MARKET REPORT

THIRD QUARTER
JULY-SEPTEMBER 2024

THE AGRIBUSINESS DEVELOPMENT & MARKETING PROGRAM.

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1. INTERNATIONAL MARKET REVIEW

In this quarter, world market prices for copra have trended down relative to the first and second quarters of the year (**Table 1**). It declined by 16.0% to $1,008/MT from $1,200/MT in the second quarter, but 3.0% higher compared to the corresponding quarter of 2023. On a monthly basis, average copra price went down by 15.0% to $1,000/MT in July, picked up only marginally by 0.4% to $1,004/MT in August and by 1.6% to $1,020/MT in September.

Table 1: Average Monthly Prices of Copra and CNO (Jan – Sep 2024)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Copra (CIFNW US$/MT)	1,094	1,126	1,132	1,213	1,211	1,177	1,000	1,004	1,020
Quarterly Average		**1,117**			**1,200**			**1,008**	
CNO (CIF Rott US$/MT)	1,133	1,178	1,303	1,419	1,406	1,398	1,347	1,298	1,171
Quarterly Average		**1,204**			**1,408**			**1,272**	

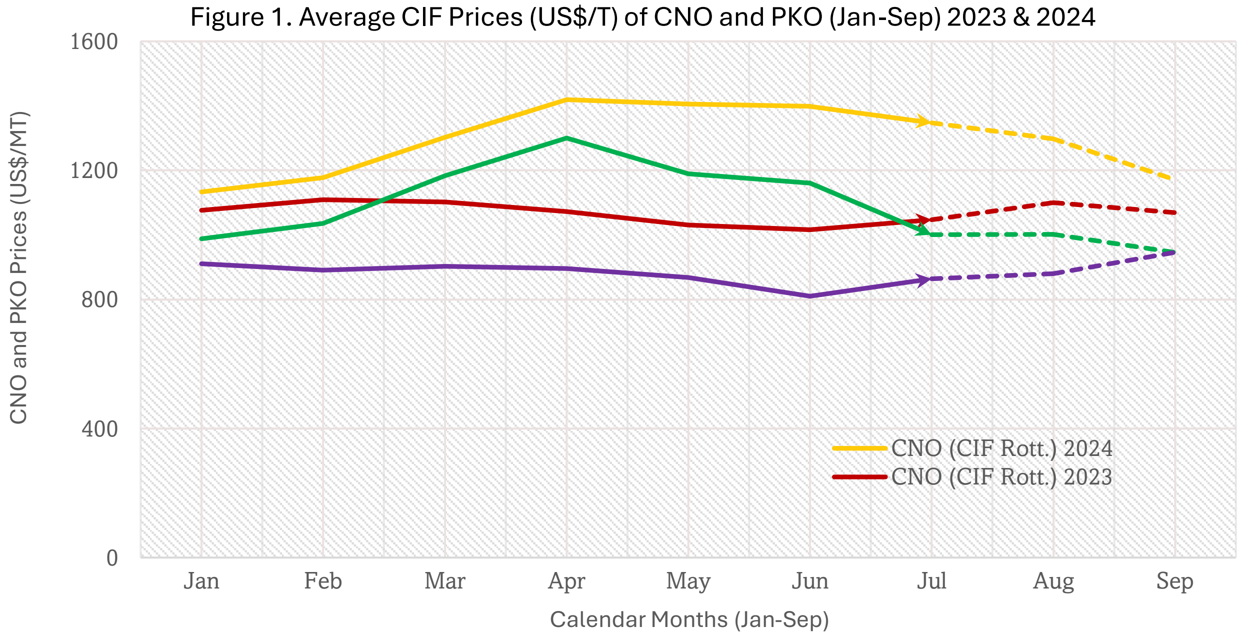
The average world market price for CNO also reflected a downward trend, declining by 9.6% decline to $1,272/MT but was 18.7% higher compared with the corresponding quarter of 2023. On a monthly basis, it declined by 3.6% to $1,347/MT in July and by 3.9% to $1,298/MT in August; it further declined by 9.8% to $1,171/MT in September.

