



USDA Foreign Agricultural Service

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## Malaysia

## Oilseeds and Products

## Update (Nov)

## 2007

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**Report Highlights:**

Malaysia's crude palm oil (CPO) production declined 1.4 percent to 1.58 MMT in October. The small decline in palm oil production was more than offset by a bigger decrease in CPO exports and domestic disappearance, resulting in an increase in carryout stocks to 1.56 MMT at the end of October. Palm oil prices strengthened to a new record high for the year, in line with the increase in global crude oil and soybean prices. Post estimates CPO output at 4.2 MMT for the Oct-Dec period, bringing total CPO production for calendar year 2007 to 15.4 MMT.

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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 declined by 1.4 percent to 1.58 MMT in October 2007. Output in Peninsular Malaysia rose 0.8 percent while East Malaysia's production dropped by 4 percent. Compared to October 2006, output during October 2007 was 13 percent higher. As the palms enter a seasonal downturn phase, Post maintains an estimated CPO output of 4.2 MMT for the Oct-Dec period, bringing total CPO production for calendar year 2007 to 15.4 MMT.

### Price

Palm oil prices strengthened strongly during the month of November in line with the increase in global crude oil and soybean prices. Overall, the monthly average delivered CPO price rose from RM2,771/MT in October to RM2,963/MT in November. For comparison, the average CPO price for November 2006 was RM1,690/MT. Refined/Bleached/Deodorized (RBD) Palm Oil FOB average price also increased from US\$834/MT in October to US\$933 in November.

### Stocks

The small drop in palm oil production was more than offset by a bigger decrease in export and domestic disappearance, resulting in an increase in carryout stocks to 1.56 MMT at the end of October. With an expected seasonal downturn in CPO output in the Oct-Dec quarter, Post expects the stock level to decrease to 1.3 MMT by the end of December.

### Trade

Preliminary official PO exports dropped by 4.4 percent to 1.3 MMT in October. According to Cargo surveyor Societe Generale de Surveillance, PO exports further declined by 2.3 percent to 1.27 MMT in November.

Exchange Rate: US\$1.00 = RM3.340 (Oct 31, 2007); RM3.373 (Nov 30, 2007)

### Other Relevant Reports

Oilseeds & Products Annual (AGR Number MY7008)

<http://www.fas.usda.gov/gainfiles/200703/146280491.pdf>

Oilseeds & Products update (Oct) (AGR Number MY7036)

<http://www.fas.usda.gov/gainfiles/200710/146292862.doc>

**Annual Situation**

PS&D table for palm oil remains unchanged since the submission of the Oilseed Update Report MY7036.

	Revised 2005/06	Prelim 2006/07	Forecast 2007/08
(1,000 MT)			
Beg Stock	1,436	1,800	1,463
Production	15,486	15,292	16,600
Imports	696	265	300
Total Supply	17,618	17,357	18,363
Exports	12,781	13,703	13,880
Domestic Use	3,037	2,191	3,133
Ending Stock	1,800	1,463	1,350

## Quarterly Outlook for Palm Oil

	2006 1/	2007 2/	2006 1/	2007 2/
	Jul-Sep	Jul-Sep	Oct-Dec	Oct-Dec
(1,000 MT)				
Beg Stocks 3/	1,646	1,200	1,799	1,463
Prod- Pen. Mal	2,664	2,522	2,127	2,300
- East Mal	1,858	1,996	1,969	1,870
- Total	4,522	4,518	4,096	4,170
Imports	51	65	58	50
Total Supply	6,219	5,783	5,953	5,683
Exports 4/	3,553	3,730	3,940	3,800
Dom Disap 5/	867	590	507	583
End Stocks	1,799	1,463	1,506	1,300

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**

	2006	2006	2007	2007
	Oct	Jan-Oct	Oct	Jan-Oct
(1000 MT)				
CPO:				
Pen. Malaysia	729	7,574	873	6,977
East Malaysia	671	5,611	707	5,799
- Total /1	1,400	13,185	1,580	12,776
Palm Kernel: Malaysia	349	3,443	403	3,309
Palm Kernel Oil: Malaysia	140	1,621	173	1,532
Palm Kernel Meal: Malaysia	190	1,825	194	1,729

1/ Revised

**Prices**

	Local Crude	RBD Palm Oil	RBD Olein	RBD Stearin
	RM/MT	US\$/MT	US\$/MT	US\$/MT
Nov 2006	1,690	487	493	432
Dec	1,865	548	553	482
Jan 2007	1,930	567	574	517
Feb	1,927	567	578	526
Mar	1,959	585	588	544
Apr	2,209	648	676	624
May	2,472	748	752	721
Jun	2,609	792	796	777
Jul	2,634	787	795	763
Aug	2,538	771	791	743
Sep	2,582	773	794	735
Oct 1/	2,771	834	853	796
Nov (till 29)	2,963	933	938	881

1/ Revised 2/ From June 2006, Prices are for West Malaysia only

Exchange Rate: US\$1.00 = RM3.340 (Oct 31, 2007); RM3.373 (Nov 30, 2007)

**Stock**

	2006	2007	2007	2007
	Oct	Aug	Sep 1/	Oct
(1,000 MT)				
Crude P. Oil	1,009	725	746	785
Processed PO	585	727	717	775
- Total PO	1,594	1,452	1,463	1,560
Palm Kernel	184	159	164	191
P. Kernel Oil	356	191	218	234

1/ Revised