

# **PALM OIL IN THE POST PANDEMIC MARKET**

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# KEY HIGHLIGHTS- INDIA

- HoReCa ( food services) A demand is about 30%-35% to total consumption of 23 million tons. ( 11 mln FMCG retail outlets )
- India palm demand was affected by 40% during lock down (about 65% of total palm is HoReCa. House hold consumption up by about 20%. Hence, shift to soft oils and consumer packs.
- India's total oil import will reduce by 2 million tons for 20-21 as compared to 19-20 (Oct/Sep).
- Import licenses of refined palm cancelled – 450K from Nepal/Bangladesh and Indonesia.
- Pipeline was dry and lowest carryout stocks in India. HoReCa/ Food service resumed.
- Stimulus Package of 260 billion dollars.

# MARKET DEVELOPMENTS



## INDIA

- Farmers are free to sell produce outside market yards. Can sell online – A Big step.
- Potential Indian Import duty Increase to support domestic crops?
- Essential Commodities Act amended to remove oilseeds sector from controls.
- Oilseed Technology mission to be launched.

## GLOBAL

- Palm rally from RM 1939 to touch RM 2470. C&F India prices \$ 570 - \$520- \$ 635.
- No cut backs as yet, in Indonesia bio fuel programme
- Soft oil rally lead by sunoil driving soya oil prices up. \$110 premium over soya
- US beans cheaper than Brazil. Impact of China demand for veg oils and oilseeds a key factor.
- Malaysia keeps export duty Nil – A Welcome step.

# ANNUAL VEG OIL BALANCE SHEET

Oil Year Nov – Oct	2017-18	2018-19	2019-20	Change 18-19 vs 19-20
Opening Stock	2.4	2.5	2.3	-8%
Domestic Production	7.8	7.3	7.5	+3%
Imports	15	15.9	13.9	-12%
TTL Availability	25.2	25.7	23.6	-7.8%
Carry out	2.5	2.3	2.0	0.3
TTL Consumption	22.7	23.4	21.6	-7.7 %
Per Capita Consumption (kg)	16.81	17.14	15.64	-8.7 %

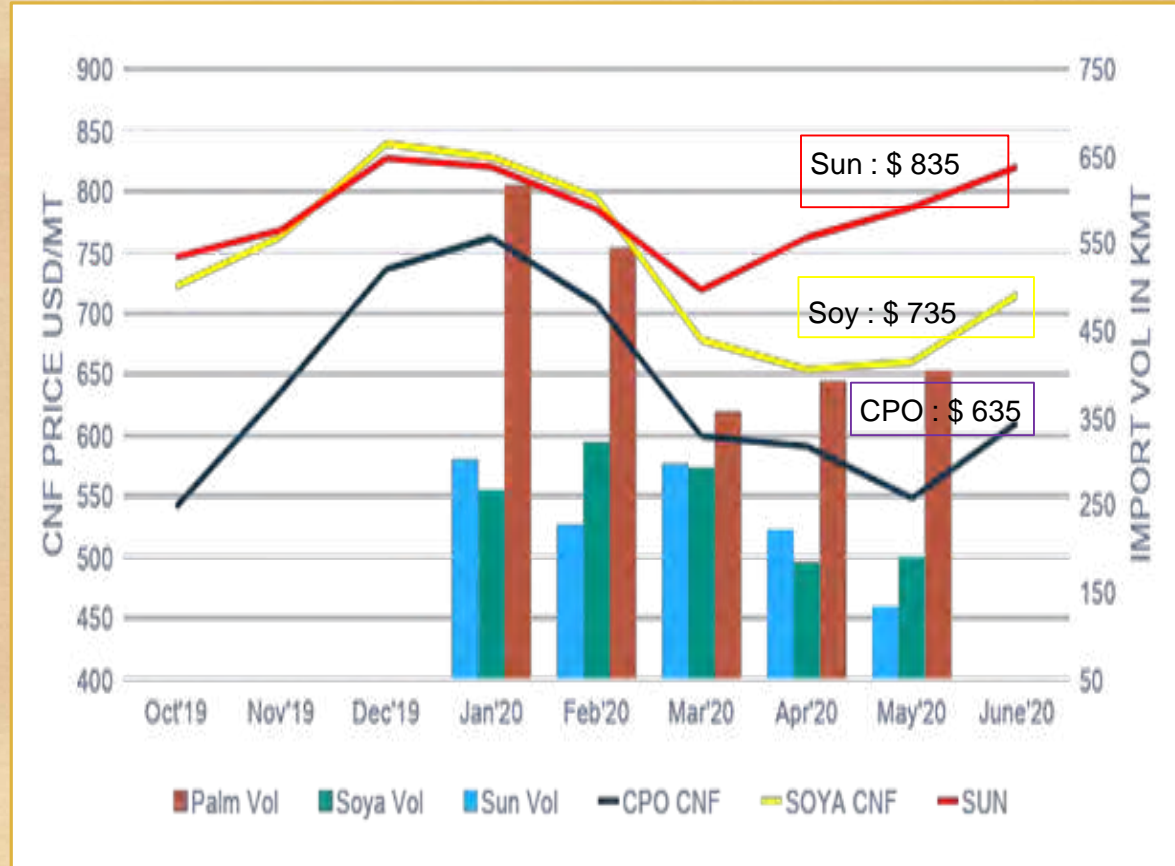
Figures are in M MT



# CNF OIL SPREADS

(duty impact on INR spreads)

