

# FCPO Daily Commentary

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## PALM FCPO NOV17 (2777, +39)

Our Call of The Day:

**Rangebound**  
25 August 2017

### FCPO 3rd Month Daily Candle Chart



#### Market Commentary

##### Highlights:

- Palm extends run of gains on production expectations.
- CBOT soybeans up on export sales, inter-market spreading versus corn.

#### Crude Palm Oil

Malaysian palm oil futures extended gains into a sixth session on Thursday and hovered near a five-month high hit in the evening on expectations that production growth will be slower than previously forecast.

The benchmark November 17 up RM39 to RM2,777 per tonne, prices were traded between RM2,782 and RM2,730 with total traded volume for palm stood at 50,096 lots.

Palm remain firm although the announcement of a U.S. decision to impose duties on biodiesel imports from Indonesia and Argentina. As Indonesia consumed most of their biodiesel production domestically, hence the U.S. import duties on biodiesel might have minimal impact on Indonesia biodiesel industry.

Palm oil stockpiles and production at the end of July rose, the highest and surpassing expectations. However, some traders expect the gains in August inventory and production may not match those of July. Another trader added that the market was also up on technical buying and short-covering but could face strong resistance at price levels of 2,800 ringgit.

We remain bullish, however the palm oil prices likely to open slightly lower and expect to trade in tight range as market are awaiting for the export data of 1-25th August from cargo surveyor for more lead.

For the benchmark palm oil contract, we locate the immediate support at RM2,750 while the immediate resistance at RM2,770.

#### Soybean (Reuters)

Chicago Board of Trade soybean futures closed higher on Thursday on stronger-than-expected weekly U.S. export sales and inter-market spreading against corn.

The U.S. Department of Agriculture reported weekly export sales of U.S. soybeans at 1,608,600 tonnes (old and new crop years combined), topping a range of trade expectations for 650,000 tonnes to 1,050,000 tonnes.

As well, the USDA through its daily reporting system said private exporters sold 132,000 tonnes of U.S. soybeans to China for delivery in the 2017/18 marketing year.

Soyoil has climbed since a U.S. Commerce Department announcement on Tuesday that it would impose duties on soy-based Argentina biodiesel imports that it said were unfairly subsidized.

### Crude Palm Oil Futures

#### Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Sep17	2,750	27	2,722	2,752	2,722	3,667	-612	582
Oct17	2,766	39	2,722	2,769	2,721	17,547	-663	2,303
Nov17	2,777	39	2,733	2,782	2,730	49,787	941	27,012
Dec17	2,786	40	2,743	2,789	2,740	24,786	1,053	7,170
Jan18	2,800	40	2,755	2,802	2,753	27,077	654	5,720
Feb18	2,812	41	2,763	2,813	2,763	2,756	752	1,593
Mar18	2,812	38	2,775	2,813	2,767	18,378	50	1,822
May18	2,808	34	2,767	2,808	2,765	28,033	213	1,368
Jul18	2,783	36	2,752	2,785	2,750	15,544	314	571
Sep18	2,757	34	2,720	2,762	2,720	13,777	384	558
Nov18	2,755	36	2,717	2,760	2,717	14,674	782	1,121
Jan19	2,770	29	2,764	2,774	2,764	1,167	-1	21
Mar19	2,780	34	2,755	2,783	2,755	1,286	62	115
May19	2,783	33	2,760	2,783	2,760	1,152	112	125
Jul19	2,780	33	2,763	2,763	2,763	389	15	15
<b>Total</b>						<b>220,020</b>	<b>4,056</b>	<b>50,096</b>

#### Spreads

Contract	Open	High	Low	Last	Vol
Sep17 / Oct17	-2	-2	-15	-16	202
Oct17 / Nov17	-11	-8	-14	-11	1,477
Nov17 / Dec17	-10	-7	-11	-9	3,956
Dec17 / Jan18	-13	-11	-14	-14	1,297

#### Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	NOV17	946.50	8.50
Soybean Oil	DEC17	35.13	0.07
Soybean Meal	DEC17	300.90	4.40
Crude Oil	OCT17	47.43	-0.98
DCE Palm Oil	JAN18	5,548	4.00
DCE Soybean Oil	JAN18	6,388	-6.00

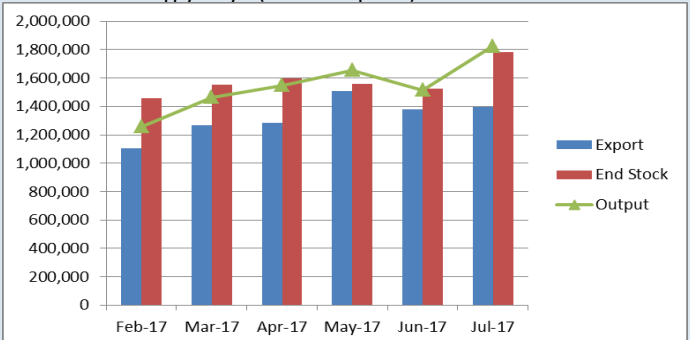
#### Exchange Rate

Currency	Last
USDMYR	4.2795
USDIDR	13,332
USDCNY	6.6604

#### Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	AUG17	n.a.	5324.14	n.a.
FOB CPO (Indo)	USD/mt	SEP17	675.00	682.50	678.75
FOB RBD Palm Olein (M'sia)	USD/mt	SEP17	672.50	680.00	676.25
FOB RBD Palm Oil (M'sia)	USD/mt	SEP17	n.a.	675.00	n.a.

