



Economic
Research
Service

Situation and
Outlook
Report OCS-15c

Release Date
March 12, 2015

Oil Crops Outlook

Mark Ash mash@ers.usda.gov

Soybean Prices Buoyed by Slow Start for Brazil Exports

[Oil Crops Chart Gallery](#) will be updated on March 12, 2015

The next release is April 13, 2015

Approved by the World Agricultural Outlook Board.

USDA made no changes to 2014/15 U.S. supply and use forecasts this month for soybeans, soybean meal, and soybean oil. Despite a big fluctuation in February prices, USDA's forecast of the 2014/15 average farm price is unchanged at \$9.45-\$10.95 per bushel. Price forecasts for soybean meal and soybean oil are also unchanged at \$350-\$390 per short ton and 30-34 cents per pound, respectively.

USDA lowered its 2014/15 forecast of Indian soybean meal exports by 600,000 metric tons this month to 1.65 million due to a slow pace of crushing. China's 2014/15 imports of rapeseed oil and palm oil are forecast lower this month to 1 million and 6.1 million tons, respectively.

Domestic Outlook

Seasonal Decline for U.S. Soybean Shipments is Underway

USDA made no changes this month to 2014/15 U.S. supply and use forecasts for soybeans, soybean meal, and soybean oil. Given robust demand for soybeans in the first half of the crop year, record exports and near-record domestic use are still likely. However, there are signs that demand for U.S. soybeans is starting to taper off. U.S. export inspections of soybeans declined to 159 million bushels in February, compared to 264 million in January and 193 million in February 2014. As of February 26, outstanding export sales of soybeans were below a year earlier.

On the other hand, large March stocks of soybeans will prevent new sales from slowing as rapidly as they did last year. The decline in shipments this summer could be less pronounced than the 2013/14 collapse. Even so, soybean price quotes in Brazil and Argentina for April-May delivery are below U.S. Gulf prices, so further declines in U.S. prices will soon be necessary to stay competitive.

U.S. Soybean Prices Supported by Brazil Shipping Delays

USDA's forecast of the 2014/15 average farm price is unchanged at \$9.45-\$10.95 per bushel. In January, central Illinois cash prices for soybeans dropped nearly \$1 per bushel and ended the month near \$9.50. Most of that decline was erased in February, however, as prices at this location rallied back to \$10.20 per bushel. Overall soybean prices rallied in February when competition for U.S. exports was reduced by a nearly 2-week disruption of Brazil soybean deliveries. Price forecasts for soybean meal and soybean oil are also unchanged at \$350-\$390 per short ton and 30-34 cents per pound, respectively.

Brazil soybean exports in February 2015 totaled 869,000 metric tons—a 4-year low and well below last year's record 2.8 million. The decline is partly related to slower harvest progress in Brazil, a result of delayed planting and frequent harvest-time rains. By early March, Brazil's soybean harvest was about 40 percent complete compared to 50 percent last year. February shipments from Brazil also stalled when truckers blocked major roads and access to ports. Nearly 60 percent of agricultural commodities in Brazil are still transported by truck, despite recent improvements in rail and barge capacity. Truckers were specifically protesting high fuel costs, although price inflation has accelerated for all goods in Brazil. The broader issue is reflected in the depreciation of the country's currency. Since July 2014, Brazil's exchange rate has lost 38 percent of its value against the U.S. dollar (and to its weakest ratio since 2004). Fuel taxes have also been hiked to counter the country's soaring public debt—similarly exacerbated by the deteriorating exchange rate.

U.S. prices began easing again by early March, when Brazil's Government reached a resolution of the roadblocks with truckers. Among the concessions offered were a reduction in highway tolls, a waiver of fines for overweight trucks, and suspension of repayments of government loans for truck purchases. Drivers were also satisfied by a promise to add more rest stops on federal highways—in higher demand after the 2012 passage of hours-of-service limits. Soybean shipments should accelerate quickly over the next few weeks. Farmers are being encouraged to accelerate soybean sales with the advancing harvest, limited storage capacity, and firm prices. A large lineup of vessels at ports is now waiting to accept the soybean deliveries.

