

# FCPO Daily Commentary

Brought to you by Phillip Futures Sdn Bhd (862533-U) (A member of PhillipCapital)

## PALM FCPO MAR18 (2606,+74)

### FCPO 3rd Month Daily Candle Chart



#### Market Commentary

##### Highlights:

- Palm rises nearly 3 pct as demand outlook improves and tracking gained on related oil prices.
- Soybeans rise on Argentine weather concerns.
- Oil at highest in 2-1/2 years on Iran tensions, strong demand.

#### Crude Palm Oil

Malaysian palm oil futures surged nearly 3 percent to their highest in a month on Wednesday as market anticipate on strengthening demand in coming weeks and firmed in related vegetables oil prices.

The benchmark March 18 jumped RM74 to RM2,606 per tonne, prices were traded between RM2,538 and RM2,612 with total traded volume for palm stood at 87,228 lots.

The export data of Malaysia on Tuesday showed gained 6.7 percent month on month in December 2017 on stronger demand from Europe and India, according to data from cargo surveyor Intertek Testing Services (ITS). Another cargo surveyor, Societe Generale de Surveillance (SGS), reported a 9.8 percent gain in exports for the same period.

According to derivatives specialist at Phillip Futures David Ng, recent surge in prices is helped by stronger exports and lower production. He added that palm market also lifted by Tuesday's gains in CBOT soyoil.

In Malaysia, heavy rain with strong winds expected to continue over states of Pahang and Terengganu until Thursday, according to a severe weather warning issued by the country's weather office. Heavy rain, strong winds forecast over Johor and Negeri Sembilan until Thursday, according to another warning by the Malaysian Meteorological Department.

WTI crude oil prices rose about 2 percent on Wednesday to the highest in 2-1/2 years, with buying spurred by a sixth day of unrest in OPEC member Iran and strong economic data from the United States and Germany.

We expect palm prices likely to further rally as market remain bullish on the expectation of slower output and stronger demand in coming weeks, overnight gained in soyoil and crude oil prices also add further support. However, the firmer ringgit could limit the gain.

#### Soybean (Reuters)

U.S. soybean futures rose on Wednesday on forecasts for dry weather in Argentina, the world's third largest exporter of the oilseed. However, the technical resistance limited the gains in soybeans as prices failed to top Tuesday's high.

Argentina's breadbasket province of Buenos Aires will remain mostly dry in the days ahead, meteorologists said on Tuesday, after reporting scant rain over the weekend.

CBOT soyoil futures notched the biggest gains, breaking through key technical resistance points and hitting their highest since Dec. 4.

Strength in the crude oil market lent support to the soy complex.



Our Call of The Day:

**Mildly Bullish**

4 January 2018

### Crude Palm Oil Futures

#### Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Jan18	2,555	83	2,476	2,555	2,476	1,779	-280	499
Feb18	2,590	81	2,516	2,597	2,516	16,798	-4,867	10,704
Mar18	2,606	74	2,543	2,612	2,538	43,240	155	37,621
Apr18	2,609	60	2,560	2,615	2,554	35,311	-711	8,226
May18	2,608	51	2,568	2,615	2,562	44,865	-236	11,882
Jun18	2,592	44	2,560	2,602	2,560	9,686	2,313	5,233
Jul18	2,574	46	2,540	2,584	2,540	25,001	-964	6,003
Sep18	2,548	38	2,530	2,564	2,530	21,388	166	2,804
Nov18	2,546	40	2,523	2,558	2,523	19,145	170	3,428
Jan19	2,573	38	2,560	2,585	2,555	5,809	37	480
Mar19	2,591	38	2,578	2,600	2,578	5,480	-19	278
May19	2,588	38	2,599	2,600	2,599	6,508	1	53
Jul19	2,590	47	2,594	2,594	2,591	818	-3	10
Sep19	2,579	51	2,579	2,579	2,579	245	7	7
Nov19	2,579	51	-	-	-	30	0	-
<b>Total</b>						<b>236,103</b>	<b>-4,231</b>	<b>87,228</b>

#### Spreads

Contract	Open	High	Low	Last	Vol
Jan18 /Feb18	-46	-40	-48	-40	63
Feb18 /Mar18	-24	-14	-25	-14	7,129
Mar18 /Apr18	-16	-2	-17	-5	3,537
Apr18 /May18	-8	0	-8	1	2,505

#### Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	MAR 18	968.75	4.00
Soybean Oil	MAR 18	33.90	0.35
Soybean Meal	MAR 18	318.60	0.70
Crude Oil	FEB 18	61.63	1.26
DCE Palm Oil	MAY 18	5,318	22.00
DCE Soybean Oil	MAY 18	5,774	8.00

