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India

Oilseeds and Products Update

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Report Highlights:

The soybean production estimate for marketing year (MY) 2018/19 (Oct-Sept) has been revised down from 11.5 million metric tons (MMT) to 11.3 MMT to indicate slightly lower than expected area planted to beans; yield estimates remain unchanged. Peanut production is revised from 6 MMT to 5.1 MMT on poor yield projections from Gujarat. Oilmeal exports for last year settled at 2.4 MMT, while edible oil imports dropped 4 percent to 14.5 MMT. The most recent progressive planting report for winter crops indicate that rapeseed and mustard planting is actually trailing behind last year's level despite an early start for planting.

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

Author Defined:

Kharif-2018 Planting Acres Updated

The first advance estimate for crop season (July-June) 2018/19 reports 2018 *kharif* soybean, peanut, and sunflower crops planting at 15 million hectares, marginally above the last *kharif* season (2017). Unlike soybean, which is cultivated only in the *kharif* season, sunflower and peanut crops are planted during winter and summer seasons (Oct-May) across different regions and are supplemented with irrigation. Except for peanuts, both soybean and sunflower planted area moved slightly higher than last year. *The planting data is from the MinAg, Government of India (GOI), and is for crop year 2018 (July-June).*

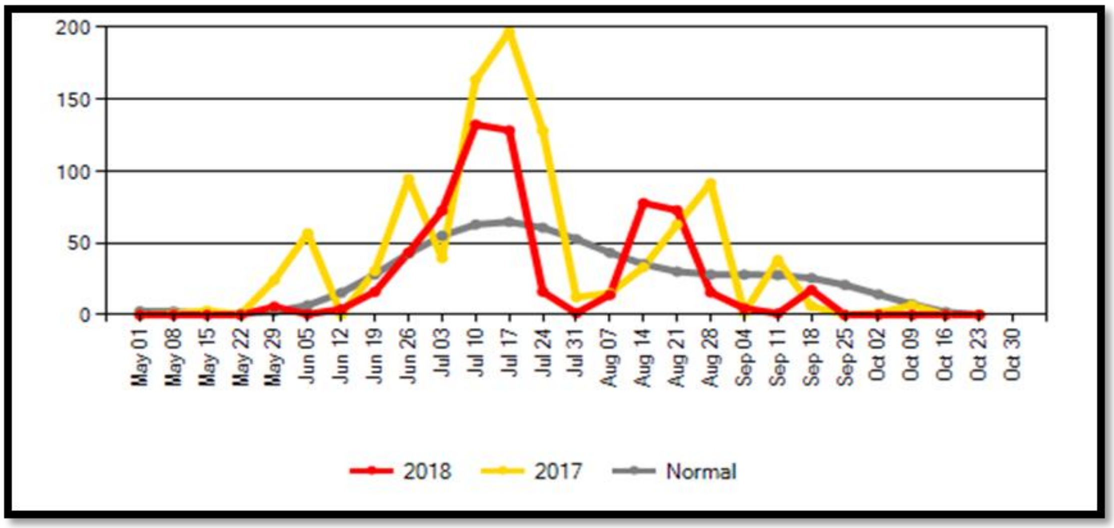
MY 2018/19 Soybean Production Lowered from 11.5 MMT to 11.3 MMT

The first advance estimate from MinAg considers 2018 *kharif* soybean planting at 10.96 million hectares, compared to 11.2 million hectares estimated earlier (and 10.47 million hectares planted last year). Considering the national average yield estimate of 1.03 metric tons per hectare (unchanged), total soybean production is now revised down from 11.5 MMT to 11.3 MMT. Weather conditions through harvest remained dry; the incidence of insect and pest attacks was within acceptable levels.
The Chief Minister of Madhya Pradesh announced last month that Madhya Pradesh soybean farmers will receive a premium of INR 500/quintal over and above the Minimum Support Price of INR 3,399/quintal for soybeans sold in MY 2018/19. As a result, the average soybean price across major market yards during September 2018-October 2018 was 12 percent higher than last year, which prompted October 2018 market arrivals of soybeans to spike upwards by 45 percent year on year.
If soybean prices hold firm, we forecast higher planting next year provided there is a parallel and equally strong demand for soymeal (for poultry) in local and overseas markets. Also, the largest soybean producing state in India, Madhya Pradesh, will hold state elections on November 28; we must wait to see how prevailing market sentiments will affect the election outcome.