International Outlook

Lower Argentine Soybean Area Estimate Offset by Good Yield Outlook

Soybean planting in Argentina is now complete for 2014/15. Final data for sown area did not show as much of an increase for soybeans as previously anticipated. USDA lowered its harvested area estimate for Argentine soybeans by 200,000 hectares this month to 19.8 million. Despite the lesser area, Argentine soybean production for 2014/15 was forecast unchanged at 56 million metric tons due to a slightly higher yield forecast.

Much of Argentina's main soybean growing region experienced its wettest February in decades. Excessive rains in parts of Cordoba and Santa Fe Provinces caused some isolated flooding. In the northern part of Buenos Aires Province, however, topsoils were drying up with scant February rainfall, though subsoil moisture was still adequate due to above-average September-February rainfall. Overall, soybean crops in Argentina are rated in mostly good-to-excellent condition.

Indian Soybean Meal Exports Stagnate

India was once a leading exporter of soybean meal but its current role in the global market is much diminished. A sluggish crushing pace has sharply reduced Indian soybean meal exports, which were down 71 percent for October-January 2015 compared to a year earlier. As a consequence, USDA lowered its 2014/15 forecast of Indian soybean meal exports this month by 600,000 tons to 1.65 million. At this level, India would fall to sixth in soybean meal exports behind Argentina, Brazil, the United States, Paraguay, and China.

Less Robust China Vegetable Oil Demand is Seen

A dimmer outlook for economic growth in China this year may temper the country's vegetable oil consumption. China's rapeseed oil imports for 2014/15 are forecast 300,000 tons lower this month to 1 million tons. This is only partly offset by a 100,000-ton increase for China's rapeseed imports and crush. Australia may provide the additional rapeseed supplies. This month, the 2014/15 Australian crop is estimated 113,000 tons higher to 3.413 million, prompting a higher export forecast (up 100,000 tons to 2.4 million).

Palm oil imports by China—the world's second-leading importer of the commodity—are also forecast 200,000 tons lower this month to 6.1 million. For 2013/14, China palm oil imports totaled 5.6 million tons. The country's cumulative palm oil imports for October-January 2015 were down 16 percent from a year earlier, but should soon rebound with warmer weather.

In Malaysia, underwhelming import demand from China is curtailing export shipments. Malaysian palm oil exports for 2014/15 are forecast 300,000 tons lower this month to 17.7 million. So, even with a substantial year-to-year decline in palm oil production for October 2014-February 2015 (1 million tons), the slower growth in demand is preventing further erosion of stocks in the country. Production

commonly reaches a seasonal low in February so stocks may soon start climbing again. Ample global vegetable oil supplies are sustaining the pressure on Malaysian palm oil prices, which in February 2015 averaged 14 percent lower than a year earlier.

Contacts and Links

Contact Information

Mark Ash, 202-694-5289, mash@ers.usda.gov
Verna Daniels, (202) 694-5301, vblake@ers.usda.gov

Subscription Information

Subscribe to ERS e-mail notification service at <http://www.ers.usda.gov/subscribe-to-ers-e-newsletters.aspx> to receive timely notification of newsletter availability. Printed copies can be purchased from the USDA Order Desk by calling 1-800-363-2068 (specify the issue number)

To order printed copies of the five field crop newsletters—cotton and wool, feed, rice, oil crops, and wheat—as a series, specify series SUB-COR-4043

Oil Crops Monthly Tables, (<http://www.ers.usda.gov/publications/ocs-oil-crops-outlook/>)

Oil Crops Chart Gallery, (<http://www.ers.usda.gov/data-products/chart-gallery.aspx>)

Data

Monthly tables from Oil Crops Outlook are available in Excel (.xls) spreadsheets at <http://www.ers.usda.gov/publications/ocs-oil-crops-outlook/>. These tables contain the latest data on the production, use, imports, exports, prices, and textile trade of cotton and other fibers.

