

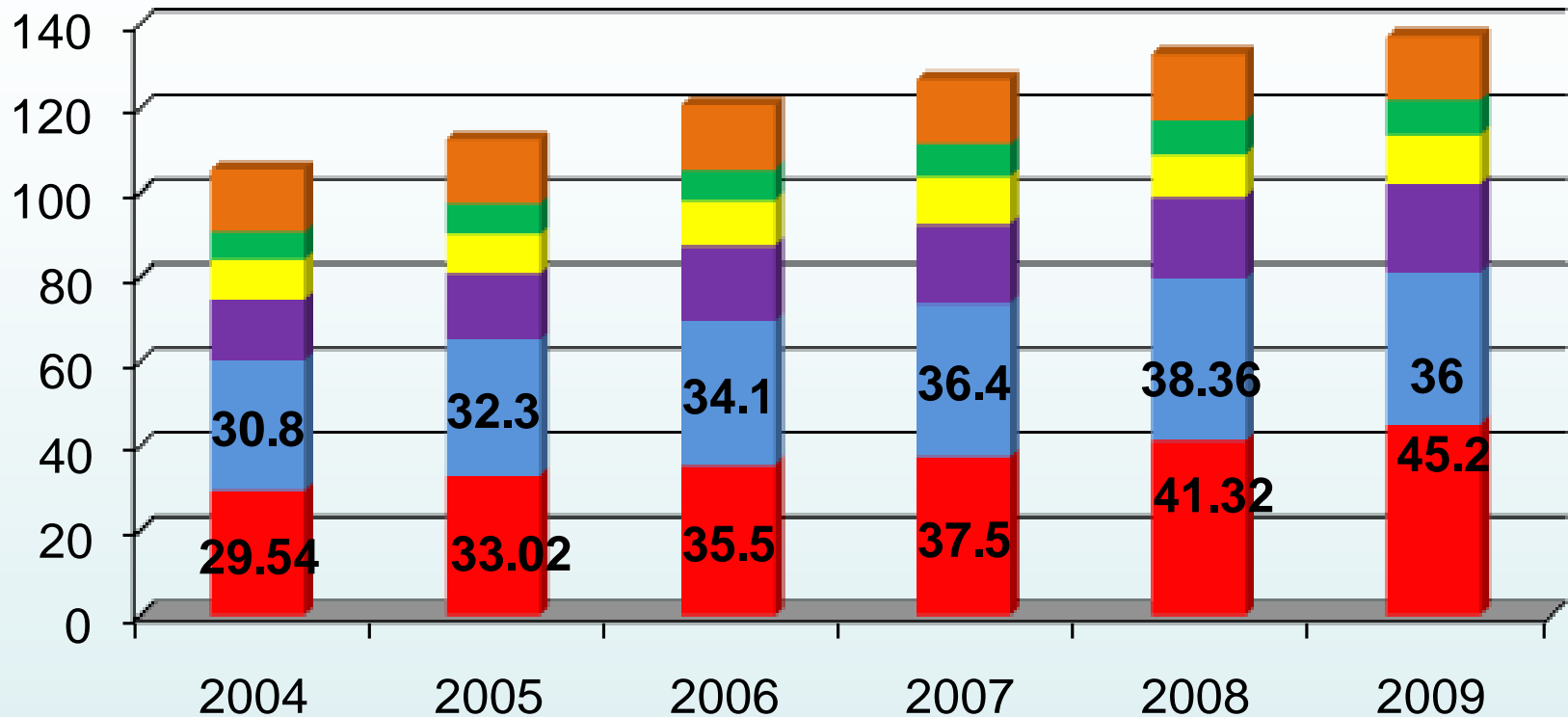
GLOBAL OILS & FATS MARKET OUTLOOK & UPDATES 2010



