



Oil Crops Outlook: April 2024

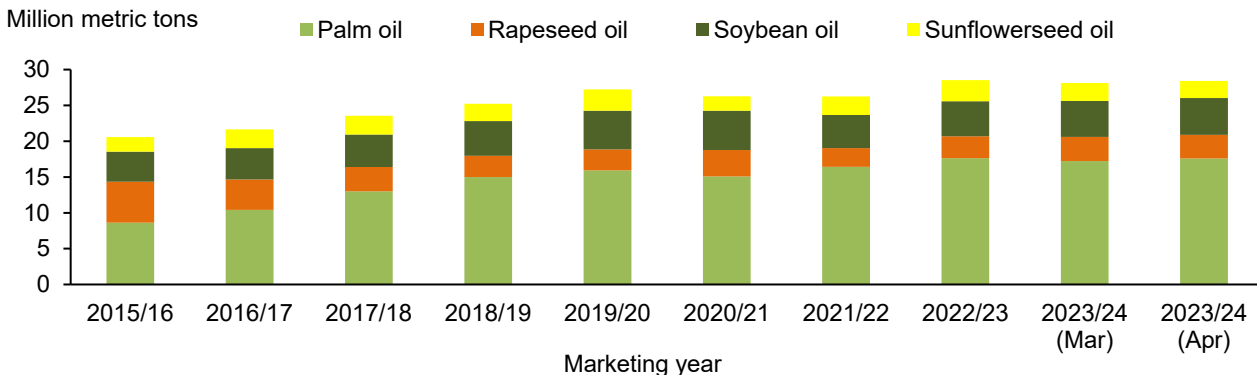
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2023/24 U.S. Soybean Ending Stocks Raised on Lower Exports

The 2023/24 U.S. soybean ending stocks estimate is raised to 340 million bushels on lower soybean exports. The soybean export forecast is reduced to 1.7 billion bushels on reduced soybean commitments and strong competition from South America. Internationally, global sunflowerseed and rapeseed crush for marketing year (MY) 2023/24 are increased to record highs. Global sunflowerseed oil trade is raised on higher imports from India, Egypt, and the European Union (EU) as sunflowerseed oil prices have been very competitive, compared with other vegetable oils. Projections for the rapeseed crush in Canada and the United States are raised to record highs on the strong demand for rapeseed oil from the biofuel industry. Global four major vegetable oils ending stocks for MY 2023/24 are increased this month by 0.3 million metric tons to 28.4 million metric tons (figure 1).

Figure 1
Global major vegetable oil stocks



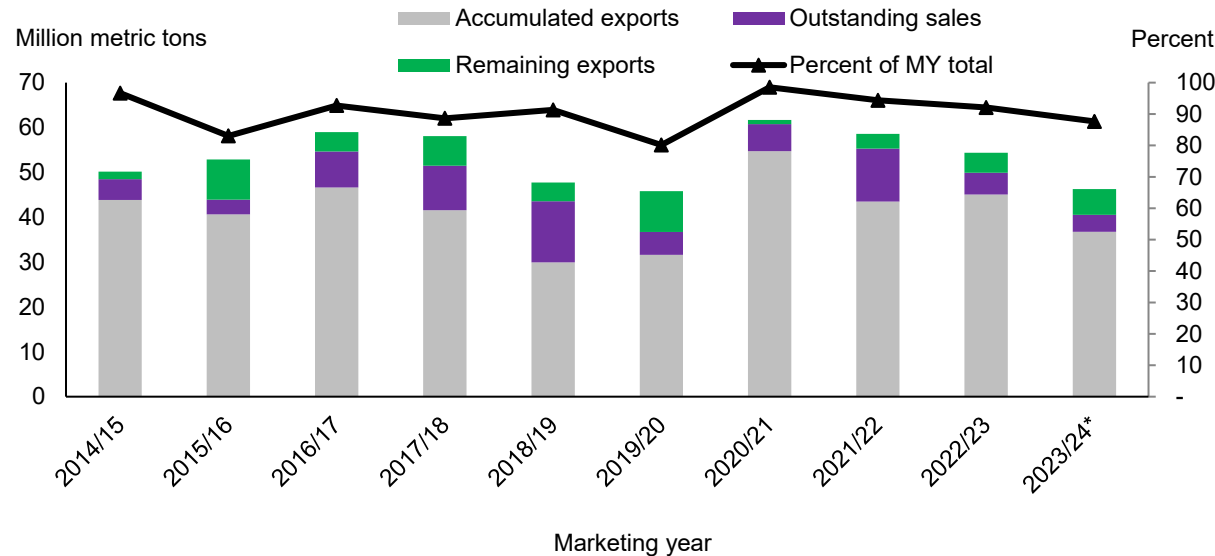
Source: USDA, Economic Research Service using USDA, Foreign Agricultural Service, *Production, Supply and Distribution* data.