Recent Report

Estimating the Substitution of Distillers' Grains for Corn and Soybean Meal in the U.S. Feed Complex http://www.ers.usda.gov/media/236568/fds11i01_2_.pdf. Corn-based dry-mill ethanol production and that of its coproducts—notably distillers' dried grains with soluble (DDGS)—has surged in the past several years. The U.S. feed industry has focused on the size of this new feed source and its impact on the U.S. feed market, particularly the degree that DDGS substitute for corn and soybean meal in livestock/poultry diets and reduce ethanol's impact on the feed market. This study develops a method to estimate the potential use of U.S. DDGS and its substitutability for corn and soybean meal in U.S. feed rations.

Related Websites

Oil Crops Outlook, <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1288> WASDE, <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1194> Oilseed Circular, http://www.fas.usda.gov/oilseeds_arc.asp Soybeans and Oil Crops Topic, <http://www.ers.usda.gov/topics/crops/soybeans-oil-crops.aspx>

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and, where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or a part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410 or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.

E mail Notification

Readers of ERS outlook reports have two ways they can receive an e-mail notice about release of reports and associated data.

- Receive timely notification (soon after the report is posted on the web) via USDA's Economics, Statistics and Market Information System (which is housed at Cornell University's Mann Library). Go to <http://usda.mannlib.cornell.edu/MannUsda/aboutEmailService.do> and follow the instructions to receive e-mail notices about ERS, Agricultural Marketing Service, National Agricultural Statistics Service, and World Agricultural Outlook Board products.

- Receive weekly notification (on Friday afternoon) via the ERS website. Go to <http://www.ers.usda.gov/subscribe-to-ers-e-newsletters.aspx> and follow the instructions to receive notices about ERS outlook reports, Amber Waves magazine, and other reports and data products on specific topics. ERS also offers RSS (really simple syndication) feeds for all ERS products. Go to <http://www.ers.usda.gov/rss/> to get started.

Tables

Table 1--Soybeans: Annual U.S. supply and disappearance

Year beginning September 1	Area		Yield	Supply				Use				Ending stocks
	Planted	Harvested		Beginning stocks	Production	Imports	Total	Crush	Seed & residual	Exports	Total	
	<i>Million acres</i>		<i>Bu./acre</i>					<i>Million bushels</i>				
2012/13	77.2	76.1	40.0	169	3,042	41	3,252	1,689	105	1,317	3,111	141
2013/14 ¹	76.8	76.3	44.0	141	3,358	72	3,570	1,734	98	1,647	3,478	92
2014/15 ²	83.7	83.1	47.8	92	3,969	25	4,086	1,795	116	1,790	3,701	385

Soybeans: Quarterly U.S. supply and disappearance

	Supply				Use			Ending stocks		
	Beginning stocks	Production	Imports	Total	Crush, seed & residual	Exports	Total			
	<i>Million bushels</i>									
2013/14										
September-November			140.6	3,358.0	7.5	3,506.0	675.8	676.6	1,352.4	2,153.6
December-February			2,153.6	---	8.4	2,162.0	448.0	720.2	1,168.2	993.8
March-May			993.8	---	18.6	1,012.4	414.9	192.5	607.4	405.0
June-August			405.0	---	37.3	442.3	292.9	57.4	350.3	92.0
Total				3,358.0	71.7	3,570.2	1,831.6	1,646.7	3,478.2	
2014/15										
September-November			92.0	3,968.8	7.5	4,068.3	720.3	824.4	1,544.7	2,523.7

¹ Estimated. ² Forecast. Note: 1 metric ton equals 36.744 bushels and 1 acre equals 2.471 hectares.

Sources: USDA, National Agricultural Statistics Service, *Crop Production* and *Grain Stocks* and U.S. Department of Commerce, U.S. Census Bureau, *Foreign Trade Statistics*.

Table 2--Soybean meal: U.S. supply and disappearance

Year beginning October 1	Supply			Disappearance			Ending stocks	
	Beginning stocks	Production	Imports	Domestic	Exports	Total		
	<i>1,000 short tons</i>							
2012/13	300	39,875	245	40,420	28,969	11,176	40,145	275
2013/14 ¹	275	40,685	336	41,296	29,496	11,550	41,046	250
2014/15 ²	250	43,100	250	43,600	30,500	12,800	43,300	300

¹ Estimated. ² Forecast. Note: 1 metric ton equals 1.10231 short tons.

