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Report Highlights:

Despite being one of the largest oil palm-producing countries, Nigeria relies on imports to bridge its supply gap. Private sector investors are expanding oil palm production and increasing processing capacity to take advantage of the prevailing strong domestic and international market demand and high prices. In MY 2023/24, FAS Lagos forecast that Nigeria will require 400,000 MT of palm oil supply to meet its demand. On the soybean front, low production negatively affects domestic supply.

Executive Summary

This report contains oil palm, palm kernel, soybean, and peanut oil seeds information from Nigeria.

Nigeria is the largest economy in sub-Saharan Africa, with an estimated population of about 225 million in 2022 (CIA.gov). The country is the world's 5th largest palm oil producer. At the same time, Nigeria is also one of the biggest palm oil importers in sub-Saharan Africa. Its demand for the product outweighs its supply.

In 2016, the Central Bank of Nigeria (CBN) introduced foreign exchange restrictions on varied items, including palm kernel/palm oil products/vegetable oils, citing the need to encourage domestic production and promote food safety. The only alternative for importers of these products is to source foreign exchange from the parallel market, which is almost double the official rate. The palm production sector benefited from this government restriction policy as it increased private sector investment, and government interest, a combination which has driven production.

In 2022, The Government of Nigeria (GON), through the CBN, rolled out an intervention framework to provide funding support to the sector. The strategy of the CBN is to facilitate the cultivation of 350,000 hectares of oil palm by 2028 by promoting easier access to funding for large oil palm companies and especially for SMEs that meet funding requirements, for plantation and milling operations. This enabling business environment aims to reduce the supply deficit and conserve foreign exchange. In addition, the Edo State Government, through the Edo State Oil Palm Program, allocated about 62,000 hectares of land to oil palm investors in 2022. However, only the organized private sector is well-placed to benefit from these government interventions. On a large scale, Nigeria's palm oil industry is very fragmented, consisting of numerous small-holder farmers who account for more than 80 percent of the players in the industry.

Currently, the government's backward integration policy that emphasizes local sourcing of raw materials is working effectively. All the major fast-moving consumer goods companies actively adhere to the policy. Companies that previously refined palm oil (PZ Wilmar, Dufil Pharma Foods, Agri Palm Limited) are investing massively in developing large plantations. Also, existing players like Okomu Oil Palm Plc and Presco Oil Palm Plc have doubled their plantations - production has increased by 100 percent over the past five years. Consumer demand is driving oil palm cultivation across the country.

Nigeria's oil and seeds products markets are dynamic. The three major utilization channels (Food consumption, industrial use, and feed usage) are undergoing varying growth rates.

OILSEEDS

OILSEED, PALM KERNEL

Table 1.

Production, Supply and Distribution:

Oilseed, Palm Kernel Market Year Begins Nigeria	2021/2022		2022/2023		2023/2024	
	Jan 2022		Jan 2023		Jan 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	0	0	0	0	0	0
Area Harvested (1000 HA)	3000	3000	3000	3000	0	3200
Trees (1000 TREES)	0	0	0	0	0	0
Beginning Stocks (1000 MT)	5	5	5	5	0	5
Production (1000 MT)	900	900	900	900	0	1100
MY Imports (1000 MT)	3	3	4	4	0	3
MY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
MY Imp. from EU (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	908	908	909	909	0	1108
MY Exports (1000 MT)	0	0	0	0	0	0
MY Exp. to EU (1000 MT)	0	0	0	0	0	0
Crush (1000 MT)	900	900	900	900	0	1100
Food Use Dom. Cons. (1000 MT)	0	0	0	0	0	0
Feed Waste Dom. Cons. (1000 MT)	3	3	4	4	0	3
Total Dom. Cons. (1000 MT)	903	903	904	904	0	1103
Ending Stocks (1000 MT)	5	5	5	5	0	5
Total Distribution (1000 MT)	908	908	909	909	0	1108
CY Imports (1000 MT)	3	3	4	4	0	0
CY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
CY Exports (1000 MT)	0	0	0	0	0	0
CY Exp. to U.S. (1000 MT)	0	0	0	0	0	0
Yield (MT/HA)	0.3	0.3	0.3	0.3	0	0.3438

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

PRODUCTION

FAS Lagos (Post) forecasts Nigeria's palm kernel oilseed production in marketing year (MY) 2023/24 (January-December) to reach 1.1 million metric tons (MMT), up by about 22 percent compared to the USDA official MY 2022/23 estimate of 900,000 MT.

Area harvested in MY 2023/24 is forecast to reach 3.2 million hectares, up by 7 percent from the USDA official MY 2022/23 estimate of 3 million hectares. This increase in harvested area is due to the growing domestic demand for palm kernel oil in food processing and growing private sector investment in the sector. There is also an increasing government intervention in allocating lands to investors for palm kernel plantations. The increased flow of investment leads to greater adoption of improved planting materials, good agronomic practices, and better harvesting techniques. Post estimates average yields in MY 2023/24 at 0.3438 MT/hectare.

