

FCPO Daily Commentary

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

PALM FCPO FEB18 (2479,-23)

Our Call of The Day:

Neutral

11 December 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm prices fell on concern over high inventory level.
- CBOT soybean closed lower on bumper crop expectation

Crude Palm Oil

Malaysian palm oil futures fell for a fifth consecutive day on Friday evening, hitting a fresh five-month low as the market was weighed down by concerns over high stockpiles in the country.

The benchmark palm oil contract for February delivery on the Bursa Malaysia Derivatives Exchange fell 0.9 percent to 2,479 ringgit a tonne at the close of trade. It earlier fell to an intraday low of 2,477 ringgit, its weakest level since July 4.

Phillip Futures Sdn Bhd Derivative Dealer David Ng said expectation of lower exports, driven by the stronger ringgit, also curbed short-term demand for the commodity. "We locate support at RM2,450 per tonne and immediate resistance at RM2,580 per tonne," he told Bernama.

The contract is also down 4.8 percent for the week, its sixth weekly fall and sharpest weekly decline since February.

Palm oil inventory levels in Malaysia, the world's second-largest producer after Indonesia, are expected to rise towards the year-end as export volumes fall faster than output, weighing on prices.

Stockpiles at end-November are seen rising 11.4 percent to 2.44 million tonnes on the month, according to a Reuters poll, while output is pegged to drop 3 percent to 1.95 million tonnes.

Exports are forecast to fall 6 percent in November to 1.45 million tonnes from October.

Official data from the Malaysian Palm Oil Board is scheduled for release on December 12

Today, we expect palm price could gain ground on firmer overnight CBOT soy oil to open higher. However, overall market sentiment remained bearish amid growing concern of high stockpiles and sluggish export data among investors.

Soybean (Reuters)

Chicago Board of Trade soybean futures fell to a one-week low on Friday as expectations for a bumper crop in South America threatened to cut into U.S. exports.

Traders shrugged off signs of strong demand for U.S. soybeans amid the improving outlook for harvests in Brazil and Argentina.

Consultancy AgRural on Friday raised its forecast for 2017-18 Brazil soybean production to 112.9 million tonnes from 110.2 million. Forecasts for rain in Argentina in the 11-to-15 day weather outlook added pressure.

The U.S. Department of Agriculture said that private exporters reported the sale of 268,000 tonnes of soybeans for delivery to China during the 2017-18 marketing year.

The government also disclosed another 129,000-tonne sale to unknown destinations for 2017-18

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Dec17	2,379	-31	2,425	2,435	2,386	341	-497	120
Jan18	2,444	-31	2,488	2,493	2,440	11,070	-1,143	1,795
Feb18	2,479	-23	2,517	2,523	2,477	40,828	-694	15,559
Mar18	2,514	-15	2,541	2,550	2,513	35,653	-2,018	8,749
Apr18	2,535	-3	2,553	2,561	2,531	35,696	196	3,533
May18	2,541	0	2,555	2,563	2,540	38,038	460	4,181
Jul18	2,509	2	2,526	2,535	2,507	24,784	40	1,630
Sep18	2,480	-5	2,500	2,512	2,477	19,799	-586	2,076
Nov18	2,476	-2	2,495	2,509	2,473	18,653	675	1,088
Jan19	2,497	-3	2,503	2,508	2,500	3,854	-160	359
Mar19	2,513	-8	2,530	2,543	2,515	3,994	-29	258
May19	2,509	-8	2,528	2,539	2,517	5,368	59	206
Jul19	2,485	-8	2,512	2,512	2,487	801	26	121
Sep19	2,458	-8	2,479	2,487	2,463	178	6	136
Nov19	2,458	-8	2,476	2,476	2,476	30	0	4
Total						239,087	-3,665	39,815

Spreads

Contract	Open	High	Low	Last	Vol
Dec17 / Jan18	-55	-55	-70	-55	18
Jan18 / Feb18	-30	-28	-40	-35	1,119
Feb18 / Mar18	-25	-25	-37	-35	3,545
Mar18 / Apr18	-11	-11	-21	-19	1,325

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JAN'18	989.75	-2.25
Soybean Oil	JAN'18	33.62	0.29
Soybean Meal	JAN'18	331.70	-3.50
Crude Oil	JAN'18	57.36	0.63
DCE Palm Oil	MAY18	5,328	-8.00
DCE Soybean Oil	MAY18	5,882	-42.00

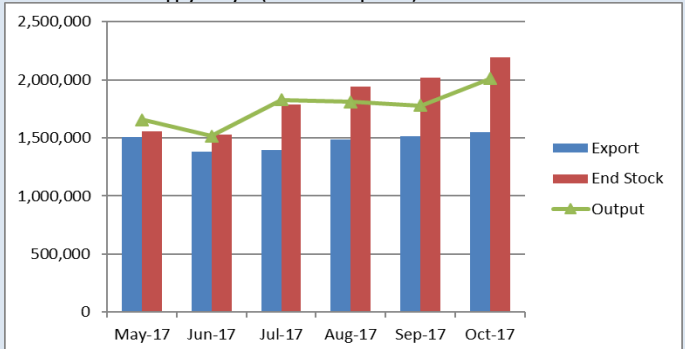
Exchange Rate

Currency	Last
USD/MYR	4.0811
USD/IDR	13,551
USDCNY	6.6173

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	DEC17	n.a.	5208.40	n.a.
FOB CPO (Indo)	USD/mt	DEC17	n.a.	635	632.5
FOB RBD Palm Olein (M'sia)	USD/mt	DEC17	n.a.	630	627.5
FOB RBD Palm Oil (M'sia)	USD/mt	DEC17	n.a.	625	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)



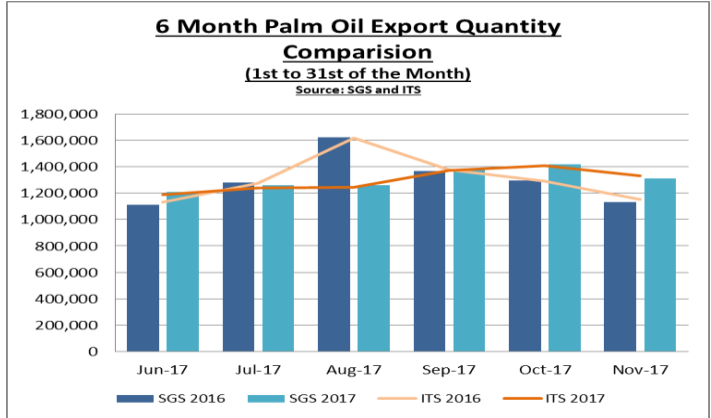
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Demand and Supply Data

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

(in tonnes)	Malaysia Palm Oil Board Data (MPOB)			PFSB Forecast	
	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)



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