In the lauric oil market, the world demand and supply of Palm Kernel Oil (PKO) and vegetable oils (close substitutes of CNO) ultimately determines the market price for CNO. This quarter, PKO prices averaged $983/MT, a decline by 19.2% from the second quarter PKO price, but only a marginal increase of 0.1% from $982/MT in the corresponding quarter of 2023.

Both CNO and PKO prices experienced downward pressures this quarter as consumers switched their preference from CNO to alternative cheaper vegetable oils (especially rapeseed and sunflower oils) resulting from weaker demand and, consequently, lower prices for these products.

Figure 1 depicts the price trends for CNO and PKO compared to the corresponding quarter in 2023. It shows convergent CNO and PKO price trends, with CNO having a relatively higher price premium over PKO. Nonetheless, both products' prices were only marginally higher compared with the corresponding quarter of 2023.

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



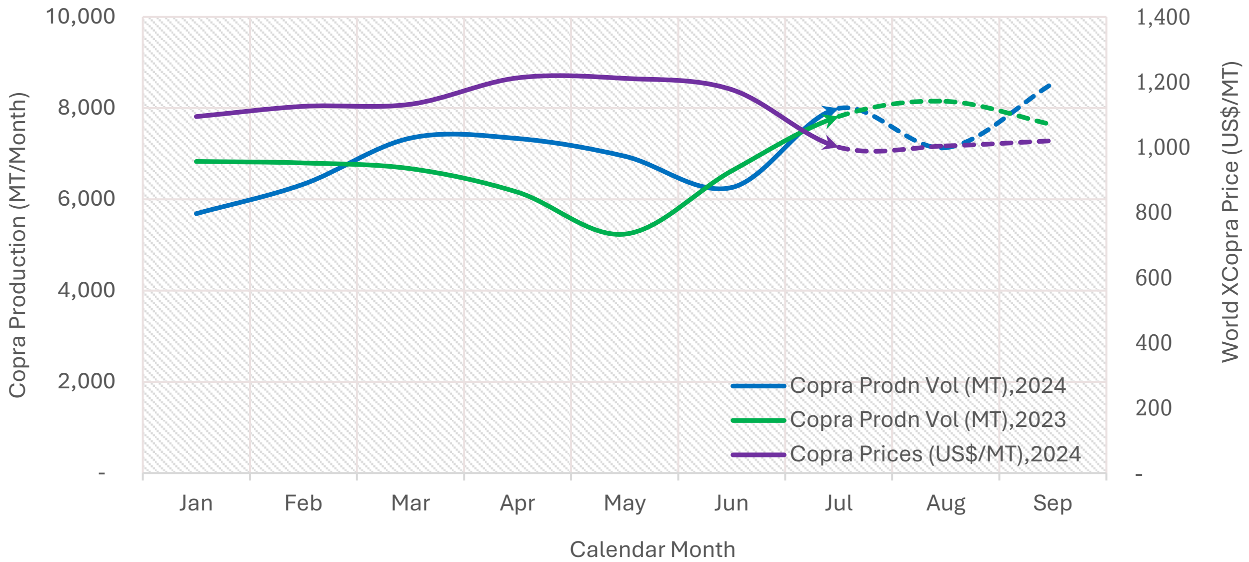
Source:KIK

2. DOMESTIC MARKET

2.1 Copra Production

Figure 2 depicts the domestic copra production versus world market prices during this quarter. Copra production averaged 7,890 MT, representing an increase by 15.2% from 6,486 MT in the second quarter, but a slight increase of 0.3% compared to 7,866 MT in the corresponding quarter of 2023. Despite a slight decline in world market prices for copra, producers' expectations of high prices have driven the production to increase in the short-term.

