



Oil Crops Outlook: November 2023

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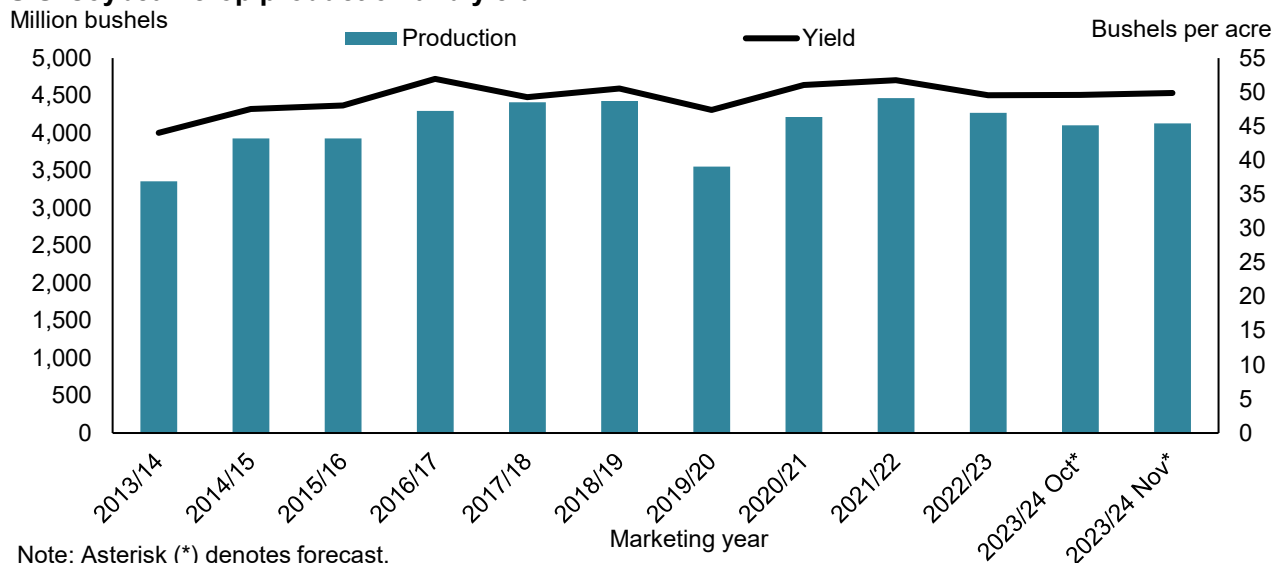
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Higher Yields Boost 2023/24 U.S. Soybean Production and Ending Stocks

This month, USDA, National Agricultural Statistics Service (NASS) raised the 2023/24 national average soybean yield from the previous forecast of 49.6 bushels per acre to 49.9 bushels per acre in its *Crop Production* report. This revision has increased the 2023/24 U.S. soybean production forecast by 25 million bushels to 4.13 billion bushels (figure 1). With soybean crush and exports unchanged this month, soybean ending stocks for marketing year (MY) 2023/24 are forecast at 245 million bushels. The 2023/24 U.S. season-average soybean price forecast is unchanged this month at \$12.90 per bushel.

Figure 1
U.S. soybean crop production and yield



Note: Asterisk (*) denotes forecast.

