Supply and Disappearance: A Review

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Malaysia experienced an increase in palm oil production in 1996 by about 7.3% from the previous year. The production accumulated to about 8.386 million tonnes, compared to 7.811 million tonnes in 1995 (*Table 1*). This production figure was achieved due to good weather in the country, a slightly improved palm oil extraction rate from 18.51% to 18.71% for 1995 and 1996 respectively, and more planted area coming into maturity.

The first month's production of the year in January was 566 447 tonnes, which was less than that of December the previous year by 13%. Production continued to decline in February to reach its lowest level of the year at 428 014 tonnes. One of the factors contributing to the low production in the months could be due to low harvesting activity during the month of Ramadhan. Monthly production then rebounded in March and continued to increase to reach its peak in October with an output level of 884 887 tonnes before declining again to reach 637 865 tonnes in December 1996. It is normal for Malaysian palm oil production to decline towards the end of year as the country experiences seasonal cycles and heavy rainfall that finally leads to flooding. With the exception of the first two months and the last month, monthly production of palm oil in 1996 however, was well above those of 1995 and 1994 (*Table 1*).

Beginning stocks of palm oil in 1996 at 859 888 tonnes, together with the year's production made total palm oil available for trade (or total supply) by Malaysia in 1996 at about 9.25 million tonnes. Compared with the previous year, this represented a substantial increase of about 8% or 685 326 tonnes. With this large availability of palm oil for trade, demand for Malaysian palm oil by various consuming countries, either small or big, can easily be met especially when prices were already low. The large availability of palm oil became one of the reasons for the drop in palm oil prices in 1996 from their high levels in 1995. Thus it is observed that with the easing of palm oil prices in the world market in 1996, more palm oil was marketed. Hence Malaysia exported as much as 7.2 million tonnes of palm oil, an increase of about 10.5% from the previous year. To recall, the high prices of palm oil in 1995 had lowered down the total exports volume of palm oil in that year to 6.5 million tonnes, a drop of 2.2% from exports in 1994.

Monthly ending stocks during the year have been fluctuating though on the increasing trend. By November, stocks almost reached the million tonnes level. However stocks declined in the following month to reach 792 687 tonnes which would be carried over to 1997 as the opening stocks. In the presence of low palm oil prices in 1996, Malaysia exported higher volumes than that of 1995. The export volumes were slightly lower in the first half but higher in the second half of the year. Consequently, the price trend indicated the reverse where it was higher in the first half and slightly lower in the second half of 1996.

As at November 1996, the biggest importer of Malaysian palm oil for the second consecutive year was Pakistan (*Table 2*). Her import volume was 1 065 497

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

Year	SUPPLY			DISAPPEARANCE			
	Beginning Stock	Production	Total	Adjusting Balance	Exports	Total	Ending Stock
1984	142 748	3 714 795	3 857 543	233 301	3 183 451	3 416 752	440 791
1985	440 791	4 134 463	4 575 254	289 152	3 434 025	3 723 177	852 077
1986	852 077	4 542 249	5 394 326	269 922	4 558 806	4 828 728	5656 598
1987	565 598	4 531 960	5 097 558	365 574	4 218 344	4 583 918	513 640
1988	513 640	5 027 496	5 541 136	403 269	4 342 010	4 745 279	795 857
1989	795 857	6 056 501	6 852 358	741 113	5 051 330	5 792 443	1 059 915
1990	1 059 915	6 094 622	7 154 537	707 991	5 727 451	6 435 442	719 095
1991	719 095	6 141 353	6 860 448	599 804	5 573 223	6 173 027	687 421
1992	687 421	6 373 461	7 060 882	835 311	5 565 032	6 400 343	660 539
1993	660 539	7 403 498	8 064 037	775 994	6 117 171	6 893 165	1 170 872
1994	1 170 872	7 220 631	8 391 503	986 979	6 654 802	7 641 781	749 722
JAN 1995	749 722	617 293	1 367 015	106 044	452 594	558 638	808 377
FEB	808 377	529 512	1 337 889	97 715	524 776	622 491	715 398
MAR	715 398	572 200	1 287 598	50 770	535 660	586 430	701 168
APR	701 168	581 098	1 282 266	76 641	540 645	617 286	664 981
MAY	664 981	579 553	1 244 534	156 380	522 190	678 570	565 964
JUN	565 964	610 810	1 176 774	56 199	550 517	606 716	570 058
JUL	570 058	677 293	1 247 351	82 273	565 208	647 481	599 870
AUG	599 870	702 085	1 301 955	145 249	582 750	727 999	573 956
SEP	573 956	777 018	1 350 974	125 933	578 772	704 705	646 269
OCT	646 269	768 440	1 414 709	93 603	615 089	708 690	706 017
NOV	706 017	743 251	1 449 268	103 955	546 914	650 869	798 399
DEC	798 399	651 993	1 450 392	92 663	497 841	590 504	859 883
TOTAL[a]		**7 810 546**			**6 512 956**		
JAN 1996	859 888	566 447	1 426 335	76 4588	520 452	596 910	826 425
FEB	826 425	428 014	1 254 439	91 549	435 425	526 974	727 465
MAR	727 465	643 586	1 371 051	114 957	567 911	682 868	688 183
APR	688 183	616 170	1 304 353	75 305	533 653	608 958	695 395
MAY	695 395	722 096	1 417 491	146 560	555 682	702 242	715 249
JUN	715 249	721 544	1 436 793	81 501	581 372	662 873	773 920
JUL	773 920	722 382	1 496 302	78 602	662 035	740 637	755 665
AUG	755 665	815 446	1 571 111	80 225	687 870	768 095	803 016
SEP	803 016	864 730	1 667 746	123 620	649 688	773 308	894 438
OCT	894 438	884 887	1 779 325	86 091	728 393	824 484	954 841
NOV	954 841	762 539	1 717 380	124 868	636 554	761 422	955 958
DEC[b]	955 965	637 865	1 593 830	163 244	637 899	801 143	792 687
TOTAL[a]		**8 385 706**			**7 196 934**		

