



Oil Crops Outlook: August 2022

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In this report:

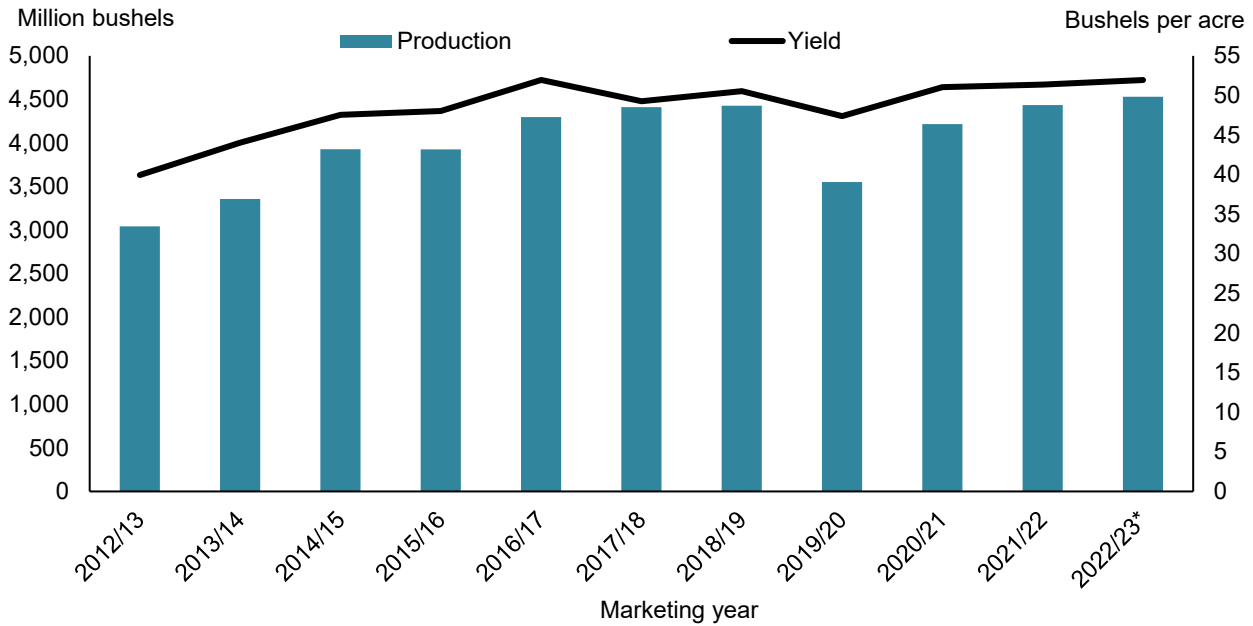
[Domestic Outlook](#)
[International Outlook](#)

2022/23 U.S. Soybean Production Increases on Higher Yields

This month, USDA, National Agricultural Statistics Service (NASS) published its first survey-based yield forecast for the 2022/23 U.S. soybean crop at 51.90 bushels per acre, 0.40 bushels per acre higher than the previous estimate. Combined with a 0.30-million-acre reduction in the harvested area estimate, that now sits at 87.20 million acres, the 2022/23 soybean production estimate is raised by 25.56 million bushels to 4.53 billion. Expectations of higher output in 2022/23 have impacted the soybean export estimate which is raised by 20 million bushels to 2.16 billion. Ending stocks for 2022/23 are estimated at 245 million bushels. The 2022/23 season-average soybean price forecast is lowered from the previous forecast of \$14.40 per bushel to \$14.35 per bushel.

Figure 1

U.S. soybean crop production and yield



Note: Asterisk (*) denotes forecast.

Source: USDA, Economic Research Service using data from USDA, World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates*.

