



KOKONAS INDUSTRI KOPORESEN

COCONUT MARKET REVIEW

SECOND QUARTER

APRIL – JUNE 2023

THE AGRIBUSINESS DEVELOPMENT & MARKETING PROGRAM.

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1. INTERNATIONAL MARKET.

The world market for copra saw slight improvements in market trends this quarter. The average world market price of copra increased by 2.0% to \$1,062/MT from \$1,041/MT in the first quarter, and by 21.4% to \$875/MT compared to the corresponding quarter of 2022. On a monthly basis, it saw a marginal fall by 0.7% to \$1,027/MT in April. Thereafter, prices struggled to maintain this upward momentum rising by only 0.1% to \$1,028/MT in May and began to gain strength with a further rise by 9.9% to \$1,130/MT in June.

For CNO, world market prices averaged \$1,040/MT this quarter, a decline by 5.1% from \$1,096/MT in the first

Quarter and by 44.2% from \$1,863/MT in the corresponding quarter of 2022.

The average monthly CNO price fell by 2.7% to \$1,072/MT in April from \$1,102/MT in March. It further declined by 3.8% to \$1,031/MT in May and by 1.5% to \$1,016/MT in June.

Overall, copra prices this quarter trended upward due to an increase in the world market demand for copra; but CNO prices remained relatively low compared with the first quarter due to rising competition from alternative lauric oil sources.

Table 1: Average Monthly Prices of Copra and CNO (January – June, 2023).

	Jan	Feb	Mar	Apr	May	Jun
Copra (CIF NW US\$/MT)	1,060.00	1,030.00	1,034.00	1,027.00	1,028.00	1,130.00
Quarterly Average		1,041.00			1,062.00	
CNO (CIF Rott US\$/MT)	1,077.00	1,109.00	1,102.00	1,072.00	1,031.00	1,016.00
Quarterly Average		1,096.00			1,040.00	

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

Overall, the prices of both CNO and PKO trended downwards averaging 2.7% and 3.5% this quarter.

Overall, the year 2023 has been a difficult one for both coconut and PKO. As pointed out by the Director of FAO's *Market and Trade*¹, prices of both products have been largely influenced by competitive prices from other vegetable oils, especially rapeseed and sunflower. A surge in demand in these sources of vegetable oils due to supply constraints associated with the persistence of adverse weather conditions and scarcity of labour for farm work, had resulted in driving their prices even higher. In the end this trend resulted in reducing the demand for PKO and CNO, thus putting downward pressure on their prices; however, the continuation of lower PKO prices and the recovery of the global demand for CNO after having

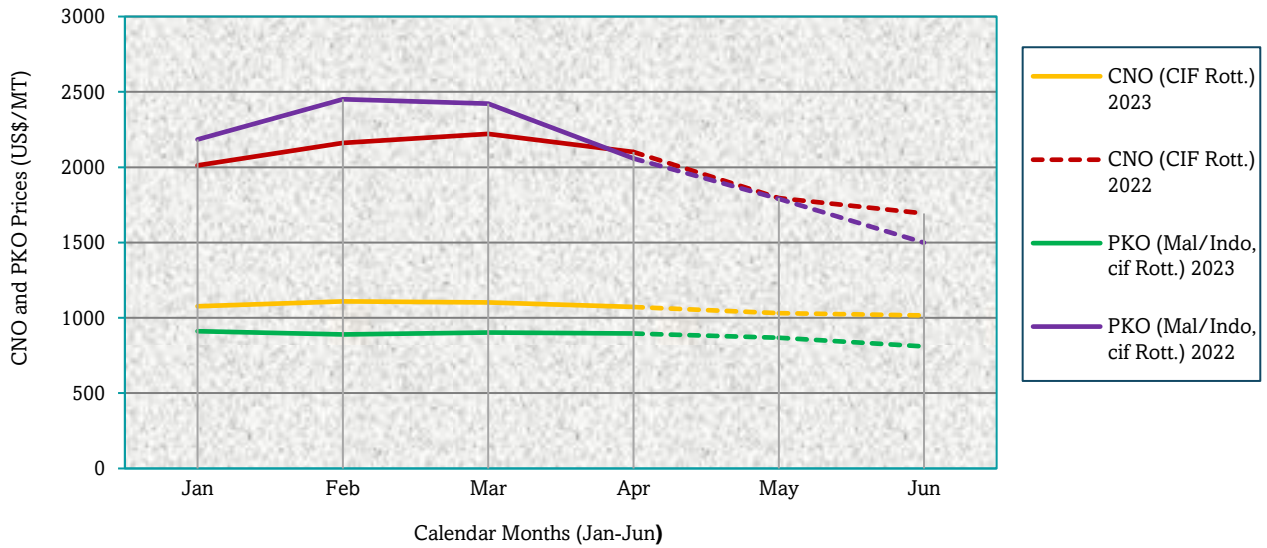
experienced the shocks due to the pandemic and Russo-Ukraine war beginning in 2022, had helped to sustain the upward momentum in the demand for CNO. This quarter, consistent with this tight lauric oil market, saw the average monthly price for PKO declined by 0.8% to \$896/MT in April from \$903/MT in March; it

