

Agricultural Letter

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U.S. AGRICULTURAL EXPORTS set a new record in fiscal 1976 (year ending June 30), as a result of accelerated exports in May and June. The U.S. Department of Agriculture indicated agricultural exports totaled \$22.1 billion, up about 3 percent from fiscal 1975 and the sixth consecutive year in which a new record has been achieved. As recently as April 1976, fiscal year-to-date agricultural export sales were behind the year-earlier figure, but May and June export sales surpassed the same year-earlier months by 24 and 31 percent, respectively, thereby pushing the fiscal year total to the new record.

U.S. agricultural imports rose to \$10.1 billion in fiscal 1976, up 6 percent from the previous fiscal year. Agricultural exports surpassed agricultural imports by over \$12 billion, offsetting the nonagricultural trade deficit of \$8 billion and resulting in a positive balance of U.S. trade for the period.

Growth in export volume was the key element in U.S. trade in fiscal 1976. The export tonnage of principal agricultural commodities was up 22 percent above a year earlier. Soybean and corn export volume increased 40 and 39 percent, respectively, leading all major commodities in terms of annual growth. Grain sorghum and wheat exports—up 24 and 13 percent, respectively—also contributed to the surge in export volume. However, there were several commodities that experienced substantial export declines: soybean oil, down 42 percent; cotton, down 34 percent; and rice, down 31 percent.

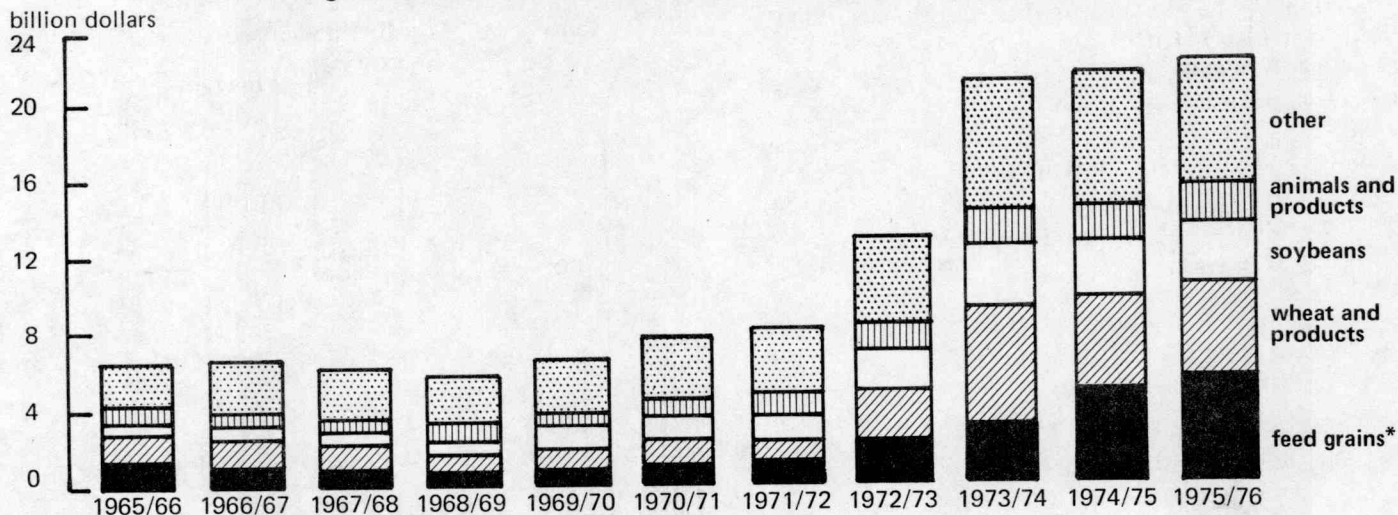
An 11 percent decline in average prices paid for commodities exported offset much of the gain in commodity volume. In a few instances price declines occurred for commodities that also experienced a decline

in volume and resulted in a huge drop in total sales. For example, the average price paid per pound of soybean oil exported in fiscal 1976 was down 38 percent, which when coupled with a decline in volume resulted in a 64 percent drop—\$315 million—in export sales. Likewise, the average rice price declined 22 percent and when combined with the lower volume caused rice export sales to drop 31 percent or \$461 million. On the other hand, increases in export volume of several commodities were more than sufficient to offset price declines. Although corn prices dropped 13 percent, the increase in volume was sufficient to raise total sales 21 percent. The same applies to soybeans—prices averaged 25 percent lower but total sales grew 4 percent. In the case of wheat, an 11 percent decline in the average price held sales essentially unchanged from the previous years.

