

FCPO Daily Commentary

Brought to you by Phillip Futures Sdn Bhd (362533-U) (A member of PhillipCapital)

PALM FCPO DEC17 (2720, +5)

Our Call of The Day:

Neutral

6 October 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm pares gains on concerns of rising output, weaker exports.
- CBOT soybeans follow soymeal higher as rain stalls harvest.

Crude Palm Oil

Malaysian palm oil futures climbed to a one-week high in early trade on Thursday before paring gains later on concerns of rising output and weakening exports.

The benchmark contract December 2017 rose RM5 to RM2720, prices were traded between RM2,746 and RM2,708 total traded volume for palm stood at 47,467 lots.

Palm oil stockpiles in Malaysia likely rose for a third month in September to the highest level since February 2016, lifted by increasing production in the world's second-largest grower. Inventories advanced 3.1 percent to 2 million metric tons from August, according to the median estimate of 11 planters, traders and analysts surveyed by Bloomberg. That would be the highest in 19 months and a 29 percent increase from a year ago. Production of crude palm oil inched up 1.1 percent to 1.83 million tons, while exports climbed 8.1 percent to 1.61 million tons, the highest since August 2016, the survey showed. The Malaysian Palm Oil Board is set to release official data on Oct. 10.

China's Dalian Commodity Exchange is closed for the whole week in conjunction with the China's National day holiday. Traders will focus on the CBOT soyoil's performance which may affect the local CPO prices as they compete for a share of the global vegetable oils market.

WTI crude oil rose about 2 percent on Thursday as signs Saudi Arabia and Russia would limit production through next year pushed the U.S. benchmark back above \$50 a barrel.

Today, the rising output concerns may further pressure on the palm price. In addition, the overnight soyoil's weakness is likely to weigh as well.

For the benchmark palm oil contract, we locate the immediate support at RM2,653 while the immediate resistance at RM2,746.

Soybean (Reuters)

Chicago Board of Trade soybean futures rose 1.1 percent on Thursday, led higher by gains in the soymeal market as rains across the southern U.S. Midwest added delays to a harvest that was already behind the typical schedule.

CBOT December soy meal rose 2.1 percent, topping its 200-day moving average for the first time since Sept. 25.

Soyoil futures weakened as traders unwound short soy meal/long soy oil spreads.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Oct17	2,729	2	2,737	2,750	2,735	2,348	-144	273
Nov17	2,721	2	2,735	2,746	2,711	9,740	-102	1,061
Dec17	2,720	5	2,736	2,746	2,708	43,350	1,184	19,452
Jan18	2,720	5	2,733	2,743	2,708	42,166	282	11,209
Feb18	2,720	3	2,732	2,743	2,710	12,859	1,370	4,815
Mar18	2,719	3	2,732	2,743	2,709	27,691	1,780	4,710
May18	2,702	4	2,720	2,728	2,697	30,395	-844	3,825
Jul18	2,647	6	2,664	2,671	2,644	17,004	-150	346
Sep18	2,599	4	2,611	2,623	2,597	16,715	-216	1,083
Nov18	2,596	3	2,608	2,620	2,594	15,343	15	622
Jan19	2,603	3	2,616	2,616	2,608	3,041	0	61
Mar19	2,615	3	-	-	-	2,489	2	10
May19	2,616	3	-	-	-	3,772	0	-
Jul19	2,595	3	-	-	-	545	0	-
Sep19	2,579	3	-	-	-	48	0	-
Total						227,506	3,177	47,467

Spreads

Contract	Open	High	Low	Last	Vol
Oct17 /Nov17	5	20	5	20	150
Nov17 /Dec17	1	4	0	1	608
Dec17 /Jan18	1	3	-1	1	3,815
Jan18 /Feb18	-1	1	-1	0	2,857

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	NOV17	968.25	10.00
Soybean Oil	DEC17	33.00	-0.23
Soybean Meal	DEC17	316.90	5.90
Crude Oil	NOV17	50.79	0.81
DCE Palm Oil	JAN18	5,512	-8.00
DCE Soybean Oil	JAN18	6,074	-10.00