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

Source: Palm Oil Update, PORLA (various issues) tonnes, an increase by 77 299 tonnes (or 7.8%) from the same period of 1995. Her imports comprised mainly of 970 628 tonnes RBD palm oil, 39 060 tonnes palm fatty acids and 38 796 tonnes RBD palm olein (*Table 3*). The other palm products imported included RBD palm stearin, palm acid oil and NBD palm oil. Most of these products were used in the formulation of vanaspati. One of the reasons for the increase in her imports could be due to the cut in the import tax on all vegetable oils to 45% from 65% by the Pakistani government. A higher demand can then be expected for December due to the demand ahead of celebrations at the end of the Muslim Ramadhan fasting month in early 1997. In this respect, in order to meet an expected rise in demand for ghee during the holy month of Ramadhan, the Ghee Corporation of Pakistan had received US$13 million in fresh funds (released by the Islamic Development Bank) to line up new orders for palm oil. Therefore, it can be expected that the import volumes for the month of December to be very high.

India was the second largest importer of Malaysian palm products during the first eleven months of 1996 with imports of 975 159 tonnes (*Table 2*). The country has kept on increasing her import volumes and improving her position since 1994; she was the seventh largest importer of Malaysian palm oil, importing only 217 432 tonnes in 1994 and third in 1995 with import volumes of 742 405 tonnes (*Table 3*). Her 1996 imports comprised mainly of 880 007 tonnes RBD palm olein, 31 841 tonnes palm fatty

TABLE 2. MALAYSIAN PALM OIL - EXPORTS TO MAJOR MARKETS (tonnes)

Countries	1994	1995	Jan - Nov 1995	Jan - Nov 1996
India	217 432	742 405	730 396.07	975 159.25
Pakistan	1 140 716	1 059 335	988 135.22	1 065 497.53
China PR	1 341 221	1 046 890	965 064.25	764 458.36
European Union	635 740	664 877	606 443.24	662 807.94
- UK	(137 669)	(87 345)	(78 781.26)	(67 418.49)
- Netherlands	(277 477)	(267 039)	(245 438.75)	(292 752.73)
- Spain	(51 390)	(86 240)	(71 457.02)	(45 754.81)
USA	160 994	80 845	72 603.19	96 997.44
Indonesia	112 203	78 755	74 310.3	71 559.09
Egypt	359 278	298 488	257 211.39	312 118.72
UAE	63 194	59 580	51 689.69	74 501.86
Saudi Arabia	134 275	146 819	122 653.07	131 925.28
Singapore	376 697	366 378	340 310.87	218 427.68
Japan	338 749	322 870	303 534.74	325 033.89
Jordan	197 380	192 827	175 594.8	111 626.46
Rep. of Korea	170 975	154 232	133 802.71	163 292.62
Australia	98 863	88 590	78 719.23	86 955.93
Turkey	198 207	174 699	161 607.48	137 881.37
Yemen	63 152	65 347	57 049.86	59 611.88
Myanmar	173 864	196 509	189 727.71	166 268.02
Bangladesh	68 236	15 227	15 227.97	94 925.16
South Africa	115 613	152 631	139 285.11	157 490.97
Rest of the World	688 013	605 652	545 900.29	472 458.12
Grand Total	**6 654 802**	**6 512 956**	**6 009 258.22**	**6 554 923.6**

