



adani wilmar IPO

MARKETFEED ORIGINAL

**Business Case Study
of
PALM OIL CRISIS and ADANI WILMAR
OPPORTUNITIES**

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Source: Think School

Situation of Vegetable Oil Market

- Global vegetable oil market → palm, soybean, canola, sunflower.
- Indonesia is the largest exporter of palm oil → 60% of the global supply.
- Malaysia is the second largest exporter of palm oil → 30% of the global supply.
- India is the largest importer of palm oil → 60% of vegetable oil imports.

Necessity of Palm Oil

- Cosmetics.
- Processed foods.
- Toothpastes.
- Chocolates.
- Soaps.
- Shampoos.
- Cleaning Products.
- Biofuel.

Situation of Other Vegetable Oil Market

- Sunflower Oil
 - Second most used oil
 - Closest replacement of palm.
 - Ukraine (46%), Russia (23%).
 - Due to Russian invasion, Ukraine is not not being able to export.
 - Russia has been heavily sanctioned by west for trading.

Situation of Other Vegetable Oil Market

- Canola → Argentina largest supplier, low production because of poor harvesting season, reason bad weather.
- Canola → Canada largest supplier, low production because of drought.

Why Malaysia struggled?

- Covid induced labour shortages.
- Palm oil production
 - Unorganized
 - Manual process.
- Could not cope up with increased demand.

Palm Oil Crisis in Malaysia



Why Indonesia struggled?

- Used palm oil for the production of biodiesel.
- Distribution industry completely unorganized.
- Started exporting all palm oil to get better price at international market with increasing demand.
- Domestic market price shot up.
- Imposed ban of exporting refined palm oil.

Palm Oil Crisis in Indonesia



Indian Industry Opportunities

- 4 types of refined palm oil.
- Indonesia was exporting only crude oil.
- Adani company at India focused on building infrastructures.
- Indian oil refinery companies got the opportunities to sell the refined palm oil in the international market in the time of increasing demand.