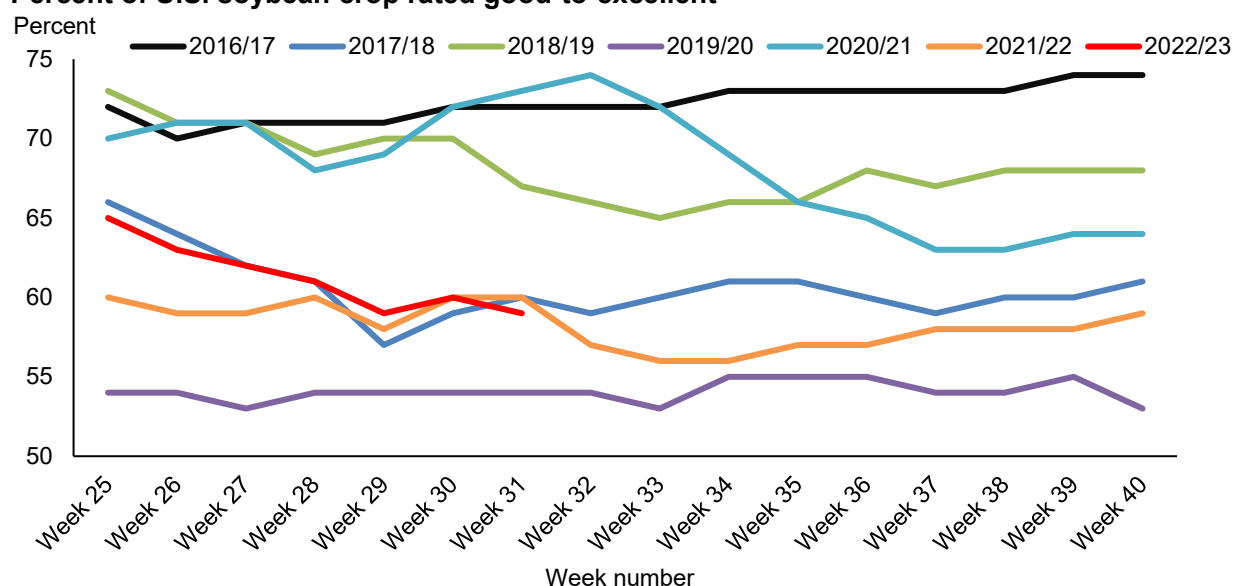
Domestic Outlook

Higher Yields Boost 2022/23 U.S. Soybean Production

High temperatures throughout July have helped push along the progress of soybeans in major producing Southern States while progress is slightly behind average development rates in the top five U.S. producing States: Iowa, Illinois, Indiana, Minnesota, and Nebraska. Crop development is also behind average in North and South Dakota as wet conditions delayed plantings. Nevertheless, 59 percent of the 2022/23 U.S. soybean crop is rated as good-to-excellent as of August 7, matching conditions this time last year, with 61 percent setting pods.

Figure 2

Percent of U.S. soybean crop rated good-to-excellent



Source: USDA, Economic Research Service using data from USDA, National Agricultural Statistics Service, *Crop Progress*, August 8, 2022.

This month's *Crop Production* report, in which USDA's National Agricultural Statistics Service (NASS) published its first survey-based forecast of the 2022/23 U.S. soybean yield at 51.9 bushels per acre, reflecting reports of the good-to-excellent crop conditions. Higher yield estimates for Illinois, Minnesota, North Dakota, and South Dakota are seen boosting the overall soybean yield forecast. Specifically, yield estimates for Illinois are up by 2 bushels per acre from 2021 to 66 bushels per acre, 3 bushels higher per acre in Minnesota from a year ago to 50, the North Dakota estimate is 10 bushels higher per acre to 35, and up 3 bushels per acre to 43 bushels per acre in South Dakota. Yields in Iowa partially offset these increases as yields are down 4 bushels per acre from last year to 58 bushels per acre. These increased yields offset

the decrease in harvested acreage estimate of 87.21 million acres. Reductions from last year's acreage totals of 0.15 and 1.47 million acres in Minnesota and North Dakota, respectively, contribute to the decline. The net result of the yield and acreage changes lift the 2022/23 soybean production estimate to 4.53 billion bushels from the previous forecast of 4.51 billion bushels.

