Required Report: Required - Public Distribution **Date:** September 07, 2022

Report Number: IN2022-0077

Report Name: Oilseeds and Products Update

Country: India

Post: New Delhi

Report Category: Oilseeds and Products

Prepared By: Mark Rosmann, Agricultural Attaché

Approved By: Ronald Verdonk

Report Highlights:

India's soybean production estimate for marketing year (MY) 2022/23 (October-September) is slightly lowered to 11.4 million metric tons (MMT) because of the impacts of the delayed and erratic 2022 monsoon. Cumulative edible oil imports in the October 2021 to June 2022 period have increased one percent to 10.l MMT, and crude palm oil remains the primary consumed oil. India's soybean oil imports are estimated to have reached 4.1 MMT in MY 2021/22, reflecting competitive market pricing, the Indian government's removal of the basic duty, and palm oil and sunflowerseed oil supplies that were disrupted earlier this year. India's peanut production for MY 2022/23 is reduced to 6.5 MMT due to the erratic monsoon, and a reported shift of peanut acreage to cotton and other higher value crops.

GENERAL INFORMATION:

2022 Monsoon Progress and *Kharif* (Fall Harvested) Planting

India's annual southwest monsoon (June-September) arrived in Kerala on June 2, 2022. The Indian Meteorological Department (IMD) predicted normal rainfall for the second half of the monsoon (August-September), attaining 94 to 106 percent of the long period average (LPA).

Like 2021, the southwest monsoon has been uneven. Nationwide cumulative rainfall from June 1 to August 28 is approximately 9 percent above the LPA benchmark.[1] As of August 8, 2022, aggregate precipitation in the Indian states of Bihar, Uttar Pradesh, Jharkhand, and West Bengal experienced a 43 percent average reduction from the LPA, due to the late monsoon arrival and weak rains in August. Conversely, soybean growing regions in central India (e.g., Maharashtra, Madhya Pradesh) have experienced heavy monsoon rainfall, 24 percent higher than the long-term average. Gujarat, the largest grower of peanuts, has experienced precipitation ranging from approximately 31-52 percent above the LPA. Moreover, the northwest state of Rajasthan (soybean growing region) has experienced excessive precipitation, approximately 54 percent higher than the long-term average.

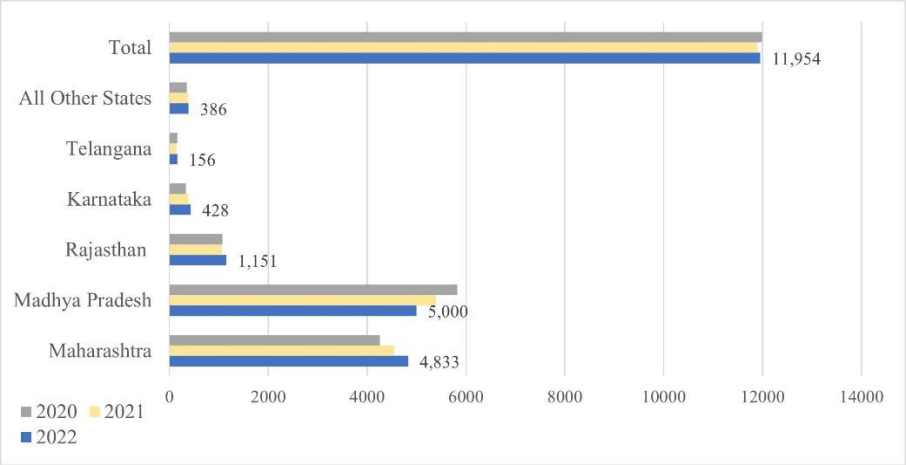
From mid-July to August, isolated and heavy precipitation occurred in parts of Rajasthan, Gujarat, Maharashtra, and Madhya Pradesh, with scattered rainfall observed in parts of Rajasthan and Uttar Pradesh. As of August 24, 2022, cumulative rainfall has been two and 30 percent above normal in northwest and southern India, respectively. Overall, the IMD forecasts normal rainfall for the second half of the monsoon (August-September).

