



CPOPC
COUNCIL OF PALM OIL PRODUCING COUNTRIES

ANNUAL REPORT MARKET & OUTLOOK **2025**

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Palm Oil Market in 2024 and Outlook for 2025

The year 2024 had been a challenging year for the global vegetable oils industry particularly in the global production of vegetable oils including palm oil. The uncertainties in weather conditions had impacted the production of vegetable oils resulting in global tight supplies moving into 2025. The tight supplies had supported prices on an upward trend particularly for palm oil, making palm oil less competitive vis-à-vis its rival namely, soybean oil. However, the lack of alternative vegetable oils had caused the demand for palm oil to remain strong despite the high prices. Consequently, this reduced the ending stocks of vegetable oils including palm oil globally.

As we enter into 2025, the production of palm oil is approaching the low yielding season in the first quarter, coupled with the strong demand due to the festive seasons is anticipated to continue to support palm oil prices. The high prices of palm oil projected in the first quarter of 2025 is expected to drive the consumers to shift to soybean oil due to its price competitiveness taking into consideration the positive growth in production of soybean from key producing countries such as Brazil and Argentina. The production of sunflower oil and rapeseed oil will not see a substantial increase in yield in 2025. Notwithstanding the development of the vegetable oils industry, the uncertainties in political and economic situation globally including among others, the continued geopolitical tensions, uncertainties in trade policy resulting in tariff and non-tariff barriers, inflation as well as global economic growth will add to the complexity of the commodities markets, making the global markets to remain volatile in 2025.

Production

In 2024, the positive growth of production in Malaysia was not able to offset the lower production from Indonesia, the largest palm oil producing country in the world. Based on the data released by the Indonesian Palm Oil Association (GAPKI), the production of crude palm oil (CPO) from January to October 2024 was 39.96 million tonnes vis-à-vis 41.78 million tonnes in the corresponding period in 2023. In view of the lower production, CPOPC projects the overall production of CPO in Indonesia in 2024 to reach about 48 million tonnes, lower than the production of 50.07 million tonnes in 2023. As for Malaysia, the Malaysian Palm Oil Board (MPOB) reported that the production of CPO in 2024 had increased by 4.2% to 19.34 million tonnes from 18.55 million tonnes in 2023. Based on the statistics published by the Oil World, production of palm oil in Honduras for 2024 was estimated at 0.51 million tonnes, lower by 22% from 0.66 million tonnes in 2023. Similarly, the production of palm oil in Papua New Guinea had declined by 7.8% to 0.71 million tonnes in 2024, from 0.77 million tonnes in 2023. The lower production was attributed to bad weather conditions as well as damage from bud rot disease particularly in Honduras.

For 2025, CPOPC projects a positive growth in production of palm in Indonesia, Malaysia, Honduras and Papua New Guinea as compared with production recorded in 2024. Despite the anticipated recovery in production in Indonesia, the stagnating and declining yield as well as the increasing old and unproductive oil palm trees, coupled with low rates of replanting, the production of palm oil 2025 is anticipated to have marginal growth. The wet weather conditions experienced in the last quarter of 2024, moving into 2025 due to regional phenomena including monsoon and the persistence of the relatively mild intensity of La Niña phenomenon, with a transition to ENSO-neutral most likely by March to May 2025 may impact on the overall production of palm oil in 2025. The uncertainties in weather conditions will play an important role in determining the production and yield of palm oil in 2025.

Demand

The demand for palm oil in 2024 had supported the strengthening of palm oil prices, particularly in the second half of 2024, moving into 2025. Based on the statistics by the Oil World, total consumption of major oils and fats for 2024 was 261.55 million tonnes, increased by 3% from 254.04 million tonnes in 2023. Palm oil remained the most consumed vegetable oil in 2024, accounted for 30.1% of the market share, followed by soybean oil at 24.6% and rapeseed oil at 12.2%.

Table 1 shows the major exporters and importers of palm oil in million tonnes for 2022, 2023 and estimation for 2024. In general, the lower trading, both export and import, of palm oil in 2024 as compared with 2023 was due to lower production of palm oil predominantly from Indonesia, resulting in lower availability for export markets. The increased in production in Malaysia was not able to offset the lower production in Indonesia and countries in the Latin American region.



