

FY 2005 & 2006 Export Forecasts for Ag, Fishery & Solid Wood Products

2005 Forecast...

AgExports raised \$1.5 bil to \$62 bil (just below 2004 record)
AgTrade Surplus rises to \$4.5 bil

Initial 2006 Forecast...

AgExports set at record \$63.5 bil, AgImports at record \$61.0 bil
AgTrade Surplus falls to \$2.5 bil

USDA's "Outlook for U.S. Agricultural Trade"
was released on August 24, 2005, 4pm EST
Prepared by Foreign Agricultural Service/USDA

U.S. Agricultural Trade

In 2005, lower bulk export value (weaker prices & increased competition) offset by record horticultural, pork & dairy exports. In 2006, horticulture and cotton drive export growth, low grain & oilseed prices persist, and some BSE import bans on beef remain. Imports continue rapid rise on strong demand and weak dollar.



Export Outlook for Grain & Feed Products

Revised FY 2005 Forecast:  \$500 Million to \$15.8 Billion

Initial FY 2006 Forecast: \$15.8 Billion

Revised FY 2005 Forecast *Key Developments*

- Higher export volumes for corn, sorghum, barley, wheat and rice generally due to stronger demand
- Higher wheat prices

Initial FY 2006 Projections

Upside Developments

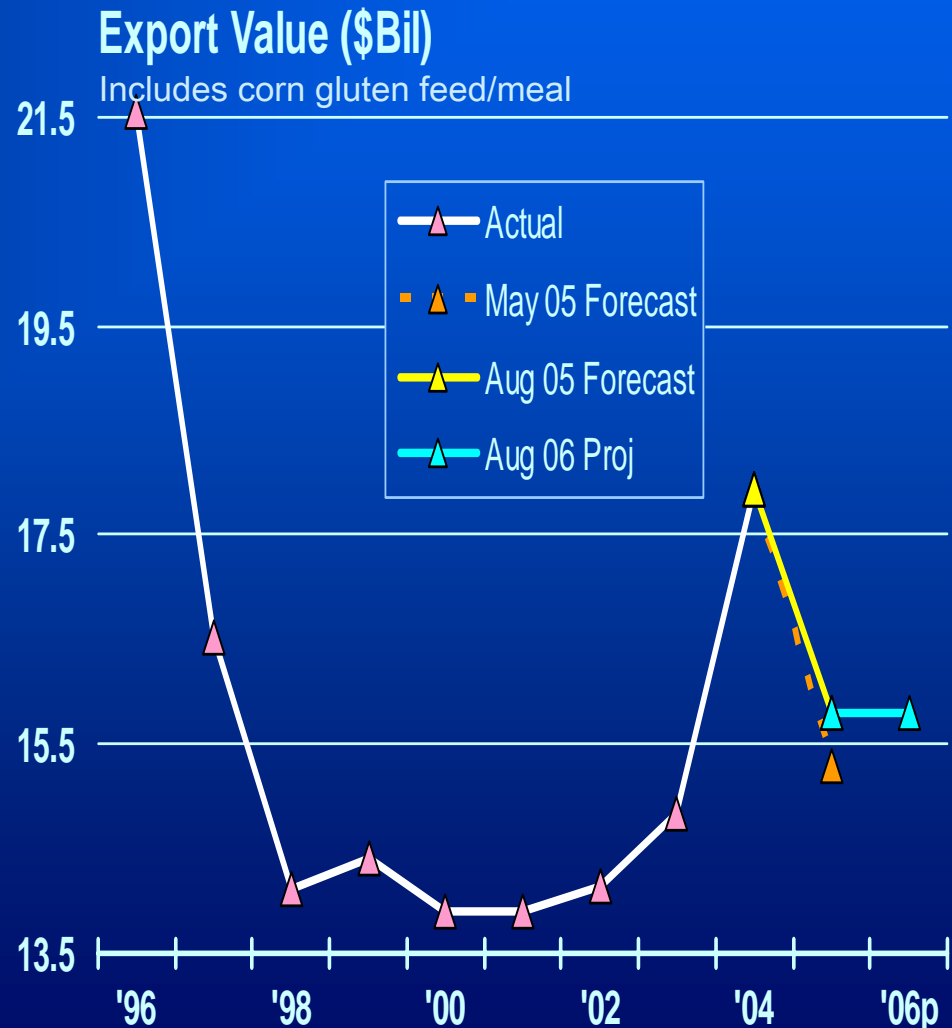
- Reduced competition for corn and wheat support volume gains
- Higher rice prices