Source: USDA, World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates*.

Table 3--Soybean oil: U.S. supply and disappearance

Year beginning October 1	Supply				Disappearance				Ending stocks	
	Beginning stocks	Production	Imports	Total	Domestic	Exports	Total			
	<i>Million pounds</i>									
2012/13	2,540	19,820	196	22,556	18,686	4,689	13,997	2,164	20,851	1,705
2013/14 ¹	1,705	20,130	165	22,000	18,958	4,950	14,008	1,877	20,835	1,165
2014/15 ²	1,165	20,580	160	21,905	18,350	4,700	13,650	2,050	20,400	1,505

¹ Estimated. ² Forecast. Note: 1 metric ton equals 2,204.622 pounds.

Source: USDA, World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates*.

Last update: 3/11/2015

Table 4--Cottonseed: U.S. supply and disappearance

Year beginning August 1	Supply				Disappearance				Ending stocks
	Beginning stocks	Production	Imports	Total	Crush	Exports	Other	Total	
<i>1,000 short tons</i>									
2012/13	430	5,666	182	6,278	2,500	191	3,094	5,786	492
2013/14 ¹	492	4,203	198	4,893	2,000	219	2,250	4,468	425
2014/15 ²	425	5,314	100	5,839	2,000	275	3,075	5,350	489

¹ Estimated. ² Forecast.Sources: USDA, National Agricultural Statistics Service, *Crop Production* and U.S. Department of Commerce, U.S. Census Bureau, *Foreign Trade Statistics*.

Table 5--Cottonseed meal: U.S. supply and disappearance

Year beginning October 1	Supply			Disappearance			Ending stocks	
	Beginning stocks	Production	Imports	Total	Domestic	Exports		Total
<i>1,000 short tons</i>								
2012/13	50	1,125	0	1,175	1,012	113	1,125	50
2013/14 ¹	50	900	0	950	811	89	900	50
2014/15 ²	50	900	0	950	795	105	900	50

¹ Estimated. ² Forecast.Source: USDA, Foreign Agricultural Service, *PS&D Online*.

Table 6--Cottonseed oil: U.S. supply and disappearance

Year beginning October 1	Supply				Disappearance			Ending stocks
	Beginning stocks	Production	Imports	Total	Domestic	Exports	Total	
<i>Million pounds</i>								
2012/13	100	800	20	920	599	221	820	100
2013/14 ¹	100	630	32	762	514	148	662	100
2014/15 ²	100	640	20	760	510	150	660	100

¹ Estimated. ² Forecast.Source: USDA, Foreign Agricultural Service, *PS&D Online*.

Table 7--Peanuts: U.S. supply and disappearance

Year beginning August 1	Area		Yield	Supply				Disappearance				Ending stocks	
	Planted	Harvested		Beginning stocks	Production	Imports	Total	Domestic food	Crush	Seed and residual	Exports		Total
<i>Million pounds</i>													
2012/13	1,638	1,604	4,211	1,003	6,754	119	7,876	2,735	656	524	1,190	5,105	2,771
2013/14 ¹	1,067	1,043	4,001	2,771	4,173	88	7,032	2,886	663	530	1,096	5,174	1,858
2014/15 ²	1,354	1,325	3,932	1,858	5,210	65	7,133	2,979	656	514	1,140	5,289	1,844

¹ Estimated. ² Forecast.Sources: USDA, National Agricultural Statistics Service, *Crop Production* and *Peanut Stocks and Processing*, and U.S. Department of Commerce, U.S. Census Bureau, *Foreign Trade Statistics*.

