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Indonesia

Oilseeds and Products Annual

Oilseeds and Products Annual Report 2016

Approved By:
Thom Wright

Prepared By:
Thom Wright, Arif Rahmanulloh

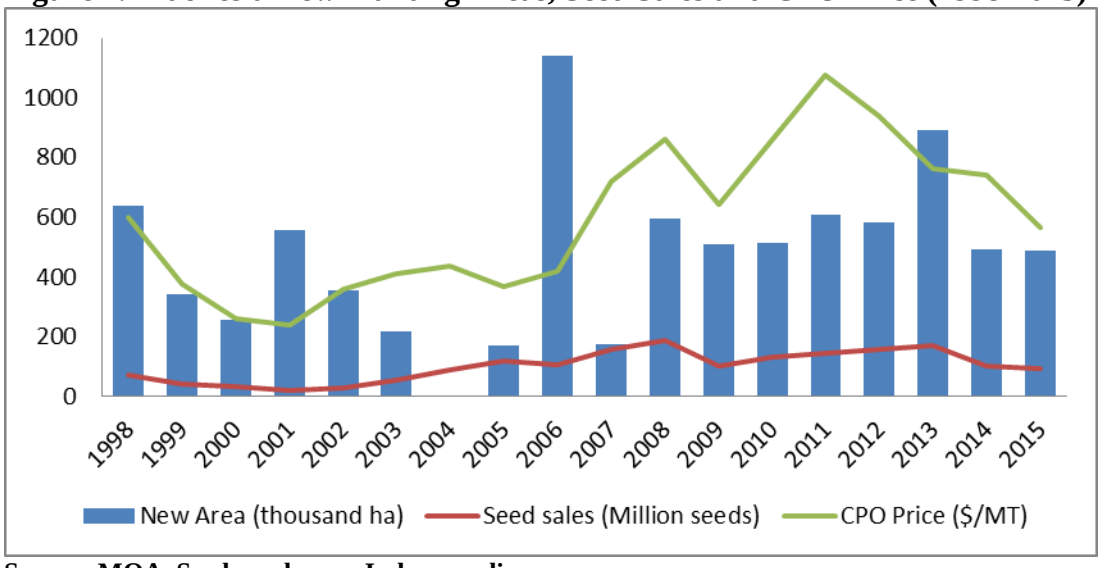
Report Highlights:
Palm oil production estimates for 2015/16 remain unchanged at 33 million metric tons. Assuming the return of normal weather conditions, Post expects 2016/17 palm oil production to recover to 33.5 million metric tons. Post's estimate for 2015/16 consumption remains at 9.42 million metric tons. 2016/17 industrial consumption is expected to grow to 3.5 million metric tons, (led by biodiesel). Total consumption is thus expected to reach 9.62 million metric tons. 2015/16 soybean production is expected to decline back to 600,000 metric tons, as Indonesian weather conditions return to normal and farmers plant corn and rice in place of soybean. 2016/17 soybean production is expected to remain stable at 600,000 metric tons, with Post noting no significant policy changes that would significantly change soybean production. Indonesia's National Statistical Agency (BPS) continues to report declining area planted to coconut. Post therefore expects copra production to fall to 1.59 million metric tons in MY 2015/16 and 1.58 million metric tons in MY 2016/17

Commodities:
Oil, Palm

Production
Indonesian palm oil plantings are slowing, with Post estimating a one percent expansion in 2016/17. Several factors have slowed planting. These include land ownership conflicts, with industry contacts reporting that the lack of an effective system to resolve land title disputes prevents new land from coming into production. Likewise, industry contacts also report that declining palm oil prices may have some short term effect on new plantings and plantation replacement.

Industry sources have commented that the 2015/16 El Nino phenomenon has had a significant effect on palm plantings, with seed sales dropping nine percent from 2014 (and 45 percent since 2012). They report that dry weather through 2015 and into 2016 delayed plantings, leaving little space in nurseries for new seedlings. As a result, two year old potted trees remained in nurseries, and new seedling plantings were delayed. Post expects a slight uptick in plantings as weather recovers to more typical patterns. However, overall production is expected to lag, as low seed sales in 2015 imply reduced plantings in 2017.

