



Oil Crops Outlook: April 2023

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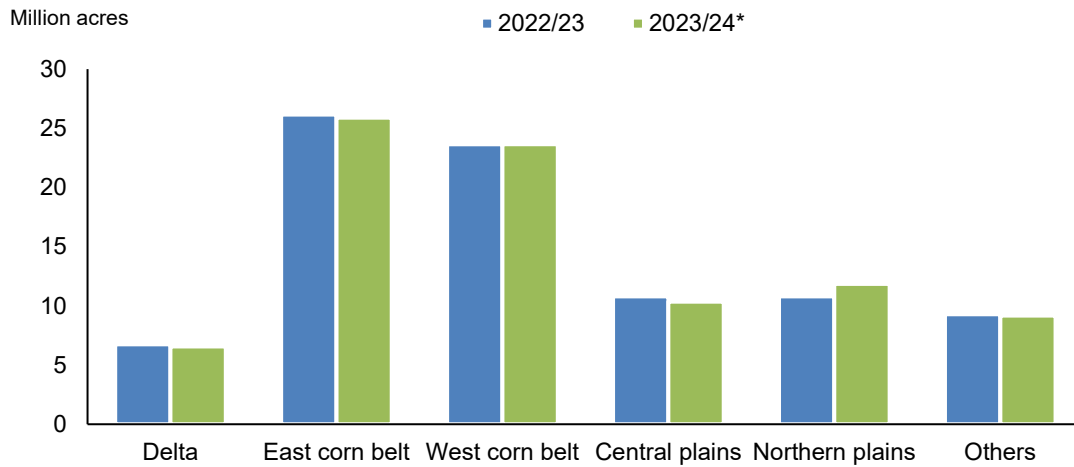
U.S. Soybean Planting Intentions Marginally Higher in 2023

In the March *Prospective Plantings* report, the U.S. Department of Agriculture, National Agricultural Statistic Service indicated that farmers intend to plant 87.5 million acres of soybeans in 2023, which is marginally higher than the last marketing year, but it remains below reported market expectations. Farmers in all regions, except northern plains and western corn belt, are expected to plant less soybean acres than last year. Farmers in the northern plains will plant 1.0 million acres more than last year, while farmers in western corn belt intend to keep the area unchanged.

Internationally, lower area and yield prospects led USDA to reduce its forecast of Argentina's 2022/23 soybean production to 27.0 million metric tons down from 33.0 million metric tons last month. Further losses of supply reduced Argentina's soybean crush forecast from 35.3 million metric tons to 32.0 million metric tons. The global soybean import forecast is reduced this month by 0.6 on lower estimates for Bangladesh, Egypt, and Pakistan, which are partly offset by an increase for Argentina. Global ending stocks for MY 2022/23 are projected at 100.3 million metric tons, up 0.3 million metric tons from last month.

Figure 1

Soybean planted acres by regions



Note: Delta: Arkansas, Louisiana, Mississippi, Eastern corn belt: Illinois, Indiana, Ohio, Michigan, and Wisconsin, Western corn belt: Iowa, Minnesota, Missouri, and Central plains: Kansas and Nebraska, Northern plains: North Dakota and South Dakota. Asterisk (*) denotes March 1 planting intentions.

Source: USDA, Economic Research Service using data from USDA, National Agricultural Statistics Service Quick Stats Database.

Domestic Outlook

Exports Drive Strong U.S. Soybean Disappearance in First Half of 2022/23

USDA, National Agricultural Statistics Service (NASS) released the second quarterly *Grain Stocks* report for 2022/23 last month. Totalling 1.7 billion bushels, stocks stored in all positions are down 13 percent from March 1, 2022. With onfarm stocks relatively unchanged from last year, off-farm stocks are seen 246 million bushels lower at 936 million bushels. Lower soybean inventories in the first half of 2022/23 are the result of a beginning soybean supply 172 million bushels lower than last year and an 82.5-million-bushel increase in realized exports. Cumulative crush volumes are also seen 9.3 million bushels lower than this time last year. Thus, the indicated disappearance for the first half of 2022/23 is 75 million bushels higher than last year at 2.9 billion bushels.

