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Indonesia

Oilseeds and Products Annual

Oilseeds and Products Annual Report 2015

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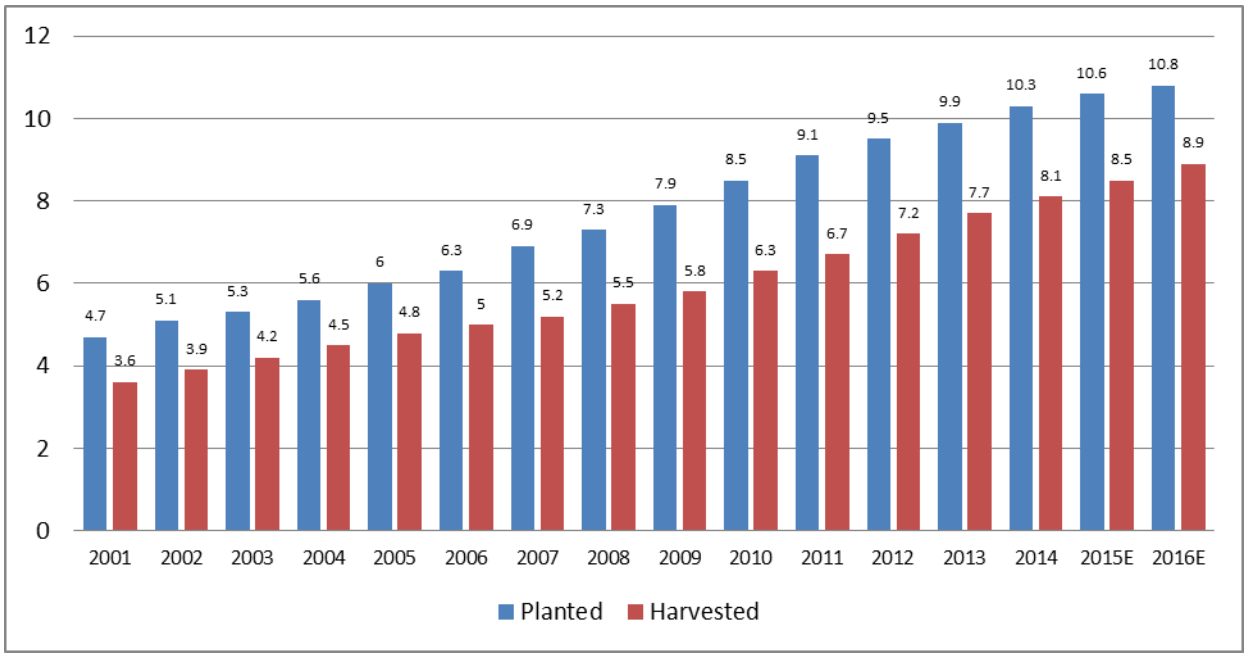
Report Highlights:
Indonesian CPO production is expected to reach a record 35 MMT in MY 2015/16 despite the continued slowdown of planting area expansion. Low petroleum prices that are offsetting demand for biodiesel, coupled with growing palm oil production, are creating ample supplies, implying that palm oil exports will reach 22.7 MMT in 2015/16, about one percent higher than 2014/15 exports. 2015/16 Indonesian soybean production is expected remain limited despite government self-sufficiency goals. 2014/15 and 2015/16 soybean imports are expected to remain moderate, due to high stocks. Indonesia coconut planted area shows no significant expansion while copra production is expected to reach 1.6 MMT in 2015/16. Peanut production continues to decline following down trend in recent years.

Commodities:

Oil, Palm

Production:
Indonesian palm oil planting expansion continues to slow. Certified palm oil seed sales, a major indicator of planting intentions, dropped 21 percent in 2014, preceded by an 18 percent drop in 2013. While planting expansion remains positive, its slowdown is expected due to land disputes with locals in several large-scale plantations areas as well as the implementation of Indonesia's forest moratorium policy. As a result, Post sets 2015/16 area planted at 10.8 million hectares with 8.9 million harvested hectares.

