

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Malaysia

### Oilseeds and Products Update

#### Update (May)

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**Report Highlights:**

Malaysia's crude palm oil (CPO) production dropped 5.8 percent to 1.3 MMT in April 2009. Post revised CPO output slightly upwards to 18.5 MMT for 2009/10. PO exports declined 8.2 percent to 1.3 MMT in April. Lower CPO output resulted in a lower stock level at the end of April. In line with a softer global oilseed market, the monthly average delivered CPO price declined to RM2,535/MT in May.

**Post:**

Kuala Lumpur

**Executive Summary:****Production**

The Malaysian Palm Oil Board (MPOB) reported that total crude palm oil (CPO) production dropped 5.8 percent to 1.3 MMT in April 2010. Peninsular Malaysia's production dropped 7.4 percent while East Malaysia's output was also down by 3.8 percent. Compared to April 2009, output during April 2010 was 26 percent higher. Despite a dip in April, the industry is expecting a seasonal uptrend in output till October. Post expects CPO output to be about 4.4 TMT during the Apr-Jun quarter.

**Price**

The monthly average delivered CPO price declined to RM2,426/MT by mid-May before moving upwards in the latter half of the month to reach RM2,535/MT by the end of May. For comparison, the average CPO price for May 2009 was RM2,744/MT. Currently, the key determinant of the CPO price movement is the euro-dollar exchange rate. Refined/Bleached/Deodorized (RBD) Palm Oil FOB average price rose from US\$804/MT in April to US\$808/MT in May.

**Stocks**

Lower CPO output resulted in a lower stock level at the end of April. Compared to May 2009, the stock level is higher by 330 TMT. Post expects exports to increase as the Islamic countries to stock up for the month of Ramadan (August). The stock level is expected to decline to 1.3 – 1.4 MMT by end of June before increasing to 1.6 MMT by the end of September.

**Trade**

A preliminary official report shows PO exports declined by 8.2 percent to 1.3 MMT in April. Cargo surveyor Societie Generale reported Malaysian palm oil exports rose 6 percent during May 1-25 compared to the corresponding period in April.

Exchange Rate: RM3.413 (Jan 31, 2010); RM3.401 (Feb 28, 2010); RM3.263 (Mar 31, 2009)  
RM3.186 (Apr 30, 2010); RM3.292 (May 31, 2010)

**Other Relevant Reports**

Oilseeds & Products Annual (AGR Number MY0003)

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Oilseeds%20and%20Products%20Annual\\_Kuala%20Lumpur\\_Malaysia\\_3-13-2010.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Oilseeds%20and%20Products%20Annual_Kuala%20Lumpur_Malaysia_3-13-2010.pdf)

Oilseeds & Products: Lock-up Report January 2010 (ARG Number MY0001)

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Oilseeds%20and%20Products%20Update%20Jan\\_Kuala%20Lumpur\\_Malaysia\\_2-4-2010.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Oilseeds%20and%20Products%20Update%20Jan_Kuala%20Lumpur_Malaysia_2-4-2010.pdf)

**Author Defined:****Annual Situation**

Changes in the PS&D table reflect a slight upward revision in CPO production for 2009/10 as El Nino effects were not as serious as expected. Imports of Indonesian CPO were revised upwards to help fill the increase in overseas demand. Domestic use was reduced with ending stock remaining at 1.6 MMT.

	Revised 2007/08	Prelim 2008/09	Forecast 2009/10
(1,000 MT)			
Beg Stock	1,462	1,951	1,579
Production	17,567	17,257	18,500
Imports	462	829	1,200
Total Supply	19,491	20,037	21,279
Exports	14,644	16,097	17,100
Domestic Use	2,896	2,361	2,579
Ending Stock	1,951	1,579	1,600

**Quarterly Production for Palm Oil**

	2009 1/ Jan-Mar	2010 2/ Jan-Mar	2009 1/ Jan-Mar	2010 2/ Jan-Mar
Beg Stocks 3/	1,995	2,239	1,366	1,656
Prod- Pen. Mal	2,192	2,117	2,467	2,460
- East Mal	1,600	1,748	1,660	1,980
- Total	3,792	3,865	4,127	4,440



Palm Kernel Oil: Malaysia	165	160	161	159	645	173	134	170	160	637
Palm Kernel Meal: Malaysia	183	176	178	176	713	191	150	189	180	710

1/ Revised

### Prices

	Local Crude	RBD Palm Oil	RBD Olein	RBD Stearin
	RM/MT	US\$/MT	US\$/MT	US\$/MT
May 2009	2,744	820	832	754
Jun	2,445	742	741	706
Jul	2,115	623	646	576
Aug	2,412	707	729	652
Sep	2,232	663	691	631
Oct	2,154	659	677	612
Nov	2,199	668	691	623
Dec	2,461	752	764	696
Jan 2010	2,518	780	789	715
Feb	2,549	767	774	734
Mar	2,632	801	814	787

Apr /2	2,544	804	812	797
May (till 27)	2,535	809	808	791

1/ Prices are for West Malaysia only (since January 2006),

2/ Revised

Exchange Rate: RM3.413 (Jan 31, 2010); RM3.401 (Feb 28, 2010); RM3.263 (Mar 31, 2009)  
RM3.186 (Apr 30, 2010); RM3.292 (May 31, 2010)

### Stocks

	2009	2009	2009	2009	2010	2010	2010	2010
	Jan	Feb	Mar	Apr	Jan	Feb	Mar	Apr
(1,000 MT)								
Crude P. Oil	1,071	908	654	606	1,133	935	850	845
Processed PO	762	658	711	686	870	854	806	777
- Total PO	1,833	1,566	1,365	1,292	2,003	1,789	1,656	1,622
Palm Kernel	139	115	109	104	98	106	107	100
P. Kernel Oil	358	334	310	302	283	252	233	254

1/ Revised