

Crude Palm Oil Weekly

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Market Commentary

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Malaysian palm oil futures rose on Friday after three straight sessions of losses, supported by recovery in rival vegetable oils and talks of possible changes in Indonesia's export levy, yet it posted the first weekly decline in four weeks.

The benchmark palm oil contract for January delivery on the Bursa Malaysia Derivatives Exchange gained 118 ringgit, or 2.38%, to 5,081 ringgit (\$1,137.20) a metric ton at closing.

The contract fell 0.37% for the week

Palm oil production is now on a declining trend in Malaysia. After peaking already in August at 1.89 Mn T, it declined to 1.82 and 1.80 Mn T in Sept and Oct and will continue to fall seasonally until early 2025, probably reaching a low in February.

In July/Sept 2024, crude palm oil output was still 0.36 Mn T above a year earlier but is now seen falling by close to 0.2 Mn T below last year in Oct/Dec. This brings the total for this calendar year to an estimated 19.5 Mn T, while for next year we expect some setback in average yields and production.

Malaysian palm oil exports were unusually high at 1.73 Mn T in October, almost matching the record 1.78 Mn T registered in July 2020. Insufficient Indonesian export supplies shifted a larger than usual share of world imports to Malaysian origin in October as well as in Jan/Oct.

But with stocks reduced to only 1.88 Mn T at the end of October and production now declining seasonally, Malaysian export supplies will be declining sizably from now until at least March or April next year. Preliminary export data indicate a reduction by 15-17% from a month earlier for the first 10 days of November.

Malaysian production and domestic use of biodiesel has apparently declined sizably in recent months, which is reflected in a sharp decline in domestic usage of the Malaysian palm oil balance. This is due to the widening price spread to gas oil.

The fundamentals remain bullish for FCPO price, hence we may continue to see an upward movement.

Call of The Week:

Bullish

18/11/2024

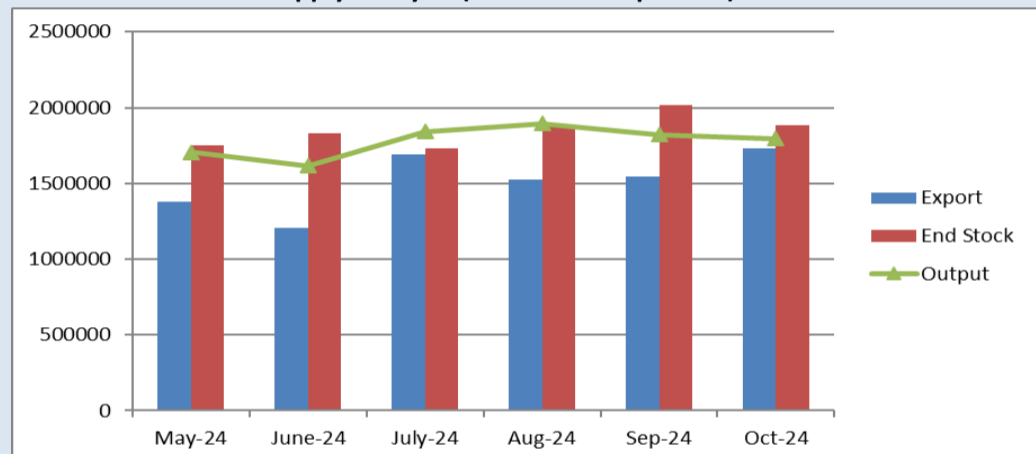
Fundamental Data

Malaysia Palm Oil Board Data ('000 tonnes)

	Oct-24	Sep-24	Diff.	MoM%	Oct-24	YoY%
Opening Stocks	2014	1883	131	6.96%	2313	-12.93%
Production	1797	1822	-25	-1.37%	1937	-7.23%
Imports	16	5	11	220.00%	48	-66.67%
Total Supply	3827	3710	117	3.15%	4298	-10.96%
Exports	1732	1543	189	12.25%	1466	18.14%
Dom Disapp	210	153	57	37.25%	383	-45.17%
Total Demand	1942	1696	246	14.50%	1849	5.03%
End Stocks	1885	2014	-129	-6.41%	2449	-23.03%
Stock/Usage Ratio	8.09%	9.90%			11.00%	

