

PALM OIL WEEKLY

27 APRIL–3 MAY 2024

DATA IN FOCUS

Malaysia 1-30 Apr vs. 1-31 Mar exports – SGS

-6.15%



1.045 million tonnes

Fundamental palm related data due in week 6-10 May 2024

- Malaysian Palm Oil Board April supply and demand data
- Malaysian Palm Oil Association 1-30 April production estimate
- SPPOMA 1-5 May production
- ITS, Amspec, and SGS Malaysia 1-10 May export
- USDA World Supply and Demand Estimate for May

WEEKLY AVERAGE

JUL 2024

RM 3856

(US\$ 810)

RM -70

(US\$ -11.81)

Total volume: **107,310**

CPKO

1205

CIF Rotterdam—May-June

CPKO

1170

FOB Indonesia—May

RBD Palm Olein

852.5

FOB Malaysia—June

RBD PKO

1185

FOB Malaysia—May

The above table shows selection of cash prices on Friday close. All prices in US\$ per-metric ton

CPO futures down for the fourth week in a row depressed by rising output and weakening exports

WEEKLY PRICE COMMENTARY

CPO futures weekly average fell 70 ringgit or \$12 to settle at 3856 ringgit per tonne (\$810) – the lowest level since February on expectations of seasonal increase in supply from the second quarter of the year. April production is poised to show second consecutive monthly rise albeit at a smaller pace of 10.57% rise recorded in March. Lower vegetable oil futures on the Chinese exchanges and weakening exports also weighed on palm oil futures. End

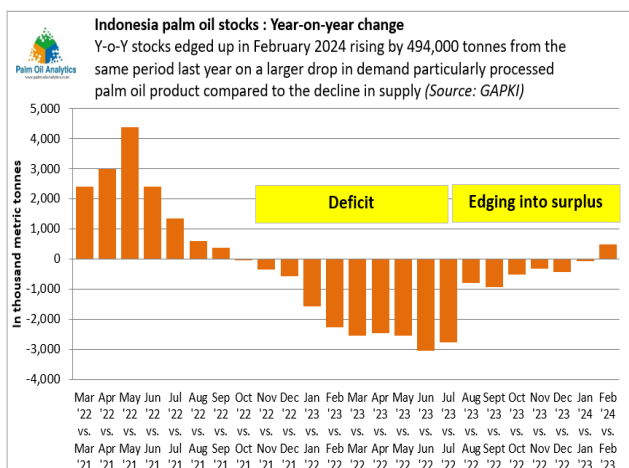
month stocks are slated to be marginally higher from March, dependent on domestic demand and imports. Cash CPO spot month averaged 3925 ringgit per tonne (\$825) or down 131 ringgit from a week ago. Palm olein cash spot offers averaged \$863 per tonne on FOB basis or \$33 lower than the previous week. Palm oil freight rates for 18,000-20,000-tonne vessels from Southeast Asia to the west coast of India and Pakistan were unchanged week on week.

WEEKLY PRICE MOVEMENT

Futures - Bursa Malaysia Derivatives

FCPO on BMD	Friday Closing (RM)	Friday Closing (US\$)	▲ ▼	Week-on-week change in RM	Week-on-week change %	Total weekly volume
FCPO 1—May 2024	3880	819	▼	-51	-1.30	3,511
FCPO 2—Jun 2024	3868	816	▼	-54	-1.38	26,365
Benchmark—Jul 2024	3842	811	▼	-54	-1.39	107,310
FCPO 4—Aug 2024	3830	808	▼	-50	-1.29	29,214
FCPO 5—Sep 2024	3826	807	▼	-49	-1.26	20,648

DATA OF THE WEEK



Indonesia's palm oil stocks rise in Feb amid drop in exports, consumption: Gapki

Indonesia's palm oil inventories totaled 3.26 million tonnes at the end of February, up by 7.49% from January, following a decrease in exports and domestic consumption, according to data from the Indonesian Palm Oil Association (Gapki) re-leased on Tuesday April 30. Total palm oil exports in February fell by 22.92% month on month to 2.166 million tonnes. Exports of processed palm oil showed the largest drop by volume, falling to 1.495 million tonnes from 1.933 million tonnes in January. Exports of crude palm oil (CPO) fell by 58.6% month on month to 152,000 tonnes. Meanwhile, Indonesia exported more crude palm kernel oil (CPKO) and processed CPKO in February, with shipments at 15,000 tonnes and 129,000 tonnes respectively, compared with 1,000 tonnes and 106,000 tonnes in January. CPKO exports rose to the highest in 15 months at the back of higher demand for PKO from the oleochemicals sector.

