

# FCPO Daily Commentary

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## PALM FCPO FEB18 (2622, -6)

Our Call of The Day:

**Mildly Bearish**

22 November 2017

### FCPO 3rd Month Daily Candle Chart



#### Market Commentary

##### Highlights:

- Palm price fell slightly on weak market sentiment and stronger RM
- CBOT Soybean ended lower on technical selling.

#### Crude Palm Oil

Malaysian palm oil futures fell on Tuesday as India import tax rate hike coupled with stonger RM continue to damp market sentiment.

The benchmark palm oil February contract on the Bursa Malaysia Derivatives Exchange pared RM 6 to end at 2,622 ringgit a tonne, or down 0.2 percent. Earlier in the day, it slid to 2,612 ringgit a tonne, its weakest since August 16.

Industry analyst Dorab Mistry said on Tuesday that Malaysian palm oil futures will likely fall a further 2-3 percent after India raised its import duties.

India's edible oil imports are likely to drop to 15.5 million tonnes this year, down from an earlier estimate of 15.9 million tonnes.

Indian oilseed crushers had been struggling to compete with cheaper imports from Indonesia, Malaysia, Brazil and Argentina, reducing demand for local rapeseed and soybeans which have been trading below government-set prices in the physical market and angering farmers.

Today, we expect some short covering to take place in FCPO market after the sell down in past two sessions. However, upsides of the market are most likely to be capped by the strong RM.

#### Soybean (Reuters)

Chicago Board of Trade soybean futures closed lower Tuesday on light technical selling but the lead January contract stayed inside of Monday's trading range as the market awaited fresh direction.

CBOT December soymeal ended down \$1.50 at \$318.30 per short ton while December soyoil rose 0.22 cent at 34.17 cents per pound, rebounding from a one-month low hit a day earlier.

The U.S. Department of Agriculture late Monday said the U.S. soybean harvest was 96 percent complete, up from 93 percent the previous week and near the five-year average of 97 percent.

Rallies capped by beneficial rains in crop areas of northern Brazil, with more expected in the coming days.

However, worries about dry conditions building in Argentina's crop belt lent underlying support to futures.

### Crude Palm Oil Futures

#### Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Dec17	2,580	-12	2,585	2,585	2,550	2,931	-361	460
Jan18	2,600	-8	2,603	2,619	2,567	24,014	-4,867	10,809
Feb18	2,622	-6	2,614	2,640	2,586	34,587	-2,344	27,523
Mar18	2,642	-6	2,628	2,658	2,607	39,673	-903	12,344
Apr18	2,645	-8	2,635	2,664	2,617	29,816	-452	7,241
May18	2,649	1	2,642	2,665	2,620	35,496	127	7,963
Jul18	2,608	3	2,608	2,622	2,593	23,480	-291	3,467
Sep18	2,564	4	2,575	2,583	2,552	19,044	442	2,326
Nov18	2,559	5	2,567	2,575	2,549	17,393	287	1,007
Jan19	2,576	5	2,587	2,588	2,585	3,816	22	51
Mar19	2,595	16	2,595	2,595	2,580	3,517	28	102
May19	2,589	7	2,580	2,589	2,580	4,760	16	54
Jul19	2,561	7	-	-	-	710	0	-
Sep19	2,517	7	-	-	-	137	0	-
Nov19	2,517	7	-	-	-	0	0	-
<b>Total</b>						<b>239,374</b>	<b>-8,296</b>	<b>73,347</b>

#### Spreads

Contract	Open	High	Low	Last	Vol
Dec17 /Jan18	-17	-17	-22	-22	274
Jan18 /Feb18	-21	-18	-23	-23	4,710
Feb18 /Mar18	-19	-17	-21	-19	4,409
Mar18 /Apr18	-4	-4	-11	-8	2,042

#### Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JAN18	989.00	-1.00
Soybean Oil	JAN18	34.32	0.22
Soybean Meal	JAN18	320.40	-1.60
Crude Oil	JAN18	56.83	0.49
DCE Palm Oil	JAN18	5,406	-34.00
DCE Soybean Oil	JAN18	5,896	-16.00

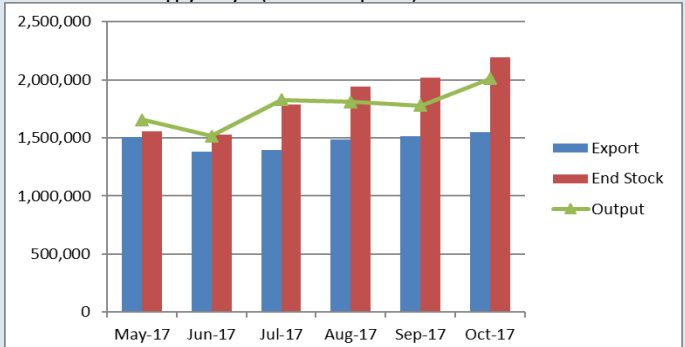
#### Exchange Rate

Currency	Last
USDMYR	4.1322
USDIDR	13,502
USDCNY	6.6251

#### Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	NOV17	n.a.	5539.09	n.a.
FOB CPO (Indo)	USD/mt	DEC17	655	660	657.5
FOB RBD Palm Olein (M'sia)	USD/mt	DEC17	647.5	657.5	652.5
FOB RBD Palm Oil (M'sia)	USD/mt	DEC17	n.a.	652.5	n.a.

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

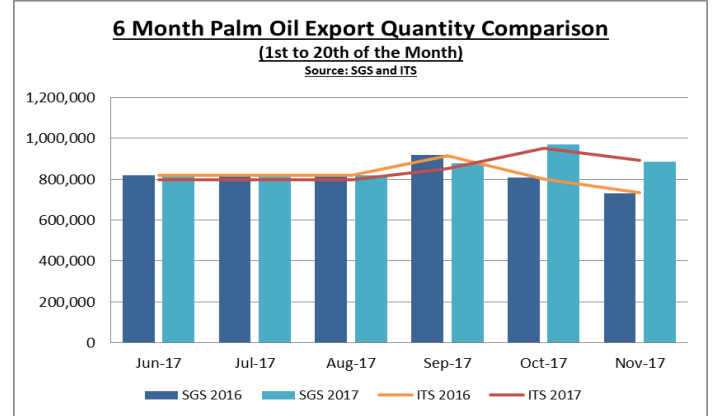


**Demand and Supply Data**

Date	ITS (in tonnes)			SGS (in tonnes)		
	Oct'17	Nov'17	Chg (%)	Oct'17	Nov'17	Chg (%)
First 10 days	448,349	436,988	-2.5	462,082	439,879	-4.8
First 15 days	690,074	660,465	-4.3	709,322	650,962	-8.2
First 20 days	951,339	882,943	-7.2	967,707	891,926	-7.8
First 25 days	1,177,939			1,197,237		
Full month	1,406,706			1,416,664		

(in tonnes)	Malaysia Palm Oil Board Data (MPOB)			PFSB Forecast	
	Sep'17	Oct'17	MoM (%)	Oct'17	Chg (%)
Production	1,779,924	2,008,841	12.9	1.92	8
Export	1,515,304	1,548,724	2.2	1.59	5
Import	41,173	13,479	-67.3		
Local Disapp	228,492	302,508	32.4		
Stock	2,019,018	2,190,106	8.5	2.16	7
Stock/Use ratio	1.13	1.08	-4.5		

**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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