



KOKONAS INDUSTRI KOPORESEN

The Statutory and Regulatory Institution for the Coconut Industry
in Papua New Guinea

MARKET REPORT

APRIL - JUNE
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1. INTERNATIONAL MARKET DEVELOPMENTS

Global prices of both copra and copra oil (CNO) in this quarter registered quarterly averages of US\$953/MT and US\$1,459/MT respectively. These prices were higher by 3.9% and 6.8% compared to the preceding quarter. Prices registered for copra and CNO in the second quarter are shown in Table 1 and the graphical illustration in Figure 1 below.

In April, copra registered US\$916/MT which is a decrease of 1.9% compared to the preceding month. In May, it increased by 4.8%, registering US\$960/MT, then increased again by 2.5% to US\$984/MT in June.

CNO opened the quarter by registering US\$1,361/MT in April, a decrease of 1.4% compared to the preceding month. It then decreased by 11.5% in May,

registering US\$1,518/MT, but decreased again by 1.3% to US\$1,499/MT in June.

Although the current market conditions are experiencing fluctuations in price for both CNO and PKO there are positive signs prices may remain high through 2021 due to increase in the demand for lauric oils.

It has been reported that over fifty percent (50%) of CNO is used by the oleo-chemical industry according to the International Coconut Community Annual Report 2019.

Table 1: Average Monthly Prices of Copra and CNO in 2021 (Jan-June)

	Jan	Feb	Mar	Apr	May	Jun
Copra (CIF NW US\$/MT)	936	884	934	916	960	984
Quarterly Average	918			953		
CNO (CIF Rott US\$/ MT)	1,371	1,348	1,381	1,361	1,518	1,499
Quarterly Average	1,366			1,459		

All figures have been rounded up to one decimal place.

Source: The Public Ledger

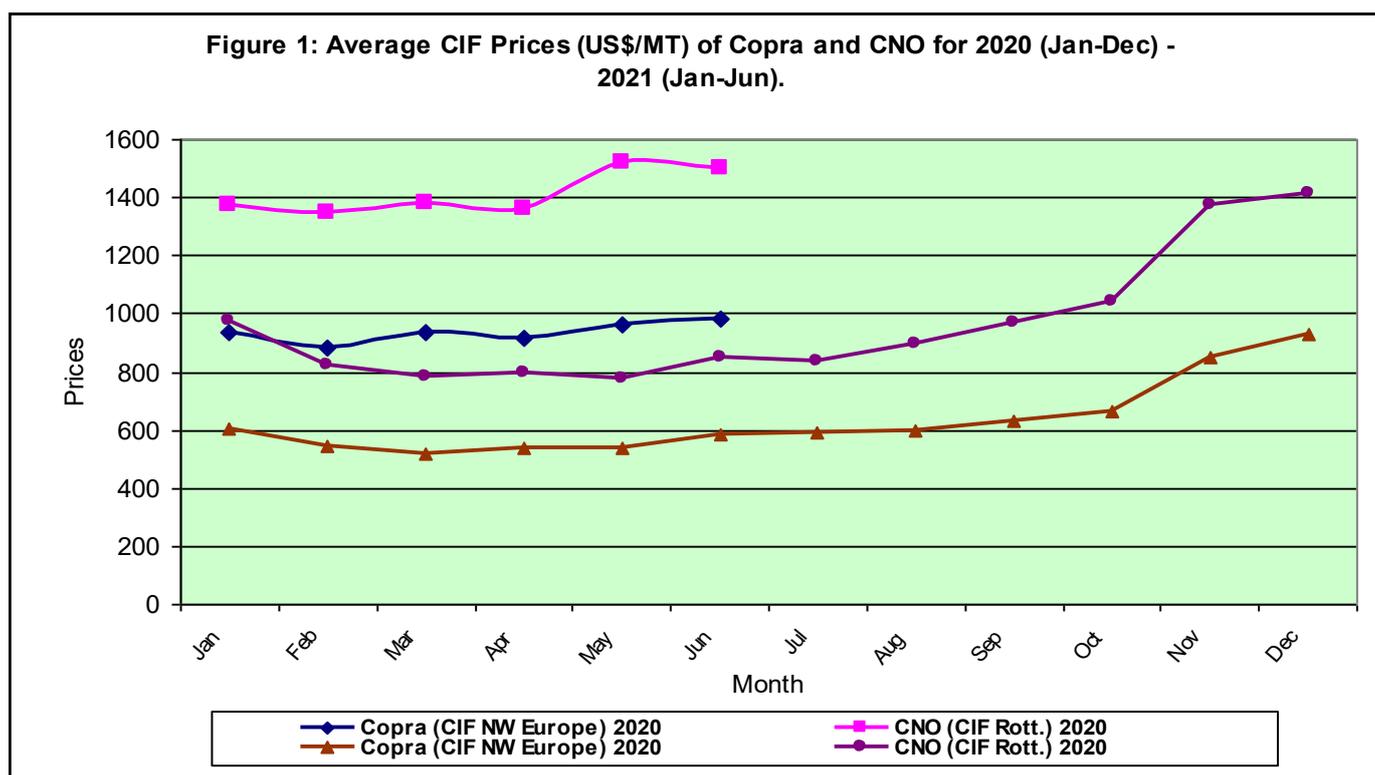
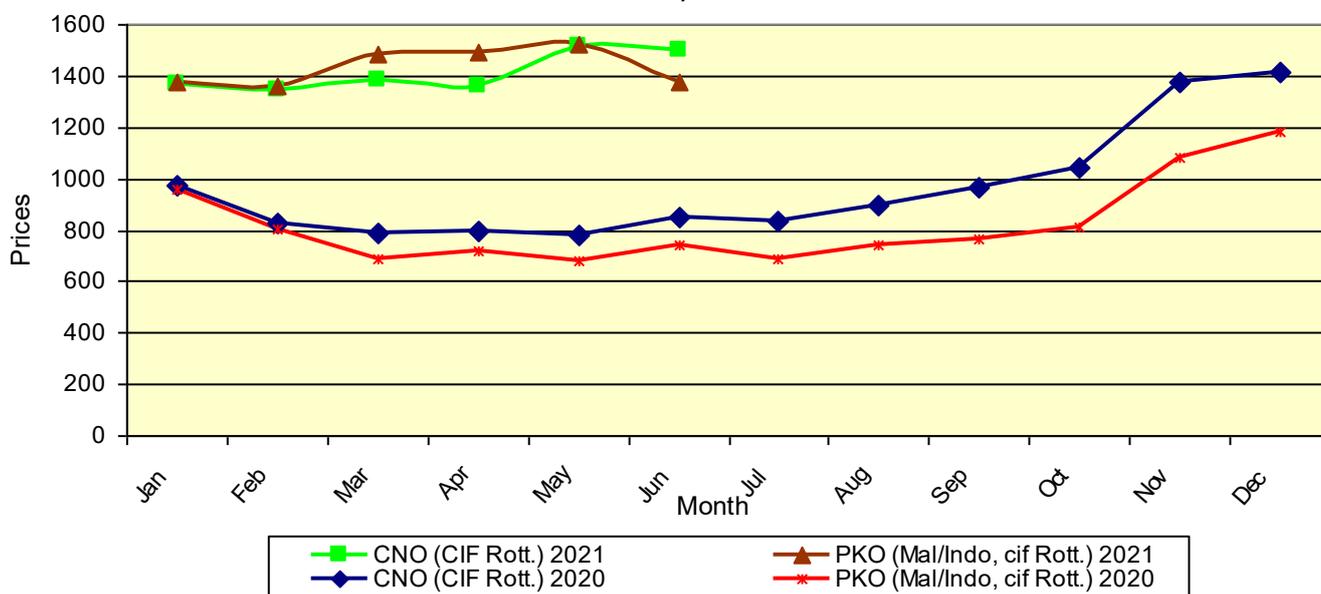


