

Crude Palm Oil Weekly

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Market Commentary

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Malaysian palm oil futures ended the month with overall gains, but declined on Monday, marking the second consecutive session of losses as a stronger ringgit weighed on sentiment and traders remained cautious as palm continues to be priced at a premium against rival oils.

The benchmark palm oil contract for December delivery on the Bursa Malaysia Derivatives Exchange was down 53 ringgit, or 1.31%, to 3,998 ringgit (\$970.15) a metric ton at the closing.

The contract logged a weekly gain of 5.19%.

Robust demand from India, driven by domestic consumption and restocking prior to the festive season, is keeping palm oil prices high alongside concerns about the stagnant to declining palm oil production in Malaysia and Indonesia due to current weather conditions.

There has been weaker demand for biofuels in certain regions due to falling crude oil prices. As soybean oil is used in biofuel production, a decline in energy prices can reduce demand for soybean oil as a feedstock.

According to oil world report, Indonesian and Malaysian palm oil is still commanding premiums over soya and sun oils, due to reduced export supplies. Malaysia could only partly offset sharply reduced Indonesian exports so far this year.

Malaysian palm oil production already peaked in August, which is two months earlier than normally resulting in a sharp decline in palm oil stocks from a year earlier at the end of September.

However, Indonesian palm oil production declined more sharply than expected so far in 2024. But there are indications that Indonesian production will start recovering in the Oct/Dec quarter.

For the week, FCPO prices is expected to trade consolidation for the week as tightening supplies in main exporting countries.

Call of The Week:

Range Bound

30/09/2024

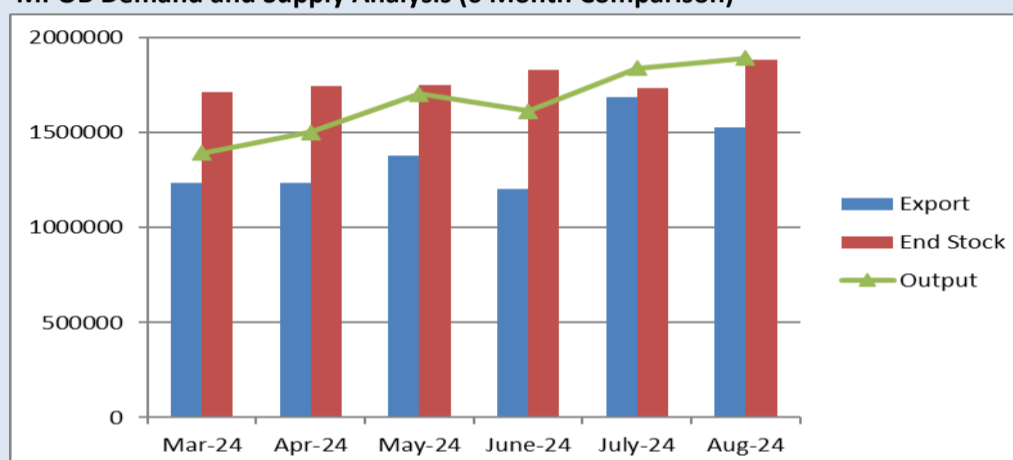
Fundamental Data

Malaysia Palm Oil Board Data ('000 tonnes)

| | Aug-24 | Jul-24 | Diff. | MoM% | Aug-23 | YoY% |
|--------------------------|--------------|--------------|-------------|---------------|---------------|---------------|
| Opening Stocks | 1733 | 1829 | -96 | -5.25% | 1734 | -0.06% |
| Production | 1894 | 1841 | 53 | 2.88% | 1753 | 8.04% |
| Imports | 9 | 10 | -1 | -10.00% | 111 | -91.89% |
| Total Supply | 3636 | 3680 | -44 | -1.20% | 3598 | 1.06% |
| Exports | 1525 | 1689 | -164 | -9.71% | 1222 | 24.80% |
| Dom Disapp | 228 | 258 | -30 | -11.63% | 251 | -9.16% |
| Total Demand | 1753 | 1947 | -194 | -9.96% | 1473 | 19.01% |
| End Stocks | 1883 | 1733 | 150 | 8.66% | 2125 | -11.39% |
| Stock/Usage Ratio | 8.95% | 7.42% | | | 12.02% | |

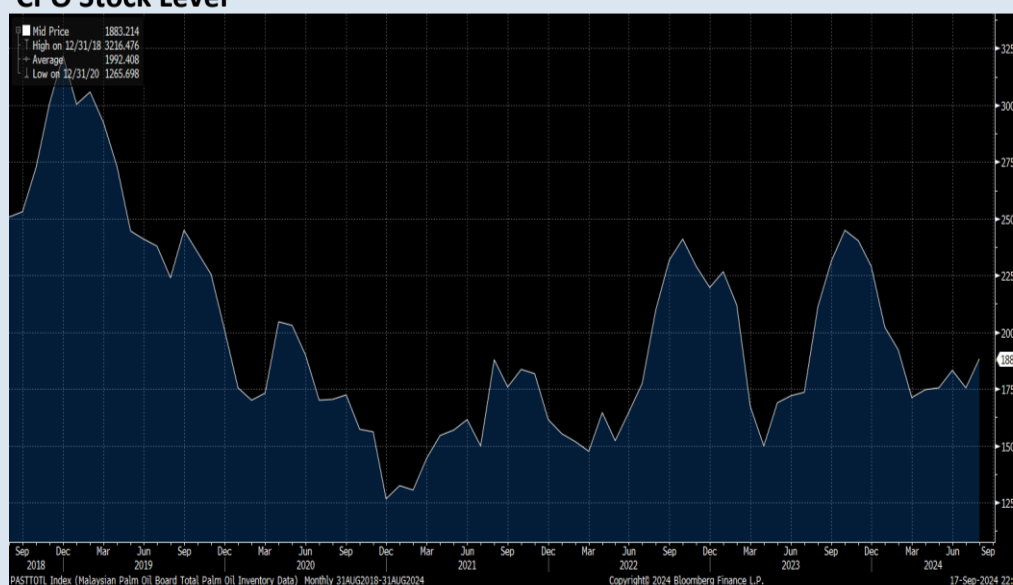
Source: MPOB/ Phillip Capital

MPOB Demand and Supply Analysis (6 Month Comparison)



Source: MPOB/ Phillip Capital

CPO Stock Level



Source: Bloomberg/ Phillip Capital

Chart of the Day - Crude Palm Oil Daily Chart



Source: Phillip Nova/Phillip Capital

Based on the daily chart, FCPO has broken the resistance level of 4000 and may test support on it again. If the price fail to break below 4000, it indicate a continuation of the uptrend. For the week, FCPO may trade between the range of 3850 to 4100.

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