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India

Oilseeds and Products Update

August 2018

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Report Highlights:

Due to an expectation of relatively higher yields supported by normal precipitation across central India, Post's preliminary *kharif* (fall harvested) crop assessment indicates soybean production to be 11.5 million metric tons (MMT) in marketing year (MY) 2018/19 (October-September) on 11.2 million hectares. In contrast, an extended dry spell in Gujarat, particularly during peak planting time, has lowered total peanut production and area outlook to 6.0 million metric tons (MMT) in MY 2018/19 on 4.4 million hectares. The estimated production is nearly 12 percent below last year. In addition, a higher import duty on vegetable oils, coupled with a 6 percent depreciation of the Indian rupee since October 2017, will limit total imports in MY 2017/18 to 15.1 MMT. Indian oilmeal export sales have marginally increased to 2.4 MMT.

Post:	**Commodities:**
New Delhi	Oilseed, Soybean Meal, Soybean Oil, Soybean Oilseed, Peanut Meal, Peanut Oil, Peanut Oilseed, Sunflowerseed Meal, Sunflowerseed Oil, Sunflowerseed Oil, Palm

Author Defined:

General Comments:

14.6 Million Hectares of Oilseeds Planted in *Kharif* (Fall Harvested) Crop, 5.4 Percent More Than Last Year

According to the latest planting report from the Indian Ministry of Agriculture (MinAg), total *kharif* oilseeds (soybeans, peanuts, and sunflower seeds), planting was 14.6 million hectares, 5.4 percent above the planted area last year.[1] The GOI's July 4 announcement of a higher minimum support price (MSP) for *kharif* oilseeds (see table below), coupled with a forecasted normal 2018 monsoon (June-September), encouraged Indian farmers to plant more area under oilseeds, particularly soybeans, in the anticipation of higher returns, relatively stable yields, and lower crop maintenance.

GOI Minimum Support Price for *Kharif* Oilseeds (INR/Quintal[2])

	MY 2017/18	MY 2018/19	Percentage Increase
Groundnut	4,450	4,890	9.89
Sunflower Seed	4,100	5,388	31.42
Soybean	3,050	3,399	11.44

Source: Directorate of Economics and Statistics, Ministry of Agriculture and Farmer Welfare, GOI

Typically, the GOI makes the annual MSP announcement in early June, which is when farmers make their planting decisions. This year, however, the MSP announcement was delayed until July 4. But, since the planting season extends through mid-July, and monsoon rainfall had after a dry patch through the second half of June, farmers decided to plant more area in oilseeds. The GOI's MSP announcement that farmers will receive 1.5 times the production cost of a planted crop encouraged their decision to plant more oilseeds.

[1] This year's planted area of oilseed crops in India is still 6.2 percent lower than the 5-year running average (15.7 million hectares).

[2] 1 quintal is equal to 100 kilograms

MY 2018/19 Soybean Production Estimate Remains Unchanged at 11.5 MMT

Post's preliminary crop assessment estimates the MY 2018/19 soybean production to remain unchanged at 11.5 MMT, but on only 11.2 million hectares (Table 3). MinAg reports that the total planted area of soybeans is 11.2 million hectares, which is 0.3 million hectares below Post's previous estimate (see April 2018 Oilseeds Annual) of 11.5 million hectares. Given optimal weather conditions so far, and assuming favorable weather conditions through the harvest period (September), soybean yield is expected to be slightly higher than the 5-year average yield.

The Indian Meteorological Department reported that monsoon rainfall from June 1 through August 19 across central India and south Rajasthan was "normal." Rainfall in late August has helped bridge the soil moisture stress that was evident in late July and early August. In past years, both soybean yield and harvest quality were adversely affected by abnormal weather conditions during critical growth stages.

