

# FCPO Daily Commentary

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## PALM FCPO FEB18 (2452,-6)

Our Call of The Day:

**Neutral**

15 December 2017

### FCPO 3rd Month Daily Candle Chart



#### Market Commentary

##### Highlights:

- Palm prices fell on slow demand and high inventory level.
- CBOT soybean ended lower on favourable weather forecast in Argentina.

#### Crude Palm Oil

Malaysian palm oil futures hit a 16-month low on Thursday, weighed down by low demand and high stockpiles, as well as weakness in edible oils on China's Dalian Commodity Exchange.

The benchmark palm oil contract for February delivery on the Bursa Malaysia Derivatives Exchange dropped as much as 1.6 percent to its lowest since Aug. 8, 2016, at 2,418 ringgit, before settling down 0.2 percent at 2,452 ringgit a tonne at the close of trade.

Palm oil has been on a downward trend recently, shedding 5.8 percent so far this month after declining 7.5 percent in November. It has dropped 1.1 percent so far this week in what could be its seventh straight weekly fall.

In Malaysia, stocks at the end of November increased to 2.56 million tonnes, the highest since late 2015, while data from cargo surveyors showed exports in the first 10 days of December fell 16-22 percent from a month earlier.

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

Today, we expect palm prices' weakness to persist as expectations on weaker export data may further dampen market sentiment.

#### Soybean (Reuters)

Chicago Board of Trade soybean futures fell 1.2 percent on Thursday due to forecasts for crop-boosting rain in Argentina.

The most-active soybean futures contract hit its lowest since Oct. 12 and closed near session lows.

The U.S. Agriculture Department reported weekly soybean export sales of 1.566 million tonnes. Analysts' forecasts ranged from 1.4 million to 2.0 million tonnes.

### Crude Palm Oil Futures

#### Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Dec17	2,340	-9	2,310	2,320	2,300	301	91	170
Jan18	2,411	-4	2,399	2,413	2,375	7,096	-1,243	1,553
Feb18	2,452	-6	2,445	2,455	2,418	38,652	-1,597	23,580
Mar18	2,489	-10	2,488	2,494	2,458	35,654	1,337	13,233
Apr18	2,511	-13	2,511	2,516	2,482	34,259	-637	9,792
May18	2,523	-12	2,521	2,527	2,494	42,648	1,174	8,235
Jul18	2,500	-11	2,501	2,507	2,482	26,440	-372	4,957
Sep18	2,485	0	2,465	2,492	2,465	21,113	931	6,759
Nov18	2,475	-4	2,465	2,484	2,460	18,173	-280	2,103
Jan19	2,497	-7	2,494	2,502	2,486	4,824	695	1,351
Mar19	2,509	-7	2,500	2,512	2,492	4,567	241	454
May19	2,511	-7	2,505	2,514	2,491	5,885	202	268
Jul19	2,495	1	2,481	2,481	2,481	801	0	9
Sep19	2,475	8	2,472	2,472	2,472	180	0	13
Nov19	2,475	8	2,468	2,468	2,468	30	0	1
<b>Total</b>						<b>240,623</b>	<b>542</b>	<b>72,478</b>

#### Spreads

Contract	Open	High	Low	Last	Vol
Dec17 /Jan18	-80	-79	-85	-85	150
Jan18 /Feb18	-43	-41	-47	-41	847
Feb18 /Mar18	-40	-38	-41	-39	5,122
Mar18 /Apr18	-26	-21	-27	-21	1,651

#### Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JAN'18	978.75	-11.75
Soybean Oil	MAR'18	33.37	-0.03
Soybean Meal	MAR'18	325.60	-5.30
Crude Oil	JAN'18	57.04	0.45
DCE Palm Oil	MAY18	5,262	-62.00
DCE Soybean Oil	MAY18	5,842	-52.00

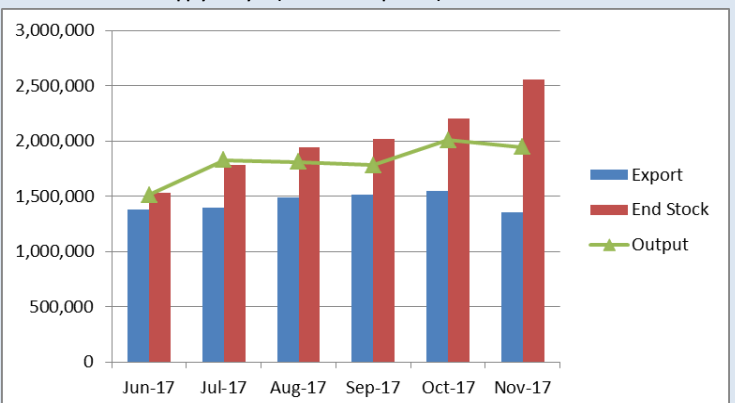
#### Exchange Rate

Currency	Last
USDMYR	4.0840
USDIDR	13,550
USDCNY	6.6031

#### Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	DEC17	n.a.	5059.59	n.a.
FOB CPO (Indo)	USD/mt	DEC17	n.a.	627.5	625
FOB RBD Palm Olein (M'sia)	USD/mt	DEC17	n.a.	615	612.5
FOB RBD Palm Oil (M'sia)	USD/mt	DEC17	n.a.	610	n.a.

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

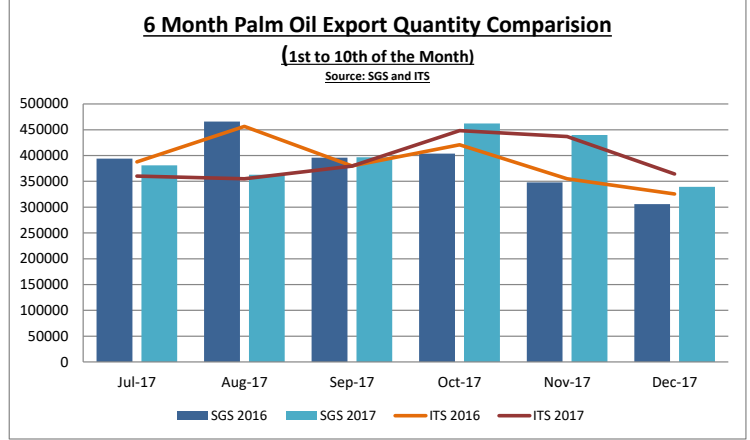


**Demand and Supply Data**

Date	Cargo Surveyor Figures			SGS (in tonnes)		
	ITS (in tonnes)		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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