Although the U.S. soybean export program has benefitted from a slower harvest in Brazil, the prospect of a larger than anticipated Brazilian soybean crop is expected to limit summer exports of U.S. soybeans. As a result, the 2022/23 export forecast remains unchanged this month at 2.02 billion bushels. Soybean crush through the first half of the marketing year is down; however, with added crush capacity and strong crush margins leading to stronger crush in the second half of the marketing year, USDA's forecast is unchanged at 2.22 billion bushels. With no revisions to the supply components of the balance sheet, 2022/23 ending stocks remain unchanged at 210 million bushels. The average soybean price received by U.S. farmers forecast is also unchanged from last month's estimate and remains at \$14.30 per bushel.

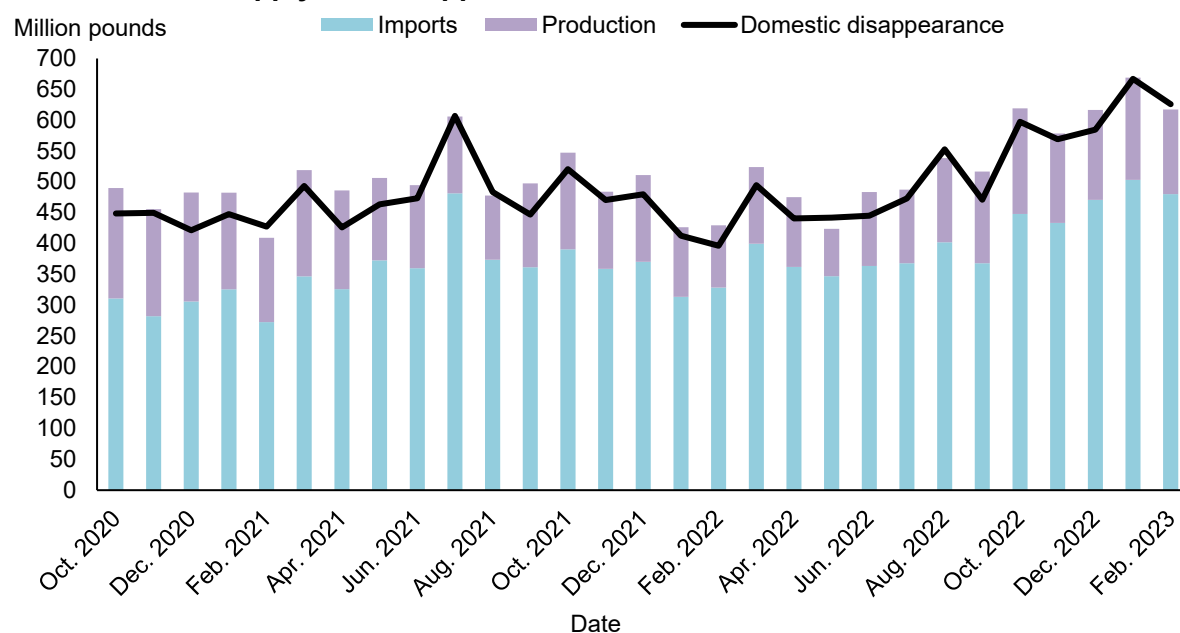
By the end of March, soybean oil export commitments doubled from the previous month to near 230.0 million pounds. While encouraging, this is 1.2 billion pounds below the same time last year. Nevertheless, the outlook for soybean oil exports is less bleak compared with prior months given March shipments and the increasing rate commitments are climbing. As a result, the 2022/23 soybean oil export forecast remains at 500.0 million pounds.