#### MPOB Demand and Supply Analysis (6 Month Comparison)

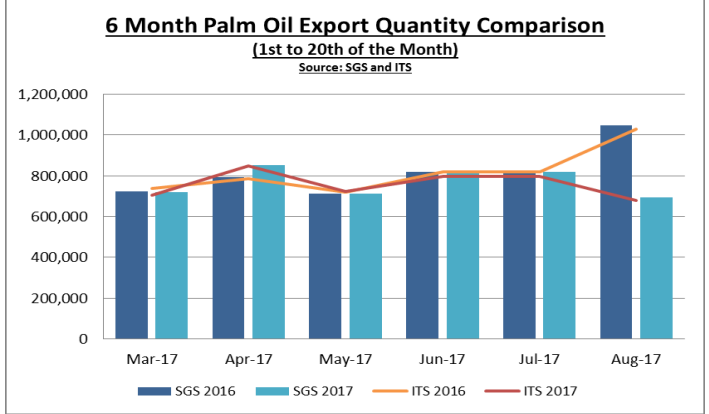


**Demand and Supply Data**

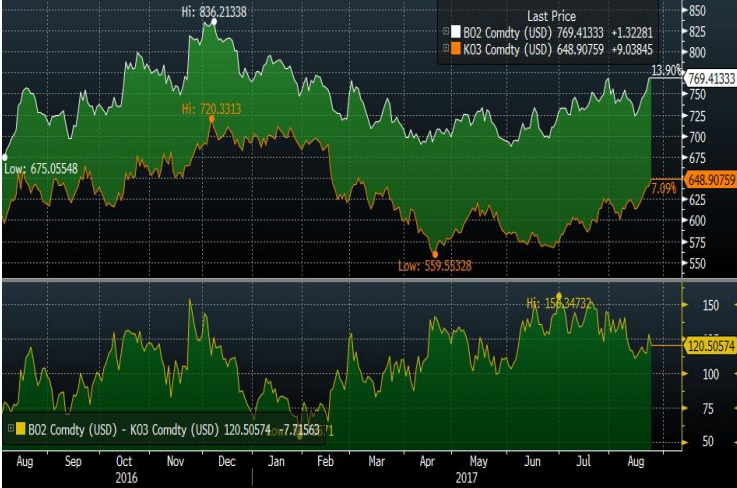
Date	ITS (in tonnes)			SGS (in tonnes)		
	Jul'17	Aug'17	Chg (%)	Jul'17	Aug'17	Chg (%)
First 10 days	360,114	355,009	-1.4	381,241	363,007	-4.8
First 15 days	599,414	512,039	-14.6	615,671	537,022	-12.8
First 20 days	796,664	679,539	-14.7	817,961	692,662	-15.3
First 25 days	1,016,689			1,044,456		
Full month	1,190,583			1,260,143		

(in tonnes)	Malaysia Palm Oil Board Data (MPOB)			PFSB Forecast	
	Jun'17	Jul'17	MoM (%)	July'17	Chg (%)
Production	1,514,165	1,827,108	20.7	1.74	15
Export	1,379,720	1,397,846	1.3	1.45	5
Import	45,828	52,962	15.6		
Local Disapp	210,883	225,152	6.8		
Stock	1,527,071	1,784,143	16.8	1.60	5
Stock/Use ratio	0.93	1.06	14.0		

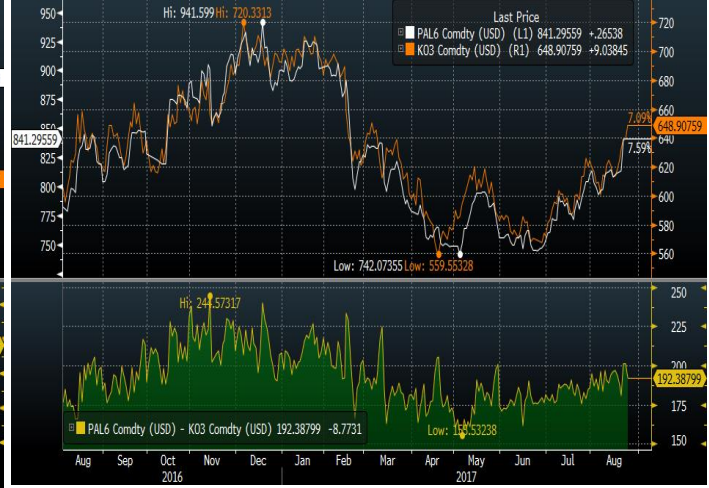
**Export Quantity Analysis**



**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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