



KOKONAS INDUSTRI KOPORESEN

COCONUT MARKET REVIEW

THIRD QUARTER

JULY – SEPTEMBER 2023

THE AGRIBUSINESS DEVELOPMENT & MARKETING PROGRAM.

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1. INTERNATIONAL MARKET.

Table 1 presents the mean world market prices of copra and CNO this quarter¹. Looking at quarterly averages, the average world market price of copra saw an increase by 1.2% to \$1,076/MT this quarter from \$1,062/MT in the preceding quarter but 13.3% higher than \$947/MT in the

corresponding quarter of 2022. On a month-on-month basis, the average monthly copra price fell by 9.3% to \$1,025/MT in July, increased by 1.5% to \$1,040/MT in August, with a further rise by 11.7% to \$1,162/MT in September.

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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Copra (CIF NW US\$/MT)	1,060.00	1,030.00	1,034.00	1,027.00	1,028.00	1,130.00	1,025.00	1,040	1,162.00
Quarterly Average	1,041.00			1,062.00			1,076		
CNO (CIF Rott US\$/MT)	1,077.00	1,109.00	1,102.00	1,072.00	1,031.00	1,016.00	1,047.00	1,100.00	1,069
Quarterly Average	1,096.00			1,040.00			1,072.00		

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

The world monthly market prices for CNO averaged \$1,072/MT this quarter, 3.1% higher than \$1,040/MT in the second quarter, but 22.1% less than \$1,376/MT in the corresponding quarter of 2022. By month, CNO prices averaged \$1,047/MT in July, a rise by 3.1% from June. It climbed further by 5.1% to \$1,100/MT in August but pressured down by the market by 2.8% to \$1,069/MT in September.

As reported in past coconut market reports (2020-2022), CNO prices are influenced by the supply and demand of Palm Kernel Oil (PKO) and other vegetable oils² in the global lauric oil market. In this quarter, PKO prices averaged \$858/MT, a 4.5% rise from the second quarter, but a downturn by 24.8% from \$1,192/MT in the corresponding quarter of 2022.

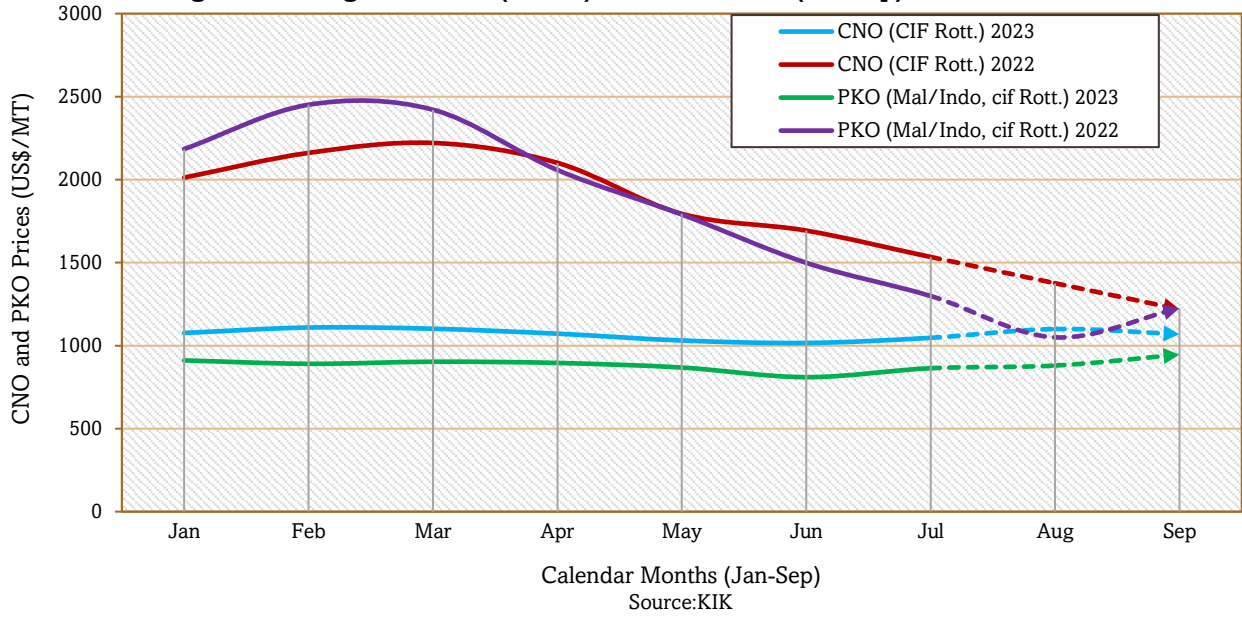
The improvements in the prices of both CNO and PKO this quarter resulted from the relatively strong prices of sunflower and rapeseed which have experienced strong growth in demand. This surge in demand for these edible/cosmetic/industrial oil crops has prompted a shift in consumer preferences towards CNO and PKO putting upward pressure on their prices.

