

Palm & Laurics Oil Market Outlook

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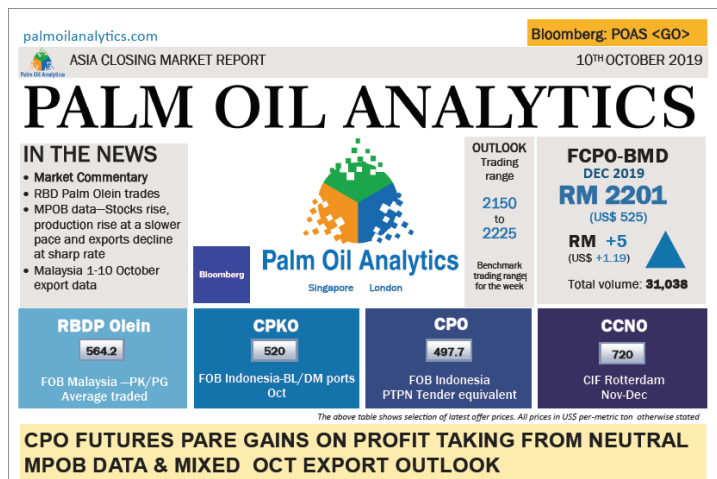


A Shared Responsibility: Converting Commitments into Action

About Palm Oil Analytics



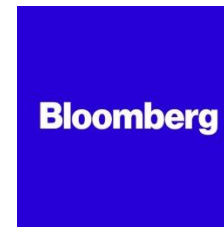
- Publishers of palm oil news, price and data
- Two market reports daily
- Hold over 30 years of historical prices – daily and monthly
- Subscribers all around the world



Palm Oil Analytics group



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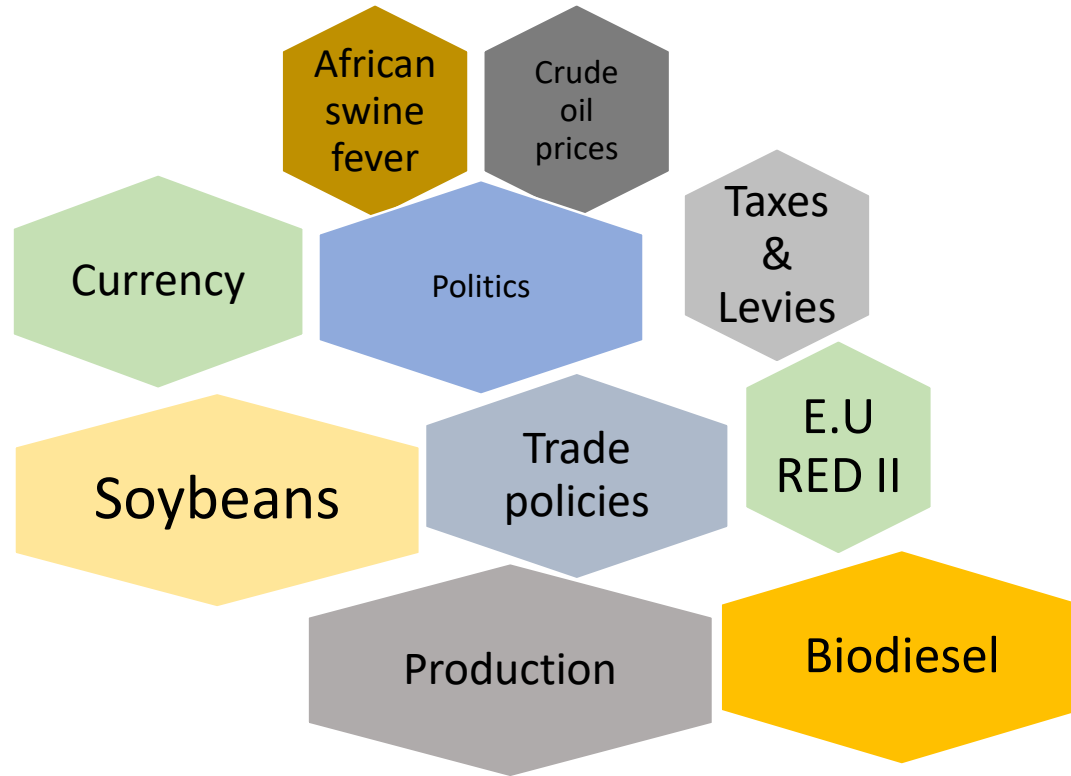
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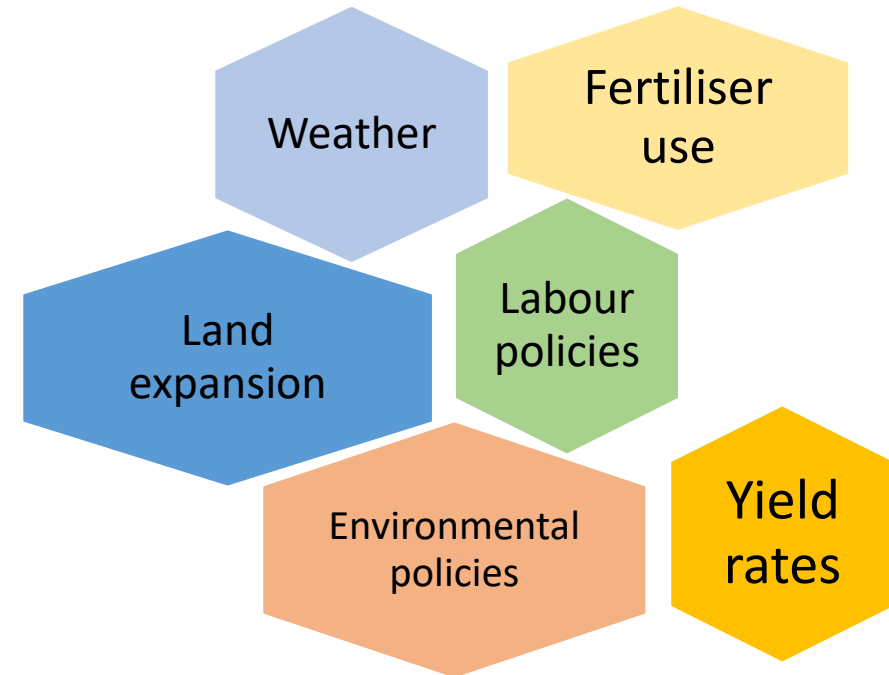
Overview

