

FCPO Daily Commentary

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PALM FCPO APR18 (2476,-11)

Our Call of The Day:

Consolidation

19 January 2018

FCPO 3rd Month Daily Candle Chart



K03 Comdty (Generic 3rd 'K0' Future) (G40) Daily 13JAN2017-18JAN2018 Copyright © 2018 Bloomberg Finance L.P. 19-Jan-2018 06:13:51

Market Commentary

Highlights:

- Palm hits 3-week low in third day of losses on demand concerns.
- Soybeans end higher on Argentine dryness, higher soymeal.
- EU Parliament ends palm oil and caps crop-based biofuels at 2017 levels.

Crude Palm Oil

Malaysian palm oil futures fell to a three-week low on Thursday as market worried on demand outlook that could take a hit from a European Union (EU) move towards banning the use of palm oil in biofuels.

The benchmark April 18 down RM11 to RM2,476 per tonne, prices were traded between RM2,462 and RM2,508 with total traded volume for palm stood at 48,741 lots.

According to James Fry, chairman of LMC, rising production forecasts for 2018 in Malaysia and Indonesia will weighed on the market.

The European Parliament decided on 17th January to phase-out palm oil by 2021 and cap crop-based biofuels at the member states' 2017 consumption levels and no more than 7% of all transport fuels until 2030.

A large portion of European palm oil imports are used to make biofuels, giving the palm industry a cause for concern as they fear a decline in overall demand.

The palm oil market remain pressured by the weaker demand outlook, effect from the EU parliament decision on phase-out palm oil and cap the usage of palm oil in biodiesel mix.

Overnight losses in soyoil market also added pressure, however, today we may see the short covering activates after recent sell-off ahead of weekend.

Soybean (Reuters)

Chicago Board of Trade soybean futures rose for a fourth straight session on Thursday on concerns about dryness in Argentina's crop belt and as soymeal futures advanced about 1 percent.

Forecasts for drier weather in southeastern Argentina during the last half of January supported soybeans and meal. Argentina is the world's top soymeal exporter and No. 3 soybean exporter.

Worries about Argentine dryness overshadowed good crop weather in Brazil.

Soymeal futures rose to a one-month high. Soyoil fell to a 6-1/2 month low on large U.S. stocks and weaker palm oil prices.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Feb18	2,465	-13	2,467	2,495	2,457	4,574	-1,186	464
Mar18	2,471	-13	2,472	2,503	2,460	22,686	-1,838	5,958
Apr18	2,476	-11	2,476	2,508	2,462	45,551	1,719	22,925
May18	2,480	-6	2,475	2,509	2,464	48,327	1,236	8,937
Jun18	2,478	3	2,464	2,501	2,456	16,704	891	3,083
Jul18	2,462	8	2,449	2,485	2,441	24,625	160	2,622
Sep18	2,448	7	2,431	2,467	2,430	23,010	244	1,397
Nov18	2,450	10	2,432	2,467	2,432	21,223	153	1,489
Jan19	2,477	10	2,460	2,493	2,460	6,242	69	133
Mar19	2,490	5	2,477	2,505	2,477	8,515	676	931
May19	2,489	4	2,479	2,505	2,479	8,554	667	801
Jul19	2,486	4	2,487	2,487	2,487	818	0	1
Sep19	2,469	4	-	-	-	245	0	-
Nov19	2,469	4	-	-	-	31	0	-
Jan20	2,469	4	-	-	-	0	0	-
Total						231,105	2,791	48,741

Spreads

Contract	Open	High	Low	Last	Vol
Feb18 / Mar18	-4	-3	-11	-5	157
Mar18 / Apr18	-3	-2	-5	-5	4,121
Apr18 / May18	0	1	-6	-6	3,661
May18 / Jun18	11	11	5	5	693

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	MAR18	973.00	4.25
Soybean Oil	MAR18	32.23	-0.28
Soybean Meal	MAR18	328.40	4.10
Crude Oil	MAR18	63.89	-0.03
DCE Palm Oil	MAY18	5,190	-16.00
DCE Soybean Oil	MAY18	5,706	-18.00

