

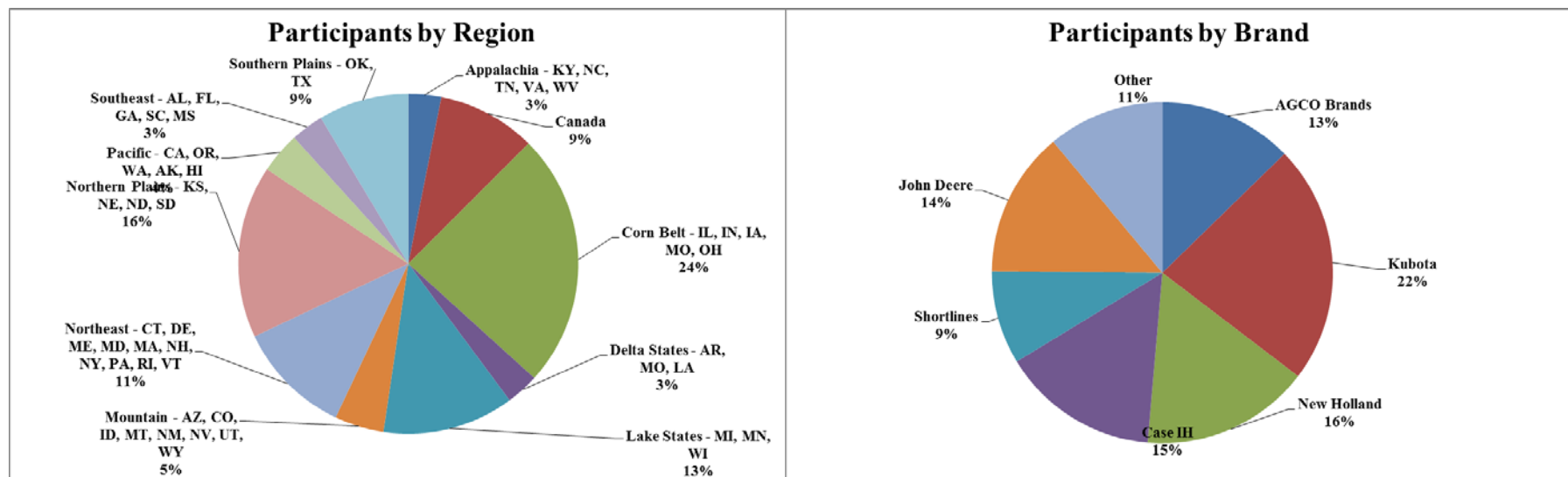
Ag Equipment Intelligence

June 2013 Dealer Sentiments &
Business Conditions Update

Monthly Ag Equipment Intelligence North American Dealer Survey

Background:

- We are pleased to announce the results of the June 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 June survey had ~128 respondents representing combined annual revenues of roughly \$5.6 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.



Highlights / Summary Thoughts



- **Industry Sales Decelerate to 6% in May** – Ag equipment dealers reported year-over-year sales grew 6% on average in May, down from 7% the prior month. John Deere saw the highest growth at 9%, while Kubota was the weakest with sales down 2%.
- **June USDA Forecast Calls For a (13%) Drop in Cash Receipts For 2013/14 Based on Our Simplified Cash Receipts Proxy** – The June USDA cash receipts outlook is now for a decline of (13%), a slight upward revision from the initial (14%) decline projected last month. If historical trends hold, this would imply that 2014 could be a challenging year for equipment demand vs. 2013, as the correlation between equipment sales and cash receipts has provided a good proxy for future equipment demand.
- **New Combine Order Intentions Decline Further; Deere to Put Combines on Allocation For 2014 To Address Growing Used Inventory.** A net 14% of dealers believe they will order fewer combines now compared to last year. This compares to a net 8% last month who planned to order fewer combines. The big news this month related to harvesting equipment is that Deere has informed dealers it will put 2014 combines on allocation to deal with growing used inventory.

Monthly Sales Growth

- Ag equipment dealers reported year-over-year sales grew 6% on average in May, down from 7% the prior month.
- John Deere saw the highest growth at 9%, while Kubota was the weakest with sales down 2%.
- A net 3% of participants categorized May results as “better-than-expected” (23% better-than-expected; 57% in-line with expectations; 20% worse-than-expected), compared to 1% “better-than-expected” the prior month.

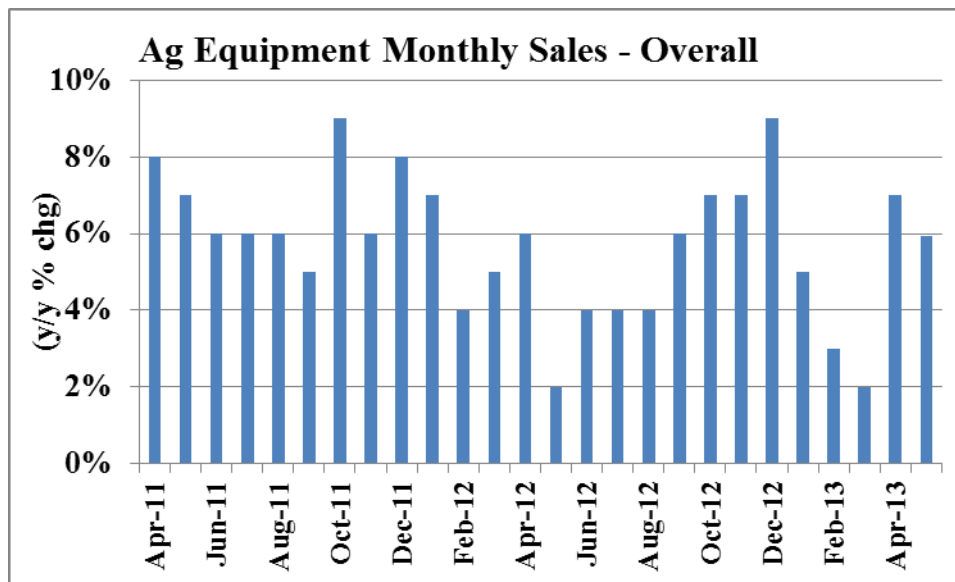
Optimism/Sentiment vs. Last Month

	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	Feb-13	Mar-13	Apr-13	May-13
More Optimistic	25%	31%	32%	30%	25%	36%	33%	30%	38%	29%	25%	22%	15%	14%	18%	28%	31%	27%	28%	28%	34%	34%	21%	27%	27%
Same	54%	44%	49%	55%	58%	55%	55%	54%	53%	57%	59%	62%	61%	49%	44%	54%	54%	54%	52%	55%	51%	50%	54%	58%	52%
Less Optimistic	21%	25%	20%	15%	17%	9%	12%	16%	10%	14%	17%	17%	24%	37%	38%	18%	15%	20%	20%	18%	15%	16%	26%	15%	21%
Net % (More-1	3%	6%	12%	15%	8%	26%	21%	14%	29%	15%	8%	5%	-9%	-23%	-19%	10%	15%	7%	8%	10%	19%	18%	-5%	13%	6%

Average Dealer Sales Growth

(% chg y/y)	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	Feb-13	Mar-13	Apr-13	May-13
Overall	7%	6%	6%	6%	5%	9%	6%	8%	7%	4%	5%	6%	2%	4%	4%	4%	6%	7%	7%	9%	5%	3%	2%	7%	6%
By Brand	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	Feb-13	Mar-13	Apr-13	May-13
AGCO	13%	11%	9%	14%	12%	12%	10%	12%	6%	1%	2%	5%	2%	5%	1%	0%	4%	3%	7%	13%	-2%	0%	5%	5%	1%
John Deere	8%	7%	5%	5%	4%	10%	5%	5%	6%	4%	6%	9%	4%	9%	9%	7%	10%	10%	7%	9%	6%	4%	1%	9%	9%
New Holland	4%	5%	7%	6%	7%	7%	6%	12%	5%	-2%	4%	3%	1%	0%	2%	-1%	5%	0%	6%	6%	3%	1%	4%	5%	5%
Case IH	4%	3%	8%	7%	7%	8%	8%	11%	10%	4%	6%	3%	-2%	1%	1%	2%	3%	7%	8%	5%	7%	4%	3%	6%	-1%
Kubota	5%	7%	12%	7%	6%	7%	9%	10%	10%	4%	6%	5%	1%	6%	-3%	3%	-1%	3%	-2%	8%	4%	3%	6%	13%	-2%
Shortlines	-13%	3%	5%	6%	2%	6%	2%	7%	2%	0%	2%	3%	6%	6%	6%	3%	5%	7%	5%	3%	1%	-2%	4%	3%	5%
Other	n/a	n/a	2%	-3%	7%	6%	3%	11%	2%	-8%	2%	3%	1%	-1%	-3%	5%	0%	1%	3%	4%	6%	-3%	NA	5%	7%

Monthly Sales Growth Continued



Percent Positive / Negative Growth

	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	Feb-13	Mar-13	Apr-13	May-13
Positive Sales C	60%	56%	66%	67%	61%	65%	65%	76%	57%	49%	60%	67%	55%	53%	49%	59%	58%	61%	70%	69%	48%	44%	51%	60%	58%
Flat Sales	14%	23%	15%	16%	23%	20%	22%	11%	29%	30%	22%	19%	16%	26%	16%	15%	21%	17%	12%	14%	28%	35%	30%	20%	19%
Negative Sales	25%	21%	18%	18%	16%	15%	13%	13%	14%	20%	18%	14%	29%	21%	34%	27%	21%	22%	18%	17%	24%	21%	19%	20%	23%
Net % (Positive)	35%	35%	48%	49%	45%	50%	52%	63%	42%	29%	42%	52%	25%	31%	15%	32%	37%	39%	52%	52%	25%	23%	32%	40%	35%

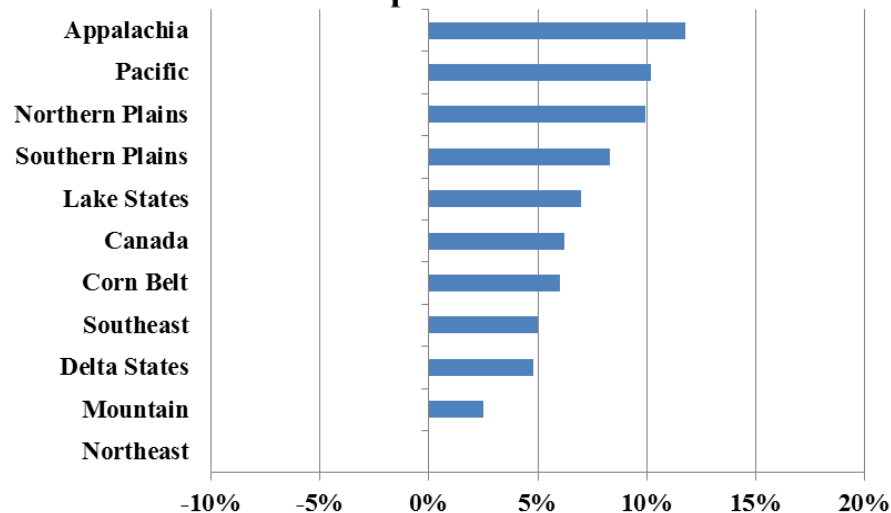
Results vs. Expectations

	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	Feb-13	Mar-13	Apr-13	May-13
Better than exp	26%	27%	27%	30%	29%	35%	32%	41%	28%	19%	20%	24%	22%	23%	21%	30%	25%	26%	35%	38%	23%	18%	27%	25%	23%
In line with exp	44%	48%	54%	52%	56%	48%	54%	47%	56%	54%	66%	63%	52%	51%	44%	41%	56%	54%	48%	49%	59%	60%	55%	52%	57%
Worse than exp	30%	25%	19%	18%	15%	17%	13%	12%	16%	26%	14%	14%	25%	26%	35%	29%	19%	20%	17%	13%	18%	22%	18%	24%	20%
Net % (Better)	-4%	1%	8%	13%	14%	18%	19%	29%	12%	-7%	7%	10%	-3%	-3%	-14%	1%	6%	5%	18%	25%	5%	-4%	9%	1%	3%

