

FCPO Daily Commentary

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PALM FCPO JAN18 (2741, -21)

Our Call of The Day:

Market Close

18 October 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm fall back on weak demand, profit-taking
- CBOT soy weakened on improving weather

Crude Palm Oil

Malaysian palm oil futures fell on Tuesday after a run of daily gains, on slowing demand and profit-taking ahead of a public holiday on Wednesday.

The benchmark contract January 2018 declined RM21 to RM2741, prices were traded between RM2,769 and RM2,738 total traded volume for palm stood at 56,668 lots.

Malaysian palm oil shipments, the world's second-largest producer after Indonesia, rose in the first-half of October, up 10.3% from the corresponding period last month, showed data from cargo surveyor Intertek Testing Services (ITS)

While Societe Generale Surveillance (SGS), reported on Monday evening a 8.7% rise in exports.

Traders are expecting an increase in production and growth exports may reduce and predicting it could hit 2 million tonnes in stocks by December.

US crude oil settled little changed on Tuesday, but fighting in Iraq and tensions between the U.S. and Iran kept prices at their highest level in nearly three weeks.

Today, Bursa Malaysia will be closed in conjunction with Deepavali celebration. Market will resume on Thursday.

For the benchmark palm oil contract, we locate the immediate support at RM2,690 while the immediate resistance at RM2,770.

Soybean (Reuters)

Chicago Board of Trade soybean futures fell for the second day in a row on Tuesday, pressured by improving weather for harvest in the U.S. Midwest as well as rain forecasts that will boost early crop development in Brazil.

The outlook for dry weather in the U.S. Midwest added some pressure to the beans as farmers were expected to catch up to their typical harvest schedule in the coming weeks. Wet conditions have prevented some farmers across the region from accessing their fields in the past week.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Nov17	2,734	-21	2,753	2,758	2,730	4,720	-207	789
Dec17	2,733	-21	2,756	2,760	2,730	26,486	-2,614	6,670
Jan18	2,741	-21	2,760	2,769	2,738	46,108	2,167	23,578
Feb18	2,748	-16	2,758	2,771	2,743	19,135	704	7,178
Mar18	2,754	-11	2,756	2,774	2,748	29,724	181	7,131
Apr18	2,753	-14	2,761	2,773	2,747	4,856	2,728	5,136
May18	2,735	-14	2,747	2,763	2,733	29,422	-388	2,997
Jul18	2,677	-14	2,688	2,710	2,675	18,631	-830	1,338
Sep18	2,626	-13	2,637	2,656	2,625	18,693	135	1,185
Nov18	2,620	-14	2,625	2,644	2,618	15,741	-146	419
Jan19	2,629	-16	2,635	2,650	2,629	2,864	-6	100
Mar19	2,634	-16	2,656	2,660	2,642	2,709	47	96
May19	2,626	-16	2,649	2,650	2,642	4,042	37	51
Jul19	2,610	-16	-	-	-	548	0	-
Sep19	2,594	-16	-	-	-	65	0	-
Total						223,744	1,808	56,668

Spreads

Contract	Open	High	Low	Last	Vol
Nov17 / Dec17	2	2	-3	1	361
Dec17 / Jan18	-8	-7	-9	-8	2,950
Jan18 / Feb18	-2	-2	-7	-7	4,134
Feb18 / Mar18	-1	-1	-7	-6	926

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	NOV17	984.75	-6.25
Soybean Oil	DEC17	33.59	0.00
Soybean Meal	DEC17	321.60	-2.90
Crude Oil	NOV17	51.88	0.17
DCE Palm Oil	JAN18	5,604	2.00
DCE Soybean Oil	JAN18	6,100	0.00

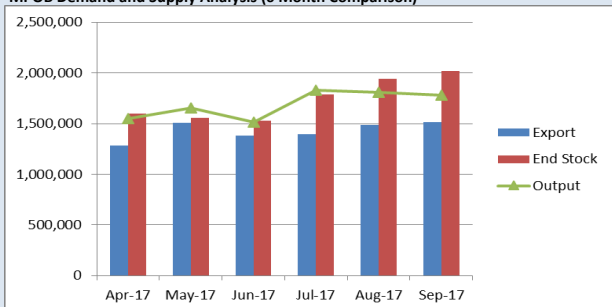
Exchange Rate

Currency	Last
USDMYR	4.2230
USDIDR	13,504
USDCNY	6.5989

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	OCT17	n.a.	5704.44	n.a.
FOB CPO (Indo)	USD/mt	NOV17	680	690	685
FOB RBD Palm Olein (M'sia)	USD/mt	NOV17	680	687.5	683.75
FOB RBD Palm Oil (M'sia)	USD/mt	NOV17	n.a.	682.5	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)

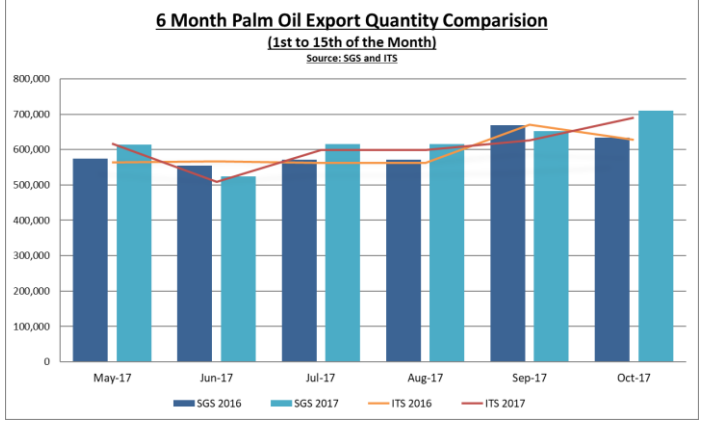


Demand and Supply Data

Date	Cargo Surveyor Figures			SGS (in tonnes)		
	ITS (in tonnes)			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			878,422		
First 25 days	1,085,116			1,105,555		
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		

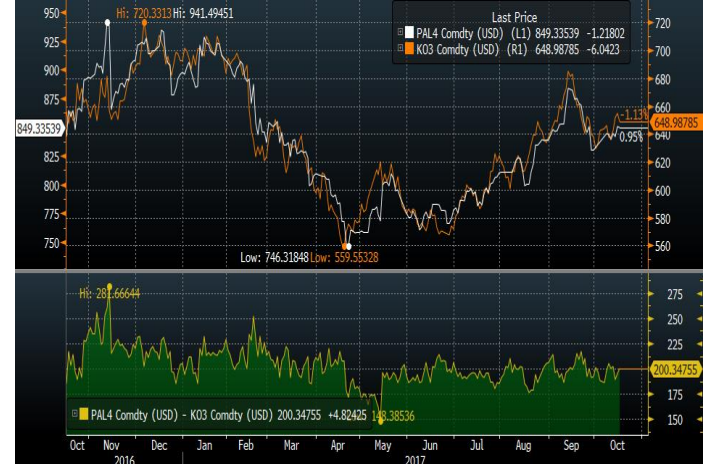
Export Quantity Analysis



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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