went down further by 3.1% to \$868/MT in May, and by 6.7% to \$810/MT in June; however, CNO prices remained relatively stronger than those of PKO.

Figure 1 compares CNO and PKO prices during this quarter with those that prevailed during the corresponding quarter of 2022. Overall, the price premium of CNO remained relatively stronger than PKO this quarter compared to the former.

¹ <https://www.researchandmarket.com>

Figure 1. Average CIF Prices (US\$/T) of CNO and PKO (Jan-Jun) 2022 & 2023.



Source: KIK.

2. DOMESTIC MARKET.

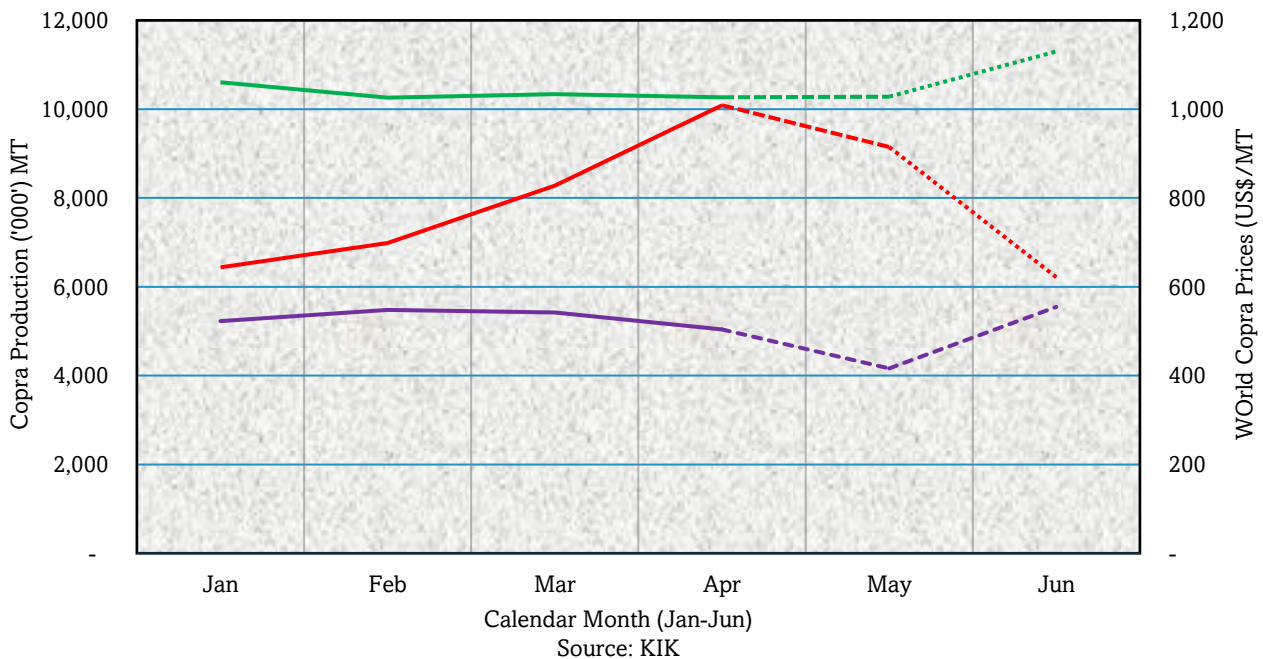
2.1 Copra Production.