Last update: 3/11/2015

Table 8--Oilseed prices received by U.S. farmers

Marketing year	Soybeans ¹	Cottonseed ²	Sunflowerseed ¹	Canola ³	Peanuts ²	Flaxseed ³
	\$/bushel	\$/short ton	\$/cwt.	\$/cwt.	Cents/pound	\$/bushel
2004/05	5.74	107.00	13.70	10.70	18.90	8.07
2005/06	5.66	96.00	12.10	9.62	17.30	5.94
2006/07	6.43	111.00	14.50	11.90	17.70	5.80
2007/08	10.10	162.00	21.70	18.30	20.50	13.00
2008/09	9.97	223.00	21.80	18.70	23.00	12.70
2009/10	9.59	158.00	15.10	16.20	21.70	8.15
2010/11	11.30	161.00	23.30	19.30	22.50	12.20
2011/12	12.50	260.00	29.10	24.00	31.80	13.90
2012/13	14.40	252.00	25.40	26.50	30.10	13.80
2013/14	13.00	246.00	21.40	20.60	24.90	13.80
2014/15 ¹	9.45-10.95	175-215	20.25-22.75	15.90-18.40	20.25-22.75	11.25-12.75
2013/14						
September	13.30	186.00	22.40	20.70	25.30	13.10
October	12.50	283.00	22.80	20.70	26.00	13.40
November	12.70	248.00	20.70	20.30	26.60	13.40
December	13.00	246.00	18.80	20.70	24.60	13.40
January	12.90	230.00	19.60	19.80	25.40	13.80
February	13.20	226.00	22.80	18.50	24.30	13.80
March	13.70	NA	21.60	18.40	25.00	13.50
April	14.30	NA	22.30	19.50	24.20	13.90
May	14.40	NA	24.10	21.70	23.70	14.90
June	14.30	NA	22.80	20.80	20.00	14.40
July	13.10	NA	22.10	20.70	21.70	14.00
August	12.40	182.00	22.40	17.80	22.10	13.30
2014/15						
September	10.90	175.00	20.20	16.20	21.50	11.70
October	9.97	201.00	22.80	15.60	21.00	11.50
November	10.20	198.00	19.80	17.10	21.40	11.60
December	10.30	186.00	19.60	16.60	21.00	11.40
January	10.30	191.00	19.30	17.80	22.50	11.70

¹ September-August. ² August-July. ³ July-June.

NA = Not available. cwt.=hundredweight.

Source: USDA, National Agricultural Statistics Service, *Agricultural Prices*.

Last update: 3/11/2015

Table 9--U.S. vegetable oil and fats prices

Marketing year	Soybean oil ²	Cottonseed oil ³	Sunflowerseed oil ⁴	Canola oil ⁴	Peanut oil ⁵	Corn oil ⁶	Lard ⁶	Edible tallow ⁶
<i>Cents/pound</i>								
2004/05	23.01	28.01	43.71	30.78	53.63	27.86	21.80	18.48
2005/06	23.41	29.47	40.64	31.00	44.48	25.18	21.74	18.16
2006/07	31.02	35.70	58.03	40.57	52.99	31.80	28.43	27.32
2007/08	52.03	73.56	91.15	65.64	94.53	69.40	40.85	41.68
2008/09	32.16	37.10	50.24	39.54	78.49	32.75	26.72	25.47
2009/10	35.95	40.27	52.80	42.88	59.62	39.29	31.99	32.26
2010/11	53.20	54.50	86.12	58.68	77.24	60.76	51.52	51.34
2011/12	51.90	53.22	83.20	57.19	100.15	56.09	48.11	50.33
2012/13	47.13	48.60	65.87	56.17	91.83	46.66	51.80	43.24
2013/14	38.23	60.66	59.12	43.70	68.23	39.43	43.93	39.76
2014/15 ¹	30.0-34.0	41.5-45.5	59.0-63.0	36.5-40.5	56.0-60.0	32.0-36.0	34.0-38.0	30.0-34.0
2013/14								
October	39.66	41.19	60.50	44.88	81.00	37.85	43.00	33.17
November	39.58	42.05	57.40	45.05	78.70	38.79	48.00	38.88
December	37.63	43.19	57.00	42.63	75.38	38.31	41.50	39.62
January	34.95	47.10	57.00	39.75	65.70	38.79	33.00	35.84
February	37.11	57.81	57.00	42.56	62.06	41.07	38.00	35.67
March	40.82	69.94	58.00	45.75	59.06	43.19	40.67	41.63
April	41.87	75.00	59.00	47.63	57.75	41.94	53.00	45.50
May	40.68	84.25	59.00	47.50	57.20	41.02	NA	47.00
June	39.84	83.31	57.50	46.00	58.25	40.01	45.00	42.00
July	37.60	73.15	61.00	43.63	58.63	39.02	NA	40.83
August	35.04	61.25	63.00	40.10	62.80	38.00	46.50	40.90
September	33.99	49.63	63.00	38.94	61.75	35.17	50.67	36.07
2014/15								
October	34.10	41.45	63.00	39.45	59.95	34.50	48.00	30.33
November	33.45	40.75	61.75	38.94	60.63	33.96	42.81	35.05
December	32.56	40.31	58.00	39.25	60.13	33.68	35.91	36.11
January	32.33	44.95	63.00	38.80	56.15	34.86	29.50	31.20
February ¹	31.57	48.81	65.63	38.94	55.56	36.13	28.00	31.38

