

FCPO Daily Commentary

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PALM FCPO JAN18 (2805, +28)

Our Call of The Day:

Mildly Bearish
26 October 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm rises, supported by strong rival oils and Oct export growth
- CBOT soybeans mixed; nearby weakens while deferreds firm

Crude Palm Oil

Malaysian palm oil futures jumped on Wednesday evening, supported by gains in overseas rival oils prices and a rise in October exports.

The benchmark contract January 2018 gained RM28 to RM2805, prices were traded between RM2,808 and RM2,761 total traded volume for palm stood at 61,389 lots.

Market was expecting exports data to show a smaller increase for the Oct. 1-25 period.

Cargo surveyor Intertek Testing Services said on Wednesday that exports of Malaysian palm oil products for Oct 1-25 rose 8.6% to 1,177,939 tonnes, from 1,085,116 tonnes shipped during Sept 1-25.

Additionally, cargo surveyor Societe Generale de Surveillance said on Wednesday that exports of Malaysian palm oil products for Oct 1-25 rose 8.3% to 1,197,237 tonnes, from 1,105,555 tonnes shipped during Sept 1-25.

U.S. oil prices slipped on Wednesday after a surprising increase in U.S. crude inventories, while U.S. gasoline futures rallied 1 percent on a sharp falloff in inventories.

Today, palm prices are expected to trade lower tracking overnight losses in the CBOT soyoil and China palm market. A slight weakening in Ringgit might also provide some support to Malaysia palm oil.

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 were mixed on Wednesday, with the front-month contract giving up early gains to close slightly lower on technical selling.

Analysts were expecting a U.S. Agriculture Department report on Thursday morning to show that export sales of soybeans were between 1.2 million and 1.6 million tonnes in the latest week.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Nov17	2,779	27	2,759	2,785	2,752	2,898	-319	513
Dec17	2,791	27	2,765	2,792	2,749	16,567	-2,189	2,452
Jan18	2,805	28	2,780	2,808	2,761	47,756	-465	29,735
Feb18	2,814	30	2,786	2,816	2,772	21,521	2,243	7,301
Mar18	2,823	35	2,795	2,824	2,779	33,524	1,710	6,027
Apr18	2,824	36	2,789	2,824	2,781	12,864	2,028	4,170
May18	2,807	40	2,774	2,807	2,761	32,002	1,166	4,004
Jul18	2,743	38	2,711	2,746	2,699	20,181	183	2,059
Sep18	2,695	41	2,657	2,698	2,650	14,223	-552	2,136
Nov18	2,689	42	2,652	2,694	2,648	14,018	-78	2,121
Jan19	2,698	42	2,686	2,702	2,686	2,977	-23	82
Mar19	2,702	42	2,704	2,704	2,700	2,864	-22	116
May19	2,702	42	2,675	2,701	2,675	4,249	32	615
Jul19	2,668	32	2,652	2,663	2,651	651	29	42
Sep19	2,635	31	2,627	2,627	2,627	107	15	16
Total						226,402	3,758	61,389

Spreads

Contract	Open	High	Low	Last	Vol
Nov17 / Dec17	-1	-2	-11	-12	259
Dec17 / Jan18	-15	-13	-15	-14	1,259
Jan18 / Feb18	-8	-7	-10	-9	3,891
Feb18 / Mar18	-4	-4	-8	-9	1,271

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JAN18	986.25	0.50
Soybean Oil	DEC17	34.26	-0.08
Soybean Meal	DEC17	315.40	1.20
Crude Oil	DEC17	52.18	-0.30
DCE Palm Oil	JAN18	5,692	12.00
DCE Soybean Oil	JAN18	6,100	26.00

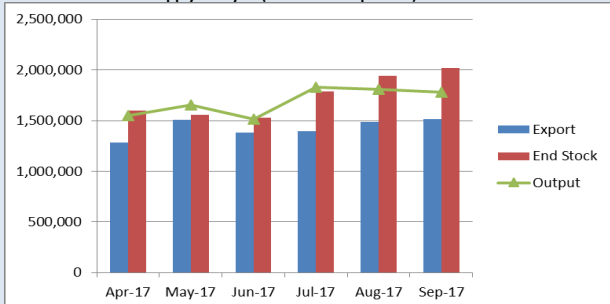
Exchange Rate

Currency	Last
USDMYR	4.2355
USDIDR	13,577
USDCNY	6.6396

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	OCT17	n.a.	5737.51	n.a.
FOB CPO (Indo)	USD/mt	NOV17	690	695	692.5
FOB RBD Palm Olein (M'sia)	USD/mt	NOV17	690	692.5	691.25
FOB RBD Palm Oil (M'sia)	USD/mt	NOV17	n.a.	687.5	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)

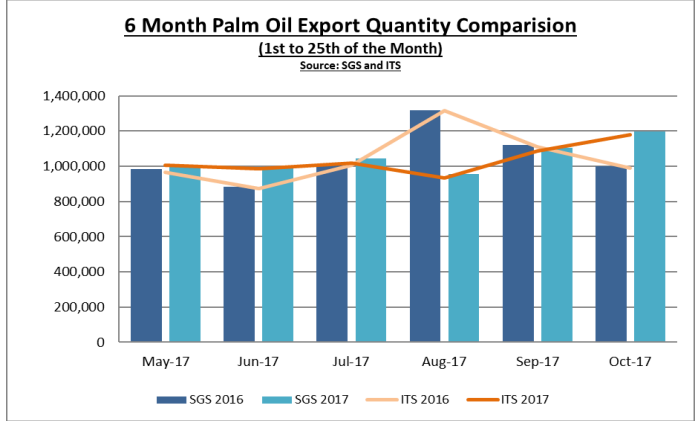


Demand and Supply Data

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			1,384,665		

(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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