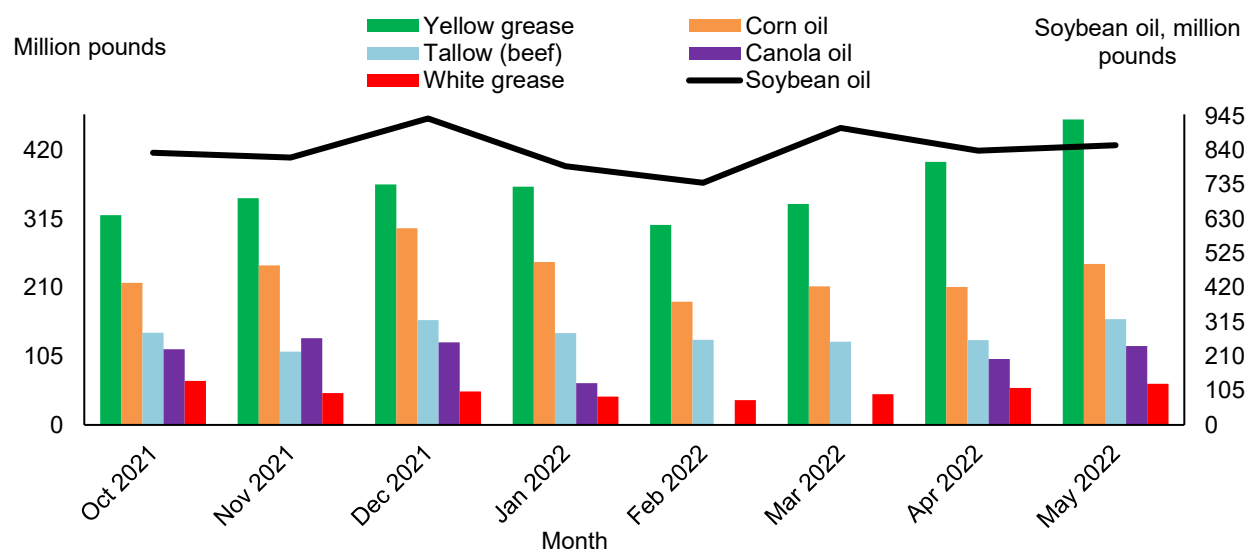
A slight increase in 2022/23 soybean beginning stocks estimate, stemming from a 10-million-bushel reduction in the 2021/22 soybean export forecast to 2.16 billion, contributes to the out-year increase in supply to 4.77 million bushels. With increased supplies, the 2022/23 soybean export forecast is raised this month by 20 million bushels to 2.16 billion bushels, with the ending stocks estimate settling at 245 million bushels.

The U.S. Energy Information Administration (EIA) reported 44.5 percent of U.S. feedstock-based biofuel production utilized soybean oil in May 2022. This is nearly 4.4 percentage points lower than in April as use of soybean oil in biofuel production was largely offset by increased use of yellow grease (used cooking oil), tallow, and canola oil. Among other factors, the substitutability of these alternative oils in biofuel production is influenced by the current policy driven, market values associated with biofuels produced with these feedstocks and the respective soybean oil to alternative feedstock price ratios. For these reasons, the 2021/22 soybean oil for biofuel use estimate is lowered by 200 million pounds this month to 10.5 billion pounds. Despite this reduction, soybean oil for biofuel use is still at historically high levels. Food, feed, and other industrial use of soybean oil is expected to remain unchanged from the current forecast at 14.19 billion pounds. Combined with a 50-million-pound reduction in the soybean oil import forecast to 325 million pounds, an additional 150 million pounds of soybean oil is expected to be carried over into the new marketing year, settling at 2.1 billion pounds.

The 2021/22 canola oil for biofuel use forecast is raised this month by 150 million pounds to 1.2 billion. Consequently, use of canola oil for food production is expected to decline.

Figure 3

Feedstocks consumed for production of biofuels in 2021/22



Note: Included feedstocks account for 97–99 percent of biofuel production. Poultry waste and other animal feedstock categories are excluded.

Source: USDA, Economic Research Service using data from United States Energy Information Administration, *Feedstocks consumed for production of biofuels*, July 29, 2022.

Decreased Production of U.S. Peanut and Cottonseed Anticipated

In total, 70 percent of this year’s peanut crop is rated as good-to-excellent as of August 7 compared to 74 percent last year. As a result, NASS’s first 2022/23 survey-based yield forecast of 4,129 pounds per acre would be the second highest peanut yield on record if realized. Harvested acreage is projected to remain unchanged at 1.5 million acres. This results in production of just above 6.2 billion pounds, down by 33 million from the previous forecast. Given the decrease in supply, 2022/23 domestic food use of peanuts is projected at 3.45 billion pounds—a 28-million-pound decrease from last month’s forecast. Moreover, the peanut crush volume is expected to decline by 5 million pounds to 868 million.