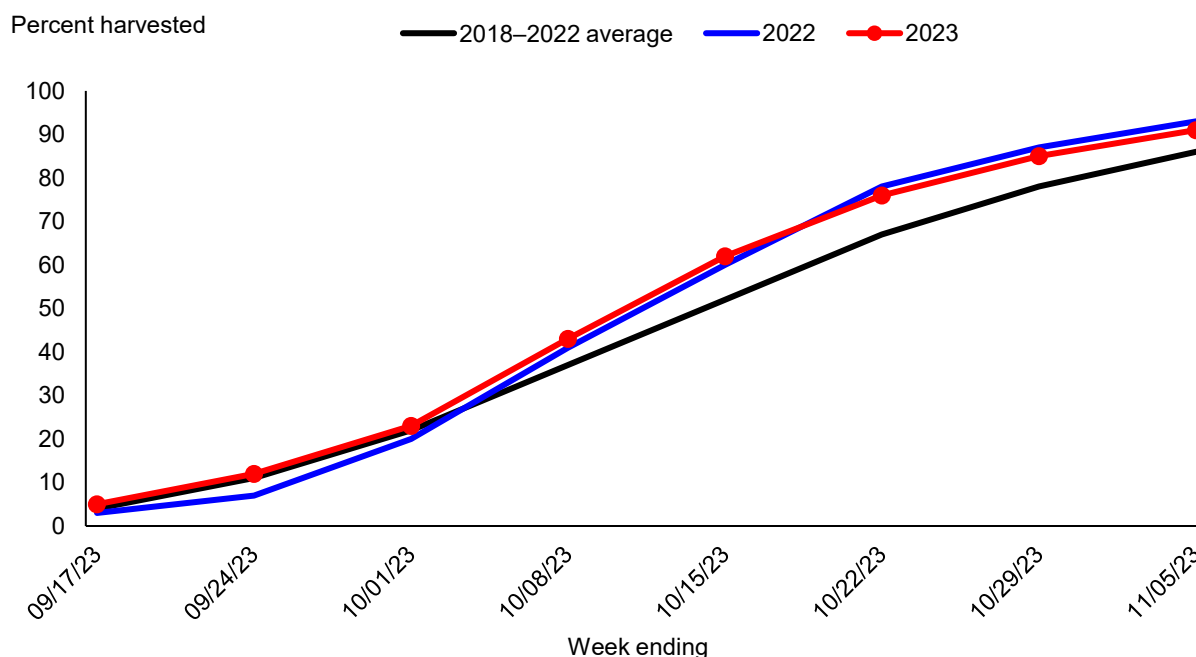
Source: USDA, Economic Research Service using data from USDA, World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates*, November 2023.

Domestic Outlook

Current Soybean Harvest Behind MY 2022/23 Harvest

In the November *Crop Production* report, USDA, NASS raised the 2023/24 soybean production forecast to 4.13 billion bushels on higher yields and unchanged area. Higher yields in Wisconsin, Tennessee, Ohio, North Dakota, and South Dakota have contributed to the increased U.S. yield forecast, which was raised from 49.6 bushel per acre to 49.9 bushels per acre. As of November 5, a reported 91 percent of the 2023/24 soybean crop had been harvested, well ahead of the 5-year average of 86 percent and 2 percent behind last year (figure 2). The harvest progressed well above last year's average and the 5-year average until the week of October 22, 2023, when rainfall and heavy snowstorms across the Northern Plains and Midwest regions slowed harvest activities.

Figure 2
U.S. soybean harvest progress



Source: USDA, Economic Research Service using data from USDA, National Agricultural Statistics Service, *Crop Progress*, October 30, 2023.

