

Ag Equipment Intelligence

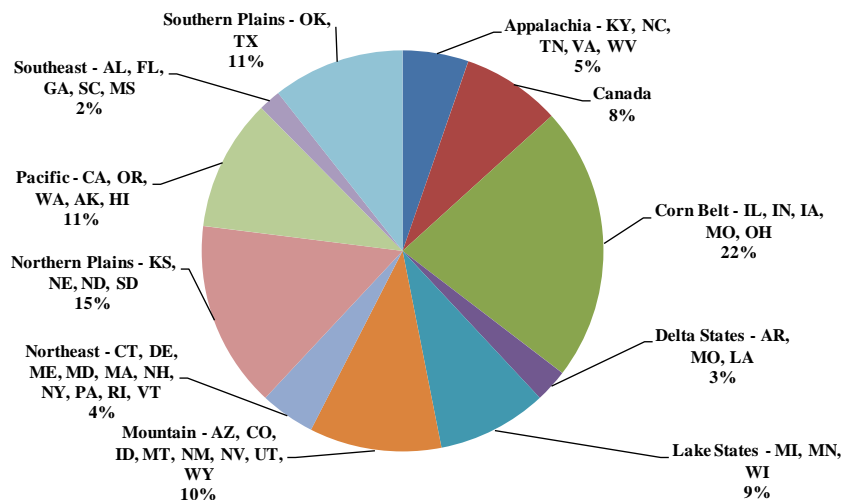
March 2013 Dealer Sentiments &
Business Conditions Update

Monthly Ag Equipment Intelligence North American Dealer Survey

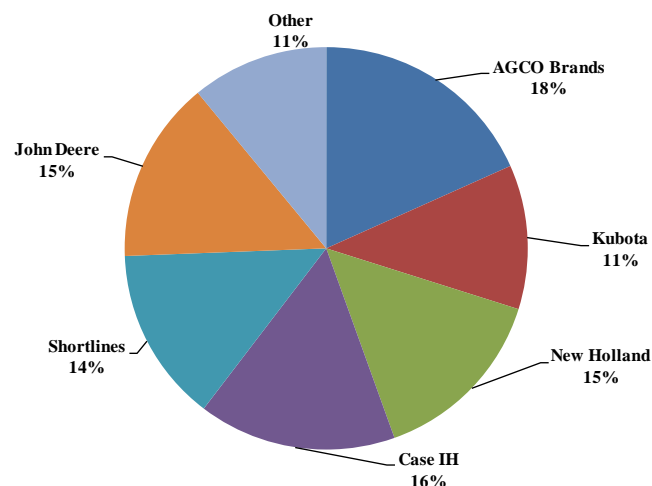
Background:

- We are pleased to announce the results of the March 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 March survey had ~113 respondents representing combined annual revenues of roughly \$4.0 billion. Participants representing a broad cross section of geographies and brands are summarized in the charts below.
- It is important to note Challenger, Fendt, Massey Ferguson, and Valtra are included under AGCO while the “other” category includes manufacturers with relatively few respondents.

Participants by Region



Participants by Brand



Highlights / Summary Thoughts

- **Industry Sales Growth Slowed to 3% in February**– Ag equipment dealers reported year-over-year sales grew 3% on average in February, down from 5% the prior month. Case IH and John Deere saw the highest growth at 4%, while “Other” was the weakest and saw sales down -3%.
- **2013 Dealer Outlook unchanged at 4%** – John Deere and Case IH dealers are the most optimistic, while New Holland dealers hold the weakest outlooks. The overall 2013 industry outlook is unchanged from January.
- **Dealer Optimism Remains Elevated** – Our Dealer Optimism Index, a measure of sentiment amongst dealers compared to the prior month, was largely unchanged with February, as 18% of dealers are reporting they have a more optimistic outlook now versus a net 19% last month (34% are more optimistic; 50% same; 16% are less optimistic).

Optimism/Sentiment vs. Last Month

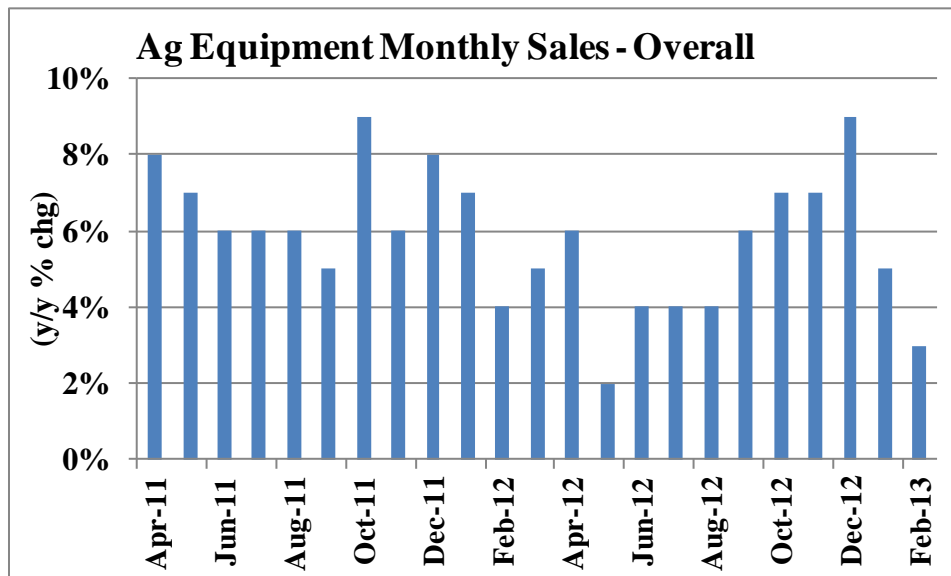
	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13
More Optimistic	33%	25%	31%	32%	30%	25%	36%	33%	30%	38%	29%	25%	22%	15%	14%	18%	28%	31%	27%	28%	28%	34%	34%
Same	54%	54%	44%	49%	55%	58%	55%	55%	54%	53%	57%	59%	62%	61%	49%	44%	54%	54%	54%	52%	55%	51%	50%
Less Optimistic	13%	21%	25%	20%	15%	17%	9%	12%	16%	10%	14%	17%	17%	24%	37%	38%	18%	15%	20%	20%	18%	15%	16%
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%	18%

Monthly Sales Growth

- Ag equipment dealers reported year-over-year sales grew 3% on average in February, down from 5% the prior month.
- Case IH and John Deere saw the highest growth at 4%, while “Other” was the weakest and saw sales down -3%.
- A net 4% of participants categorized February results as “worse-than-expected” (18% better-than-expected; 60% in-line with expectations; 22% worse-than-expected), compared to 5% “better-than-expected” the prior 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	Feb-13
Overall	8%	7%	6%	6%	6%	5%	9%	6%	8%	7%	4%	5%	6%	2%	4%	4%	4%	6%	7%	7%	9%	5%	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	Feb-13
AGCO	12%	13%	11%	9%	14%	12%	12%	10%	12%	6%	1%	2%	5%	2%	5%	1%	0%	4%	3%	7%	13%	-2%	0%
John Deere	8%	8%	7%	5%	5%	4%	10%	5%	5%	6%	4%	6%	9%	4%	9%	9%	7%	10%	10%	7%	9%	6%	4%
New Holland	8%	4%	5%	7%	6%	7%	7%	6%	12%	5%	-2%	4%	3%	1%	0%	2%	-1%	5%	0%	6%	6%	3%	1%
Case IH	5%	4%	3%	8%	7%	7%	8%	8%	11%	10%	4%	6%	3%	-2%	1%	1%	2%	3%	7%	8%	5%	7%	4%
Kubota	13%	5%	7%	12%	7%	6%	7%	9%	10%	10%	4%	6%	5%	1%	6%	-3%	3%	-1%	3%	-2%	8%	4%	3%
Shortlines	n/a	-13%	3%	5%	6%	2%	6%	2%	7%	2%	0%	2%	3%	6%	6%	6%	3%	5%	7%	5%	3%	1%	-2%
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%	-3%

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	Feb-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%	44%
Flat Sales	18%	14%	23%	15%	16%	23%	20%	22%	11%	29%	30%	22%	19%	16%	26%	16%	15%	21%	17%	12%	14%	28%	35%
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%	21%
Net % (Positive	55%	35%	35%	48%	49%	45%	50%	52%	63%	42%	29%	42%	52%	25%	31%	15%	32%	37%	39%	52%	52%	25%	23%

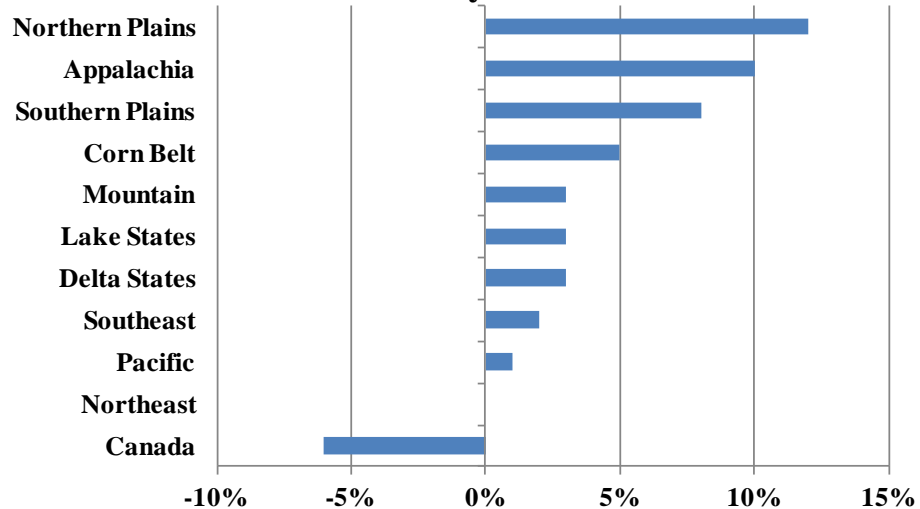
Results vs. Expectations

	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	Feb-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%	18%
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%	60%
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%	22%
Net % (Better -	7%	-4%	1%	8%	13%	14%	18%	19%	29%	12%	-7%	7%	10%	-3%	-3%	-14%	1%	6%	5%	18%	25%	5%	-4%

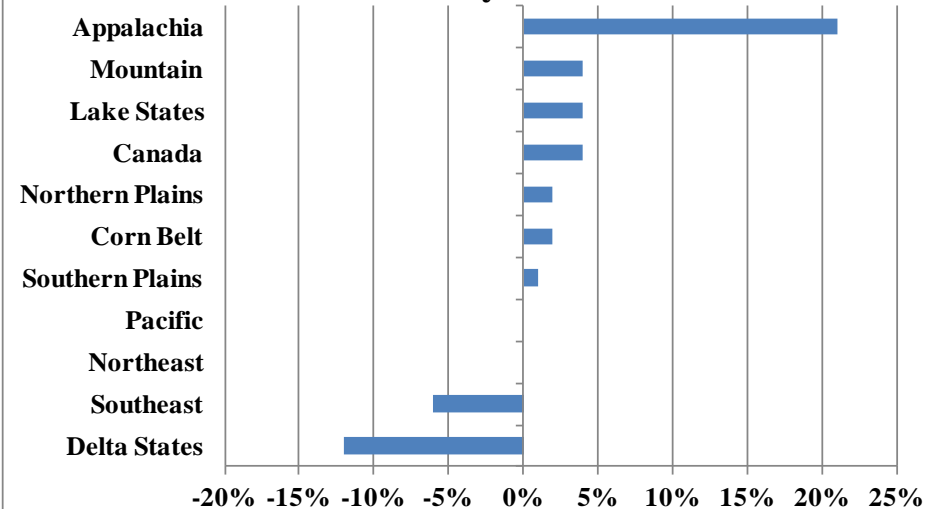
Monthly Sales Growth by Region

- Seven out of eleven regions showed positive average monthly sales growth in February, down from nine out of eleven in January. Appalachia saw the best performance, while the Southeast and Delta States were the only regions to decline.
- On a sequential basis, Appalachia saw the most significant acceleration, while the Delta States saw the most significant decline.

