Statistical Summary

SUPPLY AND DISAPPEARANCE

Production of crude palm oil in Malaysia in 1988 is estimated at 4.979 million tonnes, an increase of 9.89% (448 000 tonnes) over the previous year's total, which was 4.531 million tonnes. The increase in production could have been due to the palms overcoming the stresses caused by the rather high production from July 1985 up to August 1986, as well as by the fertilizer cuts since the end of 1985.

Compared with the figures for 1987, monthly production in 1988 was lower only in the months of January and September (*Table 1*). Monthly production in 1988 increased gradually to reach its peak in August, a month earlier than in the previous year. The peak production in August 1988 was 534 133 tonnes, while in September 1987 it was 552 112 tonnes, a decline in 1988 of 17 979 tonnes or 3.25 per cent.

Beginning stocks of palm oil and total palm oil available for trade in January 1988 were lower than in the same month of the previous year. Cummulative monthly exports of palm products during the first ten months of 1988 totalled 3 595 220 tonnes, an increase of 165 799 tonnes or 4.8% over those of the same period in 1987. Though cummulative monthly exports for 1988 increased, monthly exports for June, July, September and October 1988 were lower than in the corresponding months of the previous year, causing a build-up of stocks. Stocks increased from 338 072 tonnes at the end of January 1988 to reach 880 600 tonnes at November 1988. In November 1987 ending stock was 602 141 tonnes.

India continued to be the largest importer of Malaysian palm products during the first ten months of 1988, though imports declined to 667 636 tonnes from 828 352 tonnes during January – October 1987. India contributed 18.57% of total palm oil imports from Malaysia. The decline in imports of Malaysian palm products by India could have been due to the country's increasing balance of payments problems with Malaysia, its ability to get cheaper palm products from Indonesia, and also to barter trade with Indonesia. The second largest importer of Malaysian palm products was Pakistan, and its imports in the first ten months of 1988 increased to 409 804 tonnes from 350 503 tonnes in the same period the year before. Making the same comparison between the first ten months of 1988 and 1987, China's imports increased from 58 067 tonnes to 177 640 tonnes, Indonesia's from 78 279 tonnes to 167 147 tonnes, Iraq's from 112 634 tonnes to 124 519 tonnes, South Korea's from 103 501 tonnes to 120 788 tonnes, and those of the EEC from 286 112 tonnes to 304 701 tonnes.

Up to October 1988, there had been very little effect of the anti-palm oil campaign in the USA on exports of Malaysian palm products, as indicated by the amount of palm oil that continued to be traded. In the USA itself, there had been a very small decline in Malaysian palm oil imports. Imports by the USA were 147 597 tonnes during the first ten months of 1988 as against 150 482 tonnes during the same period in 1987, a decline of 2 885 tonnes or 1.9 per cent.

PRICES

Overall, prices of palm oil products and other selected oils and fats fared better in 1988 than in 1987. The increase in the average prices of these selected oils and fats from 1987 to 1988 was between 16% and 38%, *i.e.* ranging from an increase of US$37 per tonne for tallow to one of US$129 per tonne for soyabean oil. (*Table 2*).

The price competitiveness of palm oil products increased in 1988 by comparison with 1987. The price premium of RBD palm olein CIF Rotterdam to soyabean oil crude FOB Dutch was reduced from US$56 per tonne in 1987 to US$8 per tonne in 1988. Likewise the price discount of RBD palm olein CIF Rotterdam to cottonseed oil crude FOB Dutch increase from US$107 per tonne in 1987 to US$128 per tonne in 1988. (See *Table 2* and *Figures 1* and *2*).

The price discount of palm kernel oil CIF Rotterdam to coconut oil CIF Rotterdam also increased from US$16 per tonne in 1987 to US$26 per tonne in 1988. The prices of RBD palm stearin *vis-a-vis* tallow, however, reverted between the two years, from a discount of US$7 per tonne to a premium of US$30 per tonne. The price discount of RBD palm oil FOB Malaysia to palm oil crude CIF Rotterdam increased from US$14 per tonne in 1987 to US$19 per tonne in 1988, demonstrating the price advantages of refined palm oil over its crude competitor. (Add US$45 per tonne freight to convert FOB to CIF Rotterdam). (See again *Table 2*).

