

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:

Post forecasts crude palm oil (CPO) production in marketing year (MY) 2019/20 at 20.6 million metric tons (MT). This decrease of 200,000 MT (compared to the previous quarterly report's estimate) is based on industry reports of abnormally dry weather in certain parts of the country and diminished use of fertilizer among smallholders and some plantation operations the previous year. CPO exports in MY 2019/20 are forecast at 18.2 million MT. This slightly diminished estimate (compared to Post's MY 2018/19 estimate) is due to weakening demand from India through the first two months of the new marketing year.

Palm Oil Production, Supply, and Distribution

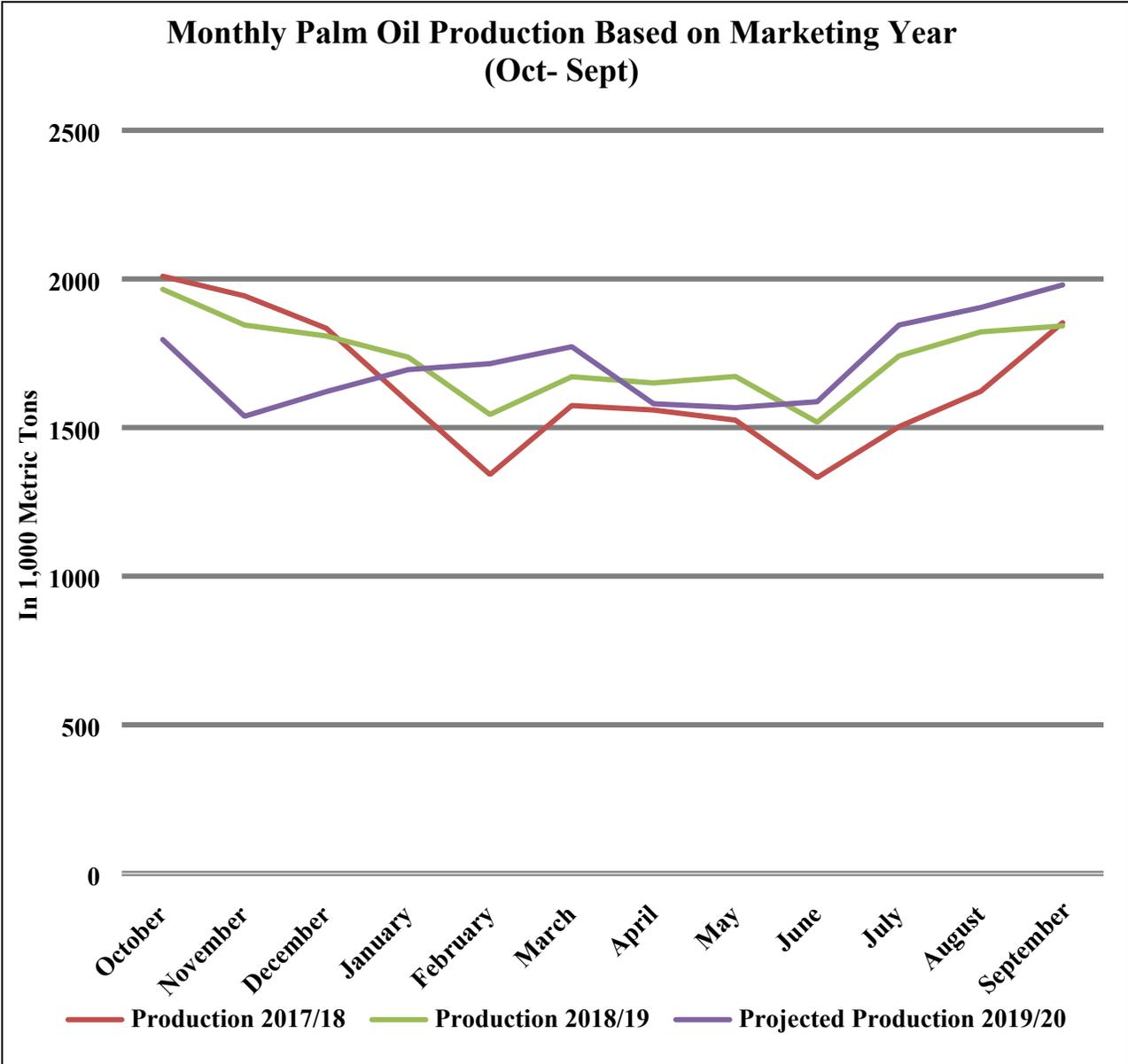
Oil, Palm	2017/2018		2018/2019		2019/2020	
Market Begin Year	Oct 2017		Oct 2018		Oct 2019	
Malaysia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0			
Area Harvested	5,200	5,200	5,300	5,300	5,350	5,350
Trees	0	0	0	0	0	0
Beginning Stocks	2,016	2,016	2,529	2,529	2,975	2,449
Production	19,683	19,683	21,000	20,815	21,200	20,600
MY Imports	535	535	600	1,053	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	24,397	24,825	23,899
MY Exports	16,472	16,472	17,500	18,339	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	2,789	3,150	3,065
Food Use Dom. Cons.	700	700	725	750	760	800
Feed Waste Dom. Cons.	73	73	79	70	75	70
Total Dom. Cons.	3,233	3,233	3,654	3,609	3,985	3,935
Ending Stocks	2,529	2,529	2,975	2,449	2,840	1,764
Total Distribution	22,234	22,234	24,129	24,397	24,825	23,899