Figure 1. Indonesia New Planting Areas, Seed Sales and CPO Price (1998-2015)

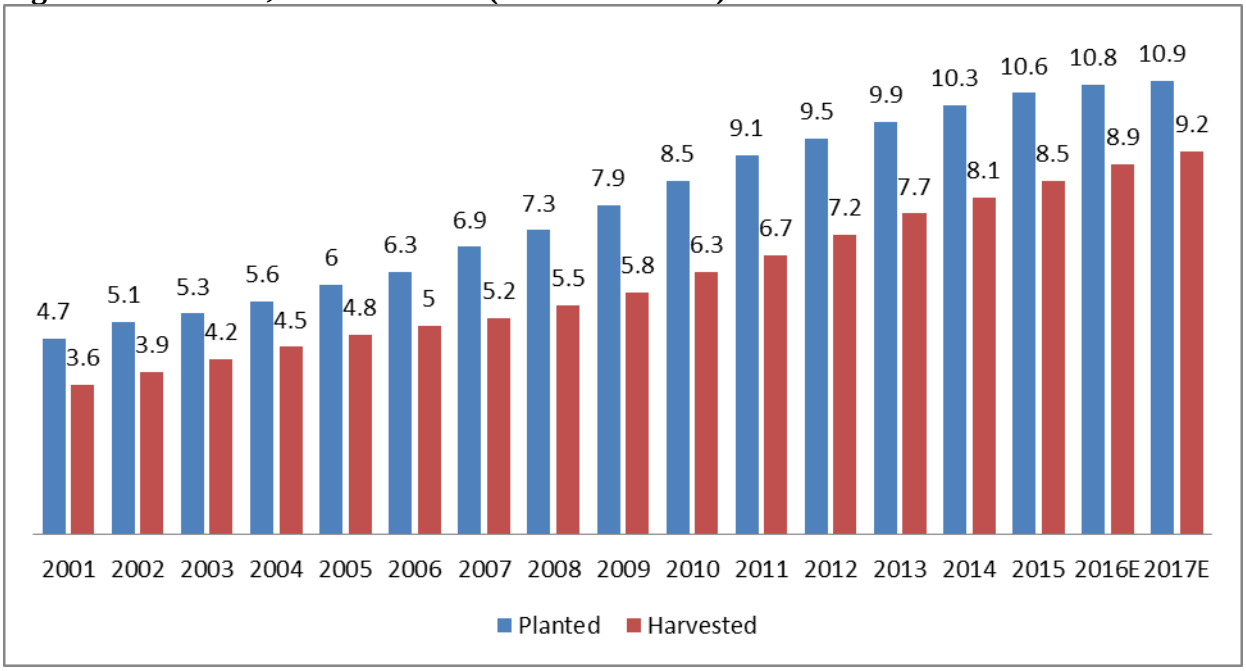


Source: MOA, Seed producers, Indexmundi

Multiple industry sources indicate that year-on-year monthly production is down. Reports indicate that plantations in southern Sumatra are worse hit, with declines below seasonal averages. Despite these drops, Post is hesitant to push production estimates lower, noting that production declines are typical in the early months of the calendar year. Post will continue to observe production data from private industry in order to gauge the extent of production losses due to El Nino as well as the recovery period

for Indonesian palm oil producers. As a result, palm oil production estimates for 2015/16 remain unchanged at 33 million metric tons. Assuming the return of normal weather conditions, Post expects 2016/17 palm oil production to recover to 33.5 million metric tons.

Figure 2. Indonesia, Oil Palm Area (million hectares)



Source: Indonesian Statistical Agency and Post Calculation

Consumption

The fundamentals surrounding the growth of Indonesia's palm oil consumption remain unchanged since Post's last report (see GAIN IN1604). According to the Indonesian Estate Crop Fund for Palm Oil (BPDPS), Indonesia's palm oil levy is expected to generate between 9.5 and 10 trillion Rupiah, more than 90 percent of which will be used to subsidize biodiesel consumption. An additional 5 trillion Rupiah (over 300 million U.S. dollars) of levy revenue remains from 2015 and will be carried over into 2016. While target blending rates have been set at 20 percent for the transportation sector, BPDPS reports actual blending rates average between 10 and 15 percent. Indonesian electricity generation officials report that biodiesel accounts for less than .5 percent of Indonesia's total electricity generation, and that coal-fired power plants have a more promising future.

