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Oil Crops Outlook: July 2025

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In this report:

The 2025/26 U.S. Soybean Crush Forecast Increases on Higher Soybean Oil Use for Biofuels

U.S. soybean crush for marketing year (MY) 2025/26 is forecast at a record-high 2.54 billion bushels, 50 million bushels higher than last month's forecast. The higher soybean crush is supported by higher domestic use of soybean oil for biofuel production. On June 13, the U.S. Environmental Protection Agency (EPA) not only proposed to increase the Renewable Fuel Standard volumes for calendar year 2026 and 2027 but also reduced the number of Renewable Identification Numbers (RINs) generated from imported biofuels and biofuels produced from foreign feedstocks starting in 2026. As a result, the proposed rule increases the demand for domestically produced feedstocks, including soybean oil.

In contrast, the U.S. soybean export forecast is reduced this month by 70 million bushels to 1.75 billion bushels, due to higher exports for Argentina and higher soybean supply in Brazil by the end of September. With the reduced U.S. soybean export forecast more than offsetting higher crush, U.S. soybean ending stocks are projected to increase to 310 million bushels. The U.S. season-average farm price for soybeans is forecast to decrease by 15 cents to $10.10 per bushel. The soybean meal price is forecast at $290 per short ton, while the soybean oil price was raised to $0.53 per pound.

For MY 2024/25, U.S. soybean residual use is reduced on indications in the June 30 *Grain Stocks* report, combined with crush and export data through May. Lower residual is offset by higher soybean exports. Global soybean production in MY 2025/26 is increased, on higher soybean acreage in Ukraine. Global soybean ending stocks are projected higher on larger production and larger carry over from MY 2024/25. Higher ending stocks in Brazil are partially offset by lower stocks in China due to lower MY 2024/25 soybean imports.

Domestic Outlook

U.S. Oilseeds Acreage Is Updated

U.S. oilseed production for MY 2025/26 is forecast at 128.3 million metric tons, 0.2 million metric tons lower than last month's forecast and lower than the previous year's production. Lower soybean, peanut, rapeseed, and sunflowerseed are only partially offset by higher cottonseed production.

According to the NASS June *Acreage* report, farmers planted 83.4 million acres and expect to harvest 82.5 million acres. With marginally lower harvested acreage estimates and an unchanged yield forecast at 52.5 bushels per acre, U.S. soybean production is forecast marginally lower this month and stands at 4.34 billion bushels. The USDA, National Agricultural Statistics Service's *Crop Progress* report estimated 32 percent of the crop was blooming and 8 percent was setting pods as of July 6, which is 1 and 2 percentage points higher than the 5-year average, respectively. Although favorable weather conditions have proven beneficial thus far, the coming months will be pivotal for crop development. As of July 6, 66 percent of the crop was rated in good-to-excellent condition, 27 percent was rated as fair.

The *Acreage* report also conveys a large drop in North Dakota's canola acreage. Down 200,000 acres from planting intentions, this decrease accounts for most of the lower canola acreage, that now sits at 2.39 million acres planted. With a 13-percent year-over-year decline in sown acreage, canola production is forecast to decline in 2025/26 to 4.3 billion pounds.

