

## 1. Palm Oil Prices

- Despite slower than expected export of Malaysian palm oil products, the CPO price was heading upward without pausing even a single day during the week. According to ITS and SGS, both surveying companies recorded a drop in Malaysian palm products export by 3.0% and 4.8% respectively for the period of 1-20 July.
- The hike in CPO price could be attributed to the brewing La Nina weather pattern which brings heavier-than-expected rains which will lower the oil yield for oil palm despite entering high production season. According to market source, data from the Malaysian Palm Oil Association showed palm oil production in 1-20 July only grew 1.5% from the same period last month. This may set stage for another month of decline in stock level especially when higher demand will come in place when the festive seasons such as Ramadan is around the corner.
- Together with the increase in crude mineral oil price up to US\$80 per barrel during the week which was supported by strong corporate earnings reported in US, the CPO average price surged to its 6-week high of RM2,521.20, an increase of 3.1% from RM2,455.80 recorded in the previous week.

Date	Local Price (RM/MT)		Export Prices (US\$/MT)		
	CPO	CPKO	RBD PO	RBD PL	RBD PS
Previous week	2,445.80	3,372.30	805.00	796.00	771.50
19-Jul	2,490.00	3,394.00	NT	NT	769
20-Jul	2,504.50	3,395.50	813.00	816.00	782.50
21-Jul	2,508.00	3,406.50	802.50	NT	771.50
22-Jul	2,533.50	3,408.50	NT	NT	795.00
23-Jul	2,570.00	3,484.50	823.00	NT	NT
Average	2,521.20	3,417.80	812.83	816.00	779.50

Source: MPOB

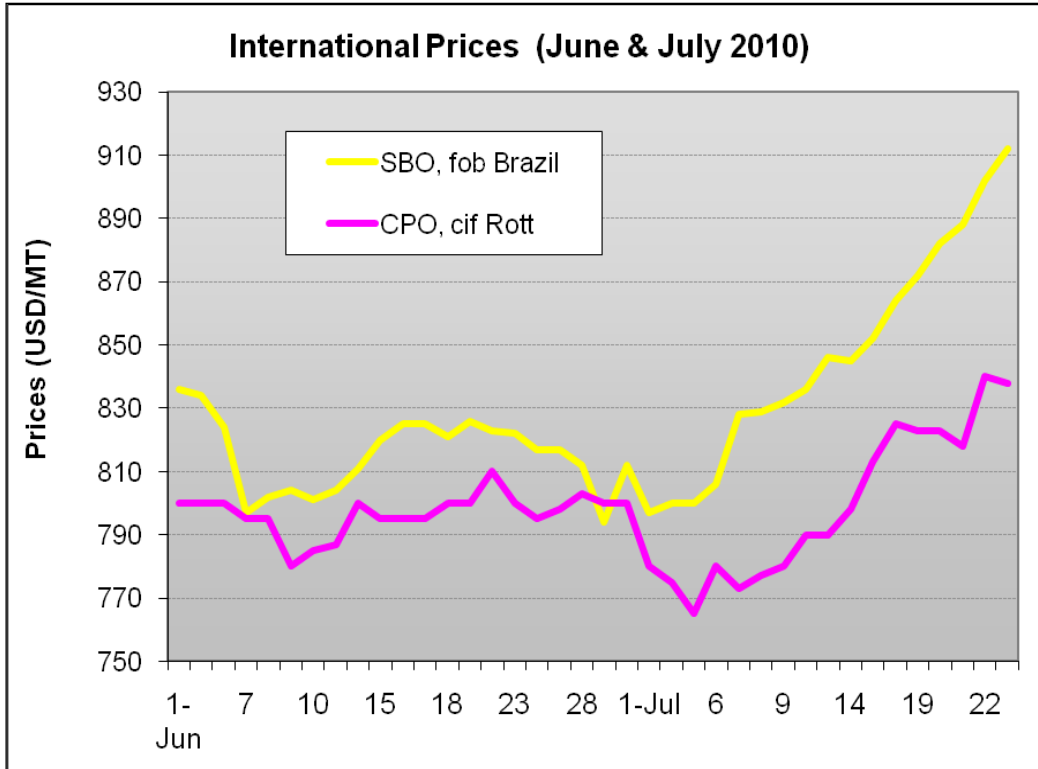
## 2. International Prices

- The week of 19-23 Jul saw another strong gain in SBO (fob, Bra) prices despite the improvement of weather condition in the major growing area in US Midwest for the short term. This could be attributed to the uncertain weather outlook remain in August which is the most crucial period when yield of soybean is determined.

