

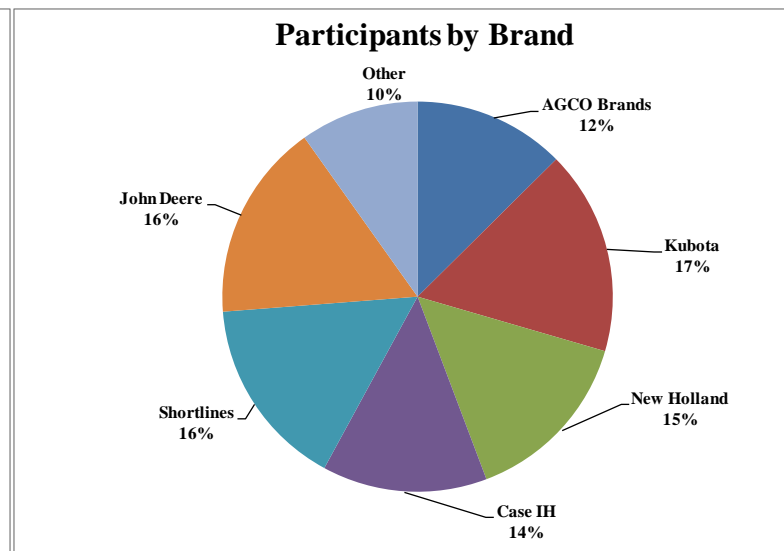
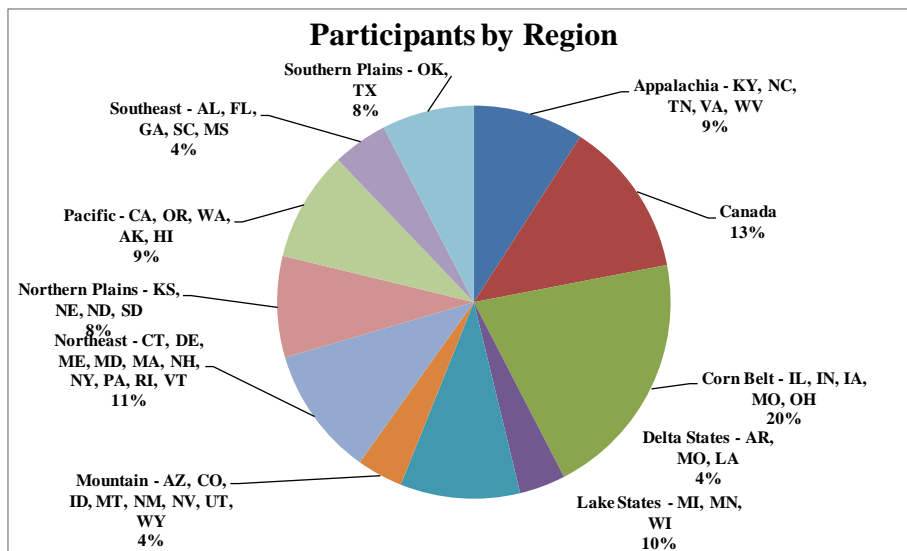
Ag Equipment Intelligence

July 2014 Dealer Sentiments & Business
Conditions Update

Monthly Ag Equipment Intelligence North American Dealer Survey

Background:

- We are pleased to announce the results of the July 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 July survey had ~133 respondents representing combined annual revenues of roughly \$5.1 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 Down 4% y/y in June** – Dealers reported sales were down 4% on avg in June, below the down 2% sales reported last month. Dealers of all brands reported declines on avg. for the month, with Case IH dealers reporting the largest declines at 10% y/y.
- **Order Intake Down 8% y/y in June vs down 4% y/y Last Month** – Orders for the month were reported down 8% y/y compared to down 4% last month, the largest average monthly decline in the history of our survey (April 2011). Most brands reported high-single-digit declines vs last year, with Shortlines dealers seeing the largest declines of 13% y/y.
- **2014 Dealer Outlook in June for Sales Down 6% vs Down 4% Last Month** – For 2014, dealers are expecting a 6% decline in sales vs 2013. Deere & Co. is forecasting the N. America Ag equipment industry to be down 5-10% in units in 2014, AGCO expects flat to down 5%, and CNH Industrial is forecasting tractor sales up 0-5% and combine sales down 15-20%.
- **New Inventories Better and Used Inventories Similar vs Last Month** – A net 16% of dealers reported new inventories were “too high” in June vs a net 26% last month. Used inventories were similar with a net 37% of dealers reported used inventories “too high” compared to a net 38% last month.

Monthly Sales Growth

- Dealers report average sales were down 4% y/y in June, below the 2% decline reported in May.
- Most dealers reported low-single-digit sales declines y/y on average, although Case IH dealers reported declines of 10% y/y on average for the month.
- Sales were relatively inline with plan for the month compared to a net 10% of dealers reported beating plan last month.

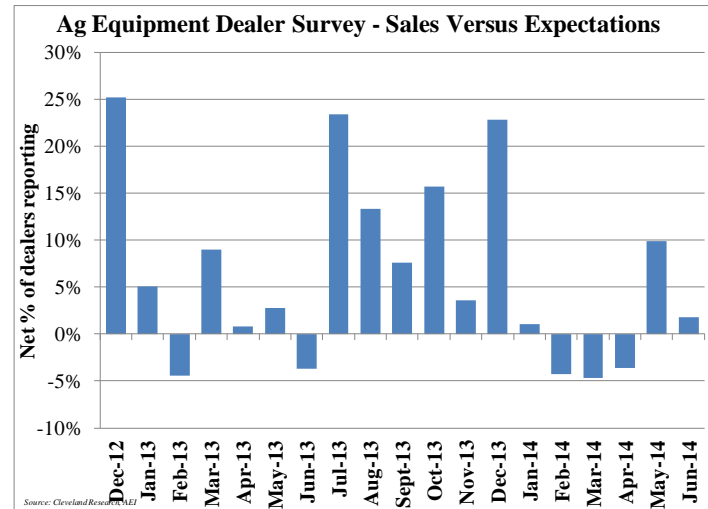
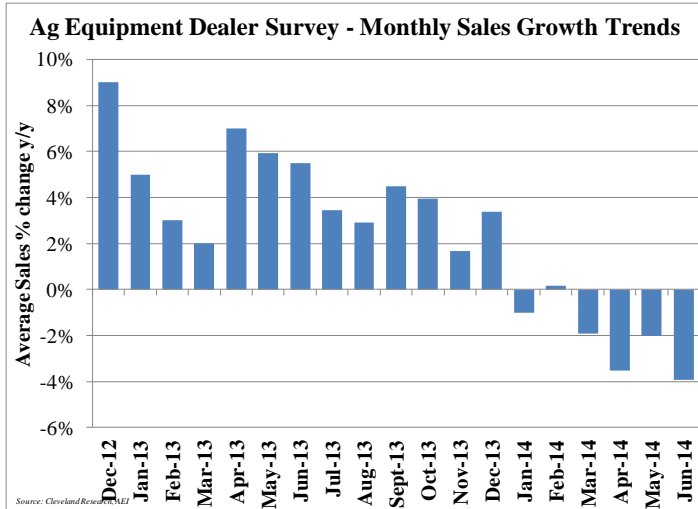
N. American Farm Equipment Dealer Survey - Average Dealer Sales Growth														
% Change y/y	May-13	Jun-13	Jul-13	Aug-13	Sept-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
Overall	6%	5%	3%	3%	4%	4%	2%	3%	-1%	0%	-2%	-4%	-2%	-4%
By Brand	May-13	Jun-13	Jun-13	Aug-13	Sept-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
AGCO	1%	1%	-1%	-2%	-3%	-1%	4%	-4%	-3%	0%	-2%	-3%	1%	-3%
John Deere	9%	6%	4%	-7%	5%	7%	2%	5%	-2%	2%	0%	-3%	-2%	-3%
New Holland	5%	7%	2%	4%	2%	4%	5%	5%	-1%	-2%	-2%	-4%	-10%	2%
Case IH	-1%	5%	5%	12%	6%	3%	2%	3%	0%	-2%	-6%	-5%	-1%	-10%
Kubota	-2%	10%	3%	4%	4%	0%	2%	6%	6%	-3%	1%	-1%	-1%	2%
Shortlines	5%	4%	11%	-1%	11%	12%	5%	6%	-2%	0%	-2%	1%	3%	-2%
Other	7%	3%	13%	0%	0%	5%	na	-1%	13%	0%	1%	na	na	-2%

Source: Cleveland Research

N. American Farm Equipment Dealer Survey - Sales Versus Expectations														
% of Dealers Reporting	May-13	Jun-13	Jul-13	Aug-13	Sept-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
Better than expected	23%	19%	38%	33%	27%	32%	24%	39%	25%	20%	21%	21%	29%	25%
In line with expectations	57%	58%	48%	47%	54%	51%	56%	45%	51%	55%	54%	54%	52%	53%
Worse than expected	20%	23%	14%	20%	19%	17%	20%	16%	24%	25%	26%	25%	19%	23%
Net % (Better - Worse)	3%	-4%	23%	13%	8%	16%	4%	23%	1%	-4%	-5%	-4%	10%	2%

Source: Cleveland Research, AEI.

Monthly Sales Growth Continued



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

% of Dealers Reporting	May-13	Jun-13	Jul-13	Aug-13	Sept-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
Positive Sales Growth	58%	52%	64%	53%	57%	59%	45%	63%	40%	45%	49%	39%	50%	46%
Flat Sales	19%	21%	21%	21%	25%	20%	35%	18%	24%	17%	22%	20%	12%	18%
Negative Sales Growth	23%	27%	15%	26%	18%	22%	20%	19%	36%	37%	29%	40%	39%	36%
Net % Reporting Growth	35%	25%	49%	26%	39%	37%	26%	44%	3%	8%	20%	-1%	11%	11%
Average % Change y/y	6%	5%	3%	3%	4%	4%	2%	3%	-1%	0%	-2%	-4%	-2%	-4%

