

GLOBAL ECONOMICS AND IMPACT ON COMMODITIES WITH REFERENCE TO COCONUT PRODUCTS

**International Conference on Trade and
Marketing of Coconut Products**

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ABSTRACT

- ▶ The presentation opens with a brief discussion on world economy based on the latest information from IMF, World Economic Outlook. This should provide a foretaste of expectations for the year in major coconut products export markets. The paper then examines export performance of selected coconut products in these markets during pre-pandemic and post-pandemic periods for impact assessment. The discussion though may limit itself on Philippine coconut products based on available data up to 2022.



Table 1 – IMF LATEST WORLD ECONOMIC OUTLOOK PROJECTIONS

	ESTIMATE	PROJECTIONS	
(real GDP, annual percent change)	2022	2023	2024
World Output	3.4	2.9	3.1
Advanced Economies	2.7	1.2	1.4
US	2.0	1.4	1.0
Euro Area	3.5	0.7	1.6
Germany	1.9	0.1	1.4
France	2.6	0.7	1.6
Italy	3.9	0.6	0.9
Japan	1.4	1.8	0.9
United Kingdom	4.1	-0.6	0.9
Canada	3.5	1.5	1.5
Other Advanced Economies	2.8	2.0	2.4
Emerging Market and Developing Economies	3.9	4.0	4.2

OUTLOOK - ADVANCE ECONOMIES

- ▶ Advanced economies: US, Euro Area, Japan, United Kingdom, Canada to have pronounced slowdown this year based on GDP changes
- ▶ But United Kingdom to have negative growth this year
- ▶ Slight recovery to follow next year

ON US AND EURO ZONE

- ▶ US and Euro Zone are home to various coconut products export.
- ▶ For the Philippines, traditional products export - coconut oil, desiccated coconut, oleochemicals, coco shell charcoal, activated carbon - bring in:

US - USD346.786 million (18% of Gross export receipts from coconut)

Euro Zone - USD624.415 million (32% of Gross export receipts)

Table 1 – IMF LATEST WORLD ECONOMIC OUTLOOK PROJECTIONS (con't)
ESTIMATE

PROJECTIONS

(real GDP, annual percent change)

	2022	2023	2024
Emerging and Developing Asia	4.3	5.3	5.2
China	3.0	5.2	4.5
India	6.8	6.1	6.8
Emerging and Developing Europe	0.7	1.5	2.6
Russia	-2.2	0.3	2.1
Latin America and the Caribbean	3.9	1.8	2.1
Brazil	3.1	1.2	1.5
Mexico	3.1	1.7	1.6
Middle East and Central Asia	5.3	3.2	3.7
Saudi Arabia	8.7	2.6	3.4
Sub-Saharan Africa	3.8	3.8	4.1
Nigeria	3.0	3.2	2.9
South Africa	2.6	1.2	1.3
Emerging Market and Middle-Income Economies	3.8	4.0	4.1
Low-Income Developing Countries	4.9	4.9	5.6

Source: IMF, World Economic Outlook, January 2023



COVID-19 PANDEMIC

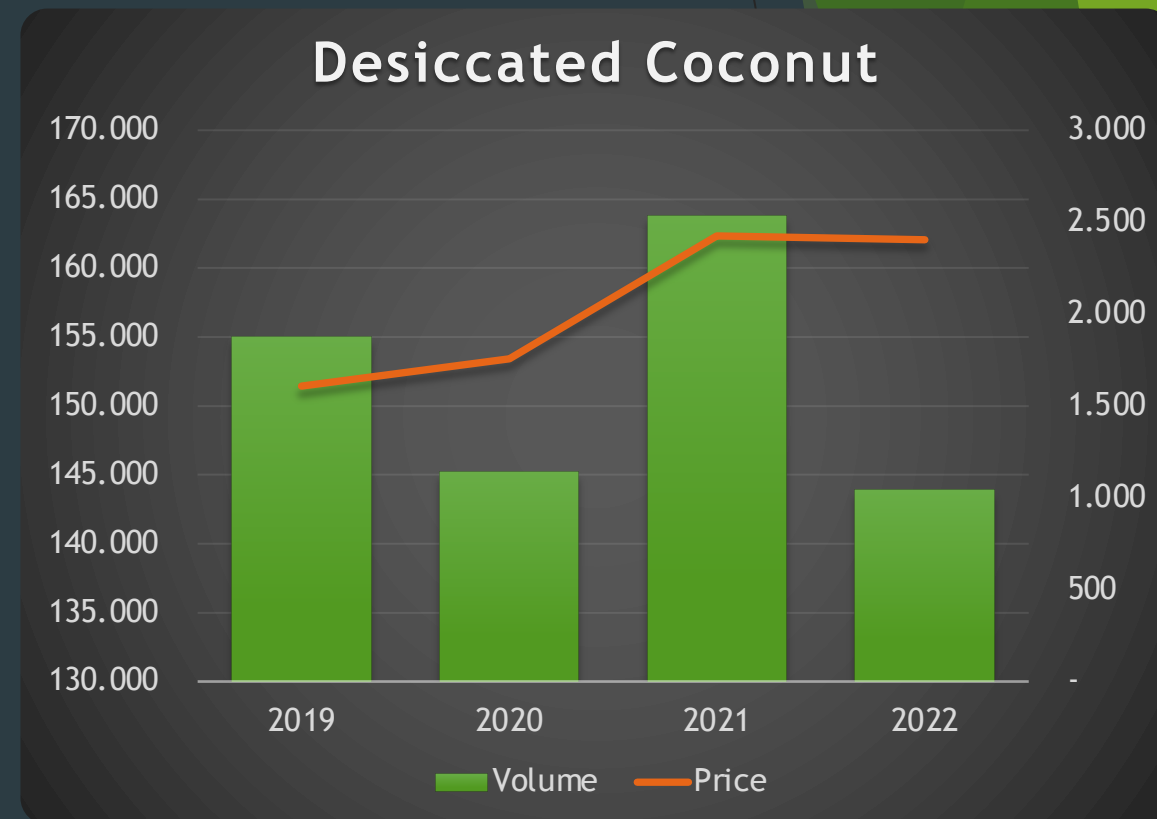
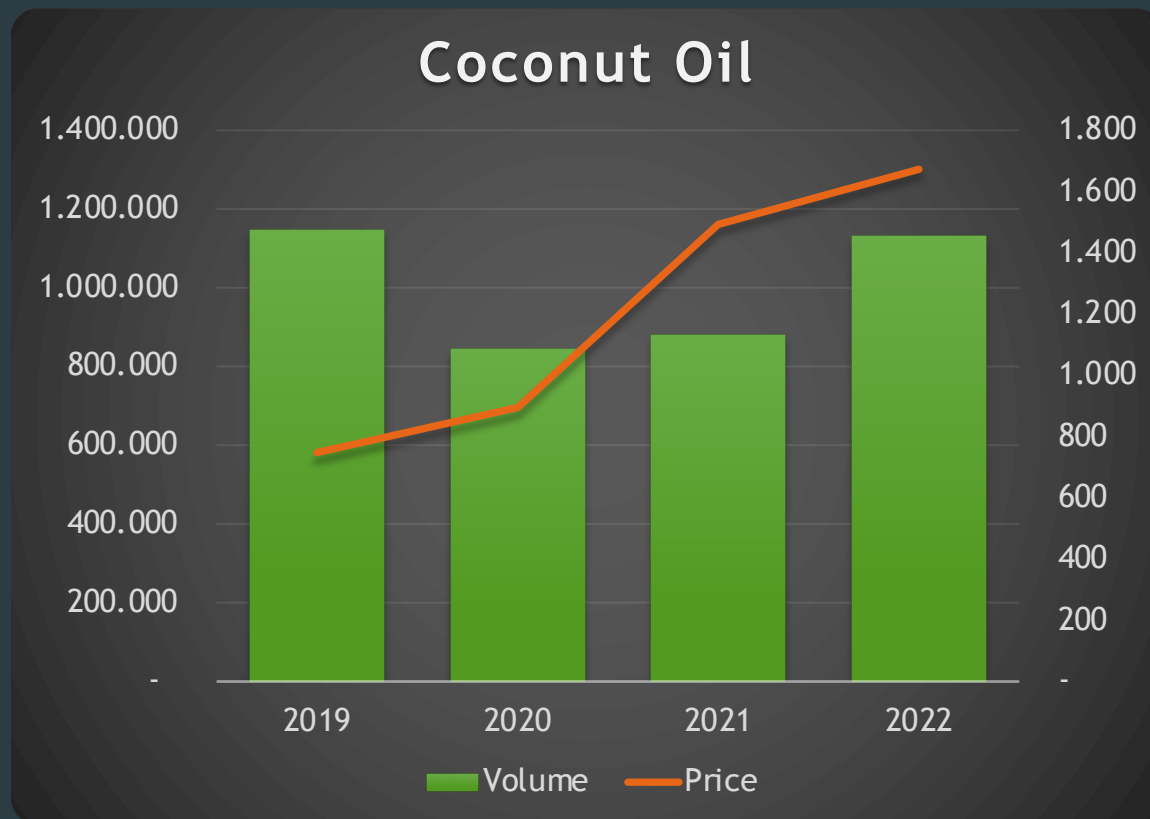
- ▶ Cuts in commodity prices due to weak demand amid lockdowns
- ▶ Hardest hit was crude oil - countries closed borders to prevent spread of the virus, thus travel on land, sea and air sharply reduced, eventually travel bans
- ▶ Least affected - agriculture commodities, mainly on sustained demand of the most basic agricultural commodities
- ▶ Oilseeds, oil/fats are necessary basic materials for food and non-food products

