

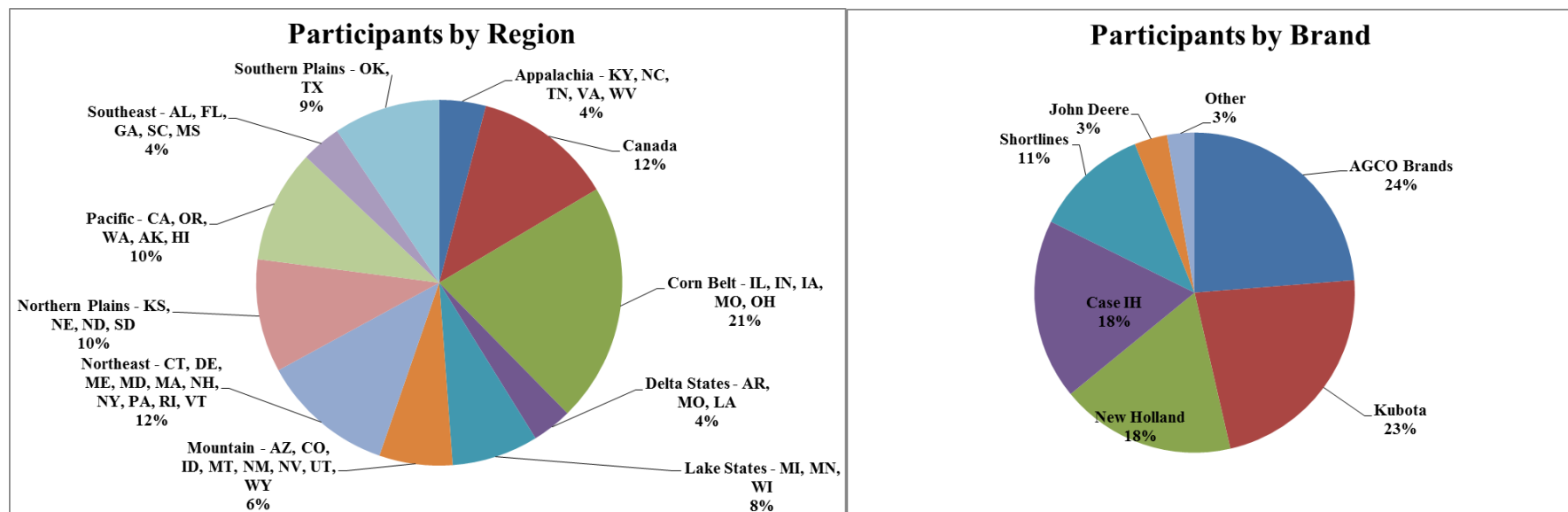
Ag Equipment Intelligence

October 2013 Dealer Sentiments &
Business Conditions Update

Monthly Ag Equipment Intelligence North American Dealer Survey

Background:

- We are pleased to announce the results of the October Ag Equipment Intelligence survey conducted in partnership with Cleveland Research Company. We hope this monthly survey will provide valuable and timely insight into industry trends and fundamentals.
- The October survey had ~102 respondents representing combined annual revenues of roughly \$3.64 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 Increase in September-** Ag equipment dealers reported year-over-year sales grew 4% on average in September, up from 3% in August. Shortlines dealers saw the highest growth at 11%, while AGCO was the weakest with sales down 3%.
- **2014 Dealer Outlook for Flat Revenue vs 2013-** For 2014, dealers outlook is for a 0% sales growth, up slightly from the -1% outlook reported last month. Our recent feedback from the Farm Progress Show is that production will be down ~10%.
- **New Equipment Inventories “Too High”-** A net 14% of dealers categorize their new inventory as “too high” (29% too high; 57% about right; 14% too low), vs. 7% of dealers last month who categorized their new inventory as “too high”. This is the highest reading since July 2012.
- **Used Combine Inventories Issues Remain a Headwind -** Within the used equipment categories, a net 59% of dealers reported used combine inventory levels were “too high” (59% too high; 41% about right; 0% too low) in August. This is the highest net percentage of dealers reporting high used combine inventory since we started tracking this data point in October of 2011 (above last month’s net 54% responding “too high”). Deere is limiting new combine allocation to dealers in response to the inventory glut.

Monthly Sales Growth

- Ag equipment dealers reported year-over-year sales grew 4% on average in September, up from 3% in August.
- Shortlines dealers saw the highest growth at 11%, while AGCO was the weakest with sales down 3%.
- A net 8% (27%, 54%, 19%) of dealers reported better than expected results for September. Last month's reading was 13%.

N. American Farm Equipment Dealer Survey - Average Dealer Sales Growth																			
% Change y/y	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	Jun-13	Jul-13	Aug-13	Sept-13
Overall	5%	6%	2%	4%	4%	4%	6%	7%	7%	9%	5%	3%	2%	7%	6%	5%	3%	3%	4%
By Brand	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	Jun-13	Jul-13	Aug-13	Sept-13
AGCO	2%	5%	2%	5%	1%	0%	4%	3%	7%	13%	-2%	0%	5%	5%	1%	1%	-1%	-2%	-3%
John Deere	6%	9%	4%	9%	9%	7%	10%	10%	7%	9%	6%	4%	1%	9%	9%	6%	4%	-7%	5%
New Holland	4%	3%	1%	0%	2%	-1%	5%	0%	6%	6%	3%	1%	4%	5%	5%	7%	2%	4%	2%
Case IH	6%	3%	-2%	1%	1%	2%	3%	7%	8%	5%	7%	4%	3%	6%	-1%	5%	5%	12%	6%
Kubota	6%	5%	1%	6%	-3%	3%	-1%	3%	-2%	8%	4%	3%	6%	13%	-2%	10%	3%	4%	4%
Shortlines	2%	3%	6%	6%	6%	3%	5%	7%	5%	3%	1%	-2%	4%	3%	5%	4%	11%	-1%	11%
Other	2%	3%	1%	-1%	-3%	5%	0%	1%	3%	4%	6%	-3%	NA	5%	7%	3%	13%	0%	0%

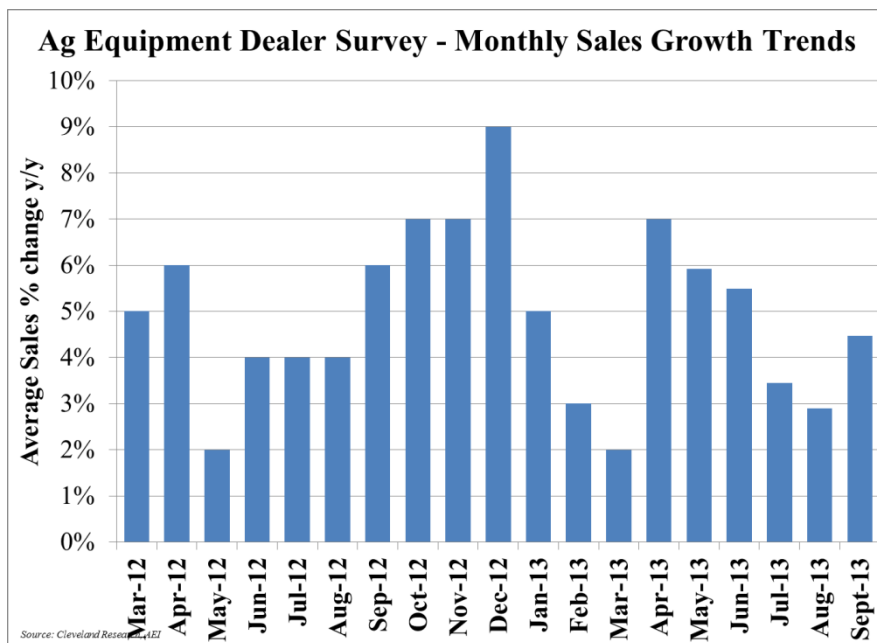
Source: Cleveland Research

N. American Farm Equipment Dealer Survey - Sales Versus Expectations																			
% of Dealers Reporting	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	Jun-13	Jul-13	Aug-13	Sept-13
Better than expected	20%	24%	22%	23%	21%	30%	25%	26%	35%	38%	23%	18%	27%	25%	23%	19%	38%	33%	27%
In line with expectations	66%	63%	52%	51%	44%	41%	56%	54%	48%	49%	59%	60%	55%	52%	57%	58%	48%	47%	54%
Worse than expected	14%	14%	25%	26%	35%	29%	19%	20%	17%	13%	18%	22%	18%	24%	20%	23%	14%	20%	19%
Net % (Better - Worse)	7%	10%	-3%	-3%	-14%	1%	6%	5%	18%	25%	5%	-4%	9%	1%	3%	-4%	23%	13%	8%

Source: Cleveland Research

Source: Farm Equipment Magazine Survey

Monthly Sales Growth Continued



N. American Farm Equipment Dealer Survey - Average Dealer Revenue Growth Trends

% of Dealers Reporting	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	Jun-13	Jul-13	Aug-13	Sept-13
Positive Sales Growth	60%	67%	55%	53%	49%	59%	58%	61%	70%	69%	48%	44%	51%	60%	58%	52%	64%	53%	57%
Flat Sales	22%	19%	16%	26%	16%	15%	21%	17%	12%	14%	28%	35%	30%	20%	19%	21%	21%	21%	25%
Negative Sales Growth	18%	14%	29%	21%	34%	27%	21%	22%	18%	17%	24%	21%	19%	20%	23%	27%	15%	26%	18%
Net % Reporting Growth	42%	52%	25%	31%	15%	32%	37%	39%	52%	52%	25%	23%	32%	40%	35%	25%	49%	26%	39%
Average % Change y/y	5%	6%	2%	4%	4%	4%	6%	7%	7%	9%	5%	3%	2%	7%	6%	5%	3%	3%	4%

