United States Department of Agriculture

Economic Research Service | Situation and Outlook Report

OCS-26e | May 14, 2026

Next release is June 15, 2026

Oil Crops Outlook: May 2026

Maria Bukowski

Bryn Swearingen

In this report:

2026/27 U.S. Soybean Crush Is Forecast to Reach a Record High

U.S. soybean production for the 2026/27 marketing year (MY) is projected to climb by 4 percent to 4.4 billion bushels, based on higher planted area and trend yield. The yield forecast of 53.0 bushels per acre is based on a weather-adjusted trend model and assumes normal weather.

U.S. soybean crush is forecast to reach a record 2.75 billion bushels, on favorable crush margins and strong demand for soybean oil as a feedstock in biomass-based diesel production. U.S. soybean exports are forecast at 1.63 billion bushels, up 100 million bushels from MY 2025/26, on higher global soybean demand. U.S. soybean ending stocks for MY 2026/27 are forecast at 310 million bushels, down 30 million bushels from the revised MY 2025/26 projection. The MY 2026/27 U.S. season-average farm price for soybeans is forecast at $11.40 per bushel, compared with $10.40 per bushel in MY 2025/26.

Foreign soybean production for MY 2026/27 is forecast to rise by 9.2 million metric tons on higher production for Brazil, Argentina, Uruguay, Canada, the European Union, Ukraine, Serbia, and India. Furthermore, global rapeseed and sunflowerseed production is forecast to increase by 1.4 million metric tons and 7.0 million metric tons, respectively, on higher acreage and trend yield. With recovery in production, global rapeseed and sunflowerseed crush is forecast to increase to a record high level of 91.7 million metric tons and 55.6 million metric tons, supported by global demand for vegetable oils. Global palm oil production is projected to rise slightly to 81.4 million metric tons.

Domestic Outlook

Soybean Oil Demand Boosts Crush to Record High Volume

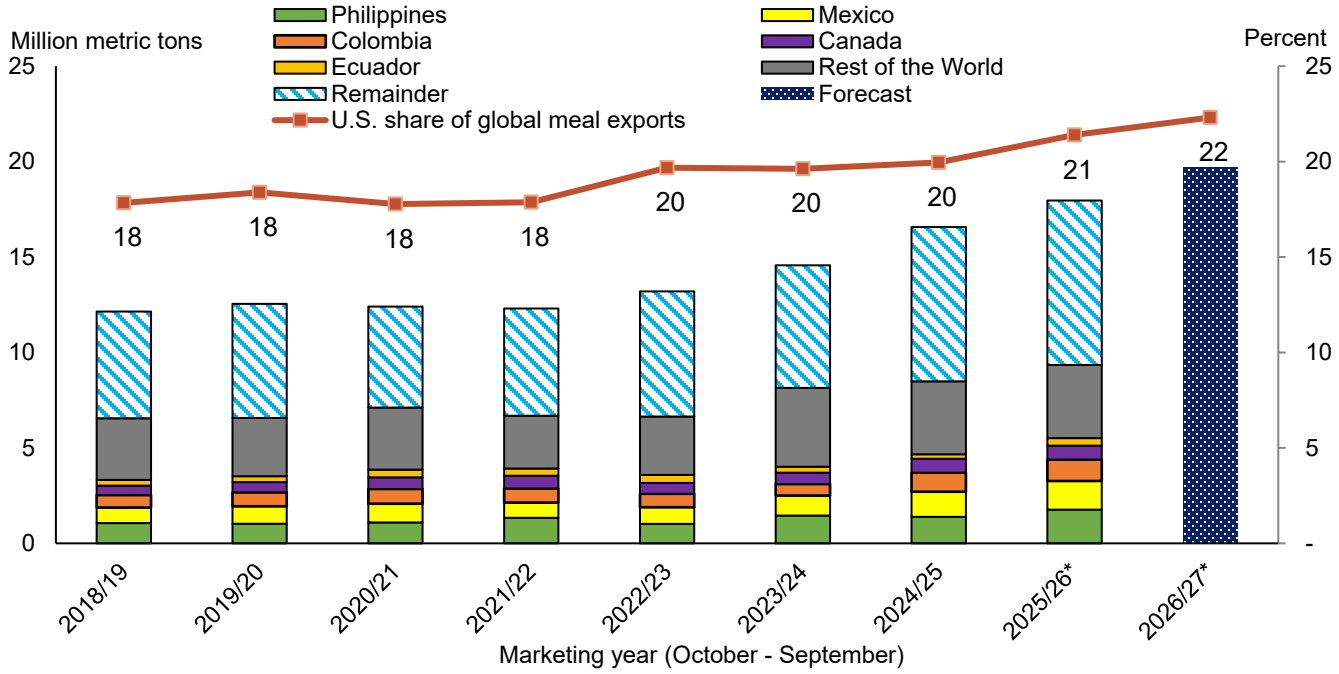
U.S. soybean supply for MY 2026/27 is projected to rise on higher beginning stocks and production. U.S. soybean production is expected to reach 4.4 billion bushels on higher planted acreage and a trend yield of 53.0 bushels per acre. As outlined in the U.S. Department of Agriculture (USDA), National Agricultural Statistics Service's (NASS) *Prospective Plantings* report released on March 31, 2026, U.S. farmers intend to plant 84.7 million soybean acres (up 3.5 million acres from the previous year) largely on expected crop rotations and stronger profitability compared to other crops.

With higher soybean supply, U.S. soybean exports are forecast at 1.63 billion bushels—an increase of 100 million bushels over MY 2025/26 on higher global demand. The U.S. share of global soybean trade is projected at 23 percent, which is up from MY 2025/26. In MY 2025/26, the U.S. soybean export estimate is lower than previous years as tariff measures curtailed shipments to China and the temporary elimination of Argentina's export tax boosted Argentina's soybean export competitiveness.

U.S. soybean crush for MY 2026/27 is forecast to increase nearly 5 percent from the revised MY 2025/26 crush forecast to a record-high of 2.75 billion bushels. Higher crush volumes in MY 2026/27 are expected to accomodate a projected 10-percent growth in domestic soybean oil demand and a 1.3-percent increase in domestic meal demand. The growth in domestic meal demand is forecast in tandem with domestic pork and poultry meat production forecasts, and competitive soybean meal prices relative to other feed ingredients. For MY 2025/26, domestic meal usage is revised upward to reflect ongoing robust use in feed applications.

U.S. soybean meal exports for MY 2026/27 are forecast to increase by 1.9 million short tons, from revised MY 2025/26 to a record-high 21.7 million short tons (figure 1). This increase is largely driven by lower soybean meal prices and moderate global meal demand growth. In addition, the United States is expected to increase its share in global soybean meal trade, with competitive prices and expansion in shipping capacity out of the Pacific Northwest. From October 2025 through March 2026, U.S soybean meal exports are 10 percent higher than the same period for MY 2024/25. This increase is supported by higher soybean meal shipments to the Phillipines, Mexico, Colombia, and Ecuador.

Figure 1
U.S. soybean meal exports and share of global meal exports



Note: Asterisk (*) denotes forecast. Trade by destination is total from October through March. Remainder equals the difference between marketing year totals and October through March total.
Source: USDA, Economic Research Service using data from USDA, Foreign Agricultural Service, *Global Agricultural Trade Systems* and USDA, World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates* report, May 2026.

Soybean oil supply for MY 2026/27 is forecast to increase by 2.3 billion pounds from MY 2025/26 on higher beginning stocks, an increase in soybean crush volume and soybean oil imports. With higher supplies and the record-high Renewable Volume Obligations (RVO) released by the U.S. Environmental Protection Agency (EPA) in March 2026, domestic use of soybean oil for biofuel production is forecast to grow 25 percent to 17.8 billion pounds. In addition, food, feed, and other industrial use is forecast to decline due to higher prices of soybean oil and use of other vegetable oils, like palm oil. Soybean oil prices are forecast to rise to 70 cents per pound and remain elevated above global prices, limiting U.S. soybean oil exports.

