

Ag Equipment Intelligence

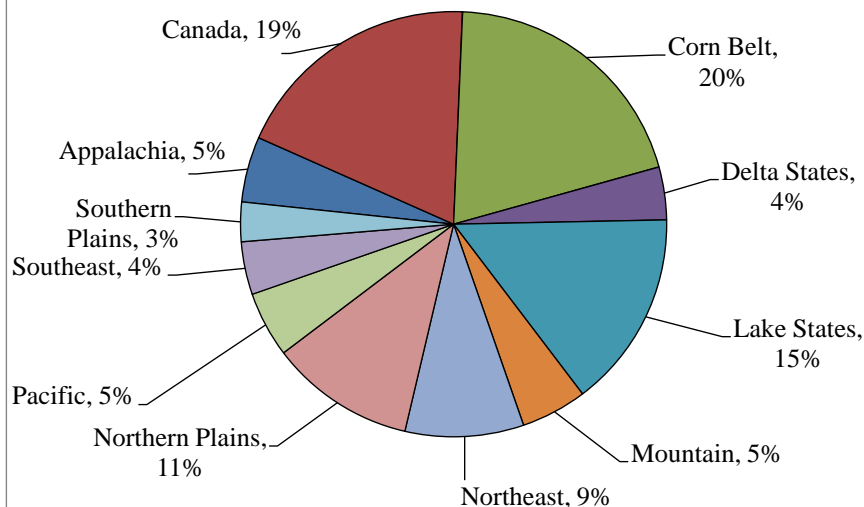
May 2015 Dealer Sentiments &
Business Conditions Update

Monthly Ag Equipment Intelligence North American Dealer Survey

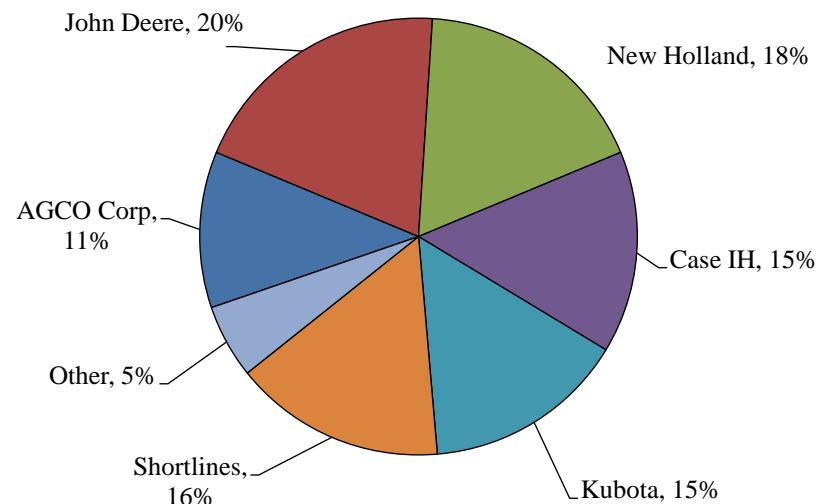
Background:

- We are pleased to announce the results of the MayAg 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 May survey had 101 respondents representing combined annual revenues of roughly \$4.5 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 – KY, NC, TN, VA, WV, **Corn Belt** – IL, IN, IA, MO, OH, **Delta States** – AR, MO, LA, **Lake States** – MI, MN, WI, **Mountain** – AZ, CO, ID, MT, NM, NV, UT, WY, **Northeast** – CT, DE, ME, MD, MA, NH, NY, NJ, PA, RI, VT, **Northern Plains** – KS, NE, ND, SD, **Pacific** – CA, OR, WA, AK, HI, **Southeast** – AL, FL, GA, SC, MS, **Southern Plains** – OK, TX. Note AGCO represents Massey Ferguson and Challenger brands.

Highlights / Summary Thoughts

- **Industry Sales Down 10% y/y in April** – Dealers reported sales were down 10% on average in April, a deterioration from the 8% sales decline in March and inline with the 10% decline reported for the March quarter overall. Overall, 27% of dealers reported sales growth in April while 62% of dealers reported sales declines. A net 2% of dealers missed their sales budgets for the month, the third consecutive month of sales below expectations.
- **Orders Fell 19% y/y in April vs down 12% Last Month** – Orders for the month were reported down 19% y/y on average, a deterioration from the 12% average order decline last month, with all major brands reporting double digit declines in order intake.
- **2015 Sales Outlook Unchanged at Down 13%** – Dealers left the full year 2015 sales decline forecast unchanged at down 13% on average, inline with the 10-15% total sales decline forecast since last September.
- **New and Used Equipment Inventories Remain “Too High”** – A net 41% of dealers report new inventory as “too high” compared to a net 33% last month, at the high end of the last six month trend. Used equipment are also too high with a net 43% of dealers reporting used equipment inventory as “too high” this month, although below the net 47% level last month.

Monthly Sales Growth

- Dealers report average sales were down 10% y/y in April, down from the 8% average sales decline reported last month.
- Sales were below dealer expectations, with a net 2% of dealers missing their sales budgets for the month, the third consecutive month of sales below plan but a smaller miss than in prior months.

N. American Farm Equipment Dealer Survey - Average Dealer Sales Growth															
% Change y/y	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
AGCO	0%	-2%	-3%	1%	-3%	4%	-3%	4%	5%	5%	-13%	-12%	3%	-8%	-5%
John Deere	2%	0%	-3%	-2%	-3%	-6%	-4%	-6%	-11%	-8%	-3%	-10%	-21%	-8%	-12%
New Holland	-2%	-2%	-4%	-10%	2%	-2%	-3%	0%	0%	-9%	-1%	-4%	-6%	-5%	-3%
Case IH	-2%	-6%	-5%	-1%	-10%	-5%	-9%	-13%	-15%	-14%	-6%	-19%	-11%	-13%	-17%
Kubota	-3%	1%	-1%	-1%	2%	0%	-2%	1%	1%	-8%	-6%	-10%	5%	-16%	0%
Shortlines/Other	0%	0%	1%	3%	-2%	3%	5%	5%	5%	-1%	1%	-8%	-14%	-13%	-15%
Total	0%	-2%	-4%	-2%	-4%	-4%	-5%	-6%	-9%	-9%	-5%	-11%	-12%	-8%	-10%

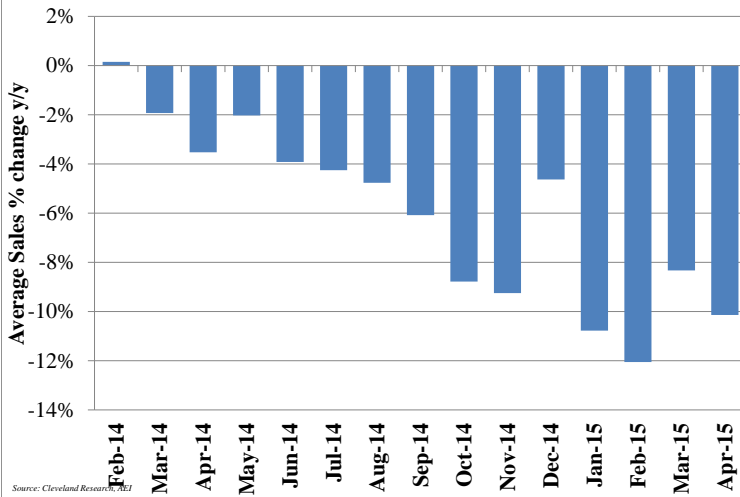
Source: Cleveland Research, AEI

N. American Farm Equipment Dealer Survey - Sales Versus Expectations															
% of Dealers Reporting	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Better than expected	20%	21%	21%	29%	25%	26%	28%	24%	22%	21%	29%	26%	13%	20%	27%
In line with expectations	55%	54%	54%	52%	53%	49%	47%	47%	51%	40%	47%	57%	59%	50%	44%
Worse than expected	25%	26%	25%	19%	23%	26%	25%	29%	27%	39%	23%	18%	28%	28%	29%
Net % (Better - Worse)	-4%	-5%	-4%	10%	2%	0%	3%	-5%	-5%	-18%	6%	8%	-14%	-8%	-2%

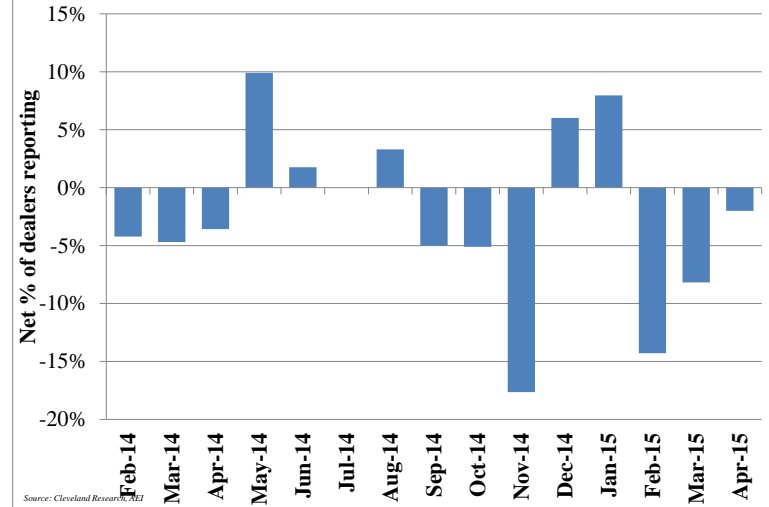
Source: Cleveland Research, AEI

Monthly Sales Growth Continued

Ag Equipment Dealer Survey - Monthly Sales Growth Trends



Ag Equipment Dealer Survey - Sales Versus Expectations



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

% of Dealers Reporting	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
Positive Sales Growth	45%	49%	39%	50%	46%	42%	37%	37%	40%	27%	33%	26%	13%	20%	27%
Flat Sales	17%	22%	20%	12%	18%	21%	22%	18%	14%	16%	16%	57%	59%	50%	11%
Negative Sales Growth	37%	29%	40%	39%	36%	37%	42%	46%	46%	58%	51%	18%	28%	28%	62%
Net % Reporting Growth	8%	20%	-1%	11%	11%	5%	-5%	-9%	-6%	-31%	-19%	8%	-14%	-8%	-35%
Average % Change y/y	0%	-2%	-4%	-2%	-4%	-4%	-5%	-6%	-9%	-9%	-5%	-11%	-12%	-8%	-10%

