

Crude Palm Oil Weekly

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

Market Commentary

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Malaysian palm oil futures took a breather on Monday after a four-day rally, falling more than 2% on profit-taking despite strong Dalian oils and supply concerns. The benchmark contract December 2020 closed down 72 ringgit, or 2.34%, to 3,008 ringgit (\$730.10) a tonne, after rising to an intraday high of 2.6%.

However, the palm prices up over 3% on last week, it was the highest weekly jump over from the last five years, tracking strength in rival oils and on increased demand from the key consumer China ahead of Golden Week holiday.

Based on the oil world report, the palm oil imports for India reached the year-ago level in July but were again relatively low at approximately 0.8 Million Tons in August according to preliminary estimates. Refined palm oil imports came virtually to a standstill in July & August.

Total palm oil arrivals from recovered to approximately 110 Thousand Tons in June but approached less than one third of the year-ago level at only 0.85 Million Tons in Oct/June 2019/20 due to political factors.

Besides, the edible oils which listed on the Dalian Commodity Exchange increase dramatically as Yihai Kerry Arawana Holdings filed prospectus for an initial public offering of shares on the Shenzhen Stock Exchange, and may continue to support palm oil prices on the Malaysia bourse.

The report from Southern Palm Oil Millers Association in Malaysia (SPPOMA) anticipated the output in some parts of the nation during Sept. 1 to 15 rose 2.93% from the month before, slowing from the 8.84% rise seen during Sept 1 to 10.

Palm oil Malaysia for this week might moving in an uptrend follow by the gain of price for its rival oils. However, the uptrend might no longer will long last due to the edible market really respond too fast to the uptrend. Estimated trading price for palm oil Malaysia within 2950 – 3150.

Call of The Week:

Consolidation

21/09/2020

Fundamental Data

Malaysia Palm Oil Board Data ('000 tonnes)

	Aug-20	Jul-20	Diff.	MoM%	Aug-19	YoY%
Opening Stocks	1698	1898	-200	-10.5%	2378	-28.6%
Production	1863	1807	56	3.1%	1822	2.3%
Imports	32	53	-21	-39.6%	51	-37.3%
Total Supply	3593	3758	-165	-4.4%	4251	-15.5%
Exports	1581	1783	-202	-11.3%	1736	-8.9%
Dom Disapp	313	279	34	12.2%	275	13.8%
Total Demand	1894	2062	-168	-8.1%	2011	-5.8%
End Stocks	1699	1698	1	0.1%	2240	-24.2%
Stock/Usage Ratio	7.5%	6.9%			9.3%	

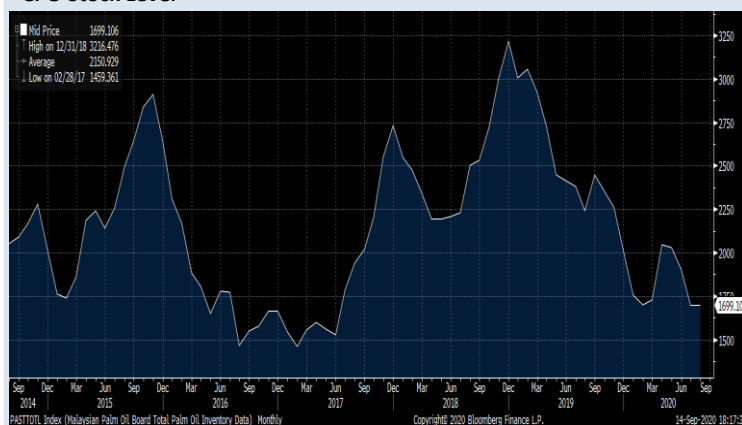
Source: MPOB/ Phillip Futures

Export Performance ('000 tonnes)

	Aug-20	Jul-20	Aug-19	MoM%	YoY%	6M20	6M19	YoY%
China	295	289	297	2.1	-0.7	1,842	1,396	31.9
India	330	455	550	-27.5	-40.0	1,176	3,598	-67.3
EU	159	170	147	-6.5	8.2	1,342	1,420	-5.5
Pakistan	60	116	108	-48.3	-44.4	751	702	7.0
US	42	51	50	-17.6	-16.0	387	435	-11.0
Others	696	701	584	-0.7	19.2	5,659	5,065	11.7
Total	1,582	1,782	1,736	-11.2	-8.9	11,157	12,616	-11.6

Source: MPOB/ Phillip Futures

CPO Stock Level



Source: Bloomberg/ Phillip Futures

Chart of the Day - Crude Palm Oil Daily Chart



Source: Bloomberg/Phillip Futures

FCPO traded higher and broke RM3,000 on last week. For the week ahead, market likely to take a breath and move in consolidation mode, the overall trend remain in bullish with the prices still trading above EMA 7, 50, 100 and 200. Immediate support seen at RM2,900 and immediate resistance is seen at RM3,100.

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