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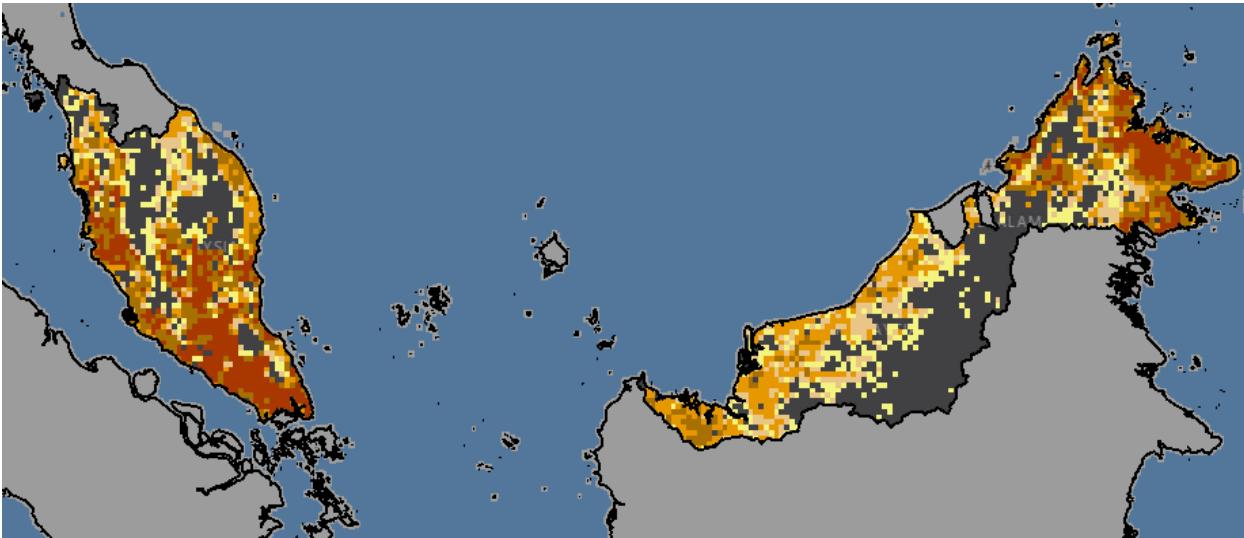
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Report Highlights:

Post forecasts Malaysian crude palm oil (CPO) production in marketing year (MY) 2019/20 at 19.7 million metric tons (MT), a decrease of 1.15 million MT compared to the previous year. This estimate is based on abnormally dry weather, decreased fertilizer use (due to high costs the previous year), and short-term, COVID-19 related disruption in the industry. MY 2020/21 CPO production is forecast at 20.7 million MT. This robust increase (compared to the previous year) is based on an assumption of more regular weather patterns, a cyclical rebound after plantations recover from drought-induced tree stress, and the continuation of a downward trend in fertilizer costs.

Palm Oil

Production



Source: USDA Global Agricultural & Disaster Assessment System

■ Total planted area >2,200 hectares

■ Total planted area between 401-2,200 hectares



Post forecasts Malaysian crude palm oil (CPO) production in marketing year (MY) 2019/20 at 19.7 million metric tons (MT), a decrease of 1.15 million MT compared to the previous year's estimate. This significant drop is attributed to multiple factors. Firstly, analysts report abnormally dry weather in Peninsular Malaysia and Borneo in mid-2019 is resulting in diminished palm oil fruit yields. Additionally, industry contacts report production (especially among small-holder producers) has been negatively impacted

following a reduction in fertilizer use (due to high costs) the previous year. Also, although the Malaysian palm oil industry is exempt from the government-mandated "Movement Control Order" in response to COVID-19, Post anticipates at least some short-term disruption in the labor-intensive industry due to the pandemic.

MY 2020/21 CPO production is forecast at 20.7 million MT. This robust increase (compared to the previous year) is based on an assumption of more regular weather patterns, a cyclical rebound after plantations recover from drought-induced tree stress, and a downward trend in fertilizer costs so far this year.

Consumption

Post estimates MY 2019/20 CPO domestic consumption at 3.85 million MT, up roughly 240,000 MT compared to Post's previous year estimate of slightly over 3.6 million MT. The expected increase in consumption is based on the Government of Malaysia's (GOM) intentions to move from a B10 mandate towards a B20 mandate. Although the GOM had stated the B20 mandate would be fully implemented in 2020, it is now being reported full implementation will not occur until mid-2021. Analysts indicate this longer transition period is needed to manage industry and consumer expectations.