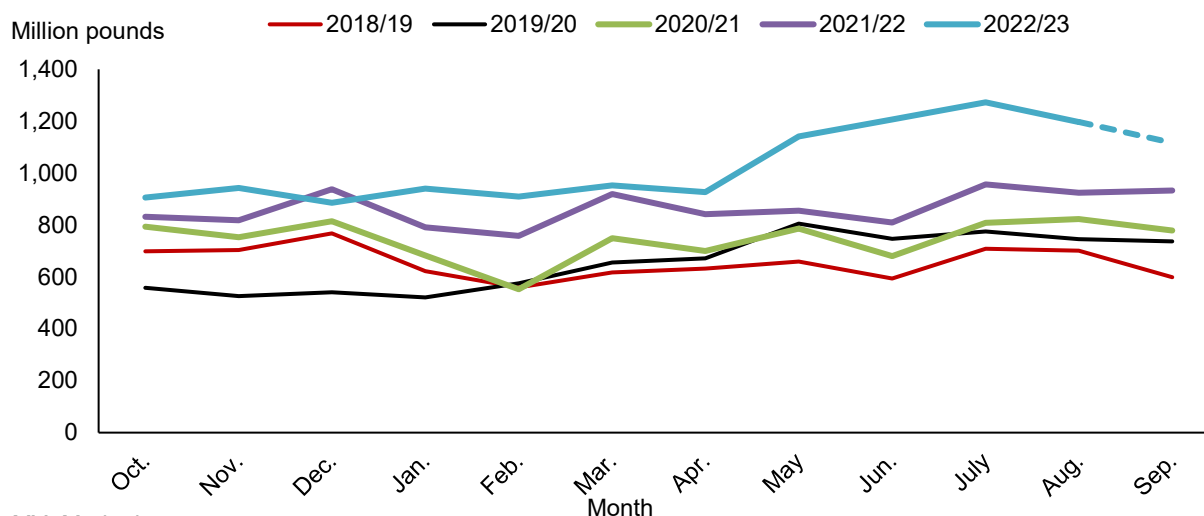
With the U.S. soybean supply forecast for MY 2023/24 at 4.43 billion bushels, 25 million bushels higher than last month's forecast with unchanged demand this month, U.S. soybean ending stocks are raised to 245 million bushels.

MY 2022/23 Soybean Oil and Soybean Meal Balance Sheet Estimates Nearly Finalized

During September 2023, U.S. soybean processors processed a record high for the month at 174.8 million bushels of soybeans, up 5.8 million bushels from August. As a result, soybean meal production for MY 2022/23 totaled 52.5 million short tons, slightly lower than last month's forecast. Soybean meal demand for MY 2022/23 was finalized at 53.1 million short tons, with soybean meal exports at 14.7 million short tons and domestic disappearance at 38.4 million short tons. Soybean meal demand forecast for MY 2023/24 is unchanged this month, standing at 54.7 million short tons. The soybean meal price forecast is unchanged at \$380 per short ton.

U.S. soybean oil production for MY 2022/23 is finalized at 26.2 billion pounds, down 38 million pounds from last month's forecast. Domestic demand is 114 million pounds higher at 26.6 billion pounds as the increased soybean oil use for biofuels was partially offset by lower food, feed, and other industrial use. The U.S. Department of Energy's U.S. Energy Information Administration's (EIA) *Feedstocks consumed for production of biofuels* report revealed that 1.2 billion pounds of soybean oil were used in biofuels during August 2023 (figure 3). For the October 2022–August 2023 period, soybean oil use in biofuels totaled 11.3 billion pounds, 19 percent higher than same period during MY 2021/22. Consequently, the MY 2022/23 estimate for soybean oil use in biofuels production is increased by 300 million pounds to 12.4 billion pounds.

Figure 3
U.S. soybean oil used in biofuels, MY 2018/19–2022/23



MY=Marketing year.

Note: Dotted line is estimate for September 2023.

Source: USDA, Economic Research Service using data from U.S. Department of Energy, U.S. Energy Information Administration

In the monthly *Fats and Oils: Oilseed Crushings, Production and Stocks* report, USDA, NASS estimated soybean oil stocks end of September 2023 at 1.60 billion pounds, 0.16 billion pounds lower than the previous forecast. With lower carryin soybean oil stocks and unchanged soybean oil production, and imports, the soybean oil supply for MY 2023/24 is projected at 29.0 billion pounds. MY 2023/24 soybean oil demand is forecast at 27.5 billion pounds, unchanged this month. With lower supply and unchanged demand, soybean oil ending stocks for MY 2023/24 are forecast at 1.58 billion pounds, 0.16 billion pounds lower than the previous forecast.

