

# Statistical Summary

## SUPPLY AND DISAPPEARANCE

For the first eleven months of 1989, Malaysia's total crude palm oil production rose 20% to 5.523 million tonnes from 4.612 million tonnes for the corresponding period in 1988. The upsurge in production during 1989 was attributable to the high proportion of palms at the peak productivity stage. It is estimated that more than 268 000 hectares or 18 % of the palms are in the age bracket of 8 to 10 years. Production of palm oil in 1989 is estimated to have reached six million tonnes, while for 1990, it might reach 6.2 million tonnes.

Production in each of the first eleven months of 1989 exceeded that in the corresponding months in 1988. Comparing 1988 with 1987, production for the months of January and September 1988 was lower than that of the corresponding months in 1987. The peak production month in 1989, though not very distinct, was in September when production was 647 544 tonnes. In November 1989, total crude palm oil production registered a slight increase of 1% to 636 244 tonnes from 627 292 tonnes in October (*Table 1*).

Greater monthly production of palm oil in 1989 as well as the higher beginning stocks made more palm oil available for trade during the year. Beginning stocks in January 1989 amounted to 795 857 tonnes against 513 640 tonnes in January 1988, while the trade availabilities were 1 159 937 tonnes and 779 019 tonnes respectively. The increased monthly production in 1989 also resulted in monthly trade availabilities exceeding one million tonnes, while previously the one million tonne mark was reached only in August 1988. This indicates the stable and reliable supply of palm oil from Malaysia.

Except for February 1989, monthly exports of palm oil were greater than in the corresponding months of the previous year. Total export volume of palm oil for the first eight months of 1989 from Malaysia rose 20.2% to

3 330 556 tonnes from 2 771 753 tonnes for the corresponding period in 1988. However, due to greater availability for trade, ending stocks built up to reach 783 436 tonnes in August and to an estimated high of 1 016 923 tonnes in October 1989, compared with 795 600 tonnes for the corresponding month of the previous year.

Countrywise, Singapore was the largest importer of palm oil from Malaysia. During January to August 1989, she imported 518 725 tonnes, comprising 518 142 tonnes of processed palm oil (PRO) and 583 tonnes of crude palm oil (CPO). For the corresponding months of the previous year she imported 362 392 tonnes, comprising 361 848 tonnes of PPO and 544 tonnes of CPO. However, Singapore re-exported most of this oil. During the same period, Pakistan was the second largest importer, with a volume of 341 523 tonnes of PPO, slightly less than that imported during the corresponding period of the previous year (354 191 tonnes). The continuing large imports were due to the favourable current mix of palm oil in the ghee blend as well as to the extensive market promotion efforts conducted in the country.

Imports by Indonesia increased three-fold from 113 308 tonnes in the first eight months of 1988 to 321 768 tonnes in the same period in 1989. The reason underlying the increase was that the Government permitted duty-free imports of 360 000 tonnes of vegetable oils during the first six months of 1989 to meet the increased demand for cooking oils during the festive season.

The fourth largest importer after Indonesia was China, whose uptake increased from 127 082 tonnes to 278 413 tonnes for January to August in 1988 and 1989 respectively. Reasons for the increasing imports were the improving living standard, the open door policy, the growing importance of the catering sector and the fact that the consumers are satisfied with the quality of palm oil. Imports by the USSR also increased, from 127 082

TABLE 1. MALAYSIAN PALM OIL: SUPPLY AND DISAPPEARANCE BY MONTH (tonnes)

