

FCPO Daily Commentary

Brought to you by Phillip Futures Sdn Bhd (862533-U) (A member of PhillipCapital)

PALM FCPO JAN18 (2783, -23)

Our Call of The Day:

Mildly Bullish
7 November 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm falls to two-week low on rising output, inventory forecast
- CBOT soybeans rise on expected U.S. yield cuts, higher soyoil

Crude Palm Oil

Malaysian palm oil futures slid on Monday evening, charting a third consecutive day of losses, as sentiment turned bearish over expectations of rising production and end-stock levels.

The benchmark contract January 2018 declined RM23 to RM2783, prices were traded between RM2,803 and RM2,780 total traded volume for palm stood at 33,960 lots.

Phillip Futures Sdn Bhd Dealer, David Ng, said the higher production may put downward pressure on prices as stocks in the country were projected to increase in October 2017.

Stockpiles increased 8.9% from September to 2.2 million metric tons in October, according to the median estimate of nine planters, traders and analysts surveyed by Bloomberg. That would be the fourth monthly increase. Crude palm oil production climbed 9% to 1.94 million tons, the biggest monthly increase since July, while exports rose 2% to 1.55 million tons, the survey showed.

The Malaysian Palm Oil Board is set to release official data on Nov 10.

Oil prices surged to their highest levels since the summer of 2015 on Monday as a major political shakeup in Saudi Arabia underpinned a rally fueled by geopolitical risk.

Today, Malaysia palm oil price is expected to open higher on recovery of the CBOT soyoil market. Market focus will be on weather concerns on looming La Nina.

For the benchmark palm oil contract, we locate the immediate support at RM2,770 while the immediate resistance at RM2,871.

Soybean (Reuters)

Chicago Board of Trade soybean futures rose on Monday on spillover support from higher soyoil futures and as the U.S. Department of Agriculture is expected to trim its U.S. soy crop yield forecast in a monthly report this week.

Soyoil futures rallied along with higher energy prices on Monday as heating demand was forecast to rise more than previously expected over the next several weeks.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

| Contract | Last | Change | Open | High | Low | Open Interest | | Volume |
|--------------|-------|--------|-------|-------|-------|----------------|--------------|---------------|
| | | | | | | Lots | Changes | |
| Nov17 | 2,772 | -12 | 2,765 | 2,788 | 2,764 | 1,461 | 11 | 227 |
| Dec17 | 2,768 | -21 | 2,773 | 2,788 | 2,767 | 11,701 | -372 | 808 |
| Jan18 | 2,783 | -23 | 2,794 | 2,803 | 2,780 | 46,414 | 291 | 16,700 |
| Feb18 | 2,798 | -23 | 2,807 | 2,815 | 2,794 | 27,247 | 482 | 5,567 |
| Mar18 | 2,807 | -24 | 2,815 | 2,824 | 2,805 | 37,608 | 945 | 4,272 |
| Apr18 | 2,804 | -22 | 2,812 | 2,821 | 2,801 | 20,475 | 669 | 2,294 |
| May18 | 2,791 | -21 | 2,800 | 2,808 | 2,790 | 33,223 | 618 | 2,148 |
| Jul18 | 2,728 | -19 | 2,735 | 2,748 | 2,727 | 23,231 | 342 | 1,221 |
| Sep18 | 2,696 | -13 | 2,697 | 2,712 | 2,694 | 14,944 | 66 | 330 |
| Nov18 | 2,690 | -13 | 2,696 | 2,705 | 2,695 | 15,220 | -34 | 224 |
| Jan19 | 2,704 | -13 | 2,721 | 2,722 | 2,713 | 3,083 | 0 | 3 |
| Mar19 | 2,713 | -11 | 2,718 | 2,724 | 2,714 | 3,183 | 40 | 57 |
| May19 | 2,715 | -11 | 2,718 | 2,729 | 2,715 | 4,549 | 54 | 93 |
| Jul19 | 2,691 | 0 | 2,688 | 2,700 | 2,688 | 691 | 1 | 16 |
| Sep19 | 2,658 | 0 | - | - | - | 102 | 0 | - |
| Total | | | | | | 243,132 | 3,113 | 33,960 |

