

CPO prices poised to increase amid rising global demand

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By Zaidi Isham Ismail

bt@nstp.com.my

CRUDE palm oil (CPO) prices are expected to rise by a quarter and hit RM3,000 a tonne in the next six months, due to global demand outpacing dwindling supply and stockpile.

Other factors include a poor Argentinian soyabean harvest, limited edible oils in India and a lower national CPO production.

CPO is trading at around RM2,400 now.

Malaysian Palm Oil Council chief executive officer Tan Sri Dr Yusof Basiron said all signs point towards a firmer CPO price in the next six months. This includes a depleting national stockpile of 1.3 million tonnes from 2 million tonnes last year and the El Nino.

"CPO production is also expected

to be lower at about 17.3 million tonnes compared with last year's 17.7 million tonnes due to the hot weather.

"So global demand will be more compared to supply and will favour CPO prices," Yusof told reporters in Kuala Lumpur yesterday on the sidelines of Perdana Leadership Foundation's Industry Insights seminar.

He said the Argentina soyabean harvest is also not expected to do well. India, the world's largest edible oils buyer, is also facing limited supply.

Yusof said demand has been good from China, the European Union as well as the US. In fact, demand from the US has climbed to over one million tonnes a year compared with a few thousand tonnes during the palm oil smear campaigns in the 1980s.

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