
Statistical Summary

Supply and Disappearance

Malaysia produced 4.53 million tonnes of palm oil in 1987 which is a decrease of 0.19% (8 705 tonnes) over the previous year. This is the first negative production growth rate since 1983. The stress caused by the rather 'high production' from July 1985 up to August 1986 and the effect of the fertilizer cuts since the end of 1985 could have resulted in the negative growth.

Total production for the first five months of 1988 was 1 646 369 tonnes which was greater than production during the same period in 1987 by 185 327 tonnes of 12.7%. Compared with monthly production in 1987, monthly production in 1988 was lower only in the month of January. May's 1988 production estimates of 395 900 tonnes indicated an increase of 77 701 tonnes or 24.5% from the production of 317 599 tonnes in the same month of the previous year. The gradual increase in monthly production in 1988 could be attributed to the increased in matured areas.

Total palm oil available for trade in January 1987 was 837 100 tonnes which was 7.5% higher than in January 1988, at 779 019 tonnes. Monthly exports of palm oil during the first four months of 1988 were higher than those for the same period of 1987. Total export for these four months of 1988 was 1 367 692 tonnes as against 1 193 502 tonnes in the first four months of 1987, an increase of 14.6%. Average monthly exports during this period was 341 923 tonnes in 1988 while in 1987 it was 298 375 tonnes. There had been a gradual decline in ending inventory with ending stock at 343 600 tonnes in April 1988. When compared with the inventory at the end of April 1987 which was 406 587 tonnes, ending stock in April 1988 was 343 600 ton-

nes. This is lower than the April 1987 stock which could lead to favourable prices for the remainder of 1988.

Prices

Prices for palm oil products (RBD palm olein, palm kernel oil and RBD palm stearin) for 1987 and January-May 1987 (monthly basis CIF ex-Rotterdam) are summarized in *Table 2*. Prices of other selected oils and fats are also included to illustrate the competitiveness of palm oil products (*Figures 1 and 2*).

In general, prices of oils and fats, including palm oil products were about 20% more expensive in January-May 1988 compared to their respective averages in 1987 (*Table 2*). The increase in prices ranged from US\$58 per tonne for tallow (US\$329 per tonne in 1987 to US\$414 per tonne in January-May 1988) to US\$95 per tonne for palm kernel oil (US\$426 per tonne in 1987 to US\$521 per tonne in January-May 1988).

RBD palm olein (CIF Rotterdam) price premium over crude soybean oil (FOB Dutch) narrowed in 1988 from US\$130 per tonne in January to US\$5 per tonne in May. Likewise the price discount of RBD palm olein (CIF Rotterdam) to cottonseed oil (CIF Rotterdam) increased from US\$10 per tonne in January 1988 to US\$160 per tonne in May 1988. Palm kernel oil (CIF Rotterdam) price had been very favourable in comparison to coconut oil (CIF Rotterdam) where palm kernel oil prices had been at discount ranging from US\$6 per tonne to US\$27 per tonne for most of 1988 (*Table 2*).

It can be seen that prices of oils and fats had increased between 16% to 26% in January-May 1988 compared to prices in 1987; for palm oil products, the prices had also increased their competitiveness. (*Table 2 and Figure 2*).

[For more information please contact En. Mohd Nasir Hj. Amiruddin or En. Burhanuddin Abd. Salam, Techno-Economic Unit, PORIM].

