



KOKONAS INDUSTRI KOPORESEN

COCONUT MARKET REVIEW

FOURTH QUARTER

OCTOBER – DECEMBER 2022

THE AGRIBUSINESS DEVELOPMENT & MARKETING PROGRAM.

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1. THE INTERNATIONAL MARKET.

International market prices for copra have experienced slight fluctuations during the final quarter of the year. This saw the average October price declining by 8.5% to \$0.92/KG from \$1.00/KG in September but rising again by 11.5% \$1.02/KG in November before falling again by 1.5% to record \$1.01/KG (**Table 1**). However, overall, this quarter's

global market prices for copra have demonstrated an upward momentum averaging 0.5%. This was reflected by the mean monthly copra price which has increased by 3.4% to approximately \$0.98/KG, up from \$0.95/KG in the third quarter; but was a fall by 26.3% to \$1.33/KG compared with the corresponding quarter in 2021

TABLE 1: AVERAGE MONTHLY PRICES OF COPRA AND CNO IN US DOLLARS/KG (JAN – DEC 2022).

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Copra (CIF NW US\$/KG)	1.236	1.217	1.247	1.111	0.819	0.694	0.842	1.000	1.000	0.915	1.020	1.005
Quarterly Average	1.233			0.875			0.947			0.980		
CNO (CIF Rott US\$/KG)	2.012	2.161	2.221	2.101	1.794	1.693	1.534	1.376	1.219	1.109	1.165	1.151
Quarterly Average	2.131			1.903			1.376			1.142		

Note: 1. All figures have been rounded up to one decimal place.

For CNO, its world market prices (CIF) have trended downwards averaging 1.7% as reflected in the average monthly CNO price which dropped to \$1.14/KG from \$1.38/KG in the third quarter. This reflected a 17.1% drop, but a 39.9% fall from \$1.90/KG compared with the corresponding quarter of 2021.

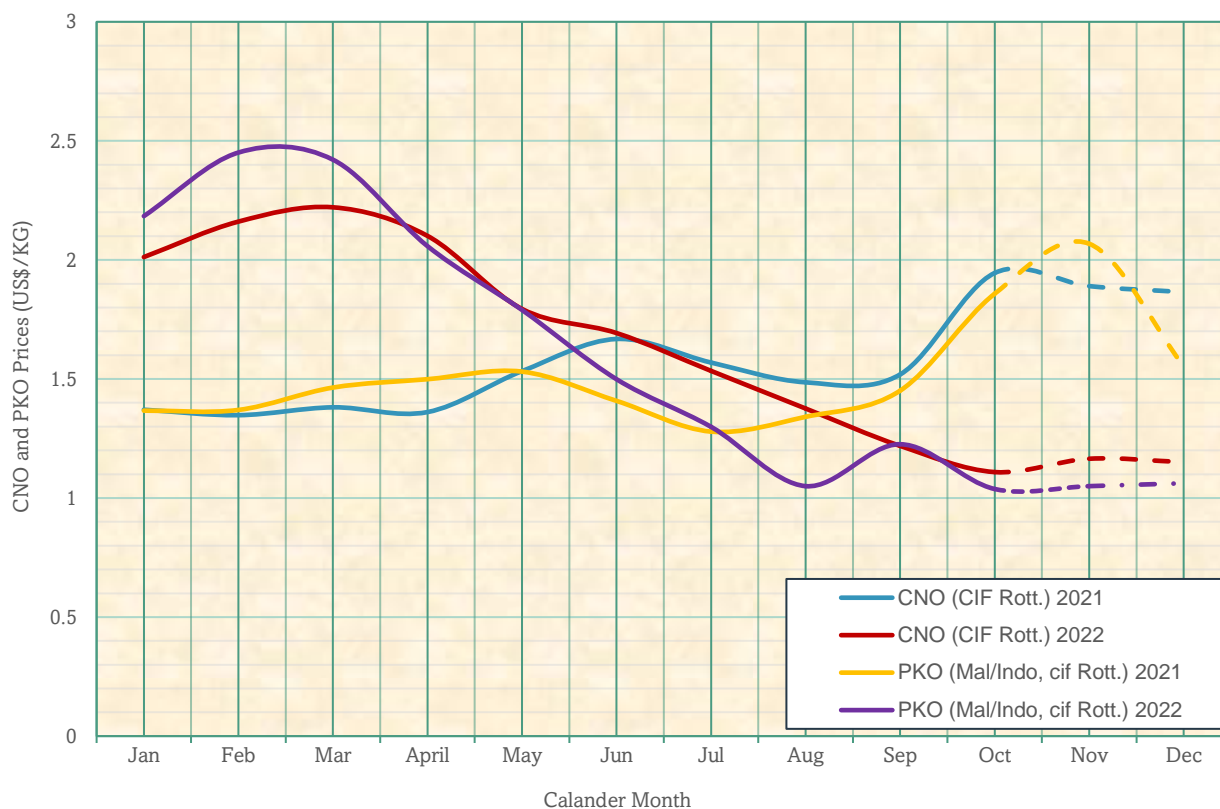
On a month-on-month basis, the average world market price for CNO dropped by 9.0% to \$1.10/KG in October from \$1.22/KG in September; however, it rebounded by 5.0% to \$1.17/KG in November but saw again a slight decline by 1.2% to \$1.15/KG in December.

