

FCPO Daily Commentary

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PALM FCPO OCT17 (2642, -12)

Our Call of The Day:

Mildly Bullish

3 August 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm oil fell to one-week low on concern over rising output.
- CBOT soybeans ended higher on bargain-buying.

Crude Palm Oil

Malaysian palm oil futures fell to their lowest in a week on Wednesday, weighed down by expectations of rising production and tracking weaker performances in related edible oils.

The benchmark October 17 fell RM12 to RM2,642 per tonne, prices were traded between RM2,644 and RM2,617 with total traded volume for palm stood at 52,062 lots.

Phillip Futures Sdn Bhd Derivatives Product Specialist David Ng said production may trend higher, which may lead in turn to a higher stockpile in the country.

Output in Malaysia, the second-largest producer of the tropical oil, is seen rebounding in July in line with the seasonal trend and on a post-El Nino recovery.

WTI crude oil prices edged higher on Wednesday, as surging U.S. fuel demand and strong refinery runs offset data from the Energy Department that showed crude inventories did not fall as much as expected last week.

Today, the palm price is likely to trade in a bullish tone, as the global palm oil demand remain strong. However, the rising output concerns may cap the gains.

For the benchmark palm oil contract, we locate the immediate support at RM2,617 while the immediate resistance at RM2,667.

Soybean (Reuters)

Chicago Board of Trade soybean futures closed higher on Wednesday on bargain-buying a day after the benchmark November contract fell more than 3 percent and neared a one-month low.

Rallies were capped by forecasts for mild crop weather in the U.S. Midwest this month, when the soybean crop is in its key pod-setting phase.

INTL FCStone on Tuesday projected the U.S. 2017 soybean crop at 4.235 billion bushels, with an average yield of 47.7 bpa. The USDA in July estimated the U.S. soybean harvest at 4.260 billion bushels with a trend-based yield of 48.0 bpa.

Ahead of the USDA's weekly export sales report on Thursday, analysts expected the government to report soybean export sales at 350,000 to 750,000 tonnes (old and new marketing years combined).

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Aug17	2,630	-29	2,635	2,637	2,611	3,031	-345	30
Sep17	2,631	-19	2,617	2,632	2,609	20,589	-396	3,413
Oct17	2,642	-12	2,630	2,644	2,617	44,419	-255	22,818
Nov17	2,649	-6	2,630	2,652	2,620	35,284	-945	8,968
Dec17	2,664	-3	2,642	2,665	2,630	14,249	1,164	4,313
Jan18	2,686	-1	2,651	2,690	2,651	22,855	477	4,167
Mar18	2,709	11	2,670	2,711	2,668	16,683	90	3,131
May18	2,715	11	2,674	2,718	2,670	20,663	187	2,729
Jul18	2,684	19	2,640	2,689	2,640	11,901	-8	970
Sep18	2,664	11	2,634	2,671	2,633	5,895	-61	527
Nov18	2,648	15	2,604	2,655	2,604	8,787	509	866
Jan19	2,654	9	2,665	2,665	2,650	1,390	29	49
Mar19	2,659	9	-	-	-	772	0	1
May19	2,659	29	2,645	2,659	2,645	544	46	54
Jul19	2,671	29	2,645	2,645	2,645	323	0	26
Total						207,385	492	52,062

Spreads

Contract	Open	High	Low	Last	Vol
Aug17 / Sep17	-10	10	-10	-1	3
Sep17 / Oct17	-3	-3	-12	-11	1,804
Oct17 / Nov17	-2	-1	-9	-7	4,143
Nov17 / Dec17	-11	-11	-18	-15	808

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	NOV17	977.50	5.75
Soybean Oil	DEC17	34.57	0.29
Soybean Meal	DEC17	315.50	1.00
Crude Oil	SEP17	49.59	0.43
DCE Palm Oil	JAN18	5,394	-74.00
DCE Soybean Oil	JAN18	6,266	-68.00

