

FY 2007 Export Forecasts for Ag, Fishery & Solid Wood Products

Changes in FY 2007 Forecast since February

AgExports lowered \$500 million but still at record \$77.5 billion

AgImports raised \$500 million to \$70.5 billion

AgTrade Surplus lowered \$1 billion to \$7 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"
was released on May 31, 2007, 4pm EST

Slides prepared by OGA/FAS

U.S. Agricultural Trade

Grains (mostly corn) followed by soybeans, horticultural products & meats drive export growth in 2007. Horticultural products account for half of import gain.

Trade Value (\$Billion)



Key Revisions in FY 2007 Export Forecasts

AgExports lowered \$500 million since February . . .

Grains & Feeds \$200 million

- (-) corn / lower vol & unit value – more competition from China/Argentina/Brazil
- (+) wheat / higher vol & unit value – less competition from Canada & EU

Cotton \$600 million

- lower vol and unit value
- slow China response to TRQ allocations & increased competition from India

Livestock/Poultry/Dairy Products \$200 mil to \$14.8 bil (record)

- (+) hides and skins / higher vol & value to top mkts China and Korea
- (-) beef / lower vol sales to Mexico

China \$700 million to \$7.6 billion (ties EU for 4th largest mkt)

- less cotton (and soybean) sales

Top Regional Mkt: W. Hemisphere at \$32.6 bil (Asia 2nd at \$27.9 bil)

Export Outlook for Grain & Feed Products

Revised FY 2007 Forecast:  \$200 Million to \$22.6 Billion

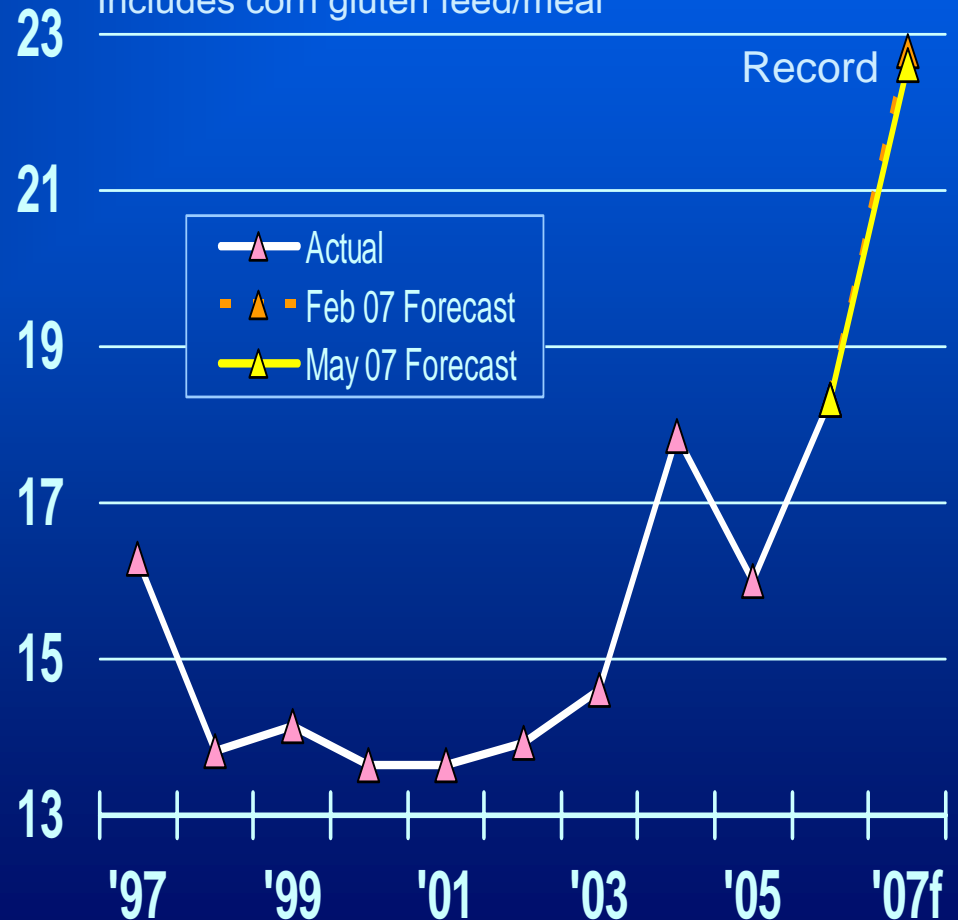
Revised FY 2007 Forecast

Key Developments

- Wheat volume & unit prices higher due to reduced crop prospects in Canada and the EU
- Corn volume down w/ increased competition from Argentina and Brazil