Figure 2: Average CIF Prices (US\$/MT) of CNO and PKO for 2020 (Jan-Dec) - 2021 (Jan-Jun)



2. DOMESTIC MARKET DEVELOPMENTS

2.1 Total Copra Production

Domestic copra production in this quarter increased compared to the preceding quarter and aggregate registered 24,946 tonnes as shown in Figure 3. Total copra production for this quarter is lower by 3.3% compared to the aggregate volume registered in the preceding quarter.

The second quarter began production with 8,376 tonnes registered in April, which is 16.6% lower than the volume registered in the preceding month. Following on, May registered 8,440 tonnes which is an increase of 0.8%. It then decreased again by 3.7% to 8,130 tonnes. Total copra production for this quarter is higher by 7.6% compared to the aggregate volume registered in the corresponding quarter in 2020.

The increase in level of production this quarter is attributed to the higher prices offered in the global market. PNG farmers are price sensitive so the higher prices of copra has resulted in an increase in copra production levels.

2.1 Total Copra Production

The copra production by the major buying centres for this quarter is shown in Table 2 below.

Aggregate, Madang (9,996 tonnes) led the tally, followed by Buka (5,659 tonnes), Rabaul/Toboï (5,227 tonnes), Kimbe (2,064 tonnes), Kavieng/Namatanai (1,242 tonnes) and Alotau (758 tonnes) in descending order.

Madang began the quarter by registering 3,046 tonnes in April, a decrease of 19.7% compared to the preceding month. It then increased in May by 21.6% to 3,704 tonnes. But decreased again by 12.4% to 3,245 tonnes in June.

Buka commenced the quarter with 2,315 tonnes in April, an increase of 9.3% from the preceding month. It then decreased by 26.3% in May to 1,706 tonnes and decreased further by 4.0% to 1,638 tonnes in June.

