



Bangladesh Buys More Vegetable Oils

This, despite a drop in the Import of Palm Oil

BANGLADESH is a potential market for essential commodities, including edible oils, because of insufficient local production, a steadily growing population that now exceeds 150 million, and its improving economy. The per capita consumption of oils and fats is around 9.4kg at present, as against 6.6kg in 2000.

Rural consumers play a vital role in determining the market size, since this is where about 80% of the Bangladeshis live. But the rural people have a limited purchasing power, which is also a determining factor for the marketing of any commodity. If the price of any

commodity exceeds the purchasing power of the rural people, its demand declines, which happened last year in the case of palm oil.

9.09% over the 2009 figure. The import share of MPO went up to 18%, as against 16% in 2009. The rest was taken by Indonesian palm oil (IPO). In the early part of 2010, from January to March, the import of MPO by Bangladesh showed a promising trend, with its share increasing to 22%. It was the positive outcome of POTS 2009 held in Dhaka in December 2009, which was organised to develop greater understanding and relationship between MPO suppliers and local refinery owners-cum-palm oil importers. After POTS 2009, MPO suppliers were found to be active in the Bangladeshi market, which increased the import of MPO. But in the later months of

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Table 1: Indigenous Production of Oils and Fats (2005 - 2009)

('000 MT)	2009	2008	2007	2006	2005
Soyabean Oil	3.9	5.6	6.0	0	2.3
Mustard Oil	70.3	82.2	60.4	58.0	60.6
Coconut Oil	11.0	10.8	10.8	12.9	10.7
Butter	22.3	21.2	20.3	19.5	19.1
Linseed Oil	2.3	2.4	4.4	3.1	0.8
Total	109.8	122.2	101.9	93.5	93.5

Source: Oil World Statistics, May 2010

the year, the presence of MPO suppliers was not so conspicuous. Had they been active during the rest of the year, the MPO import share in the country could have been much higher in 2010.

Undoubtedly, price plays a vital role in choosing the sources for import. Importers are usually inclined to seek cheaper sources, such as Indonesia for

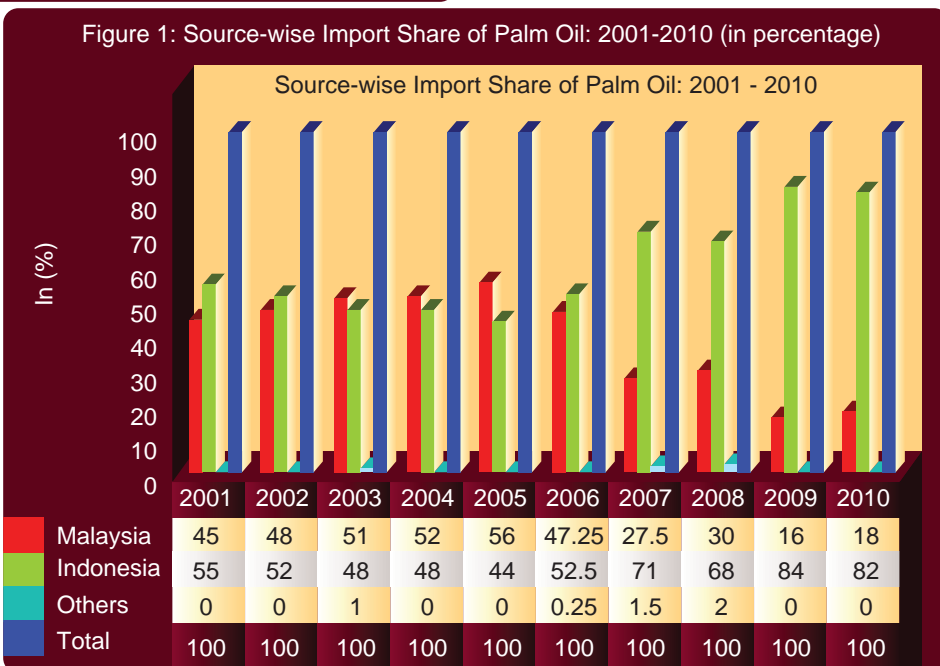
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commodity exceeds the purchasing power of the rural people, its demand declines, which happened last year in the case of palm oil.

Palm oil, soybean oil and canola/mustard oil are the three major edible oils consumed in Bangladesh. Palm oil is the highest consumed edible oil, catering to 65-70% of the demand. Loosely-packed edible oils occupy about 75% of the market share in the country, while the bottled edible oils take up the remaining 25%. Palm oil dominates in the loose oil market, but soybean oil leads in the bottled edible oil market.

Import of MPO

The volume of Malaysian Palm Oil (MPO) imported by Bangladesh increased to 164,320 MT in 2010, registering a 3.24% rise despite a decline in the total import of palm oil (CPO, CPL and RBD PL) by



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FCPO expected to rebound, but rally unlikely

by *Benny Lee*
Chief Market Strategist
of NextView Group

THE crude palm oil futures price uptrend was not able to sustain last month, as I was expecting the price to hit RM4,100, provided it stayed above RM3,880. The crisis in the Middle East put some fear into traders.

The immediate support level then was broken in mid-February and plunged to an intra-day low of RM3,336 on Feb 24, before rebounding and settling at RM3,472 at the end of February, 9% lower than last month's price. It was a volatile month for palm oil, with the price ranging between RM3,336 and RM3,967.