Figure 1 depicts the CNO and PKO prices this quarter versus those that prevailed during the corresponding quarter of 2022. In 2023, CNO and PKO price trends paralleled each other, with the CNO price premium been relatively stronger than PKO. But overall, continuing onto this quarter, both products' prices were relatively lower than those that prevailed in 2022.

¹(<https://connect.ihsmarkit.com/agribusiness/food-agri-commodities/analytics/price-data?tab=PriceGraph>).

² Substitute products of CNO.

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



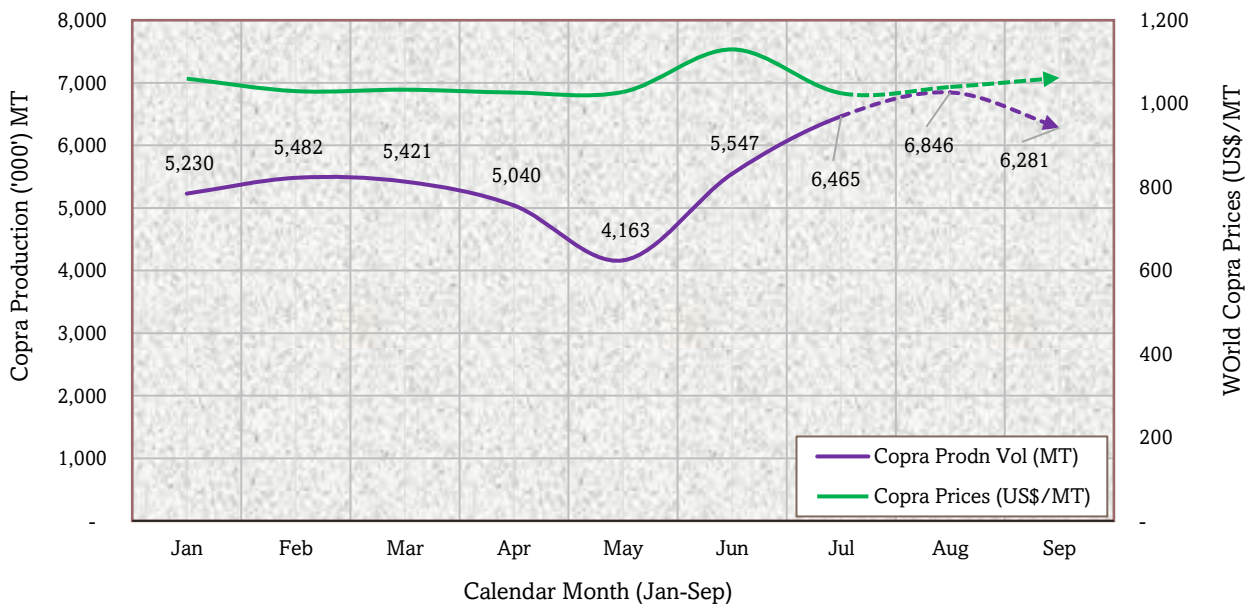
2. DOMESTIC MARKET.

2.1 Copra Production.

Figure 2 depicts domestic copra production versus world market prices. This quarter, copra production averaged 6,531 MT, a rise by 32.8% from 4,916 MT during the second quarter, but dropped by 4.6% from 6,843 MT in

the corresponding quarter of 2022. On a monthly basis, copra production went up by 16.5% to 6,465 MT in July from 5,547 MT in June. It climbed further by 5.9% to 6,846 MT in August but saw a drop by 8.3% to 6,281 MT in September.

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



2.1.1 Copra Exports by Buying Centres.

Table 2 presents the exports of copra by major buying centres from January to September. This quarter, the port of Rabaul exported a total of 1,142 MT for the whole country in July, a drop by 26.3% compared to 1,442 MT it exported in May in the second quarter; however, looking at the performance track record of the export points, of the

total volume of copra exports in the first quarter (4,820 MT), the port of Buka was responsible for 18.2% of this export volume, Rabaul 52.1% and, lastly, Kimbe 29.7%. In the second quarter, Buka port exported 48.6% of the total copra exports of 5,102 MT, Rabaul 28.3%, Kavieng 14.7%, and Kimbe 8.5%. Overall, Buka, Rabaul and Kimbe have been more consistent points of copra exports to date.