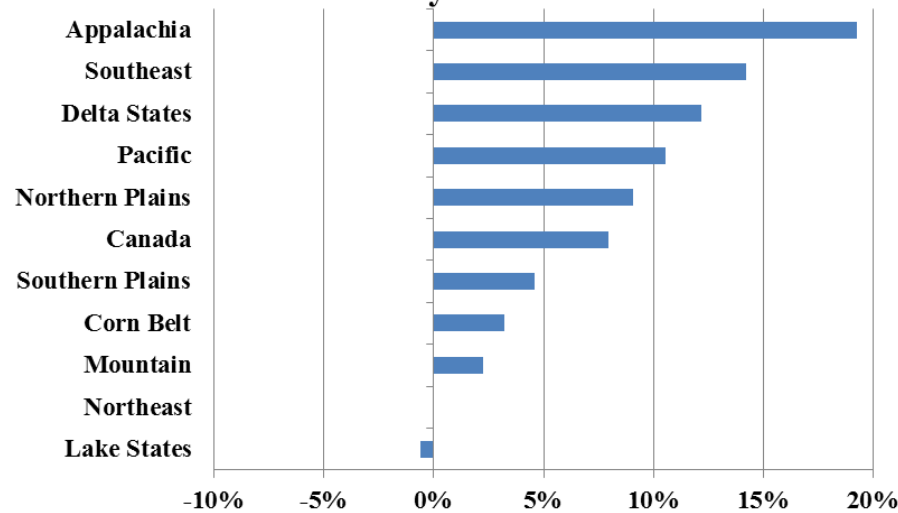
Monthly Sales Growth by Region

- Nine out of eleven regions showed positive average monthly sales growth in May with the Lake States being the only region showing negative growth (-1%); the Northeast remained flat growth. This is down from ten the previous month. Appalachia saw the best performance (19%).
- On a sequential basis, the Southeast saw the most significant acceleration, while the Lake States saw the most significant deceleration (-8%). 7 out of eleven regions showed flat or decelerated growth in May.

Average Monthly Sales Growth by Region
April 2013



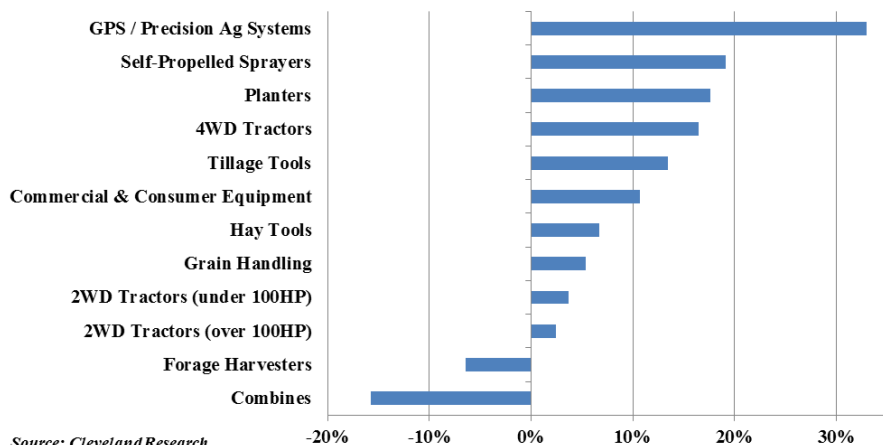
Average Monthly Sales Growth by Region
May 2013



Equipment Category Sales Trends

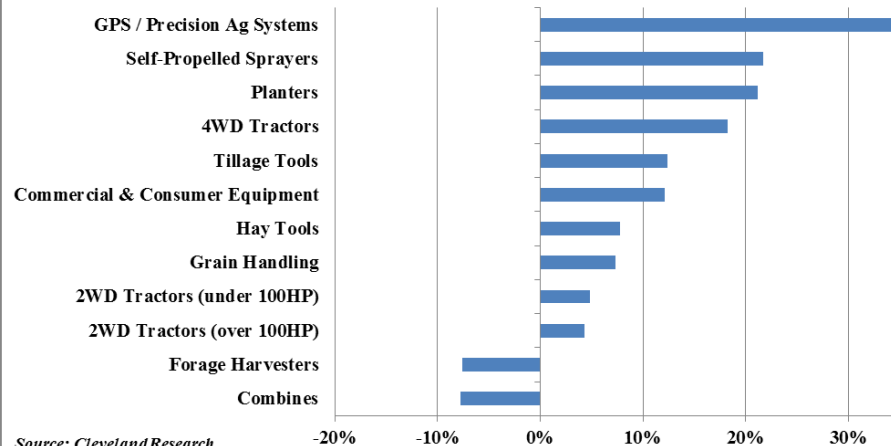
- Ten out of twelve product categories ranked in positive territory in May, flat from last month. GPS/precision ag systems was the best performing category, while combines was the weakest.
- On a sequential basis, tillage tools saw the most significant improvement, while hay tools saw the sharpest sequential decline.

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



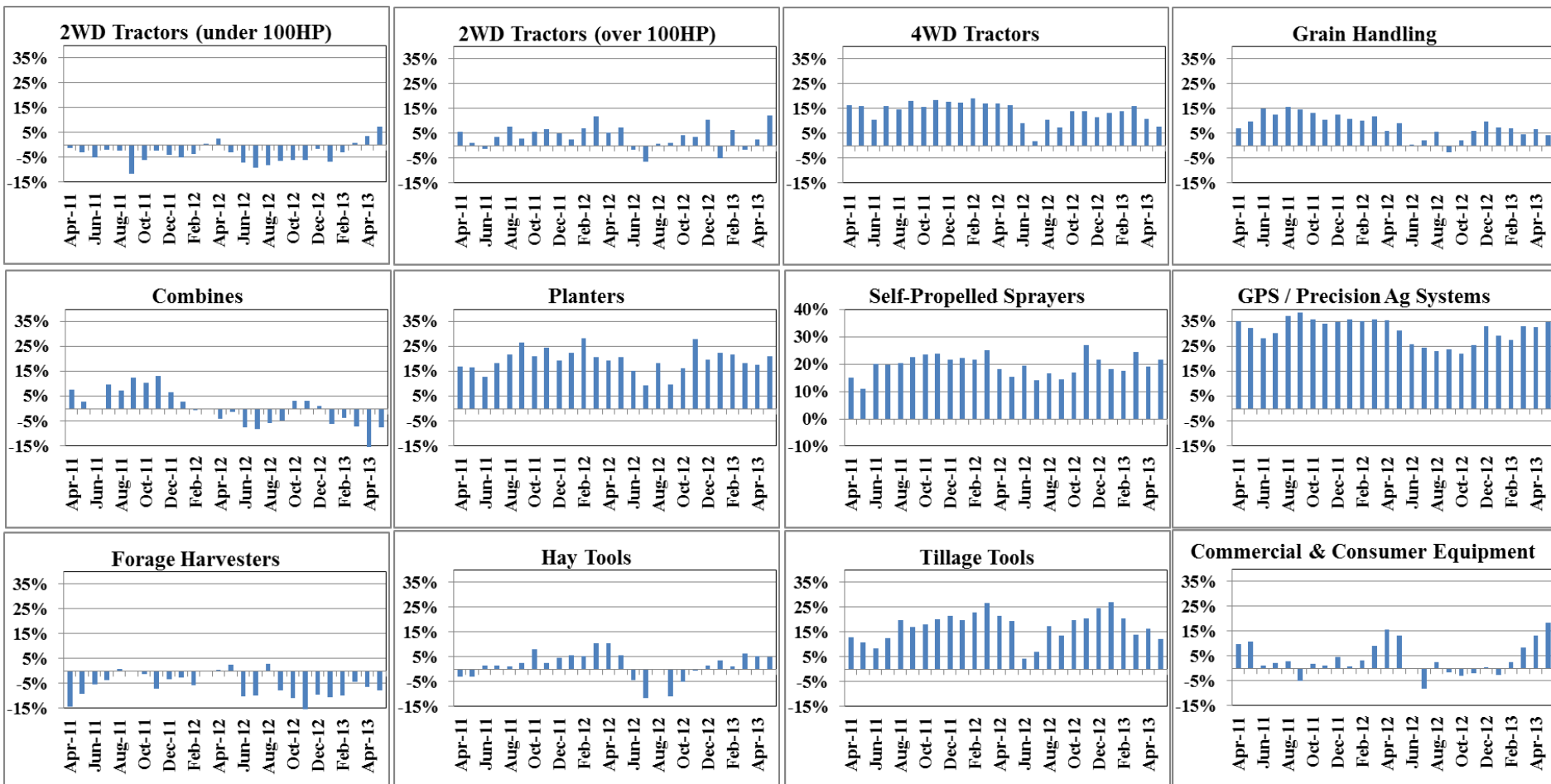
Source: Cleveland Research

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



Source: Cleveland Research

Equipment Category Sales Trends



Dealer Commentary on Monthly Sales

- *Weather factors are hurting us: too cool and too wet.*
- *Weather, local economy, availability.*
- *The lack of moisture has put a halt to customer purchases*
- *Weather conditions have delayed start of our season*
- *Weather related issue should make up in June*
- *It has been wet all spring and sales have stopped until planting can get finished.*
- *Just no serious activity in our area.*
- *John Deere is still a powerhouse when it comes to market share. It seems as though the John Deere customers are "thoroughly brainwashed".*
- *Better Service Support, Better equipment performance*
- *Lost sales because of consolidation of dealers by manufacturer*
- *Availability of equipment is still hurting us.*
- *John Deere has really put a great commercial mower in our hands and has helped us increase our market share*
- *Brand awareness is getting better for Mahindra*
- *We are buying the market to meet market share and performance guidelines*
- *NH is still not competitive*
- *We Can not get any thing un less it is marked retail from case*
- *We got our sales up last year which increased our inventory allocations for this year*
- *EPA Tier 4 Emissions compliance is causing delays in shipment of goods*
- *Quad tracks are very short supply and allocation is limited. Many other products have allocations reduced from normal years.*

Order Growth

Overall Orders

- Incoming orders grew 2% on average in May, flat from April.
- John Deere saw the highest orders growth at 3%, while AGCO and New Holland saw orders decline 1%.

New Combine Order Intentions

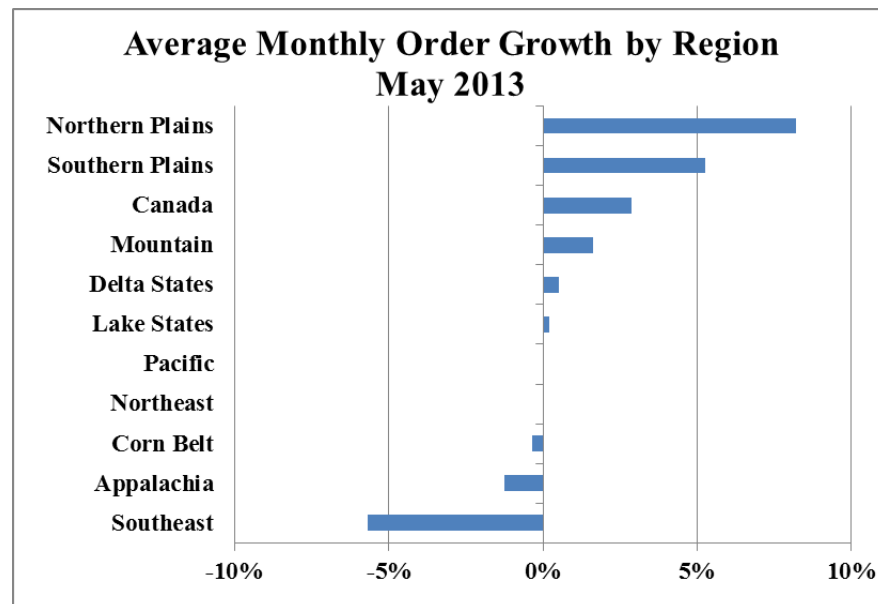
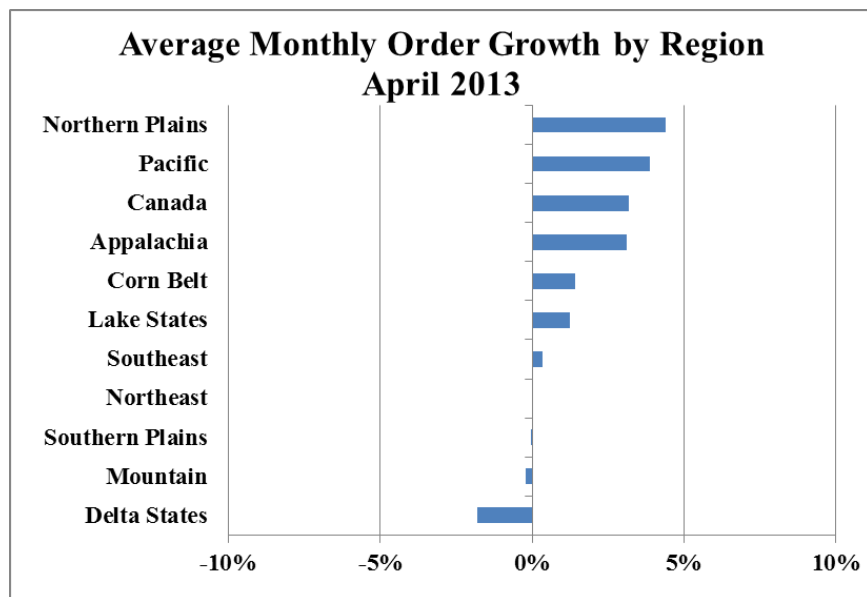
- A net 14% of dealers believe they will order less combines compared to last year vs. 8% believing they would order more combines last month.