As of August 25, 2022, India's reservoir levels were measured at 144.97 billion cubic meters, approximately 129 percent above last year's storage volume and 125 percent of the average storage levels in the last 10 years. Planting progress for soybeans as of August 26 was recorded at 11.98 million hectares, slightly below 12.06 million hectares for the corresponding period last year.[2]

Soybean production area in Maharashtra continues to see year-on-year progression (Figure 1), owing to higher monsoon rainfall. Despite increased cumulative rainfall, India's oilseed production areas experience wide precipitation variations against historical averages, which may affect yields in areas with significant flooding or heavy rain spells (Figure 2).

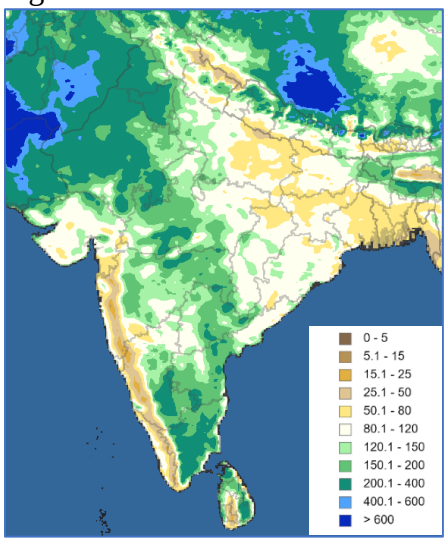
[1] The long period average represents the approximate 870 millimeters of rain that India annually receives each monsoon on average from 1971-2020.
[2] Source: Directorate of Economics and Statistics, Ministry of Agriculture and Farmers Welfare, Government of India.

Figure 1. India: Soybean Plantings by Major Producing States 2020-2022 (1,000 Hectares)



Data Source: India Meteorological Department, Ministry of Agriculture.
Note: All data is calendar year (CY). CY 2022 data reported as of August 18, 2022.

Figure 2. India: Three-Month Normal Precipitation (Percent) as on July 31, 2022[3]

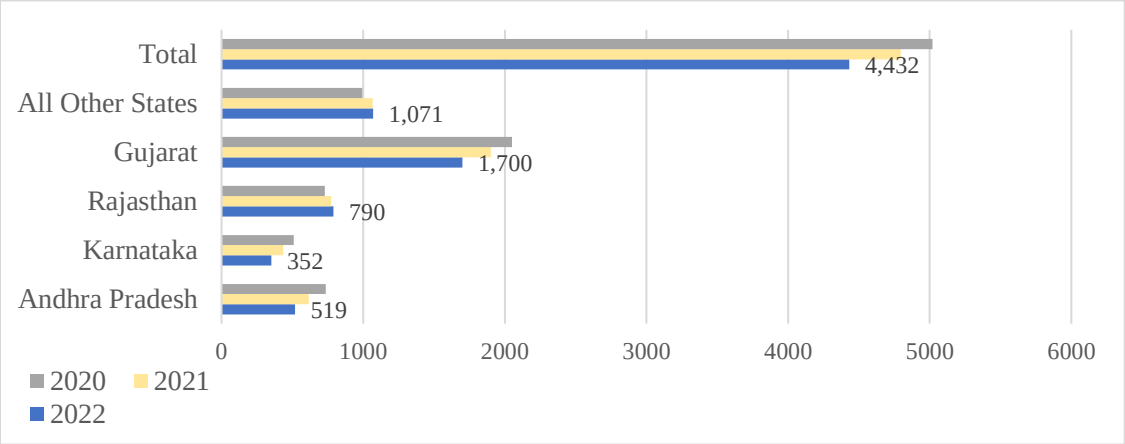


Data Source: USDA Global Agricultural and Disaster Assessment System (GADAS), U.S. Air Force 557th Weather Wing (10 km).

Kharif peanut planting was registered at 4.4 million hectares, eight percent below the corresponding period last year. Gujarat witnessed the steepest decline at 11 percent compared to market year (MY) 2020/21 (Figure 3).

[3] Percent normal precipitation indicates regions where rainfall was above or below the 30-year normal. It is calculated for each data pixel by dividing the latest estimated USAF precipitation for the given time-period by the long-term normal precipitation of that same period, expressed as a percent.

Figure 3. India: Peanut Plantings by Major Producing States 2020-2022 (1,000 hectares)



Data Source: Ministry of Agriculture and Farmers Welfare.
Note: MY 2022 data reported as of August 18, 2022. Reference figures are for MY 2022.

