# Fiscal Year Trade Forecasts for Ag, Fishery & Solid Wood Products

## Changes in FY 2008 Forecast Since November

AgExports rise $10 billion to record $101.0 billion
AgImports rise $1 billion to record $76.5 billion
AgSurplus rises to $24.5 billion

*Includes summaries on all ag groups except tobacco, planting seeds, and sugar & tropical products. Forecasts for fishery and solid wood products are unofficial.

USDA's "Outlook for U.S. Agricultural Trade"

Released on February 21, 2008, 9am EST

Slides prepared by OGA/FAS

# U.S. Agricultural Trade

All major commodity groups at record export value in 2008. Higher prices for bulk grains and oilseeds drive half of the overall value gain. Import growth continues faster pace since 2003.

# Revisions Since November Boost in FY'08 AgExports $10 Billion to Record $101 Billion

## Grains & Feed ⬆ $5.2 billion to $32.7 billion record

- coarse grains (+) $2.4 bil and wheat (+) $2.6 bil – largely due to surging prices
- demand remains strong despite surging prices – wheat & coarse grain export vol (+) 4.3 mil tons; low exporter stocks keep prices elevated for all grains

## Oilseeds & Products ⬆ $2.6 billion to $18.9 billion record

- (+) soybean & prod unit value, (+) export vol – China demand & biodiesel demand

## Cotton ⬇ $200 million to $5.6 billion record

- export vol (-) 200,000 mt – less China demand and increased competition

## Livestock/Poultry/Dairy Products ⬆ $900 mil to $18 billion record

- broiler meat (+) $290 million to $2.7 billion – mostly due to (+) vol
- pork (+) $330 mil to record $3.1 bil – due to (+) vol
- animal fats (+) $260 mil to $1 bil – mostly due to (+) unit value

## Horticultural Products ⬆ $1.1 billion to $19.7 billion record

- (+) unit value & vol drive broad-based growth; strong sales growth to Canada

# Commodity Developments, FY 2007 to 2008

## *AgExports forecast to rise $19 billion . . .*

### Grains & Feed ⇧ $8.5 billion to $32.7 billion record

- coarse grains (+) $4.3 bil and wheat (+) $3.7 bil – largely due to surging prices
- demand remains strong despite surging prices – wheat & coarse grain export vol (+) 13.2 mil tons; low exporter stocks keep prices elevated for all grains

### Oilseeds & Products ⇧ $5.2 billion to $18.9 billion record

- (+) soybean & prod unit value, export vols largely unchanged – China & biodiesel

### Cotton ⇧ $1.3 billion to $5.6 billion record

- export vol (+) 300,000 mt and (+) unit values – China demand

### Livestock/Poultry/Dairy Products ⇧ $1.7 bil to $18 billion record

- beef (+) $420 million to $2.3 billion – due to (+) vol
- broiler meat (+) $230 million to $2.7 billion – mostly due to (+) vol
- pork (+) $440 mil to record $3.1 billion – due to (+) vol
- animal fats (+) $260 mil to $1 billion – mostly due to (+) unit value

