

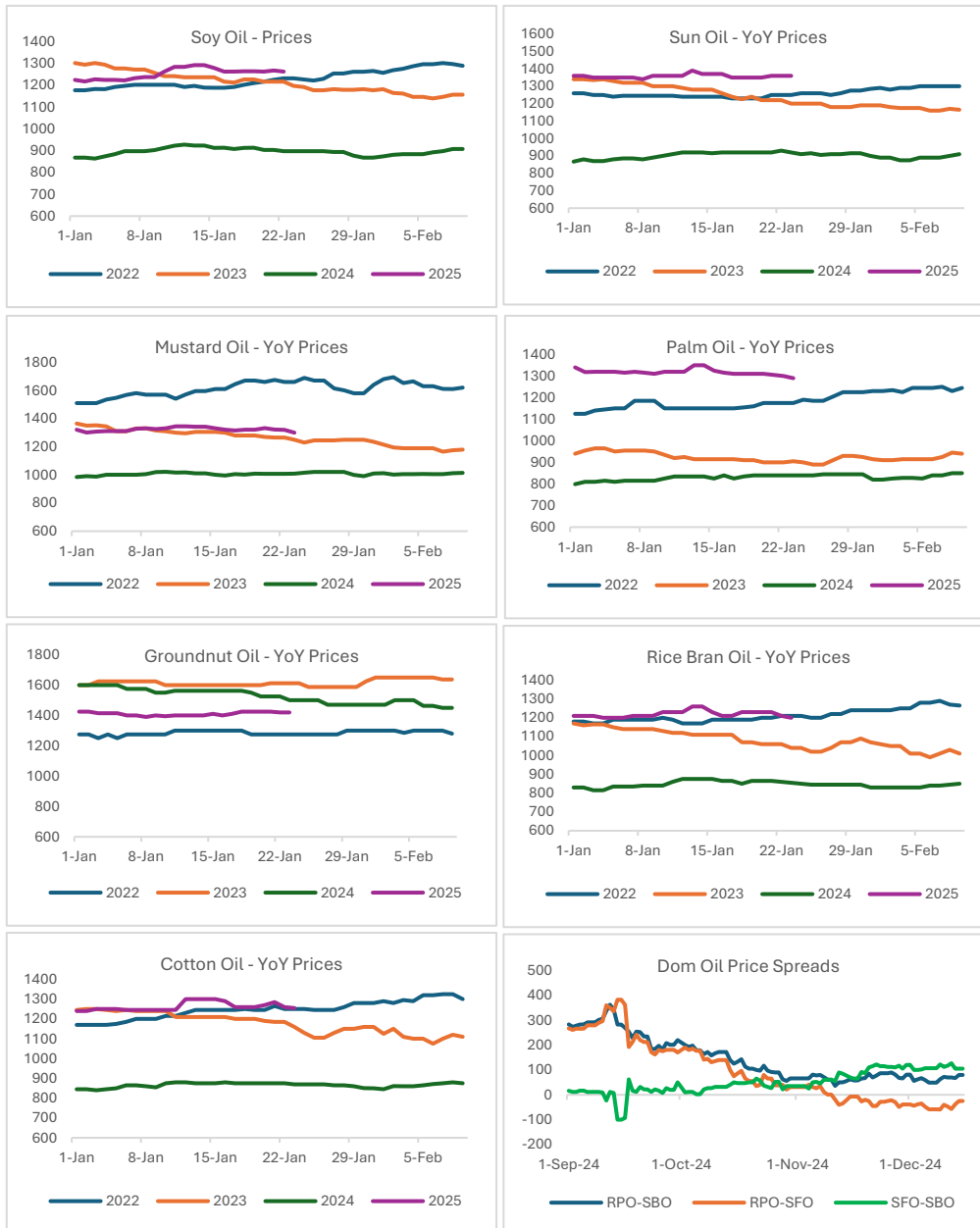


# **INDIAN OIL AND OILSEEDS REPORT**

**26 JANUARY 2025**



## DOMESTIC EDIBLE OIL PRICES



- The local edible oil prices have been largely stable over the past week, attributed to lower winter demand, only minor movements in Palm and Soybean Oil can be observed.
- Soybean Oil is the cheapest of major oils, second to Rice brans oil (INR 1200).
- When compared to the previous years, 2025 Jan prices are higher than 22/23/24 for most of the oils.
- Mustard Oil prices have marginally declined due to lower demand & upcoming crop harvest.
- Locally, the spreads within oils have narrowed down from as wide as 250- 300, towards 50-100 except for the Rice bran oil which is around 120.
- Blending the oils is helping the retailers make profits.

