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Report Highlights:

Australian oilseed production, dominated by canola, is expected to be strong for the fourth successive season during the marketing year (MY) 2024/25. If realized, canola production of 6.5 million metric tons (MMT) would be 14 percent above the previous year's estimate and the third largest on record. The growth is mainly due to canola's more favorable price expectations than wheat and barley. Canola exports are forecast to rise by 16 percent to 5.1 MMT, after a small growth in the forecast crush volume at 1.2 MMT. Canola oil exports are forecast to grow by 21 percent to 230,000 metric tons (MT) in MY 2024/25 and would be the highest on record. Olive oil production is forecast to rise to 25,000 MT, mainly because of a natural biennial effect on yield. Cottonseed production is forecast to achieve a fourth successive high level of production and rise by 10 percent to 1.38 MMT in MY 2024/25. Cottonseed exports are forecast to increase by nine percent to 600,000 MT.

EXECUTIVE SUMMARY

Australian oilseed production, dominated by canola, is expected to be strong for the fourth successive season during the marketing year (MY) 2024/25. If realized, canola production of 6.5 million metric tons (MMT) would be 14 percent above the previous year's estimate and the third-largest canola crop produced in Australia. The canola planted area is forecast to rise, mainly due to its more favorable price expectations than wheat and barley, which are also grown in the winter cropping season. Soil moisture conditions in the canola growing regions, now at the start of the planting period, are broadly better than at the same time the previous year, and rainfall forecasts for the coming months are around average. The canola yield is forecast to be slightly above average, so the main driver of the increased production is the expectation of an increase in the planted area. The forecast growth of canola production is anticipated to boost exports by 16 percent to 5.1 MMT for MY 2024/25, after only a small growth in the forecast crush volume at 1.2 MMT. Canola oil exports are forecast to grow by 21 percent to 230,000 metric tons (MT) in MY 2024/25 and would be the highest on record.

Although a small contributor to overall Australian oilseed production, olive oil production is forecast to increase to 25,000 MT in MY 2024/25 due to a natural biennial effect on yield, after a low previous crop estimated at 21,000 MT. The long-term trend in Australia is to expand olive production as young trees commence bearing fruit, and maturing trees continue to increase yields. Australia exports very little olive oil and continues to import a greater volume than it produces.

Cottonseed production is forecast to achieve a fourth successive high level of production and rise by 10 percent to 1.38 MMT in MY 2024/25 from the MY 2023/24 estimate. Harvesting commences in April 2024. The forecast production increase is mainly based on the prospects of a return to normal winter/spring seasonal conditions, particularly for southern Queensland and northern New South Wales growers who were adversely affected in MY 2023/24, with improved overall irrigation water availability across the industry. Cottonseed exports are forecast to rise by nine percent to 600,000 MT for MY 2024/25 with little change to domestic consumption, mainly for feed use in the livestock industry. Some cottonseed crushing capacity is being re-established and is expected to commence in MY 2023/24, sometime after the picking season.

CANOLA

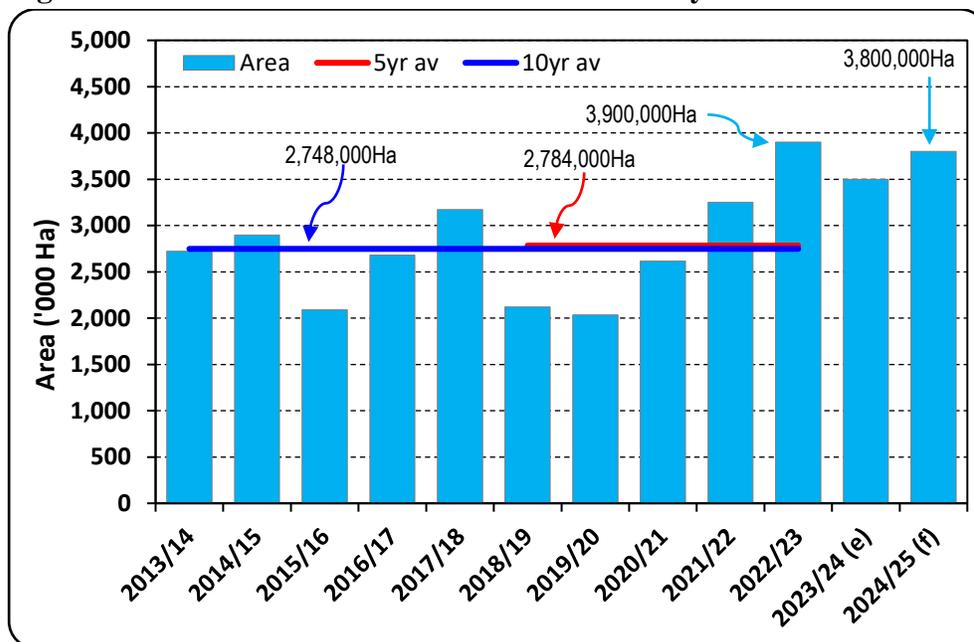
Production

FAS/Canberra forecasts canola production to increase by 14 percent to 6.5 MMT in MY 2024/25. If realized, this would be the third largest crop ever and the fourth successive big canola crop produced in Australia. The canola planted area is forecast to rise, mainly due to its more favorable price expectations than wheat and barley, which are also grown in the winter cropping season. Soil moisture conditions in the canola growing regions, now at the start of the planting period, are broadly better than at the same time the previous year. The Australian Bureau of Meteorology (BOM) also indicates that the current La

Nina conditions would ease to a neutral position during the fall, indicating a likelihood of average rainfalls.

The harvest area of canola is forecast to increase by 8.6 percent in MY 2024/25 to 3.8 million hectares (Ha), which would be the second-largest planting on record (see Figure 1). This rise is partly due to the widening price expectation of canola compared to the other main winter crops, wheat and barley.

Figure 1 – Australian Canola Area Harvest History



Source: PSD Online / FAS/Canberra

Note: (e) = estimate, (f) = forecast

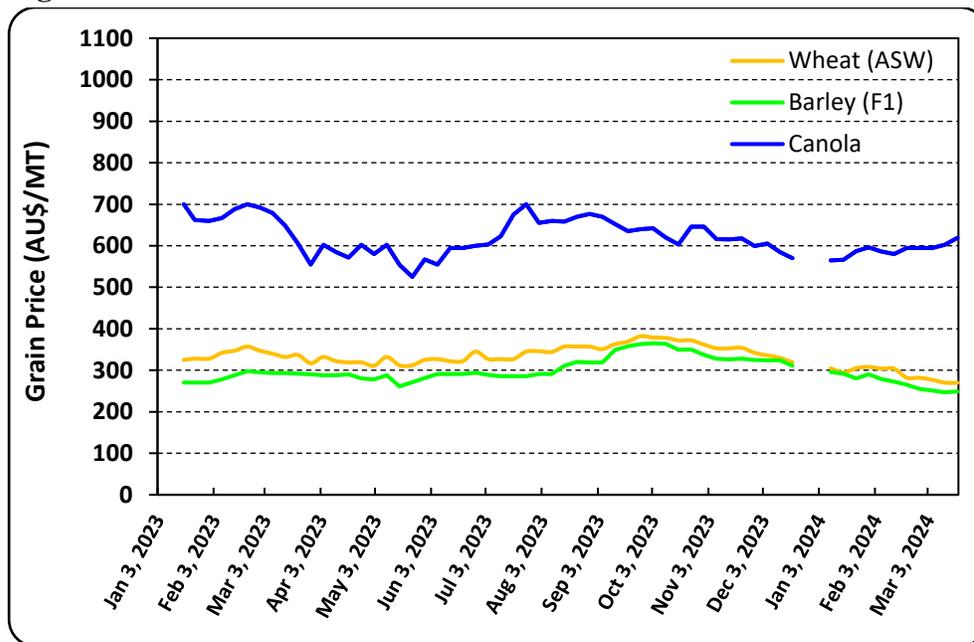
Note: Australia Marketing Year is Dec to Nov (eg MY 2022/23 = Dec 2022 to Nov 2023)

Canola yields are forecast to be 1.71 MT/Ha, 13 percent above the previous 10-year average, only five percent higher than the MY 2023/24 estimate, and almost 20 percent lower than the peak achieved in the record-breaking MY 2022/23. This expectation is based on broadly good soil moisture levels and the forecast of average rainfalls in the coming months.

Canola prices steadily declined in the second half of 2023 but have been recovering somewhat since the start of 2024 in the lead-up to planting (see Figure 2). The Winnipeg canola futures prices suggest a further strengthening of canola prices during 2024, providing some further confidence to growers of improved prices at harvest late in 2024. Conversely, Wheat and feed barley prices have declined since the start of the last harvest in late 2023. With indications of further strengthening of world wheat and feed grains supplies during 2024, analysts broadly anticipate a further weakening of domestic wheat and feed barley prices at harvest late in 2024.

The widening price gap, in favor of canola compared to wheat and barley, over recent months and the anticipated further widening toward the end of 2024, coinciding with the harvest period, is expected to encourage growers to increase their canola planted area. The forecast 8.6 percent increase in planted area is small relative to the change in prices over recent months, particularly when considering the further shift in prices analysts anticipate during 2024. However, growers typically have a crop rotation program incorporating canola, wheat, barley, fallow, and, in some regions, legumes, to support crop health and yield optimization. Because of this, winter crop planting programs are not entirely driven by price expectations, so the forecast change in the canola planted area is not as large as anticipated.

Figure 2 – Winter Grains Price Trends

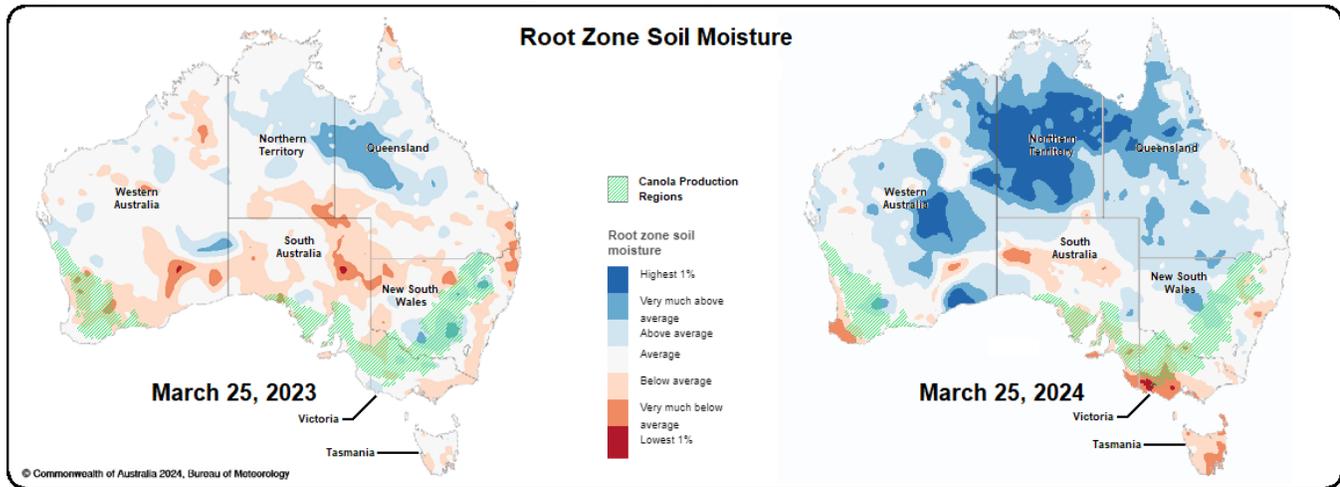


Source: *The Land newspaper – Parkes New South Wales*

Canola is typically planted from March to May and harvested from October to December. The more northern production areas generally have earlier planting and harvest compared to the more temperate climate in the southern areas. Most canola-growing regions had greater soil moisture at the start of the planting period this year than the same time for the MY 2023/24 crop (see Figure 3). This is especially true for Western Australia, which typically produces almost half of the national canola crop.

