

FCPO Daily Commentary

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PALM FCPO MAR18 (2532,+29)

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm climbs on strong exports, gains in related oils and floor concerns.
- Soybeans close firm on Argentina weather view.

Crude Palm Oil

Malaysian palm oil futures rose more than 1 percent on Tuesday closed, tracking related edible oils and supported by improving export demand.

The benchmark March 18 gained RM29 to RM2,532 per tonne, prices were traded between RM2,526 and RM2,548 with total traded volume for palm stood at 29,942 lots.

The export data of Malaysia on Tuesday showed gained 6.7 percent month on month in December 2017 on stronger demand from Europe and India, according to data from cargo surveyor Intertek Testing Services (ITS). Another cargo surveyor, Societe Generale de Surveillance (SGS), reported a 9.8 percent gain in exports for the same period.

Besides, the demand is expected to improve after mid-January 2018 as key buyer China stocks up ahead of Lunar New Year celebrations.

According to derivatives specialist at Phillip Futures David Ng, market participants also watching flood situation in several key palm-growing areas. There is heavy rain in Malaysia and Indonesia palm areas.

In other related edible oils, the May18 soybean oil contract on the Dalian Commodity Exchange was rose 2 percent, while the Dalian Jan18 palm olein contract was up 1.8 percent.

We expect palm prices to open higher tracking gained in soyoil prices, improving palm demand and anticipate on slower output in coming month could bring the prices to further higher in short term. However, ringgit strengthening likely to limit the upside movement.

Soybean (Reuters)

Chicago Board of Trade soybean futures rose on Tuesday, underpinned by concerns that hot weather in Argentina will limit crop production there despite recent rains.

Ongoing concerns that heat in Argentina will limit the size of that country's harvest supported soybean prices.

A shortfall in South American crop production could boost demand for U.S. exports and help alleviate the glut of domestic supplies following the recent bumper harvest.

The U.S. Agriculture Department said weekly export inspections of soybeans were 1.139 million tonnes. Analysts' estimates ranged from 1.1 million to 1.3 million tonnes.

Soybean and soy meal futures also posted higher closes. However, the weakness in crude oil prices also limited the bullish sentiment.

Our Call of The Day:

Mildly Bullish

3 January 2018

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Jan18	2,472	28	2,466	2,481	2,466	2,059	-854	97
Feb18	2,509	28	2,504	2,523	2,503	21,665	-2,438	2,422
Mar18	2,532	29	2,530	2,548	2,526	43,085	-1,851	17,405
Apr18	2,549	28	2,548	2,563	2,544	36,022	227	3,157
May18	2,557	27	2,557	2,570	2,554	45,101	-147	3,154
Jun18	2,548	26	2,548	2,561	2,546	7,373	196	1,012
Jul18	2,528	27	2,532	2,544	2,526	25,965	-34	1,595
Sep18	2,510	24	2,522	2,525	2,510	21,222	53	493
Nov18	2,506	23	2,517	2,524	2,504	18,975	29	216
Jan19	2,535	23	2,540	2,548	2,535	5,772	25	240
Mar19	2,553	23	2,546	2,558	2,546	5,499	5	93
May19	2,550	23	-	-	-	6,507	0	58
Jul19	2,543	23	-	-	-	821	0	-
Sep19	2,528	23	-	-	-	238	0	-
Nov19	2,528	23	-	-	-	30	0	-
Total						240,334	-4,789	29,942

Spreads

Contract	Open	High	Low	Last	Vol
Jan18 /Feb18	-44	-44	-49	-48	55
Feb18 /Mar18	-26	-22	-26	-24	1,334
Mar18 /Apr18	-18	-14	-18	-17	1,631
Apr18 /May18	-12	-7	-12	-8	493

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	MAR 18	964.75	3.00
Soybean Oil	MAR 18	33.55	0.29
Soybean Meal	MAR 18	317.90	1.10
Crude Oil	FEB 18	60.37	-0.05
DCE Palm Oil	MAY 18	5,296	66.00
DCE Soybean Oil	MAY 18	5,766	98.00