Soybean oil prices in Decatur, Illinois continue to inch downwards. In March, the average price was \$0.59 per pound. For perspective, this is \$0.20 per pound lower than the 2022/23 season high in November 2022. In conjunction with signals from the futures market that prices may continue to decrease, the 2022/23 season average soybean oil price is lowered this month to \$0.64 per pound.

Trade flows suggest U.S. demand for canola—and canola oil—will likely remain strong through the final months of the canola marketing year (June–May) and second half of the canola oil and meal marketing year (October–September). In February, strong canola imports, totaling 111.0 million pounds, contributed to a bump in the 2022/23 U.S. canola import forecast from 1.35 billion pounds to 1.40 billion pounds. With cumulative canola exports lower than expected at 276.0 million pounds, the 2022/23 export forecast is lowered by 51.0 million pounds to 351.0 million pounds. After accounting for a slight upward adjustment to loss and residual, ending stocks are now estimated at 480.0 million pounds. The season average price forecast is lowered by \$0.20 per hundredweight this month to \$29.80 per hundredweight.

Figure 2

U.S. canola oil supply and disappearance



Source: USDA, Economic Research Service using data from USDA, Foreign Agricultural Service, Global Agricultural Trade System (GATS); and USDA, National Agricultural Statistics Service, *Fats and Oils: Oilseed Crushings, Production, Consumption and Stocks*.

Throughout the 2022/23 canola oil marketing year, the United States has imported record volumes of canola oil each month—contributing to a cumulative total of 2.34 billion pounds. As a result, the canola oil import forecast is raised by 385.0 million pounds to 5.23 billion pounds. After adjusting canola oil production for slightly lower yields, total supply is projected to be 363.0 million pounds higher than last month at 7.24 billion pounds. The boost in supply is expected to support growing domestic demand for canola oil. In part, this can be attributed to the United States Environmental Protection Agency’s (EPA) recently adopted canola oil pathway for renewable diesel production. In the past 2 months, canola oil use for biofuel production has grown significantly. With expectations of continued growth, USDA raises its forecast of canola

oil use in biofuel production by 200.0 million pounds to 1.9 billion pounds. In tandem, food use of canola oil continues to expand. A 125-million-pound increase in this month's canola oil food use forecast contributes to a rise in the total domestic disappearance forecast to 6.78 billion pounds. Given the stronger domestic demand for canola oil, exports are seen waning. Consequently, the 2022/23 canola oil forecast is lowered from 201.0 million pounds to 174.0 million pounds. Ultimately, these changes result in a higher ending stock estimate this month of 288.0 million pounds. The season average price forecast is lowered from \$0.72 per pound to \$0.70 per pound.

Intended New-Crop Soybean Acreage Slightly Higher

USDA, NASS's March *Prospective Plantings* report indicated that U.S. farmers intend to sow slightly more soybean acres in 2023. If realized, the estimated 87.5 million acres of soybeans would land 2023/24 acreage 55,000 acres above 2022/23. Although over half of the States surveyed indicate higher or unchanged acreage from last year, the largest estimated reductions are in Kansas, Indiana, and Michigan—totaling 850,000 acres. This is completely offset by an estimated increase of 850,000 sown soybean acres in North Dakota—a State for which total crop acres are forecast to rebound after a difficult planting year. Moreover, large gains of 200,000 and 140,000 acres in South Dakota and Wisconsin, respectively, compensate for lower intended acreage in Arkansas (down 130,000 acres) and Missouri (down 100,000 acres).

The sizeable uptick in sown soybean acreage in South Dakota appears to supplant sunflowerseed acreage—particularly oil-type. With a contribution to the national sunflowerseed acreage estimate 212,000 acres lower than last year, South Dakota accounts for 64 percent of the total reduction in 2023/24 intended sunflowerseed acreage that is estimated at 1.36 million acres. Although not as large as South Dakota, all other sunflowerseed producing States, except Kansas, indicate lower sown acreage in 2023/24 compared with 2022/23.

