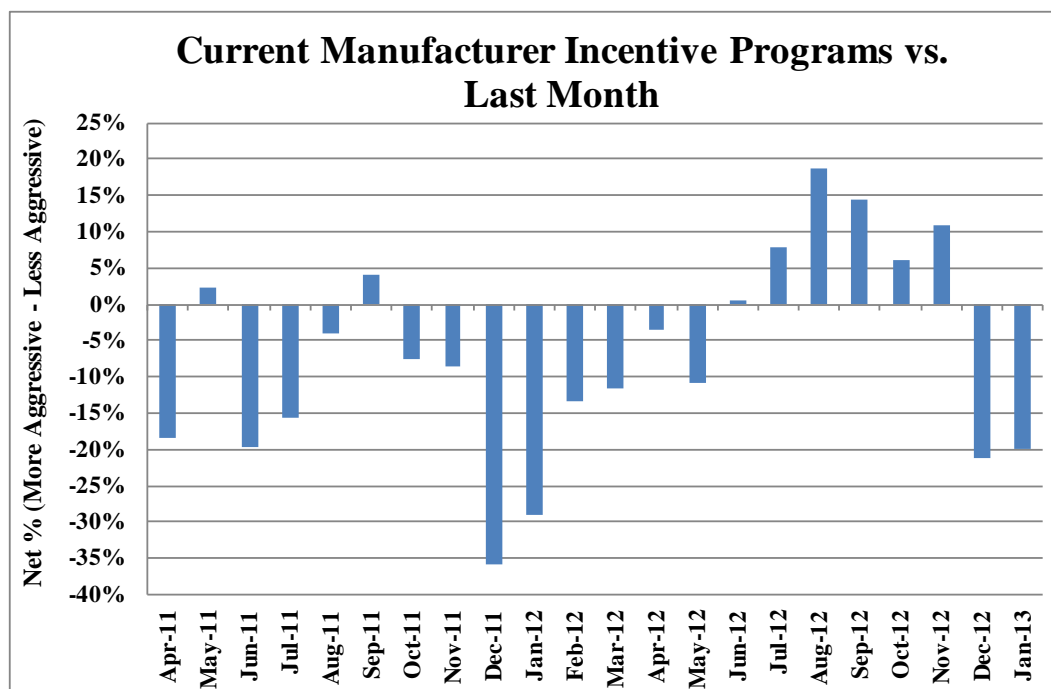


Dealer Commentary on 2013 Outlook

- *I'm more optimistic because I'm supposed to have some equipment this year . Starting in June we will start to see some deliveries.*
- *I'm more optimistic about the year mainly driven by addition of extended product line*
- *Farm commodity prices remain the #1 incentive for maintaining or some increase*
- *Combines will be delayed due to the Tier 4 changeover. This will affect share for the 4th quarter.*
- *Tractors have me worried about this year because all versions tight supply*
- *The hesitation from the farmer giving way to go ahead on purchase.*
- *Customers filtering in to dealership earlier this January.*
- *New Holland programs are not generous right now so that has me concerned.*
- *The price increase for the tier 4 tractors is worrisome*
- *Carry over of the depreciation and 179 tax schedules will help this year.*
- *Strong positive thoughts of farmers are a good sign. Some are concerned about drought however.*
- *I'm concerned about the push back on prices, and what you can sell used for. Used is going higher .*
- *Customers are still talking about purchasing equipment even though the irrigation water supply is severley low because of very little precipitation in this area.*

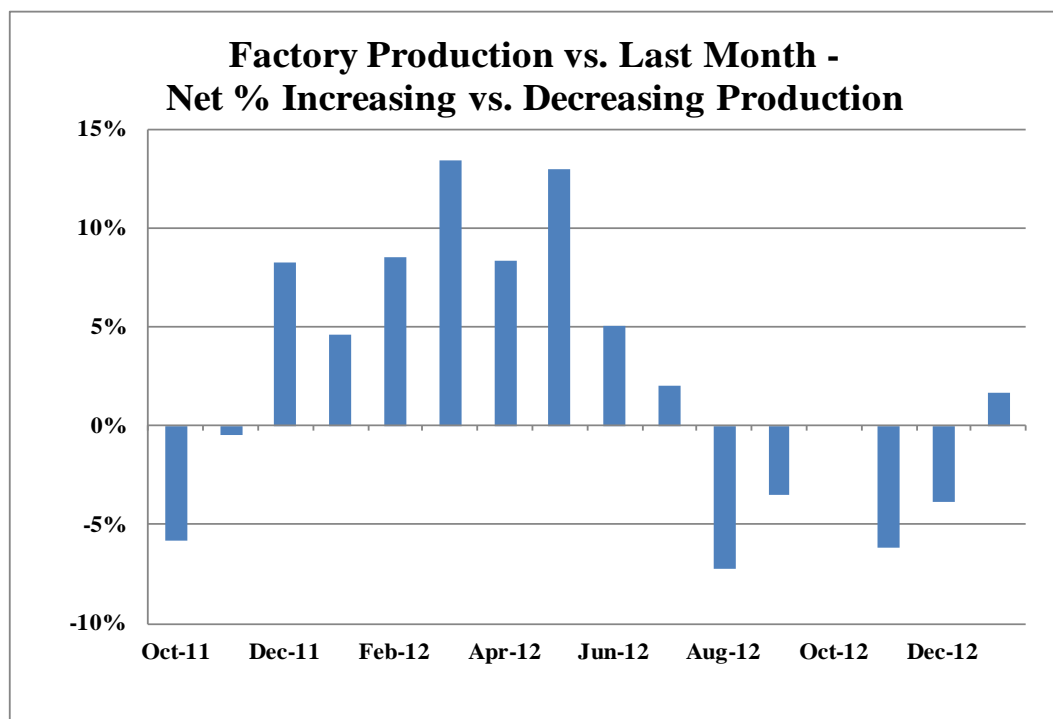
Current Manufacturer Incentive Programs

- A net 20% of dealers report that manufacturers are less aggressive with incentives in January (10% more aggressive; 59% same; 30% less aggressive) compared to a net 21% who reported manufacturers were less aggressive in December. The lower incentives are consistent with last month and suggest a notable pullback in incentives to start the year.



