

FCPO Daily Commentary

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PALM FCPO JUL17 (2522, -26)

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm oil down as stronger ringgit weighed.
- CBOT soy rose on technical buying, flooding concerns.

Crude Palm Oil

Malaysian palm oil futures fell 1 percent on Wednesday as stronger ringgit hurt demand for ringgit-denominated palm oil.

The benchmark July 17 contract dropped RM26 to close at RM2,522 per tonne, prices were traded between RM2,518 and RM2,551 with total traded volume for palm stood at 37,684 lots.

The ringgit extended yesterday's gains against the dollar at 4.3170 on Wednesday on better demand for the local currency and US Federal Reserve kept interest rates unchanged. A stronger ringgit makes the tropical oil more expensive for holders of foreign currencies.

The Sarawak state in Malaysia will be the main driver lifting Malaysia's palm oil production to a record high. Its production rose to 20.7% of the national total in 2016 from less than 10% in 2006 and it could be increase by 2 million metric tons after a 1.4-fold surge from 2006-2016.

Today, the crude palm oil is expected to trade lower as the stronger ringgit may continue pressured on the palm prices as it makes ringgit denominated palm oil become more expensive for overseas buyer.

For the benchmark palm oil contract, we see support levels at RM2,500 and RM2,450 while resistance levels at RM2,600 and RM2,665.

Soybean (Reuters)

Chicago Board of Trade (CBOT) soybean futures ended higher on Wednesday on technical buying and flooding concerns.

Trade estimates for weekly soybean export sales, which will be released on Thursday morning by the U.S. Department of Agriculture, ranged from 400,000 to 800,000 tonnes (old-crop and new-crop combined), compared to 880,372 tonnes a week ago.

In related market, CBOT soy meal also rose, with expectations of strong export sales lending support.

Our Call of The Day:

Mildly Bearish
4 May 2017

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
May17	2,705	-25	2,711	2,738	2,703	4,986	-424	424
Jun17	2,608	-26	2,632	2,632	2,604	19,664	-96	2,114
Jul17	2,522	-26	2,549	2,551	2,518	47,475	-1,176	18,683
Aug17	2,463	-25	2,488	2,489	2,458	43,209	2,202	7,188
Sep17	2,440	-17	2,460	2,460	2,435	32,181	75	5,006
Oct17	2,441	-13	2,445	2,452	2,435	3,694	380	1,024
Nov17	2,443	-15	2,448	2,458	2,439	27,418	478	1,713
Jan18	2,472	-15	2,476	2,486	2,472	10,001	22	316
Mar18	2,496	-12	2,505	2,512	2,500	15,116	-14	306
May18	2,516	-17	2,520	2,528	2,515	12,476	-28	351
Jul18	2,524	-15	2,527	2,527	2,519	4,569	240	345
Sep18	2,525	-12	2,520	2,525	2,520	2,852	55	108
Nov18	2,526	-8	2,527	2,527	2,520	1,364	63	106
Jan19	2,533	-1	-	-	-	113	0	-
Mar19	2,533	-1	-	-	-	0	0	-
Total						225,118	1,777	37,684

Spreads

Contract	Open	High	Low	Last	Vol
Jun17 / Jul17	85	91	80	83	1,007
Jul17 / Aug17	61	64	57	59	2,785
Aug17 / Sep17	31	31	23	23	2,332
Sep17 / Oct17	4	6	2	3	336

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JUL17	975.25	6.50
Soybean Oil	JUL17	32.56	-0.06
Soybean Meal	JUL17	318.80	3.80
Crude Oil	JUN17	47.82	-0.11
DCE Palm Oil	SEP17	5,234	0.00
DCE Soybean Oil	SEP17	5,890	8.00

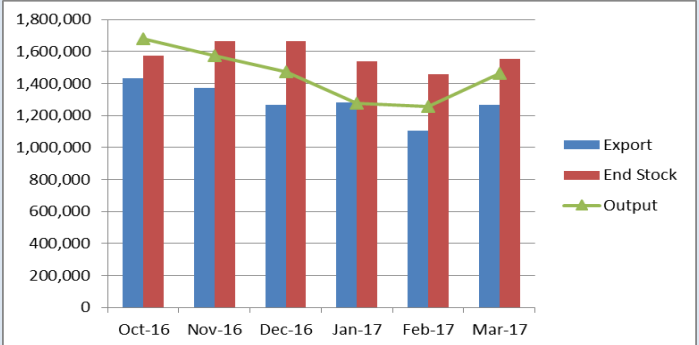
Exchange Rate

Currency	Last
USDMYR	4.3225
USDIDR	13,325
USDCNY	6.8989

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	APR17	n.a.	4365.13	n.a.
FOB CPO (Indo)	USD/mt	MAY17	n.a.	675.00	671.25
FOB RBD Palm Olein (M'sia)	USD/mt	MAY17	n.a.	675.00	672.50
FOB RBD Palm Oil (M'sia)	USD/mt	MAY17	n.a.	672.50	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)