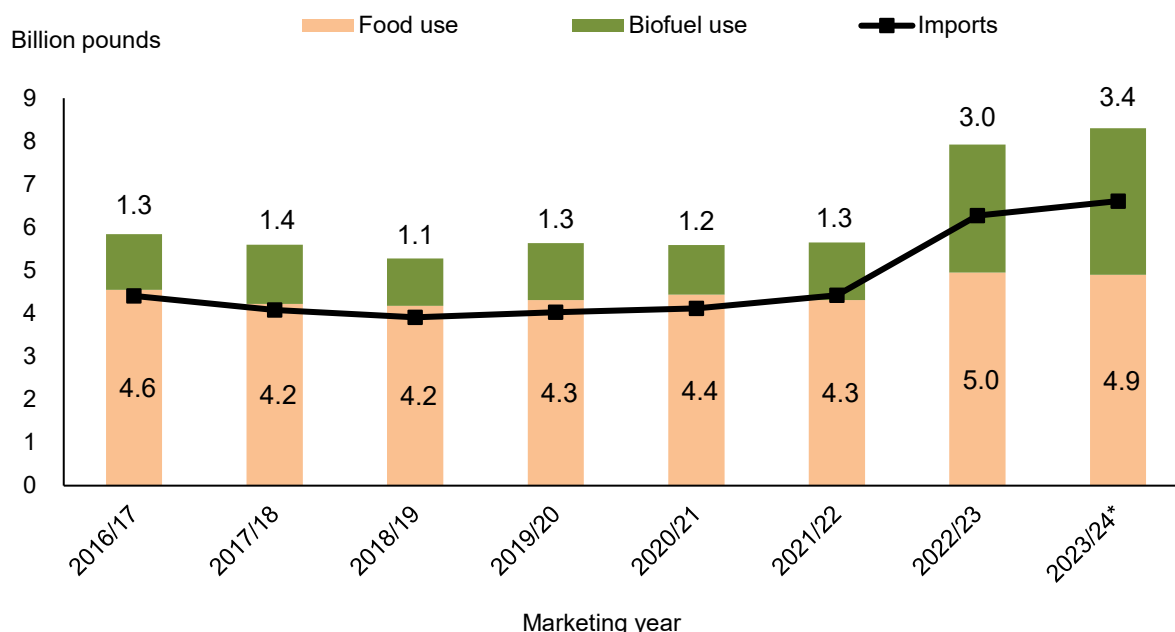
U.S. soybean oil export prices remain above world prices despite the recent decline in the domestic and export prices. In central Illinois, soybean oil prices declined by 13 percent during October 2023 and averaged \$0.57 per pound compared with \$0.65 per pound in September 2023. The season-average soybean oil price for MY 2023/24 is forecast at \$0.61 per pound, 2 cents lower than last month's forecast.

Strong Canola Oil Use in 2022/23 Set To Continue in 2023/24

The 2022/23 October-September canola crush forecast is revised up to a record high, pushing production of oil and meal higher in 2022/23. Along with higher crush, the 2022/23 canola oil imports were revised up and finalized at a record 6.3 billion pounds. This trend in canola oil imports is largely driven by a strong demand for canola oil after the U.S. Environmental Protection Agency (EPA) approved the canola oil pathway for renewable diesel in December 2022. For MY 2022/23, canola oil used for biofuel is estimated at 3.0 billion pounds (figure 4). The MY 2022/23 canola oil for food use is estimated to reach a record high in 2022/23 at 5.0 billion pounds, up 0.2 billion pounds from last month. Ending stocks in 2022/23 are finalized at 0.2 billion pounds. The MY 2023/24 canola oil balance sheet is left unchanged with canola oil used for biofuel growing to 3.4 billion pounds and imports rising to 6.6 billion pounds.

Figure 4

U.S. Canola oil domestic use and imports, MY 2016/17–2023/24



MY = Marketing year

Note: Asterisk (*) denotes forecast.

Source: USDA, Economic Research Service using data from USDA, World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates*, November 2023

MY 2022/23 canola meal supplies are finalized at a record high driven by record production and imports. Canola meal imports are finalized at 4.0 million short tons, which are driven by the strong domestic meal use estimated at 5.3 million short tons. The MY 2023/24 canola meal balance sheet is left unchanged with domestic use declining to 5.2 million short tons, down 0.1 million short tons from MY 2022/23.