Figure 1: Indonesia, Oil Palm Area (million hectares)

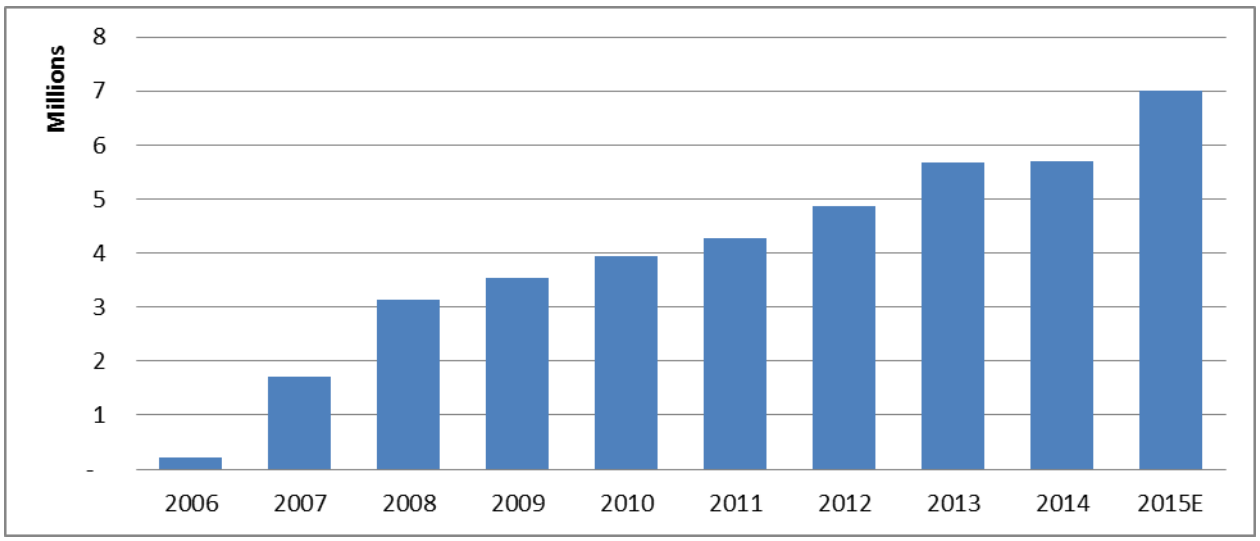


Source: Indonesian statistical agency and Post's calculation
Crude Palm Oil (CPO) production is expected to reach 35 MMT in MY 2015/16 based on expanded planted area and the maturation of existing plantations. 2014/15 remains at 33 MMT, based on less-than-optimal rainfall throughout 2014.

Consumption:
The Government of Indonesia (GOI) increased biodiesel subsidies in early February 2015 in response to falling petroleum prices. The subsidy moved up to Rp 4,000 (about 30 cents) a liter from Rp 1,500. Despite this intervention, industry sources have indicated that it is unlikely to spur growth to targeted levels. Industry sources note that although the subsidy rate has moved up considerably, petroleum prices are too low. Additionally, there is some doubt about the actual amount budgeted by Indonesia's House of Representatives (DPR). In theory, the subsidy budget risks being diverted to other DPR objectives. Sources did not specify a specific threat, but noted that this is a viable scenario which may reduce overall funding for the subsidy. Industry sources did indicate that blending capacity and infrastructure improved for 2015/16, supporting biodiesel's overall production and consumption prospects. As a result, Post sets 2015/16 industrial consumption at 4.4 MMT, slightly above 2014/15 consumption. Human consumption is set at 6.2 MMT, reflecting population growth and an expanding food manufacturing sector. Overall consumption will therefore grow to 10.92 MMT.

Over the course of 2015/16, Post will continue to monitor the progress of biodiesel consumption and the success of the subsidy program. One important development is the proposal to tie the subsidy to the CPO price instead of the Mean of Platts Singapore (MOPS) price. If this proposal is adopted, biodiesel blenders indicate that this could boost biodiesel production, subsidy budgets permitting.

Figure 2: Indonesia, Biodiesel Production Capacity (million kiloliters)