Optimism/Sentiment vs. Last Month

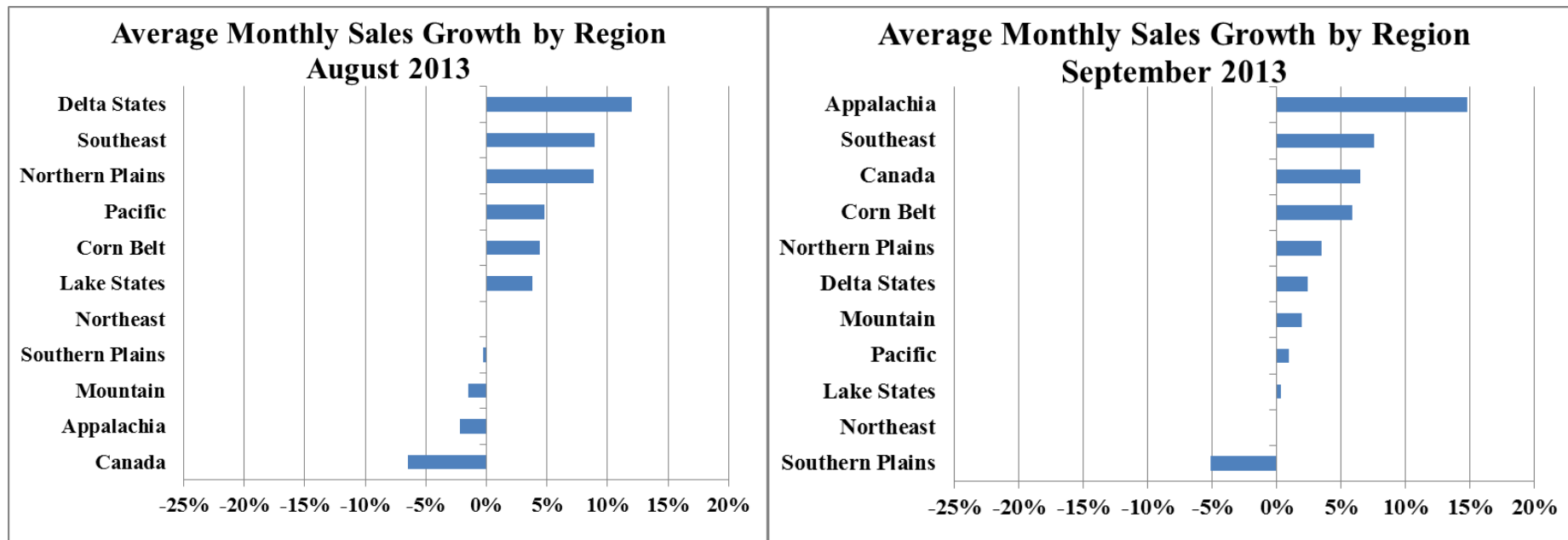
	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sept-13
More Optimistic	25%	22%	15%	14%	18%	28%	31%	27%	28%	28%	34%	34%	21%	27%	27%	26%	21%	19%	14%
Same	59%	62%	61%	49%	44%	54%	54%	54%	52%	55%	51%	50%	54%	58%	52%	50%	58%	50%	62%
Less Optimistic	17%	17%	24%	37%	38%	18%	15%	20%	20%	18%	15%	16%	26%	15%	21%	24%	21%	31%	23%
Net % Dealer Optimism	8%	5%	-9%	-23%	-19%	10%	15%	7%	8%	10%	19%	18%	-5%	13%	6%	2%	1%	-12%	-9%

Source: Cleveland Research

Source: Farm Equipment Magazine Survey

Monthly Sales Growth by Region

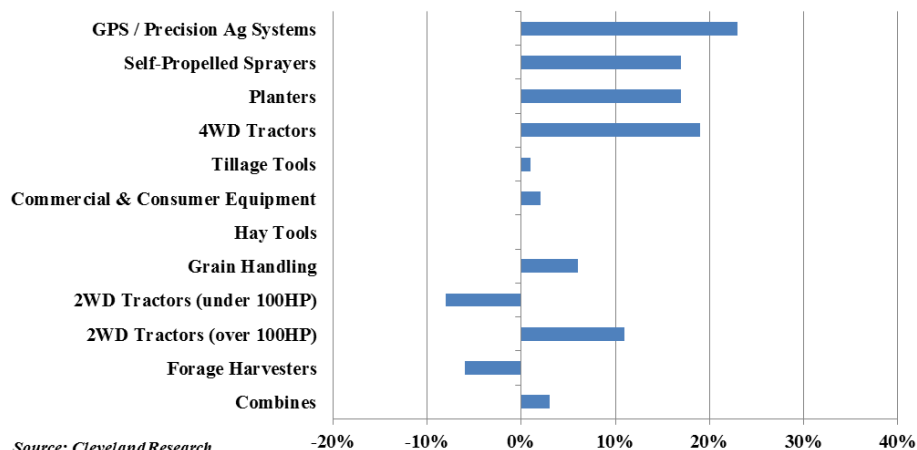
- Eight out of eleven regions showed positive average monthly sales growth in September compared to 6 of 11 regions in August. The Southern Plains region is the only region showing negative growth this month.
- Compared to last month, Appalachia saw the most sales growth acceleration, reporting 15% growth this month compared to 2% decline last month. The Delta States had the largest deceleration reporting a growth of 2% this month compared to 12% growth reported last month.



Equipment Category Sales Trends

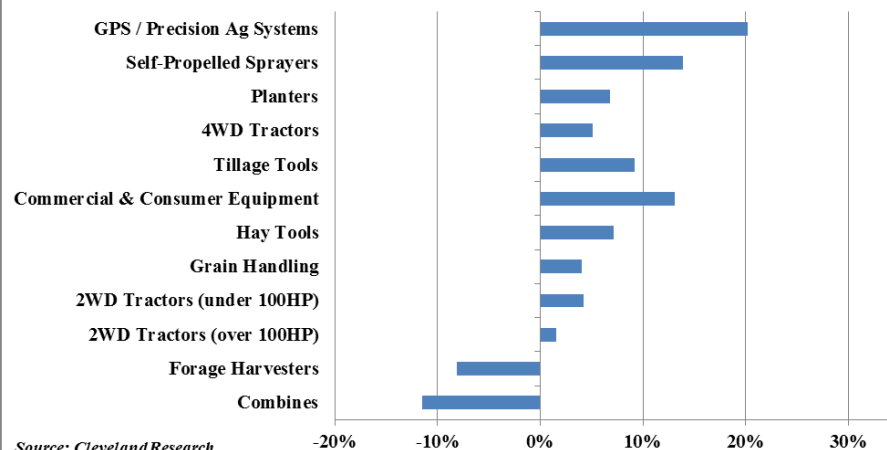
- Ten out of twelve product categories ranked in positive territory in September, similar to last month. GPS/precision ag systems was the best performing category for the tenth straight month, while Combines were the weakest category.
- Compared to last month, five of the twelve product categories saw sales growth slow in August. Planters saw the largest deceleration, while Commercial & Consumer Equipment saw the largest improvement.

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



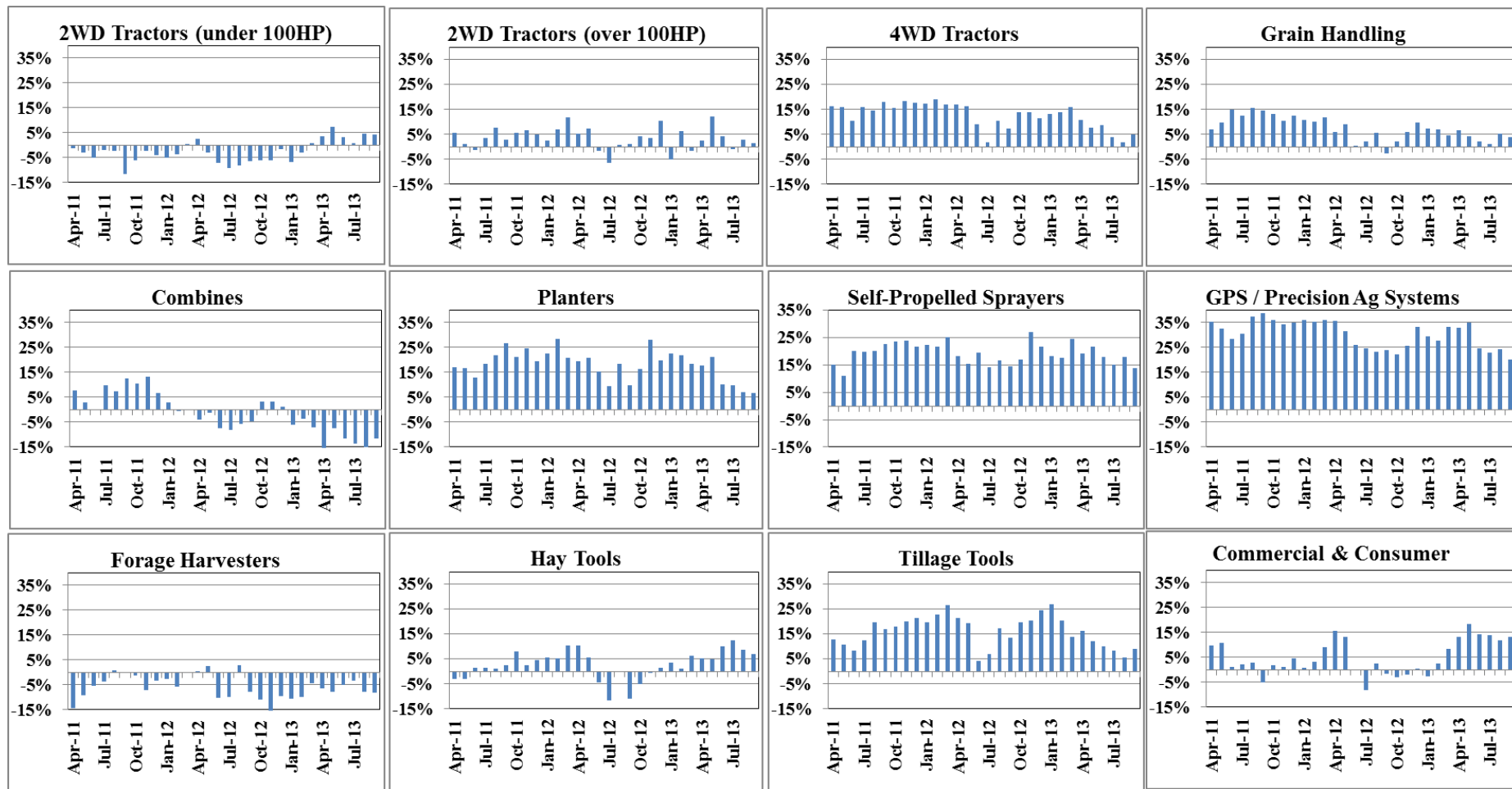
Source: Cleveland Research

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



Source: Cleveland Research

Equipment Category Sales Trends



Dealer Commentary on Monthly Sales and Outlook

- *Paid inventory is too high.*
- *It finally rained, but we're still coming out of a drought. The rain kept most folks parked.*
- *Lower commodity prices .*
- *Shoppers for disc mower conditioners were surprising.*
- *LS tractors have been well received in our market, Great value for the money.*
- *We're still up 27% from last year so I think we're doing okay. Last September we had rains from a hurricane that sparked a huge surge in retail business from pent-up demand from the drought. So, I'm not surprised we were down this year.*
- *It rained!*
- *More moisture.*
- *Finally got rain. Weed control work being done. Allows for moisture to plant in January.*
- *I am becoming more concerned about lower crop prices. I think there is going to be a cash squeeze for a period of time as cash rents and land values will have to adjust to these lower prices. Farmers may not want to quit buying iron, but their banks will.*
- *Prices decreasing along with government uncertainty.*
- *No farm business, but weekend people still looking and talking.*
- *Grain prices crashing.*
- *Tax Laws are an issue. They need revenue and Section 179 is at risk.*

Order Growth

Overall Orders

- Incoming orders grew 1% on average in September, down from August's reading of 2% order growth year-over-year.
- Shortlines saw the highest orders growth for the third consecutive month, reporting 5% growth, while AGCO saw the largest orders decline at 5%.