Similarly, 2022/23 cottonseed production is expected to decline from last month’s forecast as the yield and harvested acreage estimates were lowered this month. A 1.43-million-acre decrease in the acreage estimate to 7.13 million acres—combined with a 0.03-ton-per-acre decrease in the yield estimate—lowers the production estimate by 0.98 million short tons to 3.81 million. This production would be the lowest since 1986/87 and is expected to impact cottonseed crush and export volumes in 2022/23. The cottonseed export estimate is lowered by 75,000 short tons this month to 150,000 short tons and the crush estimate by 35,000 to 1.48

million short tons. As a result, stocks are expected to contract to 234,000 short tons. Lower cottonseed supply moves the 2022/23 season average price forecast up by \$1.65 per hundredweight to \$12.65 per hundredweight this month.

The expected reduction in 2022/23 cottonseed crush volume will impact cottonseed meal and oil production. Specifically, the cottonseed meal forecast is lowered from last month's estimate of 675,000 short tons to 660,000 short tons and from 410 million pounds to 400 million for cottonseed oil.

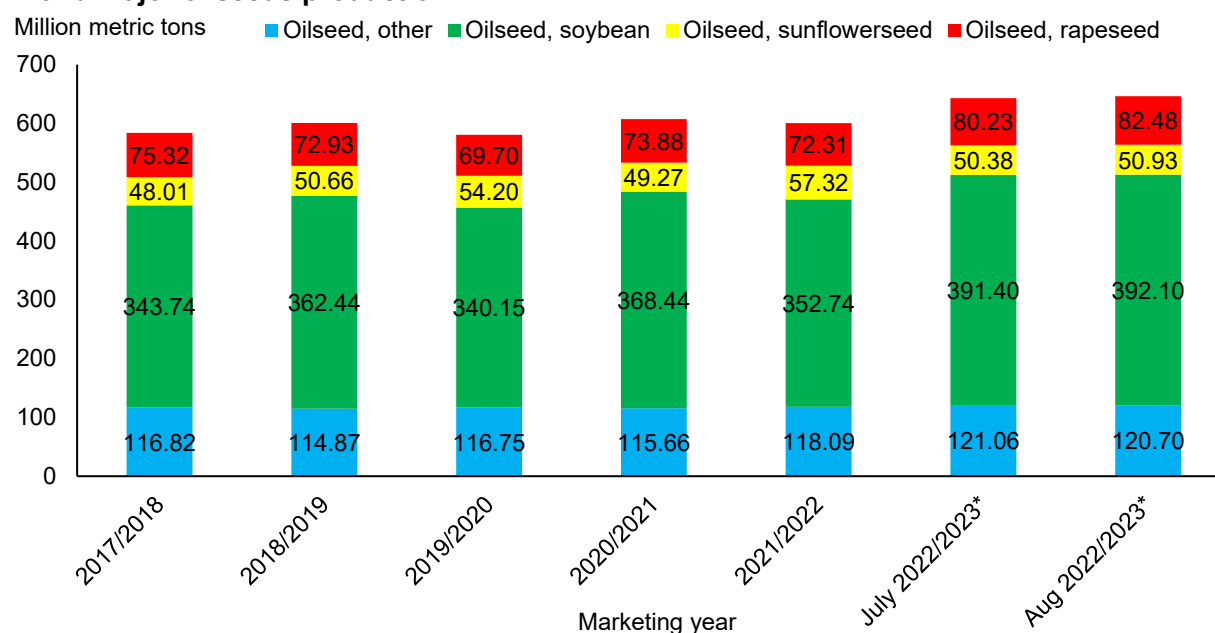
International Outlook

World Oilseeds Production to Rebound in 2022/23

The 2022/23 global oilseed production forecast increased further this month by 2.93 million metric tons to 646 million tons as global production of rapeseed and sunflowerseed continue to exceed expectations. Anticipations of higher output in Russia and Australia lifted the global softseed—sunflowerseed and rapeseed—production forecast for the 2022/23 marketing year this month by 2.8 million metric tons to 133.41 million metric tons. If the forecast materializes, this would be a record global softseed crop. In addition, global soybean production is increased by 1.40 million metric tons this month with strong contributions from the United States and China.

