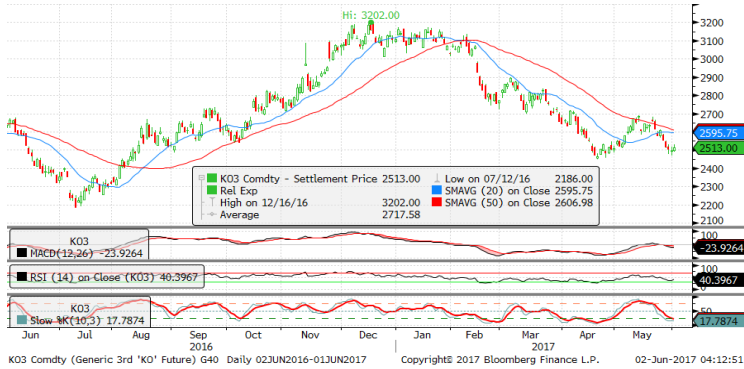


# FCPO Daily Commentary

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## PALM FCPO AUG17 (2513, +14)

### FCPO 3rd Month Daily Candle Chart



#### Market Commentary

##### Highlights:

- Palm oil snaps losing streak on weaker ringgit.
- CBOT soybean soybeans weak but close above session lows.

#### Crude Palm Oil

Malaysian palm oil futures rose on Thursday, snapping four straight sessions of losses, on the back of a weaker ringgit which hit a one-week low.

The benchmark August 17 contract rose by RM14 to close at RM2,513 per tonne, prices were traded between RM2,529 and RM2,488 with total traded volume for palm stood at 56,970 lots.

According to a Kuala Lumpur based trader, the market is up on currency play as the ringgit is weaker today. Maybe partly it is also supported by exports, but it is mostly currency related.

Palm oil prices are affected by the movements of the ringgit, the currency in which it is traded. A weaker ringgit typically makes the tropical oil cheaper for holders of foreign currencies.

The ringgit weakened 0.2 percent against the dollar on Thursday, after having touched a one-week low of 4.2885 earlier in the day.

Today, we expect palm oil to trade slightly lower, tracking the the weakness in the US Soy oil market. However, the weaker ringgit may bolster prices.

For the benchmark palm oil contract, we see support levels at RM2,490 and RM2,455 while resistance levels at RM2,550 and RM2,600.

#### Soybean (Reuters)

Soybean futures on the Chicago Board of Trade (CBOT) fell for the fourth time in five sessions on Thursday, weighed down by an outlook for dry weather in the U.S. Midwest that will foster development of recently seeded crops.

Soymeal and soyoil futures also fell but held support near lows hit earlier this week.

Analysts were expecting the U.S. Agriculture Department's weekly export sales report on Friday morning to show that soybean export sales were in a range from 200,000 to 550,000 tonnes (old-crop and new-crop combined) in the latest reporting week. A week ago, soybean export sales totaled 478,741 tonnes.

Our Call of The Day:

**Mildly Bearish**

2 June 2017

### Crude Palm Oil Futures

#### Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Jun17	2,759	10	2,760	2,770	2,733	4,705	-260	337
Jul17	2,633	10	2,632	2,646	2,605	15,004	-1,249	2,864
Aug17	2,513	14	2,497	2,529	2,488	45,615	-954	23,464
Sep17	2,447	16	2,437	2,459	2,419	41,932	1,484	9,972
Oct17	2,425	19	2,410	2,431	2,393	17,599	2,660	8,956
Nov17	2,425	15	2,413	2,433	2,395	28,739	97	4,517
Jan18	2,463	18	2,455	2,470	2,433	14,484	422	3,095
Mar18	2,490	26	2,479	2,494	2,453	17,015	118	1,490
May18	2,495	23	2,487	2,500	2,459	14,290	165	533
Jul18	2,492	23	2,479	2,493	2,453	6,091	12	394
Sep18	2,487	23	2,472	2,489	2,450	4,082	337	587
Nov18	2,480	20	2,470	2,487	2,454	3,263	627	756
Jan19	2,491	20	-	-	-	314	0	-
Mar19	2,495	20	-	-	-	5	0	-
May19	2,499	20	-	-	-	5	5	5
<b>Total</b>						<b>213,143</b>	<b>3,464</b>	<b>56,970</b>

#### Spreads

Contract	Open	High	Low	Last	Vol
Jun17 / Jul17	121	128	121	128	101
Jul17 / Aug17	120	121	111	117	1,336
Aug17 / Sep17	68	72	66	67	4,257
Sep17 / Oct17	26	30	23	24	3,081

#### Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JUL17	912.25	-3.75
Soybean Oil	JUL17	31.25	-0.09
Soybean Meal	JUL17	297.50	-0.60
Crude Oil	JUL17	48.36	-0.26
DCE Palm Oil	SEP17	5,252	-36.00
DCE Soybean Oil	SEP17	5,672	-56.00