Policy

Kharif Oilseed Crop Minimum Support Prices

On June 15, 2022, the Indian government announced the Minimum Support Prices (MSP) for kharif (summer sown, autumn harvested) crops for Indian crop year (ICY) 2022/23. Like previous years, the government again increased the MSP for most kharif crops, with soybeans, peanuts, and sunflower seed growing by eight, six and six percent, respectively, from the previous ICY (Table 1).

The Indian crop year MSPs for kharif production in 2022/2023 continue to align with the government's commitment to fix the MSP at a level of at least 1.5 times above the All-India weighted average cost of production, supporting a fair remuneration for farmers (Source: Department of Agriculture and Farmers Welfare).

Table 1. Government MSP for Select Kharif Oilseeds

Commodity	Minimum Support Price (Indian Rupees/quintal [100 kg])			
	2022/23	2021/22	2020/21	2019/20
Soybean (yellow)	4,300	3,950	3,880	3,710
Peanut	5,850	5,500	5,275	5,090
Sunflower Seed	6,400	6,015	5,885	5,650

Data sources: Directorate of Economics and Statistics and Directorate of Agricultural Marketing, Government of India.

As domestic market oilseed prices in MY 2021/22 have been higher than the Indian government MSP, and season-end prices remain well above the announced MSPs for MY 2022/23, planting decisions will be largely affected by the relative prices of oilseeds with the competing crops in the region (e.g., cotton, millet, maize) and the annual monsoon during the critical June-July planting period.

National Edible Oil Mission-Oil Palm

In August 2021, the Indian government launched the National Edible Oil Mission-Oil Palm (NMEO-OP) policy to increase domestic palm production and reduce imports. The policy, with a cost of $1.38 billion (110 billion Indian rupees[4] [INR]), aims to increase total palm oil production area by one million hectares and achieve a total production of 1.12 million metric tons (MMT) by 2026. Beginning June 2022, the northeastern states of Tripura, Assam, and Manipur initiated their selection process to designate eligible entities for developing "Oil Palm Zones" in each state for land and infrastructure development of palm plantations.[5] Through the plan, farmers will receive a "viability price" to protect producers against a drop in prices and are given subsidies that support intercropping between palm oil rows during the four-year period prior to first harvest.[6]

Resuming Genetically Modified Soybean Meal Imports

On May 2, 2022, the Directorate General of Foreign Trade reintroduced a tariff rate quota (TRQ) of 550,000 metric tons (MT) of soybean meal, including meal from genetically engineered (GE)-soybean varieties to alleviate high livestock feed costs. The revised import quota, which closes on September 30, 2022, is the residual from the Indian government's August 21, 2021, 1.2 MMT TRQ volume that was not fully filled.[7] Previously, September 2021 domestic soybean meal prices (ex-Indore) ranged from around $815-1,130 per MT (INR 65,000–90,000), which then stabilized to approximately $600-690/MT (INR 48,000–55,000) by July 2022. From September 2021-June 2022, India imported 660,000 MT of GE and non-GE origin soybean meal from all markets, most of it against the initial TRQ opened in August 2021, and the 2022 TRQ remains largely unfilled.[8]

