

Statistical Summary

SUPPLY AND DISAPPEARANCE

Malaysian crude palm oil production in 1988 increased by 10.9% over 1987's negative growth rate of 0.19%. Production of crude palm oil in Malaysia in 1988 was 5.027 million tonnes while in 1987, it was 4.53 million tonnes and in 1986, 4.54 million tonnes. The upsurge in production in 1988 was due more to the production cycle of the palms and the normal rainfall received two years ago. Ever since the introduction of the weevils, there have been greater fluctuations in yield. Production of palm oil in 1989 is estimated at 5.327 million tonnes or at a 5.96% growth rate over 1988.

Cumulative production of crude palm oil for the first five months of 1989 was 1 911 204 tonnes, an increase of 16.16% over the total production during the same period in 1988 which was 1 645 341 tonnes. Monthly production during these two time periods followed a similar trend as there had been no decline in production. Due to greater monthly production in the first five months of 1989 as well as the higher volume of the opening stock of palm oil, the total palm oil available for trade during this period in 1989 had been more than that in the same months during the previous year. Opening stock in January 1989 was 795 857 tonnes against 513 640 tonnes in January 1988. Total palm oil available for trade in January 1989 was 1 159 937 tonnes against 779 019 tonnes in January 1988.

Cumulative monthly exports for the first four months of 1989 at 1 570 190 tonnes were 10.45% greater than that exported during the same period in 1988. Total exports of palm oil during the first four months of 1988 were 1 421 583 tonnes. However, due to higher monthly production and the greater quantities available for trade in 1989, the ending stock of palm oil in April 1989 at 562 300 tonnes was higher than that in April 1988 which was 340 019 tonnes or up by 222 281 tonnes.

Countrywise, Singapore was the largest importer of Malaysian palm oil during

January to April 1989 thus overtaking the position formerly held by India during the same period of 1988. Imports by Singapore during this period in 1989 totalled 268 450 tonnes while during the same time frame in 1988 her imports totalled 179 056 tonnes. However, imports by Singapore were mainly for re-exports.

Indonesia emerged as the second largest importer of palm oil from Malaysia thus overtaking the position formerly held by Pakistan. Imports by Indonesia during this period in 1989 totalled 171 996 tonnes against 70 679 tonnes during January to April 1988 an increase of 101 317 tonnes or 143%. The sudden upsurge in palm oil imports by Indonesia was due to the declining coconut oil production. This led Indonesia to import more Malaysian palm oil to fulfill the increased domestic requirement especially during the festive season of the Muslims. Imports of 360 000 tonnes of vegetable oils were allowed duty free during the first six months of 1989. The increased imports were also to meet the commitments made to buyer countries.

The third largest importer of Malaysian palm oil during the period in 1989 was Pakistan. Imports during January-April 1989 totalled 131 912 tonnes but declined from imports of the same period in 1988 which amounted to 194 625 tonnes. The EEC as a nation was the fourth largest importer of Malaysian palm oil with imports increasing from 98 397 tonnes to 127 960 tonnes during January to April 1988 and 1989 respectively.

China was the fifth largest importer and imported 114 447 tonnes in the first four months of 1989, a two fold increase compared to imports during the same period in the previous year which were 52 077 tonnes. Increased imports by China were due to the recently concluded Malaysia-China trade agreement to increase direct trade between Malaysia and China and the 10% reduction in import duty by China. Also, severe drought conditions in the central and southern provinces of China have sharply affected yields of oilseeds and grains. As

TABLE 1. MALAYSIAN PALM OILS: SUPPLY AND DISAPPEARANCE BY MONTH (TONNES)

