



***FY '00 Ag Export Forecast Rises to \$50.5 Billion
Initial FY 2001 Projection Set at \$51.5 Billion***

***FY 2000 & 2001 Export Forecasts for
Ag, Fishery & Forest Products***

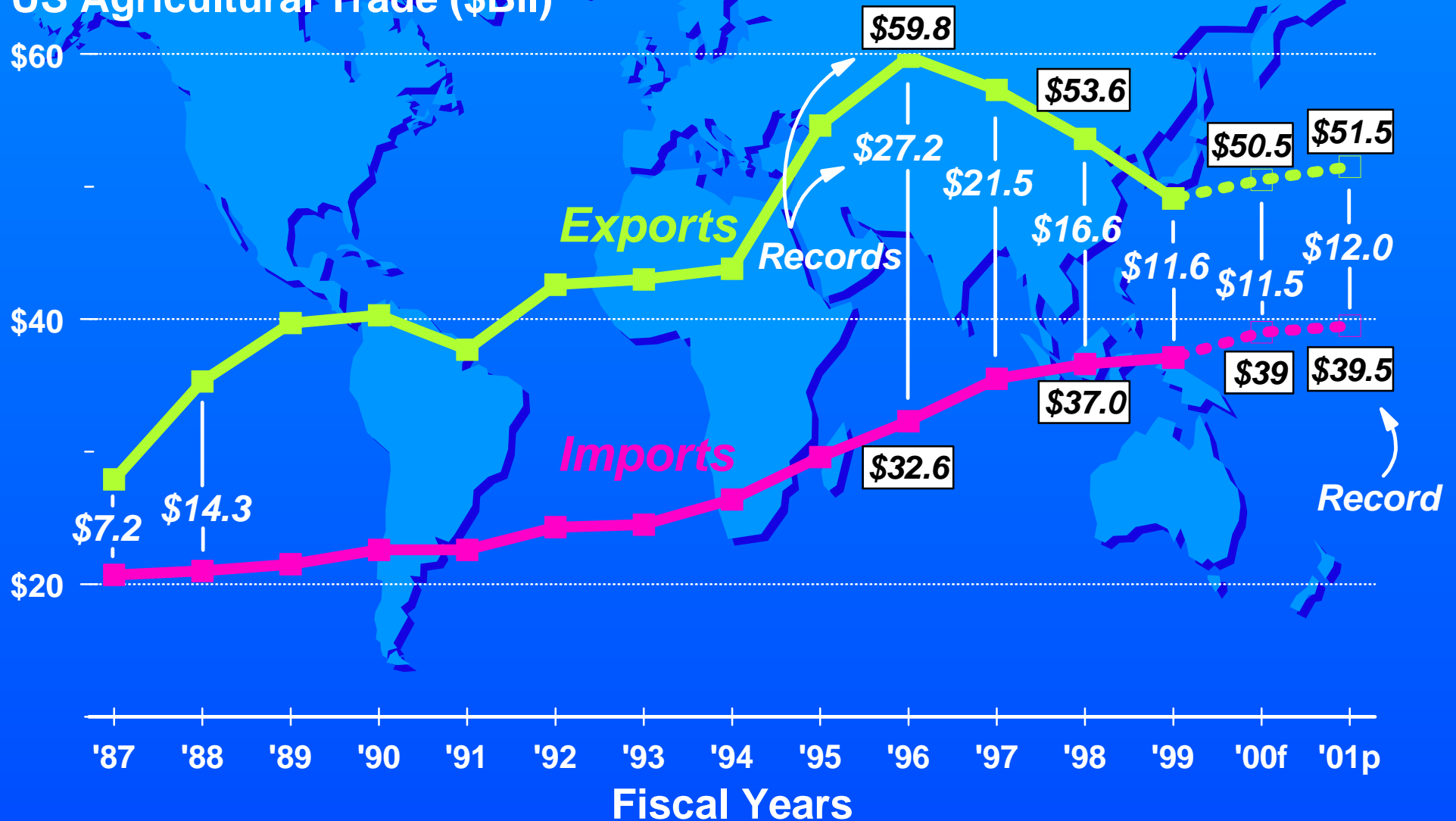
***USDA's "Outlook for US Agricultural Trade"
released on August 30, 2000***

Prepared by Ernest Carter with assistance from CMP Commodity Analysts, FAS/USDA

U.S. Agricultural Trade Balance

Trade surplus remains modest in 2001 despite a slight uptick. Strong foreign demand has returned, but large supplies keep prices low which moderates any increases to export value and the trade surplus.

