



Oil Crops Outlook: May 2023

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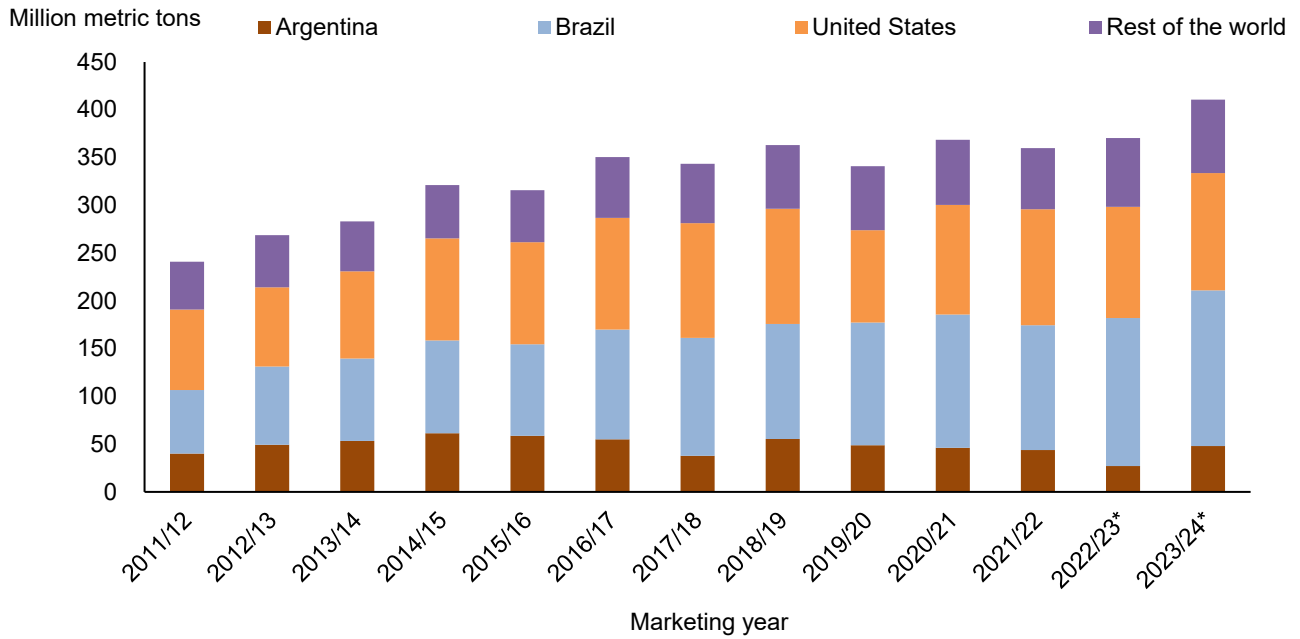
2023/24 Global Oilseed Supply Surges with Record Soybean Crops in Brazil and the United States

U.S. soybean production for the 2023/24 marketing year (MY) is projected to climb by more than 5 percent to a record high of 4.5 billion bushels based on higher yield and marginally higher planted area. The yield forecast of 52.0 bushels per acre is based on a weather-adjusted trend, assuming normal weather during the growing season. U.S. soybean crush is forecast to reach a record 2.3 billion bushels on growth in soybean meal demand and soybean oil use as a primary feedstock used in biofuel production. In contrast, U.S. soybean exports are forecast to decline to 1.98 billion bushels in MY 2023/24 on higher competition from South America. As a result, U.S. ending stocks for 2023/24 are forecast at 335 million bushels, up 120 million bushels from the revised 2022/23 projection. The 2023/24 U.S. season-average farm price for soybeans is forecast at \$12.10 per bushel compared with \$14.20 per bushel in 2022/23.

Global soybean production is forecast to reach a record 410.6 million metric tons, up 40.2 million metric tons from 2022/23 on an increase in planted area and a trend yield. Record soybean crops are forecast for Brazil and the United States as well as a normal crop in Argentina after a drought year (figure 1). Global soybean exports and crush volumes are projected to increase by 4.0 million metric tons and 19.0 million metric tons, respectively, to reach 172.4 million metric tons and 332.3 million metric tons. Global soybean meal consumption is projected to rise nearly 4 percent in MY 2023/24 with China leading the growth. Soybean imports for China are forecast at 100.0 million metric tons in 2023/24, up 2.0 million metric tons from the revised 2022/23 projection. Global soybean ending stocks for MY 2023/24 are projected at 122.5 million metric tons, up 21.5 million metric tons from 2022/23.

Figure 1

Global soybean production



Note: Asterisk (*) denotes forecast.

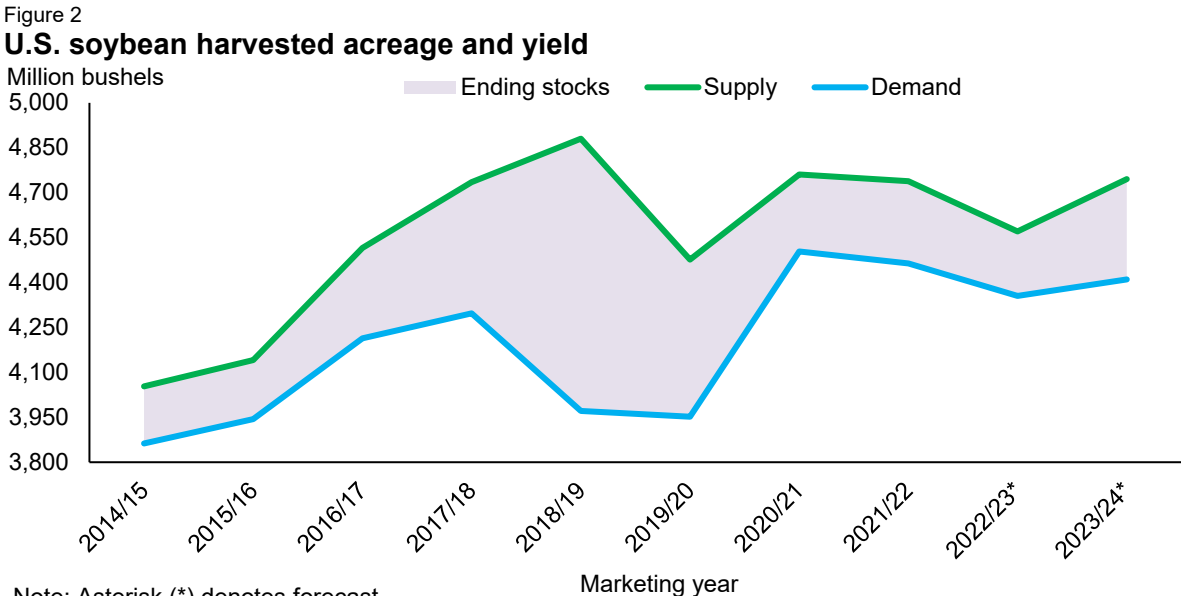
Source: USDA, Economic Research Service using data from USDA, Foreign Agricultural Service, *Production, Supply, and Distribution* database.

