

Ag Equipment Intelligence

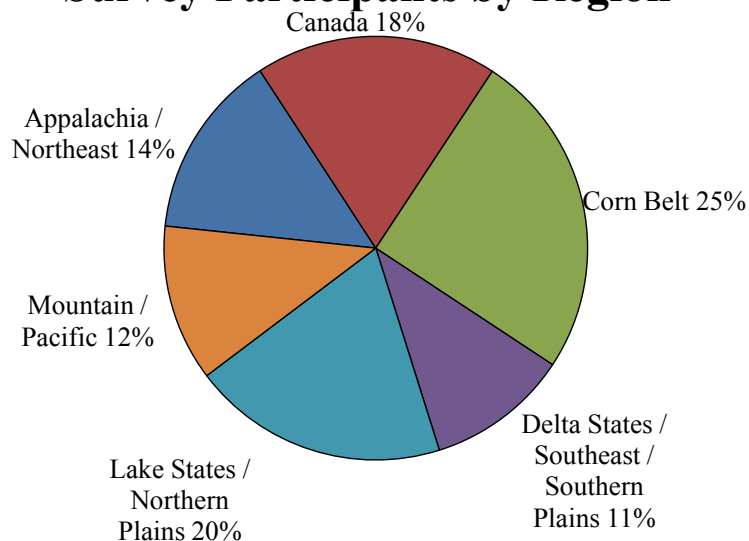
November 2015 Dealer Sentiments &
Business Conditions Update

Monthly Ag Equipment Intelligence North American Dealer Survey

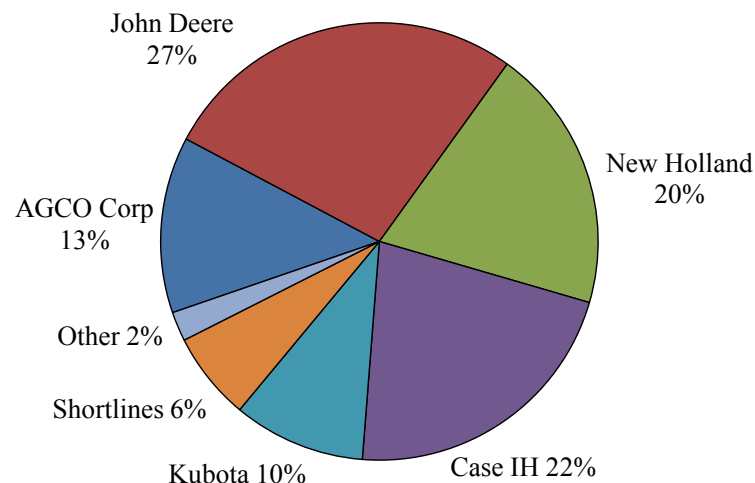
Background:

- We are pleased to announce the results of the November Ag Equipment Intelligence survey conducted in partnership with Cleveland Research Company. We hope this monthly survey will provide valuable and timely insight into industry trends and fundamentals.
- The October survey had 126 respondents representing combined annual revenues of roughly \$6.4 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 October, inline with decline reported in September. A net 26% of dealers missed their sales budget in October, making for the ninth 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 14%, inline with last month with a net 42% of dealers forecasting a sales decline for the year vs a net 35% forecasting a decline in September.
- **Inventory** – A net 53% of dealers reported new equipment inventories as too high, a deterioration from a net 38% in September. Used inventory levels got worse with a net 44% of dealers reporting inventory as too high vs. 33% 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 9% on average, a step down from September, while small tractor pricing remained flat. Used combine prices were down 13% in October vs a 15% decline in September.

Monthly Sales Growth

- Average dealer sales were reported down 16% y/y in October, inline with September and 3Q results. A net 26% of dealers missed their sales budgets in October with over 40% reporting worse than expected sales.
- A net 25% of dealers report they are less optimistic about overall business conditions, the 19th consecutive month of deterioration in optimism.

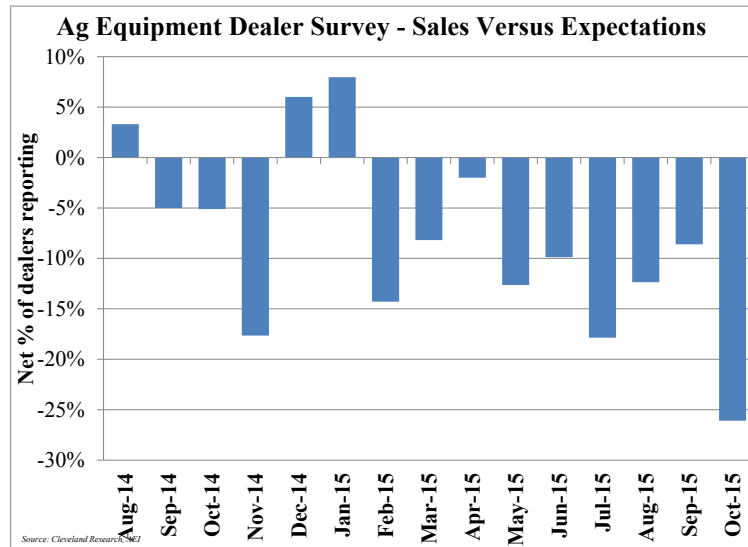
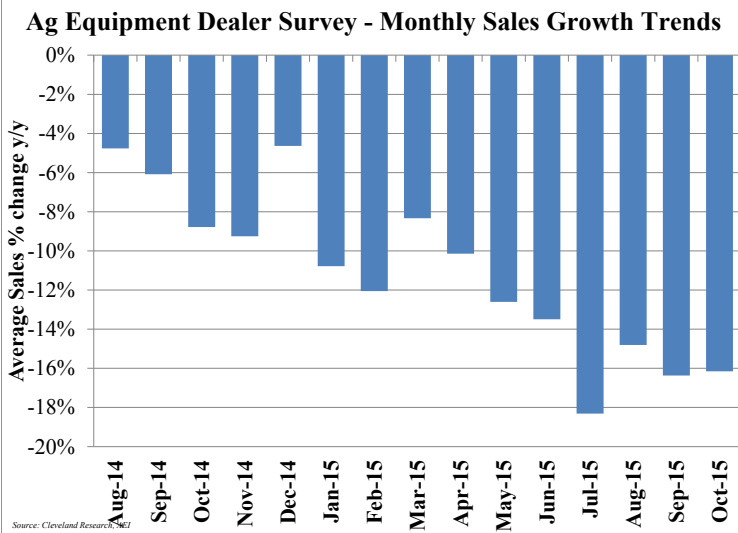
N. American Farm Equipment Dealer Survey - Average Dealer Sales Growth															
% Change y/y	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15
AGCO	-3%	4%	-1%	4%	-13%	-15%	3%	-8%	-1%	4%	-12%	-24%	-13%	-14%	-22%
John Deere	-4%	-6%	-4%	-6%	-3%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

Source: Cleveland Research, AEI

N. American Farm Equipment Dealer Survey - Sales Versus Expectations															
% of Dealers Reporting	Aug-14	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
Better than expected	28%	24%	22%	21%	29%	26%	13%	20%	27%	23%	21%	18%	16%	19%	15%
In line with expectations	47%	47%	51%	40%	47%	57%	59%	50%	44%	39%	48%	45%	56%	53%	43%
Worse than expected	25%	29%	27%	39%	23%	18%	28%	28%	29%	36%	31%	36%	28%	28%	41%
Net % (Better - Worse)	3%	-5%	-5%	-18%	6%	8%	-14%	-8%	-2%	-13%	-10%	-18%	-12%	-9%	-26%

Source: Cleveland Research, AEI.

