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Oil Crops Outlook

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Strong Soybean Exports Support Prices

[Oil Crops Chart Gallery](#) will be updated on December 12, 2014

The next release is January 14, 2015

Approved by the
World Agricultural
Outlook Board.

USDA raised its forecast of 2014/15 soybean exports this month by 40 million bushels to 1.76 billion based on record U.S. export sales commitments. With no forecast change in the domestic crush, this lowers the forecast of season-ending soybean stocks by 40 million bushels to 410 million. USDA's forecast of the 2014/15 season-average farm price is unchanged at \$9.00-\$11.00 per bushel.

Global production of rapeseed in 2014/15 is forecast up 1.2 million metric tons this month to 71.9 million. Higher yields and harvested area in Canada raised the 2014/15 production estimate by 1.2 million tons this month to 15.6 million. But import markets for that much additional production are limited, so season-ending stocks in Canada could again stay high at 2.4 million tons.

U.S. Soybean Exports are On a Record Pace

The U.S. soybean harvest is essentially finished except for a last few unharvested acres in Kentucky and North Carolina. The focus of the soybean market now turns to the outlook for U.S. demand and the competing supplies in South America. In that vein, USDA raised its 2014/15 export forecast this month by 40 million bushels to 1.76 billion. U.S. export sales commitments of soybeans this season are at an all-time high. The outstanding sales are now falling rapidly, however, due to a robust pace of shipments. U.S. export inspections of soybeans for November were a record 398 million bushels, which followed record October shipments of 335 million. As a consequence, cumulative export inspections for September-November 2014 swelled 161 million bushels ahead of last year's record pace. China accounts for most of the gains with 72 percent of U.S. export shipments to date. Substantial gains have been seen for other importers, as well, including the EU, Turkey, and Taiwan.

No changes were forecast this month for the domestic use of soybeans, as the demand outlooks for soybean meal and soybean oil were also unchanged. Thus, the stronger outlook for 2014/15 soybean exports lowers the forecast of season-ending stocks by 40 million bushels to 410 million. Soybean prices rallied in November with high demand and restrained farm sales. However, soybean prices may fall back once deliveries of the record harvest start arriving faster than they are used. Advancement of the South American crop will also push prices lower. USDA's forecast of the 2014/15 season-average farm price is unchanged at \$9.00-\$11.00 per bushel.

The increase in domestic soybean crushing this fall has taken longer than anticipated. At the same time, foreign buyers of soybean meal have taken commitments for much of the first output from the 2014/15 crop. Prices for domestic users have been buoyed as a consequence. Central Illinois soybean meal prices strengthened in November to \$441 per short ton versus the October average of \$382. Nonetheless, soybean meal prices could soon decline sharply once this early flush of export sales has dissipated. Compared to the December 2014 CBOT soybean meal contract of just over \$400 per short ton, the contract for March 2015 delivery has dropped below \$360. The forecast of the 2014/15 season-average soybean meal price was raised \$10 per short ton this month to \$340-\$380, yet still well below the 2013/14 average of \$490 per ton.

In contrast, soybean oil prices are being undermined by prospects for record output in 2014/15 along with weakening support from the biodiesel market. Compared to a year ago, 2014 biodiesel production is essentially unchanged. Large supplies of canola are also pressuring the vegetable oil market. Soybean oil prices continued a decline in November to 33.5 cents per pound from the October average of 34.1 cents. This is the lowest price for soybean oil in 6 years. This month, USDA lowered its forecast range for the 2014/15 average soybean oil price by 2 cents to 32-36 cents per pound.

International Outlook

Canadian Canola Harvest Raised on Higher Yields and Harvested Area

Global production of rapeseed in 2014/15 is forecast up 1.2 million metric tons this month to 71.9 million based on a large revision for Canada and 50,000-ton increase for the EU crop. A more moderate year-to-year decline in Canada's production substantially alters the outlook for global rapeseed inventories. Global season-ending stocks were previously seen declining from 2013/14. Stocks are now forecast expanding 20 percent in 2014/15 to 7.8 million tons—the highest in 5 years.