Downside Developments

- Lower prices are forecast (esp. wheat) due to huge global grain supplies

Wild Cards

- U.S. & world crop size
- China's level of corn exports



Export Outlook for Oilseeds & Products

Revised FY 2005 Forecast:  \$300 Million to \$11.1 Billion
Initial FY 2006 Forecast: \$11.1 Billion

Revised FY 2005 Forecast

Key Developments

- Higher prices for soybeans and meal due to reduced Brazilian crop and strong China demand

Initial FY 2006 Projections

Upside Developments

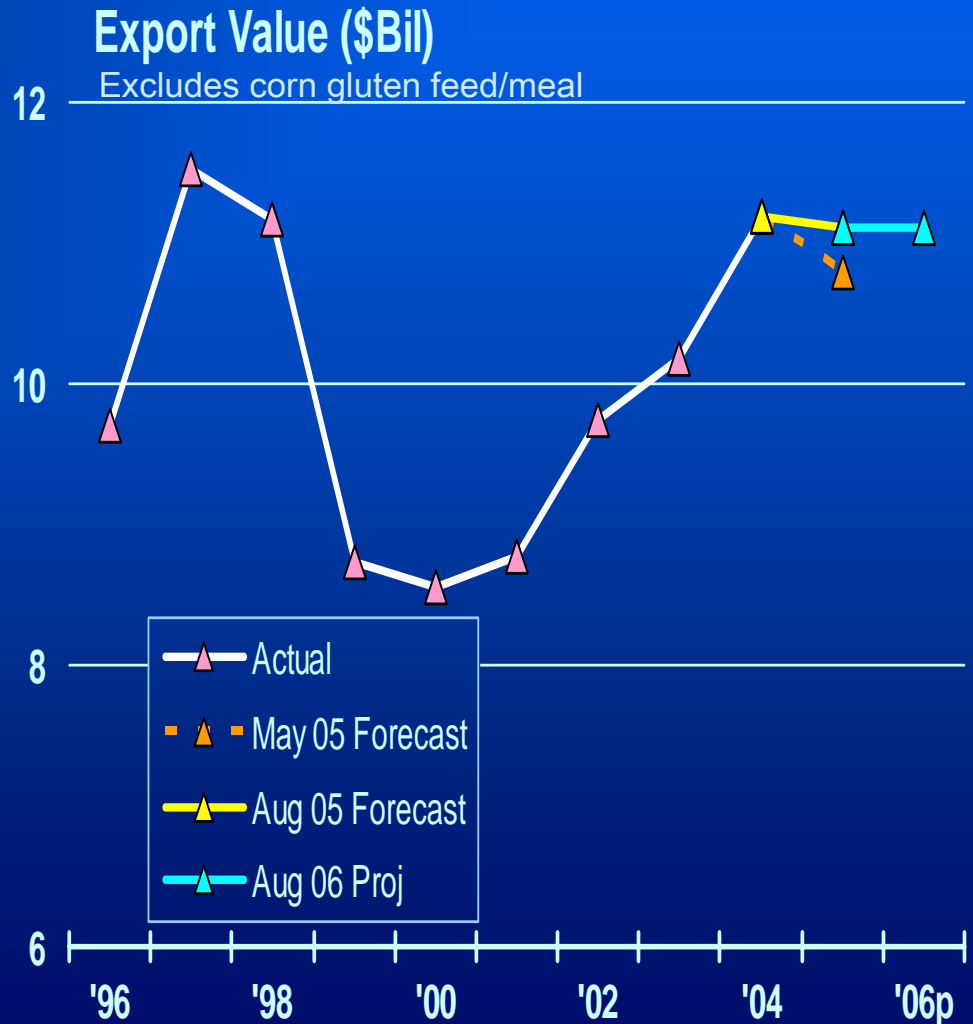
- Record China import demand
- Reduced 04/05 Brazilian production creates opportunity for US shipments early in fiscal year