The demand for palm kernel oil has risen over the years following its diverse use in foods, consumer products, and biofuels.

CONSUMPTION

FAS Lagos forecasts Nigeria's palm kernel consumption in MY 2023/24 to reach about 1.1 million metric tons (MMT), up 22 percent – compared to the USDA official MY 2022/23 estimate of 904,000 metric tons (MT).

Nigeria is increasing consumer-oriented processed food products by utilizing palm kernel extracts in new products, especially in confectionary and bakery products. More importantly, urbanization and rising income levels are increasing the demand for packaged foods with high palm and palm kernel oil content.

The country's growing population and income levels significantly impact palm kernel consumption. Nigeria's population accounts for half of West Africa's population. More than half of the country's population lives in urban areas (urbanization is growing at 3.92 percent annually). Currently, half of Nigeria's population is under 19 years old. Fast foods, street foods, and snacks are common in the diet of young Nigerians. In addition, consuming bakery products is seeing robust growth in cities across the country.

TRADE

FAS Lagos forecasts Nigeria's palm kernel imports in MY 2023/24 at 3000 MT, a 25 percent decrease below the MY 2022/23 USDA official estimate of 3,000 MT. A fall in imports is due to rising global prices and increasing domestic supply. Nigeria imports palm kernels from Malaysia, Ghana, Indonesia, and Cote D'Ivoire. The country is an insignificant palm kernel oil exporter – this trend will continue.

STOCKS

FAS Lagos forecasts Nigeria's palm kernel stocks in MY 2023/24 at 5,000 MT, unchanged from the USDA official MY 2022/23 estimate.

OILSEED, SOYBEANS

Table 2.

Production, Supply and Distribution:

Oilseed, Soybean Market Year Begins Nigeria	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	1200	1200	1200	1200	0	1150
Area Harvested (1000 HA)	1200	1200	1200	1200	0	1150
Beginning Stocks (1000 MT)	136	136	91	91	0	105
Production (1000 MT)	1117	1117	1250	1250	0	1150
MY Imports (1000 MT)	0	0	1	1	0	3
MY Imp. from U.S. (1000 MT)	0	0	1	1	0	0
MY Imp. from EU (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	1253	1253	1342	1342	0	1258
MY Exports (1000 MT)	7	7	7	7	0	6
MY Exp. to EU (1000 MT)	0	0	0	0	0	0
Crush (1000 MT)	825	825	875	875	0	875
Food Use Dom. Cons. (1000 MT)	205	205	210	210	0	200
Feed Waste Dom. Cons. (1000 MT)	125	125	145	145	0	125
Total Dom. Cons. (1000 MT)	1155	1155	1230	1230	0	1200
Ending Stocks (1000 MT)	91	91	105	105	0	52
Total Distribution (1000 MT)	1253	1253	1342	1342	0	1258
CY Imports (1000 MT)	1	1	1	1	0	2
CY Imp. from U.S. (1000 MT)	0	0	1	1	0	1
CY Exports (1000 MT)	9	9	7	7	0	7
CY Exp. to U.S. (1000 MT)	0	0	0	0	0	0
Yield (MT/HA)	0.9308	0.9308	1.0417	1.0417	0	1

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

PRODUCTION

FAS Lagos forecasts Nigeria's soybean production in MY 2023/24 (October-September) at 1.15 MMT, an 8 percent decrease from the USDA official MY 2022/23 estimate of 1.25 MMT. The reduction is due to armed violence against smallholder farmers and the adverse effects of climate change.

Rising insecurity restricts farmers access to fields in northwestern, northeastern, and northcentral Nigeria which are the predominant soybean growing areas. Increased restrictions on movement, kidnapping, and conflicts have disrupted farming activities in these areas, limiting the extent of planted area. The area harvested is estimated at 1.15 million hectares (MHA), a 4 percent decrease compared to the USDA official MY 2022/23 estimate of 1.2 MHA. Post also attributes the reduction in area harvested to challenging macroeconomic conditions – no incomes to expand their fields. \

Meanwhile, the Nigerian Meteorological Agency (NiMet) forecasted an erratic distribution of rainfall and a high possibility of flash floods in some parts of soybean-producing states during the 2023/2024 cropping season. Some parts of the soybean-producing belt will see severe dry spell, below-average

annual rainfall, and an early cessation of the rainy season. Water stress beyond acceptable levels, and flooding, can cause significant yield decreases in soybean. Yields are estimated at 1 MT/hectare from 1.04 MT/hectare USDA estimate for MY 2022/23.

To boost local production capacity, the US Soybean Export Council (USSEC), through its Soy Excellence Center located within the IITA premises, is supporting the development of Nigeria's soybean value chain by transforming Nigeria's budding soy markets through building professionals in the supply chain. In addition, USSEC capacity-building efforts aim to improve Nigeria's domestic production by encouraging the adoption of good agronomic practices in soybean production. As of May 2023, USSEC has trained more than 600 farmers.

