



**“Uncertainty In Edible Oil Prices, Huge Challenges For Consumer Countries Like Pakistan”**

Presented By

***Abdul Rasheed Janmohammed***

Chief Executive, Westbury Group.  
Past Chairman, Pakistan Edible Oil Refiners Association (PEORA)

**POC2023**

**34<sup>th</sup> Palm & Lauric Oils Price Outlook Conference & Exhibition**



**6-8 March 2023**

**Hotel Shangri-La, Kuala Lumpur**

## **GLOBAL CHALLENGES**

- Economic challenges in the consumer countries like Pakistan.
- High Inflation.
- Government intervention for price control.
- GMO/Non-GMO issues in Pakistan on Oilseeds import.
- Frequent changes in the Indonesian policies towards Edible Oils.
- Climate Change.
- Currency Depreciation.  
(Pakistan currency remained extremely vulnerable like many other currencies of the world. We have seen depreciation to the extent of 25% - 30% which has enormously increased our landed cost.)
- Increase in FED Funds Rate which is currently 4.50% to 4.75%.
- Monetary tightening to restrict the liquidity to reduce inflation.

Global growth is projected to fall from an estimated 3.4 percent in 2022 to 2.9 percent in 2023, then rise to 3.1 percent in 2024. The rise in central bank rates to fight inflation and Russia's war in Ukraine continue to weigh on economic activity. The rapid spread of COVID-19 in China dampened growth in 2022, but the recent reopening has paved the way for a faster-than-expected recovery. Global inflation is expected to fall from 8.8 percent in 2022 to 6.6 percent in 2023 and 4.3 percent in 2024, still above pre-pandemic (2017–19) levels of about 3.5 percent.

## PAKISTAN EDIBLE OIL SCENARIO

<b>Per Capita Consumption</b>	<b>Around 20 kgs.</b>
<b>Total Consumption</b>	<b>Around 4.4 Million Tons</b>
<b>Local Production</b>	<b>Around 0.50 Million Tons</b>
<b>Import of Edible Oils</b>	<b>Around 3.00 Million Tons</b>
<b>Import of Oilseeds</b>	<b>Around 3.00 Million Tons</b>
<b>Oil Extracted from Imported Seeds</b>	<b>Around 0.90 Million Tons</b>