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



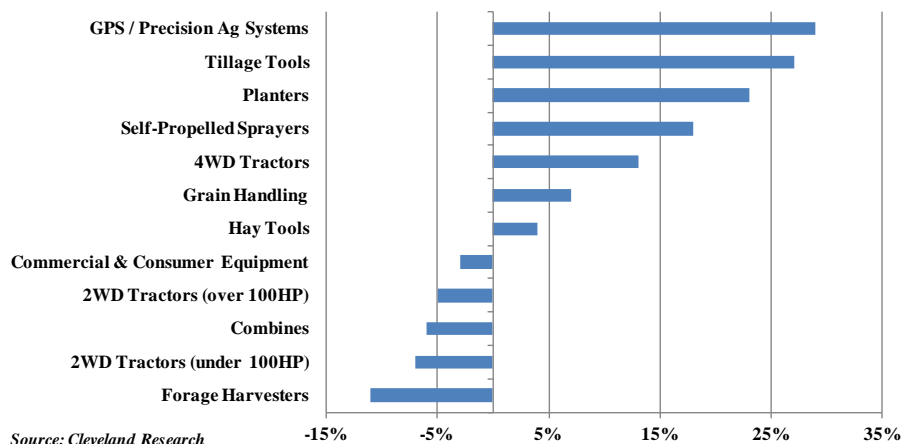
**Average Monthly Sales Growth by Region
February 2013**



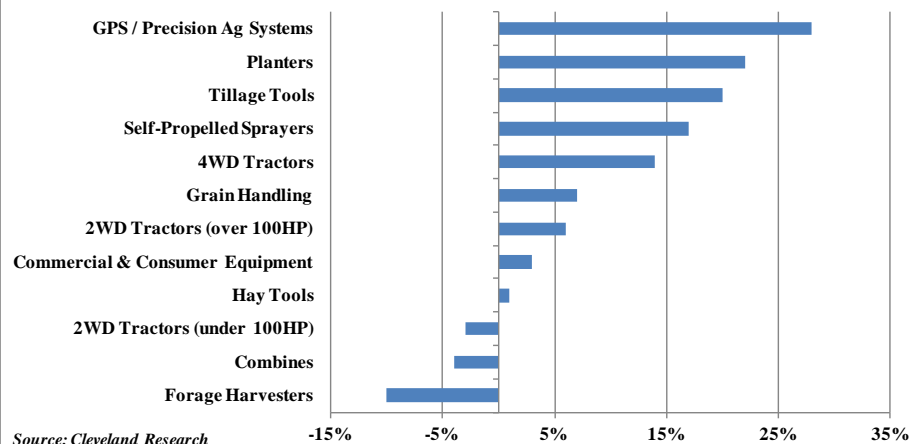
Equipment Category Sales Trends

- Nine out of twelve product categories ranked in positive territory in February, up from seven last month. GPS/precision ag systems were the best performing category, while forage harvesters was the weakest.
- On a sequential basis, 2WD tractors over 100 HP saw the most significant improvement, while tillage tools saw the sharpest sequential decline.

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

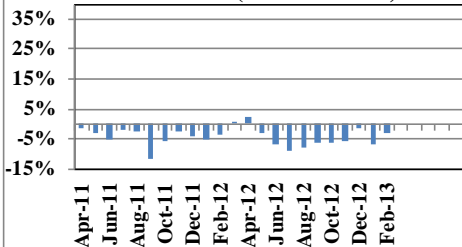


Product Category Ranking (Net % Strong - Weak)
February 2013

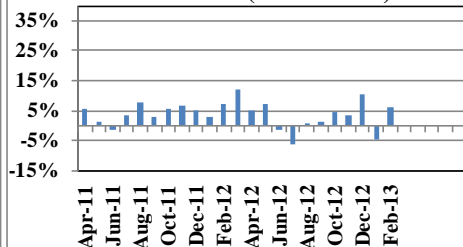


Equipment Category Sales Trends

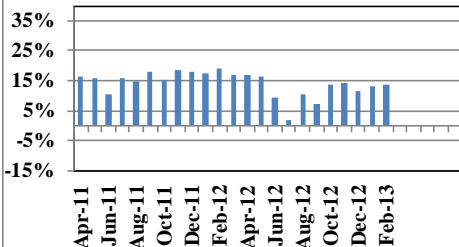
2WD Tractors (under 100HP)



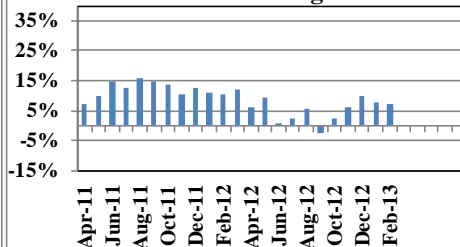
2WD Tractors (over 100HP)



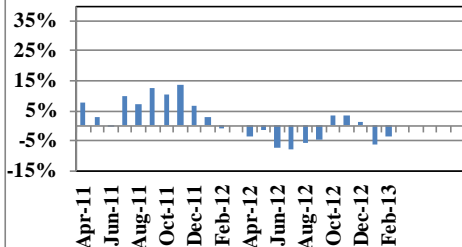
4WD Tractors



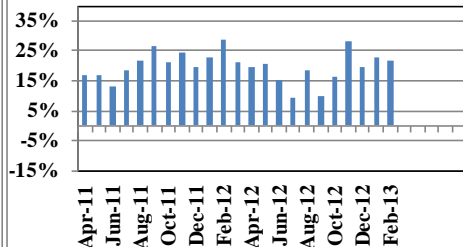
Grain Handling



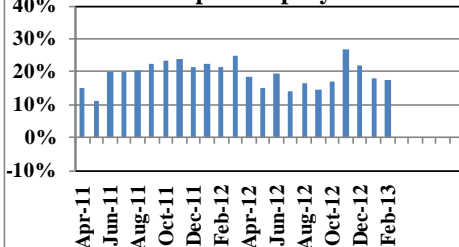
Combines



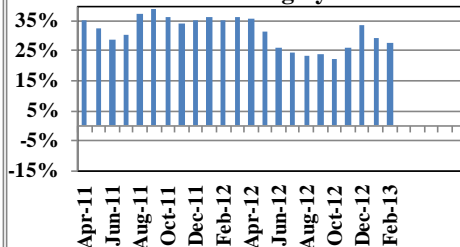
Planters



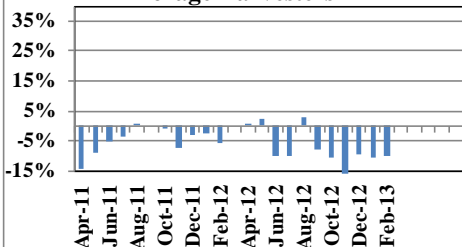
Self-Propelled Sprayers



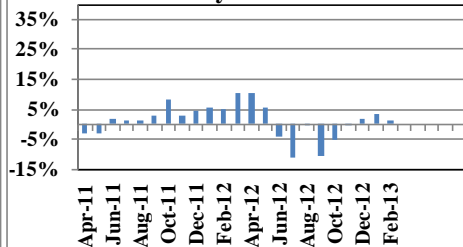
GPS / Precision Ag Systems



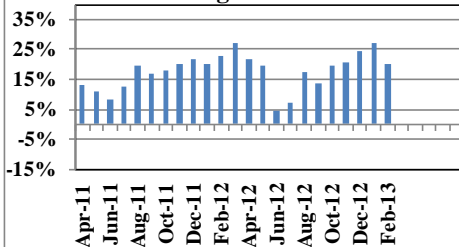
Forage Harvesters



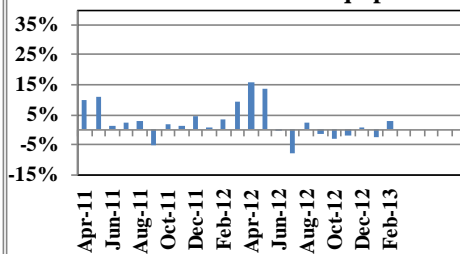
Hay Tools



Tillage Tools



Commercial & Consumer Equipment



Dealer Commentary on Monthly Sales

- *Sales are down tremendously for us.*
- *So far January and February sales are up double from last year. However these are not huge months for us normally so I do not dare to predict 100% increase for the entire year.*
- *We've been hurt by drought and political uncertainty*
- *Milk and feed price are hurting us.*
- *The biggest reason behind settlements going up this Feb is that Deere delivered product earlier.*
- *Light construction equipment sales were very good in January. All retail activity was extremely slow for February. February is a slow month for us in the best of times but this year it was much slower than normal.*
- *Pre-sells were strong for us so that drove an increase in sales last month.*
- *A trend we've noticed is that more people are in the dealership sooner than they were a year ago.*
- *Very lackluster demand coupled with less than interesting incentives from all suppliers. no one wants to take the lead in making deals this spring.*
- *We've lost share because our manufacturer can't provide product. Agco/MF has no tractors under 100 to sell.*
- *I believe early orders are resulting in earlier deliveries than last year*
- *We have product on hand which is leading to share gains.*
- *People are afraid of the new technology coming out on all tractors.*
- *New Holland is not competitive.*
- *I've lost market share based on the timing of new machines coming in.*

Order Growth

Overall Orders

- Incoming orders grew 3% on average in February, unchanged from January.
- John Deere and Case IH saw the highest orders growth at 4%, while New Holland saw orders decline -1%.