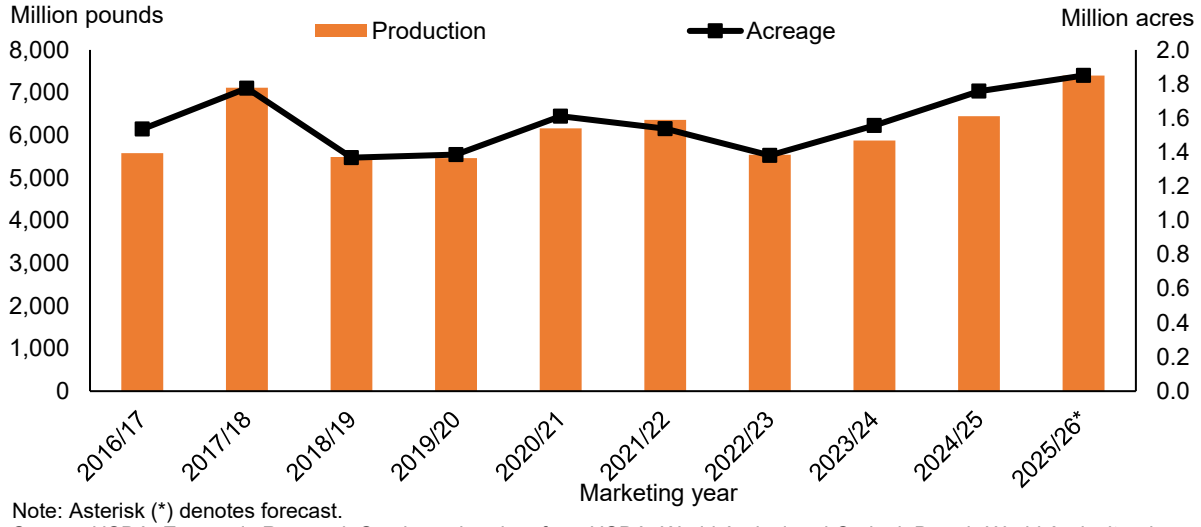
Total sunflowerseed planted acreage is expected to be lower than farmers indicated in March. Largely driven by a decline in oil-type sunflowerseed acreage, total sunflowerseed area is estimated at nearly 1 million acres, down 7 percent from March intentions, but up 38 percent from MY 2024/25. Sunflowerseed acreage is expected to decline from intentions in almost all producing States except Nebraska and Texas, and Minnesota which is unchanged. A 4-percent increase from intentions in non-oil type plantings accounts for 117,000 acres and is 12 percent of total sunflowerseed planted acres.

U.S. farmers planted 375,000 acres of flaxseed, 190,000 acres more than indicated in the March survey and highest planted acreage since 2015. Farmers planted 275,000 acres in North Dakota and 100,000 acres in Montana, respectively. The USDA, National Agricultural Statistics Service's (NASS) *Grain Stocks* report showed that flaxseed stocks were at 0.8 million bushels on June 1, 2025, down 0.5 million bushels from June 1, 2024.

U.S. peanut planted acreage is projected to increase by 5 percent from MY 2024/25 to 1.9 million acres in 2025/26, the highest planted acreage since 1991. Sown acreage is forecast to increase in all major peanut-producing States—with the biggest increases in Georgia, Texas, Alabama, and North Carolina. In Georgia, the largest peanut-producing State, planted area is up 6 percent from MY 2024/25 and is expected to total 900,000 acres, the largest area since 1991. As of July 6, 2025, 75 percent of the peanut acreage is rated in good-to-excellent condition, compared with 58 percent at the same time last year.

Peanut yields are forecast at 4,000 pounds per acre, up 9 percent from last year. As a result of higher acreage and yields, U.S. peanut production is projected to reach 7.4 billion pounds in MY 2025/26, 952 million pounds higher than last year's crop. If realized, this would be a record-high peanut harvest (figure 1).

Figure 1
U.S. peanut acreage and production



Note: Asterisk (*) denotes forecast.
Source: USDA, Economic Research Service using data from USDA, World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates,* July 2025.

The total use of peanuts in MY 2025/26 is expected to increase by more than 9 percent from 2024/25—driven by higher domestic food usage, crush, and exports. Peanut ending stocks are projected to increase to 2.26 billion pounds. The season-average peanut price for MY 2025/26 is forecast at 25.0 cents per pound, down 3 percent from last year's forecast of 25.9 cents per pound, on higher stocks.