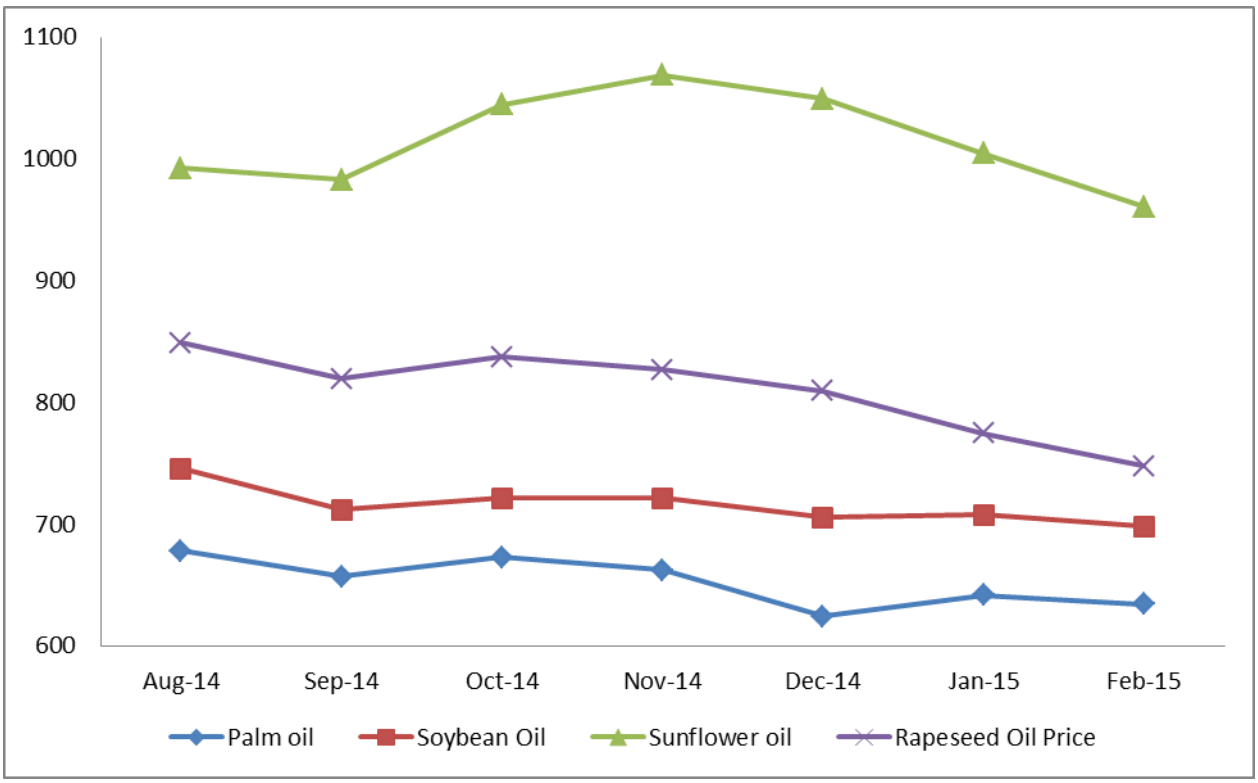
Source: Indonesia biodiesel producers Association

Trade:

The second quarter of 2015/16 started off with reduced shipments compared to Q1. Initial estimates of January 2015 palm oil exports are around 1.8 MMT. Reductions in shipments are led by India, which has implemented tariffs on CPO. As a result, Indian imports fell just below 300,000 MT in January 2015, their lowest level since January 2014. Ample soybean supplies have softened Chinese demand for palm oil, with Chinese demand for soybean meal helping to fuel the demand for beans for crushing. Shipments to Pakistan and Bangladesh remain above last year's average, while shipments to the Middle East region were exactly on par with 2014's calendar year average. EU imports remain stable, generally unimpeded by trade policies that disfavor palm oil that linked to environmental issue.

Low petroleum prices, coupled with growing palm oil production, are creating ample supplies, implying that palm oil exports will continue to grow. Q1 started out strong, while Q2 appears to be slowing. Given that industrial consumption is not expected to increase significantly in 2015/16, additional supply could continue to place downward pressure on palm oil prices, further fueling exports. India's palm oil tariffs will also be an import factor. As a result of these factors, Post sets 2015/16 exports at 22.7 MMT, less than one percent higher than 2014/15 exports.

Figure 3: Recent Price Trends for Selected Vegetable Oils (US$/MT)



Source: www.Indexmundi.com

Stocks:

Indonesian palm oil stocks are poised to grow. Planting expansion continues with production hitting record levels, while the global supply situation is complimented by robust soybean stocks. Local consumption appears unlikely to keep pace with Indonesia's production capacity, implying that stocks will continue to grow. Post therefore sets the 2015/16 ending stock estimate at a record 3.574 MMT. Stocks are greatly dependent on the success of Indonesia's biofuel consumption, as well as the growth of global demand for vegetable oils. Stocks may also decline if Indonesia experiences extended dry weather, or violent weather that hinders oil palm pollination.

