

Malaysian Palm Oil Council



May 2024
Issue 13

PalmPulse



Strength Amidst Turbulence: Malaysian Palm Oil Exports Resilient in Q1 2024 Despite Geopolitical Tensions

Malaysia's palm oil exports in the first quarter of 2024 showed resilience amidst geopolitical tensions. Since beginning of the year, container rates surged across all sectors due to disruptions in the Red Sea, with shipping rates to the Middle East, Africa, and Europe skyrocketing by 300% to 500%. Despite the challenges, Malaysian palm oil exports to Africa, South Asia, Europe, and the Americas grew in Q1 2024 compared to the same period last year. This resilience underscores the Malaysian palm oil industry's ability to navigate adverse conditions and maintain positive momentum in key exporting markets.

The African region emerged as the largest importer of Malaysian palm oil in Q1 2024, surpassing Asia Pacific. Malaysian palm oil exports to Africa increased by 1.1%, rising from 921,000 to 931,000 tonnes. Kenya was the largest importer, receiving 228,000 tonnes, followed by Egypt with 134,000 tonnes. Notably, Kenya and Egypt experienced significant increases of 16% and 24%, respectively, in their imports during the first quarter of 2024. In contrast, exports of Malaysian palm oil to Asia Pacific decreased by 6.2%, declining from 957,000 to 897,000 tonnes during the same period.

Malaysian Palm Oil Export from January–March 2024 (tonnes)