Average Orders Growth																									
(% chg y/y)	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	Feb-13	Mar-13	Apr-13	May-13
Overall	3%	3%	5%	4%	4%	4%	4%	4%	5%	4%	2%	4%	2%	1%	1%	3%	2%	4%	2%	4%	3%	3%	1%	2%	2%
By Brand	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	Feb-13	Mar-13	Apr-13	May-13
AGCO	8%	5%	10%	10%	5%	6%	8%	6%	8%	3%	3%	6%	6%	3%	0%	-1%	-1%	2%	1%	7%	2%	0%	0%	3%	-1%
John Deere	2%	2%	5%	3%	4%	3%	3%	4%	5%	4%	1%	8%	5%	6%	4%	6%	4%	5%	3%	5%	5%	4%	3%	2%	3%
New Holland	2%	3%	5%	5%	5%	4%	3%	6%	3%	2%	2%	3%	2%	-3%	-2%	0%	0%	-1%	0%	-1%	0%	-1%	0%	0%	-1%
Case IH	3%	2%	4%	3%	3%	5%	4%	3%	4%	2%	0%	0%	-5%	-3%	-3%	1%	-2%	4%	2%	2%	3%	4%	0%	3%	0%
Kubota	1%	6%	6%	6%	4%	4%	6%	7%	10%	2%	4%	2%	2%	2%	0%	1%	-1%	2%	0%	5%	2%	0%	1%	2%	1%
Shortlines	-3%	2%	2%	4%	3%	1%	2%	4%	1%	3%	5%	2%	5%	2%	1%	7%	0%	2%	3%	3%	5%	1%	0%	1%	0%
Other	n/a	n/a	1%	-2%	2%	4%	3%	11%	3%	3%	5%	3%	1%	-4%	1%	6%	1%	0%	3%	0%	4%	0%	NA	1%	1%

New Combine Order Intentions vs. Last Year																						
	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	Feb-13	Mar-13	Apr-13	May-13
More	22%	20%	21%	20%	11%	14%	15%	14%	9%	10%	7%	6%	11%	6%	15%	21%	20%	20%	18%	16%	24%	9%
Same	47%	48%	48%	53%	60%	61%	63%	63%	64%	54%	69%	55%	58%	68%	52%	52%	54%	59%	55%	60%	60%	68%
Less	31%	32%	31%	27%	29%	25%	22%	24%	27%	37%	24%	39%	31%	26%	32%	28%	26%	21%	27%	23%	16%	23%
Net % (More- Less)	-10%	-12%	-10%	-7%	-18%	-10%	-8%	-10%	-17%	-27%	-18%	-33%	-19%	-20%	-17%	-7%	-7%	-2%	-9%	-7%	8%	-14%

Order Growth by Region

- Five out of eleven regions showed positive monthly orders growth in May, down from six the prior month. Northern Plains remained the top-performing region, while the Southeast saw the sharpest decline.
- On a sequential basis, the Southern Plains showed the most significant improvement, while the Southeast demonstrated the most significant slowdown in orders.



2013 Sales Outlook

- For 2013, dealers are forecasting 5% sales growth. This is unchanged from last month.
- John Deere dealers are the most optimistic, while the Case IH dealers hold the weakest outlook.

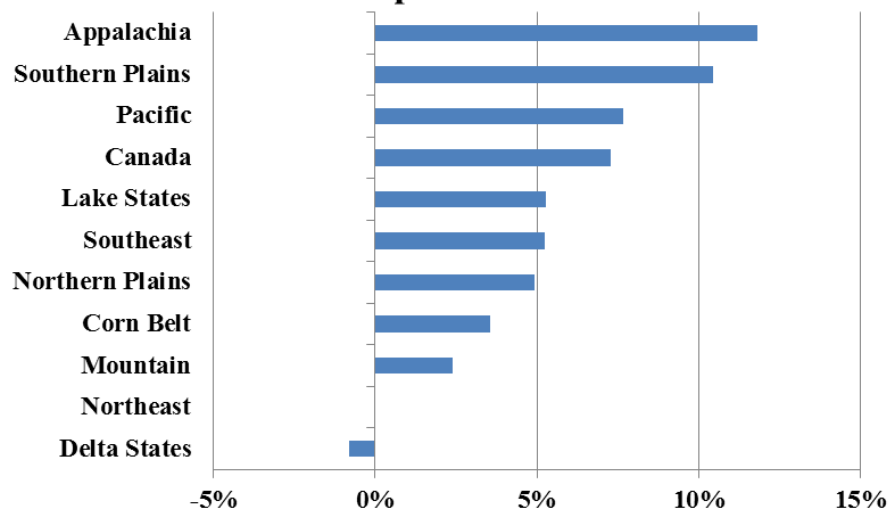
Dealer Outlook																						
(% chg v/v)	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13
2012 Outlook													2013 Outlook									
Overall	5%	2%	4%	4%	3%	5%	5%	4%	6%	3%	4%	3%	4%	3%	2%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

Source: Cleveland Research

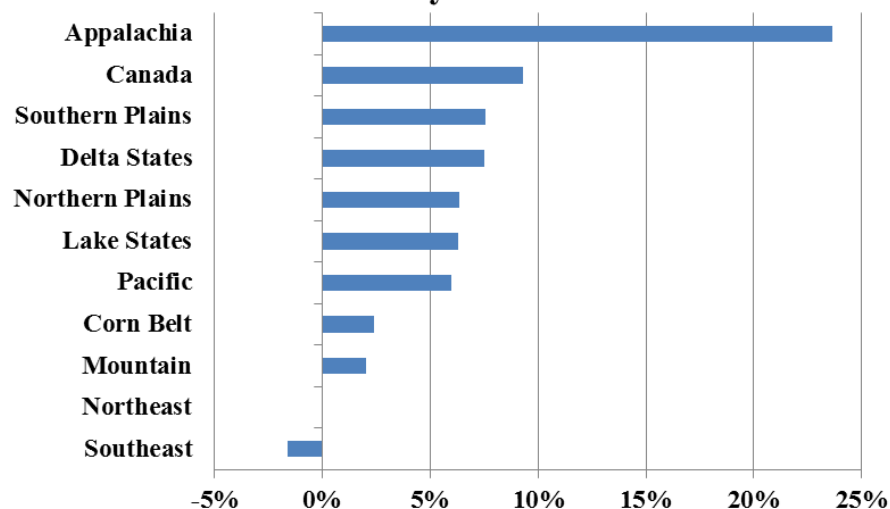
2013 Sales Outlook Continued

- Nine out of eleven regions are projecting a positive full year 2013 sales outlook in May, flat from last month. Appalachia remains the most optimistic, while the Southeast is the only region expecting sales to decline in 2013.