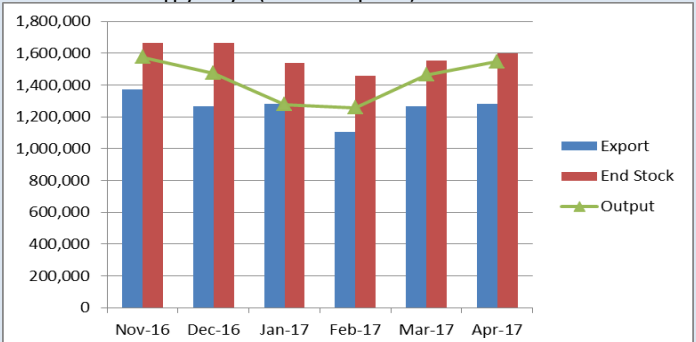
#### Exchange Rate

Currency	Last
USDMYR	4.2880
USDIDR	13,296
USDCNY	6.8045

#### Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	MAY17	n.a.	4414.74	n.a.
FOB CPO (Indo)	USD/mt	JUN17	n.a.	685.00	681.25
FOB RBD Palm Olein (M'sia)	USD/mt	JUN17	n.a.	705.00	703.75
FOB RBD Palm Oil (M'sia)	USD/mt	JUN17	n.a.	700.00	n.a.

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

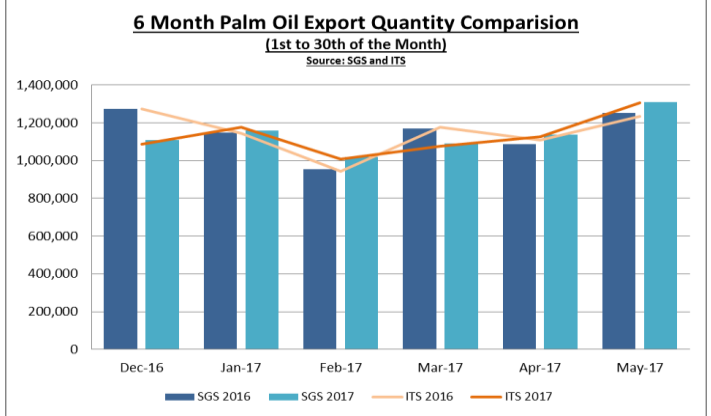


**Demand and Supply Data**

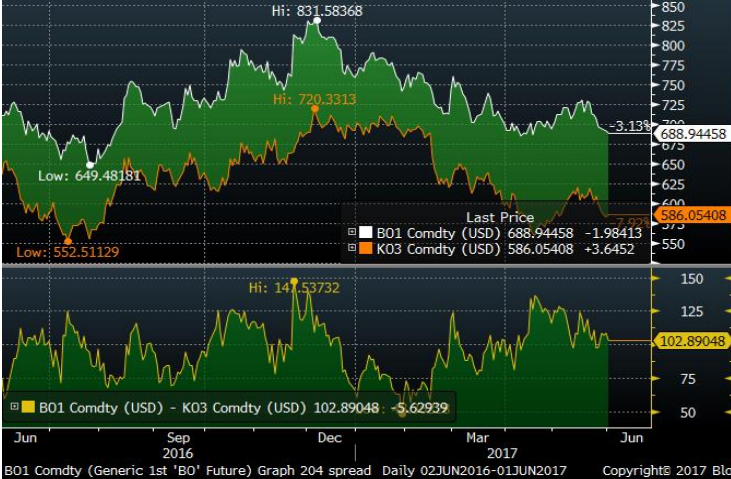
Date	ITS (in tonnes)			SGS (in tonnes)		
	Apr'17	May'17	Chg (%)	Apr'17	May'17	Chg (%)
First 10 days	307,249	346,920	12.9	312,489	359,355	15.0
First 15 days	567,280	617,697	8.9	572,910	613,465	7.1
First 20 days	705,372	846,705	20.0	719,175	852,628	18.6
First 25 days	866,297	1,006,757	16.2	891,725	1,006,853	12.9
Full month	1,125,942	1,306,374	16.0	1,135,340	1,310,320	15.4

(in tonnes)	Malaysia Palm Oil Board Data (MPOB)			PFSB Forecast	
	Mar'17	Apr'17	MoM (%)	Apr'17	Chg (%)
Production	1,464,021	1,548,053	5.7	1,581	+8%
Export	1,265,771	1,283,308	1.4	1,3926	+10%
Import	101,961	54,475	-46.6		
Local Disapp	205,370	272,314	32.6		
Stock	1,552,988	1,599,894	3.0	1.6472	+6%
Stock/Use ratio	0.99	0.99	0.7		

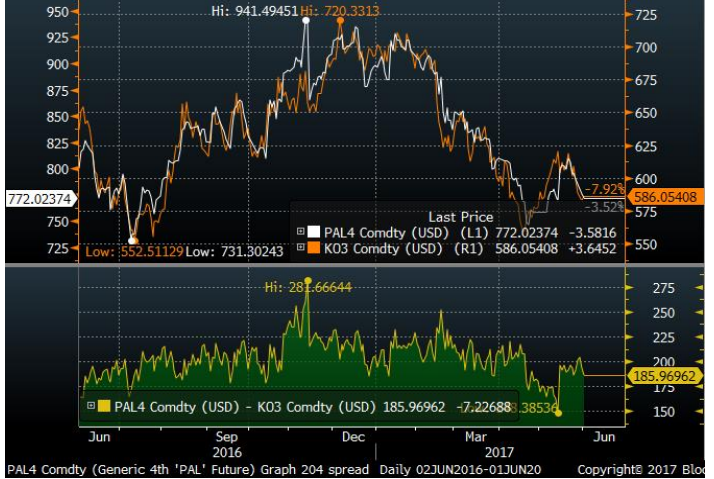
**Export Quantity Analysis**



**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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