



COMMODITY PROFILE– SOY OIL

Soybeans are crushed to obtain oil and its meal. The oil content in soybeans is normally 17-18%. Crude soybean oil is extracted from soybeans. Crude soybean oil undergoes further refinement- degumming, refining, bleaching, and deodorizing and forms refined soy oil.

Soya bean oil is the leading vegetable oil traded in the international markets, next only to palm. Palm and Soya bean oils together constitute around 68% global edible oil trade volume, with Soya bean oil constituting 22.85%.

Importance & Uses of Soy Oil

Soy oil, like all other vegetable oils is cholesterol-free and low in saturated fat. Soy oil is light in flavor and has almost no odor. Soy oil has a unique blend of two types of fatty acids called omega-3 fatty acids and omega-6 fatty acids. The omega-3 fatty acids in soy oil are similar to the type of fat found in fish oil, which has been shown to reduce risk of heart disease. One teaspoon of soy oil contains about 5 grams of fat and 45 calories. Health experts suggest that consumers should get not more than 30% of their calories from fat. Many nutritionists feel that fat intake should be as low as 20%. Americans currently consume about 37% of their calories from fat.

Soybean oil is basically used in cooking as edible oil. It is used by the food industry in a variety of food products including salad dressings, margarine, bread, mayonnaise, non-dairy coffee creamers and snack foods. It is also used to produce inedible products such as paints, varnish, resins, and plastics.

Soy Oil Production Cycle

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
USA												
Brazil												
Argentina												
China												
India												

Production Cycle: 

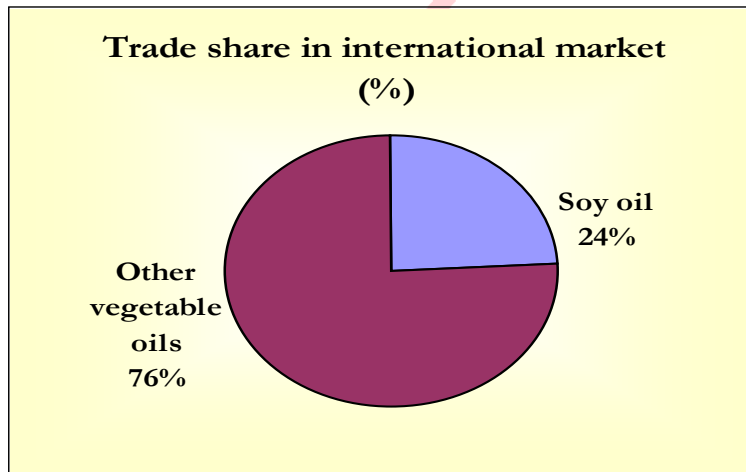
In India, crushing of soybean for soy oil and meal starts from October and it peaks during the subsequent two-three months.

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Global Scenario

Soybean oil accounts for around 8 million tons of the estimated 33 million tons of vegetable oil traded in international market. World production of soybean oil in 2007/08 was 37.5 million MTs, up 3% from the previous year's 36.4 million MT.

Fig. 1: Soy oil vs Other Veg Oils Trade



Source: USDA

Soybean oil accounts for 24% share of the vegetable oil traded in international market.

World Soy Oil Demand-Supply

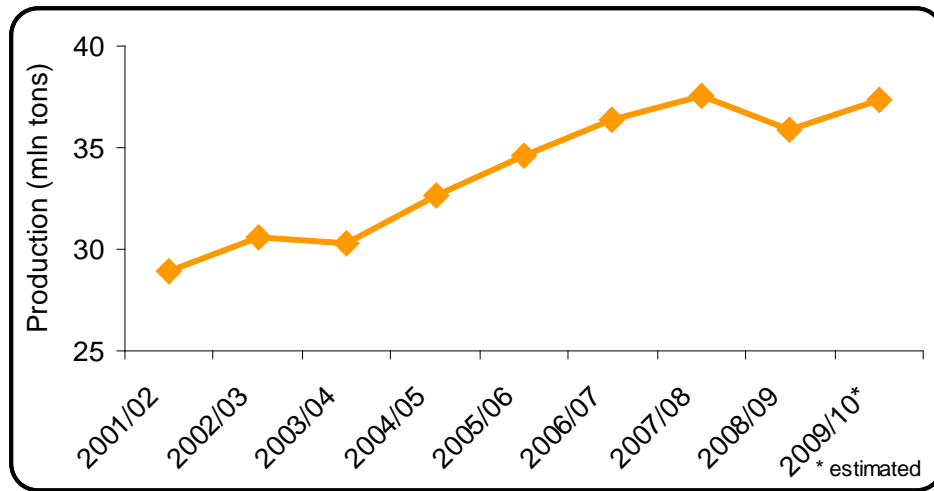
Table 1: World Soy Oil Demand and Supply (million tons)