US Agricultural Trade (\$Bil)



Summary of Major Changes* in Export Forecasts

Revisions in FY 2000 Forecast (since June)

Soybeans -- Vol (+) 1 MMT, but lower prices limit value gain to \$200 million

Coarse Grains -- Vol (+) 1.4 MMT supports value gain of \$200 million

Rice -- Vol (+) 200,000 MT, but lower prices keep value unchanged

Beef & Pork -- Vol (+) 200,000 MT supports value gain of \$200 million

Poultry -- Vol (+) 100,000 MT support value gain of \$100 million

Asia (+) \$800 million to 19.9 billion -- Japan +\$300, China +\$200, SEAsia +\$200

EU-15 (-) \$300 million to \$5.9 billion -- trade surplus w/ US rises to \$2.5 billion

Russia (+) \$400 million to \$1 billion as commercial poultry meat sales rise

FY 2000 to FY 2001

Cotton -- Vol (+) 300,000 MT plus stronger prices leads to value gain of \$800 million

Hort -- Vol (+) 200,000 MT leads to value gain of \$300 million

Corn -- Vol (+) 6.5 MMT, but lower prices limit value gain to \$100 million

Wheat -- Vol (+) 2 MMT supports value gain of \$200 million

Soybeans -- Vol (+) 800,000 MT, but lower prices lead to value loss of \$200 million

No projections on country markets for 2001 until December.

***Note** Forecasts are rounded to the nearest 100,000 MT and \$100 million. FY 2001 projections are subject to substantial revisions over the next few months, especially for grains and oilseeds.

Export Outlook for Grain & Feed

Revised Forecast for 2000: Steady at \$13.6 Billion

Initial FY 2001 Projection: Remains at \$13.6 Billion

Revised FY 2000 Forecast (since June)

Key Upside Developments

- corn & sorghum forecasts up 1.4 MMT due to sales pace and less China corn competition
- rice export forecast up 200,000 MT due to sales pace

Key Downside Developments

- prices remain weak for major grains; rice prices sink further

Initial FY 2001 Projection

Key Upside Developments

- corn exports up 6.5 MMT to 53.5 MMT (highest since 1994/95) in response to stronger global demand and reduce competition from China