Monthly Sales Growth Continued



N. American Farm Equipment Dealer Survey - Average Dealer Revenue Growth Trends															
% of Dealers Reporting	Aug-14	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
Positive Sales Growth	37%	37%	40%	27%	33%	32%	13%	20%	27%	29%	26%	20%	19%	24%	20%
Flat Sales	22%	18%	14%	16%	16%	25%	59%	50%	11%	17%	11%	16%	16%	16%	15%
Negative Sales Growth	42%	46%	46%	58%	51%	43%	28%	28%	62%	54%	63%	64%	65%	60%	65%
Net % Reporting Growth	-5%	-9%	-6%	-31%	-19%	-11%	-14%	-8%	-35%	-25%	-37%	-43%	-46%	-35%	-46%
Average % Change y/y	-5%	-6%	-9%	-9%	-5%	-11%	-12%	-8%	-10%	-13%	-13%	-18%	-15%	-16%	-16%

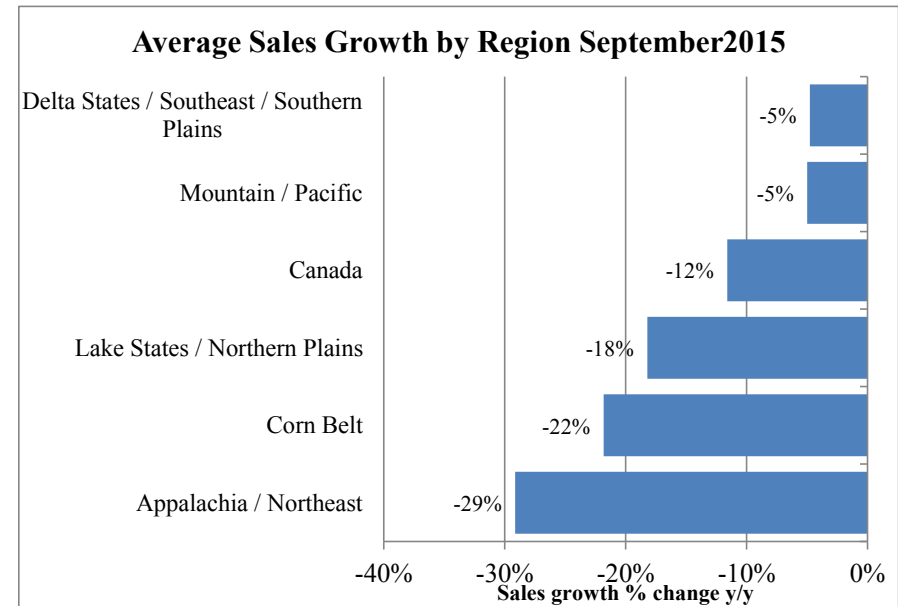
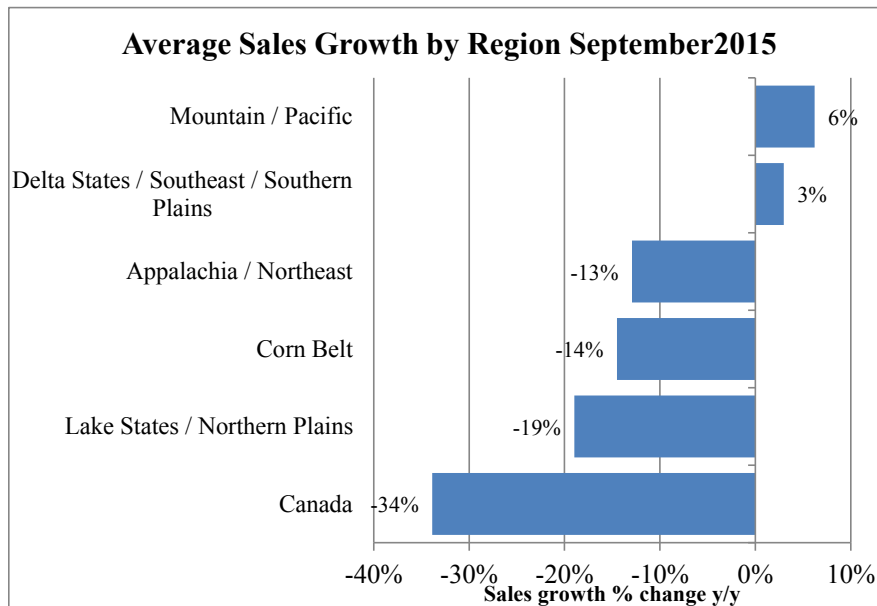
Source: Cleveland Research

Optimism/Sentiment vs. Last Month															
% of Dealers Reporting	Aug-14	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
More Optimistic	12%	16%	8%	9%	12%	12%	9%	14%	14%	12%	13%	14%	11%	12%	8%
Same	50%	46%	48%	38%	39%	52%	50%	42%	47%	48%	58%	52%	45%	51%	60%
Less Optimistic	38%	38%	44%	53%	49%	36%	41%	43%	40%	40%	30%	35%	43%	37%	33%
Net % Dealer Optimism	-26%	-22%	-36%	-44%	-37%	-25%	-31%	-29%	-26%	-26%	-18%	-21%	-32%	-26%	-25%

Source: Cleveland Research

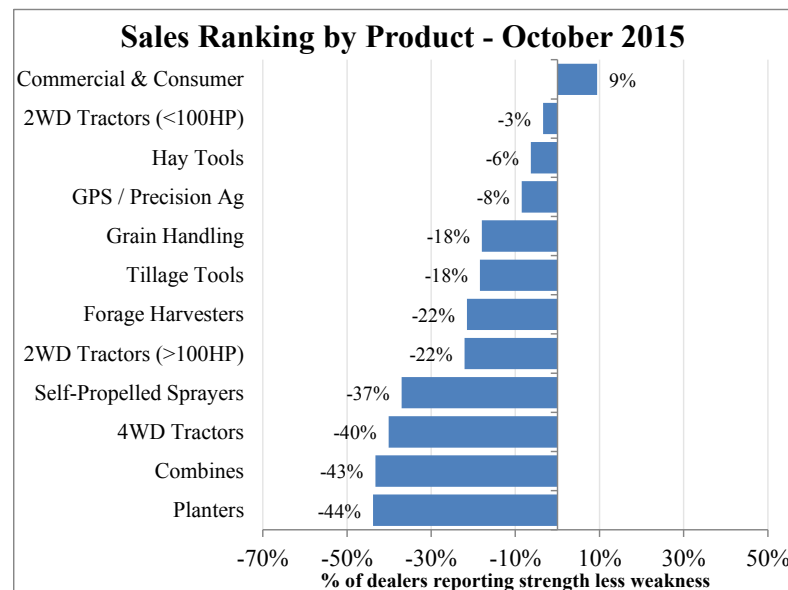
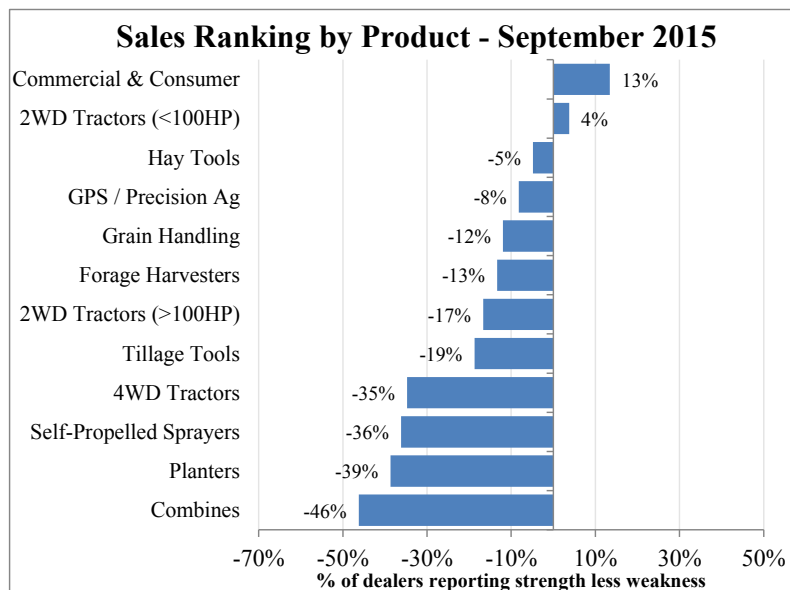
Monthly Sales Growth by Region

- Sales trends were weak across all geographies in October. Appalachia / Northeast, Corn Belt, and Lake States / Northern Plains were the weakest geographies with Appalachia / Northeast falling the farthest sequentially.
- The Delta States / Southeast / Southern Plains and Mountain / Pacific regions remain the stronger markets comparatively, but have entered negative territory after posting slight growth in September.

