

Statistical Summary

Supply and Disappearance

In 1986 Malaysia produced 4.54 million tonnes of crude palm oil, an increase of 0.41 million tonnes or 9.93% from the 4.13 million tonnes of 1985. From 380 095 tonnes in January 1986, monthly production declined gradually until June, when it was 324 345 tonnes (*Table 1*); it then started to increase, reaching 405 406 tonnes in July and rising to 472 916 tonnes in October, thus giving a total production of 3.785 million tonnes for the first ten months of 1986.

Monthly production in 1987, from 271 503 tonnes in January to 317 600 tonnes in May was lower than in the same months of 1986. Production started to increase in June with 391 298 tonnes, and reached 552 104 tonnes in September 1987. In October production was estimated at 482 203 tonnes, a decline of 9 901 tonnes from that of the previous month. Monthly production from June to October was greater than in the same months of 1986. Total production for the first ten months of 1987 was 3 814 210 tonnes, 28 882 tonnes or 0.76% more than in the same period in 1986.

Heavy rainfall during the last two months of 1987 must have affected production, and accordingly the total for the year is estimated at 4.7 million tonnes.

Total palm oil available for trade in January 1987 was 837 101 tonnes, which was 30.54% lower than in January 1986, when it was 1 205 171 tonnes. This large decline was mainly due to reduced carry-over of stocks into 1987: 565 598 tonnes, as against 452 077 tonnes at the beginning of 1986. Monthly exports of palm oil during the first nine months of 1987 exceeded those of 1986 in April, August and September. However total exports

during this period in 1987 (3 223 719 tonnes) were less than the total exported in the same period in 1986 (3 357 599 tonnes) by 133 880 tonnes or 3.99 per cent.

Bad weather conditions in other oilseed producing countries during the harvesting months late in the year were to result in a high demand for palm oil in the last quarter of 1987. This would have led to a reduction in ending stocks, which at the end of September amounted to 659 700 tonnes.

Prices

The prices of palm oil products and of other oils and fats for 1986 and for the first eleven months of 1987 are summarized in *Table 2*. Prices of oils and fats with the exception of soybean oil were on the average higher in 1987 than in 1986. The increase in average price over the period was highest for coconut oil at US\$147 per tonne, followed by palm kernel oil at US\$139 per tonne, RBD palm stearin at US\$85 per tonne, crude palm oil at US\$82 per tonne and RBD palm oil, tallow, RBD palm olein and cottonseed oil in that order. The exception, soybean oil, declined in price from US\$344 per tonne in 1986 to US\$329 per tonne in 1987.

Palm oil products were generally able to maintain their competitiveness against other oils and fats even though the discount in prices or spread narrowed in several cases (*Table 2* and *Figures 1* and *2*). For instance the price discount of RBD palm olein to cottonseed oil averaged US\$169 per tonne in 1986 and narrowed to US\$113 per tonne in 1987, while the discount of RBD stearin to tallow, at US\$32 per tonne in 1986, was reduced to US\$11 per tonne in 1987. However, the price discount of palm kernel oil to coconut oil, at US\$9 per tonne in 1986, was increased to US\$17 per tonne in 1987, while RBD olein prices, at a discount of US\$24 per tonne to the soybean oil price in 1986, were nevertheless at an average

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

	SUPPLY			DISAPPEARANCE			Ending Stocks
	Beginning Stocks	Production	Total	Adjusting Balance	Exports	Total	
1986							
January	852 077	380 095	1 205 172	14 638	321 538	336 176	939 023
February	939 023	332 995	1 272 018	- 3 937	334 281	330 344	941 674
March	941 674	325 711	1 267 385	61 734	344 055	405 789	861 596
April	861 596	323 035	1 184 631	43 822	330 214	367 800	810 595
May	810 595	326 313	1 136 908	34 904	435 907	464 795	666 097
June	666 097	324 345	990 442	-19 833	367 201	347 368	643 074
July	643 074	405 406	1 048 480	26 663	380 881	407 544	640 936
August	640 936	423 612	1 064 548	37 540	400 203	437 743	626 805
September	626 805	470 960	1 097 765	38 959	443 319	482 278	615 487
October	615 487	472 916	1 088 403	- 927	438 566	437 639	650 764
November	650 764	418 537	1 069 301	60 764	343 093	403 857	665 444
December	665 444	338 324	1 003 768	18 622	419 548	438 170	565 598
1987							
January	565 598	271 503	837 101	12 536	299 522	312 058	511 561
February	511 561	270 188	781 749	18 413	287 759	306 172	475 577
March	475 577	290 171	765 748	40 436	273 639	314 075	451 673
April	451 673	311 518	763 191	24 426	332 178	356 604	406 587
May	406 587	317 600	724 187	39 917	289 665	329 582	394 605
June	394 605	391 298	785 903	12 068	344 441	356 509	429 394
July	429 394	436 384	865 778	21 334	335 373 (p)	356 707	509 071
August (r)	509 071	491 241	1 000 312	32 247	401 034	433 281	567 031 (e)
September	567 031 (e)	552 104	1 118 431	-55 002	513 733	458 731	659 700 (e)
October	659 700 (e)	482 203 (e)	N.A.	N.A.	N.A.	N.A.	N.A.

