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Oil Crops Outlook

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Outlook for 2016/17 Soybean Prices Strengthens as Demand Draws Down Stocks

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USDA forecasts the 2016/17 soybean crop down 3 percent to 3.8 billion bushels based on farmer intentions for a 1-percent decline in sown acreage (to 82.2 million acres) and a lower expected yield. A trend yield for soybeans in 2016/17 is estimated at 46.7 bushels per acre. USDA forecasts a strong recovery in new-crop exports to an all-time high of 1.885 billion bushels. Similarly, record crush demand, at a forecast 1.915 billion bushels in 2016/17, is based on equivalent increases for soybean meal exports and domestic use. The combined increase in crush and export demand could slash season-ending soybean stocks by 24 percent to 305 million bushels. For 2016/17, USDA forecasts the U.S. season-average farm price at \$8.35-\$9.85 per bushel.

USDA forecasts global soybean production 3 percent higher for 2016/17 to 324.2 million metric tons as gains for Brazil, India, Ukraine, and South Africa are expected to offset smaller harvests in the United States and Canada. Global production of rapeseed in 2016/17 may slip 3 percent to 66.1 million tons with lower sown area in Canada, Ukraine, and China. Global production of sunflowerseed for 2016/17 is projected up 5 percent to 41.2 million tons with production gains for EU, Ukraine, Russia, and Argentina. Improved palm oil crops in Indonesia and Malaysia will expand global production by 6 percent in 2016/17 to 65.4 million tons.

Smaller Soybean Crop, Record Use in 2016/17 to Shrink U.S. Stocks

USDA forecasts the 2016/17 soybean crop at 3.8 billion bushels, which if realized, would be 3 percent lower than last year's harvest. Lower soybean production is based on intentions for a 1-percent decline in sown acreage (to 82.2 million acres) and a lower expected yield. A trend yield for soybeans in 2016/17 is estimated at 46.7 bushels per acre, compared to last year's record average yield of 48 bushels.

Despite a moderately smaller U.S. soybean crop forecast, higher beginning stocks may edge the total supply 2 percent higher to a record 4.23 billion bushels. Even so, the forecast carryin (400 million bushels) is down 40 million bushels from last month. Forecasts of 2015/16 soybean exports and domestic use have revived partly due to weather-related harvest delays and crop losses in Argentina.

For 2015/16, a final tally of U.S. soybean exports is forecast up 35 million bushels from last month's forecast, to 1.74 billion bushels. An improved outlook for the domestic soybean crush, which is raised 10 million bushels to 1.88 billion, also contributes to a lower expected carryover. The export market is expected to absorb the additional output of soybean meal, with U.S. shipments forecast up 300,000 short tons in 2015/16 to 11.5 million.

In 2016/17, U.S. soybean exports would benefit from further tightening of South American soybean supplies and global rapeseed supplies. USDA forecasts a recovery in the U.S. share of global trade, with the potential for new-crop exports to surge to an all-time high of 1.885 billion bushels. Similarly, record crush demand is seen in 2016/17 at 1.915 billion bushels based on equivalent increases for soybean meal exports and domestic use. Exports of U.S. soybean meal are forecast up 4 percent from 2015/16 to 12 million short tons as the rate of shipments slows from Argentina and Brazil. Domestic soybean meal consumption may grow more slowly compared to the previous 2 years but is forecast to register a 1.5-percent increase to 33.8 million tons. The combined increase in soybean demand could slash season-ending stocks by 24 percent to 305 million bushels in 2016/17.

A declining surplus of soybean stocks would reverse a 3-year downward trend in prices, which have already strengthened substantially this spring. For 2016/17, USDA forecasts the U.S. season-average farm price at \$8.35-\$9.85 per bushel, compared to a 2015/16 average of \$8.85 per bushel. Although harvest-time soybean prices are likely to be considerably lower, the current price rally is providing farmers an opportunity to forward contract for fall delivery in a range of \$9.75-\$10.25 per bushel. Central Illinois soybean meal prices also rallied in April to an average \$304 per short ton (from the March average of \$276). This was set off by crop losses in Argentina—the world's top exporter of soybean meal. Support for prices is also bolstered by an appreciation of major foreign currencies against the U.S. dollar to their highest levels in nearly a year. The 2016/17 average price for soybean meal is forecast at \$300-\$340 per short ton versus \$310 for 2015/16.

For soybean oil, demand gains in 2016/17 may also exceed the increase in supplies. Domestic use of soybean oil is forecast growing nearly 4 percent to 20.3 billion pounds. Based on higher mandated blending levels for 2016 and 2017, soybean oil

consumption for biodiesel may expand 5.5 percent to 5.8 billion pounds. A nearly 3-percent growth in the edible use of soybean oil may follow from the minimal supply increases for other vegetable oils. Shrinking soybean and soybean oil stocks would likely extend the upward trend in prices since last fall. The 2016/17 average price for soybean oil is forecast at 30.5-33.5 cents per pound compared to the 2015/16 average of 30 cents.