Cottonseed Production Rises Boosting Exports

The U.S. cottonseed production forecast is raised by 85,000 short tons to 4.0 million short tons on higher yields for MY 2023/24. This remains the lowest cottonseed production since MY 1986/87. With a higher cottonseed supply forecast for MY 2023/24, the cottonseed export forecast is raised by 75,000 short tons to 225,000 short tons. Exports in August and September 2023 totaled 77,700 short tons. As of November 2, USDA, Foreign Agricultural Service’s *Export Sales* report showed that total cottonseed commitments are at 146,000 short tons. Despite the tight crop, competitive sales are likely a result of lower prices this marketing year compared with MY 2022/23. USDA, NASS’ *Agricultural Prices* reported the price received by U.S. farmers was \$242 per short ton in September 2023, a \$74 decrease from September 2022. As a result, the

cottonseed season-average farm price forecast is lowered by \$60.00 per short ton to \$240 per short ton.

Lower Yields Reduce Peanut Production

As outlined in USDA, NASS' *Crop Production* report, the MY 2023/24 peanut yield forecast was lowered to 3,740 pounds per acre from 3,905 pounds per acre. Lower peanut yields in Georgia, Alabama, North Carolina, South Carolina, Oklahoma, and Texas contributed to a reduced U.S. peanut yield forecast for MY 2023/24. With an unchanged harvested acreage forecast of 1.6 million acres, the production forecast decreased to 6 billion pounds. Georgia and Alabama are the top peanut producing States in the United States and account for over 60 percent of peanut production. On October 22, 48 percent of U.S. peanuts were in good-to-excellent condition, 14 percentage points below the same time last year. Along with lower crop condition ratings from last year, cooler temperatures have slowed development in Georgia, thus, delaying harvest. As of November 5, Georgia's peanut harvest was 79 percent complete, 9 percentage points behind 2022 and 3 percentage points behind the 5-year average.

With a lower peanut production forecast for MY 2023/24, total peanut use is reduced by 150 million pounds with peanut crush down 50 million pounds and exports down 100 million pounds. Ending stocks are reduced by 114 million pounds to 2.0 billion pounds, similar to MY 2022/23.

International Outlook

Higher Yields Boost Rapeseed and Soybean Output in Russia

Russia's rapeseed production forecast for MY 2023/24 is increased this month by 0.5 million metric tons to 4.0 million metric tons on higher yields. With the rapeseed harvest nearly 95 percent complete, the yield forecast is raised 13 percent to 2.0 metric tons per hectare on higher harvest results.

With larger rapeseed supplies in Russia, both crush and exports are forecast higher this month. The rapeseed crush is forecast at 3.4 million metric tons, 0.4 million metric tons higher than last month's forecast and 0.1 million metric tons lower than last year's record high. Rapeseed exports are raised by 50,000 metric tons to 0.5 million metric tons for MY 2023/24, compared with 0.75 million metric tons in MY 2022/23.

