
A Special Management Report From

***Ag Equipment
Intelligence***

**2017 DEALER BUSINESS
OUTLOOK & TRENDS**

FARM EQUIPMENT FORECAST

An Ag Equipment Intelligence Staff Report



TABLE OF CONTENTS

PART I — NORTH AMERICAN OUTLOOK

Dealers 'Somewhat' More Optimistic for Year Ahead.....	4
--	---

CHARTS

Dealers' Outlook for New Equipment Revenue – 2015 to 2017	4
New Equipment Inventories – April 2011 to August 2016.....	5
North American High Horsepower Tractor & Combine Sales	5
Demographics of 2017 Survey Respondents	6
2017 Ag Equipment Early Orders vs. 5 Years Ago	7
Dealer New Farm Equipment Price Realization.....	8
Dealers' Outlook for Used Equipment Revenue – 2015 to 2017	10
Used Tractor Pricing Trends.....	10
Used Combine Pricing Trends.....	10
Forecast Net Farm & Net Cash Income	12
Industry Tractor Sales vs. Cash Receipts.....	12

TABLES

Revenue Outlook for New Equipment	4
Tractor & Combine Unit Sales Outlook – 2017.....	6
Early Orders 2017 vs. 2016 vs. 2015.....	7
Dealer Projections for New Equipment Sales by Major Line	7
New Equipment Price Increases for 2017 vs. 2016 vs. 2015	8
Best Bets for Improving Equipment Unit Sales in 2017	9
Dealers' Outlook by Equipment Categories	9
Used Equipment Inventories	9
Revenue Outlook for Used Equipment – 2017 vs. 2016.....	9
Dealer Capital Spending Plans & Where Dealers Will Invest.....	11
Dealer Hiring Plans – 2017 vs. 2016.....	11
North American Dealer Issues & Concerns – 2017	11
U.S. Corn, Soy & Wheat Supply and Demand — Long Term Annual Forecast 2016.....	13

PART II — U.S. OUTLOOK

Dealers See Low Commodity Prices as Biggest Hurdle for 2017; Used Equipment Backlog Still Challenging.....	14
U.S. Dealers' Regional Profile & Outlook for 2017.....	20

CHARTS

U.S. Dealers' Projected Sales Revenue for 2017 vs. 2016 – New Equipment.....	14
New Equipment Price Increases for 2017 – U.S.	15
U.S. Early Orders 2017 vs. 2016 & 2016 vs 2015.....	15
U.S. Dealers' View of Used Inventory	16
Best Bets for Improving U.S. Unit Sales in 2017.....	16
U.S. Dealers' Projected Sales Revenue 2017 vs. 2016 – Used Equipment.....	16
Used Equipment Auctions.....	16
U.S. Retail Tractor & Combine Unit Sales – 2011-16	17
Demographics of Survey 2017 Respondents – U.S.	18

AG EQUIPMENT INTELLIGENCE is published monthly for the farm equipment industry by Lessiter Media, P.O. Box 624, Brookfield, WI 53008-0624. © 2016 by Lessiter Media. All rights reserved. Reproduction in any form of this newsletter content is strictly forbidden without the prior written consent of the publisher.

Ag Equipment Intelligence's 2016 Dealer Business Outlook

U.S. Farm Production Regions & Regional Expectations for Sales Revenues – 2017.....	21
--	----

TABLES

U.S. Projected Unit Sales by Equipment Segment – 2017	15
U.S. Dealer Top Concerns for 2017.....	19
U.S. Dealer Spending & Investment Plans for 2017.....	19
U.S. Hiring Plans for 2017	19
U.S. Regional Expectations for Revenue Gains/Losses New & Used Equipment Sales – 2017 vs. 2016.....	21

PART III — CANADIAN OUTLOOK

45% of Canadian Dealers Forecast Increase in 2017 Revenues.....	22
---	----

CHARTS

New Equipment Price Increases for 2017 – Canada.....	22
Canadian Dealers' Projections for Sales Revenue 2017 vs. 2016 – New Equipment	23
Canada Early Orders – 2017 vs. 2016 & 2016 vs. 2015.....	23
Best Bets for Improving Unit Sales in 2017 – Canada.....	23
Demographics of 2017 Survey Respondents – Canada	24
Canadian Dealers' View of Used Inventory.....	24
Canadian Dealers' Projections for Sales Revenue 2017 vs. 2016 – Used Equipment	24
Canadian Retail Tractor & Combine Unit Sales – 2011-2016	25
Used Equipment Auctions.....	26

TABLES

Canadian Projected Unit Sales by Equipment Segment – 2017.....	22
Canadian Dealers' Top Concerns – 2017.....	26
Canadian Dealers' Hiring Plans 2017 vs. 2016.....	26
Canadian Dealers' Spending & Investment Plans for 2017	26

PART IV — BREAKOUT BY MAINLINE SUPPLIERS

Introduction	27
--------------------	----

CHARTS

Most & Least Optimistic Equipment Dealers for 2017	27
AGCO Dealers' Projected Sales Revenues for 2017 – New & Used Equipment.....	28
Best Bets for Improving Unit Sales in 2017 – AGCO Dealers.....	29
Case IH Dealers' Projected Sales Revenues for 2017 — New & Used Equipment.....	30
Best Bets for Improving Unit Sales in 2017 – Case IH Dealers	31
John Deere Dealers' Projected Sales Revenues for 2017 – New & Used Equipment.....	32
Best Bets for Improving Unit Sales in 2017 – John Deere Dealers.....	33
Kubota Dealers' Projected Sales Revenues for 2017 – New & Used Equipment.....	34
Best Bets for Improving Unit Sales in 2017 – Kubota Dealers	35
New Holland Dealers' Projected Sales Revenues for 2017 – New & Used Equipment.....	36

& Trends — Farm Equipment Forecast is available ONLY to AEI subscribers. U.S., Canada and Mexico print subscriptions are \$499 per year. International print subscriptions are \$599 per year. Send subscriptions to: *Ag Equipment Intelligence*, P.O. Box 624, Brookfield, WI 53008-0624. Fax: 262/782-1252. Phone: 262/782-4480 or 866/839-8455 (U.S. only). E-mail: info@agequipmentintelligence.com.

Best Bets for Improving Unit Sales in 2017 – New Holland Dealers.....	37
Independent Dealers' Projected Sales	
Revenues for 2017 – New & Used Equipment.....	38
Best Bets for Improving Unit Sales in 2017 – Independent Dealers.....	39
TABLES	
Dealer Optimism by Brand (weighted avg.).....	27
Price Increases — Brand.....	27
AGCO Dealers' Projected Unit Sales.....	28
AGCO Dealers' Early Orders 2017 vs. 2016.....	28
AGCO Dealers Expecting New Equipment Price Increases in 2017.....	28
AGCO Dealers' Projections for Improved Revenue from	
New & Used Equipment Sales in 2017.....	28
Where AGCO Dealers Will Invest in 2017.....	29
AGCO Dealers' Demographics.....	29
AGCO Dealers' Spending & Hiring Plans for 2017.....	29
AGCO Dealers' Issues & Concerns – 2017.....	29
AGCO Dealers' Used Equipment Inventory.....	29
AGCO Dealers' Major Revenue Sources – 2016.....	29
Case IH Dealers' Projections for Improved Revenue	
from New & Used Equipment Sales in 2017.....	30
Case IH Dealers' Projected Unit Sales.....	30
Case IH Dealers Expecting New Equipment Price Increases in 2017.....	30
Case IH Dealers' Early Orders 2017 vs. 2016.....	30
Case IH Dealers' Demographics.....	31
Where Case IH Dealers Will Invest in 2017.....	31
Case IH Dealers' Spending & Hiring Plans – 2017.....	31
Case IH Dealers' Issues & Concerns — 2017.....	31
Case IH Dealers' Used Inventory.....	31
Case IH Dealers' Major Revenue Sources — 2016.....	31
John Deere Dealers' Projected Unit Sales.....	32
John Deere Dealers' Early Orders 2017 vs. 2016.....	32
John Deere Dealers' Projections for Improved Revenue	
from New & Used Equipment Sales in 2017.....	32
John Deere Dealers Expecting New Equipment	
Price Increases in 2017.....	32
Where John Deere Dealers Will Invest in 2017.....	33
John Deere Dealers' Demographics.....	33
John Deere Dealers' Spending & Hiring Plans 2017 vs. 2016.....	33
John Deere Dealers' Issues & Concerns – 2016.....	33
John Deere Dealers Used Equipment Inventory.....	33
John Deere Dealers' Major Revenue Sources – 2016.....	33
Kubota Dealers' Projections for Revenue	
from New & Used Equipment Sales in 2017.....	34
Kubota Dealers' Projected Unit Sales.....	34
Kubota Dealers Expecting New Equipment Price Increases in 2017.....	34
Kubota Dealers' Early Orders 2017 vs. 2016.....	34
Where Kubota Dealers Will Invest in 2017.....	35
Kubota Dealers' Demographics.....	35
Kubota Dealers' Spending & Hiring Plans 2017 vs. 2016.....	35
Kubota Dealers' Issues & Concerns – 2017.....	35
Kubota Dealers' Used Inventory.....	35
Kubota Dealers' Major Revenue Sources – 2016.....	35
New Holland Dealers' Projected Revenue	
from New & Used Equipment Sales in 2017.....	36
New Holland Dealers' Early Orders 2017 vs. 2016.....	36
New Holland Dealers Expecting New Equipment	
Price Increases in 2017.....	36

New Holland Dealers' Projected Unit Sales.....	36
Where New Holland Dealers Will Invest in 2017.....	37
New Holland Dealers' Demographics.....	37
New Holland Dealers' Used Equipment Inventory.....	37
New Holland Dealers Major Revenue Sources – 2016.....	37
New Holland Dealers' Spending & Hiring Plans for 2017.....	37
New Holland Dealers' Issues & Concerns – 2017.....	37
Independent Dealers' Projected Unit Sales.....	38
Independent Dealers' Projections for Improved Revenue	
from New & Used Equipment Sales in 2017.....	38
Independent Dealers Expecting New Equipment	
Price Increases in 2017.....	38
Independent Dealers' Demographics.....	39
Where Independent Dealers Will Invest in 2017.....	39
Independent Dealers' Early Orders 2017 vs. 2016.....	39
Independent Dealers' Used Equipment Inventory.....	39
Independent Dealers' Major Revenue Sources – 2016.....	39
Independent Dealers' Spending & Hiring Plans for 2017.....	39
Independent Dealers' Issues & Concerns – 2017.....	39

PART V — EMPLOYMENT SIZE BREAKDOWN

CHARTS

Best Bets for Improving Sales in 2017 by Employee Size.....	40
---	----

TABLES

Revenue Projections for New Equipment by Employee Size – 2017.....	40
Revenue Projections for Used Equipment by Employee Size – 2017.....	40
Projected Sales Revenue Increase/Decrease by Employment	
Size – 2017 (weighted avg.).....	41
Unit Sales Projections for Tractors & Combines	
by Employee Size – 2017.....	41
Dealer Spending & Investment Plans for 2017.....	41
Employee Size Breakdown – 2017.....	41
1-20 Employees Unit Sales Projections for Other Equipment in 2017.....	42
21-40 Employees Unit Sales Projections for Other Equipment in 2017.....	42
41-60 Employees Unit Sales Projections for Other Equipment in 2017.....	42
61+ Employees Unit Sales Projections for Other Equipment in 2017.....	43
Dealers' Hiring Plans 2017 vs. 2016.....	43

PART VI — MARKET SEGMENT ANALYSIS & DEALER REVENUE SOURCES

CHARTS

Market Segment Revenue — 1-20 Employees.....	45
Market Segment Revenue — 21-40 Employees.....	45
Market Segment Revenue — 41-60 Employees.....	45
Market Segment Revenue — 61+ Employees.....	45

TABLES

U.S. Regional Market Segmentation – 2016.....	44
Market Segmentation Dealer Revenue Sources.....	44
Employee Size Analysis by Market Segment.....	44
Market Segment Analysis by Canada Regions.....	44
Major Equipment Supplier Analysis by Market Segment.....	45
Segment Analysis by Major Equipment Supplier.....	45
North American Farm Equipment Industry Retail Sales.....	46
North American Farm Equipment Industry Inventory.....	47

PART I — NORTH AMERICAN OUTLOOK

Dealers ‘Somewhat’ More Optimistic for Year Ahead

Few dealers believe 2017 will be a barn burner when it comes to increased sales, but some believe it will be better than 2016.

Dave Kanicki, Executive Editor

As a group, more North American farm equipment dealers appear hopeful about their prospects for increasing revenues going into 2017 than they did going into 2016.

Based on the results of *Ag Equipment Intelligence's* 2017 Dealer Business Outlook & Trends survey vs. those of a year ago, the difference in dealers' outlook for the year ahead is that only a net 10.3% expect 2017 revenues from new equipment sales to decline vs. 2016. A year ago, a net 26% of dealers projected declining revenues during 2016 compared to 2015.

Overall, 22.4% of dealers see 2017 revenues from the sale of new equipment increasing, with 4.2% expecting an improvement of 8% or more and 18.2% forecasting revenues to be up in the range of 2-7% for the year. Last year at this time, only 17.2% were projecting higher revenues for the year; 3% projected improved revenues of 8% or more and 14.2% expected revenues for 2016 to increase by 2-7%.

On the opposite side of the ledger, it seems dealers, overall, do not expect slumping sales of new units to be as severe next year as they were in the past few years. Nearly one-third of dealers expect their revenue from

new equipment to be down during the coming year, as 18.7% see sales dipping by 2-7% and 14% anticipate sales falling by 8% or more. A year ago, 43.1% of dealers expected declining revenues during 2016; 20.6% foresaw revenues dropping 2-7% and 22.5% anticipated a fall off of 8% or more.

A few more dealers (45%) are forecasting little or no change in revenues in the year ahead vs. a year ago, when 40% projected flat new equipment revenues.

New Equipment Inventories. While the large backlogs of used farm equipment have gotten a lot of attention this year. According to monthly Dealer Sentiments & Business Conditions surveys conducted by *Ag Equipment Intelligence* and

Cleveland Research, dealers are equally concerned with their new equipment inventories.

According to the most recent poll, a net 42% of dealers reported new equipment inventories are “too high” (48% “too high,” 45% “about right,” 6% “too low,”) which is in line with the previous months. In fact, new inventory levels have been reported as “too high” for nearly 3 years running.

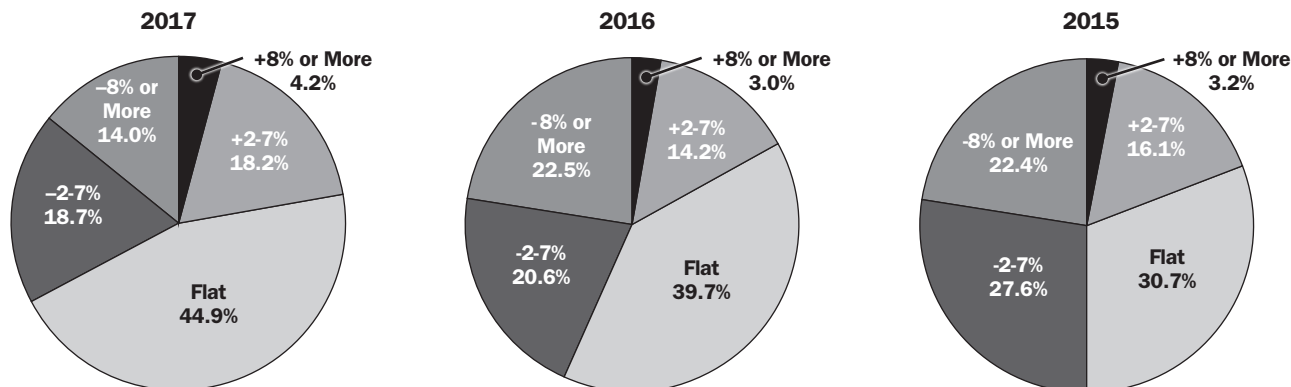
Replacement Cycles. In all likelihood, the slightly more optimistic results from *Ag Equipment Intelligence's* 2017 survey vs. those of a year earlier shouldn't be construed as a sign that dealers expect a near-term turnaround in their sales slump.

On the other hand, it may be an indication they believe sales of pro-

Revenue Outlook for New Equipment — 2017 vs. 2016
(% of survey respondents)

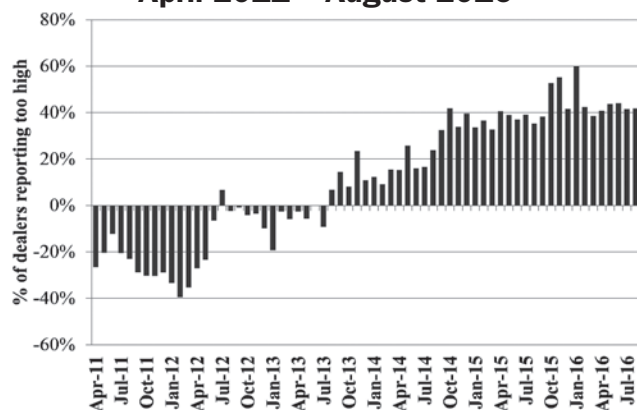
New Equipment	North America		U.S.		Canada	
Revenue Outlook	2017	2016	2017	2016	2017	2016
+8% or More	4.2%	3.0%	3.8%	2.9%	6.4%	3.2%
+2-7%	18.2%	14.2%	14.7%	13.6%	38.7%	19.4%
Little or No Change	44.9%	39.7%	46.0%	39.0%	38.8%	45.2%
-2-7%	18.7%	20.6%	20.2%	21.2%	9.7%	16.1%
-8% or More	14.0%	22.5%	15.3%	23.3%	6.4%	16.1%
Weighted Avg.	-0.81%	-1.84%	-1.16%	-1.97%	1.44%	-0.89%

North American Dealers' Outlook for New Equipment Revenue
2017 vs. 2016 vs. 2015



On a weighted average basis, more ag equipment dealers expect 2017 to be a better year than 2016. Overall, more than 22% expect new equipment sales to improve in the year ahead compared to only 17% who were projecting improved sales a year ago.

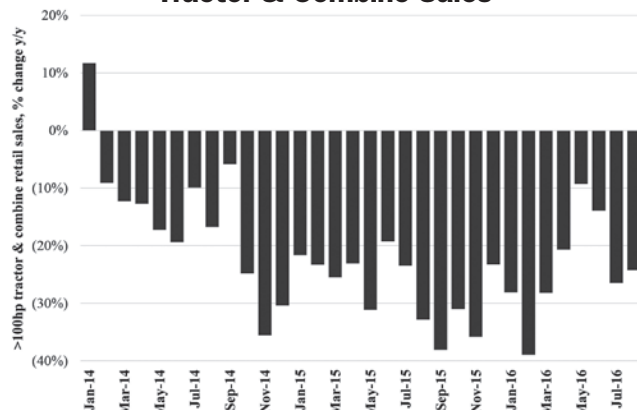
New Farm Equipment Inventories April 2011 – August 2016



A net 42% of dealers reported new equipment inventories are “too high” (48% too high, 45% about right, 6% too low) in August 2016. New inventory levels have been running “too high” for over 3 years.

Source: Ag Equipment Intelligence, Cleveland Research Co.

North American High Horsepower Tractor & Combine Sales



Year-over-year U.S. and Canada unit sales of high horsepower (>100 HP) tractors and combines have been declining since early 2014, with no real sign of a pick up in the short term.

Source: AEM, Cleveland Research Co. estimates

duction ag-type equipment are finally hitting bottom.

There has also been some speculation that many farmers are reverting back to their traditional equipment replacement cycle of 3-5 years, and away from flipping machines on an annual basis that had become so prevalent prior to the sales downturn. With the sales slump in farm equipment approaching its fourth year, perhaps the timing is right for some necessary replacement purchasing by farmers, which could produce a pick up in sales dealers have been looking for.

If, in fact, equipment sales do pick up in 2017, it will go against the current macro-economic signals, which indicate lower crop cash receipts and net farm incomes for 2016 that will carry through into 2017. (See “Low Crop Receipts Continue to Dampen Ag Equipment Sales,” on p. 12.)

Summarizing his feelings about prospects for increasing sales in 2017, one dealer said: “If crop prices don’t increase, I do not see large equipment selling in 2017. There may be even more used equipment for sale as farmers are leaving the business altogether. It is going to take some unforeseen event to increase sales.”

Another Down Year for HHP Tractor & Combine Sales

Struggling year-over-year and year-to-date, North American sales of high horsepower tractors and combines through the first 9 months of 2016 continues the trend the industry has experienced since the first quarter of 2014. Dealers responding to this year’s survey aren’t looking for much improvement in sales of row-crop or 4WD tractors in 2017, but appear a bit more optimistic than they were a year

ago when it comes to sales of compact and utility tractors and combines.

Unit Sales Trends. January through September of 2016, the Assn. of Equipment Manufacturers reports that North American unit sales of mid-range, high horsepower and 4WD tractors, as well as combines remained in the doldrums. The only bright spot is the continued strong showing of compact units (under 40 horsepower).

Through the first 9 months of the year, U.S. and Canada sales of compact tractors increased 15.7% year-over-year after an 18.4% jump in September. This raised total unit sales to nearly 114,000 units, which puts compact tractors on track to be the best sales year since 2007.

As for mid-range/utility tractors, sales were down more than 5% through the first 9 months of the year. Row-crop tractor sales during the

How Did North American Dealers Fare in 2016 vs. 2015?

Dealers didn’t fare as well in the past year as they expected they would when they offered their forecast a year ago. Asked for their “best estimate” of how 2016 revenues would finish up the year vs. their 2015 results, 17.5% said sales revenues would be up for all of 2016 (6.8% are projecting sales will be up 8% or more; 10.7% are projecting up 2-7%). This is almost exactly the percentage of dealers who predicted their sales would be up last year at this time. Twelve months ago, overall 17.2% of dealers were forecasting revenues would increase for the year (3% expected an increase of 8% or more; 14.2% expected increases to range from 2-7%).

The big difference was the percentage of dealers who forecast a drop off in new equipment sales last year vs. this year. When the survey was taken in September 2015, 43% of U.S. and Canadian dealers were projecting declining revenues (20.6% down 2-7%, 22.5% down 8% or more).

In actuality, more than 60% of dealers are now estimating their 2016 sales revenues will be lower than they were in 2015. Of these dealers, 17.5% say that revenues will have fallen by 2-7%. Nearly 44% are reporting sales for the current year will be off by more than 8% for the full year.

Revenue % increase/decrease	Current Estimate for 2016	Last Year's Projections for 2016
+8% or more	6.6%	3.0%
+2-7%	10.9%	14.2%
Flat	21.6%	39.7%
-2-7%	17.5%	20.6%
-8% or more	43.4%	22.5%

Tractor & Combine Unit Sales Outlook — 2017

(% dealers projecting sales +2% or higher/-2% or lower)

	All Dealers	U.S.	Canada
2WD Tractors <40 HP	33.5%/8.0%	34.8%/7.6%	26.7%/10.0%
2WD Tractors 40-100 HP	27.0%/15.3%	27.0%/15.7%	26.7%/13.3%
2WD Tractors >100 HP	16.9%/25.1%	14.3%/27.9%	31.0%/10.4%
4WD Tractors (All)	16.1%/33.3%	13.6%/36.4%	30.8%/15.4%
Combines	15.1%/30.2%	12.6%/33.3%	29.2%/12.5%

January-through-September period of 2016 in North America were down more than 22% compared to the same period in 2015.

Unit sales of all 4WD tractors through September 2016 were down nearly 28% to just under 2,000 units.

Unit sales of combines through the

first 9 months of the year were down by nearly 21% year-over-year. (See *U.S. and Canada Outlooks for additional unit sales detail.*)

Tractor, Combine Outlook. A little over one-third (33.5%) of dealers expect the unit sales of compact tractors to increase in 2017, which is an

improvement over their projections from a year ago when about 29% projected increased sales. Only 8% of dealers are calling for a decline in compact sales during the coming year vs. 14% who forecast a fall off last year.

For mid-range tractors, 27% of dealers are looking for increased sales in the year ahead. This is up only slightly from 26% who forecast growth in the sales of these tractors for 2016. A little over 15% of dealers expect sales of these tractors to decrease in 2017 compared to nearly 18.5% who anticipated lower sales of utility tractors last year at this time.

Fewer dealers this year (17%) expect unit sales of row-crop tractors to improve in 2017 than who forecast an increase in sales of this category of tractors last year (20%). At the same time, a smaller percentage (25%) are anticipating lower sales of high horsepower tractors in the year ahead than called for a decrease last year when 37% projected lower sales.

The same outlook holds for 4WD equipment. Slightly over 16% expect sales to increase in 2017 vs. 20% looking for declining sales a year ago. Last year, nearly 43% of dealers forecasted a fall off in sales of 4WD tractors vs. 33% for the new sales year.

A larger percentage (15%) of dealers also have a more optimistic outlook for combine sales for 2017 compared with 12 months ago, when only 7% of dealers expected combine sales to improve. Also, last year, one-half (50%) of North American dealers projected declining unit sales of combines compared to only 30% who see sales dropping during 2017.

Early Orders a Tough Sell

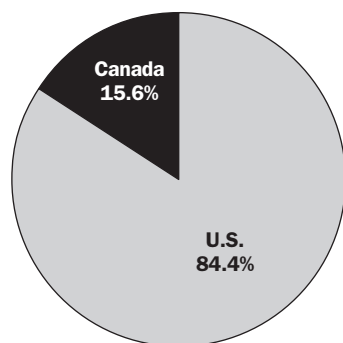
Although a few more dealers say their early equipment orders are up compared to this time last year, overall, new farm machinery order books continue on a downward slide that began 3 years ago.

Slightly more than 14% of North American ag equipment dealers are reporting early orders are in better shape than they were when *Ag Equipment Intelligence* conducted its 2016 Dealer Business Outlook & Trends survey last September. This compares with 7% of dealers who

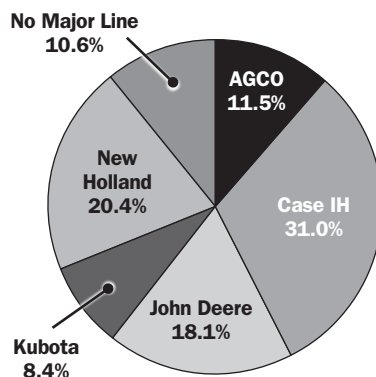
Demographics of 2017 Survey Respondents

More than 230 North American dealers participated in *Ag Equipment Intelligence's* "2017 Dealer Business Outlook & Trends" survey. The charts below show how the participants broke out by country, regions, mainline suppliers and dealer revenue sources. This year 84% of the respondents were from the U.S. and 16% from Canada. In addition to the breakdowns shown here, on average, dealers participating in this year's survey operate 6 store locations, employ 49 employees, 14 of which are service technicians.

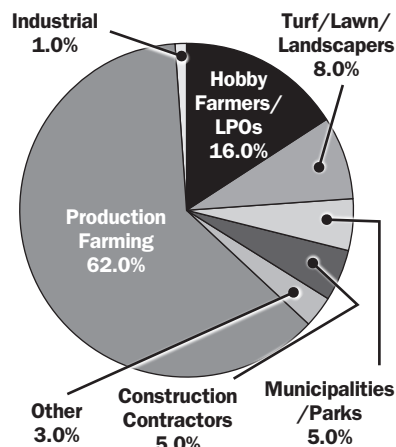
Country Breakdown



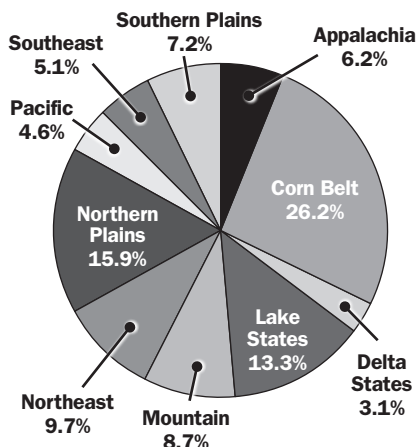
Mainline Suppliers



Dealer Revenue Sources



U.S. Regional Breakdown



Early Equipment Orders – 2017 vs. 2016 vs. 2015

	2017	2016	2015
Up +10%	1.0%	0.0%	1.1%
Up 6-10%	1.0%	0.4%	1.8%
Up 1-5%	12.3%	6.5%	7.5%
Same as Last Year	17.2%	29.8%	31.3%
Down 1-5%	15.8%	10.5%	13.9%
Down 6-10%	13.8%	12.1%	16.0%
Down +10%	38.9%	40.7%	28.4%

reported an increase in early orders 12 months ago and about 10.5% the year before for 2015. These percentages are way down from the more than 27% of dealers who reported in 2014 that their early orders had increased from the previous year.