Figure 2 depicts the domestic production of copra versus the world market price of copra. Copra production this quarter averaged 4,916 MT, 8.6% lower than 5,377 MT in the first quarter but 42.0% less than 8,484 MT in the corresponding quarter of 2022. On a month-on-month basis, production went down by 7.0% to 5,040 MT in April

from 5,421 MT in March; it went down further by 17.4% to 4,153 MT in May but rose by 33.3% to 5,547 MT in June.

In general, the average copra price this quarter increased by 2.0%; however, production response was weak, reflecting the weaker international market prices eventually passed down to producers on the ground.

Figure 2: Monthly Copra Production in PNG Vs World Copra Prices (US\$/MT (Jan-Jun, 2023).



— 2023 Copra Prodn Vol (MT) — 2022 Copra Prodn Vol (MT) — 2023 Copra Prices (US\$/MT)

2.1.1 Copra Exports by Buying Centre.

Aggregate copra exports rose by 5.9% to 5,102 MT from 4,420 MT in the first quarter (**Table 2**). No copra exports were registered in April at all export ports; however, exports began to pick up in May which registered an export

volume of 3,496 MT but went down by 54% to 1,606 MT in June. In part, the improvement in copra exports this quarter was a response to the upward momentum in world copra prices.

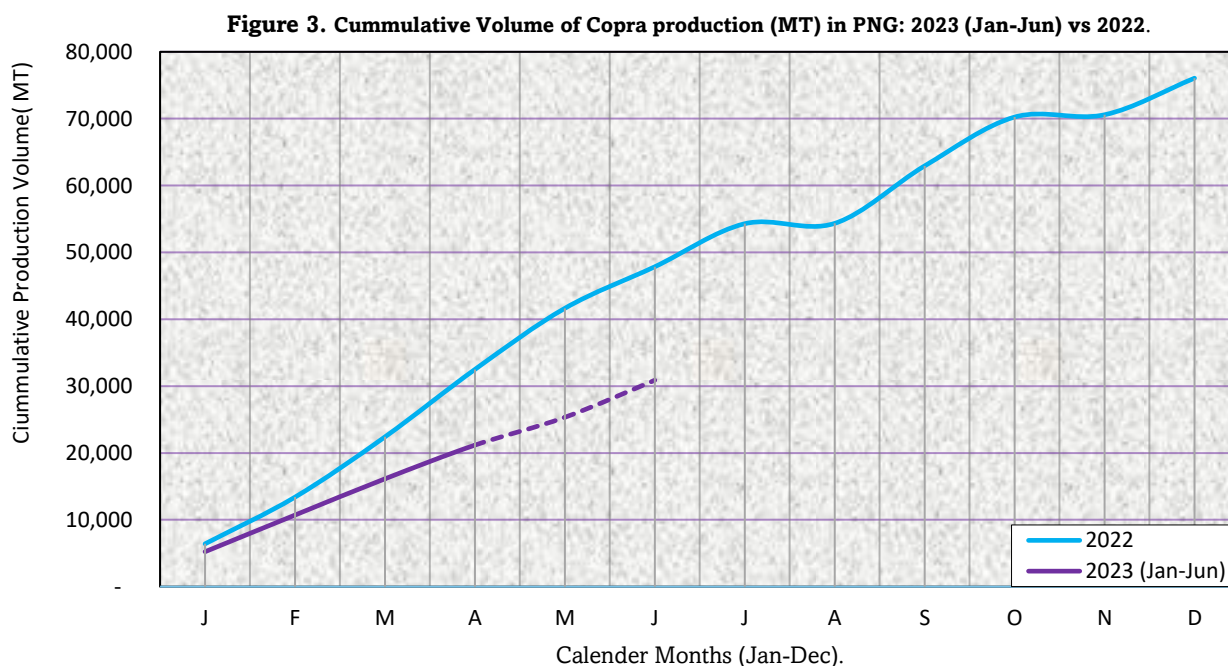
Table 2: Exports of Copra by Buying Centres.

Depot Centre	J	F	M	Total	A	M	J	Total
Buka	-	879	-	879	-	1,305	1,174	2,479
Rabaul	811	1,409	291	2,511	-	1,442	-	1,442
Kimbe	-	1,429	-	1,430	-	-	433	433
Kavieng	-	-	-	-	-	749	-	749
Total	811	3,717	291	4,820	-	3,496	1,606	5,102

2.1.2 Cumulative Volume of Copra Production.

Figure 3 depicts the cumulative volume of copra production up to this quarter compared with the corresponding period of 2022.