1988	SUPPLY			DISAPPEARANCE			
	Beginning Stocks	Production	Total ^a	Adjusting Balance	Exports	Total ^a	Ending Stocks
January	513 640	265 379	779 019	64 337	362 610	390 947	388 072
February	338 072	273 620	611 692	-65 346	291 519	226 173	385 519
March	385 519	339 510	725 029	-20 590	392 674	372 084	352 945
April	352 945	372 560	725 505	10 706	374 780	385 486	340 019
May	340 019	394 272	734 291	39 997	336 681	376 678	357 613
June	357 613	478 019	835 632	18 804	318 735	337 539	498 093
July	498 093	479 874	977 967	66 730	309 516	376 246	601 721
August	601 721	534 133	1 135 864	68 653	421 238	489 891	645 973
September	645 973	512 447	1 158 420	15 780	457 623	473 403	685 017
October	685 017	504 771	1 189 788	33 118	361 070	394 188	795 600
November	795 600	457 156	1 252 756	18 064	366 183	384 247	868 509
December	868 509	415 755	1 284 264	103 026	385 381	488 407	795 857
Total		5 027 496			4 342 010		
1989							
January	795 857	364 080	1 159 937	29 382	404 403	433 785	726 152
February	726 152	341 575	1 067 727	-117	275 682	275 565	792 162
March	792 162	368 990	1 161 152	58 923	446 023	504 946	656 206
April	656 206	392 065	1 048 271	41 889	444 082 (e)	485 971	562 300 (e)
May	562 300 (e)	444 497 (p)	1 006 797	N.A.	N.A.	N.A.	N.A.

a Summation of the month's totals do not always equate to the total for the year, because adjustments made to the latter are not incorporated into the former.

p Preliminary

e Estimate

N.A. not available.

Source: Palm Oil Update, PORLA (various issues)

much as 11 million hectares in the southern province alone were damaged. The growth in China's economy as well as increases in urban and rural income resulted in an increase in per capita consumption of oils and fats from 2.1 kg to 4.3 kg per year. The increase in palm oil imports by China was also attributable to the shift in consumer taste preferences for cooking oil from animal fats, particularly lard to vegetable oils.

Imports of Malaysian palm oil by India during the period declined from 278 822 tonnes in 1988 to 110 974 tonnes in 1989 thus making India the sixth largest importer in the world. The decline in imports was due to the better harvest of oilseeds in India. Indian output of nine oilseeds is estimated to increase by 3.5 million tonnes. However, imports of vegetable oils in 1989 are unlikely to decline below 1.25 million tonnes thus more imports of vegetable oils should take place in the last eight months of 1989. The last country importing Malaysian palm oil with a volume exceeding 100 000 tonnes during the first four months of 1989 was the USSR. Her imports for the four months of 1989 totalled 109 503 tonnes.

Exports of palm oil is expected to pick up again because the American Soyabean Association has agreed to put a stop to its smear campaign against palm oil and agreed to have friendly competition on the international market. More aggressive palm oil promotion activities will be conducted especially to remove the negative points already painted about palm oil.

PRICES

Palm oil and other oils and fats prices declined between 0.5% (soybean oil) and 12.5% (RBD palm stearin) in January-June

1989 as compared to January-June 1988. In absolute terms the decline ranged from US\$2/tonne for soybean oil to US\$62/tonne for RBD palm olein in January-June 1989 as compared to January-June 1988.

In the same vein palm oil products prices competitiveness in comparison to other oils and fats prices increased in January-June 1989 in comparison to January-June 1988. During the mentioned period RBD palm olein price in comparison to soybean oil price shifted from a premium of US\$45/tonne to a discount of US\$15/tonne, RBD palm olein to cotton seed oil from a discount of US\$105/tonne to a discount of US\$158/tonne, palm kernel oil to coconut oil from a discount of US\$12/tonne to a discount of US\$50/tonne, and RBD palm stearin to tallow from a premium of US\$19/tonne to a premium of US\$9/tonne. (See Table 2)

In January-June 1989 the prices of palm oil products in comparison to other oils and fats prices were very competitive and were at discount ranging from US\$15/tonne (for RBD palm olein/soybean oil) to US\$158/tonne (for RBD palm olein/cottonseed oil). The exception being RBD palm stearin to tallow, which had declined in premium from US\$19/tonne to US\$9/tonne. Perhaps the best way to demonstrate the price competitiveness of palm oil products vis a vis other oils and fats prices is by a graphic illustration of these prices as shown in Figures 1 (January-December 1988) and 2 (January-July 1989). After all it is often said that "A picture is worth a thousand words".