Domestic Outlook

2023/24 U.S. Soybean Trade Reduced On Lower Commitments

For the month of March 2024, U.S. export inspections of soybeans totaled nearly 112 million bushels and were marginally higher than last year same period. Cumulative export inspections for September 2023–March 2024 totaled 1.4 billion bushels, down 18 percent (or 301 million bushels) from the MY 2022/23 pace. U.S. exporters faced strong competition from Brazil, where nearly 80 percent of the crop has been harvested and Argentina, which is about to start harvesting. In early April, soybean prices at Central Illinois county elevators declined to \$11.83 per bushel. While lower, these U.S. prices are still above soybean prices offered by Brazil’s exporters. Furthermore, the USDA, Foreign Agricultural Service (FAS) reported in its *Weekly Export Sales* the total U.S. soybean commitments for MY 2023/24 at 40.5 million metric tons as of March 28, a decrease of 9.3 million metric tons or 19 percent compared with same period last year. The U.S. outstanding soybean sales stand at 3.8 million metric tons, down 1.1 million metric tons year-over-year (figure 2). Consequently, the U.S. soybean export forecast for MY 2023/24 is reduced by 20 million bushels to 1.7 billion bushels.

Figure 2
U.S. cumulative soybean export sales through March 28 and full marketing year exports



MY = Marketing year.
 Note: Asterisk (*) denotes a forecast.
 Source: USDA, Economic Research Service using data from USDA, Foreign Agricultural Service, *U.S. Export Sales* report.

U.S. soybean crushers processed a record-high volume of soybeans for the month of February reaching 193.9 million bushels and established an all-time daily record crushing rate of 6.69 million bushels. During the first half of MY 2023/24, soybean crushing volume has totaled 1.17 billion bushels, over a 5-percent increase from last year. Expectations for increased soybean crushing volume in the second half of the marketing year suggests processors will reach the MY 2023/24 soybean crush forecast, which remains unchanged this month at 2.3 billion bushels.

USDA National Agricultural Statistics Service's (NASS) latest *Grain Stocks* report indicated that U.S. soybean stocks, as of March 1, were 1.8 billion bushels (9 percent) higher than the same period last year. Nearly 51 percent of the total soybean stocks were kept on farm, up 184 million bushels from last year. Off-farms stocks were reported at 912 million bushels, down 25 million bushels compared with same period last year. March 1 soybean stocks reflect the total December–March usage as 1.2 billion bushels. In that period, the United States exported 590 million bushels of soybeans, as reported by U.S. Department of Commerce, Bureau of the Census, down 27 percent from same period last year. U.S. crushers processed 593 million bushels, up 7 percent from same period last year.

The estimate of domestic seed and residual use is revised down by 10 million bushels as guided by USDA, NASS' *Prospective Plantings* report and March 1 *Grain Stocks* report. With reduced soybean trade, unchanged crush, and lowered seed and residual, U.S. soybean ending stocks for MY 2023/24 are estimated at 340 million bushels, 25 million bushels higher than last month's forecast. The average soybean price received by U.S. farmers is forecast at \$12.55 per bushel, down from last month's estimate of \$12.65 per bushel.

