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Malaysia

Oilseeds and Products

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Report Highlights:

Malaysia's crude palm oil (CPO) production dropped 2.5% to 1.1 MMT in January 2007, largely due to seasonal downtrend. Despite a decline in PO exports, the drop in CPO production and increase in domestic consumption contributed to a 2% drop in carryout stocks to 1.47 MMT at the end of January. Lacking fresh leads, the monthly average CPO price eased from RM1,930/MT in the January to RM1,924/MT in February.

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 dropped 2.5% to 1.1 MMT in January 2006. Output in Peninsular Malaysia decreased by 0.6% while East Malaysia's production was down by 5.7%. Compared to January 2005, output during January 2006 was 19% higher. The relatively small decline was largely due to the seasonal downtrend in CPO output. Localized flooding caused minimal damage. Post expects CPO output to turn around by March. The industry has recovered quickly from the second wave of flooding in the southern state of Johor in early February. Total CPO output during the Jan-Mar quarter should be within Post's earlier forecast of 3.6 MMT.

Price

Lacking fresh leads, the monthly average CPO price eased from RM1,930/MT in the January to RM1,924/MT in February. For comparison, the average CPO price for March 2006 was RM1,435/MT. However, the Refined/Bleached/Deodorized (RBD) Palm Oil FOB average price rose from US\$567/MT in January to US\$575/MT in February largely due to the strong rebound in soyoil prices towards the end of February.

Stocks

Despite a decline in PO exports, the drop in CPO production and increase in apparent domestic disappearance contributed to a 2% drop in carryout stocks to 1.47 MMT at the end of January. A lower forecast of CPO production in the coming months should further erode the stock level at the about 1.4 MMT by the end of Jan-Mar quarter.

Trade

Preliminary official PO exports declined by 21% to 952 TMT in January while cargo surveyor Societe Generale de Surveillance reported exports of 635 TMT for the first 21 days of February, 5% higher than the amount exported during the corresponding period of the previous month.

Exchange Rate: US\$1.00 = RM3.50 (Jan 31,2007); RM3.482 (Feb 23,2007)

Annual Situation

PS&D table for palm oil remains unchanged since the submission of the Oilseed Update Report MY7002.

	Revised 2004/05	Prelim 2005/06	Forecast 2006/07
(1,000 tons)			
Beg Stock	1,332	1,436	1,799
Production	15,194	15,486	16,500
Imports	333	700	350
Total Supply	16,859	17,622	18,649
Exports	12,634	13,078	14,000
Domestic Use	2,789	2,745	3,149
Ending Stock	1,436	1,799	1,500

Quarterly Outlook for Palm Oil

	2005 1/	2006 2/	2006 1/	2007 2/
	Oct-Dec	Oct-Dec	Jan-Mar	Jan-Mar
	(1,000 tons)			
Beg Stocks 3/	1,436	1,799	1,604	1,506
Prod- Pen. Mal	1,882	2,127	1,785	1,870
- East Mal	1,820	1,969	1,447	1,730
- Total	3,702	4,096	3,232	3,600
Imports	187	58	310	60
Total Supply	5,325	5,953	5,146	5,166
Exports 4/	3,039	3,940	2,897	3,200
Dom Disap 5/	682	507	663	560
End Stocks	1,604	1,506	1,586	1,400

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

	2005	2006	2006	2007
	Jan-Dec	Jan	Jan-Dec	Jan
(In 1,000 MT)				
CPO:				
Pen. Malaysia	8,290	464	8,972	576
East Malaysia	6,671	472	6,909	539
- Total /1	14,961	936	15,881	1115
Palm Kernel: Malaysia	3,964	249	4,125	304
Palm Kernel Oil: Malaysia	1,843	117	1,956	139
Palm Kernel Meal: Malaysia	2,096	133	2,200	158

1/ Revised

Prices

	Local Crude	RBD Palm Oil	RBD Olein	RBD Stearin
	RM/MT	US\$/MT	US\$/MT	US\$/MT
Feb 2006	1,435	398	404	381
Mar	1,422	400	407	392
Apr	1,396	402	410	391
May	1,422	413	421	400
Jun	1,397	404	415	399
August	1,447	421	431	404
Aug	1,605	468	477	422
Sep	1,524	451	457	419
Oct	1,515	441	450	408
Nov	1,690	487	493	432
Dec	1,865	548	553	482
Jan 1/	1,930	567	574	517
Feb 2007 (till 23)	1924	575	578	527

1/ Revised 2/ From June 2006, Prices are for West Malaysia only

Exchange Rate: US\$1.00 = RM3.50 (Jan 31,2007); RM3.482 (Feb 23,2007)

Stock

	2006	2006	2006	2007
	Jan	Nov	Dec 1/	Jan
(In 1,000 MT)				
Crude P. Oil	866	1,103	879	859
Processed PO	675	572	628	615
- Total PO	1,541	1,675	1,507	1,474
Palm Kernel	185	188	161	164
P. Kernel Oil	228	378	363	363

1/ Revised