Domestic Outlook

U.S. Soybean Stocks to Increase in 2023/24

U.S. soybean production is projected to exceed this year’s output in MY 2023/24 by 234.0 million bushels. This is largely attributed to the projected 2.5-bushel-per-acre yield increase. As outlined in the U.S. Department of Agriculture (USDA), National Agricultural Statistics Service’s (NASS) *Prospective Plantings* report, not much changed from 2022/23 to 2023/24 regarding soybean planting intentions. Thus, combined with the harvested acreage forecast of 86.7 million acres, 2023/24 soybean production is expected to reach 4.5 billion bushels.

With higher production partly offset by lower beginning stocks, 2023/24 soybean supply would be 175 million bushels higher than last year at 4.75 billion bushels. Although domestic demand of U.S. soybeans is expected to strengthen in 2023/24, foreign demand for U.S. soybeans is expected to subside on strong competition from South America. The result of these forecasts indicates 2023/24 U.S. soybean ending stocks will showcase a 120-million-bushel year-over-year increase to 335 million bushels (figure 2). Consequently, the average price received by soybean farmers is expected to fall from \$14.20 in 2022/23 to \$12.10 in 2023/24.



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

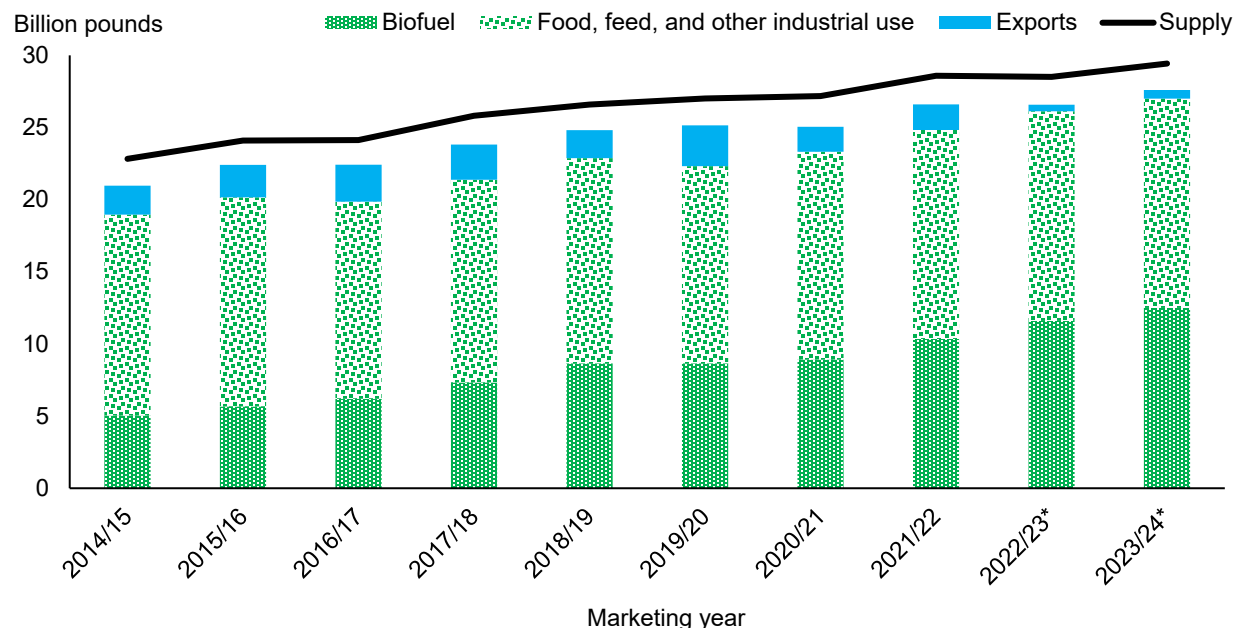
Although lower soybean product prices will, in part, contribute to moderating gross soybean crush margins, the resulting forecast is still considered favorable by historical standards. In

conjunction with expanding soybean crush capacity, these factors elicit a projected 4-percent growth in annual soybean crush volume to 2.31 billion bushels. Higher crush volumes are expected to satisfy the projected 2-percent increase in domestic soybean meal disappearance while also providing the opportunity for the United States to export more soybean meal. Moreover, higher soybean crush volumes are largely supported by burgeoning domestic soybean oil demand buoyed by its use as a primary feedstock in the production of biofuels.

For 2023/24, soybean oil production is forecast 950 million pounds higher than in MY 2022/23, which is forecast at 27.15 billion pounds. The growth in supply, lifted higher with imports forecast 50 million pounds above last year, will bolster growing domestic disappearance largely driven by renewable volume obligations specified by the U.S. Environmental Protection Agency (EPA). Soybean oil used in biofuel production is projected to increase by 900 million pounds in 2023/24 to 12.50 billion pounds. With food, feed, and other industrial usage expected to remain relatively unchanged at 14.50 billion pounds, U.S. soybean oil exports are projected at 600 million pounds. While this forecast implies a 33-percent increase in U.S. soybean oil exports, it is still considered low relative to historical standards (figure 3). The 2023/24 soybean oil price forecast is slightly lower than the 2022/23 forecast of \$0.64 per pound at \$0.58 per pound.

