



Oil Crops Outlook: October 2024

Maria Bukowski

Bryn Swearingen

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2024/25 U.S. Soybean Production Relatively Unchanged

This month, USDA, National Agricultural Statistics Service (NASS) in its *Crop Production* report lowered the marketing year (MY) 2024/25 U.S. soybean production forecast by 4.0 million bushels to 4.6 billion bushels on lower yield. The U.S. average soybean yield forecast stands at 53.1 bushels per acre, down 0.1 bushels per acre from last month's projection. With lower soybean production marginally offset by higher beginning stocks, total soybean supply is reduced by 2.0 million bushels to 4.9 billion bushels. Harvested area is unchanged at 86.3 million acres. With slightly lower residual and unchanged forecasts for crush and exports, U.S. soybean ending stocks for MY 2024/25 are projected at 550.0 million bushels, unchanged from last month's forecast. The 2024/25 season-average soybean price is unchanged from the previous forecast and stands at \$10.80 per bushel.

The global palm oil supply forecast for MY 2024/25 is reduced this month due to lower palm oil beginning stocks and lower palm oil production. A lower production forecast for Indonesia is only marginally offset by higher palm production in Thailand. With a lower global supply, the global palm oil export forecast for MY 2024/25 is reduced to 48.0 million metric tons on lower exports from Indonesia. Global palm oil consumption is projected slightly down due to higher prices. The global ending stocks for MY 2024/25 for palm oil are forecast at 16.1 million metric tons, down 1.5 million metric tons from last month's forecast.

Domestic Outlook

U.S. Soybean Supply Reduced on Lower Production

USDA, NASS published their *Grain Stocks* report on September 30 and this report indicated total U.S. soybean stocks on September 1, 2024, were at 342.0 million bushels, nearly 30 percent higher than September 2023. On farm soybean stocks accounted for 33 percent of total stocks compared with 27 percent during same period last year. In addition to the stocks, USDA, NASS has revised the 2023/24 soybean harvested acreage and production. Soybean production was reduced by 2.6 million bushels to 4.2 billion bushels on the lower harvested acreage. The harvested acreage was adjusted marginally lower to 82.3 million acres and yield was adjusted slightly higher.

This month, USDA, NASS lowered the MY 2024/25 national average soybean yield from the previous forecast of 53.2 bushels per acre to 53.1 bushels per acre in its *Crop Production* report. Lower soybean yields in Indiana, Ohio, Georgia, Minnesota, and Wisconsin were partially offset by higher yield in Illinois, Iowa, Missouri, and Michigan. The MY 2024/25 U.S. soybean production forecast is 4.0 million bushels lower than last month at 4.6 billion bushels. The 2024/25 U.S. soybean crop harvest is underway with 47 percent of the crop harvested as of October 6, 2024, up from the previous 5-year average of 34 percent. Crop conditions are slightly lower than last month with 63 percent rated as good-to-excellent, but the MY 2024/25 rating is 11 percentage points above conditions this time last year. With the marginal increase in beginning stocks, and lower production, the MY 2024/25 U.S. soybean supply is reduced to 4.9 billion bushels. With unchanged crush and exports, and a slight change to residual, U.S. soybean ending stocks for MY 2024/25 are unchanged this month at 550.0 million bushels. The season average soybean price is forecast at \$10.80 per bushel, unchanged from last month's forecast.

In August, U.S. soybean processors processed 167.6 million bushels of soybeans, down 13 percent from July due to scheduled maintenance. This volume brings annual soybean crush for MY September–August 2023/24 to 2.29 billion bushels, an increase of 75.1 million bushels from MY 2022/23, over a 3-percent growth rate. MY 2023/24 soybean meal exports are raised by 0.1 million short tons to 16.1 million short tons. The higher soybean meal exports are partially offset by lower domestic usage. Soybean crush forecast for MY October–September 2023/24 is unchanged and stands at 2.3 billion bushels. There are no changes to the U.S. soybean oil balance sheet.

U.S. Canola Production Forecast to Reach a Record High in MY 2024/25

In MY 2024/25, canola production is forecast to reach a record high of 4.9 billion pounds. This is up nearly 20 percent from last year on higher harvested acres and yields. USDA, NASS published its first survey based canola yield forecast for MY 2024/25. The U.S. canola yield is forecast at 1,811 pounds per acre, up 11.0 pounds per acre from last month's trend based yield and 18.0 pounds per acre from MY 2023/24. Harvested acres increased this month by 104.0 thousand acres to 2.7 million acres with higher acres in North Dakota, Montana, and Minnesota. With larger domestic production, canola imports are lowered to 699.0 million pounds, nearly even with MY 2023/24. Canola exports are revised up to 397 million pounds as first quarter exports are at 150 million pounds, a nearly 200-percent increase from the same period last year. In addition, canola crush is raised to a record high of 4.9 billion pounds driven by high demand for canola oil for biofuel use. Ending stocks are forecast at 500 million pounds, unchanged from last month's forecast.

