

FCPO Daily Commentary

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PALM FCPO OCT17 (2574, -34)

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm oil declined to 2-week low on rising output outlook.
- CBOT soybeans climb on bargain-buying, weather jitters.
- Official data Malaysian Palm Oil Board (MPOB) scheduled for release on 10 Aug.

Crude Palm Oil

Malaysian palm oil futures dipped on Monday evening, hitting a two-week low, on anticipate of higher supply in July ahead of official production data.

The benchmark October 17 dropped RM34 to RM2,574 per tonne, prices were traded between RM2,620 and RM2,572 with total traded volume for palm stood at 46,535 lots.

A Reuters poll of nine traders, planters and analysts forecast that Malaysian output in July will rise 11 percent to 1.68 million tonnes, leading to 6.5 percent rise in inventory levels to 1.63 million tonnes.

Palm oil production shows seasonal gains in the second half of the year, however industry players still expect the lingering effects of a crop damaging El Nino to affect yield.

Malaysia's plan to increase its palm- biodiesel mandate to B10 blend still ongoing, said by Plantations Industries and Commodities Minister Mah Siew Keong on Monday. The on-going of biodiesel mandate could provide little support to palm oil prices as it likely to boost palm oil demand.

Today, the palm price is likely to extend the downside movement on the expectation of bearish production outlook. The widener of soyoil and palm spread could keep palm oil competitiveness and lent support to the prices.

For the benchmark palm oil contract, we locate the immediate support at RM2,542 while the immediate resistance at RM2,590.

Soybean (Reuters)

Chicago Board of Trade soybean futures rose on Monday amid bargain-buying after the benchmark November contract last week set a one-month as well as on concern about stressful dry weather in portions of the U.S. Midwest.

The U.S. Department of Agriculture said private exporters sold 206,000 tonnes of U.S. soybeans to unknown destinations for delivery in the 2016-17 marketing year that began Sept. 1, 2016.

The USDA reported export inspections of U.S. soybeans in the latest week at 685,697 tonnes, above a range of trade expectations for 250,000 to 550,000 tonnes

Government to hold soybean condition ratings at 60 percent of the crop rated good to excellent, which is higher than market expectation which is expected to be 59%.

Our Call of The Day:

Mildly Bearish

8 August 2017

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Aug17	2,581	-9	2,593	2,608	2,585	2,559	-102	138
Sep17	2,574	-27	2,609	2,614	2,573	18,016	-646	3,205
Oct17	2,574	-34	2,614	2,620	2,572	42,500	-275	22,739
Nov17	2,582	-34	2,618	2,629	2,581	37,170	113	7,651
Dec17	2,596	-38	2,641	2,646	2,591	15,567	700	5,234
Jan18	2,626	-36	2,669	2,673	2,623	24,283	729	2,106
Mar18	2,657	-31	2,698	2,698	2,652	16,613	189	1,244
May18	2,665	-28	2,705	2,706	2,661	22,191	626	2,192
Jul18	2,646	-20	2,667	2,667	2,635	12,626	326	1,289
Sep18	2,615	-29	2,634	2,635	2,611	6,603	109	536
Nov18	2,601	-34	2,640	2,640	2,600	8,927	16	127
Jan19	2,614	-34	2,654	2,656	2,626	1,346	-1	19
Mar19	2,628	-25	2,665	2,666	2,665	821	0	9
May19	2,638	-16	2,670	2,670	2,638	583	-14	46
Jul19	2,637	-16	-	-	-	323	0	-
Total						210,128	1,770	46,535

Spreads

Contract	Open	High	Low	Last	Vol
Aug17 / Sep17	-5	8	-5	7	100
Sep17 / Oct17	-6	0	-6	0	1,923
Oct17 / Nov17	-8	-6	-10	-8	3,681
Nov17 / Dec17	-18	-14	-20	-14	1,306

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	NOV17	969.75	13.00
Soybean Oil	DEC17	33.93	-0.10
Soybean Meal	DEC17	314.20	4.80
Crude Oil	SEP17	49.39	-0.19
DCE Palm Oil	JAN18	5,354	22.00
DCE Soybean Oil	JAN18	6,188	28.00

