

Ag Equipment Intelligence

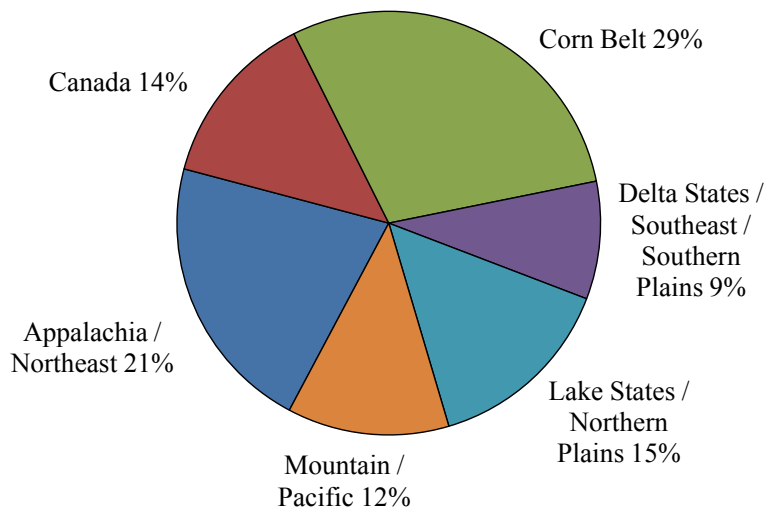
December 2015 Dealer Sentiments &
Business Conditions Update

Monthly Ag Equipment Intelligence North American Dealer Survey

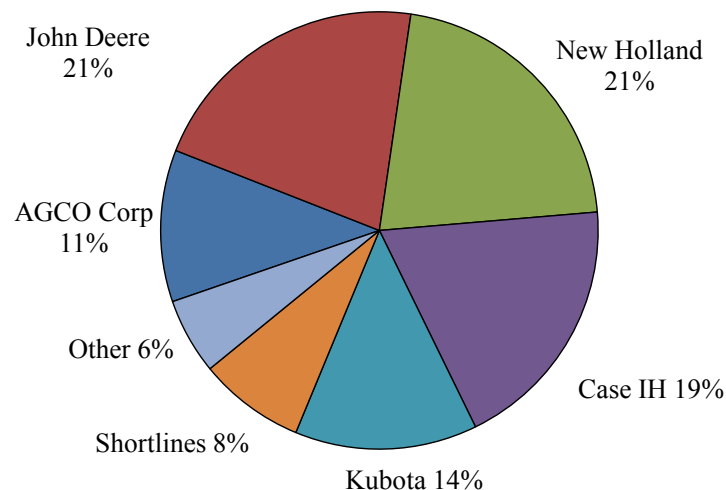
Background:

- We are pleased to announce the results of the December 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 December survey had 116 respondents representing combined annual revenues of roughly \$5.4 billion. Participants representing a broad cross section of geographies and brands are summarized in the charts below.

Survey Participants by Region



Participants by Brand



Appalachia / Northeast – CT, DE, KY, MA, MD, ME, NC, NH, NY, NJ, PA, RI, TI, TN, VA, VT, WV, **Corn Belt** – IL, IN, IA, MO, OH, **Delta States / Southeast / Southern Plains** – AL, AR, FL, GA, LA, MS, OK, SC, TX, **Lake States / Northern Plains** – KS, MI, MN, NE, ND, SD, WI, **Mountain / Pacific** – AK, AZ, CA, CO, HI, ID, MT, NM, NV, OR, UT, WA, WY. Note AGCO represents Massey Ferguson and Challenger brands. *Note regions have been condensed.

Highlights / Summary Thoughts

- **Sales** – Average dealer sales were reported down 16% in November, inline with October. A net 25% of dealers missed their sales budget in November, making for the twentieth consecutive month of net budget misses. Commercial and consumer lawn equipment sales continue to show strength, while most large equipment demand remains very weak.
- **Outlook** – The full year dealer average sales growth forecast was reported at down 13%, a 1% improvement from October with a net 38% of dealers forecasting a sales decline for the year vs. a net 42% forecasting a decline in October.
- **Inventory** – A net 55% of dealers reported new equipment inventories as too high, a deterioration from a net 53% in October. Used equipment inventory levels improved with a net 37% of dealers reporting inventory as too high vs. 44% last month.
- **Pricing** – Dealers have reported a ~1-1.5% uptick in new equipment price realization in the last six months due to Tier 4 sales and OEM price increase that have come through recently. Used large tractor pricing is reported down 8% on average, an improvement from October, while small tractor pricing remained flat. Used combine prices were down 14% in November vs. a 13% decline in October.

Monthly Sales Growth

- Average dealer sales were reported down 16% y/y in November, inline with October and 3Q results. A net 25% of dealers missed their sales budgets in November with over 35% reporting worse than expected sales.
- A net 85% of dealers report they are less optimistic about overall business conditions, the 20th consecutive month of deterioration in optimism.

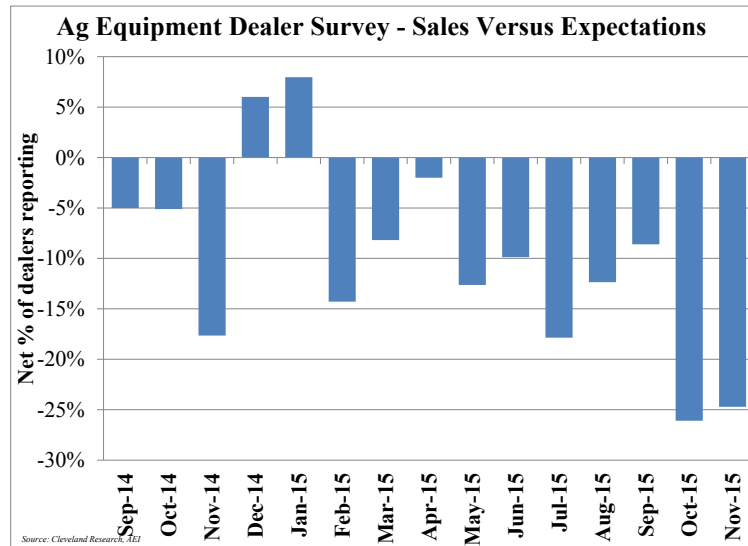
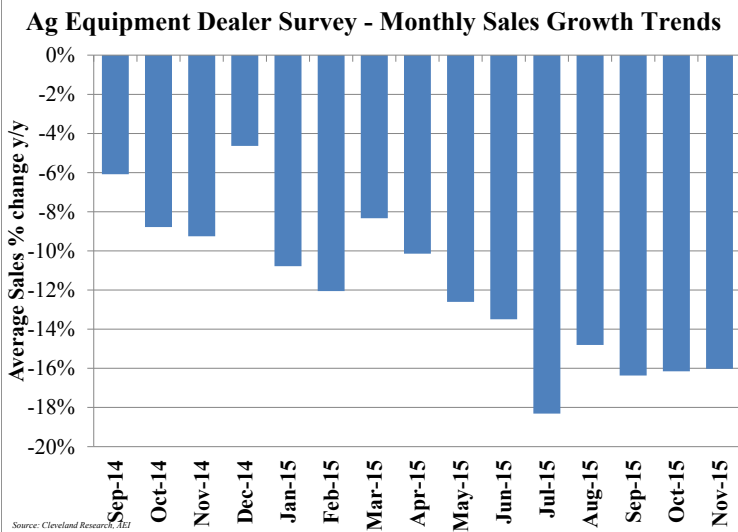
N. American Farm Equipment Dealer Survey - Average Dealer Sales Growth															
% Change y/y	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15
AGCO	4%	-1%	4%	-13%	-15%	3%	-8%	-1%	4%	-12%	-24%	-13%	-14%	-22%	-27%
John Deere	-6%	-4%	-6%	-3%	-9%	-22%	-8%	-11%	-15%	-14%	-19%	-14%	-15%	-16%	-12%
New Holland	0%	-1%	-10%	-1%	0%	-5%	-3%	-2%	-7%	-5%	-17%	-12%	-23%	-14%	-13%
Case IH	-13%	-9%	-14%	-6%	-19%	-10%	-13%	-16%	-19%	-19%	-17%	-19%	-20%	-19%	-22%
Kubota	1%	8%	-11%	7%	5%	-6%	-4%	-1%	0%	0%	0%	-3%	-2%	2%	-5%
Shortlines/Other	5%	5%	-1%	1%	-9%	-4%	-18%	-8%	-6%	-16%	-7%	-38%	-7%	-9%	-8%
Total	-6%	-9%	-9%	-5%	-11%	-12%	-8%	-10%	-13%	-13%	-18%	-15%	-16%	-16%	-16%

Source: Cleveland Research, AEI

N. American Farm Equipment Dealer Survey - Sales Versus Expectations															
% of Dealers Reporting	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15
Better than expected	24%	22%	21%	29%	26%	13%	20%	27%	23%	21%	18%	16%	19%	15%	12%
In line with expectations	47%	51%	40%	47%	57%	59%	50%	44%	39%	48%	45%	56%	53%	43%	51%
Worse than expected	29%	27%	39%	23%	18%	28%	28%	29%	36%	31%	36%	28%	28%	41%	37%
Net % (Better - Worse)	-5%	-5%	-18%	6%	8%	-14%	-8%	-2%	-13%	-10%	-18%	-12%	-9%	-26%	-25%

Source: Cleveland Research, AEI.

