We can grow it, but can we get it to market?

“The need for upgraded infrastructure to move our commodities in the future is critical. It is imperative for us to have an infrastructure that will adequately transport the population food requirements in 2050.”

— Charlie O’Brien

Let’s take a quick look at 2016. Corn planted is estimated at 94.1 million acres, up 7 percent from last year. This is the highest planted acreage in the United States since 1944. Soybean planted area for 2016 is estimated at a record high 83.7 million acres, up 1 percent from last year.

And now because of the near perfect growing season this year, yields are up. Both U.S. corn and soybean growers are expected to harvest record-high crops this year, according to the Crop Production report issued by the U.S. Department of Agriculture’s National Agricultural Statistics Service (NASS). U.S. corn production is forecast at 15.2 billion bushels, while soybean growers are expected to harvest 4.06 billion bushels in 2016.

This is great news, despite commodity pricing issues farmers are facing this year. (An important topic, but for another blog).

Now let’s wind the clock forward to 2050. World population is 9.5 billion. Farmers will continue to increase their productivity, doing their important part in meeting food demands to feed this growing population. Think about the norm being 300, 400, 500 bu/acre corn. And what about 100, 150 or 200 bu/acre of soybeans? Great, right?

But farm production is only half the equation. Will we be able to get these high yields to market? Will our roads, bridges, ports, etc. be able to handle this enormous increase in production?

The answer is NO! Certainly not if the level of infrastructure maintenance, growth and improvement remains the same as it is today in the United States.

Consider the railcar shortage in 2014, when farmers were struggling to get corn to market. Delays like this can cost farmers hundreds of millions of dollars. With our record harvest this year, will we see piles of corn on the ground waiting to be delivered? Absolutely. Just drive across Iowa and Illinois in October and November, and you’ll see them.
We can grow it, but can we get it to market?

Will we need sound bridges to get our trucks to the field and then to the elevator in 2050? Yes. Nearly 10 percent of the country’s bridges (58,495 out of 609,539) were considered structurally deficient last year and in need of repairs, according to the American Road and Transportation Builders Association. Bridges, critical links that are often bottlenecks on the road network, show disparities in condition, with urban bridges in better condition than service bridges that sometimes force long detours, particularly around rural facilities. Today’s U.S. transportation infrastructure system was built for a different time. But the global economy and emerging technology have changed everything, and tomorrow will be different again. Looking forward, we must accommodate a growing population. The need for upgraded infrastructure to move our commodities in the future is critical. It is imperative for us to have an infrastructure that will adequately transport the population food requirements in 2050.

So do we have the answer? Not yet, but AEM is taking a thought leader position in looking at developing proposed solutions to meet the infrastructure needs of the United States. AEM is sponsoring an initiative called Infrastructure Vision 2050 that is proactively exploring the future needs of our transportation infrastructure. Stay tuned to watch the development of the vision. Actually, don’t just watch. Get engaged and participate at aem.org/advocacy/infrastructure-vision-2050. We need everyone’s ideas put into the mix to find the best vision for our future that will keep our competitive advantage in producing and efficiently and effectively moving our agricultural commodities to the market today and into the future.

And what about the barges transporting our grain? Forty-nine percent of commercial vessels on the inland waterways network were delayed in 2014 because of insufficient lock capacity. Delays at ocean ports have grown in part because import flows have increased substantially, while capacity in the ports and on ground access facilities has not kept pace.

Rural infrastructure today and tomorrow

The first panel tackled an assessment of where things stand and discussed the challenges the agriculture sector and rural communities face with the current state of U.S. infrastructure. Those panelists included Vice Chair of the National Association of Counties Agriculture and Rural Affairs Steering Committee Commissioner Bob Fox, Premier Communications CEO and NTCA – The Rural Broadband Association President Doug Boone, Soy Transportation Coalition Executive Director Mike Steenhoek, Iowa Dept. of Transportation Director of Planning Stuart Anderson, American Commercial Barge Line Government Affairs Vice President Marty Hettel, and Iowa Corn Growers Association Senior Policy Advisor Amanda De Jong.

The second panel focused on ways the agriculture community can innovate through and around existing infrastructure challenges. Panelists emphasized the important role that technology will play and is already playing in the agriculture sector. Participants included CoBank Chief Regulatory, Legislative and Compliance Officer Andrew Jacob, CHS Government Affairs Vice President John Engelen, Trimble Navigation Senior Vice President of Natural Resource Darryl Matthews, Iowa State University Agriculture Entrepreneurship Initiative Director Kevin Kimle, and Big River Rice and Grain CEO Bert Farrish.

