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Malaysia

Oilseeds and Products

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Report Highlights:

Malaysia's crude palm oil (CPO) production rose 14.8 percent to 1.56 MMT in August, signaling a recovery in yields. Post expects total CPO production for 2006/07 to tip 15.4 MMT. The increase in CPO production resulted in an increase in carryout stocks to 1.45MMT at the end of August. Palm oil prices strengthened during the month of August in line with the increase in global soyoil prices.

Includes PSD Changes: No
Includes Trade Matrix: No
Trade 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 rose 14.8 percent to 1.56 MMT in August 2007. Output in Peninsular Malaysia increased 10 percent while East Malaysia's production rose 21 percent. Compared to August 2006, output during August 2007 was 1.4 percent high signaling a recovery from the stress-related reduction in yields in the past six months. Post estimates CPO output at 4.67 MMT for the Jul-Sep period, bringing total CPO production for 2006/07 to 15.4 MMT.

Price

Palm oil prices strengthened during the month of September in line with the increase in global soyoil prices. Overall, the monthly average delivered CPO price rose from RM2,538/MT in August to RM2,596/MT in September. For comparison, the average CPO price for September 2006 was RM1,524/MT. Refined/Bleached/Deodorized (RBD) Palm Oil FOB average price also increased from US\$771/MT in August to US\$779/MT in September.

Stocks

The increase in palm oil exports was offset by a bigger increase in CPO production, resulting in an increase in carryout stocks to 1.45 MMT at the end of August. With an expected further increase in CPO output in the Jul-Sep quarter, Post expects the stock level to increase to 1.58 MMT by the end of September.

Trade

Preliminary official PO exports increased by 13 percent to 1.2 MMT in August. Cargo surveyor Societe Generale de Surveillance reported exports of 1.1 TMT for the first 25 days of September, 12 percent higher than the amount exported during the corresponding period of the previous month.

Exchange Rate: US\$1.00 = RM3.504 (Aug 30,2007); RM3.396 (Sep 30,2007)

Other Relevant Reports

Oilseeds & Products Annual (AGR Number MY7008)
<http://www.fas.usda.gov/gainfiles/200703/146280491.pdf>

Annual Situation

Minor changes in PS&D table for palm oil reflects a small upward revision for 2006/07 PO output, resulting in an increase revision in the carryout stock level.

	Revised 2005/06	Prelim 2006/07	Forecast 2007/08
(1,000 MT)			
Beg Stock	1,436	1,800	1,580
Production	15,486	15,440	16,600
Imports	696	270	300
Total Supply	17,618	17,510	18,480
Exports	12,781	13,730	13,880
Domestic Use	3,037	2,200	3,150
Ending Stock	1,800	1,580	1,450

Quarterly Outlook for Palm Oil

	2006 1/	2007 2/	2006 1/	2007 2/
	Jul-Sep	Jul-Sep	Oct-Dec	Oct-Dec
(1,000 MT)				
Beg Stocks 3/	1,646	1,200	1,646	1,580
Prod- Pen. Mal	2,664	2,650	2,664	2,300
- East Mal	1,858	2,020	1,858	1,870
- Total	4,522	4,670	4,522	4,170
Imports	51	70	51	50
Total Supply	6,219	5,940	6,219	5,800
Exports 4/	3,553	3,760	3,553	3,800
Dom Disap 5/	867	600	867	600
End Stocks	1,799	1,580	1,799	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

	2006	2006	2007	2007
	Aug	Jan-Aug	Aug	Jan-Aug
(1000 MT)				
CPO:				
Pen. Malaysia	919	5,940	869	5,238
East Malaysia	618	4,235	689	4,356
- Total /1	1,537	10,175	1,558	9,594
Palm Kernel: Malaysia	399	2,682	398	2,495
Palm Kernel Oil: Malaysia	180	1,268	179	1,172
Palm Kernel Meal: Malaysia	201	1,429	200	1,326

1/ Revised

Prices

	Local Crude	RBD Palm Oil	RBD Olein	RBD Stearin
	RM/MT	US\$/MT	US\$/MT	US\$/MT
Sep 2006	1,524	451	457	419
Oct	1,515	441	450	408
Nov	1,690	487	493	432
Dec	1,865	548	553	482
Jan 2007	1,930	567	574	517
Feb	1,927	567	578	526
Mar	1,959	585	588	544
Apr	2,209	648	676	624
May	2,472	748	752	721
Jun	2,609	792	796	777
Jul	2,634	787	795	763
Aug 1/	2,538	771	791	743
Sep (till 27)	2,596	779	800	740

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

Exchange Rate: US\$1.00 = RM3.504 (Aug 30,2007); RM3.396 (Sep 30,2007)

Stock

	2006	2007	2007	2007
	Aug	Jun	Jul 1/	Aug
(1,000 MT)				
Crude P. Oil	1,031	516	577	723
Processed PO	654	684	730	727
- Total PO	1,685	1,201	1,307	1,450
Palm Kernel	181	104	137	159
P. Kernel Oil	363	216	190	191

1/ Revised