Optimism/Sentiment vs. Last Month

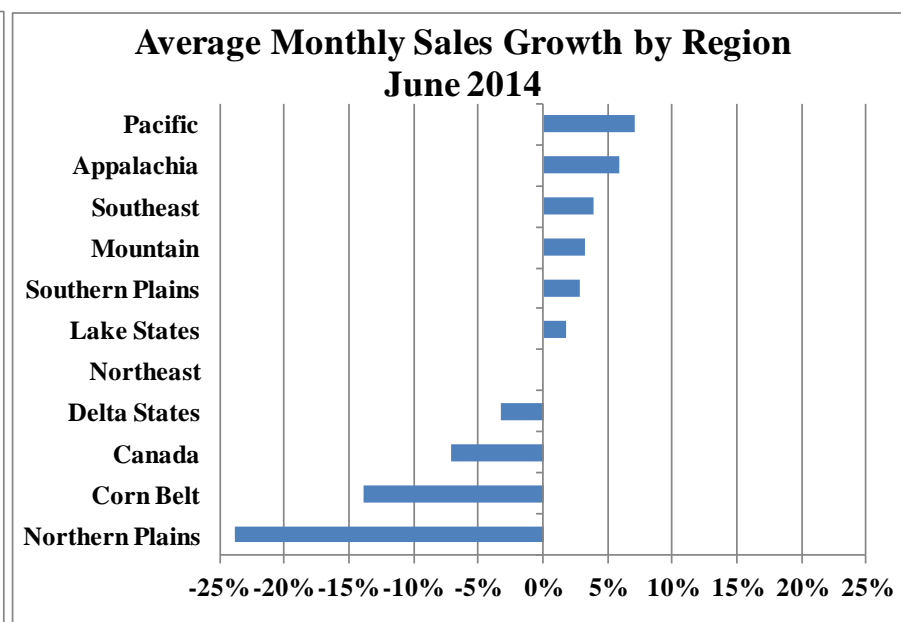
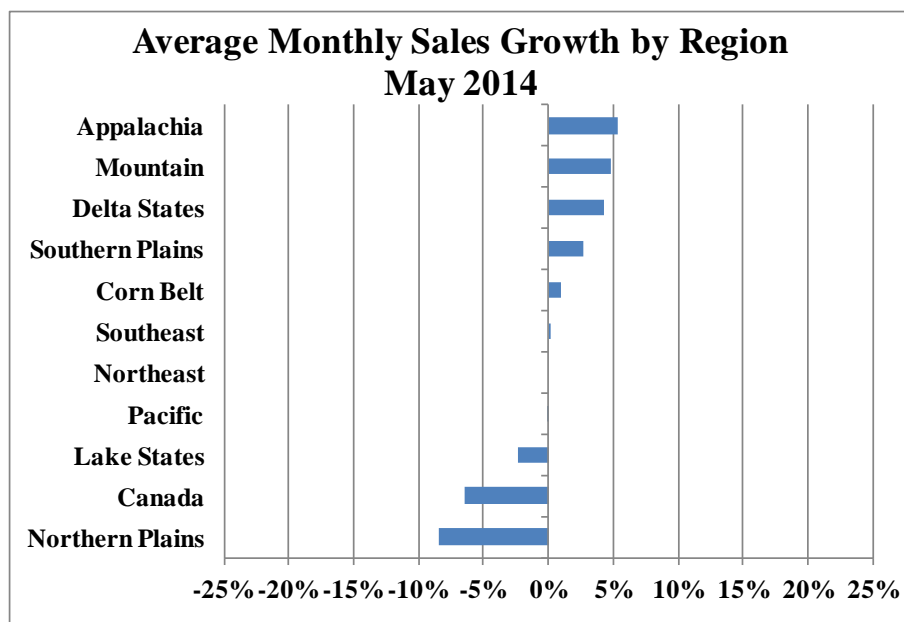
	May-13	Jun-13	Jul-13	Aug-13	Sept-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
More Optimistic	27%	26%	21%	19%	14%	15%	14%	9%	12%	24%	26%	24%	25%	23%
Same	52%	50%	58%	50%	62%	60%	45%	52%	52%	50%	51%	44%	45%	42%
Less Optimistic	21%	24%	21%	31%	23%	25%	41%	39%	36%	26%	23%	32%	30%	35%
Net % Dealer Optimism	6%	2%	1%	-12%	-9%	-11%	-27%	-30%	-23%	-1%	3%	-9%	-5%	-11%

Source: Cleveland Research

Source: Farm Equipment Magazine Survey

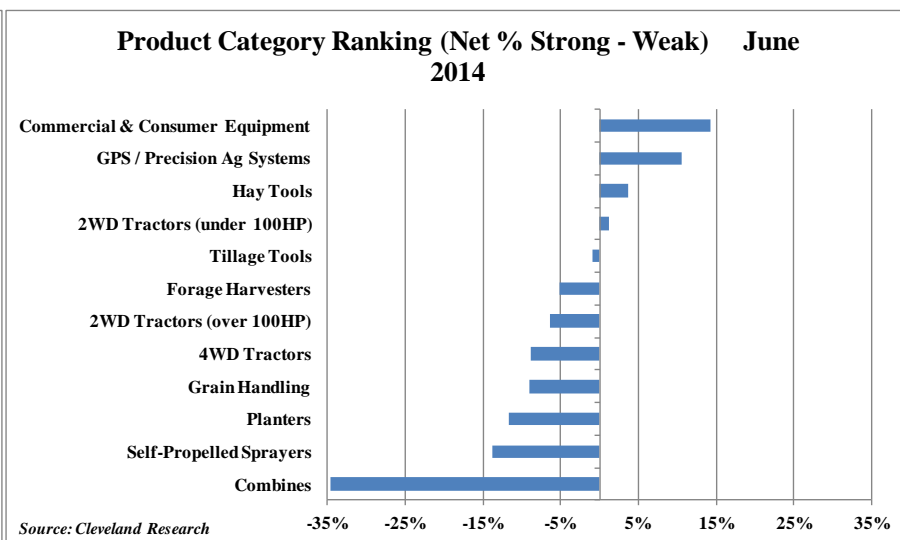
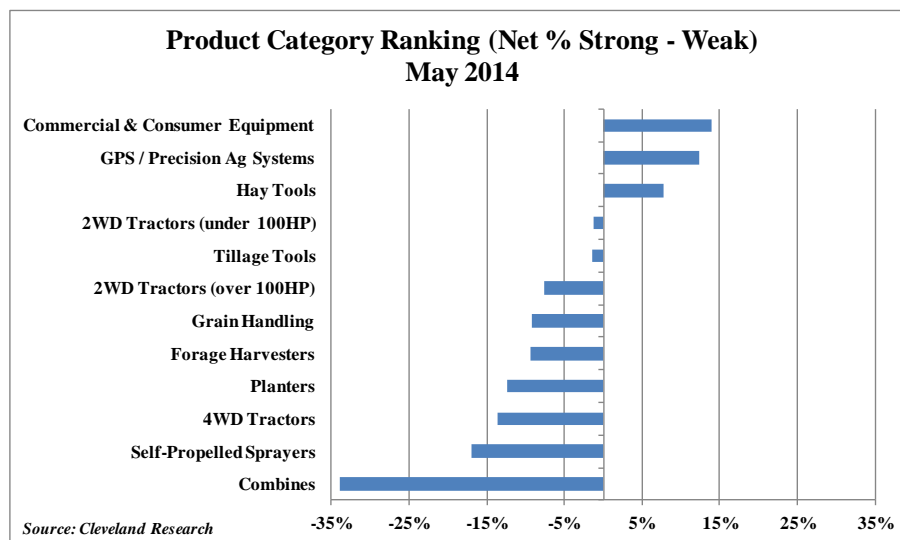
Monthly Sales Growth by Region

- Six out of eleven regions showed positive average monthly sales growth in June compared to five reporting growth in May. The Pacific and Appalachia regions were the strongest performing with average sales up 7% and 6% y/y respectively.
- Compared to last month, the Pacific region saw the strongest pick up in growth going from flat last month to up 7% this month, while the Northern Plains saw largest deceleration with sales going from down 8% y/y in May to up 24% y/y in June.

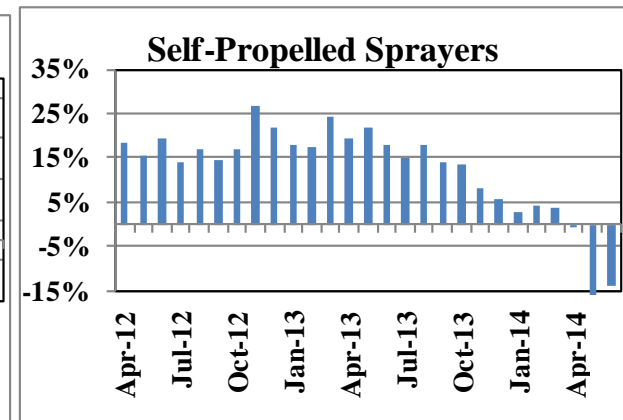
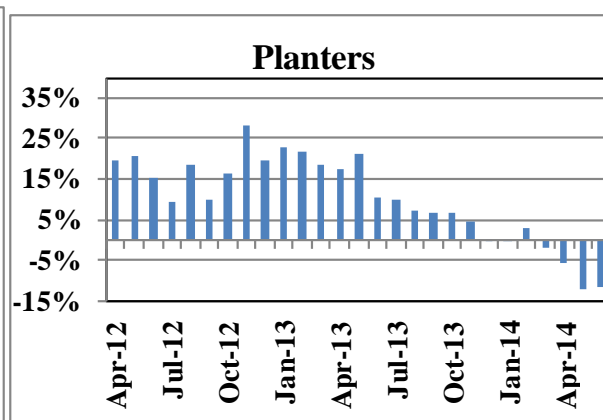
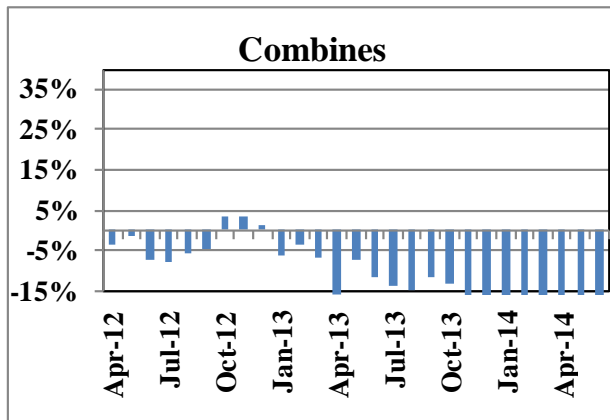
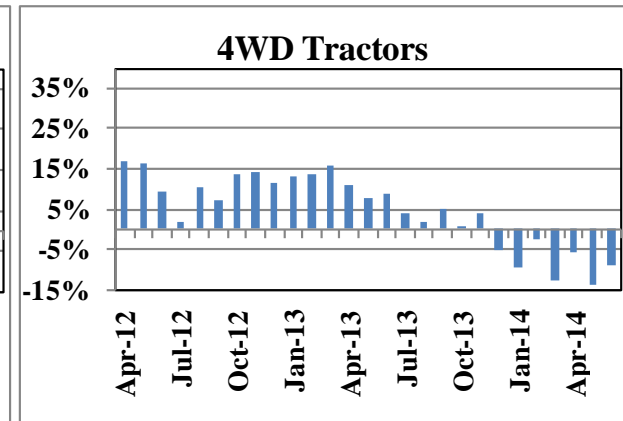
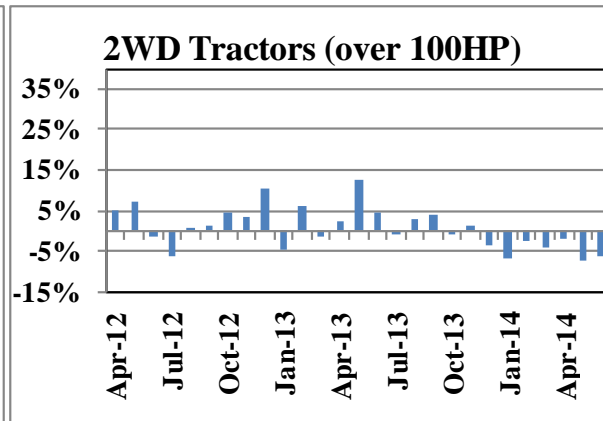
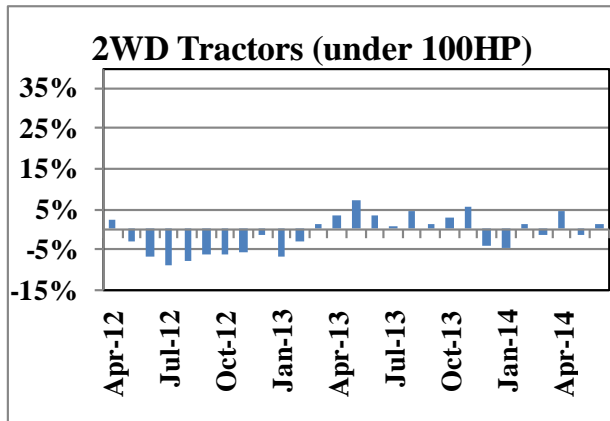


