



COCONUT MARKET REVIEW

FIRST QUARTER

JANUARY-MARCH 2024

**THE AGRIBUSINESS DEVELOPMENT &
MARKETING PROGRAM.**

For any enquiries, please contact KIK

Phone: 3211133

Email: infor@kik.com.pg

1. INTERNATIONAL MARKET

The international market prices for both copra and copra oil (CNO) experienced slight increases by 7.3% and 9.9%, respectively, during the first quarter of 2024, compared to the corresponding period of 2023. The average quarterly price for copra was \$1,117/MT, and for CNO \$1,204/MT.

By month, copra prices went up by approximately 2.9%, from \$1,094/MT in January to \$1,126/MT in February, with a further marginal increase of 0.6% to \$1,132/MT in

March. For CNO, monthly prices averaged \$1,133/MT in January, rising further by 4.0% to \$1,178/MT in February, and by 10.2% to \$1,303/MT in March. These trends closely followed improvements in the global prices for both copra and CNO this quarter, driven by a strong market demand for coconut products in European and Asian markets over their competitor PKO and vegetable oil products. In particular, demand was fuelled by health trends promoting the use of coconut oil in cooking and cosmetic industries¹.

TABLE 1: AVERAGE MONTHLY PRICES OF COPRA AND CNO (JANUARY – MARCH 2024)

| | Jan | Feb | Mar |
|--------------------------|-----------------|----------|----------|
| Copra (CIF NW US\$/MT) | 1,094.00 | 1,126.00 | 1,132.00 |
| Quarterly Average | 1,117.00 | | |
| CNO (CIF Rott US\$/MT) | 1,133.00 | 1,178.00 | 1,303.00 |
| Quarterly Average | 1,204.00 | | |

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

Prices of CNO are ultimately influenced by the global demand and supply of its substitute products, namely, Palm Kernel Oil (PKO), and vegetable oils. The average world market price for the PKO saw a slight increase by 2.0% to \$1,069/MT from \$1,048/MT in the corresponding quarter of 2023. Overall, the ample supply coupled with a weak demand for sunflower and rapeseed oils in the European markets led to the increase in prices for both CNO and PKO this quarter².

On a monthly basis, PKO weekly prices averaged \$988/MT in January, rising further by

4.9% to \$1,036/MT in February and by 14.3% to \$1,184/MT in March.

On the other hand, demand for CNO in the months of 2024 saw significant growth, compelled by emerging trends across different regions and industries, particularly health and wellness trends of the product coupled with sustained demand for cosmetic and personal care industries (<https://www.researchandmarkets.com>).

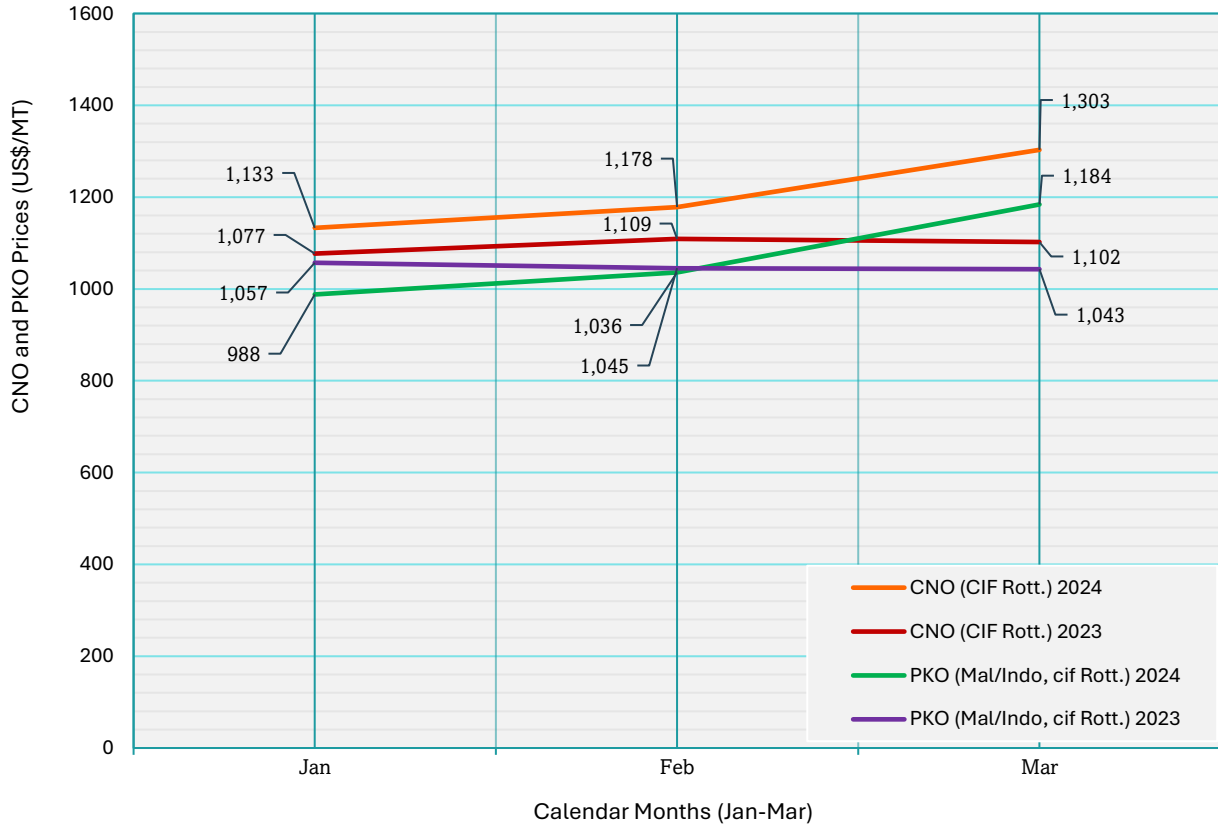
Overall, the world market prices of both CNO and PKO gradually trended upward this quarter, with the CNO being traded at a premium over the PKO (**Figure 1**)³