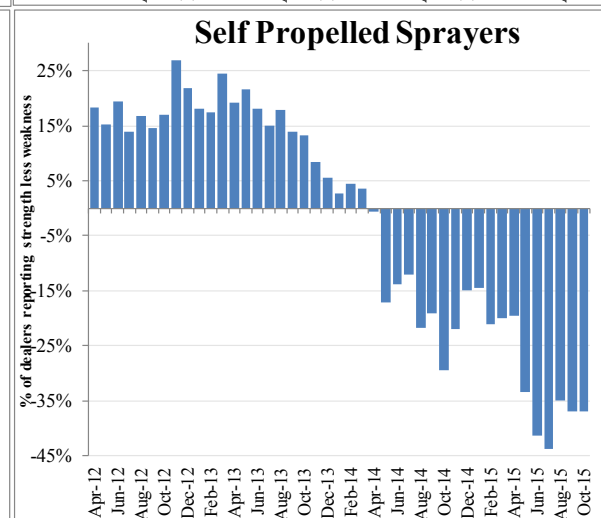
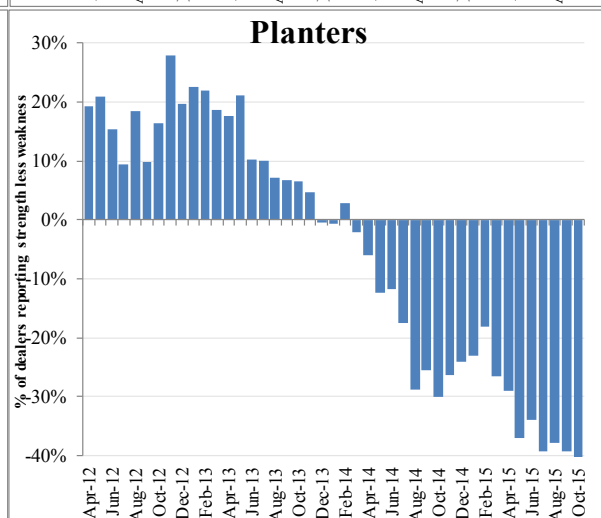
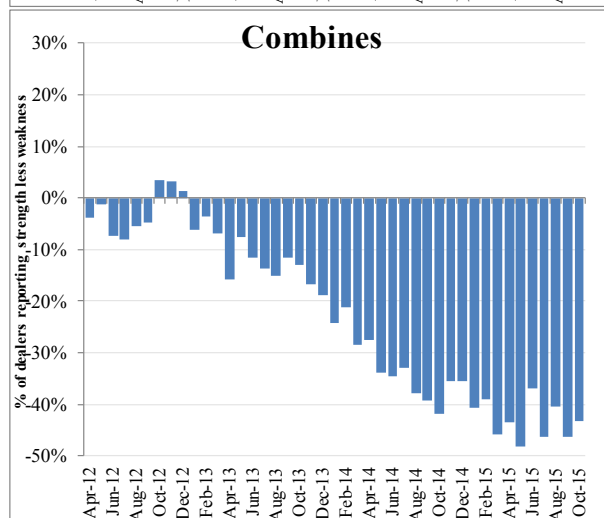
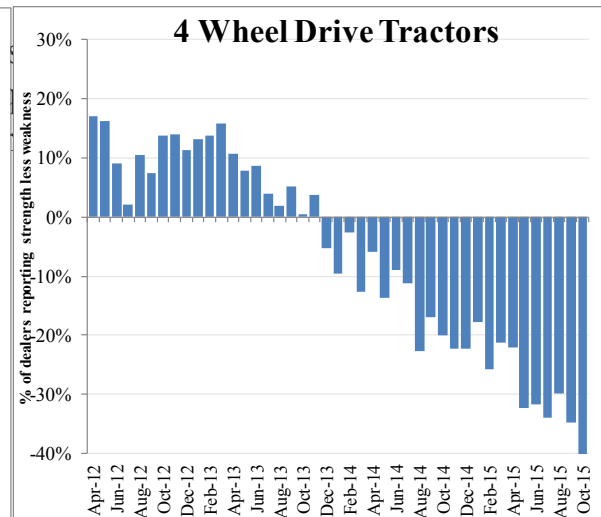
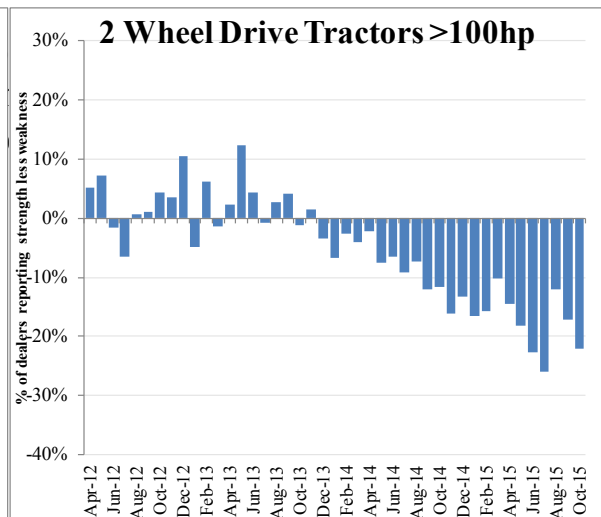
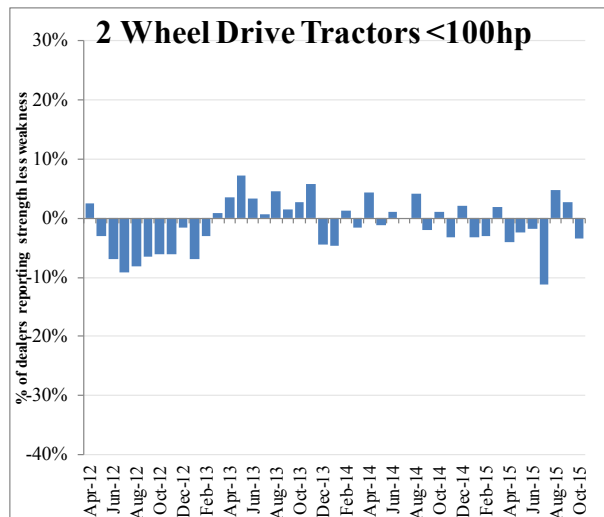


Equipment Category Sales Trends

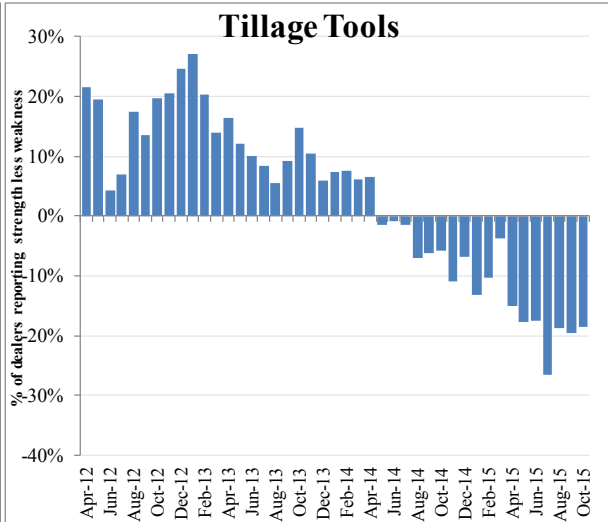
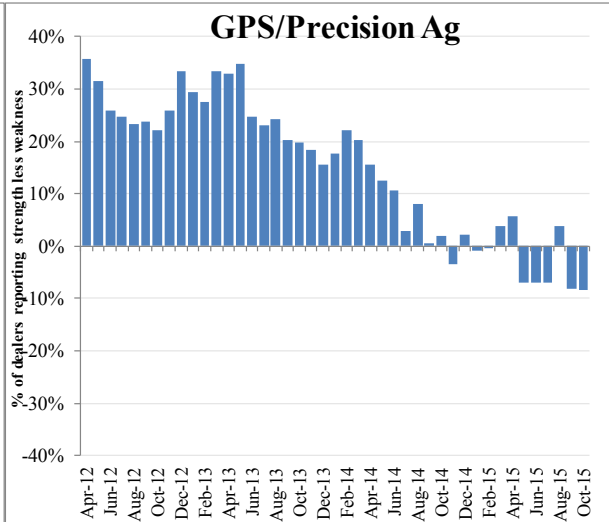
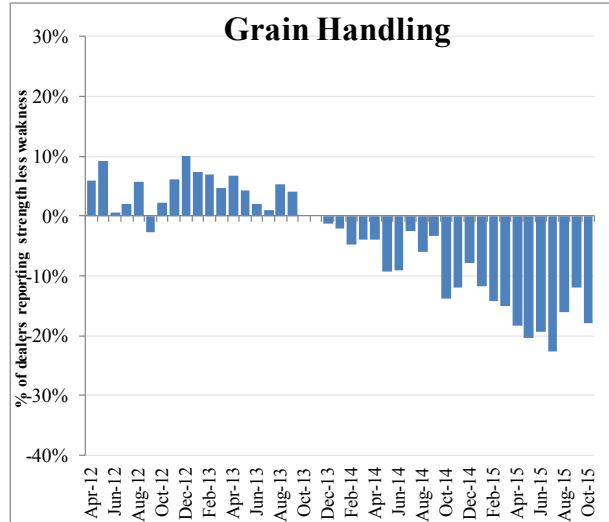
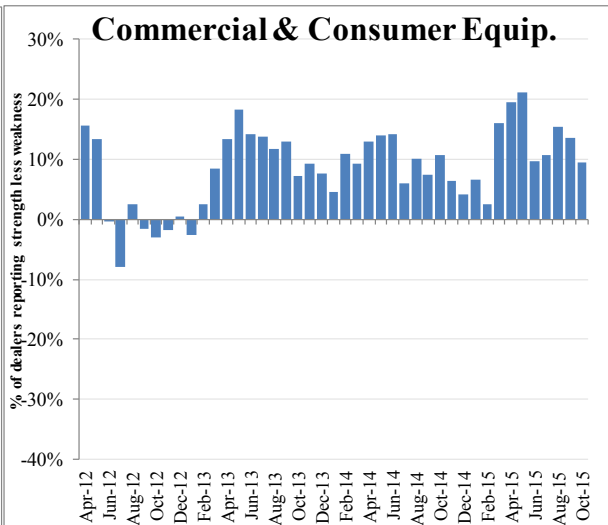
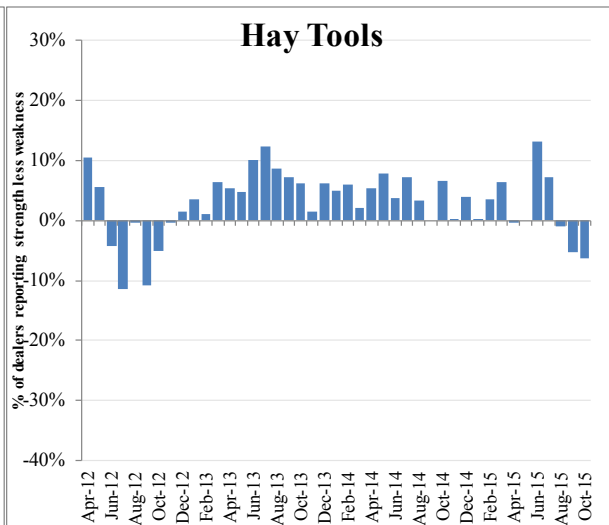
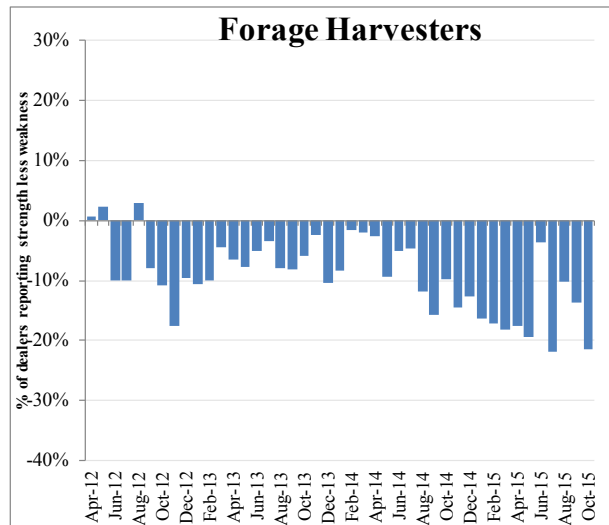
- Commercial & consumer lawn equipment continues to show strength in contrast to declines in other categories (combines, planters, and sprayers in particular). Almost every category showed a relative deterioration from prior month trend, with the exception of combines and tillage tools. We continue to see significant headwinds to large equipment sales.



