

FCPO Daily Commentary

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

PALM FCPO DEC17 (2711, +15)

Our Call of The Day:

Neutral

13 October 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm extends gains tracking stronger related edible oils.
- CBOT soy hits 2-1/2-month high as USDA lowers soy yield.

Crude Palm Oil

Malaysian palm oil futures on Thursday extended gains for a second session, buoyed by stronger soyoil and technical buying.

The benchmark contract December 2017 rose RM15 to RM2711, prices were traded between RM2,726 and RM2,703 total traded volume for palm stood at 44,120 lots.

Phillip Futures Sdn Bhd Analyst, David Ng, said the stronger demand in the physical market was also seen supporting prices.

Malaysia, the world's second-largest palm oil producer after Indonesia, will increase its crude palm oil export tax to 6.5% in November, up from 6.0% the previous month, according to a government circular on Thursday. Malaysia had increased the tax to 6% in October from September.

WTI crude oil rebounded from earlier losses, but ended lower on the day, after the Energy Department reported a larger-than-expected decline in U.S. inventories and a falloff in weekly production on Thursday.

Today, the palm price is likely to trade in sideways as the market is lacking of fresh catalyst.

For the benchmark palm oil contract, we locate the immediate support at RM2,677 while the immediate resistance at RM2,726.

Soybean (Reuters)

Chicago Board of Trade soybean futures set a 2-1/2-month high on Thursday after the U.S. Department of Agriculture cut its U.S. soybean yield estimate in a monthly report, bucking trade expectations for a slight increase.

Additional support for soybean futures stemmed from updated forecasts calling for dry weather in portions of northern Brazil, where soy planting is under way.

The USDA lowered its U.S. 2017 soy yield estimate to 49.5 bushels per acre (bpa), down from 49.9 in September and below the average trade estimate in a Reuters poll of 50.0 bpa.

CBOT December soybean ended up \$11.40 at \$326.30 per short tonne while December soyoil rose 0.13 cent at 33.28 cents per pound.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Oct17	2,716	16	2,720	2,730	2,720	747	-403	59
Nov17	2,709	16	2,707	2,722	2,701	5,846	-826	897
Dec17	2,711	15	2,711	2,726	2,703	36,527	-1,616	18,708
Jan18	2,719	16	2,716	2,733	2,711	42,777	949	11,649
Feb18	2,720	13	2,717	2,734	2,715	16,447	329	3,442
Mar18	2,722	12	2,720	2,736	2,717	30,209	767	3,493
May18	2,709	14	2,709	2,724	2,705	30,336	-588	2,659
Jul18	2,655	20	2,649	2,668	2,649	18,685	462	1,792
Sep18	2,595	18	2,592	2,610	2,592	18,635	194	985
Nov18	2,588	16	2,588	2,604	2,586	16,156	49	340
Jan19	2,597	16	2,600	2,603	2,600	2,848	13	32
Mar19	2,603	16	2,610	2,610	2,608	2,592	18	22
May19	2,603	16	2,610	2,612	2,610	3,907	23	32
Jul19	2,595	16	2,600	2,600	2,600	548	0	10
Sep19	2,579	16	-	-	-	50	0	-
Total						226,310	-629	44,120

Spreads

Contract	Open	High	Low	Last	Vol
Nov17 / Dec17	-3	-1	-4	-3	683
Dec17 / Jan18	-8	-5	-9	-7	6,604
Jan18 / Feb18	-3	-2	-3	-3	1,295
Feb18 / Mar18	-2	-1	-3	-1	404

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	NOV17	992.00	26.75
Soybean Oil	DEC17	33.28	0.13
Soybean Meal	DEC17	326.30	11.40
Crude Oil	NOV17	50.60	-0.70
DCE Palm Oil	JAN18	5,548	28.00
DCE Soybean Oil	JAN18	6,058	10.00

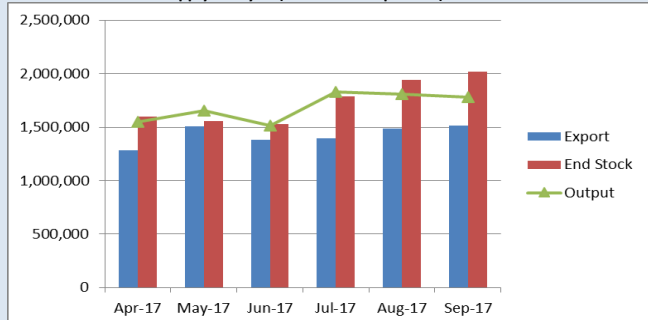
Exchange Rate

Currency	Last
USDMYR	4.2220
USDIDR	13,521
USDCNY	6.5881

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	OCT17	n.a.	5621.76	n.a.
FOB CPO (Indo)	USD/mt	OCT17	677.5	682.5	680
FOB RBD Palm Olein (M'sia)	USD/mt	OCT17	n.a.	680	677.5
FOB RBD Palm Oil (M'sia)	USD/mt	OCT17	n.a.	675	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)

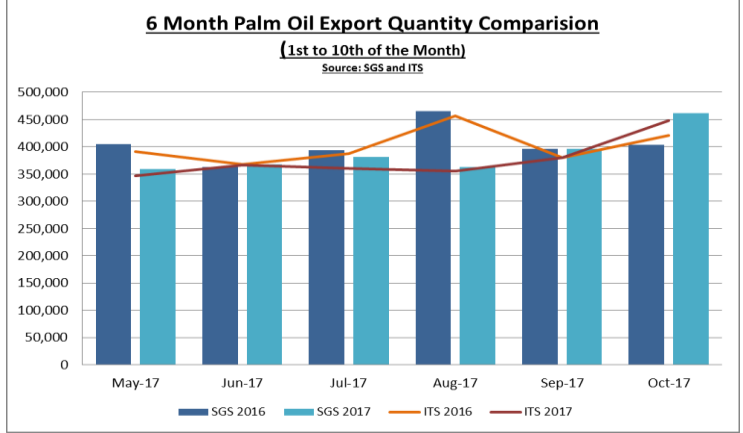


Demand and Supply Data

Date	Cargo Surveyor Figures			SGS (in tonnes)		
	ITS (in tonnes)			Sep'17	Oct'17	Chg (%)
First 10 days	379,652	448,349	18.1	396,672	462,082	16.5
First 15 days	625,655			652,350		
First 20 days	852,206			878,422		
First 25 days	1,085,116			1,105,555		
Full month	1,372,990			1,384,665		

(in tonnes)	Malaysia Palm Oil Board Data (MPOB)			PFSB Forecast	
	Aug'17	Sep'17	MoM (%)	Oct'17	Chg (%)
Production	1,810,551	1,779,924	-1.7	-	-
Export	1,488,194	1,515,304	1.8	-	-
Import	41,661	41,173	-1.2		
Local Disapp	206,577	228,492	10.6		
Stock	1,941,717	2,019,018	4.0	-	-
Stock/Use ratio	1.12	1.13	1.0		

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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