

FCPO Daily Commentary

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

PALM FCPO APR18 (2487,-31)

Our Call of The Day:

Bearish

18 January 2018

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm slumps to 3-week low on firm ringgit, weak demand.
- Soybeans end firm on spillover support from grains.

Crude Palm Oil

Malaysian palm oil futures slumped to a three-week low on Wednesday evening as a firmer ringgit and weak demand weighed on the market.

The benchmark April 18 fell RM31 to RM2,487 per tonne, prices were traded between RM2,471 and RM2,514 with total traded volume for palm stood at 52,062 lots.

The ringgit hit a fresh 18-month high on Wednesday morning at 3.9410 per dollar, and was last up 0.1 percent at 3.9520. Continued appreciation in the ringgit further diminish the competitiveness of palm oil.

Derivatives specialist at Phillip Futures, David Ng said weaker-than-expected demand is a matter of concern, China demand seen sluggish and it seems inventory levels there may be sufficient. He added that the country may not need much palm oil in near term.

Europe is Malaysia's second-largest export market, but the European Parliament backed a call last April for greater vetting of palm and other vegetable oils used in biofuels in an effort to prevent the EU's post-2020 renewable transport targets from leading to deforestation.

A large portion of Europe's palm oil imports is used to make biofuels. The EU Parliament is set to vote on the proposal on Wednesday

Today, the palm market likely to remain bearish on demand concern as ringgit appreciated and EU plan to restrict palm oil in biofuels mix weighed on market sentiment. The dropped in overnight soyoil added pressure.

Soybean (Reuters)

Chicago Board of Trade soybean futures edged up on Wednesday after trading lower for most of the day, lifted by short-covering and spillover support from higher corn and wheat.

Soybean gains were limited by expectations for a bumper harvest in Brazil, although early harvesting in the world's top soybean exporting country has been stalled by rain in some areas..

Soy producers in Brazil's Mato Grosso state have sold less new-crop beans so far than they did last year, as they hoard in the hope of better prices ahead, farm cooperative Coacen said.

Lighter-than-expected rains in Argentina, the world's No. 3 soybean exporter and top soy meal and soyoil supplier, also underpinned futures. Soy meal futures were higher and soyoil was lower in meal-oil spreading.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Feb18	2,478	-26	2,492	2,493	2,467	5,760	-192	223
Mar18	2,484	-31	2,509	2,511	2,470	24,524	-2,205	4,093
Apr18	2,487	-31	2,510	2,514	2,471	43,832	3,078	25,084
May18	2,486	-29	2,507	2,511	2,469	47,091	-1,725	7,977
Jun18	2,475	-27	2,497	2,497	2,456	15,813	228	3,494
Jul18	2,454	-24	2,471	2,471	2,438	24,465	245	4,244
Sep18	2,441	-17	2,452	2,452	2,430	22,766	370	2,139
Nov18	2,440	-15	2,446	2,446	2,430	21,070	-22	1,676
Jan19	2,467	-15	2,465	2,471	2,463	6,173	-11	75
Mar19	2,485	-16	2,485	2,490	2,475	7,839	948	1,637
May19	2,485	-16	2,489	2,490	2,475	7,887	782	1,420
Jul19	2,482	-21	-	-	-	818	0	-
Sep19	2,465	-21	-	-	-	245	0	-
Nov19	2,465	-21	-	-	-	31	0	-
Jan20	2,465	-21	-	-	-	0	0	-
Total						228,314	1,496	52,062

Spreads

Contract	Open	High	Low	Last	Vol
Feb18 / Mar18	-6	-1	-8	-6	86
Mar18 / Apr18	-2	-1	-3	-3	2,625
Apr18 / May18	2	5	0	1	4,131
May18 / Jun18	14	16	11	11	667

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	MAR18	968.75	0.75
Soybean Oil	MAR18	32.51	-0.28
Soybean Meal	MAR18	324.30	1.50
Crude Oil	FEB18	63.97	0.24
DCE Palm Oil	MAY18	5,206	-30.00
DCE Soybean Oil	MAY18	5,724	-14.00

