

FCPO Daily Commentary

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

PALM FCPO MAR18 (2451,+2)

Our Call of The Day:

Mildly Bullish
26 December 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm prices rose on falling production outlook.
- Short covering ahead of long Christmas Holiday weekend lifted CBOT soybean.

Crude Palm Oil

Malaysian palm oil edged up on last Friday for its first gain in four sessions on the back of falling production outlook, after earlier hitting its lowest level since August last year on rising global vegetable oil supplies and weak demand.

The benchmark palm oil contract for March delivery on the Bursa Malaysia Derivatives Exchange rose 0.1 percent to 2,451 ringgit (\$601.18) a tonne at the end of the trading day.

Phillip Futures Sdn Bhd Dealer, David Ng, said this was despite the strong soybean performance during Asian hours. "We locate support at RM2,400 per tonne and immediate resistance at RM2,520 per tonne," he said.

The market dropped to 2,417 ringgit a tonne in the earlier in the day, the weakest since August 2016.

In other related edible oils, the most-active soybean oil contract on the Chicago Board of Trade was up 0.1 percent, while China's Dalian soyoil fell 1.9 percent.

The market resume trading on today, we expect the palm prices to extend last Friday movement to trade slightly higher, as the gained in related oil market provide some support. However, the anticipate on rising productions and tepid export demand remain weighed on market.

Soybean (Reuters)

Chicago Board of Trade soybean futures rose for the first time in seven sessions on Friday in a short-covering bounce from earlier three-month lows and ahead of the long Christmas holiday weekend.

Benchmark January soybeans ended 3/4 cent higher at \$9.49-1/2 a bushel after earlier hitting a low of \$9.46-1/2, the lowest for a most-active contract since mid-September. January futures were down 2.1 percent for the week, its third straight weekly decline.

A rebound in Malaysian palm oil futures following a 16-month low underpinned soybeans and soyoil.

Beneficial rains in soy production areas of Brazil and Argentina keeping a lid on gains.

Also, soybeans remained anchored by 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 | 2,407 | -4 | 2,403 | 2,410 | 2,382 | 4,439 | -488 | 682 |
| Feb18 | 2,430 | -4 | 2,420 | 2,435 | 2,393 | 26,295 | -1,464 | 5,529 |
| Mar18 | 2,451 | 2 | 2,441 | 2,459 | 2,417 | 44,976 | 2,067 | 25,222 |
| Apr18 | 2,467 | 2 | 2,464 | 2,474 | 2,438 | 35,607 | 513 | 5,530 |
| May18 | 2,481 | 6 | 2,491 | 2,559 | 2,450 | 45,140 | 370 | 6,310 |
| Jun18 | 2,471 | 2 | 2,465 | 2,479 | 2,445 | 5,176 | 1,340 | 2,556 |
| Jul18 | 2,457 | -3 | 2,458 | 2,520 | 2,440 | 26,498 | -182 | 2,209 |
| Sep18 | 2,451 | -5 | 2,470 | 2,541 | 2,438 | 21,537 | 164 | 1,634 |
| Nov18 | 2,449 | -9 | 2,456 | 2,465 | 2,445 | 19,110 | 319 | 638 |
| Jan19 | 2,482 | -13 | 2,488 | 2,491 | 2,479 | 5,755 | 268 | 474 |
| Mar19 | 2,500 | -13 | 2,492 | 2,510 | 2,492 | 5,500 | 10 | 28 |
| May19 | 2,497 | -13 | 2,479 | 2,505 | 2,479 | 6,508 | 6 | 7 |
| Jul19 | 2,490 | -13 | - | - | - | 804 | 0 | - |
| Sep19 | 2,475 | -13 | - | - | - | 238 | 0 | - |
| Nov19 | 2,475 | -13 | - | - | - | 30 | 0 | - |
| Total | | | | | | 247,613 | 2,923 | 50,819 |

Spreads

| Contract | Open | High | Low | Last | Vol |
|--------------|------|------|-----|------|-------|
| Jan18 /Feb18 | -12 | -5 | -25 | -23 | 303 |
| Feb18 /Mar18 | -20 | -20 | -30 | -21 | 3,570 |
| Mar18 /Apr18 | -18 | -14 | -20 | -16 | 2,079 |
| Apr18 /May18 | -10 | -10 | -14 | -14 | 2,457 |

Correlated Commodity Market

| Commodities | Month | Last | Change |
|-----------------|--------|--------|--------|
| Soybeans | MAR 18 | 960.25 | 1.25 |
| Soybean Oil | MAR 18 | 32.94 | 0.11 |
| Soybean Meal | MAR 18 | 316.70 | -1.40 |
| Crude Oil | FEB 18 | 58.47 | 0.11 |
| DCE Palm Oil | MAY 18 | 5,162 | 30.00 |
| DCE Soybean Oil | MAY 18 | 5,648 | 14.00 |

