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Oil Crops Outlook: August 2024

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U.S. 2024/25 Soybean Ending Stocks Forecast to Increase on Higher Production

USDA's National Agricultural Statistics Service (NASS) published its first survey-based yield forecast for marketing year (MY) 2024/25. The U.S. soybean yield is forecast at 53.2 bushels per acre, up 1.2 bushels per acre from last month's trend-based yield of 52.0 bushels per acre. Combined with a 1.0-million acre increase in the harvested area estimate, which now stands at 86.3 million acres, the soybean production forecast for MY 2024/25 is increased by 154 million bushels to 4.6 billion bushels. With higher soybean supply, the U.S. soybean exports forecast is raised this month by 25 million bushels to 1.85 billion bushels and crush is unchanged at 2.4 billion bushels. Ending stocks for MY 2024/25 are estimated at 560.0 million bushels, up 125.0 million bushels from last month's forecast. The 2024/25 season-average soybean price is lowered from the previous forecast of $11.10 per bushel to $10.80 per bushel. Soybean meal and oil prices are forecast at $320.00 per short ton and 42 cents per pound, respectively.

Global oilseed production for MY 2024/25 is forecast at 690.5 million metric tons, 4.5 million metric tons higher than last month's forecast with a higher soybean and rapeseed crop only partially offset by lower sunflowerseed, cottonseed, peanuts, and palm kernel. The global oilseed export forecast for MY 2024/25 is raised to 207.6 million metric tons on higher soybean and rapeseed exports. Global oilseed crush is reduced by 0.9 million metric tons on lower sunflowerseed crush, which is partially offset by higher rapeseed and soybean crush. The global ending stocks for MY 2024/25 for sunflowerseed and rapeseed are forecast to decline, while soybean ending stocks are on the rise pushing the total global oilseed stocks to 150.6 million metric tons.

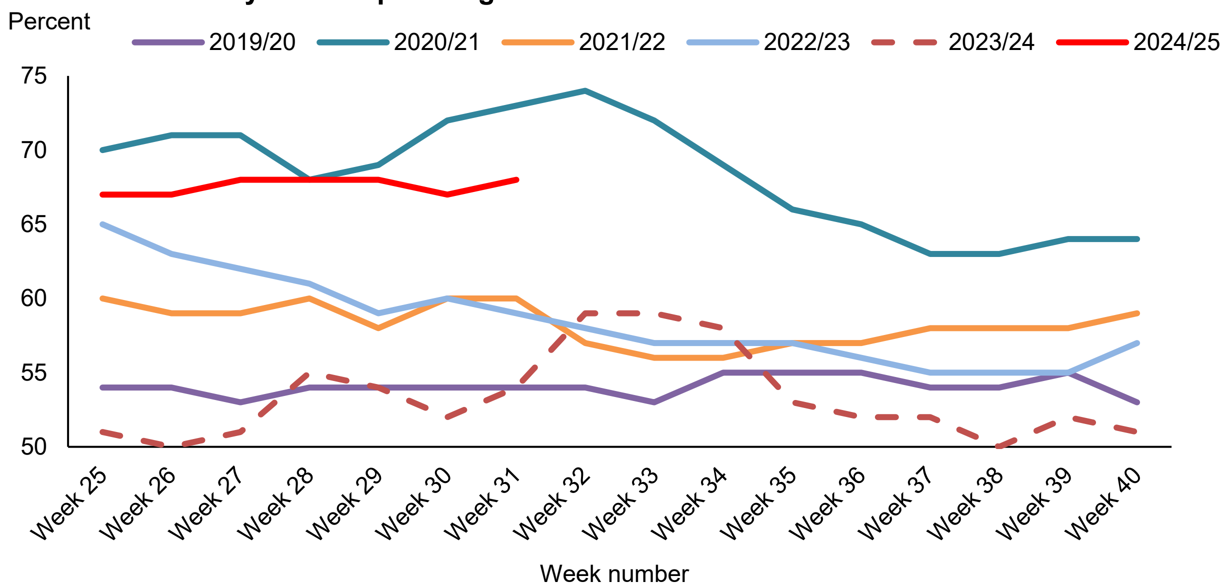
Domestic Outlook

Higher Yields Boost U.S. Soybean Production Forecast for MY 2024/25

This summer, Midwestern soybean crops have benefited from nearly ideal soil moisture, with July rainfall being above average. Temperatures were moderately cooler than normal. Overall, 68 percent of U.S. soybean acreage was rated in good-to-excellent condition as of August 4 (figure 1). Crop development this year is also slightly more advanced than usual, with 59 percent of soybean acres forming pods, compared with the 5-year average of 56 percent.

