



COCONUT MARKET REVIEW

**SECOND QUARTER
APRIL-JUNE 2024**

THE AGRIBUSINESS DEVELOPMENT & MARKETING PROGRAM.

For any enquiries, please contact KIK

Phone: 3211133

Email: infor@kik.com.pg

1. INTERNATIONAL MARKET

World market prices both copra and copra oil have improved this quarter (**Table 1**) due to persistent supply constraints. The average market price for copra increased by 7.4% to \$1,200/MT from \$1,117/MT in the first quarter, and by 20.0% compared to the corresponding quarter of 2023.

The average world market price for CNO rose by 16.9% to \$1,408/MT from the first quarter, and by 35.5% from \$1,039/MT in the corresponding quarter of 2023.

The monthly copra price picked up by 7.4% to \$1,213/MT in April. Thereafter,

prices declined, by -0.1% to \$1,211/MT in May and, by -2.8% to \$1,177/MT in June.

In the same period, the CNO price rose by 9.0% to \$1,419/MT in April from \$1,303/MT in March, but dropped by -1.0% to \$1,406/MT in May and by -0.5% to \$1,398/MT in June.

Overall, the market prices for both copra and CNO this quarter were relatively higher than in the first quarter, as well as in the corresponding quarter of 2023, due to an increase in the world market demand for copra and CNO, particularly in the food processing, cosmetics, and biofuel industries.

Table 1: Average Monthly Prices of Copra and CNO (January – June, 2024)

	Jan	Feb	Mar	Apr	May	Jun
Copra (CIF NW US\$/MT)	1,094.00	1,126.00	1,132.00	1,213.00	1,211.00	1,177.00
Quarterly Average	1,117.00			1,200.00		
CNO (CIF Rott US\$/MT)	1,133.00	1,178.00	1,303.00	1,419.00	1,406.00	1,398.00
Quarterly Average	1,204.00			1,408.00		

Note. All figures have been rounded up to one decimal place.

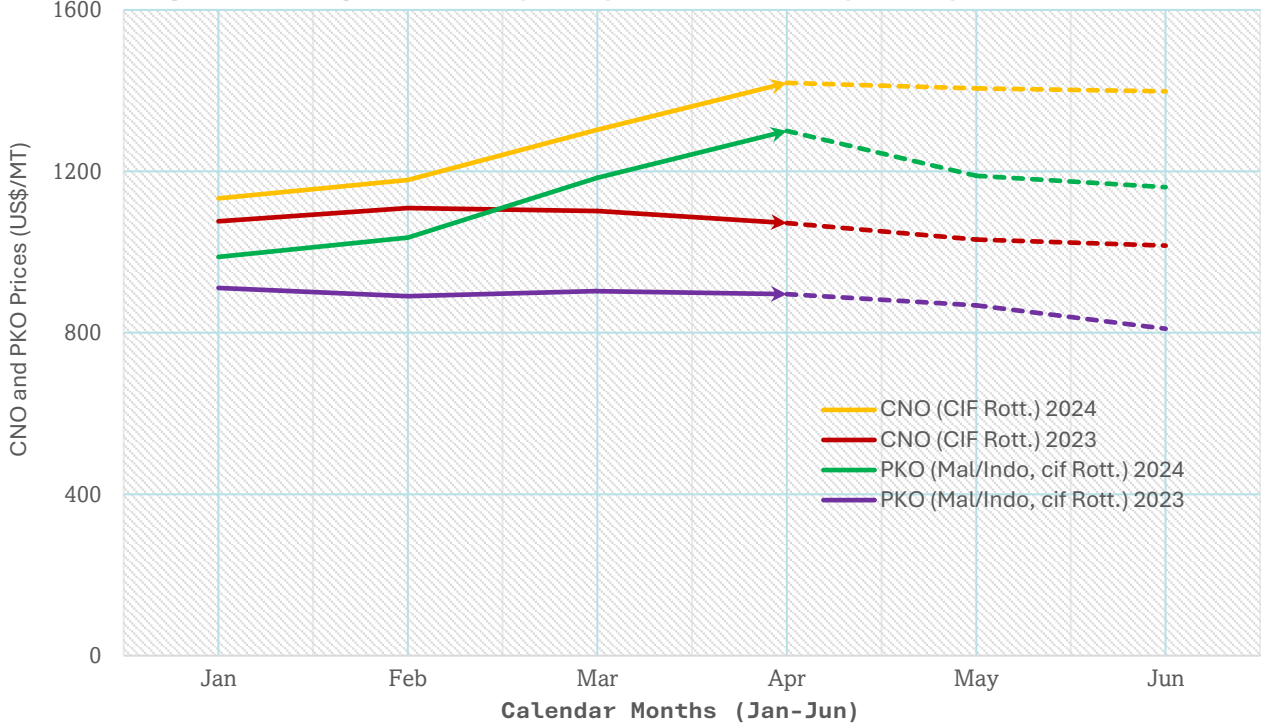
The world market price of PKO (a substitute product for CNO) rose by 13.8% this quarter. It rose by 9.8% to \$1,300/MT in April from 1,184/MT in March, dropped by 8.6% to \$1,189/MT in May, further declining by 2.4% to \$1,161/MT in June.