Canola oil supplies are up from last month with higher canola crush. While supplies remain at a record-high, canola oil biofuel use in MY 2024/25 is raised to 4.8 billion pounds, up 200 million pounds from the revised MY 2023/24. In July, the U.S. Department of Energy's Energy Information Administration (EIA) reported a record-high 546 million pounds of canola oil use as a feedstock in biomass-based diesel production. From October 2023 through July 2024, canola oil use in biofuel totaled 3.6 billion pounds, up 1.3 billion pounds from the same period last year. Food and residual use of canola oil has declined due to higher biofuel use. Canola oil imports in MY 2024/25 are projected to reach a record-high level of 8.1 billion pounds due to higher use in biofuels. Canola oil ending stocks are forecast at 165 million pounds, marginally down this month but higher than ending stocks for MY 2023/24.

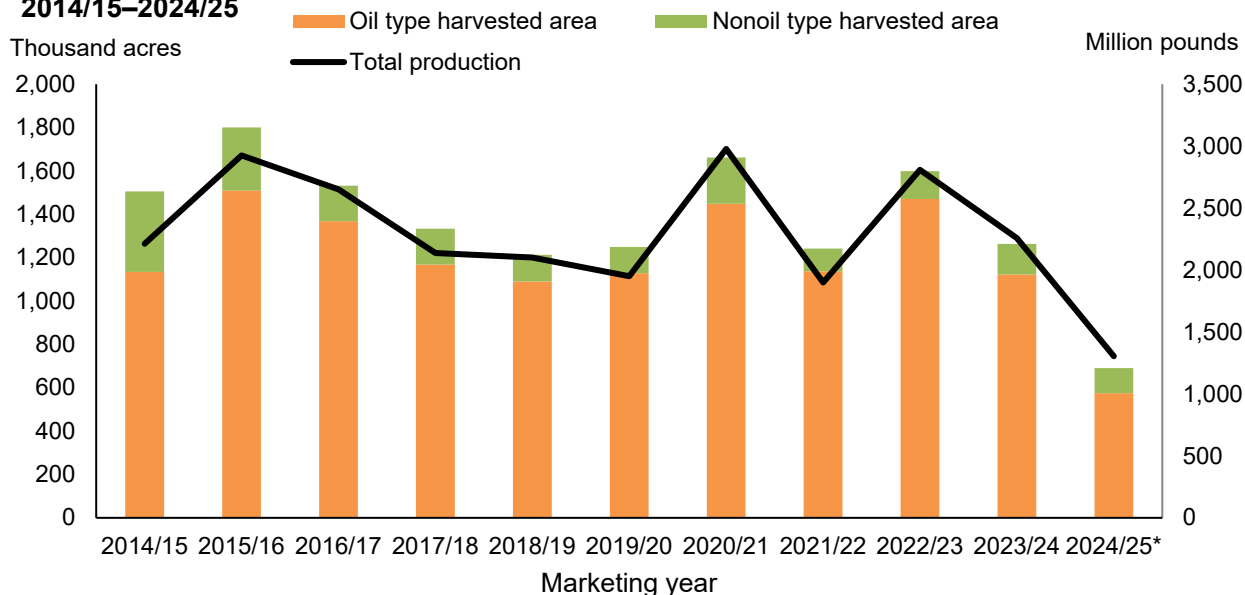
Outlook for Other Minor U.S. Oilseeds

The USDA, NASS *Crop Production* report forecast sunflowerseed production at 1.3 billion pounds, down 42 percent from MY 2023/24 and the lowest since MY 1976/77. This nearly record-low sunflowerseed production forecast is driven by a decline in harvested area only partially offset by record yields. The total U.S. sunflowerseed harvested area is estimated at 691,000 acres with the largest decline in oil type sunflowerseed (figure 1). North Dakota, a

major sunflowerseed producing State, expanded acres for canola and soybeans and reduced sunflowerseed acres. Expansion in local soybean and canola crush facilities in North Dakota supports expansion in canola and soybean acreage. South Dakota’s sunflowerseed planted acres were nearly half as much as last year at 279,000 acres. South Dakota also shifted to planting more soybeans, but overall, the principal crop acres in South Dakota are down from last year.

Figure 1

U.S. sunflowerseed harvested acreage by type and total production, MY 2014/15–2024/25



Asterisk (*) denotes forecast.