In 1988, prices of RBD palm olein FOB Malaysia (+ US$45 per tonne freight to Rotterdam) were comparatively cheaper than those of soyabean oil crude FOB Dutch, cottonseed oil CIF Rotterdam, and coconut oil crude CIF Rotterdam. The price behaviour of these selected oils and fats, and the price competiveness of palm oil products are better illustrated in *Figure 1* (for 1987) and *Figure 2* (for 1988).

[For further information please contact En Mohd Nasir Amiruddin or En Burhanuddin Abd Salam, TE & TAS Division, PORIM]

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

	SUPPLY				DISAPPEARANCE		
1987	Beginning Stocks	Production	Total[a]	Adjusting Balance	Exports	Total[a]	Ending Stocks
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	552 112	1 119 255	28 477	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	398 810	1 087 257	53 663	431 453	485 116	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	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	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	336 678	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 [b]	645 973	512 447	1 158 420	15 780	457 623	473 403	685 017
October	685 017	504 771	1 189 788	28 701	365 847 [c]	394 188	795 600
November	795 600	457 700 [c]	1 253 300	N.A.	N.A.	N.A.	880 600 [c]
December	880 600 [c]	367 000 [d]	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 Revised.
c Estimate.
d MOPGC forecast.
N.A. : not available.

Source: Palm Oil Update, PORLA (various issues)

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

Products Year/ Months	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 (1987)	396	315	504	+ 81	– 108	424	425	– 1	354	388	– 34	322	350
Feb	397	307	493	+ 90	– 96	395	403	– 8	348	365	– 17	354	330
Mar	374	305	493	+ 69	– 119	347	344	+ 3	316	315	+ 1	320	313
Apr	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
Jun	382	351	518	+ 31	– 136	434	451	– 17	345	350	– 5	327	342
Jul	351	318	493	+ 33	– 142	429	443	– 14	337	348	– 11	303	300
Aug	372	322	481	+ 50	– 109	441	479	– 38	343	348	– 5	305	308
Sept	390	330	484	+ 60	– 94	437	480	– 43	357	371	+ 6	324	335
Oct	388	348	490	+ 40	– 102	434	482	– 48	354	368	– 14	328	353
Nov	408	338	490	+ 70	– 82	454	477	– 23	364	369	– 3	341	368
Dec	475	393	511	+ 82	– 36	528	529	– 1	404	385	+ 19	392	432
Average	390	334	497	+ 56	– 107	426	442	– 16	349	356	7	329	343
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	+ 42	401	422
Jun	522	544	688	– 22	– 166	591	614	– 23	495	435	+ 50	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	565	– 26	443	413	+ 30	418	437

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.

