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USDA: U.S. Agricultural Exports are Projected to Decrease \$2.5 Billion in Fiscal Year 2023

Given the delay in how U.S. trade data are reported (two-month delay), the value of U.S. agricultural exports for fiscal year

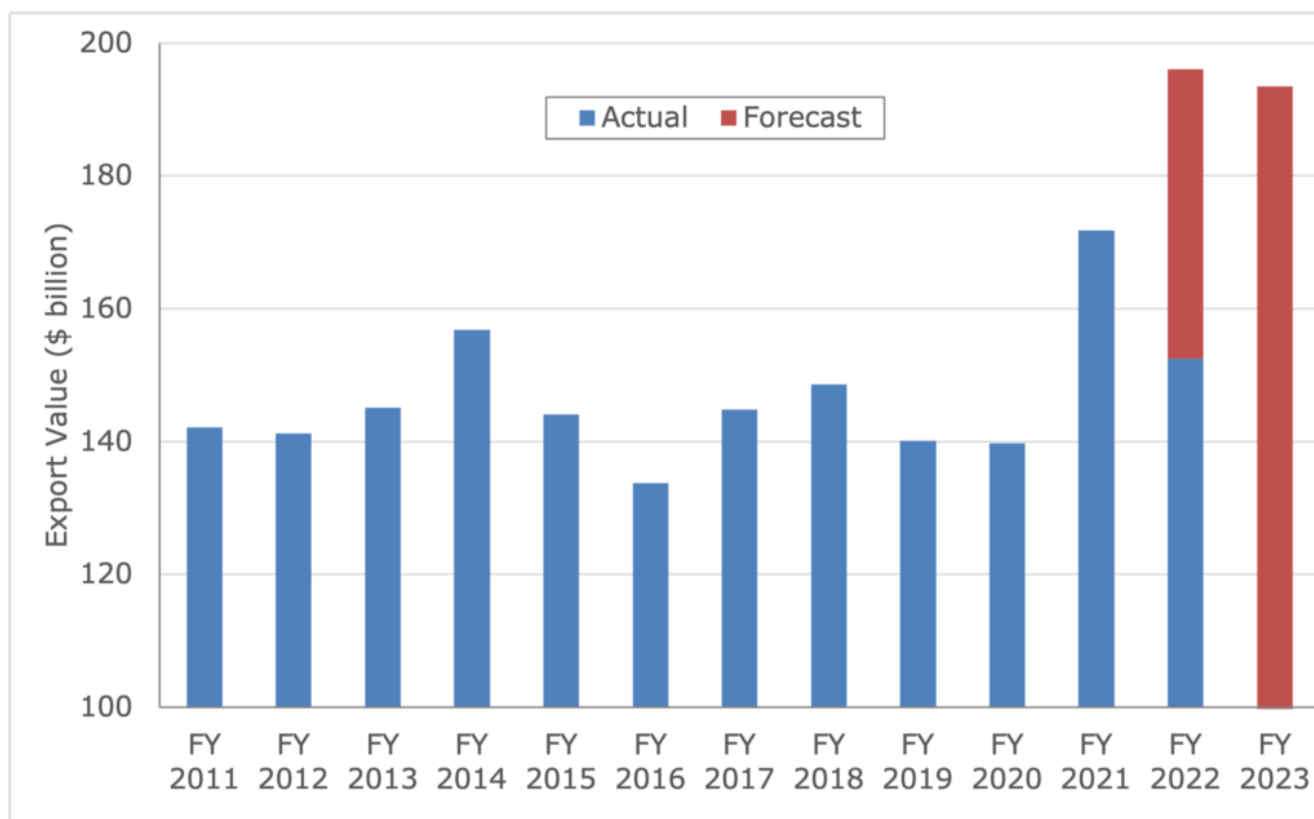
(FY) 2022 (October 2021 – September 2022) will not be available until November. However, the latest USDA trade outlook has projected that agricultural exports in FY 2022 will reach a record \$196 billion. Which is a 14 percent increase when compared to the previous year (USDA, 2022a). With year-to-date (October 2021 – June 2022) exports at \$152.5 billion (USDA, 2022b), it looks like U.S. agricultural exports for FY 2022 are on pace to reach or exceed the projected record. Although FY 2022 is projected to be a record year, the latest projections also indicate that U.S. agricultural exports in FY 2023 will be \$193.5 billion, down \$2.5 billion when compared to FY 2022 (See Figure 1).

The reason for this projected decline is that the global economic outlook for 2023 is growing more uncertain. For instance, global GDP is projected to increase by 3.2 percent in 2022, a downward revision from the prior forecast of 3.6 percent, but is projected to increase by even less in 2023 (2.9 percent). The Russian invasion of Ukraine is still ongoing and continues to impose economic disruptions. The disruptions have thus far led to elevated energy prices that continue to disproportionately affect the European market. Supply chain complications have slowly abated, but spot shipping rates remain elevated compared to pre-pandemic levels. Finally, central banks around the world have begun monetary tightening cycles to combat rising inflation. While this tightening can counter inflation, it can also result in short-term barriers to economic growth and spending.

USDA is projecting lower exports of cotton, beef, and sorghum in FY 2023. But USDA is also projecting that these decreases will be partially offset by higher exports of soybeans and horticultural products. Cotton exports are projected to decrease by \$1.8 billion due to drought-lowering export volumes. Beef exports are forecast down \$1.1 billion due to tight U.S. supplies. Overall livestock, poultry, and dairy exports are projected at \$41.1 billion, down \$1.5 billion.

Sorghum exports are forecast at \$2.0 billion, down \$700 million, on sharply lower supplies. Total grain and feed exports are forecast down \$1.3 billion to \$46.5 billion and wheat exports are forecast down \$300 million, mostly due to an expected fall in prices. That said, soybean exports are forecast up \$2.2 billion to a record \$35.2 billion based on higher prices, and horticulture exports are projected to rise by \$400 million to \$39.5 billion as higher exports of fresh and processed fruits and vegetables more than offset a decline in tree nut exports. Exports to major destinations are essentially unchanged. U.S. agricultural exports to China are forecast at \$36.0 billion, unchanged from FY 2022, and exports to Canada and Mexico are forecast at \$28.5 billion each, also unchanged from FY 2022.

Figure 1. U.S. Agricultural Exports (Actual and Forecast): FY 2011 – FY 2023



Note: FY is the fiscal year (October – September)

Source: U.S. Department of Agriculture, Foreign Agricultural Service, Global Agricultural Trade System (GATS) (2022)

Reference

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