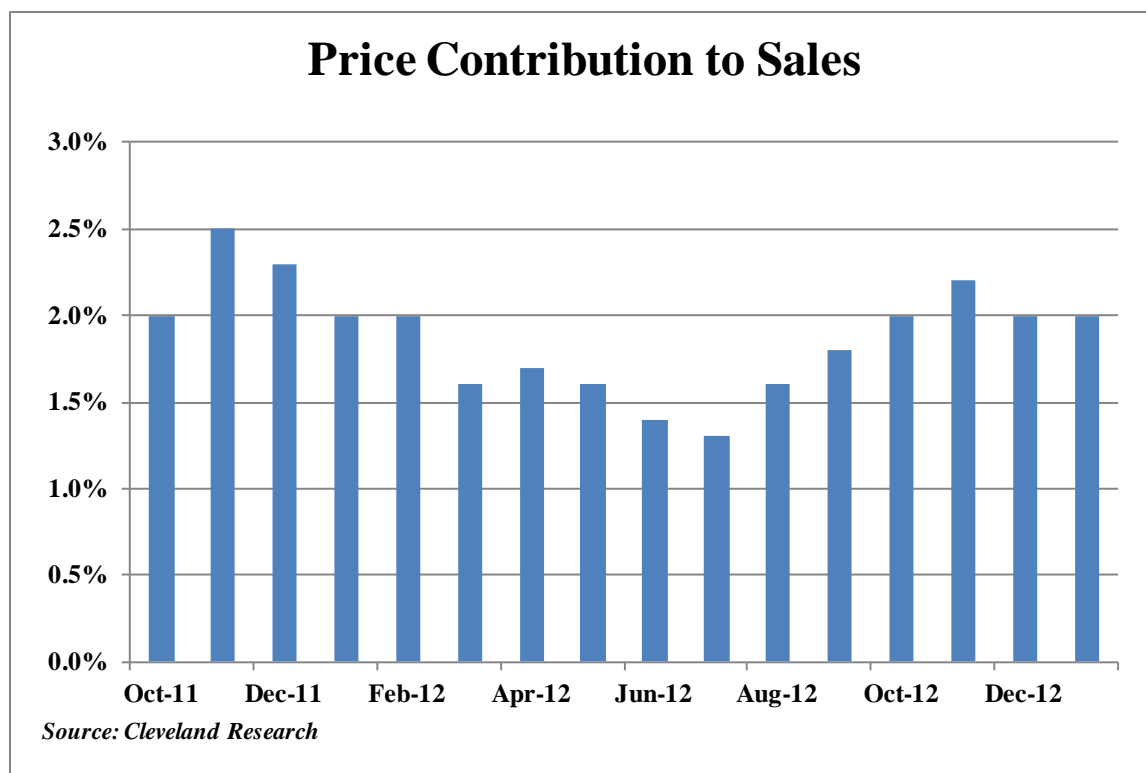
Factory Production

- Dealers report that factory production rose slightly, as a net 2% of dealers are reporting increasing production levels (9% increasing production; 83% no change in production; 8% decreasing production) compared to a net 4% decreasing production last month.



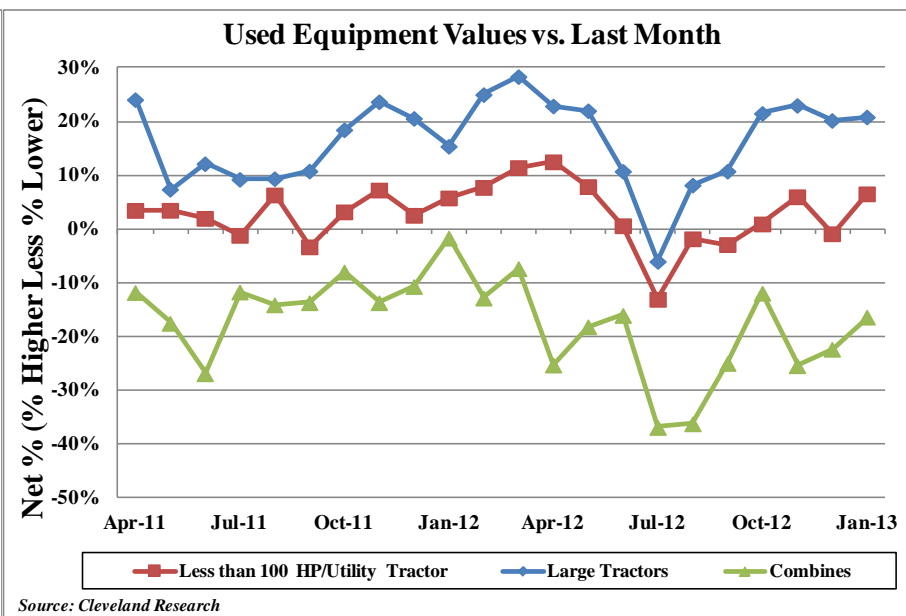
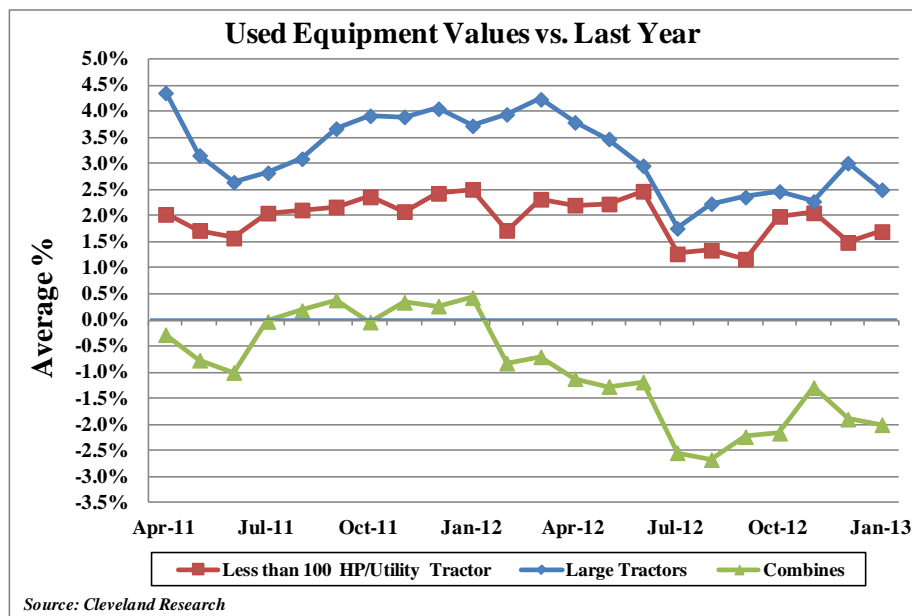
Pricing Trends

- Dealers report price contributed roughly ~2.0% to total January revenue, similar to the prior month.



Used Equipment Pricing

- By category, tractors over 100HP are now up 2.5% year-over-year on average, down from 3.0% last month. Prices for used tractors under 100HP are up 1.7%, up from 1.5% in the prior month. Used combine values are down -2.0%, down from down -1.9% last month.
- Relative to last month, a net 7% of dealers report higher values for under 100HP/utility tractors. For over 100HP tractors, a net 21% of dealers report higher values vs. last month. Finally, a net 16% of dealers report used combine values are lower than last month.



Inventory Levels

New Equipment Inventory

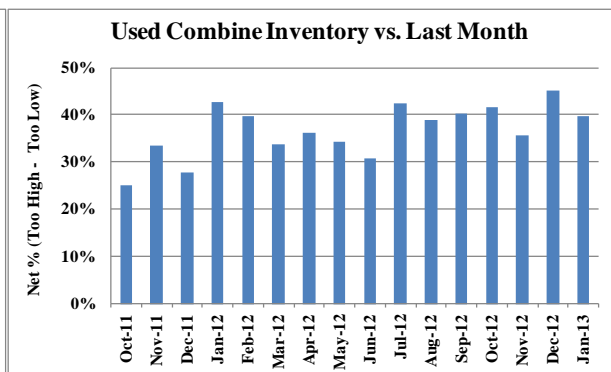
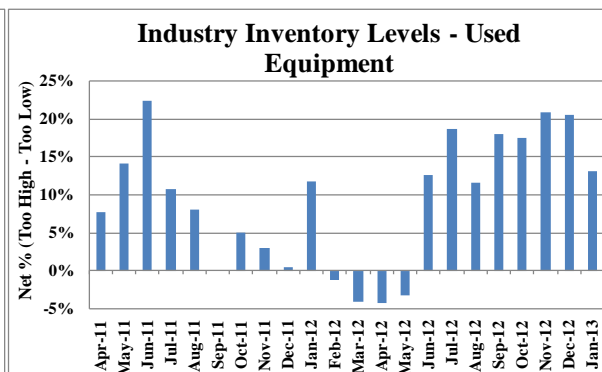
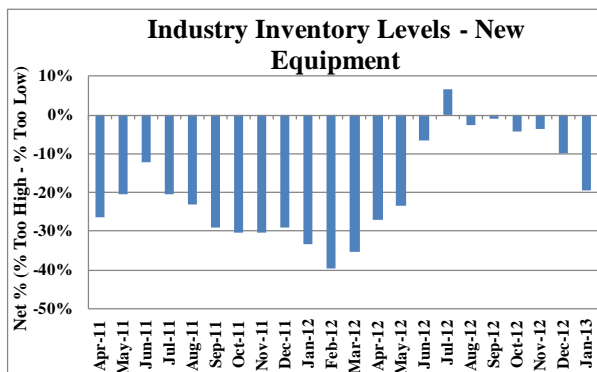
- New equipment inventory continues to move lower as a net 19% of dealers categorize their new inventory as “too low” (15% too high; 51% about right; 34% too low), vs. 10% last month.