Table 2: Exports of Copra by Buying Centres.

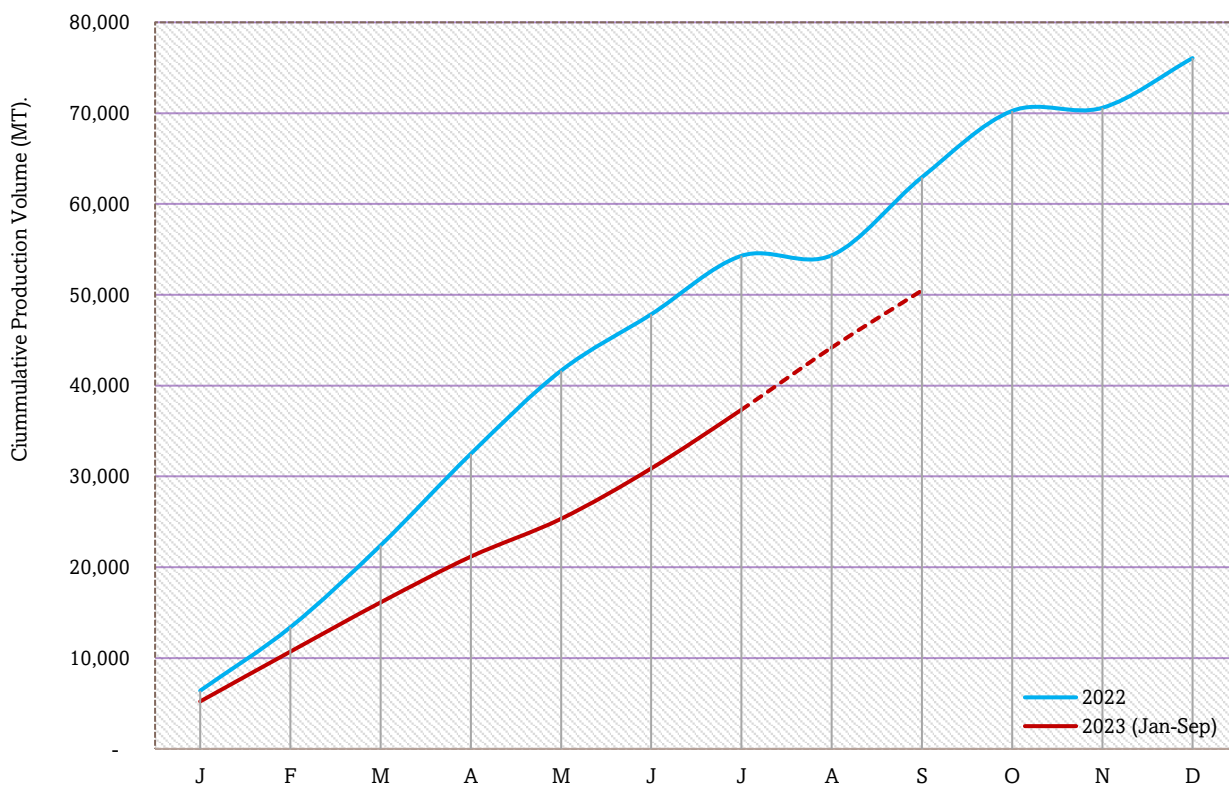
Depot Centre	J	F	M	Total	A	M	J	Total	J	A	S	Total
Buka	-	879	-	879	-	1,305	1,174	2,479	-	-	-	-
Rabaul	811	1,409	291	2,511	-	1,442	-	1,442	1,142	-	-	1,142
Kimbe	-	1,429	-	1,430	-	-	433	433	-	-	-	-
Kavieng	-	-	-	-	-	749	-	749	-	-	-	-
Total	811	3,717	291	4,820	-	3,496	1,606	5,102	1,142	-	-	1,142

2.1.2 Cumulative Volume of Copra Production.

Figure 3 compared the cumulative volume of copra production from Jan-Sep during 2023 and 2022. It showed

a steep upward production trend in the first quarter and a diverged second quarter, reflecting a rising production at an increasing diminishing rate up to this quarter.

Figure 3. Ciummulative Volume of Copra production (MT) in PNG: 2023 (Jan-Sep) vs 2022.



