

# Farm Equipment

COMPANIES: AGCO, CNH, DE, GT, ML FP, TWI, 5108 JP



AGCO,  
CNH, DE

## 2011 Outlook Turns Positive

Farm equipment dealers worldwide boosted their 2011 sales outlook based on lofty commodity prices and strong year-end order momentum, pushing global expectations into positive territory.

- OTR Global's reads on CNH and DE are positive, as in the October report; the read on AGCO is positive, an improvement from mixed in October (CNH reports 1/27, DE 2/16)
- North American 2011 new equipment sales expected flat-up 3% yy, vs. down 3%-6% yy in the October report; November-January used inventories fell qq and yy on commodity-driven demand; DE early Tier-4 order momentum stronger than competition's
- European 2011 sales predicted up 7%-10% yy, vs. up 3%-6% in October; renewed confidence, improved credit bringing buyers back to the market; dealers done destocking
- Russian/CIS sources raise 2011 sales forecast to up 41%-46% yy, vs. up 22%-27% in October; demand surge during last 90 days drives down inventories, lifts prices
- Latin American outlook improved for most sources, even though fate of the FINAME financing program had not yet been revealed; nearly three-fourths of sources expect 2011 sales to increase yy; DE still gaining share
- Areas to Watch: Tight equipment availability restraining some North American 2011 forecasts; Russian/CIS dealers already experiencing shortages; cotton equipment demand still strong, benefitting DE, CNH

### EXECUTIVE SUMMARY

Expectations for 2011 farm equipment got more optimistic during the last 90 days as climbing commodity values erased earlier concerns about the economy and 2010 yields. Sources now expect 2011 new equipment sales to be up an average 5%–8% yy globally, compared with flat–down 3% in October. Commodities also drove strong 2010 year-end purchases, prompting shortages in Russia/CIS and generating availability concerns in North America and Europe. The used equipment market also improved since October as global inventories fell and used equipment prices moderated. In North America, **CNH Global N.V.** and **Agco Corp.** offered year-end incentives to move out Tier-3 equipment before the 2011 switch to Tier-4 models. Meanwhile, scarce supply of **Deere & Co.**'s Tier-3 machines is moving customers to place Tier-4 orders with the company, although sources across all manufacturers said farmers still are mostly “not tuned in” to the Tier-4 changeover.

### KEY DATA

#### 2011 Outlook for New Equipment Sales Turns Positive

	N. AMERICA	EUROPE	RUSSIA/CIS	L. AMERICA	TOTAL
Weighted average	Flat-up 3%	Up 7%–10%	Up 41%–46%	Up 16%–21%	Up 5%–8%
October average	Down 3%–6%	Up 3%–6%	up 22%–27%	Not averaged	Flat-down 3%

### SOURCES & BACKGROUND

**77 farm equipment dealership executives** representing Deere, CNH, Claas, Agco and Agco's Challenger line with annual sales exceeding \$2.5 billion

**NORTH AMERICA** 37 dealers (25 Deere, 10 CNH, 2 Challenger) in the United States and Canada; **EUROPE** 19 dealers (10 Deere, 5 CNH, 1 Agco and 2 Claas); **RUSSIA/CIS** 8 dealers (6 Deere, 2 CNH) in Russia and the Ukraine; **LATIN AMERICA** 13 dealers (7 Deere, 5 CNH and 1 Agco) in Brazil and Argentina

**REPEAT SOURCES** 58 (31 in North America, 15 in Europe, 8 in Russia/CIS and 4 in Latin America) from OTR Global's October report

**INTERVIEWS** Dec. 13 through Jan. 7

**AVERAGES** Regional averages weighted according to each dealer's 2009 new equipment sales; global averages weighted according to Deere's estimated regional sales (North America 64%, Europe 18%, Latin America 7% and CIS 5%)

“Commodity prices and the good ag economy are driving everything right now. Farmers are saying, ‘I’m going to reinvest in my business.’”

*U.S. sales executive with a large Corn Belt dealership*

See last page for Important Disclosures and Analyst Certification

# Farm Equipment

## NORTH AMERICA

### Strong finish to 2010

The North American farm equipment market closed out 2010 strongly as commodity values continued to climb and farmers sought to minimize taxes on robust income. “Commodity prices and the good ag economy are driving everything right now. Farmers are saying, ‘I’m going to reinvest in my business,’” an Illinois dealer said. An Iowa dealer said, “Our December was the best we’ve had in the history of our business. It’s \$6 corn and \$13 beans.” Orders for new equipment during November–January were flat–up 3% yy on average, an improvement from down 2%–5% yy during August–October. Demand remained particularly strong in cotton country. “Cotton [equipment] demand is crazy. Everything has been presold through 2011,” a Southern dealer said.

