From the editors of *Farm Equipment*...

Ag Equipment Intelligence

News, Information & Analysis for the Ag Equipment Marketer

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- No-Till is Growing
- Landoll Buys Brillion
- CVL, RME Sales Rise

Robust 4Q Equipment Sales Could Mean a Slower Start in '11

Heading toward the end of the year, the sale of large farm tractors and combines continued at levels not seen in two or, in some cases, three decades. But some industry observers see the strong possibility that the current rate of sales will result in a slowdown with the start of the new year.

"On an absolute basis, U.S and Canadian row-crop tractor sales reached their highest monthly total since at least 1991. And more 4WD tractors were sold in the U.S. in October than in any other single month since 1982," Robert McCarthy, Diversified Industrial & Machinery analyst for RW Baird, told investors in a November 10 note.

The current run up in sales could be due to the fact that farmers want

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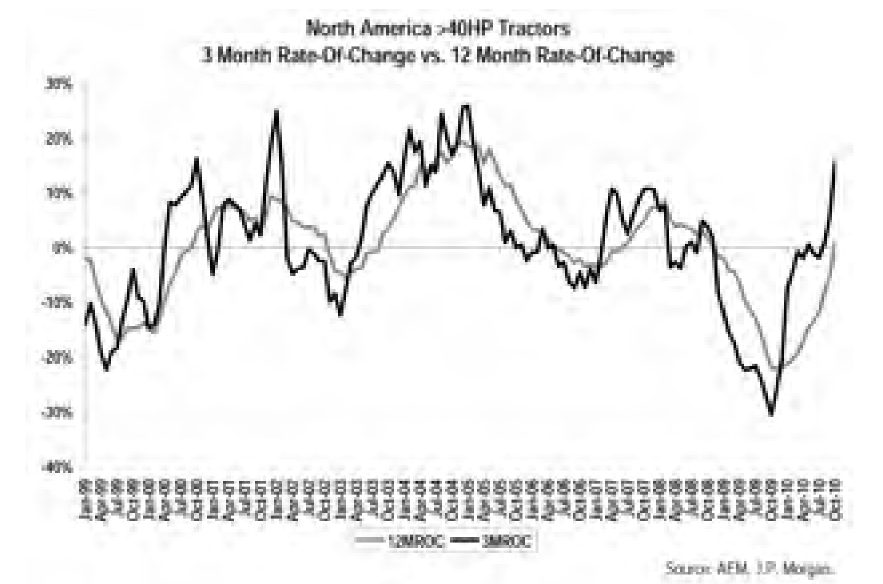

North American sales of 100-plus horsepower tractors were up 40% year-over-year in October.

AGCO Moves Back into Acquisition, Growth Mode

November is proving to be a big month for deals at AGCO Corp. as the farm equipment firm built on acquisitions moves into high gear. So far, executives have agreed to spend almost $175 million on two acquisitions in Europe and a sum yet to be disclosed in buying an interest in some leading North American tillage and seeding product lines.

None of the deals are related but all emphasize AGCO's desire to expand and strengthen its product portfolio across the board — and across the world.

In Europe, AGCO has agreed to an $89 million deal to acquire the 50% of Italian harvesting equipment manufacturer Laverda that it does not already own. It also plans an $85.6 million deal buying Sparex, a UK-based global supplier of tractor replacement parts and accessories.

Both deals are subject to approval by anti-trust authorities; but there are no such constraints on plans to form a joint venture with Amity Technology of Fargo, N.D.

This deal will involve buying a 50% stake in selected Amity, Wil-Rich and Wishek tillage tools and air seeders. The resulting venture will develop, manufacture and distribute products sold under those existing brand names and selected AGCO brands.

Seeding & Tillage. Regarding the proposed deal, which so far amounts to a letter of intent signed by the two parties, AGCO Chairman & CEO, Martin Richenhagen, says it underlines the corporation's strategy of expanding and improving its product offering to the professional farming sector worldwide.

"The Amity, Wil-Rich and Wishek products have a strong track record for innovative equipment that improves the productivity of farmers," he says. "We believe the combination of Amity Technology's product innovation with AGCO's worldwide distribution resources will create a successful alliance."

