IVPA Highlights Shifting Dynamics in Global Vegetable Oil Trade at CCOC-17

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The global vegetable oil industry is entering a new phase where policy decisions, energy markets, climate developments and geopolitics are increasingly influencing production, trade flows and price formation, saidÂ Sudhakar Desai, President, Indian Vegetable Oil Producersâ?? Association (IVPA), at the 17th China International Conference on Oils and Oilseeds (CCOC-17) in Shanghai, China.

Desai said production of the four major global vegetable oils is projected to increase by 3.1 per cent to around 212.5 million tonnes in MY 2025-26, while global consumption is expected to grow by 1.9 per cent to nearly 211 million tonnes. Although the global supply balance remains broadly comfortable, market direction will increasingly be shaped by policy developments and external macroeconomic factors.

Presenting his outlook for 2026, Desai said Malaysian palm oil production is expected to reach 19.8 million tonnes, while Indonesian production is projected at 49.3 million tonnes, representing a combined decline of about 900,000 tonnes from the previous year. However, Indonesia is expected to divert around 14.6 million tonnes of palm oil towards biodiesel, assuming implementation of the B50 mandate from 1 July 2026. This would translate into an additional 1.5-1.8 million tonnes of palm oil being absorbed by the biofuel sector compared with the previous year, significantly influencing global trade flows and supply availability.

According to the IVPA President, market direction over the coming months will largely depend on Indonesiaâ??s B50 biodiesel programme, evolving US biofuel policies, crude oil prices, currency movements, weather developments and export policies of major producing countries. While the outlook for the 2026-27 sunflower oil crop remains encouraging, the evolution of El NiÃ±o continues to be a key variable influencing global oilseed production and vegetable oil prices.

On the market outlook, Desai observed that price behaviour is increasingly being driven by macroeconomic developments and policy interventions alongside traditional supply-demand fundamentals. He emphasised that timely market intelligence, effective risk management and continuous monitoring of policy developments will be critical for businesses operating in an increasingly dynamic global marketplace.

Sharing his price outlook for the second half of the year, Desai said Bursa Malaysia Derivatives (BMD) crude palm oil futures are expected to trade within a range of RM4,200-RM4,700 per tonne. He added that palm oil and soybean oil are likely to trade within a relatively narrow price spread. However, supported by favourable global sunflower seed plantings, sunflower oil is expected to lose its current premium of $150-$200 per tonne and normalise to a premium of around $50-$70 per tonne over soybean oil.

Commenting on India, Desai noted that the country consumes nearly 25 million tonnes of edible oils annually, with imports meeting around 60 per cent of domestic demand. He emphasised that improving farm productivity and oilseed yields will be critical to enhancing domestic production, while the southwest monsoon will remain a key determinant of the upcoming oilseed season. He also highlighted the long-term potential of oil palm cultivation in strengthening Indiaâ??s edible oil security.