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The Rise and Fall of Bulk Commodities (As a Share of Total U.S. Agricultural Exports)

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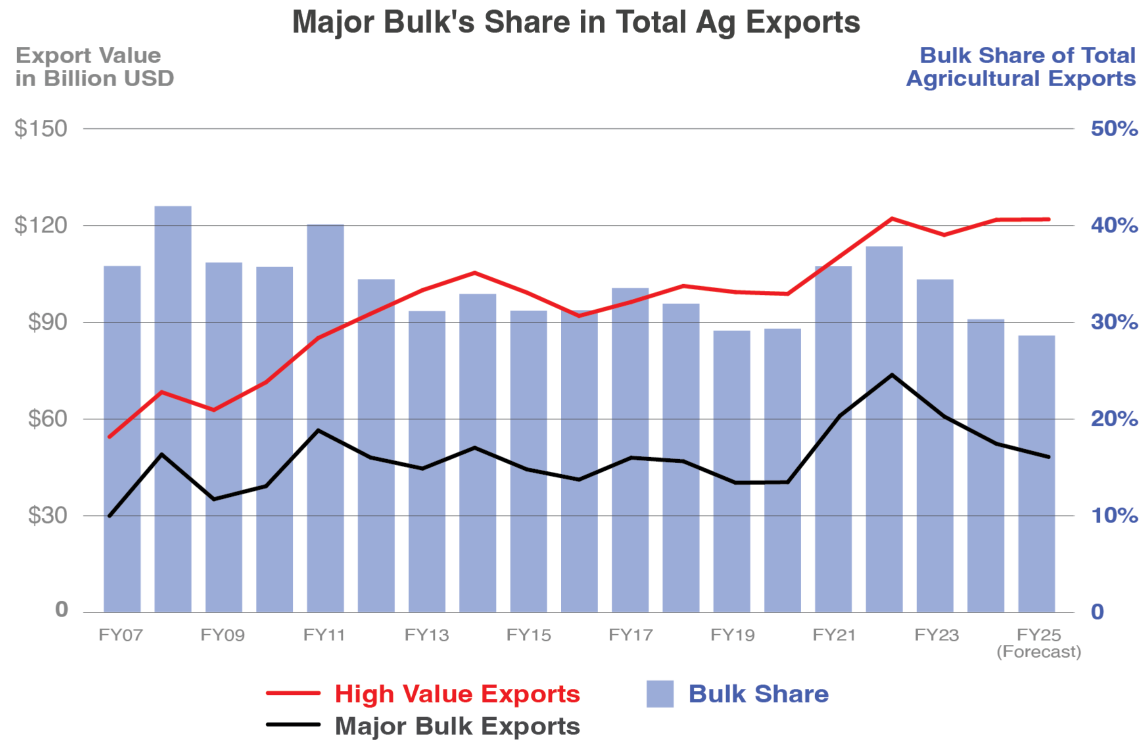
Executive Summary

Major bulk commodities, as a share of total U.S. agricultural exports, have risen and fallen dramatically since 2020. Beyond short-term price volatilities that have largely driven these developments, changes to the largest overseas market and an increasingly competitive landscape also affect the prospect for major U.S. bulk exports.



Source: U.S. Census Trade data and Outlook for U.S. Agricultural Trade: May 2025 (USDA)

Volatility in Bulk Export Value

Major bulk commodities, defined as grains, soybeans, and cotton[1], comprised on average 31 percent of total U.S. agricultural exports between fiscal years (FY) 2014 and 2020. In FY 2021, their share rose to 36 percent before swelling to 38 percent in FY 2022. Since then, however, that share has steadily declined and is projected to be 28.5 percent in the latest U.S. Department of Agriculture (USDA) forecast for FY 2025, the lowest level on record. In contrast, high-value product exports, consisting predominantly of intermediate and consumer-oriented products, remained comparatively stable.