Rabaul/Toboï commenced with 1,672 tonnes in April and increased by 2.2% to 1,708 tonnes in May and increased again by 8.2% to 1,848 tonnes in June.

Kimbe started with 748 tonnes in April and decreased by 4.1% to 717 tonnes in May. It then decreased further by 16.4% to 600 tonnes in June.

Kavieng/Namatanai began the quarter by registering 394 tonnes in April and decreased by 9.7% to 356 tonnes in May. It then increased by 38.0% to 492 tonnes in June.

Alotau commenced with 201 tonnes in April, an increase of 98.8% from the preceding month. It increased again by 23.6% to 249 tonnes in May, and further increased by 23.6% to 308 tonnes in June.

Overall, this quarter saw an fluctuating trend in copra production.

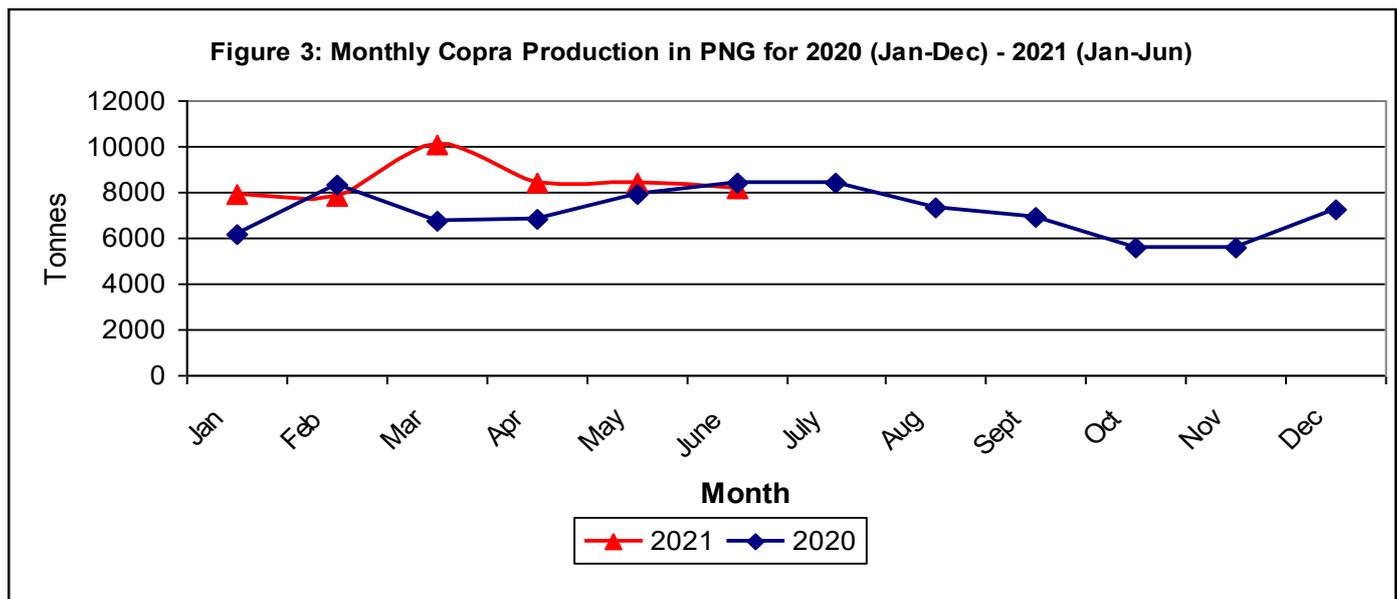


Table 2: Copra production (tonnes) by Major Buying Centers for 2021 (Jan—June)

Centre/Depot	Jan	Feb	Mar	April	May	June
Rabaul/ Toboi	2,397	2,096	2,575	1,672	1,708	1,848
Madang	3,081	3,342	3,794	3,046	3,704	3,245
Buka	1,569	1,501	2,119	2,315	1,706	1,638
Kavieng/Namatanai	372	362	407	394	356	492
Kimbe	462	408	1,051	748	717	600
Alotau	55	113	101	201	249	308
Total	7,936	7,822	10,046	8,376	8,440	8,130

2.3 Domestic Copra Prices

Movements in domestic copra prices reflect the general trend of copra prices in the world market. Copra produced in PNG is usually graded and bought according to three different grades namely hot air, fair merchantable standard (FMS) and smoke. The FMS price is the average price received by copra buyers at the major buying depots or centres, and this varies from one depot to another due to shipping and/ or transshipment costs. A premium is usually added onto this price for hot air copra and the price for the smoke grade copra is reduced by a certain amount set as discount.