Equipment Category Sales Trends

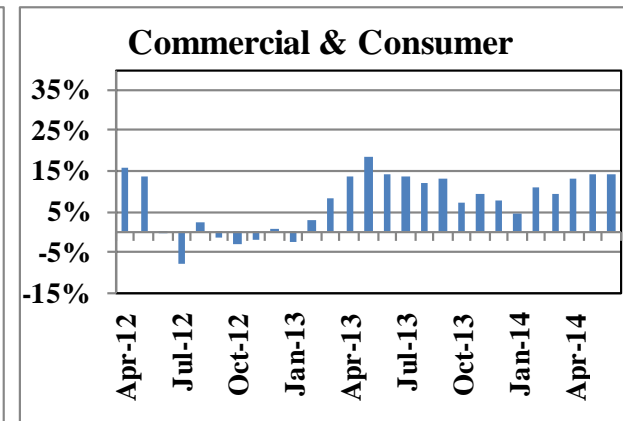
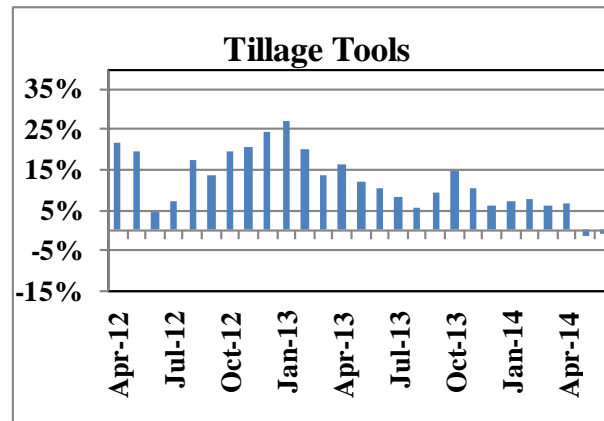
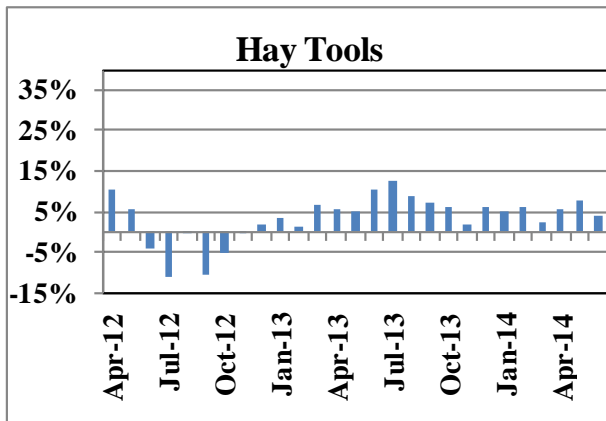
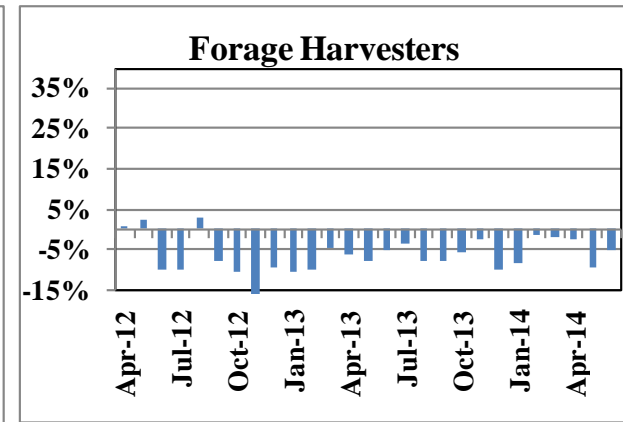
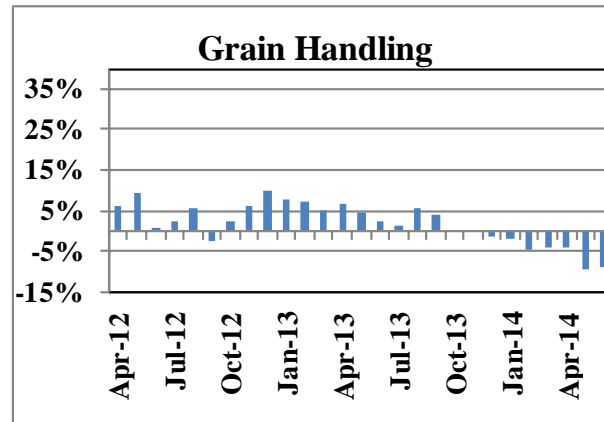
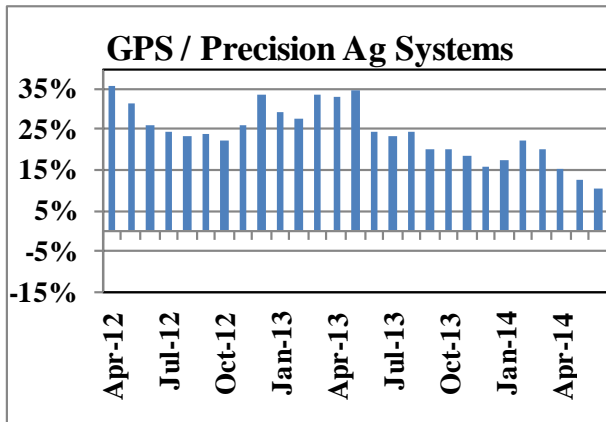
- Four out of twelve product categories ranked in net positive territory in June vs three last month. Commercial and Consumer Equip was the strongest category for the 2nd month in a row (net 14% reporting strength). GPS/Precision Ag systems was noted as the 2nd strongest category in June, and had previously led all categories for 17 months straight months. Combines were the weakest category for the 14th straight month (net 35% reporting weakness).
- Comparing May to June, 4WD tractors saw a 5 point improvement (largest of the group) going from down 14% y/y to down 9% y/y.



Equipment Category Sales Trends



Equipment Category Sales Trends (Continued)



Most Interesting Commentary - Monthly Sales and Outlook

- *Our May was down significantly, so sales were just shifted into June. In the 6 months YTD we are down 25%.*
- *Farmers in my area are undecided on how this new farm bill will impact them.*
- *Vertical tillage is strong. Kubota has been strong.*
- *A lot of items getting into no man's land: big rippers, used corn heads, large platforms, and high dollar high HP used tractors. They're too expensive for small farmers. There's no where to go with it. Wholesalers aer paying pennies on dollars.*
- *We only sold 10% of what we sold in June of 2013.*
- *We saw it coming last year and sold used combines today we are in good shape on used.*
- *Solid spring sales on compact 4wd tractors. Even as summer hits, sales are strong from sub-compacts to mid-size utility ag tractors.*
- *With the way crop prices are dropping, it has to affect sales at some point.*
- *More calls and more people in the dealership.*
- *The growing season has been a good one thus far, but accelerated buying ahead of Tier 4 and new models (think Deere planters), uncertainty in tax laws (Sec 179 and bonus), and wishy-washy commodity prices is causing producer hesitation to spend.*
- *Had a great month, good P&S, machinery. However, not much play on pre sell and the manufacturers are telling us that's where they're going with marketing dollars. Worried about this because our area has never been as successful as other areas for booking pre-sell.*
- *Grain prices and wet weather.*
- *Market is down and with change in tax laws and grain prices.*
- *Corn just hit \$3.91, that hurts.*
- *Received badly needed rain. Now we need some open weather so we can bale hay.*
- *Unfavorable weather conditions have hindered buyer sentiment.*

Monthly Order Trends

Overall Orders

- Incoming orders declined 8% y/y on average in June, a significant drop off from the mid-single-digit declines over the past several months.
- All dealer brands saw declines in orders compared to last year, with Shortlines dealers reporting the largest order declines on average.

New Combine Order Intentions

- Combine order intentions decreased vs last month, with a net 44% of dealers planning to order fewer combines than last year.

N. American Farm Equipment Dealer Survey - Average Orders Growth														
% Change y/y	May-13	Jun-13	Jul-13	Aug-13	Sept-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
Overall	2%	0%	0%	2%	1%	1%	-2%	-3%	-3%	-2%	-4%	-5%	-4%	-8%
By Brand	May-13	Jun-13	Jul-13	Aug-13	Sept-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
AGCO	-1%	0%	-7%	-2%	-5%	-2%	-2%	-5%	1%	-4%	0%	-1%	-5%	-8%
John Deere	3%	2%	2%	7%	2%	2%	-2%	-3%	-4%	-1%	-5%	-6%	-5%	-8%
New Holland	-1%	-1%	-1%	-12%	0%	0%	-3%	-1%	-6%	-3%	-4%	-8%	-5%	-8%
Case IH	0%	-2%	1%	3%	1%	4%	-1%	-1%	-4%	-1%	-7%	-4%	-6%	-8%
Kubota	1%	0%	-5%	-1%	0%	0%	-4%	1%	-6%	-2%	-3%	-7%	-8%	-6%
Shortlines	0%	1%	9%	15%	5%	5%	-3%	-1%	-8%	0%	-6%	-2%	-5%	-13%
Other	1%	0%	0%	-1%	0%	0%	na	1%	6%	0%	3%	na	na	-6%

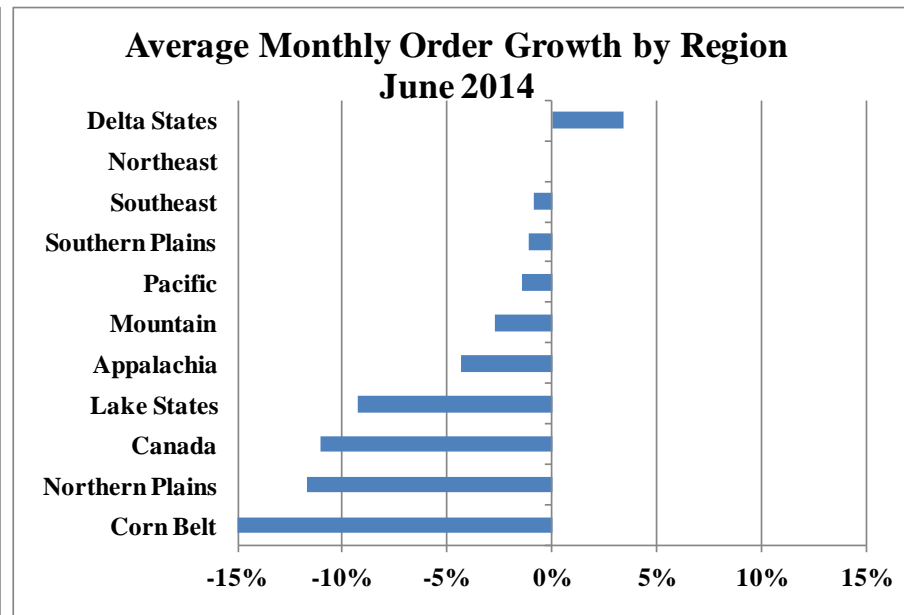
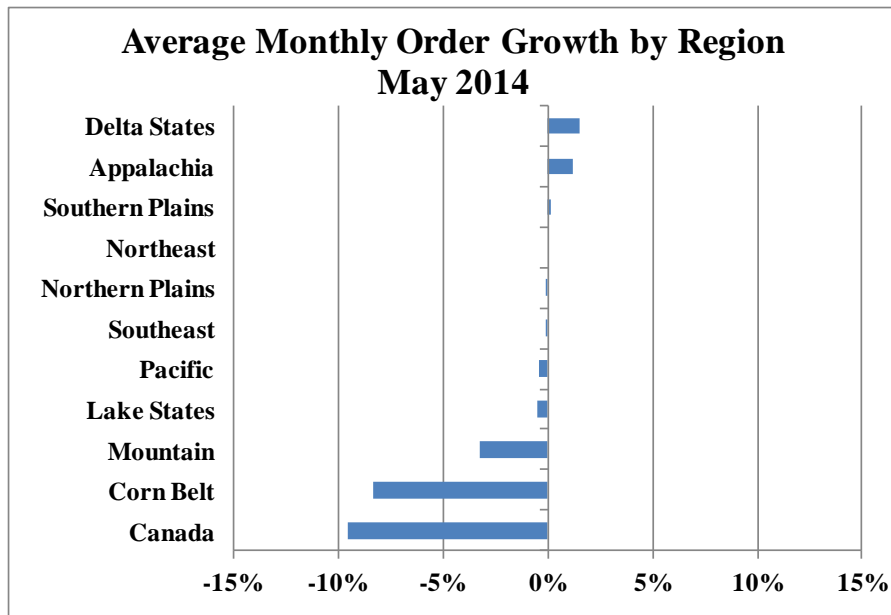
Source: Cleveland Research

New Combine Order Intentions vs. Last Year														
	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
More	9%	9%	14%	8%	16%	10%	11%	17%	8%	10%	7%	9%	11%	6%
Same	68%	62%	46%	49%	45%	39%	38%	44%	48%	44%	51%	50%	46%	43%
Less	23%	29%	41%	43%	39%	51%	52%	39%	44%	46%	42%	41%	43%	51%
Net % (More- Less)	-14%	-20%	-27%	-35%	-22%	-40%	-41%	-22%	-36%	-37%	-35%	-32%	-32%	-44%

Source: Cleveland Research

Order Trends by Region

- The Delta States was the only region to show positive order growth in June. Corn Belt dealers reported the most significant decline in orders at down 15% y/y.
- Compared to last month, the Delta States was also the only region to show an acceleration in orders while the Northern Plains saw the most significant acceleration in orders on average.