In addition, the USAID-funded West Africa Trade, and Investment Hub (Trade Hub) has also launched a co-investment partnership with Golden Agri-inputs Limited (GAIL) to engage smallholder farmers in an out-grower program to increase the productivity of soybean and minimize post-harvest losses.

CONSUMPTION

FAS Lagos forecasts Nigeria's soybean consumption in MY 2023/24 at 1.2 million metric tons (MMT), a 2 percent decrease compared to the USDA official MY 2022/23 estimate. The marginal decrease in consumption is due to the increasing prices of soybean and the challenging business environment for poultry farmers and processors.

The poultry industry is currently in a dire strait, causing many operators and processors to shut down. Insecurity, high operating costs, high inflation and exchange rates, flooding, low consumer purchasing power, unfavorable government policies, and the avian influenza outbreak, have put many poultry farmers out of business. The Federal Ministry of Agriculture and local authorities have destroyed over a million birds and a hundred thousand crates of eggs to control the avian influenza outbreak.

TRADE

FAS Lagos forecasts Nigeria's soybean imports in MY 2023/24 to reach 3,000 metric tons (MT), up 2,000 MT greater than the Post official MY 2022/23 estimate of 1,000 MT. Lower domestic supplies and growing demand in the food processing sector will favor imports. Food processors use soybeans to produce soymilk, soy cake, and soy yogurt, and to fortify local carbohydrate-based Nigerian food staples (e.g., garri and rice).

Post forecasts Nigeria's soybean exports in MY 2023/24 at 6,000 MT, a 14 percent decrease compared to the USDA MY 2022/23 estimate of 7,000 metric tons. Low domestic production and its resultant domestic soybean supply gap will discourage export. Rising insecurity in northern Nigeria border communities will hamper gray channel trade outflows into landlocked neighboring Sahel countries.

Although there is a small regional market, local soybean production still needs to be more competitive in major international markets. As a result, local soybean is a key ingredient for processing food and feed product across the country. In addition, niche markets for non-GE and identity-preserved soybean are providing opportunities for smallholder soybean farmers across the country.

STOCKS

FAS Lagos forecasts Nigeria's soybean beginning stocks in MY 2023/24 at 105,000 MT and closing stock at 52,000 MT. FAS Lagos expects limited supply and foreign exchange scarcity to cause crushing companies to drawdown stocks.

OILSEED, PEANUT

Table 3.

Production, Supply and Distribution:

Oilseed, Peanut Market Year Begins Nigeria	2021/2022		2022/2023		2023/2024	
	May 2021		May 2022		May 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	0	0	0	0	0	0
Area Harvested (1000 HA)	3500	3500	3400	3400	0	3500
Beginning Stocks (1000 MT)	420	420	427	427	0	450
Production (1000 MT)	4228	4228	4500	4500	0	4800
MY Imports (1000 MT)	5	5	5	5	0	5
MY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
MY Imp. from EU (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	4653	4653	4932	4932	0	5255
MY Exports (1000 MT)	1	1	2	2	0	0
MY Exp. to EU (1000 MT)	0	0	0	0	0	0
Crush (1000 MT)	750	750	750	750	0	800
Food Use Dom. Cons. (1000 MT)	2675	2675	2700	2700	0	3000
Feed Waste Dom. Cons. (1000 MT)	800	800	1030	1030	0	1100
Total Dom. Cons. (1000 MT)	4225	4225	4480	4480	0	4900
Ending Stocks (1000 MT)	427	427	450	450	0	355
Total Distribution (1000 MT)	4653	4653	4932	4932	0	5255
CY Imports (1000 MT)	5	5	5	5	0	0
CY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
CY Exports (1000 MT)	1	1	2	2	0	0
CY Exp. to U.S. (1000 MT)	0	0	0	0	0	0
Yield (MT/HA) (1000 HA) (1000 MT) (MT/HA)	1.208	1.208	1.3235	1.3235	0	1.3714

PRODUCTION

FAS Lagos forecasts Nigeria's peanut production in MY 2023/24 (May-April) at 4.8 million metric tons (MMT), up 7 percent from the USDA official MY 2022/23 estimate of 4.5 million metric tons (MMT). Peanuts are drought tolerant with improved water efficiency characteristics. As such, across Northern

Nigeria, farmers are cultivating more peanuts to increase incomes while managing the early cessation of rainfall and dry spells forecasted by the NiMet. Also, more farmers include the crop in their rotation system – peanut does not require a lot of fertilizer and it respond best to direct application to the preceding crop.

Area harvested is forecast at 3.5 million hectares (MHA) in MY 2023/24 - up by 3 percent compared to the USDA official MY 2022/23 estimate of 3.4 MHA. FAS Post sees farmers in the less conflict-prone states in northern and southern Nigeria expanding plantings to take advantage of growing demand and soaring prices paid by food processors and animal feed manufacturers.

