



ASSOCIATION OF
EQUIPMENT MANUFACTURERS

U.S. MI Update

Agrievolution 11/12/2013

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AG  **CONNECT**
EXPO & SUMMIT

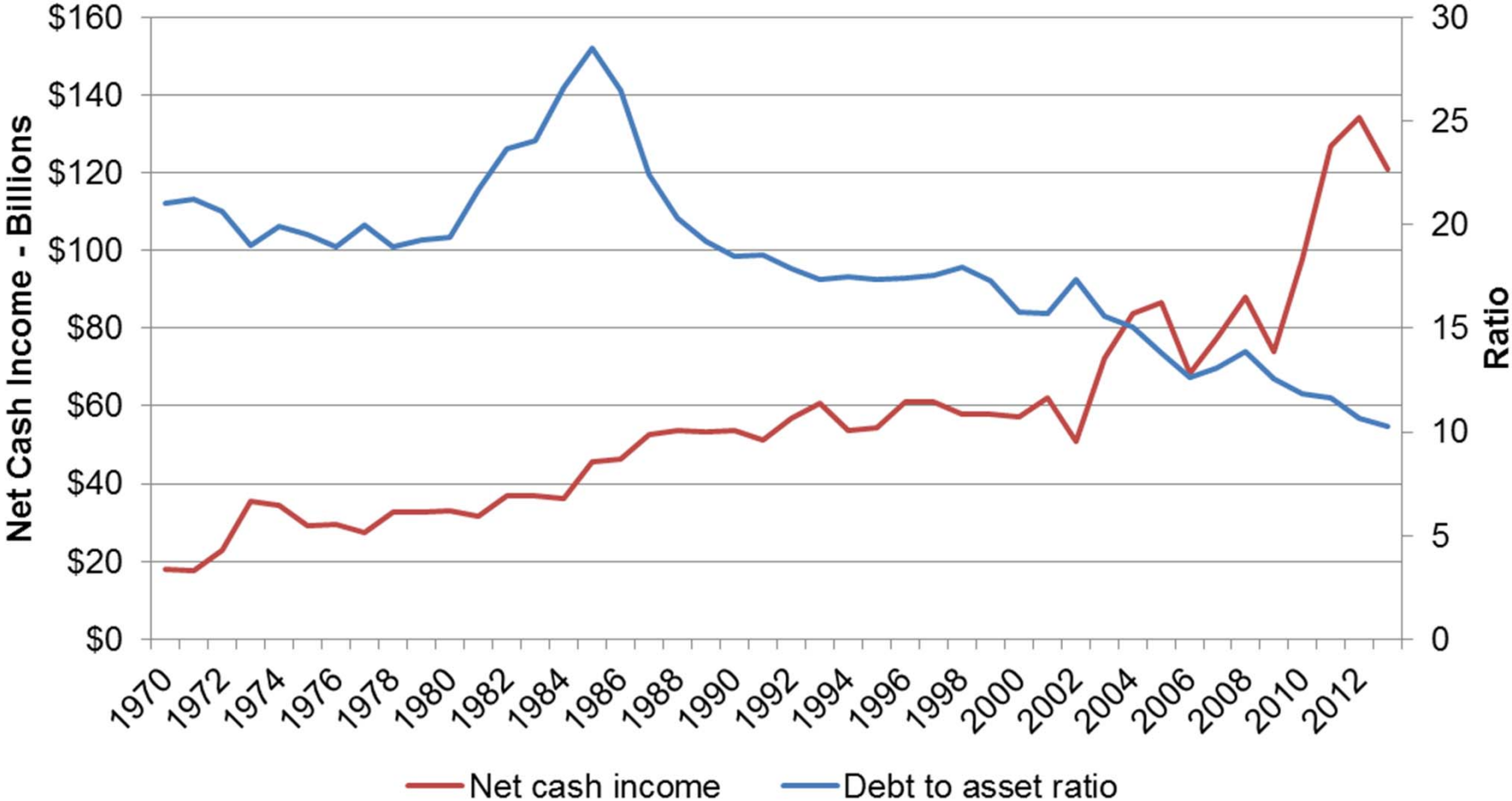
CONEXPO
LATIN AMERICA



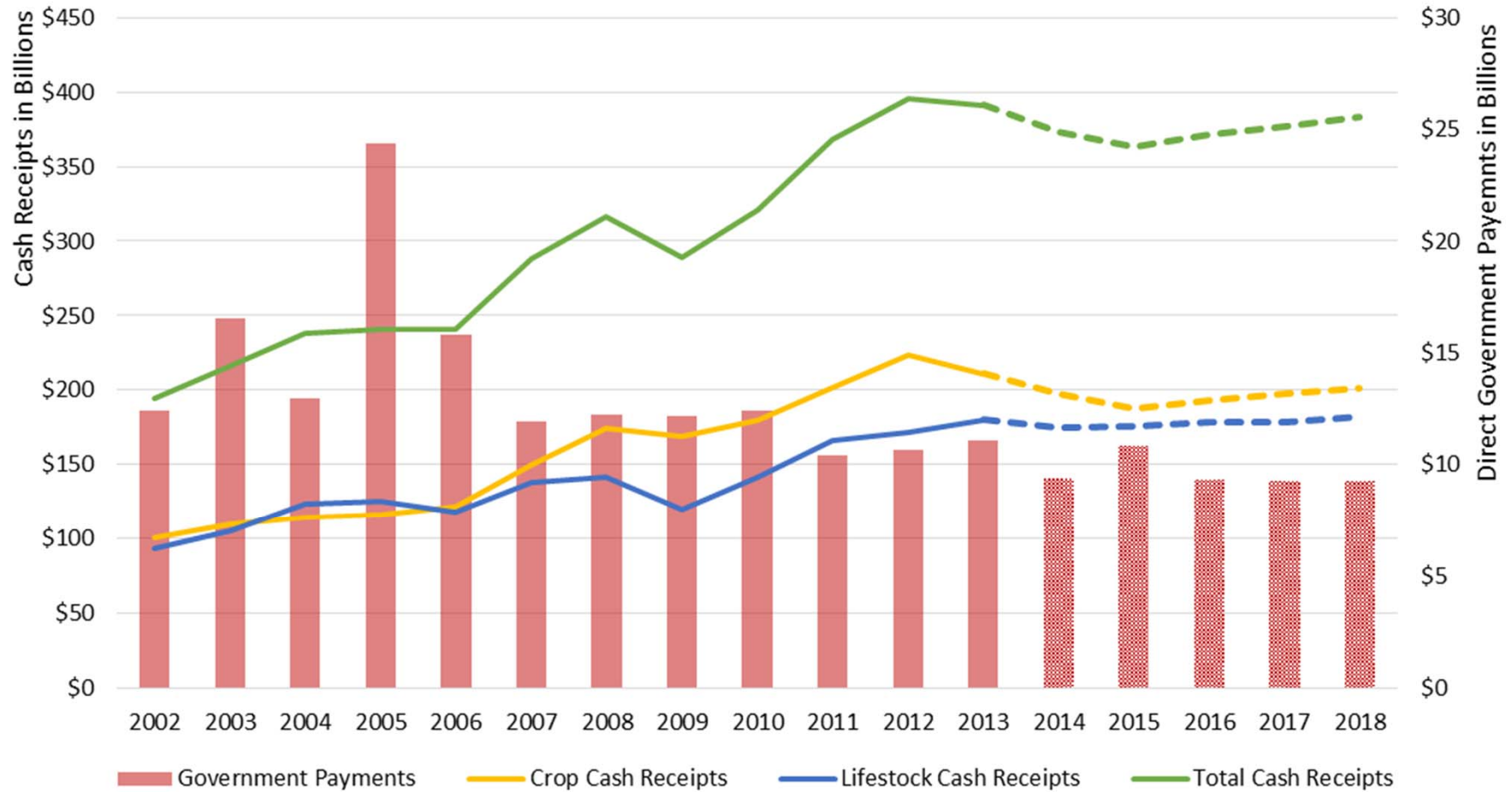
CONEXPO
RUSSIA
at CTT



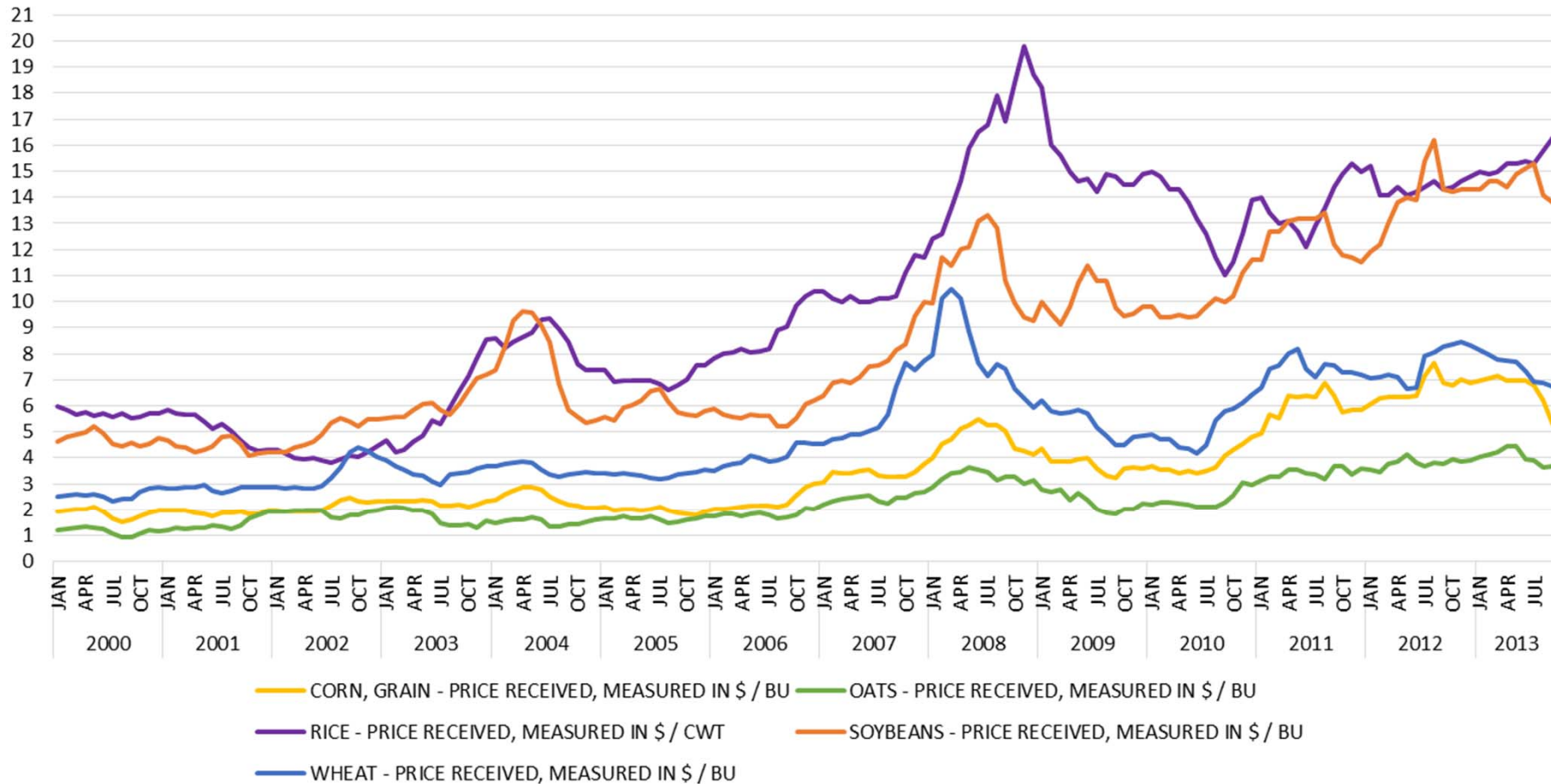
Farm Financial Condition



Farm Cash Receipts



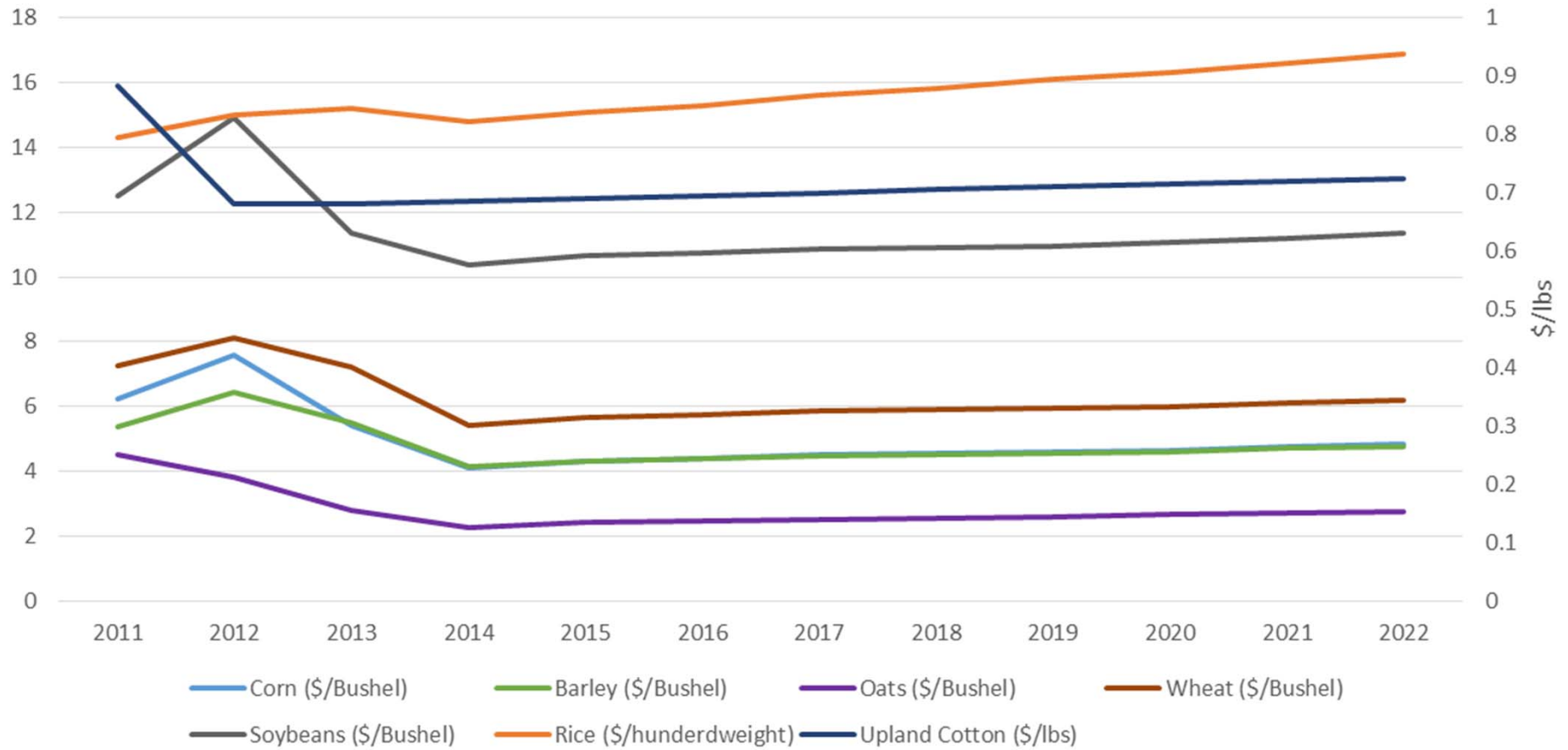
Historical Crop Prices (through September 2013)



Source: USDA



Forecasted Farm Prices

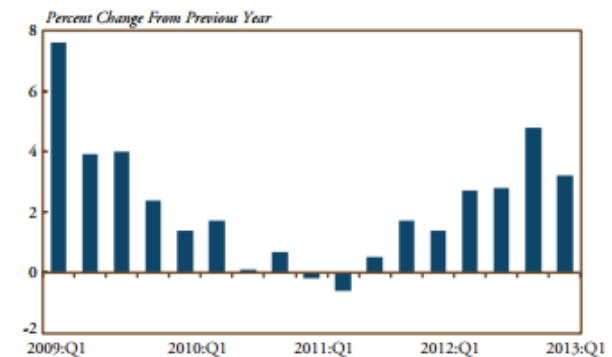


Source: USDA (Projections 2022)