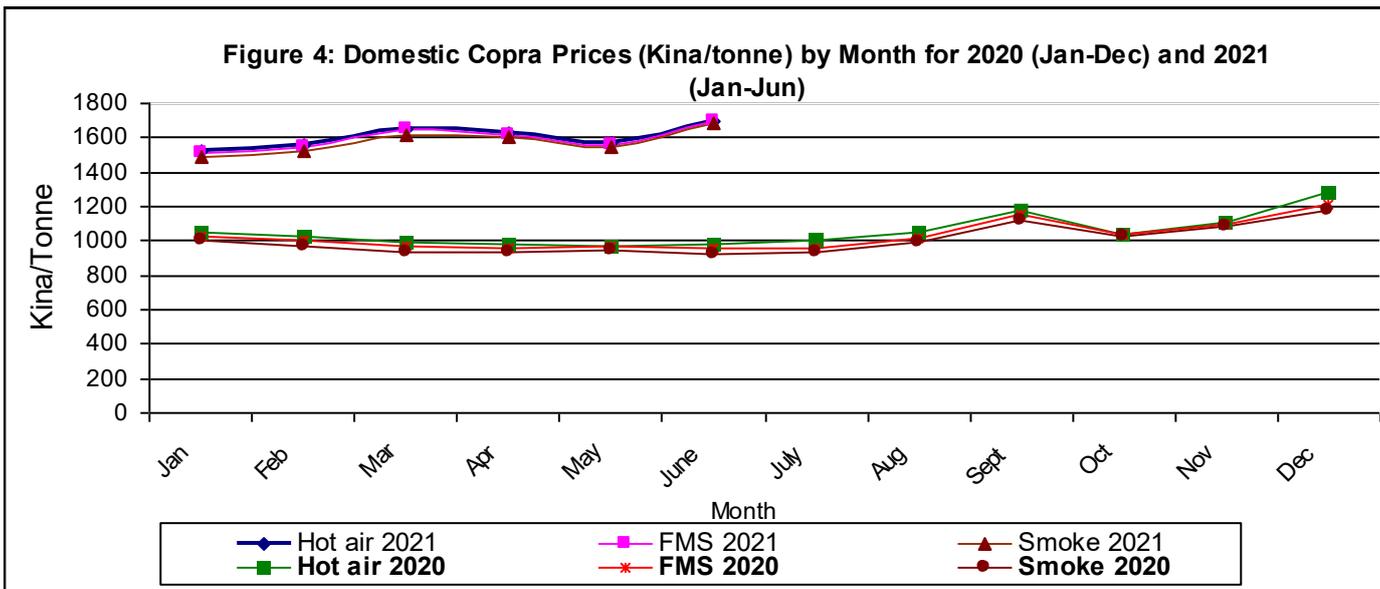
During this quarter, the average Hot Air, FMS and Smoke grade prices were K1,631, K1,622 and K1,611 per tonne, respectively. Based on these figures, the average premium price for hot air grade is K9 per tonne and the discount for the smoke grade is K11 per tonne. Compared to the preceding quarter, the average premium price for hot air per tonne and the discount price for smoke grade decreased by 25.0% and 56.0% respectively.

Monthly price fluctuations for 2020 and the first six months of 2021 are shown in Figure 4.

As shown in Figure 4, the trend set in this quarter dwelled above the trend set in the corresponding quarter in 2020. April recorded K1,627/tonne for hot air copra which is 1.6% lower than the price of the preceding month. FMS decreased by 1.8% to K1,615/tonne and smoke also decreased by 1.0% to K1,604/tonne.

In May, price for hot air decreased by 3.7% to K1,566/tonne, FMS decreased by 3.6% to K1,558/tonne and the smoke grade also decreased by 3.5% to K1,547/tonne.

In June, hot air copra was priced at K1,701/tonne, an increase of 8.6%. FMS increased by 8.7% to K1,692/tonne and smoke grade also increased by 2.3% to K1,682/tonne.



Prices offered for the three different grades by the major copra buying centres in this quarter are shown in Figure 5 below.

Of the six (6) major centres that purchased copra, Madang offered the highest price for hot air, which was K1,846/tonne, an increase of 4.5% compared to the price offered in the preceding quarter. FMS was priced at K1,814/tonne while smoke was priced at K1,787/tonne. These prices are higher by 5.1% and 10.7% respectively for FMS and smoke grades compared to the prices offered in the preceding quarter.

Following Madang was Buka that priced hot air, FMS and smoke at a flat rate of K1,787/tonne. These prices are higher by 13.9% compared to the price offered in the preceding quarter.

Following Bukawas Alotau with K1,600/tonne flat rate for all grades. This price is higher by 14.3% compared to the price offered in the preceding quarter.

