

Palm falls ahead of industry stocks report, ringgit weighs
Malaysian Insider
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Malaysian palm oil futures slipped today, giving up gains in the previous session on investor uncertainty ahead of a key stocks and output report in the world's second-largest palm grower, while a firm ringgit continued to weigh on prices.

Traders and planters polled by Reuters pegged palm oil inventories in Malaysia to fall to a three-year low of 1.58 million tonnes in end-March, as a drought earlier this year slowed the rise in output growth.

But forecasts of a surge in March's crude palm oil production by a group of growers have turned investors wary of bigger stockpiles, weighing on benchmark prices which have lost more than 2% this week.

"We're waiting for the MPOB report. The support should be at 2,600 ringgit, with the immediate resistance at RM2,650... but prices must first break RM2,620," said a trader with a foreign commodities brokerage."

By the midday break, the benchmark June contract on the Bursa Malaysia Derivatives Exchange had edged down 0.6% to RM2,598 per tonne.

Prices on Wednesday late session had risen nearly 2% to RM2,624, lifted by gains in competing soy markets and on anticipation of tighter soybean stocks in the United States.

Total traded volume stood at 12,760 lots of 25 tonnes, slightly above the average 12,500 lots.

Official data from industry regulator the Malaysian Palm Oil Board (MPOB), released after today's midday break, showed that March end-stocks inched up 2% to 1.69 million tonnes compared to 1.66 million tonnes a month ago.

Technical analysis showed Malaysian palm oil may have completed a weak rebound from the April 8 low of RM2,573 per tonne and is expected to drop towards the January 28 low of RM2,519, said Reuters market analyst Wang Tao.

A small recovery in demand, however, stemmed losses in the early trading session. Exports of Malaysian palm oil products for April 1-10 rose 4.4% to 306,765 tonnes compared to the same period a month ago, cargo surveyor Intertek Testing Services reported.

Another cargo surveyor Societe Generale de Surveillance will release export data for the same period later today.

The Malaysian ringgit was firm today, trading at 3.2265 against the US dollar. The currency has gained 1.5% so far this year, making the ringgit-denominated feedstock more expensive for overseas buyers and investors.

The US Department of Agriculture cut its forecast for the 2013-2014 soybean carry over to 135 million bushels, according to its monthly supply and demand report late yesterday, bringing stocks below trade estimates of 139 million bushels.

Smaller supplies of the oilseed for crushing could potentially channel food and fuel demand to palm, a common substitute.

The US soyoil contract for May fell 1.1% in early Asian trade, while the most active September soybean oil contract on the Dalian Commodities Exchange was nearly flat.

In other markets, Brent futures eased towards US\$107 (RM345.45) a barrel today on weak China trade data and as investors booked profits after gains of 2% in the past two days. – Reuters, April 10, 2014.

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