Additional Drivers

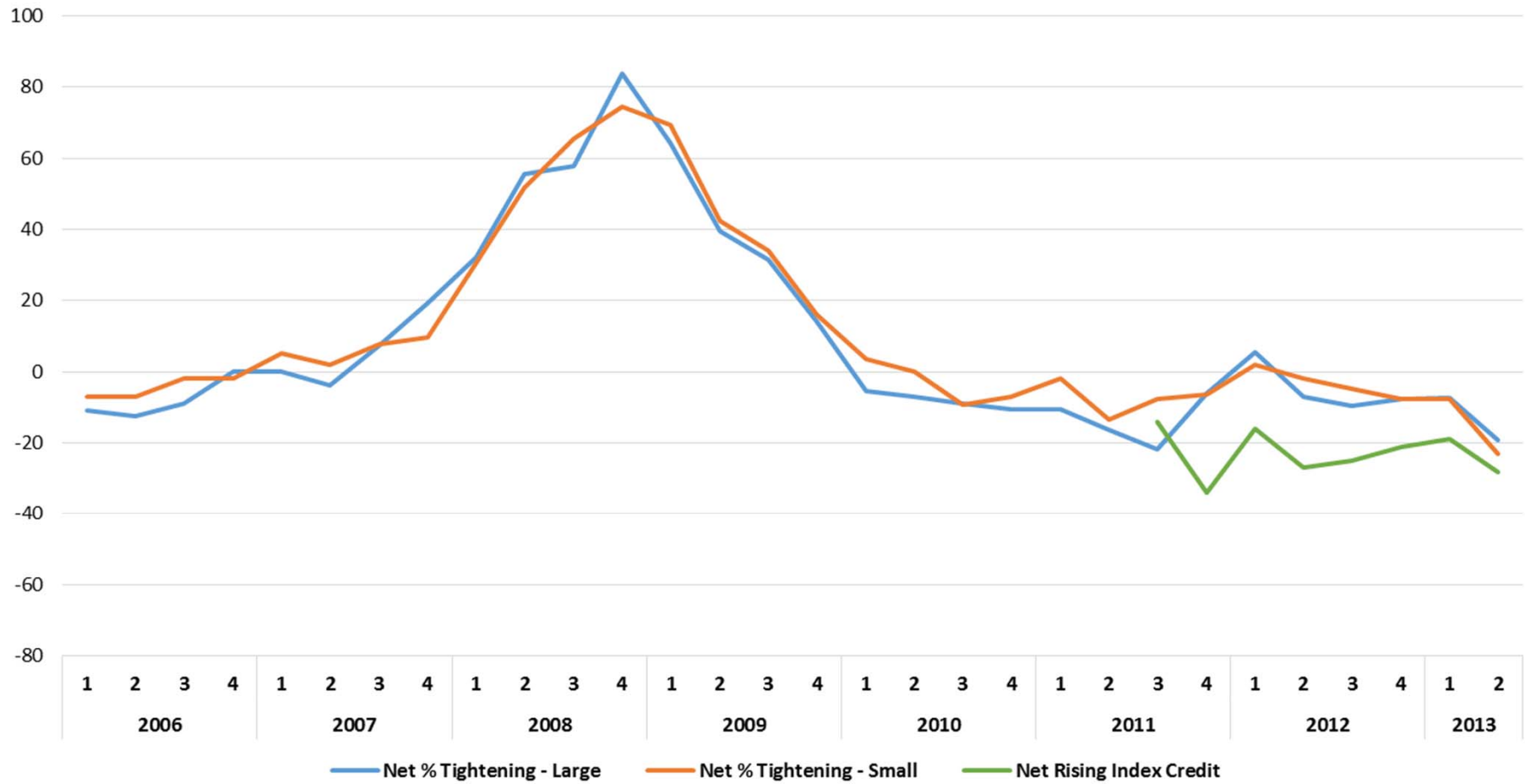
- Federal Tax Breaks
 - Expiration of “Jumbo Depreciation” in 2013
 - Farmers could deduct \$500,000 a year from their income taxes for equipment purchases up to \$2 million
- Interest Rates
 - Average effective interest rate offered by large banks on non-real estate loans was 3.6%
- Farm Bill
 - \$36 billion dollar divide on Food Stamps
 - Some House Reps propose wealthy growers (>\$750,0000) pay more for insurance

Chart 4: Farm Debt Outstanding at Commercial Banks



Source: Agricultural Finance Databook, Table B.1.