The small increase in dealers reporting higher early orders for new 2016 equipment is pretty much offset with a larger percentage of dealers reporting decreases in their order books for 2017. This year nearly 70% of dealers say their early orders, or presells, for new 2017 equipment are lower than they were last year, which continues a 3 year run of significant declines.

In 2014, only 28% reported lower order levels than the previous year. This percentage grew to 53% in 2015 and 63% in 2016.

In this year's survey, which looks ahead to 2017 new equipment sales,

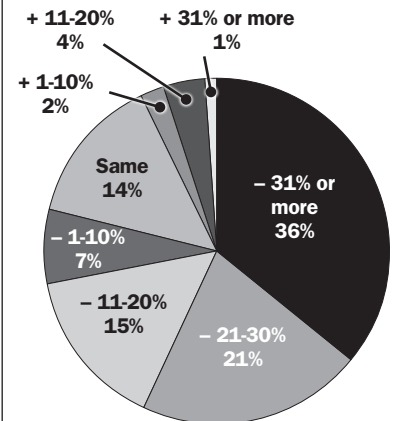
nearly 39% of the 231 responding dealers report that their early order levels are down 10% or more vs. 12 months earlier. Another 14% says they have fallen off between 6-10%, and 16% are reporting their order books are off 1-5% vs. the previous year.

Overall, a net 54% of dealers are reporting a lower level of early orders for 2017. This compares with a net 56% for the previous year and 42% 2 years ago in 2015.

Equipment Lead Times. In his analysis of 2017 early orders, Michael Shlisky, analyst with Seaport Global Securities, noted "that early-order programs are less important in recent years, as much less lead time is needed for delivery given the reduced production levels across most heavy ag categories."

In fact, when *Ag Equipment Intelligence* and Cleveland Research Co. initiated the monthly Dealer

2017 Ag Equipment Early Orders vs. 5 Years Ago



Nearly 80% of dealers report that early order levels for new 2017 farm equipment are far behind levels they saw 5 years ago, when ag machinery sales were peaking.

Source: *Ag Equipment Intelligence*

Sentiments & Business Conditions Update survey in April 2011, equipment delivery times were a major issue. In early 2012, dealers were reporting that the average time between when an order was placed and the equipment delivered was over 6 months. In February and March 2012, on average combine lead times were 7.6 months, 4WD tractors were 6.2 months, row-crop tractors 6.5 months and tractors under 100 horsepower 5.1 months.

Nearly Half of Kubota Dealers Expect Higher New Equipment Sales in 2017

Compared to dealers carrying other major brands of equipment, and even the independents specializing in shortline products, Kubota dealers are easily the most optimistic going into 2017 — by a long shot.

More than 47% of dealers handling Kubota-branded ag machinery are projecting increased revenues for the new selling season. A healthy 32% expect their revenues to pick up by 2-7% and about 16% see them increasing 8% or more. A little over one-quarter (26.2%) project flat sales. That leaves only 26% who are anticipating a drop off in overall revenues in 2017.

It's a split for the independent dealers, with 30% expecting revenues to increase and 30% expecting revenues to decrease.

Otherwise, it appears dealers handling the other brands of farm equipment are hoping for "little or no change" from the revenue levels they saw a year earlier.

During the past few years, Case IH dealers have typically been the most dour in their outlook. This year, they just might be the more optimistic of the four other major brands. On the positive side, more than 19% of Case IH dealers anticipate improved revenues for 2017. Close behind are the John Deere dealers, 18.9% of which see increase revenues in the year ahead. Nearly 17% of AGCO dealers and 16.3% of those handling New Holland products are projecting higher revenues for the year ahead.

On the other hand, more than half (50.5%) of John Deere dealers are forecasting declining revenues. They're followed by New Holland (42%), Case IH (31%) and AGCO (21%) dealers who are expecting lower new equipment revenues in 2017.

Dealer Projections for New Equipment Sales Revenues by Major Line Carried — 2017

Mainline	Up 8% or More	Up 2-7%	Little/ No Change	Down 2-7%	Down 8% or More
AGCO	4.2%	12.5%	62.5%	8.3%	12.5%
Case IH	4.5%	14.9%	49.3%	16.4%	14.9%
John Deere	0.0%	18.9%	40.6%	21.6%	18.9%
Kubota	15.8%	31.6%	26.2%	21.1%	5.3%
New Holland	2.3%	14.0%	41.9%	30.2%	11.6%
Independent	5.0%	25.0%	40.0%	10.0%	20.0%

By the first quarter of 2015, long lead times for equipment deliveries had greatly diminished. With broad availability of all types of large ag equipment, *Ag Equipment Intelligence* ceased surveying dealers about lead times in April 2015.

Early Orders vs. Peak Sales. In this year's survey, dealers were also asked how this year's early orders compares with 5 years ago when the sales of farm machinery hit its peak.

Overall, 78% of dealers report their early orders were less than they were in 2012 and 2013. Of this, nearly 38% say they were down by 30% or more, and 21% say early orders for 2017 were down by 21-30%.

Less than 7% reported that early orders for new equipment next year were higher for the year ahead than they were 5 years ago.

Smaller Price Hikes?

Despite the ongoing sales slump in ag machinery, most dealers are

expecting new equipment price increases from their mainline suppliers. Only 11% report "no increases" for 2017 vs. 10% a year ago and 5.6% two years ago.

Generally, dealers are anticipating lower increases than they saw the two previous years. In all, 76% expect price hikes in the 1-3% range for new 2017 equipment. This compares with 63% last year.

Only 10% are reporting an increase of 4-6% for the coming year, down from the 21% last year who anticipated price hikes in this range. Less than 3% of dealers are projecting an increase in new equipment pricing of 7% or more. This compares with nearly 6% last year who expected price hikes of this magnitude.

Dealer commentary throughout the past year consistently indicated that they were seeing relatively flat new equipment pricing, and any OEM price increases were offset by greater discounting at the dealer level.

At the same time, at least some of the major equipment makers were upping the ante with long term financing incentives in their attempts to jumpstart new equipment sales. For example, New Holland dealers are reporting that the company was offering 0% interest for 84 months on much of its product line. Likewise, Kubota dealers are saying that the company is offering similar financing terms on most of its products.

Best Revenue Growth Prospects for 2017

Despite the tough market for farm machinery sales, dealers identified several equipment categories with the potential to produce measurable revenue increases in the year ahead.

The ranking of the "Best Bets" list is based on the percentage of dealers forecasting that positive revenue growth resulting from increased sales of products in specific product categories. In this case, adding together the percentage of dealers expecting growth of 2-7% or 8% or more is used to rank the various equipment groups.

Still ranked at the top of dealers' list, as it was last year, is lawn and garden equipment with nearly half of dealers (47%) projecting measurable growth during 2017. Number 2 in the rankings is compact tractors. In large part, sales of both of these product groups is driven by the consumer segment, which tends to indicate the good condition of the home building and employment sectors of the economy.

Dealers also see the other tractor categories improving somewhat in 2017 vs. other product groups. Nearly 27% see improving prospects for mid-range tractors (40-100 horsepower), which places #5 in the Best Bets rankings, up from #9 last year.

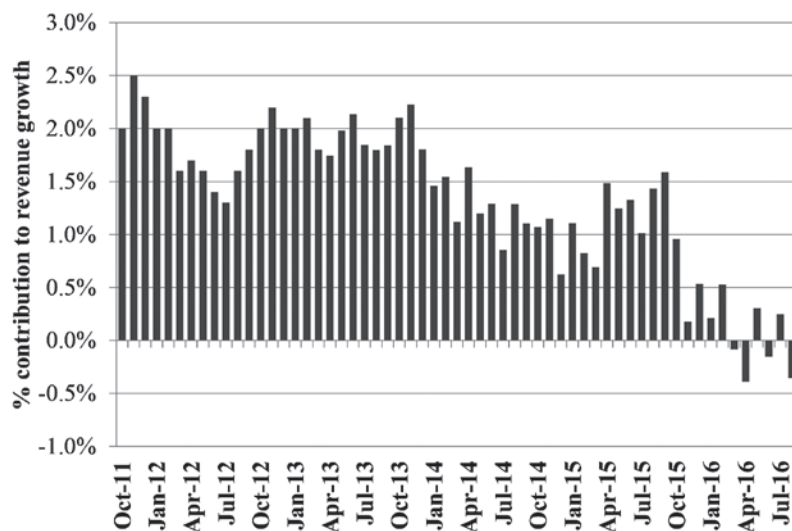
Row-crop tractors (>100 horsepower) also moved up to #8 from #16 a year ago with 17% of dealers expecting growth. Even 4WD tractors jumped in the dealers' view to #9 from #18 for 2016. A little over 16% of survey respondents project improving revenue from sales of tractors in the 4WD category.

GPS/precision farming products, which had earned the dealers' #1 ranking from 2006 to 2015 made a come-

New Equipment Price Increases for 2017 vs. 2016 vs. 2015

	2017	2016	2015
No Increase	10.7%	9.9%	5.6%
1-3% Increase	76.3%	63.1%	61.7%
4-6% Increase	10.2%	21.3%	27.7%
7-9% Increase	2.3%	3.0%	4.3%
10% or More Increase	0.5%	2.7%	0.7%

Dealer New Farm Equipment Price Realization



Dealers reported relatively flat pricing during most of 2016 as incentives programs at the dealer level have more than offset list price increases since the 4Q15.

Source: *Ag Equipment Intelligence*, Cleveland Research Co.

Best Bets for Improving Unit Sales in 2017 (North American Dealers)

Equipment Category		2017 Rank	2016 Rank
Lawn & Garden Equipment	46.5%	1	1
2WD Tractors (<40 HP)	33.5%	2	4
GPS/Precision Ag	31.3%	3	10
Mower/Conditioners	28.8%	4	3
2WD Tractors (40-100 HP)	27.0%	5	9
Round Balers	22.6%	6	8
Farm Loaders	20.1%	7	5
2WD Tractors (>100 HP)	16.9%	8	16
4WD Tractors (All)	16.1%	9	18
Self-Propelled Sprayers	16.1%	9	15
Windrowers/Swathers	15.7%	10	7
Combines	15.1%	11	19
Planters (All)	14.1%	12	17
Feeders/Mixers	10.9%	13	2
Rectangular Balers	9.3%	14	8
Air Seeders/Drills	9.0%	15	15
Field Cultivators	9.0%	15	14
Disc Harrows	7.8%	16	13
Pull-Type Sprayers	5.8%	17	11
Chisel Plows	4.9%	18	12
Forage Harvesters	4.8%	19	6

Rankings for “Best Bets” products for 2017 were calculated by combining the percentages of dealers who projected either an 8% or more increase and those forecasting a 2-7% increase in unit sales.

back for 2017, jumping from #10 on the list last year to #3 for the year ahead. A little over 30% of dealers believe these products will produce increased sales in 2017. This is a good sign for the technology segment of the ag equipment business.

Also included in the Top 10 Best Bets going into 2017 are mower/conditioners with 29% of dealers expecting growth, round balers (23%), farm loaders (20%) and self-propelled sprayers (16%), which is up from #15 a year ago.

Used Equipment Still a Drag

While more dealers are reporting their backlog of used machines appears more manageable this year, many also acknowledge that, overall, inventory of previously used equipment is still too large. And while there was a hopeful increase in used equipment pricing in late spring and early summer, it didn't hold and prices trended downward.

Asked how they would rate their used equipment inventory, 45% of dealers said it was “too high” (35.5%) or “way

Dealers' Outlook by Equipment Categories (ranked by wtd. avg.)

Category	2017	2016	2015
1. Lawn & Garden Equipment	+2.04%	+1.54%	+1.37%
2. 2WD Tractors (<40 HP)	+1.26%	+0.71%	+0.65%
4. Mower/Conditioners	+0.57%	+0.48%	+0.54%
3. GPS/Precision Farming	+0.61%	+0.38%	+1.21%
5. 2WD Tractors (40-100 HP)	+0.54%	+0.27%	+0.77%
7. Round Balers	+0.09%	+0.13%	+0.84%
6. Farm Loaders	+0.49%	+0.08%	+0.45%
8. Feeders/Mixers	-0.06%	-0.24%	+0.19%
9. Windrowers/Swathers	-0.42%	-0.27%	+0.24%
10. Forage Harvesters	-0.42%	-0.51%	-0.24%
11. Rectangular Balers	-0.60%	-0.27%	-0.09%
12. 2WD Tractors (>100 HP)	-0.62%	-1.33%	-1.04%
13. Self-Propelled Sprayers	-0.65%	-1.35%	-1.08%
14. Field Cultivators	-0.82%	-1.16%	-1.14%
15. Disc Harrows	-1.01%	-0.94%	-1.11%
16. Air Seeders/Drills	-1.07%	-1.23%	-0.97%
17. Chisel Plows	-1.09%	-0.89%	-1.26%
18. Combines	-1.10%	-2.51%	-3.27%
19. Planters (All)	-1.11%	-2.05%	-2.11%
20. 4WD Tractors (All)	-1.13%	-1.79%	-1.74%
21. Pull-Type Sprayers	-1.39%	-1.04%	-1.42%

too high” (9.7%). This is somewhat better than last year when 49.5% of dealers said their used backlogs were “too high” (38.9%) or “way too high” (10.6%).

This is in line with the latest Dealer Sentiments & Business Conditions Update survey (September 2016), which indicated that 40% of dealers reported their used equipment inventories as “too high.” And it is little changed from a year

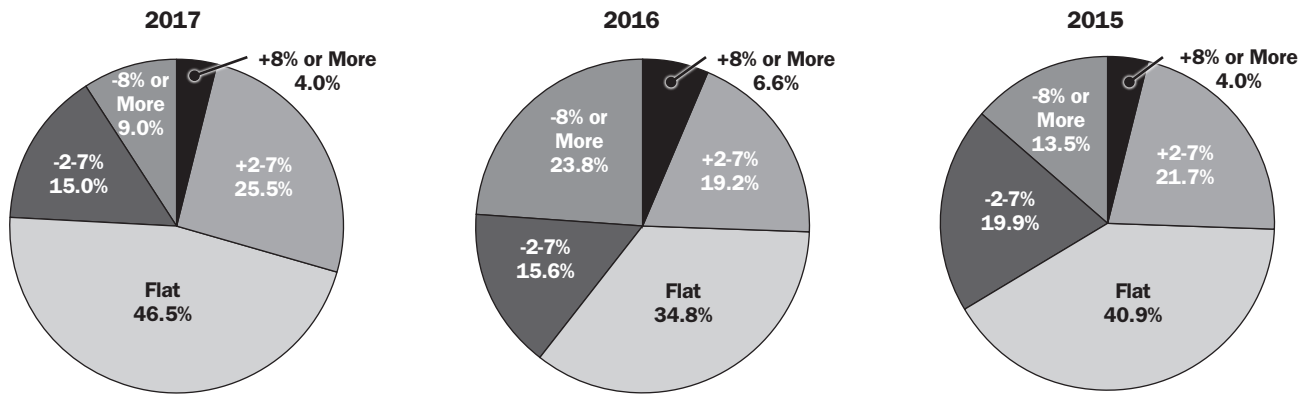
How Dealers Rate Their Used Equipment Inventory

	2017	2016	2015
I Need More Used Equipment	12.2%	8.3%	13.6%
About as Expected	42.6%	42.2%	42.5%
Too High	35.5%	38.9%	34.6%
Way too High	9.7%	10.6%	9.3%

Revenue Outlook for Used Equipment — 2017 vs. 2016 (% of survey respondents)

	North America		U.S.		Canada	
Revenue Outlook	2017	2016	2017	2016	2017	2016
+8% or More	4.0%	6.6%	4.1%	5.0%	3.2%	20.0%
+2-7%	25.5%	19.2%	23.7%	17.4%	35.5%	36.0%
Little or No Change	46.5%	34.8%	45.5%	35.1%	51.6%	32.0%
-2-7%	15.0%	15.6%	16.6%	17.4%	6.5%	0.0%
-8% or More	9.0%	23.8%	10.1%	25.1%	3.2%	12.0%
Weighted Avg.	0.07%	-1.21%	-0.15%	-1.61%	1.31%	2.26%

North American Dealers' Outlook for Used Equipment Revenue 2017 vs. 2016 vs. 2015



While the percentage of dealers projecting improved used equipment revenues for 2017 increased from 25.8% for 2016 to 29.5% for 2017, the biggest shift came in dealers expecting a fall off in revenues, from 39.4% a year ago to 23% this year.

earlier, when 42% of dealers rated used backlogs as "too high."

Depressed Prices. The large backlogs of used machines continues to depress prices of previously used equipment. While compact and mid-range tractors have managed to hold their value, high horsepower tractors and combines continue to sell at depressed pricing levels. According to the most recent Dealer Sentiments survey, on average, used tractors were reported down about 8% year-over-year. Used combine pricing was down 11% year-over-year in August.

Dealer comments like the following appear to reflect overall industry sentiment. *"It is hard to sell new equipment when the manufacturer is dumping low hour lease returns in your market. Why should I take*

a trade to sell a new machine at low or no margin if there is no place to sell it?" ... "There is too much used inventory, so we are decreasing new equipment [orders] until used levels are manageable."

Used Equipment Outlook. Nearly half (47.6%) of all dealers who responded to the 2017 Dealer Business Outlook & Trends survey say they used an auction or auction service (on-site or online) to help move their used equipment during 2016. Two years ago, the last time we asked whether or not dealers utilized an auction to sell used machines, 43% said they utilized a service to help reduce their inventories of used.

Of course, using auctions to sell used equipment is usually synonymous with lower margins.

Currently, 45.2% of dealers describe their used equipment inventories as "too high" (35.5%) or "way too high" (9.7%). This is down somewhat from a year ago when 49.5% of dealers said their used backlogs were "too high" (38.9%) or "way too high" (10.6%).

In terms of revenue from the sale of used machines, 29.5% of North American dealers expect revenues to increase in 2017, with 25.5% looking for improvements in the 2-7% range and 4% expect gains of 8% or more. This compares with 25.8% of dealers who were looking for a bump in used machinery revenues last year. Broken out, 6.6% were anticipating gains of 8% or more and 19.2% projecting increases of 2-7%.

The major swing came in the percentage of dealers forecasting a

Used Tractor Pricing Trends



On average, prices for used large tractors were reported down about 8% year-over-year, while prices for smaller tractors held their own. During 2016, pricing for used HHP tractors ranged from -4% to -7%.

Source: Ag Equipment Intelligence, Cleveland Research Co.

Used Combine Pricing Trends



In August 2016, used combine pricing was down 11% year-over-year. Throughout 2016, pricing on combines ranged from -10% to -15%. Pricing may see some improvement in 2017 as inventories decline.

Source: Ag Equipment Intelligence, Cleveland Research Co.

decline in used equipment revenues between this past year and the year ahead. For 2016, nearly 40% of dealers said they expect declining revenues from the used equipment segment of their business. Nearly 16% projected a fall off of 2-7% and 24% were calling for a decline of 8% or more. For 2017, less than one-quarter (24%) of dealers are forecasting less revenue from their used machinery, with 15% anticipating a drop off of 2-7% and only 9% forecasting a decrease of 8% or more.

Few Changes in Dealers' List of Concerns

Dealers major concerns going into the new sales year have not changed substantially from their listing of major worries from a year ago.

Like last year, ongoing low commodity prices tops the dealers' list of concerns. The most recent USDA estimate for corn is \$2.90-\$3.50 per bushel. For soybeans, the forecasted price range is \$8.30-\$9.80, and wheat is expected to come in at \$3.30-\$3.90 per bushel. All are considered "bearish" for sales of farm equipment for the remainder of 2016 and into 2017.

Farm input costs and increasing cost of new equipment swapped places in the #2 and #3 slots on dealers list of concerns for 2017.

Health care affordability moved up from the #7 spot in 2016 to #4 and shrinking farm customer base rose to #5 for 2017, pushing technician availability and used equipment inventory down to #6 and #7 respectively.

Most Spending and Hiring On Hold

With the industry approaching the fourth year of declining sales, it's not a surprise that most dealers (67%) are not in the mood to spend money on facilities or equipment. At the same

North American Dealer Issues & Concerns — 2017				
Greatest Concerns	Most Concerned	Concerned	Not Concerned	2016 Ranking
1. Farm Commodity Prices	69.4%	26.3%	4.3%	1
2. Increasing Cost of New Equipment	37.4%	54.5%	8.1%	3
3. Farm Input Costs	44.0%	46.4%	9.6%	2
4. Health Care Affordability	57.8%	31.3%	10.9%	7
5. Shrinking Farm Customer Base	37.1%	49.0%	13.9%	6
6. Technician Availability	40.8%	44.5%	14.7%	4
7. Used Equipment Inventory	32.9%	42.4%	24.7%	5
8. Labor Regulation*	17.1%	55.6%	27.3%	NA
9. New Equipment Inventory*	14.2%	57.8%	28.0%	NA
10. Product Reliability	26.2%	44.8%	29.0%	9
11. Financing Availability - Floor Planning	12.8%	45.5%	41.7%	10
12. Dealership 'Purity' Efforts by Majors	16.3%	41.6%	42.1%	12
13. Energy Fuel Costs	4.8%	52.4%	42.8%	11
14. Manufacturer Succession Policies	13.2%	42.9%	43.9%	15
15. Financial Availability - Retail	11.8%	41.7%	46.5%	13
16. Manufacturer Consolidation*	10.0%	41.9%	48.1%	NA
17. Dealer Consolidation*	8.1%	43.1%	48.8%	NA
Dealers' issues and concerns are ranked by combining the percentage of "most concerned" and "concerned" responses. *Note: #8, #9, #16 and #17 were not included in the list last year. As a result, they were not ranked in 2016.				

time, nearly one-third of them do have plans to invest in mobile service vehicles and to update their showrooms.

At the same time, a higher percentage of dealers plan to hire counter people, sales personnel and add administrative help than were planning to do so a year ago.

Some Spending. The percentage

of dealers who say they're planning capital expenditures for 2017 is actually higher at this point this year than it was a year ago.

Of the 34% of dealers who are planning investments, 29% plan to increase capital spending by 1-5%. Nearly 3.5% of dealers have plans to up their expenditures by 6-10%, while

Where Dealers Will Invest in 2017		
	2017	2016
Shop & Service	30.1%	38.8%
Retail/Showroom	17.6%	20.2%
Business Info. Systems	16.0%	29.3%
Mobile Service Vehicles	36.0%	34.5%

Dealer Capital Spending Plans for 2017		
	2017	2016
No Increase	66.5%	62.2%
+1-5%	29.1%	29.9%
+6-10%	3.4%	5.5%
+11%	0.9%	2.4%

North American Dealer Hiring Plans — 2017 vs. 2016

2017	Add Staff	No Change	Reduce/Relocate Staff	2016	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	22.7%	71.5%	5.8%	Parts Department	19.0%	76.3%	4.7%
Service Department	49.0%	46.6%	4.3%	Service Department	51.2%	45.8%	3.0%
Wholegoods Sales	29.2%	67.0%	3.8%	Wholegoods Sales	22.7%	73.1%	4.2%
Corporate/Admin.	6.3%	84.4%	9.3%	Admin./Office	3.9%	87.1%	9.0%
Precision Farming Specialist	11.6%	85.8%	2.6%	Precision Farming Specialist	13.0%	83.8%	3.2%

only 1% indicate they'll raise capital spending by more than 10%.

A year earlier, overall a smaller percentage of dealers (62%) had no plans to raise their internal spending.

Of those planning facility and other upgrades, nearly 30% had expected to increase their spending 1-5%, 5.5% were going to raise it 6-10% and 2.4% intended to increase investments by more than 10%.

The part of the business where the most dealers intend to elevate capital expenditures in 2017 is mobile service vehicles. More than one-third (36%) of these dealers plan to upgrade or expand their fleets to take service to their customers in the field. This is nearly the same level (34.5%) who, last year, said they would increase their investments on their service vehicles.

Spending on the shop and service areas of their business, which nor-

mally leads the list of spending projects, slipped to second place this year. Slightly over 30% of dealers intend to increase spending on their shops, which is down from 39% last year.

Fewer dealers intend to invest in upgrading or improving their showrooms or business systems compared to a year ago. This time around, about 18% said they'll increase spending on the retail part of the business vs. 20% last year, and 16% will spend more on their business systems compared to 29% a year ago.

Change in Hiring. Typically, when farm equipment dealers are looking to hire, their emphasis is on adding service technicians. While nearly half (49%) say they plan to increase the number of techs they employ, this is down from 51% last year.

The biggest jump came with who-

lealers say they would likely increase their staffs compared with their hiring plans last year. In all, 29% of dealers intend to hire salespeople in the year ahead vs. 23% a year ago.

A higher percentage of dealers say they will be looking for more people to work the parts counter this year, as well. Some 23% are planning to add parts personnel in 2017 compared to 19% last year at this time.

A larger number of dealers (6.3%) also plan to bolster administrative staff in the year ahead compared to a year ago when only 4% said they would increase the number of personnel working in the backroom.

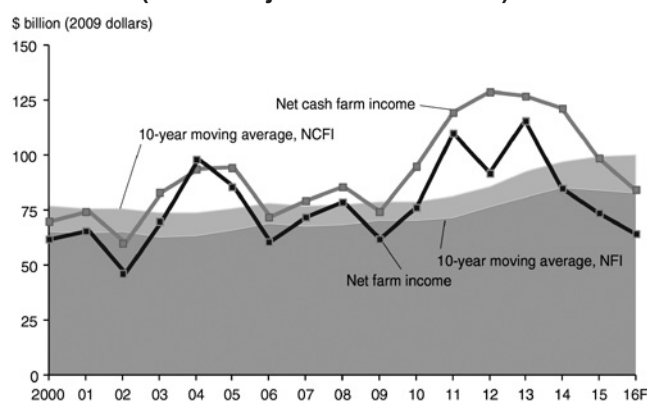
Surprisingly, fewer dealers intend to hire precision farming specialist this year compared to last year. Only 11.5% say they would like to increase precision staff for 2017 compared to 13% a year ago.

Low Crop Receipts Continue to Dampen Ag Equipment Sales

Based on the latest World Agricultural Supply and Demand Estimates (WASDE) report, as well as USDA's long-term supply and demand projections, it appears the industry will be dealing with lower commodity pricing and cash receipts for a while. The following charts and data tables demonstrate

the impact fluctuating commodity prices have on crop receipts and ultimately the net farm and net cash income of farmers, which are the key measures of farm sector profitability. These, in turn, are the major factors that drive producers' purchase of farm machinery and other capital goods.

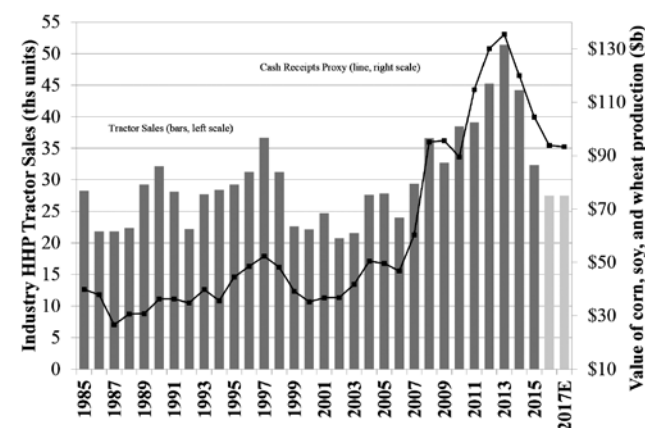
Net Farm Income & Net Cash Income Forecast (inflation adjusted — 2000-2016F)



Net cash farm income (NCFI) and net farm income (NFI) are two common measures of farm sector profitability. Following several years of high income, both measures have trended downward since 2013. ERS forecasts that, in 2016, net cash farm and net farm income will fall to \$94.1 billion and \$71.5 billion, respectively (\$84.6 billion and \$64.3 billion, when adjusted for inflation). These values are below their 10 year averages in both nominal and inflation-adjusted terms. Lower forecasts for NCFI and NFI reflect price declines across a broad set of agricultural commodities in 2015 that are expected to continue in 2016. A forecast increase in government payments and decline in production expenses in 2016 only partially offset the drop in commodity receipts.

Source: USDA, Economic Research Service, Aug. 30, 2016

High Horsepower Tractor Sales vs. Cash Receipts



This chart demonstrates the historical relationship between the value of production of U.S. corn, soybeans and wheat to annual industry sales of high horsepower tractors. USDA's October 2016 World Agricultural Supply and Demand Estimates report, while improved from a year ago, provided little encouragement for a rebound in tractor sales. In a note following release of the October WASDE report, Michael Shlisky, analyst for Seaport Global Securities, said, "On a calendar year basis, our model suggests that overall cash receipts (major crops, other crops and livestock) are expected to be down 3% year-over-year in CY2016 and down another 2% in CY2017. In our view, this is not an environment that is conducive to a recovery in the heavy ag equipment market in 2017."