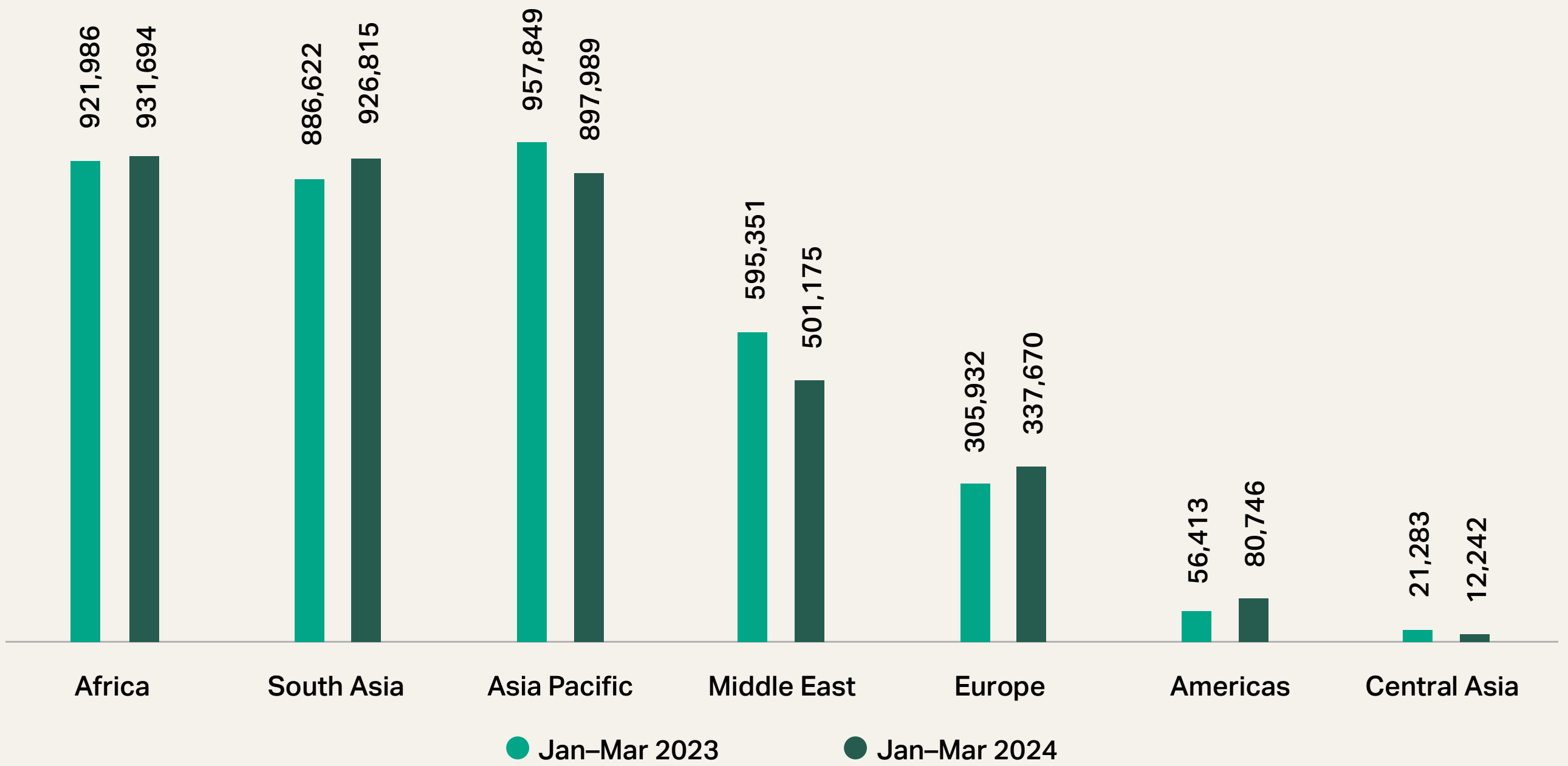


Figure 1: Malaysian palm oil export from January to March 2024 (MPOB, 2024).

The EU27 is the second-largest market for Malaysian palm oil exports from January to March 2024, increasing by 3.3% compared to the same period last year. This growth was primarily driven by restocking activity, prompted by supply chain concerns arising from the disruption in the Red Sea. Malaysian biodiesel exports to EU27 during the same period surged by 163.2%, rising from 24,000 tonnes to 63,000 tonnes.

The top 10 importers of Malaysian palm oil in the first quarter of 2024 are India (652,000 tonnes), EU27 (311,000 tonnes), China (250,000 tonnes), Kenya (228,000 tonnes), Turkiye (182,000 tonnes), Pakistan (171,000 tonnes), Japan (144,000 tonnes), Vietnam (135,000 tonnes), Egypt (134,000 tonnes), and South Korea (115,000 tonnes). These top 10 markets collectively represented 62.9% of Malaysia’s total palm oil exports, amounting to 2.32 million tonnes.

The decline in palm oil exports to the Asia Pacific region was primarily due to China's reduced intake, which decreased by 27.5% compared to the first quarter of the previous year.

In the coming months, palm oil exports in Malaysia are expected to gain momentum as edible oil inventories in India and China have dwindled to their lowest level since September 2022. Additionally, palm oil prices in India have currently become more attractive compared to soft oils, as the correction in palm oil prices has been more pronounced than for soft oils. Therefore, the share of vegetable oil imports in key importing countries is expected to shift back to palm oil from soft oils.

Meanwhile, for the African region, Malaysian palm oil exports are projected to remain stable. There have been double-digit growth in Malaysian palm oil exports to Kenya, Egypt, Djibouti, and Tanzania, attributed to improvements in their economic situations, declining food inflation, and increased refining capacity at the Djibouti Port. **P**

The European Palm Oil Market: Bright Prospects Despite Challenges

EU Economic Snapshot: A Persistent Powerhouse

The EU, comprising 27 member states, stands as a significant economic bloc and a vital market for palm oil producers, given its substantial economic prowess, population, and diverse industrial sectors. With a budget of EUR186.6 billion in 2023 and a seven-year budget of EUR1,074.3 billion from 2021 to 2027, the EU wields significant potential and purchasing power. However, environmental concerns loom large for EU policymakers and consumers alike, necessitating alignment of practices by palm oil players with EU policies regarding environmental impact. From the perspective of Malaysian palm oil producers, the question persists: is the market size adequate?

The Oils and Fats Market

In 2023, the EU-27's total palm oil imports reached 6.4 million tonnes, with total oils and fats imports standing at 12 million tonnes. Palm oil commands a market share of 53%. Malaysian palm oil products' total exports to the EU-27 hover around 2.66 million tonnes, with Malaysian Palm Oil (MPO) constituting 22% of Europe's total palm oil imports.

The growth in exports to the EU by Latin American countries underscores the opportunities available for Malaysian palm oil in Europe.