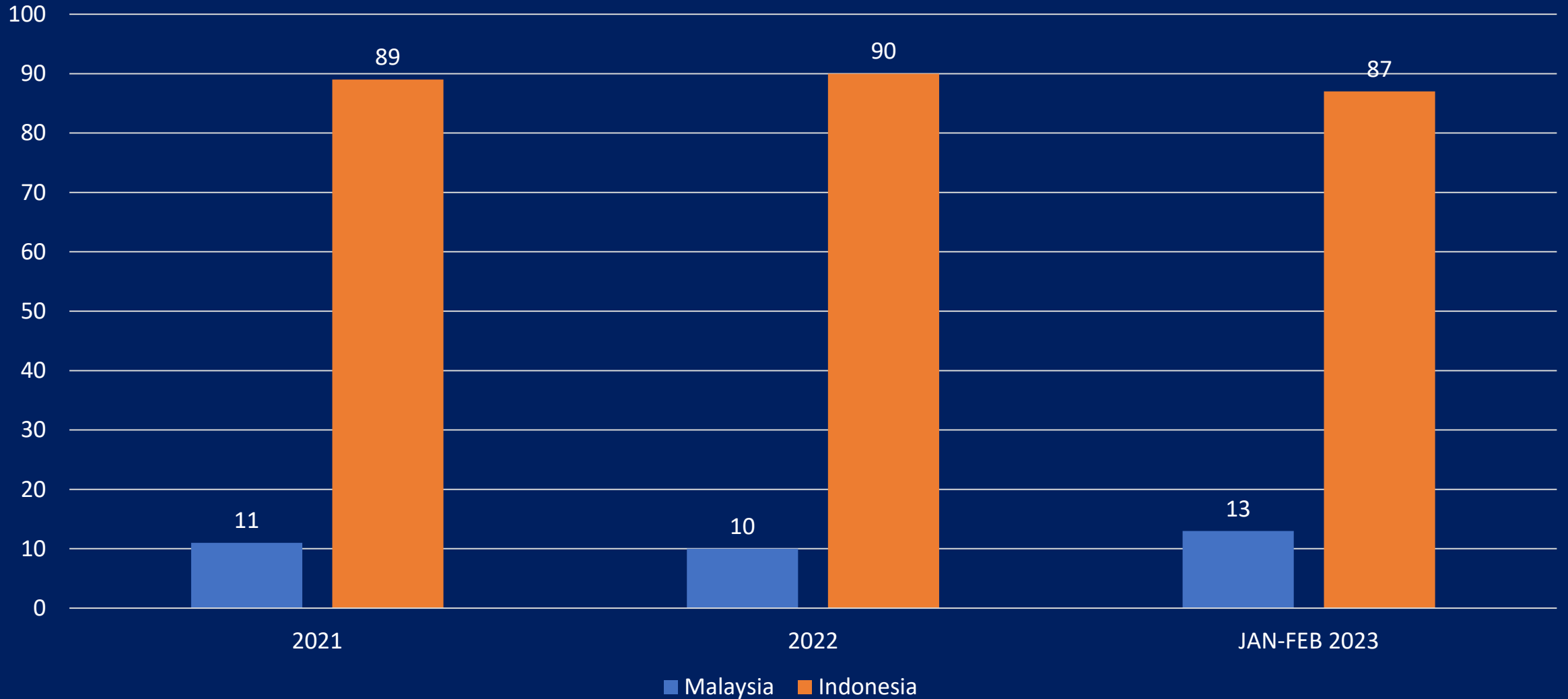
**IMPORT OF EDIBLE OILS IN PAKISTAN**  
**(BASIS ARRIVAL) IN M.TONS**  
**FOR JANUARY-DECEMBER 2021, 2022 AND JAN-FEB 2023**

<b>Product</b>	<b>2021</b>	<b>2022</b>	<b>JAN-FEB 2023</b>
<b>OLEIN</b>	1,567,847	1,249,814	349,882
<b>RBDPO</b>	1,370,888	1,413,911	230,594
<b>CPO</b>	60,749	47,999	10,000
<b>CDSBO</b>	92,650	205,579	37,400
<b>TOTAL</b>	<b>3,092,134</b>	<b>2,917,303</b>	<b>627,876</b>

**PERCENTAGE OF PALM OIL PRODUCTS**  
**FROM INDONESIA AND MALAYSIA IMPORTED**  
**DURING JANUARY-DECEMBER 2021, 2022 AND JAN-FEB 2023**  
**IN M.TONS(BASIS ARRIVAL)**

<b>Year</b>	<b>Indonesia %</b>	<b>Malaysia %</b>
2021	89	11
2022	90	10
JAN-FEB 2023	87	13

**GRAPH PERCENTAGE OF PALM OIL PRODUCTS FROM INDONESIA AND MALAYSIA IMPORTED DURING JANUARY-DECEMBER 2021, 2022 AND JAN-FEB 2023 IN M.TONS (BASIS ARRIVAL)**



## PRODUCTION OF MAJOR OILSEEDS CROP

	2020-2021 Production		2021-2022 Production	
	Oilseed	Oil	Oilseed	Oil
	(000 Tons)		(000 Tons)	
<b>Cotton Seed</b>	1782	214	2126	255
<b>Rapeseed</b>	338	108	377	121
<b>Sunflower Seed</b>	87	33	141	54
<b>Canola Seed</b>	49	19	79	30
<b>Total</b>		<b>374</b>		<b>460</b>

**Source: Pakistan Oilseed Development Board  
Economic Survey of Pakistan**

For the season 2022-23, we are having bumper Rapeseed Crop and will have good quantity of indigenous Rapeseed Oil.