Table 1: Palm oil – export of major producers and import by selected countries (million tonnes)

Country	Trading of palm oil (million tonnes) from January to December		
	2022	2023	2024 ^E
Export of			
Indonesia	27.45	28.63	24.50
Malaysia	15.73	15.13	16.88
Thailand	0.97	0.90	0.92
Others	6.45	6.56	5.93
Total	50.6	51.22	48.23
Import by			
India	9.47	9.55	9.00
EU-27	6.41	6.06	5.14
China	5.49	6.44	4.83
Pakistan	2.82	2.98	3.07
U.S.A.	1.71	1.85	1.76
Bangladesh	1.54	1.56	1.56
Egypt	1.06	1.17	1.18
Vietnam	1.01	1.17	1.08
Philippines	1.13	0.90	1.04
Others	18.99	19.92	18.61
Total	49.63	51.60	47.27

Note: E denotes estimates

Source: Oil World

CPOPC is confident that the demand for palm oil and its products in 2025 will remain positive. The growing demand is attributed to among others, increasing domestic demand of palm oil in Indonesia for the production of biodiesel, the need to replenishing stocks in key importing countries such as China and India as well as the tight supplies of other vegetable oils such as sunflower oil. The increase in domestic demand of palm oil in 2025 for the B40 programme may not have significant impact on the exportable supplies taking into consideration the anticipated production recovery in Indonesia.

According to the OECD Economic Outlook, Volume 2024 Issue 2 published on 4 December 2024, the global economy is projected to remain resilient despite significant challenges. The global GDP growth of 3.3% is projected in 2025, up from 3.2% in 2024 and

3.3% in 2026. The emerging Asian continues to be the biggest contributor to global growth.

In view of this, the demand for palm oil is expected to continue to grow as the key importing countries of palm oil consist mainly from Asia including countries in ASEAN (Table 1). The demand for palm oil is also expected to show positive growth in the African continent including Egypt, Kenya and Nigeria, among others.

Prices

In 2024, palm oil and its products had been traded on the average between USD820/tonne to USD1,250/tonne due to lower production of palm oil primarily from Indonesia, continued positive demand for palm oil and low stock levels of palm oil in key producing countries. In addition, the tight supplies of other vegetable oils namely sunflower oil and rapeseed oil in the second half of 2024 further supported the demand for palm oil, resulted in strengthening of prices. However, this also reduced the competitiveness of palm oil with palm oil traded at a premium against soybean oil particularly in the second half of 2024. Consumers and importers had also shifted to the competitively priced soybean oil. However, the lack of alternatives had continued to support the uptake of palm oil despite the relatively high prices in particular to meet the demand during the festive seasons particularly at the last quarter of 2024 and moving into first quarter of 2025.

According to the Oil World, for the average of August to December 2024, soybean oil from Argentina was offered at price discounts of close to USD70/tonne vis-à-vis RBD palm olein from Malaysia and USD110/tonne vis-à-vis CPO from Indonesia. The widening premium of CPO from Indonesia was due to the increase in palm oil export taxes in Indonesia. Table 2 shows the reference price, export tax and export levy of CPO of Indonesia for 2024.



Table 2: Reference price, export tax and export levy of crude palm oil (CPO) of Indonesia for 2024

Period	CPO Reference price	CPO Export tax	CPO Export levy
	USD/tonne		
1 – 15 January 2024	746.69	18.0	75.0
16 – 31 January 2024	774.93	18.0	75.0
1 – 29 February 2024	806.40	33.0	85.0
1 – 31 March 2024	798.90	33.0	85.0
1 – 30 April 2024	857.62	52.0	90.0
1 – 31 May 2024	877.28	52.0	90.0
1 – 30 June 2024	778.82	18.0	75.0
1 – 31 July 2024	800.75	33.0	85.0
1 – 31 August 2024	820.11	33.0	85.0
1 – 30 September 2024	839.53	52.0	90.0
1 – 31 October 2024	893.64	74.0	67.0
1 – 30 November 2024	961.97	124.0	72.1
1 – 31 December 2024	1,071.67	178.0	80.3

Source: Ministry of Trade, the Republic of Indonesia

Malaysia had announced a new export tax structure in October 2024 with the revision to the maximum export duty rate to 10% for price of CPO exceeding RM4,050/tonne (USD900/tonne). Prior to the announcement of the new structure, the export duty of CPO from Malaysia was maintained at 8% based on the monthly CPO reference price. Table 3 shows the CPO export duty rates of Malaysia with reference price announced on a monthly basis.