For Canada, higher canola yields contributed to this month's 1.2-million-ton increase in 2014/15 production to 15.6 million. Canola output might have been even higher this year if not for June flooding that destroyed crops sown in parts of Saskatchewan and Manitoba. Cumulative rainfall for the growing season was 25 percent above average throughout the Canadian Prairies and in some locations it was more than 50 percent above average. Farmers contended with moist conditions up to and through the harvest. Even so, crop abandonment was less than previously feared and canola harvested area was estimated 275,000 hectares higher to 8.1 million. While this year's crop falls short of Canada's record 2013 harvest (18 million tons), it is the second-largest ever.

A larger supply in Canada would continue a high level of season-ending stocks in the country at 2.4 million tons. The number of rapeseed importing countries that could absorb that magnitude of additional supply is limited. Two of them—China and the United States—already produced their own record large crops this year. Although China rapeseed imports for 2014/15 were forecast 250,000 tons higher this month to 3.75 million, they are seen only supporting the level of China's stocks.

Lower Palm Oil Yields Trim Outlook for Indonesian Production

Palm oil production in Indonesia for 2014/15 is expected 500,000 tons lower this month at 33 million. A downward revision for the 2013/14 harvest to 30.5 million tons (a result of extended dry periods in Sumatra during 2013) led to the change in this year's production forecast.

Despite a dimmer production outlook, Indonesian palm oil stocks are still abundant. Exports growth is still likely in 2014/15 for Indonesian palm oil, which is forecast rising to 22.3 million tons compared with 21.2 million in 2013/14. Faced with accumulating stocks and declining prices, the Government of Indonesia (starting October 1) reduced its export tax for crude palm oil to zero. A lower export tax on palm oil, however, eases the downward pressure on domestic prices and thereby curtails its attractiveness for domestic biodiesel producers. EU palm oil imports for 2014/15 are forecast higher (to 6.85 million tons), which would maintain a mostly steady level for edible consumption.

Contacts and Links

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Oil Crops Monthly Tables, (<http://www.ers.usda.gov/publications/ocs-oil-crops-outlook/>)

Oil Crops Chart Gallery, (<http://www.ers.usda.gov/data-products/chart-gallery.aspx>)

Data

Monthly tables from Oil Crops Outlook are available in Excel (.xls) spreadsheets at <http://www.ers.usda.gov/publications/ocs-oil-crops-outlook/>. These tables contain the latest data on the production, use, imports, exports, prices, and textile trade of cotton and other fibers.

Recent Report

Estimating the Substitution of Distillers' Grains for Corn and Soybean Meal in the U.S. Feed Complex http://www.ers.usda.gov/media/236568/fds11i01_2_.pdf. Corn-based dry-mill ethanol production and that of its coproducts—notably distillers' dried grains with soluble (DDGS)—has surged in the past several years. The U.S. feed industry has focused on the size of this new feed source and its impact on the U.S. feed market, particularly the degree that DDGS substitute for corn and soybean meal in livestock/poultry diets and reduce ethanol's impact on the feed market. This study develops a method to estimate the potential use of U.S. DDGS and its substitutability for corn and soybean meal in U.S. feed rations.

Related Websites

Oil Crops Outlook, <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1288>
WASDE, <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1194>
Oilseed Circular, http://www.fas.usda.gov/oilseeds_arc.asp
Soybeans and Oil Crops Topic, <http://www.ers.usda.gov/topics/crops/soybeans-oil-crops.aspx>

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Tables

Table 1--Soybeans: Annual U.S. supply and disappearance

Year beginning September 1	Area		Yield	Supply				Use				Ending stocks
	Planted	Harvested		Beginning stocks	Production	Imports	Total	Crush	Seed & residual	Exports	Total	
	<i>Million acres</i>	<i>Bu./acre</i>						<i>Million bushels</i>				
2012/13	77.2	76.1	40.0	169	3,042	41	3,252	1,689	105	1,317	3,111	141
2013/14 ¹	76.8	76.3	44.0	141	3,358	72	3,570	1,734	98	1,647	3,478	92
2014/15 ²	84.2	83.4	47.5	92	3,958	15	4,065	1,780	115	1,760	3,655	410

