

# FCPO Daily Commentary

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## PALM FCPO MAR18 (2594,+9)

### FCPO 3rd Month Daily Candle Chart



#### Market Commentary

##### Highlights:

- Palm oil hits one-month high on strong prospects for exports due to zero-tax duty for 3 months.
- Soybeans close firm despite weak export report.
- Official data for December will be released on Jan. 10 by the MPOB.

#### Crude Palm Oil

Malaysian palm oil futures climbed over 1 percent on last Friday before paring gains at the close of trade, buoyed by expectations of strong exports as Malaysia scraps CPO export tax.

The benchmark March 18 up RM9 to RM2,594 per tonne, prices were traded between RM2,589 and RM2,615 with total traded volume for palm stood at 60,172 lots.

A Reuters survey on last Friday showed Malaysia's palm exports for December were estimated to rise 7.8 percent from the previous month, while output was seen falling 6.6 percent. However, stockpiles probably rose to the highest since November 2015 as production fell less than the historical average.

According to Plantation Industries and Commodities Minister Mah Siew Keong, Malaysia, the world's second-largest palm oil producer, will suspend export duties on the crude variety starting this week. Exports will incur a zero percent duty between Jan. 8 and April 7 and the exemption is open to all companies with licenses to export crude palm oil.

Derivatives specialist at Phillip Futures, David Ng said Malaysia's decision to cut CPO export duties will be beneficial for palm oil exports in the near term.

We expect palm prices likely to continue 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 and the news of zero export tax.

#### Soybean (Reuters)

U.S. soybean futures rose to their highest in more than three weeks on Friday, with traders focused on the South American weather outlook amid signs of weak demand for U.S. exports.

Soybean gains were kept in check by export concerns that cast a bearish tone across the agricultural market following a report that showed weekly export sales fell well below market expectations.

Forecasts called for widespread rain from the middle of next week in Argentina, but an overnight report from the Buenos Aires Grains Exchange shifted attention back towards dry weather risks in that key export country.

Export sales of soybeans were 560,800 tonnes in the latest week, the U.S. Agriculture Department said in a report. Analysts' forecasts had ranged from 600,000 to 1 million tonnes.

Soymeal futures also firmed but soyoil weakened, pressured by end-of-week profit taking and technical selling. CBOT March soyoil futures hit resistance near the 50-day moving average.

Our Call of The Day:

## Consolidation

8 January 2018

### Crude Palm Oil Futures

#### Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Jan18	2,570	28	2,554	2,561	2,527	1,254	-16	245
Feb18	2,605	28	2,586	2,610	2,586	13,990	-1,840	2,277
Mar18	2,594	9	2,594	2,615	2,589	39,068	-2,099	26,955
Apr18	2,584	-6	2,597	2,613	2,581	38,425	-383	11,288
May18	2,576	-18	2,600	2,611	2,570	47,985	-84	11,026
Jun18	2,565	-17	2,590	2,599	2,562	11,761	815	2,746
Jul18	2,538	-22	2,571	2,580	2,529	25,446	-216	2,666
Sep18	2,516	-18	2,538	2,556	2,507	21,207	-28	1,190
Nov18	2,512	-18	2,540	2,558	2,509	19,259	7	1,587
Jan19	2,541	-16	2,575	2,577	2,539	5,804	1	126
Mar19	2,554	-21	2,567	2,567	2,554	5,480	0	24
May19	2,551	-21	2,586	2,586	2,563	6,536	27	42
Jul19	2,553	-21	-	-	-	818	0	-
Sep19	2,536	-27	-	-	-	245	0	-
Nov19	2,536	-27	-	-	-	30	0	-
<b>Total</b>						<b>237,308</b>	<b>-3,816</b>	<b>60,172</b>

#### Spreads

Contract	Open	High	Low	Last	Vol
Jan18 /Feb18	-50	-50	-60	-60	160
Feb18 /Mar18	-7	12	-10	11	1,418
Mar18 /Apr18	-3	12	-3	11	5,180
Apr18 /May18	-4	9	-4	8	2,970

#### Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	MAR18	970.75	3.00
Soybean Oil	MAR18	33.76	-0.11
Soybean Meal	MAR18	321.90	2.10
Crude Oil	FEB18	61.44	-0.57
DCE Palm Oil	MAY18	5,362	0.00
DCE Soybean Oil	MAY18	5,818	14.00

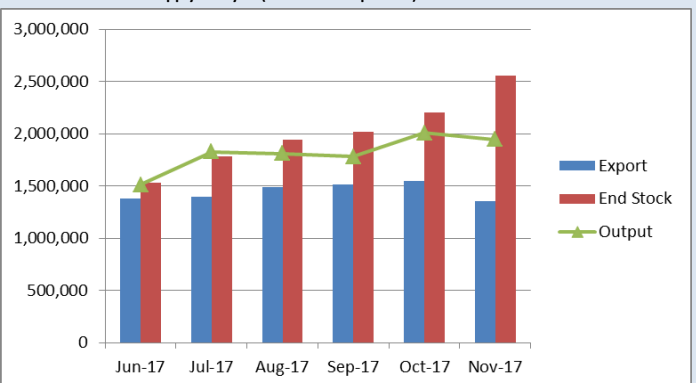
#### Exchange Rate

Currency	Last
USDMYR	3.9975
USDIDR	13,409
USDCNY	6.4891

#### Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	JAN18		5224.93	
FOB CPO (Indo)	USD/mt	JAN18		652.50	650
FOB RBD Palm Olein (M'sia)	USD/mt	JAN18	650.00	657.50	653.75
FOB RBD Palm Oil (M'sia)	USD/mt	JAN18		652.50	

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

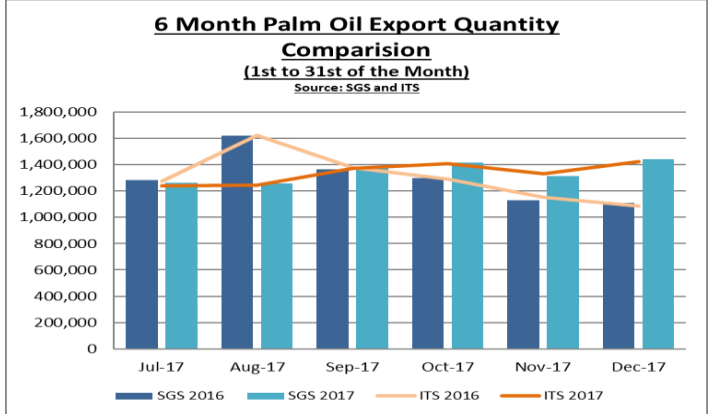


**Demand and Supply Data**

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)	Oct'17	Nov'17	MoM (%)	PFSB Forecast	
				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		

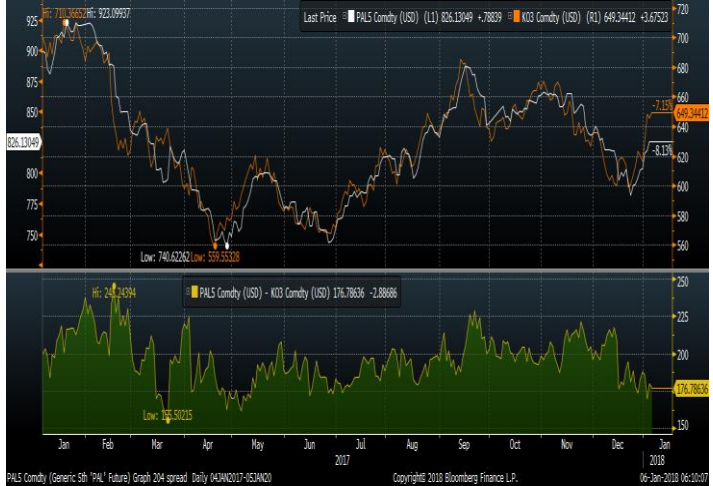
**Export Quantity Analysis**



**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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