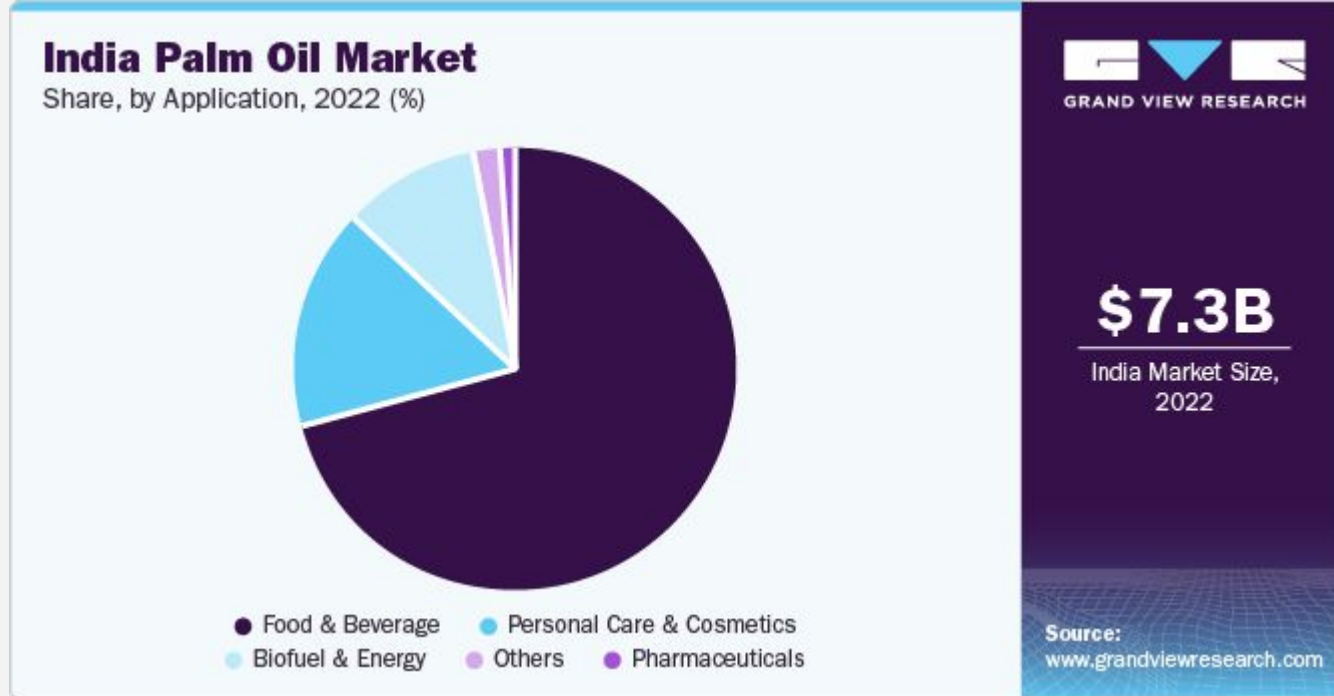
Palm Oil



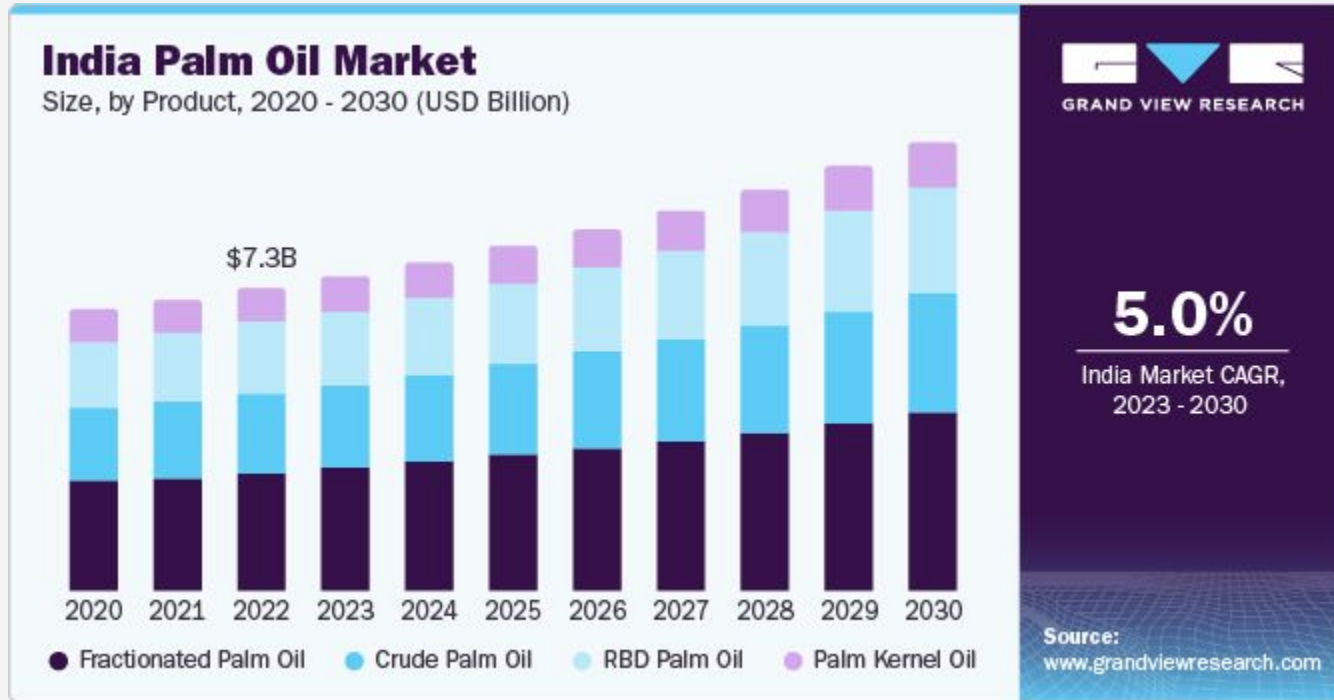
Palm Oil Production



Indian Opportunities in Palm Oil Market



Indian Opportunities in Palm Oil Market



Business Lessons

- Geopolitical event affecting the oil industry market and factor to consider while invest in the stock market.
- Keep an eye on the value chain of the different commodities and try to understand their vulnerabilities.