

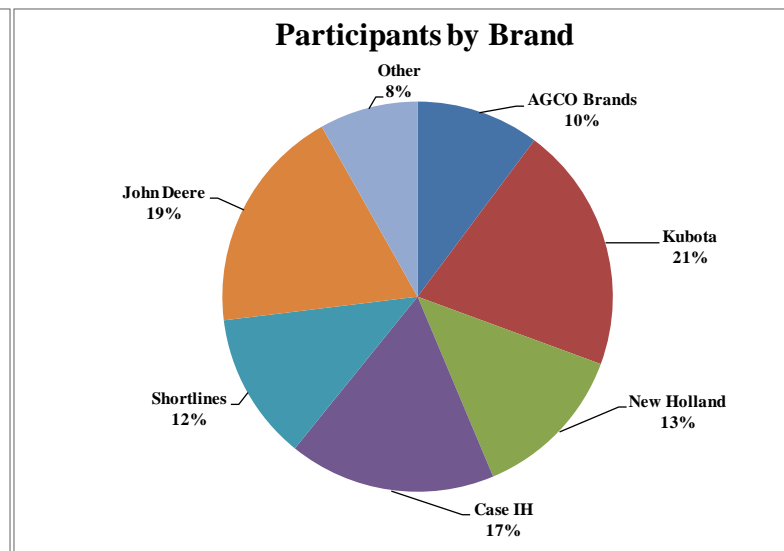
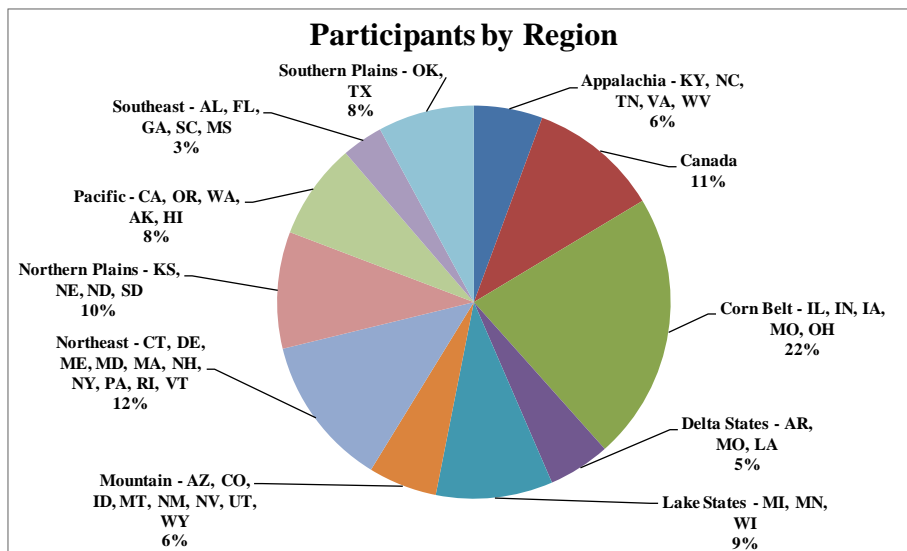
Ag Equipment Intelligence

March 2014 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 ~180 respondents representing combined annual revenues of roughly \$6.95 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 Flat Year-Over-Year in February** – Dealers reported sales were flat y/y on average in February, similar to the 1% decline last month. Kubota dealers reported the worst results for the month with average sales down 3%, while Deere dealers reported 2% growth for the month.
- **2014 Dealer Outlook for Sales Down 2%, Up Slightly vs Last Month** - For 2014, dealers are expecting a 2% sales decline, slightly better than their forecast last month. Deere & Co. is forecasting the N. American Ag equipment industry to be down 5-10% in units in 2014, while AGCO has said they expect the market to be flat to down 5%.
- **New Equipment Inventories Still “Too High” but Better** - A net 9% of dealers categorize their new inventory as “too high” (22% too high; 65% about right; 13% too low), slightly better than the 12% of dealers last month who categorized their new inventory as “too high”, however this marks the 7th consecutive month in that new inventories are “too high.”
- **Used Combine Inventories Remain an Issue** – A net 46% of dealers reported used combines inventories were “too high” (54% too high, 39% comfortable, 8% too low), inline with last month.

Monthly Sales Growth

- Ag equipment dealers reported year-over-year sales were flat on average in February, similar to the 1% decline reported in January.
- Deere dealers were the only brand to see growth in February at 2% y/y, while Kubota dealers reported sales declines of 3% y/y for the month.
- A net 4% of dealers reported worse than expected results for February, down for the second month after a net 23% of dealers beat their plan in December and net 1% who beat their sales plan in January.

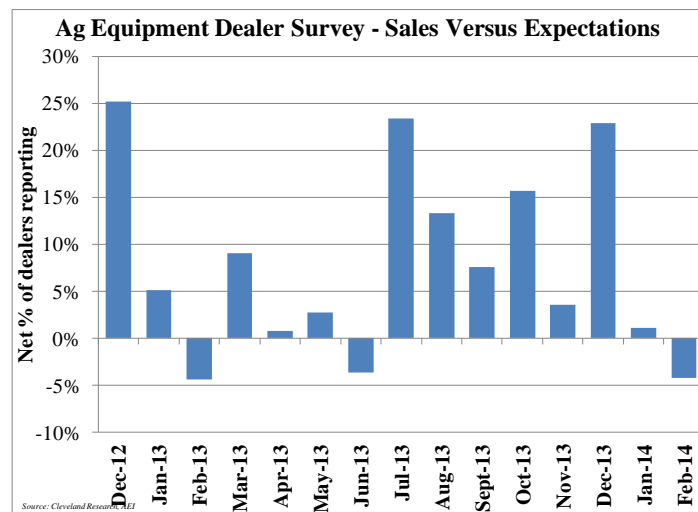
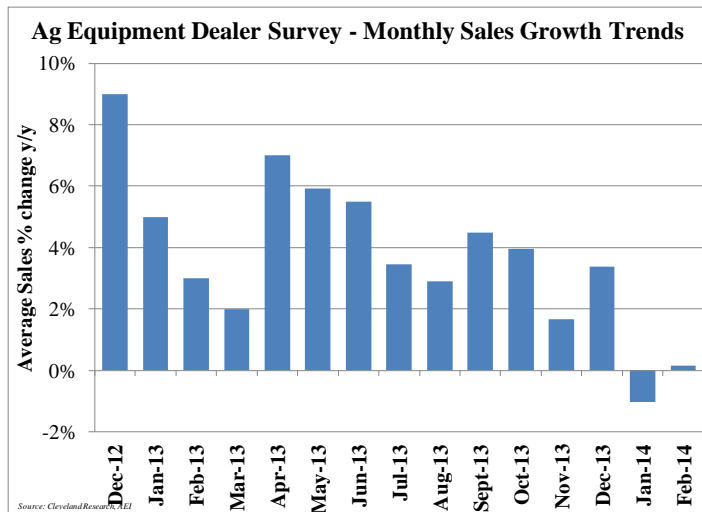
N. American Farm Equipment Dealer Survey - Average Dealer Sales Growth															
% Change y/y	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sept-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
Overall	9%	5%	3%	2%	7%	6%	5%	3%	3%	4%	4%	2%	3%	-1%	0%
By Brand	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sept-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
AGCO	13%	-2%	0%	5%	5%	1%	1%	-1%	-2%	-3%	-1%	4%	-4%	-3%	0%
John Deere	9%	6%	4%	1%	9%	9%	6%	4%	-7%	5%	7%	2%	5%	-2%	2%
New Holland	6%	3%	1%	4%	5%	5%	7%	2%	4%	2%	4%	5%	5%	-1%	-2%
Case IH	5%	7%	4%	3%	6%	-1%	5%	5%	12%	6%	3%	2%	3%	0%	-2%
Kubota	8%	4%	3%	6%	13%	-2%	10%	3%	4%	4%	0%	2%	6%	6%	-3%
Shortlines	3%	1%	-2%	4%	3%	5%	4%	11%	-1%	11%	12%	5%	6%	-2%	0%
Other	4%	6%	-3%	NA	5%	7%	3%	13%	0%	0%	5%	na	-1%	13%	0%

Source: Cleveland Research

N. American Farm Equipment Dealer Survey - Sales Versus Expectations															
% of Dealers Reporting	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sept-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
Better than expected	38%	23%	18%	27%	25%	23%	19%	38%	33%	27%	32%	24%	39%	25%	20%
In line with expectations	49%	59%	60%	55%	52%	57%	58%	48%	47%	54%	51%	56%	45%	51%	55%
Worse than expected	13%	18%	22%	18%	24%	20%	23%	14%	20%	19%	17%	20%	16%	24%	25%
Net % (Better - Worse)	25%	5%	-4%	9%	1%	3%	-4%	23%	13%	8%	16%	4%	23%	1%	-4%

Source: Cleveland Research, AEI.