Trading volume was relatively high as traders in the futures market who were in long positions started to exit in the past few weeks and this can be identified with strong volumes. The average daily volume for the past 20 days has been 15,500 contracts, if compared with 12,600 contracts during the same period at the end of January. A record 30,500 contracts were traded on Feb 24 alone.

Supply for palm oil normally picks up in March. With the crisis looming in the Middle East, traders are being cautious. Palm oil exports were down in February. Cargo surveyor SGS estimated a decline of 9.1% at 1.09 million metric tonnes for February while Intertek Agri Services estimated a fall of 10% at 1.11 million MT.

There was a strong increase in the first half of February, but exports started to fall sharply in the second half of the month. The latest news report from Golden Agri-Resources says Nestle, Unilever and Burger King have not resumed palm oil purchases.

Technically, price is in a major correction. The short-term 30-day average, which has been increasing since July last year, has started to decline. The longer-term 60- and 90-day moving averages are still increasing, but the FCPO price is below the averages.

The long-term 90-day moving average is at RM3,500. The price needs to break above the previous key support level of RM3,600 to resume the uptrend, or we may see a reversal in the trend. The

reduce slightly because of the Middle East/North Africa crises and strengthening of the US dollar. Investors are getting out of the overbought pan-Asia and heading back to the West, where the equity markets are behind the Asian markets.

Based on the technical and fundamental readings, the price of FCPO may slide further downwards. However, immediate support level is at RM3,400, and therefore expect a short technical rebound to test the RM3,600 level.



FCPO daily chart as at 28 February 2011.
Charted by Benny Lee using NextView Advisor Professional

FCPO price has been staying above the Ichimoku Cloud indicator since July last year and is now below the cloud. All these trend indicators show that the uptrend is currently being tested.

The diverging momentum indicators against the price trend have started to show their effect on the trend. These indicators, which have been showing a weak momentum in the trend since December last year, are now below the middle level. This indicates that the market is dominated by the bears.

The Bollinger Bands has started to aggressively expand with the FCPO price trading near the bottom bands. This indicates a volatility breakout on the downside. These momentum indicators indicate a change in market sentiment.

There is a high chance that RM3,900 may be the top for this year. Technically, the price should be where it is now in the uptrend, at the longer-term uptrend average. It has to stay above RM3,600 to maintain the uptrend momentum. The long-term average, however is at RM2,500.

Fundamentally, supply is expected to increase while demand is expected to

Chances of an uptrend rally are thin because of the weak uptrend momentum and sentiment. If the price is unable to stay above RM3,600, then it may just continue to move sideways between RM 3,200 and RM3,600. My average for this year is revised again to my earlier forecast, at between RM3,300 and RM3,600. ■

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The above analysis and commentary is based on the writer's personal opinion towards the price of crude palm oil using technical analysis and should not be construed as any form of investment advice. The writer will not be responsible for any decision made from using the above article.

Indian Economy Sees Remarkable Recovery, Despite it Being a Difficult Year

THE fiscal year 2009-2010 began as a difficult one for India's economy. Yet, it posted a remarkable recovery, with growth improving to 7.2%. A major concern during the fiscal year, especially in the second half, was the emergence of high double-digit food price inflation. The global financial meltdown and consequent economic recession in developed economies was clearly a major factor in India's economic slowdown.

As far as the vegetable oils sector was concerned, 2010 was another record-breaking year for imports by India. At 9.12 million metric tonnes, total imports set a new record. The domestic production of vegetable oils in the 2009-10 oil year was lower, at 7.88 million MT compared with 8.21 million MT in 2008-09. To bridge the demand-supply gap, the country had no option but to increase its dependence on imports.

Domestic production

A glance at the production of oilseeds and oils, in the table below, shows the stagnation or fall in the production of the major oils.

Imports

Table 2 shows the composition of the Indian import basket. The overall increase of 3% in import quantities worked in favour of soft oils at the cost of palm oil. The biggest gainer was soybean oil, which accounted for an increase of 42% compared with the 2009 import, due to the narrowing of price premiums for SBO compared with palm oil products.

The decrease in palm oil products was reflected mainly in lower imports of RBD olein and in the non-edible grades. CPO import maintained its 2009 level.

Soft oils increased their share of the import basket, from 20% in 2009 to 25% in 2010, with a corresponding decrease from 80% to 75% for palm oil products. The 2010-11 oil year is expected to see a resurgence in domestic production, expected to rise to the 2009 level of 8.2 million MT, with trade sources projecting this increase to have a direct, negative impact on imports.

High international prices are proving to be a boon to local farmers, but, at the

Table 1: Domestic Quantity in Lakh Tonnes (10 Lakhs = 1 Million)