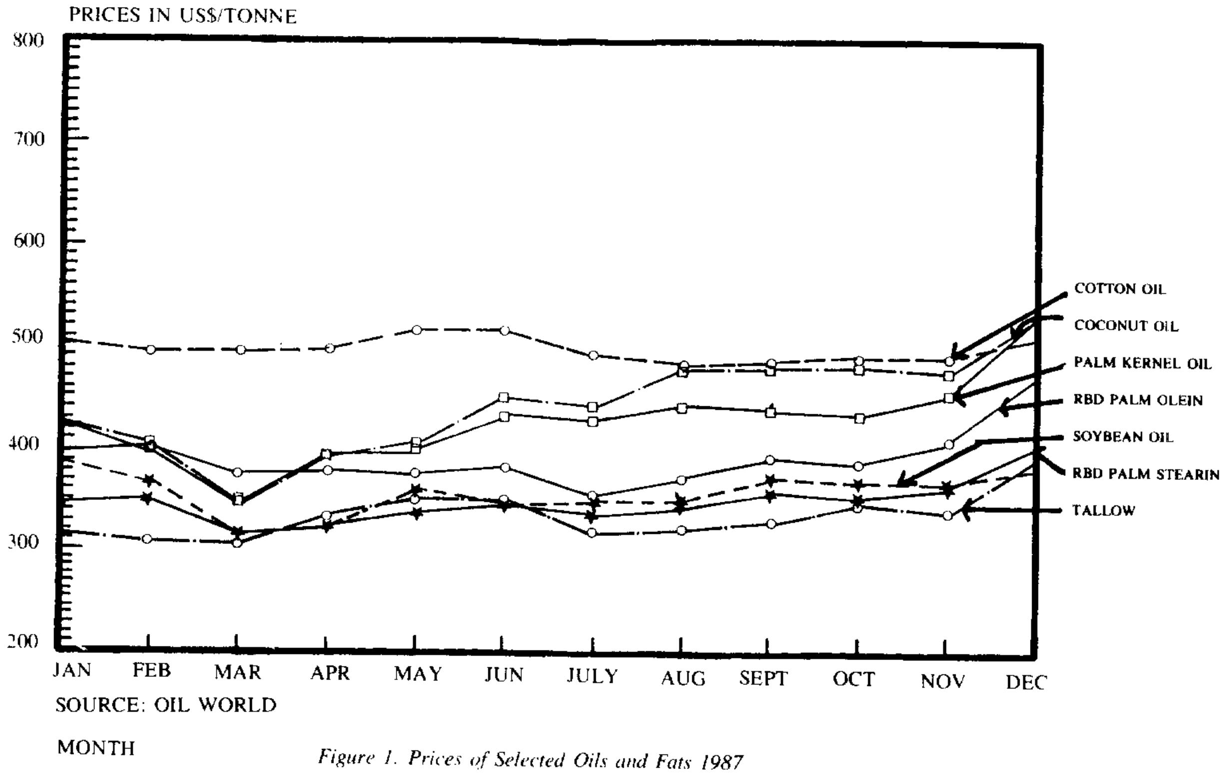

Figure 1. Prices of Selected Oils and Fats 1987

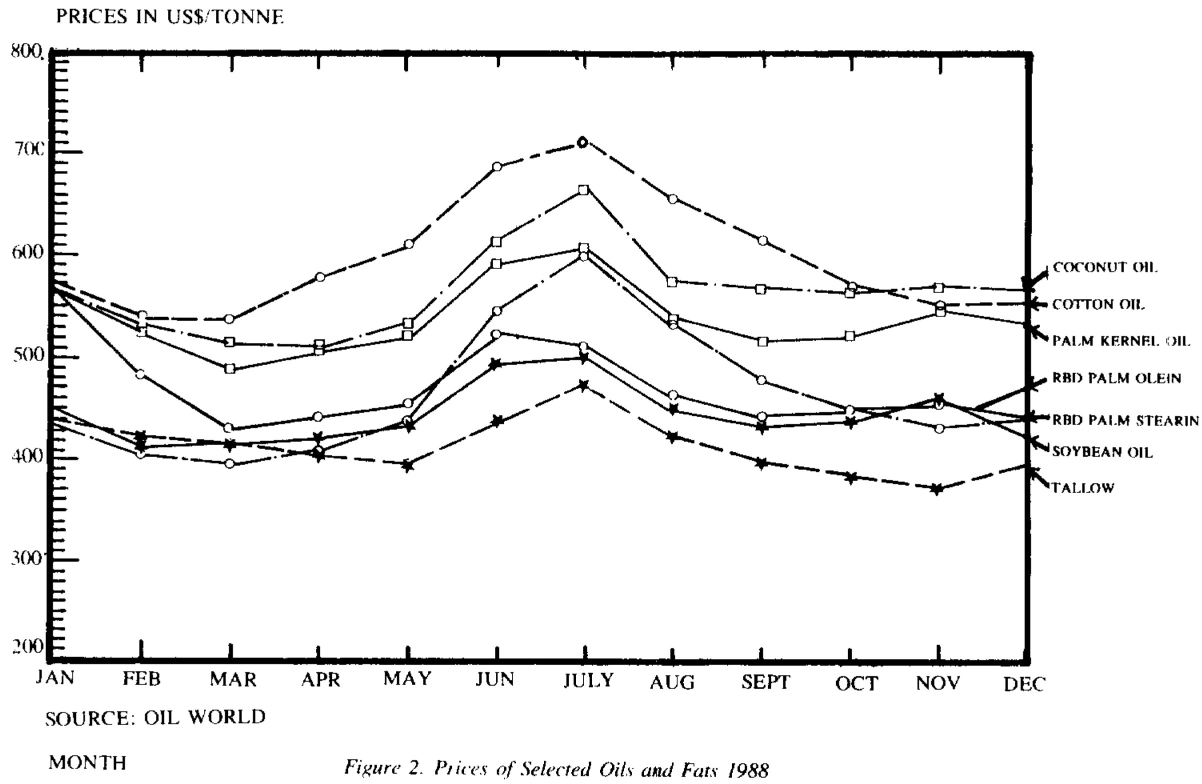

Figure 2. Prices of Selected Oils and Fats 1988