Export Value (\$Bil)

Includes corn gluten feed/meal



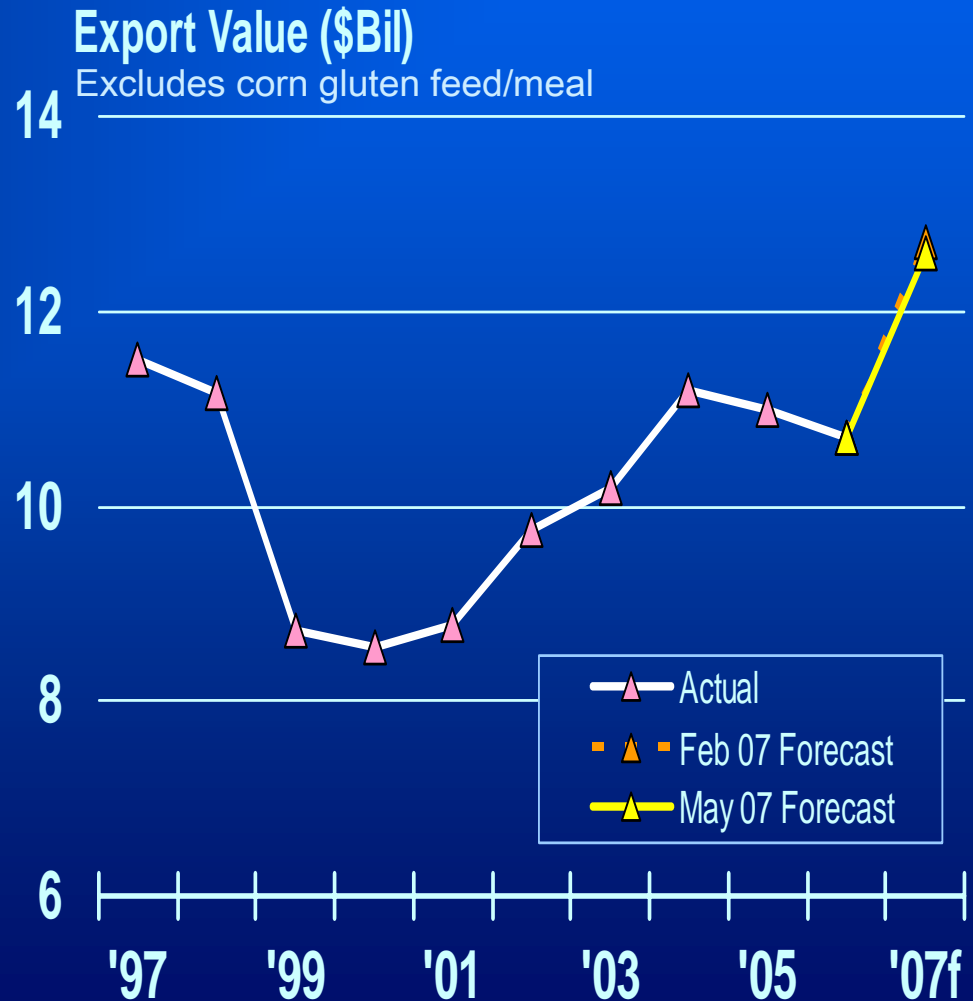
Export Outlook for Oilseeds & Products

Revised FY 2007 Forecast:  \$100 Million to \$12.6 Billion

Revised FY 2007 Forecast

Key Developments

- Slightly higher soybean unit value partly offsets marginal reductions in soybean and meal shipments
- Higher export unit values still impacting foreign demand