Figure 3

U.S. soybean oil supply and disappearance



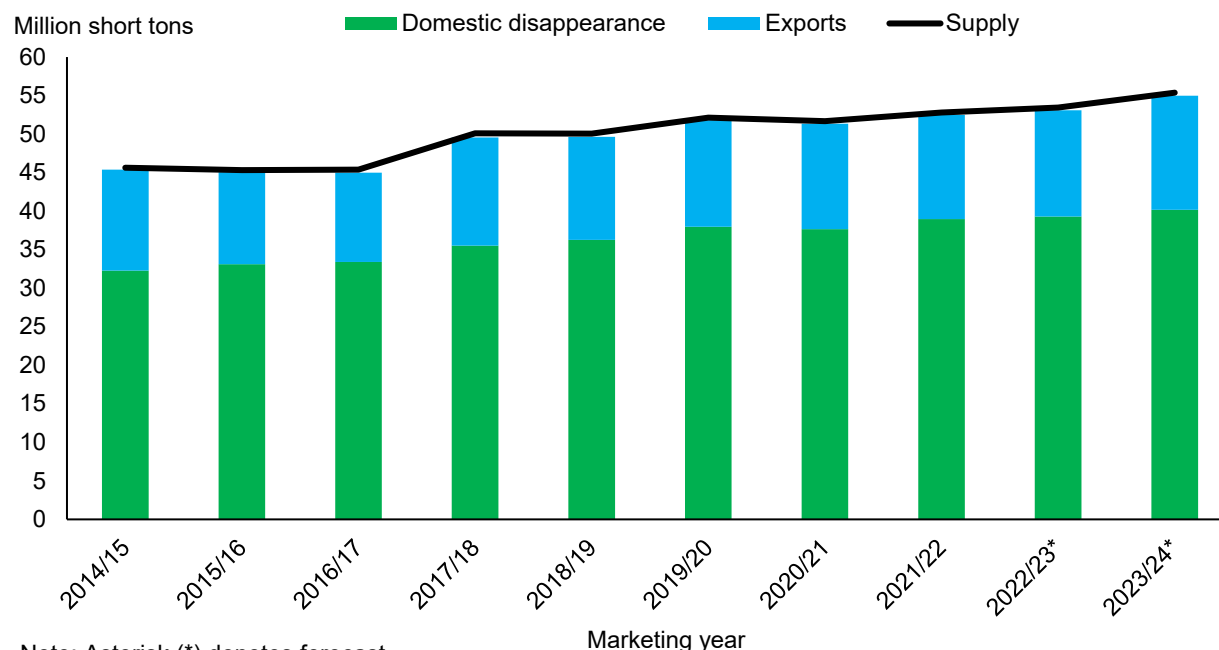
Note: Asterisk (*) denotes forecast.

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

Additionally, higher MY 2023/24 soybean crush volumes raise the soybean meal production forecast above 2022/23 levels to 54.4 million short tons. The surge in soybean meal supply is more than enough to satisfy the anticipated growth in domestic soybean meal disappearance that is forecast at 40.2 million short tons (figure 4). This is further supported by cooling prices, projected to fall \$90.00 per short ton from 2022/23 to \$365.00 per short ton in 2023/24. Moreover, a larger supply of soybean meal, combined with lower prices and expanding port capacity, bodes well for the future of the U.S. soybean meal export program—especially considering the supply woes currently affecting Argentina which will likely carry into the fall. In fact, U.S. soybean meal exports are forecast 1.0 million short tons higher than 2022/23 at 14.8 million short tons.

Figure 4

U.S. soybean meal supply and disappearance



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

Canola Oil Use to Increase

Much like soybeans, intended canola acreage is forecast slightly higher in 2023/24 relative to 2022/23. In fact, the growth in sown acreage is very similar, up 57,000 acres. Of the 2.27 million acres intended for planting canola, a projected 2.19 million will be harvested. Combined with a 73-pound-per-acre yield improvement, 2023/24 canola production is forecast to eclipse 4 billion pounds. If realized, this would be nearly 200 million pounds higher than in 2022/23. With beginning stocks also growing 100 percent, the United States is expected to rely less on foreign

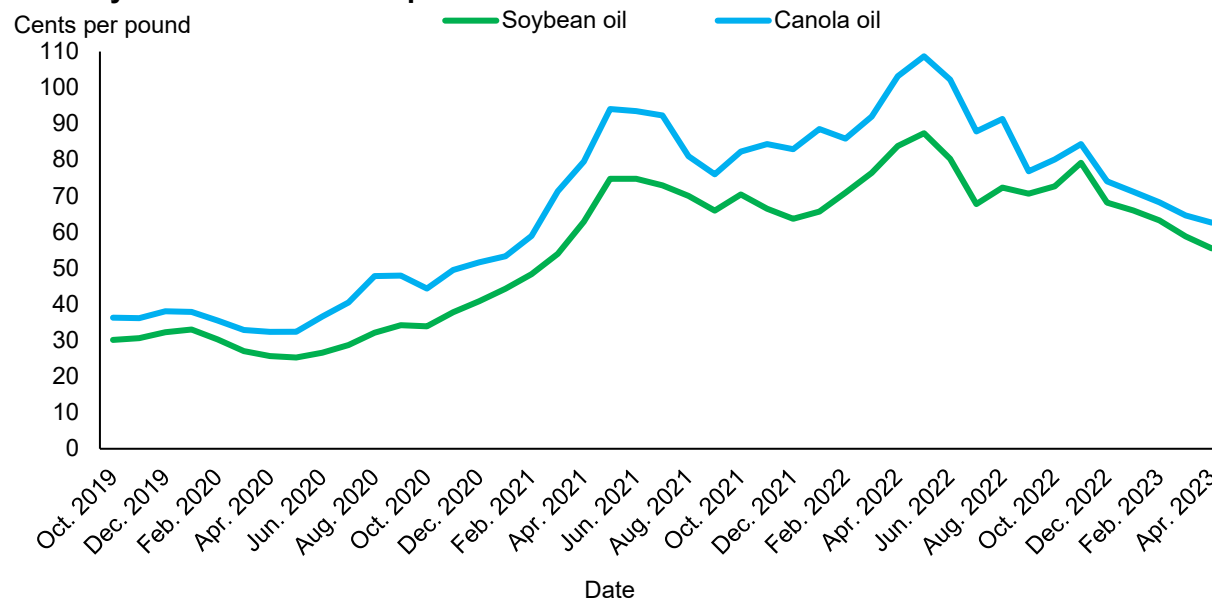
canola supplies. The net result is a slight bump of 80.0 million pounds in the 2023/24 canola supply forecast to 5.5 billion pounds.