Source: Cleveland Research

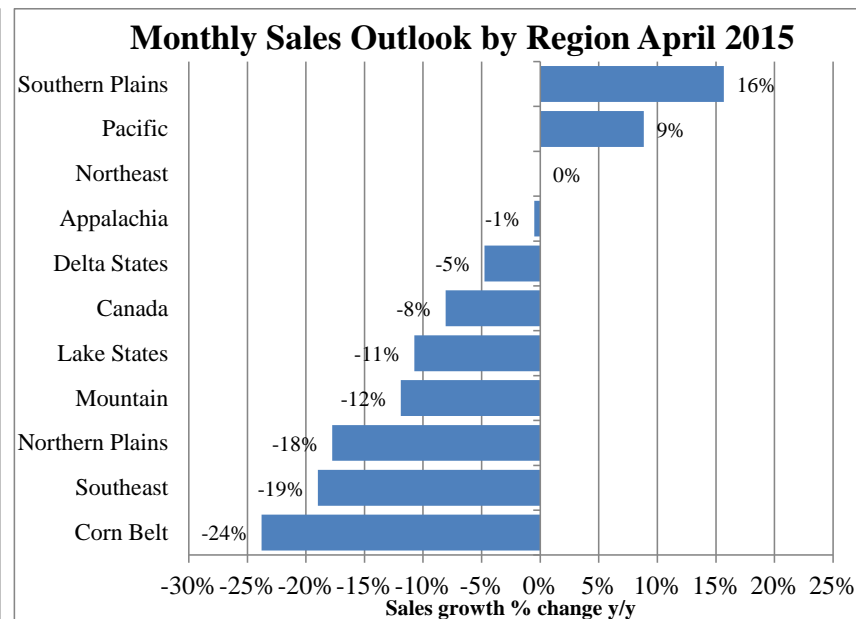
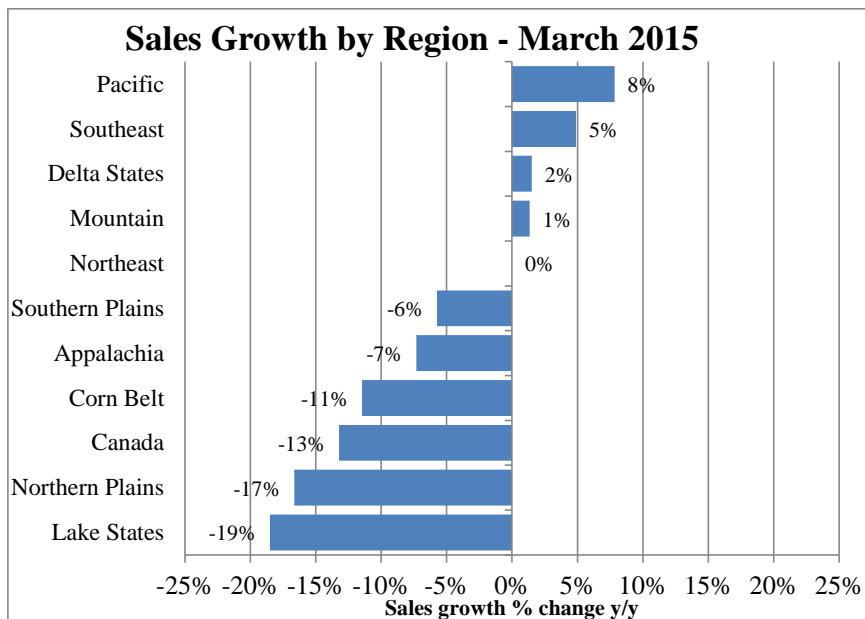
Optimism/Sentiment vs. Last Month

% of Dealers Reporting	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
More Optimistic	24%	26%	24%	25%	23%	13%	12%	16%	8%	9%	12%	12%	9%	14%	14%
Same	50%	51%	44%	45%	42%	45%	50%	46%	48%	38%	39%	52%	50%	42%	47%
Less Optimistic	26%	23%	32%	30%	35%	42%	38%	38%	44%	53%	49%	36%	41%	43%	40%
Net % Dealer Optimism	-1%	3%	-9%	-5%	-11%	-28%	-26%	-22%	-36%	-44%	-37%	-25%	-31%	-29%	-26%

Source: Cleveland Research

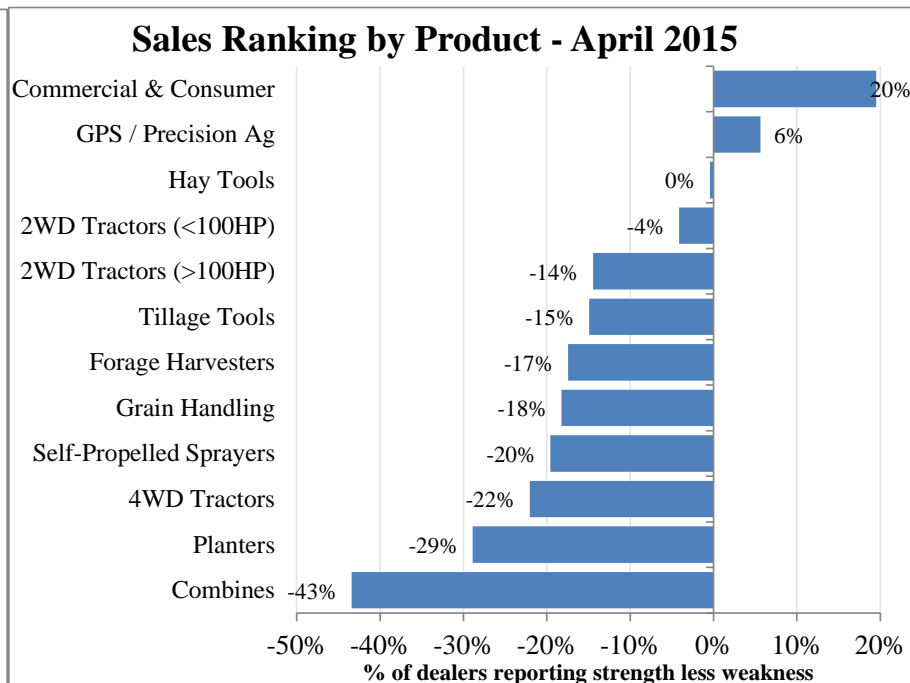
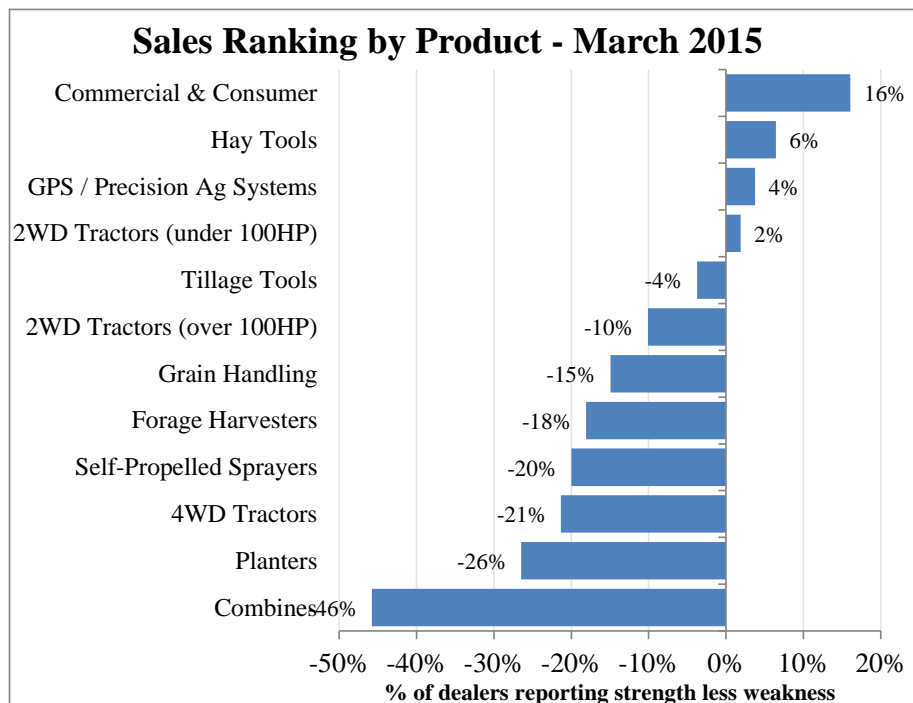
Monthly Sales Growth by Region

- Only two of eleven regions showed positive average monthly sales growth in April vs four in March. The Pacific Northwest remains among the strongest reporting regions, while the Lake States, Mountain, Northern Plains, Southeast, and Corn Belt are reporting the largest revenue declines.
- Compared to last month, Corn Belt states saw sales declines deteriorate further, while Southern Plains improved notably (albeit with a small sample size).