Sources: 1986, Department of Statistics, Malaysia and Palm Oil Update, PORLA (various issues).

1987, Palm Oil Update, PORLA (various issues).

(p) preliminary, (r) revised, (e) estimate, (N.A.) not available.

Note: Summation of the months' totals does not always equate to the year's total, because adjustments made to the latter are not incorporated into the former.

TABLE 2. PRICES OF SELECTED OILS AND FATS (US\$/TONNE), 1986 AND 1987

Products Year/ Months	RBD Palm Olein (CIF) (1)	Soyabean Oil (FOB) (2)	Cotton Seed 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)
	1986												
January	374	457	602	+83	+228	343	380	-37	340	347	+7	321	342
February	330	395	530	-65	-200	275	318	-43	290	311	-21	282	283
March	304	369	443	-65	-139	271	293	-22	248	300	-52	236	243
April	321	349	473	-28	-152	265	266	-1	256	306	-50	263	242
May	320	345	513	-25	-193	243	233	+10	250	238	-13	254	238
June	328	351	501	-23	-173	265	254	+11	257	243	+14	255	243
July	298	336	497	-38	-199	237	229	+8	225	245	-20	234	221
August	272	271	475	+1	-203	209	211	-2	203	242	-39	204	197
September	268	276	416	-8	-148	228	240	-12	204	269	-65	203	207
October	335	319	450	+16	-115	341	341	0	275	326	-51	244	272
November	374	322	480	+52	-106	392	388	+4	305	347	-42	303	303
December	348	320	489	+28	-141	389	405	-16	298	351	-53	282	293
Average (Jan-Jun)	330	378	510	-48	-180	277	291	-14	274	295	-21	269	265
Average (Jan-Nov)	320	345	489	-25	-169	279	287	-8	259	291	-32	254	254
1987													
January	396	315	504	+81	-108	424	425	-1	354	388	-34	315	350
February	397	307	493	+90	-96	395	403	-8	348	365	-17	363	330
March	374	305	493	+69	-119	347	344	+3	316	315	+1	311	313
April	377	333	495	+44	-118	392	389	+3	327	322	+5	323	339
May	374	351	514	+23	-140	398	405	-7	336	360	-24	321	341
June	382	351	518	+31	-136	434	451	-17	345	350	-5	326	342
July	351	318	493	+33	-142	429	443	-14	337	348	-11	307	300
August	372	322	481	+50	-109	441	479	-38	343	348	-5	305	308
September	390	330	484	+60	-94	437	480	-43	357	371	+6	324	335
October	388	348	490	+40	-102	434	482	-48	354	368	-14	330	333
November	408	338	490	+70	-82	454	477	-23	364	369	-3	333	368
Average (Jan-Jun)	383	327	503	+56	-120	398	403	-5	338	350	-12	327	366
Average (Jan-Nov)	383	329	496	+54	-113	417	434	-17	344	355	-11	323	334

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

Palm Kernel Oil, Mal. CIF Rott. Coconut Oil, Phil./Indo, CIF, Rott.

RBD Palm Stearin, CIF Rott. Equi. Tallow, US Bleach Fancy, CIF Rott.

RBD Palm Oil, FOB, Mal. Palm Oil, Sum/Mal, CIF N.W. Europe.

Sources: Oil World, PORLA, Trade Sources.