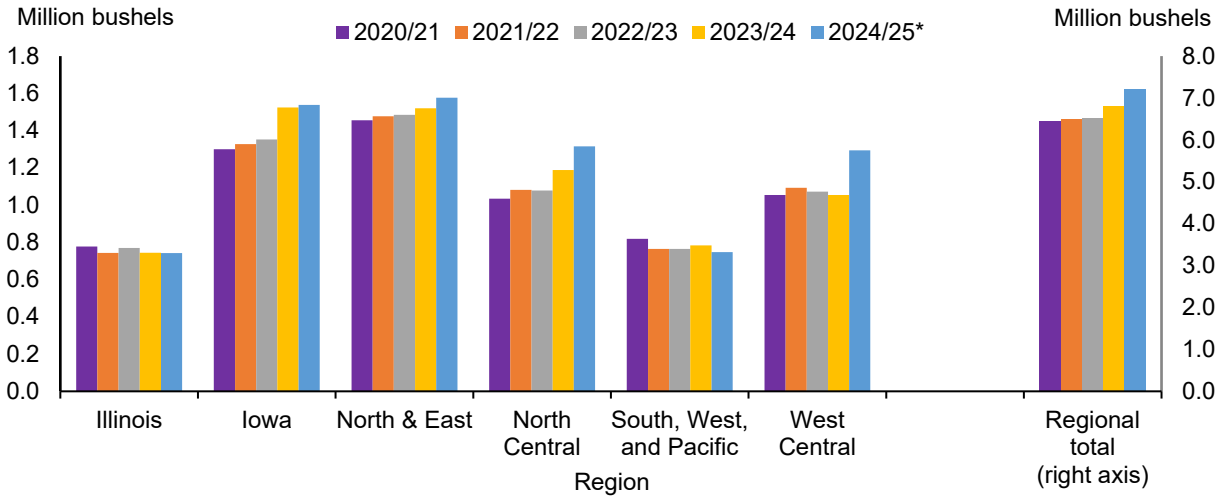
U.S. cottonseed production for MY 2025/26 is forecast at 4.6 million short tons, 0.3 million short tons higher than last month's forecast, due to higher cotton production driven by higher harvested acreage. With a higher cottonseed supply, domestic usage and ending stocks are raised this month.

U.S. Soybean Crush Forecast Increases, While Exports Decline This Month

The demand forecast for U.S. soybeans is reduced by 20 million bushels this month. While domestic demand is on the rise, foreign demand for U.S. soybeans is declining, due to increased supply from Argentina and Brazil. Argentina's soybean export forecast is raised this month, on a surge in higher sales ahead of the return of higher export taxes in July. The Argentinian Government lowered soybean export taxes effective January 27, 2025 from 33 percent to 26 percent. However, the export tax was raised back to 33 percent starting in July. At the same time, Brazil's soybean exports are lagging, leaving more soybeans to be shipped later in the calendar year, overlapping with the U.S. harvest. As a result, the U.S. soybean export forecast for MY 2025/26 is reduced this month by 70 million bushels to 1.75 billion bushels.

In contrast, the U.S. soybean crush forecast is increased by 50 million bushels to 2.54 billion, driven by higher demand for soybean oil as a feedstock in biomass-based diesel production. To meet the growing demand for soybean oil, U.S. soybean crushers have increased their crush capacity over the past 5 years. ERS estimates the U.S. soybean crush capacity is between 2.8 and 3.1 billion bushels at the beginning of MY 2025/26, assuming the maximum daily crush rate in each region (figure 2) is achieved for 355 days, utilizing 83–89 percent of capacity. Since MY 2020/21, the maximum daily crush rate increased from 6.4 million bushels to more than 7 million bushels per day in MY 2024/25.

Figure 2
United States soybean maximum daily crush volume by region



Note: Asterisk (*) denotes maximum daily rate from October through May. Estimated utilizing the monthly crush max in each marketing year. North and East region = Indiana, Kentucky, Maryland, Ohio, Pennsylvania, and Virginia. North Central region = Michigan, Minnesota, North Dakota, and South Dakota. South, West, and Pacific region = Alabama, Arkansas, California, Georgia, Louisiana, Mississippi, North Carolina, and South Carolina. West Central region = Kansas, Missouri, and Nebraska.
Source: USDA, Economic Research Service estimates using USDA, National Agricultural Statistics Service *Fats and Oils: Oilseed Crushings, Production, Consumption, and Stocks* report.