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

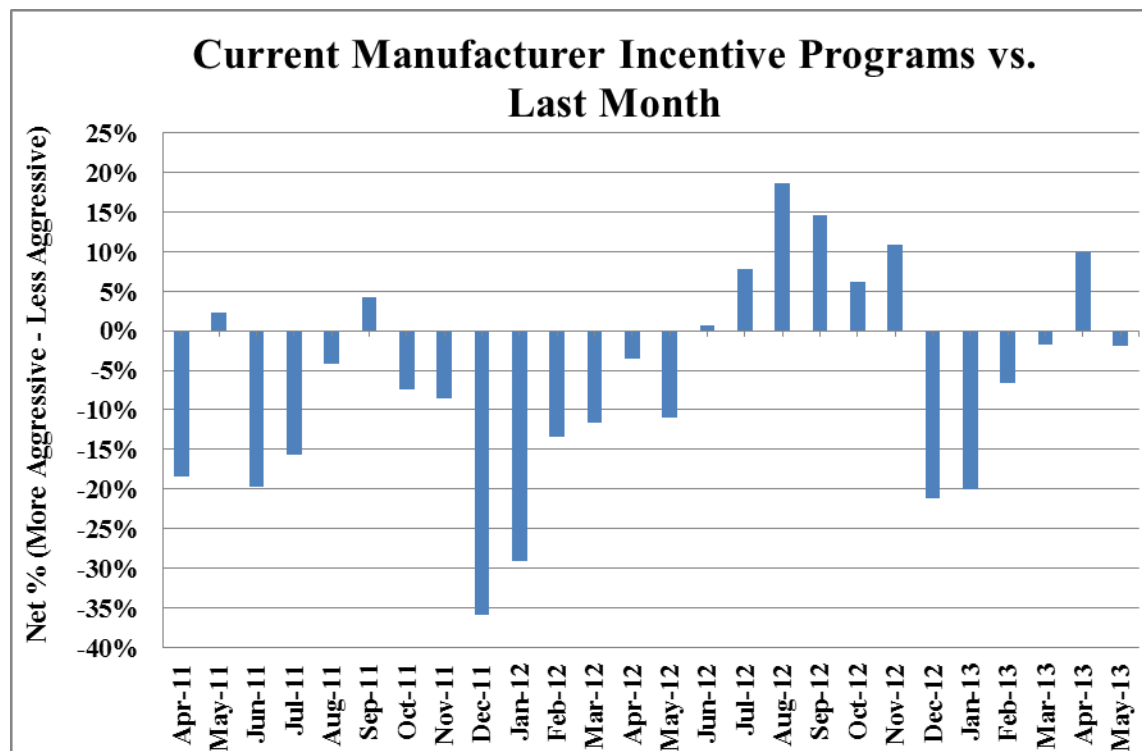


**Average Monthly Sales Outlook by Region
May 2013**



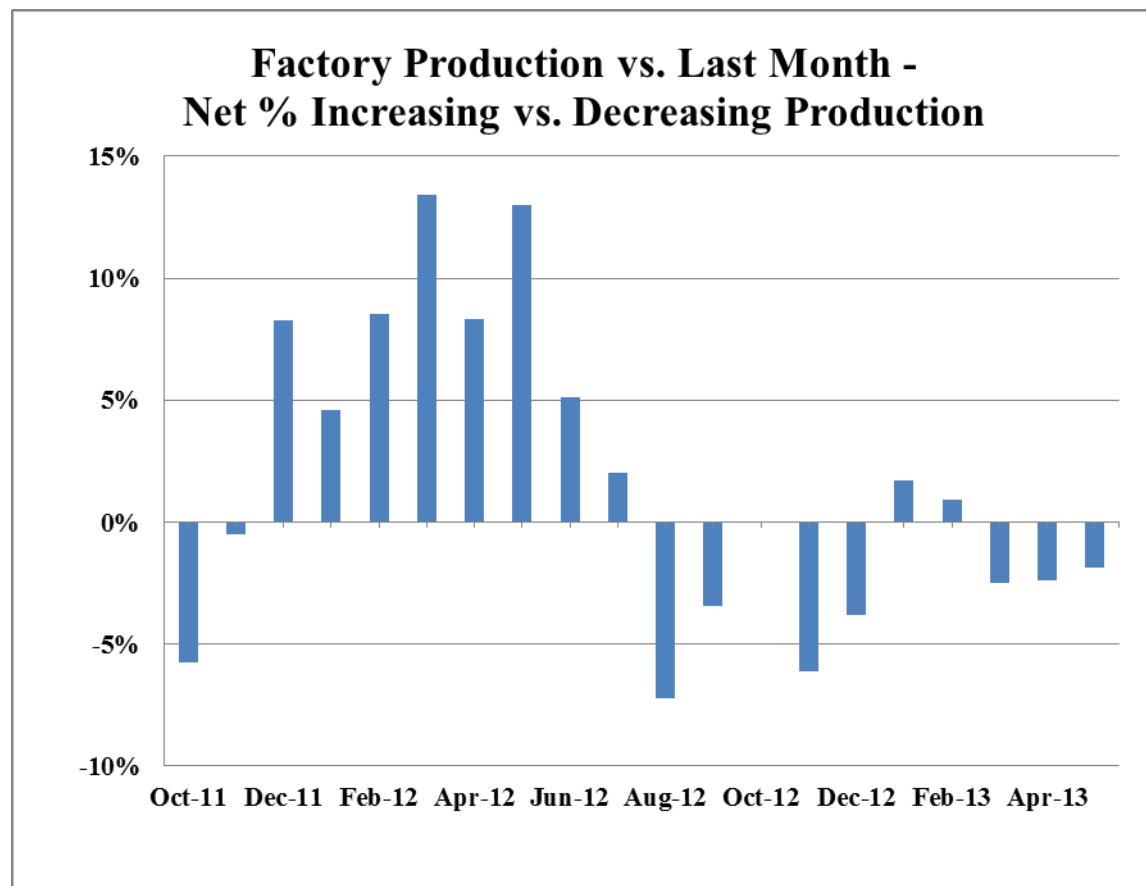
Current Manufacturer Incentive Programs

- A net 2% of dealers report that manufacturers are less aggressive with incentives in May (14% more aggressive; 70% same; 16% less aggressive) compared to a net 10% who reported manufacturers were more aggressive in April.



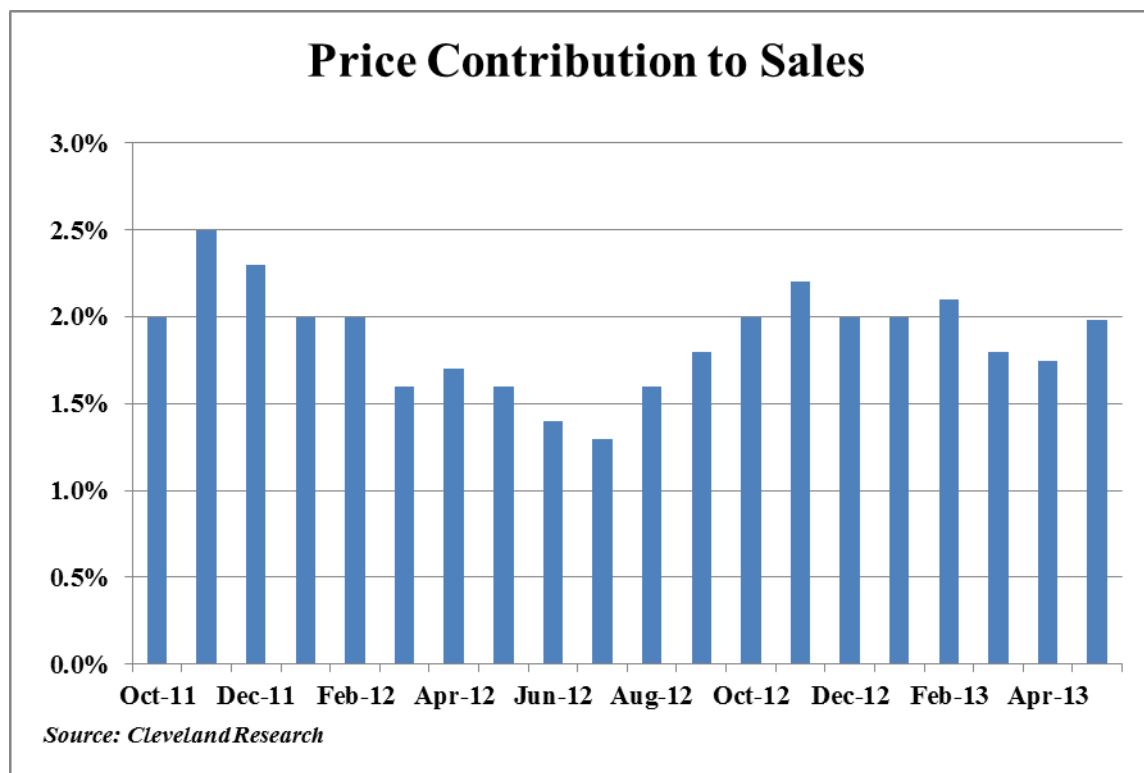
Factory Production

- Dealers report that factory production was flat compared to last month, reporting decreasing production levels of 2% (8% increasing production; 83% no change in production; 9% decreasing production).



Pricing Trends

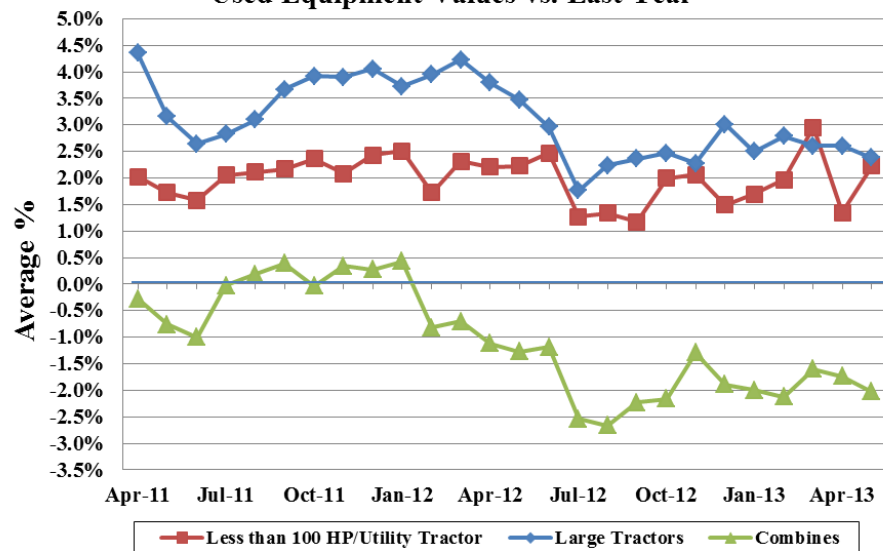
- Dealers report price contributed roughly ~2% to total May revenue, up slightly from 1.7% the prior month.



Used Equipment Pricing

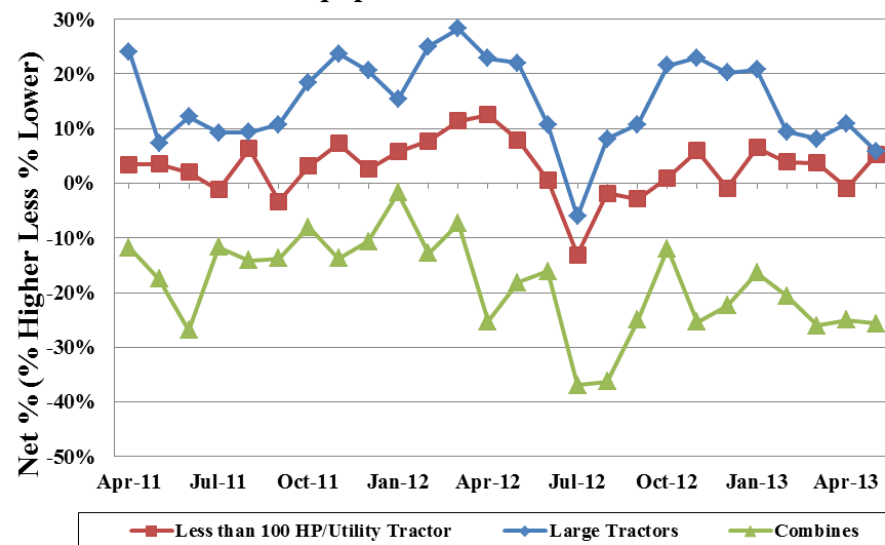
- By category, tractors over 100HP are up 2.4% year-over-year on average, slightly down from 2.6% reported last month. Prices for used tractors under 100HP are up 2.2%, up from 1.3% in the prior month. Used combine values are down -2%, down from down -1.7% last month.
- Relative to last month, a net 5% of dealers report higher values for under 100HP/utility tractors. For over 100HP tractors, a net 6% of dealers report higher values vs. last month. Finally, a net 26% of dealers report used combine values are lower than last month.

Used Equipment Values vs. Last Year



Source: Cleveland Research

Used Equipment Values vs. Last Month



Source: Cleveland Research

Inventory Levels

New Equipment Inventory

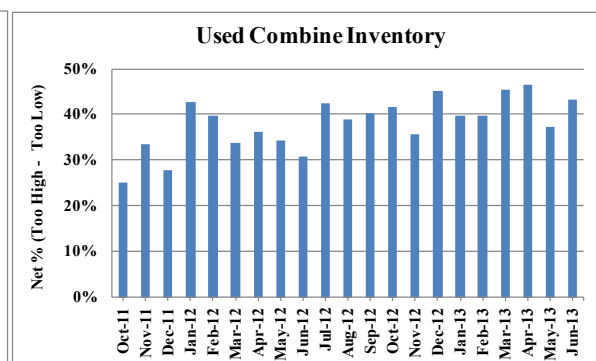
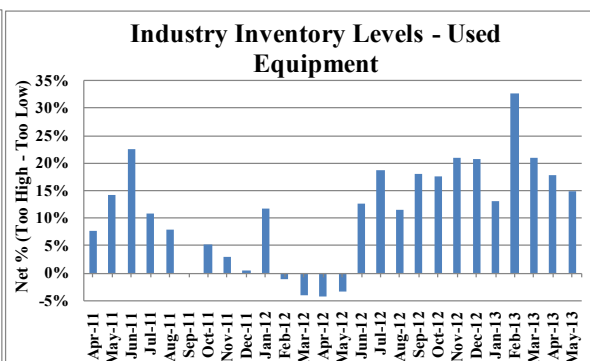
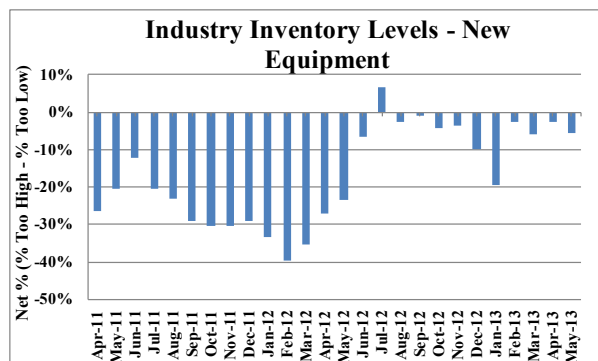
- A net 6% of dealers categorize their new inventory as “too low” (20% too high; 54% about right; 26% too low), vs. 3% last month.

Used Equipment Inventory

- Used equipment inventory remains high as a net 15% of dealers categorize their used inventory levels as “too high” (32% too high; 51% about right; 17% too low), down from 18% last month.