Lower Than Anticipated Peanut Yields in Gujarat Shrinks MY 2018/19 Peanut Production from 6 MMT to 5.1 MMT

Post has revised down its MY 2018/19 peanut production forecast from 6 MMT to 5.1 MMT. This is the second consecutive revision to indicate lower than expected national average yields; the planted area estimate remains unchanged at 4.4 million hectares. An extended dry spell during peak planting time in Gujarat coupled with erratic rainfall distribution (Figure 1 below), particularly during critical growth stages, is expected to hurt peanut yields there by 35 percent. That drop in yields would bring the national average down by 15 percent to 1.16 metric tons per hectare. Even the NDVI shows less crop vigor. Gujarat will now produce 1.8 MMT[1] of peanuts from 1.47 million hectares. The five-year average peanut area and production in Gujarat is 1.6 million hectare and 2.2 MMT. It is the largest peanut planting state: it contributes more than 55 percent of total peanut production in the *kharif* season, which in turn contributes almost 75 percent of annual peanut production in India.

Figure 1. Precipitation in Gujarat



Source: WMO

Total Oilseed Supply Will Remain Tight

Assuming a normal output for winter-sown oilseeds, total oilseed production (minor oilseeds not included) for MY 2018/19 is revised slightly lower to 37 MMT (900,000 metric tons below the previous estimate) from 37.3 million hectares. Although oilseed export sales have slumped by more than eight percent in the last three years, total domestic consumption (e.g., feed use) grew stronger to absorb the extra beans left while keeping stocks down 40 percent for the said period. .

MY 2017/18 Oilmeal Exports Settle at 2.4 MMT

The MY2017/18 total oilmeal exports (excluding rice bran and castor meal) has finally settled at 2.4 MMT (as indicated in August update). This includes surface transport to Pakistan, Bhutan, Bangladesh, Myanmar, and Nepal, as well as high seas sales (as compiled from the Solvent Extractors' Association, India). Total oilmeal exports were 60 percent above last year. Rapeseed meal trade advanced due to strong export sales to major buyers like South Korea and Thailand. Soymeal sales grew modestly during the same period, driven in large part by imports from France, Germany, Bangladesh and Nepal.

Recently, according to some media reports, China seems to have lifted the embargo on import of Indian rapeseed meal provided it meets the standards prescribed by Chinese regulations (certain inspection and

[1] +/- 0.2 MMT

quarantine requirements). Chinese industry sources expect total supply of Indian oil meals to China will not exceed half a million metric tons in MY 2018/19. The Indian industry leader however expected total protein meal exports at 2.7 MMT (1.8 MMT of SBM and 0.8 MMT of rapeseed meal and 0.1 MMT of other meal). The future direction of export sales will depend more on local demand and the competitiveness of Indian oilmeals in the international markets.

Table 1. 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
Aug-18	59,643	163,011	105	0	222,759
Sep-18	20,967	36,098	279	0	57,344
Surface Transport	480,000	70,000	0	0	550,000
Oct 17 to Sept-18	**1,509,769**	**868,923**	**7,107**	**0**	**2,385,799**
Oct 16 to Sept-17	1,125,364	351,557	3,024	0	1,479,945
% Change	34	147	135		61

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

MY 2017/18 Total Edible Oil Imports Stood at 14.5 MMT, Four percent Below Last Year

Despite softening prices for imported edible oils, a higher import duty and depreciating Indian currency limited total imports to 14.5 MMT, 4 percent below last year. Although palm oils continue to be the most imported edible oils due to competitive pricing and geographic advantage, palm oils have lost 20 percent share to soft oils (soybean and sunflower oils) in the last six years. Sunflower oil imports grew at a faster pace, but soybean oil imports increased by a greater amount on a volume basis. Such rapid consumption growth will outstrip production, so demand for imported edible oils in MY 2018/19 will again create the short supply situation of last year.