¹https://www.chemanalyst.com/Pricing-data/coconut-oil-1316?utm_source.

²https://www.foodmanufacture.co.uk/Article/2024/03/18/edible-oils-price-index-exclusive-report/?utm_source.

³ CNO normally has a slight premium over PKO

FIGURE 1. AVERAGE CIF PRICES (US\$/MT) OF CNO AND PKO: (JAN- MAR) 2023 & 2024



Source:KIK

2. DOMESTIC MARKET

2.1 Copra Production

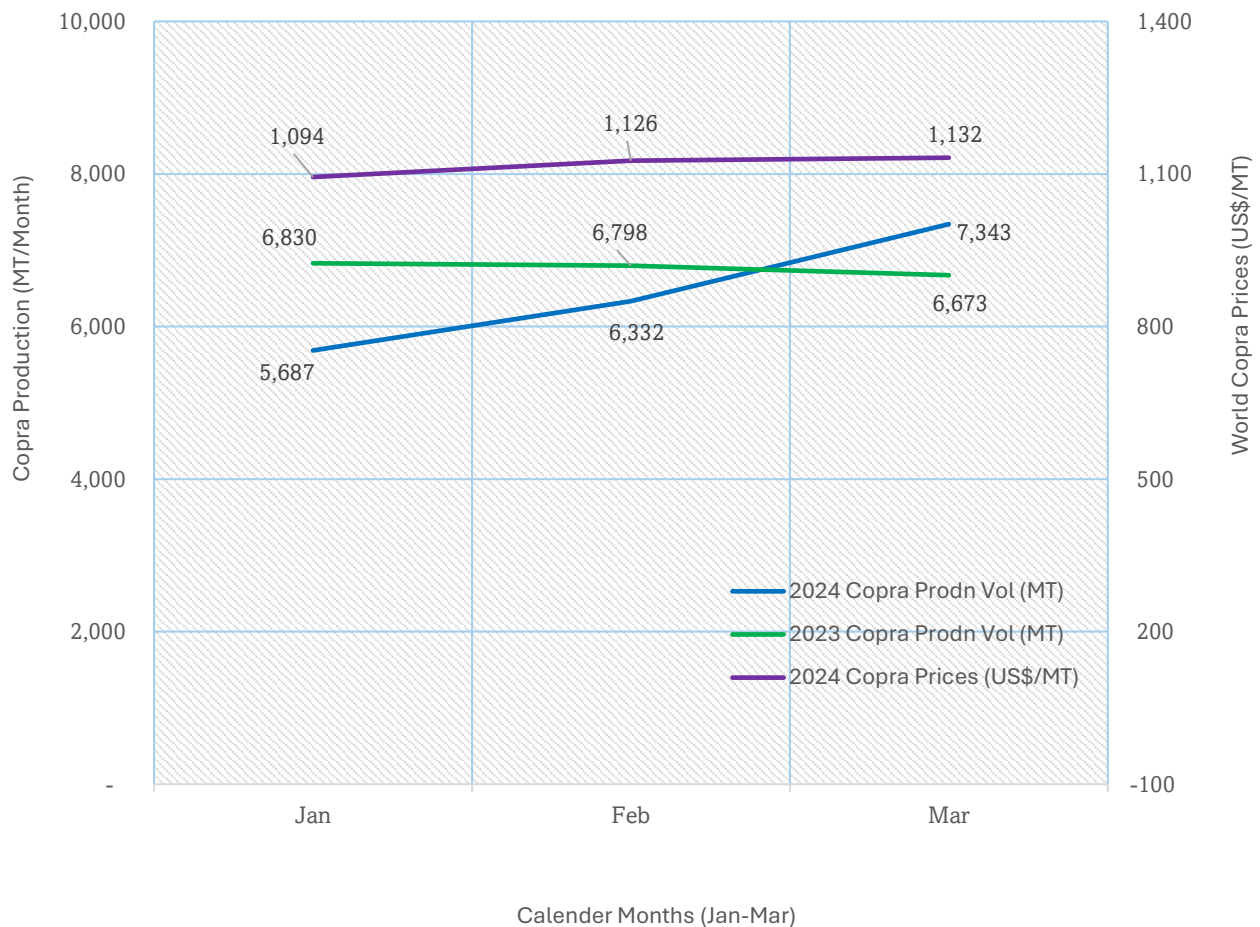
Figure 2 (next page) shows the domestic copra production trends versus world copra prices. Average copra production reached 19,362 MT compared to 6,675 MT in the corresponding period in 2023.