### Horticultural Products ⇧ $1.8 billion to $19.7 billion record

- (+) unit value & vol drive broad-based growth; strong sales growth to Canada

# Export Outlook for Grain & Feed Products

## Chg in FY 2008 Forecast Since Nov: ⇧ $5.2 Billion to $32.7 Billion

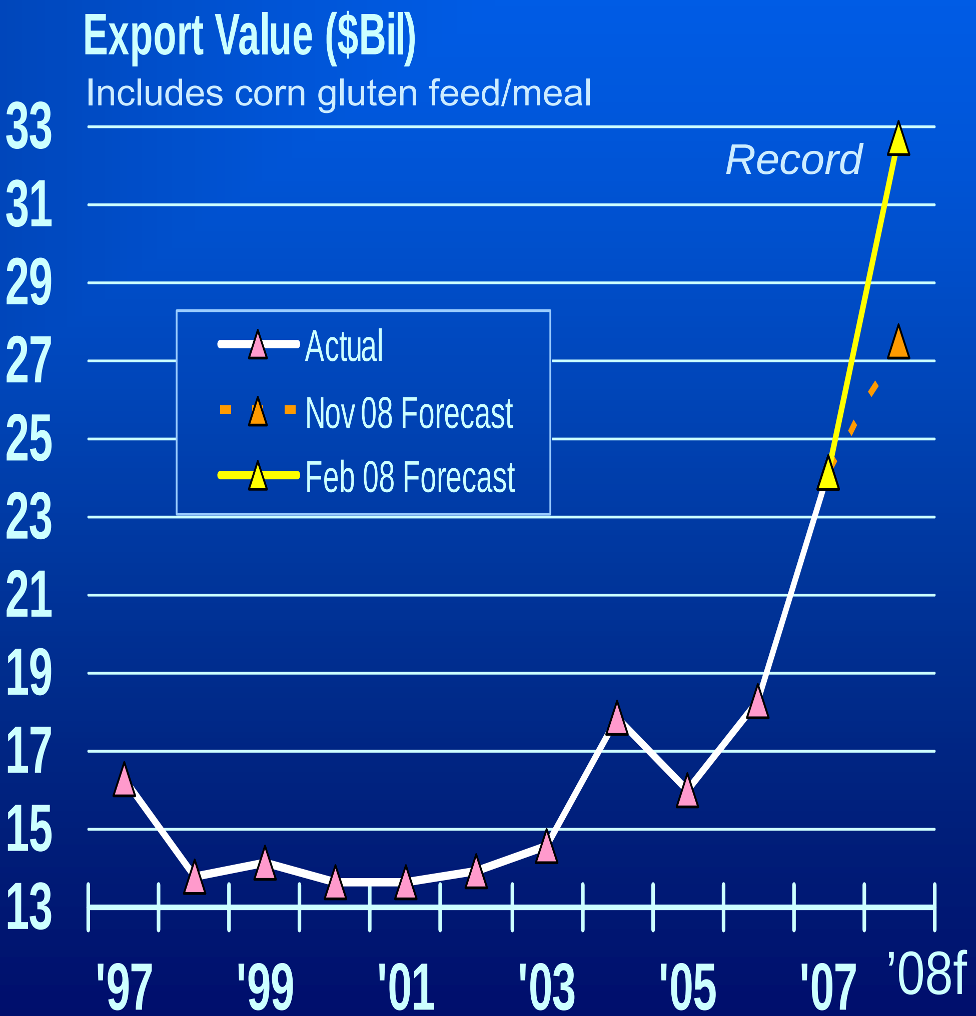
### Revised 2008 Forecast

*Key Developments*

- Wheat +$2.6 bil as unit value rises on less competition from EU & Argentina (vol also rises)
- Corn and sorghum +$2.4 bil as unit values soar to new record levels (corn vol also rises)
- Import demand remains strong despite surging prices – wheat & coarse grain shipments up 4.3 mil tons
- Low exporter stocks keep prices elevated for all grains

*Wild Cards*

- US winter wheat plantings were not as high as anticipated



# Export Outlook for Oilseeds & Products

## Chg in FY 2008 Forecast Since Nov: ⬆ $2.6 Billion to $18.9 Billion

### Revised 2008 Forecast

*Key Developments*

- Soybeans and products +$2.4 bil as unit value rises (vols also rise)
- Record commodity prices
- Increase in China's record demand for soybeans & veg oils supports higher US export vols
- Strong biodiesel demand
- Brazil's soybean harvest delayed

*Wild Cards*

- Quality & quantity of Brazil's soybean crop

# Export Outlook for Cotton

## Chg in FY 2008 Forecast Since Nov: ⬇ $200 million at $5.6 Billion

### Revised 2008 Forecast

*Key Developments*

- Exports lowered 200,000 tons to 3.4 mil tons
- Less China import demand due to lower mill use
- Increased competition due to more production and less consumption in India

*Wild Cards*

- Concerns over dryness in Texas where acreage is being concentrated
- China import demand


Note: FY '07 and prior years based on U.S Census data; FY '08 forecasts based on WASDE MY forecast.