Monthly Sales Growth Continued



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

% of Dealers Reporting	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sept-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
Positive Sales Growth	69%	48%	44%	51%	60%	58%	52%	64%	53%	57%	59%	45%	63%	40%	45%
Flat Sales	14%	28%	35%	30%	20%	19%	21%	21%	21%	25%	20%	35%	18%	24%	17%
Negative Sales Growth	17%	24%	21%	19%	20%	23%	27%	15%	26%	18%	22%	20%	19%	36%	37%
Net % Reporting Growth	52%	25%	23%	32%	40%	35%	25%	49%	26%	39%	37%	26%	44%	3%	8%
Average % Change y/y	9%	5%	3%	2%	7%	6%	5%	3%	3%	4%	4%	2%	3%	-1%	0%

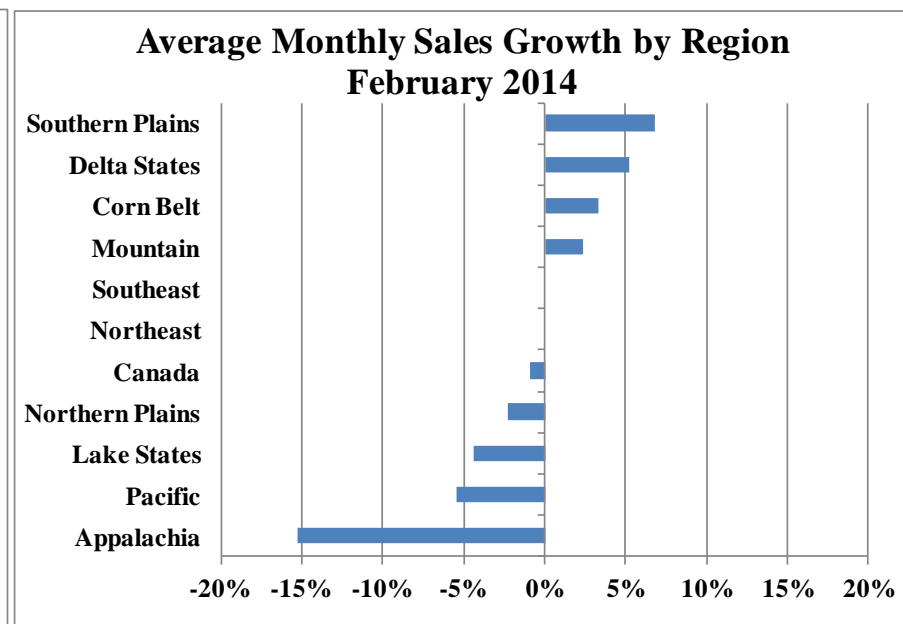
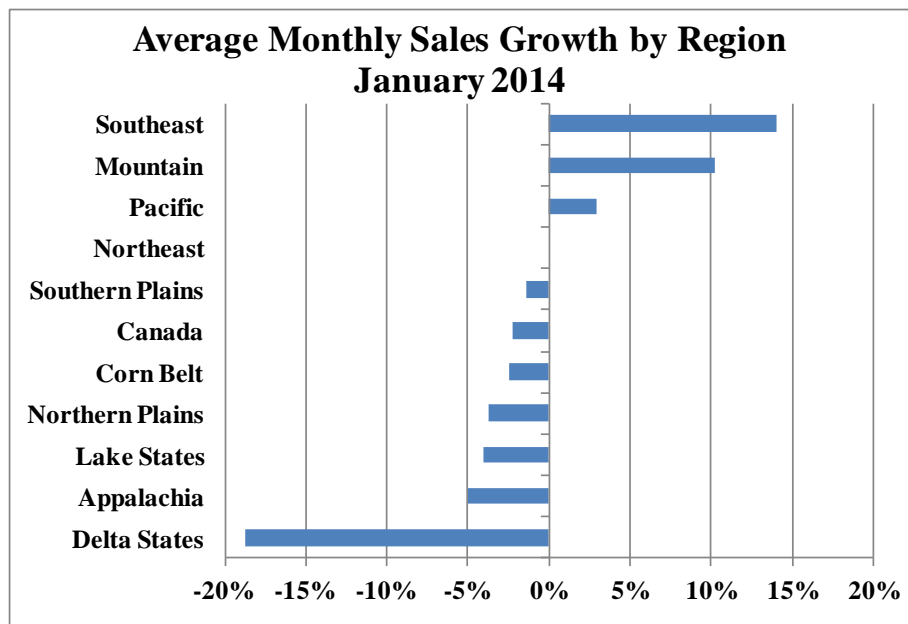
Optimism/Sentiment vs. Last Month

	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sept-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
More Optimistic	28%	34%	34%	21%	27%	27%	26%	21%	19%	14%	15%	14%	9%	12%	24%
Same	55%	51%	50%	54%	58%	52%	50%	58%	50%	62%	60%	45%	52%	52%	50%
Less Optimistic	18%	15%	16%	26%	15%	21%	24%	21%	31%	23%	25%	41%	39%	36%	26%
Net % Dealer Optimism	10%	19%	18%	-5%	13%	6%	2%	1%	-12%	-9%	-11%	-27%	-30%	-23%	-1%

Source: Cleveland Research

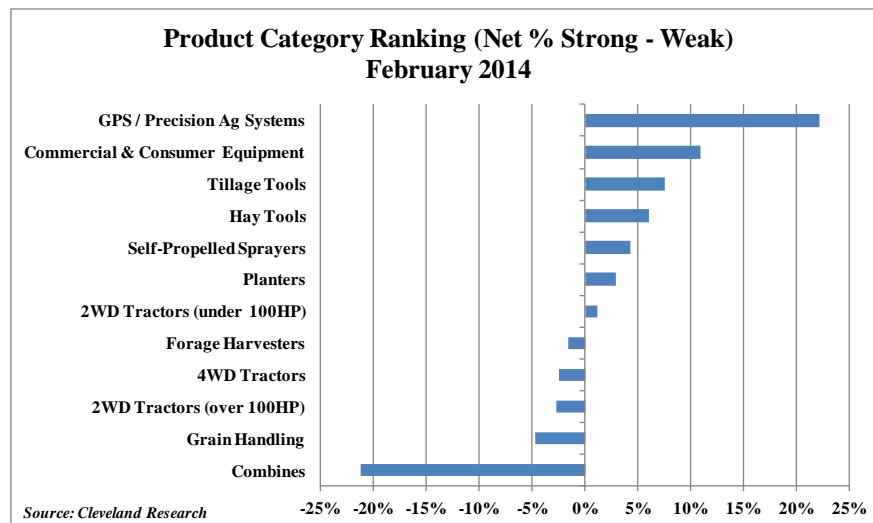
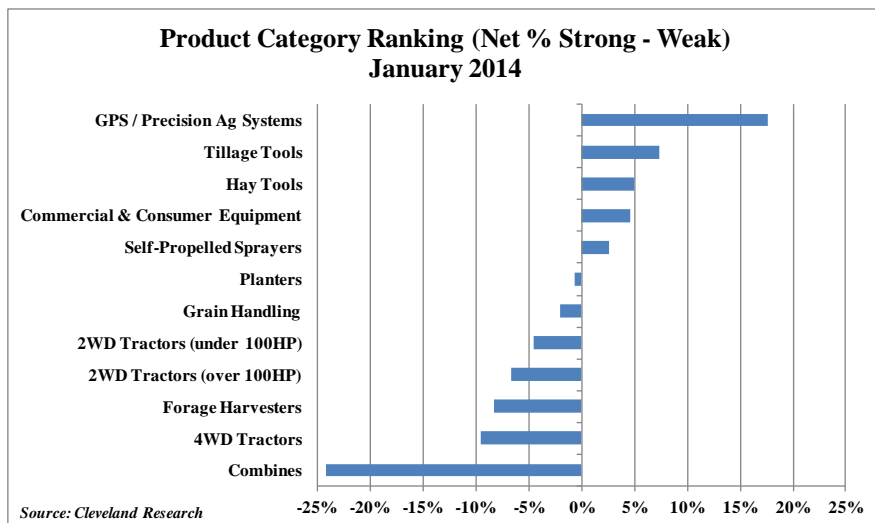
Monthly Sales Growth by Region

- Four out of eleven regions showed positive average monthly sales growth in February compared to three who reported growth in January. The Southern Plains was the strongest performing region reporting sales up 7% y/y on average, while the Appalachia region was the worst performing with average sales down 15% y/y.
- Compared to last month, the Delta States saw the strongest pick up in sales growth going from down 19% last month to up 5% this month. The Southeast region saw largest deceleration with sales going from up 14% y/y in January to sales flat y/y in February.