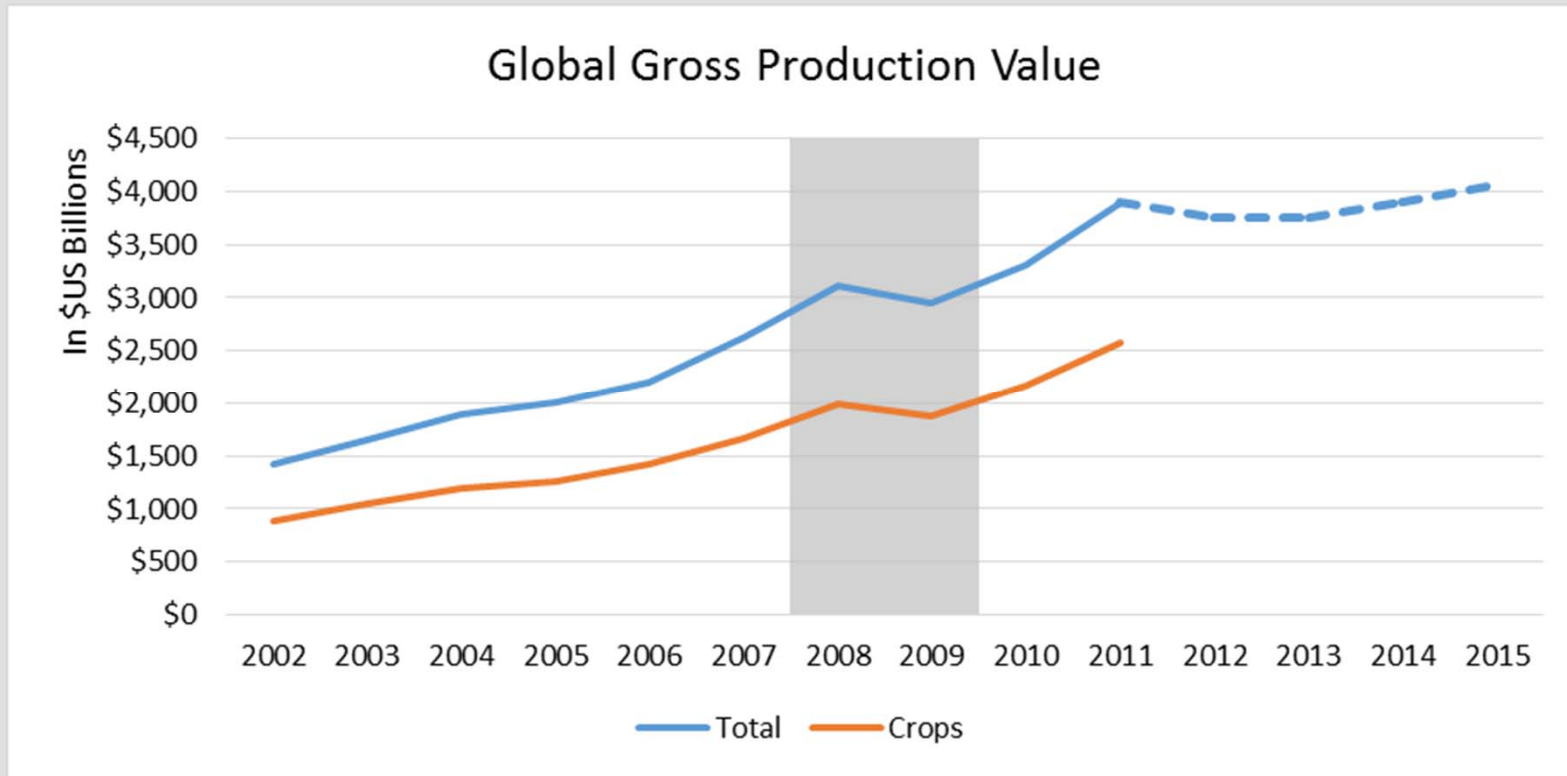
Federal Reserve Bank Managers Survey



Source: Inforum / AEM



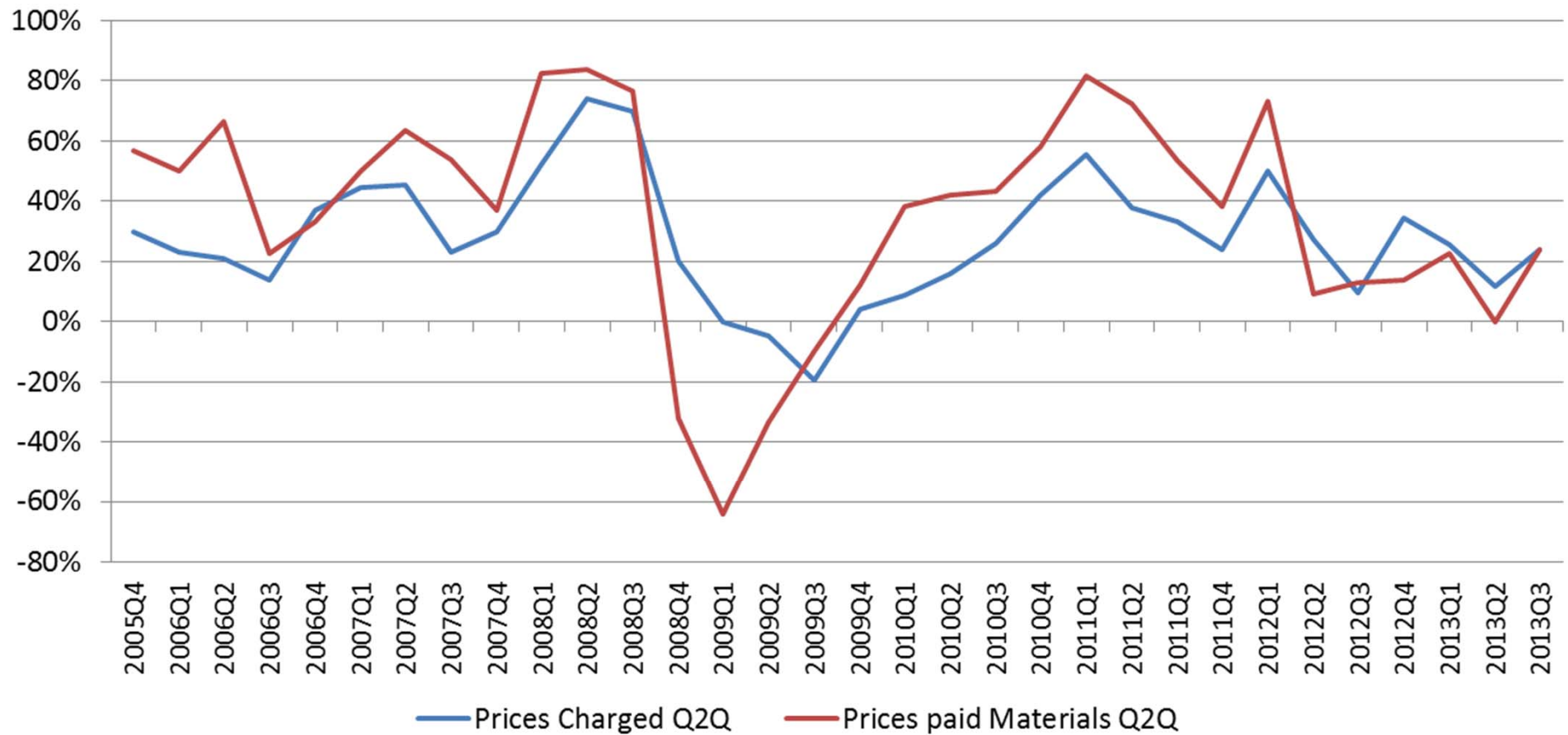
Global Agribusiness Value



Source: FAO/BMI/AEM



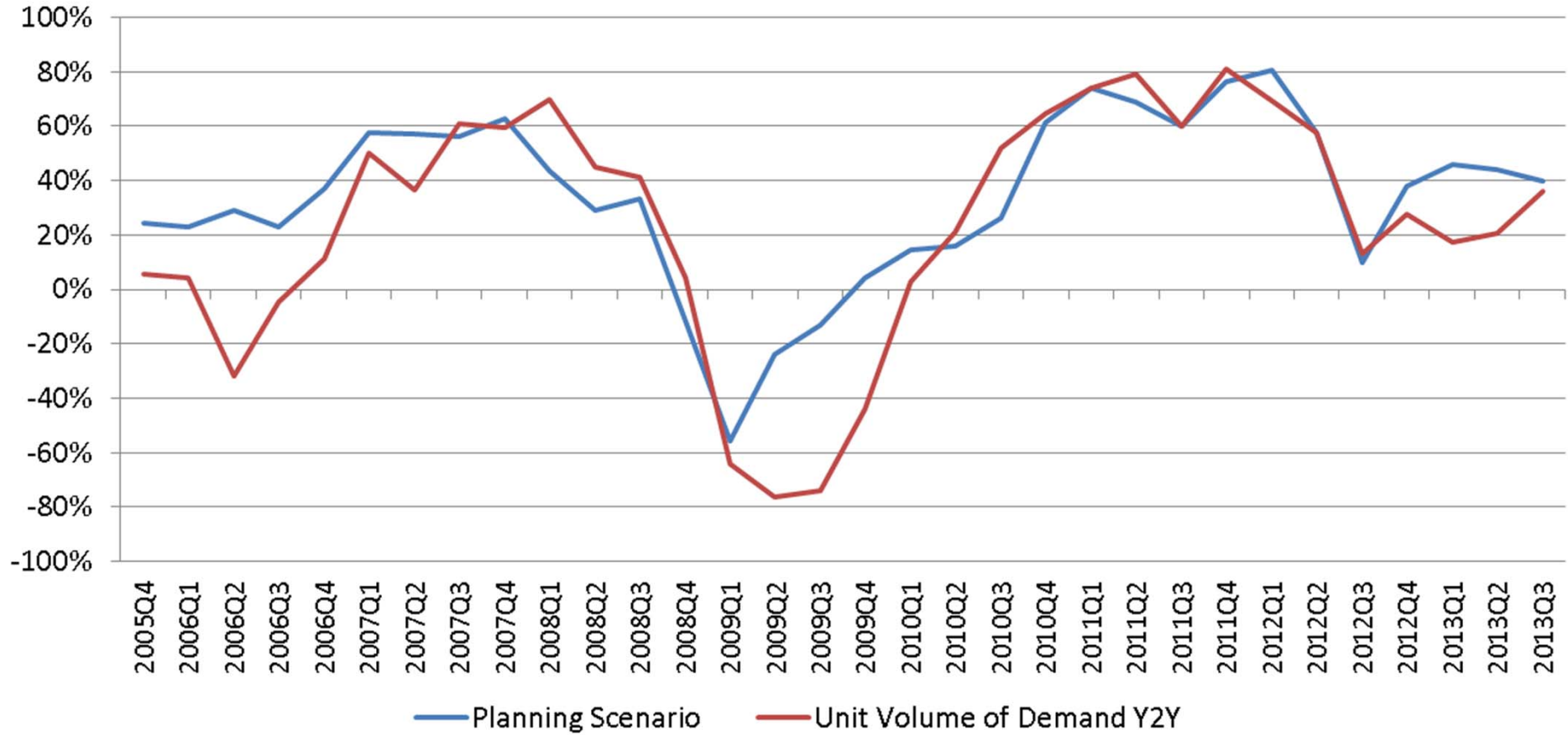
Prices Charged vs Paid - Net Rising Index