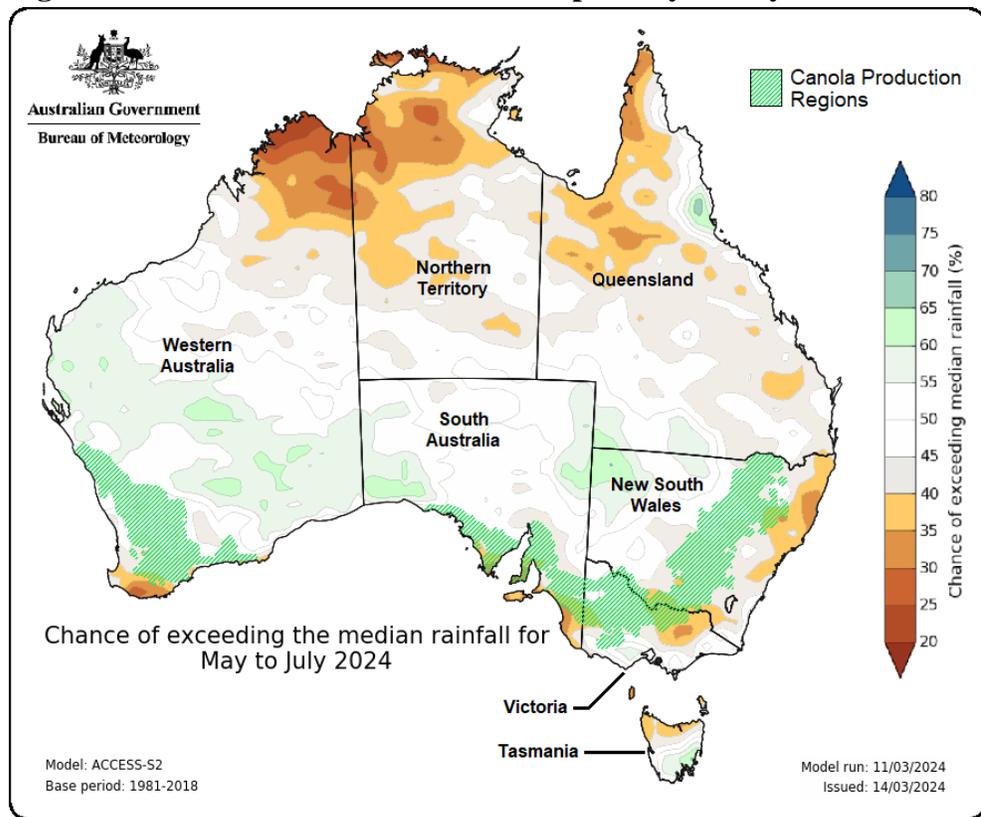
In conjunction with broadly improved soil moisture in the lead-up to planting the MY 2024/25 canola crop, the May to July 2024 BOM forecast is mainly for an average chance of exceeding median rainfall (see Figure 4). The soil moisture and forecast rain support slightly above-average yields.

Figure 3 – Australia Soil Moisture Map – March 25, 2023 and 2024



Source: Australian Bureau of Meteorology / FAS/Canberra

Figure 4 - Australia Rainfall Forecast Map – May to July 2024

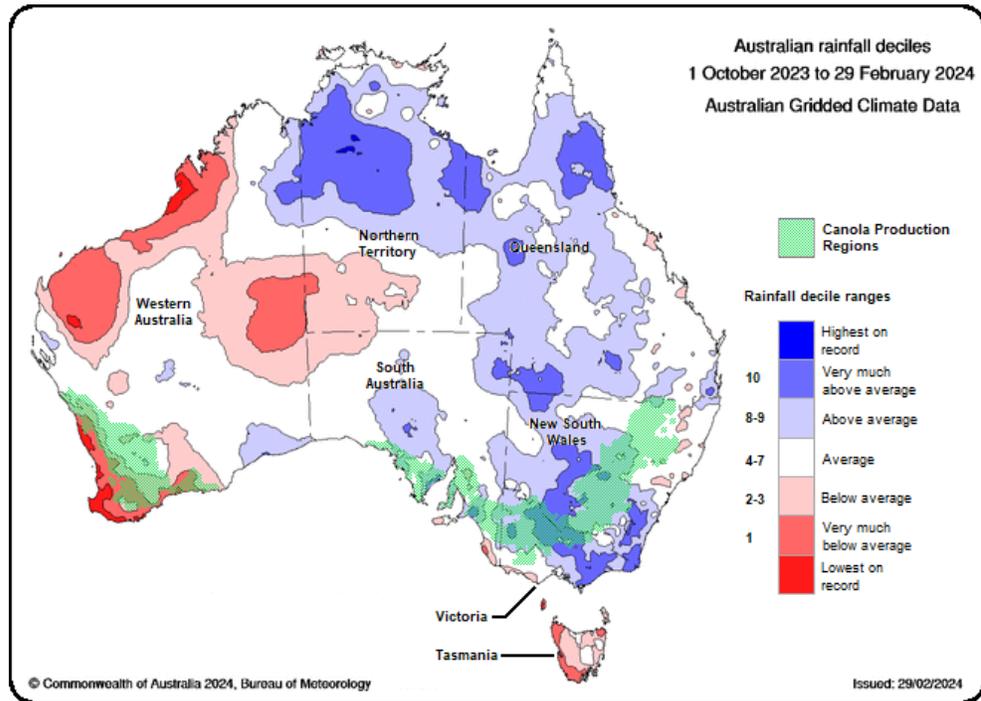


Source: Australian Bureau of Meteorology / FAS/Canberra

Further support for an above-average canola yield forecast relates to the BOM forecast methodology, which has been scrutinized recently. The BOM reports that the current El Niño (drier than usual conditions) is weakening, and conditions will return to neutral later in the fall (NB fall in Australia is

from March to May). In the eastern states, where most canola is produced, conditions were drier than usual from March to September 2023. The BOM declared an El Niño on September 19, 2023. Since that time (October 2023 to February 2024), the eastern states have had average to above average rainfall (see Figure 5), far from typical El Niño outcomes, and the BOM is yet to declare the end of El Niño.

Figure 5 – Rainfall Deciles, Oct 2023 to Feb 2024

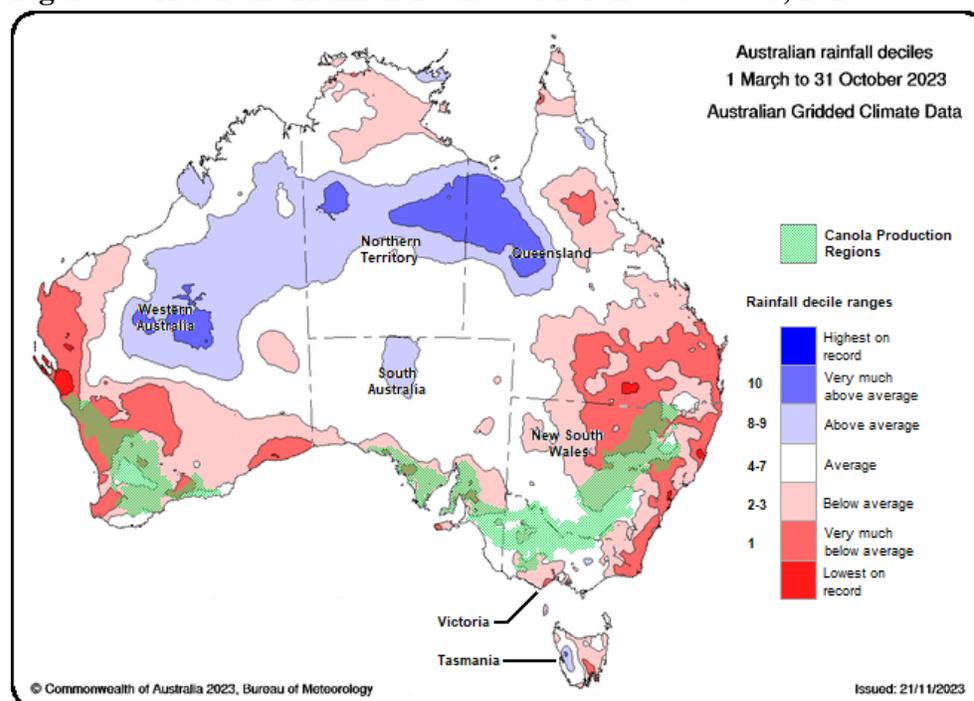


Source: Australian Bureau of Meteorology / FAS/Canberra

Some meteorologists indicate that the BOM reference period for one of the measures for determining El Niño / Neutral / La Niña (wetter-than-usual conditions) is outdated due to the overall temperature increase over recent decades and is now skewed towards El Niño. Using a more up-to-date reference period, some non-government meteorologists suggest Australia is already close to La Niña conditions.

Canola production for MY 2023/24 is estimated at 5.7 MMT. It is in line with the Australian Bureau of Agriculture and Resource Economics and Sciences (ABARES) estimate, some four months after the completion of harvest. This is the third-highest result on record despite below-average rainfall during the growing season (see Figure 6). The lack of in-crop rainfall affected the more northern production regions of Western Australia, central New South Wales, and further north into Queensland. These areas produce little of the national canola crop. The more southern crops, which mature a little later, benefitted from greater soil moisture reserves at planting and received some late in-crop rainfall. Despite these challenging growing conditions, the estimated yield of 1.63 MT/Ha is eight percent above the previous 10-year average. This is a strong testament to the world-leading level minimum till and no-till practices applied by Australian winter crop producers, which preserves sub-surface soil moisture for the subsequent crop.

Figure 6 – Australia Rainfall Deciles – March to October, 2023



Source: Australian Bureau of Meteorology / FAS/Canberra

Consumption

FAS/Canberra forecasts domestic canola crush to increase to 1.2 MMT in MY 2024/25, from an estimated 1.1 MMT in MY 2023/24.

The growth of canola production over recent years, along with the rise in world canola oil prices across 2021 and 2022, has prompted increased investment in the canola crushing sector, mainly from existing processors. Some of these investments increased capacity in the estimated (MY 2023/24) and forecast (MY 2024/25) years.

Canola oil prices have declined during 2023 to levels a little above the previous five-year average, but canola prices have also followed a similar trend. The investment in crushing capacity, and efficiencies, will necessitate increased throughput to optimize plant utilization rates.

Canola production in Western Australia and South Australia is almost entirely for exports. In contrast, canola from Eastern Australia is typically destined for domestic crush with any surpluses sold on the export market. Western Australia only accounts for around 10 percent of Australia's total crush, even though it produces almost half of the national crop. This is in part due to the demand for the by-product, canola meal, being in greater need in the eastern states where the majority of the beef feedlots, dairy, swine, and poultry users are located. There are reports that an existing processor on the east coast of Australia is planning to build a new crushing facility to be built in Western Australia. Work at the new

facility commences in 2024 and commissioning is anticipated in 2025. This new facility would significantly increase Australia's crushing capacity in the coming years.

FAS/Canberra estimates canola consumption for crushing for MY 2023/24 at 1.1 MMT. Investments in crushing capacity and productivity, including lower domestic canola prices, are expected to support a higher crushing volume compared to the prior year of 1.0 MMT.

A further factor impacting Australian canola oil production is that the Australian dollar has been relatively weak, at around AU\$1.51 to one U.S. dollar for much of MY 2023/24. This would encourage greater domestic crushing as the weaker-than-usual Australian currency supports increased competitiveness for canola oil exports and improved domestic producers' competitiveness against imports.

