

# FCPO Daily Commentary

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## PALM FCPO MAR18 (2585,-21)

### FCPO 3rd Month Daily Candle Chart



#### Market Commentary

##### Highlights:

- Palm sees sharpest daily drop in 2-weeks, on technical correction and firmer ringgit.
- Soybeans drop on profit taking.
- Official data for December will be released on Jan. 10 by the MPOB.

#### Crude Palm Oil

Malaysian palm oil futures fell on Thursday due to technical correction, dropping from their highest in a month hit during the previous session. Strengthening in ringgit also weighed on prices.

The benchmark palm oil contract for March delivery on the Bursa Malaysia Derivatives Exchange fell 0.8 percent to 2,585 ringgit (\$645.44) a tonne at the end of the trading day, its first fall in three days and its sharpest daily slide in two weeks.

Trader said inventories at the end of December were expected to be higher than those reported the previous month. Stockpiles had already risen to the highest level in nearly two years in November, up 16 percent to 2.56 million tonnes, according to data from the Malaysian Palm Oil Board (MPOB).

In Malaysia, heavy rain and strong winds forecast over states of Johor, Pahang, Terengganu and Negeri Sembilan on Thursday, according to a warning from the country's weather office. Malaysian Meteorological Department reported there will be isolated thunderstorms, rains over Sabah and Sarawak through to Saturday.

We expect palm prices likely to fluctuation in consolidation mode with mixed sentiment, as market anticipate on higher stock level for December 2017. On the other hand, the export are expect to be good ahead of Chinese New Year demand. However, the firmer ringgit remain as bearish factor for palm oil futures.

#### Soybean (Reuters)

U.S. soybean futures fell on Thursday, with traders locking in profits from three straight days of gains after forecasts boosted the prospects for rain in Argentina.

The weather outlook for Argentina tempered recent concerns about dryness in the world's No. 3 soybean exporter.

Analysts were expecting a U.S. Agriculture Department report on Friday morning to show export sales of soybeans were in a range from 600,000 to 1 million tonnes in the latest reporting week.

Soyoil futures also weakened. While soymeal futures firmed on bargain buying after the March contract hit its lowest since Nov. 17.

Our Call of The Day:

## Consolidation

5 January 2018

### Crude Palm Oil Futures

#### Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Jan18	2,542	-13	2,538	2,551	2,533	1,270	-509	469
Feb18	2,577	-13	2,595	2,596	2,569	15,830	-968	3,232
Mar18	2,585	-21	2,607	2,611	2,581	41,167	-2,073	30,013
Apr18	2,590	-19	2,610	2,614	2,586	38,808	3,497	13,257
May18	2,594	-14	2,610	2,617	2,589	48,069	3,204	13,424
Jun18	2,582	-10	2,594	2,604	2,580	10,946	1,260	3,495
Jul18	2,560	-14	2,576	2,590	2,560	25,662	661	4,235
Sep18	2,534	-14	2,550	2,557	2,531	21,235	-153	1,001
Nov18	2,530	-16	2,547	2,553	2,528	19,252	107	913
Jan19	2,557	-16	2,565	2,574	2,562	5,803	-6	139
Mar19	2,575	-16	-	-	-	5,480	0	-
May19	2,572	-16	2,580	2,580	2,580	6,509	1	1
Jul19	2,574	-16	-	-	-	818	0	-
Sep19	2,563	-16	-	-	-	245	0	-
Nov19	2,563	-16	-	-	-	30	0	-
<b>Total</b>						<b>241,124</b>	<b>790</b>	<b>70,179</b>

#### Spreads

Contract	Open	High	Low	Last	Vol
Jan18 /Feb18	-40	-34	-41	-35	217
Feb18 /Mar18	-12	-8	-19	-8	2,003
Mar18 /Apr18	-1	-1	-7	-5	4,461
Apr18 /May18	0	0	-6	-4	5,415

#### Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	MAR18	967.75	-1.00
Soybean Oil	MAR18	33.87	-0.03
Soybean Meal	MAR18	319.80	1.20
Crude Oil	FEB18	62.01	0.38
DCE Palm Oil	MAY18	5,362	44.00
DCE Soybean Oil	MAY18	5,804	30.00

