Crude Palm Oil Weekly

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Market Commentary

Call of The Week: **Mildly Bearish**

21/04/2025

Market Commentary:

Malaysian palm oil futures declined for a sixth consecutive session on Monday, weighed down by weaker soyoil and crude oil prices, a firmer ringgit, and ongoing concerns surrounding U.S. trade tariffs.

The benchmark palm oil contract for July delivery on the Bursa Malaysia Derivatives Exchange fell 46 ringgit, or 1.16%, to 3,929 ringgit ($895.80) per metric ton at the midday break.

Market sentiment remained cautious as traders anticipated increased pressure once the 90-day U.S. tariff suspension concludes. The broader weakness in global commodity markets, particularly in soybean oil and crude oil, added to the bearish tone.

“Crude palm oil futures have come under pressure due to weaker trends in soybean oil and crude oil markets, driven by growing concerns over the impact of U.S. tariff policies,” said David Ng, a proprietary trader at Kuala Lumpur-based Iceberg X Sdn Bhd.

Meanwhile, cargo surveyor Intertek Testing Services reported an 11.9% increase in Malaysian palm oil product exports during April 1–20. Market participants await further confirmation from AmSpec Agri Malaysia, whose data is due later today.

On the Dalian Commodity Exchange, the most-active soyoil contract fell 0.41%, while palm oil dropped 1.4%. In Chicago, soyoil prices edged 0.12% lower. Crude oil also declined more than 1.5%, as renewed concerns over U.S. trade tariffs dampened the global demand outlook for fuels.

The drop in crude oil prices makes palm oil a less appealing feedstock option for biodiesel production, further limiting upside potential.

Despite current market headwinds, Oil World Report indicated that global palm oil demand is expected to recover, supported by improved price competitiveness. Seasonal increases in production and inventories across Southeast Asia are adding to supply-side pressure.

India has emerged as an active buyer, with March palm oil imports surging nearly 14% amid declining domestic stocks and upcoming festive demand, suggesting a potential rebound in consumption.

For the week, the FCPO market is expected to remain mildly bearish, constrained by rising production and inventories alongside relatively subdued export momentum.

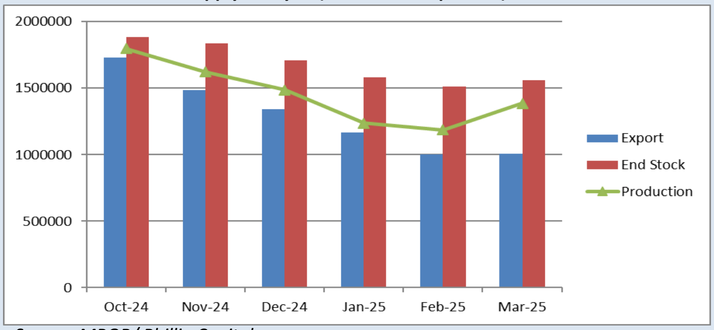
Fundamental Data

Malaysia Palm Oil Board Data ('000 tonnes)

	Mar-25	Feb-25	Diff.	MoM%	Feb-24	YoY%
Opening Stocks	1512	1579	-67	-4.24%	2020	-25.15%
Production	1387	1188	199	16.75%	1260	10.08%
Imports	121	66	55	83.33%	33	266.67%
Total Supply	**3020**	**2833**	**187**	**6.60%**	**3313**	-8.84%
Exports	1005	1002	3	0.30%	1016	-1.08%
Dom Disapp	453	319	134	42.01%	378	19.84%
Total Demand	**1458**	**1321**	**137**	**10.37%**	**1394**	4.59%
End Stocks	1562	1512	50	3.31%	1919	-18.60%
Stock/Usage Ratio	**8.93%**	**9.54%**			**10.90%**	

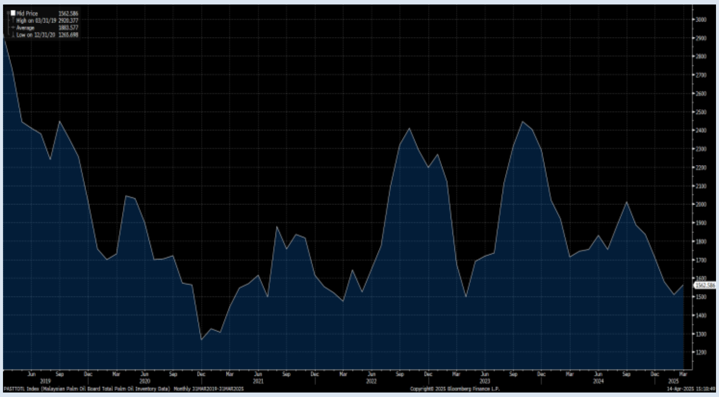
Source: MPOB/ Phillip Capital

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's daily chart, the market has been showing signs of weakness and a downward trend since last Monday. If the pri ce breaks below the RM3,900 support level, it could trigger further bearish momentum. For this week, the market is likely to trade within the RM3 ,800 to RM4,100 range.

PhillipCapital **(362533-U)**

Lee Ve Jack
lee.vejack@phillipcapital.com.my

Darren Leong Kai Xuan
leong.kaixuan@phillipcapital.com.my

Ooi Chea Lie
ooi.chealie@phillipcapital.com.my

CONTACT US:

Kuala Lumpur Headquarters:
(+603) 2711 0026
pfsb_research@poems.com.my

Johor Branch:
(+607) 557 2188
pcjb@phillipcapital.com.my

Kuching Branch:
(+6082) 247 6333
pckc@phillipcapital.com.my

Sibu Branch:
(+6084) 377 933
pcsibu@phillipcapital.com.my

Kota Damansara Branch:
(+603) 9212 2818
pckd@phillipcapital.com.my

Penang Branch:
(+604) 202 0039
pcpg@phillipcapital.com.my

Malacca Branch:
(+606) 225 0018
pcmk@phillipcapital.com.my

Kota Kinabalu Branch
(+6088) 335 346
pckk@phillipcapital.com.my

Official Website: www.phillip.com.my
Official Facebook Page: www.facebook.com/PhillipCapitalSdnBhd