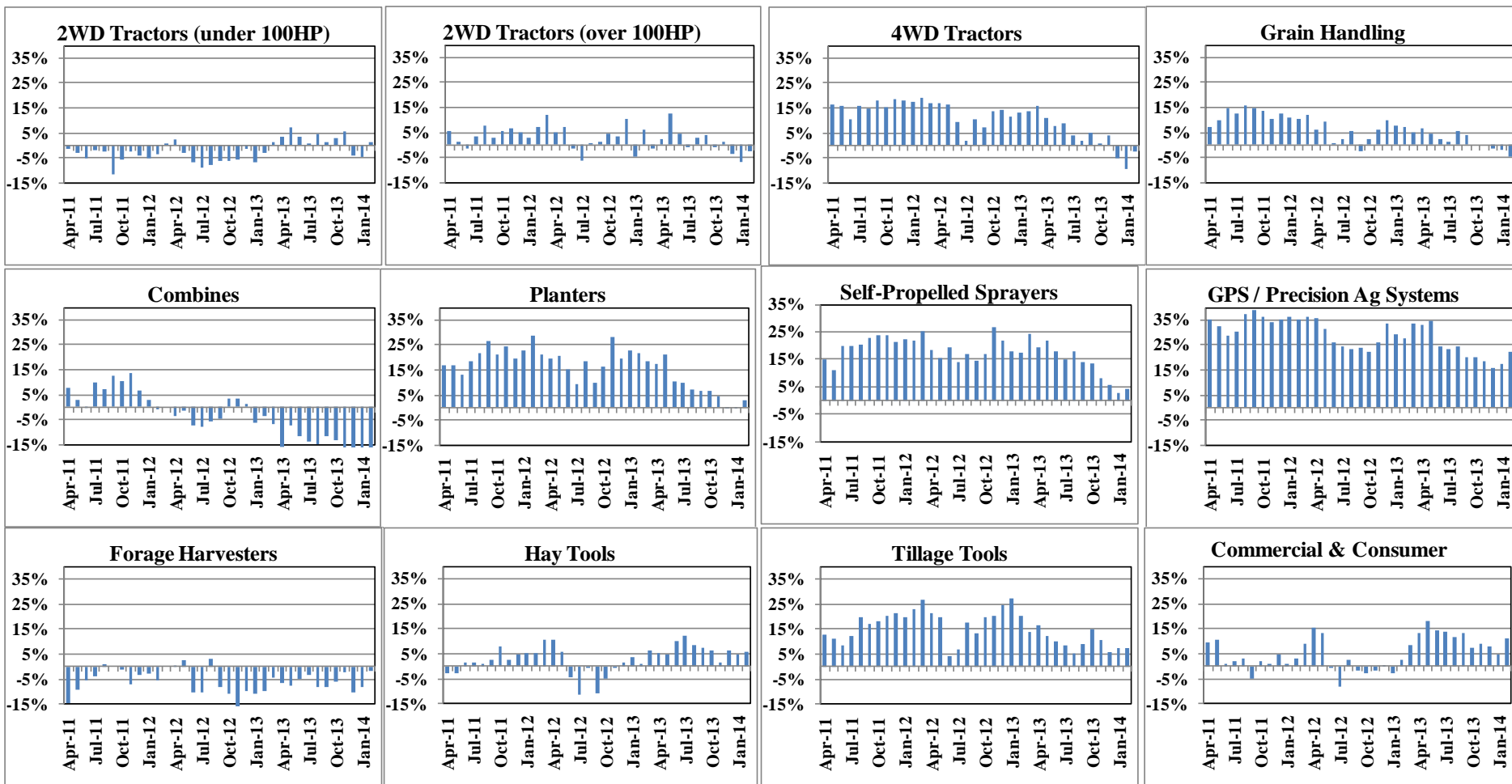


Equipment Category Sales Trends

- Seven out of twelve product categories ranked in net positive territory in February, better than five last month. GPS / Precision ag systems was again the best performing category for the 15th straight month, while Combines were the weakest category for the 10th straight month.
- Comparing February to January, ten of the twelve product categories were reported better. Grain Handling equipment saw the largest decline in net % reporting strength, while 4WD Tractors and Forage Harvesters saw the most significant improvement compared last month.



Equipment Category Sales Trends



Dealer Commentary on Monthly Sales and Outlook

- *We expect a major decline in row crop equipment sales in the second half of 2014.*
- *Biggest unknown is tax write-off (\$25,000 vs \$500,000). Some guys say they will wait till end of year to make purchases.*
- *I am afraid farmers are going to take a breath and hold purchases this year*
- *Hay equipment were the hot items.*
- *Livestock prices were up, which help move grinder mixers. More grain being stored help grain vac sales.*
- *Weather killed us.*
- *See some hesitation in the marketplace. Many appear to be in a wait and see attitude with commodity prices and input cost.*
- *Really tough month for weather, not nearly as much interest as anticipated.*
- *Cold weather kept people away from the front door.*
- *Can see down trends and more cautious purchasing*
- *Commodity prices are rising recently.*
- *Grain & Livestock prices help in the products I sell.*
- *In California, water it definitely the number one topic during negotiations.*
- *Had a heck of good 2013. With the current cattle prices we should have a good year.*
- *As our customers evaluate their recent equipment updates after some good crop years it is tough to calculate. We are focusing hard on reducing our used equipment inventory.*
- *We are in a specialty ag area where water availability is not an issue (Northwest Washington State). This gives us an advantage as we believe that drought in other regions of the country will drive up demand for our farm products.*
- *There is too much uncertainty in the market place, depreciation, grain prices, etc.*
- *Weather, less attractive programs past month, but future still offers opportunity.*
- *Current spike in corn & soybeans because of Ukraine situation is welcomed*
- *Less optimistic because of Tier 4 solutions and lack of inventory.*
- *Seeing velocity slowing on new and used equipment.*

Order Growth

Overall Orders

- Incoming orders declined 2% y/y on average in February. Orders have been running down low-single-digits since November.
- All dealers saw declines in order growth for February except for Shortlines and Other, while AGCO dealers saw the largest decline in orders at down 4% y/y.

New Combine Order Intentions

- Combine order intentions were similar to last month, with a net 37% of dealers planning to order fewer combines than last year.

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

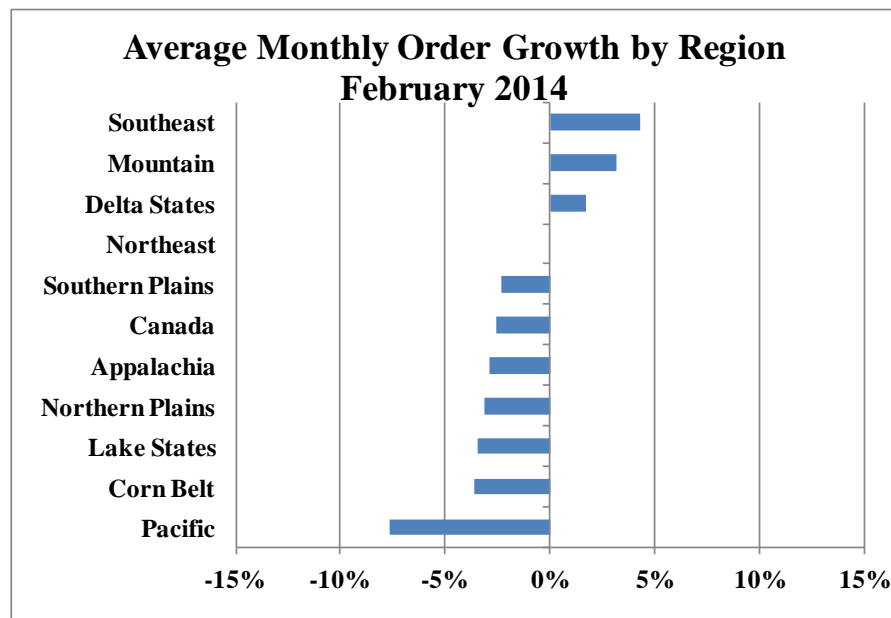
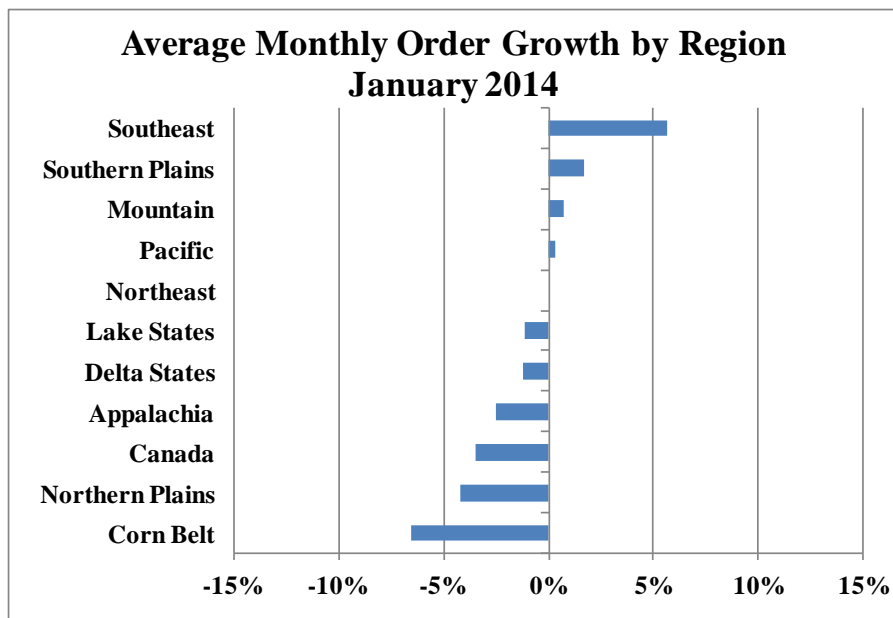
Source: Cleveland Research

New Combine Order Intentions vs. Last Year															
	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
More	20%	20%	18%	16%	24%	9%	9%	14%	8%	16%	10%	11%	17%	8%	10%
Same	54%	59%	55%	60%	60%	68%	62%	46%	49%	45%	39%	38%	44%	48%	44%
Less	26%	21%	27%	23%	16%	23%	29%	41%	43%	39%	51%	52%	39%	44%	46%
Net % (More- Less)	-7%	-2%	-9%	-7%	8%	-14%	-20%	-27%	-35%	-22%	-40%	-41%	-22%	-36%	-37%

Source: Cleveland Research

Order Growth by Region

- Three out of eleven regions showed positive monthly order growth in February, similar to January. The Southeast saw the best order growth (although moderate) at up 4% y/y, while the Pacific region reported average orders down 7% y/y.
- Compared to last month, the Pacific region showed the largest deceleration in order growth, while the Corn Belt and the Delta States saw the most significant acceleration in orders.



2014 Sales Outlook

- For 2014, average dealer outlook is for a 2% sales decline, slightly better than the down 4% outlook last month. Deere is forecasting the N. American Ag equipment market to be down 5-10% in 2014, while AGCO recently forecast the market down 0-5%.
- Among the survey participants, “Other” dealers were the most optimistic regarding 2014 growth (projecting sales up 3% y/y), while all other brand dealers are projecting sales flat to down 5%.