Demand Scenario



World Consumption of Veg. Oils



■ Palm Oil

■ Soyabean Oil

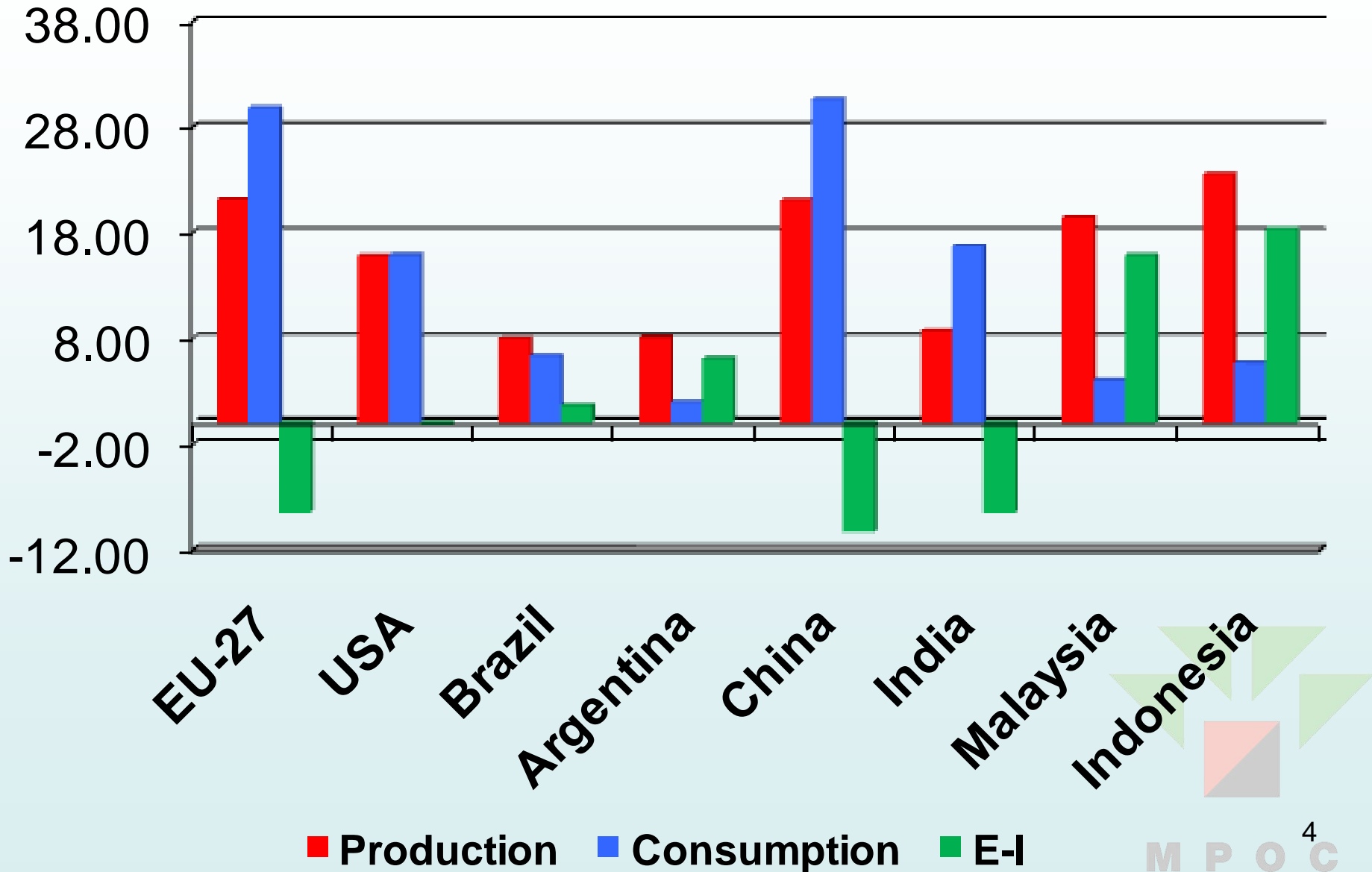
■ Rapeseed Oil

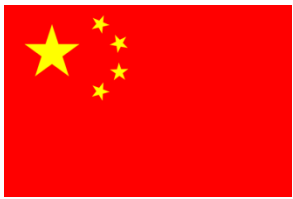
■ Sunflower Oil

■ Lauric Oils

■ Other Vegetable Oils

Prod, Cons & Export – Import (E-I) of Selected Countries





China Situation

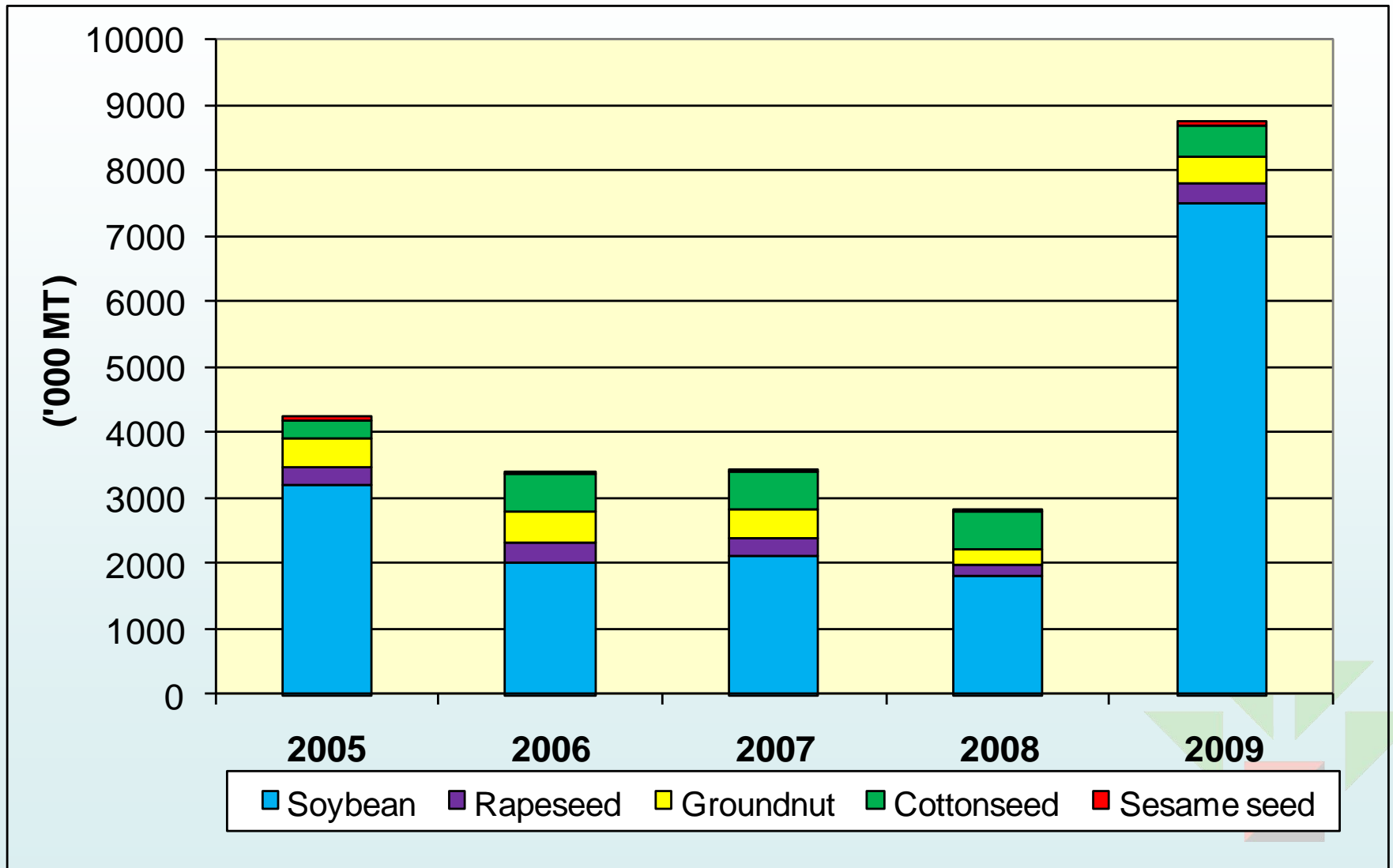
- 2009 GDP: 8.9%. 2010 GDP: 9.25% (*Projection*)
(*Source :China State Council Development Research Centre*)
- Population Growth: 0.9% (by 11.9 million to 1.33 billion in 2010)
(*Source : National Development and Reform Commission of China*)
- High opening oilseed stock level in 2010 encourages crushing activity.
- Not expected to import high volume of oils & fats due to the high brought over oilseed stock and increase in domestic production to meet soybean oil shortfall due to reduced import from Argentina.



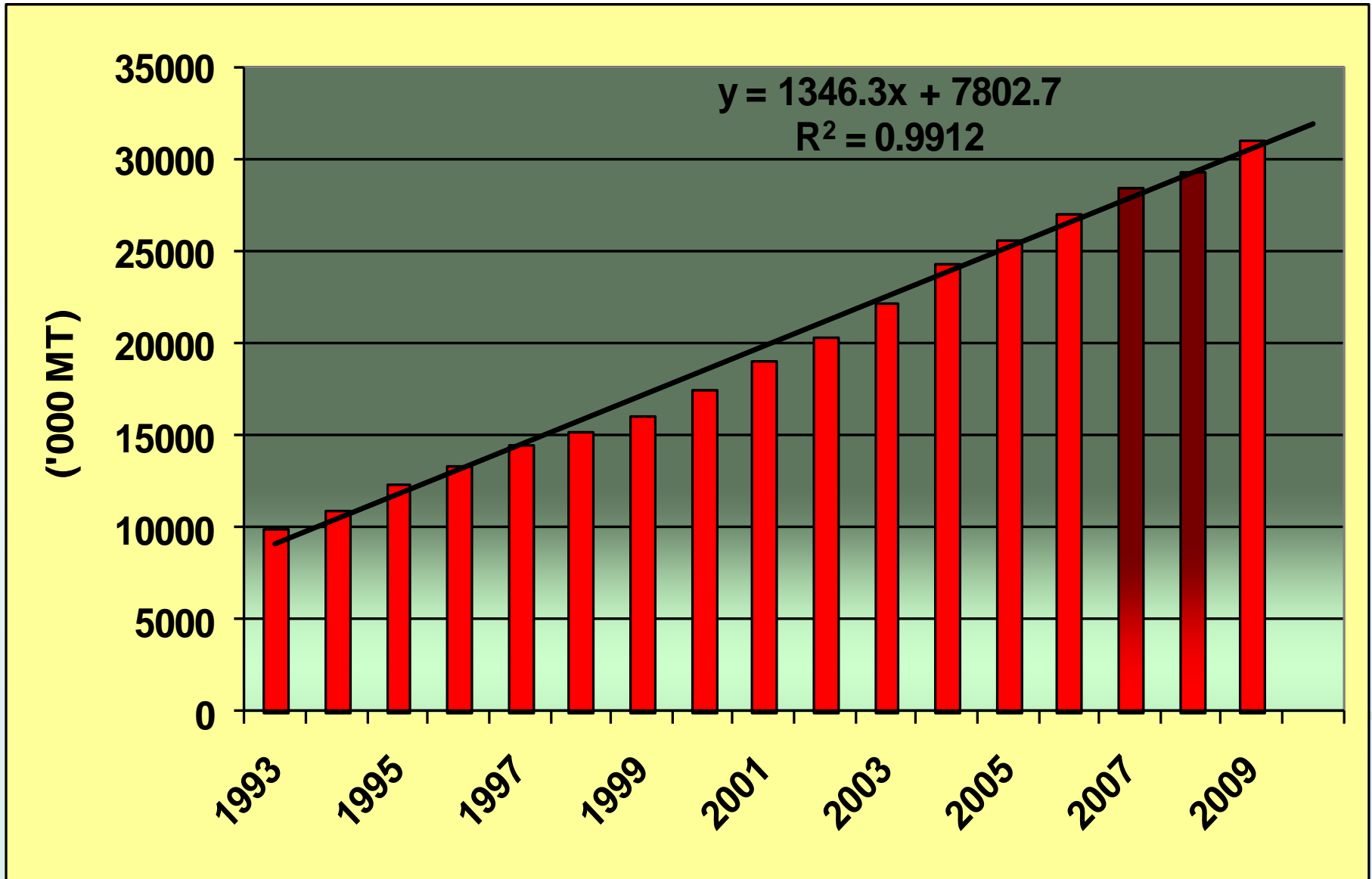
China Situation

- High oilseed closing stock in 2009 was due to the strategic move by Chinese government to control availability of oilseed in the market which leads to attractive prices for local planters.
- High oilseed stock favours increase crushing for 2010 resulting in increased availability of domestic vegetable oils.
- China economy grew strongly in the final quarter of 2009. This trend is believed to continue in 2010.
- The increase in oils and fats usage is not anticipated to increase China's oils & fats import due to rising availability of domestic oils and fats production.

China Oilseed Closing Stock



China Oils & Fats Consumption



China Oils & Fats S&D

('000 T)	2006	2007	2008	2009	2010F
Opening Stock	2,042	2,059	2,315	2,044	2,626
Production	19,530	19,227	19,895	21,333	22,300
Import	8,011	9,795	9,490	10,462	9,750
Export	415	182	263	133	145
Consumption	27,109	28,584	29,393	31,080	32,036
Ending Stock	2,059	2,315	2,044	2,626	2,359
Stock Usage Ratio	7.5%	8.0%	6.9%	8.4%	7.8%