New Combine Order Intentions

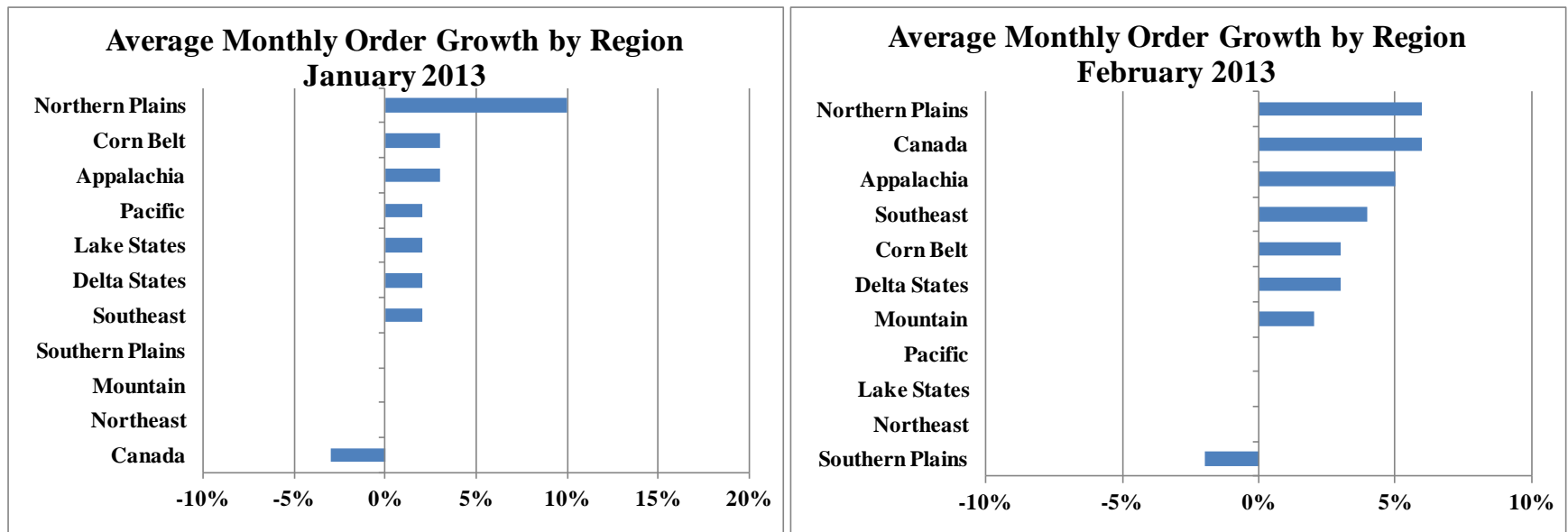
- A net 9% of dealers believe they will order fewer combines compared to last year vs. 2% last month.

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

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

Order Growth by Region

- Seven out of eleven regions showed positive monthly orders growth in February, unchanged from the prior month. The Northern Plains remains the top-performing region, while the Southern Plains was the only region to see decline.
- On a sequential basis, Canada showed the most significant improvement, while the Southern Plains demonstrated the most significant slowdown in orders.



2013 Sales Outlook

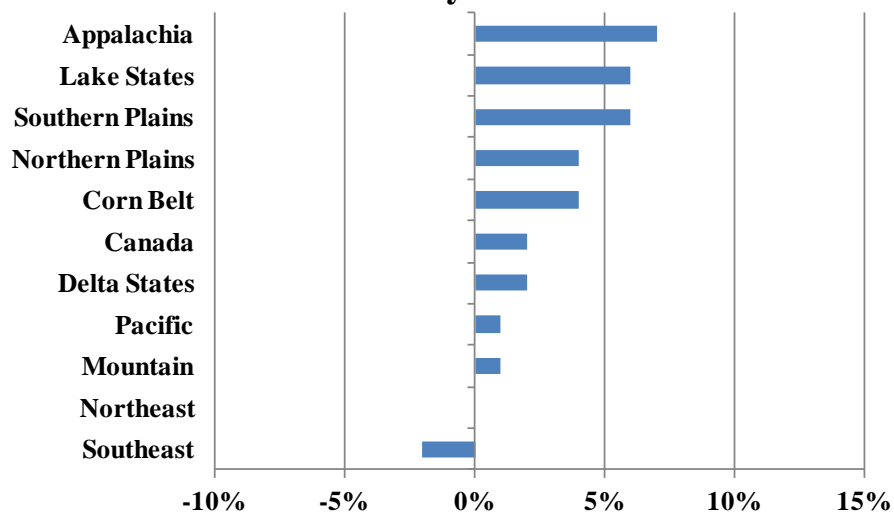
- For 2013, dealers are forecasting 4% sales growth. This is unchanged from last month.
- “Other” dealers are the most optimistic this month, while New Holland dealers anticipate a flat outlook for 2013.

Dealer Outlook																			
(% chg v/y)	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
	2012 Outlook													2013					
Overall	5%	2%	4%	4%	3%	5%	5%	4%	6%	3%	4%	3%	4%	3%	2%	4%	2%	4%	4%
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
AGCO	9%	8%	9%	8%	4%	6%	7%	3%	8%	7%	6%	2%	3%	4%	4%	3%	3%	2%	2%
John Deere	4%	1%	2%	3%	2%	6%	6%	4%	9%	5%	9%	7%	8%	4%	2%	6%	3%	4%	4%
New Holland	5%	5%	5%	5%	4%	2%	3%	4%	3%	1%	1%	0%	2%	1%	0%	0%	-1%	1%	0%
Case IH	4%	3%	5%	4%	3%	3%	2%	3%	3%	-1%	-1%	-1%	0%	2%	2%	2%	-1%	3%	4%
Kubota	5%	7%	4%	4%	6%	4%	4%	3%	3%	4%	6%	-1%	4%	3%	2%	0%	0%	4%	4%
Shortlines	3%	2%	1%	2%	2%	2%	3%	6%	4%	7%	5%	2%	3%	5%	0%	2%	0%	4%	4%
Other	3%	4%	6%	4%	7%	5%	3%	4%	3%	5%	-2%	2%	4%	3%	3%	-2%	2%	1%	5%

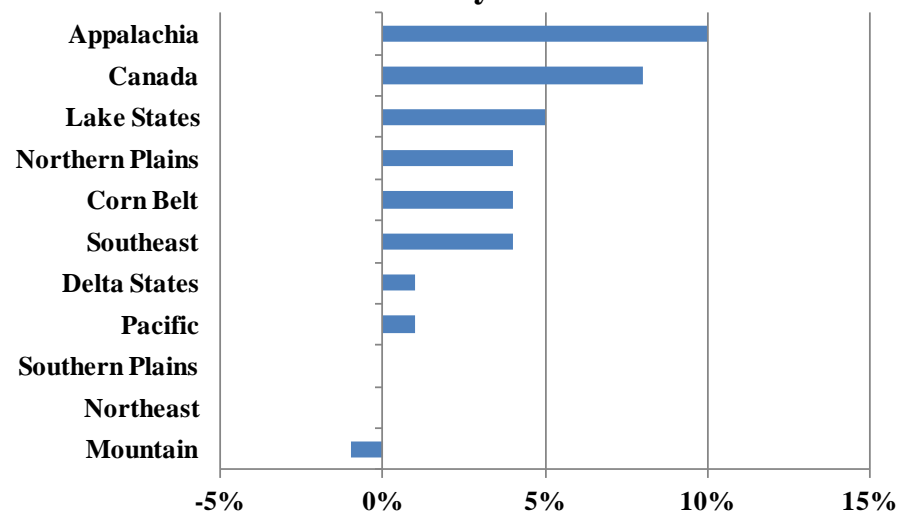
2013 Sales Outlook Continued

- Eight out of eleven regions are projecting a positive full year 2013 sales outlook in February, down from nine last month. Appalachia is the most optimistic, while the Mountain states are expecting sales to decline in 2013.
- In January, Appalachia was the most optimistic, while the Southeast was expecting sales to decline in 2013.

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



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

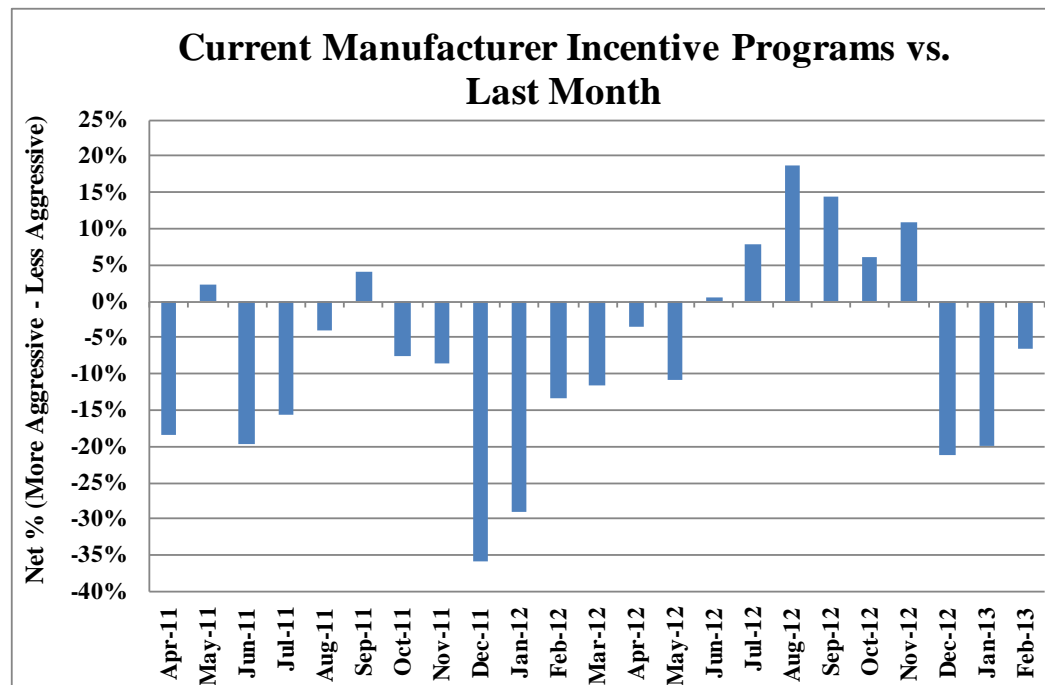


Dealer Commentary on 2013 Outlook

- *The Mahindra mCRD Tier IV technology seems to have a price advantage.*
- *Agco dropped spray coup - a really big blow to image*
- *Continued price increases across major product segments are affecting customer buying decisions and patterns*
- *More aggressive programs*
- *No new developments, dollar exchange has adverse effect on whole goods.*
- *In December AGCO announced the discontinuation of the Spray Coupe product line. This will negatively affect whole good sales for 2013*
- *Price increases always bother me.*
- *Inventory will be the key - can you get it??*
- *Based on current trend for March I see a slight increase this year.*
- *With the federal government restricting and holding back tax money due to their "CLIFF" it has scared many prospective customers into not spending money in iron but investing it into their operational budgets.*
- *Lack of early rainfall is a negative*
- *No product = no sales.*
- *Harvesting equipment demand/interest seems to be lessening.*
- *We are starting to see a little more moisture, and that is going to be the main factor affecting machinery sales this year*
- *Less optimistic with high fuel prices, Equipment costs and lower milk prices.*
- *Sales are going to be down comparatively.*
- *Buyers are being very cautious.*
- *I'll be more optimistic if we receive needed rain. Drought has killed us the past two years.*
- *Election is behind us and more people in the dealership looking at new tractors.*
- *In the last 30 days we have received some moisture which is creating a more optimistic outlook by our customers.*

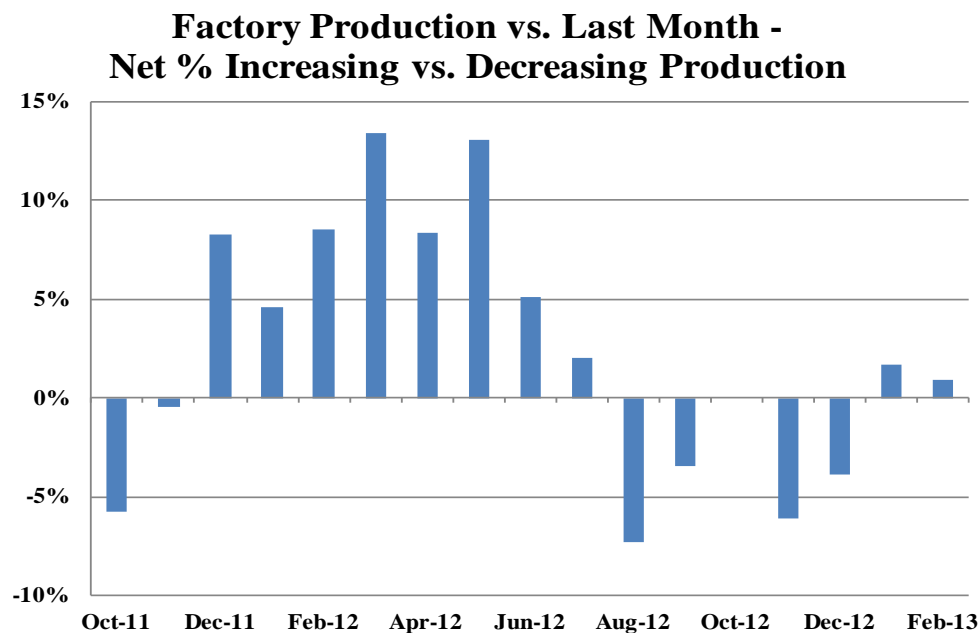
Current Manufacturer Incentive Programs

- A net 7% of dealers report that manufacturers are less aggressive with incentives in February (18% more aggressive; 58% same; 24% less aggressive) compared to a net 20% who reported manufacturers were less aggressive in January.