Monthly Sales Growth Continued



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

% of Dealers Reporting	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15
Positive Sales Growth	37%	40%	27%	33%	32%	13%	20%	27%	29%	26%	20%	19%	24%	20%	16%
Flat Sales	18%	14%	16%	16%	25%	59%	50%	11%	17%	11%	16%	16%	16%	15%	17%
Negative Sales Growth	46%	46%	58%	51%	43%	28%	28%	62%	54%	63%	64%	65%	60%	65%	67%
Net % Reporting Growth	-9%	-6%	-31%	-19%	-11%	-14%	-8%	-35%	-25%	-37%	-43%	-46%	-35%	-46%	-52%
Average % Change y/y	-6%	-9%	-9%	-5%	-11%	-12%	-8%	-10%	-13%	-13%	-18%	-15%	-16%	-16%	-16%

Source: Cleveland Research

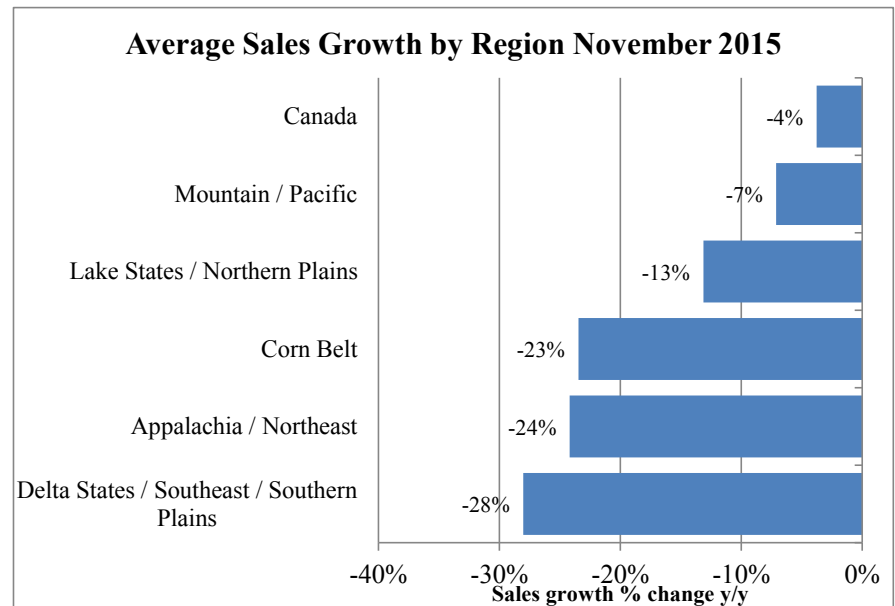
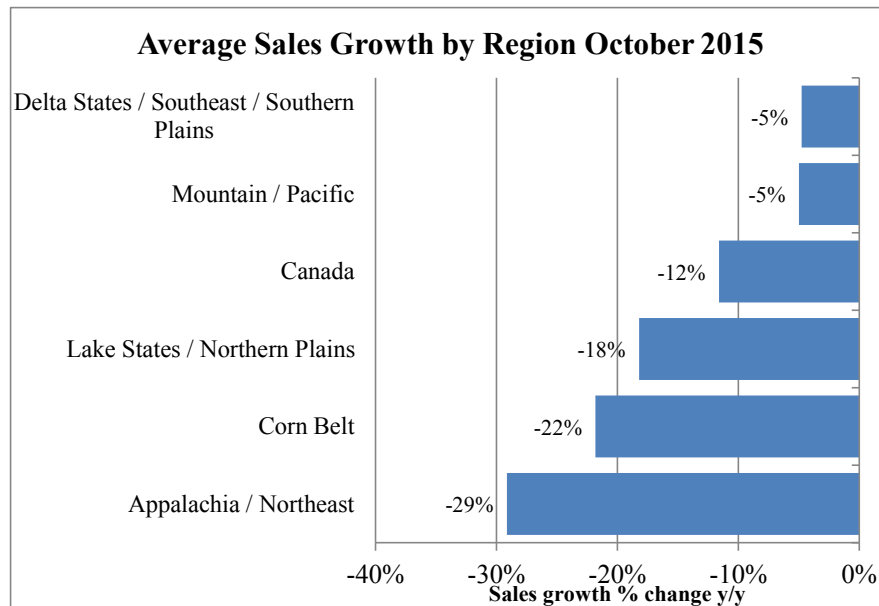
Optimism/Sentiment vs. Last Month

% of Dealers Reporting	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15
More Optimistic	16%	8%	9%	12%	12%	9%	14%	14%	12%	13%	14%	11%	12%	8%	10%
Same	46%	48%	38%	39%	52%	50%	42%	47%	48%	58%	52%	45%	51%	60%	52%
Less Optimistic	38%	44%	53%	49%	36%	41%	43%	40%	40%	30%	35%	43%	37%	33%	38%
Net % Dealer Optimism	-22%	-36%	-44%	-37%	-25%	-31%	-29%	-26%	-26%	-18%	-21%	-32%	-26%	-25%	-28%

Source: Cleveland Research

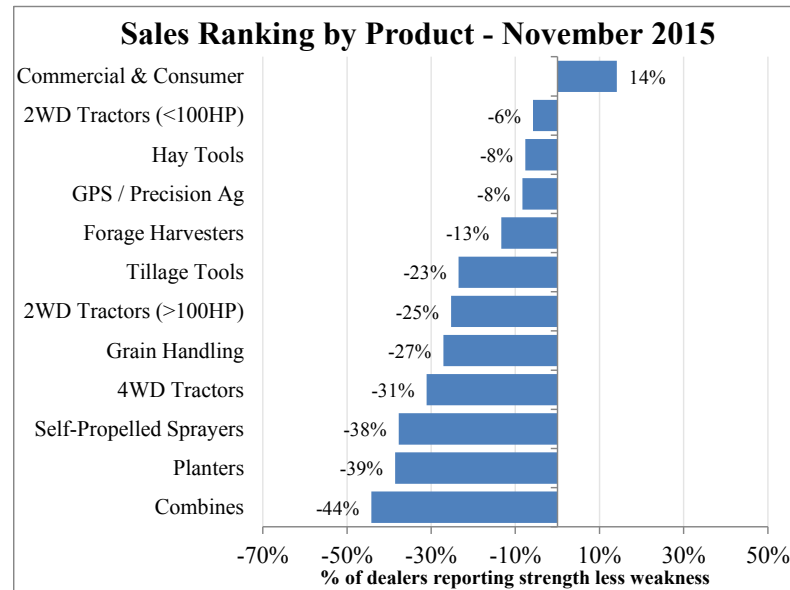
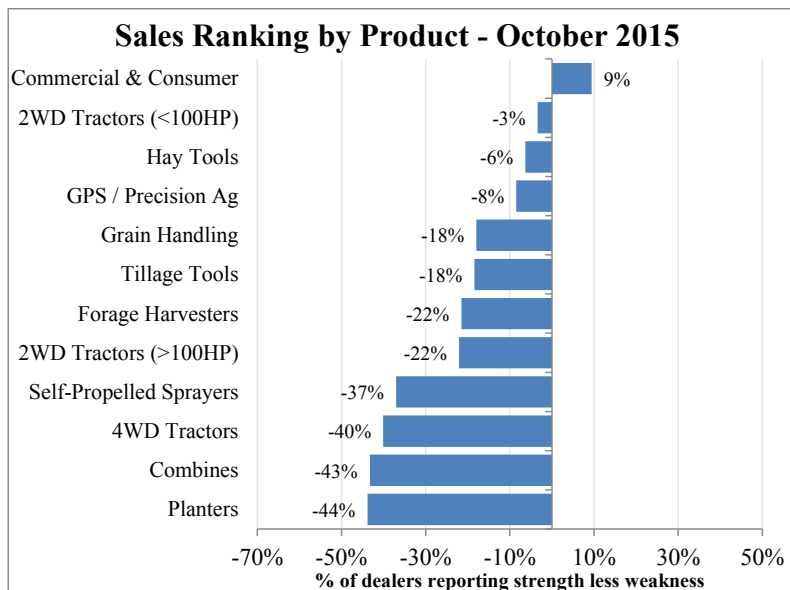
Monthly Sales Growth by Region

- Sales trends were weak across all geographies in November. Delta States/ Southeast / Southern Plains, Appalachia / Northeast and the Corn Belt were the weakest geographies with Delta States / Southeast / Southern Plains falling the farthest sequentially. Canada and the Mountain / Pacific regions were the stronger markets comparatively.

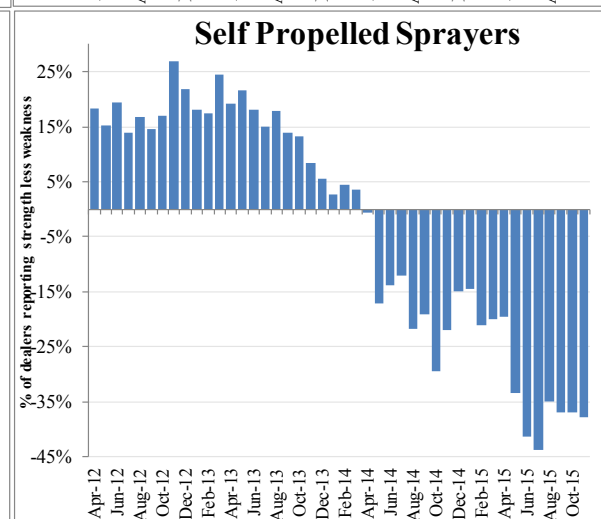
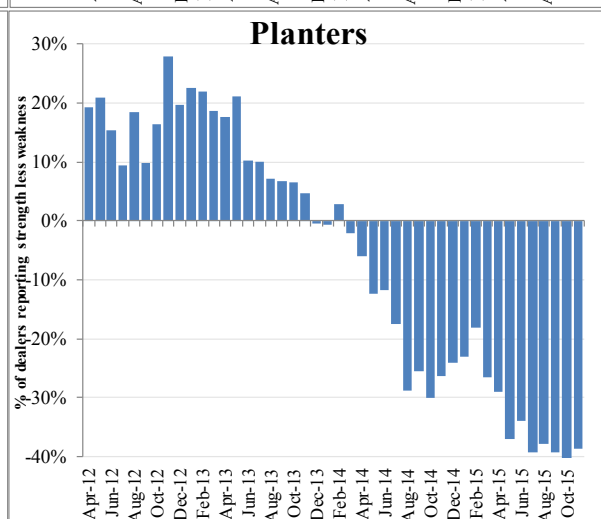
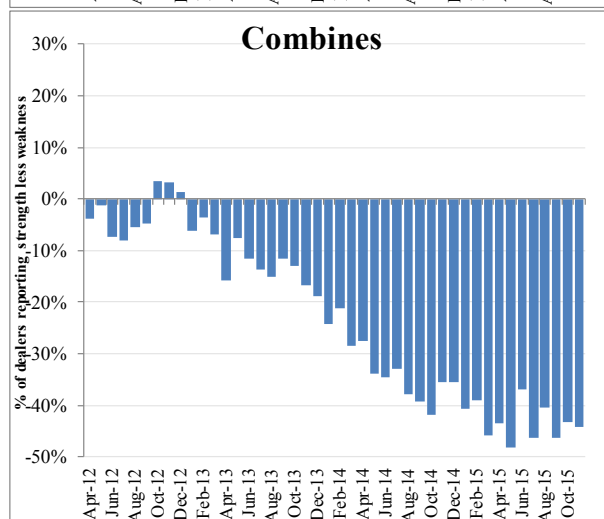
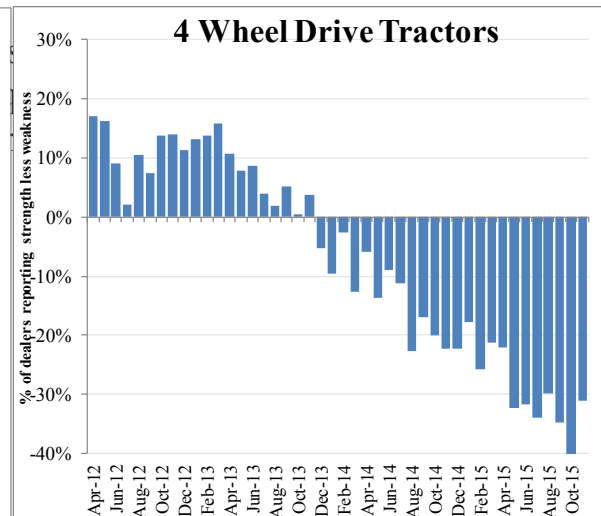
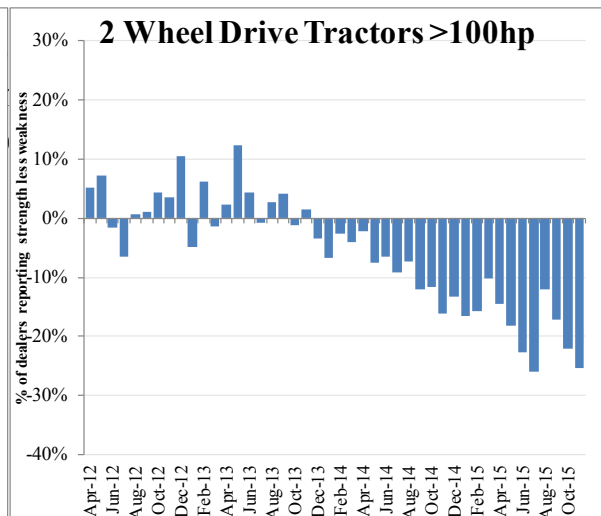
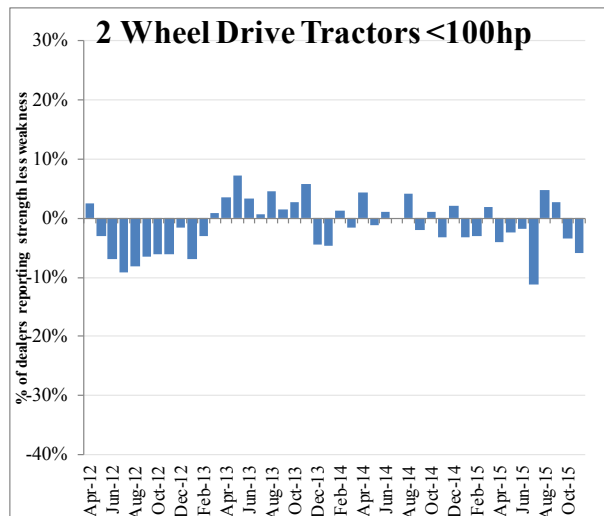