Figure 2: Monthly Copra Production in PNG Vs World Copra Prices (US$/MT (Jan-Sep, 2024).



Source: KIK

2.1.1 Copra Exports by Buying Centres

Table 2 presents copra export volumes by major buying centres from Jan-September. In the third quarter, copra exports totalled 4,518 MT, shipped from three (3) major copra exporting ports in PNG. Rabaul Port exported 2,440 MT, representing a domestic export market share of 54.0%, followed by Buka port with 1,078 MT, representing 23.9% of market share, and lastly, Kimbe port with 1,000 MT which represents 22.1% of the export market share this quarter.

Table 2: Exports of Copra by Buying Centres[1]

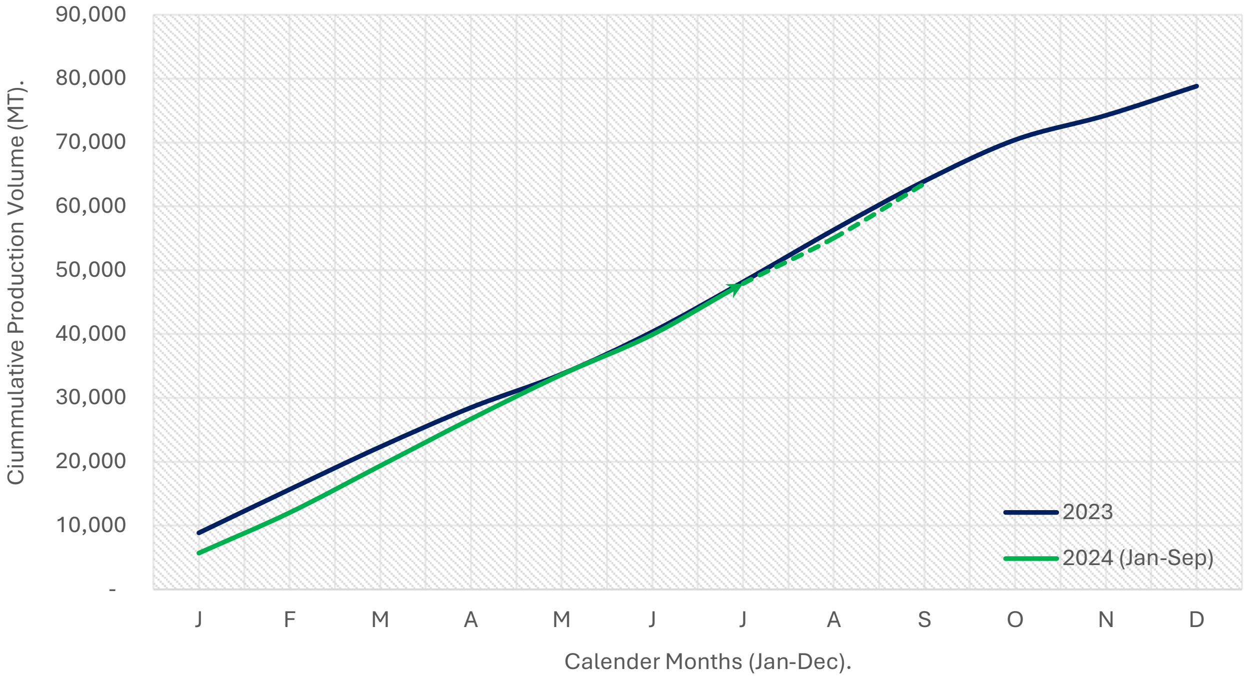
Depot Centre	J	F	M	Total	A	M	J	Total	J	A	S	Total
Rabaul	798	-	-	798	2,530	173	1,464	4,167	168	2,272	-	2,440
Kimbe	-	1,723	-	1,723	504	2,117	615	3,486	-	-	1,000	1,000
Buka	-	-	2,466	2,466	-	973	1,298	2,271	-	1,078	-	1,078
Kavieng	-	-	-	-	-	1,018	-	1,018	-	-	-	-
Total	**798**	**1,723**	**2,466**	**4,987**	**3,034**	**4,281**	**3,377**	**10,943**	**168**	**3.350**	**1,000**	**4,518**

[1] Provisional figures

2.1.2 Cumulative Volume of Copra Production

Figure 3 depicts the cumulative copra production volume from January to September'2024 compared to the corresponding period in 2023. It shows upward production trends in both years, with a slightly lower production trend in the third quarter of 2024.