Copra prices increased by approximately 1.7% this quarter, compared with the negative growth in the corresponding period of 2023. The rising price trend mainly contributed to

copra production going up by approximately 11.4% to 6,332 MT in February from 5,687 MT in January, and by 16% to 7,343 MT in March from the February volume.

Overall, monthly domestic copra production trended upwards tracking the rises in the world market price of copra in contrast to the market situation in the corresponding period of 2023.

FIGURE 2: MONTHLY COPRA PRODUCTION IN PNG VS WORLD COPRA PRICES (US\$/MT (JAN-MAR, 2024).



Source:KIK

2.1.1 Copra Exports by Buying Centres

In the first quarter of 2024, three buying ports in PNG exported an aggregate copra volume of 4,987 MT (**Table 2**). The highest volume (2,466 MT) was exported out of the Buka port, followed by Kimbe (1,723 MT) and Rabaul (798 MT).

In January, Rabaul was the only port that registered copra exports (798 MT); and in February, only Kimbe exported 1,723 MT. Both Rabaul and Kimbe did not register any exports in March except Buka with 2,466 MT.

TABLE 2: EXPORTS OF COPRA BY BUYING CENTRES

| Depot Centre | J | F | M | Total |
|--------------|------------|--------------|--------------|---------------|
| Rabaul | 798 | - | - | 798 (16.0%) |
| Kimbe | - | 1,723 | - | 1,723 (34.6%) |
| Buka | - | - | 2,466 | 2,466 (49.5%) |
| Total | 798 | 1,723 | 2,466 | 4,987 |

Note: () are percentage shares of production by export ports out of the quarterly total copra production of 4,987 MT

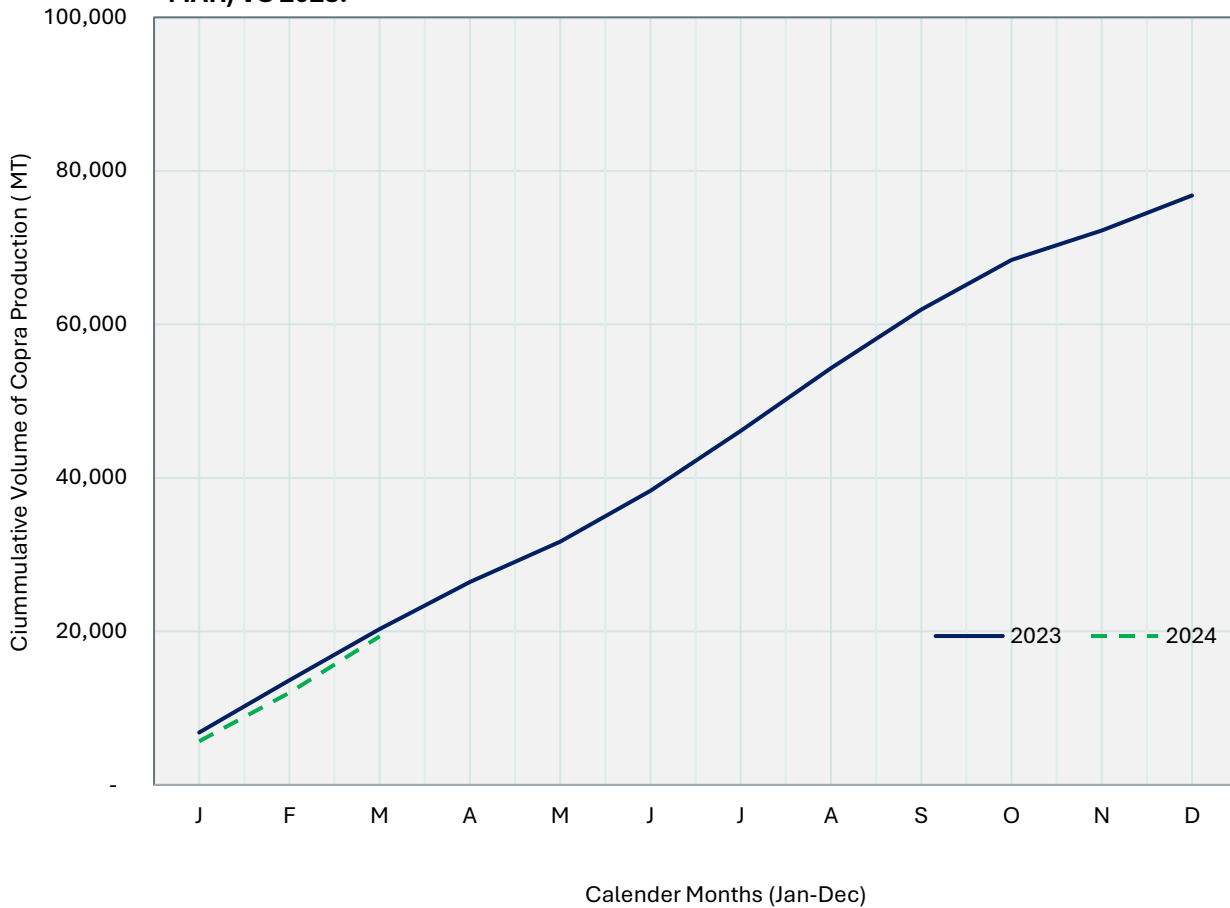
2.1.2 Cumulative Copra Production.