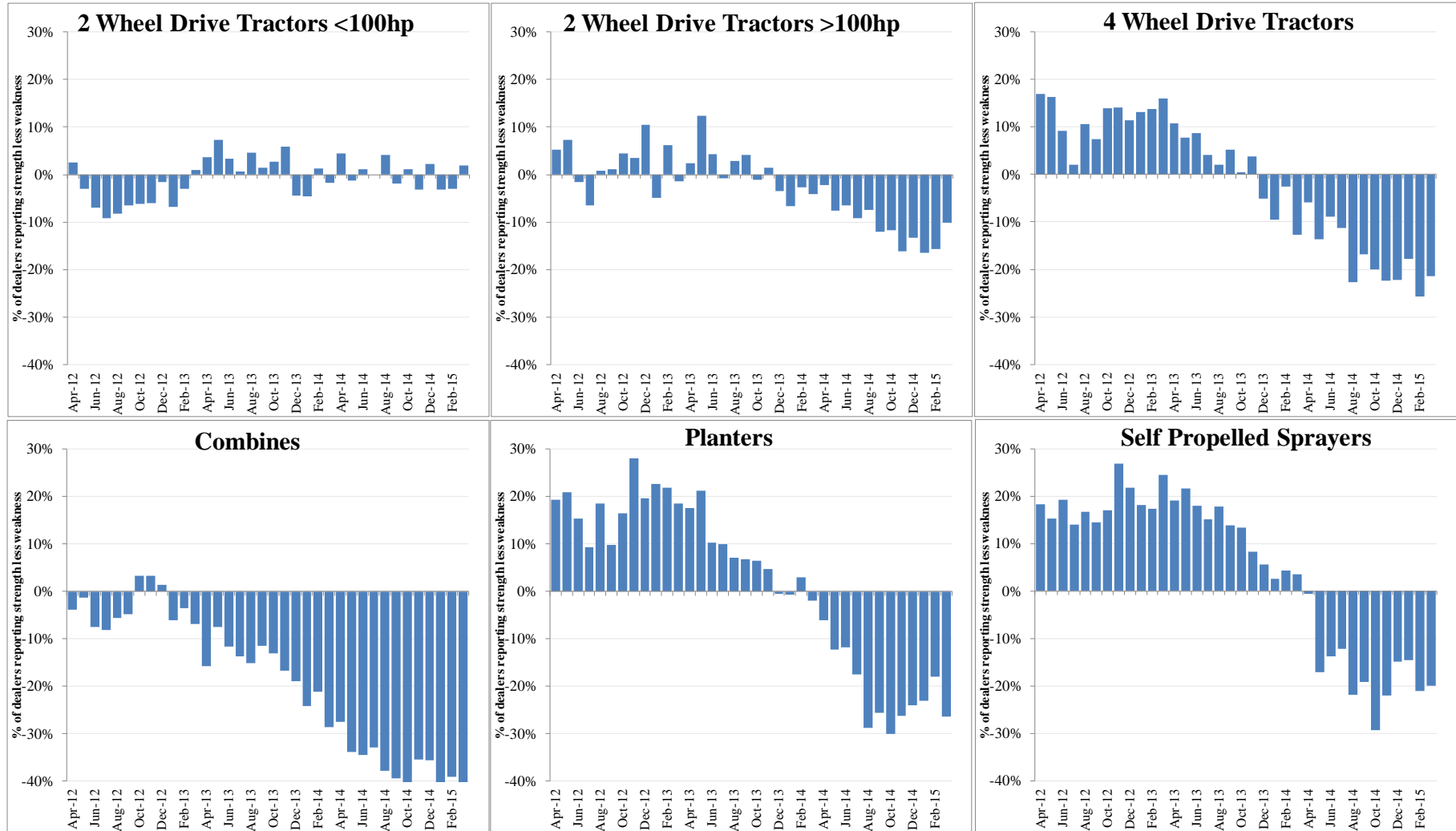


Equipment Category Sales Trends

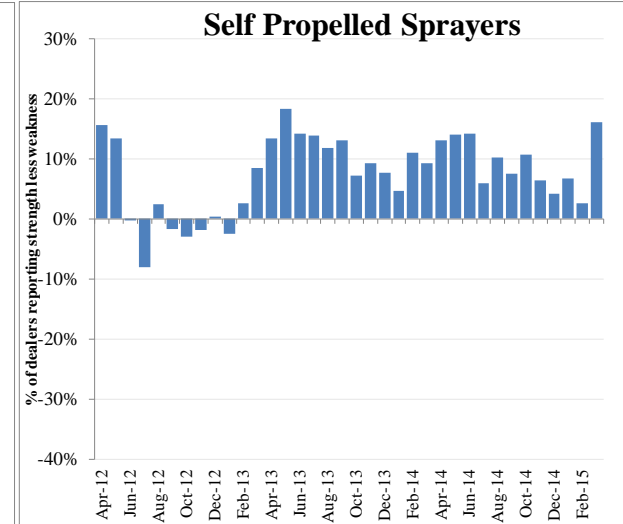
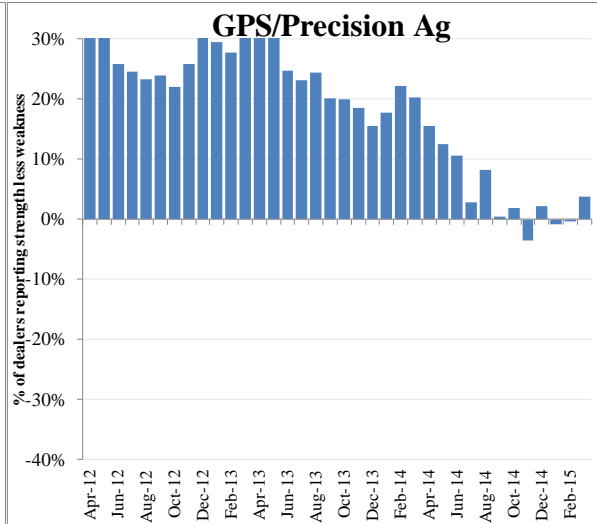
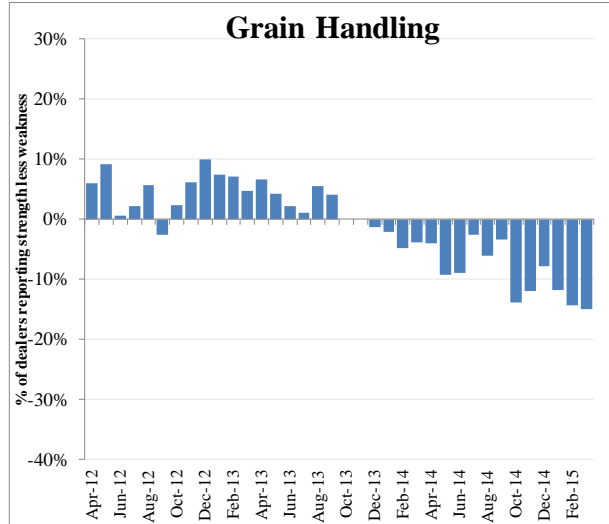
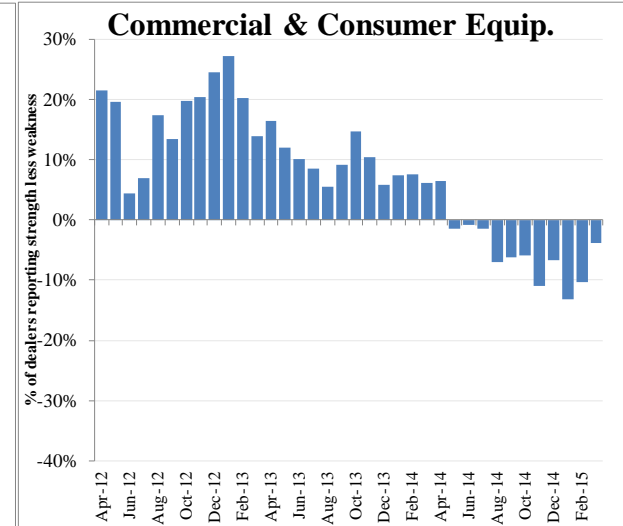
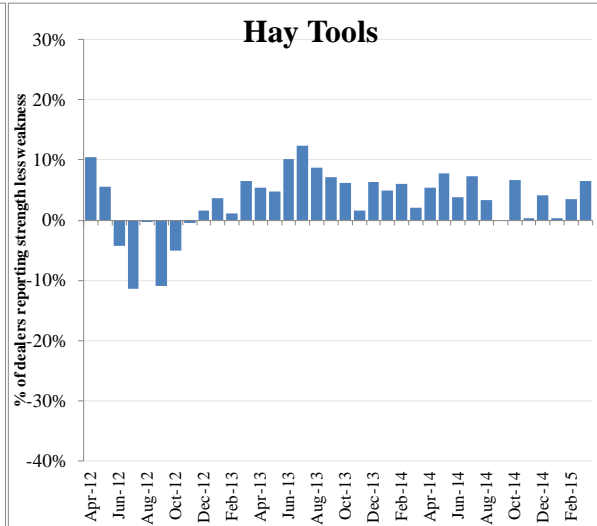
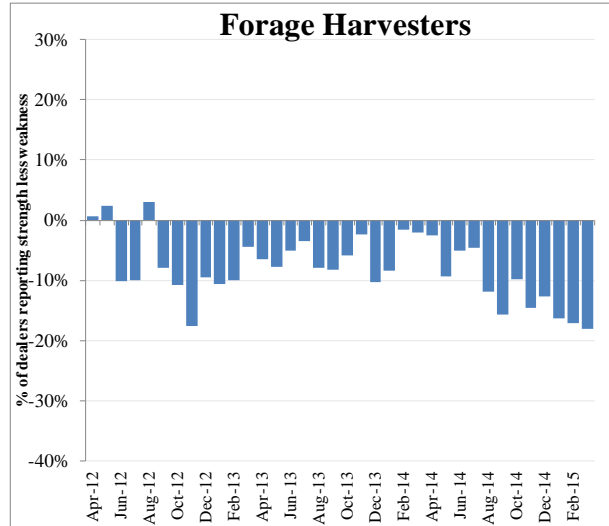
- Commercial/Consumer Equipment, GPS/Precision Ag, and Hay Tools continue to show strength in demand, while combines, planters, 4-wheel drive tractors, and large sprayers are reported as the weakest product categories.
- Relative to last month, Commercial/Consumer Equipment and GPS/Precision Ag improved the most, while Tillage Tools and Utility Tractors showed the most significant deterioration in demand vs last month.



Equipment Category Sales Trends



Equipment Category Sales Trends (Continued)



Most Interesting Commentary - Monthly Sales and Outlook

- *I think that things would still be ok if we got some rain*
- *I'm not optimistic. Grain prices, Govt. cannot allow farmers or business to plan more than 3 mo. at a time. Need some stable future vision on long term planning.*
- *Let's wait and see what mid June tells us.*
- *We feel the first 6 months will be good but we are worried about the second half of the year*
- *lack of moisture / poor commodity prices seem to be the biggest factors*
- *Our sold ahead position continues to erode. Corn and bean prices are still slipping downward, causing customers to hold on ANY equipment purchases. We have customers that need to update combines, but they are holding off on any expenses until they get a crop growing and/or they see an improvement in commodity prices.*
- *Corn prices are tanking and farmers are not spending except for repairs.*
- *We are more optimistic due to heavy rainfall (much needed) and markets driving customers away from row crop and back into our primary product segments.*
- *We expected bad and that is on plan. The last few years of good grain prices have resulted in new equipment on a lot of farms. few are in need of new large machine purchases. Used market on late model low hr machines is weak to collapsed and plentiful #'s exist. We see a lot of (make life easier) smaller purchases this year.*
- *We are in a dairy area and farmers have slowed on their equipment purchase.*
- *Farmers are really looking hard at prices. Some had contracts of pre-sold grain to carry them late and early year. Now all that is drying up, lot of corn just sitting in bins with more coming. Some are locked into some high cash rents and inputs are there to stay, they won't drop. The past few years everyone upgraded equipment and do not need to buy.*
- *Lots of producers who normally buy at the end of the year did not this last year due to the uncertainty with Section 179 accelerated depreciation and waited until this spring to make their purchases.*
- *Good weather brings people in*

Monthly Order Trends

Overall Orders

- Incoming orders declined 19% y/y on average in April, a deterioration from the 12% decline in March. Kubota, Case IH, and Deere dealers saw the greatest softening in order trends during the month.

New Combine Order Intentions

- A net 59% of dealers are planning to order fewer combines for 2015 in comparison to 2014, down from the net 54% reporting lower orders last month.

