

FCPO Daily Commentary

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PALM FCPO OCT17 (2655, -22)

Our Call of The Day:

Bullish
31 July 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm oil fell on profit taking, still recorded best weekly gains in 2017.
- CBOT soybeans closed firm as soyoil rallied.

Crude Palm Oil

Malaysian palm oil futures closed lower on Friday as traders liquidated positions to take profits after the recent sharp rally in palm prices, but still recorded its largest weekly gains in year 2017.

The benchmark October 17 fell RM22 to RM2,655 per tonne, prices were traded between RM2,666 and RM2,637 with total traded volume for palm stood at 41,426 lots.

Phillip Futures Sdn Bhd Derivatives Product Specialist, David Ng, said CPO futures ended lower, tracking the weakness in the Chicago bean oil market, as well as concerns over rising production in Indonesia.

Indonesia, also the top palm oil exporter in the world, will keep its August crude palm oil export tax at \$0 per tonne, said Oke Nurwan, director-general for foreign trade at Indonesia's Trade Ministry.

Oil ended its strongest week this year with a surge on Friday, built on receding fears of oversupply, as U.S. crude came within striking distance of \$50 a barrel for the first time since the end of May.

Today, the palm price is likely open higher with the overnight gains in soyoil and crude oil market, and may continue its upside momentum on its bullish sentiment of steady export demand. The total Malaysian palm oil export amount for July will be released in today by cargo surveyors.

For the benchmark palm oil contract, we locate the immediate support at RM2,637 while the immediate resistance at RM2,692.

Soybean (Reuters)

Chicago Board of Trade soybean futures rose on Friday, following a rally in the soyoil market.

Concerns about dryness in soy-growing areas of the U.S. Midwest added strength to soybeans.

Soyoil gained 2.3 percent, hitting its highest since Jan. 24.

Soymeal futures fell as traders unwound long soymeal/short soyoil spreads following the court's decision.

For the week, CBOT soybeans lost 1.0 percent. Soymeal futures were down 2.5 percent and soyoil futures were up 2.2 percent. Soyoil futures have risen for four weeks in a row.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Aug17	2,666	-26	2,670	2,678	2,651	3,679	-359	317
Sep17	2,656	-28	2,672	2,672	2,642	24,244	-2,359	5,949
Oct17	2,655	-22	2,665	2,666	2,637	45,803	344	18,502
Nov17	2,653	-23	2,660	2,664	2,637	37,987	-272	7,013
Dec17	2,665	-22	2,668	2,677	2,652	10,867	160	2,339
Jan18	2,683	-24	2,689	2,694	2,670	21,339	-172	1,746
Mar18	2,699	-24	2,700	2,708	2,684	16,282	29	756
May18	2,707	-26	2,710	2,718	2,694	20,098	-436	1,444
Jul18	2,666	-26	2,668	2,678	2,660	11,710	-28	1,217
Sep18	2,646	-26	2,644	2,660	2,640	6,015	55	1,226
Nov18	2,628	-35	2,647	2,647	2,628	8,239	6	524
Jan19	2,640	-35	2,643	2,643	2,643	1,354	18	34
Mar19	2,647	-32	2,663	2,663	2,647	749	-19	51
May19	2,627	-32	2,642	2,659	2,642	413	16	108
Jul19	2,639	-12	2,651	2,652	2,639	263	198	200
Total						209,042	-2,819	41,426

Spreads

Contract	Open	High	Low	Last	Vol
Aug17 / Sep17	1	12	-2	10	32
Sep17 / Oct17	6	7	2	1	2,399
Oct17 / Nov17	1	4	-1	2	3,144
Nov17 / Dec17	-12	-11	-15	-12	489

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	NOV17	1,013.00	5.50
Soybean Oil	DEC17	35.02	0.73
Soybean Meal	DEC17	328.50	-0.50
Crude Oil	SEP17	49.71	0.68
DCE Palm Oil	JAN18	5,416	-2.00
DCE Soybean Oil	JAN18	6,292	6.00

