

FCPO Daily Commentary

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

PALM FCPO SEP17 (2538, +30)

Our Call of The Day:

Mildly Bullish
6 July 2017

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm hits highest in more than a month on lower production outlook
- CBOT soybeans rise on technical buying

Crude Palm Oil

Malaysian palm oil futures surged to more than a one-month high late on Wednesday on the back of forecasts for lower production in June.

The benchmark September 17 up RM30 to RM2,538 per tonne, prices were traded between RM2,542 and RM2,504 with total traded volume for palm stood at 28,366 lots.

Palm oil prices are also impacted by movements in related edible oils, as they compete for a share in the global edible oils market.

The continuous gain in China palm may also lift market sentiment. September soybean oil on the Dalian Commodity Exchange fell 0.3%, while the September palm olein contract was up 0.8%.

Phillip Futures Sdn Bhd Analyst David Ng said the market expectation surfaced that production was likely to fall.

Palm oil output in Muslim-majority Malaysia, the world's second largest producer, is expected to decline or stay flat in June, due to the Ramadan and the Eid-Al-Fitr holiday period, as there is a shortage of workers to harvest fruit.

Today, positive sentiment in the palm oil market is expected to follow through, on expectations of a lower production in June. The sentiment would be underpinned by a stronger soyoil price in the US.

For the benchmark palm oil contract, we see support levels at RM2,480 and RM2,450 while resistance levels at RM2,542 and RM2,562.

Soybean (Reuters)

Chicago Board of Trade soybean futures rose 1.4 percent to their highest in 3-1/2 months on Wednesday, supported by technical buying.

The U.S. Agriculture Department report released on Friday, which showed soybean acreage and stocks below analysts' expectations, continued to underpin prices.

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Jul17	2,670	20	2,655	2,674	2,655	2,899	-225	317
Aug17	2,583	32	2,556	2,585	2,548	17,614	-1,977	3,118
Sep17	2,538	30	2,514	2,542	2,504	56,540	347	13,754
Oct17	2,522	25	2,500	2,524	2,492	25,056	186	4,777
Nov17	2,525	23	2,508	2,526	2,496	37,952	18	2,504
Dec17	2,540	19	2,515	2,541	2,514	4,131	429	804
Jan18	2,558	20	2,544	2,559	2,544	17,418	-33	1,192
Mar18	2,575	15	2,568	2,577	2,567	15,819	283	631
May18	2,596	14	2,588	2,596	2,586	18,425	111	608
Jul18	2,561	7	2,560	2,566	2,560	10,582	12	54
Sep18	2,550	7	2,555	2,555	2,549	5,612	39	308
Nov18	2,541	7	2,541	2,548	2,541	7,103	16	269
Jan19	2,565	7	-	-	-	570	30	30
Mar19	2,572	7	-	-	-	208	0	-
May19	2,576	7	-	-	-	104	0	-
Total						220,033	-764	28,366

Spreads

Contract	Open	High	Low	Last	Vol
Jul17 / Aug17	100	102	86	87	173
Aug17 / Sep17	43	45	42	45	2,432
Sep17 / Oct17	12	17	12	16	2,034
Oct17 / Nov17	-6	-2	-6	-3	917

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	NOV17	994.25	13.50
Soybean Oil	DEC17	33.71	0.13
Soybean Meal	DEC17	325.60	5.20
Crude Oil	AUG17	45.13	-2.10
DCE Palm Oil	SEP17	5,320	24.00
DCE Soybean Oil	SEP17	5,946	-18.00

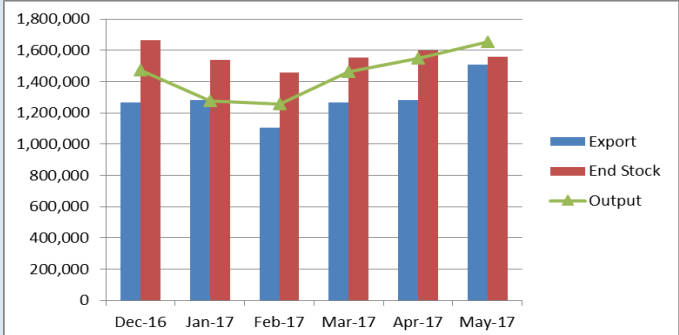
Exchange Rate

Currency	Last
USDMYR	4.2975
USDIDR	13,359
USDCNY	6.7880

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	655.00	662.50	658.75
FOB RBD Palm Olein (M'sia)	USD/mt	JUL17	n.a.	672.50	671.25
FOB RBD Palm Oil (M'sia)	USD/mt	JUL17	n.a.	667.50	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)

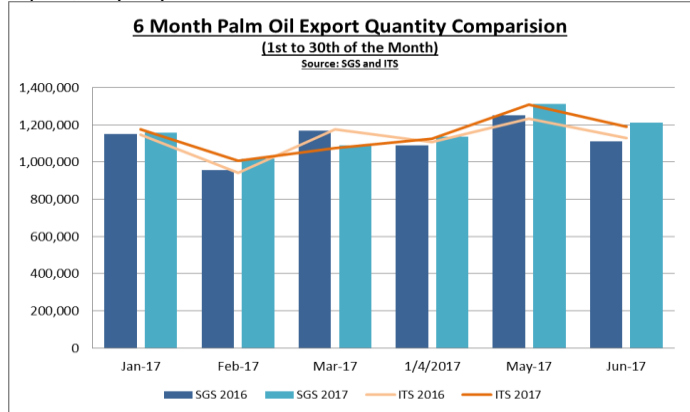


Demand and Supply Data

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)	Malaysia Palm Oil Board Data (MPOB)			PFSB Forecast	
	Apr'17	May'17	MoM (%)	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)



Dealing Desk
pfsb_dealing@poems.com.my

CONTACT US:

Kuala Lumpur Headquarters:
(+603) 2711 0026
pfsb_research@poems.com.my

Kota Damansara Branch:
(+603) 26308688
phillipfutures@poems.com.my

Johor - Taman Sutera Utama Branch:
(+607) 5572188
pffb@poems.com.my

Johor - Taman Molek Branch:
(+607) 3525999
pffb@poems.com.my

Penang Branch:
(+604) 2616822
pffg@poems.com.my

Kuching Branch:
(+6082) 247633
pffc@poems.com.my

Malacca Branch:
(+606) 2748711
pfmk@poems.com.my

Official Website: www.phillipfutures.com.my
Facebook Page: www.facebook.com/PhillipFuturesSdnBhd

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