N. American Farm Equipment Dealer Survey - Average Orders Growth															
% Change y/y	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
AGCO	-4%	0%	-1%	-5%	-8%	-3%	-7%	-4%	-2%	-17%	-8%	-16%	-2%	-19%	-11%
John Deere	-1%	-5%	-6%	-5%	-8%	-11%	-7%	-14%	-17%	-14%	-10%	-11%	-20%	-12%	-20%
New Holland	-3%	-4%	-8%	-5%	-8%	-5%	-7%	-4%	-5%	-15%	-6%	-5%	-16%	-8%	-10%
Case IH	-1%	-7%	-4%	-6%	-8%	-9%	-14%	-11%	-18%	-21%	-19%	-18%	-17%	-17%	-25%
Kubota	-2%	-3%	-7%	-8%	-6%	-4%	-9%	-9%	-4%	-16%	-8%	-7%	-17%	-22%	-24%
Shortlines/Other	0%	-1%	-2%	-5%	-9%	-4%	-7%	-9%	-12%	-17%	-6%	-14%	-17%	-18%	-16%
Total	-2%	-4%	-5%	-4%	-8%	-9%	-9%	-10%	-15%	-16%	-12%	-12%	-15%	-12%	-19%

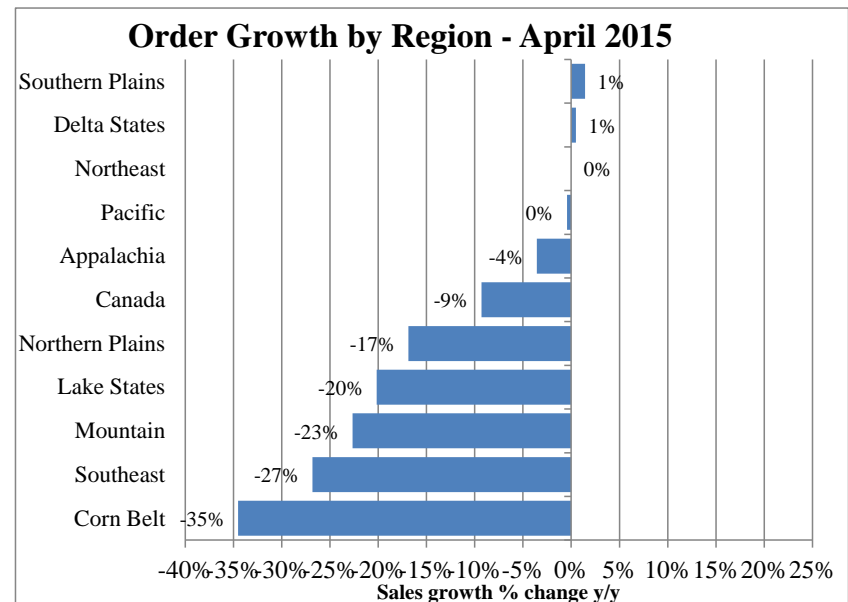
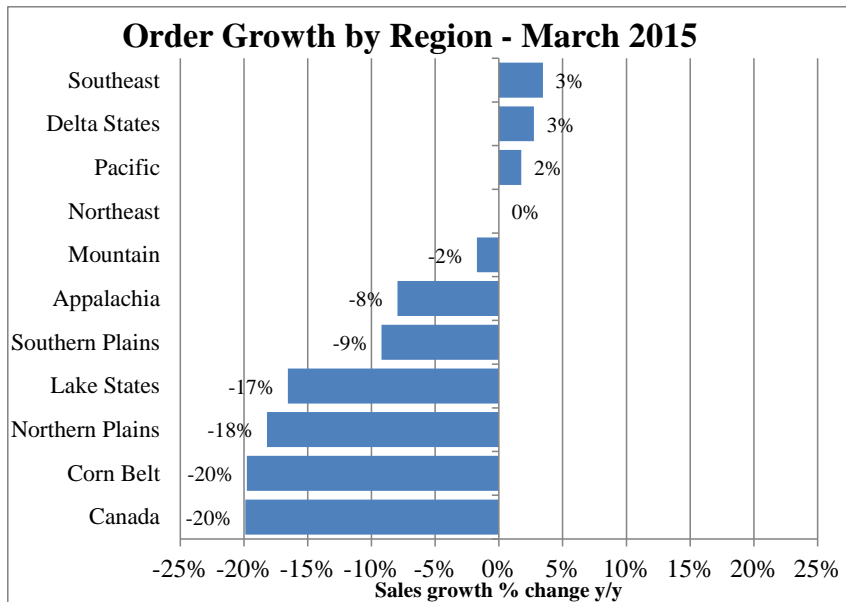
Source: Cleveland Research, AEI

New Combine Order Intentions vs. Last Year								
% of Dealers Ordering.	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
More	4%	3%	5%	1%	7%	6%	6%	3%
Same	30%	29%	23%	34%	26%	26%	34%	35%
Less	66%	68%	72%	65%	67%	69%	60%	62%
Net % (More- Less)	-62%	-64%	-67%	-63%	-60%	-63%	-54%	-59%

Source: Cleveland Research, AEI

Order Trends by Region

- The Delta States and Southern Plains states are the only regions reporting order growth in April, while the Corn Belt, Southeast, and Mountain states reported the largest order declines this month. Monthly orders by region tend to be volatile in some regions due to smaller relative sample sizes (Southeast, Delta States).



Average Dealer Sales Outlook

- The average dealer sales forecast for 2015 is sales down 13% y/y, unchanged from the forecast last month. Overall, 23% of dealers forecast sales growth for the year, while 61% forecast sales declines.
- The second table below details the industry outlooks from Deere, Case IH/New Holland and AGCO. Deere recently raised its N. America industry sales forecast from down 25-30% to down 25% for the year to reflect better than expected demand from the livestock sector so far this year.

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
AGCO	6%	0%	-9%	0%	-10%	-11%	-12%	-5%
John Deere	-12%	-14%	-9%	-9%	-11%	-18%	-8%	-15%
New Holland	9%	-8%	-10%	-3%	-6%	-11%	-10%	-4%
Case IH	-12%	-11%	-16%	-11%	-14%	-17%	-17%	-14%
Kubota	7%	-6%	-14%	-6%	-11%	-13%	-17%	-10%
Shortlines/Other	1%	-4%	-16%	-9%	-7%	-10%	-19%	-10%
Overall	-9%	-11%	-10%	-8%	-11%	-15%	-13%	-13%

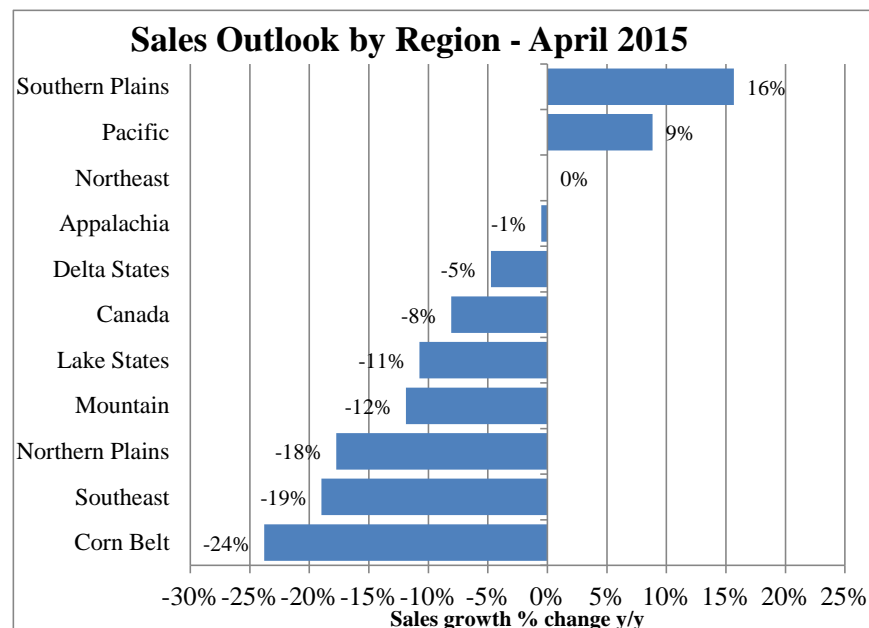
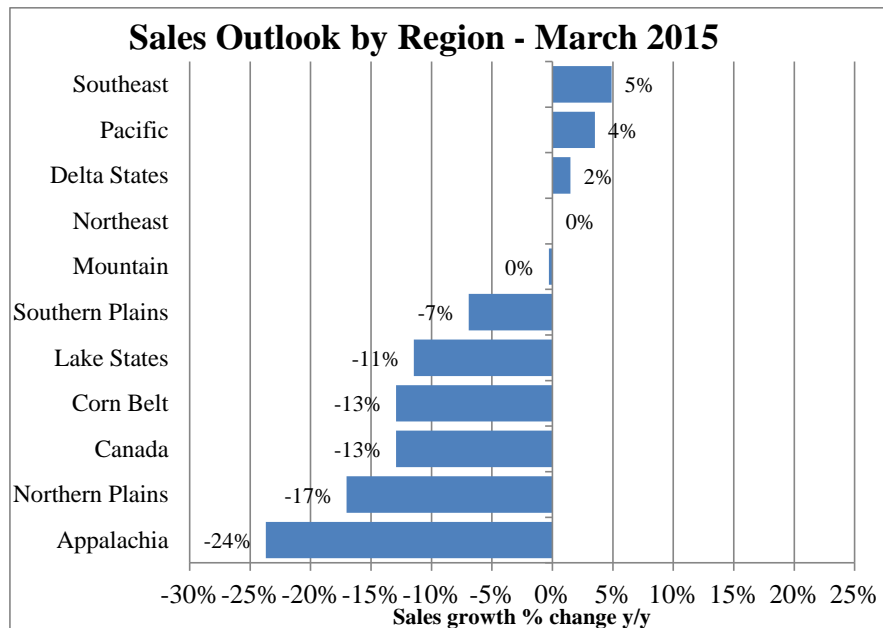
Source: Cleveland Research, AEI

2015 Ag Equipment Outlook - Deere, AGCO, CNH			
Geography	Deere	CNH Industrial	AGCO Corp.
N. America	Down ~25%	Tractors (0-5%); Combines (25-30%)	Down 5-10% (HHP down over 20%)
Western Europe	Down ~10%	Tractors (0-5%), Combines (5-10%)	Down 5-10%
Latin America	Down ~15-20%	Tractors (15-20%), Combines (20-25%)	Down ~15%
CIS or ROW	Down Significantly	na	na
Asia	Down Modestly	Tractors (10-15%), Combines (10-15%)	na

