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Malaysia

Oilseeds and Products

Update (April)

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Report Highlights:

Malaysia's crude palm oil (CPO) production rose 5.5 percent to 1.3 MMT in March. The increase in palm oil exports was more than the increase in palm oil output, resulting in a drop in carryout stocks at the end of March. CPO prices dipped after experiencing a roller-coaster ride in the month of April. As the oil palms recover strongly from biological stress, Post has revised CPO production to 17.4 MMT for 2007/08.

Includes PSD Changes: No
Includes Trade Matrix: No
Quarterly 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 increased by 5.5 percent to 1.3 MMT in March 2008. Output in Peninsular Malaysia rose 7.8 percent while East Malaysia's production increased by 2.1 percent. Compared to March 2007, output during March 2008 was 20 percent higher. The strong recovery of palms from biological stress in the past two years is reflected in the strong increase in yields. Post has revised CPO production to reach 3.9 MMT during the Jan-Mar period and 4.3 MMT for the Apr-Jun quarter. Total CPO output is likely to hit 17.4 MMT in 2007/08.

Price

Palm oil prices experienced a roller-coaster ride during the month of March. Contributing factors included the fluctuating global soybean prices, record crude oil prices, predictions of higher CPO output during the Apr-Jun period, expectation of Indonesia lowering its export tax on palm oil and the appreciating Malaysian Ringgit. Overall, the monthly average delivered CPO price dropped from RM3,965/MT in March to RM3,413/MT in April. For comparison, the average CPO price for April 2007 was only RM2,209/MT. Refined/Bleached/Deodorized (RBD) Palm Oil FOB average price also dropped from US\$1,317/MT in March to US\$1,250/MT in March.

Stocks

An increase in palm oil exports more than offset the increase palm oil production and resulted in a drop in carryout stocks to 1.8 MMT at the end of March. With an expected strong demand for exports in the Apr-Jun quarter, Post expects the stock level to further decrease to 1.7 MMT by the end of June.

Trade

Preliminary official report shows PO exports increased by 17 percent to 1.2 MMT in March. According to SGS Cargo Surveyor, PO exports rose 3 percent to 1.07 MMT during the first 25 days of the month of April.

Exchange Rate: US\$1.00 = RM3.179 (Mar 29, 2008); RM3.158 (Apr 29, 2008)

Other Relevant Reports

Oilseeds & Products Annual (AGR Number MY8010)

<http://www.fas.usda.gov/gainfiles/200803/146294081.doc>

Oilseeds & Products Update Feb (AGR Number MY8005)

<http://www.fas.usda.gov/gainfiles/200804/146293845.doc>

Annual Situation

PS&D table for palm oil has been revised to reflect the stronger than expected rebound in yields in 2007/08. This would be a historical high for yields. The reasons for the sharp increase were given in MY8005.

	Revised 2006/07	Prelim 2007/08	Forecast 2008/09
(1,000 MT)			
Beg Stock	1,800	1,463	1,600
Production	15,292	17,400	17,200
Imports	265	340	300
Total Supply	17,357	19,203	19,100
Exports	13,703	14,970	14,600
Domestic Use	2,191	2,633	3,000
Ending Stock	1,463	1,600	1,500

Quarterly Production for Palm Oil

	2006 1/	2007 1/	2007 1/	2008 2/
	Jan-Mar	Jan-Mar	Apr-Jun	Apr-Jun
(1,000 MT)				
Beg Stocks 3/	1,506	1,682	1,337	1,820
Prod- Pen. Mal	1,685	2,305	1,895	2,470
- East Mal	1,500	1,642	1,598	1,790
- Total	3,185	3,947	3,493	4,260
Imports	71	145	71	70
Total Supply	4,762	5,774	4,901	6,150
Exports 4/	2,818	3,349	3,215	3,750
Dom Disap 5/	607	605	486	700
End Stocks	1,337	1,820	1,200	1,700

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

	2007	2007	2008	2008
	Mar	Jan-Mar	Mar	Jan-Mar
CPO:				
Pen. Malaysia	599	1,685	787	2,305
East Malaysia	482	1,500	508	1,642
- Total /1	1,081	3,185	1,295	3,947
Palm Kernel: Malaysia	289	858	353	1,050
Palm Kernel Oil: Malaysia	154	418	165	495
Palm Kernel Meal: Malaysia	173	473	184	554

Price

	Local Crude	RBD Palm Oil	RBD Olein	RBD Stearin
	RM/MT	US\$/MT	US\$/MT	US\$/MT
Apr 2007	2,209	648	676	624
May	2,472	748	752	721
Jun	2,609	792	796	777
Jul	2,634	787	795	763
Aug	2,538	771	791	743
Sep	2,582	773	794	735
Oct	2,771	834	853	796
Nov	2,965	925	937	875
Dec	2,956	925	931	880
Jan 2008	3,221	1,030	1,037	973
Feb 1/	3,515	1,141	1,130	1,046
Mar 1/	3,695	1,317	1,322	1,150
Apr (till 27)	3,413	1,250	1,256	1,047

1/ Revised 2/ From June 2006, Prices are for West Malaysia only

Exchange Rate: US\$1.00 = RM3.179 (Mar 29, 2008); RM3.158 (Apr 29, 2008)

Stock

	2007	2008	2008	2008
	Mar	Jan 1/	Feb 1/	Mar
(1,000 MT)				
Crude P. Oil	664	986	974	988
Processed PO	674	887	953	832
- Total PO	1,338	1,873	1,927	1,820
Palm Kernel	127	146	147	148
P. Kernel Oil	330	278	312	321

1/ Revised