

UkrAgroConsult
BLACK SEA GRAIN Online
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**INDIA: S-D for Grains and
Veg oils amid Covid-19**
G. Chandrashekhar

Beware: Weather Market 2021

- **Get ready for a great weather market in 2021 H1 after pandemic in 2020**
- **La Nina taking hold; will continue into NorthHemi winter. Expect higher precipitation in SE Asia; flood risk in Australia; dry conditions for US winter crops and in South America; weather impact in EU, Russia, Ukraine;**

Multiple macro drivers combine

- **Ultra-loose monetary policy + China-led economic activity revival + Rising crude oil + weak USD + weather + ???**
- **Vaccine: +ve news: shot in the arm!**
- **How soon can demand return to pre-Covid level?**

INDIA:WHEAT

(world's second largest)

- **2020 harvest: GoI 107 ml t (trade 97-98 ml t); 2021 planting in progress; Normal area ~30 ml ha; 20 ml ha done till Dec 4; Expect third year of large harvest in April 2021 ~ 100 ml t;**
- **Robust government procurement; Local supplies comfortable; Stock burden lightened due 5 kg monthly free ration of wheat / rice to 180 million poor families for 9 months**

INDIA: WHEAT

- **Open market FAQ 10% < MSP**
- **Attempt to export wheat, but no parity; Either int'l rate must rise or INR to depreciate; but India's wheat export record is not great; Trade seeks subsidy to export 3-4 year old wheat as feed;**

INDIA: PULSES

(world's largest)

- **2020-21 Kharif output (mainly pigeon pea, black matpe, moong) 8.5 ml t;**
- **Rabi planting on; normal area 14.5 ml ha; so far 11.7 ml ha; expect to touch 15 ml ha; I expect 14 ml t harvest by March - mainly Chana (desi chickpea) ~ 10 ml t; Lentil 1.3 ml t; Fieldpea 700k tons; others**

INDIA: PULSES

- **India stays in GVC; Imports in 2020-21 ~ 2.0 ml t (Lentils 850K tons due lower duty + PP, BM, GM under QR); Inflation concerns real; Prices rallied in Aug/Sept but petered out due new crop arrivals; now, no case for lower chickpea duty;**
- **Subdued demand; Free ration of 1.5 ml t whole chana to 180 ml poor families due lockdown; OoH consumption still weak;**

INDIA: VEGOILS

(Single Largest Importer)

- **2020-21, production will be up 500k tons to 8 ml t due higher oilseeds harvest; Due global cues, domestic prices up 20-30% Y-o-Y; Worried GoI slashed CPO import duty to 27.5%;**
- **Rabi (mainly RM 6 ml ha) seeding on; Harvest in March;**

INDIA: VEGOILS

- **Demand weak; In 2020, 2.0 ml t demand lost due lockdown effect; OoH consumption slowly improving, but still subdued; India's import in 2020-21 to be 13 ml t (~palm 8 + soy 3 + sun 2)**
- **GoI wants *Atmanirbhar* (Self-reliance); so import tightening not ruled out**
- **2021 CPO output to rise by 3 ml t; Indonesian BioD program slowing; CPO has overshot to upside; Expect BMD CPO to correct in Jan**

RCEP: ASEAN 10 + 5 countries

- **Earlier, complicated noodle of FTAs;
Now, 2.2 Billion people; 30% of world
economy; ASEAN 650 million and \$ 3
Trln; China + Others \$ 20 Trln**
- **In 2019, \$ 2.3 trln worth goods flowed
between signatories; 83% between
those already with trade deal**

RCEP: ASEAN 10 + China, Japan, South Korea, Australia, NZ

- **Members at vastly different levels of economic development; tech status; currency valuations differ; Benefits non-uniform; China to gain from RCEP+BRI; China's policy consumption-led growth; Japan + South Korea too to gain;**

RCEP – will it succeed?

- **Agreement to be ratified: may be 2022**
- **Some tariffs to be eliminated in 20 years; Provisions on farm goods patchy;**
- **Big benefit for Rules of Origin; Regional content only 40% to gain lower tariff;**
- **Risk from protectionism / regime change**
- **India out of RCEP due domestic concerns**
- **Need to wait and watch; Will USA revive TPP?**

Thank You. God Bless.

Stay safe

- **G. Chandrashekhar**

Senior Editor and Policy Commentator

Mumbai. INDIA.

Phone: +91 9821147594

email:

gchandrashekhar@gmail.com