



Oil Crops Outlook: January 2025

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U.S. Soybean Ending Stocks for MY 2024/25 Decline on Lower Production

This month, USDA, National Agricultural Statistics Service (NASS) published the *Crop Production—2024 Summary* report, which reduced the 2024 U.S. soybean production estimate by 95 million bushels to 4.36 billion bushels on lower yield and lower harvested acreage. The national average soybean yield declined by 1.0 bushel per acre to 50.7 bushels per acre. The harvested acreage was reduced by 0.2 million acres to 86.1 million acres. The U.S. soybean export and crush forecast for marketing year (MY) 2024/25 is unchanged this month and stands at 1.83 billion bushels and 2.41 billion bushels, respectively. Ending stocks for MY 2024/25 are forecast at 380 million bushels, 90 million bushels lower than last month's forecast but 38 million bushels higher than the MY 2023/24 ending stocks. The seasonal average soybean price is forecast at \$10.20 per bushel, unchanged from last month's forecast.

The foreign oilseed production forecast for MY 2024/25 is reduced by 0.3 million metric tons this month, to 551.9 million metric tons on lower rapeseed production for India, Russia, and Uruguay, and lower soybean production in Russia and China. This decline is partially offset by higher sunflowerseed production in Russia and higher cottonseed production in China and Australia. The foreign oilseed crush forecast is increased on higher soybean, sunflowerseed, and cottonseed crush, which is partially offset by lower rapeseed crush.

Domestic Outlook

U.S. Soybean Production Reduced on Lower Yield

In USDA, NASS' latest *Crop Production* report, U.S. soybean production is reduced by 95 million bushels to 4.4 billion bushels on lower harvested area and lower yields. The harvested area was reduced this month by 0.2 million acres to 86.1 million acres, mainly due to lower areas in Kansas, Oklahoma, and North Dakota. The national average soybean yield is forecast at 50.7 bushels per acre, down 2 percent from last month's forecast and marginally up from soybean yield in MY 2023/24. Lower production for Indiana, Kansas, Illinois, Iowa, and Ohio mainly contributed to the crop reduction this month.

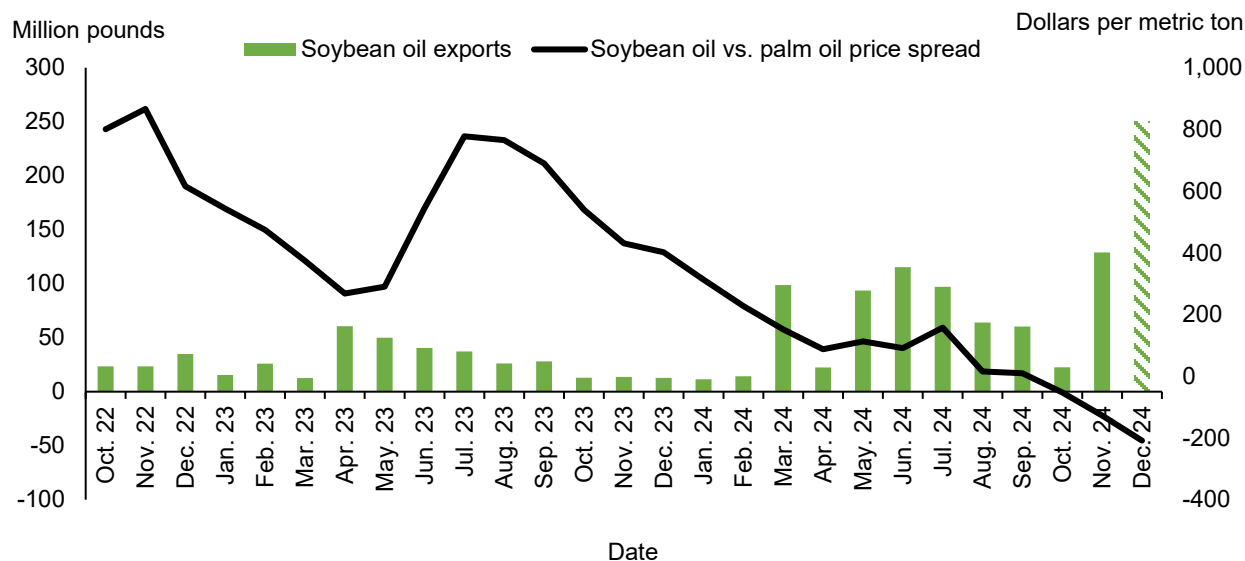
The USDA, NASS' *Grain Stocks* report, released on January 10, 2025, indicated that December 1, 2024, soybean stocks were at 3.1 billion bushels with 1.5 billion bushels stored on farm. On farm stocks account for nearly 50 percent of total stocks compared with 48 percent at this time a year ago. USDA, NASS' *Grain Stocks* report implied the September–November disappearance totaled 1.6 billion bushels, up 13 percent from the same period last year. The cumulative U.S. soybean exports for September–November 2024 totaled 818.7 million bushels, 106.5 million bushels (15 percent) above last year during same period. With total export commitments currently above last year, the U.S. soybean export forecast for MY 2024/25 is unchanged at 1.8 billion bushels.