Palm oil emerges as the leading vegetable oil import, even as sunflower oil volume nearly triples over the past decade. Despite a downturn in imports since 2019, palm oil volumes remain higher than they were a decade ago. While Indonesia and Malaysia witness a decrease in palm oil sales to Europe, Latin America and Africa witness a surge in volumes. Although Honduras and Colombia experience a decline in market share, Costa Rica and Guatemala continue to expand, hinting at a substitution effect in EU palm oil purchases.

Gabon and Ivory Coast have bolstered their palm oil exports to the EU for three consecutive years, with Gabon's exports increasing more than tenfold since 2018, and Ivory Coast sustaining export growth for three consecutive years. This indicates that the EU is not barring palm oil from its market, but rather favouring certain non-Asian nations. Further investigation is warranted to ascertain whether this preference stems from better sustainability records in Latin America and Africa or other geopolitical policy objectives.

Summing It Up: Opportunities Outweigh Challenges

The Malaysian palm oil community should not overlook the EU-27 market, despite recent decline in sales. The EU-27 market remains pivotal for the Malaysian palm oil industry, commanding a 56% market share. Total palm oil imports are anticipated to surpass 7 million tonnes, with Malaysian palm oil imports accounting for 26% of the region's total. At the end of April 2024, Malaysian palm oil and products exports have registered a volume of 1.03 million MT, marking a 14.7% increase when compared to the same period of last year. By the close of 2024, Malaysian palm oil products imports into the EU-27 are projected to exceed 3 million tonnes. The growth in exports to the EU by Latin American countries underscores the opportunities available for Malaysian palm oil in Europe. **P**

Analysis and Outlook for May 2024:

CPO Prices to Range Between RM3,650 (USD767) to RM3,900 (USD819) Amidst Seasonal Production Recovery



Palm oil prices declined by 9% in April, following a 9% increase in March. Looking ahead to May, prices are expected to remain subdued due to seasonal production recovery and the following factors:

1

Palm oil prices have become more appealing compared to soft oils after a pronounced price correction in April. This is likely to lead to a shift in vegetable oil imports towards palm oil in key importing countries.

2

Indonesia's poor export performance is anticipated to lead to an accumulation of palm oil inventory within the country. From January to February 2024, Indonesia's palm oil exports declined substantially by 18% compared to the same period last year, totalling 0.86 million tonnes.

3

The soybean oil market is experiencing a bearish trend due to rising soybean oil stocks and favourable soybean planting progress in the United States. Soybean planting in U.S. is ahead of schedule, with 18% planted nationwide as of 29 April, surpassing the five-year average of 10%.

A Brief Market Recap

In March 2024, soybean oil stocks in the U.S. stood at 0.84 million tonnes, marking a substantial 68% increase from the 0.5 million tonnes recorded in October 2023. In Q1 2024, U.S. soybean crushing activity increased by 720,000 tonnes, while consumption declined by 86,000 tonnes compared to the same period last year, suggesting that soybean supply in the U.S. is meeting demand.

China witnessed its first quarterly decline in pork production in four years, dropping by 0.4% compared to the previous year. Data from the National Bureau of Statistics showed a 5.2% year-on-year decrease in China's pig herd size and a 7.3% decrease in the sow herd size at the end of March 2024. These declines are anticipated to have a negative impact on China's soybean crushing activity for the remainder of the year.

Indonesia's palm oil stocks stood at 3.26 million tonnes as of February 2024, up by 7.49% from January, following a decrease in exports and domestic consumption, according to data released by GAPKI on 30 April.

What to Expect in May 2024

At the end of March 2024, Malaysian palm oil stocks dropped by 10.7% to the lowest level in 10 months, with inventories recorded at 1.714 million tonnes. This decline marks the fifth consecutive monthly decline in inventories. The drop was driven by a surge in palm oil exports, reaching 293,000 tonnes in March 2024, while production experienced a modest increase of only 133,000 tonnes from February 2024.

MPOB: Malaysia March 2024 Data

Table 1: Monthly statistics of Malaysian palm oil for March 2024 (MPOB, 2024).

