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Malaysia

Oilseeds and Products

Update (May)

2005

Approved by:
Jonathan Gressel
U.S. Embassy, Kuala Lumpur

Prepared by:
Raymond Hoh

Report Highlights:
Malaysia's crude palm oil (CPO) production rose 2.6 percent to 1.25 MMT in April 2005 and is entering into a cyclical high production season. Carry-over stock level at the end of April increased to 1.5 MMT reflecting a drop in PO exports in April. The average local CPO price dropped from US$376/MT in April to US$372/MT in May as the strong growth in CPO output during the first quarter of CY2005 brought pressure on PO prices.

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 2.6 percent to 1.25 MMT in April 2005. Output in the East Malaysia increased by 8.3 percent while Peninsula's production declined by 1.5 percent. Compared to April 2004, output during April 2005 was 24 percent higher. With the CPO production entering into the cyclical high production season, Post still expects CPO production to reach 3.5 MMT during the Apr-Jun period.

Price

The strong growth in CPO output during the first quarter of CY 2005 compared to the corresponding period of the previous year brought heavy pressure on prices during the month of May. The monthly average CPO price dropped from US$376/MT in April to US$372/MT in May 2005. For comparison, the average CPO price for May 2004 was US$483/MT. However, the Refined/Bleached/Deodorized (RBD) Palm Oil FOB average price rose marginally from US$389/MT in April to US$390/MT in May. With an anticipated small increase in CPO output against a bigger overseas demand during the second quarter of 2005, CPO prices should rebound in the next two months.

Stocks

Higher CPO output and lower PO exports resulted in a small increase in carryout stocks to 1.5 MMT at the end of April. However the sharp increase in PO exports in the month of May should lead to a drawdown in carryout stock. Post still expects the carry-over stocks to be at 1.25 MMT by the end of June.

Trade

Preliminary official PO exports dropped from 1.2 MMT in March to 1.1 MMT in April.

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	2,000
- East Mal	1,085	1,458	1,290	1,500
- Total	2,680	3,417	3,279	3,500
Imports	244	141	259	160
Total Supply	4,090	5,048	4,496	5,107
Exports 4/	2,591	3,128	2,715	3,200
Dom Disap 5/	541	473	569	657
End Stocks	958	1,447	1,212	1,250

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
	Apr	Jan-Apr	Apr	Jan-Apr
(In 1,000 MT)				
CPO:				
Pen. Malaysia	600	2,193	702	2,661
East Malaysia	408	1,495	545	2,003
- Total /1	1,008	3,688	1,247	4,664
Palm Kernel: Malaysia	269	1,002	338	1,276
Palm Kernel Oil: Malaysia	151	465	151	594
Palm Kernel Meal: Malaysia	135	539	171	678

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
May 2004	1,835	503	520	477
June	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/	1,428	389	401	355
May (till 26^{th})	1,414	390	401	355

1/ Revised
Exchange Rate: Pegged at RM3.799 to US$1.00 since 1998

Stock

	2004	2005	2005	2005
	Apr	Feb	Mar 1/	Apr
		(In 1,000 MT)		
Crude P. Oil	443	872	738	809
Processed PO	560	668	709	670
- Total PO	1,003	1,540	1,447	1,479
Palm Kernel	87	149	135	144
P. Kernel Oil	148	171	193	190

1/ Revised