

FCPO Daily Commentary

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PALM FCPO SEP17 (2503, +44)

Our Call of The Day:

Bullish
4 July 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm sees strongest daily gains in 3 months tracking related oils
- CBOT soy near 2-month top on technical buying, strength in grains

Crude Palm Oil

Malaysian palm oil futures jumped on Monday, tracking strong gains in soyoil on the Chicago Board of Trade (CBOT) and related edible oils on China's Dalian Commodity Exchange.

The benchmark September 17 up RM44 to RM2,503 per tonne, prices were traded between RM2,504 and RM2,487 with total traded volume for palm stood at 37,908 lots.

Soybean oil on the CBOT rose 1.1% on Monday, after the US Department of Agriculture reported lower-than-expected estimates for plantings and soybean stocks.

Traders said gains are not likely to be sustained as exports remain weak after the Ramadan and Eid-Al-Fitr festivities.

Consumption of palm oil for cooking purposes is usually higher during Ramadan, which sees Muslims break day-long fasts with communal feasting, and also for the Eid celebrations. As both Eid holidays and Ramadhan ended this week, the demand of palm oil usage typically dropped, as buyers stock up on palm oil supplies a month or two ahead of the festivities.

Today, we may expect palm prices to extend its positive sentiment to trade higher, as overnight soyoil has surged 0.6% and crude oil about 2%.

For the benchmark palm oil contract, we see support levels at RM2,454 and RM2,425 while resistance levels at RM2,533 and RM2,549.

Soybean (Reuters)

Chicago Board of Trade soybean futures rose on Monday in an abbreviated session, buoyed by on technical buying including short-covering and spillover strength from corn and wheat.

Short-covering noted after supplemental data released by the U.S. CFTC late Friday showed large speculators expanded their net short position in CBOT soybeans in the week to June 27 to a record-high 146,696 contracts.

The USDA said private exporters sold 120,650 tonnes of U.S. soymeal to Mexico, including 92,540 tonnes for 2017/18 delivery and 28,110 tonnes for 2018/19.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Jul17	2,642	46	2,633	2,642	2,622	3,407	-78	221
Aug17	2,543	46	2,534	2,545	2,524	20,991	-577	3,382
Sep17	2,503	44	2,496	2,504	2,487	57,062	1,317	17,223
Oct17	2,491	43	2,485	2,492	2,477	25,523	-173	4,233
Nov17	2,497	42	2,492	2,498	2,481	35,745	165	4,662
Dec17	2,519	47	2,506	2,519	2,502	2,941	140	821
Jan18	2,541	39	2,539	2,545	2,530	17,588	-75	2,882
Mar18	2,567	43	2,563	2,568	2,554	15,637	-683	2,018
May18	2,587	44	2,583	2,592	2,573	17,856	-14	1,567
Jul18	2,556	41	2,545	2,560	2,545	10,557	67	217
Sep18	2,544	37	2,537	2,549	2,537	5,587	-12	410
Nov18	2,535	37	2,528	2,538	2,528	7,087	115	230
Jan19	2,559	37	2,552	2,552	2,552	536	7	42
Mar19	2,566	37	-	-	-	208	0	-
May19	2,573	37	-	-	-	104	0	-
Total						220,829	199	37,908

Spreads

Contract	Open	High	Low	Last	Vol
Jul17 /Aug17	100	103	96	99	182
Aug17 /Sep17	38	42	37	40	2,205
Sep17 /Oct17	10	14	9	12	1,625
Oct17 /Nov17	-2	-2	-6	-6	1,272

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	NOV17	980.75	26.00
Soybean Oil	DEC17	33.58	0.24
Soybean Meal	DEC17	320.40	9.20
Crude Oil	AUG17	47.07	0.98
DCE Palm Oil	SEP17	5,332	46.00
DCE Soybean Oil	SEP17	6,002	68.00