Export volume of copra is often less than the production volume, due to the carryover of stock by exporters into the following month or quarter; the domestic conversion of copra into Virgin Coconut Oil (VCO); and (3) the effect of shrinkage⁴ on the weight of exportable copra.⁵

Figure 3 illustrates the cumulative growth in

copra production for the period January-March 2024, compared to the same period in 2023. As **Figure 3** shows, the cumulative volume of copra production this quarter trended upwards at a steady rate but slightly lower (-1.4%) compared to the corresponding quarter of 2023.

FIGURE 3: CUMULATIVE VOLUME OF COPRA PRODUCTION IN PNG: 2024 (JAN - MAR) VS 2023.



Source:KIK

2.2 Domestic Copra Prices

Figure 4 (next page) depicts the domestic mill-gate (farmgate) prices of copra during this quarter compared to corresponding period in 2023. The market values copra according to the three copra quality standards that PNG has. In this, hot air copra attracts a premium price, while smoked copra is sold at a discounted price, and the average price offered for the Fare Merchantable Standard (FMS) grade copra.

The average copra price for this quarter increased by approximately 1.7% compared to the corresponding period of 2023. This improvement reflected only slight increases in the monthly average domestic prices for the three grades of copra.

In line with the fluctuations in world market prices (**Figure 2**), the average hot air copra price only slightly improved by 0.6% from K1,374/MT

⁴ Shrinkage is around 3%.