U.S. soybean crush for September–November 2024 totaled 612.3 million bushels, surpassing last year's first quarter by 36.1 million bushels, or a 6-percent increase. In November, U.S. soybean processors reached a record-high daily crush volume of 7.0 million bushels per day and monthly crush volume of 210.0 million bushels. In addition to higher crushing rate, U.S. processors this year are extracting more soybean meal and soybean oil from one bushel of soybeans. As a result, the extraction rate for soybean oil and soybean meal are raised this month resulting in higher soybean meal and soybean oil production forecasts.

During December 2024, soybean oil prices in Central Illinois declined nearly 7 percent to 42.5 cents per pound and were 20 percent lower than in December 2023. The U.S. soybean oil prices in the Gulf were at the world parity and attracted further foreign buyers. Between December 5 and December 26, USDA, Foreign Agricultural Service's (FAS) *Weekly Export Sales* reported the total soybean oil sales of 148,421 metric tons (372.2 million pounds) with the majority of sales going to South Korea, India, Colombia, Morocco, and Mexico. These sales are

historically the highest for December since MY 2010/11. Lower world supplies of palm oil, rapeseed oil, and sunflowerseed oil attract nontraditional trading partners, (e.g., India) to the U.S. market as soybean oil prices have been very competitive (figure 1).

Figure 1
U.S. soybean oil exports and soybean oil and palm oil price spread, October 2022–December 2024



Note: The spread is a calculation between U.S. soybean oil and Malaysia's palm oil prices. December 2024 data are forecast based on USDA, Foreign Agricultural Service's December Export Sales data.
 Source: USDA, Economic Research Service using USDA, Foreign Agricultural Service, Global Agricultural Trade System data and International Grains Council data.

At the same time, U.S. soybean oil producers have faced uncertainty in the domestic biofuel policies and they are willing to sell to foreign buyers. Consequently, the MY 2024/25 soybean oil export forecast is increased by 500 million pounds to 1.6 billion pounds this month. The increase in soybean oil exports is offset by lower domestic consumption. Soybean oil use for biomass-based diesel production is decreased this month and stands at 13.6 billion pounds. Soybean oil ending stocks are raised marginally this month. The soybean oil price is unchanged at 43 cents per pound.