Figure 4

World major oilseeds production



Note: Oilseed, other includes copra, cottonseed, palm kernel and peanut. Asterisk (*) denotes forecast.
 Source: USDA, Economic Research Service using data from USDA, Foreign Agricultural Service, *Production, Supply and Distribution* database, August 2022.

With the higher supply of major oilseeds, the 2022/23 global oilseeds crush forecast is revised up this month by 2.46 million metric tons to 531.88 million metric tons. In addition, the global oilseeds export projection is increased this month by 1.55 million metric tons on the higher sunflowerseed and rapeseed imports by China and Europe. Lastly, world oilseeds stocks for the 2022/23 marketing year are expected to rebound to 120.72 million metric tons, or 2.21 million metric tons higher than last month.

The annual major oilseed crush increase will add 5.40 million metric tons of vegetable oil to the global supply in the 2022/23 marketing year from 2021/22. Global vegetable oil production this month increased by 0.84 million metric tons to 219.05 million metric tons. With the higher supply of vegetable oils, the global export and consumption increased this month by 0.41 million metric tons and 0.9 million metric tons, respectively. Furthermore, the global major oils stocks are expected to rebound in 2022/23 to 30.04 million metric tons from a relatively low level in 2021/22.

Recovery in Global Rapeseed Supply

This month, the USDA 2022/23 global rapeseed production forecast is revised up by 2.25 million metric tons to 82.48 million. The higher production is mainly driven by higher rapeseed crop in Russia and Australia. The Russian rapeseed production is revised up 1.1 million metric tons this month on the higher harvested area and better yield. The Russian farmers are expected to harvest a record area of 2.2 million hectares. In addition, the rapeseed yield is revised up this month to 1.77 ton per hectare on favorable growing conditions. As a result of higher rapeseed supply, Russian rapeseed crush is increased this month by 0.7 million metric tons to a record level of 3.05 million. In addition to higher crush, Russia is expected to export more rapeseed, hence the 2022/23 rapeseed export forecast is increased by 0.25 million metric tons to 0.7 million this month.

In addition to higher production in Russia, Australian rapeseed production is increased this month by 0.7 million metric tons to 6.1 million on a higher yield. The Canadian rapeseed crop is left unchanged this month at 20 million metric tons. With the higher global rapeseed production, the global export forecast is increased this month by 0.93 million metric tons to 17.88 million as Russia, Australia, Ukraine, and Uruguay are expected to export more. As in recent years, Uruguayan rapeseed production is expected to sharply increase in 2022/23 as strong demand from the United Kingdom and European Union continues to grow. Note, USDA added Uruguay to the *Production, Supply, and Demand* database this month in light of increased production and trade. If the export forecast materializes, it will be the second largest trade volume in recent history. In the 2022/23 marketing year, major rapeseed importers like China, Pakistan, and United Arab Emirates are expected to import more rapeseed to satisfy domestic crush. Consequently, the global rapeseed crush increased by 0.9 million metric tons this month to 76.05 million metric tons, resulting in a year-over-year increase of 4.8 million metric tons. Despite the higher use of rapeseed, the 2022/23 global stocks are expected to rebound from the record low level in the 2021/22 marketing year of 4.62 million metric tons to 6.81 million.