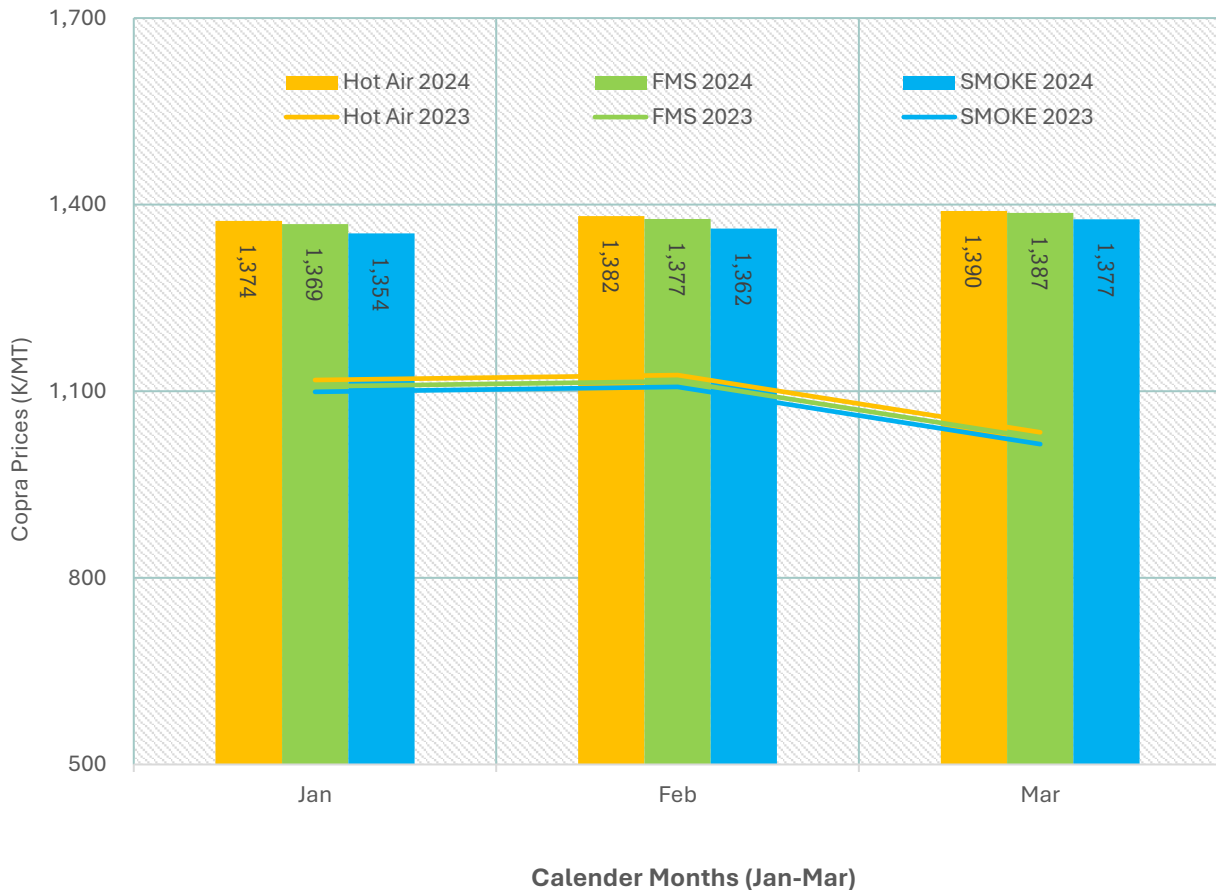
⁵ In addition, with the encouragement of the national government towards import substitution and domestic processing over the last decade, it is yet

to be ascertained if domestic processing capacity has increased, including those of the three existing oil national mills plus VCO processing capacity.

in January to K1,382/MT in February, and by 0.7% to K1,390/MT in March. In the same period, the average FMS copra price has also experienced similar marginal gains, increasing by 0.6% from K1,369/MT in January to K1,377/MT in February, and by 0.7% to K1,387/MT in March. At the same time, the

smoked copra prices averaged K1,354/MT in January, K1,362/MT in February (a 0.5% increase), and K1,377/MT in March (a 1.1% increase).

FIGURE 4. DOMESTIC COPRA PRICES (K/T) BY MONTH: 2023 AND 2024.



Source: KIK

2.3 Export Prices of Coconut Products in PNG

Figure 5 (next page) presents the average FOB export price trends for copra, CNO, and copra meal. Domestic export price changes in line with global trends in the supply and demand of copra.

The average export price of copra for this quarter was K2,016/MT, 14.8% lower than K2,367/MT in the corresponding period of 2023. In the same period compared, the quarterly average CNO export price went up by 18.1%

