

FCPO Daily Commentary

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PALM FCPO JUL17 (2578, +42)

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FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm oil hit a three-week high on weaker ringgit
- CBOT soy eased down on profit-taking

Crude Palm Oil

Malaysian palm oil futures rose to their highest level in three weeks on Friday, posted the second consecutive session of gains, lifted by weaker performing ringgit. The palm oil prices is up 2.8 percent for the week, its strongest weekly gains since December.

On last Friday, the benchmark July 17 contract gained RM42 to close at RM2,578 per tonne, prices were traded between RM2,526 and RM2,581 with total traded volume for palm stood at 38,400 lots.

The ringgit closed lower against the dollar at 4.3350 on Friday as the greenback recovered some lost ground after the US Federal Reserve hinted at the possibility on another interest rate hike in June. A stronger ringgit makes the tropical oil more expensive for holders of foreign currencies.

According to a survey by Bloomberg, Malaysia's inventories in April are forecast to increase 5.2 percent to 1.63 million metric tons, production is expected to gain 9.6 percent to 1.6 million tons and exports is likely to gain 3.9 percent to 1.32 million tons.

While according to a Reuters poll, Malaysia palm oil production in April was seen rising 1.59 million tonnes, up 8.8 percent to its highest in six months. While inventory levels are likely to rise 6.2 percent to 1.65 million tonnes in April and exports are forecast to increase 3.2 percent to 1.31 million tonnes in April.

The Malaysian Palm Oil Board April data is scheduled for release on May 11.

Today, we expect palm prices to extend previous session's rally following the positive performance in soyoil market and weak ringgit would lend some support to the palm prices.

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)

Soybean futures on the Chicago Board of Trade (CBOT) closed down on Friday on profit-taking after hitting a six-week high. For the week, soybeans rose 1.8 percent, their biggest weekly gain since February.

Concerns that rains in southern growing areas and some eastern parts of the U.S. Midwest damaged recently seeded crops limited declines in soybeans.

The U.S. Agriculture Department said private exporters reported the sale of 132,000 tonnes of soybeans to unknown destinations during the 2016/17 marketing year.

Our Call of The Day:

Mildly Bullish
8 May 2017

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
May17	2,775	45	2,735	2,777	2,725	4,069	-531	897
Jun17	2,674	41	2,630	2,678	2,626	18,428	-1,018	3,221
Jul17	2,578	42	2,537	2,581	2,526	48,662	454	19,802
Aug17	2,518	41	2,476	2,521	2,466	44,520	449	7,052
Sep17	2,490	36	2,452	2,493	2,444	32,638	393	3,373
Oct17	2,480	28	2,446	2,480	2,440	4,428	573	1,171
Nov17	2,481	26	2,453	2,484	2,447	28,157	452	1,355
Jan18	2,510	28	2,485	2,514	2,477	9,871	5	563
Mar18	2,534	24	2,523	2,538	2,513	15,100	-27	309
May18	2,549	24	2,536	2,552	2,528	12,472	2	63
Jul18	2,546	16	2,538	2,551	2,536	4,672	138	182
Sep18	2,545	14	2,540	2,545	2,540	2,890	37	74
Nov18	2,545	34	2,535	2,549	2,535	1,633	269	338
Jan19	2,552	34	-	-	-	113	0	-
Mar19	2,552	34	-	-	-	0	0	-
Total						227,653	1,196	38,400

Spreads

Contract	Open	High	Low	Last	Vol
Jun17 / Jul17	95	102	92	96	2,197
Jul17 / Aug17	59	62	58	60	1,870
Aug17 / Sep17	24	28	23	28	1,708
Sep17 / Oct17	4	7	3	10	299

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JUL17	973.00	-1.25
Soybean Oil	JUL17	32.90	0.40
Soybean Meal	JUL17	316.90	-1.70
Crude Oil	JUN17	46.22	0.83
DCE Palm Oil	SEP17	5,210	26.00
DCE Soybean Oil	SEP17	5,824	-22.00

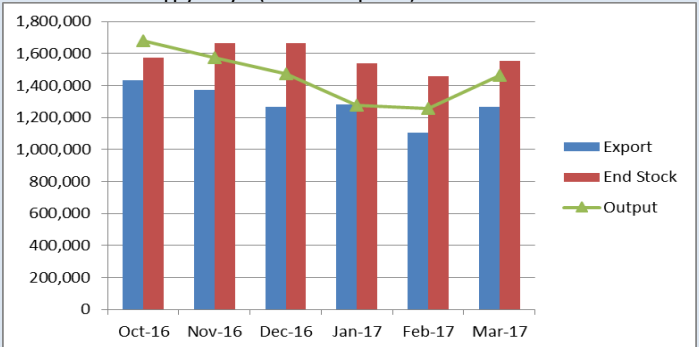
Exchange Rate

Currency	Last
USDMYR	4.3375
USDIDR	13,326
USDCNY	6.8919

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	APR17	n.a.	4414.74	n.a.
FOB CPO (Indo)	USD/mt	MAY17	n.a.	680.00	676.25
FOB RBD Palm Olein (M'sia)	USD/mt	MAY17	n.a.	680.00	677.50
FOB RBD Palm Oil (M'sia)	USD/mt	MAY17	n.a.	675.00	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)

