

2019 MARKET OUTLOOK

It's a high oleic heyday, and one factor contributing to the market boost is the FDA's recent ruling on consumption of edible oils containing oleic acid and heart health.



John Sandbakken, National Sunflower Association's executive director.

The hottest market in sunflowers these days is high oleics, and it's a trend the National Sunflower Association doesn't see ending anytime soon.

"The trend is up very sharply. Overall, in the coming year, we see even more growth in high oleic usage," said John Sandbakken, the NSA's executive director, during his December 2018 presentation at Sunflower University in Bismarck, N.D.

Mark Jackson, Nuseed's general manager for North America, says high oleic oils are becoming a staple in the food industry. "They are critical to slowing down the oxidation process and helping food companies deliver great tasting foods."

One important factor behind the positive outlook for high oleic sunflower oil was a recent move by the U.S. Food and Drug Administration (FDA), said Sandbakken. In November, the FDA ruled there is credible evidence to support a qualified health claim that consuming oleic acid in edible oils may reduce the risk of coronary heart disease.

"Sunflower is one of those oils that is included in the mix," said Sandbakken, adding companies that sell high oleic sunflower oil will now be able to promote the heart health claim in their advertising.

"It will be huge. I mean it is really a demand builder [and] a market influencer. It's a heck of a thing to get," he said. "There's a trend overall to move to high oleic oils . . . and also lower fat oils. Americans want to eat as much food as they currently do [but] they just want it to be healthier. And so that's why they're switching to these types of oils."

Sandbakken added there are export opportunities for high oleic sunflower oil "but domestic markets are really where the business is. That's why this FDA health claim was so important to get because that just really helps us continue to build the value here."

The qualified heart health claim will help the sunflower industry talk directly to consumers about the nutritional benefits of sunflower oil, says Jackson. "And it should help drive more consumers to add sunflower oil into their diets."

"Nuseed has a broad profile of high oleic sunflowers that deliver on high yields and oil content across maturity zones," says Jackson.

While high oleics continue to gain popularity, Sandbakken said the prospects don't appear to be as bright for NuSun or mid-oleic sunflower oil.

"The industry is moving more to the high oleic oils right now and use [of NuSun] is dropping," he said. "There is still demand for NuSun [and] there are companies that want to use it, so this market will not go away, at least not in the near term, but long term it will continue to decline."

Sandbakken pointed out more than 80 percent of the sunflower oil produced in the United States is for domestic use, compared to 30 years ago when around 80 percent of the crop was exported. He said a positive aspect of this trend is more market stability.

"In the old days when we were exporting most of the oil, it was a very volatile market, meaning we were competing against the Argentines and the Algerians in these really low-cost markets," he said. "We are in a more stable market situation [now]."

Sandbakken also talked about current trends in confection sunflowers, including how a high U.S. dollar has caused the industry to shift its focus to the domestic market in recent years.

"It's going to be a slow grind for confections as long as we have that strong dollar," he said. "We're becoming more domestically focused on the use of our seed for confections, and as long as the dollar stays strong, I think that's going to probably be the trend here for the long term."

Sunflower Research

Sandbakken said the trend was particularly strong in the kernel market, where the most recent figures show only 19 percent of this crop is exported (Canada and Mexico are the two largest U.S. customers). He said strong competition from Eastern European nations with cheap currencies like Bulgaria and Romania is one reason why.

"It's just been really difficult to try to stay competitive with them, and so the industry is focusing more and more on the domestic market, finding more ways to use the product domestically," said Sandbakken.

For in-shell confection sunflowers, he noted, exports have also been trending down but the domestic and export markets are more evenly split. Recent figures showed 52 percent of the U.S. in-shell crop went to domestic use while the remainder was exported.

"In-shell [is] the main product that's being exported right now and where the focus of the industry is [but] the export markets have been tough the last couple of years especially. A strong U.S. dollar has just been really difficult to deal with," Sandbakken said.

"We're competing against foreign competitors like the Chinese who are selling in U.S. dollars but have a lower value of currency," he added. "That's one of the reasons why you've seen some of the roll back on confection in-shell."

Sandbakken said Spain and Mexico are the two biggest buyers for U.S. in-shell sunflower seeds. He added Turkey used to be a very large customer as well, "but there again, the Chinese have moved in and it's been just difficult to try to compete with them on price."

Domestic and export are distinctly different markets for confection sunflowers, requiring different products, added Sandbakken. For example, the preference in Europe is for longer seed types because customers there tend to eat one at a time, and hybrids are changing to meet this demand.

Jackson has also noticed shifts. "The U.S. confection market has changed tremendously over the last few years, with exports declining due to the strong dollar and a change in



Mark Jackson, Nuseed's general manager for North America.

consumer preference to longer and broader confection grain," he says.

Nuseed has two new in-shell confection hybrids specifically designed to enable U.S. processors to regain lost ground in the export market, says Jackson. The new confection hybrids can reach 0.98 to 1.18 inches (25 mm to 30 mm) in length.

Within the confection sector, Sandbakken said he expects demand will grow at about the same rate for the in-shell and kernel markets. In terms of overall sales volume, he believes the in-shell market will continue to exceed the kernel market "at least for the next seven years."

Sandbakken also touched on the declining bird food market during his presentation.

"It is trending down. There are [fewer] people feeding birds and I'm not sure how that will change," he said.

"Bird food used to be a really strong demand sector for the U.S. [sunflower industry]," he said, but as a result of an aging population that has changed. ☀️

The sunflower industry has benefited from a broad range of research projects over the years, many of them funded by the North Dakota-based National Sunflower Association (NSA). The NSA executive director, John Sandbakken, spoke about the association's research priorities during his December 2018 presentation at Sunflower University in Bismarck, N.D.

According to Sandbakken, the NSA's four key research priorities are:

- Diseases
- Insects
- Weeds
- Production issues

"The four main diseases that we're really focusing on are Phomopsis, sclerotinia, rust and downy mildew," Sandbakken said, noting that progress has been made in developing new genetics and fungicides to help combat these diseases.

"On the insect side, we're evaluating various IPM (Integrated Pest Management) strategies for control of pests that affect sunflower," said Sandbakken. He added NSA-funded projects also include screening for insecticide resistance as well as developing new traits to fight pests such as sunflower seed weevil and banded sunflower moth.

Regarding weeds, Sandbakken said, the NSA continues to look for innovative ways to utilize both older and newer chemistries for weed control, including adding sunflower to labels for products coming out for other broadleaf crops.

Among the production issues being studied are damage caused by blackbirds and possible control measures such as repellents, drones and even lasers, Sandbakken said. In addition to investing heavily in hybrid seed development, he added, the NSA also funds projects looking into factors that contribute to healthy, high-yielding plant stands.