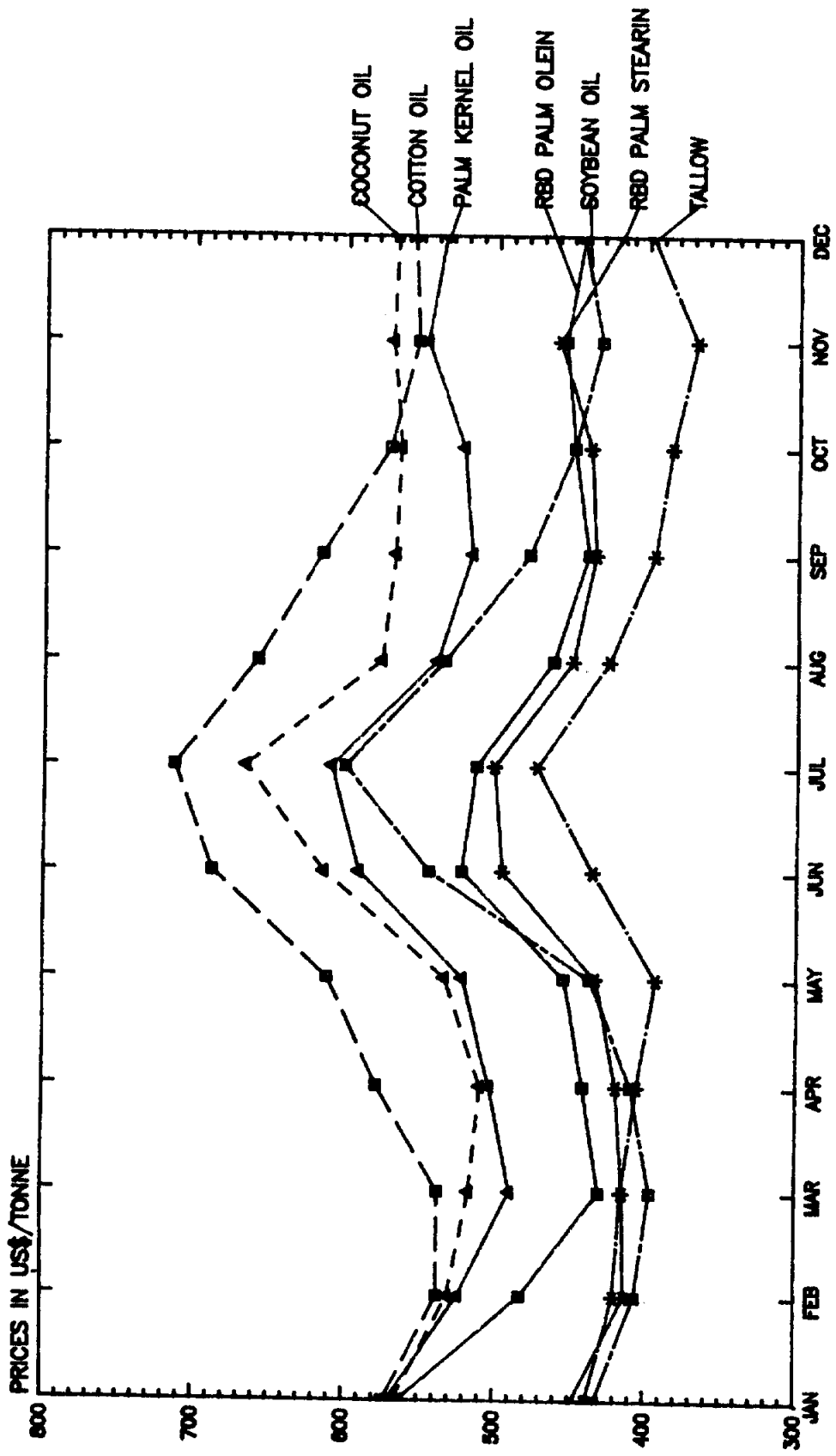
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TABLE 2. PRICES OF SELECTED OILS AND FATS (US\$/TONNE) 1988 AND 1989