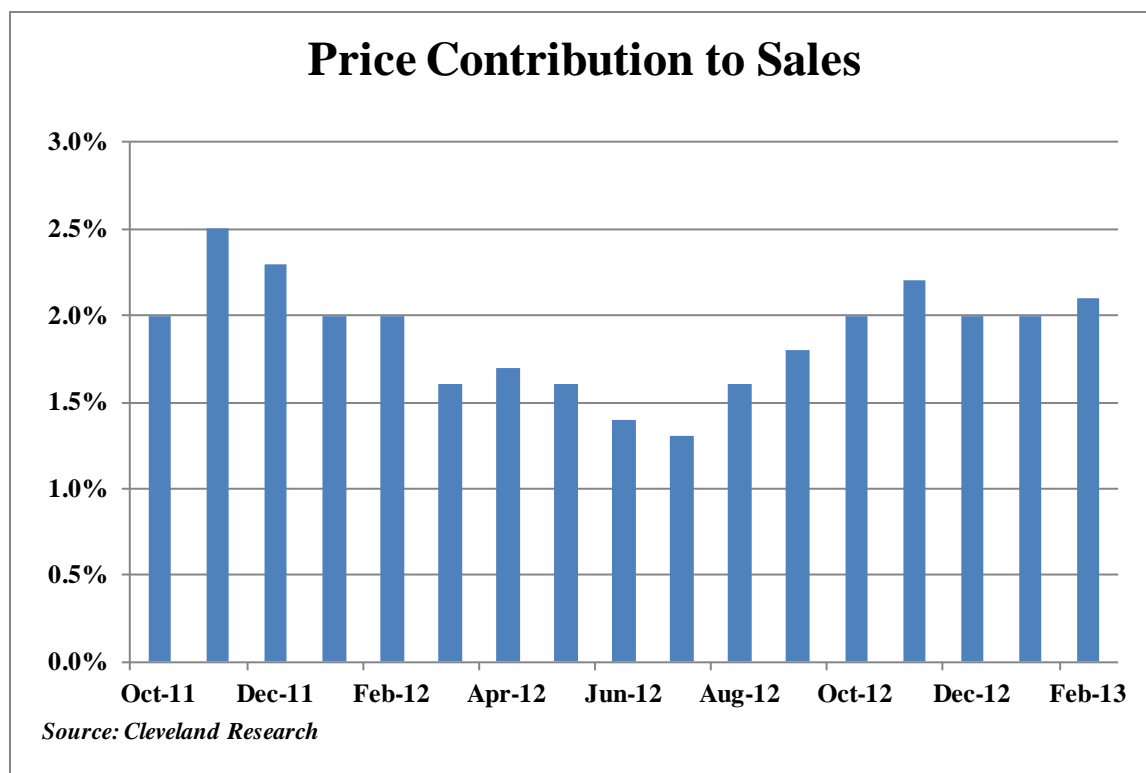
Factory Production

- Dealers report that factory production rose slightly, as a net 1% of dealers are reporting increasing production levels (10% increasing production; 81% no change in production; 9% decreasing production) compared to a net 2% increasing production last month.



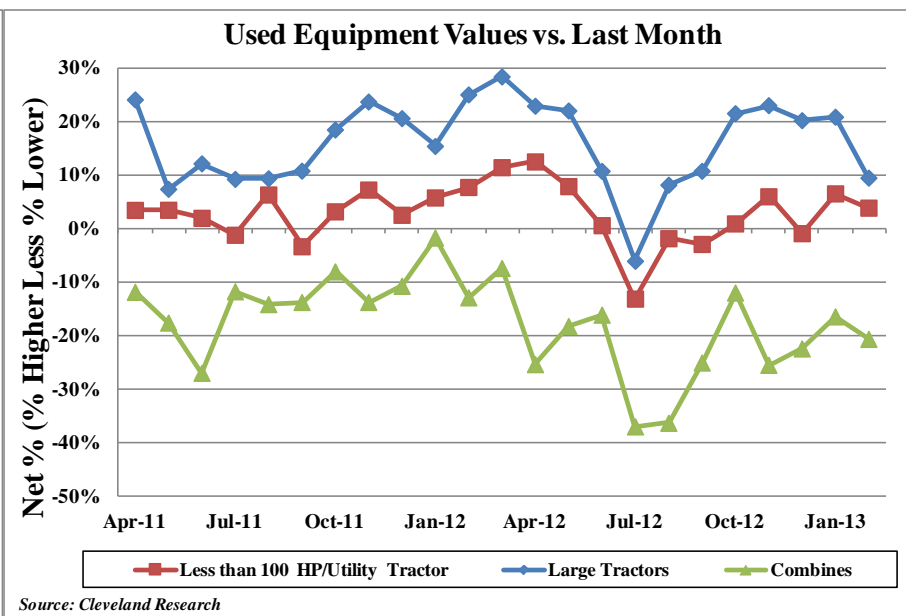
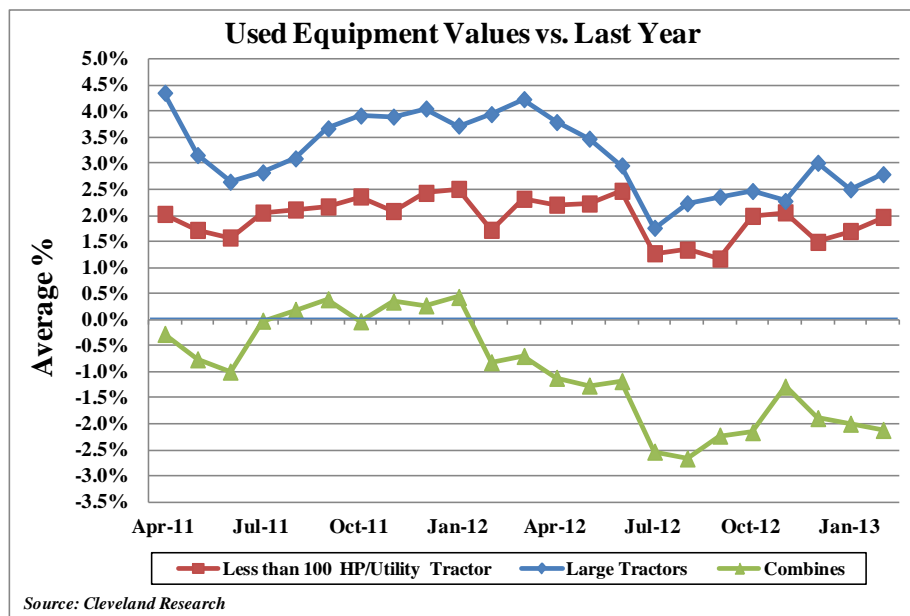
Pricing Trends

- Dealers report price contributed roughly ~2.1% to total February revenue, up slightly from the prior month.



Used Equipment Pricing

- By category, tractors over 100HP are now up 2.8% year-over-year on average, up from 2.5% last month. Prices for used tractors under 100HP are up 2.0%, up from 1.7% in the prior month. Used combine values are down -2.1%, down from down -2.0% last month.
- Relative to last month, a net 4% of dealers report higher values for under 100HP/utility tractors. For over 100HP tractors, a net 9% of dealers report higher values vs. last month. Finally, a net 21% of dealers report used combine values are lower than last month.



Inventory Levels

New Equipment Inventory

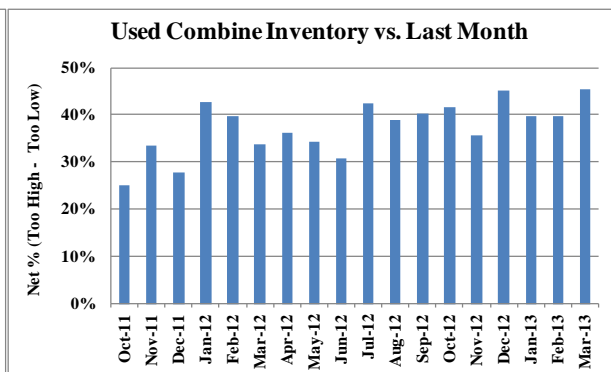
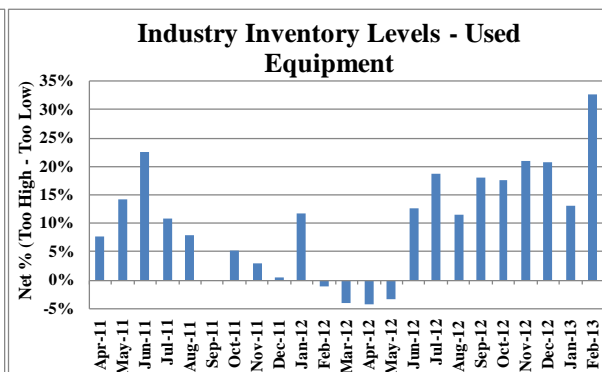
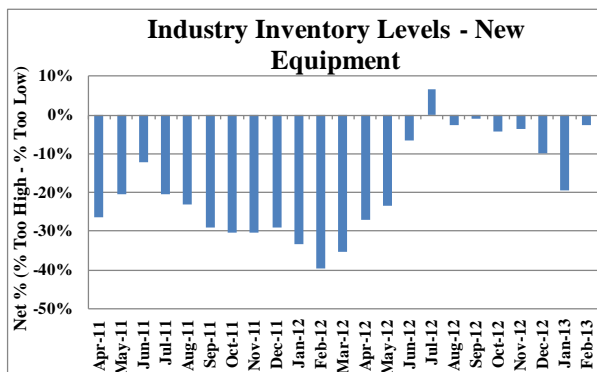
- A net 3% of dealers categorize their new inventory as “too low” (19% too high; 59% about right; 22% too low), vs. 19% last month.

Used Equipment Inventory

- Used equipment inventory remains high as a net 33% of dealers categorize their used inventory levels as “too high” (43% too high; 47% about right; 10% too low), up from 13% last month.