Nigeria is the largest producer of peanuts in sub-Saharan Africa and the third in the world. Before the persistent insurgency in the northern part of the country, “groundnut pyramids” were common sites across northern Nigeria. Groundnut pyramids are pyramid-like structures made from groundnut sacks. In tandem with the insurgency, extended droughts, and diseases limit bumper production in the north.

Efforts by International Crops Research Institute for the Semi-Arid Tropics (ICRISAT), Institute for Agricultural Research (IAR), and partners have produced and released new, improved high-yielding varieties (e.g., SAMNUT 24, SAMNUT 25, and SAMNUT 26). In addition, these varieties are resistant to major biotic stresses.

CONSUMPTION

FAS Lagos forecasts Nigeria’s total peanut consumption in MY 2023/24 to reach 4.9 MMT, up by 9 percent compared to the USDA official MY 2022/23 estimate of 4.5 MMT.

Post estimates Nigeria’s food use domestic consumption in MY 2023/24 at 3 MMT, an uptick of 11 percent - compared to the USDA MY 2022/23 estimate of 2.7 MMT. Post sees increasing consumption for whole-roasted peanuts, peanut-based snacks, and peanut butter across Nigeria’s urban areas.

FAS Lagos estimates Nigeria’s peanut feed waste consumption in MY 2023/24 to reach 1.1 MMT, up by 7 percent compared to the USDA official MY 2022/23 estimate of 1030 MMT. The increase is due to the growth in domestic ranching operations, which use peanut waste as an affordable feed input. Peanut shells also serve as a fuel source in local oil factories and apply as a spread on fields to enrich the soil. Meanwhile, poultry and aquaculture feed millers also experiment with feed formulations by incorporating peanut cake to reduce production costs.

TRADE

FAS Lagos forecasts Nigeria's peanut imports in MY 2023/24 to stay the same as the USDA estimated amount in the previous year.

Informal regional trade occurs between Nigeria and the neighboring Sahel region countries (i.e., Niger, Chad, and Cameroon), where consumers are willing to pay higher prices for Nigerian peanuts.

Nigeria is the largest peanut producer in Africa, accounting for 30 percent of Africa's total peanut production, and third in the world after China and India. The country's smallholder farmers produce peanuts under dry and rain-fed conditions. Around 30 percent of the crop exceeds permissible aflatoxin-safe levels for most countries, including Nigeria. Currently, the IITA-developed Aflasafe product is making a difference. The product is a biocontrol solution effectively reducing aflatoxin in soybean and peanut. However, despite the product's quick success, adoption is low among smallholder farmers – but growing due to USDA support.

STOCKS

FAS Lagos forecasts Nigeria's peanut beginning stocks in MY 2023/24 at 450,000 metric tons (MT) and closing stocks at 355,000 MT. Post expects producers to drawdown stocks amid rising commodity prices and the domestic supply gap.

MEALS

MEAL, PALM KERNEL

Table 4.

Production, Supply and Distribution:

Meal, Palm Kernel Market Year Begins Nigeria	2021/2022		2022/2023		2023/2024	
	Jan 2022		Jan 2023		Jan 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	900	900	900	900	0	1100
Extr. Rate, 999.9999 (PERCENT)	0.5244	0.5244	0.5244	0.5244	0	0.5164
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Production (1000 MT)	472	472	472	472	0	568
MY Imports (1000 MT)	0	0	0	0	0	0
MY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
MY Imp. from EU (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	472	472	472	472	0	568
MY Exports (1000 MT)	15	15	15	15	0	20
MY Exp. to EU (1000 MT)	0	0	0	0	0	0
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)	457	457	457	457	0	548
Total Dom. Cons. (1000 MT)	457	457	457	457	0	548
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	472	472	472	472	0	568
(1000 MT) ,(PERCENT)						

PRODUCTION

FAS Lagos forecasts Nigeria's palm kernel meal production in MY 2023/24 at 568,000 metric tons (MT), up 20 percent compared to USDA's official MY 2022/23 estimate of 472,000 MT – the increasing demand for industrial use is resulting in more private sector investment in better crushing/processing equipment. Large industrial millers like Presco and Okomu Plc produce considerable quantities for the livestock and feed sectors. However, small-scale operators dominate the sector resulting in lesser throughput.

CONSUMPTION

FAS Lagos forecasts Nigeria's total palm kernel meal consumption in MY 2023/24 at 548,000 MT, up by 20 percent above the USDA official MY 2022/23 estimate of 457,000 MT. Demand for palm kernel cake continues to grow – to meet the needs of livestock and feed sectors that consider it as a cheaper alternative amid soaring prices of maize, soybean, and other feedstocks.

Palm kernel cake (PKC) is an alternative ingredient for raw materials such as corn and soybean meal in the formulation of poultry feeds. Including PKC in the poultry diet benefits poultry farmers - especially

as high feed prices pose a significant threat to the poultry industry. Poultry feed experts recommend using 15 to 25 percent PKC component in formulating poultry feeds. Consequently, the government of Nigeria endorsed PKC as an alternative raw material for animal feeds. Overall, feed millers seek to reduce production costs by increasing PKC use in feed formulation for the ruminant industry.