The volatility of bulk exports stems from the susceptibility of field crops to global supply shocks. In any given year, bulk export values can be affected by weather, other environmental factors, geopolitical events, and significant shifts in both volumes and unit values. Price swings are less pronounced the closer a product gets to consumer markets, as the process of converting farm commodities into consumer foods adds value and requires additional inputs such as labor, packaging, energy, marketing, and transportation. Farm commodity prices thus constitute only a small portion of the cost of food at the retail level. In the food price crises of 2008 and 2012, bulk export values rose faster than high-value products, and the subsequent price corrections were also more drastic. The more recent price run-ups in 2020-2022 and ensuing price declines have traced a similar pattern, albeit with more geopolitical complexities than the previous price crises.

2020-2022

Between March 2020 and March 2022, prices of soybeans, wheat, and other grains surged 88 percent (International Grains Council's Grains and Oilseeds Index) due to strong global import demand (particularly from China), smaller world supplies as a result of Northern Hemisphere droughts in the summer of 2021, tightening stocks in major exporting countries, rising energy and fertilizer costs, export restrictions, major supply chain disruptions that pushed up transportation costs, and Russia's invasion of Ukraine in February 2022. Ukraine and Russia are important exporters of wheat, corn, barley, and sunflower oil and meal. The war disrupted agricultural exports from the region and significantly amplified existing market volatility. As uncertainties mounted about future supplies, some countries implemented export bans or restrictions on their domestic supplies that further tightened global availability, adding additional upward pressure on prices. According to the World Bank, global grain and oilseed prices reached record levels in April and May of 2022, eclipsing previous highs during the 2008 and 2012 food price crises.

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[1] In USDA's Global Agricultural Trade System's product groupings, BICO is an FAS designation that stands for Bulk, Intermediate, and Consumer-Oriented goods. The bulk grouping in GATS encompasses large-volume commodities such as grains, soybeans, and cotton, as well as pulses, unroasted coffee, and other smaller-volume products that make up 5 percent of total bulk export value. This paper focuses only on the major bulk commodities.

Besides rising prices, bulk export volumes also increased, thanks in part to the U.S.-China Phase One Agreement[2], which coincided with China's recovery from African swine fever (ASF) and herd rebuilding efforts that precipitated drastic increases in soybean and feed grain demand. Between FY 2020 and FY 2022, U.S. major bulk export volumes increased 15 percent, or 20.6 million metric tons, with China accounting for most of this increase.

