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## RM4,400/ton forecast: Rosy patch for CPO

***Palm oil futures will stay strong at least until March 2022 on an increase in export levies by top grower Indonesia, with supplies seen tight during the first two months of 2022, according to veteran trader Dorab Mistry quoted by The Edge Markets.***

The most-used vegetable oil, of which Malaysia is the second largest producer after Indonesia, is expected to trade between RM4,000 to RM4,400 per ton during the October-February period, before slightly dropping in March, said Mistry, director at Godrej International Ltd.

He was speaking at the Globoil conference on Saturday (Sept 25). Palm oil futures have averaged RM3,908 so far this year, according to data compiled by Bloomberg.

Higher benchmark prices may potentially curb purchases by top importer India in the coming months as the festive-season buying by the South Asian nation will almost be over by next month. Malaysian stockpiles meanwhile may swell further going forward, after surging 25% in August from a month earlier.

Palm oil prices will be underpinned by Indonesia's biofuel mandate and higher export taxes, Mistry said. Indonesia last month raised its palm oil export duty for September to US\$166 a ton from US\$93 a month earlier following a rally in the tropical oil. Any move by Indonesia to increase its export tax generally boosts demand for Malaysian palm oil and supports futures in Kuala Lumpur.

Mistry said benchmark prices may slide to RM3,200-RM3,800 during April to September on expectations of favourable weather conditions for oil palm trees. The commodity has jumped more than 23% this quarter mainly on supply concerns and a rally in soybean oil, palm's closest food and fuel substitute.

Other main points from Mistry's presentation:

- Mistry's April-September price outlook is based on assumptions that there will be no damage due to adverse weather conditions, no further increase in biofuel mandates, and the coronavirus situation will stay under control
- Palm oil production in Malaysia will recover only after Ramadan next year

- Output seen rising to 19.2 million tons in 2022 from 18.2 million this year on easing labor shortage
- Indonesian output will rise by at least 1 million tons

Meanwhile, The Hindu Businessline predicts that edible oil prices are likely to fall by a moderate US\$100 per tonne the rest of the year and accelerate their decline in the first half of 2022 as production increases.

Leading analyst Thomas Mielke said on Saturday (Sept 25) that Malaysian RBD palm olein prices could average USD\$920 per tonne in the first half (Of 2022), down nearly 23 per cent from the current level.

Mielke, Head of Hamburg-based analyst firm Oil World, was speaking to the Globoil India conference.