AgroSpectrum ASIA
Envisaging Future | Updating Present

Malaysia's tropical palm oil industry continues to be the world's second-biggest exporter, Q4 2023

15 December 2023 | News

Malaysian palm oil futures will likely trade between RM3,650 and RM3,900 in the short term due to the current supply and demand situation



Malaysian palm oil futures will likely trade between RM3,650 and RM3,900 in the short term due to the current supply and demand situation

The second largest exporter of palm oil in the world, Malaysia increased its stockpiles of tropical oil. For a seventh consecutive month, Malaysian palm oil stocks grew to their highest level since April 2019 as production outpaced exports of the tropical palm oil.

Inventories rose about 1.2% in November from a month earlier to 2.48 million tonnes, according to the median of 11 estimates in a recent survey of traders, analysts and plantation executives. In comparison to a year ago, that's an increase of around 8%. Yet, Crude palm oil output fell about 6.2% to 1.82 million tonnes, the survey showed, the first monthly drop since June. Experts indicate that production was still bigger than Novemberâ??s forecast for exports at 1.52 million tonnes â?? a 3.4% gain from October 2023.

The outlook for higher stockpiles has added bearish sentiment to the market, said Gnanasekar Thiagarajan, the head of trading and hedging strategies at Kaleesuwari Intercontinental. This can be attributed to demand drop during winter. Palm oil tends to solidify in colder weather, prompting consumers to look for alternative cooking oils.

Marcello Cultrera, director at Singapore-based Apricus 8 Pte, predicts that, â??Malaysian palm oil futures will likely trade between RM3,650 and RM3,900 in the short term due to the current supply and demand situationâ?.

In 2024, palm oil prices are expected to be capped, with El Nio's late arrival having little impact on production, and other oilseeds are likely to see record supplies despite Brazil's weather challenges.