Lower U.S. Canola Supplies Expected to Spur Oil and Meal Trade

U.S. planting intentions for canola are down slightly in 2016/17 to 1.75 million acres from 1.78 million last year. If canola yields also decline from the 2015/16 record, domestic production could fall 3 percent. Canola demand for 2016/17 is forecast down by 5 percent to 3.53 billion pounds, with the forecast crush down by 183 million pounds from the previous year to 3.22 billion pounds. Although domestic production of canola oil in 2016/17 may be slightly lower, consumption could be supported with a 3-percent increase in U.S. imports to 3.8 billion pounds. Canola meal exports are also forecast to be up 3 percent from 2015/16 to 4.35 million short tons.

Lower Sunflowerseed Production May Offset Higher Beginning Stocks

In 2016/17, sunflowerseed planted area may decline 9 percent from the previous year. Total U.S. sunflowerseed production is forecast 16 percent lower to 2.45 billion pounds as yields retreat from last year's record. Season-ending stocks in 2015/16 of all sunflowerseed types are forecast to be at their highest level since 2009/10, at 357 million pounds. The excess carryover stocks will discourage non-oil type production in 2016/17, which is forecast declining 33 percent from 2015/16. Also, oil-type sunflowerseed production is forecast down 12 percent from the previous year. However, the decline in all-type sunflowerseed production in 2016/17 may exceed the higher carryover, so total supplies may decline from 3.29 billion in 2015/16 to 2.98 billion pounds. Higher expected crush demand for 2016/17 (up 11 percent to 1.3 billion pounds) is forecast to raise sunflowerseed oil production to 545 million pounds.

Robust Peanut Exports Seen With a Record Supply

From USDA's *Prospective Planting* report, the intended planting for peanuts in 2016/17 is down 9 percent to 1.48 million acres. Beginning stocks of peanuts for 2016/17 are forecast at a record high of 2.956 billion pounds, which is 854 million pounds higher than the previous year's beginning stocks. This would more than offset an expected 456-million-pound reduction in the 2016/17 crop to 5.76 billion pounds. Domestic food consumption is forecast up 3 percent for 2016/17 to 3.04 billion pounds. Continued low prices are expected to increase export demand for U.S. peanuts by 15 percent to a record 1.3 billion pounds. Despite record use, season-ending peanut stocks are forecast to stay near the 2015/16 level.

A Higher Supply of Cottonseed to Boost Demand

U.S. cottonseed production for 2016/17 is forecast up 23 percent to 4.98 million short tons. Supply is projected up 20 percent from last year to 5.37 million short tons. The expected increase in cottonseed production is mostly based on data from the *Prospective Plantings* report, where intended cotton area planted for 2016/17 is up 11 percent to 9.56 million acres. As of May 8, 26 percent of cotton acres were planted—on par with the 5-year average. A prospective supply increase led USDA to raise its forecast domestic crush to 1.9 million short tons from 1.5 million in 2015/16. U.S. cottonseed exports in 2016/17 could also rebound to 250,000 short tons from 100,000 in 2015/16.

Lower Global Soybean Stocks Are Forecast With Modest Output Gains

USDA forecasts global soybean production 3 percent higher for 2016/17 to 324.2 million metric tons. Production gains for Brazil, India, Ukraine, and South Africa are expected to offset smaller harvests in the United States and Canada. Even so, more global soybean trade in 2016/17 may be ceded to U.S. exporters, who will be able to draw from an ample supply. Global soybean consumption in 2016/17 is anticipated to grow faster than production. When that outlook is coupled with a lower estimate of 2015/16 stocks, global ending soybean stocks in 2016/17 could contract by 8 percent to 68.2 million tons.

In Brazil, the rally in soybean prices has been more subdued than realized by the U.S. market. Since January, Brazil's exchange rate has appreciated 13 percent against the U.S. dollar with optimism for an eventual resolution of its political crisis. Price gains for soybeans in Brazil still have not quite countered a major increase over the past year in farm input and interest rate costs. And for farmers in southern Brazil, strong corn prices may divert acreage from soybeans. The situation leads to a potentially slower expansion in Brazil's 2016/17 soybean area—up 3 percent to 34.2 million hectares—than in previous years. Assuming average soybean yields in Brazil, 2016/17 production is forecast to rise 4 percent to 103 million tons.

Due to excessive dryness in Brazil's northeastern growing region, old-crop soybean production for 2015/16 is forecast 1 million tons lower this month to 99 million. Robust Chinese demand for soybeans in 2015/16 is also expected to swell the exports from Brazil by 18 percent to a record 59.5 million tons. However, that could shrink Brazil's stocks carryover in October by 3.2 million tons compared to a year earlier. With a negligible gain for 2016/17 total supplies, Brazilian new-crop exports may be bound near 60.2 million tons.