# Export Outlook for Dairy, Livestock & Poultry

Chg in FY 2008 Forecast Since Nov: $900 Million to $18 Billion

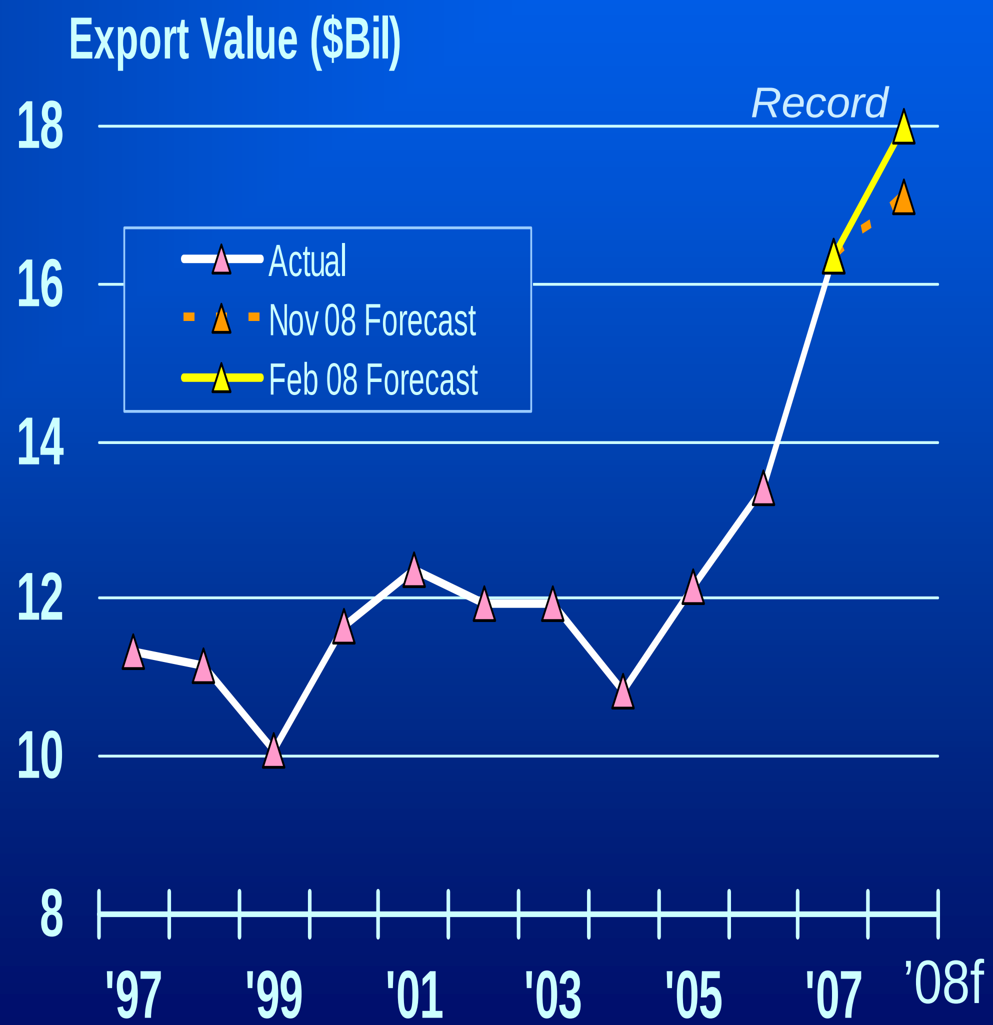
## Revised 2008 Forecast

*Key Developments*

- Pork +140,000 mt to record 1.2 mmt – increased domestic supply, weaker dollar & firm demand in key markets Japan & Canada
- Broiler meat +190,000 mt to 2.7 mmt – stronger China demand and changes to Russia's import quota
- Animal fats – rising sales tied to increased demand & higher prices for vegetable oils