New Combine Order Intentions

- Order intentions improved from last month amongst dealer with a net 22% of dealers planning to order fewer combines than last year vs. a net 35% believing they would order fewer combines last month.

N. American Farm Equipment Dealer Survey - Average Orders Growth																			
% Change y/y	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	Jun-13	Jul-13	Aug-13	Sept-13
Overall	2%	4%	2%	1%	1%	3%	2%	4%	2%	4%	3%	3%	1%	2%	2%	0%	0%	2%	1%
By Brand	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	Jun-13	Jul-13	Aug-13	Sept-13
AGCO	3%	6%	6%	3%	0%	-1%	-1%	2%	1%	7%	2%	0%	0%	3%	-1%	0%	-7%	-2%	-5%
John Deere	1%	8%	5%	6%	4%	6%	4%	5%	3%	5%	5%	4%	3%	2%	3%	2%	2%	7%	2%
New Holland	2%	3%	2%	-3%	-2%	0%	0%	-1%	0%	-1%	0%	-1%	0%	0%	-1%	-1%	-1%	-12%	0%
Case IH	0%	0%	-5%	-3%	-3%	1%	-2%	4%	2%	2%	3%	4%	0%	3%	0%	-2%	1%	3%	1%
Kubota	4%	2%	2%	2%	0%	1%	-1%	2%	0%	5%	2%	0%	1%	2%	1%	0%	-5%	-1%	0%
Shortlines	5%	2%	5%	2%	1%	7%	0%	2%	3%	3%	5%	1%	0%	1%	0%	1%	9%	15%	5%
Other	5%	3%	1%	-4%	1%	6%	1%	0%	3%	0%	4%	0%	NA	1%	1%	0%	0%	-1%	0%

Source: Cleveland Research

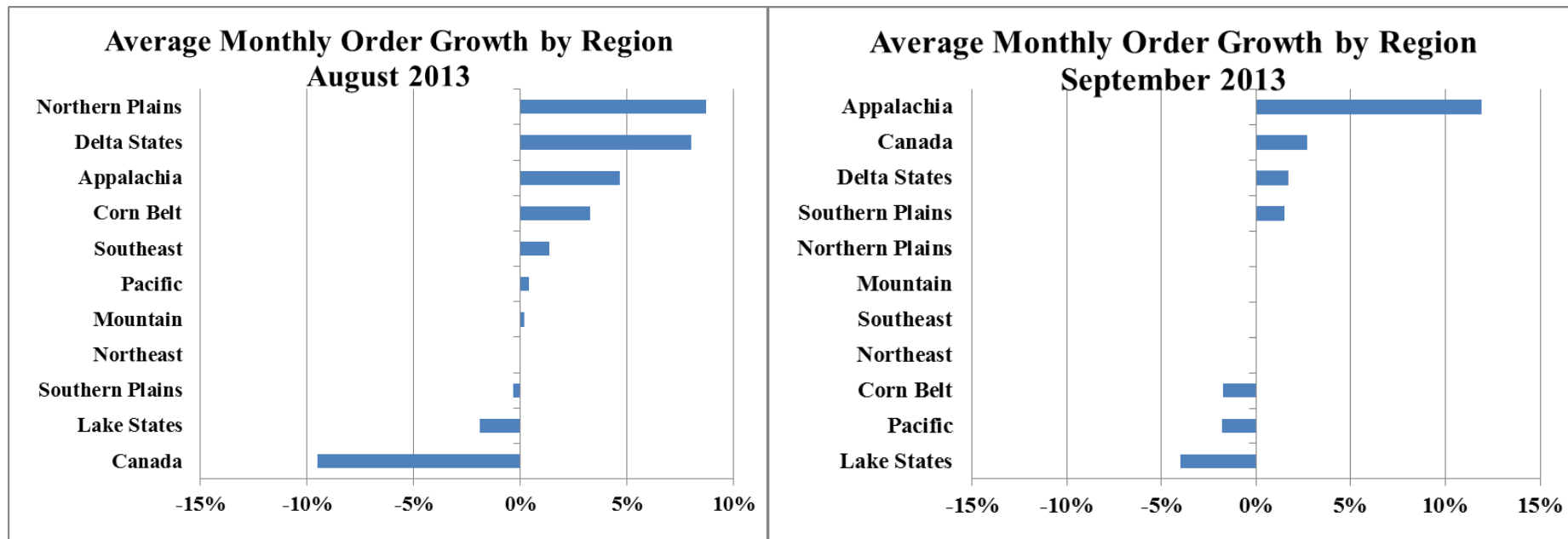
New Combine Order Intentions vs. Last Year														
	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sept-13	
More	6%	15%	21%	20%	20%	18%	16%	24%	9%	9%	14%	8%	16%	
Same	68%	52%	52%	54%	59%	55%	60%	60%	68%	62%	46%	49%	45%	
Less	26%	32%	28%	26%	21%	27%	23%	16%	23%	29%	41%	43%	39%	
Net % (More- Less)	-20%	-17%	-7%	-7%	-2%	-9%	-7%	8%	-14%	-20%	-27%	-35%	-22%	

Source: Cleveland Research

Source: Farm Equipment Magazine Survey

Order Growth by Region

- Eight out of eleven regions showed positive monthly orders growth in September, up from the prior month. Appalachia was the top-performing region, while the Southern Plains saw the sharpest decline.
- Compared to last month, Appalachia showed the most significant improvement, while the Delta States demonstrated the most significant slowdown in orders.



2014 Sales Outlook

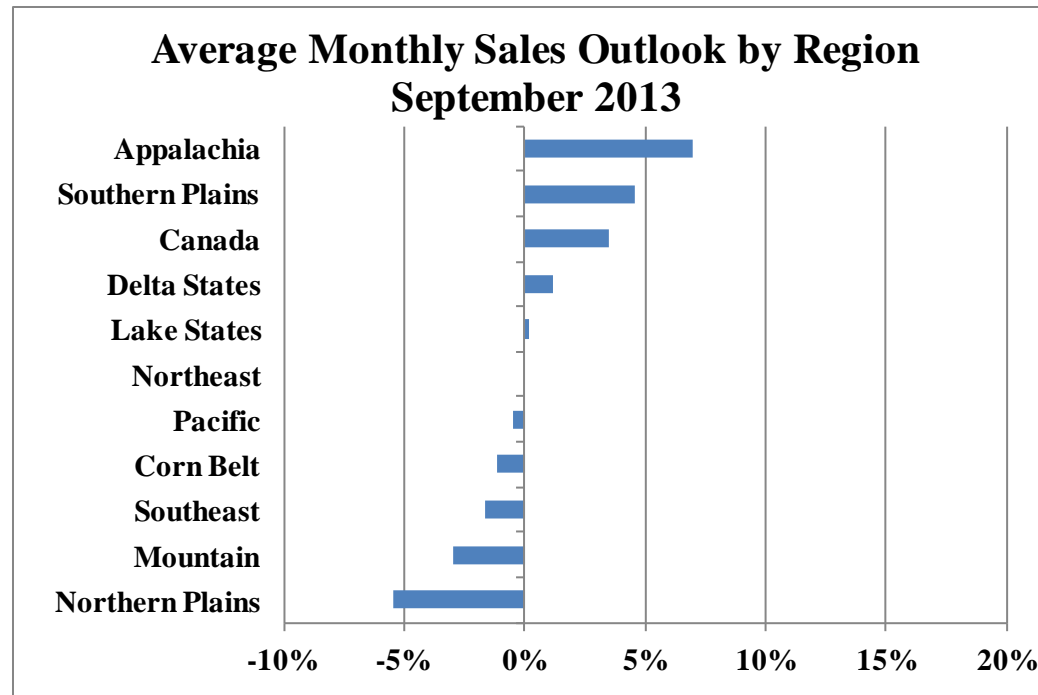
- For 2014, dealers indicate outlook is for sales to be flat vs. 2014, up slightly from the -1% outlook reported last month.
- Shortline dealers are the most optimistic, while the Case IH dealers hold the weakest outlook.