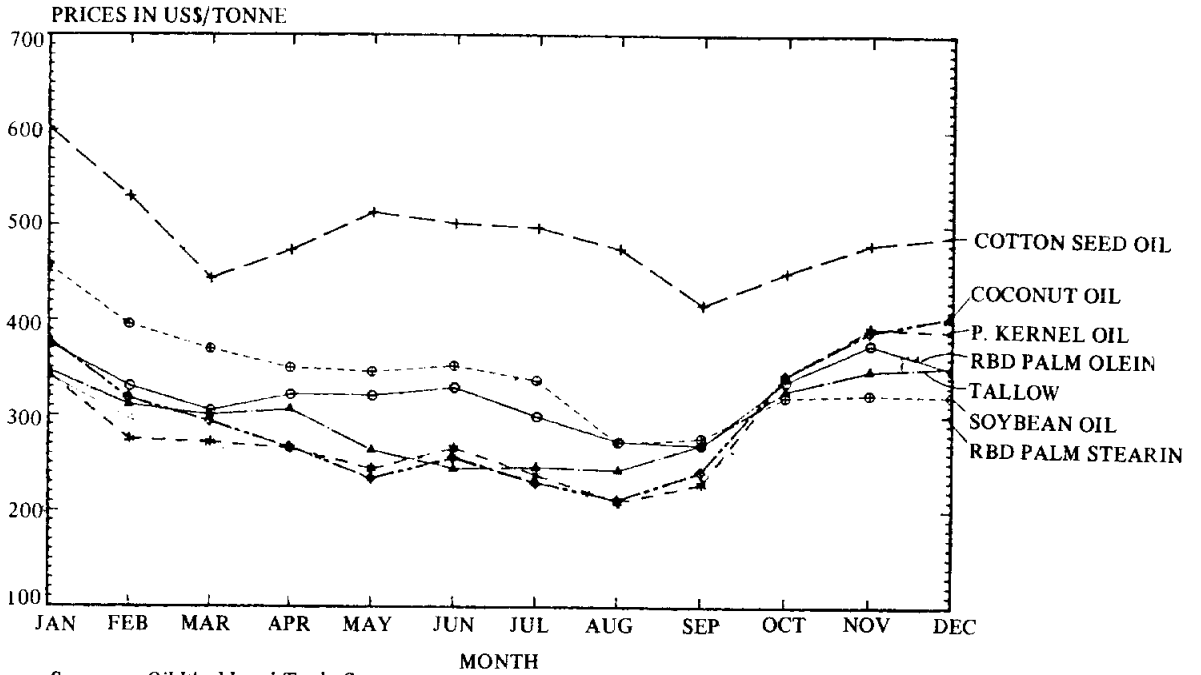


Figure 1. Prices of Selected Oils and Fats 1986

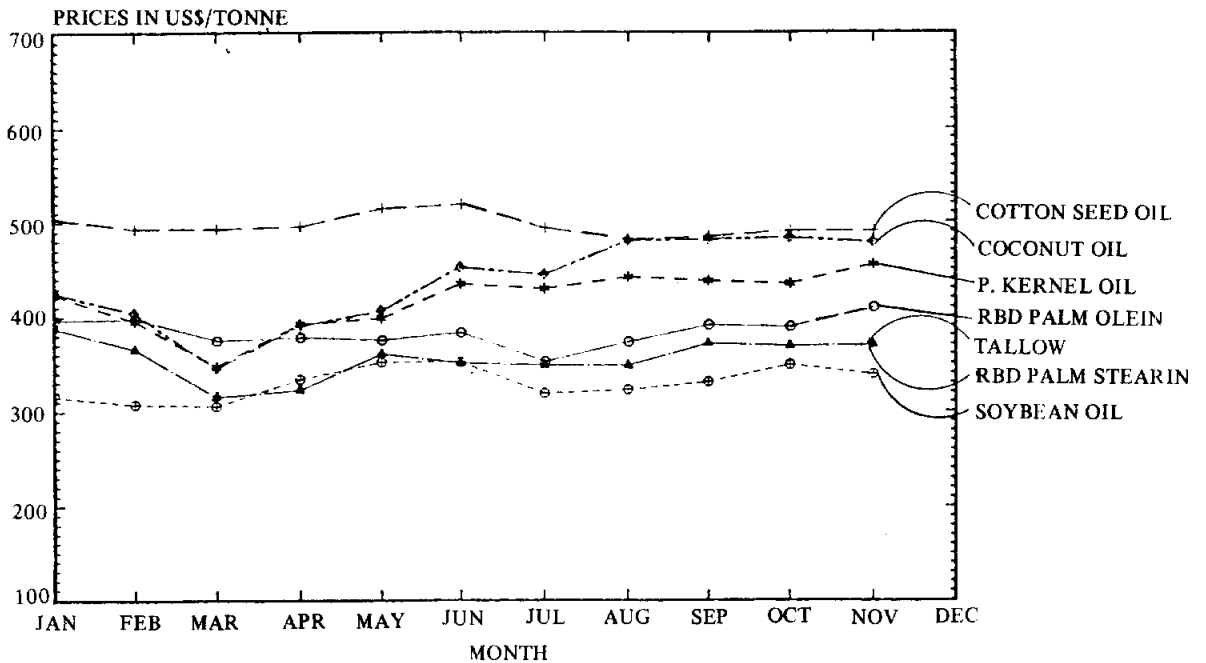


Figure 2. Prices of Selected Oils and Fats 1987

premium of US\$54 per tonne in 1987, the actual premiums being less in the second half of the year than in the first.

As shown in *Figures 1* and *2*, RBD palm olein prices were able to maintain their position relative to those of most other oils and fats. However, soybean oil, which had been highly priced in 1986, was very competitively priced

in 1987, as shown in the two figures. Nevertheless palm oil products continued to be demanded due to their techno-economic advantages even when not competitive in price alone.

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