BPDPS reports some concern regarding the sustainability of the biodiesel program due to lower-than-expected crude oil prices (They have set their budgets assuming crude oil prices at 40 dollars per barrel). However, they counter the problem by highlighting the 5 trillion Rupiah that was rolled over from the 2015 calendar year, providing some buffer against cheap crude oil.

Industrial consumption estimates are linked directly to the palm oil levy, which is directly tied to palm oil exports. Post's estimate for 2015/16 exports remains unchanged, thus 2015/16 industrial consumption remains unchanged at 3.4 million metric tons. Overall 2015/16 consumption remains at 9.42 million metric tons. Looking to 2016/17, industrial consumption is expected to grow to 3.5 million metric tons, led by biodiesel. Food consumption will rise from 5.7 to 5.8 million metric tons, reflecting population growth. Total consumption is therefore expected to reach 9.62 million metric tons.

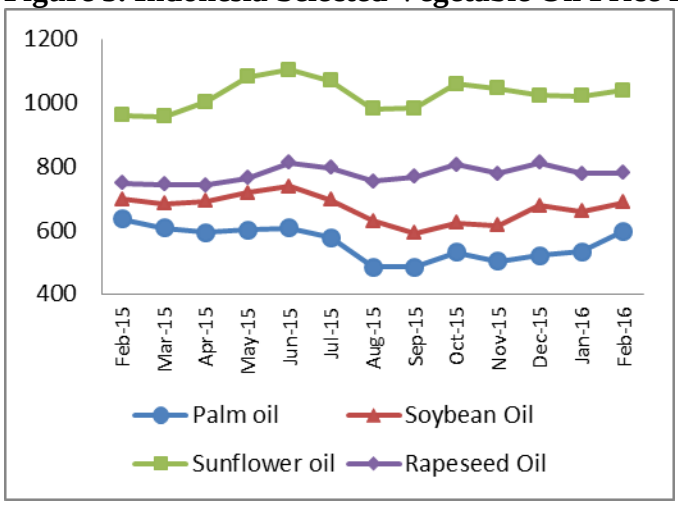
Trade

Export estimates for 2015/16 remain unchanged at 24 million metric tons. Advance trade data shows a 16 percent month-on-month decline from December to January, but 20 percent higher than shipments from January 2015. Likewise, first quarter shipments are on pace to reach 24 million metric tons.

Soybean-palm oil price spreads have remained stable, leading to consistent palm oil shipments to date. Spreads fell to $91/ton in February 2016, a decline from $128/ton in January. Post notes that the decline reflects a seasonal pattern, and that there is no indication Indonesian palm oil exports will decline.

Looking to 2016/17, Post expects exports to remain at 24 million metric tons. Industry sources report that projected consumption growth, fueled by the implementation of the palm oil levy and Indonesia's domestic biodiesel program consumption will draw down available supplies for export. Supplies will be further diminished by production, which although at record highs, has been diminished due to the El Nino Phenomenon experienced in 2015. Stocks, which have been drawn down from highs following the implementation of the levy and biodiesel program are also expected to dwindle, thus providing little support for the expansion of exports.

Figure 3. Indonesia Selected Vegetable Oil Price 2015-2016 ($/MT)



Source: Indexmundi

Stocks

2015/16 ending stocks are revised up from 500 to 506 thousand metric tons following revisions of 2014/15 stocks reflecting final data. 2016/17 ending stocks are expected to continue to decline, following consumption growth due to Indonesia's biodiesel program. Industry sources report that since the implementation of the biodiesel program in fall 2015, CPO stocks started to decline. All sources indicate that as long as biodiesel consumption remains robust, stocks are unlikely to rebound. It is also possible that if palm oil production rebounds faster than expected from 2015's El Nino phenomenon, stocks may grow slightly.

Production, Supply and Demand Statistics:

Oil, Palm	2014/2015	2015/2016	2016/2017

Market Begin Year	Oct-14		Oct-15		Oct-16	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	8540	8540	8965	8965	0	9200
Trees	0	0	0	0	0	0
Beginning Stocks	1546	1546	1626	926	0	506
Production	33000	33000	33000	33000	0	33500
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	34546	34546	34626	33926	0	34006
MY Exports	25300	25800	24500	24000	0	24000
MY Exp. to EU	3800	3800	3500	3500	0	3500
Industrial Dom. Cons.	2000	2000	2900	3400	0	3500
Food Use Dom. Cons.	5300	5500	5400	5700	0	5800
Feed Waste Dom. Cons.	320	320	320	320	0	320
Total Dom. Cons.	7620	7820	8620	9420	0	9620
Ending Stocks	1626	926	1506	506	0	386
Total Distribution	34546	34546	34626	33926	0	34006
(1000 HA) ,(1000 TREES) ,(1000 MT)						

