

Fiscal Year Trade Forecasts for U.S. Agricultural Products

Changes in 2008 Forecast Since February

AgExports rise \$7.5 billion to record \$108.5 billion

AgImports rise \$2 billion to record \$78.5 billion

AgSurplus reaches record \$30.0 billion

Summaries on all groups except tobacco, planting seeds,
and sugar & tropical products

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

Released on May 29, 2008, 4pm EST

Slides prepared by Office of Global Analysis/FAS

U.S. Agricultural Trade

Higher prices for grains & soybeans and larger grain volumes drive half of the export gain in 2008. Import growth continues at faster pace.

Trade Value (\$Billion)



FY'08 Exports Revised Since February

AgExports Up \$7.5 Billion to Record \$108.5 Billion

Major Bulk Commodity Volume Up 2.6 mmt to Record 138.4 mmt

Grains & Feeds  \$2.6 billion to **record** \$35.3 billion

- wheat (+) \$500 million – higher prices offsets some vol reduction
- animal feeds: corn (+) \$500 million – (+) 1 mmt with no competition and (+) prices anticipating tighter US mkt; feeds/fodders – (+) \$ 650 mil on (+) vol for DDGs
- rice (+) \$600 – export unit value jumps to \$590/ton and some vol increase

Animal Products  \$2.5 billion to **record** \$20.5 billion

- dairy prods (+) \$1.1 bil – (+) vols, esp. NFDM, on strong demand & NZ drought
- pork (+) \$475 mil – (+) 200,000 mt mainly on strong China demand

Oilseeds and Products  \$1.8 billion to **record** \$20.7 billion

- soybeans (+) \$1.3 bil – (+) 2.3 mmt and unit values on extended late-season sales

Horticultural Products  \$800 million to **record** \$20.5 billion

- fruits/vegs/tree nuts (+) 600 million – good supplies, strong demand, weak dollar

Cotton  \$500 million but still a **record** 5.1 billion

- volume lowered 300,000 mt on technical adjustment to China stocks and import demand

Major Bulk Commodity Export Vol  2.6 mil. tons to **record** 138.4 mil. tons

- volume is up 13.7 mmt from 2007 and 2 mmt above previous record set in 1980
- largest annual increases: corn +8.9 mmt, sorghum +2.6 mmt, wheat +1.8 mmt

