

FCPO Daily Commentary

Brought to you by Phillip Futures Sdn Bhd (962533-U) (A member of PhillipCapital)



PALM FCPO MAR18 (2597,-28)

Our Call of The Day:

Consolidation
10 January 2018

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm drops from 7-week top ahead of official data release.
- Soybeans weakened on big global supply.
- Official data for December will be released on Jan. 10 by the MPOB.

Crude Palm Oil

Malaysian palm oil futures retreat over 1 percent on Tuesday closed, falling from a near seven-week high hit earlier, weighed down by anticipation on sluggish exports and market also cautious ahead of official data from the Malaysian Palm Oil Board.

The benchmark March 18 dropped RM28 to RM2,597 per tonne, prices were traded between RM2,593 and RM2,641 with total traded volume for palm stood at 45,069 lots.

Malaysia had announced on last Friday it would exempt crude palm oil export taxes for three months starting January 8 to boost demand and lift prices. Duty-free export period for crude palm oil seen increasing export demand and reducing palm oil stockpiles.

According to David Ng, derivatives specialist at Phillip Futures, the market is reacting to speculation that exports in the first 10 days of January will remain weak, which would be a surprise.

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.

In other related edible oils, the May soybean oil on the Dalian Commodity Exchange was up 0.3 percent. The Dalian January palm oil contract gained 0.8 percent.

Today, the palm prices likely to be in range-bound as market is awaiting for the official production and export data to get more lead. However, sentiment bullish in short-term period as the current news on zero export tax and wet weather in few palm-oil producing state provide support.

Soybean (Reuters)

Chicago Board of Trade soybean futures declined for the second straight session on Tuesday, easing on expectations that the U.S. Department of Agriculture will confirm abundant global soy supplies in reports due on Friday.

Analysts polled by Reuters expected the USDA to show higher U.S. soy ending stocks and increased Brazilian soy output.

A Brazilian consultancy on Tuesday raised its estimate for Brazil's soy harvest to 111.8 million tonnes.

Soymeal futures fell about 1 percent while soyoil was narrowly higher, in soymeal-soyoil spread trading that was a reversal to Monday, when soyoil was sharply lower.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Jan18	2,562	-28	2,563	2,591	2,563	1,170	-40	97
Feb18	2,597	-28	2,618	2,635	2,593	11,466	-1,133	1,343
Mar18	2,597	-28	2,626	2,641	2,593	36,713	-1,908	21,829
Apr18	2,586	-26	2,613	2,624	2,581	38,315	446	8,749
May18	2,571	-28	2,600	2,608	2,566	46,873	-623	6,212
Jun18	2,550	-34	2,581	2,587	2,546	12,524	488	2,083
Jul18	2,524	-38	2,562	2,566	2,523	23,877	-722	2,455
Sep18	2,501	-34	2,535	2,544	2,499	21,471	-66	1,021
Nov18	2,500	-32	2,534	2,541	2,497	19,598	220	873
Jan19	2,527	-27	2,554	2,569	2,526	5,874	46	107
Mar19	2,542	-28	2,574	2,582	2,540	5,733	18	73
May19	2,542	-25	2,572	2,574	2,539	6,573	-14	225
Jul19	2,544	-25	2,605	2,605	2,605	818	0	1
Sep19	2,527	-25	-	-	-	245	0	-
Nov19	2,527	-25	2,605	2,605	2,605	31	1	1
Total						231,281	-3,287	45,069

Spreads

Contract	Open	High	Low	Last	Vol
Feb18 / Mar18	-2	0	-7	0	962
Mar18 / Apr18	13	20	11	12	3,356
Apr18 / May18	12	16	11	12	1,673
May18 / Jun18	15	22	14	18	509

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	MAR18	963.75	-3.00
Soybean Oil	MAR18	33.70	0.16
Soybean Meal	MAR18	318.20	-3.30
Crude Oil	FEB18	62.96	1.23
DCE Palm Oil	MAY18	5,344	22.00
DCE Soybean Oil	MAY18	5,778	0.00

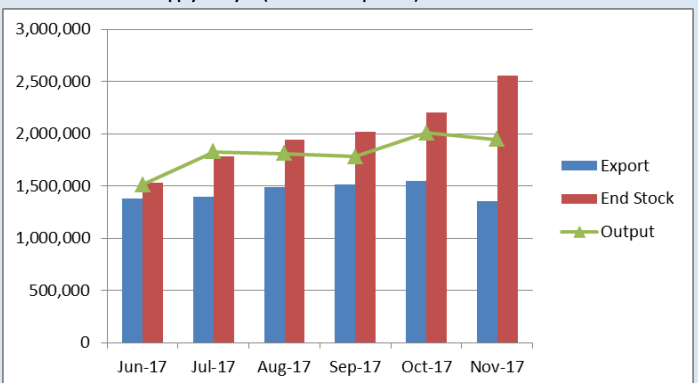
Exchange Rate

Currency	Last
USDMYR	4.0090
USDIDR	13,439
USDCNY	6.5353

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	JAN18	n/a	5224.93	n/a
FOB CPO (Indo)	USD/mt	JAN18	n/a	655.00	652.50
FOB RBD Palm Olein (M'sia)	USD/mt	JAN18	n/a	665.00	661.25
FOB RBD Palm Oil (M'sia)	USD/mt	JAN18	n/a	660.00	n/a

MPOB Demand and Supply Analysis (6 Month Comparison)

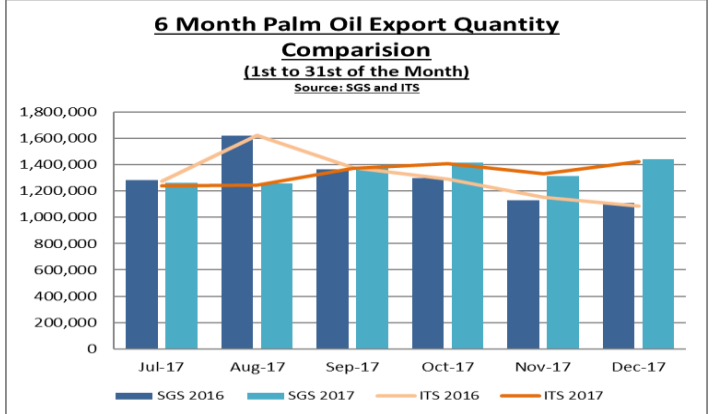


Demand and Supply Data

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

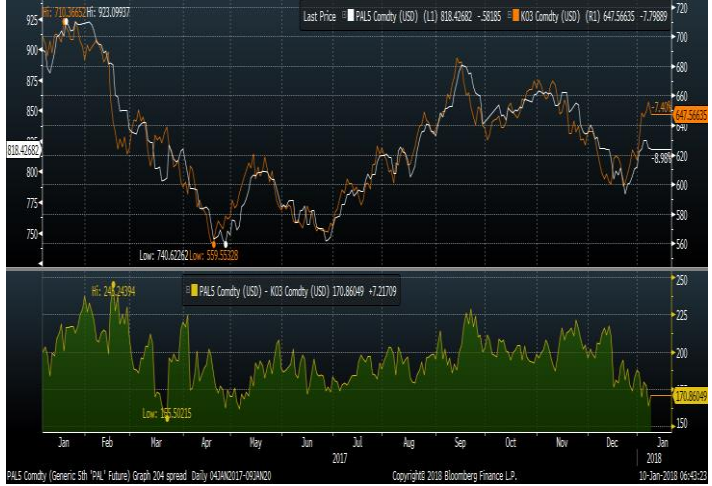
Export Quantity Analysis



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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