CNO prices highly correspond to changes in the demand for its close substitute products, especially

Palm Kernel Oil (PKO) and other sources of vegetable oils such as rapeseed and sunflower. In this quarter, lower prices of lauric oil products had contributed to the comparatively weaker CNO prices during this period (**Figure 1**).

The average prices of CNO and PKO have both experienced declines, with CNO prices dropping by 1.7% and PKO prices by 11.9%. However, CNO prices this quarter have remained relatively stronger compared with those of PKO but weaker than the corresponding quarter of 2021.

FIGURE 1. AVERAGE CIF PRICES (US\$/KG) OF CNO AND PKO: (JAN- DEC) 2021 & 2022.



Source: KIK

2. THE DOMESTIC MARKET.

2.1 Copra Production.

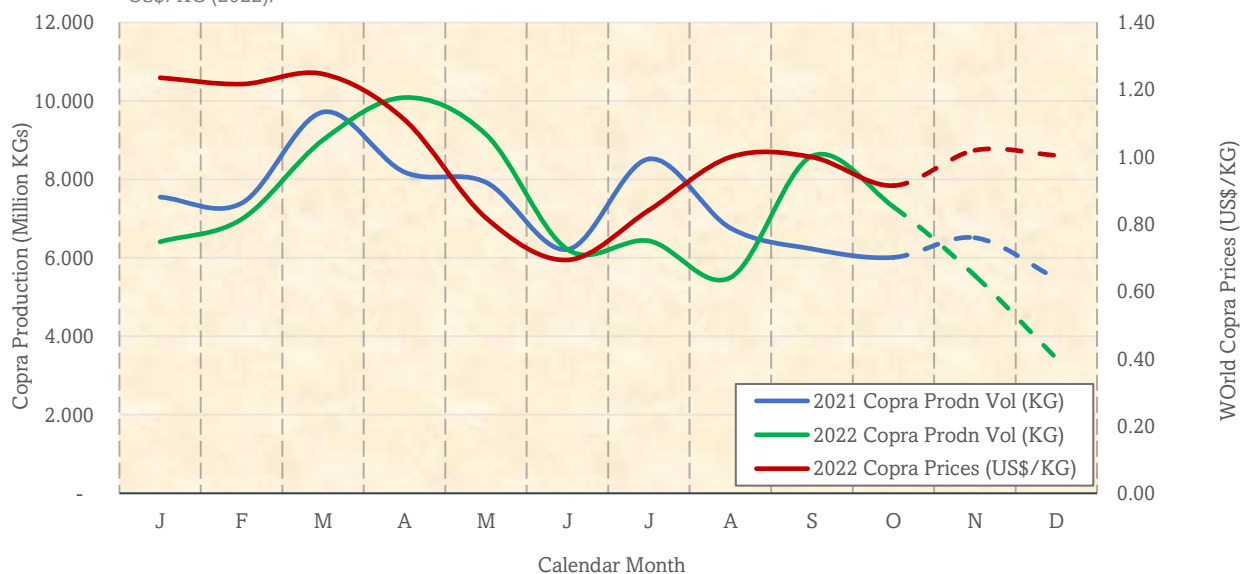
Figure 2 depicts domestic copra production versus world copra market prices. The domestic volume of copra production reflects the supply of coconuts available for harvesting within the domestic industry, and the willingness of producers to engage in copra production considering the world market prices of copra.

The average quarterly volume of copra production fell by 20.6% to approximately 5.43M KG from 6.84M KG in the third quarter of the year. On a monthly

basis, copra production volume decreased by 15.0% to 7.30M KG in October. It trended down further by 24.0% to 5.55M KG in November and by 38.0% to 3.44M KG in December.

Overall, this quarter saw only a modest rise of 0.5% in copra prices while production continued to exhibit a declining trend averaging at least 20.6%. This situation reflects a combination of short-medium term market and longer-term structural factors at work which need to be addressed concurrently.

FIGURE 2: MONTHLY COPRA PRODUCTION (MILLION KGS) IN PNG VS WORLD COPRA PRICES IN US\$/KG (2022).



Source: KIK

2.1.1 Copra Exports by Buying Centres.

Table 2 presents the exports of copra by major buying centres in PNG. This quarter, aggregate export volume dropped by 32.6% to 3.449M KG from the third quarter but a drop by 70.4% compared with 11.631M KG in the corresponding quarter of 2021.