Figure 3. Cummulative Copra production (MT) in PNG: 2024 (Jan-Sep) vs 2023:



Source: KIK.

2.2 Domestic Copra Prices

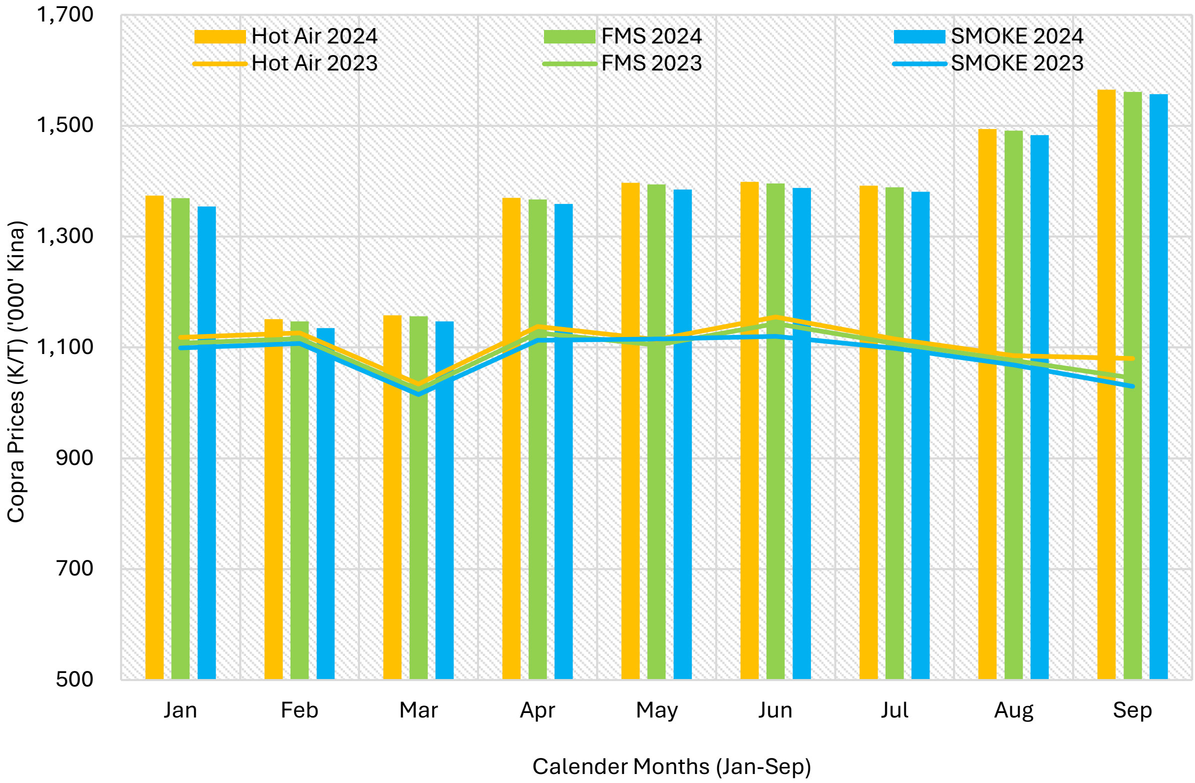
Figure 4 (next page) displays the domestic mill gate prices for the three grades of copra. In this quarter, the average hot air grade copra rose by 6.9% to K1,484/MT from 1,388/MT in the second quarter. On a monthly basis, the hot air price fluctuated by less than 10%, falling by 0.5% to K1,392/MT in July, up again by 7.3% to K1,494/MT in August, and by 4.7% to K1,565/MT in September.

