

Statistical Summary

SUPPLY AND DISAPPEARANCE — A REVIEW

Production of CPO during the first five months of 1990 was 2.284 million tonnes against 1.911 million tonnes during the same period of the previous year giving an increase of 19.5 percent. Eventhough total production during January-May 1990 had increased, monthly production had been lower than that of December 1989 when production was 530 913 tonnes (*Table 1*). May 1990 production totalled 553 461 tonnes and was higher than that produced in December 1989 indicating the cyclical nature of the palms. While production of palm oil in 1989 was 6.056 million tonnes it is forecasted that in 1990 production might reach 6.23 million tonnes or an increase of 3 percent. The slight increase could be attributed to more than 243 000 hectares of oil palms entering the peak productivity stage, that is in the age range of 8-10 years compared to 268 000 hectares during the previous year. If not for the large area at the peak productivity stage, forecast production for 1990 could have been much less due to the below normal rainfall received by the palms and the palms recovering from overstress in 1989.

Greater monthly production of palm oil during the first five months of 1990 compared to the first five months of the previous year as well as the much higher beginning stocks, made more palm oil available for trade during the year. Beginning stocks in January 1990 amounted to 1.06 million tonnes against 0.796 million tonnes in January 1989, while the trade availabilities were 1.504 million tonnes and 1.16 million tonnes respectively—an indication of the stable and reliable supply of palm oil from Malaysia.

Monthly exports of Malaysian palm oil during the first five months of 1990 were greater than that of the corresponding month of the previous year. Total export volume of palm oil for Jan-May 1990 from Malaysia rose by 13.9 per cent to 2.281 million tonnes from 2.001 million tonnes for the corresponding period in 1989. However due to greater availability for

trade, ending stocks in may 1990 was still high at 831 927 tonnes, (eventhough greater export volumes have been traded), compared with 533 000 tonnes for the corresponding month of the previous year.

Singapore was the largest importer of palm oil from Malaysia. During Jan-Feb. 1990, she imported 135 537 tonnes of processed palm oil (PPO). For the corresponding months of the previous year she imported 135 652 tonnes of PPO and 40 000 tonnes crude palm oil (CPO). However, Singapore re-exported most of these oil.

The second largest importer was the EEC whose uptake was 108 726 tonnes of PPO and 509 tonnes of CPO in the first two months of 1990. Compared with the first two months of the corresponding period the uptake of the EEC was 59 658 tonnes of PPO. This illustrates that the consumers are not unduly worried about the developments in the USA, especially the anti-palm oil campaign. The snack food sector, especially in the Netherlands, is changing over to the use of RBD olein instead of hydrogenated soyabean oil. It is also anticipated that more palm products would be imported by the EEC during the year especially after relevant nutrition and other technical facts on palm oil were disseminated during the PORIM European Symposium in May 1990.

Pakistan was the third largest importer with an intake of 82 833 tonnes of PPO during Jan-Feb 1990, an increase from 37 584 tonnes during the same period of 1989. The increase in palm oil intake could be due among others to the current restriction allowing only 35% maximum use of soyabean oil in ghee blend while the balance 65% should be palm oil and the favourable price of palm products relative to that of other oils and fats.

Imports of Egypt increased four-fold from 13 349 tonnes to 65 444 tonnes during Jan-Feb 1989 and 1990 respectively. The rise in palm oil imports by Egypt is attributable to the acceptance of palm stearin as a substitute for tallow in soap making as well as the acceptance of palm olein as a

liquid cooking oil and as a component for Egyptian shortening.

The fifth largest importer was China with imports of 61 849 tonnes for Jan-Feb 1990 indicating an increase of 80 percent when compared to the same period in 1989. The substantial increase in imports were due to a number of inter-related factors: improving living standard, open door policy, the growing importance of catering sector and consumers' satisfaction with the quality of palm oil from Malaysia. Furthermore, the Chinese are beginning to be more knowledgeable about solving (palm

India is stepping up purchases of palm products in 1990 because vegetable oils' prices in India have risen due to insufficient supplies and the decline in ending stocks in the country. It is expected that oil imports are likely to rebound in the later part of 1990.

