

Global Palm Oil Market Overview Trends & Forecast

**Faisal Iqbal,
Deputy Director
Marketing & Market Development,
Malaysian Palm Oil Council**



Key Market Developments in the Last 3 Months

- **Indonesia adopted progressive export duty structure.** On current prices, the applicable levy on CPO export is USD 255/T and export duty is USD 93/T.
- **Malaysia reinstated duty on export of CPO;** 8% or approx. USD 75 applicable on current prices.
- **India revised its import duty structure** and introduced Agriculture Infrastructure and Development Cess (AIDC) of 17.5%. CPO advantage reduced to 2.75% as compared to 8.25% before the change.
- **CPO production in Malaysia** for the month of Jan 2021 registered a **reduction of 15.5%** when compared to Dec 2020.

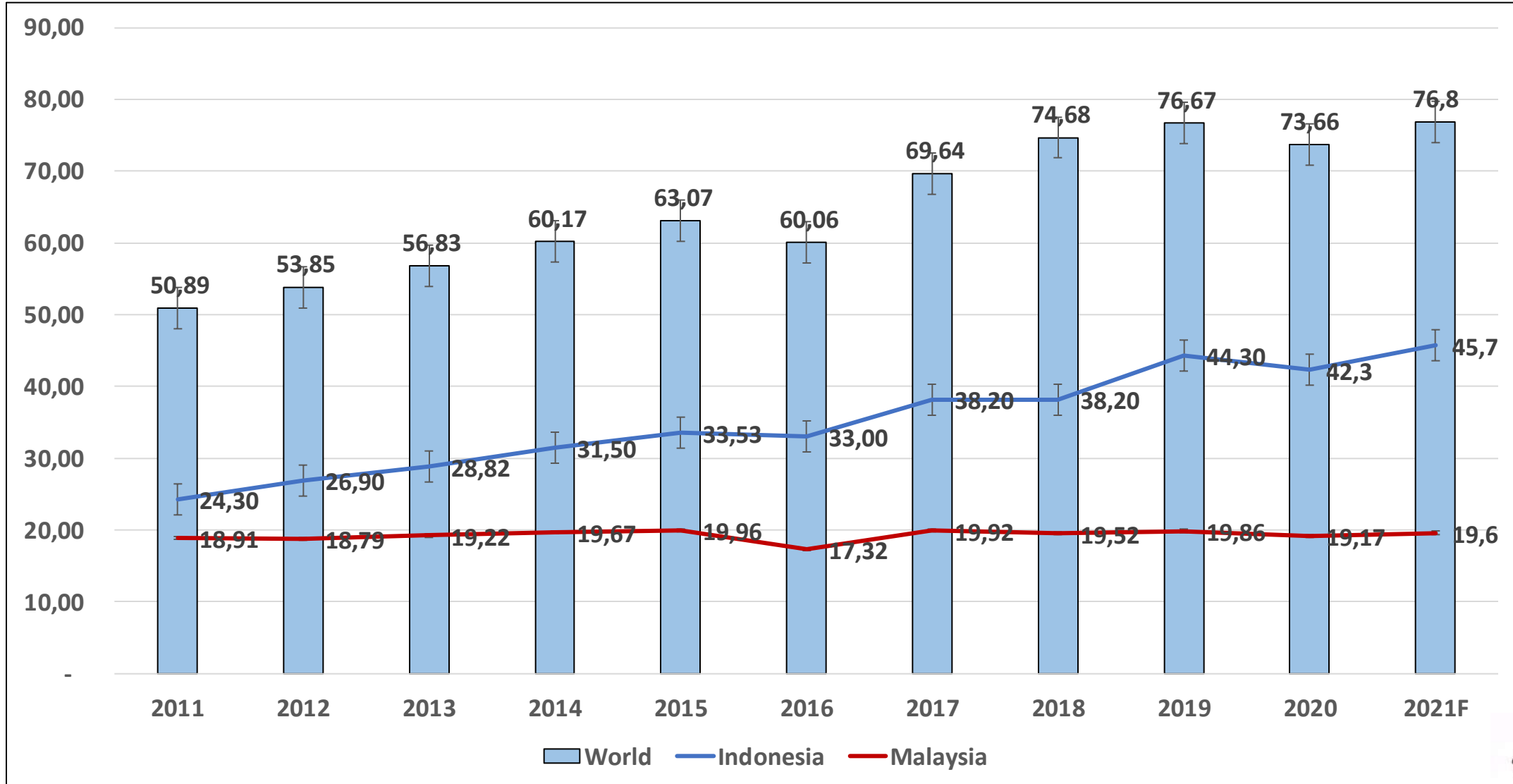


Key Market Developments the Last 3 Months

- Jan 2021 **MPO exports declined by 42%** compared with Dec 2020.
- The export numbers from the first 15 days of **February** are showing a **growth of 27%**.
- **Indonesian PO exports** in Jan 2021 also **declined by 25%** when compared with the previous month.
- Price of **brent crude oil touched USD 62** per barrel on 14 February and it is expected that it would maintain this level in the near future.
- **POGO** difference ranging between **USD 500 to USD 425 in January**, and this will be a key factor in determining the blending mandates.