Equipment Category Sales Trends



Equipment Category Sales Trends (Continued)



Most Interesting Commentary - Monthly Sales and Outlook

- *I'm slightly more optimistic with the strong harvest, it turned out better than we expected.*
- *There was a lot of positive activity during the month, but a lot of people passed on making purchases when they saw what their used equipment was being valued at. Used pricing is too soft to convert people to make new machine purchases.*
- *The sales trend the last three months has been downward and escalating. I think November and December will follow suit with Section 179 in flux.*
- *When you look at the current environment and then add higher interest rates, political uncertainty, high inventories and overall consumer sentiment it would indicate 2016 will be a hard year for the industry.*
- *Deere's programs ended at the end of October, I am hoping to see new programs come out Nov. 2 to help keep some momentum going on reducing used equipment inventory.*
- *We have made some serious equipment price cuts to sell a lot of equipment in the past month. Lost a lot of money in doing so.*
- *Even though we were slow things turned out better than I would have expected.*
- *I'm surprised we haven't reached a bottom of the used equipment market yet. November / December should be a real bloodbath on certain line items. Dealers are being forced to dump certain items that they anticipated would sell during fall harvest.*
- *The harvest went smooth this year, so smooth that our part sales were off 30%.*
- *The recent dip in cattle prices has scared our customers into the stall.*
- *The TPP has led to uncertainty and fear in the dairy industry. Farmers also received a cut to their milk checks that equals ~\$1000/cow by my estimates.*
- *Deere came out with some aggressive programs to moved aged inventory.*
- *The harvest went well. Farmers are waiting to talk to their accountants and see how Sec. 179 is going to play out.*
- *Although there are not a lot of discounts offered yet, you can tell that the factory reps are being more aggressive about getting orders in.*
- *More equipment buying than expected for the month after a few quiet months.*

Average Dealer Sales Outlook

- The 2015 dealer average sales growth forecast was inline with September's results at down 14% y/y. A net 42% of dealers are forecasting a sales decline for the year, a decline from the 35% forecast in September. Initial 2016 average dealer sales forecasts are for a 9% decline vs down 6% last month. A net 28% of dealers are forecasting a sales decline for the year.
- The second table below details the industry outlooks from Deere, Case IH/New Holland and AGCO. Recently AGCO reduced N. America guidance to down 10% y/y vs down 5-10% and reduced Brazil expectations to down 25% from down 20%. Case IH/New Holland decreased US combine expectations to down 30-35% vs down 25-30% and reduced Brazil tractor forecasts to down 20-25% vs down 15-20%.

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
AGCO	6%	0%	-9%	0%	-10%	-11%	-12%	-5%	-3%	-9%	-15%	-4%	-15%	-14%
John Deere	-12%	-14%	-9%	-9%	-11%	-18%	-8%	-15%	-18%	-14%	-14%	-14%	-11%	-15%
New Holland	9%	-8%	-10%	-3%	-6%	-11%	-10%	-4%	-9%	-8%	-10%	-17%	-11%	-12%
Case IH	-12%	-11%	-16%	-11%	-14%	-17%	-17%	-14%	-20%	-24%	-22%	-20%	-26%	-16%
Kubota	7%	-6%	-14%	-6%	-11%	-13%	-17%	-10%	-14%	1%	3%	-1%	13%	10%
Shortlines/Other	1%	-4%	-16%	-9%	-7%	-10%	-13%	-10%	-7%	-8%	-11%	-16%	-9%	-11%
Overall	-9%	-11%	-10%	-8%	-11%	-15%	-10%	-12%	-15%	-15%	-16%	-15%	-14%	-14%

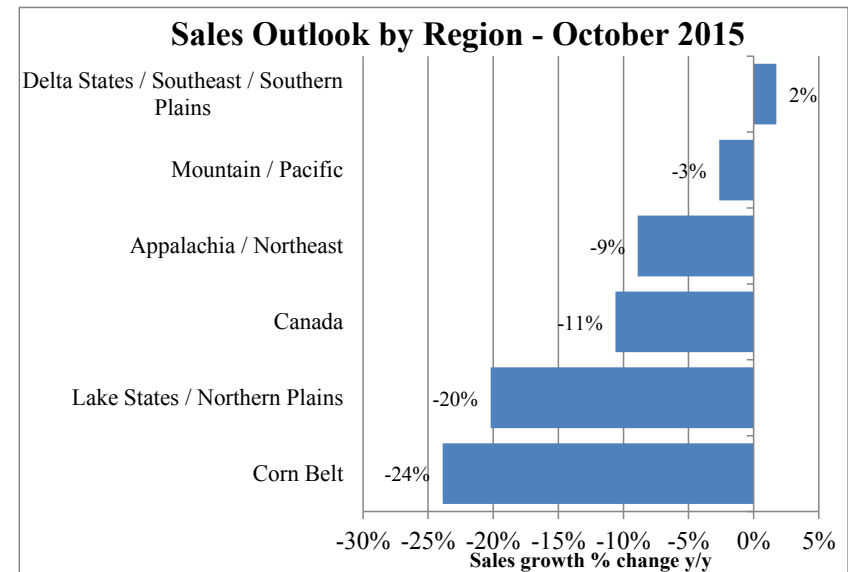
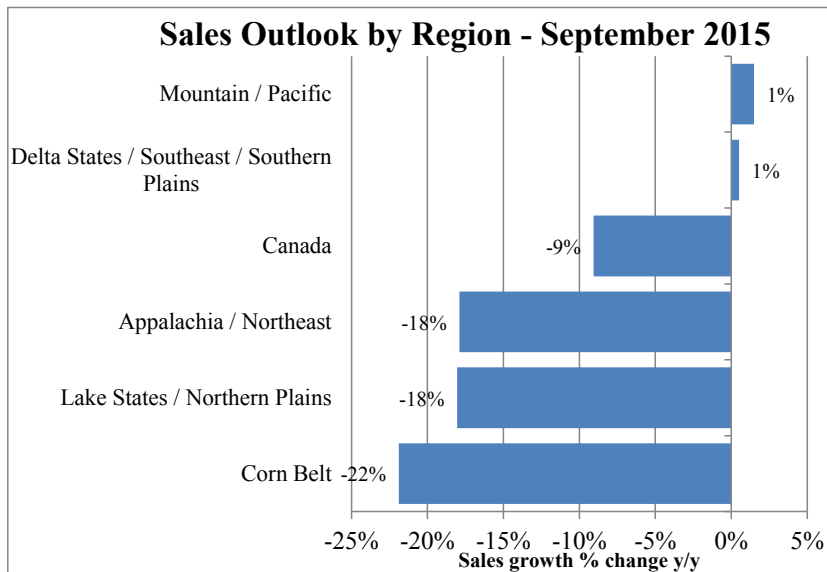
Source: Cleveland Research, AEI