Soybean and Sunflowerseed Oil TRQs

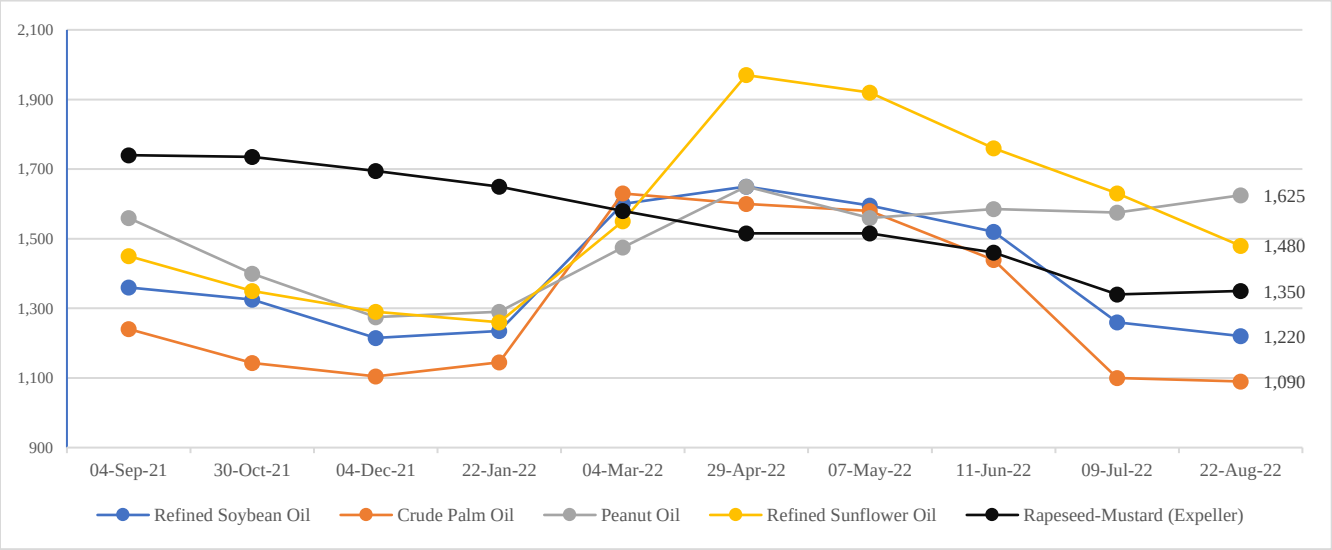
On May 24, 2022, to address rapid food inflation and reduce domestic edible oil prices, the Ministry of Commerce and Industry allocated a TRQ of 2 MMT for crude soybean oil and a similar TRQ of 2 MMT for crude sunflower oil for India fiscal years (IFY) 2022/23 and 2023/24.[9] Previously, the Government of Indonesia had banned palm oil exports for a three-week period that had ended May 29, 2022. However, Indonesian crude palm oil (CPO) exports to India have slowed due to its high export levy; instead, Indian buyers have focused on RBD palmolein. Taking advantage of a zero-duty TRQ, India traders have drastically increased soybean oil purchases from traditional soybean oil suppliers Brazil and Argentina and bought U.S. soybean oil as well, in addition to sourcing sunflowerseed oil from Russia. India is expected to resume Ukraine-origin sunflowerseed oil imports from later this year, as sunflower seed oil prices have stabilized following their previous spike beginning March 2022 (Figure 4).

[4] Referenced conversion: $1.00 equals INR 79.76.
[5] Source: NMEP-OP Empanelment for allotment of oil palm zones for development, Government of Tripura, Government of Assam.
[6] Source: NMEO-OP Operational Guidelines (2021-22 to 2025-26), Government of India. Telangana and Andhra Pradesh, two major palm producing states, maintain their own pricing program
[7] See: USDA GAIN; India: Indian government resumes GM-origin soybean meal imports; IN2022-0048.
[8] Source: Ministry of Commerce and Industry, Government of India.
[9] See: USDA GAIN; India: India Allocates Tariff-Rate Quotas of 2 million Metric Tons each for Crude Soybean Oil and Crude Sunflower Oil; IN2022-0051.

Edible Oil Volatility

India's July 2022 average wholesale edible oil import prices have dropped following a downturn in the international market. Combined with the Indian government's edible oil import duty reductions, various edible oil manufacturers have reduced their cooking oil maximum retail prices by INR 10-30 (USD 0.09-0.30) per liter. The move supports the Indian government's efforts to reduce food price inflation that remains elevated. India's July 2022 Wholesale Price Index dropped to 13.9 percent, from the previous month's figure of 15.2 percent. The rise in domestic edible oil prices is a reflection of the increase in global prices prompted by the Russian invasion of Ukraine.[10]

Figure 4: India: Spot Market Average Edible Oil Prices (INR/10 KG) (September 2021-August 2022)



Source: Agriwatch.
Note: Spot Market prices include Refined Soybean Oil (ex-Indore); CPO (ex-Kandla); Peanut Oil (ex-Rajkot); Refined Sunflower Oil (ex-Chennai); Rapeseed-Mustard (ex-Jaipur).

[10] See: USDA GAIN; India: Food Price Inflation in 2022; IN2022-0061.