Used Equipment Inventory

- Used equipment inventory remains high as a net 13% of dealers categorize their used inventory levels as “too high” (35% too high; 43% about right; 22% too low), down from 21% last month.

Used Combine Inventory

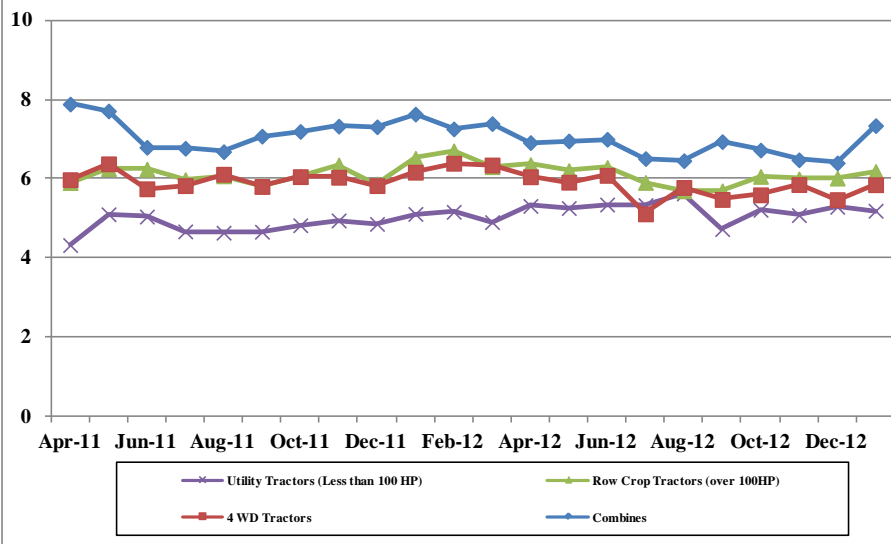
- Within the used equipment categories, a net 40% of dealers also reported used combine inventory levels are still “too high” (44% too high; 51% about right; 5% too low).



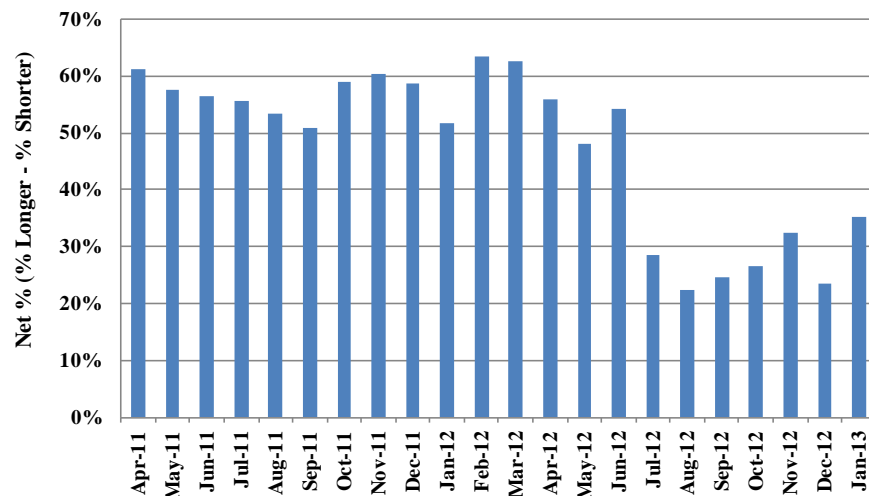
Equipment Availability

- Overall, a net 35% of dealers report longer factory lead-times compared to last month (41% longer; 54% same; 5% shorter), up from a net 24% last month.
- A closer look at availability by product category shows mixed trends in lead times this month. On average combine lead times are 7.3 months; 4WD are 5.9 months; row crop tractor lead times are 6.2 months; and smaller tractors (<100 HP) lead times are 5.2 months.

Lead Times By Product Category (Months)



Lead Times - Versus Prior Month



Dealer Commentary on Used Inventory Levels

- *We are very low on late model used tractors*
- *4WD tractors are too high but the rest is flat or to low*
- *Used hay is just getting hard to move. Seems like the JD brands have flooded the market and that's driving prices down*
- *I don't have many lookers at my used inventory.*
- *I have too many used combines and platforms.*
- *Combines just need to turn quicker.*
- *I still have too many combines.*
- *We need more used higher horsepower row crop tractors in inventory*
- *Too many used SP Forage harvesters*
- *Older units are not being sold*
- *Combines & 4 WD*
- *Used combines are still my #1 issue.*
- *With large new sales, used inventory have grown primarily in combines*
- *Newer used combines are everywhere*
- *Combines and 4WD tractors are very soft.*
- *We actually need more used tractors*

Dealer Commentary on Biggest Surprise in the Month

- *The continuing lack of any kind of moisture was surprising - rain or snow*
- *It was dead!!! Usually when we have a January that bad it's due to weather but the weather was fine. I'm afraid we sucked a large amount of 2013 business into November-December 2012 and that the first quarter (and maybe half) of this year may be significantly down as a result. I hope I'm wrong.*
- *Sales and inquiries were surprising.*
- *CE sales were great this month.*
- *Good economy is a surprise and we're doing lots of pricing but are seeing a lack of retail.*
- *Overall our business was much stronger than expected in Jan. I think the overall climate in Washington helped due to the fact they did put the cliff and tax situation somewhat to bed.*
- *Buying was still going on at a healthy level plus a few pre-sells we didn't think we'd get surprised me.*
- *Customer interest is quite high for this time of year.*
- *Section 179 allowance going back to \$500K was the big surprise to me.*

