

FCPO Daily Commentary

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

PALM FCPO FEB18 (2473,+14)

Our Call of The Day:

Neutral

13 December 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm prices ended its losing streak on short covering and lower November's output
- CBOT soybean fell on improved weather and rising estimate of Brazil's crop

Crude Palm Oil

Malaysian palm oil futures snapped a losing streak to rise for the first time in seven sessions, as traders short-covered the market and official data showed declines in November's production.

The benchmark palm oil contract for February delivery on the Bursa Malaysia Derivatives Exchange rose 0.6 percent at 2,473 ringgit (\$606.57) a tonne on Tuesday evening. Phillip Futures Sdn Bhd Derivative Dealer David Ng told Bernama that this was due to seasonal weakness and a stronger ringgit.

Phillip Futures Sdn Bhd Derivative Dealer, David Ng said sentiment remained weak on concerns over the rising inventory due to weaker exports. "The decline in the production phase is not fast enough to offset the weaker demand," he told Bernama.

Palm had shed 5.5 percent in the previous six sessions, hitting a five-and-a-half month low of 2,455 ringgit on Monday evening. Data released during the midday break showed that Malaysia's palm oil stocks at end-November rose 16 percent from a month earlier to a two-year high of 2.56 million tonnes.

Palm oil production typically peaks in the third quarter of the year before tapering off at year-end and into the first quarter of the following year.

The sharp rise in inventories comes on the back of weaker-than-forecast exports. Shipments fell 11.9 percent to 1.35 million tonnes, while production declined 3.3 percent to 1.94 million tonnes.

Market sentiment remained weak among market participants with sluggish export data and high inventory level. Today, we expect palm prices to move lower as the negative factors will continue to weigh down on prices.

Soybean (Reuters)

Chicago Board of Trade January soybean futures extended their slide on Tuesday to five straight sessions, pressured by improving weather in Argentina and rising estimates of Brazil's crop.

Brazilian government food supply agency Conab forecast the country's 2017/18 soybean crop at 109.2 million tonnes, topping its month-ago range of estimates for 106.4 million to 108.6 million tonnes.

Above, a Brazilian oilseed processors association, raised its Brazilian soy crop estimate to 109.5 million tonnes, from 108.8 million previously.

The U.S. Department of Agriculture in a monthly supply/demand report raised its forecast of U.S. 2017/18 soybean ending stocks to 445 million bushels, from 425 million last month. Market had little reaction to USDA confirmation that private exporters sold 168,300 tonnes of U.S. soybeans to unknown destinations for 2017/18 delivery.

Through its daily reporting system, the USDA also changed the destination of 492,000 tonnes of

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Dec17	2,365	15	2,378	2,395	2,362	298	-72	105
Jan18	2,431	15	2,435	2,457	2,421	8,622	-1,836	1,695
Feb18	2,473	14	2,478	2,495	2,462	38,199	-1,671	16,303
Mar18	2,513	14	2,518	2,535	2,501	34,527	-125	10,687
Apr18	2,534	9	2,546	2,559	2,527	34,899	-1,417	5,690
May18	2,541	10	2,550	2,565	2,531	41,088	1,227	7,244
Jul18	2,511	6	2,529	2,539	2,508	26,703	1,432	2,519
Sep18	2,489	13	2,500	2,508	2,484	19,979	231	1,582
Nov18	2,486	14	2,491	2,503	2,478	18,525	-40	688
Jan19	2,515	22	2,511	2,526	2,510	3,989	188	368
Mar19	2,527	18	2,520	2,535	2,519	4,260	220	353
May19	2,523	18	2,520	2,531	2,519	5,570	128	185
Jul19	2,499	18	-	-	-	801	0	-
Sep19	2,472	18	-	-	-	180	0	-
Nov19	2,472	18	-	-	-	30	0	-
Total						237,670	-1,735	47,419

Spreads

Contract	Open	High	Low	Last	Vol
Dec17 /Jan18	-65	-65	-65	-65	50
Jan18 /Feb18	-42	-40	-47	-45	750
Feb18 /Mar18	-40	-38	-42	-39	3,765
Mar18 /Apr18	-24	-21	-26	-22	1,387

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JAN'18	975.75	-6.75
Soybean Oil	MAR'18	33.60	-0.01
Soybean Meal	MAR'18	328.90	-2.90
Crude Oil	JAN'18	57.14	-0.80
DCE Palm Oil	MAY18	5,338	10.00
DCE Soybean Oil	MAY18	5,912	38.00

