

# QUARTERLY REPORT ON OILS & FATS

**HIGHER VEGOILS  
PRODUCTION DATA FOR 4Q19**

**REVIEW OF THE WORLD  
BALANCE OF OIL MEALS**

**CLIMATE PREDICTION FOR  
THE FIRST QUARTER OF 2020**

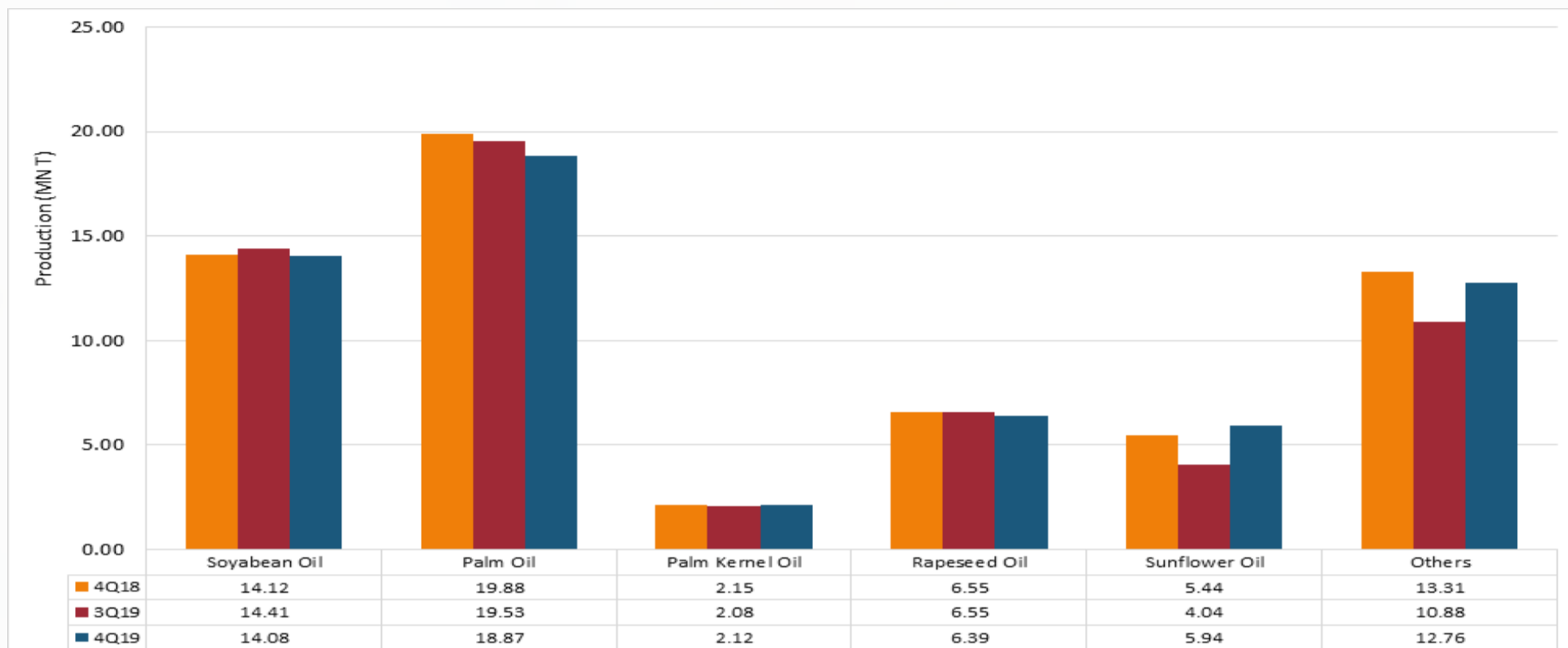


MALAYSIAN PALM OIL BOARD  
6, Persiaran Institusi, Bandar Baru Bangi,  
43000 Kajang, Selangor, Malaysia  
[www.mpob.gov.my](http://www.mpob.gov.my)

# HIGHER WORLD PRODUCTION DATA ON QUARTERLY BASIS

**W**orld production of major vegetable oils (vegoils) in the 4Q19 increased by 4.64% from 57.49 Mn T in the previous quarter to 60.16 Mn T. The increment in the total vegetable oils production was mainly contributed by the increase in the production of sunflower oil by 47.03% quarter-on-quarter (q-o-q). The huge increment in sunflower oil production was able to offset the decline in palm oil, rapeseed oil and soyabean oil production, which down by 3.38%, 2.44% and 2.29% q-o-q to 18.87 Mn T, 6.39 Mn T and 14.08 Mn T in the 4Q19 respectively.

Comparing to the total production of the same quarter last year, the total production of major oil in 4Q19 declined by 2.10%. Slower year-on-year (y-o-y) production of the major oils was mainly attributed to the decline in palm oil production by 5.08%, followed by rapeseed oil by 2.44%, palm kernel oil by 1.40% and soyabean oil by 0.28%.



Source: Oil World

Figure 1. Production of Major Vegetable Oils, by Quarter Basis

## SOFTER TRADE DATA FOR 4Q19

WRITTEN BY NORHAZIFAH SUHANI

**T**otal trade of major vegoils in 4Q19 declined a tad by 0.56% against that of the 3Q19. The slight decline was due to lower imports of major vegoils during the quarter. Total imports of world vegoils in the 4Q19 declined by 1.61% from 24.22 Mn T in the previous quarter to 23.83 Mn T. The lower imports were attributed to the decline in the import of soyabean oil by 16.22% from 3.39 Mn T in 3Q19 to 2.84 Mn T in this quarter. This significant decline in the imports of soyabean had offset the gain in the imports of palm kernel oil, sunflower oil, rapeseed oil and palm oil which had increased by 11.36%, 4.01%, 0.71% and 0.29% q-o-q respectively.

Meanwhile, the total world exports of major vegoils in the 4Q19 improved slightly by 0.50% q-o-q, increased by 0.12 Mn T compared to that of the 3Q19. The improvement in q-o-q exports was supported by stronger growth in the exports of sunflower oils, palm kernel oil and palm oil by 28.74%, 5.32% and 0.66% to 3.18 Mn T, 0.99 Mn T and 13.74 Mn T in 4Q19 respectively.

On yearly basis, the total trade of world major vegoils in 4Q19 improved very marginal by 1.33% against that of the same quarter of 2018. The totals imports in 4Q19 improved by 2.67% y-o-y, supported by stroger growth in the imports of sunflower oil, soyabean oil, rapeseed oil and palm kernel oils, which had grew by 17.28%, 9.65%, 9.30% and 7.69% y-o-y respectively. The total exports in 4Q19 improved 0.04% y-o-y. Among the five major vegoils traded, only palm oil registered a negative export growth. In 4Q19, exports of palm oil declined by 3.31% against that of the same quarter last year.