- 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

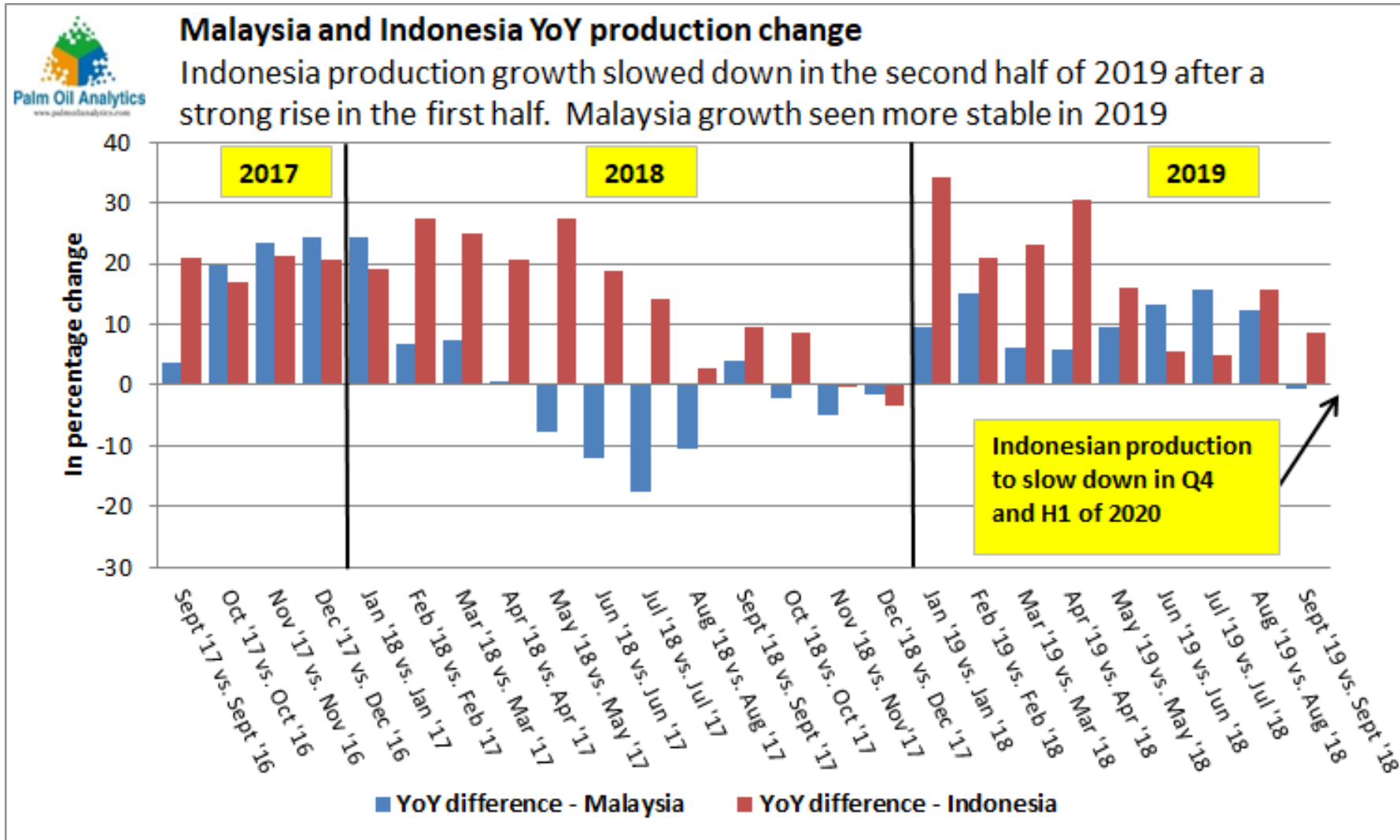


PRICES



PRODUCTION

Production Jan – Sept 2019



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