### 2011 outlook brightens further, supply tightens

In line with OTR Global’s [Nov. 19](#) note, commodities also boosted 2011 estimates. Sources now expect 2011 new equipment sales this year to be flat–up 3% yy on average compared with down 3%–6% in October, with several noting purchases are being “spread out” between 2010 and 2011. “We have a lot of customers that had enough tax write-off in 2010 and are waiting until 2011 to buy,” an Indiana dealer said. Sources said price increases will drive much of 2011’s growth, rather than volumes, given tough 2010 comparisons, tight equipment availability and still-high used equipment inventories. (On average, 2011 new equipment prices were up 3%–6% yy.) “I expect 2011 to grow, but there may be some availability issues, and it’s my intent to drive used sales, which may cut into new sales,” an Ohio dealer said. More than one-third of sources said new equipment lead times extended qq on strong demand, with several blaming “hiccups” with the shift in production to Tier-4 equipment. Nonetheless, dealers are keeping inventories lean. “I’m cautious because we have to order so far out. There’s always the chance the market will change,” a Corn Belt CNH dealer said.

Several sources said availability of farm equipment tires is problematic. “It’s amazing we cannot get the tires we want. Tractors are shipped with different tires than what we’ve asked for, say **Titan [International Inc.]’s** instead of **[Bridgestone Corp.]’s** Firestones or **[The Goodyear Tire & Rubber Co.]’s**,” one said. Another said, “Firestone and **[Compagnie Générale des Etablissements] Michelin** are hardest to get.”

### Used inventories dropping, but still too high

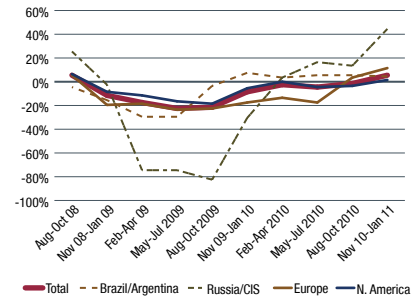
Robust farm income drew used equipment buyers into the market, causing November–January used equipment levels to slip, despite a fresh supply of year-end trade-ins. (November–January used inventories were flat–down 3% yy, a reversal from up 10%–15% yy during August–October.)

However, more than one-third of sources said used equipment levels remain excessive, particularly for combines. Consequently, November–January used equipment prices were flat–down 3% qq on average — an improvement from the 1%–4% qq drop reported in October, but less bullish than in November when sources said used prices held steady mm. “Prices aren’t going down like they were, but there’s still so much used equipment out there that prices aren’t going up,” a CNH dealer said.

### Early traction on Deere Tier-4 orders

The 2011 shift to Tier-4 models generated year-end pre-buying that was within most sources’ expectations. However, several Deere dealers said tight supply of proven and less-expensive Tier-3 models limited pre-buys, prompting farmer orders for Tier 4. “We’ve sold 25–30 Tier 4s. Deere has

**New Farm Equipment Orders YY**



**Time Series Analysis:** Global farm equipment orders during November–January improved 700 bps, bolstered by trends turning positive in North America as well as dramatic improvements in Russia and Europe.

Source: OTR Global

# Farm Equipment

been out of Tier-3 models for months," a Midwestern Deere dealer said. Meanwhile, CNH and Agco offered year-end incentives to move Tier-3 inventory. CNH offered additional incentives to spur early Tier-4 sales, but with negligible results. "I haven't sold a Tier-4 tractor yet because of the promotions on the Tier 3," a CNH dealer said. Sources across all manufacturers said the market still is mostly "not tuned in" to the Tier-4 switch. "Only about 10%–20% of customers understand Tier 4, and there are 30% that don't even know about it. But there's nothing they can do about it. They're going to have to buy it eventually," a Deere dealer said.

## EUROPE

### Orders, outlook strengthen further

Commodity prices drove strong year-end demand in Western Europe, erasing most October concerns about weather and economic conditions. Orders were up 9%–14% yy on average during November–January, an improvement from the 2%–5% yy increase reported for August–October. "Many clients had postponed their investments during 2009. But it is now a positive economic climate, and they are buying again," a German dealer said. A French dealer said, "There is a general feeling that the worst is behind us."