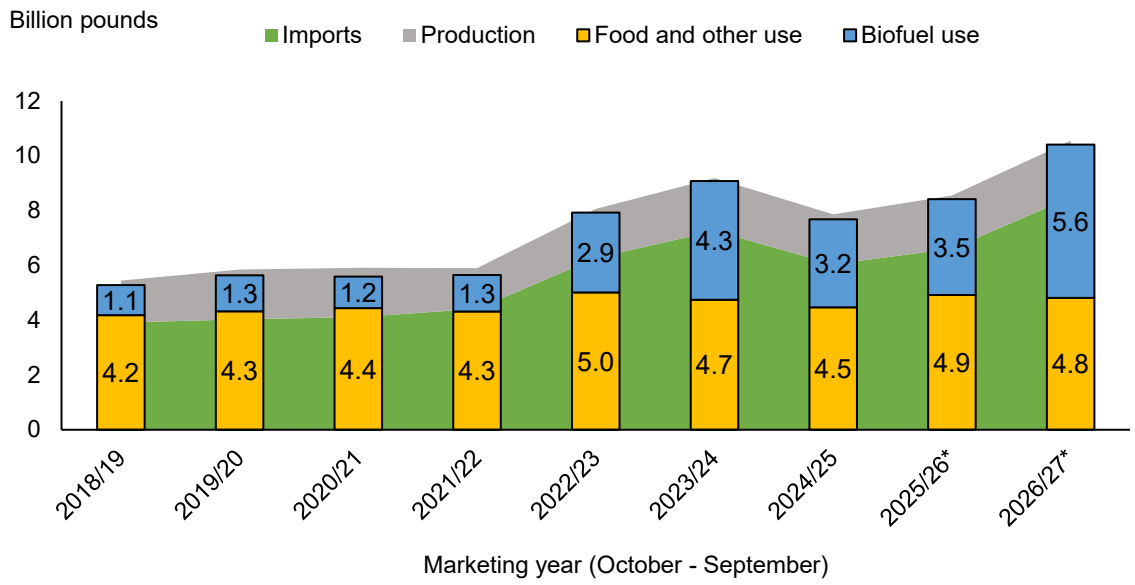
Canola Crush Forecast To Reach Record on Strong Demand for Canola Oil

In MY 2026/27, U.S. canola crush is forecast to reach a record high volume of 5.0 billion pounds on strong canola oil demand. This crush volume is supported by higher domestic canola seed production forecast and higher canola seed imports. As indicated by the USDA, NASS *Prospective Plantings* report, farmers intend to sow 15 percent more canola acres (+0.3 million acres to 2.7 million acres). With higher area and yield returning to trend at 1,865 pounds per

acre, canola production for MY 2026/27 (June/May) is forecast at 4.9 billion pounds. In addition to higher domestic production, canola imports are forecast up, largely from Canada. Despite higher domestic supplies, strong canola crush and higher global production is forecast to limit U.S. canola exports in MY 2026/27. Canola ending stocks are forecast to be unchanged from MY 2025/26 at 450 million pounds. Canola seed prices are expected to be up more than $4 per hundredweight to $25 per hundredweight in MY 2026/27 due to the strong domestic demand.

With higher crush, canola oil production is forecast up 6 percent from MY 2025/26. In addition, this strong demand is expected to spur additional imports of canola oil to a record high of 8.5 billion pounds. With growing supplies, canola oil domestic use is forecast to grow to 10.4 billion pounds, with more than half used in biomass-based diesel production (figure 2). Canola oil food use is forecast at 4.8 billion pounds, marginally lower than in MY 2025/26 but above the 5-year average. In addition to higher imports of canola oil, canola meal imports for MY 2026/27 are also forecast up on larger supply in Canada. Canola oil prices are forecast to be 78 cents per pound, up 11 percent from MY 2025/26, while canola meal prices are projected to decline $5 to $290 per short ton.

Figure 2
U.S. canola oil production, imports, and domestic use



Note: Asterisk (*) denotes forecast.
Source: USDA, Economic Research Service using data from USDA, Foreign Agricultural Service, *Production, Supply and Distribution* database.

Other Minor Oilseeds Outlook for MY 2026/27

In MY 2026/27, total U.S. minor oilseed (canola, sunflowerseed, peanut, and cottonseed) production is forecast at 9.7 million metric tons, down from MY 2025/26—as the higher canola and sunflowerseed output is more than offset by lower peanut and cottonseed production.

U.S. sunflowerseed farmers intend to plant more sunflowerseed acreage, at 1.4 million acres. With trend yield at 1,766 pounds per acre, U.S. sunflowerseed production is forecast to rise to 2.4 billion pounds. With a higher supply, sunflowerseed crush is forecast to remain elevated at 0.95 billion pounds, but down from MY 2025/26 on expected higher canola crush. Sunflowerseed non-oil use and residual is forecast to increase to 1.7 billion pounds. With expected higher domestic oilseed prices, sunflowerseed exports are forecast down marginally, resulting in higher sunflowerseed ending stocks at 0.36 billion pounds. The season-average sunflowerseed farm price is forecast up to $25.20 per hundredweight.

In MY 2026/27, U.S. peanut production is projected to decline to 6.0 billion pounds on lower acreage and average yields. U.S. peanut farmers only intend to sow 1.7 million acres in MY 2026/27, as prices have been suppressed with limited demand growth resulting in ample carry-in stocks. Peanut supplies in MY 2026/27 are forecast at a record with the higher carry-in stocks offsetting the lower production. With high supplies, peanut domestic food use is forecast to grow 2 percent from the previous year. In addition, the low prices are forecast to boost peanut exports to 1.4 billion pounds, up from 1.25 billion pounds in MY 2025/26. Peanut ending stocks for MY 2026/27 are forecasted to remain elevated at 2.6 billion pounds—as a result of projections for higher supplies, moderate food use growth, unchanged crush, and marginally higher exports. With higher stocks, the peanut season-average farm price is forecast to continue to be lower than the prior 5-year average, at 24 cents per pound.

U.S. cottonseed production is down from MY 2026/27 at 4.0 million short tons, on lower cotton harvested acres. Despite lower supplies, crush is forecast to increase to 1.0 million short tons, while other domestic use is expected to decline to 2.9 million short tons. Cottonseed exports are forecast unchanged year to year at 0.25 million short tons. Overall, cottonseed ending stocks are forecast to tighten to 0.37 million short tons. With tighter stocks, cottonseed prices in MY 2026/27 are projected to increase by $15.00 to $260.00 per short ton.

International Outlook

Global Oilseeds Production Is Forecast at a Record High

Global oilseeds production for MY 2026/27 is forecast to increase by 19.6 million metric tons to 718.1 million metric tons—on higher soybean, sunflowerseed, rapeseed, peanut, and copra production—while palm kernel and cottonseed production is projected to decline marginally. Higher soybean production, which is expected to reach a record high of 441.5 million metric tons, accounts for most of the gain.

Global sunflowerseed and rapeseed production are projected to recover by 7.0 million metric tons and 1.4 million metric tons, on higher area and trend yield, assuming normal weather during the growing season. The projected increase in global sunflowerseed and rapeseed acreage for MY 2026/27 reflects better returns for oil crops compared to wheat and feed grains. The oil crops returns are supported by strong demand for vegetable oils, especially from the biofuels sector.