	March 2024 (in million tonnes)	February 2024 (in million tonnes)	Changes from February 2024 (%)	March 2023 (in million tonnes)
Opening Stocks	1.920	2.020		2.119
Production	1.392	1.259	10.57	1.288
Palm Oil Imports	0.021	0.032	- 32.75	0.039
Exports	1.317	1.024	28.61	1.487
Local Disappearance	0.301	0.367	- 17.98	0.288
End Month Stocks	1.714	1.920	- 10.68	1.674

However, March 2024 exports were 170,000 tonnes lower compared to the previous year. Consequently, exports from January to March decreased by 1.6%, or 61,149 tonnes, while production increased by 3.3%, or 131,872 tonnes over the same period. Domestic consumption in March also slowed down to 301,000 tonnes compared to the six-month average of 360,000 tonnes.

Looking ahead, palm oil production and stocks are expected to gradually increase, with a more notable rise expected from August to October. Nonetheless, palm oil stocks in Malaysia are forecasted to remain below the 2 million tonnes level in the second quarter of 2024. As for exports, demand is expected to remain stable, supported by the dwindling edible oil inventory in India and China, which has reached its lowest level since September 2022.

Changes of Supply and Demand in Malaysia for January–March 2024 (tonnes)

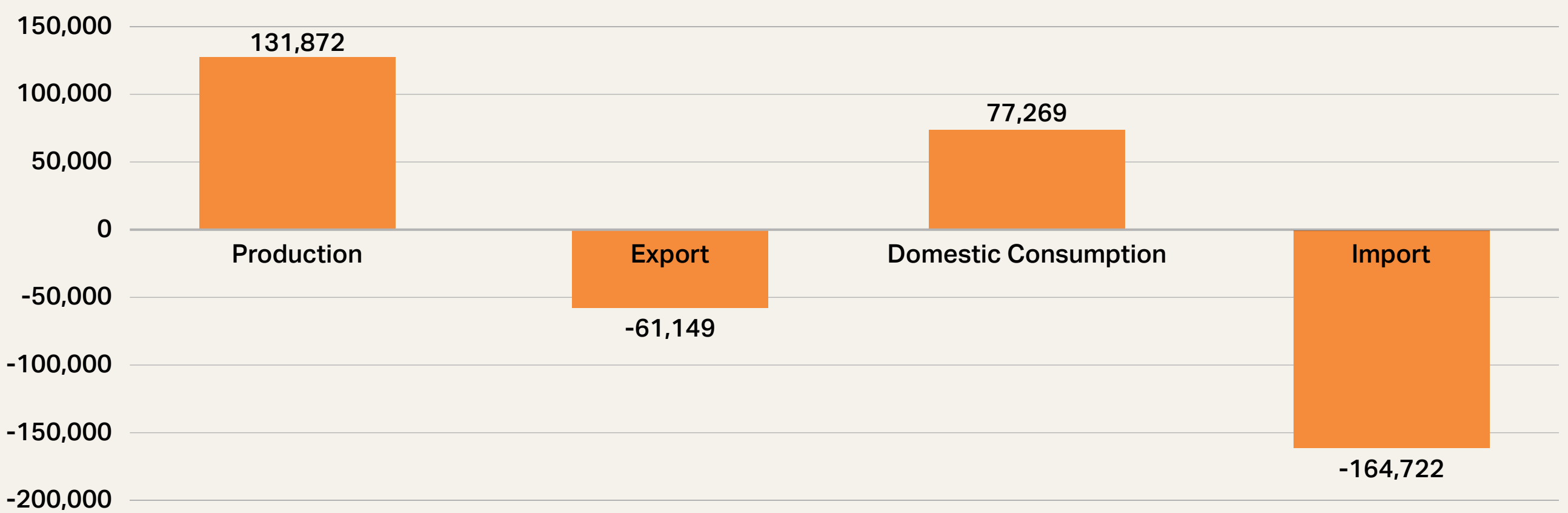
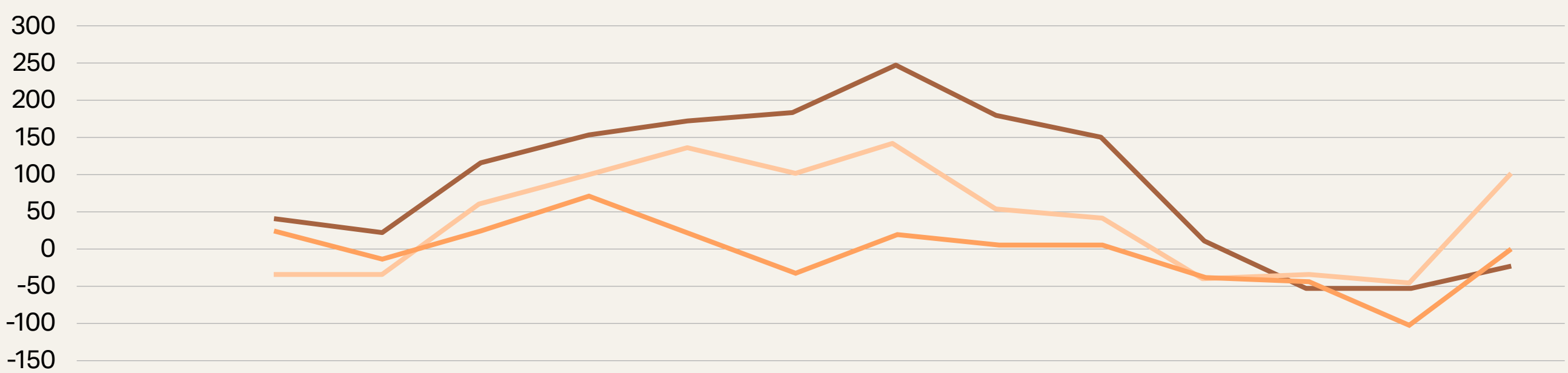


