

# FCPO Daily Commentary

Brought to you by Phillip Futures Sdn Bhd (862533-U) (A member of PhillipCapital)



## PALM FCPO SEP17 (2508, +5)

Our Call of The Day:

**Mildly Bullish**  
5 July 2017

### FCPO 3rd Month Daily Candle Chart



### Market Commentary

#### Highlights:

- Palm rebounds from early losses on forecasts for output drop
- CBOT closed in conjunction with US Independence Day holiday

#### Crude Palm Oil

Malaysian palm oil futures reversed early losses to make gains in the second half of trade, supported by forecasts of declining production which could dent local stock levels.

The benchmark September 17 up RM5 to RM2,508 per tonne, prices were traded between RM2,511 and RM2,475 with total traded volume for palm stood at 40,868 lots.

The market fell early, tracking a weaker performance in related oils on China's Dalian Commodity Exchange, before reversing to hit an intraday high of RM2,511, its highest since June 19.

Phillip Futures Sdn Bhd Analyst David Ng said the sentiment earlier today was affected by the easier trend in related oils on China's Dalian Commodity Exchange, but as the ringgit was still hovering above the 4.29 level against the US dollar, short covering in the CPO market emerged.

Demand would be weak until the next major festival of Diwali in October. There is generally an increase in the sale of palm oil a month ahead of the Hindu religious event, as buyers stock up ahead of festivities for cooking purposes.

Today, palm oil price is expected to continue its upward momentum, with its immediate resistance at 2515. The slight weakening in Ringgit may provide some support for palm prices.

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.

The Chicago Board of Trade is closed on Tuesday for the US Independence Day holiday.

### Crude Palm Oil Futures

#### Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Jul17	2,650	8	2,619	2,652	2,619	3,124	-283	680
Aug17	2,551	8	2,526	2,555	2,520	19,591	-1,400	4,616
Sep17	2,508	5	2,483	2,511	2,475	56,193	-869	16,224
Oct17	2,497	6	2,475	2,498	2,463	24,870	-653	4,908
Nov17	2,502	5	2,475	2,504	2,470	37,934	2,189	7,386
Dec17	2,521	2	2,496	2,522	2,490	3,702	761	2,144
Jan18	2,538	-3	2,521	2,539	2,516	17,451	-137	1,828
Mar18	2,560	-7	2,543	2,562	2,542	15,536	-101	895
May18	2,582	-5	2,568	2,584	2,566	18,314	458	1,864
Jul18	2,554	-2	2,541	2,555	2,541	10,570	13	83
Sep18	2,543	-1	2,528	2,544	2,528	5,573	-14	188
Nov18	2,534	-1	2,520	2,533	2,519	7,087	0	39
Jan19	2,558	-1	2,544	2,544	2,544	540	4	13
Mar19	2,565	-1	-	-	-	208	0	-
May19	2,569	-4	-	-	-	104	0	-
<b>Total</b>						<b>220,797</b>	<b>-32</b>	<b>40,868</b>

#### Spreads

Contract	Open	High	Low	Last	Vol
Jul17 /Aug17	97	105	97	105	182
Aug17 /Sep17	39	45	39	43	2,620
Sep17 /Oct17	10	14	9	13	2,567
Oct17 /Nov17	-6	-4	-7	-6	1,295

#### 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	0.01
DCE Palm Oil	SEP17	5,296	-36.00
DCE Soybean Oil	SEP17	5,964	-38.00

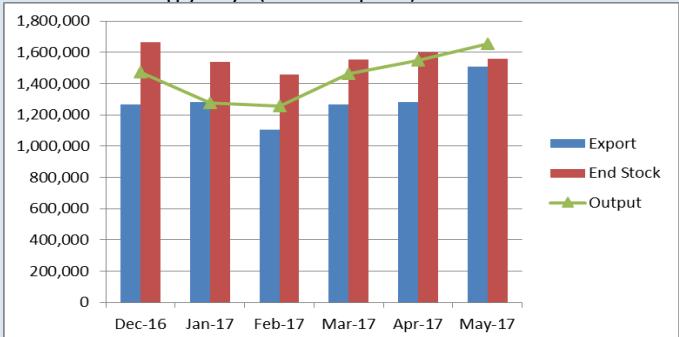
#### Exchange Rate

Currency	Last
USDMYR	4.3010
USDIDR	13,360
USDCNY	6.7975

#### 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	667.50	670.00	668.75
FOB RBD Palm Oil (M'sia)	USD/mt	JUL17	n.a.	665.00	n.a.

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

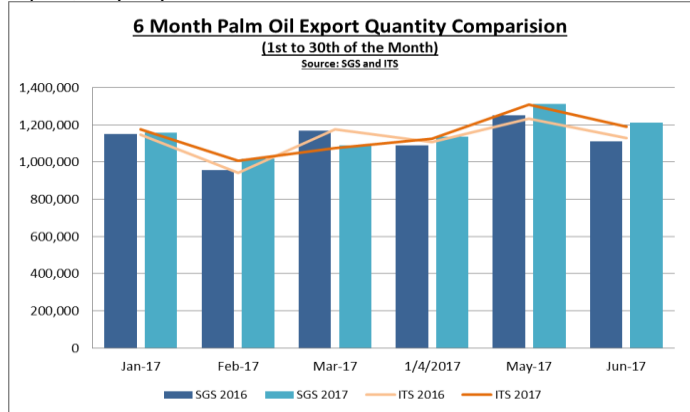


**Demand and Supply Data**

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	1.74	+7.0
Export	1,283,308	1,505,929	17.3	1.32	-12.0
Import	54,475	47,450	-12.9		
Local Disapp	272,314	238,290	-12.5		
Stock	1,599,894	1,557,619	-2.6	1.60	+2.0
Stock/Use ratio	0.99	0.87	-12.5		

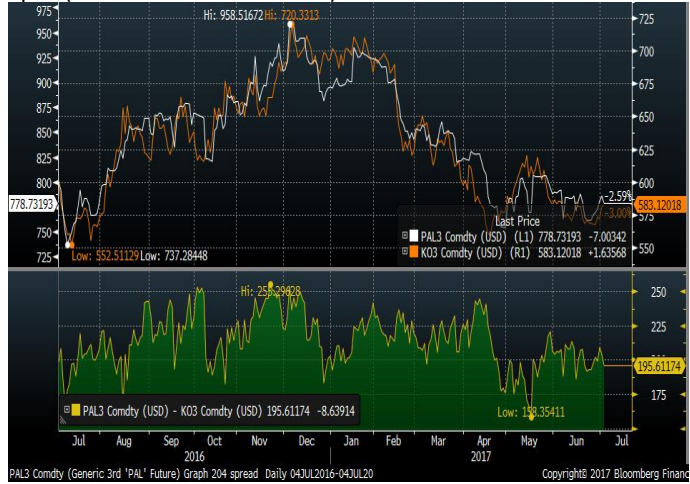
**Export Quantity Analysis**



**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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