TABLE 1. MALAYSIA PALM OIL: SUPPLY AND DISAPPEARANCE BY MONTH (Tonnes)

	SUPPLY			DISAPPEARANCE			
	Beginning Stocks	Production	Total	Adjusting Balance	Exports	Total	Ending Stocks
1987							
January	565 598	271 502	837 100	26 017	299 522	312 058	511 561
February	511 561	270 189	781 750	18 414	287 759	306 172	475 577
March	475 577	290 171	765 748	40 432	273 643	314 075	451 673
April	451 673	311 581	763 254	24 089	332 578	356 667	406 587
May	406 587	317 599	724 186	39 916	289 665	329 582	394 605
June	394 605	391 299	785 904	12 069	344 441	356 509	429 394
July	429 394	436 384	865 778	21 334	335 373	356 707	509 071
August	509 071	491 241	1 000 312	61 215	371 954	396 588	567 143
September	567 143	552 110	1 119 253	28 475	483 237	454 762	664 491
October	664 491	483 934	1 148 425	48 729	411 249	459 978	688 447
November	688 447	400 396	1 088 843	55 249	431 453	486 702	602 141
December	602 141	317 138	919 279	48 169	357 470	405 639	513 640
1988							
January	513 640	265 379	779 019	49 169	346 174	395 343	383 676
February	383 676	273 620	657 296	- 8 036	280 012	271 976	385 320
March (r)	385 320	339 510	724 830	-20 940	392 825	371 885	352 945
April	352 945	372 560	725 505	33 224	348 681	381 905	343 600 (e)
May (e)	343 600	395 300	738 900	N.A.	N.A.	N.A.	N.A.

Source: Palm Oil Update, PORLA (various issues), (r) revised, (e) estimate, (N.A.) not available.

Note: Summation of the month's total do not always equate to year total, because adjustments made are not incorporated into the former.

TABLE 2. PRICES OF SELECTED OILS AND FATS (US\$/Tonne) 1987 AND 1988

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)
1987													
January	396	315	504	+ 81	- 108	424	425	- 1	354	388	- 34	322	350
February	397	307	493	+ 90	- 96	395	403	- 8	348	365	- 17	354	330
March	374	305	493	+ 69	- 119	347	344	+ 3	316	315	+ 1	320	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	327	342
July	351	318	493	+ 33	- 142	429	443	- 14	337	348	- 11	303	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	328	353
November	408	338	490	+ 70	- 82	454	477	- 23	364	369	- 3	341	368
December	475	393	511	+ 82	- 36	528	529	- 1	404	385	+ 19	392	432
Average (Jan - May)	384	322	500	+ 62	- 116	391	393	- 2	336	350	- 14	328	365
Average (Jan-Dec)	390	334	497	+ 56	- 107	426	442	- 16	349	356	- 7	329	343
1988													
January	563	433	573	+ 130	- 10	570	566	+ 4	448	439	+ 9	488	486
February	482	406	537	+ 76	- 55	523	530	- 7	413	420	- 7	436	403
March	430	396	537	+ 34	- 107	489	516	- 27	414	415	- 1	367	381
April	441	409	578	+ 32	- 137	503	509	- 6	419	405	+ 14	389	403
May	454	437	611	+ 17	- 157	521	533	- 12	435	393	+ 42	394	422
June - 15th	500	485	660	+ 5	- 160	567	577	- 10	470	420	+ 50	--	470
Average (Jan - May)	475	416	567	+ 59	- 92	521	531	- 10	426	414	+ 12	415	419

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.

Tallow US Bleach Fancy, CIF Rott. RBD Palm Oil, FOB, Mal; Palm Oil, Sum/Mal, CIF, N.W. Europe.

Sources: (a) Oil World, FORLA, Trade Sources.