Trade

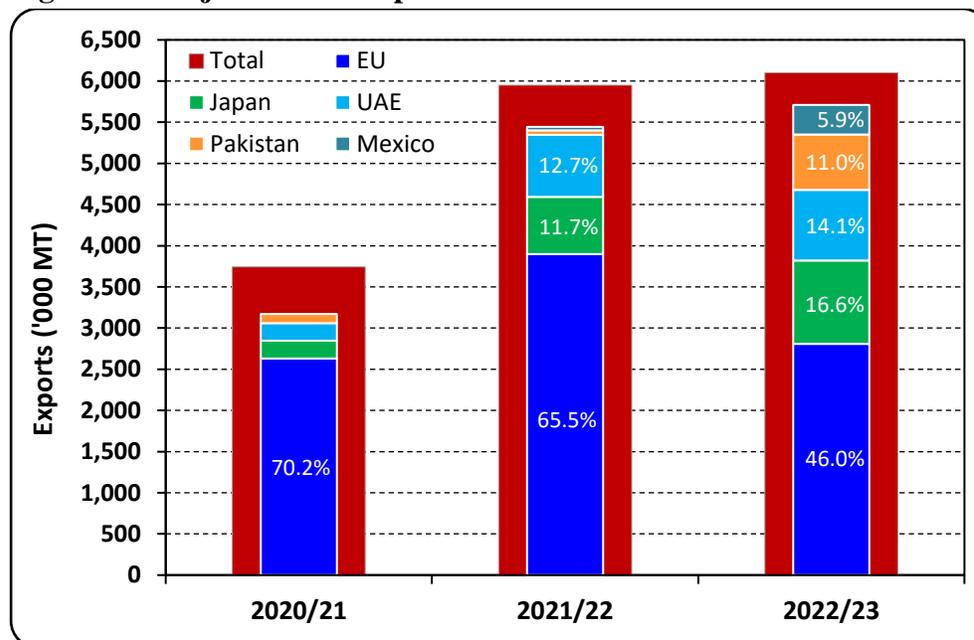
MY 2024/25 canola exports are forecast to be 5.1 MMT, a 0.7 MMT increase from the estimate for MY 2023/24. This forecast increase is largely due to the anticipated rise in canola production and if realized would be the third-largest export result on record for Australia. The two largest results were achieved in recent seasons: MY 2021/22 (5.9 MMT) and MY 2022/23 (6.1 MMT).

Australia is the second largest world exporter of canola, behind Canada, and in recent years, has accounted for 20 to 40 percent of world trade.

Over recent years, around 70 percent of Australia's exports have been to the European Union (EU), primarily for the biodiesel market. However, there has been a substantial shift in trade way from the EU towards Japan, the United Arab Emirates, Pakistan, and Mexico (see Figure 7).

In recent years, Australia and Ukraine have supplied 75 to 85 percent of the EU's canola imports. In MY 2022/23, the EU reduced its overall imports of canola by 25 percent from the prior MY 2021/22. In this period, imports from Australia declined by 28 percent, and 26 percent for Ukraine. A report by Germany's Union for the Promotion of Oil and Protein Plants indicates that the EU decline in canola imports was related to the end of the Black Sea Grain Initiative and a ban on imports of Ukrainian goods by neighboring EU countries. However, this appears not to hold true, given that there was a similar decline in imports from Australia as from Ukraine in a year when Australia had ample supply. Some analysts suggest that the EU's decline in canola imports may have been associated with a shift in perspective that the EU should not source product for industrial purposes that competes with food production.

Figure 7 – Major Canola Export Destinations – MY 2020/21 to 2022/23



Source: Australian Bureau of Statistics

Note: Australia Marketing Year is Dec to Nov (eg MY 2022/23 = Dec 2022 to Nov 2023)

FAS Canberra estimates canola exports in MY 2023/24 to reach 4.4 MMT, a 28 percent decline from the prior MY 2022/23. This is mainly due to reduced production and a slight increase in the domestic crushing of canola. For the first two months of MY 2023/24 (Dec 2023 and Jan 2024), Australia has exported 1.0 MMT, 38 percent less than at the same time in the previous year (MY 2022/23), which had total exports of 6.2 MMT. The fall of canola exports for the first two months was 38 percent, greater than the full year estimated drop of 28 percent for MY 2023/24. However, the first two months are a small sample; FAS Canberra anticipates the pace of exports will improve for the remainder of the marketing year.

Stocks

FAS/Canberra forecasts ending stocks of canola to remain stable in MY 2024/25 at around 0.9 MMT. According to industry sources, most of the canola is typically sold by the end of June each year, and very little stock is held prior to the start of harvest at the beginning of November.

Table 1 - Production, Supply, and Distribution of Canola (Rapeseed)

Oilseed, Rapeseed Market Year Begins Australia	2022/2023		2023/2024		2024/2025	
	Dec 2022		Dec 2023		Dec 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	4000	4000	3500	3500	0	3800
Area Harvested (1000 HA)	3900	3900	3500	3500	0	3800
Beginning Stocks (1000 MT)	116	116	1170	941	0	918
Production (1000 MT)	8273	8273	5500	5700	0	6500
MY Imports (1000 MT)	2	2	1	2	0	2
Total Supply (1000 MT)	8391	8391	6671	6643	0	7420
MY Exports (1000 MT)	5871	6100	4400	4400	0	5100
MY Exp. to EU (1000 MT)	4000	2800	3500	2000	0	2500
Crush (1000 MT)	1000	1000	1100	1100	0	1200
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	350	350	225	225	0	250
Total Dom. Cons. (1000 MT)	1350	1350	1325	1325	0	1450
Ending Stocks (1000 MT)	1170	941	946	918	0	870
Total Distribution (1000 MT)	8391	8391	6671	6643	0	7420
Yield (MT/HA)	2.1213	2.1213	1.5714	1.6286	0	1.7105
(1000 HA) ,(1000 MT) ,(MT/HA)						

CANOLA MEAL

Production

Canola meal production is forecast to increase in MY 2024/25 to 696,000 MT from an estimate of 638,000 MT in MY 2023/24. If realized, this would be the highest level of canola meal production on record in Australia.

Canola production is forecast to increase by 14 percent in MY 2024/25, and canola meal production is forecast to increase by 10 percent. Typically, nearly one-fifth of Australian canola is crushed domestically. However, this varies mostly due to changes in canola production from year to year. Also, canola meal production is driven by the demand for canola oil, and the strength of the canola meal by-product price typically has a bearing on the merits of crushing to produce canola oil.

Canola meal is a high-quality protein-rich supplement, high in rumen undegradable protein which is sought after in supplementary feeds for performance. It is a widely used ingredient in a range of products across the livestock industry, the largest of which is the beef cattle industry and, behind this, the dairy industry. The expanding feedlots' capacity, and gradual increase of the supplementary feed component relative to pasture of dairy cows support growing canola meal production.

FAS/Canberra estimates canola meal production for MY 2023/24 at 638,000 MT, 10 percent higher than for MY 2022/23. This increase is driven by a third successive year of big canola crop production in Australia. This along with strong canola oil prices relative to the price of canola in recent years has prompted crushing capacity expansion, some of which will be evident in MY 2023/24, and further gains are expected in subsequent years.

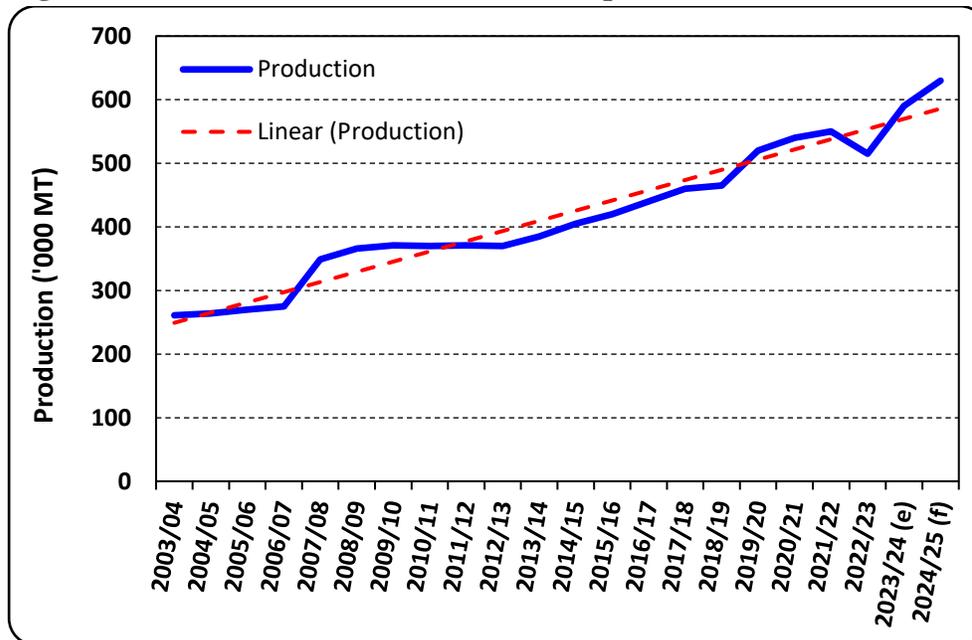
Consumption

FAS/Canberra forecasts a seven percent increase in canola meal consumption in MY 2024/25 by 40,000MT to 630,000 MT from the prior year's estimate. Almost all canola meals produced in Australia are consumed domestically; typically, less than ten percent of the canola meal produced is exported.

Most canola meals are produced in crushing facilities in the eastern states, near major users of meal, including the beef, dairy pig and poultry industries. Canola meal competes to some degree with imports of soybean meal, which have been steadily increasing over the last two decades. Although soybean meal is the nearest competitor to canola meal, they have differing characteristics and meet different livestock nutritional needs for ruminant and monogastric livestock industries. The import of soybean meal has mostly been from Argentina, but there has been an increasing volume from the United States.

Although Australia produces ample canola to increase its crush, the demand for canola meal domestically is only steadily increasing from year to year (see Figure 8). The balance of domestic and export demand for canola meal influences the price of the product. It is an important consideration for the longer-term expansion of increasing canola oil production. However, at times, the profitability of canola oil production may rise to a point whereby the value of the crushing by-product, canola meal, is less of a consideration.

Figure 8 – Australian Canola Meal Consumption Trend



Source: Australian Bureau of Statistics / FAS/Canberra

Note: (e) = estimate, (f) = forecast

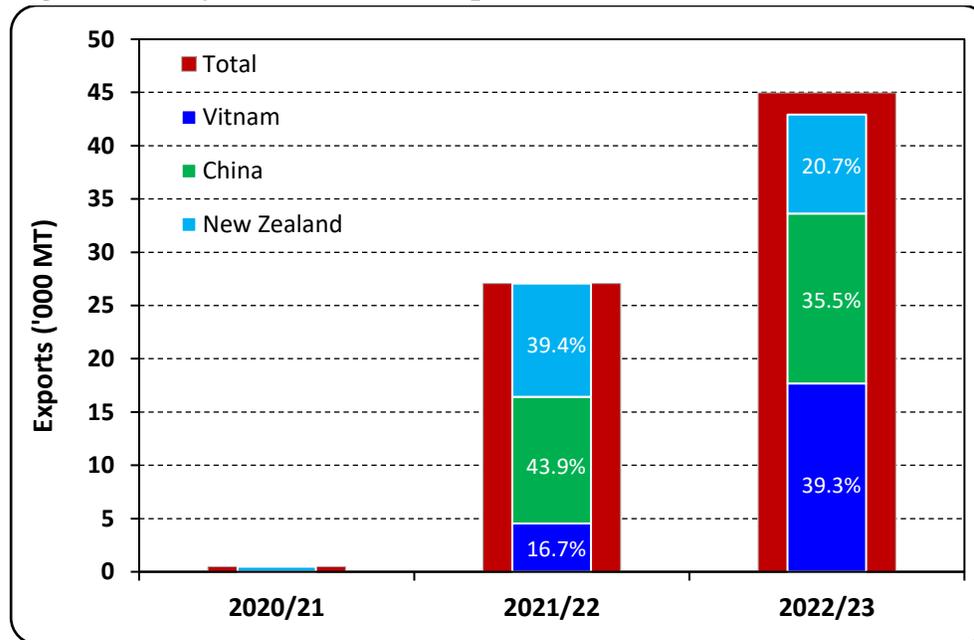
Note: Australia Marketing Year is Dec to Nov (eg MY 2022/23 = Dec 2022 to Nov 2023)

Trade

FAS/Canberra forecasts canola meal exports to increase in MY 2024/25 to 60,000 MT, from an estimate of 45,000 MT in the prior year. Although this is a 33 percent increase, by volume it is small.