TABLE 2: EXPORTS OF COPRA (MILLION KGS) BY BUYING CENTRES: JAN-DECEMBER 2022.

Depot	Jan	Feb	Mar	Total
Buka	1.329	0.806	0.428	2.563
Rabaul	-	2.957	0.415	3.372
Kimbe	0.256	0.477	-	0.733
Kavieng	-	1.422	-	1.422
Total	1.585	5.662	0.843	8.090

Depot	Apr	May	Jun	Total
Buka	-	-	1.174	1.174
Rabaul	-	0.880	1.329	2.209
Kimbe	1.329	0.398	1.610	3.337
Total	1.329	1.278	4.112	6.720

Depot	Jul	Aug	Sep	Total
Rabaul	0.509	-	-	0.509
Kimbe	0.488	-	2.784	3.272
Samarai-Murua	-	1.337	-	1.337
Total	0.997	1.337	2.784	5.118

Depot	Oct	Nov	Dec	Total
Buka	-	-	-	-
Rabaul	-	1.759	-	1.759
Kimbe	0.125	-	-	0.125
Kavieng	-	1.565	-	1.565
Samarai-Murua	-	-	-	-
Total	0.125	3.324	-	3.449

Of the total export volume this quarter, the highest share (1.759M KG) was exported out of the Rabaul port, followed by Kavieng (1.565M KG), and Kimbe (0.125M KG).

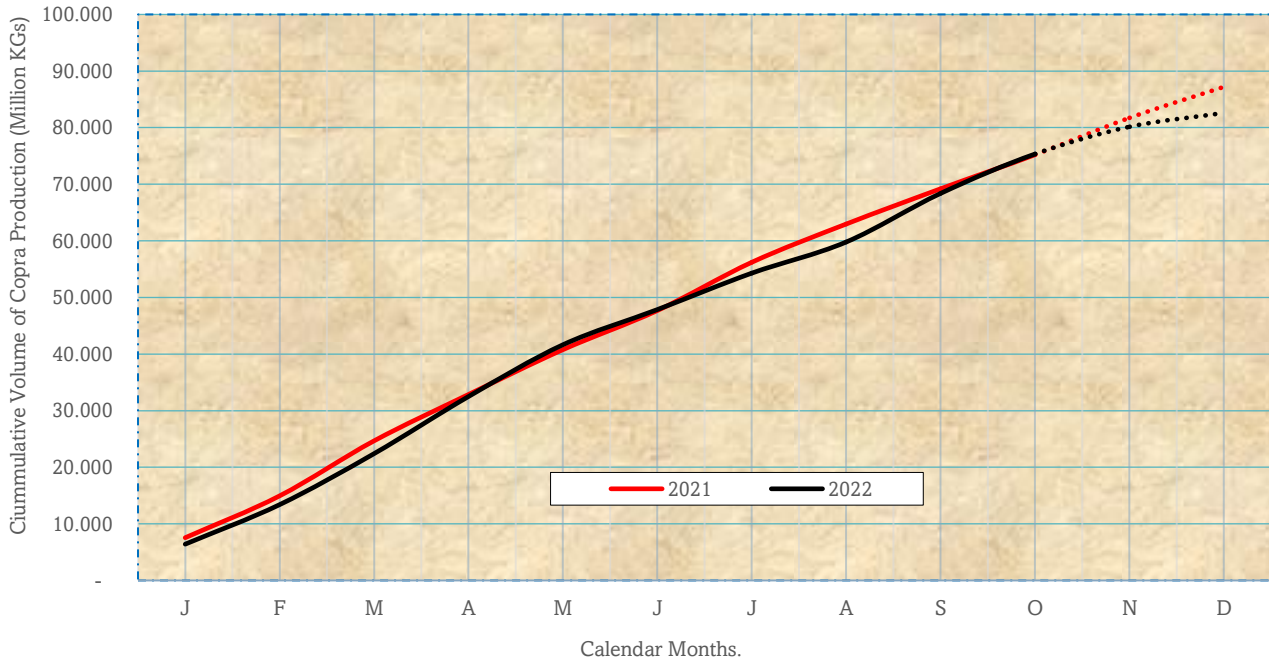
Exports out of the Rabaul port had shown an increase by 2.5 folds from 0.509 KG in the third quarter, while those from the Kimbe showed a sharp decline by approximately 96.0% from 3.272M KG in the corresponding quarter of 2021. On the other hand, Kavieng port impressively exported 1,565 KG this quarter after missing out in the third quarter, suggesting a resurgence in copra export activities. No export figures were recorded by Buka and Samarai-Murua ports. Overall, 100% of copra exports this quarter came from the NGI region.

A large volume of copra exports had occurred during the month of November (3.324M KG) and the least in October (0.125M KG). Records of copra exports received by the KIK did not register any export figures during the month of December.