An open call for ideas and solutions to more efficiently and effectively transport agriculture commodities was also announced at the summit. The most compelling proposals will be featured next year at AEM-sponsored agriculture community events. More details will be available soon at aem.org/IV2050.
AEM hosted more than 30 officials from the Environmental Protection Agency’s (EPA) Office of Pesticide Programs for a day of spray drift control technology field demonstrations on June 15 at the University of Maryland’s Wye Research & Education Center in Queenstown, Maryland.

The event, which was organized in conjunction with the Agricultural Retailers Association, gave regulators the opportunity to interact with farm machinery and technology experts to gain a deeper understanding of the multiple layers of spray drift control that is employed by today’s equipment.

AEM members John Deere, AGCO, Case IH, GVM and TeeJet brought a variety of products to the demonstration. AEM member Hardi also set up a display to explain their technology, and Helicopter Applicators, Inc. was onsite to showcase aerial application techniques.

“This demonstration offered AEM members a terrific opportunity to demonstrate the many steps manufacturers voluntarily take to reduce spray drift, both for the sake of their customers and the environment,” said Nick Tindall, AEM Senior Director for Government and Industry Relations. “We believe this demo day will help AEM members establish a foundation for a better working relationship with the EPA on matters of importance for equipment manufacturers.”

AEM aims to keep the momentum generated by the event going through continued engagement with EPA policy-makers. Our goal is to help them successfully implement the Drift Reduction Technology Registry and develop pesticide product label language that works for both farmers and equipment manufacturers. A follow-up meeting to exchange information about technology and our industry’s standard development process has been scheduled. Stay tuned for more updates in the Ag Executive Advisor.

Also joining the event were staff from other ag industry associations, including National Corn Growers Association, National Cotton Council of America, National Agricultural Aviation Association and CropLife America. A group of state pesticide regulators and a representative from the U.S. Forest Service attended as well.
Every election has consequences for the business community, and 2016 is no exception. But this year’s volatile presidential contest has made the implications for agricultural equipment manufacturers more unpredictable than ever.

Here are some things to look toward as we enter the height of the campaign season, which begins after Labor Day.

- **Clinton enters fall with an edge over Trump:** There are still plenty of developments (including the so-called “October Surprise”) that could upend the presidential contest. But Donald Trump’s rocky experience as the GOP nominee has given Democratic nominee Hillary Clinton a meaningful – but not decisive – advantage. The presidential debates, which begin Sept. 26, maybe offer Trump his best chance at reversing his campaign’s fortunes.

- **The RFS is likely safe – no matter who wins:** Trump has pledged to support the Renewable Fuel Standard if elected, and the fact that Eric Branstad (the son of Republican Gov. Terry Branstad who had run a pro-biofuels campaign during the Iowa caucuses) runs Trump’s campaign in Iowa bodes well for the ethanol industry. Likewise, Clinton’s campaign quickly killed a rumor floated in early August suggesting the Democrat may turn to an alternative fuel standard if elected. That suggests the next administration is likely to continue to support the RFS moving forward.

- **Congressional backstop could be at risk:** The House and Senate have failed to foil most of the regulations issued by the Obama administration, despite bipartisan support in some instances to undo rules like Waters of the United States (WOTUS). If support for Trump craters this fall, it could put several pro-business legislators at risk in November, and threaten to flip control of the Senate to Democrats. The change in composition of Congress would have significant implications for tax or regulatory reform efforts that affect both farmers and manufacturers. In short, the next Congress may be less willing to undo harmful regulations for manufacturers and farmers, and struggle to block new ones from the next administration.

- **Downballot races matter:** A number of issues that affect farmers and manufacturers are now being fought in state capitols, not in Washington. That means the stakes are high in a number of contests for control of governors’ mansions and statehouses. What’s not yet clear is how the Clinton-Trump showdown will affect these contests. Republican candidates for the U.S. House and Senate have outperformed Trump in most polls, though even that might not be enough to save them on Election Day. But there’s not much reliable polling available about how the presidential contest will shape state races this fall.

The most important thing for observers to remember is that there are a lot of things that could change between now and Election Day. In politics, several hours – let alone several weeks or months – can be a lifetime. But the good news is that, whatever the outcome on November 8, it’s unlikely to produce a major shock to the equipment manufacturing industry, or its customers.