Source: AEM/Farm Equipment/BLS



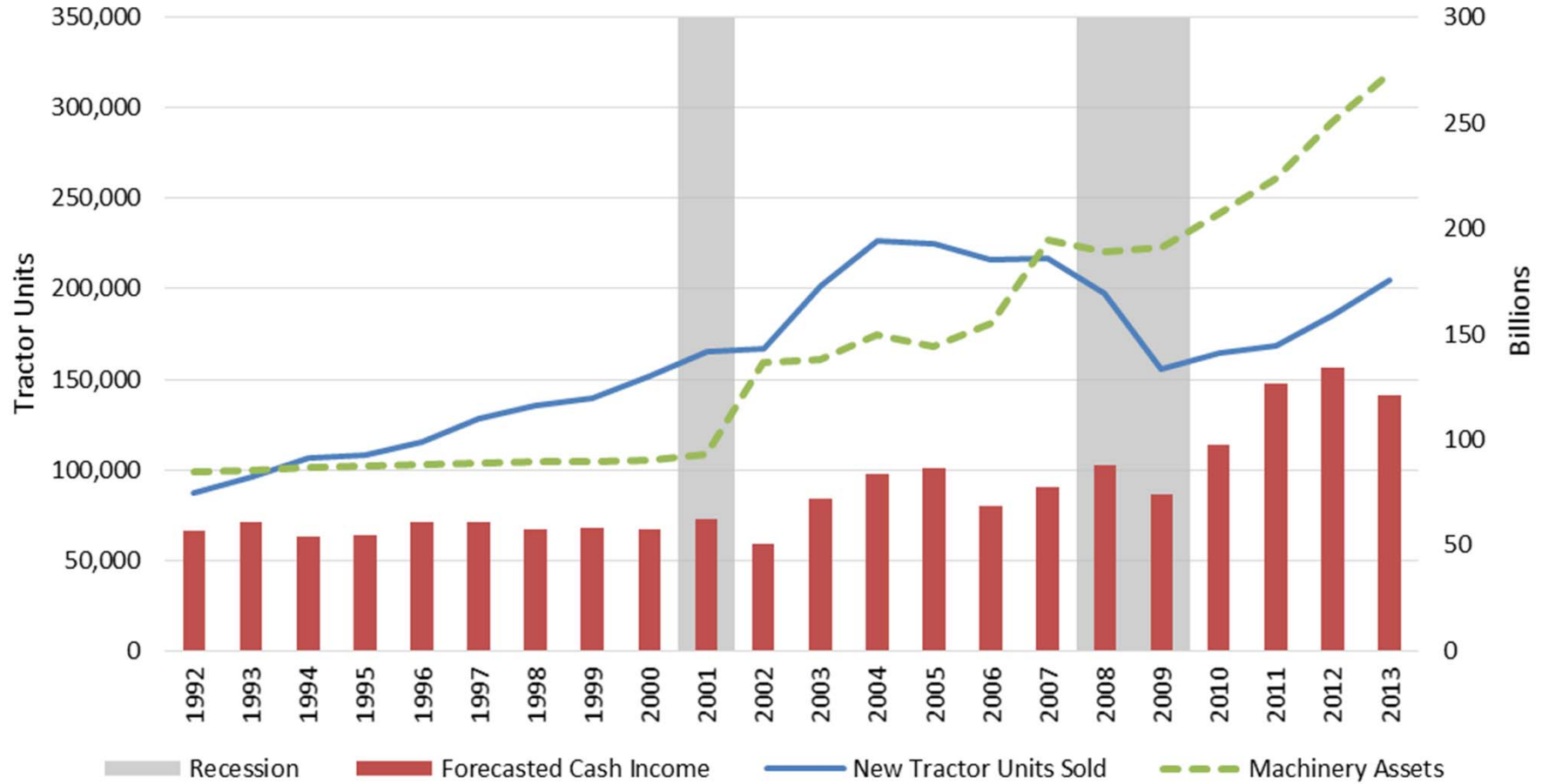
Unit Volume of Demand - Net Rising Index



Source: AEM AGICS



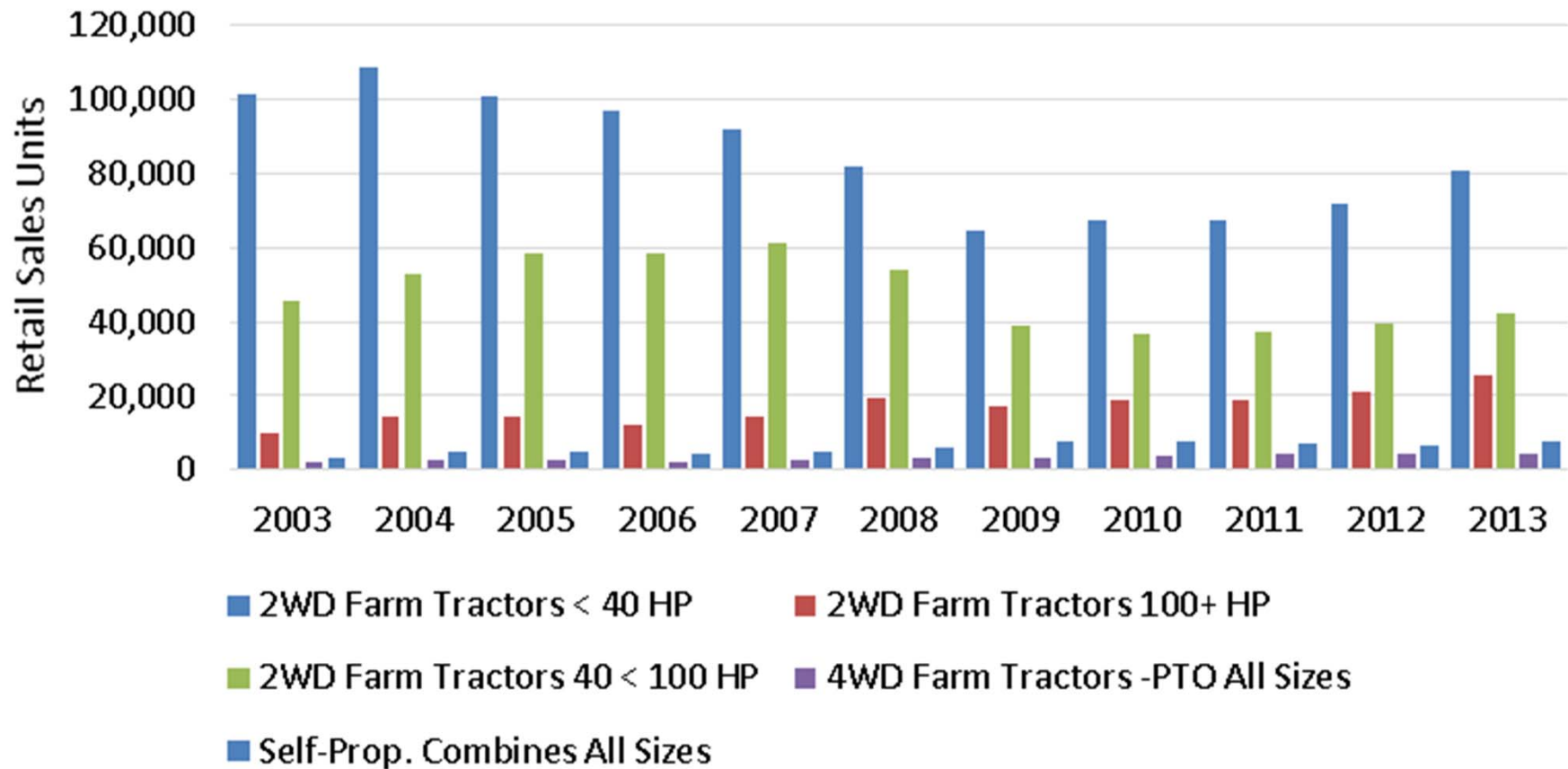
All New Tractor Sales vs. Cash Farm Income