2.1.2 Cumulative Volume of Copra Production.

Figure 3 depicts the cumulative copra production trend which reflects the productivity of the sector during the year. This quarter, copra production rose at a steadily increasing rate; but still lower by 9.5% compared with the corresponding quarter of 2021.

FIGURE 3: CUMULATIVE VOLUME OF COPRA PRODUCTION (MILLION KGS) IN PNG: 2022 VS 2021.



Source: KIK.

2.2 Domestic Copra Prices.

Figure 4 depicts the monthly copra prices from January to December 2022.

Domestic copra prices are influenced by different factors such as the domestic exchange rate, production/marketing costs, and how governments implement agricultural production subsidy policies.

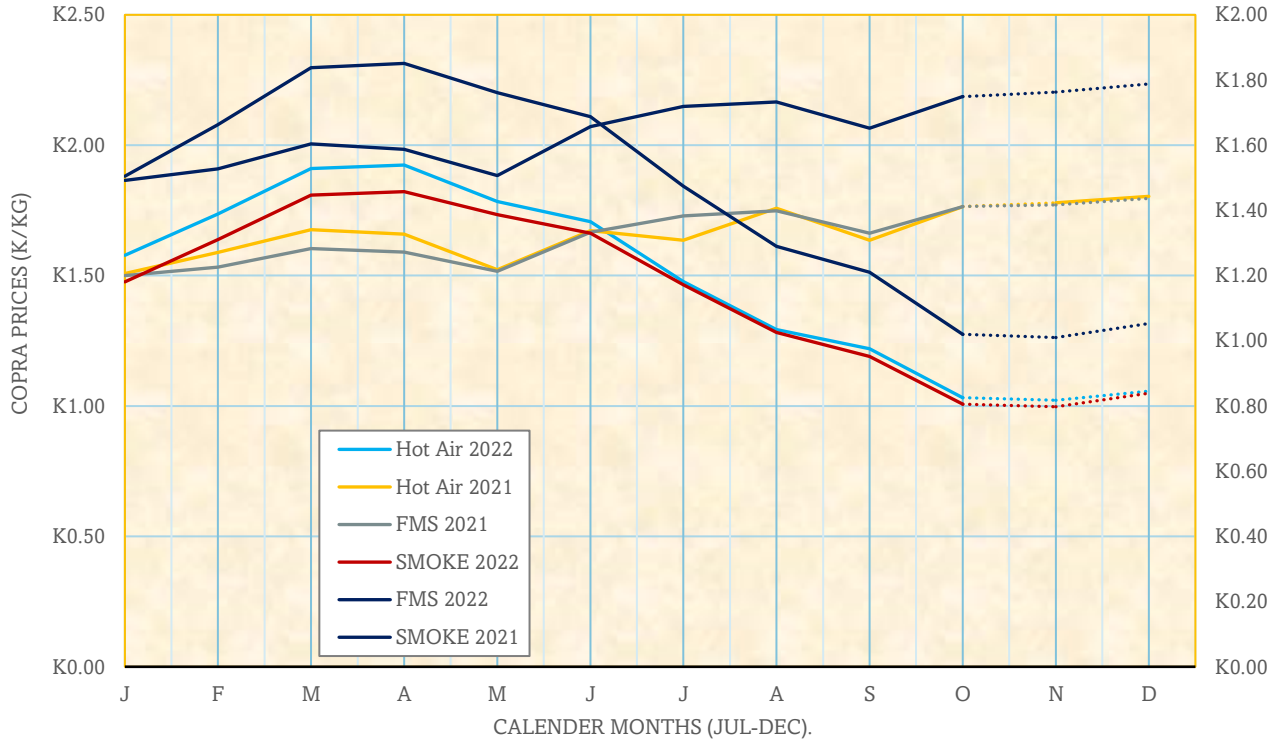
Three levels of copra prices are received by farmers in PNG based on the industry’s quality standards for copra. These are: hot air; fair merchantable standard (FMS); and smoke. The hot air grade comes with a premium price, and smoke copra with a discount price (lowest), while the average price is offered to FMS grade in the domestic market, thus varies from one port to another because of variations in shipping costs.

This quarter, the average Hot Air, FMS, and Smoke

grade copra prices were K1.04/KG, K1.03/KG and K1.01/KG, respectively. The average monthly Hot Air price dropped by 22.6% to K1.34/KG relative to the preceding quarter, but a fall by 41.8% from K1.78/KG in the corresponding quarter in 2021.

Similarly, both quarterly averages of the FMS and smoke copra prices dropped this quarter. The FMS copra price dropped by 23.0% to K1.34/KG from K1.72/KG in the third quarter. The smoke grade copra price fell by 23.1% to K1.33/KG from preceding quarter and by 42.1% to K1.70/KG compared with the corresponding quarter of 2021. Overall, copra prices were weak in this quarter compared to the three preceding quarters (Q1. – Q.3).