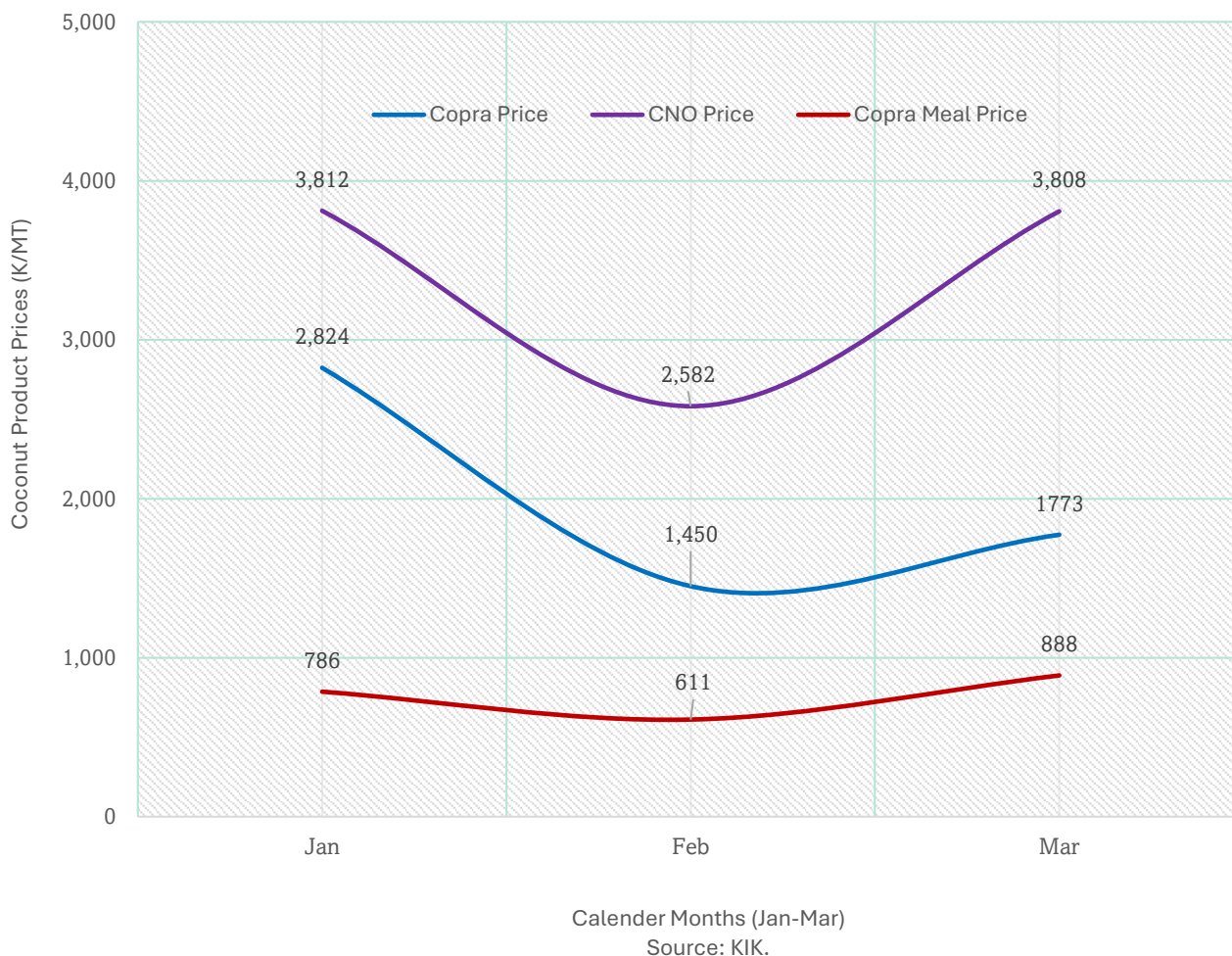
from K2,878/MT to K3,401/MT; and copra meal export price by 29.0% to K762/MT.

On a monthly basis, all coconut product prices fluctuated between 20% and 50%, with the highest fluctuations experienced by copra and copra meal prices. Following movements in global demand and supply trends for copra, the average export price for copra reached K2,824/MT in January, declined by 48.7% to K1,450/MT in February, and rose again by 22.3% to K1,713/MT in March. In the same period, the

export prices for the CNO averaged K3,812/MT in January, went down by 32.3% to K2,582/MT in February, only to rise again by 47.5% to K3,808/MT in March. At the same time, the export price for the copra meal was K786/MT in January, went down by 22.3% to K611/MT in February, but rebounded by 45.4% to K888/MT in March. Overall, the export prices of the three traditional coconut products were relatively

higher (except for copra) compared with the corresponding period of 2023. The decline in the prices of coconut products in February (**Figure 5**) was mainly influenced by a mix of lower demand and increased production in key coconut-producing countries, especially Philippines and Indonesia⁶.

FIGURE 5. EXPORT PRICES FOR PNG'S COCONUT PRODUCTS, JAN-MAR 2024



2.3.1 Export Margins of Copra

Table 3 (next page) shows the export margins for this quarter. These are profits received by exporters of coconut products after subtracting mostly wharfage costs (freight, marine, handling, storage, and shrinkage) from the PNG Kina copra export unit value.⁷ During the first

quarter of this year, export margins have fluctuated out of the industry's expectations; on average, it peaked at 51.5% in January, fell 18.85% in February, and rose again by 21.7% in March. The overall average export margin for this quarter was 30.73%, compared to 35.3% in the corresponding period of 2023.

⁶<https://coconutcommunity.org/page-statistics/market-review/market-review-of-coconut-oil-september-2024>.

⁷Overall, export margins are closely affected by changes in product prices, and the PGK exchange rates in relation to the currencies of countries to which PNG coconut products are exported to. Overall, export margins are closely affected by

changes in product prices, and the PGK exchange rates in relation to the currencies of countries to which PNG coconut products are exported to. An increase in the value of the PGK relative to those of trading-partner-countries reduces the export margins of exporters. A fall in the value of the PGK has the opposite effect on export margins; it improves the profitability or export earnings of the coconut exporters.

TABLE 3: COPRA EXPORT MARGIN: JAN-MAR 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 | 51.53% |
| Feb | 1,126 | 1,450 | 1,178 | 273 | 18.85% |
| Mar | 1,132 | 1,773 | 1,387 | 387 | 21.81% |

2.4 Exports of Coconut Products

2.4.1 Copra

Table 4 displays the copra export figures for this quarter. As shown on Table 3, the total export volume for this period was 4,987 MT, approximately 3.5% higher, compared to the corresponding period of 2023.