Production, Supply and Demand Data Statistic

Oil, Palm	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct 2013		Oct 2014		Oct 2015	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	10,325	0	10,640	0	10,800
Area Harvested	8,115	8,115	8,540	8,540	0	8,965
Trees	0	1,548,750	0	1,596,000	0	1,643,250
Beginning Stocks	1,758	1,758	1,768	2,014	0	2,194
Production	30,500	30,500	33,000	33,000	0	35,000
MY Imports	27	1	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0

Total Supply	32,285	32,259	34,768	35,014	0	37,194
MY Exports	21,719	21,719	22,300	22,500	0	22,700
MY Exp. to EU	3,500	3,500	3,500	3,500	0	3,500
Industrial Dom. Cons.	3,400	3,000	4,700	4,000	0	4,400
Food Use Dom. Cons.	5,168	5,270	5,500	6,000	0	6,200
Feed Waste Dom. Cons.	230	256	320	320	0	320
Total Dom. Cons.	8,798	8,526	10,520	10,320	0	10,920
Ending Stocks	1,768	2,014	1,948	2,194	0	3,574
Total Distribution	32,285	32,259	34,768	35,014	0	37,194
CY Imports	40	1	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	21,500	21,500	23,000	22,000	0	0
CY Exp. to U.S.	50	400	50	0	0	0
TS=TD	0	0	0	0	0	0

Commodities:
Oilseed, Palm Kernel

Production:
Fresh fruit bunch (FFB) yields correlate directly with palm kernel (PK) production levels. MY 2014/15 and 2015/16 CPO production levels are estimated at 33 MMT and 35 MMT respectively. Assuming a 23 percent oil extraction rate (OER), Indonesia is estimated to produce 144 MMT of FFB in MY 2014/15 and 152 MMT in MY 2015/16. PK accounts for about six percent of total FFB weight, indicating that PK production will reach 8.7 MMT in MY 2014/15 and 9.2 MMT in MY 2015/16.

Consumption:
Post expects local millers will process 8.7 MMT of PK in MY 2014/15 and 9.2 MMT in MY 2015/16 respectively. PK is not directly used as animal or livestock feed in Indonesia. However, palm kernel meal/cake (PKM), a byproduct from extracting PKO from the kernel, is used in limited quantities by the local cattle industry.

Stocks:
PK ending stocks are expected to reach 133,000 MT in MY 2014/15 and 143,000 MT in MY 2015/16. Stocks are based on the assumption that palm kernel mills will maintain two days operating supply.

Production, Supply and Demand Data Statistic

Oilseed, Palm Kernel	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct-13		Oct-14		Oct-15	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	10,325	0	10,640	0	10,800
Area Harvested	8,115	8,115	8,540	8,540	0	8,965
Trees	0	1,548,750	0	1,596,000	0	1,643,250
Beginning Stocks	90	90	90	123	0	133
Production	8,050	8,100	8,700	8,700	0	9,200
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	8,140	8,190	8,790	8,823	0	9,333
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Crush	7,980	7,997	8,630	8,620	0	9,120
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	70	70	70	70	0	70
Total Dom. Cons.	8,050	8,067	8,700	8,690	0	9,190
Ending Stocks	90	123	90	133	0	143
Total Distribution	8,140	8,190	8,790	8,823	0	9,333
CY Imports	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0
TS=TD	0	-0	0	0	0	0

Commodities:
Oil, Palm Kernel
Production:
Indonesia will crush 8.600 MMT and 9.12 MMT of palm kernel in MY 2014/15 and MY 2015/16, respectively. Based on an average oil content of 45 percent, Post expects that Indonesian PKO production will reach 3.7 MMT in MY 2014/15 and 4 MMT in MY 2015/16.

Consumption:
PKO is preferred by industrial users. Oleochemical product manufacturers are the main users of PKO, particularly in the form of refined, bleached and deodorized (RBD) PK olein and RBD PK stearin which are used to produce fatty acid, fatty alcohol and glycerol. The Indonesian oleochemical industry has grown in conjunction with the palm oil industry, and as a result, Indonesia consumes a large share of its

domestic production. Post thus expects Industrial PKO consumption to continue to grow to 1.8 MMT in 2014/15 and 1.9 MMT 2015/16 for a total of 2.11 MMT in 2014/15 and 2.22 MMT 2015/16 total consumption.

Trade:

Indonesia exports approximately half of its PKO production. 2013/14 exports are set at 1.443 MMT, based on trade data. 2014/15 and 2015/16 are expected at 1.6 and 1.7 MMT, respectively, based on the continued growth of PKO production.

Stocks:

PKO ending stocks are expected to increase due to strong domestic production. Post expects ending stocks will increase from 551,000 MT in MY 2014/15 ton 631,000 MT in 2015/16.