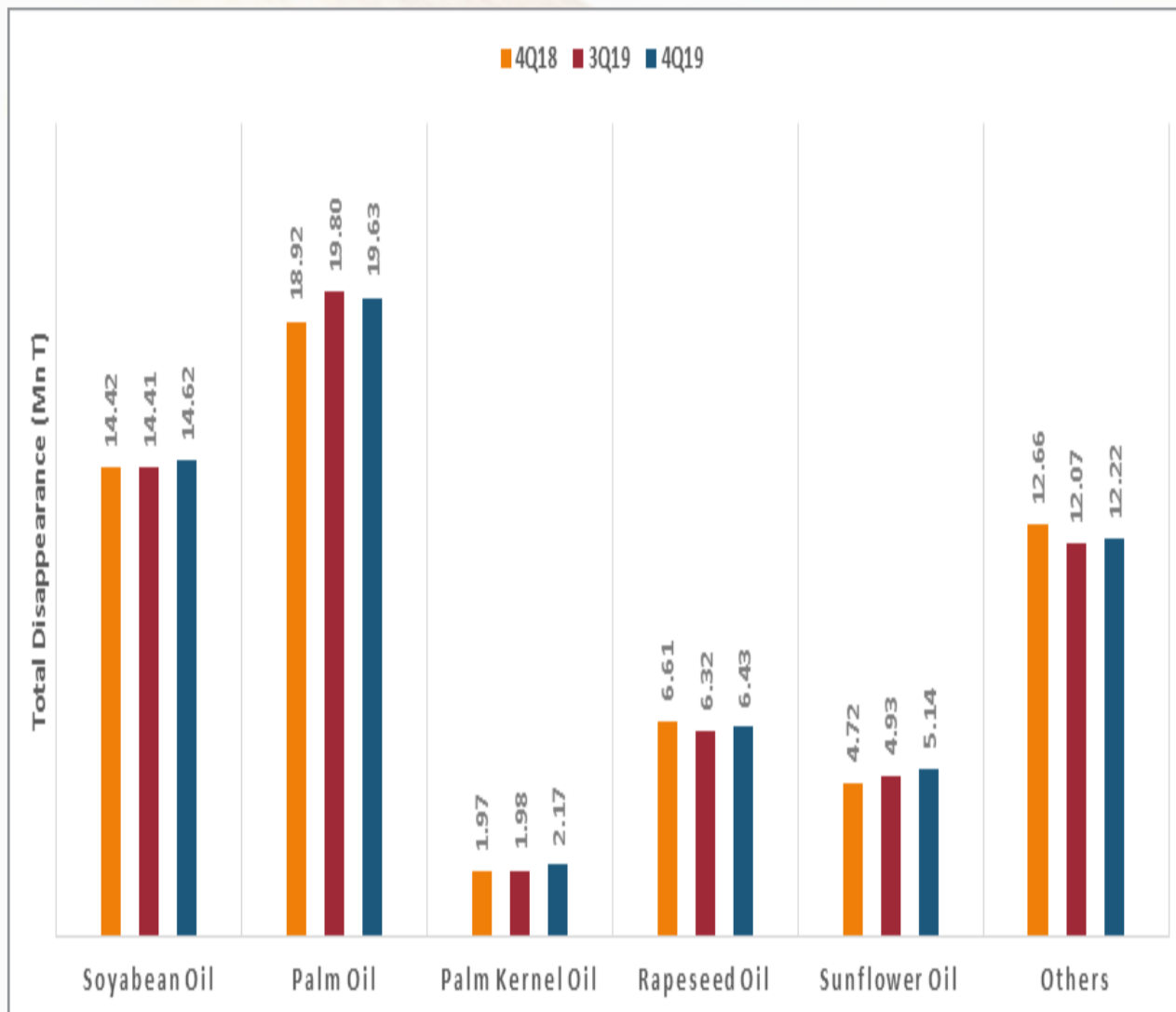
	4Q18	3Q19	4Q19	qtr-on-qtr % Change	year-on-year % Change
<b>Imports (Mn T)</b>					
Soyabean Oil	2.59	3.39	2.84	-16.22	9.65
Palm Oil	13.83	13.62	13.66	0.29	-1.23
Palm Kernel Oil	0.91	0.88	0.98	11.36	7.69
Rapeseed Oil	1.29	1.4	1.41	0.71	9.3
Sunflower Oil	2.43	2.74	2.85	4.01	17.28
Others	2.16	2.19	2.09	-4.57	-3.24
<b>Total</b>	<b>23.21</b>	<b>24.22</b>	<b>23.83</b>	<b>-1.61</b>	<b>2.67</b>
<b>Exports (Mn T)</b>					
Soyabean Oil	2.54	3.22	2.63	-18.32	3.54
Palm Oil	14.21	13.65	13.74	0.66	-3.31
Palm Kernel Oil	0.94	0.94	0.99	5.32	5.32
Rapeseed Oil	1.31	1.43	1.36	-4.9	3.82
Sunflower Oil	2.84	2.47	3.18	28.74	11.97
Others	2.15	2.17	2.1	-3.23	-2.33
<b>Total</b>	<b>23.99</b>	<b>23.88</b>	<b>24</b>	<b>0.5</b>	<b>0.04</b>
<b>Total Trade</b>	<b>47.2</b>	<b>48.1</b>	<b>47.83</b>	<b>-0.56</b>	<b>1.33</b>

Source: Oil World

Table 1. Imports and Exports of Major Vegoils, by Quarter Basis

# HIGHER DISAPPEARANCE HELPED TO LOWER CLOSING STOCK

**T**otal world disappearance of major vegetable oils in the 4Q19 increased slightly by 1.18% from 59.51 Mn T in the previous quarter to 60.21 Mn T. Disappearance of palm kernel oil, sunflower oil, rapeseed oil and soyabean oil increased by 9.60%, 4.26%, 1.74% and 1.46% to 2.17 Mn T, 5.14 Mn T, 6.43 Mn T and 14.62 Mn T quarter-on-quarter respectively. Meanwhile, the disappearance of palm oil decreased a tad by 0.86% q-o-q.

