Mistry slashes palm oil output forecast by 40%.

He expects gradual price recovery to begin from December.

KUALA LUMPUR: The deepening El Nino-linked drought and haze from Indonesia’s forest fires have slashed expectations for Malaysia’s palm oil crop, with Dato’ Sri Mistry cutting 40% from his previous forecast. Global output will increase by 1.5 million tonnes over 2015, down from his September estimate of about 2.5 million tonnes, Godreid International Ltd’s Mistry said yesterday at an industry conference in Guangzhou, China.

A net decline can’t be ruled out by dry conditions worsen, he warned. The world’s most-used edible oil has rallied about 25% from a year-low in August on concern that supply will reduce amid the stronger El Nino in almost two decades and the Indonesian snog. The Southeast Asian nation together with Malaysia account for around 86% of the world’s palm oil supply.

“The current El Nino is not a finished business,” said Mistry, who has traded cooking oils for more than three decades. “If dry weather returns to Indonesia and parts of Malaysia once again,” said around January 2016, then it will be a serious development and that can further reduce output in 2016. In that event, we shall be looking at a net decline in 2016 palm oil production,” he said.

Mistry raised his estimate for edible oil imports by India, the world’s biggest buyer, to 15.35 million tonnes in 2015 and 2016 from his earlier projection of 15.1 million tonnes. Palm oil purchases are seen at 9.6 million tonnes, compared with 9.7 million a year ago, while soybean oil imports will rise to four million tonnes from 2.96 million, he said.

Global edible oil demand may expand by 5.1 million tonnes in 2015 and 2016, exceeding supply forecast to increase by 3.6 million tonnes, said Mistry: Biofuel consumption is forecast to grow 1.5 million tonnes, he said.

“After two years of comfortable surplus, the world faces a situation where incremental demand exceeds incremental supply,” Mistry said. “Therefore we expect a gradual price recovery to begin from December and to take world vegetable oils to a fresh high.”

Mistry kept his forecast for the benchmark crude palm oil price to trade at the upper end of RM2,100 to RM2,400 range due to weakness in the Malaysian currency. Prices may briefly rally to RM2,500 if the ringgit surges to 4.50 per US dollar. The forecasts are still based on assumption that Brent crude oil trades between US$45 (RM19.20) and US$60 a barrel, he said.

Futures on the Bursa Malaysia Derivatives were up 2.8% this year to RM3,330 a tonne as of Wednesday. In September, the commodity capped its biggest monthly advance since 2009. — Bloomberg

Southeast Asians more likely to buy from SDGs—PwC

BY DANIL IDRAKI

KUALA LUMPUR: A recent survey conducted by PriceWaterhouse Coopers (PwC) found that 8 out of 10 citizens in the Southeast Asia region are more likely to buy the goods and services of a company that has signed up to the United Nations Sustainable Development Goals (SDGs).

The SDGs comprise 17 goals and 169 targets on some of the world’s biggest issues, including gender inequality, poverty, the use of natural resources, as well as the ability to shape the impact on these issues.

Launched by the UN recently, the SDGs present a roadmap for good business growth for the next 15 years, noted PwC in its statement yesterday.

Almost nine out of 10 believe it’s important for businesses to sign up to the SDGs, the research found, with the region seeming to concur as about 97% have plans to address the SDGs in the next five years.

But only 45% of businesses in Southeast Asia are surveyed to formally plan to assess their impact on the SDGs.

There is a growing awareness of the importance of the SDGs across Southeast Asia. With 153 UN members of which 120 have adopted the SDGs and 75 of which are signatories, there is a strong expectation for businesses to contribute towards the SDG goals,” said PwC’s Southeast Asia consulting services sustainability leader, Andrew Chan.

“Although the prospects appear positive, measuring their impact and engaging in a continuous implementation strategy is imperative for long-term achievement of the SDGs. With only 45% of businesses planning to assess their impacts on the goals, there is an opportunity to steer a firmer course towards sustainable growth,” he added.