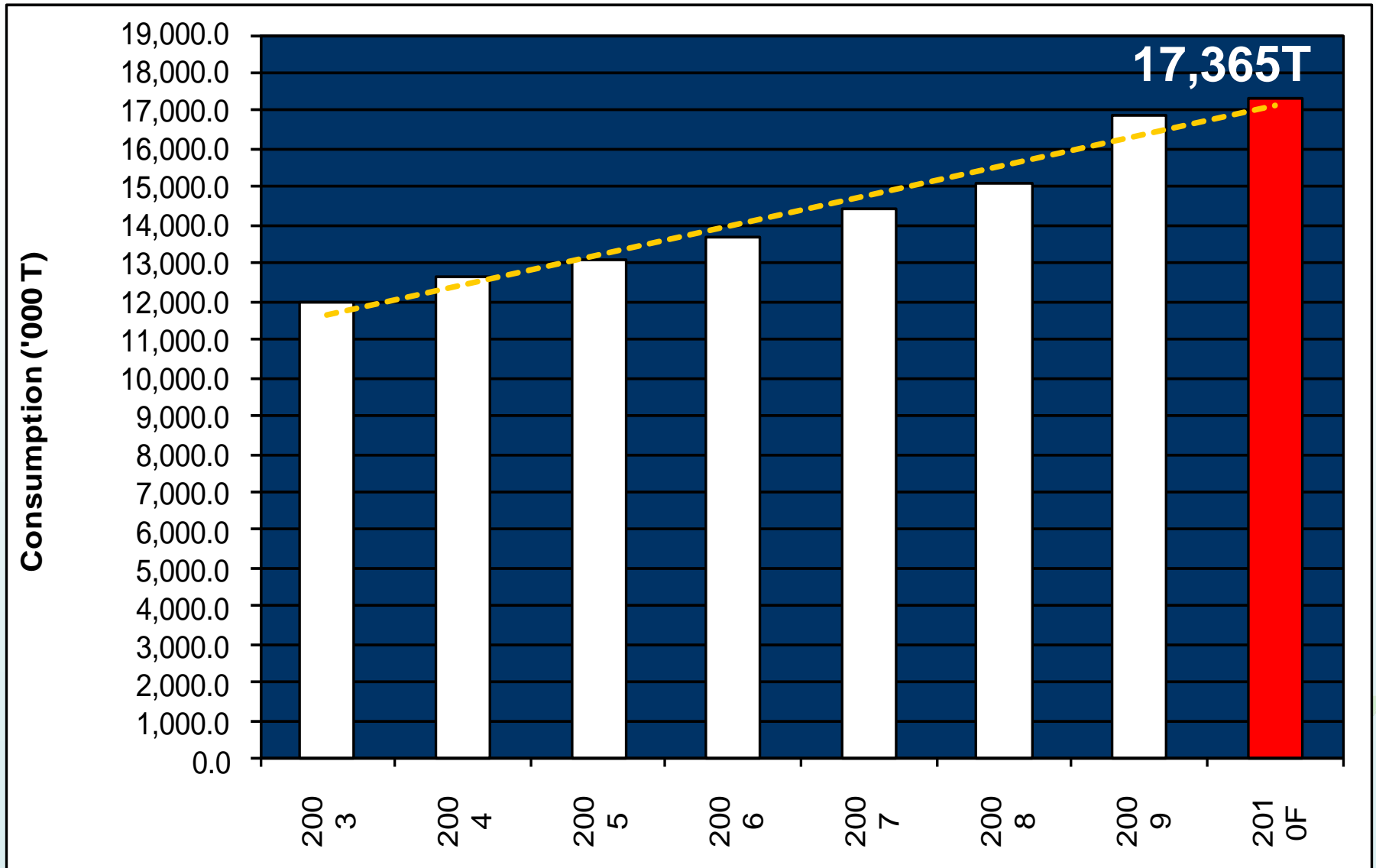
India Situation

- 2010 GDP growth: 6 - 7% (Forecast)
- 2010 Population Growth: 1.66%
(from 1.19 bil to 1.21 bil)
- 2009 Total O&F Import recorded at 8.8 MnT
- Total PO import for 2009 was at 6.2 MnT, with MPO import at 1.3 MnT
- Total PO import for Jan – June 2010 is at 2.85 MnT, with MPO import at 0.57 MnT

Consumption Forecast

	2009	2010F
Population (estimated growth of 1.66% annually)	1,198	1,217.9
Consumption (caput use of 14.1 kg) (Mn T)	16,855	17,050
Consumption (if caput use increased by 3.5%~2010 caput use will be 14.6 kg) (Mn T)		17,780

India Oils and Fats Consumption



India Oils & Fats S&D

('000 T)	2006	2007	2008	2009	2010F
Opening Stock	933	1,204	892	1,433	1,595
Production	9,127	9,142	9,341	8,614	7,880
Import	5,148	5,317	6,847	8,705	8,500
Export	332	337	385	302	300
Consumption	13,672	14,434	15,262	16,855	17,000
Ending Stock	1,204	892	1,433	1,595	675
Stock Usage Ratio	8.6%	6.0%	9.2%	9.3%	3.9%



EU-27 Oils & Fats Situation

- The expanding biofuel sector is seen as a major factor for growing demand of vegetable oils, most notably rape oil.
- Production of oils and fats is expected to increase in 2010 by 0.9-1.0 Mn T, with rape oil being the growth leader.
- Demand for rape oil will pick up in line with higher biodiesel production to fulfill the increased mandates in the EU, and partly because of minor reductions shaping up in the production of sun oil and soya oil.



EU-27 Oils & Fats S&D

('000 T)	2006	2007	2008	2009	2010F
Opening Stock	2,654	2,924	2,568	2,702	2,510
Production	18,793	19,604	20,551	21,584	22,300
Import	9,816	9,720	10,103	9,893	10,350
Export	1,424	1,518	1,534	1,645	1,650
Consumption	26,915	28,162	28,986	30,024	30,900
Ending Stock	2,924	2,568	2,702	2,510	2,610
Stock Usage Ratio	10.3%	8.7%	8.9%	7.9%	8.0%

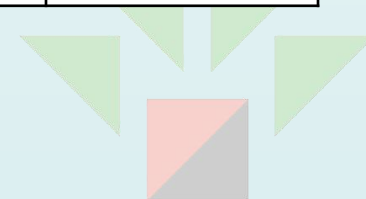
Middle East Oils & Fats Situation

- **Consumption in 2009: 9.9 MnT**
 - +18.1% (2000-04), +15.1% (1994-1999)
 - An increase of 19% was expected for 2005-2009 = 11.305 MnT.
 - But, unfavourable economic situation reduces the consumption in 2009 to 10.2 MnT only, a slight increase from a year before.
- **Net Imports in 2009: 6.4 MnT**
 - The economic down trend has affected net imports.
 - It recovered in 2008 but dropped back by 346,000 tonnes in 2009.
- **Production in 2009: 3.6 MnT**
 - Stable around 3.5 MnT a year, in 2009 this figure slightly increased by some 50,000 tonnes from the previous year.
 - Soyabean oil was the most produced (0.710), Olive oil (0.68), Sun oil (0.647) & Rapeseed oil (0.49) MnT.
- **Population in 2009: 594.2 Million**
 - Average Increase of around 2% a year
 - Per capita consumption : 17.2 Kg



Middle East Oils & Fats S&D

(MnT)	2007	2008	2009E	2010F
Opening Stock	1.2	1.1	1.2	1.0
Production	3.6	3.5	3.6	3.7
Net Imports	6.1	6.7	6.4	6.5
Consumption	9.8	10.1	10.2	10.4
Ending Stock	1.1	1.2	1.0	0.8



Africa Oils & Fats Situation

- Africa's oils and fats per capita consumption for 2009 was only 11.3 kg which was very low compared to world average of 24.1 kg.
- 2009 population: 685 million
- GDP is projected to grow between 5.6 to 6.0 percent
(Source: African Development Bank)
- Population is expected to grow by 2.2 percent
(Source: United Nations Population Fund - UNFPA)



Africa Oils & Fats S&D

('000 T)	2006	2007	2008	2009	2010F
Opening Stock	568	652	873	517	713
Production	2,792	2,979	3,485	3,535	3,730
Import	3,346	3,368	3,263	3,861	4,104
Export	552	555	793	840	944
Consumption	5,502	5,571	6,311	6,360	6,628
Ending Stock	652	873	517	713	975
Stock Usage Ratio	10.8%	14.3%	7.3%	9.9%	12.9%

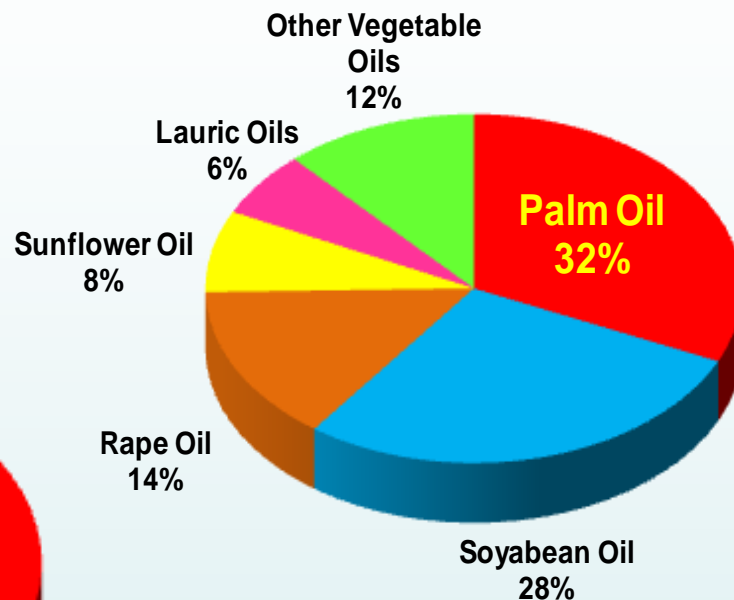
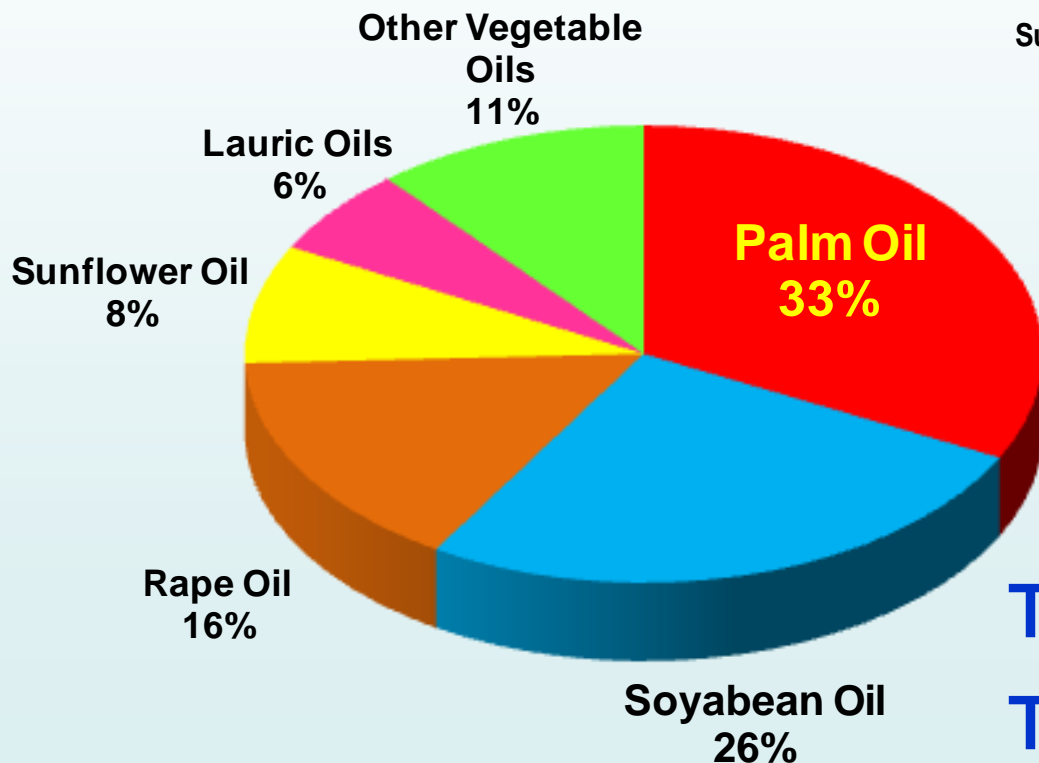
Supply Scenario