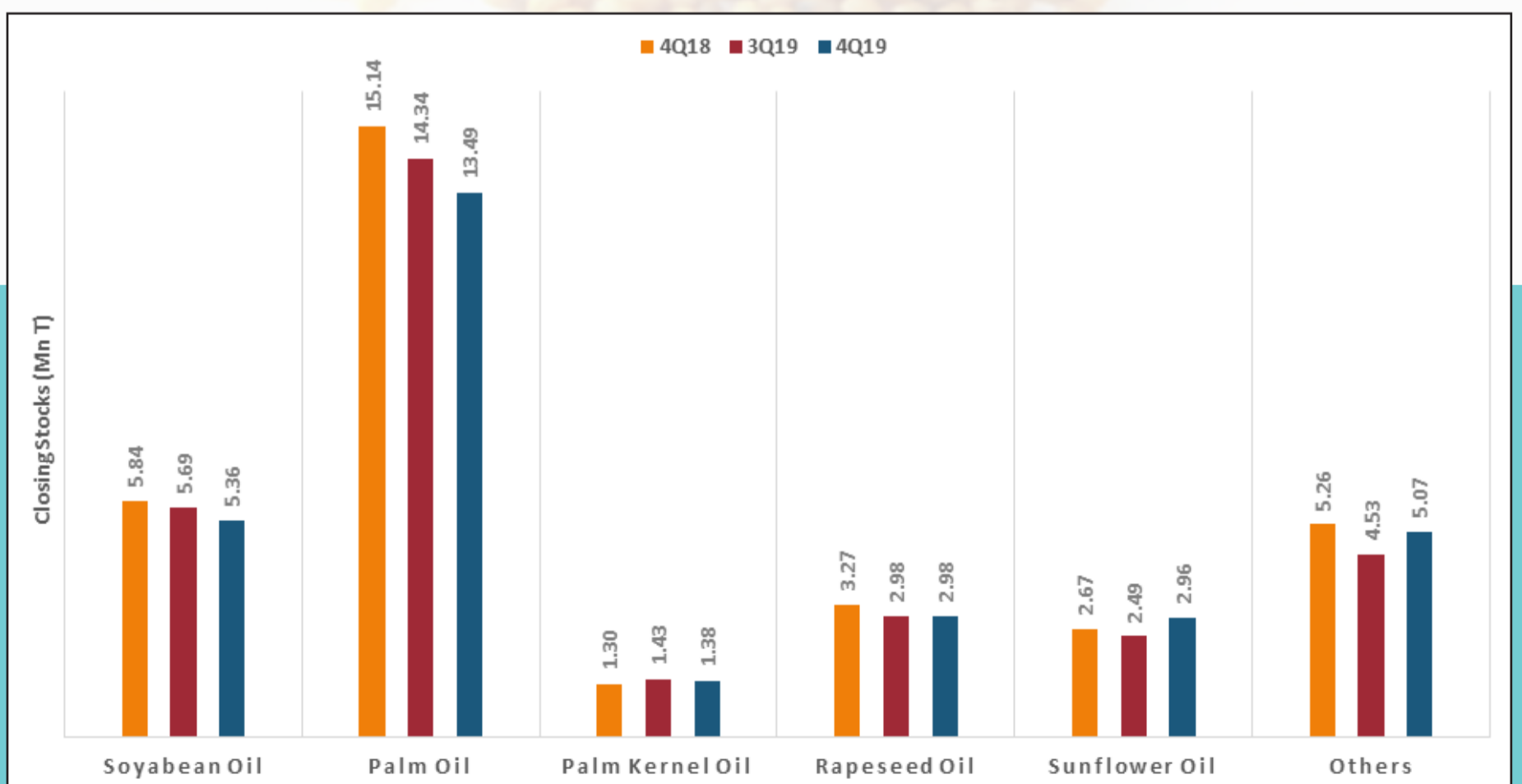


As compared to the 4Q18, disappearance of major vegetable oils in the 4Q19 higher by 1.53%. The disappearance palm kernel oil, sunflower oil, palm oil and soyabean oil increased by 10.15%, 8.90%, 3.75% and 1.39% respectively as compared to that of the same quarter last year. However, disappearance of rapeseed oil decreased by 2.72%.

The increase in the total disappearance which generally reflect the consumption pattern, partly brought the closing stocks of the major oils and fats in the 4Q19 lower by 0.70% compared to that of the previous quarter. Lower closing stock of world major vegetable oils in 4Q19 was attributable to the lower stock of palm oil, palm kernel oil and soyabean oil by 5.93%, 3.50% and 5.80% respectively. Stock of sunflower oil however increased by 18.88% to 2.96 Mn T. On yearly basis, the closing stocks of the major vegetable oils in the 4Q19 down by 6.69%. The total closing stock of major vegetable oils in the 4Q19 was 31.24 Mn T.

