

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Malaysia

### Oilseeds and Products Update

**October 2011**

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**Report Highlights:**

Malaysia's crude palm oil (CPO) production rose 12 percent to 1.9 million metric tons (MMT) in Sep, 2011, bringing total CPO output for 2010/11 to 18.2 MMT. Palm oil exports declined 9 percent to 1.5 MMT in September, resulting in a build-up in carry-out stock at the end of September 2011. The monthly average delivered CPO price declined to \$929/MT in October. Post's forecast for CPO output for 2011/12 is at 18.35 MMT as the palms are expected to experience biological stress in 2012.

**Post:**

Kuala Lumpur

**Executive Summary:****Production**

The Malaysian Palm Oil Board (MPOB) reported that total crude palm oil (CPO) production rose 12 percent to 1.9 MMT in Sep 2011, bringing total CPO output for 2010/11 (Oct/Sep) to 18.2 MMT. Peninsular Malaysia's production jumped 13 percent during the month of September, while East Malaysia's output was up 10 percent. Compared to September 2010, output during September 2011 was 12.8 percent higher. The palms are still experiencing a seasonal uptrend in output phase albeit a much lower pace. Post expects CPO output to be about 5.1 TMT during the Oct-Dec quarter.

**Price**

The monthly average delivered CPO price declined from \$999/MT in September to \$929/MT in October. For comparison, the average CPO price for October 2010 was \$918/MT. Currently, the key determinant of the CPO price movement is the high carry-in stock level. Refined/Bleached/Deodorized (RBD) Palm Oil FOB average price also declined from \$1,101/MT in September to \$957/MT in October.

**Stocks**

Higher CPO output and weaker demand from overseas resulted in a higher stock level at the end of September. Compared to September 2010, the stock level was 410,000 MT higher. With outlook for exports looking bright in the near term, the stock level is expected to decline to 1.9 MMT million tons by end of December.

**Trade**

A preliminary official report shows PO exports declined by 9 percent to 1.5 MMT in September. Cargo surveyor Intertek reported Malaysian palm oil exports rose 16.4 percent to 1.4 MMT during October 1-25 compared to the corresponding period in September.

Exchange Rate: US\$1 = RM3.110 (Oct 31, 2010); RM2.979 (Aug 29, 2011);  
RM3.192 (Sep 30, 2011); RM3.070 (Oct 31, 2011)

**Other Relevant Reports:**

Oilseeds & Products Annual 2011 (AGR Number [MY1004](#))

Oilseeds & Products Update August 2011 (AGR Number [MY1009](#))

Biofuel Annual 2011 (AGR Number [MY1006](#))

**Author Defined:  
Annual Situation**

Changes in the PS&D table reflect the preliminary official data for the whole of 2010/11. The forecast for CPO output during 2011/12 has been lowered to 18.35 MTM as Post expects the palms to experience biological stress after the past seven months of exceptional strong production. The outlook for foreign demand for palm oil looks bright for most of 2011/12 and a draw-down on stocks is expected by the end of 2011/12.

	Revised 2009/10	Prelim 2010/11	Forecast 2011/12
(1,000 MT)			
Beg Stock	1,579	1,708	2,120
Production	17,765	18,211	18,350
Imports	1,115	1,306	1,200
Total Supply	20,459	21,225	21,670
Exports	16,604	17,130	17,670
Domestic Use	2,147	1,975	2,100
Ending Stock	1,708	2,120	1,900

**Quarterly Production for Palm Oil**

	2010 1/ Jul-Sep	2011 Jul-Sep	2010 1/ Oct-Dec	2011 2/ Oct-Dec
Beg Stocks 3/	1,451	2,053	1,708	2,120
Prod- Pen. Mal	2,675	2,935	2,349	2,830
- East Mal	2,014	2,352	1,980	2,310
- Total	4,689	5,287	4,329	5,140
Imports	272	259	282	240

Total Supply	6,412	7,599	6,319	7,500
Exports 4/	4,150	4,970	4,256	5,000
Dom Disap 5/	554	509	448	600
End Stocks	1,708	2,120	1,615	1,900

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

	2010	2010	2011	2011
	Sep	Jan-Sep	Sep	Jan-Sep
(1000 MT)				
CPO:				
Pen. Malaysia	867	7,149	1,048	7,661
East Malaysia	696	5,516	822	6,222
- Total /1	1,563	12,665	1,870	13,883
Palm Kernel: Malaysia	395	3,218	458	3,447
Palm Kernel Oil: Malaysia	167	1,485	186	1,542
Palm Kernel Meal:	185	1,648	207	1,717

Malaysia				
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1/ Revised

### Prices

	Local Crude	RBD Palm Oil	RBD Olein	RBD Stearin
	RM/MT	US\$/MT	US\$/MT	US\$/MT
Oct 2010	2,856	944	980	940
Nov	3,259	1,073	1,090	1,051
Dec	3,630	1,180	1,173	1,124
Jan 2011	3,772	1,245	1,249	1,124
Feb	3,819	1,285	1,297	1,255
Mar	3,504	1,212	1,212	1,154
Apr	3,378	1,169	1,169	1,124
May	3,382	1,190	1,200	1,113
Jun	3,290	1,174	1,171	1,078
Jul	3,091	1,107	1,122	947
Aug	3,121	1,112	1,155	907
Sep	3,067	1,101	1,111	861
Oct (till 27)	2,852	957	975	818

1/ Prices are for West Malaysia only (since January 2006),

2/ Revised

Exchange Rate: US\$1 = RM3.110 (Oct 31, 2010); RM2.979 (Aug 29, 2011);  
RM3.192 (Sep 30, 2011); RM3.070 (Oct 31, 2011)

### Stocks

	2010	2011	2011	2011
	Sep	Jul	Aug 1/	Sep
(1,000 MT)				
Crude P. Oil	931	1,089	1,002	1,258
Processed PO	783	907	884	862
- Total PO	1,714	1,996	1,886	2,120
Palm Kernel	156	141	146	184
P. Kernel Oil	247	264	275	322

1/ Revised