

FCPO Daily Commentary

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PALM FCPO JAN18 (2777, -10)

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm drops following weakness in soyoil
- CBOT soybeans weaken on faster-than-expected harvest

Crude Palm Oil

Malaysian palm oil futures reversed gains on Tuesday after hitting a five-week high, with sentiment dented by weakness in the Chicago Board of Trade soyoil and expectations of slower export growth.

The benchmark contract January 2018 declined RM10 to RM2777, prices were traded between RM2,808 and RM2,771 total traded volume for palm stood at 55,937 lots.

Phillip Futures Sdn Bhd Analyst David Ng said the performance was influenced by anticipated weaker exports in the coming weeks.

In other related edible oils, the January soybean oil contract on the Dalian Commodity Exchange gained 0.2% on Tuesday, while the January palm olein contract rose 1.1%.

US oil prices rose 1 percent on Tuesday after top exporter Saudi Arabia said it was determined to end a supply glut.

Today, Malaysia's palm exports data will be in the focus. Palm oil is expected to have a price correction as market participants are forecasting smaller increase in the exports data. However, we expect weaker RM to cap the downsides of the market.

For the benchmark palm oil contract, we locate the immediate support at RM2,705 while the immediate resistance at RM2,800.

Soybean (Reuters)

Chicago Board of Trade soybean futures futures dipped to their lowest since Oct. 12 on Tuesday after a U.S. government report showed that the pace of harvest was faster than expected.

The U.S. Agriculture Department said on Monday afternoon that soybean harvest was 70 percent complete, ahead of analysts' forecast of 64 percent. That leaves farmers only 3 percentage points behind their five-year average.

Soyoil futures also weakened, shuffling off news that the U.S. Commerce Department issued a preliminary finding that Argentine and Indonesian biodiesel imports were being dumped

Our Call of The Day:

Mildly Bearish

25 October 2017

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Nov17	2,752	-15	2,780	2,780	2,752	3,217	-316	255
Dec17	2,764	-10	2,780	2,794	2,758	18,756	-1,157	3,710
Jan18	2,777	-10	2,793	2,808	2,771	48,221	-97	23,179
Feb18	2,784	-12	2,797	2,815	2,780	19,278	21	3,745
Mar18	2,788	-13	2,803	2,820	2,784	31,814	1,290	5,156
Apr18	2,788	-12	2,805	2,820	2,784	10,836	3,414	4,632
May18	2,767	-13	2,787	2,801	2,766	30,836	937	3,509
Jul18	2,705	-12	2,721	2,736	2,703	19,998	-1,200	969
Sep18	2,654	-5	2,668	2,681	2,653	14,775	53	687
Nov18	2,647	-10	2,670	2,677	2,645	14,096	260	802
Jan19	2,656	-16	2,680	2,687	2,656	3,000	206	553
Mar19	2,660	-16	2,691	2,691	2,660	2,886	142	371
May19	2,660	-14	2,670	2,670	2,660	4,217	-1	47
Jul19	2,636	-6	2,646	2,646	2,636	622	1	13
Sep19	2,604	-6	-	-	-	92	0	-
Total						222,644	3,553	47,628

Spreads

Contract	Open	High	Low	Last	Vol
Nov17 / Dec17	-5	-5	-10	-12	129
Dec17 / Jan18	-13	-12	-15	-13	2,638
Jan18 / Feb18	-7	-5	-9	-7	1,573
Feb18 / Mar18	-4	-3	-6	-4	483

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JAN18	985.75	-5.25
Soybean Oil	DEC17	34.34	-0.29
Soybean Meal	DEC17	314.20	-1.70
Crude Oil	DEC17	52.47	0.63
DCE Palm Oil	JAN18	5,680	54.00
DCE Soybean Oil	JAN18	6,074	14.00