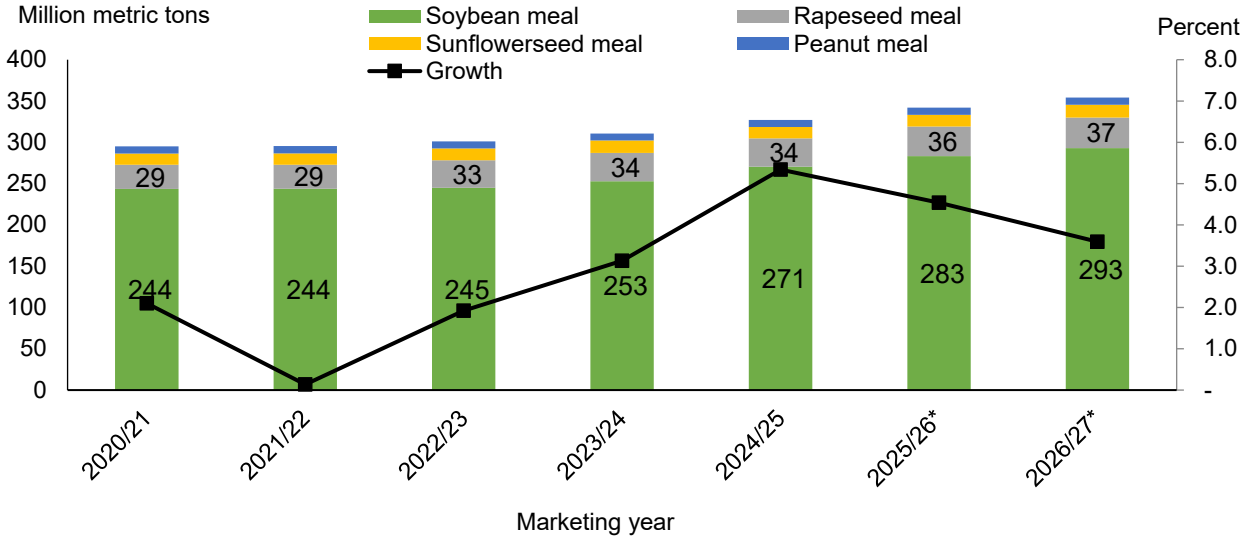
Trade of the four major global oilseeds (soybean, rapeseed, sunflowerseed, and peanut) is forecast to increase by 3.2 million metric tons to 216 million metric tons on higher global crush demand. Global crush volume is forecast to increase by 22.6 million metric tons to 549.8 million metric tons, with soybean crush volume accounting for 60 percent of that increase. Global sunflowerseed and rapeseed ending stocks for MY 2026/27 are forecast up year to year, while soybean ending stocks decline marginally by 0.4 million metric tons from the 2025/26 estimate of 125.1 million metric tons.

Global Soybean Meal Equivalent Is Projected To Grow 3 Percent in MY 2026/27

The strong major oilseeds crush is driven by meals and oils demand. The global soybean meal equivalent domestic consumption for the major meals in MY 2026/27 is projected to grow on average 3.6 percent to reach 354.2 million metric tons (figure 3). Soybean meal equivalent is a way of converting different types of protein meals into a common unit based on the their protein content, so they can be compared. The growth rate for MY 2026/27 is slightly below the growth rates observed in the last 3 years. Soybean meal accounts for 82 percent of the year to year growth. China’s soybean meal equivalent growth is projected up about 2.5 percent, with a major contribution from soybean meal. China is projected to account for 29 percent of global soybean meal consumption in MY 2026/27, slightly down from the prior 5-year average. Soybean meal

consumption continues to grow in Southeast Asia (including Thailand, Indonesia, and Vietnam) and several other countries (including Egypt, Pakistan, and Bangladesh). The higher growth in domestic soybean meal consumption is being met through higher local crush of imported soybeans and increased direct soybean meal imports.

Figure 3
Global soybean meal equivalent growth for major meals



Note: Asterisk (*) denotes forecast.
Source: USDA, Economic Research Service using data from USDA, Foreign Agricultural Service, *Production, Supply and Distribution* database, May 2026.

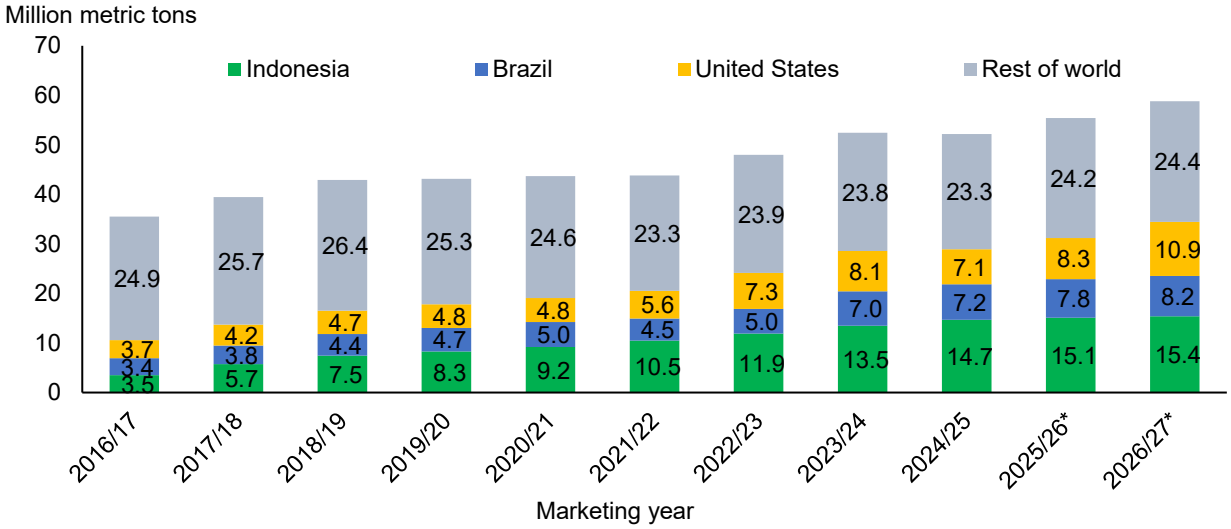
Global soybean meal trade for MY 2026/27 is projected to increase by 5 percent to 88.2 million metric tons (with Brazil and the United States leading the increase in exports, followed by Argentina). The European Union, the third biggest global soybean meal consumer and largest importer, is expected to increase soybean meal imports by 3 percent on higher domestic demand and lower soybean crush. Also expected to increase soybean meal imports are Indonesia, Malaysia, the Philippines, Thailand, Japan, and Vietnam—due to higher domestic meal demand, supported by growth in the livestock sector and competitive prices for soybean meal as a feed ingredient. Other countries are also projected to import more soybean meal in MY 2026/27 (such as Turkey, Egypt, Morocco, Saudi Arabia, Colombia, Ecuador, and Mexico).

Major Vegetable Oils Stocks Are Forecast To Increase Slightly

Major vegetable oils (palm, rapeseed, sunflowerseed, and soybean) ending stocks for MY 2026/27 are forecast to increase by 0.4 million to 27.5 million metric tons (mainly on higher sunflowerseed oil and soybean oil, while palm oil stocks decline). Global major vegetable oils

consumption for MY 2026/27 is forecast to reach 211.2 million metric tons, up 6.9 million metric tons from previous year on higher food and industrial usage. Global food consumption accounts for 71 percent of the total major vegetable oils consumption. Industrial use is projected to reach 58.8 million metric tons (figure 4). Industrial use includes the use of vegetable oils as feedstock for biofuels production and continues to grow (especially in Indonesia, Brazil, and the United States).

Figure 4
Global industrial use of major vegetable oils, by country



Note: Asterisk (*) denotes forecast. Major vegetable oils = palm oil, soybean oil, rapeseed oil, and sunflowerseed oil.
Source: USDA, Economic Research Service using data from USDA, Foreign Agricultural Service, *Production, Supply, and Distribution* database, May 2026.

Global palm oil production for MY 2026/27 is forecast to increase marginally. Indonesia's palm oil production is projected to increase by 0.8 million metric tons to 47.5 million metric tons, while Malaysia's palm oil production is forecast to decline by 0.6 million metric tons from a large harvest in MY 2025/26. Global palm oil exports are expected to decline slightly to 45.6 million metric tons—on higher domestic demand in Indonesia, Malaysia, and Thailand. Indonesia's domestic palm oil demand from the biodiesel industry is expected to rise slightly. With steady growth in palm oil production and higher palm oil usage, global palm oil ending stocks are forecast to decline to 15 million metric tons.