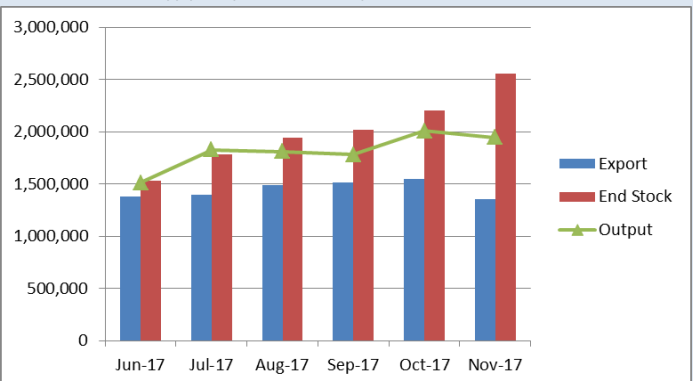
#### Exchange Rate

Currency	Last
USD/MYR	4.0036
USD/IDR	13,422
USD/CNY	6.4949

#### 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	640.00	645.00	642.5
FOB RBD Palm Olein (M'sia)	USD/mt	JAN18	645.00	655.00	650.00
FOB RBD Palm Oil (M'sia)	USD/mt	JAN18	N/A	650.00	N/A

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

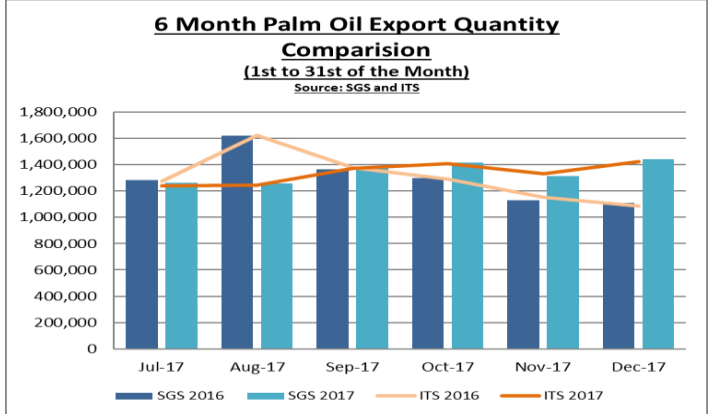


**Demand and Supply Data**

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		

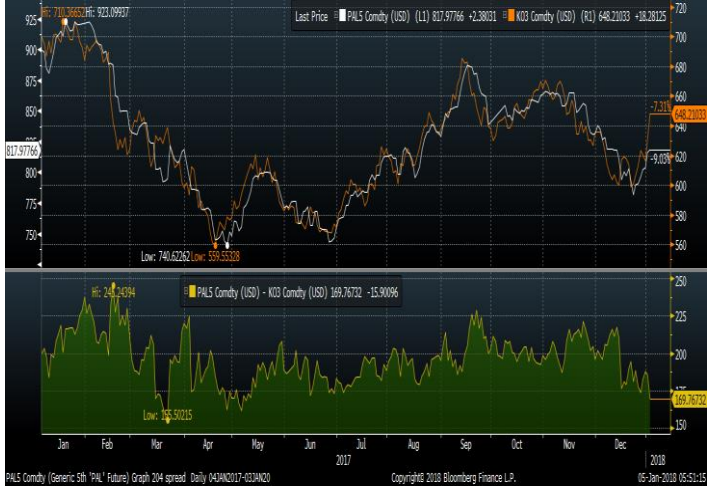
**Export Quantity Analysis**



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



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



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

Dealing Desk  
pfsb\_dealing@poems.com.my

**CONTACT US:**  
Kuala Lumpur Headquarters:  
(+603) 2711 0026  
pfsb\_research@poems.com.my

**Johor - Taman Sutera Utama Branch:**  
(+607) 5572188  
pfjb@poems.com.my

**Penang Branch:**  
(+604) 2616822  
pfp@poems.com.my

**Malacca Branch:**  
(+606) 2748711  
pfm@poems.com.my

**Kota Damansara Branch:**  
(+603) 26308688  
phillipfutures@poems.com.my

**Johor - Taman Molek Branch:**  
(+607) 3525999  
pfjb@poems.com.my

**Kuching Branch:**  
(+6082) 247633  
pfkc@poems.com.my

**Official Website:** www.phillipfutures.com.my  
**Facebook Page:** www.facebook.com/PhillipFuturesSdnBhd

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