

FCPO Daily Commentary

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



PALM FCPO OCT17 (2604, -38)

Our Call of The Day:

Mildly Bullish
4 August 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm oil fell for 3rd session on forecasts for rising output.
- CBOT soybeans dropped on better yield potential.

Crude Palm Oil

Malaysian palm oil futures fell for a third straight session on Thursday, hitting their lowest in a week due to forecasts for rising output and weaker performing related edible oils.

The benchmark October 17 fell RM38 to RM2,640 per tonne, prices were traded between RM2,640 and RM2,602 with total traded volume for palm stood at 57,324 lots.

Phillip Futures Sdn Bhd Derivatives Product Specialist David Ng said CPO prices on the local bourse were also tracking losses on the Chicago soy bean oil market traded during Asian hours.

TSH Resources Bhd., the Malaysian plantation company that also has operations in Indonesia, says palm oil yields will extend their rebound as the impacts of El Nino continue to wane.

Inventories and output for July are expected to rise in line with the seasonal trend, while cargo surveyor data also showed an increase in demand from Europe and China which the latter has bought 12 cargoes of palm oil in the past seven days, the China National Grain and Oils Information Center (CNGOIC) said in a report on Thursday, totalling up to 120,000 tonnes for shipment in the fourth quarter of the year.

Output in 12 months that begins Oct. 1 will rise to 21m tons from 19.5m this season, USDA's Foreign Agricultural Service says in a report posted Thursday on its website.

Today, the palm price is likely to open lower at the opening as tracking the weaker overnight rival soyoil. However, we expect a technical rebound may occur at the channel support as the CPO had dropped for three consecutive sessions.

For the benchmark palm oil contract, we locate the immediate support at RM2,572 while the immediate resistance at RM2,644.

Soybean (Reuters)

Chicago Board of Trade soybean futures fell to a one-month low on Thursday, pressured by beneficial Midwest rains and forecasts for cool temperatures that should boost soy yield potential.

Private analytics firm Informa Economics forecast U.S. 2017 soybean production at 4.196 billion bushels with a yield of 47.3 bushels per acre, trade sources said.

The USDA reported export sales of U.S. soybeans in the latest week at 600,900 tonnes (old and new marketing years combined), in line with trade expectations for 350,000 to 750,000 tonnes.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Aug17	2,588	-42	2,610	2,610	2,576	2,731	-300	129
Sep17	2,595	-36	2,626	2,626	2,595	19,772	-817	3,525
Oct17	2,604	-38	2,630	2,640	2,602	42,453	-1,966	19,564
Nov17	2,614	-35	2,633	2,646	2,613	36,368	1,084	9,571
Dec17	2,635	-29	2,655	2,662	2,632	14,302	53	3,585
Jan18	2,660	-26	2,682	2,686	2,656	23,393	538	6,293
Mar18	2,684	-25	2,700	2,708	2,680	16,652	-31	5,303
May18	2,690	-25	2,709	2,720	2,684	21,382	719	4,495
Jul18	2,671	-13	2,675	2,694	2,669	12,263	362	2,273
Sep18	2,650	-14	2,656	2,669	2,645	6,235	340	1,045
Nov18	2,639	-9	2,640	2,652	2,633	8,912	125	1,224
Jan19	2,652	-2	2,654	2,654	2,651	1,360	-30	44
Mar19	2,657	-2	2,659	2,661	2,651	807	35	53
May19	2,658	-1	2,662	2,674	2,650	589	45	181
Jul19	2,657	-14	2,672	2,672	2,648	323	0	39
Total						207,542	157	57,324

Spreads

Contract	Open	High	Low	Last	Vol
Aug17 / Sep17	-5	-5	-17	-7	15
Sep17 / Oct17	-10	-7	-20	-9	1,989
Oct17 / Nov17	-8	-7	-11	-10	5,342
Nov17 / Dec17	-17	-16	-19	-21	1,006

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	NOV17	960.50	-17.00
Soybean Oil	DEC17	33.80	-0.77
Soybean Meal	DEC17	312.60	-2.90
Crude Oil	SEP17	49.03	-0.56
DCE Palm Oil	JAN18	5,372	-22.00
DCE Soybean Oil	JAN18	6,232	-34.00