Year	Crush	Beginning Stocks	Production	Imports	Total Supply	Exports	Total Consumption	Ending Stocks
2001/02	158.1	3.1	28.9	7.7	39.7	8.4	28.2	3.1
2002/03	165.6	3.1	30.6	8.3	42.0	9.0	30.2	2.8
2003/04	164.0	2.8	30.2	8.4	41.4	8.8	30.1	2.5
2004/05	175.9	2.5	32.6	8.9	44.0	9.2	31.7	3.2
2005/06	185.2	3.2	34.6	9.1	46.9	9.8	33.6	3.5
2006/07	195.7	3.5	36.4	9.9	49.7	10.6	35.8	3.3
2007/08	201.9	3.3	37.6	10.5	51.4	10.9	37.7	2.8
2008/09	193.0	2.8	35.9	9.1	47.8	9.3	35.9	2.6
2009/10	200.5	2.6	37.3	9.4	49.3	9.7	37.3	2.4

Source: USDA

World Soy Oil Production

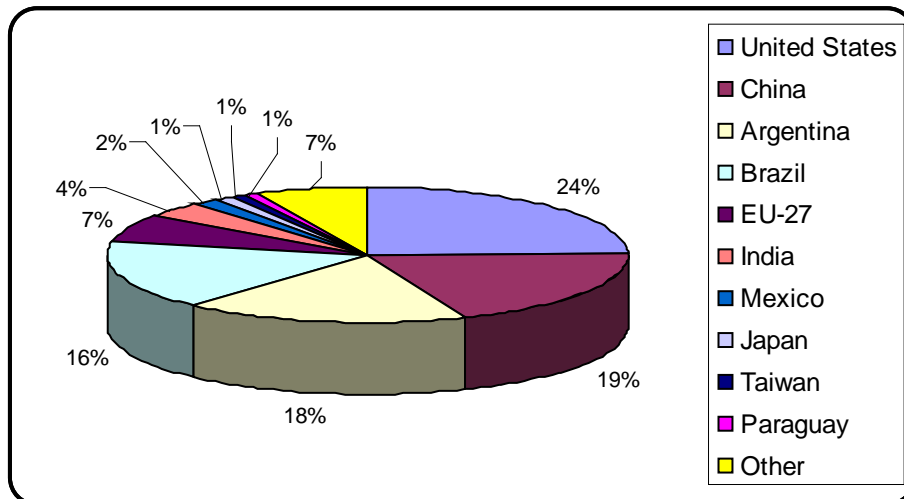
Fig. 2: Soy Oil Production



Source: USDA

World soy oil production has shown an increasing trend and it is averaged at 36 mln tons (Avg. from 2005-06 to 2009-10). In 2009-10, soy oil production is estimated at 37.3 mln tons.

Fig. 3: Major Soy Oil Producing Countries



Source: USDA

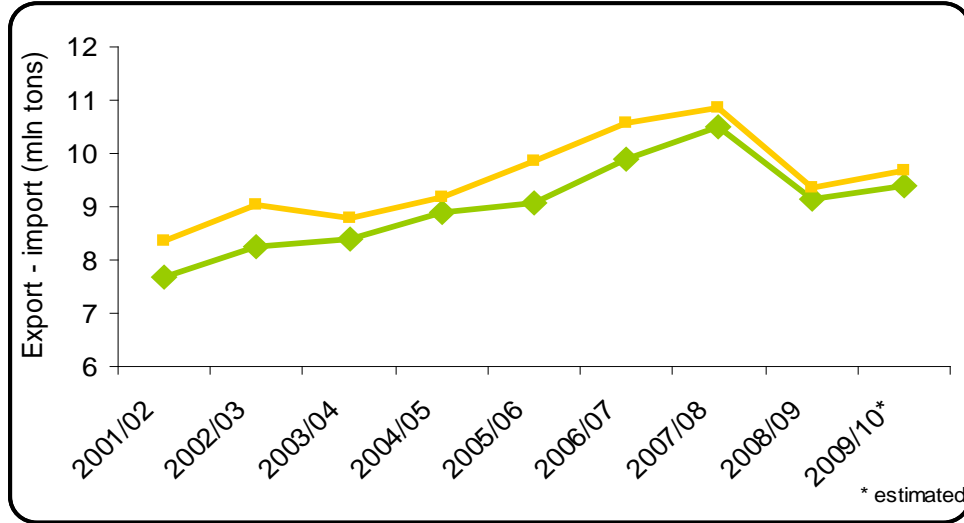
Note: Avg. soy oil production from 2005-06 till 2009-10 was 36 million tons