RUSSIA-UKRAINE WAR

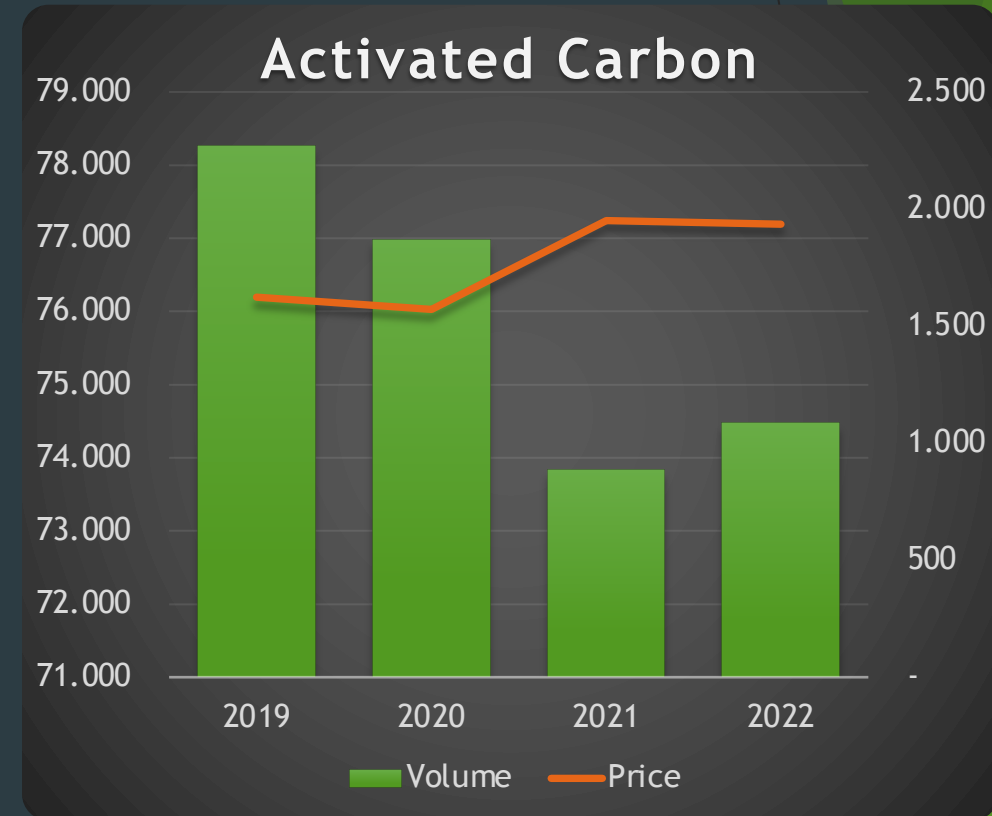
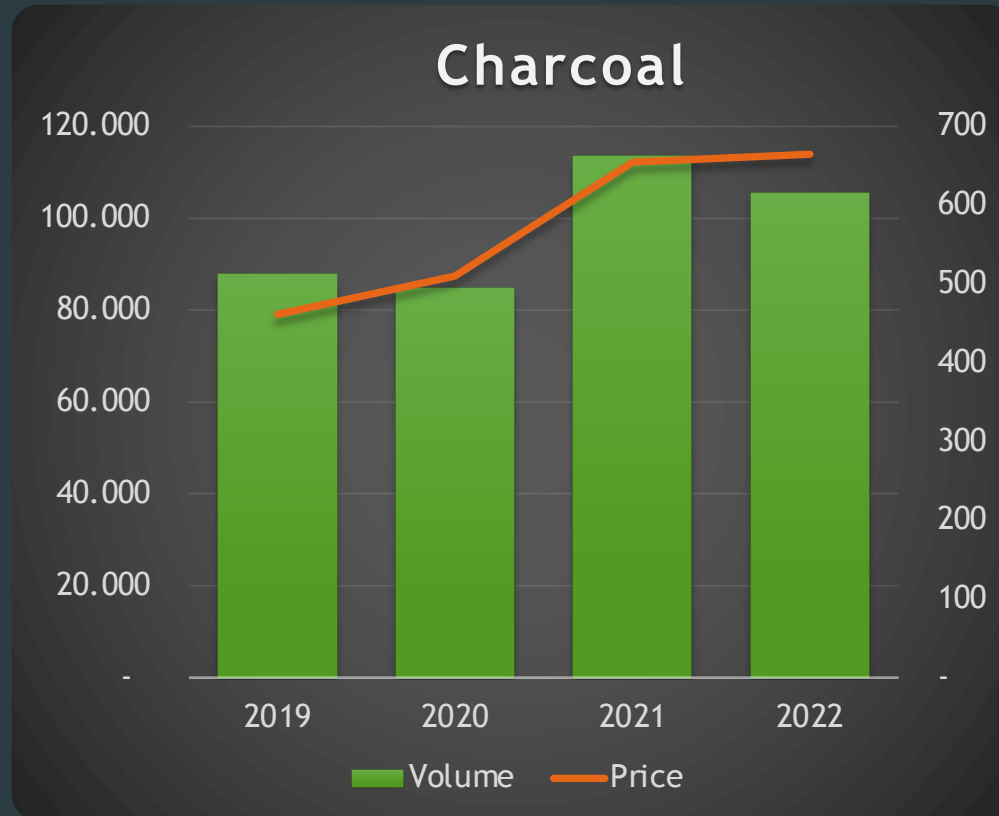
- ▶ As the worse of the pandemic passed, strong rebound followed on resurgence of demand
- ▶ Then Russia-Ukraine war came, triggered further price surge amid threats of supply disruptions
- ▶ The vegetable oils prices saw record levels
- ▶ Russia and Ukraine together account for 68% of world sunflower oil export; also the third most consumed vegetable oil in the world.