NA Farm Equipment Industry Retail Sales and Inventory

NORTH AMERICAN FARM EQUIPMENT RETAIL SALES

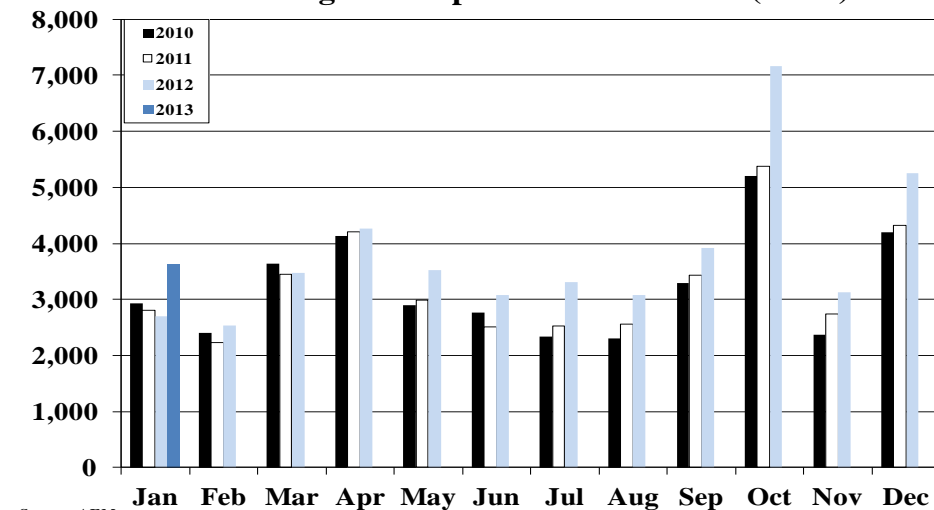
Units							% change year-over-year						
< 40 HP	Utility	Row Crop	4-Wheel	Total Tractor	Memo: High hp	Combines	<40HP	Util	RC	4-WD	Total	High hp	Comb
Jan-11	3,705	3,493	2,296	507	10,001	2,803	935	0%	10%	(12%)	55%	2%	48%
Feb-11	4,448	3,074	1,764	462	9,748	2,226	777	14%	15%	(9%)	1%	9%	33%
Mar-11	8,894	4,973	2,816	624	17,307	3,440	973	11%	17%	(4%)	12%	9%	30%
Apr-11	11,412	5,413	3,325	885	21,035	4,210	941	(9%)	(6%)	1%	4%	(6%)	2%
May-11	12,601	5,133	2,403	588	20,725	2,991	815	(3%)	(11%)	(2%)	28%	(4%)	3%
Jun-11	12,102	5,966	2,076	428	20,572	2,504	722	13%	4%	(5%)	(25%)	7%	(9%)
Jul-11	7,687	4,717	2,074	457	14,935	2,531	1,185	(11%)	(8%)	9%	5%	(7%)	9%
Aug-11	7,336	4,186	2,131	434	14,087	2,565	1,516	3%	2%	13%	5%	4%	12%
Sep-11	7,903	4,562	2,727	699	15,891	3,426	1,443	4%	5%	3%	7%	5%	4%
Oct-11	7,914	5,932	4,249	1,130	19,225	5,379	1,673	12%	12%	4%	1%	9%	3%
Nov-11	4,925	3,400	2,259	481	11,065	2,740	742	(1%)	1%	14%	22%	3%	15%
Dec-11	7,256	6,080	3,667	658	17,661	4,325	1,099	9%	8%	6%	(13%)	7%	3%
Jan-12	3,899	3,698	2,335	359	10,291	2,694	528	5%	6%	2%	(29%)	3%	(4%)
Feb-12	4,360	3,547	2,046	488	10,441	2,534	367	(2%)	15%	16%	6%	7%	14%
Mar-12	8,627	4,586	2,722	745	16,680	3,467	720	(3%)	(8%)	(3%)	19%	(4%)	1%
Apr-12	13,393	6,050	3,382	887	23,712	4,269	706	17%	12%	2%	0%	13%	1%
May-12	13,562	5,984	2,911	611	23,068	3,522	691	8%	17%	21%	4%	11%	18%
Jun-12	12,503	6,118	2,571	502	21,694	3,073	954	3%	3%	24%	17%	5%	23%
Jul-12	8,635	4,854	2,763	552	16,804	3,315	1,346	12%	3%	33%	21%	13%	31%
Aug-12	8,153	4,516	2,497	588	15,754	3,085	1,497	11%	8%	17%	35%	12%	20%
Sep-12	7,975	4,541	3,141	778	16,435	3,919	1,764	1%	(0%)	15%	11%	3%	14%
Oct-12	9,885	6,908	5,660	1,499	23,952	7,159	2,321	25%	16%	33%	33%	25%	33%
Nov-12	5,158	4,005	2,492	632	12,287	3,124	722	5%	18%	10%	31%	11%	14%
Dec-12	8,239	6,333	4,350	902	19,824	5,252	1,137	14%	4%	19%	37%	12%	21%
Jan-13	4,723	4,114	2,956	677	12,470	3,633	616	21%	11%	27%	89%	21%	35%

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%	49%	23%	13%
Jan-11	60,357	25,451	7,219	1,125	94,152	8,344	1,735	64%	46%	23%	50%	22%	13%
Feb-11	63,810	26,495	7,200	1,221	98,726	8,421	2,083	67%	47%	23%	52%	22%	15%
Mar-11	65,267	27,435	7,716	1,213	101,631	8,929	2,128	68%	48%	25%	53%	24%	15%
Apr-11	63,035	26,919	7,499	1,053	98,506	8,552	2,136	67%	48%	24%	52%	22%	15%
May-11	58,905	26,579	6,951	1,122	93,557	8,073	1,826	63%	48%	23%	50%	21%	13%
Jun-11	55,357	25,691	7,372	1,274	89,694	8,646	2,228	58%	46%	24%	47%	23%	16%
Jul-11	55,120	25,713	7,971	1,594	90,398	9,565	2,715	58%	46%	26%	48%	25%	20%
Aug-11	54,880	26,320	8,584	1,740	91,524	10,324	2,607	58%	47%	28%	49%	27%	20%
Sep-11	53,873	26,448	9,073	1,806	91,200	10,879	2,666	57%	47%	29%	48%	28%	20%
Oct-11	54,999	25,858	8,299	1,391	90,547	9,690	1,564	58%	46%	27%	47%	25%	12%
Nov-11	57,959	27,430	8,466	1,241	95,096	9,707	1,545	61%	49%	27%	50%	25%	12%
Dec-11	59,746	26,551	7,666	1,035	94,998	8,701	1,250	62%	47%	24%	49%	22%	10%
Jan-12	61,967	27,298	7,277	1,222	97,764	8,499	1,338	64%	48%	23%	51%	22%	11%
Feb-12	65,727	28,689	7,763	1,360	103,539	9,123	1,676	68%	50%	24%	54%	23%	14%
Mar-12	68,756	29,144	8,199	1,518	107,617	9,717	1,955	72%	51%	26%	56%	25%	17%
Apr-12	66,562	28,743	8,241	1,472	105,018	9,713	1,961	68%	50%	26%	54%	25%	17%
May-12	65,188	28,322	8,930	1,659	104,099	10,589	2,258	66%	48%	27%	53%	27%	20%
Jun-12	62,380	27,773	9,395	1,665	101,213	11,060	2,476	63%	47%	28%	51%	27%	21%
Jul-12	61,495	28,135	10,351	1,950	101,931	12,301	2,791	61%	48%	31%	51%	30%	24%
Aug-12	61,108	28,892	11,307	2,248	103,555	13,555	3,008	60%	49%	33%	51%	32%	26%
Sep-12	62,319	29,587	11,580	2,398	105,884	13,978	2,870	62%	50%	34%	52%	33%	24%
Oct-12	61,918	29,266	10,573	1,931	103,688	12,504	1,662	60%	49%	29%	50%	28%	13%
Nov-12	65,873	29,835	11,232	2,079	109,019	13,311	1,520	64%	49%	31%	52%	30%	12%
Dec-12	67,319	29,137	10,335	1,753	108,544	12,088	1,409	64%	48%	28%	51%	27%	11%

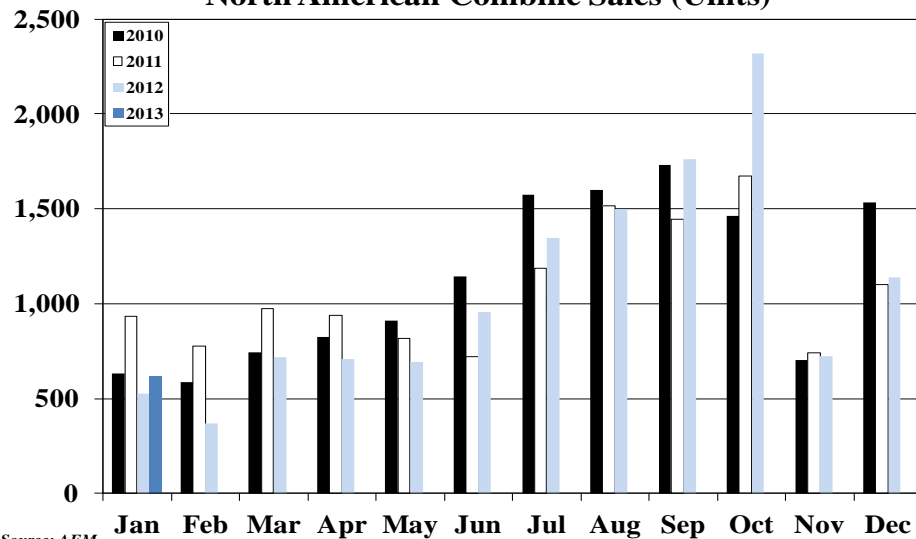
Monthly Ag Equipment Industry Sales – 2010-2012

NA High-Horsepower Tractor Sales (Units)