The gap in the production trend between the two years indicated a diverging trend this quarter reflecting diminishing marginal returns to copra production.



Source: KIK.

2.2 Domestic Copra Prices.

Figure 4 depicts the mill gate prices of hot air, FMS and smoked copra up to this quarter. Hot air copra commands a premium price, while smoked copra is priced at a discount (lowest), and the average price is offered for FMS grade. This quarter, hot air copra prices averaged

K1,147/MT, 2.2% lower than K1,173/MT in the first quarter and 36.5% less than K1,805/MT in the corresponding quarter of 2022. Looking at the monthly trend, hot air copra prices fell by 2.3% to K1,138/MT in April from K1,179/MT in March, dropped by 2.1% to K1,114/MT in May, but rose again to K1,155/MT (3.7%)

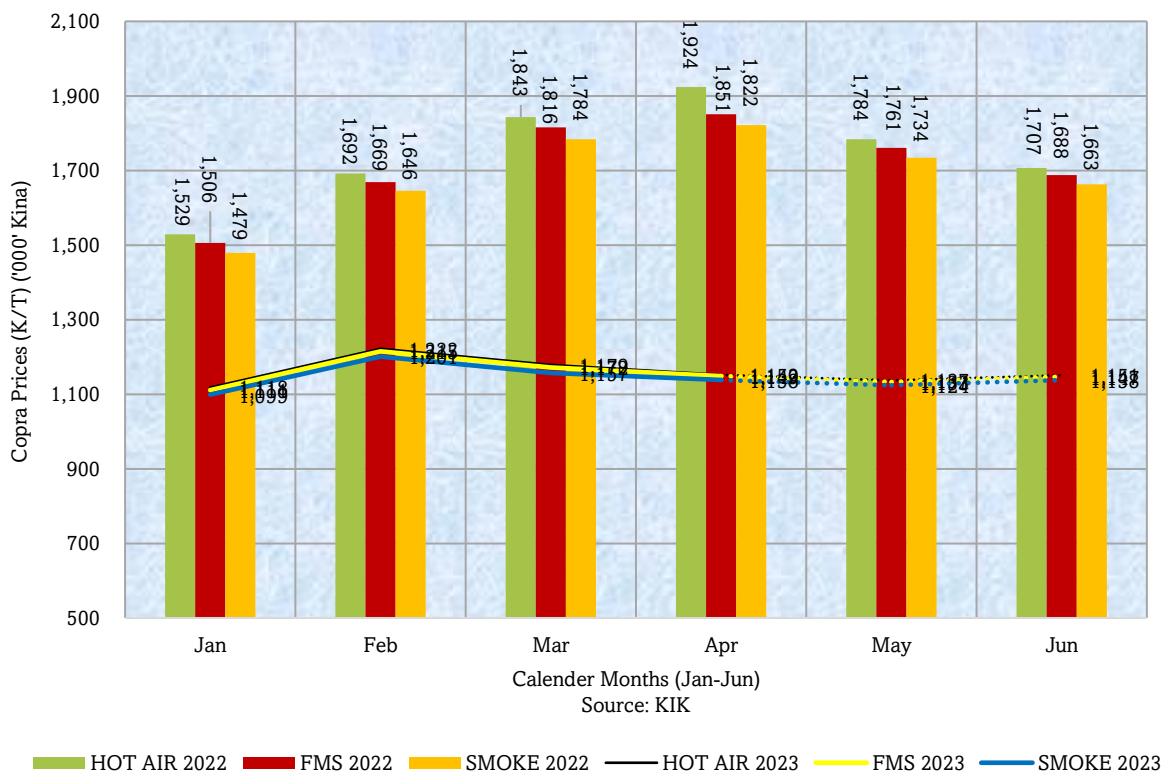
in June. In general, hot air prices fluctuated a lot more this quarter compared to the first quarter. At the same time, FMS prices averaged K1,143/MT, 2.0% lower than K1,166/MT in the first quarter and 35.3% less than K1,767/MT in the corresponding quarter of 2022. By month, the FMS copra price went down by 2.0% to K1,149/MT in April from K1,147/MT in March and went down further by 1.4% to K1,236/MT in May, but saw a slight recovery by 1.2% to K1,256/MT in June.

