

FCPO Daily Commentary

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PALM FCPO FEB18 (2518,+66)

Our Call of The Day:

Mild Bearish
18 December 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm prices edged up on technical rebound.
- Strong export demand lifted CBOT soybean to close higher.

Crude Palm Oil

Malaysian palm oil futures notched up their biggest daily gain in nearly five months on Friday, rising over 2 percent on a technical rebound and expectations that production will decline this month.

The benchmark palm oil contract for February delivery on the Bursa Malaysia Derivatives Exchange was up 2.7 percent at 2,518 ringgit (\$618) at the close of trade, its first gain in three sessions and its sharpest rise since July 25.

It earlier hit an intraday high of 2,525 ringgit, its highest level in a week, and rose 1.6 percent on the week after six consecutive weekly falls.

Malaysian palm oil stocks at the end of November rose to 2.56 million tonnes, the highest since late 2015, while cargo surveyor data showed exports in the first half of December fell 9.6 percent from a month earlier.

Palm oil, however, hit its lowest since August 2016 on Thursday due to high inventories and low demand, and has shed 3.3 percent so far this month after declining 7.5 percent in November.

Palm oil production typically peaks in the third quarter of the year before declining towards the year end and into the start of the following year.

After last Friday's technical rebound, we expect palm prices to trade lower in view of weaker export demand data released as market sentiment remained bearish.

Soybean (Reuters)

Chicago Board of Trade soybean futures closed firm on Friday due to strong export demand.

Gains were limited by abundant supplies following a bumper U.S. harvest and easing concerns about weather limiting production in Argentina.

The U.S. Agriculture Department reported the sale of 257,000 tonnes of soybeans to China and 126,000 tonnes of soybeans to unknown destinations.

Private analytics firm raised its forecast for 2018 U.S. soybean plantings to a record 91.387 million acres. It also boosted its estimate of the 2017 soybean yield to 49.7 bushels per acre, above the government's latest estimate.

For the week, the most-active soybean futures contract fell 2.2 percent.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Dec17	2,346	6	2,376	2,376	2,325	275	-26	147
Jan18	2,479	68	2,401	2,487	2,399	6,513	-583	1,541
Feb18	2,518	66	2,441	2,525	2,440	33,919	-4,733	22,864
Mar18	2,551	62	2,478	2,559	2,477	36,992	1,338	19,955
Apr18	2,569	58	2,500	2,575	2,500	34,784	525	6,119
May18	2,577	54	2,510	2,583	2,510	43,690	1,042	9,349
Jul18	2,549	49	2,499	2,555	2,499	26,453	13	2,099
Sep18	2,525	40	2,483	2,533	2,483	20,982	-131	1,753
Nov18	2,513	38	2,477	2,522	2,477	18,033	-140	1,199
Jan19	2,545	48	2,509	2,545	2,509	4,759	-65	228
Mar19	2,559	50	2,520	2,559	2,520	4,624	57	245
May19	2,561	50	2,520	2,542	2,520	5,955	70	603
Jul19	2,545	50	2,516	2,530	2,516	801	0	6
Sep19	2,525	50	2,507	2,507	2,507	180	0	2
Nov19	2,525	50	-	-	-	30	0	-
Total						237,990	-2,633	66,110

Spreads

Contract	Open	High	Low	Last	Vol
Dec17 /Jan18	-50	-50	-80	-80	23
Jan18 /Feb18	-40	-38	-44	-42	1,101
Feb18 /Mar18	-38	-29	-39	-34	7,983
Mar18 /Apr18	-21	-16	-22	-17	1,657

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JAN'18	978.00	-0.75
Soybean Oil	MAR'18	33.34	-0.03
Soybean Meal	MAR'18	324.50	-1.10
Crude Oil	JAN'18	57.30	0.27
DCE Palm Oil	MAY18	5,238	-24.00
DCE Soybean Oil	MAY18	5,810	-32.00

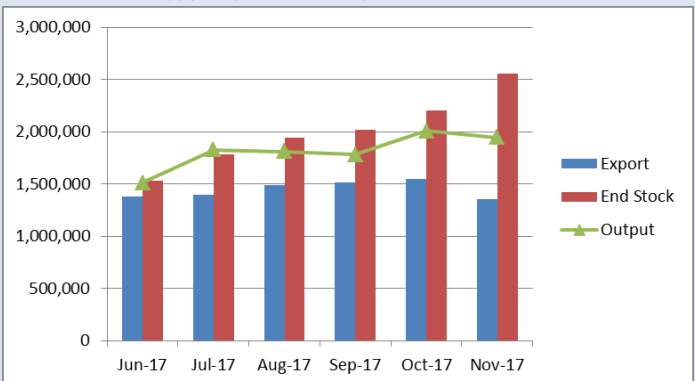
Exchange Rate

Currency	Last
USDMYR	4.0790
USDIDR	13,567
USDCNY	6.6061

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	DEC17	n.a.	5109.19	n.a.
FOB CPO (Indo)	USD/mt	DEC17	n.a.	637.5	633.75
FOB RBD Palm Olein (M'sia)	USD/mt	DEC17	n.a.	627.5	623.75
FOB RBD Palm Oil (M'sia)	USD/mt	DEC17	n.a.	622.5	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)

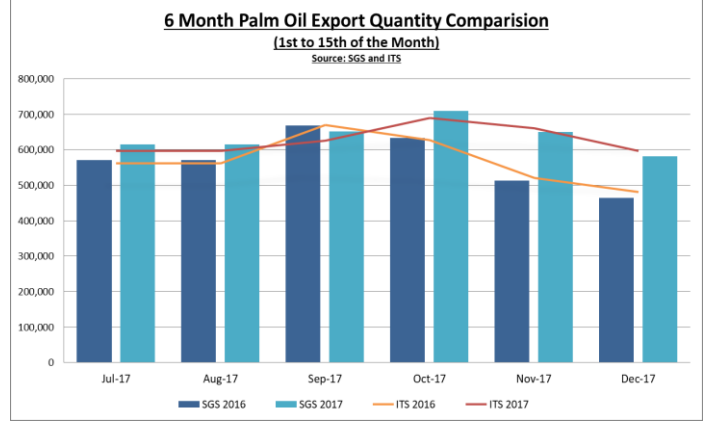


Demand and Supply Data

Date	Cargo Surveyor Figures			SGS (in tonnes)		
	ITS (in tonnes)			Nov'17	Dec'17	Chg (%)
First 10 days	436,988	364,277	-16.6	439,879	339,289	-22.9
First 15 days	660,465	596,862	-9.6	650,962	581,254	-10.7
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)



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