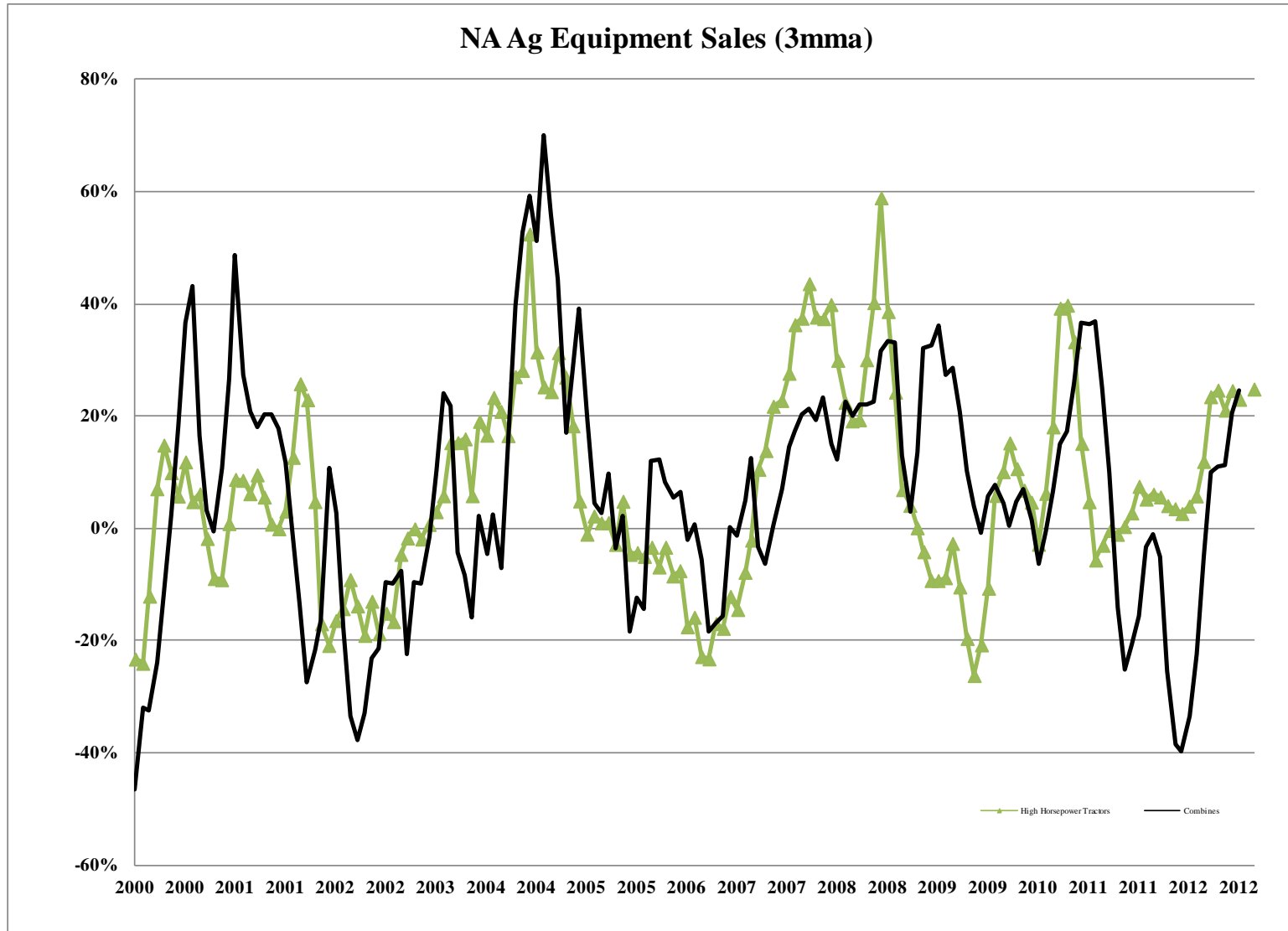
Source: AEM

North American Combine Sales (Units)



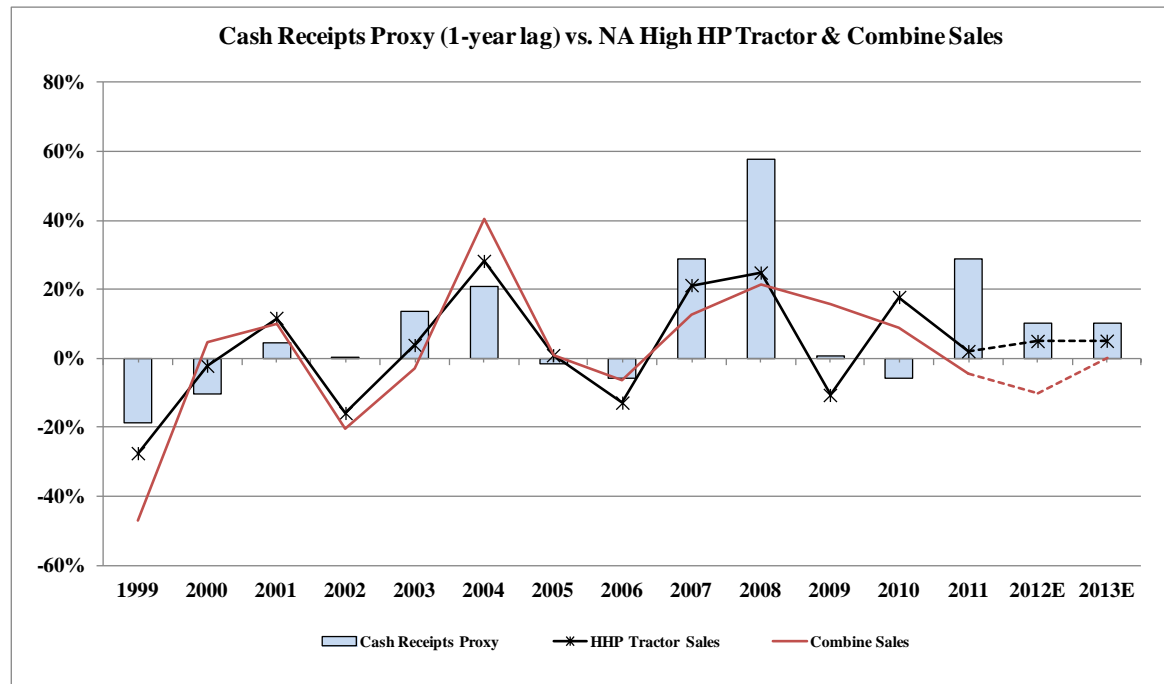
Source: AEM

NA Ag Equipment Sales



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

The USDA's February crop supply and demand forecast for the 2012/13 crop year shows small negative revision in our simplified cash receipts proxy. The chart below depicts N. American high HP tractor and combine sales on a one year lag vs. our simplified farm cash receipts proxy as illustrated using the three most important crops – corn, soybeans, and wheat. A negative/positive revision to the cash receipts proxy would indicate a similar revision for expected future demand for the important large equipment categories. The cash receipts outlook of 9% growth is down slightly from last month as slightly higher soybean prices are more than offset from softer corn prices. The 9% increase suggests another year of higher demand for equipment in 2013 appears likely, as the correlation has provided a good proxy for future equipment demand.