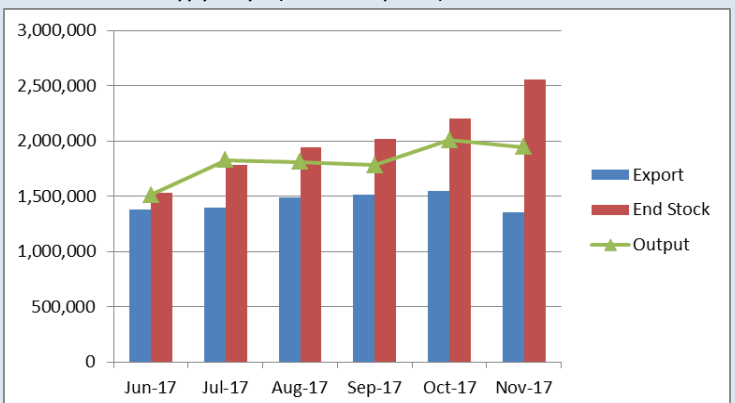
Exchange Rate

| Currency | Last |
|----------|--------|
| USD/MYR | 4.0838 |
| USD/IDR | 13,542 |
| USD/CNY | 6.5398 |

Physical Palm Oil Market

| Commodities | Unit | Month | Bid | Ask | Value |
|-----------------------------|--------|-------|-------|---------|--------|
| CPKO Local Delivery (M'sia) | RM/mt | DEC17 | n.a. | 4745.43 | n.a. |
| FOB CPO (Indo) | USD/mt | JAN18 | 615 | 625 | 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)

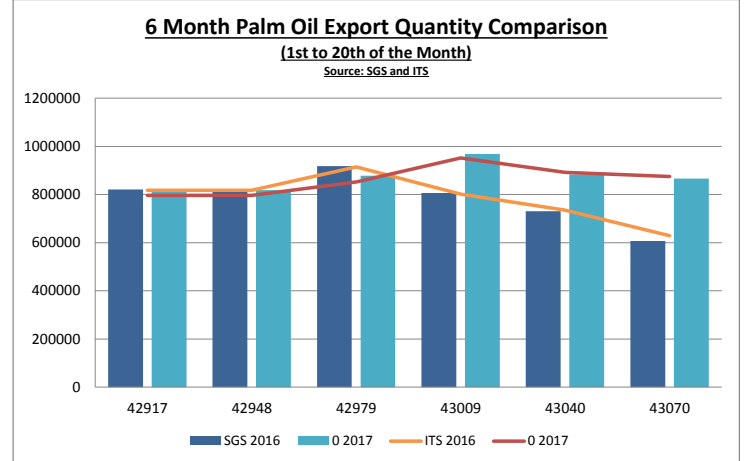


Demand and Supply Data

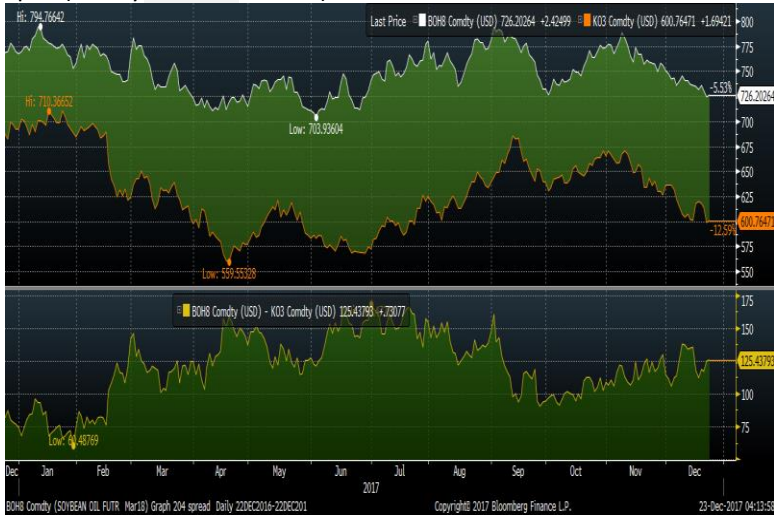
| Date | Cargo Surveyor Figures | | | SGS (in tonnes) | | |
|---------------|------------------------|---------|---------|-----------------|---------|---------|
| | ITS (in tonnes) | | Chg (%) | Nov'17 | Dec'17 | Chg (%) |
| First 10 days | 436,988 | 364,277 | -16.6 | 439,879 | 339,289 | -22.9 |
| First 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 | | | | | | |

| Malaysia Palm Oil Board Data (MPOB) | | | | PFSB Forecast | |
|-------------------------------------|-----------|-----------|---------|---------------|---------|
| (in tonnes) | 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

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