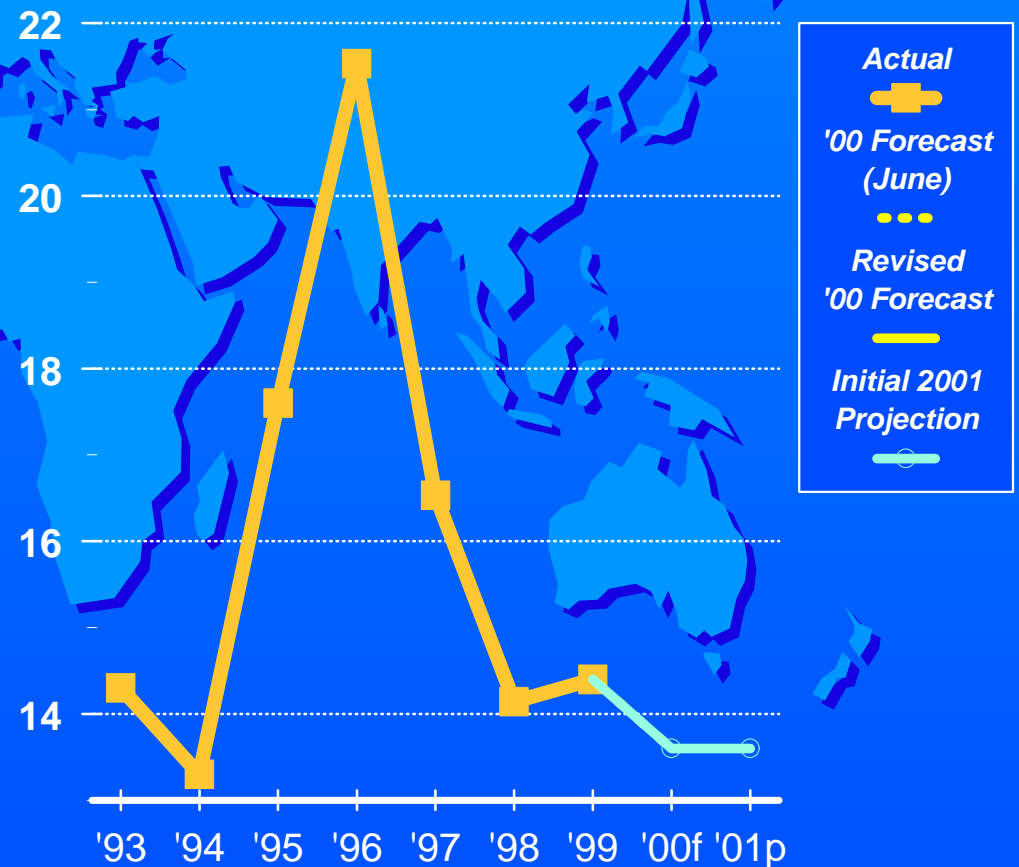
Key Downside Developments

- no price recovery expected; in fact, corn prices expected to drop further due to record crop and large stocks
- strong competition in rice markets should keep prices depressed and US export volume steady

Wild Cards

- China's corn export level
- European wheat quality

U.S. Grain & Feed Exports (\$Bil)



Note: Includes corn gluten feed/meal

Export Outlook for Oilseeds & Products

Revised Forecast for 2000:  \$200 Million to \$8.7 Billion

Initial FY 2001 Projection: Steady at \$8.7 Billion

Revised FY 2000 Forecast (since June)

Key Upside Developments

- US soybean exports up 1.0 MMT reflecting increased movements to Asia, mostly China
- higher incomes boost meal/oil use in many countries

Key Downside Developments

- China's shift to oilseed imports is affecting US meal & oil exports
- despite record volume, lower prices prevent recovery of US export value

Initial FY 2001 Projection

Key Upside Developments

- US O&P exports at record 37.8 MMT reflecting record US supplies and reduced foreign supplies
- US exports of soybeans, meal and oil up 0.8, 0.4 and 0.2 MMT, respectively
- reduced Malaysian palm oil output supports US soyoil export volume and prices