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

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



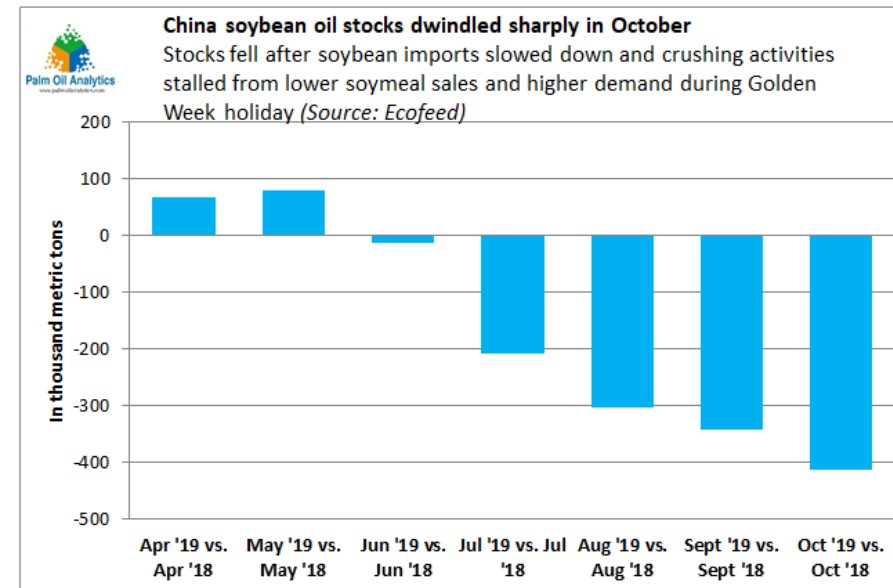
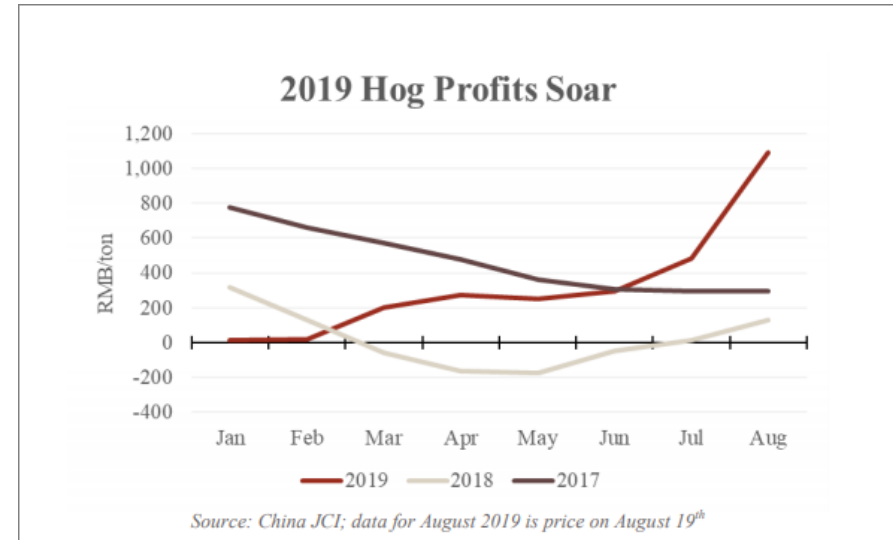
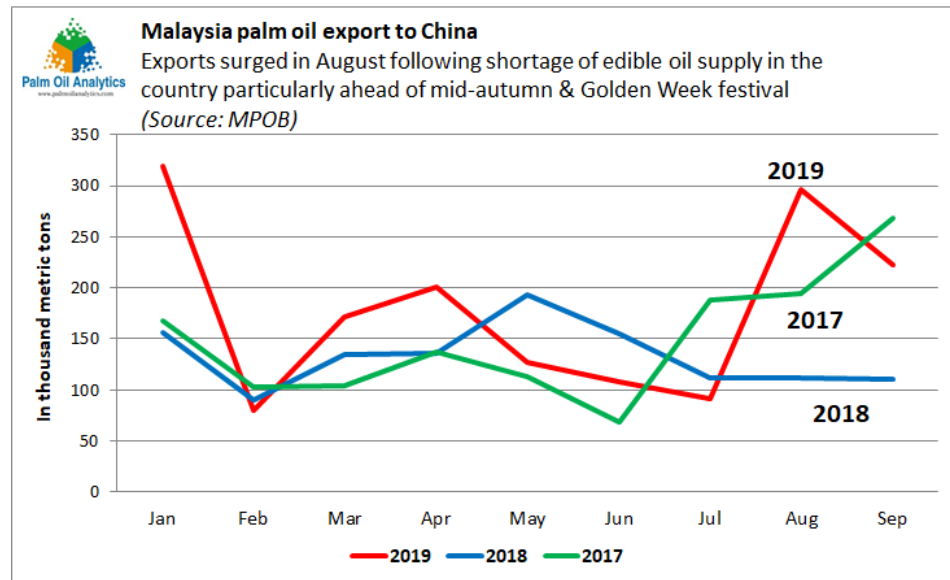
Demand