OILSEEDS SECTION

Table 2. India: Oilseed, Soybean, Production, Supply and Distribution

Oilseed, Soybean	2020/2021		2021/2022		2022/2023	
Market Year Begins	Oct 2020		Oct 2021		Oct 2022	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	12700	12700	12700	12700	12700	12700
Area Harvested (1000 HA)	12918	12700	12500	12500	12700	12650
Beginning Stocks (1000 MT)	472	472	420	420	1130	1250
Production (1000 MT)	10450	10450	11900	11900	11500	11400
MY Imports (1000 MT)	548	548	400	500	450	450
Total Supply (1000 MT)	11470	11470	12720	12820	13080	13100
MY Exports (1000 MT)	32	32	100	80	150	140
MY Exp. to EU (1000 MT)	25	25	25	0	25	25
Crush (1000 MT)	9500	9500	9500	9500	10000	10000
Food Use Dom. Cons. (1000 MT)	618	500	660	660	685	685
Feed Waste Dom. Cons. (1000 MT)	900	1018	1330	1330	1125	1125
Total Dom. Cons. (1000 MT)	11018	11018	11490	11490	11810	11810
Ending Stocks (1000 MT)	420	420	1130	1250	1120	1150
Total Distribution (1000 MT)	11470	11470	12720	12820	13080	13100
Yield (MT/HA)	0.8089	0.8228	0.952	0.952	0.9055	0.9012

Data source: OAA New Delhi historical data series. Post forecast for 2022/23; 2020/21 and 2021/22 are estimates.

Production

Market Year 2022/23 Soybean Production Estimate Revised Lower

India's soybean production MY 2022/23 (October-September) is forecast downward to 11.4 MMT from 12.7 million hectares. The lower estimate results from an erratic 2022 monsoon in the soybean growing regions of Maharashtra and Madya Pradesh, including excessive precipitation in parts of Rajasthan and a slight shift in planting area as some farmers have diversified to other profitable crops including cotton. According to the India Ministry of Agriculture's latest planting report (August 28), soybean area planted in India for MY 2022/23 is 0.7 percent lower this season compared to the previous period last year, with the current planting season delayed in certain regions due to the erratic and uneven monsoon.

Planting area is offset by incidences of Soybean Girdle Beetle (Obereopsis brevis) and stem fly that have been reported in Maharashtra, Rajasthan, and Madhya Pradesh.[11] Additionally, moderate to significant crop damage from heavy monsoon rains in late July to early August 2022 have affected soybean growing districts of Maharashtra, including Marathwada and Vidarbha districts. [12] In Madhya Pradesh, heavy August rains and sporadic flooding delayed planting and indicate a later harvest.

[11] Source: ICAR-Indian Institute of Soybean Research, Weekly Advisory for Soybean Farmers.
[12] Source: "More than 15 lakh hectares of crop area in Maharashtra hit by latest spell of heavy rain." The Indian Express; published August 12, 2022. Note: This soybean production assessment will be updated after the October harvest.

Trade

Domestic soybean market prices have continued to rally above the MSP (INR 4,300/quintal) in the current market year. As of August 24, 2022, spot prices were at $752/MT (INR 60,000/MT), 40 percent above the MSP (Figure 5), yet 36 percent below August 2021 spot prices ($1,183/MT on August 20, 2021). FAS New Delhi (Post) has lowered its export estimates for MY 2021/22 to 80,000 MT, and MY 2022/23 to 140,000 MT to account for the continued lack of competitiveness of Indian soybeans in the global market. Export numbers for MY 2020/21 remain unchanged. The United States, Belgium, Canada, and Nepal were the top importers of Indian-origin soybeans during the period.

Figure 5. India: 2022 Soybean Spot Market Prices September 8, 2021-August 24, 2022 (INR/MT)

Source: AgMarknet
Note: All prices ex-Indore.

