

# FCPO Daily Commentary

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## PALM FCPO NOV17 (2738 -12)

### FCPO 3rd Month Daily Candle Chart



#### Market Commentary

##### Highlights:

- Palm oil declined on higher output expectations, stronger ringgit.
- CBOT soybeans weaken on profit-taking, grains declines.
- Malaysian Palm Oil Board is scheduled to release production data for August on Sept. 11.

#### Crude Palm Oil

Malaysian palm oil futures fell on Monday in light trading, weighed down by expectations that production in August would rise slightly and by a stronger ringgit.

The benchmark November 17 down RM12 to RM2,738 per tonne, prices were traded between RM2,766 and RM2,726 with total traded volume for palm stood at 34,444 lots.

The ringgit strengthen 0.1 percent on Monday evening at 4.2660 per dollar, after earlier hitting its strongest level in more than two months. The gained in ringgit, the currency of trade for palm oil, typically pressure palm prices by making it more expensive for buyers holding foreign currencies.

The market also slip on expectations of production growth, adding this would contribute to the country's growing stockpiles. However, traders were uncertain about the extent of production gains.

Malaysia palm oil market likely to be quiet trading in this week ahead of long weekend. We expect the market to be in sideways trading, ringgit strengthening could limit market upside.

For the benchmark palm oil contract, we locate the immediate support at RM2,720 while the immediate resistance at RM2,770.

#### Soybean (Reuters)

Chicago Board of Trade soybean futures edged lower on Monday as investors locked in profits after prices earlier hit a roughly two-week high.

Steep losses in corn and wheat futures weighed on soybeans while rainfall in parts of the Midwest was likely to boost yield potential for soybean plants.

USDA after the close of trading boosted good-to-excellent U.S. soybean crop conditions and left corn crop ratings unchanged. Analysts surveyed by Reuters had expected soy ratings to stay steady and corn conditions to increase slightly.

CBOT soyoil and soymeal futures also were slightly lower, following declines in soybean prices.

Our Call of The Day:

### Consolidation

29 August 2017

#### Crude Palm Oil Futures

##### Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Sep17	2,723	-10	2,746	2,746	2,716	2,631	-457	349
Oct17	2,733	-6	2,751	2,753	2,720	15,324	-1,660	2,479
Nov17	2,738	-12	2,762	2,766	2,726	47,669	-1,962	18,562
Dec17	2,750	-10	2,773	2,775	2,736	22,446	-955	5,578
Jan18	2,761	-11	2,785	2,786	2,749	27,423	613	4,119
Feb18	2,769	-12	2,793	2,793	2,760	2,704	-14	804
Mar18	2,773	-12	2,791	2,791	2,762	18,812	-138	592
May18	2,771	-13	2,792	2,792	2,762	28,020	-126	233
Jul18	2,744	-13	2,760	2,760	2,738	15,106	-598	304
Sep18	2,718	-19	2,742	2,742	2,715	14,072	83	495
Nov18	2,719	-18	2,742	2,742	2,712	15,685	351	537
Jan19	2,734	-18	-	-	-	1,197	31	82
Mar19	2,748	-14	2,747	2,748	2,740	1,437	36	156
May19	2,751	-15	2,752	2,753	2,742	1,567	102	152
Jul19	2,748	-15	2,746	2,746	2,745	376	2	2
<b>Total</b>						<b>214,469</b>	<b>-4,692</b>	<b>34,444</b>

#### Spreads

Contract	Open	High	Low	Last	Vol
Sep17 / Oct17	-11	-4	-12	-12	102
Oct17 / Nov17	-12	-6	-12	-7	1,578
Nov17 / Dec17	-10	-8	-10	-12	2,867
Dec17 / Jan18	-12	-11	-13	-13	1,140

#### Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	NOV17	941.25	-3.25
Soybean Oil	DEC17	34.96	0.01
Soybean Meal	DEC17	299.40	-0.60
Crude Oil	OCT17	46.57	-1.30
DCE Palm Oil	JAN18	5,550	-26.00
DCE Soybean Oil	JAN18	6,380	-14.00