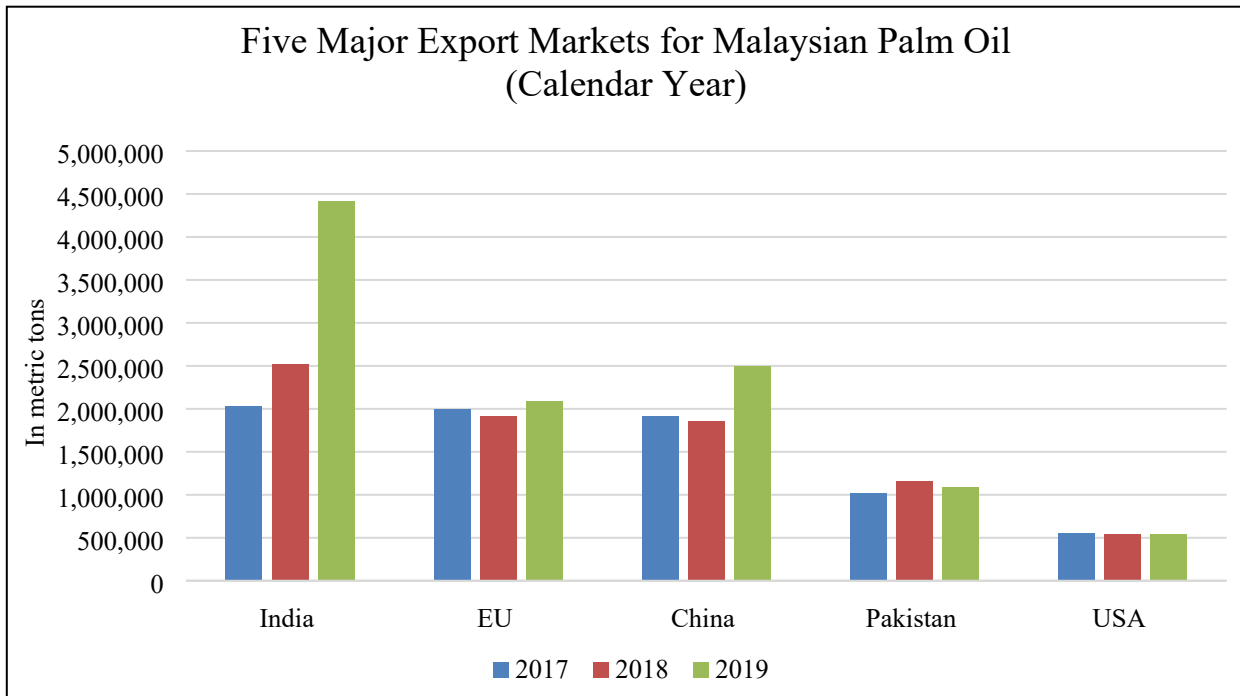
Additionally, the currently low commodity price of diesel and the relatively high cost of blending palm methyl ester makes the B20 transition more challenging. Post estimates MY 2020/21 CPO domestic consumption at 4 million MT (up 150,000 MT compared to the previous year). This expected increase for the year is based on the assumption of continued progress by the GOM towards a B20 mandate.



Local palm oil-based food products

Trade

Post estimates CPO exports in MY 2019/20 at 17 million MT, down over 1.3 million MT compared to the previous year's estimate. This significant drop (compared to the previous year) is based on a major decrease in demand from India (due to reported [import restrictions](#)) through the first four months of the marketing year. Post also attributes the decline in MY 2019/20 exports to temporary disruption in global demand due to the COVID-19 pandemic. Post's MY 2020/21 export forecast is at 17.5 million MT and is based on increased production, the assumption Indian palm oil restrictions are temporary, and a recovery in global demand following the pandemic.



Source: Malaysia Palm Oil Board (MPOB)

Trade Policy

In early 2018, the European Parliament (EP) voted to ban the use of CPO in biofuels by 2020. In June 2018, after objections from palm oil producing countries, EP agreed to a less harsh phase-out of CPO in transport fuels from 2020 to 2030. Under the revised resolution, the use of CPO would be capped at the 2019 level until 2023 and then subsequently reduced to zero by 2030. Also under the new resolution, all palm oil products exported to the EU are required to be certified sustainable by a “single sustainability certification scheme”. As the matter remains politically sensitive to both Malaysia and Indonesia, the details of the resolution were left “yet to be agreed” by member countries.