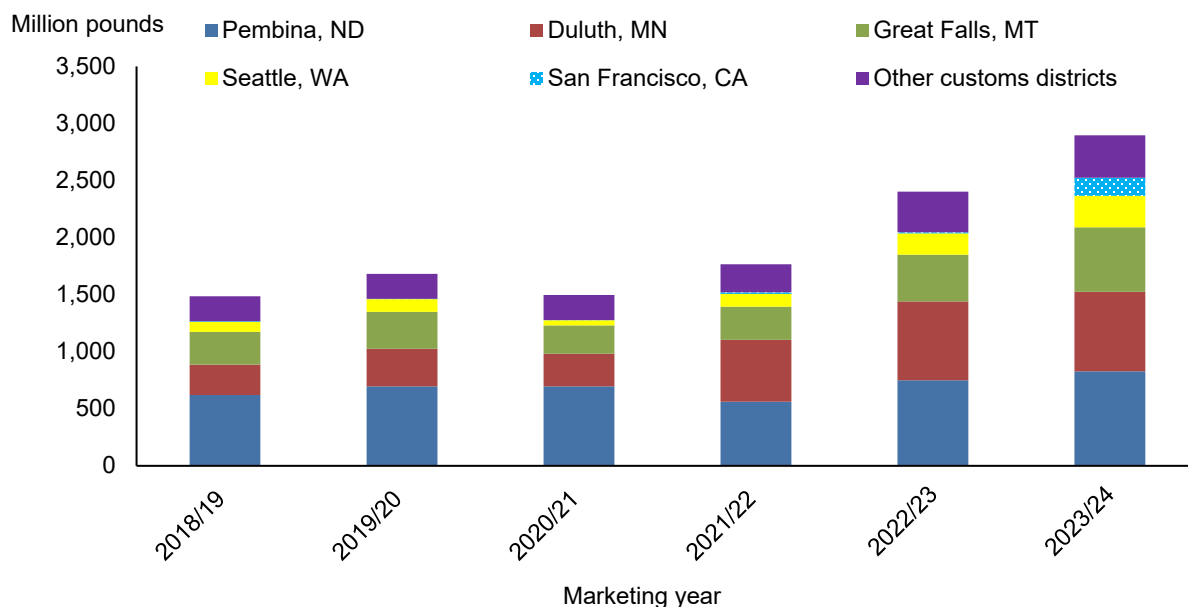
The U.S. soybean oil supply estimate for 2023/24 is increased this month by 95 million pounds to 29.2 billion pounds due to higher domestic production and imports. Soybean oil domestic production is raised on a higher oil extraction rate—now forecast at 11.77 pounds per bushel. Soybean oil imports are increased this month on higher arrivals from Canada and Mexico. The forecast for higher soybean oil supply is partially offset by an increase in projected MY 2023/24 soybean oil exports. The United States is forecast to be a net importer of soybean oil for MY 2023/24. Soybean oil ending stocks for MY 2023/24 are raised by 45 million pounds to 1.6 billion pounds.

The soybean oil price in Decatur, Illinois declined in March by 1 percent to 47 cents per pound and it was 20 percent lower than in March 2023. At the same time, the canola oil prices in March of 2024 averaged 55 cents per pound and were 4 percent higher than in February on strong demand from biofuel industry.

Strong Canola Oil Demand Drives Domestic Crush and Canola Oil Imports Higher

For MY 2023/24, the U.S. canola crush forecast is 4.6 billion pounds. February crush has reached a record high for the month of 0.41 billion pounds. This brings June 2023–February 2024 crush to 3.6 billion pounds, up 11 percent compared with the same period last year. Canola oil production is up 28 million pounds to 1.9 billion pounds, but the increased production has been insufficient to cover strong domestic demand for canola oil, especially for use in biofuel production. In January, a record-high 376 million pounds of canola oil was used as feedstock in biofuel production. The U.S. Department of Energy’s U.S. Energy Administration (EIA) most recent *Monthly Biofuels Capacity and Feedstocks Update* report indicates that nearly 60 percent of the canola oil used in biofuels was consumed in renewable diesel production. The use of canola oil in renewable diesel production increased from 124 million pounds in September to 224 million pounds in January. As a result of strong demand from renewable diesel facilities, U.S. canola oil imports are forecast up 0.3 billion pounds to a record of 7.4 billion pounds with strong imports from Canada. U.S. canola oil imports from October 2023–February 2024 totaled 2.9 billion pounds, up 21 percent from the same period last year (figure 3).