The soybean daily crush volume increased mainly in Iowa, North Central, and West Central regions. From MY 2020/21 through MY 2024/25, the North Central maximum daily crush rate increased 27 percent—followed by a 23 percent increase in the West Central region and an 18 percent increase in Iowa. The maximum daily crush rates are steady to marginally lower in Illinois and the South, West, and Pacific regions.

The maximum daily crush rates are influenced by several factors—including the capacity utilization, soybean quality, and other technical factors. Over the last 5 years, the soybean crush capacity rose not only through the construction of new facilities but also through the modernization of existing crushing plants. In North Dakota, two crushing plants were built with a capacity that could utilize nearly 50 percent of North Dakota soybean production. These advancements have positioned the U.S. soybean crush industry to meet the growing demand for soybean products.

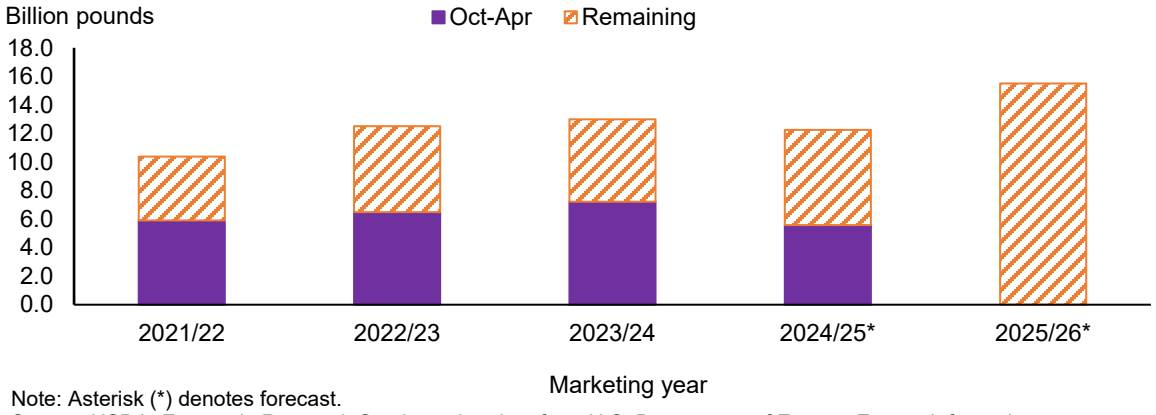
The U.S. Environmental Protection Agency released the 2026 and 2027 proposed Renewable Volume Obligations (RVO) on June 13 that showed a significant growth in the biomass-based diesel requirement. In addition to new RVOs, the One Big Beautiful Bill Act passed the House and Senate, with further clarifications on the 45Z Clean Fuel Production Credit. The RVOs incentivize domestic feedstocks, while the 45Z incentivizes domestic and North American feedstocks over other imported feedstocks (i.e. Used cooking oil from China or Tallow from South America and Australia) and imported biofuel.

In the February 2025 Oil Crops Outlook, ERS estimated that 18 billion pounds of fats, used cooking oil, and other greases (FOGs) were produced in the United States in MY 2023/24, compared with more than 36 billion pounds of vegetable oils. The higher usage of fats, used cooking oil, and other greases in biomass-based diesel production in MY 2023/24 heavily relied on imports to cover the production shortfall and have enough to use for other industrial uses (i.e. soaps, lubricants). Therefore, due to the policy incentives of using domestically available feedstocks, vegetable oils are expected to maintain a higher share of the biomass-based diesel feedstock usage in 2025/26.