At the same time, the average price for FMS grade copra increased by 6.9% to K1,481/MT from K1,386/MT in the second quarter. It began the quarter at K1,389/MT in July, improved to K1,491/MT in August, and to K1,561/MT in September.

Similarly, the average smoked grade copra price rose by 7.0% to K1,474/MT from K1,377/MT in the second quarter, but 46.4% higher than K1,005/MT in the corresponding quarter of 2023. On a monthly basis, smoked copra price started at K1,381/MT in July, rose by 7.4% to K1,483/MT in August, and by 5.0% to K1,557/MT in September.

Overall, as Figure 4 depicts, domestic copra prices this quarter were relatively stronger compared to the corresponding period in 2023. It was expected during this quarter that, the upward trends in copra prices would continue into the fourth quarter given the then strong demand and tight competitive supply in the global market.

Figure 4: Domestic millgate prices: 2023 - 2024:



Source: KIK

2.3 Export Prices of Coconut Products in PNG

Figure 5 (next page) depicts the average FOB export prices (PGK/MT) of coconut products from January to September. The quarterly copra price averaged K1,860/MT, a 5.7% drop from K1,972/MT in the second quarter, and 24.4% lower than the corresponding quarter of 2023.

On a monthly basis, CNO export prices started off with K4,720/MT in July, rose by 11.8% to K5,279/MT in August before by falling by 8.2% to K4,849/MT in September.

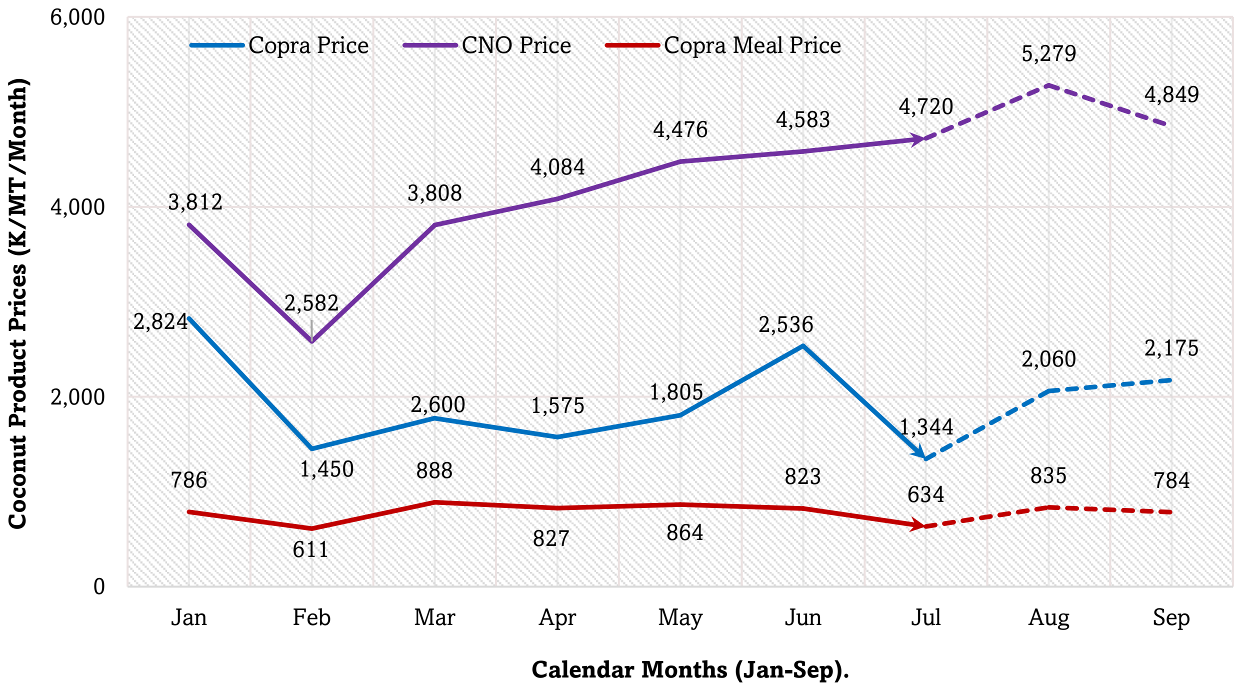
In general, CNO market prices were relatively stronger this quarter, triggered by supply constraints and the increasing demand for coconut oil.