MY 2018/19 Peanut and Sunflower Seed Production Revised

The total peanut area and production in MY 2018/19 is revised lower to 6.0 MMT on 4.4 million hectares (Table 6) to reflect MinAg's latest planting data. An extended dry spell during the peak planting time in Gujarat, the largest peanut producing state, delayed peanut planting and consequently led to a net decline in total area planted. Gujarat's peanut planting area declined more than 10 percent (equivalent to 1.7 million hectares) from last year, far surpassing some minor gains in area planted (140,000 hectares) reported from Rajasthan, Tamil Nadu, and Andhra Pradesh. As of August 30, 2018, MinAg's planting data shows that *kharif* peanut planting is slightly lower, at 3.91 million hectares planted, compared to 3.98 million hectares planted last year. Total MY 2017/18 peanut area and production remain unchanged at 5.0 million hectares and 6.8 MMT, respectively.

Similarly, assuming normal growing conditions during the 2018 *rabi* (winter-sown) season, total sunflower area and production in MY 2018/19 is revised lower to 330,000 metric tons on 380,000 hectares (Table 9). MinAg's latest planting report indicates that the *kharif* sunflower crop was planted on only 108,000 hectares, as compared to 134,000 hectares planted last season. Incidentally, sunflower seed planting in India is declining at the annual rate of 12 percent, as farmers shift to competing crops, such as cotton and rice.

Considering a net decline in total *kharif* oilseed production and assuming a normal output of winter-sown oilseeds, total oilseed production in MY 2018/19 is revised lower to 37.93 MMT on 37.15 million hectares. As a result, domestic food consumption (food and feed use) is estimated down slightly, and crush estimates remain unchanged.

Increased Tariffs on Vegetable Oil Imports will Limit Total Imports in MY 2017/18 to 15.1 MMT

Although the import price of vegetable (edible) oils has softened by 14 percent in the last 10 months, the GOI's 14 percent import tariff increase, and subsequent 6 percent depreciation of the Indian rupee, have hindered imports. The result is that vegetable oil imports have dropped 5 percent, year-on-year, with only crude sunflower oil and crude palm oil making gains.

Based on the current trend, Post has revised down the MY 2017/18 vegetable oil imports to 15.1 MMT. On June 14, 2018, the GOI raised the import duty on all crude soft oils, the fourth successive tariff increase in the last 9 months. With vegetable oil stocks on August 1, 2018 estimated at 2.5 MMT, which is sufficient to meet nearly 1.5 months of India's consumption requirement, Post expects vegetable oil imports to slow down further in September. Industry sources estimate the total MY 2017/18 imports to consist of 8.8 MMT of palm oils, 3.4 MMT of soy oil, 2.4 MMT of sunflower seed oil, and 0.5 MMT of other oils (e.g., rapeseed oil).

India's MY 2017/18 Oilmeal Exports Revised Up 0.3 MMT to 2.4 MMT

Post expects total oilmeal exports in MY 2017/18 to settle at 2.4 MMT, 0.3 MMT above Post's previous estimate. Indian soymeal prices have declined from $486/MT in February 2018 to $433/MT in July 2018, but are still 10 percent higher than soymeal from the United States and Brazil. Stronger demand from South Korea, Japan, Thailand, Sri Lanka, and France have helped spur Indian soymeal sales. Similarly, Indian rapeseed meal prices have dropped by more than $33/MT to $217/MT, as of July 2018, which is approximately $47/MT lower than other international suppliers. As a result, rapeseed meal sales to South Korea, Vietnam, Thailand, Taiwan and other South East Asian countries have improved. The MY 2018/19 oilmeal export forecast remains unchanged at 2.9 MMT, but Post notes that the future direction of India's exports will depend on price competitiveness of Indian oilmeals in the international markets and local demand from poultry feed manufacturers, which is likely to remain strong.