Exchange Rate

Currency	Last
USDMYR	4.2850
USDIDR	13,323
USDCNY	6.7214

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	AUG17	n.a.	4464.34	n.a.
FOB CPO (Indo)	USD/mt	AUG17	632.50	637.50	635.00
FOB RBD Palm Olein (M'sia)	USD/mt	AUG17	n.a.	640.00	638.75
FOB RBD Palm Oil (M'sia)	USD/mt	AUG17	n.a.	635.00	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)

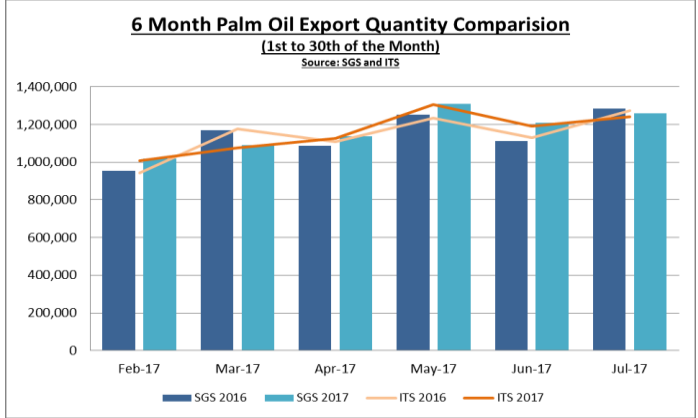


Demand and Supply Data

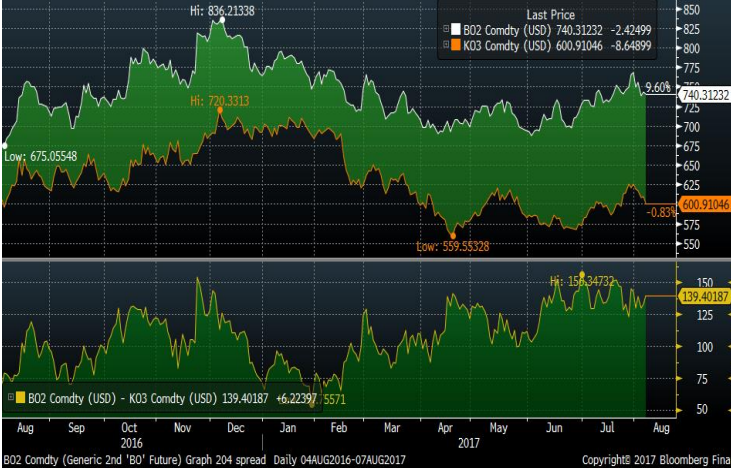
Date	ITS (in tonnes)			SGS (in tonnes)		
	Jun'17	Jul'17	Chg (%)	Jun'17	Jul'17	Chg (%)
First 10 days	366,994	360,114	-1.9	367,165	381,241	3.8
First 15 days	508,960	599,414	17.8	523,505	615,671	17.6
First 20 days	721,020	796,664	10.5	710,322	817,961	15.2
First 25 days	985,534	1,016,689	3.2	996,291	1,044,456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

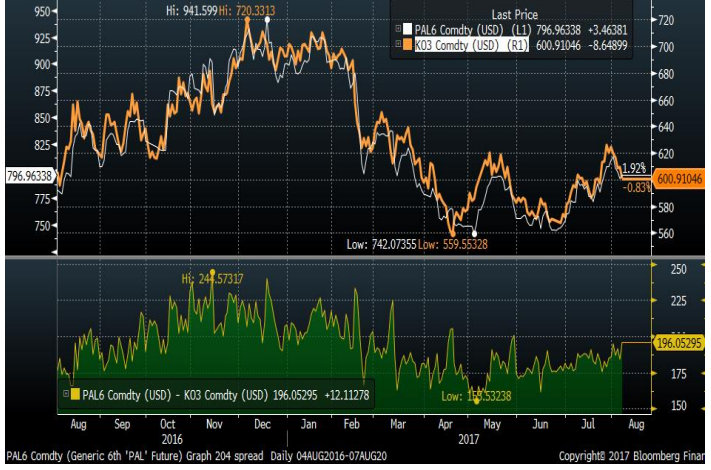
Export Quantity Analysis



Spread (CBOT Soyoil - BMD Crude Palm Oil)



Spread (DCE Palm Olein - BMD Crude Palm Oil)



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

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