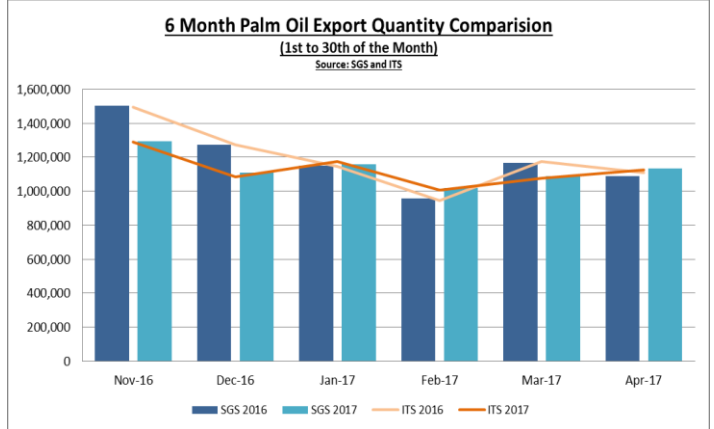


Demand and Supply Data

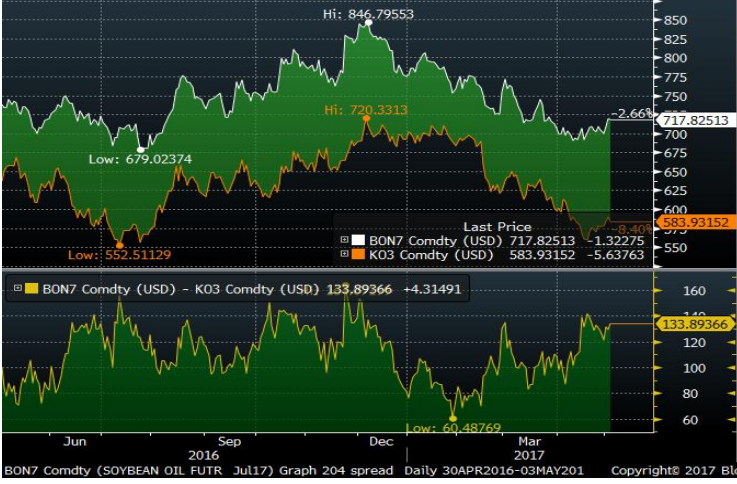
Date	ITS (in tonnes)			SGS (in tonnes)		
	Mar'17	Apr'17	Chg (%)	Mar'17	Apr'17	Chg (%)
First 10 days	254,141	307,249	20.9	250,481	312,489	24.8
First 15 days	492,321	567,280	15.2	507,491	572,910	12.9
First 20 days	711,286	705,372	-0.8	686,741	719,175	4.7
First 25 days	896,621	866,297	-3.4	902,628	891,725	-1.2
Full month	1,076,240	1,125,942	4.6	1,088,677	1,135,340	4.3

(in tonnes)	Malaysia Palm Oil Board Data (MPOB)			PFSB Forecast	
	Feb'17	Mar'17	MoM (%)	Apr'17	Chg (%)
Production	1,258,539	1,464,021	16.3		
Export	1,107,018	1,265,771	14.3		
Import	40,331	101,961	152.8		
Local Disapp	273,884	205,370	-25.0		
Stock	1,459,265	1,554,106	6.5		
Stock/Use ratio	1.06	1.06	0.0		

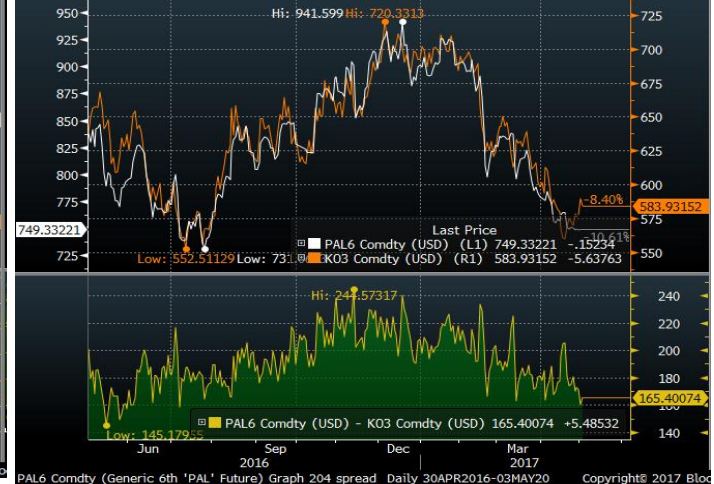
Export Quantity Analysis



Spread (CBOT Soyoil - BMD Crude Palm Oil)



Spread (DCE Palm Olein - BMD Crude Palm Oil)



Sources: Thomson Reuters / Bloomberg/ MPOB /ITS/ SGS/ Phillip Futures

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