Source: AEM, USDA, Company reports, Cleveland Research estimates

U.S. Corn, Soy & Wheat Supply and Demand — Long Term Annual Forecast 2016

U.S. Corn Balance Sheet — USDA Long Term Forecast (Feb. 2016)

Millions of bushels	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Planted	95	91	88	94	90	90	90	90	90	89	89	88	88
Harvested	88	83	81	87	83	83	83	82	82	81	81	80	80
Yield (bu/acre)	158	171	168	174	170	172	174	176	178	180	182	184	186
Beginning Stocks (MM bu)	821	1,232	1,731	1,716	1,755	1,730	1,740	1,755	1,775	1,785	1,790	1,785	1,735
Production (MM bu)	13,829	14,216	13,601	15,093	14,035	14,200	14,355	14,465	14,535	14,610	14,680	14,740	14,900
Imports (MM bu)	36	32	55	50	30	30	30	30	30	30	30	30	30
Total Use	13,454	13,747	13,585	14,475	14,090	14,220	14,370	14,475	14,555	14,635	14,715	14,820	14,925
Ending Stocks	1,232	1,731	1,803	2,384	1,730	1,740	1,755	1,775	1,785	1,790	1,785	1,735	1,740
Ending Stocks/Use	9.2%	12.6%	13.3%	16.5%	12.3%	12.2%	12.2%	12.3%	12.3%	12.2%	12.1%	11.7%	11.7%
Weeks Carryover	4.8	6.5	6.9	8.6	6.4	6.4	6.4	6.4	6.4	6.4	6.3	6.1	6.1
Average Farm Price (\$/bu)	\$4.46	\$3.70	\$3.60	\$3.20	\$3.65	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70	\$3.70	\$3.75	\$3.75
Value of Production	\$61,677	\$52,599	\$48,964	\$48,298	\$51,228	\$52,540	\$53,114	\$53,521	\$53,780	\$54,057	\$54,316	\$55,275	\$55,875
% change y/y	-17%	-15%	-7%	-1%	6%	3%	1%	1%	0%	1%	0%	2%	1%

U.S. Soybean Balance Sheet — USDA Long Term Forecast (Feb. 2016)

Millions of bushels	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Planted	77	83	83	84	82	82	82	82	81	81	81	81	81
Harvested	76	83	82	83	81	81	81	81	80	80	80	80	80
Yield (bu/acre)	44	48	48	51	47	48	48	49	49	50	50	51	51
Beginning Stocks	141	92	191	195	421	382	348	323	299	275	270	270	265
Production	3,358	3,927	3,929	4,201	3,810	3,850	3,890	3,920	3,940	3,980	4,020	4,035	4,065
Imports	72	33	30	30	30	30	30	30	30	30	30	30	30
Total Use	3,479	3,861	3,654	4,061	3,879	3,914	3,945	3,974	3,994	4,015	4,050	4,070	4,094
Ending Stocks	92	191	400	365	382	348	323	299	275	270	270	265	266
Stocks/Use	2.7%	4.9%	10.9%	9.0%	9.8%	8.9%	8.2%	7.5%	6.9%	6.7%	6.7%	6.5%	6.5%
Average Price (\$/bu)	\$13.00	\$10.10	\$8.85	\$9.05	\$8.80	\$8.95	\$9.00	\$9.10	\$9.20	\$9.20	\$9.20	\$9.30	\$9.35
Value of Production	\$43,654	\$39,663	\$34,772	\$38,019	\$33,528	\$34,458	\$35,010	\$35,672	\$36,248	\$36,616	\$36,984	\$37,526	\$38,008
% change y/y	0%	-9%	-12%	9%	-12%	3%	2%	2%	2%	1%	1%	1%	1%

U.S. Wheat Balance Sheet — USDA Long Term Forecast (Feb. 2016)

Millions of bushels	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Planted	56	57	55	51	51	52	52	52	52	52	52	52	52
Harvested	45	46	47	44	43	44	44	44	44	44	44	44	44
Yield (bu/acre))	47	44	44	53	46	47	47	47	48	48	48	49	49
Beginning Stocks	718	590	752	981	928	842	784	739	707	688	677	669	669
Production	2,134	2,026	2,052	2,321	2,000	2,035	2,050	2,065	2,080	2,095	2,110	2,130	2,140
Imports	169	144	120	115	130	135	140	145	150	155	160	165	170
Total Use	2,431	2,007	1,946	2,317	2,216	2,228	2,235	2,242	2,249	2,261	2,278	2,295	2,312
Ending Stocks	590	753	978	1,100	842	784	739	707	688	677	669	669	667
Stocks/Use	24.3%	37.5%	50.3%	47.5%	38.0%	35.2%	33.1%	31.5%	30.6%	29.9%	29.4%	29.2%	28.8%
Average Price (\$/bu)	\$6.87	\$5.99	\$4.90	\$3.60	\$4.50	\$4.60	\$4.65	\$4.70	\$4.75	\$4.80	\$4.85	\$4.90	\$4.95
Value of Production	\$14,661	\$12,136	\$10,055	\$8,356	\$9,000	\$9,361	\$9,533	\$9,706	\$9,880	\$10,056	\$10,234	\$10,437	\$10,593
% change y/y	-16%	-17%	-17%	-17%	8%	4%	2%	2%	2%	2%	2%	2%	1%

Source: USDA, Cleveland Research Co. estimates

PART II — U.S. OUTLOOK

Dealers See Low Commodity Prices as Biggest Hurdle for 2017; Used Equipment Backlog Still Challenging

Few if any farm equipment dealers would say that new or used equipment sales levels were “good” or even “pretty good” in 2016. It was another tough year all the way around.

Based on the results of *Ag Equipment Intelligence's* 2017 Dealer Business Outlook & Trends survey, U.S. farm equipment dealers appear to be holding out hope that the year ahead will be at least a little better.

As for this past year, more than two-thirds of U.S. dealers (64.8%) say revenues from sales of new machinery will be lower than they were in 2015. In all, 46.1% expect sales levels to decline 8% or more and another 18.7% say they will fall below the previous year sales by 2-7%.

About 20% estimate sales for the year will be flat. The remaining 15% expect 2016 sales revenues will have improved, with 8.8% of dealers saying they will be up by 2-7% and 6.6% by 8% or more.

2017 Better? Looking ahead, it is probably more correct to say that as U.S. dealers look toward 2017, they are less pessimistic than they were a year earlier. And while their used equipment inventories are still bigger than they would like, they are somewhat more manageable than they were going into 2016.

Why less pessimistic rather than more optimistic?

This is because there is only 2% more dealers who are expecting improved revenues in 2017 vs. 2016. But there are 9% fewer dealer who believe their new equipment sales will decline compared to the previous year.

While 18.6% of U.S. dealers are forecasting increased revenues from the sale of new equipment in 2017 vs. 2016 (14.8% up 2-7%, 3.8% up 8% or more), last year 16.5% predicted their sales would increase vs. 2015 (13.6% up 2-7%, 2.9% up 8% or more).

A year ago 44.5% of U.S. dealers were projecting lower sales revenues (21.2% down by 2-7%, 23.3% down by

8% or more). This year, the number of dealers expecting lower sales in 2017 is 35.5% (20.2% by 2-7%, 15.3% by 8% or more).

Nearly 46% of dealers are expecting little or no change to new equipment revenues in the year ahead. While not necessarily optimistic, more dealers seem to believe the bleeding will slow, if not stop, in 2017. Last year 39% of ag machinery dealers expected 2016 sales levels to be flat.

Price Hikes & Early Orders. According to survey results, U.S. dealers are seeing lower early orders, but are expecting higher prices in 2017.

Despite the ongoing sales slump in ag equipment, less than 10% of dealers do not anticipate a price increase for new machinery in 2017. Slightly fewer than 80% say their major suppliers will pass along price increases ranging from 1-3%, while the remaining 10% are projecting price hikes from 4-9%.

Last year, about the same number of dealers reported they were expecting increased prices for new equipment, but the increases were generally higher than are expected for 2017.

A year ago, 23% of dealers said price hikes would be 4% or more,

with 18.6% reporting increases ranging from 4-6%, 3.5% expecting jumps of 7-9% and about 1% anticipating increased pricing of 10% or higher. Two-thirds of dealers were projecting higher prices ranging from 1-3%.

When it comes to early orders, U.S. dealers say they're down precipitously from 2017 from very low levels last year.

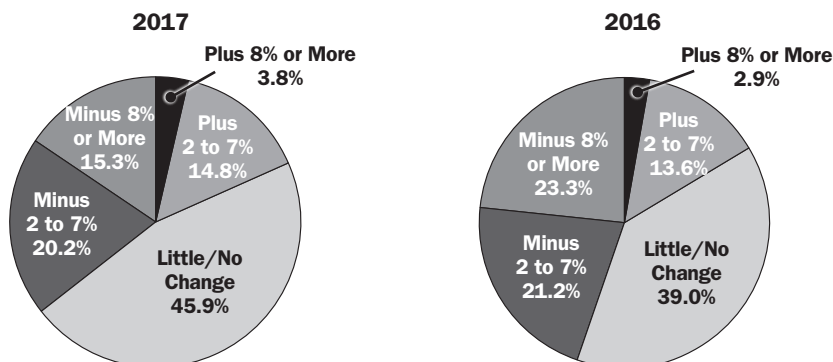
Overall, 74% of dealers are reporting early orders are down from last year's levels. Of these, 42.2% say they've fallen by more than 10%, 14.4% say they're down by 6-10% and 17.3% say they've decreased by 1-5%.

Only 12.2% are reporting improved levels of early orders for 2017, with about 10% reporting an increase of 1-5% and 2.4% saying their early orders are up by 6% or more.

Product Groups for Potential Growth in 2017

The Top 5 product groups that U.S. dealers anticipate will hold the best potential for growing revenues in 2017 range from consumer equipment to hay mowers. At the top of the list again this year is lawn and garden products, with 46% of dealers fore-

U.S. Dealers' Projections for Sales Revenue – New Equipment — 2017 vs. 2016



Less than 19% (18.6%) of U.S. dealers of farm machinery are projecting increasing revenues from the sale of new equipment in 2017. This is about a 2% improvement compared to a year earlier when 16.5% expected higher revenues. The more significant change is with dealers who expect a drop off in new equipment revenues in 2017, as more than one-third (35.5%) anticipate declining revenues of 2% or more in the year ahead. Last year at this time, 44.5% of dealers were forecasting declining revenues.

U.S. Dealers' Projected Unit Sales by Equipment Segment — 2017

	Up 8% or More	Up 2-7%	Little/ No Change	Down 2-7%	Down 8% Or More	Up 2% or More	Down 2% or More	2016 Optimism Level*	Optimism vs. Last Year	Same as or better for 2017**	Weighted Avg. 2017
Tractors & Combines											
2WD Tractors (<40 HP)	5.7%	29.1%	57.6%	5.7%	1.9%	34.8%	7.6%	28.4%	+6.4%	92.4%	1.36%
2WD Tractors (40-100 HP)	3.1%	23.9%	57.2%	12.6%	3.1%	27.0%	15.7%	25.2%	+1.8%	84.3%	0.51%
2WD Tractors (>100 HP)	0.7%	13.6%	57.8%	19.5%	8.4%	14.3%	27.9%	19.6%	-5.3%	72.1%	-0.89%
4WD Tractors (All)	2.0%	11.7%	50.0%	22.7%	13.6%	13.6%	36.4%	21.0%	-7.4%	63.6%	-1.43%
Combines	0.7%	11.9%	54.1%	20.7%	12.6%	12.6%	33.3%	7.7%	+4.9%	66.7%	-1.35%
Hay Tools & Forage											
Rectangular Balers	0.7%	8.7%	69.6%	15.9%	5.1%	9.4%	21.0%	16.9%	-7.5%	79.0%	-0.67%
Round Balers	1.3%	17.7%	58.2%	20.3%	2.6%	19.0%	22.9%	19.6%	-0.7%	77.1%	-0.22%
Mower/Conditioners	0.0%	23.5%	59.7%	14.1%	2.7%	23.5%	16.8%	21.8%	+1.7%	83.2%	0.21%
Windrowers/Swathers	0.0%	14.8%	64.4%	14.8%	5.9%	14.8%	20.7%	16.3%	-1.5%	79.3%	-0.47%
Feeders/Mixers	0.0%	8.8%	80.8%	7.2%	3.2%	8.8%	10.4%	10.8%	-2.0%	89.6%	-0.18%
Forage Harvesters	0.8%	3.2%	84.0%	6.4%	5.6%	4.0%	12.0%	7.1%	-3.1%	88.0%	-0.53%
Planting & Seeding											
Planters (All)	0.7%	12.8%	53.9%	16.3%	16.3%	13.5%	32.6%	10.1%	+3.4%	67.4%	-1.41%
Air Seeders/Drills	0.8%	5.4%	66.7%	14.7%	12.4%	6.2%	27.1%	11.4%	-5.1%	72.9%	-1.35%
Tillage											
Field Cultivators	0.7%	8.4%	66.4%	16.1%	8.4%	9.1%	24.5%	7.7%	+1.4%	75.5%	-0.96%
Chisel Plows	0.7%	4.3%	69.8%	15.8%	9.4%	5.0%	25.2%	8.9%	-3.9%	74.8%	-1.21%
Disc Harrows	0.7%	7.0%	64.3%	18.9%	9.1%	7.7%	28.0%	10.8%	-3.1%	72.0%	-1.21%
Sprayers											
Self-Propelled Sprayers	0.8%	11.9%	65.9%	7.1%	14.3%	12.7%	21.4%	11.5%	+1.2%	78.6%	-0.87%
Pull-Type Sprayers	0.8%	5.3%	66.2%	13.5%	14.3%	6.0%	27.8%	6.7%	-0.7%	72.2%	-1.46%
Other Equipment											
Farm Loaders	1.4%	17.9%	71.0%	6.9%	2.8%	19.3%	9.7%	18.9%	+0.4%	90.3%	0.39%
GPS/Precision Farming	2.1%	30.0%	52.1%	9.3%	6.4%	32.1%	15.7%	30.6%	+1.5%	84.3%	0.59%
Lawn/Garden Equipment	4.6%	40.8%	48.7%	5.3%	0.7%	45.4%	5.9%	39.7%	+5.7%	94.1%	1.91%

On a weighted basis, U.S. dealers indicate that 6 of 21 categories of farm machinery present good potential for increasing unit sales in 2017.

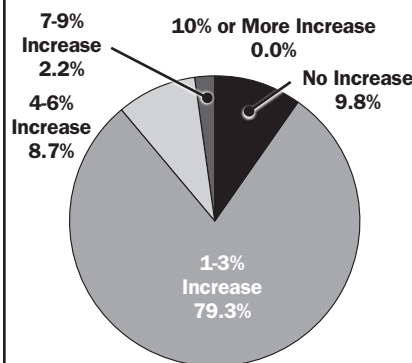
*2017 optimism is ranked by combining increases only. **Ranked by combining increases with little or no change in 2017.

casting improved revenues of more than 2%. Switching places in the #2 and #3 slots are compact tractors (<40 horsepower), with 31% of U.S. dealers

anticipating increased revenues of 2% or more, and #3 GPS/precision farming systems, as 28% expect good potential for growth. Number 4 on the dealers list of "Best Bets," are utility tractors (40-

100 horsepower), with 25% of dealers projecting revenue growth. Rounding out the Top 5 are mower/conditioners, with 22% of dealers expecting revenues to rise by 2% or more.

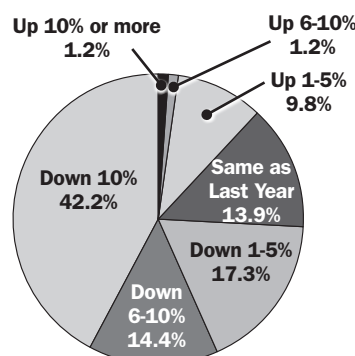
New Equipment Price Increases for 2017



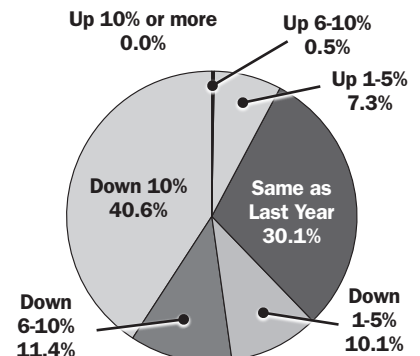
Less than 10% of U.S. dealers expect no price hikes for new equipment in 2017, while 80% say prices will increase 1-3% and 10% projecting increases of 4% or more.

U.S. Dealers' Estimate of Early Orders

2017 vs. 2016

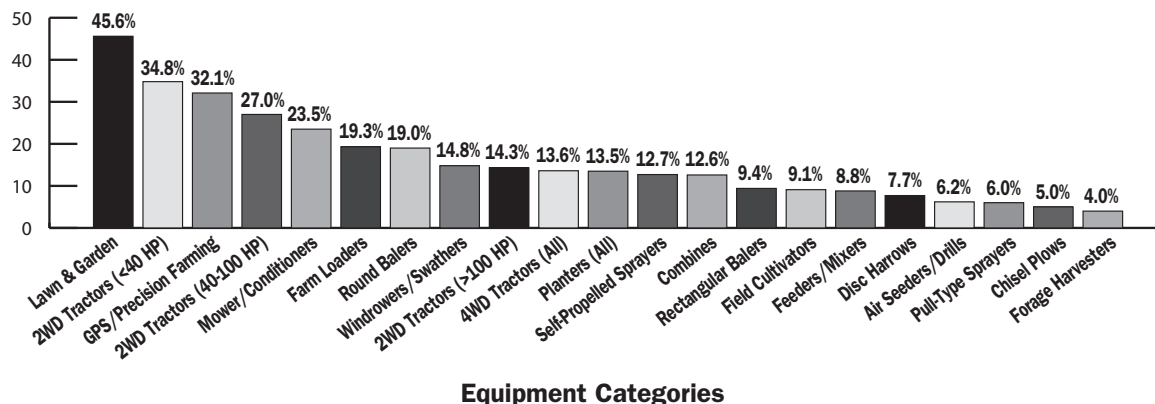


2016 vs. 2015



The level of early orders for new 2017 equipment improved slightly. Overall, 11% of U.S. dealers saw an improvement in early bookings this year vs. 7.8% a year ago.

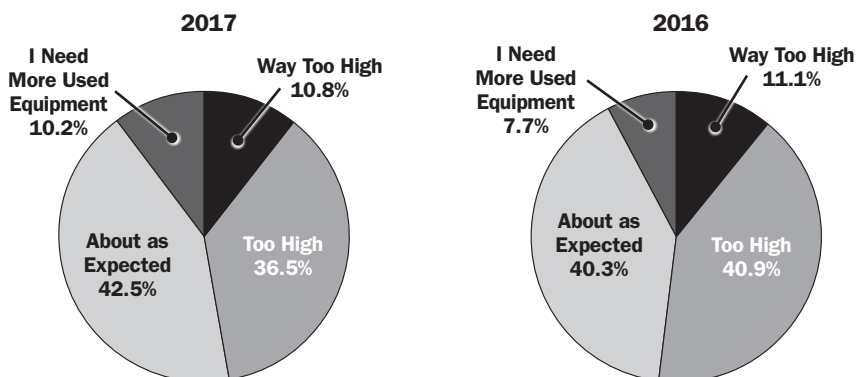
Best Bet Products for Improving Unit Sales in 2017 — U.S.



Equipment Categories

The “Best Bets” ranking is based on the percentage of dealers who expect unit sales for a particular category of equipment to increase in 2017. U.S. dealers believe the Top 5 product groups holding the best potential for increasing sales revenue in the year ahead include lawn and garden equipment, compact tractors, GPS/precision farming systems, utility tractors and mower/conditioners.

U.S. Dealers’ View of Used Equipment Inventory



U.S. dealers’ used equipment inventories improved marginally in 2016 and remain a challenge going into 2017. Overall, 47.3% of dealers rate their backlogs as “too high” or “way too high.” Last year, this percentage stood at 52% of dealers who were struggling with large inventories.

More Manageable, But Used Equipment Inventories Still Vexing for U.S. Dealers

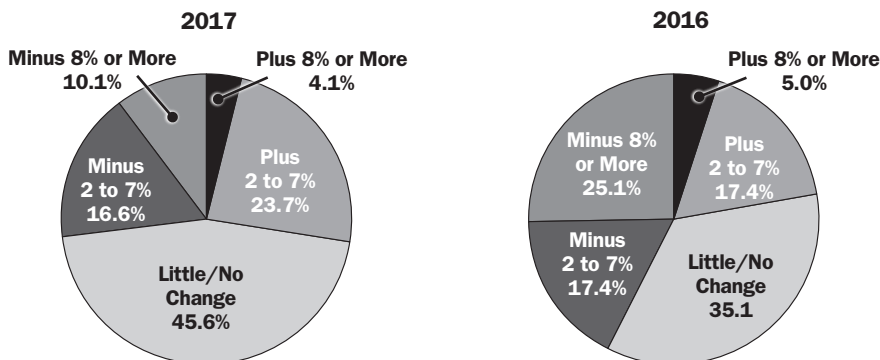
More U.S. dealers turned to using auction services to help reduce the volume of used machines on their lots during the past year, but nearly half still say their inventories are “too high” heading into 2017.

Asked how they would rate their current backlog of used equipment, 47.3% of U.S. dealers say it is “too high” (36.5%) or “way too high” (10.8%). This compares with 52% a year earlier when 41% rated their used equipment volumes as “too high” and 11% said it was “way too high.”

While many dealers typically try to avoid auction services to move excess inventory of used machines, half report they used a service in the past year. Two years ago, when the

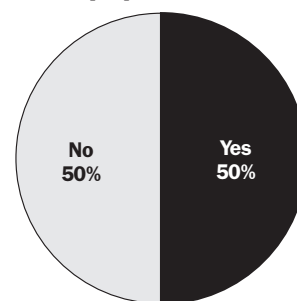
Continued on page 18

U.S. Dealers’ Projections for Sales Revenue for Used Equipment — 2017 vs. 2016



A higher percentage of U.S. dealers see used equipment revenues improving in 2017 than did a year ago. Looking toward the new marketing year, nearly 28% of dealers are forecasting an increase in sales of used machinery. Last year, 23.4% were projecting a pick up in used equipment revenues. Much like their outlook for new equipment, the big difference in dealers’ outlook for this year vs. a year earlier is fewer expect declining used equipment sales. A year ago, 42.5% of dealers were looking at falling revenues, but only 26.7% see sales dropping in 2017.

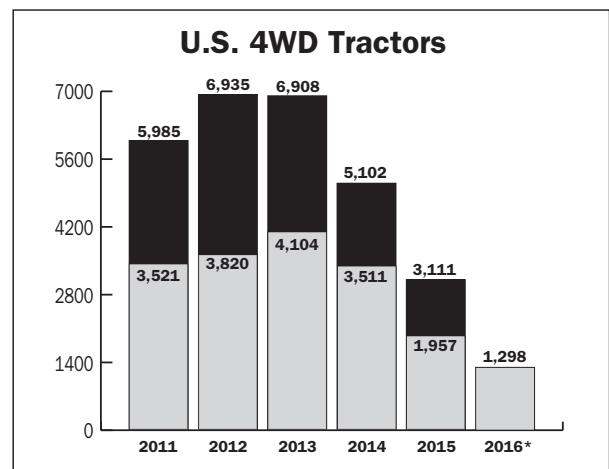
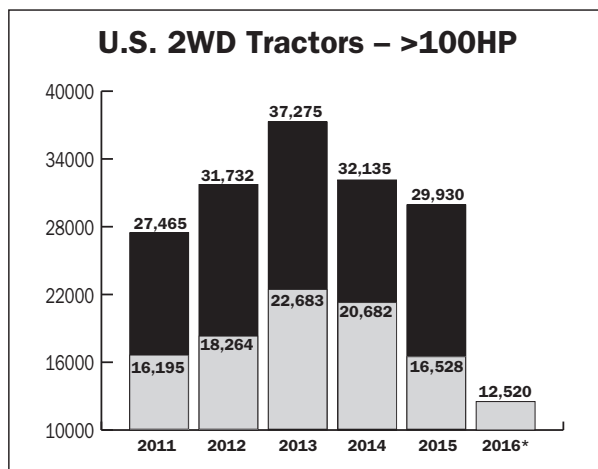
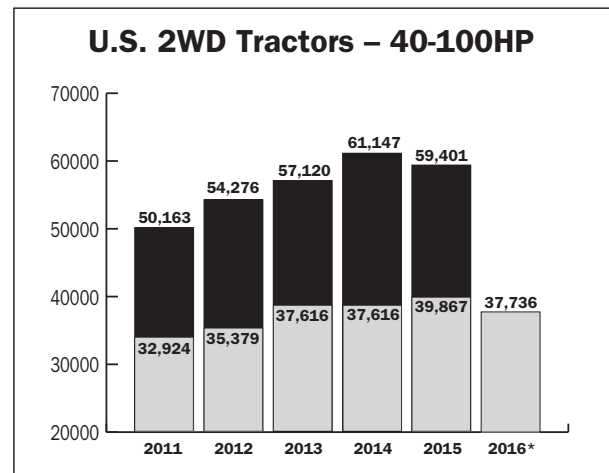
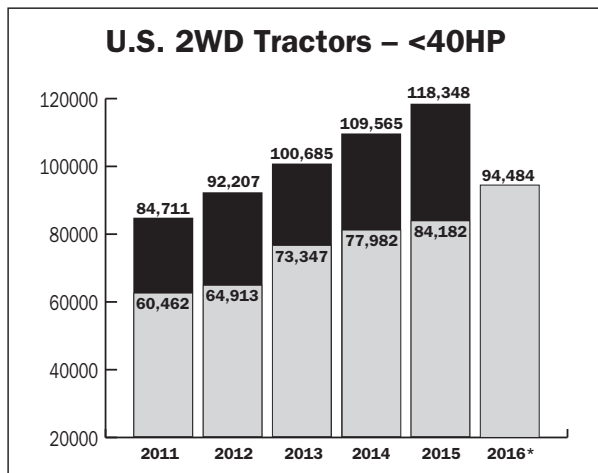
Used Equipment Auctions



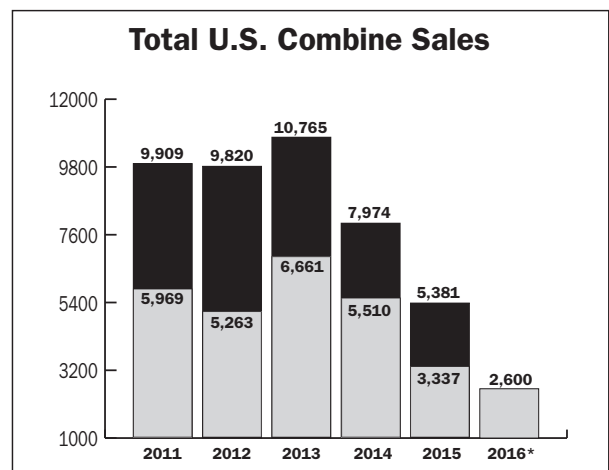
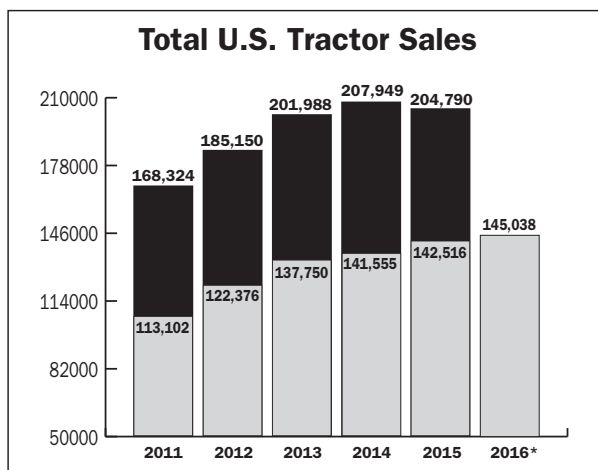
Half of the U.S. dealers surveyed report using an auction service to move used equipment in the past year vs. 43% who utilized auctions 2 years ago.

U.S. Retail Tractor & Combine Unit Sales — 2011-16*

■ = *Year-to-Date January through August 2016 ■ = Full Year



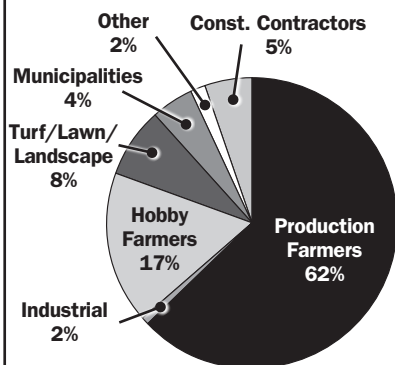
Through the first 8 months of 2016, U.S. unit sales of compact tractors (<40 horsepower) were up by 11% vs. the same period of 2015. Sales of mid-range tractors (40-100 horsepower) were down 5.3% vs. 2015. 2WD row-crop tractor (>100 horsepower) sales were down by 24.2% through August 2016. 4WD tractor sales fell by 33.7% during this same period of 2016 vs. 2015. (Source: AEM)



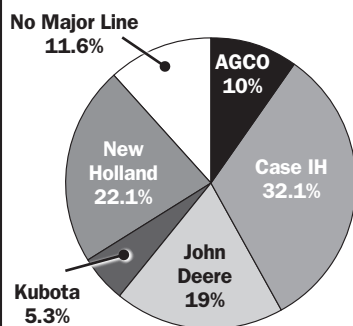
Total U.S. farm tractor retail sales through the first 8 months of 2016 are up by 1.8% to 145,038 units from 142,516 units during the same period in 2015. Unit sales of combines in the U.S. continued to fall during the January to August period of 2015. Retail sales of combines during the period fell by 22.1% to 2,600 units vs. 3,337 units for the same 8-month period in 2015. (Source: AEM)

Demographics of 2017 Respondents — U.S.