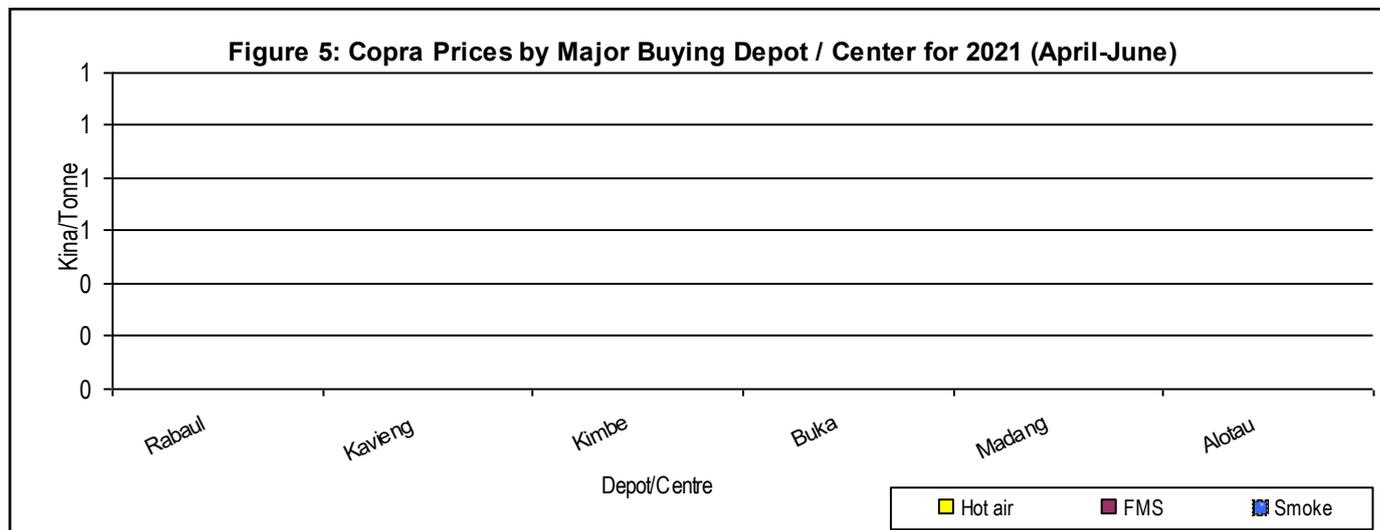
Kimbe rallied behind Alotau pricing all three grades at also at flat rate of K1,600/tonne. This price is higher

by 4.1% for all three grades respectively compared to the price offered in the preceding quarter.

Kavieng rallied behind Kimbe pricing hot air at K1,483/tonne, which is lower by 1.1% compared to the preceding quarter. FMS and smoke were also priced at K1,483/tonne. Compared to the previous quarter, these prices are lower by 1.1% and 1.1% respectively for FMS and Smoke grades.

Rabaul offered the lowest price for hot air at K1,471/tonne, a decrease of 14.2% from the preceding quarter. FMS was priced at K1,446/tonne and smoke at K1,408/tonne, which are lower by 14.2% and 14.3% respectively compared to the prices offered in the preceding quarter.

The general increase in prices this quarter is attributed to the increasing price trend in the global market, and also the implementation of the Copra Price Support by the Kokonas Industri Koporesen as part of the PNG Government's Commodity Price Stabilization and Agriculture Intervention Program since the final quarter of 2020.



2.4 Export Prices of Coconut Products in PNG

The coconut products exported from PNG highlighted in this report are copra, crude copra oil (CNO) and copra meal. Figure 6 shows the average export prices (FOB) of coconut products exported from PNG in this quarter.

Copra prices fluctuated in this quarter. April registered K1,818/tonne, an increase of 5.7% from the preceding month. May registered K1,713/tonne which is a decrease of 5.8%. In June, it increased by 54.1% to K2,640/tonne.