World Prod. of Vegetable Oils

07/08

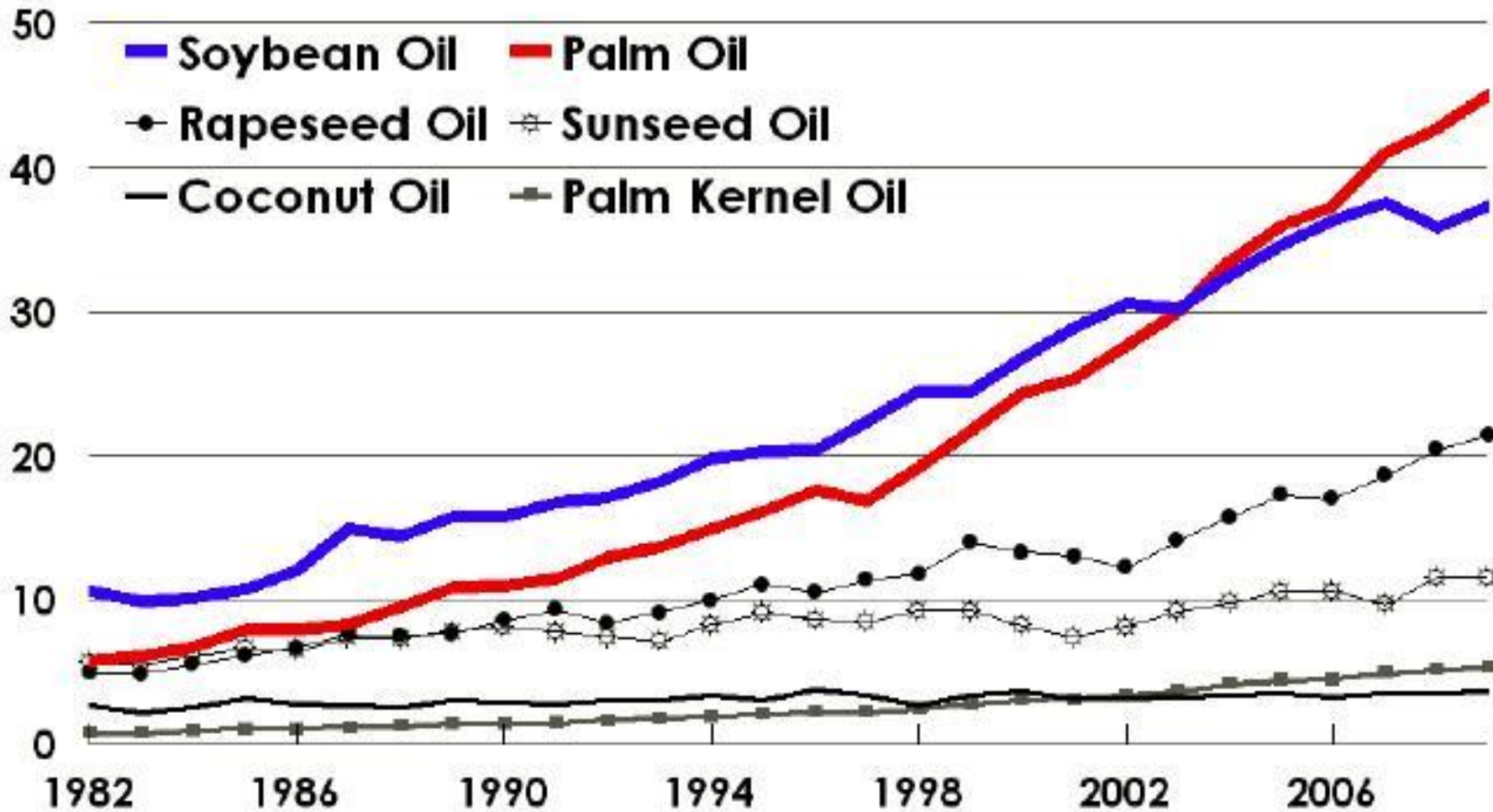
08/09



Total: 137.1 MnT (08/09)

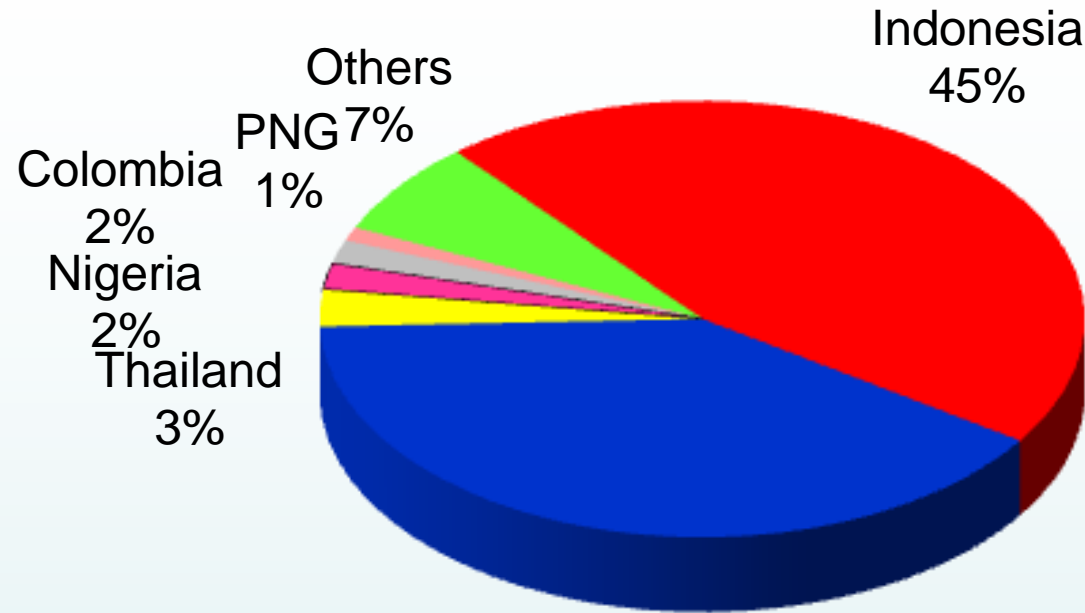
Total: 133.4 MnT (07/08)

World Prod. of Vegetable Oils

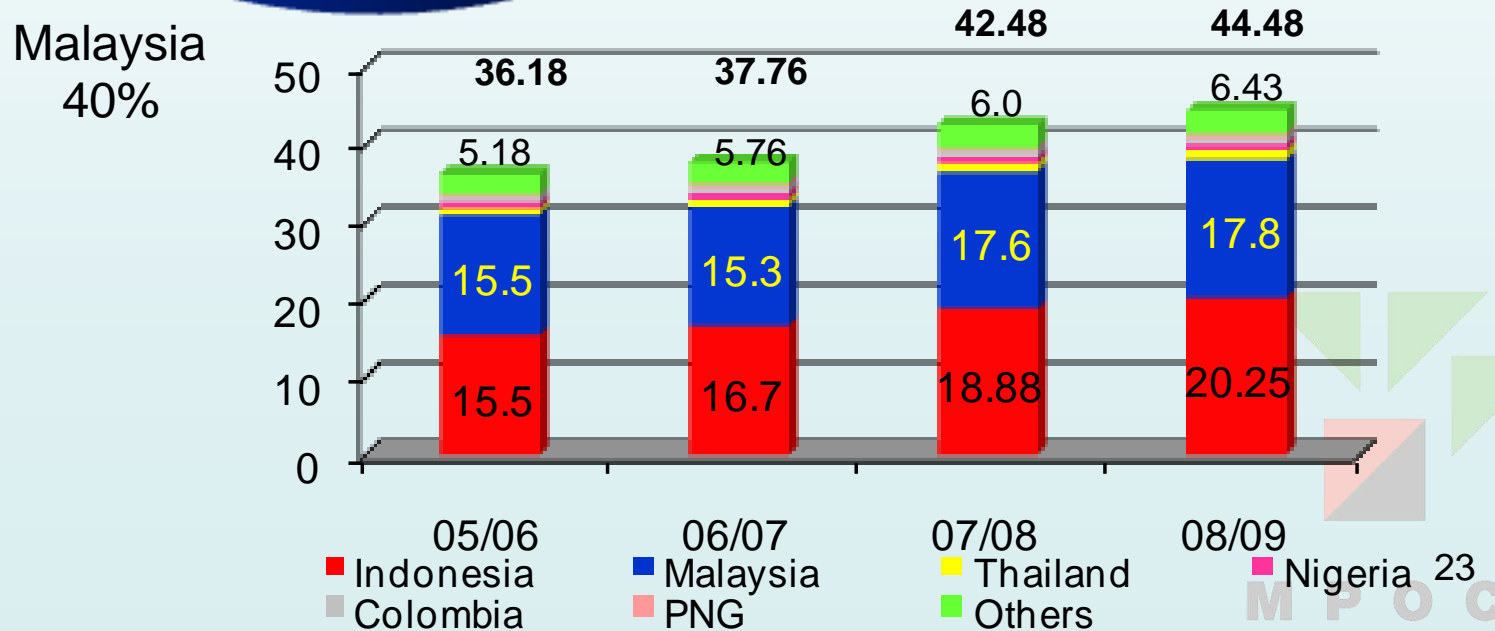


Source: USDA

World Palm Oil Producers



Total Production (08/09) :
44.48 MnT



Malaysian PO Situation

■ Production

Crude palm oil production in Jan-June 2010 was at **7,977,066 tonnes**, up marginally by 0.7 % from the previous year mainly due to:-

- i) Low FFB yield due to higher rainfalls received in major producing states;
- ii) Dry spell in early part of the year.

