

PALM OIL WEEKLY

15–19 APRIL 2024

DATA IN FOCUS

Malaysia 1-15 Apr vs. 1-15 Mar exports – ITS

+9.19%

633,680 tons

Fundamental palm related data due in week 22 - 26 Apr 2024

- MPOA Malaysia 1-20 April production
- SPPOMA 1-20 and 1-25 April production
- ITS, Amspec, and SGS Malaysia 1-20 and 1-25 April export
- Malaysia May CPO reference price and export tax

WEEKLY AVERAGE

JUL 2024

RM 4040

(US\$ 844)

RM -266

(US\$ -61.64)

Total volume: **195,231**

CPKO

1265

CIF Rotterdam—Apr-May

CPKO

1210

FOB Indonesia—Apr

RBD Palm Olein

910

FOB Malaysia—Apr

RBD PKO

1260

FOB Malaysia—Apr

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

CPO weekly performance fall to a year low on the expected fundamentals of seasonally higher supply and weighed by a nervy global market

WEEKLY PRICE COMMENTARY

CPO futures weekly average plunged 267 ringgit or \$62 to settle at 4040 ringgit per tonne (\$844) - the lowest weekly performance in over a year as sentiments shifted from tight to excess supply outlook from the second quarter onwards. Palm production seasonally enters high production cycle from the second quarter onwards. Lower vegetable oil futures on the Chinese exchanges and large losses in the financial markets, specially in the equities also

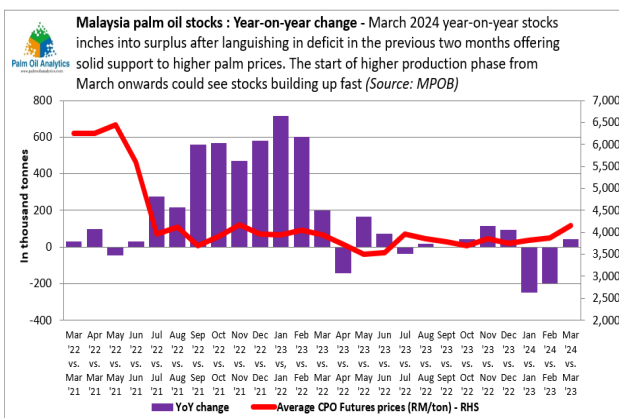
weighed on palm futures. Renewed military assault and prospect of rising tension in the Middle East initially fueled risk premium on crude oil but pulled back immediately as tensions tempered. Cash CPO spot month averaged 4228 ringgit per tonne (\$884) or down 272 ringgit from a week ago. Palm olein cash spot offers averaged \$926 per tonne on FOB basis or \$44 lower than the week prior. Malaysia 1-15 Apr export rose 9% according to ITS cargo data.

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	4059	848	▼	-439	-9.76	17,203
FCPO 2—Jun 2024	3983	833	▼	-388	-8.88	87,081
Benchmark—Jul 2024	3928	821	▼	-354	-8.27	195,231
FCPO 4—Jul 2024	3882	811	▼	-328	-7.79	61,966
FCPO 5—Aug 2024	3855	806	▼	-284	-6.86	42,852

DATA OF THE WEEK



Malaysia's March palm oil stocks slide to lowest since May 2023 on strong rebound in exports

Malaysia's palm oil stocks at the end of March slid to their lowest level seen since May 2023, with inventories reported at 1.715 million tonnes, figures from the Malaysian Palm Oil Board (MPOB) showed Monday April 15. This was 10.7% lower compared to February and marks the fifth straight monthly drop in stock levels, coming on the back of a strong rebound in exports despite production also improving in March. Malaysia's palm oil exports in March rose for the first time since October 2023 to 1.32 million tonnes, a 28.6% increase from February with the level also exceeding earlier industry expectations of around 21% as indicated by polls by newswires Reuters and Bloomberg. The growth stemmed largely from a sharp increase in processed palm oil (PPO) exports, with shipments jumping 35.3% to 1.05 million tonnes, while crude palm oil (CPO) exports rose 7.7% on the month to 266,913 tonnes.

WEEKLY SUMMARY

Malaysia's March palm oil stocks slide to lowest since May 2023— Malaysia's palm oil stocks as of end of March slid to their lowest since May 2023, with inventories reported at 1.715 million tonnes, - Malaysian Palm Oil Board data. This was 10.7% lower to February and marks the fifth straight monthly drop in stock level, coming on the back of a strong rebound in exports despite production also improving in March. Malaysia's palm oil exports in March rose for the first time since October 2023 to 1.32 million tonnes, a 28.6% increase from February with the level also exceeding industry expectations. The rise in exports also outweighed the growth seen in production, with output for March rising 10.57% to 1.392 million tonnes – also slightly above market expectations of 8–9.8%.