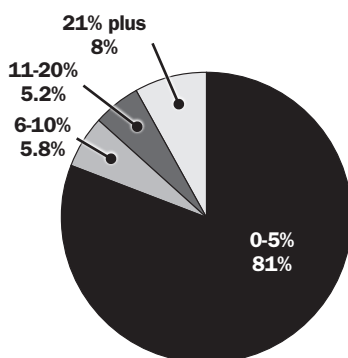
Dealer Revenue Sources



Mainline Equipment Suppliers



Dealership Top Managers Coming of Retirement Age (66) in Next 2 Years — U.S.



U.S. dealers represented 84% of the total 231 respondents to *Ag Equipment Intelligence's* 2017 Dealer Business Outlook & Trends survey. They report that 62% of their 2016 revenues came from production farming and 17% came from the hobby farming and large property owner segments. On average, these dealerships employ 45 people, 12 service techs and operate 6 stores. All major brands were represented among the respondents, with Case IH and New Holland with the most respondents. Less than 20% of top management at U.S. dealerships will reach retirement age (66) within the next 2 years.

question of using an auction service was last asked, 43% of dealers said they had utilized an outside firm to help them sell their used equipment.

2017 Outlook. Compared to the past year, U.S. dealers are far less pessimistic when it comes to their prospects for used equipment revenues for the year ahead.

For 2017, a nearly identical percentage of dealers see revenues increasing as see them declining. Nearly 28% expect used equipment revenues to increase (23.7% up 2-7%, 4.1% up 8% or more). At the same time, nearly 27% are forecasting used machinery revenues to decline (16.6% down 2-7%, 10.1% down 8% or more).

The remaining 45.5% are projecting "little or no change" for used sales in 2017. Last year, 35.1% expected "little or no change" in sales of previously owned equipment.

Last year's survey revealed that 42.5% of U.S. dealers anticipated used machinery sales to fall (25.1% down by 8% or more, 17.4% down by 2-7%). Only 22.4% forecast their sales revenues would improve in 2016 (5% up by 8% or more, 17.4% up by 2-7%).

Health Care #1 on U.S. Dealers' List of Concerns

Despite low commodity prices being the biggest culprit in declining farm equipment sales in the past few years, on the whole, more U.S. dealers are concerned with the affordability of health care going into 2017.

A combined 97.8% rated the rising costs of health care as the issue that is "most concerning" or "concerning." This may be the result of the downturn in equipment sales and the challenge in keeping their best employees. With the rising costs of health insurance, dealers may find it necessary to reduce coverage or increase the employee's share of monthly premiums. This may result in good employees looking around for greener pastures. Last year, the health care issue placed #6 on the list.

Not far behind, ranked #2 on the dealers' list of biggest concerns for 2017, as would be expected, is the ongoing low prices for crop and livestock commodities.

For example, in August 2016, the

per-bushel price of corn was \$3.21, according to USDA. In August 2015, it was \$3.68 and in 2012 it was \$7.63. The per-bushel price of soybeans, while in somewhat better shape, is significantly lower than August 2012 when it peaked at \$16.20. In August 2016 the average price was \$9.93. The same trends apply to wheat, cattle, hogs and milk.

This trend is not expected to show a meaningful positive change in 2017.

Following commodity prices on the dealers' list of biggest concerns is the increasing cost of new equipment. Slightly over 91% of U.S. dealers ranked it #3 overall. Much of this has been fueled by the development of the current Tier 4 engines to reduce diesel emissions. There's been some talk that the U.S. may follow Europe's lead in requiring further developments that would lead to another generation (Tier 5) of off-road diesel engines.

Next on the list at #4 are farm input costs. Over 90% of dealers said they were "concerned" or "most concerned" with this issue. While commodity prices have fallen dramatically over the last 3 years, the price of necessary inputs, including fertilizer, pesticides, land rents, etc., have not followed suit anywhere near the rate of decline of farm commodities. This is expected to change in 2017 as farmers reduce inputs wherever possible, including going to less costly seed.

Rounding out the dealers' Top 5 concerns for the new year is technician availability, which is always a challenge for dealers. Nearly 87% of dealers said they are "concerned" or "most concerned" with finding qualified techs. This is a challenge that has been amplified in recent years by the growing need for precision ag techs, which tends to be a different breed of cat than the mechanics of the past.

What's also interesting to note about the dealers' list of concerns is how hot button issues with their manufacturers have taken a much lower priority in recent years. Not too surprising is issues like dealer purity, manufacturer succession policies and dealer consolidation are taking a backseat to the more immediate, pressing concerns impacting sales and rising costs are taking precedence.

U.S. Dealer Top Concerns for 2017 (% of Dealers)

Rank Major Issues	Most Concerning	Concerning	Not Concerning	2016 Ranking
1. Health Care Affordability	66.3%	31.5%	2.2%	6
2. Farm Commodity Prices	73.2%	21.8%	5.0%	1
3. Increasing Cost of New Equipment	37.0%	54.1%	8.8%	4
4. Farm Input Costs	46.9%	43.5%	9.6%	2
5. Technician Availability	40.3%	46.4%	13.3%	3
6. Shrinking Farm Customer Base	38.7%	47.0%	14.4%	7
7. Used Equipment Inventory	34.3%	43.1%	22.7%	5
8. Labor Regulation	18.3%	57.1%	24.6%	–
9. New Equipment Inventory	14.4%	60.8%	24.9%	–
10. Product Reliability	25.6%	44.4%	30.0%	9
11. Finance – Floor Planning	12.7%	47.0%	40.3%	11
12. Energy/Fuel Costs	4.4%	52.2%	43.3%	10
13. Dealer Purity Efforts	13.9%	42.2%	43.9%	12
14. Finance – Retail	12.7%	42.5%	44.8%	13
15. Mfr. Succession Policies	12.6%	42.3%	45.1%	15
16. Mfr. Consolidation	8.3%	45.0%	46.7%	–
17. Dealer Consolidation	7.7%	45.3%	47.0%	–

This probably shouldn't be construed that these concerns are not important. In each case, more than half of U.S. dealers still list them as "concerning" or "most concerning."

U.S. Dealers Looking to Hire More Sales Help in 2017

While service technicians will probably always top dealers' wish list when it comes to adding staff, finding wholegoods salespeople in 2017 is receiving more emphasis.

Of the 5 major employee categories at equipment dealerships, 28.5% of U.S. dealerships are looking to add sales staff. This up 7% from 21.5% who were aiming to increase sales hirings last year. This is the biggest jump for any employee group in 2017.

Actually, more dealers (48.3%) are planning to add service techs in the year ahead, that percentage is down from a year ago when more than half (51.3%) of the U.S. dealers indicated they were looking to add more service personnel in their shops.

The percentage of dealers who want to add parts department and administrative staff for 2017 also increased compared to the previous year. The number of dealers looking to increase parts counter people increased

by 4%, to 22.6% vs. 18.6% a year ago. Nearly 7% of ag retailers also want to add administrative personnel during the coming year. This is up from 4% last year.

Precision farming specialists may present the biggest conundrum for dealers. There's little doubt that farmers are adopting the new technologies and need service to help them take full advantage of it. At the same time, dealers are still trying to figure out how to make it a profitable venture. In the meantime, they appear to be slowing the pace of hiring these specialists. A year ago, 12% of dealers said they were looking to increase their precision farming staff. This fell back to 10% for 2017.

Capital Expenditures on Hold

There's little doubt that equipment dealers are becoming more cautious in their planned spending on capital projects for 2017.

Nearly 66% of U.S. dealers responding to this year's survey say they are planning no increases in capital expenditures. This up by about 3.5% from a year earlier when 62.5% indicated they would not increase spending on their facilities and other office equipment and systems.

Of those planning expenditures in the year ahead, 29.5% say they'll increase

U.S. Dealers' Hiring Plans 2017 vs. 2016

	Add Staff 2017	Add Staff 2016
Parts Department	22.6%	18.6%
Service Technicians	48.3%	51.3%
Wholegoods Sales	28.5%	21.5%
Administration	6.9%	4.0%
Precision Farming Specialists	10.5%	12.0%

U.S. Dealers' Spending Plans for 2017 vs. 2016

	2017	2016
No Increase	65.9%	62.5%
Increase 1 to 5%	29.5%	30.8%
Increase 6 to 10%	4.0%	4.5%
Increase 11%+	0.6%	2.2%

Where U.S. Dealers Will Invest in 2017

	2017	2016
Shop & Service	30.6%	37.2%
Retail/Showroom	17.7%	20.8%
Business Info. Systems	16.4%	28.8%
Mobile Service Vehicles	32.9%	34.1%

spending by 1-5%, which is up slightly from 30.8% a year ago. Only 4% intend to increase spending by 6-10%, again down slightly from last year's 4.5%. Less than 1% of dealers plan to increase capital spending in 2017 by 11% or more vs. 2.2% in the previous year.

Each of the areas where dealerships typically invest will experience reductions in the year ahead.

Of the dealers who are planning expenditures, the largest percentage, 33%, will invest in mobile service vehicles. This is down somewhat from the 2016 survey when 34% of dealers indicated plans to increase spending.

Spending on business systems took the biggest hit in terms of number dealers who plan to reduce spending in 2017. A year ago 29% of dealers indicated they would invest in new systems. Only 16.4% of dealers plan to up spending during the new year.

The shop and service areas of dealerships will also see fewer dealers increasing spending. Last year more than 37% of dealers said they would increase their spending to upgrade or build new shop facilities. This slumped to less than 31% for 2017.

U.S. Dealers' Regional Profile & Outlook for 2017

Ag Equipment Intelligence's regional breakdown provides a basic profile of the 10 agricultural regions in the U.S. The profile includes average employees per location, average stores per dealership and dealer revenue sources/market segments. The "Most Promising Opportunities" are the top product categories that show the most potential for increasing sales.

Northeast

Coverage: Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont

Avg. Employees/Location: 27.5

Avg. Stores/Dealer: 7.2

Revenue Source Breakdown: Production Farm 46%; Hobby Farm 27%; Turf/Lawn 14%; Municipal 5%; Construction 5%; Industrial 0%; Other 3%

Most Promising Opportunities: Lawn & Garden, GPS, Mower/Conditioners, Round Balers

Appalachia

Coverage: Kentucky, North Carolina, Tennessee, Virginia, West Virginia

Avg. Employees/Location: 23.6

Avg. Stores/Dealer: 1.6

Revenue Sources: Production Farm 41%; Hobby Farm 33%; Turf/Lawn 12%; Municipal 8%; Construction 3%; Industrial 1%; Other 2%

Most Promising Opportunities: Round Balers, 2WD Tractors (<40 HP), Mower/Conditioners, Lawn & Garden

Southeast

Coverage: Alabama, Florida, Georgia, South Carolina

Avg. Employees/Location: 18.7

Avg. Stores/Dealer: 1.9

Revenue Sources: Production Farm 56%; Hobby Farm 16%; Turf/Lawn 7%; Municipal 6%; Construction 12%; Industrial 3%; Other 0%

Most Promising Opportunities: Lawn & Garden, 2WD Tractors (<40 HP), Mower/Conditioners, Self-Propelled Sprayers

Delta States

Coverage: Arkansas, Mississippi, Louisiana

Avg. Employees/Location: 12.5

Avg. Stores/Dealer: 2

Revenue Sources: Production Farm 52%; Hobby Farm 21%; Turf/Lawn 6%; Municipal 6%; Construction 12%; Industrial 0%; Other 3%

Most Promising Opportunities: 4WD Tractors (All), GPS, Lawn & Garden, Combines

Southern Plains

Coverage: Oklahoma, Texas

Avg. Employees/Location: 38.8

Avg. Stores/Dealer: 6.2

Revenue Sources: Production Farm 54%; Hobby Farm 22%; Turf/Lawn 10%; Municipal 3%; Construction 10%; Industrial 1%; Other 0%

Most Promising Opportunities: Lawn & Garden, Self-Propelled Sprayers, 2WD Tractors (40-100 HP), 2WD Tractors (<40 HP)

Northern Plains

Coverage: Kansas, Nebraska, North Dakota, South Dakota

Avg. Employees/Location: 132.7

Avg. Stores/Dealer: 15.4

Revenue Sources: Production Farm 80%; Hobby Farm 7%; Turf/Lawn 4%; Municipal 3%; Construction 5%; Industrial 1%; Other 0%

Most Promising Opportunities: GPS, 2WD Tractors (40-100 HP), Lawn & Garden, Self-Propelled Sprayers

Lake States

Coverage: Michigan, Minnesota, Wisconsin

Avg. Employees/Location: 25.9

Avg. Stores/Dealer: 2.2

Revenue Sources: Production Farm 64%; Hobby Farm 15%; Turf/Lawn 9%; Municipal 4%; Construction 6%; Industrial 1%; Other 1%

Most Promising Opportunities: Lawn & Garden, Mower/Conditioners, 2WD (<40 HP), Round Balers

U.S. Farm Production Regions



For statistical breakout purposes, the agriculture regions of the U.S. in this report follow that of the U.S. Department of Agriculture. The agency breaks out agriculture by 10 major farm producing regions based on differences in soil, slope of land, climate, distance to market and storage and marketing facilities. The regional data from the *Ag Equipment Intelligence* "Dealer Business Outlook & Trends" survey are presented on this and the next page of this report.

Corn Belt

Coverage: Illinois, Indiana, Iowa, Missouri, Ohio

Avg. Employees/Location: 36.6

Avg. Stores/Dealer: 3.4

Revenue Sources: Production Farm 63%; Hobby Farm 16%; Turf/Lawn 8%; Municipal 5%; Const. 4%; Industrial 1%; Other 3%

Most Promising Opportunities: Lawn & Garden, 2WD Tractors (<40 HP), 2WD Tractors (40-100 HP), GPS

Mountain

Coverage: Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming

Avg. Employees/Location: 28.7

Avg. Stores/Dealer: 12.7

Revenue Sources: Production Farm 76%; Hobby Farm 12%; Turf/Lawn 7%; Municipal 3%; Const. 1%; Industrial 0%; Other 1%

Most Promising Opportunities: Lawn & Garden, Windrowers/Swathers, GPS, 2WD (40-100HP), 2WD Tractors (<40 HP)

Pacific

Coverage: Alaska, California, Hawaii, Oregon, Washington

Avg. Emp./Location: 18

Avg. Stores/Dealer: 3

Revenue Sources: Production Farm 73%; Hobby Farm 17%; Turf/Lawn 3%; Municipal 3%; Construction 0%; Industrial 2%; Other 2%

Most Promising Opportunities: Lawn & Garden, GPS, Air Seeders/Drills 2WD Tractors (<40 HP)

General Demographics of Combined U.S. Regions

Avg. Employment at Participating Dealerships 45

Avg. Number of Stores at Participating Dealerships 6

Avg. Number of Service Techs at Participating Dealerships 12

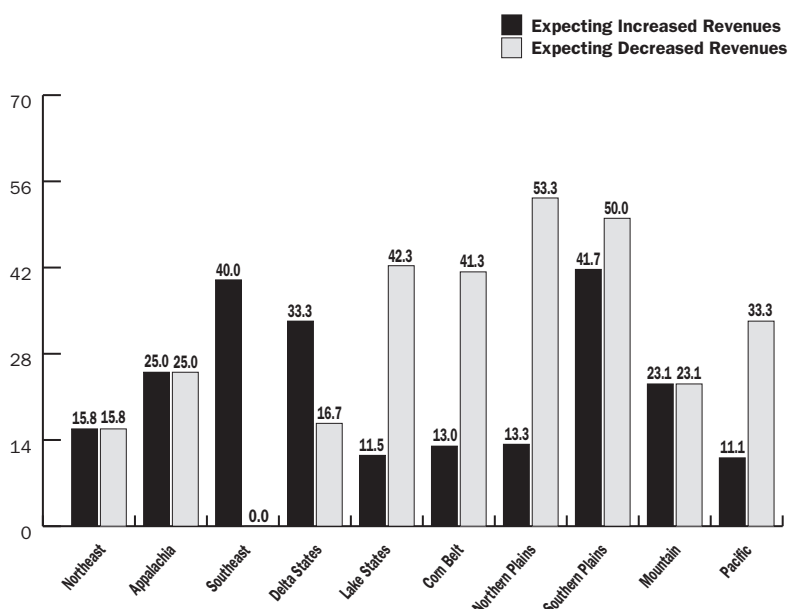
Ranking U.S. Regional Expectations for Revenue Gains/Losses New Equipment Sales — 2017 vs. 2016

Region	% Expecting Gains in 2017	% Expected Gains in 2016	% Expecting Losses in 2017	Weighted Avg. 2017
1. Southeast	40.0%	33.3%	0.0%	2.15%
2. Delta States	33.3%	27.3%	16.7%	0.75%
3. Appalachia	25.0%	18.2%	25.0%	0.00%
3. Northeast	15.8%	20.0%	15.8%	0.00%
4. Southern Plains	41.7%	25.0%	50.0%	-0.08%
5. Mountain	23.1%	36.4%	23.1%	-0.81%
6. Pacific	11.1%	56.3%	33.3%	-1.39%
7. Corn Belt	13.0%	1.8%	41.3%	-1.88%
8. Lake States	11.5%	13.1%	42.3%	-1.92%
9. Northern Plains	13.3%	3.8%	53.3%	-2.62%

Ranking U.S. Regional Expectations for Revenue Gains/Losses Used Equipment Sales — 2017 vs. 2016

Region	% Expecting Gains in 2017	% Expected Gains in 2016	% Expecting Losses in 2017	Weighted Avg. 2017
1. Southeast	50.0%	40.0%	16.7%	2.08%
2. Appalachia	30.0%	18.2%	10.0%	1.25%
3. Southern Plains	41.7%	27.3%	25.0%	1.04%
3. Mountain States	38.5%	47.4%	15.4%	1.04%
4. Pacific	44.4%	41.2%	33.3%	0.89%
5. Northeast	31.6%	27.3%	15.8%	0.71%
6. Lake States	18.2%	27.3%	40.0%	-0.41%
7. Delta States	0.0%	0.0%	16.7%	-0.75%
8. Corn Belt	20.0%	7.7%	33.3%	-1.14%
9. Northern Plains	29.6%	22.5%	37.0%	-1.24%

U.S. Regional Expectations New Equipment Sales Revenues 2017



Ranked on a weighted average basis, the most optimistic dealers for 2017 are those operating in the Southeast and Delta regions. The least optimistic are those in the Northern Plains.

PART III — CANADIAN OUTLOOK

45% of Canadian Dealers Forecast Increase in 2017 Revenues

Since *Ag Equipment Intelligence* began surveying dealers in 2005 for its annual Dealer Business Outlook & Trends report, Canadian farm equipment dealers have typically been more optimistic about their business prospects than their U.S. counterparts. Not always a lot more, but usually more positive in their expectations.

This year there's no question that there's a stark difference in how the two groups view sales potential for 2017. Whether its new or used equipment or early orders, compared to the last few years, Canadian ag retailers clearly have high expectations for the coming year.

In their outlook for new equipment revenues in 2017, nearly half

of Canadian dealers expect sales to increase. This is double the number of dealers who, a year ago, forecast a pick up in new equipment revenues.

Survey results show that 45.2% of Canada's dealers are projecting an increase in sales revenue in the year ahead. Of these, 38.7% are anticipating improved sales of 2-7%, while 6.5% are looking at a revenue increase of 8% or more. This compares with last year, when 22.6% of Canadian dealers were forecasting increases in revenues from the sale of new machinery.

More than 19% were looking at a pick up of 2-7% and 3.2% were expecting a jump of 8% or more.

Last year 45% of dealers north

of the border anticipated little or no change in sales. This year 38.6% project flat sales for 2017.

As for those not feeling so positive for the new year, 9.7% see sales down by 2-7% and 6.5% believe they'll drop by 8% or more.

Like their U.S. colleagues, Canadian dealers say they will be contending with price increases in 2017. Nearly 60% report their major suppliers will be raising prices for new machinery by 1-3%. Nearly 19% say their price hikes will be in the 4-6% range, and 6% are anticipating increases of 7% or more.

Early Orders Up. Canadian dealers are also reporting much better

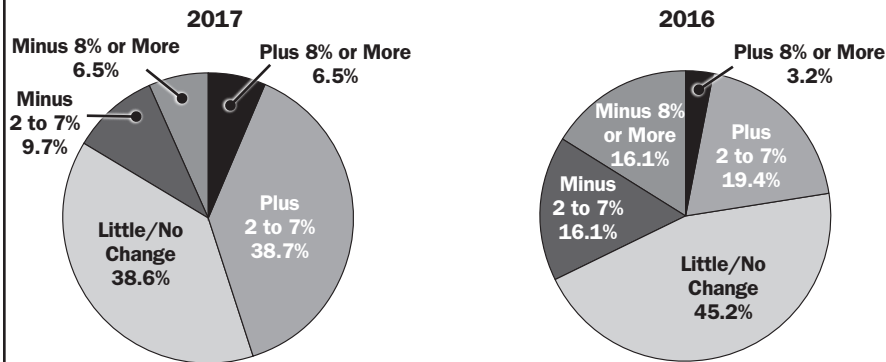
Canada Projected Unit Sales by Equipment Segment — 2017

	Up 8% or More	Up 2-7%	Little/ No Change	Down 2-7%	Down 8% Or More	Up 2% or More	Down 2% or More	2016 Optimism Level*	Optimism vs. LY	Same or better** 2017	Weighted Avg. 2017
Tractors & Combines											
2WD Tractors (<40 HP)	6.7%	20.0%	63.3%	3.3%	6.7%	26.7%	10.0%	30.8%	-4.1%	90.0%	0.75%
2WD Tractors (40-100 HP)	6.7%	20.0%	60.0%	10.0%	3.3%	26.7%	13.3%	30.8%	-4.1%	86.7%	0.72%
2WD Tractors (>100 HP)	3.5%	27.6%	58.6%	3.5%	6.9%	31.0%	10.4%	19.2%	11.8%	89.7%	0.81%
4WD Tractors (All)	7.7%	23.1%	53.9%	7.7%	7.7%	30.8%	15.4%	12.0%	18.8%	84.6%	0.69%
Combines	0.0%	29.2%	58.3%	0.0%	12.5%	29.2%	12.5%	4.2%	25.0%	87.5%	0.31%
Hay Tools & Forage											
Rectangular Balers	0.0%	8.3%	83.3%	4.2%	4.2%	8.3%	8.3%	16.0%	-7.7%	91.7%	-0.15%
Round Balers	10.7%	32.1%	46.4%	10.7%	0.0%	42.9%	10.7%	39.3%	3.6%	89.3%	1.82%
Forage Harvesters	0.0%	9.5%	85.7%	4.8%	0.0%	9.5%	4.8%	11.1%	-1.6%	95.2%	0.21%
Mower/Conditioners	10.7%	46.4%	35.7%	3.6%	3.6%	57.1%	7.1%	42.3%	14.8%	92.9%	2.50%
Windrowers/Swathers	0.0%	20.8%	62.5%	8.3%	8.3%	20.8%	16.7%	7.7%	13.1%	83.3%	-0.10%
Feeders/Mixers	0.0%	22.7%	68.2%	9.1%	0.0%	22.7%	9.1%	10.0%	12.7%	90.9%	0.61%
Planting & Seeding											
Planters (All)	4.6%	13.6%	77.3%	4.6%	0.0%	18.2%	4.6%	13.6%	4.6%	95.5%	0.77%
Air Seeders/Drills	0.0%	22.2%	66.7%	3.7%	7.4%	22.2%	11.1%	16.7%	5.6%	88.9%	0.24%
Tillage											
Field Cultivators	0.0%	8.3%	87.5%	0.0%	4.2%	8.3%	4.2%	18.2%	-9.9%	95.8%	0.04%
Chisel Plows	0.0%	4.4%	87.0%	4.4%	4.4%	4.4%	8.7%	14.3%	-9.9%	91.3%	-0.35%
Disc Harrows	0.0%	8.7%	87.0%	4.4%	0.0%	8.7%	4.4%	22.7%	-14.0%	95.7%	0.20%
Sprayers											
Self-Propelled Sprayers	0.0%	34.8%	52.2%	0.0%	13.0%	34.8%	13.0%	25.0%	9.8%	87.0%	0.52%
Pull-Type Sprayers	0.0%	4.8%	76.2%	9.5%	9.5%	4.8%	19.0%	19.1%	-14.3%	81.0%	-0.98%
Other Equipment											
Farm Loaders	4.2%	20.8%	70.8%	4.2%	0.0%	25.0%	4.2%	19.2%	5.8%	95.8%	1.08%
Lawn/Garden Equipment	12.9%	38.7%	45.2%	3.2%	0.0%	51.6%	3.2%	38.5%	13.2%	96.8%	2.63%
GPS/Precision Farming	0.0%	26.9%	61.5%	11.5%	0.0%	26.9%	11.5%	30.7%	-3.8%	88.5%	0.69%

On a weighted basis, Canadian dealers say just 17 of 21 categories of farm machinery present good potential for increasing unit sales in 2017.

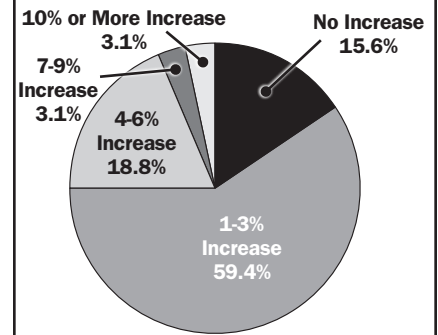
*2017 optimism is ranked by combining increases only. **Ranked by combining increases with little or no change in 2017.

Canadian Dealers' Projections for Sales Revenue New Equipment— 2017 vs. 2016



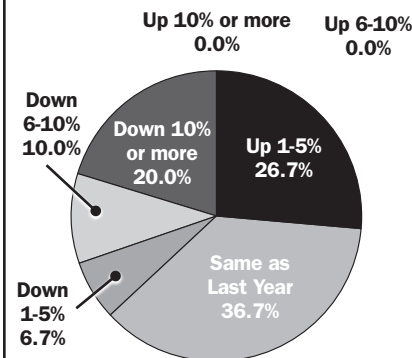
The 2017 survey revealed a significant jump in the optimism of Canadian dealers for improving revenues from the sale of new machinery in the year ahead. This year, the percentage of dealers looking for an increase in revenues doubled (45.2%) compared to a year ago (22.6%). The same is true for dealers seeing for a drop in revenues from 32% last year to 16% this year.

New Equipment Price Increases for 2017



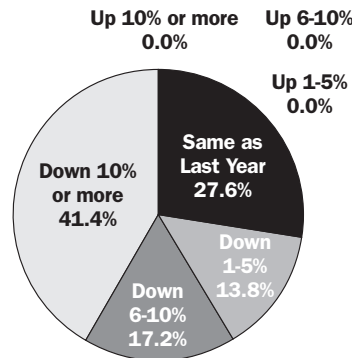
Nearly 85% of Canadian dealers are expecting a price increase for new farm machinery in 2016: 59.4% say the price hike will be 1-3%; 18.8% say 4-6%; and 6% anticipate price increases of more than 7%.

Canadian Dealers' Estimate of Early Orders 2017 vs. 2016



About 27% of Canadian dealers are reporting that early orders for 2017 are up between 1-5%, a big improvement from a year ago. A little under 37% say they're at about the same level as last year and the same percentage report they're down compared to 2016.

2016 vs. 2015



decreased by more than 10%, 17% said they were down by 6-10% and 14% said early orders had declined by 1-5%. No dealers reported higher early order sales for 2016 vs. 2015.

That all changed going into 2017. Nearly 27% of Canada's dealers say their presells are up 1-5%; and 37% said they are down; 20% say down more than 10% (half of what they were last year), 10% report they're down 6-10% and about 7% report their presells are down between 1-5%.

