

FCPO Daily Commentary

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

PALM FCPO OCT17 (2630, +1)

Our Call of The Day:

Neutral
10 August 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm oil prices gained ahead of MPOB data.
- CBOT soybeans end mixed in choppy trade ahead of USDA reports.
- 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 rose to a one-week high on Wednesday evening, tracking stronger related edible oils, but pared some gains late in the session as the market traded cautiously ahead of MPOB data.

The benchmark October 17 added RM1 to RM2,630 per tonne, prices were traded between RM2,627 and RM2,654 with total traded volume for palm stood at 32,666 lots.

A Reuters poll of nine traders, planters and analysts forecast Malaysian output in July will rise 11 percent to 1.68 million tonnes, leading to a 6.5 percent rise in inventory levels to 1.63 million tonnes. While exports are seen up 4 percent to 1.43 million tonnes.

Palm oil production typically picks up in the second half of the year in line with seasonal trends, but uncertainty remains over the extent of its gains as palm trees are still seeing the lingering effects of a crop-damaging El Nino weather pattern.

Today, the palm prices expect to open higher tracking sharp overnight soyoil gained, the trading likely to remain 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)

Chicago Board of Trade soybean futures closed mixed on Wednesday, with the benchmark November contract ending flat as traders squared positions ahead of key supply/demand reports due from the U.S. Department of Agriculture on Thursday.

Analysts surveyed by Reuters expect the USDA in its supply/demand reports on Thursday to trim its forecast of U.S. 2017 soybean production and yield.

Soybean futures underpinned by updated midday weather forecasts that took some moisture from the U.S. Midwest outlook.

The USDA said private exporters canceled sales of 130,000 tonnes of U.S. soybeans to unknown destinations for delivery in the 2016/17 marketing year that began Sept. 1, 2016.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Aug17	2,628	4	2,645	2,648	2,624	2,334	-120	224
Sep17	2,621	4	2,632	2,642	2,617	14,326	-1,073	1,794
Oct17	2,630	1	2,640	2,654	2,627	41,016	-411	16,751
Nov17	2,639	5	2,648	2,662	2,636	37,902	267	5,385
Dec17	2,655	6	2,660	2,676	2,649	16,709	745	2,708
Jan18	2,677	5	2,685	2,697	2,672	23,619	-195	2,353
Mar18	2,694	8	2,699	2,710	2,691	17,269	190	952
May18	2,701	7	2,710	2,722	2,696	23,710	963	1,820
Jul18	2,672	3	2,683	2,692	2,670	12,832	26	135
Sep18	2,642	4	2,654	2,664	2,640	6,709	71	180
Nov18	2,635	8	2,645	2,657	2,630	9,030	88	211
Jan19	2,653	8	2,659	2,676	2,652	1,356	10	44
Mar19	2,668	8	2,690	2,690	2,676	829	8	48
May19	2,678	8	2,694	2,702	2,690	611	31	61
Jul19	2,677	8	-	-	-	323	0	-
Total						208,575	600	32,666

Spreads

Contract	Open	High	Low	Last	Vol
Sep17 / Oct17	-11	-8	-13	-10	1,153
Oct17 / Nov17	-7	-4	-10	-8	2,465
Nov17 / Dec17	-13	-10	-16	-16	850
Dec17 / Jan18	-24	-21	-24	-22	434

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	NOV17	973.25	0.00
Soybean Oil	DEC17	34.53	0.31
Soybean Meal	DEC17	312.90	-1.40
Crude Oil	SEP17	49.56	0.39
DCE Palm Oil	JAN18	5,412	66.00
DCE Soybean Oil	JAN18	6,284	66.00

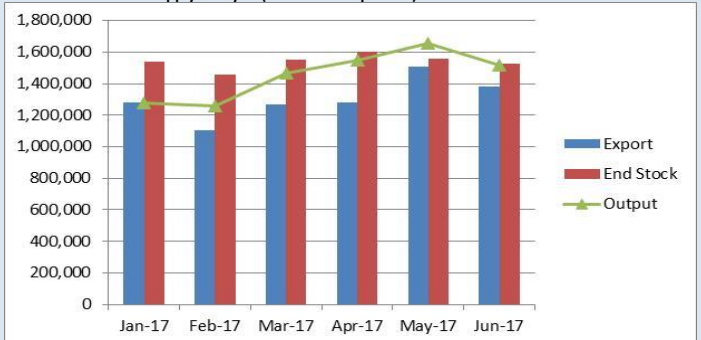
Exchange Rate

Currency	Last
USDMYR	4.2890
USDIDR	13,345
USDCNY	6.6805

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	AUG17	n.a.	4613.15	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)

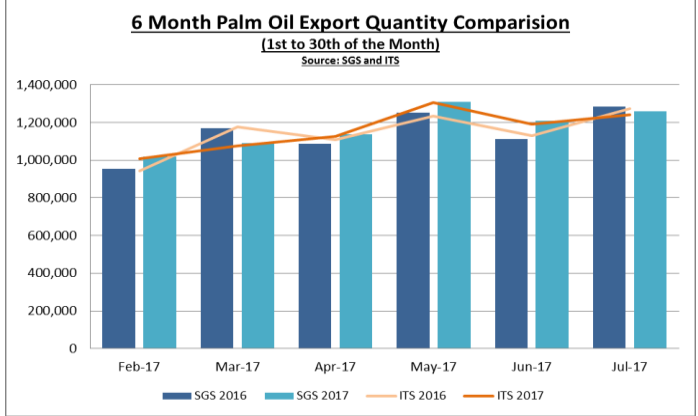


Demand and Supply Data

Date	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	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		

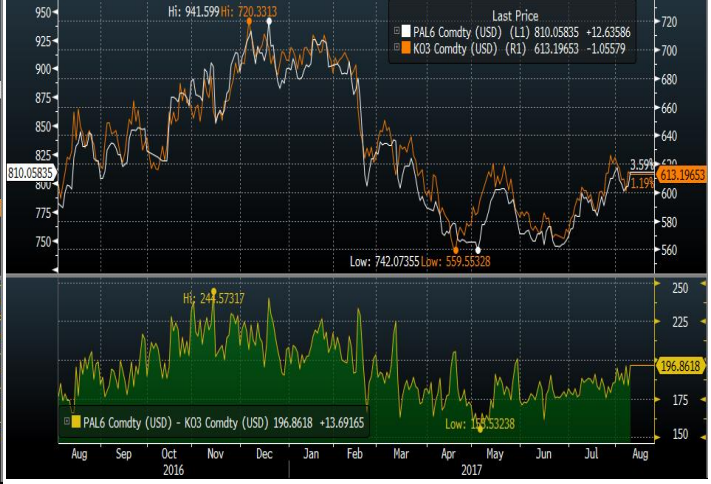
Export Quantity Analysis



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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