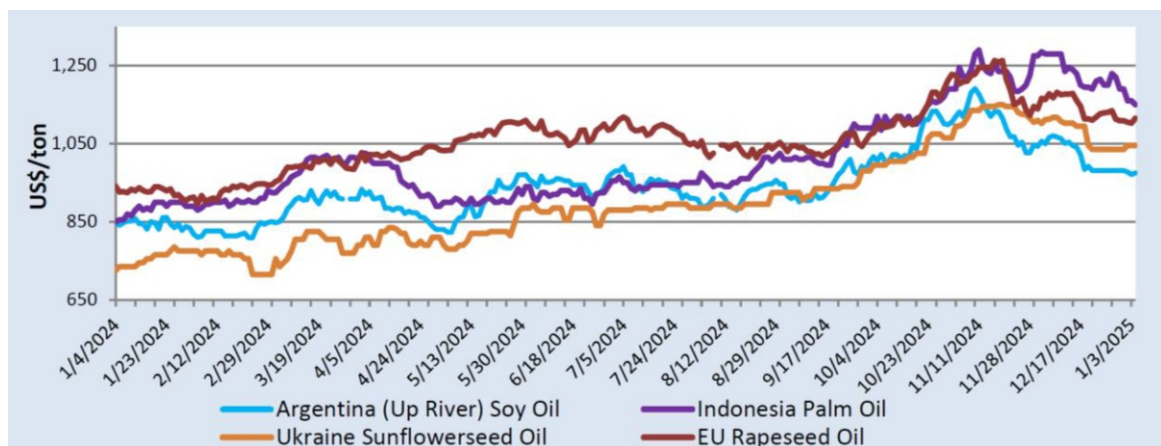


Table 3: Crude palm oil (CPO) export duty rates of Malaysia effective from 1 November 2024

CPO market price (FOB RM/tonne)	Export duty (%)
<2,250.00	NIL
2,250 – 2,400	3.0
2,201 – 2,550	4.5
2,551 – 2,700	5.0
2,701 – 2,850	5.5
2,851 – 3,000	6.0
3,001 – 3,150	6.5
3,151 – 3,300	7.0
3,301 – 3,450	7.5
3,451 – 3,600	8.0
3,601 – 3,750	8.5
3,751 – 3,900	9.0
3,901 – 4,050	9.5
>4,050.00	10.0

Source: Malaysian Royal Customs Department

Figure 1 shows the export prices of vegetable oils from major exporters. It is observed that palm oil from Indonesia had continued to be traded at a favourable rate in 2024 moving into 2025. Palm oil prices had exceeded USD1,000/tonne in the last quarter of 2024 and continued to be traded favourably, exceeding USD1,250/tonne.



Source: USDA, Foreign Agricultural Service, Oilseeds: World Markets and Trade, January 2025 using data from International Grains Council

Figure 1: Export prices of vegetable oils

CPOPC is optimistic that palm oil will continue to be traded favourably moving into 2025 and continue to be traded at a premium against soybean oil. This is supported by the positive outlook in demand including the festive seasons, implementation of B40 Programme in Indonesia, lower stocks in producing countries and the seasonally low production in the coming months. Palm oil is anticipated to be traded in the range of USD1,000/tonne to USD1,200/tonne in the first quarter of 2025. However, palm oil prices are expected to be traded lower in the second half of 2025 due to the seasonally high yielding production cycle and harvesting season for rapeseed and sunflower seed. Notwithstanding the anticipated lower prices in the second half of 2025, the uncertainties in weather conditions and global policies will have impact on the global prices of vegetable oils including palm oil.