PH TRADITIONAL COCONUT PRODUCTS PRICE TRENDS

PH Coconut Oil and Desiccated Coconut Exports 2019-2022 (Volume in MT, Price \$/MT FOB)

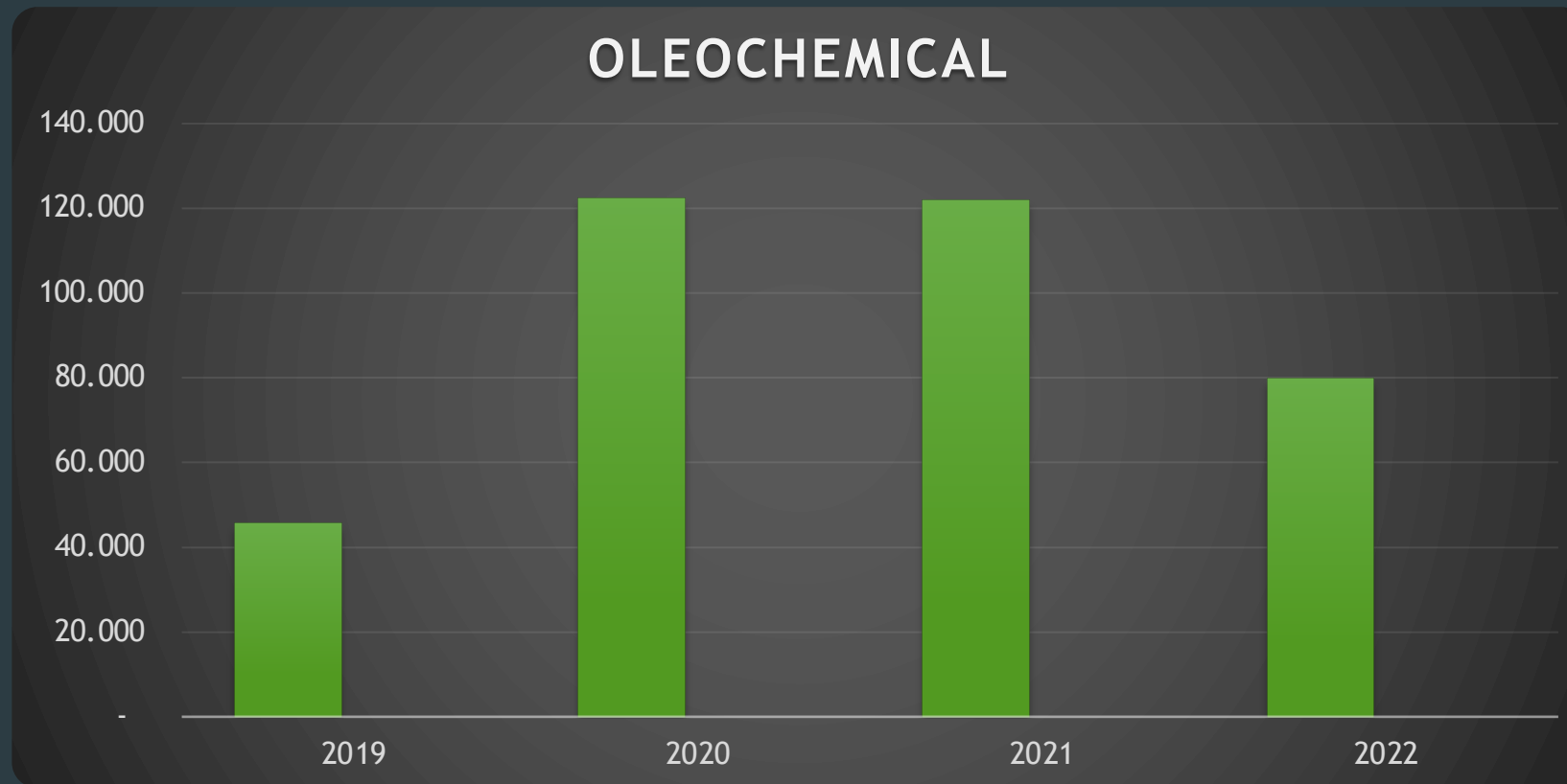


PH Coconut Shell Charcoal and Activated Carbon Exports 2019-2022 (Volume in MT, Price \$/MT FOB)