CNO prices remained relatively stronger than those of PKO, a trend which continued into the

third quarter. This follows a relatively strong global demand for CNO following the recovery from shocks to the market due to the Pandemic and the Russo-Ukraine War.

Figure 1 (next page) compares CNO and PKO prices for this quarter relative to those in the corresponding quarter of 2023. As can be seen, CNO prices were relatively higher than those of PKO during this quarter. CNO was receiving a slight premium over the PKO due to the relatively strong demand for the product.

Figure 1. Average CIF Prices (US\$/T) of CNO and PKO (Jan-Jun) 2023 & 2024



Source: KIK.

2. DOMESTIC MARKET

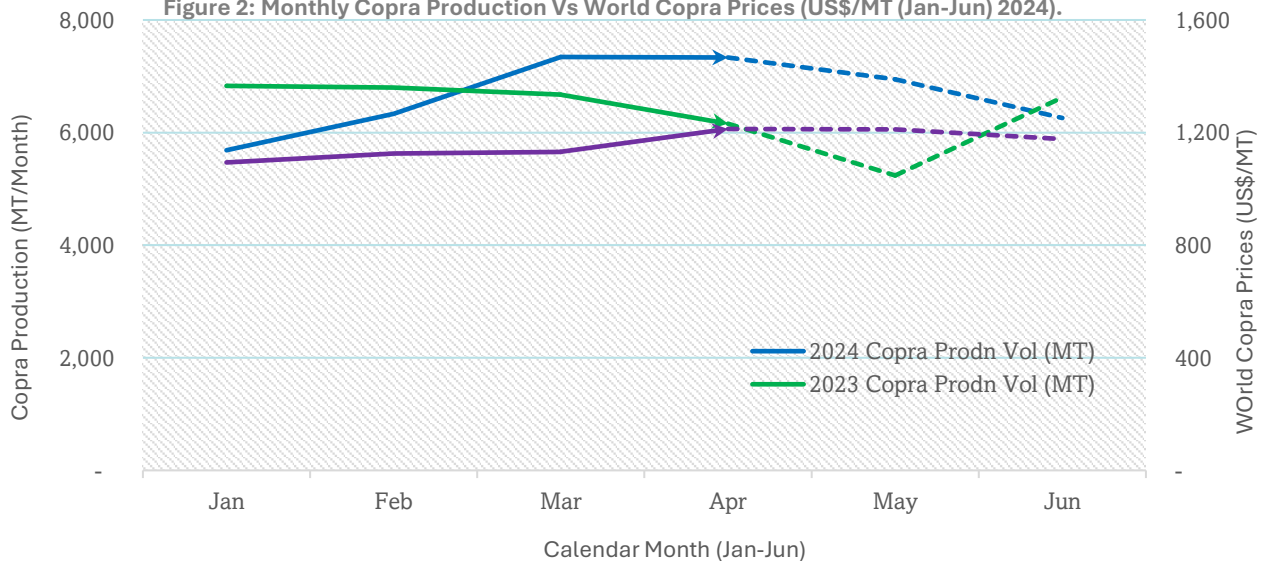
2.1 Copra Production

Figure 2 depicts the domestic copra production trend vs the world market price for copra during this quarter. Copra production averaged 6,846 MT, a 6.1% increase from the first quarter, and 14.0% higher compared to the corresponding quarter of 2023. As shown on Figure 2, consistent with the price movements (Figure 1),