Table 1. India: Edible Oil Imports, 1000 Metric Tons

	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	**Oct 17-July-18**	Oct 16 - July-17	% Change
RBD palm-olein	147	147	107	151	202	163	210	158	177	180	1,643	2,419	32
Crude palm oil	597	560	608	673	546	592	557	332	305	364	5,133	4,997	3
Crude palm olein	0	0	0	0	0	0	0	0	0	0	0	0	
Crude Palm kernel oil	3	10	8	11	12	5	12	7	5	6	80	65	23
Total palm oil	**748**	**717**	**723**	**834**	**760**	**761**	**779**	**496**	**487**	**550**	**6,856**	7,481	**8**
Crude soybean oil	220	274	79	225	134	115	265	397	289	352	2,350	2,727	14
Refined soybean oil	0	0	0	0	0	0	0	0	0	0	0	0	0
Total soy oil	**220**	**274**	**79**	**225**	**134**	**115**	**265**	**397**	**289**	**352**	**2,350**	2,727	**14**
Crude sun oil	129	194	237	171	213	210	294	331	221	139	2,139	1,806	18
Refined sun oil	0	0	0	0	0	0	0	0	0	0	0	0	0
Total sun oil	**129**	**194**	**237**	**171**	**213**	**210**	**294**	**331**	**221**	**139**	**2,139**	1,806	**18**
Canola Rape oil	37	41	20	17	18	37	28	22	11	12	242	239	1
Cottonseed Oil	0	0	0	0	0	0	3	0	0	0	3	0	0
Saflower oil	0	0	0	0	0	0	0	0	0	0	0	6	
Coconut oil	0	0	0	0	0	0	0	0	0	0	0	0	
Grand Total	1,134	1,225	1,058	1,247	1,125	1,123	1,369	1,246	1,008	1,054	**11,589**	12,259	5

Source: Solvent Extractors' Association (SEA) of India

Table 2. India: Oilmeal Exports, Metric Tons

	Soybean meal	Rapeseed meal	Peanut meal	Sunflower meal	Total
Oct-17	71,425	22,731	654	0	94,810
Nov-17	207,630	69,105	314	0	277,049
Dec-17	168,865	69,474	5,051	0	243,390
Jan-18	76,089	3,128	204	0	79,421
Feb-18	73,816	42,231	0	0	116,047
Mar-18	39,209	23,499	0	0	62,708
Apr-18	68,264	97,891	0	0	166,155
May-18	76,026	133,916	302	0	210,244
Jun-18	104,088	91,475	198	0	195,761
Jul-18	63,747	46,364	0	0	110,111
Surface Transport (Oct-17 to March-2018)	307,697	40,547	0	0	348,244
Oct 17 to July-18	**1,256,856**	**640,361**	**6,723**	**0**	**1,903,940**
Oct 16 to July-17	942,073	236,710	2,611	0	1,181,394
% Change	33	171	157		61

Source: SEA of India

STATISTICAL TABLES

Table 3. India: Commodity, Oilseed, Soybean, PSD
(Area in 1000 hectares and production in 1000 metric tons)

Oilseed, Soybean	**2016/2017**		**2017/2018**		**2018/2019**	
Market Begin Year	**Oct 2016**		**Oct 2017**		**Oct 2018**	
India	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Planted	11300	11400	10550	10600	11500	11200
Area Harvested	11183	11400	10400	10600	11200	11200
Beginning Stocks	338	338	810	1147	160	357
Production	10992	10600	8350	8800	10500	11500
MY Imports	79	78	150	60	100	70
Total Supply	11409	11016	9310	10007	10760	11927
MY Exports	269	269	250	150	250	200
Crush	9000	8000	7600	8300	9000	9700
Food Use Dom. Cons.	450	500	450	350	450	400
Feed Waste Dom. Cons.	880	1100	850	850	850	1100
Total Dom. Cons.	10330	9600	8900	9500	10300	11200
Ending Stocks	810	1147	160	357	210	527
Total Distribution	11409	11016	9310	10007	10760	11927
Yield	0.9829	0.9298	0.8029	0.8302	0.9375	1.0268

Table 4. India: Commodity, Meal, Soybean, PSD (Units in 1000 metric tons, Extraction rate in Percent)						
Meal, Soybean	**2016/2017**		**2017/2018**		**2018/2019**	
Market Begin Year	**Oct 2016**		**Oct 2017**		**Oct 2018**	
India	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Crush	9000	8000	7600	8300	9000	9700
Extr. Rate, 999.9999	0.8	0.8	0.8	0.8	0.8	0.8
Beginning Stocks	130	130	478	136	98	283
Production	7200	6400	6080	6640	7200	7760
MY Imports	11	106	15	7	15	10
Total Supply	7341	6636	6573	6783	7313	8053
MY Exports	2008	1600	1500	1500	1400	2300
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	255	400	275	300	295	450
Feed Waste Dom. Cons.	4600	4500	4700	4700	5325	5000
Total Dom. Cons.	4855	4900	4975	5000	5620	5450
Ending Stocks	478	136	98	283	293	303
Total Distribution	7341	6636	6573	6783	7313	8053