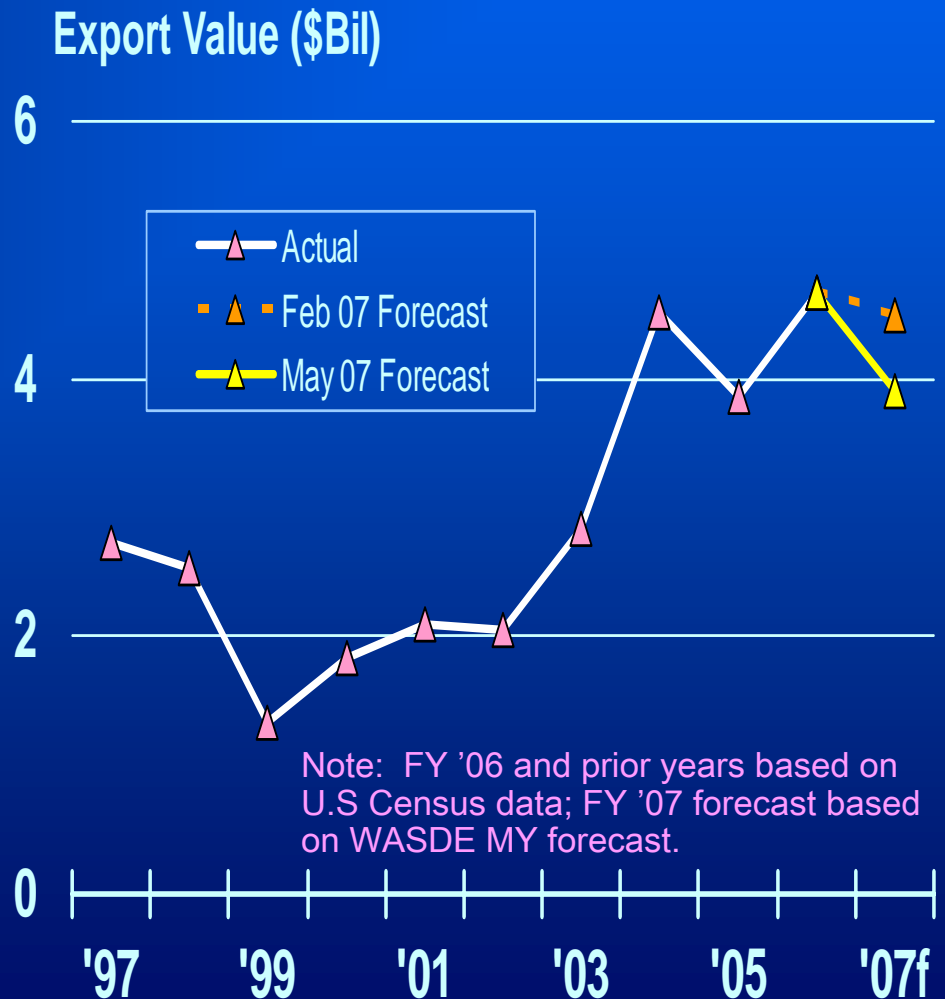
Export Outlook for Cotton

Revised FY 2007 Forecast:  \$600 Million to \$3.9 Billion

Revised FY 2007 Forecast

Key Developments

- China's slow import response to TRQ allocations
- Increased competition from India in China



Export Outlook for Dairy, Livestock & Poultry

Revised FY 2007 Forecast:  \$200 Million to \$14.8 Billion

Revised FY 2007 Forecast

Key Developments

- ❑ Hides & skins increased to record \$2.2 billion on higher shipments to China and Korea and higher unit values
- ❑ Broiler meat reaches record sales of \$2.2 billion on higher unit values, the result of reduced US production and lower stocks
- ❑ Slower beef and pork shipments to Mexico
- ❑ Asian demand supports higher pork prices and export value