Source: USDA, Economic Research Service using data from USDA, World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates*, October 2024.

Yields are forecast at a record-high 1,889 pounds per acre. According to the USDA, *NASS Crop Progress* report, as of October 6, North Dakota and Minnesota good-to-excellent sunflowerseed conditions were above the 5-year average at 63 percent and 72 percent, respectively.

Additionally, the U.S. sunflowerseed crop was reported only 4 percent harvested compared with the 5-year average of 7 percent. The harvest progress is slower in North Dakota and South Dakota, whereas harvest progress in Kansas is above the 5-year average.

In the most recent USDA, *NASS Grain Stocks* report, as of September 1, sunflowerseed stocks were reported at 575 million pounds, up 57 percent from MY 2022/23. Overall total supplies in MY 2024/25 are tighter than last year as lower production is only partially offset by higher beginning stocks. With lower sunflowerseed supply, sunflowerseed crush, exports, and other use are down year-over-year. Sunflowerseed crush is forecast at 807 million pounds, down 14 percent from MY 2023/24. If this forecast materializes, the sunflowerseed crush would be the lowest since MY 2014/15. Ending stocks are forecast at 210 million pounds, the lowest since

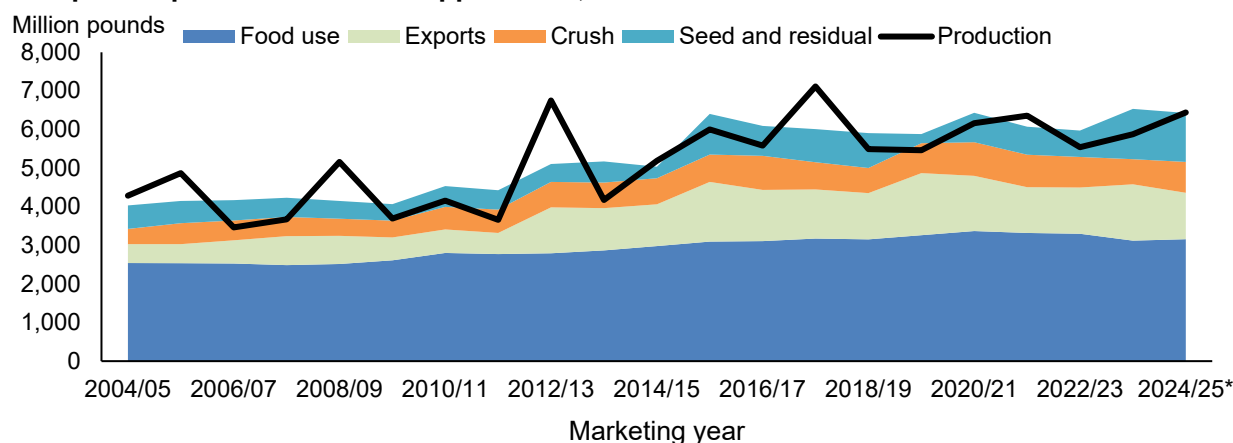
MY 2019/20. U.S. season-average sunflowerseed price is forecast at \$21.50 per pound, \$0.30 higher than price in MY 2023/24.

The peanut production forecast for MY 2024/25 is revised down to 6.4 billion pounds on lower yields and unchanged harvested area. As of October 6, peanuts were 19 percent harvested, which is behind last year’s progress and behind the 5-year average of 29 percent. Slow harvest has been hampered by heavy rains from Hurricane Helene in Alabama, Florida, and Georgia as peanut producers will have to wait for the peanuts to dry before harvesting. The yield is forecast at 3,683 pounds per acres, down 4 percent from last month’s forecast on the lower yield in Florida, Georgia, and South Carolina. Crop conditions as of October 6 were similar to the same period last year with 50 percent of the crop rated as good-to-excellent.

With lower production, exports and domestic food use forecasts for MY 2024/25 are revised down by 200 million pounds and 30 million pounds respectively. Peanut exports are lowered to 1.2 billion pounds due to higher peanut supply in Argentina. Argentina’s peanut production recovered from a drought in MY 2022/23. U.S. peanut food use was revised back to MY 2004/05 using a methodology guided by the USDA, NASS *Peanut Stocks and Processing* report table *Shelled Peanuts (Raw Basis) Used in Primary Products and In Shell Peanuts by Month* (figure 2). The new methodology for food use takes the total edible grades used in products and converts this to in-shell pounds by multiplying by 1.333. Then the USDA adds use of in shell peanuts and adjusts for exports of prepared and preserved products found under the Harmonized System trade codes 2008119000 and 2008119100. The change in food use methodology resulted in adjustments to the seed and residual category. For the revised peanut use categories, see the figure 2’s tab in the Oil tables Excel file accompanying this outlook.