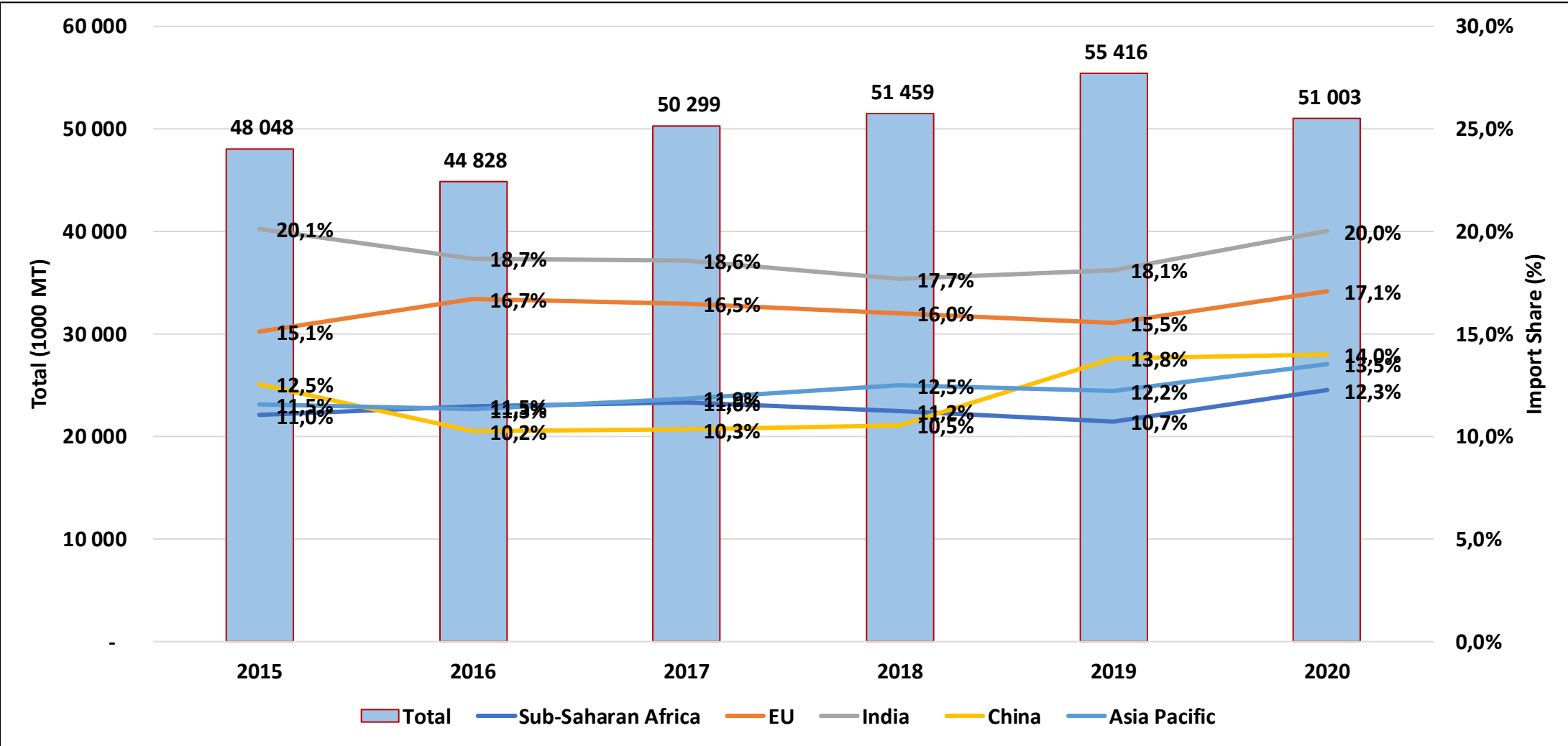
Palm Oil Production Analysis



Source: MPOC Intelligence, Oil World, CPOPC



Palm Oil Imports Analysis



Source: USDA, Oil World, CPOPC, SEA





MPO Export Performance 2020



Malaysian Palm Oil Export Summary 2020



Region	2020	2019	Change (Vol.)	Change (%)
Asia Pacific	5,528,726	5,690,902	(162,175)	(2.85)
Sub-Continent	4,301,607	5,895,494	(1,593,886)	(27.04)
Middle-East (East of Suez)	1,672,179	1,656,740	15,439	0.93
Middle-East (West of Suez)	492,436	372,693	119,744	32.13
Africa	2,702,381	2,015,320	687,061	34.09
Europe	2,037,797	2,173,687	(135,890)	(6.25)
Americas	612,257	650,534	(38,276)	(5.88)
Others	21,481	15,696	5,784	36.85
Total Exports	17,368,865	18,471,065	(1,102,200)	(5.97)
Export Value (Million RM)	48,894.33	41,648.01	7,246	17.40

