

FCPO Daily Commentary

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PALM FCPO APR18 (2521,+27)

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm posted for 3rd straight day of gains on output cut.
- Soybeans advance for eighth straight session on technical buying.

Crude Palm Oil

Malaysian palm oil futures rose for 3rd consecutive session on Wednesday closed, as currently market sentiment bullish on declining production.

The benchmark April 18 up RM27 to RM2,521 per tonne, prices were traded between RM2,493 and RM2,526 with total traded volume for palm stood at 39,883 lots.

Palm oil output is expected to see seasonal declines in the first quarter of the year before picking up and heading towards peak production in the third quarter. It last fell 5.6 percent to 1.8 million tonnes in December, industry regulator data showed.

The production figures from the Malaysia Palm Oil Association showed a 17 percent decline in Malaysia's production from Jan. 1-20 compared with the same period last month.

Today, palm oil market likely to trade higher as market assessed to the slower production in first quarter, overnight gained in soyoil market provide additional support. Market players will also be eyeing on Malaysia export data for January 1-25 days for more leads.

Soybean (Reuters)

Chicago Board of Trade soybean futures rose for the eighth straight session on Wednesday, buoyed by a drop in the U.S. dollar and dry weather in Argentina, a major exporter.

The weak dollar and unfavorable crop weather in Argentina fueled hopes for improved U.S. export demand.

The long-range outlook for South America has trended drier in Argentina and far southern Brazil during February, according to Radiant Solutions, a weather firm. Brazil is the world's top soybean exporter, while Argentina is the third-largest producer and largest exporter of soybean meal and soyoil.

Private exporters struck deals to sell 132,000 tonnes of U.S. soybean cake and meal to the Philippines, according to the U.S. Department of Agriculture.



Our Call of The Day:

Mildly Bullish

25 January 2018

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

| Contract | Last | Change | Open | High | Low | Open Interest | | Volume |
|--------------|-------|--------|-------|-------|-------|----------------|------------|---------------|
| | | | | | | Lots | Changes | |
| Feb18 | 2,512 | 24 | 2,491 | 2,514 | 2,491 | 3,271 | -389 | 289 |
| Mar18 | 2,521 | 23 | 2,506 | 2,526 | 2,496 | 17,761 | -775 | 2,314 |
| Apr18 | 2,521 | 27 | 2,502 | 2,526 | 2,493 | 47,507 | 993 | 20,759 |
| May18 | 2,519 | 27 | 2,498 | 2,525 | 2,491 | 49,262 | -509 | 7,120 |
| Jun18 | 2,512 | 22 | 2,492 | 2,518 | 2,485 | 19,502 | 574 | 3,441 |
| Jul18 | 2,493 | 21 | 2,478 | 2,503 | 2,474 | 25,787 | 496 | 2,289 |
| Sep18 | 2,477 | 27 | 2,455 | 2,488 | 2,453 | 23,980 | -267 | 1,881 |
| Nov18 | 2,473 | 21 | 2,455 | 2,485 | 2,450 | 21,202 | 175 | 1,271 |
| Jan19 | 2,485 | 21 | 2,479 | 2,506 | 2,479 | 6,347 | -14 | 69 |
| Mar19 | 2,503 | 21 | 2,492 | 2,520 | 2,490 | 9,113 | 122 | 247 |
| May19 | 2,503 | 21 | 2,492 | 2,520 | 2,490 | 9,344 | 87 | 192 |
| Jul19 | 2,505 | 21 | 2,507 | 2,510 | 2,503 | 954 | 0 | 7 |
| Sep19 | 2,488 | 21 | 2,469 | 2,485 | 2,469 | 266 | 0 | 4 |
| Nov19 | 2,488 | 21 | - | - | - | 31 | 0 | - |
| Jan20 | 2,488 | 21 | - | - | - | 0 | 0 | - |
| Total | | | | | | 234,327 | 493 | 39,883 |

Spreads

| Contract | Open | High | Low | Last | Vol |
|---------------|------|------|-----|------|-------|
| Feb18 / Mar18 | -9 | -8 | -11 | -10 | 164 |
| Mar18 / Apr18 | 3 | 5 | -1 | 2 | 1,301 |
| Apr18 / May18 | 3 | 4 | 0 | 2 | 2,700 |
| May18 / Jun18 | 5 | 7 | 5 | 7 | 659 |

Correlated Commodity Market

| Commodities | Month | Last | Change |
|-----------------|-------|--------|--------|
| Soybeans | MAR18 | 992.25 | 6.00 |
| Soybean Oil | MAR18 | 32.68 | 0.16 |
| Soybean Meal | MAR18 | 342.00 | 2.40 |
| Crude Oil | MAR18 | 65.61 | 1.14 |
| DCE Palm Oil | MAY18 | 5,228 | 34.00 |
| DCE Soybean Oil | MAY18 | 5,872 | 22.00 |

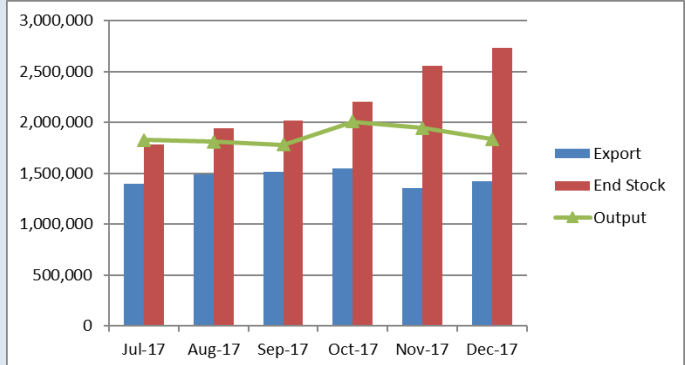
Exchange Rate

| Currency | Last |
|----------|--------|
| USDMYR | 3.8959 |
| USDIDR | 13,299 |
| USDCNY | 6.3693 |

Physical Palm Oil Market

| Commodities | Unit | Month | Bid | Ask | Value |
|-----------------------------|--------|-------|--------|---------|--------|
| CPKO Local Delivery (M'sia) | RM/mt | JAN18 | n/a | 4927.31 | n/a |
| FOB CPO (Indo) | USD/mt | FEB18 | 640.00 | 645.00 | 642.50 |
| FOB RBD Palm Olein (M'sia) | USD/mt | FEB18 | 642.50 | 650.00 | 646.25 |
| FOB RBD Palm Oil (M'sia) | USD/mt | FEB18 | n/a | 645.00 | n/a |

MPOB Demand and Supply Analysis (6 Month Comparison)

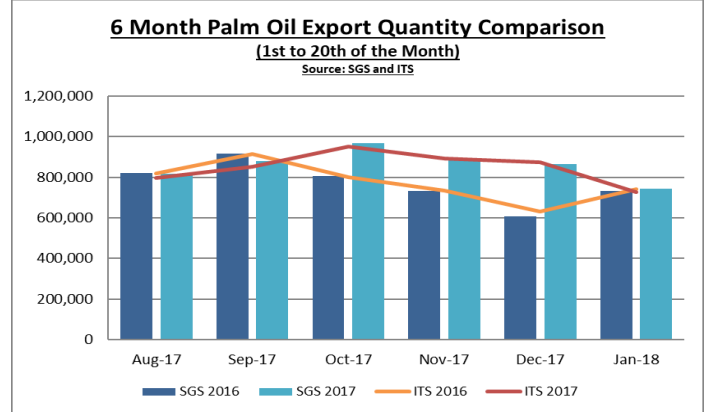


Demand and Supply Data

| 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 | 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 | | |

| 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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