Figure 3
U.S. canola oil imports by customs district, October–February



Note: Other customs districts include 30 other districts reported by the U.S. Department of Commerce, Bureau of Census. Source: USDA, Economic Research Service using USDA, Foreign Agricultural Service, Global Agricultural Trade System (GATS) data.

Examining trade statistics by customs district, the Great Falls, Montana and San Francisco, California districts have both received larger canola oil imports during the October—February period than the year prior. Canola oil imports in these districts is mainly sourced from Canada. Ports located in the noted districts are likely to supply canola oil to new or existing renewable diesel facilities as EIA's *Monthly Capacity* report shows an increase in renewable diesel capacity from 3.7 billion gallons in September 2023 to 3.9 billion in January 2024. With approved pathways for canola oil, new renewable diesel producers are likely importing the feedstocks through San Francisco's customs districts. Previously, the district received less than 14 million pounds of canola oil from October through February. Strong demand for canola oil in the United States drives Canada's robust canola crush forecast. Canada's canola oil exports to United States account for nearly 96 percent of total canola oil exports by that country.

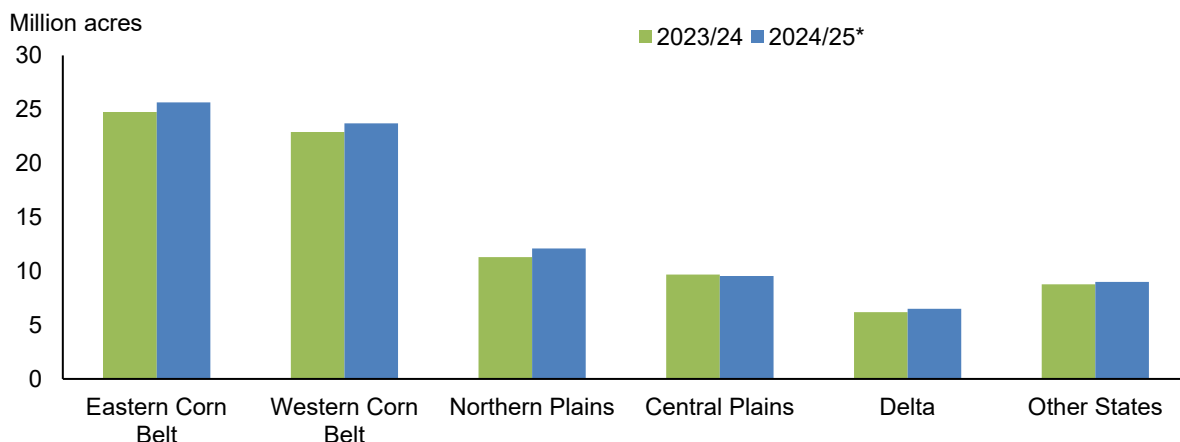
With higher canola oil imports and use in renewable diesel production, canola oil use in biofuels is raised 0.4 billion pounds to a record-high 4.0 billion pounds. In addition, canola oil ending stocks for MY 2023/24 are forecast marginally higher this month and stand at 188 million pounds.

Soybean and Minor Oilseed Acreage Planting Intention Update

The USDA, NASS's March *Prospective Plantings* report indicated that U.S. farmers intend to plant more soybean acres in 2024 than the year prior. If realized, the estimated 86.5 million acres of soybeans would make MY 2024/25 acreage 2.9 million acres higher than MY 2023/24. The increase in soybean acreage largely comes at the expense of reduced corn and wheat acreage. Despite the acreage increase for soybeans, cotton, and others crops, U.S. farmers intentions indicate an overall decrease in the principal crop acres.