Spreads

| Contract | Open | High | Low | Last | Vol |
|---------------|------|------|-----|------|-------|
| Nov17 / Dec17 | -7 | 2 | -7 | 2 | 27 |
| Dec17 / Jan18 | -18 | -13 | -19 | -15 | 312 |
| Jan18 / Feb18 | -14 | -12 | -16 | -15 | 2,438 |
| Feb18 / Mar18 | -10 | -9 | -11 | -10 | 820 |

Correlated Commodity Market

| Commodities | Month | Last | Change |
|-----------------|-------|--------|--------|
| Soybeans | JAN18 | 994.00 | 7.25 |
| Soybean Oil | DEC17 | 34.73 | 0.31 |
| Soybean Meal | DEC17 | 316.10 | 2.20 |
| Crude Oil | DEC17 | 57.35 | 1.71 |
| DCE Palm Oil | JAN18 | 5,626 | -28.00 |
| DCE Soybean Oil | JAN18 | 6,090 | -20.00 |

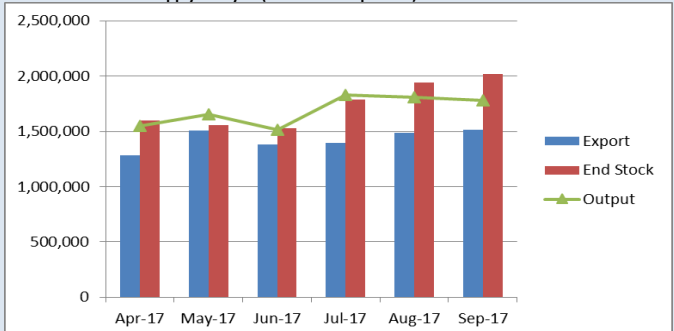
Exchange Rate

| Currency | Last |
|----------|--------|
| USD/MYR | 4.2331 |
| USD/IDR | 13,492 |
| USDCNY | 6.6144 |

Physical Palm Oil Market

| Commodities | Unit | Month | Bid | Ask | Value |
|-----------------------------|--------|-------|------|---------|--------|
| CPKO Local Delivery (M'sia) | RM/mt | OCT17 | n.a. | 5654.83 | n.a. |
| FOB CPO (Indo) | USD/mt | NOV17 | 685 | 690 | 685 |
| FOB RBD Palm Olein (M'sia) | USD/mt | NOV17 | n.a. | 690 | 683.75 |
| FOB RBD Palm Oil (M'sia) | USD/mt | NOV17 | n.a. | 685 | n.a. |

MPOB Demand and Supply Analysis (6 Month Comparison)

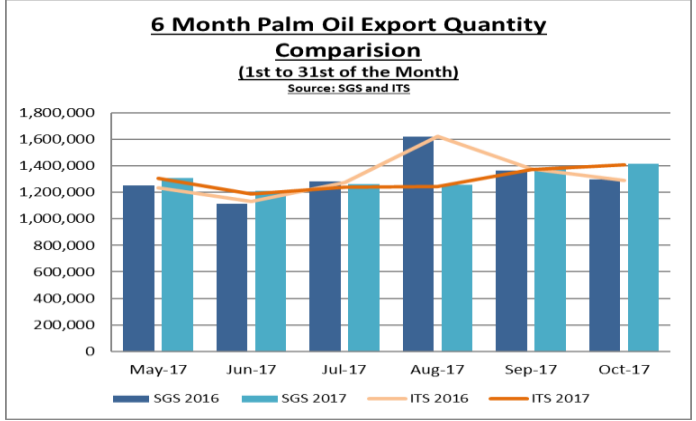


Demand and Supply Data

| 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 | 1,406,706 | 2.5 | 1,384,665 | 1,416,664 | 2.3 |

| (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 | 1.92 | 8 |
| Export | 1,488,194 | 1,515,304 | 1.8 | 1.59 | 5 |
| Import | 41,661 | 41,173 | -1.2 | | |
| Local Disapp | 206,577 | 228,492 | 10.6 | | |
| Stock | 1,941,717 | 2,019,018 | 4.0 | 2.16 | 7 |
| 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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