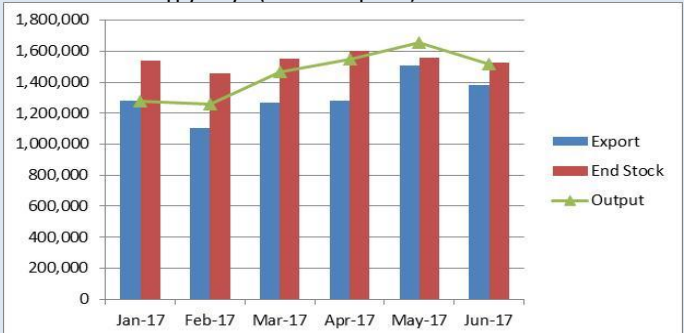
Exchange Rate

Currency	Last
USDMYR	4.2800
USDIDR	13,327
USDCNY	6.7170

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	JUL17	n.a.	4563.55	n.a.
FOB CPO (Indo)	USD/mt	AUG17	635.00	640.00	637.50
FOB RBD Palm Olein (M'sia)	USD/mt	AUG17	n.a.	642.50	638.75
FOB RBD Palm Oil (M'sia)	USD/mt	AUG17	n.a.	637.50	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)

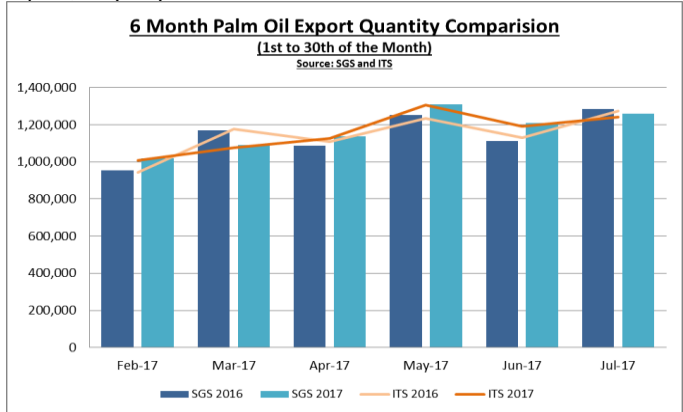


Demand and Supply Data

Cargo Surveyor Figures						
Date	ITS (in tonnes)			SGS (in tonnes)		
	Jun'17	Jul'17	Chg (%)	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	-	-

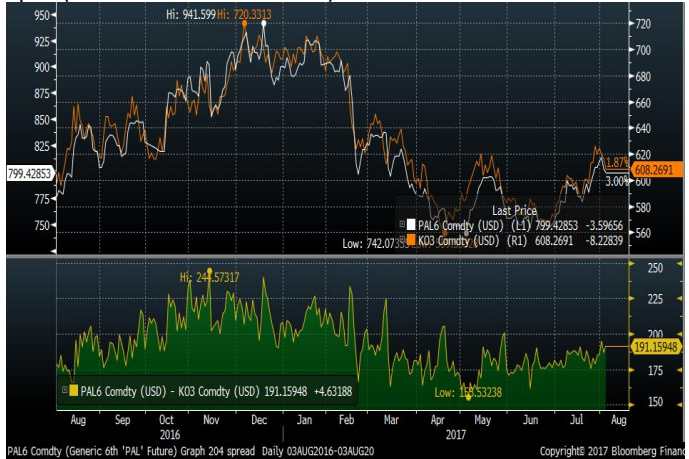
Export Quantity Analysis



Spread (CBOT Soyoil - BMD Crude Palm Oil)



Spread (DCE Palm Olein - BMD Crude Palm Oil)



Sources: Thomson Reuters / Bloomberg / MPOB / ITS / SGS / Phillip Futures

Dealing Desk
pfsb_dealing@poems.com.my

CONTACT US:

Kuala Lumpur Headquarters:
(+603) 2711 0026
pfsb_research@poems.com.my

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

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

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

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

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

Malacca Branch:
(+606) 2748711
pfm@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.