FIGURE 4. DOMESTIC COPRA PRICES (K/KG): 2022 AND 2021 (JUL-DEC).



SOURCE: KIK

2.3 Export Prices of Coconut Products in PNG.

Figure 5 depicts the FOB prices for coconut products during 2022.¹

As Figure 5 shows, in the first half of the year, coconut products' prices remained relatively higher compared with the corresponding period of 2021. They began to diverge further apart after the month of June and were at their widest in this quarter as reflected by the price drops during the fourth quarter.

The average price of copra this quarter declined by 76.1% to K1.81/KG from the third quarter but a drop by 73.0% from K1.60/KG in the corresponding quarter of 2021. On a monthly basis, copra prices had declined by 4.2% to K1.30/KG from K1.36/KG in September, having experienced only a slight

recovery by 1.6%, to K1.32/KG in November.

The quarterly average price for CNO had dropped by 42.9% to K2.56/KG compared with K4.48/KG in the third quarter, but a decline by 46.1% from K4.74/KG in the corresponding quarter of 2021.

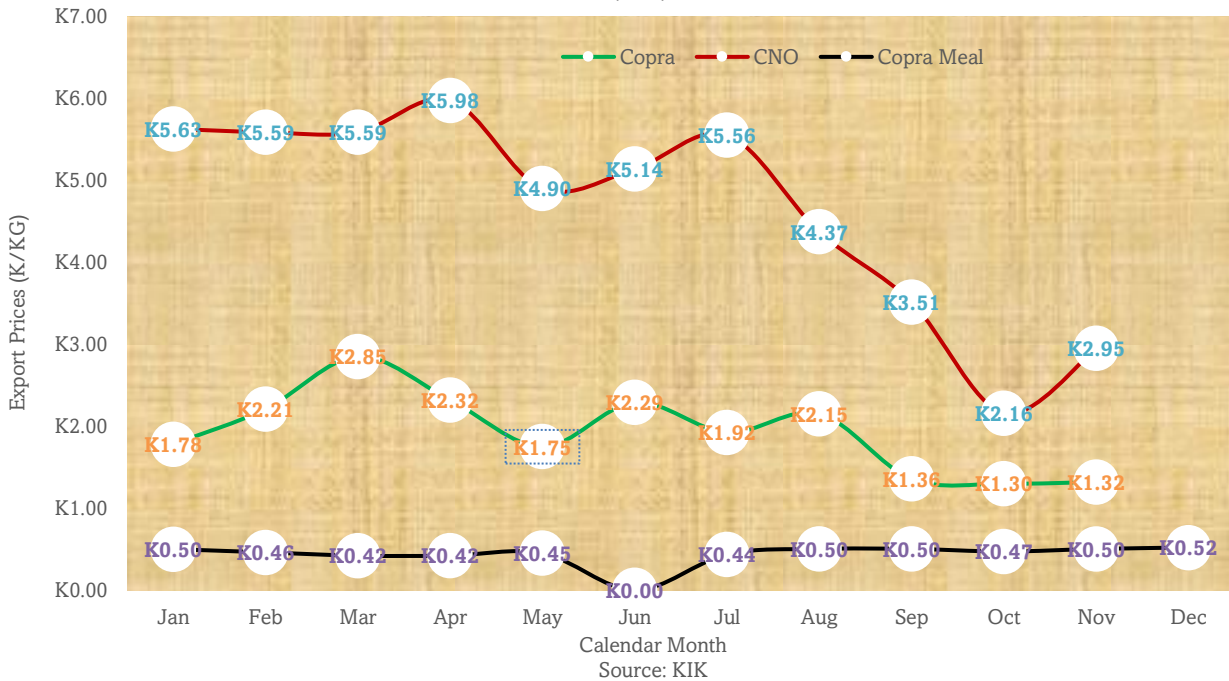
Month-on-month, the average CNO price fluctuated this quarter. It went down by 38.5% to K2.16/KG in October but rebounded by 36.7% to K2.95/KG in November. No CNO export figure was recorded for the month of December, hence no price data was supplied by exporters.

The average copra meal price was approximately K0.50/KG this quarter, 3.4% higher than that of the third quarter. On a monthly basis, copra meal prices averaged K0.50/KG during October, declining modestly by only 0.6% to K0.47/KG in November, and rising again by 10.6% to K0.52/KG in December.

¹ These prices are subject to the influence of different factors. Key among these are transportation and shipping costs, trade policies and tariffs, product quality and adherence to standards, and cost

of production.

FIGURE 5. DOMESTIC EXPORT PRICES (FOB) FOR COCONUT PRODUCTS, 2022.



2.3.1 Copra Export Margins.

Table 3 presents the export margins received by copra exporters in the country with the remainder going to the farmers who produce copra. Export margins varies from time to time depending on international and domestic market factors, domestic operational costs, and macro variables especially the exchange rate. Export

margins were much higher during the first and fourth quarters averaging 61.6% and 70.2%, respectively. They were lowest during the second and third quarters averaging 41.1% and 42.2% respectively; however, were still higher than expected.

