

FCPO Daily Commentary

Brought to you by Phillip Futures Sdn Bhd (362533-U) (A member of PhillipCapital)

PALM FCPO DEC17 (2735, +5)

Our Call of The Day:

Mildly Bullish
10 October 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm heads for fifth day of gains tracking U.S. soyoil.
- CBOT soybeans end lower in retreat from one-week high.

Crude Palm Oil

Malaysian palm oil futures traded higher on Monday evening to register their fifth session of gains, tracking strength in related edible oils and ahead of an official September data release this week.

The benchmark contract December 2017 rose RM5 to RM2735, prices were traded between RM2,746 and RM2,721 total traded volume for palm stood at 49,765 lots.

Phillip Futures Sdn Bhd Analyst, David Ng, said the better performance was estimated to be stronger for the first 10 days of the month, ahead of the release of a key crop report by Malaysian Palm Oil Board.

Palm oil production typically increases in the third and fourth quarters. September output is seen rising to 1.84 million tonnes, the strongest in nearly two years, a Reuters poll showed, while end-stocks are expected to have risen by 3.2 percent from a month earlier to 2 million tonnes, their highest since February 2016. Exports are forecast to gain 7.8 percent to 1.6 million tonnes.

The Malaysian Palm Oil Board is scheduled to release official data for September on today.

WTI crude oil inched higher on Monday after one of the most bearish weeks in months, propped up by OPEC comments signalling the possibility of continued action to restore market balance in the long term.

Traders are likely to stay cautious ahead of the release of September MPOB data. Meanwhile, the stronger overnight soyoil's performance may lift the palm price today.

For the benchmark palm oil contract, we locate the immediate support at RM2,706 while the immediate resistance at RM2,746.

Soybean (Reuters)

Chicago Board of Trade soybean futures closed lower on Monday in technical trade, with the benchmark November contract turning down after encountering chart resistance near its 200-day moving average.

The U.S. Department of Agriculture's weekly export inspections and crop progress reports were delayed until Tuesday due to Monday's Columbus Day holiday.

CBOT December soy meal ended down \$3.70 at \$315.50 per short ton on spillover weakness from soybeans and softening cash values in the Midwest. CBOT December soyoil bucked the lower trend, settling up 0.31 cent at 33.26 cents per pound, on technical buying after the U.S. Commodity Futures Trading Commission's weekly report late Friday showed funds slashed their net long position in CBOT soyoil in the week to Oct. 3.

Analysts expect the USDA in monthly supply/demand reports on Thursday to raise its U.S. soybean yield estimate but lower its forecast of U.S. 2017/18 soybean ending stocks.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Oct17	2,739	-2	2,750	2,750	2,724	1,596	-516	338
Nov17	2,738	5	2,745	2,750	2,724	8,092	-1,183	2,677
Dec17	2,735	5	2,744	2,746	2,721	41,358	-246	20,983
Jan18	2,735	5	2,742	2,745	2,718	43,649	503	12,188
Feb18	2,734	5	2,744	2,744	2,718	13,800	617	4,246
Mar18	2,734	5	2,744	2,744	2,717	28,468	660	2,456
May18	2,718	7	2,726	2,726	2,704	29,999	-379	3,350
Jul18	2,659	3	2,669	2,669	2,650	17,302	308	690
Sep18	2,603	1	2,614	2,621	2,602	17,256	324	1,213
Nov18	2,596	-4	2,611	2,617	2,594	15,205	-163	1,118
Jan19	2,602	-5	2,623	2,623	2,615	2,834	-228	419
Mar19	2,611	-8	2,621	2,622	2,619	2,522	20	30
May19	2,612	-8	2,624	2,625	2,615	3,829	49	55
Jul19	2,591	-8	-	-	-	545	0	-
Sep19	2,575	-8	2,594	2,594	2,594	50	2	2
Total						226,505	-232	49,765

Spreads

Contract	Open	High	Low	Last	Vol
Nov17 / Dec17	2	7	1	3	1,779
Dec17 / Jan18	1	3	-1	-	4,308
Jan18 / Feb18	1	2	-	2	2,483
Feb18 / Mar18	-	1	-1	1	82

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	NOV17	966.75	-5.50
Soybean Oil	DEC17	33.26	0.31
Soybean Meal	DEC17	315.50	-3.70
Crude Oil	NOV17	49.58	-0.02
DCE Palm Oil	JAN18	5,588	76.00
DCE Soybean Oil	JAN18	6,120	46.00

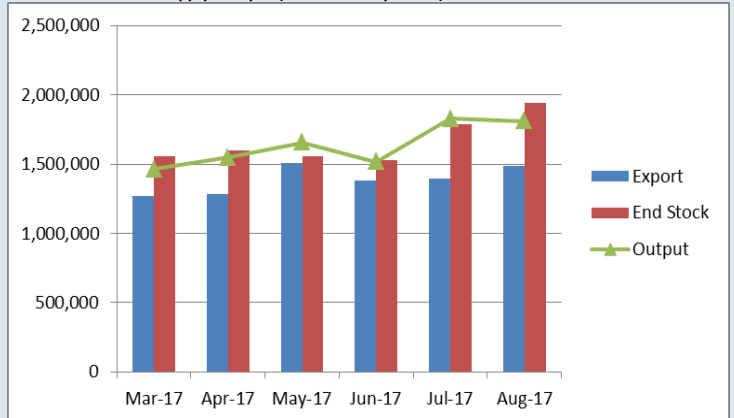
Exchange Rate

Currency	Last
USD/MYR	4.2320
USD/IDR	13,517
USDCNY	6.6209

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	OCT17	n.a.	5654.83	n.a.
FOB CPO (Indo)	USD/mt	OCT17	682.5	690	686.25
FOB RBD Palm Olein (M'sia)	USD/mt	OCT17	n.a.	690	687.5
FOB RBD Palm Oil (M'sia)	USD/mt	OCT17	n.a.	685	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)