Imports of the USSR declined from 58 051 tonnes during the first two months of 1989 to 49 326 tonnes during the corresponding month of 1990. Japan's imports increased from 38 156 tonnes in the first two months of 1989 to 42 870 tonnes during the same months in 1990. Turkey's im-

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

1989	SUPPLY			DISAPPEARANCE			Ending Stocks
	Beginning Stocks	Production	Total ^a	Adjusting Balance	Exports	Total ^a	
January	795 857	364 080	1 159 937	29 382	404 403	433 785	726 152
February	726 152	341 574	1 067 726	-278	275 862	275 584	792 142
March	792 142	368 990	1 161 132	58 603	446 323	504 946	656 206
April	656 206	392 065	1 048 271	52 197	436 283	488 480	559 791
May	559 791	444 756	1 004 547	32 588	438 650	471 238	533 309
June	533 309	502 814	1 036 123	47 653	384 477	432 130	603 993
July	603 993	559 939	1 163 932	32 507	433 251	465 758	698 174
August	698 174	638 132	1 336 306	67 124	485 746	552 870	783 436
September	783 436	647 540	1 430 976	53 571	498 426	551 997	878 979
October	878 979	627 644	1 506 623	52 777	436 923	489 700	1 016 923
November	1 016 923	638 054	1 654 977	22 656	489 627	512 283	1 142 694
December	1 142 694	530 913	1 673 607	166 626	447 426	613 692	1 059 915
Total		6 056 501			5 117 397		
1990							
January	1 059 915	444 594	1 504 509	36 105	464 541	500 646	1 003 863
February	1 003 863	419 768	1 423 631	7 467	387 725	395 192	1 028 439
March	1 028 439	454 098	1 482 537	66 301	485 066	551 367	931 170
April	931 170	412 302	1 343 473	55 816	450 111	505 927	837 546
May	837 546	553 461	1 391 007	65 572	493 508(b)	559 080	831 927(c)
June	831 927(c)	N.A.	N.A.	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.

b Preliminary

c Estimate

N.A. not available.

Source: Palm Oil Update, PORLA (various issues)

oil related) technical problems especially regarding solidification during winter shipment, melting, storage and uses.

Comparatively during the same period imports by India increased from 46 439 tonnes in 1989 to 51 502 tonnes in 1990.

ports increased one and half time from 14 798 tonnes in the first two months of 1989 to 37 512 tonnes of the same period in 1990. Increases in imports could be partly due to farmers switching from cotton to grains.

TABLE 2. PRICES OF SELECTED OILS AND FATS (US\$/TONNE) 1989 AND 1990

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 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
Sept	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
Jan.-Dec.	421	428	577	-8	-155	498	542	-498	542	385	-374	373	393
Jan 1990	313	417	588	-104	-270	403	433	-30	302	364	-62	267	279
Feb	308	428	610	-120	-320	366	393	-27	300	366	-66	265	271
Mar	314	442	661	-128	-347	357	372	-15	303	348	-45	273	286
Apr	307	440	677	-133	-370	342	343	-1	302	327	-25	266	264
May 23rd	320	438	720	-118	-400	340	341	-1	300	340	-40	275	274
Average	310	432	633	-121	-322	367	385	-18	302	351	-49	268	275
Jan.-Apr.													

RBD Palm Olein, Mal. CIF Rott. Soyabean Oil, Dutch FOB ex-mill, Cotton Oil, US, PBSY, CIF Rott.
 Palm Kernel Oil, Mal. IF 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.

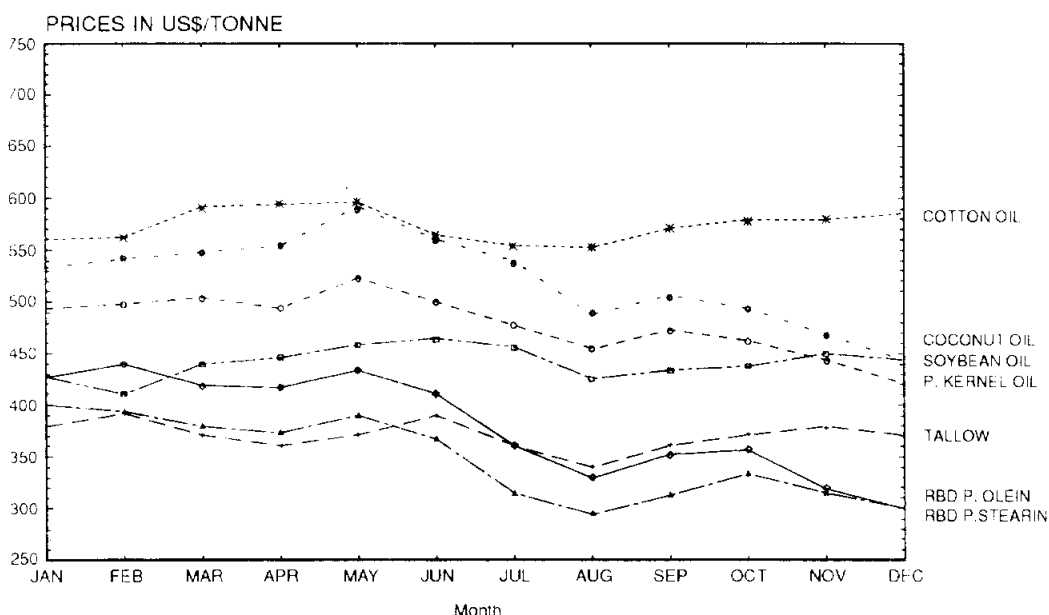
Sources: (a) Oil World, PORLA.

