

FCPO Daily Commentary

Brought to you by Phillip Futures Sdn Bhd (62533-U) (A member of PhillipCapital)

PALM FCPO NOV17 (2802, +40)

Our Call of The Day:

Mildly Bullish
12 September 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm hits highest since March, as output misses estimates number.
- CBOT soybeans decline on technical selling ahead of USDA data.

Crude Palm Oil

Malaysian palm oil futures climbed to their highest level since March in Monday's session driven by weaker output and higher exports that kept inventory numbers lower than expected.

The benchmark November 17 up RM40 to RM2,802 per tonne, prices were traded between RM2,758 and RM2,815 with total traded volume for palm stood at 54,664 lots.

Industry regulator, the Malaysian Palm Oil Board (MPOB) data showed palm oil inventories in Malaysia rose less than expected in August as production fell and exports climbed. Stockpiles rose 8.8 percent from a month earlier to 1.94 million metric tons, the highest since February 2016, while output fell by 0.9 percent to 1.81 million tonnes.

Separately, cargo surveyor Intertek Testing Services said exports of Malaysian palm oil products for Sept. 1-10 rose 6.9 percent to 379,652 tonnes from 355,009 tonnes shipped during Aug. 1-10. Another cargo surveyor Societe Generale de Surveillance reported a 9.3 percent rise in exports, fueled by increased shipments to Europe, China and Pakistan.

Derivatives specialist at Phillip Futures, David Ng said market is trading higher on lower August output numbers, which are not in line with the seasonal trend. He added that stronger exports data from cargo surveyor is also supporting.

Today, we expect palm prices to extend the bull run as sentiment remain bullish on the slower output data and overnight gain in soyoil market. The improve in export data also provide support to the market.

For the benchmark palm oil contract, we locate the immediate support at RM2,765 while the immediate resistance at RM2,800.

Soybean (Reuters)

Chicago Board of Trade soybean futures closed lower Monday on technical selling ahead of monthly supply/demand reports due Tuesday from the U.S. Department of Agriculture.

Traders shrugged at news of fresh U.S. export business. The USDA, through its daily reporting system, said private exporters sold 352,000 tonnes of U.S. soybeans to unknown destinations.

Ahead of the USDA's weekly crop progress report, analysts expected the government to rate 60 percent of the U.S. soybean crop in good to excellent condition, down from 61 percent the previous week.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Sep17	2,803	32	2,780	2,807	2,780	911	-152	253
Oct17	2,805	38	2,775	2,819	2,770	10,164	-799	1,552
Nov17	2,802	40	2,760	2,815	2,758	43,194	-548	24,244
Dec17	2,797	34	2,758	2,809	2,758	21,322	1,333	9,368
Jan18	2,792	23	2,764	2,809	2,764	25,903	1,124	8,783
Feb18	2,790	22	2,770	2,807	2,770	4,196	-293	1,589
Mar18	2,783	14	2,763	2,807	2,763	20,236	272	1,735
May18	2,777	12	2,780	2,798	2,766	28,734	369	3,466
Jul18	2,743	2	2,750	2,767	2,739	15,451	-362	1,247
Sep18	2,719	4	2,731	2,743	2,713	16,539	483	1,379
Nov18	2,715	-5	2,733	2,743	2,711	18,667	21	928
Jan19	2,716	-10	2,742	2,742	2,732	2,768	14	22
Mar19	2,732	-3	2,755	2,755	2,731	2,372	-9	32
May19	2,734	-8	2,759	2,762	2,750	3,255	43	66
Jul19	2,732	-8	-	-	-	514	0	-
Total						214,226	1,496	54,664

Spreads

Contract	Open	High	Low	Last	Vol
Sep17 / Oct17	-10	-10	-20	-20	26
Oct17 / Nov17	0	8	0	2	702
Nov17 / Dec17	0	8	-2	5	3,604
Dec17 / Jan18	-4	2	-6	2	2,914

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	NOV17	960.00	-2.00
Soybean Oil	DEC17	35.15	0.21
Soybean Meal	DEC17	303.60	-1.60
Crude Oil	OCT17	48.07	0.59
DCE Palm Oil	JAN18	5,570	38.00
DCE Soybean Oil	JAN18	6,334	-22.00

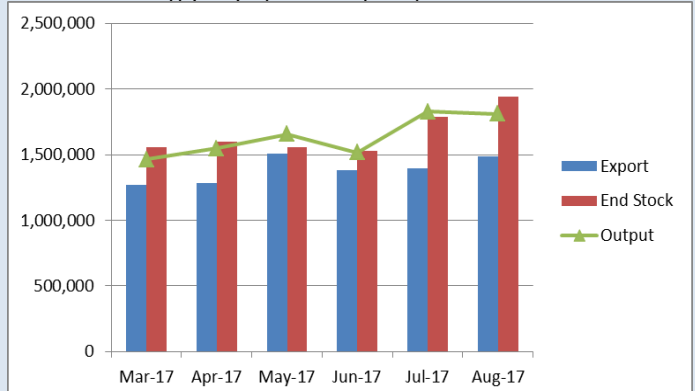
Exchange Rate

Currency	Last
USD/MYR	4.1975
USD/IDR	13,178
USD/CNY	6.5288

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	OCT16	n.a.	5820.18	n.a.
FOB CPO (Indo)	USD/mt	OCT16	705	710	707.5
FOB RBD Palm Olein (M'sia)	USD/mt	OCT16	702.5	707.5	705
FOB RBD Palm Oil (M'sia)	USD/mt	OCT16	n.a.	702.5	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)