Production, Supply and Demand Data Statistic

Oil, Palm Kernel	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct-13		Oct-14		Oct-15	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	7,980	7,997	8,630	8,620	0	9,120
Extr. Rate, 999.9999	0.4440	0.4377	0.4380	0.4303	0.0000	0.4386
Beginning Stocks	293	293	321	512	0	551
Production	3,543	3,500	3,780	3,709	0	4,000
MY Imports	0	42	0	40	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	3,836	3,835	4,101	4,261	0	4,551
MY Exports	1,444	1,443	1,650	1,600	0	1,700
MY Exp. to EU	550	176	550	180	0	180
Industrial Dom. Cons.	1,806	1,600	1,850	1,800	0	1,900
Food Use Dom. Cons.	265	280	300	310	0	320
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	2,071	1,880	2,150	2,110	0	2,220
Ending Stocks	321	512	301	551	0	631
Total Distribution	3,836	3,835	4,101	4,261	0	4,551
CY Imports	1	327	0	300	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	1,700	1,644	1,750	1,700	0	0
CY Exp. to U.S.	0	0	0	0	0	0
TS=TD	0	0	0	0	0	0

Commodities:

Meal, Palm Kernel

Production:
Palm kernel meal (PKM) production is correlated directly to palm kernel production. Indonesia will crush 8.6 MMT of palm kernel in MY 2014/15 and 9.1 MMT in MY 2015/16. As a result, Post expects production of PKM will reach 4.6 MMT in MY 2014/15 and 4.9 MMT in 2015/16.

Consumption:
Post expects domestic PKM consumption to grow from 600,000 MT in MY 2014/15 to 650,000 MT in next marketing year. Domestic consumption of PKM in Indonesia is relatively small and limited to ruminant feed use for the dairy industry. Consumption growth may taper off if the Indonesian beef herd continues to stagnate.

Trade:
Limited domestic consumption results in large supplies available for exports. PKM exports accounted for about 90 percent of total PKM production in MY 2014/15. Export of PKM is expected to increase from 4.1 MMT in MY 2014/15 to 4.4 MMT in MY 2015/16.

Stocks:
Ending stocks of PKM are expected to decline to 183 thousand MT in MY 2014/15 and 33 thousand MT in 2015/16. This number may increase if Indonesian beef production stagnates or declines.

Production, Supply and Demand Data Statistic

Meal, Palm Kernel	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct-13		Oct-14		Oct-15	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	7,980	7,997	8,630	8,620	0	9,120
Extr. Rate, 999.9999	0.5382	0.5352	0.4983	0.5336	0.0000	0.5373
Beginning Stocks	90	90	116	283	0	183
Production	4,295	4,280	4,300	4,600	0	4,900
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	4,385	4,370	4,416	4,883	0	5,083
MY Exports	3,668	3,667	3,850	4,100	0	4,400
MY Exp. to EU	1,580	1,324	1,600	1,368	0	1,440
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	601	420	500	600	0	650
Total Dom. Cons.	601	420	500	600	0	650
Ending Stocks	116	283	66	183	0	33
Total Distribution	4,385	4,370	4,416	4,883	0	5,083
CY Imports	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0

CY Exports	3,575	3,568	3,700	3,700	0	0
CY Exp. to U.S.	0	0	0	0	0	0
SME	214	149	178	213	0	231
TS=TD	0	0	0	0	0	0

Commodities:
Oilseed, Soybean

Production:
The Jokowi administration has continued its predecessor's policy of self-sufficiency for several agricultural commodities, including soybean. Post does not expect this policy will lead to increased production of soybean, as farmers continue to prefer planting corn and rice. Additionally, comments from within the Ministry of Agriculture indicate that initial self-sufficiency goals are more focused on rice than soybean, likely because rice self-sufficiency is more easily attainable. Post also does not expect a large shift of planted acres to soy, as it would imply decreasing production of other priority crops such as corn and rice.

Ideal production conditions resulted in slightly higher Indonesian soybean production in 2013/14. Post therefore maintains the slightly high production level of 675 thousand MT. Post travel throughout Java confirmed that dry weather in November and December 2014 delayed planting until January. As a result, Post expects the first harvest of 2015 to occur in late March/April. Post production estimates for 2014/15 and 2015/16 remain stable at 620 thousand MT.