Equipment Category Sales Trends

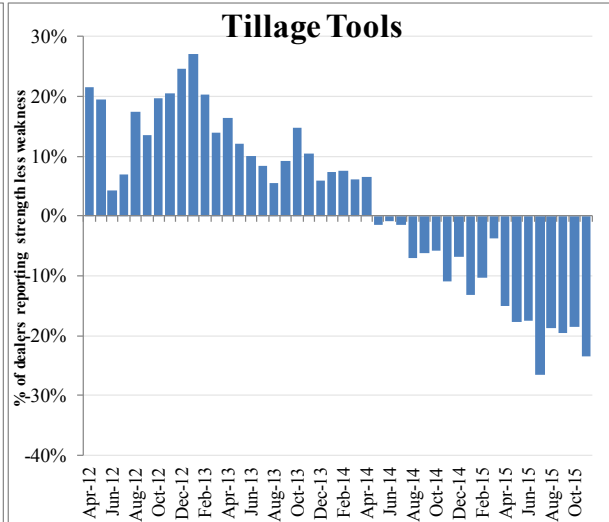
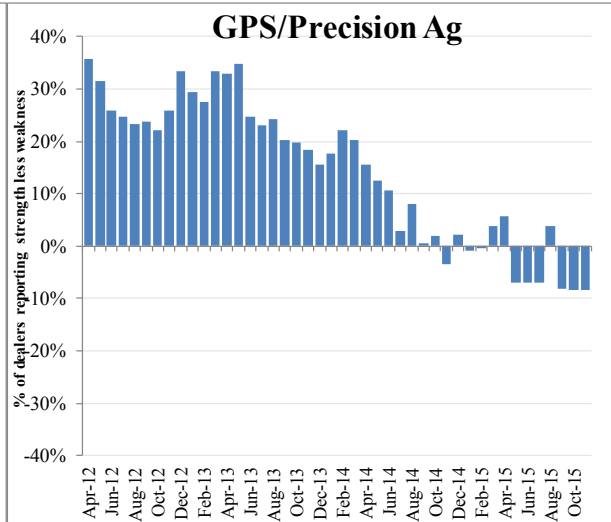
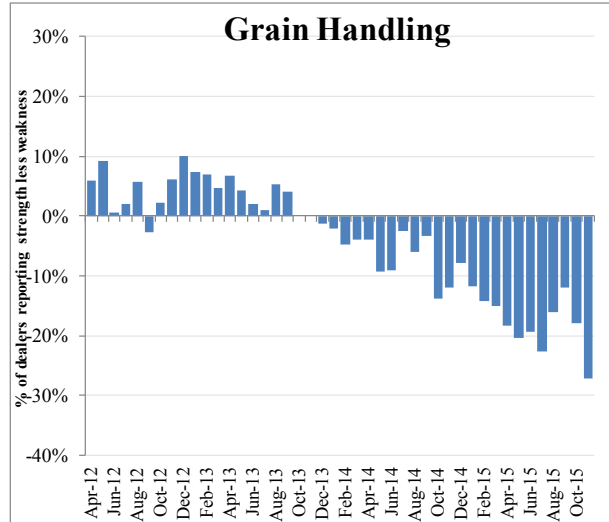
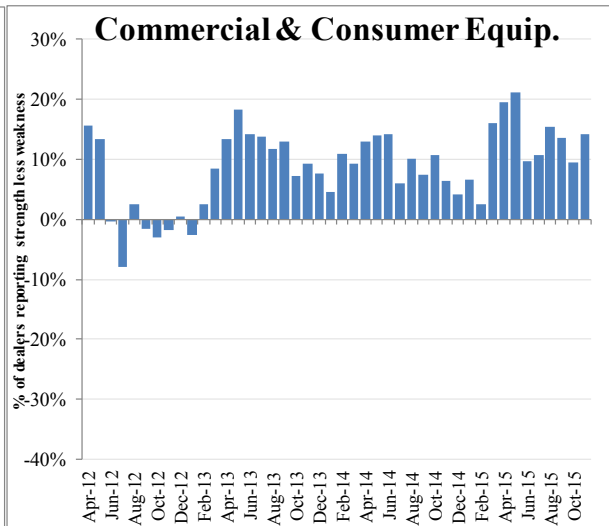
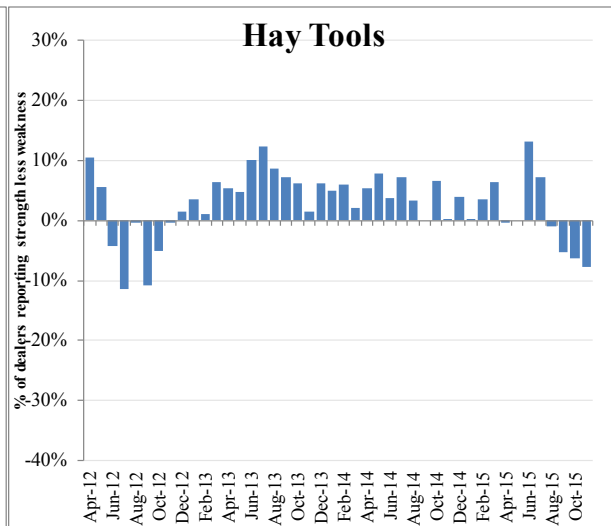
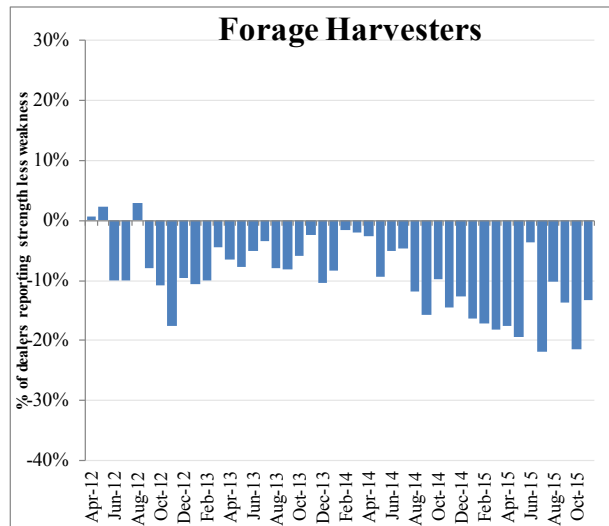
- Commercial & consumer lawn equipment continues to show strength in contrast to declines in other categories (combines, planters, and sprayers in particular). We continue to see significant headwinds to large equipment sales.



Equipment Category Sales Trends



Equipment Category Sales Trends (Continued)



Most Interesting Commentary - Monthly Sales and Outlook

- *Key indicators continue to be trending down. There is a lot of pessimism concerning cattle pricing, the oil & gas industry, and no Section 179 extension. All factors seem to indicate further pressure on sales.*
- *The competitive dealers in my area have had to lay off workers due to the continued low price of wheat.*
- *I think the used buyer is holding out until late December.*
- *Big ticket purchases didn't occur this November at all.*
- *Low commodity prices and increased competition from Kubota are driving my forecast down in 2016.*
- *New orders are down from last years levels with customers in no mood to discuss equipment replacement. We are focused on warranty extensions, inspections, and preparing equipment to last additional seasons.*
- *Cattle prices are 80 cents/lbs less than last year. That is \$600 less for a 750lbs steer. That sets the tone for 2016; our customer base will have less expendable income and be less inclined to purchase beyond necessity.*
- *Unless used late model inventory is sold off, we're going to hold off on making new sales.*
- *Inventory is only high in used HHP tractors, all other segments are actually good. Used combine inventory has come down a lot through the year.*
- *Used equipment isn't turning fast enough and has caused us to do net pricing adjustments for cash flow.*
- *We're all in for a slow 2016, all markets will be slowed somewhat.*
- *Aftermarket sales activity was not as strong as anticipated. Many customers ended harvesting in October after a mild harvest, and have put off winter inspections.*
- *The ramifications of the Argentina presidential election plus the China factor are not conducive to farmers buying row crop equipment.*
- *Small cattle farmers are still profitable, but haven't bought as much equipment as we had expected them to.*
- *Argentina effect on the corn market has not been fully priced into the market yet.*
- *Bonus depreciation does not look like it will be implemented for purchases this year and at this late juncture any affect it has would be minimal as we will be limited to what we have on lot.*

Average Dealer Sales Outlook

- The 2015 dealer average sales forecast is down 13% y/y, a slight improvement from the down 14% projected in October. A net 38% of dealers are forecasting a sales decline for the year, up from the 42% forecast in October.
- Initial 2016 average dealer sales forecasts are for a 9% decline, inline with last month. A net 43% of dealers are forecasting a sales decline for the year.
- The second table below details the 2016 industry outlooks from Deere and AGCO.