Used Combine Inventory

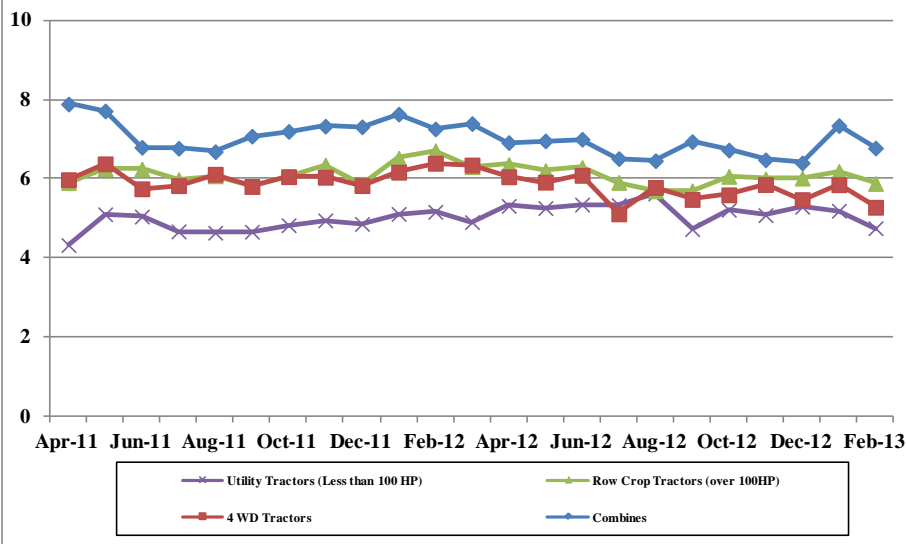
- Within the used equipment categories, a net 45% of dealers also reported used combine inventory levels are still “too high” (50% too high; 45% about right; 5% too low).



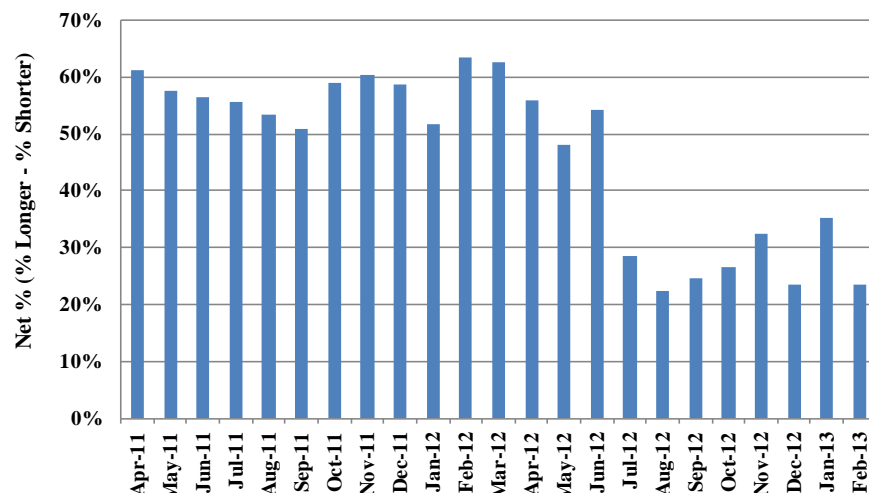
Equipment Availability

- Overall, a net 23% of dealers report longer factory lead-times compared to last month (33% longer; 57% same; 10% shorter), down from a net 35% last month.
- Lead times decreased for all categories tracked this month. On average combine lead times are 6.8 months; 4WD are 5.3 months; row crop tractor lead times are 5.9 months; and smaller tractors (<100 HP) lead times are 4.8 months.

Lead Times By Product Category (Months)



Lead Times - Versus Prior Month



Dealer Commentary on Used Inventory Levels

- *Combines are still the main issue..*
- *Older equipment traded for is not being sold.*
- *There always is good demand for clean used tractors, you can never have enough of those.*
- *Used combine inventory is high*
- *Not too much - aged more than amount is issue*
- *Used combines still.*
- *Could use good used tractors going into spring*
- *Used ag inventory is as high as we have seen in recent years. The biggest "problems" are large HP 4WD tractors, large sprayers and large combines. The number of people interested in buying used equipment seem to be down as well, we aren't getting the phone calls we are used to.*
- *Late model used swathers and round balers.*
- *Not enough used tractors*
- *Combines are still a concern as are SP Sprayers*

Dealer Commentary on Biggest Surprise in the Month

- *We will double combine sales for 2013 - our 2012 sales were down 40% due to unwillingness to get too high priced used inventory*
- *We were truly hoping for and were allocated fewer combines than last year but because of drought stricken areas we ended up being allocated 4-6 more units late in the ordering period. This brought us up to around the same number as last year.*
- *Some of our customers are choosing to go to 2-3 year trades instead of annual rolls.*
- *How arrogant New Holland management is!*
- *Tillage equipment interest and sales were very strong. Good used combines priced correctly sold but lots of competition.*
- *Jan and Feb were strong. Some of that was due to big snows and bad weather in December, turning to almost spring like weather in Jan and Feb. Rural Lifestylers as ready to garden, and we did sell a bunch of snow removal equipment.*
- *Demand for used 4 wheel drive tractors has been a surprise.*
- *The increase in interest without sales as of yet, however optimistic because where there's smoke, there will be fire eventually!*
- *Volatility due to currency exchange*
- *John Deere's push against the small Dealer.*
- *20" of snow - makes customers much more optimistic - we sell about 80% of our used inventory in our AOR First quarter sales are up 25% - Profit up 35% (Nov-Jan) some due to early deliveries but business is still bullish. used sales were up in Feb about 35% over 2012*
- *Expected increased interest in whole goods due to the farm economy.Feb flat.*
- *Above average precipitation*
- *Lack of floor traffic and retail activity*
- *Lack of calls on used equipment.*

NA Farm Equipment Industry Retail Sales and Inventory

NORTH AMERICAN FARM EQUIPMENT RETAIL SALES

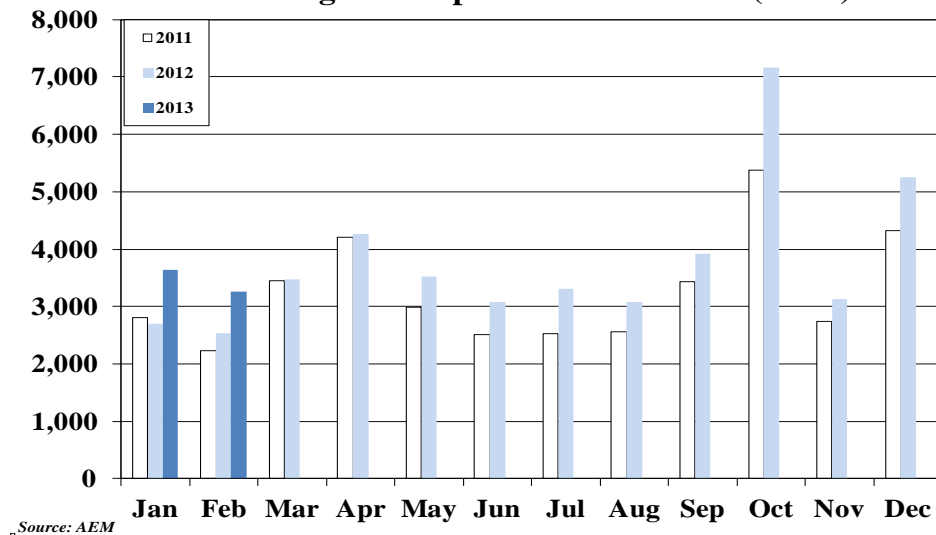
	Units							% change year-over-year						
	<u>< 40 HP</u>	<u>Utility</u>	<u>Row Crop</u>	<u>4-Wheel</u>	<u>Total Tractor</u>	<u>Memo: High hp</u>	<u>Combines</u>	<u><40HP</u>	<u>Util</u>	<u>RC</u>	<u>4-WD</u>	<u>Total</u>	<u>High hp</u>	<u>Comb</u>
Jan-11	3,705	3,493	2,296	507	10,001	2,803	935	0%	10%	(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	8,627	4,586	2,722	745	16,680	3,467	720	(3%)	(8%)	(3%)	19%	(4%)	1%	(26%)
Apr-12	13,393	6,050	3,382	887	23,712	4,269	706	17%	12%	2%	0%	13%	1%	(25%)
May-12	13,562	5,984	2,911	611	23,068	3,522	691	8%	17%	21%	4%	11%	18%	(15%)
Jun-12	12,503	6,118	2,571	502	21,694	3,073	954	3%	3%	24%	17%	5%	23%	32%
Jul-12	8,635	4,854	2,763	552	16,804	3,315	1,346	12%	3%	33%	21%	13%	31%	14%
Aug-12	8,153	4,516	2,497	588	15,754	3,085	1,497	11%	8%	17%	35%	12%	20%	(1%)
Sep-12	7,975	4,541	3,141	778	16,435	3,919	1,764	1%	(0%)	15%	11%	3%	14%	22%
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%

NORTH AMERICAN FARM EQUIPMENT INVENTORY

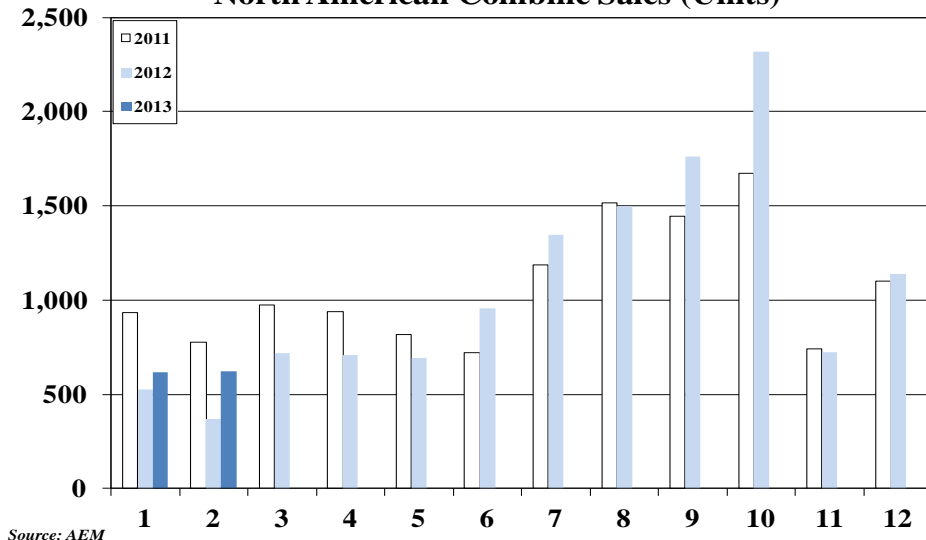
	Inventory (Units)							Inventory to 12-mo. Sales						
	<u>< 40 HP</u>	<u>Utility</u>	<u>Row Crop</u>	<u>4-Wheel</u>	<u>Total Tractor</u>	<u>Memo: High hp</u>	<u>Combines</u>	<u><40HP</u>	<u>Util</u>	<u>RC</u>	<u>4-WD</u>	<u>Total</u>	<u>High HP</u>	<u>Comb</u>
Dec-10	58,708	24,800	7,832	1,203	92,543	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%	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	64%	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%