Note:
- ( ) Figures in brackets denote sub-totals for EU.
  EU - 12 countries till 1994
  EU - 15 countries effective Jan 1995

Source: PORLA

TABLE 3. MALAYSIAN PALM OIL - BREAKDOWN OF EXPORTS TO SELECTED MARKETS (tonnes)

Countries	1994	1995	Jan - Nov 1995	Jan - Nov 1996
PAKISTAN	**1 140 715.61**	**1 059 334.74**	**988 135.08**	**1 065 497.53**
– RBDPO	988 443.96	919 075.73	849 868.82	970 628.19
– RBDPS	1 911.78	4 987.38	4 987.37	5 481.67
– RBDPL	71 697.04	87 260.11	86 760.54	38 796.21
– PFAD	52 334.57	31 199.51	29 706.34	39 060.58
– PAO	26 212.74	15 756.31	15 756.31	11 421.3
– NBDPO	57.76	57.76	57.76	101.08
– NBDPL	57.76	–	–	8.5
– CO	–	992.94	922.94	–
– HPS	–	5.00	5.00	–
CHINA PR	**1 341 221.44**	**1 046 890.35**	**965 064.13**	**764 458.36**
– CPL	14 434.43	1 499.84	1 499.84	31 032.83
– RBDPO	181 825.15	102 350.86	98 960.28	100 516.22
– RBDPS	168 712.26	158 553.13	156 558.04	48 771.16
– RBDPL	976 194.88	780 139.82	704 893.78	558 375.41
– CO	–	2 999.91	2 999.91	–
– NBDPL	54.72	–	–	–
– PFAD	–	53.28	53.28	–
– RBDHS	–	66.00	66.00	–
– HPS	–	33.00	33.00	–
– BPO	–	1 194.51	–	22 783.17
– RPO	–	–	–	2 979.57
INDIA	**217 431.89**	**742 494.51**	**730 395.90**	**975 159.25**
– CPO	548.95	361.85	361.85	–
– RBDPO	1 060.41	7 483.95	5 987.45	19 867.43
– RBDPS	4 840.24	9 669.46	8 751.68	1 313.12
– CPL	202.92	199.49	199.49	11 540.42
– RBDPL	153 307.21	658 145.57	648 650.23	880 007.07
– PFAD	33 350.44	45 441.28	45 361.59	31 841.08
– CPS	23 771.35	21 083.61	21 083.61	29 719.04
– RBDHS	51.00	–	–	–
– CO	–	19.30	–	58.14
– NPL	299.37	299.37	–	–
– HPFA	–	–	–	599.75
– PAO	–	–	–	213.2
EU	**635 739.67**	**664 877.09**	**606 442.60**	**662 807.94**
– CPO	7 788.27	423.24	423.24	6 550.29
– NBDPO	1 743.89	1 895.64	1 895.64	8 401.54
– RBDPO	158 783.30	142 645.84	130 018.43	171 876.16
– CPS	2 753.11	4 704.10	4 704.10	4 047.12
– RBDPS	123 142.80	135 595.40	124 323.13	164 813.98
– NBDPL	24 377.02	13 406.06	13 406.06	8 337.63
– RBDPL	204 993.72	229 362.79	203 990.07	190 860.16
– PFAD	92 758.33	107 416.91	98 608.13	74 308.62
– HPFAD	4 772.67	4 423.83	4 111.28	1 519.98
– CO	14.59	2 013.08	1 974.32	215.22
– RBDHPO	20.00	131.60	131.60	–
– HPFA	735.57	1 580.21	1 580.21	510.84
– PAO	13 839.40	19 980.28	19 980.28	28 576.43
– RBDHS	–	546.58	546.58	250.37
– RBDHSF	–	–	–	19
– HPS	17.00	253.48	253.48	–
– CPL	–	473.82	473.82	1 000.6
– NPL	–	–	–	1 520
– NPO	–	24.23	24.23	–