The January export volume went up by approximately 116% to 1,723 MT in February, climbing further by 43% to 2,466 MT in the last month of this quarter.

| Calendar Month | Jan | Feb | Mar | Total |
|-------------------|-----|-------|-------|--------------|
| Quantity (Tonnes) | 798 | 1,723 | 2,466 | 4,987 |

2.4.2 CNO

Table 5 shows the CNO export volume. It can be seen that total CNO export volume has increased by approximately 44.9% to 6,363 MT, compared to the corresponding quarter of 2023.

On a month-by-month basis, the volume of CNO exports experienced a decline by approximately 53.9%, falling from 2,806 MT in January to 1,294 MT in February; however, its pickup more than compensate for this fall with an increase of 74.9% to 2,466 MT in March.

| Calendar Month | Jan | Feb | Mar | Total |
|-------------------|-------|-------|-------|--------------|
| Quantity (Tonnes) | 2,806 | 1,294 | 2,263 | 6,363 |

2.4.3 Copra Meal

Table 6 shows the exports of copra meal. The volume of copra meal exports increased by approximately 83.8% to 3,234 MT, compared to

the same period in 2023. Exports of this by-product increased by 67.5% from 736 MT in January to 1,233 MT in February and by 2.6% to 1,265 MT in March.

| Calendar Month | Jan | Feb | Mar | Total |
|-------------------|-----|-------|-------|--------------|
| Quantity (Tonnes) | 736 | 1,233 | 1,265 | 3,234 |

2.5 Exports of Coconut Products

2.5.1 Export Market Share

Table 7 displays the exporters' market shares of coconut products.

Copra Market Shares

The copra export market was dominated by three exporters (i.e., Sankamap, KBSA and CPL) this quarter, with their collective copra export volume totalling 4,987 MT. As **Table 7** shows, Sankamap exported the largest volume

of copra (2,466 MT) representing 49.4% of the domestic copra export market. KBSA and CPL exported 1,723 MT and 798 MT, respectively, accounting for 34.6% and 16.0% of the domestic export market for copra. Of the two foreign importers of copra, Philippines made the largest purchase with 84.0% (4,188 MT), while 16% (799 MT) was bought by Bangladesh (799 MT). Both countries import copra from PNG to meet their respective domestic demands for coconut-based products.

| Exporters | Export Vol (MT) | Market Share (%) |
|--------------|-----------------|------------------|
| 1. CPL | 798 | 16.0 |
| 2. KBSA | 1,723 | 34.6 |
| 3. Sankamap | 2,466 | 49.4 |
| Total | 4,987 | 100.0 |

2.5.2 CNO Export Market Shares

Table 8 shows the CNO exporters and their market shares. Of the total export volume of 6,363 MT, Globe Manufacturing Ltd exported 69.1% (4,396 MT) and SD Guthrie 30.9% (1,967 MT). CNO was exported to four countries led by Malaysia which imports CNO

from PNG to help meet its strong internal demand for refining and exporting coconut-based products, as well as for domestic household consumption of coconut oil. Malaysia imported 76.4% or 4,984 MT of our CNO exports, followed by Sri Lanka (14.9%, 945 MT), Australia (6.0%, 381 MT), and India (2.7%, 173 MT).

| Exporters | Export Vol (MT) | Market Share (%) |
|----------------------------|-----------------|------------------|
| 1. SD Guthrie | 1,966 | 30.9 |
| 2. Globe Manufacturing Ltd | 4,396 | 69.1 |
| Total | 6,363 | 100.0 |

2.5.3 Copra Meal Market Shares

Table 9 shows the copra meal exports by exporters. CPL, SD Guthrie, and Globe Manufacturing collectively exported 3,234 MT of copra meal. Globe Manufacturing exported 1,734 MT capturing the largest share of the domestic copra meal export market with 53.6%, followed by SD Guthrie with 43.3% (1,400 MT) and CPL with 3.1% (100 MT).