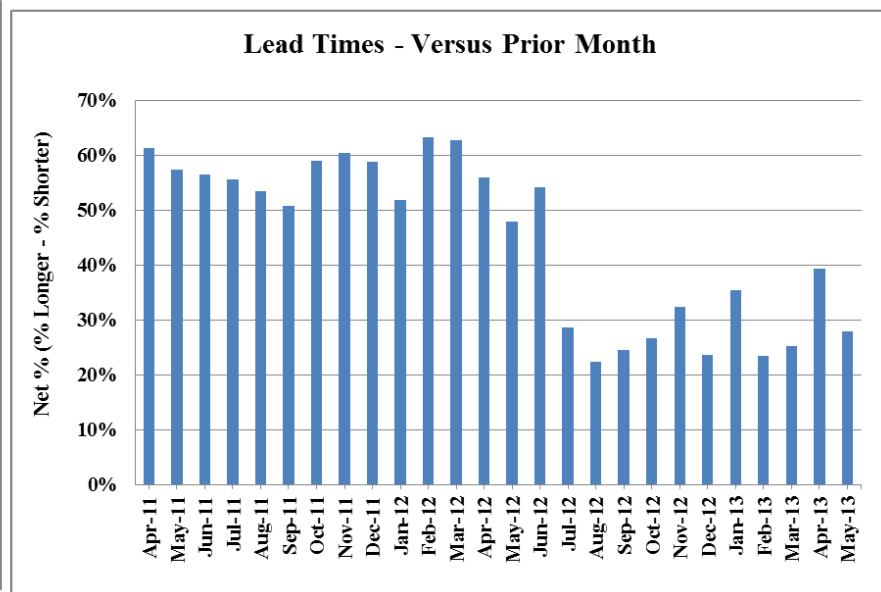
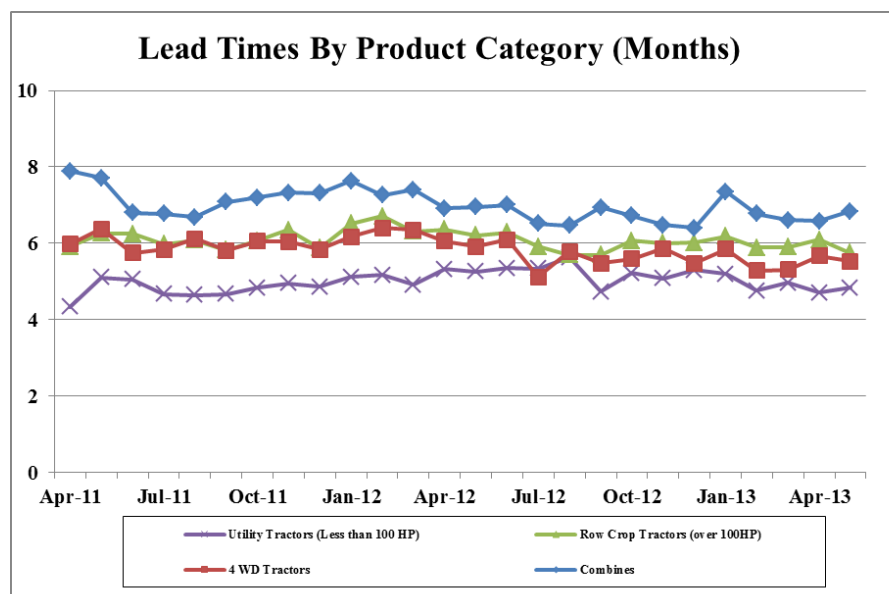
Used Combine Inventory

- Within the used equipment categories, a net 43% of dealers reported used combine inventory levels are “too high” (46% too high; 51% about right; 3% too low). This is the key driver to Deere’s decision to reduce allocation to the dealers in 2014.



Equipment Availability

- Overall, a net 28% of dealers report longer factory lead-times compared to last month (34% longer; 61% same; 6% shorter), up from a net 25% last month.
- Trends in lead times were mixed this month. On average combine lead times are 6.8 months; 4WD are 5.5 months; row crop tractor lead times are 5.7 months; and smaller tractors (<100 HP) lead times are 4.8 months.



Dealer Commentary on Used Inventory Levels

- *Late model used 24 row planters are not moving, too many units on hand for the demand.*
- *We're a little high on combines but low on planters and tractors.*
- *We could use more used tractors.*
- *4WD tractors and combines are too high.*
- *Combines and large HP 4wd tractors are still a concern.*
- *Combines, too many.*
- *Late model tractors and combines are a huge concern.*
- *Combines are still too high.*
- *Increase in new sales has brought corresponding increase in used inventory.*

Dealer Commentary on Biggest Surprise in the Month

- *Drop off in sales of new and used equipment customers very concerned w/economy and Obamacare costs on future finances and taking a loan now*
- *Amazing amount planted in two weeks!*
- *Strong consumer product do to weather.*
- *No planting done*
- *Biggest surprise busy.*
- *Increased interest in outside investments in agriculture*
- *The amount of rain you can get less than a year after a drought!!!*
- *Ag sales softer due to corn price lowering consumer sales still at 2010 levels*
- *Flooding*
- *How well the commercial mowing mowers have been, the aggressive financing, and the ease of using green fleet*
- *The late start to the Consumer spending*
- *Interest in Loader tractors in our drought ridden area*
- *Stayed extra dry this month. Very little rain.*
- *We started may with a huge amount of moisture from record high snowfall. many producers were anticipating on a large amount of unseeded acres. we had a windy & dry may, most acres are now seeded, customers are positive & now we are looking for moisture*
- *The flood*
- *With the late spring sales stayed strong and even up a bit over last years easy spring conditions*
- *Weather was the*

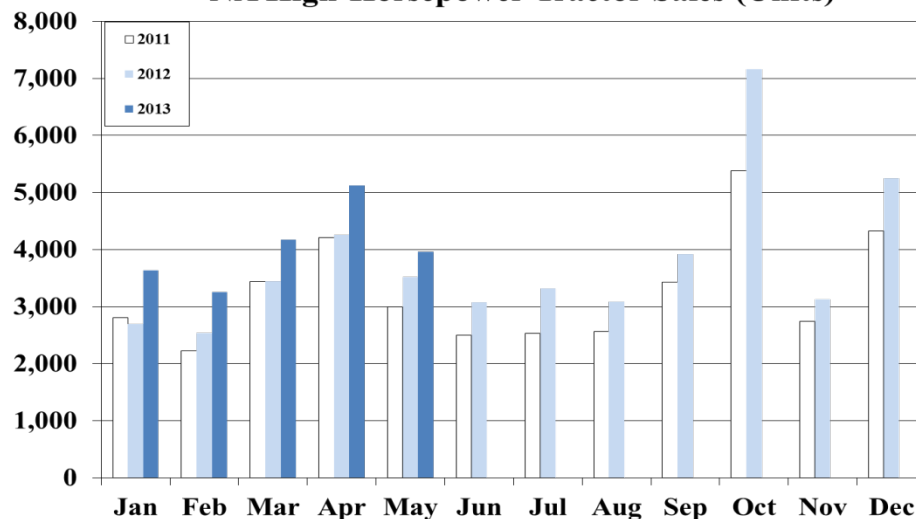
NA Farm Equipment Industry Retail Sales and Inventory

NORTH AMERICAN FARM EQUIPMENT RETAIL SALES														
Units								% change year-over-year						
	≤40 HP	Utility	RowCrop	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	7,903	4,562	2,727	699	15,891	3,426	1,443	4%	5%	3%	7%	5%	4%	(17%)
Oct-11	7,914	5,932	4,249	1,130	19,225	5,379	1,673	12%	12%	4%	1%	9%	3%	14%
Nov-11	4,925	3,400	2,259	481	11,065	2,740	742	(1%)	1%	14%	22%	3%	15%	5%
Dec-11	7,256	6,080	3,667	658	17,661	4,325	1,099	9%	8%	6%	(13%)	7%	3%	(28%)
Jan-12	3,899	3,698	2,335	359	10,291	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	8,589	4,559	2,703	743	16,594	3,446	718	(3%)	(8%)	(4%)	19%	(4%)	0%	(26%)
Apr-12	13,365	6,016	3,369	887	23,637	4,256	705	17%	11%	1%	0%	12%	1%	(25%)
May-12	13,562	5,984	2,911	611	23,068	3,522	691	8%	17%	21%	4%	11%	18%	(15%)
Jun-12	12,503	6,118	2,571	502	21,694	3,073	954	3%	3%	24%	17%	5%	23%	32%
Jul-12	8,635	4,854	2,763	552	16,804	3,315	1,346	12%	3%	33%	21%	13%	31%	14%
Aug-12	8,153	4,516	2,497	588	15,754	3,085	1,497	11%	8%	17%	35%	12%	20%	(1%)
Sep-12	7,975	4,541	3,141	778	16,435	3,919	1,764	1%	(0%)	15%	11%	3%	14%	22%
Oct-12	9,885	6,908	5,660	1,499	23,952	7,159	2,321	25%	16%	33%	33%	25%	33%	39%
Nov-12	5,158	4,005	2,492	632	12,287	3,124	722	5%	18%	10%	31%	11%	14%	(3%)
Dec-12	8,239	6,333	4,350	902	19,824	5,252	1,137	14%	4%	19%	37%	12%	21%	3%
Jan-13	4,723	4,114	2,956	677	12,470	3,633	616	21%	11%	27%	89%	21%	35%	17%
Feb-13	5,102	3,734	2,588	669	12,093	3,257	622	17%	5%	26%	37%	16%	29%	69%
Mar-13	8,311	4,941	3,464	706	17,422	4,170	1,199	-3%	8%	28%	-5%	5%	21%	67%
Apr-13	13,883	5,652	4,269	855	24,659	5,124	1,149	4%	-6%	27%	-4%	4%	20%	63%
May-13	17,193	6,326	3,406	556	27,481	3,962	887	27%	6%	17%	-9%	19%	12%	28%

NORTH AMERICAN FARM EQUIPMENT INVENTORY														
Inventory (Units)								Inventory to 12-mo. Sales						
	≤40 HP	Utility	RowCrop	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	1,504	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%	27%	20%
Jun-12	62,380	27,773	9,395	1,665	101,213	11,060	2,476	63%	47%	28%	22%	51%	27%	21%
Jul-12	61,495	28,135	10,351	1,950	101,931	12,301	2,791	61%	48%	31%	26%	51%	30%	24%
Aug-12	61,108	28,892	11,307	2,248	103,555	13,555	3,008	60%	49%	33%	29%	51%	32%	26%
Sep-12	62,319	29,587	11,580	2,398	105,884	13,978	2,870	62%	50%	34%	31%	52%	33%	24%
Oct-12	61,918	29,266	10,573	1,931	103,688	12,504	1,662	60%	49%	29%	24%	50%	28%	13%
Nov-12	65,873	29,835	11,232	2,079	109,019	13,311	1,520	64%	49%	31%	25%	52%	30%	12%
Dec-12	67,319	29,137	10,335	1,753	108,544	12,088	1,409	65%	48%	28%	21%	51%	27%	11%
Jan-13	69,290	30,182	10,399	1,803	111,674	12,202	1,659	66%	49%	28%	20%	52%	26%	13%
Feb-13	72,473	30,842	11,375	1,850	116,540	13,225	2,186	68%	50%	30%	20%	54%	28%	17%
Mar-13	72,499	30,869	11,700	1,931	116,999	13,631	2,518	69%	50%	30%	21%	54%	29%	19%
Apr-13	70,567	30,512	12,507	1,883	115,469	14,390	2,577	66%	49%	32%	21%	53%	30%	18%

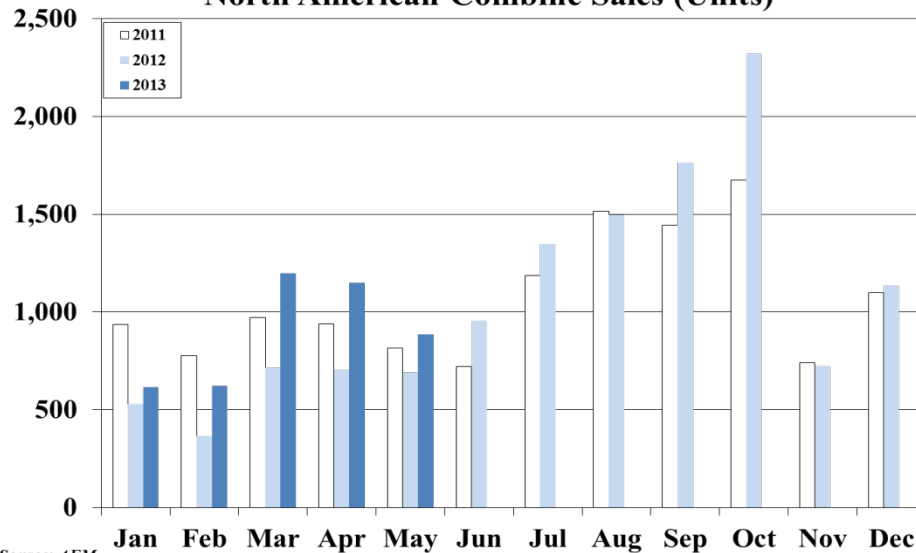
Annual Ag Equipment Industry Sales – 2010-2012

