

FCPO Daily Commentary

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PALM FCPO JAN18 (2723, -18)

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm dragged by weak Dalian soyoil
- CBOT soybeans closed higher, led by strength in soyoil

Crude Palm Oil

Malaysian palm oil futures continued to fall on Thursday evening in its second consecutive session, tracking weakness on China's Dalian Commodity Exchange and on estimates of rising palm oil production.

The benchmark contract January 2018 declined RM18 to RM2723, prices were traded between RM2,744 and RM2,704 total traded volume for palm stood at 48,701 lots.

Market sentiment has been dampened by a sharp drop in China's market. January soybean oil contract on the Dalian Commodity Exchange dropped 1.5%, while the January palm olein contract declined 1.3%.

Leading edible oils analyst Dorab Mistry on Wednesday cut his production forecast for the world's second-biggest grower to 19.1 million to 19.3 million tons. He trimmed his expectations for top producer Indonesia to 34 million to 34.5 million tons from 34.5 million to 35 million tons.

Traders are expecting an increase in production and growth exports may reduce and predicting it could hit 2 million tonnes in stocks by December.

US crude oil fell more than 1 percent on Thursday, breaking four days of gains, pressured by larger-than-expected product inventories in the United States and profit-taking after a recent run-up in markets.

Today, palm prices is expected to trade higher after the overnight recovery in soyoil market. Meanwhile, market participants will be awaiting the exports data release today.

For the benchmark palm oil contract, we locate the immediate support at RM2,690 while the immediate resistance at RM2,750.

Soybean (Reuters)

Chicago Board of Trade soybean futures rose on Thursday on export demand and light bargain buying following a three-day slide, along with renewed optimism about demand for soy-based biodiesel fuel.

The U.S. Department of Agriculture reported export sales of U.S. soybeans in the latest week at 1,275,100 tonnes, below trade expectations for 1,300,000 to 1,700,000 tonnes.

However, through its daily reporting system, the USDA also said private exporters sold 384,000 tonnes of U.S. soybeans to China for delivery in the 2017/18 marketing year that began Sept. 1.

Our Call of The Day:

Mildly Bullish

20 October 2017

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Nov17	2,714	-20	2,730	2,732	2,700	4,399	-321	772
Dec17	2,713	-20	2,735	2,736	2,698	24,392	-2,094	6,100
Jan18	2,723	-18	2,741	2,744	2,704	44,581	-1,527	19,528
Feb18	2,734	-14	2,757	2,757	2,712	18,874	-261	3,302
Mar18	2,739	-15	2,755	2,755	2,719	30,054	330	5,380
Apr18	2,738	-15	2,742	2,748	2,719	5,762	906	2,397
May18	2,724	-11	2,737	2,744	2,706	29,261	-161	3,335
Jul18	2,660	-17	2,677	2,694	2,655	20,781	2,150	3,421
Sep18	2,609	-17	2,626	2,629	2,600	15,443	-3,250	2,468
Nov18	2,605	-15	2,622	2,622	2,595	13,614	-2,127	1,875
Jan19	2,615	-14	2,621	2,622	2,603	2,843	-21	44
Mar19	2,617	-17	2,620	2,626	2,611	2,711	2	79
May19	2,609	-17	-	-	-	4,042	0	-
Jul19	2,593	-17	-	-	-	548	0	-
Sep19	2,577	-17	-	-	-	65	0	-
Total						217,370	-6,374	48,701

Spreads

Contract	Open	High	Low	Last	Vol
Nov17 / Dec17	-	6	-3	1	379
Dec17 / Jan18	-8	-7	-10	-10	2,752
Jan18 / Feb18	-6	-5	-10	-11	1,781
Feb18 / Mar18	-6	-5	-9	-5	512

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	NOV17	986.50	2.25
Soybean Oil	DEC17	33.83	0.42
Soybean Meal	DEC17	321.40	-0.40
Crude Oil	NOV17	51.29	-0.65
DCE Palm Oil	JAN18	5,548	-12.00
DCE Soybean Oil	JAN18	6,036	-30.00

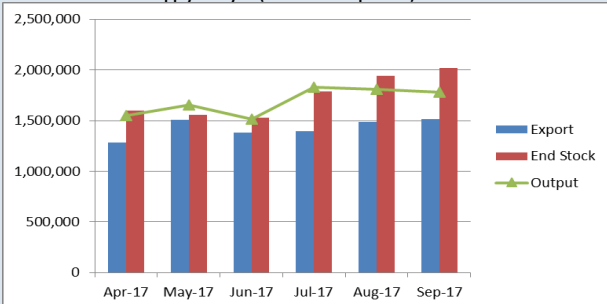
Exchange Rate

Currency	Last
USD/MYR	4.2230
USD/IDR	13,503
USDCNY	6.6021

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	NOV17	675	682.5	678.75
FOB RBD Palm Olein (M'sia)	USD/mt	NOV17	675	680	677.5
FOB RBD Palm Oil (M'sia)	USD/mt	NOV17	n.a.	675	n.a.

MOB Demand and Supply Analysis (6 Month Comparison)

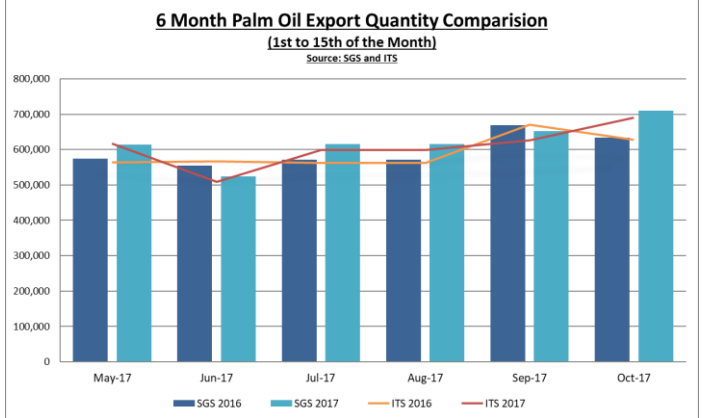


Demand and Supply Data

Date	Cargo Surveyor Figures			SGS (in tonnes)		
	ITS (in tonnes)			SGS (in tonnes)		
	Sep'17	Oct'17	Chg (%)	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	690,074	10.3	652,350	709,322	8.7
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		

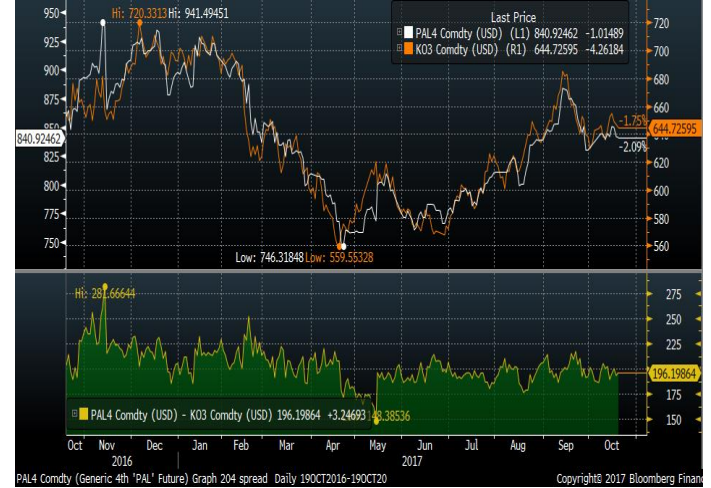
Export Quantity Analysis



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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