2014 Sales Outlook

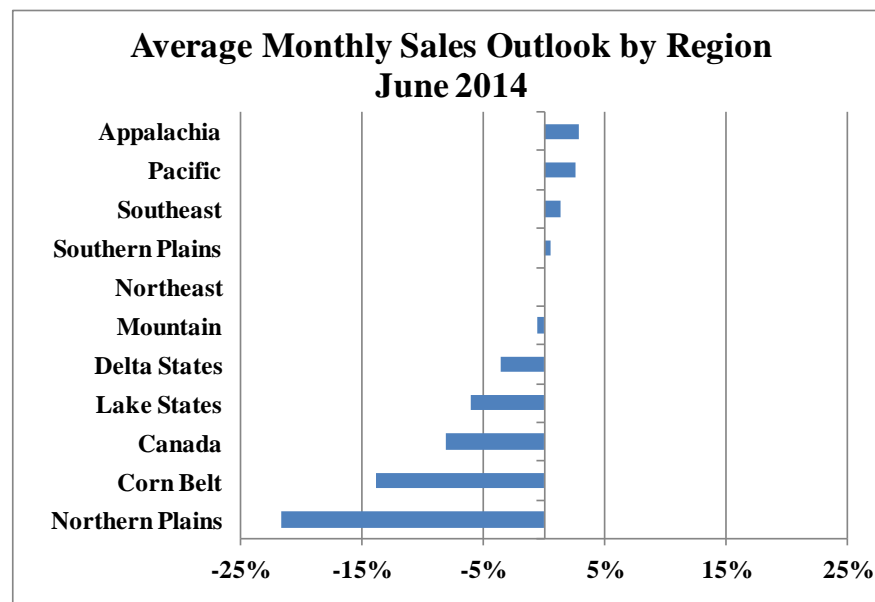
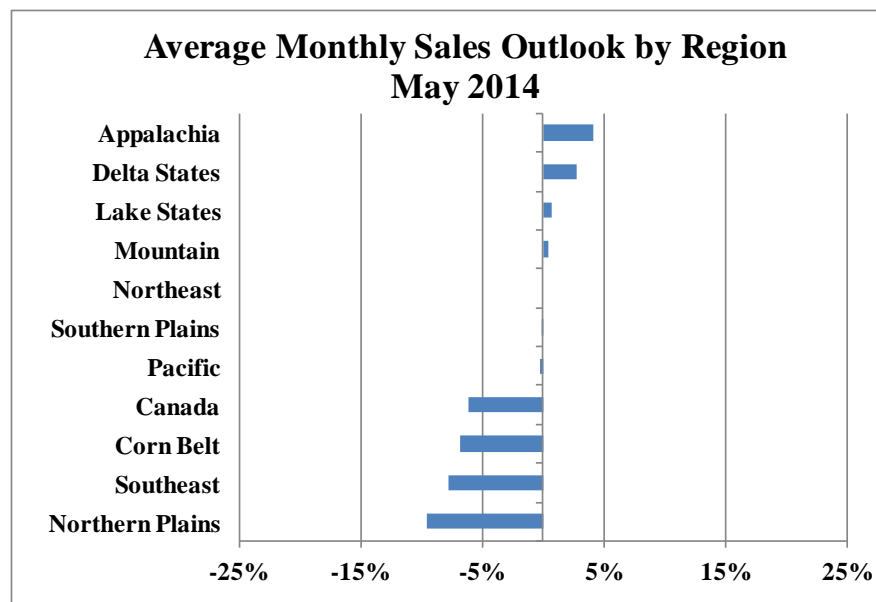
- The average dealer outlook for 2014 sales growth declined to down 6% y/y from down 4% last month. Deere is forecasting the N. America Ag equipment industry to be down 5-10% in units in 2014, AGCO expects flat to down 5%, and CNH Industrial is forecasting tractor sales up 0-5% and combine sales down 15-20%.
- Among the survey participants, AGCO dealers were again the most optimistic (projecting relatively flat sales in 2014), while Case IH dealers forecast the largest sales declines of 11% declines y/y on average for 2014.

N. American Farm Equipment Dealer Survey - Full Year Sales Forecast														
% change y/y	2013 Outlook				2014 Outlook									
	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14
AGCO	2%	3%	-4%	2%	-1%	-3%	-2%	0%	-2%	-1%	2%	0%	0%	-1%
John Deere	8%	4%	6%	1%	2%	2%	0%	-3%	-2%	-1%	-3%	-3%	-2%	-6%
New Holland	1%	6%	0%	-3%	2%	1%	-2%	-2%	-5%	0%	-1%	-6%	-9%	-3%
Case IH	0%	0%	3%	-5%	-3%	0%	-1%	-7%	-5%	-5%	-5%	-6%	-9%	-11%
Kubota	4%	8%	-3%	3%	-1%	-1%	-3%	-2%	-3%	-1%	-2%	-2%	-10%	-3%
Shortlines	3%	2%	12%	5%	4%	6%	-3%	0%	-4%	-3%	-4%	1%	-2%	-8%
Other	3%	1%	4%	1%	2%	2%	na	0%	3%	3%	7%	na	na	-4%
Overall	5%	3%	3%	3%	0%	1%	-1%	-4%	-4%	-2%	-3%	-4%	-4%	-6%

Source: Cleveland Research

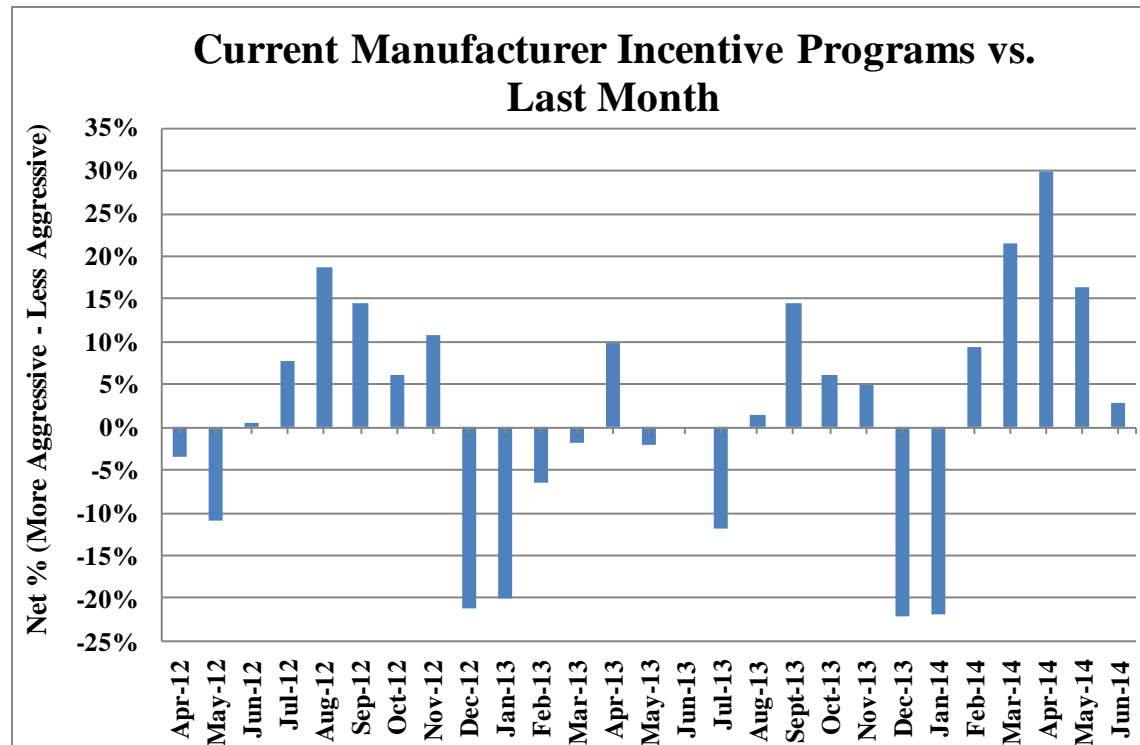
2014 Sales Outlook Continued

- Four of eleven regions are projecting sales to grow for the full year 2014 in June compared to three last month. Appalachia dealers are again forecast the best growth in 2014 at 3%, while the Northern Plains dealers are now forecast the largest y/y sales declines of 22%.



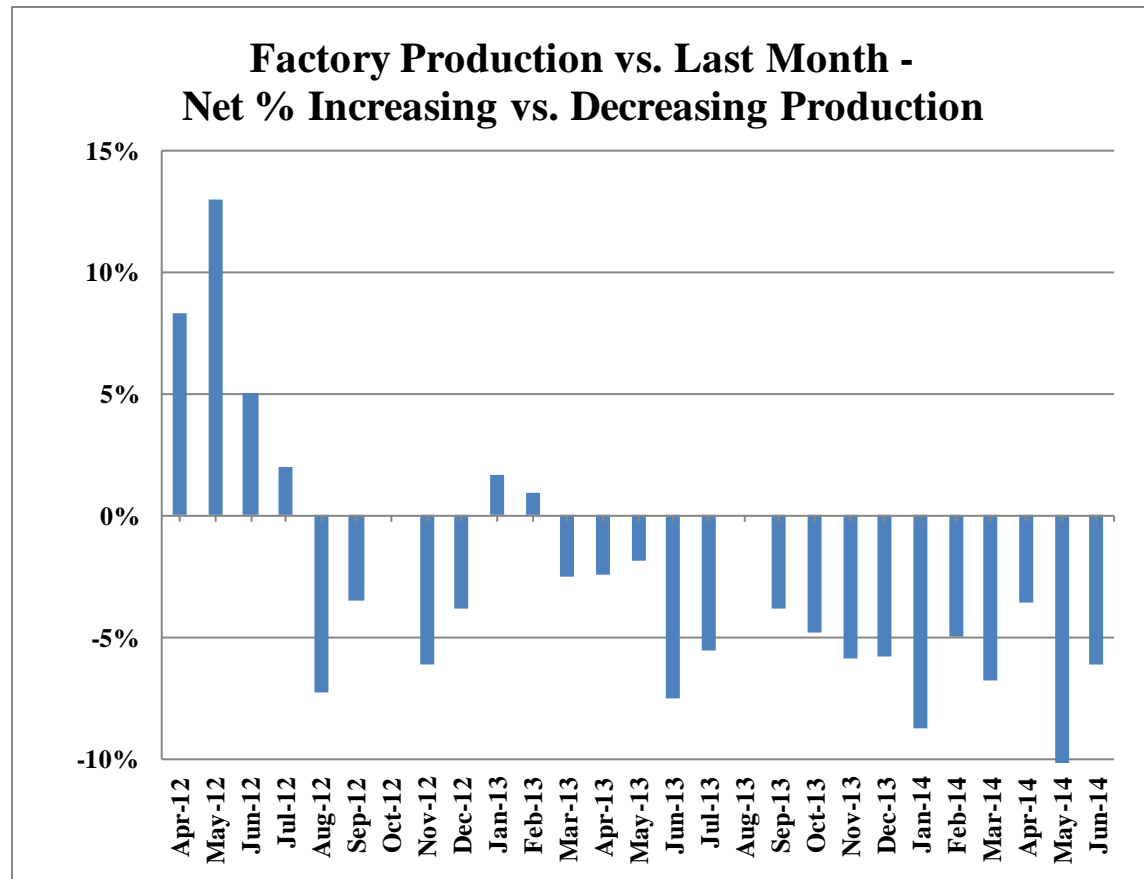
Current Manufacturer Incentive Programs

- A net 3% of dealers report that manufacturers are more aggressive with incentives in June (25% more aggressive; 54% same; 22% less aggressive) vs a net 16% reporting more aggressive incentives last month.