Soybeans: Quarterly U.S. supply and disappearance

Year beginning	Supply				Use				Ending stocks
	Beginning stocks	Production	Imports	Total	Crush, seed & residual	Exports	Total		
	<i>Million bushels</i>								
2012/13									
September-November	169.4	3,042.0	4.3	3,215.7	631.2	618.3	1,249.5	1,966.2	
December-February	1,966.2	---	4.7	1,970.9	453.5	519.3	972.9	998.0	
March-May	998.0	---	7.8	1,005.9	442.3	128.9	571.2	434.7	
June-August	434.7	---	23.7	458.4	267.3	50.5	317.8	140.6	
Total		3,042.0	40.5	3,251.9	1,794.3	1,317.1	3,111.4		
2013/14									
September-November	140.6	3,358.0	7.5	3,506.0	675.8	676.6	1,352.4	2,153.6	
December-February	2,153.6	---	8.4	2,162.0	448.0	720.2	1,168.2	993.8	
March-May	993.8	---	18.6	1,012.4	414.8	192.5	607.3	405.1	
June-August	405.1	---	37.3	442.4	293.0	57.4	350.4	92.0	
Total		3,358.0	71.7	3,570.2	1,831.6	1,646.7	3,478.3		

¹ Estimated. ² Forecast. Note: 1 metric ton equals 36,744 bushels and 1 acre equals 2,471 hectares.

Sources: USDA, National Agricultural Statistics Service, *Crop Production and Grain Stocks* and U.S. Department of Commerce, U.S. Census Bureau, *Foreign Trade Statistics*.

Table 2--Soybean meal: U.S. supply and disappearance

Year beginning October 1	Supply				Disappearance			Ending stocks
	Beginning stocks	Production	Imports	Total	Domestic	Exports	Total	
	<i>1,000 short tons</i>							
2012/13	300	39,875	245	40,420	29,031	11,114	40,145	275
2013/14 ¹	275	40,685	336	41,296	29,496	11,550	41,046	250
2014/15 ²	250	42,785	165	43,200	30,100	12,800	42,900	300

¹ Estimated. ² Forecast. Note: 1 metric ton equals 1.10231 short tons.

Source: USDA, World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates*.

Table 3--Soybean oil: U.S. supply and disappearance

Year beginning October 1	Supply				Disappearance				Ending stocks	
	Beginning stocks	Production	Imports	Total	Domestic Total	Biodiesel	Food	Exports		
	<i>Million pounds</i>									
2012/13	2,540	19,820	196	22,556	18,686	4,689	13,997	2,164	20,851	1,705
2013/14 ¹	1,705	20,130	165	22,000	18,958	4,800	14,158	1,877	20,835	1,165
2014/15 ²	1,165	20,680	160	22,005	18,450	4,800	13,650	2,100	20,550	1,455

¹ Estimated. ² Forecast. Note: 1 metric ton equals 2,204.622 pounds.

Source: USDA, World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates*.

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Table 4--Cottonseed: U.S. supply and disappearance

Year beginning August 1	Supply				Disappearance				Ending stocks
	Beginning stocks	Production	Imports	Total	Crush	Exports	Other	Total	
<i>1,000 short tons</i>									
2012/13	430	5,666	182	6,278	2,500	191	3,094	5,786	492
2013/14 ¹	492	4,203	198	4,893	2,000	219	2,250	4,468	425
2014/15 ²	425	5,258	100	5,783	2,425	290	2,600	5,315	468

¹ Estimated. ² Forecast.Sources: USDA, National Agricultural Statistics Service, *Crop Production* and U.S. Department of Commerce, U.S. Census Bureau, *Foreign Trade Statistics*.

Table 5--Cottonseed meal: U.S. supply and disappearance

Year beginning October 1	Supply				Disappearance			Ending stocks
	Beginning stocks	Production	Imports	Total	Domestic	Exports	Total	
<i>1,000 short tons</i>								
2012/13	50	1,125	0	1,175	1,012	113	1,125	50
2013/14 ¹	50	900	0	950	811	89	900	50
2014/15 ²	50	1,090	0	1,140	985	105	1,090	50

¹ Estimated. ² Forecast.Source: USDA, Foreign Agricultural Service, *PS&D Online*.

Table 6--Cottonseed oil: U.S. supply and disappearance

Year beginning October 1	Supply				Disappearance			Ending stocks
	Beginning stocks	Production	Imports	Total	Domestic	Exports	Total	
<i>Million pounds</i>								
2012/13	100	800	20	920	599	221	820	100
2013/14 ¹	100	630	32	762	514	148	662	100
2014/15 ²	100	775	20	895	590	205	795	100

¹ Estimated. ² Forecast.Source: USDA, Foreign Agricultural Service, *PS&D Online*.

