

# FCPO Daily Commentary

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

## PALM FCPO JAN18 (2813, +8)

### FCPO 3rd Month Daily Candle Chart



#### Market Commentary

##### Highlights:

- Palm gains, supported by soyoil strength and decreasing output
- CBOT soybeans drop on soymeal weakness

#### Crude Palm Oil

Malaysian palm oil futures extended gains on Thursday evening, supported by strength in soyoil markets, favourable export numbers and end of year production concerns.

The benchmark contract January 2018 gained RM8 to RM2813, prices were traded between RM2,816 and RM2,792 total traded volume for palm stood at 39,474 lots.

There are also concerns that the La Nina weather pattern could hurt year-end production are also helping prices.

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 closed at a 27-month high on Thursday as the market focused more on comments from Saudi Arabia about ending a global supply glut instead of an unexpected increase in U.S. crude inventories and high U.S. production and exports.

Today, palm prices are expected to be supported, firstly by a prediction of lower production during year end, and also the weakening in Ringgit may prompt foreign buying. Recovery in the CBOT soyoil market may also sustain palm prices.

For the benchmark palm oil contract, we locate the immediate support at RM2,746 while the immediate resistance at RM2,828.

#### Soybean (Reuters)

Chicago Board of Trade soybean futures fell on Thursday, following a selloff in soymeal futures.

Meanwhile, soyoil futures firmed, with traders unwinding long soymeal/short soyoil spreads as soymeal declined.

Our Call of The Day:

**Mildly Bullish**

27 October 2017

### Crude Palm Oil Futures

#### Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Nov17	2,785	6	2,782	2,790	2,779	2,340	-558	200
Dec17	2,796	5	2,784	2,801	2,779	15,982	-585	1,519
Jan18	2,813	8	2,800	2,816	2,792	46,169	-1,587	20,953
Feb18	2,822	8	2,808	2,824	2,803	22,957	1,436	6,134
Mar18	2,831	8	2,817	2,832	2,814	33,521	-3	4,169
Apr18	2,831	7	2,819	2,831	2,817	13,908	1,044	2,542
May18	2,813	6	2,800	2,814	2,797	31,799	-203	1,624
Jul18	2,750	7	2,736	2,750	2,736	20,036	-145	280
Sep18	2,702	7	2,693	2,703	2,688	14,417	194	766
Nov18	2,693	4	2,689	2,699	2,682	14,576	558	1,113
Jan19	2,702	4	2,698	2,702	2,698	3,025	48	99
Mar19	2,706	4	2,701	2,704	2,701	2,875	11	29
May19	2,706	4	2,707	2,710	2,699	4,248	-1	36
Jul19	2,672	4	2,680	2,680	2,673	651	0	10
Sep19	2,639	4	-	-	-	107	0	-
<b>Total</b>						<b>226,611</b>	<b>209</b>	<b>39,474</b>

#### Spreads

Contract	Open	High	Low	Last	Vol
Nov17 / Dec17	-1	-1	-12	-11	32
Dec17 / Jan18	-14	-13	-16	-17	1,008
Jan18 / Feb18	-9	-8	-11	-9	2,884
Feb18 / Mar18	-8	-6	-9	-9	950

#### Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JAN18	982.50	-3.75
Soybean Oil	DEC17	34.50	0.24
Soybean Meal	DEC17	312.10	-3.30
Crude Oil	DEC17	52.64	0.67
DCE Palm Oil	JAN18	5,688	-4.00
DCE Soybean Oil	JAN18	6,116	16.00

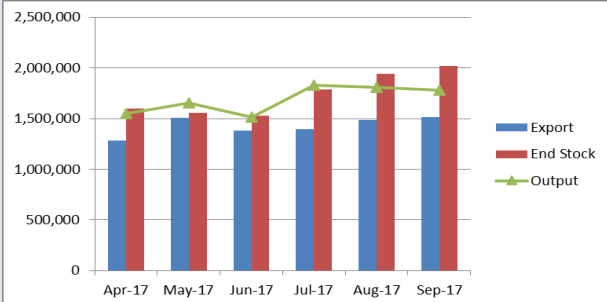
#### Exchange Rate

Currency	Last
USDMYR	4.2340
USDIDR	13,647
USDCNY	6.6421

#### 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	687.5	692.5	690
FOB RBD Palm Olein (M'sia)	USD/mt	NOV17	690	695	692.5
FOB RBD Palm Oil (M'sia)	USD/mt	NOV17	n.a.	690	n.a.

#### MPOB Demand and Supply Analysis (6 Month Comparison)

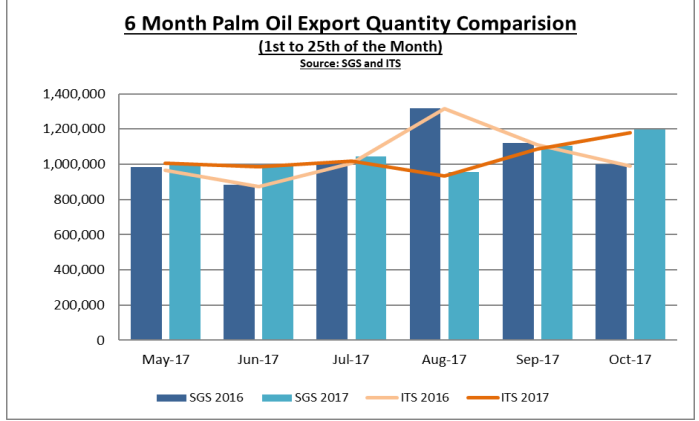


**Demand and Supply Data**

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

Dealing Desk  
pfsb\_dealing@poems.com.my

**CONTACT US:**  
Kuala Lumpur Headquarters:  
(+603) 2711 0026  
pfsb\_research@poems.com.my

**Johor - Taman Sutera Utama Branch:**  
(+607) 5572188  
pfjb@poems.com.my

**Penang Branch:**  
(+604) 2616822  
pfg@poems.com.my

**Malacca Branch:**  
(+606) 2748711  
pfmk@poems.com.my

**Kota Damansara Branch:**  
(+603) 26308688  
phillipfutures@poems.com.my

**Johor - Taman Molek Branch:**  
(+607) 3525999  
pfjb@poems.com.my

**Kuching Branch:**  
(+6082) 247633  
pfkc@poems.com.my

**Official Website:** www.phillipfutures.com.my  
**Facebook Page:** www.facebook.com/PhillipFuturesSdnBhd

**DISCLAIMER**  
This publication is solely for information only. It should not be construed as an offer or solicitation for the subscription, purchase or sale of the futures contracts mentioned herein. The publication has been prepared by Phillip Futures Sdn Bhd on the basis of publicly available information, internally developed data and other sources believed to be reliable. Whilst we have taken all reasonable care to ensure that the information contained in this publication is accurate and the opinions are fair and reasonable, it does not guarantee the accuracy or completeness of this publication. Accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of any person or group of persons acting on such information and advice. This publication was prepared without regard to your specific investment objectives, financial situation or particular needs. Whilst views and advice given are in good faith, you should not regard the publication as a substitute for the exercise of your own judgement and should seek other professional advice for your specific investment needs or financial situations.