Commodities:
Oilseed, Palm Kernel

Production
Palm kernel production is derived from CPO production. Based on CPO estimates, Post expects that fresh fruit bunch production will reach 146 million metric tons in 2015/16 and 148 million metric tons in 2016/17. Assuming that palm kernel comprises six percent of fresh fruit bunch weight, palm kernel production will reach 8.7 million metric tons in 2015/16 and 8.8 million metric tons in 2016/17.

Consumption
Palm kernel is primarily processed into palm kernel oil and meal. Post expects that 8.65 million metric tons of will be crushed for oil in 2015/16 and 8.75 million metric tons in in 2016/17. Post notes that crush will increase slightly in 2015/16 over 2014/15 despite unchanging year-on-year production. Post notes that the increase is due to the growth of palm kernel consumption in industrial and other non-food applications.

Trade
Trade data indicates that small shipments of palm kernel were sent to Malaysia for further processing in 2014/15. Post expects that 2015/16 and 2016/17 will remain near zero, with exports at 1000 metric tons in 2015/16 and zero in 2016/17.

Stocks

Indonesian palm kernel ending stocks will decline slightly in 2015/16 and 2016/17, as production growth is expected to be limited compared to the gradual increases expected in palm kernel consumption. 2015/16 is expected to decline to 64 thousand tons compared to 80 in the previous year, and 49 thousand metric tons in 2016/17.

Production, Supply and Demand Statistics:

Oilseed, Palm Kernel	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct-15		Oct-16		Oct-17	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	8540	8540	8965	8965	0	9200
Trees	0	0	0	0	0	0
Beginning Stocks	70	70	50	80	0	64
Production	8700	8700	8700	8700	0	8800
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	8770	8770	8750	8780	0	8864
MY Exports	6	6	5	1	0	0
MY Exp. to EU	0	0	0	0	0	0
Crush	8650	8620	8650	8650	0	8750
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	64	64	65	65	0	65
Total Dom. Cons.	8714	8684	8715	8715	0	8815
Ending Stocks	50	80	30	64	0	49
Total Distribution	8770	8770	8750	8780	0	8864
(1000 HA) ,(1000 TREES) ,(1000 MT)						

Commodities:

Oil, Palm Kernel

Production

Palm kernel oil production is expected to reach 3.75 million metric tons in 2015/16 and 3.8 million metric tons in 2016/17, assuming that Indonesia crushes 8.65 and 8.75 million metric tons of palm kernels in each respective marketing year.

Consumption

Palm kernel oil is primarily consumed for oleo-chemical applications, most commonly in the form of refined, bleached and deodorized palm kernel olein and stearin. Based on the expansion of the oleo-chemical industry, Post expects industrial consumption to reach 1.82 million metric tons in 2015/16 and 1.85 million metric tons in 2016/17. Domestic consumption growth is partly attributable to the palm export levy, which adds to export prices, thus favoring domestic consumption.

Trade

Post expects palm kernel oil exports will be slightly reduced by the implementation of the palm oil levy, increasing the cost of palm kernel oil exports and thus adding a slight boost to domestic consumption. Thus, palm kernel oil exports are estimated at 1.7 million metric tons in 2015/16 and 2016/17.

Stocks

Ending stocks, like crude palm oil, are expected to decline as production stagnates and consumption rises. Ending stocks are thus expected to drop to 89,000 metric tons in 2015/16 and 9000 metric tons in 2016/17.

Production, Supply and Demand Statistics:

Oil, Palm Kernel Market Begin Year Indonesia	2014/2015 Oct-15		2015/2016 Oct-16		2016/2017 Oct-17	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	8650	0	8650	0	0	0
Extr. Rate, 999.9999	0.437	0	0.437	0	0	0
Beginning Stocks	350	350	229	179	0	89
Production	3780	3709	3780	3750	0	3800
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	4130	4059	4009	3929	0	3889
MY Exports	1791	1770	1650	1700	0	1700
MY Exp. to EU	300	300	320	300	0	300
Industrial Dom. Cons.	1820	1800	1850	1820	0	1850
Food Use Dom. Cons.	290	310	300	320	0	330
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	2110	2110	2150	2140	0	2180
Ending Stocks	229	179	209	89	0	9
Total Distribution	4130	4059	4009	3929	0	3889
(1000 MT) ,(PERCENT)						

Commodities:

Meal, Palm Kernel

Production

Palm kernel meal is estimated to reach 4.55 million metric tons in 2015/16 and 4.65 million metric tons in 2016/17 based on palm kernel production estimates and palm kernel oil estimates. Estimates assume that palm kernel crush yields 53 percent meal and four percent waste.