*Wild Cards*

- Reopening/expansion of Asian markets to U.S. beef



# Export Outlook for Horticultural Products

## Chg in FY 2008 Forecast Since Nov: $1.1 Billion to $19.7 Billion

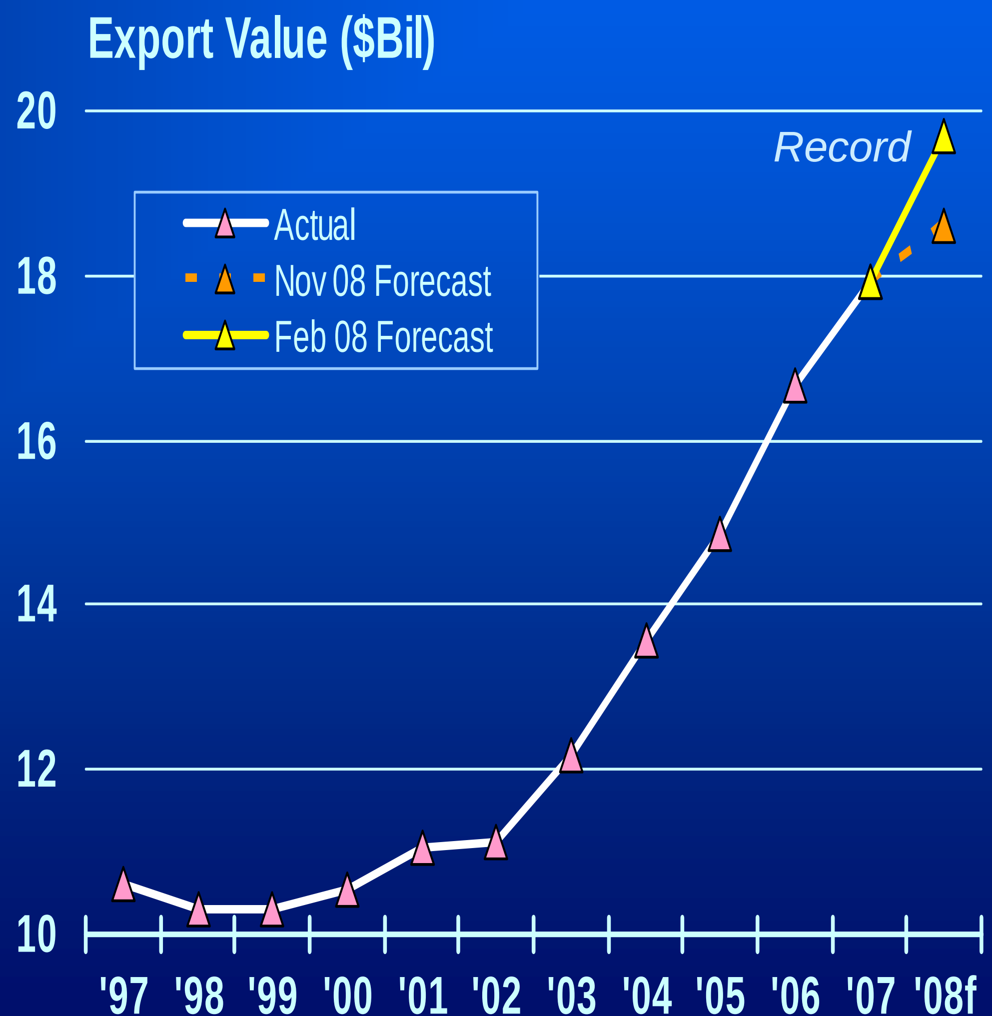
### Revised 2008 Forecast

*Key Developments*

- Strong export growth for many products, especially to #1 market Canada
- Higher export vols & prices drive export value growth
- Rising almond shipments drive most of the growth for tree nuts
- Favorable weather supports large orange & almond crops