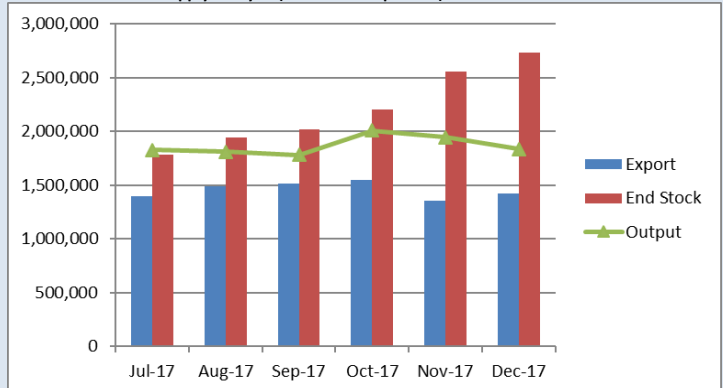
Exchange Rate

Currency	Last
USDMYR	3.9595
USIDR	13,352
USDCNY	6.4360

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	JAN18	n/a	4861.17	n/a
FOB CPO (Indo)	USD/mt	FEB18	622.50	632.50	627.50
FOB RBD Palm Olein (M'sia)	USD/mt	FEB18	n/a	647.50	642.50
FOB RBD Palm Oil (M'sia)	USD/mt	FEB18	n/a	642.50	n/a

MPOB Demand and Supply Analysis (6 Month Comparison)

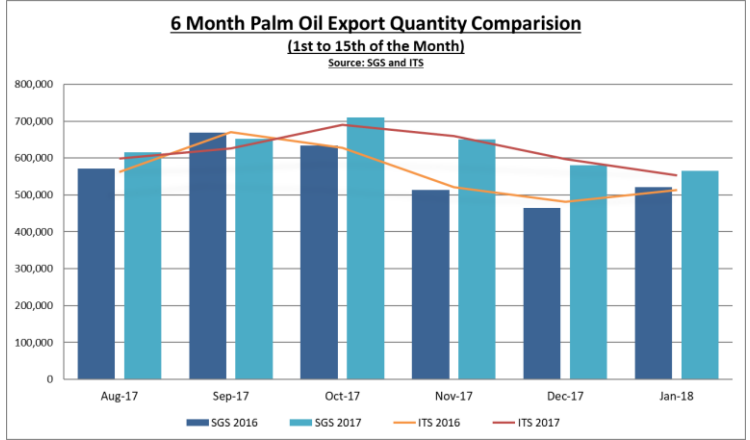


Demand and Supply Data

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	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
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		

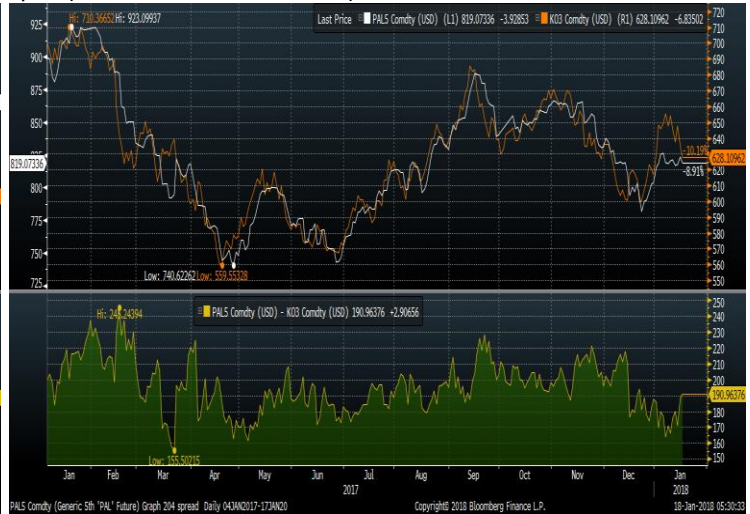
Export Quantity Analysis



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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