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Mike O’Brien  
AEM Public Affairs Manager
Right to Repair laws persist

Though many state legislatures have concluded activity ahead of looming elections in November, so-called “Right to Repair” laws persist as an issue for both equipment manufacturers and their dealers. The issue will likely persist well into 2017.

AEM has actively partnered with dealer groups to coordinate and amplify efforts to educate state lawmakers, industry associations and end-user customers like farmers about the significant implications of Right to Repair laws.

These include several key facts:

- Consumers and repair shops CAN easily access service manuals.
- Manufacturers and dealers routinely partner with consumers to perform basic maintenance and repairs, and authorized dealers are trained to ensure equipment both meets that intended function and complies with mandatory safety and emissions requirements.
- Authorized dealers are local businesses who make significant investments in their communities, support the local tax base, and provide high paying jobs with competitive benefits.
- The marketplace for industrial equipment is very different from the consumer vehicle industry.
- Most equipment dealers often invest thousands of dollars in training technicians on the latest industry innovations, as well as changing requirements related to safety and emissions.
- Almost all service information regarding parts, services and best practices for equipment is available to consumers – often for free.

Raising awareness of the reality of manufacturing-dealer business partnerships stands at the core of AEM’s effort to guard against state legislation that could have negative ramifications for the industry.

But the issue is likely to persist, as groups continue to pursue legislation on the state level, especially after this November’s election.

AEM has engaged a variety of industry groups to broaden the effort to educate state lawmakers, industry associations and end-user customers about the effects of these laws.

AEM and its dealer group allies are also playing offense well before next year’s legislatures meet. That includes an effort at Farm Progress to educate attendees about the implications of Right to Repair laws for dealers and manufacturers, and a pending campaign to make the manufacturer and dealer perspective more visible with regard to these laws.

Ag Lighting and Marking Rule finally published

The U.S. Department of Transportation finally published its rule governing lighting and marking for agricultural equipment after almost four full years of deliberation.

The rule adopts the current ASABE standard as a new national minimum standard. In the rule, the Department of Transportation adopts ASABE Standard 279.14, or any successor to that standard.

The rule has been in limbo since Congress passed the MAP-21 highway bill in 2012. That legislation required the National Highway Traffic Safety Administration (NHTSA) to establish a federal rule regarding lighting and marking for agricultural equipment.

The rule was published following considerable effort by AEM urging the DOT to release the proposed standard. AEM enlisted the assistance of Sens. John Thune (R-S.D.) and Amy Klobuchar (D-Minn.) as well as Rep. Sam Graves (R-Mo.) in urging the DOT to release the rule. The rule, as published, notes that rulemaking officials met with AEM and other manufacturers in developing the standard.

The rule was published to the Federal Register and supersedes existing state standards regarding lighting and marking for agricultural equipment. Manufacturers must be in compliance with the rule by June 22, 2017.
Agree to disagree: What Ag Equipment Dealers and Manufacturers think about current equipment inventory

In August of 2016, the Association of Equipment Manufacturers (AEM) and the Equipment Dealers Association (EDA) teamed up to survey their respective members about the levels of new and used agriculture equipment inventory currently on the market. While there were a number of similarities between the two groups surveyed, the discrepancies within the survey results were most interesting.

AEM’s data results revealed that, since 2014, the ag equipment manufacturers surveyed believe that new and used inventory levels are decreasing overall. This trend is consistent with EDA’s ag equipment dealer survey results for the second quarter of 2016.

While dealers and manufacturers both agree that inventories, used and new, are clogging up the pipelines, their perceptions on dealer inventories do differ.

There are a number of potential reasons for the discrepancies between manufacturer and dealer opinions. First, it is likely that the dealers’ viewpoint is both more immediate and that they have to take into consideration all lines of equipment rather than that of one specific manufacturer. Conversely, manufacturers’ view is limited as they only consider their own product line. Also, manufacturers must consider the whole production chain as well as retail, spreading their focus. For dealers who carry lines from multiple OEMs, the inventory picture can be both nuanced and daunting.

Second, while dealers may be more focused on the day-to-day operations of their business, manufacturers may be taking the long view, evaluating the situation as it will exist weeks, months or even years down the road.

When it comes to solutions, AEM and EDA survey takers seemed to agree about what should be done to fix the inventory issue.