2015 Ag Equipment Outlook - Deere, AGCO, CNH			
Geography	Deere	CNH Industrial	AGCO Corp.
N. America	Down ~25%	Tractors (0-5%); Combines (30-35%)	Down 10% (HHP down over 20%)
Western Europe	Down ~10%	Tractors (0-5%), Combines (5-10%)	Down 5-10%
Latin America	Down ~20-25%	Tractors (20-25%), Combines (25-30%)	Down ~25%
CIS or ROW	Down Significantly	na	na
Asia	Down Moderately	Tractors (10-15%), Combines (5-10%)	na

Source: Company reports, CRC estimates

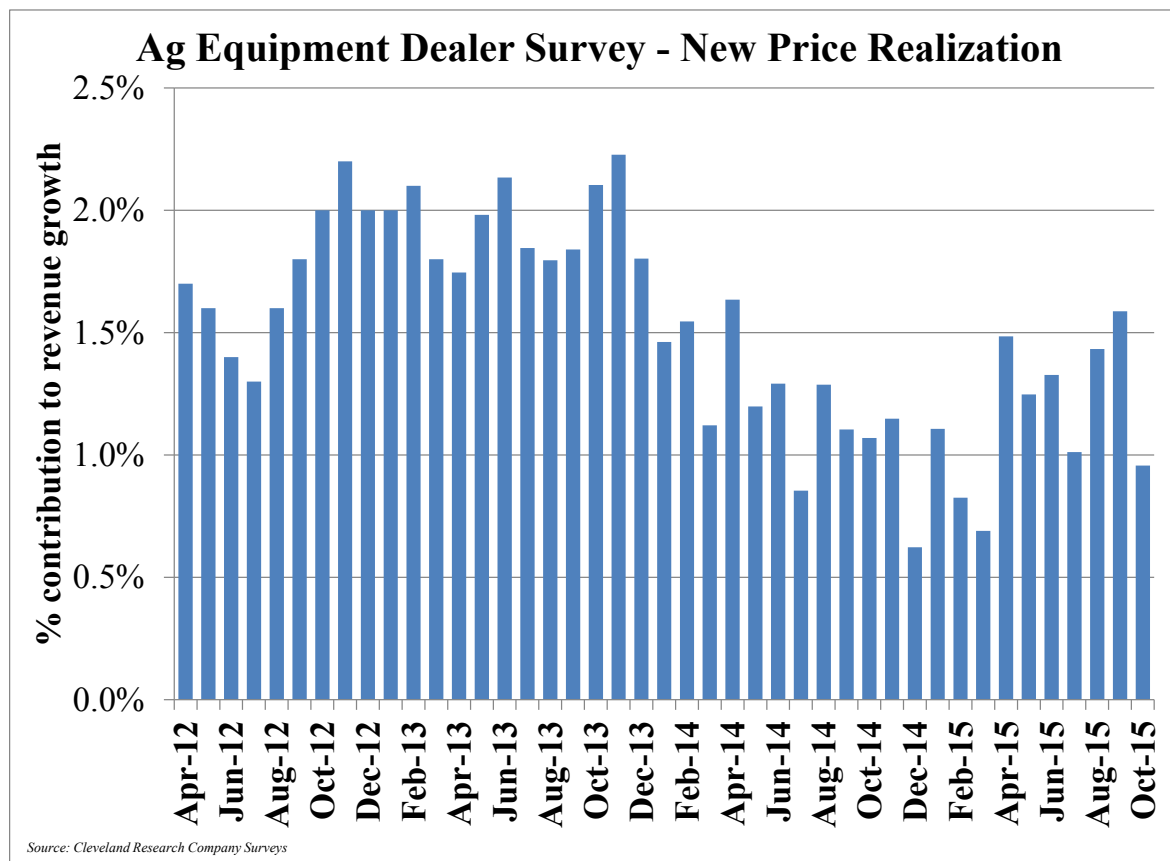
2015 Sales Outlook Continued

- The Delta / Southeast / Southern Plains showed relative strength, expecting slight growth in 2015. The Corn Belt and Lake States / Northern Plains continue to forecast greater than +20% y/y declines. Appalachia / Northeast improved the most over last month, with full year expectations now set at a 9% decline vs 18% last month.



Pricing Trends

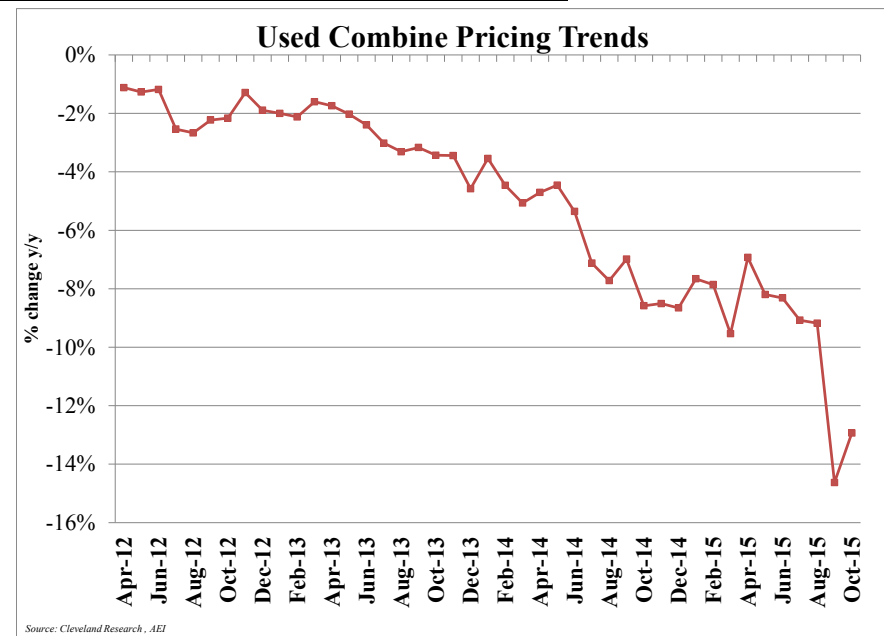
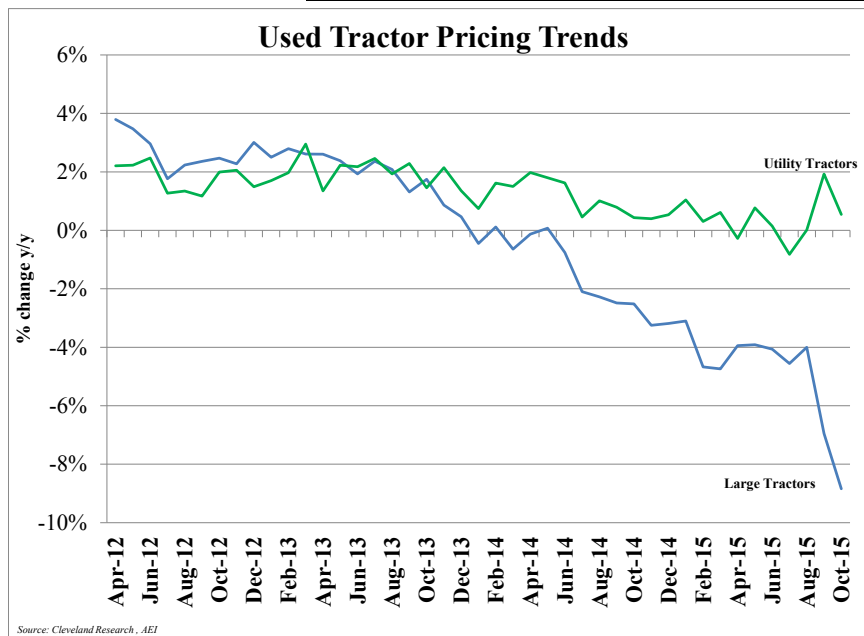
- Dealers report several OEMs pushed through small price increases in recent months, which has modestly raised average new equipment price realization ~1-1.5% across the sample. Increases at other OEMs are set to occur on Nov. 1 with expectations of equally moderate pricing realization. The effect of the strong U.S. dollar on Canadian exchange rate has also played a part in price inflation within North America.