Amity Technology was formed in 1996 after Case Corp. bought the Concord product line from owners Howard and Brian Dahl. They acquired Wil-Rich in 2001, alongside entrepreneur Mike Bullinger

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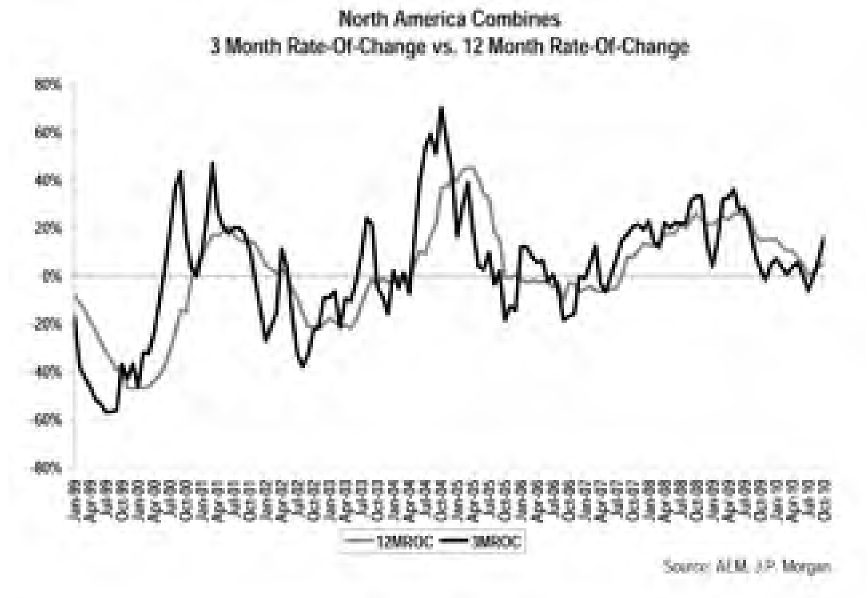
Equipment Sales… Continued from page 1

to get ahead of the rollout of high-horsepower engines with the new Tier IV emissions technology.

McCarthy adds, "Extremely robust comparisons — with absolute sales levels at or nearing multi-decade highs — appear to argue that the market is experiencing at least some pre-buying activity ahead of Tier IVi engine emissions standards, implying correspondingly negative implications for post-standards demand."

"Row-crop tractor sales reached their highest monthly total since at least 1991..."

Dealers *Ag Equipment Intelligence* spoke with see potential for a slow start to tractor and combine sales in 2011. At the same time, they expect sales to rebound in the spring as farmers better understand the new Tier IVi technology or see their neighbors utilize it. "Once they're able to compare notes, I think we'll see sales bounce back," said one Midwest dealer.



North American Sales of combines were up 18% year-over-year in October.

Late-Year Run Up. Year-over-year comparisons of the October 2010 sales data from the Assn. of Equipment Manufacturers shows total U.S. sales of 2WD tractors were up 20.3% and combines rose by 24.2%. Sales of 4WD equipment rose 82.8% in October and 100 horsepower and higher tractors sales jumped by 53.9%. North America sales of 100-plus horsepower units set a record of 4,091 units sold.

Rising Revenues. Equipment of all brands and colors look to be sharing in the current surge in machinery sales. Ann Duignan, machinery analyst for JP Morgan, says her company's proprietary revenue model suggests October industry dollar revenues were up 32% year-over-year, with tractor revenue up 38% and combine revenue up 18%. In Deere's fourth quarter of the current fiscal year, JPM's model points to a revenue gain of 24% year-over-year. vs. JPM's forecast of up 32%. It also forecasts CNH revenues to rise 40% and AGCO up 35%.

"Looking ahead, we expect continued strong demand into year-end on the back of year-end tax-planning purchases and a pre-buy ahead of the 2011 emission standard changes," says Duignan. "While the early planting season was offset by unfavorable weather (and worsening crop yields), high crop prices will more than offset the lower yields, resulting in a solid year for cash receipts in 2010 and indeed again into 2011." AEI

USDA-WASDE Supports Projected Rise in Cash Receipts

In its November 9 World Agricultural Supply & Demand Estimates report, USDA once again revised 2010-11 corn yields down, but raised its pricing by 4% year-over-year.

According to Henry Kirn, analyst for UBS, the ag agency lowered its corn yield estimates to 154.3 bushel per acre from 155.8 bushels. It also lowered corn production to 12.540 billion bushels from 12.664 billion bushels due to the expected lower yields.

Projected ending corn stocks were shifted downward to 827 million bushels from 902 million bushels, 3% below the consensus forecast of 851 million bushels.

USDA also lowered its soybean ending stocks forecasts to 185 million bushels — 22% below the analyst's consensus of 238 million. It lowered the wheat ending stocks forecast by 1% to 848 million bushels — less than 1% below the consensus of 852 million.

"Given that forecasted corn and soybean ending stocks were below consensus, we see the report as bullish for corn and soybean prices," says Kirn.

Higher Pricing. USDA raised the midpoint of its corn price forecast to $5.20 per bushel from $5. It also raised the midpoint of its soybean price forecast to $11.45 per bushel from $10.75, and maintained the midpoint of its wheat price forecast at $5.50 per bushel, narrowing the range by $0.05 on both ends. It's now $5.25-$5.75. AEI

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AGCO… Continued from page 1

and current general manager Victor Klosterman.

Terms have not been disclosed Amity and Wil-Rich are to merge as a precursor to the deal.

Parts & Accessories. The acquisition of Sparex Ltd from a UK-based business investment and management partnership will give AGCO a bigger slice of the global tractor parts and accessories business.