TRADE

FAS Lagos does not foresee Nigeria importing significant amounts of palm kernel meal in the marketing year 2023/24. Post, however, forecasts Nigeria's palm kernel meal exports to reach 20,000 MT in the marketing year, a 33 percent increase from the USDA official estimate for the previous year. Export sales will occur across neighboring West African countries in the marketing year. Industry sources indicate that palm kernel meal produced in Nigeria has a preferred flavor, which is lacking in palm kernel meal sourced from other countries. As a result, palm kernel meal producers obtain higher prices by exporting informally to oil refiners and feed millers operating in neighboring countries. This export market trend will increase over time, especially as interests in intensive livestock system grows in the neighboring Sahel countries.

MEAL, SOYBEAN

Table 5.
Production, Supply and Distribution:

Meal, Soybean Market Year Begins Nigeria	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	825	825	875	875	0	875
Extr. Rate, 999.9999 (PERCENT)	0.777	0.777	0.7771	0.7771	0	0.7543
Beginning Stocks (1000 MT)	17	17	23	23	0	44
Production (1000 MT)	641	641	680	680	0	660
MY Imports (1000 MT)	1	1	1	1	0	0
MY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
MY Imp. from EU (1000 MT)	1	1	1	1	0	0
Total Supply (1000 MT)	659	659	704	704	0	704
MY Exports (1000 MT)	106	106	100	100	0	100
MY Exp. to EU (1000 MT)	104	104	75	75	0	75
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)	530	530	560	560	0	550
Total Dom. Cons. (1000 MT)	530	530	560	560	0	550
Ending Stocks (1000 MT)	23	23	44	44	0	54
Total Distribution (1000 MT)	659	659	704	704	0	704
(1000 MT) (PERCENT)						

PRODUCTION

FAS Lagos forecasts Nigeria's soybean meal production in MY 2023/24 at 660,000 metric tons (MT), a 3 percent decrease compared to the previous USDA official MY 2022/23 estimate of 680,000 metric tons (MT). This situation is due to the expected reduction in domestic supply of soybean due to low production in MY 2023/24.

Post forecasts Nigeria's soybean crush in MY 2023/24 at 875,000 MT, same as the USDA official MY 2022/23 estimate. Private sector investment in large-scale soybean refineries is increasing across the country. Existing facilities are maximizing their capacities due to increased demand, rising global commodity prices, and government's policy encouraging backward integration. However, the reduction in extraction rate is attributable to increasing use of locally fabricated machines and spare parts due to the scarcity of foreign exchange to import machines (and spare parts) and the excessive cost of maintenance of imported machines and their variants.

CONSUMPTION

FAS Lagos forecasts Nigeria's domestic consumption in MY 2023/24 at 550,000 MT, a marginal decrease of 2 percent compared to the MY 2022/23 estimate. Soybean meal is used primarily in livestock feed, especially for poultry. Soybean meal is a vital source of protein, fiber, and other essential nutrients in compound feed. Poultry farmers strongly prefer using soybean meal because of its high digestibility quality.

Nigeria's feed milling industry is highly concentrated, comprising 5 to 7 large millers accounting for over 70 percent of total feed production. Despite the high demand for soybean meal as a major high-protein animal feed input, the sector needs to improve its efficiency - primarily to tackle increased production costs. Overall, the feed milling sector faces high cost of local bulk materials such as corn and soybean, furthermore, high duties adversely affect the imports of machines, specialty ingredients and other additives. In general, high feed production costs translate to high feed prices. Meanwhile, feed costs account for 70 percent of the total costs in the poultry sector. The resulting untenable commercial environment causes poultry farmers to abandon their businesses.

Nigeria further processes soybean meal for food and non-food uses. Leftover cake goes to animal feed production.

TRADE

FAS Lagos foresees no soybean meal import in MY 2023/24. This situation is due to the scarcity of foreign exchange, high import costs, and decreased local consumption potential. In addition, the import duty on soybean meal for animal feed is 20 percent. According to market contacts, sourcing foreign

exchange through unofficial means to import soybean meal for animal feed is not economically viable – importers will incur losses.

Post forecast exports to reach 100,000 MT – to meet poultry and aquaculture sector demand in neighboring West African countries. The forecast is same as USDA’s official estimate for the previous year.

STOCKS

FAS Lagos forecasts Nigeria’s soybean meal beginning and closing stocks in MY 2023/24 at 44,000 MT and 54,000 MT, respectively. FAS Lagos expects soybean processors to retain higher stocks than in previous years amid reduced domestic consumption.