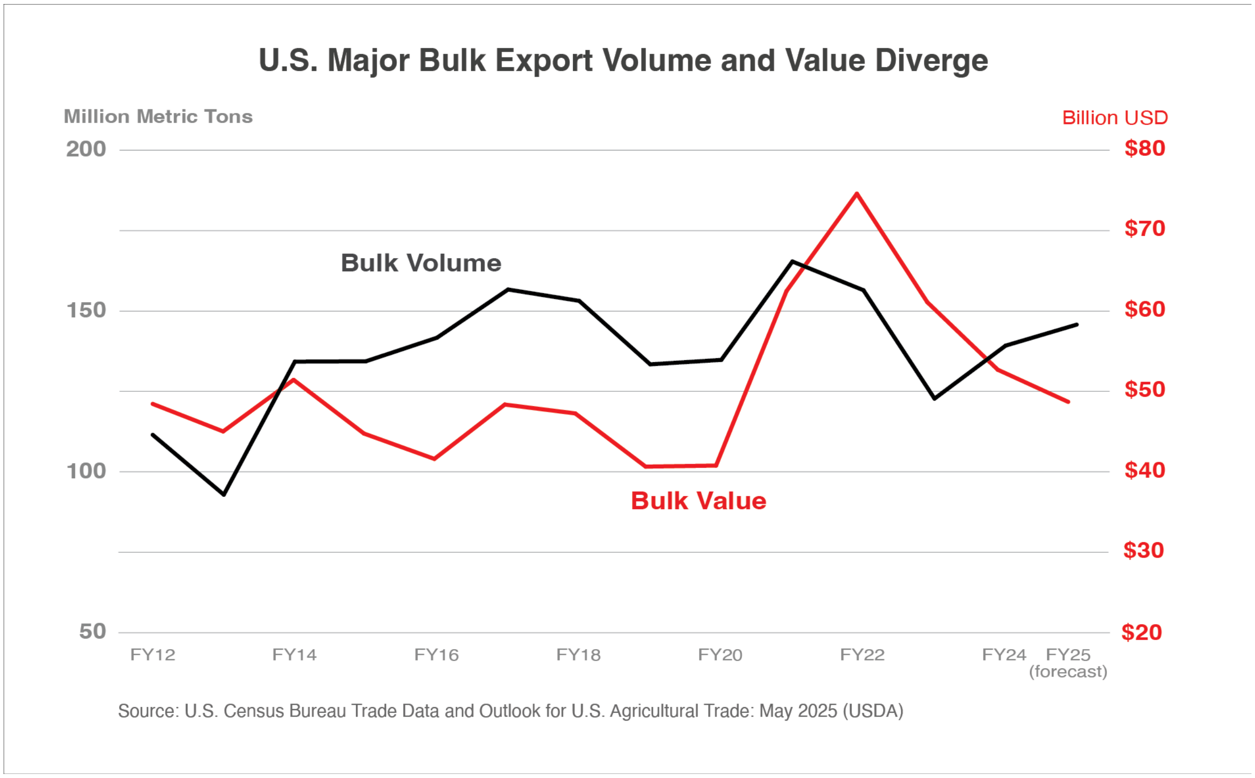
2022-Present

By late 2022, agricultural commodity prices started retreating, aided by easing supply chain pressures, resilience in Ukraine exports, moderating energy and fertilizer costs, and recovery in world supplies. The unprecedented pressure facing global supply chains during the pandemic began to ease in late 2021. In 2023, however, weather-related events and conflicts have increased shipping costs and caused longer travel times. Drought conditions caused by El Niño led to reduced trade flow capacity through the Panama Canal starting in mid-2023. In November 2023, Houthi forces began attacking ships transiting the Red Sea, impacting Suez Canal throughput and causing shipping companies to re-route traffic around the Cape of Good Hope. Trade flow through the Panama Canal has since recovered, and overall pressure on the global supply chain is similar to pre-pandemic levels.

Ukraine's resilience as a major agricultural exporter in spite of war and repeated setbacks has helped lower global food price inflation. With the Black Sea Grain Initiative (BSGI) established in July 2022, Ukraine regained access to its most cost-effective Black Sea ports. In addition, Ukraine also expanded alternative export routes via the Danube River ports and European Union (EU) borders between August 2022 and early 2023. When Russia refused to renew the BSGI in July 2023, Ukraine independently restored Black Sea port access via a new corridor and ramped up exports. In 2024, Ukraine exported $24.7 billion of agricultural products, nearing its pre-war levels.

Natural gas prices began to fall sharply after peaking in August 2022, helped by unseasonably warm weather, reduced demand, and improved energy efficiency. As natural gas is a key input in fertilizer production, falling natural gas prices also helped reduce fertilizer costs. Crude oil prices also began to retreat in late 2022, contributing to moderating agricultural bulk commodity prices.

[2] The United States and China signed a trade deal on January 15, 2020, that required structural reforms and other changes to China's economic and trade regime.