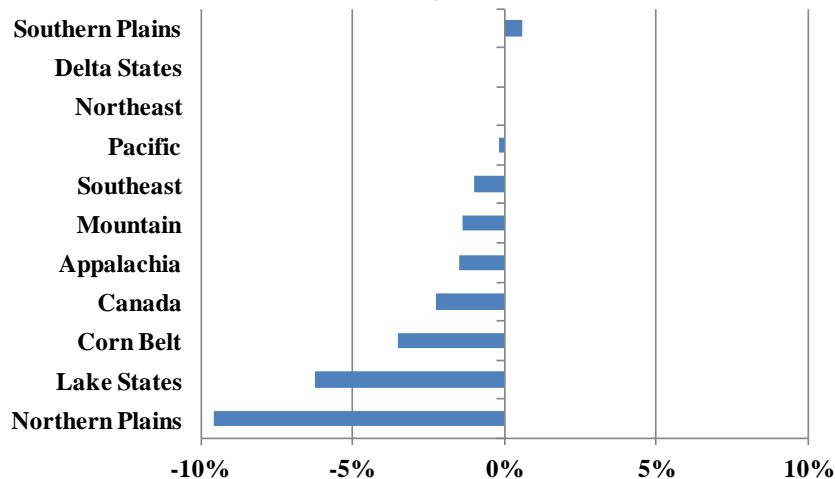
N. American Farm Equipment Dealer Survey - Full Year Sales Forecast															
% change y/y	2013 Outlook									2014 Outlook					
	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14
AGCO	3%	2%	2%	6%	6%	2%	3%	-4%	2%	-1%	-3%	-2%	0%	-2%	-1%
John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

Source: Cleveland Research

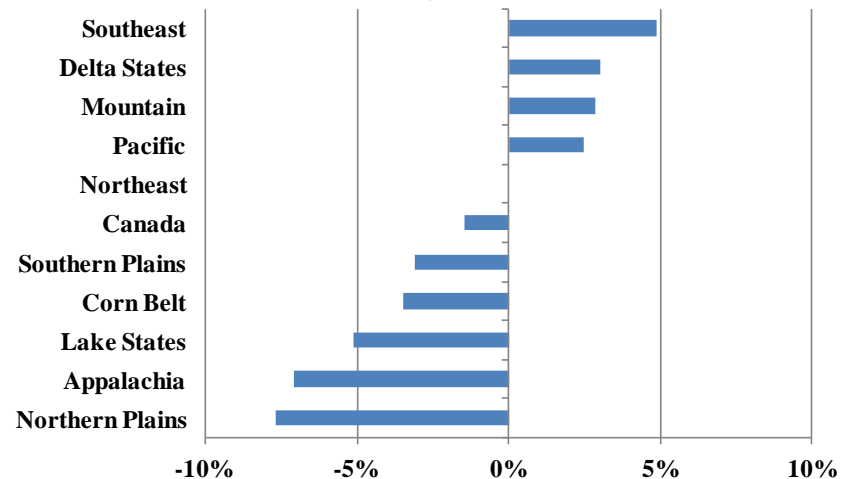
2014 Sales Outlook Continued

- Four of eleven regions are now projecting sales to grow for the full year 2014 in February compared to just one last month. The Northern Plains region continues to forecast the largest sales decline for 2014 at down 6% y/y, while the Southeast region is projecting the strongest growth at up 5% y/y.

**Average Monthly Sales Outlook by Region
January 2014**

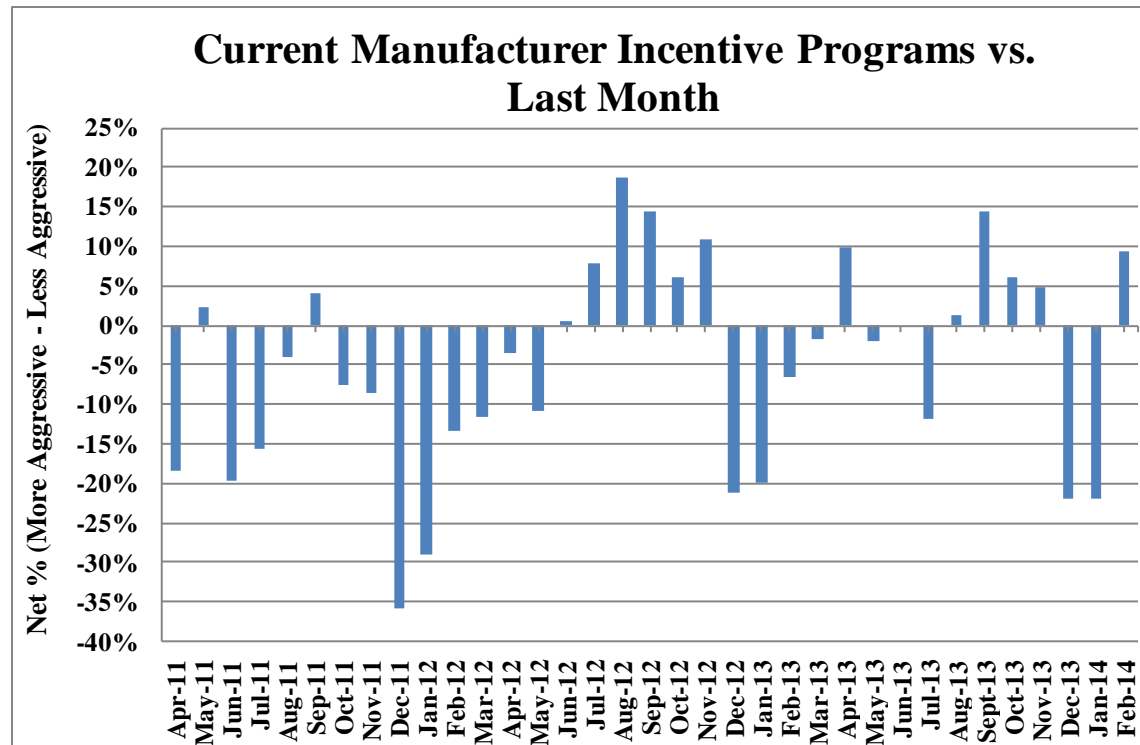


**Average Monthly Sales Outlook by Region
February 2014**



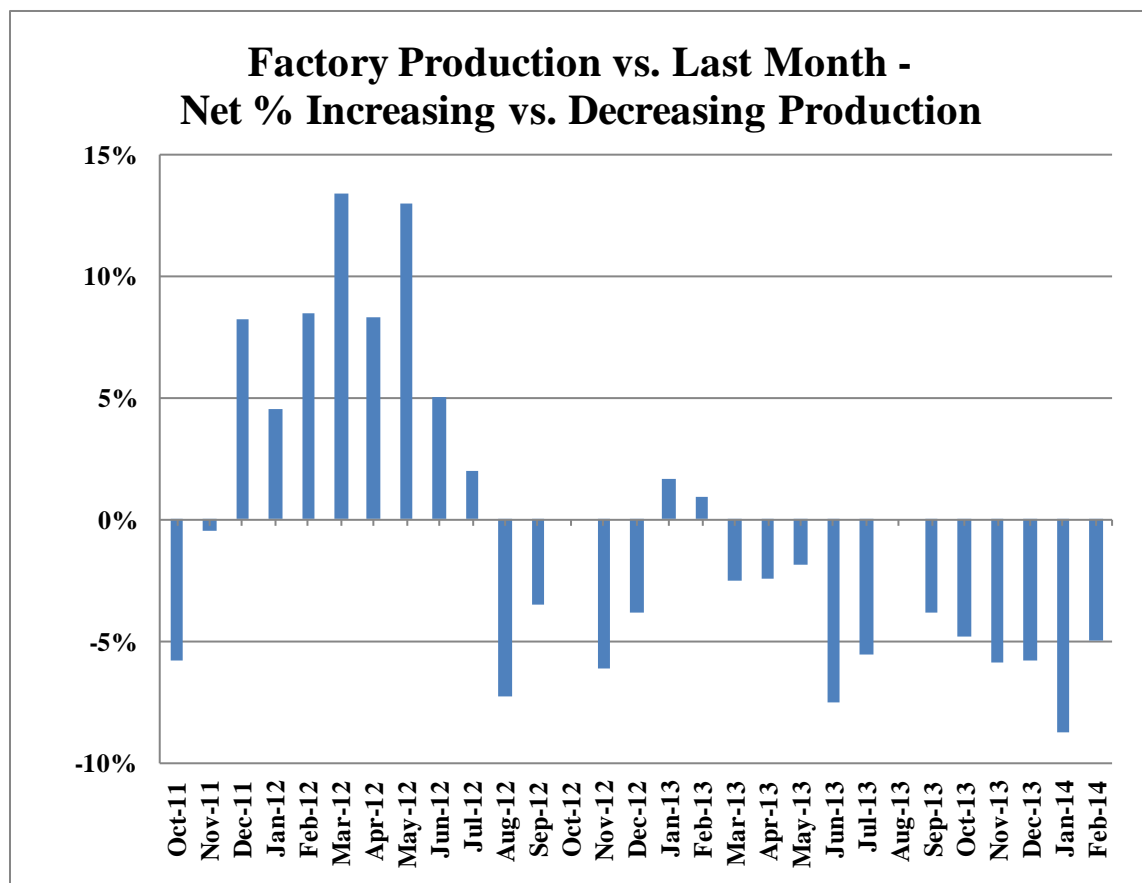
Current Manufacturer Incentive Programs

- A net 9% of dealers report that manufacturers are more aggressive with incentives in February (21% more aggressive; 67% same; 12% less aggressive), up significantly vs the net 22% who reported manufacturers were less aggressive in December and January.