Largest producer of soy oil is the United States, which accounted for about 24% (avg. from 2004-05 to 2009-10). Other major producing countries are China with 19% production

followed by Argentina (18%) and Brazil (16%). India ranks 6th in soy oil production with a share of 4%.

World Soy Oil Export - Import

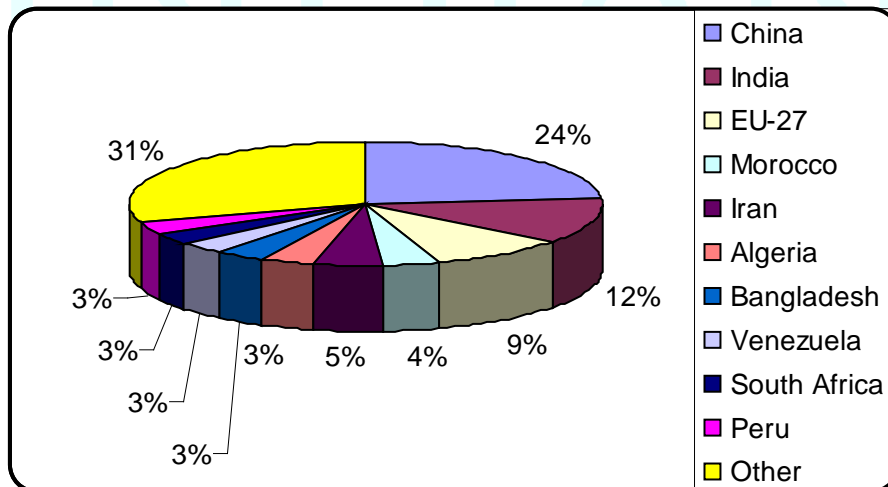
Fig. 4: World Soy Oil Export and Import



Source: USDA

Average annual global soy oil export is at around 10 million tons and import is averaged at 9.6 million tons (Avg. from 2005-06 to 2009-10). In 2008-09, soy oil export and import has declined and stood at 9.3 and 9.1 mln tons respectively.

Fig. 5: Major Soy Oil Importing Countries



Source: USDA

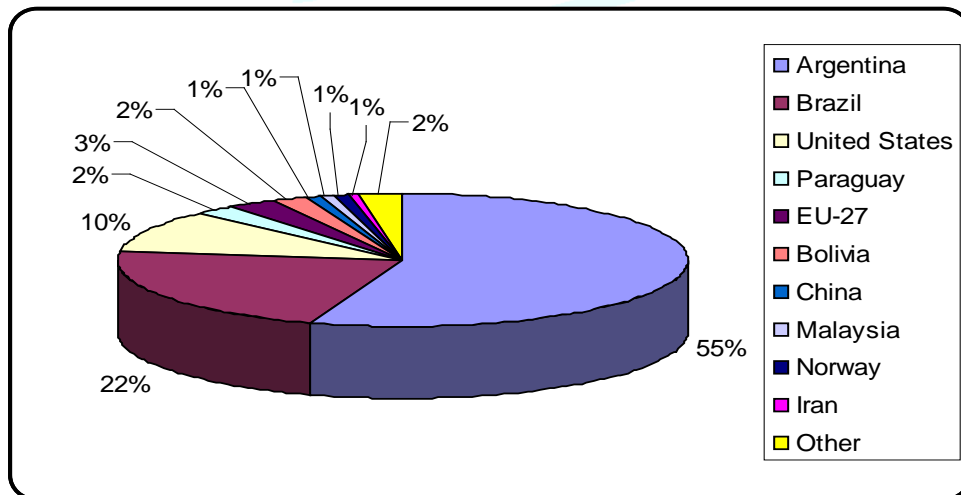
Note: Average soy oil import from 2005-06 till 2009-10 was 9.6 million tons

Largest importer of soy oil is China with the share of 24% of total global import. Other major importing countries are India, EU-27, Morocco, Iran and Algeria.