Like Vapormatic, a British operation that Deere & Co acquired in 2001, Sparex is an independent, global distributor to the ag aftermarket.

It operates in 17 countries, including a U.S. operation in Aurora, Ohio, and a Canadian business in Newcastle, Ontario. Its catalog includes more than 30,000 items for farm equipment service shops and tractor and earth-engaging replacement parts that are exported to more than 75 markets around the world.

An ISO accredited manufacturing operation in England supplies Sparex group companies, as well as external customers, including several major OEMs.

"Sparex is an excellent fit with AGCO," says Richenhagen. "It will extend our reach in the agricultural aftermarket and provide our customers with an even wider range of products and services."

He emphasizes that Sparex will continue to trade as an independent business that markets products through existing channels.

Combines. The purchase of ARGO Group's holding in combine maker Laverda and its Fella hay equipment subsidiary in Germany gives AGCO overall control of what Richenhagen describes as one of the most modern and efficient farm machinery complexes in Europe.

AGCO's relationship with the plant began in 2004 when a deal was struck for Laverda to supply straw walker combines in Challenger, Fendt and Massey Ferguson colors to AGCO dealers across Western, Central and Eastern Europe.

That working partnership was upgraded to a 50/50 joint venture 3 years later with AGCO's investment helping further modernize the factory. It also paved the way for moving production of AGCO's European combine designs, including a new "hybrid" rotary separation model, into the plant.

Laverda SpA generated $127 million turnover in 2009 selling 740 combines. In 2008 when the European market was considerably more buoyant, it sold 1,040 combines with a value of nearly $170 million at current exchange rates.

Taking full control of the operation underlines AGCO's long-term strategy to accelerate the development of its harvesting business, says Richenhagen. "It further strengthens our base of resources in Europe and we look forward to developing the Laverda brand to its full potential."

While not explicit in AGCO's media announcement, there is a suggestion that the acquisition will be paid for in both cash and shares because the ARGO Group says it will become an AGCO shareholder as a result of the deal.

ARGO Group president Valerio Morra, who remains on the Laverda board, adds that having successfully managed the business in partnership, he looks forward to exploring future strategic opportunities for co-operation.

In the meantime, the disposal of Laverda, which ARGO acquired from CNH Global as part of the Case-New Holland merger settlement, will allow the group to focus management and resources on its core business building Landini, McCormick and Valpadana tractors. AEI

AGCO Stock on the Rise

On November 11, shares of AGCO rose to a new 52-week high at $46.96, which was 14.6% above its 50-day moving average of $40.63. In the past 52 weeks, shares of AGCO have traded between a low of $25.48 and a high of $46.50 and are now at $46.64, which is 83% above that low price.

FARM MACHINERY TICKER (AS OF 11/11/2010)

Equipment Mfr.	Symbol	11/11/10 Price	10/11/10 Price	1-Year High	1-Year Low	P/E Ratio	Avg. Volume	Market Cap.
AGCO	AGCO	$46.65	$41.58	$47.23	$25.48	26.52	1.76 M	4.34 B
Alamo	ALG	$25.02	$24.34	$27.05	$14.23	13.20	42,858	295.34 M
Art's Way	ARTW	$10.35	$9.37	$11.42	$3.54	28.20	9,949	41.32 M
Caterpillar	CAT	$82.44	$79.98	$82.66	$50.50	27.11	7.78 M	52.32 B
CNH	CNH	$43.79	$42.59	$43.94	$21.56	38.48	320,871	10.42 B
Deere	DE	$78.79	$75.31	$79.66	$47.26	28.44	4.26 M	33.40 B
Kubota	KUB	$47.97	$47.51	$51.08	$37.35	20.46	28,547	12.20 B
Dealer Groups								
Cervus Equipment	CVL	$13.20	$11.50	$14.72	$10.10	15.46	13,294	187.15
Rocky Mtn Dealerships	RME	$8.94	$7.68	$10.83	$7.01	9.85	19,725	163.22
Titan Machinery	TITN	$22.08	$18.67	$22.18	$10.45	29.80	225,321	394.17 M

Mahindra Looking for Components, Production Capacity

Rising worldwide demand for farm tractors has Indian tractor maker Mahindra & Mahindra searching for more component suppliers and production capacity. The company claims to be among the top three tractor brands in the world.

According to published reports, Mahindra is looking to source tractor components worldwide for its farm equipment business in an attempt to cope with the shortage of key components in the Indian market.

"We have decided to go for global sourcing of components such as castings and tires among others for tractor manufacturing. The benefits of this strategy would be seen in the next financial year," Avinash Patankar, Mahindra's senior vice president of sales and channel development told *Financial Chronicle*. The company is in talks with suppliers in several countries, including China and Korea.

Mahindra's farm equipment sector currently has six manufacturing plants in India, two in China, three assembly plants in the U.S. and one in Australia.