Consumption:
Indonesian soybean consumption is focused on human users, especially the tempeh and tofu industry. As the staple protein source for Indonesians, soybean consumption is expected to continue to rise with population growth. Additionally, the weakening of the Rupiah vis-à-vis the dollar will also encourage soybean consumption, given its price competitiveness compared to alternate protein sources. This is supported by ample global soybean supplies leading to lower prices. As a result, consumption is expected to reach 2.78 MMT in 2014/15 and 2.89 in 2015/16.

Trade:
2013/14 soybean imports leaped ahead in response to low global prices and ample supplies. Faced with imports growing faster than consumption, Indonesia rolled over larger stocks in 2013/14, resulting in slightly diminished imports in 2014/15. Post expects that imports will remain moderate, given larger stocks. Thus, 2014/15 imports are slightly lower at 2.1 MMT, while 2015/16 imports are set at 2.2 MMT. Post will continue to review this estimate, as sustained low prices could lead to additional imports.

Stocks:
Indonesian soybean stocks grew in 2013/14 following low prices and imports that outpaced consumption growth. Post expects that stocks will slowly be drawn down, although this may be delayed if soybean prices remain low, spurring imports at a faster pace than consumption. Given this scenario, Post sets 2014/15 stocks at 165 thousand MT and 2015/16 at 95 thousand MT.

Production, Supply and Demand Data Statistic

Oilseed, Soybean	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct 13		Oct 14		Oct 15	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	450	550	450	550	0	550
Area Harvested	450	450	450	450	0	450
Beginning Stocks	15	15	55	225	0	165
Production	650	675	620	620	0	620
MY Imports	2,241	2,240	2,350	2,100	0	2,200
MY Imp. from U.S.	1,725	1,850	1,825	1,825	0	1,825
MY Imp. from EU	0	0	0	0	0	0
Total Supply	2,906	2,930	3,025	2,945	0	2,985
MY Exports	1	1	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Crush	0	0	0	0	0	0
Food Use Dom. Cons.	2,820	2,645	2,900	2,750	0	2,860
Feed Waste Dom. Cons.	30	59	30	30	0	30
Total Dom. Cons.	2,850	2,704	2,930	2,780	0	2,890
Ending Stocks	55	225	95	165	0	95
Total Distribution	2,906	2,930	3,025	2,945	0	2,985
CY Imports	2,150	1,800	2,200	1,825	0	0
CY Imp. from U.S.	1,750	1,650	1,850	1,610	0	0
CY Exports	1	2	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0
TS=TD	0	0	0	0	0	0

Commodities:
Meal, Soybean

Production:
There is no soybean crushing industry in Indonesia. Indonesia soybean meal (SBM) production is therefore non-existent.

Consumption:
Animal feed production drives Indonesian SBM consumption. Soybean meal requirements for animal feeding are estimated at 3.76 MMT in 2014/15 and 4 MMT in 2015/16.

Trade:

Based on domestic SBM consumption estimates and a six week inventory turnover, Indonesia is expected to import 3.75 MMT of SBM in MY 2014/15. Under normal conditions, this will grow to slightly increase to 3.97 MMT in MY 2015/16.

Stock:

Ending stocks of SBM will stand at 322,000 MT in MY 2014/15 and are expected to slightly down in to 292,000 MT in MY 2015/16.

Production, Supply and Demand Data Statistic

Meal, Soybean	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct-13		Oct-14		Oct-15	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Beginning Stocks	323	323	406	333	0	322
Production	0	0	0	0	0	0
MY Imports	3,983	3,550	4,250	3,755	0	3,970
MY Imp. from U.S.	85	100	100	100	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	4,306	3,873	4,656	4,088	0	4,292
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	3,900	3,540	4,250	3,766	0	4,000
Total Dom. Cons.	3,900	3,540	4,250	3,766	0	4,000
Ending Stocks	406	333	406	322	0	292
Total Distribution	4,306	3,873	4,656	4,088	0	4,292
CY Imports	3,650	0	3,900	0	0	0
CY Imp. from U.S.	85	0	100	0	0	0
CY Exports	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0
SME	3,900	3,540	4,250	3,766	0	4,000
TS=TD	0	0	0	0	0	0

Commodities:

Oilseed, Copra

Production:

Coconut production determines the availability of copra in Indonesia. Approximately 98 percent of Indonesian coconut plantations are farmed by smallholders using low-intensity management practices. As a result, Indonesian coconut production has been stagnant in recent years.