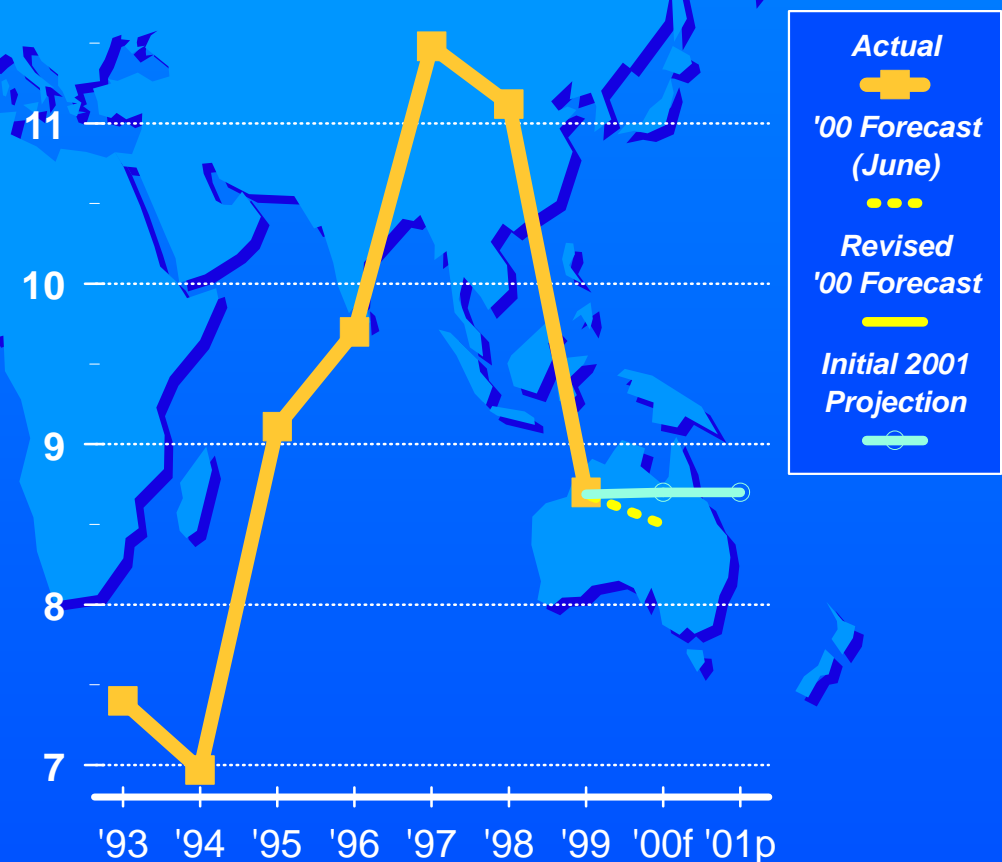
Key Downside Developments

- lower soybean & soy meal prices prevent recovery of export values
- increased oilseed production in China may curb Chinese soybean and product imports

Wild Cards

- China/India - oilseed production/demand

US. Oilseed & Prod Exports (\$Bil)



Note: Excludes corn gluten feed/meal

Export Outlook for Cotton & Linters

Revised Forecast for 2000: Steady at \$1.8 Billion

Initial FY 2001 Projection:  \$800 Million to \$2.6 Billion

Revised FY 2000 Forecast (since June)
No Changes

Initial FY 2001 Projection

Key Upside Developments

- US production may reach 2nd highest on record which may lead to 3rd highest level of exports ever (1.8 MMT)
- stronger US exports plus lower production for competitors = US share of global trade should climb to 29.7%, highest since 1994
- world consumption at record high; outpaces production by extra 1 million bales
- world ending stocks at lowest level in five years; average US export unit value expected to rise

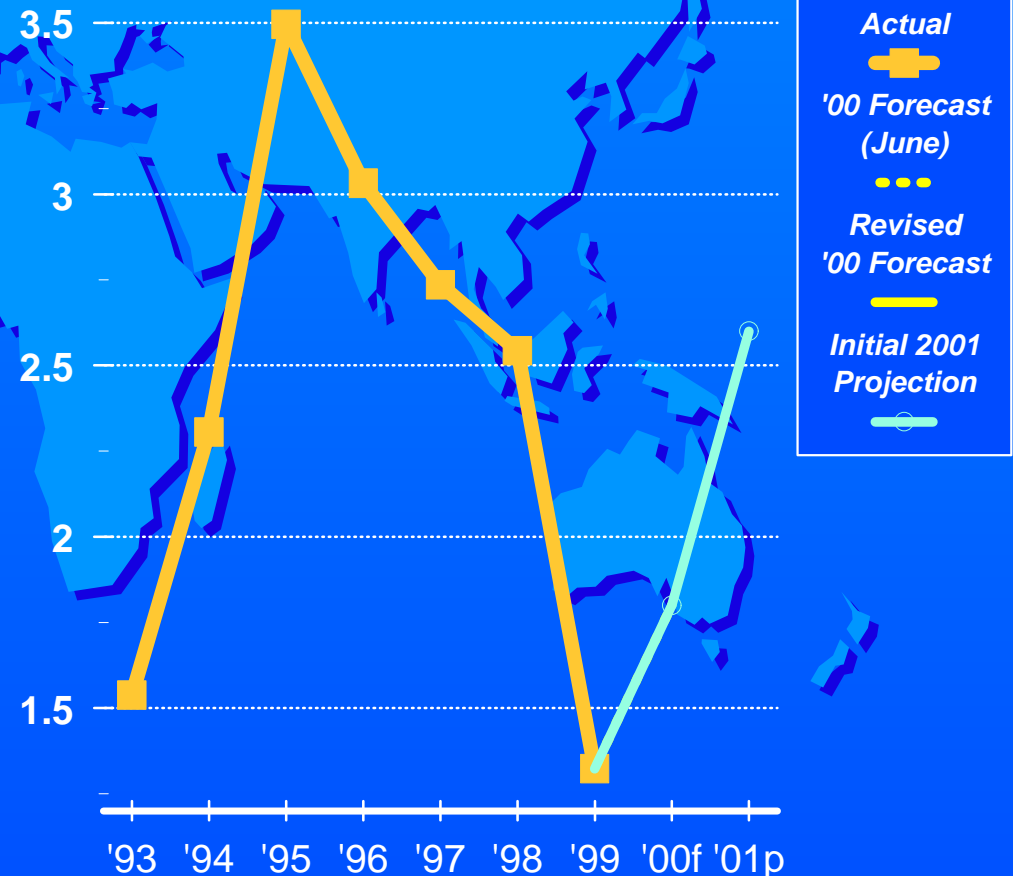
Key Downside Developments

- MY 99/00 world average price at 5-year low
- US mill consumption is on the decline as cotton textile imports continue to grow