copra production trended downwards from April to June, after peaking in March at 7,343 MT and April at 7,333 with a slight decline by 0.1%. In May production dropped by 5.3% to 6,946/MT, and by 9.9% to 6,259/MT in June.

Overall, global copra market was relatively tight this quarter, with the average world market copra price increasing by only 1.4% from the second quarter.

Figure 2: Monthly Copra Production Vs World Copra Prices (US\$/MT (Jan-Jun) 2024).



2.1.1 Copra Exports by Buying Centres

Table 2 shows the monthly copra export volumes by buying centres from January to June. As shown on **Table 2**, total copra exports were 4,987 MT in the first quarter; it increased by 1.1943 times to 10,943 MT in this quarter. Of this total export volume, Rabaul port registered the highest share with 4,167 MT, a 4.2-fold increase from 798 MT in the preceding quarter.

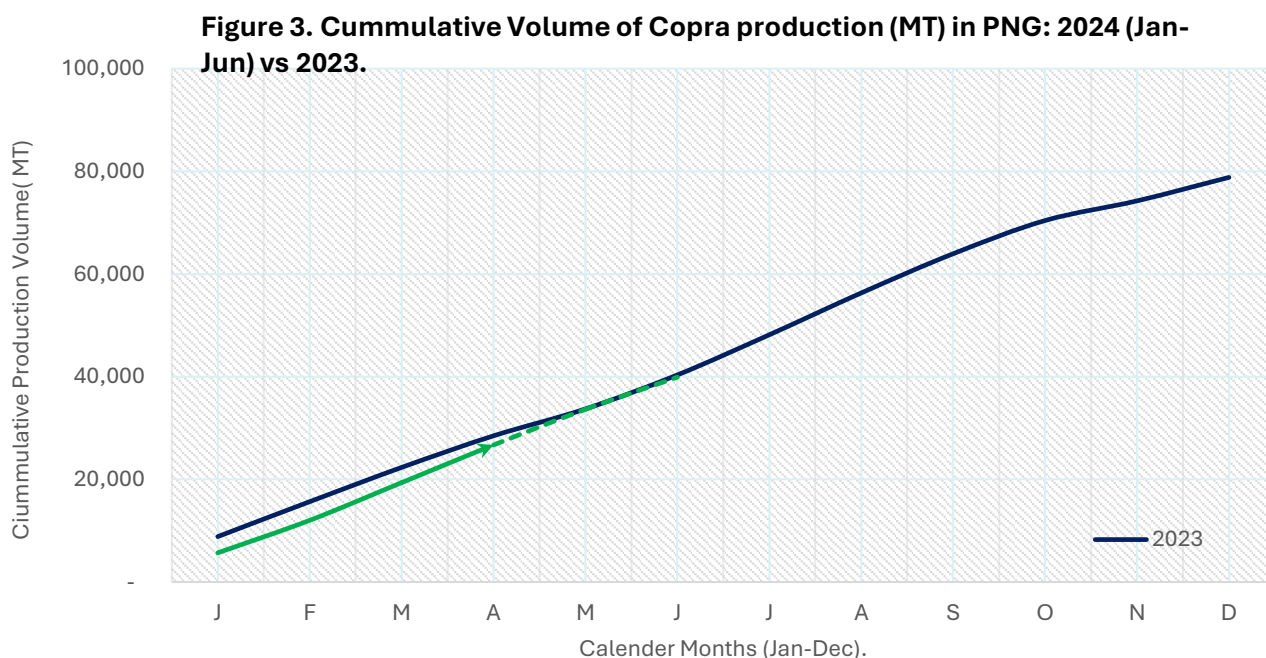
Next was Kimbe port with an export volume of 3,486 MT, while Buka and Kavieng ports contributed 2,271 MT and 1,018 MT, respectively. Overall, the improvements in copra exports during this quarter were a response to the upward momentum in world copra prices, and the leverage in global supply flow following difficulties caused by the Covid-19 and the Russo-Ukraine war.