*Wild Cards*

- U.S. weather and crop size
- SPS issues



# AgImports
# Continue Four Decades of Expansion

*Demand & supply factors at work in a relatively open market*

- Demand: consumer preferences (variety, luxury, ethnic foods); population growth (2.7 million/year); high disposable income
- Supply: capital flows build foreign capacity; technology transfer; supply chains increasingly global; production costs (lower wages favor labor-intensive crops)

*FY 2008 import values for products driving most long-term growth*

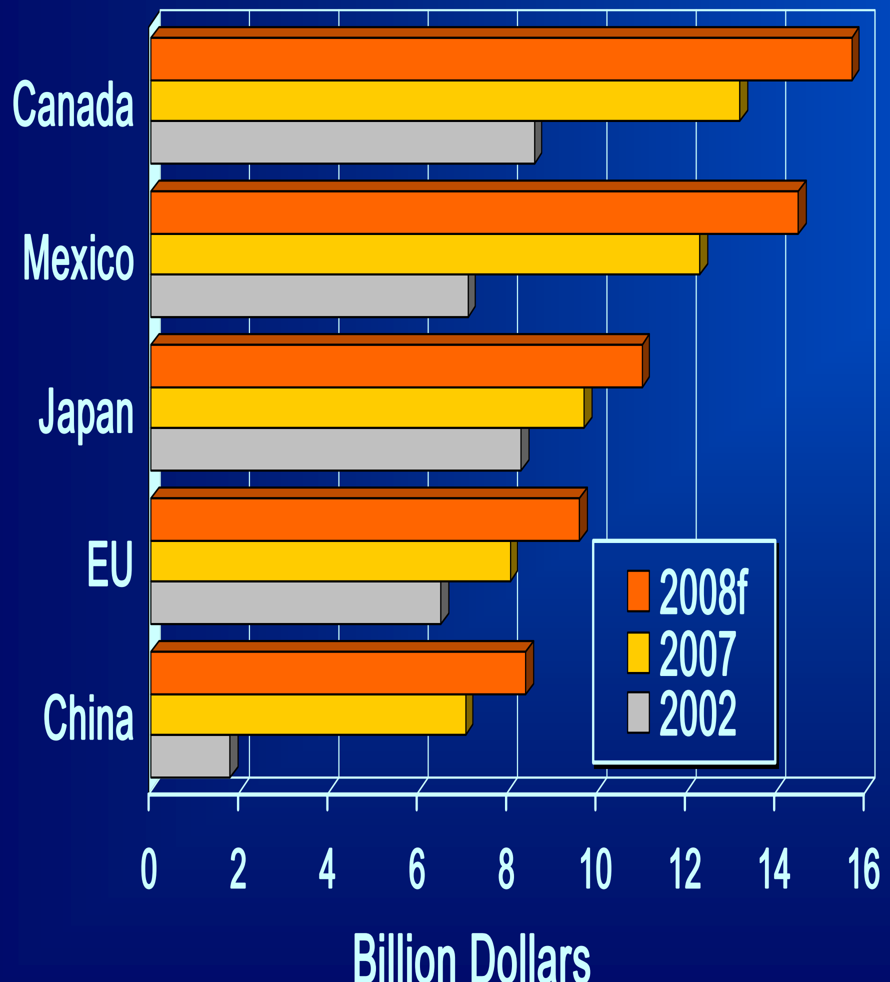
- horticultural products $35 billion (fruit & vegs $17.8 bil, wine & beer $8.6 bil)
- snack foods $5.2 bil, beef & pork $4.4 bil, vegoils $4.1 bil, dairy products $3 bil