N. American Farm Equipment Dealer Survey - Full Year Sales Forecast															
% change y/y	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15
AGCO	6%	0%	-9%	0%	-10%	-11%	-12%	-5%	-3%	-9%	-15%	-4%	-15%	-14%	-15%
John Deere	-12%	-14%	-9%	-9%	-11%	-18%	-8%	-15%	-18%	-14%	-14%	-14%	-11%	-15%	-10%
New Holland	9%	-8%	-10%	-3%	-6%	-11%	-10%	-4%	-9%	-8%	-10%	-17%	-11%	-12%	-15%
Case IH	-12%	-11%	-16%	-11%	-14%	-17%	-17%	-14%	-20%	-24%	-22%	-20%	-26%	-16%	-19%
Kubota	7%	-6%	-14%	-6%	-11%	-13%	-17%	-10%	-14%	1%	3%	-1%	13%	10%	7%
Shortlines/Other	1%	-4%	-16%	-9%	-7%	-10%	-13%	-10%	-7%	-8%	-11%	-16%	-9%	-11%	-11%
Overall	-9%	-11%	-10%	-8%	-11%	-15%	-10%	-12%	-15%	-15%	-16%	-15%	-14%	-14%	-13%

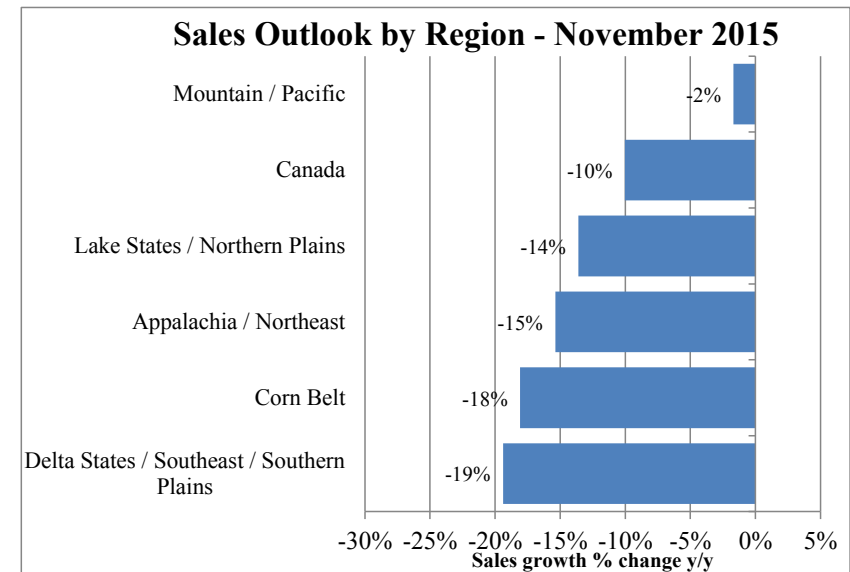
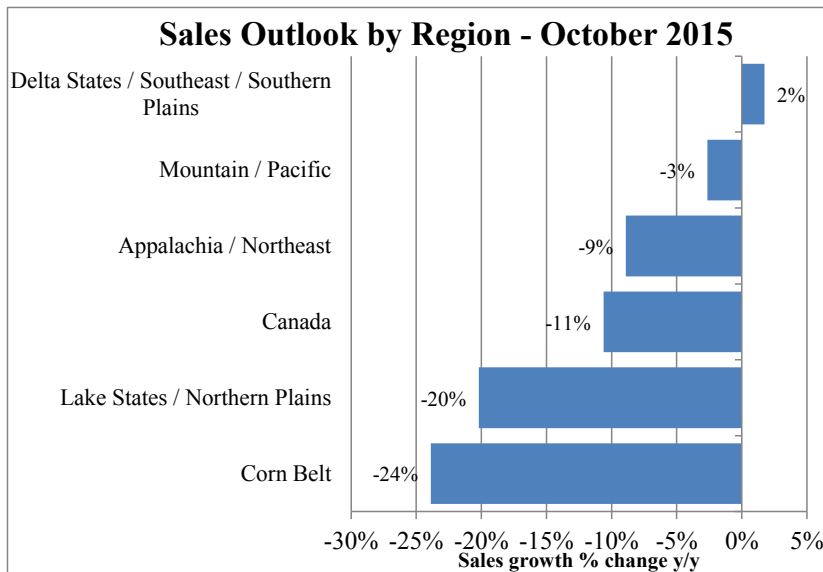
Source: Cleveland Research, AEI

2016 Ag Equipment Outlook		
Geography	Deere	AGCO Corp.
N. America	Down 15-20%	Down 10-15%
Western Europe	Flat to Down 5%	Flat to Down 5%
Latin America	Down 10-15%	Down 10-15%
CIS or ROW	na	na
Asia	Flat to Down Slightly	na

Source: Company reports, CRC estimates

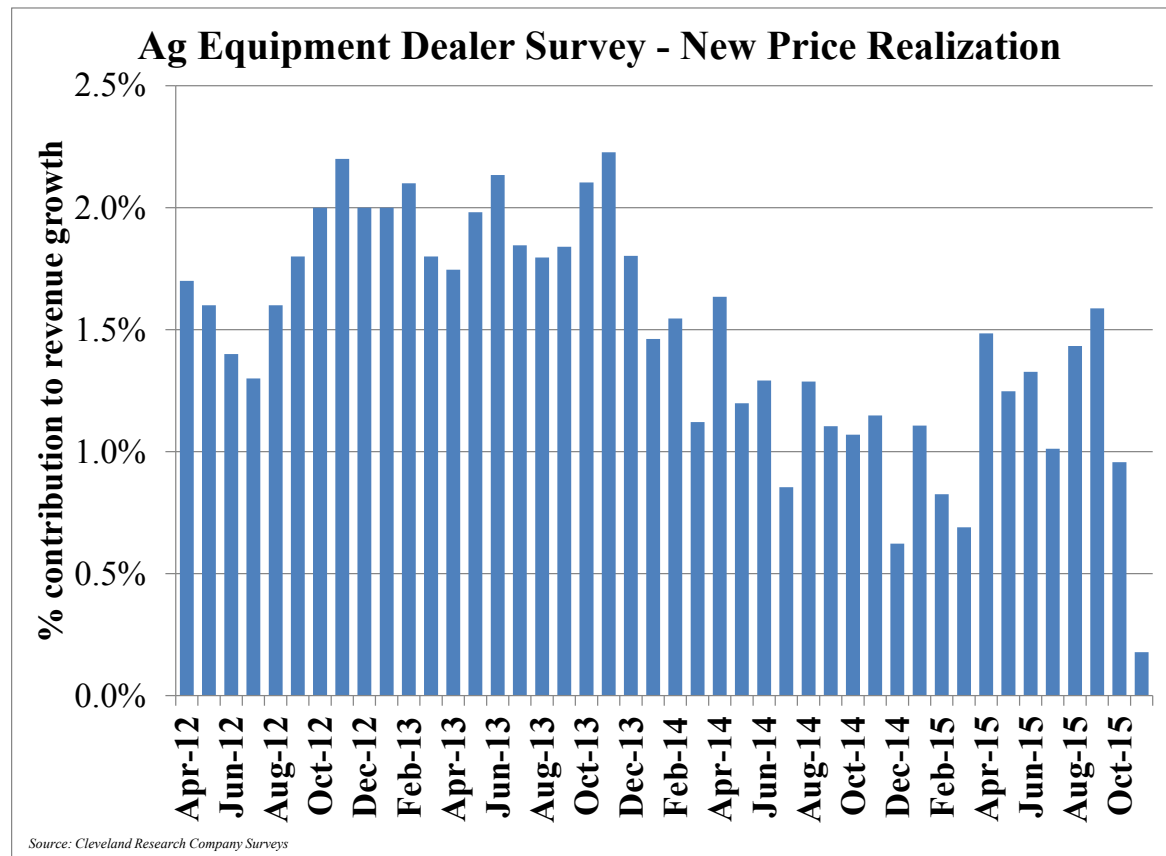
2015 Sales Outlook Continued

- The Mountain / Pacific region showed relative strength, only expecting slight declines in 2015. The Corn Belt remains one of the weakest regions continuing to forecast near 20% declines. The drastic change in Delta States / Southeast / Southern Plains is the result of several large dealerships joining the survey sample.



Pricing Trends

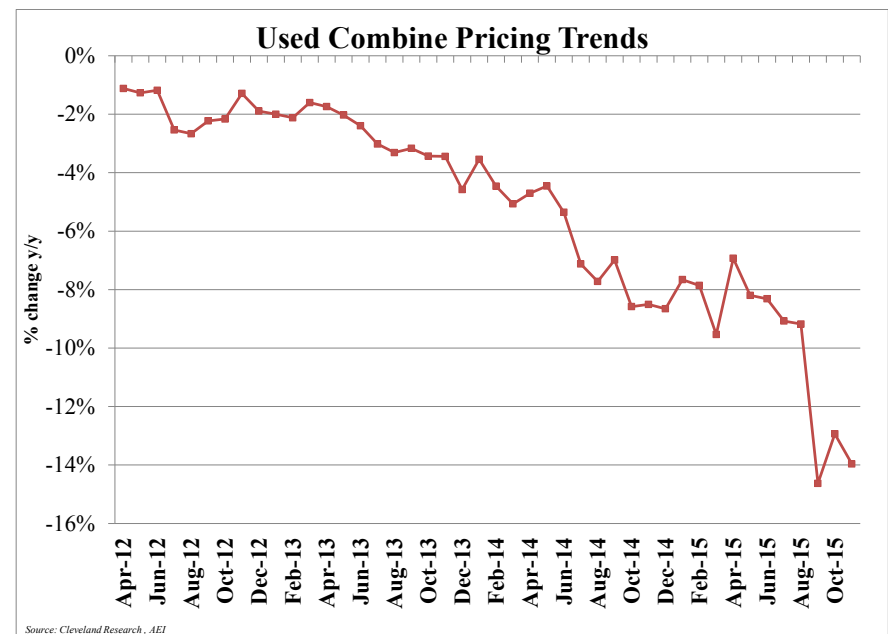
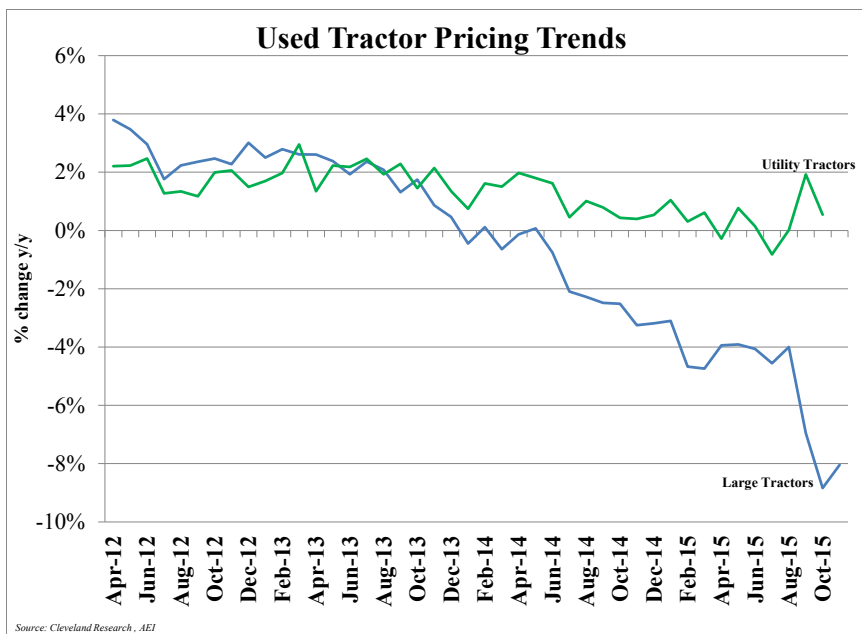
- Dealers report several OEMs pushed through small price increases in recent months, which has modestly raised average new equipment price realization ~1-1.5% across the sample. The effect of the strong U.S. dollar on Canadian exchange rate has also played a part in price inflation within North America.



