

# FCPO Daily Commentary

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## PALM FCPO JAN18 (2817, +4)

Our Call of The Day:

**Mildly Bullish**

30 October 2017

### FCPO 3rd Month Daily Candle Chart



### Market Commentary

#### Highlights:

- Palm erases most of the day's gains as profit taking emerges
- CBOT soybeans firm on strong world demand

### Crude Palm Oil

Malaysian palm oil futures were virtually flat on Friday, giving up most early gains as profit taking emerged and the market was cautious ahead of export data due early next week.

The benchmark contract January 2018 gained RM4 to RM2817, prices were traded between RM2,833 and RM2,810 total traded volume for palm stood at 49,378 lots.

The market is likely to remain cautious ahead of export data due on Tuesday, from cargo surveyors Intertek Testing Services and Societe Generale de Surveillance for Oct 1-31.

Cargo surveyor Intertek Testing Services said on Wednesday that exports of Malaysian palm oil products for Oct 1-25 rose 8.6% to 1,177,939 tonnes, from 1,085,116 tonnes shipped during Sept 1-25.

Additionally, cargo surveyor Societe Generale de Surveillance said on Wednesday that exports of Malaysian palm oil products for Oct 1-25 rose 8.3% to 1,197,237 tonnes, from 1,105,555 tonnes shipped during Sept 1-25.

Data from the Malaysian Palm Oil Association's (MPOA) for Oct 1-20 showed production rose by 10.5%.

U.S. oil prices settled higher on Friday buoyed by growing expectations that Opec will agree to extend output cuts beyond March 2018 following bullish comments from Saudi Arabia Crown Prince Mohammed bin Salman.

Today, palm prices are expected to trade higher on stronger overnight soyoil prices. The 2 percent surge in crude oil price may also bring Malaysia palm oil higher. Support is seen with prediction of lower production during year end.

For the benchmark palm oil contract, we locate the immediate support at RM2,746 while the immediate resistance at RM2,828.

### Soybean (Reuters)

Grain futures dropped Friday amid gains in the U.S. dollar and the advancing fall harvest while soybeans rose.

Some technical buying in soybeans was noted after the CBOT November contract briefly dipped below its 40-day moving average, a level it has not closed under since Sept. 13. Strong world demand for soybeans also underpinned prices for the oilseed.

### Crude Palm Oil Futures

#### Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Nov17	2,786	1	2,796	2,808	2,786	2,014	-326	329
Dec17	2,795	-1	2,805	2,814	2,791	15,096	-886	2,187
Jan18	2,817	4	2,822	2,833	2,810	45,514	-655	24,233
Feb18	2,832	10	2,832	2,844	2,825	24,066	1,109	8,258
Mar18	2,843	12	2,838	2,852	2,834	33,573	52	5,832
Apr18	2,840	9	2,838	2,851	2,830	15,475	1,567	3,385
May18	2,818	5	2,819	2,832	2,813	32,400	601	2,477
Jul18	2,749	-1	2,755	2,771	2,747	20,475	439	891
Sep18	2,698	-4	2,707	2,721	2,696	14,539	122	1,042
Nov18	2,692	-1	2,704	2,713	2,690	14,668	92	328
Jan19	2,709	7	2,717	2,722	2,702	3,115	90	287
Mar19	2,713	7	2,721	2,721	2,708	2,877	2	89
May19	2,713	7	2,718	2,718	2,718	4,243	-5	16
Jul19	2,679	7	2,680	2,680	2,679	666	15	19
Sep19	2,646	7	2,649	2,649	2,649	102	-5	5
<b>Total</b>						<b>228,823</b>	<b>2,212</b>	<b>49,378</b>

### Spreads

Contract	Open	High	Low	Last	Vol
Nov17 / Dec17	-12	-2	-12	-9	71
Dec17 / Jan18	-16	-16	-21	-22	1,592
Jan18 / Feb18	-10	-9	-15	-15	4,316
Feb18 / Mar18	-8	-7	-11	-11	1,037

### Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JAN18	986.50	4.00
Soybean Oil	DEC17	34.84	0.34
Soybean Meal	DEC17	312.10	0.00
Crude Oil	DEC17	53.90	1.53
DCE Palm Oil	JAN18	5,696	8.00
DCE Soybean Oil	JAN18	6,128	12.00

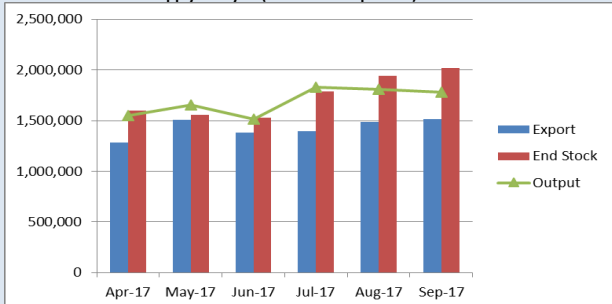
### Exchange Rate

Currency	Last
USDMYR	4.2415
USDIDR	13,614
USDCNY	6.6419

### Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	OCT17	n.a.	5853.25	n.a.
FOB CPO (Indo)	USD/mt	NOV17	687.5	692.5	690
FOB RBD Palm Olein (M'sia)	USD/mt	NOV17	n.a.	695	691.25
FOB RBD Palm Oil (M'sia)	USD/mt	NOV17	n.a.	690	n.a.

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

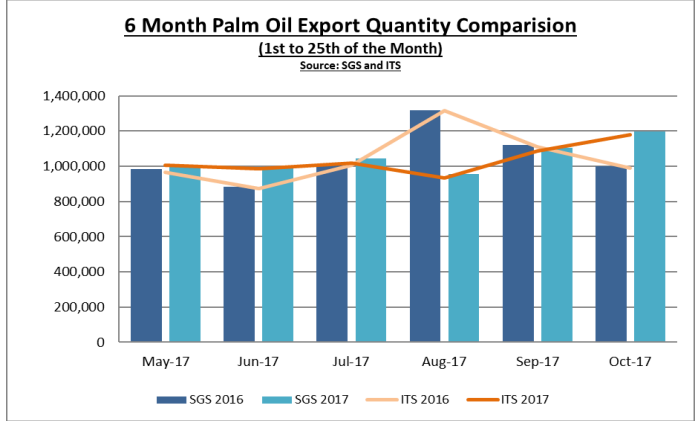


**Demand and Supply Data**

Date	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	951,339	11.6	878,422	967,707	10.2
First 25 days	1,085,116	1,177,939	8.6	1,105,555	1,197,237	8.3
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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