Figure 1

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



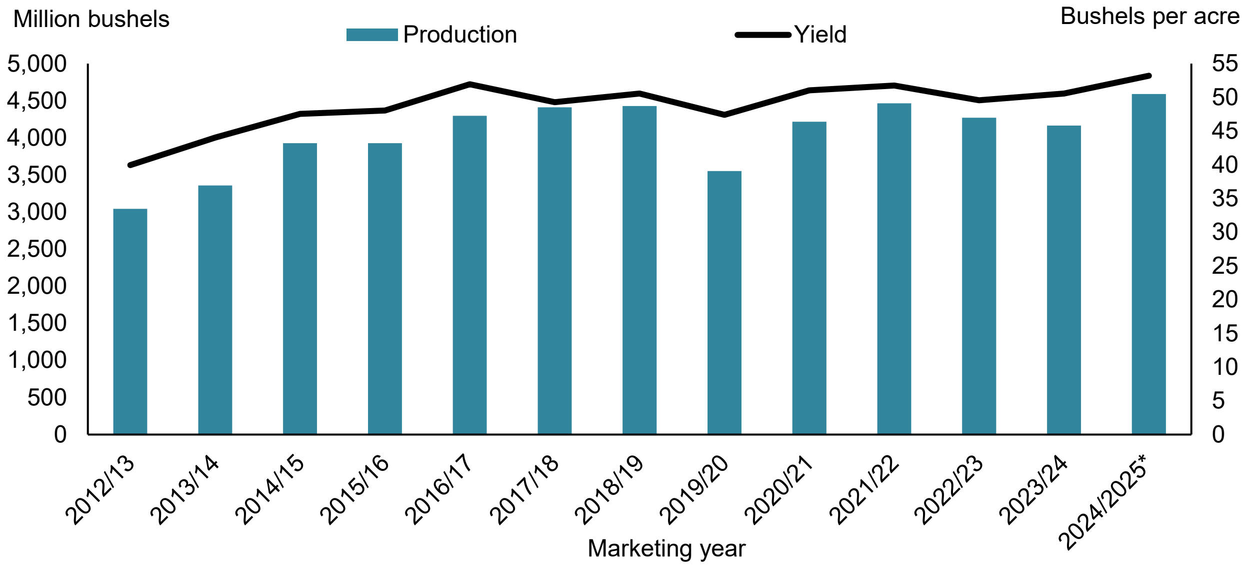
Source: USDA, Economic Research Service using data from USDA, National Agricultural Statistics Service, *Crop Progress,* August 5, 2024.

The USDA's National Agricultural Statistics Service (NASS) published its first survey-based yield forecast for the 2024/25 soybean crop in this month's *Crop Production* report. If realized, the MY 2024/25 U.S. soybean yield will be a record-high of 53.2 bushels per acre, which reflects this summer's crop conditions. Record-high yield estimates for Illinois, Indiana, Missouri, Mississippi, Ohio, and Arkansas are contributing to the overall soybean yield forecast. Yield estimates for Illinois and Iowa are up by 3.0 bushels per acre from MY 2023/24 to 66.0 bushels per acre and 61.0 bushels per acre, respectively. The Missouri and Arkansas yield estimates are up 3 bushels per acre to 51.0 bushels per acre and 57.0 bushels per acre, respectively.

Yields in Ohio and Indiana are up 1.0 bushel per acre and forecast at 59.0 and 62.0 bushels per acre, respectively. In addition to a higher yield forecast, the harvested acreage estimate is raised this month by 1.0 million acres with higher acreage in Missouri, Illinois, Indiana, Ohio, South Dakota, and Tennessee. It is worth noting that this month USDA, NASS reviewed all available data including survey data and the latest certified acreage information from USDA's, Farm Service Agency and Risk Management Agency. The net result of the yield and acreage changes boost the 2024/25 soybean production estimate to 4.6 billion bushels from the previous year of 4.2 billion bushels (figure 2).