Consumption

Palm kernel meal consumption is expected to grow as livestock feed demand also continues to grow. Post thus sets palm kernel meal feed consumption at 610,000 metric tons in 2015/16 and 620,000 metric tons in 2016/17. Post notes that consumption is limited to Indonesia's cattle sector, which is geographically isolated from palm kernel meal production areas. As a result, palm kernel meal costs are less competitive among cattle owners, many of whom are smallholders.

Trade
Due to limited domestic use, a large portion of Indonesian palm kernel meal is exported. Post estimates palm kernel meal exports will reach four million metric tons in 2015/16 and 4.1 million metric tons in 2016/17.

Stocks
Post expects palm kernel meal ending stocks to decline, following the same trend as other palm kernel products. Post notes stagnant CPO production in 2015/16, as well as palm kernel meal exports as the main catalysts for declining stocks. As a result, palm kernel meal is expected to decline 182 thousand metric tons in 2015/16 and 112 thousand metric tons in 2016/17.

Production, Supply and Demand Statistics:

Meal, Palm Kernel	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct-15		Oct-16		Oct-17	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	8650	0	8650	0	0	0
Extr. Rate, 999.9999	0.526	0	0.526	0	0	0
Beginning Stocks	202	202	232	242	0	182
Production	4550	4600	4550	4550	0	4650
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	4752	4802	4782	4792	0	4832
MY Exports	3950	3960	3950	4000	0	4100
MY Exp. to EU	1650	1535	1650	1500	0	1500
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	570	600	630	610	0	620
Total Dom. Cons.	570	600	630	610	0	620
Ending Stocks	232	242	202	182	0	112
Total Distribution	4752	4802	4782	4792	0	4832
(1000 MT) ,(PERCENT)						

Commodities:
Oilseed, Soybeans

Production
2015/16 soybean production is expected to decline back to 600,000 metric tons, as Indonesian farmers recover from El Nino conditions. Assuming a return to normal weather conditions, farmers will plant corn and rice in place of soybean. There is potential, however for some additional soybean plantings. Post analysis indicates a potential for increased soybean planting in June-August 2016 due to delayed planting in late 2015. Rice and corn plantings were held back by several weeks in some areas following rain delays due to the 2015 El Nino. It is possible that some regions may experience delayed harvests, limiting plantings for June-September harvest. If this occurs, some farmers may opt to plant short

duration soy. Potential soy increases are expected to be nominal, however, unlikely to exceed the magnitude of increases seen in 2014/15.

Post forecasts 2016/17 soybean production to remain stable at 600,000 metric tons. Despite Indonesia's emphasis on soybean self-sufficiency and efforts to grow production, Post has yet to observe any changes that would indicate production growth. Low yields and limited profitability from soybeans imply that Indonesian farmers will continue to plant rice or corn.

Consumption

Indonesian soybean consumption is dominated by human use. U.S. soybeans are preferred in Indonesia due to their uniform size, color and suitability for tempeh and tofu manufacturing. Post expects that tempeh and tofu will remain a preferred protein source in Indonesia, especially when considering the rising costs of substitute animal proteins. Post's total soybean consumption estimate therefore remains unchained at 2.87 million metric tons 2015/16.

Looking to 2016/17, consumption patterns are not expected to change. Considering population growth, Post estimates that consumption will grow to 2.9 million metric tons. Despite rising incomes and a growing middle class, tempeh remains very cost competitive and maintains a popular place in Indonesian diets across social classes.

Trade

Indonesia imports approximately 75 percent of its soybean requirement, the majority originating in the United States. Global supplies of the oilseed remain high, implying continued low prices and availability to importers. Post expects this scenario to remain unchanged.