In all soybean growing regions, farmers indicated to increase plantings, except for the Central Plains region--which includes Kansas and Nebraska (figure 4). The largest decline in planted area is in Kansas, totaling 180,000 acres. The largest increases in planted area are expected in Missouri and North Dakota, totaling 1.1 million acres.

Figure 4
Soybean planted acres by region



Eastern Corn Belt = Illinois, Indiana, Ohio, Michigan, and Wisconsin. Western Corn Belt = Iowa, Minnesota, and Missouri. Central Plains = Kansas and Nebraska. Northern Plains: North Dakota and South Dakota. Delta = Arkansas, Louisiana, and Mississippi. Other States = Alabama, Delaware, Georgia, Kentucky, Maryland, New Jersey, New York, North Carolina, Oklahoma, Pennsylvania, South Carolina, Tennessee, Texas, and Virginia.

The sizeable uptick in sown soybean acreage in North Dakota appears to displace sunflower and canola acreage. The U.S. sunflowerseed acreage estimate for MY 2024/25 is down 357,500 acres, whereas canola acreage is projected to be 22,000 acres higher, at 2.4 million acres. Although all States (besides North Dakota and Washington) showed an increase in the intended canola acres, North Dakota acreage is down 130,000 acres. U.S. sunflowerseed acres are at 957,500 acres, which makes MY 2024/25 acreage the lowest since MY 1976/77. This decline from MY 2023/24 is largely driven by oiltype sunflowerseed, whereas confection sunflowerseed type remains steady.

For peanuts, in the new marketing year U.S. farmers report intentions to plant 6,000 more acres than last year for a total 1.65 million acres. Farmers in Georgia and Alabama, the two top peanut producing States, are expected to plant 50,000 more acres in MY 2024/25 compared with the prior year. Whereas farmers in Texas report intentions to plant 65,000 acres less than last year. Smaller producing States like Missouri, Florida, and South Carolina intend to increase their respective peanut planted areas in MY 2024/25 offsetting the loss of acres in Texas.

For flaxseed, U.S. farmers indicate intentions to plant 105,000 acres, a 41-percent decrease from last year's total flaxseed acreage. In North Dakota, a major flaxseed producing State, farmers indicate a 50-percent decrease in flaxseed acreage to 50,000 acres for MY 2024/25. If realized, U.S. flaxseed acreage in the forthcoming marketing year would be the lowest since MY 1996/97.