Depot Centre	Jan	Feb	Mar	Total	Apr	May	Jun	Total
Rabaul	798	-	-	798	2,530	173	1,464	4,167
Kimbe	-	1,723	-	1,723	504	2,117	615	3,486
Buka	-	-	2,466	2,466	-	973	1,298	2,271
Kavieng	-	-	-	-	-	1,018	-	1,018
Total	798	1,723	2,466	4,987	3,034	4,281	3,377	10,943

2.1.2 Cumulative Copra Production

Figure 3 depicts the cumulative volume of copra production compared to the corresponding quarter of 2023. In the first quarter of 2024, the production trend closely

paralleled that of the same period of 2023. However, in the second quarter, the production trends began to converge compared to the corresponding period in 2023, suggesting a strong supply response in line with improvements in world market prices.



Source: KIK.

¹ Provisional figures

2.2 Domestic Copra Prices

Figure 4 depicts the hot air, FMS and Smoked copra mill gate prices from January to June. The hot air prices for this quarter (April-June) averaged K1,388/MT, $\approx 0.5\%$ higher than in the first quarter (K1,382/MT). Looking at the monthly trend, hot air copra prices dropped by 1.5% to K1,370/MT in April from K1,390/MT in March. In May, it went up by 2.0% to K1,397/MT and, saw a further marginal increase by 0.2% to K1,399/MT in June. Overall, hot air prices experienced a positive growth this quarter compared to the first quarter and the corresponding quarter of 2023.

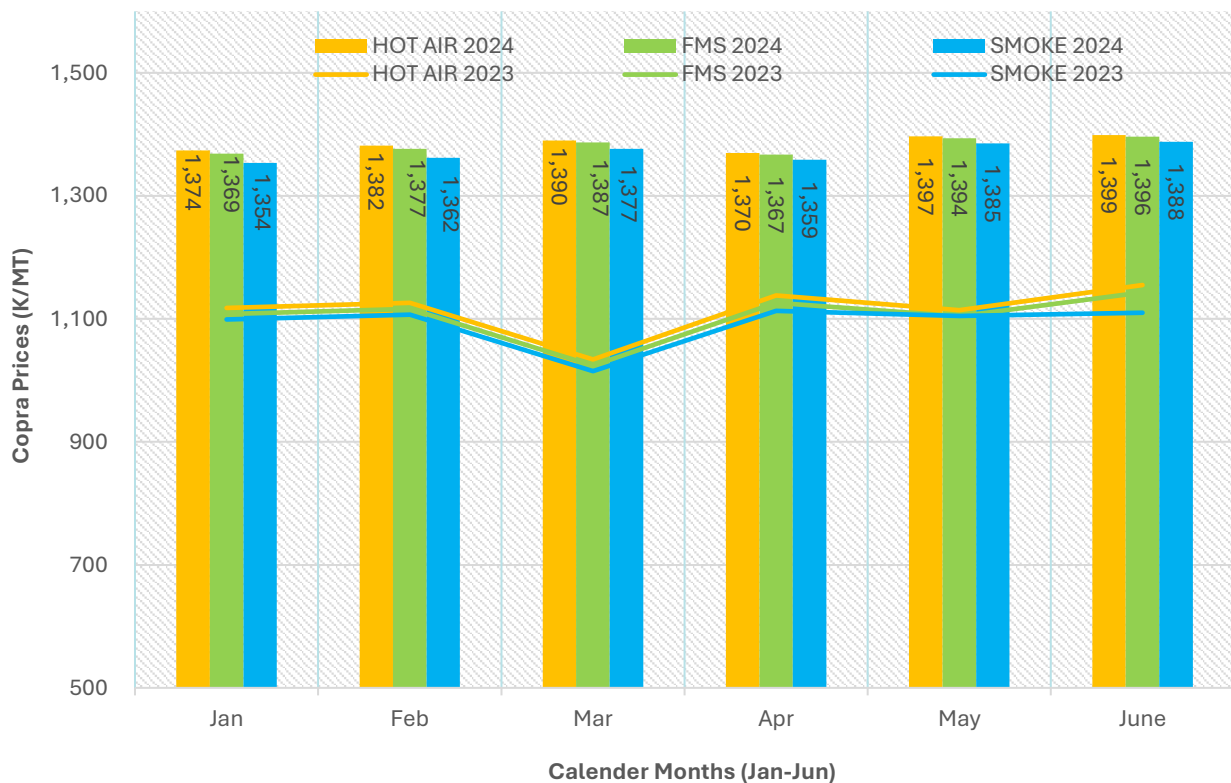
At the same time, the FMS prices during this quarter averaged K1,386/MT, approximately 0.6% more than K1,378/MT in the first quarter. By month, the FMS copra price has dropped by 1.4% to K1,367/MT in April from K1,387/MT in March; however, rising marginally by 2.1% to K1,394/MT in May and by 0.2% to K1,396/MT in