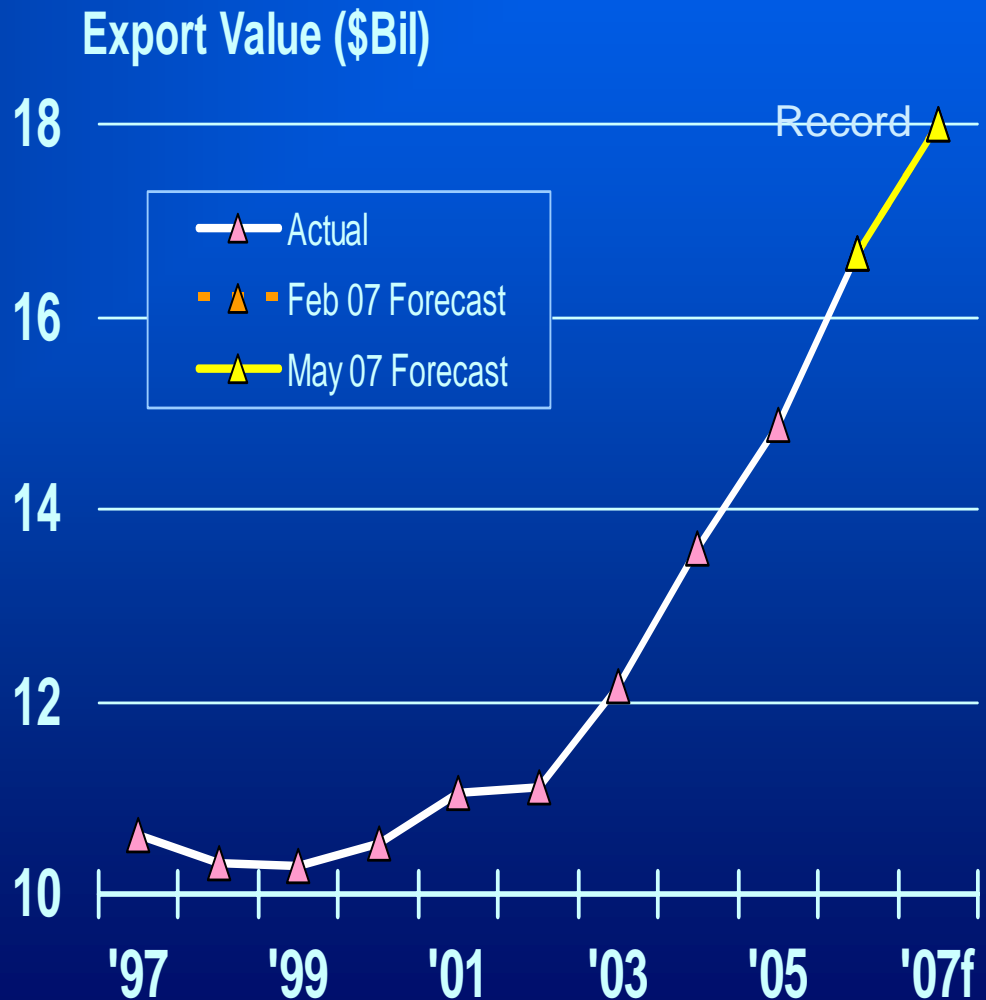
Export Outlook for Horticultural Products

Revised FY 2007 Forecast: Unchanged at \$18.0 Billion

Revised FY 2007 Forecast

Key Developments

- FL grapefruit exports recover – higher volume partly offset by lower prices
- Calif orange shipments down due to freeze, but prices are higher
- Growth in sales of fruit & vegetable juices, processed vegetables, dried fruit, and wine