Source: Oil World Monthly

Figure 2. Total Disappearance of Major Vegetable Oils, by Quarter Basis



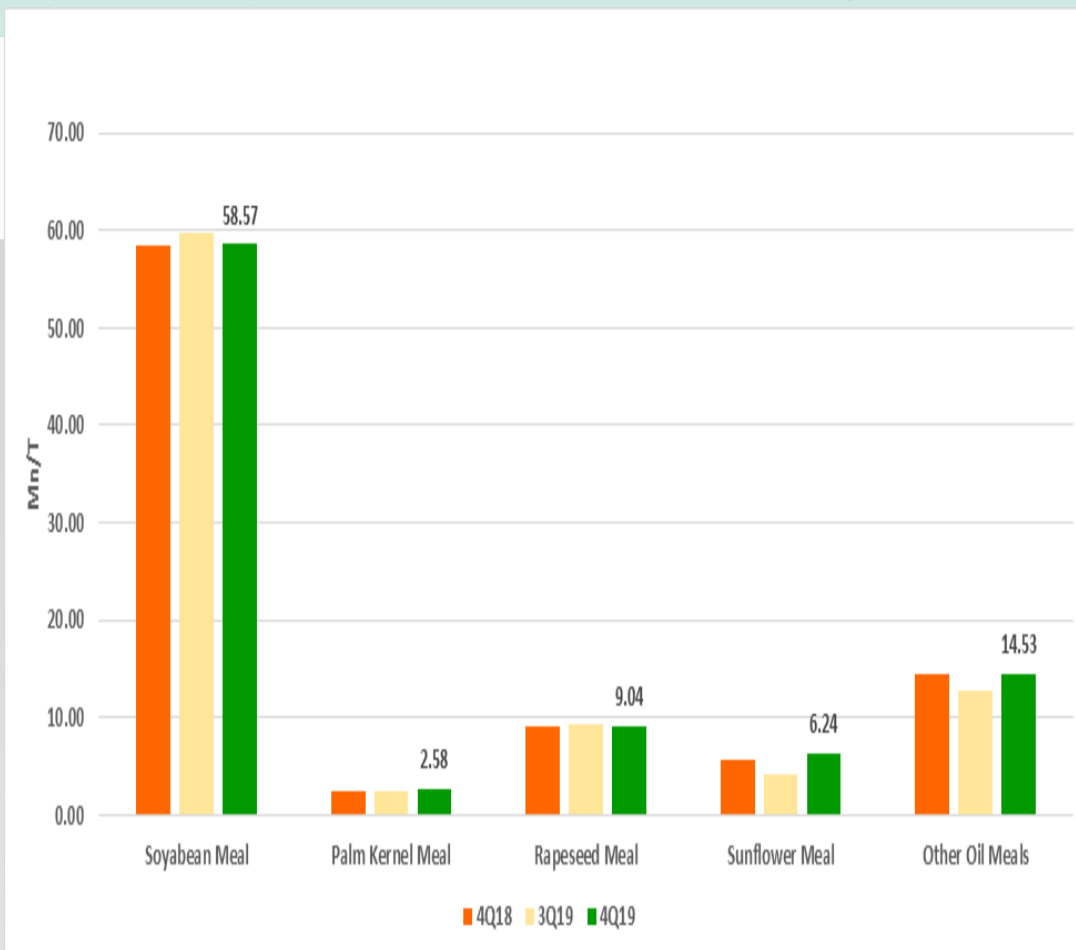
Source: Oil World Monthly

Figure 3. Closing Stocks of Major Vegetable Oils, by Quarter Basis

# REVIEW OF THE WORLD BALANCE OF OIL MEALS

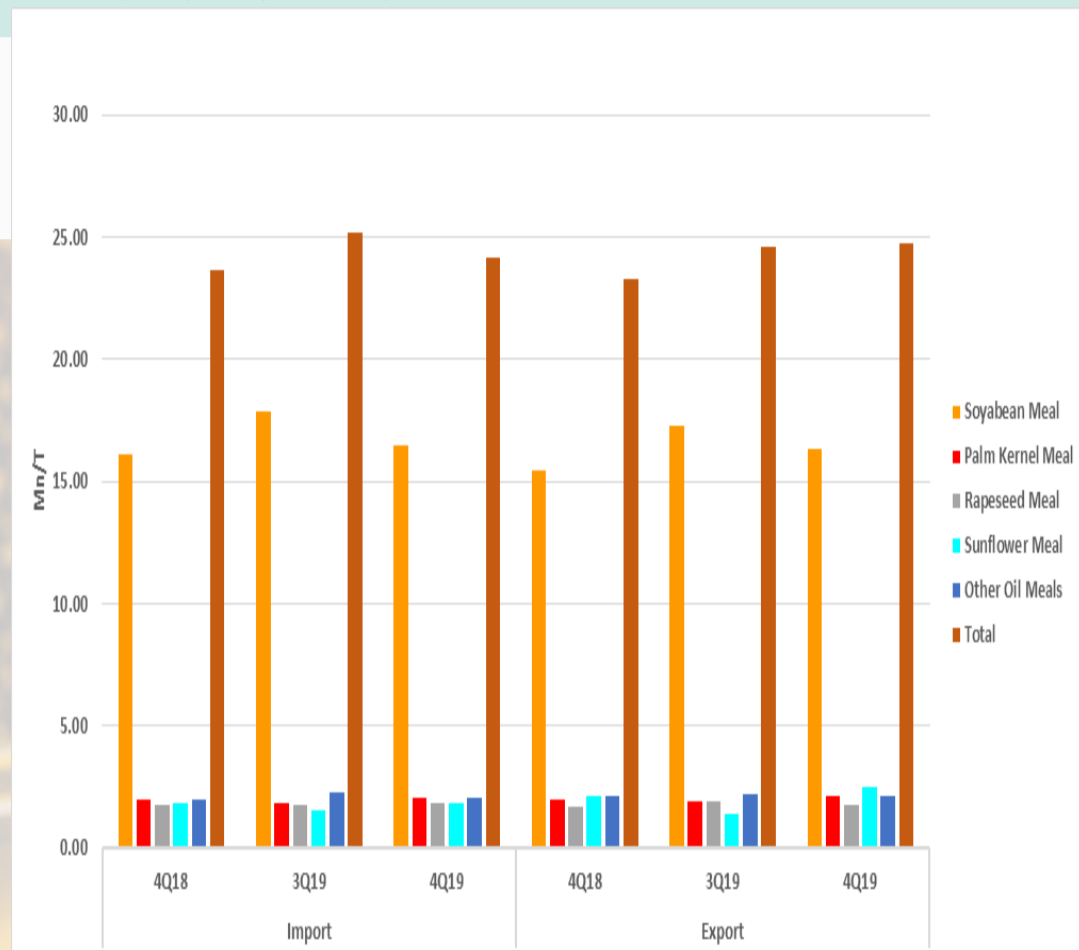
**P**roduction of oil meals in the 4Q19 increased by 2.72% q-o-q from 88.55 Mn T in the previous quarter to 90.96 Mn T. This increase in the total production was largely contributed by the increase in the production of sunflower meal, and palm kernel meal by 46.82% and 2.38% respectively. Production of rapeseed meal and soyabean meal declined 2.06% and 1.94% q-o-q respectively.

On the demand side, imports of world oil meals declined 3.82% q-o-q to 24.19 Mn T. The declined was attributable to the lower demand of soyabean meal during the quarter as compared to that of the 3Q19. On the other note, exports of world oil meals in the 4Q19 increased marginally by 0.77 % from 24.58 Mn T in the 3Q19 to 24.77 Mn T in the 4Q19. On yearly basis, the 4Q19 production of world oil meals increased only 0.89% y-o-y. Production of all major oil meals namely soyabean meal, palm kernel meal, rapeseed meal and sunflower meal expanded by 0.29%, 1.98%, 0.33%, 8.33% y-o-y respectively. The total imports and exports showed positive growth as compared that of the same quarter last year. Imports and exports and world oil meals in the 4Q19 grew by 2.20 and 6.26% y-o-y respectively.



Source: Oil World Monthly

Figure 4. Production of World Oil Meals, by Quarter Basis



Source: Oil World Monthly

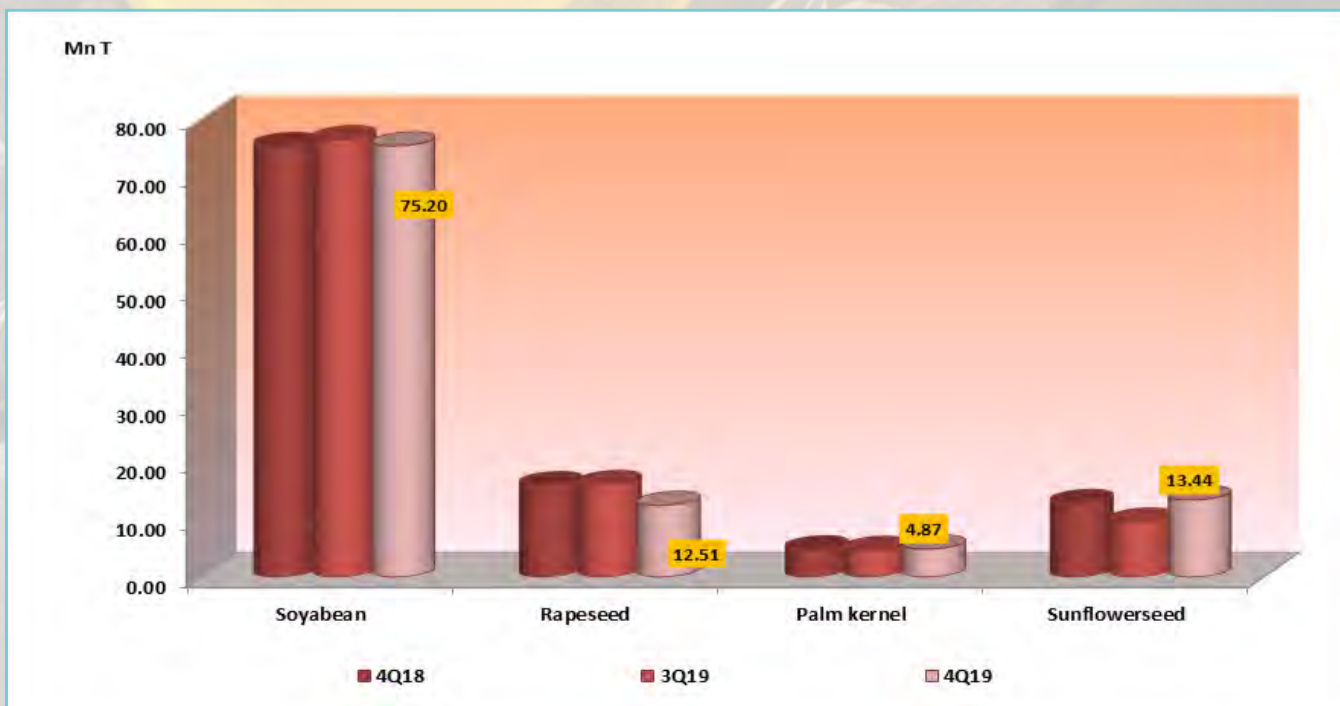
Figure 5. Imports and Exports of World Oil Meals, by Quarter Basis

## SLOWER OILSEEDS CRUSHING ACTIVITIES ON QUARTERLY BASIS

WRITTEN BY NORHANANI MOHD BAHARIM

**T**otal world crushing activities of the major oilseeds declined slightly by 0.62% or 0.66 Mn T from 106.68 Mn T in the 3Q19 to 106.02 Mn T in the 4Q19. The marginal decline in the total world crushing activities was attributable to the slower crushing activities of rapeseed and soyabean by 22.49% and 1.43% q-o-q respectively. Meanwhile, crushing activities of sunflowerseed and palm kernels increased by 40.15% and 4.51% respectively. However, this increment was unable to offset the decline in the crushing activities of rapeseed and soyabean as mentioned earlier. The slower crushing activities of rapeseed were also reflected by lower volume of rapeseed crushed particularly in EU-28, which declined by 49.00%, China, PR by 10.09%, India by 6.88% and Canada by 1.63%, q-o-q basis.

