

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Malaysia

Oilseeds and Products Update

June 2012

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Report Highlights:

In May, Malaysia's crude palm oil (CPO) production rose 9 percent to 1.4 million tons. Though the weather had contributed positively to May CPO production, the biological stress the palms suffered for the last 24 months has caused lower yields. Palm oil exports rose marginally to 1.3 million tons in April. With a higher palm oil output, the monthly average delivered CPO price declined to \$968/ton in June.

Post:

Kuala Lumpur

Executive Summary:**Production**

The Malaysian Palm Oil Board (MPOB) reported that total crude palm oil (CPO) production rose 9 percent to 1.4 million tons in May 2012. Peninsular Malaysia's production increased by 9 percent during the month of May, while East Malaysia's output was up 8 percent. However, compared to May 2011, output during May 2012 was 7.2 percent lower. Increased in production for the month of May 2012 was attributed to favorable weather but the biological stress started to take effect since February 2012 had led to lower yields for year 2012. Post expects CPO output to be about 4.8 million tons during the Apr-Jun 2012, compared to 5.0 million in the Apr-Jun quarter previous year.

Price

The monthly average delivered CPO price declined from \$1014/ton in May to \$929/ton in June. For comparison, the average CPO price for June 2011 was \$1,088/ton. Currently, the key determinant of the CPO price movement is the expected higher seasonal output of palm oil in the coming months. Refined/Bleached/Deodorized (RBD) Palm Oil FOB average price also declined from \$1,049/ton in May to \$968/ton in June.

Stocks

Low demand from overseas resulted in a higher stock level at the end of April. Compared to May 2011, the stock level was 158,000 tons higher. With an expected seasonal increase in CPO production, the stock level is expected to increase to 2.2 million by the end of June.

Trade

A preliminary official report shows a marginal increase in palm oil exports of 64,610 ton to 1.4 million tons in May.

Exchange Rate: US\$1 = RM3.152 (May 29, 2012); RM3.187 (Jun 28, 2012)

Other Relevant Reports:

Oilseeds & Products Annual 2012 (AGR Number [MY2002](#))

Oilseed & Products Update May 2012 (AGR Number [MY2004](#))

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

**Author Defined:
Annual Situation**

The PS&D table remains unchanged since the submission of the Annual Oilseed Report in March 2012.

	Revised 2010/11	Prelim 2011/12	Forecast 2012/13
(1,000 MT)			
Beg Stock	1,756	2,100	2,000
Production	18,211	18,500	19,000
Imports	1,310	1,200	1,250
Total Supply	21,277	21,800	22,250
Exports	17,151	17,400	17,550
Domestic Use	2,026	2,400	2,570
Ending Stock	2,100	2,000	2,130

Quarterly Production for Palm Oil

	2011	2012	2011 1/	2012 2/
	Jan-Mar	Jan-Mar	Apr-Jun	Apr-Jun
Beg Stocks 3/	1,615	2,058	1,614	1,954
Prod- Pen. Mal	1,964	1,970	2,761	2,600
- East Mal	1,606	1,712	2,264	2,200
- Total	3,570	3,686	5,025	4,800
Imports	487	587	278	400
Total Supply	5,672	6,331	6,917	7,154
Exports 4/	3,574	3,920	4,328	4,400

Dom Disap 5/	484	457	536	545
End Stocks	1,614	1,954	2,053	2,200

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

	2011	2011	2012	2012	2012	2012
	May	Jan-May	Mar	Apr	May	Jan-May
(1000 MT)						
CPO:						
Pen. Malaysia	967	3,768	659	704	767	3,445
East Malaysia	775	3,072	552	569	617	2,899
- Total /1	1,742	6,840	1,211	1,273	1,384	6,344
Palm Kernel: Malaysia	432	1,733	314	324	343	1,627
Palm Kernel Oil: Malaysia	193	772	152	139	161	764
Palm Kernel Meal: Malaysia	214	861	168	155	179	846

1/ Revised

Prices

	Local Crude	RBD Palm Oil	RBD Olein	RBD Stearin
	RM/MT	US\$/MT	US\$/MT	US\$/MT
Jun 2011	3,290	1,174	1,171	1,078
Jul	3,091	1,107	1,122	947
Aug	3,121	1,112	1,153	907
Sep	3,067	1,101	1,111	861
Oct	2,841	947	974	830
Nov	3,073	1,026	1,056	929
Dec	3,065	1,034	1,055	933
Jan 2012	3,189	1,046	1,062	950
Feb	3,116	1,061	1,081	959
Mar	3,291	1,116	1,130	1,012
Apr	3,493	1,162	1,167	1,136
May 2/	3,197	1,049	1,081	1,044
Jun (till 26 th)	2,960	968	965	930

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

2/ Revised

Exchange Rate: US\$1 = RM3.152 (May 29, 2012); RM3.187 (Jun 28, 2012)

Stocks

	2011	2012	2012	2012	2012
	May	Feb	Mar	Apr 1/	May
(1,000 MT)					
Crude P. Oil	1,078	1,048	976	989	965
Processed PO	845	1,013	978	858	800
- Total PO	1,923	2,061	1,954	1,847	1,765
Palm Kernel	159	101	91	120	114
P. Kernel Oil	249	365	347	314	341

1/ Revised