



# Oil Crops Outlook: March 2023

**In this report:**

[Domestic Outlook](#)  
[International Outlook](#)

**Aaron M. Ates**

**Maria Bukowski**

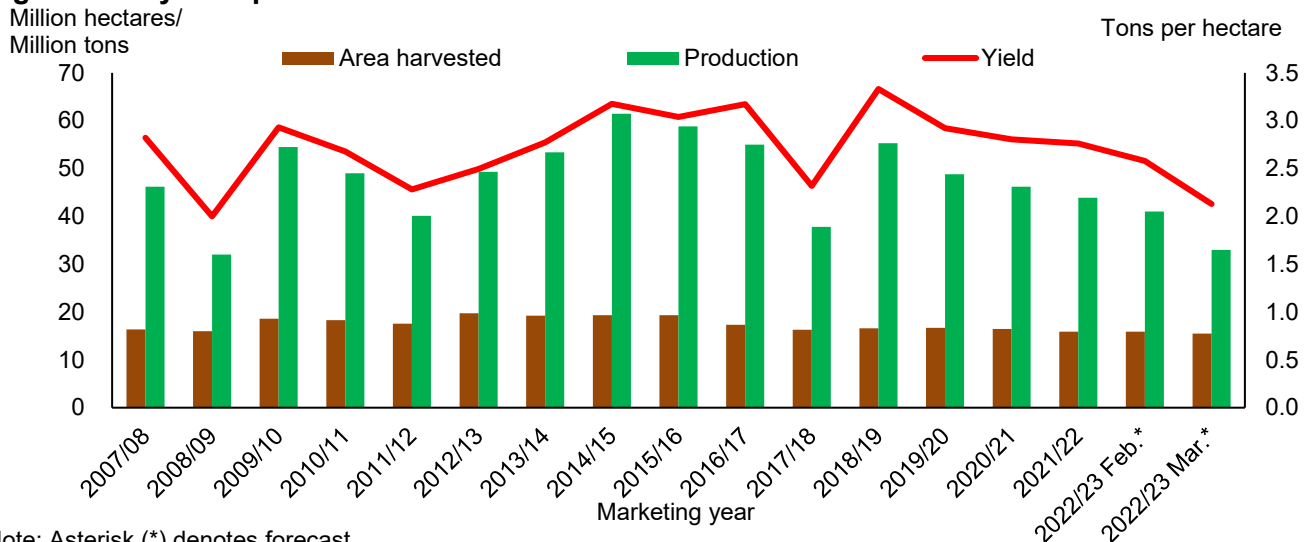
## 2022/23 Global Soybean Ending Stocks Lowered

U.S. seasonal ending soybean stocks for the 2022/23 marketing year (MY) are lowered by 15.0 million bushels, to 210.0 million bushels on higher exports. Soybean exports are raised by 25.0 million bushels to 2.02 billion bushels, while crush volumes are reduced by 10.0 million bushels to 2.22 billion bushels.

The 2022/23 global soybean supply is reduced this month due to lower production in Argentina and Uruguay. Argentina’s soybean production is lowered by 8.0 million metric tons to 33.0 million metric tons on lower harvested area and yields impacted by drought. World soybean consumption is down 5.3 million metric tons this month. Global ending stocks are lowered to 100.0 million metric tons.

Figure 1

### Argentina soybean production



Note: Asterisk (\*) denotes forecast.