Export Outlook for Grain & Feed Products

Revised FY 2008 Forecast:  \$2.6 Billion to \$35.3 Billion

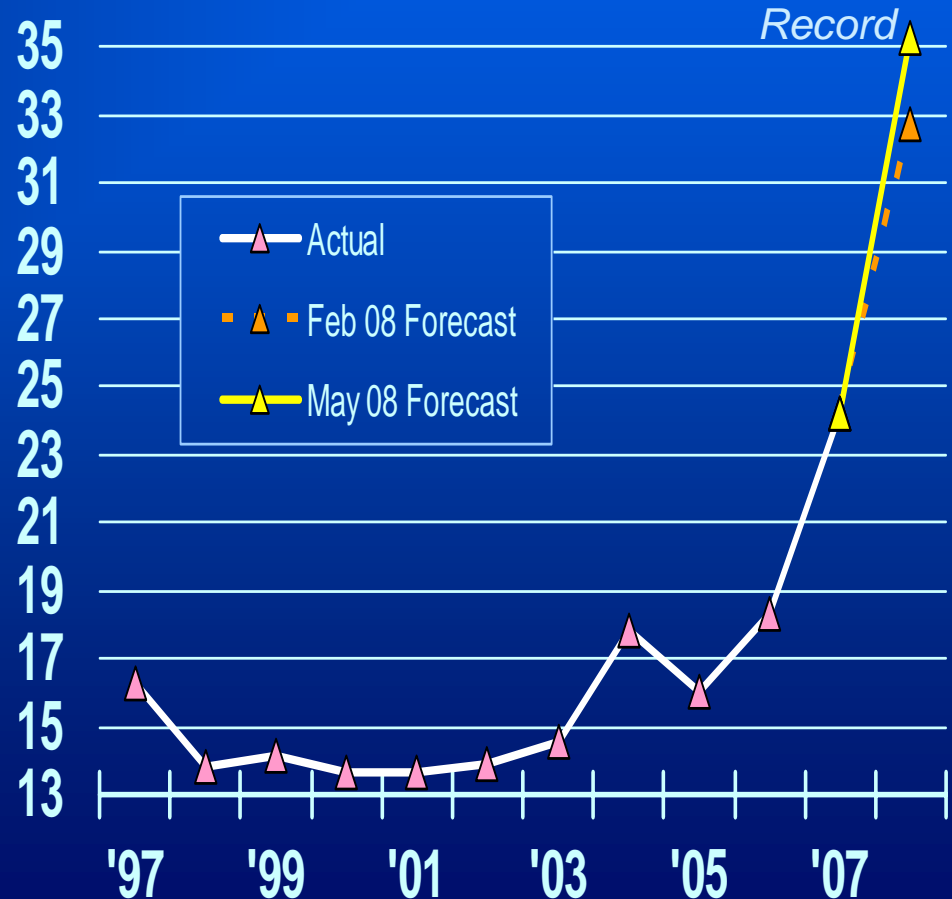
Revised 2008 Forecast

Key Developments

- Higher wheat prices add \$500 mil
- Corn and feeds & fodders rise \$1.1 billion on higher prices and vol gains
- Record rice prices add \$600 million

Export Value (\$Bil)

Includes corn gluten feed/meal



Export Outlook for Oilseeds & Products

Revised FY 2008 Forecast:  \$1.8 Billion to \$20.7 Billion

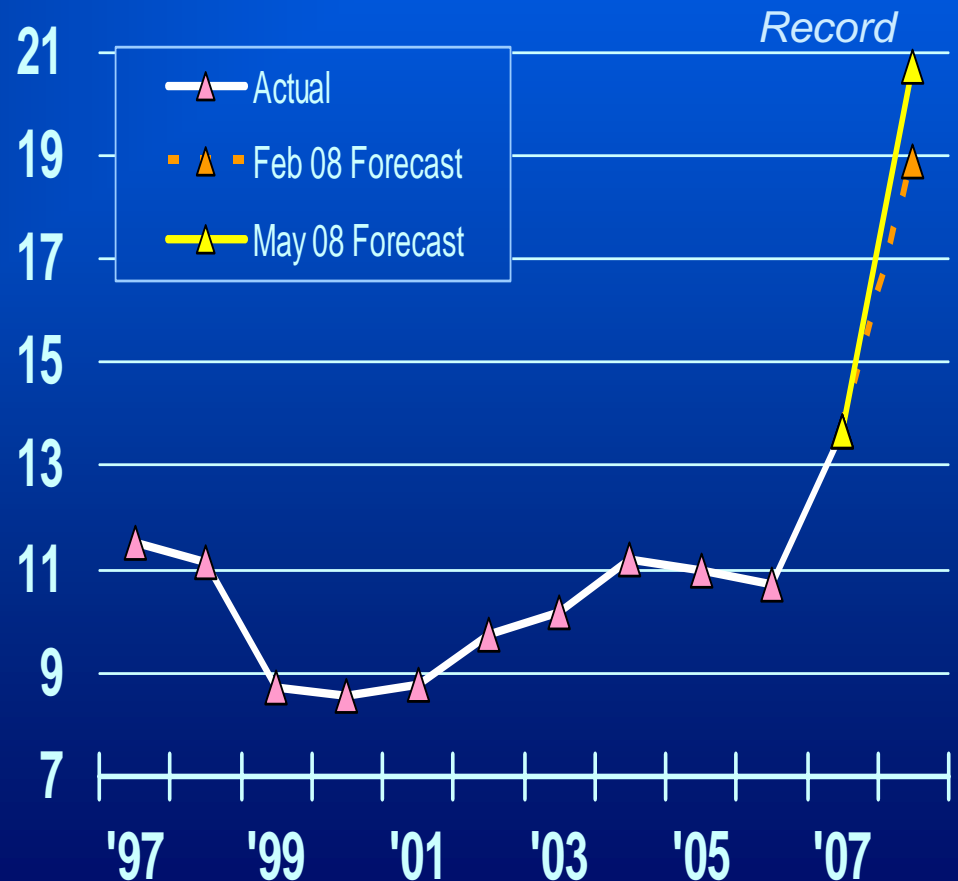
Revised 2008 Forecast

Key Developments

- Soybeans up 1.3 billion – extended late-season sales raise average unit prices and boost vol
- Soyoil vol raised supported by strong demand

Export Value (\$Bil)

