



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Required Report - public distribution

Date: 2/26/2001

GAIN Report #MY1011

Malaysia

Oilseeds and Products

Update (Feb)

2001

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Report Highlights:

Malaysia's CPO production rose 12.8 percent to 1.06 MMT in January, 2001. The surge in output, and weaker PO exports and domestic utilization resulted in higher carry-over stocks at the end of January. The average local CPO price dropped from US\$189/MT in January to US\$182/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 in January, 2001 rose 12.8 percent to 1.06 MMT. Output in the Peninsula increased by 16 percent while East Malaysia's production rose 8 percent. Compared to January 2000, output during January 2001 was 38 percent higher. The large increase in CPO production indicated the palms are experiencing a stronger-than-expected recovery from biological stress which lasted from September 1999 till August 2000. Post's current forecast for CPO output during the Jan-Mar quarter has been revised upwards to about 3 MMT.

Prices

News of export surpluses from Malaysia as well as Indonesia influenced the decline in Malaysian CPO prices during the month of February, resulting in the average monthly CPO price sliding from US\$189/MT in January to US\$182/MT in February. For comparison, the average CPO price for February, 2000 was US\$282/MT. RBD Palm Oil FOB average price also declined from US\$200/MT in January to \$195/MT in February. The strong recovery in CPO yields and output will restrain any strong increase in CPO prices for the next few months.

The current low CPO prices are hurting the settlers' incomes in Government-sponsored oil palm projects administered by the Federal Land Development Authority (FELDA). However, being a very financially stable corporation, FELDA is able to provide a certain amount of relief, for example, exempting the settlers from loan repayment for the time being.

Stocks

A surge in CPO output, lower PO exports and domestic utilization contributed to a build up in carry-over stocks at the end of January. Despite being in the current seasonal low production phase, the current global vegetable oil oversupply should buoy the stock levels to historical highs during the current quarter. Post has revised stocks upwards to 1.3 MMT at the end of March.

Trade

PO exports declines from 905 TMT in December to 825 TMT in January.

Annual Situation (Oct/Sep)

PS&D table for palm oil remained unchanged since submission of MY0061.

	Revised 1998/99	Prelim 1999/2000	Forecast 2000/2001
(1,000 tons)			
Beg Stock	719	1208	1368
Production	9,758	10,491	11,300
Imports	142	73	100
Total Supply	10,619	11,772	12,768
Exports	7,952	8,736	9,500
Domestic Use	1,459	1,668	1,818
Ending Stock	1,208	1,368	1,450

Quarterly Outlook For Palm Oil:

	1999 1/	2000 2/	2000 1/	2001 2/
	Oct-Dec	Oct-Dec	Jan-Mar	Jan-Mar
Beg Stocks 3/	1208	1368	1176	1419
Prod- East Mal	938	1262	689	1120
- Pen. Mal	2005	2028	1536	1880
- Total	2943	3290	2225	3000
Imports	22	12	12	10
Total Supply	4173	4670	3413	4429
Exports 4/	2520	2795	2030	2650
Dom Disap 5/	477	456	440	479
End Stocks	1176	1419	943	1300

1/ Revised;

2/ Forecast;

3/ Stocks including crude and refined for all Malaysia;

4/ Exports exclude shipments of fatty acid oil distillate
and all intra-Malaysia trade;

5/ residual

Production

	1999	2000	2000	2001
	Jan-Dec	Jan	Jan-Dec	Jan
(In 1,000 MT)				
CPO:				
Pen. Malaysia	7428	519	7208	645
East Malaysia	3126	250	3629	418
- Total 1/	10554	769	10837	1063
Palm Kernel : Malaysia	3026	232	3165	301
Palm Kernel Oil: Malaysia	1339	100	1391	124
Palm Kernel Meal: Malaysia	1624	121	1638	145

1/ Totals may not add due to rounding differences.

Includes some revisions in previous months.

2/ 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
Feb 2000	1075	304	328	237
Mar	1119	319	333	248
Apr	1227	344	363	273
May	1103	307	328	246
June	1053	291	309	239
July	1016	280	302	221
Aug	984	275	294	222
Sep	924	260	279	200
Oct	768	218	246	146
Nov	806	226	248	184
Dec	757	210	223	190
Jan 2001 1/	718	200	212	178
Feb (till 23th)	691	1957	205	180

1/ revised

Exchange Rate (Feb 23) US\$1.00 = RM3.799

Stocks

	2000	2000	2000	2001
	Jan	Nov	Dec	Jan
(In 1,000 MT)				
Crude P. Oil	690	1021	906	995
Processed PO	501	507	513	525
- Total PO	1191	1528	1419	1520
Palm Kernel	98	186	166	186
P. Kernel Oil	114	222	246	237