The crushing volume of soyabean during the 4Q19 declined from 76.29 Mn T in the 3Q19 to 75.20 Mn T in the 4Q19. This was due to slower crushing activities in Argentina which is down q-o-q by 11.31%, followed by Brazil by 8.93% and China, PR by 1.09%. On the other note, the crushing activities of soyabean in India, USA and EU-28 increased by 36.54%, 7.15% and 3.13% q-o-q respectively. In comparing the performance of the same quarter last year, the crushing activities of total major oilseeds also decreased by 2.41%. Similar to the quarterly performance, slower rapeseed crushing activities were the major contributor to the declined in the total world crushing activities. Rapeseed crushing activities in 4Q19 down by 21.52% compared to that of the 4Q18.

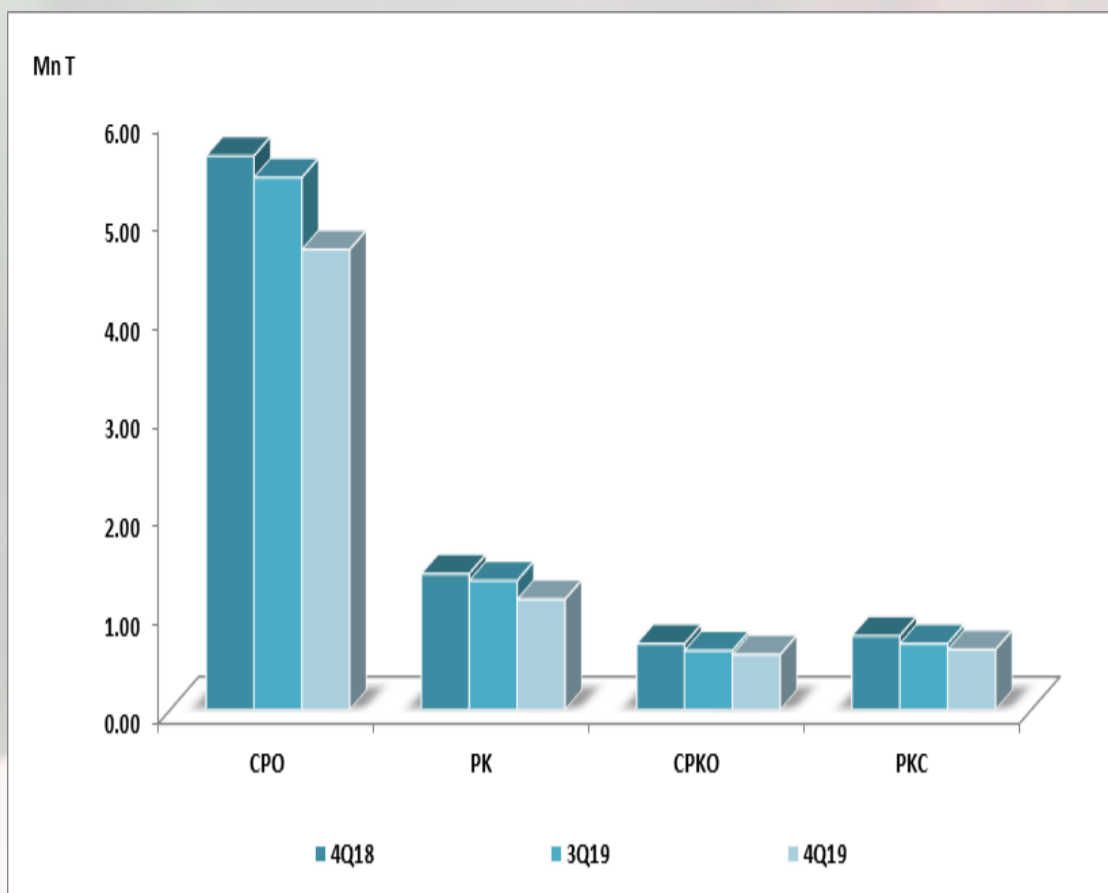


Source: Oil World Monthly

Figure 6. World Crushing Volume of Major Oilseeds, by Quarter Basis

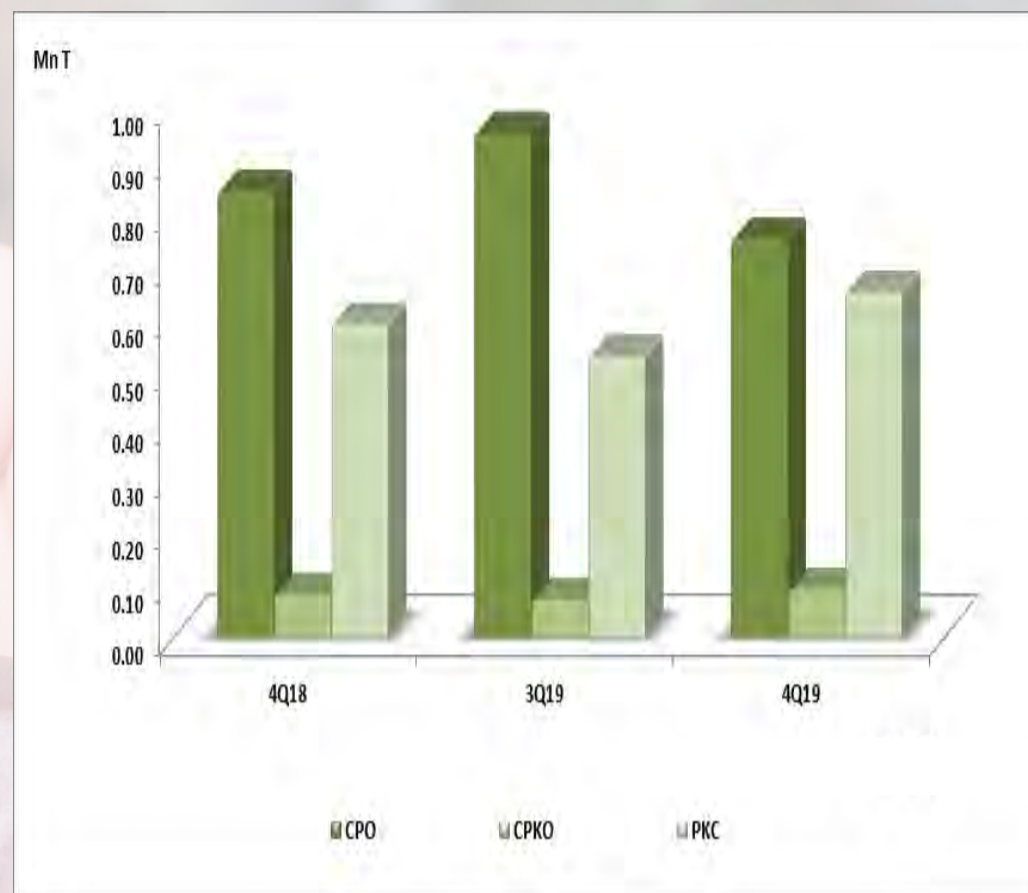
# MALAYSIAN PALM OIL PERFORMANCE

WRITTEN BY NORHANANI MOHD BAHARIM



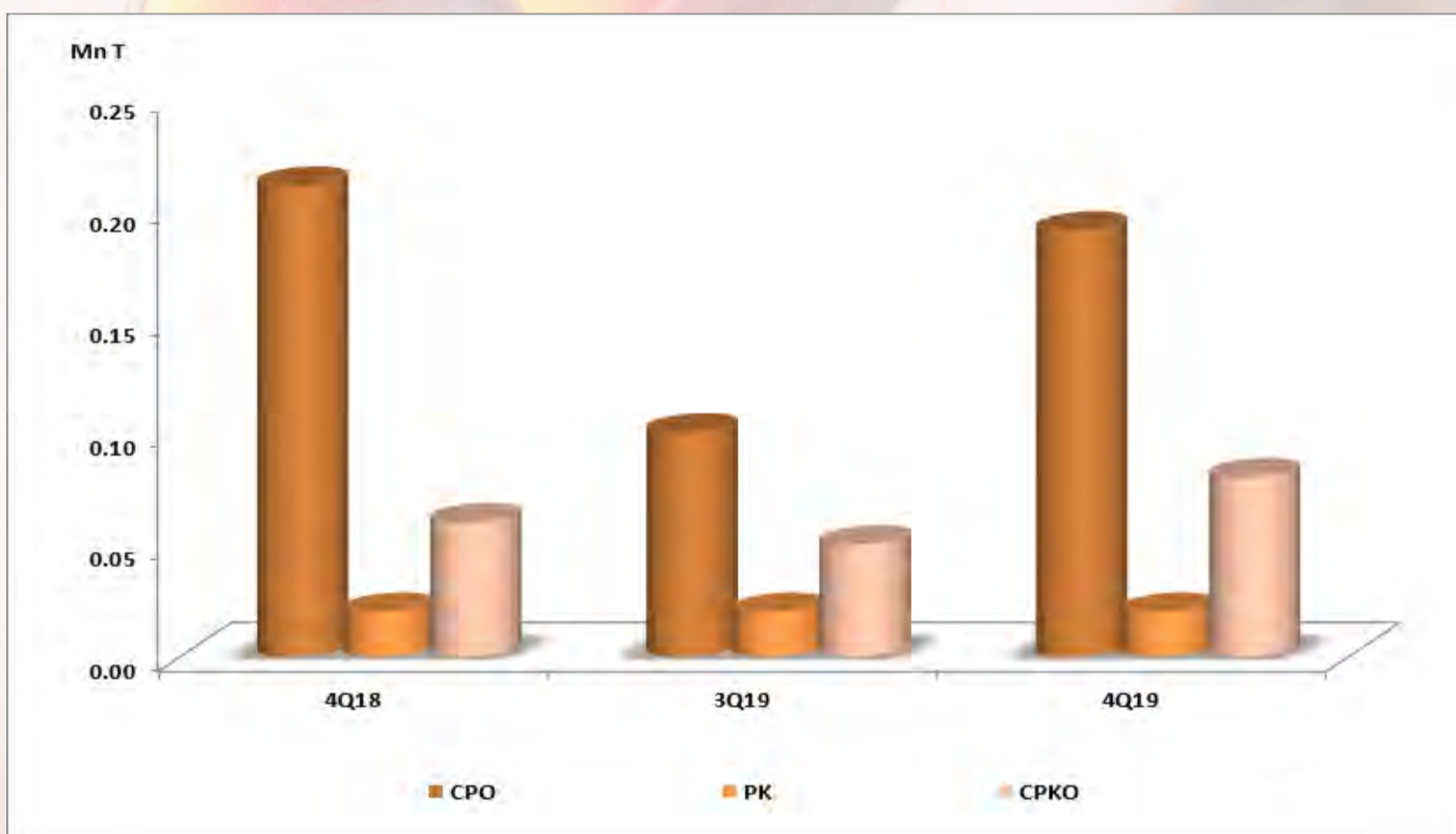
Source: MPOB

Figure 7. Production of Malaysian Palm Products, by Quarter Basis



Source: MPOB

Figure 8. Exports of Malaysian Palm Products, by Quarter Basis



Source: MPOB

Figure 9. Imports of Malaysian Palm Products, by Quarter Basis

Total production of Malaysian palm products in the 4Q19 declined by 12.78% against that of the previous quarter. Among the palm products, the largest decline in the production was the palm kernel (PK), down by 14.50% q-o-q, followed by crude palm oil (CPO), palm kernel cake (PKC) and crude palm kernel oil (CPKO) by 13.52%, 8.96% and 6.67% respectively. Adding to local palm oil stocks, imports of palm oil (PO) in the 4Q19 increased by 75.00% from 0.24 Mn T to 0.42 Mn T. On the demand side, exports of palm products in 4Q19 softened by 1.72% q-o-q. Slower exports were due to the decline in the export of CPO which down by 21.05% q-o-q. Despite the slower external demand, total stocks of all palm products namely palm oil, palm kernel oil and palm kernel cake in 4Q19 declined by 16.27% against that of the previous quarter. Zooming into the most demanded product which is palm oil, the closing stocks of the oil in the 4Q19 was lower by 17.69% q-o-q.