Table 5. India: Commodity, Oil, Soybean, PSD (Units in 1000 metric tons, Extraction rate in Percent)						
Oil, Soybean	**2016/2017**		**2017/2018**		**2018/2019**	
Market Begin Year	**Oct 2016**		**Oct 2017**		**Oct 2018**	
India	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Crush	9000	8000	7600	8300	9000	9700
Extr. Rate, 999.9999	0.18	0.175	0.18	0.1807	0.18	0.1794
Beginning Stocks	477	477	430	376	246	275
Production	1620	1400	1368	1500	1620	1740
MY Imports	3534	3700	3000	3400	3400	4000
Total Supply	5631	5577	4798	5276	5266	6015
MY Exports	1	1	2	1	5	5
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	5200	5200	4550	5000	4800	5500
Feed Waste Dom. Cons.	0	0	0	0	0	0

Total Dom. Cons.	5200	5200	4550	5000	4800	5500
Ending Stocks	430	376	246	275	461	510
Total Distribution	5631	5577	4798	5276	5266	6015

Table 6. India: Commodity, Oilseed, Peanut, PSD
(Area in 1000 hectares and production in 1000 metric tons)

Oilseed, Peanut	**2016/2017**		**2017/2018**		**2018/2019**	
Market Begin Year	**Oct 2016**		**Oct 2017**		**Oct 2018**	
India	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Planted	5500	5800	5000	5000	5200	4400
Area Harvested	5339	5800	5000	5000	5200	4400
Beginning Stocks	196	196	386	408	499	560
Production	6700	6700	6500	6800	6000	6000
MY Imports	3	2	3	2	3	0
Total Supply	6899	6898	6889	7210	6502	6560
MY Exports	938	890	850	1000	850	980
Crush	3750	3800	3600	3600	3600	3200
Food Use Dom. Cons.	1400	1300	1550	1500	1500	1400
Feed Waste Dom. Cons.	425	500	390	550	380	500
Total Dom. Cons.	5575	5600	5540	5650	5480	5100
Ending Stocks	386	408	499	560	172	480
Total Distribution	6899	6898	6889	7210	6502	6560
Yield	1.2549	1.1552	1.3	1.36	1.1538	1.3636

Table 7. India: Commodity, Meal, Peanut, PSD
(Units in 1000 metric tons, Extraction rate in Percent)

Meal, Peanut	**2016/2017**		**2017/2018**		**2018/2019**	
Market Begin Year	**Oct 2016**		**Oct 2017**		**Oct 2018**	
India	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Crush	3750	3800	3600	3600	3600	3200
Extr. Rate, 999.9999	0.42	0.4	0.4208	0.4	0.4222	0.4094
Beginning Stocks	0	0	0	0	0	0

Production	1575	1520	1515	1440	1520	1310
MY Imports	0	0	0	0	0	0
Total Supply	1575	1520	1515	1440	1520	1310
MY Exports	9	3	10	2	5	2
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	5	5	5	3	5	2
Feed Waste Dom. Cons.	1561	1512	1500	1435	1510	1306
Total Dom. Cons.	1566	1517	1505	1438	1515	1308
Ending Stocks	0	0	0	0	0	0
Total Distribution	1575	1520	1515	1440	1520	1310

Table 8. India: Commodity, Oil, Peanut, PSD
(Units in 1000 metric tons, Extraction rate in Percent)

Oil, Peanut	**2016/2017**		**2017/2018**		**2018/2019**	
Market Begin Year	**Oct 2016**		**Oct 2017**		**Oct 2018**	
India	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Crush	3750	3800	3600	3600	3600	3200
Extr. Rate, 999.9999	0.3301	0.34	0.33	0.34	0.3333	0.3438
Beginning Stocks	152	152	212	319	187	370
Production	1238	1292	1188	1224	1200	1100
MY Imports	0	0	0	0	0	0
Total Supply	1390	1444	1400	1543	1387	1470
MY Exports	13	15	15	15	15	9
Industrial Dom. Cons.	10	10	10	8	10	7
Food Use Dom. Cons.	1155	1100	1188	1150	1200	1100
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	1165	1110	1198	1158	1210	1107
Ending Stocks	212	319	187	370	162	354
Total	1390	1444	1400	1543	1387	1470