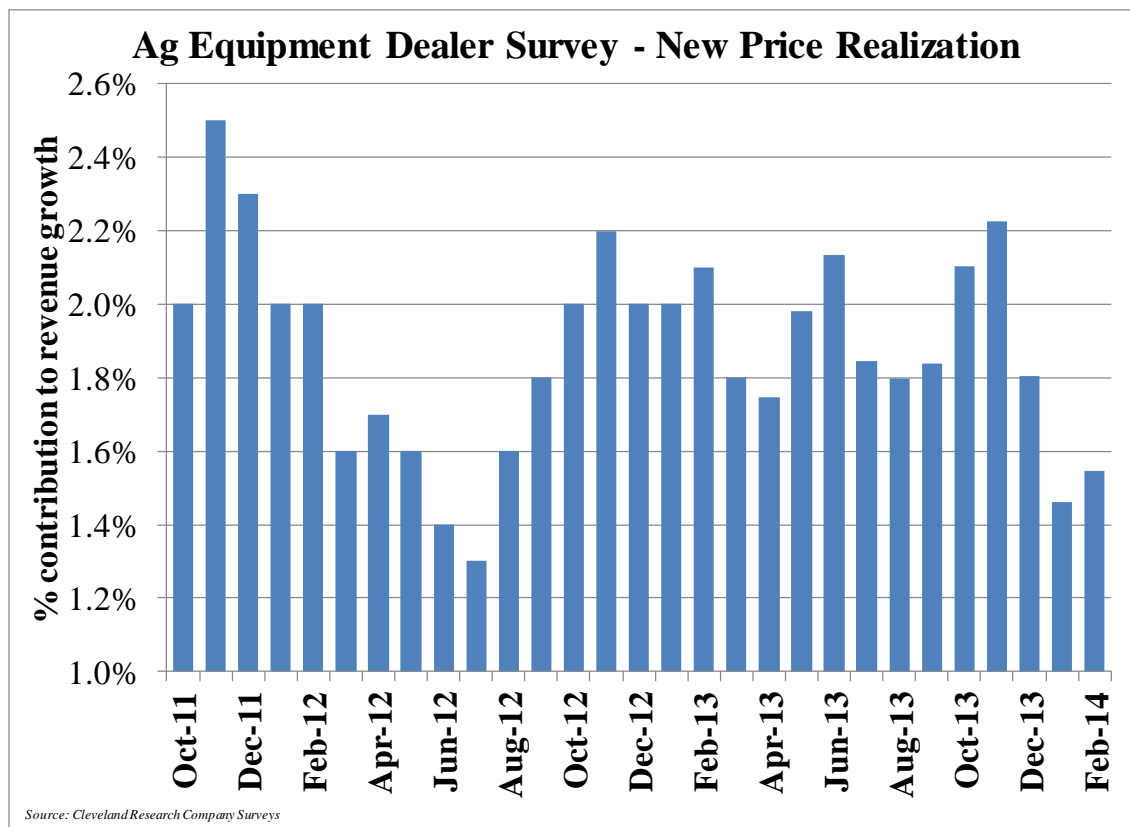
Factory Production

- A net 5% of dealers report that factory production was down compared to last month (6% increasing production; 84% no change in production; 11% decreasing production).



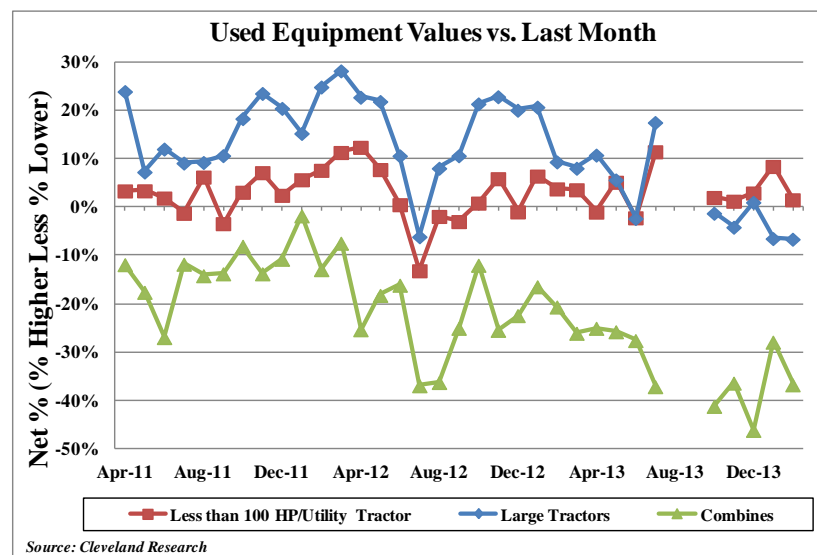
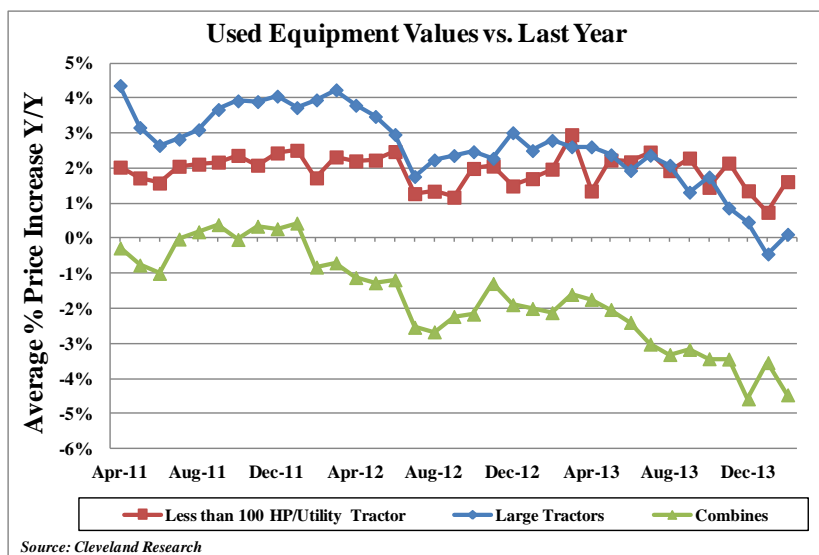
Pricing Trends

- Dealers report price contributed roughly ~1.5% to total February revenue growth. We would expect this trend to continue to move higher in the coming months as new Model Year price increases and Final Tier 4 price increases kick in.



Used Equipment Pricing

- Dealers reported used combine values got worse in February on both a y/y and sequential basis to down ~4.5% y/y vs down 3.5% in January. Used HHP tractors values rebounded slightly compared to last month and were reported flat y/y.
- A net 37% of dealers reported that used combine values were lower in February compared to January, down from the net 28% who reported used combine values were sequentially lower in January.



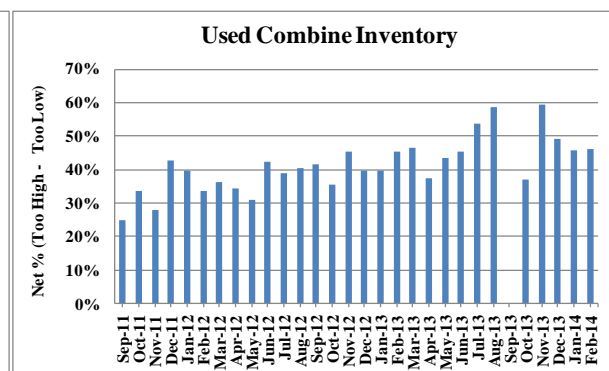
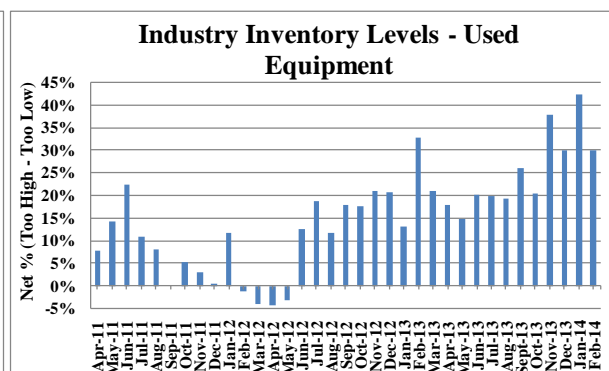
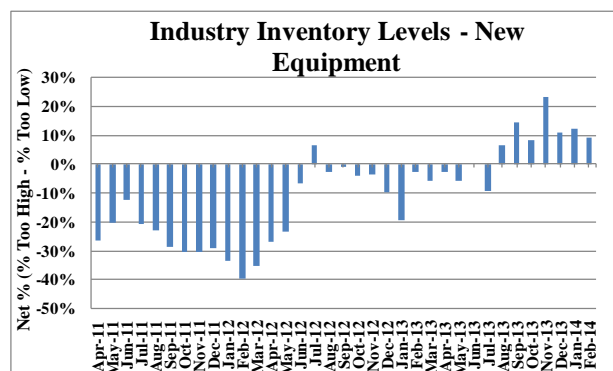
Inventory Levels

New Equipment Inventory

- A net 9% of dealers categorize their new inventory as “too high” (22% too high; 65% about right; 13% too low), slightly better than the net 12% of dealers last month who categorized their new inventory as “too high”.

