

FCPO Daily Commentary

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PALM FCPO DEC17 (2666, -29)

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm drops for fourth straight day, down on weaker soyoil.
- CBOT soybeans end lower on U.S. harvest pressure.

Crude Palm Oil

Malaysian palm oil futures fell for a fourth consecutive session on Monday evening, weighed down by weaker soyoil on the Chicago Board of Trade (CBOT) and expectations of rising stockpiles.

The benchmark contract December 2017 fell RM29 to RM2666, prices were traded between RM2,703 and RM2,655 total traded volume for palm stood at 38,588 lots.

Phillip Futures Sdn Bhd Derivatives Product Specialist David Ng said the low prices were due to the anticipation that the import tax on biofuel would be increased by the United States and this may further curb demand of soybean oil.

The positive figure for the Malaysia palm oil export in September 2017 released by cargo surveyors didn't help to support the palm oil market on Monday. Both cargo surveyors ITS and SGS reported a 10% increase in the export figure compared to August's.

According to Oil World weekly report, the palm oil prices had declined noticeably from their highs two weeks ago, but are likely to find support close to current levels. At these prices commercial demand should pick up, and hence additional downward potential should be limited.

Crude oil fell more than \$1 a barrel on Monday as a rise in U.S. drilling and higher OPEC output put the brakes on a rally that helped prices notch their biggest third-quarter gain in 13 years.

Dalian market will be closed for this week in conjunction with the China's National day holiday. Traders will now turn their focus onto the CBOT soyoil's performance which may affect the local CPO prices as they compete for a share of the global vegetable oils market.

Today, the palm price may track the overnight soyoil's weaker performance. However, some bargain buying may occur at the current level.

For the benchmark palm oil contract, we locate the immediate support at RM2,608 while the immediate resistance at RM2,686.

Soybean (Reuters)

Chicago Board of Trade soybean futures fell Monday on pressure from the expanding U.S. harvest and expectations of a big crop that should more than meet demand.

The USDA reported export inspections of U.S. soybeans in the latest week at 894,250 tonnes, below a range of trade expectations for 950,000 to 1,200,000 tonnes.

CBOT December soybean ended down \$2.20 at \$313.60 per short ton, following soybeans lower. CBOT December soyoil fell 0.30 cent at 32.52 cents per pound.

Our Call of The Day:

Neutral

3 October 2017

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Oct17	2,689	-30	2,710	2,725	2,689	3,345	-127	269
Nov17	2,665	-32	2,690	2,699	2,657	10,399	-298	1,684
Dec17	2,666	-29	2,689	2,703	2,655	42,421	-258	18,206
Jan18	2,671	-24	2,692	2,702	2,658	39,046	583	8,829
Feb18	2,672	-25	2,694	2,700	2,660	12,565	247	2,403
Mar18	2,671	-27	2,700	2,700	2,660	24,021	675	2,483
May18	2,658	-23	2,684	2,684	2,649	31,371	588	2,143
Jul18	2,601	-25	2,626	2,628	2,596	17,274	-77	545
Sep18	2,556	-27	2,583	2,584	2,553	16,937	-253	1,749
Nov18	2,549	-31	2,584	2,584	2,549	15,509	16	267
Jan19	2,556	-31	2,587	2,587	2,587	2,683	-2	10
Mar19	2,568	-31	-	-	-	2,452	0	-
May19	2,569	-31	-	-	-	3,704	0	-
Jul19	2,561	-31	-	-	-	534	0	-
Sep19	2,545	-31	-	-	-	45	0	-
Total						222,306	1,094	38,588

Spreads

Contract	Open	High	Low	Last	Vol
Oct17 /Nov17	30	35	30	35	16
Nov17 /Dec17	1	2	-2	-1	708
Dec17 /Jan18	0	3	-4	-2	3,549
Jan18 /Feb18	-2	-1	-4	-2	562

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	NOV17	957.25	-11.00
Soybean Oil	DEC17	32.52	-0.30
Soybean Meal	DEC17	313.60	-2.20
Crude Oil	NOV17	50.58	-1.09
DCE Palm Oil	JAN18	5,512	-8.00
DCE Soybean Oil	JAN18	6,074	-10.00

