



USDA Foreign Agricultural Service

# GAIN Report

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## Malaysia

### Oilseeds and Products

### Update (January)

### 2004

**Approved by:**

Bonnie Borris

U.S. Embassy, Kuala Lumpur

**Prepared by:**

Raymond Hoh

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**Report Highlights:**

Malaysia's CPO production rose 7.3 percent to 1.13 MMT in December 2003. Carry-over stock levels at the end of December rose to 1.2 MMT mainly due to a sharp increase in domestic CPO output and weaker PO exports. PO exports declined to 870 TMT in December. Average local CPO price dropped from US\$481/MT in December to US\$471/MT in January.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Kuala Lumpur [MY1]  
[MY]

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## Executive Summary

### Production

The Malaysian Palm Oil Board (MPOB) reported that total crude palm oil (CPO) production rose 7.3 percent to 1.13 MMT in December 2003. Output in the Peninsula rebounded by 18 percent in December while East Malaysia's production is down 4.6 percent. Compared to December 2002, output during December 2003 was 19.3 percent lower. CPO production totaled 13.6 MMT for CY2003.

### Price

Higher carry-in stocks influenced a drop in local PO prices in the month of January. The monthly average CPO price declined from US\$481/MT in December to US\$471/MT in January 2004. For comparison, the average CPO price for January 2002 was US\$435/MT. The RBD Palm Oil FOB average price also dropped from US\$501/MT in December to US\$481/MT in January.

### Stocks

A sharp increase in domestic CPO output and weaker PO exports resulted in the PO stock level expanding to 1.2 MMT at the end of December. With the anticipation of further decline in PO output in the next few months, Post expects carry-over stock levels to drop to around 1.0 MMT by the end of Jan-Mar quarter.

### Trade

Preliminary official PO exports dropped from 970 TMT in November to 870 TMT in December.

**Annual Situation**

PS&D table for palm oil remains unchanged since the submission of MY3058.

	Revised 2001/02	Prelim 2002/03	Forecast 2003/04
(1,000 tons)			
Beg Stock	1,216	1,149	975
Production	11,858	13,180	13,700
Imports	325	436	350
Total Supply	13,399	14,765	15,025
Exports	10,163	12,076	11,500
Domestic Use	2,087	1,714	2,425
Ending Stock	1,149	975	1,100

## Quarterly Outlook for Palm Oil

	2002 1/	2003 2/	2003 1/	2004 1/
	Oct-Dec	Oct-Dec	Jan-Mar	Jan-Mar
	(1,000 tons)			
Beg Stocks 3/	1149	975	1136	1165
Prod- Pen. Mal	1811	1876	1590	1655
- East Mal	1395	1504	1024	1245
- Total	3206	3380	2614	2900
Imports	139	161	147	150
Total Supply	4494	4516	3897	4215
Exports 4/	2925	3040	2504	2790
Dom Disap 5/	433	311	382	425
End Stocks	1136	1165	1011	1000

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**

	2002	2002	2003	2003
	Dec	Jan-Dec	Dec	Jan-Dec
(In 1,000 MT)				
CPO:				
Pen. Malaysia	510	7017	655	7944
East Malaysia	413	4890	477	5409
- Total /1	923	11907	1132	13353
Palm Kernel : Malaysia	250	3267	136	3453
Palm Kernel Oil: Malaysia	116	1472	138	1535
Palm Kernel Meal: Malaysia	136	1715	161	1910

**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
Jan 2003	1654	437	459	395
Feb	1617	434	449	395
Mar	1503	410	421	372
Apr	1460	400	415	355
May	1480	402	424	339
Jun	1513	416	441	342
Jul	1500	414	442	338
Aug	1393	393	420	317
Sep	1439	400	427	320
Oct	1663	455	472	408
Nov	1855	501	526	457
Dec 1/	1829	501	513	458
Jan 2004(till 29)	1788	481	492	464

1/ Revised

Exchange Rate: Pegged at RM3.799 to US\$1.00 since 1998

**Stock**

	2002	2003	2003	2003
	Dec	Oct	Nov 1/	Dec
(In 1,000 MT)				
Crude P. Oil	589	405	464	594
Processed PO	547	470	456	571
- Total PO	1136	875	920	1165
Palm Kernel	123	103	109	112
P. Kernel Oil	303	203	168	170