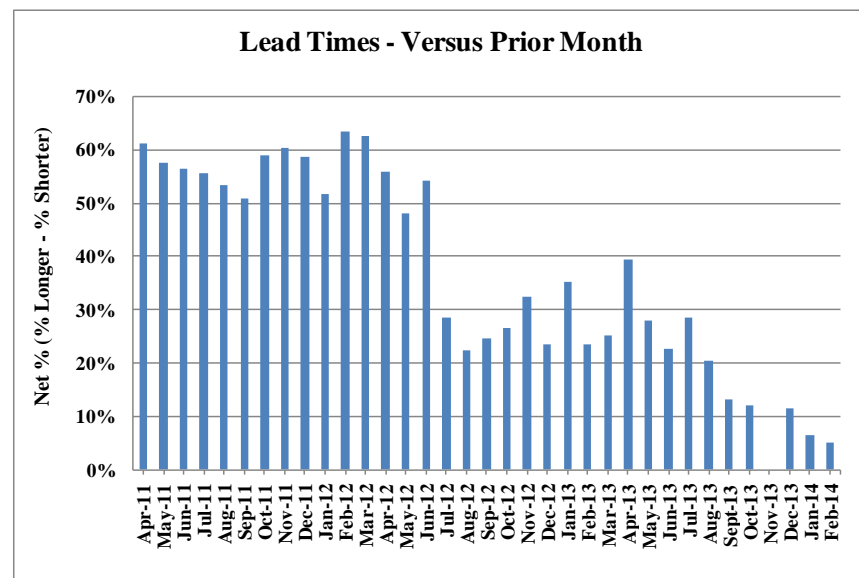
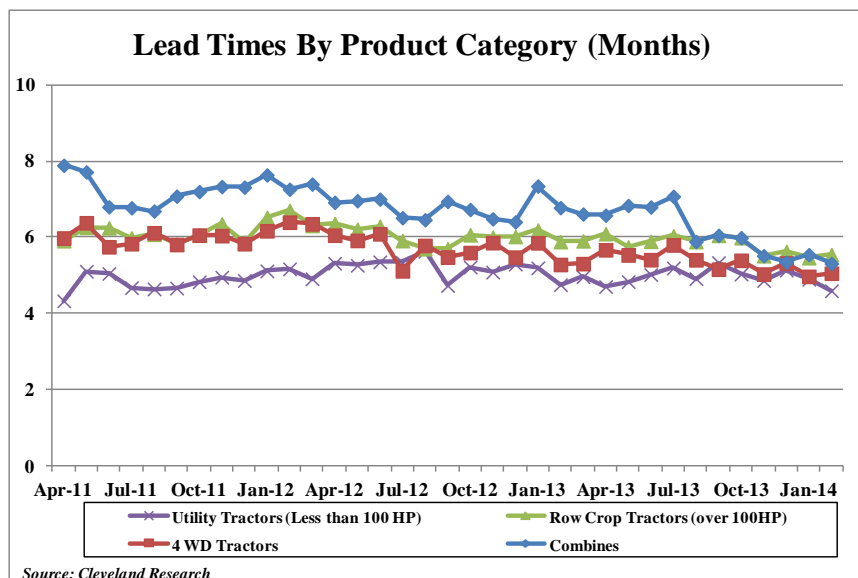
Used Equipment Inventory

- A net 30% of dealers reported used equipment inventory as “too high” in February (44% too high; 42% about right; 14% too low), better than the net 42% of dealers reported used inventories as “too high” in January.
- A net 46% of dealers reported used combines inventories were “too high” (54% too high, 39% comfortable, 8% too low) vs a net 46% last month.



Equipment Availability

- Overall, a net 5% of dealers report longer factory lead-times compared to last month (22% longer; 62% same; 16% shorter, below the net 7% who reported longer lead times last month).
- On average, lead times are similar in February compared to last month. Combine lead times are 5.3 months, row crop tractor lead times are 5.5 months, and 4WD tractors are 5.1 months.



Dealer Commentary on Used Inventory Levels

- *Most of our used equipment is 4WD and combines/heads.*
- *The aggressive nature of the OEMs make it difficult to maintain a fair value on late model used.*
- *Many large combines & tractors to move.*
- *Combines inventories are too high.*
- *We've got too many late model planters.*
- *Newer used combine inventory is way too high.*
- *Too many used combines and too many late model high HP 4WD's and 140+ tractors.*
- *The large ag sector seems to be slowing.*
- *Used planters not moving. Can't sell new 24R for next year if we don't move these.*
- *Just a few troubled units.*

Dealer Commentary on Biggest Surprise in the Month

- *We had a lot of equipment delivered from the factory sooner than expected.*
- *Snow and Ice. People stayed home.*
- *Negative feedback on Tier 4 Engine pricing and performance.*
- *We were actually busier than we would have expected.*
- *The guarded optimism from customers. Even with a bleak outlook on commodity prices, customers are still talking about changing some equipment.*
- *The delay in large square baler releases for delivery.*
- *No interest in tractors under 100 hp.*
- *Cold weather has slowed movement on purchases.*
- *We had near record snowfall and that killed our retail business. It should rebound shortly.*
- *Increase in grain prices by 50 cents per bushel.*
- *The extreme cold in our area made it tough for us to get equipment moved both for service and deliveries.*
- *The weather has slowed interest in making commitment to buy.*
- *Increase price competition in pull sprayer market; customers holding off purchases...shopping more ; interest is there, just not letting go of cash. 28% applicator market still strong.*
- *Winter refuses to go away!*
- *Air seeders up 10%.*
- *Slow spring, cold, planting going slow, 25% in, should be 75%*
- *How slow it really was as far as floor traffic and phone calls.*
- *How many customers went on vacation to the south in February. Customers would not bring in equipment for repair because of cold.*
- *Temperatures in the 12degree range in March.*
- *Soft sales due to increased Canadian dollar exchange, soft corn prices, severe weather.*
- *Had customer back out and not take delivery.*
- *Kubota being robust and push back from farmers.*

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 & 4-Wheel	Combines	< 40 HP	Utility	Row Crop	4-Wheel	Total Tractor	Row Crop & 4-Wheel	Combines
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	13,883	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%	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%

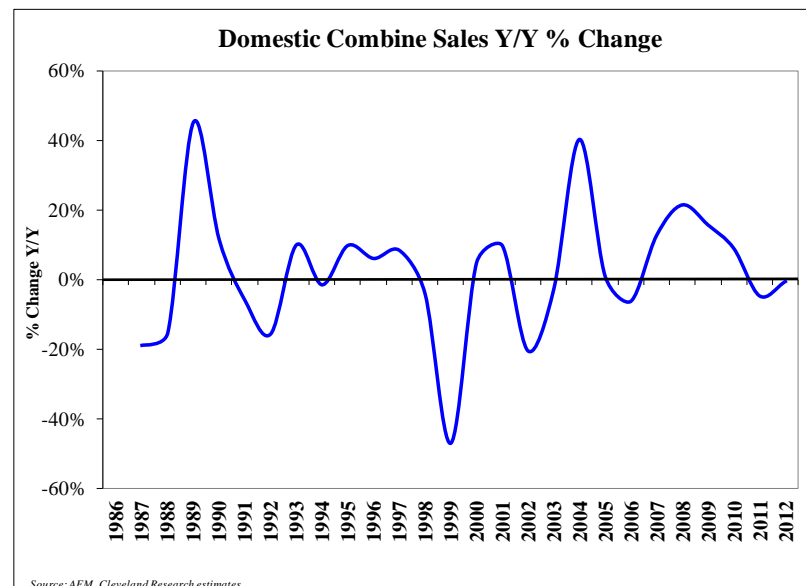
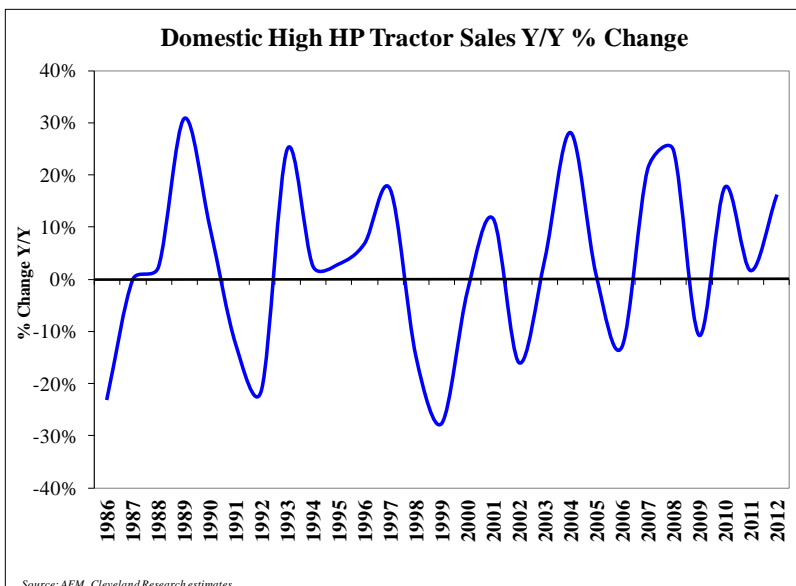
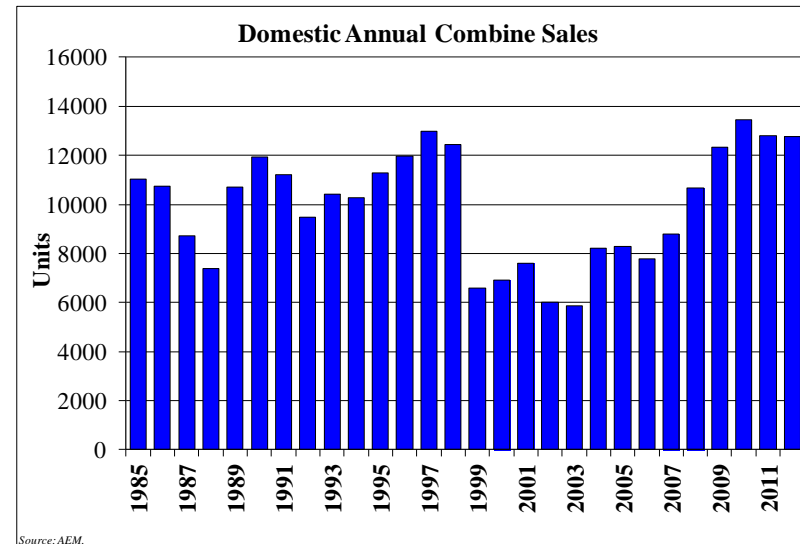
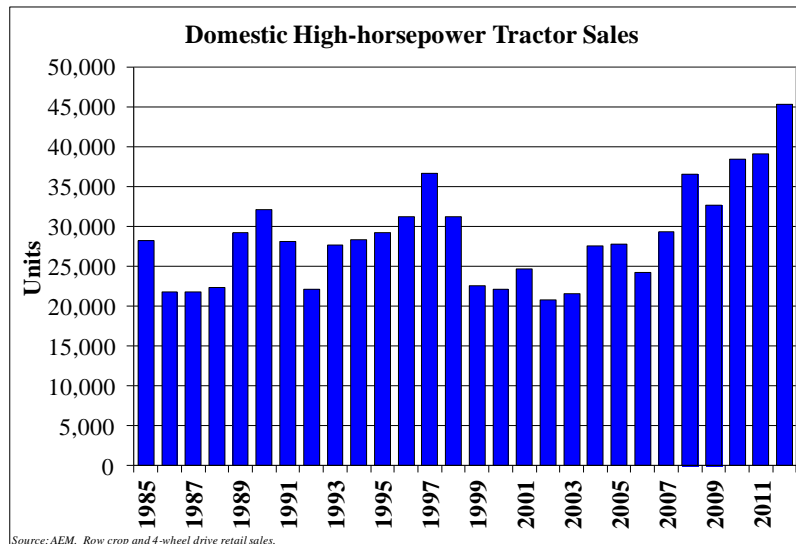
Source: AEM; Cleveland Research Company estimates. High hp tractors are row crop & 4-wheel drive.

