

PALM OIL

## Stockpiles hit 2.47m tonnes in July for first gain in 5 months

**KUALA LUMPUR:** Malaysian palm oil stockpiles likely rose for the first time in five months, edging up to a three-month high, as production gains outpaced a rise in exports, a survey showed.

Inventories in Malaysia, the world's second-largest palm oil producer, are forecast to have gained 1.8 per cent from the previous month to 2.47 million tonnes at end of last month, according to a median estimate of seven planters, traders and analysts.

Stockpiles had earlier declined for four consecutive months, easing from the three million tonne mark at the start of the year.

Increased inventory risks weigh on benchmark palm oil prices, which fell to a near four-year low in the middle of last month, at RM1,916 per tonne.

Prices have since rebounded about nine per cent and were last at RM2,085.

Rising stockpiles were aided by higher output. The survey estimated production would rise 11.4 per cent to 1.69 million tonnes, its

highest level since January and the biggest monthly gain in 10 months.

"Last month's output rose due to seasonal factors and more working days," said Ivy Ng, regional head of plantations research at CIMB Investment Bank, in a report.

The output gains were likely aided by higher yields in Sarawak's oil palm estates, and last month's rise in inventory indicated that "palm oil stocks may have bottomed in June", said Ng.

Palm oil exports were seen rising 3.8 per cent from June to 1.44 million tonnes last month, supported by demand from key markets India, the European Union and China.

"India is restocking ahead of festivals, while the EU is buying ahead of possible import duties on palm," said Anilkumar Bagani, research head of Sunvin Group, a Mumbai-based vegetable oil broker, referring to possible duties on EU imports of Indonesian biodiesel. **Reuters**



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