Calendar Months (Jan-Dec).
Source: KIK.

2.2 Domestic Copra Prices.

Figure 4 shows the domestic mill gate prices for the three grades of copra.

The hot air grade copra price from July to September averaged K1,223/MT, 6.7% more than K1,147/MT in the second quarter but 8.7% less than K1,341/MT in the corresponding quarter of 2022. By month, the hot air grade copra price declined by 3.4% to K1,115/MT in July. It went down further by 2.7% to K1,085/MT in August and by 0.5% to K1,080/MT in September.

In the same period, the average FMS grade copra price was K1,076/MT, a fall by 4.3% from K1,124/MT in the second quarter. Looking at monthly price movements, the FMS grade copra price was K1,107/MT in the opening month of this quarter. It dropped by 2.7% to K1,077 in August, and

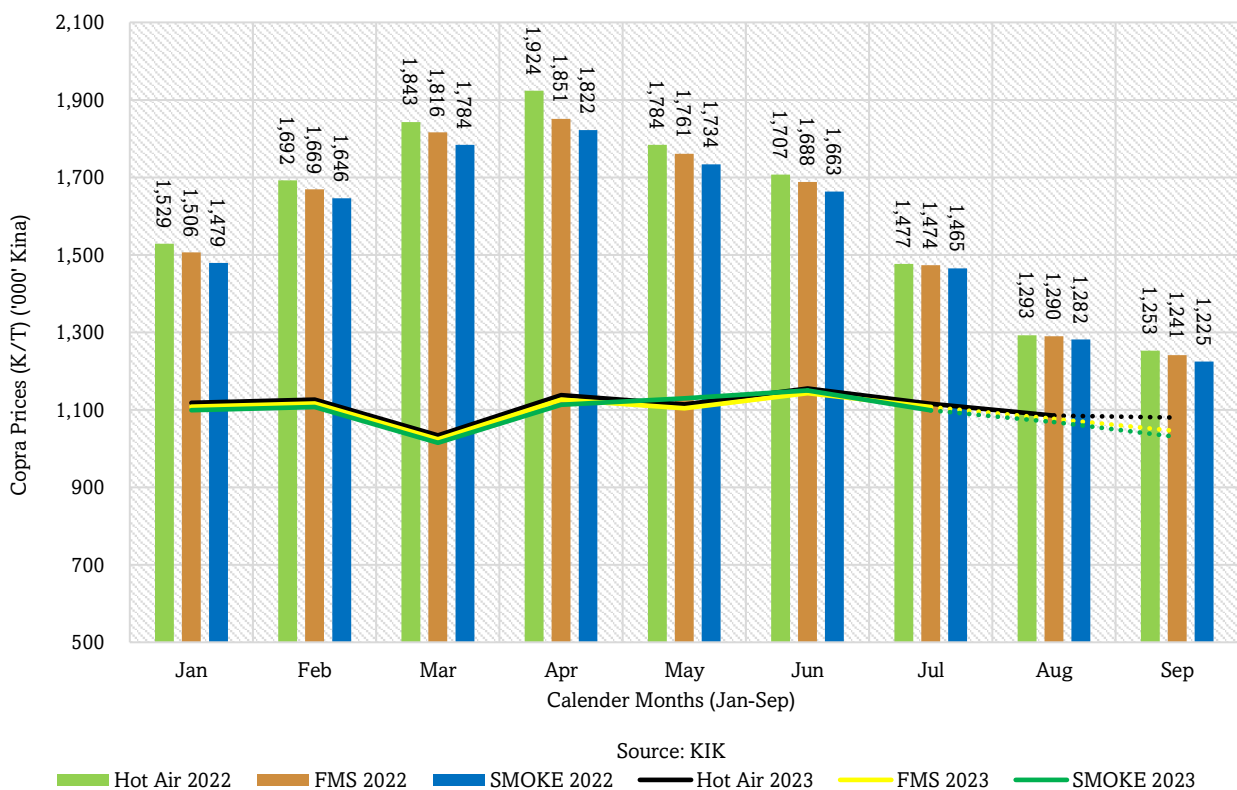
went down further by 3% to K1,045/MT in September.

The smoked grade copra price followed a similar trend this quarter. It averaged K1,066/MT, 9.6% less than K1,179/MT in the second quarter, but 19.5% less than K1,324/MT in the corresponding quarter of 2022.