Dealer Outlook													
(% chg y/y)	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sept-13
	2013 Outlook												2014
Overall	3%	2%	4%	2%	4%	4%	3%	5%	5%	3%	3%	3%	0%
By Brand	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sept-13
AGCO	4%	4%	3%	3%	2%	2%	6%	6%	2%	3%	-4%	2%	-1%
John Deere	4%	2%	6%	3%	4%	4%	3%	5%	8%	4%	6%	1%	2%
New Holland	1%	0%	0%	-1%	1%	0%	2%	4%	1%	6%	0%	-3%	2%
Case IH	2%	2%	2%	-1%	3%	4%	1%	5%	0%	0%	3%	-5%	-3%
Kubota	3%	2%	0%	0%	4%	4%	3%	7%	4%	8%	-3%	3%	-1%
Shortlines	5%	0%	2%	0%	4%	4%	2%	3%	3%	2%	12%	5%	4%
Other	3%	3%	-2%	2%	1%	5%	NA	1%	3%	1%	4%	1%	2%

Source: Cleveland Research

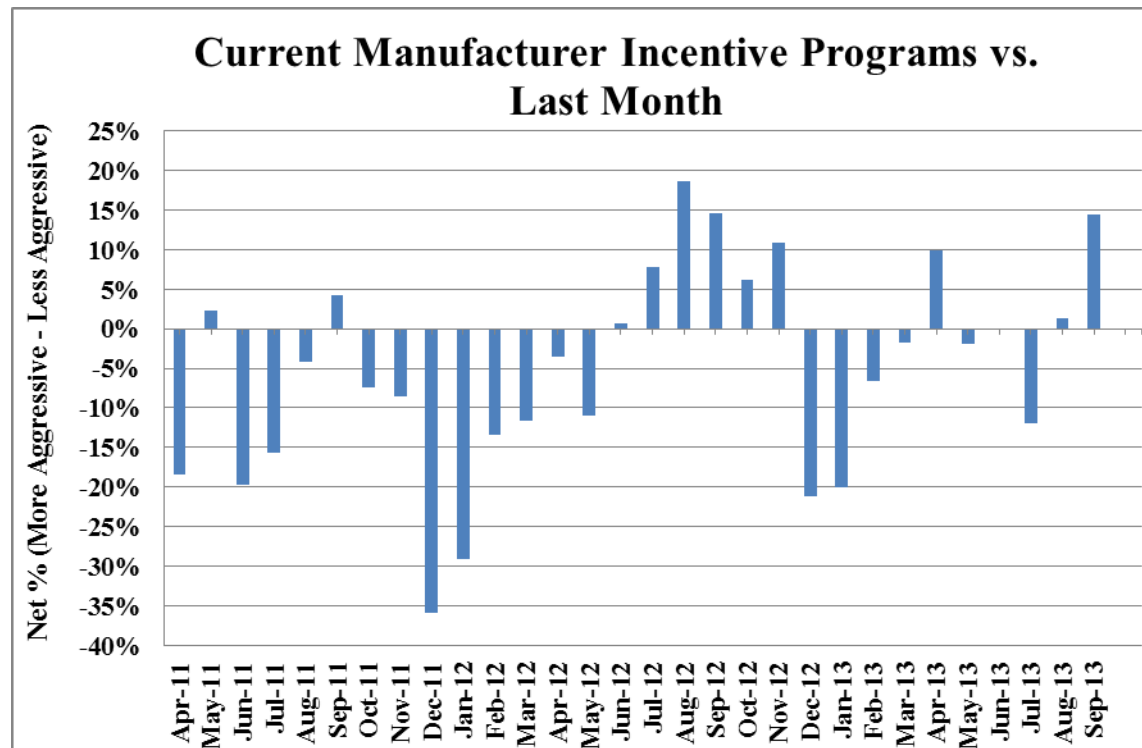
2014 Sales Outlook Continued

- Five out of eleven regions are projecting a positive full year 2014 sales outlook in September. Appalachia is the most optimistic (expecting 7% growth), while the Northern Plains region is expecting sales to decline 5% in 2014.



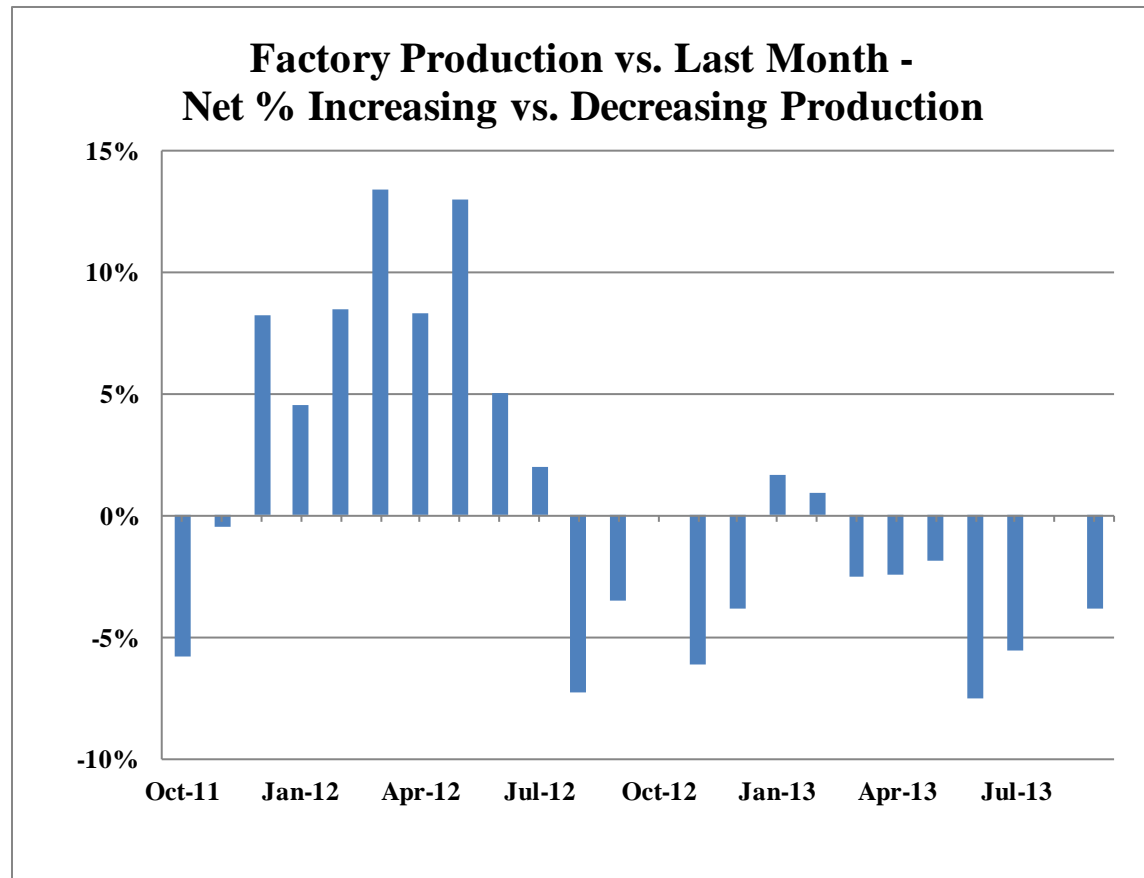
Current Manufacturer Incentive Programs

- A net 14% of dealers report that manufacturers are more aggressive with incentives in September (24% more aggressive; 67% same; 9% less aggressive) compared to 1% reporting more aggressiveness in August.



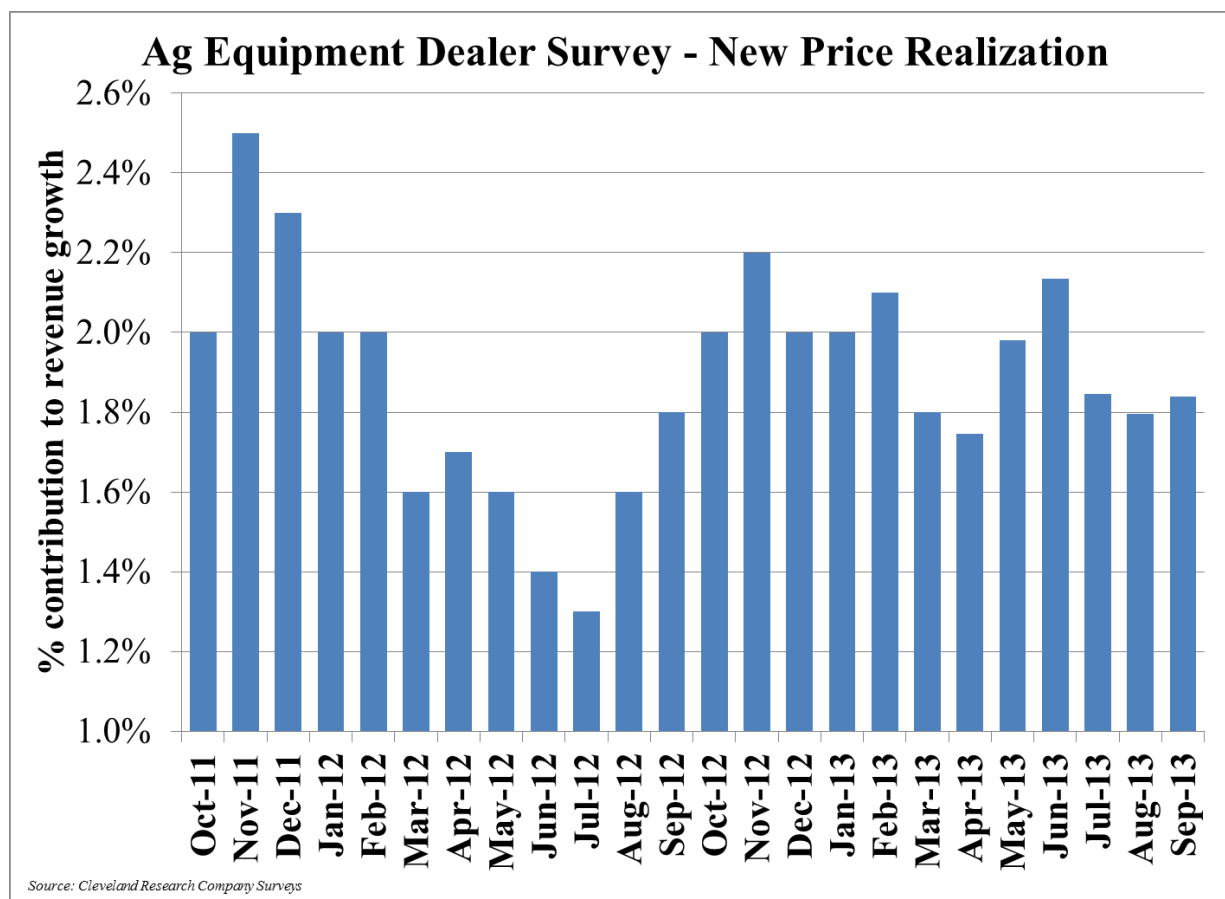
Factory Production

- A net 4% of dealers report that factory production was down compared to last month (3% increasing production; 91% no change in production; 6% decreasing production).