As the 2022/23 canola marketing year concludes, crush volumes are expected to fall short of last month's forecast by 47 million pounds, settling at 4.35 billion pounds. Nevertheless, the outlook for the 2023/24 U.S. canola crush program is for a higher volume, increasing by 106 million pounds to 4.46 billion pounds. Given expectations that demand for U.S. canola meal will remain relatively unchanged in 2023/24, this anticipated growth in canola crush volume can be attributed to growing demand for U.S. canola oil.

The growing domestic demand for canola oil can, in part, be attributed to the EPA's recently adopted canola oil pathway for renewable diesel production. In fact, the 2022/23 canola oil use for biofuel production was raised by 250 million pounds this month to 2.15 billion pounds. In 2023/24, this forecast is even higher at 2.40 billion pounds. Moreover, the canola and soybean oil price differentials continue to narrow, increasing competition among these two substitutes for food use (figure 5). As a result, food and residual use of canola oil continues to expand, prompting the 2022/23 forecast to grow by 100 million pounds this month to nearly 4.98 billion pounds. Domestic food and residual use of canola oil is expected to continue growing in 2023/24, settling at 5.25 billion pounds, as prices are projected to remain competitive with alternative vegetable oils at \$0.61 per pound.

Figure 5

U.S. soybean and canola oil prices



Source: USDA, Economic Research Service using data from USDA, Agricultural Marketing Service, *National Grain and Oilseed Processor Feedstuff Report* and Sosland Publishing, *Milling and Baking News*.

Domestic demand for canola oil will be supported by a larger 2023/24 supply. Although slightly higher beginning stocks will contribute to the projected 548-million-pound increase in supply, it pales in comparison to the anticipated increase in import volumes. To provide context, 2022/23 import volumes are raised by 280 million pounds this month to just over 5.51 billion pounds following the largest reported monthly import volume this marketing year of 570 million pounds. Given the expected increase in global canola oil supply for 2023/24, prices will be more competitive, benefiting U.S. imports. As such, the 2023/24 canola oil import forecast is nearly 450 million pounds higher than 2022/23 at 5.95 billion pounds. In turn, this brings the canola oil supply forecast to just over 8.05 billion pounds.

Other Oilseeds Summary for 2023/24

Despite improved yields, U.S. production of sunflowerseed in 2023/24 is expected to fall precipitously as acreage intentions are down 20 percent—particularly oil-type. An estimated 1.3 million acres of sunflowerseed will be harvested, producing 2.29 billion pounds of sunflowerseed. Although higher carryin and increased imports attempt to counteract the decline in output, supply is projected 444 million pounds lower at just over 3.01 billion pounds. The reduced supply of sunflowerseed will impact crush volumes which are expected to be nearly 180 million pounds below 2022/23 at 1.15 billion pounds. The all sunflowerseed price is forecast at \$25.55 for 2023/24, down from \$27.20 for 2022/23.

Much like sunflowerseed, intended cotton acreage is down for 2023/24. However, assuming normal weather conditions following last year's drought in Texas, it is expected that 1.4 million more acres will be harvested compared with 2022/23, totaling 8.7 million acres. Thus, even though yields are expected to fall slightly short of last year, total production is forecast 420,000 short tons higher at 4.84 million short tons. This gain may benefit both U.S. exports and crush of cottonseed, which are forecast to increase by 130,000 short tons to 300,000 short tons and 50,000 short tons to 1.55 million short tons, respectively. The cottonseed season-average price is projected to decline by \$52.00 per short ton to \$280.00 per short ton.

U.S. farmers indicate they intend to plant nearly 100,000 more peanut acres than last year for a total of 1.55 million acres for the 2023/24 marketing year (MY). Assuming 96 percent of sown acreage is harvested, and yields improve by 5 percent to 4,230 pounds per acre, U.S. peanut production is forecast to rise to 6.3 billion pounds from 5.6 billion in 2022/23. After accounting for lower beginning stocks, supply is forecast to reach 8.6 billion pounds, 557 million higher than 2022/23. The U.S. average price received by farmers is projected slightly down from its

expected 2022/23 value of \$0.27 per pound to \$0.265 per pound. Moreover, the export program is expected to benefit. The 2023/24 peanut export forecast is 200 million pounds higher than last year at 1.3 billion pounds.

International Outlook

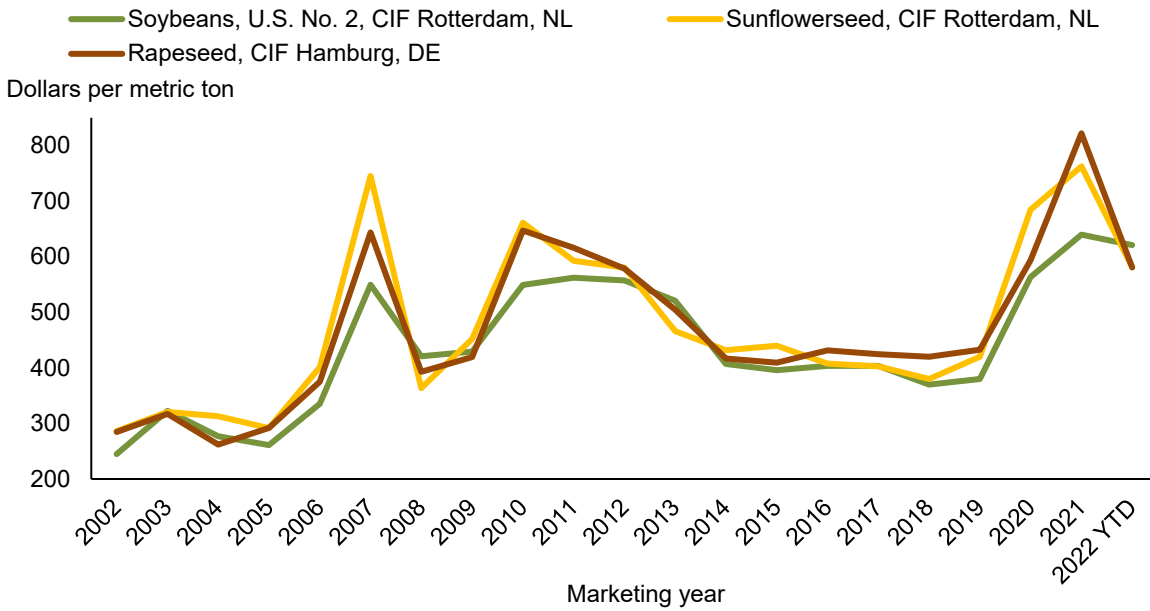
Global Oilseed Supplies Forecast to Rebound on Higher Production