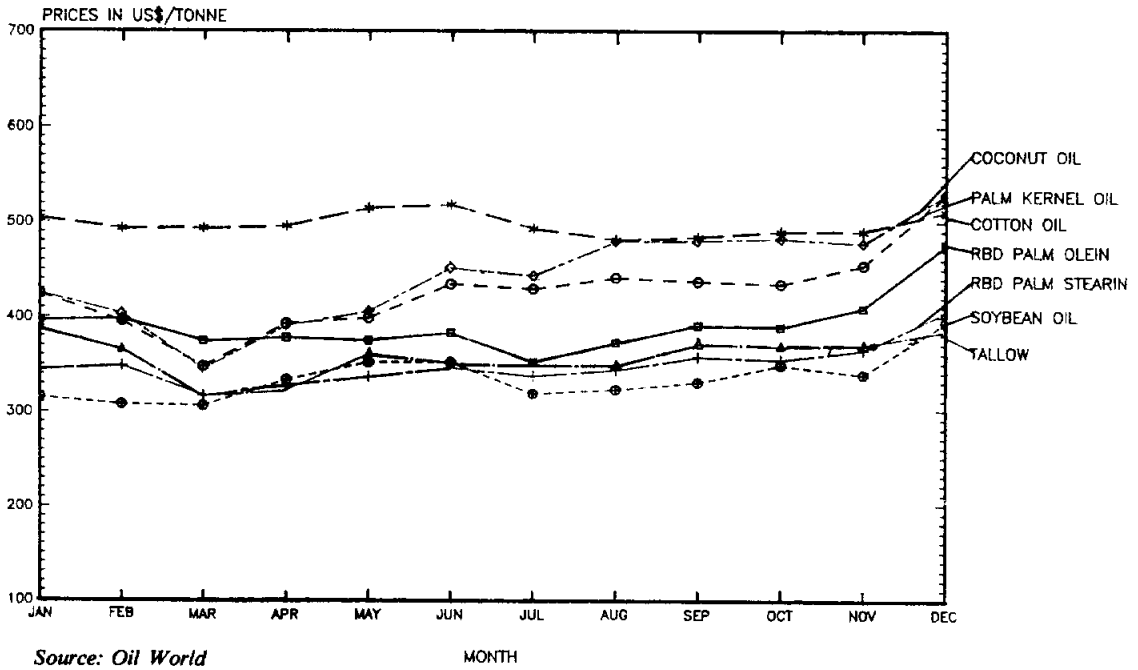


Figure 1. Prices of Selected Oils and Fats 1987

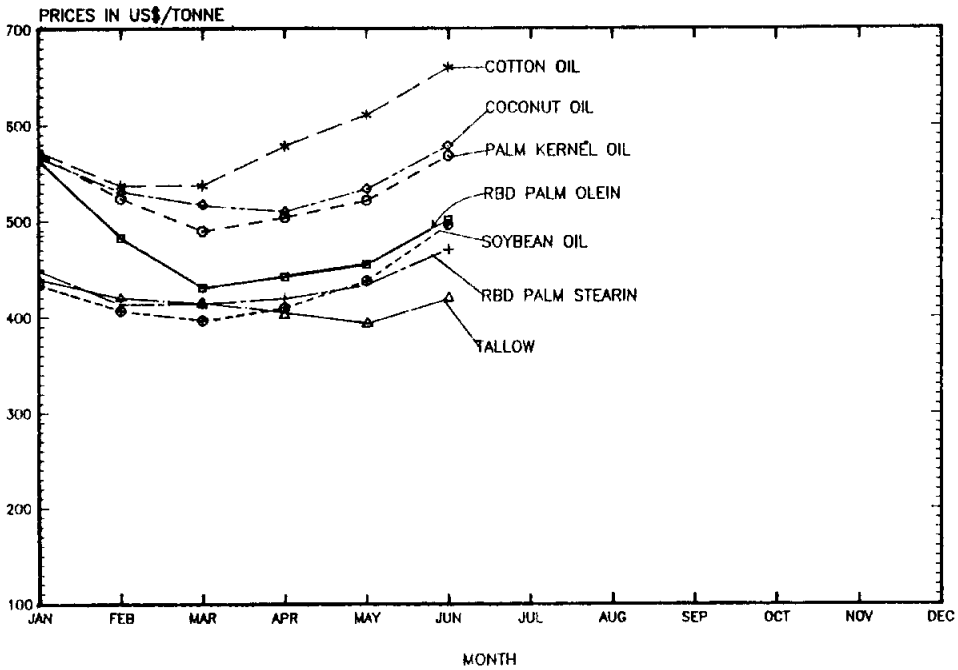


Figure 2. Prices of Selected Oils and Fats 1988