Used Equipment Pricing

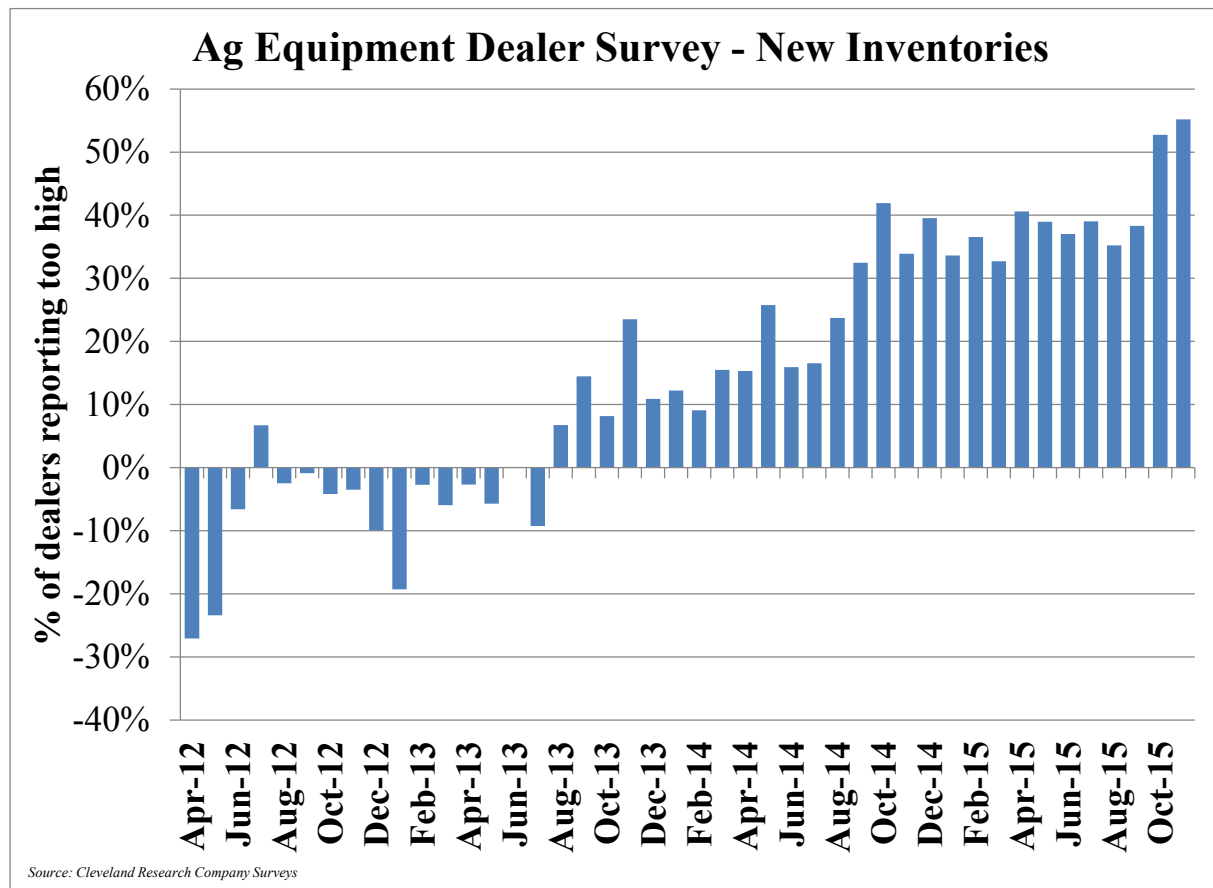
- To provide better insight within the used tractor market we have added additional layers of granularity. November saw flat pricing in small tractors. Large tractors were reported down 8% y/y on average vs. October's decline of 9%. Used combine pricing was down 14% y/y vs. down 13% in October.

Used Tractor and Combine Equipment Values					
	Compact (<40HP)	Utility (40-100HP)	Row Crop (100HP+)	4WD	Combines
Sep-15	2%	2%	-4%	-9%	-15%
Oct-15	1%	0%	-6%	-11%	-13%
Nov-15	-1%	0%	-7%	-9%	-14%



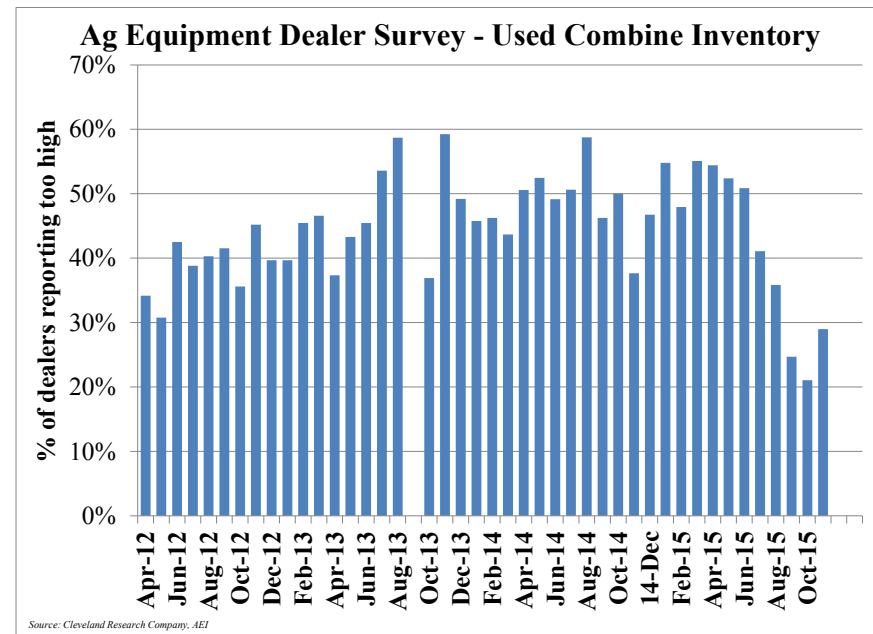
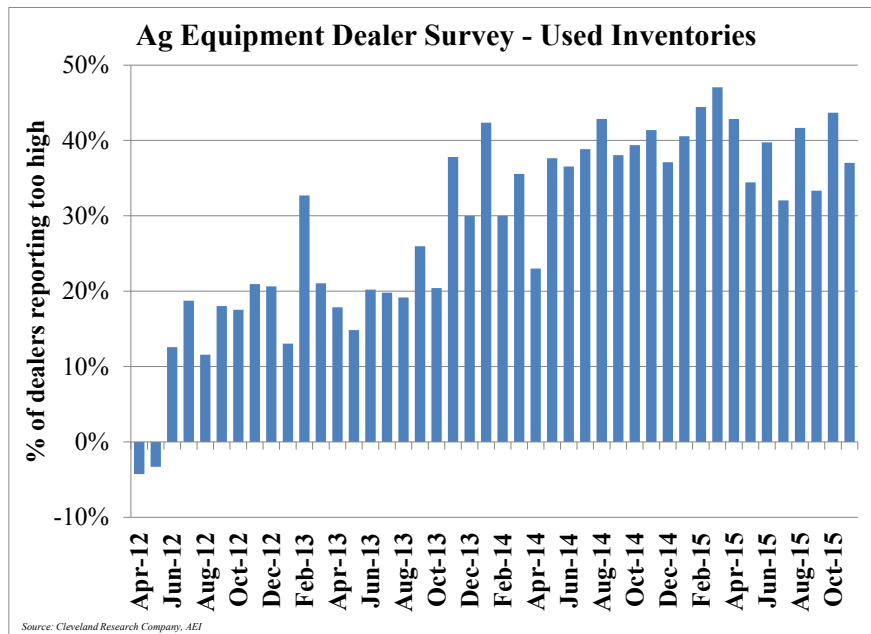
New Equipment Inventory Levels

- A net 55% of dealers reported new equipment inventories are too high vs. 53% in October and 38% in 3Q. This marks 15 months of new inventory levels reported as too high by more than a net 30% of dealers, and is the worst reading in recent history.



Used Equipment Inventory Levels

- A net 37% of dealers reported used equipment inventory as too high vs. 44% in October.
- The used combine inventory remains too high with a net 29% of dealers reporting inventories above where they would like them. Used combine inventory has been reported in better shape than general used inventory levels since August, but November saw the first increase in the inventory reading since March.