Annual Ag Equipment Industry Sales – 2011-2013

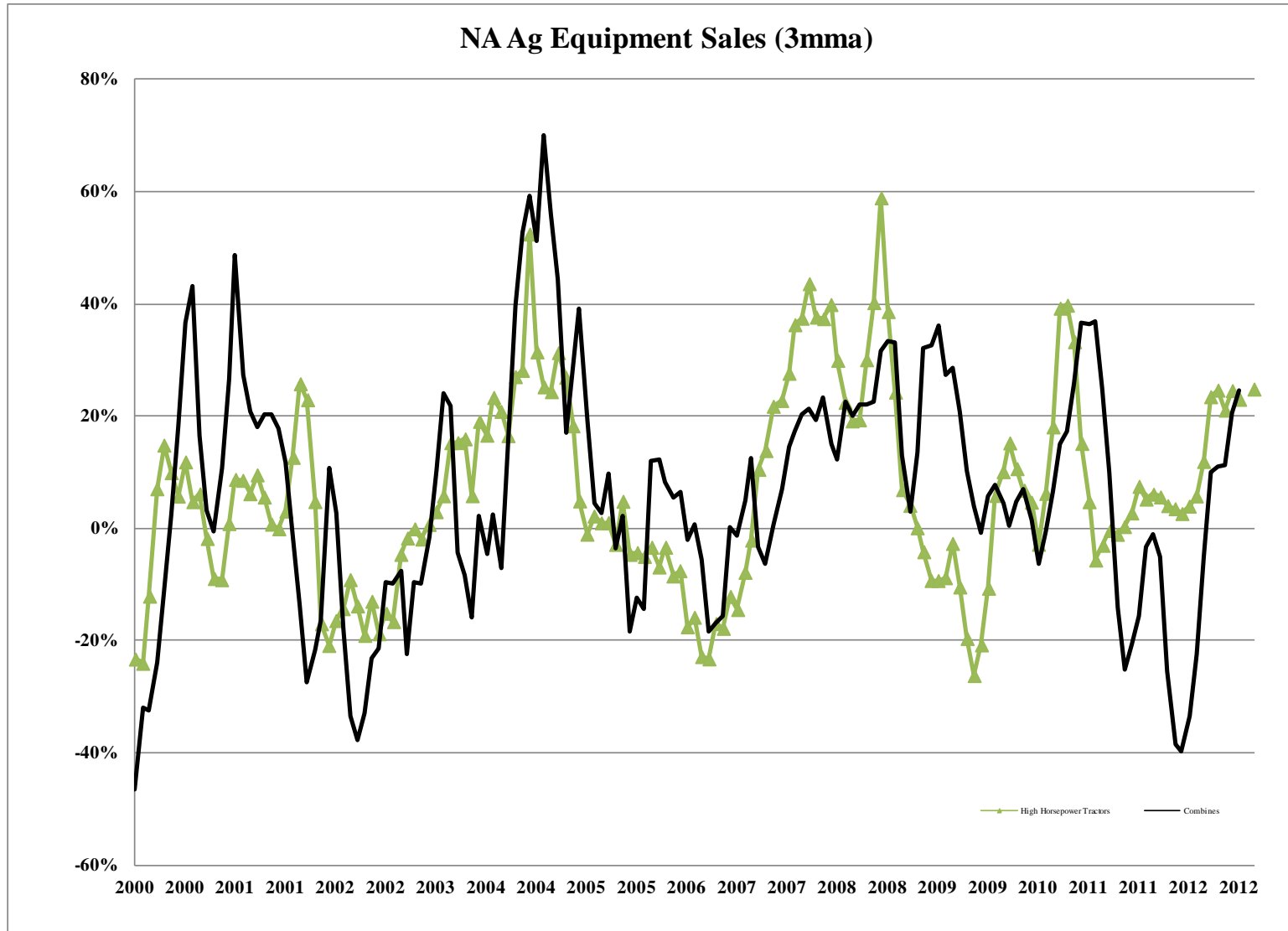
NA High-Horsepower Tractor Sales (Units)



North American Combine Sales (Units)



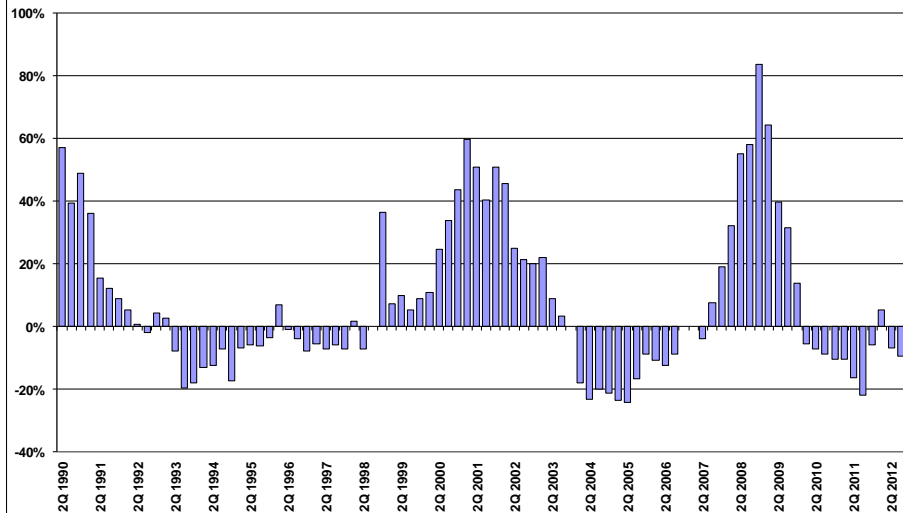
NA Ag Equipment Sales



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

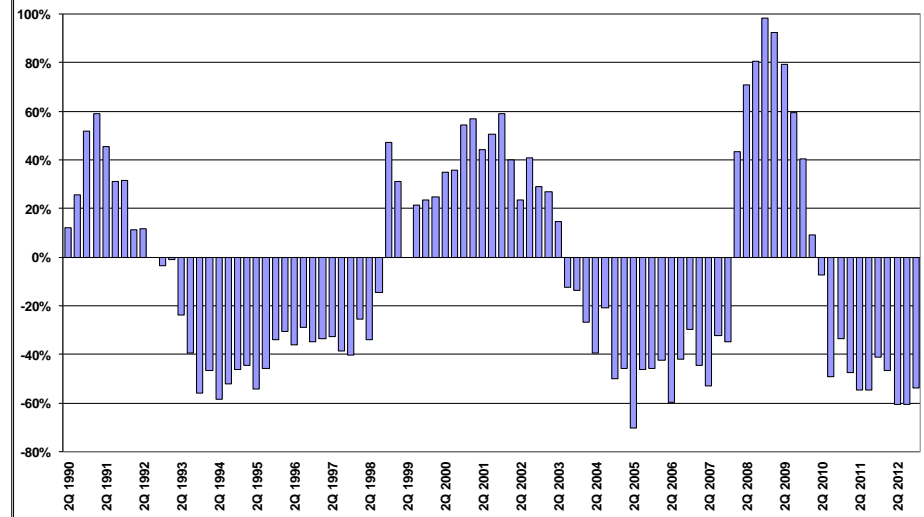
- The 4Q12 Senior Loan Officer survey saw a further loosening of loan standards. A net 8% of loan officers reported easier credit standards in 4Q12 compared with a net 10% in 3Q.
- Bank rate spreads contracted again in 4Q12 with a net 54% of loan officers reporting lower lending spreads, up from a net 60% in 3Q.
- Demand for commercial and industrial loans deteriorated in 4Q as a net 6% of loan officers reported weaker demand for commercial and industrial loans, down from the net 8% of loan officers reporting stronger demand for loans in 3Q.

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



Source: Federal Reserve Board

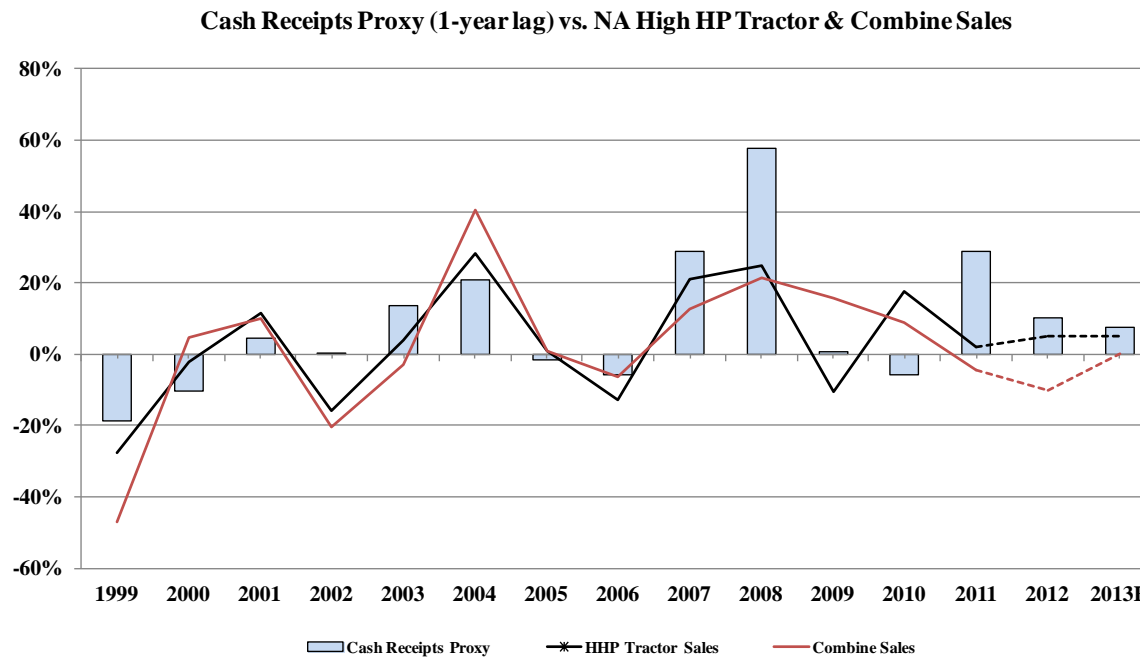
Net % of Domestic Respondents Increasing Spreads of Loan Rates Over Banks' Cost of Funds



Source: Federal Reserve Board

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

The USDA's updated crop supply and demand forecast for the 2012/13 crop year reduces 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 8% growth is lowered (1%) from last month as slightly lower wheat and corn prices are responsible for the less optimistic view. The 8% 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.