	SUPPLY			DISAPPEARANCE			Ending Stocks
	Beginning Stocks	Production	Total <sup>a</sup>	Adjusting Balance	Exports	Total <sup>a</sup>	
<b>1988</b>							
January	513 640	265 379	779 019	64 337	326 610	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	353 945
April	352 945	372 560	735 505	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		
<b>1989</b>							
January	795 857	364 080	1 159 937	29 832	404 403	433 785	726 152
February	726 152	341 575	1 067 727	- 277	275 862	275 585	792 142
March	792 142	368 990	1 161 132	58 903	446 023	504 926	656 206
April	656 206	392 065	1 048 271	52 242	436 238	488 480	559 791
May	559 791	444 758	1 004 549	32 590	438 650	471 240	533 309
June	533 309	502 814	1 036 123	61 758	370 372	432 130	603 993
July	603 993	559 939	1 163 932	8 897	456 861	465 758	698 174
August	698 174	638 131	1 336 305	50 902	501 967 <sup>b</sup>	552 869	783 436
September	783 436	647 544	1 430 980	N.A.	N.A.	N.A.	878 979
October	878 979	627 292	1 506 271	N.A.	N.A.	N.A.	1 016 923 <sup>c</sup>
November	1 016 923 <sup>c</sup>	636 244	1 653 167	N.A.	N.A.	N.A.	N.A.

<sup>a</sup> 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

<sup>b</sup> estimate

<sup>c</sup> preliminary

N.A. not available

Sources: Palm Oil Update, PORLA (various issues)  
Department of Statistics, Malaysia

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

Products	RBD Palm Olein (CIF)	Soya-bean Oil (FOB)	Cotton-Seed Oil (CIF)	Spread (1)-(2) +Pre-mium -Dis-count	Spread (1)-(3) +Pre-mium -Dis-count	Palm Kernel Oil (CIF)	Coco-nut Oil (CIF)	Spread (4)-(5) +Pre-mium -Dis-count	RBD Palm Stearin (CIF)	Tal-low (CIF)	Spread (6)-(7) +Pre-mium -Dis-count	RBD Palm Oil (FOB)	Palm Oil (CIF)
Year/Months	(1)	(2)	(3)			(4)	(5)		(6)	(7)		(8)	(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
Average	471	463	599	+ 8	- 128	539	656	- 26	443	413	+ 30	418	437
Jan (1989)	423	423	562	0	- 139	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	357	447	553	- 90	- 196	470	540	- 70	325	356	- 31	309	331
Aug	325	401	547	- 76	- 222	441	481	- 40	299	336	- 37	279	309
Sep	344	410	566	- 66	- 222	461	503	- 42	321	351	- 30	297	323
Oct	351	419	578	- 68	- 227	451	480	- 29	338	368	- 30	303	321
Nov	325	433	579	- 108	- 254	426	456	- 30	317	378	- 61	381	301
Dec	291	429	582	- 138	- 291	400	425	- 25	290	362	- 72	246	267
Average	375	432	572	- 57	- 197	472	517	- 45	348	366	- 18	328	350

RBD Palm Olein, Mal. CIF Rott. Soybean Oil, Dutch FOB ex-mill, Cotton Oil, US, PSBY, 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.