In Argentina, production incentives for corn and wheat greatly improved in December with the elimination of export licensing and export taxes on the crops. Argentinian wheat area for 2016/17 is expected to soar 28 percent while corn area is seen 24 percent higher. An added bonus to farmers is the opportunity to re-establish better crop rotations by shifting more cropland from soybeans to grains production. But expected farm returns for soybeans are better, too, so any contraction in its area may be limited by more double-cropping following wheat. A modest decline in sown area for 2016/17 could constrain Argentine soybean production to 57 million tons. In addition, old-crop soybean production for 2015/16 is estimated 2.5 million tons lower this month (to 56.5 million) on account of damage from April flooding. For much of the Provinces of Santa Fe and Entre Rios, April rainfall was 150 percent above the historical average. Similar soybean crop losses were suffered in neighboring Uruguay and led to a lowering of USDA's 2015/16 production estimate by 710,000 tons to 2.4 million.

The liberalization of Argentine agriculture in 2015/16 is expected to swell the old-crop domestic soybean crush by 14 percent to 45.7 million tons. However, for 2016/17, the soybean crush may slip to 44.3 million tons due to a reduction (4.4 million tons) in new-crop supplies and reinvigorated export competition. By October 2017, Argentine soybean stocks may continue to tighten and export

demand may also be squeezed by the drawdown of supplies. Argentine soybean exports are forecast to decline 7 percent in 2016/17 to 10.65 million tons.

Policy Changes Influence China Soybean Production and Demand

Early this year, China announced the end of a 9-year policy of accumulating corn into the state grain reserve for the main production region in the northeast. Government support prices for corn were also abolished and domestic prices are expected to decline sharply to compete with the price and quality of foreign supplies. Erosion of the price level would discourage corn planting and gradually reduce the country's burdensome level of stocks. Corn price supports in China are to be replaced by a target price regime that would support farm incomes with government payments equal to the difference between a target price and market prices. Yet, with spring planting already well underway, farmers are still uncertain of the level of support for corn as the Government has not yet announced this year's corn target price, auction policy, or other terms for state-owned firms buying corn from producers.

For producers in northeastern China, these policy changes have great meaning. The absence of a preferential policy framework for corn may now tilt production incentives back to wheat and rice (which still have price supports) and soybeans. The region already had a target price system for soybeans in place and its 2016 level is known. Although domestic soybean prices have also declined, their price ratio relative to corn is now near an 8-year high and could reverse a nearly one-third decline in China soybean area over the last decade. For 2016/17, soybean area is seen increasing 5 percent to 6.8 million hectares. Assuming a trend yield, soybean production in China would increase 3 percent in 2016/17 to 12.2 million tons.

The level to which corn prices settle in China has some bearing on the demand for soybeans and soybean meal, as well. Formerly, high domestic corn prices encouraged greater consumption of sorghum, distiller's grains, and soybean meal as lower-cost energy feeds. So if lower prices expand consumption of domestic corn supplies in China, it could limit soybean meal for use exclusively as a protein supplement. On the other hand, soybean demand may be buoyed by scarcer supplies of other oilseeds. USDA forecasts 2016/17 soybean imports for China at 87 million tons, compared to 83 million in 2015/16.

A dramatic recovery is likely for Indian soybean production in 2016/17 after crop failures slashed last year's harvest to a 10-year low. An expansion of the sown area and a return to more normal yields may swell the 2016/17 soybean crop by 59 percent to 11.7 million tons. Last year's disappointing crop virtually erased any surplus in the Indian soybean meal supply. In 2015/16, no more than 100,000 tons of Indian soybean meal exports may be shipped, but exports are forecast to rebound in 2016/17 to 1.8 million tons.

Excluding China, international trade in soybean meal may expand more rapidly than the soybeans. A greater availability of foreign supplies could boost European Union soybean meal imports by 5 percent in 2016/17 to 21.7 million tons. However, minimal gains are expected for EU protein meal consumption, so any expansion in imports of soybean meal would suppress soybean demand by domestic crushers. EU

soybean imports for 2016/17 are then seen slipping 4.5 percent to 12.6 million tons. Thailand, Vietnam, and South Korea—where access to a traditional supply of Indian soybean meal should improve—are also likely to favor soybean meal over soybeans.

Global Rapeseed Market Seen Tightening in 2016/17

Global production of rapeseed in 2016/17 may slip 3 percent to 66.1 million tons as its area stagnates. Lower sown area in Canada, Ukraine, the EU, and China could more than offset increases for Australia and India. Crop reductions for major exporting countries may curtail rapeseed imports, particularly for China and the EU.