Table 1. Indonesian Soybean Imports, Reported by Exporters

	2014/15	2015/16
October	59,687	86,908
November	253,089	216,043
December	247,938	120,276
January	165,530	158,560
February	256,607	
March	277,139	
April	156,785	
May	142,278	
June	171,108	
July	90,883	
August	117,417	
September	173,118	
Oct-Jan Total	726,244	581,787
Total	2,111,579	581,787

Source: GTIS

Recent policy changes have transferred import authority for corn to the Indonesian state-owned enterprise, BULOG. Under this arrangement, BULOG maintains ownership of most imported corn in Indonesia, while private importers act as import agents for BULOG. Although there is discussion that

BULOG may apply a similar policy to soybeans, Post believes that such a policy, if implemented, would have little influence on the overall quantity of imported soybean. Post notes that previous efforts to curtail soybean imports have been relatively ineffective, as demand far outweighs local production capacity. As a result, post maintains its import estimate at 2.2 million metric tons for 2015/16, noting that first quarter imports are on pace to achieve this level. 2016/17 imports are set at 2.35 million metric tons, reflecting the consistent demand of a growing population.

Stocks

2014/15 ending stocks are revised from 185,000 to 149,000 metric tons, based on final data. 2015/16 ending stocks are also reduced slightly, based on lower beginning stocks and low levels of reported exports. 2016/17 ending stocks are estimated at 66,000 metric tons.

Production, Supply and Demand Data Statistics

Oilseed, Soybean	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct-14		Oct-15		Oct-16	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	460	500	450	500	0	500
Area Harvested	460	450	450	450	0	450
Beginning Stocks	192	192	59	149	0	46
Production	630	630	620	600	0	600
MY Imports	2000	2110	2300	2200	0	2350
MY Imp. from U.S.	1900	2000	2200	2000	0	2000
MY Imp. from EU	0	0	0	0	0	0
Total Supply	2822	2932	2979	2949	0	2996
MY Exports	3	3	0	3	0	0
MY Exp. to EU	0	0	0	0	0	0
Crush	0	0	0	0	0	0
Food Use Dom. Cons.	2725	2750	2870	2870	0	2900
Feed Waste Dom. Cons.	35	30	40	30	0	30
Total Dom. Cons.	2760	2780	2910	2900	0	2930
Ending Stocks	59	149	69	46	0	66
Total Distribution	2822	2932	2979	2949	0	2996
(1000 HA) ,(1000 MT)						

Commodities:

Meal, Soybeans

Production

Indonesia does not have a soybean crushing industry, and relies entirely on imports to fulfill its soybean meal requirement.

Consumption
Indonesian soybean meal consumption is driven by the animal feed sector. This is broken down by poultry feed (83 percent), aquaculture (11 percent), and swine and cattle (6 percent).The Indonesian Feed Producers Association reports that feed production is expected to increase to 17.3 million metric tons in calendar year 2016. They further report that mills continue to expand operations, and are currently running at 70 to 80 percent of capacity (See GAIN ID1512). As a result, post expects to see soybean meal consumption grow by 8 percent in MY 2015/16 and 2016/17, tracking with the general growth of feed corn and poultry production. Post therefore estimates total consumption to reach 407,000 metric tons in 2015/16 and 439,000 metric tons in 2016/17.

Trade
Indonesian soybean meal consumption relies entirely on imports, as Indonesian has no domestic production. Post revises 2014/15 import data to 3.84 million metric tons, based on final trade data. 2015/16 is set at 4.1 million metric tons and 2016/17 is set at 4.3 million metric tons based on projected consumption, which estimates 8 percent increases year-on-year.

Stocks
Indonesian soybean stocks are expected to remain stable, between 500,000 and 600,000 metric tons. 2014/15 ending stocks are revised slightly to compensate for final import data.