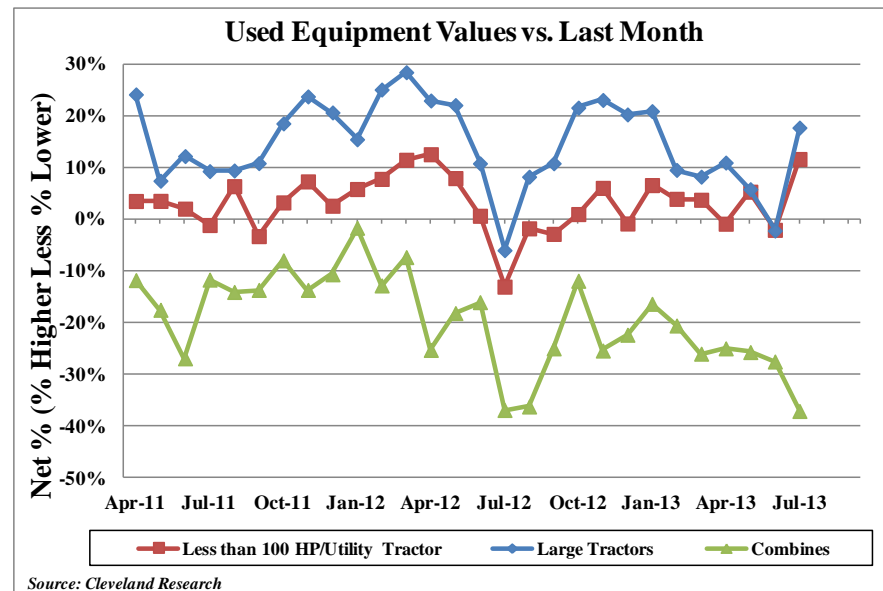
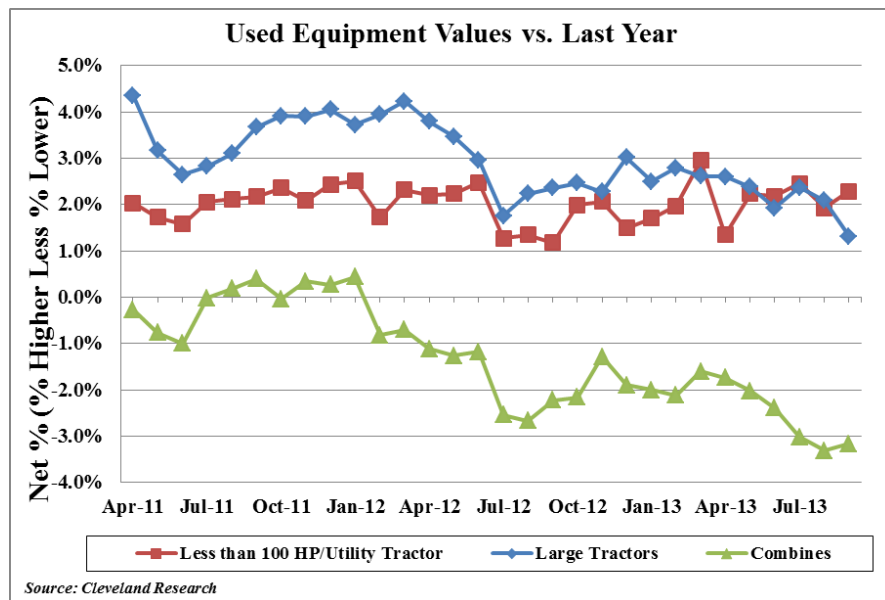
Pricing Trends

- Dealers report price contributed roughly ~1.8% to total September revenue growth, similar to the prior two months. We would expect this trend to move higher in the coming months as new Model Year price increase announcements are made, as well Final Tier 4 price increases.



Used Equipment Pricing

- By category, used prices for tractors over 100HP are up 1.3% year-over-year on average, down from 2.1% reported last month. Prices for used tractors under 100HP are up 2.3%, up from 1.9% the prior month. Used combine values are down 3.2% y/y, compared to down 3.3% last month.



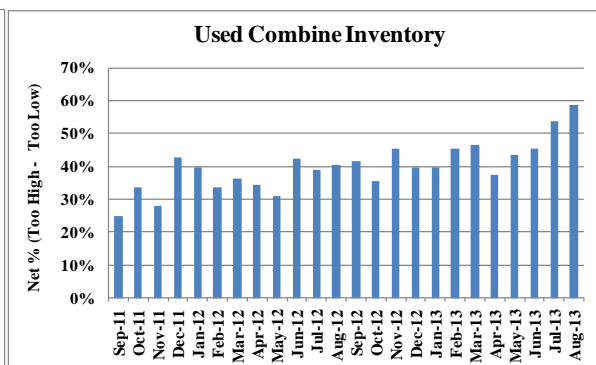
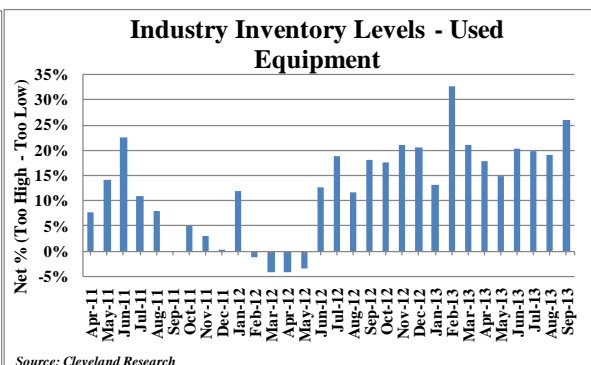
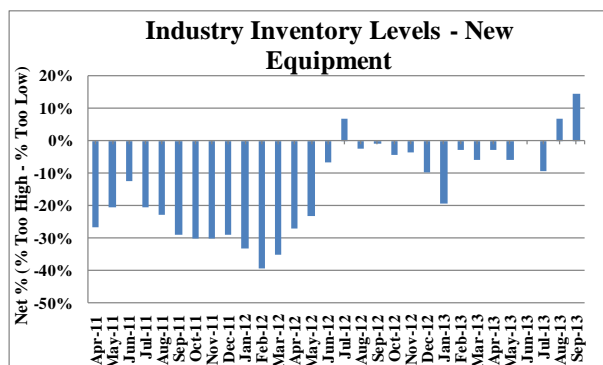
Inventory Levels

New Equipment Inventory

- A net 14% of dealers categorize their new inventory as “too high” (29% too high; 57% about right; 14% too low), vs. 7% of dealers last month who categorized their new inventory as “too high”. This is the highest reading since July 2012.

Used Equipment Inventory

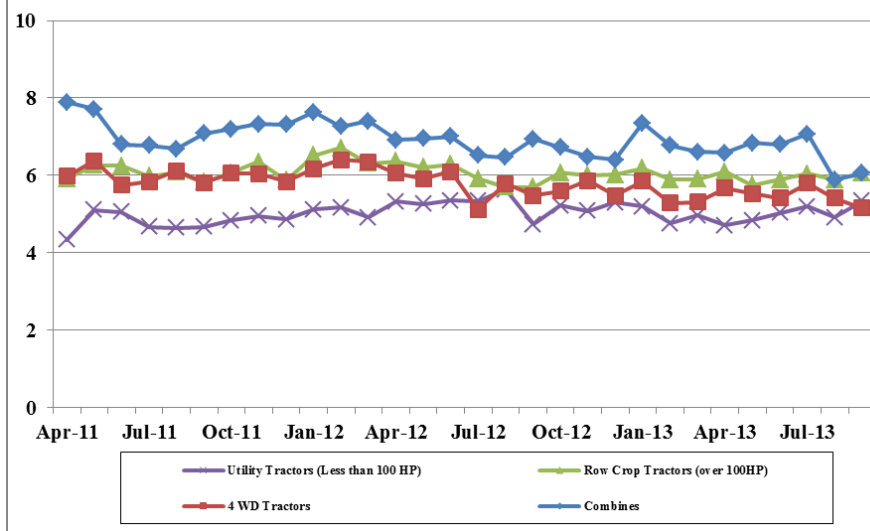
- Used equipment inventory remains high as a net 26% of dealers categorize their used inventory levels as “too high” (38% too high; 51% about right; 12% too low), up from 19% reported last month.



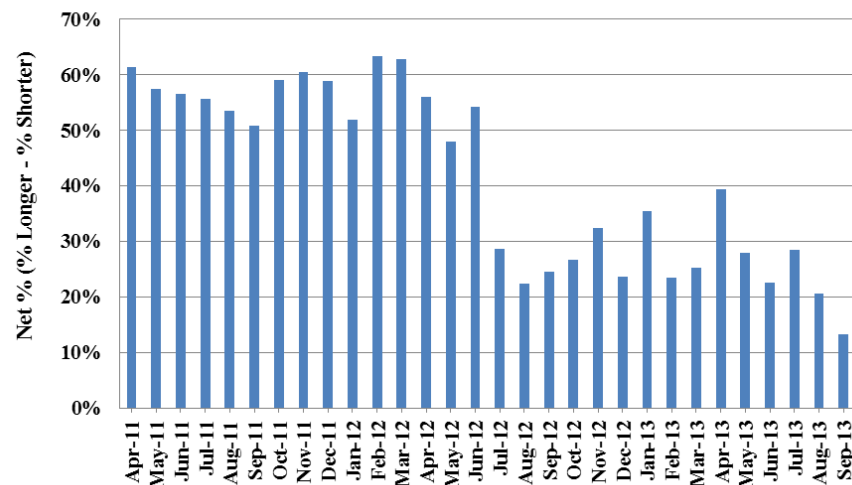
Equipment Availability

- Overall, a net 13% of dealers report longer factory lead-times compared to last month (28% longer; 57% same; 15% shorter), down from a net 21% last month.
- Lead times for all categories except 4WD tractors, were reported as slightly longer this month. On average combine lead times are 6 months; 4WD are 5.2 months; row crop tractor lead times are 6 months; and smaller tractors (<100 HP) lead times are 5.3 months.