Best Bet Products for Increasing Revenue

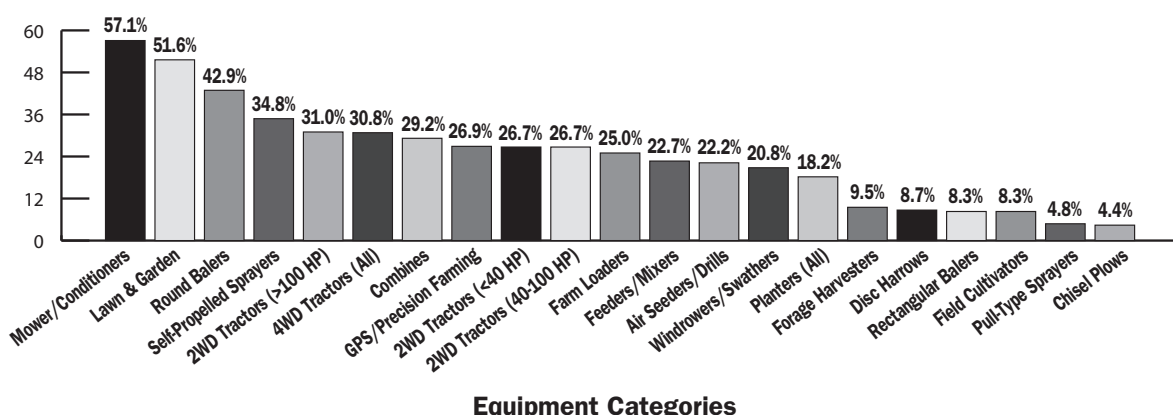
With the exception of lawn and garden equipment, Canadian dealers' Top 5 products for improved sales revenue for 2017 are significantly different from those of U.S. dealers.

At the top of the Canadian's list are

early orders — by a huge margin — than they did a year ago. They're still not great, or where they were 4 years ago, but better than 12 months earlier.

Last year, more than 72% of dealers said their early orders were lower than those in 2015. Broken down, 41% reported their early bookings

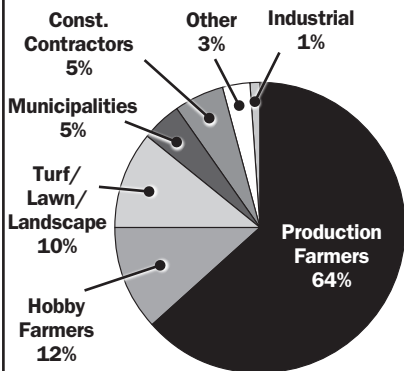
Best Product Bets for Improving Unit Sales in 2017 — Canada



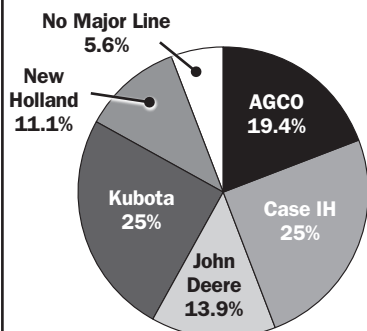
Canadian farm equipment dealers are projecting good potential for increasing unit sales in the year ahead from mower/conditioners and round balers in hay and forage segment of the business, as well as lawn and garden products, self-propelled sprayers and row-crop tractors.

Demographics of 2017 Respondents — Canada

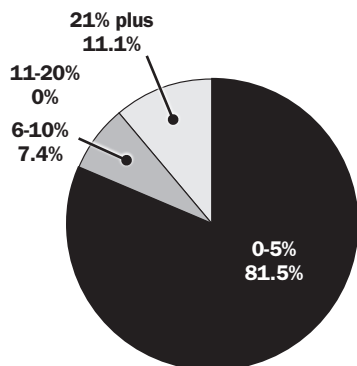
Dealer Revenue Sources



Mainline Suppliers (% of respondents)



Dealership Top Managers Coming of Retirement Age (66) in Next 2 Years — Canada



Canadian dealers represented 16% of the total 231 respondents to *Ag Equipment Intelligence's* 2017 Dealer Business Outlook & Trends survey. They report that 64% of their 2016 revenues came from production farming and 12% came from the hobby farming and large property owner segments. On average, these dealerships employ 73 people, 24 service techs and operate 6 stores. All major brands were represented among the respondents, with Case IH and Kubota with the most respondents. Less than 20% of top management at Canadian dealerships will reach retirement age (66) within the next 2 years.

mower/conditioners with 57% of dealers expecting growth. Lawn and garden equipment came in #2 on the list as 52% of dealers see increased sales potential.

Another haymaking implement, round balers, made the Canadian's Top 5, with 43% of dealers believing their sales will grow in the year ahead, placing it #3 on the list.

Self-propelled sprayers made it to #4, with 35% of Canadian dealers marking it for increased sales in 2017. Rounding out the Top 5 are row-crop tractors (>100 horsepower) at #5 with 31% of dealers expecting some improvement in the year ahead.

Used Equipment Backlog Improves, But More to Go

Inventories of used ag machinery on Canadian dealers' lots appears seemed to have improved some-

what, but excess levels of equipment remains challenging.

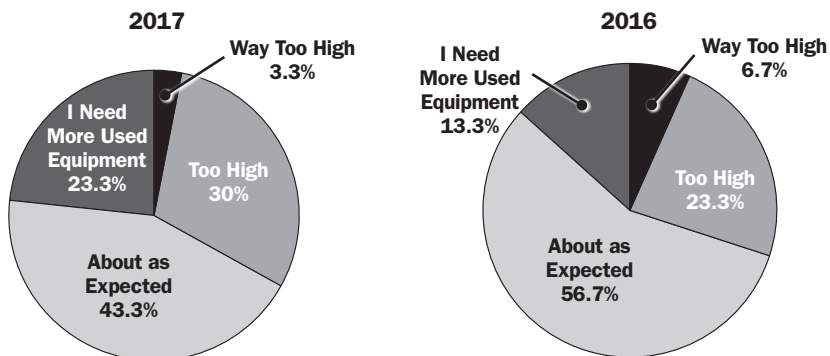
Overall, 33% of dealers still says their backlogs are too high (3.3% "way too high" and 30% "too high"). This compares with 30% of dealers last year who reported their inventories of previously owned equipment was higher than they would like (6.7% "way too high" and 23.3% "too high").

Currently 43.3% of dealers say their inventory is "about as expected." Last year at this time, nearly 57% said it was "about as expected." But the biggest surprise is this year, nearly one-quarter (23.3%) of Canadian dealers say they "need more used equipment" vs. 13% a year ago who expressed similar sentiments.

Looking ahead, nearly 39% of dealers expect increased revenues from

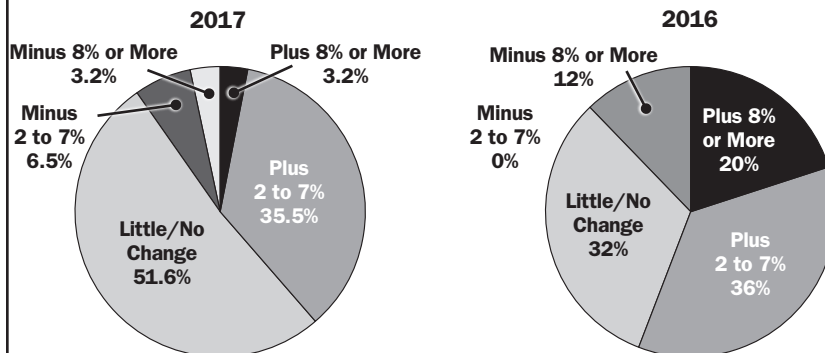
Continued on page 26

Canadian Dealers' View of Used Equipment Inventory



One-third of Canadian dealers says their used equipment inventories are "too high" (30%) or "way too high" (3.3%) going into 2017. This compares with 30% a year earlier. Nearly 57% rated inventories as "about as expected," an improvement from the previous year.

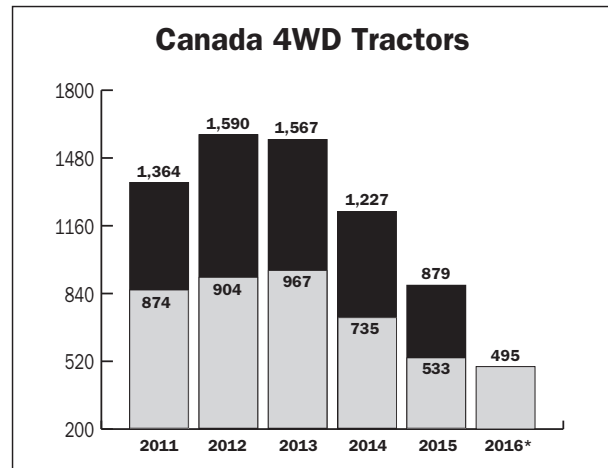
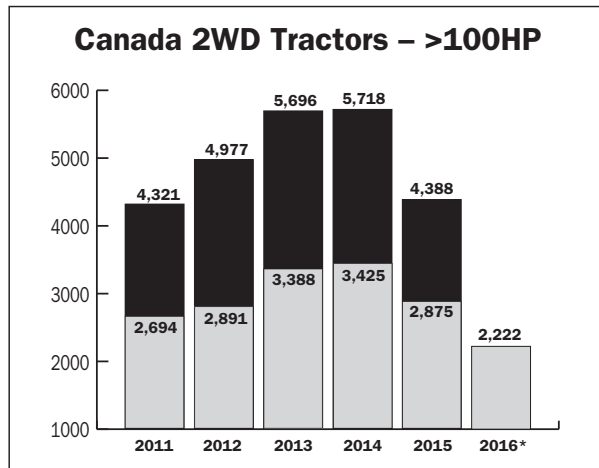
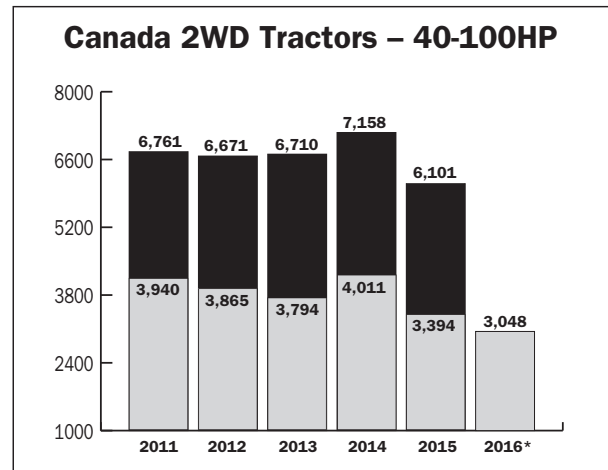
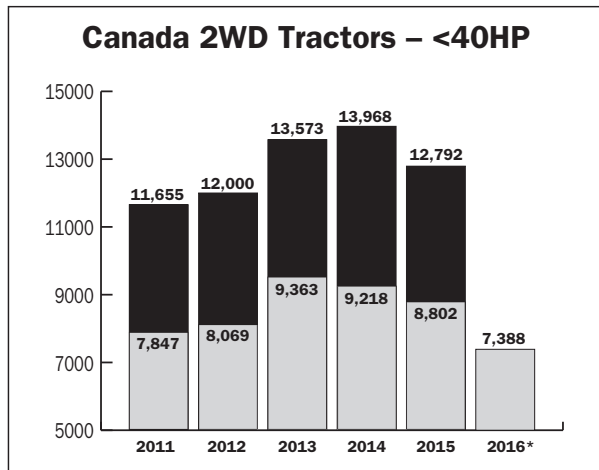
Canadian Dealers' Projections for Sales Revenue Used Equipment — 2017 vs. 2016



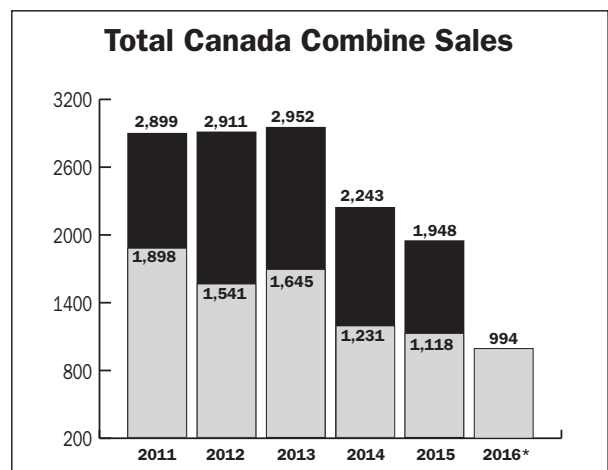
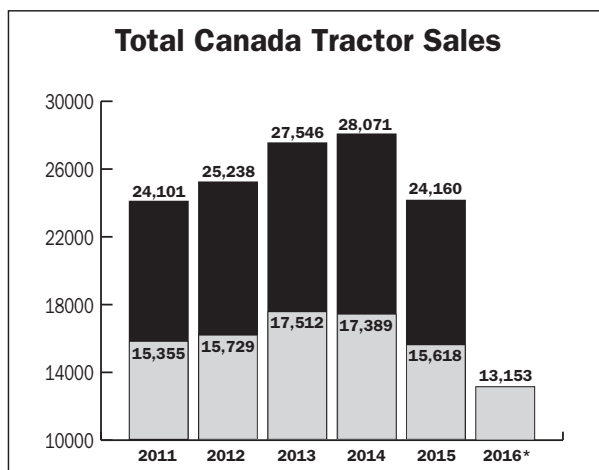
Fewer Canadian dealers (39%) expect an increase in revenues from the sale of used equipment in 2017 than there were last year when 56% projected a pick up in the sale of used machines. This is likely due to inventories becoming more manageable than they were at this time last year. Fewer dealers are looking for sales of previously owned equipment to decline in 2017 (9.7%) vs. a year earlier, when 12% were forecasting a fall off in used equipment revenues.

Canadian Retail Tractor & Combine Unit Sales — 2011-16*

■ = *Year-to-Date January through August 2016 ■ = Full Year

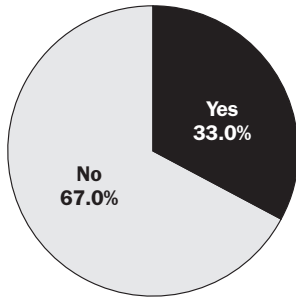


Unit sales of each of the major tractor categories were down year-over-year in Canada through the first 8 months of 2016. Compact tractor sales (<40 horsepower) showed a decrease of 16% during the period; utility tractors (40-100 horsepower) were down 10.2%; row-crop tractors (>100 horsepower) were off last year's level by nearly 23%. (Source: Assn. of Equipment Manufacturers)



Total unit sales of farm tractors in Canada through the first 8 months of 2016 were down by 15.6% to 13,153 units vs. 15,618 tractors in the January-through-August 2015 timeframe. For the same time period, total Canadian unit sales of combines declined by 11% to 994 units from 1,118 combines sold during the first 8 months of 2015. (Source: Assn. of Equipment Manufacturers)

Used Equipment Auctions



Only one-third of Canadian dealers report using an auction service to sell used machinery in 2016 vs. 50% of U.S. dealers.

the sale used machines for 2017 (3.2% up by 8% or more, 35.5% up by 2-7%).

Less than 10% (9.7%) of Canadian dealers are forecasting a drop off in sales revenues from used machinery for the year ahead vs. last year when 32% projected falling used equipment revenues. Of these, 6.5% anticipate declines of 2-7% and 3.2% expect a drop of 8% or more.

Major Concerns for 2017

Though similar to U.S. dealers' list of Top 5 major concerns for the new year, with socialized healthcare, Canadian dealers listed it dead last on its ranking of major issues for 2017. It

was first on U.S. dealers biggest concerns. The ranking of the others on the list were fairly similar between the two groups of dealers.

Farm commodity prices finished at the top of the Canadian's list of worries for the year ahead, as all dealers (100%) say it is "concerning" (53.3%) or "most concerning" (46.7%). It was #2 a year earlier.

Second on their list is the increasing cost of new equipment with 96.7% of dealers expressing concern about product affordability, which rated #1 as the biggest concern last year. Next, at #3 for 90% of Canadian dealers, are high farm input costs.

Ranked #4 is the shrinking farm customer base (89.7% of dealers) and #5 on the list of biggest concerns is product reliability for 77% of Canadian dealers in this year's survey.

Hiring Up & Spending Down

At least a few more Canadian dealers are planning to add staff in three of the five employment categories covered in the 2017 Dealer Business Outlook & Trends survey. But these same dealers' plans for the year ahead don't necessarily include significant spending on their facilities.

Canadian Dealers' Hiring Plans 2017 vs. 2016

	Add Staff 2017	Add Staff 2016
Parts Department	23.3%	22.6%
Service Techs	53.3%	50.0%
Wholegood Sales	33.3%	31.3%
Administration	3.3%	3.3%
Precision Farm Specialist	17.9%	19.3%

Canadian Dealers' Spending Plans for 2017 vs. 2016

	2017	2016
No Increase	70.0%	60.0%
Increase 1 to 5%	26.7%	23.4%
Increase 6 to 10%	0.0%	13.3%
Increase 11%+	3.3%	3.3%

Where Canadian Dealers Will Invest in 2017

	2017	2016
Shop & Service	26.7%	50.0%
Retail/Showroom	17.2%	16.1%
Business Info. Sys.	13.8%	32.3%
Mobile Service Vehicles	53.3%	37.5%

In regard to staffing, as is typically the case, Canadian dealers' emphasis will continue to be on service technicians, with more than half of dealers looking to add techs. About one-third say their hoping to beef up their sales staff, while less than 25% plan to look for additional parts counter people.

When it comes to capital expenditures in 2017, most dealers in Canada intend to hold the line, with 70% planning no major purchases. Nearly 27% expect to do some investing, increasing capital expenditures by 1-5%.

For those who plan to make investments in the year ahead, over half (53.3%) say mobile service vehicles will be their point of emphasis. This is up from about 38% of dealers last year who said they would increase spending on vehicles to take their service techs to where their customers are.

About 27% of the dealers say they will invest in their shop and service capabilities in 2017, which is way down from the 50% who said last year this is where most of the capital expenditures would go.

Canadian Dealer Top Concerns for 2017 (% of Dealers)

Rank	Major Issues	Most Concerning	Concerning	Not Concerning	2016 Ranking
1.	Farm Commodity Prices	46.7%	53.3%	0.0%	2
2.	Increasing Cost of New Equipment	40.0%	56.7%	3.3%	1
3.	Farm Input Costs	26.7%	63.3%	10.0%	4
4.	Shrinking Farm Customer Base	27.6%	62.1%	10.3%	5
5.	Product Reliability	30.0%	46.7%	23.3%	9
6.	Technician Availability	43.3%	33.3%	23.3%	3
7.	Dealership 'Purity' Efforts by Majors	31.0%	37.9%	31.0%	13
8.	Manufacturer Succession Policies	16.7%	46.7%	36.7%	12
9.	Used Equipment Inventory	24.1%	37.9%	37.9%	6
10.	Energy/Fuel Costs	6.7%	53.3%	40.0%	10
11.	Labor Regulation	10.0%	46.7%	43.3%	-
12.	New Equipment inventory	13.3%	40.0%	46.7%	15
13.	Financing Availability – Floor Planning	13.3%	36.7%	50.0%	7
14.	Financing Availability – Retail	6.7%	36.7%	56.7%	14
15.	Manufacturer Consolidation	20.0%	23.3%	56.7%	-
16.	Dealer Consolidation	10.0%	30.0%	60.0%	-
17.	Health Care Affordability	6.7%	30.0%	63.3%	11

PART IV — BREAKOUT BY MAINLINE SUPPLIERS

As in each of the previous *Ag Equipment Intelligence* Dealer Business Outlook & Trends reports, this section breaks out dealer responses by their major equipment supplier. Dealerships that do not handle any of the major tractor lines — AGCO, Case IH, John Deere, New Holland or Kubota — are referred to as “independent” or “shortline only” dealers.

Dealer responses by brand to this year’s survey represent a good cross section of all of the major equipment manufacturers as well as shortline-only dealerships as shown in the table below.

Positive Outlook. Comparing the dealer groups by brand and stripping out the “little or no change” responses, the most optimistic dealers going into 2017 are those handling Kubota-branded products. With more than 47% of its dealers expecting increased revenues from the sale of new equipment, no other dealer groups comes anywhere close to Kubota dealers’ level of confidence. Nearly 16% are projecting revenue improvement of 8% or more and about 32% are forecasting gains for 2-7%.

The “independents” came in second place with 30% of dealers forecasting an improvement in sales revenues in 2017, 5% looking for an increase of 8% or more and 25% anticipating growth in the 2-7% range.

Fewer than 20% of Case IH dealers expect sales revenues to increase in the year ahead, and about 20% of John Deere dealers look for improved sales.

Less Than Optimistic. The least optimistic group of dealers for 2017 are those retailing New Holland equipment. Nearly 42% expect revenues from new equipment sales to decline during the year. About 30% project sales will be off 2-7% and 11.6% say they’ll be off 8% or more.

They’re followed very closely by Deere dealers, 40.5% of whom expect sales revenue to drop in 2017. Nearly 22% anticipate sales to be off 2-7% and 19% expecting a drop of 8% or more.

Dealers, in general, have a better feeling about used machinery sales in 2017, then they do for new equipment.

On a weighted average basis, the Kubota dealers received the high score (+1.83%), followed by “independents” (+0.58%), which were the only two dealer groups to make the positive column for 2017.

	New Equipment	Used Equipment
AGCO	-0.48%	-0.35%
Case IH	-0.90%	-0.19%
John Deere	-1.64%	+0.58%
Kubota	+1.32%	+1.83%
New Holland	-1.48%	-0.54%
Independent	-0.53%	-0.02%

Price Increases by Equipment Brand

	None	1-3% Increase	4-6% Increase	7% or More Increase
AGCO	20.0%	76.0%	4.0%	0.0%
Case IH	7.5%	77.6%	11.9%	3.0%
John Deere	8.1%	86.5%	5.4%	0.0%
Kubota	26.3%	63.2%	5.3%	5.3%
New Holland	0.0%	82.9%	14.6%	2.4%
Independent	13.6%	59.1%	18.2%	9.1%

AGCO — % of Total Responses11.5%

Case IH — % of Total Responses31.0%

John Deere — % of Total Responses18.1%

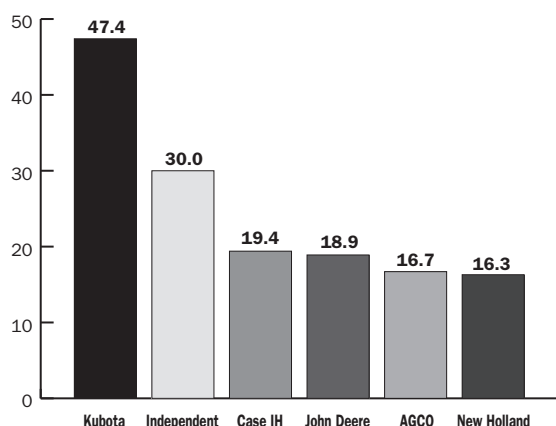
Kubota — % of Total Responses8.4%

New Holland — % of Total Responses20.4%

Independent Dealers — % of Total Responses10.6%

Most Optimistic Equipment Dealers for 2017

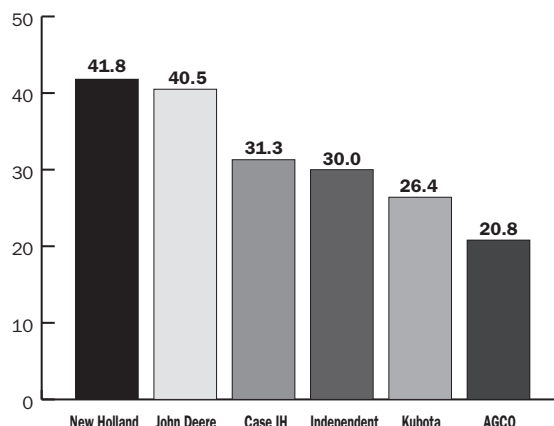
(% of dealers expecting revenue gains)



With 47% of its dealers expecting to grow new equipment revenues in 2017, Kubota had the most optimistic retailers in the year ahead.

Least Optimistic Equipment Dealers for 2017

(% of dealers expecting revenue declines)



Dealers with the least optimistic view about growth prospects for 2017 included those selling New Holland and John Deere equipment.



AGCO Dealers' Outlook for 2017

AGCO Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2017

	New Equipment	Used Equipment
+8%	4.2%	4.4%
+2-7%	12.5%	21.7%
Little or No Change	62.5%	43.5%
-2-7%	8.3%	21.7%
-8%	12.5%	8.7%

Expecting New Equipment Price Increase in 2017

No	20.0%
1-3%	76.0%
4-6%	4.0%
7-9%	0.0%
10%+	0.0%

Early Orders 2017 vs. 2016

Down 10% or more	33.3%
Down 6-10%	4.2%
Down 1-5%	29.2%
Same as Last Year	12.5%
Up 1-5%	20.8%
Up 6-10%	0.0%
Up 10% or more	0.0%

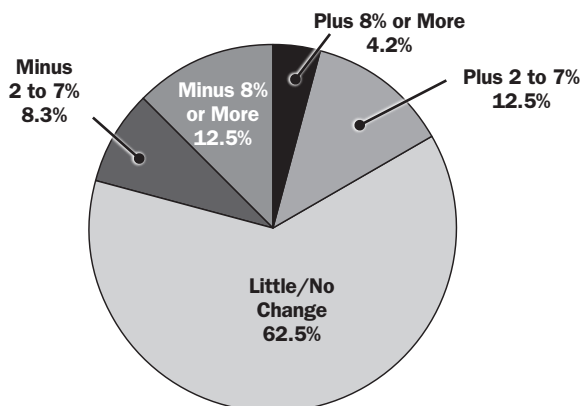
AGCO Dealers' Projected Unit Sales of Tractors & Combines — 2017

Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Loss
2WD (<40HP)	0.0%	37.5%	54.2%	4.2%	4.2%	37.5%	8.3%
2WD (40-100HP)	0.0%	33.3%	62.5%	0.0%	4.2%	33.3%	4.2%
2WD (>100HP)	0.0%	16.7%	66.7%	12.5%	4.2%	16.7%	16.7%
4WD (All)	4.4%	8.7%	65.2%	13.0%	8.7%	13.1%	21.7%
Combines	0.0%	9.5%	66.7%	9.5%	14.3%	9.5%	23.8%

AGCO Dealers' Projected Unit Sales for All Other Equipment — 2017

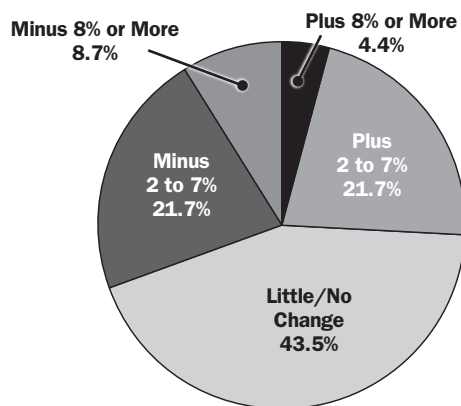
Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	13.0%	65.2%	17.4%	4.4%
Round Balers	0.0%	17.4%	56.5%	21.7%	4.4%
Forage Harvesters	0.0%	0.0%	93.3%	6.7%	0.0%
Planters (All)	0.0%	15.0%	80.0%	0.0%	5.0%
Feeders/Mixers	0.0%	11.8%	82.4%	5.9%	0.0%
Mower/Conditioners	0.0%	28.6%	52.4%	14.3%	4.8%
Windrowers/Swathers	0.0%	15.8%	73.7%	10.5%	0.0%
Field Cultivators	0.0%	4.8%	85.7%	0.0%	9.5%
Farm Loaders	0.0%	10.0%	90.0%	0.0%	0.0%
Chisel Plows	0.0%	0.0%	90.5%	0.0%	9.5%
Disc Harrows	0.0%	4.8%	85.7%	0.0%	9.5%
Air Seeders/Drills	0.0%	5.3%	89.5%	5.3%	0.0%
Self-Propelled Sprayers	0.0%	18.8%	68.8%	0.0%	12.5%
Pull-Type Sprayers	0.0%	11.1%	72.2%	5.6%	11.1%
Lawn/Garden Equip.	4.4%	26.1%	60.9%	8.7%	0.0%
GPS/Precision Farming	0.0%	15.0%	70.0%	15.0%	0.0%

AGCO Dealers' Projected Sales Revenues 2017 — New Equipment



Just 16.7% of AGCO dealers expect increased revenues from new equipment sales in 2017, but 20.8% are forecasting declining revenues.

AGCO Dealers' Projected Sales Revenues 2017 — Used Equipment



Almost half of AGCO dealers see flat revenues from the sale of used machinery in 2017, and 26.1% see increased used sales.