Meanwhile, the GOM has tasked the Malaysian Palm Oil Certification Council (MPOCC) with certifying growers and processing facilities in Malaysia as sustainable. The goal of MPOCC is to have the entire industry certified under its Malaysian Sustainable Palm Oil (MSPO) certification. Contacts at MPOCC report [MSPO certification was expected to reach 70 percent of the country’s total acreage by February 2020](#).

Palm Oil, Production, Supply and Distribution

Oil, Palm	2018/2019		2019/2020		2020/2021	
	Market Begin Year		Market Begin Year		Market Begin Year	
	Oct 2018		Oct 2019		Oct 2020	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	5300	5300	5350	5350		5350
Trees	0	0	0	0	0	0
Beginning Stocks	2529	2529	2543	2449		1993
Production	20800	20815	19800	19700		20700

MY Imports	1082	1053	650	695		600
Total Supply	24411	24397	22993	22844		23293
MY Exports	18364	18339	18000	17000		17500
Industrial Dom. Cons.	2700	2789	2850	3081		3130
Food Use Dom. Cons.	725	750	750	700		800
Feed Waste Dom. Cons.	79	70	75	70		70
Total Dom. Cons.	3504	3609	3675	3851		4000
Ending Stocks	2543	2449	1318	1993		1793
Total Distribution	24411	24397	22993	22844		23293
(1000 HA), (1000 TREES), (1000 MT)						

Palm Kernel

Production

Palm kernel (PK) production in MY 2020/21 is estimated at 5.19 million MT, up 240,000 MT from the previous year's estimate.

Consumption

Palm kernel crush in MY 2020/21 is forecast at 5.24 million MT, roughly 264,000 MT higher than in MY 2019/20.

Palm kernel, Production, Supply and Distribution

Oilseed, Palm Kernel	2018/2019		2019/2020		2020/2021	
Market Begin Year	Oct 2018		Oct 2019		Oct 2020	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	5300	5300	5350	5350	0	5350
Trees	0	0	0	0	0	0
Beginning Stocks	138	138	128	128	0	137
Production	5154	5154	5000	4950	0	5190
MY Imports	40	40	35	35	0	40
Total Supply	5332	5332	5163	5113	0	5367
MY Exports	0	0	0	0	0	0
Crush	5204	5204	5025	4976	0	5240
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	5204	5204	5025	4976	0	5240
Ending Stocks	128	128	138	137	0	127
Total Distribution	5332	5332	5163	5113	0	5367
(1000 HA), (1000 TREES), (1000 MT) ,(MT/HA)						

Palm Kernel Oil

Production

Based on the expected 5.24 million MT of PK to be crushed during the year, the MY 2020/21 forecast for palm kernel oil (PKO) is at 2.34 million MT, up 116,000 MT compared to MY 2019/20.

Consumption

Total domestic consumption (almost all of which is for industrial use) is forecast at 1.59 million MT for MY 2020/21, slightly higher than the previous year estimate and in-line with expected modest expansion in oleo-chemical industry in Malaysia.

Trade

MY 2020/21 PKO exports are forecast at 920,000 MT, a slight increase from the previous year's estimate. Industry contacts report international demand for PKO is expected to remain steady for the year. The main buyers for Malaysian PKO are the United States, Singapore, Egypt, Australia, China and Russia.

Palm Kernel Oil, Production, Supply and Distribution

Oil, Palm Kernel	2018/2019		2019/2020		2020/2021	
Market Begin Year	Oct 2018		Oct 2019		Oct 2020	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	5204	5204	5025	4976	0	5240
Extr. Rate, 999.9999	0.4468	0.4468	0.4468	0.4466	0	0.4462
Beginning Stocks	187	187	237	237	0	209
Production	2325	2325	2245	2222	0	2338
MY Imports	220	220	230	230	0	220
Total Supply	2732	2732	2712	2689	0	2767
MY Exports	950	950	895	900	0	920
Industrial Dom. Cons.	1430	1430	1455	1460	0	1470
Food Use Dom. Cons.	115	115	115	120	0	120
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	1545	1545	1570	1580	0	1590
Ending Stocks	237	237	247	209	0	257
Total Distribution	2732	2732	2712	2689	0	2767

(1000 MT), (PERCENT)

Palm Kernel Meal

Production

Based on the expected 5.24 million MT of PK to be crushed during the year, the MY 2020/21 forecast for palm kernel meal (PKM) production is at 2.72 million MT, up 157,000 MT compared to the estimate for MY 2019/20.