Lead Times By Product Category (Months)



Lead Times - Versus Prior Month



Dealer Commentary on Used Inventory Levels

- *Not enough medium to small used tractors.*
- *Still have too many used SP Forage Harvesters*
- *Hay tools inventory is too high*
- *Too many round balers.*
- *Clean, used tractors are getting harder to find. I am afraid to stock up on a lot of used haying equipment and combines because the Case and JD dealers in town are buried in the stuff.*
- *4WD inventory seems to be swelling nation wide and causing an unstable market and softer pricing.*
- *Combine inventories are in good shape right now, but post season trades will add to it again. All tractors are in good shape with good demand.*
- *Combines are difficult to keep in check.*
- *Far too much late model equipment with the biggest problems being high HP row crop, 4 wheel drive tractors and 70 series combines.*
- *We trade for used tractor and buy used tractors, getting trades, but not able to buy used, not there and too high priced.*
- *Too many late model high priced used combines.*
- *Combine values dropping daily along with high HP articulated tractors.*
- *Used 4WD Tractors are slow.*

Dealer Commentary on Biggest Surprise in the Month

- *Lawnmower sales are still going on.*
- *The good amount of rainfall was unexpected.*
- *We are busy but did not get the sales on the books. They should show up in October.*
- *Weakening corn price.*
- *Weak grain handling now 2 years in row.*
- *The only thing that bothers me is our great leaders.*
- *Late season hay equipment sales were up in Sept.*
- *The drought has been surprising.*
- *Strong sales that were somewhat unsupported by a weak commodity market. Crops are coming off better than expected but still average at best in a lot of cases, but customer sentiment was ok overall.*
- *Used combines sales.*
- *Crop yields are better than expected and driving late sales of grain handling.*

NA Farm Equipment Industry Retail Sales

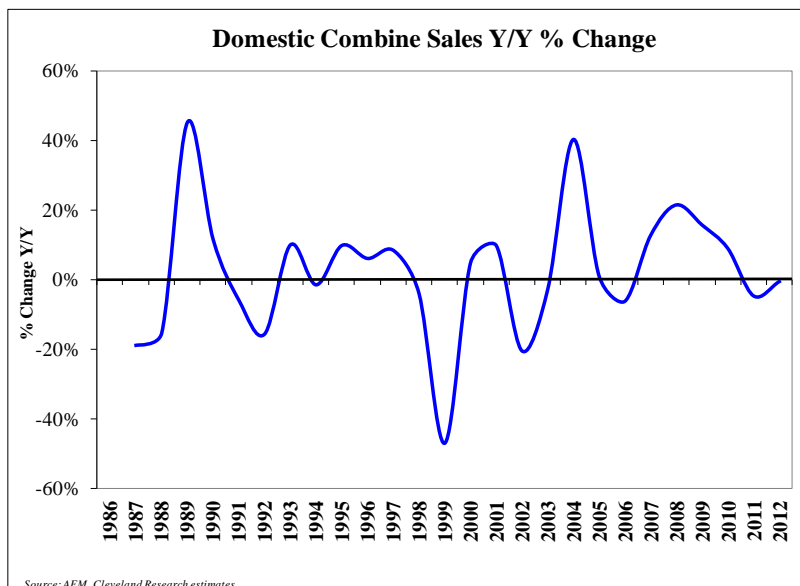
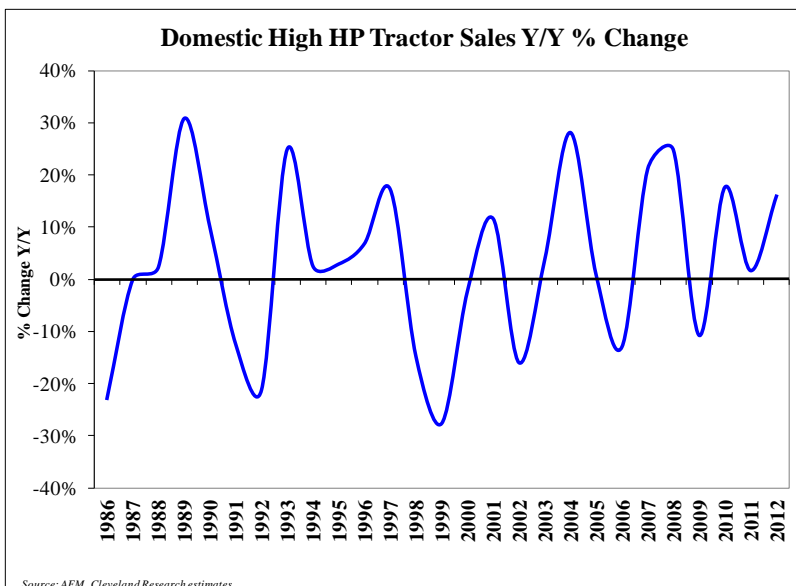
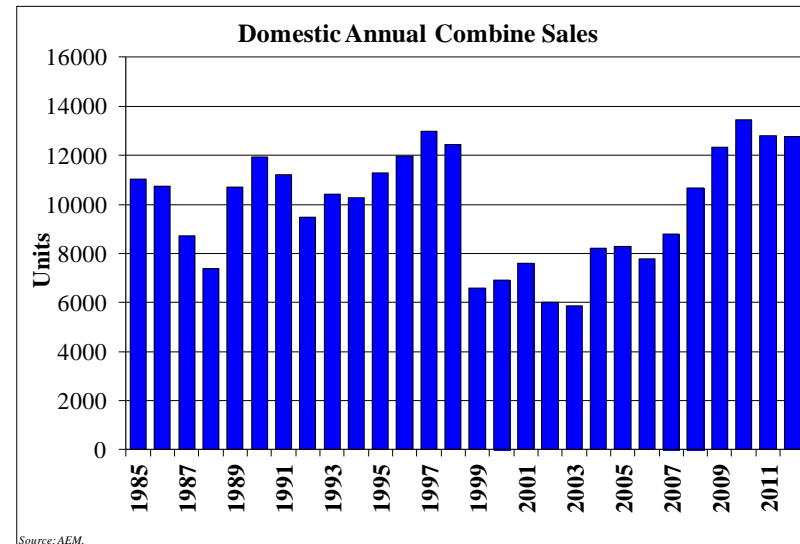
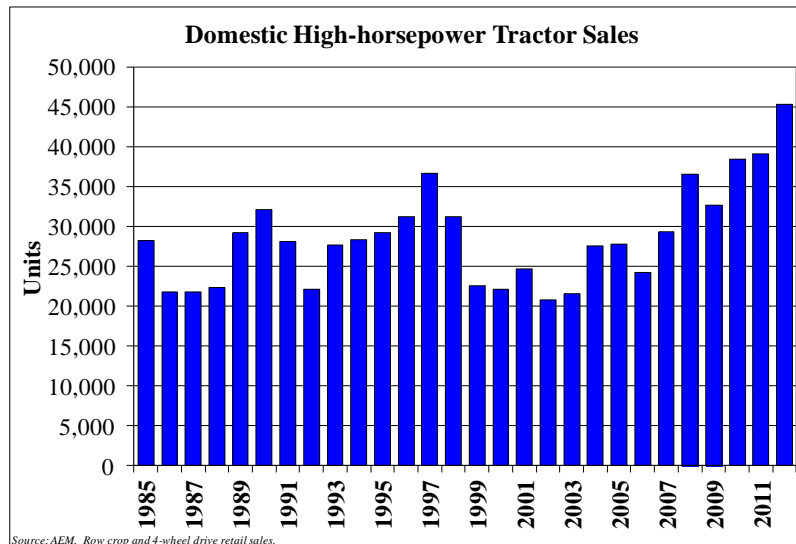
NORTH AMERICAN FARMEQUIPMENT RETAIL SALES														
	Units							% change year-over-year						
	<u>< 40 HP</u>	<u>Utility</u>	<u>Row Crop</u>	<u>4-Wheel</u>	<u>Total Tractor</u>	<u>Memo: High hp</u>	<u>Combines</u>	<u><40HP</u>	<u>Util</u>	<u>RC</u>	<u>4-WD</u>	<u>Total</u>	<u>High hp</u>	<u>Comb</u>
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%
Jun-13	13,449	6,363	3,272	541	23,625	3,813	1,123	8%	4%	27%	8%	9%	24%	18%
Jul-13	10,725	5,563	3,177	492	19,957	3,669	1,480	24%	15%	15%	-11%	19%	11%	10%
Aug-13	9,280	5,034	2,846	588	17,748	3,434	1,252	14%	11%	14%	0%	13%	11%	-16%
Sep-13	8,527	4,871	3,360	574	17,332	3,934	1,291	7%	7%	7%	-26%	5%	0%	-27%