■ Stocks

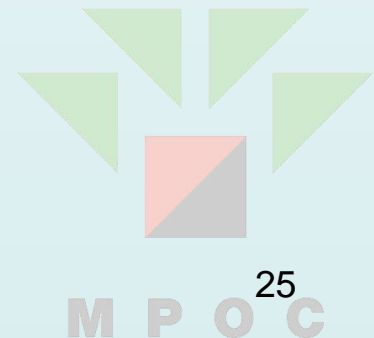
Palm oil stocks as of June 2010 was 1,451,434 tonnes, down by 7.1% from last month and lowest in 10 months mainly due to:-

- Lower than expected growth in CPO production
- Increased in exports and local consumption

Malaysian PO Situation (Cont')

- Exports of palm oil in Jan-June 2010 increased by 8.8% to 8.25 mil tonnes from 7.58 mil tonnes recorded in the same period last year.

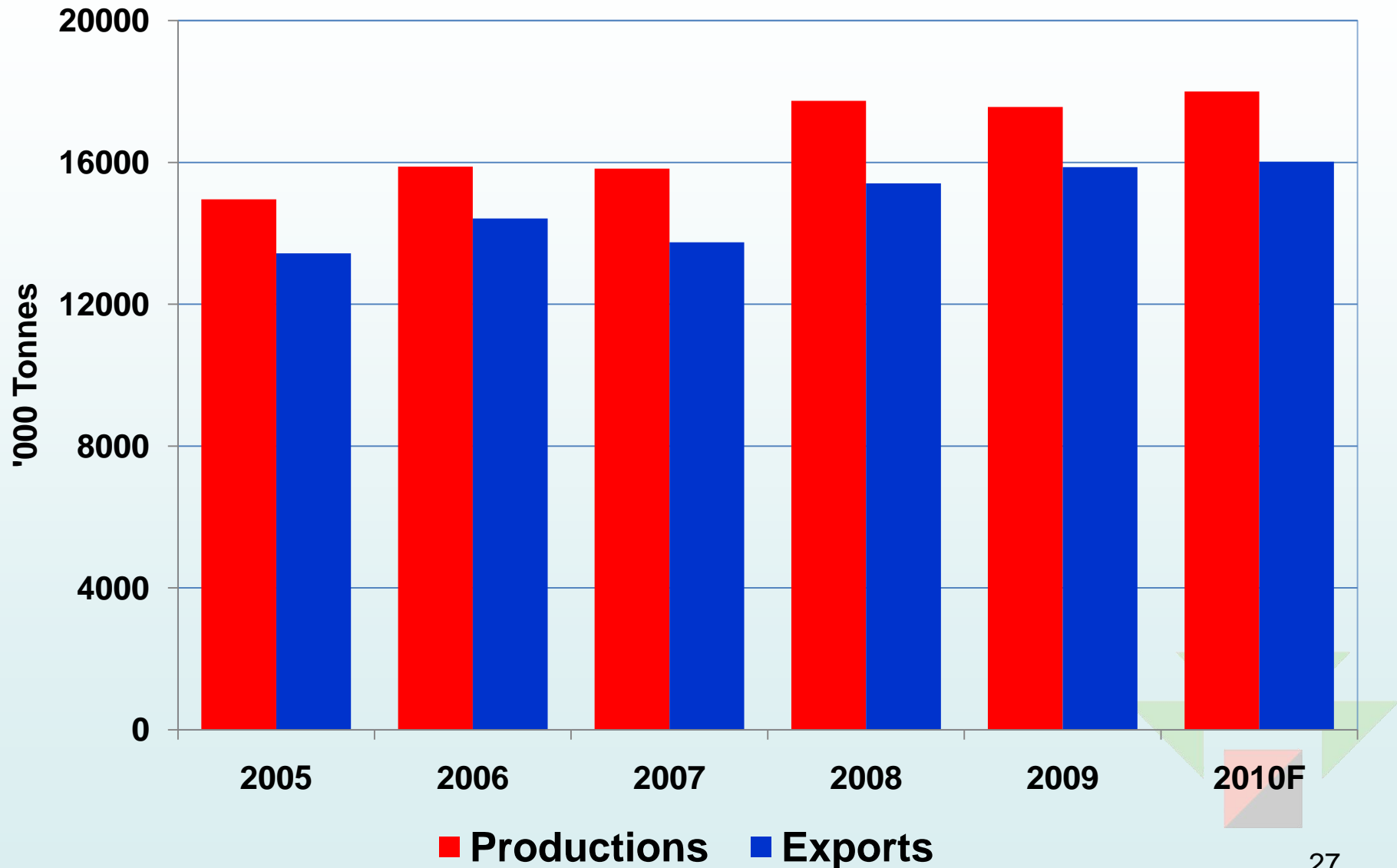
(Source: MPOB Weekly Report **BEPI / WR : VOL. 01/03/10**)



MPO Area

	2006	2007	2008	2009	2010F
Mature Area (Mn Ha)	3.68	3.74	3.90	4.02	4.07
Yields (T/Ha)	4.32	4.23	4.55	4.39	4.40
Production (MnT)	15.88	15.82	17.73	17.56	17.92

MPO Production & Export



MPO Supply & Demand

(MnT)	2007	2008	2009	2010F
Opening Stocks	1.5	1.7	2.0	2.2
Production	15.8	17.7	17.6	17.9
Import	0.3	0.6	0.9	0.8
Consumption	2.2	2.6	2.4	2.6
Export	13.8	15.4	15.9	16.0
Ending Stocks	1.7	2.0	2.2	2.3

Indonesian PO Situation

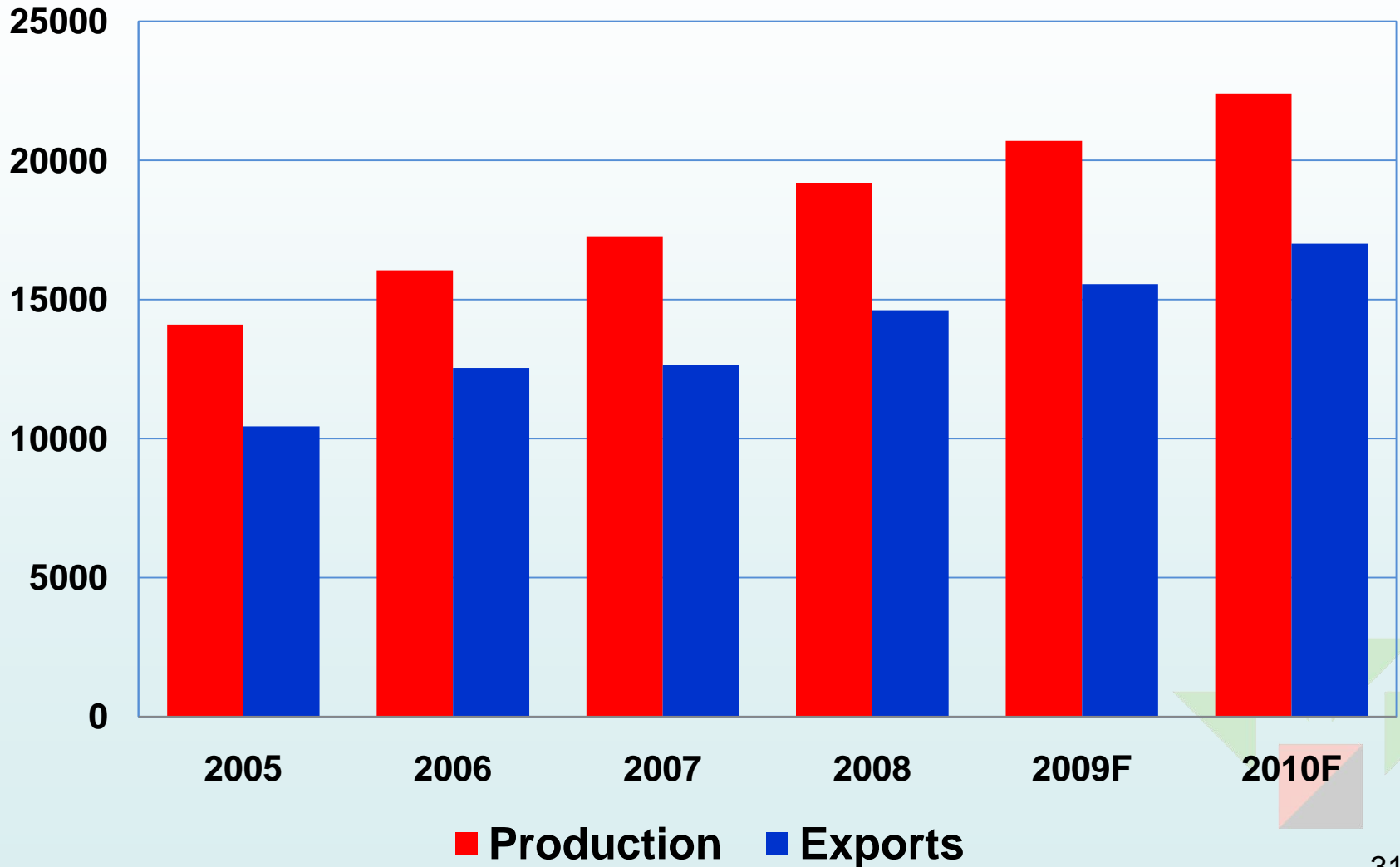
- Indonesia raised the export tax on various palm products twice after maintaining it at zero percent for 5 months.
- Effective from 1 April 2010, palm products' export taxes were increased to 3.0% and 4.5 %.
- Indonesia has overtaken Malaysia as the largest exporter of Palm Oil in 2009 and estimated to export 17 Mn T in 2010.
- As of March 2010, export of Indonesia fell 9.2% to 3.15 Mn T, attributed mainly to the increase in export tax.

