

Preview

Fundamental

Malaysian palm oil futures nosedived 2.29% on Tuesday, marking the sharpest drop observed in a two-week period attributed to the downward pressure exerted by the weakening prices of rival soybean oil and the resurgence of the Malaysian ringgit while the extent of the losses was limited by robust demand from top importers. Globally, crude oil prices continued its downward slide on Tuesday, with the U.S. benchmark West Texas Intermediate (WTI) fell \$1.75, or 2.1%, to close at \$83.74 a barrel, as diplomatic efforts to calm the Israel-Hamas conflict have eased geopolitical risk and a stream of weak economic data from Germany, the eurozone, and Britain is dampening the energy demand outlook. In addition, the CBOT soy oil slid on Tuesday, with December soy oil ended down 0.62 cent at 51.32 cents per pound and hit its lowest price since June 9 at 50.82 cents, weighed down by the spillover weakness in rival crude oil and a quick harvest pace for U.S. soy in advance of an approaching storm. Nevertheless, palm oil futures are expected to trade range bound with slight upward bias today on a potential of bargain buying activities after previous session's rout amid stronger October exports data while gains could be capped by worries over increasing production in Malaysia and weaker overnight rival oil prices.

Technical

Palm oil futures for the January contract opened lower and trended gradually lower in negative territory as selling activities extended following the fall in the rival soy oil market during Asian trading hours along with expectations for increased supplies in second largest producer, Malaysia during October. At the close, the January contract settled at 3,667 ringgit per tonne with losses of 86 points. Trading activities for the day can be depicted through the formation of a long black-bodied candlestick pattern with shorter upper and longer bottom shadows, indicating that the bears took control of the trading session aggressively. Technical wise, MACD indicator issued a buy signal while RSI lingered at a neutral region. Therefore, palm oil futures are expected to trade range bound with upward bias today on encouraging tropical oil export demand from top importers and a potential of bargain buying activities after recent fall. Hence, the support and resistance for January futures contract can be found at 3,625 and 3,800 respectively.

K03 Comdty (Generic 3rd 'KO' Future) DAILY REPORT CHART Daily 26JUL2023-24OCT2023 Copyright © 2023 Bloomberg Finance L.P. 24-Oct-2023 19:00:27

Source: Bloomberg

| Contract | Sett | Chg | High | Low | Vol | Open Int | O/I chg | Value USD | Previous Week | | | Last Bid | Last Offer | 3m Chg | 6m Chg |
|--------------|-------|-----|-------|-------|--------|---------------|----------------|---------------|---------------|-------|-------------------|----------|------------|--------|--------|
| | | | | | | | | | High | Low | Cash CPO (MYR/MT) | | | | |
| NOV 23 | 3,606 | -86 | 3,686 | 3,592 | 793 | 5,304 | -808 | -15.23 Mn | 3,796 | 3,681 | Nov23 | 3,620 | 3,640 | -6.7% | 0.0% |
| DEC 23 | 3,646 | -82 | 3,725 | 3,629 | 5,225 | 29,665 | -4,021 | -76.62 Mn | 3,970 | 3,798 | Source: Reuters | | | | |
| JAN 24 | 3,667 | -86 | 3,756 | 3,651 | 32,118 | 42,131 | -1,740 | -33.35 Mn | 3,978 | 3,804 | | | | | |
| FEB 24 | 3,686 | -90 | 3,774 | 3,672 | 6,604 | 24,675 | 464 | 8.94 Mn | 3,986 | 3,815 | | | | | |
| MAR 24 | 3,696 | -91 | 3,784 | 3,682 | 11,520 | 29,167 | 2,180 | 42.11 Mn | 3,929 | 3,702 | | | | | |
| APR 24 | 3,693 | -89 | 3,775 | 3,680 | 10,416 | 18,298 | -4,244 | -81.91 Mn | 3,861 | 3,730 | | | | | |
| MAY 24 | 3,676 | -95 | 3,761 | 3,663 | 4,594 | 23,977 | -2,028 | -38.96 Mn | 3,845 | 3,717 | | | | | |
| JUN 24 | 3,652 | -95 | 3,738 | 3,639 | 1,503 | 11,002 | 250 | 4.77 Mn | 4,010 | 3,860 | | | | | |
| JUL 24 | 3,626 | -95 | 3,710 | 3,622 | 706 | 11,209 | -167 | -3.16 Mn | 3,993 | 3,846 | | | | | |
| AUG 24 | 3,605 | -95 | 3,625 | 3,593 | 269 | 4,199 | 24 | .45 Mn | 3,947 | 3,817 | | | | | |
| SEP 24 | 3,595 | -95 | 3,670 | 3,594 | 303 | 7,559 | 67 | 1.26 Mn | 3,931 | 3,782 | | | | | |
| OCT 24 | 3,591 | -95 | 3,666 | 3,596 | 17 | 113 | 6 | .11 Mn | 3,907 | 3,770 | | | | | |
| NOV 24 | 3,587 | -95 | 3,614 | 3,593 | 58 | 4,704 | 24 | .45 Mn | 3,740 | 3,631 | | | | | |
| JAN 25 | 3,613 | -95 | 3,641 | 3,622 | 8 | 96 | 3 | .06 Mn | 3,867 | 3,759 | | | | | |
| MAR 25 | 3,613 | -95 | - | - | - | 3 | 0 | . Mn | 3,877 | 3,810 | | | | | |
| MAY 25 | 3,613 | -95 | - | - | - | - | 0 | . Mn | - | - | | | | | |
| JUL 25 | 3,613 | -95 | - | - | - | - | 0 | . Mn | - | - | | | | | |
| SEP 25 | 3,613 | -95 | - | - | - | - | 0 | . Mn | - | - | | | | | |
| NOV 25 | 3,613 | -95 | - | - | - | - | 0 | . Mn | - | - | | | | | |
| JAN 26 | 3,613 | -95 | - | - | - | - | 0 | . Mn | - | - | | | | | |
| MAR 26 | 3,613 | -95 | - | - | - | - | 0 | . Mn | - | - | | | | | |
| MAY 26 | 3,613 | -95 | - | - | - | - | 0 | . Mn | - | - | | | | | |
| JUL 26 | 3,613 | -95 | - | - | - | - | 0 | . Mn | - | - | | | | | |
| SEP 26 | 3,613 | -95 | - | - | - | - | 0 | . Mn | - | - | | | | | |
| Total | | | | | | 74,134 | 212,102 | -9,990 | | | | | | | |