Products	RBD Palm Olein (CIF) (1)	Soyabean Oil (FOB) (2)	Cotton Oil (CIF) (3)	Spread (1) - (2) +Premium -Discount	Spread (1) - (3) +Premium -Discount	Palm Kernel Oil (CIF) (4)	Coconut Oil (CIF) (5)	Spread (4) - (5) +Premium -Discount	RBD Palm Stearin (CIF) (6)	Tallow (CIF) (7)	Spread (6) - (7) +Premium -Discount	RBD Palm Oil (FOB) (8)	Palm Oil (CIF) (9)
Jan (1988)	563	433	573	+130	-10	570	566	+4	448	439	+9	488	486
Feb	482	406	537	+76	-55	523	530	-7	413	420	-7	436	403
Mar	430	396	537	+34	-107	489	516	-27	414	415	-1	367	381
Apr	441	409	578	+32	-137	503	509	-6	419	405	+14	389	403
May	454	437	611	+17	-157	521	533	-12	433	393	+40	401	422
Jun	522	544	688	-22	-166	591	614	-23	495	435	+60	468	496
Jul	513	600	713	-87	-200	609	666	-57	501	473	+28	460	517
Aug	462	534	658	-72	-196	539	576	-37	449	425	+24	411	450
Sep	439	478	615	-39	-176	516	567	-51	434	395	+39	390	428
Oct	449	449	571	0	-122	522	564	-42	438	384	+54	403	431
Nov	455	431	553	+24	-98	547	570	-23	459	368	+91	409	418
Dec	443	444	556	-1	-113	535	567	-32	418	398	+20	394	411
Ave. (Jan.- Jun)	482	437	587	+45	-105	533	545	-12	437	418	+19	425	432
Average	471	463	599	+8	-128	539	565	-26	443	413	+30	418	437
Jan 1989	432	423	562	+9	-130	495	537	-42	403	380	+23	376	383
Feb	433	412	563	+21	-130	498	538	-40	388	385	+3	380	401
Mar	417	437	589	+20	-172	503	545	-42	376	371	+5	369	399
Apr	412	440	593	-28	-181	496	549	-53	372	360	+12	369	391
May	429	460	599	-31	-170	528	589	-61	389	369	+20	383	406
Jun	398	464	561	-66	-163	497	559	-62	363	375	-12	349	373
Jul (20th)	347	440	540	-93	-193	463	531	-68	315	355	-40	300	323
Ave. (Jan.- Jun)	420	435	578	-15	-158	503	553	-50	382	373	+9	371	392

RBD Palm Olein, Mal. CIF Rott; Soybean Oil, Dutch FOB ex-mill; Cotton Oil, US, PDSY, CIF Rott;
 Palm Kernel Oil, Mal. CIF Rott; Coconut Oil, Phil./Indo, CIF Rott; RBD Palm Stearin Mal, CIF Rott;
 Tallow US Bleach Fancy, CIF Rott; RBD Palm Oil, FOB Mal; Palm Oil, Sum/Mal, CIF N. W. Europe.

Sources: (a) Oil World, PORLA.