Source: Company reports, CRC estimates

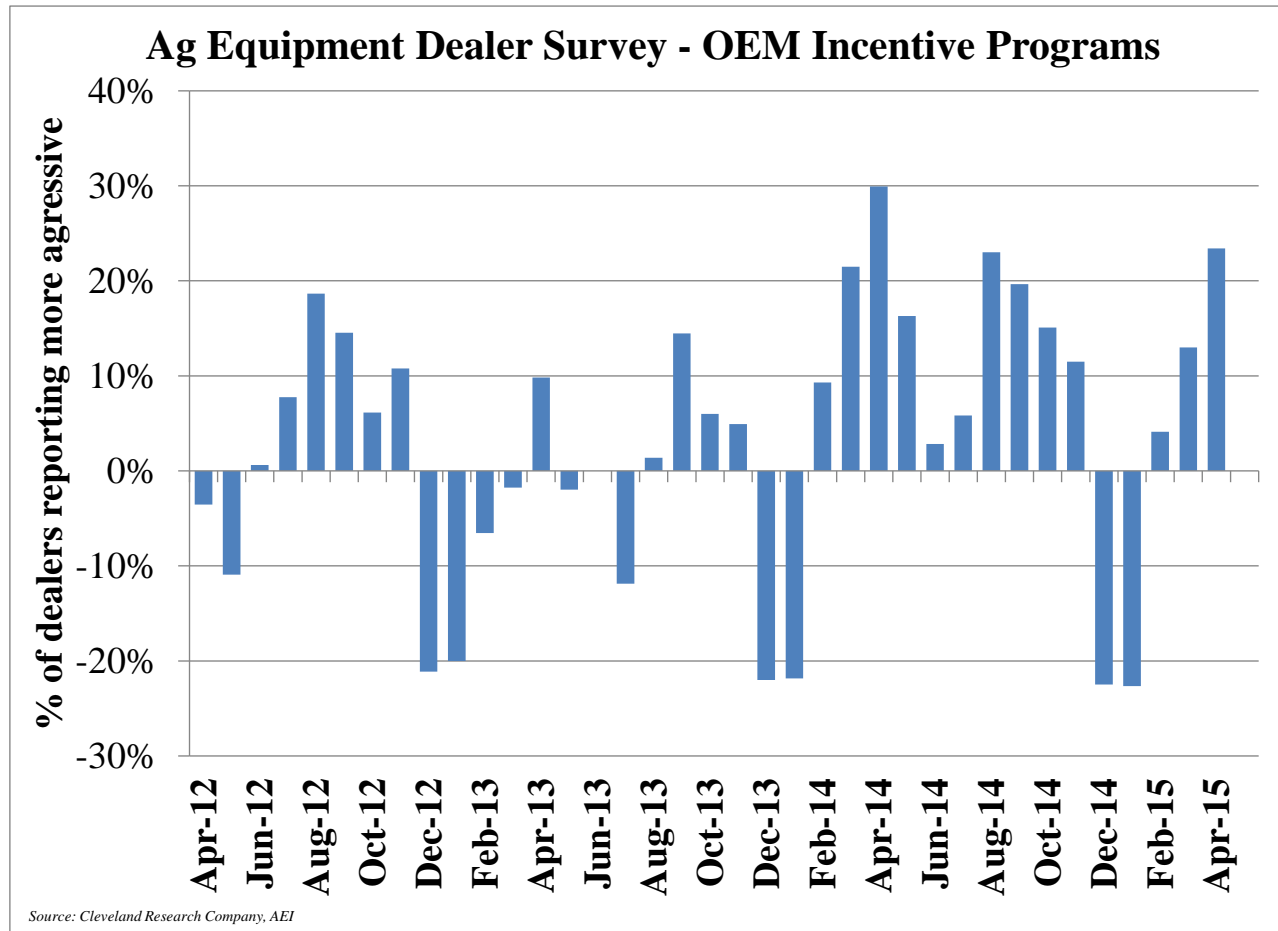
2015 Sales Outlook Continued

- Dealers in the Northeast and Pacific Northwest forecast 0-10% sales growth for 2015, while dealers across the remainder of the country forecast sales declines ranging from down low single digits to down 25% for the year. Dealers in the Corn Belt forecast sales down ~25% for the year, much lower than the 10-15% decline forecast over the last several months.



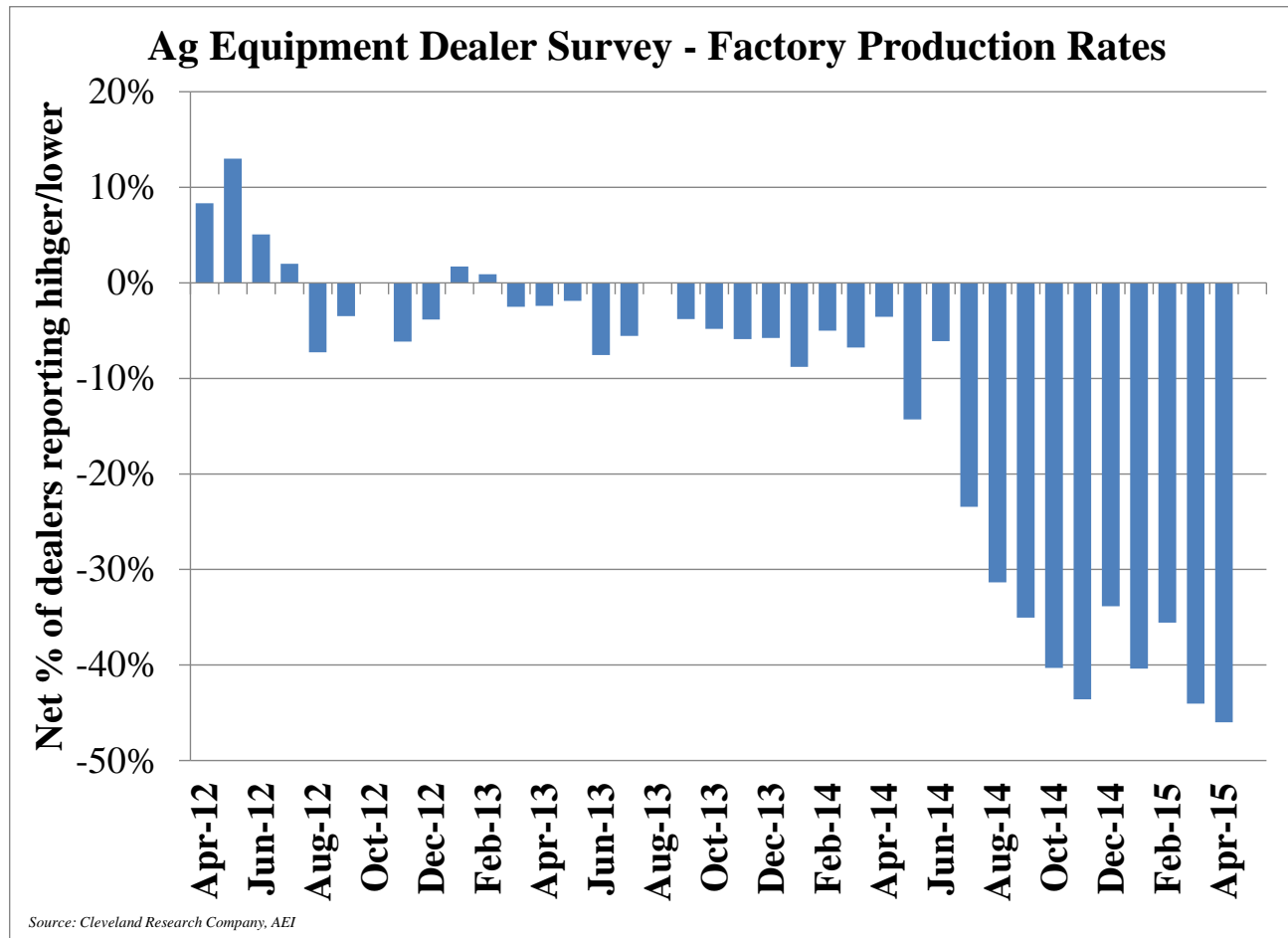
Current Manufacturer Incentive Programs

- A net 23% of dealers report that manufacturers were more aggressive with incentives in April, up from the net 13% in March. The relative magnitude of incentives are reported to be relatively low as underlying equipment demand remains weak.



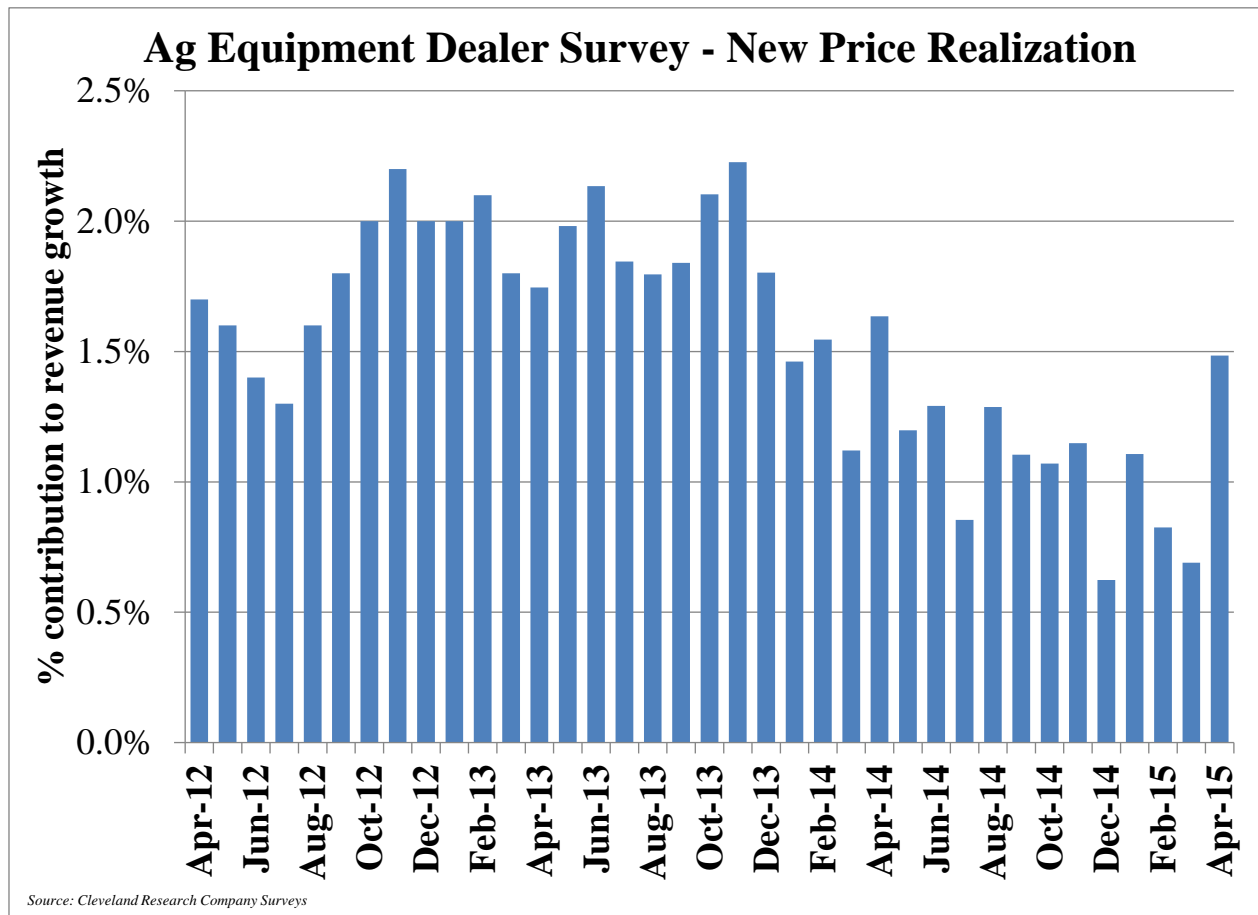
Factory Production

- A net 46% of dealers report that factory production was down in April, the lowest level in our survey history and below last month's -44% reading.