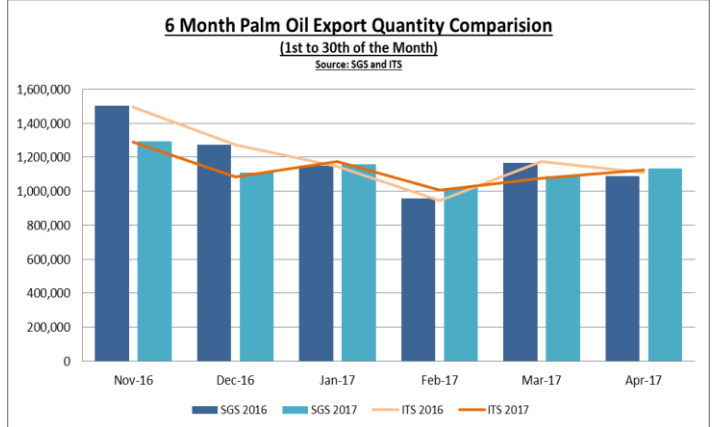


Demand and Supply Data

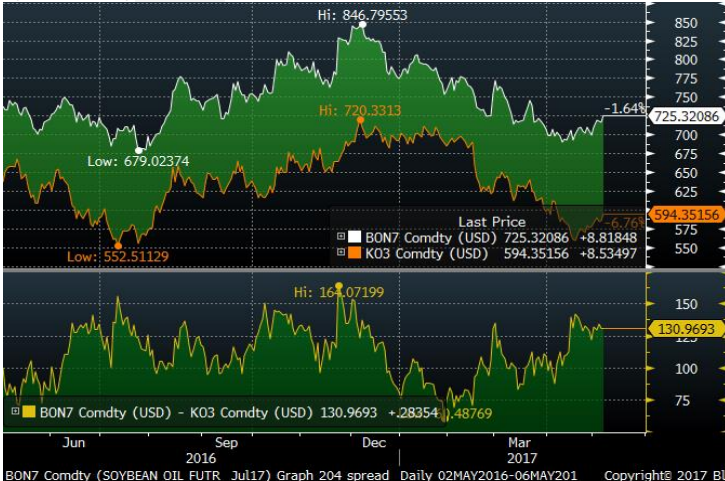
Date	Cargo Surveyor Figures			Cargo Surveyor Figures		
	ITS (in tonnes)			SGS (in tonnes)		
	Mar'17	Apr'17	Chg (%)	Mar'17	Apr'17	Chg (%)
First 10 days	254,141	307,249	20.9	250,481	312,489	24.8
First 15 days	492,321	567,280	15.2	507,491	572,910	12.9
First 20 days	711,286	705,372	-0.8	686,741	719,175	4.7
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	1,581	+8%
Export	1,107,018	1,265,771	14.3	1,3926	+10%
Import	40,331	101,961	152.8		
Local Disapp	273,884	205,370	-25.0		
Stock	1,459,265	1,554,106	6.5	1,6472	+6%
Stock/Use ratio	1.06	1.06	0.0		

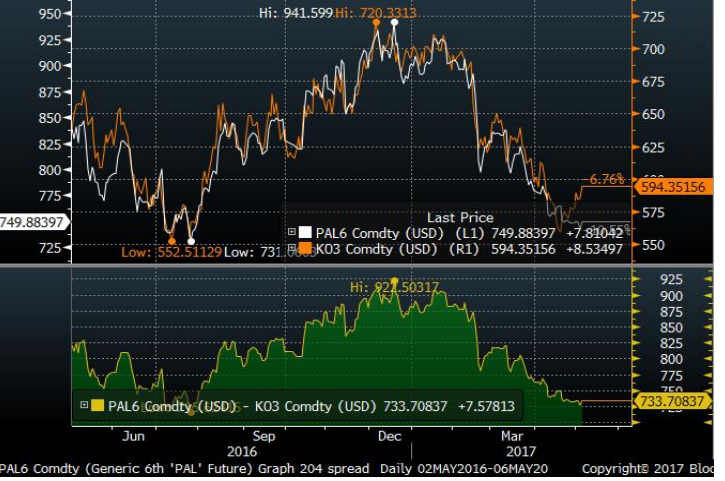
Export Quantity Analysis



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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