¹ Preliminary. ² Decatur, IL. ³ PBSY Greenwood, MS. ⁴ Midwest. ⁵ Southeast mills. ⁶ Chicago.

NA = Not available.

Sources: USDA, Agricultural Marketing Service, *Monthly Feedstuff Prices* and *Milling and Baking News*.

Last update: 3/11/2015

Table 10--U.S. oilseed meal prices

Marketing year	Soybean meal ²	Cottonseed meal ³	Sunflowerseed meal ⁴	Peanut meal ⁵	Canola meal ⁶	Linseed meal ⁷
<i>\$/Short ton</i>						
2004/05	182.90	124.04	85.50	118.34	139.75	115.55
2005/06	174.17	144.27	77.46	106.98	140.52	115.53
2006/07	205.44	150.36	104.88	100.00	173.50	133.01
2007/08	335.94	253.81	172.81	NA	251.32	228.81
2008/09	331.17	255.23	152.46	NA	248.82	220.89
2009/10	311.27	220.90	151.04	NA	224.92	209.23
2010/11	345.52	273.84	219.72	NA	263.63	240.65
2011/12	393.53	275.13	246.75	NA	307.59	265.68
2012/13	468.11	331.52	241.57	NA	354.22	329.31
2013/14	489.94	377.71	238.87	NA	359.70	337.23
2014/15 ¹	350-390	275-315	175-215	NA	280-320	215-255
2013/14						
October	443.63	355.00	236.25	NA	334.95	363.75
November	451.13	345.00	246.88	NA	342.86	316.25
December	498.10	401.88	277.50	NA	373.60	328.75
January	479.54	375.63	283.75	NA	365.48	330.00
February	509.25	388.75	285.00	NA	384.21	377.50
March	495.71	401.25	271.25	NA	383.68	413.75
April	514.01	405.50	267.50	NA	398.39	388.00
May	519.38	416.88	265.00	NA	407.14	355.00
June	501.72	412.50	250.00	NA	387.65	323.75
July	450.79	359.50	192.50	NA	317.81	295.00
August	490.32	310.00	151.25	NA	303.74	252.50
September	525.72	360.63	139.50	NA	316.94	302.50
2014/15						
October	381.50	346.88	162.50	NA	301.75	214.38
November	441.39	313.13	208.13	NA	356.31	283.75
December	431.73	332.50	245.00	NA	349.31	287.50
January	380.03	313.75	247.50	NA	311.56	250.00
February ¹	370.38	302.50	225.63	NA	296.21	230.63

¹ Preliminary. ² High-protein Decatur, IL. ³ 41-percent Memphis. ⁴ 34-percent North Dakota-Minnesota.

⁵ 50-percent Southeast mills. ⁶ 36-percent Pacific Northwest. ⁷ 34-percent Minneapolis.

NA= Not available.

Source: USDA, Agricultural Marketing Service, *Monthly Feedstuff Prices*.

Last update: 3/11/2015