Needed Capacity. The company, which sells Mahindra and Swaraj brands of tractors, is also looking for a new manufacturing plant to cope with a massive rise in demand. In the last 2 years, it has increased its production capacity by over 60%.

"We are in the final leg and will announce the location of the new plant by year-end," said Pawan Goenka, president, automotive and farm equipment sector. The new facility is likely to be in India and produce tractors in the 30-50 horsepower range.

Growing Demand. On November 1, Mahindra reported total tractor sales, domestic and exports, in October came in at 24,281 units, compared with 18,772 units for the same period last year, an increase of 29%.

During April to October, total cumulative sales stood at 119,938 units vs. 102,639 units for the same period in 2009, an increase of 17%.

Domestic sales in October 2010 rose 31% with 23,378 units compared with 17,796 units for the same period last year, setting a new monthly record for sales. Exports in October were 903 units vs. 976 units for the same period last year.

3Q Revenues Rise 17%, But RME's Net Earnings Slip

While it saw overall revenues rise to $170.5 million in the third quarter of 2010 from $145.8 million a year earlier, net earnings by Rocky Mountain Dealerships (RME) slid to $3.8 million for the period vs. $4.9 million in the same quarter of 2009.

RME, based in Calgary, Alberta, is one of Case IH's largest dealer groups with 34 ag and construction equipment dealerships.

Rocky Mountain Dealerships – 3Q 2010

000s CAD$	3Q10E	3Q10	3Q09	6M10	6M09
Sales					
New Units	88,000	82,065	90,624	144,003	138,108
Used Units	40,000	36,981	38,756	75,068	77,978
Product Support	23,000	25,948	4,424	45,815	43,477
Finance & Insurance	750	896	580	1,307	876
Rental &Leases	150	279	743	451	1,838
Total Sales	151,900	146,169	155,127	266,644	262,277
Reported Cost of Sales	129,115	123,213	133,352	224,457	224,380
Gross Profit	22,785	22,956	21,774	42,187	37,896

RME's new equipment sales for the period were $68.3 million compared to $69.4 million in the prior year. Used equipment sales were $68.7 million vs. $46.1 million for the same period of 2009. Revenues generated from product support were $32.3 million compared to $29.1 million for the third quarter of 2009.

Gross profit for the 3 months ended September 30 was $26 million compared to $22.3 million last year. The company's gross profit margin at 15.3% was flat with the third quarter of the previous year.

"Consistent with our expectations, the poor weather that persisted in the Prairies last summer negatively impacted Rocky's third-quarter results," Ben Cherniavsky, Raymond James analyst told investors. "That said, revenues were still respectable, in our view, increasing by $25 million. Most of this growth ($20 million) came from acquisitions, although a strong focus on turning used equipment also played a part. Margins, however, were a little light coming in at 15.3%, flat with last year and below our 15.8% forecast."

Solid Outlook. The analyst added that late in the quarter, Mother Nature started to cooperate, salvaging the harvest. "Wheat prices also rallied dramatically by September. As a result, Rocky experienced a late-season acceleration of sales that helped offset some of the earlier months' losses," Cherniavsky says.

"We expect this momentum to continue into the fourth quarter and 2011 as sales are pushed forward into later periods and farmers begin to plan for pre-purchases with a decent harvest now in the bin. Assuming a return to more normal weather, this bodes well for our 2011 ag outlook."

New CEO. RME also announced that CEO, Matt Campbell will become executive chairman of the board and Brian Taschuk, COO will succeed him as CEO effective January 1, 2011.

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Landoll's Acquisition of Brillion Signals Continuing Industry Consolidation

Talk of consolidation in North American agriculture usually centers on farming operations and equipment dealers getting bigger by swallowing up smaller players. But the pace is also picking up among equipment makers, as Landoll Corp. announced on November 2 that it was acquiring Brillion Farm Equipment.

AGCO Corp. also announced this month that it had established a 50/50 joint venture with Amity Technologies of Fargo, N.D., to develop and distribute air seeding and tillage equipment. *(See AGCO Moves Back Into Acquisition, Growth Mode," on p. 1 in this issue of AEI.)*

As reported in the October issue of *Ag Equipment Intelligence*, Accuride, a manufacturer of truck components and assemblies based in Evansville, Ind., had been seeking a buyer for Brillion even before it filed for bankruptcy in October 2009.

Much of the early speculation about where Brillion would eventually land centered on the Russian group, Combine Factory Rostselmash, which owns 80% of Buhler Industries, the Winnipeg-based maker of Versatile tractors and other farm implements. A private equity group was also said to be vying for Brillion, a manufacturer of seedbed preparation and seeding machinery.

Shortline equipment makers that *Ag Equipment Intelligence* spoke with during the Farm Equipment Manufacturers' Assn. meeting in Dallas last week agreed the Landoll-Brillion hook up is a better match than the Accuride-Brillion relationship.

