

FCPO Daily Commentary

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

PALM FCPO FEB18 (2458,-15)

Our Call of The Day:

Neutral

14 December 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm prices fell on downbeat export demand coupled with weakness in CBOT soy oil.
- CBOT soybean rebounded on technical buying.

Crude Palm Oil

Malaysian palm oil futures slipped on Wednesday evening, charting a seventh session of declines in eight, on weak export demand and tracking falls in soyoil on the Chicago Board of Trade (CBOT).

The benchmark palm oil contract for February delivery on the Bursa Malaysia Derivatives Exchange was down 0.6 percent at 2,458 ringgit (\$601.71) a tonne at the close of trade.

Palm earlier fell to an intraday low of 2,449 ringgit, its weakest levels since June 29. It snapped six sessions of declines in the previous session on short-covering and a decline in November production, but shed 5.5 percent in the six sessions through Monday.

Phillip Futures Sdn Bhd Derivative Dealer, David Ng, said export demand was expected to soften in the coming weeks in line with seasonal weakness. "We locate support at RM2,400 and immediate resistance at RM2,550 a tonne," he told Bernama.

Societe Generale de Surveillance said exports during Dec. 1-10 fell 22.9 percent from a month earlier, while Intertek Testing Services reported a 16.6 percent decline for the same period.

Palm oil demand usually weakens at year-end as it solidifies in cold temperatures, leading buyers such as China and Europe in the northern hemisphere to reduce purchases.

In other related oils, the January soybean oil contract on the Chicago Board of Trade fell 0.2 percent, while the January soybean oil contract on the Dalian Commodity Exchange was down 0.2 percent.

Today, we expect palm price to trade in sideways with downward bias as weakness in overnight CBOT soy oil may weigh on prices.

Soybean (Reuters)

U.S. soybean futures rose on Wednesday, breaking a streak of five straight lower closes on technical buying and short-covering.

Support for the benchmark CBOT January soybean futures contract was noted at the 200-day moving average. Prices consolidated around the 100-day moving average.

Argentina will put an 8 percent tax on biodiesel exports starting next year, the government said in its official gazette on Wednesday, just days after the United States accused the South American country of subsidizing the fuel.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Dec17	2,349	-16	2,350	2,356	2,330	210	-88	65
Jan18	2,415	-16	2,428	2,445	2,406	8,339	-283	842
Feb18	2,458	-15	2,470	2,486	2,449	40,249	2,050	15,563
Mar18	2,499	-14	2,508	2,523	2,490	34,317	-210	12,705
Apr18	2,524	-10	2,532	2,547	2,518	34,896	-3	5,257
May18	2,535	-6	2,540	2,556	2,527	41,474	386	7,211
Jul18	2,511	0	2,510	2,532	2,505	26,812	109	2,582
Sep18	2,485	-4	2,477	2,506	2,476	20,182	203	1,405
Nov18	2,479	-7	2,483	2,500	2,476	18,453	-72	338
Jan19	2,504	-11	2,512	2,519	2,504	4,129	140	227
Mar19	2,516	-11	2,520	2,530	2,514	4,326	66	115
May19	2,518	-5	2,520	2,530	2,515	5,683	113	205
Jul19	2,494	-5	2,494	2,494	2,494	801	0	1
Sep19	2,467	-5	-	-	-	180	0	-
Nov19	2,467	-5	-	-	-	30	0	-
Total						240,081	2,411	46,516

Spreads

Contract	Open	High	Low	Last	Vol
Dec17 /Jan18	-70	-70	-76	-76	60
Jan18 /Feb18	-42	-41	-46	-42	431
Feb18 /Mar18	-39	-35	-42	-40	4,083
Mar18 /Apr18	-22	-22	-28	-26	1,745

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JAN'18	990.50	3.25
Soybean Oil	MAR'18	33.40	-0.20
Soybean Meal	MAR'18	330.90	2.00
Crude Oil	JAN'18	56.60	-0.44
DCE Palm Oil	MAY18	5,324	-14.00
DCE Soybean Oil	MAY18	5,894	-18.00

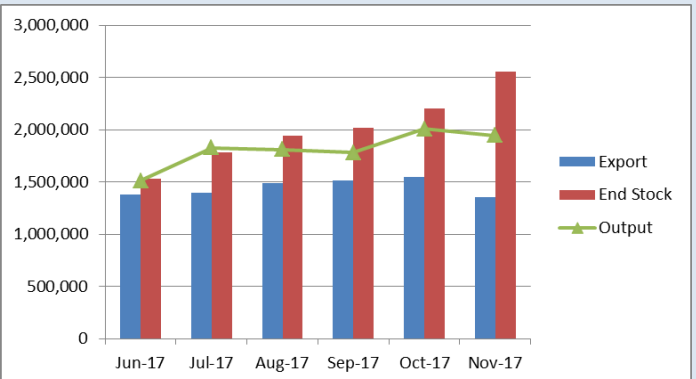
Exchange Rate

Currency	Last
USDMYR	4.0876
USDIDR	13,546
USDCNY	6.6078

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	DEC17	n.a.	5158.80	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)

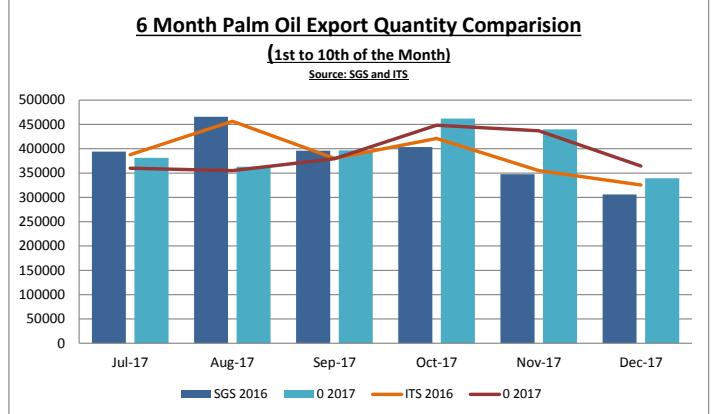


Demand and Supply Data

Date	Cargo Surveyor Figures			SGS (in tonnes)		
	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		

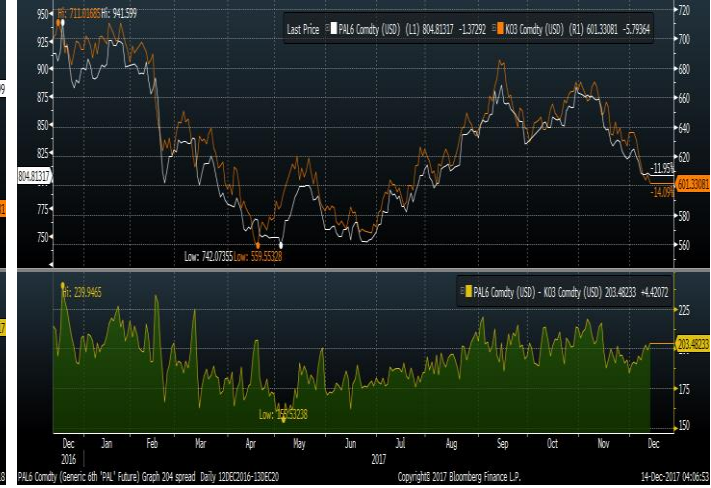
Export Quantity Analysis



Spread (CBOT Soyoil - BMD Crude Palm Oil)



Spread (DCE Palm Olein - BMD Crude Palm Oil)



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

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