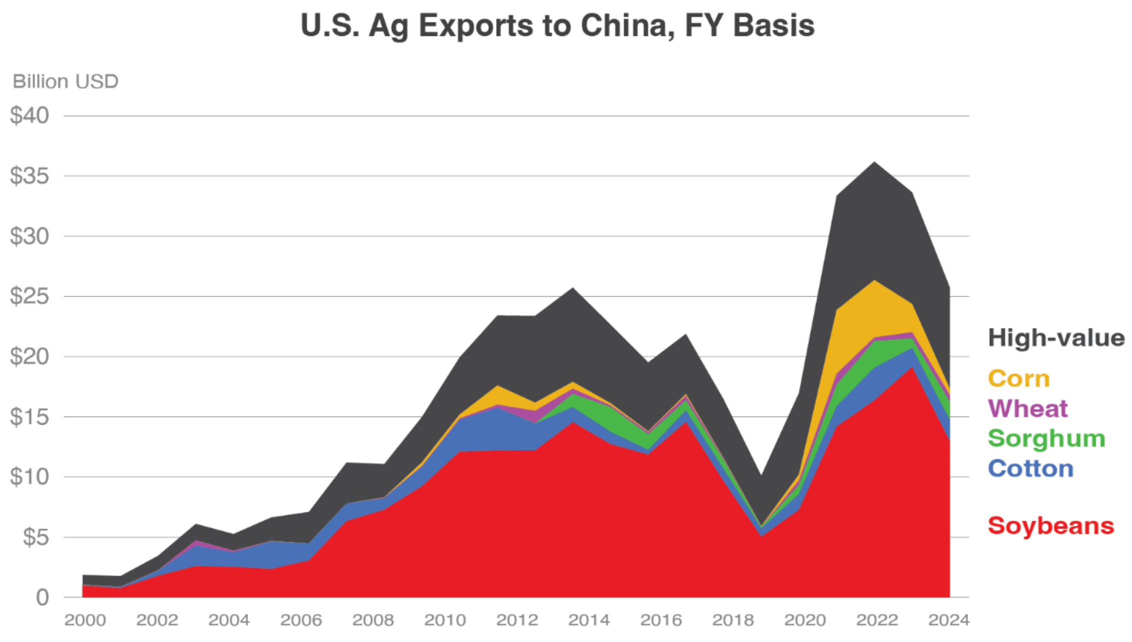


Ample world supplies are another vital reason prices are retreating, thus creating a divergence between export volume and value. Record world wheat production in the current marketing year, strong exporter competition, and weak global import demand weighed on wheat prices. For U.S. corn, record production in 2023/24, large carry-in stocks, and record yields in 2024/25 helped moderate prices. Rice prices have also fallen on record global production and stable trading activity. Global oilseed production is forecast to grow faster than consumption in the 2024/2025 crop year, led by record soybean production in Brazil and higher soybean output in the United States. Global soybean production grew 5 percent in 2023/24 and is forecast to grow 6 percent in 2024/25, while ending stocks increased 13 percent last year and are expected to expand by 7 percent in the current marketing year. For cotton, record production in Brazil and tepid world import demand have dampened prices. Overall, higher U.S. bulk volume shipments are offset by declining prices, and the divergence between volume and value in U.S. major bulk exports, which began in FY 2024, is expected to continue in FY 2025.

World crop supply recoveries have coincided with a retreat in China's demand for imported bulk commodities, especially from the United States. China is the world's largest bulk importer by far, buying $68.8 billion of oilseeds, grains, and cotton in 2024, more than four times the amount sourced by the second-largest bulk buyer, the EU, and has an outsized role in the global bulk commodity market.