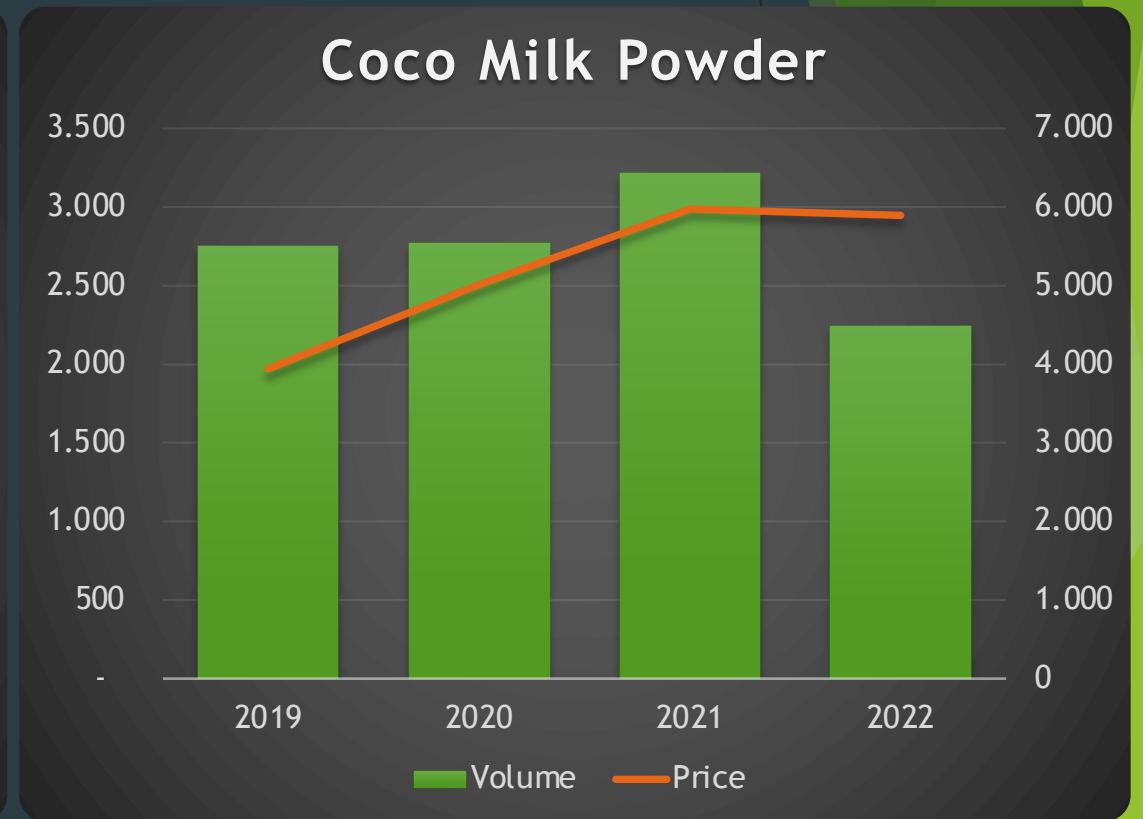
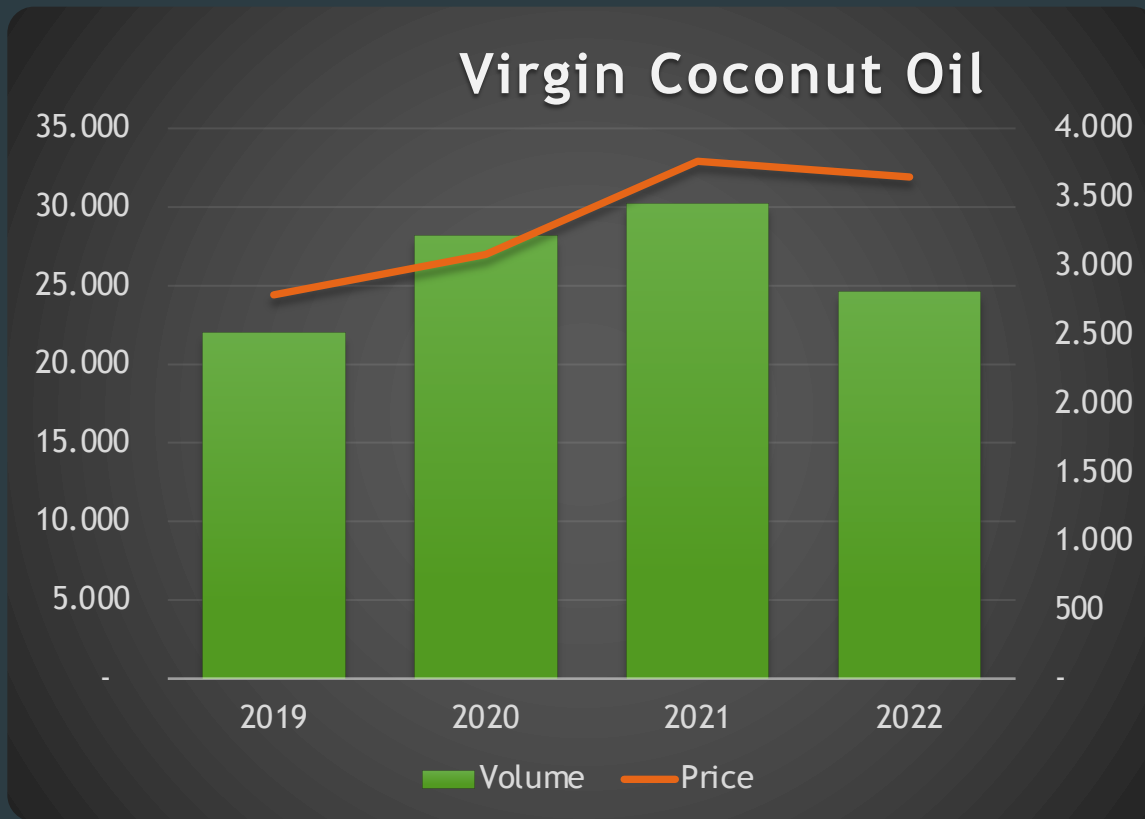
PH Oleochemical Exports 2019-2022

(Volume in MT, copra terms)

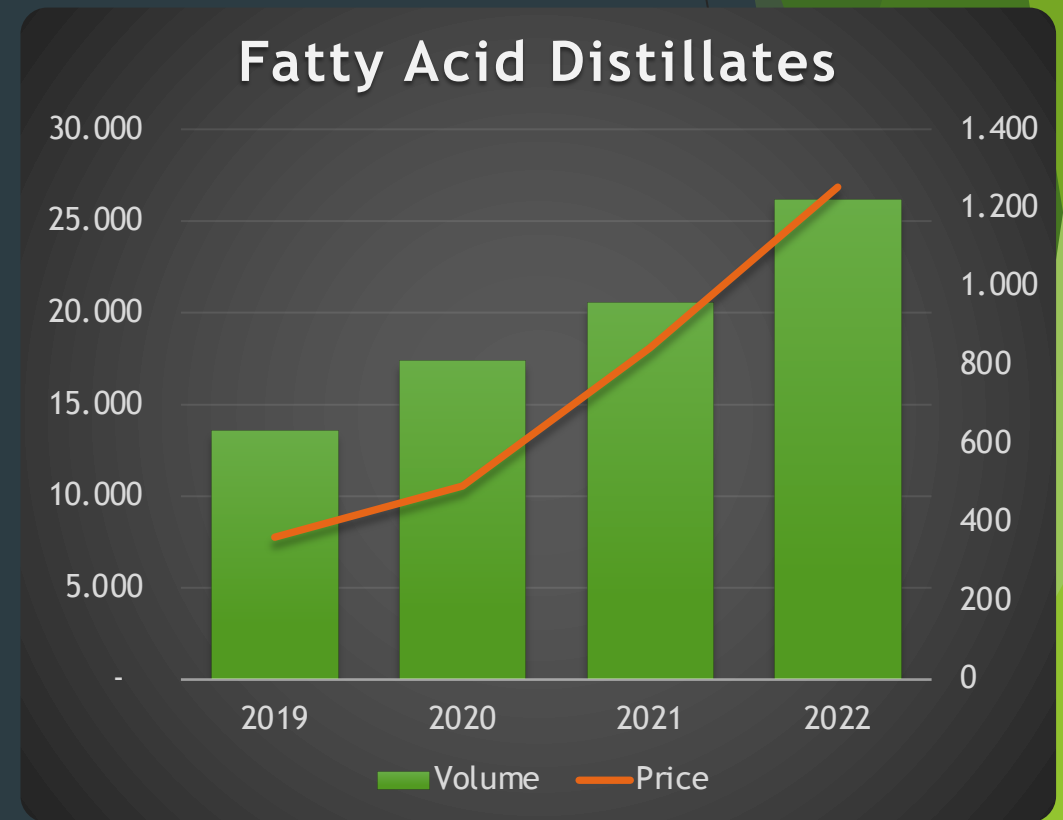
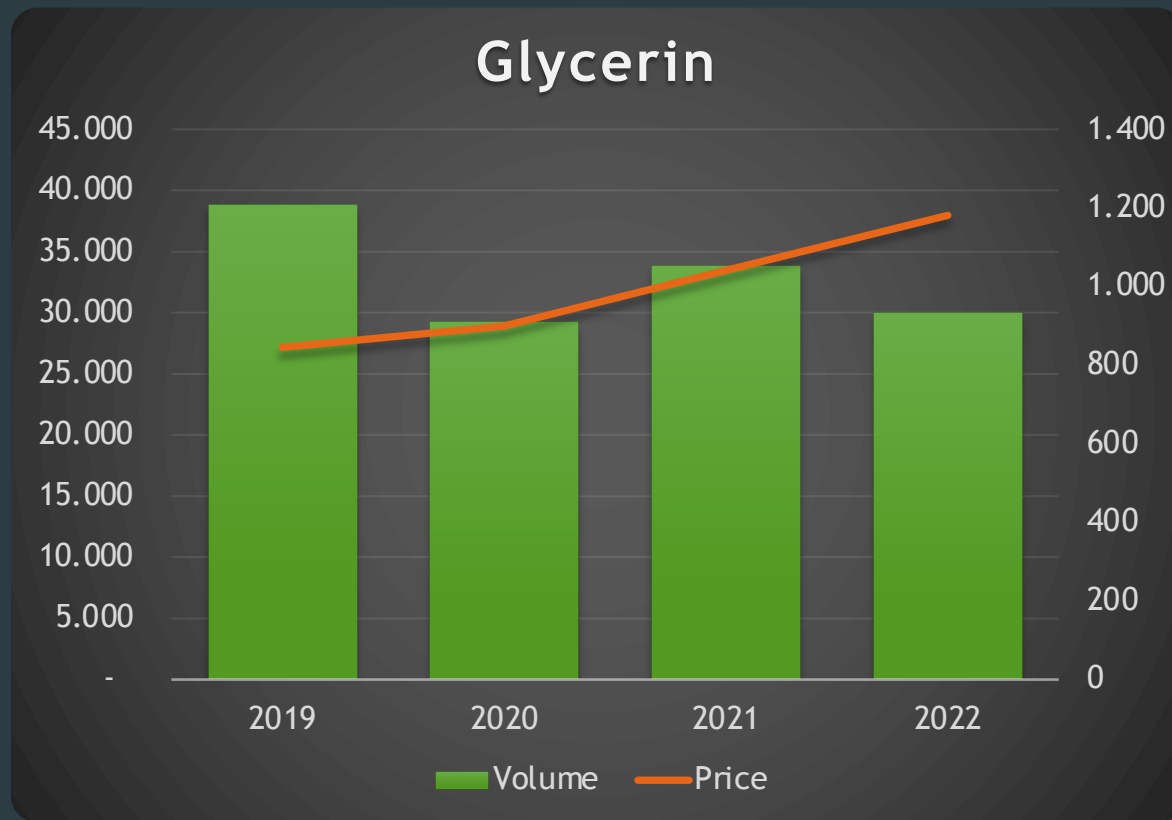