Used Equipment Pricing

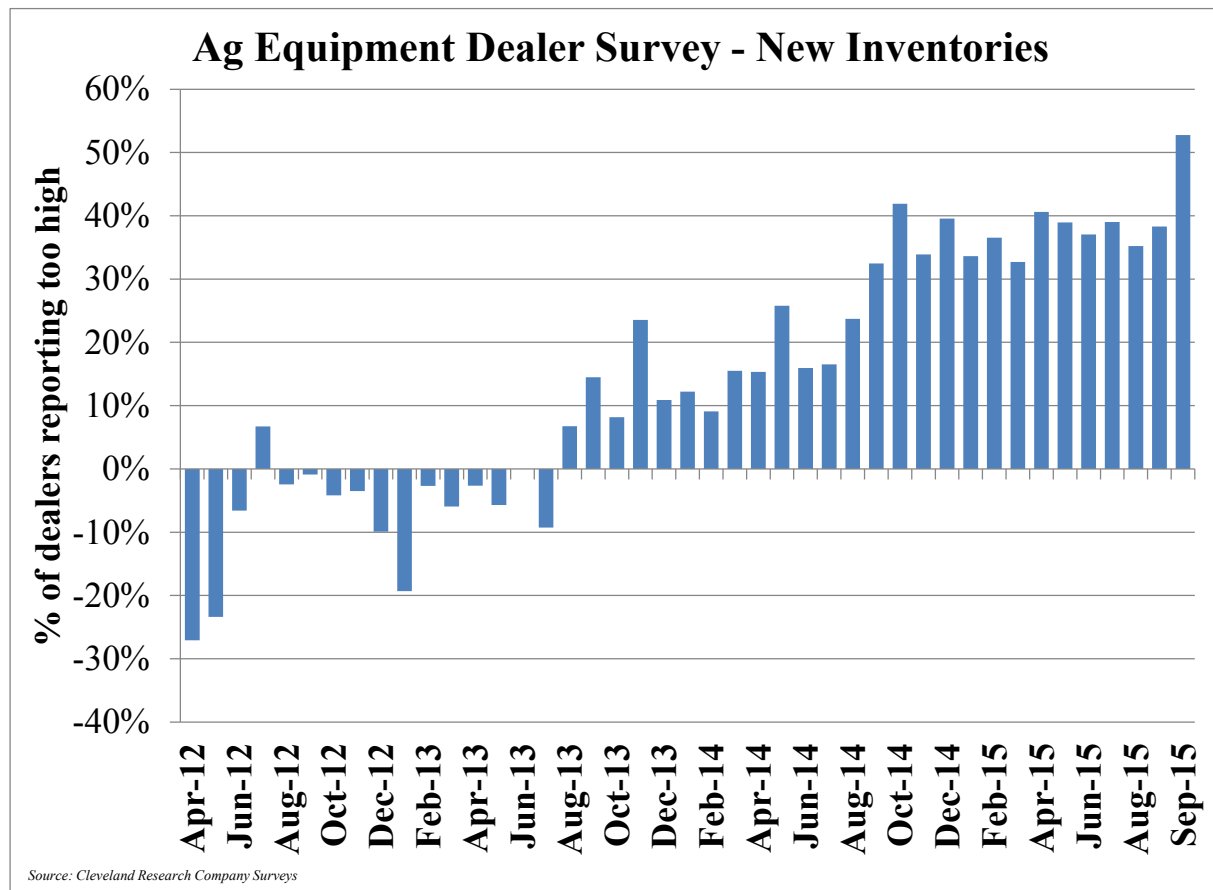
- To provide better insight within the used tractor market we have added additional layers of granularity. October saw flat pricing in small tractors. Large tractors were reported down 9% y/y on average, a step-down vs September's decline of 7%. Used combine pricing improved slightly, declining 13% y/y in October vs down 15% in September.
- We increased our pricing bucket range this month to accommodate a high volume of responses in the max pricing decline bucket.

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%



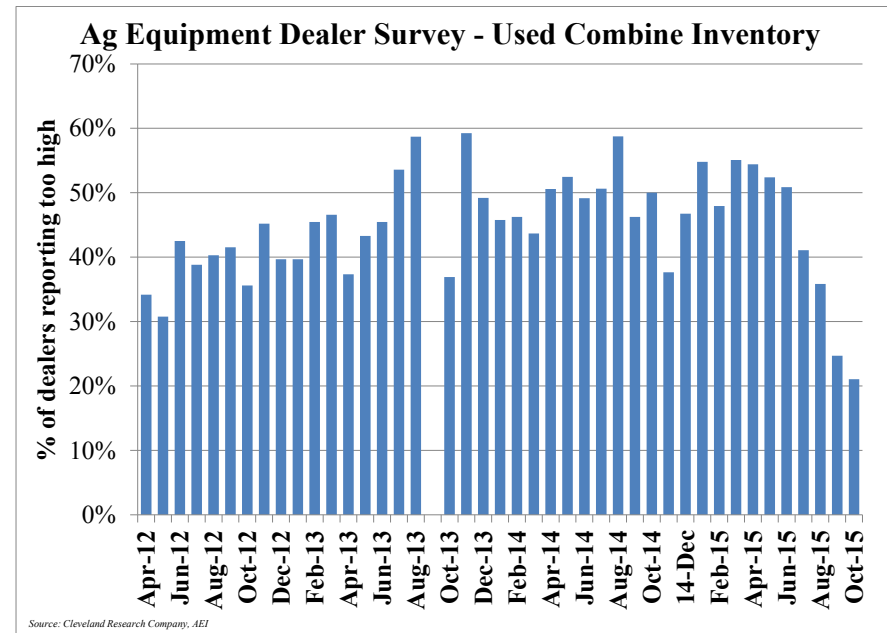
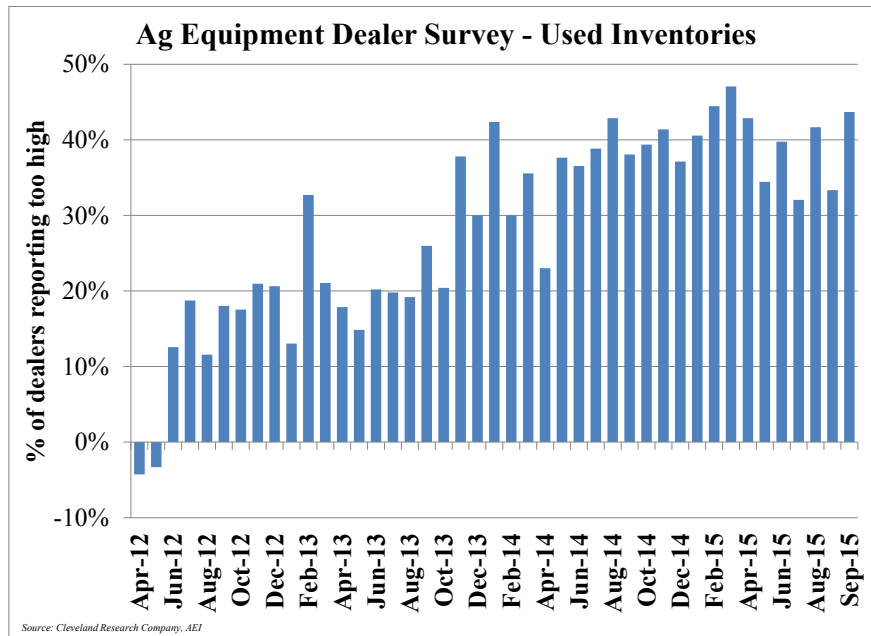
New Equipment Inventory Levels

- A net 53% of dealers reported new equipment inventories are too high vs 38% in September and 38% in 3Q. This marks 14 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 44% of dealers reported used equipment inventory as too high vs. 33% in September.
- The used combine inventory remains too high with a net 21% of dealers reporting inventories above where they would like them. However, combine inventory has improved every month since March with October's reading being the most favorable in 2015. Used combine inventory has been reported in better shape than general used inventory levels since August.



