

FCPO Daily Commentary

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PALM FCPO JUL17 (2628, +30)

FCPO 3rd Month Daily Candle Chart



Market Commentary

Highlights:

- Palm oil firmer on bullish export demand outlook
- CBOT soy up nearly 1 percent on technical buying ahead of USDA report

Crude Palm Oil

Malaysian palm oil futures closed at over four-week high on Tuesday on the back of a stronger exports demand ahead of the Muslim holy month of Ramadan.

The benchmark July 17 contract gained RM30 to close at RM2,628 per tonne, prices were traded between RM2,593 and RM2,637 with total traded volume for palm stood at 42,069 lots.

The ringgit closed lower against the dollar at 4.3450 on Tuesday on the back of a rebounding greenback and pressure on the local currency from fading market sentiment. A weaker ringgit makes palm oil cheaper 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, the palm oil market is closed for Wesak Day. Market will resume trading on Thursday.

For the benchmark palm oil contract, we see support levels at RM2,565 and RM2,500 while resistance levels at RM2,665 and RM2,700.

Soybean (Reuters)

Soybean futures on the Chicago Board of Trade rose nearly 1 percent on Tuesday on technical buying including short-covering a day ahead of the U.S. Department of Agriculture's supply-demand report.

The USDA on Monday said the U.S. soybean crop was 14 percent planted, behind the five-year average of 17 percent and below an average of analyst expectations for 16 percent.

Trade awaits the USDA's monthly supply/demand report on Wednesday, which will include the government's first official forecasts of 2017/18 crop production and usage.

In related market, CBOT July soy meal closed higher, posting the biggest percentage gains in the soy complex while CBOT July soy oil closed lower, losing ground to soy meal on meal/oil spreads.

Our Call of The Day:

Market Closed

10 May 2017

Crude Palm Oil Futures

Bursa Malaysia Derivatives FCPO

Contract	Last	Change	Open	High	Low	Open Interest		Volume
						Lots	Changes	
May17	2,850	50	2,835	2,850	2,830	3,397	-229	286
Jun17	2,716	21	2,700	2,725	2,682	16,886	-1,166	4,075
Jul17	2,628	30	2,602	2,637	2,593	43,661	-2,779	20,779
Aug17	2,569	30	2,545	2,577	2,538	42,243	675	9,303
Sep17	2,530	28	2,511	2,544	2,504	33,615	134	4,085
Oct17	2,513	21	2,491	2,521	2,491	4,382	173	443
Nov17	2,512	22	2,491	2,525	2,491	28,248	52	1,302
Jan18	2,524	9	2,519	2,550	2,519	9,668	106	727
Mar18	2,557	18	2,550	2,568	2,550	15,018	-31	308
May18	2,559	19	2,551	2,573	2,550	12,520	33	297
Jul18	2,548	11	2,555	2,566	2,510	4,667	-71	215
Sep18	2,550	12	2,555	2,565	2,550	3,074	35	117
Nov18	2,539	9	2,557	2,565	2,539	1,689	11	94
Jan19	2,546	9	2,570	2,571	2,570	132	19	38
Mar19	2,546	9	-	-	-	0	0	-
Total						219,200	-3,038	42,069

Spreads

Contract	Open	High	Low	Last	Vol
Jun17 / Jul17	96	96	85	88	1,775
Jul17 / Aug17	59	63	53	59	4,237
Aug17 / Sep17	34	37	31	39	1,706
Sep17 / Oct17	14	16	13	17	202

Correlated Commodity Market

Commodities	Month	Last	Change
Soybeans	JUL17	974.00	9.25
Soybean Oil	JUL17	32.89	-0.05
Soybean Meal	JUL17	318.50	4.90
Crude Oil	JUN17	45.88	-0.55
DCE Palm Oil	SEP17	5,338	20.00
DCE Soybean Oil	SEP17	5,890	-12.00

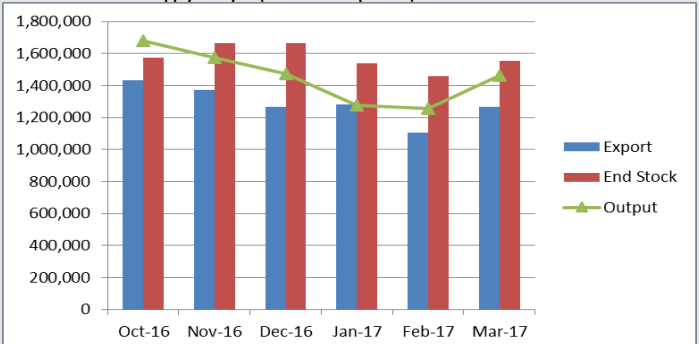
Exchange Rate

Currency	Last
USDMYR	4.3465
USDIDR	13,367
USDCNY	6.9073

Physical Palm Oil Market

Commodities	Unit	Month	Bid	Ask	Value
CPKO Local Delivery (M'sia)	RM/mt	APR17	n.a.	4530.48	n.a.
FOB CPO (Indo)	USD/mt	MAY17	n.a.	690.00	686.25
FOB RBD Palm Olein (M'sia)	USD/mt	MAY17	n.a.	692.50	690.00
FOB RBD Palm Oil (M'sia)	USD/mt	MAY17	n.a.	687.50	n.a.