Based on the proposed RVOs, MY 2025/26 soybean oil use for biofuels is raised to 15.5 billion pounds, up 3.3 billion pounds from the revised MY 2024/25 forecast (figure 3). Consequently, soybean oil exports are projected to fall to 700 million pounds, down 1.0 billion pounds from last month, while soybean oil imports are forecast to increase. In addition to higher domestic usage, soybean oil exports are lowered on higher soybean oil prices compared with palm oil. Soybean

oil prices are projected at 53 cents per pound, up 7 cents from last month and 14 percent higher than in MY 2024/25.

Figure 3
Soybean oil use in biomass-based diesel production



Note: Asterisk (*) denotes forecast.
Source: USDA, Economic Research Service using data from U.S. Department of Energy, Energy Information Administration (EIA) Monthly Biofuels Capacity and Feedstocks Update and USDA, World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates* report, July 2025.

The MY 2024/25 soybean oil use for biofuel forecast is lowered to 12.3 billion pounds, based on a slow pace to date but is still expected to pick up in the second half of the year to meet the 2025 RVOs. According to the U.S. Department of Energy, Energy Information Administration (EIA) *Monthly Biofuels Capacity and Feedstocks Update* report, soybean oil use in biofuels from October through April has only totaled 5.6 billion pounds, down 23 percent from MY 2023/24. Consequently, in MY 2024/25, food, feed, and other industrial use category is raised to 14.5 billion pounds.

With a higher domestic crush forecast and higher soybean meal supply, U.S. soybean meal will likely compete domestically and internationally as a low-cost feed ingredient. U.S. soybean meal exports are forecast to reach a record-high level of 18.7 million short tons, while domestic consumption is projected to increase by 3 percent to 41.8 million short tons.

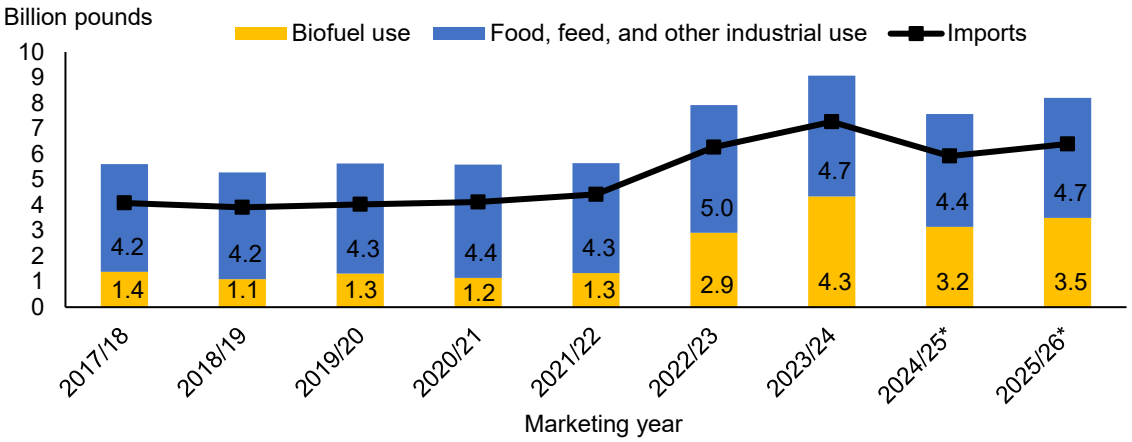
Record U.S. Canola Crush Is Spurred by Growing Domestic Demand

According to the *June Acreage* report, fewer canola acres were planted in MY 2025/26, resulting in lower-than-expected canola production. With lower canola production and higher demand for domestic canola crush, canola imports are forecast to rise to 0.9 billion pounds, up 0.4 billion pounds from the finalized imports for MY 2024/25. The canola crush for MY 2025/26 is forecast up 0.3 billion pounds from finalized MY 2024/25 at 4.9 billion pounds. If this forecast materializes, the canola crush would be a record high. Domestic canola crush is supported by

domestic biofuel policies. With strong demand for crush, U.S. canola exports are forecast to decline to 0.4 billion pounds, down from the record-high 0.6 billion pounds in MY 2024/25. With a higher carry over from MY 2024/25, canola ending stocks are revised up to 0.5 billion pounds.

