

Required Report: Required - Public Distribution

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Report Name: Oilseeds and Products Update

Country: Malaysia

Post: Kuala Lumpur

Report Category: Oilseeds and Products

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Report Highlights:

Crude palm oil (CPO) production through the first 11 months of marketing year (MY) 2018/19 is up six percent compared to the same time the previous year and Post estimates total MY 2018/19 output at 20.5 million MT. Malaysian CPO exports to India (Malaysia's largest CPO customer for the past multiple years) are on track to nearly double in 2018/19. Total Malaysian CPO imports in MY 2018/19 are expected to reach 1.15 million MT, based on Malaysia Palm Oil Board data.

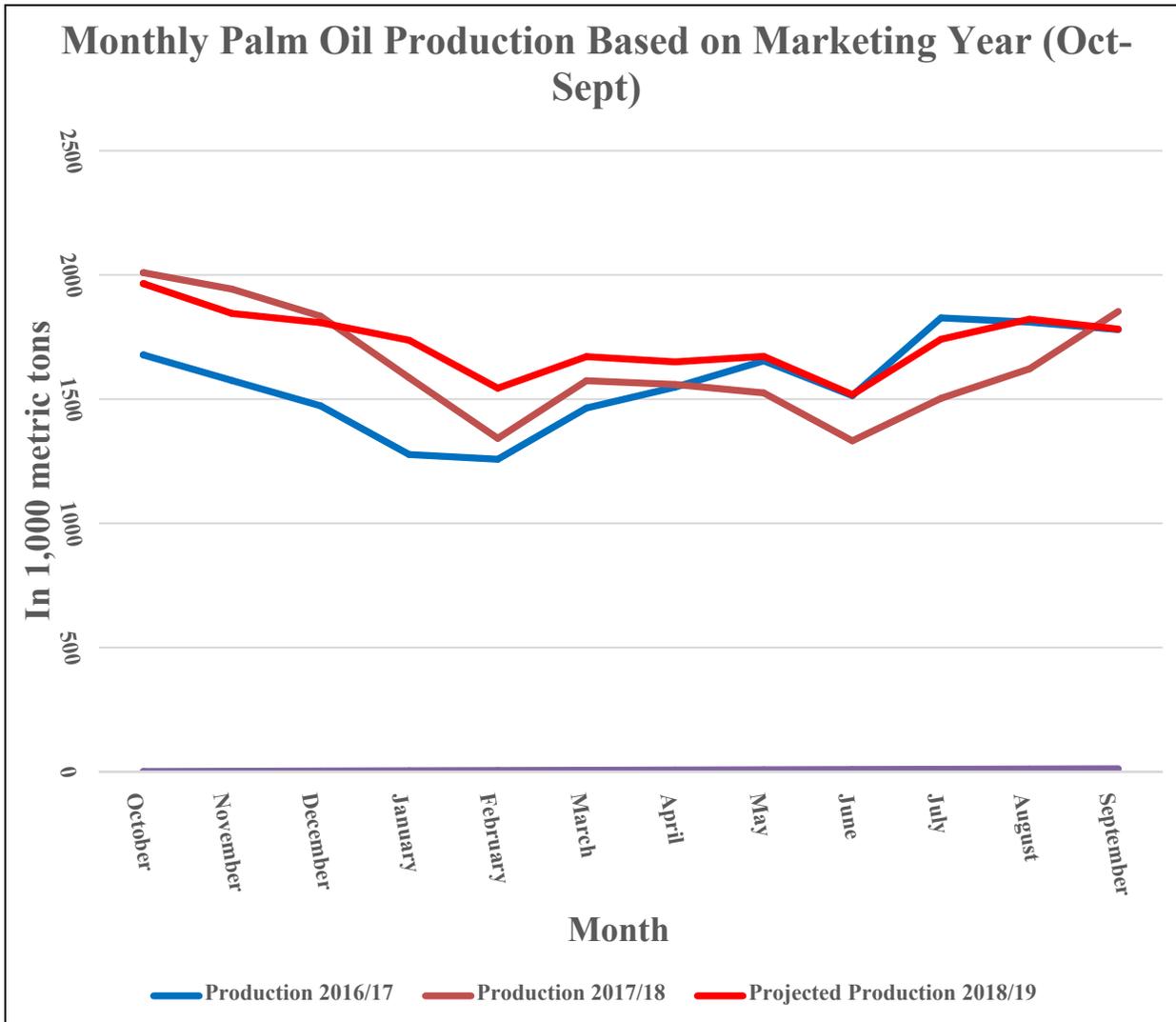
Palm Oil Production, Supply, and Distribution