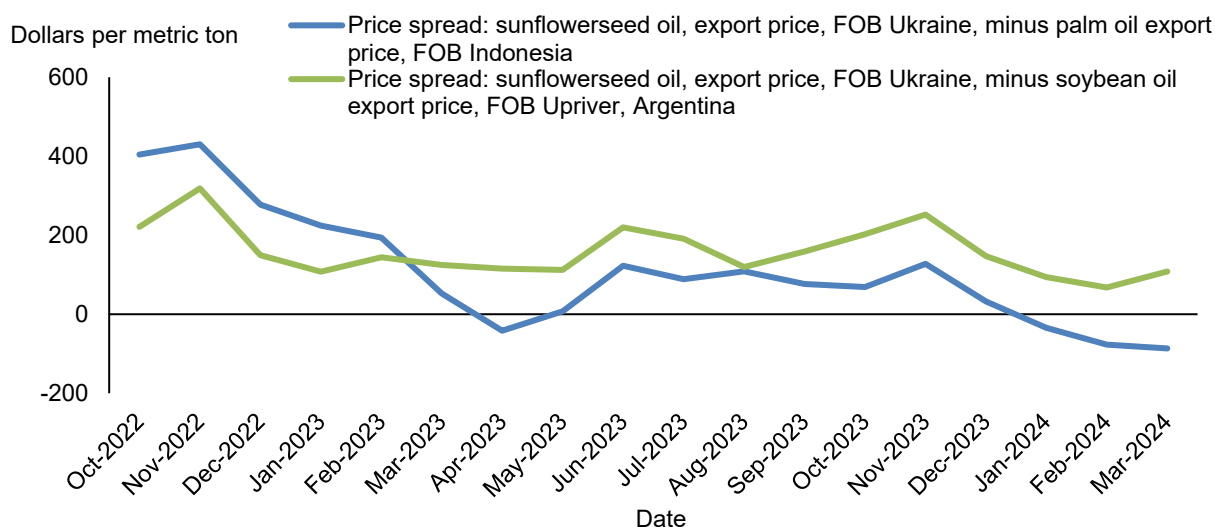
International Outlook

Global Sunflowerseed Oil Trade To Reach Record High

Global sunflowerseed oil trade forecast for 2023/24 is increased this month by 0.5 million metric tons to a record-high 14.5 million metric tons due to higher global sunflowerseed oil supply and competitive prices against palm oil and soybean oil. The sunflowerseed oil price, free-on-board (FOB) Ukraine, has been trading at a discount compared with palm oil since January 2024, which is resulting in higher demand from countries including India, Egypt, and the European Union (EU) (figure 5). Historically, sunflowerseed oil has been a premium-priced oil compared with palm oil and soybean oil as it is considered a nongenetically modified (GM) vegetable oil.

Figure 5

Ukrainian sunflowerseed oil price spread versus Indonesian palm oil and Argentine soybean oil, October 2022–March 2024



FOB = Free-on-board.

Source: USDA, Economic Research Service using data from International Grains Council.

Relatively low sunflowerseed oil prices in Ukraine are driven by higher domestic sunflower oil supply as well as competition from Russia—which is also reporting a larger supply year-to-year. In addition, the weak Ukrainian hryvnia further supports Ukraine’s export volumes. Ukraine’s sunflowerseed oil export forecast for MY 2023/24 is raised to 5.9 million tons on higher sunflowerseed crush. Sunflowerseed crush is increased to 14.7 million metric tons.

In addition to higher exports from Ukraine, sunflowerseed oil export forecasts for Russia and the EU are raised this month. The beneficiary of higher sunflowerseed oil supply are mainly the major vegetable oils importers including India and Egypt. India’s sunflowerseed oil imports are

raised this month to 2.9 million metric tons, while the palm oil import forecast is reduced by corresponding amount. Egypt's sunflowerseed oil import forecast is increased this month by 250,000 metric tons to 600,000 metric tons on higher arrivals and higher domestic consumption of sunflowerseed oil. As a result of a higher forecast for sunflowerseed oil consumption, soybean oil consumption in Egypt is reduced this month by 125,000 metric tons.