Global oilseeds production is forecast at 671.2 million metric tons, up 43.8 million metric tons from 2022/23 on higher soybean, sunflowerseed, peanut, palm kernel, and copra production, while rapeseed and cottonseed production are slightly lower. Increased soybean production accounts for most of the gain, which is projected at 410.6 million metric tons. Global sunflowerseed production is expected to increase by 2.7 million metric tons—reaching 54.3 million metric tons—and peanut production is forecasted up 900,000 metric tons to 50.4 million metric tons. Global copra production and palm kernel production are also marginally higher. Meanwhile, the global rapeseed output is forecast to decline by 200,000 metric tons to 87.1 million metric tons on lower output in Australia, Russia, and Ukraine, which is offset partially by higher production in Canada. Global cottonseed production is forecast marginally down on lower cotton production in China and Turkey partially offset by higher production in India, Pakistan, and the United States.

Global oilseeds trade is forecast to increase by 600,000 metric tons to 200.8 million metric tons on higher soybean, cottonseed, and peanut exports, which is partially offset by lower rapeseed and sunflowerseed shipments. Elevated oilseed prices in 2021/22 and 2022/23 supported oilseed production growth in several countries, increasing domestic supply for 2023/24 while reducing global trade flow and dependence on foreign supply (figure 6). Soybean trade is projected to increase due to growth in soybean consumption in China and Southeast Asia and a recovery in Bangladesh, Pakistan, Egypt. Year-over-year rapeseed trade is forecast down on lower exports from Australia, which is partially offset by higher domestic production in the European Union (EU). In addition, global sunflowerseed exports are projected to decline on lower exports from Ukraine as a larger share of the crop goes into crush and export of products.

Figure 6

World oilseed prices 2002–present



CIF = Cost, Insurance, and Freight. YTD = October 2022–March 2023

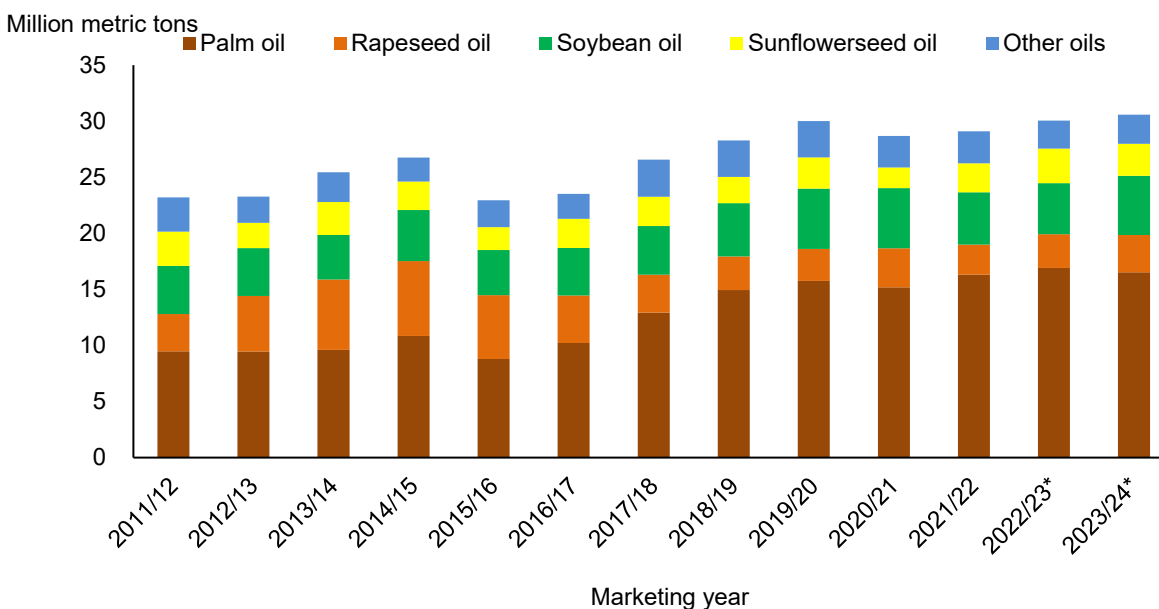
Source: USDA, Economic Research Service using data from International Grains Council and Oil World.

Global protein meal consumption is forecast to increase by nearly 3 percent in 2023/24 compared with the 5-year average of 2 percent, reaching 365.6 million metric tons with China and South Asia contributing to the increase. Global vegetable oil consumption is projected to increase by more than 3 percent in 2023/24 to 218.0 million metric tons, which is led by growth in oils consumption in Brazil, China, India, Indonesia, and the United States.

Driven by meal and oil demand, the global oilseed crush volume is forecast to increase by 20.7 million metric tons to 542.5 million metric tons with soybean accounting for 92 percent of the increase. In addition, global rapeseed, peanut, copra, palm kernel, and cottonseed crush are forecasted marginally higher while sunflowerseed crush is projected lower. With higher global oilseed crush, production of vegetable oils is forecast to increase more than demand. Hence, 2023/24 world vegetable oil stocks are forecast to rise by 540,000 metric tons to 30.6 million metric tons with soybean oil and rapeseed oil stocks taking the lead. Palm oil and sunflower oil stocks are likely to decline (figure 7).

Figure 7

Global vegetable oils ending stocks as of September 30



Note: Other oils includes coconut oil, cottonseed oil, olive oil, palm kernel oil and peanut oil. Asterisk (*) denotes forecast.

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

Global Soybean Supply to Reach a Record High in 2023/24

Global soybean production for MY 2023/24 is forecast to increase by 40.2 million metric tons to a record 410.6 million metric tons. More than 50 percent of this gain comes from Argentina where soybean crop is estimated to recover from this year’s drought-impacted crop—an increase from 27.0 million metric tons to 48.0 million metric tons. Additionally, soybean production gains are forecast for Brazil, the United States, Uruguay, Paraguay, the EU, Ukraine, and China.

