

# FCPO Daily Commentary

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## PALM FCPO FEB18 (2563,-25)

### FCPO 3rd Month Daily Candle Chart



#### Market Commentary

##### Highlights:

- Palm oil closed lower as strong Ringgit dampened market sentiment.
- CBOT soybean rose on weather concern.

#### Crude Palm Oil

Malaysian palm oil futures reached their lowest level in more than four months on Tuesday as the ringgit strengthened, making the tropical oil more expensive for holders of foreign currencies.

The benchmark palm oil contract for February delivery on the Bursa Malaysia Derivatives Exchange was down 1 percent at 2,563 ringgit a tonne at the end of the trading day, a second straight session of declines.

The ringgit, palm's currency of trade, hit fresh 14-month highs in trade on Tuesday, but later weakened 0.2 percent against the dollar to 4.0660.

Phillip Futures Sdn Bhd Derivative Dealer, David Ng, said demand for the ringgit-denominated CPO was hampered as the stronger ringgit would make the commodity more expensive for foreign buyers.

Production in Malaysia, the world's second largest producer after Indonesia, rose 12.9 percent in October from a month earlier to hit the 2 million tonne mark, while end-stocks gained 8.4 percent to 2.2 million tonnes.

Falling production of rapeseed in India, however, could boost demand for palm oil, as India imports about two-thirds of its edible oil demand. India's rapeseed and mustard output is set to drop by at least 10 percent for the 2017/18 crop year as scant rain and high temperatures prompted farmers to switch to other crops.

Today, we expect some bargain hunting activities to take opportunity of the past two-days sell-down in the palm oil market. However, upsides of the market may be capped by the strengthening Ringgit.

#### Soybean (Reuters)

Chicago Board of Trade soybean futures hit the highest levels since July on Tuesday, lifted by fund buying linked to dry weather worries in Argentina.

Several deferred soybean futures contracts climbed to lifetime peaks due to concerns of reduced crop yields in Argentina, the top exporter of soybean and soyoil.

Soyoil futures were narrowly higher while the soyoil share fell to the lowest since March on unwinding of long soyoil and short soybean spreads.

U.S. government officials upheld duties of imports of soy-based biodiesel from Argentina.

Our Call of The Day:

**Mildly Bearish**  
6 December 2017

### Crude Palm Oil Futures

#### Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Dec17	2,456	-24	2,455	2,456	2,445	1,151	-19	125
Jan18	2,531	-24	2,542	2,544	2,509	14,445	-1,149	4,402
Feb18	2,563	-25	2,578	2,582	2,544	38,090	2,360	22,116
Mar18	2,587	-28	2,605	2,608	2,571	38,820	363	8,345
Apr18	2,597	-28	2,610	2,618	2,584	34,901	980	4,245
May18	2,595	-31	2,616	2,619	2,586	35,107	451	6,377
Jul18	2,560	-33	2,585	2,585	2,555	24,488	61	1,822
Sep18	2,528	-37	2,558	2,558	2,526	20,342	408	1,099
Nov18	2,525	-42	2,555	2,555	2,523	17,859	112	346
Jan19	2,542	-40	2,570	2,570	2,541	4,047	-1	24
Mar19	2,560	-40	2,585	2,585	2,560	4,051	-6	21
May19	2,559	-39	2,562	2,565	2,560	5,327	7	15
Jul19	2,535	-39	-	-	-	718	0	1
Sep19	2,508	-39	-	-	-	172	0	-
Nov19	2,508	-39	-	-	-	30	0	-
<b>Total</b>						<b>239,548</b>	<b>3,567</b>	<b>48,938</b>

#### Spreads

Contract	Open	High	Low	Last	Vol
Dec17 /Jan18	-80	-75	-80	-75	30
Jan18 /Feb18	-35	-29	-38	-31	2,152
Feb18 /Mar18	-28	-25	-29	-25	3,638
Mar18 /Apr18	-10	-10	-13	-10	1,028

#### Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JAN'18	1,008.50	10.00
Soybean Oil	JAN'18	33.50	0.06
Soybean Meal	JAN'18	343.30	5.80
Crude Oil	JAN'18	57.62	0.15
DCE Palm Oil	MAY18	5,426	-46.00
DCE Soybean Oil	MAY18	6,010	-28.00

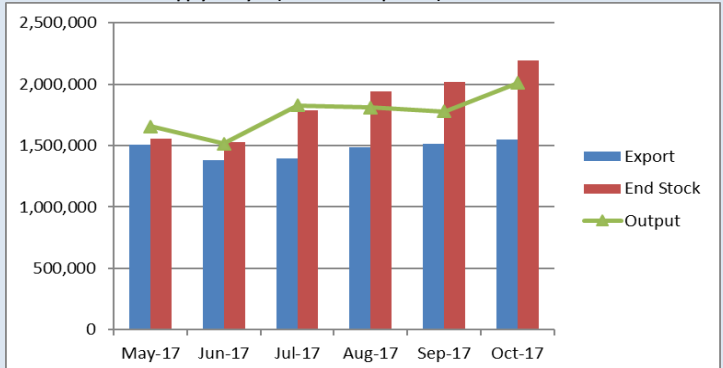
#### Exchange Rate

Currency	Last
USDMYR	4.0633
USDIDR	13,523
USDCNY	6.6093

#### Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	DEC17	n.a.	5291.07	n.a.
FOB CPO (Indo)	USD/mt	DEC17	642.5	647.5	645
FOB RBD Palm Olein (M'sia)	USD/mt	DEC17	n.a.	647.5	645
FOB RBD Palm Oil (M'sia)	USD/mt	DEC17	n.a.	642.5	n.a.

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

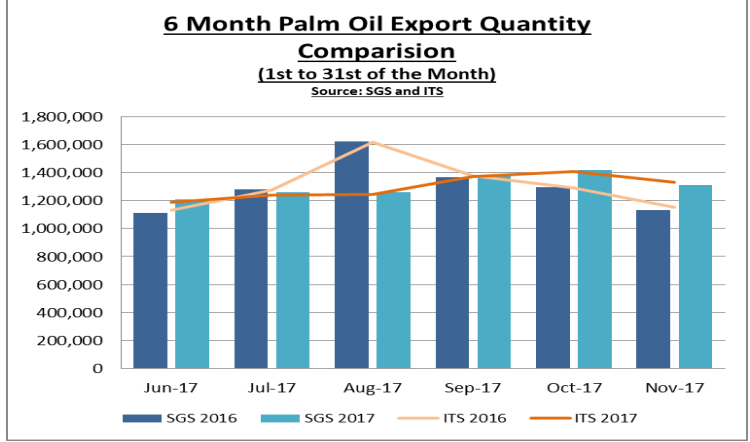


**Demand and Supply Data**

Cargo Surveyor Figures						
Date	ITS (in tonnes)			SGS (in tonnes)		
	Oct'17	Nov'17	Chg (%)	Oct'17	Nov'17	Chg (%)
First 10 days	448,349	436,988	-2.5	462,082	439,879	-4.8
First 15 days	690,074	660,465	-4.3	709,322	650,962	-8.2
First 20 days	951,339	882,943	-7.2	967,707	891,926	-7.8
First 25 days	1,177,939	1,079,427	-8.4	1,197,237	1,094,318	-8.6
Full month	1,406,706	1,332,342	-5.3	1,416,664	1,311,012	-7.5

Malaysia Palm Oil Board Data (MPOB)				PFSB Forecast	
(in tonnes)	Sep'17	Oct'17	MoM (%)	Oct'17	Chg (%)
Production	1,779,924	2,008,841	12.9	1.92	8
Export	1,515,304	1,548,724	2.2	1.59	5
Import	41,173	13,479	-67.3		
Local Disapp	228,492	302,508	32.4		
Stock	2,019,018	2,190,106	8.5	2.16	7
Stock/Use ratio	1.13	1.08	-4.5		

**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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