Manufacturers, when asked about their plans and initiatives to address inventory issues, largely focus on internal solutions to minimize cost and make production leaner. Some specific examples given were: reducing headcount, restricting overtime and cutting production. While most manufacturers focused on internal ways to reduce inventory, others did offer dealer-focused solutions such as better or more competitive financing, retail sales promotions and reducing purchasing requirements for dealerships. Dealers also offered some internally focused solutions to the inventory problem such as stopping or reducing orders for new inventory.

Ultimately, it seems agriculture equipment manufacturers and dealers both understand that they must be prepared for changes in demand and fluctuations in inventory levels.
Exports of U.S.-made agricultural equipment at midyear 2016 dropped 12 percent overall compared to the first half of 2015, for a total $3.54 billion shipped to global markets. Europe and Central America continued to show growth, with the double-digit declines in other world regions led by Asia and South America.

January-June 2016 U.S. agricultural equipment exports by major world regions compared to January-June 2015:

- Canada dropped 17 percent, for a total $1.05 billion
- Europe gained 12 percent, for a total $933 million
- Central America gained 12 percent, for a total $620 million
- Asia fell 38 percent, for a total $314 million
- Australia/Oceania fell 26 percent for a total $261 million
- South America dropped 32 percent, for a total $249 million
- Africa decreased 17 percent, for a total $109 million

“Midyear 2016, U.S. agricultural equipment exports to the world continue to decline, though lower than in previous quarters. Looking at the Q2 results of our North American Agricultural Equipment Industry Conditions Trends Survey, which tracks the perceptions of member manufacturers, of those that exported goods, 33 percent of respondents indicated falling exports and 40 percent indicated stability,” said AEM’s Benjamin Duyck, director of market intelligence.

“It is important to note that while ag equipment exports might suffer double due to the overall ag downturn, a deterioration in export levels is a nationwide problem. With the global economic malaise, the slowdown in emerging markets and the negative interest rates in several economies’ bond markets, investment is flowing to the U.S. and U.S. stocks, driving up demand for the U.S. dollar, inadvertently affecting our competitiveness abroad.”

Find more information like this or for import/export statistics reports focused on your products and countries please contact Benjamin Duyck at bduyck@aem.org.

THE BELOW CHARTS ILLUSTRATE A ROLLING 4 QUARTERS VS. PREVIOUS 4 QUARTERS FOR COUNTRIES WITH > $25 MIL./YR IN EXPORTS

<table>
<thead>
<tr>
<th>Country</th>
<th>Last 4 Qtrs</th>
<th>Prev 4 Qtrs</th>
<th>% Change</th>
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<td>HUNGARY</td>
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<td>DENMARK</td>
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<td>MEXICO</td>
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<td>THAILAND</td>
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<td>POLAND</td>
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<td>SAUDI ARABIA</td>
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<td>RUSSIA</td>
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<td>TURKEY</td>
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<tr>
<td>Global Total</td>
<td>$6,888,580,517</td>
<td>$7,757,215,865</td>
<td>-11.2%</td>
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<table>
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<tr>
<th>Country</th>
<th>Last 4 Qtrs</th>
<th>Prev 4 Qtrs</th>
<th>% Change</th>
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<td>SOUTH AFRICA</td>
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<td>BELGIUM</td>
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<tr>
<td>UNITED ARAB EMIR</td>
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<td>UNITED KINGDOM</td>
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<td>COLOMBIA</td>
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<td>PERU</td>
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<td>Global Total</td>
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<td>$7,757,215,865</td>
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Source: Data courtesy: Association of Equipment Manufacturers Statistics
Large farm tractor sales continue to suffer

Production agriculture sales continue to underperform with 100+HP 2WD tractors declining 27% y/y and 4WD tractors declining 48.1% y/y. Combined the segments are not only below their 5 year average, but are also below 2014 and 2015. YTD, 100+HP 2WD tractors have experienced a 24.2% drop while 4WD tractors are down 33.7%. One member commented: “large ag has not returned”.