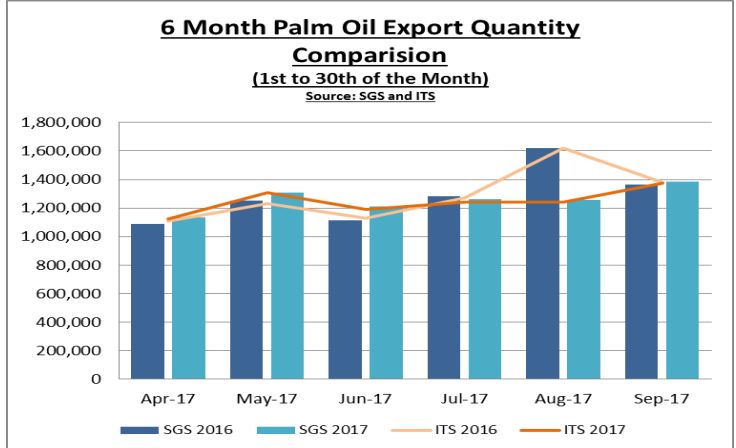


Demand and Supply Data

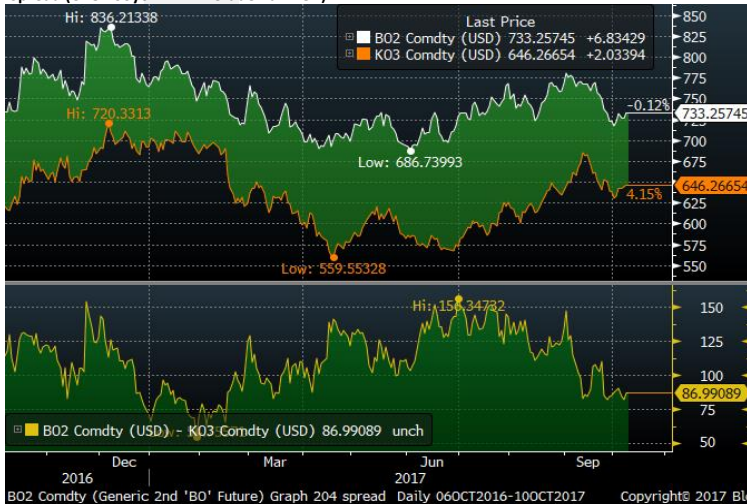
Date	Cargo Surveyor Figures			Cargo Surveyor Figures		
	ITS (in tonnes)			SGS (in tonnes)		
	Aug'17	Sep'17	Chg (%)	Aug'17	Sep'17	Chg (%)
First 10 days	355,009	379,652	6.9	363,007	396,672	9.3
First 15 days	512,039	625,655	22.2	537,022	652,350	21.5
First 20 days	679,539	852,206	25.4	692,662	878,422	26.8
First 25 days	934,544	1,085,116	16.1	956,547	1,105,555	15.6
Full month	1,243,361	1,372,990	10.4	1,259,240	1,384,665	10.0

Malaysia Palm Oil Board Data (MPOB)				PFSB Forecast	
(in tonnes)	Jul'17	Aug'17	MoM (%)	Sept'17	Chg (%)
Production	1,827,108	1,810,594	-0.9	-	-
Export	1,397,846	1,487,820	6.4	-	-
Import	52,962	41,661	-21.3	-	-
Local Disapp	225,152	206,577	-8.2	-	-
Stock	1,784,143	1,942,001	8.8	-	-
Stock/Use ratio	1.06	1.12	5.7	-	-

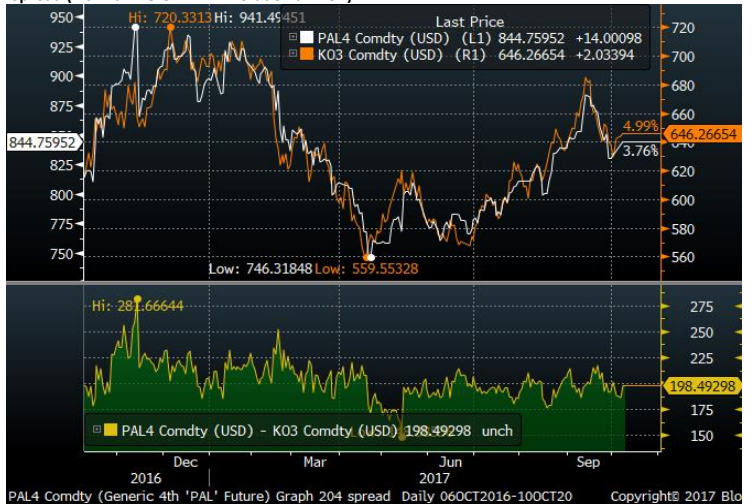
Export Quantity Analysis



Spread (CBOT Soyoil - BMD Crude Palm Oil)



Spread (DCE Palm Olein - BMD Crude Palm Oil)



Sources: Thomson Reuters / Bloomberg/ MPOB/ITS/SGS/Phillip Futures

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