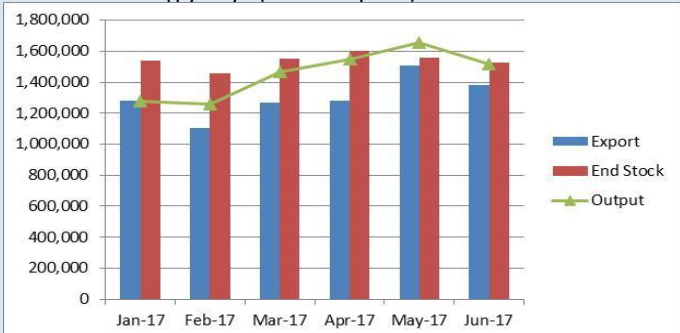
Exchange Rate

Currency	Last
USDMYR	4.2815
USDIDR	13,328
USDCNY	6.7333

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	JUL17	n.a.	4662.76	n.a.
FOB CPO (Indo)	USD/mt	AUG17	640.00	650.00	645.00
FOB RBD Palm Olein (M'sia)	USD/mt	AUG17	642.50	655.00	648.75
FOB RBD Palm Oil (M'sia)	USD/mt	AUG17	n.a.	650.00	n.a.

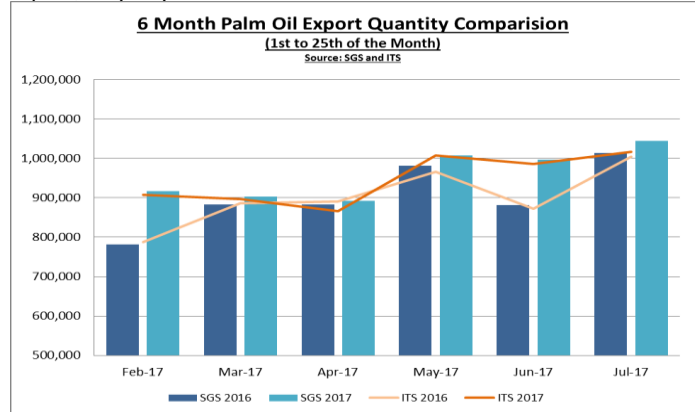
MPOB Demand and Supply Analysis (6 Month Comparison)



Demand and Supply Data

Date	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			1,210,359		

Export Quantity Analysis

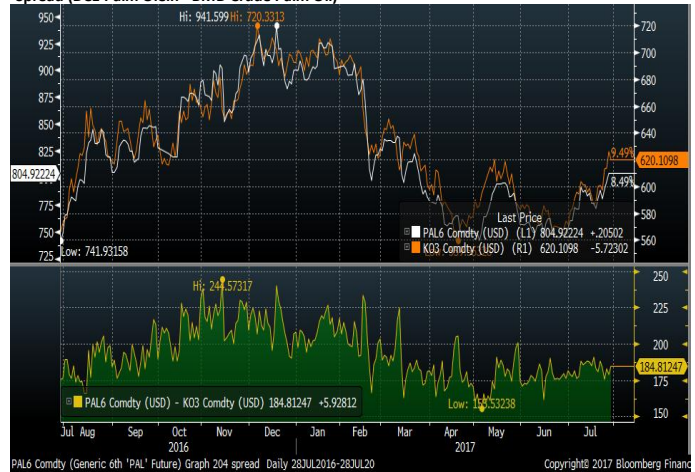


(in tonnes)	Malaysia Palm Oil Board Data (MPOB)			PFSB Forecast	
	May'17	Jun'17	MoM (%)	Jul'17	Chg (%)
Production	1,654,494	1,514,170	-8.5	-	-
Export	1,505,929	1,379,691	-8.4	-	-
Import	47,450	45,828	-3.4	-	-
Local Disapp	238,290	210,883	-11.5	-	-
Stock	1,557,619	1,527,043	-2.0	-	-
Stock/Use ratio	0.87	0.96	10.4	-	-

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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