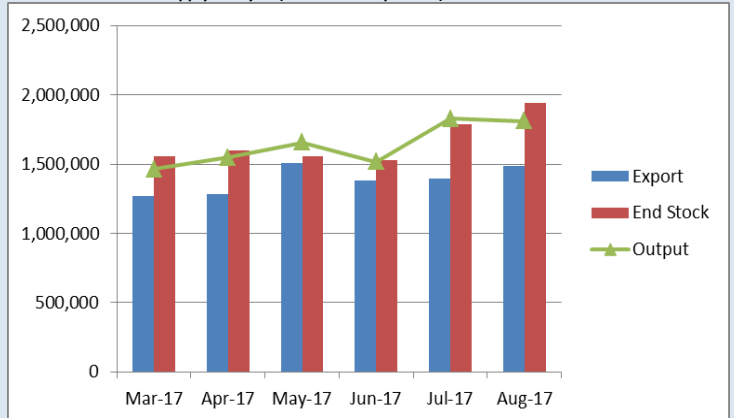
Exchange Rate

Currency	Last
USDMYR	4.2335
USDIDR	13,553
USDCNY	6.6599

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	OCT17	n.a.	5439.88	n.a.
FOB CPO (Indo)	USD/mt	OCT17	672.5	677.5	675
FOB RBD Palm Olein (M'sia)	USD/mt	OCT17	n.a.	675	672.5
FOB RBD Palm Oil (M'sia)	USD/mt	OCT17	n.a.	670	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)

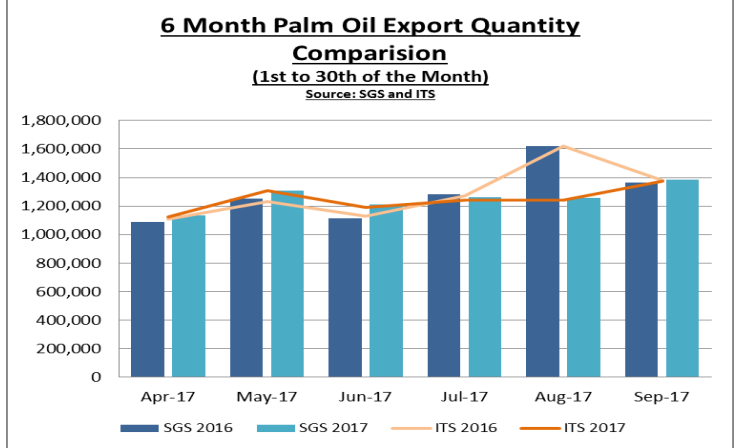


Demand and Supply Data

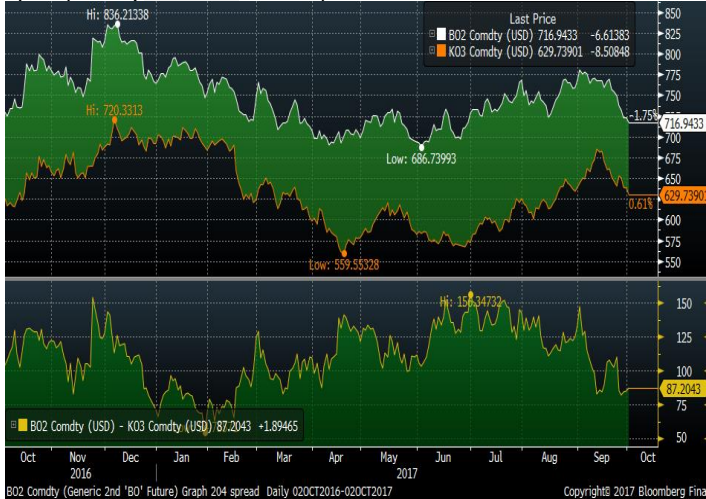
Date	Cargo Surveyor Figures			SGS (in tonnes)		
	ITS (in tonnes)			Aug'17	Sep'17	Chg (%)
First 10 days	355,009	379,652	6.9	363,007	396,672	9.3
First 15 days	512,039	625,655	22.2	537,022	652,350	21.5
First 20 days	679,539	852,206	25.4	692,662	878,422	26.8
First 25 days	934,544	1,085,116	16.1	956,547	1,105,555	15.6
Full month	1,243,361	1,372,990	10.4	1,259,240	1,384,665	10.0

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

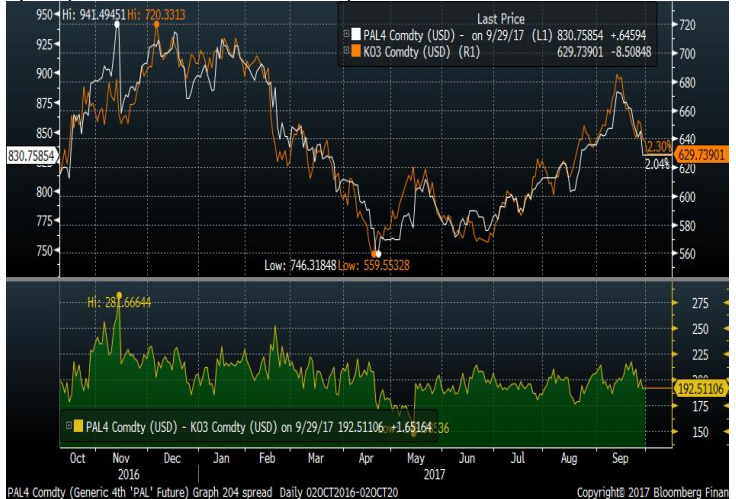
Export Quantity Analysis



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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