Pricing Trends

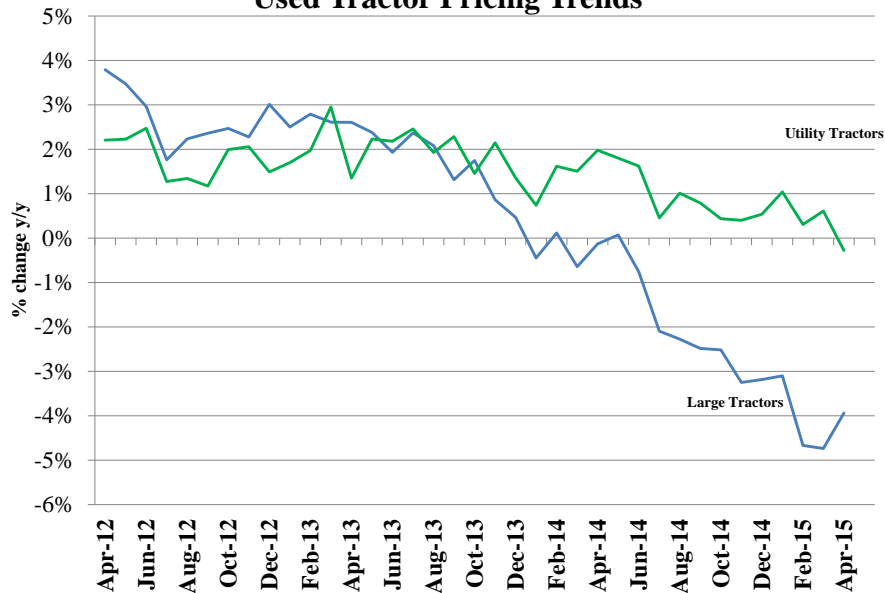
- Pricing increased notably in April, rising to a 1.5% contribution to sales growth from between 0.5-1% over the last several months. The improved price realization is generally happening in Canada, where several dealers have reported price realization of over 10% to address significant currency swings so far this year.



Used Equipment Pricing

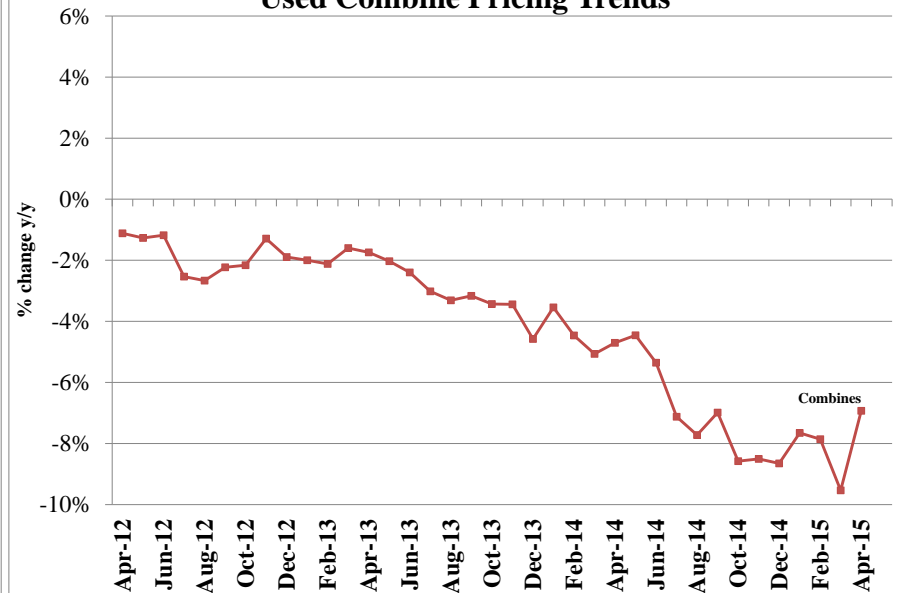
- Used combine values are reported at down 7% y/y, an improvement from the 10% y/y decline reported last month. Large tractor values are reported down 4% y/y on average, slightly improved from the 5% y/y decline last month. Small tractor values have been flattish recently.

Used Tractor Pricing Trends



Source: Cleveland Research, AEI

Used Combine Pricing Trends

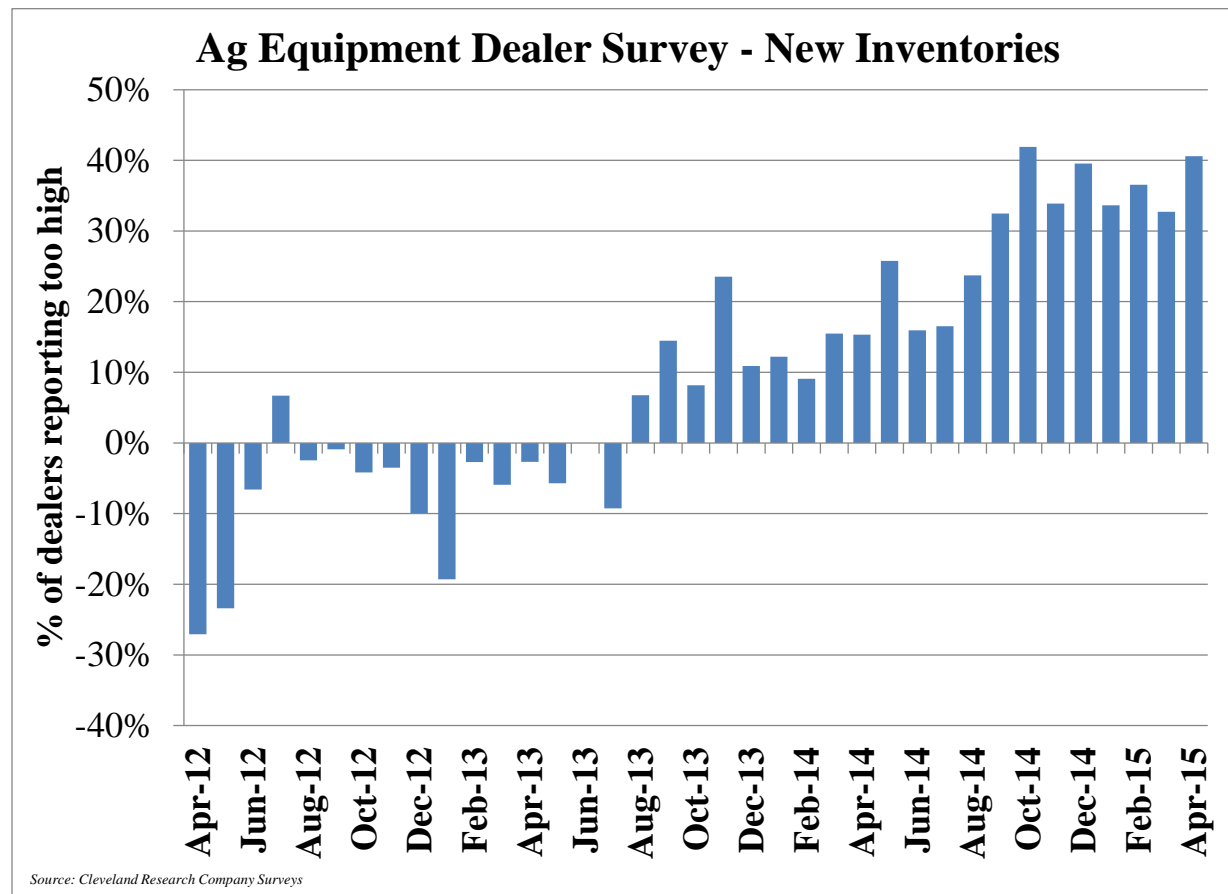


Source: Cleveland Research, AEI

New Equipment Inventory Levels

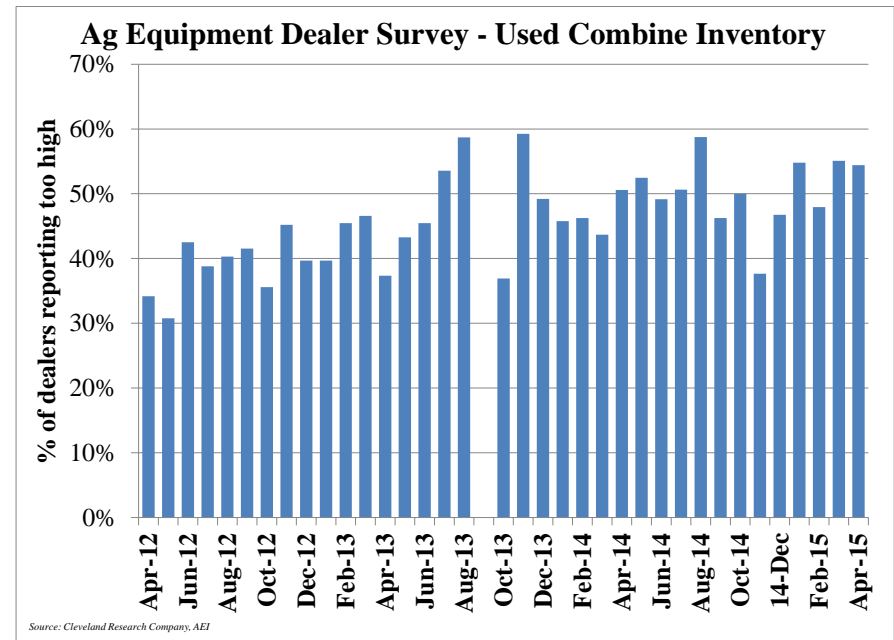
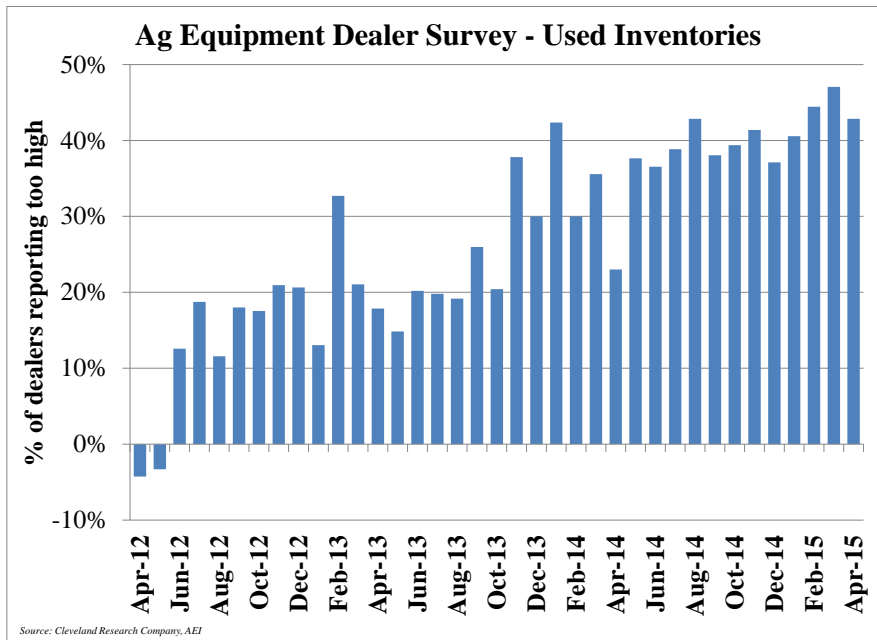
New Equipment Inventories Remain “Too High”