Downside Developments

- Reduced 05/06 U.S. soybean crop
- Record S. American soybean crop
- Increased competition & reduced domestic crush lowers soybean meal & oil exports

Wild Cards

- S. American soybean production



Export Outlook for Cotton & Linters

Revised FY 2005 Forecast:  \$300 Million to \$3.9 Billion

Initial FY 2006 Forecast: \$4.5 Billion

Revised FY 2005 Forecast

Key Developments

- Larger 2005 U.S. crop
- Strong demand in China

Initial FY 2006 Projections

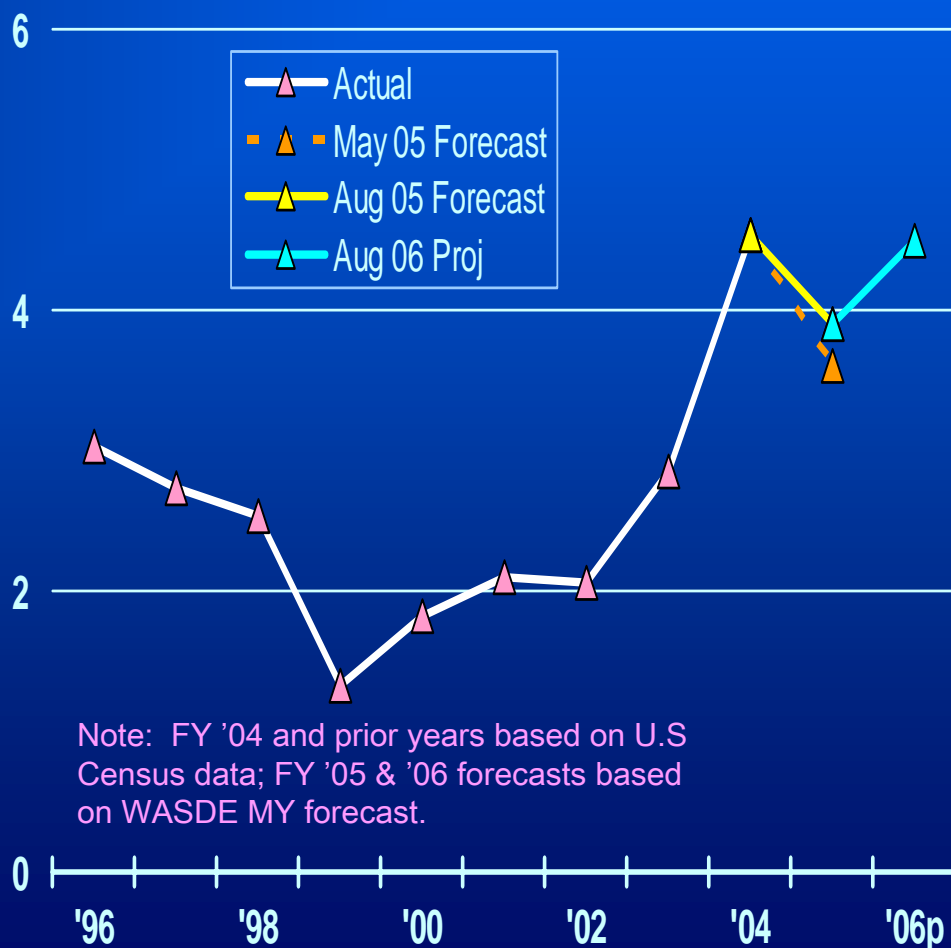
Key Upside Developments

- Large US. supplies
- China's crop estimated to fall 10% while domestic use rises
- China's imports estimated to more than double to 14 mil 480-lb bales