Planting intentions for canola this year are down 4 percent in Canada, principally in Alberta and Saskatchewan. Barley and pulse crops have more favorable price prospects than canola for farmers in both Provinces. Canadian harvested area for canola in 2016/17 is expected at 7.75 million hectares. Provided Canada has no abnormal weather, a 10-percent decline in canola production is forecast at 15.5 million tons. If realized, this could precipitate an 8-percent decline in 2016/17 canola exports from Canada to 8.55 million tons. A smaller Canadian supply of canola may also trim the domestic crush (to 8 million tons from 8.1 million in 2015/16) as well as exports of canola meal. Despite lower use, season-ending canola stocks could fall by more than half.

In Ukraine, an autumn drought necessitated sowing the 2016/17 rapeseed crop into very dry soils. The rapeseed area for harvest in Ukraine is forecast to plunge 26 percent from last year to 500,000 hectares—a 10-year low. While spring moisture conditions in Ukraine have improved since planting, poor establishment of the crop prior to its winter dormancy irreversibly stunted rapeseed yields. An expected crop of 1.3 million tons would be Ukraine's smallest rapeseed harvest since 2012/13. A deteriorating economy has led to a depreciation of Ukraine's exchange rate by 22 percent since May 2015. Despite the improved competitiveness in foreign markets, Ukraine's rapeseed shipments will be constrained by the production shortfall. Ukraine rapeseed exports, which are predominantly shipped to the EU, could shrink to 1 million tons from 1.4 million in 2015/16.

In contrast, Australian canola production is forecast 10 percent higher for 2016/17 to 3.3 million tons based on higher sown area. Last year, canola area in Australia dropped to a 5-year low but could rebound 8 percent in 2016/17 to 2.6 million hectares. Higher canola area in Australia is encouraged by currently favorable soil moisture for planting and brighter price prospects compared to wheat and barley. Australian export opportunities may improve in 2016/17 with reduced competition from Canada and Ukraine but a modest production gain may allow exports to increase only slightly to 2.5 million tons from 2.4 million in 2015/16.

The EU area for rapeseed in 2016/17 is down 2 percent—primarily in Poland and United Kingdom. After a mild winter and above-average March-April rainfall, the crop is generally in excellent condition. Rapeseed development is now advancing well as flowering is underway throughout Europe. With less sown area and an above-average expected yield, EU rapeseed production is forecast to decline 1 percent in 2016/17 to 21.8 million tons. EU total supplies are likely to be rationed by shrinking carryover stocks and reduced availability of imports. Tighter constraints on exporter supplies could depress EU rapeseed imports in 2016/17 by

18 percent to 2.3 million tons and thereby reduce the crush 5 percent to 23.1 million tons.

In recent years, China has been well supplied with low-cost imported rapeseed. China's state reserve was simultaneously purchasing rapeseed oil produced from domestic harvests at above-market prices. Subsidies to crushers were a way to support domestic farmers. However, by supporting domestic prices well above the cost of rapeseed imports, reserve stocks swelled. Government support for prices is now being withdrawn to reduce the stocks. China ended its procurement of rapeseed oil last year but large inventories remain. Lacking a subsidy, low market prices may have curbed Chinese rapeseed area by 4 percent this year to 7 million hectares. Lower crop yields are also anticipated after excessive rainfall this spring in the Yangtze Valley—a major production region. USDA forecasts 2016/17 rapeseed production in China at a 6-year low of 13.3 million tons. Chinese imports of rapeseed in 2016/17 could be curtailed to 3.8 million tons by tighter exporter supplies and if implemented as proposed—a more restrictive allowance for foreign material in imports. Under these circumstances, season-ending stocks of rapeseed oil in China could fall more substantially to replace lower production.

Crop Gains Brighten Prospects for Sunflowerseed Crushers

Global production of sunflowerseed for 2016/17 is projected up 5 percent to 41.2 million tons. EU and Ukraine farms may contribute the largest production gains for sunflowerseed, with smaller increases anticipated for Russia and Argentina.

EU farmers may view sunflowerseed as an attractive alternative to corn in 2016/17 and expand its area 2 percent to 4.25 million hectares. The most pronounced area gains for sunflowerseed are likely in Spain, Bulgaria, and Romania. However, EU sunflowerseed production is forecast to increase 11 percent to 8.4 million tons due to a sharp recovery in yields. In 2015/16, summer heat and drought slashed sunflowerseed yields in Romania, France, and Spain. A higher rate of sunflowerseed crush would boost the domestic output of oil, but EU imports of sunflowerseed oil could also strengthen to supplement a lower supply of rapeseed oil.

In Ukraine, sunflowerseed remains one of the most profitable crops to grow as its production costs are among the lowest. More cropland is also available to sow sunflowerseed after a decline in the winter crop area, although planting of other spring crops such as corn and soybeans may benefit as well. Ukraine sunflowerseed area for 2016/17 is expected 5 percent higher to 5.5 million hectares. Provided the upward trend in the yield continues, Ukraine sunflowerseed production is forecast expanding to a record 12 million tons this year. An abundant supply could then raise the sunflowerseed crush to an all-time high 11.8 million tons. Nearly all of the production gain for sunflowerseed oil could be accounted for with higher exports, with 2016/17 trade capable of expanding 10 percent to 4.5 million tons.