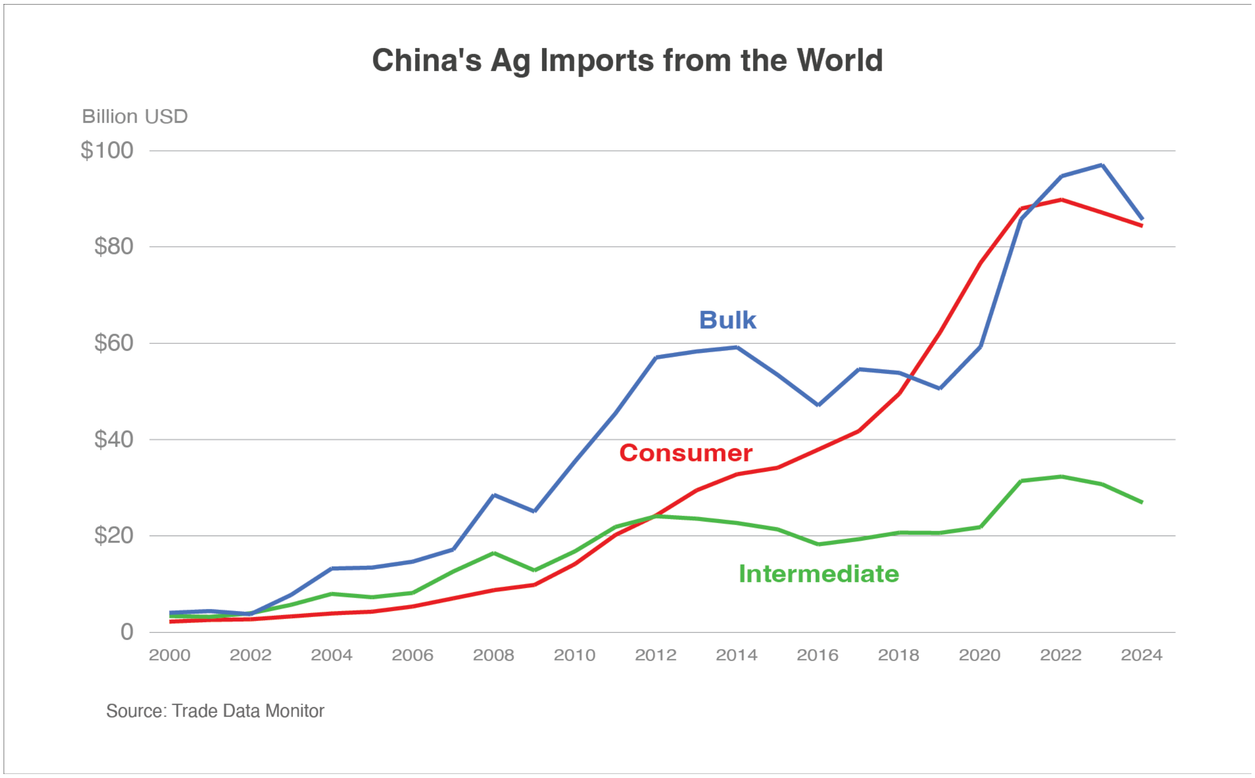
China

As the largest destination for U.S. bulk commodities, China accounted for one-third of U.S. bulk exports in terms of value in recent years. Soybeans, cotton, sorghum, wheat, and corn typically comprised more than 70 percent of total U.S. agricultural sales to China, though that share fell during the trade war in 2018 and 2019.



Source: U.S. Census Bureau Trade Data – BICO HS-10

The People's Republic of China's (PRC) currently imposed tariffs are expected to bring renewed challenges for U.S. producers. Even before the PRC's latest tariff actions, the outlook of U.S. bulk exports to China was already clouded by economic uncertainties within China and the country's transition from importing primarily bulk commodities to buying increasingly more consumer-oriented products. An ongoing real estate crisis, rising municipal debt, and weak consumer confidence stymie China's import demand. The property market, which contributes about a quarter of China's gross domestic product and 70 percent of household assets, has been a drag on growth, especially since Beijing reined in on developers' high reliance on debt in 2020. Declining home prices and lackluster wage growth have curbed disposable income growth, particularly in urban areas that drive animal product demand. Weaker consumption, large domestic production, falling domestic prices, and policy intervention have driven down China's grain imports. U.S. corn exports to China fell 80 percent in 2024 and continued to slide in 2025. U.S. sorghum exports tumbled 96 percent in January through March of 2025 compared to a year ago.