Global soybean exports are projected to increase by 4.0 million metric tons to 172.4 million metric tons with Brazil accounting for 56 percent of global soybean exports. China, Bangladesh, Egypt, Pakistan, and Mexico are projected to import more soybeans. China’s soybean imports are forecast at 100.0 million metric tons on growth in domestic soybean meal demand supported by growth in livestock sector. Pakistan’s soybean and soybean products imports are forecast to recover on reduced trade barriers. Egypt’s soybean imports are expected to rebound in 2023/24 to 3.5 million metric tons on improving economic stability and foreign currency reserves. Soybean imports for 2022/23 are revised down 1.3 million this month to 2.5 million metric tons due to foreign currency shortages, devaluation of the Egyptian pound, and record-high food inflation that limits imports and domestic demand. Bangladesh’s soybean imports are

also expected to recover in 2023/24 on higher domestic crush and increased feed demand in the poultry industry.

Global soybean crush is forecast to grow by 6 percent to 332.3 million metric tons in 2023/24. Argentina's soybean crush for 2023/24 is expected to recover from the previous year's drought and crush is projected to increase in Brazil, the United States, and China. Despite growth in trade and domestic use, global soybean stocks are likely to rise to 122.5 million metric tons, up 21.5 million metric tons from MY 2022/23. If realized, this would be a record high for global soybean stocks.

In Brazil, soybean production for 2023/24 is forecast to grow by more than 5 percent to 163.0 million metric tons on a 4-percent increase in harvested acreage (45.6 million hectares) and a yield of 3.58 tons per hectare. If realized, this would be another record-high soybean crop following the record 155.0 million metric tons in MY 2022/23 that was revised up by 1.0 million metric tons this month. With a record supply and weak currency, Brazil is positioned to lead global soybean trade and increase its global share to 56 percent in 2023/24. Soybean exports for MY 2023/24 are raised by 3.5 million metric tons to 96.5 million metric tons with China as a major export destination for Brazil. Domestic crush is also forecast to increase by 2.5 million metric tons to a record 55.8 million metric tons. Despite higher export and domestic use, soybean ending stocks in Brazil may increase by more than 7.0 million metric tons to 40.3 million metric tons by September 2024. As a result of growing supply, Brazil is likely to extend their soybean export program into the U.S. marketing year that begins September 1.

In Argentina, soybean production is forecast at 48.0 million metric tons on higher harvested area and average yield of 2.9 tons per hectare assuming normal weather. Both soybean crush and exports are forecast to increase by 5.0 million metric tons and 1.3 million metric tons, respectively, from the low level in 2022/23. Argentina's soybean processors will likely dominate the soybean meal market again by supplying 35 percent of the world's soybean meal exports. Soybean oil exports are projected to increase by 650,000 metric tons to 4.6 million metric tons and account for almost 40 percent of global soybean oil trade.

In India, farmers are projected to increase soybean harvested area by 4 percent to 12.5 million hectares supported by the relatively competitive price of soybean crops versus other crops. If India's monsoon season generates a normal amount of rainfall, soybean production is projected at 12.0 million metric tons, which is unchanged from last year's record. India's projected 6-percent growth in domestic soybean meal consumption will likely limit India's soybean meal exports to 800,000 metric tons in MY 2023/24, down 650,000 metric tons from 2022/23.

In China, soybean production in MY 2023/24 is projected to increase by 1 percent to 20.5 million metric tons on a marginally higher harvested area of 10.45 million hectares. With post-coronavirus recovery, domestic soybean consumption is expected to grow by 5 percent on higher demand for crush and for the food sector. China's soybean imports in MY 2023/24 are forecast up 2.0 million metric tons to 100.0 million metric tons, nearly 60 percent of the world's total soybean imports. Domestic soybean meal consumption is forecast to increase by 4 percent annually to 74.8 million metric tons on recovery in the livestock industry. China's soybean inventory will likely continue to build and is projected to reach 38.2 million metric tons by October 2024.

Global soybean meal production is forecast to reach 260.9 million metric tons, up 14.7 million metric tons on recovery in soybean crush in Argentina as well as higher crush in China and the United States. Global soybean meal exports for MY 2023/23 are also forecast to increase by more than 6 percent to 70.0 million metric tons with Argentina leading the increase, followed by Brazil and the United States. The EU, one of the top soybean meal importers, accounting for 24 percent of global soybean meal trade, is forecast to import 15.9 million metric tons of soybean meal in 2023/24, marginally lower than 2022/23. However, the EU is also projected to increase soybean domestic production to 3.1 million metric tons and soybean imports to 14.0 million metric tons. This will likely accommodate a higher soybean crush forecast at 15.2 million tons. In addition to the EU, Indonesia, Malaysia, Philippines, Thailand, and Japan are forecast to increase soybean meal imports by nearly 900,000 metric tons (6 percent) as their domestic meal demand recovers. Other countries like Bangladesh, Iraq, Columbia, Ecuador, Mexico, Saudi Arabia, and Turkey are also projected to import more soybean meal in 2023/24. Vietnam's meal imports are forecast lower due to a surge in domestic soybean crush volumes.

Global soybean oil production is projected to increase by 3.5 million metric tons to 62.5 million metric tons. Soybean oil exports are likely to rise 945,000 metric tons to 11.8 million metric tons. India, Bangladesh, China, and Egypt are likely to import more soybean oil. Global domestic soybean oil consumption is forecast to grow by 5 percent to 60.8 million metric tons on recovery in food consumption and growth in industrial use. Global soybean oil ending stocks for MY 2023/24 are likely to increase to 5.3 million metric tons from 4.6 million tons in MY 2022/23.

Strong World Rapeseed Crush to Continue in 2023/24

Global rapeseed output for 2023/24 is projected to decrease by 234,000 metric tons to 87.1 million metric tons on smaller production in Australia, Russia, and Ukraine, which are partially

offset by higher production in the EU, Canada, China, and India. Rapeseed trade for MY 2023/24 is forecast at 18.2 million metric tons, down by 2.2 million metric tons on lower exports from Australia, Russia, and Ukraine, which are partially offset by higher exports from Canada. Global rapeseed crush volume is forecast to increase by 1.1 million metric tons to a record 81.1 million metric tons on higher processing volumes in the EU, Canada, China, and the United States where oil demand supports crush margins. Global rapeseed stocks are forecast at 6.9 million metric tons in 2023/24, up 616,000 metric tons from MY 2022/23 ending stocks.