Russian sunflowerseed area in 2016/17 is forecast to increase 5 percent to 6.8 million hectares. Production of sunflowerseed is seen increasing nearly 4 percent from 2015/16 to a record 9.5 million tons. A higher Russian crush in 2016/17 could

expand exports of sunflowerseed oil to 1.65 million tons, although higher domestic use may also be supported.

Improved production incentives in Argentina could encourage a rebound in sunflowerseed area in 2016/17 to 1.4 million hectares versus 1.25 million in 2015/16. Farm prices in Argentina were dramatically boosted with the elimination of export taxes for sunflowerseed/sunflowerseed products and the devaluation of the peso. Based on a higher area, Argentine sunflowerseed production in 2016/17 is projected up 12 percent to 2.8 million tons. Even so, the sunflowerseed crush could stagnate at 2.9 million tons due to a much larger decline in the country's beginning stocks.

Higher Yields of Cottonseed and Peanuts May Counter Area Declines

USDA estimates a 5.5-percent increase for global cottonseed production in 2016/17 to 39.1 million tons. Output gains in India, Pakistan, and the United States could more than offset a reduction for China, where the outlook for cotton farmers this year continues to dim. By the end of 2015/16, China may hold more than 60 percent of the world stocks of cotton. A prolonged slide in cotton prices could be further undermined by efforts to expand sales of Government reserves and reduce them to a more reasonable level. The target price for Xinjiang cotton producers has been reduced while growers in other Provinces receive an even lower subsidy. The dim price outlook may extend a 12-year downward trend in cotton area in 2016/17 with an expected 9-percent decline to 3.1 million hectares. Even with a modest improvement in the average yield, 2016/17 cottonseed production in China could fall 5 percent to 8.8 million tons. A reduction in supplies will primarily affect the processors of cottonseed oil.

Production incentives for other cotton-exporting countries may also be tempered as it is unlikely that China's imports will exceed its WTO commitment. China was formerly the top market for Indian cotton but now exporters are seeking more stable alternatives. Indian cotton area could shrink 4 percent in 2016/17 to 11.9 million hectares. Last year, yield losses for cotton surged due to severe pest infestations. For 2016/17, Indian cottonseed output may expand by 6 percent to 12.1 million tons with the likely improvement in crop yields. Similarly, Pakistan cotton area may decline nearly 4 percent to 2.7 million hectares. Last year's flood-damaged cotton crop should be followed up by a recovery in Pakistan yields, which could boost 2016/17 cottonseed production by 30 percent to 3.9 million tons. Cottonseed oil is the top domestically produced oil in Pakistan, so any increase in supply would moderate growth in palm oil imports.

For peanuts, global production for 2016/17 is forecast down 1 percent to 40.2 million tons. Production declines for the United States and Sudan may more than offset increases for China, India, and Argentina. For many years, Indian peanut area has been pressured downward by competition with other crops. At 4.6 million tons, Indian production of peanuts for 2016/17 is forecast 4 percent above 2015/16. The vast majority of peanuts in India are crushed, so supplies of peanut oil will modestly improve.

Peanut growers in China are seen expanding 2016/17 area by 2 percent to 4.7 million hectares. Peanut yields, however, are unlikely to top last year's level—the second-highest ever in China. Slightly lower yields would temper the increase in

2016/17 production—at 16.9 million tons—to 1 percent. Most of the production gain may be consumed domestically, with little impact on China’s peanut exports, which are forecast steady at 500,000 tons.

Global Output Gains Seen for Vegetable Oil But Tight Markets To Persist

Despite an anticipated recovery in palm oil production, global supplies of all vegetable oils in 2016/17 could stay tight. A key element of this outlook is an expected production deficit of rapeseed oil. In contrast, production gains for palm oil and sunflowerseed oil could expand the market shares of global vegetable oil trade for both oils. In 2015/16, global soybean oil exports expanded robustly by 10 percent. For 2016/17, however, a waning of Indian soybean oil imports may trim global trade by 3 percent to 11.8 million tons. This market reversal most affects Argentina—the world’s top exporter of soybean oil. Argentine processors may reduce shipments in 2016/17 by 2 percent to 6 million tons.

USDA forecasts that improved palm oil crops in Indonesia and Malaysia will expand global production by 6 percent in 2016/17 to 65.4 million tons. Palm oil production by Indonesia—the global leader—is forecast 6 percent higher in 2016/17 to a record 35 million tons. A rebound in yields is assumed with a return to more normal rainfall in the country, which endured many months of below-average precipitation last year.