June. On the other hand, smoked copra prices during this quarter averaged K1,377/MT, approximately 13.6% higher than K1,212/MT in the first quarter and, 1.0% more compared to the average smoked copra price in the corresponding quarter of 2023.

Monthly, the average smoked copra price dropped by $\approx 1.3\%$ to K1,359/MT in April from K1,377/MT in March, before rising again by just 2.0% to K1,385/MT in May, and by 0.2% to K1,388/MT in June.

Overall, despite the price fluctuations experienced during this quarter, the prices of all copra grades from January to June were relatively better than those that prevailed in the corresponding period of 2023.

Figure 4. Domestic Copra Prices (K/T) by Month: 2024 and 2023.



Source: KIK

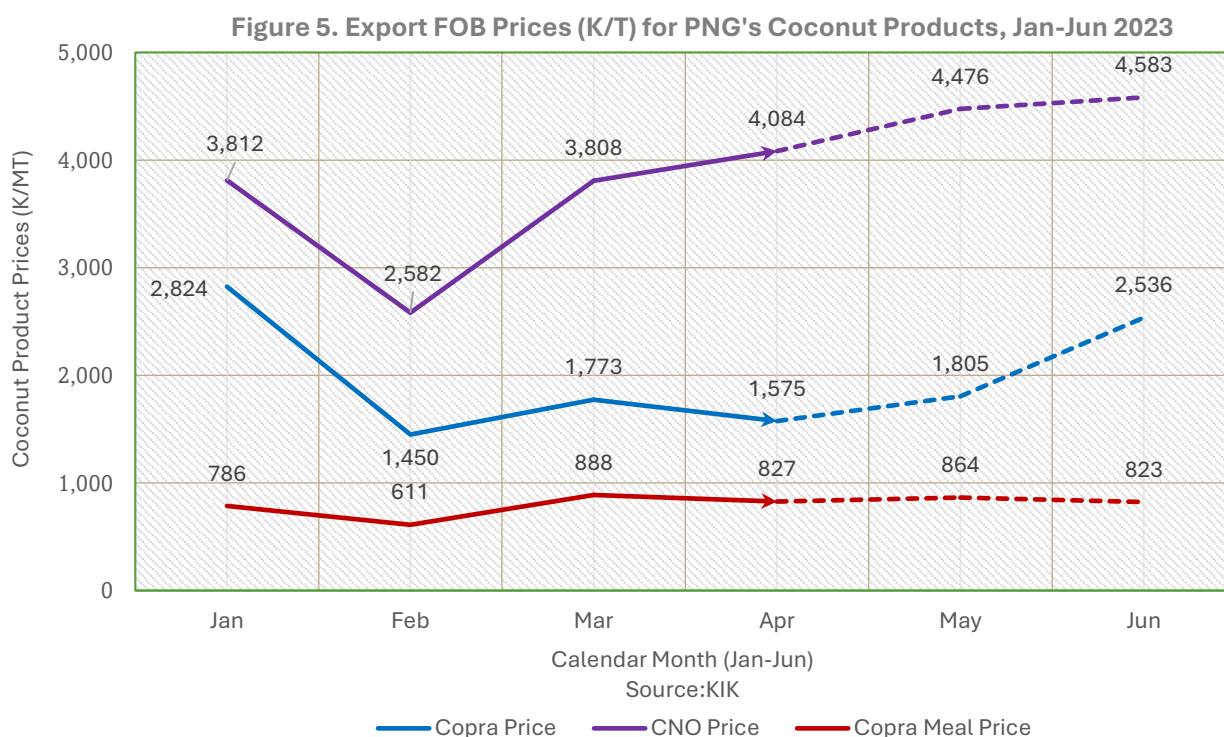
2.3 FOB Export Prices of Coconut Products