NA Farm Equipment Industry Inventory

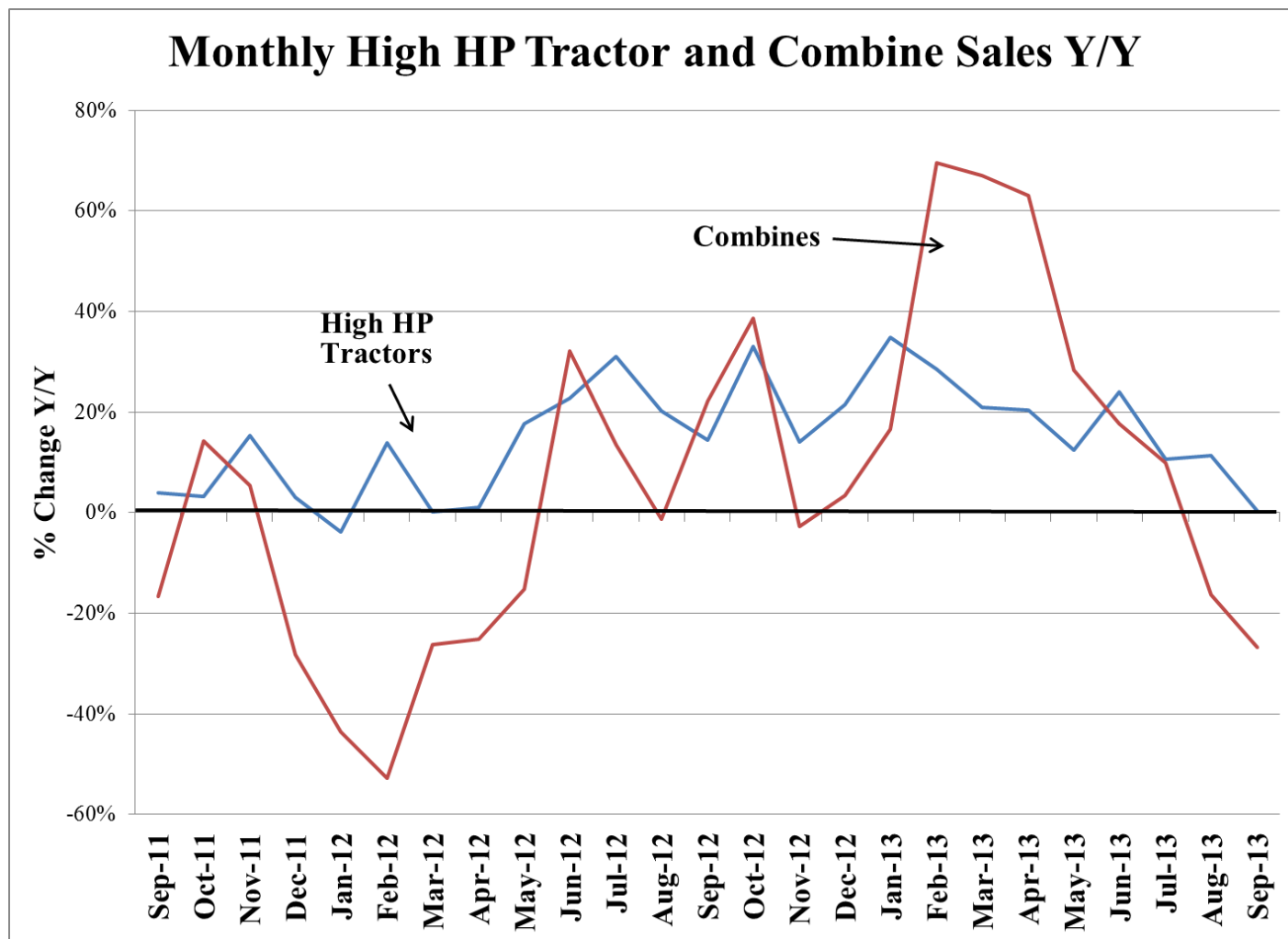
NORTH AMERICAN FARM EQUIPMENT INVENTORY

	Inventory (Units)							Inventory to 12-mo. Sales						
	< 40 HP	Utility	Row Crop	4-Wheel	Total	Memo:		<40HP	Util	RC	4-WD	Total	High HP	Comb
					Tractor	High hp	Combines							
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%
May-13	65,268	30,400	13,202	2,068	110,938	15,270	2,866	59%	49%	33%	23%	50%	31%	20%
Jun-13	62,097	29,271	13,330	2,158	106,856	15,488	3,249	56%	47%	33%	24%	48%	31%	23%
Jul-13	59,174	29,628	14,138	2,177	105,117	16,315	3,208	52%	47%	34%	24%	47%	33%	22%
Aug-13	58,941	30,907	15,063	2,307	107,218	17,370	3,325	52%	49%	36%	26%	47%	34%	23%

Annual Ag Equipment Industry Sales – 1985-2012



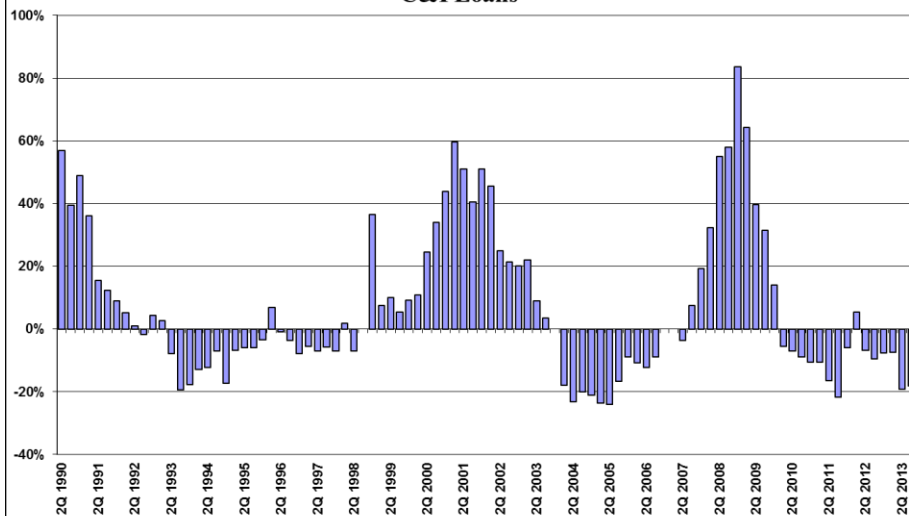
NA Ag Equipment Sales



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

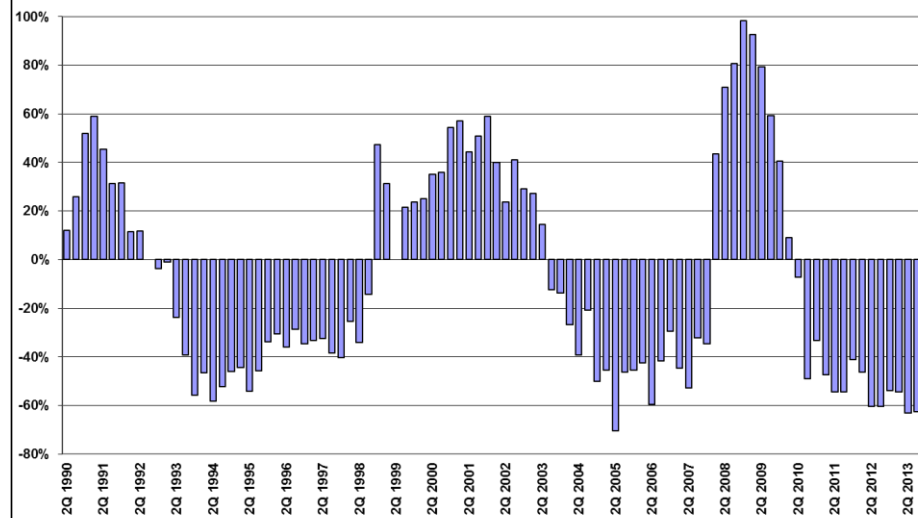
- The 3Q13 Senior Loan Officer survey saw a slight uptick in tightening of loan standards. A net 18% of loan officers reported easier credit standards in 3Q13 compared with a net 19% in 2Q.
- Bank rate spreads also saw a slight increase in 3Q13 with a net 62.5% of loan officers reporting lower lending spreads, up from a net 63% in 2Q.
- Demand for commercial and industrial loans accelerated in 3Q as a net 15% of loan officers reported stronger demand for commercial and industrial loans, up from the net 6% of loan officers reporting stronger demand for loans in 2Q.

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



Source: Federal Reserve Board

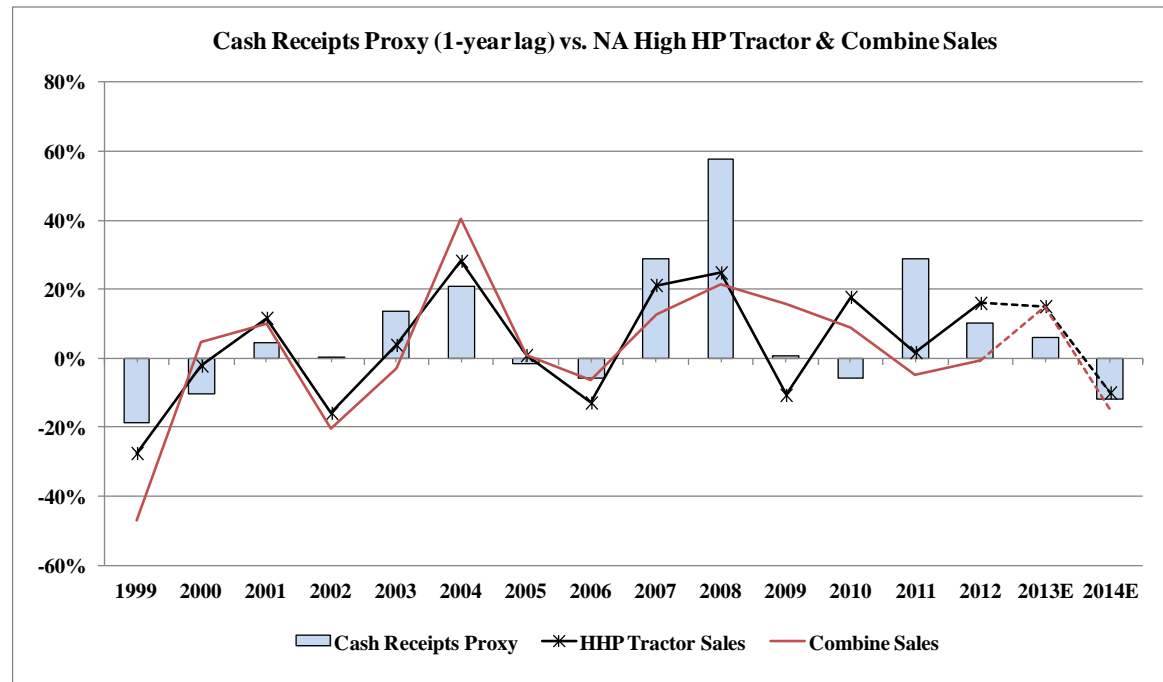
Net % of Domestic Respondents Increasing Spreads of Loan Rates Over Banks' Cost of Funds



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 2013/14 crop year points to a (11%) decline in our simplified cash receipts proxy, slightly better than the August forecast. 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 August USDA cash receipts outlook for 2013 is up slightly to down 11% over 2012, slightly better than the down 12% from 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.