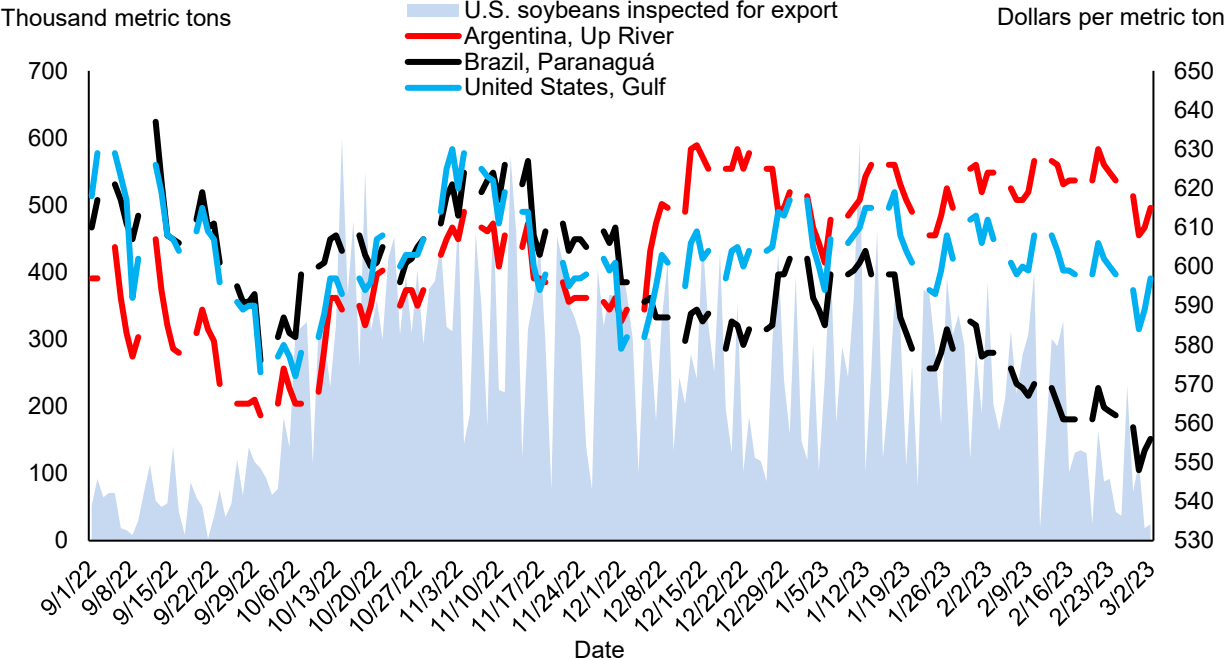
Source: USDA, Economic Research Service using data from USDA, Foreign Agricultural Service, *Production, Supply, and Distribution* database.

# Domestic Outlook

## U.S. Soybean Exports Remain Strong in February

Through March 2, 2023, cumulative 2022/23 MY U.S. soybean export inspections surpassed 2021/22 season totals as inspections to China surge and increase modestly for Mexico. In February, U.S. export inspections were the highest in recent history as Brazil is slow to harvest. USDA’s MY 2022/23 U.S. soybean export forecast is raised by 25.0 million bushels this month to 2.02 billion. Moving forward, Brazil is expected to command the global soybean export market with relatively low prices compared with the United States.

Figure 2  
**U.S. soybean export inspections and prices**



Source: USDA, Economic Research Service using data from USDA, Agricultural Marketing Service, *Grain Inspected for Export* and International Grains Council.

This month, USDA, National Agricultural Statistics Services (NASS) reported that soybean crush volumes rebounded slightly in January as U.S. processors crushed 191.1 million bushels of soybeans. Although this suggests processors have recovered from the cold temperatures that hindered efficiency in previous months, total crush volume is lower than expected. The MY 2022/23 soybean crush forecast now sits at 2.22 billion bushels, down from the previous forecast of 2.23 billion bushels. The net result of expected changes in demand for U.S. soybeans lowers ending stocks by 15.0 million bushels to 210.0 million bushels.

Soybean meal and oil production volumes reported by USDA, NASS warrant increases in extraction rates. Combining these revisions with the updated crush forecast, soybean oil production is lowered by 50.0 million pounds to 26.2 million pounds and by 0.1 million short tons to 52.5 million short tons for soybean meal. Prices remain elevated for soybean meal, averaging \$500.00 per short ton in Illinois for February—nearly \$20.00 per short ton higher than in January. As a result, the MY 2022/23 soybean meal price forecast is raised to \$465.00 per short ton. With higher prices and lower domestic soybean meal disappearance to date, USDA lowers the forecast this month to 39.4 million short tons.

