

Summary Outlook for FY 2009 AgExports

Global Grain Market: Increased Competition & Reduced Imports

Global Recession: Weaker Demand, Falling Prices, Stronger Dollar

1) Developments in the Global Grain Market Undercut US Grain Exports

- huge wheat exports from EU, Russia and Ukraine & reduced import demand (EU)
- US wheat & coarse grain export volumes down sharply; prices weaker

2) Financial Crisis and Economic Slowdown Spread Around the Globe

- US financial crisis spreads to Europe/Russia (less impact elsewhere), credit mkts prove difficult to unfreeze, deleveraging financial institutions & households takes time
- world growth slows to 1.0% in 2009 (2005-07 = 3.8%): recession in US, EU, Japan & slower growth for all regions; emerging mkts slow from 7.3% (3-yr avg) to 4.8%
- emerging mkts threatened as trade slows, commodity prices fall, & currency adjusts
- but, fiscal policies can cushion downturn & many countries have large reserves

Compared to 2008: All Categories Decline Except Horticultural Products

- grain & feed (-) \$10 billion to \$28.3 billion – vol declines account for two-thirds
- oilseeds (-) \$4.5 billion to \$18.4 billion – vol and unit value declines about equal
- cotton (-) \$800 million to \$4 billion – 25% due to vol decline, 75% due to price drop
- animal products (-) \$1.7 billion – dairy (-) \$900 million, broilers (-) \$550 (vol & price)
- hort. products (+) \$700 million to record \$21.5 billion – slowest growth in 6 years