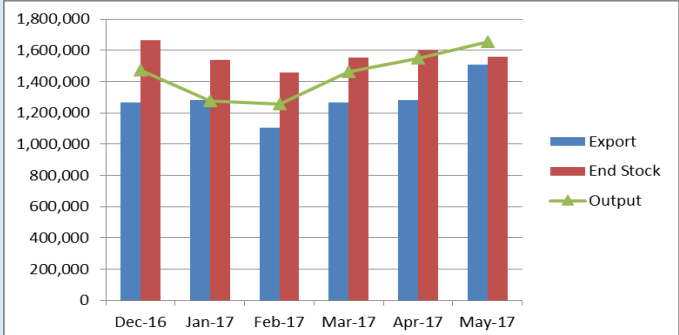
Exchange Rate

Currency	Last
USDMYR	4.2980
USDIDR	13,401
USDCNY	6.7860

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	JUL17	n.a.	4216.32	n.a.
FOB CPO (Indo)	USD/mt	JUL17	650.00	657.50	653.75
FOB RBD Palm Olein (M'sia)	USD/mt	JUL17	n.a.	667.50	665.00
FOB RBD Palm Oil (M'sia)	USD/mt	JUL17	n.a.	662.50	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)

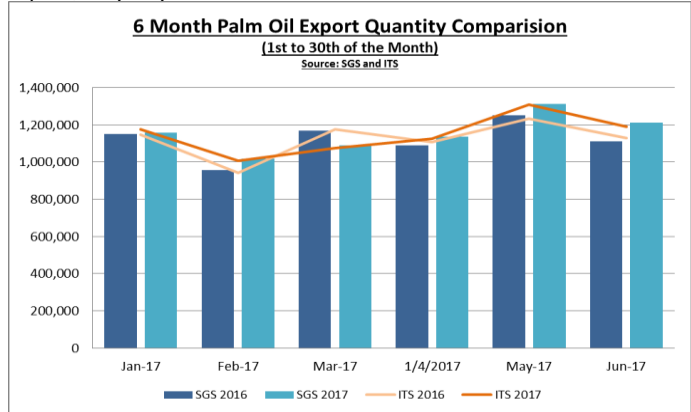


Demand and Supply Data

Date	ITS (in tonnes)			SGS (in tonnes)		
	May'17	Jun'17	Chg (%)	May'17	Jun'17	Chg (%)
First 10 days	346,920	366,994	5.8	359,355	367,165	2.2
First 15 days	617,697	508,960	-17.6	613,465	523,505	-14.7
First 20 days	846,705	721,020	-14.8	852,628	710,322	-16.7
First 25 days	1,006,757	985,534	-2.1	1,006,853	996,291	-1.0
Full month	1,306,374	1,190,583	-8.9	1,310,320	1,210,359	-7.6

(in tonnes)	Apr'17	May'17	MoM (%)	PFSB Forecast	
				June'17	Chg (%)
Production	1,548,053	1,654,494	6.9	-	-
Export	1,283,308	1,505,929	17.3	-	-
Import	54,475	47,450	-12.9	-	-
Local Disapp	272,314	238,290	-12.5	-	-
Stock	1,599,894	1,557,619	-2.6	-	-
Stock/Use ratio	0.99	0.87	-12.5	-	-

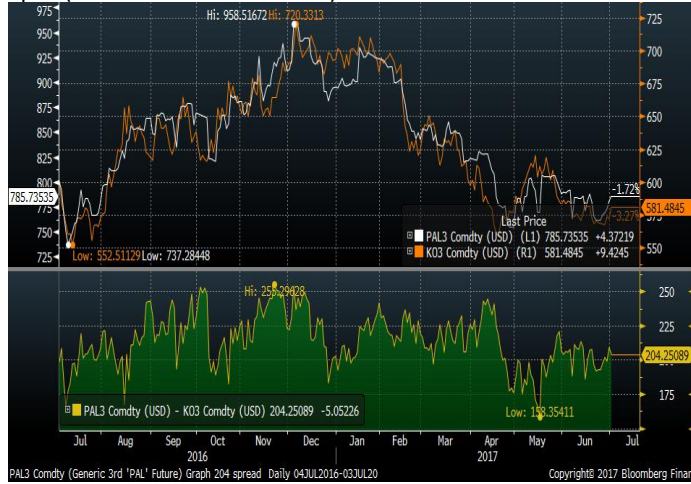
Export Quantity Analysis



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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