

FCPO Daily Commentary

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

PALM FCPO OCT17 (2663, +33)

Our Call of The Day:

Mildly Bearish

11 August 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm oil highest level for more than a week despite bearish data.
- CBOT soy slides 3 pct after larger-than-expected USDA yield view.

Crude Palm Oil

Malaysian palm oil futures rose to their highest level in over a week on Thursday evening on expectations of soybean gains, despite the earlier release of bearish industry data.

The benchmark October 17 gained RM33 to RM2,663 per tonne, prices were traded between RM2,672 and RM2,634 with total traded volume for palm stood at 66,765 lots.

David Ng, derivatives specialist at Phillip Futures said that the bearish news from MPOB about higher stockpiles and production in July has already been factored in by the market. There's now some speculation that August palm oil production may be lower than July.

Malaysia's palm oil stocks at end-July rose 16.8 percent to 1.78 million tonnes from the previous month, versus a Reuters poll which forecast a 6.5 percent rise in inventory levels. Official data also showed July output rising 20.7 percent to 1.83 million tonnes, compared with a forecast for a 11 percent gain to 1.68 million tonnes.

The demand in July showed marginally slower as buyers held back in anticipation of lower palm oil prices moving forward as production rebounds. Buyers are expected to stock up ahead of major festivities in October in India and China, the world's top two consumers of the edible oil.

Today, the palm price except to open lower tracking overnight soybean market losses. Market sentiment likely to be bearish as the supply in overall vegetable oil market showed increase. Technically, the palm price remain in bullish trend and we see the immediate support level at RM2615 per tonnes.

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 down about 3 percent Thursday after the U.S. Department of Agriculture raised its forecast of the U.S. 2017 average soybean yield, surprising analysts who had expected a reduction.

The USDA put the U.S. soybean yield at 49.4 bushels per acre, up from its previous figure of 48.0 and above even the highest in a range of analyst estimates. The USDA left its acreage figures unchanged and projected U.S. soybean production at 4.381 billion bushels.

The USDA also raised its forecast of 2017-18 U.S. soybean ending stocks to 475 million bushels, up from 460 million in July.

Conab, Brazil's agricultural supply agency, raised its estimate for the country's 2016-17 soybean crop to 114 million tonnes, from 113.92 million in July.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Aug17	2,663	35	2,635	2,661	2,630	1,424	-910	155
Sep17	2,656	35	2,632	2,665	2,627	13,067	-1,259	5,062
Oct17	2,663	33	2,641	2,672	2,634	41,628	612	22,487
Nov17	2,671	32	2,649	2,679	2,644	39,490	1,588	9,766
Dec17	2,685	30	2,660	2,692	2,660	18,180	1,471	5,564
Jan18	2,708	31	2,685	2,711	2,685	23,948	329	4,706
Mar18	2,725	31	2,712	2,729	2,700	17,184	-85	5,315
May18	2,731	30	2,717	2,739	2,712	24,322	612	4,472
Jul18	2,699	27	2,684	2,712	2,684	14,744	1,912	5,275
Sep18	2,668	26	2,661	2,685	2,653	7,761	1,052	3,306
Nov18	2,663	28	2,644	2,675	2,644	9,119	89	483
Jan19	2,681	28	2,674	2,688	2,674	1,343	-13	49
Mar19	2,696	28	2,684	2,707	2,684	850	21	102
May19	2,706	28	2,694	2,710	2,694	606	-5	23
Jul19	2,705	28	-	-	-	323	0	-
Total						213,989	5,414	66,765

Spreads

Contract	Open	High	Low	Last	Vol
Sep17 / Oct17	-10	-4	-13	-7	2,332
Oct17 / Nov17	-8	-6	-11	-8	4,492
Nov17 / Dec17	-16	-11	-17	-14	1,689
Dec17 / Jan18	-22	-18	-23	-23	999

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	NOV17	940.25	-33.00
Soybean Oil	DEC17	34.16	-0.37
Soybean Meal	DEC17	300.20	-12.70
Crude Oil	SEP17	48.59	-0.97
DCE Palm Oil	JAN18	5,400	-12.00
DCE Soybean Oil	JAN18	6,280	-4.00