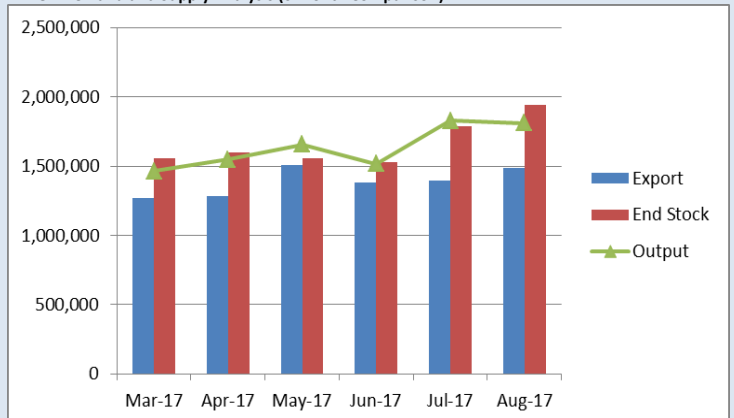
Exchange Rate

Currency	Last
USDMYR	4.2295
USDIDR	13,479
USDCNY	6.6435

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	OCT17	n.a.	5572.16	n.a.
FOB CPO (Indo)	USD/mt	OCT17	682.5	687.5	685
FOB RBD Palm Olein (M'sia)	USD/mt	OCT17	n.a.	687.5	685
FOB RBD Palm Oil (M'sia)	USD/mt	OCT17	n.a.	682.5	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)

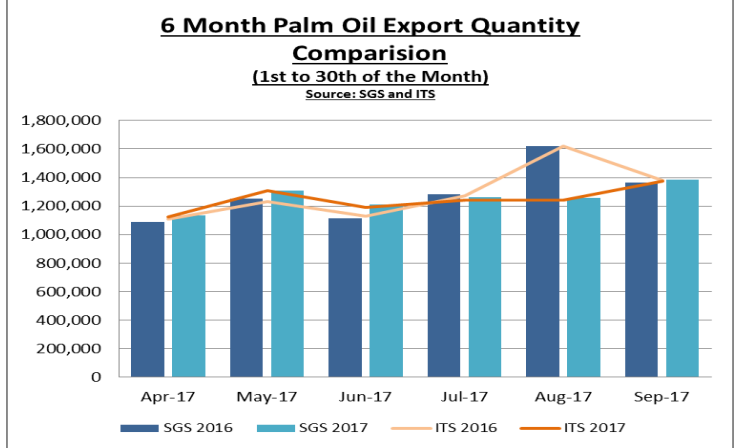


Demand and Supply Data

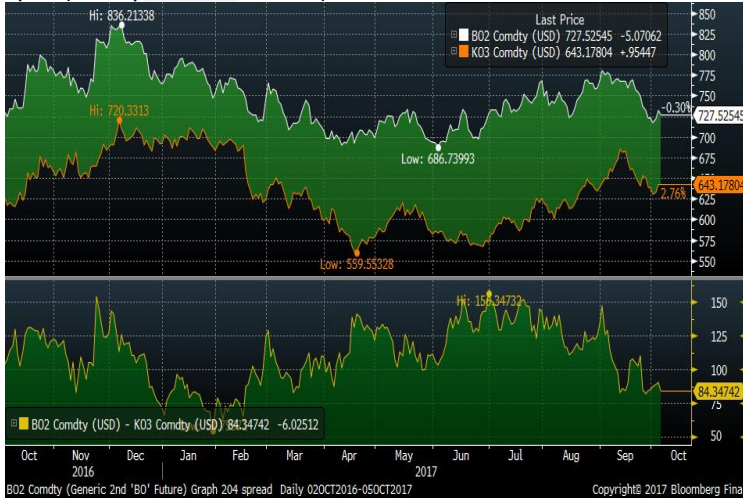
Date	Cargo Surveyor Figures			Cargo Surveyor Figures		
	ITS (in tonnes)			SGS (in tonnes)		
	Aug'17	Sep'17	Chg (%)	Aug'17	Sep'17	Chg (%)
First 10 days	355,009	379,652	6.9	363,007	396,672	9.3
First 15 days	512,039	625,655	22.2	537,022	652,350	21.5
First 20 days	679,539	852,206	25.4	692,662	878,422	26.8
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	-	-

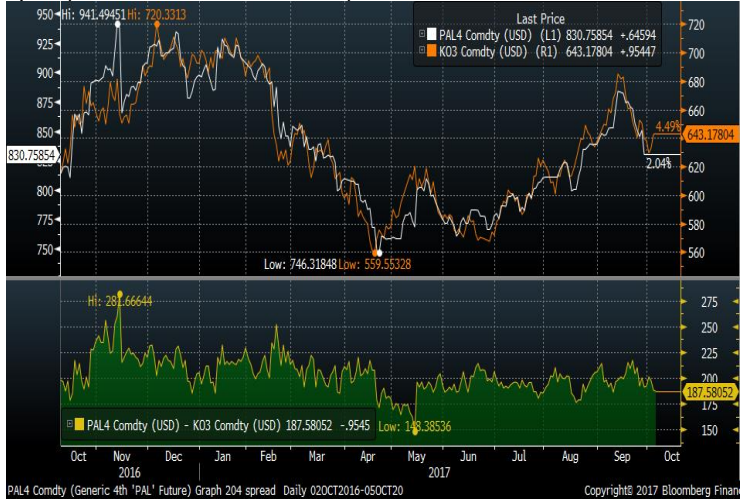
Export Quantity Analysis



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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