MEAL, PEANUT

Table 6.
Production, Supply and Distribution:

Meal, Peanut Market Year Begins Nigeria	2021/2022		2022/2023		2023/2024	
	May 2021		May 2022		May 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	750	750	750	750	0	800
Extr. Rate, 999.9999 (PERCENT)	0.3267	0.3267	0.3267	0.3267	0	0.325
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Production (1000 MT)	245	245	245	245	0	260
MY Imports (1000 MT)	0	0	0	0	0	0
MY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
MY Imp. from EU (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	245	245	245	245	0	260
MY Exports (1000 MT)	0	0	0	0	0	0
MY Exp. to EU (1000 MT)	0	0	0	0	0	0
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)	245	245	245	245	0	260
Total Dom. Cons. (1000 MT)	245	245	245	245	0	260
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	245	245	245	245	0	260
(1000 MT) (PERCENT)						

PRODUCTION

FAS Lagos forecasts Nigeria’s peanut meal production in MY 2023/24 at 260,000 metric tons (MT), up 6 percent above the USDA official 2022/23 estimate of 245,000 MT. The expected higher domestic supply of peanut in MY 2023/24 favors peanut meal production. In addition, local farmers chasing higher crop prices paid by feed millers are increasing peanut production.

Post forecasts Nigeria's peanut crush in MY 2023/24 at 800,000 MT, up by 6 percent from the USDA official MY 2022/23 estimate of 750,000 MT. Crushing capacities are expanding to meet the growing demand for the use of peanut meal in feed formulation. This situation is due to increasing private sector investment. The Federal Government's National Livestock Transformation Plan (NLTP) encourages ranching operations to prevent the frequent clashes between farmers and herders. The ranching system demands an increased production of peanut meal volumes for use as feeds.

CONSUMPTION

FAS Lagos forecasts Nigeria's peanut meal consumption in MY 2023/24 at 260,000 MT, up 6 percent above the USDA official 2022/23 estimate of 245,000 metric tons. The price increases of some conventional feed ingredients are likely to increase consumption of alternative feedstuffs such as peanut meal to reduce feed production costs. Peanut meal is a protein-rich ingredient used in formulating all classes of livestock feeds. The entire domestic peanut meal production goes into animal feed.

TRADE

FAS Lagos forecasts Nigeria's peanut meal imports in MY 2023/24 to remain at zero, unchanged from previous marketing years. Similarly, Post does not foresee any significant peanut meal exports soon, as Nigeria's peanuts contain varying degrees of aflatoxins exceeding permissible safe levels for many countries, particularly for peanut meal processed from seeds harvested from smallholder farms. Nigeria is addressing aflatoxins' presence in peanuts to re-enter the global market. Gradually, smallholder farmers are adopting the IITA-developed Aflasafe to control aflatoxin contamination.

STOCKS

FAS Lagos forecasts Nigeria's peanut meal stocks to remain at zero. Peanut produced are all consumed as feed. FAS Lagos expects crushers to sell the bulk of their meal to take advantage of increasing domestic demand.

OILS

OIL, PALM KERNEL

Table 7.
Production, Supply and Distribution:

Oil, Palm Kernel Market Year Begins	2021/2022		2022/2023		2023/2024	
	Jan 2022		Jan 2023		Jan 2024	
Nigeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	900	900	900	900	0	1100
Extr. Rate, 999.9999 (PERCENT)	0.4367	0.4367	0.4367	0.4367	0	0.4136
Beginning Stocks (1000 MT)	17	17	19	19	0	15
Production (1000 MT)	393	393	393	393	0	455
MY Imports (1000 MT)	0	0	0	0	0	0
MY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
MY Imp. from EU (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	410	410	412	412	0	470
MY Exports (1000 MT)	13	13	13	13	0	13
MY Exp. to EU (1000 MT)	0	0	0	0	0	0
Industrial Dom. Cons. (1000 MT)	108	108	109	109	0	120
Food Use Dom. Cons. (1000 MT)	270	270	275	275	0	320
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	378	378	384	384	0	440
Ending Stocks (1000 MT)	19	19	15	15	0	17
Total Distribution (1000 MT)	410	410	412	412	0	470
(1000 MT) (PERCENT)						

PRODUCTION:

FAS Lagos forecasts Nigeria's palm kernel oil production in MY 2023/24 at about 455,000 metric tons (MT), an increase of 16 percent above the USDA official MY 2022/23 estimate of 393,000 metric tons (MT).

Post forecasts Nigeria's palm kernel crush in MY 2023/24 at 1.1 MT, up 22 percent from the USDA official MY 202/23 estimate of 900,000 MT. The extraction rate in MY 2023/24 will decrease by 5 percent to 0.4136 per MT. Despite increasing private sector investment, scarcity of foreign exchange and rising shipping freights threaten the importation of modern crushing equipment and parts.

CONSUMPTION

FAS Lagos forecasts Nigeria's palm kernel oil consumption in MY 2023/24 at 440,000 MT, up by 15 percent compared to the USDA official 2022/23 figure of 384,000 MT. Food use consumption is estimated at 320,000 MT, up 16 percent compared to the previous marketing year's USDA's official figure of 275,000 MT. Meanwhile, industrial domestic consumption is estimated at 120,000 MT, up 10

percent compared to the previous year's USDA's official figure of 109,000 MT. Palm kernel oil is fast gaining relevance as a cheap source of oil for food and non-food purposes. It also serves as biofuel and specialty fats.

