

Market Report

Ver. September 2023



Indonesian Palm Oil Production and Price Outlook

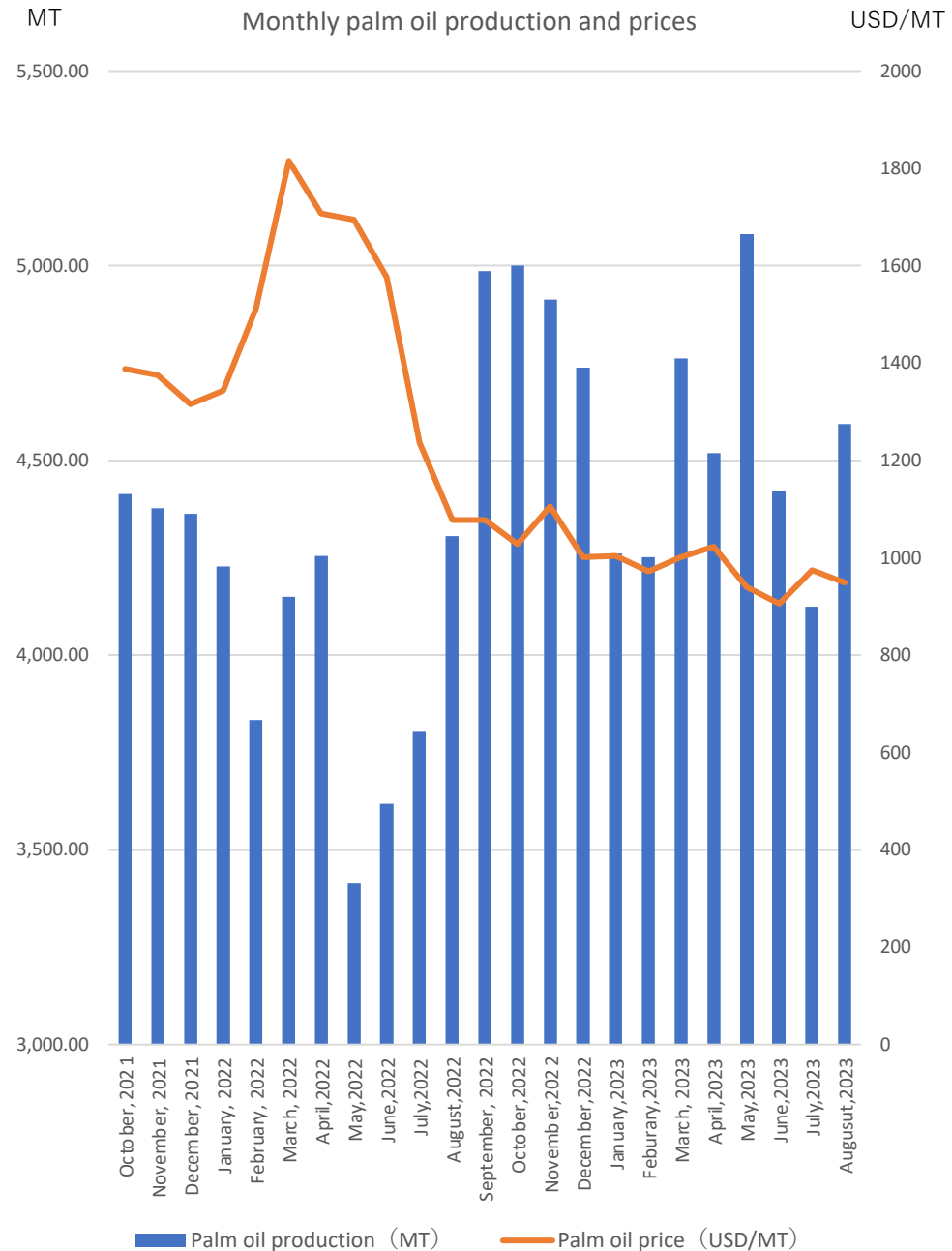
1. Actual results

August 2023 FFB prices were higher than July 2023 FFB prices in all FFB-producing provinces. The highest 10-20 year average FFB price in West Sumatra was 2,489.59 Rp/kg, while the lowest price in West Papua was 1,787.38 Rp/kg. Meanwhile, the highest CPO price was recorded in Riau Province at 11,004.44 Rp/kg and the lowest in West Sulawesi Province at 10,216.70 Rp/kg.

2. Outlook

FFB and CPO production in September 2023 is expected to drop sharply due to drought conditions in Indonesia. It is clear that dry season symptoms and El Niño will have a significant impact on domestic palm oil production, especially oil palm plantations owned by smallholders. The effects of drought on oil palm plants include parameters such as rainfall, lack of water, dry season, and the number of continuous days without rainfall, which can be a serious problem for oil palm because it can inhibit plant growth, flower fruit development, and bunch productivity, resulting in lower yields.

Source: Data prepared by Santomo based on various information.



PKS export volume and export value forecast from Indonesia

1. Actual results

In July 2023, Indonesia exported 492,932.99 tons of PKS, an increase of 57,649.69 tons or 13.24% compared to June exports recorded at 435,283.30 tons, while the value of PKS exports in July 2023 was recorded at 59,815,813.28 USD.

The largest export destination was Japan, with 438,983.89 tons exported and 53,402,252.21 USD in foreign currency equivalent recorded.

2. Outlook

Palm harvest may start to decline, possibly leading to lower palm oil production. PKS prices may stay lower.