North American 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	Crop & 4WD	Combines	< 40 HP	Utility	Row Crop	4-Wheel	Total Tractor	Crop & 4WD	Combines
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	10,739	5,542	3,168	491	19,940	3,659	1,480	24%	15%	15%	-11%	19%	11%	10%
Aug-13	9,359	5,006	2,840	587	17,792	3,427	1,250	15%	11%	16%	0%	13%	13%	-16%
Sep-13	8,595	4,834	3,356	571	17,356	3,927	1,289	7%	7%	8%	-26%	6%	1%	-27%
Oct-13	9,644	6,687	5,938	1,225	23,494	7,163	1,665	-3%	-3%	5%	-18%	-2%	0%	-28%
Nov-13	5,646	3,871	2,646	643	12,806	3,289	897	9%	-3%	7%	2%	4%	6%	25%
Dec-13	7,623	6,903	4,919	960	20,405	5,879	1,538	-7%	10%	13%	7%	3%	12%	36%
Jan-14	4,755	4,152	3,303	631	12,841	3,934	824	1%	2%	12%	-7%	3%	8%	33%
Feb-14	5,308	3,745	2,423	575	12,051	2,998	526	4%	1%	-6%	-14%	0%	-8%	-15%
Mar-14	10,108	5,110	3,155	655	19,028	3,810	899	22%	3%	-9%	-7%	9%	-9%	-25%
Apr-14	14,191	6,010	3,752	745	24,698	4,497	996	2%	7%	-13%	-12%	0%	-13%	-13%
May-14	16,828	6,586	2,928	474	26,816	3,402	669	-2%	6%	-16%	-14%	-2%	-16%	-24%
Jun-14	15,245	6,488	2,733	408	24,874	3,141	837	13%	2%	-16%	-25%	5%	-18%	-25%
Jul-14	11,245	5,934	3,206	389	20,774	3,595	1,034	5%	7%	1%	-21%	4%	-2%	-30%
Aug-14	9,691	5,444	2,575	371	18,081	2,946	946	4%	9%	-9%	-37%	2%	-14%	-24%
Sep-14	11,333	6,193	3,276	492	21,294	3,768	1,142	32%	28%	-2%	-14%	23%	-4%	-11%
Oct-14	10,950	7,085	4,920	733	23,688	5,653	983	14%	6%	-17%	-40%	1%	-21%	-41%
Nov-14	5,857	4,177	1,891	354	12,279	2,245	450	4%	8%	-29%	-45%	-4%	-32%	-50%
Dec-14	8,142	7,520	3,749	514	19,925	4,263	931	7%	9%	-24%	-46%	-2%	-27%	-39%
Jan-15	5,382	4,506	3,124	220	13,232	3,344	384	13%	9%	-5%	-65%	3%	-15%	-53%
Feb-15	5,305	3,250	1,955	348	10,858	2,303	399	0%	-13%	-19%	-39%	-10%	-23%	-24%
Mar-15	9,735	4,851	2,547	500	17,633	3,047	470	-4%	-5%	-19%	-24%	-7%	-20%	-48%
Apr-15	16,624	6,461	3,131	430	26,646	3,561	664	17%	8%	-17%	-42%	8%	-21%	-33%
May-15	16,028	5,643	1,994	260	23,925	2,254	549	-5%	-14%	-32%	-45%	-11%	-34%	-18%
Jun-15	15,664	6,558	2,411	300	24,933	2,711	505	3%	1%	-12%	-26%	0%	-14%	-40%
Jul-15	14,342	7,097	2,473	272	24,184	2,745	807	28%	20%	-23%	-30%	16%	-24%	-22%
Aug-15	9,688	5,120	1,771	167	16,746	1,938	679	0%	-6%	-31%	-55%	-7%	-34%	-28%
Sep-15	10,787	5,394	1,941	250	18,372	2,191	848	-5%	-13%	-41%	-49%	-14%	-42%	-26%
Oct-15	12,876	6,855	3,263	515	23,509	3,778	799	18%	-3%	-34%	-30%	-1%	-33%	-19%
Nov-15	5,940	3,697	1,164	221	11,022	1,385	344	1%	-11%	-38%	-38%	-10%	-38%	-24%

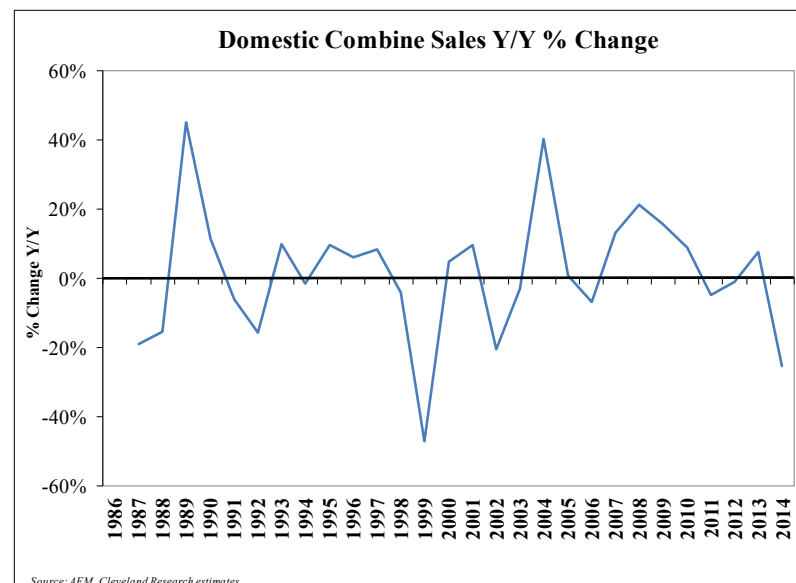
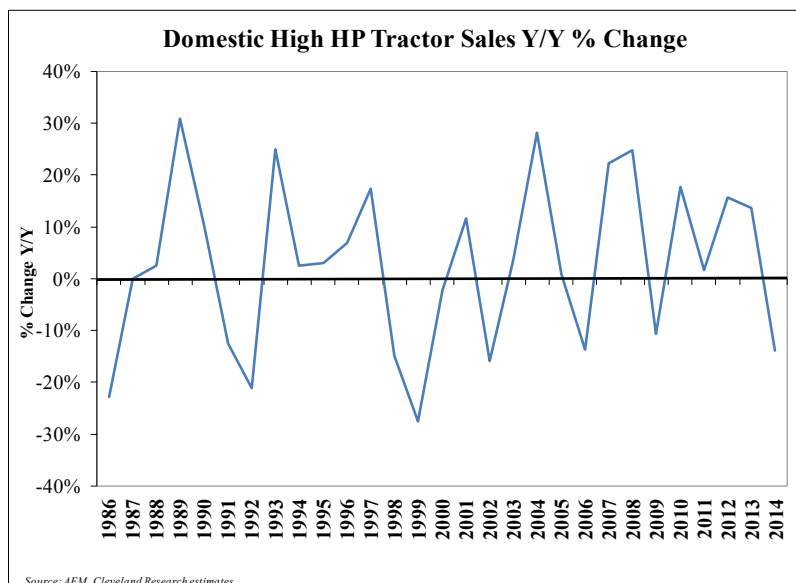
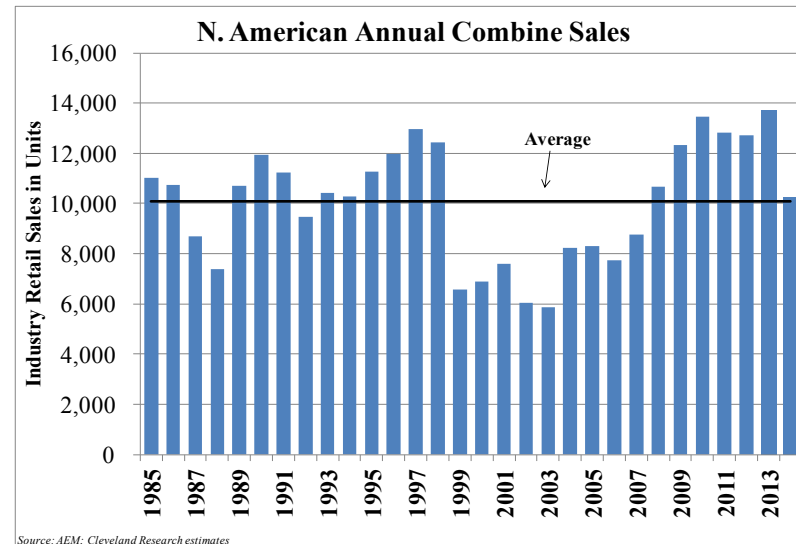
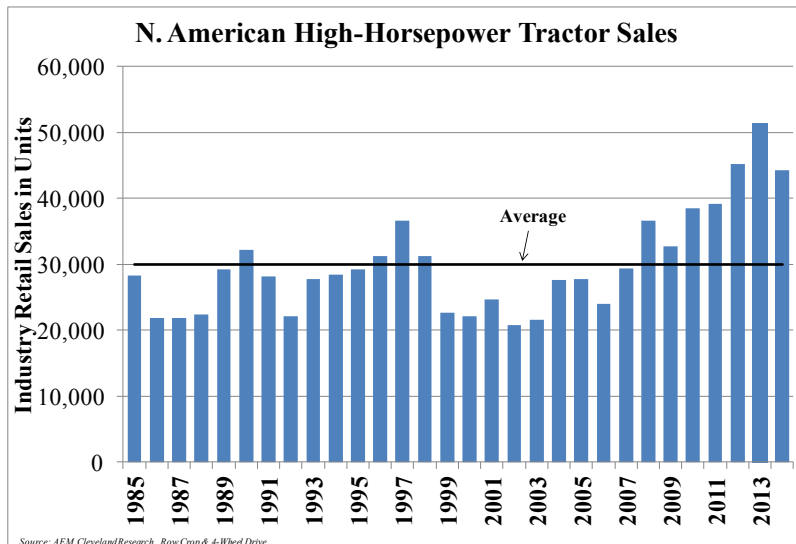
Source: AEM; Cleveland Research Company estimates. High hp tractors are row crop & 4-wheel drive.

