

FCPO Daily Commentary

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PALM FCPO JAN18 (2787, +46)

Our Call of The Day:

Mildly Bullish
24 October 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm soars, tracking gains in soy oil markets
- CBOT soybeans close firm on strong exports

Crude Palm Oil

Malaysian palm oil futures climbed 1.7% on Monday, tracking gains in soybean oil and other edible oil contracts on the Dalian Commodity Exchange.

The benchmark contract January 2018 gained RM46 to RM2787, prices were traded between RM2,790 and RM2,742 total traded volume for palm stood at 55,937 lots.

Data from the Southern Palm Oil Millers Association (SPPOMA) on Monday showed that production for the Oct 1-20 period rose 20.6% from the same period last year.

The December soybean oil contract on the Chicago Board of Trade (CBOT) rose on Monday after last week's retreat by the EPA from a series of proposed changes to the nation's biofuels policy that would have reduced demand last week.

US oil prices held on to last week's gains on Monday, supported by supply disruptions in Iraq and a drop in U.S. drilling.

Today, palm prices is expected to track the strong soyoil price once again, as soyoil has surged 1.2% on the Environmental Protection Agency's decision to back off of proposed changes to biofuel policy. Meanwhile, Malaysia's palm exports data will be in the focus today.

For the benchmark palm oil contract, we locate the immediate support at RM2,705 while the immediate resistance at RM2,800.

Soybean (Reuters)

Chicago Board of Trade soybean futures firmed on Monday, supported by signs of strong export demand.

The U.S. Agriculture Department said that weekly export inspections of soybeans totaled 2.562 million tonnes, above market forecasts that ranged from 1.3 million to 1.9 million tonnes.

Gains were kept in check by an ample supply of soybeans available in the country amid the ongoing bumper U.S. harvest.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Nov17	2,767	43	2,732	2,769	2,731	3,533	-684	1,283
Dec17	2,774	45	2,736	2,777	2,731	19,913	-2,167	6,789
Jan18	2,787	46	2,746	2,790	2,742	48,318	2,085	24,270
Feb18	2,796	47	2,752	2,798	2,752	19,257	256	4,828
Mar18	2,801	46	2,758	2,803	2,757	30,524	-508	5,744
Apr18	2,800	46	2,755	2,800	2,755	7,422	1,270	2,356
May18	2,780	43	2,741	2,783	2,740	29,899	496	3,794
Jul18	2,717	44	2,677	2,718	2,676	21,198	819	3,081
Sep18	2,659	36	2,628	2,659	2,624	14,722	33	1,307
Nov18	2,657	36	2,624	2,657	2,620	13,836	882	1,431
Jan19	2,672	41	2,638	2,672	2,638	2,794	-8	208
Mar19	2,676	43	2,644	2,676	2,644	2,744	30	500
May19	2,674	49	2,625	2,675	2,625	4,218	151	224
Jul19	2,642	39	2,611	2,642	2,611	621	73	94
Sep19	2,610	23	2,603	2,610	2,603	92	26	28
Total						219,091	2,754	55,937

Spreads

Contract	Open	High	Low	Last	Vol
Nov17 / Dec17	-3	-3	-9	-7	757
Dec17 / Jan18	-11	-10	-13	-13	3,358
Jan18 / Feb18	-8	-5	-9	-9	2,572
Feb18 / Mar18	-5	-4	-7	-5	429

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JAN18	991.00	1.75
Soybean Oil	DEC17	34.63	0.47
Soybean Meal	DEC17	315.90	-1.20
Crude Oil	DEC17	51.90	0.02
DCE Palm Oil	JAN18	5,626	80.00
DCE Soybean Oil	JAN18	6,060	46.00

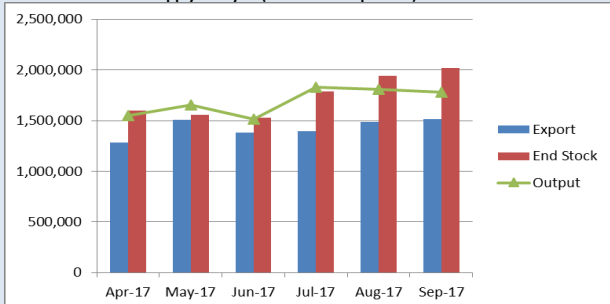
Exchange Rate

Currency	Last
USD/MYR	4.2385
USD/IDR	13,545
USDCNY	6.6228

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	685	692.5	688.75
FOB RBD Palm Olein (M'sia)	USD/mt	NOV17	685	690	687.5
FOB RBD Palm Oil (M'sia)	USD/mt	NOV17	n.a.	685	n.a.

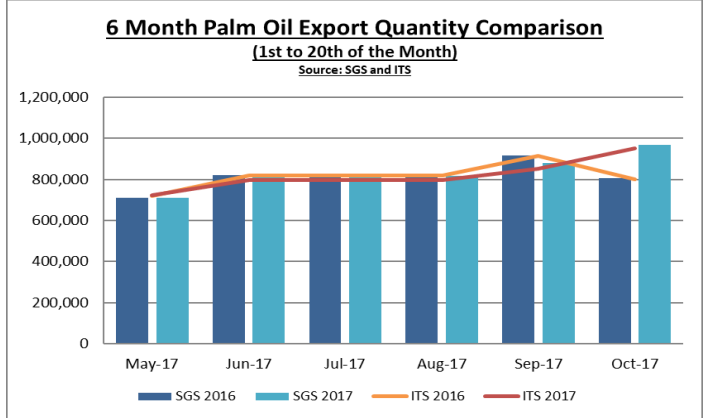
MPOB Demand and Supply Analysis (6 Month Comparison)



Demand and Supply Data

Date	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	951,339	11.6	878,422	967,707	10.2
First 25 days	1,085,116			1,105,555		
Full month	1,372,990			1,384,665		

Export Quantity Analysis

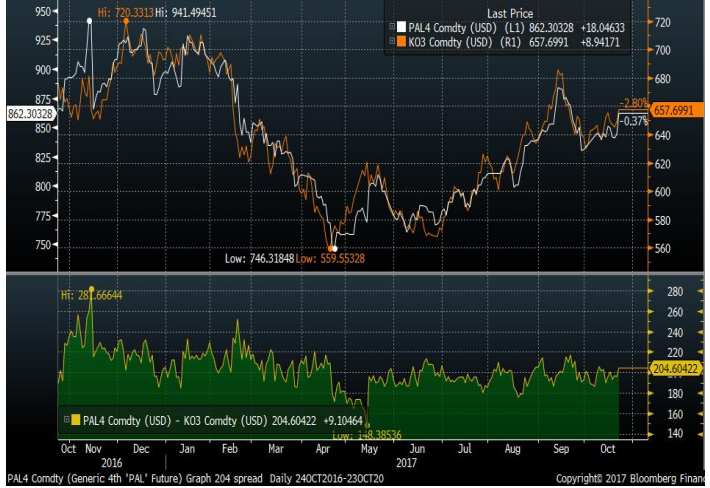


(in tonnes)	Malaysia Palm Oil Board Data (MPOB)			PFSB Forecast	
	Aug'17	Sep'17	MoM (%)	Oct'17	Chg (%)
Production	1,810,551	1,779,924	-1.7	-	-
Export	1,488,194	1,515,304	1.8	-	-
Import	41,661	41,173	-1.2	-	-
Local Disapp	206,577	228,492	10.6	-	-
Stock	1,941,717	2,019,018	4.0	-	-
Stock/Use ratio	1.12	1.13	1.0	-	-

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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