NA High-Horsepower Tractor Sales (Units)



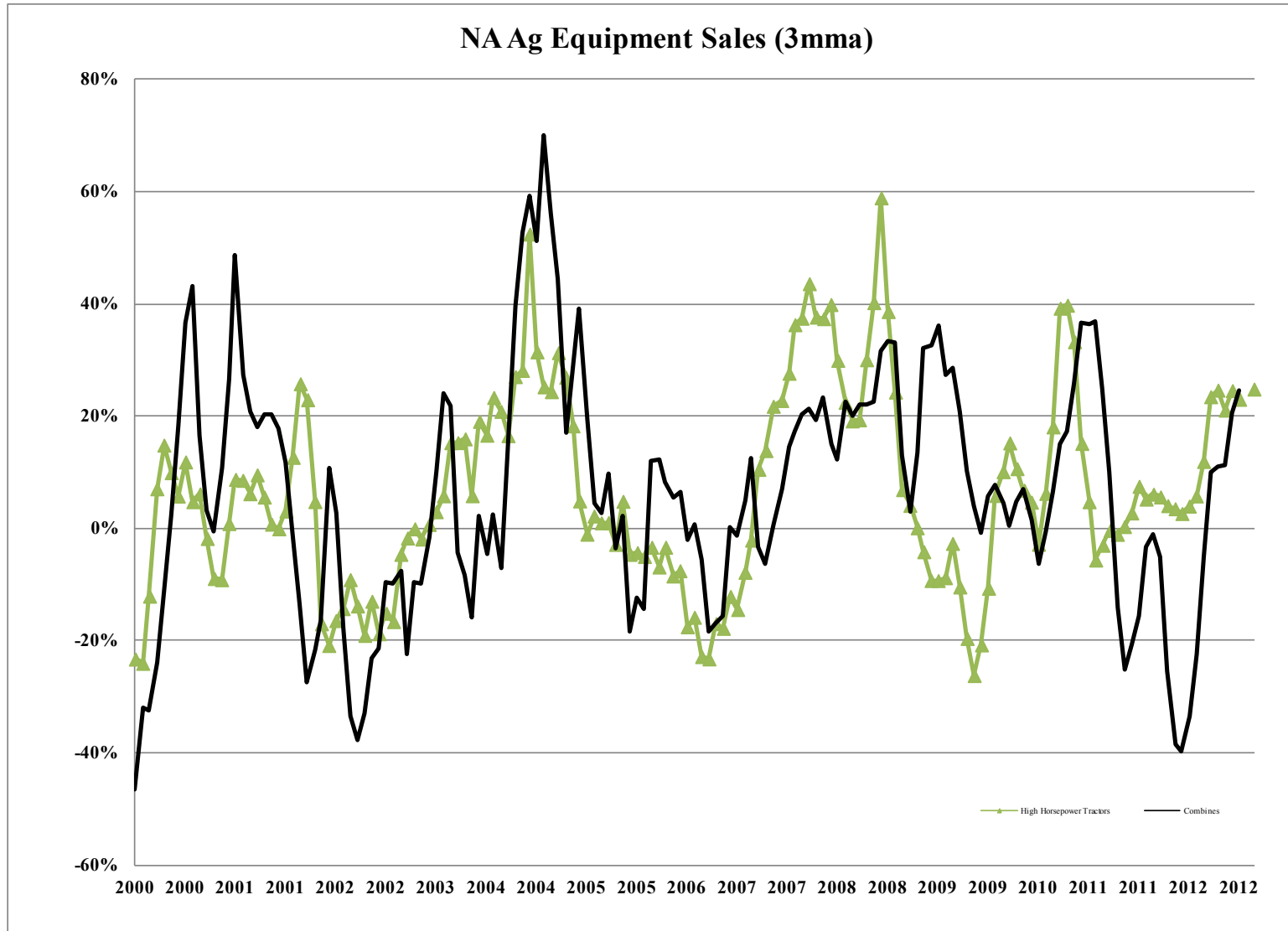
Source: AEM

North American Combine Sales (Units)



Source: AEM

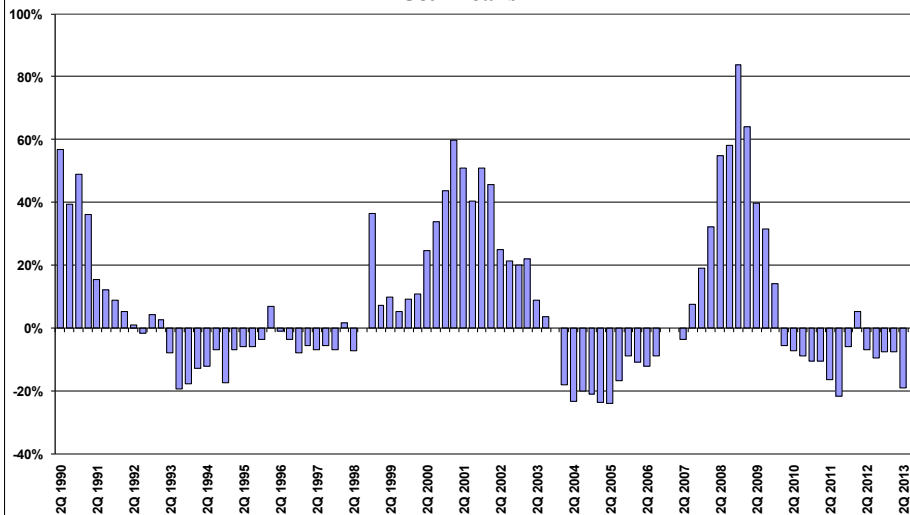
NA Ag Equipment Sales



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

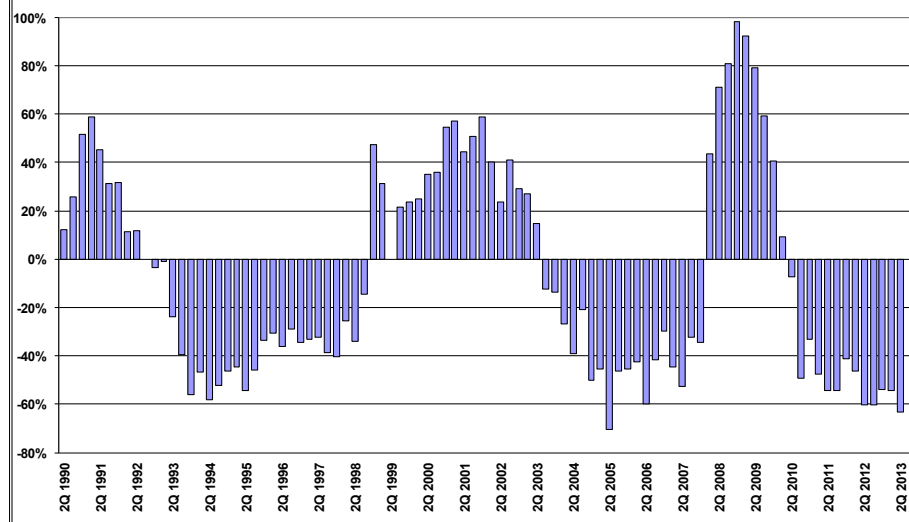
- The 2Q13 Senior Loan Officer survey saw a further loosening of loan standards. A net 19% of loan officers reported easier credit standards in 2Q13 compared with a net 7% in 1Q13.
- Bank rate spreads contracted again in 1Q13 with a net 63% of loan officers reporting lower lending spreads, compared to a net 54% in 1Q.
- Demand for commercial and industrial loans moderated in 2Q as a net 6% of loan officers reported stronger demand for commercial and industrial loans, down sequentially from the strong 1Q levels when a net 19% of loan officers were reporting stronger demand for loans.

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



Source: Federal Reserve Board

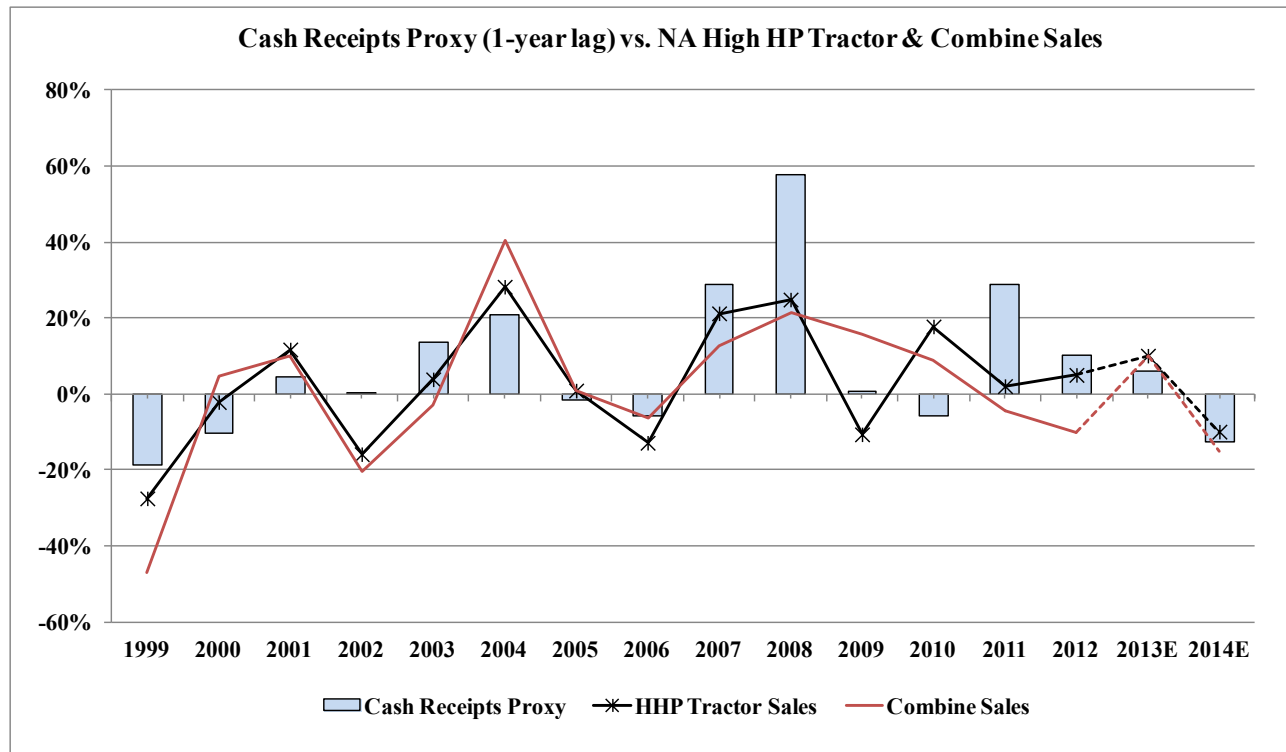
Net % of Domestic Respondents Increasing Spreads of Loan Rates Over Banks' Cost of Funds



Source: Federal Reserve Board

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

The USDA's June crop supply and demand forecast for the 2013/14 crop year points to a (13%) decline 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. The updated USDA cash receipts outlook is for a decline of (13%), which compares to a (14%) drop in last month's initial crop forecast. If historical trends hold, this would imply that 2014 could be a challenging year for equipment demand vs. 2013, as the correlation between equipment sales and cash receipts has provided a good proxy for future equipment demand.