Wild Cards

- U.S. and world crop size
- The degree U.S. textile sanctions against China affects timing of China's cotton imports

Export Value (\$Bil)



Export Outlook for Dairy, Livestock & Poultry

Revised FY 2005 Forecast:  \$100 Million to \$11.9 Billion

Initial FY 2006 Forecast: \$11.8 Billion

Revised FY 2005 Forecast

Key Developments

- Broiler exports raised \$100 mil due to strong demand from China, Hong Kong and Russia
- Beef variety meats raised \$53 mil due to strong demand in Mexico and Egypt reopening in March

Initial FY 2006 Projection

Assumes remaining BSE import bans stay in place

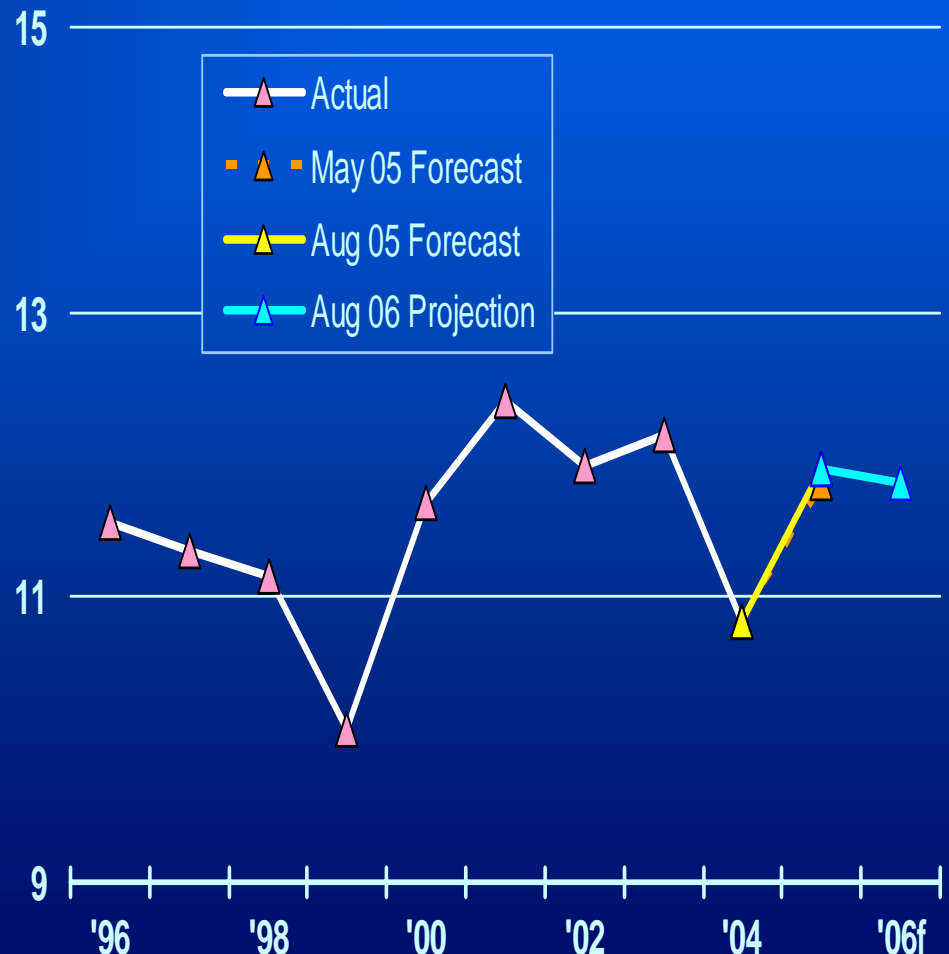
Key Downside Developments

- Beef & pork unit values drop resulting in lower export value

Wild Cards

- Removal of Japan & Korea's BSE bans can add up to \$2 bil/year

Export Value (\$Bil)