## SOYBEAN COMPLEX

Indian Soybean Complex		LAST	LAST WK	WoW	PREV MNTH	MoM
Soybean - Indore	INR/ton	43125	43375	↓ -0.58%	43375	↓ -0.58%
Soy Meal - Indore	INR/ton	28800	29000	↓ -0.69%	29000	↓ -0.69%
Soy Oil - Indore	INR/ton	124800	126300	↓ -1.19%	121300	↑ 2.89%
Crush Margin	\$/ton	\$ 13.97	\$ 16.05		\$ 5.74	
Oil Share	(%)	49%	49%		48%	

- Increase in the World supplies, and availability of cheap SBO weighed on Indian soybean prices.
- Govt had initially put stringent quality norms in Oct based on moisture levels on procurement at the MSP of INR 4892/quintal.

- The bean arrivals in the market from Oct to so far are 15-18% higher than last year.
- Cumulatively, govt agencies have procured 1.4MMT of beans, and expected to have 2MMT stock by the end of the procurement period on 9 Feb.
- Local soymeal demand geared as prices fell, and exports started being competitive in nearby markets.
- The crush margins have stayed positive, supported by low seed prices and higher oil share.



## MUSTARD COMPLEX

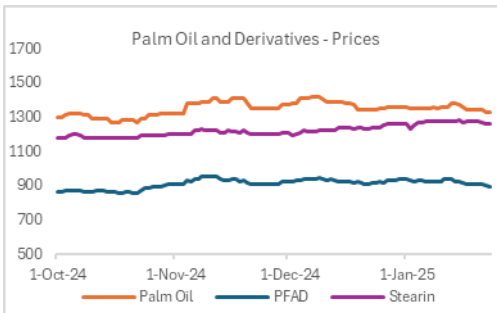
Indian Mustard Complex		LAST	ABS CNHG	LAST WK	WoW	PREV MNTH	MoM
Mustardseed - Sngnr	INR/ton	55000	↑ 0.00	56000	↓ -1.82%	57000	↓ -3.51%
Kacchi Ghanni Oil - Sngnr	INR/ton	127500	↓ -2000.00	129600	↓ -1.65%	128500	↓ -0.78%
Mustard Cake - Sngnr	INR/ton	21250	↓ -250.00	22550	↓ -6.12%	23000	↓ -7.61%
Crush Margin	\$/ton	\$ 58.42		\$ 66.96		\$ 53.62	
Oil Share	(%)	75%		75%		74%	

- Govt agency Nafed started releasing its mustard stocks for crush to stabilise high mustard oil prices.

- Mustard complex came under pressure on slow demand in the previous week, complemented by the upcoming crop harvest from next month onwards.
- Local markets in India are experiencing demand rationing due to inflationary pressures.
- Companies are addressing the inflation by blending multisource oils/lowering packaging volumes to attract buyers while maintaining prices. However, retail offtake remains sluggish.
- The crush margins look appealing, as the mustard oil prices have been dominating the market.

## PALM OIL IN INDIA

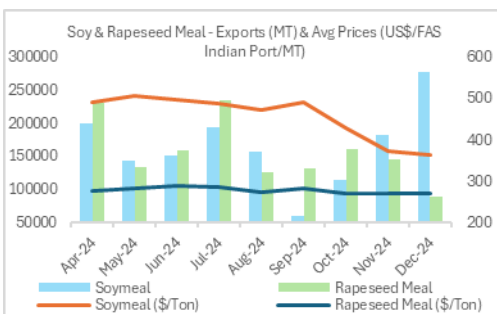
BMD Palm Oil Futures	LAST	LAST WK	WoW	PREV MNTH	MoM
(Ringgit/Mt)	4190	4186	↑ 0.10%	4542	↓ -7.75%



- Lower winter season consumption, higher share of cheaper SBO imports in India, a key-buyer, and dampened demand in China reduced Mal-Indo exports, pressuring the BMD benchmark April futures to drop at multi-month low levels.

- Heavy Nov imports in India swelled the stock levels, Dec imports were multi-month low, and Jan shipments are also expected to be at the lower end.
- Weakening INR and CIF price disparities discourage new bookings, and to some extent nullify the denting CIF quotes.

## DOMESTIC MEAL SCENARIO



Int Soymeal Prices	LAST	LAST WK	WoW	PREV MNTH	MoM
India FOR - Kandla	353.54	352.44	↑ 0.31%	366.87	↓ -3.63%
Argentina Pellet - FOB	325.4	335.1	↓ -2.89%	330.14	↓ -1.44%
Brazil Pellet - FOB	316.58	321.87	↓ -1.64%	324.3	↓ -2.38%

- Expected record global soybean production created soymeal surplus, lowering export prices and driving the pressured Indian soymeal exports to steep levels for Nov-Dec.
- Argentina has cut its export levy on meal from 31% to 24.5%, increased competition shall loom on already pressured Indian meal exports.