Table 7--Peanuts: U.S. supply and disappearance

Year beginning August 1	Area		Yield	Supply				Disappearance				Ending stocks	
	Planted	Harvested		Beginning stocks	Production	Imports	Total	Domestic food	Crush	Seed and residual	Exports		Total
<i>1,000 acres</i> <i>Pounds/acre</i> <i>Million pounds</i>													
2012/13 ¹	1,638	1,604	4,211	1,003	6,754	119	7,876	2,735	656	524	1,190	5,105	2,771
2013/14 ²	1,067	1,042	4,005	2,771	4,173	88	7,032	2,886	663	530	1,096	5,174	1,858
2014/15 ²	1,342	1,307	3,860	1,858	5,045	65	6,968	2,939	636	502	1,000	5,077	1,891

¹ Estimated. ² Forecast.Sources: USDA, National Agricultural Statistics Service, *Crop Production* and *Peanut Stocks and Processing*, and U.S. Department of Commerce, U.S. Census Bureau, *Foreign Trade Statistics*.

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Table 8--Oilseed prices received by U.S. farmers

Marketing year	Soybeans ² \$/bushel	Cottonseed ³ \$/short ton	Sunflowerseed ² \$/cwt.	Canola ⁴ \$/cwt.	Peanuts ³ Cents/pound	Flaxseed ⁴ \$/bushel
2004/05	5.74	107.00	13.70	10.70	18.90	8.07
2005/06	5.66	96.00	12.10	9.62	17.30	5.94
2006/07	6.43	111.00	14.50	11.90	17.70	5.80
2007/08	10.10	162.00	21.70	18.30	20.50	13.00
2008/09	9.97	223.00	21.80	18.70	23.00	12.70
2009/10	9.59	158.00	15.10	16.20	21.70	8.15
2010/11	11.30	161.00	23.30	19.30	22.50	12.20
2011/12	12.50	260.00	29.10	24.00	31.80	13.90
2012/13	14.40	252.00	25.40	26.50	30.10	13.80
2013/14	13.00	246.00	21.40	20.60	24.90	13.80
2014/15 ¹	9.00-11.00	185-225	19.25-22.55	14.85-18.15	19.85-23.15	10.90-12.90
2013/14						
September	13.30	186.00	22.40	20.70	25.30	13.10
October	12.50	283.00	22.80	20.70	26.00	13.40
November	12.70	248.00	20.70	20.30	26.60	13.40
December	13.00	246.00	18.80	20.70	24.60	13.40
January	12.90	230.00	19.60	19.80	25.40	13.80
February	13.20	226.00	22.80	18.50	24.30	13.80
March	13.70	NA	21.60	18.40	25.00	13.50
April	14.30	NA	22.30	19.50	24.20	13.90
May	14.40	NA	24.10	21.70	23.70	14.90
June	14.30	NA	22.80	20.80	20.00	14.40
July	13.10	NA	22.10	20.70	21.70	14.00
August	12.40	182.00	22.40	17.80	22.10	13.30
2014/15						
September	10.90	175.00	20.20	16.20	21.50	11.70
October	9.97	201.00	22.80	15.60	21.00	11.50
November ¹	10.10	NA	19.30	16.30	21.30	11.10

¹ Preliminary. ² September-August. ³ August-July. ⁴ July-June.

NA = Not available. cwt.=hundredweight.

Source: USDA, National Agricultural Statistics Service, *Agricultural Prices*.

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Table 9--U.S. vegetable oil and fats prices