Canola oil production is forecast to rise to 2.0 billion pounds. While canola oil production is forecast to be higher, the total supply is forecast to be down to 8.5 billion pounds, due to lower canola oil imports. Canola oil imports are lowered by 0.9 billion pounds to 6.4 billion pounds in MY 2025/26, but 0.5 billion pounds higher than MY 2024/25—supported by food, feed, and other industrial use to offset lower soybean oil use in this category (figure 4). The MY 2024/25 canola oil imports forecast was lowered due to slow shipments to date and low demand for canola oil as a feedstock in biomass-based diesel production.

Figure 4
Canola oil domestic use and imports



Note: Asterisk (*) denotes forecast.
Source: USDA, Economic Research Service (ERS) using data from USDA, World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates,* July 2025.

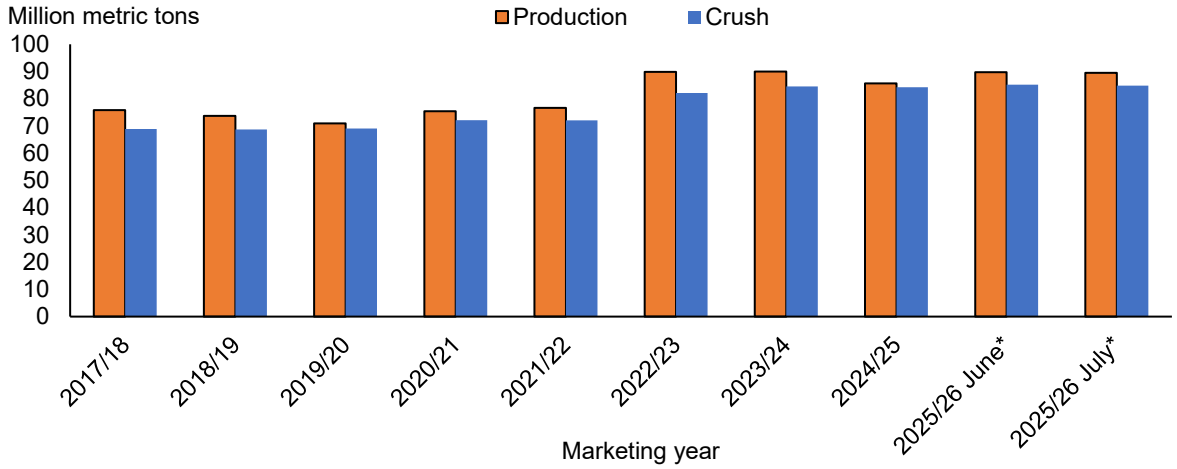
Canola oil demand in both MY 2024/25 and MY 2025/26 is reduced, mainly due to lower use of canola oil for biomass-based diesel production. The use in biomass-based diesel in MY 2025/26 is expected to be down 0.8 billion pounds from last month to 3.5 billion pounds but remains above the revised used for MY 2024/25. From October through April, canola oil use in biofuels is at 1.9 billion pounds. Canola oil use in biofuels has been hampered in the calendar year 2025, due to biofuel policy uncertainty and lower biofuel production. This number is forecast to continue to be low until biofuel production picks up in 2025/26. The MY 2025/26 canola oil use in food and other is nearly unchanged at 4.7 billion pounds this month, but up from MY 2024/25. Canola oil ending stocks are forecast up marginally to about 140 million pounds, while prices are forecast to be elevated at 58 cents per pound, following soybean oil prices.