Oilseeds/ S.E.Oils	2009-2010 Season				2008-2009 Season		
	Oil Extr.%	Oilseeds Prod.	Marketable Surplus	Total Oils Avail.	Oilseeds Prod.	Marketable Surplus	Total Oils Avail.
OILSEEDS							
Groundnut (inshell)	40	51.2	15.2	6.1	59.2	20.4	8.2
Soybean	17	85.0	75.0	12.8	89.0	78.0	13.3
Rape/ Mustard/Toria	33	64.2	62.2	20.5	63.5	61.5	20.3
Sunflower	35	9.9	9.8	3.4	11.5	11.4	4.0
Sesame	45	7.6	4.6	2.1	5.8	3.8	1.7
Castor	45	9.3	9.3	4.2	9.8	9.8	4.4
Niger	30	0.8	0.5	0.2	0.8	0.4	0.1
Safflower	30	1.5	1.4	0.4	1.7	1.6	0.5
Linseed	43	1.6	1.6	0.7	1.3	1.3	0.6
Sub Total		231.1	179.6	50.4	242.6	188.2	53.1
OTHER OILSEEDS							
Cottonseed **	12.5	91.5	86.5	10.8	89.3	84.3	10.5
Copra	65	6.6	6.6	4.3	6.5	6.5	4.2
Sub Total		98.1	93.1	15.1	95.8	90.8	14.7
SECONDARY SOURCE							
Rice Bran	15	--	--	8.0	--	--	8.5
Rapeseed Cake	9	--	--	2.3	--	--	2.1
Sunflowerseed Cake	12	--	--	0.5	--	--	0.7
Groundnut Cake	7	--	--	0.6	--	--	0.8
Cottonseed & Others	7	--	--	0.5	--	--	0.5
Minor Oilseeds (TBOs)	--	--	--	0.8	--	--	1.0
Local Palm Oil	--	--	--	0.6	--	--	0.7
Sub Total		0.0	0.0	13.3	0.0	0.0	14.3
Grand Total		329.2	272.7	78.8	338.4	279.0	82.1

Source: SEA

same time, they are contributing to a sharp rise in inflation, especially in food costs. Monetary measures are being adopted to curb inflation and consumption. In spite of the improving economic situation and increase in purchasing power, imports are bound to trend lower, unless prices fall to levels that can give consumption a boost.

Policy makers continue to be faced with the dilemma of striking a balance between controlling inflation and the reported decrease in production due to poor returns to farmers. On the one hand there are calls for an increase in import duties and on the other hand, there are pressures of rising prices and inflation, which have shown signs of receding in the previous year but have reared their ugly heads again.

The rise in the prices of agricultural products, including vegetables and cooking oils, has been seen to be a major contributor to the rise in inflation. Stagnation in domestic production of

oilseeds is perceived to be the result of uneconomic returns to farmers because of the zero rating of import duties on vegetable oils. Trade associations are strident in their calls for increases in import duties but India's policy makers have had to tread carefully, lest an increase in import duty results in higher inflation.

Future projections

In keeping pace with the economic growth and the continuous increase in the size of the middle-income group, the Indian per capita consumption of vegetable oils has increased appreciably. Coupled with stagnation in the domestic production of oilseeds, this has led to India's emergence as the largest importer of vegetable oils, making it a significant contributor to the development of the global trade in these oils.

The per capita GDP has shown an appreciable increase, crossing the

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It's been a **Good Year** in Middle East And Now, for a Better Year Ahead!

WHEN 2010 started, there had been some projection that the export volume of Malaysian palm oil (MPO) will be at 16 million metric tonnes (MT). Given a conservative CPO price forecast of RM2,800 per MT, Malaysia's palm oil export earning was expected to touch more than RM65 billion by end of 2010. However, as the year came to a close, there was some shake-up in the industry as a result of the upward and downward movements of CPO prices.

When 2011 began, the MPOB export statistics for 2010 showed that it has indeed been a very good year for MPO, compared with the lame 2009 period. Malaysia, the world's second largest producer of palm oil and products, is expected to rake in export revenue touching RM53.9 billion in 2010 from this star commodity. MPO exports during January to December 2010 registered at more than 16.66 million MT, besides another 2.1 million MT to the EU-27 nations. This is a 5.3% increase compared with 15.9 million MT (plus 1.89 million MT to EU-27) in 2009.

All this has been due to the global economic and financial recovery from the chaos between the ends of 2008 and 2009. Some parts of the world are still in the recovery process, but some other parts, including the Middle East, are now breathing comfortably after being strongly affected by the downturn. This was the cause for the improvement in exports of MPO to Middle East last year.

Even though exports to some of the Middle Eastern countries have been lower, the overall exports of MPO to the region in 2010 have been the highest since 2006. Five years ago, our exports to the Middle East were recorded at 1.54 million MT and since then it has experienced some fluctuations, dropping

to the lowest at 1.44 million MT in 2007. The figure jumped up to 1.9 million MT in 2008, dropped again in 2009 to 1.6 million

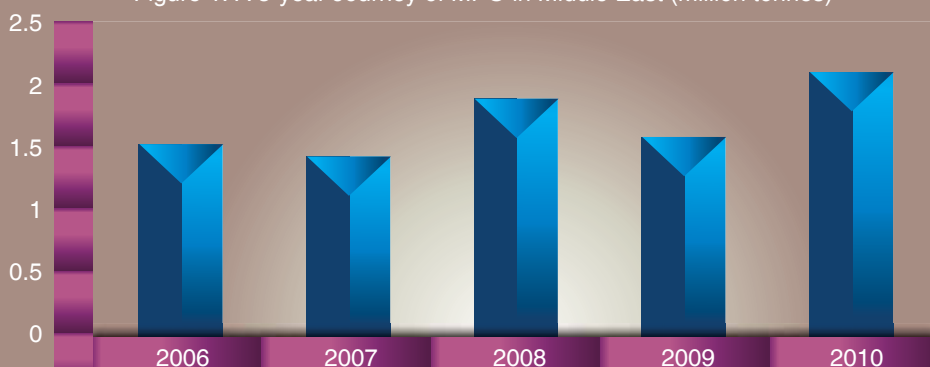
MT, but rebounded to a record high of 2.12 million MT last year, or a 29.2% increase over the 2009 exports (Figure 1). This situation was helped by stronger demands from two of the region's biggest importers – Egypt and the United Arab Emirates (UAE). Exports to these two countries accounted for 65.3% of the total exports to the region in 2010.