Figure 2: Changes in supply and demand in Malaysia for January–March 2024 (MPOB, 2024).

Price Premium or Discount (–) on Sun Oil, Soy Oil and Rape Oil over Crude Palm Oil in European Market (USD per tonne)



	Apr 2023	May 2023	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024	Apr 2024
— Sun Oil, EU, FOB	22	-10	18	71	26	-26	15	4	3	-38	-41	-97	-5
— Soy Oil, Dutch, Ex-mil	41	24	110	154	174	181	238	175	143	12	-48	-53	-21
— Rape Oil, Dutch, FOB	-23	-34	64	105	131	104	143	56	39	-37	-31	-46	98

Palm Oil Price Outlook in May 2024

In May, palm oil prices are expected to remain subdued, trading between RM3,650 (USD767) and RM3,900 (USD819), influenced by seasonal production recovery. Palm oil stocks are anticipated to begin to rising in May, peaking in October. The anticipated supply uptick has already impacted prices, with the recent drop in palm oil prices, declining by 9% in April, reversing gains from March.

Compared to soft oils, palm oil experienced a more pronounced correction in April. In the European market, palm oil prices dropped by 5.5% in April, while soybean oil decreased by 2.5%. Sunflower and rapeseed oil prices, however, increased by 3.7% and 8.7% respectively. This shift is expected to prompt key importing countries to favour palm oil over soft oils.

According to MPOC market intelligence, China's palm oil inventory stood at 385,800 tonnes as of 26 April, sufficient for 1.5 months of consumption without imports. This signals that China's palm oil inventory is approaching critically low levels. Additionally, data from the Solvent Extractors' Association (SEA) of India reveals that India's palm oil stocks at ports have dwindled to only 233,000 tonnes as of March 2024, the lowest in 20 months. With palm oil prices currently correcting, both countries are expected to increase imports, supporting palm oil prices.

Indonesia's palm oil exports in the first two months of 2024 declined by 18%, totalling 0.86 million tonnes compared to the same period last year. Although the implementation of B35 in Indonesia is forecasted to boost local consumption by 150,000 tonnes per month, poor exports may lead to an inventory accumulation, moderating prices.

In the soybean oil market, several bearish factors have contributed to a negative price sentiment. Based on National Oilseed Processor Association (NOPA) data, soybean oil stocks in the U.S. surged by 68% from October 2023 to March 2024, suggesting that current soybean oil supply meets demand. Soybean planting in the U.S. is progressing ahead of schedule, with 18% planted as of 29 April, surpassing the five-year average. Analysts also forecast oilseed production to exceed crushing for the current marketing year, resulting in an oilseed surplus. Soybean, rapeseed, and sunflower seed production are projected to increase by 19 million tonnes collectively, while crushing is expected to rise by only 16 million tonnes.