Commodity Price Trends – Simplified Cash Receipts Proxy

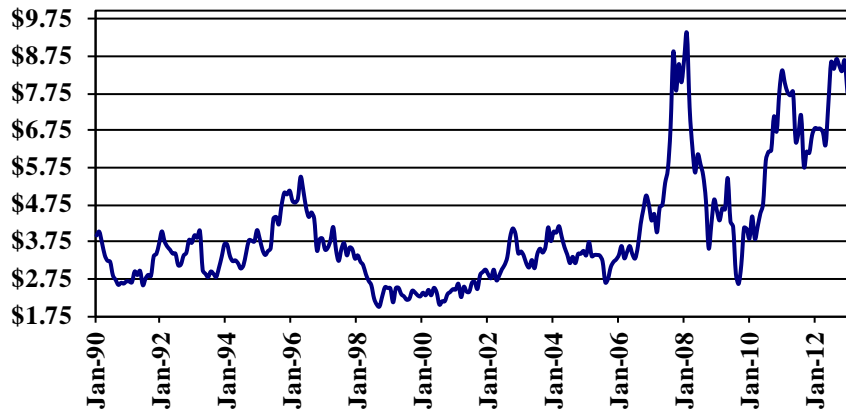
USDA - World Agricultural Supply and Demand Estimates (bu millions)													
CORN - DOMESTIC								CORN - INTERNATIONAL					
Year	Production	Domestic Use	Exports	Total Use	End Stocks	Stocks/Use	Avg Price	Year	Production	Total Use	End Stocks	Stocks/Use	
2010/11	12,447	11,220	1,835	13,055	1,128	10.1%	\$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					
December	10,725	10,017	1,150	11,167	647	6.5%	\$6.80-8.00	December	22,702	23,939	3,984	16.6%	
January	10,780	10,317	950	11,267	602	5.8%	\$6.80-8.00	January	22,774	23,859	3,964	16.6%	
February	10,780	10,337	900	11,237	632	6.1%	\$6.75-7.65	February	22,855	23,809	4,015	16.9%	
Revision to 2011/12:								Corn Spot Price: \$7.23					
m/m chg	0	20	-50	-30	30	0.3%	(\$0.20)	m/m chg	81	-50	51	0.2%	
y/y chg	-1,578	-668	-750	-1,418	-219	-1.6%	\$1.10	y/y chg	845	638	-220	-1.4%	
SOYBEANS - DOMESTIC								SOYBEANS - INTERNATIONAL					
Year	Production	Domestic Use	Exports	Total Use	End Stocks	Stocks/Use	Avg Price	Year	Production	Total Use	End Stocks	Stocks/Use	
2010/11	3,329	3,280	1,501	4,781	215	6.6%	\$11.30	2010/11	6,397	7,457	2,361	31.7%	
2011/12	3,056	3,111	1,335	4,446	175	5.6%	\$12.30	2011/12	5,629	7,536	1,785	23.7%	
2012/13													
December	2,971	3,031	1,345	4,376	130	4.3%	\$13.55-\$15.55	December	6,866	7,913	2,072	26.2%	
January	3,015	3,070	1,345	4,415	135	4.4%	\$13.50-\$15.00	January	6,884	7,927	2,050	25.9%	
February	3,015	3,080	1,345	4,425	125	4.1%	\$13.55-\$15.05	February					
Revision to 2011/12:								Soybean Spot Price: \$14.45					
m/m chg	0	10	0	10	-10	-0.3%	\$0.05	m/m chg	-6,884	-7,927	-2,050	-25.9%	
y/y chg	-41	-31	10	-21	-50	-1.6%	\$1.95	y/y chg	-5629	-7536	-1785	-23.7%	
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													
December	2,269	1,338	1,050	2,388	754	56.4%	\$7.70-\$8.30	December	21,802	23,424	5,748	24.5%	
January	2,269	1,375	1,050	2,425	716	52.1%	\$7.65-\$8.15	January	21,772	23,369	5,774	24.7%	
February	2,269	1,400	1,050	2,450	691	49.4%	\$7.70-\$8.10	February	21,747	23,380	5,802	24.8%	
Revision to 2011/12:								Wheat Spot Price: \$7.40					
m/m chg	0	25	0	25	-25	-2.7%	\$0.00	m/m chg	-26	11	28	0.1%	
y/y chg	270	201	-5	196	-37	-11.4%	\$0.65	y/y chg	-1760	-988	-655	-1.7%	
FARMER CROP RECEIPTS													
Production:				Avg Price:				Crop Cash Receipts*					
	Corn	Soybeans	Wheat	Corn	Soybeans	Wheat		Corn	Soybeans	Wheat	Total	y/y %	Chg
2010/11	12,447	3,329	2,207	\$5.25	\$11.40	\$5.65		\$65,347	\$37,951	\$12,470	\$115,767	29%	
2011/12	12,358	3,056	1,999	\$6.10	\$12.35	\$7.25		\$75,384	\$37,742	\$14,493	\$127,618	10%	
2012/13													
June	14,790	3,205	2,234	\$4.60	\$13.00	\$6.15		\$68,034	\$41,665	\$13,739	\$123,438	-3%	
July	12,970	3,050	2,224	\$5.90	\$14.00	\$6.80		\$76,523	\$42,700	\$15,123	\$134,346	5%	
August	10,779	2,692	2,268	\$8.20	\$16.00	\$8.30		\$88,388	\$43,072	\$18,824	\$150,284	18%	
September	10,727	2,634	2,268	\$7.90	\$16.00	\$8.10		\$84,743	\$42,144	\$18,371	\$145,258	14%	
October	10,706	2,860	2,269	\$7.80	\$15.25	\$8.10		\$83,507	\$43,615	\$18,379	\$145,501	14%	
November	10,725	2,971	2,269	\$7.60	\$14.90	\$8.10		\$81,510	\$44,268	\$18,379	\$144,157	13%	
December	10,725	2,971	2,269	\$7.40	\$14.55	\$8.00		\$79,365	\$43,228	\$18,152	\$140,745	10%	
January	10,780	3,015	2,269	\$7.40	\$14.25	\$7.90		\$79,772	\$42,964	\$17,925	\$140,661	10%	
February	10,780	3,015	2,269	\$7.20	\$14.30	\$7.90		\$77,616	\$43,115	\$17,925	\$138,656	9%	