TRADE

Post forecasts export of palm kernel oil in MY 2023/24 to remain flat at 13,000 MT as the previous years. In general, exports to neighboring countries are due to high global commodity prices and increasing demand.

STOCKS

FAS Lagos forecasts Nigeria's palm kernel oil beginning and closing stocks in MY 2023/24 at 15,000 MT and 17,000 MT, respectively. Processors expect further increases in demand/price for palm kernel oil, especially for industrial uses (including biofuel), in the upcoming marketing year. Global future demand for palm kernel oil (for use in both food and non-food) will increase as more countries embrace renewable energy to fuel plants and automobiles.

OIL, PALM

Table 8.
Production, Supply and Distribution:

Oil, Palm Market Year Begins	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
Nigeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	0	0	0	0	0	0
Area Harvested (1000 HA)	3000	3000	3000	3000	0	3200
Trees (1000 TREES)	0	0	0	0	0	0
Beginning Stocks (1000 MT)	113	113	79	79	0	96
Production (1000 MT)	1400	1400	1400	1400	0	1500
MY Imports (1000 MT)	299	299	425	425	0	400
MY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
MY Imp. from EU (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	1812	1812	1904	1904	0	1996
MY Exports (1000 MT)	18	18	18	18	0	20
MY Exp. to EU (1000 MT)	0	0	0	0	0	0
Industrial Dom. Cons. (1000 MT)	240	240	240	240	0	250
Food Use Dom. Cons. (1000 MT)	1475	1475	1550	1550	0	1650
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	1715	1715	1790	1790	0	1900
Ending Stocks (1000 MT)	79	79	96	96	0	76
Total Distribution (1000 MT)	1812	1812	1904	1904	0	1996
CY Imports (1000 MT)	450	450	450	450	0	0
CY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
CY Exports (1000 MT)	18	18	18	18	0	0
CY Exp. to U.S. (1000 MT)	0	0	0	0	0	0
Yield (MT/HA)	0.4667	0.4667	0.4667	0.4667	0	0.4688

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

PRODUCTION

FAS Lagos forecasts Nigeria's palm oil production in MY 2023/24 to reach 1.5 million metric tons (MMT), an increase of 7 percent compared to the USDA official MY 2022/23 figure.

The projected increase in MY 2023/24 production numbers is due to increased harvested area brought about by strong demand and high palm oil prices. Export restrictions put in place by the Indonesian government, and the on-going Russia-Ukraine war, distorted the global supply chain of sunflower oil which the countries ranked among the largest producers. The development brought about a renewed interest in palm oil, forcing an all-time price hike.

In response to this market trend, existing big players in the industry, such as Presco Oil Palm Plc and Okomu, are expanding production and increasing processing capacity. Saro Oil Palm Ltd and Dufil Prima Foods Plc also developed large plantations, taking advantage of the government's backward

integration policy. Several new plantations set up by private entities have started producing in commercial quantities.

Inadequate access to lands has caused major industrial palm oil users like noodles, pasta, and palm oil users to collaborate with smallholder farmers who account for about 80 percent of total palm production. Through financing, they assist in increasing production and expanding processing facilities. The Nigerian Institute for Oil Palm Research (NIFOR) supplies farmers with high-yielding oil palm seeds to increase production.

CONSUMPTION:

FAS Lagos forecasts Nigeria's palm oil consumption in MY 2023/24 to reach 1.9 MMT, up about 6 percent greater than the USDA official MY 2022/23 figure of 1.79 MMT. Nigeria growing population encourages the consumption and industrial utilization of palm oil. Palm oil is a popular household ingredient in Nigeria used to enhance the flavor of various recipes. In addition, palm oil is also a crucial ingredient for manufacturing consumer food products and is a significant raw material needed in noodles, soaps, detergents, cosmetics, etc.

Nigeria's per capita consumption of edible oils stands at 12.5 kilograms compared to the world average of 20 kilograms. In international markets, the widening between soybean oil and palm oil prices is expanding the demand for palm oil in Nigeria.

TRADE:

FAS Lagos forecasts Nigeria's palm oil imports in MY 2023/24 at 400,000 million tons (MT), a decrease of 6 percent compared to MY 2022/23 USDA's official estimate of 425,000 MT. Rising global commodity prices and increased domestic supply will discourage imports.

Imports from Malaysia, Indonesia, Cote D'Ivoire, and Ghana help fill Nigeria's palm oil deficit. Meanwhile, significant quantities of unrecorded palm oil products also enter Nigeria's market through cross-border gray channels in neighboring countries (i.e., Benin, Togo, and Cameroon). Importers actively engage in this cross-border trade to evade the more than 35 percent import duty imposed on palm oil imports.

In MY 2023/24, Nigeria's export is forecast at 20,000 MT, 11 percent higher than MY 2022/23 USDA's official figure. Exports opportunities to neighboring West African and Sahel countries will increase. The increase in demand for olein-based vegetable oil favor exports.