*Key observations for FY 2008 – imports rise $6 bil to record $76 bil*

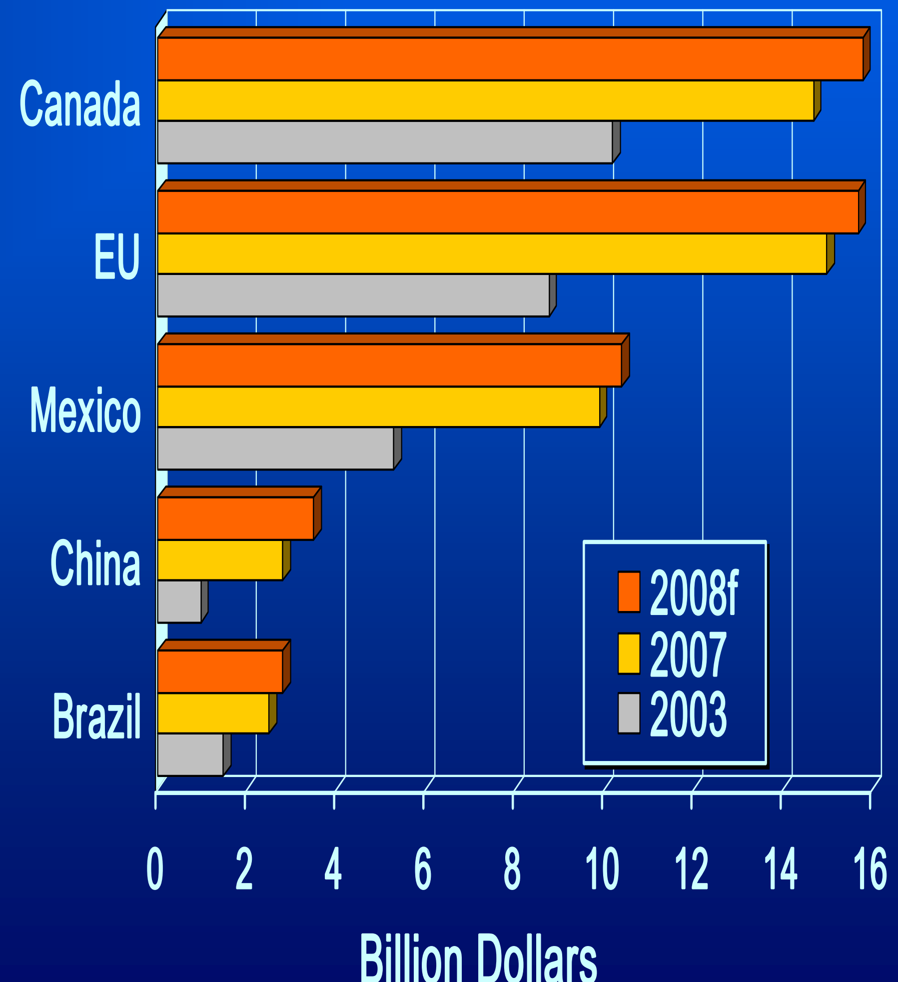
- import volume growth slows slightly with weaker dollar and consumer spending, but higher prices keep value growing near the faster pace seen in the past 5 years
- grains, oilseeds & their products add $2.4 billion in 2008 – mostly due to higher prices (this compares to only $300 million additional sales in 2005)
- tropical product imports continues to grow above trend due to strong global demand for natural rubber, coffee & other products