Global soybean oil production is projected to increase by 2.9 million metric tons to 74.7 million metric tons, on higher global soybean crush. Global domestic soybean oil consumption is forecast to grow by 3 percent to nearly 73 million metric tons, due to growth in food consumption and industrial use. Soybean oil exports are forecast to increase to 14.4 million metric tons on higher exports from Argentina and Brazil. Global soybean oil ending stocks for MY 2026/27 are forecast to increase to 6.3 million metric tons.

Global rapeseed oil production for MY 2026/27 is forecast to increase by 1.2 million metric tons to 37.2 million metric tons on higher global rapeseed crush—mainly for Canada, the European Union, China, India, Russia, and Ukraine. Global rapeseed oil trade is projected to increase on higher exports from Canada, Russia, and Ukraine. With 4 percent growth in global rapeseed oil consumption, global rapeseed oil stocks are projected marginally lower than in MY 2025/26.

Global sunflowerseed oil production for MY 2026/27 is forecast to increase by 2.6 million metric tons to 23.5 million metric tons on higher sunflowerseed crush in Ukraine, the European Union, Russia, Argentina, Turkey, Kazakhstan, and Moldova. Global sunflowerseed oil exports are expected to increase by 2.2 million metric tons to 15.6 million metric tons—on higher shipments from Ukraine, Russia, Turkey, the European Union, and Argentina. Imports of sunflowerseed oil are forecast to rise for China, India, Egypt, Iran, and Iraq. Global sunflowerseed oil consumption for MY 2026/27 is projected to grow 11 percent to 21.7 million metric tons, on higher supply and competitive prices. The increase is projected in major consuming countries: India, China, Egypt, and the European Union. Global sunflowerseed oil ending stocks for MY 2026/27 are forecast at 2.9 million metric tons, up 0.5 million metric tons from MY 2025/26.

Global Soybean Production Forecast to Increase on Higher Acreage

Global soybean supply for MY 2026/27 is projected to increase due to a forecasted rise in soybean production in almost all major soybean producing countries (except Paraguay and Russia). In MY 2025/26, acreage in the major soybean producing countries, like the United States and Argentina, heavily favor corn. In MY 2026/27, the economics driving soybean planted area vary by country, but in general, are more favorable to plant soybeans due to lower fertilizer usage compared to other crops. The conflict between the United States and Iran has disrupted global fertilizer supply chains, resulting in stronger fertilizer prices. Consequently, the global soybean area is projected to increase 3 percent, reaching 146.5 million hectares; however, the global soybean acreage is relatively flat compared to 2 years ago.

Global soybean trade is projected to grow to 189.2 million metric tons, but the growth rate is lower compared to previous years, as more soybeans are crushed domestically at the major soybean producing countries. The higher soybean export forecasts for Brazil and the United States more than offset lower forecasts for Paraguay and Argentina. China’s soybean imports are forecast at 114.0 million metric tons, up 2.0 million metric tons from the MY 2025/26 forecast on higher crush. Soybean imports for Bangladesh, Iran, Egypt, and Pakistan are forecast to increase due to higher domestic soybean crush and increased feed demand. In contrast, lower

soybean imports are forecast for the European Union, due to lower soybean crush, but higher rapeseed and sunflowerseed crush.

Global soybean crush volume for MY 2026/27 is forecast at 383.1 million metric tons, a 13.6-million metric ton increase from MY 2025/26. Soybean crush volume is projected to rise in several countries (including China, the United States, Argentina, Brazil, Egypt, Bangladesh, India, Pakistan, and Vietnam). The higher crush volumes are driven by demand growth for soybean meal and soybean oil. Global soybean meal growth is supported by expansion of global meat and aquaculture production, and lower feed prices. Global soybean oil demand growth is boosted mainly by higher industrial use, especially as feedstocks for biofuel production. Global soybean ending stocks for MY 2026/27 are forecast to decline marginally compared to MY 2025/26.

South America's soybean production for MY 2026/27 is forecast to increase 3 percent to 254.3 million metric tons on higher harvested acreage and trend yield. Brazil's soybean production is projected to reach a new record-high 186.0 million metric tons, on a 3-percent increase in harvested area to 50 million hectares and a soybean yield of 3.72 metric tons per hectare. With higher supply, Brazil's soybean exports are forecast to reach 117.5 million tons and account for 62 percent of global soybean trade. Similarly, soybean crush is forecast to increase by 6 percent to 65.0 million metric tons on strong demand for soybean meal and soybean oil. Soybean domestic meal demand is expected to grow 6 percent, while soybean meal exports are forecast to increase 8 percent on strong foreign demand growth. Furthermore, Brazil's consumption of soybean oil is projected to reach 11.4 million metric tons, largely on higher industrial use to meet Brazil's biodiesel mandate.

Argentina's soybean production is forecast at 50 million metric tons, on 5-percent growth in harvested area and trend yield. The net returns for soybeans are more attractive than for grains. With higher domestic soybean production, soybean imports are expected to decline to 6.5 million metric tons in MY 2026/27. Argentina's soybean exports are projected at 6 million metric tons, down 2.25 million metric tons from strong exports in MY 2025/26, when the Government temporarily removed export taxes allowing exporters to sell significant amounts of soybeans, especially to China.

India's soybean production is forecast to increase to 11.5 million metric tons, on 4-percent higher area and average yield. Soybean crush for MY 2026/27 is expected to rise by 0.7 million metric tons to 10 million metric tons on higher domestic meal and oil consumption. India's soybean meal exports for MY 2026/27 are projected slightly higher than in MY 2025/26.

China’s soybean production for MY 2026/27 is forecast marginally higher, at 21.0 million metric tons, on slightly higher yield and unchanged area. Soybean imports are forecast at 114 million metric tons, up 2 million metric tons from MY 2025/26. With domestic soybean meal demand continuing to grow, soybean crush is expected to increase 2 percent to 110 million metric tons. With higher soybean crush and feed use more than offsetting larger imports, China’s soybean ending stocks are forecast to decline slightly.

Global Sunflowerseed and Rapeseed Production Contributes to Increase in the Oils Supply

Global sunflowerseed and rapeseed output for MY 2026/27 is forecast at record highs of 61.8 million metric tons and 96.9 million metric tons respectively. Global sunflowerseed production is forecast higher for the European Union, Russia, Ukraine, Turkey, Argentina, and the United States on higher acreage and trend yield. Due to the higher cost of inputs and high oil prices, farmers are expected to shift from grains towards oilseeds this season. Global rapeseed production is forecast higher for the European Union, Ukraine, Russia, China, India, Belarus and the United States. Canada’s rapeseed production is unchanged and Australia’s output is expected to decline from MY 2025/26. Global rapeseed trade is expected to increase slightly on higher exports from Canada and Ukraine. Global sunflowerseed trade is expected to increase marginally on higher exports from Argentina. Global sunflowerseed crush volume is forecast to increase by 5.9 million metric tons, to a record of 55.6 million metric tons. Similarly, global rapeseed crush is expected to increase nearly 3 million metric tons to 91.7 million metric tons. Global rapeseed and sunflowerseed stocks are forecast to increase marginally from last year’s levels.

In the European Union, rapeseed and sunflowerseed production is forecast to increase, on higher acreage, to 20.7 million metric tons and 9.9 million metric tons, respectively. The harvested area for rapeseed is estimated at 6.3 million hectares, up 3 percent from MY 2025/26. The increase in rapeseed area is a result of favorable prices and weather conditions in autumn. Despite the increase in rapeseed production, the EU’s rapeseed imports are forecast to increase to 5.8 million metric tons to satisfy the growth in rapeseed crush. The EU rapeseed crush is projected at 25.1 million metric tons, 0.4 million metric tons higher than in MY 2025/26. Similarly, sunflowerseed crush is forecast to increase by 1.5 million metric tons to 9 million metric tons, on recovery in domestic supply and higher imports from the major sunflowerseed exporters.