Domestic soybean oil prices continue to cool, falling by \$0.16 per pound from the season average high in November 2022 to \$0.63 per pound in Illinois for February. Futures prices signal prices may continue to decline. As such, the 2022/23 soybean oil price forecast is lowered from \$0.68 per pound to \$0.66 per pound. The steady decline in prices has spurred domestic use, particularly for food, feed, and other industrial uses, resulting in a 150-million-pound increase for the 2022/23 forecast to 14.45 billion pounds. Despite subdued prices, U.S. soybean oil remains a significant premium to major global competitors. Consequently, exports remain stagnant. This is further reflected by commitments, which totaled 131 million pounds as of March 2, 2023—1.3 billion pounds below the same time last year. The current soybean oil forecast is 200 million pounds lower this month at 500 million pounds.

# International Outlook

## Drought Slashes Argentina's Soybean Output

USDA's forecast for MY 2022/23 global soybean production is lowered to 375.1 million metric tons, down 7.9 million metric tons from last month. Argentina's and Uruguay's crop reductions this month are marginally offset by higher soybean production in South Africa. Brazil's soybean crop estimate remains unchanged this month, at a record 153.0 million metric tons. Global soybean imports are forecast to increase by 1.3 million metric tons on higher imports from Argentina, Iran, and Turkey. Global soybean domestic consumption is down 5.3 million metric tons on lower crush volumes in Argentina and China. The forecast of global ending stocks for MY 2022/23 is marginally lowered to 100.0 million metric tons from 102.0 million metric tons last month, but still above the MY 2021/22 carryout of 99.0 million metric tons.

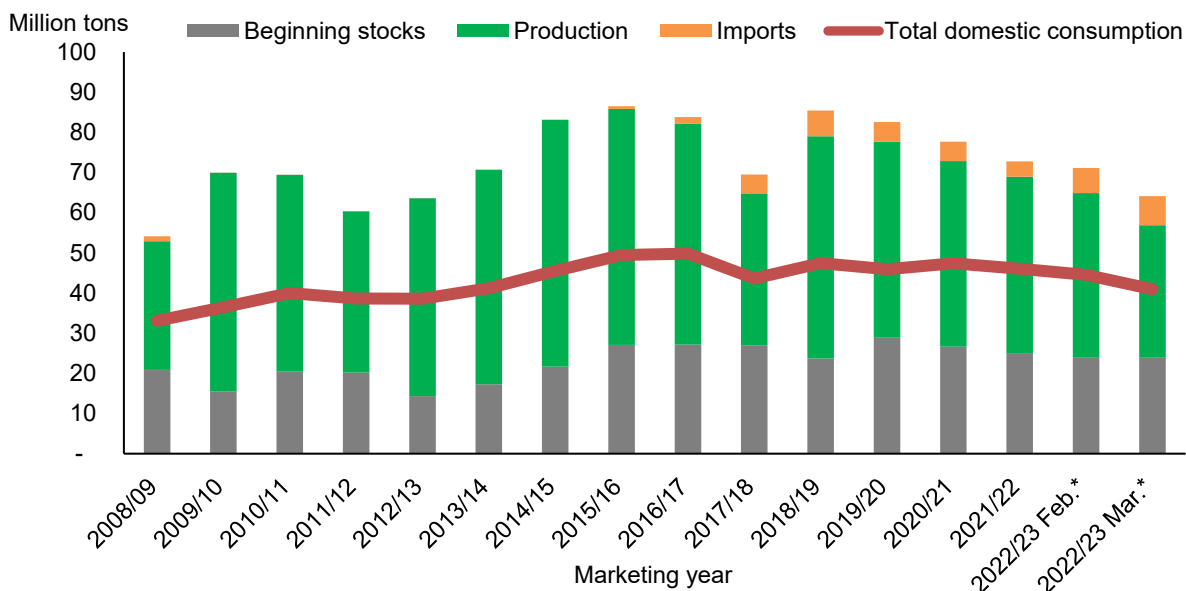
Argentina's soybean production forecast is reduced this month by 8.0 million metric tons to 33.0 million metric tons reflecting declines in both harvested area and yield as heat and dryness in the January–February period reduced yield prospects. Since the first USDA forecast was released in May 2022, Argentina's soybean production has been lowered by 18.0 million metric tons and is forecast to be the smallest crop since MY 2008/09. Harvested area is reduced by 0.4 million hectares to 15.5 million hectares, while yields are projected at 2.13 tons per hectare, 17 percent lower than last month and the lowest since MY 2008/09.