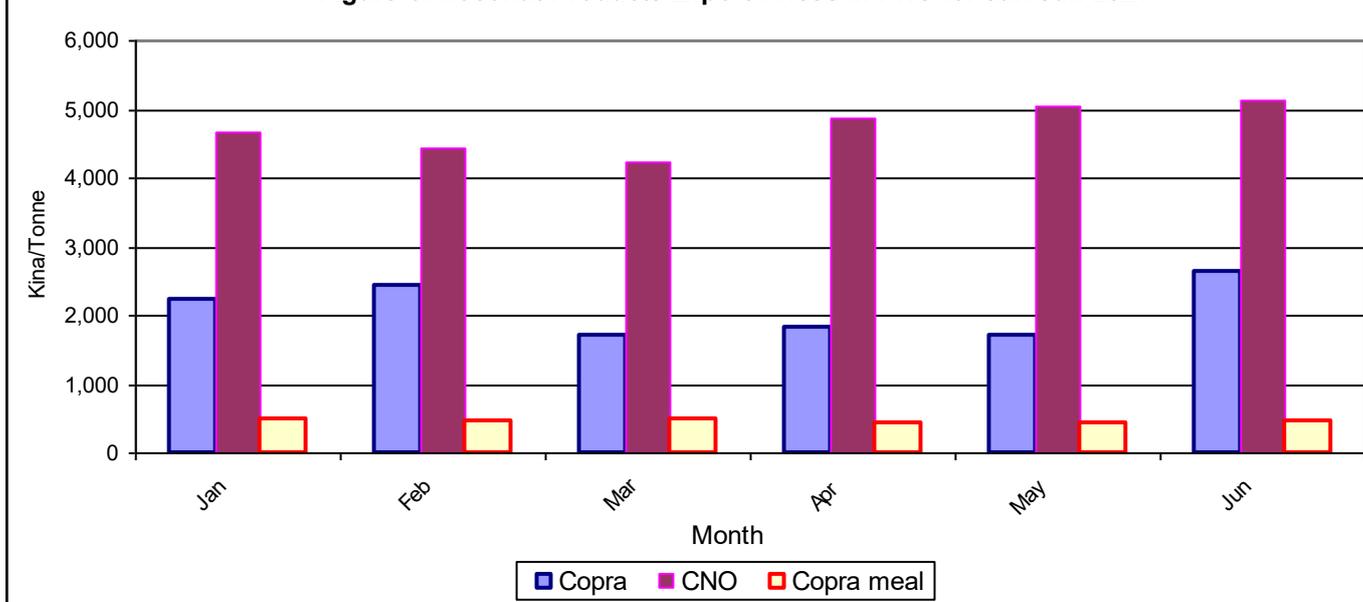
Price of CNO in this quarter began by registering K4,862/tonne in April, an increase of 14.5% from the preceding month. In May, it increased again by 3.9% to K5,051/tonne, and further in-

creased by 1.8% in June to K5,142/tonne.

Copra meal export price experienced a fluctuating trend this quarter. It registered K429/tonne in April, a decrease of 14.3% compared to the preceding month. In May, it increased by 3.0% to K442/tonne, and further increased in June by 6.7% to K471/tonne.

The fluctuating prices of export coconut products experienced since the first quarter of 2020 are anticipated to remain high in the coming quarter given the current market scenario of tight supply of coconut products in the global market and the impact of the coronavirus pandemic on international trade.

Figure 6: Coconut Products Export Prices in PNG for Jan-Jun 2021



2.4.1 Export Margins of Copra

The export margins for this quarter in kina value are shown in Table 3. The export margins depict the price difference between the FOB prices and the FMS mill gate prices as determined by costs involved such as handling, shrinkage and most importantly freight.

The kina equivalent FOB price in the international market slightly decreased by 1.8% from the preceding month and registered K3,217/tonne in April. It increased again by 4.7% to K3,368/tonne in May, and further increased in June by 2.5% to K3,453/tonne.

The mill gate price behaved in a different fash-

ion. April registered K1,615/tonne which is a decrease of 1.8% compared to the preceding month. In May, it decreased by 3.6% to K1,558/tonne, but then increased by 8.7% to K1,692/tonne in June.

The price trends both at the international and domestic markets have resulted in export margins of 49.8%, 53.7% and 51.0% respectively for April, May and June.

This indicates two scenarios either the cost of making business in PNG is very high or the exporters of coconut products have inflated operational costs to make substantial profit.

Table 3: Copra Export Margin for the Second Quarter (April—June) 2021

Month	Exchange Rate (equivalent value of kina in US\$)	FOB (Copra) Price Export (US\$/ tonne)	FOB (Copra) Price Export (Kina/ tonne)	FMS (Copra) Price Mill gate (Kina/tonne)	Export Margin & Percentage out of the FOB Price (Kina/tonne)
April	0.2850	916	3,214	1,615	1,599 (49.8%)
May	0.2850	960	3,368	1,558	1,810 (53.7%)
June	0.2850	984	3,453	1,692	1,761 (51.0%)

Source: Kokonas Industri Koporesen

Exchange Rate Source: Bank of Papua New Guinea

2.5 Exports of coconut products

Figure 7 shows the volumes of the three coconut products exported from PNG in this quarter, namely, Copra, Copra Oil (CNO) and Copra Meal. The export volumes of copra, CNO and copra meal declined this quarter compared to the preceding quarter.