Russia's rapeseed production for MY 2026/27 is forecast to reach a record high of 6.0 million metric tons on a 10-percent increase in the area and a trend yield. Sunflowerseed production is also forecast to increase to a new record of 19.2 million metric tons, on a 5-percent increase in the area and a trend yield.

Ukraine's rapeseed and sunflowerseed output is projected to reach 4.2 million metric tons and 13.5 million metric tons, respectively, on higher acreage and average yield. With higher rapeseed and sunflowerseed production, both exports and crush are projected to be higher than last year. Ukraine's sunflowerseed crush is forecast to increase by 2.1 million metric tons to 13.1 million metric tons. Rapeseed crush is forecast at 1.6 million metric tons, up 0.4 million metric tons from MY 2025/26.

Canada's rapeseed production is forecast at 22 million metric tons, unchanged from a record crop in MY 2025/26. The harvested area is projected to increase 8 percent, while yields are forecast to return to trend. With higher beginning rapeseed stocks and unchanged rapeseed production, Canada's rapeseed supply is forecast for MY 2026/27 at 25.2 million metric tons, up 1.6 million metric tons from MY 2025/26. Rapeseed crush is forecast to increase by 0.7 million metric tons from revised crush in MY 2025/26 to 13.0 million metric tons on strong demand for canola oil and expanded crush capacity. The rapeseed exports for MY 2026/27 are also projected to grow by 0.6 million metric tons to 8.2 million metric tons.

Australia's rapeseed production for MY 2026/27 is forecast at 6.8 million tons, down 0.9 million metric tons from MY 2025/26. The harvested acreage forecast is unchanged, while yields are expected to return to an average from the above trend yield observed in MY 2025/26. With lower rapeseed supply forecast, Australia's rapeseed exports are projected to decline by 0.3 million metric tons to 5.3 million metric tons, while the crush projection is up slightly to 1.3 million metric tons.

In China, rapeseed production is forecast to increase in MY 2026/27, on higher harvested area and an average yield projection. Sunflowerseed production is expected to increase on improved yields, while area is marginally down.

In India, the MY 2026/27 rapeseed crop is forecast at a record of 12.4 million metric tons, on higher harvested area projected at 9.4 million hectares and an average yield. The rapeseed crush is forecast at a record high of 11.2 million metric tons. Despite increases in domestic oilseed production and crush, India's vegetable oil imports are forecast to rise to meet growing domestic demand.

Special Article: Vegetable Oils and Fats Use for Biofuels Production Is Forecast To Expand Under Current U.S. Biofuel Policies

Maria Bukowski and Bryn Swearingen

The U.S. Renewable Fuel Standard (RFS) program and State-level policies, mainly California's Low Carbon Fuel Standard (LCFS), have spurred significant growth in biomass-based diesel capacity and production in the last 5 years. Biomass-based diesel production encompasses mainly biodiesel, renewable diesel, and sustainable aviation fuel (SAF) and is produced from qualifying feedstocks such as animal fats, vegetable oils, and used cooking oil. Feedstock production, use, and trade have been reshaped because of these biofuel policies and biomass-based diesel demand. This special article provides an overview of current biofuel policies and the assumptions behind the forecast for feedstock usage in marketing year (MY) 2026/27, based on the U.S. Environmental Protection Agency (EPA) final Renewable Volumes Obligations (RVO) for 2026 and 2027, announced on March 27, 2026.

Renewable Fuel Standard, Tax Credit, and LCFS Overview

The Renewable Fuel Standard program was established by Congress in the Energy Policy Act of 2005 and expanded under the Energy Independence and Security Act of 2007. The program mandates that transportation fuel sold in the United States contains a minimum volume of renewable fuels which are set by the EPA for the years after 2022. On March 27, 2026, the EPA released the "Set 2" rule establishing record-high Renewable Volume Obligations (RVO) for 2026 and 2027 under the RFS program. The final rule also contained a 70-percent reallocation of small refinery exemptions (SRE) granted for 2023–2025, supporting further demand for biomass-based diesel production.

Another Federal policy incentivizing biofuel production is the 45Z Clean Fuel Production Credit. Enacted by the Inflation Reduction Act (2022) and amended in 2025 under the One Big Beautiful Bill Act (OBBBA), section 45Z credit is an income tax credit for clean transportation fuel produced domestically after December 31, 2024, and sold by December 31, 2029. The 45Z tax credit mainly replaced the previous $1 per gallon blenders tax credit, instead it basis the credit amount on the Carbon Intensity (CI) score of eligible transportation fuel. The 45Z credit is inflation-adjusted, capped at $1 per gallon and is calculated according to the CI score of

feedstock used. In 2025, CI score calculations included emissions attributed to Indirect Land Use Change (ILUC), which placed vegetable oils—such as soybean and canola oil—at a disadvantage compared to distiller's corn oil, animal fats, used cooking oil, and greases. Accounting for emissions attributed to ILUC, biofuel produced with soybean oil was estimated to receive a credit of about 36 cents per gallon, while canola oil received 0 cents per gallon (Gerlt, 2025)[1] (previously both feedstocks received $1 per gallon under the blenders tax credit). Based on OBBBA amendments to 45Z, starting in January 2026, the 45Z limits the credit to fuel produced in the United States with feedstocks sourced from North America. In addition, it also extended the credit through 2029 and removed the ILUC emissions from CI score calculations. With the removal of the ILUC, soybean oil and canola oil are expected to receive higher payments compared with 2025, but overall, the 45Z credit continues to incentivize use of domestic animal fats, greases, and distiller's corn oil due to their lower CI score.

The 45Z credit is expected to incentivize the use of North American feedstocks in MY 2026/27. However, there are State level policies (such as the Low Carbon Fuel Standard (LCFS) program in California) that will continue to incentivize the use of lower CI score feedstocks, such as animal fats and used cooking oil (that have seen an increase in imports from countries outside of North America). To be eligible for LCFS credits, biomass-based diesel must be used within California's transportation sector, but can be produced out-of-state. Eligible fuel producers receiving LCFS credits must have a certified CI pathway approved by the California Air Resource Board (CARB). The CI score can vary by fuel producer and feedstock(s) with lower CI values resulting in more credits per volume of fuel. For renewable diesel, used cooking oil has the lowest average CI score—followed by tallow, and then the other vegetable oil feedstocks[2].

Overall, feedstock usage in biomass-based diesel production in MY 2025/26 and MY 2026/27 is impacted by recent changes to Federal and States policies. However, the choice of the feedstock used by biomass-based diesel producers will depend on the type of biofuel produced, location of the plant, transportation costs, and prices of the feedstock.

[1] Gerlt, S. (2025, January 23). A gander at guidance on the 45Z tax credit for biofuel gallons. American Soybean Association. https://soygrowers.com/news-releases/a-gander-at-guidance-on-the-45z-tax-credit-for-biofuel-gallons/.
[2]See the special article in the Oil Crops Outlook: July 2024. https://ers.usda.gov/publications/pub-details?pubid=109542.

U.S. Biofuel Policies Lead to an Expansion in Biomass-Based Diesel Capacity

Since the inception of the Renewable Fuel Standard (RFS) program in the mid-2000s, fatty acid methyl esters (FAME) biodiesel was the primary fuel used to fill the biomass-based diesel mandate. This dominance held until the renewable diesel boom significantly increased in 2020, eventually leading renewable diesel surpass FAME biodiesel production for the first time in late 2022. Renewable diesel operable-production capacity grew from 0.9 billion gallons in January 2021 to 5.0 billion gallons in December 2025, while biodiesel operable-production capacity declined marginally, and now stands at nearly 2 billion gallons. Unlike biodiesel that must be blended with petroleum diesel, renewable diesel is an advanced biofuel that is made by a process that requires no blending of the final product, creating a “drop-in fuel” that can be used without modifying machinery. The utilization of biodiesel and renewable diesel operable capacity fluctuates, depending on the production economics and overall demand for biomass-based diesel.