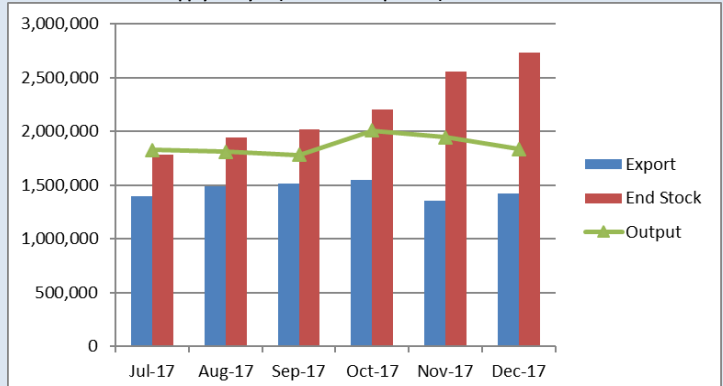
Exchange Rate

Currency	Last
USDMYR	3.9550
USDIDR	13,347
USDCNY	6.4199

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	JAN18	n/a	4894.24	n/a
FOB CPO (Indo)	USD/mt	FEB18	627.50	632.50	630.00
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)

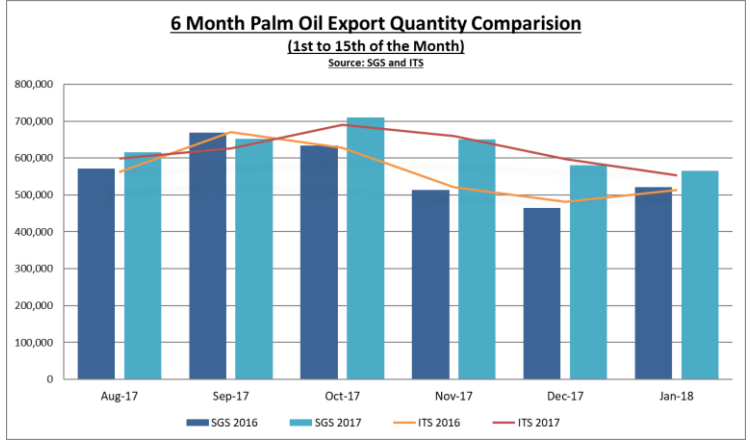


Demand and Supply Data

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	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		

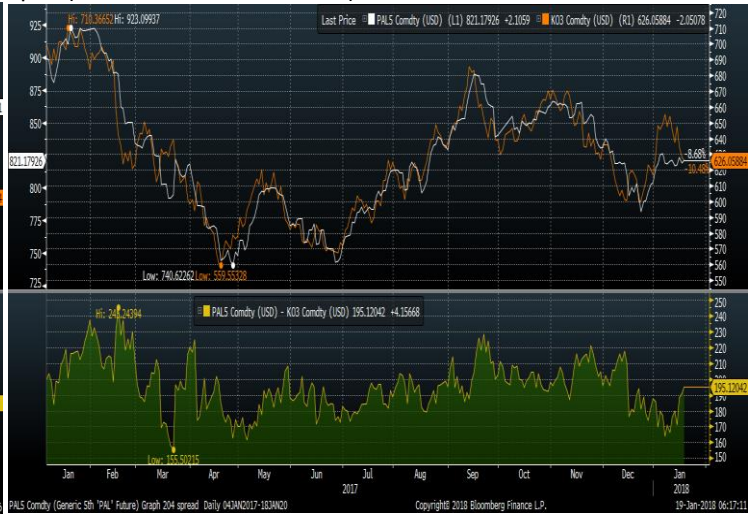
Export Quantity Analysis



Spread (CBOT Soyoil - BMD Crude Palm Oil)



Spread (DCE Palm Olein - BMD Crude Palm Oil)



Sources: Thomson Reuters / Bloomberg/ MPOB/ITS/SGS/ Phillip Futures

Dealing Desk
pfsb_dealing@poems.com.my

CONTACT US:
Kuala Lumpur Headquarters:
(+603) 2711 0026
pfsb_research@poems.com.my

Kota Damansara Branch:
(+603) 26308688
phillipfutures@poems.com.my

Johor - Taman Sutera Utama Branch:
(+607) 5572188
pfbj@poems.com.my

Johor - Taman Molek Branch:
(+607) 3525999
pfbj@poems.com.my

Penang Branch:
(+604) 2616822
pfpg@poems.com.my

Kuching Branch:
(+6082) 247633
pfkc@poems.com.my

Malacca Branch:
(+606) 2748711
pfmk@poems.com.my

Official Website: www.phillipfutures.com.my
Facebook Page: www.facebook.com/PhillipFuturesSdnBhd

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