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Report Name: Oilseeds and Products Update

Country: India

Post: New Delhi

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Report Highlights:

The soybean production estimate for marketing year (MY) 2019/20 (Oct-Sept) is revised lower to 9 million metric tons (MMT) on 11.3 million hectares to indicate poor yield due to weather-induced stress during the peak reproductive and maturity stage. By contrast, peanut production in MY 2019/20 will rise 20 percent to 6.8 MMT on 4.9 million hectares. The last planting report for kharif-2019 from Ministry of Agriculture (MinAg), government of India (GOI) showed a slight uptick in planted area across all major producing regions. This, coupled with better peanut production prospect from Gujarat, will improve the production outlook. On the trade side, oil meal exports in MY 2018/19 settled at 2.7 MMT, and edible oil imports dropped 2 percent to 14.1 MMT.

Comments:

***Kharif*-2019 Oilseed Planting Update**

The 2019 *kharif* (fall harvested) soybean, peanut, and sunflower crops were grown on 15.4 million hectares, similar to last season (2018). Unlike soybean, which is cultivated only in the *kharif* season, sunflower and peanut crops are planted during winter and summer seasons (Oct-May) and across different regions (supplemented with irrigation). Note: *planting data is from the MinAg, GOI and is for crop year 2019 (July-June).*

Excess Rainfall in Major Oilseed Growing Regions

According to the Indian Meteorological Department, GOI, the cumulative seasonal rainfall for 2019 southwest monsoon season (June-September) was 10 percent above its long-period average (89 cm). The first half of the monsoon season was mostly dry, but the second half brought excess rains, particularly over central India and the southern Peninsula. Rainfall in August and September was reported 15 percent and 52 percent above respective monthly averages.

Of total 678 districts across India, almost 77 percent reported normal to excess rains, while the remaining districts received deficit rainfall. The highest number of districts that reported excess rains were from several states including the Saurashtra area of Gujarat, the eastern part of Rajasthan, and the western part of Madhya Pradesh. All of these regions also are major oilseed producing regions as well[1].

MY 2019/20 Soybean Production Lowered from 10.5 MMT to 9 MMT

The soybean production estimate for marketing year (MY) 2019/20 (Oct-Sept) is revised lower to 9 million metric tons (MMT) on 11.3 million hectares to indicate poor yield due to weather- induced stress during peak reproductive and maturity stage. Compared to the August 2019 Post estimate[2], the national average yield is trimmed 16 percent to 0.79 metric tons per hectares. Madhya Pradesh and Maharashtra will produce 28 percent and 24 percent less soybeans compared to last season (2018).

The total market arrivals of beans in October were down 45 percent; average bean prices have risen 13 percent. Higher than normal moisture content in harvested beans may cut some of its price premium; meanwhile, availability will remain tight for both food and feed use, with the latter being primarily for poultry feed. Post will continue to monitor the supply and stock situation. Concurrently, Post has revised MY2018/19 soybean production estimates to 11 MMT from 11.3 million hectares[3]. The trade estimate for meal and oil was adjusted to reflect the actual trade data. End stocks were relatively tight as a result.

[1] Please refer GAIN Report No: IN2019-0093 for more information

[2] Post New Delhi August 2019 soybean estimate was 10.5 million metric tons (MMT) on 11.2 million hectares. The first advance estimate from MinAg considers 2019 *kharif* soybean planting at 13.5 MMT from 11.4 million hectares.

[3] Previous estimate was 11.3 mmt from 11 million hectares.

MY2019/20 Peanut Production Revised up to 6.8 MMT from 4.9 Million Hectares

Assuming normal winter and summer peanut crops**,** total peanut production in MY 2019/20 will rise 20 percent to 6.8 MMT on 4.9 million hectares[4]. The last planting report for *kharif*-2019 showed a slight uptick in planted area across all major producing regions. This, coupled with better peanut production prospect from Gujarat, will improve the production outlook.