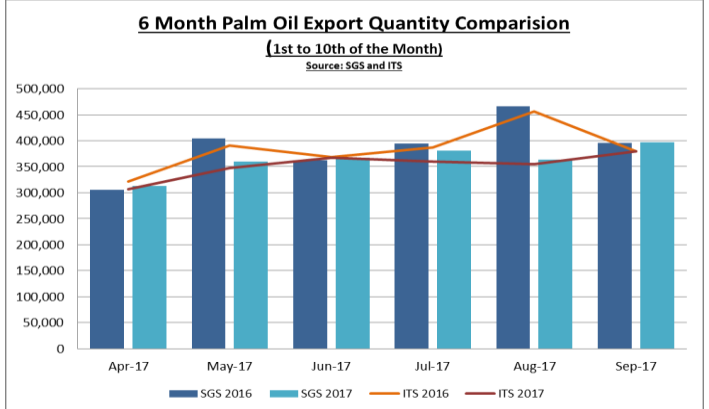


Demand and Supply Data

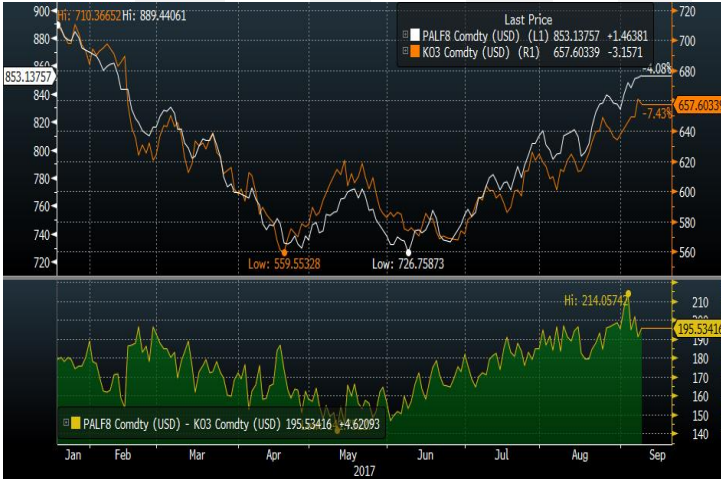
Date	Cargo Surveyor Figures			SGS (in tonnes)		
	ITS (in tonnes)			Aug'17	Sep'17	Chg (%)
First 10 days	355,009	379,652	6.9	363,007	396,672	9.3
First 15 days	512,039			537,022		
First 20 days	679,539			692,662		
First 25 days	934,544			956,547		
Full month	1,243,361			1,259,240		

(in tonnes)	Jul'17	Aug'17	MoM (%)	PFSB Forecast	
				Jul'17	Chg (%)
Production	1,827,108	1,810,594	-0.9	1.74	15
Export	1,397,846	1,487,820	6.4	1.45	5
Import	52,962	41,661	-21.3		
Local Disapp	225,152	206,577	-8.2		
Stock	1,784,143	1,942,001	8.8	1.60	5
Stock/Use ratio	1.06	1.12	5.7		

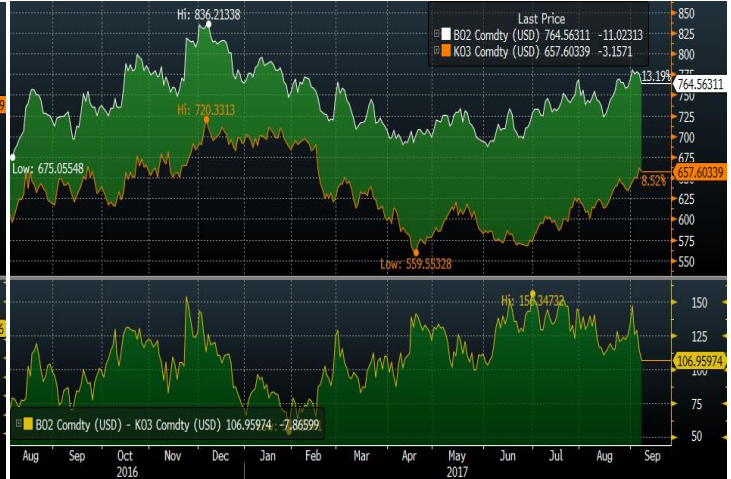
Export Quantity Analysis



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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