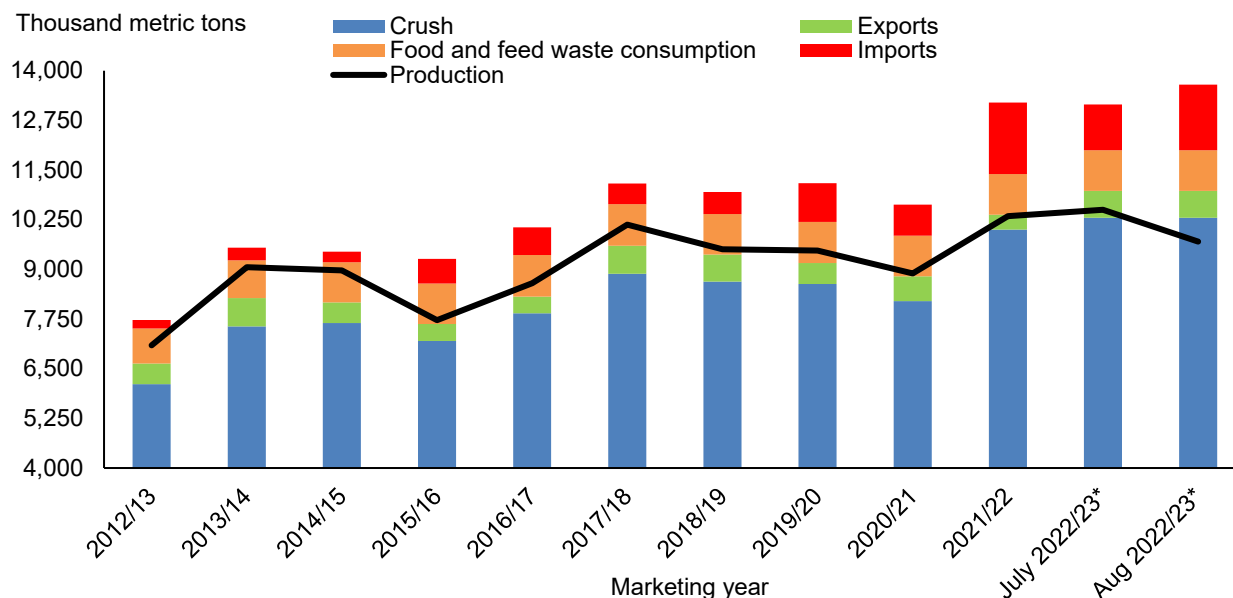
The global rapeseed oil production forecast for the 2022/23 marketing year increased this month by 0.37 million metric tons to 31.09 million metric tons, mainly on the higher crush in Russia. Consequently, the forecast for both the global rapeseed oil export and domestic consumption is revised upwards by 0.25 million metric tons and 0.37 million metric tons, respectively. The global rapeseed oil consumption is expected to increase by 1.22 million metric tons in the 2022/23 marketing year and is forecasted to reach 30.44 million metric tons. Furthermore, the global rapeseed oil stocks are expected to rebound to 3.34 million metric tons.

Dryness in European Union Impacts the Sunflowerseed Crop

The European Union (EU) sunflowerseed output for 2022/23 marketing year is reduced this month by 0.8 million metric tons to 9.6 million metric tons due to unfavorable growing conditions this season. Summer in the region has brought extreme dryness and record-setting heat, leading to crop reduction in Hungary and Romania by 0.4 and 0.3 million metric tons to 1.5 and 2.7 million metric tons, respectively. For perspective, Romania and Hungary contribute 35 percent to total EU sunflowerseed production. In addition, small reductions in sunflowerseed production are expected in France, Spain, and Serbia where the heat and dryness continued throughout July. These weather conditions have pushed the sunflowerseed crop 2 weeks ahead of normal development at this point in the season, lowering yields. As a result, the EU sunflowerseed yield forecast is revised down this month by 10.85 percent and stands at 2.06 metric tons per hectare. If the forecast materializes, this would be the second lowest yield in recent history. The lower sunflowerseed production this month is partially offset by higher imports. The EU sunflowerseed imports were revised up by 0.5 million metric tons and are expected to reach 1.65 million metric tons. The sunflowerseed crush is left unchanged at 10.3 million metric tons. Consequently, the sunflowerseed ending stocks in the EU were reduced this month by 0.31 million metric tons to 0.49 million metric tons.

Figure 5

European Union sunflower supply and demand



Note: Asterisk (*) denotes forecast.

Source: USDA, Economic Research Service using data from USDA, Foreign Agricultural Service, *Production, Supply and Distribution* database, August 2022.

In contrast, the sunflowerseed output in Russia is revised up by 1.5 million metric tons and is expected to reach 17 million metric tons due to higher acreage and yield. As a result of the higher sunflowerseed supply, the crushing and exports of sunflowerseed are expected to increase in Russia and the ending stocks are expected to rise. The sunflowerseed crush increased this month by 0.7 million metric tons to 15 million metric tons. Similarly, Russian sunflowerseed export is revised up this month by 0.2 million metric tons to 0.8 million metric tons. As a result of higher crush, the sunflower oil production increased this month by 0.29 million metric tons.

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