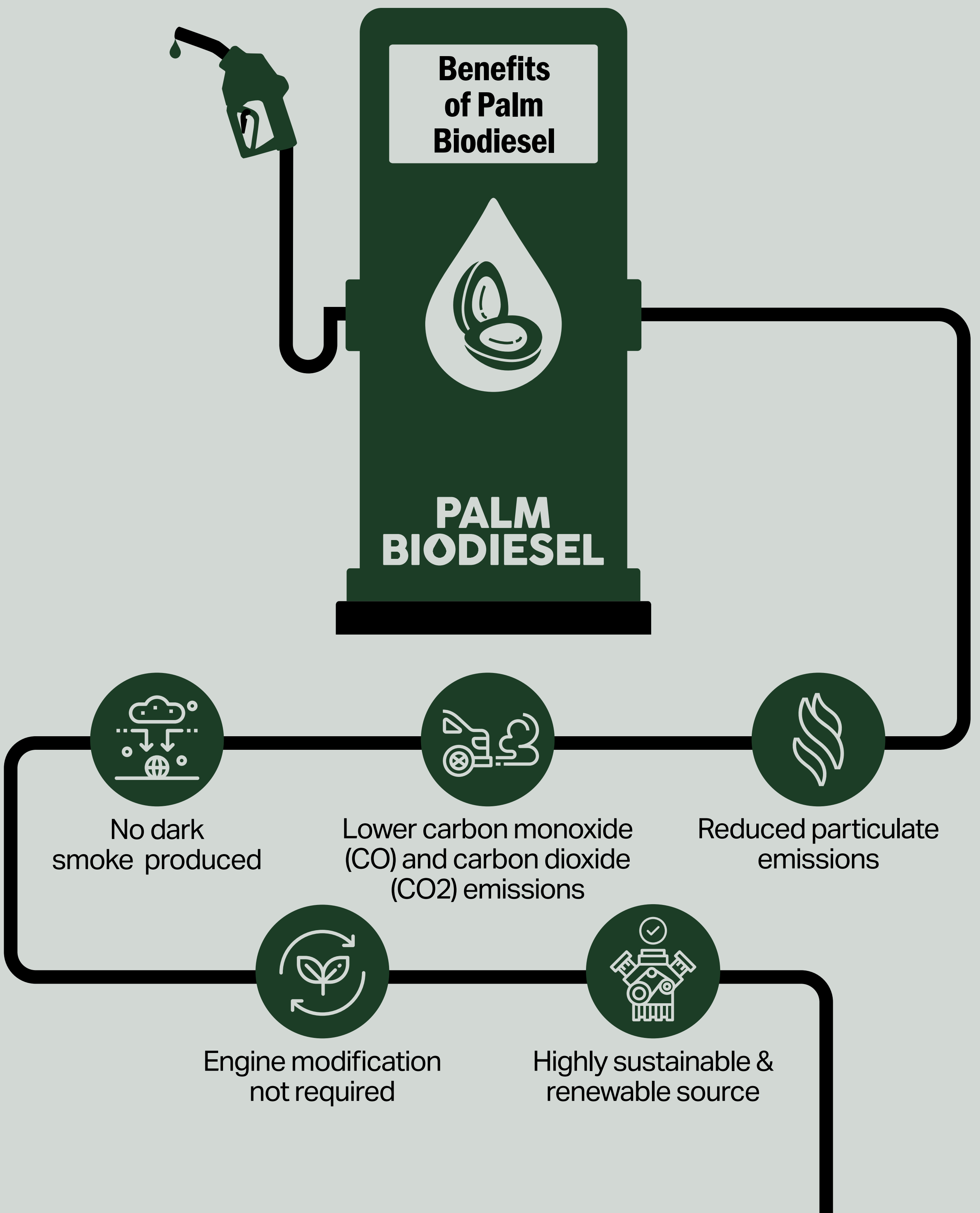
Despite the prevailing bearish sentiment in the soft oils market, rapeseed oil has achieved a price premium over palm oil, as illustrated in Figure 3. Meanwhile, the discount on sunflower oil compared to palm oil has significantly narrowed, reaching just USD5. It is anticipated that sunflower oil may even trade at a premium over palm oil in May. Consequently, the demand is expected to pivot back towards palm oil, especially in key markets such as India and China. The weakness in palm oil prices in May presents a favourable opportunity for bargain hunting.

Exchange Rate: USD1 = RM4.76 

Did you know?

Palm oil is a sustainable ingredient to produce biodiesel!

