Palm & Laurics Oil Market Outlook

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About Palm Oil Analytics

- Publishers of palm oil news, price and data
- Two market reports daily
- Hold over 30 years of historical prices – daily and monthly
- Subscribers all around the world

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Overview

• Main factors impacting palm market Jan-Oct 2019
• Production Jan-Sept 2019 & outlook
• Export demand
  • Malaysia and Indonesia
  • China, India & biodiesel
• Consumption outlook
• Laurics oil
• Conclusion & price outlook
Main factors impacting palm market 2019

**PRICES**
- African swine fever
- Crude oil prices
- Politics
- Taxes & Levies
- E.U RED II
- Soybeans
- Production
- Biodiesel

**PRODUCTION**
- Weather
- Fertiliser use
- Land expansion
- Labour policies
- Environmental policies
- Yield rates
Production Jan – Sept 2019

Indonesia production growth slowed down in the second half of 2019 after a strong rise in the first half. Malaysia growth seen more stable in 2019

- Production up 14.62% from Jan-Sept 2019 vs. Jan-Sept 2018

- Indonesia and Malaysia production reached 51 million tons Jan-Sept 2019

Indonesian production to slow down in Q4 and H1 of 2020
Production outlook

- 2019 global production estimate to rise by 5.56% to 77.40 million tons. Year-end stocks at 2.80 – 3 million tons.

- 2020 production rise to be slower than 2019 ~ 3 to 3.50% growth. Tight supply & demand scenario. Higher price outlook.

- Long term growth from productivity gains.

- Future growth - outside of Malaysia and Indonesia.
Demand

- Jan-Sept 2019 export grew 5.48% vs. Jan-Sept 2018
- Main growth market India, China & the E.U
- Main growth sector is biodiesel – domestic and export
- Main growth markets in the next 10 years
  - India – edible oils
  - Indonesia – biodiesel
  - China – mix of edible oils and biodiesel
- Consumption growth in 2019 estimated at 5.07% to 76 million tons
- Consumption projected to surpass 80 million tons in 2021 and reach 95 million tons and above in 2030
Export demand - China

- China the main buyer of RBD palm olein in August
- Edible oil deficit from lower soybean oil, lower crushing from poor soymeal sales and seasonal demand for mid-autumn festival
CPO – Long-term view

Palm Oil Supply/Demand 2014-2030 (in mil mt)

Total CPO Production by Country/Region 2019 (in mil mt)

Total CPO Production by Country/Region 2030 (in mil mt)

Total CPO Consumption by Country/Region 2019 (in mil mt)

Total CPO Consumption by Country/Region 2030 (in mil mt)
Laurics market

- No Futures to discover prices
- Ample supply of CPKO at the origin market
- CNO production slowing down in the Philippines
- CCNO-CPKO spread at over US$ 130
- CPKO CIF Rotterdam to trade US$ 580 – 600/ton in Q4
Conclusion

- First half of 2020 to see prices trading RM 2200-2600 (US$ 532 – 630)

- Indonesia CPO FOB to range US$ 512 – 610 in the first half of 2020

- Biodiesel & RBD palm olein will be the main price support in 2019 & H1 2020. Indonesia B30 will be keenly watched. Malaysia biodiesel export looks strong again in 2019

- CPKO prices will be under pressure in Q4 after the recent rise due to persistent high stocks. US$ 580 – 600/ton in Q4 on CIF Rotterdam

- Production growth will slow in 2020 but pick up pace in 2021. Will surpass 90 million tons in the year 2028 – 2030
Thank You