2024/25 U.S. Minor Oilseeds Production Update

In this month's *Crop Production—2024 Summary* report, USDA, NASS updated the MY 2024/25 production estimates for canola, sunflowerseed, peanuts, and cottonseed. This month canola production was reduced 91.8 million pounds to 4.8 billion pounds on lower yields and area. Canola yields are forecast at 1,784 pounds per acre, nearly unchanged from MY 2023/24. The lower canola production is offset partially by higher imports that are expected to reach 747.0

million pounds. With smaller supplies, canola exports are forecast at 628.0 million pounds, down from last month, but remains 70 percent above MY 2023/24. Canola exports from June–November 2024 totaled 404.0 million pounds, almost double the same period from last year. Canola crush in November 2024 was at 422.0 million pounds bringing the June–November crush total to 2.5 billion pounds, 6 percent above MY 2023/24. Consequently, canola crush is forecast nearly unchanged at 4.9 billion pounds. Canola stocks are forecast down decline.

Sunflowerseed production is forecast down 159 million pounds to 1.15 billion pounds on lower harvested acreage and yields. Sunflowerseed yields are forecast at 1,670 pounds per acre, the lowest since MY 2021/22. The harvested acreage for sunflowerseed is the lowest on record at 686,000 acres with lower acreage in all States. North Dakota and South Dakota, which combined account for about 80 percent of sunflowerseed acreage, harvested 563,000 sunflowerseed acres, down from 1.0 million acres harvested in MY 2023/24. Total U.S. oil type sunflowerseed production was lowered to 947 million pounds and the nonoil type sunflowerseed production was decreased to 199 million pounds. The lower total sunflowerseed supply resulted in changes to crush, nonoil type use and residual, and exports. Sunflowerseed crush is forecast down to 736 million pounds, the lowest since MY 2004/05. Sunflowerseed ending stocks for MY 2024/25 are projected to be at 185 million pounds, 386 million pounds below MY 2023/24. Tighter stocks are projected to increase the season-average farm price to \$19.85 per hundredweight but remains lower than MY 2023/24.

The peanut production forecast for MY 2024/25 is reduced to 6.4 billion pounds on lower yields. Peanut yields are at 3,668 pounds per acre. Peanut harvested acreage is nearly unchanged at 1.8 million acres, up 0.2 million acres from MY 2023/24 with larger harvested area, mainly in Georgia, Texas, and Alabama. With lower peanut supply, peanut crush, food consumption, and ending stocks are all reduced this month.

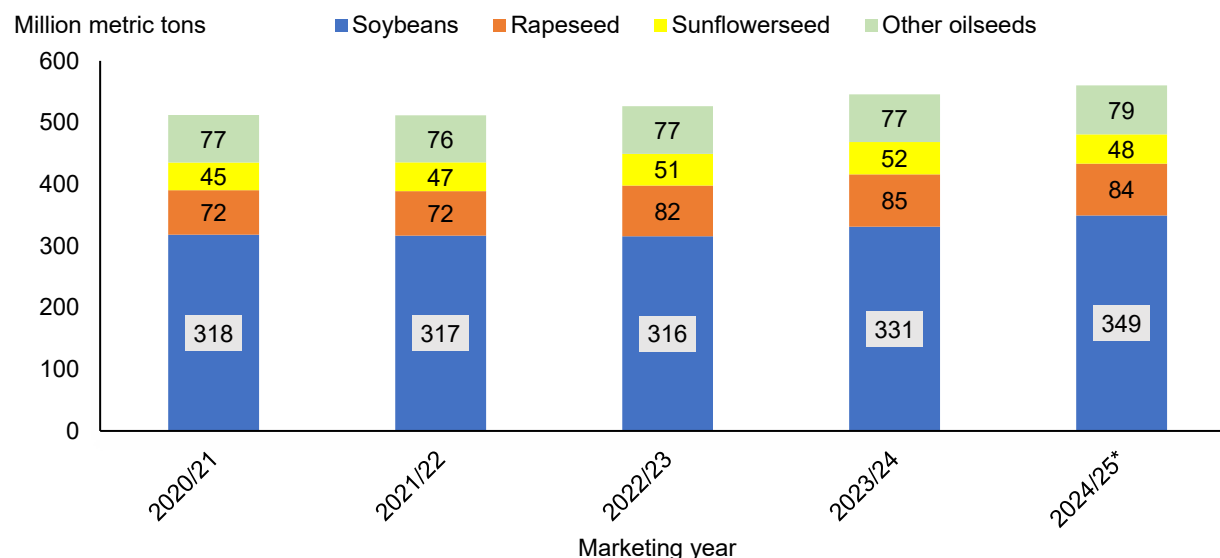
Cottonseed production is forecast up to 4.4 million short tons. Consequently, the other use of cottonseed is raised to 2.7 million short tons and cottonseed exports are down to 275,000 short tons.