IPO Area

	2006	2007	2008	2009F	2010F
Mature Area (Mn ha)	4.11	4.54	4.95	5.35	5.73
Yields (T/ha)	3.91	3.80	3.88	3.95	3.89
Production (Mn T)	16.05	17.27	19.23	21.14	22.30

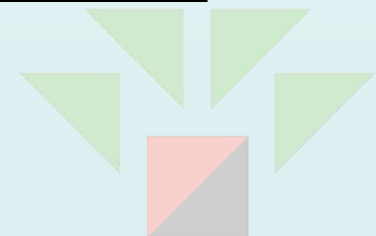


IPO Production & Export (MnT)

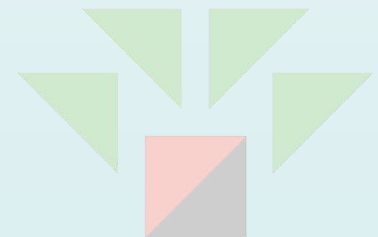


IPO Supply & Demand

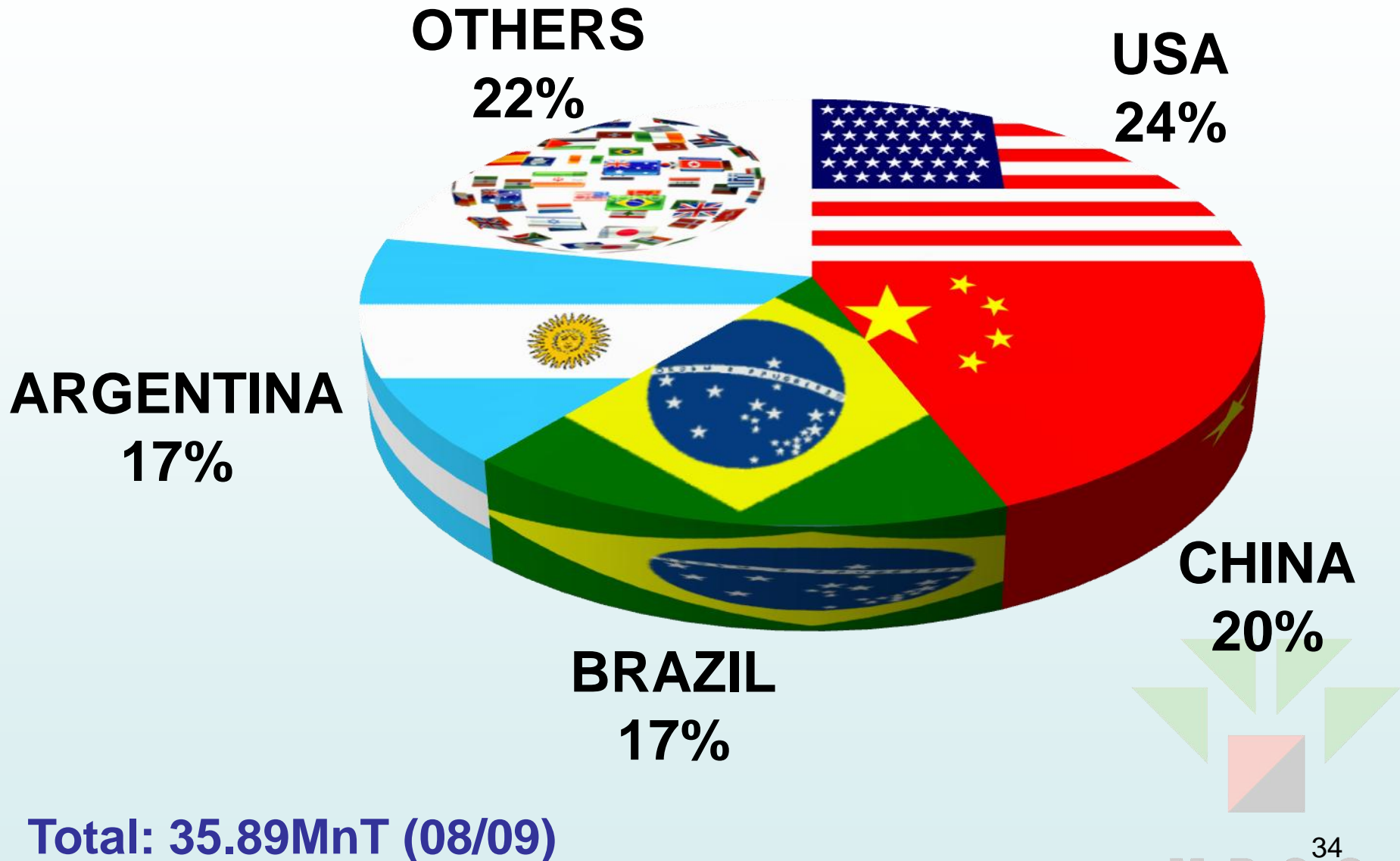
(MnT)	2007	2008	2009	2010F
Production	17.3	19.2	21.1	22.3
Imports	0.03	0.03	0.05	0.05
Consumption	4.1	4.5	4.9	5.2
Exports	12.7	14.6	16.9	16.6
Ending Stocks	1.5	1.7	1.2	1.7



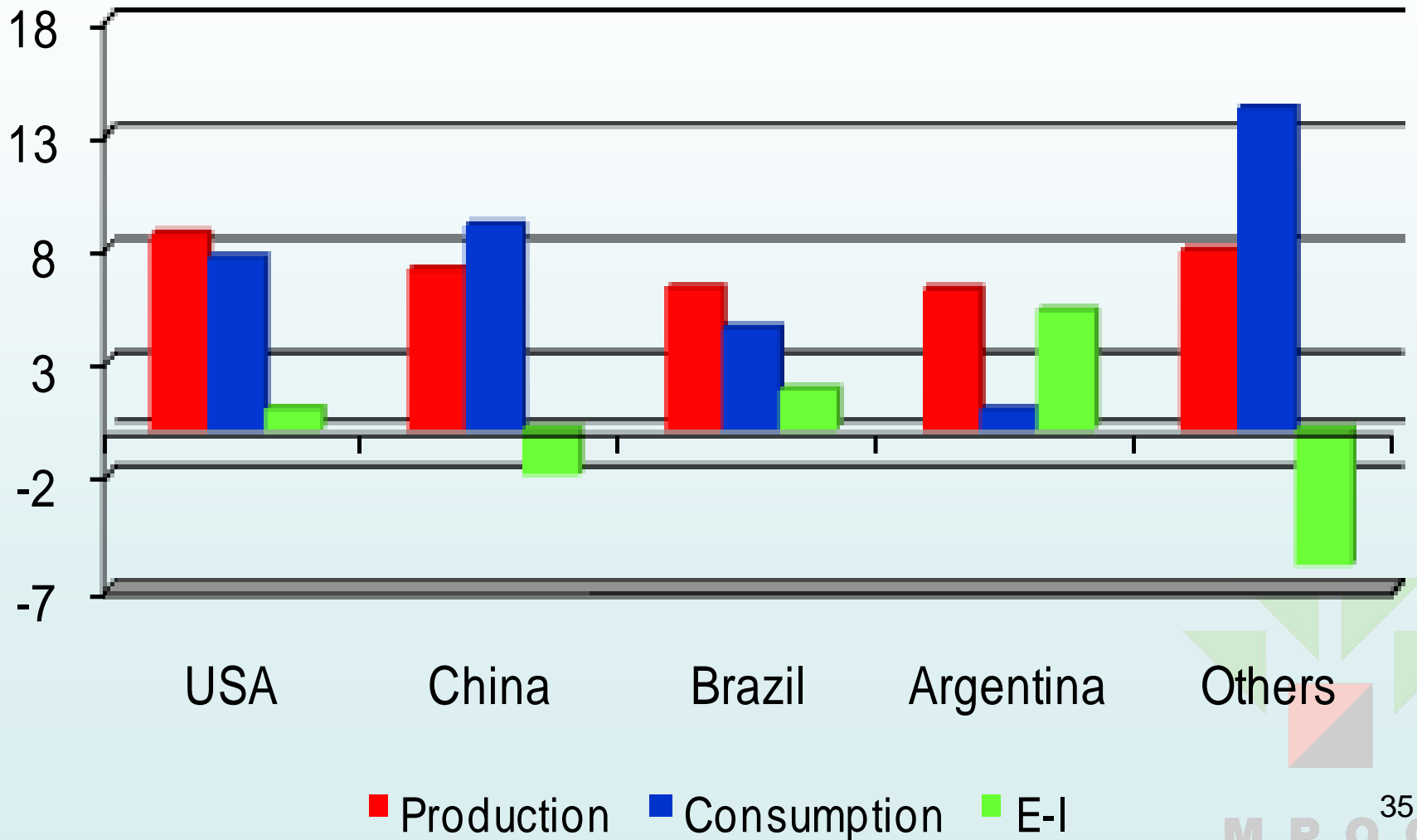
Soybean Oil



World Soybean Oil Producers

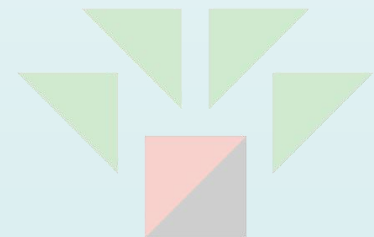


Major Soybean Producers (Prod., Cons & Net Exp/Imp)



South America SB Situation

- Record South American soybean crop has started moving into market.
- It is estimated that South American soybean production in 2010 to increase steeply by approximately 41.9 Mn T (Brazil & Argentina increased by 34.3 Mn T)
- The export and crushing of soybean have picked up since April adding pressure to vegetable oil prices.