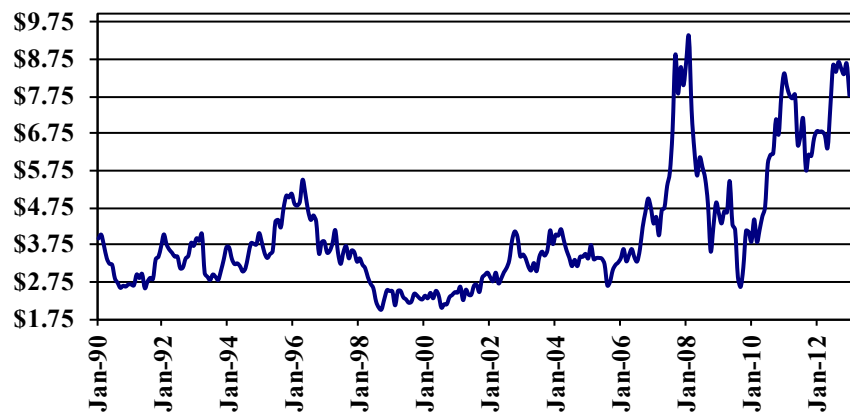
Commodity Price Trends – Simplified Cash Receipts Proxy

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	10,780	10,385	750	11,135	759	7.3%	\$6.70-\$7.10	2012/13	22,963	23,626	4,179	17.7%	
2013/14								2013/14					
May	14,140	11,620	1,300	12,920	2,004	17.2%	\$4.30-\$5.10	May	23,888	25,258	4,083	16.2%	
June	14,005	11,550	1,300	12,850	1,949	16.9%	\$4.40-\$5.20	June	23,890	25,262	4,028	15.9%	
Revision to 2013/14: NA								Corn Spot Price: \$7.30					
m/m chg	-135	-70	0	-125	-55	-0.4%	\$0.10	m/m chg	3	4	-55	-0.2%	
y/y chg	3,225	1,165	550	1,715	1,190	9.6%	(\$2.10)	y/y chg	927	1,636	-150	-1.7%	
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	3,015	3,080	1,350	4,430	125	4.1%	\$14.30	2012/13	6,873	7,777	2,170	27.9%	
2013/14								2013/14					
May	3,390	3,264	1,450	4,714	265	8.1%	\$9.50-\$11.50	May	7,100	8,113	2,489	30.7%	
June	3,390	3,264	1,450	4,714	265	8.1%	\$9.75-\$11.75	June	7,093	8,112	2,442	30.1%	
Revision to 2013/14: NA								Soybean Spot Price: \$15.03					
m/m chg	0	0	0	0	0	0.0%	\$0.25	m/m chg	-7	-1	-47	-0.6%	
y/y chg	375	184	100	284	140	4.1%	(\$3.55)	y/y chg	220	335	272	2.2%	
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	2,269	1,381	1,025	2,406	731	52.9%	\$7.80	2012/13	21,821	23,418	5,889	25.1%	
2013/14								2013/14					
May	2,057	1,322	925	2,247	670	50.7%	\$6.15-\$7.45	May	23,704	24,210	6,178	25.5%	
June	2,080	1,322	975	2,297	659	49.8%	\$6.25-\$7.55	June	23,488	24,195	6,001	24.8%	
Revision to 2013/14: NA								Wheat Spot Price: \$7.06					
m/m chg	23	0	50	50	-11	-0.8%	\$0.10	m/m chg	-216	-15	-177	-0.7%	
y/y chg	-189	-59	-50	-109	-72	-3.1%	(\$0.90)	y/y chg	1667	777	112	-0.3%	
FARMER CROP RECEIPTS													
Production:				Avg Price:			Crop Cash Receipts*						
Corn	Soybeans	Wheat		Corn	Soybeans	Wheat	Corn	Soybeans	Wheat	Total	y/y % Chg		
2004/05	11,807	3,124	2,158	\$2.06	\$5.74	\$3.40	\$22,228	\$17,337	\$7,199	\$46,764	-6%		
2005/06	11,114	3,063	2,105	\$2.00	\$5.66	\$3.42	\$32,014	\$20,499	\$7,719	\$60,232	29%		
2006/07	10,531	3,188	1,812	\$3.04	\$6.43	\$4.26	\$65,347	\$37,951	\$12,470	\$115,767	29%		
2010/11	12,447	3,329	2,207	\$5.25	\$11.40	\$5.65	\$75,384	\$37,742	\$14,493	\$127,618	10%		
2011/12	12,358	3,056	1,999	\$6.10	\$12.35	\$7.25	\$74,382	\$43,115	\$17,698	\$135,195	6%		
2012/13	10,780	3,015	2,269	\$6.90	\$14.30	\$7.80							
2013/14													
May	14,140	3,390	2,057	\$4.70	\$10.50	\$6.80	\$66,458	\$35,595	\$13,988	\$116,041	-14%		
June	14,005	3,390	2,080	\$4.80	\$10.75	\$6.90	\$67,224	\$36,443	\$14,352	\$118,019	-13%		
*Note: Cash receipts estimated as USDA production X USDA average price forecast													

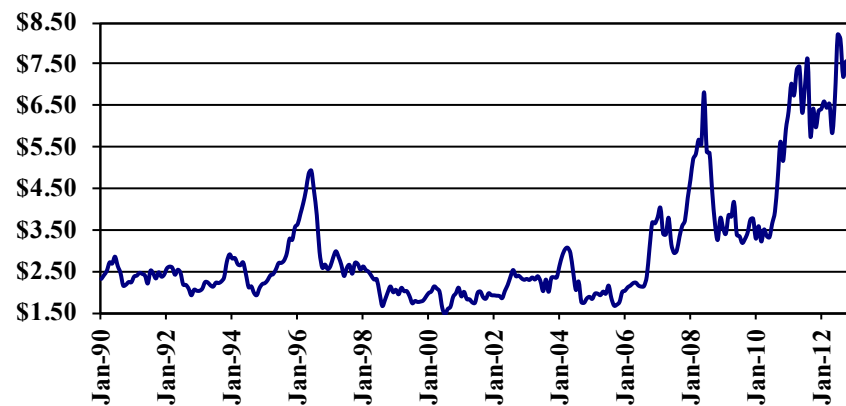
Source: USDA; Cleveland Research estimates