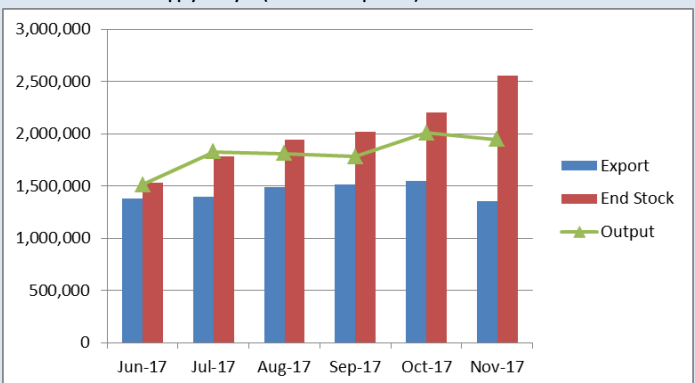
#### Exchange Rate

Currency	Last
USDMYR	4.0203
USDIDR	13,502
USDCNY	6.5034

#### Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	JAN18	n/a	5158.80	n/a
FOB CPO (Indo)	USD/mt	JAN18	645.00	650.00	647.5
FOB RBD Palm Olein (M'sia)	USD/mt	JAN18	652.50	657.50	655.00
FOB RBD Palm Oil (M'sia)	USD/mt	JAN18	n/a	652.50	n/a

#### MPOB Demand and Supply Analysis (6 Month Comparison)

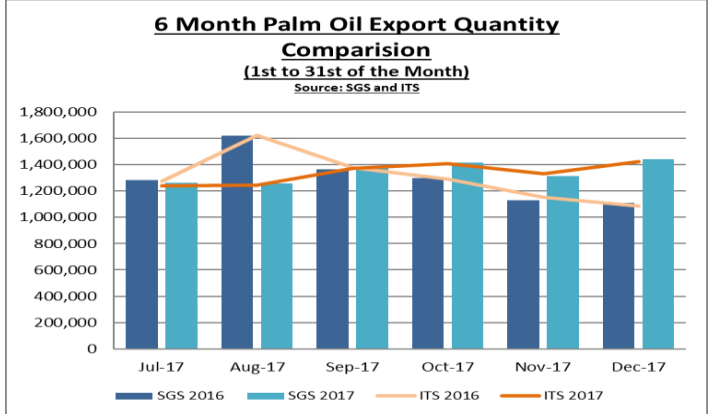


**Demand and Supply Data**

Date	ITS (in tonnes)			SGS (in tonnes)		
	Nov'17	Dec'17	Chg (%)	Nov'17	Dec'17	Chg (%)
First 10 days	436,988	364,277	-16.6	439,879	339,289	-22.9
First 15 days	660,465	596,862	-9.6	650,962	581,254	-10.7
First 20 days	891,926	874,022	-2.0	882,943	865,309	-2.0
First 25 days	1,079,427	1,090,622	1.0	1,094,318	1,108,189	1.3
Full month	1,332,342	1,422,070	6.7	1,311,012	1,439,477	9.8

(in tonnes)	Malaysia Palm Oil Board Data (MPOB)			PFSB Forecast	
	Oct'17	Nov'17	MoM (%)	Nov'17	Chg (%)
Production	2,008,838	1,942,834	-3.3		
Export	1,538,041	1,354,373	-11.9		
Import	13,479	30,191	124.0		
Local Disapp	302,508	265,725	-12.2		
Stock	2,203,709	2,556,636	16.0		
Stock/Use ratio	1.08	1.55	43.4		

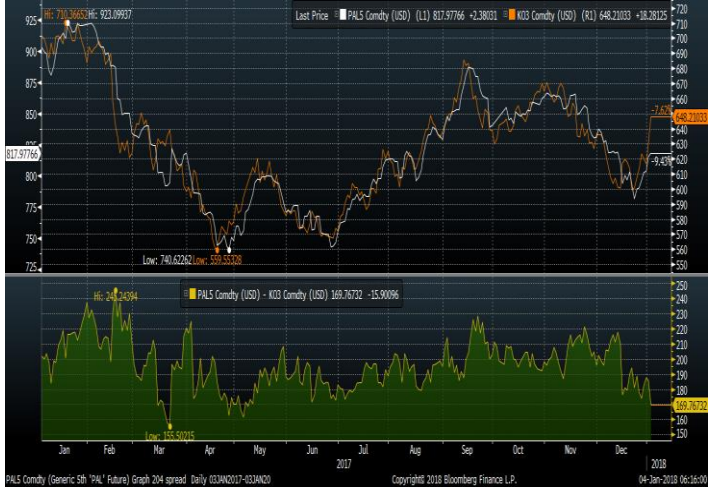
**Export Quantity Analysis**



**Spread (CBOT Soyoil - BMD Crude Palm Oil)**



**Spread (DCE Palm Olein - BMD Crude Palm Oil)**



Sources: Thomson Reuters / Bloomberg / MPOB / ITS / SGS / Phillip Futures

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