Looking at quarterly summaries, smoked copra prices

averaged K1,133/MT, 1.6% lower than K1,152/MT in the first quarter and 32.2% less compared with the corresponding quarter of 2022. On a monthly basis, the average smoked copra price saw a 1.6% drop to K1,136/MT in April from K1,157/MT in March, with a further drop by 1.2% to K1,124/MT in May but rose by the same percentage to K1,243/MT in June.

Overall, the prices of all copra grades up to this quarter were relatively weaker than those that prevailed during the corresponding period of 2022.

Figure 4. Domestic Copra Prices (K/T) by Month: 2023 and 2022.



2.3 FOB Export Prices of Coconut Products.

Figure 5 depicts the average PGK FOB export prices of coconut products leading up to this quarter.²

The FOB prices of copra, CNO and copra meal averaged K2,200/MT, K2,985/MT and K599/MT, respectively. In terms of quarterly summaries, the average export price for copra grew by 7.1% from K2,053 in the first quarter, and by 3.5% from K2,985/MT in the corresponding quarter of 2022.

The average export price of CNO saw a slight increase by 1.1% from K2,952 in the first quarter but dropped by 44.1% from K5,344/MT in the corresponding quarter of 2022. This quarter, copra meal prices performed relatively better than copra and CNO prices, seen an increase in its average price by 6.8% from K561/MT in the first quarter and by 39.0% from K431/MT in the corresponding quarter of 2022. On a month-on-month basis, the average copra price increased from March by 19.9% to K1,991/MT in April, fell by 7.9% to K1,833/MT in May and increased again by 51.4% to K1,495/MT in June. At the same time the monthly CNO price saw a marginal decline by 0.4% to K2,977/MT in April from K2,990/MT in March. It

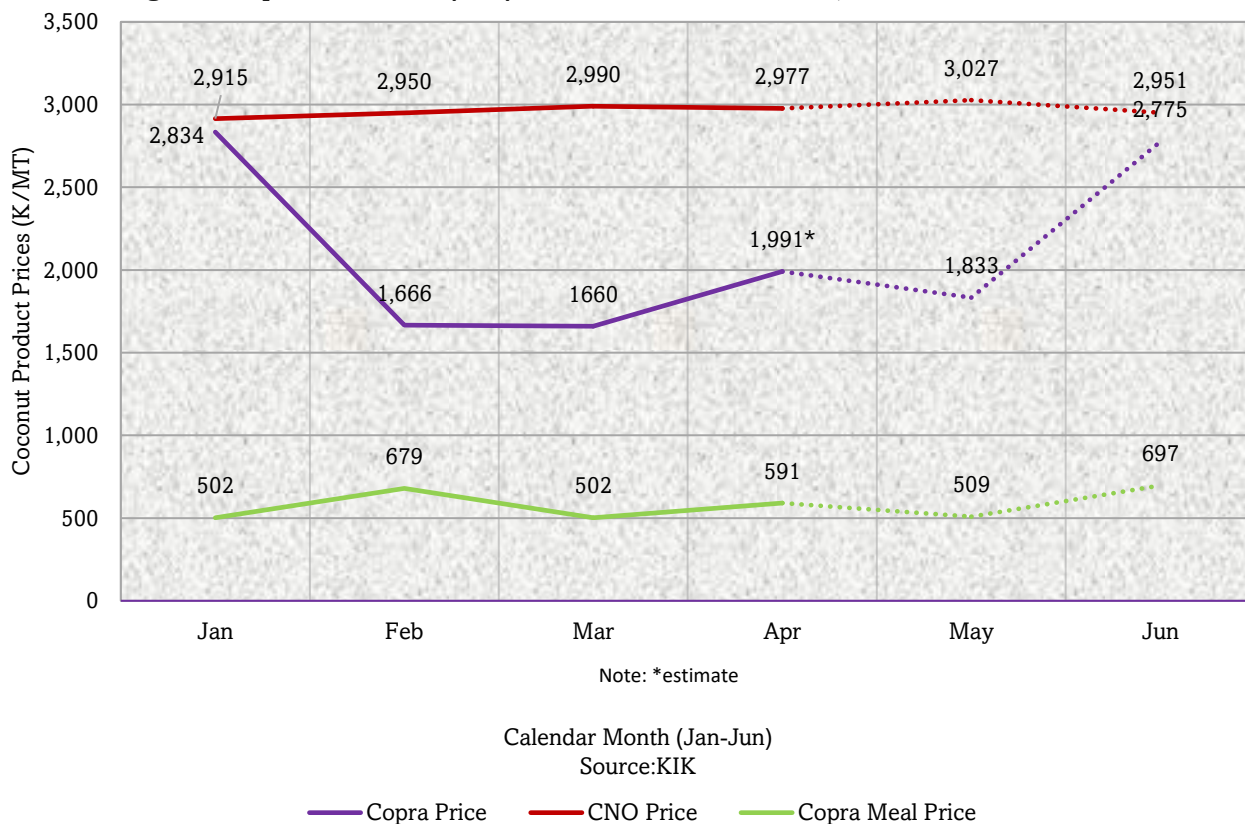
² The kina FOB prices of coconut products are influenced by several factors, including but not limited to cost of production,