Farmers in the EU are expected to harvest 6.1 million hectares in June 2023 compared with 5.9 million in 2022/23. This season's growing conditions in the EU are favorable as well. Following average precipitation throughout the fall and winter, rapeseed crops in the EU are well-established with yield and production forecasts reaching 3.38 tons per hectare and 20.5 million metric tons, respectively. With a year-over-year increase of 1 million metric tons in domestic production, the EU's rapeseed imports are forecast down 1.2 million metric tons to 5.6 million metric tons. Supported by rapeseed product demand, EU crushers are projected to increase rapeseed crush by 500,000 metric tons to 24.5 million metric tons, the largest volume since 2014/15. Ending stocks for MY 2023/24 are forecast to rebound slightly to 1.9 million metric tons.

Similarly, winter rapeseed enjoyed relatively stable weather during the growing season in Russia and Ukraine. For 2022/23, rapeseed production in Russia and Ukraine is forecast down at 3.7 and 3.2 million metric tons, respectively, on lower harvested acreage. With a lower rapeseed crop, Russia's rapeseed crush and exports are projected to be slightly lower at 3.1 million metric tons and 550,000 metric tons, respectively. Likewise, Ukraine's rapeseed exports are reduced by 580,000 metric tons to 2.8 million metric tons on higher domestic crush.

In Canada, canola area is forecast to rise slightly in MY 2023/24 to reach 8.8 million hectares amid attractive prices. Farmers in Saskatchewan, the leading canola producing province, anticipate a 3-percent increase of seeding canola, while oats, barley, and lentil seed areas are expected decrease. In Alberta and Manitoba, farmers expect the seeded area of canola to decrease, as well. Low soil moisture levels persist in the scattered growing areas of Alberta and Saskatchewan. Timely rainfall throughout the 2023/24 growing season will be needed to achieve the average yield. Assuming average yields of 2.3 ton per hectare, 2023/24 Canadian canola production could reach a level of 20.3 million metric tons, the largest since 2017/18. With carryover canola stocks from 2022/23 and increased canola production in 2023/24, the Canadian canola supply estimate is forecast up 1.2 million metric tons to 21.2 million metric tons. Both canola export and crush volumes are forecast to increase by 300,000 metric tons and

200,000 metric tons, respectively, to reach 8.9 million metric tons and 10.3 million metric tons. Canada is projected to regain nearly 50 percent of the global rapeseed trade in MY 2023/24 compared with 42 percent in 2022/23 when Australia was a larger player in the market. According to a U.S. attaché in Canada, Canada's canola crush capacity is expected to increase by 5.7 million metric tons to 17.0 million metric tons by 2025. The expansion on crush capacity is largely driven by the biodiesel and renewable diesel industries in North America.

Australia's harvested canola area is forecast to decline by 10 percent in 2023/24 to 3.5 million hectares, which would still be the second largest on record. This decrease is due to lower prices for canola and rotation issues as some farmers planted canola in the same field for 2 years and, in some cases, 3 consecutive years to take advantage of the great seasonal conditions and higher canola prices. However, this practice can generate a high risk for crop disease and many farmers will likely opt for the rotation. Assuming normal weather and a yield forecast of 1.5 metric tons per hectare, Australia's canola production is forecast at 5.3 million metric tons, down 3.0 million metric tons from a record crop in 2022/23. With expectations of lower canola supply, Australia's exports and crush are down 1.8 million metric tons and 200,000 metric tons, respectively, and are projected at 4.5 million metric tons and 1.0 million metric tons.

In China, the 2023/24 domestic production of rapeseed is forecast to increase by almost 5 percent to 15.4 million metric tons due to higher harvested area and an average yield projection. With higher domestic supply, canola imports are expected to be down by 800,000 metric tons to 3.0 million metric tons. Supported by a higher domestic demand for oils, China's canola crush volume is projected to increase by 500,000 metric tons to 17.9 million metric tons.

India's 2023/24 rapeseed crop is projected to increase by almost 2 percent to 11.7 million metric tons on higher harvested area and average yield. The crush is forecast at 10.2 million metric tons, unchanged from MY 2022/23.

Global Sunflowerseed Production Increases on Higher Acreage in Russia and Ukraine

Global sunflowerseed production for 2023/24 is forecast to increase by 2.7 million metric tons from 2022/23 to 54.3 million metric tons. The EU is a major contributor to this growth with a projected increase in sunflowerseed production by 2.2 million metric tons from last year's drought-impacted crop of 9.3 million metric tons. With farmers in Russia and Ukraine expected to increase seeded area for sunflowerseed, production is projected at 16.5 million metric tons and 11.8 million metric tons, respectively. Global sunflowerseed exports are forecast down 1.7

million metric tons to 3.6 million metric tons as Ukraine is projected to export less sunflowerseed compared with MY 2022/23. Driven by sunflower oil and sunflower meal demand, global sunflowerseed crush is forecast to reach 49.8 million metric tons, marginally lower than last year's record of 50 million metric tons. As a result of anticipated sunflowerseed consumption exceeding production, global sunflowerseed stocks are forecast to decline by 752,000 metric tons to 3.7 million metric tons.

Global sunflower oil consumption is forecast to increase 4 percent in MY 2023/24 to 19.7 million metric tons with the growth led by China, India, and the EU. Sunflower oil exports are forecast slightly lower on reduced shipments from the EU partially offset by higher shipments from Russia and Ukraine. Global sunflower oil stocks are forecast to decline slightly to 2.9 million metric tons.

In the EU, sunflowerseed area is forecast marginally up in 2023/24 to 5.2 million hectares. With weather and yields expected to return to normal after last year's drought, the production of sunflowerseed is expected to reach a record of 11.5 million metric tons. Sunflowerseed yields are projected at 2.2 tons per hectare compared with last year's level of 1.8 tons per hectare. With anticipated higher domestic sunflowerseed production, the EU's sunflowerseed imports are projected to decline by 1.6 million metric tons to 700,000 metric tons in MY 2023/24. Sunflower oil demand in the EU is expected to maintain domestic sunflowerseed crush at 10.4 million metric tons.

In Russia, farmers intend to plant 4 percent more area of sunflowerseed and produce a record sunflowerseed crop of 16.5 million metric tons. With higher domestic production, sunflowerseed crush is forecasted to increase by 150,000 metric tons to a record of 15.4 million metric tons. As a result of higher crush, exports of sunflower oil and meal are forecast to increase to 4.1 million metric tons and 2.4 million metric tons, respectively. China and India will likely continue to lead the imports of sunflowerseed products.