Similar to sunflowerseed producers, farmers in all but one major canola producing State indicate sown canola acreage will decline in the upcoming marketing year. However, unlike sunflowerseed, total canola acreage in 2023/24 is estimated to exceed sown area in 2022/23. North Dakota is estimated to increase planted area by 100,000 acres to 1.9 million acres, more than offsetting reductions in all other major producing States. The net result is an estimated increase of 57,000 canola acres to 2.27 million acres in 2023/24.

For peanuts, U.S. farmers intend to plant nearly 100,000 more acres than last year for a total of 1.55 million acres for the 2023/24 marketing year. All States except Arkansas, New Mexico,

Oklahoma, and Texas indicate higher or the unchanged planted acreage. The largest estimated increase is for Georgia (up 55,000 acres), with Florida and North Carolina contributing a combined 28,000 additional acres.

International Outlook

Global Soybean Production Declines Due to Lower Crops in Argentina and Uruguay

This month's global soybean outlook for marketing year (MY) 2022/23 is for higher beginning stocks, lower production, lower use, lower trade, and slightly higher ending stock. Estimated global soybean production declined this month by 5.5 million metric tons to 369.6 million metric tons on lower soybean production in Argentina and Uruguay, partially offset by higher soybean production in Brazil and Russia. Argentina's soybean production is forecast at 27.0 million metric tons, 6.0 million metric tons lower than last month's forecast and 38 percent lower than last year's production. Continuously dry conditions have trimmed the yield forecast by 15 percent to 1.8 tons per hectare. Furthermore, the harvested acreage is adjusted downwards by 0.5 million hectares to 15.0 million hectares. If materialized, this would be Argentina's lowest soybean crop since 1999/2000.

Argentina has experienced a historically severe drought this growing season. Rainfall received in March was beneficial for the late-planted crops in the major soybean growing provinces. However, it did not help the early planted crops as high temperatures depleted an already very low soil moisture level. The first planted soybean crop accounted for nearly 75 percent of the total planted area and has entered the mature stage. Argentina's harvest has just begun and early reported yields reflect the severity of the drought. Harvest will continue until early June.

Like Argentina, dry conditions have persisted in Uruguay this season. By the end of March, the major soybean growing provinces received only 50 percent of their normal rainfall. As a result, soybean harvested acreage and yield are reduced this month. USDA estimates the harvested area to decline to 0.9 million acres, and soybean yield to decline 27 percent this month to 1.33 tons per hectare. Soybean production in Uruguay is now estimated at 1.2 million metric tons, down 0.9 million metric tons from last month's estimate. As a result of low supply, Uruguay's export forecast is reduced by 0.9 million metric tons to 1.1 million metric tons.

In contrast, Brazil's soybean production is raised this month by 1.0 million metric tons to 154.0 million metric tons on greater harvested acreage. The MY 2022/23 harvested acreage is now projected at a record of 43.7 million hectares, 0.3 million hectares higher than last month. Several of Brazil's State agencies reported higher harvested acreage than previous estimates. In addition, the previous year (MY 2021/22) harvested acreage estimates were revised upwards by 0.1 million hectares to 41.6 million hectares. The 2022/23 soybean yield forecast is

marginally lower this month at 3.52 tons per hectare. Brazil's harvest started at a slower pace due to wet weather but progressed well through the month of March. CONAB (Companhia Nacional de Abastecimento) reported 69 percent of soybean acreage were harvested by March 25, 2023, compared with 76 percent last year. Brazil's harvest is largely completed in center-west States and continues in the southern and northern States. The harvest in Paraná was delayed due to rainfall and reached 77 percent by March 26, compared with the 5-year average of 85 percent. In contrast, Rio Grande do Sul received a beneficial rainfall in March where 48 percent of plants were in the reproductive stage by the end of March 2023. Noticeably, MY 2021/22 Brazil's soybean crop is revised up 1.0 million metric tons to 130.5 million metric tons as the final numbers for soybeans used for crush and exports exceeded previous estimates.