As in North America, estimates for 2011 demand also brightened. Sources now expect 2011 new equipment sales to be up 7%–10% yy on average compared with up 3%–6% yy in October. "Farmers' income is increasing, and banks started granting credits again. The outlook for 2011 is clearly improving," a French dealer said.

### Destocking done, eyes on Deere supply

After destocking for much of 2010, new equipment inventories are at desired levels for nearly all sources, although dealers are managing inventory cautiously. "Inventories are very low now, but it's OK. We don't want to make large orders again. We have learned the lessons of the past," a French CNH dealer said.

Most sources reported stable qq lead times during November–January, but three large Deere dealers said lead times for U.S.-made tractors increased and, in line with North America, expect the situation to worsen in 2011. "So far we have no problem with the lead times, but I expect issues in the first quarter, first with U.S. tractors and then with European tractors. I'm afraid Deere will not be able to follow through with production," a U.K. Deere dealer said. Only three sources cited Deere as losing share, compared with eight in October, helped by Deere's characteristic year-end promotional activity.

### Used market improves

Commodity-driven demand pushed November–January used equipment inventories down 2%–5% qq, causing nearly all sources to describe used equipment levels as adequate. "Inventory levels are no longer critically high. In the past 12–18 months, prices fell by about 15%–25% and customers have finally started buying again," a German dealer said. Furthermore, three large European dealers and a U.S. dealer said export demand picked up during the past 90 days. Used equipment prices were flat–down 3% qq on average, moderating from the 2%–5% qq drop reported in October.

## RUSSIA/CIS

### Demand takes off, prices bounce back

Russian/CIS demand surged during November–January, with orders up an average 43%–46% yy, compared with up 11%–16% yy during August–October. "Farmers are very enthusiastic. Despite

"There is a general feeling that the worst is behind us."

*French dealer*

# Farm Equipment

all the concerns over drought and export restrictions, price for grain is quite reasonable, and farmers earned more money than they expected for their crops,” a Russian dealer said. As in Western Europe, Russian/CIS dealers said improving credit availability also was a positive. Prices on new equipment were flat—up 3% yy during November—January, with a reversal from flat—down 3% during August—October, with a couple of sources saying price increases were steepest on U.S.-manufactured models.

Even with stronger-than-expected 2010 demand, sources raised estimates for 2011 sales, with a few venturing predictions that 2011 could reach 2008 record levels. “Demand is improving so fast and so strongly, that we may be able to reach the pre-crisis level of 2008,” one said. On average, sources now expect new equipment sales to be up 41%–46% yy, compared with up 22%–27% in October.

## Shortage of new machines fuels used market

Strong demand has squeezed new equipment supplies, causing November—January lead times to extend qq for five of eight sources. Six sources reported insufficient levels of new equipment inventory, a change from October when most sources said inventories were adequate. “Although we ordered quite a lot, expecting that demand would improve, we did not order enough. There is still a shortage of 250–350 hp tractors,” a CNH dealer said. As in North America and Europe, Russian/CIS sources expressed fears supply shortages could crimp 2011 sales.

Deficient new-equipment supply has fueled used equipment sales. “The used market is a hot topic. Normally farmers try to buy new equipment because it’s easier to maintain and credit is easier to get. But because of [new equipment] shortages, demand for used increased,” a Ukrainian dealer said.

“Demand is improving so fast and so strongly, that we may be able to reach the pre-crisis level of 2008.”

*Russia/CIS source*

## LATIN AMERICA

### Outlook positive despite uncertainty

With the main Latin American crop still in the ground, farmers there have yet to cash in on higher commodity prices, causing demand momentum to slow slightly since October. Nonetheless, higher commodity prices along with the easing of dry weather in some regions caused nine of 11 responding sources to expect 2011 new equipment sales to increase yy, while in October most sources were noncommittal about 2011 demand.

Brazilian sources were interviewed prior to the government’s January 10 announcement on the fate of the FINAME financing program. (The program, which had fueled growth throughout 2010 was set to expire in March, but will now run through December, and interest rates on FINAME loans will rise only modestly from today’s 5.5% level.) Despite the then-uncertainty, six of eight responding sources forecast sales growth for 2011. “Soybean prices are promising, Farmers will surely want to invest, and CNH is starting to take a larger role in bank credit, which will help [ease] red tape and delays,” a CNH dealer said. A Deere dealer said Deere was also becoming more active in financing.