Figure 2

U.S. soybean crop production and yield



Asterisk (*) denotes forecast.
Source: USDA, Economic Research Service using data from USDA, World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates,* August, 2024.

With increased supplies, the 2024/25 U.S. soybean exports forecast is raised this month by 25.0 million bushels to 1.85 billion bushels. The U.S. soybean ending stocks for MY 2024/25 are forecast at 560 million bushels, up 125 million bushels from last month's forecast. The season-average farm price for MY 2024/25 is forecast at $10.80 per bushel, down $0.30 per bushel from the previous forecast.

Soybean crush in June reached 183.7 million bushels, a decrease from May but up 9.1 million bushels from last year. The year-to-date crush totaled 1.9 billion bushels and is up nearly 4 percent from last year. The annual crush forecast is unchanged this month based on unchanged demand. In July, soybean meal prices in Central Illinois declined 5 percent from June and averaged $364.30 per short tons. In addition, the soybean meal prices in Central Illinois were down nearly 18 percent compared with prices in July 2023.

The U.S. Department of Energy's Energy Information Administration (EIA) reported 1.1 billion pounds of soybean oil use in May as a feedstock in biomass-based diesel production. Soybean oil accounts for 37 percent of all vegetable oils and fats used in biofuel production in May 2024 compared with 35 percent in April and 41 percent in May 2023. Based on the pace-to-date, the MY 2023/24 soybean oil for biofuel use estimate is lowered by 100 million pounds this month to 12.9 billion pounds. Despite this reduction, soybean oil for biofuel use is still at historically high levels. The soybean oil reduction is offset by higher soybean oil exports. The soybean oil export forecast in MY 2023/24 is revised up 100 million pounds to 650 million pounds on higher shipments. Food, feed, and other industrial use of soybean oil is expected to remain unchanged and stands at 14.0 billion pounds. Soybean oil ending stocks for MY 2023/24 are unchanged this month at 1.6 billion pounds.

U.S. Peanut and Cottonseed Production

USDA, NASS' August *Crop Production* report has forecast the peanut production in MY 2024/25 at 6.8 billion pounds, up 15 percent from MY 2023/24 with higher acreage and yields. The U.S. harvested acreage for peanuts is estimated at 1.7 million acres, up 2.5 percent from USDA, NASS' June *Acreage* report and nearly 11 percent higher than MY 2023/24 with more acres across all States. Farmers in Alabama, Arkansas, and North Carolina reported more acres planted this month compared with USDA, NASS' June *Acreage* report. The national average yield is estimated at 3,890 pounds per acre, 4 percent higher than last year's yield. As of August 4, 71 percent of the peanut crop was in good-to-excellent condition, which is slightly below last year's conditions of 74 percent. Georgia's production estimate increased by 330.6 million pounds to a record-high 3.5 billion pounds on higher harvested area and yields. The increase in Georgia's peanut production for MY 2024/25 accounts for 53 percent of the annual increase in national peanut production.

MY 2024/25 peanut food use is projected to grow 6.7 percent from the revised MY 2023/24 forecast to 3.2 billion pounds. Residual use is revised up 400 million pounds to 975 million pounds, down marginally from the revised MY 2023/24 estimate. In MY 2023/24, residual use is revised up 450 million pounds to 985 million pounds guided by a series revision to peanut stocks going back to August 2023 in USDA, NASS' *Peanut Stocks and Processing* report. U.S. peanut stocks were revised lower and indicated a larger domestic disappearance than previously reported. For MY 2024/25 ending stocks are forecast at 1.8 billion pounds driven by lower carryin stocks and higher domestic usage.

