



Voluntary Report - public distribution

Date: 7/1/99

GAIN Report #MY9050

Malaysia

Oilseeds and Products

Oilseeds and Products Update (June)

1999

Prepared by:

Abdullah A. Saleh

U.S. Embassy

Drafted by:

Raymond Hoh

Report Highlights:

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Kuala Lumpur [MY1], MY

SUMMARY:**Production**

The Malaysian Palm Oil Registration and Licensing Authority (PORLA) reported that total crude palm oil (CPO) production rose 13 percent from the month of April to one MMT in May, an all time record for a single month. Output in the Peninsula rose 13 percent while the increase in East Malaysia surged 10 percent after recording a 42 percent jump in April. Compared to May 1998, output during May 1999 was 57 percent higher. A return to the seasonal high production phase, better yields as well as a higher oil extraction rate contributed to the remarkable growth in output. The outlook for rest of 1998/99 is promising and we have revised total CPO output to 9.75 MMT. (Please see Annual Situation section for details).

Price

The big jump in the May's CPO output, the anticipation of a further increase in CPO output in June, and an increase in carry-in stocks put further pressure on crude palm oil prices during the month of June. The average CPO price declined by 17 percent from RM1,553/MT (US\$409/MT) in May to RM1,285/MT (US\$338/MT) in June. For comparison, the average CPO price for June, 1998 was RM2,350/MT (US\$619/MT). RBD Palm Oil FOB average price also dropped from US\$446/MT to US\$366/MT over the same period.

Stocks

Higher May CPO output resulted in an increase in at the end of May. With an anticipated further increase in CPO output during the June - September period, we expect a gradual build-up in stocks to about 900 TMT to one MMT level by the end of September.

Trade

Preliminary May exports amounted to 733 TMT compared to 685 TMT in April.

ANNUAL SITUATION (OCT/SEP):

We have revised the PS&Ds for palm oil to reflect the big increase in CPO output during the month of May. Factors contributing to the recent increase in yields include an increase in area reaching peak production especially in East Malaysia, a rebound after 15 months of negative growth, adequate application of fertilizer, favorable rainfall in the past twelve months and a higher oil extraction rate. While most of the increase in output are expected to be exported, a significant amount will be added to the carry-out stocks at the end of 1998/99. The 1998 PS&Ds were also revised in May but the 'old' column in the following table is protected and we could not key in the revised data.

PSD Table						
Country	Malaysia					
Commodity	Oil, Palm				(1000 HA)(1000 TREES)(1000 MT)	
	Revised	1997	Preliminary	1998	Forecast	1999
	Old	New	Old	New	Old	New
Market Year Begin		10/1997		10/1998		10/1999
Area Planted	2500	3078	3000	3240	3400	3400
Area Harvested	2500	2540	2550	2690	2815	2815
Trees	0	0	0	0	0	0
Beginning Stocks	907	907	719	719	760	1040
Production	8500	8508	8800	9750	9900	9900
MY Imports	58	91	40	50	40	40
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	9465	9506	9559	10519	10700	10980
MY Exports	7480	7421	7385	8100	8300	8300
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	826	961	964	970	1100	1100
Food Use Dom. Consump.	330	310	330	319	350	350
Feed Waste Consumption	110	95	120	90	100	100
TOTAL Dom. Consumption	1266	1366	1414	1379	1550	1550
Ending Stocks	719	719	760	1040	1030	1130
TOTAL DISTRIBUTION	9465	9506	9559	10519	10880	10980
Calendar Year Imports	53	70	50	50	40	40
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	7410	7420	8100	8100	8300	8300
Calndr Yr Exp. to U.S.	50	123	80	80	100	100

QUARTERLY OUTLOOK FOR PALM OIL:

	1998 1/	1999 2/	1998 1/	1999 2/
	Apr-Jun	Apr-Jun	Jul-Sep	Jul-Sep
(1,000 MT)				
Beg Stocks 3/	624	728	695	1000
Prod- East Mal	529	870	714	880
- Pen. Mal	1432	2030	1776	2050
- Total	1961	2900	2490	2930
Imports	19	20	38	8
Total Supply	2604	3648	3223	3938
Exports 4/	1658	2250	2116	2410
Dom Disap 5/	251	398	388	488
End Stocks	728	1000	719	1040

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:

	1998	1998	1999	1999
	May	Jan-May	May	Jan-May
(In 1,000 MT)				
CPO:				
Pen. Malaysia	471	2176	711	2635
East Malaysia	171	798	296	1038
- Total 1/	642	2974	1007	3673
Palm Kernel : Malaysia	191	896	290	1071
Palm Kernel Oil: Malaysia	89	409	120	452
Palm Kernel Meal: Malaysia	108	499	146	548 3/

1/ Totals may not add due to rounding differences.
Includes some revisions in previous months.

2/ Revised

3/ May's PKM output revised to 128 TMT

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
Jul 1998	2432	612	653	465
Aug	2482	626	675	448
Sep	2409	665	723	479
Oct	2349	642	694	459
Nov	2377	650	693	465
Dec	2228	618	653	478
Jan 99	2197	600	653	448
Feb 1/	1921	539	581	402
Mar	1668	463	500	365
Apr	1692	470	501	375
May	1553	446	486	341
June (till 28th)	1285	362	399	258

1/ revised

Exchange Rate (June 30 1998): US\$1.00 = RM3.799

STOCKS:

	1998	1999	1999	1999
	May	Mar	Apr	May
(In 1,000 MT)				
Crude P. Oil	270	317	418	490
Processed PO	380	411	395	478
- Total PO	650	728	813	968
Palm Kernel	62	72	100	119
P. Kernel Oil	139	96	97	98