Figure 2

U.S. peanut production and disappearance, MY 2004/05–2024/25



MY = Marketing year. Asterisk (*) denotes forecast.

Source: USDA, Economic Research Service using data from USDA, World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates*, October 2024.

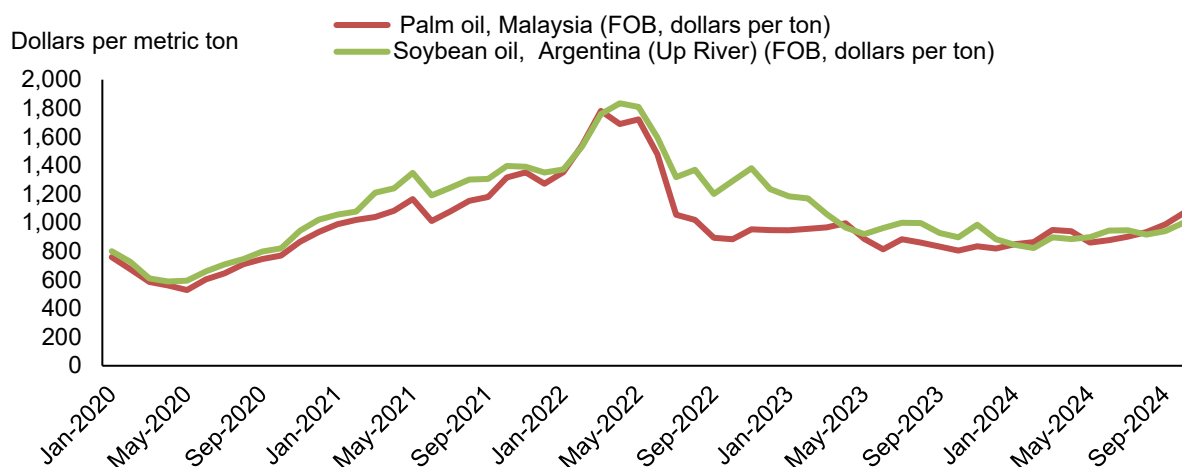
International Outlook

Global Palm Oil Supply Declines on Lower Production in Indonesia

The global palm oil beginning stocks for MY 2024/25 are reduced this month by 1.8 million metric tons to 16.5 million metric tons due to a reduction in Indonesia's palm oil production in MY 2023/24. Global palm oil production for MY 2024/25 is forecast at 80.2 million metric tons, down 0.3 million metric tons from last month's forecast. Lower output in Indonesia is only partly offset by a higher palm oil production in Thailand. With lower global palm oil supply, global palm oil trade and consumption are reduced this month. Global trade is forecast at 48.0 million metric tons, 0.8 million metric tons down from last month's forecast. The rising palm oil prices are expected to result in lower consumption. Palm oil prices (Malaysia, Free On Board (FOB)) surged to \$1,070.00 per metric ton in the first week of October, which is \$82.00 higher than the average price in September. The average palm oil price in September 2024 was \$988.00 per metric ton and nearly 19 percent higher than prices in September 2023 (figure 3). Similarly, soybean oil prices (Argentina, Up River, FOB) increased but to a lesser extent. The soybean oil price (Argentina, Up River, FOB) advanced to \$1,003.00 per metric tons in first week of October. As a result, palm oil prices were nearly \$70.00 higher compared with soybean oil prices on the FOB basis. Historically palm oil is a discount priced oil to soybean oil.

Figure 3

Historical monthly average prices for palm oil and soybean oil



FOB = Free On Board.