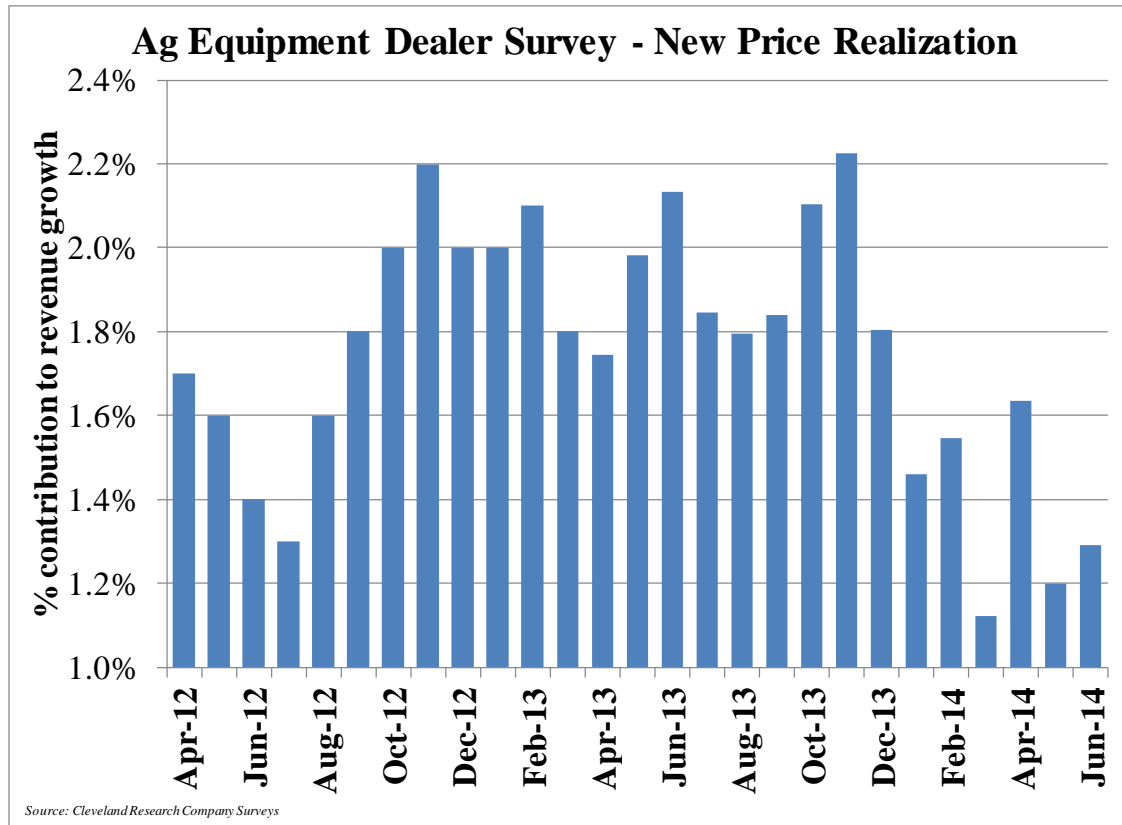
Factory Production

- A net 6% of dealers report that factory production was down compared to last month (6% increasing production; 82% no change in production; 12% decreasing production).



Pricing Trends

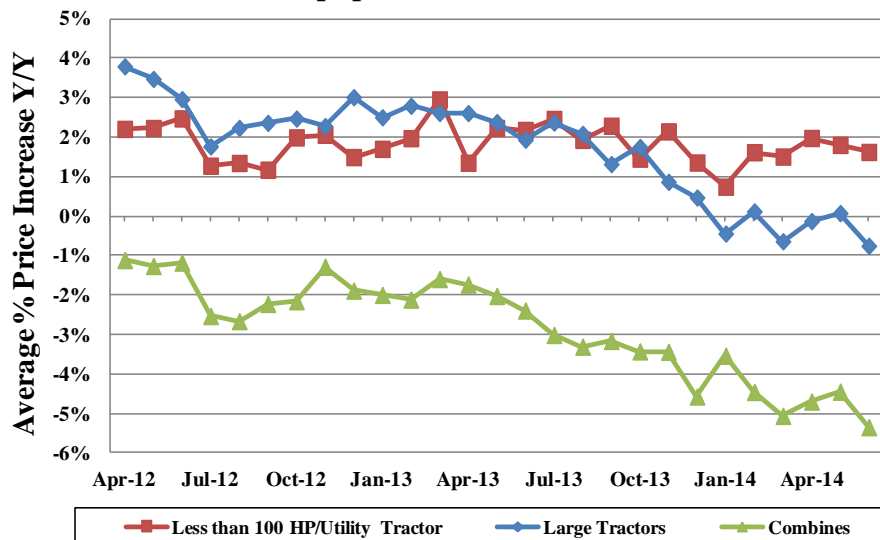
- Dealers report price contributed roughly ~1.3% to total June revenue growth vs the 1.2% last month. Final tier 4 price increases are expected to be ~5-10% on average, although not impacting all lines of equipment.



Used Equipment Pricing

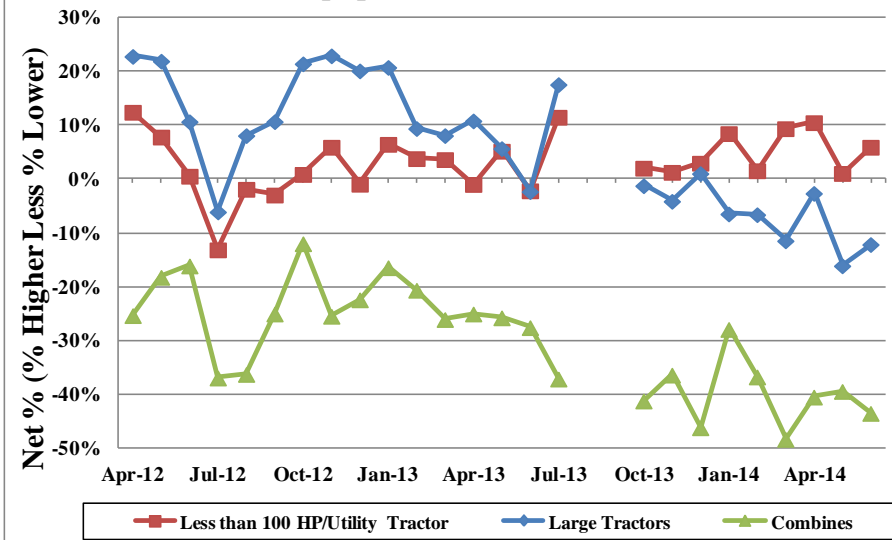
- Dealers reported used combine values fell in June vs May on a y/y basis (down 5.4% y/y vs down 4.5% last month). Used HHP tractors values also fell vs last month (on a y/y basis) to down almost 1%.
- Used tractors values under 100hp are still positive y/y (up 1.6% in June vs up 1.8% in May).

Used Equipment Values vs. Last Year



Source: Cleveland Research

Used Equipment Values vs. Last Month



Source: Cleveland Research

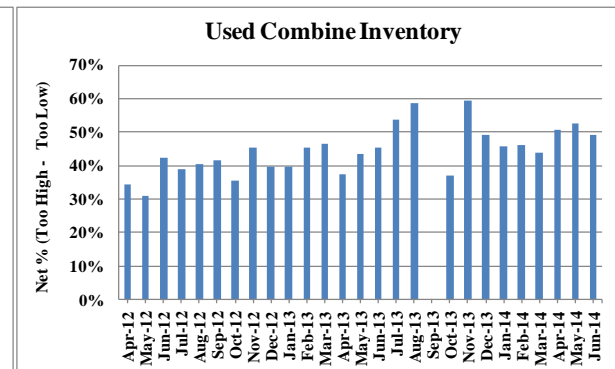
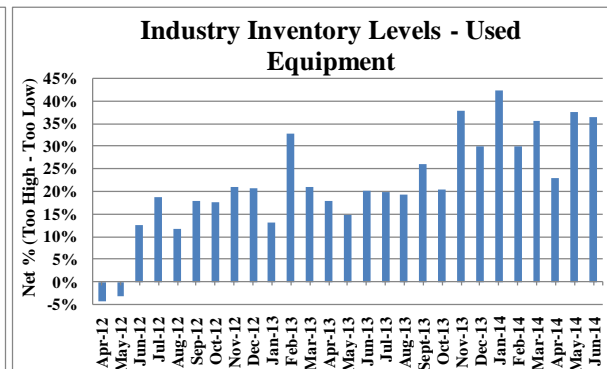
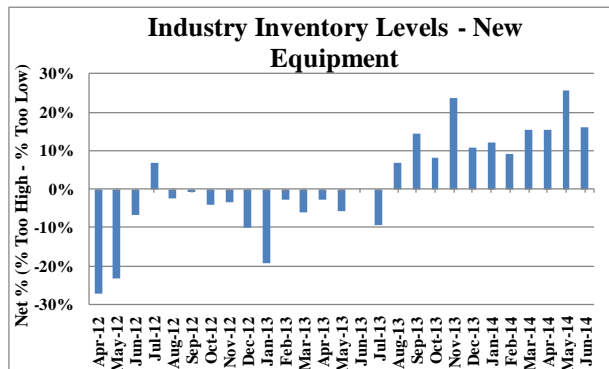
Inventory Levels

New Equipment Inventory

- A net 16% of dealers categorize their new inventory as “too high” (33% too high; 50% about right; 17% too low), better than the net 26% last month.