PH NON-TRADITIONAL COCONUT PRODUCTS PRICE TRENDS

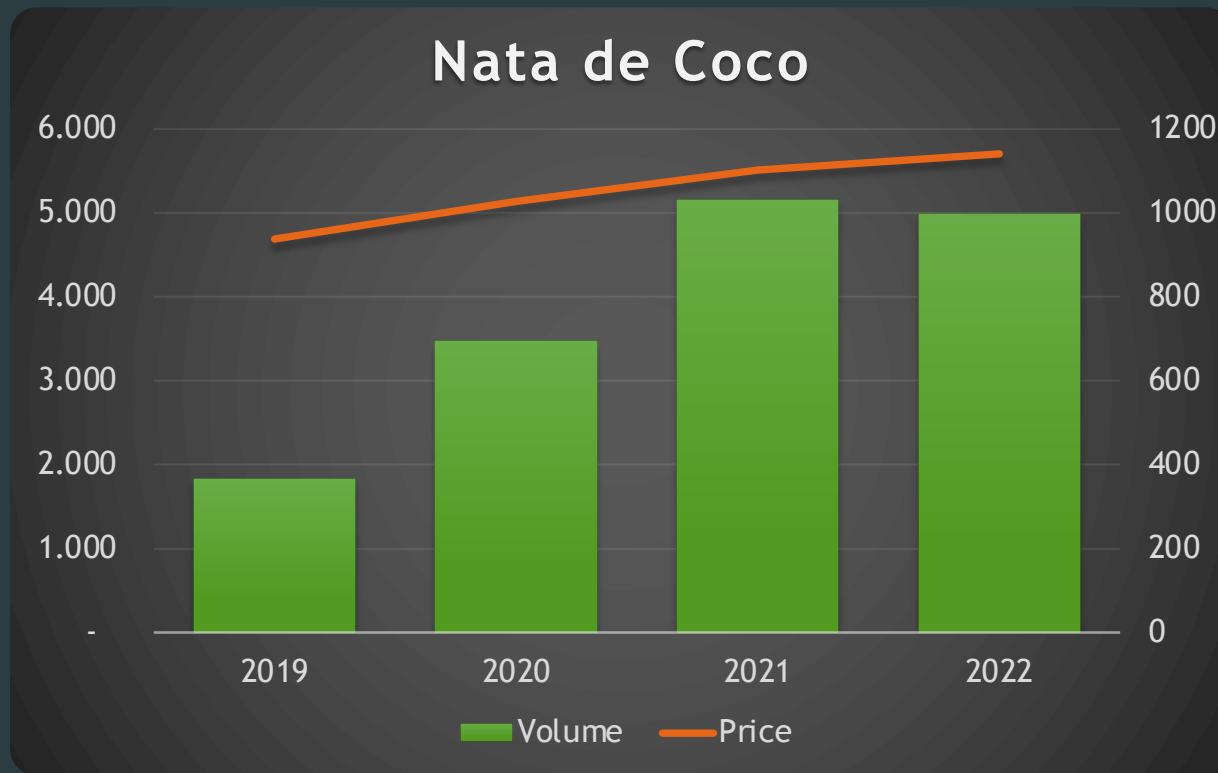
PH Virgin Coconut Oil and Coco Milk Powder Exports 2019-2022 (Volume in MT, Price USD/MT FOB)



PH Glycerin and Fatty Acid Distillates Exports 2019-2022 (Volume in MT, Price USD/MT FOB)