Commodity Price Trends – Corn, Soybean, Wheat, Cotton

Wheat Price Trends



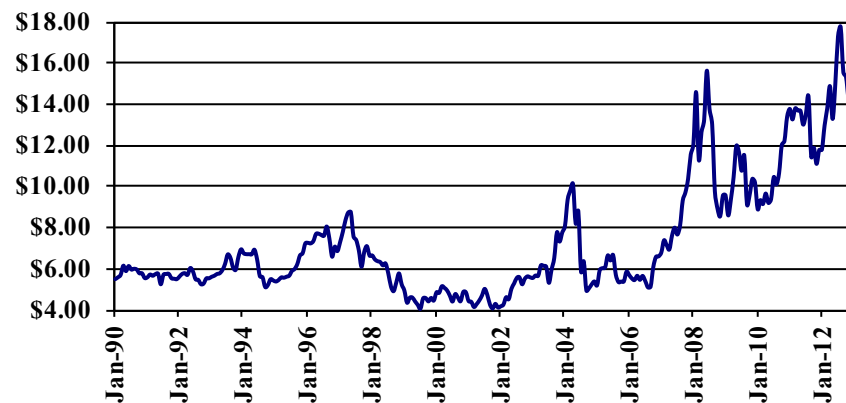
Corn Price Trends



Cotton Price Trends

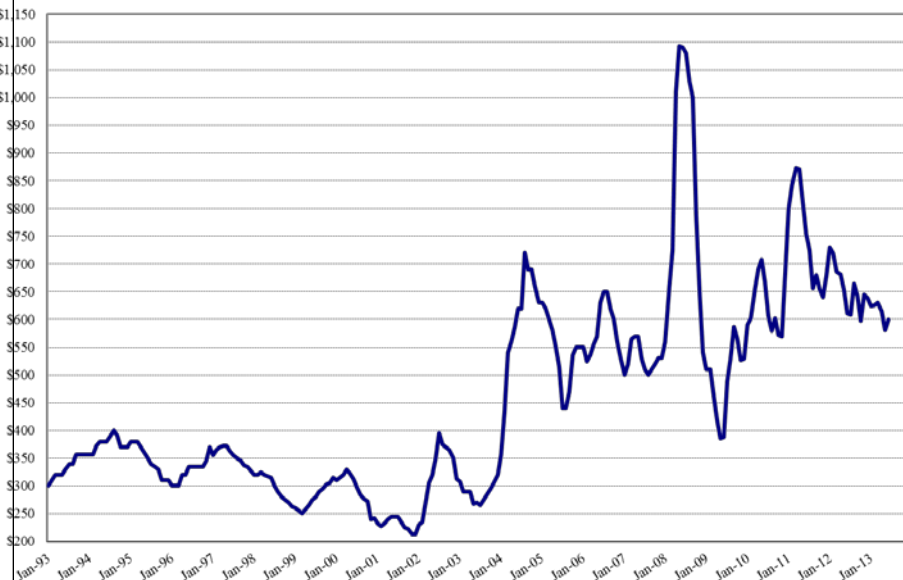


Soybean Price Trends

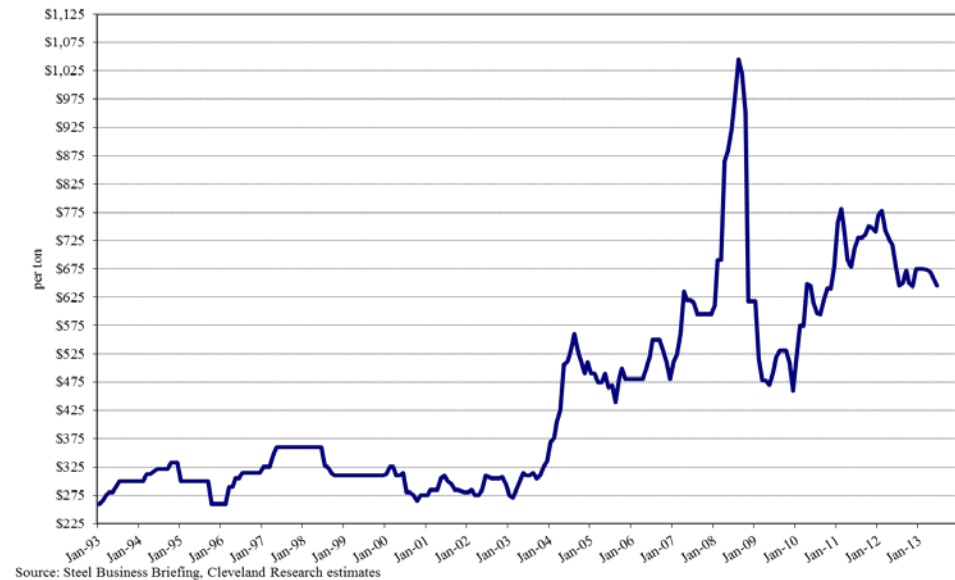


Commodity Price Trends – Steel

Domestic Hot Rolled Sheet Prices
Monthly 1993 to Present

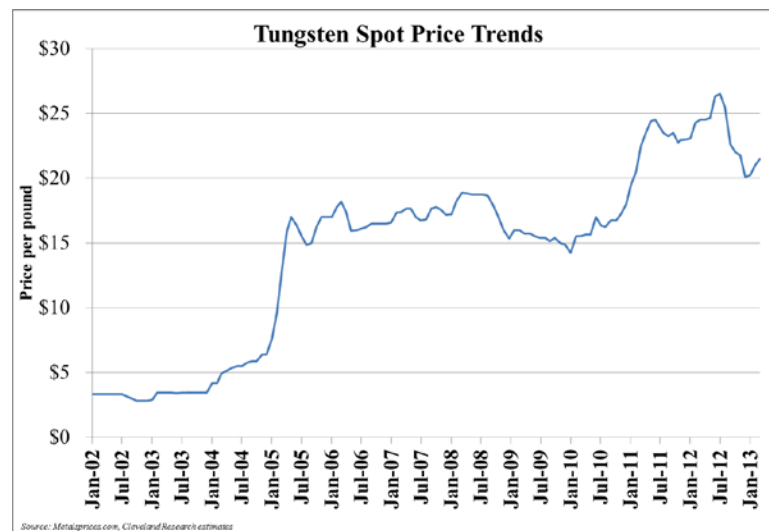
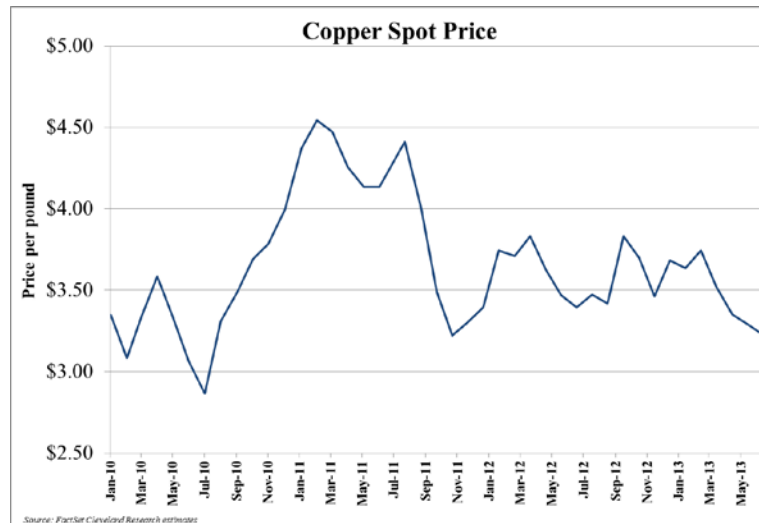
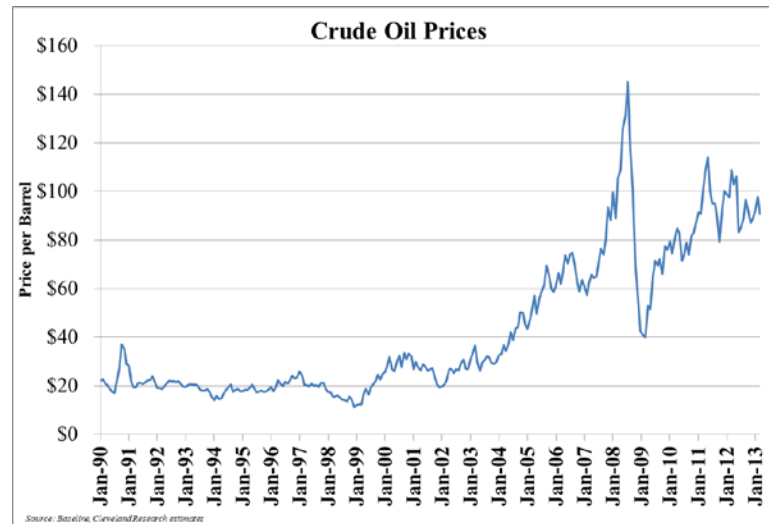
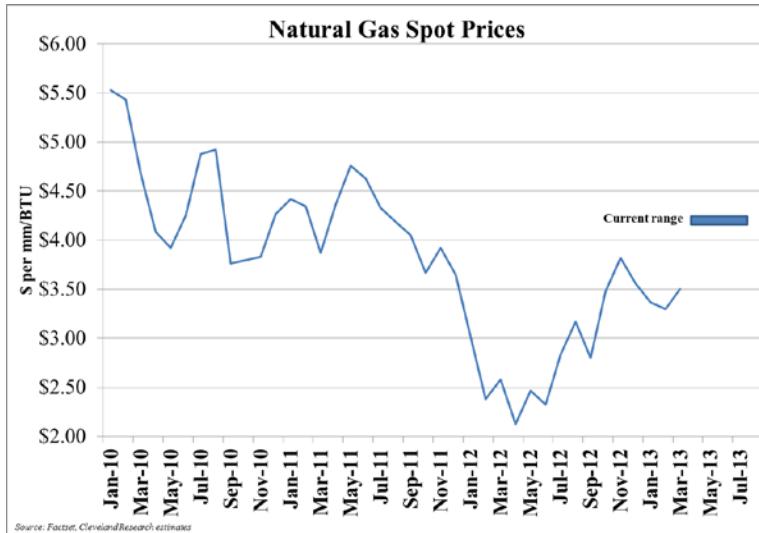


Domestic Reinforcing Bar (Rebar) Prices
Monthly 2000 to Present



Source: Steel Business Briefing, Cleveland Research estimates

Commodity Price Trends



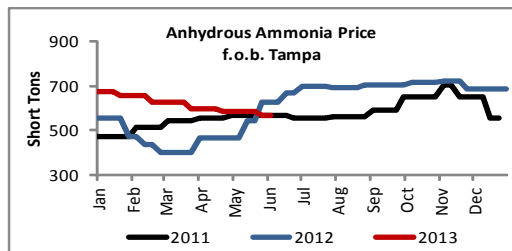
Commodity Trends – Long Run Supply and Demand Projections

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

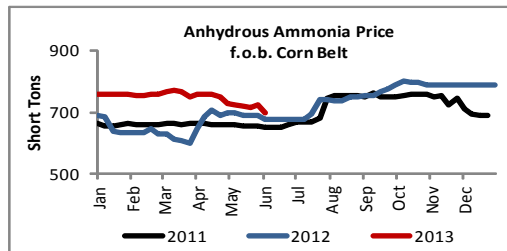
SOYBEANS - DOMESTIC							
<u>Year</u>	<u>Production</u>	<u>Domestic Use</u>	<u>Exports</u>	<u>Total Use</u>	<u>End Stocks</u>	<u>Stocks/Use</u>	<u>Avg Price</u>
2007/08	2,676	1,893	1,161	3,054	205	6.7%	\$10.10
2008/09	2,967	1,763	1,283	3,046	138	4.5%	\$9.97
2009/10	3,359	1,860	1,501	3,361	151	4.5%	\$9.59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

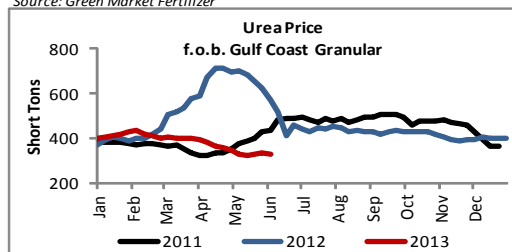
Other Input and Chemical Costs – 2011-2013



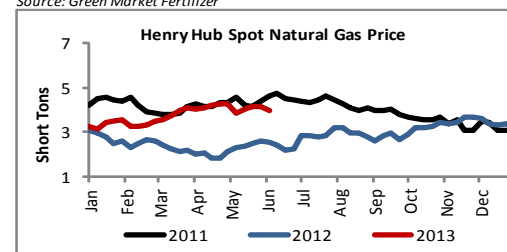
Source: Green Market Fertilizer



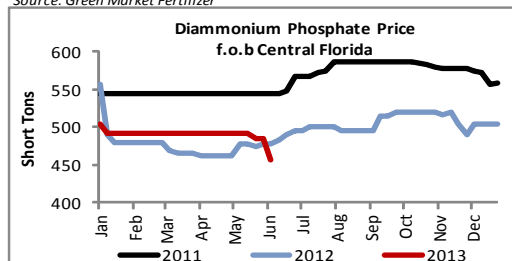
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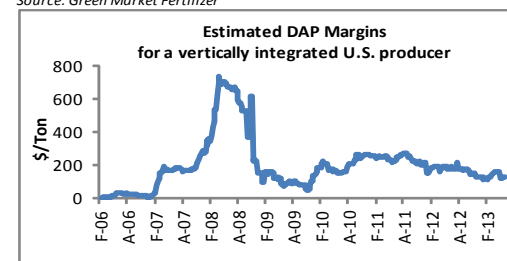
Source: Green Market Fertilizer



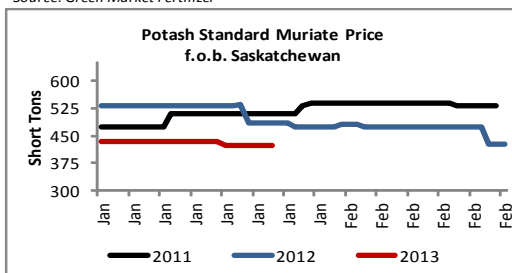
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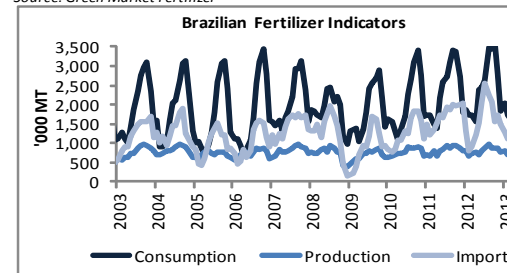
Source: Green Market Fertilizer



Source: Green Market Fertilizer

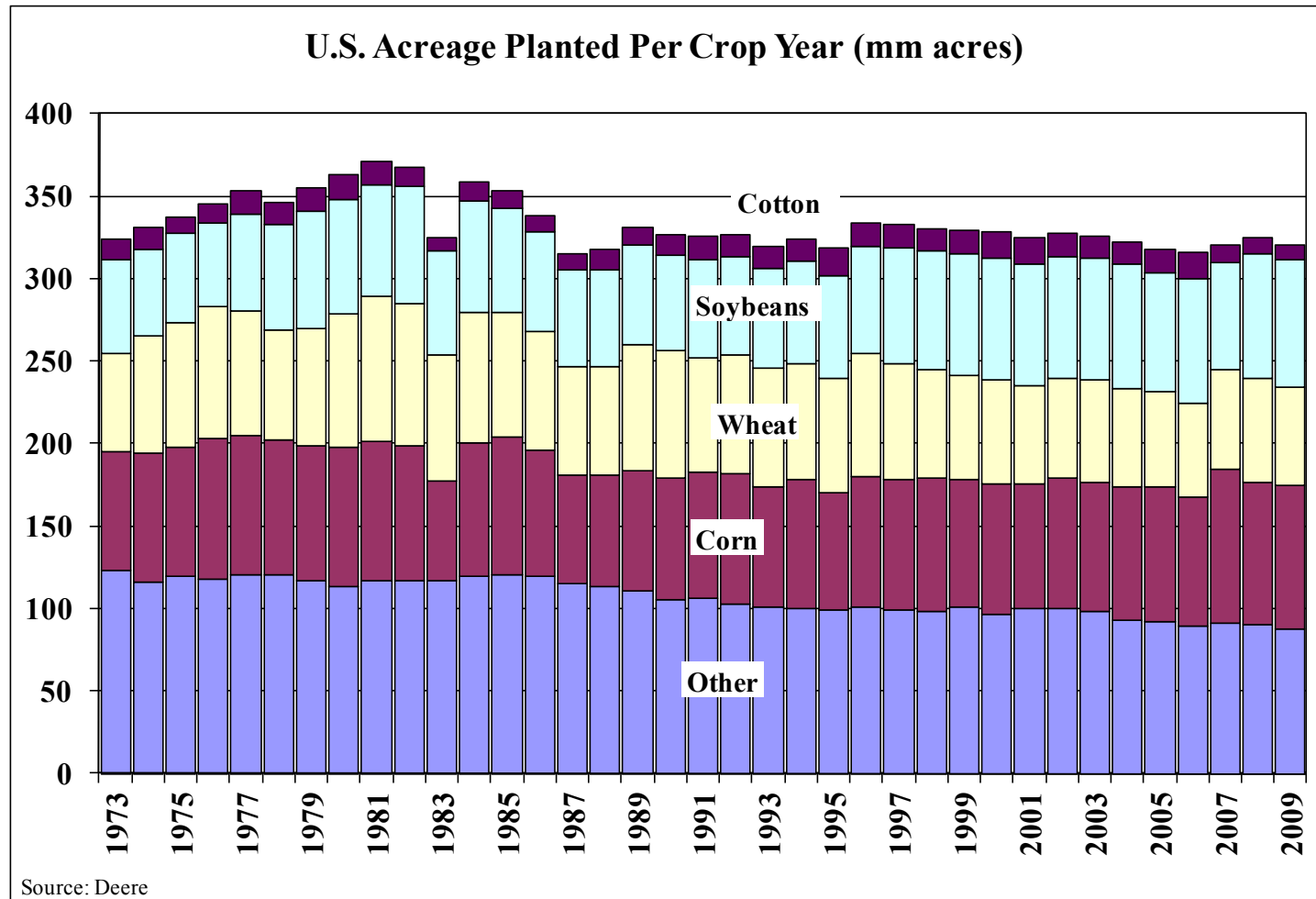


Source: Green Market Fertilizer



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