



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 7/1/2005

GAIN Report Number: MY5027

Malaysia

Oilseeds and Products

Update (June)

2005

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Report Highlights:

Malaysia's crude palm oil (CPO) production rose 4.2 percent to 1.3 MMT in May 2005. Carry-over stock level at the end of May dropped to 1.3 MMT reflecting an increase in PO exports during the month of May. The average local CPO price dropped from US\$371/MT in May to US\$370/MT in June as the strong growth in CPO output during the first 5 months of CY2005 brought pressure on PO prices. PO exports also weakened in June.

Includes PSD Changes: No
Includes Trade Matrix: No
Trade 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 4.2 percent to 1.3 MMT in May 2005. While output in the Peninsula Malaysia rose 10.8 percent, East Malaysia's production declined by 4.3 percent. Compared to May 2004, output during May 2005 was 18 percent higher. Stronger yields are evident during the current cyclical high production season. Post now expects CPO production to reach 3.9 MMT during the Apr-Jun period.

Price

Weaker PO export performance brought pressure on prices during the month of May. The monthly average CPO price dropped from US\$371/MT in May to US\$370/MT in June 2005. For comparison, the average CPO price for June 2004 was US\$407/MT. The Refined/Bleached/Deodorized (RBD) Palm Oil FOB average price also declined from US\$389/MT in May to US\$384/MT in June. With an anticipated increase in soy prices and talks of using more palm oil as biodiesel, oilseed dealers are optimistic that CPO prices would hold or even strengthen in the near term.

Stocks

Significantly higher PO exports resulted in a sharp drop in carryout stocks to 1.3 MMT at the end of May. However, with higher CPO output and weaker PO exports in June, Post expects the carry-over stocks to be at around 1.3 MMT by the end of June.

Trade

Preliminary official PO exports rose from 1.1 MMT in April to 1.3 MMT in May.

Annual Situation

PS&D table for palm oil remains unchanged since the submission of the Annual Oilseed Report MY5016.

	Revised 2003/04	Prelim 2004/05	Forecast 2005/06
(1,000 tons)			
Beg Stock	975	1,332	1,250
Production	13,420	15,000	15,300
Imports	773	600	700
Total Supply	15,168	16,932	17,250
Exports	11,602	13,260	13,470
Domestic Use	2,234	2,422	2,580
Ending Stock	1,332	1,250	1,200

Quarterly Outlook for Palm Oil

	2004 1/	2005 2/	2004 1/	2005 2/
	Jan-Mar	Jan-Mar	Apr-Jun	Apr-Jun
	(1,000 tons)			
Beg Stocks 3/	1,166	1,490	958	1,447
Prod- Pen. Mal	1,595	1,959	1,989	2,260
- East Mal	1,085	1,458	1,290	1,640
- Total	2,680	3,417	3,279	3,900
Imports	244	141	259	80
Total Supply	4,090	5,048	4,496	5,427
Exports 4/	2,591	3,128	2,715	3,590
Dom Disap 5/	541	473	569	517
End Stocks	958	1,447	1,212	1,320

1/ Revised;

2/ Forecast;

3/ Stocks include crude and refined for all Malaysia;

4/ Exports exclude shipments of fatty acid oil distillate
and all intra-Malaysia trade;

5/ Residual

Production

	2004	2004	2005	2005
	May	Jan-May	May	Jan-May
(In 1,000 MT)				
CPO:				
Pen. Malaysia	666	2,859	777	3,438
East Malaysia	433	1,928	522	2,525
- Total /1	1,099	4,787	1,299	5,963
Palm Kernel: Malaysia	283	1,285	340	1,616
Palm Kernel Oil: Malaysia	126	591	164	758
Palm Kernel Meal: Malaysia	146	685	188	866

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
June 2004	1,546	432	440	410
July	1,473	409	425	385
Aug	1,476	411	427	376
Sep	1,547	432	448	375
Oct	1,460	414	426	357
Nov	1,475	405	421	358
Dec	1,408	392	402	350
Jan 2005	1,331	363	376	336
Feb	1,299	351	364	324
Mar	1,421	392	402	349
Apr	1,428	389	401	355
May 1/	1,410	389	401	355
June (till 28 th)	1,406	384	396	350

1/ Revised

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

Stock

	2004	2005	2005	2005
	May	Mar	Apr 1/	May
(In 1,000 MT)				
Crude P. Oil	504	738	809	702
Processed PO	543	709	670	593
- Total PO	1,047	1,447	1,479	1,295
Palm Kernel	91	135	144	127
P. Kernel Oil	153	193	190	205

1/ Revised