North American Farm Equipment Industry Inventory

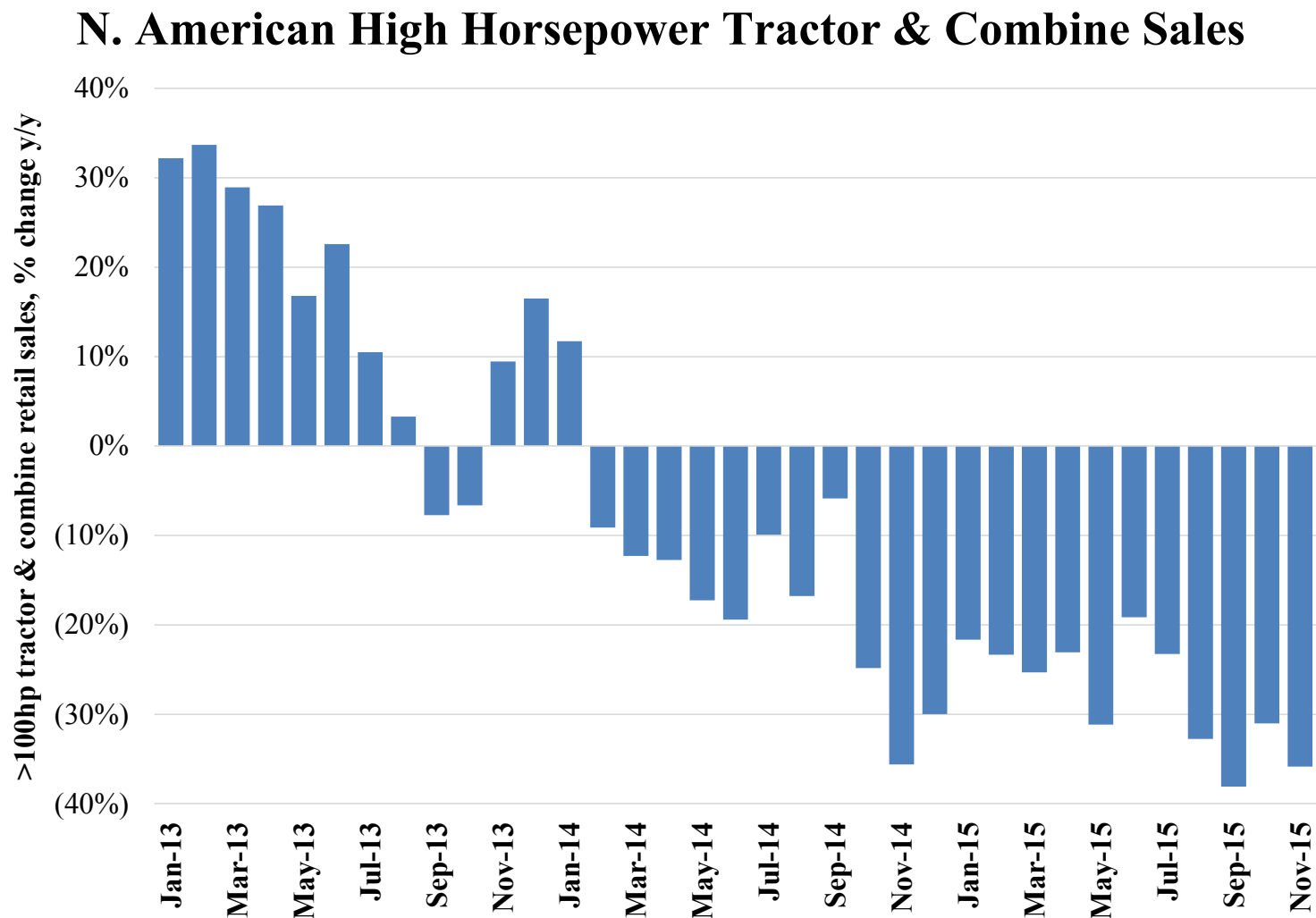
NORTH AMERICAN FARM EQUIPMENT INVENTORY														
	Inventory (Units)							Inventory to 12-mo. Sales						
	<40 HP	Utility	Row Crop	4-Wheel	Total Tractor	Crop & 4WD	Combines	<40HP	Util	RC	4-WD	Total Tractor	Crop & 4WD	Comb
Dec-12	67,319	29,137	10,335	1,753	108,544	12,088	1,409	64%	48%	28%	21%	52%	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%	54%	32%	28%	51%	32%	21%
Jun-14	62,025	34,004	14,531	2,294	112,854	16,825	3,101	53%	52%	35%	29%	49%	34%	24%
Jul-14	61,829	34,393	14,836	2,159	113,217	16,995	3,144	52%	53%	36%	27%	49%	35%	25%
Aug-14	62,466	35,692	15,060	2,193	115,411	17,253	3,360	53%	54%	37%	29%	49%	36%	28%
Sep-14	61,811	35,926	16,185	2,399	116,321	18,584	2,891	51%	54%	40%	32%	49%	38%	24%
Oct-14	63,713	35,965	14,640	1,802	116,120	16,442	2,187	52%	53%	37%	25%	49%	35%	19%
Nov-14	67,691	37,110	14,840	1,652	121,293	16,492	2,046	55%	55%	38%	24%	51%	36%	19%
Dec-14	69,876	35,550	14,638	1,426	121,490	16,064	1,674	57%	52%	39%	22%	51%	36%	16%
Jan-15	73,716	35,405	13,934	1,439	124,494	15,373	1,713	59%	51%	37%	24%	53%	35%	17%
Feb-15	78,177	36,676	13,981	1,436	130,270	15,417	1,820	63%	54%	38%	25%	55%	36%	19%
Mar-15	81,662	37,881	14,179	1,346	135,068	15,525	2,040	66%	56%	39%	24%	58%	37%	22%
Apr-15	80,348	37,047	13,193	1,353	131,941	14,546	2,116	64%	54%	37%	26%	56%	35%	24%
May-15	78,880	37,037	13,177	1,400	130,494	14,577	2,058	63%	55%	38%	28%	56%	36%	23%
Jun-15	76,286	36,584	13,006	1,416	127,292	14,422	2,276	61%	54%	37%	29%	55%	36%	27%
Jul-15	72,876	35,232	12,507	1,354	121,969	13,861	2,218	56%	51%	37%	28%	52%	36%	27%
Aug-15	74,247	36,442	12,555	1,343	124,587	13,898	2,232	58%	53%	38%	29%	53%	37%	28%
Sep-15	65,844	37,545	12,551	1,374	117,314	13,925	2,001	51%	55%	39%	32%	50%	38%	26%
Oct-15	75,042	37,885	11,906	1,266	126,099	13,172	1,504	58%	56%	39%	31%	54%	38%	20%

Source: AEM; Cleveland Research Company estimates

Annual Agricultural Equipment Industry Sales (1985 - 2014)



North America Large Ag Equipment Sales

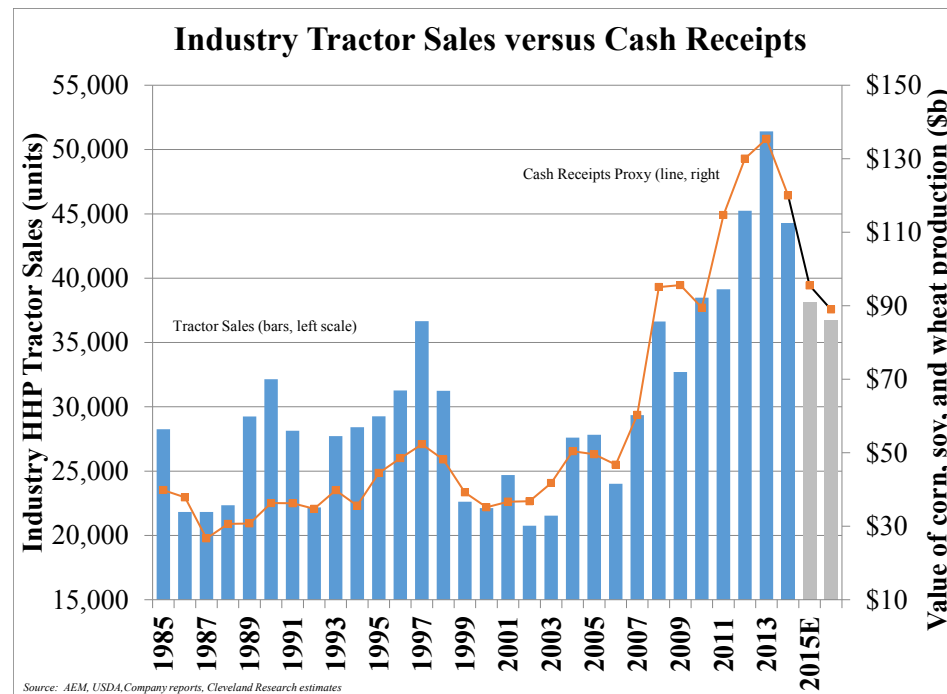


Source: AEM, CRC estimates

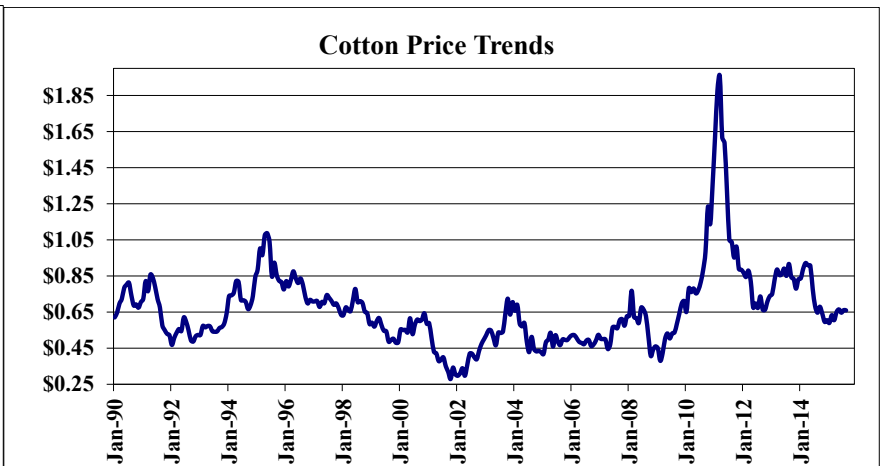
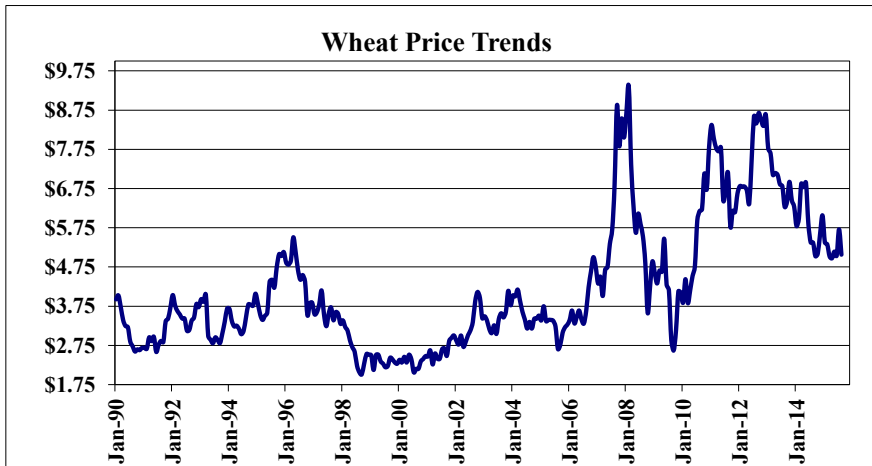
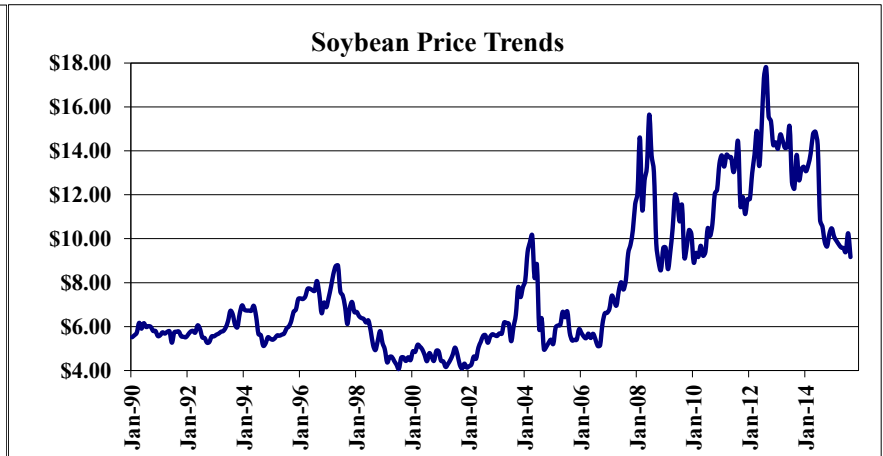
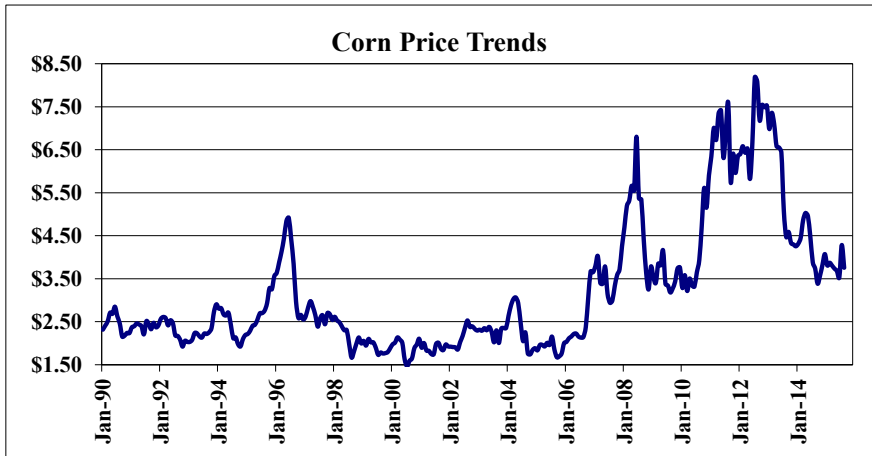
Commodity Prices – Cash Receipts vs. Next Year Equipment Sales

USDA's November WASDE Update Highlights – The following chart illustrates the historical relationship between the value of production of corn, soybeans and wheat in the U.S. compared to annual industry sales of high horsepower tractors.