As a result of net lower global soybean supply, global soybean imports are reduced this month by 0.6 million metric tons on lower soybean forecasts for Bangladesh, Egypt, Pakistan, Russia, and Turkey. The soybean import forecast for Bangladesh is reduced this month by 1.0 million metric tons on lower year-to-date imports and lower domestic crush. Pakistan's imports lag behind preliminary expectations due to restrictions on genetically modified soybean imports. Russia's reduced soybean imports forecast is due to higher domestic soybean production that is estimated to reach a record of 6.0 million metric tons. The soybean imports forecast for Argentina is increased by 1.1 million metric tons to 8.3 million metric tons. If realized, it would be a record high soybean import volume for Argentina.

Global soybean crush is reduced this month by 4.8 million metric tons to 315.2 million metric tons on a lower crush forecast for Argentina, China, Bangladesh, Egypt, Pakistan, and Ukraine, although partially offset by higher crush in Brazil, Iran, Russia, and the United Kingdom (U.K.). Argentina's soybean crush is reduced this month by 3.3 million metric tons to 32.0 million metric tons on lower soybean supply. If realized, the soybean crush would be the lowest since MY 2008/09. Argentina's lower soybean crush will likely reduce supply of soybean meal and soybean oil for export. This month, soybean meal and soybean oil export estimates for Argentina are trimmed by 2.5 million metric tons and 0.7 million metric tons, respectively. Lower soybean meal exports for Argentina are only partially compensated by higher soybean meal export from Brazil. Brazil's soybean meal export forecast is raised this month by 0.3 million metric tons. Furthermore, imports throughout the world are forecast down due to Argentina's constrained supply of soybean meal and oil. This month, soybean meal imports are forecast lower for the European Union (EU), down 0.4 million metric tons to 16.0 million metric tons. Iran's soybean meal imports are down 0.2 million metric tons to 1.2 million metric tons but are offset by higher soybean imports and higher domestic crush volume. Additionally, soybean meal

imports are reduced for the U.K., Malaysia, South Korea, and Japan. Overall, global soybean domestic meal consumption is down 1.7 million metric tons this month. The reduction in global soybean meal consumption is partly offset by higher global rapeseed meal consumption. Soybean meal prices are high compared with alternative feeding grains including rapeseed meal and sunflowerseed meal.

Global soybean oil trade is reduced this month by 0.6 million metric tons mainly on lower imports for China. China's year-to-date soybean oil imports are lower than expected resulting in a 0.2 million metric ton downward revision to the MY 2022/23's soybean oil imports forecast, now estimated at 0.8 million metric tons. Soybean oil import forecasts are also lowered for Egypt and Algeria.