Table 1: Middle East - 2010 Export of Malaysian Palm Oil (MT)

	Jan-Dec 2009	Jan-Dec 2010	Change (Vol)	Change (%)
East of Suez				
Armenia	256	0	-256	-100.0
Azerbaijan	0	0	0	0.0
Bahrain	4,983	1,941	-3,042	-61.0
Georgia	575	5,699	5,124	891.0
Iran	342,273	272,944	-69,329	-20.3
Iraq	1,149	14,514	13,365	1,163.2
Jordan	3,858	5,327	1,469	38.1
Kuwait	21,525	7,132	-14,393	-66.9
Oman	98,602	63,836	-34,766	-35.3
Qatar	1,479	976	-503	-34.0
Saudi Arabia	49,305	37,819	-11,486	-23.3
Turkey	19,589	17,604	-1,985	-10.1
UAE	186,879	447,792	260,913	139.6
Yemen	76,795	52,733	-24,062	-31.3
Sub-Total	807,268	928,317	121,049	15.0
West of Suez				
Algeria	10,335	31,578	21,243	205.5
Cyprus	114	39	-75	-65.7
Djibouti	136,240	162,501	26,261	19.3
Egypt	609,210	938,722	329,512	54.1
Eritrea	0	1,378	1,378	1,377.7
Ethiopia	17,533	13,822	-3,712	-21.2
Lebanon	4,324	7,243	2,919	67.5
Libya	457	169	-288	-63.0
Morocco	1,929	5,058	3,129	162.2
Somalia	9,677	7,796	-1,881	-19.4
Sudan	520	551	31	6.0
Syria	15,349	4,154	-11,195	-72.9
Tunisia	31,281	22,319	-8,962	-28.7
Sub-Total	836,969	1,195,330	358,361	42.8
Total in Region	1,644,237	2,123,647	479,410	29.2

Source: MPOB

Figure 1: A 5-year Journey of MPO in Middle East (million tonnes)



UAE making come back, Iran still intact

Exports of MPO to the East of the Suez sub-region were higher by 121,049 MT (or 15%) than the 807,268 MT exported in 2009, with one reason being higher demands from key importers such as the UAE and the smaller importers in the region, including Georgia (higher by 5,124 MT) and Iraq (higher by 13,365 MT). The UAE is making a strong comeback and leads the Middle East again with an enormous import volume of 447,792 MT,

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Indian Economy Sees Remarkable Recovery, Despite it Being a Difficult Year

US\$1,000 mark. In terms of actual PPP, it is close to the US\$3,000 mark, with expectations of it crossing US\$4,000 by

1990s, the Indian GDP has been reaching for the skies. With an annual GDP growth rate of 8% for the last few years, the middle-income group has burgeoned, injecting a vast purchasing power into the consumer market and impacting the per capita consumption of oils and fats, as reflected in the table below.

Over this five-year period, the Indian per capita consumption has increased from 11.6kg to 14.2kg. This is way below the global average, which ranged 21.39kg to

and per capita consumption. A sensitivity analysis in the next table highlights the possible increase in total vegetable oils demand based on these factors, following the improvement in disposable incomes.

In this table, the year-on-year population increase has been factored on the net incremental rate of 1.8% a year, the national average rate of growth. At current per capita consumption of about 14kg, the annual demand for vegetable oils was projected at 16.1 million MT for 2010. A cross-referencing of changes in population with the changes in per capita consumption will provide the projected vegetable oils demand in million MT.

At an annual growth rate of 1.8%, the population is expected to grow from 1.15 billion in 2010 to an estimated 1.25 billion by 2015. If the per capita consumption were to remain unchanged at the current level of 14kg, the total vegetable oils demand is expected to rise to 17.6 million MT from the 2010 demand level of 16.1 million MT; but per capita consumption cannot be expected to stagnate at current levels.

With increases in disposable incomes, the consumption rate will definitely show an increase as well. An increase by 1kg to 15kg will push up the total demand to 18.86 million MT and an increase to 16kg will push this up to 20.11 million MT by 2015.

The potential for further increases in total demand is mind boggling. If the Indian per capita disposable level of vegetable oils were to rise to the current world average of 24.08kg, the total demand for these oils by 2015 could rise to an astronomical 30.27 million MT! Although a demand of this magnitude may seem unlikely in the near-term, the scenario cannot be completely ruled out for sometime in the future, with the Indian growth engine gaining momentum.

This analysis provides food for thought. For India, the option is to strike a reasonable balance between total food sufficiency on the one hand and extreme dependence on imports on the other. All options for increasing domestic production will have to be explored. Increasing agricultural productivity would be a top priority, including the planting of GM crops, if necessary.