USDA's December crop report remained negative for future industry tractor sales, and was inline with the November report. Our cash receipts proxy now forecasts receipts down 9% y/y in 2015/2016 compared to the November forecast of down 9% and the 2014/2015 decline of 13%.



Long Term Commodity Price Trends



Commodity Trends – Long Run Supply and Demand Projections

US Corn, Soy, and Wheat Supply and Demand - Long Term Annual Forecast 2015

US Corn Balance Sheet - USDA Long Term Forecast (Feb 2015)

Millions of bushels	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Planted	88	92	97	95	91	88	90	90	90	90	90	89	89	89	89
Harvested	81	84	87	88	83	80	82	82	82	82	82	81	81	81	81
Yield (bu/acre)	153	147	123	159	173	167	169	171	173	175	177	179	181	183	185
Beginning Stocks (MM bu)	1,708	1,128	989	821	1,236	2,008	1,733	1,738	1,753	1,773	1,748	1,753	1,703	1,683	1,668
Production (MM bu)	12,447	12,360	10,780	13,925	14,407	13,445	13,940	14,105	14,270	14,355	14,520	14,595	14,760	14,920	15,085
Imports (MM bu)	28	29	162	35	25	25	25	25	25	25	25	25	25	25	25
Total Supply (MM bu)	14,183	13,517	11,931	14,781	15,668	15,478	15,698	15,868	16,048	16,153	16,293	16,373	16,488	16,628	16,778
Feed & Residual (MM Bu)	4,792	4,557	4,329	5,300	5,375	5,225	5,375	5,500	5,600	5,650	5,700	5,750	5,800	5,875	5,925
Food, Seed, & Industrial (excl. Ethanol)	1,407	1,428	1,403	1,435	1,385	1,420	1,435	1,440	1,450	1,455	1,465	1,470	1,480	1,485	1,495
Ethanol & By-Products	5,021	5,000	4,648	5,000	5,150	5,200	5,150	5,100	5,075	5,075	5,075	5,100	5,125	5,150	5,200
Exports	1,835	1,543	731	1,900	1,750	1,900	2,000	2,075	2,150	2,225	2,300	2,350	2,400	2,450	2,500
Total Use	13,054	12,528	11,111	13,635	13,660	13,745	13,960	14,115	14,275	14,405	14,540	14,670	14,805	14,960	15,120
Ending Stocks	1,128	989	820	1,146	2,008	1,733	1,738	1,753	1,773	1,748	1,753	1,703	1,683	1,668	1,658
Ending Stocks/Use	8.6%	7.9%	7.4%	8.4%	14.7%	12.6%	12.4%	12.4%	12.4%	12.1%	12.1%	11.6%	11.4%	11.1%	11.0%
Weeks Carryover	4.5	4.1	3.8	4.4	7.6	6.6	6.5	6.5	6.5	6.3	6.3	6.0	5.9	5.8	5.7
Average Farm Price (\$/bu)	\$5.18	\$6.22	\$6.89	\$4.55	\$3.50	\$3.40	\$3.50	\$3.50	\$3.50	\$3.55	\$3.55	\$3.60	\$3.65	\$3.70	\$3.75
Value of Production	\$64,475	\$76,879	\$74,274	\$63,359	\$50,425	\$45,713	\$48,790	\$49,368	\$49,945	\$50,960	\$51,546	\$52,542	\$53,874	\$55,204	\$56,569
% change y/y	39%	19%	-3%	-15%	-20%	-9%	7%	1%	1%	2%	1%	2%	3%	2%	2%

U.S. Soybean Balance Sheet - USDA Long Term Forecast (Feb 2015)

Millions of bushels	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Planted	77	75	77	77	84	84	79	78	78	79	79	79	79	79	79
Harvested	77	74	76	76	83	83	78	77	77	78	78	78	78	78	78
Yield Per Harvested Acre (Bushels)	44	42	40	43	48	46	47	47	47	48	48	49	49	50	50
Beginning Stocks	151	215	169	140	92	450	519	396	282	243	238	232	237	241	244
Production	3,329	3,094	3,034	3,289	3,958	3,820	3,630	3,620	3,655	3,715	3,750	3,810	3,845	3,885	3,920
Imports	14	16	36	90	15	15	15	15	15	15	15	15	15	15	15
Total Supplies	3,495	3,325	3,239	3,519	4,065	4,285	4,164	4,031	3,952	3,973	4,003	4,057	4,097	4,141	4,179
Crush	1,648	1,703	1,689	1,700	1,780	1,835	1,850	1,850	1,855	1,880	1,900	1,925	1,940	1,960	1,975
Exports	1,501	1,362	1,320	1,600	1,720	1,820	1,810	1,790	1,745	1,745	1,760	1,785	1,805	1,825	1,845
Seed & Residual	131	88	90	95	115	111	109	109	109	110	111	111	111	111	111
Total Use	3,280	3,155	3,099	3,395	3,615	3,766	3,769	3,749	3,709	3,735	3,771	3,821	3,856	3,896	3,931
Ending Stocks	215	169	140	124	450	519	396	282	243	238	232	237	241	244	248
Stocks/Use	6.6%	5.4%	4.5%	3.7%	12.4%	13.8%	10.5%	7.5%	6.6%	6.4%	6.2%	6.2%	6.3%	6.3%	6.3%
Average Price (\$/bu)	\$11.30	\$12.50	\$14.40	\$13.10	\$10.00	\$8.50	\$8.55	\$8.80	\$9.10	\$9.20	\$9.30	\$9.35	\$9.40	\$9.45	\$9.55
Value of Production	\$37,620	\$38,669	\$43,690	\$43,086	\$39,580	\$32,470	\$31,037	\$31,856	\$33,261	\$34,178	\$34,875	\$35,624	\$36,143	\$36,713	\$37,436
% change y/y	17%	3%	13%	-1%	-8%	-18%	-4%	3%	4%	3%	2%	2%	1%	2%	2%

Commodity Trends – Long Run Supply and Demand Projections (Cont.)

US Corn, Soy, and Wheat Supply and Demand - Long Term Annual Forecast 2015 (continued)

U.S. Wheat Balance Sheet - USDA Long Term Forecast (Feb 2015)

Millions of bushels	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Planted	54	54	56	56	57	56	53	53	53	53	53	52	52	52	52
Harvested	48	46	49	45	46	47	45	45	45	45	45	44	44	44	44
Yield Per Harvested Acre (Bushels)	46	44	46	47	44	46	46	47	47	47	48	48	49	49	49
Beginning Stocks	976	862	743	718	590	644	700	680	663	654	653	666	662	661	663
Production	2,207	1,999	2,266	2,130	2,026	2,155	2,075	2,075	2,090	2,105	2,125	2,115	2,135	2,145	2,165
Imports	97	112	123	170	170	150	155	160	165	170	175	180	185	190	195
Total Supplies	3,279	2,974	3,131	3,018	2,786	2,949	2,930	2,915	2,918	2,929	2,953	2,961	2,982	2,996	3,023
Food	926	941	945	950	960	967	974	981	988	995	1,002	1,009	1,016	1,023	1,030
Seed	71	76	73	74	76	72	71	71	71	71	70	70	70	70	70
Feed&residual	129	162	388	220	180	190	180	170	170	170	170	170	180	180	190
Exports	1,291	1,051	1,007	1,180	925	1,020	1,025	1,030	1,035	1,040	1,045	1,050	1,055	1,060	1,065
Total Use	2,417	2,231	2,414	2,424	2,141	2,249	2,250	2,252	2,264	2,276	2,287	2,299	2,321	2,333	2,355
Ending Stocks	862	743	718	593	644	700	680	663	654	653	666	662	661	663	668
Stocks/Use	35.7%	33.3%	29.7%	24.5%	30.1%	31.1%	30.2%	29.4%	28.9%	28.7%	29.1%	28.8%	28.5%	28.4%	28.4%
Average Price (\$/bu)	\$5.70	\$7.24	\$7.77	\$6.87	\$5.90	\$5.00	\$4.65	\$4.75	\$4.80	\$4.80	\$4.80	\$4.80	\$4.85	\$4.85	\$4.85
Value of Production	\$12,579	\$14,475	\$17,607	\$14,631	\$11,953	\$10,775	\$9,649	\$9,856	\$10,032	\$10,104	\$10,200	\$10,152	\$10,355	\$10,403	\$10,500
% change y/y	16%	15%	22%	-17%	-18%	-10%	-10%	2%	2%	1%	1%	0%	2%	0%	1%

Total Acreage and Value of U.S. Corn, Soy and Wheat Production - USDA February 2015 Projection

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Total Corn, Soy, Wheat															
Planted (mm acres)	219	221	230	228	232	228	222	221	221	221	221	220	220	220	220
Harvested (mm acres)	206	204	213	209	213	211	205	204	204	204	204	204	204	204	204
Yield (bu/acre)	87	86	76	93	96	92	96	97	98	99	100	101	102	103	104
Production	17,983	17,453	16,080	19,344	20,391	19,420	19,645	19,800	20,015	20,175	20,395	20,520	20,740	20,950	21,170
Average Price (\$/bu)	\$6.38	\$7.45	\$8.43	\$6.26	\$5.00	\$4.58	\$4.55	\$4.60	\$4.66	\$4.72	\$4.74	\$4.79	\$4.84	\$4.88	\$4.94
Value of Production	\$114,675	\$130,024	\$135,571	\$121,076	\$101,958	\$88,958	\$89,475	\$91,080	\$93,238	\$95,242	\$96,621	\$98,318	\$100,372	\$102,321	\$104,505
% change y/y	28%	13%	4%	-11%	-16%	-13%	1%	2%	2%	2%	1%	2%	2%	2%	2%

U.S. Acreage Planted Per Crop Year