Oil, Palm	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0			
Area Harvested	5,200	5,200	5,300	5,300	5,350	5,350
Trees	0	0	0	0	0	0
Beginning Stocks	2,016	2,016	2,529	2,529	2,975	2,546
Production	19,683	19,683	21,000	20,500	21,200	20,800
MY Imports	535	535	600	1,150	650	850
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	22,234	22,234	24,129	24,179	24,825	24,196
MY Exports	16,472	16,472	17,500	18,000	18,000	18,200
MY Exp. to EU	1,850	1,850	1,900	2,007	2,000	2,100
Industrial Dom. Cons.	2,460	2,460	2,850	2,813	3,150	3,000
Food Use Dom. Cons.	700	700	725	750	760	800
Feed Waste Dom. Cons.	73	73	79	70	75	55
Total Dom. Cons.	3,233	3,233	3,654	3,633	3,985	3,855
Ending Stocks	2,529	2,529	2,975	2,546	2,840	2,141
Total Distribution	22,234	22,234	24,129	24,179	24,825	24,196

(1,000 HA), (1,000 trees), (1,000 MT)

Production

According to Malaysian Palm Oil Board (MPOB) data, crude palm oil (CPO) production through the first 11 months of marketing year (MY) 2018/19 reached 19 million metric tons (MT). This is an increase of over six percent compared to the same time the previous marketing year. Industry contacts report favorable weather conditions and an improving labor situation are contributing factors in the increased production so far in MY 2018/19. Provided weather and labor conditions remain favorable, Post forecasts total CPO production for MY 2018/19 at 20.5 million MT and MY 2019/20 production at 20.8 million MT.



Source: MPOB data and FAS/Kuala Lumpur analysis

Consumption

Post maintains MY 2018/19 domestic consumption estimates at just over 3.6 million MT, an increase of roughly 12 percent from the previous year. Analysts report the government of Malaysia (GOM) shift from a B7 to a B10 biodiesel mandate earlier in the calendar year has had a positive impact on domestic consumption. For MY 2019/20, Post forecasts domestic consumption at roughly 3.9 million MT as the GOM moves towards a B20 mandate. Although the GOM has stated the B20 mandate will be implemented by 2020, many analysts believe this higher blend rate may require a longer transition time in order to manage industry and consumer expectations. Other analysts point out that another challenging dynamic for an increased blend rate in Malaysia is that current (September) palm oil prices are still higher than crude oil prices.

Recent Crude and Palm Oil Prices

	Crude #1	RBD Palm Oil	RBD Olein	RBD Stearin
	US\$/MT	US\$/MT	US\$/MT	US\$/MT
October 2018	497	540.50	540	516.50
November	446	477.50	487	448.50
December	435.50	479	480	446.50
January 2019	495	527.50	524.50	523
February	528.50	553.50	556.50	542
March	487.50	513	521.50	507.50
April	504	525.50	533.50	502
May	471.50	500.00	502	460
June	467.50	496.00	503	463.50
July	481.00	495.50	499.50	470.50
August	491.50	522.00	531.00	516.00
September	515.50	532.50	534.50	518.00