Figure 1. Prices of Selected Oils and Fats 1988

41

Figure 2. Prices of Selected Oils and Fats 1989

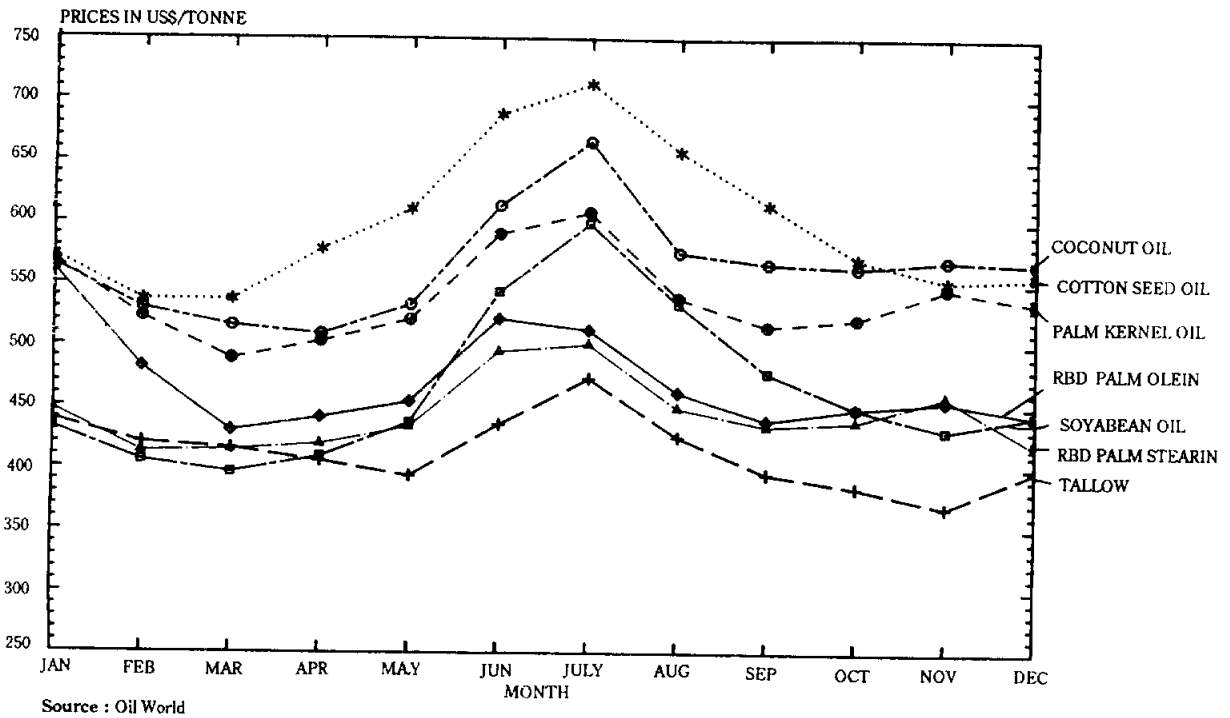


Figure 1. Prices of Selected Oils and Fats 1988

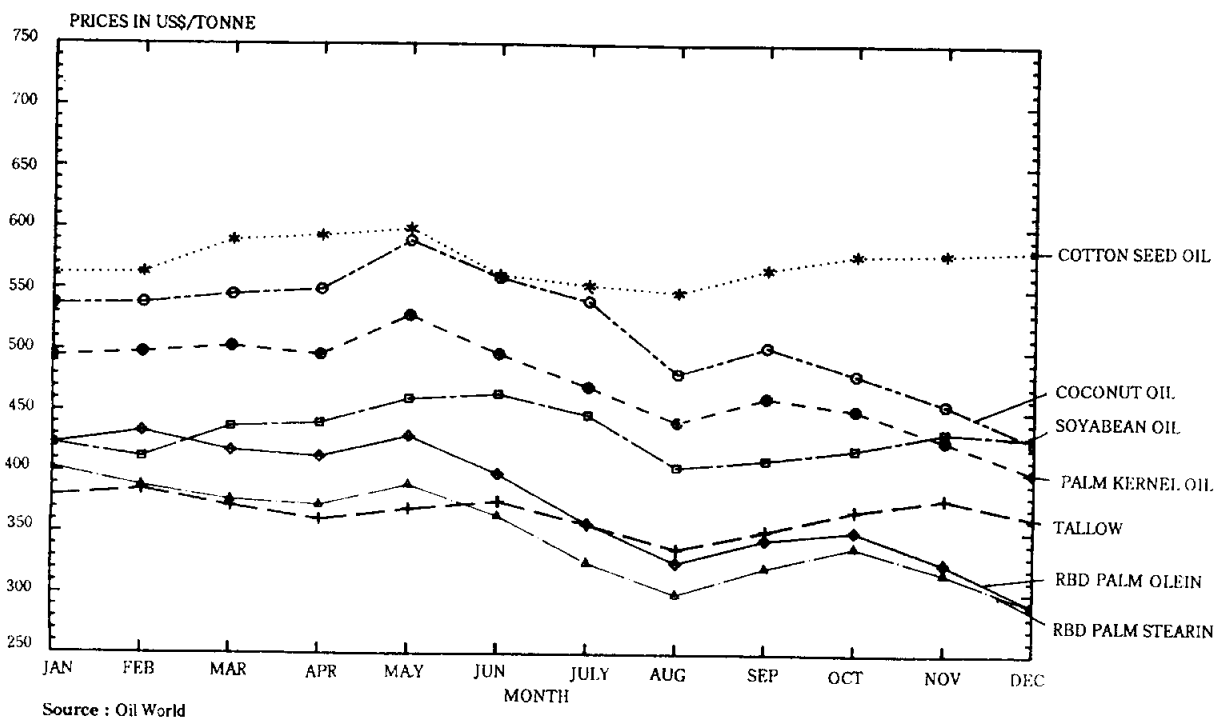


Figure 2. Prices of Selected Oils and Fats 1989

tonnes to 265 407 tonnes for the first eight months of 1988 and 1989 respectively. The big rise was because of the additional raw materials required by the margarine plants purchased by the Soviet Government in the latter part of 1988.

Imports by the EEC increased moderately, from 215 157 tonnes to 264 248 tonnes for the first eight months of 1988 and 1989 respectively. The EEC still has a strong demand for palm oil products. Over the past five years, imports of palm oil increased from 688 000 tonnes to 1.1 million tonnes. Nonetheless, the main bulk of palm oil imports has been in the crude form, coming from Indonesia and the African, Caribbean and Pacific (ACP) countries.

Egypt's imports increased by nearly two-fold, from 85 670 tonnes to 166 381 tonnes, for the first eight months of 1988 and 1989 respectively. The rise resulted from the acceptance by the Egyptian authorities of palm stearin as a tallow substitute for the manufacture of soap, and of palm olein as a liquid cooking oil and a component for shortening.

India was formerly the largest importer of palm oil from Malaysia. For the first eight months of 1988, India imported 506 576 tonnes, but during the corresponding period in 1989 the figure dropped to 127 612 tonnes, making her the ninth largest importer. Among the reasons for the decline were good domestic oilseed production because of the favourable weather, the suspension of concessions on imported oils, and a measure permitting the utilization of solvent-extracted groundnut and sesame seed oils. The latter measure led to better prices for oilseeds and oilcakes that are domestically produced, thus encouraging expansion of cultivation and production. Hence in 1988/89, India produced a record 16.5 million tonnes of oilseeds. Even with the sharp reduction in imports and a substantial recovery in domestic production, total domestic supplies were not enough to satisfy local demand, however. Thus, it is expected that oil imports are likely to rebound sizeably in 1990.

