

Palm Oil Weekly Data

Week 06, 03 Feb – 09 Feb 2010

Palm Oil Prices

- The week of 1-5 February saw the reversal of the 7-week low in CPO market. During the week, the fundamentals played significant role in lifting the price when global equity market saw massive retreat during the week. At the same time, crude mineral oil prices also dipped towards US\$70 mark during the week.
- The fundamentals that has supported the price was the excellent export performance of Malaysian palm products for January which jumped by more than 20% vis-à-vis volume exported in previous month. According to both ITS and SGS, export of Malaysian palm products in January increased by 27.5% and 23.9% respectively to 1.50 and 1.49 million MT.
- The CPO price was also supported by the fact that the production of CPO is expected to stay low for first quarter this year which if coupled with the strong export may see slight tightness of palm oil supplies in next two months. Furthermore, the strong export in January is also expected to be extended as buyers in China are expected to return to market in order to replenish their dwindling stock.
- As a result of above development, average CPO price in local market jumped by RM55.45 to record at RM2,491.25.

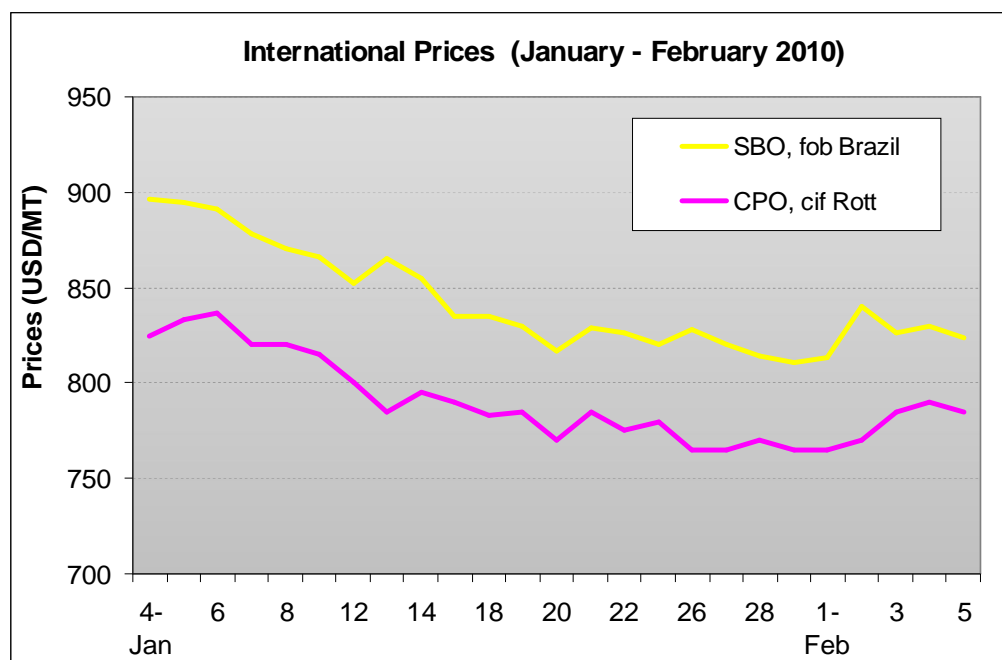
| Date | Local Price (RM/MT) | | Export Prices (US\$/MT) | | |
|---------------|---------------------|----------|-------------------------|--------|--------|
| | CPO | CPKO | RBD PO | RBD PL | RBD PS |
| Previous week | 2,435.80 | 2,798.88 | 730.75 | 766.25 | 706.75 |
| 1-Feb | NT | NT | NT | NT | NT |
| 2-Feb | 2,450.50 | 2,831.00 | 732.00 | 747.50 | 707.50 |
| 3-Feb | 2,495.00 | 2,881.00 | 762.50 | 763.00 | 700.50 |
| 4-Feb | 2,508.50 | 2,885.00 | 742.50 | 766.00 | 710.00 |
| 5-Feb | 2,511.00 | 2,896.50 | 750.00 | 770.00 | 715.00 |
| Average | 2,491.25 | 2,873.38 | 746.75 | 761.63 | 708.25 |

2. International Prices

- News on an increasing risk that South American soybean crops may be damaged and yield below the potential level due to significant disease infestation and may even spread in February and March has supported slightly of the SBO (fob, Bra) during the week. The spread of the infestation of Asian rust is being predicted on the basis that heavy rain is expected again from 11 Feb in Brazil.

- Furthermore, the announcement to be made by both US and Argentina on the increase in mandatory blending of biodiesel this week also boosted the bullish sentiment of demand for soybean oil. Hence, at the end of the week, SBO (fob, Bra) average price was up by US\$8 from US\$819 to US\$927 per MT.
- The good export performance for the month of January as per announced by the independent surveyors have surely boosted the market sentiment for CPO during the week. Possible slow down in CPO production in January and months ahead especially in Sabah also added confident of traders of the tightness on Malaysian palm oil in coming months. As a result, the average price of CPO (cif, Rott) during the week jumped by US\$10 from US\$769 to US\$779 per MT.