Figure 5 depicts the average FOB export prices (PGK) for coconut products up to this quarter.² In terms of quarterly summaries, the average export price of copra fell by 2.2% to K1,972/MT from the first quarter, and by 14.4% compared to the corresponding quarter of 2023. By month, it dropped by 11.2% to K1,575/MT in April, but more than compensate for this with a 14.6% rise to K1,808/MT and, and by 40.5% to K2,536/MT in May and June, respectively.

On the other hand, the export price of CNO increased by $\approx 28.8\%$ to K4,381/MT in the second quarter from K3,400/MT in the first quarter. On a monthly basis, the average CNO price rose from March by $\approx 7.3\%$ to K4,084/MT in April, with a further increase by $\approx 9.6\%$ to

K4,476/MT in April and by $\approx 2.4\%$ to K4,583/MT in June. The quarterly copra meal price for this quarter averaged K838/MT, an increase by 47.1% from the first quarter. Looking at the monthly price trend, copra meal price went down by $\approx 6.9\%$ to K827/MT in April from K888/MT in March; however, it picked-up by $\approx 4.5\%$ to K864/MT in May, before declining by $\approx 4.8\%$ to K823/MT in June.

Overall, CNO prices during this quarter were relatively high compared to copra prices, driven by increased demand and tight market supply. Rising input costs such as higher freight costs through trade rerouting, supply distribution, and shipping delays, have contributed towards raising CNO prices³.



² The kina FOB prices of coconut products are influenced by several factors, including but not limited to cost of production, logistical costs, market demand and competition as well as regulations of the government.

³https://www.postcourier.com.pg/2024-a-year-of-two-halves-for-png-businesses/?utm_source=

2.3.1 Exporter Margins.

Export margins are primarily influenced by the magnitude of change in the price of copra, the PGK/USD exchange rate, and the exporter's costs of logistics and transport.⁴ **Table 3** presents the export margins (PGK) for this quarter; they averaged 27%, a 3% drop from the

from 30% in the first quarter. In general, as can be seen from Table 3, exporter margins have dropped during the first quarter, but started rising slightly after reaching ≈13.2% in April; higher exporter margins mean a larger portion of the crop value going to exporters. An exporter margin of around 15% is seen as reasonable by the industry.

Table 3. Copra Export Margins: (Jan –Jun, 2024)

Month	Copra Export Price (US\$/MT)	Copra Export Prices (PGK FOB/MT)	FMS Copra Price (PGK/MT)	Exporter Margin (PGK FOB/MT)	% Share of PGK FOB Copra Price/MT
Jan	1,094	2,824	1,369	1,455	≈51.5%
Feb	1,126	1,450	1,177	273	≈18.8%
Mar	1,132	1,773	1,387	387	≈21.8%
Apr	1,213	1,575	1,367	208	≈13.2%
May	1,211	1,805	1,394	411	≈22.8%
Jun	1,177	2,536	1,396	1,139	≈44.9%

2.4 Exports of Coconut Products

2.4.1 Copra

Table 4 shows the exports of copra from January to June. As can be seen from this table, copra exports in the second quarter totalled 10,943 MT, an increase of 1.19-folds from 4,987 MT in the first quarter; however, an increase of 1.14-folds compared to the corresponding quarter of 2023.