On yearly basis, the total production of Malaysian palm products in the 4Q19 declined by 17.34% as compared to that of the same quarter last year. Unlike the quarterly performance, the imports of palm products in 4Q19 were lower by 8.70% y-o-y. This was due to huge decline in the imports of processed palm oil, which was down by 33.33% against that of the 4Q18. Meanwhile, exports of palm products in 4Q19 improved by 5.53% y-o-y. The improvement in exports was supported by stronger demand of palm kernel oil products which grew by 20.83% y-o-y. Better demand growth coupled with slower production and imports, helped brought down the total closing stocks by 31.64% y-o-y.

# 4Q19 CLIMATE REVIEW

BY INTERNATIONAL RESEARCH INSTITUTE (IRI) FOR CLIMATE AND SOCIETY

Sea Surface Temperatures (SSTs) in the East-Central Pacific maintained ENSO-neutral levels during September and early October. Patterns in some atmospheric variables show weak El Nino conditions, but this is attributed to sub-seasonal variability and the collective assessment is for ENSO-neutral conditions. Model forecasts generally favor ENSO-neutral through autumn, winter and spring, with slightly higher chances for El Nino than La Nina. The official CPC/IRI outlook is consistent with these model forecasts.

SSTs in the East-Central Pacific were near thresholds of weak El Nino levels during October and early November. However, patterns in most atmospheric variables generally maintained neutral conditions. The oceanic warming is attributed to sub-seasonal variability, and the overall diagnosis indicates ENSO-neutral conditions. Most model forecasts favor ENSO-neutral through winter and spring, with slightly higher chances for El Nino than La Nina. The official CPC/IRI outlook is consistent with these model forecasts.

During mid-December, SSTs in the East-Central Pacific were neutral, but near the borderline of weak El Nino levels. Patterns in most atmospheric variables have maintained neutral conditions. Most model forecasts favor warm-neutral to borderline weak El Nino SST conditions during early winter, returning to ENSO-neutral from late winter to spring and even early summer. The official CPC/IRI outlook is consistent with these model forecasts.

