

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 revises production estimates for MY 2023/24 down to 18.8 million tons accounting for hot and dry El Niño weather effects and limitations regarding labor. Top importing countries continue to drive demand and stocks drop to 1.83 million tons for MY 2023/24.

Commodity:
Oil, Palm

Production

Post reduces palm oil production to 18.8 million tons in 2023/24.

The mild to moderate El Niño has driven hot weather and light rain across most parts of Malaysia. According to the Malaysian Meteorological Department (METMalaysia), El Niño is expected to completely recede by July 2024 as La Niña moves into the region peaking with wetter weather towards year end. The effects of El Niño will result in full at the end of the marketing year contributing towards the drop in production.

Malaysia looks to foreign labor for over 95 percent of its palm oil workforce, making labor an integral factor in production. While the number of laborers in Malaysia has increased in the last several years, challenges remain. Malaysia and partner countries are working through new labor standards, changes in processes and lengthy recruitment procedures requiring considerable investment in time and resources. Additionally, a large percentage of the new workforce are inexperienced in palm oil labor, a technical and demanding role, necessitating time for training and proficiency. These difficulties limit Malaysia's production.

In the longer term, Malaysia is beginning to see a slight trend in decreased area planted. In peninsular Malaysia, land value is on the rise. Some companies are choosing to develop portions of land rather than invest in second or third generation replanting which requires significant investment. Companies are focused on increasing yield through improved mechanism and irrigation techniques to meet demand for palm oil.

Consumption

Post maintains estimates for 2023/24 consumption in industrial and domestic consumption accounting for the slight bump in population growth.

Trade

While price sensitive, India and China remain the largest importers of Malaysian palm oil. Prices have recently trended downward allowing palm oil to regain its discount in comparison to other vegetable oils. Exports are revised up slightly reflecting high demand. Malaysian imports of palm oil remain steady.

Stocks

In line with high demand and increased exports, stock numbers dip to 1.83 million tons for 2023/24.

Production, Supply and Distribution, Palm Oil

Oil, Palm Market Year Begins Malaysia	2021/2022		2022/2023		2023/2024	
	Oct 2021		Oct 2022		Oct 2023	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	5,450	5,450	5,500	5,500	5,550	5,450
Beginning Stocks (1000 MT)	1,756	1,756	2,318	2,318	2,316	2,314
Production (1000 MT)	18,152	18,152	18,389	18,387	19,000	18,800
MY Imports (1000 MT)	1237	1237	935	935	800	900
Total Supply (1000 MT)	21,145	21,145	21,642	21,640	22,116	22,014
MY Exports (1000 MT)	15,527	15,527	15,355	15,355	15,800	16,200
Industrial Dom. Cons. (1000 MT)	2,423	2,423	3,000	3,000	3,100	3,020
Food Use Dom. Cons. (1000 MT)	810	810	855	855	865	860
Feed Waste Dom. Cons. (1000 MT)	67	67	116	116	75	100
Total Dom. Cons. (1000 MT)	3,300	3,300	3,971	3,971	4,040	3,980
Ending Stocks (1000 MT)	2,318	2,318	2,316	2,314	2,276	1,834
Total Distribution (1000 MT)	21,145	21,145	21,642	21,640	22,116	22,014
(1000 HA), (1000 MT)						

Source: FAS Malaysia

Attachments:

No Attachments