There is no large-scale replanting program to replace old crops (above 60 years old) and the proportion of non-peak production coconut plantations is increasing. This trend is not expected to change in the short term, as GOI priorities are focused on improving other crops such as rice, corn, soy and sugar. Given stagnating planting area, declining productivity, and National Statistic Agency (BPS) data indicating that area planted increased only 5600 hectares in 2014, Post expects copra production to reach 1.6 MMT in MY 2014/15 and to remain at that level in 2015/16. This trend is further supported by the fact that copra production is less profitable than sales of fresh coconut and palm sugar.

Consumption:

The Indonesian copra sector uses 45 to 47 percent of total national coconut production. Palm sugar and fresh-in-shell coconut are the major non-copra uses of coconuts. Fresh-in-shell coconuts are usually further processed into coconut milk and shredded coconut. Strong coconut demand for non-copra users is mostly found on Java while copra demand is concentrated on other Indonesian Islands. Around 97 percent of total annual copra is processed into crude coconut oil (CNO). Post expects copra production will reach 1.565 MMT in MY 2014/15 and 1.58 MMT in MY 2015/16.

Trade:

2013/14 exports are revised up to 47 thousand MT, based on final trade data. Stagnant production implies that exports are expected to remain stable at 25 thousand MMT in 2014/15 and 2015/16.

Stock:

Ending stocks are adjusted downward to 1000 MT for 2013/14, reflecting higher than anticipated exports. MY 2014/15 and 2015/16 stocks are lowered to 11000 and 6000 MT, respectively, reflecting expected stagnant production, stable exports, and low beginning stocks.

Production, Supply and Demand Data Statistic

Oilseed, Copra	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct-13		Oct-14		Oct-15	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	3,800	3,800	3,800	3,800	0	3,800
Trees	0	0	0	0	0	0
Beginning Stocks	18	18	12	1	0	11
Production	1,580	1,580	1,580	1,600	0	1,600
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1,598	1,598	1,592	1,601	0	1,611
MY Exports	20	47	20	25	0	25
MY Exp. to EU	0	0	0	0	0	0
Crush	1,562	1,550	1,558	1,565	0	1,580
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	4	0	4	0	0	0
Total Dom. Cons.	1,566	1,550	1,562	1,565	0	1,580
Ending Stocks	12	1	10	11	0	6

Total Distribution	1,598	1,598	1,592	1,601	0	1,611
CY Imports	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	20	29	20	67	0	0
CY Exp. to U.S.	0	0	0	0	0	0
TS=TD	0	0	0	0	0	0

Commodities:
Oil, coconut

Production:
Copra milling defines production levels for Indonesia coconut oil (CNO). Post expects 1.6 MMT of copra in MY 2014/15 and MY 2015/16. Copra production suggests that Indonesia will produce 975 MT of CNO in MY 2014/15 and MY 2015/16.

Consumption:
2013/14 CNO industrial consumption was revised lower to 125 thousand MT following higher than expected exports. 2014/15 and 2015/16 industrial consumption is expected to remain slightly higher due to biofuels demand. As a result, post sets 2014/15 and 2015/16 industrial consumption at 200 thousand MT. Post notes that biofuel demand is limited due to low petroleum prices and that offtake of CNO is dependent on its price competitiveness with PKO.
CNO is not used as extensively for food uses compared to industrial uses. This is primarily due to food manufacturer's preference for low cost alternatives like CPO to produce cooking oil, margarine and shortening. Despite the higher cost of CNO, Industrial users are willing to use it as they can process CNO into higher value added oleo products.

Trade:
CNO is a lauric oil that competes with PKO in the world market. In recent years, ample supplies of cheap PKO have supplied manufacturers of soaps, fatty acid and other oleo products in the place of CNO. CNO exports reached higher than expected levels, growing to 777 thousand MT in 2013/14. 2014/15 and 2015/16 exports are expected to reach 650,000 MT, assuming average performance.

Stocks:
2013/14 ending stocks are revised down to 28 thousand MT based on higher than expected exports. Ending stocks in 2014/15 and 2015/16 are expected to remain at this level due to increased domestic use and stagnant CNO production.

Production, Supply and Demand Data Statistic

Oil, Coconut	2013/2014	2014/2015	2015/2016

Market Begin Year	Oct-13		Oct-14		Oct-15	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1,562	1,560	1,558	1,565	0	1,580
Extr. Rate, 999.9999	0.6242	0.6250	0.6239	0.6230	0.0000	0.6171
Beginning Stocks	80	80	42	28	0	28
Production	975	975	972	975	0	975
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1,055	1,055	1,014	1,003	0	1,003
MY Exports	777	777	700	650	0	650
MY Exp. to EU	100	100	100	202	0	200
Industrial Dom. Cons.	133	125	175	200	0	200
Food Use Dom. Cons.	103	125	100	125	0	125
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	236	250	275	325	0	325
Ending Stocks	42	28	39	28	0	28
Total Distribution	1,055	1,055	1,014	1,003	0	1,003
CY Imports	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	0	0	0	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0
TS=TD	0	0	0	0	0	0

Commodities:
Meal, Copra

Production:
Copra meal (CM) production levels are determined by milled copra production. As Indonesia is expected to process 1.6 MMT of copra in MY 2014/15 and MY 2015/16, CM production is expected to reach 520 thousand MT in MY 2014/15 and 2015/16.