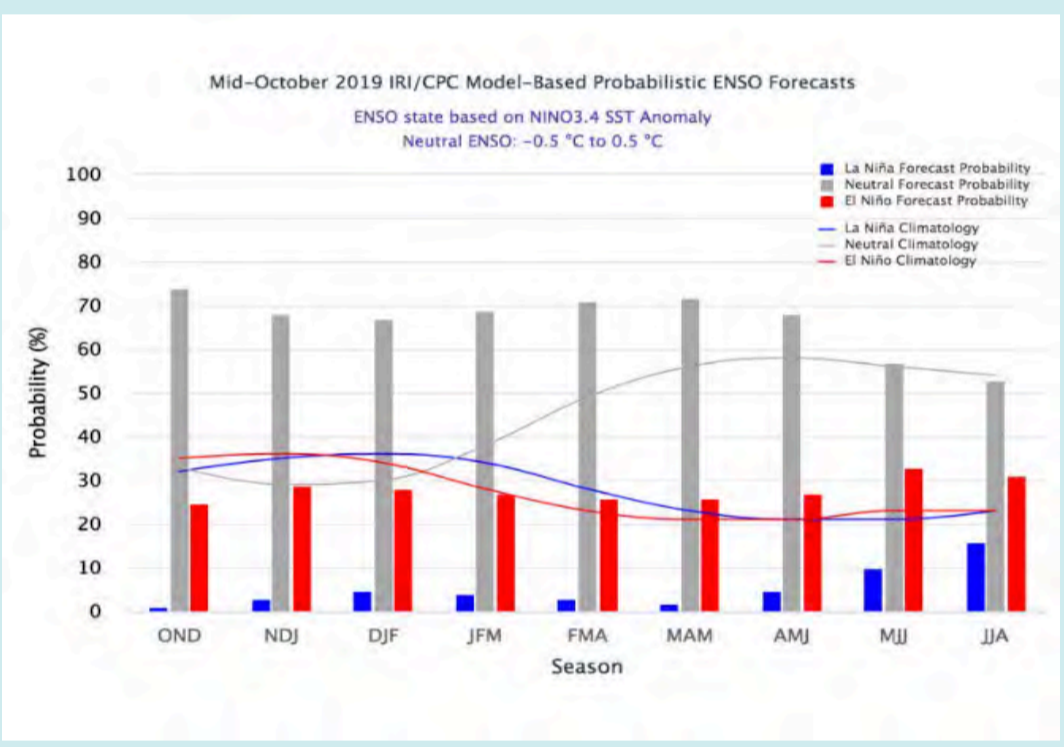


Figure 10. ENSO prediction models

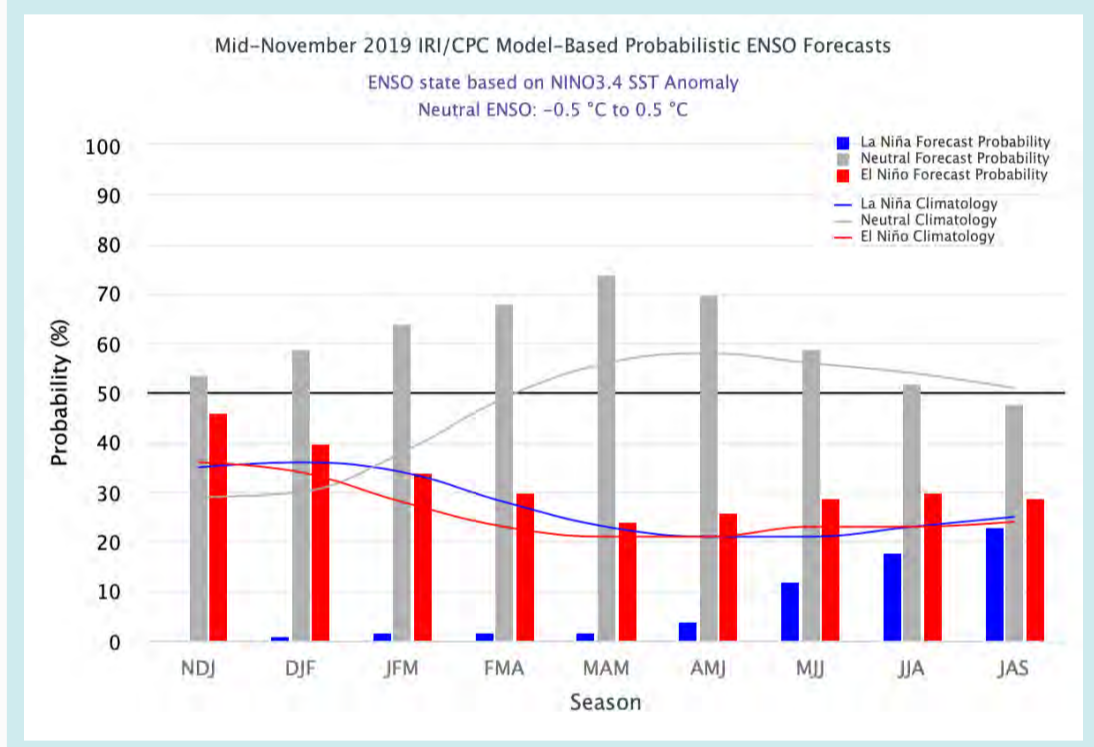


Figure 11. ENSO prediction models

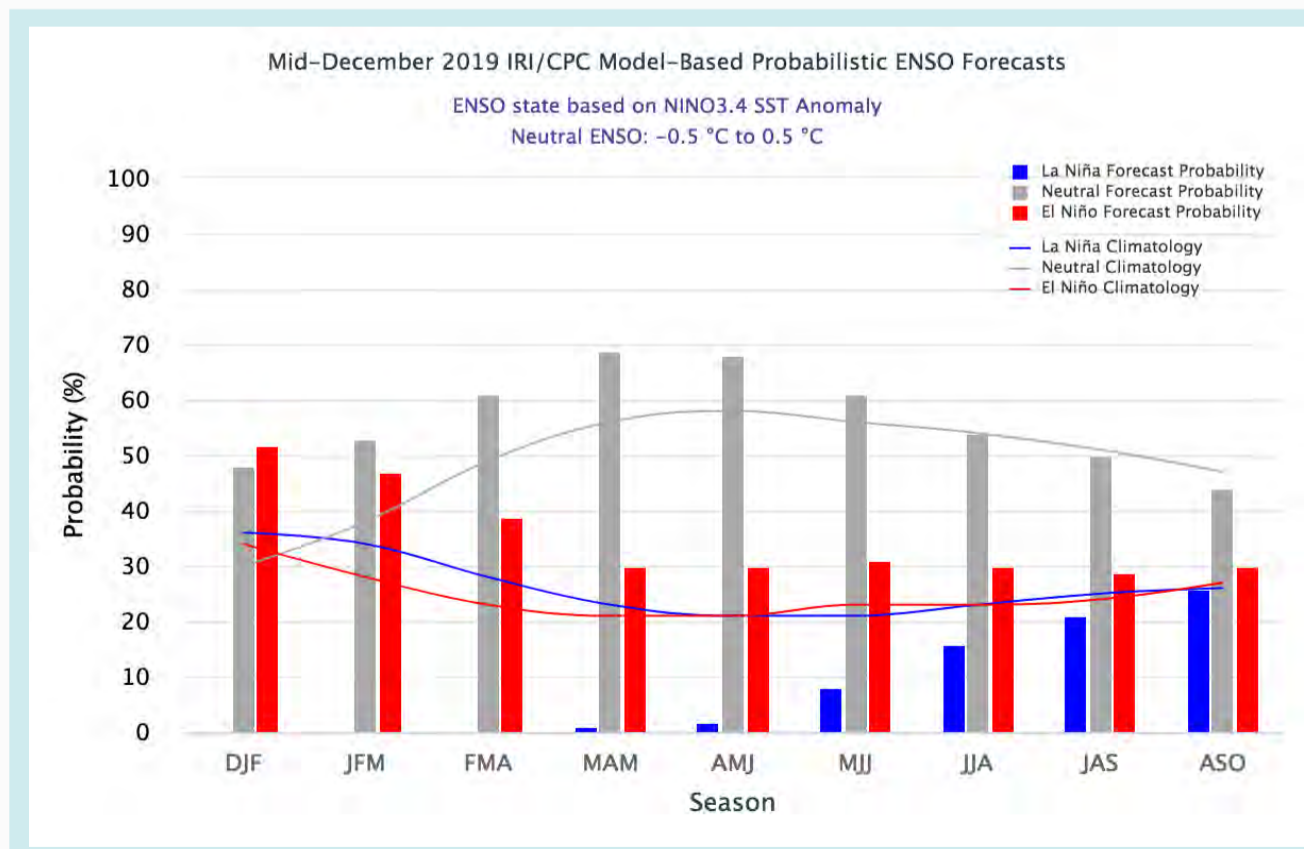


Figure 12. ENSO prediction models

Source: International Research Institute for Climate and Society

# CLIMATE PREDICTION FOR THE FIRST QUARTER OF 2020

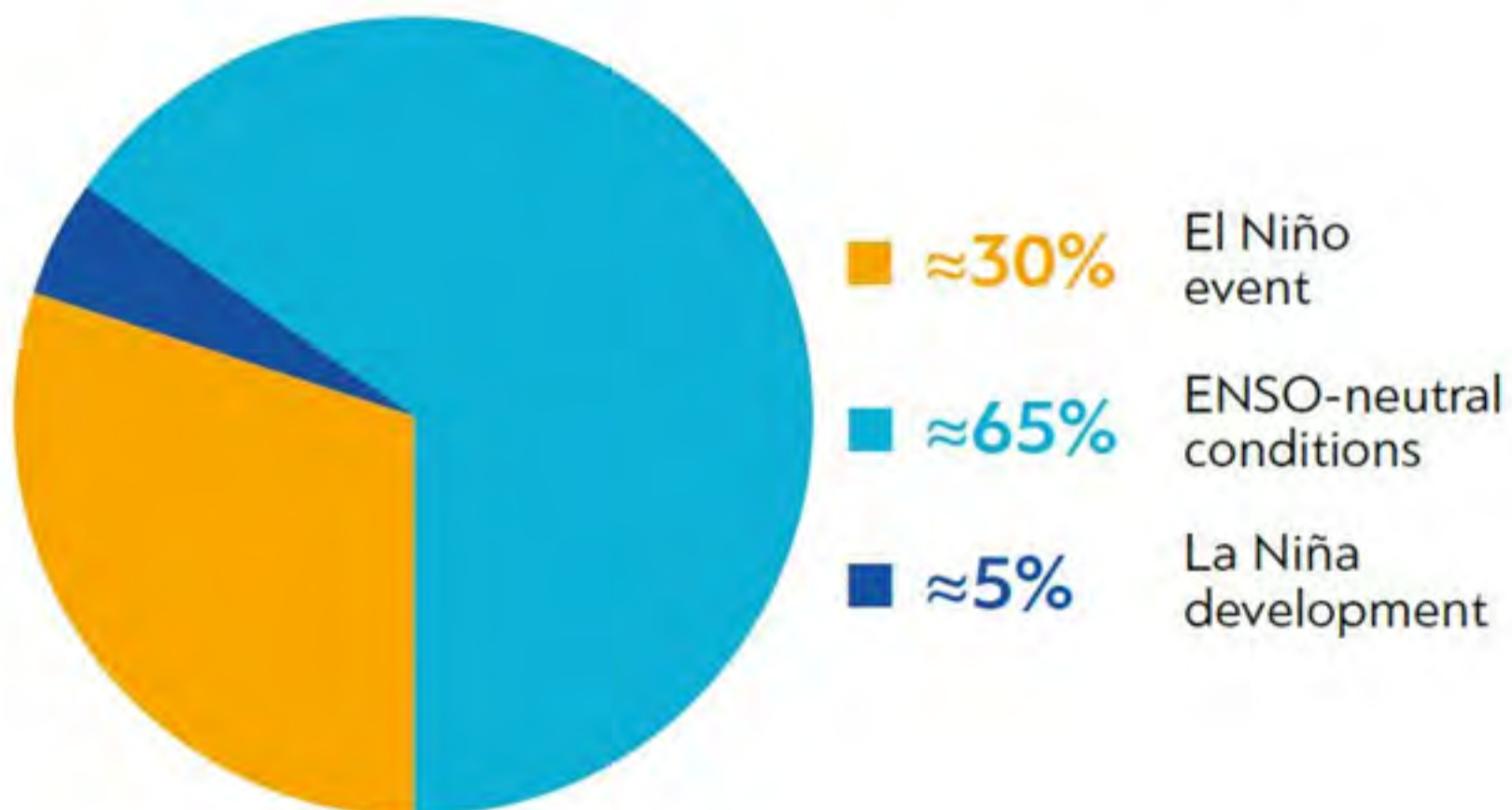
COMPILED BY SYUHADATUL FATIMAH OMAR

Since July 2019, the Tropical Pacific has been in an ENSO-neutral state. During October and early November, a temporary warming of the waters occurred. This is being attributed to sub-seasonal variability and not the onset of an El Niño.

Model predictions and expert opinion indicate a 65% chance of ENSO-neutral conditions continuing during December-February 2019-20, while the probability for El Niño is near 30%. For the March-May 2020 season, the chance for ENSO-neutral is 60%, El Niño is 25% and La Niña is 15%.

SST anomalies in the East-Central Pacific Ocean are most likely to be in the range from 0.1 degrees Celsius below average to 0.5 degrees Celsius above average during December-February 2019-20.

## ESTIMATED ENSO PROBABILITIES FOR DECEMBER-FEBRUARY 2019-20



Source: World Meteorological Organization

# TEAM MEMBERS

Fauziah Arshad  
Director  
Economics & Industry Development Division  
fauziah@mpob.gov.my

Azman Ismail  
Editor  
azman@mpob.gov.my

Nur Nadia Kamil  
Assistant Editor  
nadiakamil@mpob.gov.my

Norhanani Mohd Baharim  
Secretary  
hanani@mpob.gov.my

## CONTRIBUTORS :

Norhazifah Suhani  
zifah@mpob.gov.my

Mohd Noor Helmy Abd Kadir  
helmy@mpob.gov.my