Scan for more info



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Deputy Minister of Plantation and Commodities Visit to MPOC

20 March 2024 ● MPOC HQ, Petaling Jaya, Selangor, Malaysia



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- 1 The Deputy Minister of Plantation and Commodities, YB Datuk Chan Foong Hin, paid a visit to the MPOC headquarters where he received a warm welcome from MPOC CEO, Ms Belvinder Sron, and all department heads.
- 2 & 3 During the briefing, the Deputy Minister learned about MPOC's comprehensive five-year plan to promote Malaysian Palm Oil (MPO) as a healthy, sustainable, and ethically responsible choice globally. MPOC outlined a strategy involving proactive engagement with stakeholders to enhance market access and acceptance of the Malaysian Sustainable Palm Oil (MSPO) certification.
- 4 The Ministry, along with MPOC, is actively positioning and marketing Malaysia as the global leader in certified sustainable palm oil within the international market.

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Food Ingredients China Exhibition (FIC 2024)

20–22 March 2024 ● National Convention and Exhibition Centre, Shanghai, China



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- 5 MPOC participated in the 27th Food Ingredients China Exhibition (FIC 2024), the largest food ingredients fair in China.
- 6 This year, MPOC exhibited alongside four leading Malaysian palm oil product producers: Sime Darby Oil, ExcelVite, Premium Vegetable Oil, and Britz Network. Together, they showcased and promoted a diverse range of palm products, including red palm oil, carotenoids, specialty fats like cocoa butter substitutes, coating fats, and MCT.

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Meeting with Hungary's Minister of Foreign Affairs

20 March 2024 ● DoubleTree by Hilton, Putrajaya, Malaysia



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7 MPOC CEO Ms. Belvinder Sron held discussions with Hungary's Minister of Foreign Affairs and Trade, Mr. Szijjártó Péter, to address the ongoing matter concerning the export of Malaysian Palm Oil to Europe, a longstanding issue between the European Union and Malaysia.

8 During the meeting, the Minister also declared Hungary's intention to revive the previously halted EU-Malaysia free trade negotiations during its EU presidency in the latter part of 2024. He emphasised the significance of enhancing the European Union's external economic ties.

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5th Global Oils and Oilseeds Industry Summit

29 March 2024 ● Marriott Hotel, Nantong, Jiangsu Province, China



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- 9 MPOC jointly organised the 5th Global Oils and Oilseeds Industry Summit, which was successfully held in Nantong, Jiangsu Province, China. The summit attracted more than 400 participants, comprising stakeholders of China's oils and fats industry.
- 10 The event provided a valuable platform for Malaysian palm oil players to gather the latest market information and network with their Chinese counterparts. Themed "New Stage, New Concepts, New Models", the summit focused on the outlook of major vegetable oils & oilseeds in China and the global market, as well as the association between the current status of livestock industry and the demand for oilmeals in China.

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Malaysian Rubber Council (MRC) Visit to MPOC

29 March 2024 ● MPOC HQ, Petaling Jaya, Selangor, Malaysia



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- 11 Members of the Malaysian Rubber Council (MRC) paid a courtesy visit to the MPOC marketing team. They were led by Mr. Ahmad Nazri Abd Razak, Director—New Ventures, Strategic & Transformation, and received by Mr. Faisal Iqbal, General Manager of Marketing & Market Development.
- 12 Together, both agencies explored the opportunities and challenges in the respective roles in promoting Malaysian palm oil and Malaysian rubber.

Programme

Nutrition Month Malaysia (NMM) 2024

Date & Venue

*22–26 May 2024 ● Pavilion Bukit Jalil Shopping Centre,
Kuala Lumpur, Malaysia*

Summary

MPOC is participating in the highly anticipated annual nutrition campaign at the national level, organised by three leading professional bodies: the Nutrition Society Malaysia (NSM), the Malaysian Dietitians' Association, and the Malaysian Society of Body Composition (MSBC). As the country's premier nutrition education initiative, the NMM programme receives support from the Nutrition Division of the Ministry of Health Malaysia (MOH).