Indonesia's March palm oil exports rebound—Indonesia's palm oil exports in March rebounded to 1.82 million tonnes from February—ITS data. The rise came mainly from a recovery in exports of crude palm oil (CPO) and refined bleached deodorised (RBD) palm olein (RBDPL), with shipments rising 75% and 57% on the month to 191,419 tonnes and 742,387 tonnes respectively. The bulk of CPO exports went to India followed by the EU and Asia Oceania. Indian buyers were seen picking up more palm cargoes in March to the previous month on the back of restocking, while attractive import margins also prompted more purchases of RBDPL, with Indonesian RBDPL exports to India rising 44% on the month to 77,123 tonnes. Indonesia also exported more RBDPL to China in March, with exports jumping 97% from February to 114,000 tonnes. Exports of RBDPS also rose in March by 62% to 129,716 tonnes, with 35,561 tonnes shipped to the EU – 12% higher on the month, while exports of palm fatty acid distillate (PFAD) rose by 43% to 64,420 tonnes and with the EU the top recipient. The EU was the top recipient of Indonesia's POME exports in March.

Malaysia's April 1-15 palm oil exports up 5.55% — Malaysia's exports of palm oil for the first half of April were up 5.55% from a month earlier to 582,910 tonnes—Intertek Testing Services data. The rise was led by increased demand to the top three destination markets, India, China and the E.U. Shipment to India more than doubled to 104,200 tonnes while saw a 42% increase to 37,270 tonnes, and the E.U posting 31% rise to 138,945 tonnes. Exports to India was driven by increases in CPO more than doubling to 104,200 tonnes and refined bleached deodorised (RBD) palm olein (RBDPL) rising by nearly threefold to 26,500 tonnes. India also received Malaysian palm fatty acid distillate PFAD at 4,500 tonnes, up from zero a month earlier. For China, the increase was largely driven by a surge in RBDPL – which more than tripled from a month earlier to 26,620 tonnes and made up the bulk of exports.

Australia's BOM declares end of El Niño—Australia's Bureau of Meteorology (BOM) has declared the end of the El Niño weather phenomenon in its latest Climate Driver Update on April 16, but cited uncertainty over the development of a La Nina event later in the year. The agency noted a 'substantial cooling' of sea surface temperatures (SSTs) in the central Pacific over the last two weeks, while oceanic and atmospheric indicators also show the El Niño-Southern Oscillation (ENSO) has returned to neutral. BOM also expects ENSO to remain in a neutral state until at least July this year and stopped short of predicting the occurrence of a La Niña event, noting that 'El Niño and La Niña predictions made in mid-autumn tend to have lower accuracy than predictions made at other times of the year'.

China's March vegetable oil imports fall YOY but up on month: customs— On vegetable oil imports, Chinese customs cleared 10,000 tonnes of soybean oil in March, with the level flat against a year ago but 50% lower than February. China also imported less palm olein in March, with volumes down by 59% year on year at 160,000 tonnes, though the level was higher than February's 100,000 tonnes. The country also imported more rapeseed oil in March with volumes at 190,000 tonnes compared to 180,000 tonnes a year ago and 130,000 tonnes in February. Overall edible vegetable oil imports were reported at 600,000 tonnes for March, 39.5% higher than February but a drop from the 860,000 tonnes imported in March 2023, with total imports for the first quarter of 2024 19% lower year on year.

Ukrainian grain, oilseed output to drop to 74 mln tonnes for 2024-25: ministry—Ukrainian grain and oilseed production is projected to drop by around 10% year on year to 74 million tonnes in the 2024-25 marketing year, according to preliminary estimates published by the country's agriculture ministry. But it was said that an earlier forecast published a year ago for the 2023-24 marketing year also suggested a drop of around 13% year on year, but amid favorable conditions, the final production number was even higher than that in 2022 – at 82 million tonnes. Sunflower seeds output is projected to drop by 4% to 12.4 million tonnes in the 2024-25 marketing year, with the areas expected to be planted with this product remaining steady at 5.3 million hectares. The production of rapeseeds is forecast to drop by 12.7% in the 2024-25 marketing year to 4.1 million tonnes, while planted areas are expected to drop by 100,000 hectares to 1.5 million hectares.

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