

FCPO Daily Commentary

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PALM FCPO APR18 (2475,+30)

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm snaps losing streak on bullish price outlook.
- Soybeans hit five-week high on Argentina weather, soymeal.

Crude Palm Oil

Malaysian palm oil futures rose on Monday, ended a four-session decline posed biggest gain since 3rd January, rising on the back of bullish sentiment at an industry conference held in Karachi this week.

The benchmark April 18 up RM30 to RM2,475 per tonne, prices were traded between RM2,445 and RM2,479 with total traded volume for palm stood at 31,893 lots.

David Ng of Phillip Futures in Kuala Lumpur said the market is reacting to forecasts from analysts for higher palm oil prices in the near term.

According to Thomas Mielke, executive director of Oil World, total palm oil production seen at 70.11m tons in 2018 vs 67.49m tons a year earlier.

Malaysian palm oil prices could rise to 2,700 ringgit a tonne in the first quarter of the year because production is expected to decline on a seasonal basis, said two leading industry analysts at the conference.

According to Mustapa Mohamed, Minister of International Trade and Industry, says in statement on Monday, Malaysia will voice out unethical and unfair trade practices by the European Union (EU) in the next World Trade Organisation (WTO) meeting.

Palm oil market likely to open lower tracking overnight losses in soyoil market, however sentiment could be supported as the first quarter production likely to decline and we are looking ahead of improve demand from China for new year celebration.

Soybean (Reuters)

Chicago Board of Trade soybean futures climbed for the sixth straight session to a five-week high on Monday, lifted by steep gains in soymeal prices amid worries that dry Argentina weather could hurt soy yields there.

Rainfall limited last week in Argentina and few showers were predicted this week, according to Radiant Solutions. Argentina is the top global soymeal and soyoil exporter.

Yield losses were likely in Argentina, the Buenos Aires Grains Exchange said.

The U.S. Department of Agriculture said 1.419 million tonnes of soybeans were inspected for export last week, just above the high end of analyst estimates.

Our Call of The Day:

Consolidation
23 January 2018

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Feb18	2,465	30	2,447	2,468	2,447	3,884	-310	348
Mar18	2,473	29	2,453	2,478	2,448	19,648	-320	2,496
Apr18	2,475	30	2,445	2,479	2,445	47,480	123	15,743
May18	2,477	29	2,449	2,484	2,449	49,592	783	6,896
Jun18	2,476	27	2,449	2,481	2,449	17,348	68	2,458
Jul18	2,458	19	2,445	2,467	2,445	25,290	358	1,455
Sep18	2,437	17	2,427	2,446	2,427	23,875	273	911
Nov18	2,439	20	2,430	2,447	2,430	21,079	466	1,002
Jan19	2,466	15	2,467	2,474	2,463	6,258	23	179
Mar19	2,484	23	2,480	2,487	2,476	8,951	110	167
May19	2,484	23	2,473	2,487	2,473	9,045	79	238
Jul19	2,481	23	-	-	-	818	0	-
Sep19	2,464	23	-	-	-	245	0	-
Nov19	2,464	23	-	-	-	31	0	-
Jan20	2,464	23	-	-	-	0	0	-
Total						233,544	1,653	31,893

Spreads

Contract	Open	High	Low	Last	Vol
Feb18 / Mar18	-8	-4	-11	-10	128
Mar18 / Apr18	-3	0	-3	-1	957
Apr18 / May18	-3	-2	-5	-2	2,842
May18 / Jun18	-1	5	-1	3	473

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	MAR18	984.25	7.00
Soybean Oil	MAR18	32.16	-0.12
Soybean Meal	MAR18	338.60	7.00
Crude Oil	MAR18	63.57	0.26
DCE Palm Oil	MAY18	5,176	2.00
DCE Soybean Oil	MAY18	5,720	24.00

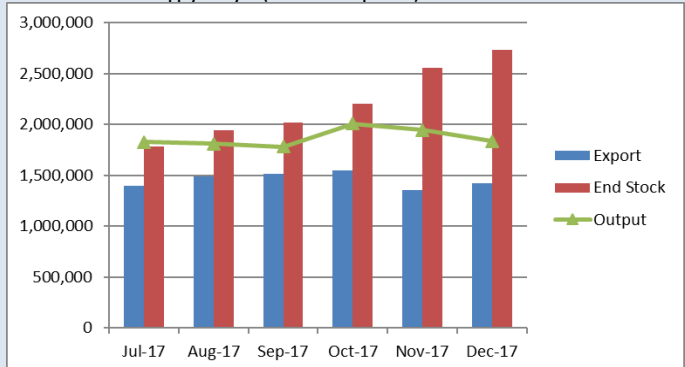
Exchange Rate

Currency	Last
USD/MYR	3.9350
USD/IDR	13,352
USD/CNY	6.4047

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	JAN18	n/a	4943.85	n/a
FOB CPO (Indo)	USD/mt	FEB18	630.00	635.00	632.50
FOB RBD Palm Olein (M'sia)	USD/mt	FEB18	637.50	645.00	641.25
FOB RBD Palm Oil (M'sia)	USD/mt	FEB18	n/a	640.00	n/a

MPOB Demand and Supply Analysis (6 Month Comparison)

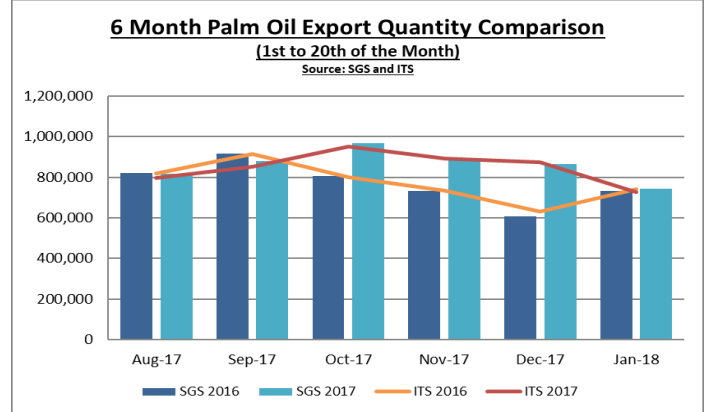


Demand and Supply Data

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	727,958	-16.7	865,309	744,706	-13.9
First 25 days	1,090,622			1,108,189		
Full month	1,422,070			1,439,477		

(in tonnes)	Nov'17	Dec'17	MoM (%)	PFSB Forecast	
				Jan'18	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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