NA Farm Equipment Industry Inventory

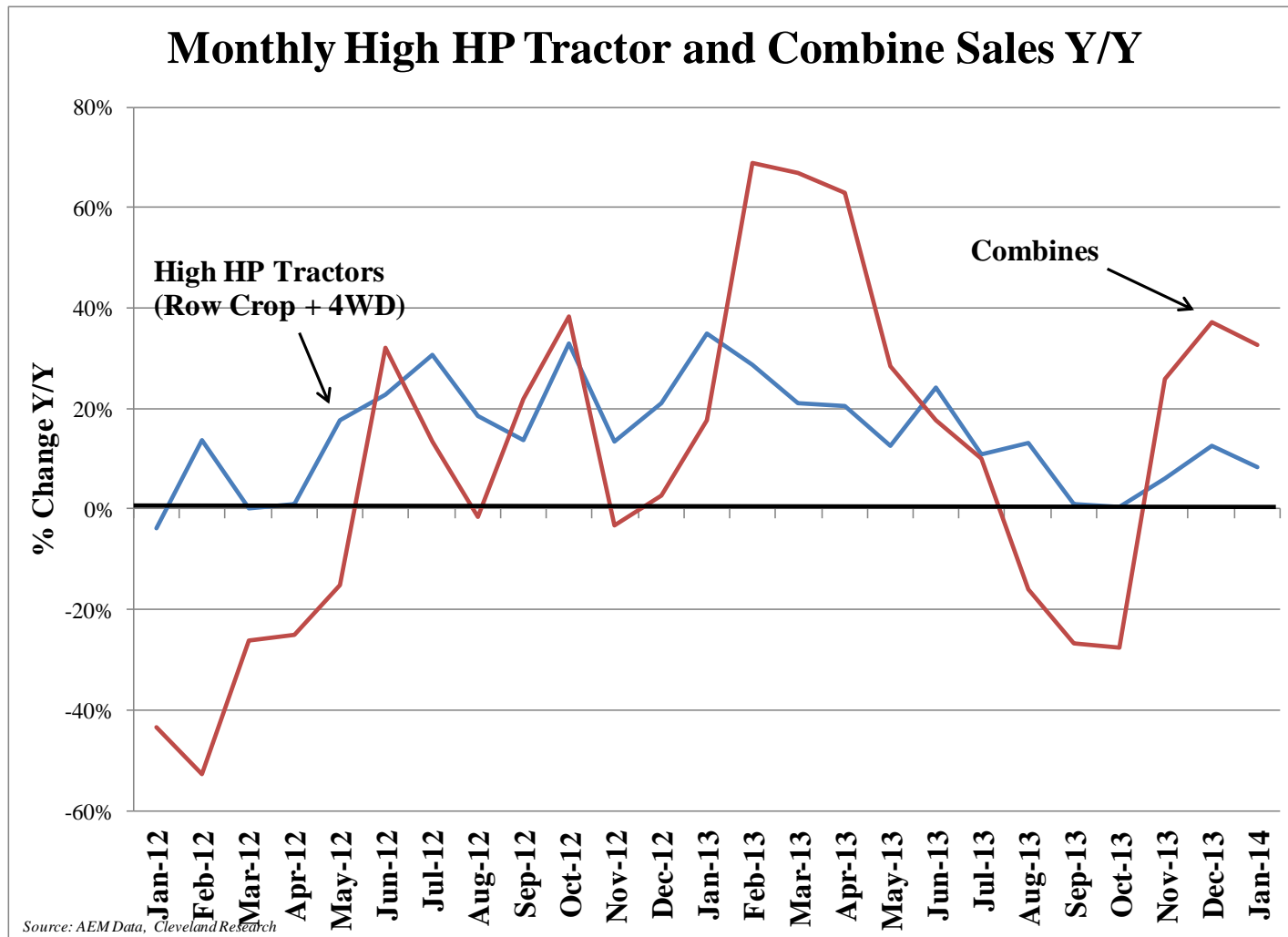
NORTH AMERICAN FARM EQUIPMENT INVENTORY														
	Inventory (Units)							Inventory to 12-mo. Sales						
	< 40 HP	Utility	Row Crop	4-Wheel	Total Tractor	Memo: High hp	Combines	<40HP	Util	RC	4-WD	Total	High HP	Comb
Dec-11	59,746	26,551	7,666	1,035	94,998	8,701	1,250	62%	47%	24%	14%	49%	22%	10%
Jan-12	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%	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%
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	61%	52%	29%	24%	51%	28%	12%

Source: AEM; Cleveland Research Company estimates

Annual Ag Equipment Industry Sales – 1985-2012



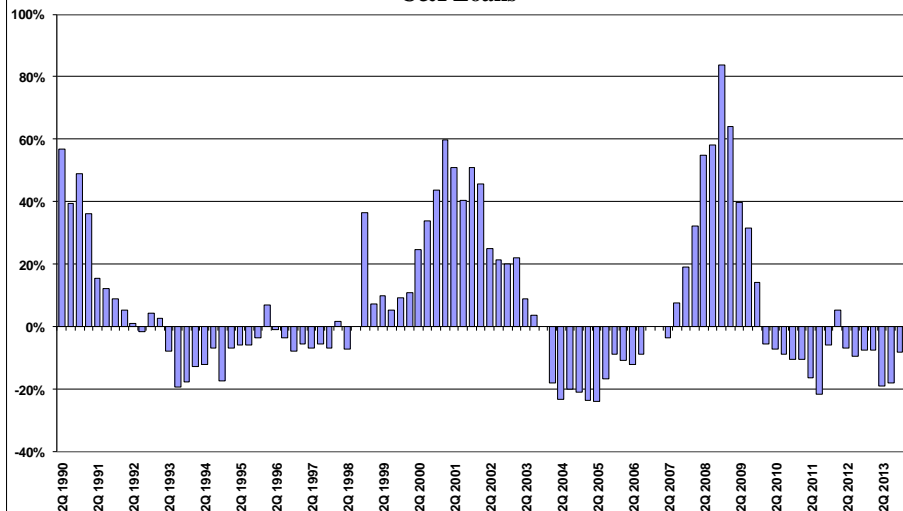
NA Ag Equipment Sales



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

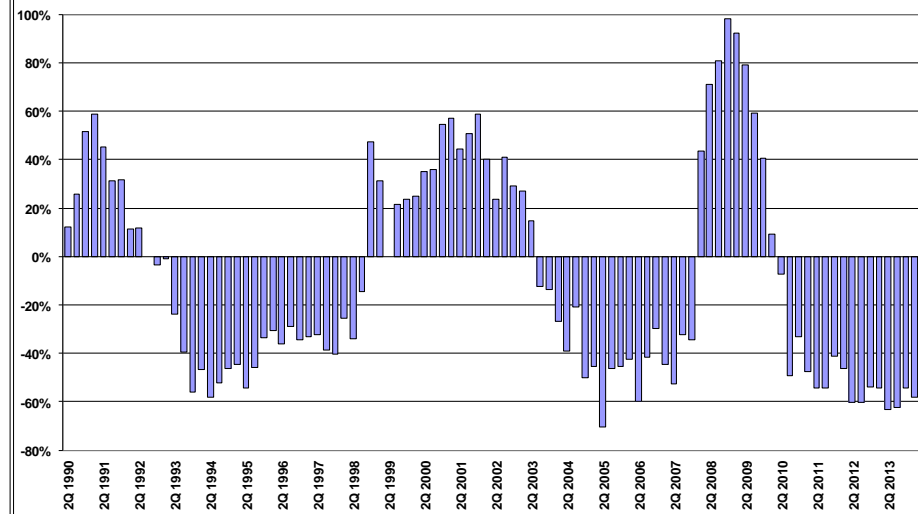
- The 1Q14 Senior Loan Officer survey saw a slight loosening of loan standards. A net 14% of loan officers reported easier credit standards in 1Q14 compared with a net 8% in 4Q13.
- Bank rate spreads saw a slight increase in 1Q14 with a net 58.3% of loan officers reporting lower lending spreads, down from a net 54.2% in 4Q13.
- Demand for commercial and industrial loans accelerated in 1Q as a net 16% of loan officers reported stronger demand for commercial and industrial loans, up sharply from the net 1% of loan officers reporting stronger demand for loans in 4Q13.