On a monthly basis, the smoked grade copra price was K1,099/MT in July, a reduction by 5.3% from K1,160/MT in the closing month of the second quarter. It fell further by 2.8% to K1,068/MT in August, and by 2.3% to K1,030/MT in September.

Overall, as shown on **Figure 4**, domestic copra prices have remained relatively low (subdued) up to this quarter than during the corresponding period of 2022.

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



2.3 Export Prices of Coconut Products in PNG.

Figure 5 depicts the average PGK fob export prices of coconut products up to this quarter. FOB price for copra averaged K2,224/MT, a slight rise by 1.1% from K2,200/MT in the second quarter and by 22.9% compared to the corresponding quarter of 2022. The CNO export

prices for the period of 9 months up to September were relatively steady with fluctuations in the price trend averaging only 1.7%. Accordingly, fob prices for CNO remained relatively higher by 5.1% during this quarter compared to a 1.1% rise in the second quarter. Against this background of positive price developments, CNO prices have largely exhibited an upward trend during this quarter averaging K3,138/MT. By month, CNO prices in July,

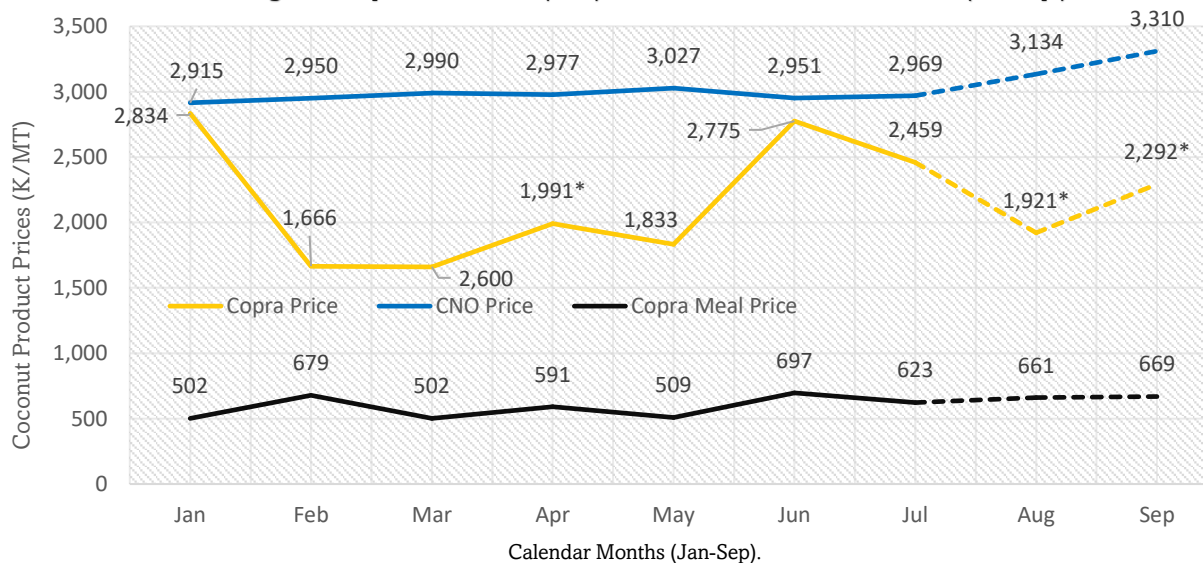
August, and September, were K2,969/MT, K3,134/MT, and K3,310/MT, respectively, reflecting consecutive price increases of 0.6%, 5.6%, and 5.7%.

On the other hand, copra meal price movements paralleled the CNO price trend, averaging K651/MT this quarter, a rise by 8.7% from K599/MT in the second quarter and increase by 35.5% compared to the corresponding quarter of 2022. By month, copra meal prices averaged K623/MT

in July, a drop by 10.6% from K697/MT in June. It rose by 6.1% to K661/MT in August and went up further by 1.2% to K669/MT in September.

Overall, FOB prices of coconut products this quarter have fluctuated, reflecting world coconut market trends, but CNO prices remained relatively high due to the upward momentum in the demand for CNO beginning during the second quarter (see second quarter report).

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



Note: *estimate.

2.3.1 Copra Export Margins.

Table 3 presents copra export margins up to September. This quarter, exporter margins averaged 46.5% compared to 45.1% in the second quarter and 54.1% in the first quarter. These are abnormally high exporter margins. For example, during this quarter, exporter margins have

consistently increased from 29.7% in July to 55.6% in September implying that exporters have gained more from copra export trade. It is currently not known if this situation truly reflects the exporters' domestic operational costs or resulting from non-compliance, lack of transparency and accountability.