International Outlook

Global Rapeseed Production Forecast Declines for MY 2025/26

Global rapeseed production for MY 2025/26 is reduced this month by 0.2 million metric tons to 89.5 million metric tons, on lower production in Canada and the United States, partially offset by higher output in the European Union and Moldova. Canada's rapeseed production forecast declines this month by 0.3 million metric tons to 19.3 million metric tons, on lower acreage. In contrast, the EU rapeseed production estimate increased slightly this month to 19.5 million metric tons, on marginally higher harvested acreage and yield. The global rapeseed trade forecast for MY 2025/26 is increased to 18.1 million metric tons, on higher exports from Canada. The global rapeseed crush forecast is lowered this month due to lower Canadian crush, driven mainly by lower expectations for canola oil exports to the United States (figure 5). Global rapeseed ending stocks for MY 2025/26 are forecast to increase to 9.5 million metric tons, 0.3 million metric tons higher than projected ending stocks for MY 2024/25.

Figure 5
Global rapeseed production and crush



Note: Asterisk (*) denotes forecast.
Source: USDA, Economic Research Service using data from USDA, Foreign Agricultural Service, *Production, Supply and Distribution,* July 2025.

The EU rapeseed production estimate is up 0.1 million metric tons this month, on marginally higher harvested area and yield. This increase brings the MY 2025/26 production forecast to 19.5 million metric tons, up 2.6 million metric tons from MY 2024/25. The yield is estimated at 3.26 tons per hectare, up 10 percent from last year and 2 percent above the 5-year average.

The EU rapeseed crush forecast for 2025/26 remains unchanged, standing at 24.0 million metric tons. Season-ending rapeseed stocks are slightly higher this month.

Canada's rapeseed production for MY 2025/26 is forecast at 19.3 million metric tons, 0.3 million tons lower than last month on the lower acreage. Canadian farmers are expected to harvest 8.6 million hectares, a decrease of 0.3 million hectares from last year. The yield is forecast at 2.2 tons per hectare, up 3 percent from last year. Notably, the Statistics Canada latest production report revealed higher canola crops for the previous 3 years and higher ending stocks. For MY 2024/25, Canada's canola exports are revised up by 0.4 million metric tons to 9.4 million metric tons, with the majority of shipments to China. Furthermore, Canada's canola crush volume is also revised higher and is expected to reach a record-high level of 11.5 million metric tons in MY 2024/25.

Global Soybean Crush Forecast To Increase for MY 2025/26

Global soybean crush forecast for MY 2025/26 is increased by 1.1 million metric tons, to a record high of 367.7 million metric tons—on higher soybean crush in the United States, Ukraine, and Turkey—partially offset by lower crush in Mexico, India, and Saudi Arabia. China's soybean crush forecast for MY 2025/26 remains unchanged at 108.0 million metric tons. Ukraine's soybean crush forecast is raised this month, on higher soybean production, as farmers in Ukraine planted more soybean acres.

With higher global soybean crush, the soybean meal trade is forecast to increase, offsetting the reduction in the soybean trade and a higher global soybean meal demand. A higher soybean meal import forecast for Mexico and Saudi Arabia compensates for the lower soybean crush in those countries. In addition, soybean meal imports are raised for Colombia, Iran, and Vietnam due to higher domestic consumption. The global soybean meal trade forecast is raised this month, led by the United States. The U.S. meal exports increased this month by 0.6 million metric tons to 17.0 million metric tons, due to a higher soybean crush. This increase was driven by an anticipated increase in the use of soybean oil as a feedstock in biomass-based diesel production. Similar to the United States, higher soybean oil use for biodiesel is forecast for Brazil. Brazil announced last month that it would increase the biodiesel blend to 15 percent after August 1. With higher domestic use of soybean oil, Brazil's soybean oil export forecast is lowered this month. Combining higher domestic soybean oil consumption in the United States and Brazil, the global soybean oil trade forecast is reduced this month by 0.5 million metric tons to 13.2 million metric tons. Argentina's soybean oil exports account for nearly 50 percent of this forecast.

Suggested Citation

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