

**IMaCS has brought out an Industry Report on the Indian Edible Oils Industry, September 2013.**

Key highlights are indicated in this press release. The full report is available at [www.imacs.in](http://www.imacs.in)

- **Oilseeds Production Outlook:** The production of edible oils in India is dependent on the production and availability of oilseeds, either domestic or imported. India's oilseeds production is forecast to increase 12-14% in 2013-14 because of strong increase in kharif (summer) oilseeds output.
- **Edible Oils Production and Outlook:** The fluctuating domestic production of oilseeds has a direct impact on the edible oil sector, with imports and prices increasing in periods of low domestic production. Domestic vegetable oil production is forecast to increase 4-5% in 2013-14 with significant increase expected for soyabean oil. In addition, rainfall conditions during the rabi (winter) 2013-14 season will have a significant impact on rapeseed and groundnut oil production.
- **Edible Oils Consumption and Outlook:** India's edible oil consumption is estimated at around 17.5-17.8 mt in 2012-13. Although consumption has grown uninterrupted over the past few decades, growth has varied based on availability and prices. With its large population and continued strong economic growth, India is likely to register consumption growth of 4.5-5% per annum in the medium term.
- **Demand-Supply Position and Imports:** Over the medium-term, domestic consumption growth is expected to be higher than production, resulting in continued increase in the volume of imports. India's edible oil production is expected to increase 4-5% during OY2014 primarily because of higher growth in soyabean oil. However, consumption growth is expected at around 4.5-5%. As a result, India's imports could increase 7% during OY2014 to around 11.5-11.8 mt. In the next few years, edible oil consumption is expected to increase at an annual rate of 4.5% per annum. Considering the inter-year variations but slow increase in oilseeds and edible oil production, the shortage is expected to result in increased imports of edible oils.
- **Domestic Price Trends and Outlook:** Domestic edible oil prices have been declining from Q3FY2013 caused by decline in international prices, and higher rabi output during the 2012-13 season. Reflecting lower international prices, prices for edible oil declined in July-August 2013. However, the decline was lower than world prices because of the substantial rupee depreciation. Domestic prices of vegetable oils are also expected decline during 2013-14 because of expected increase in OY2014 production, and expected decline in world prices. The financial performance of players in the Indian edible oil industry is expected to decline in 2013-14 because of expected higher oilseeds and vegetable oil production, lower growth in product prices, and higher growth in seed procurement costs.
- **World Price Trends and Outlook:** Except for temporary increases, world edible oil prices have been declining on a year to year basis from early-2012. Prices have been largely declining from March 2013 as a result of price declines for all major oils, mirroring decreases in the respective oilseed prices as well as continued subdued demand for vegetable oils from the biodiesel industry. World oilseeds production is forecast to increase 4.8% in 2013-14 to record

level of 495 mt primarily because of peak output levels for soyabean, rapeseed, and sunflower. Production increase is expected to be driven by 1.5% increase in acreage and 3.2% increase in yields. As in 2012-13, increased soyabean output is expected to account for most of the higher level of output. Further, while rapeseed production is forecast to increase for the third successive year to record levels in 2013-14, sunflower seed output could bounce back to record levels, thereby recovering from the sharp decline of 2012-13. Early prospects for 2013-14 point to substantial increase in supply for all the major oils. Expectations of a strong growth in global oilseed output for 2013-14, combined with slowing consumption growth, suggest a more balanced world supply and demand situation and thus a general easing of prices for both oilseeds and vegetable oils. Vegetable oil ending stocks are forecast to increase for the sixth successive year, and could increase by 1.9 mt in OY2014. Prices in the edible oils complex are forecast to decline in 2013-14, given the prospect of ample supplies.