TABLE 3. (cont)

SINGAPORE	**376 696.87**	**366 378.35**	**342 968.87**	**218 427.68**
– CPO	12 185.30	17.65	17.65	–
– CPL	1 940.50	213.99	213.99	2 021.59
– NBDPO	372.14	455.18	443.78	315.78
– RBDPO	24 348.10	7 719.87	5 623.92	12 401.26
– NBDPS	22.05	16.64	16.64	–
– RBDPS	39 973.52	37 290.82	36 414.50	16 178.99
– NBDPL	51.30	11.40	11.40	–
– RBDPL	258 818.71	281 215.18	262 572.87	149 323.93
– PFAD	30 931.93	34 686.38	33 201.55	35 945.33
– CO	2 220.48	845.98	721.25	1 347.9
– RBDHPO	137.99	219.91	169.35	20.72
– PAO	129.23	–	–	–
– RBDHPL	216.22	249.27	177.44	–
– RBDHS	–	83.00	83.00	–
– HPL	–	–	–	100
– HPS	741.33	400.77	360.62	121.88
– HPO	607.19	497.15	497.15	171.97
– CPS	4 000.88	2 238.56	2 238.56	–
– BPO	–	205.20	205.20	–
– NBPO	–	11.40	–	–
– OTHERS	–	–	–	478.33
JAPAN	**338 748.73**	**322 870.40**	**303 533.50**	**325 033.89**
– CPO	18 915.94	6 600.01	6 599.06	27 142.72
– RBDPO	158 700.64	146 979.25	138 438.66	159 629.78
– RBDPS	45 702.31	34 870.72	32 483.85	30 170.19
– NBDPL	1 456.87	303.65	303.65	0
– RBDPL	112 839.25	132 365.08	123 867.77	107 486.62
– PFAD	8.64	202.53	202.53	513
– CO	39.07	927.67	927.67	33.65
– RBDHPL	347.48	206.29	206.29	–
– NPO	498.45	–	–	–
– HPL	202.88	–	–	–
– NBDPO	19.39	299.68	299.68	–
– RBDHPO	17.81	–	–	–
– NPL	–	54.70	54.70	–
– HPS	–	49.72	49.72	–
– RBDHSF	–	11.10	11.10	–
– CPL	–	–	–	57.93
EGYPT	**359 278.39**	**298 488.15**	**257 211.38**	**312 118.72**
– CPO	1 404.03	8 970.06	2 971.60	12 423.72
– RBDPO	190 050.36	203 499.55	172 208.48	183 990.37
– RBDPS	103 872.27	65 584.72	61 597.48	76 588.76
– RDBPL	63 951.73	20.433.82	20 433.82	39 115.87
MYANMAR	**173 864.38**	**196 509.20**	**189 726.83**	**166 268.02**
– RBDPO	98.63	1 670.44	1 670.44	16 942.88
– RBDPS	1 773.09	4 365.50	4 365.50	2 464.62
– RBDPL	171 729.80	188 991.12	182 358.72	143 980.58
– PFAD	249.89	1 149.35	999.38	811.03
– CO	12.97	332.79	332.79	173.58
– OTHERS	–	–	–	1 895.33
JORDAN	**197 380.49**	**192 827.20**	**175 593.80**	**111 626,46**
– RBDPO	138 523.87	61 238.44	54 237.11	56 093.16
– RBDPS	29 563.24	50 359.96	46 577.98	22 013.77
– RBDPL	29 043.50	79 322.98	73 779.80	28 882.29
– PFAD	249.88	1 905.82	998.91	4 637.24

TABLE 3. (cont)