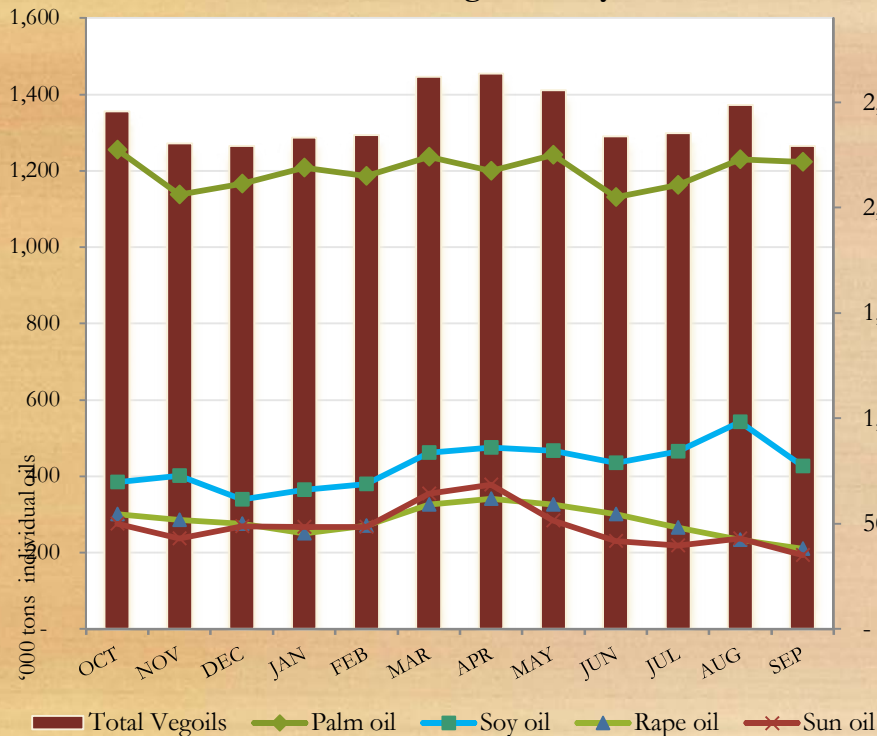
- If the lock down re-imposed, we will have to review JAS demand.
- About 80% of grocery stores, sweet shops and bakeries are functioning .
- With INR 20 per litre( 270 dls per ton in INR terms) gap with sun oil, “super olein” gets some preference.



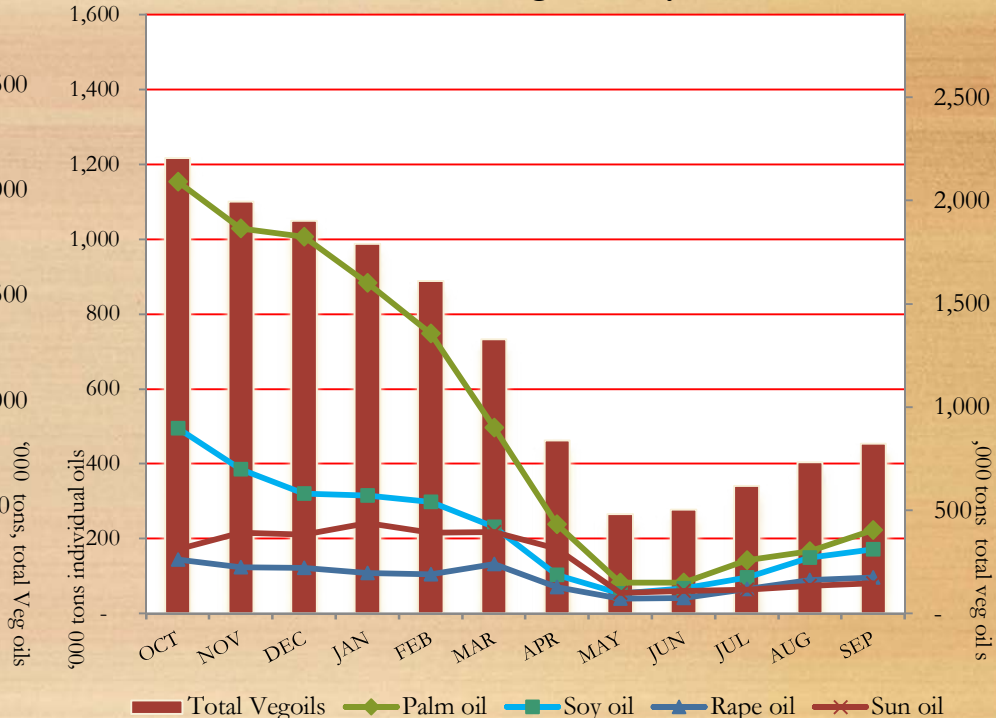
# ALL INDIA VEGOIL CARRYOUT



### India 18/19 Veg oils carryout



### India 19/20 Veg oils carryout



All India pipeline stocks are drained & depleted to historical lowest level in May/June'20