Major Player. Landoll is a privately held company based in Marysville, Kan. It was founded in 1963 by Don Landoll as the Quick Service Welding Co. Landoll introduced his first branded products for agriculture in 1968, which were a slip-in livestock rack for pickup trucks and a chisel plow for use by local farmers.

Today, Landoll Corp. continues to be a major player in specialty ag equipment as well as products for transportation, material handling, OEM and government applications.

Wider Distribution. In an interview with *Ag Equipment Intelligence,* Don Landoll said his company competed with Brillion in some product lines, "but their dealer network is strong in the Northeast, which is one of our weaker areas. This helps round out our distribution area and diversifies our product line at the same time.

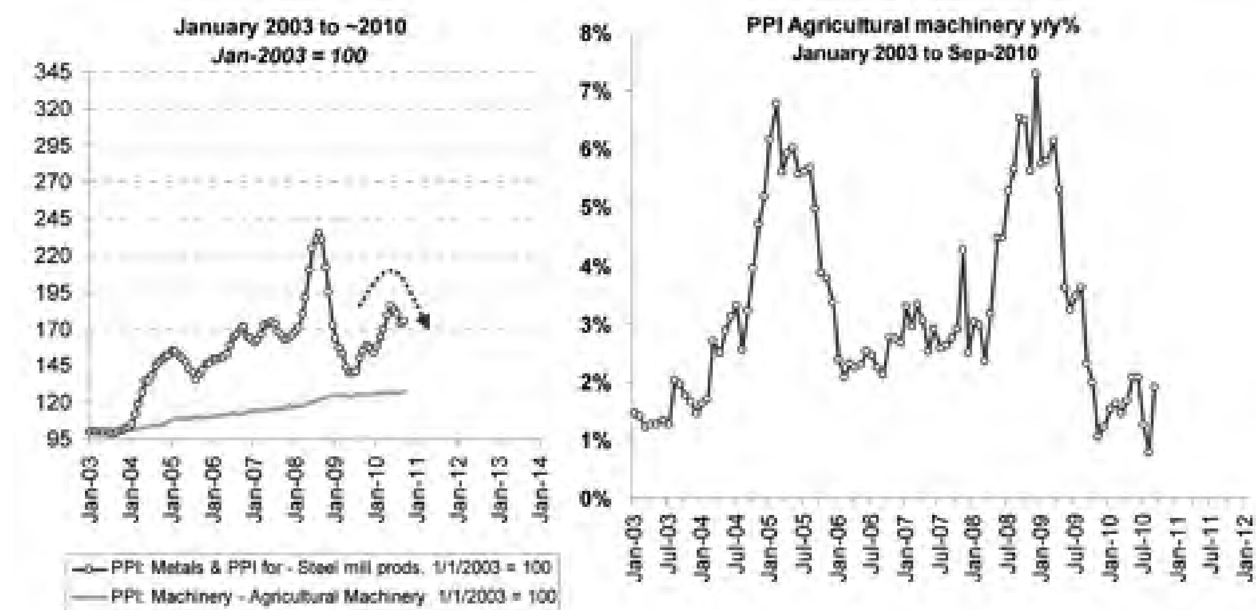
"Brillion's product line is an ideal fit with Landoll's reputation for quality products and brand recognition within the industry. "We're also confident the acquisition fulfills part of our goal to expand and diversify our agricultural product line to better fill the needs of today's top producers."

Landoll will maintain a Wisconsin office to handle engineering and sales and immediately added 12 Brillion people to its payroll immediately. Four of them are direct salesmen who work in assigned territories.

"All of the acquired lines will continue to carry the Brillion label and we plan to utilize Brillion's current dealer network," says Jamie Meier, Landoll's Ag Division sales manager.

Production will take place in Marysville and Beloit, Kan. AEI

Lower Steel Prices May Make Tier IV Pricing More Palatable



In a note to investors on AGCO's third-quarter earnings report, Barry Bannister, analyst for Stifel Nicolaus, said, "Steel costs have lost some of their lift of late (left chart) and farm machinery pricing appears to be bottoming (right chart), which should help accommodate 2011-12E price increase plans as AGCO and competitors implement expensive new interim Tier IV compliant engines."

Source: Bureau of Labor Statistics, BCA Research

Cervus Equipment 3Q Revenues Rise 36%

"In contrast to our expectations, the wet summer evidently had no material impact on Cervus' financial performance in the third quarter," says Ben Cherniavsky, analyst for the Canadian investment dealer, Raymond James.

Based in Calgary, Alberta, Cervus Equipment, one of Canada's largest agricultural and construction dealer groups, reported a 36% year-over-year increase in consolidated sales. The company says that it experienced considerable same-store sales growth in both the ag market (+34%) and in construction equipment (+16%).

"Pent-up demand for ag tractors from the slow start to the harvest contributed to these impressive numbers. But generally they reflect increased customer confidence and a broad market recovery," Cherniavsky says.