## IMPORT OF OILSEEDS IN PAKISTAN BASIS ARRIVAL IN M. TONS

Product	2021	2022	JAN-FEB 2023
Soybeans	2,553,818	1,789,424	67,368
Canola/Rapeseed	833,639	610,786	-
<b>Total</b>	<b>3,387,456</b>	<b>2,400,210</b>	<b>67,368</b>

- Soybeans imports decreased by 29.14% in 2022 over 2021 due to ambiguity of GMO / Non-GMO.
- Pakistan have covered 540,000 Canola / Rapeseed and 40,000 MT Sunflower for Mar-Oct 2023.
- Few Soybean consignments which were bought for spot and forward position have been washed out as Government not allowing import of GMO Oilseeds presently.
- Canadian Canola Seeds have been swapped with Australian Non-GMO Canola Seeds and Black Sea Rapeseeds.

## MARKET FACTS

Let us see where the Market could head on the basis of the following facts:

Description	2021 (Million Tons)	2022 (Million Tons)	Expected in 2023 (Million Tons)
Malaysian Palm Production	18.1	18.5	Around 19.1
Indonesian Palm Production	46.89	46.72	Around 48.5
U. S. Soybean Crop	114.75	121.5	Around 116.4
Argentina Soybean Crop	46.2	43.9	30 – 32
Brazil Soybean Crop	140	130	150-152
Indian Imports of Edible Oils	(Nov-Oct) 13.13	(Nov-Oct) 14.02	(Nov22-Jan23) 4.34 Compared to 3.60 in (Nov2-Jan22) i.e. up by 31.56%
Bangladesh Imports of Edible Oils	2.10	2.27	

## MARKET FACTS

- Malaysian Stocks of Palm Oil in January 2023 were 2.268 million tons.
- The **highest** we have seen on MDEX was **RM 8172 on 1<sup>st</sup> March 2022** and the **lowest** was **RM 3145 on 28<sup>th</sup> September 2022** that is swing of around **159.84%** which is indeed an unprecedented swing within six months which no one can anticipate.
- Frequent changes in the Indonesian policies create huge uncertainties in the palm prices. Their ambiguous announcements on DMO, B-30/35, export ratio of 1:6 and trading on their exchange create huge vulnerability in the market.
- Recent floods in the Johor area of Malaysia may create uncertainty in the short term.
- Soya Oil / Soybean complex remain very uncertain due to various reasons. Argentina's expected production of around 30/32 million is too low but on the same context Brazilian production is expected to be better which can mitigate Argentinian shortfall to some extent.
- Canadian Canola crop which was extremely compromised during last year, is showing some better results but unfortunately Pakistan cannot buy for the time being due to Canadian Canola being GMO.
- Apart from China and India which have the biggest appetite, countries like Pakistan ,Bangladesh, Turkey, Egypt are having some economic challenges which has slowed down the destination demand for these countries.

# FORECAST

“ When everything is clear.....nothing is clear.”



The market facts being deliberated upon, do give us certain directions.

- At current Global prices, parity at destination is reasonable and it is good time for buyers to buy. This will be a sustainable factor for markets to remain stable.
- During my virtual presentation in Globoil in Sep'22, and presentation in IPOC in Nov'22, I humbly pointed out that it will be very difficult for the MDEX to stay below RM 3,500 and this proved correct. While Global inflation is indeed very challenging, I still feel MDEX to range between **RM 3,800** to **RM 4,200** till June 2023, primarily due to uncertainty in Indonesian policies, floods, markets being supply specific & Argentina issues.
- However, July onwards markets have the potential to go down further.





**The only man who never  
makes a mistake is the  
man who never does  
anything.**

**Theodore Roosevelt**



**THANK YOU**