Asian countries like India, China, Pakistan, Bangladesh, South & Central American countries (Peru, Venezuela, Bolivia, Dominican Republic) and Africa (Egypt, Morocco) are considered as major buyers in world market.

Despite being soybean producers, China and India import Soya bean & its derivatives to cater to their expanding consumer base. While China imports both soybean and soy oil, India allows only imports of oil.

Fig. 6: Major Soy Oil Exporting Countries



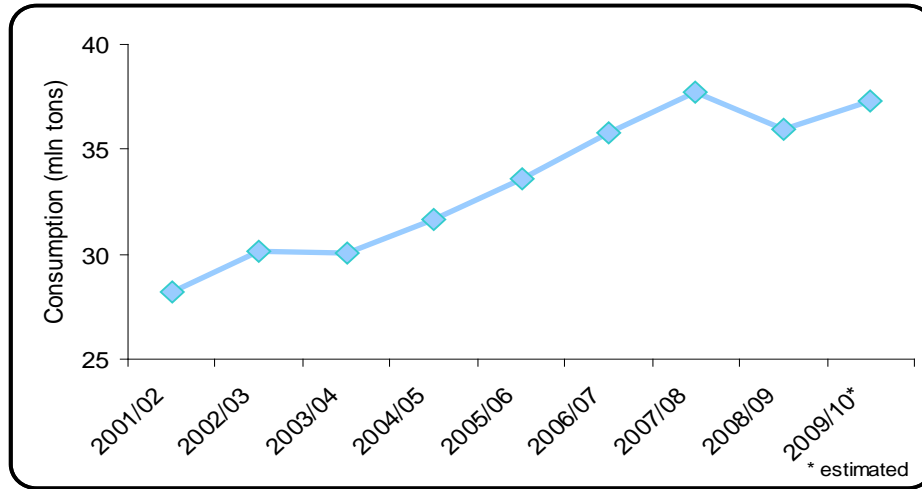
Source: USDA

Note: Average soy oil export from 2005-06 till 2009-10 was 10.1 million tons

The major exporters for soybean oil are Argentina (55% of the total world exports), Brazil (22%) and United States (12%).

Soy Oil Consumption

Fig. 7: Global Soy Oil Consumption



Source: USDA

Global soy oil consumption has increased over the years and it is averaged at near 36 million tons. The exception was in the year 2008-09, when consumption has declined and ruled at 35.9 million tons. It is anticipated to regain the up trend in 2009-10 at around 37.3 mln tons.

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Domestic Scenario

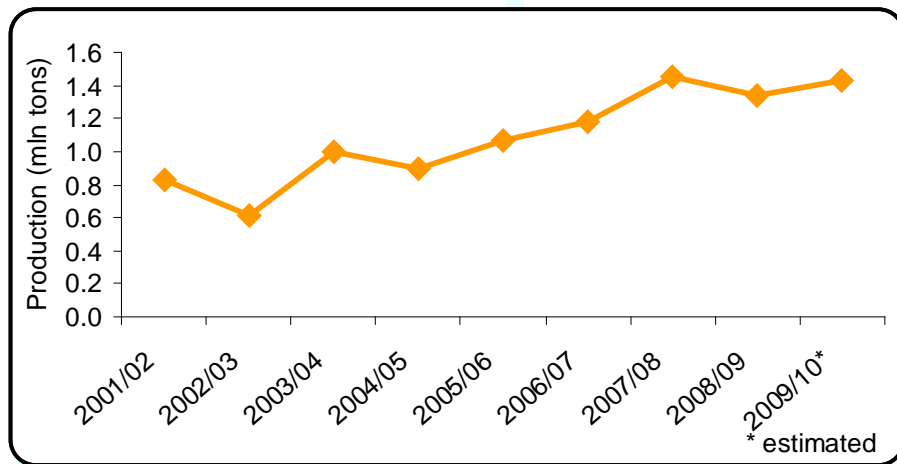
Soy oil, which is extracted from soybean, is an important vegetable oil. India is the sixth largest producer of soybean oil in the world, accounting for 4% of world production.