International Outlook

Global Oilseed Crush Forecast for MY 2024/25 is Raised This Month

Global oilseed crush forecast for MY 2024/25 is increased by 2.1 million metric tons to 560.3 million metric tons on higher soybean, cottonseed, and sunflowerseed crush, which are partially offset by lower rapeseed crush (figure 2).

Figure 2
Global oilseed crush



Note: Asterisk (*) denotes forecast. Other oilseeds include copra, cottonseed, palm kernel, and peanuts.
Source: USDA, Economic Research Service using data from USDA, Foreign Agricultural Service, *Production, Supply and Distribution* database, January 2025.

Global soybean crush is expected to reach a record-high level in MY 2024/25. Soybean crush forecast for MY 2024/25 is increased this month for Brazil by 1.0 million metric tons on the higher soybean meal exports in the first quarter of the marketing year. Furthermore, USDA, FAS added Iraq's soybeans and soybean oil data to the *Production, Supply and Distribution (PSD)* database. For decades Iraq relied on imported soybean meal to meet feed demand. In recent years Iraq has become an importer of soybeans. Iraq started importing soybeans in MY 2022/23 after building a soybean crushing facility at the southern Umm Qasr Port with a capacity of approximately 3,000 tons per day. Iraq's 2024/25 soybean crush forecast is 750,000 metric tons.

Global cottonseed crush is raised this month by 0.5 million metric tons on higher cottonseed crush in China, which is supported by higher cottonseed production more than offsetting lower

crush in Pakistan. Russia's sunflowerseed crush and sunflowerseed oil exports are raised this month on larger supplies. In contrast, India's rapeseed crush was reduced on the lower domestic supply. India's rapeseed production forecast is reduced this month by 0.5 million metric tons to 11.6 million metric tons on lower sown area.

With higher global oilseed crush, the global oilseeds meal and oil production and consumption increased this month. Soybean meal imports forecasts for Peru, Vietnam, and the European Union are raised this month on higher arrivals and better domestic demand than expected.

Special Article: U.S. Soybean Meal Exports Rise to Record High

Introduction

In marketing year (MY) 2024/25, the United States is expected to be the second largest producer and consumer of soybean meal and the third largest global exporter after Argentina and Brazil. The U.S. share of the global soybean meal trade is expected to increase as expanded U.S. soybean crush capacity leads to large soybean meal supplies and competitive prices. Steady expansion in U.S. soybean capacity since 2021 has been primarily fueled by the increasing demand for soybean oil used in biomass-based diesel production, supported by California's Low Carbon Fuel Standard (LCFS) and the U.S. Environmental Protection Agency (EPA) biofuel blending targets for refiners and importers of gasoline or diesel fuel. With higher soybean crush volumes in the United States, more soybean meal became available for the domestic and international markets in MY 2023/24. Soybean meal exports increased in MY 2023/24 driven by higher demand from the Philippines, Mexico, Canada, Venezuela, and the Dominican Republic. In addition, buyers from Vietnam and the European Union (EU) purchased U.S. soybean meal as Argentina, their traditional supplier, experienced a shortage of soybean meal supplies due to severe drought.

In MY 2024/25, U.S. processors are projected to continue increasing their crush volumes to meet growing demand for soybean oil as feedstock in biomass-based diesel production, boosting meal production and exportable supplies. As a result, soybean meal prices are trending lower than last year, incentivizing demand in the global market. This special article analyzes the expansion of U.S. soybean meal exports in MY 2023/24 and the potential for exports in MY 2024/25 given lower U.S. soybean meal prices and higher global demand.