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

Production

Post has adjusted its marketing year (MY) 2018/19 crude palm oil (CPO) production estimate up 315,000 metric tons (MT) to 20.82 million MT. This increase (compared to the previous quarterly report) is based on full marketing year data from the Malaysian Palm Oil Board (MPOB). Industry contacts report favorable weather conditions and an improving labor situation were contributing factors to the larger than expected MY 2018/19 production.

Post has adjusted its MY 2019/20 CPO production estimate down 200,000 MT to 20.6 million MT. This decrease (compared to the previous quarterly report) is also based on MPOB data, which indicates total CPO production through the first two months of MY 2019/20 is down roughly 12 percent compared to the same time the previous year. Analysts attribute this recent drop in production to abnormally dry weather in certain parts of Malaysia and diminished use of fertilizer (due to high costs) among smallholders and some plantation operations the previous year.



Source: Malaysia Palm Oil Board (MPOB)

Note: 2019/20 projection is based on actual MPOB data for the first two months and FAS/Kuala Lumpur estimates (using historical data) for the remaining 10 months.

Consumption

Post maintains its MY 2019/20 domestic consumption estimate at roughly 3.9 million MT as the Government of Malaysia (GOM) moves from a B10 mandate towards a B20 mandate. Although the GOM has stated the B20 mandate will be implemented in 2020, many analysts believe this higher blend rate may require a longer transition time in order to manage industry and consumer expectations.

Recent 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	483.00	488.00	466.50
August	491.50	522.00	531.00	516.00
September	515.50	525.50	526.50	529.50
October	542.50	515.50	525.00	520.00
November	604.50	622.00	619.50	617.50
December	621.00	631.50	637.50	624.50