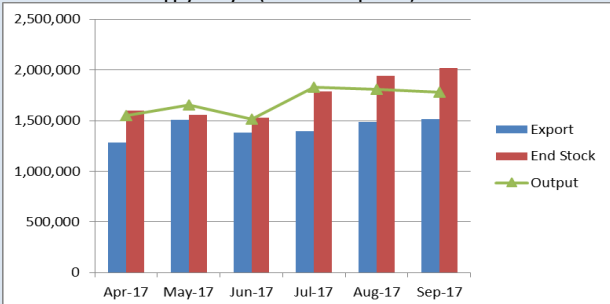
Exchange Rate

Currency	Last
USDMYR	4.2335
USDIDR	13,568
USDCNY	6.6329

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	OCT17	n.a.	5704.44	n.a.
FOB CPO (Indo)	USD/mt	NOV17	685	692.5	688.75
FOB RBD Palm Olein (M'sia)	USD/mt	NOV17	685	690	687.5
FOB RBD Palm Oil (M'sia)	USD/mt	NOV17	n.a.	685	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)

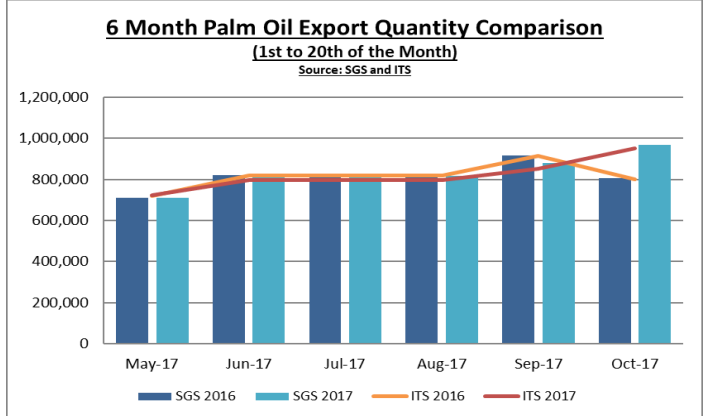


Demand and Supply Data

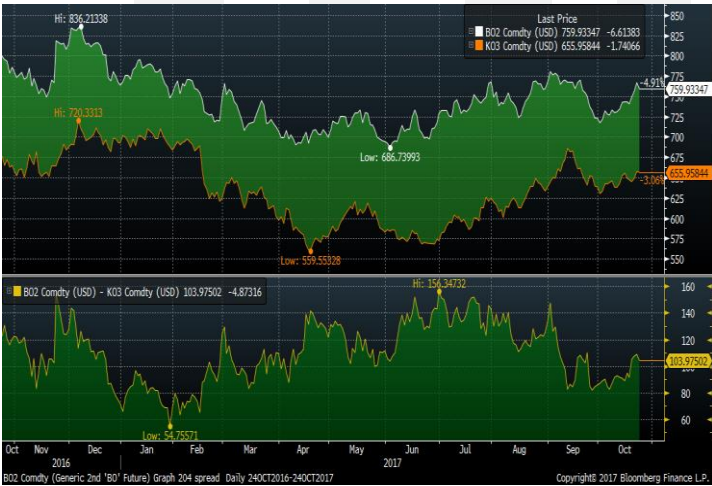
Date	Cargo Surveyor Figures			SGS (in tonnes)		
	ITS (in tonnes)			Sep'17	Oct'17	Chg (%)
First 10 days	379,652	448,349	18.1	396,672	462,082	16.5
First 15 days	625,655	690,074	10.3	652,350	709,322	8.7
First 20 days	852,206	951,339	11.6	878,422	967,707	10.2
First 25 days	1,085,116			1,105,555		
Full month	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

Dealing Desk
pfsb_dealing@poems.com.my

CONTACT US:
Kuala Lumpur Headquarters:
(+603) 2711 0026
pfsb_research@poems.com.my

Johor - Taman Sutera Utama Branch:
(+607) 5572188
pfjb@poems.com.my

Penang Branch:
(+604) 2616822
pfg@poems.com.my

Malacca Branch:
(+606) 2748711
pfmk@poems.com.my

Kota Damansara Branch:
(+603) 26308688
phillipfutures@poems.com.my

Johor - Taman Molek Branch:
(+607) 3525999
pfjb@poems.com.my

Kuching Branch:
(+6082) 247633
pfkc@poems.com.my

Official Website: www.phillipfutures.com.my
Facebook Page: www.facebook.com/PhillipFuturesSdnBhd

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