AGCO Dealers' Major Revenue Sources — 2016

Revenue by Market Segment:

Production Farmers	66.0%
Hobby Farmers	18.3%
Turf & Lawn	8.1%
Municipalities/Parks	2.5%
Const. Contractors	3.5%
Industrial	0.5%
Other	1.1%

Used Equipment Inventory

Way Too High	8.7%
Too High	30.4%
As Expected	52.2%
Need More	8.7%

AGCO Dealer Spending Plans for 2017

No Increase	75.0%
0 to +5%	20.8%
+6 to 10%	0.0%
+11% or more	4.2%

Where AGCO Dealers Will Invest in 2017

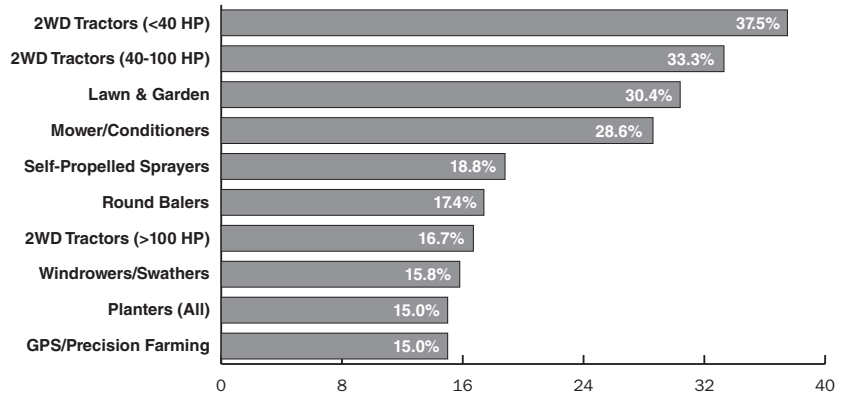
Modernize Shop & Service	16.7%
Modernize Retail	8.3%
Bus. Info. Systems	29.2%
Mobile Service Vehicles	37.5%

AGCO Dealerships

Est. Total Ag Dealer Locations*	975
% Dealers with 5 or More Locations*	21%
Avg. Number of Stores at Participating Dealerships	4
Avg. Employment at Participating Dealerships	26.0
Avg. Number of Service Techs at Participating Dealerships	9

*AEI 2016 Big Dealer Report

Best Bets for Improving Unit Sales in 2017 AGCO Dealers



AGCO dealers' best bets for increasing 2017 unit sales include compact tractors, utility tractors, lawn and garden equipment, mower/conditioners and self-propelled sprayers.

AGCO Dealers' Hiring Plans for 2017 vs. 2016

	2017			2016		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	20.8%	75.0%	4.2%	30.8%	65.3%	3.9%
Service Techs	54.2%	41.7%	4.2%	53.9%	46.1%	0.0%
Wholegood Sales	25.0%	75.0%	0.0%	23.1%	73.0%	3.9%
Administration	8.3%	87.5%	4.2%	4.0%	84.0%	12.0%
Precision Farming Specialist	13.0%	87.0%	0.0%	16.0%	80.0%	4.0%

AGCO Dealers' Issues and Concerns — 2017 (2016 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Increasing Cost of New Equipment (1)	45.8%	54.2%	0.0%
2. Farm Commodity Prices (3)	70.8%	20.8%	8.3%
3. Farm Input Costs (2)	45.8%	41.7%	12.5%
4. Product Reliability (12)	37.5%	50.0%	12.5%
5. Shrinking Farm Customer Base (5)	33.3%	54.2%	12.5%
6. Health Care Affordability (7)	45.8%	33.3%	20.8%
6. Technician Availability (4)	37.5%	41.7%	20.8%
8. Labor Regulation (—)	12.5%	62.5%	25.0%
9. New Equipment Inventory (16)	29.2%	45.8%	25.0%
10. Financing Availability — Floor Planning (11)	29.2%	41.7%	29.2%
11. Used Equipment Inventory (5)	26.1%	39.1%	34.8%
12. Dealership 'Purity' Efforts by Majors (8)	16.7%	41.7%	41.7%
13. Manufacturer Succession Policies (14)	12.5%	45.8%	41.7%
14. Dealer Consolidation (—)	4.2%	54.2%	41.7%
15. Manufacturer Consolidation (—)	8.7%	47.8%	43.5%
16. Financing Availability — Retail (14)	16.7%	37.5%	45.8%
17. Energy/Fuel Costs (13)	4.2%	45.8%	50.0%

Case IH Dealers' Outlook for 2017



Case IH Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2017

	New Equipment	Used Equipment
+8%	4.5%	0.0%
+2-7%	14.9%	29.3%
Little or No Change	49.3%	46.6%
-2-7%	16.4%	12.1%
-8%	14.9%	12.1%

Expecting New Equipment Price Increase in 2017

No	7.5%
1-3%	77.6%
4-6%	11.9%
7-9%	3.0%
10%+	0.0%

Early Orders 2017 vs. 2016

Down 10% or more	58.5%
Down 6-10%	18.5%
Down 1-5%	7.7%
Same as Last Year	4.6%
Up 1-5%	7.7%
Up 6-10%	1.5%
Up 10% or more	1.5%

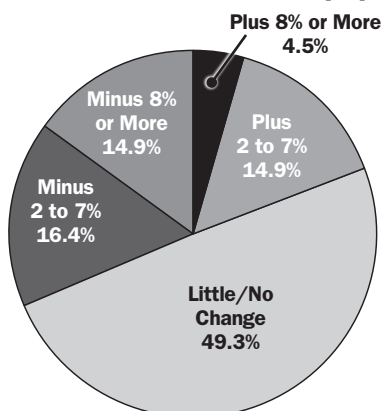
Case IH Dealers' Projected Unit Sales of Tractors and Combines — 2017

Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Loss
2WD (<40HP)	3.2%	25.4%	63.5%	6.4%	1.6%	28.6%	7.9%
2WD (40-100HP)	1.6%	23.8%	57.1%	15.9%	1.6%	25.4%	17.5%
2WD (>100HP)	1.6%	17.2%	54.7%	18.8%	7.8%	18.8%	26.6%
4WD (All)	3.2%	17.5%	42.9%	20.6%	15.9%	20.6%	36.5%
Combines	1.7%	23.3%	38.3%	25.0%	11.7%	25.0%	36.7%

Case IH Dealers' Unit Sales Projections for Other Equipment in 2017

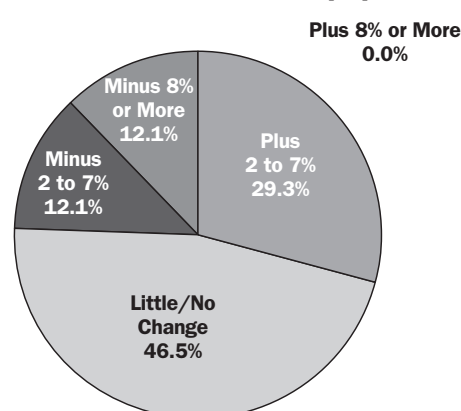
Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	7.0%	79.0%	8.8%	5.3%
Round Balers	1.7%	15.0%	66.7%	16.7%	0.0%
Forage Harvesters	0.0%	0.0%	88.7%	7.6%	3.8%
Planters (All)	1.6%	14.5%	56.5%	9.7%	17.7%
Feeders/Mixers	0.0%	13.2%	79.3%	7.6%	0.0%
Mower/Conditioners	0.0%	17.7%	67.7%	12.9%	1.6%
Windrower/Swathers	0.0%	6.9%	67.2%	17.2%	8.6%
Field Cultivators	0.0%	11.5%	65.6%	18.0%	4.9%
Farm Loaders	0.0%	18.3%	73.3%	6.7%	1.7%
Chisel Plows	1.8%	5.3%	68.4%	22.8%	1.8%
Disc Harrows	1.7%	8.3%	61.7%	21.7%	6.7%
Air Seeders/Drills	1.7%	13.6%	59.3%	8.5%	17.0%
Self-Propelled Sprayers	1.7%	19.0%	58.6%	6.9%	13.8%
Pull-Type Sprayers	1.8%	5.4%	67.9%	12.5%	12.5%
Lawn/Garden Equip.	5.2%	32.8%	55.2%	6.9%	0.0%
GPS/Precision Farming	1.6%	22.2%	58.7%	11.1%	6.4%

Case IH Dealers' Projections for Sales Revenues 2017 — New Equipment



Just over 19% of Case IH dealers are expecting an increase in new equipment revenues in 2017, while 31.3% project a decrease in sales.

Case IH Dealers' Projections for Sales Revenues 2017 — Used Equipment



About 29% of Case IH dealers forecast a pick up in used equipment sales in 2017, while 24.2% expect a drop.

Case IH Dealers' Major Revenue Sources — 2016

Revenue by Market Segment:

Production Farmers	77.2%
Hobby Farmers	8.6%
Turf & Lawn	4.7%
Municipalities/Parks	3.0%
Const. Contractors	4.9%
Industrial	0.9%
Other	0.7%

Used Equipment Inventory

Way Too High	13.6%
Too High	42.4%
As Expected	35.6%
Need More	8.5%

Case IH Dealer Spending Plans for 2017

No Increase	69.7%
0 to +5%	28.8%
+6% to 10%	1.5%
+11% or more	0.0%

Where Case IH Dealers Will Invest in 2017

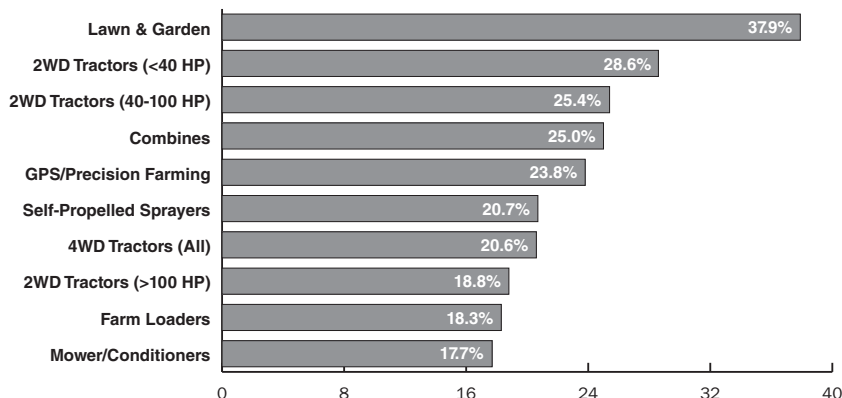
Modernize Shop & Service	32.3%
Modernize Retail	12.7%
Bus. Info. Systems	12.7%
Mobile Service Vehicles	31.3%

Case IH Dealerships

Est. Total Ag Dealer Locations*	900
% Dealers with 5 or More Locations*	48%
Avg. Number of Stores at Participating Dealerships	10
Avg. Employment at Participating Dealerships	57.3
Avg. Number of Service Techs at Participating Dealerships	21

*AEI 2016 Big Dealer Report

Best Bets for Improving Unit Sales in 2017 Case IH Dealers



Case IH dealers' best bets for increasing unit sales in 2017 include lawn and garden products, compact tractors, utility tractors, combines and GPS/precision farming equipment.

Case IH Dealers' Hiring Plans 2017 vs. 2016

	2017			2016		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	18.8%	68.8%	12.5%	13.8%	80.5%	5.7%
Service Techs	51.5%	45.5%	3.0%	51.7%	43.7%	4.6%
Wholegood Sales	33.3%	62.1%	4.6%	26.4%	70.1%	3.5%
Administration	3.1%	89.1%	7.8%	2.3%	87.4%	10.3%
Precision Farming Specialist	15.6%	82.8%	1.6%	11.8%	84.7%	3.5%

Case IH Dealers' Issues and Concerns — 2017 (2016 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Farm Commodity Prices (1)	82.8%	17.2%	0.0%
2. Farm Input Costs (2)	49.2%	44.6%	6.2%
3. Technician Availability (3)	50.0%	42.4%	7.6%
4. Health Care Affordability (7)	62.1%	27.3%	10.6%
5. Increasing Cost of New Equipment (5)	30.3%	57.6%	12.1%
6. Used Equipment Inventory (4)	39.4%	45.5%	15.2%
7. Shrinking Farm Customer Base (6)	36.9%	46.2%	16.9%
8. Product Reliability (8)	30.3%	43.9%	25.8%
9. New Equipment Inventory (17)	10.6%	62.1%	27.3%
10. Labor Regulation (—)	12.7%	52.4%	34.9%
11. Dealership 'Purity' Efforts by Majors (10)	16.7%	43.9%	39.4%
12. Manufacturer Succession Policies (13)	15.6%	39.1%	45.3%
13. Financing Availability — Retail (12)	12.1%	42.4%	45.5%
14. Financing Availability — Floor Planning (11)	10.6%	42.4%	47.0%
15. Energy/Fuel Costs (14)	6.0%	47.0%	47.0%
16. Manufacturer Consolidation (—)	9.1%	34.9%	56.1%
17. Dealer Consolidation (—)	9.1%	31.8%	59.1%

John Deere Dealers' Outlook for 2017



John Deere Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2017

	New Equipment	Used Equipment
+8%	0.0%	2.7%
+2-7%	18.9%	27.0%
Little or No Change	40.5%	51.4%
-2-7%	21.6%	18.9%
-8%	18.9%	0.0%

Expecting New Equipment Price Increase in 2017

No	8.1%
1-3%	86.5%
4-6%	5.4%
7-9%	0.0%
10%+	0.0%

Early Orders 2017 vs. 2016

Down 10% or more	38.9%
Down 6-10%	13.9%
Down 1-5%	11.1%
Same as Last Year	13.9%
Up 1-5%	19.4%
Up 6-10%	0.0%
Up 10% or more	2.8%

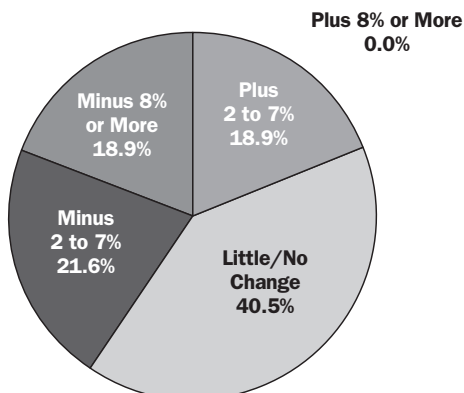
John Deere Dealers' Projected Unit Sales of Tractors and Combines — 2017

Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Loss
2WD (<40HP)	10.8%	40.5%	48.7%	0.0%	0.0%	51.4%	0.0%
2WD (40-100HP)	5.4%	43.2%	51.4%	0.0%	0.0%	48.7%	0.0%
2WD (>100HP)	0.0%	18.9%	64.9%	10.8%	5.4%	18.9%	16.2%
4WD (All)	0.0%	8.9%	41.2%	38.2%	11.8%	8.9%	50.0%
Combines	0.0%	8.8%	52.9%	26.5%	11.8%	8.8%	38.2%

John Deere Dealers' Unit Sales Projections for All Other Equipment in 2017

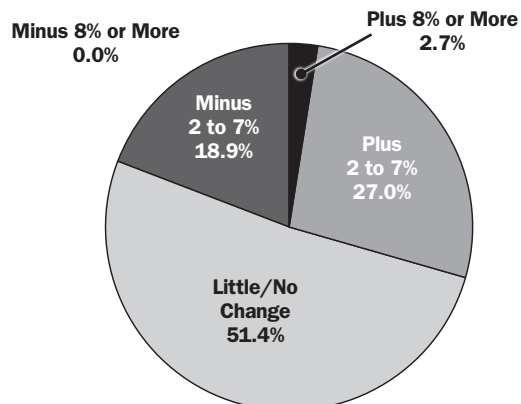
Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	9.1%	72.7%	12.1%	6.1%
Round Balers	2.8%	19.4%	61.1%	11.1%	5.6%
Forage Harvesters	0.0%	9.4%	84.4%	0.0%	6.3%
Planters (All)	0.0%	15.6%	43.8%	25.0%	15.6%
Feeders/Mixers	0.0%	0.0%	93.8%	0.0%	6.3%
Mower/Conditioners	2.9%	26.5%	58.8%	5.9%	5.9%
Windrower/Swathers	0.0%	25.0%	62.5%	6.3%	6.3%
Field Cultivators	2.9%	2.9%	73.5%	11.8%	8.8%
Farm Loaders	0.0%	20.0%	74.3%	0.0%	5.7%
Chisel Plows	0.0%	3.0%	69.7%	15.2%	12.1%
Disc Harrows	0.0%	3.0%	72.7%	15.2%	9.1%
Air Seeders/Drills	0.0%	9.7%	51.6%	29.0%	9.7%
Self-Propelled Sprayer	0.0%	12.5%	59.4%	12.5%	15.6%
Pull-type Sprayers	0.0%	0.0%	66.7%	16.7%	16.7%
Lawn/Garden	8.1%	59.5%	32.4%	0.0%	0.0%
GPS/Precision Farming	3.0%	57.6%	36.4%	0.0%	3.0%

John Deere Dealers' Projections for Sales Revenues 2017 — New Equipment



Less than 20% of John Deere dealers are forecasting revenue gains from new equipment sales in 2017 and 40.5% expect lower revenues.

John Deere Dealers' Projections for Sales Revenues 2017 — Used Equipment



Just under 30% of Deere dealers are looking for higher revenues from used sales in 2017 and 18.9% are expecting lower revenues.

John Deere Dealers' Major Revenue Sources — 2016

Revenue by Market Segment:

Production Farmers	61%
Hobby Farmers	13%
Turf & Lawn	14%
Municipalities/Parks	6%
Const. Contractors	3%
Industrial	1%
Other	2%

Used Equipment Inventory

Way Too High	13.9%
Too High	41.7%
As Expected	36.1%
Need More	8.3%

John Deere Dealer Spending Plans for 2017

No Increase	72.2%
0 to +5%	25.0%
+6% to 10%	2.8%
+11% or more	0.0%

Where John Deere Dealers Will Invest in 2017

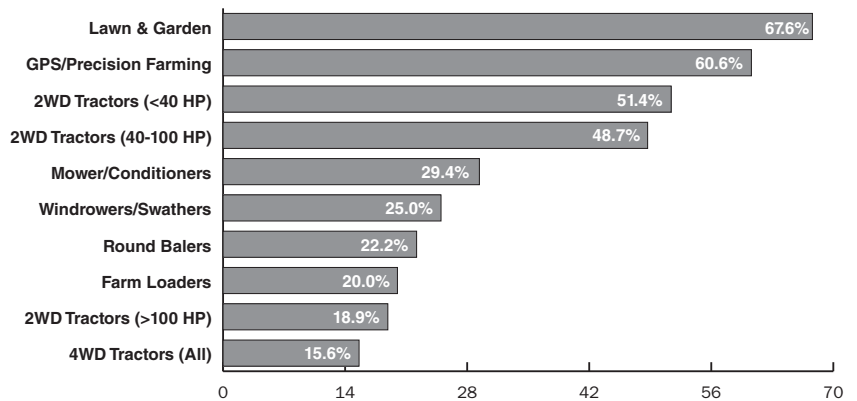
Modernize Shop & Service	34.3%
Modernize Retail	28.6%
Bus. Info. Systems	20.0%
Mobile Service Vehicles	45.7%

John Deere Dealerships

Est. Total Ag Dealer Locations*	1,539
% Dealers with 5 or More Locations*	74%
Avg. Number of Stores at Participating Dealerships	10
Avg. Employment at Participating Dealerships	NA
Avg. Number of Service Techs at Participating Dealerships	NA

*AEI 2016 Big Dealer Report

Best Bets for Improving Unit Sales in 2017 John Deere Dealers



John Deere dealers are looking at a mix of products as their best bets for growing unit sales in 2017: lawn and garden, GPS/precision farming, compact tractors and utility tractors.

John Deere Dealers' Hiring Plans 2017 vs. 2016

	2017			2016		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	32.4%	64.9%	2.7%	17.2%	76.6%	6.2%
Service Techs	52.8%	38.9%	8.3%	65.6%	31.3%	3.1%
Wholegood Sales	18.9%	73.0%	8.1%	21.5%	70.8%	7.7%
Administration	2.7%	75.7%	21.6%	4.7%	85.9%	9.4%
Precision Farming Specialist	11.4%	85.7%	2.9%	17.2%	78.1%	4.7%

Deere Dealers' Issues & Concerns — 2017 (2016 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Farm Commodity Prices (1)	68.9%	29.5%	1.6%
2. Farm Input Costs (5)	43.5%	46.8%	9.7%
3. Shrinking Farm Customer Base (7)	30.6%	59.7%	9.7%
4. Health Care Affordability (6)	62.3%	27.9%	9.8%
5. Technician Availability (2)	52.4%	36.1%	11.5%
6. Increasing Cost of New Equipment (3)	34.9%	42.9%	22.2%
7. Used Equipment Inventory (4)	25.8%	51.6%	22.6%
8. Labor Regulation (—)	16.1%	58.1%	25.8%
9. Energy/Fuel Costs (8)	21.3%	42.6%	36.1%
10. New Equipment Inventory (17)	9.7%	43.5%	46.8%
11. Financing Availability — Floor Planning (11)	6.4%	45.2%	48.4%
12. Dealer Consolidation (—)	4.8%	45.2%	50.0%
13. Product Reliability (13)	13.1%	37.7%	50.8%
14. Manufacturer Succession Policies (16)	6.6%	42.6%	50.8%
15. Financing Availability — Retail (10)	9.9%	34.4%	55.7%
16. Manufacturer Consolidation (—)	8.1%	29.0%	62.9%
17. Dealership 'Purity' Efforts by Majors (14)	9.8%	27.9%	62.3%

Kubota Dealers' Outlook for 2017



Kubota Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2017

	New Equipment	Used Equipment
+8%	15.8%	16.7%
+2-7%	31.6%	22.2%
Little or No Change	26.3%	50.0%
-2-7%	21.1%	11.1%
-8%	5.3%	0.0%

Expecting New Equipment Price Increase in 2016

No	26.3%
1-3%	63.2%
4-6%	5.3%
7-9%	0.0%
10%+	5.3%

Early Orders 2017 vs. 2016

Down 10% or more	11.8%
Down 6-10%	0.0%
Down 1-5%	23.5%
Same as Last Year	41.2%
Up 1-5%	17.7%
Up 6-10%	5.9%
Up 10% or more	0.0%

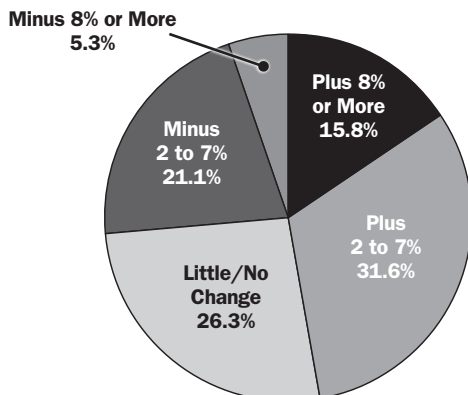
Kubota Dealers' Projected Unit Sales of Tractors and Combines — 2017

Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Loss
2WD (<40HP)	13.3%	20.0%	60.0%	6.7%	0.0%	33.3%	6.7%
2WD (40-100HP)	6.7%	6.7%	60.0%	26.7%	0.0%	13.3%	26.7%
2WD (>100HP)	7.1%	14.3%	42.9%	35.7%	0.0%	21.4%	35.7%
4WD (All)	16.7%	0.0%	50.0%	16.7%	16.7%	16.7%	33.3%
Combines	0.0%	11.1%	66.7%	11.1%	11.1%	11.1%	22.2%

Kubota Dealers' Unit Sales Projections for All Other Equipment in 2017

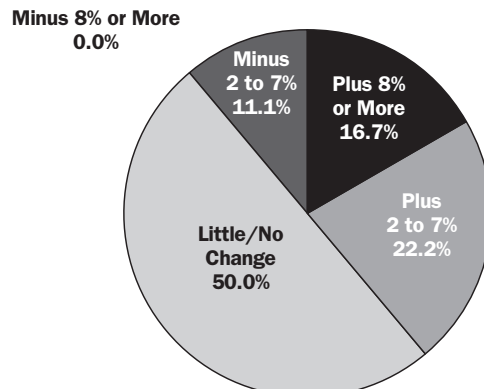
Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	12.5%	62.5%	12.5%	12.5%
Round Balers	23.1%	38.5%	23.1%	15.4%	0.0%
Forage Harvesters	0.0%	12.5%	87.5%	0.0%	0.0%
Planters (All)	0.0%	12.5%	75.0%	12.5%	0.0%
Feeders/Mixers	0.0%	37.5%	62.5%	0.0%	0.0%
Mower Conditioners	16.7%	58.3%	25.0%	0.0%	0.0%
Windrower-Swathers	0.0%	12.5%	75.0%	0.0%	12.5%
Field Cultivators	0.0%	9.1%	63.6%	9.1%	18.2%
Farm Loaders	20.0%	40.0%	30.0%	10.0%	0.0%
Chisel Plows	0.0%	20.0%	50.0%	10.0%	20.0%
Disc Harrows	0.0%	30.0%	50.0%	20.0%	0.0%
Air Seeders/Drills	0.0%	0.0%	90.0%	0.0%	10.0%
Self-Propelled Sprayers	0.0%	12.5%	75.0%	0.0%	12.5%
Pull-type Sprayers	0.0%	10.0%	70.0%	10.0%	10.0%
Lawn/Garden	17.7%	35.3%	41.2%	5.9%	0.0%
GPS/Precision Farming	0.0%	11.1%	77.8%	11.1%	0.0%

Kubota Dealers' Projections for Sales Revenue in 2017 — New Equipment



Nearly half, of Kubota dealers see revenues from new equipment sales increasing in 2017, while 26.4% expect revenues to decline.

Kubota Dealers' Projections for Sales Revenue in 2017 — Used Equipment



Just under 40% of Kubota dealers expect revenues from the sale of used equipment to rise in 2017, while just 11.1% see sales declining.

Kubota Dealers' Major Revenue — 2016

Revenue by Market Segment:

Production Farmers	35%
Hobby Farmers	24%
Turf & Lawn	14%
Municipalities/Parks	10%
Const. Contractors	10%
Industrial	2%
Other	5%

Used Equipment Inventory

Way Too High	0.0%
Too High	35.3%
As Expected	35.3%
Need More	29.4%

Kubota Dealer Spending Plans for 2017

No Increase	37.5%
0 to +5%	50.0%
+6% to 10%	6.3%
+10%	6.3%

Where Kubota Dealers Will Invest in 2017

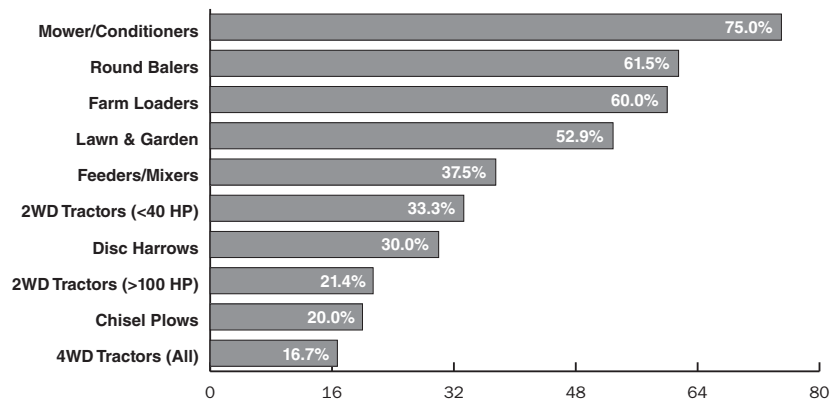
Modernize Shop & Service	43.8%
Modernize Retail	28.6%
Bus. Info. Systems	20.0%
Mobile Service Vehicles	57.1%

Kubota Dealerships

Est. Total Ag Dealer Locations*	1,100
% Dealers with 5 or More Locations*	13%
Avg. Number of Stores at Participating Dealerships	2
Avg. Employment at Participating Dealerships	20.2
Avg. Number of Service Techs at Participating Dealerships	6

*AEI 2016 Big Dealer Report

Best Bets for Improving Unit Sales in 2017 Kubota Dealers



Mower/conditioners lead the way for improving sales for Kubota dealers in 2017, followed by round balers, farm loaders, lawn and garden equipment and feeders/mixers.