Strong market prices during planting season and the announcement of a higher minimum support price (INR 5090 per quintal) in early July encouraged farmers to bring more area under peanuts. Generally speaking, close to 80 percent of the peanut crop is produced during the *kharif* season (fall harvest), of which Gujarat state alone contributes a little less than 50 percent, followed by Rajasthan, Andhra Pradesh (Telangana) and other states.

In *kharif*-2019, the overall rainfall and weather conditions were favorable for the peanut crop (in Gujarat), particularly during critical growth stages (peg initiation and formation). Preliminary estimates indicate that Gujarat should produce upwards of 3 MMT of peanuts from 1.5 million hectares. However, reports of excess soil moisture accrued from July to October will delay harvesting at places where the fields are still wet. Nevertheless, the NDVI showed more crop vigor during the same period.

Recent media reports suggest the Gujarat government will resume peanut procurement at minimum support price (MSP) of INR 5090 per quintal. These purchasing operations are intended to shore up prices and prevent distressed sales. Some industry experts believe that actual yields may be weakened by recent untimely rains. The final figures will be clear only after data is available and is accounted for actual market supply, stock changes, and purchases. Note: *the five-year average peanut area and production in Gujarat is 20 MMT from 1.5 million hectare.*

MY 2018/19 Oil meal Exports Settle at 2.7 MMT

The MY 2018/19 figure for total oil meal export has finally settled at 2.7 MMT (as indicated in the August update). That figure includes product shipped by surface to Pakistan, Bhutan, Bangladesh, Myanmar and Nepal as well as shipments by sea. (Source: Solvent Extractors' Association, India). Total oilmeal exports were 14 percent above last year.

Competitive prices and modest demand from buyers in South Korea, Thailand, Vietnam and Myanmar, pushed Indian rapeseed meal sales almost 10 percent above last year (Table 1) to a little less than one million tons. Indian soymeal sales also advanced, by 17 percent. The Merchandise Export from India Scheme (MEIS) export incentives as well as buying support from Iran, the United States, Nepal, South Korea, Japan and, to a lesser extent, by Southeast Asian, Middle Eastern and European countries all helped overcome what normally would be non-competitive pricing in the international market.

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[4] As compared to Post's August 2019 update where MY2019/20 peanut production was estimated at 5.6 MMT from 4.5 million hectares.

India Imported 14.1 MMT of Edible Oils in MY2018/19, Two percent Below Last Year
Total edible oil imports in MY 2018/19 fell two percent to 14.1 MMT. Palm oils continued to be the largest and preferred imported edible oil due to competitive pricing and geographic advantage. Although import duties for palm oil are high in general, refined palm from Malaysia enjoys preferential a 5 percent duty advantage vis-à-vis similar imports from Indonesia or other ASEAN countries.

On September 4, 2019, however, a Customs Notification stated that a 5 percent safeguard duty was imposed on Malaysia RBD/palm oils for a period of 180 days, (the duty applies to palm oils originating in Malaysia and imported under India-Malaysia Comprehensive Economic Cooperation Agreement). Soybean oil imports grew but just matched last year's level, while sunflower oil imports reported a 6 percent decline. As of October 1, 2019, the total stock at ports and in pipelines is reported at 1.8 MMT compared to 2.04 MMT a month ago (SEA Press Release).

Table 1. India: Oilmeal Exports, Metric Tons

	Soybean meal	Rapeseed meal	Peanut meal	Total
Oct-18	150,388	34,830	770	185,988
Nov-18	186,409	86,349	1,223	273,981
Dec-18	170,588	87,106	943	258,637
Jan-19	86,378	57,995	0	144,373
Feb-19	132,375	79,643	0	212,018
Mar-19	193,920	50,964	0	244,884
Apr-19	40,829	120,630	91	161,550
May-19	53,272	72,895	0	126,167
Jun-19	62,524	71,064	0	133,588
Jul-19	76,558	108,888	199	185,645
Aug-19	95,450	86,735	195	182,380
Sep-19	35,268	51,132	101	86,501
Surface Transport	475,000	50,000	0	525,000
Oct 18 to Sept-19	**1,758,959**	**958,231**	**3,522**	**2,720,712**
Oct 17 to Sept-18	1,509,769	868,923	7,107	2,385,799
% Change	17	10	(50)	14