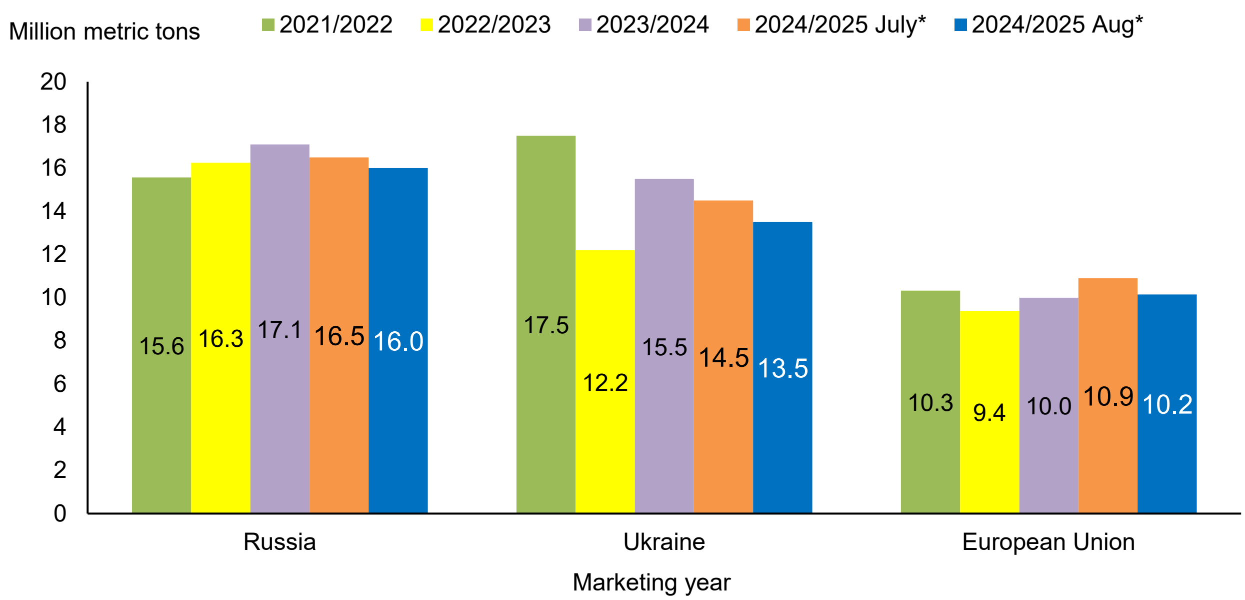
The MY 2024/25 U.S. cottonseed production forecast is reduced by 0.7 million short tons to 4.6 million short tons due to lower cotton harvested acreage and yield. With lower U.S. cottonseed production in MY 2024/25 the cottonseed crush, exports, other use, and ending stocks are affected. U.S. cottonseed crush is reduced this month by 0.1 million short tons to 1.5 million short tons. Other cottonseed usage is lowered 0.4 million short tons to 2.8 million short tons. Furthermore, the U.S. cottonseed exports forecast is reduced this month to 0.4 million short tons.

International Outlook

Global Sunflowerseed Production Reduced on Dryness in Europe, Turkey, and the Black Sea Region

Global sunflowerseed production for MY 2024/25 is forecast down 2.3 million metric tons this month to 52.5 million metric tons. Lower output in Ukraine, Russia, the European Union (EU), Moldova, Serbia, and Turkey is only partly offset by a larger crop in Kazakhstan. With lower sunflowerseed supply, global sunflowerseed exports and crush are reduced this month. Global sunflowerseed crush is forecast at 48.7 million metric tons, 2.2 million metric tons down from last month's forecast. With lower global sunflowerseed crush, the global sunflowerseed oil production forecast is reduced this month by 0.9 million metric tons to 20.6 million metric tons. With lower sunflowerseed oil supply, the global consumption of sunflowerseed oil is reduced and partially offset by higher rapeseed oil consumption. The global sunflowerseed oil ending stocks for MY 2024/25 are expected to decline to 2.4 million metric tons, down 0.6 million metric tons from MY 2023/24.

Figure 3
Sunflowerseed production by country



Asterisk (*) denotes forecast.
Source: USDA, Economic Research Service using data from USDA, Foreign Agricultural Service, *Production, Supply and Distribution* database, August 2024.