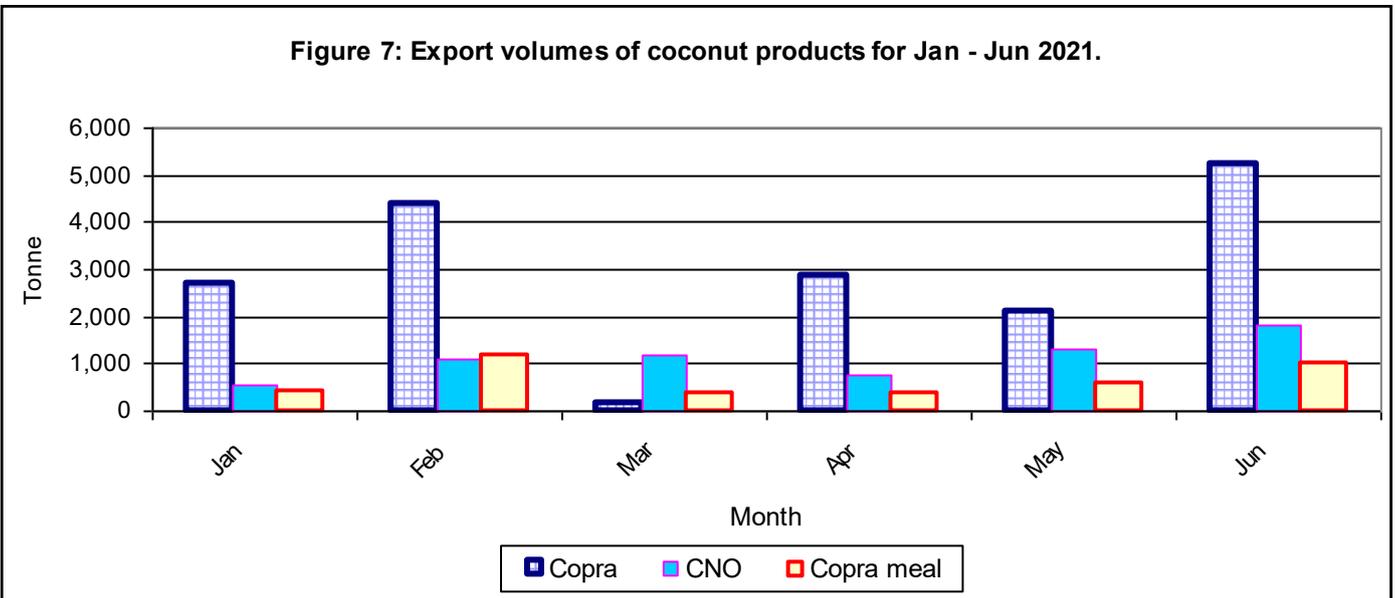
Aggregately, this quarter recorded a total export volume of 10,189 tonnes of copra which is an increase of 40.6% compared to the total export volume (7,247 tonnes) of the preceding quarter, and also an increase of 109.4% compared to the total volume (4,866 tonnes) in the corresponding quarter of 2020.

2.5.1 Copra

In this quarter copra export in April was 2,854 tonnes. It decreased in May by 25.9% to 2,115 tonnes. It then increased by 146.8% to 5,220 tonnes in June

The increase in copra exports this quarter, compared to the preceding quarter is attributed to the increase in prices of copra in the global market.

Figure 7: Export volumes of coconut products for Jan - Jun 2021.



Export by destination

In this quarter, PNG exported a total of 10,189 tonnes of copra to four overseas markets namely Philippines, Bangladesh, Malaysia and India.

piners’s domestic production cannot fully cater for both internal and external demands; (2) Over 50% of CNO is used by the oleo-chemical industry.

Of the total volume, Philippines purchased 64.2% (6,543 tonnes), Bangladesh 24.7% (2,514 tonnes), Malaysia 7.7% (789 tonnes) and India 3.4% (343 tonnes). The Philippines continues to be the major buyer of PNG copra mainly because of the following reasons: (1) Philip-

It is anticipated that Philippines will continue to be the major buyer as propositions are underway to increase the current Biodiesel blending from 2.5% to 5%.

Export Market Share

The export summary of copra exports in this quarter is shown in Table 4 below.

This quarter recorded a total copra export volume of 10,189 tonnes undertaken by nine (9) exporters namely Coconut Products Ltd (CPL), Sankamap Exports Ltd, Kimbe Bay Shipping Ltd (KBSL), Pacific Lama Traders, Emirau Marine Products Ltd, One You Sing Enterprise Ltd, Aero Ltd, Kliaran Corporation Ltd and Garden Enterprise Ltd.

Of the total volume, CPL led the tally by exporting 21.9% (2,228 tonnes). After CPL was Sankamap with

19.7% (2,006 tonnes), KBSL 15.7% (1,604 tonnes), Pacific Lama 12.3% (1,250 tonnes), Emirau 10.5% (1,070 tonnes), One You Sing 9.4% (959 tonnes), Aero 6.1% (622 tonnes), Kliaran 2.4% (243 tonnes) and Garden Enterprise with 2.0% (207 tonnes) in descending order.

The increase in copra exports this quarter, compared to the preceding quarter is attributed to the higher prices offered in the global market that influence an more exporters to trade this quarter.