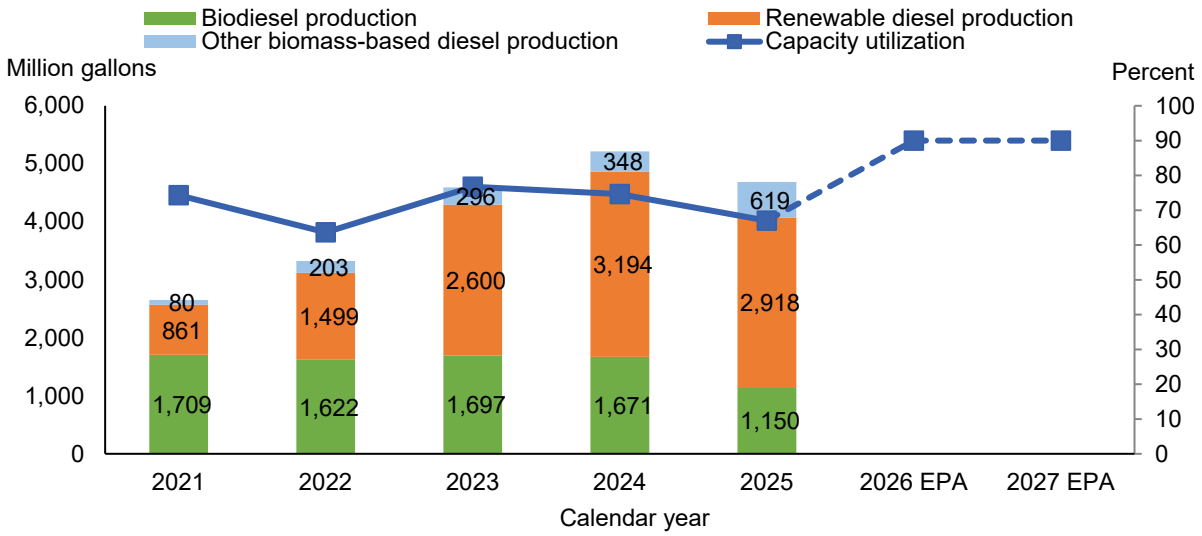
The main driver in the biomass-based diesel market is the value of the Renewable Identification Number (RIN). A RIN is a unique electronic certificate that is generated when a gallon of biofuel is produced and then separated from the biofuel when the biofuel is blended with petroleum fuel. The RIN can be traded when it is assigned (i.e. directly associated with a batch of fuel) or separated. This process enables obligated parties (e.g., refiners, importers of gasoline or diesel) and renewable fuel exporters to purchase and retire RINs for compliance, based on the Renewable Volume Obligation (RVO) under the Renewable Fuel Standard program. RIN prices serve as the compliance mechanism used for the EPA’s annual renewable volume obligations.[3]

Biomass-based diesel (D4) RIN prices increased in 2021 and 2022 which incentivized the production of biomass-based diesel, but in 2023 and 2024, biomass-based diesel production exceeded the demand needs from the RVO’s. With the over production, D4 RIN prices started to decline which lowered the overall incentive to produce biomass-based diesel and fully utilize existing operable capacity. The D4 RIN prices remained suppressed going into 2025 but have slowly increased over 2025. In 2026, the D4 RIN value is now above $2 a gallon which is double the 2025 average, largely based on the increase in RVOs and need to support biomass-based diesel production to meet the RVOs. The highest utilization of the biomass-based diesel

[3] Gerveni, M., Hubbs, T., & Irwin, S. (2023, May). Overview of the RIN compliance system and pricing of RINs for the U.S. renewable fuel standard. Farmdoc daily (13), 95, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign.

operable capacity was in 2023 at 77 percent, and this utilization fell to 67 percent in 2025, due to uncertainty in future RVO's and overproduction in previous years (figure 1sa). Largely, the biodiesel capacity utilization decreased in 2025, while the average operable utilization of renewable diesel capacity stayed at around 70 percent.

Figure 1sa
Biomass-based diesel production and capacity utilization



EPA = Environmental Protection Agency.
Note: Capacity utilization equals annual production divided by maximum capacity in each year and 2026 and 2027 capacity utilization rates used by the EPA in the "Set 2" final rule documents.
Source: USDA, Economic Research Service using data from U.S. Department of Energy, Energy Information Administration and U.S. Environmental Protection Agency.

With rising RIN prices and the record RVO's for 2026 and 2027, biomass-based diesel production is expected to increase and utilize significant more operable capacity relative to 2025. When establishing the biodiesel and renewable diesel volumes for 2026 and 2027, EPA evaluated the maximum amount of biomass-based diesel that could realistically be produced using all currently operating domestic capacity. Their approach assumed a utilization rate comparable to similar industries—about 90 percent[4].

The increase in capacity utilization is expected in both biodiesel and renewable diesel. Biodiesel producers historically have used a larger share of soybean oil, as some of the biodiesel facilities are located near soybean crushing facilities. In contrast, the renewable diesel capacity expanded within existing petroleum refining complexes or in energy hubs in coastal cities, which have access to both domestic and imported feedstocks. In addition to the type of fuel produced, prices and other incentives play a key role in determining feedstock usage.

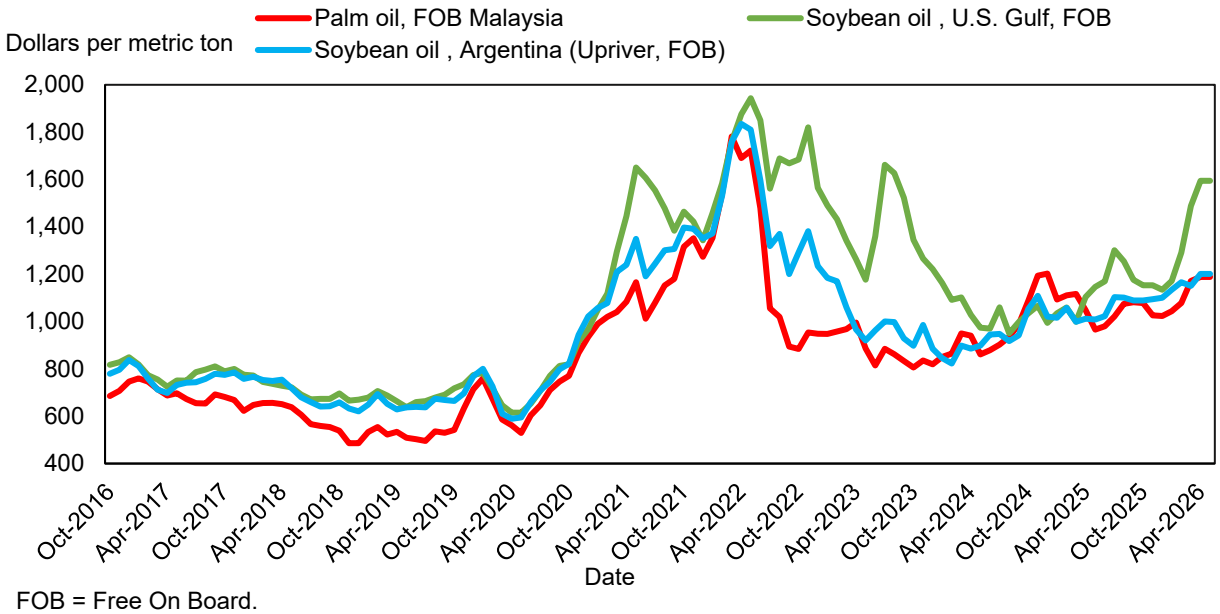
[4] https://www.govinfo.gov/content/pkg/FR-2026-04-01/pdf/2026-06275.pdf

Vegetable Oil Prices

The last strong rise in domestic and international vegetable oil prices started during late 2020 and peaked in May 2022. Higher prices were supported by the 2021 drought in Canada impacting canola oil production, tighter international supply of sunflowerseed oil due to the Russia-Ukraine conflict that started in February 2022, and Indonesia imposing palm oil export restrictions in April 2022 (figure 2sa). During this time, domestic renewable diesel capacity expansion announcements surged (particularly in the second half of 2020) to meet the expected increased demand under California's LCFS program.