| | | Previous Week | Prices US\$ / MT | | | | | Average |
|-----|---------------|------------------|------------------|-------|-------|-------|-------|---------|
| | | | 1-Feb | 2-Feb | 3-Feb | 4-Feb | 5-Feb | |
| CPO | (cif, Rott) | 769 | 765 | 770 | 785 | 790 | 785 | 779 |
| SBO | (fob, Dutch) | 899 | 897 | 899 | 919 | 900 | 897 | 902 |
| SBO | (Brazil, fob) | 819 | 813 | 840 | 826 | 830 | 824 | 827 |
| SFO | (fob, Argen) | 887 | 865 | 865 | 855 | 840 | 840 | 853 |
| RSO | (fob, Dutch) | 898 | 890 | 892 | 916 | 893 | 876 | 893 |
| PKO | (cif, Rott) | 865 | 860 | 855 | 860 | 860 | 875 | 862 |
| CNO | (cif, Rott) | 776 | 770 | 765 | 775 | 775 | 780 | 773 |
| CPO | (fob, Indon) | 722 | NA | 720 | 735 | 737 | 740 | 733 |



MONTHLY STATUS

1. Malaysia's Exports & Imports

| | Exports | | Imports | |
|---------|------------|------------|---------|---------|
| | 2008 | 2009 | 2008 | 2009 |
| Jan | 1,037,468 | 1,353,686 | 52,868 | 29,863 |
| Feb | 1,065,491 | 1,257,482 | 28,789 | 27,423 |
| Mar | 1,245,531 | 1,260,797 | 75,201 | 15,693 |
| Apr | 1,259,505 | 1,193,524 | 79,772 | 42,579 |
| May | 1,200,481 | 1,230,449 | 22,321 | 114,681 |
| Jun | 1,120,311 | 1,279,701 | 28,076 | 87,078 |
| Jul | 1,403,252 | 1,454,541 | 20,468 | 93,288 |
| Aug | 1,467,710 | 1,317,093 | 18,389 | 97,796 |
| Sep | 1,296,746 | 1,322,900 | 29,604 | 118,328 |
| Oct | 1,335,527 | 1,478,462 | 33,634 | 75,486 |
| Nov | 1,362,886 | 1,501,504 | 93,630 | 56,384 |
| Dec | 1,614,720 | 1,209,140 | 78,282 | 165,237 |
| Jan-Dec | 15,409,628 | 15,859,279 | 561,034 | 923,836 |

2. Exports to Major Countries (>500,000 MT)

| Country | Jan-Dec 2008 | Jan-Dec 2009 | Change (Vol.) | Change (%) |
|----------|-----------------|-----------------|------------------|---------------|
| China | 3,794,494 | 4,032,429 | 237,935 | 6.3 |
| Egypt | 347,558 | 609,210 | 261,652 | 75.3 |
| EU | 2,052,771 | 1,894,099 | -158,672 | -7.7 |
| Pakistan | 1,257,396 | 1,758,185 | 500,789 | 39.8 |
| India | 970,734 | 1,346,430 | 375,696 | 38.7 |
| Japan | 547,468 | 538,878 | -8,590 | -1.6 |
| Ukraine | 486,451 | 544,143 | 57,692 | 11.9 |
| USA | 1,047,668 | 859,401 | -188,267 | -18.0 |
| Total | 10,504,540 | 11,582,775 | 1,078,235 | 10.3 |

3. Production & Stocks

| | Production | | End-Stocks | |
|---------|------------|------------|------------|-----------|
| | 2008 | 2009 | 2008 | 2009 |
| Jan | 1,424,245 | 1,329,333 | 1,872,780 | 1,829,357 |
| Feb | 1,227,969 | 1,187,381 | 1,926,866 | 1,565,532 |
| Mar | 1,295,643 | 1,275,822 | 1,825,386 | 1,365,582 |
| Apr | 1,327,591 | 1,286,059 | 1,789,799 | 1,292,692 |
| May | 1,457,878 | 1,395,275 | 1,913,360 | 1,371,238 |
| Jun | 1,468,921 | 1,445,937 | 2,033,914 | 1,408,317 |
| Jul | 1,560,215 | 1,492,211 | 1,977,397 | 1,332,182 |
| Aug | 1,599,556 | 1,495,241 | 1,848,130 | 1,415,853 |
| Sep | 1,579,442 | 1,557,764 | 1,951,417 | 1,579,252 |
| Oct | 1,652,071 | 1,984,036 | 2,091,353 | 1,974,526 |
| Nov | 1,658,416 | 1,595,592 | 2,265,754 | 1,934,613 |
| Dec | 1,482,769 | 1,520,063 | 1,994,710 | 2,238,717 |
| Jan-Dec | 17,734,716 | 17,564,714 | 1,994,710 | 2,238,717 |

4. Monthly Average Prices

| | CPO Local Prices | |
|---------|------------------|-------|
| | 2009 | 2010 |
| Jan | 1,842 | 2,518 |
| Feb | 1,898 | |
| Mar | 2,027 | |
| Apr | 2,402 | |
| May | 2,744 | |
| Jun | 2,445 | |
| Jul | 2,115 | |
| Aug | 2,412 | |
| Sep | 2,232 | |
| Oct | 2,154 | |
| Nov | 2,199 | |
| Dec | 2,461 | |
| Jan-Dec | 2,244 | |

Note: Average for Peninsular Malaysia

BMD CPO FUTURES

| | BMD | BMD |
|-------|-------------------------|----------------------|
| | Settlement Price | Volume Traded |
| | (RM/(USD)) | (lots) |
| | April 10 | April 10 |
| 3 Feb | 2,498 (735) | 13,357 |
| 4 Feb | 2,510 (738) | 10,318 |
| 5 Feb | 2,521 (741) | 8,990 |
| 8 Feb | 2,550 (750) | 7,550 |
| 9 Feb | 2,561 (753) | 8,654 |

Exchange rate: US\$1 = RM3.40

* 1 lot = 25 MT