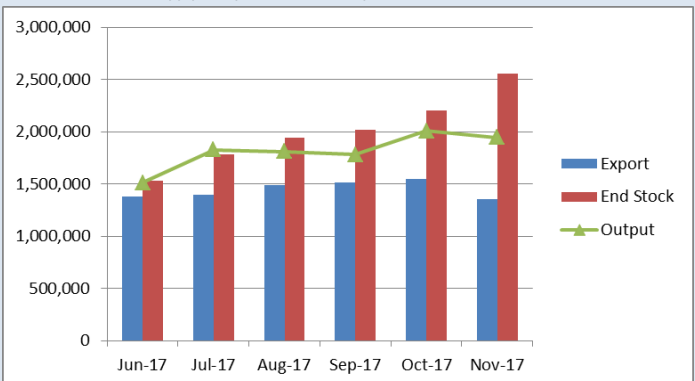
Exchange Rate

Currency	Last
USDMYR	4.0195
USDIDR	13,551
USDCNY	6.4939

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	JAN18	n/a	4960.38	n/a
FOB CPO (Indo)	USD/mt	JAN18	n/a	640.00	636.25
FOB RBD Palm Olein (M'sia)	USD/mt	JAN18	n/a	640.00	633.75
FOB RBD Palm Oil (M'sia)	USD/mt	JAN18	n/a	635.00	n/a

MPOB Demand and Supply Analysis (6 Month Comparison)

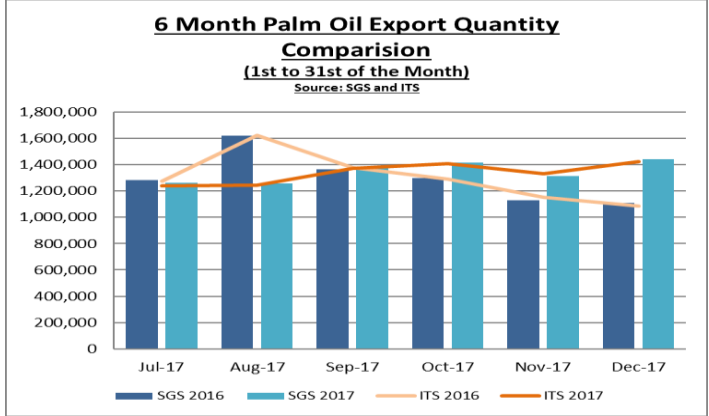


Demand and Supply Data

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	1,079,427	1,090,622	1.0	1,094,318	1,108,189	1.3
Full month	1,332,342	1,422,070	6.7	1,311,012	1,439,477	9.8

(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		

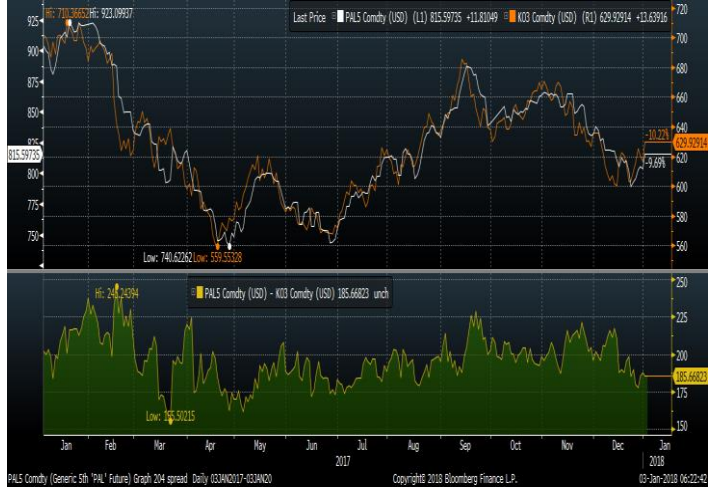
Export Quantity Analysis



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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