Kubota Dealers' Hiring Plans 2017 vs. 2016

	2017			2016		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	35.3%	64.7%	0.0%	15.8%	84.2%	0.0%
Service Techs	52.9%	41.2%	5.9%	35.0%	65.0%	0.0%
Wholegood Sales	41.2%	58.8%	0.0%	10.0%	85.0%	5.0%
Administration	0.0%	100.0%	0.0%	10.5%	84.2%	5.3%
Precision Farming Specialist	0.0%	100.0%	0.0%	23.5%	76.5%	0.0%

Kubota Dealers' Issues and Concerns — 2017 (2016 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Farm Commodity Prices (2)	52.9%	41.2%	5.9%
2. Increasing Cost of New Equipment (5)	35.3%	58.8%	5.9%
3. Technician Availability (4)	35.3%	47.1%	17.7%
4. Farm Input Costs (7)	35.3%	41.2%	23.5%
5. Shrinking Farm Customer Base (6)	35.3%	35.3%	29.4%
6. Product Reliability (8)	23.5%	47.1%	29.4%
7. Health Care Affordability (3)	41.2%	23.5%	35.3%
8. Labor Regulation (—)	17.7%	47.1%	35.3%
9. New Equipment Inventory (6)	5.9%	58.8%	35.3%
10. Dealership 'Purity' Efforts by Majors (11)	25.0%	37.5%	37.5%
11. Manufacturer Succession Policies (15)	17.7%	41.2%	41.2%
12. Financing Availability – Retail (9)	23.5%	29.4%	47.1%
13. Used Equipment Inventory (1)	17.7%	35.3%	47.1%
14. Manufacturer Consolidation (—)	11.8%	41.2%	47.1%
15. Energy/Fuel Costs (12)	5.9%	47.1%	47.1%
16. Dealer Consolidation (—)	5.9%	41.2%	52.9%
16. Financing Availability – Floor Planning (12)	11.8%	35.3%	52.9%



NEW HOLLAND

New Holland Dealers' Outlook for 2017

New Holland Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2017

	New Equipment	Used Equipment
+8%	2.3%	5.3%
+2-7%	14.0%	15.8%
Little or No Change	41.9%	50.0%
-2-7%	30.2%	18.4%
-8%	11.6%	10.5%

Expecting New Equipment Price Increase in 2017

No	0.0%
1-3%	82.9%
4-6%	14.6%
7-9%	2.4%
10%+	0.0%

Early Orders 2017 vs. 2016

Down 10% or more	27.5%
Down 6-10%	17.5%
Down 1-5%	17.5%
Same as Last Year	30.0%
Up 1-5%	7.5%
Up 6-10%	0.0%
Up 11% or more	0.0%

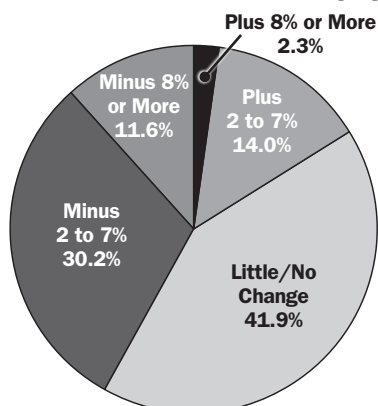
New Holland Dealers' Projected Unit Sales of Tractors and Combines — 2017

Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Loss
2WD (<40HP)	5.0%	20.0%	62.5%	7.5%	5.0%	25.0%	12.5%
2WD (40-100HP)	4.9%	9.8%	63.4%	14.6%	7.3%	14.6%	22.0%
2WD (>100HP)	0.0%	13.5%	54.1%	18.9%	13.5%	13.5%	32.4%
4WD Tractors (All)	0.0%	15.6%	62.5%	12.5%	9.4%	15.6%	21.9%
Combines	0.0%	6.9%	75.9%	3.5%	13.8%	6.9%	17.2%

New Holland Dealers' Unit Sales Projections for All Other Equipment in 2017

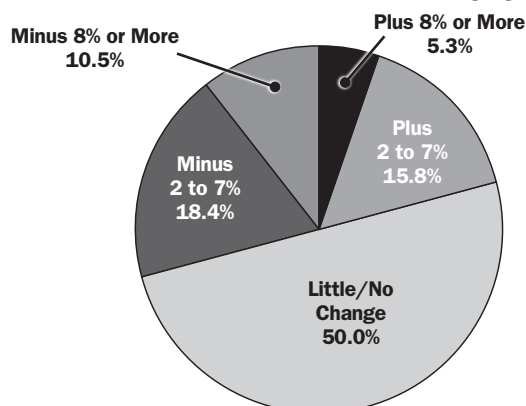
Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	8.6%	65.7%	22.9%	2.9%
Round Balers	0.0%	25.6%	38.5%	33.3%	2.6%
Forage Harvesters	0.0%	6.3%	71.9%	12.5%	9.4%
Planters (All)	3.3%	6.7%	56.7%	23.3%	10.0%
Feeders/Mixers	0.0%	6.5%	74.2%	12.9%	6.5%
Mower/Conditioners	0.0%	26.3%	47.4%	23.7%	2.6%
Windrower/Swathers	0.0%	23.5%	50.0%	20.6%	5.9%
Field Cultivators	0.0%	6.3%	68.8%	18.8%	6.3%
Farm Loaders	0.0%	16.7%	63.9%	16.7%	2.8%
Chisel Plows	0.0%	3.1%	71.9%	12.5%	12.5%
Disc Harrows	0.0%	3.1%	65.6%	18.8%	12.5%
Air Seeders/Drills	0.0%	3.3%	66.7%	16.7%	13.3%
Self-Propelled Sprayers	0.0%	7.1%	75.0%	3.6%	14.3%
Pull-type Sprayers	0.0%	3.1%	65.6%	12.5%	18.8%
Lawn/Garden	0.0%	48.6%	48.6%	0.0%	2.9%
GPS/Precision Farming	3.1%	31.3%	50.0%	9.4%	6.3%

New Holland Dealers' Projections for Sales Revenues in 2017 — New Equipment



Just over 41% of New Holland dealers see decreasing revenues from new equipment sales in 2017 and 16.3% expect increases.

New Holland Dealers' Projections for Sales Revenues in 2017 — Used Equipment



While 21.1% of New Holland dealers expect increasing revenues from used machinery sales in 2017, 28.9% are looking for revenues to decline.

New Holland Dealers Major Revenue Sources — 2016

Revenue by Market Segment:

Production Farmers	54%
Hobby Farmers	23%
Turf & Lawn	8%
Municipalities/Parks	6%
Const. Contractors	6%
Industrial	1%
Other	2%

Used Equipment Inventory

Way Too High	2.6%
Too High	38.5%
As Expected	51.3%
Need More	7.7%

New Holland Dealer Spending Plans for 2017

No Increase	61.9%
0 to +5%	31.0%
+6% to 10%	7.1%
+10%	0.0%

Where New Holland Dealers Will Invest in 2017

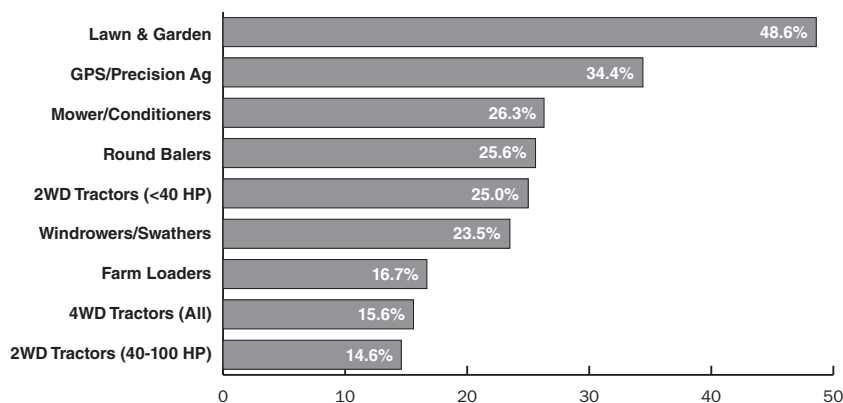
Modernize Shop & Service	32.6%
Modernize Retail	23.3%
Bus. Info. Systems	11.9%
Mobile Service Vehicles	36.6%

New Holland Dealerships

Est. Total Ag Dealer Locations*	996
% Dealers with 5 or More Locations*	18%
Avg. Number of Stores at Participating Dealerships	3
Avg. Employment at Participating Dealerships	19.2
Avg. Number of Service Techs at Participating Dealerships	6

*AEI 2016 Big Dealer Report

Best Bets for Improving Unit Sales in 2017 New Holland Dealers



Lawn and garden equipment, GPS/precision farming, mower/conditioners and round balers top New Holland dealers' list of best bet products for improving unit sales in 2017.

New Holland Dealers' Hiring Plans 2017 vs. 2016

	2017			2016		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	23.3%	74.4%	2.3%	25.7%	74.3%	0.0%
Service Techs	46.5%	53.5%	0.0%	47.2%	52.8%	0.0%
Wholegood Sales	39.5%	55.8%	4.7%	22.9%	77.1%	0.0%
Administration	11.9%	83.3%	4.8%	2.9%	91.4%	5.7%
Precision Farming Specialist	13.2%	84.2%	2.6%	5.9%	91.4%	0.0%

New Holland Dealers' Concerns — 2017 (2016 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Health Care Affordability (7)	65.1%	34.9%	0.0%
2. Increasing Cost of New Equipment (1)	51.2%	46.5%	2.3%
3. Farm Commodity Prices (2)	69.8%	23.3%	7.0%
4. Farm Input Costs (4)	43.9%	48.8%	7.3%
5. Technician Availability (3)	44.2%	46.5%	9.3%
6. New Equipment Inventory (15)	30.2%	60.5%	9.3%
7. Shrinking Farm Customer Base (5)	44.2%	44.2%	11.6%
8. Labor Regulation (—)	16.7%	66.7%	16.7%
9. Dealership 'Purity' Efforts by Majors (13)	23.3%	55.8%	20.9%
10. Manufacturer Consolidation (—)	16.3%	60.5%	23.3%
11. Product Reliability (6)	34.9%	41.9%	23.3%
12. Used Equipment Inventory (9)	25.6%	51.2%	23.3%
13. Financing Availability — Floor Planning (8)	16.3%	55.8%	27.9%
14. Energy/Fuel Costs (12)	4.8%	64.3%	31.0%
15. Manufacturer Succession Policies (16)	16.7%	50.0%	33.3%
16. Dealer Consolidation (—)	9.3%	55.8%	34.9%
17. Financing Availability — Retail (14)	4.7%	55.8%	39.5%

Independent Dealers' Outlook for 2017

Independent Dealers' Projections for Improved Revenue from New & Used Equipment Sales in 2017

	New Equipment	Used Equipment
+8%	5.0%	4.6%
+2-7%	25.0%	40.9%
Little or No Change	40.0%	22.7%
-2-7%	10.0%	9.1%
-8%	20.0%	22.7%

Expecting New Equipment Price Increase in 2017

No	13.6%
1-3%	59.1%
4-6%	18.2%
7-9%	9.1%
10%+	0.0%

Early Orders 2017 vs. 2016

Down 10% or more	35.3%
Down 6-10%	11.8%
Down 1-5%	29.4%
Same as Last Year	11.8%
Up 1-5%	11.8%
Up 6-10%	0.0%
Up 10% or more	0.0%

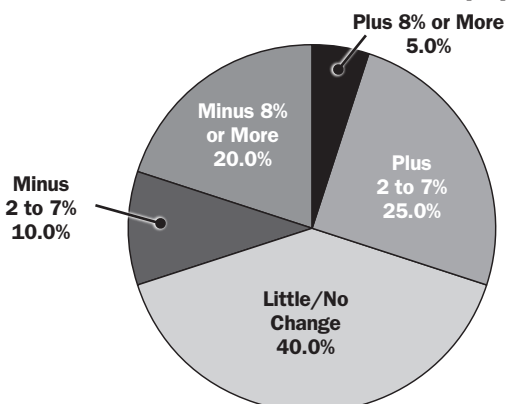
Independent Dealers' Projected Unit Sales of Tractors and Combines — 2017

Tractor Type (Size)	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Loss
2WD (<40HP)	12.5%	12.5%	50.0%	12.5%	12.5%	25.0%	25.0%
2WD (40-100HP)	12.5%	0.0%	37.5%	37.5%	12.5%	12.5%	50.0%
2WD (>100HP)	0.0%	0.0%	66.7%	0.0%	33.3%	0.0%	33.3%
4WD (All)	0.0%	8.3%	58.3%	16.7%	16.7%	8.3%	33.3%
Combines	0.0%	20.0%	60.0%	0.0%	20.0%	20.0%	20.0%

Independent Dealers' Unit Sales Projections for All Other Equipment in 2017

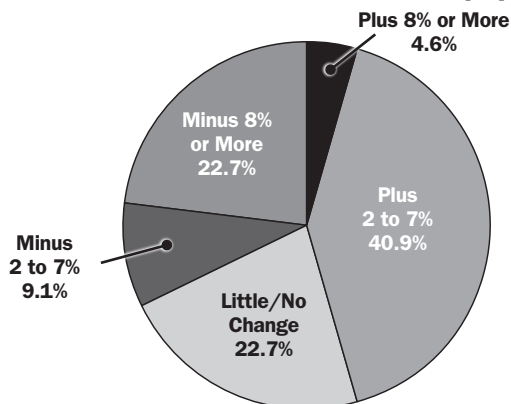
Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	20.0%	0.0%	60.0%	20.0%	0.0%
Round Balers	0.0%	14.3%	85.7%	0.0%	0.0%
Forage Harvesters	20.0%	0.0%	80.0%	0.0%	0.0%
Planters (All)	0.0%	10.0%	40.0%	20.0%	30.0%
Feeders/Mixers	0.0%	40.0%	20.0%	40.0%	0.0%
Mower/Conditioners	0.0%	55.6%	44.4%	0.0%	0.0%
Windrower/Swathers	0.0%	14.3%	71.4%	14.3%	0.0%
Field Cultivators	0.0%	28.6%	42.9%	14.3%	14.3%
Farm Loaders	16.7%	16.7%	66.7%	0.0%	0.0%
Chisel Plows	0.0%	0.0%	85.7%	0.0%	14.3%
Disc Harrows	0.0%	12.5%	62.5%	25.0%	0.0%
Air Seeders/Drills	0.0%	0.0%	100.0%	0.0%	0.0%
Self-Propelled Sprayers	0.0%	33.3%	50.0%	0.0%	16.7%
Pull-type Sprayers	0.0%	16.7%	50.0%	33.3%	0.0%
Lawn/Garden	11.1%	22.2%	55.6%	11.1%	0.0%
GPS/Precision Farming	0.0%	25.0%	25.0%	25.0%	25.0%

Independent Dealers' Projections for Sales Revenues in 2017 — New Equipment



Nearly one-third (30%) of independent dealers expect revenue gains and nearly a third (30%) expect losses from the sale of new machinery.

Independent Dealers' Projections for Sales Revenues in 2017 — Used Equipment



Almost 46% of independent dealers anticipate increased revenues from used equipment sales in 2017 and 31.8% anticipate losses.

Independent Dealers Major Revenue Sources — 2016

Revenue by Market Segment:

Production Farmers	59.6%
Hobby Farmers	22.0%
Turf & Lawn	4.5%
Municipalities/Parks	2.6%
Const. Contractors	4.6%
Industrial	0.5%
Other	4.9%

Used Equipment Inventory

Way Too High	15.8%
Too High	10.5%
As Expected	57.9%
Need More	15.8%

Independent Dealer Spending Plans for 2017

No Increase	61.1%
0 to +5%	33.3%
+6 to 10%	5.6%
+10	0.0%

Where Independent Dealers Will Invest in 2017

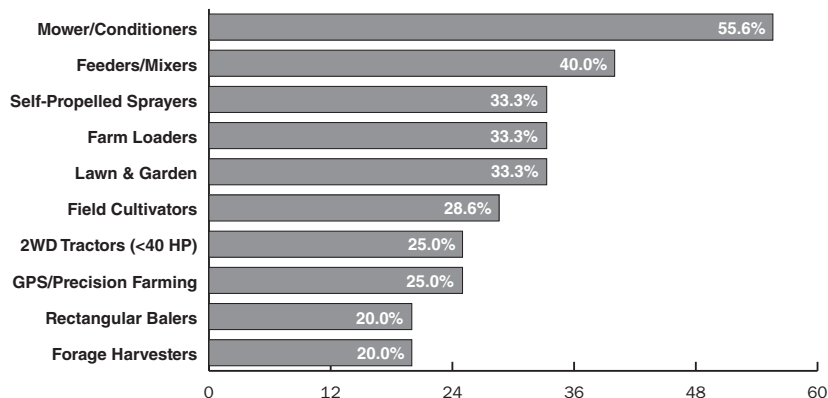
Modernize Shop & Service	18.8%
Modernize Retail	6.3%
Bus. Info. Systems	11.8%
Mobile Service Vehicles	22.2%

Independent Dealerships

Est. Total Ag Dealer Locations*	1,290
% Dealers with 5 or More Locations*	28%
Avg. Number of Stores at Participating Dealerships	1
Avg. Employment at Participating Dealerships	10.3
Avg. Number of Service Techs at Participating Dealerships	4

*AEI 2016 Big Dealer Report

Best Bets for Improving Unit Sales in 2017 Independent Dealers



Mower/conditioners is the #1 product for improving unit sales for independent dealers, followed by feeders/mixers, self-propelled sprayers, farm loaders and lawn and garden equipment.

Independent Dealers' Hiring Plans 2017 vs. 2016

	2017			2016		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department	11.1%	83.3%	5.6%	23.1%	69.2%	7.7%
Service Techs	38.9%	50.0%	11.1%	26.9%	65.4%	7.7%
Wholegood Sales	11.1%	88.9%	0.0%	19.2%	76.9%	3.9%
Administration	17.1%	64.7%	17.7%	3.8%	88.5%	7.7%
Precision Farming Specialist	0.0%	83.3%	16.7%	4.5%	90.9%	4.6%

Independent Dealers' Concerns — 2017 (2016 Rank)

Issue	Most Concerned	Concerned	Not Concerned
1. Health Care Affordability (8)	70.0%	30.0%	0.0%
2. Farm Commodity Prices (1)	55.0%	40.0%	5.0%
3. Increasing Cost of New Equipment (3)	55.0%	40.0%	5.0%
4. Shrinking Farm Customer Base (4)	45.0%	50.0%	5.0%
5. Farm Input Costs (2)	50.0%	40.0%	10.0%
6. Labor Regulation (-)	30.0%	50.0%	20.0%
7. Used Equipment Inventory (6)	30.0%	45.0%	25.0%
8. Energy/Fuel Costs (7)	15.0%	60.0%	25.0%
9. New Equipment Inventory (17)	10.0%	65.0%	25.0%
10. Manufacturer Consolidation (-)	10.0%	60.0%	30.0%
11. Product Reliability (10)	15.8%	52.6%	31.6%
12. Dealer Consolidation (-)	10.0%	50.0%	40.0%
13. Technician Availability (5)	15.0%	40.0%	45.0%
14. Financing Availability – Retail (12)	15.0%	40.0%	45.0%
15. Financing Availability – Floor Planning (13)	10.0%	45.0%	45.0%
16. Dealership 'Purity' Efforts by Majors (15)	5.3%	47.4%	47.4%
17. Manufacturer Succession Policies (16)	5.9%	41.2%	52.9%

PART V — EMPLOYMENT SIZE BREAKDOWN

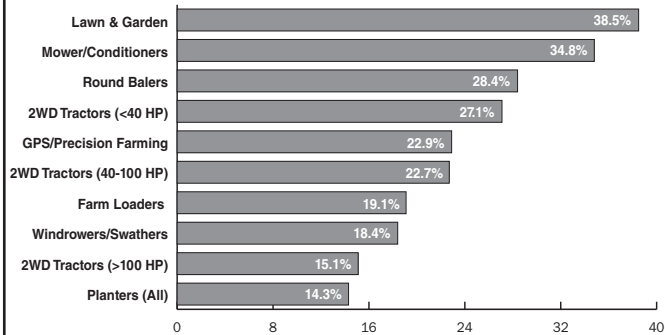
Revenue Projections for Used Equipment by Employee Size — 2017

Employee Size	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Decline
North America	4.0%	25.5%	46.5%	15.0%	9.0%	29.5%	24.0%
1-20 Employees	3.5%	24.8%	47.8%	16.8%	7.1%	28.3%	23.9%
21-40 Employees	3.5%	17.5%	50.9%	12.3%	15.8%	21.1%	28.1%
41-60 Employees	12.5%	37.5%	37.5%	12.5%	0.0%	50.0%	12.5%
61+ Employees	5.0%	45.0%	35.0%	10.0%	5.0%	50.0%	15.0%

Revenue Projections for New Equipment by Employee Size — 2017

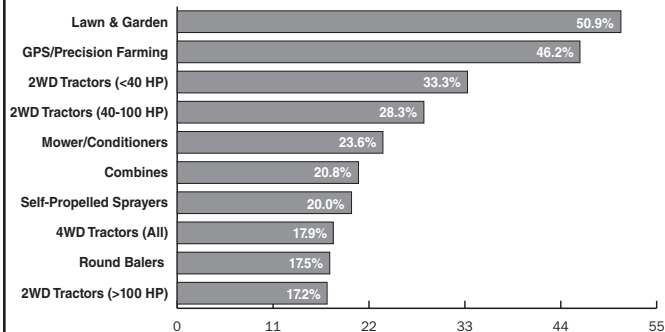
Employee Size	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Decline
North America	4.2%	18.2%	44.9%	18.7%	14.0%	22.4%	32.7%
1-20 Employees	2.5%	17.5%	51.7%	15.8%	12.5%	20.0%	28.3%
21-40 Employees	3.2%	14.5%	38.7%	24.2%	19.4%	17.8%	43.5%
41-60 Employees	20.0%	20.0%	30.0%	30.0%	0.0%	40.0%	30.0%
61+ Employees	10.0%	35.0%	35.0%	10.0%	10.0%	45.0%	20.0%

Best Bets for Improving Sales in 2017 Dealers with 1-20 Employees



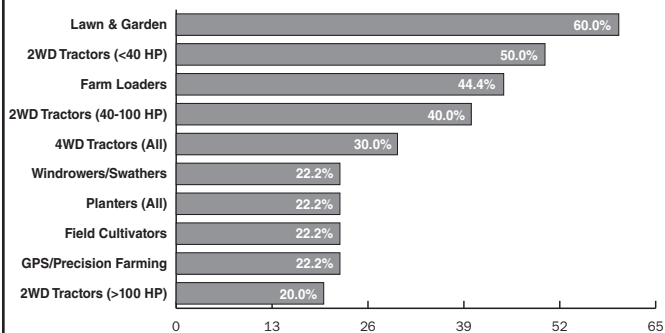
Dealers with 1-20 employees rated lawn and garden, mower/conditioners, round balers, compact tractors, GPS and utility tractors as having the best prospects to improve unit sales in 2017.

Best Bets for Improving Sales in 2017 Dealers with 21-40 Employees



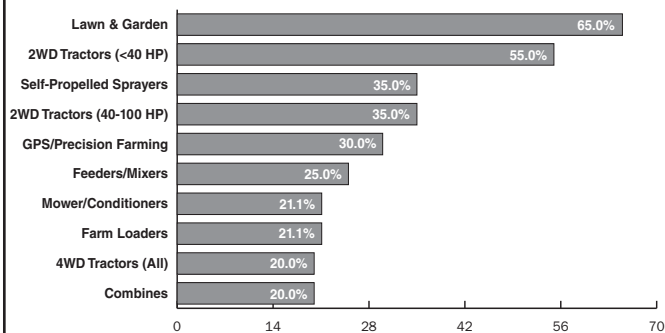
Lawn and garden equipment, GPS/precision farming, compact tractors, utility tractors and mower/conditioners head up the 2017 "Best Bets" list of dealers employing 21-40 people.

Best Bets for Improving Sales in 2017 Dealers with 41-60 Employees



Dealers who employ 41-60 people see solid potential to grow sales in 2016 with lawn and garden equipment, compact tractors, farm loaders, utility tractors and GPS/precision farming.

Best Bets for Improving Sales in 2017 Dealers with 61+ Employees



Dealers with 61 or more employees see the most potential to increase unit sales in 2016 with lawn and garden, compact tractors, self-propelled sprayers, utility tractors and GPS/precision farming.

Unit Sales Projections for Tractors & Combines by Employee Size — 2017

	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%	Forecasting Growth	Forecasting Decline
Tractors							
2WD (<40HP)							
North America Average	5.9%	27.7%	58.5%	5.3%	2.7%	33.5%	8.0%
1-20 Employees	6.3%	20.8%	65.6%	5.2%	2.1%	27.1%	7.3%
21-40 Employees	1.7%	31.7%	58.3%	3.3%	5.0%	33.3%	8.3%
41-60 Employees	10.0%	40.0%	40.0%	10.0%	0.0%	50.0%	10.0%
61+ Employees	15.0%	40.0%	35.0%	10.0%	0.0%	55.0%	10.0%
2WD (40-100HP)							
North America Average	3.7%	23.3%	57.7%	12.2%	3.2%	27.0%	15.3%
1-20 Employees	4.1%	18.6%	60.8%	13.4%	3.1%	22.7%	16.5%
21-40 Employees	1.7%	26.7%	51.7%	15.0%	5.0%	28.3%	20.0%
41-60 Employees	10.0%	30.0%	50.0%	10.0%	0.0%	40.0%	10.0%
61+ Employees	5.0%	30.0%	65.0%	0.0%	0.0%	35.0%	0.0%
2WD (>100HP)							
North America Average	1.1%	15.9%	57.9%	16.9%	8.2%	16.9%	25.1%
1-20 Employees	1.1%	14.0%	61.3%	16.1%	7.5%	15.1%	23.7%
21-40 Employees	1.7%	15.5%	55.2%	17.2%	10.3%	17.2%	27.6%
41-60 Employees	0.0%	20.0%	60.0%	20.0%	0.0%	20.0%	20.0%
61+ Employees	0.0%	25.0%	50.0%	15.0%	10.0%	25.0%	25.0%
4WD (All)							
North America Average	2.8%	13.3%	50.6%	20.6%	12.8%	16.1%	33.3%
1-20 Employees	1.1%	12.0%	64.1%	13.0%	9.8%	13.1%	22.8%
21-40 Employees	1.8%	16.1%	33.9%	26.8%	21.4%	17.9%	48.2%
41-60 Employees	20.0%	10.0%	30.0%	30.0%	10.0%	30.0%	40.0%
61+ Employees	5.0%	15.0%	50.0%	25.0%	5.0%	20.0%	30.0%
Combines							
North America Average	0.6%	14.5%	54.7%	17.6%	12.6%	15.1%	30.2%
1-20 Employees	0.0%	11.3%	63.8%	13.8%	11.3%	11.3%	25.0%
21-40 Employees	0.0%	20.8%	47.9%	12.5%	18.8%	20.8%	31.3%
41-60 Employees	11.1%	0.0%	44.4%	33.3%	11.1%	11.1%	44.4%
61+ Employees	0.0%	20.0%	45.0%	30.0%	5.0%	20.0%	35.0%

Projected Sales Revenue Increase/Decrease by Employment Size for 2017 (weighted avg.)