Table 3. Copra Export Margins: 2023 (Jan – Sep).

Month	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	1,060	2,834	1,111	1,723	60.1%
Feb	1,030	1,666	1,215	1,215	72.9%
Mar	1,034	1,660	1,172	488	29.4%
Apr	1,027	1,911*	1,126*	785*	41.1%
May	1,028	1,833	1,133	700	38.2%
Jun	1,130	2,775	1,147	1,628	58.7%
Jul	1,025	2,459	1,107	1,350	29.7%
Aug	1,040	2,358*	1,077*	1,281	54.3%
Sep	1,062	2,356*	1,045*	1,311*	55.6%

Notes. 1. Exchange rate estimate is based on exchange figures from January to Mar 2023.
2. *estimate.

2.4 Exports of Coconut Products.

from 5,102 MT in the second quarter, and by 81.3% from 6,118 MT in the corresponding quarter of 2022.

2.4.1 Copra.

No data were available for export figures in both August and September.

Table 4 presents copra export volume up to this quarter. Based on data available at the time of writing, total copra export volume fell by 77.6% to 1,142 MT

Table 4. Copra Exports (Jan-Sep 2023).³

Calendar Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Export Volume (MT)	811	3,717	291	-	3,496	1,606	1,142	-	-
Quarterly Total (MT)	4,819			5,102			1,142		

2.4.2 CNO.

Table 5 shows the export volume of CNO. Total CNO export volume rose by more than 2-folds to 6,656 MT this quarter from 1,960 MT in the second quarter, and by 51.5% from 4,391 MT in the first quarter; however, it dropped by 11.0% from 7,478 MT in the corresponding quarter of 2022. On a monthly basis,

CNO export volume increased to 4,224 MT in July by nearly 6-folds from 556 MT in June; however, it experienced a sharp decline of 73.4% to 1,123 MT in August. In September, CNO exports rebounded by 16.5% to 1,309 MT. The rise in the export volume of CNO was consistent with the increase in FOB price this quarter.

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

Calendar Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Export Volume (MT)	2,188	1,771	432	670	734	556	4,224	1,123	1,309
Quarterly Total (MT)	4,391			1,960			6,656		

2.4.3 Copra Meal.

Table 6 presents copra meal export figures to date. Exports of copra meal increased from 1,760 MT in the first quarter by 42.5% to 2,508 MT in the second quarter. This quarter's copra meal export figure was 2,631 MT, 4.9% higher than 2,508 MT in the second quarter, and 49% higher than 1,760 MT in the first

quarter. For CNO, this quarter's exports increased by 32.9% to 6,656 MT from 1,980 MT in the corresponding quarter of 2022. By month, copra meal exports fell by 36% to 1,171 MT in July from 1,829 MT in June. It declined further by 2.7% and 71.9% to 1,140 MT and 320 MT in August and September, respectively.

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

Calendar Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Export Volume (MT)	300	1,120	340	339	340	1,829	1,171	1,140	320
Quarterly Total (MT)	1,760			2,508			2,631		

2.5 Domestic Exports of Coconut Products.

MT of copra exported during this quarter. All of this went to Bangladesh.

2.5.1 Copra Exporters and Market Share.

Table 7 presents the domestic copra exporters and their market shares from January to September 2023. It shows that CPL was the sole exporter of the 1,141

³ Provisional figures.

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

Exporters	Quarter 1		Quarter 2		Quarter 3	
	Export Vol (MT)	Market Share (%)	Export Vol (MT)	Market Share (%)	Export Vol (MT)	Market Share (%)
Pacific L Traders	1,409	29.4	1,007	19.7	-	-
CPL	1,102	22.9	435	9.5	1,141	100.0
KBSA	935	19.4	-	-	-	-
Sankamap	879	18.2	2,479	48.6	-	-
One You Sing	495	10.3	432	7.5	-	-
Kliaren			749	14.7	-	-
Total	4,820	100.0	5,102	100	1,141	100.0

2.5.2 CNO Exporters and Market Share.

Table 8 presents the export shares by the three exporters of CNO this quarter. They are the only exporters of CNO in PNG. CPL led in terms of CNO export market shares with 52.3% (3,481MT), an increase from 27.2% (556 MT) in the second quarter,

followed by Markham Farming 32.8% (2,182 MT) and, lastly, Pristine Co.101 14.9% (993 MT). Malaysia imported 79.7% (5,303 MT) of PNG's total CNO exports followed by Indonesia 13.0% (464 MT) and India 7.3% (864 MT).