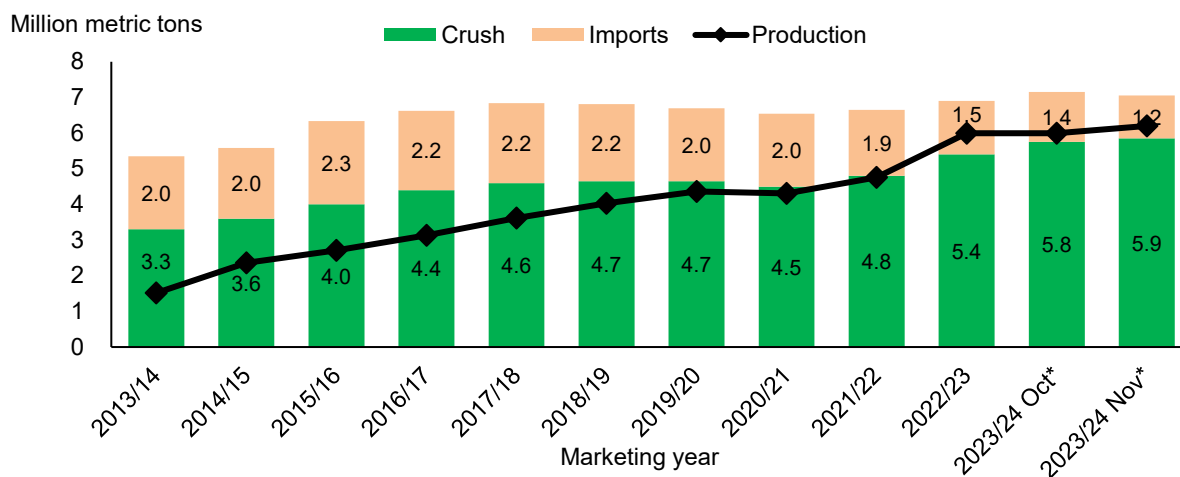
Russia's domestic production of rapeseed meal and rapeseed oil is on the rise due to higher rapeseed crush. Rapeseed oil production for MY 2023/24 is forecast at 1.35 million metric tons, up 0.1 million metric tons from last month. With the higher rapeseed oil supply, the rapeseed oil export forecast for Russia is raised this month by 0.1 million metric tons to 1.27 million metric tons. China is likely to benefit from Russia's higher rapeseed oil export volume. For that reason, China's rapeseed oil import forecast for MY 2023/24 is raised this month by 0.2 million metric tons to 1.6 million metric tons. Russia's rapeseed meal production for MY 2023/24 is forecast at 2.0 million metric tons, 0.2 million metric tons higher than last month, and marginally below last year's record high of 2.1 million metric tons. The additional rapeseed meal supply is projected to be exported, mainly to the European Union (EU), and consumed domestically. The EU's rapeseed meal imports forecast is increased to 0.75 million metric tons.

Russia's soybean production for MY 2023/24 is forecast at 6.2 million metric tons, up 0.2 million metric tons from last month due to higher yields. If realized, this would be a record high for soybean production. The soybean yields are raised this month by 3 percent to 1.8 metric tons per hectare, up 1 percent from last year's record high on higher harvest results.

With Russia's record-high soybean production, soybean crush for MY 2023/24 is raised 0.1 million metric tons to a record 5.9 million metric tons for MY 2023/24, up 8 percent from 2022/23. As a result of higher domestic supply, Russia's soybean imports for MY 2023/24 are reduced this month by 0.2 million metric tons to 1.2 million metric tons (figure 5).

Figure 5

Russia's soybean supply and demand, MY 2013/14–2023/24



MY=Marketing year (Sep/Aug).

Note: An asterisk (*) represents forecast.

Source: USDA, Economic Research Service using data from USDA, Foreign Agricultural Service, *Production, Supply and Distribution* database, November 2023.

Russia’s soybean meal and soybean oil production are forecast to increase this month due to higher crush. With higher domestic soybean meal supply, Russia’s soybean meal export forecast is increased this month by 75,000 metric tons to 0.8 million metric tons.

