

# FCPO Daily Commentary

Brought to you by Phillip Futures Sdn Bhd (362533-U) (A member of PhillipCapital)

## PALM FCPO APR18 (2556,+21)

Our Call of The Day:

**Mildly Bearish**

16 January 2018

### FCPO 3rd Month Daily Candle Chart



### Market Commentary

#### Highlights:

- Palm rebounds on lower production outlook and technical buying.
- Soybeans up most in 2 weeks on short-covering.

### Crude Palm Oil

Malaysian palm oil futures ended higher on Monday, recovering from an earlier more than two-week low, as traders forecast falling production in the coming weeks and technical buying.

The benchmark April 18 gains RM21 to RM2,556 per tonne, prices were traded between RM2,521 and RM2,559 with total traded volume for palm stood at 43,196 lots.

David Ng, derivatives specialist at Phillip Futures said palm oil futures rise on expectations of lower production in January.

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.

Data released by cargo surveyor Societe Generale de Surveillance showed Malaysian palm oil export for January 1-15 fell 2.8 percent to 564,968 tonnes from 581,254 tonnes. While cargo surveyor Intertek Testing Services (ITS) said Malaysia palm oil export for the same period of time down 7.4 percent.

Latest news, the European Parliament is poised to endorse a legislative campaign to remove palm oil from the list of designated renewable fuels after 2020 due to concerns about its environmental impact, a move that risks a trade conflict with producers in Asia.

Today, the palm prices likely to continue in rangebound trading in a downside bias as the news of EU parliament plans push to remove palm oil from biofuels mix could weighed down on sentiment as the act could slower down export in the futures.

### 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	2,480	6	-	-	-	569	-28	-
Feb18	2,543	15	2,535	2,547	2,510	6,344	-324	741
Mar18	2,554	18	2,542	2,556	2,518	29,268	-3,464	15,843
Apr18	2,556	21	2,544	2,559	2,521	39,673	1,291	10,591
May18	2,552	22	2,535	2,555	2,520	47,896	62	6,891
Jun18	2,534	24	2,518	2,537	2,502	13,697	491	3,266
Jul18	2,507	21	2,499	2,514	2,481	24,021	255	2,440
Sep18	2,484	21	2,466	2,488	2,459	22,159	-134	1,320
Nov18	2,483	20	2,467	2,489	2,461	20,799	94	915
Jan19	2,510	16	2,495	2,516	2,493	6,135	115	223
Mar19	2,526	15	2,507	2,528	2,500	6,626	444	816
May19	2,527	20	2,507	2,527	2,506	6,726	65	116
Jul19	2,529	20	-	-	-	815	-4	25
Sep19	2,512	20	-	-	-	245	0	9
Nov19	2,512	20	-	-	-	31	0	-
<b>Total</b>						<b>225,004</b>	<b>-1,137</b>	<b>43,196</b>

### Spreads

Contract	Open	High	Low	Last	Vol
Feb18 / Mar18	-9	-6	-18	-8	392
Mar18 / Apr18	1	2	-4	-3	3,319
Apr18 / May18	6	6	2	5	2,074
May18 / Jun18	18	20	17	19	658

### 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	5,266	-14.00
DCE Soybean Oil	MAY18	5,734	-14.00

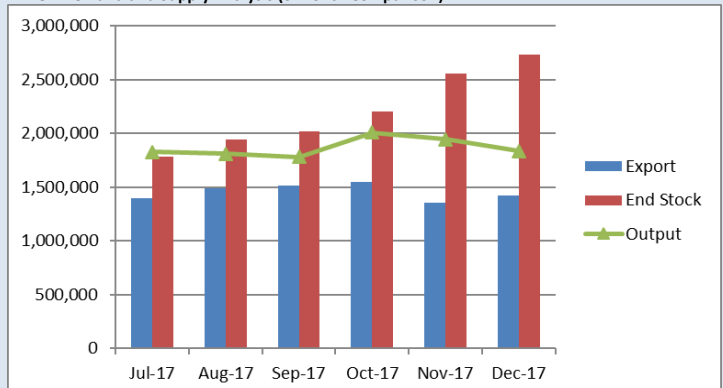
### Exchange Rate

Currency	Last
USDMYR	3.9460
USDIDR	13,310
USDCNY	6.4376

### 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	640.00	645.00	642.50
FOB RBD Palm Olein (M'sia)	USD/mt	JAN18	n/a	660.00	657.50
FOB RBD Palm Oil (M'sia)	USD/mt	JAN18	n/a	655.00	n/a

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

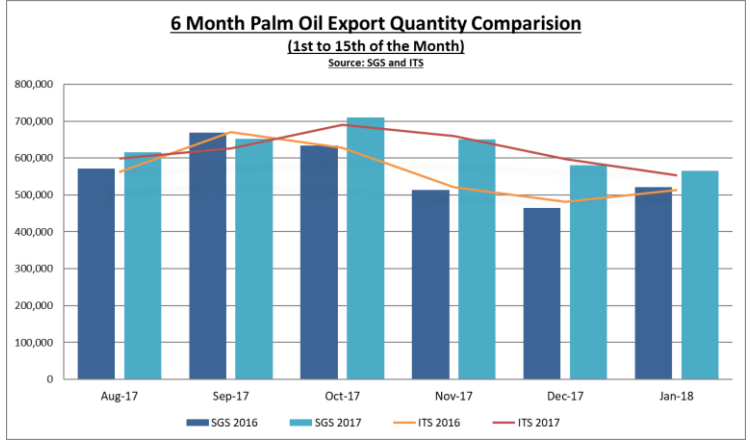


**Demand and Supply Data**

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	552,635	-7.4	581,254	564,968	-2.8
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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