

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Malaysia

### Oilseeds and Products Update

### Palm Oil Update

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**Report Highlights:**

As a result of lower than forecast production in the first 6 months and expectations for a return to slightly above trend yields for the remainder of 2014/15, palm oil output is now forecast at 19.535 million tons. Imports have increased as local independent refiners find CPO from Indonesia attractive. Despite a slowdown in exports during the first half of the year, the pace of export demand is expected to resume in the final half of the year as major buyers rebuild depleted stocks.

## Palm Oil Production, Supply, and Demand Table

Oil, Palm Malaysia	2013/2014		2014/2015		2015/2016	
	Market Year Begin: Oct 2013		Market Year Begin: Oct 2014		Market Year Begin: Oct 2015	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
<b>Beginning Stocks</b>	1,784	1,784	2,091	2,090		2,383
<b>Production</b>	20,161	20,161	19,800	19,535		20,100
<b>MY Imports</b>	358	319	375	683		550
<b>Total Supply</b>	22,303	22,264	22,266	22,308		23,033
<b>MY Exports</b>	17,344	17,344	17,200	16,973		17,400
<b>Industrial Dom. Cons.</b>	2,170	2,150	2,350	2,272		2,450
<b>Food Use Dom. Cons.</b>	648	640	650	640		650
<b>Feed Waste Dom. Cons.</b>	50	40	50	40		40
<b>Total Dom. Cons.</b>	2,868	2,830	3,050	2,952		3,140
<b>Ending Stocks</b>	2,091	2,090	2,016	2,383		2,493
<b>Total Distribution</b>	22,303	22,264	22,266	22,308		23,033

### Production

In line with historic yield trends, production for the usual low season months of April to June is forecast at 4.8 million tons, compared to 4.782 million tons during 2014. For the fourth-quarter, July till September 2015, output is expected to reach 5.95 million tons, up from the previous year. This return to slightly above trend production levels the rest of the year stems from expectations for a rebound in production in the flood affected areas of East Coast Malaysia, and better than expected production in Southern region of Malaysia and East Malaysia due to good growing conditions. Meanwhile, the production forecast for 2015/26 has been lowered due to a reductions in yield expectations in newly maturing areas in East Malaysia.

### Trade

After setting a 4.5 percent export tax in April, the Ministry of Plantations will reportedly resume the zero export tax in May and beyond to boost exports and reduce stocks. While the zero tax might encourage exports, it also has the effect of limiting local supplies to independent refiners, who have increased purchases from Indonesia as a result. In addition, the implementation of Goods and Services Tax (GST) of 6 percent on 1<sup>st</sup> April might make it less favorable for millers to sell CPO to local refiners as CPO for export is GST exempt; whereas CPO for local consumption is subject to the tax. While the millers

can be refunded the GST, it may take time.

Exports were less than expected during the first six months of the marketing year, but shipments are forecast to rebound during the final half of the year as major customers rebuild stocks. Nonetheless, exports are still forecast to be down relative to 2013/14.

### **Palm Oil production from April till September for year 2013, 2014 and 2015\***

Month	2015 *	2014	2013
April	1,520	1,555	1,366
May	1,600	1,657	1,384
June	1,680	1,570	1,417
<b>April – June</b>	<b>4,800</b>	<b>4,782</b>	<b>4,167</b>
July	1,900	1,666	1,675
August	1,950	2,032	1,735
September	2,100	1,897	1,912
<b>July – September</b>	<b>5,950</b>	<b>5,595</b>	<b>5,322</b>
<b>Total April - September</b>	<b>10,750</b>	<b>10,377</b>	<b>9,489</b>

\*Projected based on 5 years production average.

The following MHE/yield table is based on the October/September marketing year:

	2011/12	2012/13	2013/14	2014/15	2015/16
Area-MHE (1,000 ha)	2,409	2,547	2,608	2,652	2,698
Production (TMT)	18,202	19,300	20,161	19,535	20,100
Yield-MHE (Ton/ha)	7.55	7.74	7.73	7.36	7.45

2014/15 MONTHLY S&D Forecast (in 1000 Metric Tons)

	BE G	PRODUCTION				TO TA L	EX PO RT	DO ME ST	EN D
	ST OC KS	W ES T	E A ST	TO TA L	IM PO RT	SU PPL Y		USE	ST OC KS
<b>2014</b>									
OCT	<b>2,090</b>	<b>971</b>	<b>922</b>	<b>1,893</b>	<b>83</b>	<b>4,066</b>	<b>1,605</b>	<b>295</b>	<b>2,166</b>
NOV	2,166	871	879	1,750	99	4,015	1,513	224	2,278
DEC	2,278	609	756	1,356	90	3,733	1,519	201	2,013
OCT-DEC	<b>2,090</b>	<b>2,451</b>	<b>2,557</b>	<b>5,008</b>	<b>272</b>	<b>7,370</b>	<b>4,637</b>	<b>720</b>	<b>2,013</b>
<b>2015</b>									
JAN	2,013	551	609	1,160	90	3,263	1,184	309	1,770
FEB	1,770	606	516	1,122	63	2,955	971	241	1,743
MAR	1,743	843	652	1,495	42	3,280	1,182	232	1,866
JAN-MAR	<b>2,013</b>	<b>2,000</b>	<b>1,777</b>	<b>3,777</b>	<b>195</b>	<b>5,985</b>	<b>3,337</b>	<b>782</b>	<b>1,866</b>
APR	1,866	836	684	1,520	54	3,440	1,339	251	1,850
MAY	1,850	880	720	1,600	46	3,496	1,426	251	1,819
JUN	1,819	924	756	1,680	31	3,530	1,555	195	1,780
APR-JUN	1,866	2,640	2,160	<b>4,800</b>	131	6,797	4,320	697	1,780
JULY	1,780	1,045	855	1,900	35	3,715	1,544	271	1,900

AUG	1,90 0	1,0 72	87 8	1,9 50	30	3,8 80	1,54 4	241	2,09 5
SEPT	2,09 5	1,1 55	94 5	2,1 00	20	4,2 15	1,59 1	241	2,38 3
JUL-SEP	1,78 0	3,2 72	2, 67 8	<b>5,9</b> <b>50</b>	85	7,8 15	4,67 9	753	2,38 3
OCT-SEP	<b>2,09</b> <b>0</b>	<b>10,</b> <b>36</b> <b>3</b>	<b>9,</b> <b>17</b> <b>2</b>	<b>19,</b> <b>535</b>	<b>683</b>	<b>22,</b> <b>308</b>	<b>16,9</b> <b>73</b>	<b>2,95</b> <b>2</b>	<b>2,38</b> <b>3</b>

**RED** actual data issued by MPOB.