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## Malaysia

## Oilseeds and Products

## Update

## 2006

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**Report Highlights:**

Malaysia's crude palm oil (CPO) production rose 18% to 1.2 MMT in March 2006 as the palm entered the seasonal uptrend period. Carry-over stock level at the end of March rose to 1.6 MMT, reflecting stronger overseas demand and a sharp drop in imports. Palm oil exports rose to 1.2 MMT in March. The average local CPO price declined marginally from RM1,422/MT in March to RM1,415/MT in April, 2006 but is expected to increase in the near term due to strong overseas demand.

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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 18 percent to 1.2 MMT in March 2006. While output in the Peninsula Malaysia increased by 18 percent, East Malaysia's production rose 19 percent. Compared to March 2005, output during March 2006 was only 2 percent higher. CPO output is expected to enter the seasonal uptrend in the coming months. The palms are also slowly recovering the biological stress experienced during the last five months. Post expects CPO output to increase to 3.9 MMT in the April-June quarter.

### Price

The big increase in carry-in PO stocks resulted in a dip in local CPO prices in the first week of April. However, prices experienced a steady uptrend during the rest of the month in response to the increase in overseas demand. The monthly average CPO price dropped from RM1,422/MT in March to RM1,415/MT in April, 2006. For comparison, the average CPO price for April 2005 was RM1,428/MT. However, the Refined/Bleached/Deodorized (RBD) Palm Oil FOB average price rose from US\$400/MT in March to US\$405/MT in April. CPO prices are expected to rise in anticipation of demand outstripping supply in the next quarter.

### Stocks

Despite the higher CPO output, stronger overseas demand and a sharp drop in PO imports contributed to a decline in carry-out stocks to 1.6 MMT at the end of March. With the expected increase in overseas as well as domestic demand, Post forecast carry-out stocks to decline to about 1.45 MMT by the end of April-June quarter.

### Trade

Preliminary official PO exports rose from 935 TMT in February to 1.2 MMT in March.

Exchange Rate: US\$1.00 = RM3.674 (Mar 30, 2006); RM3.644 (Apr 26, 2006)

**Annual Situation**

PS&D table for palm oil remains unchanged since the submission of the Oilseed Annual Report MY6009.

	Revised 2004/05	Prelim 2005/06	Forecast 2006/07
(1,000 tons)			
Beg Stock	1,332	1,436	1,200
Production	15,194	15,250	15,900
Imports	333	500	700
Total Supply	16,859	17,186	17,800
Exports	12,634	13,000	13,420
Domestic Use	2,789	2,986	3,180
Ending Stock	1,436	1,200	1,200

## Quarterly Outlook for Palm Oil

	2005 1/	2006 2/	2005 1/	2006 2/
	Jan-Mar	Jan-Mar	Apr-Jun	Apr-Jun
	(1,000 tons)			
Beg Stocks 3/	1,490	1,604	1,437	1,586
Prod- Pen. Mal	1,959	1,785	2,227	2,100
- East Mal	1,458	1,447	1,526	1,800
- Total	3,417	3,232	3,753	3,900
Imports	129	338	50	300
Total Supply	5,036	5,174	5,240	5,786
Exports 4/	3,131	3,085	3,585	3,736
Dom Disap 5/	468	503	468	600
End Stocks	1,437	1586	1,187	1450

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**

	2005	2005	2006	2006
	Mar	Jan-Mar	Mar	Jan-Mar
(In 1,000 MT)				
CPO:				
Pen. Malaysia	712	1,959	714	1,785
East Malaysia	504	1,459	529	1,447
- Total /1	1,216	3,417	1,243	3,232
Palm Kernel: Malaysia	336	938	338	879
Palm Kernel Oil: Malaysia	161	443	160	403
Palm Kernel Meal: Malaysia	183	508	181	458

1/ 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
Apr 2005	1,428	389	401	355
May	1,410	389	401	355
Jun	1,398	384	395	348
July	1,408	388	398	344
Sep	1,381	385	398	330
Oct	1,452	401	413	341
Nov	1,420	388	399	341
Dec	1,382	376	387	350
Jan	1,398	383	390	366
Feb	1,435	398	404	381
Mar 1/	1,422	400	407	392
Apr 2006 (till 27)	1,415	405	409	393

1/ Revised

Exchange Rate: US\$1.00 = RM3.674 (Mar 30, 2006); RM3.644 (Apr 26, 2006)

**Stock**

	2005	2006	2006	2006
	Mar	Jan	Feb 1/	Mar
(In 1,000 MT)				
Crude P. Oil	738	866	980	918
Processed PO	700	674	666	668
- Total PO	1,438	1,540	1,646	1,586
Palm Kernel	135	185	205	208
P. Kernel Oil	193	228	254	280

1/ Revised