South America SB S&D

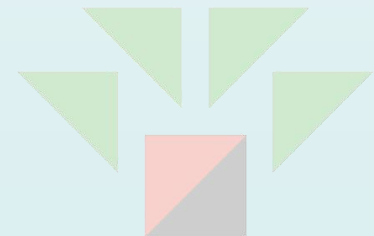
(MnT)	2007	2008	2009	2010F
Opening Stock	4.0	4.8	10.3	5.6
Production	107.0	106.2	88.9	123.2
Import	2.9	2.9	0.7	0.2
Crushing	68.7	62.9	58.2	73.7
Other Use	4.3	4.4	4.6	4.6
Export	36.2	36.3	31.5	40.6
Ending Stock	4.8	10.3	5.6	9.0

US Soybeans Situation

- A record of 91 Mn T was achieved for production in 2009/10:-
 - An increase of 13% from 08/09 (80.53MnT)
 - An increase of 5% from previous record (06/07: 86.6MnT)
- Record average yield of 2.96 tons/ha.:-
 - An increase of 0.06 tons than previous record in 2006
- Record 31.36Mn Ha of planted areas of which 30.9Mn. Ha are harvested areas. Both areas registered an increase of 2% against last year's record.

US Soybeans Area

	05/06	06/07	07/08	08/09	09/10F
Area (Mn Ha)	28.8	30.2	2.06	30.2	31.4
Yields (T per Ha)	2.9	2.9	2.8	2.7	3.0
Crop (Mn T)	83.5	87.0	72.9	80.5	91.0



US SB Supply & Demand

(MnT)	06/07	07/08	08/09	09/10F
Opening Stock	12.2	15.6	5.6	3.6
Production	87.0	72.9	80.5	91.0
Import	0.3	0.3	0.4	0.4
Export	30.4	31.7	34.2	38.2
Domestic Demand	53.5	51.5	48.7	50.6
Ending Stock	15.6	5.6	3.6	6.2

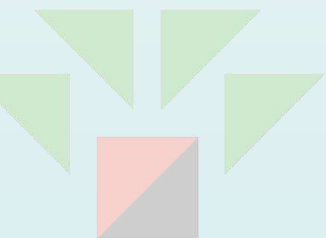
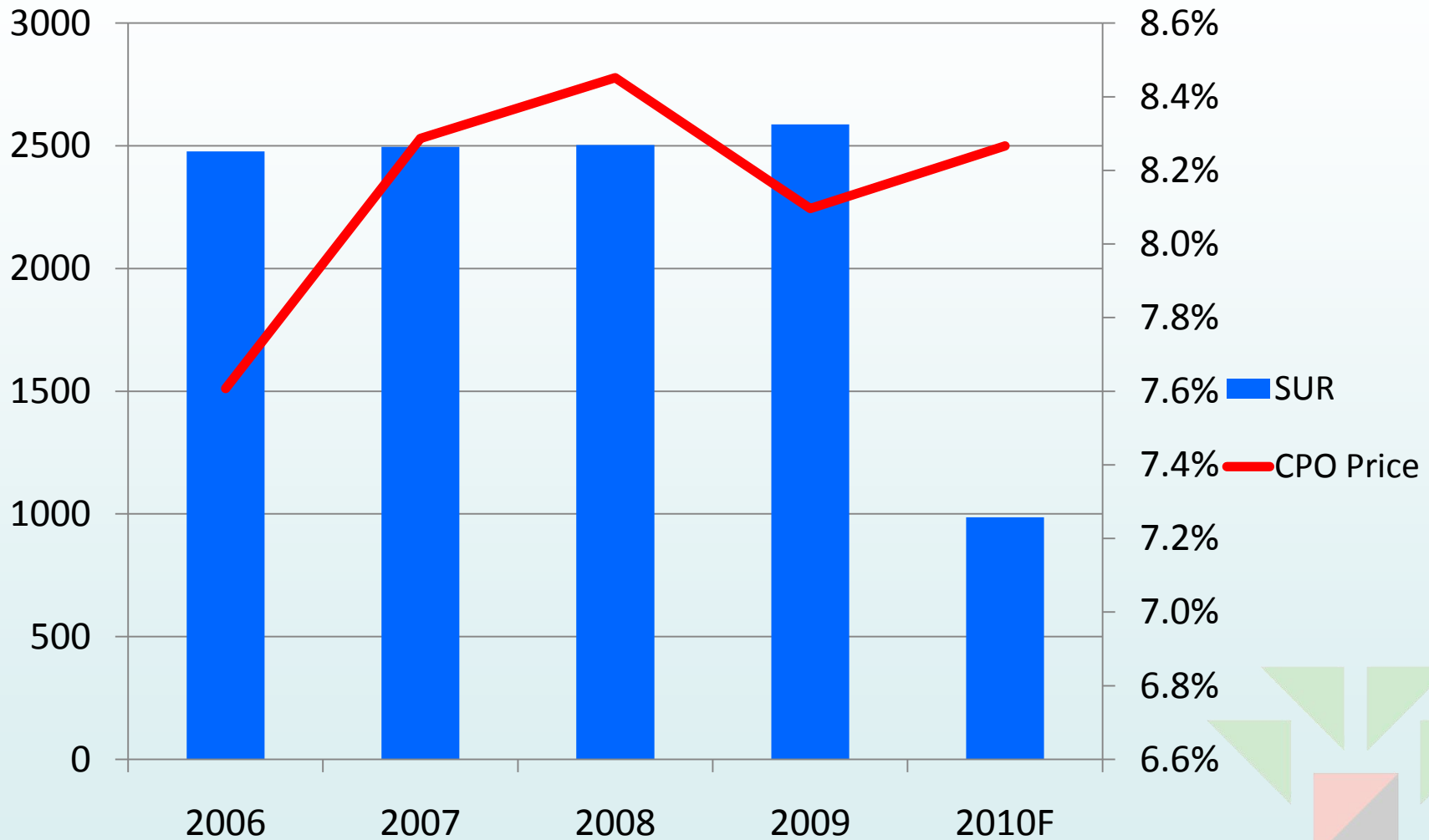
US SBO Supply & Demand

(MnT)	2007	2008	2009	2010F
Opening Stock	1.4	1.5	1.2	1.3
Production	9.4	9.1	8.8	8.9
Import	0.02	0.03	0.04	0.03
Export	0.9	1.2	1.3	0.9
Domestic Demand	8.4	8.2	7.4	8.4
Ending Stock	1.5	1.2	1.3	0.8

Global Oils & Fats S&D

('000 T)	2006	2007	2008	2009	2010F
Opening Stock	15,241	16,496	17,103	17,842	17,878
Production	147,129	151,354	157,208	161,684	166,298
Import	53,403	54,647	57,957	60,893	60,759
Export	56,758	57,325	59,945	63,391	65,121
Consumption	142,518	148,070	154,480	159,150	163,195
Ending Stock	16,496	17,102	17,842	17,878	16,619
Stock Usage Ratio	8.3%	8.3%	8.3%	8.0%	7.3%

Stock Usage Ratio vs CPO Price

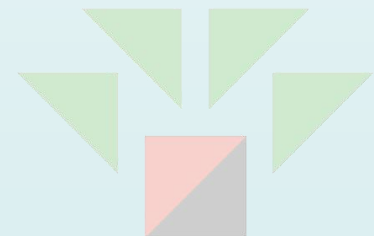


Summary

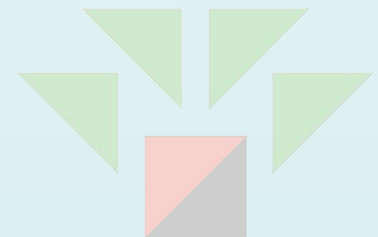
- Supply
 - Palm oil is expected to continue as the growth leader in output with Indonesia taking the lead as biggest producer and exporter.
 - Supply of SBO in 2010 is expected to be higher than 2008/09 due to the rise in South America soybean production and weather condition to remain intact.
- Demand
 - Driving factors will be rising vegetable oil demand for food (in China, India and many other countries) and for biofuels from the expanding energy markets (most significantly in Europe and South America).