The first significant year of canola meal exports was in MY 2021/22 at 27,000 MT; and the trade only began in the last five months of the marketing year. The trade is to China, New Zealand, and Vietnam for their livestock industries. With a full year of trade, the volume of canola meal exports increased further in MY 2023/24 to 45,000 MT (see Figure 9).

Figure 9 – Major Canola Meal Export Destinations – MY 2020/21 to 2022/23



Source: Australian Bureau of Statistics

Note: Australia Marketing Year is Dec to Nov (eg MY 2022/23 = Dec 2022 to Nov 2023)

The use of more concentrated feeds in dairy rations is a means of reducing methane emissions from ruminants such as dairy cattle. The drive from the government level in New Zealand over recent years to reduce greenhouse gas emissions from agriculture may increase the demand for canola meal from their dairy industry and offer scope for expanded canola crushing in Australia in the coming years. Other Asian countries with feedlot industries may increase their demand for canola meal as their industries evolve.

FAS/Canberra's canola meal export estimate for MY 2023/24 is at 45,000 MT, which is in line with the prior year's outcome. The amounts for the first two months of exports for MY 2023/24 are at 6,840 MT, which is far less than at the same time in the previous year, due to lower trade to China and Vietnam although trade to New Zealand is higher. FAS Canberra anticipates that the pace of trade will improve in the remaining 10 months of the marketing year.

Stocks

Canola meal spoils quickly and needs to be used within a matter of weeks. For this reason, ending stocks typically remain low and stable from year to year. However, dried canola meal can be stored for many months, but it is unclear the industry's capacity to produce dried canola meal.

Table 2 - Production, Supply, and Distribution of Canola Meal

Meal, Rapeseed Market Year Begins	2022/2023		2023/2024		2024/2025	
	Dec 2022		Dec 2023		Dec 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Australia						
Crush (1000 MT)	1000	1000	1100	1100	0	1200
Extr. Rate, 999.9999 (PERCENT)	0.58	0.58	0.58	0.58	0	0.58
Beginning Stocks (1000 MT)	9	9	29	29	0	32
Production (1000 MT)	580	580	638	638	0	696
MY Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	589	589	667	667	0	728
MY Exports (1000 MT)	45	45	45	45	0	60
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	515	515	590	590	0	630
Total Dom. Cons. (1000 MT)	515	515	590	590	0	630
Ending Stocks (1000 MT)	29	29	32	32	0	38
Total Distribution (1000 MT)	589	589	667	667	0	728
(1000 MT) ,(PERCENT)						

CANOLA OIL

Production

With the canola crush forecast to increase in MY 2024/25, canola oil production is forecast to rise to 495,000 MT, nine percent above the estimate of 454,000 MT for MY 2023/24.

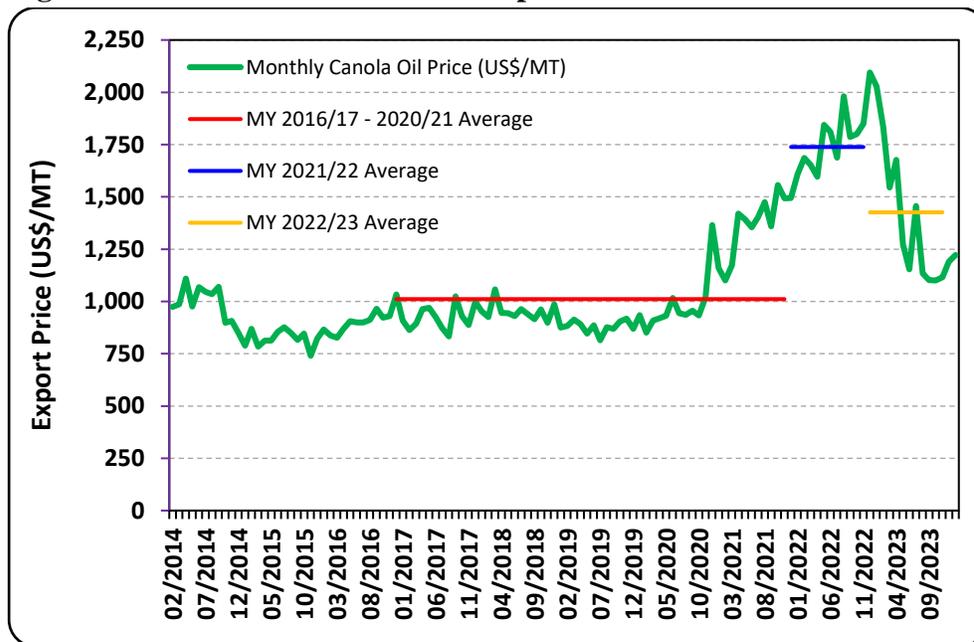
In recent years, crushers have been encouraged to expand their capacity after successive years of high canola production in Australia and at times very strong world canola oil prices. A further factor is that Australia imports a substantial amount of cooking oils, some of which could be displaced by domestic production.

There are reports of an East Coast processor announcing that it will construct a new plant in Western Australia slated for completion in 2025. This will further expand crushing capacity beyond the forecast year. Another East Coast crusher has announced its intent to establish a new crushing facility in Western Australia with a capacity of around 750,000 MT. With expanded capacity, crushers need to maintain a reasonable level of utilization to optimize their economic outcomes. Some of the crush expansion may focus on an evolving market towards producing sustainable aviation fuel (SAF). Nevertheless, the past typical base level canola crush of around 800,000 MT will be well exceeded as the canola crushing capacity grows.

Australia currently has six canola crushing facilities in New South Wales and Victoria, the two most populated states with the greatest domestic demand for canola oil. There are two small crushing plants in Western Australia. Until recently, industry sources indicated that total combined crushing capacity was around 1.2 MMT. It is reported that the two major crushers on the East Coast have made progress in their capacity expansion plans. However, the scale of the increase in crushing capacity is unclear.

FAS/Canberra estimates canola oil production of 454,000 MT for MY 2023/24, an increase of 10 percent from the prior year. This increase is partly driven by successive big canola crops, but also due to the high canola oil export prices at the start of the MY 2022/23 canola harvest, which reached a peak historical level of US\$2,095 per MT (see Figure 10). The rise in canola prices was associated with droughts in other major oilseed-producing countries and the Russian invasion of Ukraine. Canola oil prices moderated quickly in 2023 but remain above typical past historical levels.

Figure 10 – Australian Canola Oil Export Price Trend



Source: Australian Bureau of Statistics

Note: Australia Marketing Year is Dec to Nov (eg MY 2022/23 = Dec 2022 to Nov 2023)

Consumption

Canola oil consumption in MY 2024/25 is forecast to rise moderately to 260,000 MT from the previous year's estimate of 250,000 MT. The forecast rise in domestic consumption of canola oil is in part related to the forecast 10 percent increase in canola oil production, but also a rapid increase in the Australian population over the last year and forecast by the government into 2024. This population growth is driven by record levels of immigration.

The Australian Bureau of Statistics data shows that population growth for the year ending June 30, 2023, was almost two and a half percent. Population growth is reported to have remained strong in the second half of 2023 and immigration for January 2024 was at a record level. The Australian government anticipates that population growth will remain strong in 2024 but at a somewhat slower pace. The strong population growth accounts for much of the forecast rise in canola oil consumption.

Biodiesel production from canola in Australia is practically nonexistent, with no federal biodiesel mandate and only small mandates in two Australian states. Industry sources also indicate that it is more cost-effective to produce biodiesel from tallow in Australia. There has been substantial interest in Australia for the production of SAF to support the reduction of greenhouse gas emissions from the aviation sector. SAF can be produced from multiple sources. One of these is from the further processing of ethanol. Meanwhile, as mentioned earlier, there is interest in constructing canola oil crushing facilities in Western Australia, some of which target SAF production.

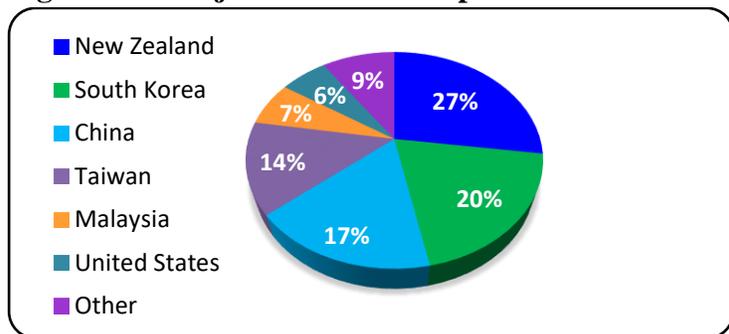
FAS/Canberra’s canola oil consumption estimate for MY 2023/24 is 250,000 MT, a modest 10,000 MT rise from the previous year. This is in part due to the 10 percent increase (40,000 MT) in estimated canola oil production in MY 2023/24 compared to the prior year. The estimated rise in consumption is mostly due to the rapid rise in population as mentioned earlier.

Trade

Australia’s canola oil exports are forecast at 230,000 MT in MY 2024/25, a 40,000 MT (21 percent) rise from the estimate for MY 2023/24. With a modest increase in domestic canola oil consumption, the forecast increase in exports is mainly related to the forecast growth in production for MY 2024/25. As mentioned earlier, production of canola oil is forecast to increase by 41,000 MT, similar to the forecast growth in exports.

New Zealand, South Korea, China, and Taiwan are typically the largest markets for Australian canola oil exports. However, Malaysia and the United States have also become significant export destinations over the recent years. For MY 2022/23, these six nations accounted for over 90 percent of Australia’s canola oil exports (see Figure 11).

Figure 11 – Major Canola Oil Export Destinations – 2022/23

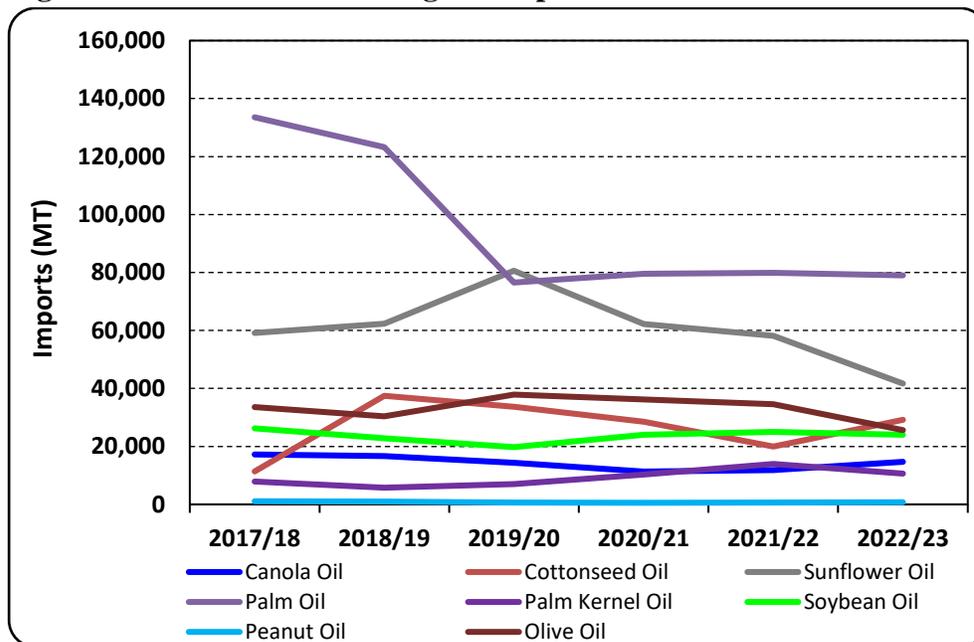


Source: Australian Bureau of Statistics

FAS/Canberra’s canola oil export estimate for MY 2023/24 is 190,000 MT, an increase of 10,000 MT over the MY 2021/22 outcome. As mentioned earlier, the increase in crushing volume, partly driven by the very high prices at the start of the marketing year, has contributed to the rise in the supply of canola oil. For the first two months of MY 2023/24, 30,300 MT of canola oil has been exported, a six percent increase over the same period in the previous year.