Global Rapeseed Production, Trade, and Crush on the Rise

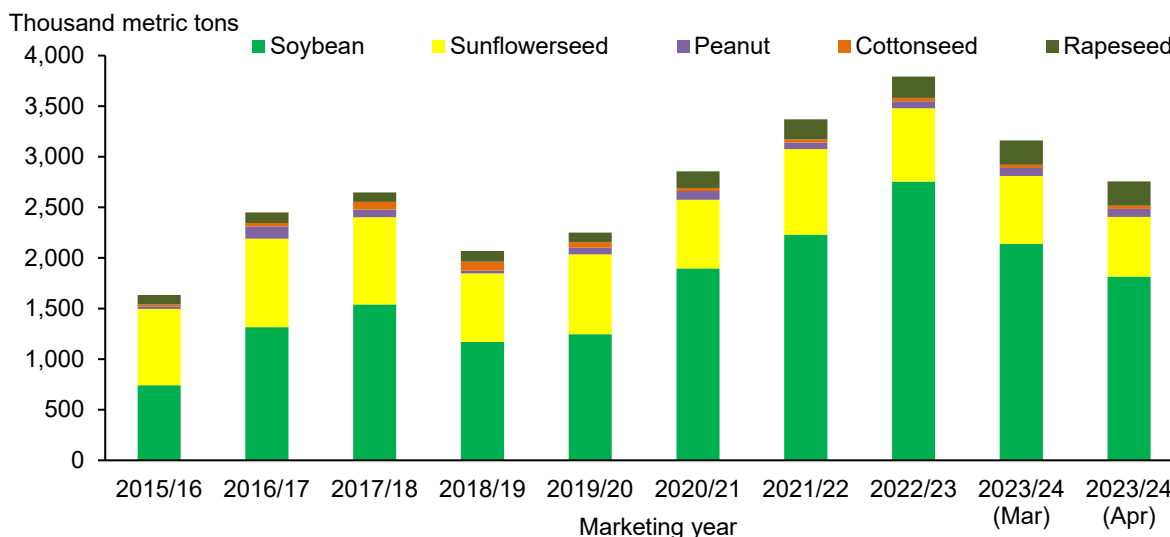
Global rapeseed production in MY 2023/24 is forecast up this month by 0.3 million metric tons to 88.4 million metric tons driven by a rise in Australia's and Moldova's production. Australia's rapeseed production is forecast at 5.7 million metric tons, up 0.2 million metric tons from last month on better-than-expected yields in Victoria, New South Wales, and South Australia, but remains below the MY 2022/23 record-high production. Dry conditions in Western Australia resulted in lower yields for this State. With higher domestic production, rapeseed exports for Australia and Moldova are forecast higher, which are partially offset with lower exports from Canada. Canada's rapeseed exports from August 2023–February 2024 totaled 3.4 million metric tons, down 1.5 million metric tons from same period in MY 2022/23 on smaller shipments to China. With a strong demand for rapeseed oil from the United States, Canada's domestic rapeseed crush is forecast up 0.4 million metric tons to a record-high of 11.0 million metric tons. According to Statistics Canada, the August 2023–February 2024 period's crush totaled 6.4 million metric tons, up 12 percent from same period in MY 2022/23. With higher domestic production of rapeseed oil and meal, exports are forecast higher. Rapeseed oil exports in Canada are forecast at a record-high 3.8 million metric tons with higher exports to the United States.

Unfavorable Weather Reduced 2023/24 Oilseed Output for South Africa

South Africa's oilseeds production output for MY 2023/24 is reduced this month by 0.5 million metric tons to 4.6 million metric tons on lower soybean and sunflowerseed production (figure 6). Soybean production is lowered by 0.3 million metric tons to 1.8 million metric tons on the lower yield. Yield forecast declined this month by 17 percent to 1.6 tons per hectare on unfavorable weather this growing season and are down 21 percent from MY 2022/23. Soybeans are traditionally planted from second half of October until mid-December. Soybean and sunflowerseed production benefited from rainfall recorded between October and December 2023 over most of the producing areas. However, excessive heat and dryness across South

Africa during February, when crop was in early pod-filling stages, deteriorated the yield potential.

Figure 6
South Africa's oilseed production, 2015/16–2023/24



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

Sunflowerseed production in South Africa for MY 2023/24 is forecast at 590,000 metric tons, down 80,000 metric tons from last month’s forecast on lower harvested acreage. The sunflowerseed harvested acreage is reduced this month by 85,000 hectares to 530,000 hectares. If realized, this would be the lowest harvested area since MY 2020/21. Sunflowerseed area in South Africa has not seen much of the growth compared with soybean and corn acreage, mainly due to the yield potential. Both corn and soybean yields have improved over last decade due to better varieties of seed and technology, resulting in higher returns for those crops compared with those realized for sunflowerseed production.

The sunflowerseed yield for South Africa is forecast at 1.1 tons per hectare, down 15 percent from last year. Yields are lower due to an El Niño induced dry spell and heatwave that occurred during February and March. In addition, farmers in South Africa also plant rapeseed, cottonseed, and peanuts, but those are minor oilseed crops.

With a lower forecast for soybean production, the soybean crush volumes and exports forecasts are reduced by 50,000 metric tons and 100,000 metric tons, respectively. The soybean crush volume for MY 2023/24 is projected at 1.6 million metric tons, down 50,000 metric tons from MY 2022/23. South Africa’s soybean exports forecast is down from MY 2022/23 and stands only at 150,000 metric tons, down significantly from MY 2022/23 volume of 637,000 metric tons.

Suggested Citation

Bukowski, M., & Swearingen, B. (2024). *Oil crops outlook: April 2024* (Report No. OCS-24d). U.S. Department of Agriculture, Economic Research Service.

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