

FCPO Daily Commentary

Brought to you by Phillip Futures Sdn Bhd (962533-U) (A member of PhillipCapital)



PALM FCPO MAR18 (2499,-22)

Our Call of The Day:

Mild Bearish

21 December 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm prices ended lower on firmer ringgit
- CBOT soybean fell on favourable rain in South America soy productions areas.

Crude Palm Oil

Malaysian palm oil futures fell on Wednesday evening, easing from gains made earlier in the day, as it fell on a stronger ringgit, its currency of trade.

The benchmark palm oil contract for March delivery on the Bursa Malaysia Derivatives Exchange fell 0.9 percent to 2,499 ringgit (\$613.85) a tonne at the close of trade.

A stronger ringgit typically makes palm oil more expensive for holders of foreign currencies. It closed on Wednesday evening 0.2 percent stronger against the dollar at 4.0710 and is currently trading at around 14-month lows.

Phillip Futures Sdn Bhd Dealer David Ng said market sentiment was also weighed down by expectations of higher production coupled with a stronger ringgit against the US dollar. "We locate support at RM2,480 per tonne and immediate resistance at RM2,600 per tonne," he said.

The market was earlier up as expectations of lower production in December and easing weakness in export demand supported the market.

Malaysian palm oil shipments fell 2 percent on Dec. 1-20 compared with the same period last month, data from cargo surveyors Intertek Testing Services and Societe Generale de Surveillance showed.

The fall compares with a steep 16-22 percent decline seen in the first ten days of December, against the same period in November.

Today, we expect palm prices to open lower, tracking weakness in overnight CBOT soy oil market. However, we may see some buying interest near the support level of Rm2480.

Soybean (Reuters)

Chicago Board of Trade soybean futures posted fresh three-month lows on Wednesday and ended lower for a fifth consecutive session as rains in many South American soy production areas were seen boosting crops.

Rains are forecast for some Argentine farm areas this week, while widespread precipitation is expected in Brazil in the next 10 to 15 days, meteorologists said.

China has tightened import quality specifications for U.S. soybeans, which traders and analysts say could make it more difficult for U.S. shipments to compete with South American export rivals.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Jan18	2,450	-19	2,479	2,479	2,450	5,314	-333	387
Feb18	2,477	-20	2,501	2,507	2,472	29,105	-1,168	4,212
Mar18	2,499	-22	2,525	2,534	2,496	41,503	1,112	20,570
Apr18	2,517	-21	2,539	2,548	2,511	34,868	-212	3,969
May18	2,516	-26	2,530	2,554	2,515	45,201	-161	4,074
Jun18	2,503	-27	2,530	2,539	2,501	3,052	1,342	2,604
Jul18	2,491	-22	2,503	2,526	2,487	26,266	-72	1,857
Sep18	2,477	-18	2,496	2,507	2,473	20,952	-154	1,649
Nov18	2,474	-18	2,496	2,505	2,470	18,038	3	1,179
Jan19	2,502	-22	2,520	2,520	2,502	4,756	10	61
Mar19	2,519	-22	2,535	2,540	2,516	5,179	163	256
May19	2,518	-22	2,535	2,540	2,516	6,307	71	169
Jul19	2,502	-22	2,507	2,508	2,505	801	0	75
Sep19	2,482	-22	2,490	2,490	2,490	218	38	50
Nov19	2,482	-22	-	-	-	30	0	-
Total						241,590	639	41,112

Spreads

Contract	Open	High	Low	Last	Vol
Jan18 /Feb18	-24	-20	-32	-20	197
Feb18 /Mar18	-26	-23	-29	-25	1,763
Mar18 /Apr18	-15	-14	-17	-15	1,338
Apr18 /May18	-7	-4	-8	-5	518

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	MAR 18	964.50	-2.25
Soybean Oil	MAR 18	33.13	-0.26
Soybean Meal	MAR 18	319.70	0.60
Crude Oil	JAN 18	58.09	0.54
DCE Palm Oil	MAY 18	5,274	14.00
DCE Soybean Oil	MAY 18	5,786	-6.00