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

Exporters	Quarter 1		Quarter 2		Quarter 3	
	Export Vol (MT)	Market Share (%)	Export Vol (MT)	Market Share (%)	Export Vol (MT)	Market Share (%)
CPL	2,446	55.7	556	27.2	3,481	52.3
Markham Farming	1,404	32.0	670	32.7	2,182	32.8
Pristine Co.101 Ltd	541	12.3	820	40.1	993	14.9
Total	4,391	100.0	2,046	100	6,656	100.0

2.5.3 Copra Meal market and Export Share.

Table 9 presents the copra meal exporters and their respective export market shares. A total of 2,631 MT

of copra meal was exported led by Markham Farming with 48.7% (980 MT), followed by CPL 36.9% (971 MT) and, lastly, Pristine Co.101 with 14.4% (380 MT).

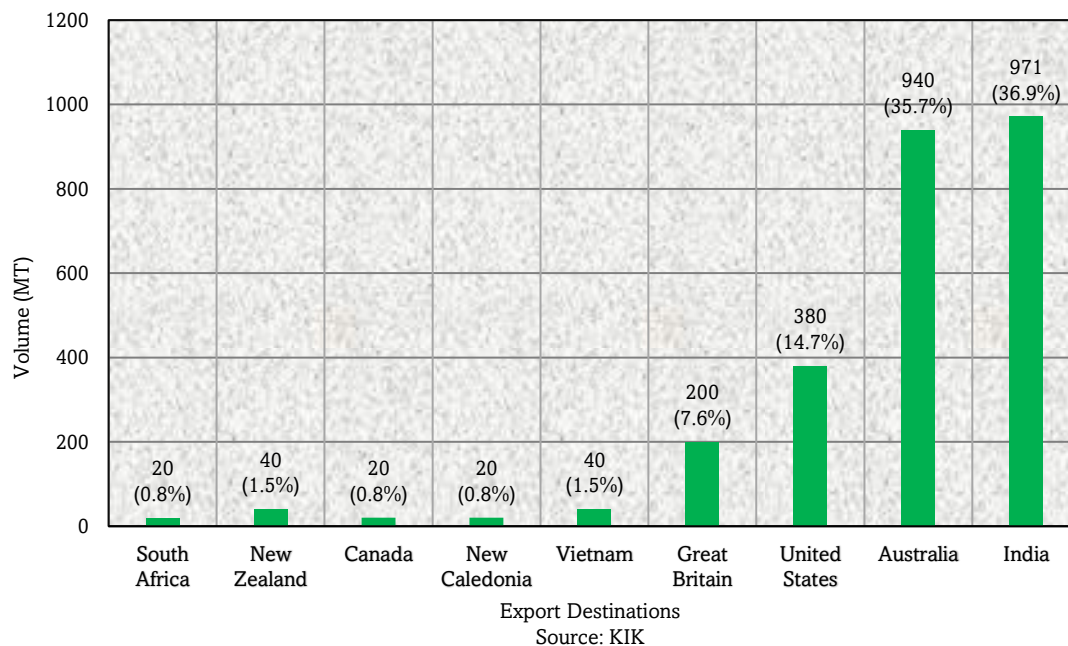
Table 9. Copra Meal Exporters and Market Share (Jan-Sep,2023).

Exporters	Quarter 1		Quarter 2		Quarter 3	
	Export Vol (MT)	Market Share (%)	Export Vol (MT)	Market Share (%)	Export Vol (MT)	Market Share (%)
CPL	840	47.7	1,708	68.1%	971	36.9
Markham Farming	740	42.1	500	19.9	980	48.7
Pristine Co.101 Ltd	180	10.2	300	12.0	380	14.4
Total	1,760	100.0	2,509	100.0	2,631	100

Figure 8 shows the volume of copra meal exports exported to nine (9) different world markets. India and Australia were the major export destinations,

importing 971 MT and 940 MT, respectively. South Africa, Canada, and New Caledonia imported the least with 20 MT each.

Figure 8. Export Destinations for Copra Meal.



