

FCPO Daily Commentary

Brought to you by Phillip Futures Sdn Bhd (962533-U) (A member of PhillipCapital)



PALM FCPO MAR18 (2449,-50)

Our Call of The Day:

Mild Bearish

22 December 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm prices fell on concern over rising outputs coupled with weakness in rivals oils
- CBOT soybean closed lower on pressure from palm oil and soyoil and more stringent import requirement.

Crude Palm Oil

Malaysian palm oil futures plummeted in Thursday's trade, as stronger production fuelled concern about growing stockpiles amid soft demand, while weakness in rival oils compounded the bleak picture.

The benchmark palm oil contract for March delivery on the Bursa Malaysia Derivatives Exchange charted its largest intra-day drop in four weeks, dropping 2 percent to 2,449 ringgit (\$600.83) a tonne, clocking a third straight session of falls.

The drop in production has been narrowing, from a 7.3 percent fall for the Dec. 1-15 period to a 2.6 percent drop for Dec. 1-20 versus the same periods in the prior month, data from the Southern Palm Oil Millers' Association on Thursday showed.

Phillip Futures Sdn Bhd Dealer, David Ng, said the higher CPO inventory in the country had also pulled the prices down.

Inventory levels in Malaysia rose to their highest in nearly two years, by 16 percent to 2.56 million tonnes, while exports for November fell 11.9 percent on-month, data from the Malaysian Palm Oil Board last week showed.

Demand from Europe and China, key regions for palm oil exports, typically dwindles at the end of the year, as colder weather in the northern hemisphere solidifies the tropical oil.

Another trader said production is showing signs of outpacing demand, and tumbling rival vegetable oil prices have also exerted further pressure on palm.

Today, we expected palm prices extend its yesterday losses in view of weaker overnight CBOT soyoil market may hurt prices. In addition, growing concern of rising productions and tepid export demand set a gloomy outlook for palm prices.

Soybean (Reuters)

Chicago Board of Trade soybean futures declined for the sixth straight session on Thursday, notching a three-month low, on pressure from declines in palm and soyoil and more stringent soybean import requirements for U.S. exports to China.

The U.S. Department of Agriculture reported export sales of U.S. soybeans in the latest week at 1.7 million tonnes for 2017/18 shipment, within a range of trade estimates for 1.3 million to 1.8 million tonnes.

Soybeans remained under pressure from a USDA announcement earlier this week that China was seeking more stringent requirements for foreign materials in U.S. soy cargoes, a move that could curb exports to the top world market.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Jan18	2,411	-39	2,428	2,428	2,405	4,927	-387	449
Feb18	2,434	-43	2,454	2,464	2,421	27,759	-1,346	3,824
Mar18	2,449	-50	2,488	2,490	2,442	42,909	1,406	21,424
Apr18	2,465	-52	2,506	2,506	2,462	35,094	226	5,939
May18	2,475	-41	2,508	2,510	2,469	44,770	-431	8,401
Jun18	2,469	-34	2,490	2,497	2,466	3,836	784	2,013
Jul18	2,460	-31	2,485	2,486	2,457	26,680	414	4,086
Sep18	2,456	-21	2,468	2,482	2,455	21,373	421	2,647
Nov18	2,458	-16	2,466	2,481	2,456	18,791	753	2,093
Jan19	2,495	-7	2,498	2,512	2,493	5,487	731	1,220
Mar19	2,513	-6	2,511	2,520	2,507	5,490	311	570
May19	2,510	-8	2,511	2,518	2,508	6,502	195	347
Jul19	2,503	1	2,505	2,508	2,502	804	3	52
Sep19	2,488	6	2,492	2,494	2,488	238	20	44
Nov19	2,488	6	-	-	-	30	0	-
Total						244,690	3,100	53,109

Spreads

Contract	Open	High	Low	Last	Vol
Jan18 /Feb18	-21	-15	-29	-20	266
Feb18 /Mar18	-24	-19	-26	-21	2,053
Mar18 /Apr18	-16	-15	-20	-19	2,666
Apr18 /May18	-5	-4	-12	-9	1,269