Small and mid-size tractor sales strengthen

Farm tractors <40hp reported a growth of 21.2% in August 2016, compared to the same period last year. YTD, this category has experienced an 11% increase. There continues to be strength in this segment. Farm tractors 40-100HP once again reversed their trends resulting in a 0.7% loss year over year, bringing the YTD loss to -5.3%. When combined, the <40-100HP segment sales outperformed their 5year average (2011-2015), but this was clearly driven by the smaller equipment. We expected the 40-100HP segment to drop given the 4.3% decline in livestock receipts for 2016. One member commented: “Falling livestock prices are accompanying falling demand for associated new machinery sales”
Demand and Planning

The Net Rising Index (NRI) for Unit Volume of Demand (Whole Goods) year over year came in at -41, down from -30 in Q1 but up from -45 in Q2 2015. This is the 10th consecutive quarter of negative year over year NRIs. The NRI for Unit Volume of Demand (Parts) year over year is following the same trends as for Whole Goods, but is performing at a slightly better level, coming in at -20, down from 1 in Q1 2016, but up slightly from -21 a year ago. Overall, it appears that, disregarding movements over the last year, the market sentiment is back where it was in Q2 2015. Looking towards the future, the consensus planning for the next 12 months came in at -17.5, down from -3.3 in Q1 2016 but up slightly from -22 in the same quarter last year. The slight improvement that we saw in the previous quarter has dissipated.

Some members commented on the Q2 market performance: “Concerned but cautiously optimistic”; “Commodity prices will likely stay low due to high carry over inventories”; “Demand seems to have flattened a little compared to last year”; “Sharp declines which have been seen in crop sector, have spread to livestock sector this year.”

Inventory levels

Inventories continue to be one of the major constraints in the current ag equipment industry downturn. From 2014 onwards we have received narratives and comments that ag equipment manufacturers and their dealers have put forth efforts to reduce the high inventories that are clogging up the pipeline. Compared to the previous quarter, the NRI for dealer inventories quarter over quarter came in at -16.39, up from -20 in Q4 2015. Still, more respondents indicated the inventories were decreasing vs. increasing. A big difference from last quarter is that inventories are now rated too low, though there is a significant group (50 percent) that says they are closer to being a good level. (blue line) ■

Survey Explanation

North America Ag Equipment Industry Trends Report, formerly called Ag Industry Conditions Survey, is a quarterly state of the industry report for the agriculture/dairy industry that asks participants about their unit volume of demand for whole goods and parts, company employment, unit volume of company and dealer inventories, capital spending, profit margins, wages and salaries, prices of input materials, prices charged, shortages, export performance and planning scenarios. We take the positive answers and detract the negative ones, creating a net rising index. Anything below zero means a market contraction, anything above growth. The stronger the contraction or growth, the stronger the market consensus. To receive the full results of this survey, please sign up by contacting Benjamin Duyck at bduyck@aem.org.
### Commodity Notes

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Unit</th>
<th>Current Price</th>
<th>YTD (% Chg)</th>
<th>1 Year (% Chg)</th>
<th>2015 (ave)</th>
<th>YTD (ave)</th>
<th>2016f (ave)</th>
<th>2017f (ave)</th>
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<td>Class III Milk (Third-Month)</td>
<td>USD/cwt</td>
<td>17.02</td>
<td>20</td>
<td>5.2</td>
<td>15.75</td>
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<td>Cocoa (London)</td>
<td>GBP/tonne</td>
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<td>5.9</td>
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<td>Coffee</td>
<td>USc/lb</td>
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<td>Corn</td>
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<td>Cotton</td>
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<td>Feeder Cattle</td>
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<td>Lean Hogs</td>
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<td>Live Cattle</td>
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<td>Palm Oil (Third-Month)</td>
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<td>2,235</td>
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<td>Rough Rice</td>
<td>USD/cwt</td>
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<td>Soybean</td>
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<td>Wheat</td>
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<td>452</td>
<td>480</td>
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Note: All metal prices except steel and iron ore refer to generic third-month contracts; all energy and agricultural prices refer to generic front-month unless otherwise stated. Source: Bloomberg, BMI. Last updated: September 8, 2016.

### Grains

Prices are again testing multi-year support around the 290 level, and a break below that key level would send prices significantly lower. Looking ahead, BMI anticipates limited price appreciation from the S&P GSCI Grains Index before the end of 2016. Due to excellent US growing weather, BMI now expects the 2016/17 corn and soybean markets to be roughly in balance.

### Softs

Softs prices have been among the outperformers in commodities over the past 12 months, and BMI expects gains to be more muted over the rest of 2016. Prices will remain on an uptrend in 2017 and average higher y-o-y. In particular, sugar prices will remain supported until the end of 2016 and in 2017, as the global market will remain in substantial deficit for the ongoing 2016/17 season despite the pickup in global production. BMI’s Latin America Country Risk team has turned more positive on the Brazilian real and forecasts the currency to average BRL3.450/USD in 2017, slightly stronger than in 2016, which will provide further support to sugar prices next year (see chart above).