Source: Solvent Extractors' Association (SEA) of India and Global Trade Atlas

Table 2. India: Edible Oil Imports, 1000 Metric Tons

	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	**Oct 18 - Sept 19**	Oct 17- Sept-18	% Change
RBD palm-olein	137	109	130	167	241	313	238	371	256	265	258	264	2,749	2,146	28
Crude palm oil	610	568	67	645	498	475	450	440	421	533	587	600	5,893	6,447	9
Crude Palm kernel oil	7	15	11	2	13	15	19	7	10	15	8	16	139	101	37
Total palm oil	754	692	208	815	752	802	707	818	687	813	853	880	**8,781**	8,695	**1**
Total soy oil (crude)	264	204	85	186	220	293	249	232	223	320	441	248	**2,964**	3,003	**1**
Total sun oil (crude)	157	166	236	200	200	298	242	131	162	200	230	127	**2,348**	2,497	**6**
Canola Rape oil	0	12	13	9	10	0	0	0	0	15	0	0	59	278	79
Grand Total	**1,174**	**1,073**	**543**	**1,211**	**1,182**	**1,393**	**1,199**	**1,181**	**1,071**	**1,348**	**1,523**	**1,254**	**14,153**	14,476	2

Source: Solvent Extractors' Association (SEA) of India

Current Status of MY 2019/20 *Rabi* (winter) Crop Planting

The cumulative seasonal rainfall for the 2019 monsoon (June-September) was 10 percent above normal, thereby leaving enough (residual) soil moisture for timely planting of winter crops, including oilseeds, wheat, pulses and vegetables. The most recent progressive planting report from MinAg, GOI indicates that total winter oilseed planting of rapeseed, mustard, peanut and sunflower planting is actually leading by 6 percent (Table 3).

With planting still in progress, Rajasthan and Uttar Pradesh reported larger area under rapeseed and mustard (RM) cultivation while Madhya Pradesh and Haryana are slightly trailing below last year's level. RM is mostly rain-fed and supplemented with some lifesaving irrigation at critical growth periods. However, the water storage levels across major reservoirs are above last year and above the 10-year average, indicating sufficient availability of stored water not only for oilseeds but also for cereals and pulses.

Table 3. India: Preliminary *Rabi* Planting Progress as on Nov 8, 2019, Million Hectares

Crops	Progressive Area planted in 2019/20	Progressive Area planted in 2018/19	Difference (%) of crop year 2019-20 over	
			Normal of corresponding week	2018-19 *rabi* area
Rapeseed & Mustard	3.74	3.53	0.27	5.7
Peanut	0.11	0.10	-25.7	6.8
Sunflower	0.04	0.03	-61	22.2
Wheat	0.97	1.53	28.3	-36.9
Pulses	2.78	3.99	-32.5	-30.25

Source: [All India Winter Crop Situation dated Nov 8, 2019, MinAg, GOI]

Statistical Tables:

Table 4. India: Commodity, Oilseed, Soybean, PSD						
Oilseed, Soybean	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	10550	10600	11500	11300	11500	11400
Area Harvested	10400	10600	11330	11300	11250	11400
Beginning Stocks	880	880	339	189	400	346
Production	8350	8350	10930	11000	9000	9000
MY Imports	166	166	185	185	200	200
Total Supply	9396	9396	11454	11374	9600	9546
MY Exports	217	217	178	178	150	200
Crush	7700	7700	9600	9200	8000	7500
Food Use Dom. Cons.	420	420	440	450	450	350
Feed Waste Dom. Cons.	720	870	836	1200	700	1200
Total Dom. Cons.	8840	8990	10876	10850	9150	9050
Ending Stocks	339	189	400	346	300	296
Total Distribution	9396	9396	11454	11374	9600	9546
(1000 HA) ,(1000 MT) ,(MT/HA)						