Production, Supply and Demand Data Statistics

Meal, Soybean	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct-15		Oct-15		Oct-16	
Indonesia	USDA Official		USDA Official		USDA Official	
Crush	0	0	0	0	0	0
Extr. Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	481	481	231	559	0	589
Production	0	0	0	0	0	0
MY Imports	3850	3844	4500	4100	0	4300
MY Imp. from U.S.	100	100	110	110	0	110
MY Imp. from EU	0	0	0	0	0	0
Total Supply	4331	4325	4731	4659	0	4789
MY Exports	0	0	0	0	0	0
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	4100	3766	4450	4070	0	4390
Total Dom. Cons.	4100	3766	4450	4070	0	4390
Ending Stocks	231	559	281	589	0	499
Total Distribution	4331	4325	4731	4659	0	4789
(1000 MT) ,(PERCENT)						

Commodities:
Oilseed, Copra

Production
Coconut production continues its decline. The sector is highlighted by aging plantations, falling yields, and low profitability. Indonesia's National Statistical Agency (BPS) continues to report declining area planted to coconut. Additionally, there are few programs oriented at improving coconut productivity, with the Government of Indonesia remaining focused on expanding rice, corn and soybean production. This is compounded by the fact that coconut plantations are primarily owned and operated by smallholders, many of whom lack the financial means to replant aging plantations. Based on these factors, Post expects copra production to fall to 1.59 million metric tons in MY 2015/16 and 1.58 million metric tons in MY 2016/17

Consumption
The Indonesian copra sector uses 45 to 47 percent of total national coconut production. Around 97 percent of total annual copra is processed into crude coconut oil, while palm sugar and fresh-in-shell coconut are the major non-copra uses of coconuts. Post expects that copra mills will process 1.53 MMT of copra in MY 2015/16 and 1.52 MMT in MY 2016/17.

Trade
Indonesian copra exports are low, reaching about three percent of total production. Exports are stagnant, as most local production is processed locally. As a result, exports are expected to remain at 50,000 metric tons in 2015/16 and 2016/17.

Stocks
Ending stocks remain low and stable, at 17,000 metric tons in 2015/16 and 22,000 metric tons in 2016/17.

Production, Supply and Demand Data Statistics

Oilseed, Copra Market Begin Year	2014/2015		2015/2016		2016/2017	
	Oct-15		Oct-16		Oct-17	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	3800	3800	3800	3780	0	3760
Trees	0	0	0	0	0	0
Beginning Stocks	8	8	10	12	0	17
Production	1600	1600	1600	1590	0	1580
MY Imports	1	1	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1609	1609	1610	1602	0	1597
MY Exports	50	52	30	50	0	50
MY Exp. to EU	0	0	0	0	0	0
Crush	1545	1540	1570	1530	0	1520
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	4	5	4	5	0	5
Total Dom. Cons.	1549	1545	1574	1535	0	1525
Ending Stocks	10	12	6	17	0	22
Total Distribution	1609	1609	1610	1602	0	1597
(1000 HA) ,(1000 TREES) ,(1000 MT)						

Commodities:
Oil, coconut

Production
Indonesia's coconut oil sector consumes approximately 97 percent of Indonesia's total copra production. Assuming that more than 1.5 million metric tons of copra will be crushed in 2015/16 and 2016/17, coconut oil production is expected to reach 970,000 metric tons in 2015/16 and 960,000 metric tons in 2016/17.

Consumption
Limited amounts of coconut oil are used for food and industrial consumption in Indonesia, as low cost palm oil products are readily available. Industrial users primarily process coconut oil into higher value added oleo products. Post thus expects that total consumption will grow to 235,000 metric tons in 2015/16 and 240,000 metric tons 2016/17.

Trade
Indonesia typically exports a large portion of its coconut oil production. Exports are expected to decline slightly in 2015/16 and 2016/17 due to lower cost palm kernel oil, which competes with coconut oil in the oleo-chemical sector. As a result, coconut oil exports will reach 750,000 metric tons in 2015/16 and 720,000 metric tons in 2016/17.

Stocks
Post expects ending stocks to decline to 5,000 metric tons in MY 2015/16 and MY 2016/17. Post attributes the decline in stocks to falling production and firm demand for the coconut oil from the oleo-chemical sector.

Production, Supply and Demand Data Statistics

Oil, Coconut	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct-15		Oct-16		Oct-17	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1545	1540	1570	1530	0	1520
Extr. Rate, 999.9999	0.6343	0.6312	0.6331	0.6340	0	0.6316
Beginning Stocks	53	53	48	20	0	5
Production	980	972	994	970	0	960
MY Imports	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1033	1025	1042	990	0	965
MY Exports	765	775	700	750	0	720
MY Exp. to EU	150	150	150	150	0	150
Industrial Dom. Cons.	120	120	190	125	0	130
Food Use Dom. Cons.	100	110	100	110	0	110
Feed Waste Dom. Cons.	0	0	0	0	0	0
Total Dom. Cons.	220	230	290	235	0	240
Ending Stocks	48	20	52	5	0	5
Total Distribution	1033	1025	1042	990	0	965

(1000 MT) ,(PERCENT)

Commodities:
Meal, Copra

Production
Based on copra crush and coconut oil production, Indonesia is expected to produce 515,000 MT of copra meal in 2015/16 and 510,000 in MY 2016/17. Declines in meal production keep pace with declines in coconut production.