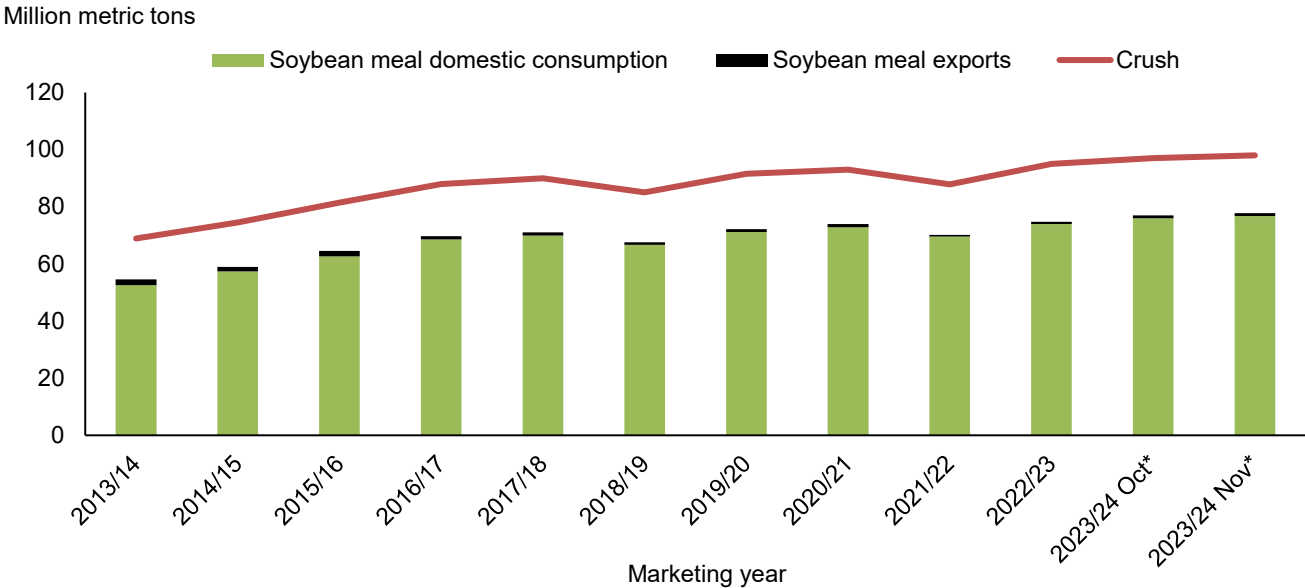
Soybean Crush in China On the Rise

China’s soybean crush for MY 2022/23 and MY 2023/24 are each raised this month by 1.0 million metric tons to 95.0 million metric tons and 98.0 million metric tons, respectively. China’s soybean imports for MY 2023/24 are unchanged and stand at 100.0 million metric tons. Notably, soybean imports for MY 2021/22 and 2022/23 are updated this month with the revisions made by China Customs Statistics. According to China Customs Statistics, soybean imports for MY 2021/22 totaled 90.5 million metric tons, 1.1 million metric tons lower than the previous estimate. Soybean imports for MY 2022/23 totaled 100.8 million metric tons, 1.2 million metric tons less than last month’s forecast. As a result of lower soybean imports for 2 consecutive years and higher soybean crush for MY 2022/23 and MY 2023/24, China’s soybean ending stocks are forecast at 33.7 million metric tons, 3.5 million metric tons lower than last month.

With higher soybean crush for both MY 2022/23 and 2023/24, China’s soybean meal production is increased this month to 75.2 million metric tons and 77.6 million metric tons, respectively. The additional soybean meal supply is consumed domestically. Domestic soybean meal consumption for MY 2022/23 totals nearly 74.0 million metric tons, up 1.0 million metric tons

from last month’s forecast on higher crush and lower soybean meal exports. The domestic soybean meal demand for MY 2022/23 grew by 6 percent on a modest recovery in the livestock sector. China’s domestic soybean meal consumption for 2023/24 is forecast to increase by 4 percent to reach 76.8 million metric tons (figure 6). China’s soybean meal exports for 2022/23 total 0.8 million metric tons, 0.2 million metric tons lower than last month’s forecast. China’s soybean meal exports forecast for 2023/24 is unchanged this month at 1.0 million metric tons.

Figure 6
China's soybean meal domestic consumption and crush, MY 2013/14–2023/24



Note: Asterisk (*) denotes forecast.
 Source: USDA, Economic Research Service using data from USDA, Foreign Agricultural Service, *Production, Supply and Distribution* database, November 2023.

China’s soybean oil production forecast for MY 2023/24 is increased by 0.2 million metric tons to 17.6 million metric tons on higher crush. Furthermore, China’s domestic soybean oil consumption forecast is raised by 0.1 million metric tons to 17.7 million metric tons. A higher projection of China’s domestic consumption of soybean oil is in line with the previous year’s stronger demand for this type of vegetable oil.

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