In Ukraine, farmers are projected to harvest 11.8 million metric tons of sunflowerseed crop, up 5 percent from the 2022/23 crop. The higher crop projection is mainly based on a nearly 10-percent increase in area. Despite anticipated higher production, the sunflowerseed supply for 2023/24 is forecast down on lower beginning stocks compared with the previous campaign. Consequently, the 2023/24 Ukraine sunflowerseed crush is forecast at 11.4 million metric tons, unchanged from 2022/23. With lower beginning stocks, Ukraine is projected to export 700,000 metric tons of sunflowerseed compared with 2.6 million metric tons in MY 2022/23. Ending

sunflowerseed stocks are projected to return to a normal level after being high for the last couple years due to logistical constraints related to the Russia-Ukraine war.

In Argentina, the 2023/24 sunflowerseed crop is projected at 3.9 million metric tons, on lower harvested acreage and average yield. If realized, this forecast would be 300,000 metric tons lower than revised 2022/23 crop estimates of 4.2 million metric tons. Argentine processors are projected to maintain sunflowerseed crush volumes at 3.5 million metric tons in MY 2023/24, marginally lower than MY 2022/23. Sunflowerseed oil and meal exports for MY 2023/24 are forecast at 900,000 metric tons and 950,000 metric tons, respectively.

Palm Oil Stocks Projected to Tighten in 2023/24

Global palm oil production for MY 2023/24 is forecast to increase by 1.4 million metric tons, or 2 percent, to 79.6 million metric tons. Indonesia and Malaysia are projected to contribute 47.0 and 19.3 million metric tons to global palm oil production, respectively.

Global palm oil trade is limited in 2023/24 with stronger domestic demand in major producing countries limiting growth. Global consumption of palm oil is projected to grow by more than 3 percent in 2023/24 and is estimated to reach almost 78 million metric tons. Most of the increased palm oil consumption is in Indonesia, a major palm exporter, where the Government has aimed to increase the use of palm in biodiesel production through B-35 since February 2023. Higher palm oil demand is forecast to exceed the anticipated supply growth, so global palm oil stocks are projected to decline by 400,000 metric tons to 16.5 million metric tons by the end of MY 2023/24.

In Indonesia, palm oil production for MY 2023/24 is projected to increase by 1 million metric tons on higher harvested area and a slightly higher yield. The harvested acreage for 2023/24 is forecast at 13.8 million hectares, up 2 percent from 2022/23. Palm yields are forecast at 3.4 tons per hectare, unchanged from last year. Notably, historical revisions of harvested palm acreage were made to reflect a higher total palm acreage, including the mature area as indicated by Indonesia's Ministry of Agriculture's latest report.

Indonesia's domestic palm oil consumption in 2023/24 is forecast to increase by nearly 8 percent to 20.1 million metric tons compared with the previous year due to increasing industrial and food use. The industrial sector's palm oil use is supported by Indonesia's domestic biodiesel policy. According to Minister of Energy and Mineral Resource's (MEMR) announcement on December 29, 2022, the blending rate was risen to 35 percent in February 2023 after an estimated average blending rate near 27 percent (B30) in 2022. With a higher

mandated blending rate, domestic biodiesel production is projected to increase resulting in increased palm use. MEMR reports biodiesel capacity at 16.4 billion liters in 2021, which was expected to rise to 16.6 billion liters in 2022 based on planned expansion of current producers and the addition of new refinery. Consequently, the use of palm in the industrial sector is projected to grow by 1.1 million metric tons to 12.6 million metric tons in 2023/24. In the food sector, palm consumption is projected to rise by 300,000 metric tons to 7.2 million metric tons on growing demand from households and the food industry.

Indonesia's palm oil exports for MY 2023/24 are forecast at 28.4 million metric tons, similar to last year's level with growth in India, China, and Pakistan mostly offset with a reduction in demand from Europe. The EU's palm oil imports are forecast to decline because of the Renewable Energy Directive II (REDII). The REDII requires all biofuel used in the EU to demonstrate sustainability criteria through compliance certification. In addition, the EU member countries found an agreement to prevent products causing deforestation from entering the EU's market in December 2022. With a forecast for growth in domestic demand and steady exports, Indonesia's 2023/24 palm oil season ending stocks are projected to decline by 1.5 million metric tons to 5.1 million metric tons.

Malaysia's palm production for MY 2023/24 is projected marginally higher at 19.3 million metric tons on slightly higher harvested acreage. Palm production for 2022/23 was revised down by 200,000 metric tons to 19.0 million metric tons. Slow growth in palm production is a result of labor shortages that have persisted for several years. Malaysia is working towards reducing the industry's dependence on foreign labor by launching an initiative to improve mechanization and automation in the palm oil sector. Malaysia's Mechanization and Automation Research Consortium of Oil Palm (MARCOP) initiative provides funding for companies working on solutions to use technology to harvest fresh fruit bunches (FFB). In addition to navigating labor issues, Malaysia's palm production may be impacted by weather that is currently transitioning from a third year of La Niña conditions to an El Niño pattern. El Niño is associated with a prolonged dry season that stresses trees and reduces female flowers and pollination activities. Malaysia's Meteorological Department predicts this year's El Niño to be relatively moderate.

The total domestic palm oil consumption is forecast at 3.7 million metric tons, up 3 percent from last year on higher palm oil use in the industrial sector. The palm oil use in industrial sector is supported by a growing demand for palm in biodiesel production and higher blending rate throughout Malaysia. Currently, the B20 mandate is realized in select States including Langkawi and Labuan.

Malaysia's palm oil exports are forecast at 16.9 million metric tons for MY 2023/24, up 600,000 metric tons from revised forecast for MY 2022/23. Although palm exports to the EU—a historically important market—are forecast to decline, other major export markets, including China, Pakistan, and the Philippines, remain strong. Palm oil is projected to face stronger competition from alternatives, such as soybean oil, due anticipated improvements in the global oils supply. Malaysia's ending palm oil stocks for MY 2023/24 are forecast at 2.5 million metric tons, marginally higher than the previous year.

Suggested Citation

Aaron M. Ates and Maria Bukowski, *Oil Crops Outlook: May 2023*, OCS-23e, U.S. Department of Agriculture, Economic Research Service, May 16, 2023.

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