Export Outlook for Horticultural Products

Revised FY 2005 Forecast: Unchanged at \$14.5 Billion

Revised FY 2006 Forecast:  \$1.4 billion to \$15.9 Billion

Revised FY 2005 Forecast

Key Developments

- Upward revisions for almond and certain fruit & vegetable exports, offset reductions for essential oils and other processed products

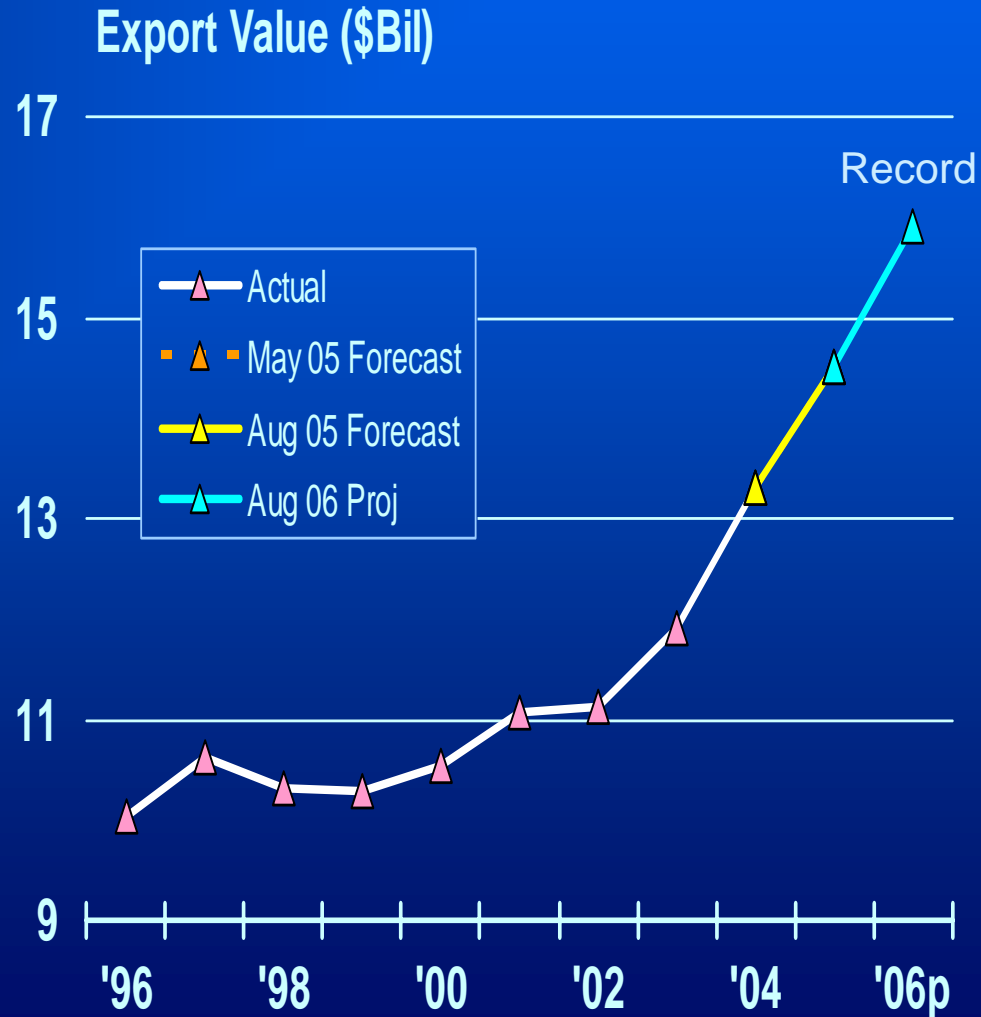
Initial FY 2006 Projections

Key Upside Developments

- Strong demand & competitive US\$ support exports; vol & price gains expected
- Tree nuts up \$600 million mostly due to higher almond prices
- Gains for citrus and deciduous fruit expected; wine and essential oils continue to rise