Source: Inforum / AEM



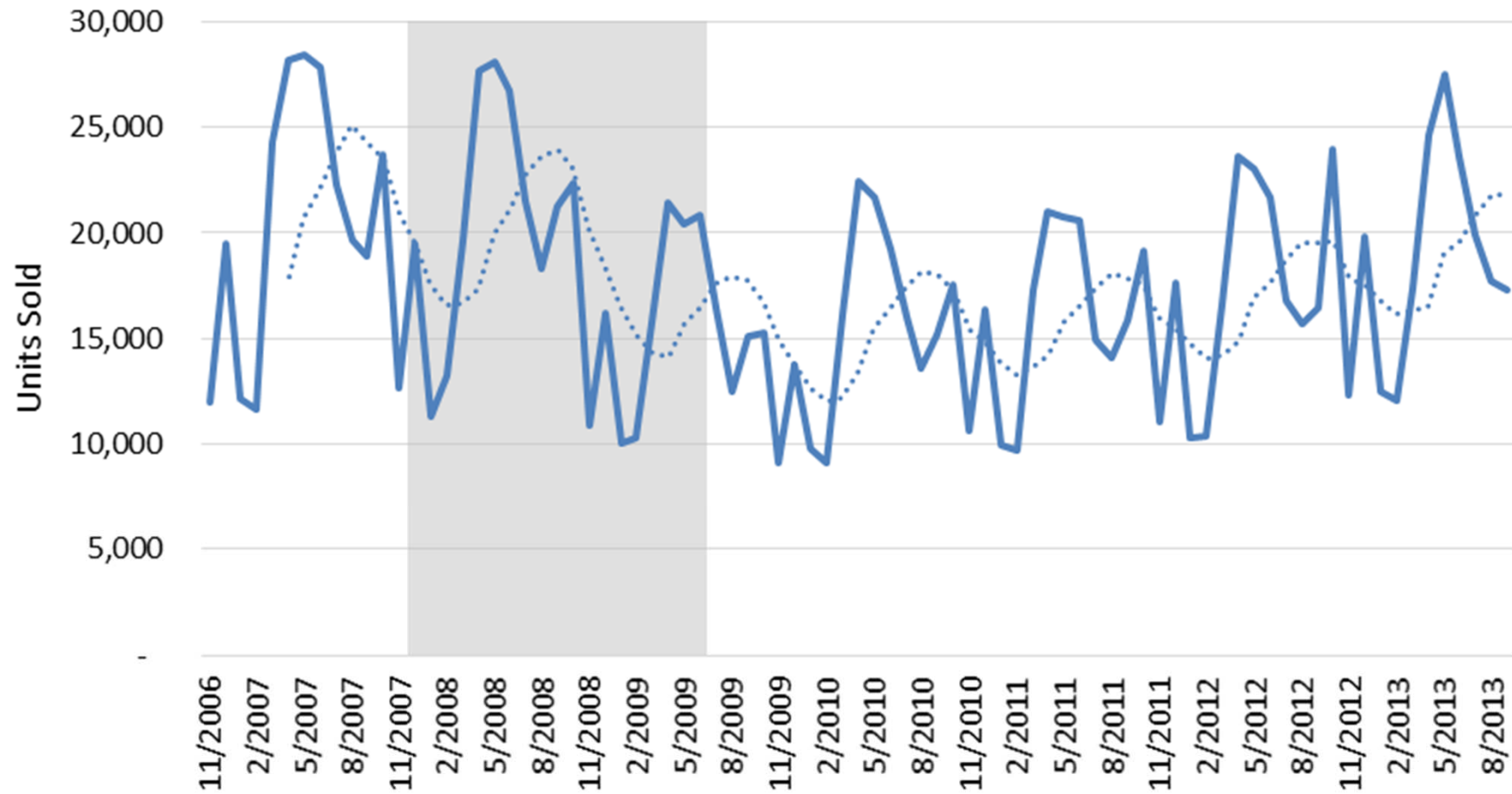
U.S. Ag Flash Data (YTD)



Source: AEM

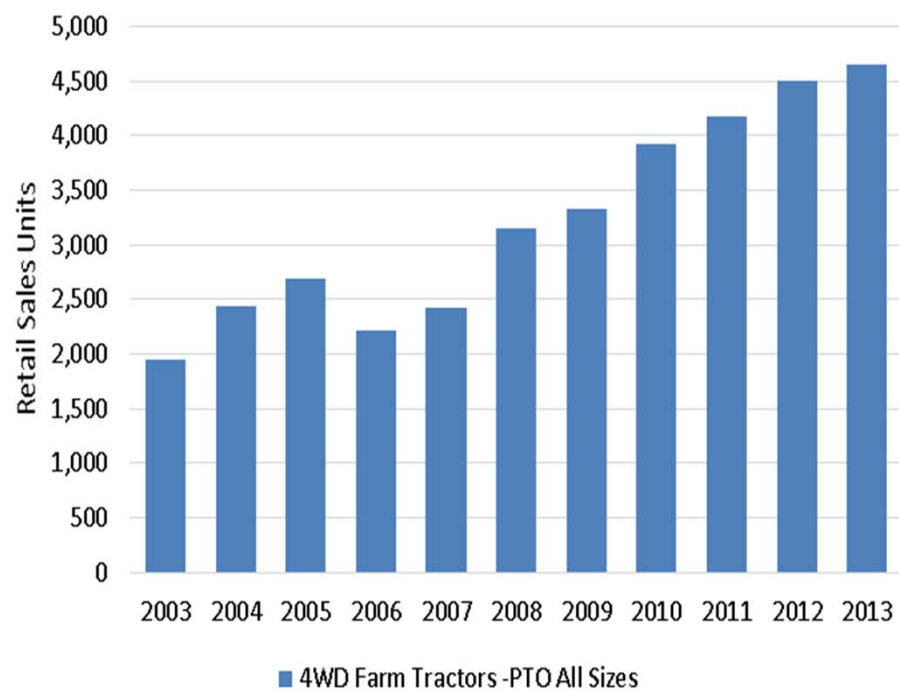
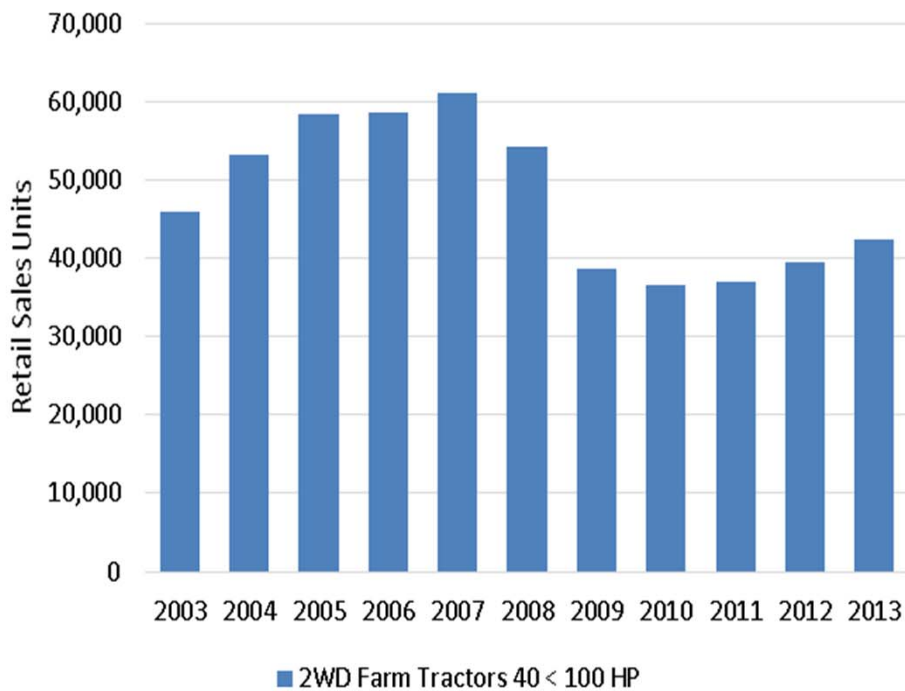
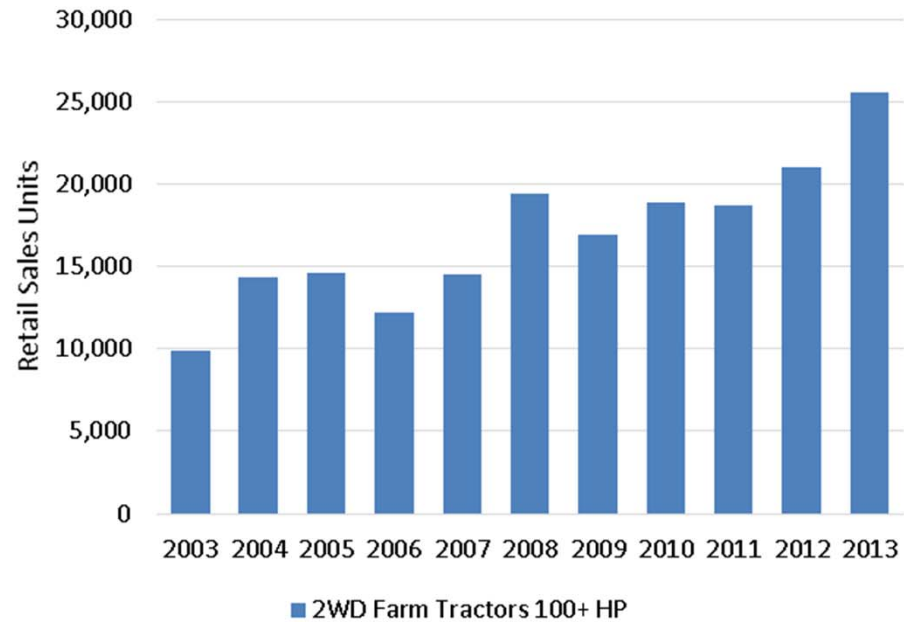
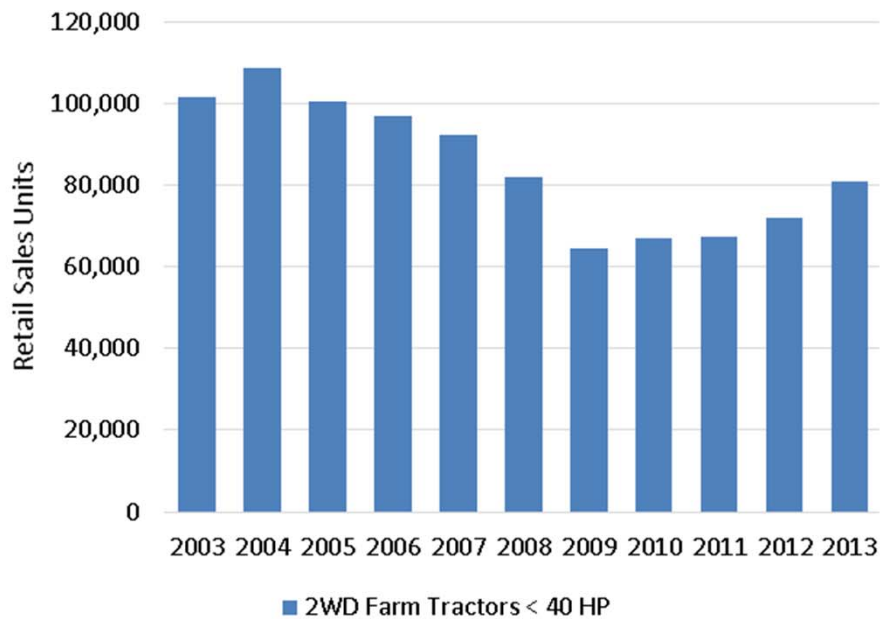
AEM