TABLE 3. COPRA EXPORT MARGINS: JAN-DEC 2022.

MONTH	Exchange Rate	FOB Copra Export Prices		FMS Copra Price	Exporter Margin	
	PGK / US\$	US\$ / KG	PGK / KG	PGK / KG	PGK/ KG	PGK FOB Copra Price/KG (% Share)
JAN	K3.51	\$1.236	K4.338	K1.505	K2.833	K1.51 (65.3%)
FEB	K3.51	\$1.217	K4.272	K1.663	K2.609	K1.66 (61.1%)
MAR	K3.52	\$1.247	K4.389	K1.838	K2.551	K1.84 (58.1%)
APR	K3.52	\$1.111	K3.911	K1.851	K2.060	K1.85 (52.7%)
MAY	K3.52	\$0.819	K2.883	K1.761	K1.122	K1.76 (38.9%)
JUNE	K3.52	\$0.694	K2.443	K1.668	K0.775	K1.67 (31.7%)
JUL	K3.52	\$0.48	K1.70	K1.47	K0.22	K1.47 (13.1%)
AUG	K3.52	\$1.00	K2.52	K1.29	K1.23	K1.29 (48.8%)
SEP	K3.52	\$1.00	K3.52	K1.24	K2.28	K1.24 (64.8%)
OCT	K3.52	\$0.92	K3.22	K1.02	K2.20	K1.02 (68.3%)
NOV	K3.52	\$1.02	K3.59	K1.01	K2.58	K1.01 (71.9%)
DEC	K3.52	\$1.01	K3.56	K1.05	K2.51	K1.05 (70.5%)

2.4 Exports of Coconut Products.

PNG exports copra, CNO, and copra meal to the international coconut market. This quarter

exports of these products have declined compared with both the third quarter of the current year and the corresponding quarter of 2021.

2.4.1 Copra.

Table 4 presents the copra export figures from January to December during 2022.

TABLE 4. COPRA EXPORTS (MILLION KGS) (JAN-DEC 2022).

Calendar Month	Quantity (Million KGs)
Jan	1.585
Feb	5.661
Mar	0.843
Total	8.089
Apr	1.329
May	1.278
Jun	4.112
Total	6.720
Jul	0.996
Aug	1.337
Sep	2.784
Total	5.118
Oct	0.125
Nov	3.324
Dec	-
Total	3.449

This quarter saw a reduction from the third quarter's total export volume of copra by 32.6% to 3.449 KG, but a drop by 70.3% from 11.63M KG in the corresponding quarter of 2021. Month-on-month, copra exports dropped to 0.125m KG in October from 2.784M KG in September but recovered in November with exports totalling 3.324M KG. No copra exports were reported for the month of December.

2.4.2 CNO.

Table 5 presents the provisional CNO export figures from January to December 2022.

This quarter, CNO export volume had dropped by 32.7% compared with the preceding quarter which registered exports of 7.478M KG; approximately 5.091M KG of CNO had been exported, 5.7% higher than 4.766M KG in the corresponding quarter of 2021.

TABLE 5: CNO EXPORTS (JAN-DEC'2022).

Calendar Month	Quantity (Million KGs)
Jan	2.059
Feb	3.014
Mar	4.403
Total	9.476
Apr	3.749
May	3.720
Jun	0.671
Total	8.140
Jul	3.319
Aug	2.022
Sep	2.137
Total	7.478
Oct	2.127
Nov	2.964
Dec	-
Total	5.091

By month, CNO exports had fluctuated with a 0.5% drop in October (2.137M KG), followed by a robust growth of 36.7% in November (2.964M KG). No CNO export figures were registered for the month of December at the time of writing.

2.4.3 Copra Meal.

Table 6 presents the monthly copra meal exports during 2022.

This quarter, copra meal exports had increased by 32.8% to 2.629M KG from 1.980M KG in the third quarter but a contraction by 84.1% from 7.282M KG compared with the corresponding quarter of 2021.

By month, copra meal exports surged in October increasing from 0.140M KG in September to 1.709M KG. However, this rise was not sustainable dropping by 59.0% to 0.7 M KG in November and by 68.6% to 0.22M KG in December. Overall, copra meal exports peaked in October during the last quarter of the year.

TABLE 6: COPRA MEAL EXPORTS (JAN-DEC'2022).

Calendar Month	Quantity (Million KGs)
Jan	0.647
Feb	0.830
Mar	0.622
Total	2.099
Apr	2.324
May	0.980
Jun	4.112
Total	3.304
Jul	1.160
Aug	0.680
Sep	0.140
Total	1.980
Oct	1.709
Nov	0.700
Dec	0.220
Total	2.629

2.5 Export by Destination.

Table 7 presents the import market shares by export destinations during 2022.