Table 3. India: Oilseed, Peanut, Production, Supply and Distribution

Oilseed, Peanut	2020/2021		2021/2022		2022/2023	
Market Year Begins	Oct 2020		Oct 2021		Oct 2022	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	6050	6050	5600	5600	5800	5500
Area Harvested (1000 HA)	6015	6015	5600	5600	5500	5450
Beginning Stocks (1000 MT)	318	318	490	590	538	548
Production (1000 MT)	6700	6700	6800	6800	6650	6500
MY Imports (1000 MT)	2	2	3	3	2	2
Total Supply (1000 MT)	7020	7020	7293	7393	7190	7050
MY Exports (1000 MT)	881	673	750	700	750	600
MY Exp. to EU (1000 MT)	20	20	20	20	20	20
Crush (1000 MT)	3900	3900	3855	3800	3900	3850
Food Use Dom. Cons. (1000 MT)	1375	1457	1500	1695	1650	1720
Feed Waste Dom. Cons. (1000 MT)	374	400	650	650	470	470
Total Dom. Cons. (1000 MT)	5649	5757	6005	6145	6020	6040
Ending Stocks (1000 MT)	490	590	538	548	420	410
Total Distribution (1000 MT)	7020	7020	7293	7393	7190	7050
Yield (MT/HA)	1.1139	1.1139	1.2143	1.2143	1.2091	1.1927

Data source: OAA New Delhi historical data series. Post forecast for 2022/23; 2020/21 and 2021/22 are estimates.

Production

The market year 2022/23 peanut production estimate is revised downward to 6.5 MMT based on reduced acreage of 5.45 million hectares, which considers revised Government of India crop estimates that include a reported shift of peanut acreage to cotton and other higher value crops. According to the Indian government's latest planting report (August 28), peanut area planted in India for MY 2022/23 is 3.6 percent lower compared to the previous period last year. Uneven precipitation in peanut growing regions, including excessive rains in Rajasthan and Madya Pradesh, may further stress seed development and result in harvest loss.[13]

Trade and Processing

Due to reduced peanut stock availability for processing, Post reduces India's MY 2021/22 crushing to 3.8 million metric tons. Reports of closed peanut crushing facilities in Gujarat in August 2022 have resulted from reduced stock arrivals. Additionally, MY 2021/22 peanut exports are forecast at 700,000 metric tons due to reduced stocks from a predicted kharif peanut crop in the outyear.

Indonesia has remained the primary export market for Indian peanuts in the current MY, achieving 45 percent market share, followed by Vietnam (11 percent) and Malaysia (8 percent). Post is also revising MY 2020/21 peanut exports downward to 673,000 based on revised Ministry of Commerce and Industry trade estimates. As a result, ending stocks are revised upward to 590,000 metrics. Further, for MY

[13] Note: The peanut production assessment will be updated after the October harvest.

2021/22, domestic consumption and ending stocks are estimated higher at 1.7 MMT and 548,000 MT, respectively.

MEALS SECTION

Table 4. India: Meal, Soybean, Production, Supply and Distribution

Meal, Soybean	2020/2021		2021/2022		2022/2023	
Market Year Begins	Oct 2020		Oct 2021		Oct 2022	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	9500	9500	9500	9500	10000	10000
Extr. Rate, 999.9999 (PERCENT)	0.8	0.8	0.8	0.8	0.8	0.8
Beginning Stocks (1000 MT)	566	566	382	382	882	742
Production (1000 MT)	7600	7600	7600	7600	8000	8000
MY Imports (1000 MT)	236	236	475	475	100	65
Total Supply (1000 MT)	8402	8402	8457	8457	8982	8807
MY Exports (1000 MT)	2025	2025	900	1200	1200	1200
MY Exp. to EU (1000 MT)	250	651	250	125	250	250
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	350	350	415	415	405	405
Feed Waste Dom. Cons. (1000 MT)	5645	5645	6260	6100	6600	6600
Total Dom. Cons. (1000 MT)	5995	5995	6675	6515	7005	7005
Ending Stocks (1000 MT)	382	382	882	742	777	602
Total Distribution (1000 MT)	8402	8402	8457	8457	8982	8807