During the 3-month period ended September 30, 2010, revenue increased by $43.3 million — $30.5 million for ag equipment and $12.8 million for construction and industrial equipment — to $164.5 million compared to $121.2 million for the same period of 2009, an increase of 36%.

Compared to the same period of 2009, same store sales of farm equipment increased by $30.1 million or 33.6%. Same-store sales of construction and industrial equipment rose by $2.4 million or 16.3%.

"Our customers appear to have a positive attitude toward the future in both our operating segments..."

Margins Slip. For the period, gross margin decreased 1.8% to 17.4% when compared to 19.2% for the same period of 2009. According to the company, the drop in overall gross margin was primarily the result of a decrease in the ag equipment segment which decline to 15.1% when compared to 18.7% for the same period of 2009.

Solid Outlook. "We appear to have seen a recovery in our third quarter results when compared to the slower than expected results in the first half of 2010," said Peter Lacey, Cervus CEO.

"Our customers appear to have a positive attitude toward the future in both our operating segments. In our agricultural equipment segment, the wet weather in the spring, combined with late harvest conditions has reduced overall crop production and quality. However, increased commodity prices will help negate or at least reduce the financial affect on our agriculture customers."

Cherniavsky expects Cervus to produce solid earnings well into the coming year. "With this year's unusually difficult weather now (presumably) behind us, wheat prices soaring higher and Western Canada's construction markets on the mend, we believe Cervus' growth momentum will continue into 2011, albeit likely at a lower rate than in the third quarter of '10."

Cervus Equipment currently operates 21 John Deere dealerships with 15 in Alberta, Saskatchewan and British Columbia and 6 in New Zealand. The construction equipment segment consists of 15 dealerships in Canada. AEI

Cervus Equipment Segment Analysis

Year-End, December 31	3Q10E	3Q10	3Q09	YoY%
Revenues				
Agriculture	109,550	137,175	106,682	28.6
Construction	25,650	27,286	14,513	88.0
Gross Profit				
Agriculture	16.3%	15.1%	18.7%	(19.3%)
Construction	31.0%	29.1%	22.8%	27.6%
Aggregate Revenue Sources				
Equipment Sales	75.8%	79.4%	78.6%	
Parts	14.2%	12.0%	13.8%	
Service	8.2%	6.9%	6.4%	
Rentals	1.8%	1.7%	1.2%	

Source: Cervus Corp., Raymond James Ltd.

SDF Commits to Using Small Deutz Engines

Diesel engine maker Deutz has secured a memorandum of understanding from its biggest shareholder, Same Deutz-Fahr Group, committing the Italian tractor manufacturer to use a new range of sub-4 liter engines. The includes the Deutz TCD 2.9 L4 and TCD 3.6 L4 tractor engines, and marks the German diesel manufacturer's entry into this engine category.

"We can already look back on a longstanding and successful collaboration with Same Deutz-Fahr in respect to our larger tractor and harvester engines," says Dr. Helmut Leube, chairman of the Deutz management board.

"This memorandum of understanding on the supply of our newly developed small engines represents a further step toward our future."

According to the agreement, Deutz will start supplying the newly developed power units in 2013. As a result, total engine sales to the group are expected to climb to 14,000 units annually.

At present, Same Deutz-Fahr builds 6,000-8,000 engines at its Treviglio headquarters plant, including 3- and 4-cylinder liquid-cooled 1000 Series engines for its fruit and compact tractors.

These appear likely to be replaced — at least in emissions-regulated markets — by the new Deutz engines in the same way that larger Deutz engines have already displaced Same Deutz-Fahr's 6-cylinder 1000 Series engines, which are not suited to current and future emission requirements. AEI

Ag Equipment Sales Vigorous in October

North American sales of farm combines and 4WD tractor comparisons continued at a robust pace in October, which is a seasonally important sales month for large ag equipment, according to the latest data released by the Assn. of Equipment Manufacturers. Row-crop tractor comparisons rose 35% year-over-year.

Following is Robert McCarthy, analyst for RW Baird, summary of October sales activity.