This quarter, there were only two importers of PNG's copra meal product which were, the Philippines which imported 96.4% (3.324m KG) and Bangladesh 3.6% (0.125M KG). The Philippines has been the primary importer of PNG's copra product throughout 2022. Based on the KIK's past market reports since 2017, the Philippines overall has been the primary destination of PNG's exports of copra product. This trend has persisted due to the high demand for manufactured based-coconut products in that country.

2.5.1 Copra Export Market.

Table 8 presents the quarterly domestic copra export market shares during 2022.

In this quarter PNG exported a total of 3.449M KG shared among three exporters, namely: Pacific Lama Limited (PLL), One You Sing (OYS),

²In addition to these are delayed shipments, carryovers for meeting contracted volumes, and international logistical

and Kliaren. This time the largest share (51.1%, 1.759m KG) out of total quarterly export volume was undertaken by the PLL, followed by Kliaren (45.4%, 1.566M KG) and OYS (3.6%, 0.124M KG).

Coconut products export trade in PNG is a competitive enterprise with no clear cut dominant player in the domestic market. The nature of this competition is such that a copra exporter maybe absent in one quarter but surged

TABLE 7. EXPORT DESTINATIONS FOR COPRA IN 2022.

Export Destination	Export Vol (Million KGs)	Market Share (%)
First Quarter		
Philippines	9.402	91.4
Australia	0.594	5.6
Bangladesh	0.293	2.8
Total	10.289	100.0
Second Quarter		
Philippines	9.402	91.4
Australia	0.594	5.6
Bangladesh	0.293	2.8
Total	10.289	100.0
Third Quarter		
Philippines	1.846	36.1
Malaysia	1.812	35.4
Australia	0.973	19.0
Bangladesh	0.488	9.5
Total	5.119	100.0
Fourth Quarter		
Philippines	3.324	96.4
Malaysia	-	-
Australia	-	-
Bangladesh	0.125	3.6
Total	3.449	100.0

in the next.

So, overall, the volume of copra exported by exporting firms per time-period depends on how efficiently and effectively buyers extract the product from the farm level to outbound export points. In other words, exporters must have the capacity to pay attractive domestic market prices to the farmer, sufficient copra is available at the farm level, competition exists in copra producing areas, and the exporter efficiently operationalize marketing and transportation costs.²

costs.

TABLE 8. DOMESTIC COPRA EXPORT MARKET SHARES IN 2022.

Export Port	Q.1	Q.2	Q.3	Q.4
	Market Share (%)	Market Share (%)	Market Share (%)	Market Share (%)
KBSA	5.9	35.2	54.4	-
Pacific Lama	15.2	19.8	-	51.0
Aero	8.4	-	-	-
Sankamap	31.7	17.5	-	-
OYS	3.2	14.5	9.5	3.6
Angkin Ent	3.2	-	-	-
Kliaren	14.5	-	9.9	45.4
Emirau	17.6	-	-	-
CRL	0.5	-	-	-
CPL	-	13.1	-	-
Samarai	-	-	26.1	-
Total	100.0	100.0	100.0	100.0

This quarter, PLL was the dominant exporter of domestic copra exports with a 51% of the market share. On the other hand, OYS saw a substantial decline by 74.5% in its export market share, dropping from 0.486M KG to 0.124M KG. Kliaren increased its market share by 67.6% from 0.507M KG to 1.566M KG. These fluctuations reflect the competitive nature of the domestic copra export market during this period.

2.5.2 CNO Export Market.

Table 9 presents the export volume of CNO and market shares from January to December. The total CNO export volume this quarter has declined by 31.9% to 5.091M KG from 7.478M KG in the third quarter, but an increase by 6.8% compared with the corresponding quarter of 2021.

The largest share of CNO exports was undertaken by CPL (2.715M KG), followed by Markham Farming (1.944M KG) and Pristine Co.101 (0.432M KG). CPL maintained the largest export market share throughout the second half of the year.

In contrast to its export activities during the first half of 2022, Globe Manufacturing has not undertaken any CNO exports in the second half of the year.

TABLE 9: CNO EXPORT VOLUMES (MILLION KGs) & MARKET SHARES IN 2022.

Exporter	CNO Exports (Million KGs)	Market Share (%)
First Quarter		
Pristine Co.101 Ltd	0.799	8.4
Markham Farming	1.100	52.4
Globe Manufacturing	2.159	22.8
CPL	1.350	14.3
Total	9.476	100.0
Pristine Co.101	0.887	10.9
Markham Farming	2.074	25.5
Globe Manufacturing	2.108	25.9
CPL	3.072	37.7
Total	8.140	100.0
Third Quarter		
Pristine Co.101	0.864	11.6
Markham Farming	1.188	15.9
Globe Manufacturing	-	-
CPL	5.426	72.6
Total	7.478	100.0
Fourth Quarter		
Pristine Co.101	0.432	8.5%
Markham Farming	1.944	38.2%
Globe Manufacturing	-	-
CPL	2.715	53.3%
Total	5.091	100.0%

2.5.3 Copra Meal Exports.

Table 10 shows the copra meal exports, exporters and market shares during 2022. This quarter, a total of 2.629M KG of copra meal was exported overseas from PNG.