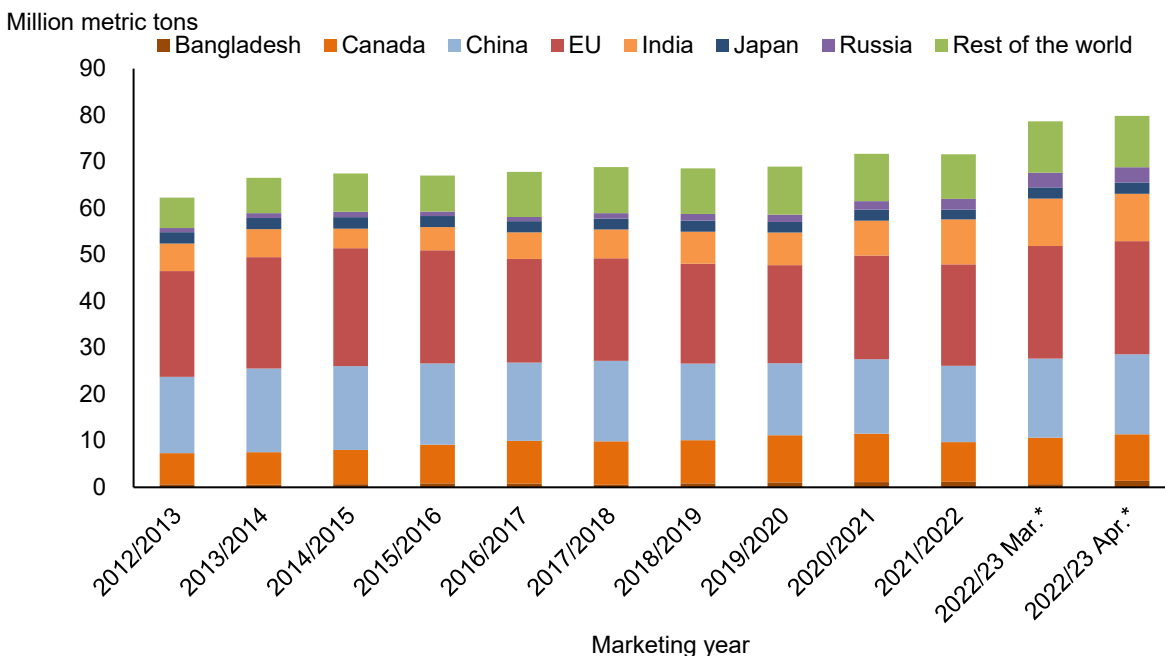
The global soybean oil domestic consumption is projected at 58.7 million metric tons, 0.7 million metric tons down from last month and 0.5 million metric tons lower than last year's estimate. The decline in soybean oil consumption is partially offset by higher rapeseed oil and sunflowerseed oil consumption.

Global Rapeseed Crush Projected at a Record High

Global rapeseed production for MY 2022/23 is projected at 87.2 million metric tons, up 0.9 million metric tons from last month on higher production in Bangladesh and Russia despite slightly lower production in Pakistan. Bangladesh's rapeseed production is projected at 1.1 million metric tons, up 0.8 million metric tons from last month. This is a series revision in domestic rapeseed production from 2001/02 to 2022/23 to reflect data from Bangladesh's Department of Agricultural Extension. Russia's rapeseed production is revised up 0.1 million metric tons this month to 4.0 million metric tons on higher harvested area. In contrast, Pakistan's rapeseed production is revised down this month by 0.1 million metric tons to 0.4 million metric tons on lower yields.

Global rapeseed crush is increased this month by 1.2 million metric tons to 79.8 million metric tons on higher crush in Bangladesh, China, the EU, Russia, and Japan. In Bangladesh, rapeseed crush is expected to reach 1.4 million metric tons, up 0.7 million metric tons from last month and up 0.2 million metric tons from the previous year on higher domestic supply.

Figure 3
Global rapeseed crush



EU = European Union. Note: Asterisk (*) denotes forecast.
 Source: USDA, Economic Research Service using data from USDA, Foreign Agricultural Service, *Production, Supply, and Distribution* database.

The EU’s rapeseed crush is forecast to reach 24.3 million metric tons on higher rapeseed supply. The supply is up 3.4 million metric tons year-over-year as both production and imports have increased. The EU’s rapeseed production is estimated at 19.5 million metric tons, marginally higher than last month’s forecast. The forecast for EU rapeseed imports is raised this month by 0.2 million metric tons to 6.7 million metric tons. Similarly, China’s rapeseed imports are raised this month by 0.2 million metric tons to 3.4 million metric tons. Furthermore, the rapeseed crush forecast for China is higher this month and projected at 17.2 million metric tons, up 0.2 million from last month and up 0.8 million metric tons from last year.