The primary soybean production provinces in Argentina (i.e., Buenos Aires, Cordoba, Santa Fe, Santiago del Estero, and Entre Rios) are suffering from one of the most severe droughts in history. Since December 2022, these regions have received less than half of their usual rainfall, with February not bringing much relief. Furthermore, these dry spells have been exacerbated by above-normal temperatures. The Bolsa de Cereales Buenos Aires (BCBA) reported that more than 70 percent of Argentina's soybean crop is in below-average conditions.

Argentina's poorer prospects for soybean production is partially offset by higher soybean imports. Soybean imports increased by 1.0 million metric tons this month to 7.3 million metric tons, a record high. Furthermore, Argentina's soybean exports are reduced this month by 0.8 million metric tons to 3.4 million metric tons. Year-to-date shipments total nearly 3.1 million metric tons, in part due to the “soy-dollar”—Argentina's Government program for farmers to sell soybeans for export—which was initiated in fall 2022. Brazil's soybean exports are likely to fill the gap created by the decline in Argentina's soybean exports. Hence, Brazil's soybean export forecast is lifted this month to a record of 92.7 million metric tons for MY 2022/23.

Argentina's soybean crush is forecast at 35.3 million metric tons, down 2.1 million metric tons from last month and down 3.6 million metric tons from last year. Even with the expected reduction in foreign trade and crush, Argentina's production losses will likely pull-down supplies in the second half of their local marketing year. If realized, this would be Argentina's lowest September 30 inventory in a decade.

Figure 3  
**Argentina's soybean production and distribution**



Note: Asterisk (\*) denotes forecast.

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

The projected decline in crush is forecast to reduce Argentina's available soybean products for export. This month, Argentina's soybean meal export estimates are reduced by 1.3 million metric tons to 24.9 million metric tons. Soybean oil exports are forecast to decrease by 0.4 million metric tons to 4.8 million metric tons. It is also projected that imports throughout the world will decrease due to Argentina's constrained supply of soybean meal and oil. This month, soybean meal imports are forecast lower for Iran, down 0.3 million metric tons to 1.4 million metric tons; the European Union (EU), down 0.3 million metric tons to 16.4 million metric tons. Additionally, soybean meal imports are reduced for Russia, Columbia, Ecuador, South Africa, and South Korea. For Iran, the lower soybean meal imports forecast is partially offset by higher soybean imports for domestic crush. Additionally, the EU's reduction in soybean meal imports is offset by higher rapeseed imports from Australia and higher domestic crush volumes. However, lower soybean oil exports from Argentina are projected to be offset by higher soybean oil

shipments from Brazil and Russia. Palm oil, canola oil, and sunflower oil might also help to balance the loss of soybean oil trade.

## Argentina's Sunflowerseed Production Declines

Likewise, the dry and hot weather reduced the prospect for Argentina's sunflowerseed yield this month. Hence, sunflowerseed yields are reduced to 1.7 tons per hectare, a 14-percent decrease from last month's forecast. As a result of lower yields, sunflowerseed production forecast decreased 0.6 million metric tons to 3.8 million metric tons.

