

Palm oil may hover around RM2,600 until August, says MPOB head

N.S.T 25/04/09 M/S 3

By Ooi Tee Ching
bt@nstp.com.my

PALM oil prices could trade at around RM2,600 per tonne until August, thanks to continued strong exports and falling stock levels, said Malaysia Palm Oil Board (MPOB) director general Datuk Dr Mohd Basri Wahid.

Palm oil stocks have fallen to 1.3 million tonnes as at end-March 2009 from a record high of 2.2 million tonnes in November 2008, as oil palm trees produce less fruits.

"The current price should sustain itself for about three to four months but when production starts to pick up in September or October, we are unsure how the price will move," he told reporters in a joint media briefing with Sime Darby Bhd and Felda in Bangi, Selangor, yesterday.

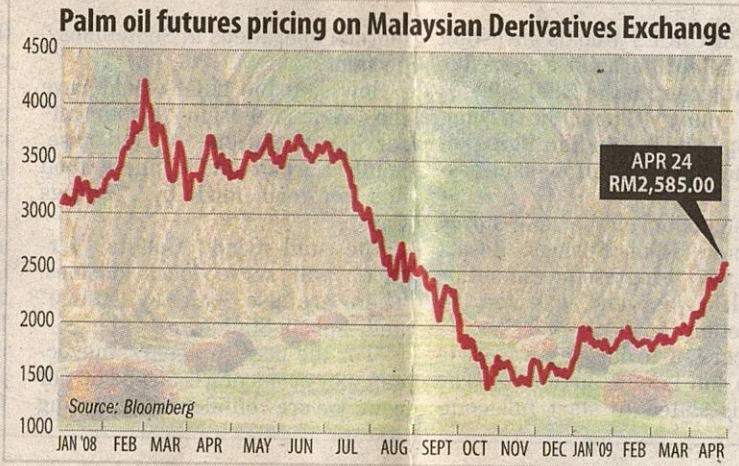
"We didn't expect the price to jump to current levels this fast but we are happy," Mohd Basri said.

He then said the Finance Ministry will start collecting windfall tax next month if in the current month planters in Peninsular Malaysia record an average crude



**'In September
or October,
we are unsure
how the price
will move.'**

Datuk Dr Mohd Basri Wahid,
Director general MPOB



palm oil (CPO) sales of above RM2,500 per tonne.

In Sabah and Sarawak, the threshold level is RM3,000.

Previously, it was RM2,000 for the whole country.

It is estimated that the government has collected some RM400 million since the tax was introduced in July last year.

In the three months to September 30 last year, oil palm estate owners in the peninsula paid 15 per cent tax while those in Sabah

and Sarawak paid 7.5 per cent.

Subsequently, from October last year to now, palm oil prices have been rising. Since it was trading below the threshold levels, the windfall tax was not applicable.

This week, however, palm oil futures pierced through RM2,500 per tonne.

Yesterday, the third-month benchmark palm oil futures on the Bursa Malaysia Derivatives market rose RM5 to close at RM2,585 per tonne.