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Malaysia

Oilseeds and Products

Oilseeds and Products Update (Oct)

2000

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Report Highlights:

Malaysia's CPO production rose 16 percent to 1.1 MTT in September, 2000, resulting in a hefty 15 percent increase in the stock level by the end of September. PO exports rose 12 percent but local CPO prices remained bearish during September.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Kuala Lumpur [MY1], MY

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Executive Summary

Production

The Malaysian Palm Oil Board (MPOB) reported that total crude palm oil (CPO) production in September, 2000 rose 16 percent to 1.1 MMT. Output in the Peninsula increased by 9.6 percent while East Malaysia's production rose 31 percent. Compared to September 1999, output during September 2000 was 6 percent higher, the first turn-around after 5 consecutive months of year-to-year decline since March, 1999. The palms are showing a recovery from stress which was the result of 12 months of robust growth from April, 1999 to March, 2000. Consequently, Post has increased the forecast for CPO output during the Oct - Dec quarter to 2.05 MTT.

Price

Depressed global edible oil markets, high stock levels in Indonesia and Malaysia and rumors of Indian traders defaulting on contracts struck at higher prices resulted in the local CPO prices plunging to a 7-year low by mid-October. Overall, the average CPO price plunged 15 percent from US\$243/MT in September to US\$206/MT in October. For comparison, the average CPO price for October, 1999 was US\$332/MT. RBD Palm Oil FOB average price also declined from US\$260/MT in September to \$206/MT in September. Further working down on stocks will give some support to the local palm oil prices in the coming month.

Stocks

Higher CPO production in September more than offset the increase in PO exports, resulting in a hefty 15 percent increase in the stock level at the end of September. Overseas buyers are taking advantage of depressed prices to build up stocks in their respective countries and the local stock level is expected to show a decline by the end of the calendar year.

Trade

Preliminary official exports rose from 700 TMT in August to 785 TMT in September. According to a SGS survey, estimated palm oil exports for the first half of October were 45 percent higher than the corresponding period of September.

Annual Situation (Oct/Sep):

The PS&D table for palm oil has been revised to reflect the latest official release on CPO output, imports, exports and stock for the month of September, 2000.

	Revised 1998/99	Prelim 1999/2000	Forecast 2000/2001
(1,000 tons)			
Beg Stock	719	1208	1367
Production	9,758	10,491	10,750
Imports	142	73	100
Total Supply	10,619	11,772	12,217
Exports	7,952	8,731	9,000
Domestic Use	1,459	1,674	1,817
Ending Stock	1,208	1,367	1,400

Quarterly Outlook For Palm Oil:

	1999 1/	2000 2/	1999 1/	2000 2/
	Jul-Sep	Jul-Sep	Oct-Dec	Oct-Dec
Beg Stocks 3/	1049	1036	1208	1367
Prod- East Mal	870	936	938	950
- Pen. Mal	2103	1972	2005	2050
- Total	2973	2908	2943	3000
Imports	91	25	22	20
Total Supply	4113	3969	4173	4387
Exports 4/	2433	2181	2520	2700
Dom Disap 5/	472	421	477	487
End Stocks	1208	1367	1176	1200

1/ Revised;

2/ Forecast;

3/ Stocks including crude and refined for all Malaysia;

4/ Exports exclude shipments of fatty acid oil distillate
and all intra-Malaysia trade;

5/ residual

Production:

	1999	1999	2000	2000
	Sep	Jan-Sep	Sep	Jan-Sep
(In 1,000 MT)				
CPO:				
Pen. Malaysia	723	5423	714	5180
East Malaysia	320	2187	395	2367
- Total 1/	1043	7610	1109	7547
Palm Kernel : Malaysia	294	2175	315	2229
Palm Kernel Oil: Malaysia	124	953	127	985
Palm Kernel Meal: Malaysia	150	1161	149	1164

1/ Totals may not add due to rounding differences.

Includes some revisions in previous months.

Prices:

(Crude delivered basis; RBD Oils in Bulk, FOB Malaysia)

	Local Crude	RBD Palm Oil	RBD Olein	RBD Stearin
	RM/MT	US\$/MT	US\$/MT	US\$/MT
Nov 99	1201	332	360	267
Dec	1196	331	363	260
Jan 2000	1157	318	344	244
Feb	1075	304	328	237
Mar	1119	319	333	248
Apr	1227	344	363	273
May	1103	307	328	246
June	1053	291	309	239
July	1016	280	302	221
Aug	984	275	294	222
Sep 1/	924	260	279	200
Oct (till 20 th)	784	228	248	155

1/ revised

Exchange Rate Oct. 30, 2000): US\$1.00 = RM3.799

Stocks:

	1999	2000	2000	2000
	Sep	July	Aug	Sep
(In 1,000 MT)				
Crude P. Oil	653	544	660	841
Processed PO	555	531	533	526
- Total PO	1208	1075	1193	1367
Palm Kernel	96	79	101	133
P. Kernel Oil	105	163	164	175