



Oats Market in Minnesota



Market Spotlight

Oats are Minnesota's 5th most important crop in the number of farms and acres harvested after corn, soybean, wheat, and hay. AURI used publicly available information to highlight the Minnesota oat industry by providing market information and identifying production trends and existing market opportunities. This is part of a series of market spotlights from AURI on different ag and food industries in Minnesota.

Industry outlook

- Production has fluctuated between 2012-2022.
- In 2022, Minnesota produced 8.2 million bushels of oats.
- In 2023, the Minnesota Department of Agriculture (MDA) reported a decrease in production to 6.7 million bushels of oats on 85,000 harvested acres.
- Most oats production comes from smaller producers with farm sizes of less than 500 acres. In 2023, Stearns County was the largest oat-producing county in Minnesota, with 579,000 bushels, and Itasca County was the lowest, with only 8,300 bushels.
- While value-added opportunities exist for oats, options at the farm-level are limited.

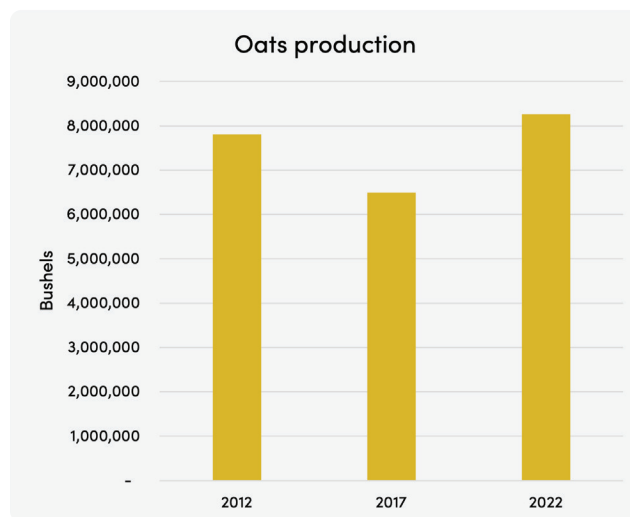


Figure 1. Production trends of oats in Minnesota (USDA-NASS, 2024).

Who are the oats buyers in Minnesota?

Most of Minnesota's demand for oats comes from large food companies. For example, SunOpta is expanding to meet the rising demand for oat milk. The company expects plant-based sales to continue to grow over the next several years. Very few small and mid-scale processors are working with oats, and market penetration can be an issue due to the challenges related to capital investment in equipment and facilities, and lack of financial analysis for the feasibility of establishing oat processing plants producing better-graded oats (Wrinkler et al., 2016).

Food companies

- General Mills
- Sunopta
- Better Oats Oatmeal
- Seven Sundays
- Laune Bread

Manufacturers

- Grain Millers
- Minnesota Cereal Processors
- Natural Way Mills
- Bay State Milling
- F.W. Cobs Company
- Sunrise Flour Mill
- Swany White Flour Mill
- Terra Ingredients
- Rahr BSG
- Maltwerks
- Nature's Organic Grist
- Eynck's



Use of oats per category in the U.S.

U.S. oats utilization totaled 137 million bushels in 2023, of which, 58% was imported.

Food and industrial uses account for 54% of total oats produced, while feed use and seed account for 41% and 5%, respectively.

Oats use

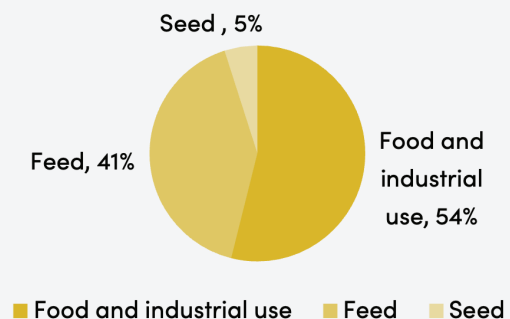


Figure 2. Use of oats per category in the US.

Food and industrial use

Data over the last ten years shows that the quantity of oats used in the United States (U.S.) for food and industrial purposes (cosmetics, medicines) increased from 66 million bushels in 2014 to 74 million in 2023 (excluding pet food).

Although Minnesota's total addressable market for oats for food is unavailable due to a lack of data on oats purchased by food companies, we use the per capita consumption of oats in the U.S. (7.9 lbs.) and estimate that 1.5 million bushels of oats is consumed in Minnesota in the form of products every year.