- Besides that, the hike in SBO (fob, Bra) price was also supported by low availability of SBO to be exported from Brazil due to the strong demand in domestic biodiesel industry. As such, the SBO (fob, Bra) average price jumped 5% to reach US\$891 during the week.
- Expectations of an imminent strong seasonal increase of Malaysia palm oil output have apparent faded as it was estimated by MPOA that production will only increase by 1.5% for the month of July. Further, La Nina is seen bringing heavy rainfall to Malaysian oil palm growing areas, which may lower the quality of CPO yield and also causing transportation problem due to flooding. As a result of this development, the CPO (cif, Rott) was also being supported in international market and saw the average price of CPO (cif, Rott) increased US\$25 to US\$828.
- With stronger gain in SBO (fob, Bra) price vis-a-vis CPO (cif, Rott), the discount of CPO against SBO continue to widen from last week's US\$46 to US\$63, making palm oil more favourable and competitive if this discount sustain for longer period.

	Previous Week	Prices US\$ / MT					Average
		19-Jul	20-Jul	21-Jul	22-Jul	23-Jul	
CPO (cif, Rott)	803	823	823	818	840	838	828
SBO (fob, Dutch)	914	926	912	923	923	935	924
SBO (Brazil, fob)	849	872	882	888	902	912	891
SFO (fob, Argen)	852	850	850	850	865	870	857
RSO (fob, Dutch)	958	982	950	968	970	967	967
PKO (cif, Rott)	1,054	1,075	1,070	1,070	1,085	1,085	1,077
CNO (cif, Rott)	1,019	1,050	1,040	1,040	1,055	1,060	1,049
CPO (fob, Indon)	761	777	775	760	775	780	773

Source: Oil World



Source: Oil World

**MONTHLY STATUS**

## 1. Malaysia's Exports &amp; Imports

	Exports		Imports	
	2009	2010	2009	2010
Jan	1,353,686	1,461,727	29,863	155,803
Feb	1,257,482	1,294,915	27,423	64,091
Mar	1,260,797	1,396,949	15,693	50,138
Apr	1,193,524	1,285,467	42,579	110,456
May	1,230,449	1,365,637	114,681	114,397
Jun	1,279,701	1,440,884	87,078	61,028
Jul	1,454,541		93,288	
Aug	1,317,093		97,796	
Sep	1,322,900		118,328	
Oct	1,478,462		75,486	
Nov	1,501,504		56,384	
Dec	1,224,353		153,797	
Jan-June	7,575,639	8,245,579	317,317	555,913
Jan-Dec	15,874,492		912,396	

## 2. Exports to Major Countries

Country	Jan-June 2009	Jan-June 2010	Change (Vol.)	Change (%)	Jan-Dec 2009
China	1,690,785	2,079,716	388,931	23.0	4,027,172
Egypt	322,553	339,257	16,704	5.2	609,210
EU	875,629	1,008,046	132,417	15.1	1,892,099
Pakistan	934,468	933,841	-627	-0.1	1,769,321
India	692,343	566,774	-125,569	-18.1	1,354,429
Japan	278,228	288,438	10,210	3.7	538,878
Ukraine	341,828	127,633	-214,195	-62.7	544,143
USA	448,781	517,470	68,689	15.3	859,401
Total	5,584,615	5,861,175	276,560	5.0	11,594,653

## 3. Production &amp; Stocks

	Production		End-Stocks	
	2009	2010	2009	2010
Jan	1,329,333	1,321,304	1,829,357	2,003,175
Feb	1,187,381	1,156,814	1,565,532	1,789,194
Mar	1,275,822	1,387,234	1,365,582	1,655,748
Apr	1,286,059	1,306,228	1,292,692	1,622,580
May	1,395,275	1,385,424	1,371,238	1,562,323
Jun	1,445,937	1,420,062	1,408,317	1,451,434
Jul	1,492,211		1,332,182	
Aug	1,495,241		1,415,853	
Sep	1,557,764		1,579,252	
Oct	1,984,036		1,974,526	
Nov	1,595,592		1,934,613	
Dec	1,520,063		2,239,257	
Jan-June	7,919,807	7,977,066	1,408,317	1,451,434
Jan-Dec	17,564,714		2,239,257	

## 4. Monthly Average Prices

	CPO Local Prices	
	2009	2010
Jan	1,842	2,518
Feb	1,898	2,550
Mar	2,027	2,632
Apr	2,402	2,544
May	2,744	2,533
Jun	2,445	2,516
Jul	2,115	
Aug	2,412	
Sep	2,232	
Oct	2,154	
Nov	2,199	
Dec	2,461	
Jan-June	2,226	2,549
Jan-Dec	2,244	

Note: Average for Peninsular Malaysia

Source: MPOB

**BMD CPO FUTURES**

	<b>BMD</b>	<b>BMD</b>
	<b>Settlement Price</b>	<b>Volume Traded</b>
	<b>(RM/(USD))</b>	<b>(lots)</b>
	<b>October 10</b>	<b>October 10</b>
21 July	2,457 (745)	10,402
22 July	2,519 (763)	16,528
23 July	2,498 (757)	9,920
26 July	2,473 (749)	9,181
27 July	2,485 (753)	10,581

Source: Reuters

Exchange rate: US\$1 = RM3.30

\* 1 lot = 25 MT