Canola oil is by far the largest domestically produced cooking oil in Australia. The decline in cooking oil imports has only partially been met by increasing canola oil production. With less than 20 percent of canola production in Australia being crushed there is ample opportunity for further increases in canola oil production in Australia. With recent growth in crushing capacity and announcements for additional investments in capacity, there is scope for domestically produced canola oil to displace some of the imported cooking oils. Cooking oil imports have declined over recent years to 200,000 MT in MY 2022/23 (see Figure 12). Australia’s canola oil exports in MY 2022/23 were 180,000 MT from domestically crushing 12 percent of canola production. This situation highlights ample scope for canola oil consumption to increase in Australia, displace other imported cooking oils, and grow canola oil exports.

Figure 12 – Australian Cooking Oil Import Trend



Source: Australian Bureau of Statistics

Note: Marketing Year is Dec to Nov (eg MY 2022/23 = Dec 2022 to Nov 2023)

The import forecast for MY 2024/25 is 15,000 MT, the same as the estimate for MY 2022/23. This represents three percent of the forecast canola oil production in Australia. It is also only equivalent to seven percent of the forecast export volume. Canola oil imports for the first two months of MY 2022/23

(Dec 2022 to Jan 2023) are slightly higher than for the same period in the previous year. With a big canola harvest and increased crushing estimated in MY 2022/23, it is unlikely that canola oil imports will be any greater than 15,000 MT for the full marketing year.

Stocks

Canola oil ending stocks are typically consistent from year to year, but stocks in MY 2024/25 are expected to increase somewhat due to the forecast of increased canola crushing.

Table 3 - Production, Supply, and Distribution of Canola Oil

Oil, Rapeseed Market Year Begins Australia	2022/2023		2023/2024		2024/2025	
	Dec 2022		Dec 2023		Dec 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	1000	1000	1100	1100	0	1200
Extr. Rate, 999.9999 (PERCENT)	0.414	0.414	0.4127	0.4127	0	0.4125
Beginning Stocks (1000 MT)	8	8	14	17	0	46
Production (1000 MT)	414	414	454	454	0	495
MY Imports (1000 MT)	14	15	15	15	0	15
Total Supply (1000 MT)	436	437	483	486	0	556
MY Exports (1000 MT)	182	180	175	190	0	230
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	240	240	250	250	0	260
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	240	240	250	250	0	260
Ending Stocks (1000 MT)	14	17	58	46	0	66
Total Distribution (1000 MT)	436	437	483	486	0	556
(1000 MT) ,(PERCENT)						

OLIVE OIL

Production

Australian olive oil production is forecast to increase to 25,000 MT in MY 2024/2025, a 19 percent rise from the FAS/Canberra MY 2023/24 estimate of 21,000 MT. The primary reason for the forecast increase is the natural biennial effect of olive yields increasing following a down year. There is an expectation that there will be increased production in the coming years as those trees yet to reach full maturity, progressively increase their yields.

The Australian olive oil industry typically produces 90 to 95 percent Extra Virgin Olive Oil (EVOO), which is processed via a cold press technique and is known as a premium product. Olive oil can be extracted from the post cold pressed olives via chemical extraction methods and is sold as olive oil or used in other products. Chemically extracted olive oil is a lower quality and lower value product.

Industry sources report that in Australia, the EVOO average annual extraction rate typically ranges from 15 to 18 percent. Lower extraction outcomes are largely due to higher moisture content fruit from poorer seasonal conditions, but they are also driven by some producers commencing harvest prior to optimal oil content for logistics purposes and also smaller producers with less-than-optimal extraction equipment.

Many large producers have removed earlier planted groves with varieties that have since proven not to perform to adequate levels and have replanted these areas with proven varieties. Some are continuing to finalize these programs.

There are substantial areas of expanded tree plantings, with estimates of up to 40 percent of trees being less than eight years old. Olive trees reach their first harvest at year three and, from there, progressively increase production before reaching a mature production at year eight. These larger producers are estimated to have 30 percent of their trees in the year three to seven profile and 60 percent of trees at maturity. Mature trees of these large producers achieve approximately 15 MT/ha of harvested olives based on traditional tree spacing. Small areas of high-density hedge plantings are reported to achieve more than 20 MT/ha.

As the number of olive trees in Australia increasingly progresses towards mature production, the industry expects to achieve relatively consistent year-on-year production growth over the next 10 to 15 years. Some of the larger producers' report that they have scope to expand their plantings in the coming years. The rate of these plantings will vary based on their outlook for olive oil in the medium term. Most of the larger commercial olive groves are in the most optimal temperate growing regions of southern New South Wales, northern Victoria, and the south-west corner of Western Australia.

Industry sources report that the seasonal conditions for the MY 2023/24 crop, which will be harvested from mid-March to July 2024, have been favorable. There was a cooler and wetter than usual start to the growing season, but temperatures in 2024 so far have encouraged good olive fruit growth and oil yields are anticipated to be at the higher end of typical expectations.

For the MY 2023/24 crop, above-average rainfalls and mild conditions in the lead-up to flowering and fruit set have produced very good fruit set results. Since the fruit set period, seasonal conditions have generally remained mild until the end of 2023. Temperatures in 2024 have encouraged good fruit growth, and yield and quality appear promising in the lead-up to harvest. However, yields are expected to be down on the prior year due to the biennial effect on production.

FAS/Canberra's olive oil production estimate for MY 2023/24 is 21,000 MT. This is 3,000 MT (12.5 percent) below the MY 2022/23 production. Industry reports that olive production and oil extraction rates were lower than anticipated in MY 2022/23. This was mainly due to cooler and wetter-than-average conditions throughout the growing period, adversely impacting olive growth and oil yield.

Consumption

FAS/Canberra forecasts consumption of olive oil in Australia at 53,000 MT in MY 2024/25, marginally above the MY 2023/24 estimate of 52,000 MT.

In Australia, EVOO is broadly not perceived as a cooking oil and is not considered interchangeable with canola and vegetable oils. The majority of Australian EVOO is expected to continue to be sold through domestic retail outlets. On this basis, consumers are not likely to make significant preference shifts between cooking oils and extra virgin olive oils from year to year.

The FAS/Canberra consumption estimate for MY 2023/24 is 52,000 MT, slightly above the position for MY 2022/23 of 51,000 MT. The incremental growth from year to year is mainly driven by population growth in Australia.

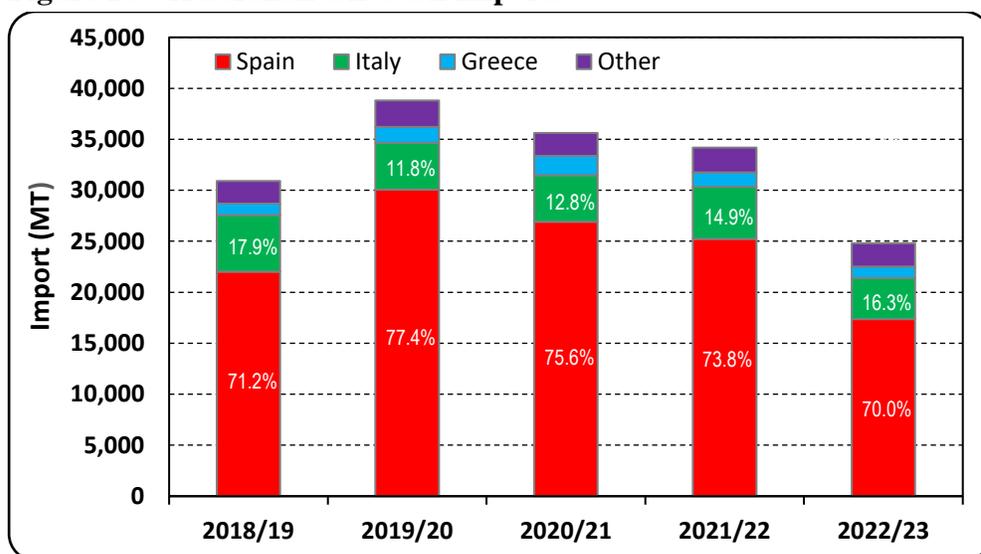
Trade

FAS/Canberra forecasts Australian imports of olive oil to decline to 30,000 MT for MY 2024/25 from an estimated 35,000 MT for MY 2023/24. This is mainly due to a shift to a biennial up year for MY 2024/25, reducing the imperative for imports to fill domestic supply needs.

Industry sources indicate that of the olive oil imported, approximately 40 percent is sold via the retail network, of which a proportion is EVOO and the balance lower-quality olive oil. Approximately 60 percent of imported olive oil is sold to the food industry and is predominantly lower quality.

Spain is by far the major supplier of olive oil to Australia, accounting for around three-quarters of the overall supply, followed by Italy and Greece (see Figure 13). These three countries have consistently supplied around 95 percent of overall imports to Australia over the last 20 years. There is a broad declining olive oil import trend in Australia as domestic production gradually increases. However, imports were substantially lower in MY 2022/23 compared to prior years, likely related to lower world production of olive oil in 2023.

Figure 13 – Australian Olive Oil Imports



Source: Australian Bureau of Statistics

Note: Marketing Year is January to December (eg MY 2022/23 = Jan 2023 to Dec 2023)

FAS/Canberra forecasts the export of Australian olive oil in MY 2024/25 at 5,000 MT, in line with two years prior, corresponding with the biennial up year of domestic production. Australia is expected to remain a net importer of olive oil in the foreseeable future. However, export volumes are expected to slowly increase in the coming years after existing olive groves mature, and a sustainable overall increase in production is achieved.

Stocks

Ending stocks are forecast at 10,000 MT in MY 2024/25, down slightly from past years. Overall, there is typically little change to ending stocks expected due to the combination of domestic production and substantial imports filling the domestic demand void.

Table 4 - Production, Supply, and Distribution of Olive Oil

Oil, Olive Market Year Begins Australia	2022/2023		2023/2024		2024/2025	
	Jan 2023		Jan 2024		Jan 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	36	0	36	36	0	36
Area Harvested (1000 HA)	36	22	36	23	0	24
Trees (1000 TREES)	4600	4600	4600	4600	0	4600
Beginning Stocks (1000 MT)	19	19	16	12	0	13
Production (1000 MT)	24	24	20	21	0	25
MY Imports (1000 MT)	33	25	30	35	0	30
Total Supply (1000 MT)	76	68	66	68	0	68
MY Exports (1000 MT)	5	5	5	3	0	5
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	55	51	50	52	0	53
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	55	51	50	52	0	53
Ending Stocks (1000 MT)	16	12	11	13	0	10
Total Distribution (1000 MT)	76	68	66	67	0	68

(1000 HA) ,(1000 TREES) ,(1000 MT)