# Top Ag Markets and Ag Suppliers

## *Top Ag Markets…*




## *Top Ag Suppliers…*



# Export Outlook for Fishery Products

## No chg in FY 2008 Forecast Since Nov: Remains at $4.1 Billion

### Revised 2008 Forecast

*Upside Developments*

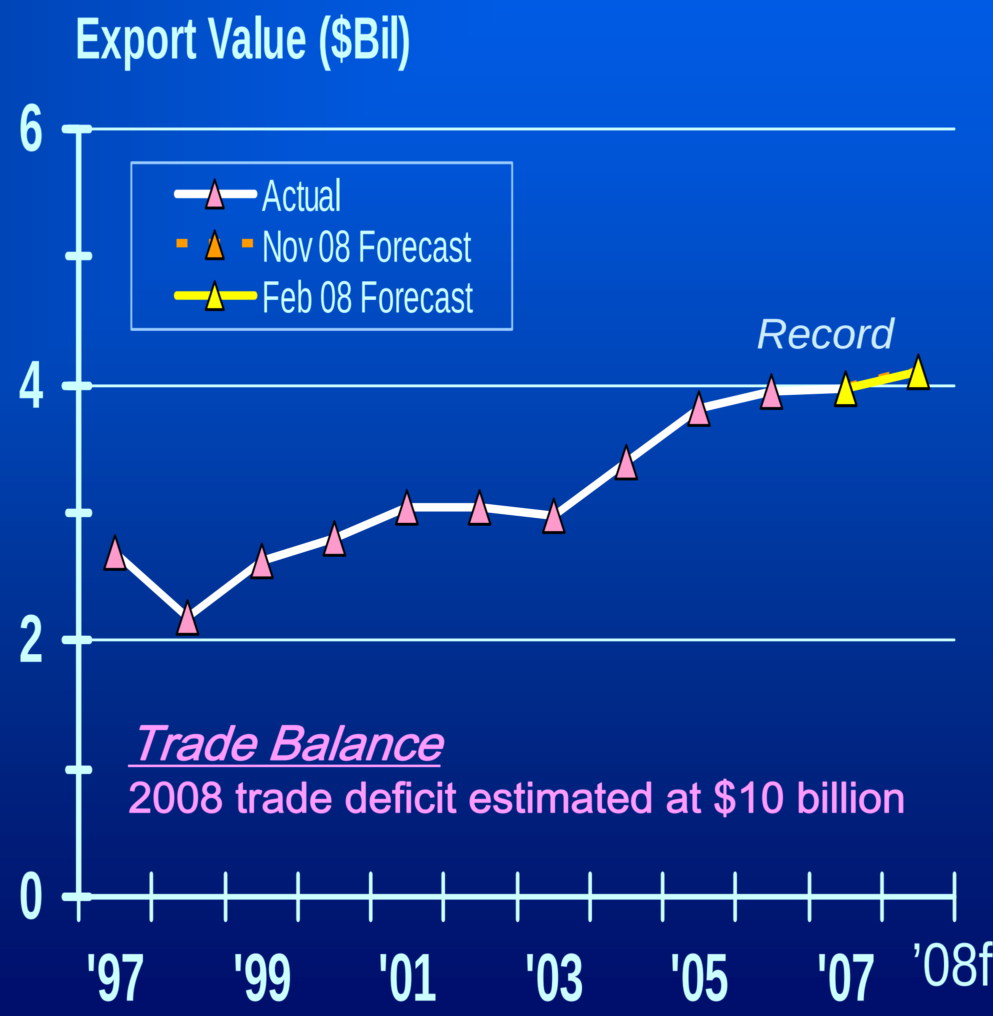
- Exports to $1-billion EU mkt & $500-million China mkt continue to increase – strong EU demand for whitefish and China demand for products used by food processors
- Alaska sockeye salmon harvest forecast for Bristol Bay (2/3 of the total salmon harvest) is up 7%

*Downside Developments*

- 2008 total allowable U.S. catch for pollock is down, while Russia's catch is expected to increase

*Wild Cards*

- Size of U.S. harvest of lobster, salmon, pollock and other species.