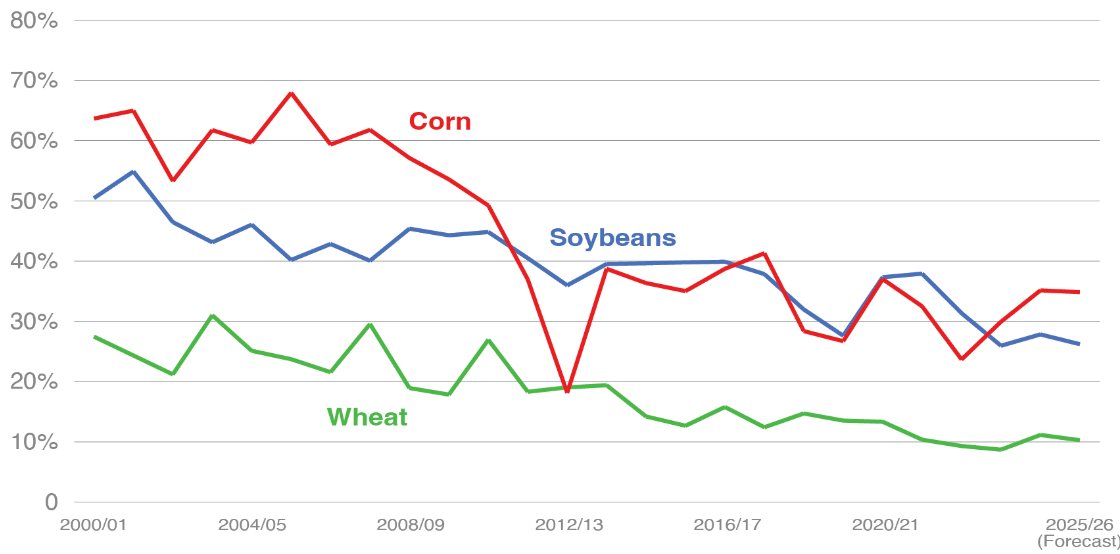
Prior to the economic slump, the PRC had already begun to transition from importing primarily land-intensive bulk commodities for animal feed and manufacturing to sourcing more consumer-oriented products from overseas. Meat, dairy, and horticultural products have led the growth. Physical and economic constraints on domestic meat and dairy production mean that China is increasingly relying on imports to meet its demand for animal products. China became the world's largest meat importer in 2019, a position it maintains today despite softening pork import demand as the country recovered from ASF. U.S. cotton exports to China have also fallen significantly since 2022. U.S. and EU retailers are increasingly shifting their apparel orders away from China to Vietnam, as the latter enjoys growing foreign direct investment and a record pace of garment exports.

When the PRC imposed tariffs on U.S. products in 2018-19, China turned to other countries to meet its import demand, which dovetailed with its long-term effort to diversify its suppliers. Bulk commodities are relatively fungible worldwide, as standardization and homogeneity make them easily interchangeable from one source to another. Brazil was the largest beneficiary, increasing its market share in China from 21 percent to 27 percent.

Competition

Twenty years ago, the United States was the world's largest exporter of corn, wheat, and soybeans, with market shares of 68 percent, 24 percent, and 40 percent, respectively (volume basis). By 2024, those shares had fallen to 30 percent, 9 percent, and 26 percent. In 2023, the United States was dethroned by Brazil as the world's largest corn exporter. Other corn exporters, such as Argentina and Ukraine, have also chipped away at the U.S. share during the years. For wheat, the EU and Black Sea (Russia and Ukraine) have gained prominence in recent years, with Russia leading world wheat exports during the last 5 years. For soybeans, Brazil supplanted the United States as the leading supplier in 2013. In recent years, Brazil has accelerated its transformation from an exporter of mainly tropical agricultural products to a major global agricultural powerhouse that supplies soybeans, corn, and cotton, among others. Brazil is now the third-largest agricultural exporter, after the EU and the United States.

U.S. Export Market Share, By Volume



Source: USDA, Foreign Agricultural Service using data from the Production, Supply, and Distribution System.

Summary

U.S. crop producers have weathered volatile prices, high input costs, and declining profitability in recent years. As the world's largest bulk market retreats from buying and renewed geopolitical tensions flare, the outlook for U.S. bulk commodities is as uncertain as ever. Meanwhile, the competition facing U.S. exports will continue to intensify.

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