- 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



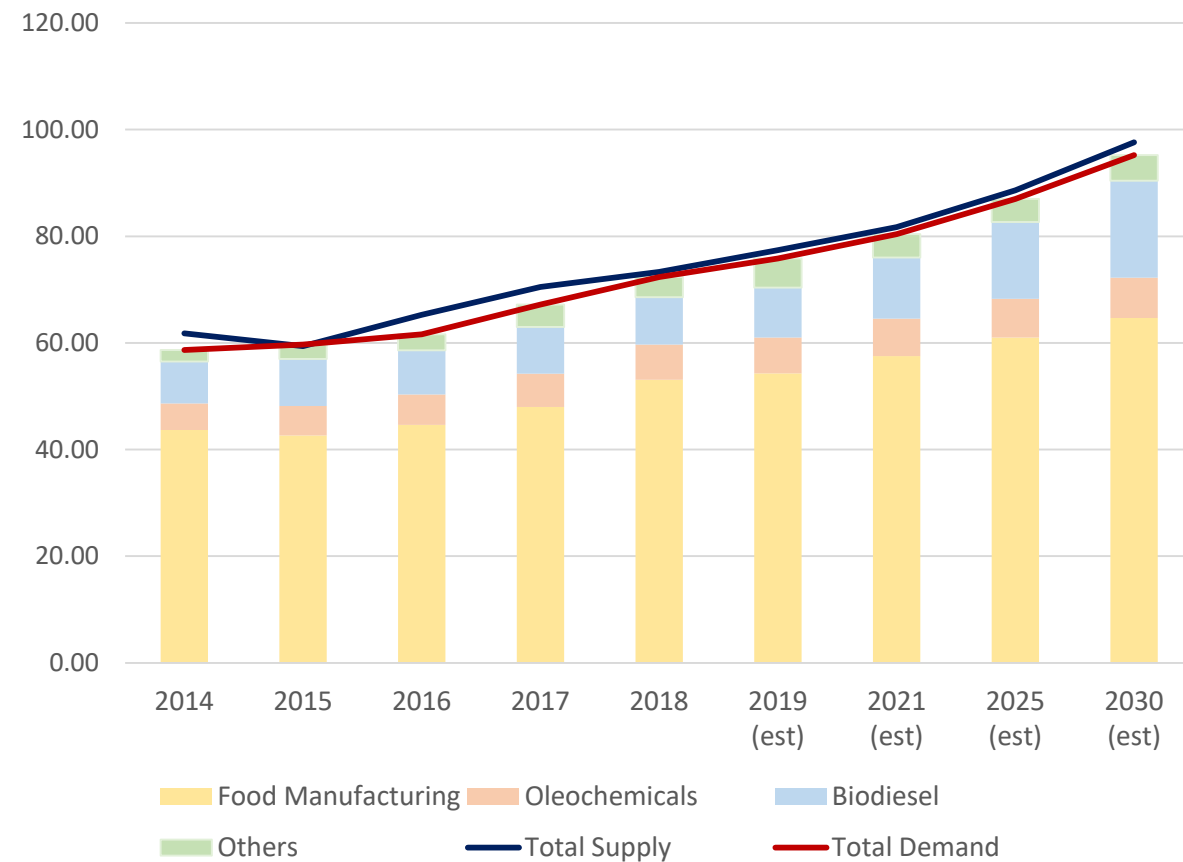



China staple oil by provinces		
Region	Province	Popularity
Northeast	Heilongjiang	Soybean oil
	Jilin	
	Liaoning	
Middle and West	Jiangsu	Rapeseed oil
	Zhejiang	
	Anhui	
	Jiangxi	
	Hunan	
	Sichuan	
	Guizhou	
	Yunnan	
	Shaanxi	
	Gansu	
	Qinghai	
	Xinjiang	
South	Guangdong	Peanut oil
	Fuijiang	
	Guangxi	