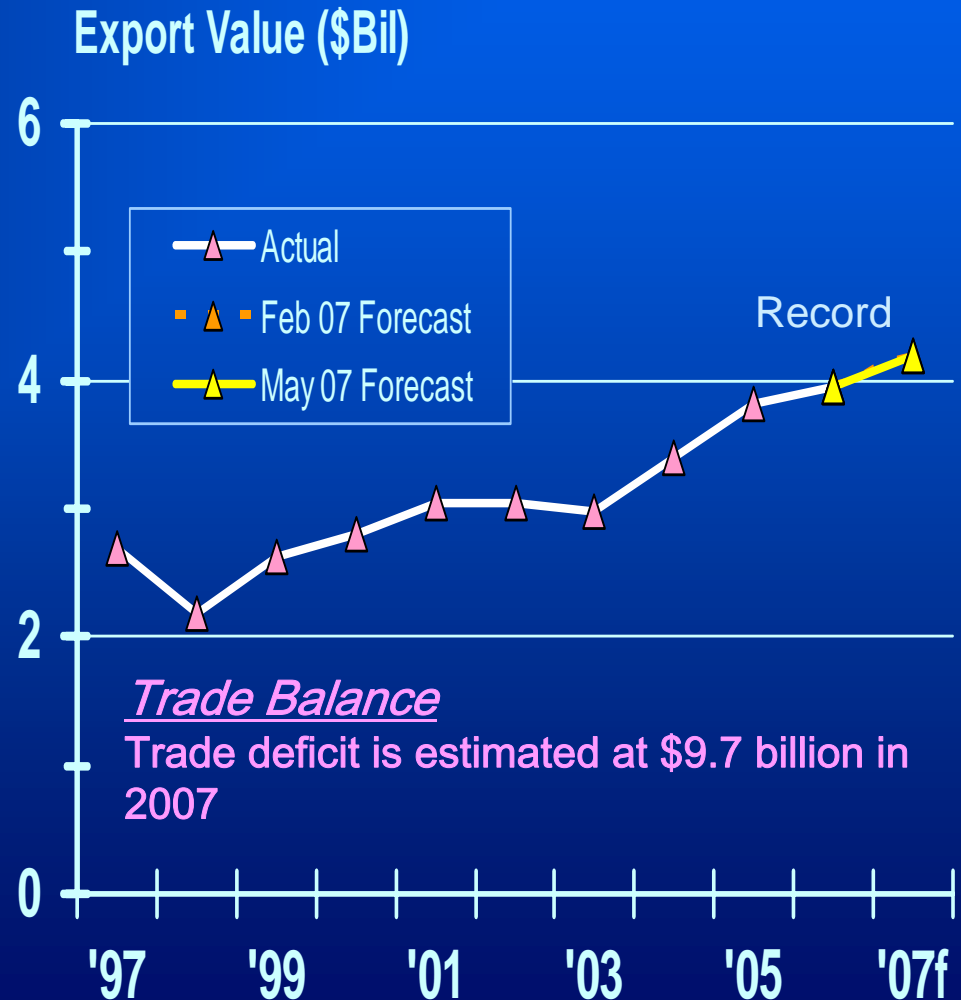
Export Outlook for Fishery Products

Revised FY 2007 Forecast: Unchanged at \$4.2 Billion

Revised FY 2007 Forecast

Key Developments

- Exports continue rising to top markets such as the EU and China (each up 4 %) and emerging markets like Russia (up 21%) and the Ukraine (up 84%)



Export Outlook for Solid Wood Products

Revised FY 2007 Forecast:  \$100 Million to \$6.5 Billion

Revised FY 2007 Forecast

Key Developments

- Sales to Canada slow with fewer Canadian doors, windows, and flooring shipped to the US due to a weaker housing market
- US hardwood enjoys strong demand from Europe, particularly for yellow poplar and white oak



A Word (or Two) on Imports ...

AgImports Continue Nearly Four Decades of Expansion . . .

Long-term demand drivers

- ❑ population growth – on average 2.7 million more consumers every year since 1980
- ❑ high disposable incomes which are growing rapidly for a “mature” economy
- ❑ changing consumer preferences (variety, luxury, healthful, ethnic)

Developments in 2007

- ❑ continuing well established trends - horticultural products account for 50% of increase, and beef, snack foods and veg oils also show gains
- ❑ tropical products, esp coffee & rubber, show strong gains
- ❑ raw sugar imports fall from \$1.4 billion to \$900 million on lower vol and prices
- ❑ grain imports are up on higher unit values and volumes

Fishery & Wood Products Imports.....

- ❑ fishery imports continue rising supported by same demand factors noted above
- ❑ wood imports down somewhat in 2007 due to US housing market slump