Tighter supplies for palm oil have narrowed its price discount with other oils to the lowest level in a year. Once prices begin to ease again, demand for Indonesian palm oil will improve. Indonesian exports for 2016/17 could edge up 5 percent to 25.75 million tons. Gains in domestic use of palm oil in Indonesia are led by industrial consumption, which is projected to increase 12 percent in 2016/17 to 2.8 million tons. Indonesia promotes domestic consumption of palm oil by subsidizing the difference between the costs of biodiesel and diesel. Funding is provided by a tax on palm oil exports and expands as shipments rise. Although ambitious domestic blending targets for biodiesel have been set, the fund can be depleted when there is a large price spread with diesel, which restricts the volume that can be consumed. In contrast, the outlook for Indonesian biodiesel exports in 2016/17 is dim due to minimal consumption growth in Europe, the primary import market.

Similarly, Malaysian palm oil production may rebound—assuming yields are restored to a trend level with a return of more favorable rainfall. Malaysian output for 2016/17 is forecast up 8 percent in 2016/17 to 21 million tons. However, the 2015/16 production deficit may draw down Malaysian palm oil stocks by October to a 7-year low and partly offset an increase in new-crop production. A modest increase of total supplies for 2016/17 may boost Malaysian palm oil exports by 2 percent to 18 million tons. But the expected growth in demand may preclude a recovery in 2016/17 season-ending stocks.

While USDA anticipates a 20-percent rebound in Indian oilseed production for 2016/17, the country will remain the world’s largest importer of vegetable oil. Total consumption of vegetable oil in India is forecast to grow 6 percent in 2016/17 to 22.7 million tons. Palm oil imports—the largest component of that vegetable oil demand—may rise 8 percent in 2016/17 to 10.25 million tons. Demand growth for

sunflowerseed oil may also resume with higher foreign supplies. Indian sunflowerseed oil imports are expected to increase 16 percent to 1.8 million tons. In contrast, less competitive prices for soybean oil may scale back Indian imports of the commodity by 11 percent to 3.3 million tons.

For China, total vegetable oil consumption in 2016/17 is forecast to increase 3 percent to 35.9 million tons. Vegetable oil imports will be tempered by a much larger increase in the use of domestic supplies. China imports of soybean oil in 2016/17 may stay unchanged at 820,000 tons while palm oil imports are forecast 3 percent higher to 5.75 million tons.

In 2016/17, EU food use of vegetable oils is forecast up less than 1 percent while industrial use may decline slightly. More abundant supplies of sunflowerseed oil may crowd out some EU imports of other oils, particularly palm oil. While EU sunflowerseed oil imports for 2016/17 are seen expanding 15 percent to 1.15 million tons, imports of palm oil are forecast down 1.5 percent to 6.6 million tons. The EU market for biodiesel production has stagnated due to uncompetitive production costs relative to petroleum-based diesel. The price of rapeseed oil at Dutch mills in April was up 10 percent compared to a year earlier, while the Brent crude oil price was 28 percent lower. A continuation of this price spread in 2016/17 may curtail EU rapeseed oil consumption for industrial use by 5.5 percent to 6.85 million tons.

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
-----Million acres-----												
-----Bu./acre-----												
-----Million bushels-----												
2014/15 ¹	83.3	82.6	47.5	92	3,927	33	4,052	1,873	145	1,843	3,862	191
2015/16 ²	82.7	81.8	48.0	191	3,929	30	4,150	1,880	130	1,740	3,750	400
2016/17 ²	82.2	81.4	46.7	400	3,800	30	4,230	1,915	125	1,885	3,925	305

Soybeans: Quarterly U.S. supply and disappearance

	Supply			Use			Ending stocks			
	Beginning stocks	Production	Imports	Total	Crush	Crush, seed & residual		Exports	Total	
-----Million bushels-----										
2014/15										
September-November		92.0	3,927.1	7.5	4,026.6		687.3	811.6	1,498.9	2,527.7
December-February		2,527.7		8.7	2,536.4		480.2	729.6	1,209.8	1,326.6
March-May		1,326.6		8.3	1,334.9		522.7	185.2	707.9	627.1
June				3.7		151.6		34.7		
July				3.1		155.8		39.7		
August				1.9		144.6		42.6		
June-August		627.1		8.7	635.8	452.0	-123.8	117.0	445.1	190.6
Total			3,927.1	33.2	4,052.3	1,873.0	1,566.3	1,843.4	3,861.7	
2015/16										
September					2.4	134.6		86.4		
October					2.2	170.1		362.9		
November					1.8	165.8		342.4		
September-November		190.6	3,929.2	6.5	4,126.3	470.5	148.8	791.6	1,410.9	2,715.3
December					2.1	167.0		249.1		
January					2.9	160.5		218.0		
February					1.2	154.6		207.3		
December-February		2,715.3		6.2	2,721.6	482.1	34.2	674.4	1,190.8	1,530.8
March					2.5	166.4		95.8		
Total to date			3,929.2	15.3	4,135.0	1,119.0	183.0	1,561.8		

