

# FCPO Daily Commentary

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## PALM FCPO MAR18 (2536,-31)

Our Call of The Day:

**Mildly Bearish**

15 January 2018

### FCPO 3rd Month Daily Candle Chart



### Market Commentary

#### Highlights:

- Palm hits lowest in nearly two weeks low on weaker related oils and stronger ringgit.
- Soybeans up most in 2 weeks on short-covering.

### Crude Palm Oil

Malaysian palm oil futures fell on last Friday, posted the biggest weekly loss since December, tracking weakness in related edible oils as the ringgit strengthened.

The benchmark March 18 down RM31 to RM2,536 per tonne. Today, the benchmark contract will switch to April 18, the contract fell RM31 to RM2,535 per tonne on last Friday, prices were traded between RM2,529 and RM2,557 with total traded volume for palm stood at 47,324 lots.

The ringgit has strengthened 11.5 percent against the dollar since the start of 2017 and was up 0.4 percent at 3.9700 on last Friday evening. The gains in the ringgit usually makes Malaysia palm oil more expensive for foreign buyers.

India's palm oil imports steadied in December as an increase in duties by the world's largest buyer prompted traders to avoid big purchases for the winter month. According to Solvent Extractors' Association of India said in a statement on last Friday, imports totaled 722,857 metric tons compared with 723,158 tons in December 2016.

Malaysian Meteorological Department warned heavy rain over states of Johor and Pahang is likely until Saturday. Heavy rain alert over Sarawak and Terengganu through to Saturday. Thunderstorms, heavy rain and strong winds likely over Sabah on Thursday.

Today, the palm prices likely to further in downward movement on the back of stronger ringgit. However, zero export tax implementation and rain fall in few palm-oil producing state could disrupt product in coming months likely to provide support.

### Soybean (Reuters)

Chicago Board of Trade soybean futures jumped about 1.3 percent on Friday, rebounding from an earlier four-month low as dealers took profits on short positions.

U.S. Department of Agriculture data released during the session forecasting smaller U.S. soy production and decreased exports came in largely within the range of analyst expectations.

Despite the relatively steep gains, soybeans still declined about 0.9 percent for the week, as outlooks for a big Brazilian harvest and plentiful global supplies continued to anchor prices.

Soymeal futures were higher and soyoil narrowly lower in meal-oil spreading.

### Crude Palm Oil Futures

#### Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Jan18	2,474	-35	2,530	2,530	2,510	597	-475	76
Feb18	2,528	-35	2,546	2,546	2,515	6,668	-1,719	1,350
Mar18	2,536	-31	2,555	2,558	2,528	32,732	-606	18,782
Apr18	2,535	-31	2,555	2,557	2,529	38,382	1,432	9,956
May18	2,530	-28	2,551	2,551	2,523	47,834	2,118	8,328
Jun18	2,510	-28	2,530	2,530	2,505	13,206	509	2,787
Jul18	2,486	-27	2,506	2,506	2,480	23,766	382	2,680
Sep18	2,463	-27	2,480	2,486	2,456	22,293	761	1,909
Nov18	2,463	-28	2,476	2,490	2,458	20,705	218	866
Jan19	2,494	-29	2,520	2,526	2,493	6,020	87	186
Mar19	2,511	-27	2,528	2,534	2,510	6,182	215	354
May19	2,507	-31	2,523	2,523	2,505	6,661	0	50
Jul19	2,509	-31	-	-	-	819	0	-
Sep19	2,492	-31	-	-	-	245	0	-
Nov19	2,492	-31	-	-	-	31	0	-
<b>Total</b>						<b>226,141</b>	<b>2,922</b>	<b>47,324</b>

#### Spreads

Contract	Open	High	Low	Last	Vol
Feb18 /Mar18	-7	-7	-17	-7	1,076
Mar18 /Apr18	1	3	-2	1	4,772
Apr18 /May18	6	9	4	6	2,286
May18 /Jun18	20	21	17	18	1,020

#### Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	MAR18	960.50	10.50
Soybean Oil	MAR18	33.13	-0.02
Soybean Meal	MAR18	317.00	3.90
Crude Oil	FEB18	64.30	0.50
DCE Palm Oil	MAY18	5,280	-56.00
DCE Soybean Oil	MAY18	5,748	-40.00

