

FCPO Daily Commentary

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

PALM FCPO FEB18 (2459,-20)

Our Call of The Day:

Neutral

11 December 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm prices fell ahead official data from Malaysian Palm Oil Board (MPOB).
- CBOT soybean closed lower on favourable weather and concern on slow U.S. export sales.

Crude Palm Oil

Malaysian palm oil futures slid to fresh lows on Monday evening, hitting their weakest in five and a half months, as traders were cautious ahead of official data from the Malaysian Palm Oil Board (MPOB) scheduled for release on Tuesday.

The benchmark palm oil contract for February delivery 1FCPOc3 on the Bursa Malaysia Derivatives Exchange fell 0.8 percent to 2,459 ringgit (\$603.44) a tonne at the close of trade, charting a sixth consecutive day of declines.

Phillip Futures Sdn Bhd Derivative Dealer David Ng told Bernama that this was due to seasonal weakness and a stronger ringgit.

Palm oil stockpiles in Malaysia, the world's second-largest producer after Indonesia, are seen rising in November as export volumes fall faster than output, weighing on prices.

A Reuters poll forecast that inventories at the end of November will rise 11.4 percent to 2.44 million tonnes on-month, its highest levels in about two years, while output is pegged to drop 3 percent to 1.95 million tonnes.

Cargo surveyor Intertek Testing Services reported a 16.6 percent decline in Malaysian palm oil shipments for Dec. 1-10 against the corresponding period the previous month.

In other related oils, the January soybean oil contract on the Chicago Board of Trade was down 0.3 percent, while the January soybean oil contract on the Dalian Commodity Exchange was slightly down 0.1 percent.

Today, we expected palm prices to open lower following losses in overnight CBOT soy oil coupled with weak export data. However, we may see some bargain hunting activities to take place near to the support level of RM2420.

Soybean (Reuters)

Chicago Board of Trade soybean futures fell on Monday for a fourth straight session, pressured by some forecasts for rains in dry crop areas of Argentina, along with worries about the slow pace of U.S. soy export sales.

Additional pressure from the Commodity Futures Trading Commission's weekly commitments report on Friday that showed large speculators expanded their net long position in CBOT soybean futures, leaving the market vulnerable to long liquidation.

Traders await the U.S. Department of Agriculture's monthly supply/demand report on Tuesday.

The U.S. Department of Agriculture reported export inspections of U.S. soybeans in the latest week at 1,229,817 tonnes, in line with trade expectations for 1.1 million to 1.6 million tonnes.

Traders shrugged at USDA confirmation that private exporters sold 132,000 tonnes of U.S.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Dec17	2,350	-29	2,375	2,375	2,350	370	29	84
Jan18	2,416	-28	2,454	2,455	2,412	10,458	-612	2,379
Feb18	2,459	-20	2,489	2,495	2,455	39,870	-958	17,446
Mar18	2,499	-15	2,526	2,530	2,497	34,652	-1,001	8,699
Apr18	2,525	-10	2,551	2,551	2,523	36,316	620	4,985
May18	2,531	-10	2,551	2,556	2,530	39,861	1,823	6,431
Jul18	2,505	-4	2,522	2,534	2,504	25,271	487	2,695
Sep18	2,476	-4	2,491	2,499	2,477	19,748	-51	1,226
Nov18	2,472	-4	2,488	2,495	2,472	18,565	-88	596
Jan19	2,493	-4	2,501	2,514	2,500	3,801	-53	111
Mar19	2,509	-4	2,520	2,527	2,510	4,040	46	170
May19	2,505	-4	2,520	2,527	2,509	5,442	74	125
Jul19	2,481	-4	-	-	-	801	0	-
Sep19	2,454	-4	2,485	2,489	2,482	180	2	79
Nov19	2,454	-4	-	-	-	30	0	-
Total						239,405	318	45,026

Spreads

Contract	Open	High	Low	Last	Vol
Dec17 /Jan18	-70	-70	-70	-70	10
Jan18 /Feb18	-37	-35	-45	-43	856
Feb18 /Mar18	-37	-35	-42	-40	3,220
Mar18 /Apr18	-20	-18	-27	-26	1,053

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JAN'18	982.50	-7.25
Soybean Oil	MAR'18	33.61	-0.18
Soybean Meal	MAR'18	331.80	-3.90
Crude Oil	JAN'18	57.99	0.58
DCE Palm Oil	MAY18	5,328	0.00
DCE Soybean Oil	MAY18	5,874	-8.00

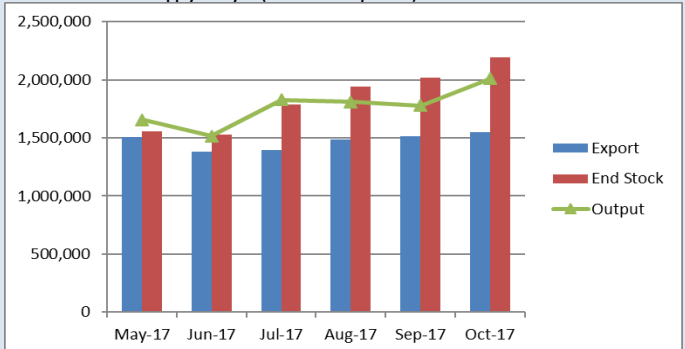
Exchange Rate

Currency	Last
USDMYR	4.0770
USDIDR	13,544
USDCNY	6.6131

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.	630	627.5
FOB RBD Palm Olein (M'sia)	USD/mt	DEC17	n.a.	622.5	618.75
FOB RBD Palm Oil (M'sia)	USD/mt	DEC17	n.a.	617.5	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)



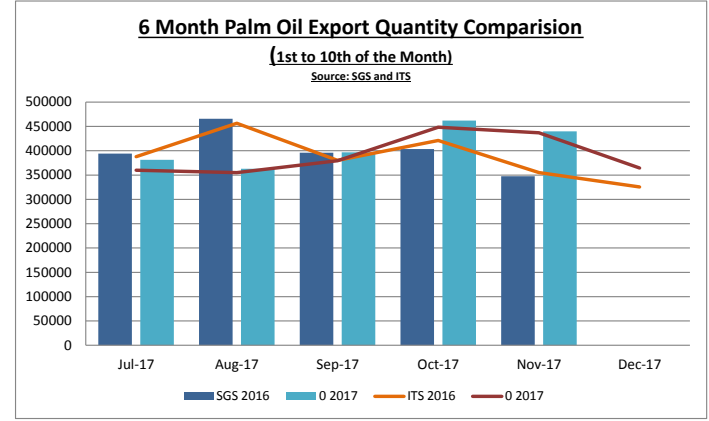
soybeans to unknown destinations for 2017/18 delivery.

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			
First 15 days						
First 20 days						
First 25 days						
Full month						

(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)



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

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