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	Total	Domestic	Exports		Total
-----1,000 short tons-----								
2014/15 ¹	250	45,062	333	45,645	32,235	13,150	45,384	260
2015/16 ²	260	44,440	400	45,100	33,300	11,500	44,800	300
2016/17 ²	300	45,475	325	46,100	33,800	12,000	45,800	300
2015/16								
October	260.5	4,001.3	35.2	4,296.9	3,009.9	893.2	3,903.2	393.8
November	393.8	3,907.7	30.6	4,332.1	2,765.7	1,184.6	3,950.3	381.8
December	381.8	3,931.5	33.8	4,347.0	2,974.9	1,069.8	4,044.7	302.3
January	302.3	3,796.7	33.4	4,132.5	2,619.9	1,102.2	3,722.2	410.3
February	410.3	3,666.3	35.7	4,112.4	2,539.0	1,211.0	3,750.0	362.4
March	362.4	3,937.5	37.2	4,337.1	2,994.2	1,004.8	3,999.0	338.1
Total to date		23,241.1	205.9	23,707.4	16,903.7	6,465.6	23,369.3	

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*.

Last update: 5/11/2016

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

Year beginning October 1	Supply				Disappearance				Exports	Total	Ending stocks
	Beginning stocks	Production	Imports	Total	Domestic			Total			
					Total	Biodiesel	Food				
<i>Million pounds</i>											
2014/15 ¹	1,165	21,399	264	22,828	18,959	5,037	13,923	2,014	20,973	1,855	
2015/16 ²	1,855	21,900	300	24,055	19,600	5,500	14,100	2,100	21,700	2,355	
2016/17 ²	2,355	22,120	250	24,725	20,300	5,800	14,500	2,400	22,700	2,025	
2015/16											
October	1,854.8	1,962.9	43.3	3,861.1	1,741.4	407.8	1,333.6	179.3	1,920.7	1,940.4	
November	1,940.4	1,901.9	17.9	3,860.1	1,661.2	463.6	1,197.6	233.0	1,894.2	1,965.9	
December	1,965.9	1,929.0	22.4	3,917.2	1,625.3	435.6	1,189.7	319.4	1,944.7	1,972.5	
January	1,972.5	1,864.9	16.9	3,854.3	1,575.5	392.3	1,183.2	168.0	1,743.5	2,110.8	
February	2,110.8	1,795.9	27.8	3,934.5	1,539.7	394.8	1,144.9	114.6	1,654.3	2,280.2	
March	2,280.2	1,943.5	18.1	4,241.9	1,683.8	NA	NA	233.1	1,916.9	2,324.9	
Total to date		11,398.1	146.4	13,399.3	9,826.9	2,094.0	6,049.0	1,247.5	11,074.4		

¹ Estimated. ² Forecast. Note: 1 metric ton equals 2,204.622 pounds. NA: Not available.Source: USDA, World Agricultural Outlook Board, *World Agricultural Supply and Demand Estimates*.

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

Year beginning August 1	Supply				Disappearance				Ending stocks	
	Beginning stocks	Production	Imports	Total	Crush			Total		
					Crush	Exports	Other			
<i>1,000 short tons</i>										
2014/15 ¹	425	5,125	59	5,609	1,900	228	3,044	5,172	437	
2015/16 ²	437	4,043	0	4,480	1,500	100	2,488	4,088	392	
2016/17 ²	392	4,975	0	5,367	1,900	250	2,802	4,952	415	

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>								
2014/15 ¹	50	855	0	905	795	68	863	42
2015/16 ²	42	675	0	717	592	75	667	50
2016/17 ²	50	855	0	905	780	75	855	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>								
2014/15 ¹	100	610	17	727	551	118	669	58
2015/16 ²	58	465	20	543	428	65	493	50
2016/17 ²	50	610	20	680	565	65	630	50

¹ Estimated. ² Forecast.

Source: USDA, Foreign Agricultural Service, Production, Supply, and Distribution 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		Seed and			
			food					Crush	residual	Exports	Total		
<i>1,000 acres</i> <i>Pounds/acre</i> <i>Million pounds</i>													
2014/15 ¹	1,354	1,323	3,923	1,858	5,189	90	7,136	2,945	675	334	1,081	5,035	2,101
2015/16 ²	1,625	1,567	3,963	2,101	6,211	95	8,407	2,953	776	572	1,150	5,451	2,956
2016/17 ²	1,476	1,439	3,999	2,956	5,755	80	8,791	3,043	834	605	1,325	5,807	2,984