COTTONSEED

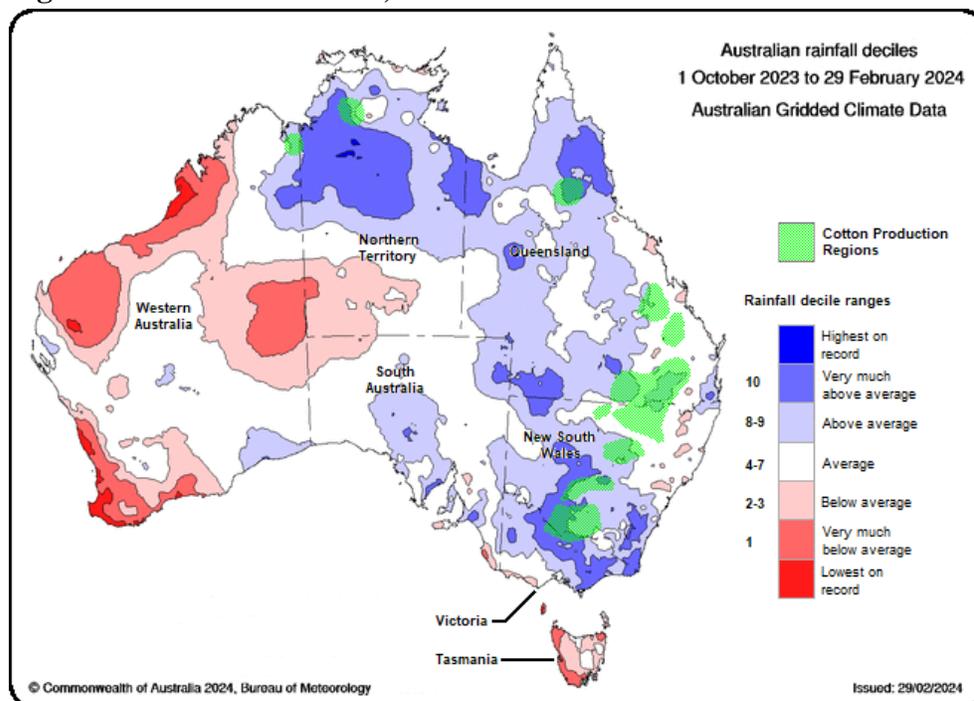
Production

FAS/Canberra forecasts cottonseed production to rise to 1.38 MMT in MY 2024/25 from an estimated production of 1.25 MMT in MY 2023/24. If realized, the forecast production would be among the highest results but well below the peak of 1.68 MMT in MY 2010/11. The forecast is mainly based on anticipating a strong cotton production season with prospects of a return to normal winter/spring seasonal conditions, particularly for southern Queensland and northern New South Wales growers, with improved overall irrigation water availability across the industry.

The 10-percent increase in forecast production for MY 2024/25 is primarily due to an anticipated increase in the planted area of cotton, particularly in southern Queensland and northern New South Wales, but also some yield improvement. The planted area is expected to increase by 600,000 hectares in the forecast year from 570,000 hectares in the MY 2023/24 estimate year.

The Australian Bureau of Meteorology (BOM) is reporting that the current El Niño (drier than usual conditions) is weakening, and conditions will return to neutral later in the fall (NB fall in Australia is from March to May). Conditions in the eastern states, where most of the cotton is produced, were drier than usual from March to September 2023. The BOM declared an El Niño on September 19, 2023. Since that time (October 2023 to February 2024) the eastern states have had average to above average rainfall, far from typical El Niño outcomes (see Figure 14), and the BOM is yet to declare the end of El Niño.

Figure 14 – Rainfall Deciles, Oct 2023 to Feb 2024

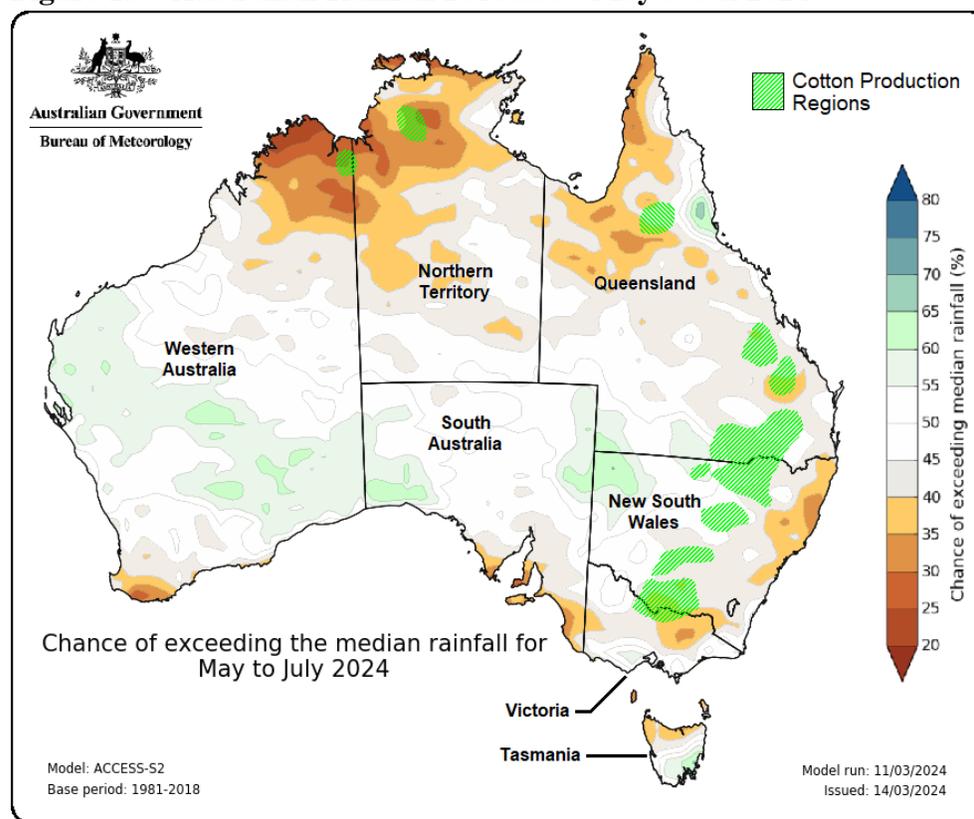


Source: Australian Bureau of Meteorology / Cotton Australia

Some meteorologists indicate that the BOM reference period for one of the measures for determining El Niño / Neutral / La Niña (wetter-than-usual conditions) is outdated due to the overall temperature increase over recent decades and is now skewed towards El Niño. Using a more up-to-date reference period, some non-government meteorologists suggest Australia is already close to La Niña conditions.

The BOM forecast for May to July 2024 broadly shows the average chance of median rainfall in the eastern states where most of Australia’s cotton is produced (see Figure 15). The return to average rainfall expectations in the coming months, in the lead-up to the forecast year planting period starting in October 2024, is particularly important for growers in southern Queensland and northern New South Wales who rely on overland flow or rivers in high flow to enable extraction of water into on-farm storage dams.

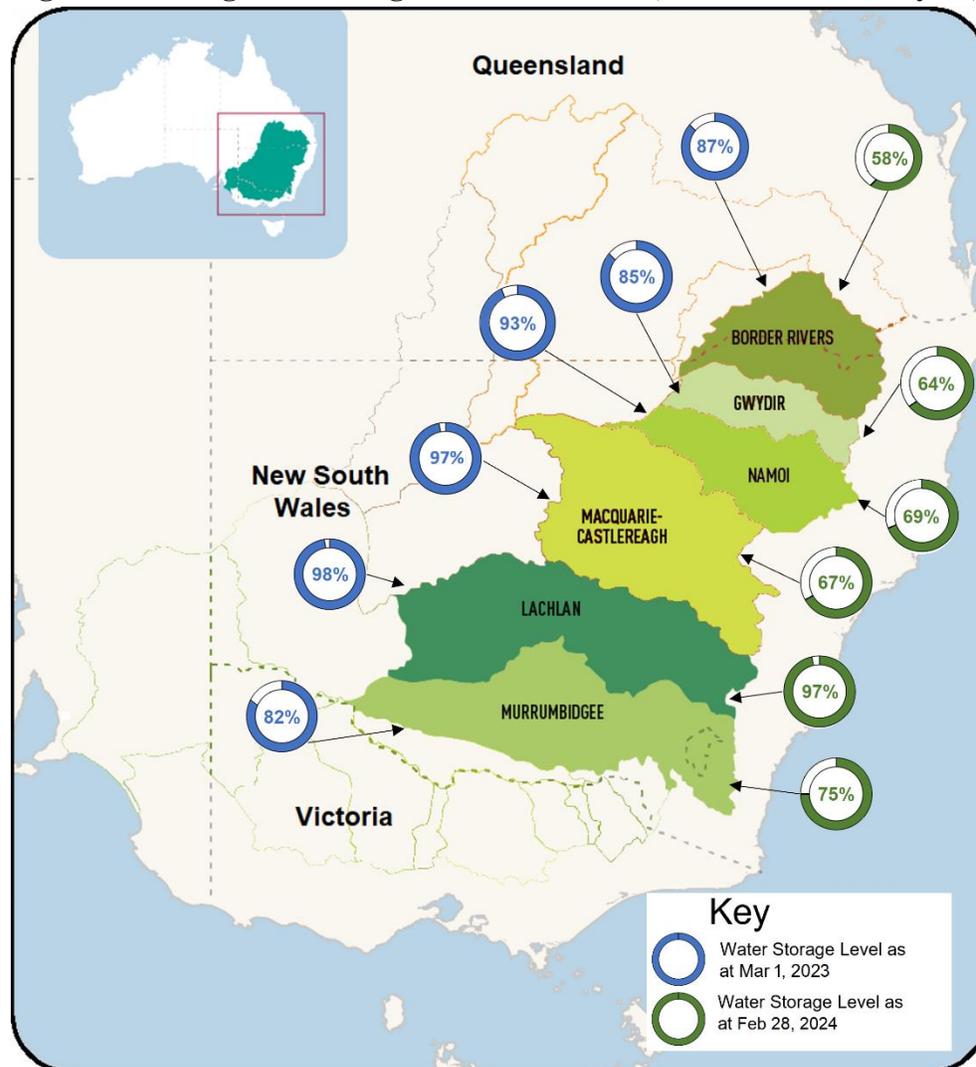
Figure 15 – Australian Rainfall Forecast – May to Jul 2024



Source: Australian Bureau of Meteorology / Cotton Australia

A further important factor supporting the forecast increase in irrigated cotton planting for MY 2024/25 is that the levels of water stored in dams associated with irrigation schemes at the tail end of the current MY 2023/24 irrigation season is broadly good to very good across the major cotton producing regions (see Figure 16). The levels reflect better-than-usual expectations towards the end of an irrigation season. They are typically replenished from winter and spring rains to higher levels leading up to the planting of the subsequent summer crop season. The current levels of water storage, coupled with the expectation from the BOM of average rainfalls in the coming months, or potentially above average rainfalls by some non-government meteorologists, provide confidence that there will be adequate water availability for cotton growers in MY 2024/25. It is important to note that although storage dam levels are currently well below that at the same time as the previous year, this is more due to earlier successive years of above-average rainfall, particularly a very wet spring in 2022, which caused multiple flooding events.

Figure 16 – Irrigation Storage Levels - March 1, 2023 and February 28, 2024



Source: Murray Darling Basin Authority

The Australian cotton industry has a mix of both dryland and irrigated cropping. However, both are typically located in the same growing regions, where the water-holding capacity of soils and the climatic conditions are well suited to cotton production. Irrigated cotton yields are generally 2-3 times higher than dryland cotton. Irrigated cotton areas are the primary driver of overall cotton production in Australia, driven by irrigation water availability.