Consumption
Copra meal is primarily used as a feed ingredient. Copra meal consumption is expected to rise to 205,000 MT in MY 2015/16 and 210,000 MT in 2016/17, following the general trend of animal feed production growth in Indonesia.

Trade
2015/16 exports are revised up from last year's estimate of 250,000 metric tons based on trade data indicating stronger than previously expected exports. 2016/17 copra meal exports are set at 310,000 metric tons, in line with 2015/16 performance.

Stocks
2015/16 copra meal ending stocks are revised downward, following the increase in exports. Stocks are thus set at 18,000 metric tons in 2015/16 and 9,000 metric tons in 2016/17.

Production, Supply and Demand Data Statistics

Meal, Copra	2014/2015		2015/2016		2016/2017	
Market Begin Year	Oct-14		Oct-15		Oct-16	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1545	1540	1570	1530	0	1520
Extr. Rate, 999.9999	0.3301	0.3377	0.3248	0.3366	0	0.3355
Beginning Stocks	4	4	5	17	0	18
Production	510	520	510	515	0	510
MY Imports	1	1	1	1	0	1
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	515	525	516	533	0	529
MY Exports	315	308	230	310	0	310
MY Exp. to EU	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0
Food Use Dom. Cons.	0	0	0	0	0	0
Feed Waste Dom. Cons.	195	200	280	205	0	210
Total Dom. Cons.	195	200	280	205	0	210
Ending Stocks	5	17	6	18	0	9
Total Distribution	515	525	516	533	0	529
		0		0		0

(1000 MT) ,(PERCENT)

Commodities:
Oilseed, Peanut

Production
Indonesian peanut production is expected to decline due to government emphasis on alternate crops (rice, corn, and soy), crop land conversions to non-agricultural uses, and higher returns from alternate crops. As a result, production is set at 1.13 million metric tons in 2015/16 and 1.125 in 2016/17.

Consumption
Peanut consumption is divided into household, home industry and large scale industry consumers, with the vast majority being consumed by home based industries (81 percent). Post notes that despite growth in the snack foods industry, overall consumption is stagnant. Another exception is the livestock feed sector, which has increased consumption of peanuts as alternate ingredient prices have risen. Peanut oil consumption in Indonesia is generally low due to lower cost alternatives such as palm and coconut oil. Based on these factors, post expects the crush level to remain unchanged at 50 thousand metric tons in 2015/16 and 2016/17. Food use declines will be offset by slight increases in feed consumption, leaving total consumption estimates stable at 1.395 million metric tons in 2015/16 and 2016/17.

Trade
Assuming stagnant peanut consumption, peanut imports are expected to remain unchanged or decline slightly. Post's 2015/16 import estimate is therefore revised slightly to 250,000 metric tons. 2016/17 import estimates are also estimated at 250,000 metric tons.

Stocks
Post expects Indonesia peanut ending stocks will drop from 80,000 MT in MY 2015/16 to 50,000 MT in MY 2016/17, as the result of declining production and stagnant imports.

Production, Supply and Demand Data Statistics

Oilseed, Peanut	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jan-15		Jan-16		Jan-17	
Indonesia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	0	0	0
Area Harvested	630	630	615	615	0	610
Beginning Stocks	80	80	13	100	0	80
Production	1150	1150	1130	1130	0	1125
MY Imports	225	275	350	250	0	250
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0
Total Supply	1455	1505	1493	1480	0	1455
MY Exports	7	5	7	5	0	5
MY Exp. to EU	0	0	0	0	0	0
Crush	65	50	65	50	0	50
Food Use Dom. Cons.	1330	1250	1360	1240	0	1235
Feed Waste Dom. Cons.	40	100	47	105	0	110
Total Dom. Cons.	1435	1400	1472	1395	0	1395

Ending Stocks	13	100	14	80	0	55
Total Distribution	1455	1505	1493	1480	0	1455
		0		0		0
(1000 HA) ,(1000 MT)						