Date

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

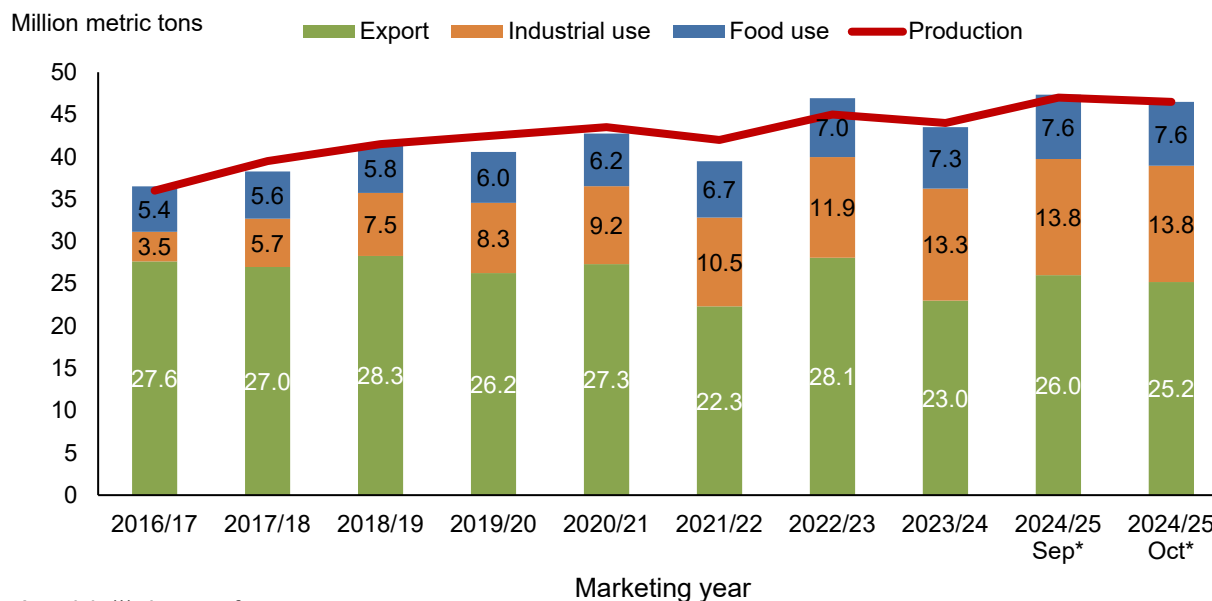
With higher palm oil prices, global palm oil consumption is lowered this month by 0.6 million metric tons to 78.5 million metric tons, whereas global soybean oil consumption increased marginally. The global palm oil ending stocks for MY 2024/25 are expected to decline to 16.1 million metric tons, down 1.5 million metric tons from last month's forecast and down 0.3 million metric tons from estimated stocks for MY 2023/24.

Indonesia's palm oil production in MY 2024/25 is reduced this month by 0.5 million metric tons to 46.5 million metric tons on lower yield. The yield is forecast at 3.32 tons per hectare, down 1 percent from last month's forecast but up nearly 2 percent from revised yield for MY 2023/24. The harvested acreage for palm is projected to increase 3 percent from revised acreage in MY 2023/24, reaching 14.0 million hectares.

In MY 2023/24, Indonesia's palm oil production is cut by 2.5 million metric tons to 44.0 million metric tons due to lower-than-expected harvested acreage and yield. The harvested area for palm in MY 2023/24 is revised down by 0.3 million hectares and stands at 13.5 million hectares. The palm oil yield is lowered by 3 percent from last month's forecast and stands at 3.26 tons per hectare. Domestic sources, including Indonesia Palm Oil Association (IPOA), reported that July production was down 2 percent, and year-to-date production was almost down 6 percent.

Due to lower palm oil production, Indonesia's palm oil exports for MY 2023/24 are reduced this month. The October 2023–August 2024 palm oil exports totaled 20.8 million metric tons, down 5.1 million metric tons from same period last year. Palm oil imports in China, India, Malaysia, Pakistan, and Tanzania in MY 2023/24 are reduced this month reflecting lower exports from Indonesia. Furthermore, Indonesia's palm oil exports forecast for MY 2024/25 is reduced this month by 0.8 million metric tons to 25.2 million metric tons. The domestic use of palm oil forecast in MY 2024/25 is slightly lower this month. Food consumption is supported by population growth and industrial use is driven by demand from biodiesel industry (figure 4). As a result of lower palm oil supply and nearly unchanged demand, MY 2024/25 palm oil ending stocks in Indonesia are expected to decline.

Figure 4
Indonesia's palm oil production and distribution



Asterisk (*) denotes forecast.

Source: USDA, Economic Research Service using data from USDA, Foreign Agricultural Service, *Production, Supply and Distribution* database, October 2024.

Malaysia's palm oil production forecast for MY 2024/25 is unchanged this month at 19.8 million metric tons. Palm oil imports are reduced this month by 0.2 million metric tons for both MY 2023/24 and MY 2024/25, on lower arrivals from Indonesia. With lower exports and domestic consumption, palm oil ending stocks in Malaysia are forecast at 2.1 million metric tons, down from last month's forecast.

Palm oil production is increasing in Thailand. Thailand's palm oil production forecast for MY 2024/25 is raised this month by 0.2 million metric tons to 3.7 million metric tons on higher yield. With larger supply, Thailand's palm oil exports are projected to reach a record high of 1.0 million metric tons. India, Kenya, and Myanmar are main destinations for Thailand's palm oil.

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