In Argentina, three of four sources predicted 2011 growth, despite persistent drought in some regions and customs restrictions continuing to delay equipment imports. Government limits on crop exports also remain problematic, despite recently announced policy changes. “The government says it expanded the quota for wheat and corn exports, but you need to ask for permission, and the trick is nobody gets authorization,” one said. Argentine sources remain hopeful elections later this year will usher in friendlier agricultural policies.

# Farm Equipment

## Prices up in Argentina, steady in Brazil

All four Argentine sources said new equipment prices during November–January were up 10% yy, while all but one Brazilian source said yy prices were unchanged. An Argentine Deere dealer said, “Deere makes more money selling in Brazil than in Argentina due to the exchange rate. We’ve had two increases in the last 90 days: 2%–3% on Nov. 1 and the same on Dec. 1.”

## Deere still best positioned to gain

Market share shifts were less pronounced than in October, but five sources cited Deere as taking share from CNH, while none reported the reverse. In Brazil, Deere continued to gain with its new line of equipment aimed at the sugar cane market, which has been particularly strong because of sugar prices and the movement toward mechanization. Argentine sources said Deere “has a bit more leverage because it produces motors in Argentina.”

## Used inventory still a problem

All five Brazilian sources who deal in used equipment reported excessive levels of inventory, while four have pulled out of the used market because of negative conditions. “The government helped the new machine market at the expense of used. With new machines, credit is eight years; for used, it’s only three years,” one said. Consequently, nearly all Brazilian sources said used equipment prices dropped qq. In Argentina, used equipment prices rose qq because import restrictions limited new equipment availability.

---

This report was researched and written by **Sara Stahl, Sylvain Gavard** and **Paula Gobbi**, with additional research by **Julie DiNatale, Birgit Heitfeld, Denise Jordan, Kathy Kent, Fabrice Pozzoli-Montenay, Inge Schlaile** and **Eugenia Vlasova** for OTR Global LLC.

# Farm Equipment

## North America

### ON DEMAND

"[2011] will be a strong year. When farmers make money, they spend money." *U.S. Great Plains*

"There are still people sitting on [unsold] grain because you can only afford to put so much income into one fiscal year. Farmers will have money to spend in 2011." *U.S. Midwest*

"Farmers have some concerns over fuel and fertilizer prices, but I'm more optimistic about 2011 than I was a month ago." *U.S. Midwest*

"Demand for used equipment surprised us. It's better than we thought." *Canada*

"Ukrainian demand for used equipment has picked up substantially in the last 30 days, and Uruguay and Chile are taking quite a bit of used." *U.S. Midwest*

### ON PRICING AND AVAILABILITY

"We're out to June, July, August on tractors, and we're basically out of combines. There's nothing in the pipeline to draw from." *U.S. Midwest*

"Combines are sold out through the year. Part of that is lower production because of changing over to the new model." *U.S. Midwest*

"Deere won't pick up any [market share] because of the shortage of equipment." *U.S. Southeast*

"There's a glut of large used machinery. We're losing our middle buyers. People with a lot of acreage all want to buy new." *U.S. Midwest*

"We're thinking about raising some [used equipment] prices." *U.S. Great Plains*

### ON TIER-4

"We expected pre-buying to be strong, and it was." *U.S. Southeast*

"There has been far more discussion [about Tier 4] from the industry than from the farmers." *U.S. South*

"We've sold quite a bit of Tier 4. It has surprised me how many have accepted it and gone on." *U.S. Great Plains Deere dealer*

"Deere did a better job pre-selling ahead of Tier 4 than [CNH] did." *U.S. Southern CNH dealer*

### ON ACRES

"Wheat and corn prices are so high that hay acreage is down next year. It's already been torn out." *U.S. West*

## Europe

### ON DEMAND

"Customers have become more confident and are ready to invest again." *Germany*

"It's good news. Commodity prices are up, and farmers have sold their 2011 — and sometimes 2012 — harvests at good prices, so they buy equipment." *France*

"We had some snow at the beginning of the quarter, but it stopped right away and business is surprisingly buoyant." *United Kingdom*

"Now that good financial results have been published, banks are ready to help again." *France*

"[Used equipment] demand has picked up domestically but also from foreign markets." *Germany*

### ON SUPPLY AND PRICING

"Equipment manufactured in Germany takes 12–14 weeks to be delivered; U.S. tractors take six months to be delivered. I think it will worsen." *Germany*

# Farm Equipment

"If customers do not order summer harvest equipment by 2Q11, it won't arrive in time. Above all, large tractors and harvesters are hard to get." *Germany*