India is the largest importer of edible oils in the World. Of the total 5.9 million tons of vegetable oils imported in 2007-08, 0.75 million tons is Soya bean oil, imported mostly from Argentina, followed by Brazil and US.

In addition to imports, domestic production of around 1.4 million tons takes the annual Soya bean oil consumption of the country to 2.0-2.2 million tons, with a market value of Rs 9000 crore.

Soy Oil Production in India

Fig. 8: Soy Oil Production



Source: USDA

The average domestic soy oil production is at around 1.3 million tons (avg. from 2005-06 to 2009-10). Its production has continuously increasing year after year and in 2009-10, it is estimated at around 1.43 mln tons.

Import of Soy Oil in India

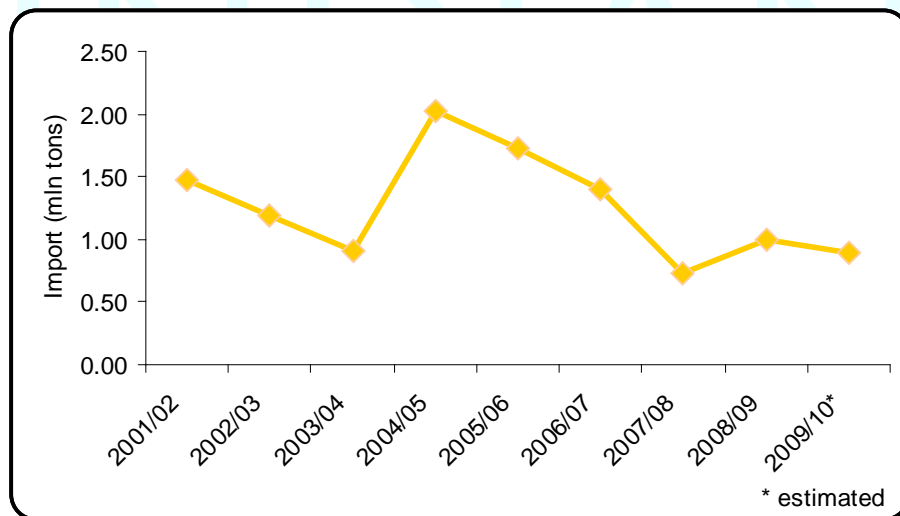
Table 2: Soy oil Imports (in MT)

Months	2005-06		2006-07		2007-08	
	Ref Soy oil	Soy oil (degummed)	Ref Soy oil	Soy oil (degummed)	Ref Soy oil	Soy oil (degummed)
Nov	0	108,896	0	53,250	0	0
Dec	2197	47,100	0	7,482	0	7,500
Jan	0	111,212	0	84,258	0	83,750
Feb	0	92,704	0	18,000	0	81,634
Mar	9060	169,800	0	55,452	0	55,232
Apr	0	159,094	4,120	35,156	0	0
May	0	129,500	3,000	176,894	0	7,000
June	0	182,614	0	219,065	0	120,030
July	0	290,250	0	236,763	0	63,753
Aug	9,200	114,747	2,000	159,234	0	87,085
Sept	0	74,990	0	179,366	0	127,390
Oct	0	222,453	2,000	97,910	0	126,119
Total	20,457	1,703,360	11,120	1,322,830	0	759,493

Source: SEA of India

India is the third largest importer of Soy oil in the world. Soy oil import has decreased to 0.76 million tonnes in 2007-08 from 1.72 million tonnes soy oil import in 2005-06. It is because of more import of cheaper palm oils in India.

