Crude Palm Oil Weekly

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Market Commentary

Call of The Week: **Range Bound**

04/08/2025

Market Commentary:

Malaysian palm oil futures fell on Monday, pressured by concerns over rising domestic stocks and production levels, alongside weaker performance in Dalian edible oil markets.

The benchmark palm oil contract for October delivery on the Bursa Malaysia Derivatives Exchange slid 70 ringgit, or 1.65%, to 4,175 ringgit ($986.07) a metric ton at the midday break, after gaining 0.35% last Friday.

Crude palm oil prices declined due to rising domestic stockpiles and production, according to David Ng, a proprietary trader at Iceberg X Sdn Bhd. He added that weaker Dalian prices during Asian trading hours further pressured market sentiment. Support is seen at RM4,180 and resistance at RM4,300.

Dalian's most-active soyoil contract rose 0.34%, while its palm oil contract shed 0.85%. Soyoil prices on the Chicago Board of Trade (CBOT) rose 0.45%.

Oil prices extended declines after OPEC+ agreed to another large production hike in September, with concerns about a slowing economy in the U.S., the world's biggest oil user, adding to the pressure.

Weaker crude oil futures make palm a less attractive option for biodiesel feedstock.

Meanwhile, old trees and ageing farmers worsened the outlook for top palm oil exporters.

According to the Oil World Report, palm oil prices declined in both cash and futures markets during the review week, but are expected to stay supported by rising global import demand.

In July, Malaysian RBD palm olein averaged USD 1,028—4% higher than the previous month and 13.5% above the same period last year.

The FCPO prices are likely to remain under near-term pressure due to elevated domestic inventories and seasonal production strength. However, downside may be limited by improving global import demand and firmer competing oils. Broader trends in crude oil and Dalian markets will continue to influence sentiment.

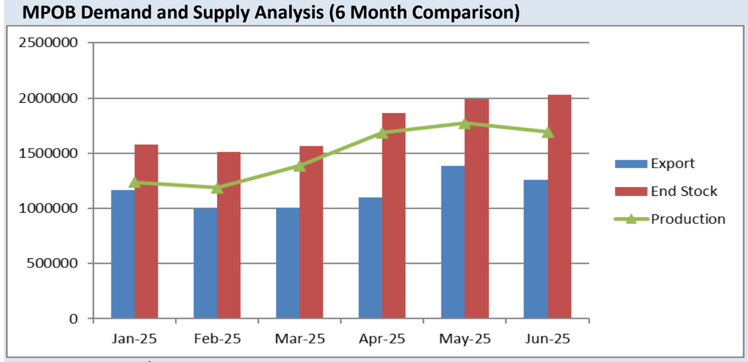
Fundamental Data

Malaysia Palm Oil Board Data ('000 tonnes)

	Jun-25	May-25	Diff.	MoM%	May-24	YoY%
Opening Stocks	1990	1865	125	6.70%	1829	8.80%
Production	1692	1771	-79	-4.46%	1615	4.77%
Imports	70	68	2	2.94%	12	483.33%
Total Supply	**3752**	**3829**	**-77**	**-2.01%**	**3456**	8.56%
Exports	1259	1387	-128	-9.23%	1205	4.48%
Dom Disapp	463	452	11	2.43%	4080	-88.65%
Total Demand	**1722**	**1839**	**-117**	**-6.36%**	**5285**	-67.42%
End Stocks	2030	1990	40	2.01%	1829	10.99%
Stock/Usage Ratio	**9.82%**	**9.02%**			**2.88%**	

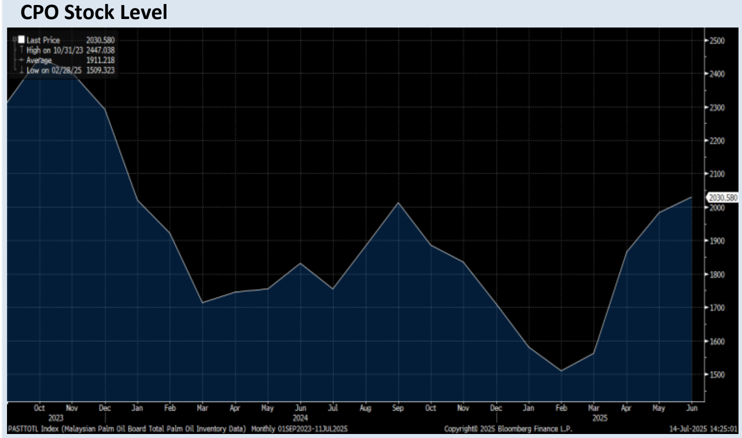
Source: MPOB/ Phillip Capital

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

According to the NOVA daily chart, FCPO has been in a steady uptrend since early July, but selling pressure intensified this week as prices pulled back from the 4450 zone. The daily candle on Friday closed below short-term support, hinting at momentum weakness. Key support is located at 3927 — a break below this level could indicate a trend reversal. For this week, FCPO is expected to trade between the 3920 and 4460 levels, with a range-bound bias unless a breakout occurs.

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