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				
July	13,950	11,500	1,250	12,750	1,959	17.0%	\$4.40-\$5.20	July	23,837	25,208	3,984	15.8%
August	13,763	11,450	1,225	12,675	1,873	16.4%	\$4.50-\$5.30	August	23,918	25,166	4,075	16.2%
September	13,843	11,450	1,225	12,675	1,855	16.2%	\$4.40-\$5.20	September	23,820	25,078	4,107	16.4%
Revision to 2013/14:								Corn Futures Price: \$4.57				
Change m/m	80	0	0	0	-18	-0.2%	-\$0.10	m/m chg	-99	-88	32	0.6%
Change y/y	3,063	1,065	475	1,540	1,096	8.9%	(\$2.10)	y/y chg	856	1,452	-72	-1.3%
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				
July	3,420	3,264	1,450	4,714	295	9.0%	\$9.75-\$11.75	July	7,085	8,126	2,428	29.9%
August	3,255	3,176	1,385	4,561	220	6.9%	\$10.35-\$12.35	August	7,096	8,083	2,435	30.1%
September	3,149	3,140	1,370	4,510	150	4.8%	\$11.50-\$13.50	September	7,200	8,110	2,479	30.6%
Revision to 2013/14: NA								Soybean Futures Price: \$13.17				
Change m/m	-106	-36	-15	-51	-70	-2.1%	\$1.15	m/m chg	104	27	43	0.4%
Change y/y	134	60	20	80	25	0.7%	(\$1.80)	y/y chg	327	333	309	2.7%
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	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				
July	2,114	1,311	1,075	2,386	576	43.9%	\$6.45-\$7.75	July	23,525	24,405	5,758	23.6%
August	2,114	1,311	1,100	2,411	551	42.0%	\$6.40-\$7.60	August	23,804	24,659	5,805	23.5%
September	2,114	1,311	1,100	2,411	561	42.8%	\$6.50-\$7.50	September	23,933	24,647	5,916	24.0%
Revision to 2013/14: NA								Wheat Futures Price: \$6.78				
Change m/m	0	0	0	0	10	0.8%	\$0.00	m/m chg	129	-12	111	0.5%
Change y/y	-155	-70	75	5	-170	-10.1%	(\$0.80)	y/y chg	2,112	1,229	26	-1.1%
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		\$54,760	\$27,038	\$13,290	\$95,088 58%
2007/08	13,038	2,677	2,051		\$4.20	\$10.10	\$6.48		\$49,094	\$29,581	\$16,943	\$95,618 1%
2008/09	12,092	2,967	2,499		\$4.06	\$9.97	\$6.78		\$47,131	\$31,911	\$10,868	\$89,910 -6%
2009/10	13,092	3,359	2,218		\$3.60	\$9.50	\$4.90		\$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												
July	13,950	3,420	2,114		\$4.80	\$10.75	\$7.10		\$66,960	\$36,765	\$15,009	\$118,734 -12%
August	13,763	3,255	2,114		\$4.90	\$11.35	\$7.00		\$67,439	\$36,944	\$14,798	\$119,181 -12%
September	13,843	3,149	2,114		\$4.80	\$12.50	\$7.00		\$66,446	\$39,363	\$14,798	\$120,607 -11%

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

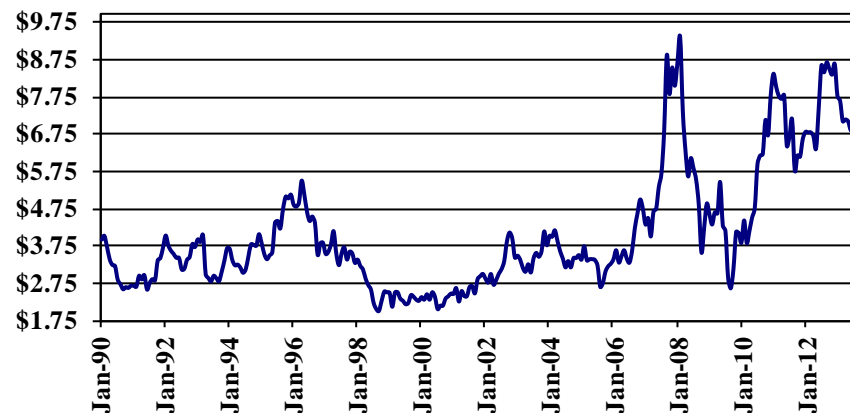
Source: USDA; Cleveland Research estimates

Long Term Commodity Price Trends

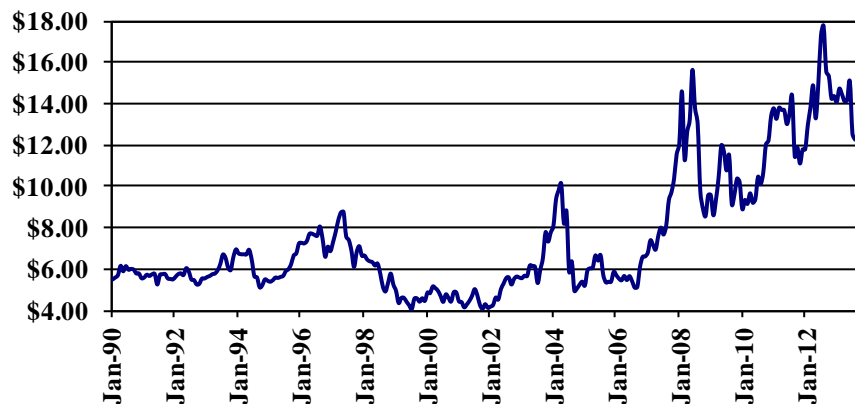
Corn Price Trends



Wheat Price Trends



Soybean Price Trends



Cotton Price Trends



Commodity Trends – Long Run Supply and Demand Projections

2013 USDA - Long Run Crop Supply and Demand Projections								
CORN - DOMESTIC								
Year	Production	Domestic Use	Use for Ethanol	Exports	Total Use	End Stocks	Stocks/Use	Avg Price
2004/05	11,807	8,848	1,323	1,814	10,662	2,114	19.8%	\$2.06
2005/06	11,114	9,122	1,603	2,147	11,270	1,967	17.5%	\$2.00
2006/07	10,531	9,081	2,150	2,125	11,206	1,304	11.6%	\$3.04
2007/08	13,038	10,302	3,026	2,436	12,738	1,624	12.7%	\$4.20
2008/09	12,092	10,198	3,677	1,858	12,056	1,673	13.9%	\$4.06
2009/10	13,092	11,086	4,568	1,980	13,066	1,708	13.1%	\$3.55
2010/11	12,447	11,220	4,800	1,835	13,055	1,128	8.6%	\$5.18
2011/12	12,358	10,984	5,011	1,543	12,527	988	7.9%	\$6.22
2012/13	10,725	10,017	4,500	1,150	11,167	647	5.8%	\$7.60
2013/14	14,435	11,340	4,675	1,700	13,040	2,067	15.9%	\$5.40
2014/15	13,610	11,570	4,825	1,900	13,470	2,232	16.6%	\$4.10
2015/16	13,105	11,545	4,825	2,000	13,545	1,817	13.4%	\$4.30
2015/17	13,595	11,715	4,850	2,050	13,765	1,672	12.1%	\$4.40
2017/18	13,925	11,880	4,900	2,125	14,005	1,617	11.5%	\$4.50
2018/19	14,255	12,070	4,975	2,200	14,270	1,627	11.4%	\$4.55
2019/20	14,500	12,260	5,075	2,275	14,535	1,617	11.1%	\$4.60
2020/21	14,750	12,450	5,175	2,350	14,800	1,592	10.8%	\$4.65
2021/22	15,000	12,645	5,275	2,425	15,070	1,547	10.3%	\$4.75
2022/23	15,260	12,835	5,375	2,500	15,335	1,497	9.8%	\$4.85
10-yr Avg	14,244	12,031	4,995	2,153	14,184	1,729	12.3%	\$4.61

2013 USDA - Long Run Crop Supply and Demand Projections								
SOYBEANS - DOMESTIC								
Year	Production	Domestic Use	Exports	Total Use	End Stocks	Stocks/Use	Avg Price	
2004/05	3,124	2,986	1,103	4,089	256	6.3%	\$5.74	
2005/06	3,063	1,927	947	2,874	449	15.6%	\$5.66	
2006/07	3,188	3,073	1,118	4,191	574	13.7%	\$6.43	
2007/08	2,677	3,056	1,161	4,217	205	4.9%	\$10.10	
2008/09	2,967	3,047	1,283	4,330	138	3.2%	\$9.97	
2009/10	3,359	3,361	1,499	4,860	151	3.1%	\$9.59	
2010/11	3,329	3,280	1,501	4,781	215	4.5%	\$11.30	
2011/12	3,094	1,793	1,362	3,155	169	5.4%	\$12.30	
2012/13	2,971	1,676	1,345	3,021	140	4.6%	\$14.30	
2013/14	3,335	1,790	1,515	3,305	185	5.6%	\$11.35	
2014/15	3,280	1,802	1,480	3,282	197	6.0%	\$10.35	
2015/16	3,360	1,838	1,530	3,368	204	6.1%	\$10.65	
2015/17	3,415	1,869	1,560	3,429	205	6.0%	\$10.75	
2017/18	3,470	1,900	1,575	3,475	215	6.2%	\$10.85	
2018/19	3,505	1,926	1,590	3,516	219	6.2%	\$10.90	
2019/20	3,535	1,956	1,590	3,546	222	6.3%	\$10.95	
2020/21	3,570	1,982	1,600	3,582	226	6.3%	\$11.05	
2021/22	3,600	2,012	1,605	3,617	223	6.2%	\$11.20	
2022/23	3,635	2,038	1,610	3,648	226	6.2%	\$11.35	
10-yr Avg	3,471	1,911	1,566	3,477	212	6.1%	\$10.94	

2013 USDA - Long Run Crop Supply and Demand Projections								
WHEAT - DOMESTIC								
Year	Production	Domestic Use	Exports	Total Use	End Stocks	Stocks/Use	Avg Price	
2004/05	2,158	1,172	1,063	2,235	540	24.2%	\$3.40	
2005/06	2,105	1,146	1,009	2,155	571	26.5%	\$3.42	
2006/07	1,812	1,140	909	2,049	456	22.3%	\$4.26	
2007/08	2,051	1,050	1,264	2,314	306	13.2%	\$6.48	
2008/09	2,499	1,260	1,015	2,275	657	28.9%	\$6.78	
2009/10	2,218	1,138	879	2,017	976	48.4%	\$4.87	
2010/11	2,207	1,128	1,289	2,417	862	35.7%	\$5.70	
2011/12	1,999	1,182	1,050	2,231	743	33.3%	\$7.24	
2012/13	2,269	1,338	1,100	2,438	704	28.9%	\$8.10	
2013/14	2,190	1,281	1,000	2,281	733	32.1%	\$7.20	
2014/15	2,105	1,234	925	2,159	804	37.2%	\$5.40	
2015/16	2,005	1,231	930	2,161	778	36.0%	\$5.65	
2015/17	2,025	1,238	935	2,173	765	35.2%	\$5.75	
2017/18	2,040	1,244	940	2,184	761	34.8%	\$5.85	
2018/19	2,035	1,251	940	2,191	745	34.0%	\$5.90	
2019/20	2,050	1,258	940	2,198	737	33.5%	\$5.95	
2020/21	2,065	1,265	940	2,205	737	33.4%	\$6.00	
2021/22	2,080	1,272	940	2,212	745	33.7%	\$6.10	
2022/23	2,080	1,279	940	2,219	746	33.6%	\$6.20	
10-yr Avg	2,068	1,255	943	2,198	755	34.4%	\$6.00	

U.S. Acreage Planted Per Crop Year