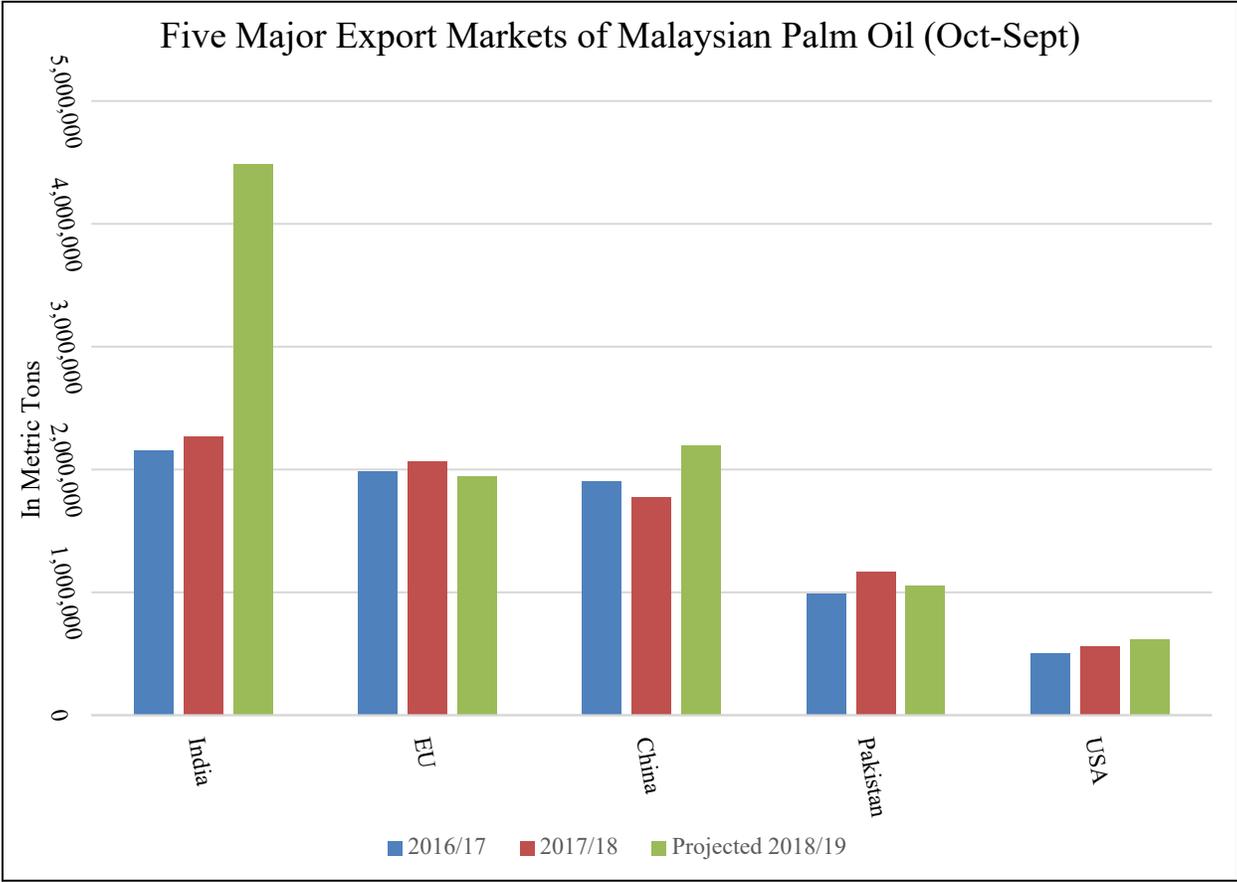
Source: MPOB

Crude #1= Prices FOB Northwest European Market

RBD=Refined, Bleached and Deodorized (RBD)

Trade

Post estimates CPO exports in MY 2018/19 at 18 million MT, significantly higher than the MY 2017/18 estimate of 16.5 million MT. According to MBOB data, India (Malaysia's largest CPO customer for the past multiple years) is on track to nearly double its imports in MY 2018/19 compared to the previous year. Strong demand from China has also supported higher Malaysian exports in MY 2018/19. CPO exports in MY 2019/20 are forecast at 18.2 million MT, as strong demand from major importing countries is expected to continue.



Source: MPOB and FAS/Kuala Lumpur analysis

Post estimates CPO imports in MY 2018/19 at 1.15 million tons, based on the latest MPOB data through August 2019. Although the GOM continues to maintain import restrictions on CPO to keep stocks at manageable levels, analysts report some Malaysian refiners (with long-term agreements with suppliers in Indonesia) are allowed to continue to import. MY 2019/20 CPO imports are forecast at 850,000 MT.

Attachments:

No Attachments