Table 5. India: Meal, Peanut, Production, Supply and Distribution

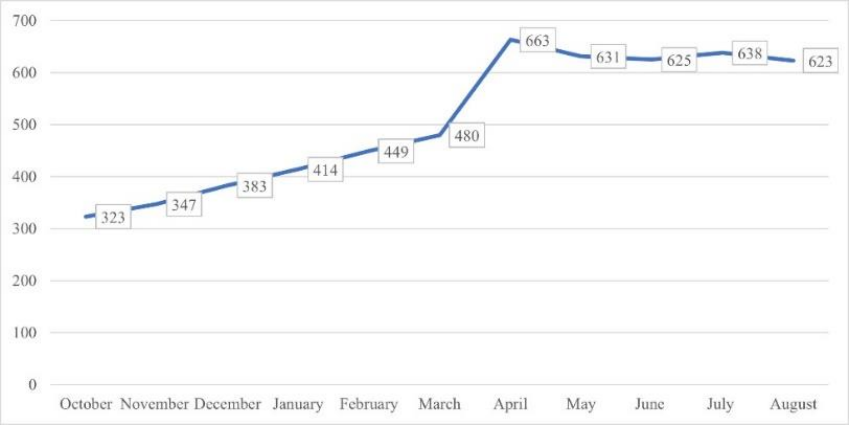
Meal, Peanut	2020/2021		2021/2022		2022/2023	
Market Year Begins	Oct 2020		Oct 2021		Oct 2022	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	3900	3900	3855	3800	3900	3850
Extr. Rate, 999.9999 (PERCENT)	0.4197	0.4197	0.4189	0.4211	0.4192	0.4182
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Production (1000 MT)	1637	1637	1615	1600	1635	1610
MY Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	1637	1637	1615	1600	1635	1610
MY Exports (1000 MT)	40	40	30	8	25	25
MY Exp. to EU (1000 MT)	0	0	0	0	0	0
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	5	0	5	5	5	5
Feed Waste Dom. Cons.	1592	1597	1580	1587	1605	1580
Total Dom. Cons. (1000 MT)	1597	1597	1585	1592	1610	1585
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	1637	1637	1615	1600	1635	1610

Data source: OAA New Delhi historical data series. Post forecast for 2022/23; 2020/21 and 2021/22 are estimates.

SOYBEAN MEAL

India's MY 2021/22 soybean meal export estimate is raised to 1.2 MMT, accounting for reduced and late domestic soybean arrivals for crushing in the latter half of the market year and strong export demand due to relatively high global prices. Nepal, the United States, and France are the top markets for Indian soybean meal. Soybean meal imports remain unchanged at 475,000 MT in the current year, more than doubling the previous MY figures. Traders utilized a portion of the Indian government's CY 2021, 1.2 MMT soybean meal TRQ to counteract high domestic soybean meal prices, which, in July 2021, surpassed $1,200/MT. Soybean meal prices have since stabilized in the current MY, reaching $663/MT (ex-Indore) in May 2022, as producers held onto stocks to attain favorable pricing (Figure 6). India is not expected to fully fill the current TRQ of 550,000 MT due to sufficient supply and favorable domestic prices. India's forecasted trade numbers in the out-year remain unchanged, with ending stocks lower due to continued soybean meal demand in India's livestock industry.

Figure 6. India: MY 2021/22 (October-August) Average Monthly Soybean Meal Market Prices ($USD/MT)



Source: Soybean Processors Association of India.

PEANUT MEAL

Peanut meal production in MY 2021/22 is revised marginally lower to 1.64 MMT due to reduced crush and estimated lower peanut production. Post is further slashing India's peanut meal exports in the current MY to 80,000 MT due to reduced demand from regional markets. Market Year 2022/23 peanut meal production is forecast slightly lower to 1.61 MMT accounting for an estimated slight drop in crushing.

OILS SECTION

Table 6. India: Oil, Soybean, Production, Supply and Distribution

Oil, Soybean	2020/2021		2021/2022		2022/2023	
Market Year Begins	Oct 2020		Oct 2021		Oct 2022	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	9500	9500	9500	9500	10000	10000
Extr. Rate, 999.9999 (PERCENT)	0.18	0.18	0.18	0.1789	0.18	0.18
Beginning Stocks (1000 MT)	142	142	150	150	149	150
Production (1000 MT)	1710	1710	1710	1700	1800	1800
MY Imports (1000 MT)	3246	3251	3900	4144	3700	3700
Total Supply (1000 MT)	5098	5103	5760	5994	5649	5650
MY Exports (1000 MT)	11	11	15	15	15	15
Industrial Dom. Cons. (1000 MT)	0	0	0	0	0	0
Food Use Dom. Cons. (1000 MT)	4937	4942	5596	5829	5467	5487
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	4937	4942	5596	5829	5467	5467
Ending Stocks (1000 MT)	150	150	149	150	167	148
Total Distribution (1000 MT)	5098	5103	5760	5994	5649	5630

