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Malaysia

Oilseeds and Products

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Report Highlights:

Malaysia's crude palm oil (CPO) production rose 3.8 percent to 1.3 MMT in August 2004. Carry-over levels at the end of July slipped to 1.25 MMT. Palm oil exports improved to 1.1 MMT in July. The average local CPO price rose from US\$388/MT in August to US\$409/MT in 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 rose by 3.8 percent to 1.3 MMT in August 2004. Output in the Peninsula decreased by 1.9 percent while East Malaysia's production rose 12.6 percent. Compared to August 2003, output during August 2004 was 1.6 percent higher. Stronger CPO output in East Malaysia more than offset the decline in output in the Peninsula where the palms have been experiencing some stress due to the sharp increase in production in the previous year. Post still expects CPO production of 4.0 MMT during the July-September quarter bringing the total output for 2003/04 to 12.3 MMT.

Price

Local PO prices rose in response to higher overseas demand during the month of September. The monthly average CPO price rose from US\$388/MT in August to US\$409/MT in September 2004. For comparison, the average CPO price for September 2003 was US\$378/MT. The Refined/Bleached/Deodorized (RBD) Palm Oil FOB average price also rose from US\$411/MT in August to US\$437/MT in September.

Stocks

Big increases in PO exports resulted in the PO stock level slipping to 1.25 MMT at the end of August. Overseas demand continues to improve in the month of September and Post expects the carry-over stocks to decrease to 1.1 MMT by the end of September.

Trade

Preliminary official PO exports rose from 1.1 MMT in July to 1.2 MMT in August.

Annual Situation

Changes in the PS&D table for palm oil reflect an increase in imports and domestic use in 2003/04.

	Revised 2002/03	Prelim 2003/04	Forecast 2004/05
(1,000 tons)			
Beg Stock	1,149	975	1,100
Production	13,181	13,300	13,800
Imports	341	735	500
Total Supply	14,671	15,010	15,400
Exports	12,077	12,300	12,500
Domestic Use	1,619	1,610	1,900
Ending Stock	975	1,100	1,000

Quarterly Outlook for Palm oil

	2003 1/	2004 1/	2003 1/	2004 2/
	Apr-Jun	Apr-Jun	Jul-Sep	Jul-Sep
	(1,000 tons)			
Beg Stocks 3/	1,011	953	955	1,211
Prod- Pen. Mal	2,151	1,988	2,327	2,400
- East Mal	1,331	1,290	1,552	1,660
- Total	3,482	3,278	3,879	3,960
Imports	71	198	67	145
Total Supply	4,564	4,429	4,941	5,316
Exports 4/	3,068	2,785	3,596	3,735
Dom Disap 5/	501	433	370	481
End Stocks	995	1,211	975	1,100

1/ Revised;

2/ Forecast;

3/ Stocks include crude and refined for all Malaysia;

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

5/ Residual

Production

	2003	2003	2004	2004
	Aug	Jan-Aug	Aug	Jan-Aug
(In 1,000 MT)				
CPO:				
Pen. Malaysia	773	4,514	749	5,094
East Malaysia	525	2,879	570	3,453
- Total /1	1,298	7,393	1,319	8,547
Palm Kernel: Malaysia	346	2,025	336	2,248
Palm Kernel Oil: Malaysia	159	973	150	1,021
Palm Kernel Meal: Malaysia	183	1,246	173	1,173

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
Sep 2003	1,439	400	427	320
Oct	1,663	455	472	408
Nov	1,855	501	526	457
Dec	1,829	501	513	458
Jan 2004	1,790	481	493	464
Feb	1,917	513	529	468
Mar	2,046	544	557	484
Apr	1,979	540	552	496
May	1,835	503	520	477
June	1,546	432	440	410
July	1,473	409	425	385
Aug 1/	1,476	411	427	376
Sep 2004 (till 28th)	1,555	437	451	373

1/ Revised

Exchange Rate: Pegged at RM3.799 to US\$1.00 since 1998

Stock

	2003	2004	2004	2004
	Aug	Jun	July 1/	Aug
(In 1,000 MT)				
Crude P. Oil	500	579	668	613
Processed PO	512	632	623	643
- Total PO	1,012	1,211	1,291	1,256
Palm Kernel	114	96	102	102
P. Kernel Oil	225	144	143	169

1/ Revised