

## 2016 U.S. Agricultural Trade (08/12/2016)

About 22% of the total volume of U.S. production is exported every year making exports an important outlet for U.S. agricultural production. The main U.S. agricultural export products are grains and feeds, soybeans, livestock products, and horticultural products. The top five export destinations for these products are China, Canada, Mexico, Japan, and the European Union (see Table 1).

USDA reported its fourth and last forecast for U.S. agricultural exports for the 2016 fiscal year (FY, October 1, 2015 to September 30, 2016) in the Outlook for U.S. Agricultural Trade, published in May 2016. The forecast indicated that U.S. agricultural exports are expected to reach a value of \$124.5 billion (see Figure 1). If projections are realized, they would be down \$15.2 billion relative to 2015 (\$139.7 billion), and \$27.8 billion from the record value in 2014 (\$152.3 billion) (see Figure 1).

U.S. agricultural imports on the other hand, are forecast at \$114.8 billion which are up \$0.774 billion from last year. The projected U.S. agricultural trade surplus (exports minus imports) is forecast at \$9.7 billion. This would be the lowest trade surplus since 2006 (\$4.566 billion).

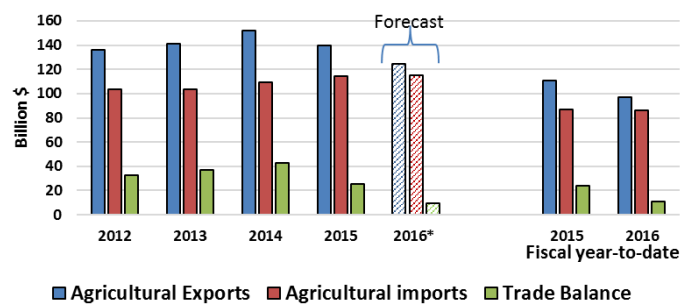
Table 1. Top Five U.S. Agricultural Export Destination, by Fiscal Year (U.S. Billion Dollars)

	2012	2013	2014	2015	Oct 2015 -Jun 2016
Country					
China	23.38	23.36	25.7	22.5	15.10
Canada	20.05	21.46	21.8	21.3	15.30
Mexico	18.87	17.94	19.5	18.0	13.17
Japan	13.78	12.42	13.4	11.7	7.74
European Union-28	8.92	11.55	12.7	12.3	8.85
ROW	50.91	54.42	59.3	53.8	36.56
Total	135.91	141.14	152.3	139.7	96.72

ROW= Rest of the world. Fiscal year= October 1 previous year to Sept 30 current year.

Source: USDA-ERS and USDA-FAS

Figure 1. U.S. Agricultural Trade (Fiscal Year)



Source:USDA-ERS.

Fiscal Year: October 1 of previous year through September 30 of current year.

\* Reflects forecasts by USDA in the May 26, 2016, Outlook for U.S. Agricultural Trade.\*\* Fiscal year-to-date: Oct 1 of previous year to June.

Trade balance= Exports-Imports

The U.S. agricultural export forecast published in May 2016 was \$14 billion below the first forecast for 2016 FY reported by USDA back in August 2015 (\$138.5 billion). U.S. agricultural trade forecasts may be modified based on changes in factors that influence trade such as global supplies, commodity prices, government policies to support agriculture, and exchange rate fluctuations, among others. As indicated by USDA, most of the expected reduction in the value of U.S. agricultural exports for 2016 FY responds to lower commodity prices, strong competition, and reduced trade prospects with China, particularly for sorghum and distiller's dried grains with solubles. The value of projected exports for livestock, poultry, and dairy were lowered in response to lower prices as a result of increased supplies. A strong dollar relative to weaker currencies in key markets also contributed to a lower forecast for the value of agricultural exports.

Changes in forecasts from February to May 2016 showed that grain and feed exports are expected to reach a value of \$27.7 billion (up \$500 million from the February forecast) (see Table 2). The last forecast adjustments were the result of larger volumes of wheat and corn and slightly higher prices for corn and sorghum. The latest data from USDA shows that during the first three quarters of the 2016 FY (October 2015 to June 2016), 76% of the U.S. export forecast for grains and feeds was realized (see last column of Table 2). Likewise, the value of U.S. corn exports (\$5.997 billion) during this period represented 77% of the projected U.S. corn exports this FY (\$7.800 billion).

U.S. exports of oilseeds and products are expected to reach a value of \$26.1 billion, up \$700 million from the February forecast on account of larger export volumes of soybeans and soybean meal and higher soybean prices. Ninety percent (\$15.997 billion) of the U.S. soybean exports projected for the 2016 FY has been achieved from October 2015 to June

2016 (see Table 2), at this rate with three more months remaining in this fiscal year, U.S. soybean exports may surpass the forecast for 2016 FY (\$17.7 billion).