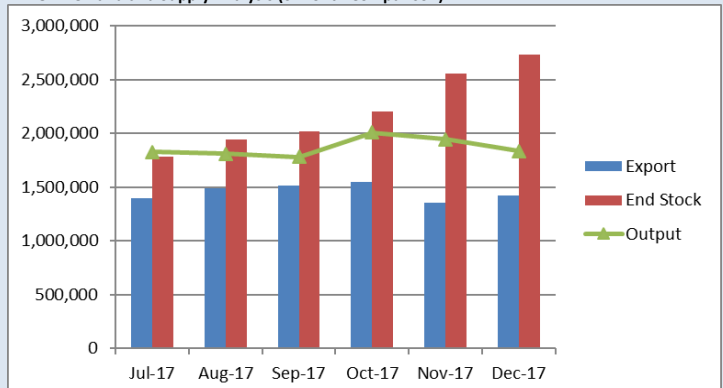
#### Exchange Rate

Currency	Last
USDMYR	3.9775
USDIDR	13,320
USDCNY	6.4518

#### Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	JAN18	n/a	5026.52	n/a
FOB CPO (Indo)	USD/mt	JAN18	635.00	640.00	637.50
FOB RBD Palm Olein (M'sia)	USD/mt	JAN18	n/a	657.50	655.00
FOB RBD Palm Oil (M'sia)	USD/mt	JAN18	n/a	652.50	n/a

#### MPOB Demand and Supply Analysis (6 Month Comparison)

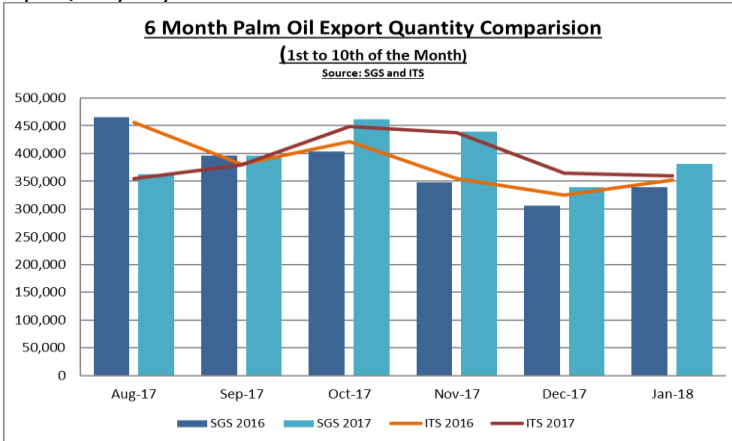


**Demand and Supply Data**

Cargo Surveyor Figures						
Date	ITS (in tonnes)			SGS (in tonnes)		
	Dec'17	Jan'18	Chg (%)	Dec'17	Jan'18	Chg (%)
First 10 days	364,277	359,346	-1.4	339,289	380,837	12.2
First 15 days	596,862			581,254		
First 20 days	874,022			865,309		
First 25 days	1,090,622			1,108,189		
Full month	1,422,070			1,439,477		

Malaysia Palm Oil Board Data (MPOB)				PFSB Forecast	
(in tonnes)	Nov'17	Dec'17	MoM (%)	Dec'17	Chg (%)
Production	1,942,847	1,834,167	-5.6		
Export	1,356,378	1,422,928	4.9		
Import	30,191	14,991	-50.3		
Local Disapp	266,596	248,314	-6.9		
Stock	2,553,773	2,731,689	7.0		
Stock/Use ratio	1.27	1.62	27.6		

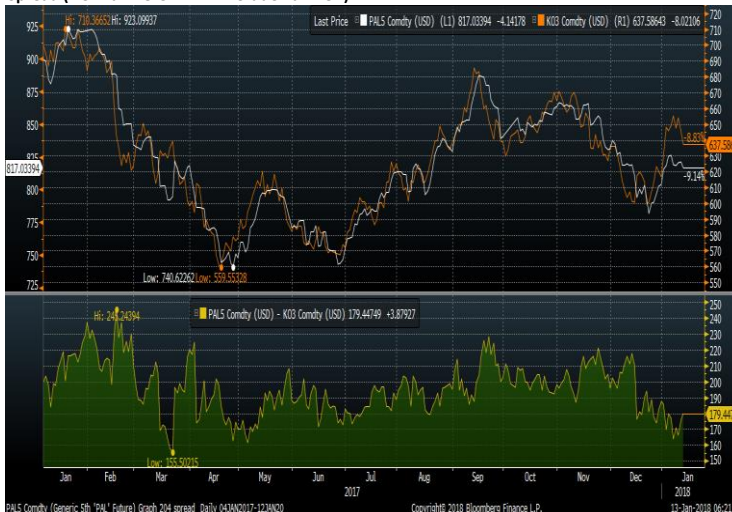
**Export Quantity Analysis**



**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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