SOURCE: OIL WORLD

Figure 1. Prices of selected Oils and Fats 1988

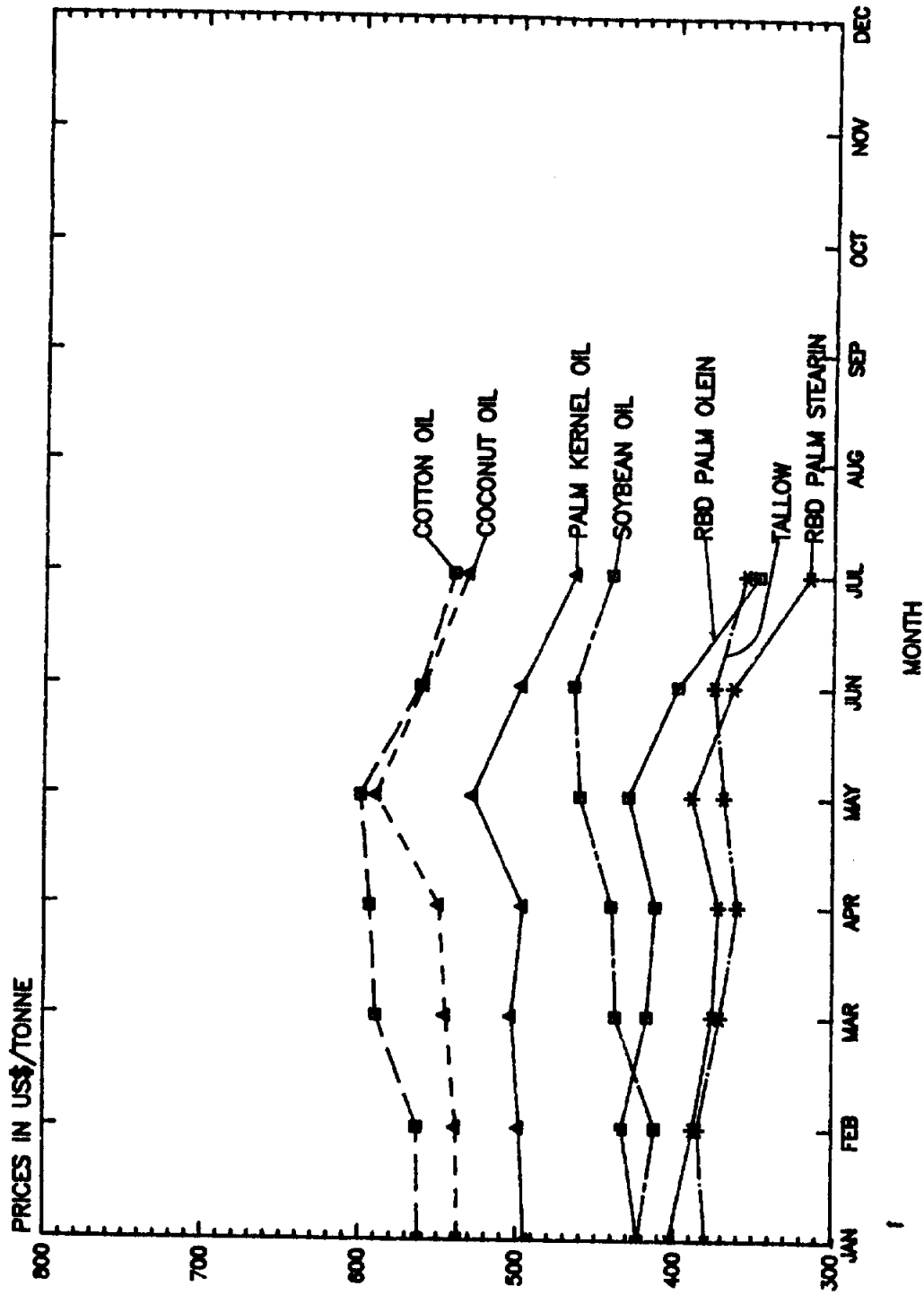


Figure 2. Prices of selected Oils and Fats 1989