U.S. livestock, poultry, and dairy exports are forecast at \$25.4 billion this FY, down \$300 million from the February forecast. As Table 2 indicates, 74% (\$18.878 billion) of the projection for this sector was reached during the first three quarter of the 2016 FY.

Overall, there was \$500 million reduction in the 2016 FY forecast for agricultural exports from the February to May 2016 (see Table 2).

Table 2. Value of U.S. Agricultural Exports by Commodity, 2015-2016

	October-June		Fiscal Year	Forecast		% of Forecast Realized from Oct/15 -Jun/16
	2015	2016	2015	Fiscal Year 2016 Feb	May	
Value	-----Billion Dollars-----					
Grains and feeds 1/	23.484	21.153	31.602	27.200	27.700	76%
Wheat 2/	4.327	3.506	5.846	5.000	5.100	69%
Rice	1.491	1.408	2.124	1.800	1.800	78%
Coarse grains 3/	8.144	7.343	11.043	8.900	9.400	78%
Corn	6.530	5.997	8.791	7.400	7.800	77%
Feeds and fodders	5.275	4.972	8.064	6.900	6.900	72%
Oilseeds and products 4/	28.149	23.040	31.701	25.400	26.100	88%
Soybeans	19.832	15.997	21.637	17.000	17.700	90%
Soybean meal 5/	4.379	3.162	5.255	3.700	3.800	83%
Soybean oil	0.639	0.617	0.771	0.900	0.800	77%
Livestock, poultry, and dairy	22.829	18.878	29.290	25.700	25.400	74%
Livestock products	13.824	11.668	18.240	16.000	16.000	73%
Beef and veal 6/	4.541	3.797	5.848	5.400	5.200	73%
Pork 6/	3.725	3.394	4.935	4.300	4.400	77%
Beef and pork variety meats 6/	1.195	1.147	1.595	1.500	1.400	82%
Hides, skins, and furs	2.080	1.449	2.628	2.000	2.000	72%
Poultry and products	4.226	3.211	5.488	4.800	4.600	70%
Broiler meat 6/ 7/	2.680	2.030	3.361	2.800	2.800	73%
Dairy products	4.422	3.467	5.562	4.900	4.700	74%
Tobacco, unmanufactured	1.030	0.890	1.250	1.000	1.000	89%
Cotton	3.522	2.499	4.141	3.200	3.100	81%
Seeds	1.322	1.261	1.572	1.700	1.600	79%
Horticultural products 8/	26.185	24.908	34.107	34.700	33.500	74%
Sugar and tropical products 9/	4.536	4.472	6.064	6.100	6.100	73%
Major bulk products 10/	38.346	31.643	46.042	36.900	38.100	83%
<b>Total</b>	<b>110.601</b>	<b>96.721</b>	<b>139.741</b>	<b>125.000</b>	<b>124.500</b>	<b>78%</b>

Total may not add due to rounding.

1/ Includes corn gluten feed and meal and processed grain products. 2/ Excludes wheat flour. 3/ Includes corn, barley, sorghum, oats, and rye. 4/ Excludes corn gluten feed and meal. 5/ Includes soy flours made from protein meals. 6/ Includes chilled, frozen, and processed meats. 7/ Includes only federally inspected product. 8/ Includes juices. 9/ Includes coffee and cocoa products, tea, and spices. 10/ Includes wheat, rice, coarse grains, soybeans, cotton, and unmanufactured tobacco.

Source: Compiled by USDA using data from the U.S. Census Bureau, U.S. Department of Commerce, as reported in the "Outlook for U.S. Agricultural Trade" report published in May 2016.

October to June data was from USDA-FAS (GATS) downloaded on Aug 11, 2016.

Exports of major U.S. agricultural products, such as grains and feeds; oilseeds; livestock, poultry, and dairy; and horticultural products, are forecast down this fiscal year (2016) relative to the previous year. As indicated by USDA, lower commodity prices, strong competition, and weaker demand are pulling down the value of U.S. agricultural exports this fiscal year. Because of expected decline in the value of U.S. agricultural exports and the projected high record value of U.S. agricultural imports, the U.S. agricultural trade surplus is expected to be the lowest since 2006. Most agricultural commodity exports during the first three quarters of this fiscal year have reached more than 70% of their corresponding annual forecasts, with soybeans achieving most of its projection. USDA will publish its first agricultural export forecast for the 2017 fiscal year by the end of August 2016.