Table 7. India: Oil, Peanut, Production, Supply and Distribution

Oil, Peanut	2020/2021		2021/2022		2022/2023	
Market Year Begins	Oct 2020		Oct 2021		Oct 2022	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush (1000 MT)	3900	3900	3855	3800	3900	3850
Extr. Rate, 999.9999 (PERCENT)	0.329	0.329	0.3302	0.33	0.3308	0.3299
Beginning Stocks (1000 MT)	295	295	190	190	218	209
Production (1000 MT)	1283	1283	1273	1254	1290	1270
MY Imports (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	1578	1578	1463	1444	1508	1479
MY Exports (1000 MT)	218	218	50	40	110	110
MY Exp. to EU (1000 MT)	0	0	0	0	0	0
Industrial Dom. Cons. (1000 MT)	10	10	10	10	10	10
Food Use Dom. Cons. (1000 MT)	1160	1160	1185	1185	1160	1160
Feed Waste Dom. Cons. (1000 MT)	0	0	0	0	0	0
Total Dom. Cons. (1000 MT)	1170	1170	1195	1195	1170	1170
Ending Stocks (1000 MT)	190	190	218	209	228	199
Total Distribution (1000 MT)	1578	1578	1463	1444	1508	1479

Data source: OAA New Delhi historical data series. Post forecast for 2022/23; 2020/21 and 2021/22 are estimates.

PRODUCTION

India's soybean oil estimate for MY 2021/22 is projected to be marginally lower at 1.7 MMT due to slightly reduced soybean arrivals for crush, moderate soybean meal export demand and favorable soybean oil import policies. Soybean oil production in MY 2022/23 remains unchanged at 1.8 million metric tons. Elevated soybean crop loss in the outyear may reduce domestic arrivals and domestic crush.

Post is slightly reducing India's peanut oil production lower in MY 2021/22 to 1.25 MMT due to reduced domestic peanut production and slightly reduced crush, with reports of closed peanut processors in Gujarat due to a lack of domestic supply. Concurrently, with a predicted lower harvest for MY 2022/23, peanut oil production in the outyear is forecast lower to 1.27 MMT.

TRADE

India's Edible Oil Preferences Shift

Post has increased India's soybean oil consumption in MY 2021/22 to 5.7 MMT to account for the shift in edible oil availability and a drop in international prices. Market uncertainties stemming from the Russian invasion of Ukraine, and Indonesia's temporary Crude Palm Oil (CPO) export ban in May 2022 have contributed to a turbulent market year.

India imported 3.3 MMT of soybean oil in MY 2020/21, approximately 10 percent below the previous year. Nearly 2.2 MMT of India's soybean oil imports came from Argentina. In the first nine months of the current MY (October 2021-June 2022), to a limited extent, India has shifted away from CPO and sunflowerseed oil, with imports dropping by 9.6 and 8.6 percent year-on-year, respectively. Conversely, India's soybean oil imports have risen to record highs in the current MY as traders have taken advantage of favorable international prices with a zero-import duty, under the Indian government's IFY 2022/23 soybean oil TRQ of 2.2 million metric tons. By last month, soybean oil arrivals totaled 520,000 MT, a new high in the market year (Source: Solvent Extractors Association). Brazil and Argentina are the dominant suppliers of crude soybean oil to India. The United States has drastically increased market share, which, in the current MY (October 2021-June 2022), has shipped 160,000 MT of soybean oil to India, growing 345 percent year-on-year. India's soybean oil imports in the outyear remain unchanged, as Indonesian and Malaysian CPO reestablish its dominant market share in India's edible oil sector.[14]

Domestic peanut oil prices have remained high from the previous market year, reaching $2,040/MT (INR 163,000/MT) in August 2022, compared to $1,960/MT (INR 145,000/MT) in the same period last year.[15] China will continue to be the top importer of Indian-origin peanut oil to meet domestic demand. Post has revised its export estimate to 40,000 MT for MY 2021/22, reflecting current market conditions.

Attachments:

No Attachments

[14] Indonesia further extended its CPO export levy waiver through October 31, 2022 and has outpriced Malaysian CPO in the global market. See: USDA GAIN; Indonesia: Oilseeds and Products Update: ID2022-0021.
[15] Adjusting for inflation—August 2021 average exchange: USD $1=74.01.