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

Source: USDA; Cleveland Research estimates

Commodity Price Trends – Corn, Soybean, Wheat, Cotton

Wheat Price Trends



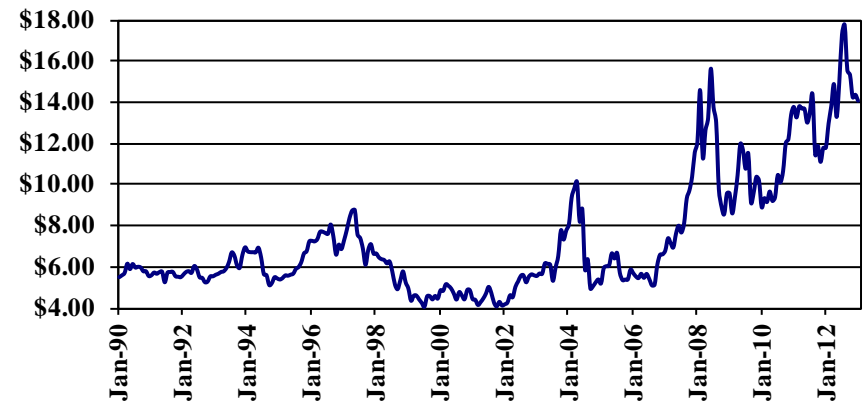
Corn Price Trends



Cotton Price Trends

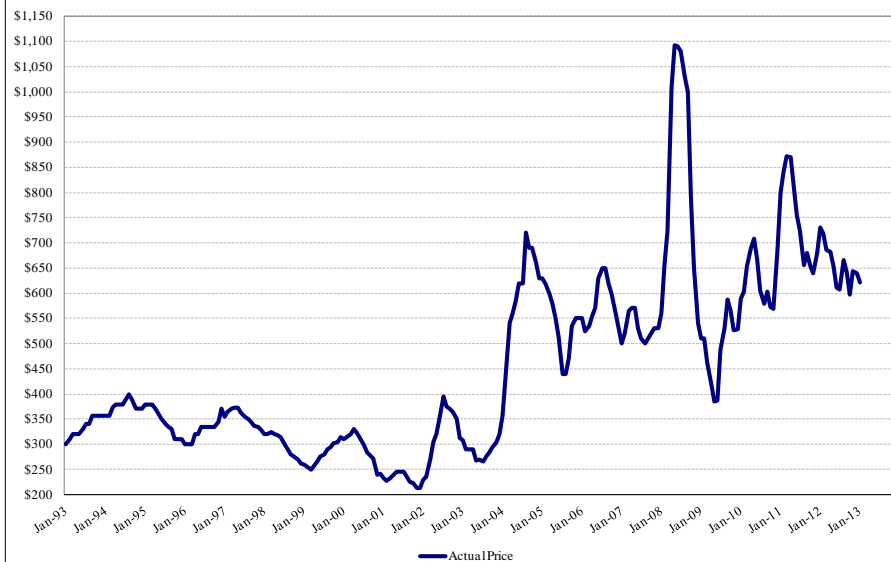


Soybean Price Trends

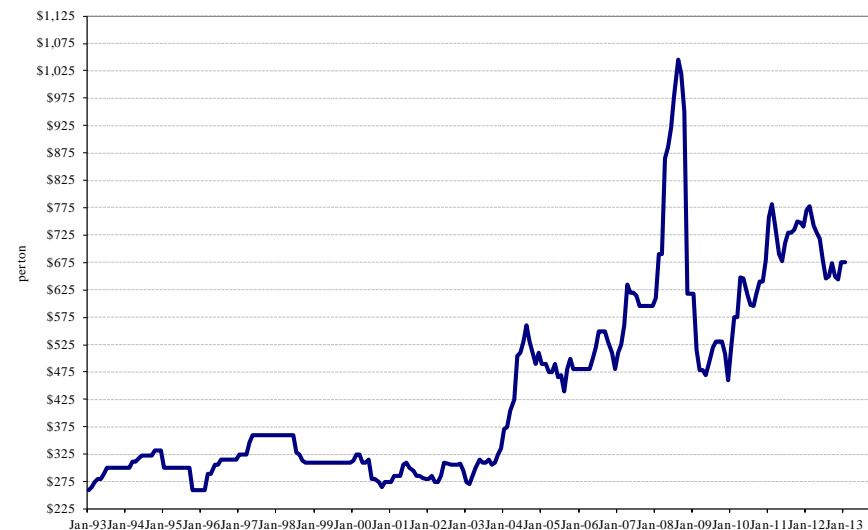


Commodity Price Trends – Steel

Domestic Hot Rolled Sheet Prices
Monthly 1993 to Present

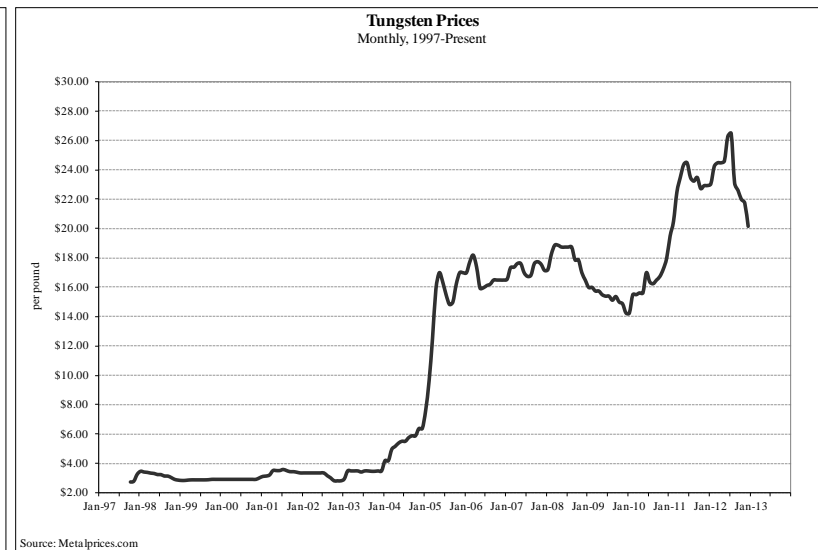
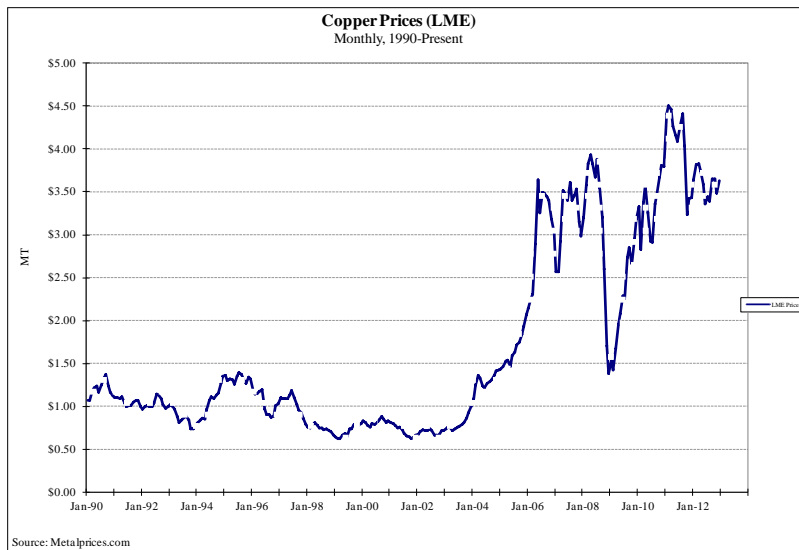
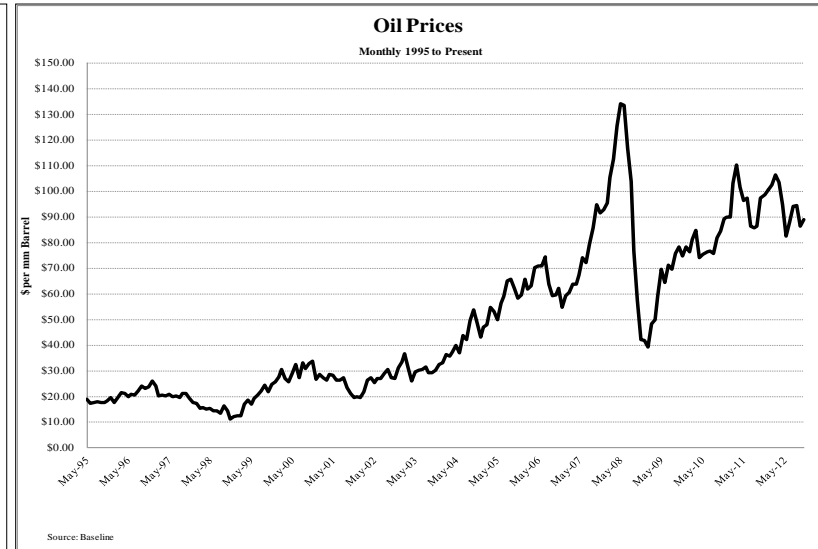
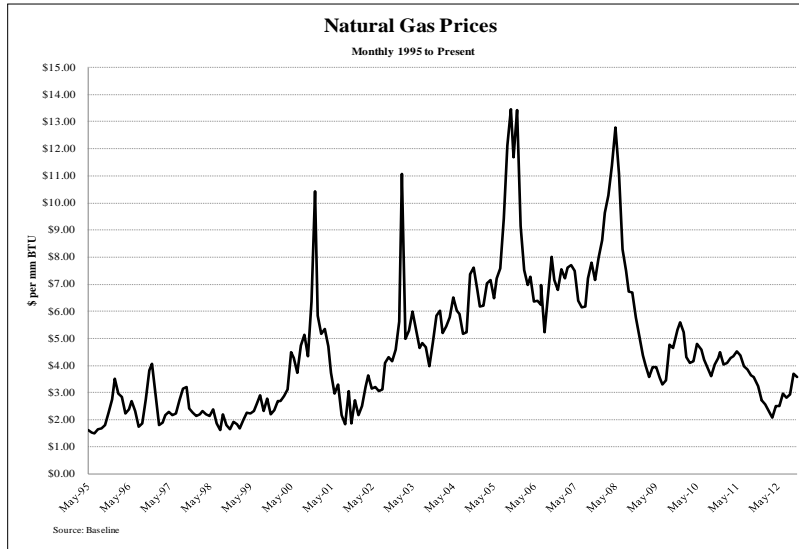


Domestic Reinforcing Bar (Rebar) Prices
Monthly 1993 to Present



Source: Steel Business Briefing, Cleveland Research estimates

Commodity Price Trends



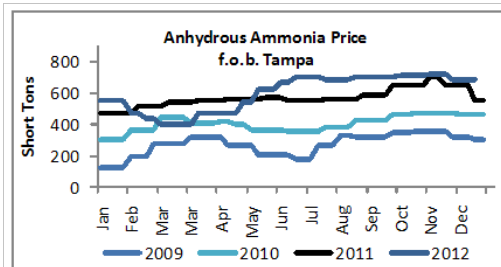
Commodity Trends – Long Run Supply and Demand Projections

