

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Malaysia

Oilseeds and Products Update

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Report Highlights:

Crude palm oil (CPO) production reached 2.0 million tons in September 2012, which combined with sluggish exports, pushed ending stocks to a record 2.5 million tons. Final 2011/12 CPO output was 18.2 million tons for 2011/12. Exports recorded a 4.5 percent increase compared to the previous month, equaling 1.5 million tons. Effective January 1, 2013, Malaysia will implement a flexible CPO export tax system, similar to that of Indonesia, and also eliminate the duty-free CPO export quota.

Post:

Kuala Lumpur

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Executive Summary:

Palm Oil Production, Supply, and Demand Table

Oil, Palm Malaysia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Oct 2010		Market Year Begin: Oct 2011		Market Year Begin: May 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	1,756	1,756	2,078	2,078	2,481	2,481
Production	18,211	18,211	18,202	18,202	18,500	19,000
MY Imports	1,648	1,648	1,830	1,442	1,700	1,250
Total Supply	21,615	21,615	22,110	21,722	22,681	22,731
MY Exports	16,307	16,307	16,400	16,400	16,800	17,500
Industrial Dom. Cons.	2,210	2,210	2,229	1,861	2,348	2,200
Food Use Dom. Cons.	880	880	900	880	950	900
Feed Waste Dom. Cons.	140	140	100	100	126	131
Total Dom. Cons.	3,230	3,230	3,229	2,841	3,424	3,231
Ending Stocks	2,078	2,078	2,481	2,481	2,457	2,000
Total Distribution	21,615	21,615	22,110	21,722	22,681	22,731

Production

CPO production increased 20 percent to 2.0 million tons in September, with Peninsular Malaysia's increasing 19.9 percent and East Malaysia's up about 21.2 percent. This was 7.2 percent higher than September 2011. Peak production should occur in the month of November.

A recently announced \$141.5 million replanting program for independent smallholders (to cover about 14 percent of Malaysia 5 million hectares of palm area) will pull some area out of production in 2013, but output is still forecast to rebound in 2012/13.

Price

Growing stocks led to the monthly average delivered CPO price dropping from \$887/ton in September to \$735/ton in October. In October 2011, the average was \$1,029/ton.

Refined/Bleached/Deodorized (RBD) Palm Oil FOB average price dropped from \$943/ton in September to \$780/ton in October in tandem with the drop of CPO price.

Stocks

Stocks grew from 2.11 million tons in August to a record 2.48 million tons at the end of September, marking a record for marketing year ending stocks. The marginal increase of 4.5% in exports had little impact in reducing stock levels.

Trade

A preliminary report shows an increase in palm oil exports of 65,000 ton to 1.5 million tons in September. Exports increased in September due to improvement in demand from China and India, which recorded 20.8 and 15.5 percent month-to-month increases respectively. September 2012 exports were 2.7 percent lower than September 2011.

Exchange Rate: US\$1 = RM3.074 (Sep 27, 2012); RM3.052 (Oct 22, 2012)

Other Relevant Reports:

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

Oilseed & Products Update Sep 2012 (AGR Number [MY2009](#))

Biofuel Annual 2012 (AGR Number [MY2006](#))

Quarterly CPO PSD (1,000 tons)

	2011/2012					
	Beg Stock	Prod	Import	Export	Domst	End Stock
Oct / Dec	2,134	5,031	280	5,096	291	2,058
Jan / March	2,058	3,686	587	3,920	457	1,954
Apr / Jun	1,954	4,128	391	4,260	528	1,685
July / Sept	1,685	5,358	180	4,230	516	2481
Total		18,203	1438	17506	1792	

	2012/2013*					
	Beg Stock	Prod	Import	Export	Domst	End Stock
Oct / Dec	2,481	6270	250	5265	488	3248
Jan / March	3248	3420	500	3686	763	2719
Apr / Jun	2719	4180	338	4212	854	2171
July / Sept	2171	5130	162	4387	946	2130
Total		19,000	1250	17,550	3,051	

* forecast

Quarterly CPO Production (1,000 tons)

	2011/12	2012/13*
(1,000 MT)		
Oct / Dec	5,031	6,270
Jan / March	3,686	3,420
Apr / Jun	4,128	4,180
July / Sept	5,358	5,130

*forecast

Prices

	Local Crude	RBD Palm Oil	RBD Olein	RBD Stearin
	RM/MT	US\$/MT	US\$/MT	US\$/MT
Oct 2011	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	3,197	1,049	1,081	1,044
Jun	2,961	956	967	928
Jul	3,033	991	997	941
Aug	2,811	938	954	873
Sep 2/	2,729	933	954	865
Oct (till 18 th)	2,244	780	798	748

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

Exchange Rate: US\$1 = RM3.074 (Sep 27, 2012); RM3.052 (Oct 22, 2012)

Stocks

	2011	2012	2012	2012	2012
	Sep	Jun	Jul	Aug 1/	Sep
(1,000 MT)					
Crude P. Oil	1,277	786	954	1,191	1,607
Processed PO	886	913	1,045	921	874
- Total PO	2,163	1,699	1,999	2,112	2,481
Palm Kernel	184	127	146	175	209
P. Kernel Oil	322	315	360	372	389

1/ Revised