Table 2. 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	Aug-18	Sep-18	**Oct 17-Sept-18**	Oct 16 - Sept-17	% Change
RBD palm-olein	147	147	107	151	202	163	210	158	177	180	259	245	2,146	2,945	27
Crude palm oil	597	560	608	673	546	592	557	332	305	364	650	665	6,447	6,248	3
Crude Palm kernel oil	3	10	8	11	12	5	12	7	5	6	13	9	101	87	16
Total palm oil	**748**	**717**	**723**	**834**	**760**	**761**	**779**	**496**	**487**	**550**	**921**	**919**	**8,695**	9,281	**6**
Crude soybean oil	220	274	79	225	134	115	265	397	289	352	312	341	3,003	3,374	11
Total soy oil	**220**	**274**	**79**	**225**	**134**	**115**	**265**	**397**	**289**	**352**	**312**	**341**	**3,003**	3,374	**11**
Crude sun oil	129	194	237	171	213	210	294	331	221	139	208	150	2,497	2,137	17
Total sun oil	**129**	**194**	**237**	**171**	**213**	**210**	**294**	**331**	**221**	**139**	**208**	**150**	**2,497**	2,137	**17**
Canola Rape oil	37	41	20	17	18	37	28	22	11	12	25	12	278	299	7
Cottonseed Oil	0	0	0	0	0	0	3	0	0	0	0	0	3	0	0
Grand Total	**1,134**	**1,225**	**1,058**	**1,247**	**1,125**	**1,123**	**1,369**	**1,246**	**1,008**	**1,054**	**1,466**	**1,422**	**14,476**	15,097	4

Source: Solvent Extractors' Association (SEA) of India

Current Status of *Rabi* (winter) Crop Planting

The 2018 Southwest monsoon withdrew from the country on October 21, 2018, almost a month behind schedule, which left behind necessary residual soil moisture. This encouraged timely planting of winter crops such as oilseeds, wheat, pulses and vegetables. Despite the early start, the most recent progressive planting report indicates that total winter oilseed planting is actually trailing last year's level, particularly the rapeseed and mustard crop that is mostly rainfed and supplemented with some irrigation at critical growth periods. The cumulative seasonal rainfall (from Oct 1 to Nov 7) was 51 percent below the corresponding period last year, and central India received the least rain (down 63 percent). The winter oilseeds, namely rapeseed, mustard, and peanut, were planted on 3.62 million hectares, four percent below last year and almost 14 percent below 'normal of corresponding week' (Table 3). Except for Rajasthan, winter oilseed planting is lagging in Madhya Pradesh, Haryana, Telangana, Karnataka, and Uttar Pradesh.

Table 3. India: Preliminary *Rabi* Planting Progress as on Nov 9, 2018, Million Hectares

Crops	**Progressive Area planted in 2018/19***	**Progressive Area planted in 2017/18**	**Normal of Corresponding Week**	**Normal *Rabi* Area**
Rapeseed & Mustard	**3.47**	**3.70**	3.91	6.12
Peanut	**0.11**	**0.16**	0.17	0.78
Sunflower	**0.04**	**0.07**	0.15	0.38
Wheat	**1.52**	**1.26**	0.03	30.43
Pulses	**3.90**	**5.43**	4.03	14.10

Source: Crop Outlook Report, MinAg, GOI

Statistical Tables:

Table 4. 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	11000
Area Harvested	11183	11400	10400	10600	11000	11000
Beginning Stocks	338	338	890	1147	230	357
Production	10992	10600	8350	8800	11000	11300
MY Imports	79	78	175	60	200	70
Total Supply	11409	11016	9415	10007	11430	11727
MY Exports	269	269	215	150	250	200
Crush	9000	8000	7700	8300	9200	9600
Food Use Dom. Cons.	400	500	420	350	440	400
Feed Waste Dom. Cons.	850	1100	850	850	850	1100
Total Dom. Cons.	10250	9600	8970	9500	10490	11100
Ending Stocks	890	1147	230	357	690	427
Total Distribution	11409	11016	9415	10007	11430	11727
Yield	0.9829	0.9298	0.8029	0.8302	1	1.0273

Table 5. 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	7700	8300	9200	9600
Extr. Rate, 999.9999	0.8	0.8	0.8	0.8	0.8	0.8
Beginning Stocks	130	130	583	136	108	283
Production	7200	6400	6160	6640	7360	7680
MY Imports	11	106	15	7	15	10
Total Supply	7341	6636	6758	6783	7483	7973
MY Exports	2008	1600	1900	1500	1500	2300
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	250	400	250	300	250	450
Feed Waste Dom. Cons.	4500	4500	4500	4700	5400	5000
Total Dom. Cons.	4750	4900	4750	5000	5650	5450

Ending Stocks	583	136	108	283	333	223
Total Distribution	7341	6636	6758	6783	7483	7973

Table 6. 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	7700	8300	9200	9600
Extr. Rate, 999.9999	0.18	0.175	0.18	0.1807	0.18	0.1794
Beginning Stocks	474	474	424	373	186	172
Production	1620	1400	1386	1500	1656	1722
MY Imports	3534	3700	3000	3400	3400	4000
Total Supply	5628	5574	4810	5273	5242	5894
MY Exports	4	1	4	1	5	15
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	5200	5200	4620	5100	4900	5500
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	5200	5200	4620	5100	4900	5500
Ending Stocks	424	373	186	172	337	379
Total Distribution	5628	5574	4810	5273	5242	5894

Table 7. 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	4925	5000	4700	4400
Beginning Stocks	185	185	574	397	677	549

Production	6924	6700	6650	6800	4700	5100
MY Imports	3	2	3	2	3	3
Total Supply	7112	6887	7227	7199	5380	5652
MY Exports	938	890	850	1000	750	800
Crush	3800	3800	3800	3600	3000	2800
Food Use Dom. Cons.	1400	1300	1500	1500	1000	1200
Feed Waste Dom. Cons.	400	500	400	550	400	500
Total Dom. Cons.	5600	5600	5700	5650	4400	4500
Ending Stocks	574	397	677	549	230	352
Total Distribution	7112	6887	7227	7199	5380	5652
Yield	1.2969	1.1552	1.3503	1.36	1	1.1591

Table 8. 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	3800	3800	3800	3600	3000	3200
Extr. Rate, 999.9999	0.42	0.4	0.42	0.4	0.42	0.4094
Beginning Stocks	0	0	0	0	0	0
Production	1596	1520	1596	1440	1260	1310
MY Imports	0	0	0	0	0	0
Total Supply	1596	1520	1596	1440	1260	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.	1582	1512	1581	1435	1250	1306
Total Dom. Cons.	1587	1517	1586	1438	1255	1308
Ending Stocks	0	0	0	0	0	0
Total Distribution	1596	1520	1596	1440	1260	1310

Table 9. 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	3800	3800	3800	3600	3000	2800
Extr. Rate, 999.9999	0.33	0.34	0.33	0.34	0.33	0.34
Beginning Stocks	156	156	237	323	216	374
Production	1254	1292	1254	1224	990	952
MY Imports	0	0	0	0	0	0
Total Supply	1410	1448	1491	1547	1206	1326
MY Exports	13	15	15	15	13	7
Industrial Dom. Cons.	10	10	10	8	10	6
Food Use Dom. Cons.	1150	1100	1250	1150	950	980
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	1160	1110	1260	1158	960	986
Ending Stocks	237	323	216	374	233	333
Total Distribution	1410	1448	1491	1547	1206	1326