"Prices are up 2%–3%, but will be up 5%–12% for Tier-4 compliant machines," *Germany*

## Russia/CIS

### ON DEMAND AND MARKET CONDITIONS

"Farmers started purchasing actively. The market is back to life." *Russia*

"We are ordering as much as we can to meet the surge of demand coming in March." *Russia*

"Our used inventories are disappearing. The demand is strong, so nothing stays for long in our stocks." *Ukraine*

"Farmers are much more confident about their future." *Russia*

"Deere's new factory in [Russia] protects dealers from currency fluctuations, and banks are more willing to finance equipment made there." *Russia*

### ON SUPPLY

"We are sure that demand will remain strong, but we are concerned Deere will not be able to meet it. Shortages could seriously hurt our sales this year." *Russia*

"Lead times are extending because the demand is improving so fast." *Russia*

## Latin America

### ON DEMAND

"We have felt a slight improvement due to hikes in commodity prices and better weather." *Brazil*

"The sugarcane market is fueling sales for heavy combines and large tractors." *Brazil*

"Uncertainty with the change of government is causing a little apprehension." *Brazil*

"Soybean prices are up exceptionally, and banks are offering more credit, but the market could be better. The government did not open the export market." *Argentina*

"Farmers want to trade in their used machinery, but with better terms for new machinery, there is no [used equipment] demand." *Brazil*

"It's a crime. The weather forecast is for a dry summer, and this is not good for soybeans." *Argentina*

"Agriculture is at a time of bonanza. All we need is favorable government policies." *Argentina*

### ON SUPPLY

"Deere imports tractors from India, which does not have import restrictions. [CNH's] New Holland also imports machines produced in India and Turkey, but they are not suited for the Argentine market." *Argentina*

"We have lost deals when machines are in customs waiting to be authorized into the country." *Argentina*

### ON CREDIT

"J. Deere is financing and it only takes 40–45 days to approve credit. We don't have to depend on other banks." *Brazil*

"CNH is approving loans with less red tape. This will help dealers close deals." *Brazil*

# Farm Equipment

## 1. Has your outlook for the farm equipment market improved, worsened or remained the same during the last 90 days?

	N. AMERICA	EUROPE	RUSSIA/CIS	L. AMERICA	TOTAL
Improved:	21	16	7	5	49
No change:	15	-	1	4	20
Worsened:	1	2	-	2	5
Don't know:	-	-	-	2	2
<b>OTR Comparative Index:</b>	<b>54</b>	<b>78</b>	<b>88</b>	<b>27</b>	<b>59</b>
<b>August–October Index:</b>	<b>44</b>	<b>39</b>	<b>25</b>	<b>-17</b>	<b>31</b>

Note: The OTR Comparative Index is a quantitative representation of qualitative responses. The Index is calculated by subtracting the "worsened" from the "improved" responses, dividing by the total responses and multiplying by 100. An Index below zero indicates a negative balance, above zero indicates a positive balance.

## 2. What factors have been affecting the farm equipment market in your region during November–January? (Some sources gave more than one answer while others did not respond.)

### POSITIVE

High commodity prices:	32	13	6	8	59
Tax-driven purchases:	12	3	-	-	15
Farm income:	5	-	7	-	12
Confidence improving:	1	9	2	-	12
Yields:	5	-	2	2	9
Economy:	2	5	-	-	7
Low interest rates:	2	-	-	4	6
Dairy prices:	-	6	-	-	6
Bonus depreciation:	5	-	-	-	5
Fleet renewal:	1	3	1	-	5
Credit availability:	-	-	1	4	5
Tier-4 pre-buying:	4	-	-	-	4
Manufacturer incentives:	3	1	-	-	4
Weather:	1	-	-	3	4
Equipment availability:	2	-	1	-	3
Other:	5	-	-	1	6

### NEGATIVE

Low equipment supply:	10	1	6	-	17
Weather:	1	2	-	5	8
Credit concerns:	-	3	1	2	6
High input costs:	3	2	-	-	5
Import restrictions:	-	-	2	3	5
Yields:	3	-	1	-	4
Excess used equipment:	3	-	-	1	4
Change in government:	-	-	-	4	4
High prices of grain for feed:	2	1	-	-	3
High equipment prices:	1	2	-	-	3
Other:	5	3	4	6	18