January to December 2020:

- Total export volume: 17.37 million MT, decreased by 1.1 million MT or 5.97 % when compared with 2019.
- Total exports value: RM 48.89 billion, increased by RM 7.25 billion or 17.4 % as compared to 2019.
- Asia Pacific, Indian Subcontinent, Africa, EU and Middle East are the major importing regions.
- Besides Middle East & Africa, all other regions have registered a decline in imports in 2020 which was due to variety of reasons including Covid-19 related restrictions.



Top MPO Export Destinations (2020)



No	COUNTRY	2020 (MT)	2019 (MT)	DIFF (MT)	DIFF (%)	MARKET SHARE (%)
1	China	2,730,660	2,490,503	240,157	9.64	15.72
2	India	2,726,956	4,409,511	(1,682,555)	(38.16)	15.70
3	Netherlands	1,072,952	880,728	192,224	21.83	6.18
4	Pakistan	1,003,723	1,085,546	(81,823)	(7.54)	5.78
5	Philippines	693,026	629,086	63,940	10.16	3.99
6	Turkey	615,872	709,262	(93,390)	(13.17)	3.55
7	U.S.A	540,349	542,161	(1,812)	(0.33)	3.11
8	Kenya	520,758	193,340	327,418	169.35	3.00
9	South Korea	453,278	423,105	30,173	7.13	2.61
10	Italy	439,053	476,279	(37,226)	(7.82)	2.53
11	Others	6,572,238	6,631,543	(59,305)	(0.89)	37.84
	Total	17,368,865	18,471,064	(1,102,199)	(5.97)	100.00

Source: MPOB





CPO Outlook & Major Markets Projections



CPO Outlook for 2021



Malaysian CPO Production (M-CPO)

2019	2020	2021F
19.9 mil MT	19.1 mil MT	19.6 mil MT

Indonesian CPO Production (I-CPO)

2019	2020	2021F
44.3 mil MT	42.3 mil MT	45 mil MT

- M-CPO production in 2020 was 19.2 million MT and 2021 it is forecast at 19.6 million MT.
- M-CPO exports (2020) stood at 4.44 million MT and in 2021, we are projecting a further increase of 400,000 MT.
- I-CPO production in 2020 was at 42.3 million MT and is expected to increase to 45.0 million MT in 2021.
- I-CPO exports will likely decrease from 10% in 2021 from the levels recorded in 2020 due to a combination of factors including B30 biodiesel blending mandates and the revised structure of export duty and levy.

Source: MPOC Intelligence



Projected Malaysian CPO Situation 2021

Estimated CPO Balance Sheet 2021	('000 MT)
CPO Production	19,600
CPO Export	4,800
Balance	14,800
Malaysia's Refining Uptake	15,600
Estimated CPO Supply Deficit	500

Source: MPOB & MPOC Intelligence

- Malaysian CPO production in 2021 will likely increase by 500,000 MT to 19.6 million MT.
- Exports of CPO is forecast to increase to 4.8 million MT leaving about 14.8 million MT for domestic refining.
- This would likely result in a CPO supply deficit of at least 500,000 MT and will have to be met by imports.
- This supply & demand scenario is likely to create low month ending stocks for much of 2021, with low monthly stocks trending below 1.5 million MT.
- This appears a classic scenario for higher CPO prices for most parts of 2021



India/China/EU Forecast for 1H2021

India

- Palm oil import **declined by 24%** in 2020 to 7.51 million MT.
- Total edible oil imports in the **first half of 2021** are anticipated **at 7 million MT**.
- Competitive advantage of CPO **reduced by 5.5%** in recent budget
- Landed cost of palm oil with competing soft oils will be key determining factor.



China

- Oils & Fats demand in **2021 will see higher growth** especially in Q1 2021 Y-o-Y, as the catering sector was badly hit in the same period last year.
- Palm oil import & demand will also witness Y-o-Y **positive growth in Q1 2021** but may see some **slowing down in Q2 2021** due to the ongoing strong recovery of demand for soybean meal from livestock industry.
- The import of palm oil is **expected to stay flat** Y-o-Y in 1H 2021



EU

- Europe is the worst affected by Covid-19, with over 28 million infections and more than 695,000 fatalities.
- Total **palm oil imports** is projected to reach around **4 million MT** for the **first half of 2021**.
- MPO palm oil exports in Jan-Dec 2020 decreased by around 6.5% (1.95 million MT) from the previous year (2.09 million MT). Total **MPO imports is projected to reach around 1 million MT for the period 1H2021**.





Thank You

faisal@mpoc.org.my

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