# OIL WISE IMPORT PROJECTIONS 19-20

OILS	Oct'19 to Mar'20 Avg/p.m.	Apr'20 & May'20 Avg/p.m.	Jun'20	Jul'20 to Sep'20 Avg/p.m.	Total
PALM	650	400	650	800	7750
SOYA	270	190	350	360	3430
SUN	240	180	150	170	2460
Others	20	10	15	20	225
<b>TOTAL</b>	<b>1180</b>	<b>780</b>	<b>1165</b>	<b>1350</b>	<b>13860</b>

Figures are in '000 MT

- About 70k palm yet to berth out of May shipments.
- *Port stocks 31<sup>st</sup> May: 580k vs avg of 900-1000k.*

# OIL BALANCE SHEET - INDIA

	OY : Oct'18-Sep'19					OY : Oct'19-Sep'20				
	Q1	Q2	Q3	Q4	OY 18-19	Q1	Q2	Q3-P	Q4-E	OY 19-20
Opening Stock	2.50	2.30	2.60	2.35	2.50	2.30	1.90	1.30	1.00	2.30
Domestic Oil	1.90	2.10	1.90	1.40	<b>7.30</b>	1.75	1.85	2.05	1.85	<b>7.50</b>
Palm Import	<b>2.60</b>	<b>2.65</b>	<b>2.30</b>	<b>2.75</b>	<b>10.30</b>	<b>2.35</b>	<b>1.51</b>	<b>1.40</b>	<b>2.49</b>	<b>7.75</b>
Other Import	1.20	1.50	1.30	1.60	5.60	1.40	1.80	1.25	1.66	6.11
Total Available	8.20	8.55	8.10	8.10	<b>25.70</b>	7.80	7.06	6.00	7.00	<b>23.66</b>

Figures in MMT



# TOWARDS SELF SUFFICIENCY

Oil Requirement	15-16 to 18-19 (Average)	19-20	24-25 (Proj)
Domestic Prod.	7.00	7.50	<b>11.62</b>
IMPORT	15.30	13.86	<b>15.28</b>
Consumption	22.30	21.36	26.90
DOMESTIC SHARE (%)	31 %	35%	<b>60%</b>

Figures are in MMT

**IF the domestic oils grow as per targets i.e. 55% growth (Mustard, Palm, Rice bran oil)**

# MALAYSIA PALM OIL BALANCE SHEET

	Year 2019	Year 2020	Change
Opening Stock	3,216	2,011	-37%
Production	<b>19,858</b>	<b>19,211</b>	-3%
Imports	977	828	-15%
Exports	18,471	16,212	-12%
Domestic (Edible use)	2,674	2,716	+1.5%
Domestic (BD production)	896	501	-44%
Carry Out( Dec 20)	<b>2,011</b>	<b>2,620</b>	+30%

Figures are in '000 MT

# INDONESIA PALM OIL BALANCE SHEET

	Year 2019	Year 2020	Change
Opening Stock	5,592	4,683	- 16%
Production	<b>45,056</b>	<b>46,475</b>	+3%
Imports	196	41	-80%
Exports	30,792	29,618	-4%
Domestic (Edible use)	7,785	7,940	+2%
Domestic (BD production)	7,584	7,337	-3%
Carry Out( Dec 20)	<b>4,683</b>	<b>6,304</b>	+35%

Figures are in '000 MT



# FACTORS TO WATCH

**Need to reduce import dependency in veg oils.**

**Review of ASEAN, SAFTA treaty and WTO-Duty angle**

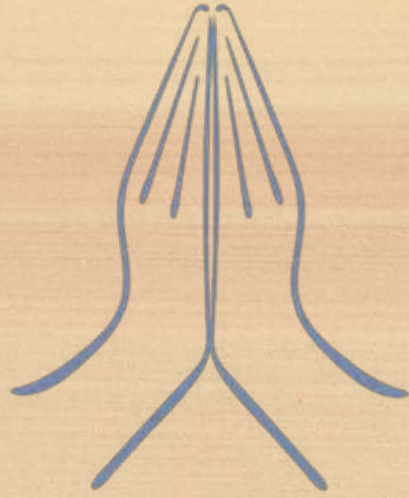
**Brent Crude price & and Biofuel mandates. Seems B40 is almost impossible.**

**Implementation of Ban on sale of loose oil- impacts.**

**Palm Markets will be side ways and should go lower by Nov/Dec 20 due to stock build up.**

**“ Local vs Global “  
How can Malaysia help in Oil palm in India.  
Joint ventures ?**





**Namaste**

