

FCPO Daily Commentary

Brought to you by Phillip Futures Sdn Bhd (362533-U) (A member of PhillipCapital)

PALM FCPO APR18 (2493,-28)

Our Call of The Day:

Mildly Bearish

26 January 2018

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm drops on stronger ringgit.
- Soybeans retreat after exceeding \$10 a bushel, on weather concern.

Crude Palm Oil

Malaysian palm oil future decline on Thursday closed as stronger ringgit and the weaker export data helped to halt a three-session run of gains.

The benchmark April 18 lost 28 points to RM2,493 per tonne, prices were traded between RM2,491 and RM2,526 with total traded volume for palm stood at 38,043 lots.

The ringgit has risen steadily since the start of the year and was up 0.7 percent on Thursday at 3.8840 against the dollar. Normally the stronger ringgit makes palm oil more expensive for holders of foreign currencies.

The ringgit strengthened after Malaysia's central bank raised key interest rates for the first time in 3-1/2 years, by 25 basis points to 3.25 percent. The move came as inflation creeps upwards amid robust economic growth.

Meanwhile, exports of palm oil products from Malaysia fell 7 percent in the Jan. 1-25 period compared with the corresponding period last month, according to data from cargo surveyor Intertek Testing Services on Thursday. Another cargo surveyor, Societe Generale de Surveillance, reported a 6.8 percent decline in the same period.

Today, palm oil market likely to move in consolidation mode in downside bias as ringgit further strengthen, weaker demand and overnight losses in soyoil market could added pressure to palm prices.

Soybean (Reuters)

Chicago Board of Trade soybean futures pulled back after topping \$10 a bushel on Thursday, ending flat as U.S. traders continued to monitor unfavorable dryness in rival exporter Argentina.

Traders kept their eyes on Argentina, the world's third-largest soybean producer and largest exporter of soybean meal and soyoil, amid forecasts for persistent dryness there. However, global supplies remain large.

Recent gains in futures prompted farmers to sell crops they had been keeping in storage from previous harvests.

On Friday, the U.S. Department of Agriculture will issue export sales data for the week ended Jan. 18. Total soybean sales are expected to be 850,000 to 1.4 million tonnes, according to analysts.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Feb18	2,490	-22	2,508	2,514	2,490	2,851	-420	177
Mar18	2,493	-28	2,521	2,524	2,491	17,365	-396	1,319
Apr18	2,493	-28	2,521	2,526	2,491	48,384	877	18,960
May18	2,496	-23	2,520	2,525	2,493	50,396	1,134	7,346
Jun18	2,492	-20	2,513	2,519	2,490	19,741	239	2,725
Jul18	2,477	-16	2,496	2,504	2,476	25,810	23	3,967
Sep18	2,458	-19	2,481	2,487	2,456	24,333	353	1,815
Nov18	2,456	-17	2,477	2,485	2,454	21,277	75	938
Jan19	2,476	-9	2,494	2,498	2,492	6,359	12	102
Mar19	2,494	-9	2,506	2,522	2,506	9,332	219	384
May19	2,494	-9	2,506	2,520	2,506	9,393	49	272
Jul19	2,496	-9	2,515	2,515	2,515	954	0	29
Sep19	2,480	-8	-	-	-	266	0	9
Nov19	2,480	-8	-	-	-	31	0	-
Jan20	2,480	-8	-	-	-	0	0	-
Total						236,492	2,165	38,043

Spreads

Contract	Open	High	Low	Last	Vol
Feb18 / Mar18	-12	-2	-12	-2	72
Mar18 / Apr18	1	4	-1	0	550
Apr18 / May18	1	2	-3	-3	3,284
May18 / Jun18	7	7	2	2	441

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	MAR18	992.25	0.00
Soybean Oil	MAR18	32.50	-0.18
Soybean Meal	MAR18	340.40	-1.60
Crude Oil	MAR18	65.51	-0.10
DCE Palm Oil	MAY18	5,232	4.00
DCE Soybean Oil	MAY18	5,776	-6.00

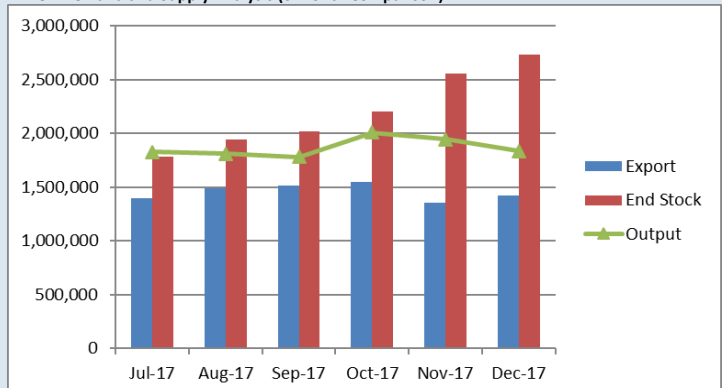
Exchange Rate

Currency	Last
USDMYR	3.8773
USDDIDR	13,304
USDCNY	6.3253

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	637.50	642.50	640.00
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	642.50	n/a

MPOB Demand and Supply Analysis (6 Month Comparison)

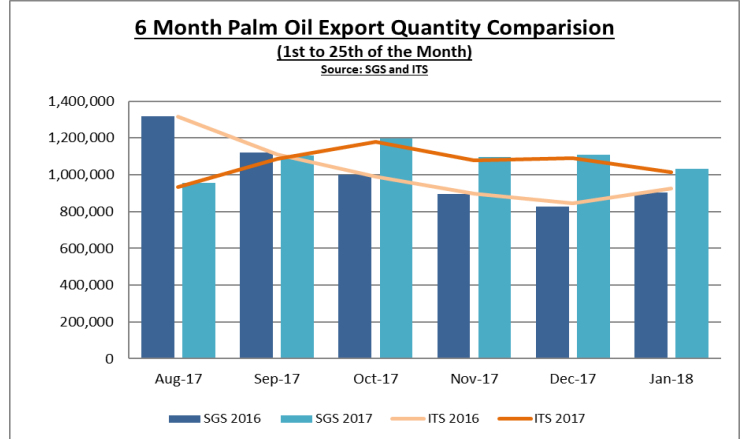


Demand and Supply Data

Date	Cargo Surveyor Figures			SGS (in tonnes)		
	ITS (in tonnes)			Dec'17	Jan'18	Chg (%)
	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	1,013,897	-7.0	1,108,189	1,032,615	-6.8
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

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

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

Johor - Taman Molek Branch:
(+607) 3525999
pfbj@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

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

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.