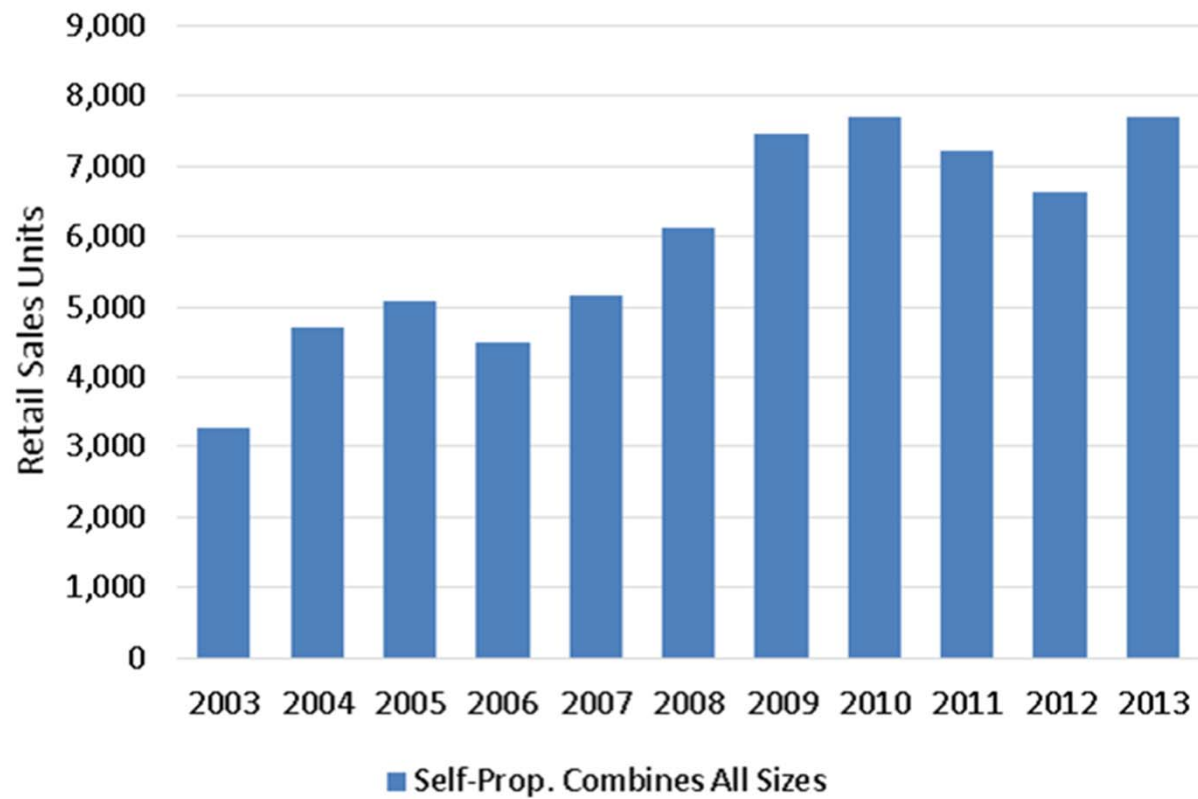
NA Total Tractor Sales Retail



Source: AEM



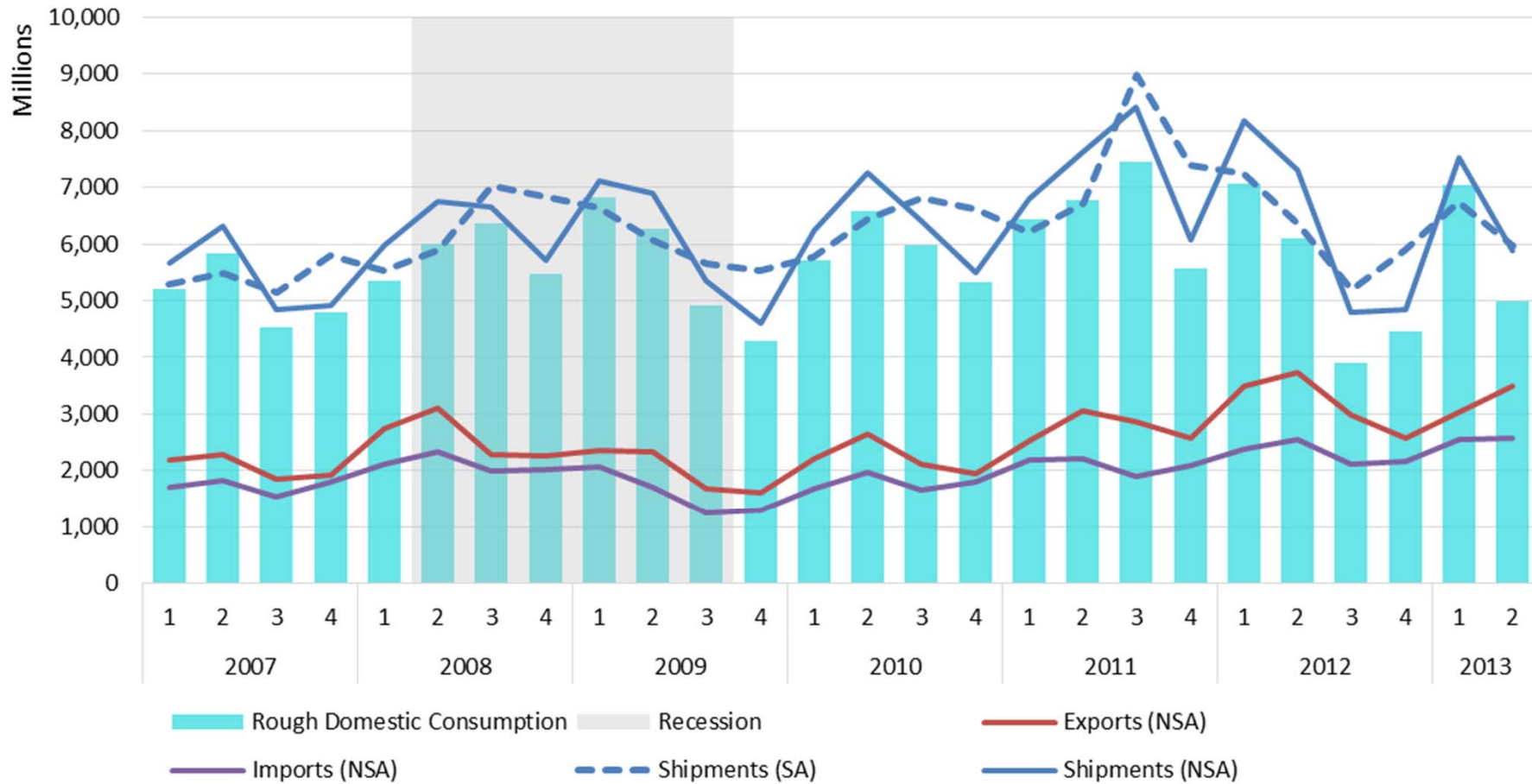




Source: AEM



AG Machinery Shipments vs. Exports & Imports

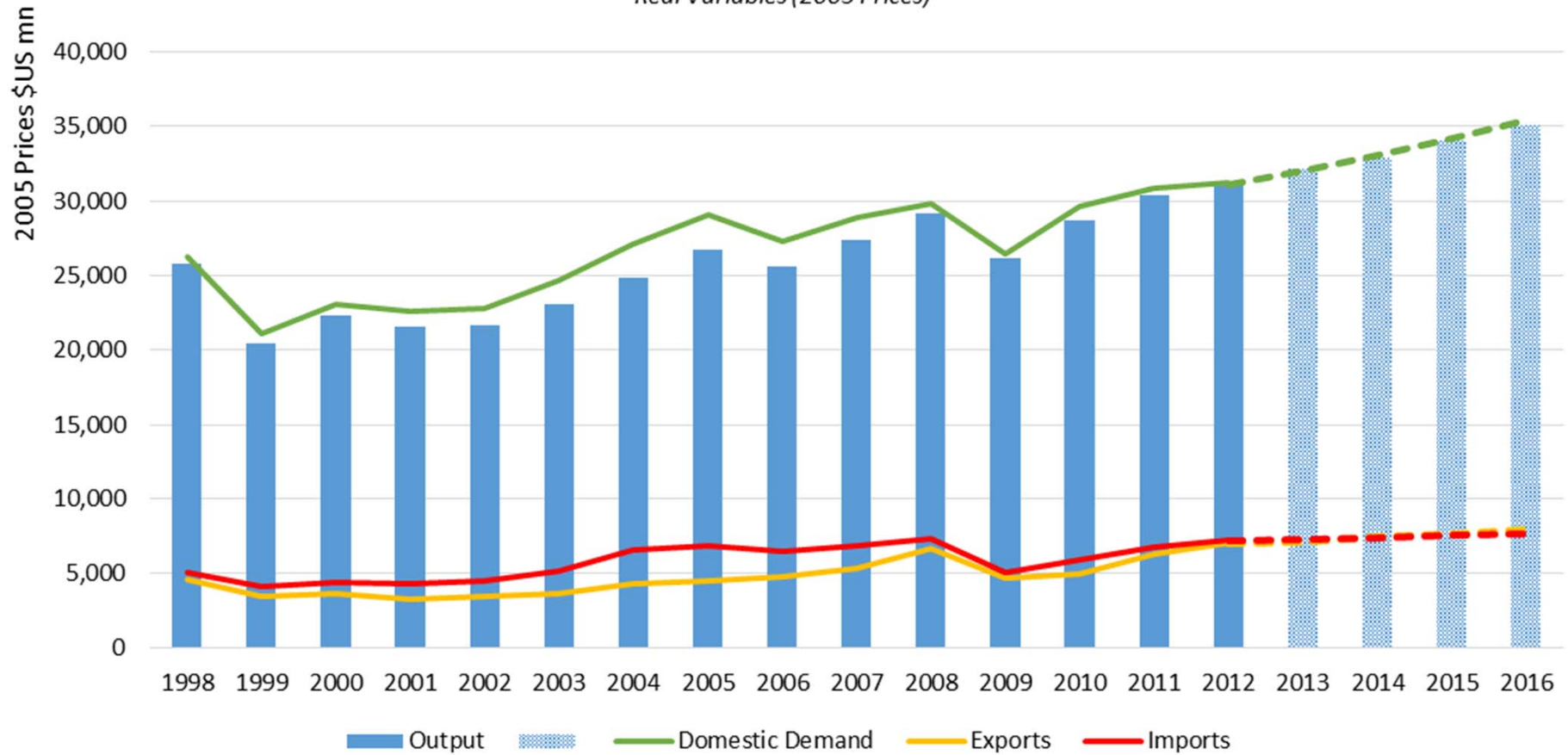


Source: CENSUS/AEM



Agricultural Equipment Forecast (NAICS 333111)