The harvest began in northern provinces but has not progressed much in southern provinces by the end of February. At the end of February, nearly 25 percent of Argentina's sunflower area was harvested. The reports from early harvested fields indicate lower-than-expected sunflower yields. Argentina's primary sunflower production regions of Buenos Aires, Santa Fe, Santiago del Estero, and Chaco received less than half of the normal rainfall levels during growing season.

With lower sunflowerseed supply, Argentina's crush and export forecasts are reduced by 350,000 metric tons and 50,000 metric tons, respectively. Sunflowerseed crush is now projected at 3.5 million metric tons, nearly a 3-percent decrease from year ago. The lower sunflowerseed crush in MY 2022/23 will limit Argentina's exports of sunflowerseed oil and meal. However, globally higher sunflowerseed crush in the Northern Hemisphere will temper the market impact of reduced meal and oils supply from Argentina. Argentina's lower sunflowerseed oil exports are projected to be offset by higher sunflower oil exports from Russia, Ukraine, Turkey, and Kazakhstan. Hence, the global sunflower oil export forecast is raised this month by 0.4 million metric tons to 11.7 million metric tons, a 0.6-million-metric-tons increase year-over-year. Likewise, the global sunflower meal export forecast is up 0.1 million metric tons to 7.9 million metric tons on higher exports from Russia, Ukraine, and Kazakhstan.

## China's Soybean Crush Declines Due To Lower Demand

China's soybean crush forecast for MY 2022/23 is lowered this month by 2.0 million metric tons to 92.0 million metric tons on a lower year-to-date pace. Based on available information from the China National Grain and Oils Information Center, USDA estimates China's October–February crush to be a little over 35.0 million metric tons—only 1.1 million metric tons more than the same period in MY 2021/22. Despite the downward revision, the crush forecast still reflects a 5-

percent annual growth rate. As a result of China's lower soybean crush volumes, the ending stocks increased this month.

Both China's domestic meal and oil production are adjusted downwards to 72.9 million metric tons and 16.5 million metric tons, respectively, based on decreased consumption rates.

Soybean consumption in the hog and poultry sector are lower than anticipated.

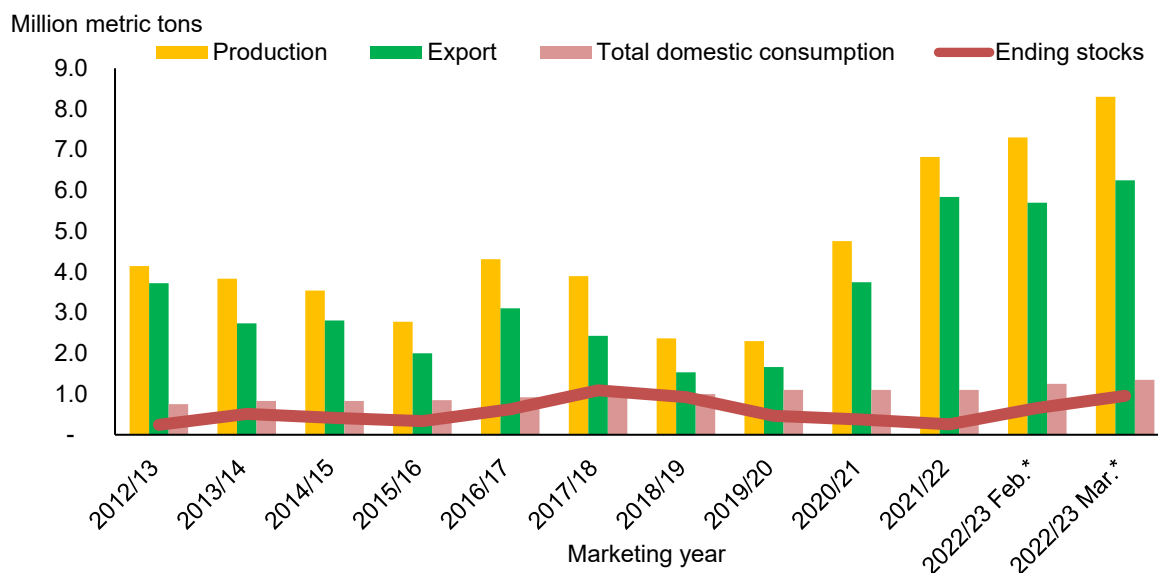
## Malaysia's Higher Palm Production Partially Balances Argentina's Lower Soybean Oil Supply