Wild Cards

- China import policies (TRQ agreement) - WTO membership

U.S. Cotton Exports (\$Bil)



Export Outlook for DL&P Products

Revised Forecast for 2000:  \$100 Million to \$11.6 Billion

Initial FY 2001 Projection: Steady at \$11.6 Billion

Revised FY 2000 Forecast (since June)

Key Upside Developments

- poultry and beef exports revised up (\$120M and \$188M) on strong demand from Russia and Asia

Key Downside Developments

- hides shipments revised down due to declining whole hide exports

Initial FY 2001 Projection

Key Upside Developments

- beef export value to gain slightly despite lower export volume, reflecting higher prices

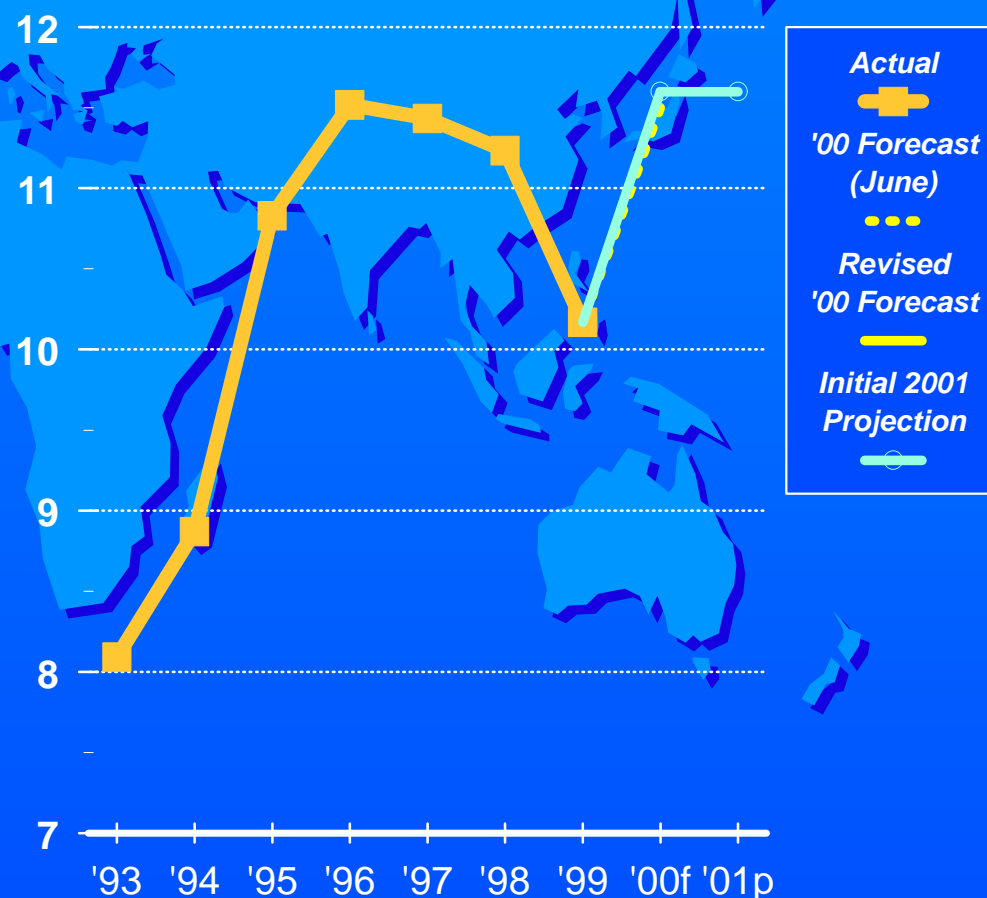
Key Downside Developments

- poultry exports to decline on stronger production in consuming countries
- dairy exports to dip as DEIP contracts decline
- pork exports to decline slightly as production tightens

Wild Cards

- poultry sales to Russia
- exchange rate impacts
- stability of Japanese economy
- Korean beef import regime

Dairy, Livstck, Poultry Exports (\$Bil)