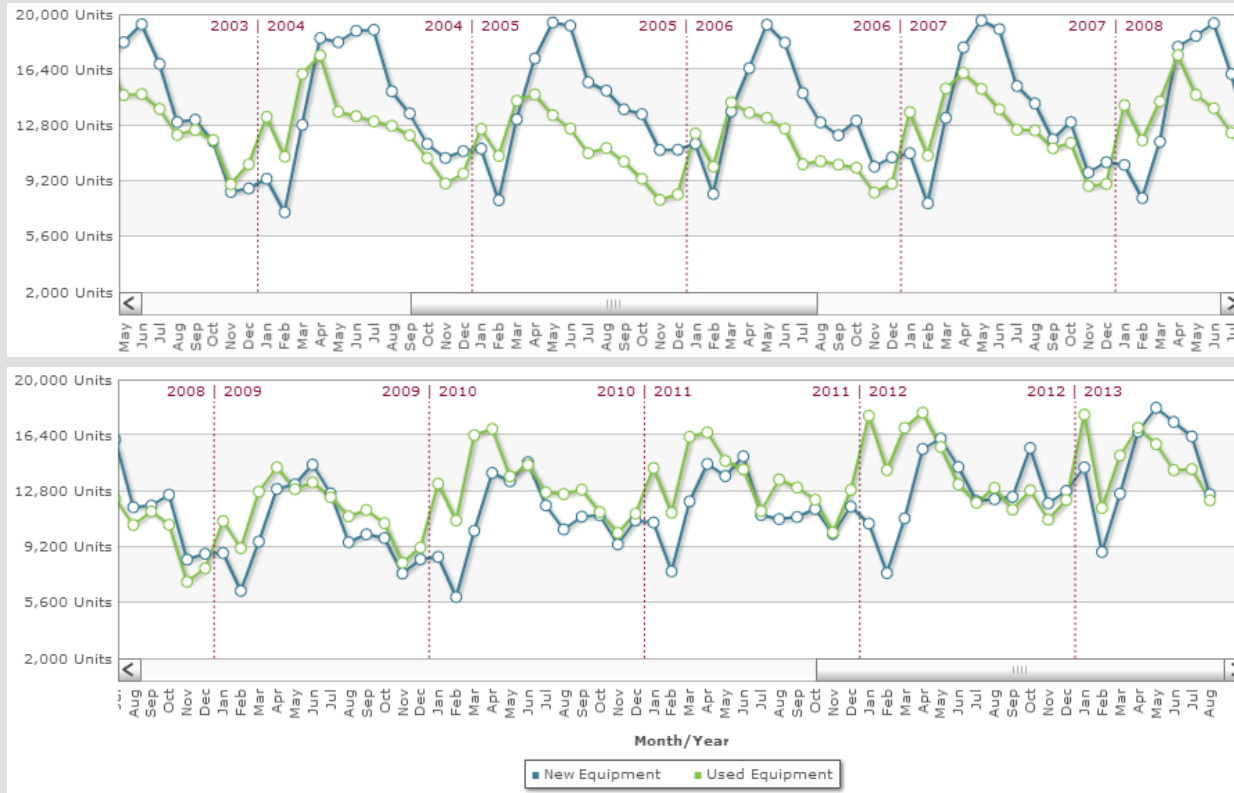
Real Variables (2005 Prices)



AEM

Source: Inforum / AEM

New vs. Used Equipment



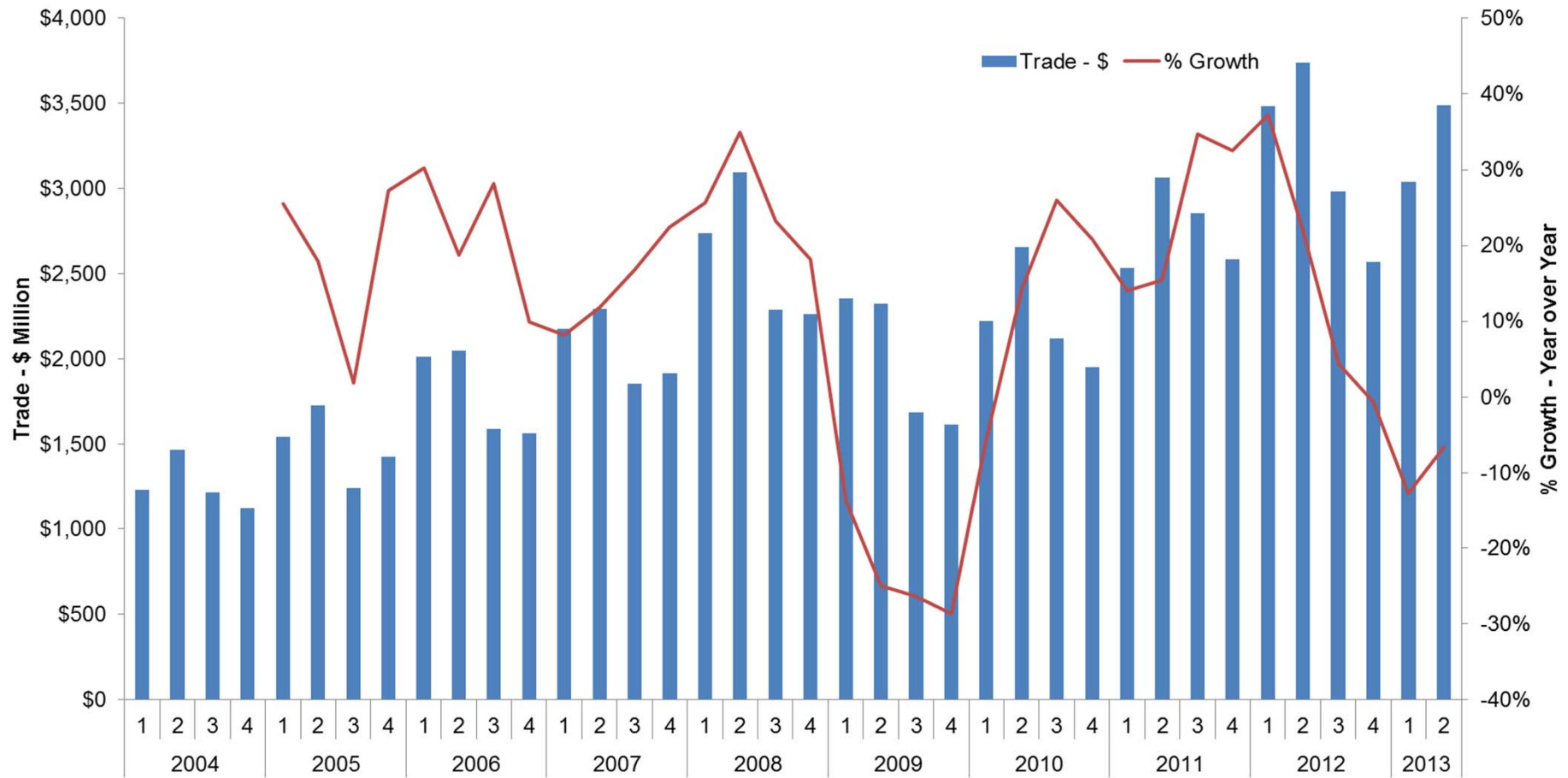
Source: EDA Industry Insight



International Trade



Total US Exports



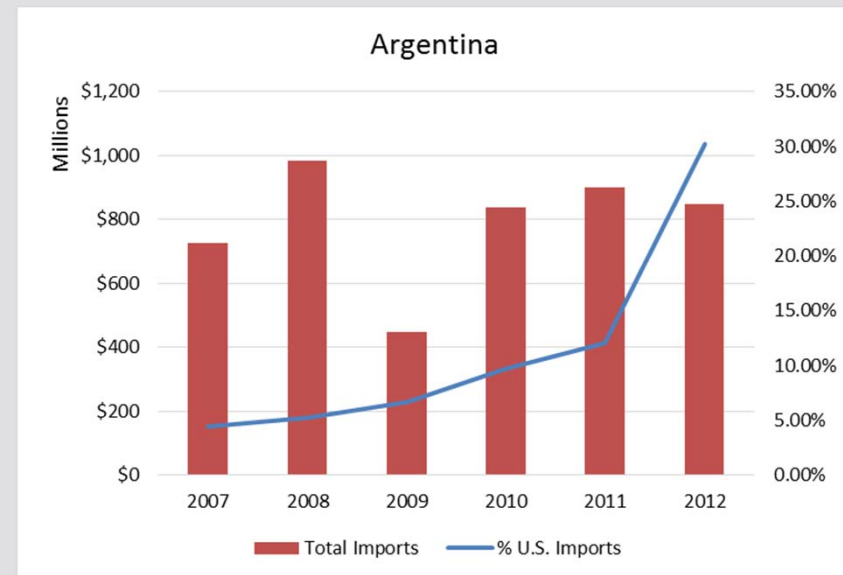
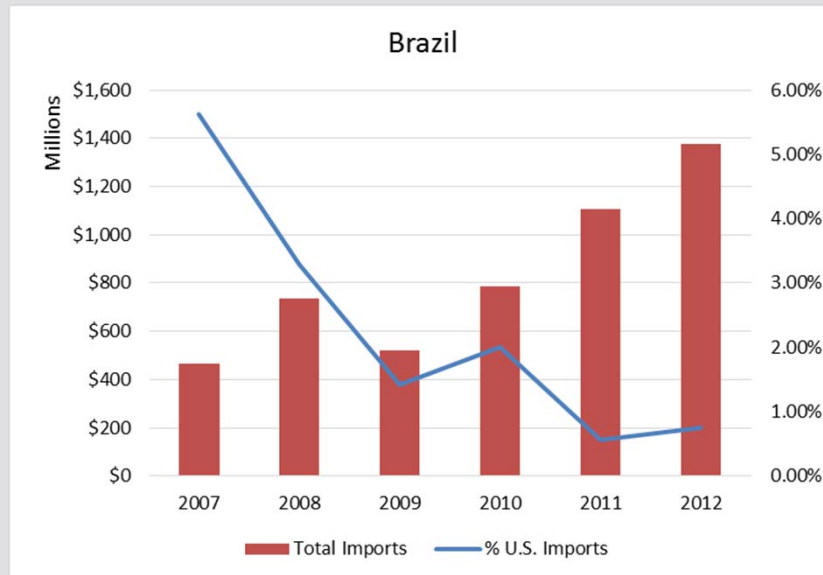
Ag Equipment Exports vs. Imports