In Ukraine, temperatures soared to a record high in the central and southeastern districts, major sunflowerseed production regions. The extreme heat in July was compounded with lower-than-normal precipitation. These conditions were untimely as the sunflowerseed crop was advancing through the flowering period. In contrast, conditions in Ukraine's northern districts were more favorable, which minimized the odds for a nationwide crop failure. Consequently, Ukraine's sunflowerseed production for MY 2024/25 is reduced this month by 1.0 million metric tons to 13.5 million metric tons.

Ukraine's crush is expected to decline to 13.2 million metric tons in MY 2024/25 compared with last month's forecast of 14.1 million metric tons and 15.7 million in MY 2023/24. A lower crush will reduce sunflowerseed oil exports to 5.2 million metric tons.

In Russia, the sunflowerseed crop for MY 2024/25 is forecast at 16.0 million metric tons, down 0.5 million metric tons from last month and 1.1 million metric tons lower than the crop in MY 2023/24. Farmers in Russia are expected to harvest 9.3 million hectares, 2 percent lower than last month's forecast. The sunflowerseed yield is estimated at 1.72 tons per hectare, down 1 percent from last month's forecast and 6 percent lower than last year's record of 1.84 tons per hectare. This growing season, Russia experienced a mix of weather with dryness in the west and south regions, whereas the northern and far east regions experienced wet conditions. The dry western and southern growing oblasts are nearing the end of flowering, whereas the northern and far east oblasts are still flowering.

The sunflowerseed production forecast for the EU is reduced this month by 0.8 million metric tons to 10.2 million metric tons on lower yields. The sunflowerseed yield in the EU is forecast at 2.1 tons per hectare, down 7 percent from last month's forecast and nearly 2 percent lower than MY 2023/24. Yields have been affected by dry and hot weather conditions during the growing season in Romania, Bulgaria, Hungary, and Serbia. Those countries experienced record-high temperatures in July—especially in last half of July. Temperatures of over 38º C (over 100º F) were observed for more than 7 consecutive days while the crop was in the blooming and filling stage. In addition, the precipitation was only 40–50 percent of the normal rainfall.

Global Soybean Stocks Increase on Higher Production

Global soybean production forecast for MY 2024/25 is raised this month by 6.9 million metric tons to 428.7 million metric tons on higher production in the United States, Ukraine, Russia, and India. With higher global soybean supply, soybean export, crush, and ending stocks are raised this month. Global soybean exports are forecast at 181.2 million metric tons, up 1.0 million metric tons from last month's forecast on higher shipments from Ukraine, Russia, and the United States. This is only partially offset with lower exports from Argentina. This increase is parallel to higher imports for Egypt, the EU, Turkey, and Iran. Global soybean crush is raised by 0.9 million metric tons to a record-high 346.6 million metric tons. Global soybean ending stocks are forecast to reach 134.3 million metric tons, up 6.5 million metric tons from last month's forecast and 21.9 million metric tons from MY 2023/24.

Ukraine's soybean production is expected to reach 6.8 million metric tons on higher acreage. Farmers planted more soybean acreage and are expected to harvest 2.9 million hectares, 0.7 million hectares more than last month's forecast and 0.9 million higher than harvested in MY 2023/24. The soybean yields are forecast at 2.3 tons per hectare, down 6 percent from last month's forecast due to dry weather in July.

Russia's soybean production is raised this month by 0.7 million metric tons on higher area and forecast at 7.3 million metric tons. If this forecast materializes, it would be record-high production for Russia and an increase of 0.5 million metric tons from MY 2023/24.

India's soybean production forecast is raised to 12.8 million metric tons on the higher acreage. Farmers in India increased planted area and expect to harvest 13.5 million hectares, up 0.7 million hectares from last month's forecast and up 0.3 million hectares from MY 2023/24. The increase in planted area was due to more favorable prices for soybeans compared with cotton. Additional support came from timely arrival of the summer monsoon in mid-July.

With higher global soybean crush, soybean meal and oil supplies are expected to increase. The global soybean meal and oil production for MY 2024/25 is forecast to reach 271.9 million metric tons and 65.5 million metric tons, respectively. Consequently, the global consumption of soybean meal and soybean oil increased this month partially offsetting the losses of the sunflowerseed meal, sunflowerseed oil, and palm oil supply loss.

Suggested Citation

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