

# Crude Palm Oil Weekly

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

## Market Commentary

Malaysia palm oil futures slumped to post the first weekly decline on last Friday, as crude oil headed for its worst week this year and soybean oil also fell. The benchmark palm oil contract for April 2019 closed down 1.2 percent at 2,290 ringgit a tonne, its sharpest daily fall in over a week, but ended the week down 0.4 percent after three weeks of gains.

Malaysia's palm oil stocks fell 6.69 percent month-on-month to 3 million tonnes in January, official data showed Monday. Malaysian Palm Oil Board (MPOB) data showed that the production for crude palm oil (CPO) also dropped 3.9 percent month-on-month to 1.74 million tonnes. However, the export surged 21.19 percent month-on-month to 1.68 million tonnes.

Meanwhile, the January stocks in Malaysia, the world's second-largest palm oil producer and exporter, declined for the first time in eight months, falling 6.7 percent to 3,001 million tonnes. Declines in the stockpiles could help boost benchmark palm oil prices, which have already edged up in January and February from three-year lows touched at end-2018.

Exports of Malaysian palm oil products for February 1 - 10 fell 11.2 percent to 406,829 tonnes from 457,880 tonnes shipped during January 1 - 10, according to independent inspection company AmSpec Agri Malaysia said on Sunday.

Chicago Board of Trade soybean futures ended firmer on last Friday as late-session short-covering lifted prices from earlier lows, although traders continued to weigh abundant soy supplies against uncertain demand from China.

The U.S. Department of Agriculture (USDA) released a flood of crop data on last Friday, including some delayed by the recent government shutdown. Most of the forecasts and estimates were in line with trade expectations. USDA said soybean stocks as of Dec. 1 stood at a record 3.736 billion bushels. That compares with 3.161 billion bushels a year earlier, the previous record.

For the coming week, the palm oil prices likely to be continue in correction move, as market sentiment could continue to dragged down by weaker exports in the first 10 days of February. However the slower production and trimmed down in stock level could provide strong support to the market.

Call of The Week:

**Mildly Bearish**

11/2/2019

## Fundamental Data

### Malaysia Palm Oil Board Data ('000 tonnes)

	Jan-19	Dec-18	Diff.	MoM%	Jan-18	YoY%
<b>Opening Stocks</b>	<b>3216</b>	<b>3002</b>	<b>214</b>	<b>7.1%</b>	<b>2732</b>	<b>17.7%</b>
<b>Production</b>	<b>1737</b>	<b>1808</b>	<b>-71</b>	<b>-3.9%</b>	<b>1611</b>	<b>7.8%</b>
Imports	81	109	-28	-25.7%	35	131.4%
<b>Total Supply</b>	<b>5033</b>	<b>4924</b>	<b>109</b>	<b>2.2%</b>	<b>4378</b>	<b>15.0%</b>
Exports	1676	1383	293	21.2%	1473	13.8%
Dom Disapp	356	320	36	11.3%	356	0.0%
<b>Total Demand</b>	<b>2032</b>	<b>1709</b>	<b>323</b>	<b>18.9%</b>	<b>1829</b>	<b>11.1%</b>
<b>End Stocks</b>	<b>3001</b>	<b>3216</b>	<b>-215</b>	<b>-6.7%</b>	<b>2549</b>	<b>17.7%</b>
<b>Stock/Usage Ratio</b>	<b>12.3%</b>	<b>15.7%</b>			<b>11.6%</b>	

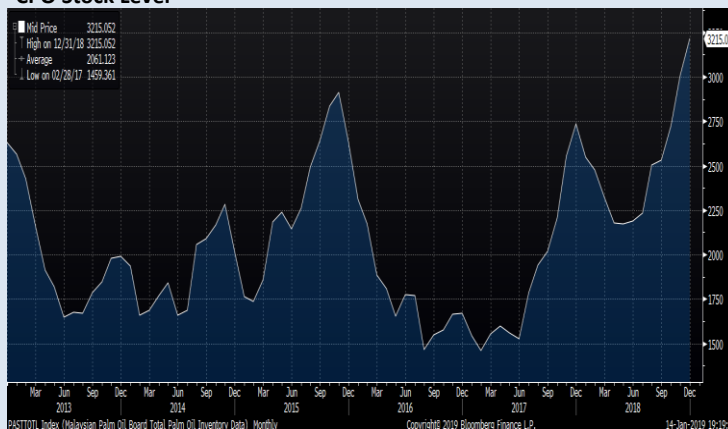
Source: MPOB/ Phillip Futures

### Export Performance ('000 tonnes)

	Dec-18	Nov-18	Dec-17	MoM%	YoY%	12M18	12M17	YoY%
China	269	173	175	55.5	53.7	1,860	1,917	-3.0
India	284	242	110	17.4	158.2	2,514	2,028	24.0
EU	93	149	209	-37.6	-55.5	1,912	1,992	-4.0
Pakistan	104	85	84	22.3529	23.8	1161	1017	14.2
US	58	36	66	61.1	-12.1	540	554	-2.5
Others	575	690	783	-16.7	-26.6	8,500	9,052	-6.1
<b>Total</b>	<b>1,383</b>	<b>1,375</b>	<b>1,427</b>	<b>0.6</b>	<b>-3.1</b>	<b>16,487</b>	<b>16,560</b>	<b>-0.4</b>

Source: MPOB/ Phillip Futures

### CPO Stock Level



Source: Bloomberg/ Phillip Futures

Chart of the Day - Crude Palm Oil Daily Chart



Source: Bloomberg/Phillip Futures

Prices remain moving above 200-MA on previous week, indicating stronger support above long-term moving average. The prices likely to continue in correction move in short-term. We reckon prices would trade between RM2230 to RM2320.

Ong Su Ling

suling@poems.com.my

CONTACT US:

**Kuala Lumpur Headquarters:**

(+603) 2711 0026  
pfsb\_dealing@poems.com.my

**Kota Damansara Branch:**

(+603) 9212 2818  
phillipfutures@poems.com.my

**Official Website:**

**Official Facebook Page:**

**Johor - Taman Sutera Utama Branch:**

(+607) 557 2188  
pfjb@poems.com.my

**Johor - Taman Molek Branch:**

(+607) 352 1808  
pfjb@poems.com.my  
www.phillipfutures.com.my  
www.facebook.com/PhillipFuturesSdnBhd

**Penang Branch:**

(+604) 202 0039  
pfg@poems.com.my

**Kuching Branch:**

(+6082) 247 6333  
pfkc@poems.com.my

**Malacca Branch:**

(+606) 225 0018  
pfmk@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