# Farm Equipment

### 3. Did your new farm equipment orders increase, decrease or remain the same during November–January yy?

	N. AMERICA	EUROPE	RUSSIA/CIS	L. AMERICA	TOTAL
Up 91%–100%:	-	-	1	-	1
Up 41%–50%:	-	1	1	-	2
Up 31%–40%:	-	-	2	-	2
Up 26%–30%:	1	2	1	-	4
Up 21%–25%:	1	1	-	-	2
Up 16%–20%:	1	1	-	1	3
Up 11%–15%:	1	-	-	-	1
Up 6%–10%:	5	4	-	2	11
Up 1%–5%:	9	2	1	1	13
Up:	2	-	1	2	5
Flat:	12	5	1	4	22
Down:	1	-	-	-	1
Down 1%–5%:	-	-	-	1	1
Down 6%–10%:	3	1	-	1	5
Down 16%–20%:	1	-	-	1	2
Down 41%–50%:	-	1	-	-	1
<b>Weighted average:</b>	<b>Flat-up 3%</b>	<b>Up 9%–14%</b>	<b>Up 42%–47%</b>	<b>Up 3%–6%</b>	<b>Up 4%–7%</b>
<b>October average:</b>	<b>Down 2%–5%</b>	<b>Up 2%–5%</b>	<b>Up 11%–16%</b>	<b>Up 4%–7%</b>	<b>Flat-down 3%</b>

### 4. Have lead times for new equipment extended, shortened or remained the same during November–January qq?

	N. AMERICA	EUROPE	RUSSIA/CIS	L. AMERICA	TOTAL
Extended:	14	3	5	4	26
Remained the same:	20	15	3	9	47
Shortened:	3	-	-	-	3

### 5a. Did your new equipment inventory levels increase, decrease or remain the same during November–January yy?

	N. AMERICA	EUROPE	RUSSIA/CIS	L. AMERICA	TOTAL
Up 16%–20%:	2	1	-	-	3
Up 11%–15%:	1	-	-	-	1
Up 6%–10%:	2	2	-	-	4
Up 1%–5%:	2	-	-	-	2
Up:	1	-	-	1	2
Flat:	16	7	-	11	34
Down:	-	-	-	1	1
Down 1%–5%:	1	-	-	-	1
Down 6%–10%:	5	3	1	-	9
Down 16%–20%:	3	-	-	-	3
Down 21%–25%:	2	-	-	-	2
Down 26%–30%:	1	3	1	-	5
Down 31%–40%:	1	1	2	-	4
Down 41%–50%:	-	1	2	-	3
Down 51%–60%:	-	-	1	-	1
No response:	-	-	1	-	1
<b>Weighted average:</b>	<b>Down 2%–5%</b>	<b>Down 8%–13%</b>	<b>Down 27%–32%</b>	<b>Flat</b>	<b>Down 4%–7%</b>
<b>October average:</b>	<b>Flat-down 3%</b>	<b>Down 8%–13%</b>	<b>Down 39%–44%</b>	<b>Up 3%–6%</b>	<b>Down 4%–7%</b>

### 5b. Are new equipment inventory levels excessive, adequate or insufficient relative to demand?

	N. AMERICA	EUROPE	RUSSIA/CIS	L. AMERICA	TOTAL
Excessive:	-	1	-	-	1
Adequate:	27	16	2	10	55
Insufficient:	10	1	6	3	20

# Farm Equipment

## 6. Has 2011 new equipment pricing increased, decreased or remained the same yy?

	N. AMERICA	EUROPE	RUSSIA/CIS	L. AMERICA	TOTAL
Up 11%–15%:	-	2	1	-	3
Up 6%–10%:	5	-	-	5†	10
Up 1%–5%:	30	11	4	-	45
Up:	-	1	-	-	1
Flat:	2	3	2	8	15
Down 1%–5%:	-	-	1	-	1
No response:	-	1	-	-	1
<b>Weighted average:</b>	<b>Up 3%–6%</b>	<b>Up 1%–4%</b>	<b>Flat-up 3%</b>	<b>Flat-up 3%</b>	<b>Up 2%–5%</b>
<b>October average*:</b>	<b>Up 3%–6%</b>	<b>Up 1%–4%</b>	<b>Flat-down 3%</b>	<b>Flat-up 3%</b>	<b>Up 2%–5%</b>

\* October averages refer to yy pricing on 2010 equipment

† Four of five Latin American sources reporting a yy increase in 2011 prices were Argentine; all but one Brazilian dealer reported flat yy prices.

