

# FCPO Daily Commentary

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## PALM FCPO MAR18 (2567,-55)

Our Call of The Day:

**Consolidation**  
12 January 2018

### FCPO 3rd Month Daily Candle Chart



### Market Commentary

#### Highlights:

- Palm declines over 2 pct on stronger ringgit and higher stockpiles.
- Soybeans drop to 4-month low ahead of USDA crop data.
- Key U.S. government crop reports to be release on Friday.

#### Crude Palm Oil

Malaysian palm oil futures fell over 2 percent on Thursday, as a stronger ringgit and concerns over higher stockpiles weighed on the market.

The benchmark March 18 dropped RM55 to RM2,567 per tonne, prices were traded between RM2,566 and RM2,613 with total traded volume for palm stood at 51,278 lots.

The ringgit had strengthened 0.4 percent to 3.9850 per dollar in the Thursday evening, trading in range of its strongest levels in 16 months. The gains in the ringgit usually makes Malaysia palm oil more expensive for foreign buyers.

Industry regulator, Malaysian Palm Oil Board (MPOB) reported that palm oil stocks in Malaysia rose 7 percent on the month to a more than two-year high of 2.7 million tonnes at end-December. Production fell 5.6 percent on the month to 1.8 million tonnes, while exports edged up 4.9 percent to 1.4 million tonnes.

Malaysian Meteorological Department warned heavy rain over states of Johor and Pahang is likely until Saturday. Heavy rain alert over Sarawak and Terengganu through to Saturday. Thunderstorms, heavy rain and strong winds likely over Sabah on Thursday.

Today, the palm prices expect to move in consolidation downward bias tracking overnight loss in soyoil prices, ringgit strengthening continue to weighed on market. However, zero export tax implementation and rain fall in few palm-oil producing state could disrupt product in coming months likely to provide support.

#### Soybean (Reuters)

Chicago Board of Trade soybean futures declined for the fourth straight session on Thursday, notching fresh four-month lows, as investors evened positions a day ahead of U.S. government crop data.

Estimates from Brazil consultancies for increased soy output, coupled with crop-friendly weather there, further weighed on soybean prices.

Analysts on average expect the U.S. Department of Agriculture (USDA) to raise its forecasts of U.S. 2017-18 soy ending stocks and Brazil's soybean harvest.

USDA said weekly soybean export sales totaled 607,400 tonnes, within the range of analysts' estimates.

Soymeal futures eased about 1 percent and soyoil also was lower, following the declines in beans.

### Crude Palm Oil Futures

#### Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Jan18	2,509	-59	2,557	2,557	2,534	1,072	0	2
Feb18	2,563	-59	2,608	2,608	2,559	8,387	-1,902	3,230
Mar18	2,567	-55	2,612	2,613	2,566	33,338	-1,374	22,864
Apr18	2,566	-46	2,599	2,602	2,565	36,950	-1,220	9,534
May18	2,558	-38	2,587	2,587	2,557	45,716	86	8,030
Jun18	2,538	-37	2,563	2,563	2,537	12,697	-102	2,290
Jul18	2,513	-33	2,539	2,539	2,512	23,384	-344	2,584
Sep18	2,490	-30	2,515	2,515	2,490	21,532	-336	1,556
Nov18	2,491	-29	2,514	2,515	2,490	20,487	476	956
Jan19	2,523	-31	2,535	2,543	2,523	5,933	-27	111
Mar19	2,538	-31	2,555	2,559	2,540	5,967	29	64
May19	2,538	-31	2,541	2,541	2,538	6,661	38	57
Jul19	2,540	-31	-	-	-	819	0	-
Sep19	2,523	-31	-	-	-	245	0	-
Nov19	2,523	-31	-	-	-	31	0	-
<b>Total</b>						<b>223,219</b>	<b>-4,676</b>	<b>51,278</b>

#### Spreads

Contract	Open	High	Low	Last	Vol
Feb18 / Mar18	-2	4	-11	-5	2,309
Mar18 / Apr18	11	12	0	2	4,799
Apr18 / May18	14	15	5	6	2,286
May18 / Jun18	23	23	16	20	772

#### Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	MAR18	950.00	-5.00
Soybean Oil	MAR18	33.15	-0.30
Soybean Meal	MAR18	313.10	-3.30
Crude Oil	FEB18	63.80	0.23
DCE Palm Oil	MAY18	5,336	-4.00
DCE Soybean Oil	MAY18	5,788	-8.00

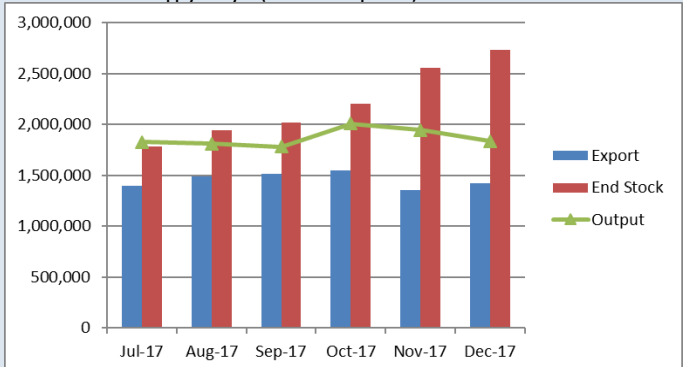
#### Exchange Rate

Currency	Last
USDMYR	3.9785
USDIDR	13,409
USDCNY	6.4960

#### Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	JAN18	n/a	5043.05	n/a
FOB CPO (Indo)	USD/mt	JAN18	635.00	645.00	640.00
FOB RBD Palm Olein (M'sia)	USD/mt	JAN18	n/a	657.50	655.00
FOB RBD Palm Oil (M'sia)	USD/mt	JAN18	n/a	652.50	n/a

#### MPOB Demand and Supply Analysis (6 Month Comparison)

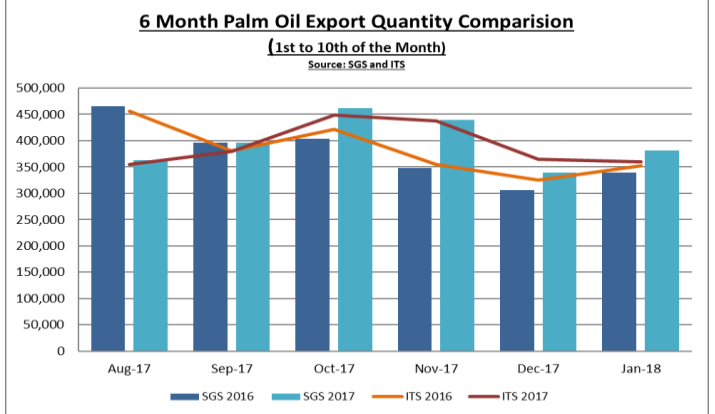


**Demand and Supply Data**

Date	Cargo Surveyor Figures			SGS (in tonnes)		
	ITS (in tonnes)			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			581,254		
First 20 days	874,022			865,309		
First 25 days	1,090,622			1,108,189		
Full month	1,422,070			1,439,477		

(in tonnes)	Malaysia Palm Oil Board Data (MPOB)			PFSB Forecast	
	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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