

AgImport Growth Slows in FY 2009

*Imports lowered \$1.5 billion from February to \$81 billion
Forecast \$1.7 billion above last year's record \$79.3 billion*

- ❑ US recession remains severe, but the free-fall is probably over and the bottom is in sight. Rate of economic contraction slows in 2nd quarter and very weak expansion is possible for remaining quarters. Economy contracts 3-3.5% in 2009
- ❑ Consumer spending contracts with negative wealth effect (lower home values and sharply lower equities market) and soaring unemployment rate of 9-10%
- ❑ Some relief from sharply lower oil prices; stronger dollar lowers import costs

Key observations for FY 2009

- ❑ Import value growth rate slows to 2%, one of the lowest in over 40 years, as volume gains slow and deflationary pressures mount; recession-related volume declines expected for several groups including beer, fruit juices, rubber
- ❑ Horticultural product import value, typically accounting for 60% of overall growth, shows no expansion this year with volumes for many products flat to slightly down: wine volume up slightly but value is down as trade turns to less expensive wines, beer volume falls with shift to less expensive domestic labels
- ❑ Cattle and swine shipments from Canada fall as Canadian inventories decline; beef shipments from Australia rise on relatively strong US demand