logistical costs, market demand and competition as well as regulations of the government.

experienced a slow recovery rising by 1.7% to K3,027/MT in May, and by 2.5% to K2,951/MT in June. For the monthly average meal price, it stood at K591/MT in April, declined by 13.9% to K509 in May but increased by 37.0%

to K697/MT in June, reflecting the relatively strong market demand for copra meal.

Figure 5. Export FOB Prices (K/T) for PNG's Coconut Products, Jan-Jun 2023.



2.3.1 Exporter Margins.

Table 3 presents the PNG Kina (PGK) export margins for this quarter. Export margins are primarily influenced by the magnitude of change in the price of copra and the

PGK exchange rate. The highest export margin this quarter was 72.9% of the PGK FOB copra price and the lowest 29.4% compared to margins achieved in the first quarter of 2023.

Table 3. Copra Export Margins: Jan – Jun 2023.

Month	Exchange Rate (PGK/\$US)	Copra Export Price (US\$ FOB/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	3.52	1,060	2,834	1,111	1,723	60.1%
Feb	3.52	1,030	1,666	1,215	1,215	72.9%
Mar	3.52	1,034	1,660	1,172	488	29.4%
Apr	3.53	1,027	1,911*	1,126*	785*	41.1%
May	3.53	1,028	1,833	1,133	700	38.2%
Jun	3.53	1,130	2,775	1,147	1,628	58.7%

Note: Exchange rate estimate is based on exchange figures from January to March 2023

Note: *estimate

2.4 Exports of Coconut Products.

2.4.1 Copra.

Table 4 presents the export volume of copra up to this quarter. Copra exports totalled 5,102 MT, an increase of 5.9% from 4,819 MT in the first quarter but were 24.1% lower compared with the corresponding quarter of 2022.

On a month-on-month basis, no copra exports were recorded during the month of April. In May, a total export volume of 3,496 MT was recorded but was down by 54.0 % to 1,606 MT in June. In general, copra exports began to pick up in this quarter consistent with the slight improvements in the FOB copra prices.

Table 4. Copra Exports (Jan-June 2023).

Calendar Month	Jan	Feb	Mar	Apr	May	Jun
Export Volume (MT)	811	3,717	291	-	734	1,606
Quarterly Total (MT)	4,819			5,102		

2.4.2 CNO Exports.

Table 5 presents data on the export volume of CNO. Total export volume of CNO went down by 55.4% to 1,960 MT from 4,391 MT in the first quarter, but a much higher decline by 75.9% from 8,139 MT in the corresponding quarter of 2022. By month, export volume of CNO rose by 55.1% to 670 MT in April from March,

saw further increase by 9.6% to 734 MT in May, then declined by 24.2% to 556 MT in June. Overall, the export volume of copra had increased this quarter, while that of CNO saw a decline consistent with movements in its world market price.

Table 5. CNO Exports (Jan-June 2023).

Calendar Month	Jan	Feb	Mar	Apr	May	Jun
Export Volume (MT)	2,188	1,771	432	670	3,496	556
Quarterly Total (MT)	4,391			1,960		

2.4.3 Copra Meal.

Table 6 presents the export volume of copra meal from January to June. The total export volume of copra recorded this quarter was 2,508 MT, an increase of 42.5% from the first quarter, but lower by 23.6% when compared to the corresponding quarter of 2022. In April, export

volume of copra meal saw marginal fall by 0.3% to 339 MT from 340 MT in March, then increased by the same magnitude of 0.3% to 340 MT in May, and by more than 4-folds to 1,829 MT in June. This surge in the export volume of copra meal was mainly triggered by the rising world market demand for copra meal this quarter.

Table 6. Copra Meal Exports (Jan-June 2023).