### Oil

BMI has downgraded its 2016 annual average forecast for Brent, from USD46.5/bbl to USD45.5/bbl. The downgrade reflects our more bearish short-term fundamental outlook, as refinery maintenance works, bloated inventories and narrowing crack spreads dull demand for crude this autumn. Conventional non-OPEC supply will continue to contract alongside a seasonal softening in supply from OPEC. However, it is their view that US output is bottoming out and will begin to recover in the back end of the year. This will be negative for market sentiment and could trigger a reversal of the overweight bullish positioning in Brent. BMI left their 2017 forecast unchanged at USD57.0/bbl, with gains supported by firming emerging markets consumption growth and continued pullback in non-OPEC supply.

### From AEM's Global Monitor

The data on this page was compiled from the data provided by Business Monitor International. AEM has consumption, production and price data (historical and forecasted) for various commodities and countries worldwide. This information and additional analysis for sale for members on a report by report basis. For more information, please email Benjamin Duyck at bduyck@aem.org.
Latin America ag statistics program

Over the past two years, AEM has been working with member companies in Latin America to develop and launch a statistics reporting program for agricultural equipment. There have been several challenges in the process as the level of geographic detail and program parameters for the various countries were discussed and agreed upon by the participating manufacturers. Final preparations are now being made to launch the program as the last few companies enter the required information, which includes monthly data going back to January 2015. A meeting of the Latin America Ag Regional Management Committee was held in Porto Alegre in early September to review the final details before publication and decide on which additional products to include in the next phase of the program roll out.

Initially, nine AEM member manufacturers (AGCO, CLAAS Global, CNH Latin America, Deere, Krone, Kubota, LS Tractor, MacDon and Woods) will begin reporting up to 15 products, listed here:

- 2WD Tractors
- 4WD Tractors
- Pull Type Planters
- Mounted Planters
- SP Combines
- Forage Harvesters
- Combine Pickup Headers
- Combine Platform-Rigid
- Combine Platform-Flexible
- Combine Draper Head-Rigid
- Combine Draper Head-Flexible
- Corn Heads
- Rigid Rotary Cutters
- SP Sprayers
- Sugar Cane Harvesters

For more on ag statistics programs, contact AEM’s Director, Statistics and Market Information Rex Sprietsma at rsprietsma@aem.org | 414-298-4147.

Spend your resources wisely

For one-on-one time with serious growers, sign up now for Commodity Classic 2017. Bring your top customers to see your product first hand, take part in quality education and enjoy time in sunny San Antonio.

AEM joined the show as an Affiliate in 2016, and that show delivered:

- 9770 people (up 23% from 2015)
- 4,596 farmer/operator decision makers
- $1.5 million in average gross farm income
- 2,893 average total acres
- 186 key media representatives

Don’t miss out. Go to commodityclassic.com/exhibitors to sign up and learn more or contact the Commodity Classic Trade Show Office at 636-922-5551 | tradeshow@commodityclassic.com.
AEM staff gets hands-on with learning at Wisconsin Farm Technology Days

AEM staff were fortunate enough to have the opportunity to attend the Wisconsin Farm Technology Days on July 21. This year’s event was hosted by Snudden Farms in Lake Geneva, WI. Snudden Farms is currently milking 1,700 Holstein cows in a double parallel parlor, farms 3,000 acres of crop ground and just installed a sand manure separator. This year, AEM staff was not only able to tour the dairy operation, learn about the crop equipment and see the live demos of some hay equipment, but also tour a local grain elevator to gain a better understanding of farming beyond the harvest, commodity prices, and really drive home the importance of trade. Agriculture has a great story to tell and all of us in agriculture need to tell that story.

PrecisionAg® launches first Vision Conference™

PrecisionAg® Media is pleased to launch its first PrecisionAg® Vision Conference™ October 18-20 in Phoenix, AZ, USA. This premier event promises to be the first strategic conference focused on the future of farm digitization and precision agriculture and their impact on producers.

The need to understand the complexity and wide-ranging potential of these technologies to transform agriculture – from farmer to agribusiness to the extended food sector – is the key motivator for creating this event, which has been endorsed by and is supported by the Coalition to Advance Precision Agriculture (CAPA). AEM is a member of CAPA.