Copra meal exports rose by 32.8% from 1.98M KG in the preceding quarter but a fall by 63.9% from 7.282M KG compared with the corresponding quarter of 2021. By month, October registered 1.709M KG reflecting an increase by 10-folds from September. CM export volume declined by 59.0% to 0.220M KG in November and by 68.6% in December.

The total quarterly export volume of 2.629M KG was shared among three (3) exporters, namely: Pristine Co.101 (0.42M KG), CPL (0.95M KG) and Markham Farming (1.26M KG). Globe Manufacturing had not undertaken any copra meal exports during this quarter. Overall, Markham Farming led in terms of copra meal exports throughout the period from July to December.

TABLE 10: COPRA MEAL EXPORT (MILLION KGs) MARKET SHARES IN 2022.

Exporter	CM Exports (Million KGs)	Market Share (%)
First Quarter		
Pristine	580	28.2
MF	1,176	57.2
GM	300	14.6
Total	2,056	100.0
Second Quarter		
Pristine Co.101	0.500	15.1
MF	1.060	32.1
GM	1.744	52.8
Total	3.304	100.0
Third Quarter		
Pristine Co.101	0.62	31.3
MF	1.36	68.7
GM	-	-
CPL	-	-
Total	1.98	100.0
Fourth Quarter		
Pristine Co.101	0.42	16.0%
MF	1.26	47.9%
GM	-	-
CPL	0.95	36.1%
Total	2.629	100.0%

Table 11 shows the export destinations of copra meal during 2022. Overall, Australia maintained its lead as the primary importer of copra meal from PNG during 2022. Its imports accounted for 50.0% of the total copra meal export volume in this quarter. The remainder 50.0% was distributed among five importing countries: Malaysia (18.1%), India (17.9%), UK (7.6%), Americans Samoa (5.3%) and New Caledonia (0.8%). South Africa which imported approximately 1.01% in the third quarter did not import any copra meal during this quarter. The distribution of copra meal imports reflect the economic potential of PNG's copra meal at the global market.

TABLE 11. COPRA MEAL EXPORT DESTINATIONS-2022.

Destination	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	Market Share (%)	Market Share (%)	Market Share (%)	Market Share (%)
Australia	55.7	46.0	70.7	50.0
Malaysia	9.5	3.6	-	18.1
USA	14.3	11.5	19.2	5.3
South Africa	-	0.6	1.01	-
India	20.5	37.6	-	17.9
New Caledonia	-	0.6	-	0.8
Great Britain	-	-	0.8	7.6
Total	100.0	100.0	100.0	100.0

3. EXPORT EARNINGS FROM COCONUT PRODUCTS.

This quarter, the export earnings from the three coconut products totalled approximately K19.04M. This amount was lower by 57.0% compared with preceding quarter (K44.272M), and 66.0% lower compared with K66.4M in the corresponding quarter of 2021.

Of the three products, copra meal contributed K1.31M (6.9%), copra K4.54M (23.9%), and CNO K13.18M (69.2%). Both copra and CNO export earnings had dropped by 47.0% and 62.1%, respectively, whereas copra meal export earnings had risen by 42.7% compared with the preceding quarter.

As a high value coconut product, CNO contributed the highest share to the total export earnings, followed by copra and copra meal. In general, the fall in revenue registered this quarter was attributed to weak prices in the global market.

SUMMARY

1. This quarter's average world market price of copra rose by 0.5% compared with the preceding quarter but trended downwards by 1.8% compared with the corresponding quarter of 2022.
2. The average world market price for CNO in this quarter dropped by 17.1% to \$1.14/KG from \$1.38/KG in the third quarter, and by 39.9% compared with the corresponding quarter of 2021.
3. The monthly domestic copra production averaged 5.43M KG, a decline by 20.6% from 6.84M KG in the third quarter but a fall by 9.5% compared with the corresponding quarter of 2021.
4. The hot air price dropped by 22.6% to K1.04/KG this quarter, FMS by 23.0% to K1.03/KG, and smoke grade price by 23.1% to K1.01/KG compared with the preceding quarter. This quarter's copra prices were relatively weak compared with the preceding quarter.
5. The depreciation of the kina had contributed to widening exporter margins at the domestic copra market.
6. This quarter's total earnings from the three coconut products was K19.04M. This amount declined by 57.0% from the total third quarter earnings, and by 66.4% compared with the corresponding quarter of 2021.