Figure 2sa

Historical monthly average vegetable oil prices



FOB = Free On Board.
Source: USDA, Economic Research Service using data from International Grains Council.

In the summer of 2022, global vegetable oil prices declined, with a rise of Indonesia's palm oil exports and an increase of global rapeseed and sunflowerseed crush. U.S. prices remained elevated above global prices and were supported by the proposed 2023–2025 RVOs announced by EPA in December 2022. This price wedge resulted in the decline of U.S. soybean oil and animal fats exports, and a surge in U.S. feedstocks imports. During this period of high vegetable oil prices and strong biofuel policy, U.S. soybean crush capacity increased by more than 20 percent from MY 2020/21 to MY 2025/26, reaching more than 3 billion bushels. Higher soybean oil availability due to increased crush capacity (combined with the rise of imported feedstocks and lower biofuel production in 2025) led to a narrowing price spread between U.S. soybean oil and global palm oil prices in MY 2024/25. This narrowing price spread boosted U.S. soybean oil exports to nearly 2.5 billion pounds in MY 2024/25. The export program declined in

the summer of 2025 due to the rally in U.S. soybean oil prices after EPA released the proposed 2026 and 2027 RVOs. Soybean oil prices softened in following months with strong monthly soybean crush and low biofuel demand, but started to be a premium over global vegetable oil prices in January 2026. In February 2026, prices surged further with support from the record biomass-based diesel volumes in the final 2026 and 2027 RVOs and higher energy prices due to the conflict between the United States and Iran. U.S. vegetable oil and fats prices are expected to stay elevated in MY 2026/27, due to strong demand from biomass-based diesel producers. Soybean oil prices in Central Illinois are forecast at 70 cents per pound for MY 2026/27 compared to 63 cents per pound in MY 2025/26.

The domestic and international prices of vegetable oils and animal fats, current tariff policies, biofuel demand in foreign countries, and energy prices may alter the availability of the feedstocks for U.S. biomass-based diesel production. The next section aims to look deeper into the outlook for U.S. and foreign feedstocks for MY 2026/27 and provide an overview of what is available to cover record U.S. biomass-based diesel demand under the 2026 and 2027 RVOs.

Outlook for U.S. and Foreign Feedstocks for MY 2026/27

This section provides updated U.S. and foreign feedstock estimates based on the methodology outlined in the USDA, ERS *Oil Crops Outlook: February 2025* report[5]. Tables 1sa and 2sa at the end of this article include finalized data through MY 2024/25 and official forecasts for vegetable oils in MY 2025/26 and MY 2026/27 included in the *Production, Supply and Distribution* database. USDA projects U.S. domestic production of vegetable oils at 42.5 billion pounds in MY 2026/27, an increase of 7.6 billion pounds from MY 2021/22 based on strong domestic oilseeds crush (table 1sa). Production of animal fats in MY 2026/27 is expected to remain steady in tandem with animal production and the slaughter rate. With new crush capacity expected to come online in MY 2026/27, U.S. soybean crush is forecast to reach a record high of 2.75 billion bushels (resulting in production of 32.6 billion pounds of soybean oil). In addition, USDA forecasts canola crush to reach a record high of 5 billion pounds in MY 2026/27, up 6 percent from MY 2025/26. In addition to higher production, USDA expects the exports of vegetable oils and animal fats to decline due to strong domestic prices and demand from the biofuel industry, similar to MY 2022/23 and 2023/24 when exports dropped off as domestic biomass-based diesel production increased. USDA also forecasts vegetable oil imports to

[5] Bukowski, M., Swearingen, B., & Hubbs, T. (2025). Oil crops outlook: February 2025 (Report No. OCS25b). U.S. Department of Agriculture, Economic Research Service.

increase from 13.6 billion pounds in MY 2025/26 to 16.7 billion pounds in MY 2026/27, largely on higher supplies from major exporters.

USDA, ERS also reviewed the availability of foreign biomass-based diesel feedstocks (soybean oil, canola oil, corn oil, tallow, and used cooking oil) from countries that together account for 80 percent of global trade and 80 percent of U.S. imports[6]. Since the February 2025 special article, the trade for used cooking oil has shifted. As a result, additional countries (the European Union, Ukraine, Australia, South Korea, and the United Kingdom) were added to ERS foreign used cooking oil calculations. USDA forecasts the foreign vegetable oils production for MY 2026/27 at 105.5 billion pounds (up 3.8 billion pounds from MY 2025/26), while foreign tallow and used cooking oil production are forecast to be fairly steady, as growth is limited by an expansion in livestock and food use of vegetable oils (table 2sa).

Foreign rapeseed oil and soybean oil production is forecast to increase largely on higher crush for Canada, Brazil, and Argentina in MY 2026/27. In addition, foreign corn oil production is forecast to continue to expand, largely due to an expansion in Brazil's ethanol industry. USDA projects rapeseed oil production in Canada to grow to 5.5 million metric tons, where historically a larger share of exports go to the United States. Canada's canola crush is forecast to reach a record on higher demand for canola oil and expanded canola crush capacity. According to the USDA, Foreign Agricultural Service (FAS) Global Agricultural Information Network (GAIN) *Canada: Oilseeds and Products Annual* report, canola crush capacity has expanded in 2026 and is estimated around 14.8 million metric tons. In addition, there will be higher supplies of soybean oil from Brazil and Argentina. Although foreign soybean oil production is expected to increase in MY 2026/27 from MY 2025/26, U.S. imports are limited by a 19.1-percent tariff from the countries that are not under free trade agreements with the United States. In addition, imported soybean oil eligible as a biodiesel feedstock in the RFS program is limited the following EPA requirement: "imported soy (beans or oil) as biomass-based diesel feedstock must maintain records that serve as evidence that their soy came from land that was cleared or cultivated prior to December 19, 2007, and that was actively managed or fallow, and nonforested on that date [7]." Furthermore, the biodiesel fuel producers would not qualify for a 45Z tax credit if the feedstocks were imported from countries outside North America.

[6] Bukowski, M., Swearingen, B., & Hubbs, T. (2025). Oil crops outlook: February 2025 (Report No. OCS25b) – table2sa. U.S. Department of Agriculture, Economic Research Service.
[7] https://www.epa.gov/fuels-registration-reporting-and-compliance-help/what-are-rfs2-requirements-renewable-fuel

The ability for the U.S. to increase feedstock imports from foreign suppliers outside of North America will largely depend on feedstock prices and policies in the major biofuel producing countries like the European Union, Indonesia, Malaysia, Canada, and Brazil. In 2026, the strength in energy prices is supportive of global biofuel production, prompting countries in Asia to raise biodiesel blending targets, citing improved biofuel production economics and energy security concerns. This confluence of factors is expected to result in strong global biomass-based diesel feedstock demand throughout the year, potentially limiting availability to the United States as potential suppliers use more domestically.

U.S. Demand for Soybean Oil Is Expected To Increase in MY 2026/27

The EPA's RVOs for 2026 and 2027 are expected to drive record biofuel production and biomass-based diesel feedstock demand for MY 2026/27. A range of policy and market factors will shape relative feedstock prices and the competitiveness of specific feedstocks used for biomass-based diesel production—including the 45Z tax credit, U.S. State-level programs, foreign biofuel policies, tariffs, and transportation costs to both renewable diesel facilities and biodiesel plants.

Given current USDA assumptions on feedstock availability, expected prices, and current policies, in MY 2026/27 vegetable oils are expected to account for a larger share of total feedstock use (vegetable oils, animal fats, and used cooking oil and grease). The U.S. soybean oil use for biomass-based diesel production is forecasted to increase to 17.8 billion pounds in MY 2026/27, up 3.6 billion pounds from MY 2025/26. Canola oil use for biofuel is also forecast to grow to 5.6 billion pounds in MY 2026/27, supported by record domestic canola crush and an increase in canola oil imports from Canada. Additionally, U.S. imports of animal fats and used cooking oil are expected to increase from MY 2025/26 to help meet the higher mandate-driven demand, particularly given the concentration of renewable diesel capacity on the coastal United States and the continued incentives provided under state level programs.