Table 4: Copra exports and market share for April—June 2021

Exporter/Port	Second Quarter 2021 Export Volumes (Tonnes)	Market Share (%)
Coconut Products Ltd	2,228	21.9%
Sankamap Export Ltd	2,006	19.7%
Kimbe Bay Shipping Ltd	1,604	15.7%
Pacific Lama Traders	1,250	12.3%
Emirau Marine Products Ltd	1,070	10.5%
One You Sing Enterprise Ltd	959	9.4%
Aero Limited	622	6.1%
Kliaran Corporation Ltd	243	2.4%
Garden Enterprise Ltd	207	2.0%
TOTAL	10,189	100%

2.5.2 Coconut Oil Exports

A total of 3,888 tonnes of CNO was exported from PNG in this quarter. The month of April registered an export volume of 756 tonnes, a decrease of 36.4% from the preceding month. May registered 1,296 tonnes, an increase of 71.4%, and then increased further in June by 41.7% to 1,836 tonnes. Compared to the export volume (2,830 tonnes) of the preceding quarter, this quarter's total export volume increased by 37.4%.

Export by destination

CNO exported in this quarter went to only one market – Malaysia. Malaysia purchased 3,888 tonnes of CNO from PNG in this quarter.

Export market share

The export of CNO in this quarter was undertaken by Pristine Co.101 Limited and Markham Farming Ltd.

Table 5: Copra Oil (CNO) exports and market share for April—June 2021

Exporter/Port	Second Quarter 2021 Export Volumes (Tonnes)	Market Share (%)
Markham Farming Ltd	2,808	72.2%
Pristine Co.101 Ltd	1,080	27.8%
TOTAL	3,888	100%

2.5.3 Copra Meal Exports

In this quarter a total of 2,000 tonnes of copra meal was exported from PNG, which is an increase of 0.3% compared to the total volume (1,993 tonnes) registered in the preceding quarter. April began by registering 380 tonnes, an increase of 5.6% from the preceding month. It further increased by 57.9% to 600 tonnes in May, and further increased by 70.0% to 1,020 tonnes in June.

Export by destination

Copra meal exported in this quarter went to seven destinations overseas namely Australia, United States, United Kingdom, Canada, India, South

Africa and New Caledonia. Of the total export volume, Australia purchased 49.0% (890 tonnes), USA 21.0% (420 tonnes), India 21.0% (420 tonnes), UK 6.0% (120 tonnes) while Canada, South Africa and New Caledonia bought 0.1% (20 tonnes) each. Australia normally imports copra meal for feed stock for the livestock sectors while others import for various intermediary purposes.

Export market share

Copra meal exports in this quarter were undertaken by Pristine Co.101 Limited and Markham Farming Ltd.

Table 6: Copra Meal Exports and Market Share for April–June 2021

Exporter/Port	Second Quarter 2021 Export Volumes (Tonnes)	Market Share (%)
Markham Farming Ltd	1,740	87.0%
Pristine Co.101 Ltd	260	13.0%
TOTAL	2,000	100%

3. EXPORT EARNINGS FROM COCONUT PRODUCTS

The export earnings from coconut products, namely copra, CNO and copra meal for the second quarters of 2020 and 2021 are summarised in Table 5 below.

In comparison to the corresponding quarter of 2020, copra and CNO registered an increase while meal registered a decrease in export revenue this quarter. Copra revenue registered in this quarter was higher by 98.6%, and CNO revenue was higher by 55.5% while copra meal revenue was lower by 64.2%, compared to the revenue registered in the corresponding quarter of 2020.

The aggregate export revenue generated from

coconut products in this quarter is 62.9% higher than the total export revenue registered in the corresponding quarter of 2020.

The increase in revenue registered in this quarter is attributable to the increase in prices at the global market during this quarter.

In terms of the total revenue generated in the first six months, the aggregate revenue for the first half of 2021 is 7.5% lower than the total revenue generated in the corresponding period in 2020.

Table 7: Export earnings from coconut products for the second quarters of 2020 & 2021

Coconut Product	April–June 2021 (Kina)	April–June 2020 (Kina)	Jan–June 2021 (Kina)	Jan–June 2020 (Kina)
Copra	23,470,488	11,820,890	39,215,341	40,836,807
CNO	19,639,643	12,633,733	32,127,670	32,456,070
Copra Meal	921,071	2,573,824	1,933,432	4,565,984
TOTAL	44,031,202	27,028,447	73,276,442	79,189,596

Source: Kokonas Industri Koporesen

4. CONCLUSION

In general, copra & CNO prices both on the aggregate and average levels decreased in this quarter compared to the preceding quarter at the international market. Average prices of copra and CNO increased by 3.9% and 6.8% respectively, compared to the preceding quarter.

Domestic prices of copra, CNO and copra meal are influenced by the price movements in the international market, thus the movement of prices also influences the domestic production of copra because our farmers are price sensitive.

At present, three coconut products are being produced domestically and traded in the global market namely copra, CNO and copra meal, which all recorded an increase in terms of production and

export volumes. Copra production slightly decreased in this quarter by 3.3% from the preceding quarter, however, there was an increase in export volumes of copra, CNO and meal. This is attributable to the increase in the prices of coconut products in the global market during this quarter.

General export earnings of all coconut products recorded an increase of 50.6% this quarter compared to the preceding quarter. The increase in export revenue has also been attributable to the increase in prices in the international market.