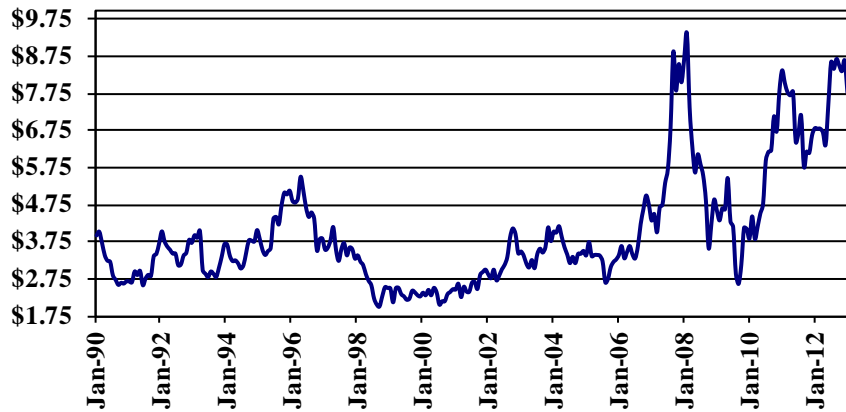
Commodity Price Trends – Simplified Cash Receipts Proxy

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				
February	10,780	10,337	900	11,237	632	6.1%	\$6.75-\$7.65	February	22,855	23,809	4,015	16.9%
March	10,780	10,437	825	11,262	632	6.1%	\$6.75-\$7.45	March	22,843	23,725	3,993	16.8%
Revision to 2011/12:							Corn Spot Price: \$7.64					
m/m chg	0	100	-75	25	0	-0.1%	(\$0.10)	m/m chg	-12	-84	-22	0.0%
y/y chg	-1,578	-568	-825	-1,393	-219	-1.7%	\$1.00	y/y chg	833	554	-242	-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												
February	3,015	3,080	1,345	4,425	125	4.1%	\$13.55-\$15.05	February	6,887	7,904	2,084	26.4%
March	3,015	3,080	1,345	4,425	125	4.1%	\$13.80-\$14.80	March	6,814	7,851	2,088	26.6%
Revision to 2011/12:							Soybean Spot Price: \$14.73					
m/m chg	0	0	0	0	0	0.0%	\$0.00	m/m chg	-73	-53	3	0.2%
y/y chg	-41	-31	10	-21	-50	-1.6%	\$1.95	y/y chg	1185	315	302	2.9%
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												
February	2,269	1,400	1,050	2,450	691	49.4%	\$7.70-\$8.10	February	21,747	23,344	5,802	24.9%
March	2,269	1,400	1,025	2,425	716	51.1%	\$7.65-\$7.95	March	21,815	23,391	5,832	24.9%
Revision to 2011/12:							Wheat Spot Price: \$7.32					
m/m chg	0	0	-25	-25	25	1.8%	(\$0.10)	m/m chg	68	47	30	0.1%
y/y chg	270	201	-30	171	-12	-9.6%	\$0.55	y/y chg	-1691	-978	-625	-1.6%
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%	
March	10,780	3,015	2,269	\$7.10	\$14.30	\$7.80	\$76,538	\$43,115	\$17,698	\$137,351	8%	
*Note: Cash receipts estimated as USDA production X USDA average price forecast												

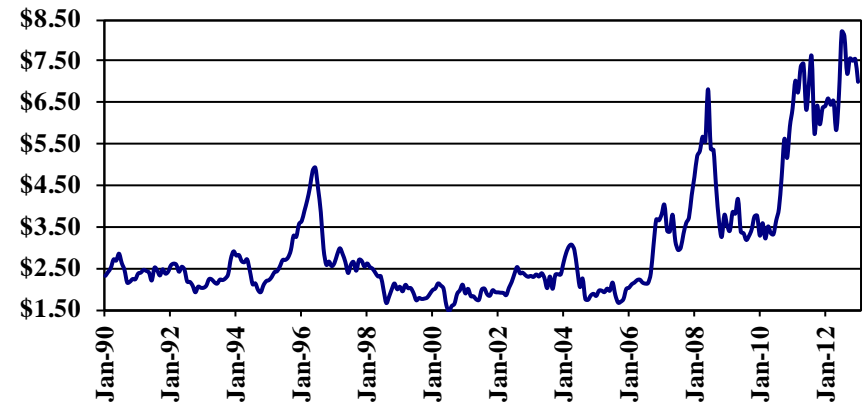
Source: USDA; Cleveland Research estimates

Commodity Price Trends – Corn, Soybean, Wheat, Cotton

Wheat Price Trends



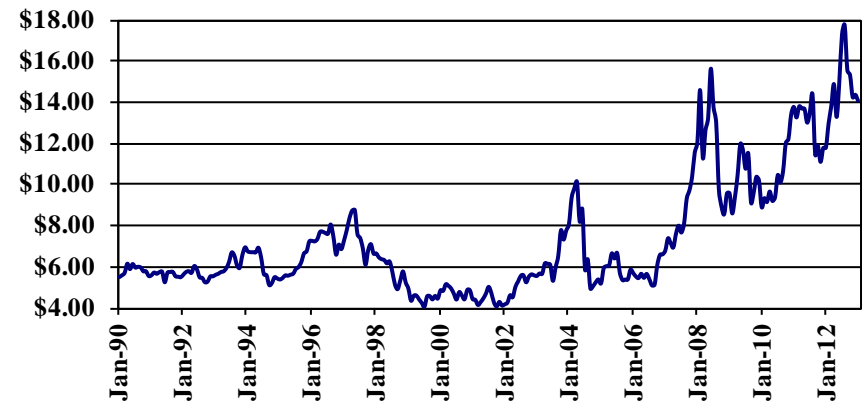
Corn Price Trends



Cotton Price Trends

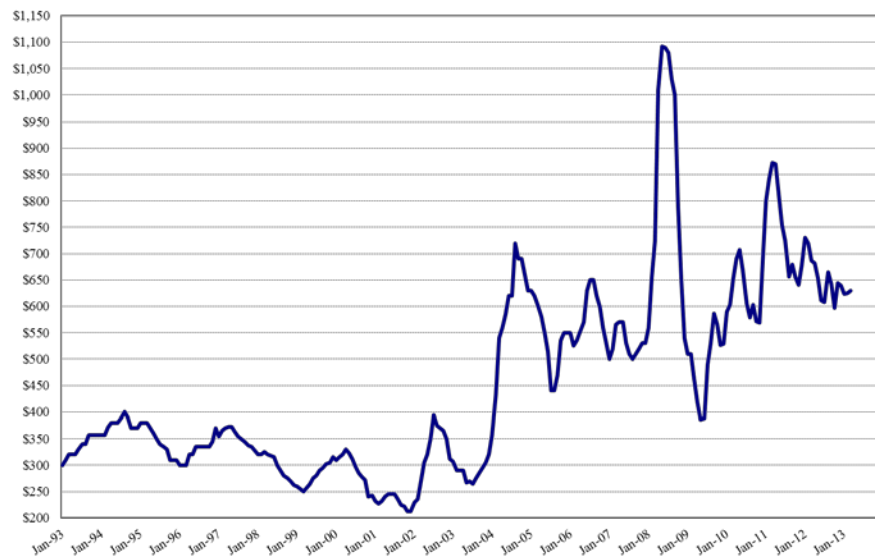


Soybean Price Trends

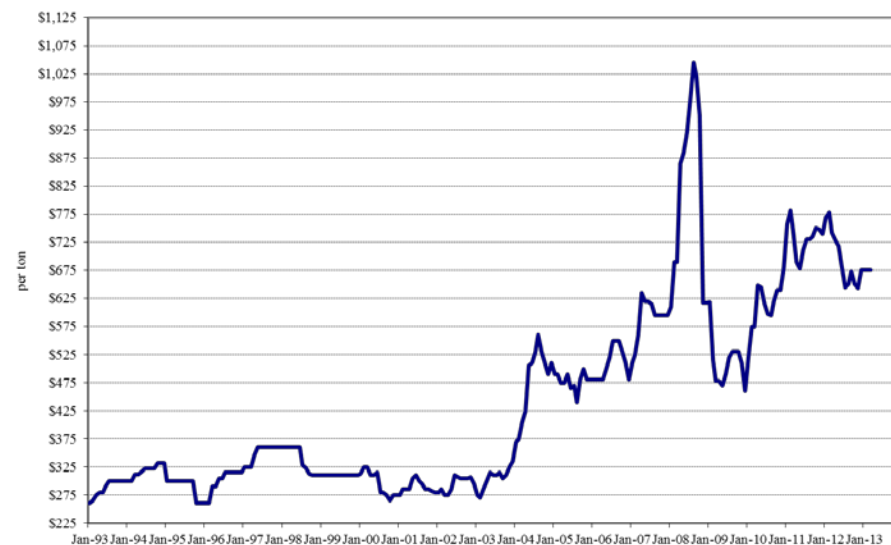


Commodity Price Trends – Steel

Domestic Hot Rolled Sheet Prices
Monthly 1993 to Present

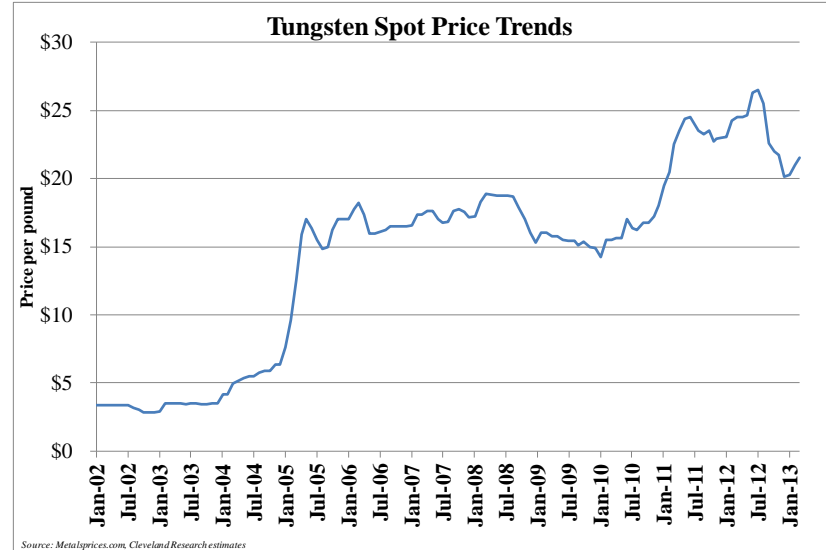
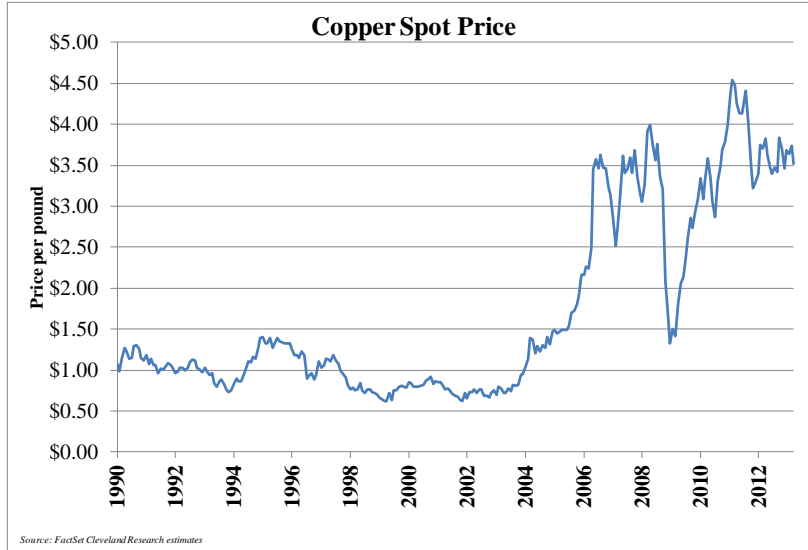
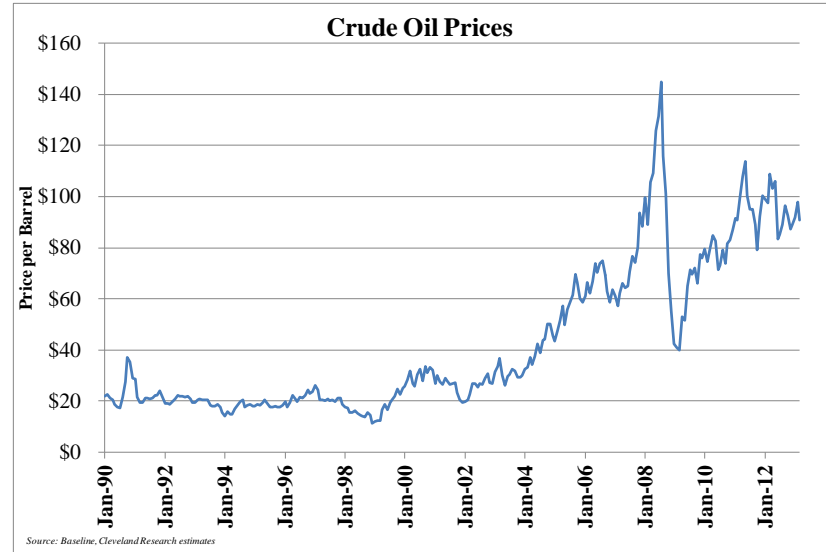
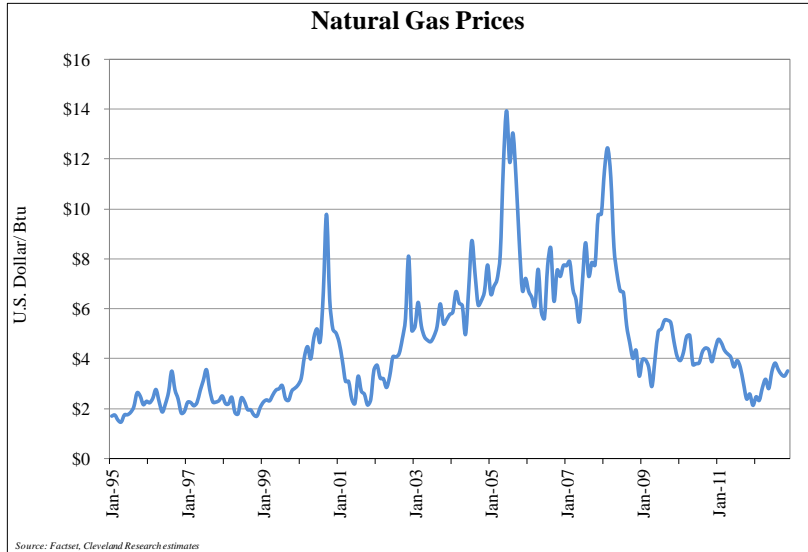


