

**Palm oil edges up, investors cautious over output jump**  
**Malaysian Insider**  
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Malaysian palm oil futures were little changed today, with prices stuck in a narrow range as investors turned cautious after estimates showed production in the second-largest grower jumped last month.

Traders said the Malaysian Palm Oil Association, a group of planters, has forecast that crude palm oil output in Malaysia surged 17.8% in March from February's 1.28 million tonnes, topping market estimates of a 9% rise.

"There was news saying production for March was very much above market estimates. Everybody became a bit worried," said a trader with a local commodities brokerage.

"Investors have moved to the sidelines, that's why it's a bit quiet and there's a tight range today," the Kuala Lumpur-based trader added.

By the midday break, the benchmark June contract on the Bursa Malaysia Derivatives Exchange had edged up 0.3% to RM2,630 per tonne, with prices rangebound between RM2,614–RM2,637.

Total traded volume stood at 15,222 lots of 25 tonnes, above the average 12,500 lots.

Technical analysis showed Malaysian palm oil may hover above a support at RM2,613, as a rebound from the April 3 low of RM2,597 could have extended, said Reuters market analyst Wang Tao.

Official data for Malaysia's production, exports and end-stocks in March will be released by industry regulators on Thursday.

A Reuters poll last week pegged Malaysia's end-March palm inventories at a more than three-year low of 1.58 million tonnes after dry weather earlier this year hindered growth of palm fruit.

A firmer local currency also weighed on prices, curbing buying interest from overseas investors and refiners. The Malaysian ringgit gained 0.3% early today to trade at 3.2610 against the US dollar.

"Overall the ringgit is gaining strength. If the ringgit goes above 3.25, then palm prices will come under pressure," the Kuala Lumpur-trader added.

In other markets, Brent crude climbed above US\$106 (RM346.04) a barrel today supported by increased tensions between Russia and the West over Ukraine, while gains were capped by news that Libya prepared to load crude onto tankers from newly reopened ports.

In other competing vegetable oil markets, the US soybean contract for May rose 0.2% in early Asian trade.

The most active September soybean oil contract on the Dalian Commodities Exchange fell 0.2% after reopening from a holiday. – Reuters, April 8, 2014.

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