

FCPO Daily Commentary

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



PALM FCPO OCT17 (2675, +20)

Our Call of The Day:

Neutral
1 August 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm oil rose as tracking overnight gains in rival soy.
- CBOT soybeans fell on Midwest weather outlook.

Crude Palm Oil

Malaysian palm oil futures hit a near four-month high in early trade on Monday, tracking overnight gains in soyoil on the Chicago Board of Trade and on forecasts of lower-than-expected output increases and end-stocks.

The benchmark October 17 rose RM20 to RM2,675 per tonne, prices were traded between RM2,705 and RM2,673 with total traded volume for palm stood at 34,283lots.

Phillip Futures Sdn Bhd Derivatives Product Specialist, David Ng, said CPO futures on the local bourse tracked the strong gains in the soybean oil market last Friday as the US court had not determined the standard of biofuel in US fuel composition.

The market was bullish on news that a U.S. court said the Environmental Protection Agency (EPA) had erred when setting standards for how much renewable fuel must be included in fuel sold in the U.S. and ordered the agency to try again. The EPA had earlier tried to lower the amount of biofuels that needed to be mixed into U.S. fuel.

On demand front, cargo surveyors Intertek Testing Services and Societe Generale de Surveillance reported gains in July shipments from Malaysia, up 4.1 percent from a month ago.

Today, we expect another gap up at the opening for the palm price as tracking the overnight soyoil's rally. However, traders may be cautious ahead of the MPOB monthly official data due on 10th August.

For the benchmark palm oil contract, we locate the immediate support at RM2,637 while the immediate resistance at RM2,692.

Soybean (Reuters)

Chicago Board of Trade soybean futures fell on Monday on forecasts for cool weather in the U.S. Midwest that will aid crop development in the region.

The U.S. Agriculture Department said weekly soybean export inspections were 476,186 tonnes, in line with market forecasts.

Soymeal futures also weakened but closed above session lows after the September contract found support at its 100-day moving average. Soyoil rose on follow-through buying from a sharp rally on Friday.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Aug17	2,672	6	2,705	2,705	2,668	3,419	-260	1,228
Sep17	2,674	18	2,700	2,700	2,674	21,924	-2,320	2,908
Oct17	2,675	20	2,689	2,705	2,673	45,669	-134	15,240
Nov17	2,676	23	2,688	2,705	2,673	36,897	-1,090	4,369
Dec17	2,685	20	2,701	2,708	2,681	12,018	1,151	2,868
Jan18	2,702	19	2,706	2,723	2,698	21,431	92	2,726
Mar18	2,717	18	2,727	2,733	2,712	16,640	358	2,283
May18	2,725	18	2,733	2,739	2,718	20,222	124	1,434
Jul18	2,684	18	2,692	2,700	2,684	11,780	70	448
Sep18	2,673	27	2,678	2,685	2,673	5,939	-76	256
Nov18	2,655	27	2,666	2,671	2,660	8,258	19	290
Jan19	2,667	27	2,680	2,680	2,680	1,356	2	9
Mar19	2,674	27	2,680	2,680	2,675	772	23	23
May19	2,654	27	2,659	2,680	2,659	488	75	120
Jul19	2,666	27	2,680	2,680	2,678	323	60	81
Total						207,136	-1,906	34,283

Spreads

Contract	Open	High	Low	Last	Vol
Aug17 / Sep17	1	1	-5	-2	201
Sep17 / Oct17	3	4	-1	-1	1,524
Oct17 / Nov17	1	2	-1	-1	1,574
Nov17 / Dec17	-12	-8	-12	-9	991

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	NOV17	1,007.25	-5.75
Soybean Oil	DEC17	35.13	0.11
Soybean Meal	DEC17	325.40	-3.10
Crude Oil	SEP17	50.17	0.46
DCE Palm Oil	JAN18	5,446	30.00
DCE Soybean Oil	JAN18	6,290	-2.00

Exchange Rate

Currency	Last
USDMYR	4.2815
USDIDR	13,317
USDCNY	6.7211

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	JUL17	n.a.	4728.90	n.a.
FOB CPO (Indo)	USD/mt	AUG17	645.00	652.50	648.75
FOB RBD Palm Olein (M'sia)	USD/mt	AUG17	655.00	662.50	658.75
FOB RBD Palm Oil (M'sia)	USD/mt	AUG17	n.a.	657.50	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)

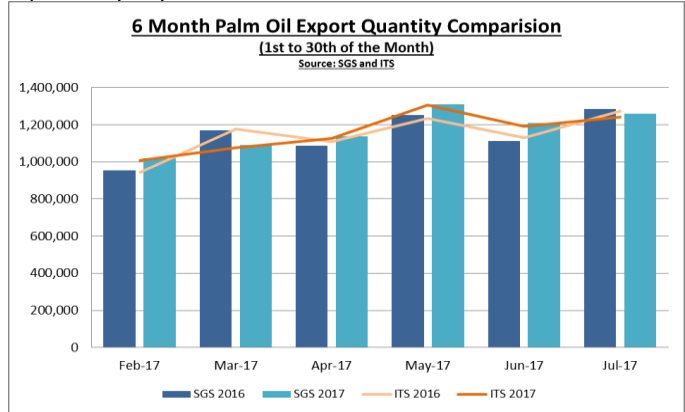


Demand and Supply Data

Date	Cargo Surveyor Figures			SGS (in tonnes)		
	ITS (in tonnes)			Jun'17	Jul'17	Chg (%)
First 10 days	366,994	360,114	-1.9	367,165	381,241	3.8
First 15 days	508,960	599,414	17.8	523,505	615,671	17.6
First 20 days	721,020	796,664	10.5	710,322	817,961	15.2
First 25 days	985,534	1,016,689	3.2	996,291	1,044,456	4.8
Full month	1,190,583	1,190,583	4.1	1,210,359	1,260,143	4.1

Malaysia Palm Oil Board Data (MPOB)				PFSB Forecast	
(in tonnes)	May'17	Jun'17	MoM (%)	July'17	Chg (%)
Production	1,654,494	1,514,170	-8.5	-	-
Export	1,505,929	1,379,691	-8.4	-	-
Import	47,450	45,828	-3.4	-	-
Local Disapp	238,290	210,883	-11.5	-	-
Stock	1,557,619	1,527,043	-2.0	-	-
Stock/Use ratio	0.87	0.96	10.4	-	-

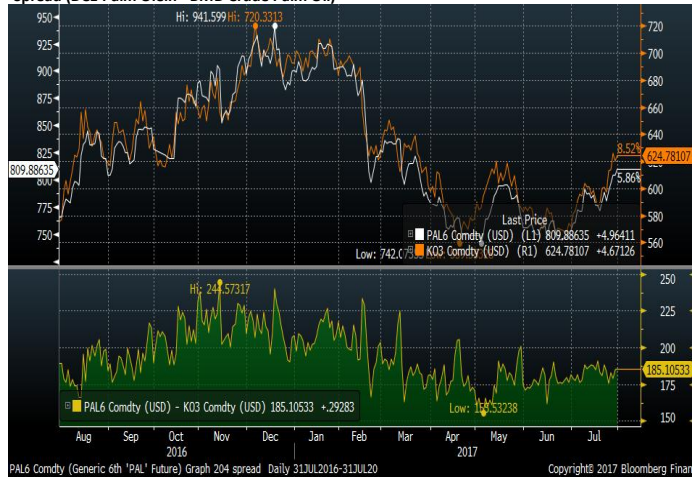
Export Quantity Analysis



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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