Copra meal prices in this quarter averaged K751/MT, a drop by 10.4% from K838/MT in the second quarter, but 14.2% higher than the corresponding quarter of 2023. This slowdown in the growth of meal prices continued on from the first quarter (-1%).

Looking at the monthly trend, average meal price was K634/MT in July, a drop by 23.0% from K823/MT in June. Meal prices rose again by 31.8% to K835/MT in August before falling by 6.1% to K784/MT in September.

Overall, reflecting movements in world market trends, FOB prices for all coconut products this quarter were moderately stronger compared to the same period in 2023.

Figure 5. Export FOB Prices (K/T) for PNG's Coconut Products: 2024 (Jan-Sep.).



Source: KIK.

2.4 Copra Export Margins

Table 3 presents the copra export margins from January to September 2024. This quarter, exporter margins averaged 18%, compared with 26% in the first quarter and 27% in the second quarter. In july, export margin was 4.1%, increasing to 27.6% in August, and 28.2% in September. Export margins fluctuated within a reasonable range from 18-28%.

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	51.53%
Feb	1,126	1,450	1,177	273	18.85%
Mar	1,132	1,773	1,387	387	21.81%
Apr	1,213	1,575	1,367	208	13.22%
May	1,211	1,805	1,394	411	22.78%
Jun	1,177	2,536	1,396	1,139	44.94%
Jul	1,000	1,344	1,289	55	**4.10%**
Aug	1,004	2,060	1,491	569	**27.62%**
Sep	1,020	2,175	1,561	614	**28.22%**

2.5 Exports of Coconut Products

2.5.1 Copra

Table 4 (next page) presents the copra export volume. In this quarter, copra exports dropped by 57.7% to 4,518 MT from 10,691 MT in the second quarter, but was higher by 2.95-folds compared to 1,142 MT in the corresponding quarter of 2023. Looking at the monthly trend, exports of copra closely tracked movements in FOB export prices; consistent with these price trends, 168 MT were exported in July, 3,349 MT in August, and 1,001 MT in September.

Table 4. Copra Exports Volume (Jan-Sep 2024)												
Calendar Month	J	F	M	**Total**	Apr	May	Jun	**Total**	Jul	Aug	Sep	**Total**
Export Volume (MT)	798	1,723	2,466	**4,987**	3,034	4,281	3,627	**10,943**	168	3,349	1,001	**4,518**

2.4.2 CNO

Table 5 presents the export volume of CNO. Total exports increased by 53.8% to 6,975 MT this quarter, up from 4,535 MT in the second quarter, and represents a 4.8% rise from 6,675 MT in the corresponding quarter of 2023. On a monthly basis, CNO exports reached 1,998 MT in July, a 14.0% increase from 1,056 MT in June. The upward trend continued with exports rising by 85.6% to 3,708 MT in August, before falling sharply by 65.6% to 1,269 MT in September.