Export Outlook for Horticultural Products

Revised Forecast for 2000: Steady at \$10.4 Billion

Initial FY 2001 Projection:  \$300 Million to \$10.7 Billion

Revised FY 2000 Forecast (since June)

Key Upside Developments

- sales to Canada are up 5 percent
- sales to Mexico are up 32 percent
- exports of oranges up 57 percent

Key Downside Developments

- tree nut export value revised downward due to record US & world supplies which are pressuring prices lower

Initial FY 2001 Projection

Key Upside Developments

- sales to Canada will continue to increase on strength of Canadian dollar
- exports to Mexico will remain good as their GDP growth continues
- exports to Asia, especially to China, Korea and Japan will remain strong
- increased availability of fruit
- wine exports will continue to expand

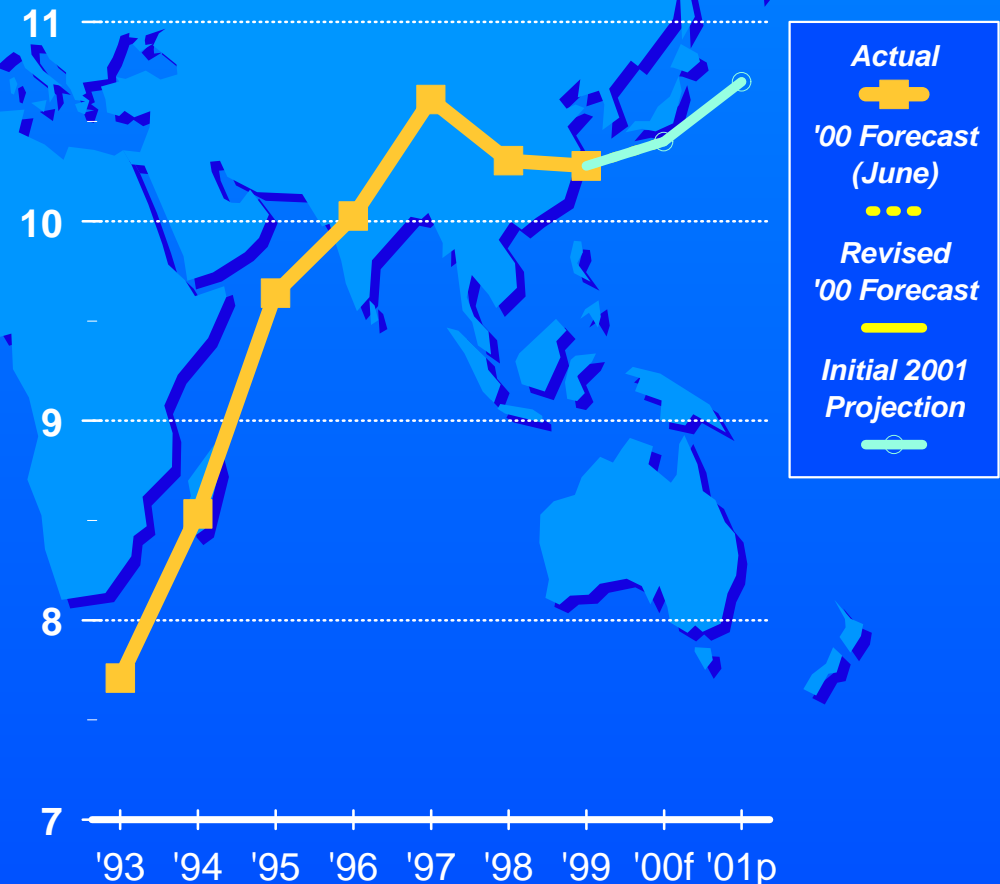
Key Downside Developments

- value of tree nuts not expected to recover from FY 2000 due to large exporter supplies

Wild Cards

- strength of the US Dollar

U.S. Hort. Product Exports (\$Bil)



Export Outlook for Fishery Products

Revised Forecast for 2000:  \$100 Million to \$2.7 Billion

Initial FY 2001 Projection:  \$100 Million to \$2.8 Billion

Revised FY 2000 Forecast (since June)

Key Upside Developments

- export growth of +13% to 3 of top 4 markets
- squid and pollock harvests are up

Key Downside Developments

- exports to our number one market (Japan) are down 1% compared to 1999
- US sockeye salmon harvest down 30% in 2000
- Alaska's opilio (snow) crab harvest in the Bering Sea was down 84% compared to 1999