Wild Cards

- U.S crop size
- Global economy; US\$ exchge rate



Export Outlook for Fishery Products

Revised FY 2005 Forecast:  \$100 Million to \$3.7 Billion

Initial FY 2006 Forecast: \$3.8 Billion

Revised FY 2005 Forecast Key Developments

- Alaska sockeye salmon harvest is going well and bringing higher prices
- Exports rise to top 5 mkts (Japan, EU, Canada, Korea, China)

Initial FY 2006 Projections Upside Developments

- Increased exports to top 5 mkts expected to continue

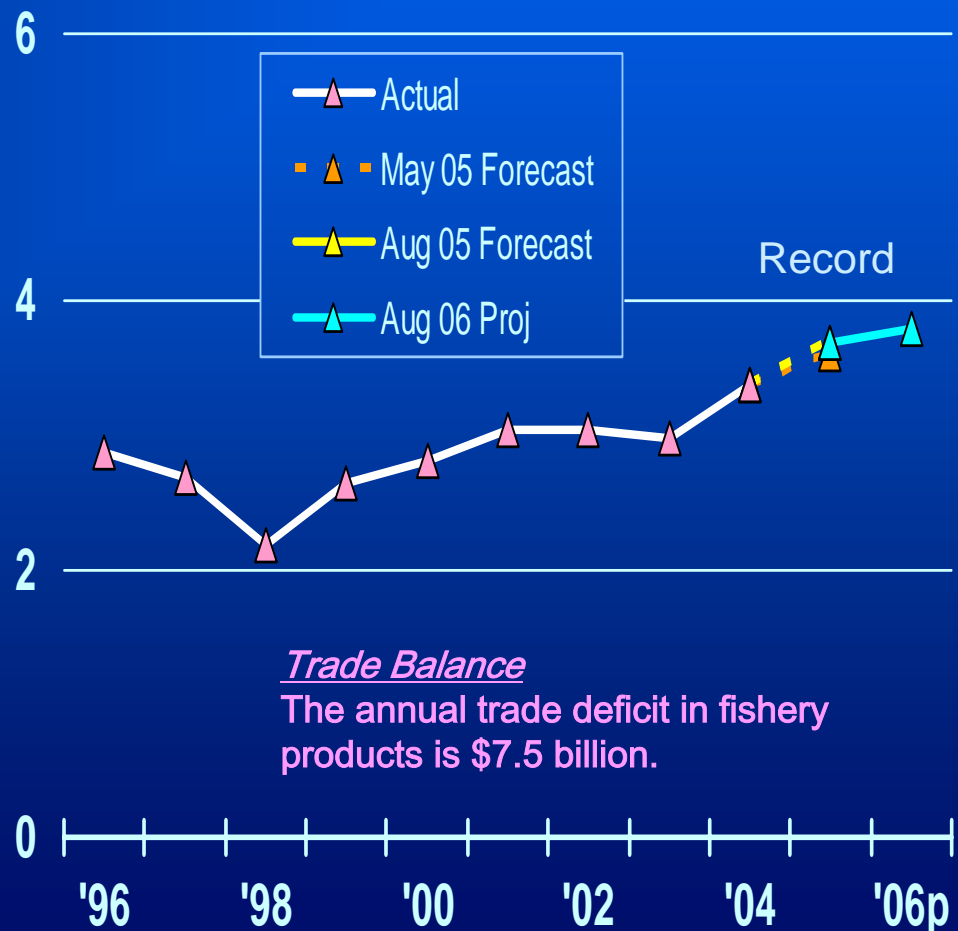
Downside Developments

- Strong competition from third country suppliers

Wild Card

- Size of U.S. harvests of lobster, salmon, and other species
- Global economy

Export Value (\$Bil)



Trade Balance

The annual trade deficit in fishery products is \$7.5 billion.

