

FCPO Daily Commentary

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PALM FCPO MAR18 (2521,-7)

Our Call of The Day:

Mild Bearish

20 December 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm prices fell on rising end-stocks and slow demand.
- CBOT soybean closed lower on technical selling and better weather in South America soy production areas.

Crude Palm Oil

Malaysian palm oil futures declined on Tuesday evening as high end-stocks and sluggish demand dented sentiment but pared an earlier 1 percent drop.

The benchmark palm oil contract for March delivery on the Bursa Malaysia Derivatives Exchange was down 0.3 percent at 2,521 ringgit (\$618.04) at the end of the trading day, a second straight day of losses.

Phillip Futures Sdn Bhd Derivatives Product Specialist, David Ng said the decline in CPO price was also in line with the overnight losses on the Chicago bean oil market. "We locate support at RM2,480 a tonne and resistance at RM2,580 a tonne," he added.

Palm had been on a downward trend on weak demand and high stockpiles before jumping nearly 3 percent to reach its highest levels in a week last Friday.

Inventory levels in Malaysia, the world's second-largest palm oil producer after Indonesia, climbed to their highest in nearly two years at end-November.

Stockpiles rose 16 percent to 2.56 million tonnes, official government data showed last week, while demand fell nearly 12 percent to 1.35 million tonnes in November.

Today, we expect palm prices to trade higher as firmer overnight CBOT may provide support to the market. However, upsides of the market most likely to be capped by the weak market sentiment.

Soybean (Reuters)

Chicago Board of Trade soybean futures fell to three-month lows on Tuesday on technical selling and as rains in some South American soy production areas were seen boosting crops.

Benchmark CBOT January soybeans ended down 5-1/2 cents at \$9.56 a bushel, the lowest since mid-September. Chart-based selling as prices fell below Monday's lows accelerated declines at midsession.

Rains are forecast for much of Argentina's farm belt this week, while widespread precipitation is expected in Brazil later this week, meteorologists said.

The U.S. Department of Agriculture said private exporters sold 145,000 tonnes of U.S. soybeans to unknown destinations for 2018-19 delivery, the third soybean sales announcement in as many days.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Jan18	2,469	1	2,454	2,471	2,440	5,647	-503	1,085
Feb18	2,497	-2	2,487	2,501	2,466	30,273	-2,319	6,386
Mar18	2,521	-7	2,517	2,526	2,494	40,391	1,399	20,526
Apr18	2,538	-8	2,532	2,542	2,512	35,080	413	3,587
May18	2,542	-13	2,545	2,549	2,521	45,362	1,268	6,503
Jun18	2,530	-15	2,530	2,535	2,508	1,710	1,220	2,320
Jul18	2,513	-18	2,523	2,527	2,500	26,338	-176	1,584
Sep18	2,495	-15	2,505	2,511	2,484	21,106	-110	1,079
Nov18	2,492	-9	2,491	2,504	2,476	18,035	-90	680
Jan19	2,524	-9	2,516	2,517	2,506	4,746	-2	54
Mar19	2,541	-4	2,526	2,541	2,520	5,016	222	287
May19	2,540	-5	2,525	2,539	2,522	6,236	177	265
Jul19	2,524	-5	-	-	-	801	0	-
Sep19	2,504	-5	-	-	-	180	0	-
Nov19	2,504	-5	-	-	-	30	0	-
Total						240,951	1,499	44,356

Spreads

Contract	Open	High	Low	Last	Vol
Jan18 /Feb18	-36	-22	-36	-30	502
Feb18 /Mar18	-30	-25	-31	-25	3,365
Mar18 /Apr18	-17	-14	-18	-15	1,713
Apr18 /May18	-9	-7	-10	-7	871

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	MAR 18	966.75	-5.75
Soybean Oil	MAR 18	33.39	0.21
Soybean Meal	MAR 18	319.10	-3.40
Crude Oil	JAN 18	57.46	0.30
DCE Palm Oil	MAY 18	5,260	-26.00
DCE Soybean Oil	MAY 18	5,792	-36.00

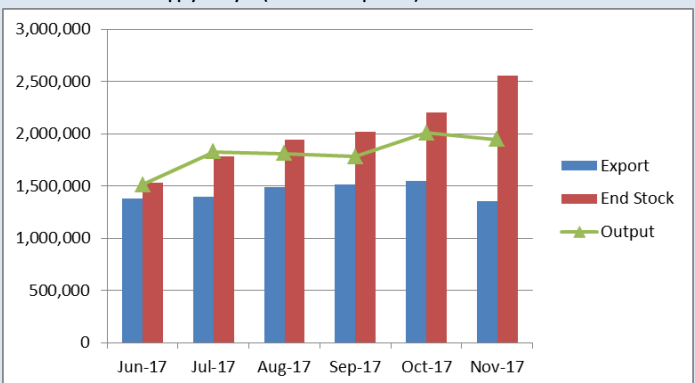
Exchange Rate

Currency	Last
USDMYR	4.0810
USDIDR	13,582
USDCNY	6.6003

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	DEC17	n.a.	5009.98	n.a.
FOB CPO (Indo)	USD/mt	JAN18	622.5	630	626.25
FOB RBD Palm Olein (M'sia)	USD/mt	JAN18	n.a.	625	618.75
FOB RBD Palm Oil (M'sia)	USD/mt	JAN18	n.a.	620	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)

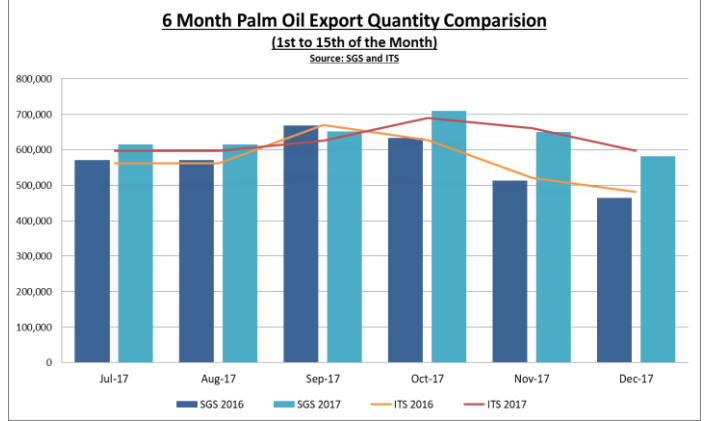


Demand and Supply Data

Date	ITS (in tonnes)			SGS (in tonnes)		
	Nov'17	Dec'17	Chg (%)	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)	Oct'17	Nov'17	MoM (%)	PFSB Forecast	
				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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