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



Source: Federal Reserve Board

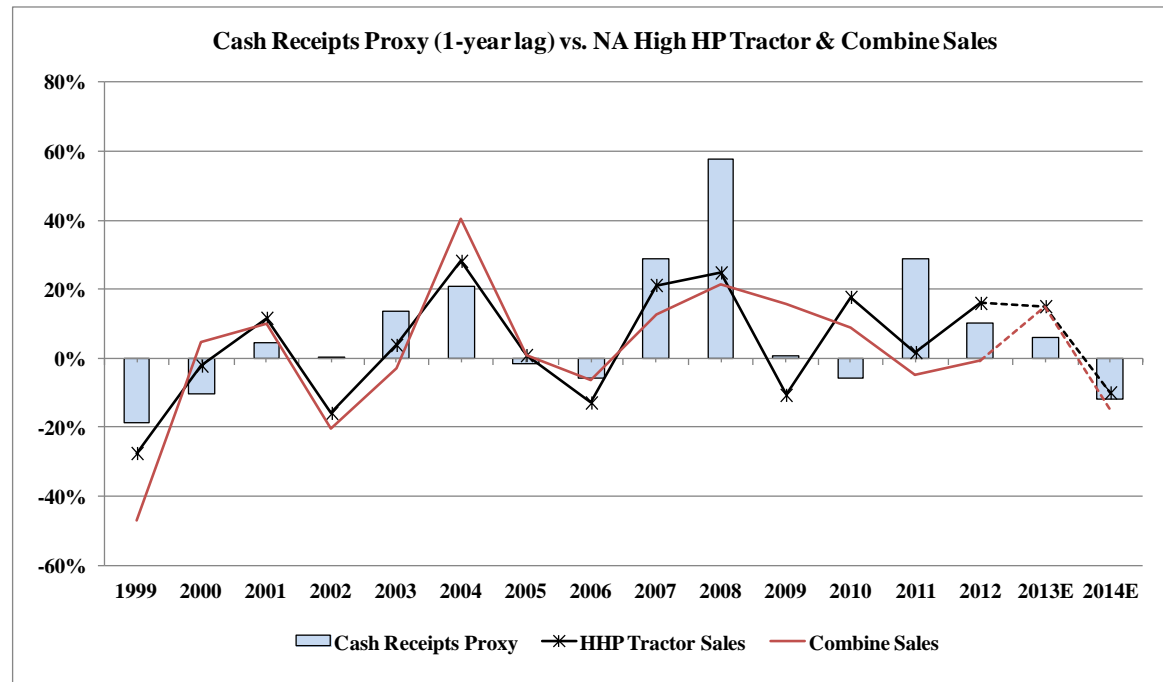
Net % of Domestic Respondents Increasing Spreads of Loan Rates Over Banks' Cost of Funds



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 (12%) decline in our simplified cash receipts proxy, inline with the February 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 March USDA cash receipts outlook for 2013 is for down 12% over 2012/13, slightly better than the 12% decline expected in the February forecast. If historical trends hold, this would imply that 2014 could be a challenging year for equipment demand vs. 2013, as the correlation between equipment sales and cash receipts has provided a good proxy for next year's 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	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								2013/14				
January	13,925	11,700	1,450	13,150	1,631	12.4%	\$4.10-\$4.70	January	24,141	25,293	4,677	18.5%
February	13,925	11,700	1,600	13,300	1,481	11.1%	\$4.20-\$4.80	February	24,130	25,437	4,711	18.5%
March	13,925	11,700	1,625	13,325	1,456	10.9%	\$4.25-\$4.75	March	24,164	25,453	4,782	18.8%
Corn Futures Price: \$4.50												
Change m/m	0	0	25	25	-25	-0.2%	\$0.00	Change m/m	35	16	71	0.3%
Change y/y	3,145	1,321	894	2,214	635	3.5%	(\$2.39)	Change y/y	1,201	1,827	604	1.1%

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								2013/14				
January	3,289	3,304	1,495	4,799	150	3.1%	\$11.75-\$13.25	January	7,250	8,146	2,507	30.8%
February	3,289	3,309	1,510	4,819	150	3.1%	\$11.95-\$13.45	February	7,282	8,097	2,532	31.3%
March	3,289	3,319	1,530	4,849	145	3.0%	\$12.20-\$13.70	March	7,184	8,121	2,450	30.2%
Soybean Futures Price: \$13.61												
Change m/m	0	10	20	30	-5	-0.1%	\$0.25	Change m/m	-98	24	-82	-1.1%
Change y/y	255	220	210	430	4	-0.2%	(\$1.45)	Change y/y	312	344	280	2.3%

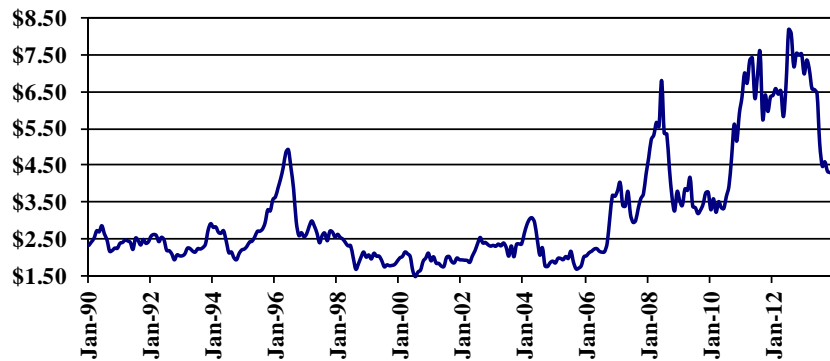
WHEAT - DOMESTIC								WHEAT - INTERNATIONAL				
Year	Production	Domestic Use	Exports	Total Use	End Stocks	Stocks/Use	Avg Price	Year	Production	Total Use	End Stocks	Stocks/Use
2010/11	2,207	1,128	1,289	2,417	862	35.7%	\$5.70	2010/11	21,718	22,919	6,385	27.9%
2011/12	1,999	1,180	1,051	2,231	743	33.3%	\$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								2013/14				
January	2,130	1,274	1,125	2,399	608	25.3%	\$6.60-\$7.00	January	24,056	24,570	6,204	25.3%
February	2,130	1,284	1,175	2,459	558	22.7%	\$6.65-\$6.95	February	24,027	24,583	6,193	25.2%
March	2,130	1,284	1,175	2,459	558	22.7%	\$6.75-\$6.95	March	24,058	24,613	6,196	25.2%
Wheat Futures Price: \$6.12												
Change m/m	0	0	0	0	0	0.0%	\$0.05	Change m/m	30	30	3	0.0%
Change y/y	-136	-122	168	46	-160	-7.1%	(\$0.92)	Change y/y	2,237	1,195	306	0.0%

FARMER CROP RECEIPTS PROXY												
Year	Production:			Average Price:			Crop Cash Receipts*					% change y/y
	Corn	Soybeans	Wheat	Corn	Soybeans	Wheat	Corn	Soybeans	Wheat	Total		
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												
January	13,925	3,289	2,130	\$4.40	\$12.50	\$6.80	\$61,270	\$41,113	\$14,484	\$116,867	-14%	
February	13,925	3,289	2,130	\$4.50	\$12.70	\$6.80	\$62,663	\$41,770	\$14,484	\$118,917	-12%	
March	13,925	3,289	2,130	\$4.50	\$12.95	\$6.85	\$62,663	\$42,593	\$14,591	\$119,846	-12%	

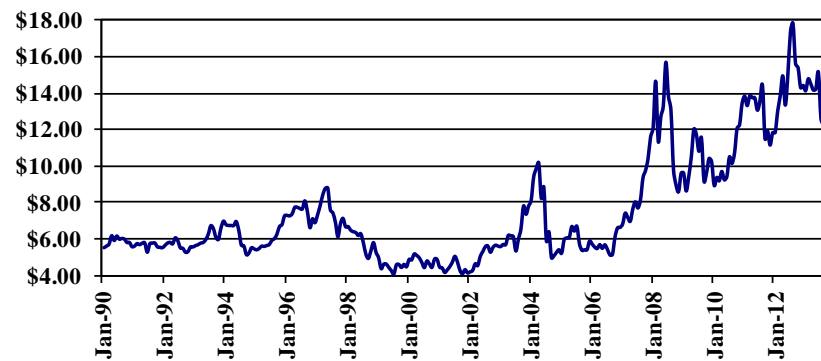
Source: USDA; Cleveland Research estimates. *Note: Cash receipts estimated as USDA production X USDA average price forecast

Long Term Commodity Price Trends

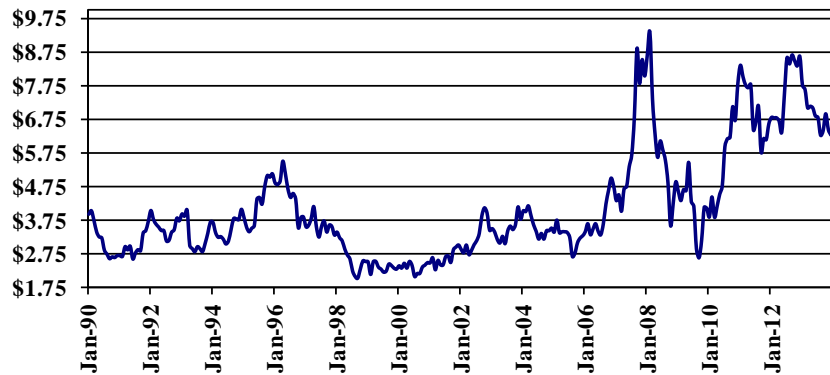
Corn Price Trends



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