Calendar Month	Jan	Feb	Mar	Apr	May	Jun
Export Volume (MT)	300	1,120	340	339	340	1,829
Quarterly Total (MT)	1,760			2,508		

2.5 Domestic Exporters of Coconut Products.

2.5.1 Copra Exporters and Market Share.

This quarter, five (5) copra exporting firms exported a total volume of 5,102 MT. (**Table 7**). Sankamap had the largest domestic market share of 48.6%, followed by

Pacific Lama Traders Limited, 19.7%; Kliaren, 14.6%; CPL 8.6% and One You Sing, 8.5%. Approximately 80% (4,234 MT) of the total copra exports (5,102 MT) was exported to the Philippines, and the remainder, 17% (868 MT), to Bangladesh.

Table 7. Copra Exporters and Market Share (Jan-Jun,2023).

Exporters	Quarter 1		Quarter 2	
	Export Vol (MT)	Market Share (%)	Export Vol (MT)	Market Share (%)
1. One You Sing	495	10.3	432	8.5
2. Sankamap	879	18.2	2,479	48.6
3. KBSA	935	19.4	-	-
4.CPL	1,102	22.9	435	8.6
5.Pacific. L.T	1,408	29.2	1,007	19.7
6. Kliaren	-	-	749	14.6
Total	4,819	100.0	5,102	100.0

2.5.2 CNO Exporters and Market Share.

Table 8 presents the exporters, export volumes, and market shares of CNO up to this quarter. The total CNO volume exported this quarter was 1,960 MT, a reduction by 55.4% from 4,391 MT in the first quarter and a downfall by 75.9% from 8,139 MT in the corresponding quarter of 2022. The three (3) exporters responsible for the export of 2,046 MT were CPL, Markham Farming

and Pristine Co. 101 Ltd. CPL accounted for 27.2% of the total exports of CNO, while Markham Farming and Pristine Co. 101 Ltd accounted for 32.7% and 40.1% respectively.

All exports of CNO during this quarter went to Malaysia, a trade route traditionally favoured due to the high demand for CNO in that country.

Table 8. CNO Exporters and Market Share (Jan-Jun,2023).

Exporters	Quarter 1		Quarter 2	
	Export Vol (MT)	Market Share (%)	Export Vol (MT)	Market Share (%)
1.Pristine Co. 101 Ltd	541	12.3	734	37.4
2.Markham Farming	1,404	32.0	670	34.2
3.CPL	2,446	55.7	556	28.4
Total	4,391	100.0	1,960	100

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. A total of 2,508 MT of copra meal were exported by three exporters, namely: Pristine Co.101 Limited, Markam Farming and CPL with the export market share of 12.0%, 19.9% and 68.1%, respectively.

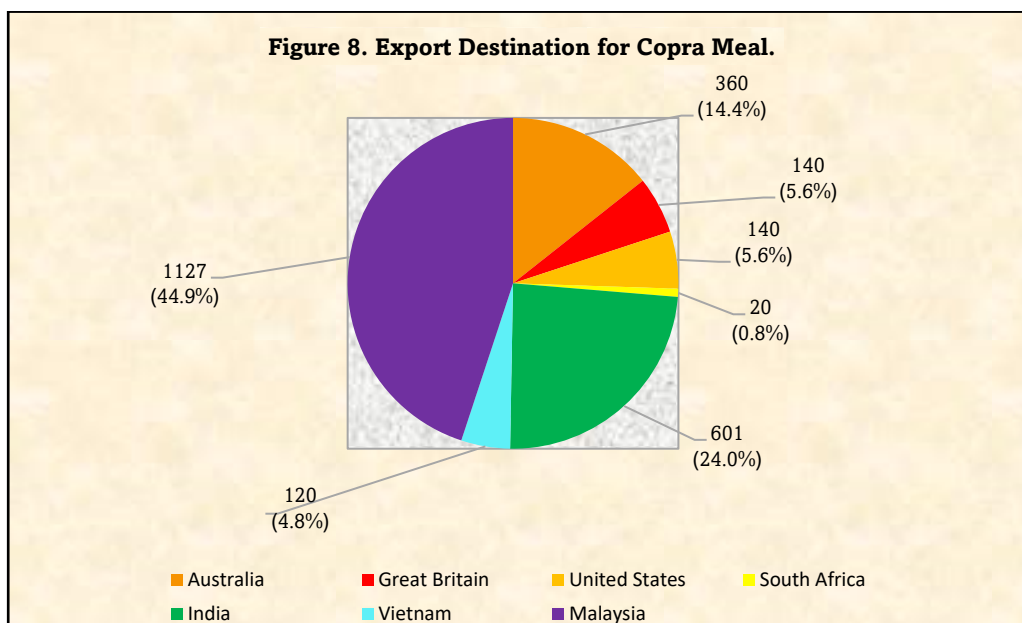
Exports of copra meal from PNG during this quarter went to seven (7) different global market destinations (**Figure 8**). Malaysia imported 1,127 MT, 44.9% of the total exports of copra meal from PNG, followed by India, 601 MT (24.0%); Australia, 360 MT (14.4%); Great Britain and USA, 140 MT each (5.6%); Vietnam, 4.8% (120 MT); and last, South Africa, 20 MT (0.8%).