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

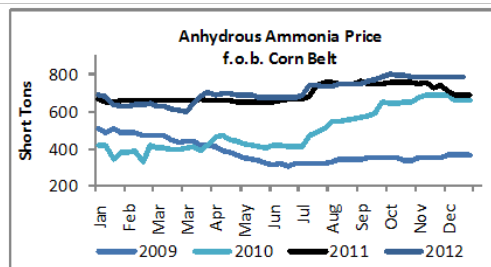
SOYBEANS - DOMESTIC							
<u>Year</u>	<u>Production</u>	<u>Domestic Use</u>	<u>Exports</u>	<u>Total Use</u>	<u>End Stocks</u>	<u>Stocks/Use</u>	<u>Avg Price</u>
2007/08	2,676	1,893	1,161	3,054	205	6.7%	\$10.10
2008/09	2,967	1,763	1,283	3,046	138	4.5%	\$9.97
2009/10	3,359	1,860	1,501	3,361	151	4.5%	\$9.59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

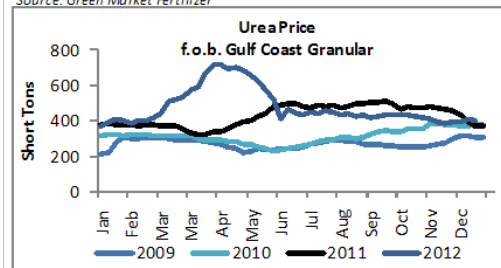
Other Input and Chemical Costs – 2009-2012



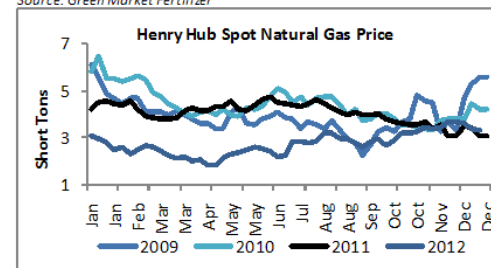
Source: Green Market Fertilizer



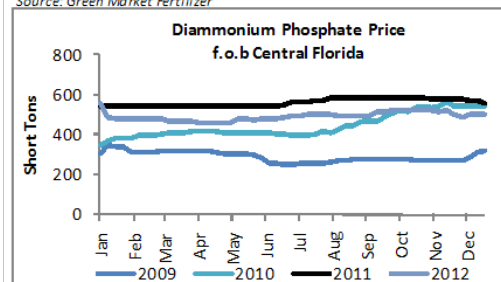
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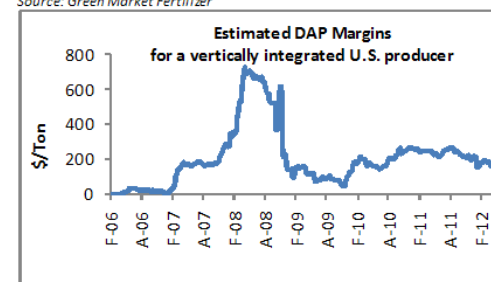
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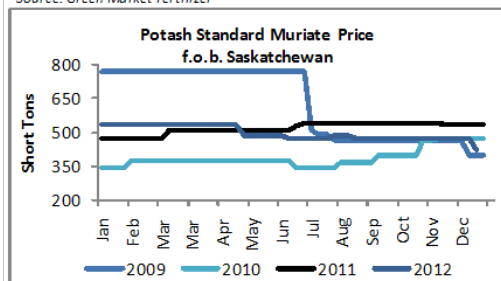
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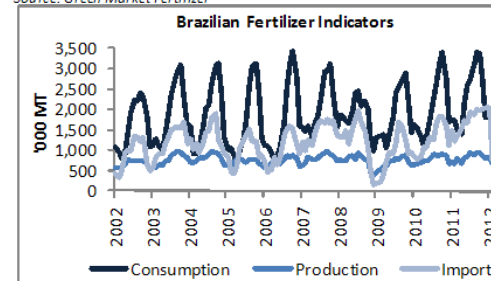
Source: Green Market Fertilizer



Source: Green Market Fertilizer

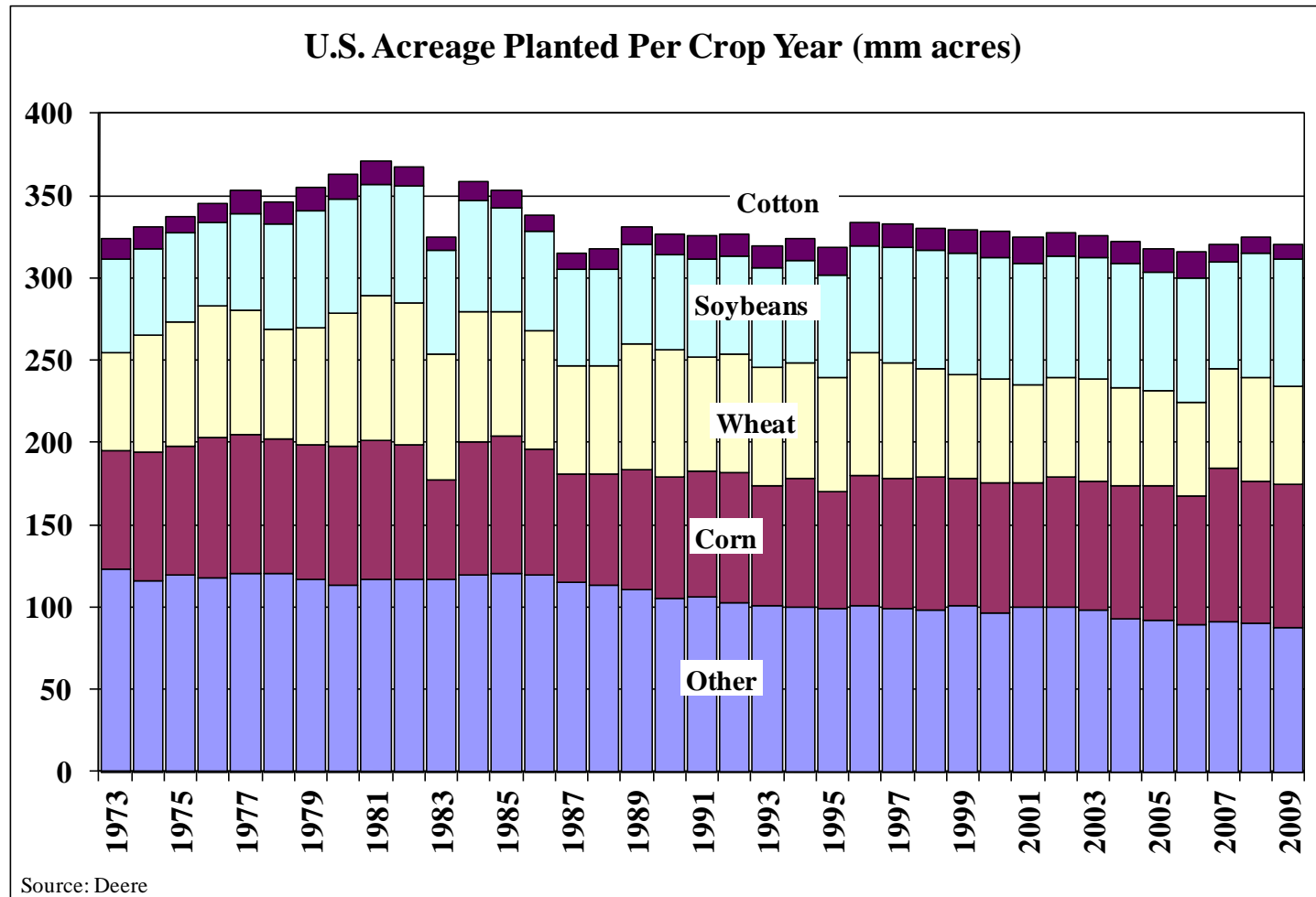


Source: Green Market Fertilizer



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