Demand for U.S. Soybean Meal

Traditionally, soybean meal demand has driven the crush volume, but in recent years, demand for soybean oil as a feedstock for biomass-based diesel production supported crush margins and expansion in the soybean crush industry. In MY 2023/24, U.S. soybean crush reached a record-high level of 2.29 billion bushels, up 75 million bushels from MY 2022/23 and 6 percent above the 5-year average. This crush expansion pushed soybean meal production to a record-high 49.1 million metric tons in MY 2023/24.

U.S. domestic meal consumption is the largest demand driver of U.S. soybean meal production, historically accounting for 74 percent of U.S. soybean meal production. This share declined in MY 2023/24 to 71 percent as export demand picked up after Argentina, the largest soybean meal exporter, experienced drought and lower supplies. U.S. soybean meal domestic demand was steady in MY 2023/24 impacted by slower livestock growth and relatively high prices. For MY 2024/25, U.S. livestock (i.e., hogs and poultry) is expected to grow as feed prices are projected to be lower than in MY 2023/24. With ample supplies, soybean meal is likely to be the most competitive protein source against other mid-protein feed ingredients (e.g., dried distillers' grain and other meals) and feed grains (e.g., corn and feed wheat). U.S. domestic soybean meal consumption is expected to increase by 4 percent to 36.5 million metric tons.

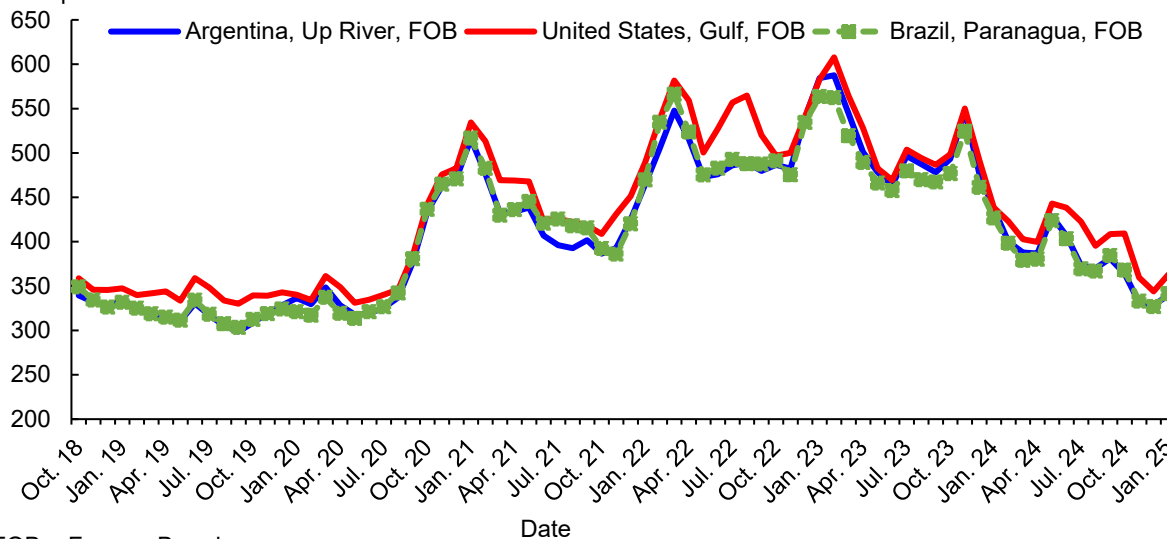
Global Soybean Meal Consumption Rising Due to Lower Prices

Soybean meal prices were at a record high in MY 2022/23 following a drought in Argentina. These high prices affected global soybean meal consumption and reduced stock levels. In MY 2023/24, global soybean meal domestic consumption increased by 7.0 million metric tons to 254.3 million metric tons on higher supplies and lower prices (figure 1sa).