## 7. Has manufacturer incentive activity increased, decreased or remained the same in the last 90 days qq?

Increased:	7	9*	2	1	19
Same:	30	9	6	12	57

## 8. Who is gaining or losing market share in your region? (Some sources gave more than one answer while others did not respond.)

### GAINING

Deere:	11	5	3	5	24
CNH:	8	9	2	4	23
Claas:	-	4	2	-	6
Agco:	2	2	-	1	5
Domestic companies:	-	-	2	2	4
Kubota:	1	-	-	-	1
Deutz Fahr:	-	1	-	-	1
None:	15	1	3	4	23

### LOSING

CNH:	11	2	2	4	19
Deere:	6	3	2	-	11
Agco:	2	7	1	1	11
Claas:	-	3	1	-	4
Deutz Fahr:	-	1	-	-	1
Valtra:	-	-	-	1	1
None:	15	1	3	4	23

# Farm Equipment

## 9a. Did your used equipment inventory levels increase, decrease or remain the same during November–January yy?

	N. AMERICA	EUROPE	RUSSIA/CIS	L. AMERICA	TOTAL
Up 41%–50%:	1	-	-	-	1
Up 21%–25%:	1	-	-	-	1
Up 16%–20%:	-	1	-	-	1
Up 11%–15%:	1	1	-	1	3
Up 6%–10%:	10	-	-	-	10
Up 1%–5%:	3	-	-	-	3
Up:	-	-	-	2	2
Flat:	4	6	2	4	16
Down:	-	-	2	2	4
Down 1%–5%:	3	2	-	-	5
Down 6%–10%:	4	4	1	-	9
Down 11%–15%:	3	2	-	-	5
Down 16%–20%:	1	-	-	-	1
Down 21%–25%:	1	1	-	-	2
Down 26%–30%:	3	-	-	-	3
Down 31%–40%:	2	-	-	-	2
No response:	-	1	-	-	1
Not applicable:	-	-	3	4	7
<b>Weighted average:</b>	<b>Flat–down 3%</b>	<b>Down 3%–6%</b>	<b>Not averaged</b>	<b>Not averaged</b>	<b>Flat–down 3%</b>
<b>August–October average:</b>	<b>Up 10%–15%</b>	<b>Down 7%–12%</b>	<b>Not averaged</b>	<b>Flat</b>	<b>Up 6%–9%</b>

## 9b. Did your November–January used equipment inventory levels increase, decrease or remain the same qq?

	N. AMERICA	EUROPE	RUSSIA/CIS	L. AMERICA	TOTAL
Up 71%–80%:	1	-	-	-	1
Up 21%–25%:	1	-	-	-	1
Up 16%–20%:	2	-	-	-	2
Up 11%–15%:	-	1	-	-	1
Up 6%–10%:	3	-	-	1	4
Up 1%–5%:	3	-	-	-	3
Up:	1	-	-	3	4
Flat:	10	8	1	4	23
Down:	1	-	1	1	3
Down 1%–5%:	4	3	-	-	7
Down 6%–10%:	6	5	-	-	11
Down 11%–15%:	2	-	-	-	2
Down 21%–25%:	2	-	-	-	2
Down 26%–30%:	1	-	1	-	2
Down 41%–50%:	-	1	1	-	2
Down 61%–70%:	-	-	1	-	1
Not applicable:	-	-	3	4	7
<b>Weighted average:</b>	<b>Flat–down 3%</b>	<b>Down 2%–5%</b>	<b>Not averaged</b>	<b>Not averaged</b>	<b>Flat–down 3%</b>

## 9c. Are used equipment inventory levels excessive, adequate or insufficient relative to demand?

	N. AMERICA	EUROPE	RUSSIA/CIS	L. AMERICA	TOTAL
Excessive:	13	2	-	7	22
Adequate:	19	15	2	2	38
Insufficient:	5	1	1	-	7
Don't know:	-	-	1	-	1
Not applicable:	-	-	4	4	8

# Farm Equipment

## 10. Have used farm equipment prices increased, decreased or remained the same compared with 90 days ago?

	N. AMERICA	EUROPE	RUSSIA/CIS	L. AMERICA	TOTAL
Up 1%–5%:	5	2	1	1	9
Up:	-	1	-	2	3
Flat:	27	11	2	2	42
Down:	-	-	-	4	4
Down 1%–5%:	3	3	-	-	6
Down 6%–10%:	2	-	-	-	2
Don't know:	-	-	1	-	1
No response:	-	1	-	-	1
Not applicable:	-	-	4	4	8
<b>Weighted average:</b>	<b>Flat–down 3%</b>	<b>Flat–down 3%</b>	<b>Not averaged</b>	<b>Not averaged*</b>	<b>Flat–down 3%</b>
<b>October average:</b>	<b>Down 1%–4%</b>	<b>Down 2%–5%</b>	<b>Flat</b>	<b>Flat–down</b>	<b>Down 1%–4%</b>

\* Among Latin American sources, Argentine dealers said used equipment prices were flat to up over the last 90 days while Brazilian sources said used prices were flat to down.

