



# International Agricultural Trade Report

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## U.S. Wheat Exports Get No Help from Southern Hemisphere Competitors

### Summary

U.S. wheat producers can't count on a supply shortfall in the Southern Hemisphere to solve their stock problem this year, because Argentina and Australia are headed for another year of bumper crops and strong exports.

### Low Prices Weren't Enough to Discourage Plantings

Combined planted area expanded 7 percent as farmers opted for a crop with relatively lower production costs and higher profit potential. In Argentina, this additional area was at the expense of oilseeds, particularly sunflower and soybeans. Australia will primarily benefit from above average yields as most areas are experiencing good growing conditions and dry areas have received beneficial rains and temperatures.

### Higher Production Boosts Exportable Supplies

Exportable supplies are dependent on production levels, because Argentina and Australia traditionally hold very little stocks. Combined exports could be perhaps 3 million tons more than last year.

### Leaving Stiff Competition for the United States and Pressuring World Prices

*Australia* will concentrate on traditional Asian markets, i.e. Pakistan and Indonesia, but will also target Iran where imports are projected to double. *Argentine* exports to Latin America, primarily Brazil, their largest market, will continue strong. However, additional sales to other markets, notably in North Africa and the Middle East will intensify competition with the United States and the European Union.

For additional trade information, please contact Dusti Fritz at (202)-690-4200. For production information, please contact Maria Anulacion at (202)-690-0139 and Jim Crutchfield at (202)-720-0135.