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
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%

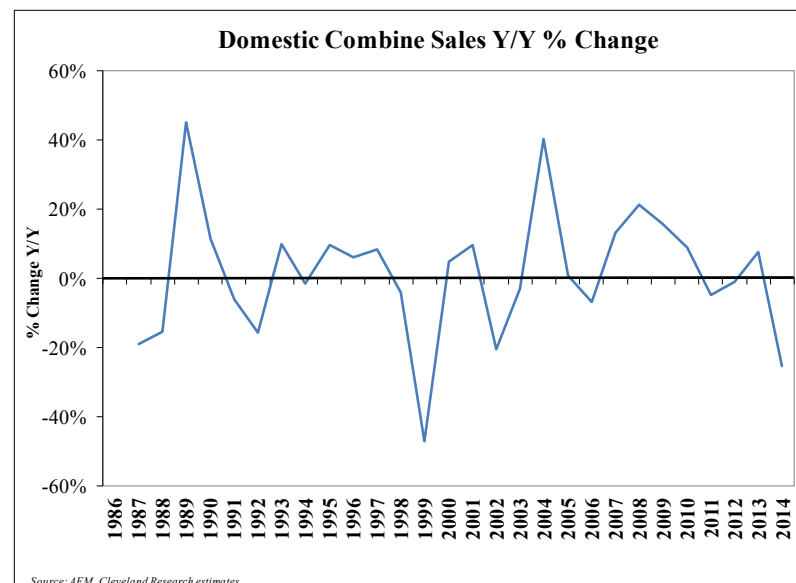
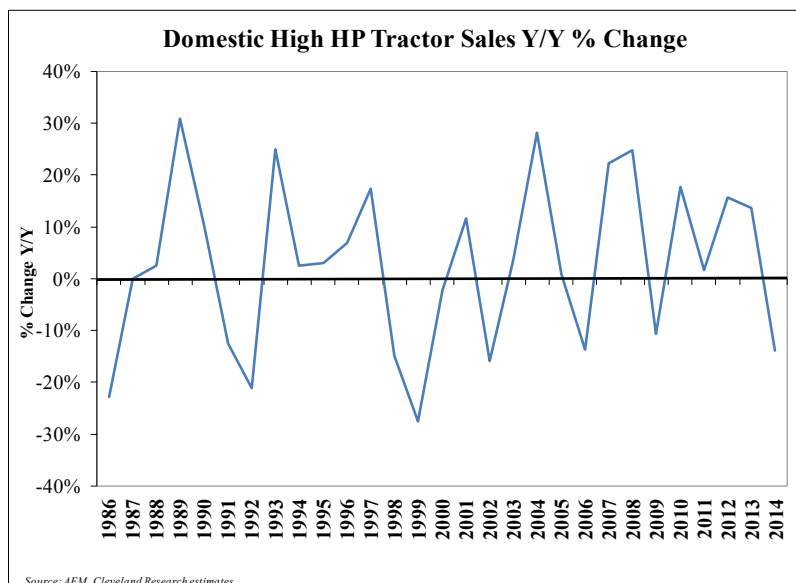
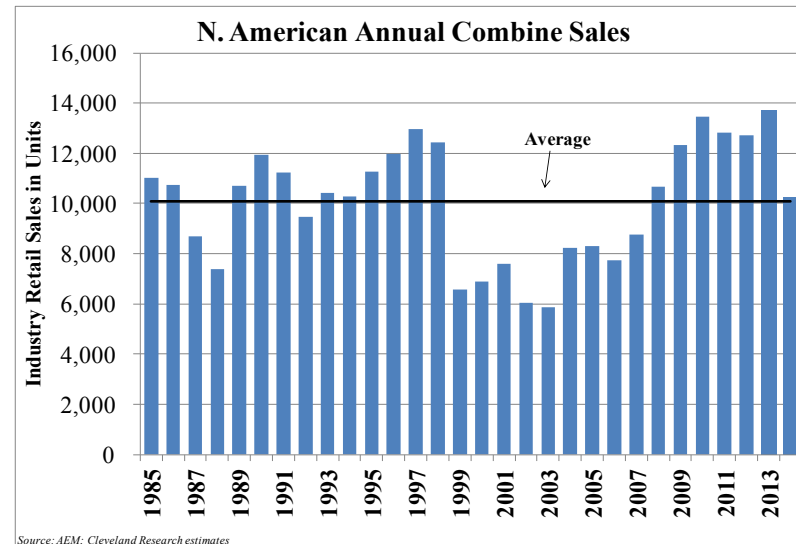
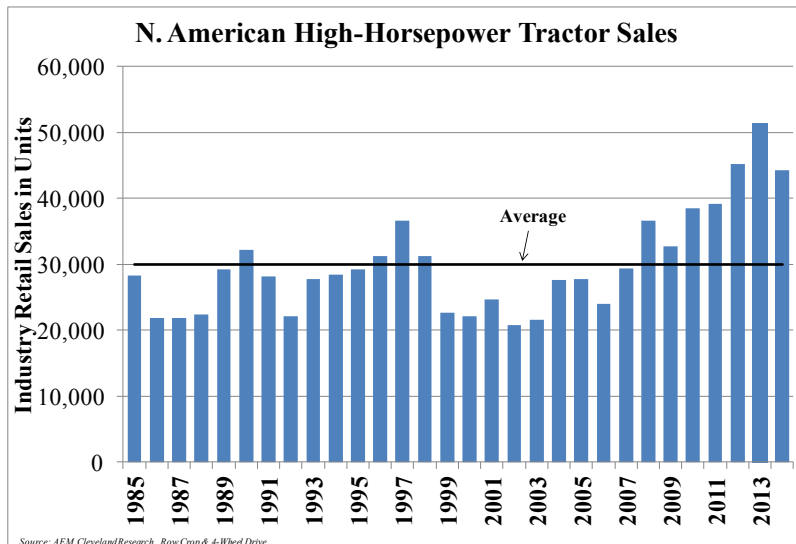
Source: AEM; Cleveland Research Company estimates. High hp tractors are row crop & 4-wheel drive.

North American Farm Equipment Industry Inventory

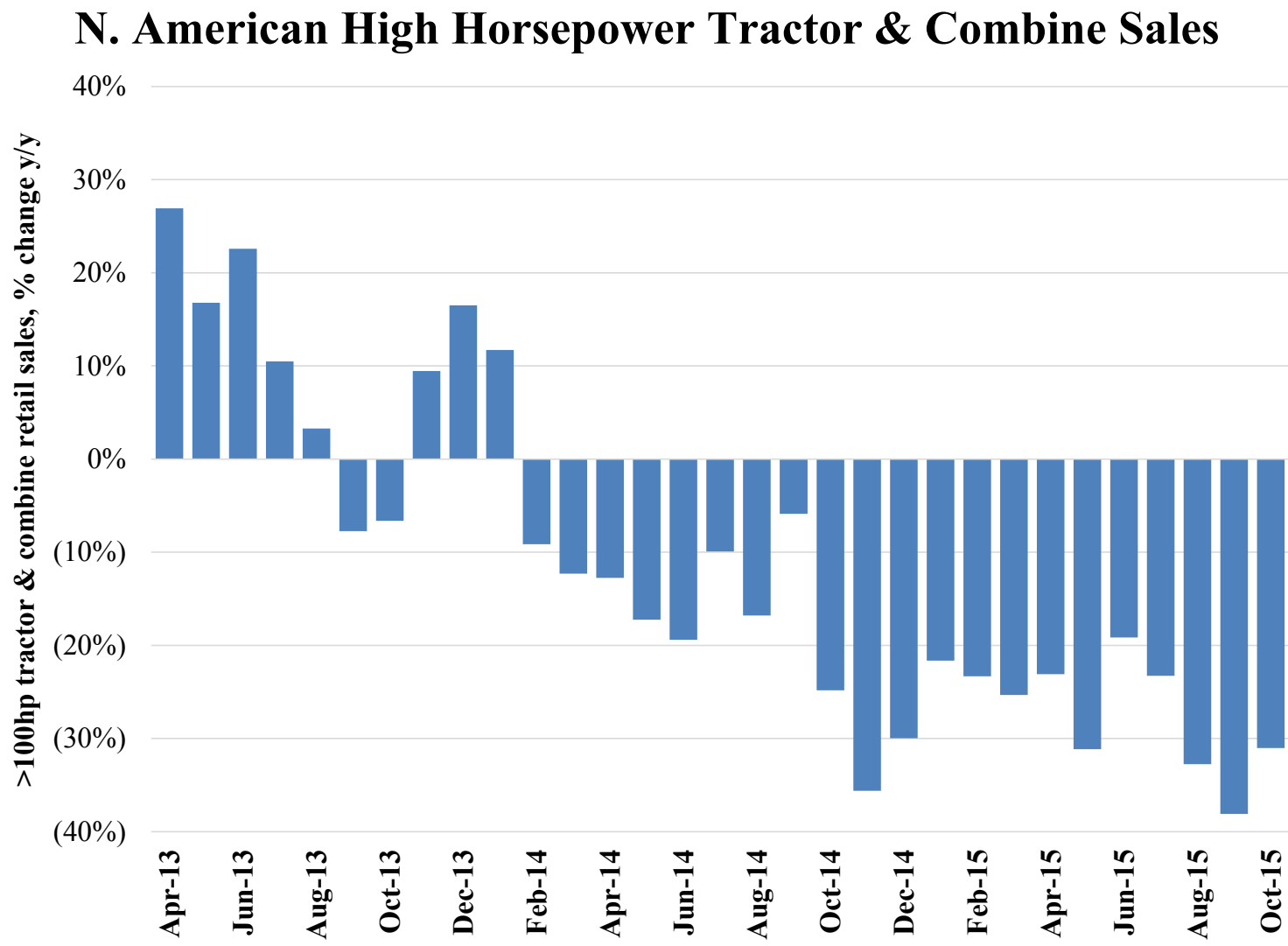
NORTH AMERICAN FARM EQUIPMENT INVENTORY														
	Inventory (Units)							Inventory to 12-mo. Sales						
	< 40 HP	Utility	Row Crop	4-Wheel	Total Tractor	Row Crop & 4WD	Combines	<40HP	Util	RC	4-WD	Total Tractor	Row Crop & 4WD	Comb
Mar-13	72,499	30,869	11,700	1,931	116,999	13,631	2,518	69%	50%	30%	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%