Table 5. CNO Exports Volume (Jan-Sep 2024)												
Calendar Month	J	F	M	**Total**	Apr	May	Jun	**Total**	Jul	Aug	Sep	**Total**
Export Volume (MT)	2,806	1,294	2,263	**6,363**	1,784	1,695	1,056	**4,535**	1,998	3,708	1,269	**6,975**

2.4.3 Copra Meal

Table 6 presents the copra meal exports from January to September for ease of comparison on a quarterly and monthly bases. Total meal exports rose by 143% to 5,458 MT this quarter, 1.07 times higher compared to the corresponding quarter of 2023. Meal exports increased by 100% to 1,749 MT in July from 200 MT in June. It further increased by 31.9%, reaching 2,306 MT in August before falling by 39.2% to 1,403 MT in September**.**

Table 6. Copra Meal Exports Volume (Jan-Sep 2024)												
Calendar Month	J	F	M	**Total**	Apr	May	Jun	**Total**	Jul	Aug	Sep	**Total**
Export Volume (MT)	736	1,233	1,265	**3,234**	763	1,281	200	**2,243**	1,749	2,306	1,403	**5,458**

2.5 Domestic Exports of Coconut Products

2.5.1 Copra Exporters and Market Share

Table 7 presents the domestic market shares by export firms; they collectively exported a total of 4,518 MT of copra this quarter. Pacific Lama dominated the domestic copra market share during the second and third quarters, with an export volume of 3,923 MT in the second quarter and 1,786 MT in the third quarter.

Table 7. Copra Exporters and Market Share[1]						
	First Quarter		*Second Quarter*		*Third Quarter*	
Exporters	Export Volume (MT)	Market Shares (%)	Export Volume (MT)	Market Shares (%)	Export Volume (MT)	Market Shares (%)
1. CPL	798	16.0	-	-	315	7.0
2. KBSA	1,723	34.6	2,974	27.2	1,001	22.2
3.Sankamap	2,466	49.4	2,271	20.8	1,078	23.9
4.Aero	-	-	244	2.2	338	7.5
5. One You Sing	-	-	513	4.7	-	-
6.Pacific Lama Trading	-	-	3,923	35.8	1,786	39.5
7. Kliaren	-	-	1,018	9.3	-	-
Total	**4,987**	100.0	**10,943**	100.0	**4,518**	100.0

2.5.2 CNO Exporters and Market Share

Table 8 presents the domestic export market shares by CNO exporting firms this quarter. All of them have consistently exported CNO date except for CPL. Globe Manufacturing Ltd led with a market share of 65.0% (4,536 MT), followed by SD Guthrie International (24.4%, 1,701 MT), and CPL (10.6%, 739 MT). CNO was exported to Malaysia (84.3%, 3,825 MT), Sri Lanka (41.7%, 1,890 MT), Netherlands (20.8%, 945 MT), and Australia (6.9%, 315 MT).

Table 8. CNO Exporters and Market Share

	First Quarter		*Second Quarter*		*Third Quartr*	
Exporters	Export Volume (MT)	Market Shares (%)	Export Volume (MT)	Market Shares (%)	Export Volume (MT)	Market Shares (%)
1. SD Guthrie	1,966	30.9	1,490	32.9	1,701	24.4
2.Globe	4,396	69.1	3,045	67.1	4,536	65.0
3. CPL	-	-	-	-	738	10.6
Total	**6,362**	100.0	**4,535**	100.0	**6,975**	100.0

2.5.3 Meal Exporters and Market Shares

Table 9 presents copra meal exports by market shares. Total exports of copra meal reached 5,459 MT this quarter. Of this export volume, Globe Manufacturing Ltd led with 48.8% (2,662 MT), followed by SD Guthrie International with 30.4% (1,660 MT), and CPL at 20.8% (1,136 MT).