The product was exported to nine countries led by Australia (48.2%, 1,560 MT), followed by India (20.2%, 652 MT), Vietnam (9.8%, 316 MT), Bangladesh (7.6%, 246 MT), and United States (6.8%, 220 MT). Insignificant quantities were exported to Great Britain (4.9%), New Caledonia (1.2%), South Africa (0.6%) and New Zealand (0.5%).

| Exporters | Export Vol (MT) | Market Share (%) |
|------------------------|-----------------|------------------|
| 1. CPL | 100 | 3.1 |
| 2. SD Guthrie | 1,400 | 43.3 |
| 3. Globe Manufacturing | 1,734 | 53.6 |
| Total | 3,234 | 100.0 |

3. EXPORT EARNINGS

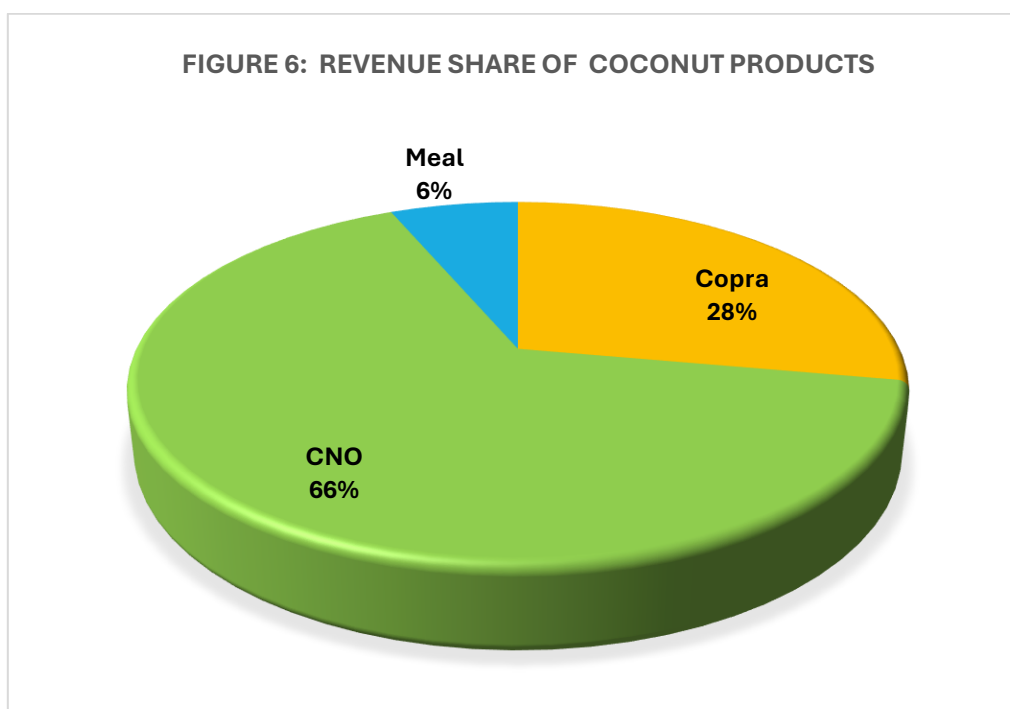
Table 10 shows export revenue earnings from the three traditional coconut products. This quarter’s export earnings totalled K34.21 million, approximately 47.5% higher than the corresponding quarter of 2023.

Monthly earnings were K13.52 million in January, dropped by 51.3% to K6.58 million in February, reflecting the downward trend in

world market prices (**Figure 5**), but rose considerably 1.14 times to K14.11 million in March.

As shown on **Figure 6**, CNO generated 66% of the total export earnings of K22.65 million while copra contributed 28% (K9.11 million), and copra meal 6% (K2.45 million).

| Month | Jan | Feb | Mar | Total |
|--------------|--------------|-------------|--------------|--------------|
| Copra | 2.25 | 2.49 | 4.37 | 9.11 |
| CNO | 10.69 | 3.34 | 8.62 | 22.65 |
| Meal | 0.58 | 0.75 | 1.12 | 2.45 |
| Total | 13.52 | 6.58 | 14.11 | 34.21 |



Source: KIK

SUMMARY

1. The average quarterly price for copra was \$1,117/MT, and for CNO it was \$1,204/MT, compared to the corresponding period in 2023. These prices reflected the growth rates of 7.3% for copra and 9.9% for CNO.
2. For PKO, the average world market prices improved slightly by 2.0% to \$1,069/MT from \$1,048/MT recorded in the corresponding quarter of 2023.
3. The monthly domestic copra production trend moved upwards, reflecting the overall increase in the world market price of copra by 1.7% compared to the negative growth rate of 1.2% in the corresponding period of 2023.
4. The average export margin for this quarter was at 26.1%, compared to 35.3% in the corresponding period in 2023.
5. Total export volume of copra improved by 3.5%, CNO by 44.9% and copra meal by 83.8% compared to the corresponding period of 2023.
6. This quarter's export earnings totalled K34.21 million, roughly 47.5% higher than corresponding quarter of 2023.
7. CNO generated the highest revenue, accounting for 66% of total revenue, followed by copra (28%) and meal (6%).

SUGGESTIONS GOING FORWARD

1. Rehabilitate run-down plantations to ensuring sustainable domestic supply to meet domestic and global demand.
2. Commercialise the plantations for the purpose of prudent management and sustainability of supply.
3. Empower farmers to increase production of white copra that attracts premium price.