

India Expected to Increase Soy Oil Imports and Decrease Palm Oil Purchases in 2024

India, the world's largest vegetable oil importer, is projected to witness a shift in its import patterns in 2024, with an anticipated surge in soybean imports and a decline in purchases of palm oil, according to Sandeep Bajoria, chief executive of Sunvin Group, a prominent vegetable oil brokerage and consultancy firm.

Bajoria forecasts that India's imports of soybean will rise to 4.3 million metric tons during the 2023–24 marketing year, compared to 3.5 million tons in the previous year. Conversely, palm oil imports are expected to decrease to 9.2 million tons in 2023/24 from 10 million tons in the preceding year.

The recent trend of negative refining margins in palm oil, juxtaposed with positive margins in soybean, has prompted a notable switch from palm oil to soybean in recent weeks, as noted by traders.

The reduced purchases of palm oil by India may lead to higher inventories in major producing countries such as Indonesia and Malaysia, potentially exerting downward pressure on benchmark futures.

Additionally, Bajoria suggests that India's imports of sunflower oil are likely to remain stable at around 3 million tons for the current marketing year, maintaining the country's total vegetable oil imports at 16.5 million tons in 2023/24, consistent with the previous year's figures.

Despite robust import numbers, Bajoria points out that domestic production of various vegetable oils, including soybean, cottonseed, rice bran, and mustard oils, is acting as a deterrent to excessive imports. However, he anticipates a seasonal increase in palm oil imports from May to July.

In terms of specifics, Bajoria forecasts India's palm oil imports to range between 700,000 tons and 750,000 tons per month during May, June, and July.

Notably, India predominantly sources palm oil from countries such as Indonesia, Malaysia, and Thailand, while obtaining soybean and sunflower oil from Argentina, Brazil, Russia, and Ukraine.

Recent data indicates a decline in India's palm oil imports in January, with figures dropping over 12% from the previous month to a three-month low of 782,983 tons.

Reference: <https://agronfoodprocessing.com/india-expected-to-increase-soybean-imports-and-decrease-palm-oil-purchases-in-2024/>