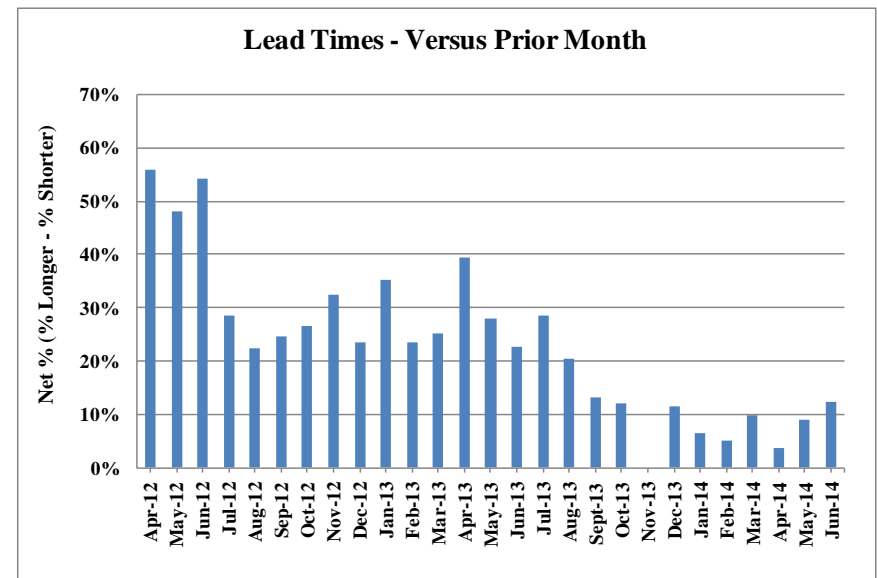
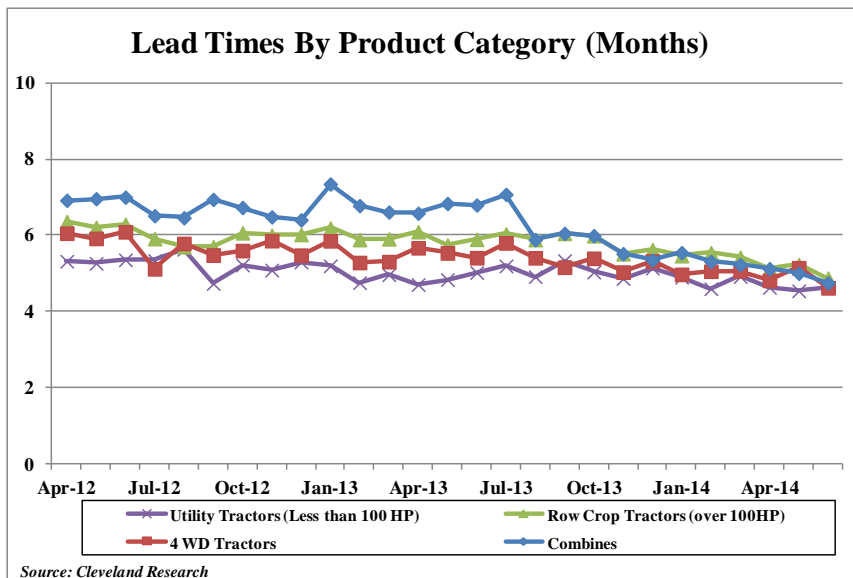
Used Equipment Inventory

- A net 37% of dealers reported used equipment inventory as “too high” in June (46% too high; 44% about right; 10% too low), similar to last month
- A net 49% of dealers reported used combines inventories were “too high” (54% too high, 41% comfortable, 5% too low), similar to last month.



Equipment Availability

- Overall, a net 12% of dealers report longer factory lead-times compared to last month (28% longer; 56% same; 16% shorter, above the net 9% who reported longer lead times last month).
- Lead times over in June were a bit longer vs last month, although large product categories appear shorter. Combine lead times are 4.7 months on average, row crop tractor lead times are 4.9 months, and 4WD tractors are 4.6 months.



Most Interesting Commentary - Used Inventory

- *Traded when market values were higher. Large used equipment soft now. No tax incentives to pull the trigger now.*
- *Dealers better watch out, new equipment is going to be less then the used one on their lot.*
- *Other areas still trading, putting to much pressure on used numbers, rolling down to us!*
- *Harvest equipment / seeding equipment and combines.*
- *Planters, Combines, and 4WD and large Row crops... basically the rolls. It's difficult to find a market for the large pieces which the large farmers are incented to roll each year by the manufacturer.*
- *Used Large Sq Balers building up.*
- *Used sprayers will become an issue in N.A. before the end of 2014. We look to clean up on our end before this is reality. Combines/4wd's are the current problem.*
- *(New) self propelled sprayer sales are very slow compared to 2013. Case IH & Deere dealers seem over stocked with used/roll-over sprayers and they are reducing prices.*
- *Used tractors are a problem.*
- *With 4WD/combines, the high dollar used is slow but the older equipment is selling.*
- *Most all of the problem comes from too many used combines, corn heads, platforms, sprayers, and planters.*
- *Combines and late model tractors are a concern.*
- *Lot full of used round hay balers.*

Dealer Commentary on Biggest Surprise in the Month

- *Grain markets in a downward spiral.*
- *Consumer product sales are strong.*
- *They have lots and lots and lots to allocate. We are cutting back on our orders. There has been a glut of new and used combines available for 24 months now. The manufacturer is finally realizing the glut since we are not ordering any new.*
- *Lower allocation and much earlier/improved delivery.*
- *Compact Cab Tractor sales were up.*
- *Commodity prices still coming down.*
- *We have had way too much rain in our area in the month of June. Lots of flooding & crops are suffering & probably an average of 25% under water. Will have a drastic role in our sales. We are expecting a major push back*
- *Low-end consumer products are struggling. Sustained hesitation in the ag market, new and used.*
- *Overall good attitudes in farm sector. Better livestock/dairy prices are helping to offset weakening crop prices.*
- *The 60-99hp, 100-139hp, and 140+ market is very competitive, and is not as active as in past years.*
- *Weak sales of hay tools (i.e. disc mowers, hay tedders & rakes).*
- *Used combine sales have been steady.*
- *The shift away from John Deere by farmers, even in very strong Deere communities.*
- *Weather still is a factor- too much water- crops are yellowing- hay is not made it past its peak season.*
- *How the manufacturers have not seen this coming.*

NA Farm Equipment Industry Retail Sales

NORTH AMERICAN FARM EQUIPMENT RETAIL SALES														
	Units							% change year-over-year						
	< 40 HP	Utility	Row Crop	4-Wheel	Total Tractor	Row Crop & 4WD	Combines	< 40 HP	Utility	Row Crop	4-Wheel	Total Tractor	Row Crop & 4WD	Comb
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	8,632	4,830	2,755	551	16,768	3,306	1,345	12%	2%	33%	21%	12%	31%	14%
Aug-12	8,146	4,514	2,452	585	15,697	3,037	1,491	11%	8%	15%	35%	11%	18%	-2%
Sep-12	8,002	4,531	3,120	773	16,426	3,893	1,760	1%	-1%	14%	11%	3%	14%	22%
Oct-12	9,918	6,891	5,644	1,499	23,952	7,143	2,312	25%	16%	33%	33%	25%	33%	38%
Nov-12	5,186	3,981	2,474	632	12,273	3,106	718	5%	17%	10%	31%	11%	13%	-3%
Dec-12	8,233	6,294	4,338	900	19,765	5,238	1,128	13%	4%	18%	37%	12%	21%	3%
Jan-13	4,694	4,087	2,960	678	12,419	3,638	621	20%	11%	27%	89%	21%	35%	18%
Feb-13	5,111	3,701	2,589	669	12,070	3,258	620	17%	4%	27%	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	13,907	5,615	4,301	851	24,674	5,152	1,144	4%	-7%	28%	-4%	4%	21%	62%
May-13	17,189	6,239	3,483	554	27,465	4,037	883	27%	4%	20%	-9%	19%	15%	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%	12%	16%	1%	13%	13%	-16%
Sep-13	8,527	4,871	3,360	574	17,332	3,934	1,291	7%	8%	8%	-26%	6%	1%	-27%
Oct-13	9,665	6,747	5,943	1,228	23,583	7,171	1,671	-3%	-2%	5%	-18%	-2%	0%	-28%
Nov-13	5,628	3,873	2,651	644	12,796	3,295	903	9%	-3%	7%	2%	4%	6%	26%
Dec-13	7,683	6,944	4,940	962	20,529	5,902	1,547	-7%	10%	14%	7%	4%	13%	37%
Jan-14	4,762	4,172	3,314	631	12,879	3,945	824	1%	2%	12%	-7%	4%	8%	33%
Feb-14	5,310	3,655	2,423	575	11,963	2,998	526	4%	-1%	-6%	-14%	-1%	-8%	-15%
Mar-14	10,156	5,149	3,157	657	19,119	3,814	906	22%	4%	-9%	-7%	10%	-9%	-24%
Apr-14	14,163	6,029	3,744	746	24,682	4,490	999	2%	7%	-13%	-12%	0%	-13%	-13%
May-14	16,815	6,602	2,929	474	26,820	3,403	671	-2%	6%	-16%	-14%	-2%	-16%	-24%
Jun-14	15,198	6,520	2,731	409	24,858	3,140	839	13%	2%	-17%	-24%	5%	-18%	-25%

Source: AEM; Cleveland Research Company estimates. High hp tractors are row crop & 4-wheel drive.

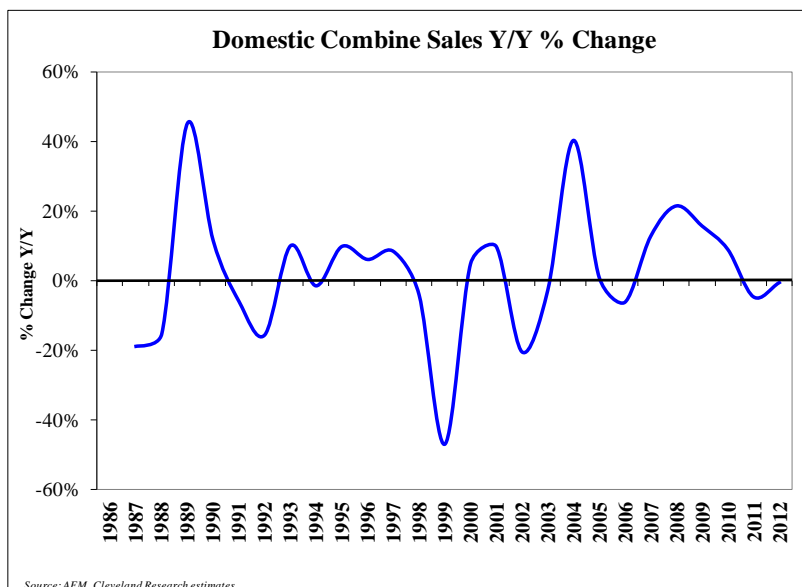
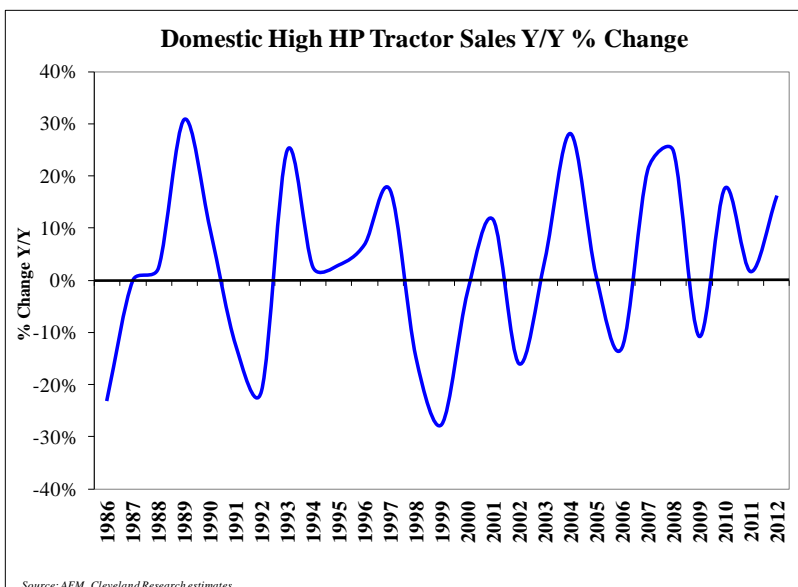
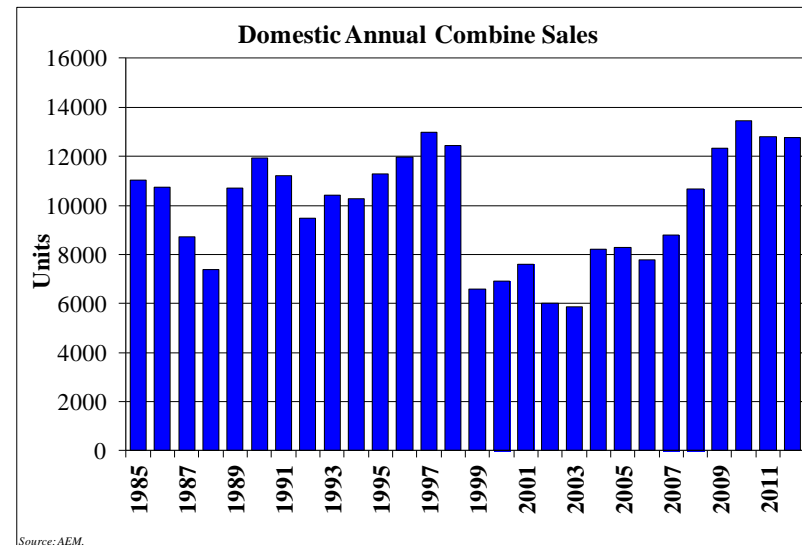
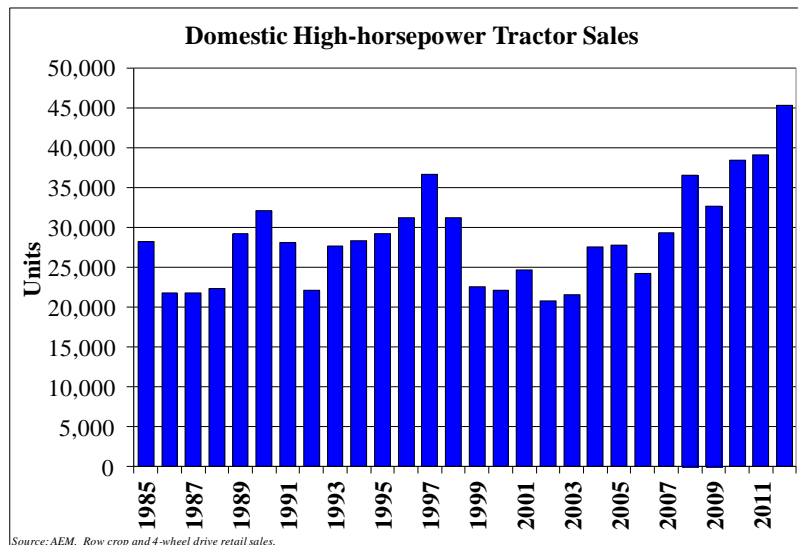
NA Farm Equipment Industry Inventory