- A net 41% of dealers report new inventory as “too high” compared to a net 33% last month, trending towards the high end of a fairly even range over the last six months.



Used Equipment Inventory Levels

- A net 43% of dealers reported used equipment inventory as “too high” this month, down from the net 47% last month.
- Combine used inventory levels have ticked up over the last two months to a net 54% of dealers reporting inventories as too high.



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	Row Crop & 4WD	Combines	< 40 HP	Utility	Row Crop	4-Wheel	Total Tractor	Row Crop & 4WD	Combines
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	16,815	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%
Jul-14	11,249	5,943	3,225	389	20,806	3,614	1,035	5%	7%	2%	-21%	4%	-1%	-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	10,934	7,115	4,929	734	23,712	5,663	994	13%	6%	-17%	-40%	1%	-21%	-40%
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%

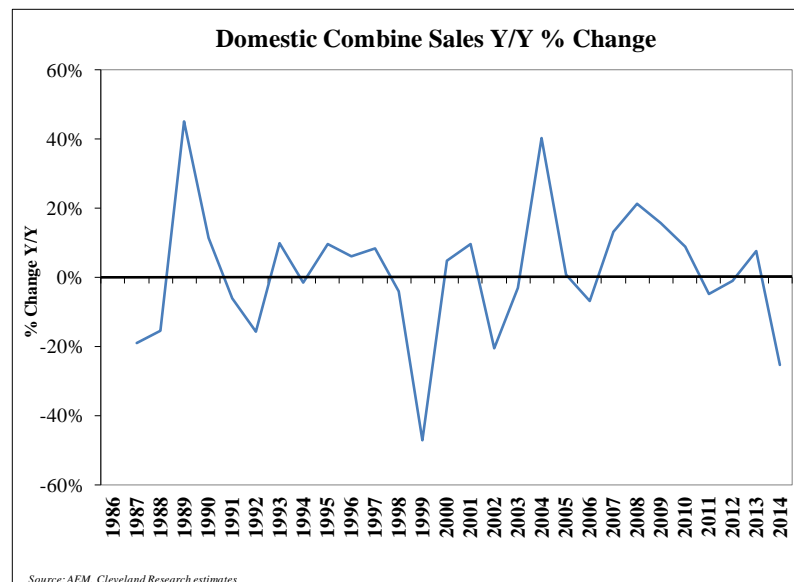
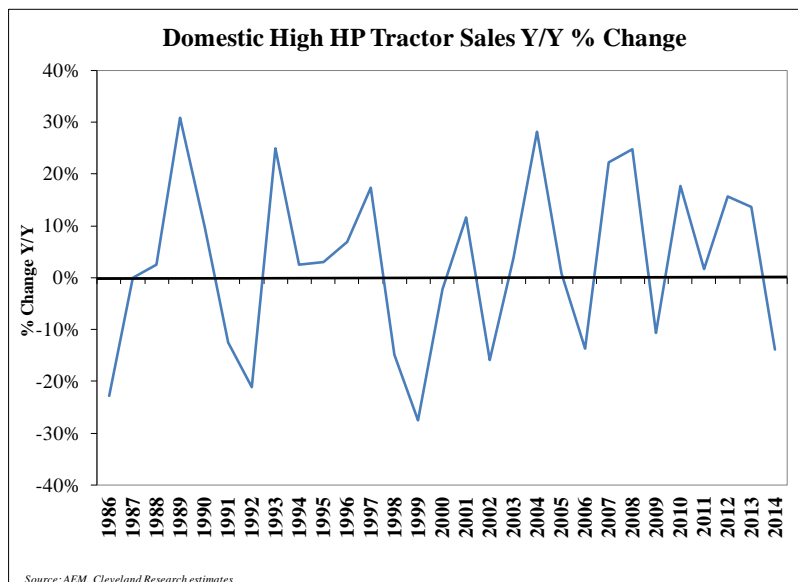
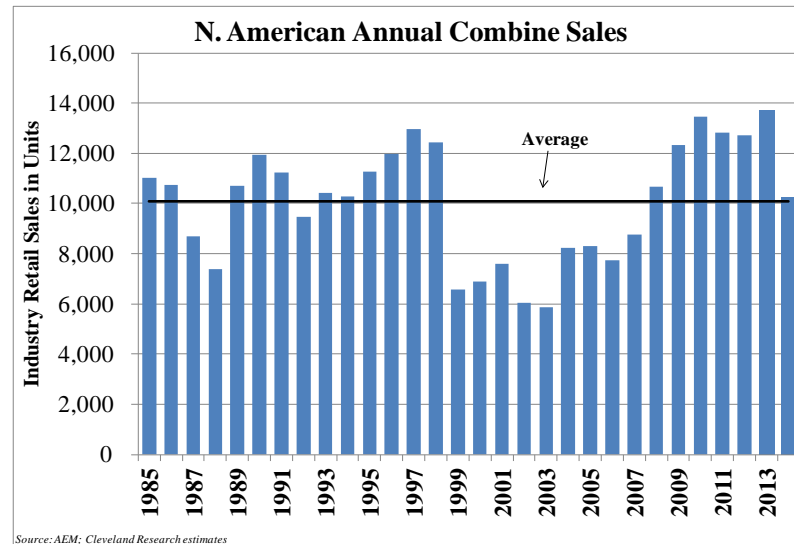
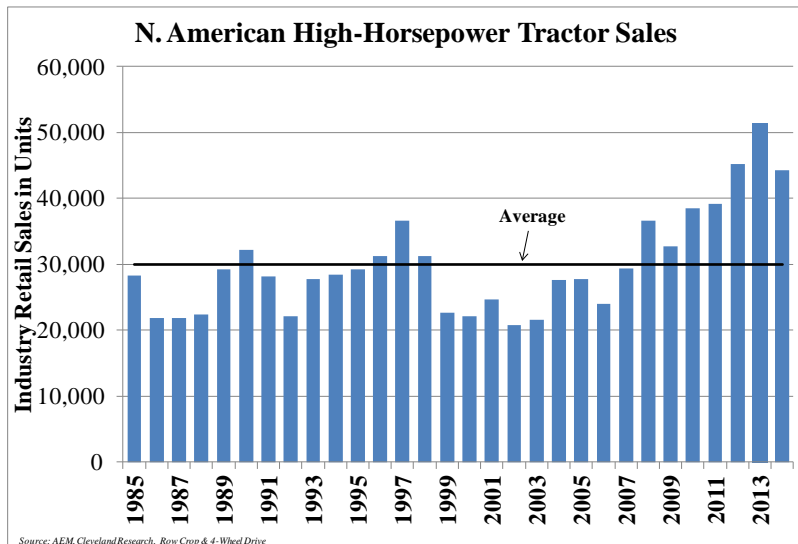
Source: AEM; Cleveland Research Company estimates. High hp tractors are row crop & 4-wheel drive.