PRICES

Prices of palm oil products vis-a-vis other oils and fats for 1989 and 1990 (January-April) are summarized in Table 2. In January-April 1990 palm oil products prices are lowest compared to prices of their respective competitors. The average monthly prices in January-April 1990 was US\$310.50/tonne for RBD palm olein compared to US\$632.15/tonne for crude cottonseed oil. Average monthly discount of RBD

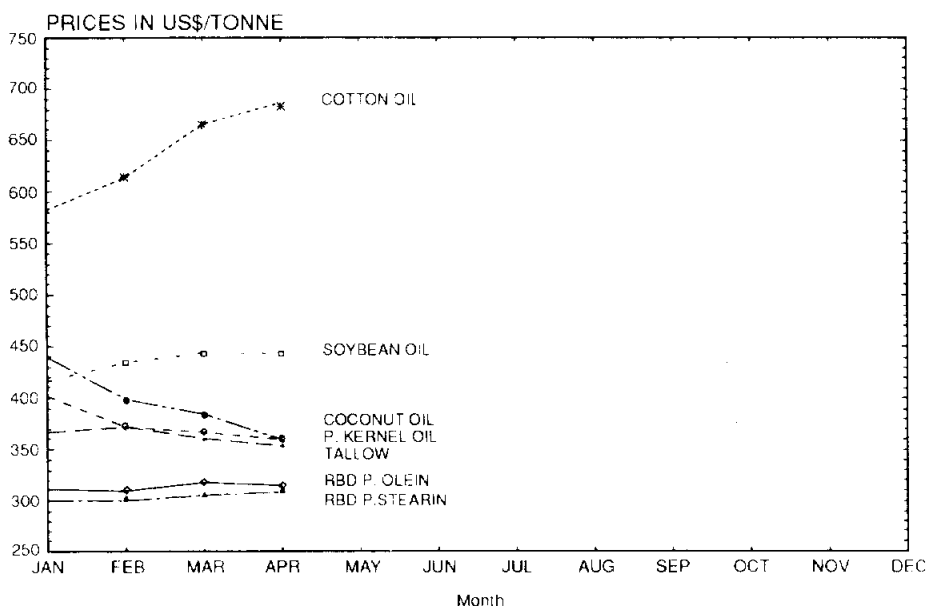
palm olein compared to crude soyabean oil was US\$ 121.25/tonne and US\$ 322.25/tonne compared to crude cottonseed oil for January-April 1990.

The average monthly price during January-April 1990 for RBD palm stearin was US\$ 301.75/tonne compared to US\$351.5/tonne for crude US fancy bleached tallow. The price discount of RBD palm stearin to tallow during January-April 1990 was US\$ 49.5/tonne.



Source: C World

Figure 1. Prices of Selected Oils and Fats 1989



Source: Oil World

Figure 2. Prices of Selected Oils and Fats 1990

With the exception of crude soyabean oil and crude cotton-seed oil, the average monthly prices of oils and fats especially palm oil products declined in January-April 1990 compared to January-April 1989. The price decline in 1990 (January-April) compared to 1989 (January-April) ranged from US\$22.75/tonne for tallow to US\$ 157/tonne for coconut oil. In percentages the decline in prices in 1990/1989 (January-April) ranged from 0.2% for RBD palm stearin to 35.6% for RBD palm olein.

Palm oil products prices compared to other oils and fats prices have been more competitive in 1990 (January-April) as

compared to 1989 (January-April). Palm oil products prices had declined in 1990/1989 (January-April) by 35.6% for RBD palm olein, 26.3% for palm kernel oil, 28.3% for RBD palm oil and 30.11% for crude palm oil.

To demonstrate the price competitiveness of palm oil products vis-a-vis other oils and fats prices, these prices are plotted in *Figure 1* (1989) and *Figure 2* (1990, January-April).

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