The total volume of copra exported during this quarter was 10,943 MT. On a monthly basis, copra export volume increased by 23.0% to 3,034 MT in April from 2,466 MT in March. It saw a further increase by 41.1% in May, reaching 4,281 MT before declining by 15.3% to 3,627 MT in June.

Table 4. Copra Exports Volume (Jan-Jun 2024)

Calendar Month	J	F	M	Total	Apr	May	Jun	Total
Export Volume (MT)	798	1,723	2,466	4,987	3,034	4,281	3,627	10,943

2.4.2 CNO

Table 5 presents the export volume of CNO for this quarter. The average quarterly export volume of this product went down by ≈28.7% to 4,535 MT from 6,363 MT in the first quarter; however, it was 131% higher than 1,960 MT in the corresponding quarter of 2023. As Table 5 shows, CNO export volume has declined from

April to June. It dropped by ≈21.1% to 1,784 MT in April, and by ≈5.0% to 1,695 MT in May, with a further sizeable drop by 37.7% to 1,056 MT in June. This CNO export trend was mainly due fluctuation of demand for coconut oil versus other vegetables oil in the global market.

Table 5. CNO Exports Volume (Jan-Jun 2024)

Calendar Month	J	F	M	Total	Apr	May	Jun	Total
Export Volume (MT)	2,806	1,294	2,263	6,363	1,784	1,695	1,056	4,535

⁴ Fluctuations in the value of the PGK relative to the currencies of trading partners has the effect of increasing/decreasing the profit margins received by copra exporters. When the PGK

appreciates/increases in value relative to other currencies, it has the effect of reducing/narrowing the profit margins for exporters. The opposite happens when the PGK depreciates/decreases in value.

2.4.3 Copra Meal

Table 6 shows the export volume of copra meal up to this quarter. Total export volume of copra meal dropped by 30.6% to 2,243 MT and, by 10.5% from 2,508 MT in the corresponding quarter of 2023. Monthly, April

export volume of copra meal fell by 39.7% to 763 MT from 1,265 MT in March but considerably increased by 68.0% to 1,281 MT in May after which it saw a huge downturn by 84.4% to 200 MT in June.

Calendar Month	J	F	M	Total	Apr	May	Jun	Total
Export Volume (MT)	736	1,233	1,265	3,234	763	1,281	200	2,243

2.5 Domestic Exporters of Coconut Products

2.5.1 Copra Exporters and Market Share

Total copra export volume has risen by 114% this quarter, from 4,987 MT in the first quarter to 10,943 MT. As shown in **Table 7**, six (6) exporting firms contributed to this copra export output, with Pacific Lama Trading accounting for the largest market share. representing 35.8% of total exports in the second quarter. Of the six copra export

traders, KBSA and Sankamap have managed to maintain the exports of copra throughout the first half of 2024.

Approximately 93.1% (10,185 MT) of the total copra exports went to the Philippines, followed by Bangladesh 4.5% (495 MT), and Malaysia 2.4% (263 MT).

Exporters	First Quarter		Second Quarter	
	Export Volume (MT)	Market Shares (%)	Export Volume (MT)	Market Shares (%)
1. CPL	798	16.0	-	-
2. KBSA	1,723	34.6	2,974	27.2
3.Sankamap	2,466	49.4	2,271	20.8
4.Aero	-	-	244	2.2
5. One You Sing	-	-	513	4.7
6.Pacific Lama Trading	-	-	3,923	35.8
7. Kliaren	-	-	1,018	9.3
Total	4,987	100.0	10,943	100.0

2.5.2 CNO Exporters and Market Share

Table 8 presents the CNO export volumes versus the exporters and their respective market shares for this quarter. Exports of CNO has dropped by ≈28.7% from 6,362 MT in the first quarter to 4,535 MT this quarter. Of the total CNO exported this quarter, Globe Manufacturing exported 67.1% (3,045 MT) and SG Guthrie International 32.9% (1,490 MT). As can be seen from Table 8, the market

shares for both exporters have only marginally changed, with SD Guthrie International slightly improving by only 2.0%, and Globe Manufacturing by seeing a slight fall by 2%.