As illustrated in *Table 1*, there are ample ending stocks of palm oil; this, together

with the continuous monthly production, will result in more palm oil being available for trade. With the prices of palm products at large discounts to other oils and fats, consumers in importing countries will become more price sensitive and replace seed oils or animal fats wherever possible. Thus it is expected that consumers will import more palm oil in 1990, especially since the smear campaigns against it have ended.

## PRICES

The prices of palm oil and other oils and fats declined by between 4% (cottonseed oil) and 21% (RBD palm stearin & RBD palm oil) in 1989 as compared with 1988. In absolute terms the decline ranged from US\$ 27/tonne for cottonseed to US\$ 96/tonne for RBD palm olein.

Consequently, the competitiveness of palm oil products in relation to other oils and fats increased in 1989 by comparison with 1988. The price of RBD palm olein in relation to that of soyabean oil shifted from a premium of US\$ 8/tonne to a discount of US\$ 57/tonne, other changes being: RBD palm olein to cottonseed oil from a discount of US\$ 128/tonne to US\$ 197/tonne, palm kernel oil to coconut oil from a discount of US\$ 26/tonne to US\$ 45/tonne and RBD palm stearin to tallow from a premium of US\$ 30/tonne to a discount of US\$ 18/tonne (*Table 2*).

In 1989 the prices of palm oil products in relation to those of other oils and fats were very competitive and were at discounts ranging from US\$ 18/tonne (for RBD palm stearin/crude tallow) to US\$ 197/tonne (for RBD palm olein/cottonseed oil). Perhaps the best way to demonstrate the price competitiveness of palm oil products vis-a-vis other oils and fats is by the graphic illustration of the prices given in *Figures 1* (1988) and *2* (1989). 'A picture is worth a thousand words'.

*For more information please contact En Mohd Nasir Hj Amiruddin or En Burhanuddin Abd Salam, TE & TAS Division, PORIM.*