Consumption

PKM is used as a feed supplement for ruminant animals in Malaysia. For MY 2020/21, domestic demand for PKM in the livestock industry is forecast at 230,000 MT, unchanged from the previous year estimate.

Trade

As PKM commands a higher price in overseas markets, the vast majority of it is exported. Key markets include New Zealand, the European Union and Japan. MY 2020/21 PKM exports are forecast at 2.47 million MT, a slight increase from the previous year's estimate of 2.45 million MT.

Palm Kernel Meal, Production, Supply and Distribution

Meal, Palm Kernel	2018/2019		2019/2020		2020/2021	
Market Begin Year	Oct 2018		Oct 2019		Oct 2020	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	5204	5204	5025	4976	0	5240
Extr. Rate, 999.9999	0.5044	0.5044	0.5214	0.5151	0	0.5192
Beginning Stocks	202	202	192	192	0	75
Production	2625	2625	2620	2563	0	2720
MY Imports	0	0	0	0	0	0
Total Supply	2827	2827	2812	2755	0	2795
MY Exports	2415	2415	2460	2450	0	2470
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	220	220	230	230	0	230
Total Dom. Cons.	220	220	230	230	0	230
Ending Stocks	192	192	122	75	0	95
Total Distribution	2827	2827	2812	2755	0	2470

(1000 MT), (PERCENT)

Soybeans

Production

There is no commercial cultivation of soybeans in Malaysia.