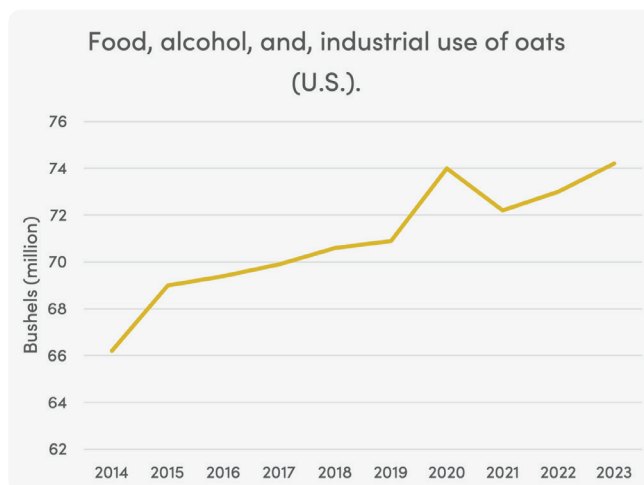


Figure 3. Food and industrial use of oats in the US (USDA-ERS, 2024).

Feed use

Unlike the food segment, the amount of oats used for feed has decreased over the past decade. Figure 5 shows this trend. The feed segment went from using 100 million bushels of oats, in 2014, to 56 million in 2023.

The American Feed Industry Association (AFIA) report shows that Minnesota's total addressable market for oats for feed is 584,000 bushels, of which 99% goes to the equine industry and 1% to the pet food market.

Though not reported in the AFIA data, oats are used in other livestock diets. Recent research (Fant, 2022) has shown how the inclusion of oats in dairy diets may reduce enteric methane emissions.

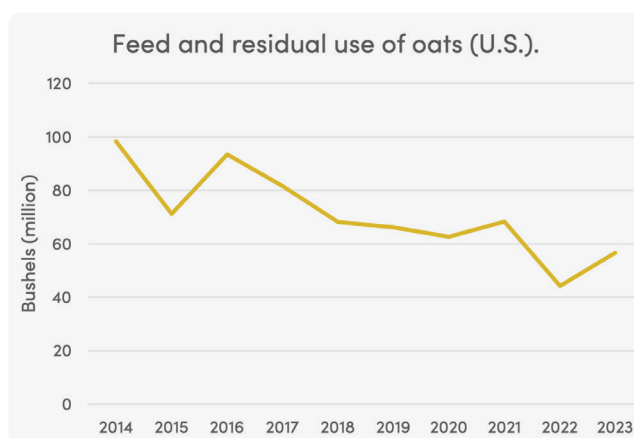


Figure 4. Feed and residual use of oats in the U.S. (USDA-ERS, 2024).

Price trends of oats

Oat prices have been relatively volatile for the past decade. The average price farmers received ranged from \$2.00 to \$4.50 per bushel. Prices peaked between 2021 and 2022; since 2023, prices have decreased to \$3.20 per bushel.

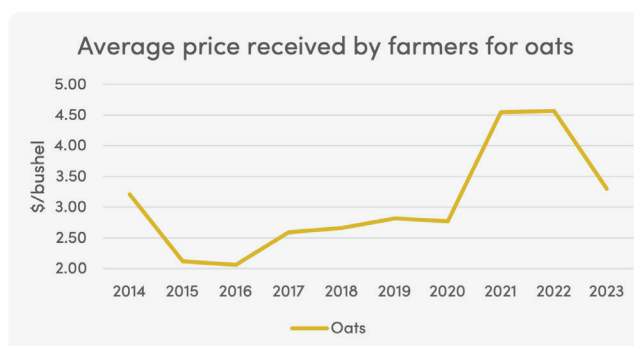


Figure 5. The average price received by U.S. farmers for oats (USDA-ERS, 2024).



Takeaways

- 1 Demand for oats outpaces production in the U.S.; 58% of the oats used in the U.S. is imported, illustrating regional and local production opportunities exist to meet industry demand.
- 2 Minnesota produces 6-8 million bushels of oats annually, and the price of oats has ranged from \$2.00 to \$4.50 per bushel over the last ten years.
- 3 With the rise of DDGs and other feed ingredients, less oats is used for feed and more is entering the food market.
- 4 Value-added opportunities exist for producers who find uses and markets for groats. Groats fit into the pet food market as an ingredient.



This document is part of the Agricultural Innovation Center at the Agricultural Utilization Research Institute (AURI) to provide market business development services to agricultural producers in Minnesota. The center assists farmers with market research, marketing plans, customer identification, and market intelligence issues. The center provides direct business, products, processes, and development services.

Questions or comments?

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