Table 1sa: U.S. vegetable oils, animal fats, UCO, and grease balance sheet							
Attribute/Feedstock	2021/22	2022/23	2023/24	2024/25	2025/26*	2026/27*	Change from 2021/22
			Million pounds				
Beginning stocks	**3,312**	**3,272**	**2,882**	**2,685**	**2,864**	**2,992**	**(319)**
Vegetable oils	3,023	2,999	2,625	2,435	2,598	2,736	(287)
Animal fats	161	170	148	140	157	145	(15)
UCO and grease	128	103	109	110	108	111	(17)
Production	**52,863**	**53,317**	**54,425**	**55,822**	**57,817**	**60,222**	**7,360**
Vegetable oils 1/	34,908	35,195	36,281	38,372	40,253	42,464	7,555
Animal fats 2/	9,189	9,490	9,717	9,433	9,348	9,367	178
UCO and grease 3/	8,765	8,633	8,427	8,017	8,216	8,392	(374)
Imports	**13,627**	**18,212**	**22,678**	**20,972**			
Vegetable oils	11,901	14,203	15,413	13,262	13,614	16,687	4,785
Animal fats	1,039	1,575	2,104	2,407			
UCO and grease	687	2,434	5,161	5,302			
Total supply	**69,801**	**74,801**	**79,985**	**79,478**			
Vegetable oils	49,833	52,397	54,319	54,068	56,466	61,886	12,054
Animal fats	10,389	11,234	11,969	11,981			
UCO and grease	9,580	11,170	13,697	13,429			
Exports	**4,774**	**2,059**	**2,060**	**3,666**			
Vegetable oils	2,717	1,048	1,234	3,075	1,732	931	(1,787)
Animal fats	1,005	498	469	351			
UCO and grease	1,051	513	358	240			
Domestic disappearance	**61,756**	**69,860**	**75,241**	**72,951**			
Vegetable oils	44,116	48,724	50,650	48,395	51,998	58,185	14,069
Animal fats	9,214	10,589	11,360	11,472			
UCO and grease	8,426	10,548	13,230	13,083			
Biofuel use	**22,484**	**31,193**	**37,279**	**34,403**			
Vegetable oils	15,119	19,334	21,619	19,463	22,450	28,522	13,402
Animal fats	2,005	4,746	7,140	8,728			
UCO and grease	5,360	7,113	8,519	6,213			
Other use 4/	**39,271**	**38,668**	**37,962**	**38,547**			
Vegetable oils	28,996	29,390	29,031	28,932	29,548	29,663	667
Animal fats	7,209	5,843	4,220	2,745			
UCO and grease	3,066	3,436	4,711	6,871			
Ending stocks	**3,272**	**2,882**	**2,684**	**2,862**			
Vegetable oils	2,999	2,625	2,435	2,598	2,736	2,771	(229)
Animal fats	170	148	140	157			
UCO and grease	103	109	109	106			

UCO = Used cooking oil.
1/ Includes corn oil, coconut oil, cottonseed oil, olive oil, peanut oil, canola oil,safflower oil, soybean oil, palm oil, palm kernel oil, sesame oil, and sunflowerseed oil.
2/ Tallow and poultry fat production estimates come from USDA, National Agricultural Statistics Service. Lard production is a USDA, Economic Research Service (ERS) estimate.
3/ UCO and grease is estimated by USDA, ERS.
4/ Other use category includes food, feed, other industrial, stocks at the end users, and residual (error).
Note: Before 2021, the U.S. Department of Energy, Energy Information Administration only included feedstock use for biodiesel and not renewable diesel. Data is aggregated on an October through September marketing year.
Source: USDA, Economic Research Service calculations using data from USDA, National Agricultural Statistics Service, Quick stats; USDA, Foreign Agricultural Service, Global Agricultural Trade Systems; and Department of Energy, Energy Information Administration.

Table 2sa: Foreign biomass-based diesel feedstock balance sheets							
Attribute/Feedstock 1/	2021/22	2022/23	2023/24	2024/25	2025/26*	2026/27*	Change from 2021/22
			Million pounds				
Beginning stocks	**6,074**	**7,344**	**7,015**	**6,177**	**6,113**	**6,475**	**401**
Vegetable Oils	6,074	7,344	7,015	6,177	6,113	6,475	401
Tallow	-	-	-	-	-	-	-
UCO	-	-	-	-	-	-	-
Production	**114,127**	**117,683**	**123,449**	**130,464**	**133,645**	**138,147**	**24,020**
Vegetable Oils 2/	85,323	87,622	92,425	98,774	101,677	105,469	20,146
Tallow 3/	5,454	5,787	6,080	6,334	6,271	6,339	885
UCO 4/	23,350	24,274	24,944	25,356	25,697	26,339	2,989
Imports	**10,800**	**10,088**	**11,624**	**12,561**			
Vegetable Oils	3,511	3,623	4,626	5,139	5,914	5,583	2,072
Tallow (HS 150210)	337	321	454	237			
UCO (HS 151800)	6,952	6,143	6,544	7,184			
Total supply	**131,001**	**135,115**	**142,088**	**149,202**			
Vegetable Oils	94,908	98,589	104,066	110,090	113,705	117,528	22,620
Tallow	5,790	6,108	6,534	6,571			
UCO	30,302	30,417	31,488	32,540			
Exports	**39,809**	**43,928**	**48,216**	**52,148**			
Vegetable Oils	30,519	33,191	33,533	37,858	37,685	39,911	9,393
Tallow (HS 150210)	2,421	2,934	3,495	3,305			
UCO (HS 151800)	6,870	7,802	11,188	10,984			
Exports to the United States	**6,409**	**10,201**	**14,143**	**12,361**			
Vegetable Oils	4,669	6,596	7,841	6,518			
Tallow	1,256	1,809	2,043	2,456			
UCO	484	1,797	4,258	3,387			
Share of exports to United States (percent)	**16**	**23**	**29**	**24**			
Vegetable Oils (Percent)	15	20	23	17			
Tallow (Percent)	52	62	58	74			
UCO (Percent)	7	23	38	31			
Domestic disappearance	**83,848**	**84,172**	**87,695**	**90,941**			
Vegetable Oils	57,046	58,383	64,355	66,119	69,544	70,581	13,535
Tallow	3,370	3,174	3,040	3,266			
UCO	23,432	22,615	20,300	21,556			
Ending stocks	**7,344**	**7,015**	**6,177**	**6,113**			
Vegetable Oils	7,344	7,015	6,177	6,113	6,475	7,035	(309)
Tallow	-	-	-	-			
UCO	-	-	-	-			

- = no data. Asterisk (*) denotes a forecast.

HS = Harmonized system. UCO = Used cooking oil.

1/ The feedstocks included are those approved by the U.S. Environmental Protection Agency for use in biomass-based diesel production.

2/ Vegetable oils included in this table are just soybean oil, canola oil, and corn oil.

3/ Tallow data is through 2021 from FAOSTAT, then estimated using slaughter numbers in FAS PSD.

4/ UCO availability is estimated by USDA, Economic Research Service.

Note: Countries include the top 80 percent of global trade and 80 percent of United States imports. Data aggregated on a October/September marketing year.

Source: USDA, Economic Research Service calculations using data from USDA, Foreign Agricultural Service, Production, Supply and Distribution database; Trade Data Monitor, LLC; Oil World; and the United Nations Food and Agriculture Organization, FAOSTAT database.

Suggested Citation

Bukowski, M., & Swearingen, B. (2026). *Oil crops outlook: May 2026* (Report No. OCS-26e). U.S. Department of Agriculture, Economic Research Service.