

FCPO Daily Commentary

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PALM FCPO APR18 (2494,+19)

Our Call of The Day:

Mildly Bullish
24 January 2018

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm oil rebounds for second day of gains on output decline.
- Soybeans gain for 7th straight session as Argentina weather eyed.

Crude Palm Oil

Malaysian palm oil futures rose for second day on Tuesday closed, rebounding from a sharp decline earlier in the session, lifted by bullish sentiment on falling production. However, the gained was limited on the anticipate of poor demand in January.

The benchmark April 18 gained RM19 to RM2,494 per tonne, prices were traded between RM2,452 and RM2,508 with total traded volume for palm stood at 48,453 lots.

Palm oil output is expected to register seasonal declines in the first quarter before picking up and heading towards peak production in the third quarter.

The production figures from the Malaysia Palm Oil Association showed a 17 percent decline in Malaysia's production from Jan. 1-20 compared with the same period last month.

Palm oil shipments from Indonesia, the world's largest producer, probably dropped in December from a year earlier as higher import levies in India curbed demand said Derom Bangun, chairman of the Indonesian Palm Oil Board.

Palm oil market expect to open higher tracking overnight gained in soyoil market, however sentiment remain bullish in short-term, on technical rebound and also the anticipation on first quarter production would decline.

Soybean (Reuters)

Chicago Board of Trade soybean futures were higher for the seventh straight session on Tuesday, struggling off earlier small declines as dealers covered short positions amid dry weather in Argentina.

Warm and dry weather conditions were likely to cut yield potential in Argentina, the No. 3 soy producer after the United States and Brazil.

Analytics firm Informa Economics trimmed its forecasts for 2018 U.S. soybean and corn plantings, even as their outlook for 91.387 million soybean acres still would be the most ever.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Feb18	2,488	23	2,450	2,503	2,444	3,660	-224	670
Mar18	2,498	25	2,463	2,512	2,453	18,536	-1,112	3,683
Apr18	2,494	19	2,463	2,508	2,452	46,514	-966	25,314
May18	2,492	15	2,464	2,504	2,456	49,771	179	10,186
Jun18	2,490	14	2,468	2,499	2,454	18,928	1,580	3,675
Jul18	2,472	14	2,450	2,487	2,443	25,291	1	1,803
Sep18	2,450	13	2,430	2,466	2,423	24,247	372	1,248
Nov18	2,452	13	2,430	2,466	2,425	21,027	-52	900
Jan19	2,464	-2	2,461	2,485	2,461	6,361	103	199
Mar19	2,482	-2	2,470	2,501	2,469	8,991	40	194
May19	2,482	-2	2,470	2,504	2,470	9,257	212	296
Jul19	2,484	3	2,467	2,506	2,467	954	136	260
Sep19	2,467	3	2,475	2,475	2,475	266	21	25
Nov19	2,467	3	-	-	-	31	0	-
Jan20	2,467	3	-	-	-	0	0	-
Total						233,834	290	48,453

Spreads

Contract	Open	High	Low	Last	Vol
Feb18 / Mar18	-10	-5	-10	-8	302
Mar18 / Apr18	0	5	-1	3	1,992
Apr18 / May18	-2	4	-4	2	5,316
May18 / Jun18	3	6	2	5	1,466

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	MAR18	986.25	2.00
Soybean Oil	MAR18	32.52	0.36
Soybean Meal	MAR18	339.60	1.00
Crude Oil	MAR18	64.47	0.90
DCE Palm Oil	MAY18	5,194	18.00
DCE Soybean Oil	MAY18	5,760	40.00

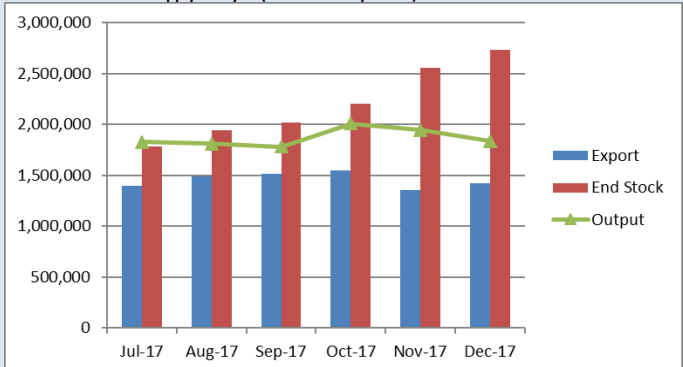
Exchange Rate

Currency	Last
USD/MYR	3.9270
USD/IDR	13,345
USD/CNY	6.4055

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	JAN18	n/a	4927.31	n/a
FOB CPO (Indo)	USD/mt	FEB18	632.50	637.50	635.00
FOB RBD Palm Olein (M'sia)	USD/mt	FEB18	640.00	645.00	642.50
FOB RBD Palm Oil (M'sia)	USD/mt	FEB18	n/a	640.00	n/a

MPOB Demand and Supply Analysis (6 Month Comparison)

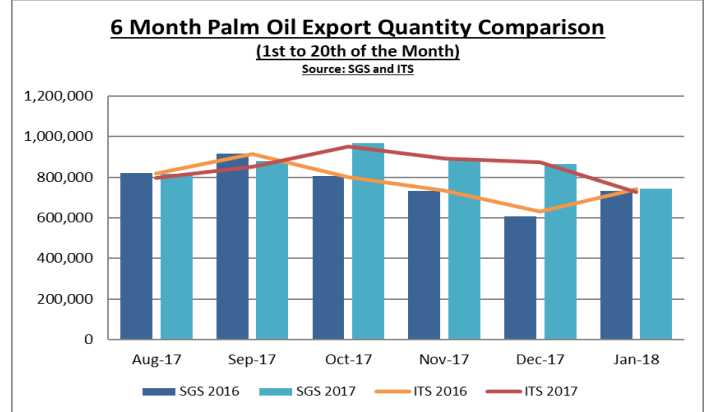


Demand and Supply Data

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	727,958	-16.7	865,309	744,706	-13.9
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

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