

FCPO Daily Commentary

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PALM FCPO APR18 (2445,-31)

Our Call of The Day:

Consolidation
22 January 2018

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm slides for fourth day; stronger ringgit and EU vote weighs.
- Soybeans close higher, following soymeal.

Crude Palm Oil

Malaysian palm oil futures fell for a fourth straight day on last Friday, weighed down by a stronger ringgit and concerns over slow exports.

The benchmark April 18 declined RM31 to RM2,445 per tonne, prices were traded between RM2,433 and RM2,467 with total traded volume for palm stood at 39,494 lots.

According to James Fry, chairman of LMC, rising production forecasts for 2018 in Malaysia and Indonesia will weigh on the market.

David Ng of Phillip Futures in Kuala Lumpur said the market is worried about developments in the EU and watching closely on China. He further stated that the market seem reacting towards a stronger ringgit.

European lawmakers this week approved a plan to ban the use of palm oil in motor fuels from 2021, raising fears in the industry of an overall decline in demand. A Malaysian minister on Thursday labelled the move a form of "crop apartheid".

Palm oil market sentiment remain weaker on demand outlook as the result of the EU parliament decision on phase-out palm oil and cap the usage of palm oil in biodiesel mix. The market likely to trade in consolidate mode with downside bias as fundamental remain bearish.

Soybean (Reuters)

Chicago Board of Trade soybean futures rose for the fifth straight day on Friday, supported by hopes that export demand for U.S. supplies will remain strong amid concerns about crop development in South America.

The U.S. Agriculture Department on Friday morning said weekly export sales of soymeal totaled a bigger-than-expected 1.528 million tonnes.

Brazil's 2017/18 soybean crop harvest is lagging last year's pace and the long-term average for this time of the year, which will result in a sharp reduction in the amount of soy that will be available in the market by the end of January

Soymeal futures also rose, with dry conditions in Argentina underpinning prices. Shortfalls in the Argentine crop would lead to decreased soymeal production from the world's top exporter of the animal feed.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Feb18	2,435	-30	2,446	2,452	2,428	4,194	-380	368
Mar18	2,444	-27	2,450	2,462	2,432	19,968	-2,718	5,315
Apr18	2,445	-31	2,455	2,467	2,433	47,357	1,806	19,669
May18	2,448	-32	2,460	2,470	2,439	48,809	482	7,264
Jun18	2,449	-29	2,459	2,467	2,439	17,280	576	2,072
Jul18	2,439	-23	2,446	2,455	2,429	24,932	307	1,574
Sep18	2,420	-28	2,435	2,435	2,410	23,602	592	1,348
Nov18	2,419	-31	2,437	2,437	2,411	20,613	-610	888
Jan19	2,451	-26	2,460	2,460	2,443	6,235	-7	19
Mar19	2,461	-29	2,476	2,476	2,458	8,841	326	424
May19	2,461	-28	2,475	2,475	2,452	8,966	412	553
Jul19	2,458	-28	-	-	-	818	0	-
Sep19	2,441	-28	-	-	-	245	0	-
Nov19	2,441	-28	-	-	-	31	0	-
Jan20	2,441	-28	-	-	-	0	0	-
Total						231,891	786	39,494

Spreads

Contract	Open	High	Low	Last	Vol
Feb18 / Mar18	-10	-3	-11	-5	75
Mar18 / Apr18	-5	-2	-5	-3	3,516
Apr18 / May18	-4	-3	-6	-4	2,596
May18 / Jun18	4	4	0	1	575

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	MAR18	977.25	4.25
Soybean Oil	MAR18	32.28	0.05
Soybean Meal	MAR18	331.60	3.20
Crude Oil	MAR18	63.31	-0.58
DCE Palm Oil	MAY18	5,174	-16.00
DCE Soybean Oil	MAY18	5,696	-10.00

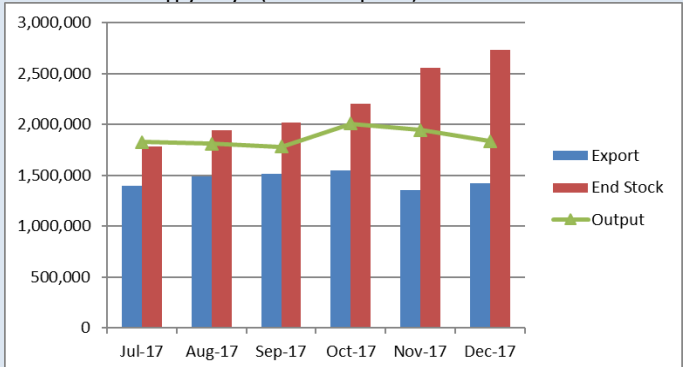
Exchange Rate

Currency	Last
USDMYR	3.9385
USDIDR	13,330
USDCNY	6.4058

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	JAN18	n/a	4877.71	n/a
FOB CPO (Indo)	USD/mt	FEB18	625.00	627.50	622.50
FOB RBD Palm Olein (M'sia)	USD/mt	FEB18	630.00	640.00	635.00
FOB RBD Palm Oil (M'sia)	USD/mt	FEB18	n/a	635.00	n/a

MPOB Demand and Supply Analysis (6 Month Comparison)

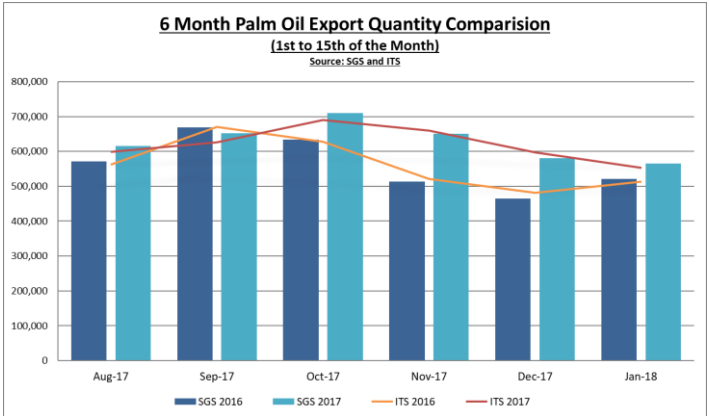


Demand and Supply Data

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			865,309		
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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