STOCKS

FAS Lagos forecast Nigeria's palm oil beginning stocks in MY 2023/24 at 96,000 MT and ending stocks of 76,000 MT.

OIL, SOYBEAN

Table 9.
Production, Supply and Distribution:

Oil, Soybean Market Year Begins Nigeria	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	825	825	875	875	0	875
Extr. Rate, 999.9999 (PERCENT)	0.1806	0.1806	0.1806	0.1806	0	0.1794
Beginning Stocks (1000 MT)	48	48	46	46	0	34
Production (1000 MT)	149	149	158	158	0	157
MY Imports (1000 MT)	24	24	10	10	0	10
MY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
MY Imp. from EU (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	221	221	214	214	0	201
MY Exports (1000 MT)	0	0	0	0	0	0
MY Exp. to EU (1000 MT)	0	0	0	0	0	0
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	175	175	180	180	0	175
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	175	175	180	180	0	175
Ending Stocks (1000 MT)	46	46	34	34	0	26
Total Distribution (1000 MT)	221	221	214	214	0	201
(1000 MT) (PERCENT)						

PRODUCTION:

FAS Lagos forecasts Nigeria's soybean oil production in MY 2023/24 at 157,000 metric tons (MT), a marginal decrease of about 1 percent compared to the USDA official MY 2022/23 estimate of 158,000 MT. The slight production decrease is attributable to unfavorable grower prices.

CONSUMPTION:

FAS Lagos estimates Nigeria's soybean oil consumption in MY 2023/24 at 175,000 MT, down 3 percent below the USDA official MY 2022/23 estimate of 180,000 MT. The declining purchasing power of consumers amid high inflation and rising soybean oil prices are lowering consumption.

Despite shrinking incomes, soybean oil is increasingly becoming the preferred choice for middle-class Nigerian consumers in urban centers. This market trend has helped to sustain demand. New advances are driving the industrial uses of soybean oil and boosting future demand.

TRADE:

FAS Lagos forecasts Nigeria’s soybean oil imports in MY 2023/24 at 10,000 MT – the same as the last marketing year estimate.

STOCKS:

FAS Lagos forecasts Nigeria’s soybean oil beginning stocks in MY 2023/24 at 34,000 MT and ending stock at 26,000 MT.

OIL, PEANUT

**Table 10.
Production, Supply Distribution:**

Oil, Peanut Market Year Begins Nigeria	2023/24		2022/2023		2023/2024	
	Me		May 2022		May 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	750	750	750	750	0	800
Extr. Rate, 999.9999 (PERCENT)	0.3533	0.3533	0.3533	0.3533	0	0.35
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Production (1000 MT)	265	265	265	265	0	280
MY Imports (1000 MT)	1	1	1	1	0	1
MY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
MY Imp. from EU (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	266	266	266	266	0	281
MY Exports (1000 MT)	3	3	3	3	0	3
MY Exp. to EU (1000 MT)	0	0	0	0	0	0
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	263	263	263	263	0	278
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	263	263	263	263	0	278
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	266	266	266	266	0	281
(1000 MT) (PERCENT)						

PRODUCTION:

FAS Lagos forecasts Nigeria’s peanut oil production in MY 2023/24 to reach 280,000 metric tons (MT), up 6 percent from the USDA official MY 2022/23 estimate of 265,000 metric tons (MT). Higher domestic supplies and improved peanut farming practices will increase peanut oil production. Farmers are increasingly adopting better-yielding peanut varieties with higher oil content potential for extraction than local varieties.

CONSUMPTION:

FAS Lagos forecasts Nigeria's peanut oil consumption in MY 2023/24 to reach 278,000 MT, up 6 percent above the USDA official MY 2022/23 estimate of 263,000 MT. Food processors prefer peanut oil because it is ideal for deep-frying, baking, and roasting. It has a higher smoke point than other edible oils, making it a good option for high-heat cooking. Increased consumption of these foods, especially in urban centers, increases the demand for peanut oil.

TRADE:

FAS Lagos forecasts Nigeria's peanut oil imports to be flat at 1,000 metric tons in MY 2023/24. The Central Bank of Nigeria (CBN) lists peanut oil as an import product ineligible for official foreign exchange. In 2008, Nigeria began allowing crude peanut oil into the market for local processors to refine and package varied products. At the same time, the government maintained an import ban on vegetable oil in retail packages. However, peanut oil in retail packs continues to enter the Nigerian market through cross-border gray channels. Meanwhile, the export of peanut oil to Sahel countries continues. The Sahel countries depend on imports from Nigeria - especially during Muslim festivals.

STOCKS:

FAS Lagos forecasts Nigeria's peanut oil beginning stocks in MY 2023/24 to remain unchanged at zero – the same as the USDA official MY 2022/23 estimate. Processors are unwilling to keep stocks due to high-profit margins amid increasing market prices and strong demand.

Attachments:

No Attachments