Initial FY 2001 Projection

Key Upside Developments

- fishery stocks worldwide are in decline, while US fishery stocks are doing better (25% of US stocks are over fished compared to 30-40% a few years ago)

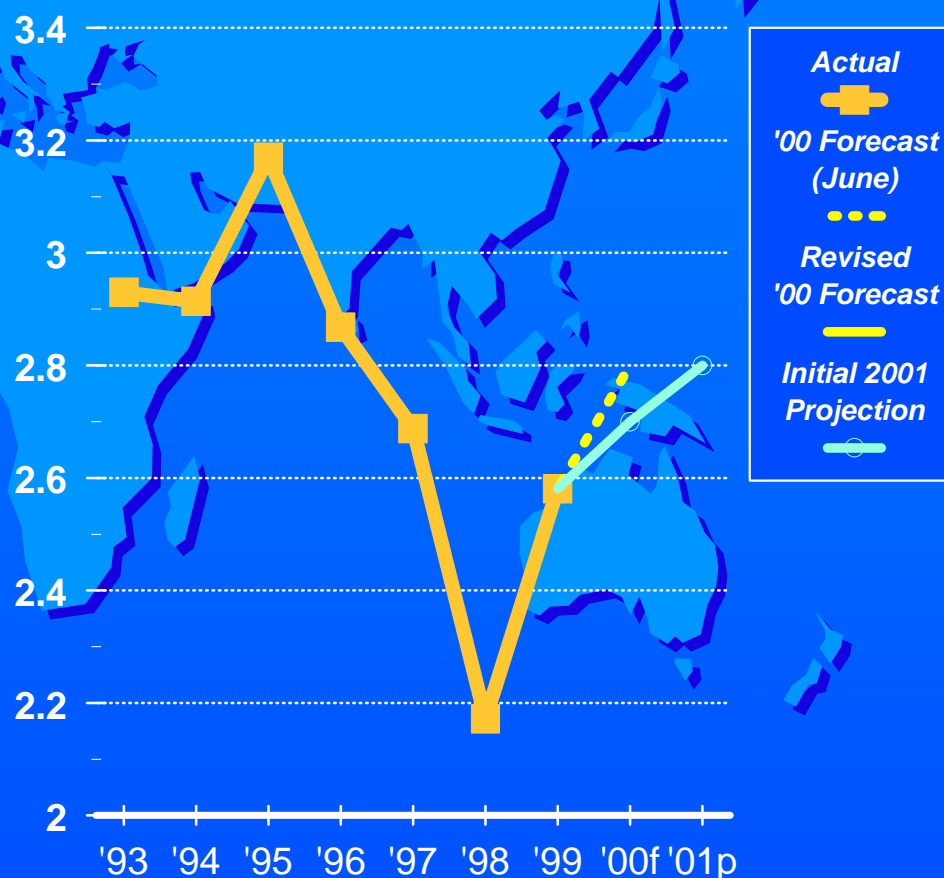
Key Downside Developments

- strong competition from third-country suppliers

Wild Cards

- size of US sockeye salmon, pollock, crab, lobster, and squid harvests in 2001
- strength of the US dollar

U.S. Fishery Product Exports (\$Bil)



Export Outlook for Solid Wood Products

Revised Forecast for FY 2000:

Steady at \$6.3 Billion

Initial FY 2001 Projection:

↑ \$100 Million to \$6.4 Billion

Revised FY 2000 Forecast (since June)

No Changes

Initial FY 2001 Projection

Key Upside Developments

- Korean recovery and expansion in Greater China expected to continue
- exports to NAmmerican markets will maintain near record levels
- exports of hardwood lumber and ultra-value added products may clear record levels

Key Downside Developments

- increasing EU timber production & stronger competition from Eastern Europe (esp. the Baltics) in the EU market
- increasing competition & presence from Russia, New Zealand & Malaysia in the Asian softwood & hardwood markets
- Japanese housing market remains stalled

Wild Cards

- strength of the US dollar & economy: higher interest rates may lower prices & increase export supplies
- US-Canada Softwood Lumber Agreement renewal in April 2001 may strongly impact trade, prices & vols
- draft EU pallet regs for solid wood packaging may strengthen demand for lower grade US hardwood

U.S. Solid Wood Exports (\$Bil)