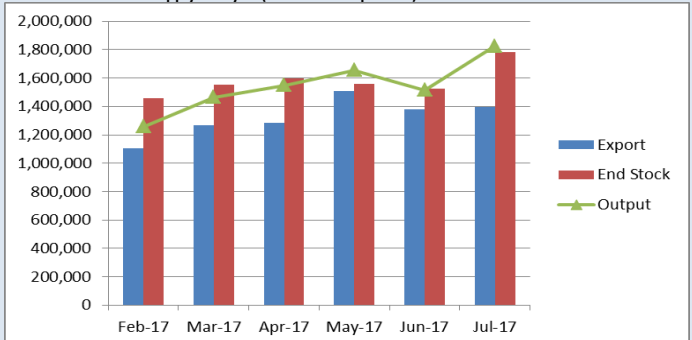
Exchange Rate

Currency	Last
USDMYR	4.2915
USDIDR	13,363
USDCNY	6.6548

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	AUG17	n.a.	4629.69	n.a.
FOB CPO (Indo)	USD/mt	AUG17	650.00	655.00	652.50
FOB RBD Palm Olein (M'sia)	USD/mt	AUG17	647.50	655.00	651.25
FOB RBD Palm Oil (M'sia)	USD/mt	AUG17	n.a.	650.00	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)

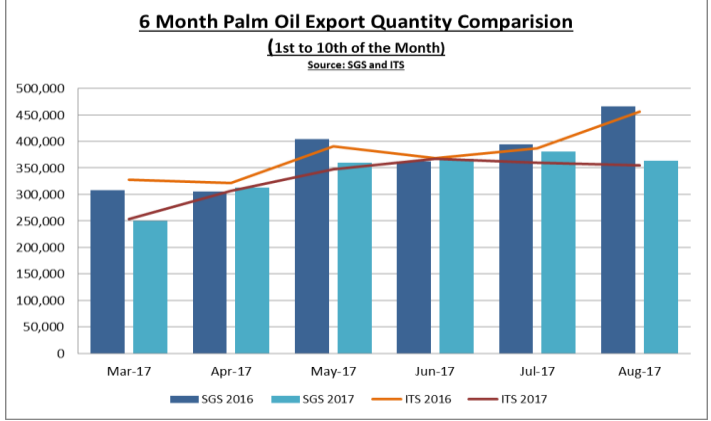


Demand and Supply Data

Date	Cargo Surveyor Figures			SGS (in tonnes)		
	ITS (in tonnes)		Chg (%)	Jul'17	Aug'17	Chg (%)
First 10 days	360,114	355,009	-1.4	381,241	363,007	-4.8
First 15 days	599,414			615,671		
First 20 days	796,664			817,961		
First 25 days	1,016,689			1,044,456		
Full month	1,190,583			1,260,143		

(in tonnes)	Malaysia Palm Oil Board Data (MPOB)			PFSB Forecast	
	Jun'17	Jul'17	MoM (%)	Jul'17	Chg (%)
Production	1,514,165	1,827,108	20.7	1.74	15
Export	1,379,720	1,397,846	1.3	1.45	5
Import	45,828	52,962	15.6		
Local Disapp	210,883	225,152	6.8		
Stock	1,527,071	1,784,143	16.8	1.60	5
Stock/Use ratio	0.93	1.06	14.0		

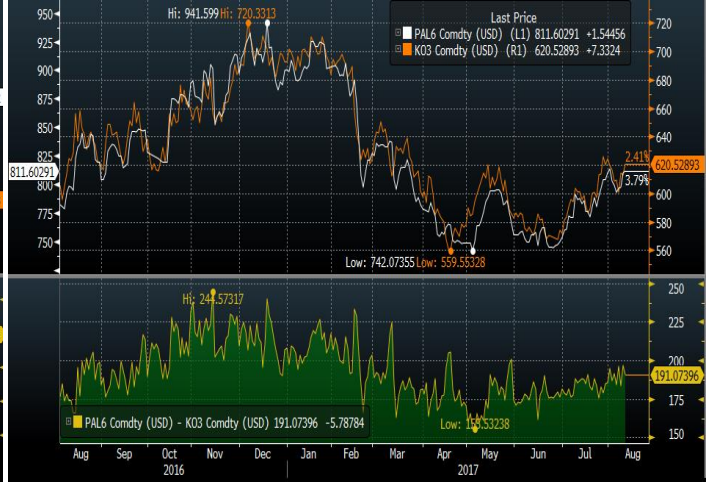
Export Quantity Analysis



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
pfbj@poems.com.my

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

Kuching Branch:
 (+6082) 247633
pfc@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.