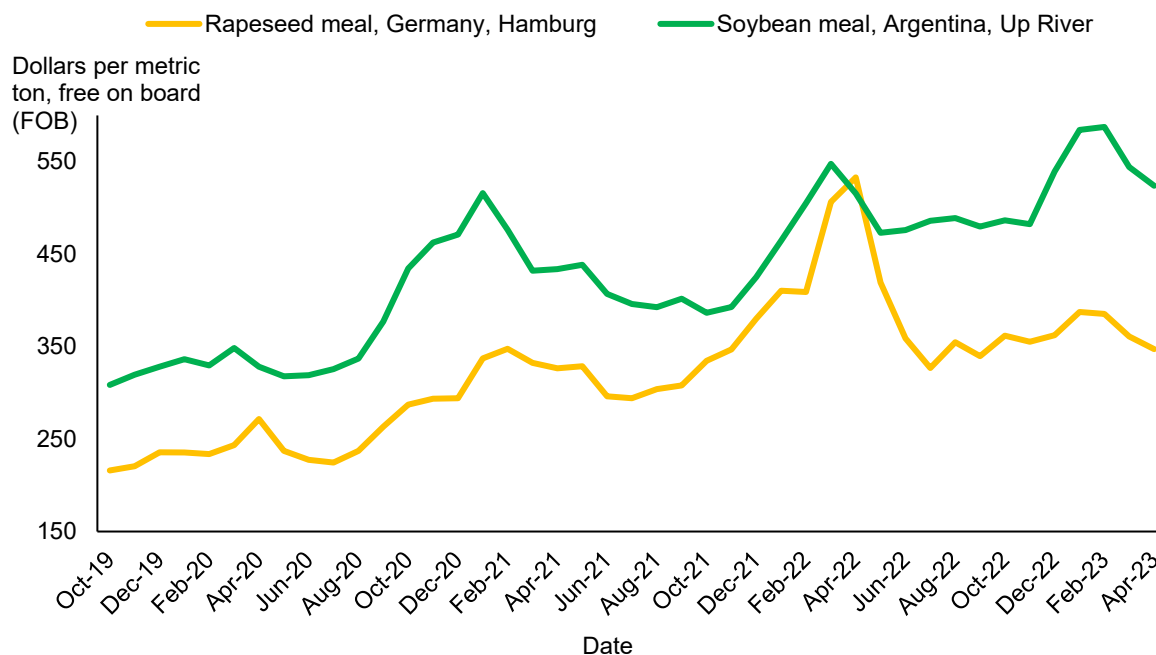
Global rapeseed ending stocks for MY 2022/23 are projected at 6.2 million metric tons, down 0.5 million metric tons from last month but recovering from the record low level of 4.1 million metric tons in 2021/22.

Global rapeseed oil and meal production is forecast to increase by 0.3 million metric tons and 0.6 million metric tons, respectively, on higher rapeseed crush volumes. Global rapeseed oil production now stands at 32.4 million metric tons, up 3.4 million metric tons from the previous year. Global rapeseed oil trade is reduced this month by 0.2 million metric tons to 6.5 million metric tons due to lower rapeseed oil imports from China. Global rapeseed oil domestic

consumption is raised by 0.4 million metric tons to 32.1 million metric tons this month, which is up 2.6 million metric tons from last year.

The global rapeseed meal consumption is forecast to reach a record of 46.0 million metric tons, up 0.9 million metric tons from last month. The EU accounts for nearly 30 percent of global rapeseed meal consumption. The rapeseed meal prices in the EU during the October 2022–March 2023 period averaged \$369 per metric ton and were 7 percent lower than the same period last year, while soybean meal prices in Argentina—the primary soybean meal supplier for the EU—averaged \$537 per metric ton, an almost 19-percent increase. The spread between prices for European rapeseed meal and Argentinian soybean meal on the free on board (FOB) basis has been historically wide, averaging \$169 per metric ton. In January and February, the spread had reached a record of \$202 per metric ton as prices rallied on a historical drought in Argentina.

Figure 4
Rapeseed meal and soybean meal prices



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

The EU’s rapeseed meal consumption is projected to reach a record high of 13.7 million metric tons, marginally up from last month and 1.4 million metric tons higher than last year. Rapeseed meal consumption is forecast to increase in several countries including Bangladesh, China, Japan, and Thailand.

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