Top 10 Countries - US Ag Equipment Imports				Top 10 Countries - US Ag Equipment Exports			
Country	Last 4 Qtrs	Prev 4 Qtrs	% Change	Country	Last 4 Qtrs	Prev 4 Qtrs	% Change
JAPAN	\$ 1,349,053,019	\$ 1,347,569,386	0.1%	CANADA	\$ 4,216,499,984	\$ 3,771,661,156	11.8%
CANADA	\$ 1,331,028,437	\$ 1,197,174,288	11.2%	AUSTRALIA	\$ 994,493,198	\$ 1,232,359,464	-19.3%
GERMANY	\$ 1,292,155,451	\$ 1,132,345,592	14.1%	MEXICO	\$ 970,295,610	\$ 920,547,297	5.4%
CHINA	\$ 1,217,753,412	\$ 1,206,541,190	0.9%	BRAZIL	\$ 567,930,476	\$ 697,554,949	-18.6%
MEXICO	\$ 1,186,103,798	\$ 920,437,030	28.9%	CHINA	\$ 465,764,024	\$ 440,256,765	5.8%
ITALY	\$ 570,085,388	\$ 551,308,718	3.4%	GERMANY	\$ 444,366,617	\$ 521,382,492	-14.8%
UNITED KINGDOM	\$ 465,787,151	\$ 351,177,203	32.6%	FRANCE	\$ 313,189,497	\$ 380,517,456	-17.7%
INDIA	\$ 353,758,497	\$ 301,607,412	17.3%	SOUTH AFRICA	\$ 296,849,760	\$ 307,208,676	-3.4%
KOREA, REPUBLIC OF	\$ 314,311,257	\$ 306,132,369	2.7%	RUSSIA	\$ 284,121,369	\$ 344,205,738	-17.5%
FRANCE	\$ 287,797,448	\$ 399,848,314	-28.0%	UKRAINE	\$ 259,993,546	\$ 400,053,054	-35.0%
Global Total	\$ 9,430,715,385	\$ 8,921,831,169	5.7%	Global Total	\$ 12,085,007,376	\$ 12,662,990,828	-4.6%

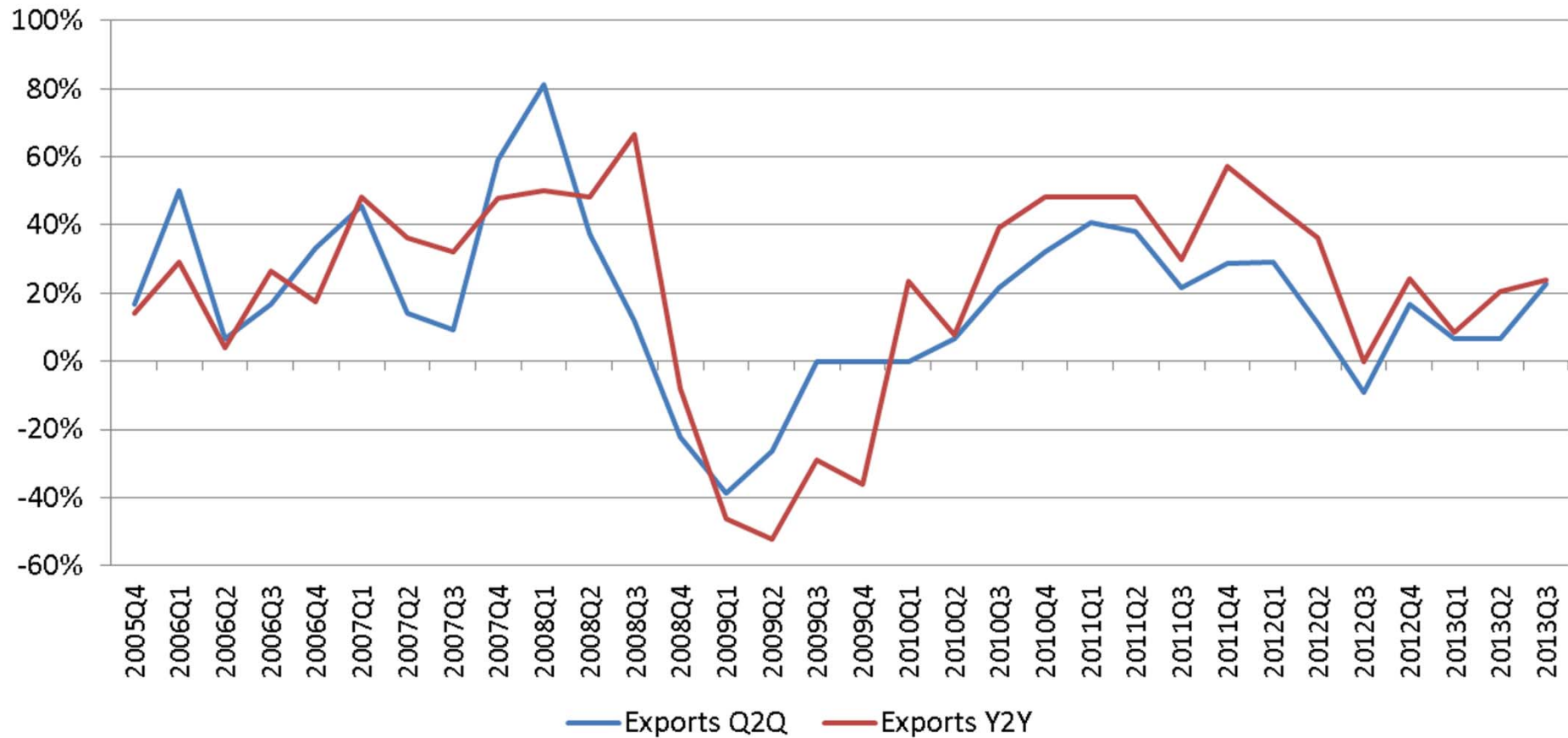
Export Growth: Top 10 & Bottom 10

Top 10 Growth Countries - US Ag Equipment Exports				Bottom 10 Growth Countries - US Ag Equipment Exports			
Country	Last 4 Qtrs	Prev 4 Qtrs	% Change	Country	Last 4 Qtrs	Prev 4 Qtrs	% Change
LITHUANIA	\$ 53,424,003	\$ 31,714,176	68.5%	KAZAKHSTAN	\$ 32,825,264	\$ 72,131,168	-54.5%
URUGUAY	\$ 78,814,037	\$ 49,595,628	58.9%	AUSTRIA	\$ 17,996,294	\$ 31,277,812	-42.5%
KOREA, REPUBLIC OF	\$ 141,330,216	\$ 94,336,578	49.8%	TURKEY	\$ 50,500,944	\$ 80,583,596	-37.3%
THAILAND	\$ 60,678,755	\$ 48,973,520	23.9%	ARGENTINA	\$ 120,749,735	\$ 190,872,469	-36.7%
UNITED ARAB EMIRATES	\$ 44,277,311	\$ 35,942,131	23.2%	UKRAINE	\$ 259,993,546	\$ 400,053,054	-35.0%
GUATEMALA	\$ 37,399,375	\$ 32,906,410	13.7%	ITALY	\$ 63,583,571	\$ 97,090,306	-34.5%
CANADA	\$ 4,216,499,984	\$ 3,771,661,156	11.8%	SWEDEN	\$ 115,358,643	\$ 174,866,605	-34.0%
SAUDI ARABIA	\$ 68,513,462	\$ 62,070,091	10.4%	UNITED KINGDOM	\$ 208,248,104	\$ 315,272,373	-33.9%
JAPAN	\$ 126,424,111	\$ 115,471,840	9.5%	EGYPT	\$ 18,669,296	\$ 26,583,720	-29.8%
CHINA	\$ 465,764,024	\$ 440,256,765	5.8%	CZECH REPUBLIC	\$ 43,606,402	\$ 55,900,166	-22.0%
Global Total	\$ 12,085,007,376	\$ 12,662,990,828	-4.6%	Global Total	\$ 12,085,007,376	\$ 12,662,990,828	-4.6%

U.S. Share of AG Machinery Imports



Exports - Net Rising Index



Data from AEM quarterly Industry Condition Survey of AEM membership



The Economic Impact of the Agricultural Equipment Industry:

Agricultural Equipment Supply Side	Domestic Value Added	Domestic Employment (jobs)
Total Domestic Associated Supply	50,979	377,901
Direct Manufacturing	15,836	78,225
Downstream Distribution and Services	12,315	118,427
Indirect Upstream Supply	22,829	181,249
Manufacturing Multiplier	2.2	3.8

Source: BEA, BLS, Census, Inforum Estimates

Summary

- Farm Income down but the declines in each of these three farm income measures are the smallest decreases recorded since 2000.
- Financial position of customer remains strong
- Positive growth in tractors, sprayers, but not combines
- International opportunities growing