



Special Request Report - public distribution

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Malaysia

Oilseeds and Products

Palm oil & Products Update (July)

1998

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Includes PSD changes: No
Includes Trade Matrix: No
Special Request report
Kuala

SUMMARY:**Production**

The Malaysian Palm Oil Registration and Licensing Authority (PORLA) reports total crude palm oil (CPO) production rose 9 percent to 701 TMT for the month of June- mainly due to the seasonal uptrend in production. Output in the Peninsula increased by 6.6 percent while East Malaysia recorded a 16 percent jump. Compared to June 1997, output during June 1998 was down 11 percent. As for July, CPO output is expected to increase by 7-10 percent.

Price

Local CPO prices rose from RM2377/MT at the beginning of July to peak at RM2,548/MT around July 20th before dipping slightly to above the RM2,400 level for the rest of the month. CPO follows in tandem with the fluctuation of the ringgit against the U.S. dollar. The average July CPO price rose to RM2,444/MT compared to RM2,350/MT in May while RBD Palm Oil FOB average price dipped from US\$621/MT in June to US\$612/ton in July.

Stocks

Official preliminary June carry-out stocks rose 7 percent to 695 TMT. However, Agatt Office estimates the stock level to be closer to 580 TMT. Domestic consumption forecast for the July-Sept quarter is not as high as earlier expected and we anticipate the carry-out stock level to reach about 647 TMT by the end of September.

Trade

Preliminary June exports amounted to 570 TMT compared to 530 TMT in May. With the current economic crisis in the region, more palm oil is moving to Europe.

ANNUAL SITUATION (OCT/SEP):

PS&Ds for palm oil have been revised to reflect a cutback in domestic consumption and an increase in CPO imports resulting in an upward revision in carry-stock level by the end of September, 1998.

	Revised 1996/97	Prelim 1997/98	Forecast 1998/99
		(1,000 tons)	
Beg Stock	894	907	647
Production	9,005	8,450	8,750
Imports	10	40	20
Total Supply	9,909	9,397	9,417
Exports	7,544	7,350	7,250
Domestic Use	1,458	1,400	1,500
Ending Stock	907	647	667

QUARTERLY OUTLOOK:

	1997 1/	1998 2/	1997 1/	1998 1/
	Apr-Jun	Apr-Jun	Jul-Sep	Jul-Sep
		(1,000 MT)		
Beg Stocks 3/	692	540	790	580
Prod-East Mal	584	529	607	660
- Pen. Mal	1735	1432	1953	1770
- Total	2322	1961	2629	2430
Imports	0	20	6	12
Total Supply	3011	2521	3425	3022
Exports 4/	1814	1650	2069	2015
Dom Disap 5/	407	291	449	360
End Stocks	790	580	907	647

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:

	1997	1997	1998	1998
	June	Jan-June	June	Jan-June
		(In 1,000 MT)		
CPO:				
Pen. Mal	606	3037	502	2678
East Mal	185	1048	199	997
- Total 1/	791	4085	701	3675
Palm Kernel : Malaysia	225	1190	196	1092
Palm Kernel Oil: Malaysia	101	523	89	498
Palm Kernel Meal: Malaysia	124	648	107	606

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

2/ Revised

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
Aug 1997	1233	486	525	360
Sep	1389	492	528	353
Oct	1669	517	544	423
Nov	1671	520	540	469
Dec	1849	531	534	479
Jan 1998	2404	564	576	545
Feb	2312	604	619	569
Mar	2262	623	648	517
Apr	2362	639	678	539
May	2499	694	720	567
Jun 1/	2350	621	644	532
Jul (till 29th)	2444	612	653	473

1/ revised

Exchange Rate (July 31, 1998): US\$1.00 = M\$4.119

STOCKS:

	1997	1997	1998	1998
	May	June	May	June
		(In 1,000 MT)		
Crude P. Oil	385	405	270	324
Processed PO	327	385	380	371
- Total PO	712	790	650 1/	695 1/
Palm Kernel	85	80	62	63
P. Kernel Oil	103	107	139	123

1/ Agatt Office estimate: 580 TMT for May and June.

OTHER NEWS:

— Malaysia has agreed to extend a two-year Palm Oil Credit and Payment Arrangement (Pocpa) facility worth between US\$50 -70 million for the purchase of palm oil to Sudan. Under the agreement, the GOM will grant Sudan two years in deferred payment. Pocpa was introduced in 1991 and to date, six countries (Pakistan, Algeria, Iran, Iraq, Burma and Cuba) have used the credit facilities. Some US\$300 million of credit facilities have been given out, and more than half of the facilities have been repaid.