The global trading community, on its part, needs to position itself to be part of this food chain. Countries with resources suitable for vegetable oils production need to gear themselves to meet the challenges of the demand arising from not only from India, but on a global level as well. ■ Bhavna

Table 2: Vegetable Oils Imports

	Jan-Dec 2010	Jan-Dec 2009	Changes (Vol.)	Changes (%)
SFO	647,672	632,883	14,789	2
SBO	1,568,752	1,107,149	461,603	42
RAPE OIL	8,074	52,238	-44,164	-85
COTTON OIL	13,438	5,069	8,369	165
CPL	990	4,183	-3,193	-76
CPO	5,243,508	5,263,738	-20,230	0
CPKO	223,094	216,161	6,933	3
RBDPL	1,141,408	1,223,779	-82,371	-7
PKFAD	8,970	20,801	-11,831	-57
PFAD	235,631	277,935	-42,304	-15
CPS	21,099	57,531	-36,432	-63
CCN OIL	999	16,893	-15,894	-94
OTHERS	7,987	5,083	2,904	57
TOTAL	9,121,622	8,883,443	238,179	3

Source: SEA

2015. The Indian economy, already in the trillion dollar club, is ranked fourth in PPP terms by the International Monetary Fund and is set to grow steadily. Though it is currently ranked 12th in size as a consumer market, it is expected to become the fifth largest by 2025.

Since the country embarked on the path of economic liberalisation in the early

24.08kg during the same period. With this scenario on the economic front, the Indian per capita consumption is set to increase at a fast pace, adding further to the demand-supply shortfall, which can only be met by increased imports.

Sensitivity analysis

The two main factors influencing total off-take of vegetable oils are population

Table 3: Indian Per Capita Consumption (kg)

	2005	2006	2007	2008	2009
Population (Millions)	1130	1147	1164	1181	1198
Per Capita (kg)	11.60	11.90	12.40	12.90	14.20
World Average (kg)	21.39	22.38	23.03	23.63	24.08

Source: Oil World

Table 4: Vegoils Demand Sensitivity Analysis (in Million MT)

Year	Populace Millions	Oil Consumption (kg/capita)					
		14.00	14.50	15.00	15.50	16.00	24.08
2010	1,150	16.10	16.68	17.25	17.83	18.40	27.69
2011	1,170	16.39	16.98	17.56	18.15	18.73	28.19
2012	1,192	16.68	17.28	17.87	18.47	19.06	28.69
2103	1,213	16.98	17.59	18.19	18.80	19.41	29.21
2014	1,235	17.29	17.91	18.53	19.14	19.76	29.74
2015	1,257	17.60	18.23	18.86	19.49	20.11	30.27

Source: India Online, 2010 Population

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Bangladesh Buys More Vegetable Oils This, despite a drop in the Import of Palm Oil

palm oil. However, there is another important factor in choosing the import source, which is the presence of suppliers. It has been seen that if the Malaysian suppliers are active in the market, the import share of MPO will move up, irrespective of its price. Most of the local importers are aware of the quality of MPO and the commitment of MPO suppliers as well, which is why they are ready to pay a little higher for MPO, provided the suppliers are active in the market.

Before 2000, about 80-90% of the palm oil imported by Bangladesh came from Malaysia. But the following years witnessed a decline, though this did improve again from 2002 till 2005. After that, the downward trend continued and dropped to 16% of the country's total edible oil imports in 2009. Nevertheless, there was a slight improvement last year – which can be advanced further in the coming years if the approaches of MPO suppliers are more enterprising.

Import of Palm Oil

The import of palm oil (CPO, CPL and RBD PL) declined by about 9.09% compared with 2009, with demand among consumers in 2010 declining because of its higher price in the international market, causing the price of refined olein to rise in the local market. As palm oil is consumed by the masses who have limited purchasing power, its higher price compelled them to reduce their use of the oil. Otherwise, the import volume of palm oil in 2010 would have exceeded one million metric tonnes, as it was in 2009.

Increase in the average C&F and landed prices of CPO, CPL & RBD PL in 2010 ranged from 24% to 30% while the average wholesale price of refined olein increased by about 23% compared with 2009, causing the demand for palm oil, as well as its import by the country, to drop.

Import of CDSBO, Soybean and Canola/Mustard Seed

The import of CDSBO in 2010 touched 425,984 MT, an increase of 17.13% despite the higher price of CDSBO in the international market and consequently, a

Table 2: Source-wise Import Share of Palm Oil: 2001-2010 (in percentage)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Malaysia	45	48	51	52	56	47.25	27.5	30	16	18
Indonesia	55	52	48	48	44	52.5	71	68	84	82
Others	-	-	1	-	-	0.25	1.5	2	-	-
Total	100	100	100	100	100	100	100	100	100	100

Source: MPOC Market Intelligence

Table 3: Import of Palm Oil (CPO, CPL & RBD PL) in MT

	Jan-Dec 2010	Jan-Dec 2009	Change (volume)	Change (%)
CPO, CPL & RBD PL	930,147	1,023,128	-92,981	-9.09

Source: MPOC Market Intelligence

Table 4: Average C&F Price of CDSBO vis-à-vis average wholesale Price of Refined Soybean Oil

In US\$/MT	2010	2009	Change (Volume)	Change (%)
Average C&F Price of CDSBO	936	817	119	14.57
Av. Wholesale Price of Refined Soybean Oil	1,146	1,050	96	9.14

Source: MPOC Market Intelligence

higher price of refined soybean oil in the local market. The average C&F and landed prices of CDSBO increased by 14.57% while the average price of refined soybean oil increased by only 9.14%, which did not adversely affect the import of CDSBO by the country. The import volume of CDSBO increased as the consumers of refined soybean oil are mostly urban people having higher incomes and therefore, able to afford the higher price of refined soybean oil.