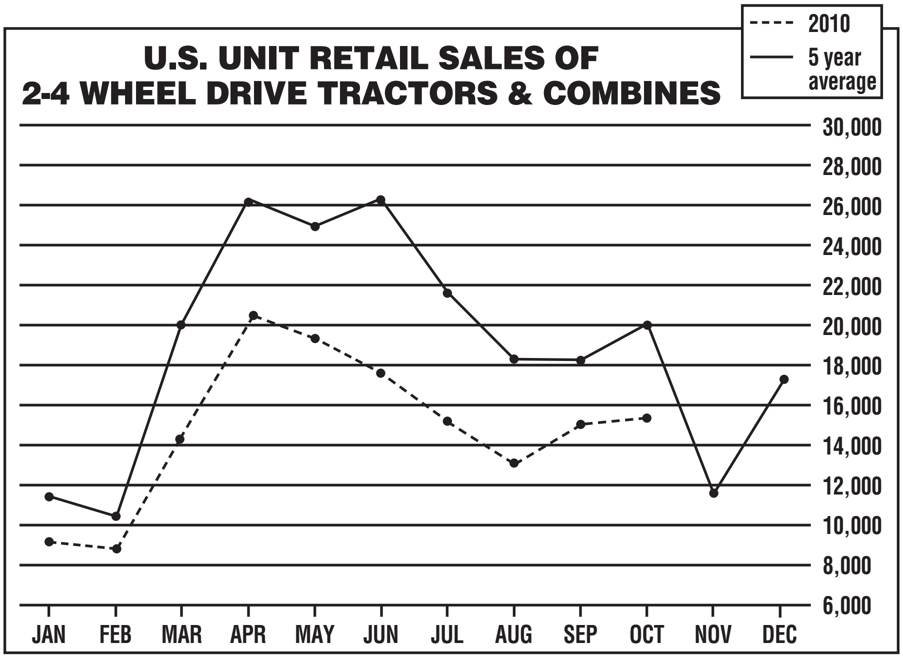
- U.S. and Canada large tractor retail sales accelerated in October, up 44% year-over-year after a 36.9% increase in September and a 35.3% rise in August.
- Row-crop tractor comparisons remained strong in October, up 39.7% following a 43.1% jump in September and a 45.2% increase in August. On an absolute basis, U.S. and Canada row-crop tractor sales reached their highest monthly total since at least 1991. Row-crop tractor inventories fell 16.6% below year-ago levels on an absolute basis.
- 4WD tractor sales rose by 62.6% year-over-year after a 16.6% jump last month and a 3.3% increase in August. More 4WD tractors were sold in the U.S. in October than in any other single month since 1982. Inventories of 4WD tractors increased 21.1% year-over-year on an absolute basis. October is seasonally the most important month of the year for 4WD tractor sales, representing 14.5% of annual sales over the past 5 years, and the second most important month for row-crop sales (12.2% of average annual sales).
- U.S. and Canada combine retail sales increased 18.4% year-over-year in October, the third consecutive month of double-digit year-over-year growth. Inventories of combines were 14.5% above September 2009 levels. October is a seasonally important month for combine sales, representing 10.1% of annual sales on average over the past 5 years.
- Mid-range tractor sales increased 10.8% year-over-year following an 11.3% decline last month.
- Compact tractor sale rose 3.4% vs. the same month in 2009. AEI

OCTOBER U.S. UNIT RETAIL SALES

Equipment	October 2010	October 2009	Percent Change	YTD 2010	YTD 2009	Percent Change	October 2010 Field Inventory
Farm Wheel Tractors-2WD							
Under 40 HP	5,923	5,820	1.8	74,009	71,136	4.0	42,278
40-100 HP	4,275	3,561	20.1	40,489	41,976	-3.5	21,993
100 HP Plus	3,525	2,290	53.9	22,371	19,139	16.9	7,199
Total-2WD	13,723	11,671	17.6	136,869	132,251	3.5	71,470
Total-4WD	925	506	82.8	4,848	3,821	26.9	1,180
Total Tractors	14,648	12,177	20.3	141,717	136,072	4.1	72,650
SP Combines	1,112	895	24.2	8,816	8,342	5.7	1,655

OCTOBER CANADIAN UNIT RETAIL SALES

Equipment	October 2010	October 2009	Percent Change	YTD 2010	YTD 2009	Percent Change	October 2010 Field Inventory
Farm Wheel Tractors-2WD							
Under 40 HP	1,144	1,055	8.4	9,248	9,256	-0.1	6,542
40-100 HP	1,015	1,213	-16.3	5,400	5,999	-10.0	3,857
100 HP Plus	566	639	-11.4	3,497	3,388	3.2	1,745
Total-2WD	2,725	2,907	-6.3	18,145	18,643	-2.7	12,144
Total-4WD	192	181	6.1	1,140	1,022	11.5	324
Total Tractors	2,917	3,088	-5.5	19,285	19,665	-1.9	12,468
SP Combines	352	342	2.9	2,357	2,265	4.1	552



—Assn. of Equipment Manufacturers

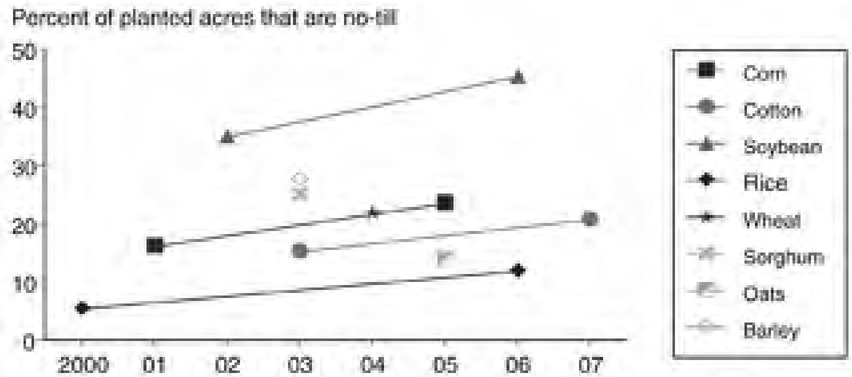
ERS Report: No-Till Farming is a Growing Practice

