

# FCPO Daily Commentary

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## PALM FCPO AUG17 (2444, -11)

Our Call of The Day:

**Mildly Bearish**  
9 June 2017

### FCPO 3rd Month Daily Candle Chart



### Market Commentary

#### Highlights:

- Palm oil sags on bearish fundamentals outlook.
- CBOT soybean end up on strength in wheat, U.S. weather concerns.

#### Crude Palm Oil

Malaysian palm oil futures fell on Thursday in a second straight session of losses as forecasts of rising output and declining export demand weighed on the market.

The benchmark August 17 fell by RM11 per to RM2,444 per tonne, prices were traded between RM2,469 and RM2,436 with total traded volume for palm stood at 46,998 lots.

Palm oil futures posted their sharpest daily loss in two weeks in the previous session. In the first half of trading on Thursday, palm rose 0.12 percent, as traders squared positions ahead of a long weekend. The Malaysian palm oil market will be closed on Monday for a holiday.

According to a Kuala Lumpur-based trader, weaker demand, given that Ramadan is almost halfway through, and expectations of rising production weighed on sentiment.

Another trader said the market is under pressure on industry talk that June 1-10 exports could be lower.

Palm oil shipments are seen declining after Eid-al-Fitr, which marks the end of Ramadan, on weaker consumption for the tropical oil.

Today, palm oil prices are expected to continue lower as bearish fundamentals pressure. However, the huge overnight gains in the US soyoil market may support prices.

For the benchmark palm oil contract, we see support levels at RM2,425 and RM2,400 while resistance levels at RM2,503 and RM2,530.

#### Soybean (Reuters)

Soybean futures on the Chicago Board of Trade (CBOT) rose on Thursday for a fifth straight session, settling up 7-1/4 cents at \$9.38 per bushel on spillover strength from wheat and corn, and U.S. weather concerns.

Hot temperatures forecast in the U.S. Midwest and Plains this weekend could stress newly planted crops.

The U.S. Department of Agriculture reported export sales of U.S. soybeans in the latest week at 381,000 tonnes (old- and new-crop years combined), at the low end of a range of trade expectations.

### Crude Palm Oil Futures

#### Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
Jun17	2,670	-37	2,690	2,697	2,670	2,865	-734	772
Jul17	2,544	-17	2,562	2,574	2,542	12,486	-1,105	1,863
Aug17	2,444	-11	2,459	2,469	2,436	41,067	-2,128	17,576
Sep17	2,400	-3	2,404	2,421	2,390	40,777	-654	9,562
Oct17	2,388	-1	2,387	2,403	2,376	21,115	364	6,998
Nov17	2,396	5	2,408	2,412	2,383	31,596	1,387	6,889
Jan18	2,433	0	2,435	2,450	2,425	17,002	839	2,150
Mar18	2,456	-1	2,454	2,472	2,448	17,544	-354	729
May18	2,467	-1	2,470	2,482	2,470	14,539	13	227
Jul18	2,458	-3	2,463	2,475	2,457	6,211	14	140
Sep18	2,456	1	2,460	2,460	2,456	4,121	25	37
Nov18	2,456	3	2,455	2,467	2,455	4,774	27	55
Jan19	2,467	3	-	-	-	315	0	-
Mar19	2,472	3	-	-	-	5	0	-
May19	2,479	3	-	-	-	7	0	-
<b>Total</b>						<b>214,424</b>	<b>-2,306</b>	<b>46,998</b>

#### Spreads

Contract	Open	High	Low	Last	Vol
Jun17 / Jul17	135	135	130	130	87
Jul17 / Aug17	106	110	99	99	1,284
Aug17 / Sep17	52	52	44	44	3,008
Sep17 / Oct17	16	17	13	14	1,874

#### Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JUL17	938.00	7.25
Soybean Oil	JUL17	31.85	0.49
Soybean Meal	JUL17	306.10	1.20
Crude Oil	JUL17	45.64	-0.07
DCE Palm Oil	SEP17	5,162	-56.00
DCE Soybean Oil	SEP17	5,722	-18.00

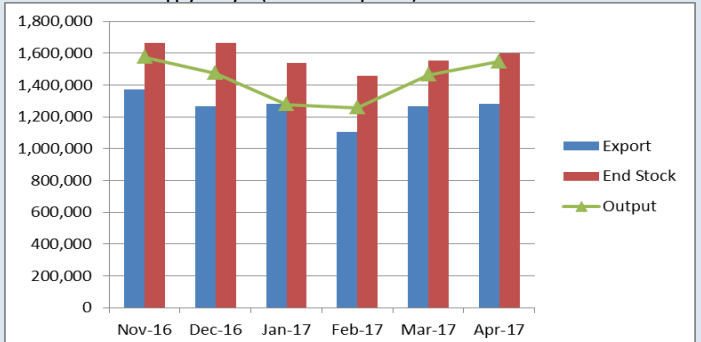
#### Exchange Rate

Currency	Last
USDMYR	4.2625
USDIDR	13,292
USDCNY	6.7962

#### Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	JUN17	n.a.	4183.00	n.a.
FOB CPO (Indo)	USD/mt	JUN17	665.00	670.00	667.50
FOB RBD Palm Olein (M'sia)	USD/mt	JUN17	n.a.	692.50	688.75
FOB RBD Palm Oil (M'sia)	USD/mt	JUN17	n.a.	687.50	n.a.

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

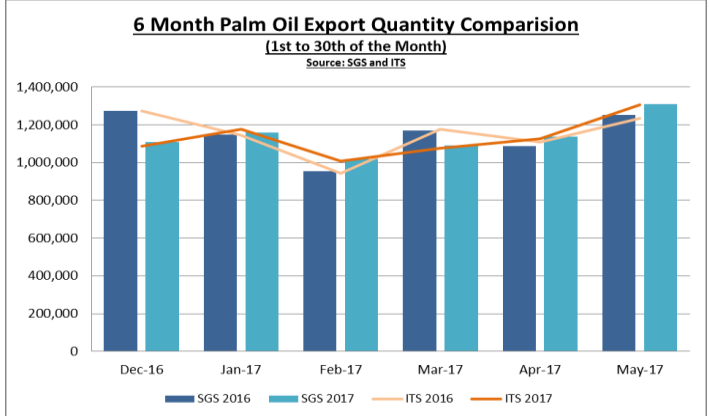


**Demand and Supply Data**

Date	ITS (in tonnes)			SGS (in tonnes)		
	Apr'17	May'17	Chg (%)	Apr'17	May'17	Chg (%)
First 10 days	307,249	346,920	12.9	312,489	359,355	15.0
First 15 days	567,280	617,697	8.9	572,910	613,465	7.1
First 20 days	705,372	846,705	20.0	719,175	852,628	18.6
First 25 days	866,297	1,006,757	16.2	891,725	1,006,853	12.9
Full month	1,125,942	1,306,374	16.0	1,135,340	1,310,320	15.4

(in tonnes)	Malaysia Palm Oil Board Data (MPOB)			PFSB Forecast	
	Mar'17	Apr'17	MoM (%)	May'17	Chg (%)
Production	1,464,021	1,548,053	5.7	1,663	+7.42
Export	1,265,771	1,283,308	1.4	1,425	+11.06
Import	101,961	54,475	-46.6		
Local Disapp	205,370	272,314	32.6		
Stock	1,552,988	1,599,894	3.0	1,704	+6.5
Stock/Use ratio	0.99	0.99	0.7		

**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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