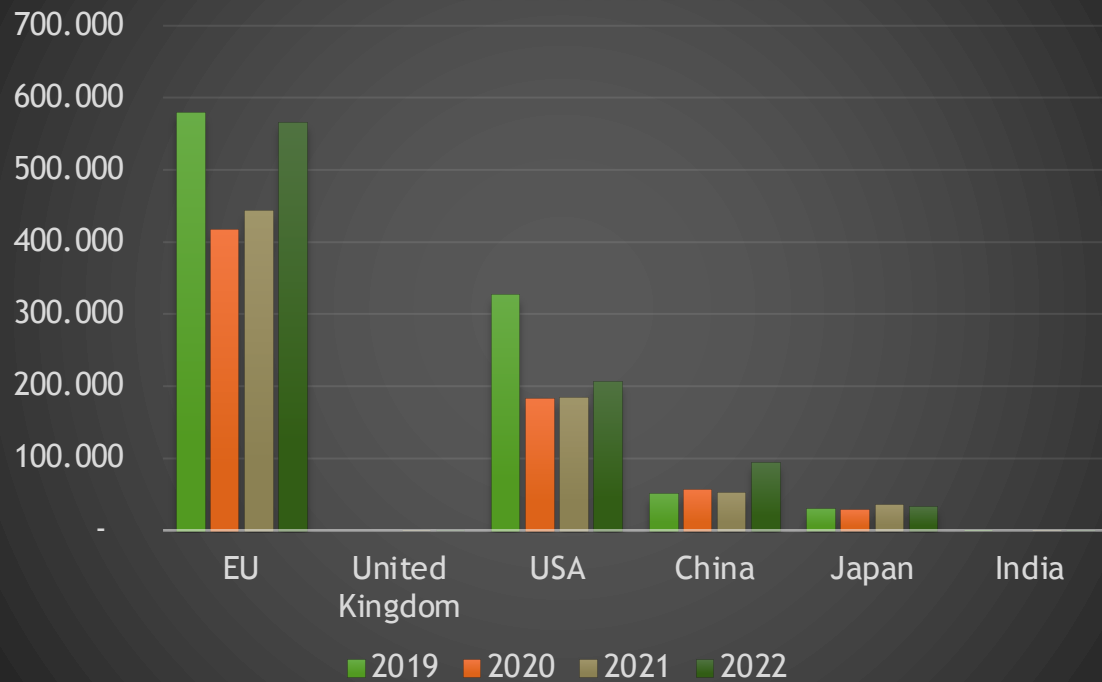
PH Nata de Coco Export 2019-2022 (Volume in MT, Price USD/MT FOB)



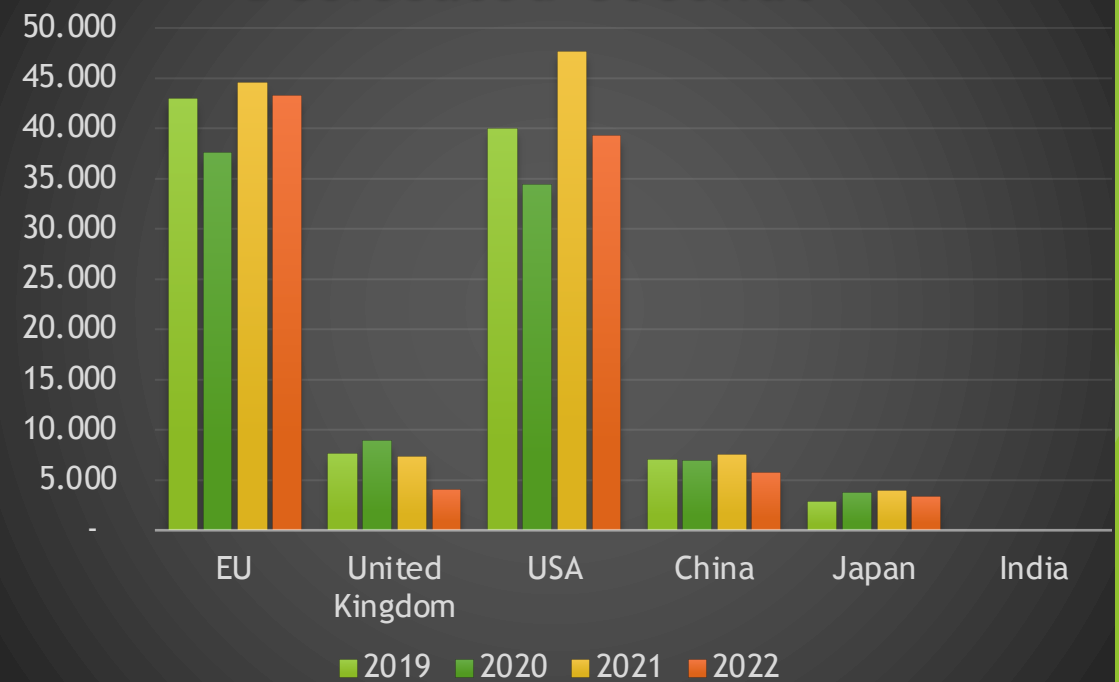
PH COCONUT PRODUCTS EXPORT MARKET TRENDS

PH Coconut Oil and Desiccated Coconut Export Destinations 2019-2022 (Volume in MT)