This is an excellent platform to reach out to the public audience, ranging from school children to the elderly, to promote Malaysian Sustainable Palm Oil. The event will take place at the bustling shopping mall, the Centre Court of the Pavilion Bukit Jalil Shopping Centre, for 5 days! At this event, we will showcase Malaysian Palm Oil mainly in food products,

and there will be exciting games and activities, including the Wheels of Fortune and other interactive games! It will be a fruitful and enjoyable event for the participants, where they can have fun while learning about the roles of Malaysian Palm Oil in their lives!

[**Learn More**](#)

Programme

Malaysian Palm Oil Forum (MPOF), Egypt 2024

Date & Venue

28 May 2024 ● *Triumph Luxury Hotel, Cairo, Egypt*

Summary

Join us at MPOF Egypt 2024, hosted by the Malaysian Palm Oil Council (MPOC) in Cairo on 28 May 2024, to discover the latest developments in the Malaysian palm oil industry. This exclusive forum is designed to facilitate interactions among industry leaders, buyers, and end users, with a focus on enhancing trade opportunities.

Throughout the event, esteemed speakers will delve into topics ranging from trade dynamics and emerging market opportunities in North Africa, to discussions on health, nutrition, and the unique functional attributes of Malaysian palm oil. Sustainability efforts within the industry will also be highlighted, showcasing proactive measures for a greener and more sustainable future.

Don't miss this opportunity to showcase your products, build valuable connections, and seize the boundless opportunities that await in this thriving market!



Programme

Networking Dinner with Turkish Industry Stakeholders

Date & Venue

30 May 2024 ● Shangri-La Hotel, Istanbul, Türkiye

Summary

Join us for an exclusive networking dinner with Turkish palm oil stakeholders on 30 May 2024, at the prestigious Shangri-La Hotel in Istanbul, Türkiye. Organised by the Malaysian Palm Oil Council (MPOC) and in conjunction with the Ministry of Plantation and Commodities minister mission to Türkiye, this event provides a platform to build connections and exchange insights within the industry.

Programme

Nutrify Today C-Suite Sumflex, Mumbai, India

Date & Venue

6–7 June 2024 ● *The Taj Mahal Palace, Mumbai, India*

Summary

Join us at the Nutrify Today C-Suite Sumflex from 6-7 June 2024, at The Taj Mahal Palace in Mumbai, India, where MPOC proudly takes centre stage as Gold Sponsors for this event. This premier summit brings together top CEOs and decision-makers from the global nutraceutical industry. With MPOC showcasing six leading Malaysian companies, seize the chance for dynamic business matching opportunities. Don't miss exclusive podcast interviews, pre-arranged B2B meetings, and invaluable networking sessions with the Indian industry leaders. Save the date and secure your spot at this must-attend event.

[Learn More](#)

Programme

Trade and Networking Visit South Africa

Date & Venue

10 & 14 June 2024 ● Johannesburg, South Africa

Summary

Join the MPOC Trade and Networking Programme in South Africa to discover the diverse applications and benefits of the palm oil industry firsthand. Connect with experts and industry leaders in the heart of South Africa for insightful discussions and valuable market insights. Engage in informative presentations on Malaysian palm oil and services offered by leading companies, followed by fruitful business matching sessions. Don't miss this opportunity to establish partnerships and enhance your business prospects in the vibrant South African market.

Expo

Africa Big 7 2024

Date & Venue

11–13 June 2024 ● *Sandton Convention Centre Johannesburg, South Africa*

Summary

Join us at the Africa Big 7 exhibition, happening from 11-13 June 2024, at the Sandton Convention Centre, where MPOC and leaders from the Malaysian palm oil industry converge to showcase innovation and foster partnerships. Explore the versatility of palm oil and its derivatives, network with industry experts, and discover opportunities to grow your business. Visit booth G08 to engage with top Malaysian suppliers like MacWorld Industries Sdn. Bhd., Premium Vegetable Oils, and Ikhasas Sdn. Bhd. Don't miss this opportunity to boost trade prospects, expand market presence, and connect with industry leaders.

[Learn More](#)

Malaysian Palm Oil Council (MPOC)

199001001274(192835-K)

Level 25, PJX HM Shah Tower,
No. 16A Jalan Persiaran Barat PJS 52,
46200 Petaling Jaya,
Selangor Darul Ehsan, Malaysia

Tel 603-7806 4097
Fax 603-806 2272
Email wbmaster@mpoc.org.my
Web mpoc.org.my