Distribution						

Table 9. India: Commodity, Oilseed, Sunflower seed PSD
(Area in 1000 hectares and production in 1000 metric tons)

Oilseed, Sunflowerseed	2016/2017		2017/2018		2018/2019	
Market Begin Year	Oct 2016		Oct 2017		Oct 2018	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	381	347	330	387	430	380
Area Harvested	381	347	330	387	430	380
Beginning Stocks	0	0	0	0	0	0
Production	275	285	277	326	350	330
MY Imports	2	3	2	2	2	0
Total Supply	277	288	279	328	352	330
MY Exports	3	5	5	4	5	3
Crush	240	245	240	286	315	290
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	34	38	34	38	32	37
Total Dom. Cons.	274	283	274	324	347	327
Ending Stocks	0	0	0	0	0	0
Total Distribution	277	288	279	328	352	330
Yield	0.7218	0.8213	0.8394	0.8424	0.814	0.8684

Table 10. India: Commodity, Meal, Sunflower seed, PSD
(Units in 1000 metric tons, Extraction rate in Percent)

Meal, Sunflowerseed	2016/2017		2017/2018		2018/2019	
Market Begin Year	Oct 2016		Oct 2017		Oct 2018	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	240	245	240	286	315	290
Extr. Rate, 999.9999	0.4792	0.4816	0.4792	0.479	0.4762	0.4828
Beginning Stocks	0	0	0	0	0	0
Production	115	118	115	137	150	140

MY Imports	306	150	265	100	200	150
Total Supply	421	268	380	237	350	290
MY Exports	2	0	5	0	5	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	419	268	375	237	345	290
Total Dom. Cons.	419	268	375	237	345	290
Ending Stocks	0	0	0	0	0	0
Total Distribution	421	268	380	237	350	290

Table 11. India: Commodity, Oil, Sunflowerseed, PSD
(Unit in 1000 metric tons and Extraction rate in Percent)

Oil, Sunflowerseed	**2016/2017**		**2017/2018**		**2018/2019**	
Market Begin Year	**Oct 2016**		**Oct 2017**		**Oct 2018**	
India	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Crush	240	245	240	286	315	290
Extr. Rate, 999.9999	0.375	0.3633	0.375	0.3601	0.3746	0.3621
Beginning Stocks	260	260	398	486	385	789
Production	90	89	90	103	118	105
MY Imports	2151	2137	2200	2400	2000	2200
Total Supply	2501	2486	2688	2989	2503	3094
MY Exports	3	0	3	0	3	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	2100	2000	2300	2200	2200	2400
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	2100	2000	2300	2200	2200	2400
Ending Stocks	398	486	385	789	300	694
Total Distribution	2501	2486	2688	2989	2503	3094

Table 12. India: Commodity, Oil, Palm, PSD
(Area in 1000 hectares and production in 1000 metric tons)

Oil, Palm	2016/2017		2017/2018		2018/2019	
Market Begin Year	Oct 2016		Oct 2017		Oct 2018	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	296	0	310	0	315
Area Harvested	80	0	80	0	80	0
Trees	0	0	0	0	0	0
Beginning Stocks	499	499	490	429	490	449
Production	200	230	200	240	200	250
MY Imports	9341	9000	10700	8800	11600	10500
Total Supply	10040	9729	11390	9469	12290	11199
MY Exports	0	0	0	0	0	0
Industrial Dom. Cons.	550	500	600	620	620	800
Food Use Dom. Cons.	9000	8800	10300	8400	11200	10000
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	9550	9300	10900	9020	11820	10800
Ending Stocks	490	429	490	449	470	399
Total Distribution	10040	9729	11390	9469	12290	11199
Yield	2.5	0	2.5	0	2.5	0