WEEKLY SUMMARY

April FFPI broadly stable amid higher vegoil, cereal prices: FAO — The UN's Food and Agriculture Organization Food Price Index (FFPI) rose by 0.3 points in April after significant growth in March on the back of the increased prices of vegoils and cereals, the FAO said on Friday May 3. The FFPI averaged 119.1 points in April, up by 0.3% from March figures but 7.4% lower year on year. The world Vegetable Oil Price Index stood at 130.9 points for April, a new year high, and showing a marginal growth of 0.3% from March. The slight growth reflected higher prices of sunflower oil and rapeseed oil. "International sunflower and rapeseed oil prices kept rising, underpinned by, respectively, continued firm global import purchases and concerns over unfavorable weather conditions for winter rapeseed in parts of Europe," the FAO said.

Indonesia raises May CPO reference price —Indonesia has raised its crude palm oil (CPO) reference price to \$877.28 per tonne for the month of May – up from its April price of \$857.62 per tonne – according to the Trade Ministry and reported by Reuters today. This is the highest reference price in 20 months. The increase effectively maintain the payable export levy and duty for CPO at \$90 per tonne and \$52 per tonne respectively based on the current export tax structure. Export taxes for other palm oil products will remain unchanged: Refined, bleached and deodorized (RBD) palm olein tax and levy will be a total of \$82 per tonne. The increase in the reference price is in line with expectations for a higher CPO reference price in May to fall within the tax and duty bracket of \$830 - 880 per tonne. Soaring palm product and futures prices in the past few weeks, driven by fundamentals of tight supply and strong exports fueled the higher reference price.

Wilmar reports increase in sales volume, 22.6% drop in net profit during Q1 — Singapore-based Wilmar International posted its financial re-sults for the first quarter on Monday April 29, with net profit at \$302.9 million, down by 22.6% year on year. The drop came despite an increase in sales volumes across Wilmar's core businesses in January-March, with sales in its Food Products sector growing by 13.9% year on year to 8.2 mil-lion tonnes, while sales in its Feed and Industrial Products sec-tor rose by 7% to 14.6 million tonnes. Lower prices across most commodities likely contributed to low-er earnings, with Wilmar reporting an overall revenue for the first quarter at \$15.68 billion, down by 7.3% year on year. Lower commod-ity prices overall led to increased profits for Wilmar's Food Products sector due to lower raw material costs. But earnings from its Feed and Industrial Products sector – particularly sugar merchandising – were negatively affected by lower commodity prices, despite sales volumes rising by 21.6% year on year to 3.33 million tonnes .

Malaysia's Apr palm oil exports fall m-o-m on lower CPL and RBDPL shipments: ITS —Malaysia's palm oil exports in April fell by 12.70% from March to 1.11 million tonnes excluding shipments of soft oils, coconut oil and used cooking oil - estimates from cargo surveyor ITS showed, with the drop largely stemming from a fall in exports of crude palm olein (CPL) and refined-bleached deodorised (RBD) palm olein (RBDPL). Around half of the CPL volumes were shipped to the African continent, with the amount in April falling by 76.6% from March's 123,680 tonnes. CPL is preferred in African countries such as Kenya, where it enjoys a lower import duty, though higher prices and lower demand following earlier restocking likely led to the monthly drop. Malaysia also exported less RBDPL in April, with volumes estimated at 11.9% or 46,753 tonnes less from March at 346,920 tonnes though export to China was up by 41.1% month-on-month. CPO exports fell by 14.9% on the month to 237,125 tonnes, with the drop in shipments to the African continent again contributing the most to the fall with volumes falling by 72.7% or 51,855 tonnes to 19,475 tonnes, though that was partially offset by an increase of 28,250 tonnes or 105% rise in CPO exports to the EU to 55,050 tonnes. CPO exports to key buyer India were relatively unchanged in April at 162,600 tonnes compared with 161,040 tonnes in March.

Malaysian Palm Oil Board April supply and demand estimate — Focus will be on April end-month stock position which is mainly dependent on domestic consumption and imports. Production is expected to be higher by 4–7% from March to 1.448 to 1.490 million tonnes. Exports are pegged to decline by nearly 9% to 1.20 million tonnes. Domestic consumption is envisaged to decline by 18% to 247,000 tonnes and imports projected at 25,000 tonnes or up 14% from the month prior. End-month stocks are calculated to finish the month at 1.755 million tonnes, or up by 2.30% from March and the first rise in six months. However, newswires Bloomberg and Reuters pegged stocks declining by 4.70% and 2% respective-ly to 1.63 and 1.68 million tonnes from Mar to the lowest in 11 months.

Palm oil freight stable on healthy inquiries for May— Freight rates for vessels carrying palm oil from Southeast Asia to key destinations in the region were steady from the previous week, supported by a healthy volume of inquiries. Rates for 18,000-20,000-tonne vessels carrying palm oil from Southeast Asia to the west coast of India and Pakistan were un-changed week on week at \$45 per tonne, while freight rates for 10,000-12,000-tonne vessels from Southeast Asia to the east coast of India and Chittagong were remained at \$35 per tonne.

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