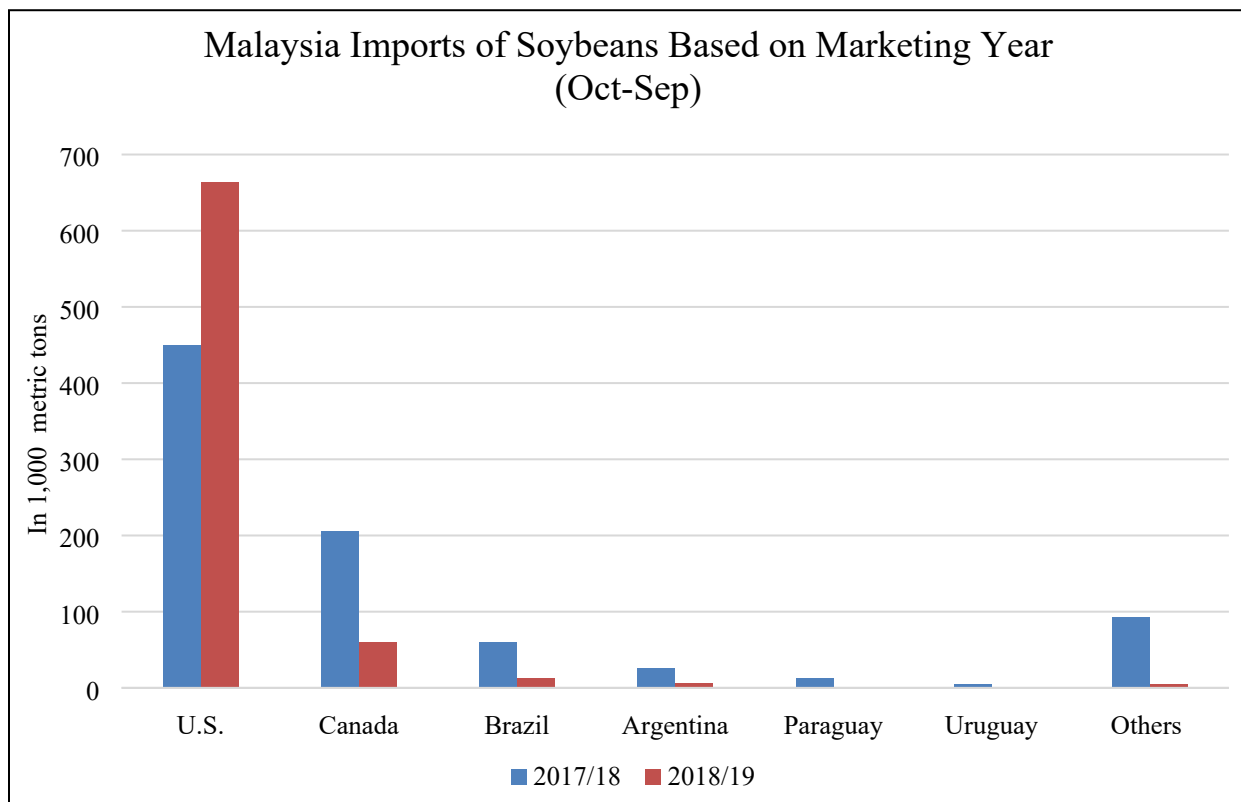
Consumption

Although roughly 20 percent of imported soybeans are used to make soy drinks and a local delicacy called "tempe" (a fermented soybean cake) for human consumption, overall domestic consumption of soybeans in Malaysia is largely dictated by crush demand from the livestock feed industry. As the Malaysian Ministry of Agriculture reports that per capita consumption of poultry in the country is set to jump from 50kg in 2016 to 53kg in 2020, crush demand continues to grow. However, industry contacts report crush demand for the current year will be significantly impacted (at least in the short-term) by the COVID-19 pandemic. As a result, Post forecasts total domestic consumption in MY 2019/20 at 720,000 MT, a 10,000 MT decrease from the previous year. Total domestic consumption in MY 2020/21 is forecast at 828,000 MT as crush demand rebounds.

Trade

Soybean imports in MY 2020/21 are forecast at 860,000 MT, a 10,000 MT increase from the previous year. The expected uptick in imports is based on continued strong demand for poultry in Malaysia. The

United States is the largest supplier of soybeans to Malaysia with nearly a 90 percent market share in 2018/19 (according to Trade Data Monitor data).



Source: Trade Data Monitor

Soybeans, Production, Supply and Distribution

Oilseed, Soybean	2018/2019		2019/2020		2020/2021	
Market Begin Year	Oct 2018		Oct 2019		Oct 2020	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Beginning Stocks	48	48	58	58	0	153
Production	0	0	0	0	0	0
MY Imports	770	770	825	850	0	860
Total Supply	818	818	883	908	0	1013
MY Exports	30	30	35	35	0	40
Crush	525	525	550	500	0	603
Food Use Dom. Cons.	165	165	170	175	0	180
Feed Waste Dom. Cons.	40	40	45	45	0	45
Total Dom. Cons.	730	730	765	720	0	828
Ending Stocks	58	58	83	153	0	145

Total Distribution	818	818	883	908	0	1013
(1000 HA), (1000 MT), (MT/HA)						

Soybean Meal

Production

MY 2020/21 soybean meal production is forecast at 475,000 MT, up 80,000 MT from the previous year's estimate. The increase in production is based on an expected rebound in demand following disruptions the previous year due to COVID-19.

Consumption

Total domestic consumption of soybean meal in MY 2020/21 is forecast at 1.96 million MT, a 60,000 MT increase from the previous year.

Trade

Soybean meal imports are expected to reach 1.55 million MT in MY 2020/21, a 50,000 MT increase from the previous year. Argentina is the dominant supplier of soybean meal to the country, accounting for 95 percent of all imports in 2018/19.

Soybean Meal, Production, Supply and Distribution

Meal, Soybean	2018/2019		2019/2020		2020/2021	
Market Begin Year	Oct 2018		Oct 2019		Oct 2020	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	525	525	550	500	0	603
Extr. Rate, 999.9999	0.7867	0.7867	0.7873	0.7895	0	0.7877
Beginning Stocks	104	104	107	107	0	42
Production	413	413	433	395	0	475
MY Imports	1600	1600	1700	1500	0	1550
Total Supply	2117	2117	2240	2002	0	2067
MY Exports	65	65	70	60	0	65
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	1945	1945	2065	1900	0	1960
Total Dom. Cons.	1945	1945	2065	1900	0	1960
Ending Stocks	107	107	105	42	0	42
Total Distribution	2117	2117	2240	2002	0	2067
(1000 MT), (PERCENT)						

Soybean Oil, Production, Supply and Distribution

Oil, Soybean	2018/2019		2019/2020		2020/2021	
Market Begin Year	Oct 2018		Oct 2019		Oct 2020	
Malaysia	USDA	New Post	USDA	New Post	USDA	New Post