Excludes corn gluten feed/meal



Export Outlook for Cotton

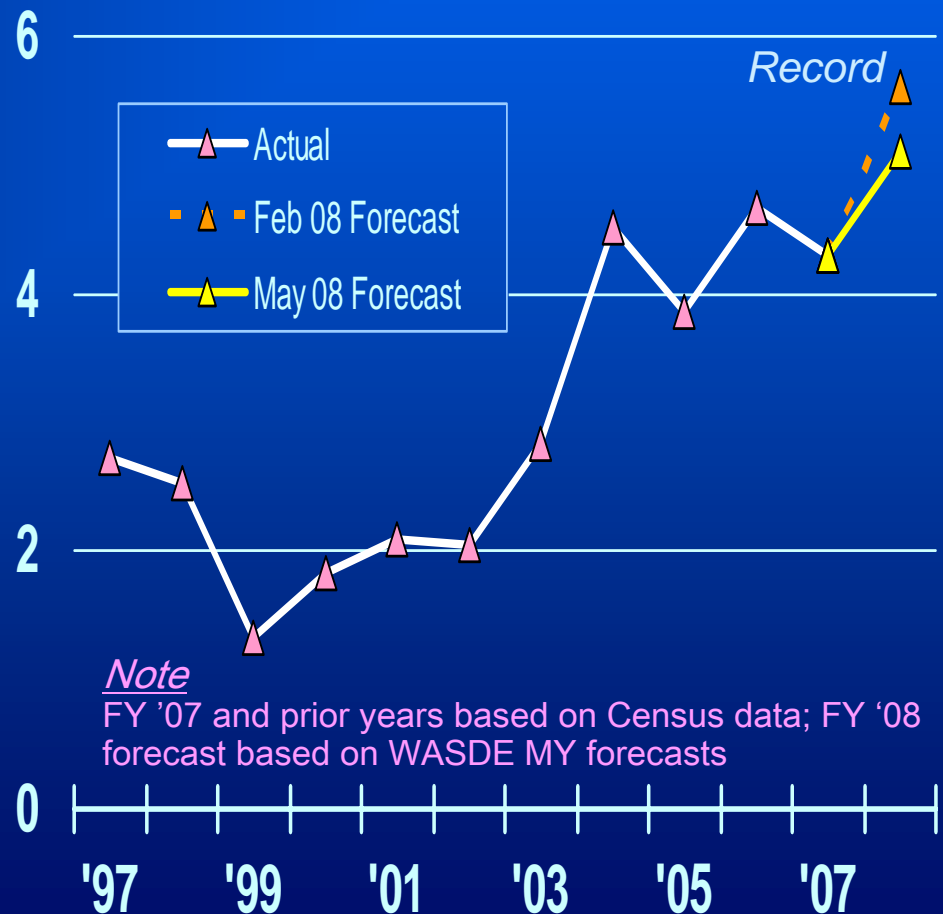
Revised FY 2008 Forecast:  \$500 Million to \$5.1 Billion

Revised 2008 Forecast

Key Developments

- Export vol lowered 300,000 mt to 3.1 mmt largely due to revised estimates for China's stocks and import demand
- Volatility in US futures market impacts sales opportunities
- Higher transport costs makes US cotton less competitive in China

Export Value (\$Bil)