Marketing year	Soybean oil ²	Cottonseed oil ³	Sunflowerseed oil ⁴	Canola oil ⁴	Peanut oil ⁵	Corn oil ⁶	Lard ⁶	Edible tallow ⁶
<i>Cents/pound</i>								
2004/05	23.01	28.01	43.71	30.78	53.63	27.86	21.80	18.48
2005/06	23.41	29.47	40.64	31.00	44.48	25.18	21.74	18.16
2006/07	31.02	35.70	58.03	40.57	52.99	31.80	28.43	27.32
2007/08	52.03	73.56	91.15	65.64	94.53	69.40	40.85	41.68
2008/09	32.16	37.10	50.24	39.54	78.49	32.75	26.72	25.47
2009/10	35.95	40.27	52.80	42.88	59.62	39.29	31.99	32.26
2010/11	53.20	54.50	86.12	58.68	77.24	60.76	51.52	51.34
2011/12	51.90	53.22	83.20	57.19	100.15	56.09	48.11	50.33
2012/13	47.13	48.60	65.87	56.17	91.83	46.66	51.80	43.24
2013/14	38.23	60.66	59.12	43.70	68.23	39.43	43.93	39.76
2014/15 ¹	32.0-36.0	39.5-43.5	60.0-64.0	37.5-41.5	58.5-62.5	32.5-36.5	37.0-41.0	31.0-35.0
2013/14								
October	39.66	41.19	60.50	44.88	81.00	37.85	43.00	33.17
November	39.58	42.05	57.40	45.05	78.70	38.79	48.00	38.88
December	37.63	43.19	57.00	42.63	75.38	38.31	41.50	39.62
January	34.95	47.10	57.00	39.75	65.70	38.79	33.00	35.84
February	37.11	57.81	57.00	42.56	62.06	41.07	38.00	35.67
March	40.82	69.94	58.00	45.75	59.06	43.19	40.67	41.63
April	41.87	75.00	59.00	47.63	57.75	41.94	53.00	45.50
May	40.68	84.25	59.00	47.50	57.20	41.02	NA	47.00
June	39.84	83.31	57.50	46.00	58.25	40.01	45.00	42.00
July	37.60	73.15	61.00	43.63	58.63	39.02	NA	40.83
August	35.04	61.25	63.00	40.10	62.80	38.00	46.50	40.90
September	33.99	49.63	63.00	38.94	61.75	35.17	50.67	36.07
2014/15								
October	34.10	41.45	63.00	39.45	59.95	34.50	48.00	30.33
November ¹	33.45	40.75	61.75	38.94	60.63	33.96	42.81	35.05

¹ Preliminary. ² Decatur, IL. ³ PBSY Greenwood, MS. ⁴ Midwest. ⁵ Southeast mills. ⁶ Chicago.

NA = Not available.

Sources: USDA, Agricultural Marketing Service, *Monthly Feedstuff Prices* and *Milling and Baking News*.

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Table 10--U.S. oilseed meal prices

Marketing year	Soybean meal ²	Cottonseed meal ³	Sunflowerseed meal ⁴	Peanut meal ⁵	Canola meal ⁶	Linseed meal ⁷
<i>\$/Short ton</i>						
2004/05	182.90	124.04	85.50	118.34	139.75	115.55
2005/06	174.17	144.27	77.46	106.98	140.52	115.53
2006/07	205.44	150.36	104.88	100.00	173.50	133.01
2007/08	335.94	253.81	172.81	NA	251.32	228.81
2008/09	331.17	255.23	152.46	NA	248.82	220.89
2009/10	311.27	220.90	151.04	NA	224.92	209.23
2010/11	345.52	273.84	219.72	NA	263.63	240.65
2011/12	393.53	275.13	246.75	NA	307.59	265.68
2012/13	468.11	331.52	241.57	NA	354.22	329.31
2013/14	489.94	377.71	238.87	NA	359.70	337.23
2014/15 ¹	340-380	270-310	165-205	NA	255-295	220-260
2013/14						
October	443.63	355.00	236.25	NA	334.95	363.75
November	451.13	345.00	246.88	NA	342.86	316.25
December	498.10	401.88	277.50	NA	373.60	328.75
January	479.54	375.63	283.75	NA	365.48	330.00
February	509.25	388.75	285.00	NA	384.21	377.50
March	495.71	401.25	271.25	NA	383.68	413.75
April	514.01	405.50	267.50	NA	398.39	388.00
May	519.38	416.88	265.00	NA	407.14	355.00
June	501.72	412.50	250.00	NA	387.65	323.75
July	450.79	359.50	192.50	NA	317.81	295.00
August	490.32	310.00	151.25	NA	303.74	252.50
September	525.72	360.63	139.50	NA	316.94	302.50
2014/15						
October	381.50	346.88	162.50	NA	301.75	214.38
November ¹	441.39	313.13	208.13	NA	356.31	283.75

¹ Preliminary. ² High-protein Decatur, IL. ³ 41-percent Memphis. ⁴ 34-percent North Dakota-Minnesota.

⁵ 50-percent Southeast mills. ⁶ 36-percent Pacific Northwest. ⁷ 34-percent Minneapolis.

NA= Not available.

Source: USDA, Agricultural Marketing Service, *Monthly Feedstuff Prices*.

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