Table 9. Copra Meal Exporters and Market Share

	First Quarter		*Second Quarter*		*Third Quarter*	
Exporters	Export Volume (MT)	Market Shares (%)	Export Volume (MT)	Market Shares (%)	Export Volume (MT)	Market Shares (%)
1. CPL	100	1.3	-	-	1,136	20.8
2. SD Guthrie	1,400	44.1	980	43.7	1,660	30.4
3. Globe Manufacturing	1,734	54.6	1,263	56.3	2,662	48.8
Total	**3,234**	100.0	**2,243**	100.0	**5,458**	100.0

3. EXPORT EARNINGS FROM COCONUT PRODUCTS

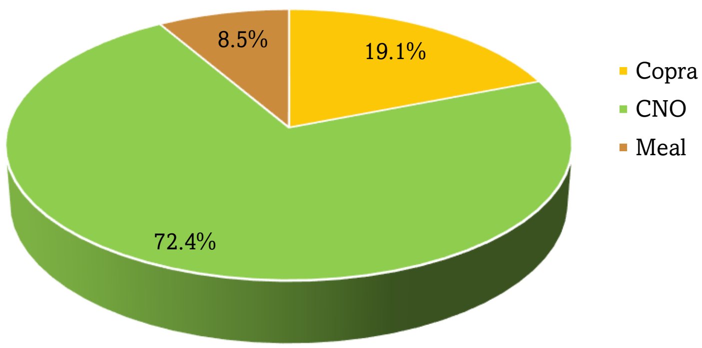
Table 10 (next page) presents the revenue generated from the three (3) traditional coconut products. The aggregate earnings for this quarter amounted to K48.4m, an increase by 12.2% compared to K43.3 m in the second quarter and, by 42.0% compared to K34.2 m in the first quarter.

The aggregate earnings from January to September amounted to K126.14 m. On a monthly basis, earnings in July reached K10.77 m, a decline by 7.2% from K14.20 m in June. In August, earnings rose by 1.63-folds to K28.20 m, before it dropped again by 66.8% to K9.43 m in September.

As **Figure 6** (next page) depicts**,** CNO generated the highest share of the aggregate earnings from the three products, with a revenue share of 72.4% (K35.15 m), followed by copra with 19.1% (K9.11 m) and copra meal with 8.5% (K4.14 m) of the aggregate revenue pie.

Table 10: Ex ort Earnings (K'M)from Coconut Products (Jan-Sep)												
Month	**J**	**F**	**M**	**Total**	**A**	**M**	**J**	**Total**	**J**	**A**	**S**	**Total**
Copra	2.25	2.49	4.37	**9.11**	4.78	7.73	9.20	**21.71**	0.23	6.70	2.18	**9.11**
CNO	10.69	3.34	8.62	**22.65**	7.29	7.59	4.84	**19.72**	9.43	19.57	6.15	**35.15**
Meal	0.58	0.75	1.12	**2.45**	0.63	1.11	0.16	**1.90**	1.11	1.93	1.10	**4.14**
Total	13.52	6.58	14.11	**34.21**	12.70	16.43	14.20	**43.33**	10.77	28.20	9.43	**48.40**

Figure 6. % Share of revenue by Product.



Source: KIK.

SUMMARY

1. In this quarter, the world market price for copra averaged $1,008/MT, indicating a moderate decline by 16.0% from $1,200/MT recorded in the preceding quarter, but 3.0% higher than the corresponding quarter.

2. World market price for CNO averaged $1,272/MT, slightly declining by 9.6%, but 18.7% higher than the corresponding period.

3. The third quarter copra production averaged 7,827 MT, an increase by 12.2% from 6,977MT in the second quarter, but a slight drop by 0.3% compared to 7,866 MT in the corresponding quarter of 2023.

4. This quarter, exporter margins averaged 18%, relatively lower than both the first quarter (26%) and the second quarter (27%). But it was still reasonable.

5. The aggregate revenue in the third quarter equalled K48.4 m, an increase by 12.2% and 42% compared to K43.33 m in the second quarter and, K34.21 m in the first quarter.

6. The cumulative earnings for the three quarters of the year amounted to K126.14 m.