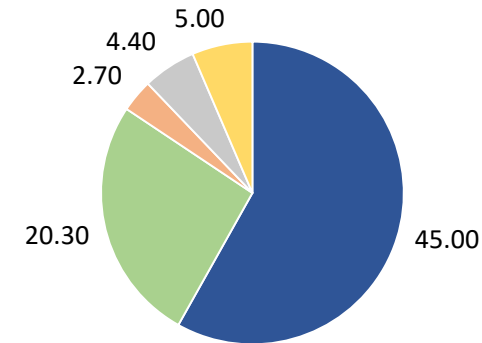
Source: China's evolving edible oils industry, AOCs

CPO – Long-term view

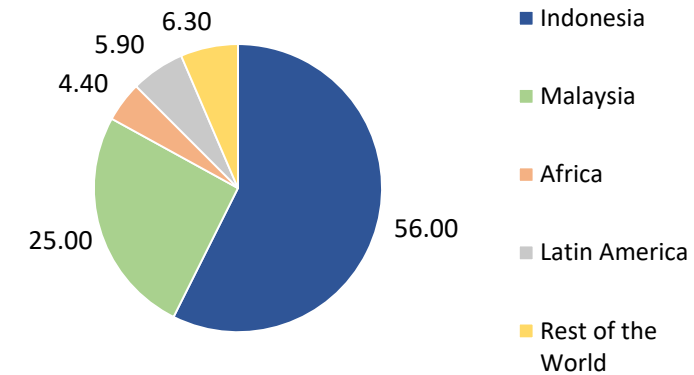
Palm Oil Supply/Demand 2014-2030
(in mil mt)



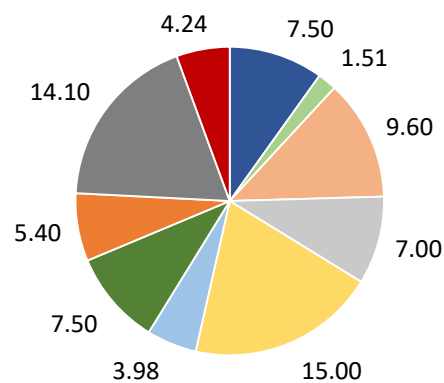
Total CPO Production by
Country/Region 2019 (in mil mt)



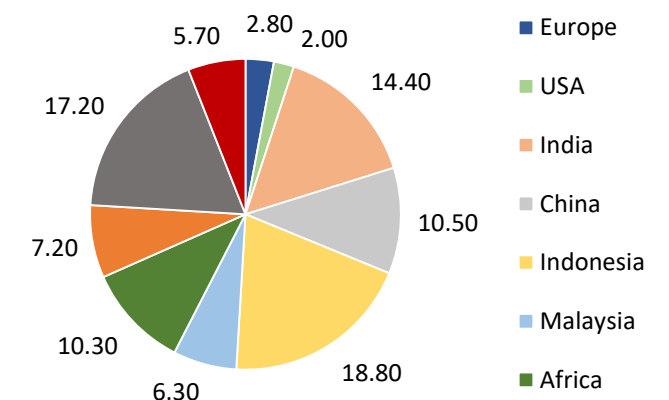
Total CPO Production by
Country/Region 2030 (in mil mt)