In a separate report titled “SDGs: paving the way towards market leadership October 2015,” PwC said Singapore (10%), Malaysia (9%) and Hong Kong (5%) lead the SDGs and integrate them in their strategy and consider the impact on their customers’ needs.

“Businesses that have adapted to changing market needs in the past have been rewarded and now the business landscape in Southeast Asia is changing once again, this time against the backdrop greater sustainability,” the consulting firm wrote.

PwC said the survey results suggested that “customers are becoming increasingly aware of the importance of balancing business profit with environmental impact and future risks.”

“Businesses have the ability to influence sustainable development by adopting the SDGs, and citizens are becoming increasingly aware of the perception of the SDGs,” the report said.

Malaysia makes up 30% of businesses in the region, followed by Thailand (29%), Singapore (19%), Philippines (7%), Indonesia (3%) and Vietnam (2%).

Automation of business response by industries included, but were not limited to, professional services; telecommunications; financial services; business services; tourism services and telecommunications.

Jeff Ng, economist at Standard Chartered, said GSI “continues to distort the spending pattern.”

For 2016, Prime Minister Datuk Seri Najib Razak’s budget contains incentives for farmers who are worried about low revenues and tax breaks for families to help them cope with the tax and rising living conditions.

Another factor cramping consumption has been the depreciation of the ringgit, which this year is emerging as Asia’s worst-performing currency, weakening nearly 20% against the US dollar.

 Analysts say the weaker currenry is helping to boost manufactur- ing exports, reversing declines seen in the first half. September’s exports were more than double the forecast, as demand for products such as auto parts continues to grow.

“Malaysia is looking at more export-oriented goods and foreign direct investment,” said Ng.

But downside risks to growth remained and analysts continue to see weak and political uncertainty figures in Malaysia. — Reuters

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Ahmad Zaki, Getrahome to build houses in Kwasan Damansara

BY CHEN SHUAY FUI

KUALA LUMPUR: Kwasan Land Sdn Bhd, the master developer for the 2,300-acre (928.6ha) Kwasan Damansara township here, has appointed Ahmad Zaki Resources Bhd and Getrahome Sdn Bhd to build residential units in the project.

They were selected out of 21 pre-qualified house builder developers, which were invited on May 14 to pitch for this development and the submission for the request for proposal (RFP) tender documents closed on Aug 6.

In a statement yesterday, Kwasan Land, a wholly-owned subsidiary of the Employees Provident Fund, said Ahmad Zaki Resources and Ahmad Zaki Sdn Bhd was awarded the E3-4 project, which has a gross development value (GDV) of RM257 million.

Spawning 3.91 acres, the proposed project features 188 units of 152 twin-tower condominiums and 26 units of garden villas.

“The total land cost tendered by Ahmad Zaki was at RM230.5 million. In addition, Ahmad Zaki offered 10% of its gross sales value as future revenue sharing,” said Kwasan Land.

The project is fully supported by the parties to finalise and to sign the development rights agreement within 60 days, said Kwasan Land.

Malaysia’s 3Q growth seen slowing due to weak private consumption

KUALA LUMPUR: Weak private consumption has been the reason to have pulled down Malaysia’s third-quarter (3Q) economic growth rate to the slowest pace in over two years, but recent solid export and manufacturing data may offer some support, economist said.

Through the first half of 2014, Malaysia had robust growth. But then collapsing global crude and commodity prices, along with a slowdown in China and political uncertainty at home, have impacted its economy.

The median forecast to a Reuters poll of economists is for annual growth of 4.7% in the July to September period, which would be the weakest since the July to September 2013.

This will continue 3Q’s slowdown. 2Q growth slipped to 4.9% from the January to March pace of 5.6%.

Malaysia relies on domestic consumption as its key growth driver; and analysts say the trend could continue given that their hopes for a 6% goods and services tax (GST) effect in April has not been realised.

“The slight slowdown in the third quarter is due to slower pri-