Figure 1sa

Soybean meal export prices

Dollars per metric ton



FOB = Free on Board.

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

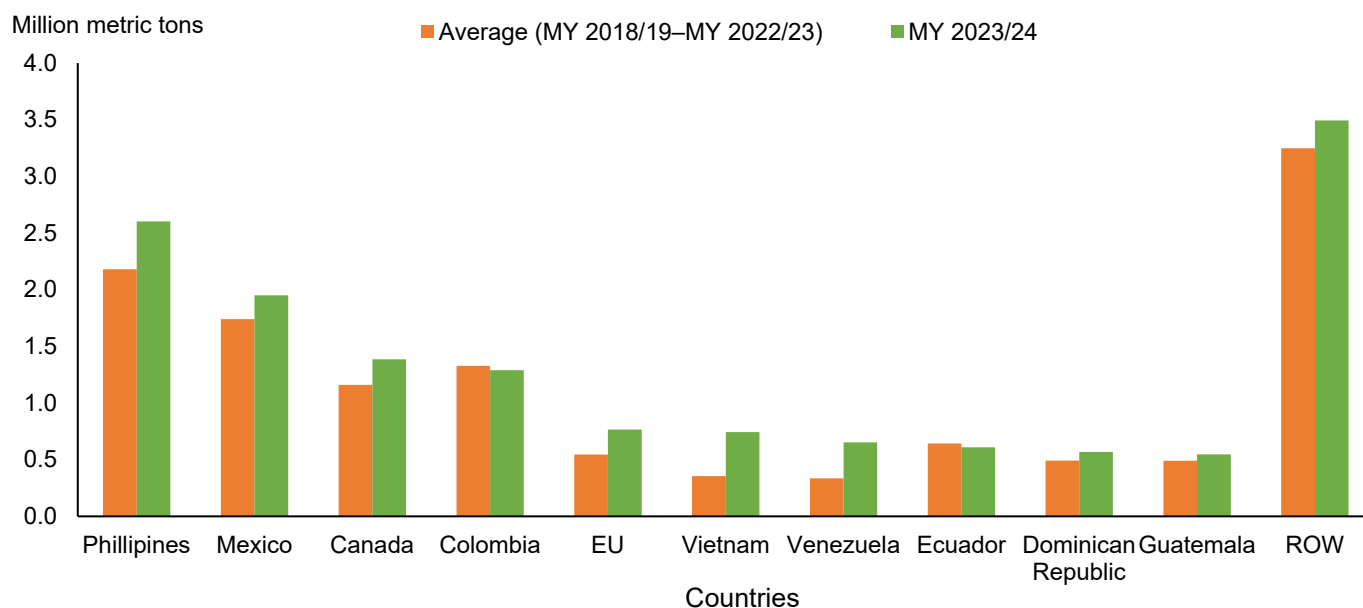
In MY 2023/24, soybean meal prices in major exporting countries declined following the downtrend in soybean prices as global supply recovered, especially in Argentina. Argentina's soybean crush returned to average levels in the second quarter of 2024. Also, record-high soybean meal exports from Brazil and the record-high U.S. soybean crush increased global

exportable supplies of soybean meal. This downward pressure on soybean meal prices spurred growth in global soybean meal consumption in MY 2023/24. The increase in global soybean meal consumption was met through global soybean meal trade that reached 74.5 million metric tons. The U.S. share in global trade increased to 19.6 percent compared with the 5-year average of 18.3 percent.