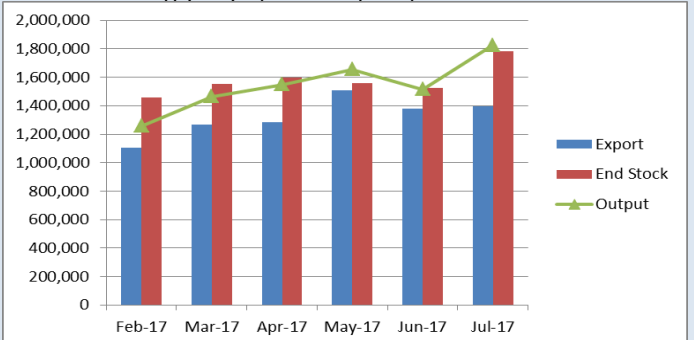
#### Exchange Rate

Currency	Last
USD/MYR	4.2675
USD/IDR	13,333
USDCNY	6.6175

#### Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	AUG17	n.a.	5274.54	n.a.
FOB CPO (Indo)	USD/mt	SEP17	670.00	675.00	672.50
FOB RBD Palm Olein (M'sia)	USD/mt	SEP17	672.50	677.50	675.00
FOB RBD Palm Oil (M'sia)	USD/mt	SEP17	n.a.	672.50	n.a.

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

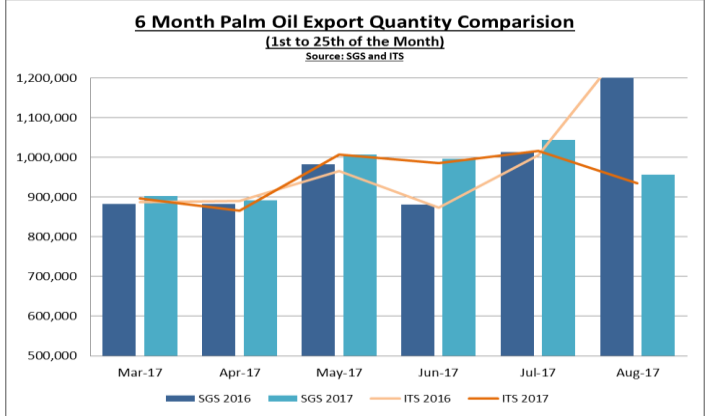


**Demand and Supply Data**

Date	Cargo Surveyor Figures			SGS (in tonnes)		
	ITS (in tonnes)			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	934,544	-8.1	1,044,456	956,547	-8.4
Full month	1,190,583			1,260,143		

(in tonnes)	Malaysia Palm Oil Board Data (MPOB)			PFSB Forecast	
	Jun'17	Jul'17	MoM (%)	Jul'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		

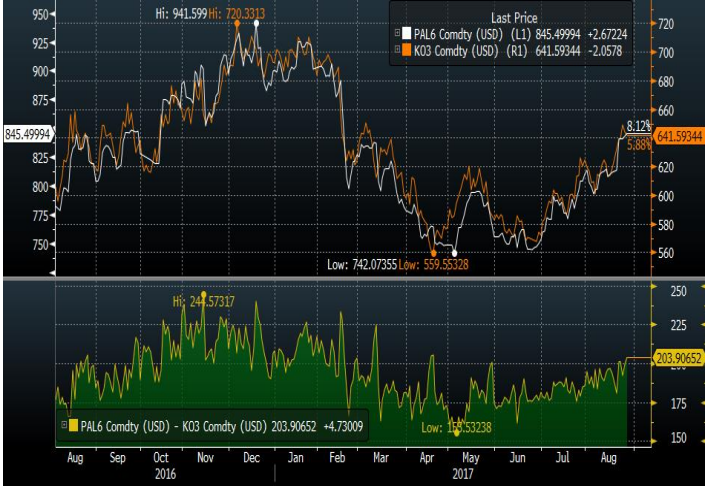
**Export Quantity Analysis**



**Spread (CBOT Soyoil - BMD Crude Palm Oil)**



**Spread (DCE Palm Olein - BMD Crude Palm Oil)**



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

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  
pfp@poems.com.my

**Malacca Branch:**  
(+606) 2748711  
pfrm@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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