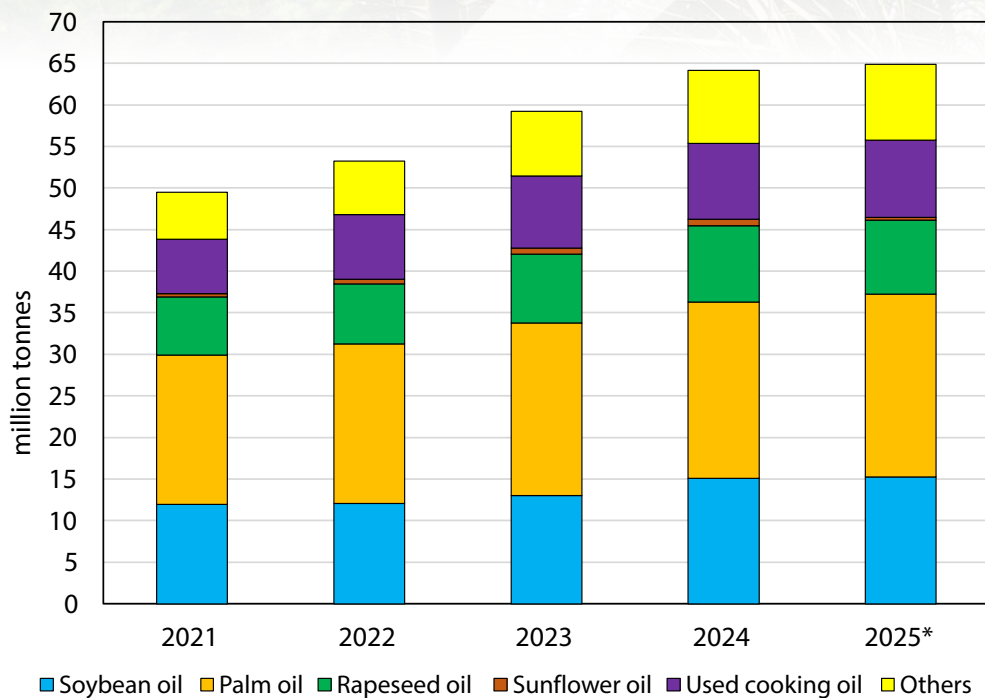
Biofuels

According to data by the Oil World, the global production of biodiesel including HVO in 2024 was 64.14 million tonnes, increased by 8.4% from 59.18 million tonnes in 2023, with palm oil accounted for 33% of total feedstock used.

CPOPC expects the positive growth of global biofuels industry in 2024 to continue into 2025 supported primarily by the increasing utilisation of sustainable aviation fuel (SAF) as well as biofuels mandates in key producers of vegetable oils. Indonesia, the largest producer of palm oil and Brazil, the largest producer of soybean are set to continue enhancing the use of biofuels in their domestic mandates for biofuels. The continued sustainability initiatives including for road transportation, aviation industry and maritime industry are anticipated to support the growth of the biofuels industry globally.

Figure 2 shows the feedstock used for the production of biodiesel including hydrotreated vegetable oils (HVO) from 2021 to 2024 and forecast for 2025. The feedstock use for the production of biodiesel in 2025 is estimated to increase albeit marginally with palm oil at 3.5%, followed by used cooking oil (UCO) at 1.5% and soybean oil at 1.2%. The limited availability of UCO will continue to support the use of vegetable oils including palm oil and soybean oil.





*Forecast for 2025
Source: Oil World

Figure 2: Feedstock use for the production of biodiesel including hydrotreated vegetable oils (HVO) (million tonnes)

Notwithstanding the anticipated growth, the global geopolitical tensions impacting the crude oil prices may support the positive growth of energy from renewable sources. The most recent sanction on the energy sector of Russia by the United States of America (U.S.) is expected to impact global supply, demand and prices of crude oil. Thus, the global development remains uncertain and volatile with the possibility of affecting the biofuels industry.

Other Vegetable Oils

Based on the latest publication by the United States Department of Agriculture (USDA) in January 2025, mixed performance in terms of production of major vegetable oils was observed in 2023/2024. The overall production of vegetable oils for season 2023/24 had increased by 2.5% to 221.67 million tonnes vis-à-vis 217.29 million tonnes recorded in season 2022/23. The growth of production of soybean oil by 5.2% to reach 62.8 million tonnes had offset the lower production of palm oil. For rapeseed oil and sunflower oil, marginal growth in production were observed.