*Forecasts are not official USDA estimates*

# Export Outlook for Solid Wood Products

## No chg in FY 2008 Forecast Since Nov: Remains at $6.6 Billion

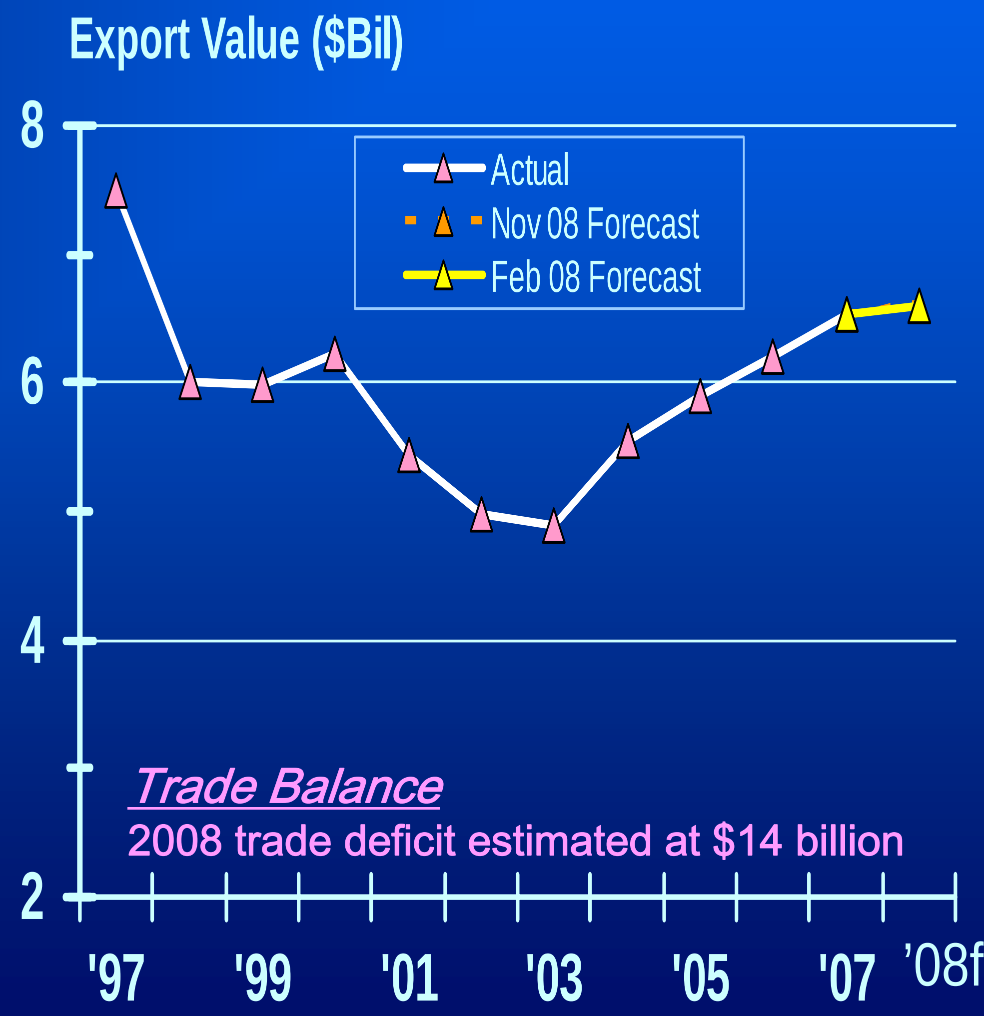
### FY 2008 Forecast

*Upside Developments*

- ❑ US hardwood sales up due to strong demand from Europe, particularly for yellow poplar & white oak
- ❑ Exports to China continue growth due to demand from furniture industry

*Downside Developments*

- ❑ US housing market slump continues – reduces Canadian demand for US lumber which is re-exported as semi-finished products to US housing industry
- ❑ Japan's decreasing housing starts lowers wood import demand




*Trade Balance*

2008 trade deficit estimated at $14 billion