A new report from the Economic Research Service branch of USDA contends approximately 35.5% of U.S. cropland planted to 8 major crops, or 88 million acres, had no-tillage operations in 2009. The report, "No-Till Farming is a Growing Practice" was released on November 2.

ERS compiled data from the Agricultural Resource Mgmt. Survey and the National Resources Inventory-Conservation Effects Assessment Project's Cropland Survey.

Because of the potential role for tillage in U.S. climate-change policy, ERS researchers compiled and analyzed available USDA data on tillage practices by U.S. farmers.

No-Till Percentages Have Increased for Four Major Crops, 2000-2007



Note: A field is said to have had no tillage operations if none of the following categories of machinery were used on the field between the harvest of the previous crop and the current year's planting: plows and disks (ARMS categories 01-16), including moldboard plow, offset disk, and tandem disk; cultivators (21-28); harrows (30-40); bedder-shapers (41-50); packers (51-53); and any miscellaneous tillage equipment such as Land-all, Do-all, Mix-n-till, mulch treader, rototiller, soil finisher, or stalk puller (61-68).

Source: USDA, Economic Research Service analysis of Agricultural Resource Management Survey data.

No-till increased for all crops for which ARMS data exists to calculate a trend, at a median rate of roughly 1.5% per year.

Estimated Planted Acreage with No-Till Operations for 8 U.S. Crops

Crop	No-Till Operations*	No-Till Operations 2009**	Planted Acres 2009	Est. Planted Acres with No-Till 2009
	—— Percent of Crop Acres ——		—— Million Acres ——	
Barley	27.6 (2003)	36.6	3.6	1.0–1.3
Corn	23.5 (2005)	29.5	86.5	20.3–25.5
Cotton	20.7 (2007)	23.7	9.1	1.9–2.2
Oats	13.8 (2005)	19.8	3.4	0.5–0.7
Rice	11.8 (2006)	16.3	3.1	0.4–0.5
Sorghum	25.0 (2003)	34.0	6.6	1.6–2.3
Soybeans	45.3 (2006)	49.8	77.4	35.1–38.5
Wheat	21.9 (2004)	29.4	59.1	12.9–17.4
Total all 8 crops	**35.5 *****	**248.9**	**73.7–88.3**	

* Most recent crop survey year
**Assuming 1.5 percentage-point growth per year
***Average, weighted by 2009 acres

Source: USDA, Economic Research Service analysis of Agricultural Resource Management Survey data. Crop acreage data obtained from USDA, National Agricultural Statistics Service, at: http://www.nass.usda.gov/Data_and_Statistics/Quick_Stats/index.asp/.

Reducing GHG. The report asserts that the adoption of less intensive tillage practices on a large number of farms could sequester substantial amounts of carbon, allowing agriculture to contribute to U.S. efforts to reduce and control greenhouse gas emissions. A reduction in how often or how intensively the soil is tilled allows the soil to retain more organic matter, which stores or "sequesters" carbon, which is not available to contribute to global warming as carbon dioxide (CO2), a greenhouse gas.

The 8 crops most often no-tilled include barley, corn, cotton, oats, rice, sorghum, soybeans and wheat. These constituted 94% of total planted U.S. acreage in 2009.

Other findings include:

• No-till increased for corn, cotton, soybeans, and rice (four crops for which ARMS data are sufficient for researchers to calculate a trend) at a median rate of roughly 1.5% points per year. Although no-till is generally increasing, it did not increase in all states for all crops in the 2000-07 study period.

• Soybean farmers had the highest percentage of no-tilled acres — 45.3% in 2006. It was projected at almost 50% in 2009.

• No-till was practiced on 23.5% of corn acres in 2005, and was projected at 29.5% in 2009.

• Cotton farmers practiced no-till on 20.7% of planted acres in 2007. This was projected at 23.7% in 2009.

• Greenhouse gas benefits are largest when no-till is practiced over a prolonged period. AEI

Defining No-Till Farming

A field is said to have had no tillage operations if none of the following categories of machinery were used on the field between harvest of the previous crop and current year's planting: plows and disks (ARMS categories 01-16), including moldboard plow, offset disk, and tandem disk; cultivators (21-28); harrows (30-40); bedder-shapers (41-50); packers (51-53); and miscellaneous tillage equipment such as Land-all, Do-all, Mix-n-till, mulch treader, rototiller, soil finisher or stalk puller (61-68).