Industry experts from companies like FarmQA, Campbell Soup, Rabo AgriFinance will share information on important topics including:

- The Internet of Things (IoT)
- The Big Data MBA
- Food Manufacturing and Precision Ag: The Emerging Links
- Regulation, Policy, and Carbon Neutrality: Can Digital Agriculture Take Us There?
- Agriculture and Cybersecurity – It Matters
- We Are Not Alone: Lessons Learned from Other Industries

Conference details, agenda, and registration information are available at PrecisionAgVision.com.

This year’s ag breakout session features American Farm Bureau Federation Chief Economist & Deputy Executive Director Bob Young, who will focus on factors impacting the ag market and your business.

CHECK OUT THE FULL AGENDA, REGISTER AND RESERVE YOUR HOTEL ROOM AT: WWW.AEM.ORG/ANNUAL
A routine booth visit became a door-opening opportunity for Woods Equipment in Brazil.

“We had just started exploring international opportunities and were seeking to enter the Brazilian market,” said Jerry Johnson, president of Blount International’s Farm, Ranch, and Agriculture division and a member of the AEM Ag Sector Board. “We knew we needed to assess the market and plan a visit in the next few months,” Johnson added. In a routine member visit, AEM’s Arnold Huerta stopped by the company’s booth at a trade show.

“While making his rounds at the show, Arnold opened our eyes to the resources available from AEM,” said Angela Kay Larson, Woods’ director, Brand Marketing and Communications. Among other things, Larson learned that AEM offers free consultation services and in-depth market intelligence and research.

Larson recalls that Huerta literally helped open doors in Brazil, assisting with travel plans, explaining cultural differences, and securing an interpreter and driver to host an entourage of Woods Equipment staff around the country when they arrived for a first look at the market. She said initial steps included:

• An overall market assessment
• An analysis of which products fit the market
• An understanding of in-country competition.

Attendance at two trade shows in Brazil offered additional market intelligence, she said. Larson added that her understanding of the market was helped by being appointed to AEM’s Ag Latin America Regional Management Committee (AG LA RMC). “Being part of the AG LA RMC got me very immersed in the market and let me meet other manufacturers doing business in the region,” she said.

After Woods began working with AEM on entering the Brazilian market, the Oregon, Illinois-based company was acquired by Blount International, whose manufacturing facility in Brazil provides Woods with assembly operations, human resources, IT and other support.

Today, Woods sells its products through a network of dealers in Brazil. The company has also hired a sales manager and employs a technical specialist and an advertising analyst. “Our expansion into Brazil has benefited immensely through our relationship with AEM in Latin America,” said Johnson. “We strongly recommend use of AEM global business resources to other AEM members.”
New to Latin America?

If your company plans to start doing business in Latin America, where do you start?

It’s a good question, especially when you may know nothing about the opportunities and the culture of the countries in the region. Finding the right contacts and scheduling meetings with distributors or partners can take months and cost thousands of dollars.

AEM’s Industry Resource Manuals provide critical regional information as well as details specific to Latin America’s 10 most significant markets:

- Argentina
- Brazil
- Chile
- Colombia
- Ecuador
- Mexico
- Paraguay
- Peru
- Uruguay
- Venezuela

The Industry Resource Manuals offer an overview of each country’s political situation, leading economic indicators, trade arrangements, regulatory environment, in-country manufacturing base, key industry contacts and more.

For those ready to take action, the manuals also include contact details for governmental organizations, other beneficial associations and trade magazines that can help marketers explore new connections.

Get help now

Get started now by ordering your Industry Resource Manuals. Go to shop.aem.org and click on Global Business Development. AEM member cost is $500 per country or $2,500 for the full Latin America manual (either Agriculture or Construction). For more information, contact AEM Global Business Development staffers Barbara Schumacher or Arnold Huerta at bschumacher@aem.org 414-298-4103 or ahuerta@aem.org 414-298-4119 respectively.

The Latin American reality: layoffs, high utilities, low commodity prices

From AEM’s Latin America Advisor

Latin American countries have experienced intense recession over the course of the last quarters. The region’s critical economic state is an effect of Brazil’s strong recession and Venezuela’s state of instability. Because of its importance to the region’s economic health, Brazil has caused a spillover on the region by affecting trade with neighboring countries. Experts believe that the region suffered a contraction in GDP of 1.0% in the second quarter of 2016 on a year-on-year analysis. The region’s growth does not present an improvement from Q3, which supports experts’ affirmations that Latin America’s economy will not experience a recovery anytime soon.