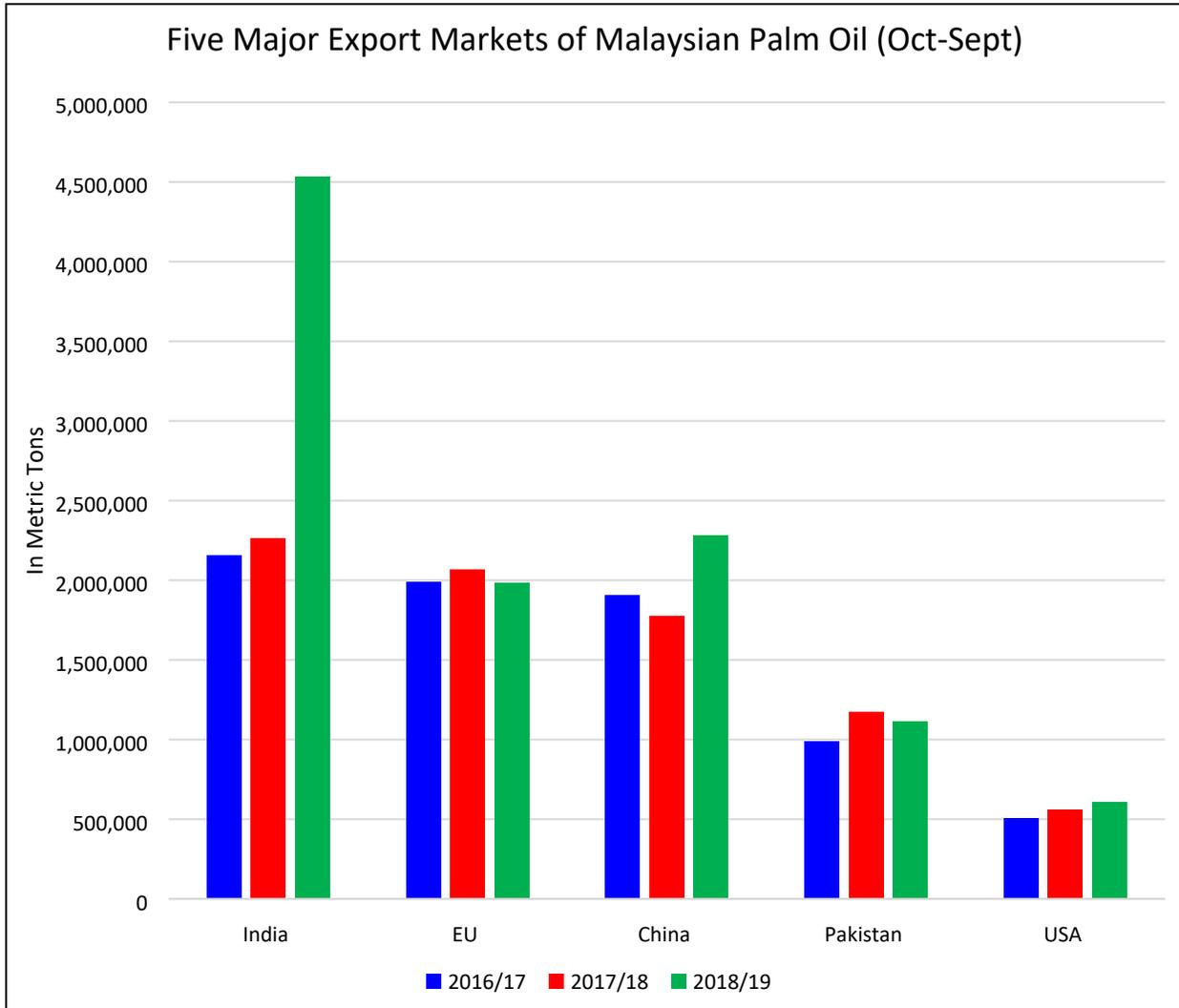
Source: MPOB

Crude #1= Prices FOB Northwest European Market

RBD=Refined, Bleached and Deodorized (RBD)

Trade

Post has adjusted its MY 2018/19 export estimate up 340,000 MT to 18.34 million MT. This increase (compared to the previous quarterly report) is based on full marketing year data from MPOB. The significant uptick in MY 2018/19 CPO exports (compared to the previous year) was largely due to strong demand from India, which roughly doubled its imports of Malaysian CPO. Post forecasts CPO exports in MY 2019/20 at 18.2 million MT. This slightly diminished estimate (compared to MY 2018/19) is due to signs of weakening demand from India through the first two months of the new marketing year.



Source: MPOB

Post has adjusted its MY 2018/19 import estimate down roughly 100,000 MT to 1.05 million MT. This decrease (compared to the previous quarterly report) is based on full marketing year data from MPOB. Post maintains its MY 2019/20 CPO import forecast at 850,000 MT. 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.

Attachments:

No Attachments