## INDIA-INTERNATIONAL LANDSCAPE

### CIF Quotes



KANDLA CIF (\$/Ton)	Last -23 Dec		WoW Abs Change	
	Jan	Feb	Jan	Feb
Palm Oil	1140	1130	-10	-10
Soy Oil	1130	1106	-35	-44
Sun Oil	1160	1190	-5	0

- CIF quotes for palm have come down to capture falling demand, back to competing

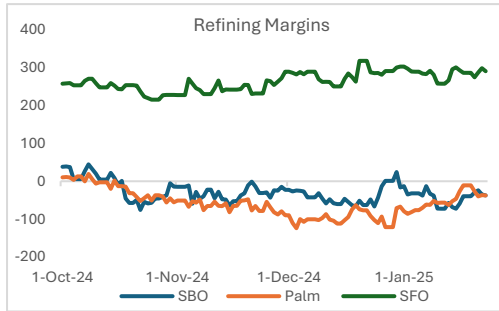
with Soy Oil, lowering spreads.

- The spreads are widening between CPO-Oln & SBO-Olein, to divert demand towards Oln, and retain CPO for biodiesel.
- Some SFO shipments have sailed out from Russia/Ukr towards Asia, can aid India to cover quick.





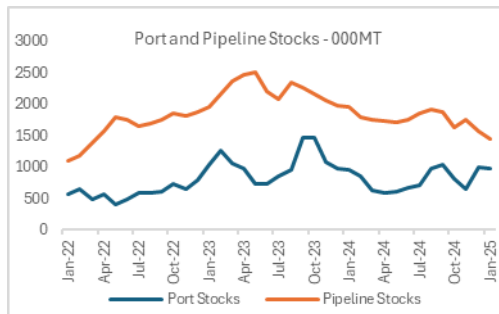
### Refining Margins



India Ref Margins (\$/Mt)	LAST	LAST WK	WoW	PREV MNTH	MoM
Basis CIF-Kandla					
CSBO	-37.21	-58.95	↑ 58.41%	-47.85	↑ 28.58%
CSFO	290.31	293.01	↓ -0.93%	287.50	↑ 0.97%
CPO	-37.46	-26.39	↓ -29.55%	-91.44	↑ 144.12%

- After the import duty hike, the edible oil prices shot up, pushed margins went positive in a short span.
- Lower CIF levels have improved SBO margins, oil blending and revenue streams from biproducts is largely supporting the Indian refiners to survive.

### Import Situation



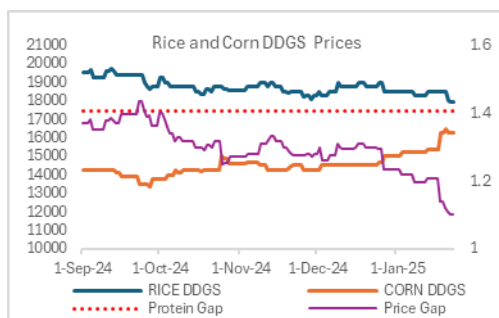
Imports (MT)	OND 2024	OND 2023	% change
RBD Oln	686002	476233	44%
CPO	1470825	1954022	-25%
CSFO	844612	543337	55%
CSBO	1170117	437869	167%

- The SEA of India's data shows a 25% dip MoM in the Dec imports, at 1.18MMT; Oln: 165kmt, CPO: 326kmt, SBO: 420kmt, SFO: 265kmt.

Edible Oil Imports (MT)		
Dec'24	Nov'24	MoM
1185662	1590301	-25%

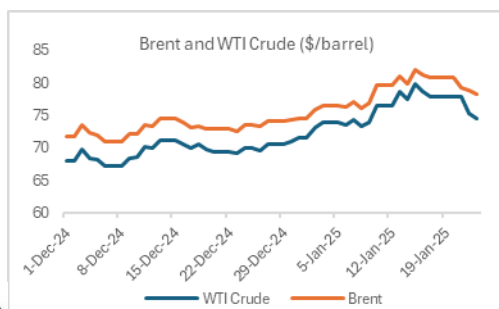
- The port stock on 1st Jan 2025 is 988kmt (CPO 240kmt, Oln 160kmt, SBO 310kmt, SFO 278kmt). SBO discounts are leading to demand substitution of rival oils.
- Pipeline stock considering domestic production and consumption at 1.4 MMT. Total stock 2.4MMT tons, down 143kmt tons due to lower import during Dec'24.
- Port stocks in the from Jan1-Jan15 shows a jump in SBO 338kkmt (31%), SFO 325kmt (17%), while palm is down to 457kmt (-4%). Jan imports for Palm are to be lower near 400kmt higher for SBO and SFO.
- To fuel the local inelastic demand, India shall look out for bargain-buying for Palm, shall buy at every dip in prices to cover for upcoming festive season and Ramadan.