Domestic Reinforcing Bar (Rebar) Prices
Monthly 1993 to Present



Source: Steel Business Briefing, Cleveland Research estimates

Commodity Price Trends



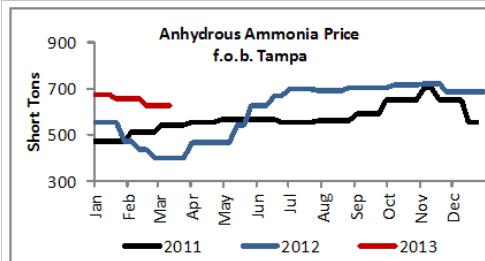
Commodity Trends – Long Run Supply and Demand Projections

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

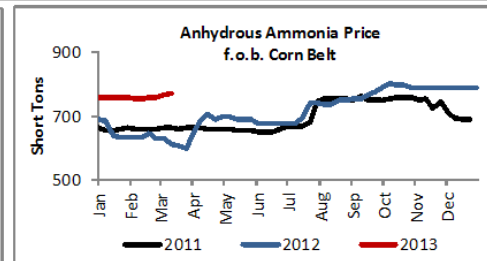
SOYBEANS - DOMESTIC							
<u>Year</u>	<u>Production</u>	<u>Domestic Use</u>	<u>Exports</u>	<u>Total Use</u>	<u>End Stocks</u>	<u>Stocks/Use</u>	<u>Avg Price</u>
2007/08	2,676	1,893	1,161	3,054	205	6.7%	\$10.10
2008/09	2,967	1,763	1,283	3,046	138	4.5%	\$9.97
2009/10	3,359	1,860	1,501	3,361	151	4.5%	\$9.59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

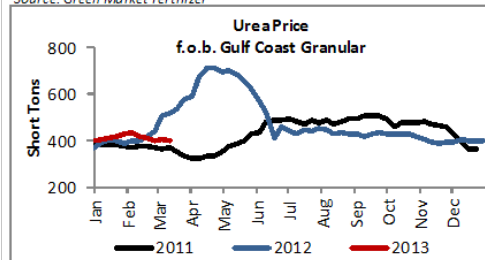
Other Input and Chemical Costs – 2011-2013



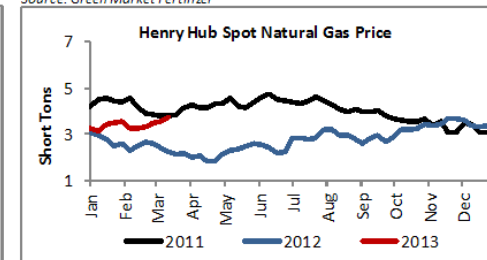
Source: Green Market Fertilizer



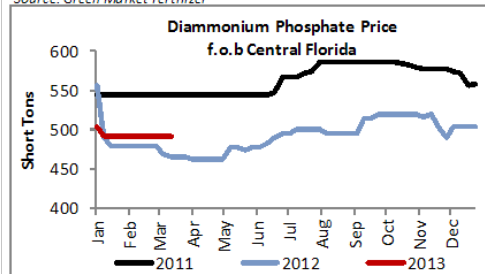
Source: Green Market Fertilizer



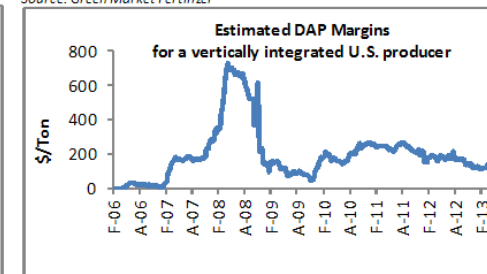
Source: Green Market Fertilizer



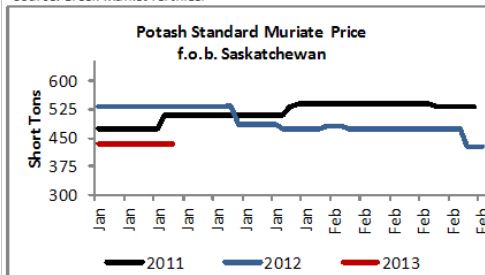
Source: Green Market Fertilizer



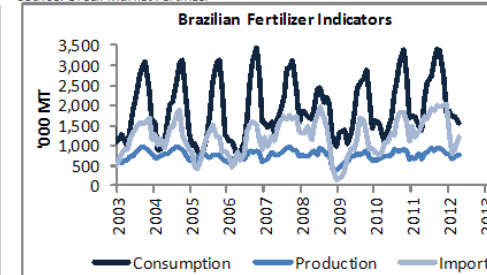
Source: Green Market Fertilizer



Source: Green Market Fertilizer

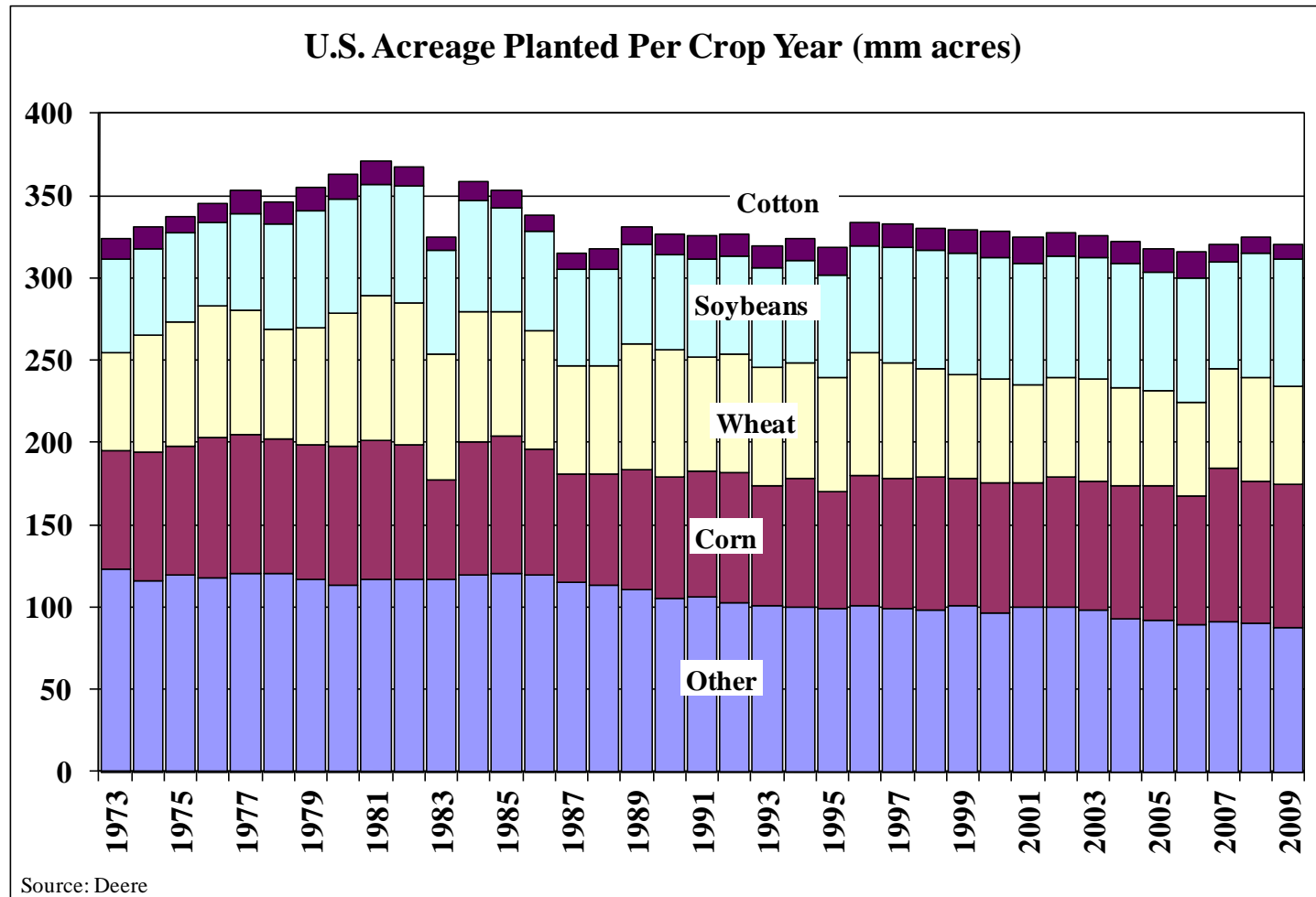


Source: Green Market Fertilizer



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