NORTH AMERICAN FARM EQUIPMENT INVENTORY

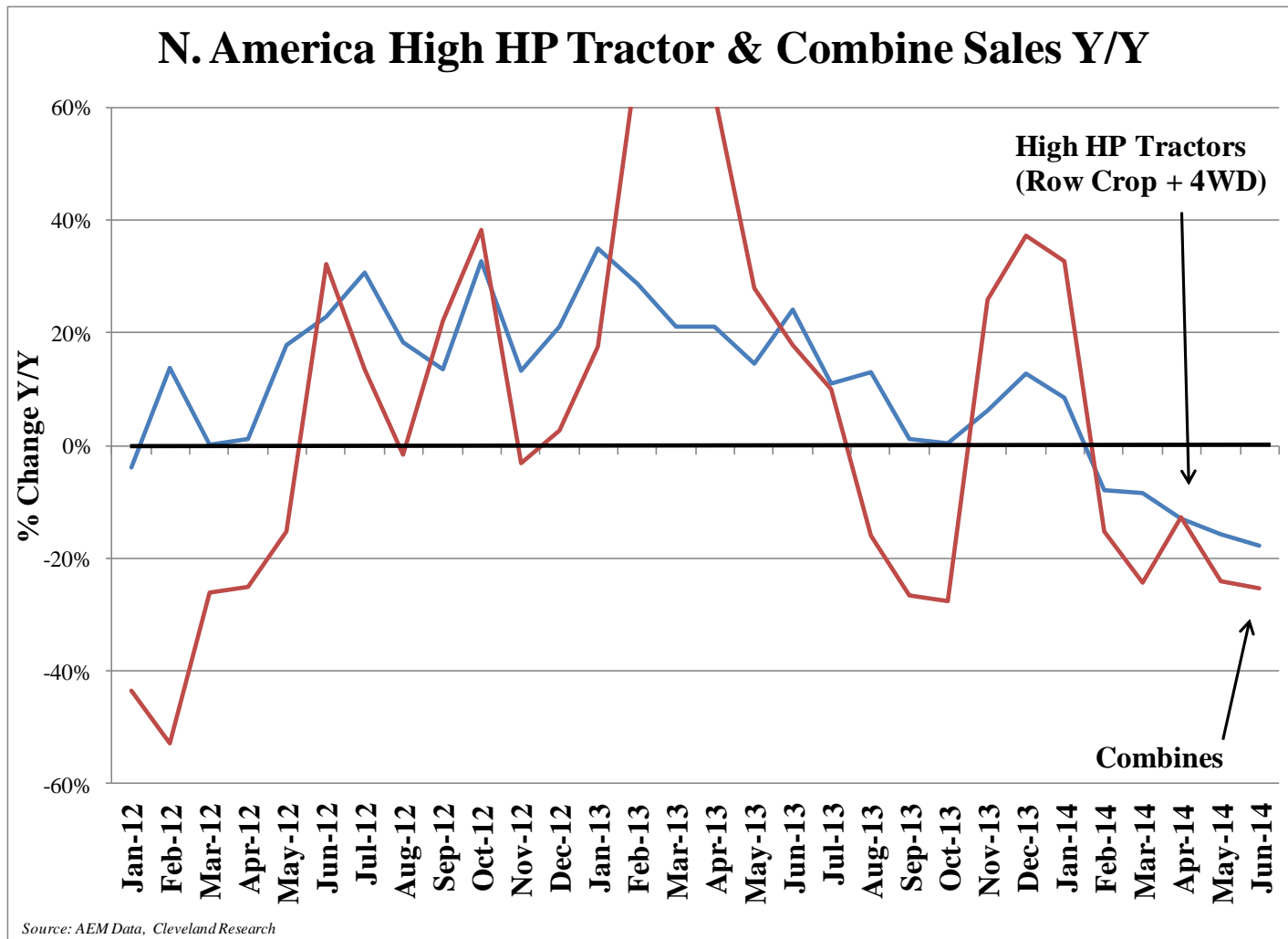
	Inventory (Units)							Inventory to 12-mo. Sales						
	< 40 HP	Utility	Row Crop	4-Wheel	Total Tractor	Row Crop & 4WD	Combines	<40HP	Util	RC	4-WD	Total Tractor	Row Crop & 4WD	Comb
Dec-11	59,746	26,551	7,666	1,035	94,998	8,701	1,250	62%	47%	24%	14%	49%	22%	10%
Jan-12	61,967	27,298	7,277	1,222	97,764	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%	30%	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%	52%	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%	50%	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%	25%	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%
Sep-13	60,787	31,714	15,372	2,507	110,380	17,879	3,255	53%	50%	37%	29%	48%	35%	24%
Oct-13	63,364	31,876	14,009	2,094	111,343	16,103	2,222	55%	50%	33%	25%	49%	32%	17%
Nov-13	67,922	33,406	14,847	2,312	118,487	17,159	2,343	59%	53%	35%	27%	52%	34%	18%
Dec-13	67,863	32,028	13,318	2,049	115,258	15,367	2,083	59%	50%	31%	24%	50%	30%	15%
Jan-14	69,111	33,240	12,620	2,028	116,999	14,648	1,681	60%	52%	29%	24%	51%	28%	12%
Feb-14	71,514	34,326	13,267	2,046	121,153	15,313	2,063	62%	54%	31%	25%	53%	30%	15%
Mar-14	71,249	35,256	14,058	2,218	122,781	16,276	2,456	61%	55%	33%	27%	53%	32%	18%
Apr-14	69,986	35,615	13,298	2,117	121,016	15,415	2,467	60%	55%	31%	26%	52%	31%	18%
May-14	66,364	34,755	13,505	2,255	116,879	15,760	2,734	57%	53%	32%	28%	51%	32%	21%

Source: AEM; Cleveland Research Company estimates

Annual Ag Equipment Industry Sales (1985 - 2012)



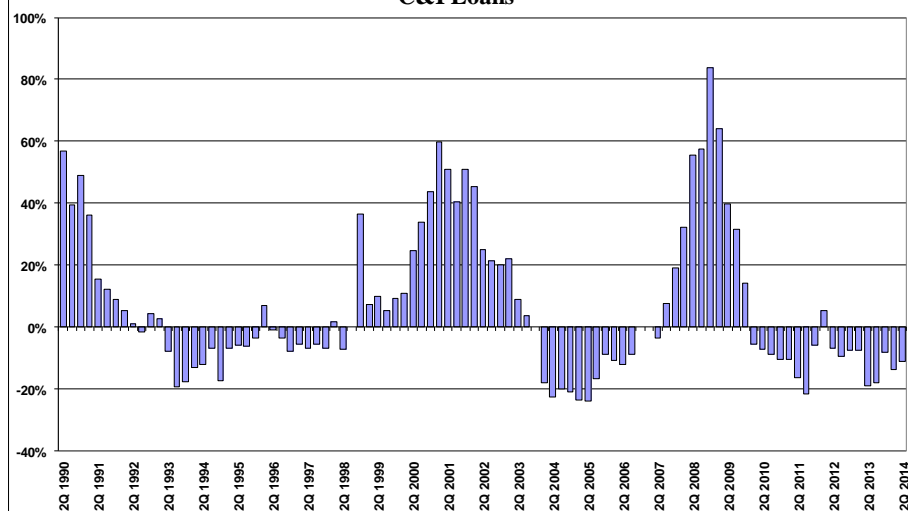
NA Ag Equipment Sales



Credit – C&I Loan Demand Increases as Standards Loosen Slightly

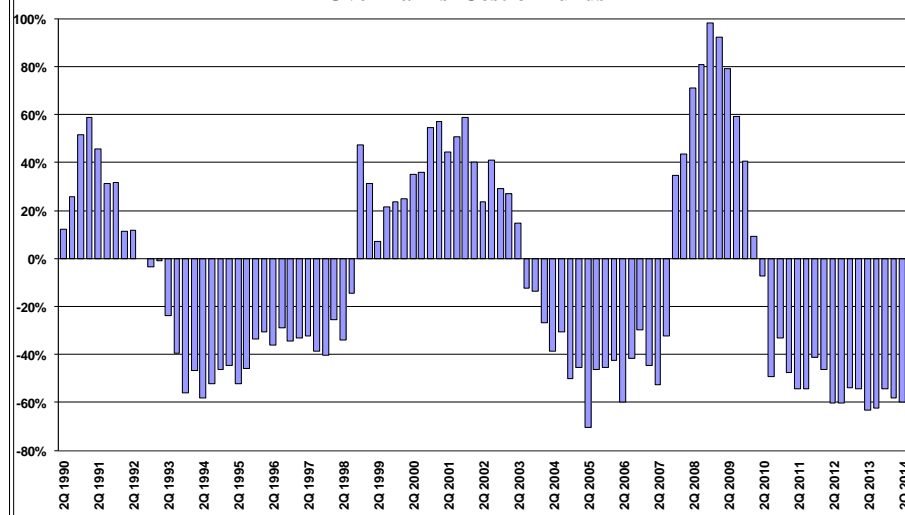
- The 2Q14 Senior Loan Officer survey saw a slight tightening of loan standards. A net 11% of loan officers reported easier credit standards in 2Q14 compared with a net 14% in 1Q14.
- Bank rate spreads saw a slight decrease in 2Q14 with a net 60% of loan officers reporting lower lending spreads, down from a net 58% in 1Q14.
- Demand for commercial and industrial loans decelerated slightly in 2Q as a net 14% of loan officers reported stronger demand for commercial and industrial loans, below the net 16% of loan officers reporting stronger demand for loans in 1Q14.