Approximately 60.6% (2,750 MT) of CNO exports this quarter went to Malaysia, a trade route traditionally favoured due to the high demand for CNO in that country's domestic cosmetic industry, while 39.4% (1,785 MT) was purchased by Sri Lanka.

⁵ Provisional figures

Table 8. CNO Exporters and Market Share				
Exporters	<i>First Quarter</i>		<i>Second Quarter</i>	
	Export Volume (MT)	Market Shares (%)	Export Volume (MT)	Market Shares (%)
1. SD Guthrie	1,966	30.9	1,490	32.9
2. Globe Manufacturing	4,396	69.1	3,045	67.1
Total	6,362	100.0	4,535	100.0

2.5.3 Copra Meal Exporters and Market Share

Table 9 presents the volume of copra meal exports, export firms and their respective market shares. The total export volume of copra meal saw a reduction by 29.3% to 2,243 MT in the second quarter from 3,174

Exports of copra meal during this quarter went to five (5) global market destinations: India imported 1,263 MT representing 39.1% of the total exports of copra meal from PNG, followed by Australia, 720 MT (22.3%); USA, 160 MT (4.9%); Great Britain, 80 MT (2.5%)

Table 9. Copra Meal Exporters and Market Share⁶				
Exporters	<i>First Quarter</i>		<i>Second Quarter</i>	
	Export Volume (MT)	Market Shares (%)	Export Volume (MT)	Market Shares (%)
1. CPL	100	1.3	-	-
2. SD Guthrie	1,400	44.1	980	43.7
3. Globe Manufacturing	1,734	54.6	1,263	56.3
Total	3,234	100.0	2,243	100.0

MT in the first quarter.

and finally, South Africa, 20 MT (0.6%)

3. EXPORT EARNINGS FROM COCONUT PRODUCTS

Table 10 shows the export earnings from coconut products from January to June. The total earnings in the second quarter

amounted to K43.33 million, an increase of 26.5% from the K34.21 million in the first quarter, however, an increase by \approx 80% compared to the corresponding quarter of 2023. The accrued earnings for the first half of 2024 were K77.55 million.

Table 10: Export Earnings (K'M) from Coconut Products (Jan-June)									
Month	J	F	M	Total	A	M	J	Total	% change
Copra	2.25	2.49	4.37	9.11	4.78	7.73	9.20	21.71	+138.3
CNO	10.69	3.34	8.62	22.65	7.29	7.59	4.84	19.72	-13.0
Meal	0.58	0.75	1.12	2.45	0.63	1.11	0.16	1.90	-22.1
Total	13.52	6.58	14.11	34.21	12.70	16.43	14.20	43.33	+26.5

Copra export earnings at K21.71 million saw the largest increase by 138.3% from K9.11 million in the first quarter, whereas CNO dropped by -13% and copra meal earnings by -22% from the first quarter.

Overall, export earnings from coconut products has shown improvements compared with the first quarter earnings and the corresponding quarter of 2023.

⁶ Provisional figures

SUMMARY

1. The world market price of copra increased by 7.6% to \$1,198/MT in the second quarter from \$1,103/MT in the first quarter. For CNO, world market prices averaged \$1,410/MT this quarter, an increase by 18.9% from \$1,186/MT in the previous quarter, and by 35.8% from \$1,039/MT in the same quarter of 2023.
2. Copra producers have increased production by 4.5% in response to an improvement in global market prices, driven by a strong demand.
3. In the second quarter of 2024, revenue earned amounted to K43.33 million, an increase by 26.5% from K34.21 million in the first quarter.
4. Copra generated the highest revenue with K21.71 million in the second quarter compared to CNO and copra meal.