

Plantation Sector Update

Another Record High Inventory for 2015

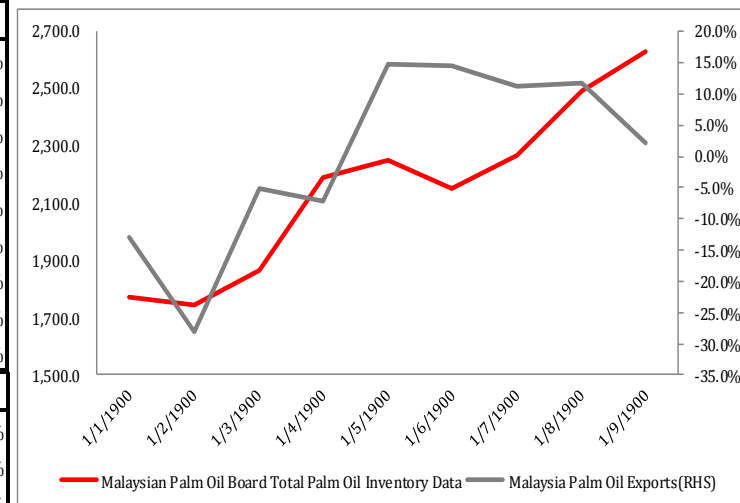
13 October 2015

MPOB monthly update on Malaysia Palm Oil industry in September suggest several key points as we noted below:

- Production still shows a bit of improvement from last year performance (+3.3% yoy). However, August seems to be the peak production season as shown by a modest decrease in month on month performance (-4.5% mom).
- Soft demand from overseas market still lingers, as shown by a soft export figure (+0.6% ytd).
- From both the combination factors above, as a result, inventory level reached another record high for this year. We see in the short term, as long as crude oil price stay low for longer and supply of substitutes edible oil are still hampering the industry, CPO price is reluctant to show further upside from the current level of around MYR 2200-2400.
- **Therefore, we recommend to take profit for those already have the stocks, and wait and see for those who just want to get in the industry.**

Malaysian Palm Oil Board Crude Palm Oil Production Data		MoM	YoY	YTD YoY
1/31/2015	1,160.7		23.1%	23.1%
2/28/2015	1,121.6	-3.4%	12.1%	18.0%
3/31/2015	1,495.2	33.3%	-0.1%	11.8%
4/30/2015	1,693.4	13.3%	8.8%	-6.3%
5/31/2015	1,810.5	6.9%	9.3%	-2.8%
6/30/2015	1,763.7	-2.6%	12.4%	-0.2%
7/31/2015	1,815.6	2.9%	9.0%	1.2%
8/31/2015	2,051.0	13.0%	1.0%	1.2%
9/30/2015	1,959.1	-4.5%	3.3%	1.4%

Malaysian Palm Oil Board Total Palm Oil Inventory Data		MoM	YoY	YTD YoY
1/31/2015	1,770.0		-8.5%	-8.5%
2/28/2015	1,743.3	-1.5%	5.2%	-2.2%
3/31/2015	1,865.9	7.0%	10.5%	1.9%
4/30/2015	2,189.5	17.3%	24.0%	7.4%
5/31/2015	2,248.4	2.7%	22.1%	10.5%
6/30/2015	2,151.3	-4.3%	29.9%	13.5%
7/31/2015	2,267.2	5.4%	34.6%	16.4%
8/31/2015	2,492.2	9.9%	21.4%	17.1%
9/30/2015	2,628.3	5.5%	25.7%	18.2%



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