As we approach the last quarter of 2016, major countries such as Brazil and Argentina will continue to be the center of attention when it comes to politics and economy. They are not only two of the most important agricultural economies in the region, but along with Mexico, Ecuador, and Venezuela, they represent about 50% of Latin America’s GDP. Under the administration of interim President Michel Temer, Brazil experienced a small but positive reaction from foreign investors. They see a more promising future for the Brazilian economy under his command. On the other hand, the possible return of former President Dilma Rousseff and temporary status of the Temer administration remains the country’s greatest obstacle to achieving economic recovery. Due to the reallocation of federal funds used to complete projects for the Olympic games, all economic sectors are skeptical towards the government’s ability to finance existing projects or support new measures.

In our June Latin America Agriculture Advisor, we mentioned how the Ministry of Agriculture of Brazil had put in place new measures to aid farmers in the financing of tractors. Experts believe that programs such as Moderfrota will be the first to suffer cuts due to the quick fixes made by the government during the Rio games. Analysts predict that the country will continue to contract by over 3% until the end of this year and only experience a mild recovery in 2017 with a possible growth of 0.9%.

Argentina is in a similar economic state. This is partly due to its biggest trading partner Brazil’s severe recession. The rise of inflation, caused by massive layoffs, along with high utilities costs, and low commodity prices also hurt the country’s economy. However, Argentina is expected to gain an influx of foreign investment. AEM learned firsthand from agricultural professionals that an inflow of foreign capital is expected to boost business in the industry and expand agricultural production and consequently the demand for equipment. That being said, Argentina’s economy is expected to bounce back much faster than its regional partners, achieving an expected 3.0% growth by 2017.
The U.S. Department of Transportation published its final rule governing lighting and marking for agricultural equipment on highways on June 22, 2016. In the rule, the Department of Transportation directly points to the requirements and content of ASABE Standard 279.14, or any successor to that standard and S390.4, or any successor to that standard.

ASABE did not specifically promote the US DOT to pursue this rulemaking, but staff and key members were consulted and provided information at various times during the process. Manufacturers have until June 22, 2017 to be in compliance.

ASABE has adopted

- ISO standard, ANSI/ASABE AD5675:2008, Agricultural tractors and machinery — General purpose quick-action hydraulic couplers. An identically titled ASABE standard, ANSI/ASAE EP366.2, was used as the basis for the ISO standard and was replaced with the adoption.
- Four standards that address the safety and testing of rotary disk, drum and flail mowers:
  - ANSI/ASABE AD4254-12: 2012, Agricultural machinery — Safety — Part 12: Rotary disc and drum mowers and flail mowers
  - ANSI/ASABE S639, Safety Standard for Large Row-Crop Flail Mowers

ASABE has completed a revision to its standard for testing the capacity and performance of combines, and the revision has been proposed as the basis for an international standard. ANSI/ASAE S396.3, Combine Capacity and Performance Test Procedure, includes updated text that clarifies wording and incorporates new practices for performing loss testing on combine harvesters. ANSI/ASAE S396.3 has been proposed as the basis for a revision to International Standard ISO 5687: 1999, Equipment for harvesting — Combine harvesters — Determination and designation of grain tank capacity and unloading device performance.

ASABE has completed a standard that establishes a framework for charting progress toward sustainable agricultural production. ANSI/ASABE S629, Framework to Evaluate the Sustainability of Agricultural Production Systems, includes provisions for defining and benchmarking key performance indicators, setting goals, implementing strategies for continuous improvements, and reporting improvements. The standard is intended for application with all typical farming operations found around the world. This framework is not intended to be a prescriptive criterion for creating a sustainability certification program. It is anticipated that the key performance indicators developed across these frameworks will differ based upon the location, scope, and sector of agriculture for which the framework is applied.

For information on these or any other ASABE standard, contact Scott Cedarquist at 269-932-7031, cedarg@asabe.org. A current listing of all ASABE standards projects can be found on the ASABE web site at www.asabe.org/projects.

Welcome new AEM agriculture members!

| Brandt Equipment Solutions Ltd. | Evolution Wheel | KUS USA | Ritchie Bros Auctioneers | Valspar Corp (The) |
| Diamond Mowers | Felling Trailers | Kyocera Communications | Titan Implement LLC | Veloci Performance Products |
AEM helps manufacturers sell their products.
Certified ISOBUS products can be seen in the AEF Database allowing farmers and dealers to search for compatible products. Increase the desirability of your products to end users by joining AEF today.

Contact Mark Benishek at mbenishek@AEM.org or 414-298-4118 to learn more.