Export Outlook for Dairy, Livestock & Poultry

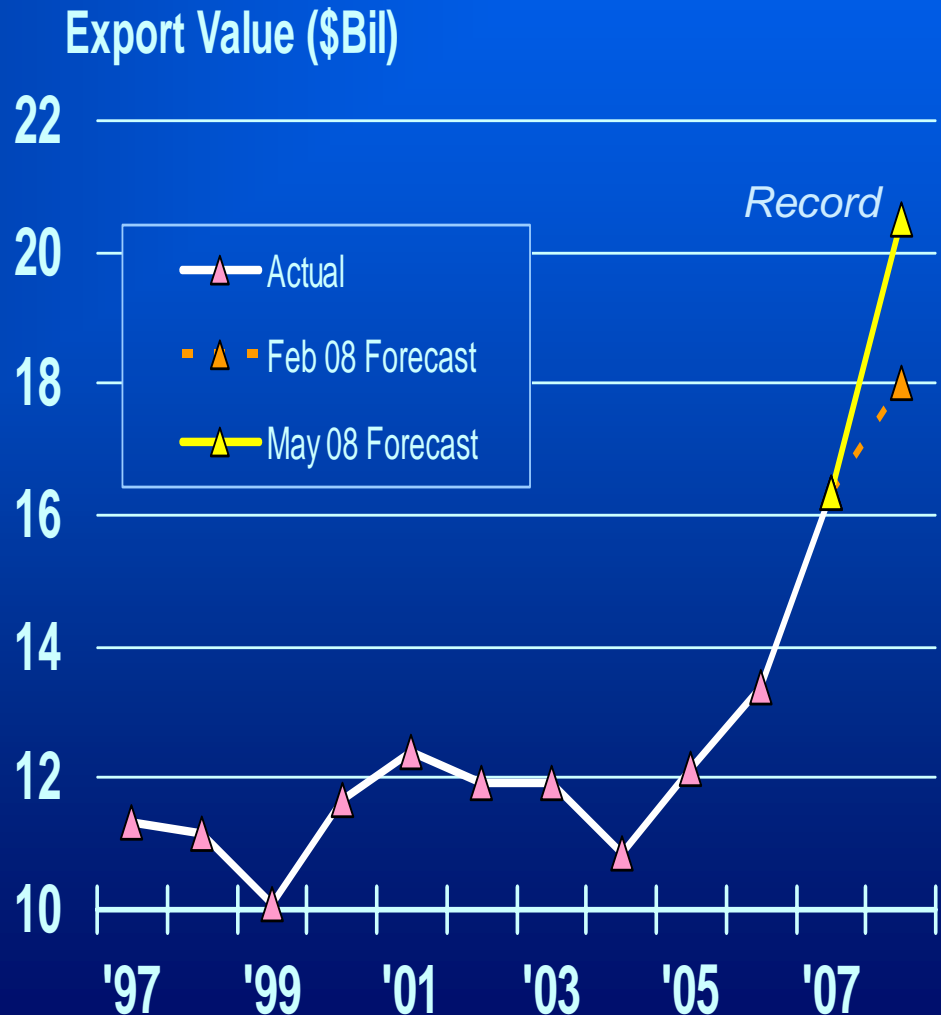
Revised FY 2008 Forecast:  \$2.5 Billion to \$20.5 Billion

Revised 2008 Forecast

Key Developments

□ Dairy exports raised \$1.1 bil to record \$3.7 bil. Strong demand & drought in NZealand & Aust. keep US export vols higher & slow fall from record 2007 prices. Dairy trade surplus (first since 1993) of \$500 mil forecast w/o export subsidies

□ Pork vol +200,000 to 1.4 mmt due to China/Hong Kong increases



Export Outlook for Horticultural Products

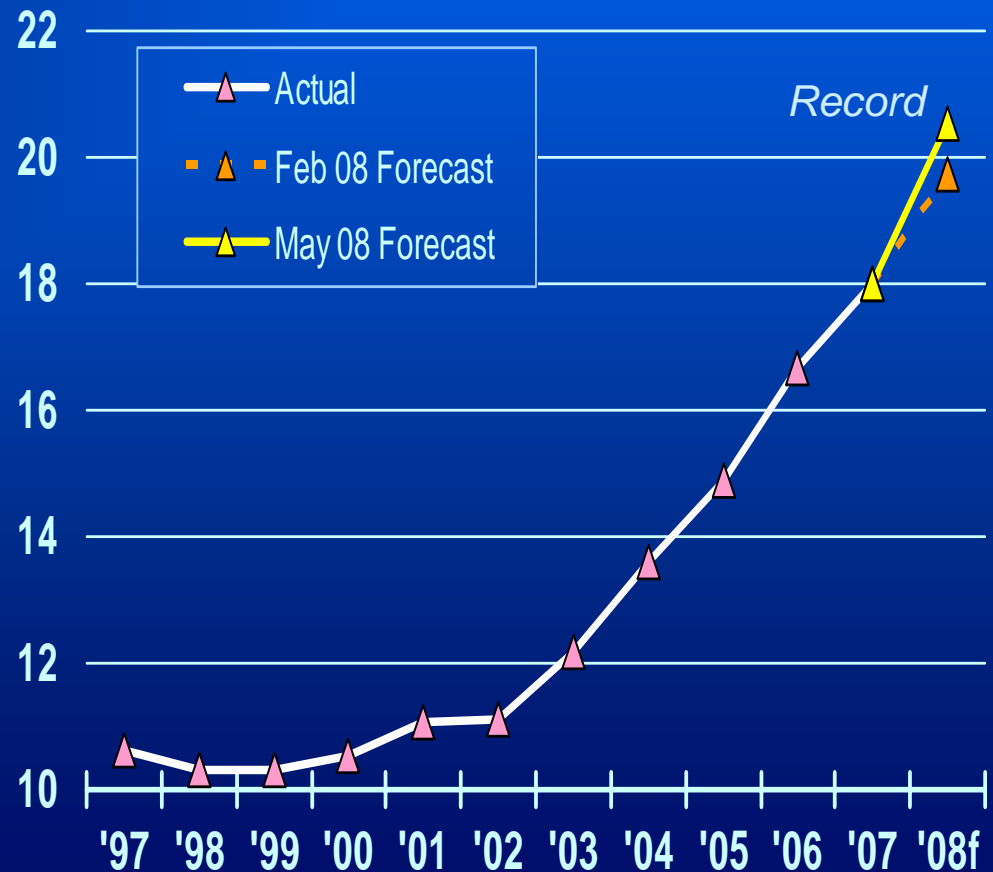
Revised FY 2008 Forecast:  \$800 Million to \$20.5 Billion