Fig. 9: Soy Oil Import

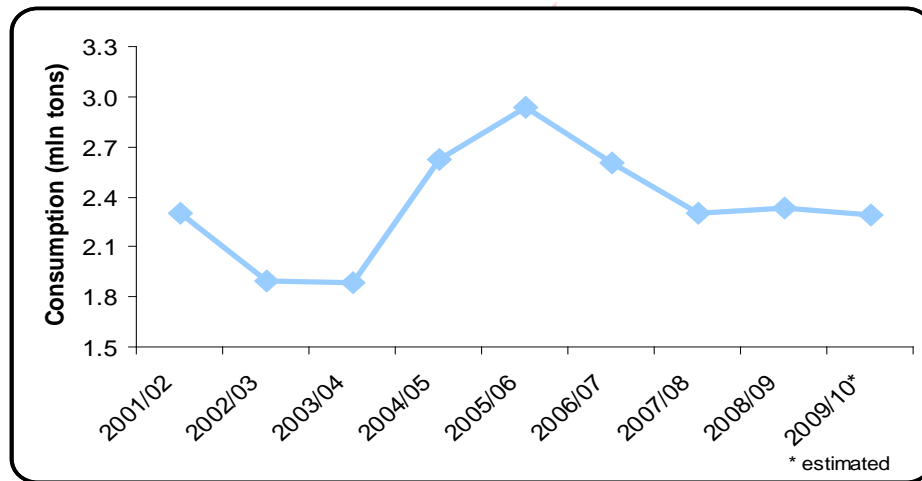


Source: USDA

Import of soy oil in India is averaged at 1.15 mln tons (avg. from 2005-06 to 2009-10). In recent years, soy oil imports has shown a declining trend and stood at around 1 mln tons in the year 2008-09. This could be mainly linked to increased domestic production.

Soy Oil Consumption

Fig. 10: Domestic Soy Oil Consumption



Source: USDA

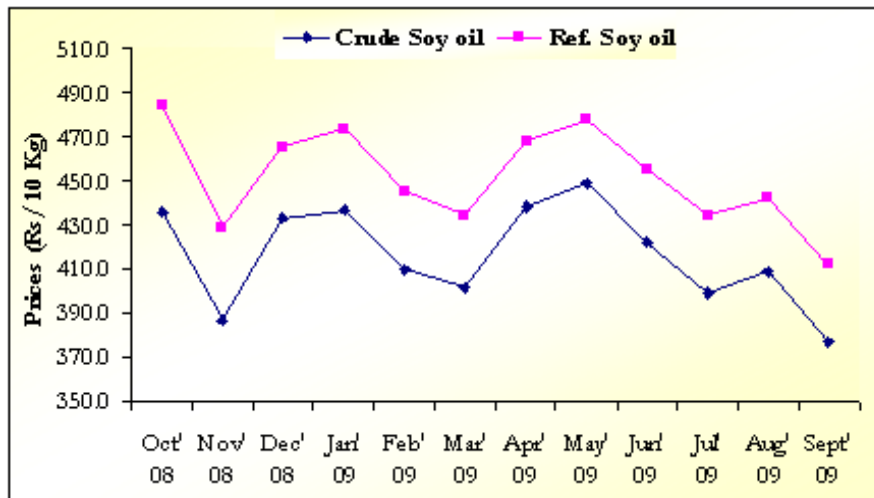
Domestic soy oil consumption is averaged at around 2.5 million tons (Avg. from 2005-06 to 2009-10). In recent years, soy oil consumption has declined and stood at around 1.34 million tons in the year 2008-09.

Soy Oil Prices

In India, spot markets of Indore and Mumbai serve as the 'reference' market for Soy oil prices. While the Indore price reflects the domestically crushed soybean oil (refined and solvent extracted), Mumbai price indicates the imported soy oil price.

Soy oil prices in India are largely influenced by the international edible price movements (especially palm oil at Malaysia Derivatives Exchange and soy oil at CBOI), soybean availability in domestic markets, demand for meal and other associated supply-demand factors of soybean and its derivatives.

Fig. 11: Monthly Avg Price Trend for Soy Oil (Oct' 08 - Sept' 09)



Source: SOPA

Factors influencing the Prices

- Oilseeds production domestically and globally
- The supply-demand and price scenario of substitute oils, viz., palm oil
- The Government export-import policy
- The crush margin between meal, oil and seed
- The supply-demand scenario of all oils and oilseeds in the consuming centers, viz., India, China and EU
- Import regulations imposed in the importing countries
- International Soy oil price movement at CBOT, being the major international reference market

Major International Exchanges for Soy Oil Trade

- Chicago Board of Trade (CBOT)
- The South African Futures Exchange (SAFEX)
- Dalian Commodity Exchange (DC)
- Kansai Commodities Exchange (KEX) in Japan
- Tokyo Grain Exchange (TGE) in Japan

References

- The U.S. Department of Agriculture (USDA)
- National Research Centre for Soybean
- The Solvent Extractors Association of India
- The Soybean Processors Association of India (SOPA)
- AGMARKNET
- Ministry of Agriculture
- Food and Agriculture Organization



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