Also 52,783 MT of soybean, the oil equivalent of which is 9,500 MT, were imported. The import quantity of soybean was lower by 71.34% compared with 2009. Despite the higher import of CDSBO, the import volume of CPO, CPL and RBD PL together was more than two times higher than that of CDSBO in 2010.

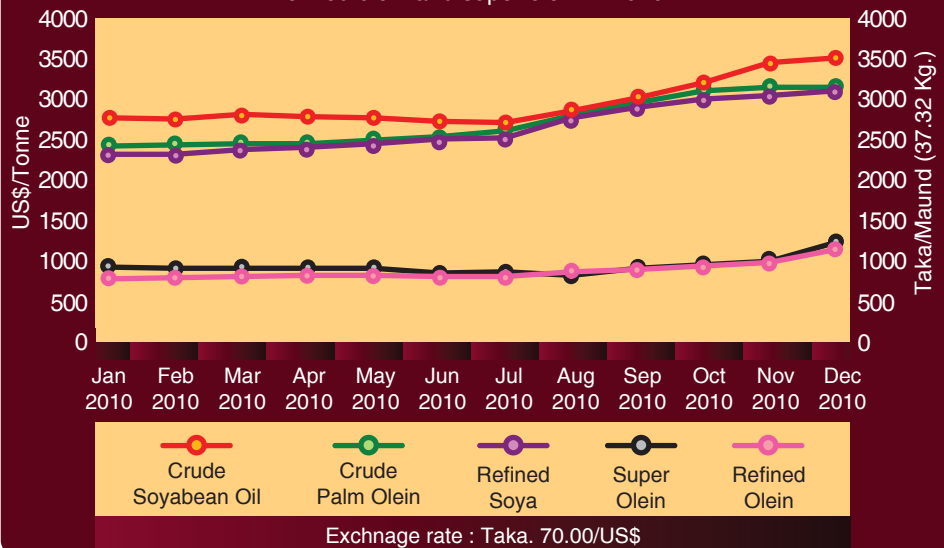
The import volume of canola/mustard seed was 151,003 MT, the oil equivalent of which is 57,381 MT. The import quantity of canola/mustard seed was higher by 30.65% compared with the 2009 import.

Import of Total Oils and Fats

The total oils and fats imported by Bangladesh dropped by 2.93% in 2010 compared with the 2009 figure. Edible oils and fats constitute about 98% of the total oils and fats imported. Despite the higher import of CDSBO and canola/mustard seed, total import of oils and fats declined due to the lower import of palm oil, which constituted 64% of the total oils and fats imported. Palm oil consumers lowered their demand for the oil due to its higher price in 2010.

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Figure 2: Month-wise C&F prices of imported CDSBO and CPL vis-à-vis local wholesale prices of refined soybean oil, refined olein and super olein in 2010



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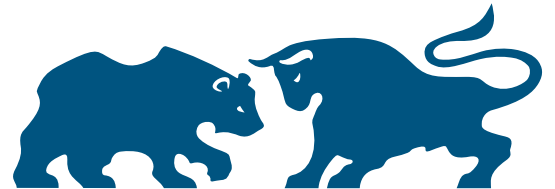
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Bangladesh Buys More Vegetable Oils This, despite a drop in the Import of Palm Oil

20,448 MT of oleochemicals were imported from Malaysia in 2010, an increase of 6.31% compared with the 2009 figure. The oleochemicals included 2,868 MT of glycerine, 8,380 MT of soap noodles and 6,978 MT of stearic acid.

Import Duty Structure

Since July 2007, there has been no import duty on CPO, CPL and CDSBO and hence the C&F and landed prices of these oils are the same. The import duty

import duties on RBD palm stearin, crude PKO, other PKO, PFAD and copra are 12%, 12%, 25%, 12% respectively and 5% on C&F values. The import of all edible oils, except soybean and canola/mustard seed, are subjected to 15% VAT.

Palm Oil Importers In Bangladesh

Among the palm oil importers who also operate refineries, only eight edible oil refinery groups are major importers of

Table 5: Total Oils and Fats Import in Bangladesh (MT)

	2010	2009	Change (Volume)	Change (%)
Total Oils & Fats	1,452,464	1,496,235	-43,769	-2.93