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	MAR 18	959.00	-5.50
Soybean Oil	MAR 18	32.83	-0.30
Soybean Meal	MAR 18	318.10	-1.60
Crude Oil	FEB 18	58.36	0.17
DCE Palm Oil	MAY 18	5,214	-60.00
DCE Soybean Oil	MAY 18	5,734	-52.00

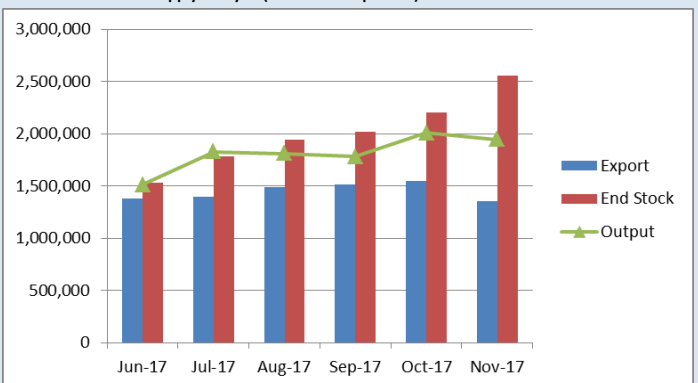
Exchange Rate

Currency	Last
USDMYR	4.0880
USDIDR	13,544
USDCNY	6.5718

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	DEC17	n.a.	4761.96	n.a.
FOB CPO (Indo)	USD/mt	JAN18	615	617.5	616.25
FOB RBD Palm Olein (M'sia)	USD/mt	JAN18	602.5	612.5	607.5
FOB RBD Palm Oil (M'sia)	USD/mt	JAN18	n.a.	607.5	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)

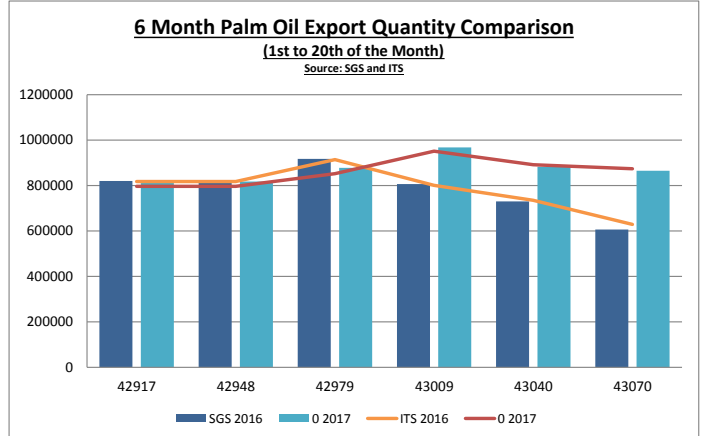


Demand and Supply Data

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						
Full month						

(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

Dealing Desk
pfsb_dealing@poems.com.my

CONTACT US:
Kuala Lumpur Headquarters:
(+603) 2711 0026
pfsb_research@poems.com.my

Kota Damansara Branch:
(+603) 26308688
phillipfutures@poems.com.my

Official Website: www.phillipfutures.com.my
Facebook Page: www.facebook.com/PhillipFuturesSdnBhd

Johor - Taman Sutera Utama Branch:
(+607) 5572188
pffb@poems.com.my

Johor - Taman Molek Branch:
(+607) 3525999
pffb@poems.com.my

Penang Branch:
(+604) 2616822
pfp@poems.com.my

Kuching Branch:
(+6082) 247633
pffc@poems.com.my

Malacca Branch:
(+606) 2748711
pfm@poems.com.my

DISCLAIMER
This publication is solely for information only. It should not be construed as an offer or solicitation for the subscription, purchase or sale of the futures contracts mentioned herein. The publication has been prepared by Phillip Futures Sdn Bhd on the basis of publicly available information, internally developed data and other sources believed to be reliable. Whilst we have taken all reasonable care to ensure that the information contained in this publication is accurate and the opinions are fair and reasonable, it does not guarantee the accuracy or completeness of this publication. Accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of any person or group of persons acting on such information and advice. This publication was prepared without regard to your specific investment objectives, financial situation or particular needs. Whilst views and advice given are in good faith, you should not regard the publication as a substitute for the exercise of your own judgement and should seek other professional advice for your specific investment needs or financial situations.