MPOB Demand and Supply Analysis (6 Month Comparison)

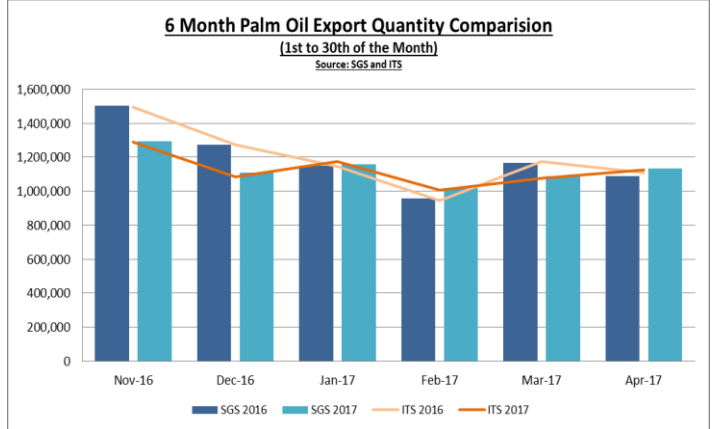


Demand and Supply Data

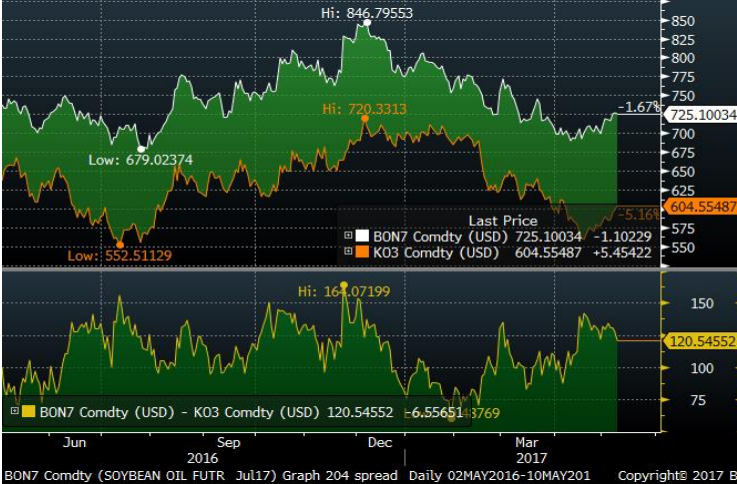
Date	Cargo Surveyor Figures			Cargo Surveyor Figures		
	ITS (in tonnes)			SGS (in tonnes)		
	Mar'17	Apr'17	Chg (%)	Mar'17	Apr'17	Chg (%)
First 10 days	254,141	307,249	20.9	250,481	312,489	24.8
First 15 days	492,321	567,280	15.2	507,491	572,910	12.9
First 20 days	711,286	705,372	-0.8	686,741	719,175	4.7
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		

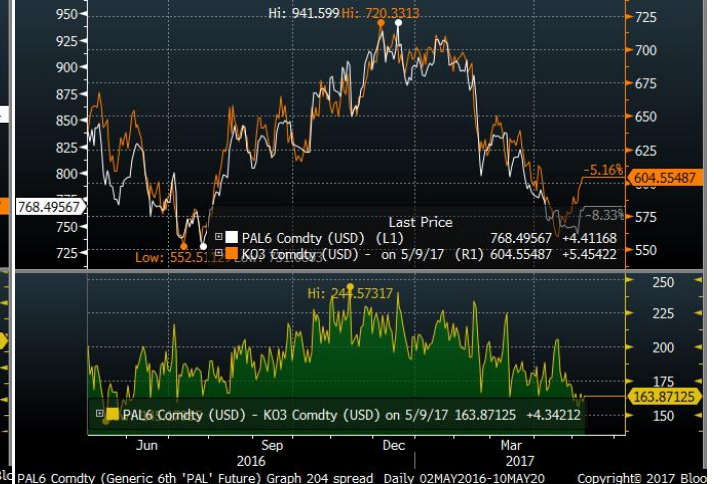
Export Quantity Analysis



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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