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: 5/11/2016

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

Marketing year	Soybeans ¹ \$/bushel	Cottonseed ² \$/short ton	Sunflowerseed ¹ \$/cwt	Canola ¹ \$/cwt.	Peanuts ² Cents/pound	Flaxseed ³ \$/bushel
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	10.10	194.00	21.70	16.90	22.00	11.80
2015/16 ¹	8.85	228.00	18.85	15.25	19.20	8.88
2016/17 ¹	8.35-9.85	200-240	17.75-20.25	15.00-17.50	17.05-19.55	8.15-9.65
2014/15						
September	10.90	175.00	20.20	16.20	21.50	11.70
October	9.97	201.00	21.70	15.80	21.00	11.50
November	10.20	198.00	20.30	17.10	21.40	11.60
December	10.30	186.00	19.70	16.60	20.90	11.40
January	10.30	194.00	19.10	17.80	22.50	11.70
February	9.91	196.00	21.50	17.20	22.20	11.50
March	9.85	NA	22.50	16.60	22.50	11.50
April	9.69	NA	23.20	16.30	22.10	12.00
May	9.58	NA	26.40	16.70	22.50	12.10
June	9.58	NA	25.40	17.80	21.80	11.40
July	9.95	NA	26.40	18.10	23.00	11.50
August	9.71	192.00	24.20	15.60	21.90	10.00
2015/16						
September	9.05	203.00	25.20	15.10	20.10	9.07
October	8.81	235.00	18.60	14.80	18.70	8.59
November	8.68	234.00	18.40	15.10	17.80	8.71
December	8.76	217.00	19.40	14.90	17.80	8.62
January	8.71	228.00	20.00	13.80	19.30	8.45
February	8.51	236.00	20.50	15.30	19.70	8.10
March	8.56	NA	21.40	15.10	19.20	8.36

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

NA = Not available. cwt=hundredweight.

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

Last update: 5/11/2016

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
-----Cents/pound-----								
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	31.60	45.74	66.72	37.81	57.96	37.48	33.43	31.36
2015/16 ¹	30.00	47.00	60.00	36.50	57.00	40.00	31.50	28.50
2016/17 ¹	30.5-33.5	49.5-52.5	58.5-61.5	38.0-41.0	58.5-61.5	40.5-43.5	27.0-30.0	26.5-29.5
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	31.57	48.81	65.63	38.94	55.56	36.13	28.00	31.38
March	30.89	46.06	65.56	35.69	54.69	37.73	NA	32.30
April	31.13	48.19	65.50	37.19	54.81	39.27	26.64	28.58
May	32.65	48.90	65.00	38.55	54.65	39.50	28.00	31.32
June	33.73	49.94	69.75	40.19	56.31	40.34	NA	32.04
July	31.54	49.15	73.40	38.30	58.15	41.49	31.00	29.75
August	28.87	46.25	75.00	35.13	58.63	40.75	31.00	30.14
September	26.43	44.13	75.00	33.31	58.69	37.55	NA	28.10
2015/16								
October	27.14	44.25	72.00	34.20	57.70	36.60	34.23	24.61
November	26.42	45.19	64.50	33.63	58.06	36.43	35.50	21.10
December	29.72	48.35	62.00	36.50	58.50	38.25	28.80	20.50
January	28.89	47.31	58.00	34.06	56.19	39.93	24.00	24.10
February	29.79	46.06	54.25	34.63	55.00	40.29	NA	29.41
March	30.86	46.20	53.80	35.55	55.55	41.05	29.00	35.00
April	32.45	47.35	53.80	36.80	56.20	42.12	33.00	39.00

¹ Preliminary. ² Decatur, IL. ³ Prime bleached summer yellow, 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: 5/11/2016

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
-----\$/short ton-----						
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	368.49	304.27	209.97	NA	301.20	256.58
2015/16 ¹	310.00	265.00	155.00	NA	255.00	190.00
2016/17 ¹	300-340	255-295	150-190	NA	235-275	205-245
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	370.38	302.50	225.63	NA	296.21	230.63
March	357.83	310.50	202.50	NA	279.54	230.50
April	336.61	288.13	202.50	NA	261.35	239.38
May	320.23	274.38	192.50	NA	274.60	256.88
June	335.03	281.00	180.50	NA	305.85	258.00
July	375.71	299.38	214.38	NA	328.03	284.38
August	357.85	295.63	222.50	NA	285.83	287.50
September	333.62	293.50	216.00	NA	264.01	256.00
2015/16						
October	327.97	292.50	212.50	NA	257.69	215.00
November	308.60	291.88	187.50	NA	248.98	209.38
December	289.78	267.50	163.13	NA	240.64	200.00
January	279.56	248.75	156.88	NA	231.76	195.00
February	273.61	238.13	131.88	NA	224.34	197.50
March	276.22	216.50	120.00	NA	228.87	195.00
April	303.81	207.50	109.38	NA	247.53	218.13

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*.

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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>

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