### DDGS



- DDGS has become a strong competitor to soybean and other meals, especially in the poultry sector.
- Low spreads with soymeal maintain DDGS a competitor.
- India's ethanol blending program is driving a surge in the production of Corn and Rice DDGS. If aflatoxin in corn DDGS is effectively treated, it could pose a significant threat to soymeal demand.
- Rice DDGS prices have fallen with recent higher availability, reducing the Price gap between Rice-Corn DDGS.

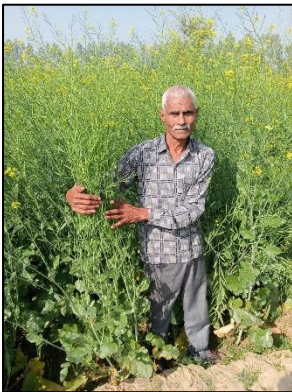
### BIODIESEL



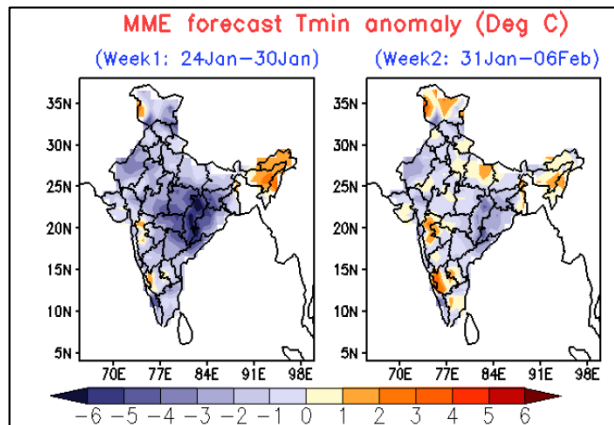
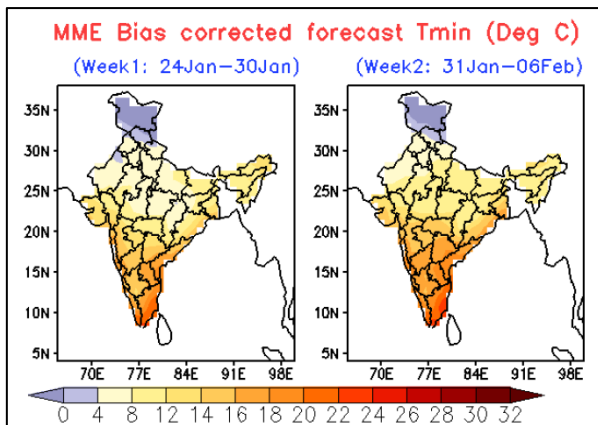
- India largely uses non-edible Palm products, acid oils and UCO for biodiesel, but the current blend is at nascent stage, stands at 0.5%, aim is to blend 1% in 2025-26, requiring 1MT of biodiesel.
- Both WTI Crude and Brent have silently strengthened by 7-8%, breached the \$80 levels, but the recent US Stockpiles data, pushed the prices down
- Indonesia, US and Brazil shall use palm/SBO respectively for their biodiesel plans, the implementation on ground shall be confirmed in the coming months and could change the dynamics significantly.



**FIELD UPDATE - MUSTARD**



- The pictures show the Mustard crop conditions in the state of UP.
- The image on the left is of Lalitpur district, the crop is 100 days old.
- The right image is of Sitapur district, the crop is 70 days old,
- The crop is grown in North India, and the Temperature outlook looks in favour of the mustard crop.
- The yield is expected to be similar to the last year at 1.44 Ton/Ha.



**CONCLUSION**

- This week, the domestic edible oil market remained stable, with only minor fluctuations in palm and soy oil prices. Indian mustard production is projected to match last year's yield due to healthy crops and favorable temperature forecasts. Meanwhile, soybean procurement has reached 1.4 MMT and is expected to touch 2 MMT soon.
- Edible oil imports in December were 25% lower than the previous month, driven by sufficient port and pipeline stocks, as well as higher international palm oil prices. Although CIF palm quotes dropped in both front and forward months to attract Indian buyers, INR depreciation has offset the benefits of lower offers, making imports costlier.
- Indian refiners are focusing on marginal gains through revenues from by-products and blended oils. However, domestic meal demand, which was fair in December, is now weakening. Argentina's reduction in soymeal export taxes is likely to further impact India's soymeal demand in the global market.
- Lastly, with Trump assuming office, upcoming tariff policies could significantly influence the U.S. and South American soybean markets, adding further uncertainty to the global outlook.



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