

FCPO Daily Commentary

Brought to you by Phillip Futures Sdn Bhd (662533-U) (A member of PhillipCapital)

PALM FCPO OCT17 (2608, +4)

Our Call of The Day:

Mildly Bullish

7 August 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm oil snapped three losing streaks on rise in export demand.
- CBOT soybeans ended lower on good crop weather outlook.

Crude Palm Oil

Malaysian palm oil futures recovered from their lowest in 1-1/2 weeks on Friday to trade slightly higher in the evening, underpinned by an improving export demand.

The benchmark October 17 rose RM4 to RM2,608 per tonne, prices were traded between RM2,627 and RM2,598 with total traded volume for palm stood at 33,306 lots.

Cargo surveyor data showed in last week that Malaysian shipments for July rose 4.1 percent, supported by stronger demand from China and Europe.

Phillip Futures Sdn Bhd Derivatives Product Specialist David Ng said, anticipation of rising production ahead of an official key crop report due next week, is keep a tab on the upside. The Malaysian Palm Oil Board is expected to release its monthly data on Aug 8, which will provide a clue to the market condition.

A Reuters poll of nine traders, planters and analysts forecast that Malaysian output will rise 11 percent to 1.68 million tonnes, leading to gains in inventory levels by 6.5 percent to 1.63 million tonnes. Exports are seen edging up 4 percent to 1.43 million tonnes, according to the survey.

WTI crude oil prices rose on Friday after a strong U.S. jobs report bolstered hopes for growing energy demand, but crude prices declined for the week, pressured by rising OPEC exports and strong U.S. output.

Today, the palm price is likely to go on a slightly bullish note, on the improving export demand and tracking the overnight stronger soyoil.

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 eased on Friday on forecasts for cool temperatures and rain in key growing areas of the U.S. Midwest that should boost crop health during critical development periods.

But the declines were limited as CBOT November soybeans found support near Thursday's low as well as the 20-day moving average during Friday's session.

Soymeal futures also fell but found support near Thursday's low. Soyoil futures closed in positive territory, supported by gains in the crude oil market. CBOT December soyoil hit resistance at its 200-day moving average.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Aug17	2,590	2	2,576	2,605	2,576	2,661	-70	73
Sep17	2,601	6	2,595	2,620	2,589	18,662	-1,110	1,910
Oct17	2,608	4	2,604	2,627	2,598	42,775	322	16,781
Nov17	2,616	2	2,622	2,634	2,609	37,057	689	6,585
Dec17	2,634	-1	2,635	2,651	2,629	14,867	565	3,809
Jan18	2,662	2	2,660	2,673	2,655	23,554	161	1,519
Mar18	2,688	4	2,686	2,693	2,680	16,424	-228	877
May18	2,693	3	2,693	2,704	2,685	21,565	183	625
Jul18	2,666	-5	2,669	2,679	2,661	12,300	37	313
Sep18	2,644	-6	2,645	2,648	2,634	6,494	259	414
Nov18	2,635	-4	2,636	2,646	2,631	8,911	-1	212
Jan19	2,648	-4	2,647	2,647	2,647	1,347	-13	74
Mar19	2,653	-4	2,659	2,677	2,659	821	14	73
May19	2,654	-4	2,650	2,657	2,650	597	8	41
Jul19	2,653	-4	-	-	-	323	0	-
Total						208,358	816	33,306

Spreads

Contract	Open	High	Low	Last	Vol
Aug17 / Sep17	-5	-4	-18	-11	72
Sep17 / Oct17	-6	-4	-10	-7	930
Oct17 / Nov17	-10	-6	-11	-8	2,975
Nov17 / Dec17	-19	-17	-20	-18	1,854

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	NOV17	956.75	-3.75
Soybean Oil	DEC17	34.03	0.23
Soybean Meal	DEC17	309.40	-3.20
Crude Oil	SEP17	49.58	0.55
DCE Palm Oil	JAN18	5,332	-40.00
DCE Soybean Oil	JAN18	6,160	-72.00

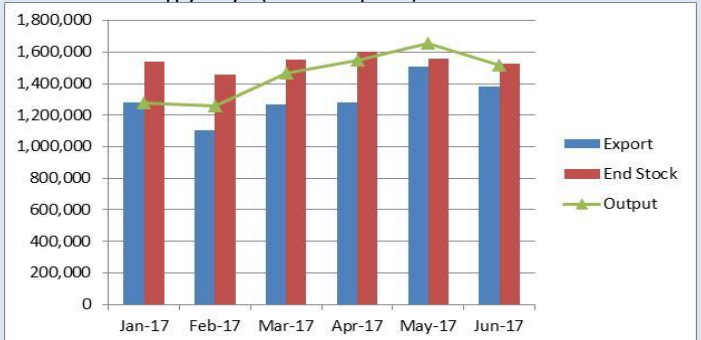
Exchange Rate

Currency	Last
USDMYR	4.2795
USDIDR	13,308
USDCNY	6.7179

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	JUL17	n.a.	4530.48	n.a.
FOB CPO (Indo)	USD/mt	AUG17	637.50	642.50	640.00
FOB RBD Palm Olein (M'sia)	USD/mt	AUG17	640.00	645.00	642.50
FOB RBD Palm Oil (M'sia)	USD/mt	AUG17	n.a.	640.00	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)

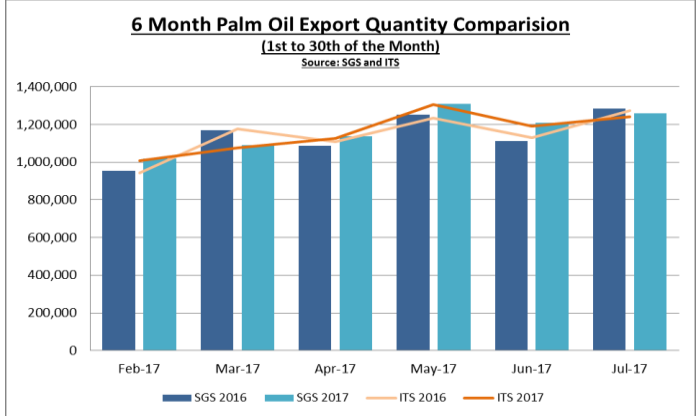


Demand and Supply Data

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

(in tonnes)	Malaysia Palm Oil Board Data (MPOB)			PFSB Forecast	
	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	-	-

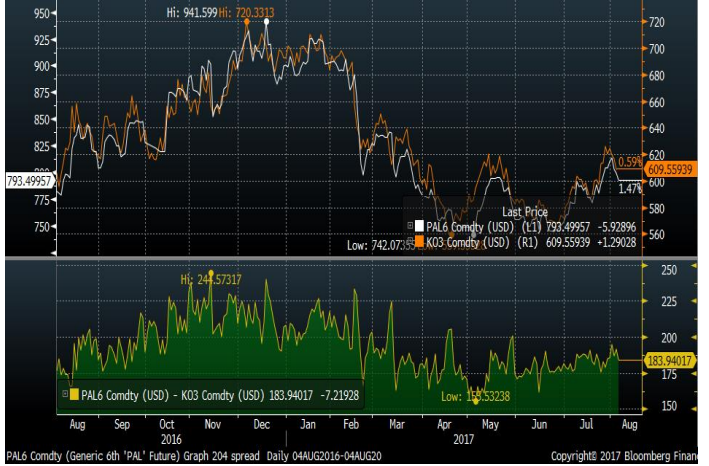
Export Quantity Analysis



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

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

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

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

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

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

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

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

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