3. EXPORT EARNINGS.

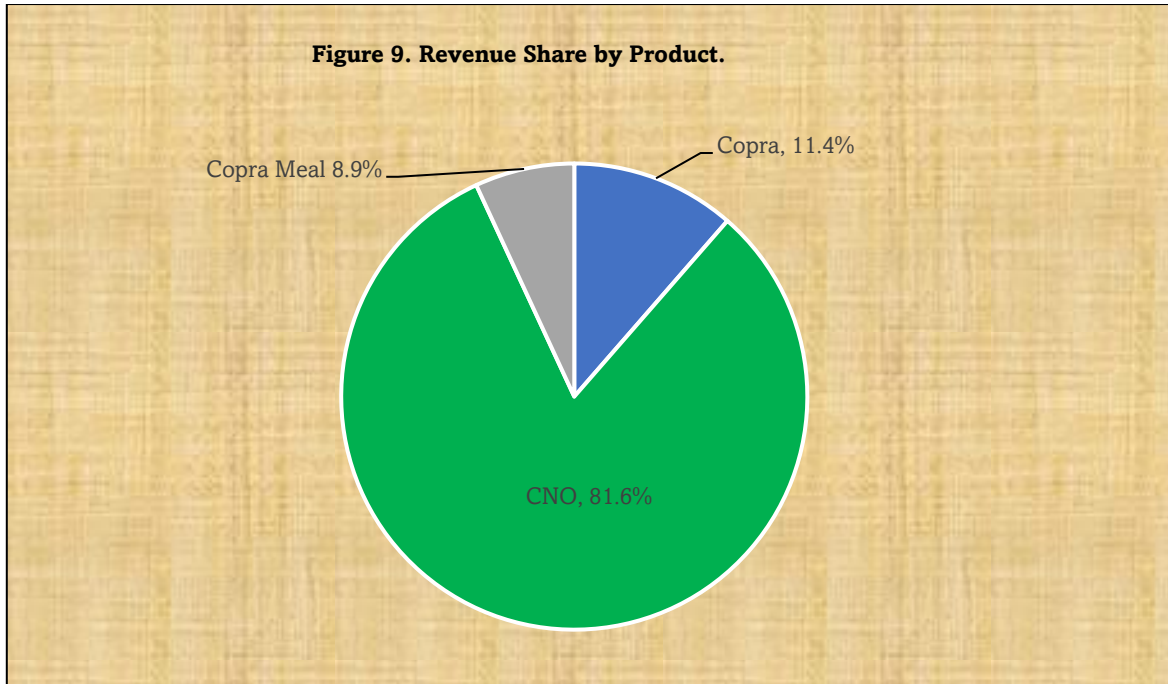
Table 10 and **Figure 9** shows the revenue generated from the three traditional coconut products and their respective market shares. Aggregate revenue from June to September totalled K24.57M, an increase by 33.9% compared with K18.35M in the corresponding quarter of 2022.

No copra export figures were available for August and September, and accordingly, no revenue figures for these months. As Figure 9 depicts, export earnings from CNO totalled K20.05M, with a market share of 81.6%, followed by Copra with 11.4% and copra meal 8.9%.

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

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
<i>Total</i>	<i>10.87</i>	<i>5.84</i>	<i>1.64</i>	<i>18.35</i>
Jul	2.81	12.54	0.73	16.08
Aug	-	3.52	0.76	4.28
Sep	-	3.99	0.22	4.21
Total	2.81	20.05	1.71	24.57

Figure 9. Revenue Share by Product.



Source: KIK

SUMMARY

1. This quarter, the world market price of copra saw a slight increase by 1.6% and that of CNO rose by 3.1%.

2. The cumulative volume of copra production increased very slowly during this quarter. The widening gap reflected lowering production volume in 2023.

3. CPL was the sole exporter of the 1,141 MT of copra exported during this quarter. All of this went to Bangladesh.

4. CPL had the largest share of CNO exports with 52.3% (3,481MT), an increase from 27.2% (556 MT) in the second quarter, followed by Markham Farming 32.8% (2,182 MT), lastly, Pristine Co.101 14.9% (993 MT).

5. Malaysia imported 79.7% (5,303 MT) of PNG's total CNO exports followed by Indonesia 13.0% (464 MT) and India 7.3% (864 MT).

6. The aggregate export volume of copra has dropped by 77.6%, whilst that of CNO and meal improved by more than 2-folds and 4.9%, respectively.

7. Total revenue from June to September equalled K24.57M, an increase by 33.9% compared with K18.35M in the corresponding quarter of 2022. Of this CNO contributed 81.6%, Copra 11.4% and copra meal 8.9%.

8. The overall revenue generated this quarter was 33.9% higher compared with K18.35 M in the preceding quarter.