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## Malaysia

### Oilseeds and Products

#### Update (Jan)

#### 2006

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**Report Highlights:**

Malaysia's crude palm oil (CPO) production declined 12.3 percent to 1.1 MT in December 2005, bringing the total CPO output to 15 MMT for CY2005. Carry-over stock level at the end of the December increased marginally to 1.6 MMT, reflecting the higher carry-in PO stocks and a sharp increase in PO imports. Stronger overseas demand influenced the average local CPO price to increase to RM1,412 (US\$377)/MT in January, 2006. Preliminary official PO exports stagnated at 1.0 MMT in December.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled 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 declined by 12.3 percent to 1.1 MMT in December 2005, bringing the total CPO output to 15 MMT for CY2005. While East Malaysia's production dropped by 8.1 percent, output in the Peninsula Malaysia plummeted 17 percent. Compared to December 2004, output during December 2005 was 18 percent lower. Market players expect CPO output to drop further in the January-March quarter. In addition to the seasonal low production period, localized flooding in the northern part of the Peninsula effected the harvesting of the palm fruits in the early part of January.

### Price

Stronger overseas demand during the latter half of January resulted in a small increase in local CPO prices during the month of January. The monthly average CPO price rose from RM1,382/MT in December, 2005 to RM1,412/MT in January, 2006. For comparison, the average CPO price for January 2005 was RM1,331/MT. The Refined/Bleached/Deodorized (RBD) Palm Oil FOB average price also rose from US\$387/MT in December to US\$389/MT in January.

### Stocks

Higher carry-in PO stocks and a sharp increase in PO imports offset the plunge in CPO output, resulting in a marginal increase in carry-out stocks at the end of December. PO exports slowed during the first half of January but rebound during the second half. With the expected seasonal downtrend in PO output during the Jan-Mar period, Post forecast carry-out stocks to decline to about 1.4 MMT by the end of March.

### Trade

Preliminary official PO exports stagnated at 1.0 MMT in the month of December due to the aggressive selling of Indonesian palm oil following the recent depreciation of the rupiah.

Exchange Rate: US\$1.00 = RM3.7807 (Dec 30, 2005): RM3.748 (Jan 24, 2006).

**Annual Situation**

PS&D table for palm oil remains unchanged since the submission of the Oilseed Update Report MY5045.

	Revised 2003/04	Prelim 2004/05	Forecast 2005/06
(1,000 tons)			
Beg Stock	975	1,332	1,436
Production	13,420	15,194	15,500
Imports	773	430	400
Total Supply	15,168	16,956	17,336
Exports	11,602	13,563	13,740
Domestic Use	2,234	1,957	2,396
Ending Stock	1,332	1,436	1,200

## Quarterly Outlook for Palm Oil

	2004 1/	2005 2/	2005 1/	2006 2/
	Oct-Dec	Oct-Dec	Jan-Mar	Jan-Mar
	(1,000 tons)			
Beg Stocks 3/	1,333	1,436	1,490	1,604
Prod- Pen. Mal	2,173	1,882	1,959	1,920
- East Mal	1,763	1,820	1,458	1,430
- Total	3,936	3,702	3,417	3,350
Imports	108	230	141	200
Total Supply	5,377	5,368	5,048	5,346
Exports 4/	3,410	3,260	3,128	3,400
Dom Disap 5/	477	504	473	511
End Stocks	1,490	1,604	1,447	1435

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**

	2004	2004	2005	2005
	Dec	Jan-Dec	Dec	Jan-Dec
(In 1,000 MT)				
CPO:				
Pen. Malaysia	732	8,093	484	8,291
East Malaysia	582	5,882	591	6,669
- Total /1	1,314	13,975	1,075	14,960
Palm Kernel: Malaysia	343	3,662	274	3,965
Palm Kernel Oil: Malaysia	163	1,642	139	1,842
Palm Kernel Meal: Malaysia	188	1,894	159	2,096

1/ Revised

**Prices**

(Crude delivered basis; RBD Oils in Bulk, FOB Malaysia)

	Local Crude	RBD Palm Oil	RBD Olein	RBD Stearin
	RM/MT	US\$/MT	US\$/MT	US\$/MT
Jan 2005	1,331	363	376	336
Feb	1,299	351	364	324
Mar	1,421	392	402	349
Apr	1,428	389	401	355
May	1,410	389	401	355
Jun	1,398	384	395	348
July	1,408	388	398	344
Sep	1,381	385	398	330
Oct	1,452	401	413	341
Nov	1,420	388	399	341
Dec 1/	1,382	376	387	350
Jan 2006 (till 20)	1,412	380	389	364

1/ Revised

Exchange Rate: US\$1.00 = RM3.7807 (Dec 30, 2005): RM3.748 (Jan 24, 2006).

**Stock**

	2004	2005	2005	2005
	Dec	Oct	Nov 1/	Dec
(In 1,000 MT)				
Crude P. Oil	891	839	918	893
Processed PO	599	658	683	711
- Total PO	1,490	1,497	1,601	1,604
Palm Kernel	167	177	184	174
P. Kernel Oil	195	260	237	235

1/ Revised