Expansion of U.S. Soybean Meal by Destination

The expansion of U.S. soybean meal exports in MY 2023/24 was due to a combination of factors, including higher soybean crush volumes putting downward pressure on prices and tighter soybean meal supply in Argentina—especially from October 2023 through March 2024. The United States was able to expand soybean meal shipments to the EU (the largest importer of soybean meal), Vietnam, Sri Lanka, and Indonesia (figure 2sa). In addition, in the last 5 years, the imports of U.S. soybean meal increased for Venezuela, the Dominican Republic, Guatemala, Honduras, and Morocco. The top 10 U.S. soybean meal export destinations account for more than 76 percent of U.S. export volumes in MY 2023/24 compared with 74 percent in the last 5 years. The section below focuses on the top destinations for U.S. soybean meal exports in MY 2023/24 and the projected outlook for meal consumption growth in MY 2024/25.

Figure 2sa
U.S. soybean meal exports by destination, MY 2018/19–MY 2023/24



MY=Marketing year. EU = European Union. ROW = Rest of world.

Source: USDA, Economic Research Service using USDA, Foreign Agricultural Service, Global Agricultural Trade System data.

The Philippines remained the top U.S. soybean meal buyer in MY 2023/24. The United States shipped 2.6 million metric tons of soybean meal to the Philippines, up 21 percent from the previous year and 19 percent above the 5-year average. The United States accounts for approximately 82 percent of the Philippines' soybean meal market, which grew by 8 percent from MY 2022/23 that is attributed to increased feed consumption by poultry and aquaculture. The Philippines soybean meal import volume for MY 2024/25 is forecast to increase 4 percent on continued growth in domestic livestock, poultry, and aquaculture. The increased import volume also offsets the decrease in copra meal consumption due to El Niño's lagged impacts.

Mexico is dependent on soybean and soybean meal imports for livestock feed. Feed manufacturers evaluate the cost of utilizing domestically crushed soybeans or importing meal to supply their operations. Due to competitive U.S. prices and growth in the livestock industry, Mexico experienced strong growth in soybean meal imports in MY 2023/24, while soybean imports rose slightly. Mexico's soybean meal equivalent consumption is estimated to grow 4 percent in MY 2024/25 compared with no growth in MY 2023/24, which reflects increasing demand from the hog and poultry sectors and lower prices. While soybean meal imports are forecast to reach the second highest level on record at 2.2 million metric tons in MY 2024/25, soybean imports are expected to reach a record-high 6.7 million metric tons on relatively lower prices and higher domestic crush, further increasing domestic meal supplies.

In MY 2023/24, Vietnam imported nearly 6 million metric tons of soybean meal, 24 percent higher than in MY 2022/23. U.S. soybean meal imports accounted for 15 percent of Vietnam's total imports, compared with a 5-year average of 7 percent. For MY 2024/25, Vietnam soybean meal imports are projected to maintain the same level due to a rebound in demand for animal and aquafeed. Feed production in Vietnam is expected to grow reflecting growth in Vietnam's swine and poultry sectors. According to Vietnam's Ministry of Agriculture and Rural Development's (MARD) August monthly report, Vietnam's swine and poultry populations increased by 2.2 percent and 3.4 percent, respectively, while the cattle population declined in MY 2023/24.

According to USDA, Foreign Agricultural Service's (FAS) U.S Export Sales report as of December 26, 2024, buyers from Vietnam have already committed (accumulated exports plus outstanding sales) 349,955 metric tons of soybean meal compared with 274,429 metric tons for the same period last year. In addition to soybean meal imports, Vietnam's soybean import volume in MY 2024/25 is up year-over-year to 2.4 million metric tons. Those imported soybeans are for domestic crush and will provide additional soybean meal supplies. Overall, soybean

meal equivalent consumption growth for Vietnam in MY 2024/25 is 12 percent from MY 2023/24. This is slightly higher growth than in MY 2023/24.

Canada is a traditional market for U.S. soybean meal with steady growth in imports. In MY 2023/24, the United States shipped a record-high amount of soybean meal to Canada, totaling 1.4 million metric tons. The higher soybean meal imports from the United States offset Canada's lower soybean meal production. Canada's soybean meal consumption grew 1 percent in MY 2023/24 on steady growth in poultry. For MY 2024/25, Canada's soybean meal imports are forecast to increase to nearly 1.5 million metric tons on higher domestic demand driven by growth in poultry and hog production.