Coconut Oil

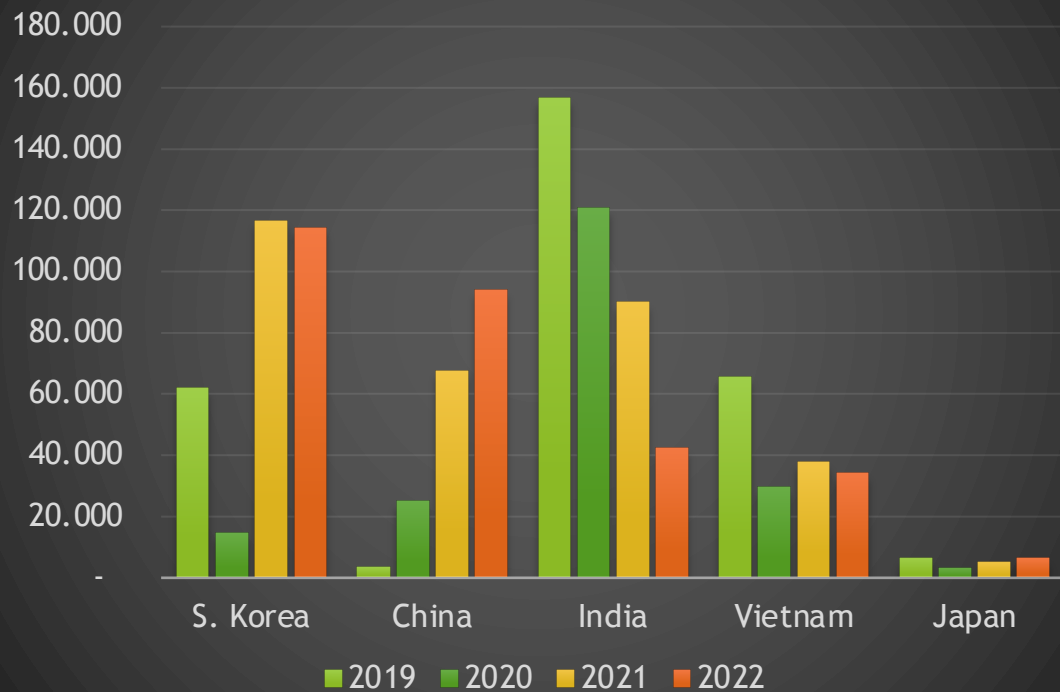


Desiccated Coconut

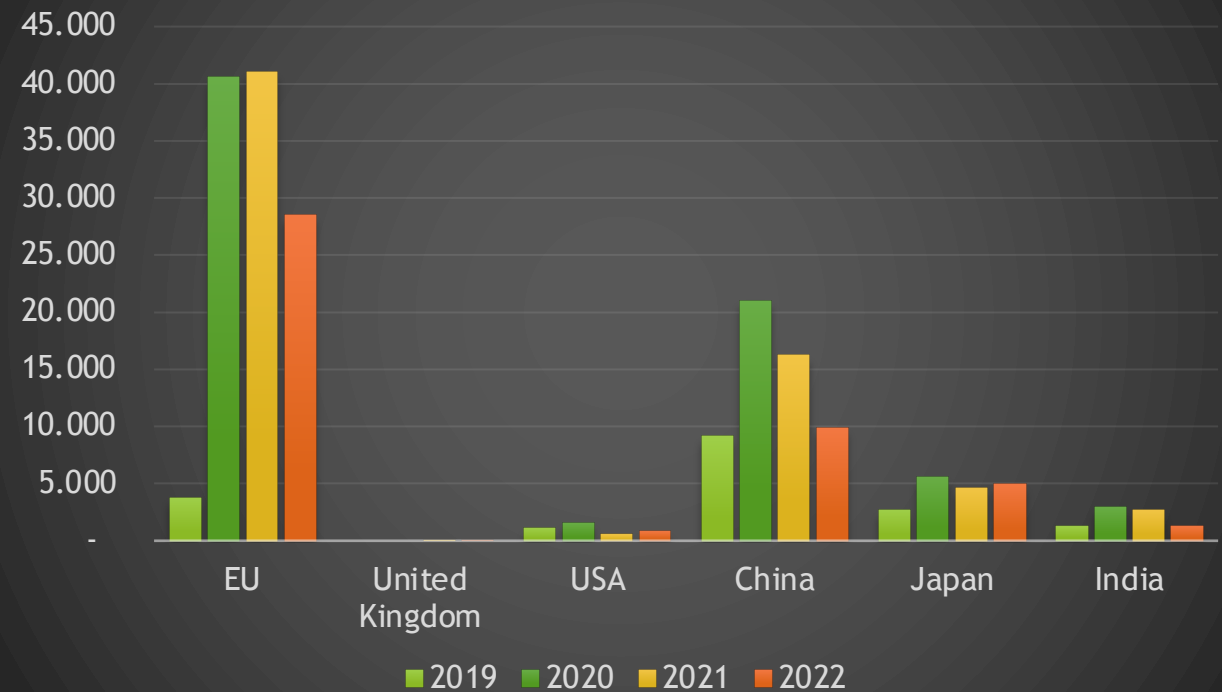


Ph Copra Meal and Oleochemicals Export Destinations 2019-2022 (Volume in MT)

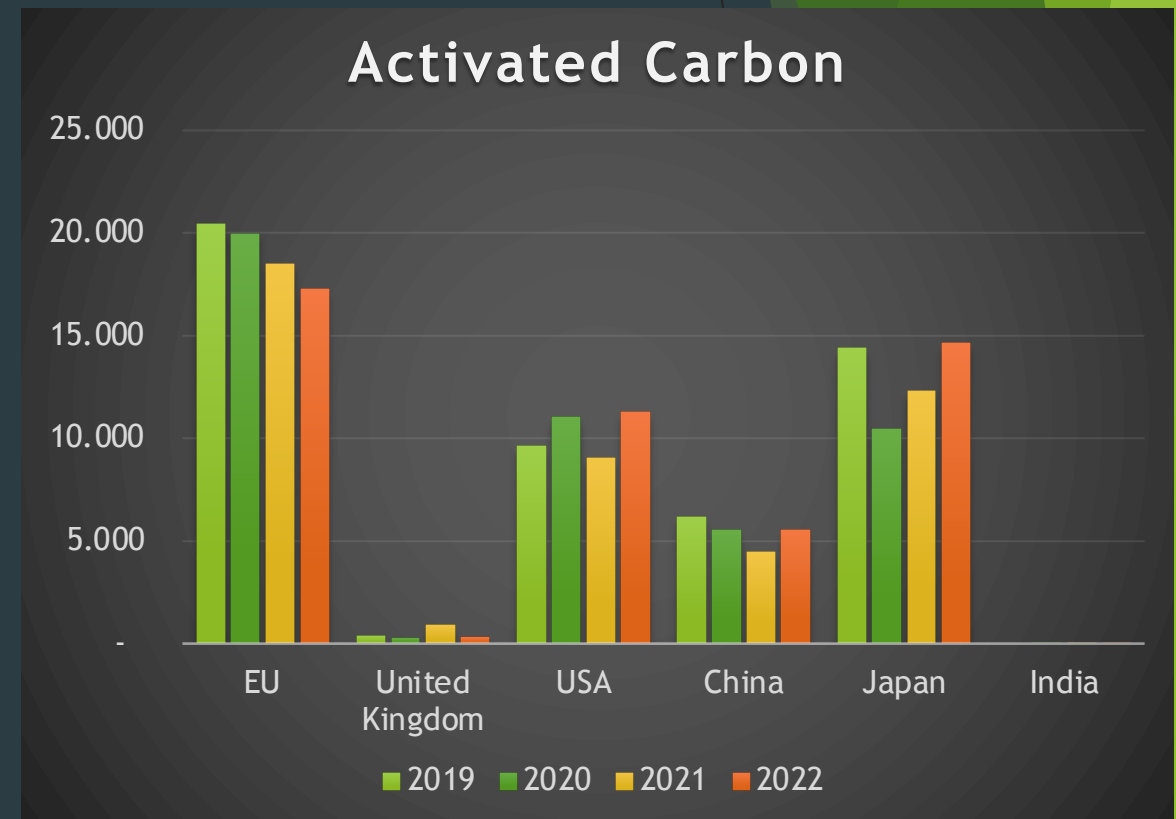
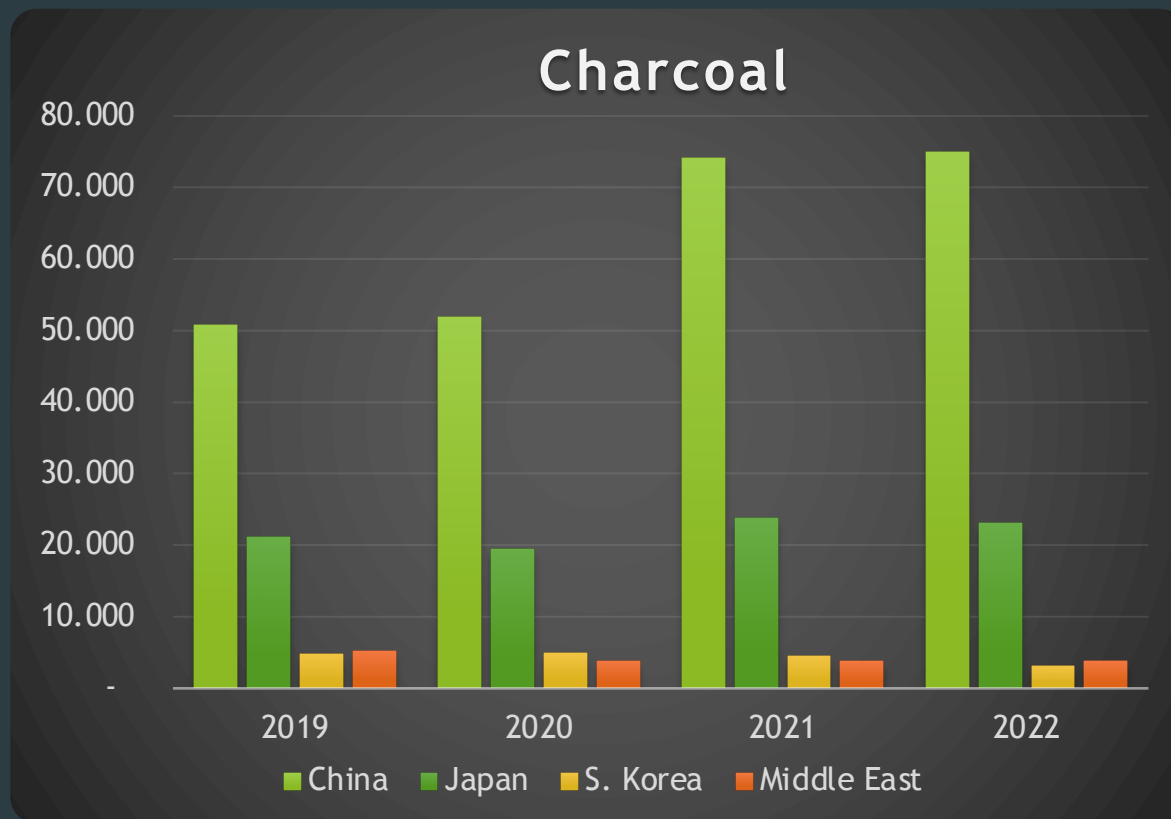
Copra Meal