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



Source: Federal Reserve Board

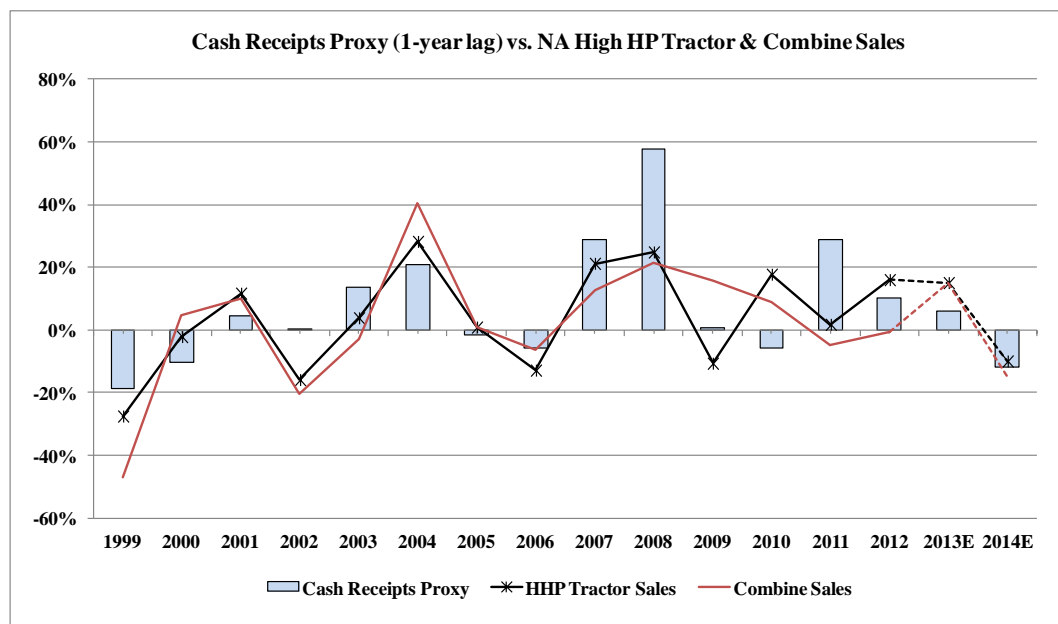
Net % of Domestic Respondents Increasing Spreads of Loan Rates Over Banks' Cost of Funds



Source: Federal Reserve Board

Commodity Prices – Cash Receipts vs. Next Year Equipment Sales

The USDA's updated crop supply and demand forecast suggests declines of 12% for 2013/14 and a 9% decline in the 2014/15 crop year 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, wheat). The updated July USDA cash receipts outlook for 2013/14 was revised down, implying the 10% expected declines last month will now be closer to a 12% decline. The additional 9% decline in 2014/15 largely as a result of lower corn and soybean price expectations. The correlation between equipment sales and cash receipts has historically provided a good proxy for next year's equipment demand.



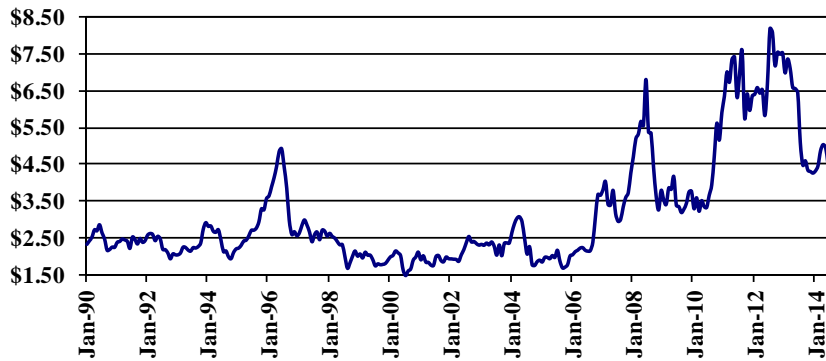
Commodity Prices – Simplified Cash Receipts Proxy

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	8.6%	\$5.18	2010/11	20,194	22,192	3,766	17.0%
2011/12	12,360	10,985	1,543	12,528	989	7.9%	\$6.22	2011/12	22,010	23,171	4,235	18.3%
2012/13	10,780	10,379	731	11,111	821	7.4%	\$6.89	2012/13	22,963	23,626	4,179	17.7%
2013/14	13,925	11,635	1,900	13,535	1,246	9.2%	\$4.35-\$4.55	2013/14	24,730	25,704	5,509	21.4%
2014/15								2014/15				
June	13,935	11,685	1,700	13,385	1,726	12.9%	\$3.85-\$4.55	June	24,690	26,405	5,464	20.7%
July	13,860	11,635	1,700	13,335	1,801	13.5%	\$3.65-\$4.35	July	24,759	26,408	5,602	21.2%
Corn Futures Price:							\$3.85					
Change m/m	-75	-50	0	-50	75	0.6%	(\$0.20)	Change m/m	69	3	138	0.5%
Change y/y	-65	0	-200	-200	555	4.3%	(\$0.45)	Change y/y	29	704	93	-0.2%
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	4.5%	\$11.30	2010/11	6,397	7,457	2,361	31.7%
2011/12	3,094	3,155	1,365	4,520	169	3.7%	\$12.50	2011/12	5,629	7,536	1,785	23.7%
2012/13	3,034	3,099	1,320	4,419	141	3.2%	\$14.40	2012/13	6,873	7,777	2,170	27.9%
2013/14	3,289	3,374	1,620	4,994	140	2.8%	\$13.00	2013/14	7,138	8,128	2,343	28.8%
2014/15								2014/15				
June	3,635	3,450	1,625	5,075	325	6.4%	\$9.75-\$11.75	June	7,388	8,487	2,720	32.1%
July	3,800	3,541	1,675	5,216	415	8.0%	\$9.50-\$11.50	July	7,399	8,559	2,720	31.8%
Soybean Futures Price:							\$10.75					
Change m/m	165	91	50	141	90	1.6%	(\$0.25)	Change m/m	11	72	-1	-0.3%
Change y/y	511	167	55	222	275	5.2%	(\$2.50)	Change y/y	261	431	377	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	35.7%	\$5.70	2010/11	21,718	22,919	6,385	27.9%
2011/12	1,999	1,180	1,051	2,231	743	33.3%	\$7.24	2011/12	23,506	24,369	6,458	26.5%
2012/13	2,266	1,406	1,007	2,413	718	29.8%	\$7.77	2012/13	21,821	23,418	5,889	25.1%
2013/14	2,130	1,244	1,182	2,426	590	24.3%	\$6.87	2013/14	24,104	24,593	6,243	25.4%
2014/15								2014/15				
June	1,942	1,196	925	2,121	574	27.1%	\$6.35-\$7.65	June	23,838	24,490	6,356	26.0%
July	1,992	1,181	900	2,081	660	31.7%	\$6.00-\$7.20	July	23,919	24,536	6,304	25.7%
Wheat Futures Price:							\$5.26					
Change m/m	50	-15	-25	-40	86	4.7%	(\$0.40)	Change m/m	81	47	-52	-0.3%
Change y/y	-138	-63	-282	-345	70	7.4%	(\$0.27)	Change y/y	-185	-57	61	0.3%
FARMER CROP RECEIPTS PROXY												
Production:			Average Price:			Crop Cash Receipts*						
Year	Corn	Soybeans	Wheat	Corn	Soybeans	Wheat	Corn	Soybeans	Wheat	Total	% change y/y	
2005/06	11,114	3,063	2,105	\$2.00	\$5.66	\$3.42	\$22,228	\$17,337	\$7,199	\$46,764	-6%	
2006/07	10,531	3,197	1,808	\$3.04	\$6.43	\$4.26	\$32,014	\$20,557	\$7,702	\$60,273	29%	
2007/08	13,038	2,677	2,051	\$4.20	\$10.10	\$6.48	\$54,760	\$27,038	\$13,290	\$95,088	58%	
2008/09	12,092	2,967	2,499	\$4.06	\$9.97	\$6.78	\$49,094	\$29,581	\$16,943	\$95,618	1%	
2009/10	13,092	3,359	2,218	\$3.55	\$9.59	\$4.87	\$46,477	\$32,213	\$10,802	\$89,491	-6%	
2010/11	12,447	3,329	2,207	\$5.18	\$11.30	\$5.70	\$64,475	\$37,618	\$12,580	\$114,673	28%	
2011/12	12,360	3,094	1,999	\$6.22	\$12.50	\$7.24	\$76,879	\$38,675	\$14,473	\$130,027	13%	
2012/13	10,780	3,034	2,266	\$6.89	\$14.40	\$7.77	\$74,274	\$43,690	\$17,607	\$135,571	4%	
2013/14	13,925	3,289	2,130	\$4.45	\$13.00	\$6.87	\$61,966	\$42,757	\$14,633	\$119,356	-12%	
2014/15												
June	13,935	3,635	1,942	\$4.20	\$10.75	\$7.00	\$58,527	\$39,076	\$13,594	\$111,197	-7%	
July	13,860	3,800	1,992	\$4.00	\$10.50	\$6.60	\$55,440	\$39,900	\$13,147	\$108,487	-9%	

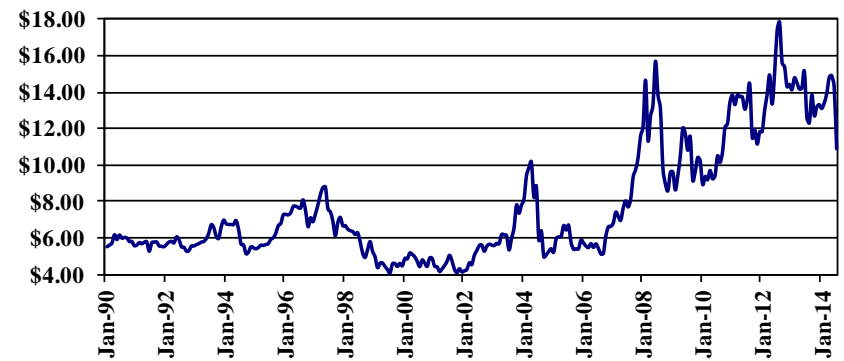
Source: USDA; Cleveland Research estimates. *Note: Cash receipts estimated as USDA production X USDA average price forecast

Long Term Commodity Price Trends

Corn Price Trends



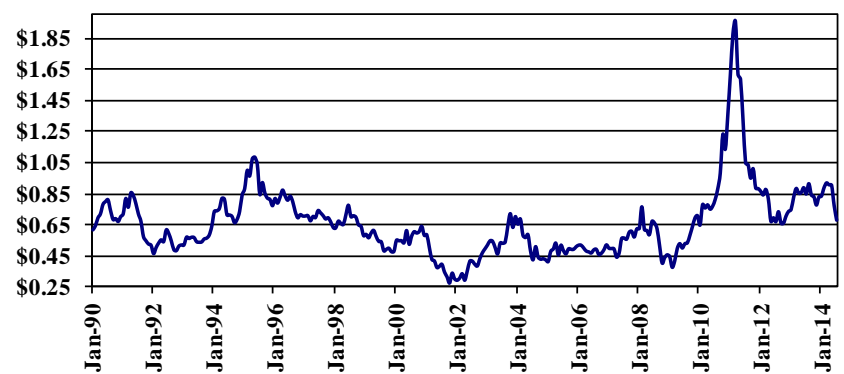
Soybean Price Trends



Wheat 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