North American Farm Equipment Industry Inventory

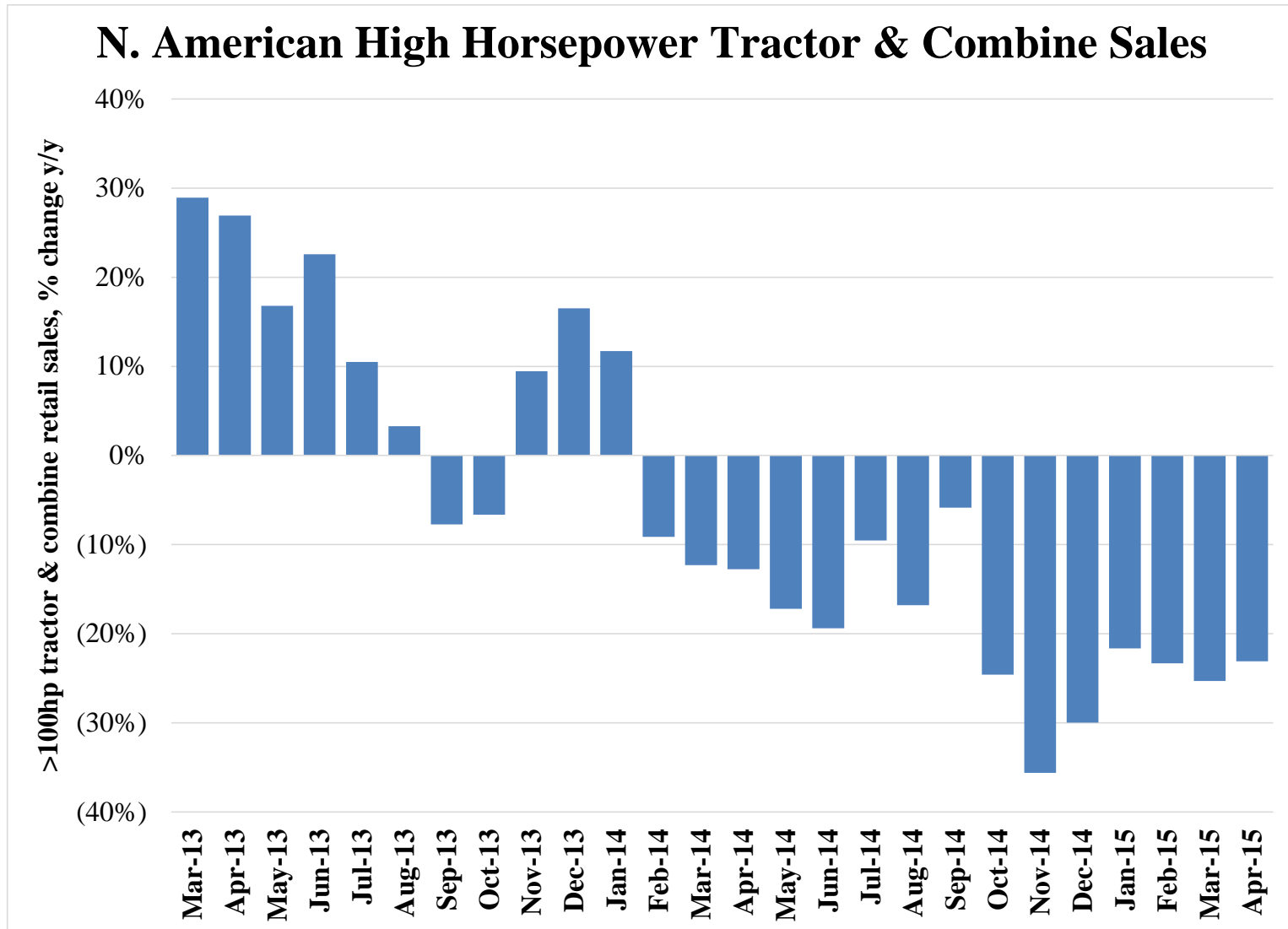
NORTH AMERICAN FARM EQUIPMENT INVENTORY														
	Inventory (Units)							Inventory to 12-mo. Sales						
	< 40 HP	Utility	Row Crop	4-Wheel	Total Tractor	Row Crop & 4WD	Combines	<40HP	Util	RC	4-WD	Total Tractor	Row Crop & 4WD	Comb
Feb-13	72,473	30,842	11,375	1,850	116,540	13,225	2,186	68%	50%	30%	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%	53%	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%	37%	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%

Source: AEM; Cleveland Research Company estimates

Annual Agricultural Equipment Industry Sales (1985 - 2014)

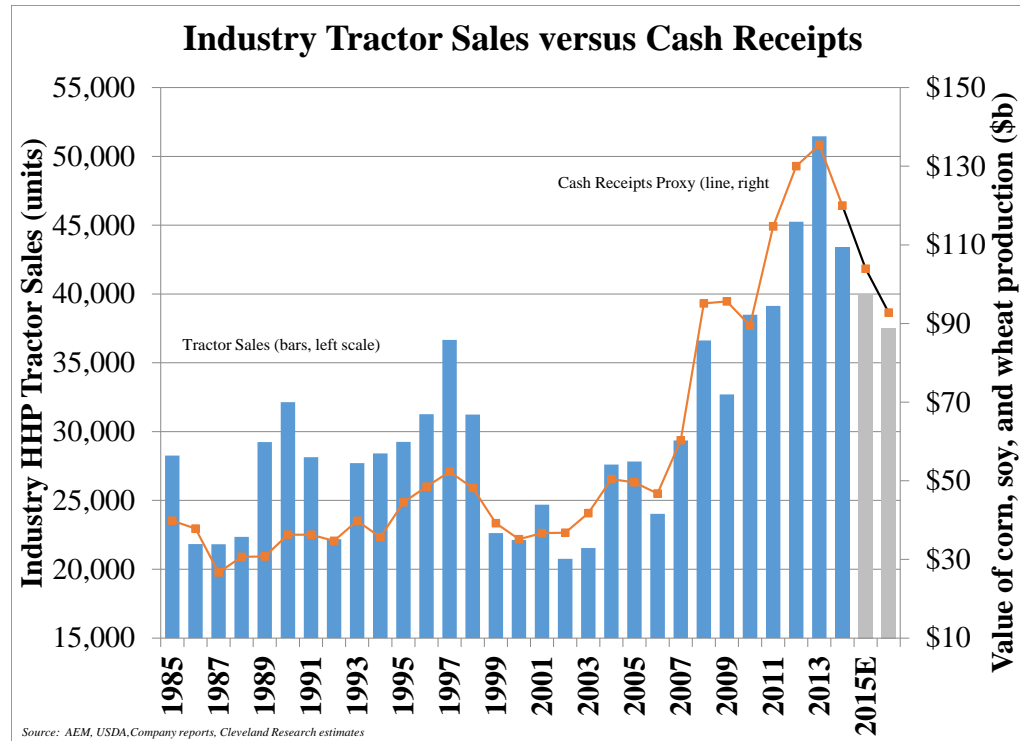


North America Large Ag Equipment Sales

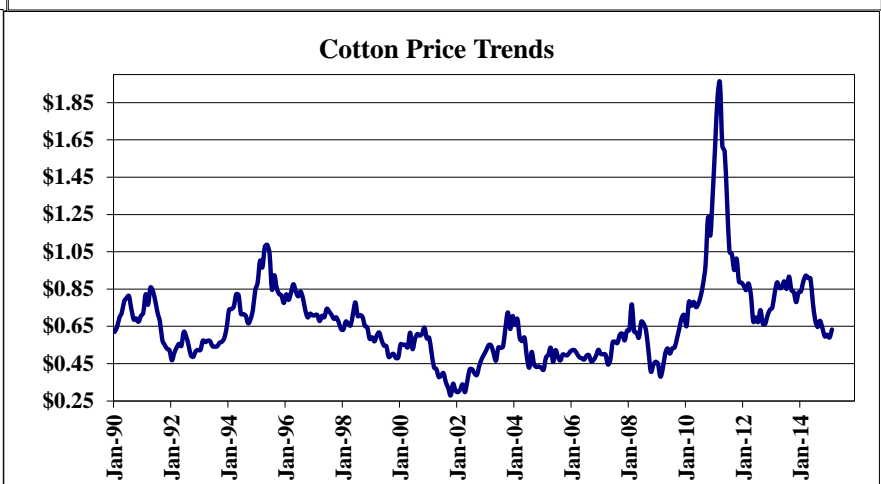
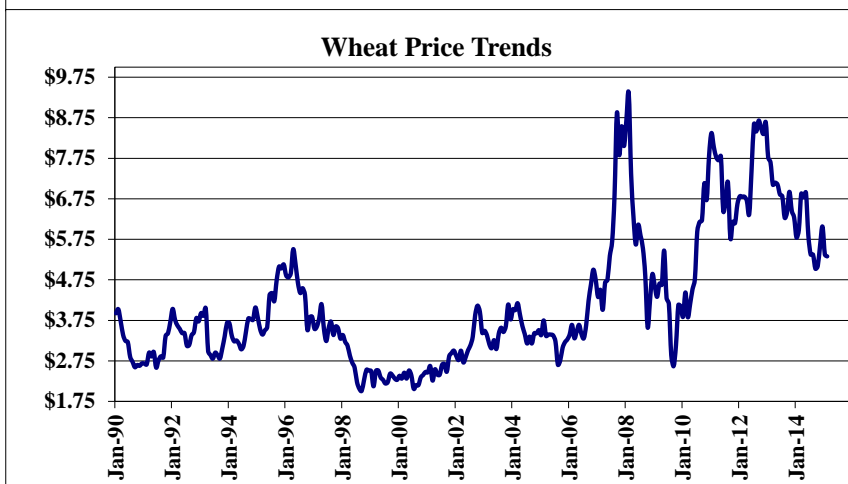
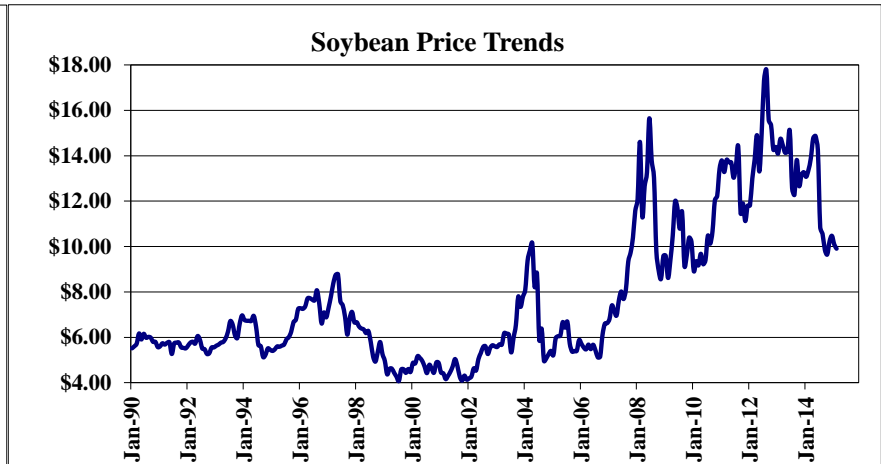
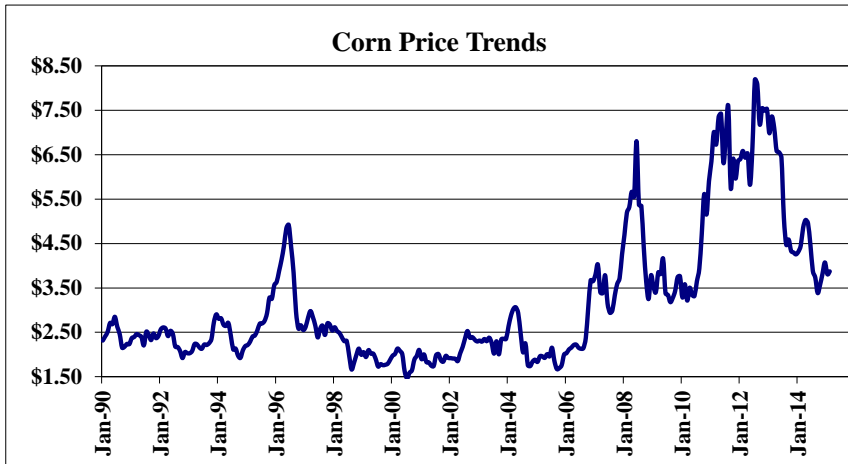


Commodity Prices – Cash Receipts vs. Next Year Equipment Sales

The USDA's updated WASDE report suggests cash receipts down 11% for 2015/16 in our simplified cash receipts proxy. This follows a 13% decline in cash receipts last year and an 11% decline in the prior crop year. The chart below depicts N. American high HP tractor and combine sales on a one year lag vs. our cash receipts proxy (using the 3 largest crops - corn, soybeans, wheat).



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