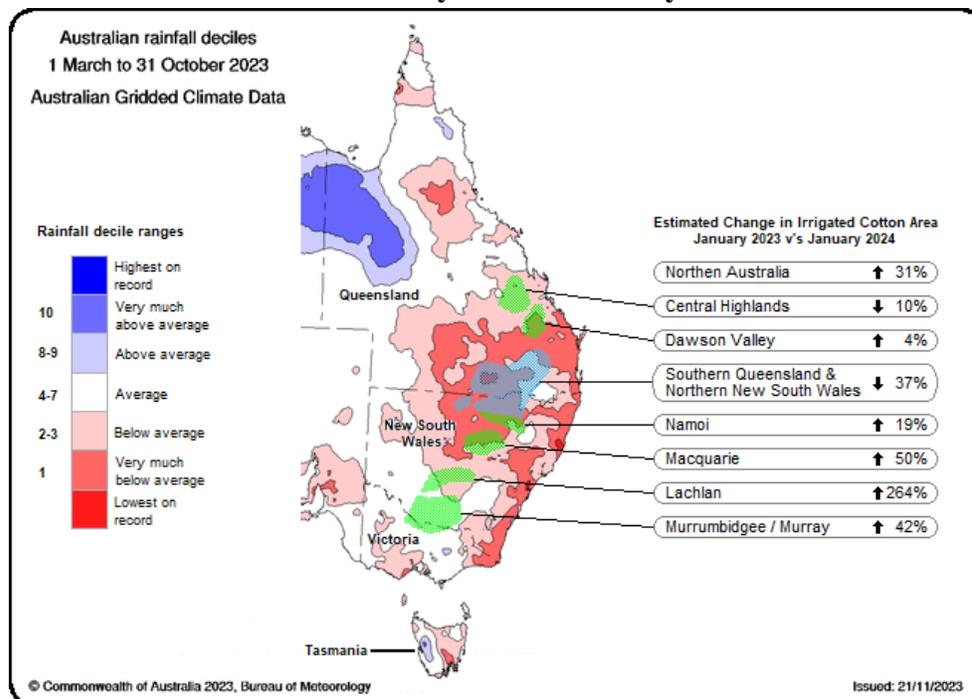
Irrigation water is derived from a combination of sources, one of which is water harvested and stored in on-farm dams from overland flows. This can occur after high rainfall events, which are more typical in the northern cotton production regions. Water is also harvested and stored from waterways during high flow periods after high rainfall events, which occur across the north and central cotton production regions. Underground water is also a source of irrigation water, although relatively small compared to the combination of other sources. The main source of irrigation water, which has a large bearing on

cotton plantings, is multiple irrigation schemes based on large storage dams. The southern cotton production region is almost entirely dependent upon these dams, whereas the central region and most northern regions are highly dependence on them.

FAS/Canberra’s cottonseed production estimate for MY 2023/24, with harvest just about to commence in April 2024, is 1.25 MMT, 13 percent below the MY 2022/23. The lower estimate is due to the conditions experienced in southern Queensland and northern New South Wales in the months preceding planting.

Some farmers in southern Queensland and northern New South Wales have access to irrigation water schemes. Still, many depend on the overland flow of water and entitlements from high river flow from which water is pumped and stored into on-farm dams. This region, which typically accounts for around 60 percent of the national irrigated cotton crop, had far below-average rainfall in the months before the MY 2023/24 planting period (see Figure 17), which typically starts in October. This resulted in an estimated 37 percent fall in irrigated cotton planted area from the previous year, which produced a near-record crop. This was partially offset by the cotton-producing areas to the south, which mainly source their water from irrigation water schemes, substantially increased their planted area in MY 2023/24.

Figure 17 – Rainfall Deciles, Mar-Oct 2023 and Change in Estimated Irrigated Cotton Areas from January 2023 to January 2024



Source: Australian Bureau of Meteorology / Cotton Australia

Irrigation schemes across all cotton-producing regions broadly had high levels of water storage in the lead-up to planting from above-average rainfalls in previous seasons. For cotton-producing regions

where access to water was mainly from irrigation schemes, ample water was available, and the planted area for MY 2023/24 was high. For the more southern regions, the planting period for MY 2022/23 was hampered by abnormally wet conditions, which limited growers' ability to plant a full crop program. So, the growth in planted area for MY 2023/24 in the more southern regions was not due to a lack of irrigation water availability in MY 2022/23 but rather improved planting conditions in MY 2023/24.

Consumption

FAS/Canberra forecasts total domestic cottonseed consumption to increase to 750,000 MT in MY 2024/25 from the prior year's estimate of 700,000 MT. Much of this is anticipated for domestic livestock feed use, but the increase is due to the anticipated expanded cottonseed crush. The dehulled product will be transported to a crushing facility on the east coast of New South Wales starting in MY 2023/24 from the current crop, for which harvest will commence in April. The facility is focused on canola seed crushing and upgrades are reported to have been implemented to enable the facility to switch to also crush cottonseed. At this point, the expected crushing volume of cottonseed in this facility is unclear. However, since the product will be crushed in a canola crushing plant, it is anticipated that the volume of cottonseed crushing will be relatively small.

Cottonseed is a high-quality feed supplement primarily used in the livestock cattle industry. It can be fed whole without any processing. It is a sought-after product for its high protein and oil content. It is typically used as part of a feed ration in beef feedlots but is also used by beef producers in the dairy industry in a partial mixed ration with other gains and fiber sources as a supplement to pastures.

The cotton industry in Australia has only one major crushing facility based in Narrabri in New South Wales, which has been mothballed over recent years due to a lack of cottonseed supply associated with the previous drought. The previously mothballed crushing facility in Narrabri in New South Wales is expected to recommence operations in May 2024 but will only be dehulling the cottonseed. The product would then be transported to a canola crushing facility on the East Coast of New South Wales for crushing. On the basis that canola crushing facilities more broadly are anticipated to be operating at near capacity in MY 2023/24, it is not anticipated that there will be a large increase in cottonseed crushed in the forecast year. There is one other small crushing plant focused on supplying by-products to an associated livestock feed processing mill rather than for cottonseed oil production. Their crush demand of around 20,000 MT is unlikely to change significantly, even with a large increase in cottonseed supply.

FAS/Canberra's cottonseed consumption estimate for MY 2023/24 is at 730,000 MT. Of this, 80,000 MT is estimated for crushing by a small existing facility and the balance, for the first time, at a canola crushing facility on the New South Wales coast.

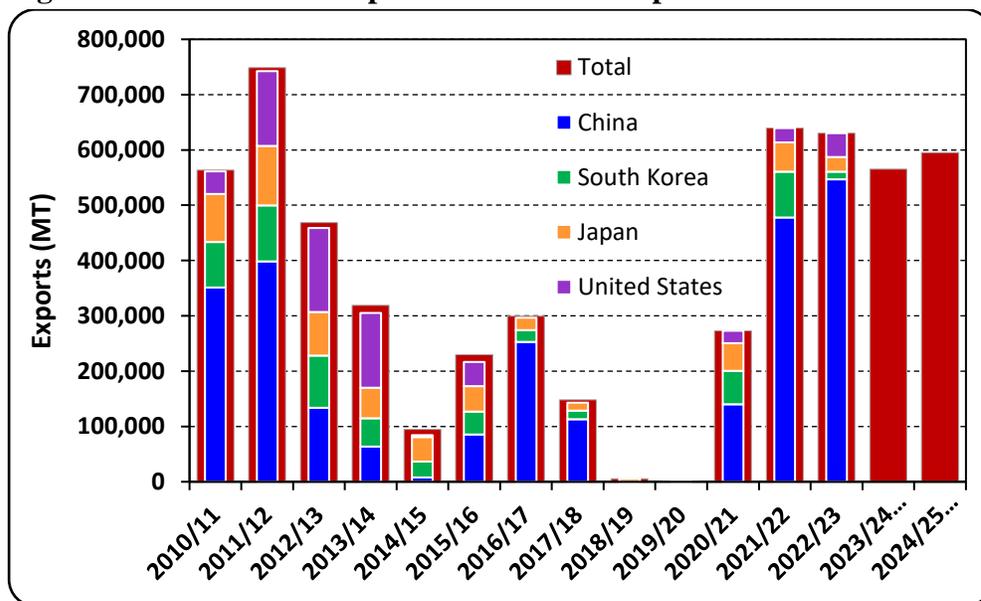
Trade

FAS/Canberra cottonseed exports are forecast to rise nine percent to 600,000 MT in MY 2024/25. This is mainly due to the 10-percent increase in the production of cottonseed in the forecast year. With successive big cottonseed production in recent years, there has been ample supply for domestic consumption, so much of the forecast increase in cottonseed production for MY 2024/25 is expected to be channeled towards exports.

FAS/Canberra's cottonseed export estimate for MY 2023/24 is 550,000 MT. This is 13 percent below the exports estimated for MY 2022/23 of 635,000 MT (Note: 10 months of the trade is completed at 630,000 MT and the last two months are typically low volumes). The lower export estimate for MY 2023/24 is directly related to lower production of cottonseed, compared to the prior year, due to the dry conditions in the lead-up to planting for growers in southern Queensland and northern New South Wales, as previously mentioned. Despite this fall in estimated cottonseed exports, if realized, it will still be among the highest volumes exported by Australia.

In the past, Australia exported similar quantities to China, South Korea, Japan, and the United States (see Figure 18). In recent years, China has by far been the biggest export destination at 73 and 87 percent (so far over the first 10 months) of overall exports in MY 2021/22 and MY 2022/23 respectively. The previous record export result of 783,000 MT was achieved in MY 2011/12, which was to the same four export destinations. But China's demand was not as great at that time as in recent years. If China's demand were to soften, there appears to be ample scope to expand exports to the other three major destinations for MY 2023/24 and MY 2024/25.

Figure 18 – Cottonseed Export Destinations - Apr to Jan MY 2010/11 to 2022/23



Source: Australian Bureau of Statistics

Note: (e) = estimate, (f) = forecast

Note: Australia Marketing Year is April to March (eg MY 2022/23 = Apr 2023 to Mar 2024)

Stocks

FAS/Canberra forecasts a modest increase in cottonseed ending stocks in MY 2024/25 after four successive years of anticipated large cottonseed production. Stocks cannot build up to high levels as there are limited cottonseed storage facilities, and it is more challenging to store than cereal grains. This creates a greater imperative to offer cottonseed at a price that attracts buyers before the product spoils and goes to waste.

Table 5 - Production, Supply, and Distribution of Cottonseed

Oilseed, Cottonseed Market Year Begins	2022/2023		2023/2024		2024/2025	
	Apr 2023		Apr 2024		Apr 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Australia						
Area Planted (Cotton) (1000 HA)	684	0	650	0	0	0
Area Harvested (Cotton) (1000 HA)	650	635	515	570	0	600
Seed to Lint Ratio (RATIO)	0	0	0	0	0	0
Beginning Stocks (1000 MT)	138	138	110	173	0	143
Production (1000 MT)	1742	1440	1442	1250	0	1380
MY Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	1864	1562	1536	1407	0	1507
MY Exports (1000 MT)	1000	635	800	550	0	600
Crush (1000 MT)	20	20	80	80	0	100
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	750	750	620	650	0	650
Total Dom. Cons. (1000 MT)	770	770	700	730	0	750
Ending Stocks (1000 MT)	110	173	52	143	0	173
Total Distribution (1000 MT)	1864	1562	1536	1407	0	1507
Yield (MT/HA)	2.68	2.2677	2.8	2.193	0	2.3

(1000 HA) ,(RATIO) ,(1000 MT) ,(MT/HA)

COTTONSEED MEAL

Production

FAS/Canberra forecasts cottonseed meal production to increase to 45,000 MT in MY 2024/25 from an estimated 36,000 MT in MY 2023/24. This increase is associated with an expectation of a small bump up in cottonseed crush volume by a group re-entering cottonseed crushing in MY 2023/24.

FAS/Canberra's MY 2023/24 cotton meal production estimate of 36,000 MT is a large increase over MY 2022/23 of 9,000 MT. As mentioned previously, the big increase in production is associated with a canola crushing facility on the New South Wales coast investing in infrastructure to enable them to also crush cottonseed commencing after the current harvest for MY 2023/24.