Export Outlook for Solid Wood Products

Revised FY 2005 Forecast:

Unchanged at \$5.8 Billion

Initial FY 2006 Forecast:

\$5.9 Billion

Revised FY 2005 Forecast

Key Developments

- US antidumping duty on Chinese furniture hasn't slowed wood exports
- Exports to Caribbean up as region rebuilds from last year's hurricanes

Initial FY 2006 Projections

Upside Developments

- Mexico's maquiladoras expected to use more US lumber
- EU hardwood & softwood market to continue gradual recovery

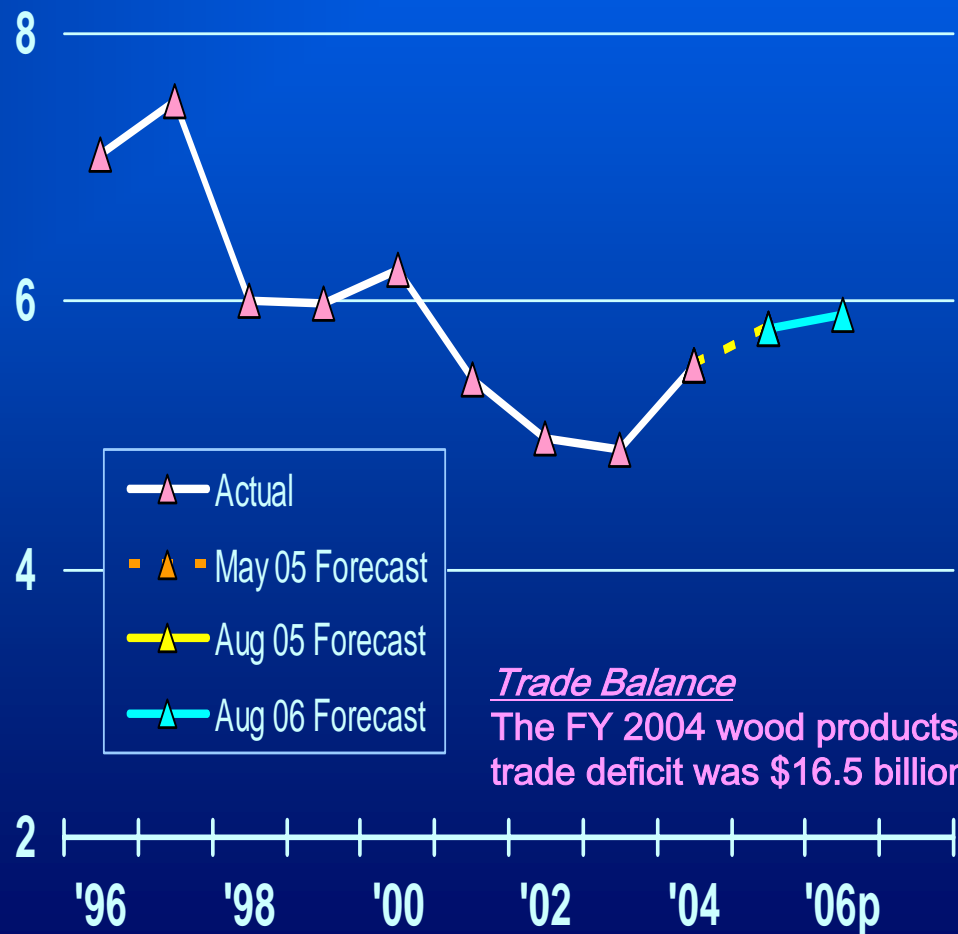
Downside Developments

- Softwood lumber continues to face increased competition in Japan

Wild Cards

- Impact of US housing starts

Export Value (\$Bil)



Trade Balance

The FY 2004 wood products trade deficit was \$16.5 billion.