

# FCPO Daily Commentary

Brought to you by Phillip Futures Sdn Bhd (62533-U) (A member of PhillipCapital)

## PALM FCPO OCT17 (2629, +55)

Our Call of The Day:

**Neutral**  
9 August 2017

### FCPO 3rd Month Daily Candle Chart



#### Market Commentary

##### Highlights:

- Palm oil rise most in 2 weeks on strong demand outlook and gain in competitor oils.
- CBOT soybeans climb on U.S. weather worries.
- Official data Malaysian Palm Oil Board (MPOB) scheduled for release on 10 Aug.
- USDA monthly supply/demand reports will release on 11 Aug.

#### Crude Palm Oil

Malaysian palm oil futures made their biggest daily gains in two weeks on Tuesday, reversing losses from the previous session, supported by strength in related edible oils.

The benchmark October 17 gained RM55 to RM2,629 per tonne, prices were traded between RM2,630 and RM2,585 with total traded volume for palm stood at 41,473 lots.

David Ng, derivatives specialist at Phillip Futures said palm oil is tracking gains in U.S. soybean oil market, there is also an expectation of stronger export demand whereby India will increase buying ahead of festivals as it will probably re-stock palm oil.

India will increase import taxes on crude and refined vegetable oils to protect farmers from any distress sale, a government official tells reporters in New Delhi.

Today, the palm prices expect to open higher tracking overnight soyoil gained, the trading likely to be cautious as market are watching closely on supply/demand data from MPOB, as well as data for Aug. 1-10 Malaysian palm oil exports by surveyors.

For the benchmark palm oil contract, we locate the immediate support at RM2,615 while the immediate resistance at RM2,680.

#### Soybean (Reuters)

Soybean futures on the Chicago Board of Trade firmed Tuesday on worries about dry weather stressing crops in portions of the U.S. Midwest and cool weather that could extend the growing season, leaving the crop vulnerable to frost.

China's July soybean imports surged 30 percent from June as ports in the world's top oilseed consumer rushed to clear a months-long backlog of cargoes.

The USDA late Monday rated 60 percent of the U.S. soybean crop in good to excellent condition, up from 59 percent a week earlier. But ratings declined in Illinois and Iowa, the top two U.S. soy states.

Traders continue to square positions ahead of the USDA's monthly supply/demand reports on Thursday. Analysts surveyed by Reuters expect the government to trim its forecast of U.S. 2017 soybean production and yield.

### Crude Palm Oil Futures

#### Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Aug17	2,624	43	2,600	2,630	2,599	2,454	-105	623
Sep17	2,617	43	2,585	2,621	2,580	15,399	-2,617	4,242
Oct17	2,629	55	2,589	2,630	2,585	41,427	-1,073	18,911
Nov17	2,634	52	2,595	2,637	2,593	37,635	465	7,241
Dec17	2,649	53	2,610	2,649	2,610	15,964	397	3,114
Jan18	2,672	46	2,641	2,673	2,639	23,814	-469	3,264
Mar18	2,686	29	2,673	2,694	2,668	17,079	466	1,727
May18	2,694	29	2,685	2,702	2,677	22,747	556	1,517
Jul18	2,669	23	2,656	2,681	2,655	12,806	180	582
Sep18	2,638	23	2,627	2,649	2,626	6,638	35	124
Nov18	2,627	26	2,612	2,635	2,612	8,942	15	93
Jan19	2,645	31	-	-	-	1,346	0	-
Mar19	2,660	32	-	-	-	821	0	-
May19	2,670	32	2,654	2,670	2,654	580	-3	35
Jul19	2,669	32	-	-	-	323	0	-
<b>Total</b>						<b>207,975</b>	<b>-2,153</b>	<b>41,473</b>

#### Spreads

Contract	Open	High	Low	Last	Vol
Aug17 / Sep17	0	0	0	7	0
Sep17 / Oct17	-2	0	-15	-11	2,474
Oct17 / Nov17	-7	-6	-10	-6	3,162
Nov17 / Dec17	-14	-10	-17	-12	682

#### Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	NOV17	973.25	3.50
Soybean Oil	DEC17	34.22	0.29
Soybean Meal	DEC17	314.30	0.10
Crude Oil	SEP17	49.17	-0.22
DCE Palm Oil	JAN18	5,346	-8.00
DCE Soybean Oil	JAN18	6,218	30.00

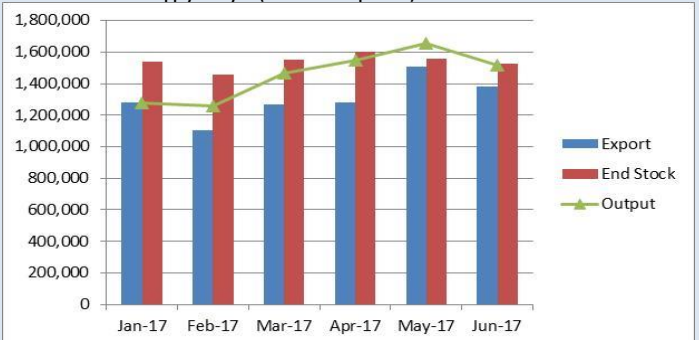
#### Exchange Rate

Currency	Last
USDMYR	4.2800
USDIDR	13,326
USDCNY	6.7065

#### Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	AUG17	n.a.	4547.02	n.a.
FOB CPO (Indo)	USD/mt	AUG17	642.50	647.50	645.00
FOB RBD Palm Olein (M'sia)	USD/mt	AUG17	640.00	647.50	643.75
FOB RBD Palm Oil (M'sia)	USD/mt	AUG17	n.a.	642.50	n.a.

#### MPOB Demand and Supply Analysis (6 Month Comparison)

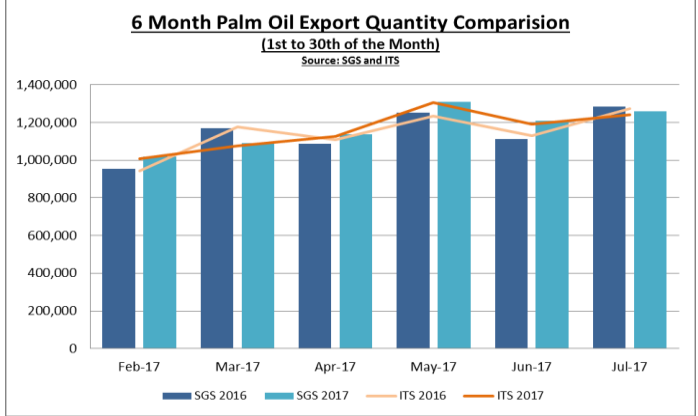


**Demand and Supply Data**

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

(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	1.74	15
Export	1,505,929	1,379,691	-8.4	1.45	5
Import	47,450	45,828	-3.4		
Local Disapp	238,290	210,883	-11.5		
Stock	1,557,619	1,527,043	-2.0	1.60	5
Stock/Use ratio	0.87	0.96	10.4		

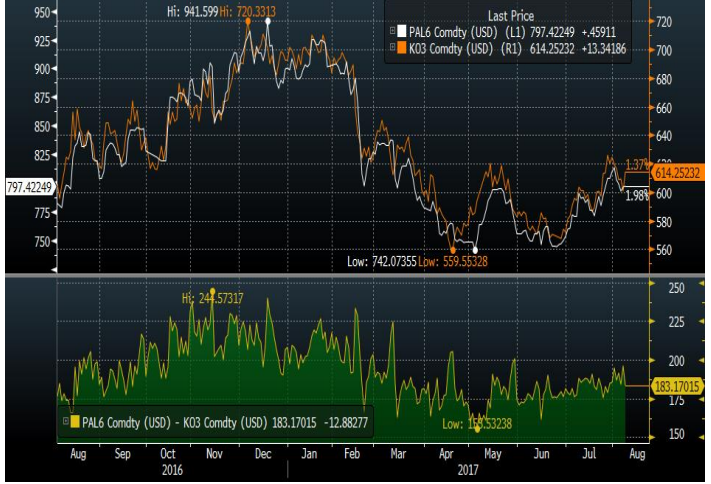
**Export Quantity Analysis**



**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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