Table 5. India: Commodity, Meal, Soybean, PSD						
Meal, Soybean	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	7700	7700	9600	9000	8000	7500
Extr. Rate, 999.9999	0.8	0.8	0.8	0.8	0.8	0.8
Beginning Stocks	647	647	215	458	465	493
Production	6160	6160	7680	7200	6400	6000
MY Imports	11	11	50	50	50	15
Total Supply	6818	6818	7945	7708	6915	6508
MY Exports	1863	1500	2200	1665	1450	1500
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	190	260	230	250	250	150
Feed Waste Dom. Cons.	4550	4600	5050	5300	5100	4500
Total Dom. Cons.	4740	4860	5280	5550	5350	4650
Ending Stocks	215	458	465	493	115	358
Total Distribution	6818	6818	7945	7708	6915	6508
(1000 MT) ,(PERCENT)						

Table 6. India: Commodity, Oil, Soybean, PSD

Oil, Soybean	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	7700	7700	9600	9000	8000	7500
Extr. Rate, 999.9999	0.18	0.1935	0.1802	0.18	0.18	0.18
Beginning Stocks	477	477	120	263	133	43
Production	1386	1490	1730	1620	1440	1350
MY Imports	2984	3003	3100	2965	3500	3500
Total Supply	4847	4970	4950	4848	5073	4893
MY Exports	7	7	7	5	6	5
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	4720	4700	4810	4800	4950	4800
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	4720	4700	4810	4800	4950	4800
Ending Stocks	120	263	133	43	117	88
Total Distribution	4847	4970	4950	4848	5073	4893
(1000 MT) ,(PERCENT)						

Table 7. India: Commodity, Oilseed, Peanut, PSD						
Oilseed, Peanut	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	5000	5000	5200	4300	5200	4900
Area Harvested	4888	5000	4990	4300	4500	4900
Beginning Stocks	776	776	1085	884	507	712
Production	6650	6800	4720	5000	5200	6800
MY Imports	2	3	2	3	2	0
Total Supply	7428	7579	5807	5887	5709	7512
MY Exports	743	545	675	500	675	600
Crush	3700	4000	3300	3000	3400	4000
Food Use Dom. Cons.	1500	1600	1000	1200	1100	1600
Feed Waste Dom. Cons.	400	550	325	475	325	480
Total Dom. Cons.	5600	6150	4625	4675	4825	6080
Ending Stocks	1085	884	507	712	209	832
Total Distribution	7428	7579	5807	5887	5709	7512
(1000 HA) ,(1000 MT) ,(MT/HA)						

Table 8. India: Commodity, Meal, Peanut, PSD						
Meal, Peanut	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	3700	4000	3300	3000	3400	4000
Extr. Rate, 999.9999	0.4203	0.4	0.4197	0.4	0.4221	0.4
Beginning Stocks	0	0	0	0	0	0
Production	1555	1600	1385	1200	1435	1600
MY Imports	0	0	0	0	0	0
Total Supply	1555	1600	1385	1200	1435	1600
MY Exports	17	17	5	0	10	7
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	5	5	5	0	0	3
Feed Waste Dom. Cons.	1533	1578	1375	1200	1425	1590
Total Dom. Cons.	1538	1583	1380	1200	1425	1593
Ending Stocks	0	0	0	0	0	0
Total Distribution	1555	1600	1385	1200	1435	1600
(1000 MT) ,(PERCENT)						

Table 9. India: Commodity, Oil, Peanut, PSD						
Oil, Peanut	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	3700	4000	3300	3000	3400	4000
Extr. Rate, 999.9999	0.3297	0.34	0.3303	0.34	0.3309	0.34
Beginning Stocks	273	273	384	360	317	369
Production	1220	1360	1090	1020	1125	1360
MY Imports	0	0	0	0	0	0
Total Supply	1493	1633	1474	1380	1442	1729
MY Exports	19	15	17	5	17	5
Industrial Dom. Cons.	10	8	10	6	10	8
Food Use Dom. Cons.	1080	1250	1130	1000	1190	1300
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	1090	1258	1140	1006	1200	1308
Ending Stocks	384	360	317	369	225	416
Total Distribution	1493	1633	1474	1380	1442	1729
(1000 MT) ,(PERCENT)						

Attachments:

No Attachments