Malaysia's MY 2022/23 palm oil production is forecast up 0.2 million metric tons to 19.2 million metric tons on higher yields. Yields are raised to 3.5 tons per hectare, a 1-percent increase from last month and a 4.8-percent increase from last year. The cumulative output for October 2022–January 2023 totaled 6.5 million metric tons, a 7-percent increase from the same period last year. Competitive palm oil prices bolstered Malaysia's exports with this year's palm oil exports totaling 4.5 million tons for the October–December quarter, nearly 18 percent higher from a year ago. USDA's forecast for Malaysian palm oil exports is raised by 0.2 million metric tons this month to 16.9 million metric tons, 1.4 million metric tons higher than exports in MY 2021/22. Bangladesh and South Korea are expected to import more palm oil, which is currently less expensive than alternatives such as soybean oil from Argentina. On the basis of competitive prices, palm oil imports for Bangladesh and South Korea are raised this month by 100,000 metric tons and 50,000 metric tons, respectively. With higher production and exports, Malaysia's seasonal ending palm oil stocks are estimated at 2.3 million metric tons, marginally lower than last month.

## Australia's Rapeseed Crop Reaches New Record High

Australia's MY 2022/23 forecast for rapeseed production is revised up by 1.0 million metric tons to a new national record of 8.3 million metric tons this month due to higher harvested acreage and yields. These estimates are nearly 1.5 million metric tons higher than last year's crop. The Australian Bureau of Agricultural and Resource Economics recently reported that Australian farmers harvested 3.9 million hectares, up 0.3 million hectares from last month and up 20 percent from last year. Much of the area increase was in Western Australia, where farmers switched from barley to rapeseed. Furthermore, the favorable growing conditions observed in Western Australia, Victoria, and South Australia contributed to record rapeseed yields in those States and guided the national rapeseed yield to a record of 2.1 metric tons per hectare.

Figure 4  
**Australia's rapeseed production and distribution**



Note: Asterisk (\*) denotes forecast.

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

As a result of a higher rapeseed crop, the MY 2022/23 Australian rapeseed export forecast is raised this month by 0.6 million metric tons to a record of 6.3 million metric tons. The EU, Pakistan, and Japan are expected to receive the majority of increased shipments. Therefore, the EU's rapeseed imports forecast is increased by 0.6 million metric tons to a record of 6.5 million metric tons. Pakistan's and Japan's rapeseed imports are raised this month as well. As a result of higher imports, the rapeseed crush volumes in the EU and Pakistan are raised to 24.2 million metric tons and 1.4 million metric tons, respectively.

Australia's rapeseed ending stocks for MY 2022/23 are forecast at 1.0 million metric tons, up 0.3 million metric tons from last month and 0.7 million metric tons higher than last year.



## Suggested Citation

Aaron M. Ates and Maria Bukowski, *Oil Crops Outlook: March 2023*, OCS-23c, U.S. Department of Agriculture, Economic Research Service, March 10, 2023.

Use of commercial and trade names does not imply approval or constitute endorsement by USDA.

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotope, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at [How to File a Program Discrimination Complaint](#) and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: [program.intake@usda.gov](mailto:program.intake@usda.gov).

USDA is an equal opportunity provider, employer, and lender.