Consumption:
Indonesian CM is mainly used as a feed ingredient. Domestic consumption is fixed at 250 thousand MT based on flat production levels.

Trade:
2013/14 exports are set at 254 thousand MT, based on final trade data. 2014/15 and 2015/16 exports are expected to remain constant at 250 thousand MT, based on flat production and consumption. Post notes that despite large declines in the domestic beef herd, a growing dairy industry may offset falling CM feed consumption, leaving domestic consumption levels stable.

Stocks:
Stocks are set to increase marginally due to unchanging consumption and trade. 2015/16 is thus set to rise to 48 thousand MT over the 2014/15 level of 28 thousand MT.

Production, Supply and Demand Data Statistic

Meal, Copra	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct-13		Oct-14		Oct-15	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1,562	1,560	1,558	1,565	0	1,580
Extr. Rate, 999.9999	0.3259	0.3263	0.3273	0.3323	0.0000	0.3291
Beginning Stocks	3	3	3	8	0	28
Production	509	509	510	520	0	520
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	512	512	513	528	0	548
MY Exports	254	254	300	250	0	250
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	255	250	210	250	0	250
Total Dom. Cons.	255	250	210	250	0	250
Ending Stocks	3	8	3	28	0	48
Total Distribution	512	512	513	528	0	548
CY Imports	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	250	256	275	250	0	0
CY Exp. to U.S.	0	0	0	0	0	0
SME	115	113	95	113	0	113
TS=TD	0	0	0	0	0	0

Commodities:
Oilseed, peanut

Production:
Based on GOI data, Indonesian peanut area and production continues to decline. As a result, Post expects peanut production to decline to 630 thousand MT in 2014/15 and 615 thousand MT in 2015/16.

Consumption:
Peanut consumption is divided into household, home industry and large scale industry consumers. Home industry uses about 81 percent of total peanut consumption for food. Household peanut food use is

expected to decline slightly to 1.25 MMT in MY 2014/15 and 2015/16, following similar declines in production.
Peanut oil consumption in Indonesia is nearly non-existent due to its limited availability compared to palm and coconut oil. Therefore, Post expects the volume of peanuts for crushing will remain around 50,000 MT in MY 2014/15 and 2015/16. Feed use of peanuts is expected to reach 100,000 MT in MY 2014/15 and 2015/16.

Trade:
Post expects peanut imports to remain stable at 275 thousand MT in MY 2014/15 and 2015/16. Post will continue surveillance on production, which may drive down imports if yields improve.
Stocks:
Ending stocks are expected to remain stable at 71,000 MT in MY 2014/15 and 68,000 MT in MY 2015/16, reflecting relatively stable production, consumption, and imports.
Production, Supply and Demand Data Statistic

Oilseed, Peanut	2013/2014		2014/2015		2015/2016	
Market Begin Year	Oct-13		Oct-14		Oct-15	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	655	655	630	630	0	615
Beginning Stocks	36	36	38	53	0	71
Production	1,160	1,160	1,150	1,150	0	1,130
MY Imports	310	276	310	275	0	275
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1,506	1,472	1,498	1,478	0	1,476
MY Exports	8	9	8	7	0	8
MY Exp. to EU	0	0	0	0	0	0
Crush	65	55	65	50	0	50
Food Use Dom. Cons.	1,330	1,290	1,300	1,250	0	1,250
Feed Waste Dom. Cons.	65	65	95	100	0	100
Total Dom. Cons.	1,460	1,410	1,460	1,400	0	1,400
Ending Stocks	38	53	30	71	0	68
Total Distribution	1,506	1,472	1,498	1,478	0	1,476
CY Imports	310	282	310	290	0	275
CY Imp. from U.S.	0	0	0	0	0	0
CY Exports	8	0	8	0	0	0
CY Exp. to U.S.	0	0	0	0	0	0
TS=TD	0	0	0	0	0	0

Commodities:
Select