	Official		Official		Official	
Crush	525	525	550	500	0	603
Extr. Rate, 999.9999	0.1771	0.1771	0.1782	0.1789	0	0.1774
Beginning Stocks	16	16	9	9	0	8
Production	93	93	98	89	0	107
MY Imports	100	100	110	115	0	117
Total Supply	209	209	217	213	0	232
MY Exports	123	123	125	125	0	130
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	77	77	79	80	0	87
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	77	77	79	80	0	87
Ending Stocks	9	9	13	8	0	15
Total Distribution	209	209	217	213	0	232
(1000 MT), (PERCENT)						

Copra

Production

Copra production in Malaysia is minimal as it competes with the more lucrative palm oil industry. For MY 2020/21, total domestic production is forecast at 29,000 MT, unchanged from the previous year.

Consumption

The coconut oil industry is the main consumer of copra. For MY 2020/21, consumption is forecast at 30,000 MT, unchanged from the previous year.

Trade

MY 2020/21 imports are forecast at 1,000 MT, unchanged from the previous year.

Copra, Production, Supply and Distribution

Oilseed, Copra Market Begin Year	2018/2019		2019/2020		2020/2021	
	Jan 2019		Jan 2020		Jan 2021	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	114	114	114	114	0	114
Trees	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	29	29	29	29	0	29
MY Imports	1	1	1	1	0	1
Total Supply	30	30	30	30	0	30
MY Exports	0	0	0	0	0	0
Crush	30	30	30	30	0	30
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	0	0	0	0	0	0

Total Dom. Cons.	30	30	30	30	0	30
Ending Stocks	0	0	0	0	0	0
Total Distribution	30	30	30	30	0	30
(1000 HA), (1000 TREES), (1000 MT), (MT/HA)						

Coconut Oil

Production

Coconut oil (CNO) is the edible oil extracted from the kernel or meat of mature coconuts harvested from the coconut palm. For MY 2020/21, Malaysian CNO production is forecast at 19,000 MT, unchanged from the previous year.

Consumption

CNO is commonly used in cooking, especially for frying, and as a base ingredient for the manufacture of soap. CNO consumption in Malaysia for MY 2020/21 is forecast at 60,000 MT, unchanged from the previous year.

Trade

CNO imports for MY 2020/21 are forecast at 245,000 MT, an increase of 5,000 MT from the previous year. According to industry contacts, most CNO imports are further refined and re-exported, namely to Singapore, Ukraine and Australia. CNO exports for MY 2020/21 are forecast at 205,000 MT.

Coconut Oil, Production, Supply and Distribution

Oil, Coconut	2018/2019		2019/2020		2020/2021	
Market Begin Year	Jan 2019		Jan 2020		Jan 2021	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	30	30	30	30	0	30
Extr. Rate, 999.9999	0.6	0.6	0.6	0.6333	0	0.6333
Beginning Stocks	31	31	3	3	0	2
Production	18	18	18	19	0	19
MY Imports	234	234	270	240	0	245
Total Supply	283	283	291	262	0	266
MY Exports	220	220	225	200	0	205
Industrial Dom. Cons.	30	30	30	30	0	30
Food Use Dom. Cons.	30	30	30	30	0	30
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	60	60	60	60	0	60
Ending Stocks	3	3	6	2	0	1
Total Distribution	283	283	291	262	0	266
(1000 MT), (PERCENT)						

Copra Meal, Production, Supply and Distribution

Meal, Copra	2018/2019	2019/2020	2020/2021
Market Begin Year	Jan 2019	Jan 2020	Jan 2021

Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	30	30	30	30	0	30
Extr. Rate, 999.9999	0.333	0.333	0.333	0.3667	0	0.3667
Beginning Stocks	0	0	0	0	0	0
Production	10	10	10	11	0	11
MY Imports	1	1	1	1	0	1
Total Supply	11	11	11	12	0	12
MY Exports	2	2	2	2	0	2
Industrial Dom. Cons.	3	3	3	3	0	3
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	6	6	6	7	0	7
Total Dom. Cons.	9	9	9	10	0	10
Ending Stocks	0	0	0	0	0	0
Total Distribution	11	11	11	12	0	12
(1000 MT) ,(PERCENT)						

Attachments:

No Attachments