Source: MPOC Market Intelligence and MPOB

Figure-3: Year-wise Import of Three Major Edible Oils: 2005-10

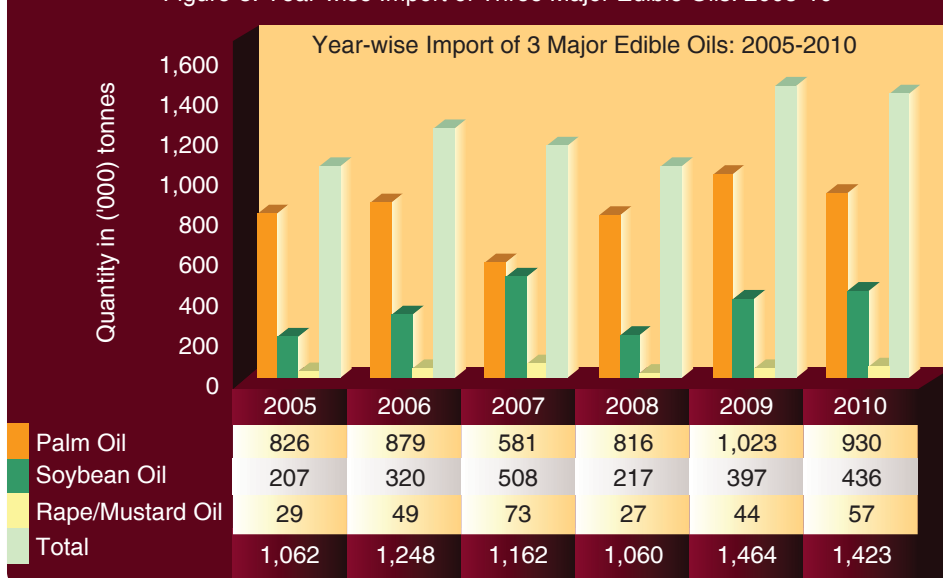


Figure 4: Import shares of Palm, Soybean and Rape/mustard oils in 2010 and 2009



Import of Palm Oil and Palm Oil Products

In 2010, the total import of palm oil and palm oil products declined by 8.91%. Import of CPO declined by 7.66% while that of CPL increased by 2.99%. On the other hand, the import of RBD PL declined by 45.72%. It is to be noted that CPL is the highest imported palm oil component, making up about 77% of the total palm oil imports in 2010 while CPO and RBD PL occupied about 10% and 13% respectively.

The import of crude/RBD palm stearin declined by 33.42% and 21.05% respectively while that of PFAD/Acid Oil increased by about 55.19% compared with the 2009 import. It is to be noted that 7,990 MT of crude/RBD palm stearin, 6,655 MT of PKO, 6,150 MT of PFAD/Acid Oil, 665 MT of crude/RBD palm stearin, 4,189 MT of PKO and 3,068 MT of PFAD/Acid Oil and the entire quantity of 1,250 MT of palm-based shortenings/margarines were of Malaysian origin. Besides these items,

Table 6: Import of Palm Oil and Palm Oil Products (MT)

	2010	2009	Change (Volume)	Change (%)
CPO	90,570	98,086	-7,516	-7.66
CPL	713,570	692,885	20,685	2.99
RBD PL	126,007	232,157	-106,150	-45.72
Crude/RBD PS	7,990	12,001	-4,011	-33.42
PKO	6,655	8,429	-1,774	-21.05
PFAD	6,150	3,963	2,187	55.19
Palm Based Shortenings/Margarines	1,250	1,011	239	23.64
Oleochemicals	20,448	19,234	1,214	6.31
Total	972,640	1,067,766	-95,126	-8.91

Source: MPOC Market Intelligence and MPOB

on refined olein, refined soybean oil and refined sunflower oil is zero, provided these oils are imported in consumer packs. The bulk import of RBD palm olein is also duty-free, provided it is imported as raw material for vanaspati/shortenings. Import duty on oilseeds such as canola/mustard seed and soybean has also been zero for a long time, while

palm oil in the country and they are also major importers of CDSBO, soybean and canola/mustard seeds. In 2010, they imported about 98% of the palm oil requirements of the country, with the remaining by minor importers-cum-refinery owners. Major

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It's been a **Good Year** in Middle East And Now, for a Better Year Ahead!

after a drastic plunge as a result of a massive disruption in its economy in 2009. About 21% of the total MPO exports to the Middle East – the bulk of it being RBD Palm Olein (336,506 MT) and RBD Palm Oil (86,374 MT) – go to the UAE. For the record, UAE also imported 7,057 MT of Palm Kernel Oil (PKO), 64,835 MT of oleochemicals and 8,548 MT of palm-based finished products.

As a result of increasing difficulty in getting companies in Malaysia to accept Letters of Credit (LC) from Iranian banks, Iran, which is the second biggest importer of MPO in the Middle East, is compelled to source its palm oil supply from other countries, particularly Singapore. Even though strong support for MPO remains intact, recent MPOB statistics show that exports to Iran have declined by about 20% to 272,944 MT in 2010, or about 13% of the total MPO imported into the region.

The other palm products imported by Iran were PKO (16,380 MT), oleochemicals (35,641 MT) and palm oil products (13,400 MT). Shortening, Cocoa Butter Substitutes (CBS) and vegetable fats have been the key finished products imported by Iran and these are widely used in the manufacture of various local pastries, breads and confectioneries. The demand patterns for these products are usually higher between late February and March, for the week-long Persian New Year that Iran celebrates on March 21 every year, when local traders beef up stocks in preparation for the loads-of-food celebration.

West of the Suez imports more

The other part of the Middle East, the West of the Suez, was the biggest importer of MPO in the region last year. Our palm oil exports to the western part hit 1.2 million MT last year, or a significant increase of 43% compared with 2009. Besides Egypt, emerging markets such as Djibouti and Algeria accounted for this increase. Djibouti imported 162,501 MT of MPO in 2010, a 19% increase from 2009, while Algeria's import touched 31,578 MT or 21,243 MT more than in 2009. In addition, Eritrea, which wasn't in the 2009 import list, returned by taking in 1,378 MT of MPO last year.

