

FCPO Daily Commentary

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PALM FCPO JAN18 (2839, +22)

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm climbs to 1-1/2-month high, tracking stronger soyoil
- CBOT soybeans close lower on Brazil rains, technical selling

Crude Palm Oil

Malaysian palm oil futures rose on Monday to their strongest in a month and a half, tracking gains in rival edible oilseed soy on the Chicago Board of Trade.

The benchmark contract January 2018 gained RM22 to RM2839, prices were traded between RM2,855 and RM2,833 total traded volume for palm stood at 34,819 lots.

Data from cargo surveyors Intertek Testing Services and Societe Generale de Surveillance for the full month of October is scheduled for release on today.

Phillip Futures Sdn Bhd Analyst David Ng commented exports were expected to remain strong in October, hence easing pressure on stockpile.

Production in Malaysia, the world's second largest producer after Indonesia, slightly fell 1.7% on-month in September, due to fewer working days. Output is expected to rise in October, but gains could be lower than forecast.

U.S. oil rose broadly on Monday on expectations output cut would be extended beyond March although rising Iraqi exports put a lid on prices.

Today, palm prices are expected to trade slightly lower on weaker soyoil price and a stronger Ringgit. However, support is usually seen near year end with prediction of lower production. Today, market awaits full month exports data for October.

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 fell on Monday as forecasts for Brazilian rains and technical selling weighed on prices.

Forecasters expect good precipitation in several key soybean areas of Brazil over the next 10 days, which could boost crop germination and early development following a dry start to the planting season.

A protein shortfall in this year's U.S. soybean crop has forced processors to cut the amount of the nutrient they can guarantee in soymeal, prompting concerns that animal feed costs and meat prices could rise. The low protein could also dent exports if buyers turn to higher-protein supplies from Brazil.

Our Call of The Day:

Mildly Bearish

31 October 2017

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Nov17	2,806	20	2,825	2,828	2,807	1,911	-103	160
Dec17	2,815	20	2,820	2,831	2,811	13,905	-1,191	1,533
Jan18	2,839	22	2,840	2,855	2,833	46,300	786	16,256
Feb18	2,856	24	2,853	2,868	2,849	24,631	565	4,744
Mar18	2,865	22	2,867	2,877	2,859	33,640	67	3,661
Apr18	2,860	20	2,864	2,875	2,856	16,545	1,070	3,487
May18	2,844	26	2,845	2,854	2,840	32,538	138	2,999
Jul18	2,773	24	2,781	2,789	2,771	21,327	852	1,520
Sep18	2,721	23	2,720	2,735	2,720	14,396	-143	216
Nov18	2,715	23	2,716	2,726	2,716	14,782	114	209
Jan19	2,732	23	-	-	-	3,109	-6	4
Mar19	2,736	23	2,735	2,735	2,735	2,898	21	28
May19	2,736	23	2,733	2,733	2,733	4,244	1	1
Jul19	2,699	20	2,699	2,699	2,699	666	0	1
Sep19	2,666	20	-	-	-	102	0	-
Total						230,994	2,171	34,819

Spreads

Contract	Open	High	Low	Last	Vol
Nov17 / Dec17	-10	-1	-10	-9	34
Dec17 / Jan18	-21	-20	-25	-24	718
Jan18 / Feb18	-14	-14	-16	-17	2,019
Feb18 / Mar18	-10	-9	-11	-9	519

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JAN18	984.50	-2.00
Soybean Oil	DEC17	34.68	-0.16
Soybean Meal	DEC17	312.30	0.20
Crude Oil	DEC17	54.15	0.23
DCE Palm Oil	JAN18	5,722	26.00
DCE Soybean Oil	JAN18	6,146	18.00

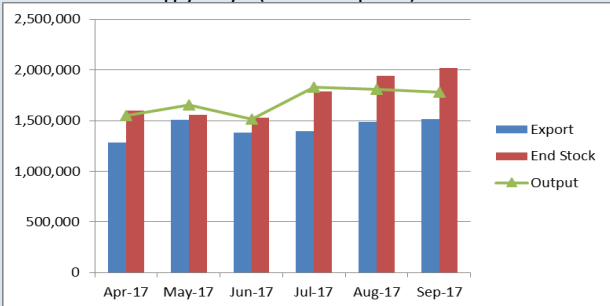
Exchange Rate

Currency	Last
USDMYR	4.2375
USDIDR	13,576
USDCNY	6.6319

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	OCT17	n.a.	5902.85	n.a.
FOB CPO (Indo)	USD/mt	NOV17	692.5	697.5	695
FOB RBD Palm Olein (M'sia)	USD/mt	NOV17	n.a.	700	695
FOB RBD Palm Oil (M'sia)	USD/mt	NOV17	n.a.	695	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)

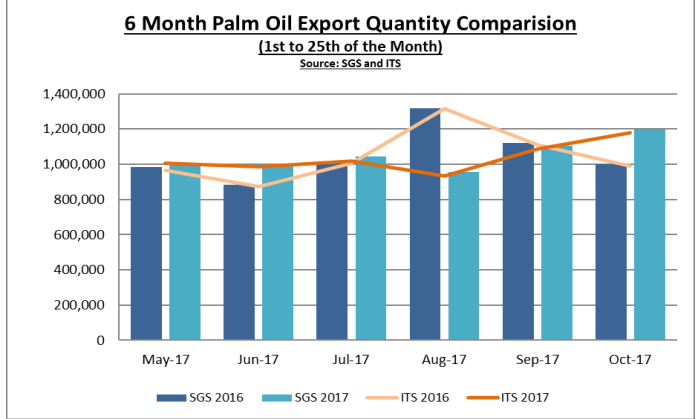


Demand and Supply Data

Date	Cargo Surveyor Figures			SGS (in tonnes)		
	ITS (in tonnes)		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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