For 2025, the availability of major vegetable oils is expected to remain tight. Although the performance of major vegetable oils is projected to have positive outlook in terms of production in season 2024/25 as compared with season 2023/24, global consumption of vegetable oils is expected to increase in particular for non-food applications. The overall production of major vegetable oils in season 2024/25 is projected to reach 227.18 million tonnes, an increase by 2.5% from season 2023/24 at 221.67 million tonnes (Table 4). The marginal increase in season 2024/25 is due to positive growth of soybean oil and palm oil.

The major vegetable oils are projected to be traded in a similar trend to the previous season with anticipated positive growth for export of palm oil and soybean oil which offset the lower export of sunflower oil. The domestic consumption of major vegetable oils is projected to increase by 3.3% to reach 224.78 million tonnes in season 2024/25 vis-à-vis 217.60 million tonnes in season 2023/24. The positive growth in demand with limited growth in production will reduce the ending stocks by 8.1% to reach 28.30 million tonnes at the end of season 2024/25 from 30.81 million tonnes at the end of season 2023/24.

Table 4: Production of major vegetable oils (million tonnes)

Vegetable Oil	Production (million tonnes)			
	2021/2022	2022/2023	2023/2024	2024/2025 ^E
Palm oil	73.17	76.63	76.26	79.63
Soybean oil	60.05	59.67	62.80	66.25
Rapeseed oil	29.17	33.25	34.47	34.11
Sunflower oil	19.69	21.72	22.14	20.05
Other oils	26.52	26.02	26.00	27.14
Total	208.60	217.29	221.67	227.18

Note: E denotes estimates as of January 2025

Source: USDA, Foreign Agricultural Service, Oilseeds: World Markets and Trade, January 2025



Market Drivers

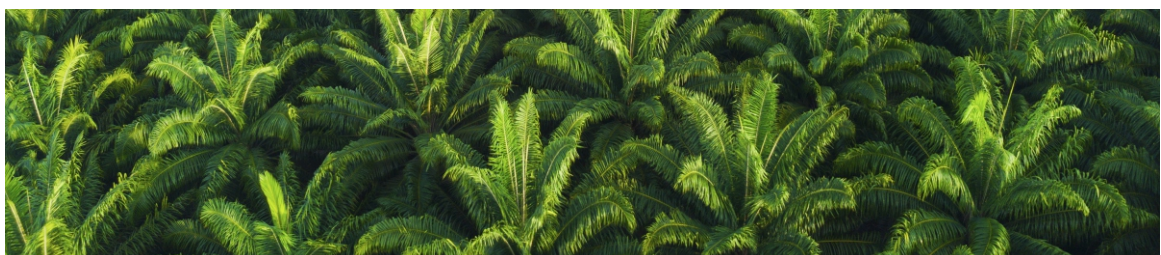
For year 2025, the following 10 key drivers are anticipated to have impact on the dynamics of prices and trading palm oil:

- climate change impacting production of vegetable oils;
- changes in import and export policies (tariff and non-tariff barriers);
- global supplies of vegetable oils;
- price dynamics of major vegetable oils;
- geopolitical tensions in various regions;
- global economic situation;
- shifting trade policy in the U.S.;
- implementation of global biofuels mandates;
- supplies and prices of crude oil; and
- rate of replanting of old and unproductive oil palm trees;

Conclusion

CPOPC is confident that the oil palm industry will continue to remain resilient with better performance in 2025, in particular favourable prices and continued strong demand, despite the challenges faced by the oil palm industry. The strong fundamentals of the industry are expected to contribute to positive growth in demand from key importing countries and strengthening prices, in addition to the increasing domestic demand.

However, the uncertainties in weather will play an important role in impacting the global vegetable oils industry including the oil palm industry. The key challenge of stagnating yield of oil palm industry has to be addressed in order to enhance productivity to ensure the competitiveness of the industry in the longer term. Thus, intensification of replanting programmes in particular for smallholders has to be implemented. In order to ensure the sufficient supply to meet the growing demand for palm oil, both for food and non-food applications, there is an urgent need to enhance productivity as well as to ensure sustainable production of palm oil to meet the increasing stringent requirements by importing countries.





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