Revised 2008 Forecast

Key Developments

- Adequate supplies, strong demand & weak dollar boost fresh and processed fruit & veg, and tree nut exports beyond expectations
- Exceptional sales to Canada, EU, and emerging markets
- Record almond crop supports record shipments; export value up despite weaker prices

Export Value (\$Bil)



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

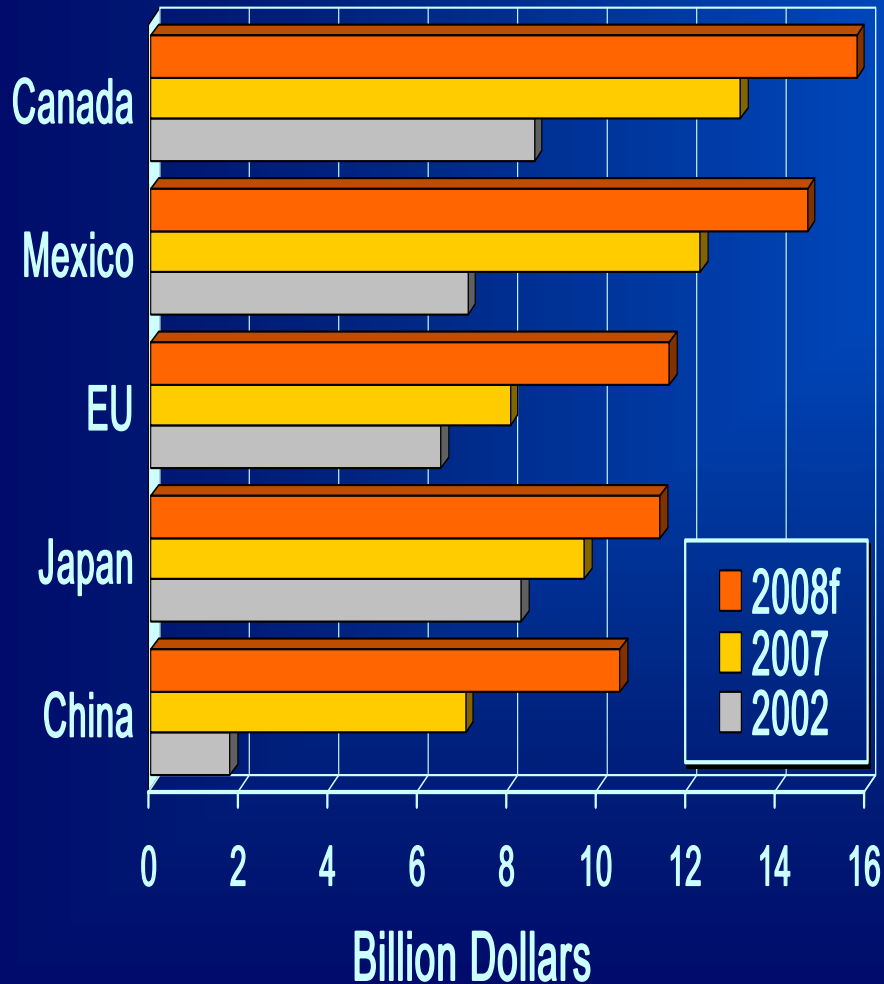
- Horticultural products \$34.8 billion (fruit & vegs \$17.5 bil, wine & beer \$8.5 bil)
- Snack foods \$5.2 bil, beef & pork \$4.2 bil, vegeils \$4.5 bil, dairy products \$3.2 bil

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 & products add \$4 billion in 2008, mostly due to higher prices, but some vol increase too (this compares to \$300 million additional sales in 2005)
- Tropical products (natural rubber, coffee & other products) continue to grow above trend with strong global demand and record to near-record prices

Top Ag Markets and Ag Suppliers

Top Ag Markets...



Top Ag Suppliers...

