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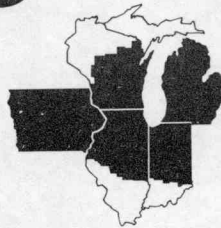
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Agricultural Letter



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AGRICULTURAL EXPORTS maintained a record-setting pace during the first half of the current fiscal year, but surging imports reduced the agricultural trade balance. The value of all U.S. agricultural exports during the October 1976-March 1977 period totaled \$12.7 billion, up nearly 8 percent from the year-earlier level. Agricultural imports soared 30 percent to surpass the \$6.4 billion mark. The large rise in imports narrowed the agricultural trade balance for the period to less than \$6.3 billion, down \$600 million from a year ago.

Higher-priced coffee was the major factor behind the large increase in agricultural imports. The quantity of green coffee imported during the October 1976-March 1977 span fell slightly below the year-earlier level, but higher prices more than doubled the value of such imports. Because of the sharp increase coffee accounted for about one-third of the value of all agricultural imports during the six months ending in March, up from less than one-fifth a year earlier.

Year-to-year value gains were evident in virtually all major categories of agricultural exports, with the exception of grains. However, soybeans accounted for about 80 percent of the rise in total agricultural exports. From October through March soybean exports were valued at \$2.5 billion, up 41 percent from a year earlier. The higher export value for soybeans reflected both a slight increase in the quantity shipped plus sharply higher prices.

Agricultural exports rise despite reduction in grain shipments

	Agricultural exports		Change	
	October-March 1975/76	October-March 1976/77	Amount	Percent
	(million dollars)			
Animals and products	1,040	1,313	274	26
Cotton	372	807	435	117
Feeds and fodder	170	306	137	81
Fruits and preparations	343	368	25	7
Grains and preparations	5,986	4,858	-1,128	-19
Wheat and products	2,558	1,434	-1,124	-44
Feed grains	3,052	3,017	- 35	- 1
Rice	284	312	28	10
Oilseeds and products	2,579	3,550	970	38
Soybeans	1,770	2,495	724	41
Protein meal	391	514	124	32
Vegetables and preparations	291	388	96	33
Tobacco	600	614	14	2
Other	419	495	76	18
Total	11,799	12,699	899	8

In the grains complex the quantity of wheat and products exported through March of the 1976/77 fiscal year was down nearly one-third from the same period a year ago. Moreover, lower prices reduced the value of the curtailed wheat and products shipments by 44 percent. The value of feed grain exports also fell slightly below the year-earlier pace—by 1 percent—as lower prices more than offset the 7 percent increase in

the quantity of feed grains shipped abroad. Corn shipments during the October-March period were up 4 percent.

The softness in grain exports is a clear reflection of the record grain harvest throughout most areas of the world last year. Current Department of Agriculture (USDA) estimates indicate the worldwide production of wheat and coarse grains in 1976/77 was up 12 percent from the year-earlier level and 7 percent above the previous record in 1973/74. Even excluding the large harvests in the United States and in the USSR, world grain production was up 5 percent last year. On the one hand, the large harvests have lowered the import needs in several countries. Simultaneously, the large supplies in other major exporting countries have placed increased competitive pressures on domestic grains.

The trend in grain and soybean exports will continue to be an important factor on prices in the months ahead, particularly for soybeans. Department of Agriculture projections place soybean exports for the current marketing year at 545 million bushels, indicating the April-August volume of shipments would have to drop 16 percent below the year-earlier pace. Prospects for this much weakening, however, appear to be fading. Weekly export inspections since March have continued slightly above the year-earlier level. Exportable supplies from the recently completed Brazilian harvest may not be as large as previously expected because of late-season weather damage. Moreover, the volume of unfilled export commitments remains very large, although some of these orders will likely be canceled or extended into the next marketing year. Overall, it appears soybean exports may closely parallel the year-earlier pace for the next few months.

Weekly corn export inspections since the end of March have equaled the year-earlier pace. However, recently completed coarse grain harvests in the Southern Hemisphere have sharply expanded competitive exportable supplies which may result in some slowing in U.S. shipments. Moreover, if worldwide weather conditions continue favorable, corn exports during the summer months may not parallel last year's experience when the European drought resulted in comparatively large shipments. Nevertheless, corn exports for the entire marketing year may come closer to last year's level of 1,711 million bushels than the current USDA projection of 1,650 million bushels.

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