The copra meal market was driven by technological advances in copra meal diversification market enabling efficient production, expanding product portfolio, design and packaging.³

Table 9. Copra Meal Exporters and Market Share (Jan-Jun,2023).

Exporters	Quarter 1		Quarter 2	
	Export Vol (MT)	Market Share (%)	Export Vol (MT)	Market Share (%)
1.Pristine Co. 101 Ltd	180	10.2	300	12.0
2.Markham Farming	740	42.0	500	19.9
3.CPL	840	47.8	1,708	68.1
Total	1,760	100.0	2,508	100.0

³ <https://www.researchandmarket.com>



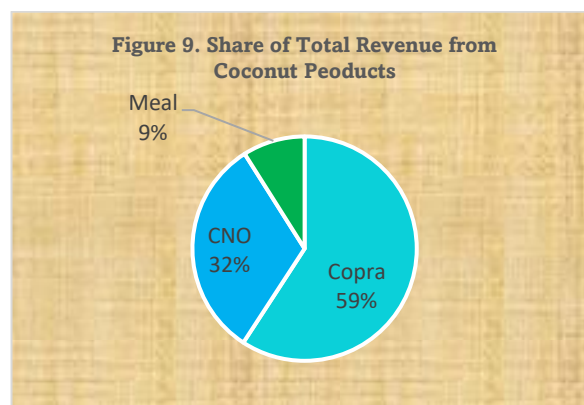
3. EXPORT EARNINGS FROM COCONUT PRODUCTS.

Table 10 presents the export earnings from the coconut products up to this quarter. The total revenue earned from the three coconut products this quarter was K18.35M, a reduction by 20.9% from K23.22M in the first quarter.

Table 10: Export Earnings from Coconut Products (Jan-June).

Month	Copra (K'M)	CNO (K, M)	Meal (K'M)	Total (K'M)
Jan	2.30	6.38	0.15	8.83
Feb	6.19	5.20	0.86	12.26
Mar	0.76	1.20	0.17	2.13
<i>Total</i>	<i>9.25</i>	<i>12.78</i>	<i>1.18</i>	<i>23.22</i>
Apr	-	1.99	0.20	2.19
May	6.41	2.21	0.17	8.79
Jun	4.46	1.64	1.22	7.37
Total	10.87	5,84	1.64	18.35

Figure 9 depicts the share of export earnings by product. Copra exports earned 59% (K10.87M) of the total export revenue from coconut products, followed by CNO with 32% (K5.84M) and copra meal 9% (K1.64M).



Source: KIK.

SUMMARY

1. The average world market price of copra increased by 2.1.% this quarter. However, domestic production trended downward by 8.6% reflecting domestic supply constraints.

2. The average world market price for CNO dropped by 5.1% due to the strong demand for substitute vegetable oils such as rapeseed and sunflower.

3. The cumulative volume of domestic production continued to increase at a decreasing rate this quarter, reflecting a relatively weak domestic supply compared to the corresponding quarter of 2022.

4. Copra and CNO exports change in opposite directions closing tracking their respective world market prices. The average copra price rose by 2.1% this quarter and its export share went up to 53.1%. The average CNO exports dropped by 53% due to the fall in its price while Copra meal exports increased by 1.5 folds in this quarter.

Total revenue from coconut products in this quarter went down by 20.9% from the first quarter revenue.

7. The share of total export revenue from copra increased by 59% from 40% in the first quarter. On the other hand, CNO's share dropped to 32% from 55% in the first quarter.