Oleochemical

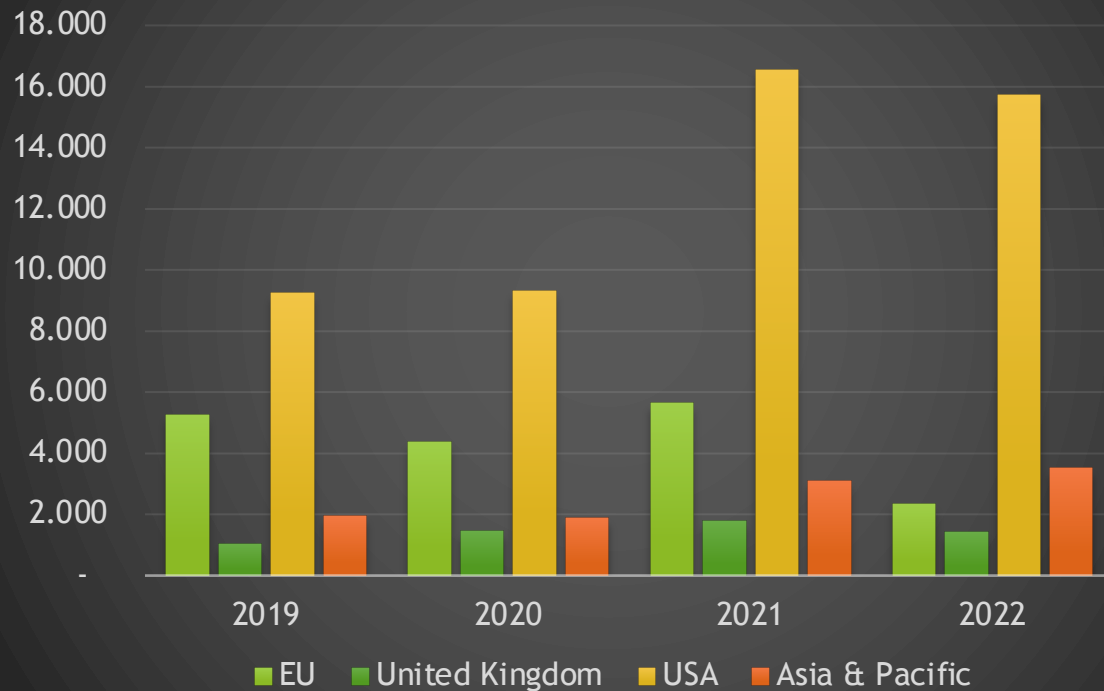


PH Coconut Shell Charcoal and Activated Carbon Export Destinations 2019-2022 (Volume in MT)

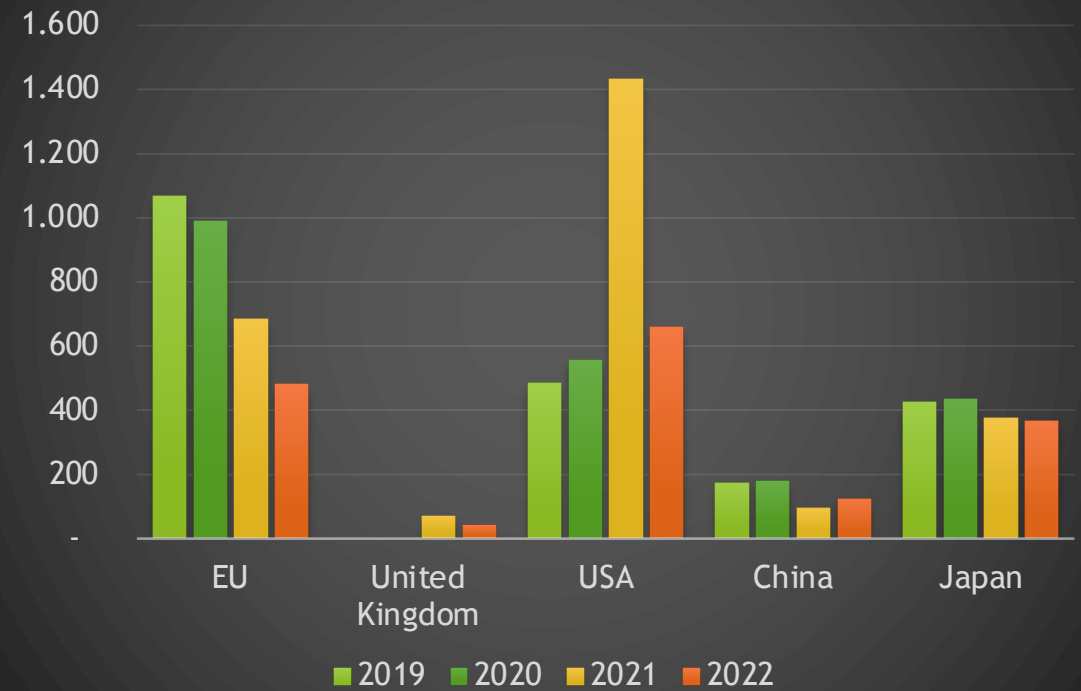


PH Virgin Coconut Oil and Coco Milk Powder Export Destinations 2019-2022 (Volume in MT)

Virgin Coconut Oil



Coco Milk Powder



KEY TAKE AWAYS

Advanced economies have much slower growth this year and the next year compared to emerging and developing Asia which was projected to have the highest growth among other world economies

Recession brought about by Covid-19 led to cuts in commodity prices due to weak demand amid border controls. But as the worst of the pandemic passed, strong rebound followed fueled by resurgence of demand.

Combined with the Russia-Ukraine war, commodity prices surge further amid supply chain disruptions

KEY TAKE AWAYS

Agriculture commodity prices were the least affected by the current economic crisis when compared with crude oil and metals, mainly due to sustained demand of the most basic agriculture commodities

Oilseeds, oils/fats are necessary basic materials for food and non-food products which are always part of personal consumption items; hence directly correlates with population growth

While price can be inflationary, demand for coconut products continues as they are necessary materials for many consumer goods. This has been shown by continued good volume of export, in the Philippines' case.

Market conditions may slowdown demand but there will always be a tendency to stage a rebound as proven in the past.

▶ THANK YOU FOR YOUR ATTENTION

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