Colombia is a traditional market for U.S. soybean meal, but Colombia experienced a decline in imports from the United States in MY 2023/24. The United States exported 1.3 million metric tons, down 8 percent from MY 2022/23 and down 3 percent from the 5-year average. Colombia's total soybean meal imports in MY 2023/24 reached 1.6 million metric tons, nearly unchanged from MY 2022/23, and the United States accounted for 75 percent of Colombia's imports. U.S. soybean meal competes with Argentina's supplies on the price as well as on tariffs and freight. The lower U.S. soybean meal shipments were offset by higher soybean meal shipments from Bolivia and higher soybean imports from the United States. Colombia imported 447,000 metric tons of soybeans and reached the second highest crush volume in MY 2023/24. As a result of higher domestic crush but lower soybean meal imports, Colombia's soybean meal equivalent consumption grew 1 percent in MY 2023/24. In MY 2024/25, the livestock sector is expected to expand on lower prices for feed grains and soybean meal. In addition, the expanding middle class and consumers' rising purchasing power support the growth of the livestock sector. The soybean meal equivalent consumption is forecast to grow by 11 percent for MY 2024/25. As of December 26, 2024, Colombia has the third highest level of soybean meal commitments (shipments and sales) by destination, behind Mexico and the Philippines, and has significantly outpaced their MY 2023/24 commitments and the previous 5-year average.

The EU is the biggest global importer of soybean meal. Most of these imports originate from Argentina and Brazil. With Argentina's record-low soybean crop in MY 2022/23, European countries increased soybean meal imports from Brazil and the United States. In MY 2023/24, the United States exported 0.8 million metric tons of soybean meal to the EU, 40 percent above the previous 5-year average. Ireland, Belgium, Spain, Italy, and the United Kingdom increased their soybean meal imports from the United States. U.S. soybean meal exports to Ireland totaled 0.4 million metric tons and accounted for 43 percent of total exports to the EU. Overall, the EU's

soybean meal equivalent consumption grew nearly 1 percent in MY 2022/23 and is expected to grow 1 percent in MY 2024/25 due to lower domestic supply of rapeseed meal and sunflowerseed meal.

U.S. Soybean Meal Outlook for MY 2024/25

In MY 2024/25, global soybean meal equivalent consumption growth is forecast at 3.9 percent with soybean meal consumption growing even more as a result of smaller rapeseed meal, sunflowerseed meal, fish meal, and copra meal supplies. Global soybean supplies are forecast to reach a record-high level placing downward pressure on soybean prices. The lower soybean prices are likely to contribute to processing margins that incentivize strong crush. U.S. soybean crush capacity is forecast to continue expanding in MY 2024/25, which is supported by soybean oil demand. Furthermore, South America's soybean crush is also projected to grow, which is supported by soybean oil and meal demand. Greater availability of soybean meal is expected to lead to lower prices and spur global soybean meal consumption and trade. Further incentivizing global meal consumption, soybean meal prices are competitive against corn and other feed ingredients. In addition, soybean meal stocks are expected to rebound after being depleted due to record-high prices. With the high supply of soybean meal on the global market, foreign buyers will have choices to make, and the quality of soybean meal and prices will likely be a factor. U.S. soybean meal is known for high quality protein and some buyers will likely pay a premium to buy U.S. soybean meal. As global soybean meal consumption is projected to increase in MY 2024/25, the United States is projected to fill some of the additional demand. The U.S soybean meal export share in MY 2024/25 is expected to increase to 20.9 percent from 19.6 percent in MY 2023/24. U.S. shipments to Central America and South America countries are likely to expand. Furthermore, exports to Asia—especially Vietnam, Sri Lanka, Burma, Malaysia, Taiwan—are expected to continue growing. As a result, the United States is expected to compete for global market share and remain the third largest exporter of soybean meal in MY 2024/25 at 15.8 million metric tons.

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