Employee Size	
1-20	-0.72%
21-40	-1.72%
41-60	1.15%
61+	1.13%

Dealer Spending Plans for 2017 by Employee Size

No. Employees	No Increase	0-5%	6-10%	10%
1-20 Employees	62.4%	34.2%	2.6%	0.9%
21-40 Employees	69.0%	25.9%	5.2%	0.0%
41-60 Employees	77.8%	11.1%	0.0%	11.1%
61+ Employees	75.0%	20.0%	5.0%	0.0%

Employment Size Breakdown — 2017

Employee Size	% of Responses
1-20	56.1%
21-40	28.9%
41-60	4.4%
61+	10.5%

Where Dealers Will Invest in 2017 by Employee Size

No. Employees	Shop & Service	Retail	Business Info. Systems	Mobile Vehicle Service
1-20 Employees	30.1%	17.9%	15.9%	33.9%
21-40 Employees	26.7%	12.3%	15.8%	32.8%
41-60 Employees	33.3%	55.6%	11.1%	11.1%
61+ Employees	36.8%	15.8%	21.1%	68.4%

1-20 Employees Unit Sales Projections for Other Equipment in 2017

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	1.2%	11.1%	69.1%	12.4%	6.2%
Round Balers	4.2%	24.2%	53.7%	17.9%	0.0%
Forage Harvesters	1.4%	2.9%	85.7%	7.1%	2.9%
Planters (All)	1.2%	13.1%	60.7%	14.3%	10.7%
Feeders/Mixers	0.0%	11.4%	77.1%	8.6%	2.9%
Mower/Conditioners	3.3%	31.5%	53.3%	10.9%	1.1%
Windrower/Swathers	0.0%	18.4%	69.7%	6.6%	5.3%
Field Cultivators	0.0%	10.6%	72.9%	9.4%	7.1%
Farm Loaders	2.3%	16.9%	74.2%	5.6%	1.1%
Chisel Plows	0.0%	4.9%	77.8%	6.2%	11.1%
Disc Harrows	0.0%	10.8%	66.3%	14.5%	8.4%
Air Seeders/Drills	1.3%	2.7%	76.0%	8.0%	12.0%
Self-Propelled Sprayers	1.5%	8.8%	70.6%	4.4%	14.7%
Pull-Type Sprayers	0.0%	5.2%	68.8%	14.3%	11.7%
Lawn/Garden Equip.	5.2%	33.3%	55.2%	5.2%	1.0%
GPS/Precision Farming	2.4%	20.5%	60.2%	9.6%	7.2%

21-40 Employees Unit Sales Projections for Other Equipment in 2017

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	5.9%	68.6%	21.6%	36.9%
Round Balers	0.0%	17.5%	54.4%	21.1%	7.0%
Forage Harvesters	0.0%	6.5%	78.3%	4.4%	10.9%
Planters (All)	0.0%	12.2%	55.1%	12.2%	20.4%
Feeders/Mixers	0.0%	6.5%	80.4%	8.7%	4.4%
Mower/Conditioners	0.0%	23.6%	50.9%	18.2%	7.3%
Windrowers/Swathers	0.0%	13.5%	50.0%	25.0%	11.5%
Field Cultivators	1.9%	3.9%	63.5%	23.1%	7.7%
Farm Loaders	0.0%	16.0%	72.0%	8.0%	4.0%
Chisel Plows	0.0%	5.9%	64.7%	23.5%	5.9%
Disc Harrows	0.0%	5.7%	67.9%	18.9%	7.6%
Air Seeders/Drills	0.0%	16.0%	54.0%	18.0%	12.0%
Self-Propelled Sprayers	0.0%	20.0%	56.0%	6.0%	18.0%
Pull-Type Sprayers	2.1%	6.4%	63.8%	8.5%	19.2%
Lawn/Garden Equip.	1.8%	49.1%	47.3%	1.8%	0.0%
GPS/Precision Farming	1.9%	44.2%	38.5%	9.6%	5.8%

41-60 Employees Unit Sales Projections for Other Equipment in 2017

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	11.1%	88.9%	0.0%	0.0%
Round Balers	0.0%	11.1%	77.8%	11.1%	0.0%
Forage Harvesters	0.0%	0.0%	88.9%	11.1%	0.0%
Planters (All)	0.0%	22.2%	44.4%	22.2%	11.1%
Feeders/Mixers	0.0%	0.0%	100.0%	0.0%	0.0%
Mower/Conditioners	0.0%	11.1%	88.9%	0.0%	0.0%
Windrowers/Swathers	0.0%	22.2%	77.8%	0.0%	0.0%
Field Cultivators	0.0%	22.2%	55.6%	22.2%	0.0%
Farm Loaders	0.0%	44.4%	55.6%	0.0%	0.0%
Chisel Plows	11.1%	0.0%	44.4%	44.4%	0.0%
Disc Harrows	11.1%	0.0%	55.6%	33.3%	0.0%
Air Seeders/Drills	0.0%	0.0%	77.8%	11.1%	11.1%
Self-Propelled Sprayers	0.0%	0.0%	88.9%	0.0%	11.1%
Pull-Type Sprayers	0.0%	0.0%	88.9%	0.0%	11.1%
Lawn/Garden Equip.	10.0%	50.0%	20.0%	20.0%	0.0%
GPS/Precision Farming	0.0%	22.2%	77.8%	0.0%	0.0%

61+ Employees Unit Sales Projections for Other Equipment in 2017

Equipment Category	Sales +8%	Sales +2-7%	Little or No Change	Sales -2-7%	Sales -8%
Rectangular Balers	0.0%	5.3%	84.2%	5.3%	5.3%
Round Balers	5.6%	11.1%	66.7%	16.7%	0.0%
Forage Harvesters	0.0%	5.3%	94.7%	0.0%	0.0%
Planters (All)	5.3%	10.5%	57.9%	15.8%	10.5%
Feeders/Mixers	0.0%	25.0%	75.0%	0.0%	0.0%
Mower/Conditioners	0.0%	21.1%	73.7%	5.3%	0.0%
Windrower/Swathers	0.0%	10.0%	75.0%	15.0%	0.0%
Field Cultivators	0.0%	5.3%	79.0%	0.0%	15.8%
Farm Loaders	5.3%	15.8%	68.4%	5.3%	5.3%
Chisel Plows	0.0%	0.0%	84.2%	5.3%	10.5%
Disc Harrows	0.0%	0.0%	84.2%	5.3%	10.5%
Air Seeders/Drills	0.0%	15.0%	65.0%	10.0%	10.0%
Self-Propelled Sprayers	0.0%	35.0%	55.0%	10.0%	0.0%
Pull-Type Sprayers	0.0%	5.3%	68.4%	21.1%	5.3%
Lawn/Garden Equip.	20.0%	45.0%	30.0%	5.0%	0.0%
GPS/Precision Farming	0.0%	30.0%	55.0%	15.0%	0.0%

Dealers' Hiring Plans 2017 vs. 2016 by Employee Size

	2017			2016		
	Add Staff	No Change	Reduce/Relocate Staff	Add Staff	No Change	Reduce/Relocate Staff
Parts Department						
1-20 Employees	18.8%	77.8%	3.4%	21.4%	72.6%	6.0%
21-40 Employees	28.8%	62.7%	8.5%	18.0%	80.7%	1.3%
41-60 Employees	22.2%	66.7%	11.1%	13.3%	73.4%	13.3%
61+ Employees	30.0%	65.0%	5.0%	25.0%	71.4%	3.6%
Service Department						
1-20 Employees	44.4%	53.0%	2.6%	43.2%	52.6%	4.2%
21-40 Employees	53.3%	40.0%	6.7%	56.3%	41.2%	2.5%
41-60 Employees	44.4%	44.4%	11.1%	73.3%	26.7%	0.0%
61+ Employees	65.0%	30.0%	5.0%	50.0%	50.0%	0.0%
Sales Department						
1-20 Employees	26.3%	70.3%	3.4%	26.3%	70.3%	3.4%
21-40 Employees	28.3%	66.7%	5.0%	19.0%	79.7%	1.3%
41-60 Employees	22.2%	66.7%	11.1%	20.0%	66.7%	13.3%
61+ Employees	55.0%	45.0%	0.0%	17.9%	67.8%	14.3%
Administration						
1-20 Employees	6.1%	90.4%	3.5%	2.6%	91.4%	6.0%
21-40 Employees	6.8%	76.3%	17.0%	3.9%	89.7%	6.4%
41-60 Employees	11.1%	77.8%	11.1%	13.3%	73.4%	13.3%
61+ Employees	5.0%	80.0%	15.0%	3.6%	67.8%	28.6%
Precision Farming Specialist						
1-20 Employees	7.9%	89.1%	3.0%	12.0%	83.4%	4.6%
21-40 Employees	10.3%	87.9%	1.7%	12.8%	85.9%	1.3%
41-60 Employees	11.1%	77.8%	11.1%	20.0%	80.0%	0.0%
61+ Employees	35.0%	65.0%	0.0%	14.3%	82.1%	3.6%

PART VI — MARKET SEGMENTS & DEALER REVENUE SOURCES

U.S. Regional Market Segmentation — 2016

Northeast		Turf/Lawn/Landscape Contractors	6.5%	Construction Contractors	4.5%
Production Farmers	46.2%	Municipalities/Park Depts	5.8%	Industrial	0.9%
Hobby Farmers	26.7%	Construction Contractors	11.8%	Other	0.5%
Turf/Lawn/Landscape Contractors	14.0%	Industrial	0.0%	Corn Belt	
Municipalities/Park Depts	5.6%	Other	3.3%	Production Farmers	62.8%
Construction Contractors	4.5%	Lake States		Hobby Farmers	15.5%
Industrial	0.3%	Production Farmers	63.6%	Turf/Lawn/Landscape Contractors	7.7%
Other	2.7%	Hobby Farmers	15.0%	Municipalities/Park Depts	5.2%
Appalachia		Turf/Lawn/Landscape Contractors	8.9%	Construction Contractors	4.3%
Production Farmers	39.8%	Municipalities/Park Depts	3.8%	Industrial	0.4%
Hobby Farmers	31.3%	Construction Contractors	6.2%	Other	3.0%
Turf/Lawn/Landscape Contractors	11.3%	Industrial	1.4%	Mountain	
Municipalities/Park Depts	7.6%	Other	0.8%	Production Farmers	75.5%
Construction Contractors	2.8%	Southern Plains		Hobby Farmers	11.7%
Industrial	0.6%	Production Farmers	54.4%	Turf/Lawn/Landscape Contractors	6.5%
Other	2.4%	Hobby Farmers	21.9%	Municipalities/Park Depts	3.3%
Southeast		Turf/Lawn/Landscape Contractors	9.6%	Construction Contractors	1.4%
Production Farmers	55.5%	Municipalities/Park Depts	3.1%	Industrial	0.1%
Hobby Farmers	16.5%	Construction Contractors	9.8%	Other	1.2%
Turf/Lawn/Landscape Contractors	7.1%	Industrial	0.7%	Pacific	
Municipalities/Park Depts	5.6%	Other	0.5%	Production Farmers	73.7%
Construction Contractors	12.3%	Northern Plains		Hobby Farmers	16.9%
Industrial	2.5%	Production Farmers	77.8%	Turf/Lawn/Landscape Contractors	2.7%
Other	0.0%	Hobby Farmers	7.0%	Municipalities/Park Depts	3.0%
Delta States		Turf/Lawn/Landscape Contractors	3.4%	Construction Contractors	0.4%
Production Farmers	51.3%	Municipalities/Park Depts	2.8%	Industrial	1.7%
Hobby Farmers	21.2%			Other	1.7%

Market Segmentation Dealer Revenue Sources — 2016

Customer Segment	North America	U.S.	Canada
Production Farmers	62.5%	62.2%	63.8%
Hobby Farmers	16.0%	16.7%	11.8%
Turf/Lawn/Landscape Contractors	8.2%	7.8%	10.7%
Municipalities/Park Depts	4.5%	4.5%	4.7%
Construction Contractors	5.2%	5.1%	5.4%
Industrial	0.8%	0.8%	1.0%
Other	1.9%	1.7%	3.1%

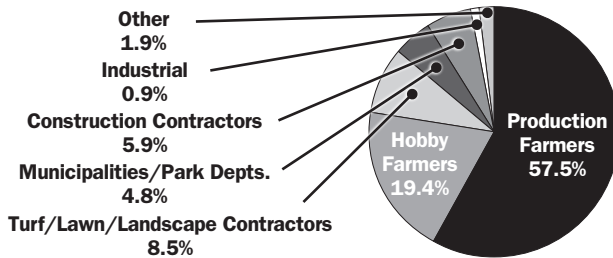
Employee Size Analysis by Market Segment — 2016

1-20 Employees		41-60 Employees	
Production Farmers	57.5%	Production Farmers	52.1%
Hobby Farmers	19.4%	Hobby Farmers	21.3%
Turf/Lawn/Landscape Contractors	8.5%	Turf/Lawn/Landscape Contractors	7.4%
Municipalities/Park Depts	4.8%	Municipalities/Park Depts	6.9%
Construction Contractors	5.9%	Construction Contractors	3.1%
Industrial	0.9%	Industrial	0.0%
Other	1.9%	Other	3.6%
21-40 Employees		61+ Employees	
Production Farmers	69.6%	Production Farmers	75.3%
Hobby Farmers	11.2%	Hobby Farmers	8.2%
Turf/Lawn/Landscape Contractors	8.0%	Turf/Lawn/Landscape Contractors	7.3%
Municipalities/Park Depts	3.6%	Municipalities/Park Depts	4.1%
Construction Contractors	4.4%	Construction Contractors	3.6%
Industrial	0.8%	Industrial	0.7%
Other	2.3%	Other	0.4%

Market Segment Analysis Canada Regions — 2016

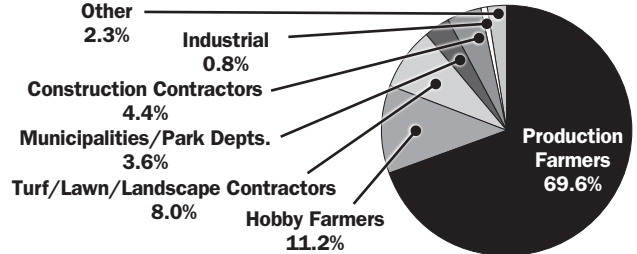
Central Canada	
Production Farmers	51.6%
Hobby Farmers	15.0%
Turf/Lawn/Landscape Contractors	16.4%
Municipalities/Park Depts	5.7%
Construction Contractors	4.3%
Industrial	0.0%
Other	7.9%
Eastern Canada	
Production Farmers	61.0%
Hobby Farmers	9.0%
Turf/Lawn/Landscape Contractors	16.4%
Municipalities/Park Depts	6.8%
Construction Contractors	3.8%
Industrial	1.0%
Other	2.0%
Western Canada	
Production Farmers	69.3%
Hobby Farmers	11.4%
Turf/Lawn/Landscape Contractors	6.8%
Municipalities/Park Depts	3.7%
Construction Contractors	6.3%
Industrial	1.4%
Other	1.6%

Market Segment Revenue – 1-20 Employees



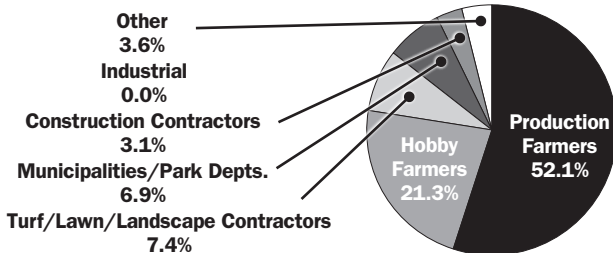
Nearly 60% of sales revenues by the smallest dealers, by employment size, come from production farming and nearly 20% are derived from the hobby farm/rural lifestyle markets.

Market Segment Revenue – 21-40 Employees



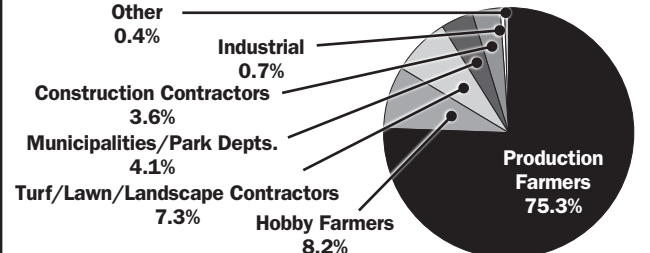
Revenues derived from production farming (nearly 70% of total) easily dominates the equipment sales of dealers employing 21-40 employees, while hobby farmers contribute 11.2% of sales revenues.

Market Segment Revenue – 41-60 Employees



Dealers with 41-60 employees generated 21.3% of their sales dollars from the hobby farmer/large property owner market, but rely on production farming for 52.1% of their annual revenues.

Market Segment Revenue – 60+ Employees



The largest dealers derive more three-quarters (75.3%) of their annual sales revenues from the production farm segment. Just 8.2% of revenues come from hobby farmers.

Major Equipment Supplier Analysis by Market Segment — 2016

AGCO

Production Farmers	66.4%
Hobby Farmers	18.3%
Turf/Lawn/Landscape Contractors	8.1%
Municipalities/Park Depts	2.5%
Construction Contractors	3.5%
Industrial	0.5%
Other	1.1%

Case IH

Production Farmers	77.2%
Hobby Farmers	8.6%
Turf/Lawn/Landscape Contractors	4.7%
Municipalities/Park Depts	3.0%
Construction Contractors	4.9%
Industrial	0.9%
Other	0.7%

John Deere

Production Farmers	61.0%
Hobby Farmers	13.0%
Turf/Lawn/Landscape Contractors	14.1%
Municipalities/Park Depts	5.6%
Construction Contractors	2.7%
Industrial	0.6%
Other	1.5%

New Holland

Production Farmers	34.7%
Hobby Farmers	23.5%
Turf/Lawn/Landscape Contractors	14.2%
Municipalities/Park Depts	10.0%
Construction Contractors	10.3%
Industrial	1.7%
Other	5.6%

Kubota

Production Farmers	53.0%
Hobby Farmers	21.5%
Turf/Lawn/Landscape Contractors	8.1%
Municipalities/Park Depts	6.1%
Construction Contractors	6.0%
Industrial	0.9%
Other	2.0%

Independent

Production Farmers	59.4%
Hobby Farmers	22.0%
Turf/Lawn/Landscape Contractors	4.5%
Municipalities/Park Depts	2.6%
Construction Contractors	4.3%
Industrial	0.5%
Other	4.9%

Segment Analysis by Major Equipment Supplier — 2016

Production Farmers

Case	77.2%	1
AGCO	66.4%	2
John Deere	61.0%	3
Independent	59.4%	4
Kubota	53.0%	5
New Holland	34.7%	6

Hobby Farmers

New Holland	23.5%	1
Independent	22.0%	2
Kubota	21.5%	3
AGCO	18.3%	4
John Deere	13.0%	5
Case	8.6%	6

Turf/Lawn/Landscape Contractors

New Holland	14.2%	1
-------------	-------	---

John Deere	14.1%	2
AGCO	8.1%	3
Kubota	8.1%	3
Case	4.7%	5
Independent	4.5%	6

Municipalities/Parks Dept

New Holland	10.0%	1
Kubota	6.1%	2
John Deere	5.6%	3
Case	3.0%	4
Independent	2.6%	5
AGCO	2.5%	6

Construction Contractors

New Holland	10.3%	1
Kubota	6.0%	2
Case	4.9%	3

Independent	4.3%	4
AGCO	3.5%	5
John Deere	2.7%	6

Industrial

New Holland	1.7%	1
Kubota	0.9%	2
Case	0.9%	2
John Deere	0.6%	4
AGCO	0.5%	5
Independent	0.5%	5

Other

New Holland	5.6%	1
Independent	4.9%	2
Kubota	2.0%	3
John Deere	1.5%	4
AGCO	1.1%	5
Case	0.7%	6

North American Tractor & Combine Unit Sales

NORTH AMERICAN FARM EQUIPMENT RETAIL SALES — OCTOBER 2012–SEPTEMBER 2016

Units								% change year-over-year						
	<40 HP	40-100 HP	>100 HP	4-WD	Total Tractor	High HP	Combines	<40 HP	40-100 HP	>100 HP	4-WD	Total	High HP	Combines
Oct-12	9,885	6,908	5,660	1,499	23,952	7,159	2,321	25%	16%	33%	33%	25%	33%	38%
Nov-12	5,158	4,005	2,492	632	12,287	3,124	722	5%	17%	10%	31%	11%	13%	(3%)
Dec-12	8,239	6,333	4,350	902	19,824	5,252	1,137	13%	4%	18%	37%	12%	21%	3%
Jan-13	4,723	4,114	2,956	677	12,470	3,633	616	21%	11%	27%	89%	21%	35%	17%
Feb-13	5,102	3,734	2,588	669	12,093	3,257	622	17%	5%	26%	37%	16%	29%	69%
Mar-13	8,311	4,941	3,464	706	17,422	4,170	1,199	(3%)	8%	28%	(5%)	5%	21%	67%
Apr-13	13,883	5,652	4,269	855	24,659	5,124	1,149	4%	(6%)	27%	(4%)	4%	20%	63%
May-13	17,193	6,326	3,406	556	27,481	3,962	887	27%	6%	17%	(9%)	19%	12%	28%
Jun-13	13,449	6,363	3,272	541	23,625	3,813	1,123	8%	4%	27%	8%	9%	24%	18%
Jul-13	10,725	5,563	3,177	492	19,957	3,669	1,480	24%	15%	15%	(11%)	19%	11%	10%
Aug-13	9,280	5,034	2,846	588	17,748	3,434	1,252	14%	12%	16%	1%	13%	13%	(16%)
Sep-13	8,527	4,871	3,360	574	17,332	3,934	1,291	7%	8%	8%	(26%)	6%	1%	(27%)
Oct-13	9,665	6,747	5,943	1,228	43,182	7,171	1,671	(3%)	(2%)	5%	(18%)	(2%)	0%	(28%)
Nov-13	5,628	3,873	2,651	644	12,796	3,295	903	9%	(3%)	7%	2%	4%	6%	26%
Dec-13	7,683	6,944	4,940	962	20,529	5,902	1,547	(7%)	10%	14%	7%	4%	13%	37%
Jan-14	4,762	4,172	3,314	631	12,879	3,945	824	1%	2%	12%	(7%)	3%	8%	33%
Feb-14	5,310	3,655	2,423	575	11,963	2,998	526	4%	1%	(6%)	(14%)	0%	(8%)	(15%)
Mar-14	10,156	5,149	3,157	657	19,119	3,814	906	22%	3%	(9%)	(7%)	9%	(9%)	(25%)
Apr-14	14,163	6,029	3,744	746	24,682	4,490	999	2%	7%	(13%)	(12%)	0%	(13%)	(13%)
May-14	16,815	6,602	2,929	474	26,820	3,403	671	(2%)	6%	(16%)	(14%)	(2%)	(16%)	(24%)
Jun-14	15,198	6,520	2,731	409	24,858	3,140	839	13%	2%	(16%)	(25%)	5%	(18%)	(25%)
Jul-14	11,249	5,943	3,225	389	20,806	3,614	1,035	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	10,934	7,115	4,929	734	23,712	5,663	994	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	6%	8%	(24%)	(47%)	(3%)	(28%)	(40%)
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%)	(6%)	(20%)	(24%)	(8%)	(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	16,001	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%	19%	(23%)	(31%)	16%	(24%)	(22%)
Aug-15	9,688	5,120	1,771	167	16,746	1,938	679	1%	(7%)	(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%)
Dec-15	8,693	6,350	2,559	515	18,117	3,074	886	7%	(15%)	(31%)	1%	(9%)	(28%)	(4%)
Jan-16	5,947	4,261	1,981	242	12,431	2,223	457	5%	(5%)	(37%)	10%	(8%)	(34%)	19%
Feb-16	6,404	3,386	1,186	222	11,198	1,408	241	21%	4%	(39%)	(36%)	3%	(39%)	(40%)
Mar-16	12,453	5,136	1,909	259	19,757	2,168	350	28%	7%	(25%)	(48%)	13%	(29%)	(26%)
Apr-16	17,713	5,586	2,548	337	26,184	2,885	465	7%	(14%)	(19%)	(22%)	(2%)	(19%)	(30%)
May-16	17,201	5,634	1,976	234	25,045	2,210	333	7%	0%	(1%)	(10%)	5%	(2%)	(39%)
Jun-16	15,794	6,594	1,974	223	24,585	2,197	567	1%	1%	(18%)	(26%)	(1%)	(19%)	13%
Jul-16	13,344	5,418	1,833	152	20,747	1,985	619	(7%)	(23%)	(26%)	(43%)	(14%)	(27%)	(23%)
Aug-16	11,600	5,068	1,351	102	18,085	1,417	563	18%	0%	(26%)	(39%)	8%	(27%)	(17%)
Sep-16	12,632	5,491	1,768	203	20,094	1,971	621	16%	3%	(9%)	(18%)	9%	(10%)	(27%)

Source: Assn. of Equipment Manufacturers

North American Tractor & Combine Inventory

NORTH AMERICAN FARM EQUIPMENT INVENTORY — SEPTEMBER 2012–AUGUST 2016

Units								Inventory to 12-month Sales						
	<40 HP	40-100 HP	>100 HP	4-WD	Total Tractor	High HP	Combines	<40 HP	40-100 HP	>100 HP	4-WD	Total	High HP	Combines
Sep-12	62,319	29,587	11,580	2,398	105,884	13,978	2,870	62%	50%	34%	31%	52%	33%	24%
Oct-12	61,918	29,266	10,573	1,931	103,688	12,504	1,662	60%	49%	30%	24%	50%	28%	13%
Nov-12	65,873	29,835	11,232	2,079	109,019	13,311	1,520	64%	49%	31%	25%	52%	30%	12%
Dec-12	67,319	29,137	10,335	1,753	108,544	12,088	1,409	64%	48%	28%	21%	52%	27%	11%
Jan-13	69,290	30,182	10,399	1,803	111,674	12,202	1,659	66%	49%	28%	20%	52%	26%	13%
Feb-13	72,473	30,842	11,375	1,850	116,540	13,225	2,186	68%	50%	30%	20%	54%	28%	17%
Mar-13	72,499	30,869	11,700	1,931	116,999	13,631	2,518	69%	50%	30%	21%	54%	29%	19%
Apr-13	70,567	30,512	12,507	1,883	115,469	14,390	2,577	66%	50%	32%	21%	53%	30%	18%
May-13	65,268	30,400	13,202	2,068	110,938	15,270	2,866	59%	49%	33%	23%	50%	31%	20%
Jun-13	62,097	29,271	13,330	2,158	106,856	15,488	3,249	56%	47%	33%	24%	48%	31%	23%
Jul-13	59,174	29,628	14,138	2,177	105,117	16,315	3,208	52%	47%	34%	24%	47%	33%	22%
Aug-13	58,711	30,907	15,063	2,307	107,218	17,370	3,325	52%	50%	37%	29%	48%	35%	24%
Sep-13	60,787	31,714	15,372	2,507	110,380	17,879	3,255	53%	49%	36%	26%	47%	34%	23%
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%	56%	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%	18%
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	2,332	58%	53%	38%	29%	53%	37%	28%
Sep-15	74,844	37,545	12,551	1,374	126,314	13,925	2,001	51%	56%	39%	32%	51%	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%
Nov-15	79,228	39,911	12,983	1,317	133,439	14,300	1,492	61%	60%	44%	33%	58%	43%	20%
Dec-15	82,737	41,363	13,140	1,189	138,429	14,329	1,277	63%	63%	46%	30%	60%	44%	17%
Jan-16	86,618	42,352	12,727	1,129	142,826	13,856	1,169	66%	65%	47%	28%	63%	44%	16%
Feb-16	92,071	44,704	13,298	1,097	151,170	14,395	1,281	69%	68%	50%	28%	66%	48%	18%
Mar-16	93,703	45,127	13,327	1,131	153,288	14,458	1,359	69%	69%	52%	31%	66%	49%	18%
Apr-16	90,381	44,499	13,136	1,115	149,131	14,251	1,312	66%	69%	52%	31%	65%	50%	19%
May-16	86,451	43,931	13,015	1,152	144,549	14,167	1,492	63%	68%	52%	33%	63%	49%	22%
Jun-16	82,264	42,688	12,958	1,005	138,915	13,963	1,593	60%	66%	52%	29%	60%	49%	24%
Jul-16	81,046	41,621	12,756	920	136,343	13,685	1,580	59%	66%	53%	28%	60%	50%	24%
Aug-16	79,823	41,683	12,962	998	135,466	13,960	1,671	58%	66%	55%	31%	59%	52%	26%

Source: Assn. of Equipment Manufacturers

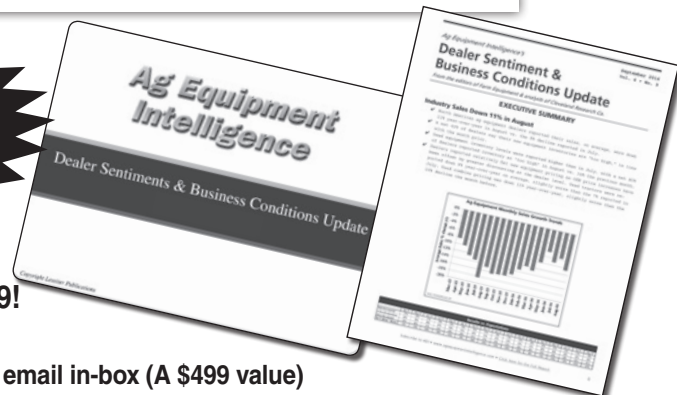
Other Reports from *Ag Equipment Intelligence*



✓ 2016 Big Dealer Report	\$49.00
✓ 2015 Big Dealer Report	\$39.95
✓ 2014 Big Dealer Report	\$29.95
✓ 2016 <i>Ag Equipment Intelligence</i> Annual Business Outlook & Trends - Farm Equipment Forecast	\$29.95
✓ 2015 <i>Ag Equipment Intelligence</i> Annual Business Outlook & Trends - Farm Equipment Forecast	\$29.95
✓ 2014 <i>Ag Equipment Intelligence</i> Annual Business Outlook & Trends - Farm Equipment Forecast	\$29.95
✓ 2015 Benchmarking No-Till Farming in the U.S.....	\$69.95
✓ 2013 Benchmarking No-Till Farming in the U.S.....	\$29.95
✓ Agriculture & the Farm Equipment Market in South America.....	\$29.95
✓ Biofuels: Possibilities & Potential for Ag Equipment	\$29.95
✓ Russia, Ukraine & Kazakhstan: The State of Farm Technology in the Commonwealth of Independent States	\$29.95
✓ The Agricultural Equipment Industry in China.....	\$29.95

To order please go to www.farm-equipment.com/products

**New Monthly Updates
for AEI Subscribers!**



Subscribe to *Ag Equipment Intelligence* Today for just \$499!

You'll get....

- 12 monthly issues of *Ag Equipment Intelligence* delivered to your email in-box (A \$499 value)
- 12 monthly Dealer Sentiments & Business Conditions Update delivered to your email in-box (A \$499 value)
- The 2016 Dealer Business Outlook & Trends – Farm Equipment Forecast (A \$199 value)*
- The 2016 Big Dealer Report (A \$59.95 value)*
- The 2015 Benchmarking No-Till Farming in the U.S. Downloadable Report (A \$200 Value)*

*Reports will be mailed to you via the postal service or available for download when they are published

HG1015BT16