Corn, wheat, and soybeans continue to account for the bulk of export sales—almost three-fifths in fiscal 1976. The sharp increase in corn sales made it the number one commodity exported last year, totaling 22 percent of all U.S. farm exports, although wheat was just a fraction of a percent behind. Soybeans alone make up 14 percent of all export sales, but another 4 percent can be added to that figure if related meal and oil products are also considered. Animals and animal products make up the next largest category, just under one-tenth of the total.

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Feed grains capture an increasing share of U.S. agricultural export sales



*Corn typically accounts for 80-85 percent of all U.S. feed grain export sales.

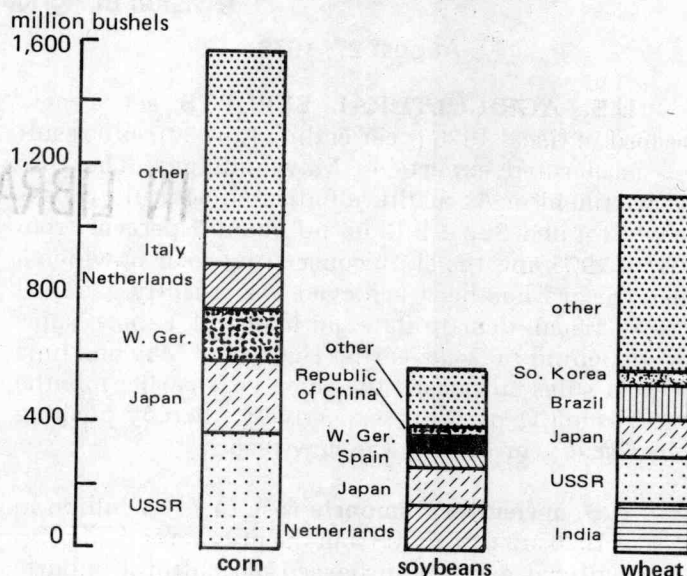
Japan remains the number one purchaser of U.S. agricultural commodities by a wide margin. In fact, Japan slightly increased its share of total purchases in fiscal 1976. After suffering severe crop failure in 1975, the USSR increased purchases of U.S. agricultural commodities nearly fourfold in fiscal 1976, thereby pushing that country into second position among all buyers, up substantially from the number 13 position held the year before and the first time in three years that it has been in the top ten. All the other countries except the United Kingdom are top ten buyers from the previous year. Two countries dropped from the top ten last year—Mexico and Iran. Also noteworthy is the fact that the Republic of China was in the eleventh position last year, up one notch from fiscal 1975.

Over one-half of all U.S. agricultural exports go to ten countries

1975/76 rank	Country	Amount (mil. dol.)	Change from fiscal 1975 (percent)	Share of total (percent)
1	Japan	\$3,300	3.6	14.9
2	USSR	1,864	370.0	8.4
3	Netherlands	1,755	7.6	7.9
4	West Germany	1,618	11.8	7.3
5	Canada	1,400	9.0	6.3
6	Italy	800	- 0.5	3.6
7	India	740	- 2.5	3.3
8	South Korea	722	- 18.4	3.3
9	Spain	655	- 17.1	3.0
10	United Kingdom	647	10.9	2.9

The export outlook for the next year has improved in recent weeks. Adverse weather conditions abroad have dimmed crop production prospects and will result in increased foreign demand for U.S. farm com-

Top five importers of U.S. farm commodities—1975/76



modities. Corn and soybean export volume may closely approximate that of the past year, according to the most recent USDA projections. Wheat export volume is expected to be off about 10 percent, however. At the world level wheat carryover stocks at the end of the current 1976/77 crop year are expected to be up one-fourth over the year-earlier level. Consequently, wheat has been, and most likely will continue to be, subject to downward price pressures. Coarse grain stocks—corn is in this category—may be up at the world level for the first time in five years, a factor that may moderately depress corn prices. Soybean prices should be strong. On balance, it appears that total export sales in the next fiscal year may slip below the recent record level.

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