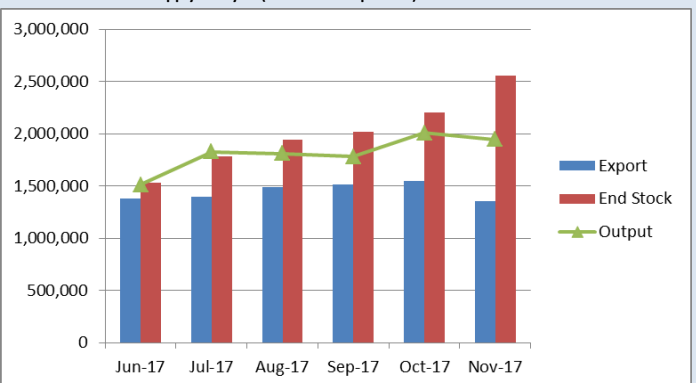
Exchange Rate

Currency	Last
USDMYR	4.0740
USDIDR	13,573
USDCNY	6.5663

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	DEC17	n.a.	4960.38	n.a.
FOB CPO (Indo)	USD/mt	JAN18	622.5	627.5	625
FOB RBD Palm Olein (M'sia)	USD/mt	JAN18	617.5	622.5	620
FOB RBD Palm Oil (M'sia)	USD/mt	JAN18	n.a.	617.5	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)

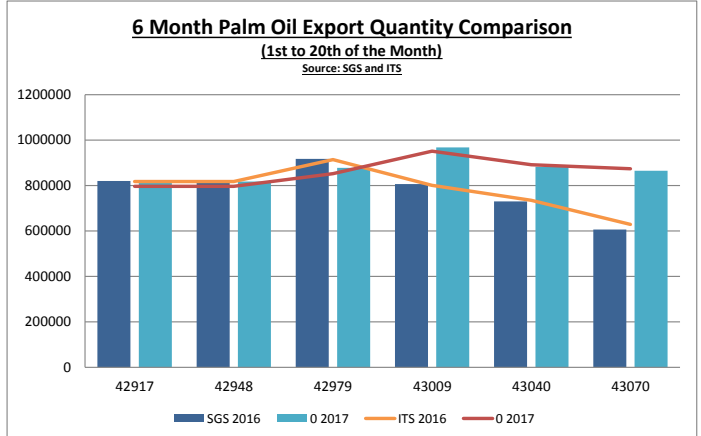


Demand and Supply Data

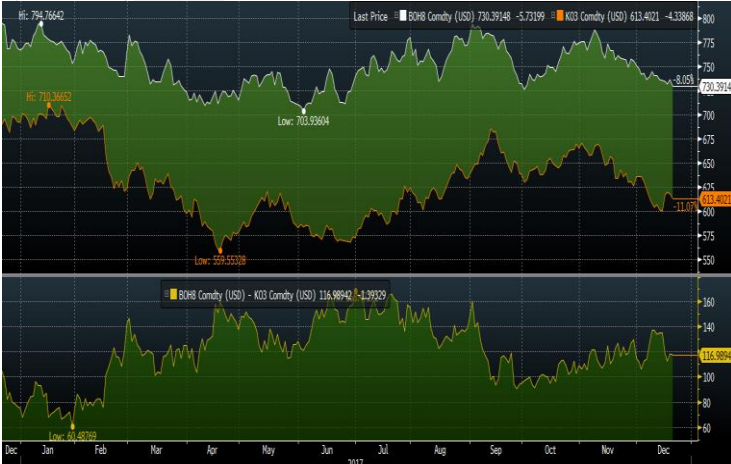
Date	ITS (in tonnes)			SGS (in tonnes)		
	Nov'17	Dec'17	Chg (%)	Nov'17	Dec'17	Chg (%)
First 10 days	436,988	364,277	-16.6	439,879	339,289	-22.9
First 15 days	660,465	596,862	-9.6	650,962	581,254	-10.7
First 20 days	891,926	874,022	-2.0	882,943	865,309	-2.0
First 25 days						
Full month						

(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)



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

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