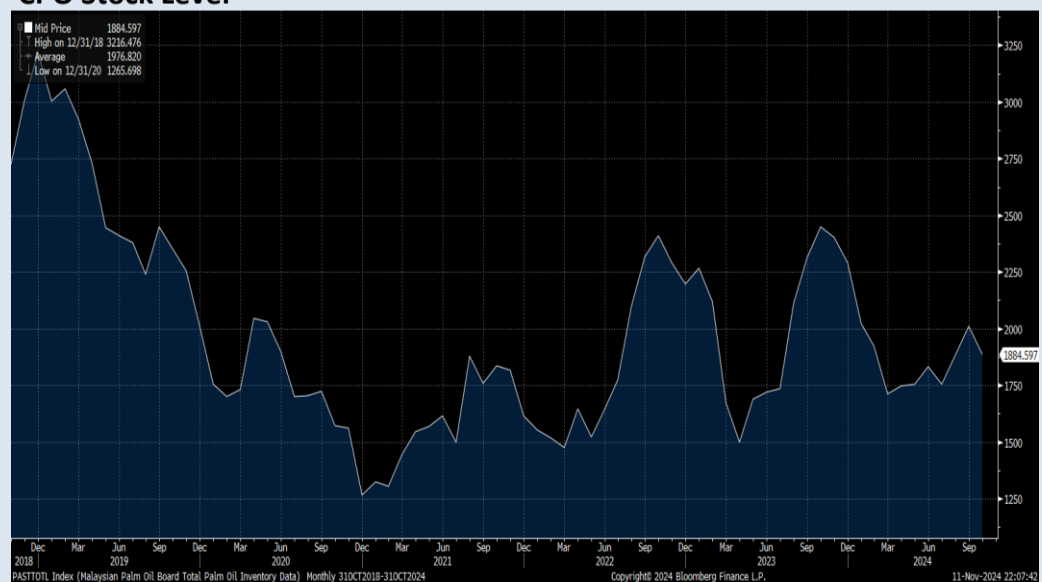
Source: MPOB/ Phillip Capital

MPOB Demand and Supply Analysis (6 Month Comparison)



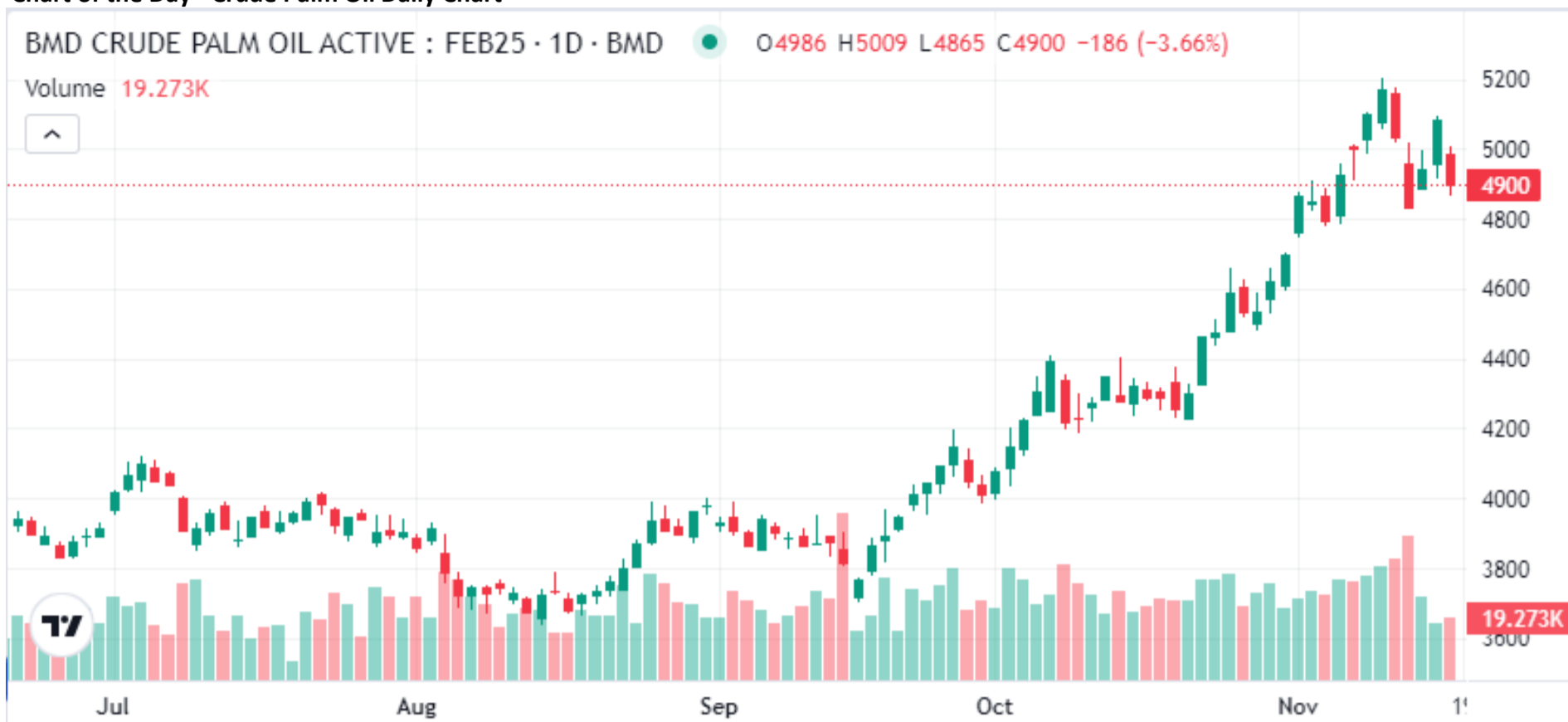
Source: MPOB/ Phillip Capital

CPO Stock Level



Source: Bloomberg/ Phillip Capital

Chart of the Day - Crude Palm Oil Daily Chart



Source: Phillip Nova/Phillip Capital

Based on Nova Chart, FCPO price went up to high at 5202 and retrace back to lowest 4827. The price may revisit the high at 5202 after touching the resistance of 4900. For the week, FCPO could trade between 5150 to 4800

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