Consumption

FAS/Canberra forecasts total cottonseed meal consumption to increase to 40,000 MT in MY 2024/25 from 31,000 MT estimated for MY 2023/24. The increase in consumption is primarily associated with the forecast of an increase in cottonseed production. All domestically consumed cottonseed meals are used in the livestock industries. Australia previously had a much higher cottonseed crushing capacity,

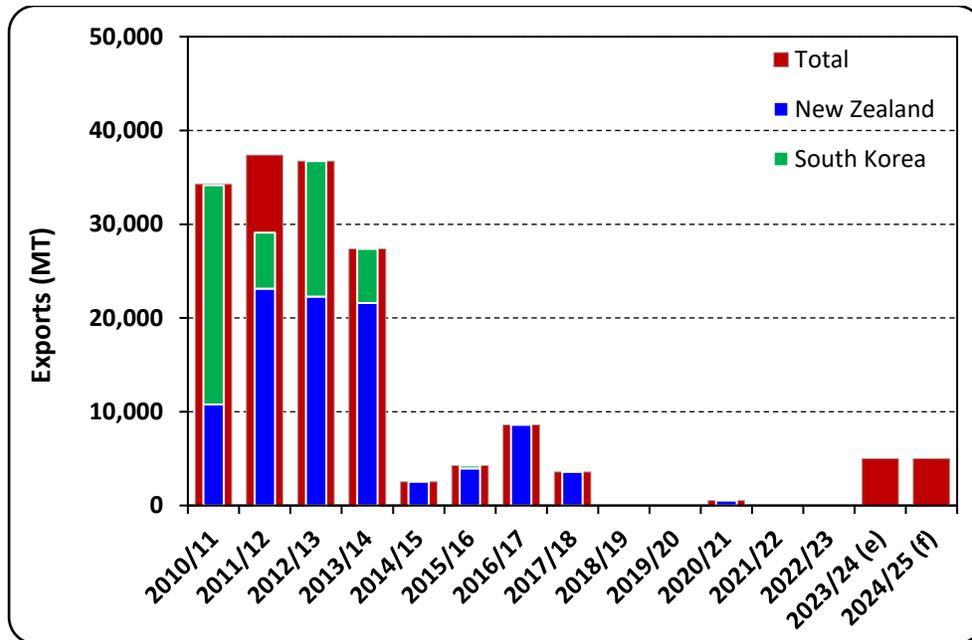
and from MY 2010/11 to MY 2017/18, it consumed from 250,000 MT to 350,000 MT per annum in the livestock industries. On this basis, the relatively small increase in forecast consumption will readily be absorbed by Australia’s livestock industry.

Trade

FAS/Canberra forecasts cottonseed meal exports to remain stable at 5,000 MT in MY 2024/25 from the estimate for MY 2023/24. The forecast volume of exports is merely 11 percent of production.

Cottonseed meal exports over the last 10 years have been almost seven-fold higher than that forecast for MY 2024/25 (see Figure 19). Australia is likely able to readily re-establish trade with its largest past export destination, New Zealand, due to the expanding demand for livestock feeds.

Figure 19 – Cottonseed Meal Export Destinations - Apr to Jan MY 2010/11 to 2022/23



Source: Australian Bureau of Statistics

Note: (e) = estimate, (f) = forecast

Note: Australia Marketing Year is April to March (eg MY 2022/23 = Apr 2023 to Mar 2024)

Stocks

Due to the short shelf life of wet cottonseed meal, no stocks are carried over from year to year.

Table 6 - Production, Supply, and Distribution of Cottonseed Meal

Meal, Cottonseed Market Year Begins Australia	2022/2023		2023/2024		2024/2025	
	Apr 2023		Apr 2024		Apr 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	20	20	80	80	0	100
Extr. Rate, 999.9999 (PERCENT)	0.45	0.45	0.425	0.45	0	0.45
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Production (1000 MT)	9	9	34	36	0	45
MY Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	9	9	34	36	0	45
MY Exports (1000 MT)	0	0	5	5	0	5
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	9	9	29	31	0	40
Total Dom. Cons. (1000 MT)	9	9	29	31	0	40
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	9	9	34	36	0	45
(1000 MT) ,(PERCENT)						

COTTONSEED OIL

Production

FAS/Canberra forecasts cottonseed oil production to increase to 15,000 MT in MY 2024/25 from an estimated 12,000 MT in MY 2023/24. As mentioned earlier, this directly relates to the anticipated increase in cottonseed crushing for the forecast year.

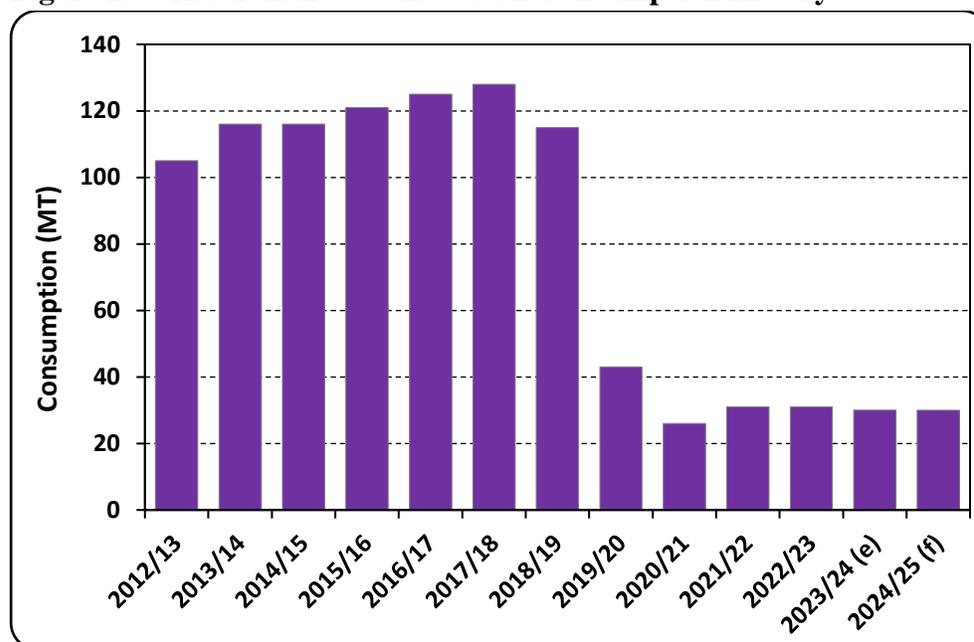
FAS/Canberra's MY 2023/24 cottonseed oil production estimate of 12,000 MT is well above that for MY 2022/23 of 3,000 MT. As discussed earlier, this is due to the commencement of cottonseed crushing at a canola crushing facility, which is expected to commence in MY 2023/24 after the current cotton-picking season begins in April 2024.

Consumption

FAS/Canberra forecasts total cottonseed oil consumption to remain stable at 30,000 MT in MY 2024/25. With an anticipated increase in production, cottonseed oil imports are expected to decline, with no change to domestic consumption.

After the major cottonseed crushing plant was mothballed in late 2018, imports of cottonseed oil increased somewhat but far from enough to maintain past consumption levels. Consumption levels reached over 120,000 MT around a decade ago but have plummeted to around a quarter of that level (see Figure 20) since domestic production all but ceased. Users of cooking oil in Australia have adjusted to sourcing alternate products, and without a far more significant increase in cottonseed oil production than that forecast, it is unlikely that there will be any significant change to cottonseed oil consumption.

Figure 20 – Australian Cottonseed Oil Consumption History



Source: PSD Online / FAS/Canberra

Note: (e) = estimate, (f) = forecast

Note: Australia Marketing Year is April to March (eg MY 2022/23 = Apr 2023 to Mar 2024)

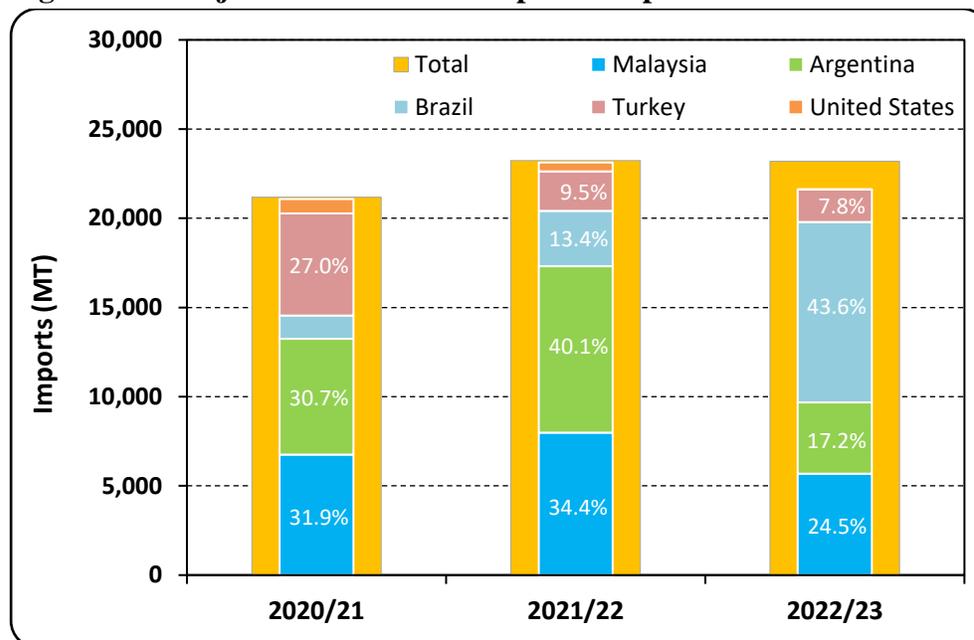
FAS/Canberra's cottonseed oil consumption estimate for MY 2023/24 of 30,000 MT is similar to that of the prior year. Even with an increase in production anticipated, the overall consumption of cottonseed oil is low. Consumers in Australia had adjusted to using alternate cooking oils after production plummeted in MY 2019/20. This resulted from the closure of the major cottonseed crushing facility in Narrabri in New South Wales due to a lack of cottonseed supply caused by a multi-year drought. It will likely take time to lure consumers to using more cottonseed oil through consistent and competitively priced domestic supply.

Trade

FAS/Canberra forecasts cottonseed oil imports to decline by 3,000 MT to 20,000 MT in MY 2024/25 from the prior year's estimate. This is due to the anticipated increase in domestic production of cottonseed oil, which is expected to be sold into the domestic market and lower Australia's import volume requirements.

Over recent years, while Australia has produced very little cottonseed oil, over 95 percent of overall imports have been from Argentina, Malaysia, Turkey, Brazil, and the United States (see Figure 21). For MY 2022/23, imports from Brazil have grown more than threefold in MY 2022/23, mainly at the expense of Argentina and to a lesser extent, Malaysia. Around 95 percent of Brazil's cottonseed oil exports in MY 2022/23 were to Australia.

Figure 21 – Major Cottonseed Oil Imports – Apr to Jan MY 2020/21 to 2022/23



Source: Australian Bureau of Statistics

Note: Australia Marketing Year is April to March (eg MY 2022/23 = Apr 2023 to Mar 2024)

FAS/Canberra’s cottonseed oil import estimate for MY 2023/24 is 23,000 MT, 5,000 MT lower than for MY 2022/23. This is due to the jump in domestic cottonseed oil production anticipated for MY 2023/24.

With the forecast of a significant increase in cottonseed oil production from MY 2023/24, FAS/Canberra forecasts that exports will be at 5,000 MT for MY 2024/25 and estimates the same volume for MY 2023/24. This is from zero exports in the previous decade. This is partly due to domestic wholesalers taking time to adjust to the increase in domestic production but also establishing some comfort that there will be a degree of reliability to the domestic supply. Consequently, there is an expectation that there will be a need to export some of the domestically produced cottonseed oil.

Stocks

With very little domestic cottonseed oil production, stocks primarily consist of imported products which is relatively low, and there is no expectation of any change in this position.

Table 7 - Production, Supply, and Distribution of Cottonseed Oil

Oil, Cottonseed Market Year Begins Australia	2022/2023		2023/2024		2024/2025	
	Apr 2023		Apr 2024		Apr 2025	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	20	20	80	80	0	100
Extr. Rate, 999.9999 (PERCENT)	0.15	0.15	0.15	0.15	0	0.15
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Production (1000 MT)	3	3	12	12	0	15
MY Imports (1000 MT)	30	28	23	23	0	20
Total Supply (1000 MT)	33	31	35	35	0	35
MY Exports (1000 MT)	0	0	5	5	0	5
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	33	31	30	30	0	30
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	33	31	30	30	0	30
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	33	31	35	35	0	35
(1000 MT) ,(PERCENT)						

Attachments:

No Attachments