



THP EXPECTS CPO PRICES TO REMAIN FIRM MOVING FORWARD

KUALA LUMPUR, March 27 (Bernama) -- TH Plantations Bhd (THP) expects the crude palm oil (CPO) prices to remain firm moving forward due to the tightness in supply and demand.

In its 2023 annual report released today, its chairman Datuk Dr Ahmad Kushairi Din said the impact of the El Nino phenomenon is expected to be felt in 2024, with rain deficits resulting in lower fresh fruit bunch (FFB) production.

“Demand, following from 2023, is anticipated to remain robust in 2024, thanks to the strong demand for food and biodiesel,” he said.

While inflationary pressures have somewhat eased for global economies, THP chief executive officer Mohamed Zainurin Mohamed Zain said there remains headwinds that could slow down growth, such as a China slowdown due to stress in the real estate sector.

“Commodity prices may experience increased volatility again due to climate and geopolitical shocks. Moreover, the impending impact of the El Nino is expected in 2024 and could weigh down on harvests and production, thus putting supply at risks,” he said.

As demand is likely to grow 3.0 to 4.0 per cent in 2024, similar to 2023, Mohamed Zainurin said the supply-demand constraints will put CPO prices on a tight rope too.

“Against this backdrop and the weak ringgit against the US dollar, CPO prices are forecast to range between RM3,500 and RM4,000 per tonne in 2024, versus the 2023 average price of RM3,809.50 per tonne,” he said.

To capitalise on the positive industry outlook, he said THP will continue to focus on operational efficiency to enhance yields and profitability further through the rehabilitation of certain plantation assets.

“Concurrently, we are open to the possibility of unlocking the value of our plantations as well as continuing our mechanisation initiatives in 2024, including the option of a leasing programme for all in-eld collection machines.

“Upon the conclusion of the transformation phase and to cap off FY2023, THP Group has proceeded to map out the next framework known as THP Group’s 5-year Strategic Business Plan (2024-2028), or AL-Falah 22/22, which would reinvent THP Group for the future,” he said.

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