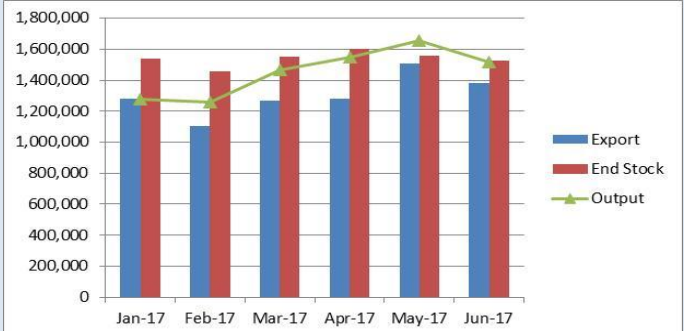
Exchange Rate

Currency	Last
USDMYR	4.2868
USDIDR	13,319
USDCNY	6.7219

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	JUL17	n.a.	4629.69	n.a.
FOB CPO (Indo)	USD/mt	AUG17	637.50	645.00	641.25
FOB RBD Palm Olein (M'sia)	USD/mt	AUG17	n.a.	652.50	648.75
FOB RBD Palm Oil (M'sia)	USD/mt	AUG17	n.a.	647.50	n.a.

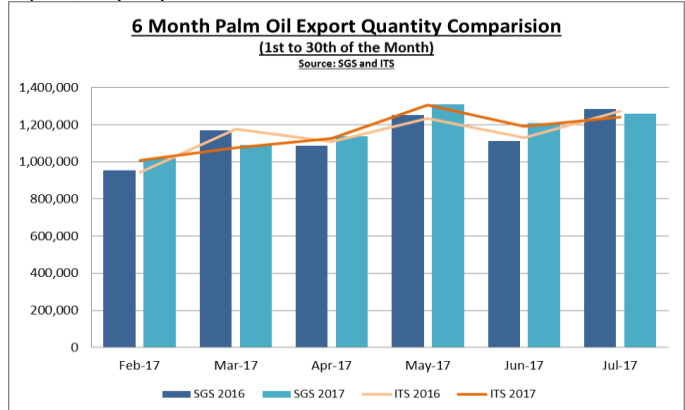
MPOB Demand and Supply Analysis (6 Month Comparison)



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

Export Quantity Analysis

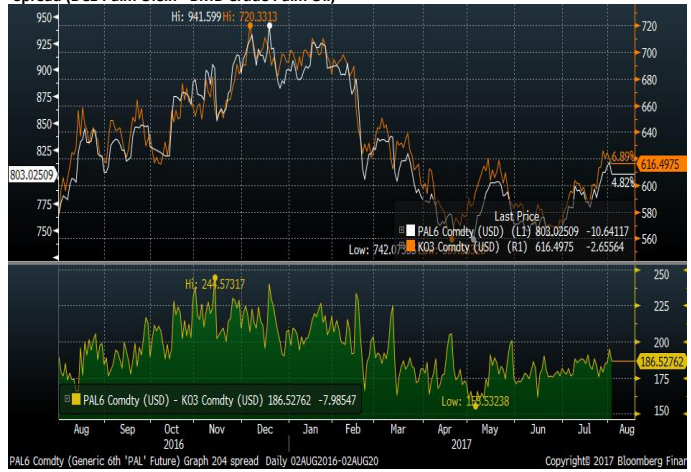


Malaysia Palm Oil Board Data (MPOB)				PFSB Forecast	
(in tonnes)	May'17	Jun'17	MoM (%)	Jul'17	Chg (%)
Production	1,654,494	1,514,170	-8.5	-	-
Export	1,505,929	1,379,691	-8.4	-	-
Import	47,450	45,828	-3.4	-	-
Local Disapp	238,290	210,883	-11.5	-	-
Stock	1,557,619	1,527,043	-2.0	-	-
Stock/Use ratio	0.87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

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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