TURKEY	**198 206.86**	**174 699.43**	**161 607.48**	**137 881.37**
– RBDPO	71 645.95	79 526.04	69 179.97	68 916.97
– RBDPS	23 234.93	16 568.43	13 822.55	16 302.97
– NBDPS	1 004.43	–	–	–
– RBDPL	99 170.58	75 748.70	75 748.70	7 246.35
– PFAD	2 184.87	2 836.26	2 836.26	44 323.86
– RBDHPO	–	–	–	999.81
– RBDHSF	–	–	–	2.5
– HPS	107.50	–	–	–
– PAO	858.60	–	–	–
– CO	–	20.00	20.00	61.61
– OTHERS	–	–	–	27.3
KOREA	**170 974.94**	**154 231.85**	**133 801.71**	**163 292.62**
– RBDPO	102 683.51	86 269.38	72 352.53	93 977.62
– HPS	–	499.87	499.87	33.00
– RDBPS	26 431.98	21 596.28	19 598.95	27 069,.43
– RBDPL	41 725.56	45 833.32	41 317.36	40 238.08
– PFAD	16.79	–	–	–
– HPFAD	33.00	–	–	–
– RBDHS	33.00	33.00	33.00	–
– RBDHSF	51.00	–	–	–
– NBDPL	–	–	–	500.00
– OTHERS	–	–	–	2374.49

Note:

CPL	– Crude Palm Olein
CPO	– Crude Palm Oil
CPS	– Crude Palm Stearin
NPO	– Neutralised Palm Oil
NPL	– Neutralised Palm Olein
NPS	– Neutralised Palm Stearin
NBDPO	– Neutralised Bleached Deodorized Palm Oil
HPFA	– Hydrogenated Palm Fatty Acid
CO/DBL Olein	– Cooking Oil/Double Olein
NBDPL	– Neutralised Bleached Deodorized Palm Olein
NBDPO	– Neutralised Bleached Deodorized Palm Oil
NBDPS	– Neutralised Bleached Deodorized Palm Sterin
RBPO	– Refined Bleached Palm Oil
HPL	– Hydrogenated Palm Olein
PAO	– Palm Acid Oil
PFAD	– Palm Fatty Acid Distillate
RBDPO	– Refined Bleached Deodorized Palm Oil
RBDPL	– Refined Bleached Deodorized Palm Olein
RBDPS	– Refined Bleached Deodorized Palm Stearin
RBDHPO	– Refined Bleached Deodorized Hydrogenated Palm Oil
RBDHPL	– Refined Bleached Deodorized hydrogenated Palm Olein
RBDHPS	– Refined Bleached Deodorized Hydrogenated Palm Stearin
HPFAD	– Hydrogenated Palm Fatty Acid Distillate
RBDHS	– Refined Bleached Deodorized Hydrogenated Palm Stearin
HPS	– Hydrogenated Palm Stearin
RPS	– Refined Palm Stearin
HPO	– Hydrogenated Palm Oil

Source: PORLA

acids, 29 719 tonnes crude palm stearin and 19 867 tonnes RBD palm oil. Other palm products imported are as shown in *Table 3.* Increased imports is attributed to greater offtake by India's private importers following further reduction of import duty from 30% to 20% in July.

The import trend of Malaysian palm oil by China has declined since 1994. She became the third largest importer in 1996 after being the biggest importer in 1994. Her total imports of 764 458 tonnes during the first eleven months of 1996 (*Table 2*), comprised mainly of 558 375 tonnes RBD palm olein, 100 516 tonnes RBD palm oil, 48 771 tonnes RBD palm stearin and 31 032 tonnes crude palm olein. The continuous decline in the purchase of Malaysian palm oil by China was mainly due to lack of import licences issued by the Chinese authority. Similarly, the dual tariff on oils and fats imposed during the second quarter of the year gave the authority more control of oils and fats import than in 1995 when the country imported more oils and fats than she needed. However, it is expected that there will be a turnaround in vegetable oil imports by China. The recovery in imports will continue in 1997 owing to the widening domestic supply deficit.

The European Union (EU) maintained her position as the fourth largest importer of Malaysian palm oil with an import volume of 662 807 tonnes. Japan was fifth while Egypt and Singapore were sixth and seventh respectively. Other importers are listed in *Table 2* and the composition of their imports in *Table 3.*

The year ended with stocks closing at 792 687 tonnes and carried over to 1997. This is comparatively smaller than that of 1995 by 67 201 tonnes or by 7.8 percent. With production of Malaysian palm oil in 1997 estimated to reach 8.8 million tonnes, the total palm oil available for trade would be around 9.6 million tonnes. This amount of palm oil available for 1997 will be slightly higher than that of 1996 (9.25 million tonnes) and just enough to meet the increasing demand in 1997. Based on the possible tight supply situation of oils and fats, prices of oils and fats, especially palm oil, is expected to be firm in 1997. ■