Summary

- The global outlook portrays a more bullish scenario. Stock–usage ratio is predicted to drop from 8.0% to 7.3% this year.
- **The projected CPO price for 2010 is estimated at the average of RM2,500, if crude mineral price stays at the level of USD80 per barrel.**

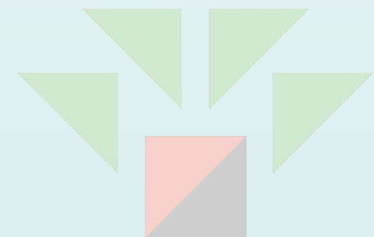


Other Important Factors in the Price Outlook



Factors to be Monitored

- Renewable energy
- Weather condition
- Land use change
- Exchange rate
- Bank's Interest Rate



Biodiesel Production by Country

(MnT)	2006	2007	2008	2009	2010F
EU-27	4.9	6.0	7.5	8.4	9.6
USA	1.1	1.7	2.7	1.8	2.1
Argentina	0.1	0.2	0.7	1.2	1.6
Brazil	0.1	0.4	1.0	1.4	2.0
Colombia	0.0	0.1	0.0	0.2	0.4
Thailand	0.0	0.1	0.4	0.5	0.7
Turkey	0.3	0.1	0.1	0.0	0.1
Other	0.7	1.2	1.9	2.4	2.9
TOTAL	7.1	9.5	14.3	15.9	19.2
% Change	98.3%	33.7%	50.4%	11.2%	20.4%

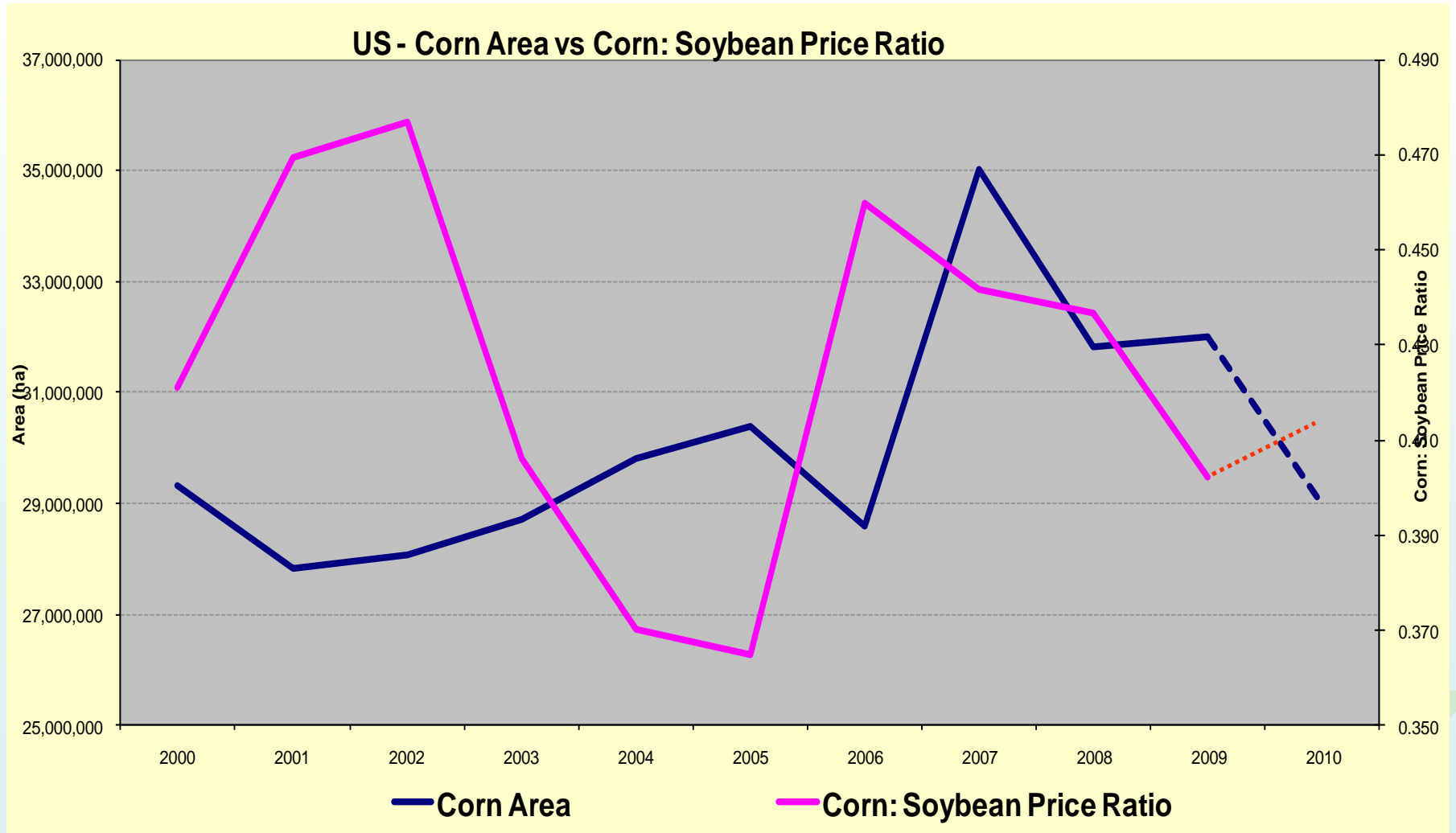
Biodiesel Demand on CPO Prices

- Should the biodiesel demand in 2010 not up to the expectation, SBO prices will be pressured by the ample supply of soybean, and CPO price will be affected.
- Nevertheless, it is unlikely the demand will be far off from forecasted figure as major producing countries have implemented mandatory blending of biodiesel.
- Furthermore, if the SBO and CPO prices dropped below the supportive level, it will make these oils more attractive for biodiesel production and application in countries that are not mandated in biodiesel blending, subsequently driving up vegetable oil prices.

Supply & Demand of Ethanol

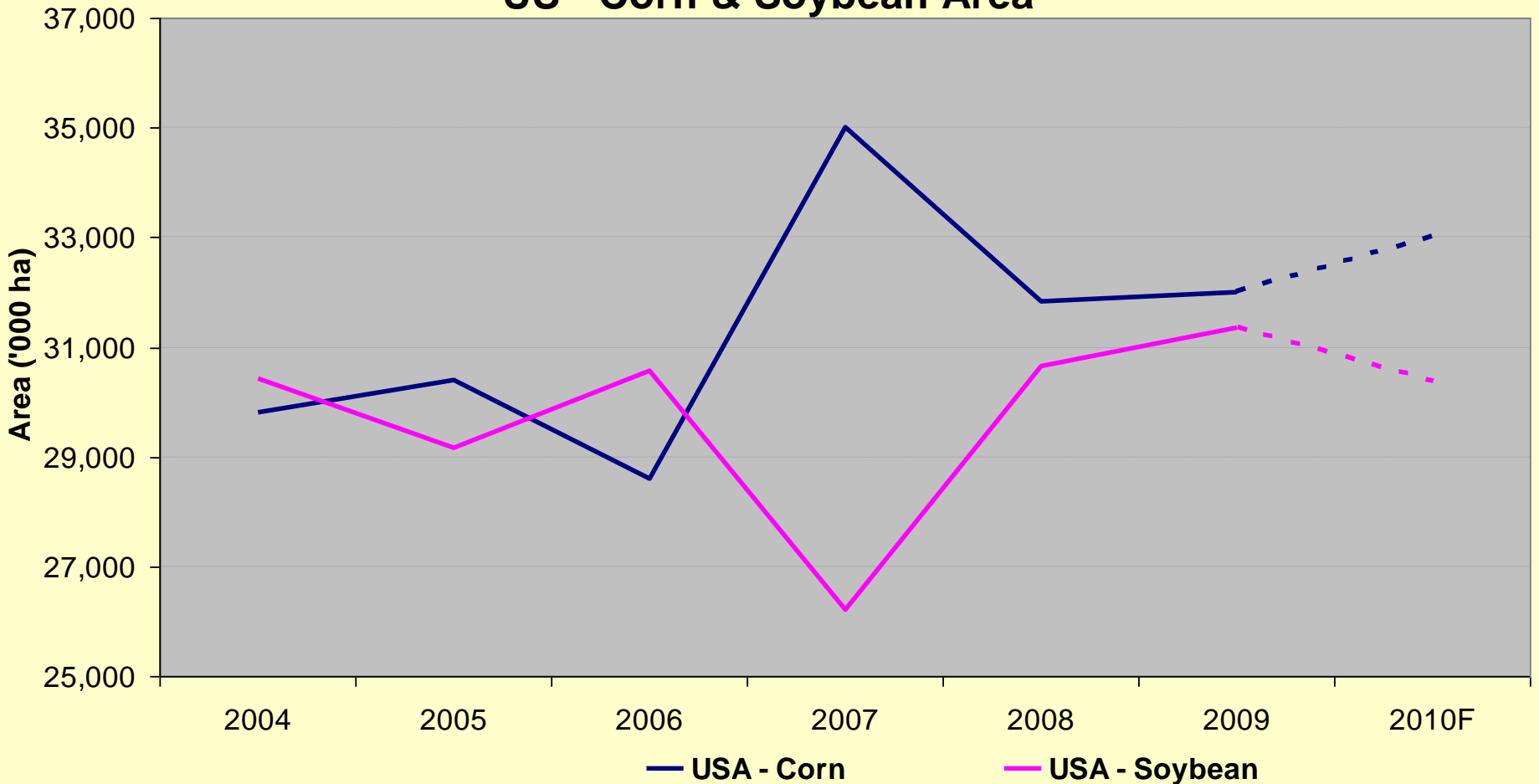
- In the US, ethanol production continues to grow to meet the volume requirements of the Renewable Fuel Standard. Projected ethanol production, which averaged 690,000 bbl/d in 2009, increases to an average of 790,000 bbl/d in 2010 and 840,000 bbl/d in 2011.
- Hence in 2010, USA will require around 105 Mn. MT of corn for ethanol production at the corn-ethanol conversion rate of 2.6 gallon per bushel. This requires additional land of 1.27 Mn. ha for corn production.

Competition for Land



Competition for Land

US - Corn & Soybean Area



Exchange Rate

- Possible appreciation of RMB against US\$ which Ringgit may follow and lower the CPO price in RM and forex earning.
- 1% appreciation of RM against US\$ will lower the CPO price from RM2,450 to RM2,426.