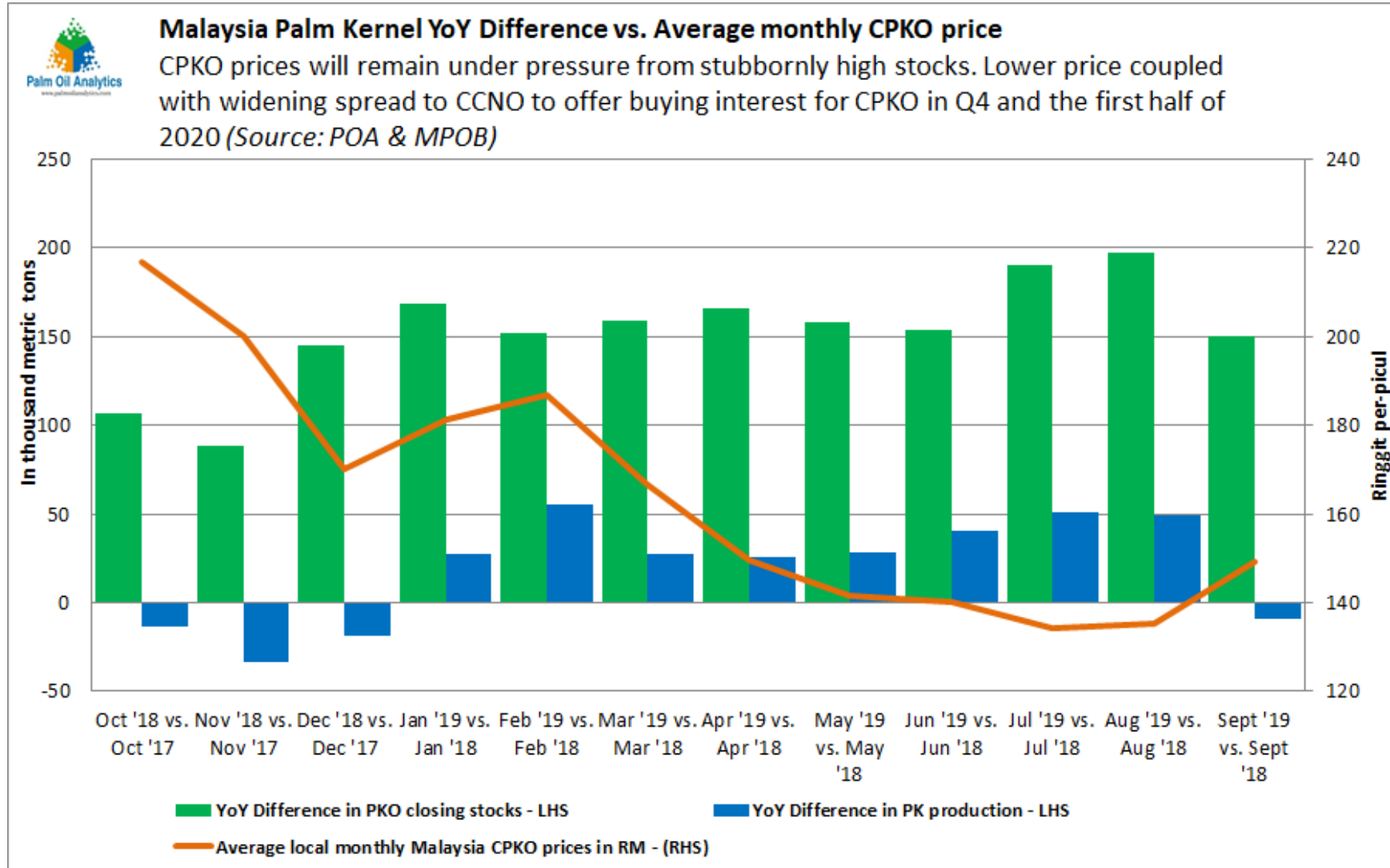
Total CPO Consumption by
Country/Region 2019 (in mil mt)



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