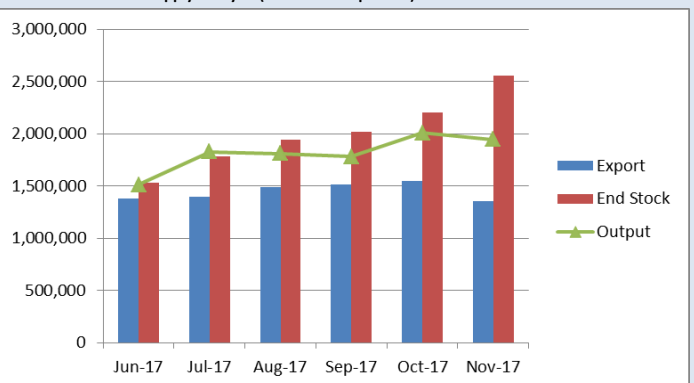
Exchange Rate

Currency	Last
USDMYR	4.0795
USDIDR	13,620
USDCNY	6.6197

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	DEC17	n.a.	5224.93	n.a.
FOB CPO (Indo)	USD/mt	DEC17	n.a.	632.5	630
FOB RBD Palm Olein (M'sia)	USD/mt	DEC17	n.a.	625	621.25
FOB RBD Palm Oil (M'sia)	USD/mt	DEC17	n.a.	620	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)



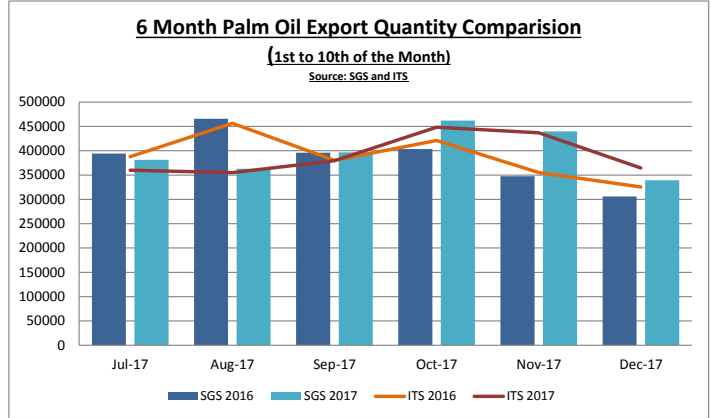
U.S. soybeans sold for 2017/18 delivery to China, from unknown destinations.

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						
First 20 days						
First 25 days						
Full month						

(in tonnes)	Malaysia Palm Oil Board Data (MPOB)			PFSB Forecast	
	Oct'17	Nov'17	MoM (%)	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

Dealing Desk
pfsb_dealing@poems.com.my

CONTACT US:
Kuala Lumpur Headquarters:
 (+603) 2711 0026
pfsb_research@poems.com.my

Johor - Taman Sutera Utama Branch:
 (+607) 5572188
pfbjb@poems.com.my

Penang Branch:
 (+604) 2616822
pfbpg@poems.com.my

Malacca Branch:
 (+606) 2748711
pfbmk@poems.com.my

Kota Damansara Branch:
 (+603) 26308688
phillipfutures@poems.com.my

Johor - Taman Molek Branch:
 (+607) 3525999
pfbjb@poems.com.my

Kuching Branch:
 (+6082) 247633
pfbkc@poems.com.my

Official Website: www.phillipfutures.com.my
Facebook Page: www.facebook.com/PhillipFuturesSdnBhd

DISCLAIMER
 This publication is solely for information only. It should not be construed as an offer or solicitation for the subscription, purchase or sale of the futures contracts mentioned herein. The publication has been prepared by Phillip Futures Sdn Bhd on the basis of publicly available information, internally developed data and other sources believed to be reliable. Whilst we have taken all reasonable care to ensure that the information contained in this publication is accurate and the opinions are fair and reasonable, it does not guarantee the accuracy or completeness of this publication. Accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of any person or group of persons acting on such information and advice. This publication was prepared without regard to your specific investment objectives, financial situation or particular needs. Whilst views and advice given are in good faith, you should not regard the publication as a substitute for the exercise of your own judgement and should seek other professional advice for your specific investment needs or financial situations.