Note: Russia and Latin America not included in the global average because of the low response rate

## 11. Has buying activity from second- and third-tier buyers increased, decreased or remained the same qq?

Increased:	22	5	-	-	27
Remained the same:	11	11	-	-	22
Decreased:	4	1	-	-	5
No response:	-	1	-	9	10
Not applicable:	-	-	8	4	12

## 12. Do you expect 2011 new equipment sales to increase, decrease or remain the same yy?

Up 91%–100%:	-	-	1	-	1
Up 41%–50%:	-	-	1	-	1
Up 31%–40%:	-	-	2	1	3
Up 26%–30%:	-	-	1	-	1
Up 16%–20%:	-	2	1	3	6
Up 11%–15%:	-	2	1	-	3
Up 6%–10%:	5	8	-	-	13
Up 1%–5%:	14	2	-	-	16
Up:	2	1	1	5	9
Flat:	12	-	-	1	13
Down:	-	2	-	1	3
Down 1%–5%:	-	1	-	-	1
Down 6%–10%:	2	-	-	-	2
Down 11%–15%:	1	-	-	-	1
Don't know:	1	-	-	2	3
<b>Weighted average:</b>	<b>Flat–up 3%</b>	<b>Up 7%–10%</b>	<b>Up 41%–46%</b>	<b>Not averaged</b>	<b>Up 5%–8%</b>
<b>October average:</b>	<b>Down 3%–6%</b>	<b>Up 3%–6%</b>	<b>Up 22%–27%</b>	<b>Not averaged</b>	<b>Flat–down 3%</b>

## North America

### 13. Was level of Tier-4 pre-buy activity in November and December above, below or in line with your expectations?

Above:	4
In line:	30
Below:	2
No response:	1

# Farm Equipment

## IMPORTANT REQUIRED DISCLOSURES

Non-US persons who have prepared this report are not registered/qualified as research analysts with the NYSE and/or NASD. Such research persons may not be associated persons of the member organization and therefore may not be subject to the NYSE Rule 472 and NASD Rule 2711 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

## ANALYST CERTIFICATION

The Author(s) of this research report certify that all of the views expressed in the report accurately reflect their personal views about any and all of the subject securities and that no part of the Author(s) compensation was, is or will be, directly or indirectly, related to the specific recommendations or views in this report.

## ADDITIONAL DISCLOSURES

OTR Global LLC is an investment advisor subsidiary of OTR Global Holdings II Inc. OTA Financial Group LP is the controlling shareholder of OTR Global Holdings II Inc. OTA LLC is a registered broker dealer subsidiary of OTA Financial Group LP. The affiliated companies of the OTA Financial Group LP, OTR Global Holdings II Inc. and/or its principals, employees, clients or researchers may have an interest in the securities of issuers discussed herein or in securities of other issuers in other industries. The affiliated companies may provide bids and offers for securities of the subject company(ies) discussed in this report and may act as principal in connection with such transactions. The affiliated companies, its principals and/or employees may also hold a position (long or short) in the shares of the subject company(ies) discussed in this report.

OTR does not financially compensate sources for participating in its research reports. OTR conducts industry events where sources who participated in OTR's research reports may be compensated or have their expenses paid by OTR to attend the industry event. Additionally, sources who participate in OTR's research reports may directly interact with clients at these OTR industry events.

**©2011 OTR Global LLC (OTR).** All rights reserved. This report was produced for the exclusive use of OTR and may not be reproduced, electronically or via hard copy or relied upon, in whole or in part, without written consent. The information herein is not intended to be a complete analysis of every material fact in respect to any company, industry or the subject discussed, nor by itself sufficient upon which to base an investment decision. OTR uses a set of symbols to represent its read: Thumb Up denotes positive, Thumb Down denotes negative, and Fist denotes mixed. These symbols are not a recommendation to buy, sell or hold a security.

Additional information available upon request.