Source: Bloomberg

| Export Est Period | Oct-23 | | Sep-23 | | Change (m-o-m) | | Change (y-o-y) | |
|-------------------|---------|---------|------------------|------------------|----------------|--------|----------------|-----|
| | AMSPEC | ITS | AMSPEC | ITS | AMSPEC | ITS | AMSPEC | ITS |
| 1 - 10th days | 395,890 | 394,570 | 305,594 | 350,823 | 29.55% | 12.47% | 6.13% | - |
| 1 - 15th days | 606,980 | 623,245 | 574,936 | 580,893 | 5.57% | 7.29% | 2.14% | - |
| 1 - 20th days | 885,888 | 931,435 | 821,408 | 847,890 | 7.85% | 9.85% | -1.08% | - |
| 1 - 25th days | - | - | 1,088,875 | 1,144,707 | - | - | - | - |
| Full month | - | - | 1,235,560 | 1,299,187 | - | - | - | - |

Source: Reuters

Malaysian Palm Oil Board Statistic

| | 2021 | 2022 | 2023 | 2023 | Oct Chg (Mean) | KF's Expected |
|------------|-----------|-----------|-----------|-----------|----------------|---------------|
| | September | July | August | September | | |
| Production | 1,770,441 | 1,610,052 | 1,753,472 | 1,829,434 | 1.70% | 1,860,482 |
| Stocks | 2,315,464 | 1,731,512 | 2,124,963 | 2,313,569 | 4.57% | 2,419,214 |
| Export | 1,420,235 | 1,353,925 | 1,221,814 | 1,196,113 | 5.57% | 1,262,721 |
| Import | 132,303 | 103,837 | 110,621 | 49,054 | 1.21% | 49,646 |

Source: Reuters

Commodity Futures (3rd month)

| Commodity | Overnight close | +/- | 1d Chg (%) | 3m Chg | 6m Chg | Relative to FCPO | |
|----------------------|-----------------|---------|------------|---------|--------|------------------|--------|
| | | | | | | 3m Chg | 6m Chg |
| CPO | 3667 | 0 | 0.00% | -9.81% | 0.88% | -0.10 | 0.01 |
| Dalian Olein | 7106 | -92 | -1.28% | -7.91% | 1.23% | 1.02 | 1.00 |
| Soybean Oil | 51.32 | -0.62 | -1.19% | -29.27% | -0.75% | 0.78 | 0.98 |
| WTI Crude | 83.74 | -1.75 | -2.05% | 7.00% | 12.81% | 0.91 | 0.88 |
| CRB Index (realtime) | 281.85 | -1.5526 | -0.55% | -0.01% | 4.86% | 1.19 | 1.12 |

Source: Bloomberg

| Currency | Last | 1d Chg | 3m Chg | 6m Chg |
|----------|---------|--------|--------|--------|
| | | | | |
| USIDIR | 15849.0 | -0.53% | 6.04% | 6.40% |

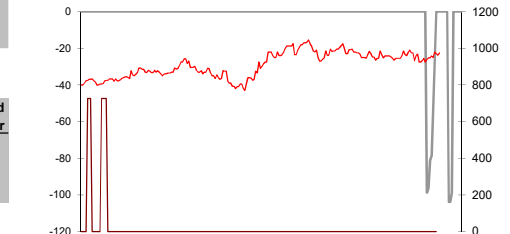
Source: Bloomberg

Overnight Lead

Chicago Board of Trade soybean futures finished stronger on Tuesday on spillover support from a seven-month high in soymeal, traders said. - Reuters

Crude Degummed Soybean Oil (CDSBO)/RBD Palm Olein (RBDPO) Basis (per Tonne)

#VALUE!



3rd mth FCPO Volatility

30 Days 60 Days 90 Days
20.57% 23.41% 26.79%