Table 2: 2010 Export Performances – by product (MT)

PRODUCTS	BY-PRODUCTS	TONNES	%
Palm Oil	RBD Palm Olein	1,256,390	59
	RBD Palm Oil	362,492	17
	RBD Palm Stearin	174,874	8
	Others	329,891	16
Palm Kernel Oil	RBD PK Oil	16,155	11
	RBD PK Olein	46,756	33
	RBD PK Stearin	5,378	4
	Others	72,669	52
Oleochemicals	Glycerin	18,249	9
	Soap Noodles	108,854	56
	Palmitic Acid	15,182	9
	Others	50,984	26
Finished Products	Shortening	71,924	55
	Veg.Ghee / Vanaspati	31,392	24
	Margarine	5,653	4
	CBS / CBR / CBE	4,839	4
	Others	16,941	13

Table 3: Prospects for the MENA Region

MENA Region	2009	2010	2011
Real GDP growth	2.8	3.6	4.5
Real GDP growth (PPP)	2.7	3.6	4.5
Exports (change %)	-9.5	2.6	5.2
Imports (change %)	1.2	4.9	6.6
CA balance (% of GDP)	-0.1	1.5	0.9

Egypt grows bigger and stronger

One of the most populous countries in the Middle East as well as in the African continent, Egypt is the largest consumer and biggest importer of oils and fats in the region, with an import volume of about 1.5 million MT a year. Palm oil was the major commodity imported in 2010, with about 44% of the total MPO imported by the Middle East going to Egypt. With low or nearly zero import duties on oils, easy entrance to export markets through the Free Trade Agreement (FTA) signed under the Common Market for Eastern and Southern Africa (COMESA), the Arab Free Trade Zone and FTAs with other countries such as Turkey and the EU, as well as the elimination of import duties for all palm oil products since April 2009, have given MPO a boost in Egypt.

Based on MPOB's statistics for the 2010 export performance, exports to Egypt rose 54% to a record high of 938,722 MT. Half of the volume (55%) was RBD Palm Olein, while RBD Palm Oil and Palm Stearin contributed 18% and 14%

respectively. Egypt also controls 51% of region's import of PKO from Malaysia, at 71,959 MT last year. Officially known as the Arab Republic of Egypt, the country also imported about 28,733 MT of oleochemicals and 7,332 MT of finished products last year.

Economic growth, financial recovery and expanding population trends in the region will boost stronger demands for oils and fats, including palm oil, this year. An International Monetary Fund (IMF) analysis of growth determinants indicates that greater integration with international markets could provide a substantial boost to income and economic growth in the Middle East. As a strategic commodity in this dynamic market, palm oil is seen to continue with its positive growth and MPO will be further strengthened in the Middle East region. With continuous support by the MPO industry for the palm oil market of the region, there is all likelihood that every year from this year on be a good year for the Malaysian palm oil industry in the Middle East. ■ Haznita

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Bangladesh Buys More Vegetable Oils This, despite a drop in the Import of Palm Oil

importers-cum-refinery owner groups are listed in Table 7. From the table, it appears that traditional importers and refiners of palm oil are gradually lagging behind the new importers/refiners.

Considering the increasing demand for palm oil in this market, a few existing refiners have started to increase their

refining capacities and a few new entrepreneurs are in the process of setting up palm oil refineries, all of which will be in operation this year. Thus, it is expected that 2011 will be a landmark year for palm oil imports by Bangladesh.

■ Fakhru

Table 7: Major Palm Oil Importers and Refineries in 2010

COMPANY	Plants In Operation	Capacity / Day	Palm Olein Brand	PO Import in 2010
	2 Refineries 1 Dry Fractionation	1300 MT 500 MT	Nil	Total PO: 290,910 MT CPL: 290,910 MT CPO: Nil, RBD PL: Nil % of total PO Import: 31.32 MPO: 57,488 MT
	3 Refineries 2 Dry Fractionation	1,700 MT 800 MT	HILSHA FAMILY	Total PO: 201,843 CPL: 119,981 MT CPO: 70,270 MT RBD PL: 11,592 MT % of total PO Import: 21.73 MPO: 32,500 MT
	1 Refinery 1 Dry Fractionation	150 MT 120 MT	Nil	Total PO: 134,257 CPL: 134,257 MT CPO: Nil, RBD PL: Nil % of total PO Import: 14.46 MPO: Nil
	2 Refineries 1 Dry Fractionation	800 MT 300 MT	DADA SUPER	Total PO: 103,200 MT CPL: 103,200 MT CPO: Nil, RBD PL: Nil % of total PO Import: 11.11 MPO: 5,000 MT
	2 Refineries 2 Dry Fractionation	1050 MT 1,100 MT	PURE	Total PO: 79,699 MT CPL: Nil, CPO: 13,500 MT RBD PL: 66,199 MT % of total PO Import: 8.58 MPO: 20,499 MT
	3 Refineries 2 Dry Fractionation	2,300 MT 1,800 MT	NATURAL	Total PO: 46,786 MT CPL: Nil, CPO: Nil RBD PL: 46,786 MT % of total PO Import: 5.04 MPO: 8,000 MT
	3 Refineries 2 Dry Fractionation	1,150 MT 1,000 MT	Nil	Total PO: 31,387 MT CPL: 31,387 MT CPO: Nil, RBD PL: Nil % of total PO Import: 3.38 MPO: 22,887 MT
	1 Refinery 1 Dry Fractionation	300 MT 300 MT	SHAKTI	Total PO: 21,800 MT CPL: 21,800 MT CPO: Nil, RBD PL: Nil % of total PO Import: 2.35 MPO: 4,500 MT

Note: Total Import of PO by 8 Major Importers: 909,882 MT
Market Share of total PO Imported by 8 Major Importers: 97.97%

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