Source: AEM; Cleveland Research Company estimates

Annual Agricultural Equipment Industry Sales (1985 - 2014)



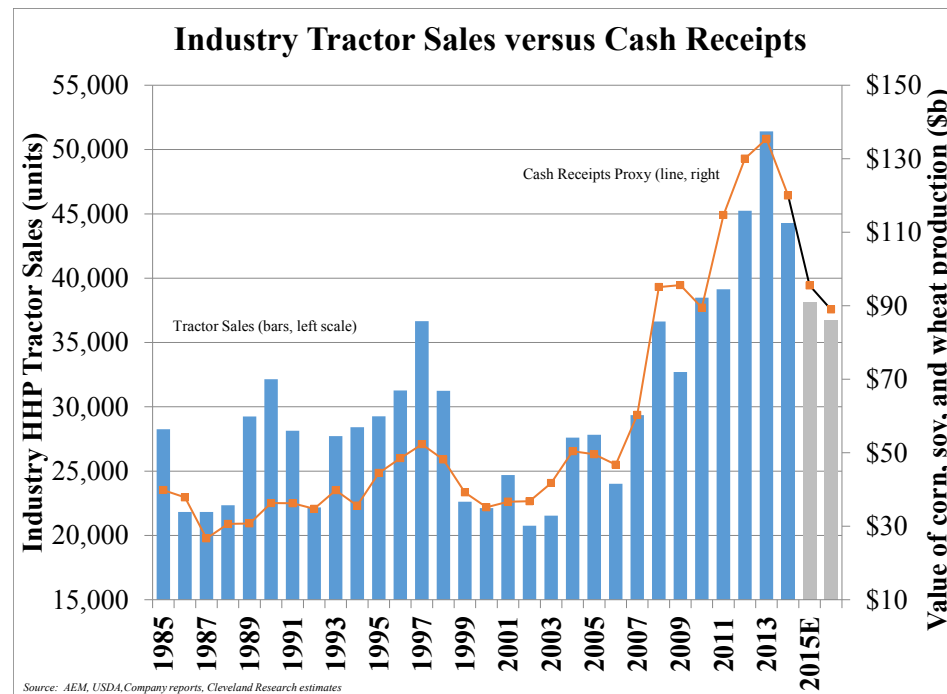
North America Large Ag Equipment Sales



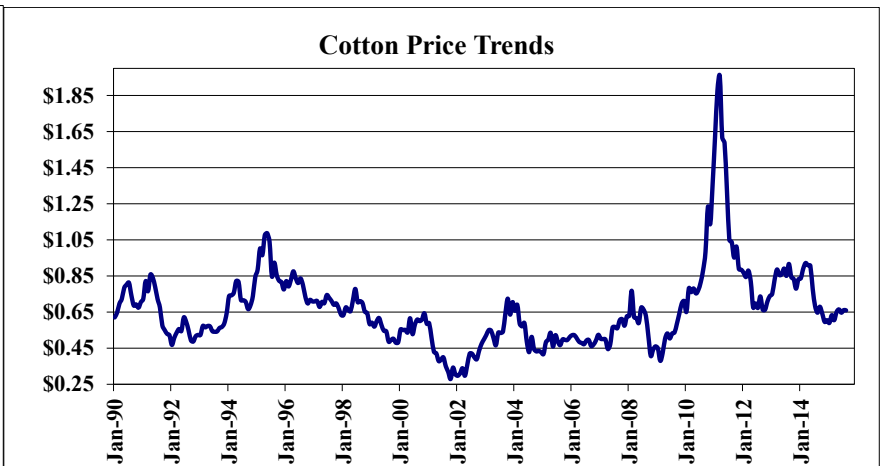
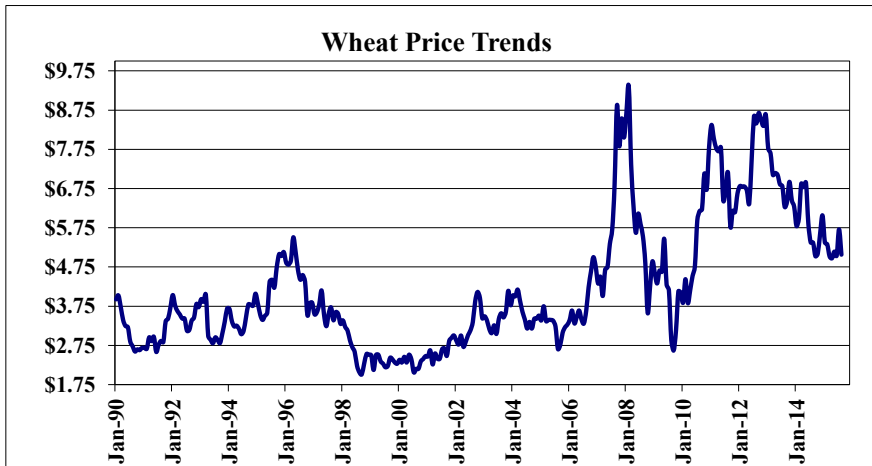
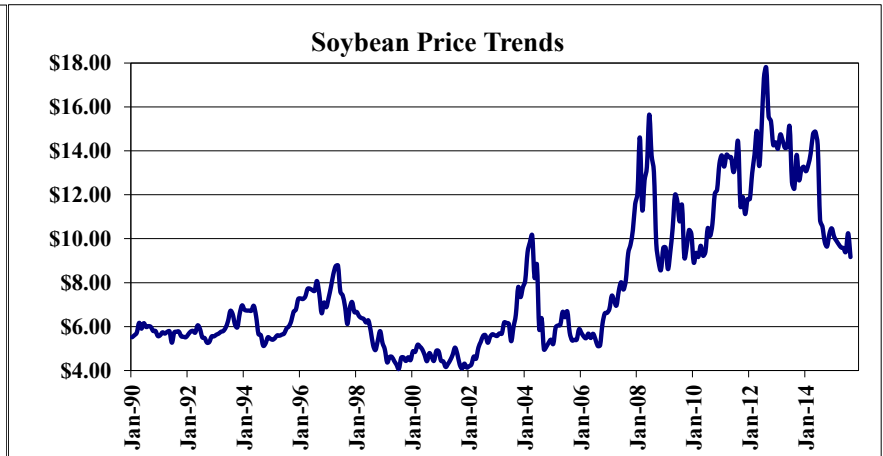
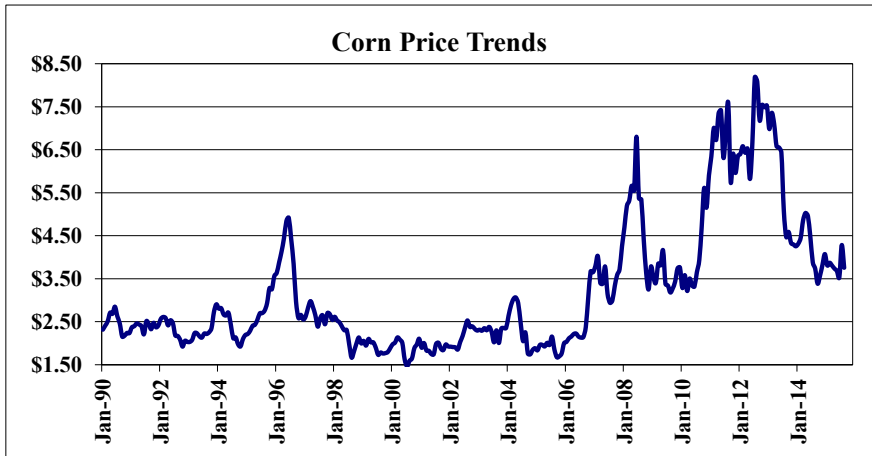
Commodity Prices – Cash Receipts vs. Next Year Equipment Sales

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 November crop report remained negative for future industry tractor sales, and was a slight deterioration from the October report. The USDA reduced its forecast season average corn price forecast by 4% to reflect better yields and a decrease in exports and ethanol production. Soybean prices declined by 3% due to improved yields. Our cash receipts proxy now forecasts receipts down 9% y/y in 2015/2016 compared to the October forecast of down 7% 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