Syuhadatul Fatimah Omar  
syuhadatul@mpob.gov.my

Norhanani Mohd Baharim  
hanani@mpob.gov.my

Ahmad Syakir Mohamad Tajudin  
Norrafidah Mohamad Rapiee  
Norashikin Mohd Johan  
Nurulafiza Che Noh



FIRST ANNOUNCEMENT

# 26<sup>th</sup> MPOB TOT 2020 TRANSFER OF TECHNOLOGY SEMINAR & EXHIBITION

Tuesday, 7 July 2020  
MPOB Head Office, Bangi, Selangor

To be officiated by  
Minister of Primary Industries

Register  
Now



## WHAT IS TOT?

An annual event to bring MPOB R&D findings from bench to the market place. The new technologies and services are offered to the oil palm industry for adoption and commercialisation. Transfer of Technology (TOT) Seminar and Exhibition contributes towards energising the industry with innovations and opportunities in wealth creation.



## HOW CAN TOT BENEFIT YOU?

MPOB is constantly conducting research on new technologies to benefit the palm oil industry. From 1986 to 2019, a total of 667 technologies and 184 services have been disclosed through TOT Seminar and Exhibition and about 30% have reached the market place with market value worth billions of ringgit.

Hence, MPOB WELCOMES all entrepreneurs to take up this unique business opportunities and leverage on the continuous growth of Malaysia's palm oil industry.

**Palm Oil - the best time to invest is all the time!!**



## ENQUIRIES

Technical enquiries, please contact:



Dr. Anis Mokhtar  
Tel: 03-8769 4574



Suraya Mohamad  
Tel: 03-8769 4579



E-mail: tot@mpob.gov.my

Techno - Economics Research Unit - Wisma Sawit

Lot 6, SS6, Jalan Perbandaran, 47301 Kelana Jaya, Selangor. Phone: 603-7802 2800 Fax: 603-7806 1013